

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 8th day of
January, 2008.

In the Matter of the Application of Missouri Gas)	
Energy, a Division of Southern Union Company,)	<u>Case No. GO-2008-0113</u>
For Approval to Change its Infrastructure System)	Tariff No. YG-2008-0240
Replacement Surcharge)	

**ORDER APPROVING ADJUSTED ISRS RATES, REJECTING
SUBMITTED TARIFF, AND AUTHORIZING MGE TO FILE TARIFF IN
COMPLIANCE.**

Issue Date: January 8, 2008

Effective Date: January 18, 2008

On October 17, 2007, Missouri Gas Energy (MGE), a division of Southern Union Company, filed an application and petition to change its infrastructure system replacement surcharge (ISRS) rates. MGE's request to change its ISRS rates was accompanied by an implementing tariff. The Commission has suspended that tariff until February 14, 2008.

In its application, MGE seeks to adjust its ISRS rate schedule to reflect costs incurred in connection with ISRS-eligible infrastructure system replacements placed in service from November 1, 2006, through September 30, 2007. The specific infrastructure system replacements for which MGE seeks ISRS recognition are set forth in Appendices A-D to its application.

Section 393.1015.1(2), RSMo requires the Commission to publish notice of MGE's ISRS filing. Therefore, on October 22, the Commission directed that notice of the filing be mailed to the county commission of the counties served by MGE. It also directed that notice be given to the media serving the area served by MGE and to the members of the

General Assembly representing that area. In addition, the Commission directed notice to each party in MGE's most recent rate case. In that same order, the Commission directed that any person wishing to intervene in this matter file an application to intervene no later than November 12. The Commission did not receive any applications to intervene.

Section 393.1015.2(2), RSMo allows the Staff of the Commission to file a report regarding MGE's ISRS application no later than 60 days after it was filed. Staff filed its recommendation on December 17, advising the Commission to approve MGE's application with minor modifications that will reduce MGE's ISRS recovery from \$1,418,961 to \$1,339,878. MGE responded to Staff's recommendation on December 18, indicating its acceptance of Staff's revised recovery recommendation.

Based on MGE's application and Staff's report regarding that application, the Commission concludes that MGE shall be permitted to adjust its ISRS rates in the amount recommended by Staff. However, MGE's previously filed tariff implementing those rates is incorrect and must be rejected. The Commission will authorize MGE to file a revised tariff implementing the ISRS recovery amount recommended by Staff.

IT IS ORDERED THAT:

1. Missouri Gas Energy, a division of Southern Union Company is authorized to adjust its Infrastructure System Replacement Surcharge rates in the manner described in Staff's recommendation to impose an Infrastructure System Replacement Surcharge that is sufficient to recover appropriate annual pre-tax revenues in the amount of \$1,339,878.
2. The tariff sheet filed by Missouri Gas Energy, a division of Southern Union Company, on October 17, 2007, and assigned tariff number YG-2008-0240, is rejected.
3. Missouri Gas Energy, a division of Southern Union Company, is authorized to

file a revised tariff implementing an Infrastructure System Replacement Surcharge sufficient to recover appropriate annual pre-tax revenues in the amount of \$1,339,878.

4. This order shall become effective on January 18, 2008.

BY THE COMMISSION

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

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Clayton, and
Appling, CC., concur.
Jarrett, C., absent.

Woodruff, Deputy Chief Regulatory Law Judge