

LAW OFFICES
BRYDON, SWEARENGEN & ENGLAND
PROFESSIONAL CORPORATION

DAVID V.G. BRYDON
JAMES C. SWEARENGEN
WILLIAM R. ENGLAND, III
JOHNNY K. RICHARDSON
GARY W. DUFFY
PAUL A. BOUDREAU
SONDRA B. MORGAN
CHARLES E. SMARR

312 EAST CAPITOL AVENUE
P. O. BOX 456
JEFFERSON CITY, MISSOURI 65102-0456
TELEPHONE (573) 635-7166
FACSIMILE (573) 635-3847
E-MAIL: DUFFY@BRYDONLAW.COM

DEAN L. COOPER
MARK G. ANDERSON
GREGORY C. MITCHELL
BRIAN T. MCCARTNEY
BRIAN K. BOGARD
DIANA C. FARR
JANET E. WHEELER

OF COUNSEL
RICHARD T. CIOTTONI

July 26, 2002

FILED³

JUL 26 2002

**Missouri Public
Service Commission**

Mr. Dale Hardy Roberts
Executive Secretary
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

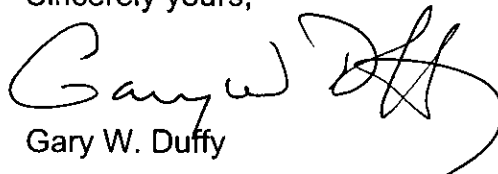
RE: Case No. GR-2001-382 Missouri Gas Energy

Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding please find an original and eight copies of Missouri Gas Energy's Response to Order Directing Filing.

If you have any questions, please give me a call.

Sincerely yours,


Gary W. Duffy

Enclosures
cc w/encl:

Doug Micheel, Office of Public Counsel
Jeffrey Keevil
Jim Deutsch
Thomas R. Schwarz, Jr., Office of the General Counsel
Chris Kaitson
Rob Hack
Mike Langston

FILED³

JUL 26 2002

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Public
Service Commission

In the matter of Missouri Gas Energy's)
Purchased Gas Cost Adjustment tariff)
Revisions to be reviewed in its 2000-) Case No. GR-2001-382
2001 Actual Cost Adjustment.)

**MISSOURI GAS ENERGY'S RESPONSE
TO ORDER DIRECTING FILING**

Comes now Missouri Gas Energy ("MGE" or "Company"), a division of Southern Union Company, and for its response to the Order Directing Filing issued on July 16, 2002, respectfully states the following:

1. The Order Directing Filing seeks the positions of the various parties on whether the Commission should proceed to hear and consider certain issues in this case.

2. MGE's filed its response to the Staff recommendation on July 11, 2002. That response indicates there is no opposition to the Refund adjustment.

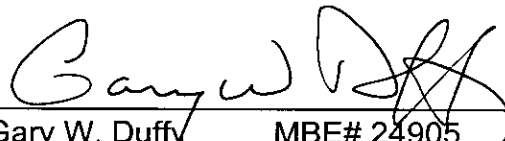
3. There is opposition to Staff's MKP/RPC adjustment of approximately \$5.34 million, which is based on the same rationale as that proposed by the Staff in Case No. GR-96-450. MGE will be preparing a memorandum on how the filed rate doctrine applies to this issue in this case and filing it on or before the August 15, 2002 deadline. If the Commission agrees that that proposed adjustment is barred by that doctrine, then that issue should be resolved on that basis. If the Commission determines the doctrine for some reason does not bar the adjustment, then MGE's position, consistent with that proposed by MKP/RPC, is that that issue should not be

taken up again by the Commission until Case No. GR-96-450 is finally resolved after judicial review.

4. That leaves the "Capacity Release" and "Purchasing Practices" issues in this case in terms of proposed disallowances. As indicated in its Response filed on July 11, MGE opposes these proposals. These issues do not appear to be linked to the issues from Case No. GR-96-450, and therefore that is not a reason to delay litigation on them. Therefore, MGE believes these issues could be tried on a procedural schedule to be agreed to which, at the earliest, could entail a hearing in the spring of 2003. These issues are new and relatively complex, the monetary amounts are significant, and therefore it will require a significant amount of discovery, investigation and time for preparation of pre-filed testimony.

5. A bifurcation of the trial of the issues in this case, however, at least presents the prospect of "final order" concerns if the Commission were to issue a Report and Order on some (e.g. "Capacity Release" and "Purchasing Practices") but not all issues. An attempt at judicial review of a decision which does not dispose of all issues may prompt arguments for dismissal on the grounds the appeal is premature. By indicating a willingness to proceed to trial on the non-MKP/RPC issues in this case, MGE does not consent to deprivation of its right to timely judicial review of a Commission order. Further, MGE does not consent to being subjected to enforcement of any adverse order before all issues in the case have been resolved. If the Commission were to wait to issue a Report and Order in this case disposing of all of the issues, then the "final order" problem discussed here would not appear to be a problem.

Respectfully submitted,



Gary W. Duffy MBE# 24905
Brydon, Swearngen & England P.C.
312 East Capitol Ave.
P.O. Box 456
Jefferson City, MO 65102-0456
Telephone: (573) 635-7166
FAX: (573) 635-3847
e-mail: Duffy@Brydonlaw.com

ATTORNEY FOR MISSOURI GAS ENERGY

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was either mailed or hand delivered this 26th day of July, 2002, to:

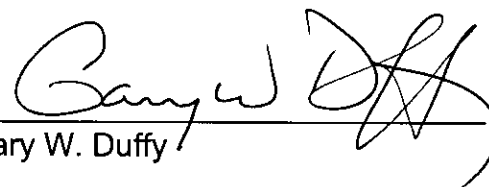
Douglas E. Micheel
Senior Public Counsel
Governor State Office Building
Jefferson City, MO

Jeffrey A. Keevil
Stewart & Keevil
1001 Cherry Street, Ste. 302
Columbia, MO 65201

Jim Deutsch/Henry Herschel
Blitz, Bardgett & Deutsch
308 E. High, Suite 301
Jefferson City, MO 65101

Thomas R. Schwarz, Jr.
General Counsel's Office
Governor State Office Building
Jefferson City, MO

Chris Kaitson, General Counsel
Kansas Pipeline Company
1100 Louisiana, Suite 2900
Houston, TX 77002



Gary W. Duffy