

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

In the Matter of Missouri Gas Energy's)	
Tariff Sheets Designed to Increase Rates)	
for Gas Service in the Company's)	Case No. GR-2009-0355
Missouri Service Area.)	

**PUBLIC COUNSEL'S RESPONSE TO ORDER
DIRECTING FILING AND REQUEST FOR
APPROVAL OF REVISED CUSTOMER NOTICE**

COMES NOW the Missouri Office of the Public Counsel and for its Response to Order Directing Filing and Request for Approval of Revised Customer Notice states:

1. The Commission's June 23 Order Directing Filing directs Missouri Gas Energy and Public Counsel to file a customer notice to which both parties consent or, in the alternative, to inform the Commission how much time they believe they need to negotiate. On June 26, MGE filed its Response to Order Directing Filing Concerning Customer Notice (Response). The Commission issued a second Order Directing Filing on June 29, directing Public Counsel to expeditiously reply to MGE's Response.

2. Public Counsel and MGE attempted to resolve their differences regarding the form and content of the customer notice, but were unable to reach an agreement. MGE offered a new proposal in its Response that adopts Public Counsel's comment card format. Public Counsel has concerns with the content of MGE's new proposal that will be remedied by the attached revised customer notice proposal, which adopts MGE's proposed introductory paragraph and additional changes requested by the Staff. Public Counsel asks that the Commission approve the attached revised customer notice for circulation to ratepayers.

3. Public Counsel's primary concern with MGE's notice proposal is that it does not provide ratepayers with a means of estimating the impact on their bills. MGE's proposed notice would have Small General Service (SGS) customers believe they would see no more than a \$4.06 monthly increase under MGE's proposed rate changes. Providing ratepayers with no more than an average is misleading because average usage customers would experience the smallest changes to their bills as a result of moving to a Straight-Fixed Variable (SFV) rate design. The range of impacts on the SGS class is large under a SFV rate design. Many low-usage customers would see a much larger bill increase than \$4.06, just as many above-average usage customers would see a sizeable bill decrease.¹ Providing ratepayers with no more than a monthly average would be very misleading to all customers that do not fall within the average range.

4. Public Counsel proposes to remedy this by including information in the notice that will help ratepayers calculate the impact of MGE's proposal on their bill. This can be accomplished by including the following table:

Class	Current Non-Gas Rate(s)*	Proposed Non-Gas Rate(s)*
RES	\$24.62/month	\$29.93/month.
SGS	\$18.93/month plus 17¢ to 18¢ per Ccf (Nov-Mar), and 11¢ to 12¢ per Ccf (Apr-Oct)	\$41.20/month. (No non-gas volumetric rate)
LGS	\$108.91/month plus 14¢ per Ccf (Nov-Mar) 9¢ per Ccf (Apr-Oct)	\$140/month plus 11¢ per Ccf for first 1,800 Ccf, and 8¢ per Ccf all additional gas.
LV	\$835.95/month plus 5¢ per Ccf for first 30,000 Ccf, and 4¢ per Ccf all additional gas.	\$904.57/month plus 4¢ per Ccf for first 30,000 Ccf, and 3¢ all additional gas.

¹ Direct Testimony of Russell A. Feingold, April 2, 2009, Schedule RAF-7, page 4 of 11.

This revised table includes the actual rate changes requested by MGE, and allows ratepayers to calculate their own impacts depending on their rate class and usage levels.² Public Counsel believes ratepayers, especially small businesses in the SGS category, will be better able to determine their rate and bill impacts under Public Counsel’s notice than they would under MGE’s proposal. MGE’s proposal would only educate that narrow band of customers with a usage level that matches the calculated average.

5. MGE’s proposed notice would also be misleading to SGS customers that are moved into the Large General Service (LGS) category under MGE’s proposed class redefinitions. MGE claims the redefinitions would move 3,393 customers from the SGS rate class to the LGS rate class.³ These customers should be made aware of the redefinitions and resulting reclassifications and have an opportunity to comment. MGE’s proposed notice makes no mention of the redefinitions. Public Counsel’s revised notice would advise customers in the SGS and LGS classes that customers will be reclassified, which has significant rate and bill impacts on those customers. Public Counsel’s proposal accomplishes this by simply explaining the proposed redefinitions in the following table:

Class	Current Class Definition	Proposed Class Definition
SGS	Less than 10,000 Ccf in a month.	Less than 10,000 Ccf in a year.
LGS	More than 10,000 Ccf and less than 30,000 Ccf in a month.	More than 10,000 Ccf in a year and less than 30,000 Ccf in any one month.

² It should be noted that some states *require* disclosure of the old and the new rate in the customer notice. *See* Washington Administrative Code 480-90-194(4)(d) and Iowa Administrative Code, 199 IAC 26.5(476).

³ Direct Testimony of Russell A. Feingold, April 2, 2009, Schedule RAF-2.

6. Public Counsel asks that the Commission adopt Public Counsel's revised notice and direct MGE to provide its customers with the notice prior to the local public hearings. Notices should be provided to all customers, including customers that are billed electronically and no longer receiving a paper bill. In addition, Public Counsel asks that the Commission direct MGE to ensure that the customer notices are tri-folded in a manner that allows customers to see the information describing MGE's proposal on the outside of the folded document.

WHEREFORE, the Office of the Public Counsel offers this response to the Orders directing filing and requests that the Commission adopt Public Counsel's revised customer notice.

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 30th day of June 2009:

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/s/ Marc Poston

MISSOURI GAS ENERGY

NOTICE OF REQUEST FOR RATE INCREASE NOTICE OF PUBLIC HEARING REQUEST FOR PUBLIC COMMENT

Missouri Gas Energy (MGE) filed a natural gas rate case with the Missouri Public Service Commission seeking to increase non-gas costs revenues by approximately \$32.4 million a year. This case does not involve the gas cost portion of your monthly bill identified as COG (cost of gas). Non-gas costs are general operating and maintenance costs typically representing 25% to 30% of a customer's total monthly natural gas bill.

New rates are not expected to take effect until February 2010. The requested rate changes are as follows: (RES=Residential, SGS=Small General Service, LGS=Large General Service, and LV=Large Volume)

Class	Current Non-Gas Rate(s)*	Proposed Non-Gas Rate(s)*
RES	\$24.62/month	\$29.93 /month.
SGS	\$18.93/month plus 17¢ to 18¢ per Ccf (Nov-Mar), and 11¢ to 12¢ per Ccf (Apr-Oct)	\$41.20 /month. (No non-gas volumetric rate)
LGS	\$108.91/month plus 14¢ per Ccf (Nov-Mar) 9¢ per Ccf (Apr-Oct)	\$140 /month plus 11¢ per Ccf for first 1,800 Ccf, and 8¢ per Ccf all additional gas.
LV	\$835.95/month plus 5¢ per Ccf for first 30,000 Ccf, and 4¢ per Ccf all additional gas.	\$904.57 /month plus 4¢ per Ccf for first 30,000 Ccf, and 3¢ all additional gas.

*Rates are rounded to the nearest whole cent.

MGE proposes to redefine SGS and LGS classes as follows:

Class	Current Class Definition	Proposed Class Definition
SGS	Less than 10,000 Ccf in a <i>month</i> .	Less than 10,000 Ccf in a <i>year</i> .
LGS	More than 10,000 Ccf and less than 30,000 Ccf in a <i>month</i> .	More than 10,000 Ccf in a <i>year</i> and less than 30,000 Ccf in any one month.

For complete details of the MGE rate case filing, go to psc.mo.gov/case-filing-information and search for Case No. GR-2009-0355.

Cut along the dotted line, fold, tape and mail.



Cut along the dotted line, fold, tape and mail.

Fold here

Place
stamp
here

Attention: Consumer Services Department
Missouri Public Service Commission
PO Box 360
Jefferson City, Missouri 65102

Case No. GR-2009-0355

