

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

In Re The Transportation Tariff Proposed)
Modification Of Missouri Gas Energy)
Filed On May 15, 2008 Proposing)
Changes To The Existing Transportation)
Tariff.)

Case No. GT-2008-0393
Tariff No. JG-2008-0680

STAFF RESPONSE TO MOTION AND RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its Response to Motion and Recommendation, states as follows:

1. On May 15, 2008, Missouri Gas Energy (MGE) filed a tariff sheet proposing to eliminate language pertaining to its transportation customers and bearing an effective date of June 15, 2008. MGE's tariff filing was assigned Tariff No. JG-2008-0680.

2. On June 9, 2008, the Staff completed its Memorandum in support of MGE's proposed tariff revision to eliminate an unintended incentive for large volume customers. Staff submitted its Memorandum with a tariff routing slip, placing it as an item on the June 12, 2008 Agenda meeting.

3. Staff's recommendation for approval contained in its June 9th Memorandum, is attached hereto as a verified Memorandum labeled "Appendix A" and is incorporated by reference.

4. At the June 12, 2008 Agenda meeting, the Commission discussed and withdrew the tariff, allowing it to go into effect by operation of law.

5. On June 12, 2008, counsel for the Midwest Gas Users' Association (Midwest) filed its Objection And Request For Suspension of Proposed Tariff Sheet [and] Request for Expedited Treatment (Objection), creating the above-captioned case.

6. On June 13, 2008, the Commission issued its Order Suspending Tariff And Directing Filing (Order). The Order suspended this tariff to June 22, 2008, and directed any responses to Midwest's motions be filed no later than 10:00am on June 18, 2008.

7. In its Objection, Midwest states it did not know of this proposed tariff change affecting MGE's transportation customers and that MGE and Staff did not so inform Midwest of this change. Midwest motions the Commission to suspend the tariff for not less than 45 days and for expedited treatment of its request.

8. Without addressing the merits of this change and Midwest's allegations of imbalances relating to its current understanding of this change, the Staff agrees more time is needed for the parties to discuss the effect of this tariff and to clarify any misunderstandings arising from it. Accordingly, the Staff is unopposed to suspending this tariff for further discussion and is unopposed to Midwest's request for expedited treatment.

9. That said, the Staff's recommendation for approval of this tariff remains the same. (See Appendix A.).

WHEREFORE, for the above-stated reasons, the Staff prays the Commission accept its response to Midwest's Objection and accept Staff's Recommendation contained in its attached Memorandum.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Senior Counsel
Missouri Bar No. 51709

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or e-mailed to all counsel of record 17th day of June 2008.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
File No. JG-2008-0680 Missouri Gas Energy

FROM: James A. Gray, Energy Department - Tariffs/Rate Design

/s/ Thomas M. Imhoff 6/9/08
Energy Department/Date

Robert S. Berlin 6/9/08
General Counsel's Office/Date

SUBJECT: Staff Recommendation in Support Of Missouri Gas Energy's Proposed Revision to eliminate an unintended incentive for large volume customers

DATE: June 9, 2008

On May 15, 2008, Missouri Gas Energy (MGE or Company) of Kansas City, Missouri, filed a tariff sheet bearing an effective date of June 15, 2008. This tariff sheet proposes to eliminate language pertaining to its transportation customers.

The purpose of the revised tariff sheet is to eliminate an unintended incentive for large volume customers or their agents to clear market positions at the expense of MGE commodity sales customers.

When MGE's transportation customers over-nominate (undertakes) natural gas, MGE cashes-out the monthly imbalances at the current monthly price. The current tariff requires MGE to pay the transportation customer the commodity cost of the over-nominations plus MGE's firm transportation charges. MGE proposes to eliminate the requirement to pay the transportation customers the firm transportation charge on the over nominations.

Staff agrees with MGE's proposal to eliminate this provision in its tariffs because it requires MGE to pay for firm transportation that it doesn't need to serve its customers. MGE has already contracted for all of the firm transportation it needs to meet the demands of its customers. Leaving this provision in place would unnecessarily increase costs to MGE's customers.

The Commission's Energy Department Tariffs/Rate Design Staff (Staff) has reviewed this filing and has determined that the tariff sheets have been filed in compliance with Commission rules and regulations and Staff has no objection to the proposed changes to MGE's Natural Gas Transportation Provisions. This filing was made on thirty (30) days or greater notice. The Staff has verified that the Company has filed its annual report and is not delinquent on any assessment. Staff has reviewed this filing and is not aware of any issue currently pending before the Commission that affects, or is affected by, this filing.

Staff therefore recommends approval of the following tariff sheet, as filed on May 15, 2008 with an effective date of June 15, 2008:

P.S.C. MO. No.1

Third Revised SHEET No. 61.2, Canceling Second Revised SHEET No. 61.2

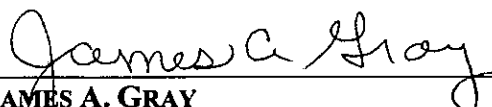
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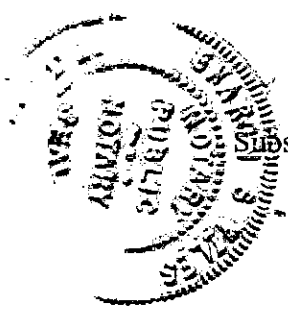
AFFIDAVIT OF JAMES A. GRAY

STATE OF MISSOURI)
) ss:
COUNTY OF COLE)

James A. Gray, employee of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that he participated in preparing the accompanying Staff Recommendation and that he submitted the Staff Recommendation to the Commission on June 9, 2008, and that the facts contained therein are true and correct to the best of his knowledge, information, and belief.



JAMES A. GRAY



Subscribed and affirmed before me this 17 day of June, 2008



NOTARY PUBLIC

