

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2009-0355, File No. JG-2011-0051 Missouri Gas Energy

FROM: Henry E. Warren, Energy Department - Tariffs/Rate Design

/s/ Henry E. Warren 9/8/10
Energy Department/Date

/s/ Lera L. Shemwell 9/8/10
General Counsel's Office/Date

SUBJECT: Staff Recommendation On Missouri Gas Energy's Tariff Sheets Filed for the
RESIDENTIAL NATURAL GAS ENERGY EFFICIENCY INITIATIVE and SMALL
GENERAL SERVICE NATURAL GAS ENERGY EFFICIENCY INITIATIVE, effective
August 30, 2010

DATE: September 8, 2010

On July 30, 2010, Missouri Gas Energy (MGE or Company) filed tariff sheets for the RESIDENTIAL NATURAL GAS ENERGY EFFICIENCY INITIATIVE and SMALL GENERAL SERVICE NATURAL GAS ENERGY EFFICIENCY INITIATIVE to provide rebates for new water heating systems, space heating systems, and programmable thermostats. On August 3, 2010 MGE filed substitute tariff sheets to correct typographical errors in Sheet No. 103.2.

The purpose of MGE's tariff filing is to provide rebates for qualifying Residential and Small General Service (SGS) customers purchasing new gas water heating systems, gas space-heating systems, and programmable thermostats. These sheets modify and expand the current tariff sheets describing the MGE NATURAL GAS CONSERVATION INITIATIVES (Program) which previously provided for rebates for Energy Star[®] water heating and space heating systems, effective February 28, 2010, as a result of the compliance filing in Case No. GR-2010-0355. This rebate Program was originally effective August 14, 2007, as a result of Case No. GT-2007-0477, File No. JG-2008-0005.

In its letter of transmittal accompanying the filing, MGE notes that it has removed the provisions in Tariff Sheet Nos. 98 – 100 and 103 – 103.2, which were considered by the MGE Energy Efficiency Collaborative (Collaborative) in accordance with the Commission's Order in Case No. GR-2010-0355, but not approved unanimously by the Collaborative group. All but one of the provisions in the tariff sheets were approved unanimously by the Collaborative. The proposed increase in the rebate amount for residential customers purchasing a new tank water heating system that meets Energy Star[®] criteria (Energy Star[®] Tank Water Heaters) from \$40 to \$100 and its proposed new rebate amount for Small General Service (SGS) customers purchasing a new tank water heating system that meets Energy Star[®] criteria of \$100 received one dissent. The Office of the Public Counsel declined to approve the \$100 rebate for the Energy Star[®] Tank Water Heaters purchased by Residential and SGS customers. This section has been removed from MGE's September 2nd tariff filing.

The Commission's Report and Order in Gr-2009-0355 directed that the Energy Efficiency Collaborative continue to operate by consensus, holding that the energy efficiency collaborative should remain a consensus group, and should not be modified to an advisory group. Staff's recommendation is the Commission approve MGE's tariff as refilled.

The new tariff provides for an increase in the rebate limit for residential customers from one rebate per customer to two rebates for water heaters and two rebates for space heating. For SGS customers the limit is \$3,500. Also, in both the Residential and SGS rebate program is a provision for a detailed post-implementation evaluation of the initial two (2) years of each new program.

The Commission's Energy Department - Tariffs/Rate Design Staff (Staff) has reviewed each of the tariff sheets, as filed by MGE on July 30, 2010, as substituted on August 2, 2010, and is of the opinion that these sheets were filed in compliance with the Commission's Order. Therefore, Staff recommends that the set of tariff sheets designated P.S.C. MO. No. 1, August 30, 2010, and as substituted on August 2, 2010, be approved and to become effective on and after August 30, 2010.

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 SHEET No. 103
Second Revised SHEET No. 103.1, Canceling First SHEET No. 103.1
Second Revised SHEET No. 103.2, Canceling First SHEET No. 103.2

The Staff has verified that MGE has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.


BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's)	Case No. GT-2011-0049
Tariff Sheets Designed to Increase the)	
Rebate Level for Tank Water Heaters)	

AFFIDAVIT OF HENRY WARREN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Henry Warren, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.


Henry Warren

Subscribed and sworn to before me this 8th day of September, 2010.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public