

MEMORANDUM

To: Missouri Public Service Commission Official Case File, Case No. GC-2006-0180, Tariff File No. YG-2006-0774, Southern Missouri Gas Company, LP d/b/a Southern Missouri Natural Gas

HW

From: Henry Warren, Energy Department – Tariffs/Rate Design

/s/ Tom Imhoff 05/05/06
Utility Operations Division/Date

/s/ Lera Shemwell 05/05/06
General Counsel's Office/Date

Subject: Staff Recommendation to Approve Tariff Sheets Filed to Establish an Experimental Natural Gas Water Heater and Furnace Rebate Program to Comply with the Missouri Public Commission Order Approving Unanimous Stipulation and Agreement in Case No. GC-2006-0180 Effective April 21, 2006.

Date: 05/05/2006

On April 12, 2006, Southern Missouri Gas Company, LP d/b/a Southern Missouri Natural Gas (SMNG or Company) filed tariff sheets to establish an Experimental Natural Gas Water Heater and Furnace Rebate Program (the Proposed Rebate Program). SMNG is filing these tariff sheets to establish the Proposed Rebate Program to comply with Provision (6) of the Unanimous Stipulation and Agreement approved by the Missouri Public Service Commission (Commission) in their Order of April 21, 2006, in Case No. GC-2006-0180. This Rebate Program augments and replaces the existing Experimental Natural Gas Water Heater Rebate Program (Existing Rebate Program) approved by the Commission in December 2005.

The purpose of the Proposed Rebate Program is to encourage more effective utilization of natural gas by encouraging energy efficiency improvements with economic incentives for choosing new high-efficiency natural gas water heaters and, additionally, Energy Star[®] rated furnaces. The Company will fund the Proposed Rebate Program, as they are funding the Existing Rebate Program, and will not use any ratepayer subsidies.

Staff submitted Data Requests to the Company for information about the Existing Rebate Program concerning participation, cost, and the potential impact on system capacity. Because the Existing Rebate Program had not been previously available, the Company could only estimate the extent of these effects. Consequently, Staff recommended and the Commission approved tariff sheets for the Existing Program to be an experimental program. Similarly, the Company has filed tariff sheets for the Proposed Rebate Program to be an experimental program.

Staff and the Company have been working on program implementation and tariff language prior to tariffs and documentation on the program being filed. Staff recognizes the unique situation of SMNG not having any jurisdictional electric providers in its service area; and has supported implementation of this program in the interest of SMNG's customers. The tariff sheets for the Proposed Rebate Program were filed on April 12, 2006 and substituted on April 26, 2006, and April 28, 2006, to correct typographical errors.

The individual rebate amounts for residential and commercial customers are: \$100 for replacing an existing electric water heater with a new natural gas water heater, \$40 for replacing an existing gas water heater with a new natural gas water heater, and \$250 for replacing an existing furnace with an Energy Star[®] rated natural gas furnace. Rebate amounts for builders, developers, and sub-contractors are: \$150 for installing a new natural gas water heater in any newly constructed or renovated building, and \$250 for installing a new Energy Star[®] rated natural gas furnace in any newly constructed or renovated building. Additionally, the Company plans to contract with certain appliance stores in the Company's service area to provide point-of-purchase rebates on natural gas water heaters and Energy Star[®] rated natural gas furnaces. The Rebate Program is voluntary and available to any participant. The participant should receive the rebate after submitting a properly completed application form. Sample rebate forms are attached. The Staff and the Company are in the process of finalizing details of the language and the availability of the form for the Proposed Rebate Program. The proposed tariff sheets bear an effective date of May 12, 2006, and the Proposed Rebate Program will conclude December 31, 2008 unless renewed by the Company.

When the existing tariff for the Existing Rebate Program was approved, the Commission granted SMNG a waiver of the Commission's Promotional Practices Rule. Based on the fact that there are no regulated electric companies operating in this area, Staff recommends that this waiver should continue to apply to the Proposed Rebate Program. The Staff has verified that the Company has filed its annual report and is not delinquent on any assessment. Staff has reviewed this filing and is not aware of any issue currently pending before the Commission that affects, or is affected by, this filing.

Staff therefore recommends approval of the following tariff sheets, as filed on April 12, 2006, and substituted on April 28, 2006, with an effective date of May 12, 2006:

P.S.C. Mo. No. 1 1st Revised Sheet No. 72 canceling Original Sheet No. 72
P.S.C. Mo. No. 1 1st Revised Sheet No. 73 canceling Original Sheet No. 73
P.S.C. Mo. No. 1 1st Revised Sheet No. 74 canceling Original Sheet No. 74
P.S.C. Mo. No. 1 Original Sheet No. 75

Copies: Director - Utility Operations Division
 Director - Utility Services Division
 Public Information Administrator
 General Counsel
 Manager - Procurement Analysis Department
 Manager - Energy Department
 James M. Fischer, Counsel (Southern Missouri Natural Gas)
 Office of the Public Counsel

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

In the Matter of the Tariff Sheets Filed to)
Establish an Experimental Natural Gas)
Water Heater and Furnace Rebate Program)
to Comply with the Missouri Public)
Commission Order Approving Unanimous)
Stipulation and Agreement)

Case No. GC-2006-0180

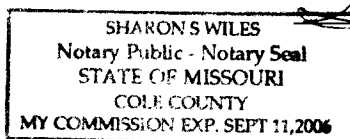
AFFIDAVIT OF HENRY E. WARREN


STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Henry E. Warren, of lawful age, on oath states: that has participated in the preparation of the foregoing written report, consisting of 2 pages to be presented in the above case, that the information in the attached written report were given by; that has knowledge of the matters set forth in such report; and that such matters are true to the best of knowledge and belief.



Subscribed and sworn to before me this 5th day of May 2006.




Notary Public

My commission expires _____

Southern Missouri Natural Gas Company's Natural Gas Water Heater Rebate Program Description of Program and Application Form

In an effort to help with the initial cost of purchasing a new energy efficient **Natural Gas** water heater, Southern Missouri Natural Gas Co. (SMNG) the following **Rebate Programs** for both existing natural gas customers and new customers.

The participating customer (participant) in the rebate program must meet the following requirements:

1. The participant must show SMNG personnel a receipt no older than six months for the purchase of a new natural gas fired water heater.
2. The participant must allow SMNG personnel to inspect the new installation to insure that the installation meets applicable building codes.
3. If replacing an electric water heater, the participant must offer proof that an electric water heater has been replaced (keep the old water heater until the inspection is complete).
4. The participant must obtain the signature of the SMNG inspector on the appropriate line below and the SMNG inspector must complete the information on installation and verification on this form.
5. This form, signed by the participant and the SMNG inspector, and accompanied with the above listed requirements must be presented at the SMNG office (can be mailed).

Rebate Program

Electric Water Heater Replacement

For replacing an existing electric water heater with a new **Natural Gas** water heater, SMNG will rebate the participant \$100 (one hundred dollars) credit on their gas bill. *This credit will be applied to the first appropriate charges due on participant's account.*

Inspector's Signature: _____ Date _____

These rebate offers are only applicable for water heater installations completed on or after **1-December, 2005**. Any water heater bought from and installed by SMNG personnel will qualify for the appropriate rebate. Please ask installers to sign this rebate form at the time of installation. Please see your local SMNG representative for more details. They will be happy to answer any and all of your questions. Call 1-800-909-7642

Southern Missouri Natural Gas Company's Natural Gas Water Heater Rebate Program Description of Program and Application Form

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Rebate Program

Gas Fired Water Heater Replacement

For replacing an existing gas fired water heater with a new **Natural Gas** fired water heater, SMNG will rebate the participant \$40 (forty dollars) credit on their gas bill. *This credit will be applied to the first appropriate charges due on participant's account.*

Inspector's Signature: _____ **Date** _____

These rebate offers are only applicable for water heater installations completed on or after **1-December, 2005**. Any water heater bought from and installed by SMNG personnel will qualify for the appropriate rebate. Please ask installers to sign this rebate form at the time of installation. Please see your local SMNG representative for more details. They will be happy to answer any and all of your questions. Call 1-800-909-7642

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The participating customer (participant) in the rebate program must meet the following requirements:

1. The participant must show SMNG personnel a receipt no older than six months for the purchase of a new natural gas fired water heater.
2. The participant must allow SMNG personnel to inspect the new installation to insure that the installation meets applicable building codes.
3. The participant must obtain the signature of the SMNG inspector on the appropriate line below and the SMNG inspector must complete the information on installation and verification on this form.
4. This form, signed by the participant and the SMNG inspector, and accompanied with the above listed requirements must be presented at the SMNG office (can be mailed).

Rebate Program

New Construction Gas Fired Water Heater Installation

For installing a new natural gas fired water heater in any newly constructed building, SMNG will rebate the current owner \$150 (one hundred-fifty dollars) in either, cash, check, or credit on an existing gas account.

Inspector's Signature: _____ **Date** _____

These rebate offers are only applicable for water heater installations completed on or after **1-December, 2005**. Any water heater bought from and installed by SMNG personnel will qualify for the appropriate rebate. Please ask installers to sign this rebate form at the time of installation. Please see your local SMNG representative for more details. They will be happy to answer any and all of your questions. Call 1-800-909-7642

INSTALLATION AND VERIFICATION INFORMATION

New Equipment Name Plate Data (required)

Type of Equipment Installed: _____

Manufacturer: _____ Efficiency Rating _____

Model No.: _____ Serial No.: _____

(Note: If more than one type of equipment is installed, please provide the Equipment Name Plate Data on a separate sheet of paper and include with your application.)

Equipment Replaced (required)

Type of Equipment: _____ Year Installed: _____
(may be estimated)

Installer Information (required)

Installer name: _____

Installer address: _____

City: _____ State: _____ Zip: _____

Contact Phone No. _____

Installer Signature _____

(By signing, installer attests that the invoice supplied the customer accurately reflects the equipment installed in the customer's home or business and the date work was completed.)

Date Installation Completed: _____

SIGN HERE	I have read and understand the terms and conditions of the <i>SMNG Rebate Program</i>. I certify that the information I have provided is true and correct and the product(s) for which I am requesting a rebate meet the requirements of the program.
	_____ Participant Signature _____ Date

Participants with eligible equipment installed must have an active SMNG account. For information, call 1-800-909-7642.

This rebate is available in all SMNG operating divisions. It is subject to the terms and conditions of the program and to change or termination without prior notice. Funding is provided to participants and administered by SMNG in cooperation with the Missouri Public Service Commission. SMNG reserves the right to conduct field inspections to verify installations. SMNG does not guarantee the performance of installed equipment expressly or implicitly.

For Company Use Only:

Approved: _____ Refund Amount \$ _____ Date Check Mailed: _____