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August 8, 2007

Ms. Colleen Dale  
Secretary/Chief Regulatory Law Judge  
P.O. Box 360  
Jefferson City, MO 65102

RE: Southern Union Company, d/b/a Missouri Gas Energy  
Tariff Filing

Dear Ms. Dale:

Attached for electronic filing on behalf of the Southern Union Company d/b/a Missouri Gas Energy, please find the following tariff sheets for filing:

P.S.C. Mo. No. 1, Fourth Revised Sheet No. 98, Canceling Third Revised Sheet No. 98  
P.S.C. Mo. No. 1, Fourth Revised Sheet No. 99, Canceling Third Revised Sheet No. 99  
P.S.C. Mo. No. 1, Fourth Revised Sheet No. 100, Canceling Third Revised Sheet No. 100

The purpose of this filing is to submit tariff language setting forth administration of the company's residential natural gas conservation initiatives, including an energy efficient water heater rebate program. The tariff sheets bear today's date as the date of issue, to become effective on September 7, 2007.

Would you please see that this filing is brought to the attention of the appropriate Commission personnel?

Page 2 of 2  
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I thank you in advance for your cooperation in this matter.

Sincerely,  
BRYDON, SWEARENGEN & ENGLAND, P.C.

By:

A handwritten signature in black ink, appearing to be 'PAB', followed by a horizontal line.

Paul A. Boudreau

PAB:pah  
c: Marc Poston, The Office of the Public Counsel  
Robert S. Berlin, Missouri Public Service Commission  
Attachments

Missouri Gas Energy,  
a Division of Southern Union Company

For: All Missouri Service Areas

PROMOTIONAL PRACTICES

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RESIDENTIAL NATURAL GAS CONSERVATION INITIATIVES

A. Public Education Program

MGE will become an Energy Star® partner and expand information available to customers through MissouriGasEnergy.com, print and radio announcements and, where possible, work in cooperation with other Energy Star® partners and other energy conservation collaboratives to further public education programs. In addition MGE will implement and promote the use of the on-line energy analyzer "Home Energy Saver".

B. High-Efficiency Gas Water Heater Replacement Incentive Pilot Program

The High-Efficiency Gas Water Heater Replacement Incentive Program is an incentive program designed to assist customers with natural gas conservation efforts through the replacement of water heaters with high efficiency gas water heaters. Incentives are being offered through a credit to the gas bill for a portion of the cost of a hot water tank with an Energy Factor (EF) of 0.64 or greater if the tank is 39 gallons or less, an Energy Factor (EF) of 0.62 or greater if the tank is 40 gallons or more or a tankless hot water system with an Energy Factor (EF) of 0.80 or greater. Company's participation in such financial incentives is limited to the funding included in rates for that purpose per the Commission's Report and Order in Case No. GR-2006-0422.

DEFINITIONS:

Administrator – MGE will administer the program

Participant – An existing customer with an active account who is being served under either the Company's Residential or Small General Service (domestic use customers only in the SGS rate class) rate class who purchases and installs a qualifying efficient natural gas water heater, as described in the program.

AVAILABILITY:

The program is available to any active MGE residential or domestic use Small General Service customer (no final bill or inactive accounts) who purchases and installs either a natural gas hot water tank with an EF of 0.64 or greater if the tank is 39 gallons or less, an Energy Factor (EF) of 0.62 or greater if the tank is 40 gallons or more or a natural gas tankless hot water system with an EF of 0.80 or greater.

As an incentive for replacement of a water heating system with a qualifying high-efficiency natural gas water heating system, each customer will be eligible to receive one of the following rebates issued in the form of a bill credit within eight (8) weeks of satisfactory completion of the Incentive Request Form.

A \$40 bill credit for a qualifying hot water tank purchase  
Or a \$200 bill credit for a qualifying tankless hot water system

DATE OF ISSUE August 8 2007  
month day year

DATE EFFECTIVE September 7 2007  
month day year

ISSUED BY: Michael R. Noack Director, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, MO. 64111

Missouri Gas Energy,  
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For: All Missouri Service Areas

PROMOTIONAL PRACTICES

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A customer is limited to one bill credit under this program per account number. The bill credits are independent of any other incentives or State and/or Federal tax credits for which the customer may be eligible for the purchase of the high-efficiency natural gas water heater.

PROGRAM FUNDING

Per the Commission Report and Order in GR-2006-0422, the Company has allocated the following dollars on an annual basis:

\$45,000 for the Public Education Program.

\$705,000 for the High Efficiency Gas Water Heater Replacement Incentive Program, consisting of:

- \$533,800 for rebates in the form of bill credits for qualified purchases;
- \$100,000 for promotion and advertising expense; and
- \$71,000 for administrative expenses associated with the program.

Any funds in excess of the actual program expenses that remain at the end of each program year will be carried over to the next program year.

OTHER CONDITIONS:

MGE will submit to the Commission Staff and the Office of the Public Counsel reports on a quarterly basis (due within 45 days from the end of the quarter) which will detail the cost and participation in the program. The following information will be included in the quarterly reports:

1. For the Public Education Program, MGE will report:
  - a. Summary information regarding the cost, type and number of educational programs implemented;
  - b. MGE's involvement in other energy conservation programs where MGE has worked in cooperation with other Energy Star® partners or energy conservation collaboratives to further public education;
  - c. Dollars spent by type of promotion/advertising; and
  - d. Number of web site hits on the various pages of MGE's customer site.

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2. For the High Efficiency Gas Water Heater Replacement Incentive Program, MGE will report:

- a. The total number of incentive requests and the number of incentive requests approved;
- b. The water tank size (storage capacity) and the energy factor (EF) of the new high efficiency replacement water heater and the fuel source of the old water heater that was replaced by the high efficiency water heater;
- c. The dollars spent on bill credits, administrative expenses and promotion/advertising;
- d. Number and type of any complaints received and the resolution of the complaints; and
- e. Compilation of information as provided by participating customers, which will include:
  - i. Type of residence;
  - ii. Age and size of hot water tank being replaced; and
  - iii. Reason for purchase of the high efficiency hot water tank/system.

Depending on the results of the High Efficiency Gas Water Heater Replacement Incentive program, MGE may in the future request permission from the Commission to expand the program to include new High-Efficiency Gas Water Heaters installed in other than replacement situations (i.e. new construction) and more program options such as incentives for the purchase and installation of Energy Star® rated natural gas furnaces or other residential natural gas conservation measures.

Within fifteen months of the start of the program MGE – working collaboratively with the MGE Energy Efficiency Collaborative (EEC) – will file a report with the Commission assessing the overall cost effectiveness and the effectiveness of the program delivery process of the first twelve months of its residential natural gas conservation initiatives along with recommendations for improving the programs, including any proposed tariff changes. Billing usage information will be retained for use in this analysis.

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