

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

In the matter of Missouri Gas Energy's)
Increasing Rates for Gas Service Provided)
To Customers in the Company's Missouri)
Service Area)
Case No. GR-2006-0422

**STAFF PLEADING REGARDING MGE'S MOTION FOR ACCOUNTING
AUTHORITY ORDER CONCERNING THE EMERGENCY COLD WEATHER
RULE**

COMES NOW Staff of the Missouri Public Service Commission (Staff) and respectfully submits as follows:

1. On August 7, 2006, Missouri Gas Energy (MGE) filed its Motion for Accounting Authority Order Concerning the Emergency Cold Weather Rule pursuant to 4 CSR 240-13.055(14).

2. On December 13, 2005, the Missouri Public Service Commission (Commission) issued its Order Approving Emergency Amendment in Case No. GX-2006-0181. The Order was effective on December 16, 2005.

3. In its December 13, 2005 Order the Commission approved an Emergency Amendment to the Cold Weather Rule Maintenance of Service: Provision of Heat-Related Utility Service During Cold Weather.

4. MGE's pleading seeks an Accounting Authority Order (AAO) pursuant to this Rule. MGE specifically seeks a Commission Order granting an AAO to allow the following:

a. That MGE is authorized to maintain on its books a regulatory asset representing all costs of complying with the Emergency Rule (4 CSR 240-13.055(14));

- b. That the rates established in this case include, among other things, treatment of amounts deferred by MGE in accordance with 4 CSR 240-13.055(14) and this AAO, an amortization of such amounts deferred to this AAO, and an amortization of such amounts deferred pursuant to this AAO, over a period of time ending no later than three years after rates become effective in this case; and,
- c. That any costs of complying with the Emergency Rule that are not addressed by the Commission's Report and Order in this case may remain on MGE's books until the effective date of a Report and Order in MGE's next general rate proceeding.

5. Staff believes that the Emergency Cold Weather Amendment specified that the Commission, by approving the Emergency Cold Weather Rule Amendment, provided a clear mechanism for cost recovery of costs incurred complying with the Emergency Cold Weather Rule Amendment. The Rule specifically provides that the Commission "shall grant" an AAO upon application of a gas utility. Accordingly, Staff supports MGE's request for an AAO and recommends that the Commission issue an AAO as requested by MGE.

6. Staff will audit the cost of MGE's compliance with the Emergency Cold Weather Rule in this case. The parameters of such recovery are found in 4 CSR 240-13.055(F). Staff will make its Recommendation regarding such costs, including the amount of costs to include in rates and the length of any amortization of these costs into the cost of service, in its Direct Testimony.

WHEREFORE, Staff respectfully submits Staff's Pleading Regarding MGE's Motion for Accounting Authority Order Concerning the Emergency Cold Weather Rule.

Respectfully submitted,

/s/ Robert V. Franson

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or emailed to all counsel of record this 14th day of August 2006.

/s/ Robert V. Franson