

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 21st day  
of September, 2006.

In the Matter of the Application of Missouri Gas	)	
Energy, a division of Southern Union Company,	)	<b><u>Case No. GO-2006-0556</u></b>
For approval to change its Infrastructure System	)	Tariff File No. JG-2006-0996
Replacement Surcharge.	)	

**ORDER REJECTING TARIFF**

Issue Date: September 21, 2006

Effective Date: September 21, 2006

On June 29, 2006, Missouri Gas Energy filed an application with the Missouri Public Service Commission pursuant to Sections 393.1009, 393.1012, and 393.1015, RSMo Cum. Supp. 2005, requesting that the Commission authorize it to establish an Infrastructure System Replacement Surcharge. Along with its application, MGE filed a tariff that would implement the surcharge. As allowed by Section 393.1015.2(3), the Commission suspended the tariff until October 27, 2006.

In its ISRS petition, MGE seeks to implement an ISRS rate schedule that would allow it to recover costs for infrastructure system replacements that are eligible for ISRS recognition under Sections 393.1000, 393.1003 and 393.1006, RSMo Cum. Supp. 2005. The specific infrastructure system replacements for which MGE seeks ISRS recognition are set forth in Appendix A to its application.

Section 393.1015.1(2) requires that the Commission publish notice of an ISRS filing. Therefore, on July 3, the Commission directed that notice of the filing be mailed to the county commissions of the counties served by MGE. It also directed that notice be given to

the media serving the counties served by MGE. Also, in that same order, the Commission directed that any person wishing to intervene in this matter file an application to do so no later than July 24. The Commission did not receive any applications to intervene.

Section 393.1015(2) requires the Staff of the Commission to file a report regarding an ISRS application no later than 60 days after it was filed. Staff met that deadline, filing its report on August 28, 2006.

The Staff's Auditing and Energy Departments examined the ISRS application. Based on the results of its examination, Staff recommended that adjustments be made to MGE's calculation of revenue requirement due to an MGE error of \$2,690 in calculating deferred income tax expense. Staff recommends that MGE be allowed to recover ISRS revenues of \$3,679,127. Staff's determination of its amount and the supporting calculations are shown in Attachment A to Staff's Memorandum.

On August 29, 2006, the Commission ordered MGE to respond to Staff's recommendation. MGE responded the next day, stating that it concurred in Staff's proposed correction and asking the Commission to issue an order consistent with Staff's recommendation. No other parties replied to Staff's pleading.

Based upon the verified pleadings, which are accepted into evidence, the Commission concludes that MGE should be permitted to establish an ISRS sufficient to recover appropriate annual pre-tax revenues of \$3,679,127. MGE will be authorized to file an ISRS rate for each customer class consistent with the rates set out in Staff's Report. Because the authorized revenues and rates differ from those contained in the proposed tariff, the Commission will reject that tariff; however, MGE is authorized to file a new tariff consistent with this order.

**IT IS ORDERED THAT:**

1. Missouri Gas Energy, a division of Southern Union Company, is authorized to establish an Infrastructure System Replacement Surcharge sufficient to recover appropriate annual pre-tax revenue of \$3,679,127.
2. Missouri Gas Energy, a division of Southern Union Company, is authorized to establish an Infrastructure System Replacement Surcharge rate for each of its customer classes as indicated by Staff's Report.
3. The tariff sheet filed by Missouri Gas Energy, a division of Southern Union Company, on June 29, 2006, and assigned tariff number JG-2006-0996, is rejected. The tariff sheet rejected is:

**P.S.C. MO. NO. 1**  
**5<sup>th</sup> Revised Sheet No. 10, Cancelling 4<sup>th</sup> Revised Sheet No. 10**

4. Missouri Gas Energy, a division of Southern Union Company, is authorized to file a new tariff recovering the revenue and implementing the rates authorized in this order.
5. The order shall become effective on September 21, 2006.

**BY THE COMMISSION**



Colleen M. Dale  
Secretary

( S E A L )

Davis, Chm., Murray, Gaw, Clayton,  
and Appling, CC., concur.

Pridgin, Senior Regulatory Law Judge