

Laclede Gas Company

For: All Missouri Gas Energy 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:

- \$200 for gas storage water heater greater than or equal to 20 gallons and less than or equal to 55 gallons with an (EF)\*\* greater than or equal to 0.67
- \$350 for gas storage water heater greater than 55 gallons and less than or equal to 100 gallons with an (EF) \*\* greater than or equal to 0.77.
- \$300 for gas instantaneous water heater less than 2 gallons with an EF greater than or equal to 0.82.
- \$200 for a natural gas furnace greater than or equal to 92% but less than 96% AFUE\*
- \$300 for a natural gas furnace 96% AFUE\* or greater.
- \$300 for a natural gas boiler system greater than or equal to 90% AFUE.
- \$450 for a combination gas space heating / water heating system (w/ tank). High efficiency boiler w/sidearm tank combination unit. AFUE greater than or equal to 90%
- \$450 for a combination gas space heating / water heating system (tankless). High efficiency tankless boiler/water heater combination unit. EF greater than or equal to 0.82
- \$25 or 50% of the equipment cost, whichever is lower for a programmable setback thermostat. Four pre-programmed settings for 7 day, 5+2 day, or 5-1-1 day models.

\* Annual Fuel Utilization Efficiency

\*\* Energy Factor

DATE OF ISSUE April 1, 2015  
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ISSUED BY: L. Craig Dowdy

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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 water heater rebates, and two programmable thermostat rebates.

Owners of multiple individually metered dwelling units are limited to a maximum of 50 heating system rebates (furnace or boiler), 50 water heater rebates, or 50 combination unit rebates, and 50 thermostat rebates during one program year.

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

The Company will fund energy efficiency programs, on an annual basis, toward the goal of .5% of the Company's gross operating revenues. 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, at the beginning of a Program Year, 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. MGE's expenditures will be subject to a prudence review in any relevant MPSC proceedings. Program Funding and recovery is subject to the Stipulation and Agreement in GR-2014-0007.

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, commercial and industrial customers. The members of the EEC include designated representatives from MGE, Commission Staff, Public Counsel, DED-Division of Energy and the Missouri Gas Users Assn. 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:

- a. See Sheet 103.6 for Program Tracking and Reporting.

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Rebate limit: Individual business units, as determined by account number, are eligible for a maximum of \$100,000 per Program Year. 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 equipment.

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Prescriptive Rebates: Following is a list of the prescriptive rebates available for equipment and services under the C/I Rebate program:

Equipment or Service	Rated	Rebate
Gas furnace	Greater than or equal to 92% but less than 94% AFUE*	\$200
Gas furnace	Greater than or equal to 94% AFUE*	\$250
Electronic programmable setback thermostat	Four pre-programmed settings for 7 day, 5+2 day, or 5-1-1 day models	\$40 or 50% of equipment cost, whichever is lower
Radiant Infrared Heater (Low-intensity heater, electronic ignition only)***	Rated greater than or equal to 20,000 BTU/hour and less than or equal to 250,000 BTU/hour	\$300
Condensing Unit Heater	Greater than or equal to 90% TE**	\$300
High Temperature Heating & Ventilating (HTHV) Direct-Fired Gas Heaters	Greater than or equal to 90% TE**	\$500
Advanced Load Monitoring ("ALM") Boiler Control	ALM retrofit to existing hot water space-heating boiler only	\$2000
Hot Water Boiler Outdoor Temperature Reset ("OTR") Control	OTR retrofit to existing hot water space-heating boiler only.	\$200
Continuous modulating burner	Burner replacement considered efficiency improvement.	25% of equipment cost or \$15,000 per burner, whichever is lower
Gas-fired boiler tune up Non-Profit Customers	Submit combustion test results performed before and after turn up. Eligible for tune up every two years.	75% of the cost up to \$750 per boiler, whichever is lower
Gas-fired boiler tune up All other C/I customers	Submit combustion test results performed before and after turn up. Eligible for tune up every two years.	50% of the cost up to \$500 per boiler, whichever is lower

\* Annual Fuel Utilization Efficiency

\*\* Thermal Efficiency

\*\*\* All outdoor radiant infrared heating applications such as outdoor patios and golf ranges are not eligible

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Equipment or Service	Rated	Rebate
Gas space heating boiler less than 300,000 BTU/hour input	Minimum efficiencies (AFUE*): Hot water: 85.0% Over 15 PSIG steam: 81.5% 15 PSIG or less steam: 83.0%	\$500/MMBTU/H + \$200/MMBTU/H per percentage point above min. AFUE* (max \$750)
Gas space heating boiler over 300,000 and less than 1,000,000 BTU/hour input	Minimum thermal efficiencies: Hot water: 83.0% Over 15 PSIG steam: 81.5% 15 PSIG or less steam: 83.0%	\$500/MMBTU/H + \$200/MMBTU/H per percentage point above min. efficiency (max \$1,500)
Gas space heating boiler over 1,000,000 BTU/hour input	Minimum thermal efficiencies: Hot water: 83.0% Over 15 PSIG steam: 81.5% 15 PSIG or less steam: 83.0%	\$500/MMBTU/H + \$200/MMBTU/H per percentage point above min. efficiency (max \$3,000)
Steam trap replacement. Maximum of 25 failing units per program year	Steam trap replacement considered efficiency improvement	50% of the equipment cost or \$2,500 total, whichever is lower
Vent damper	Damper installation considered efficiency improvement	50% of equipment cost or \$500 cap per boiler, whichever is lower
Primary air damper	Damper installation considered efficiency improvement.	50% of equipment cost or \$500 cap per boiler, whichever is lower
Gas Instantaneous Water Heater less than 2 gallons	Greater than or equal to 0.82 EF	\$300
Condensing Storage Water Heater Greater than 75,000 and less than or equal to 500,000 BTU/hour input	Greater than or equal to 0.90 TE	\$250
Food service gas steamer	ENERGY STAR qualified	50% of the equipment cost or \$475, whichever is lower
Food service gas fryer	ENERGY STAR qualified	50% of the equipment cost or \$350, whichever is lower
Food service griddle Top and bottom surfaces of clamshell models must be gas	ENERGY STAR qualified	50% of the equipment cost or \$400, whichever is lower
Food service gas convection gas oven	ENERGY STAR qualified	50% of the equipment cost or \$200, whichever is lower

\*Annual Fuel Utilization Efficiency

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<b>Equipment or Service</b>	<b>Rated</b>	<b>Rebate</b>
Infrared Charbroiler	**New natural gas char broiler with infrared burners	50% of equipment cost or \$300, whichever is lower
Infrared Salamander Broiler	**New natural gas salamander broiler with infrared burners	50% of equipment cost or \$200, whichever is lower
Infrared Rotisserie Oven	**New natural gas rotisserie oven with infrared burners	50% of equipment cost or \$300, whichever is lower
Combination Oven	ENERGY STAR qualified	50% of the equipment cost or \$500, whichever is lower
Conveyor Oven	Natural gas conveyor oven with baking energy efficiency greater than 42% and an idle energy consumption rate less than 57,000 BTU/hour utilizing ASTM standard F1817	50% of the equipment cost or \$300, whichever is lower
Rack Oven – single rack	Natural gas rack oven with baking efficiency greater than or equal to 50% utilizing ASTM standard 2093	50% of the equipment cost or \$500, whichever is lower
Rack Oven – double rack	Natural gas rack oven with baking efficiency greater than or equal to 50% utilizing ASTM standard 2093	50% of the equipment cost or \$1,000, whichever is lower
Kitchen Demand Control Ventilation ("KDCV")	High efficiency KDCV must be a control system that varies the exhaust and/or make-up air flow rate(s) based on heat and smoke or vapors generated by cooking equipment. Temperature, timers, optical or other sensors may be used to sense ambient conditions and vary the speed of exhaust and/or make up air fans to meet ventilation requirements	\$300
Kitchen low flow spray wash nozzle. Maximum of 2 nozzles.	*GPM rating of 1.6 or less	50% of equipment cost or \$100 per nozzle, whichever is lower

\*Gallons Per Minute

\*\* New installation or the replacement of non-infrared equipment

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Custom Rebates: The C/I Rebate program will provide custom rebates to C/I customers for the installation of any natural gas related energy efficiency improvement that does not qualify for a prescriptive rebate. All custom rebates will be individually determined and analyzed to ensure that they pass the Societal Benefit/Cost Test. Any measure that is pre-qualified (evaluated prior to being installed), must produce a Societal Benefit/Cost test result of 1.0 or higher.

Rebates are calculated as the lesser of the following:

- No rebate for measures with less than a two year payback
- A buy-down to a two year payback
- \$6.63 per MCF saved during the first year

Audit: The energy audit rebate will only be provided to a customer that qualifies for a prescriptive and/or custom rebate under this program. The audit rebate offer will be structured as follows:

- *Non-Profit Customers* will be eligible for a rebate of 75% of the audit cost, \$600 per building under 25,000 sq. ft., or \$750 for buildings 25,000 sq. ft and over, whichever is lower.
- All other C/I customers will be eligible for a rebate of 50% of the audit cost, \$375 per building under 25,000 sq. ft., or \$500 for buildings 25,000 sq. ft. and over, whichever is lower.
- For customers with more than one building per account, there is a limit of three audit rebates per customer per program year. Energy for each audited building must be estimated based on total utility metered use if sub-metered data is not available.
- No customer building shall qualify for a second audit rebate under this program.
- Audits must be performed by qualified professionals (Registered Professional Engineer, Registered Architect, Certified Energy Manager, or equivalent training, experience, and continuing education). Audit procedures and reports must reach the level of effort of a Level 1 - Walk-Through Analysis as described in the most recent edition of "Procedures for Commercial Building Energy Audits" published by the American Society of Heating, Refrigerating, and Air Conditioning Engineers.
- To be eligible for a rebate, the audit report must identify at least one energy efficiency measure which qualifies for a rebate under this program, the energy efficiency measure must be implemented, and the application for the audit rebate must be included in the application for the qualifying energy efficiency measure.

Rebate Limit: During a program year, a commercial or industrial customer's total rebate is limited to \$100,000 or the remaining uncommitted budget for the current program year, whichever is lower. Remaining uncommitted program budgets may be reallocated by the EEC to other programs if not part of unexpired rebate pre-approvals committed for proposed customer projects. All measures that receive pre-approval must be implemented / installed within six (6) months of the date of pre-approval, and all invoice(s) and other required project documentation must be submitted within eight (8) months of the date of pre-approval.

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1. Program Year:

Effective beginning in 2014 the program year will begin on October 1 and end on September 30 of the following year, except for the first year of each new program, in which case the program year will begin with the Commission-approved effective date of the tariff sheets originally filed to implement such program.

2. Program Tracking and Reporting:

Within forty-five days of the end of each calendar quarter, the Company shall submit a status report to the EEC regarding the cost and participation of its conservation and energy efficiency programs including:

- the number of energy efficiency measures implemented, summarized by measure type, and customer type for each calendar quarter and cumulatively for the fiscal year or program year; (Measure Types: Residential - summarized for each type of prescriptive equipment or service. Commercial and Industrial - summarized for each type of prescriptive equipment or service, type of custom rebate, and for the audits.)
- funds invested in each energy efficiency program for each calendar quarter and cumulatively for the fiscal year or program year.
- estimated savings for each energy efficiency program for each calendar quarter and cumulatively for the fiscal year or program year.
- MGE may use the same reporting format and timing as Laclede Gas Company, and is encouraged to do so by the EEC.

3. Post-implementation Evaluation:

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. Additionally, a detailed post-implementation evaluation of the High Efficiency Natural Gas Water Heating and Space Heating Incentive Program and the Commercial and Industrial Rebate Program will be completed no later than December 1, 2017. 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 implementation if the EEC determines this is preferable. Further evaluation of existing programs may be performed as determined by the EEC. Post-implementation evaluations will then be used in the selection and design of future programs.

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