

P.S.C. MO. No. 1
Cancelling P.S.C. MO. No. 1

Fourth Revised
Third Revised

SHEET No. 98
SHEET No. 98

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

<u>PROMOTIONAL PRACTICES</u>	
<u>PP</u>	
<u>RESIDENTIAL NATURAL GAS CONSERVATION INITIATIVES</u>	
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 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 0.62 or above or a tankless hot water system with an Energy Factor (EF) of 0.80 or above. 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.	
<u>DEFINITIONS:</u>	
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.	
<u>AVAILABILITY:</u>	
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 0.62 or greater 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 \$75 bill credit for a qualifying hot water tank purchase Or a \$200 bill credit for a qualifying tankless hot water system	

DATE OF ISSUE July 3 2007 DATE EFFECTIVE August 3 2007
month day year month day year

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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 dollars spent on bill credits, 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 may include:
 - i. Type of residence;
 - ii. Age of home;
 - iii. Age of hot water tank being replaced;
 - iv. Fuel source of hot water tank being replaced; and
 - v. 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. MGE will discuss the expansion of Residential Natural Gas Conservation Initiatives through a collaborative process with interested parties, which may include but need not be limited to the Commission Staff, the Office of Public Counsel, the DNR, and community based organizations (Collaborative), to evaluate options to enhance energy efficiency for residential and small commercial customers in its service area.

Biannually MGE – working collaboratively with the Missouri Public Service Commission Staff and the Office of Public Counsel – will file a report with the Commission assessing the overall effectiveness of its residential natural gas conservation initiatives along with recommendations for improving the programs, including any proposed tariff changes.

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