

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 12th day
of September, 2006.

In the Matter of Missouri Gas Energy's)	
Increasing Rates for Gas Service Provided)	<u>Case No. GR-2006-0422</u>
to Customers in the Company's Missouri)	Tariff No. YG-2006-0845
Service Area)	

ORDER DENYING MOTION TO REJECT TARIFF AND
ORDER DENYING MOTION FOR DIRECTED VERDICT

Issue Date: September 12, 2006

Effective Date: September 12, 2006

On August 17, 2006, the Office of the Public Counsel filed a motion to reject the tariff filing of Missouri Gas Energy and a motion for directed verdict to dismiss this rate case. Both MGE and the Staff of the Commission filed responses opposing the motion.

MGE based its position on Section 393.1015.6(1), which states:

A gas corporation that has implemented an ISRS pursuant to the provisions of sections 393.1009 to 303.1005 shall file revised rate schedules to reset the ISRS to zero when new base rates and charges become effective for the gas corporation following a commission order establishing customer rates in a general rate proceeding that incorporates in the utility's base rates subject to subsections 8 and 9 of this section eligible costs previously reflected in an ISRS.

OPC argues that MGE's tariff filing, initiating this rate case, is in violation of this statute because MGE does not reset the ISRS to zero.

Both Staff and MGE agree that this is the applicable statute. They also both agree, as is clearly supported by Missouri case law, that the plain language of the statute should apply. The requirement for tariff filings, as incorporated in the above section, requires that

the ISRS be set to zero “when new base rates and charges become effective” The effective date of MGE’s tariff is March 30, 2007. This statute is therefore inapplicable.

OPC also based its motion on Commission Rule 4 CSR 240-3.265(18). As also pointed out by Staff and MGE, Commission Rule 4 CSR 240-3.265(18) reflects Section 393.1015.6(1). The same rationale that applies to the Commission rule applies to the Missouri statute.

The Commission finds that OPC’s argument is premature and that the statute and rule upon which its argument is based is inapplicable to the tariff filing initiating this rate case. The Commission will therefore deny OPC’s motion.

IT IS ORDERED THAT:

1. The Office of the Public Counsel’s motion for directed verdict and to reject Missouri Gas Energy’s tariff filing is denied.
2. This order shall become effective on September 12, 2006.

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, Gaw, Clayton,
and Appling, CC., concur.

Jones, Senior Regulatory Law Judge