



MISSOURI GAS ENERGY

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November 30, 2012

Mr. Steve Reed
Secretary/General Counsel of the Commission
Missouri Public Service Commission
200 Madison Street
Jefferson City, Missouri 65102-0360

RE: Rebuild Joplin: Extension of Experimental Pilot For Residential and SGS Natural Gas
Energy Efficiency Incentives

Dear Mr. Reed:

With the enclosed tariff sheets, (attached as Appendix A) MGE proposes to extend its Experimental Pilot program called the Rebuild Joplin Program until May 1, 2013 pursuant to which enhanced incentives would remain available to assist rebuilding efforts in Joplin. Attached for filing on behalf of Missouri Gas Energy are electronic versions of P.S.C. MO. No. 1:

First Revised Sheet No. 104 canceling Original Sheet No. 104

First Revised Sheet No. 104.1 canceling Original Sheet No. 104.1

These tariff sheets bear an issue date of November 30, 2012 and a proposed effective date of January 1, 2013. As part of this proposal, MGE would conduct an evaluation of the program one year after the program termination date (or longer, depending on discussion with Collaborative members).

The May 22, 2011 tornado in Joplin, Missouri left over a six-mile path of destruction through the heart of the city and was the single deadliest tornado in the United States in over sixty years. MGE's customers, friends, and employees were impacted by this disaster. MGE and its predecessor companies have served the citizens of Joplin for over one hundred and thirty five years. As a long-standing member of the Joplin community, MGE is committed to find ways to help Joplin rebuild quicker and better.

The Rebuild Program tariffs went into effect by operation of law on December 9, 2011 in Case No. GT-2012-0170 after the Commission provided its Notice Regarding Tariff Filing on December 7, 2011. MGE participated in an on-the-record presentation to the Commission on April 12, 2012 on the progress of the Rebuild Joplin Program.

This week, MGE filed an extension to May 1, 2013 of its Rebuild Joplin: Energy Star New Homes Pilot Program which was supported by all collaborative members.

1. **Notification of Lack of Collaborative Consensus.**

Consistent with the Stipulation and Agreement in GC-2011-0339, MGE is bringing this matter to the attention of the Commission by filing these tariff sheets and noting the lack of EEC consensus. In a vote taken on the extension of these tariffs, MGE, Staff, and MDNR voted for the extension. The Office of Public Counsel has voted against the extension.

2. **An Extension of the Rebuild Joplin Program is Warranted.**

Since the tornado, there has been a relatively slow pace of rebuilding in Joplin. Factors for slow building have included:

- a 90 plus day moratorium on building until clean-up was complete
- Residents moved out of the impacted areas to surrounding communities and did not rebuild immediately
- City leaders and residents waited to rebuild in order to see the location of new schools.

The City leaders of Joplin have recognized that the rebuilding effort in the residential sector is moving at a much slower pace than expected after the tornado. Currently, the majority of residential rebuilding is being done by not-for-profit organizations and consists of very modest smaller homes. Also, current construction is sporadic - exhibiting no formal plan. The city leadership hopes to minimize this type of rebuilding and put in place a more organized, methodical effort that will improve not only the quality and construction of new homes but address other needs that have been identified from residents in the community. Joplin has decided to utilize a "Master Developer," Wallace & Bajjali, to organize efforts by coordinating specific areas for development in the area impacted by the storm. The Master Developer's goal is to honor the community loss while creating additional amenities and form a catalyst for further development and economic benefit.

Although the rebuild process is taking longer than first anticipated, the community is enthusiastic in moving forward with plans that are now in place. With the approval of the Commission, MGE would continue its efforts by extending the Rebuild Joplin Rebates to coincide with the Master Development Plan at least through May 1, 2013. This will allow home owners and small businesses to benefit from higher rebates and promote the installation of energy efficient appliances. This will also add to the quality of their new homes and businesses along with lower utility bills.

Below is a summary of Joplin's Master Development plan:

September 2012 - Selected a Master Planner – Wallace and Bajjali

- Still need to purchase land.
- Fast track redevelopment
- First 400 homes to be built in the target areas (built in the first year).
- HBA members (builders and vendors) and their customers will be offered significant financial assistance/benefits.

Phase I - 3 – 5 yr plan

- 1300 single family homes (average price \$125,000)
- 500 units – multi family
- 300 units – senior living
- 300 units and 125,000 sq ft – mixed residential over retail/commercial
- 328,000 sq ft – medical office building

Phase II & III – 6 yr + plan

- Library / Theater Complex – 50,000 sq ft
- Consolidated Government Office Facility – 200,000 sq ft
- Performing Arts Center
- Downtown Education Complex – 300,000 sq ft
- Multi-Purpose Event & Sports Complex (home for professional minor league baseball and other sporting events)
- Hotel and Convention Center

MGE believes that reconstruction is beginning to pick up after a slow start and that an extension to aid rebuilding and promote energy efficiency efforts is both needed and warranted. The May 1, 2013 expiration date also coincides generally with potential new furnace efficiency rules.

3. MGE Has Engaged in Innovative Efforts to Promote the Rebuild Joplin Program.

MGE has taken the initiative to promote this program through innovative public and private efforts.

- August 2011- MGE started working with EPA to hold new ESNH requirements to 2.5 for Jasper / Newton counties in order to lessen builder confusion and spur construction.
- November 2011- MGE negotiated Joplin enhanced rebates with manufacturers of appliance to enhance the impact of its energy efficiency programs.
- December 9, 2011-The Rebuild Joplin Program tariffs went into effect
- December 9, 2011- MGE announced the rebates by press release
- December 14, 2011- MGE conducted Joplin Builder focus group conducted in order to gain insight on what was needed in the community.
- January 1st, 2012 – Focused advertising campaign began, which ended in March 2012
- January 2012 – Mailed rebate information to builders
- March 2012 – EPA agreed to hold to Energy Star New Homes 2.5 standards for Jasper and Newton Counties through 12-31-2012. This was an unprecedented decision by the EPA, due to the unique circumstances in Joplin and the EPA's recognition that regulatory efforts were necessary to spur growth and rebuilding.
- March 2012 – Met with City leaders, builders, Greentown Joplin organization, and other interested groups to promote the Rebuild Joplin program and gain insight into what stakeholders needed.

- June 2012 – met with builders and other groups to determine reason for slow building trend
 - o Determined the need to teach energy efficiency practices to develop trades in Joplin
 - o Interviewed builders to do a model home in order to showcase energy efficient appliances and building methods.
 - o Created partnership with Jim Baker of B & G Design to design a model home
 - o Selected Frank Schaeffer Const. to build to LEED, HBA Green, ESNH 3.0 standards.
- August 2012 – Developed key partners: Greentown Joplin, City of Joplin, HBA, USGBC, Empire Electric, Rheem, Willie Crane, Crowder College.
- September 2012 - Major big box stores (Lowe's and Home Depot) are trained to support our rebate programs and to display in store sales aids
- October 2012 – Model home started in damaged area
- October 2012 – Set up training website
- October 2012 – Established Energy Star New Home Auditor Jim Baker and Willie Crane
- October 2012 – Established Energy Star New Home HVAC installer –ACHRAE certified
- October 2012 - Implemented advertising campaign and billboards to increase awareness of the program and to coincide with the Master Builder efforts.
- MGE has added 27 Preferred Professionals in the area to promote its energy efficiency efforts.

MGE has processed 263 Rebuild Joplin incentives to date, for total expenditures through October 2012 of \$180,124.

For the near term, in order to increase program participation and partner with the city of Joplin, MGE plans to focus on:

- o Completing the model home as a training platform for energy efficiency building measures and energy efficient appliances.
- o Continue to work closely with city officials and the Master Developer to look for opportunities to promote energy efficiency.
- o Continue to expand and enhance the Preferred Professional network.
- o Continue focused advertising and promotional efforts through bill inserts and other methods.

4. **Cost Effectiveness Analysis.**

Since the program is not yet complete and a post-implementation analysis has not been conducted, MGE submits the cost effectiveness analysis, attached as Appendix B, which was originally submitted with the program in November 2011. The Rebuild Joplin Program is cost-effective under the “Program Administrator Cost Test” (also known as the “Utility Cost Test”) on a portfolio basis. The Program Administrator Cost Test is most consistent with the definition of “cost-effective” found in 4 CSR 240-14 (6) (D) which applies to promotional practice filings like this one. These enhanced incentives were filed as an “Experimental Pilot” in part to analyze the efficacy of the Program Administrator Cost Test.

5. Conclusion.

MGE believes that its customers and the Joplin area itself will benefit from approval of this requested extension and requests the Commission to approve this tariff extension effective January 1, 2013.

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

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

Sincerely,

/s/

Todd Jacobs
Senior Director - Legal

cc: The Office of Public Counsel
General Counsel's Office
Missouri Department of Natural Resources