

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Missouri Gas Energy's)	
Tariff Sheets Designed to Increase the)	Case No. GT-2011-_____
Rebate Level for Tank Water Heaters.)	Tariff File No. JG-2011-0051

**MOTION TO SUSPEND AND
MOTION FOR EXPEDITED TREATMENT**

COMES NOW the Missouri Office of the Public Counsel and for its Motion to Suspend and Motion for Expedited Treatment states as follows:

1. On July 30, 2010, Southern Union Company d/b/a Missouri Gas Energy (MGE) filed revised tariff sheets meant to increase the customer rebate level for new tank water heater purchases. MGE's proposed tariff sheets (attached and labeled Appendix A) were assigned Tariff File Number JG-2011-0051 and bear an effective date of August 30, 2010 .

2. Public Counsel opposes the proposal to increase the tank water heater rebate to the proposed rebate amount of \$100, unless the \$100 rebate amount is intended to apply to tank storage water heaters meeting the new Energy Star criteria of .67 EF (energy factor) for such water heaters beginning on September 1, 2010, and requests that the Commission suspend the proposed tariff changes and direct the parties to agree upon a proposed procedural schedule for bringing this matter to the Commission for resolution. Based on collaborative discussions, Public Counsel believes that other collaborative members intend for the \$100 rebates to be available for customers purchasing water heaters after September 1, 2010 that meet the

old Energy Star criteria of a .62 EF which will no longer be the applicable criteria after August 31, 2010.

3. Public Counsel opposes the proposed increase because setting a rebate level based upon an Energy Factor (EF) level of .62 ignores the fact that on September 1, 2010 a water heater with an EF level of .62 will no longer meet the new Energy Star criteria. As of September 1, 2010, the new EF level for tank water heaters will be .67, and the collaborative has only begun to have discussions about the appropriate rebate amounts for the new .67 EF Energy Star criteria. Public Counsel is not convinced that \$100 rebates for water heaters meeting the new Energy Star criteria will be sufficient to effectively incent customers to buy the more expensive water heaters with a .67 EF rating. Water heaters with a .67 EF rating are expected to be more expensive to purchase and install than .62 EF water heaters due to the power venting requirements generally associated with water heaters meeting the more stringent .67 EF rating.

4. Suspending the proposed tariff sheets will afford Public Counsel an opportunity to challenge whether increasing the tank water heater rebate amount as proposed is just and reasonable.

5. Suspending the proposed tariff sheets will also afford the parties and the Commission an opportunity to resolve an additional disagreement regarding the proper procedure to follow when one or more parties wish to implement a change that is not approved by the Collaborative.¹ The Collaborative did not agree to increase the tank

¹ In the July 30, 2010 cover sheet to its tariff filing, MGE characterized the tariff sheets as “agreed upon by the MGE Energy Efficiency Collaborative (EEC) by a non unanimous vote of the EEC.” However, the Commission ordered the EEC to “remain a consensus group”, and without a consensus, the proposal to increase the tank water heater rebate amount should not be characterized as “agreed upon” by the EEC. *In the Matter of Missouri Gas Energy and its Tariff*

water heater rebates, and rather than petition the Commission to resolve the issue, MGE is instead seeking to implement changes that were not agreed upon by the Collaborative. The EEC is governed in part by the Unanimous Stipulation and Agreement filed in Case No. GT-2008-0005, which specifically states that “where consensus cannot be reached, any of the charter members may petition the Commission to resolve, in accordance with its normal procedural rules, any differences...”² This procedure was not followed by MGE. Determining the proper procedure to follow when consensus cannot be reached is an issue that also warrants suspension of the proposed tariff changes.

6. The proposed tariff bears an effective date of August 30, 2010. For this reason, Public Counsel asks the Commission to act expeditiously by issuing an order no later than August 27, 2010 that suspends the tariff filing. Public Counsel filed this Motion to Suspend as soon as it could have filed following Public Counsel’s decision to oppose the proposal. There will be no negative effect on MGE’s customers or the general public if the Commission acts expeditiously to suspend the tariff. Instead, MGE’s customers will benefit from a careful study of the implications of the proposed tariff change, and customers will further benefit by ensuring that any changes are made in accordance with the new Energy Star criteria.

WHEREFORE, the Office of the Public Counsel respectfully requests that the Commission act expeditiously and suspend MGE’s proposed tariff changes.

Filing to Implement a General Rate Increase for Natural Gas Service, Case No. GR-2009-0355, Report and Order, p. 67, February 10, 2010.

² *In the Matter of Missouri Gas Energy Proposed Tariff Sheets to Administer Natural Gas Conservation Initiatives*, Case No. GT-2008-0005, Unanimous Stipulation and Agreement, p.2.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

By: /s/ Marc D. Poston

Marc D. Poston (#45722)

Deputy Public Counsel

P. O. Box 2230

Jefferson City MO 65102

(573) 751-5558

(573) 751-5562 FAX

marc.poston@ded.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 24th day of August 2010:

/s/ Marc Poston



MISSOURI GAS ENERGY

3420 Broadway · Kansas City, MO · 64111-2404 · (816) 756-5261

July 30, 2010

Secretary of the Commission
Missouri Public Service Commission
P.O. Box 360
200 Madison Street
Jefferson City, MO 65102-0360

RE: Missouri Gas Energy Natural Gas Conservation Tariffs

Attached for filing on behalf of Missouri Gas Energy are electronic versions of P.S.C. MO. No. 1:

Eighth Revised Sheet No. 98 canceling Seventh Revised Sheet No. 98
Eighth Revised Sheet No. 99 canceling Seventh Revised Sheet No. 99
Seventh Revised Sheet No. 100 canceling Sixth Revised Sheet No. 100
Second Revised Sheet No. 103 canceling First Revised Sheet No. 103
Second Revised Sheet No. 103.1 canceling First Revised Sheet No. 103.1
Second Revised Sheet No. 103.2 canceling First Revised Sheet No. 103.2

By this filing, MGE proposes to increase the rebate amount for residential customers purchasing a new tank water heating system that meets Energy Star® criteria to \$100 and to file new tariff sheets which make all rebates available to the Small General Service (SGS) class of customers. These tariff sheets were agreed to by the MGE Energy Efficiency Collaborative (EEC) by a non unanimous vote of the EEC. MGE, the Missouri Department of Natural Resources (MDNR) and the Missouri Public Service Commission Staff (Staff) voted in favor of implementing the tariff sheets and the new rebate level for tank water heaters, the Office of Public Counsel (OPC) opposed the increase to \$100 for the new rebate level. Because the vote was not unanimous, any of the charter members may petition the Commission to resolve, in accordance with its normal procedural rules, any differences over the selection of specific future programs for implementation, funding, or any other aspects of the energy efficiency program development and evaluation process which in this case is the level of the tank water heater rebate.

Secretary of the Commission
June 23, 2010
Page 2

Please forward copies of any Commission order or notice associated with this filing to:

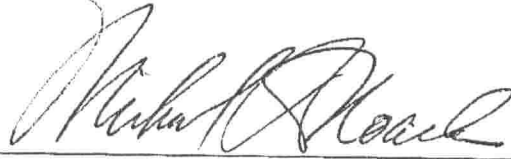
Todd Jacobs
Senior Attorney
Missouri Gas Energy
3420 Broadway
Kansas City, MO 64111
(816) 360-5755
(816) 360-5536 (fax)
Email : todd.jacobs@sug.com

Michael Noack
Director, Pricing & Regulatory
Affairs
Missouri Gas Energy
3420 Broadway
Kansas City, MO 64111
(816) 360-5560
(816) 360-5536 (fax)
Email : mike.noack@sug.com

Thank you for bringing this matter to the attention of the Commission and the appropriate Commission personnel.

Sincerely,

By:



Michael R. Noack

MRN/wpv
Enclosure

CC: The Office of Public Counsel
General Counsel's Office

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

PROMOTIONAL PRACTICES

PP

RESIDENTIAL NATURAL GAS ENERGY EFFICIENCY INITIATIVES

A. Energy Efficiency Education Program

As an Energy Star® partner, MGE will continue to make information available to customers and, where possible, work in cooperation with other Energy Star® partners and other energy efficiency collaboratives to further public education programs. In addition MGE will continue to promote the use of an online energy analyzer through its web site.

B. High-Efficiency Natural Gas Water Heating and Space Heating Incentive Program

The High-Efficiency Natural Gas Water Heater and Space Heating Incentive Program is an incentive program designed to encourage customers to use energy efficient equipment through the purchase and installation of high efficiency natural gas water heaters and/or space heating systems. Incentives are offered for a portion of the cost of such systems that meet Energy Star® criteria (where applicable). Company's participation in such financial incentives is limited to the funding levels specified in the Commission's Report and Order in Case No. GR-2009-0355 subject to adjustment as provided therein.

DEFINITIONS:

Administrator – MGE may administer the program exclusively in-house and/or in partnership with contracted vendors (as necessary).

Participant – An existing customer with an active account who is being served under the Company's Residential rate class who purchase and install a qualifying natural gas water heating or space heating systems, as described in the program, within MGE's service territory.

AVAILABILITY:

The program is available to any active MGE residential customer (no final bill or inactive accounts) who purchase and install a natural gas space heating or water heating system that meets Energy Star® criteria (where applicable) within MGE's service territory.

Residential customers will be eligible to receive the following rebates:

- \$100 for a tank water heating system that meets Energy Star® criteria.
- \$200 for a tankless water heating system that meets Energy Star® criteria.
- \$200 for a natural gas furnace that meets Energy Star® criteria.
- \$450 for a combination furnace/water heater that meets Energy Star® criteria.
- \$200 for a natural gas boiler system that meets Energy Star® criteria.
- \$25 for a programmable thermostat if purchased in conjunction with a space heating system.

DATE OF ISSUE July 30 2010
month day year

DATE EFFECTIVE August 30 2010
month day year

ISSUED BY: Michael R. Noack

Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

P.S.C. MO. No. 1
Canceling P.S.C. MO. No. 1

Eighth Revised
Seventh Revised

SHEET No. 99
SHEET No. 99

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

PROMOTIONAL PRACTICES

PP

Rebate limit: Individual dwelling units, as determined by account number, whether owner-occupied or rental property, are eligible for a maximum of two heating system rebates (furnace, boiler, or combination unit), two tank or tankless water heater rebates, and two programmable thermostat rebates. This rebate is 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 heating or space heating system.

PROGRAM FUNDING

Per the Commission Report and Order in GR-2009-0355, the Company will initially fund \$1,500,000 on an annual basis, subject to increases toward the goal of .5% of the Company's gross operating revenues with 90% allocated to the residential customer class. These amounts will be deferred and treated as a regulatory asset with a ten-year amortization period. Such amortization will begin on the effective date of rates in the Company's next general rate case. Amounts spent under these programs will be included in MGE's rate base in its next general rate case. Each year on or around November 1, Company will prepare a budget of program expenditures subject to approval by the MGE Energy Efficiency Collaborative (EEC). The approved budget will be used for the ensuing 12 months unless the EEC agrees that there is a need to make changes within a budget year. Any excess funds remaining as of the effective date of rates in GR-2009-0355, shall have interest applied equal to 7.72%, until such funds are expended. MGE's expenditures will be subject to a prudence review in any relevant MPSC proceedings.

ENERGY EFFICIENCY COLLABORATIVE

The Energy Efficiency Collaborative (EEC), which was formed in GT-2008-0005, will provide oversight for the design and implementation of energy efficiency programs for MGE's Residential and SGS classes. The members of the EEC include designated representatives from MGE, Commission Staff, Public Counsel and Department of Natural Resources. Each entity shall have one vote each. The EEC will seek to make decisions by consensus, but where consensus cannot be reached, any of the charter members may petition the Commission to resolve, in accordance with its normal procedural rules, any differences over the selection of specific future programs for implementation, funding, or any other aspects of the energy efficiency program development and evaluation process. Other appropriate parties, such as electric utilities with service territories that overlap MGE's service territory, that are acceptable to the EEC charter members may also participate in the EEC process but will not be part of the EEC decision making process.

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 Energy Efficiency 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 on program including evaluation, administrative expenses and promotion/advertising; by type of promotion/advertising; and
 - d. Number of web site hits on the various pages of MGE's customer site.

DATE OF ISSUE July 30, 2010
month day year

DATE EFFECTIVE August 30, 2010
month day year

ISSUED BY: Michael R. Noack

Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

For: All Missouri Service Areas

PP

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

P.S.C. MO. No. 1
Canceling P.S.C. MO. No. 1

Second Revised
First Revised

SHEET No. 103.1
SHEET No. 103.1

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

PROMOTIONAL PRACTICES

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Rebate limit: Individual business units, as determined by account number, are eligible for a maximum of \$3500. This rebate is 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 heating or space heating system.

PROGRAM FUNDING

Per the Commission Report and Order in GR-2009-0355, the Company will initially fund \$1,500,000 on an annual basis, subject to increases toward the goal of .5% of the Company's gross operating revenues with 90% allocated to the residential customer class. These amounts will be deferred and treated as a regulatory asset with a ten-year amortization period. Such amortization will begin on the effective date of rates in the Company's next general rate case. Amounts spent under these programs will be included in MGE's rate base in its next general rate case. Each year on or around November 1, Company will prepare a budget of program expenditures subject to approval by the MGE Energy Efficiency Collaborative (EEC). The approved budget will be used for the ensuing 12 months unless the EEC agrees that there is a need to make changes within a budget year. Any excess funds remaining as of the effective date of rates in GR-2009-0355, shall have interest applied equal to 7.72%, until such funds are expended. MGE's expenditures will be subject to a prudence review in any relevant MPSC proceedings.

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

P.S.C. MO. No. 1
Canceling P.S.C. MO. No. 1

Second Revised
First Revised

SHEET No. 103.2
SHEET No. 103.2

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

PROMOTIONAL PRACTICES

PP

2. For the High Efficiency Natural Gas Water Heating and Space Heating Incentive Program, MGE will report:

- e. The total number of incentive requests and the number of incentive requests approved;
 - i. The type and/or size (storage capacity) and fuel source of the water heater that was replaced, if available;
 - ii. The type and/or size and fuel source of heating equipment that was replaced, if available
- f. The dollars spent on incentives, evaluation, administrative expenses and promotion/advertising;
- g. Number and type of any complaints received and the resolution of the complaints; and
- h. Compilation of information as provided by participating customers, which will include:
 - i. Type of business;
 - ii. Age and size of water heater and/or space heating system being replaced; and
 - iii. Reason for purchase of the Energy Star® rated natural gas water heating and/or space heating system.

MGE may in the future request permission from the Commission to expand the energy efficiency program to include additional SGS natural gas energy efficiency measures.

A detailed post-implementation evaluation of the initial two (2) years of each new program shall be completed within six (6) months of the end of each program's second year. Where feasible, these reviews will include both process evaluations and cost effectiveness (impact) evaluations. Evaluations may be performed after less than two years of program evaluation if the EEC determines this is preferable.

MGE – working collaboratively with the MGE Energy Efficiency Collaborative (EEC) – will file an annual report with the Commission assessing the overall effectiveness of the program along with recommendations for improving the program and any proposed tariff changes. Post-implementation evaluations above may be used in the selection and design of future programs.

DATE OF ISSUE July 30 2010 DATE EFFECTIVE August 30 2010
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ISSUED BY: Michael R. Noack Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111



MISSOURI GAS ENERGY

3420 Broadway - Kansas City, MO - 64111-2404 - (816) 756-5261

August 3, 2010

Secretary of the Commission
Missouri Public Service Commission
P.O. Box 360
200 Madison Street
Jefferson City, MO 65102-0360

RE: Missouri Gas Energy Natural Gas Conservation Tariffs

Attached for filing on behalf of Missouri Gas Energy are electronic versions of P.S.C.
MO. No. 1:

Second Revised Sheet No. 103.2 canceling First Revised Sheet No. 103.2

By this filing, MGE is correcting a typographical error found in the filing made on July 30, 2010. Paragraph 2 had the sub parts labeled "e" through "h" when in fact they should have been "a" through "d".

Thank you for bringing this matter to the attention of the Commission and the appropriate Commission personnel.

Sincerely,

By: 

Michael R. Noack

MRN/wpv
Enclosure

P.S.C. MO. No. 1
Canceling P.S.C. MO. No. 1

Seventh Revised
Sixth Revised

SHEET No. 100
SHEET No. 100

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

PROMOTIONAL PRACTICES

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2. For the High Efficiency Natural Gas Water Heating and Space Heating Incentive Program, MGE will report:

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 - ii. The type and/or size and fuel source of heating equipment that was replaced, if available
- b. The dollars spent on incentives, evaluation, administrative expenses and promotion/advertising;
- c. Number and type of any complaints received and the resolution of the complaints; and
- d. Compilation of information as provided by participating customers, which will include:
 - i. Type of residence;
 - ii. Age and size of water heater and/or space heating system being replaced; and
 - iii. Reason for purchase of the Energy Star® rated natural gas water heating and/or space heating system.

MGE may in the future request permission from the Commission to expand the energy efficiency program to include additional residential natural gas energy efficiency measures.

A detailed post-implementation evaluation of the initial two (2) years of each new program shall be completed within six (6) months of the end of each program's second year. Where feasible, these reviews will include both process evaluations and cost effectiveness (impact) evaluations. Evaluations may be performed after less than two years of program evaluation if the EEC determines this is preferable.

MGE – working collaboratively with the MGE Energy Efficiency Collaborative (EEC) – will file an annual report with the Commission assessing the overall effectiveness of the program along with recommendations for improving the program and any proposed tariff changes. Post-implementation evaluations above may be used in the selection and design of future programs.

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ISSUED BY: Michael R. Noack

Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

P.S.C. MO. No. 1
Canceling P.S.C. MO. No. 1

Second Revised
First Revised

SHEET No. 103.2
SHEET No. 103.2

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

PROMOTIONAL PRACTICES

PP

2. For the High Efficiency Natural Gas Water Heating and Space Heating Incentive Program, MGE will report:

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- d. Compilation of information as provided by participating customers, which will include:
 - i. Type of business;
 - ii. Age and size of water heater and/or space heating system being replaced; and
 - iii. Reason for purchase of the Energy Star® rated natural gas water heating and/or space heating system.

MGE may in the future request permission from the Commission to expand the energy efficiency program to include additional SGS natural gas energy efficiency measures.

A detailed post-implementation evaluation of the initial two (2) years of each new program shall be completed within six (6) months of the end of each program's second year. Where feasible, these reviews will include both process evaluations and cost effectiveness (impact) evaluations. Evaluations may be performed after less than two years of program evaluation if the EEC determines this is preferable.

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