

In the Matter of the Application of)
Missouri Gas Energy, a Division of)
Southern Union Company, For Approval)
to Change its Infrastructure System)
Replacement Surcharge.)

YG-2009-0604

ISRS revenues was calculated on ISRS plant that was placed in service during the period October 1, 2007 through May 31, 2008.

5. By this filing, MGE seeks to recover costs of ISRS-qualifying plant placed in service from June 1, 2008 through January 31, 2009.

6. These costs, reflected in the instant ISRS filing, are intended to generate an additional \$1,343,299 of annual revenue.

7. Based on its examination and calculations contained in its Memorandum, attached hereto as Appendix A and incorporated herein by reference, the Staff has determined that the Company's ISRS rates should be designed to recover an incremental revenue requirement of \$1,330,304. This is based on ISRS plant placed in service during the period June 1, 2008 through January 31, 2009. Staff made four adjustments to MGE's filing as explained in Staff's Memorandum.

8. Staff recommends the Commission approve an incremental revenue requirement of \$1,330,304 based on an ISRS net investment date of May 31, 2009. If this recommendation is accepted, MGE's total ISRS revenue requirement will amount to \$4,115,945 which is a composite amount. That amount includes \$1,330,304 from the instant case and \$1,445,763 from GO-2009-0009 and \$1,339,878 from GO-2008-0113.

9. Please See Staff's attached Appendix B for the ISRS rates which should be approved.

WHEREFORE Staff recommends that the Commission issue an order in this case:

1. Rejecting the tariff sheet filed by MGE on February 19, 2009, (assigned tariff number YG-2009-0604);

2. Authorizing MGE to file a tariff to impose an Infrastructure System Replacement

Surcharge that is sufficient to recover appropriate annual pre-tax revenues in the amount of \$1,330,304.

3. Authorizing rates consistent with those calculated by Staff as shown on Appendix B.

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin

Senior Counsel

Missouri Bar No. 51709

Attorney for the Staff of the
Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 526-7779

(573) 751-9285 (FAX)

bob.berlin@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 20th day of April 2009.

/s/ Robert S. Berlin