

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Missouri Gas Energy, a Division of Southern Union Company, for Approval to Establish an Infrastructure System Replacement Surcharge.)
) **Case No. GO-2005-0273**
) **Tariff No. YG-2005-0615**
)

ORDER SETTING PREHEARING CONFERENCE

On February 14, 2005, Missouri Gas Energy filed an application with the Missouri Public Service Commission, requesting that the Commission authorize the company to establish an Infrastructure System Replacement Surcharge (ISRS). As shown in Appendix B, attached to MGE's application, the company states that the total ISRS revenue is \$1,364,610. This amount is calculated as follows:

| | |
|--------------------------------------|--------------------------|
| Total Revenue Requirement of Capital | \$751,854 |
| Under-recovery of previous ISRS | \$121,474 |
| Cost of Removal | \$199,884 |
| Depreciation Expense | \$197,974 |
| Property Taxes | <u>\$93,425</u> |
| | \$1,364,611 ¹ |

On April 13, 2005, the Staff of the Commission filed its memorandum, recommending that the Commission authorize MGE to filed a tariff to impose an Infrastructure System Replacement Surcharge that is sufficient to recover \$1,164,726.² Staff opined that MGE's inclusion of "Cost of Removal" is not allowed by statute. Staff's calculation of the ISRS revenue is therefore \$199,884 less than MGE's.

¹ MGE incorrectly totaled these figures to be \$1,364,611, as pointed out in Staff's memorandum.

² This amount should be \$1,164,727. Staff correctly calculates the company ISRS request to be \$1,364,611. However, the company's ISRS request, less the "Cost of Removal" of \$199,884 is \$1,164,727.

This matter is now at issue and a prehearing conference and procedural schedule are appropriate to ensure its prompt resolution. At the prehearing conference, the parties or their representatives should be prepared to discuss the nature of any discovery each will conduct and the interval necessary for its completion; the number of witnesses each expects to call at hearing; the number and nature of any exhibits each expects to offer at hearing; and the anticipated length of the hearing. The parties or their representatives should also be prepared to discuss the current status of settlement negotiations. It is expected that the prehearing conference will provide an opportunity for the parties to further pursue settlement discussions.

IT IS THEREFORE ORDERED:

1. That a prehearing conference shall be held on April 28, 2005, beginning at 10:00 a.m. The prehearing conference shall be held in room 305, at the Commission's office in the Governor Office Building, 200 Madison Street, Jefferson City, Missouri, a building that meets accessibility standards of the Americans with Disabilities Act. Any person who needs specific accessibility accommodations may call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or 1-800-829-7541 (TDD) prior to the prehearing.

2. That this order shall become effective on April 15, 2005.

BY THE COMMISSION

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Kennard L. Jones, Regulatory Law Judge,
by delegation of authority pursuant to
Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 15th day of April, 2005.