

# BEFORE THE PUBLIC SERVICE COMMISSION

## OF THE STATE OF MISSOURI

In the Matter of the General Rate Increase for     ) **Case No. GR-2008-0060, et al.**  
Natural Gas Service Provided by Missouri Gas     ) **Tariff No. JG-2008-0138**  
Utility, Inc.     )

### **NOTICE REGARDING QUESTIONS FOR COUNSEL AND SUBJECT MATTER EXPERTS AT THE STIPULATION HEARING**

Issue Date: March 17, 2008

On March 7, 2008, the Commission set a hearing in this matter for the presentation of the Unanimous Stipulation and Agreement filed by the parties on March 3. As directed in the March 7 Order, the procedure to be followed at the Stipulation Hearing will be as follows: the Commission shall entertain opening statements, direct questions to the parties' counsel and subject matter experts, and entertain closing statements/arguments. The following list, while not comprehensive or exhaustive, contains some of the questions that will be directed to the parties. The Commission is providing this list in advance of the hearing to assist the parties with their preparation for the hearing.

Questions:

- Please clarify Missouri Gas Utility, Inc.'s ("MGU") current customer count.
- Explain and differentiate between percentage increases in customer rates versus percentage margin increases.
- Explain discrepancy in numbers – specifically Accounting Schedule 9-1, Adjusted Jurisdictional Income for the Commercial & Industrial Class is listed as **\$46,325** on Schedule 9-1, but listed as **\$40,954** in the Stipulation and Agreement ("S&A") on Appendix B, Items 1 & 3, Current Class Rate Revenue and Adjusted Current Revenue:

Residential Class from Sch. 9-1 matches General Service Class - \$278,938 in S&A.

Large Volume Class from Sch. 9-1 matches Large Volume Class in S&A, i.e. \$122,922.

Transport Class from Sch. 9-1 matches Transport Class in S&A, i.e. \$145,318.

Misc. Service Revenue from Sch. 9-1 matches Less Total Other Revenue in S&A, i.e. \$7,917.

- Where does Item 8 on the S&A come from – Less Incremental Other Revenue of \$3,014?
- Explain the \$170,000 deduction in Transport Revenue from the revenue requirement?
- The S & A calls for prospective accounting changes in four areas. Does this indicate that MGU has not been following the Uniform System of Accounts in these areas? For example, has MGU been including in its plant in service balances direct costs that do not meet the USOA criteria for capitalization? If so, were the proper adjustments made in order to arrive at the stipulated revenue requirement in this agreement?
- Can MGU quantify, or has it quantified in its filings, an increase in its net utility investments in its Missouri service area since it became certificated in 2004? What is that amount?
- Can MGU quantify, or has it quantified in its filings, an increase in its operating costs attributable to inflation? What percentage? Approximate dollar amount?
- What is the percentage increase in rates (monthly /annually) for the average consumer in each class – General Service, Commercial Service, Large Volume, Interruptible and Transport? Flat charges versus volumetric charges?
- What is the average dollar amount of the increase in rates (monthly /annually) for the average consumer in each class – General Service, Commercial Service, Large Volume, Interruptible and Transport? Flat charges versus volumetric charges?
- Staff's Audit from 2006 suggests under-earnings from the time the company received its CCN? Why hasn't MGU sought a rate increase before now? Is the three-year rate moratorium in the S&A too long/short?
- MGU is going to perform a Class Cost of Service Study for its next rate increase case – why didn't it perform one for this case?
- The S&A indicates there will be an equal percentage increase in rates for all classes' revenue for General Service, Commercial Service and Large Volume Service? What about Interruptible and Transport?
- Do all parties agree on utilizing volume and customer count determinants per Staff's Case?

- Do all parties agree on any other billing determinants and allocation factors used in determining rate design?
- Ultimately, are the ratepayers bearing the cost of MGU's annual contributions to conservation efforts as outlined in the S&A?
- Do you believe the terms of the Stipulation and Agreement comprise a fair settlement of the issues in this matter?
- Do you believe the terms of the Stipulation and Agreement establish just and reasonable rates?
- Presuming the Commission approves the Unanimous Agreement, is MGU wishing to expedite approval of its compliance tariff? Please provide a statement of good cause to expedite the tariff's approval.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale  
Secretary

Dated at Jefferson City, Missouri,  
on this 17th day of March, 2008.

Stearley, Regulatory Law Judge