

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

In the Matter of the Application of	)	
Missouri Gas Energy, a Division of	)	
Southern Union Company, for an	)	Case No. GU-2007-0480
Accounting Authority Order Concerning	)	
Environmental Compliance Costs.	)	

**PUBLIC COUNSEL’S STATEMENT OF POSITION**

**COMES NOW** the Missouri Office of the Public Counsel and for its Statement of Position states:

1. On July 31, 2008 the Staff filed a List of Issues on behalf of the parties. Public Counsel offers the following summary of its position on these issues.

**ISSUE 1: Should the Commission grant MGE an Accounting Authority Order (AAO) to allow it to defer costs associated with the clean-up of Former Manufactured Gas Plant sites?**

No, the Commission should reject MGE’s Application for an AAO. MGE failed to meet its burden of proving that the expenses sought to be deferred are extraordinary, unusual, unique and not recurring. MGE also failed to prove the expenses are material and account for more than five percent of MGE’s income.

Public Counsel also asserts that granting an AAO is not just and reasonable because: 1) Southern Union’s shareholders, not consumers, assumed MGP remediation liability (a business risk) when it acquired MGE and received consideration for assuming this liability in the purchase price of the system; 2) Ratepayers already compensate stockholders for assuming business risk through a risk premium in the Return on Equity

issued in MGE's revenue requirement; 3) MGP remediation costs are not used and useful in the current provision of service to consumers; and 4) The MGP plants were private unregulated entities that sold the contaminant by-products to manufacture pitch and tar paper, and consumers should not be required to reimburse Southern Union for liabilities towards unregulated entities and their unregulated customers.

**ISSUE 2: If the Commission should grant MGE and AAO, what conditions, if any, should be ordered?**

If the Commission concludes that it should grant MGE the AAO, Public Counsel encourages the Commission to mitigate consumer impacts to the greatest extent possible. The best way to mitigate consumer impacts is to reject the application; however, the conditions recommended in Staff's testimony would help lessen the harmful impacts of authorizing MGE to defer the MGP remediation expenses.

WHEREFORE, the Office of the Public Counsel respectfully offers this Statement of Position.

Respectfully submitted,  
OFFICE OF THE PUBLIC COUNSEL

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 5th day of August 2008:

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