

**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**

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

1. On March 22, 2007, the Commission issued its Report and Order in this case.
2. The Commission determined the amount of the revenue increase to be approximately \$27, 206,968.
3. The purpose of this Pleading is to advise the Commission that Staff has discovered an error in the use of the percentages used in calculating the MGE division schedules for the small general service (SGS) customer class. For each MGE division, a percent was calculated of SGS normal, first-block, heating-season volumes compared to the SGS normal, first-block, annual volumes, and a percent was calculated of the normal, first-block, non-heating-season volumes compared to the normal, first-block, annual volumes. The percent of SGS normal, first-block, heating-season volumes was applied as the percent of SGS normal, first-block, volumes in the heating season as a total of normal, heating-season volumes.
4. This resulted in the normal, first-block, heating-season, volumes being overstated and the normal second-block, heating-season volumes being understated. Similarly, the percent of SGS normal, first-block, non-heating-season volumes as a portion of annual non-heating season volumes was applied as the percent of normal, first-block, volumes as a portion of total normal volumes in the non-heating season with a converse result. The first-block, non-heating-season,

normal volumes were understated and the tail-block, non-heating-season, normal volumes were overstated. SGS first-block rates are higher than tail-block rates, and the non-heating season rates are lower than the heating season rates. Consequently, the differences in the rates are not offsetting, and this error caused the Staff's adjusted SGS revenue to be overstated by approximately \$210,671. The Staff's original filed revenue adjustment for the SGS rate class was \$1,838,088, and the corrected SGS revenue adjustment is \$1,627,417.

5. The net effect of this error is an understatement of revenue requirement in the amount of \$210,671. This amount would need to be added to revenue requirement. Staff has consulted with MGE and MGE has stated that it has no objection to foregoing an adjustment to the revenue requirement regarding this matter. Accordingly, Staff recommends that the Commission make no adjustment to revenue requirement as a result of this matter.

6. Staff is working with MGE on compliance tariffs.

**WHEREFORE, Staff respectfully submits this pleading.**

Respectfully submitted,

**/s/ Robert V. Franson**

Robert V. Franson

Senior Counsel

Missouri Bar No. 34643

Attorney for the Staff of the  
Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-6651 (Telephone)

(573) 751-9285 (Fax)

[robert.franson@psc.mo.gov](mailto:robert.franson@psc.mo.gov)

### **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 28th day of March 2007.

**/s/ Robert V. Franson**