BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's)	
Tariff Sheets Designed to Increase Rates)	Case No. GR-2009-0355
for Gas Service in the Company's)	Case No. GR-2009-0555
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. 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	\$41.20 /month.
	17¢ to 18¢ per Ccf (Nov-Mar), (No non-gas volumetric rate)	
	and 11¢ to 12¢ per Ccf (Apr-Oct)	
LGS	\$108.91/month plus	\$140 /month plus
	14¢ per Ccf (Nov-Mar) 11¢ per Ccf for first 1,800 Ccf,	
	9¢ per Ccf (Apr-Oct)	and 8¢ per Ccf all additional gas.
LV	\$835.95/month plus	\$904.57 /month plus
	5¢ per Ccf for first 30,000 Ccf,	4¢ per Ccf for first 30,000 Ccf,
	and 4¢ per Ccf all additional gas.	and 3¢ all additional gas.

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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	Less than 10,000 Ccf in a
	month.	year.
LGS	More than 10,000 Ccf and	More than 10,000 Ccf in a
	less than 30,000 Ccf in a	year and less than 30,000 Ccf
	month.	in any one month.

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199 IAC 26.5(476).

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,

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

By: /s/ Marc D. Poston

Marc D. Poston (#45722) Senior 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:

General Counsel Office Missouri Public Service Commission 200 Madison Street, Suite 800 P.O. Box 360 Jefferson City, MO 65102 GenCounsel@psc.mo.gov

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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	\$41.20/month. (No non-gas
	(Nov-Mar), and 11¢ to	volumetric rate)
	12¢ per Ccf (Apr-Oct)	
LGS	\$108.91/month plus	\$140/month plus
	14¢ per Ccf (Nov-Mar)	11¢ per Ccf for first
	9¢ per Ccf (Apr-Oct)	1,800 Ccf, and 8¢ per
		Ccf all additional gas.
LV	\$835.95/month plus	\$904.57 /month plus
	5¢ per Ccf for first	4¢ per Ccf for first
	30,000 Ccf, and 4¢ per	30,000 Ccf, and 3¢ all
	Ccf all additional gas.	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	Less than 10,000 Ccf
	a month.	in a <i>year.</i>
LGS	More than 10,000 Ccf	More than 10,000 Ccf
	and less than 30,000	in a <i>year</i> and less
	Ccf in a month.	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.

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Attention: Consumer Services Department Missouri Public Service Commission

Jefferson City, Missouri 65102

PO Box 360

Case No. GR-2009-0355

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

The PSC seeks input from MGE's customers on MGE's proposal and will hold local public hearings to receive customer comments. Public hearings will be held at the following locations and times:

Missouri Southern State University

3950 E. Newman Road, Joplin, MO 64801 August 31, 2009, 6:00 p.m.

University of Central Missouri

601 Missouri, Warrensburg, MO 64093 September 1, 2009, 6:00 p.m.

Missouri Western University

4525 Downs Drive, St. Joseph, MO 64507 September 8, 2009, 6:00 p.m.

Kansas City Public Library

14 West 10th Street, Kansas City, MO 64105 September 9, 2009, 12:00 p.m.

Independence Public Schools

[High School location TBD], Independence, MO September 9, 2009, 6:00 p.m.

Before taking comments, each public hearing will begin with an informal 30 minute question and answer session to allow customers to ask questions regarding MGE's proposal. Hearings will be held in buildings that meet accessibility standards required by the Americans with Disabilities Act. Any person needing additional accommodations to participate in these hearings may call the Public Service Commission's hotline at 1-800-829-7541 (TDD hotline) prior to the meeting.

Customers may comment using the Commission's Internet Electronic Filing System at http://psces/mpsc/ (follow the link to the Public Comment section). Customers may also send written comments using the attached comment card, or by contacting any of the following:

- The Missouri Public Service Commission at 1-800-392-4211, by e-mail at pscinfo@psc.mo.gov, or by mail at P.O. Box 360, Jefferson City, Missouri 65102.
- The Office of the Public Counsel (your state-sponsored consumer advocate) at 1-866-922-2959, by e-mail at mopco@ded.mo.gov, or by mail at P.O. Box 2230, Jefferson City, Missouri 65102.
- Missouri Gas Energy at (816) 360-5980 or by e-mail at MGE.rates@sug.com.

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Are you a current MGE customer? Yes□ Zip Code Missouri Gas Energy Rate Increase Request **Customer Comment Card** Case No. GR-2009-0355 City **Customer Name** Street Address Comments: Phone

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