

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

In the Matter of the Application of                                 )  
Southern Union Company d/b/a Missouri                    )  
Gas Energy, for Approval to Change its                    )  
Infrastructure System Replacement                        )  
Surcharge.   )  
Case No. GO-2013-0391

**STAFF RESPONSE TO ORDER ESTABLISHING TIME TO  
RESPOND TO STAFF'S RECOMMENDATION  
AND DIRECTING FILING**

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and in response to the Commission’s April 10, 2013 *Order Establishing Time To Respond To Staff’s Recommendation And Directing Filing* (Order), states as follows:

1. In its April 10<sup>th</sup> Order, the Commission directed “...the parties to file a response regarding whether the Commission has the statutory authority to approve MGE’s petition in this case under Subsection 393.1012.2, RSMo Supp. 2012.”
2. Subsection 393.1012.2 provides: “The Commission shall not approve an ISRS for any gas corporation that has not had a general rate proceeding decided or dismissed by issuance of a commission order within the past three years, unless the gas corporation has filed for or is the subject of a new general rate proceeding”. This language is mirrored in 4 CSR 240-3.265(5).
3. The Commission’s Order inquires:  
  
MGE’s most recent rate case, GR-2009-0355, was decided by a Commission Report and Order issued on February 10, 2010. MGE filed its petition in this case on February 8, 2013. The statute cited above does not clarify whether a gas utility must file a petition requesting an ISRS within three years of the most recent rate case decision in order to comply with the statute, or whether the issuance of a Commission order approving such a petition is the relevant date in determining the Commission’s statutory authority under that subsection.

4. In response to the Commission's question, the Staff points out that the relevant question posed under 393.1012.2 is: Did the Commission approve an ISRS within the past three years following its February 10, 2010 Report and Order which decided MGE's last general rate case GR-2009-0355? The answer is yes. The Commission established MGE's ISRS when it approved MGE's ISRS application in its September 14, 2010 *Order Approving Tariff In Compliance With Commission Order* in Case No. GO-2011-0003. That order established MGE's ISRS rates effective on September 18, 2010, well within three years after deciding MGE's rate case.

5. Staff further points out that subsections 393.1012.2, along with 393.1012.1 and 393.1012.3 work together to provide authority for the Commission to approve MGE's request to change its ISRS in this case. Subsection 393.1012.3 provides:

*In no event shall a gas corporation collect an ISRS for a period exceeding three years unless the gas corporation has filed for or is the subject of a new general rate proceeding; provided that the ISRS may be collected until the effective date of new rate schedules established as a result of the new general rate proceeding, or until the subject general rate proceeding is otherwise decided or dismissed by issuance of a commission order without new rates being established. [emphasis added]*

This language is mirrored in 4 CSR 240-3.265(6).

6. MGE has been collecting an ISRS since the September 18, 2010 effective date of its ISRS (GO-2011-0003) case filed after its last rate case. MGE has indicated to Staff that it intends to file its next general rate case in September 2013, in keeping with the statutory requirement that limits the period MGE may collect an ISRS to three years before filing its next rate case. If MGE does not file a general rate case by September 18, 2013, then 393.1012.3 requires that MGE stop collecting its ISRS.

7. Subsection 393.1012.1 provides that a gas utility may apply either to “establish” an ISRS or to “change” an existing ISRS. This is an important distinction. MGE may apply to establish an ISRS, which it had done previously in GO-2011-0003, or it may apply to change an existing ISRS, which is the relief sought by MGE in this case. The cases filed by MGE after the Commission established MGE’s ISRS in GO-2011-0003 all sought approval of the Commission to change its existing ISRS rate schedules as permitted under 393.1012.1. Staff’s Recommendation, paragraphs 5 and 6, filed April 9, 2013, sets out the chronology of MGE’s ISRS cases approved by the Commission since it established MGE’s ISRS on September 18, 2010.

In Case No. GO-2011-0003, the first portion of MGE's current ISRS revenues was calculated on ISRS plant that was placed in service during the period October 1, 2009 through May 31, 2010. In Case No. GO-2011-0269, the second portion of MGE’s current ISRS revenues was calculated on ISRS plant that was placed in service during the period June 1, 2010 through January 31, 2010. In Case No. GO-2012-0144, the third portion of MGE’s current ISRS revenues was calculated on ISRS plant that was placed in service during the period of February 1, 2011 through September 30, 2011. In Case No. GO-2013-0015, the fourth portion of MGE’s current ISRS revenues was calculated on ISRS plant that was placed in service during the period of October 1, 2011 through May 31, 2012.

By this filing, MGE seeks to recover costs of ISRS-qualifying plant placed in service from June 1, 2012 through December 31, 2012.

8. In addition, page 4 of Staff’s Memorandum provides a table showing the ISRS case numbers and revenue requirements for each previously approved ISRS case, along with Staff’s recommendation in this case, for a total MGE ISRS revenue requirement of \$6,343,452.

9. In summary, MGE established an ISRS within three years of the Commission’s Report and Order deciding its last rate case and MGE has had an ISRS in effect since September 18, 2010, well within the three year limit for the company to collect an ISRS prior to

the filing of its next general rate case. MGE is permitted to seek a change to its existing ISRS under 393.1012.1. For the reasons stated above, Subsections 393.1012.1, 393.1012.2 and 393.1012.3 provide the Commission with statutory authority to approve the change in MGE's ISRS as recommended by Staff in its April 9<sup>th</sup> Recommendation.

**WHEREFORE**, Staff prays the Commission will accept this pleading in response to its Order.

Respectfully submitted,

**/s/ Robert S. Berlin**

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 12<sup>th</sup> day of April, 2013.

**/s/ Robert S. Berlin**