

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

In the Matter of Southern Union Company)
d/b/a/ Missouri Gas Energy's Tariff Sheets) File No. GT-2013-0330
Designed to Implement an Experimental) Tariff No. YG-2013-0255
Pilot Program)

**MISSOURI DEPARTMENT OF NATURAL RESOURCES'
RECOMMENDATION IN SUPPORT OF TARIFF**

COMES NOW the Missouri Department of Natural Resources
("MDNR"), by and through counsel, and for its Recommendation in Support of
Southern Union Company d/b/a Missouri Gas Energy's ("MGE") filed tariff to
extend the effective date of the Rebuild Joplin Experimental Pilot program to
May 1, 2013 states as follows:

1. The MDNR was an intervenor in MGE's past natural gas rate
case, GR-2009-0355 and is a member of the Energy Efficiency Collaborative
("EEC") as set forth in the Missouri Public Service Commission's
("Commission") Report and Order, effective February 20, 2010. On November
9, 2011, MGE filed P.S.C. MO. No. 1, Original Sheet Nos. 104 and 104.1, and
Original Sheet Nos. 105 and 105.1 proposing the Rebuild Joplin pilot
program. The tariff sheets were issued November 9, 2011, and went into effect
by operation of law on December 9, 2011 in File No. GT-2012-0170. The energy
efficiency initiatives reflected in the tariff sheets were available "until
December 31, 2012 or until authorized funding levels are reached, whichever

occurs first.”

2. On November 20, 2012, MGE filed two (2) tariff sheets bearing an effective date of January 1, 2013 for the purpose of extending the Rebuild Joplin: Experimental Pilot Program For Residential and SGS Natural Gas Energy Efficiency Incentives (“Rebuild Joplin”) from its sunset date of December 31, 2012 to May 1, 2013, a period of 4 months.

3. On December 11, 2012, the Office of Public Counsel (“Public Counsel”) filed a motion to reject, or in the alternative suspend, the tariff sheets that would extend the program. Public Counsel further requests an evidentiary hearing in the event the Commission elects to suspend the tariff sheets. Public Counsel opposes extension of the Rebuild Joplin Program.

4. On December 12, 2012, the Commission issued its Order Directing Notice and Setting Deadline For Responses. The Commission ordered that no later than December 18, 2012, any other interested person or entity shall file responses to Public Counsel’s motions.

5. The MDNR supports the 4-month extension proposed by MGE. MGE has worked extensively with the EEC since July 2011, following the devastating tornado that impacted Joplin and its surrounding area on May 22, 2011. Members of the EEC were engaged in these discussions recognizing the importance of providing Joplin residents and businesses with support and resources to rebuild their community from what has been accurately

characterized as the single deadliest tornado in the United States in over sixty years. MDNR, in its Recommendation in Support of Tariff filed in GT-2012-0170 stated that, “(MDNR) recommends the Commission approve the tariff revisions as appropriate energy efficiency efforts both to address the unusual circumstances in Joplin and to move MGE forward in meeting its target level of energy efficiency spending from its last rate case. This opportunity to help Rebuild Joplin ‘quicker, greener and better’ as described by MGE, should not be delayed. It should be given an opportunity to succeed as an experimental pilot program.” MDNR maintains that position in this filing.

6. The Rebuild Joplin initiative reflects enhanced high efficiency natural gas equipment tiered rebates (and an Energy Star® New Homes program reflected in Case No. GT-2012-0170, Tariff No. YG-2013-0255), funded up to a total of \$1,000,000. The Commission’s Report and Order in GR-2009-0355 states that “MGE will initially fund an annual amount of a minimum of \$1.5 million per year for its energy efficiency program. Expenditures above the initial investment of \$1 million shall be deferred in a regulatory asset account for potential recovery in a future case.” (Report and Order, GR-2010-0355, pg. 63). Further, MGE is making efforts to meet a target funding level of 0.05 percent of total operating revenue, including gas costs or approximately \$4 million to support energy efficiency programs

within their Missouri service territory. In light of the magnitude of the destruction in Joplin and the extended period for recovery, it is appropriate for MGE to continue to focus its energy efficiency efforts and expenditures in this area of the state.

7. The Rebuild Joplin initiative may also provide valuable information and data on the impacts of the energy efficiency appliance rebates and Energy Star® New Homes initiatives based upon the monitoring role of the EEC and expenditure and performance reports provided by MGE. Rebuilding efforts were slowed in Joplin caused by a temporary building moratorium. Correspondingly, the building moratorium may have resulted in a lower number of participants in the Rebuild Joplin program. The original one-year period proposed by MGE and approved by the Commission has turned out not to be sufficiently long, and many homes have not been rebuilt in Joplin. There is still value to be derived from this Rebuild Joplin program.

8. The Rebuild Joplin initiative continues to provide a unique opportunity to improve the housing stock in Joplin through investment in higher energy efficiency natural gas utilization products and new home construction based on new building technologies and materials. Implementing targeted incentives to address these unprecedented circumstances through an experimental pilot project continues to be an appropriate response to the natural disaster, which, if successful will help

Joplin residents rebuild and move into new homes that are more comfortable and energy efficient than may have been possible without these programs.

WHEREFORE, the MDNR respectfully submits to the Commission this Recommendation in Support of MGE's proposed time extension for the Rebuild Joplin energy efficiency tariff sheets and requests the Commission to allow the tariffs to take effect as proposed.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically on all counsel of record this 18th day of December 2012.

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