

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 12th day of
August, 2009.

In the Matter of Missouri Gas Energy's)
Application for Waiver Concerning)
Commission Rule 4 CSR 240-3.235)

File No. GE-2010-0030

ORDER GRANTING WAIVER

Issue Date: August 12, 2009

Effective Date: August 22, 2009

Syllabus: This order grants Missouri Gas Energy a waiver from Commission Rule 4 CSR 240-3.235.

On July 16, 2009,¹ Southern Union Company d/b/a Missouri Gas Energy (hereafter "MGE") asked the Commission for a waiver from the above-cited rule. MGE states that Staff believes that the rule applies, and requires MGE to file a depreciation study in the context of MGE's pending rate case, File No. GR-2009-0355.

Staff replied to MGE's application on July 31. Staff stated that it believes the Commission has two options: either dismissing MGE's pending rate case for failure to comply with the above rule, or granting MGE the waiver it requested, subject to several conditions. The Office of the Public Counsel (hereafter "OPC") agreed with Staff. Staff recommended the latter of the two alternatives.

The Commission ordered MGE to state whether it accepted Staff's conditions. On August 7, MGE stated that it accepted those conditions.

¹ All calendar references are to 2009 unless otherwise noted.

Commission Rule 4 CSR 240-2.060(4) allows the Commission to grant waivers from Commission rules upon good cause shown. Upon review of MGE's verified application, the Commission's rules, Staff's recommendation, and OPC's concurrence in Staff's recommendation, the Commission finds that MGE has shown good cause in its request for a waiver.

THE COMMISSION ORDERS THAT:

1. The Commission grants Missouri Gas Energy, a division of Southern Union Company, a waiver from Commission Rule 4 CSR 240-3.235, subject to the agreed-upon conditions listed below.

2. Missouri Gas Energy, a division of Southern Union Company, shall retain the current depreciation rates, as listed in Schedule A to Staff's Recommendation, and as agreed upon in the Partial Nonunanimous Stipulation and Agreement in Commission case No. GR-2006-0422.

3. Missouri Gas Energy, a division of Southern Union Company, shall retain the rates described in paragraph 2 except that it will add a new depreciation rate for a transportation subaccount, which was not part of the last rate case of Missouri Gas Energy, a division of Southern Union Company, as shown in Schedule A.

4. Missouri Gas Energy, a division of Southern Union Company, shall submit a depreciation study no later than June 30, 2010, which conforms to, among other things, Commission Rule 4 CSR 240-3.275 and include actuarial analysis for all accounts inclusive, identifying those specific accounts that lack sufficient data to perform an actuarial analysis.

5. Missouri Gas Energy, a division of Southern Union Company, shall use the currently authorized Missouri depreciation rates for General Plant Accounts for the respective functional accounts of its Corporate Plant accounts.

6. Missouri Gas Energy, a division of Southern Union Company shall maintain mortality records in compliance with Commission Rule 4 CSR 240-40.040 Uniform System of Accounts – Gas Corporations and 4 CSR 240-3.275 Submission Requirements for Gas Utility Depreciation Studies.

7. Missouri Gas Energy, a division of Southern Union Company, shall account for all payments from other parties when it is required to remove, relocate, rearrange, reroute, or otherwise make changes in utility property, other than for purposes of rendering utility service, as credits to the depreciation reserve in compliance with Commission Rule 4 CSR 240-040 Uniform System of Accounts – Gas Corporations and appropriate identify amounts in their Annual Reports.

8. Missouri Gas Energy, a division of Southern Union Company, shall establish and adopt accounting policies or procedures of separation and allocation removal costs of plant that is being retired from costs to install new plant.

9. Missouri Gas Energy, a division of Southern Union Company, shall continue to keep a separate accounting of their amounts accrued for recovery of their initial investment in plant from the amounts accrued for the cost of removal, consistent with the Commission' Third Report and Order in Laclede Case No. GR-99-315.

10. This order shall become effective on August 22, 2009.
11. This case shall be closed on August 23, 2009.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'S. C. Reed', written over a horizontal line.

Steven C. Reed
Secretary

(S E A L)

Clayton, Chm., Davis, Jarrett,
and Gunn, CC., concur.

Pridgin, Senior Regulatory Law Judge