

In the Matter of the Application of)
Missouri Gas Energy, a division of)
Southern Union Company, for a Variance) Case No. GE-2006-0301
from the Provisions of the Affiliate)
Transactions Rule)

In response to the Commission's February 18, 2006 Order Directing Staff to File a Recommendation Staff states:

2. MGE's application for variance pertains to a Field Repair Services Program (Program) pertaining to non-Heating and Ventilating Air Conditioning (HVAC) type services. This program is designed to give MGE the ability to perform the repair and/or the installation of minor in-home services to the existing gas-lines and/or gas appliances at the same time a regulated service order is performed.

3. MGE is requesting the Commission approve a variance or waiver from the Commission's affiliate transactions rule so that its service employees may, at the customer's request, perform minor repairs to fix the unsafe condition immediately.

4. The Staff recommends that MGE withdraw its application/request for variance. The Field Repair Services Program (Program) proposed by MGE does not meet the definition of an affiliate transaction as defined in the Commission's affiliate transactions Rule 4 CSR 240-

40.015. The Program described in the application does not create an affiliate nor does it involve an existing affiliate of MGE. In other words there is not unregulated business operation involved. The work will be performed by the regulated business operation.

5. Since there is no affiliate transaction involved in this proposed program, the Staff recommends that MGE withdraw this request and resubmit its Field Repair Services Program in a proposed tariff filing to implement an experimental program. Please see the attached Staff Recommendation for details concerning the Staff's analysis.

6. If approved by the Commission, this approach would provide the Staff the opportunity to review the actual costs and revenues associated with the Program over a period of time, to determine any impact on MGE's customers.

WHEREFORE the Staff recommends that, if MGE does not withdraw this pleading, the Commission deny MGE's request for a variance from the affiliate transactions rules on the basis that there is no affiliate transaction involved in the proposed program that requires granting a variance from Commission Rule 4 CSR 240-40.015.

Respectfully submitted,

/s/ Lera L. Shemwell

Lera L. Shemwell
Senior Counsel
Missouri Bar No. 43792

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-7431 (Telephone)
(573) 751-9285 (Fax)
E-mail: lera.shemwell@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 17th day of February 2006.

/s/ Lera L. Shemwell