

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

In the matter of Missouri Gas Energy's)
Increasing Rates for Gas Service Provided)
To Customers in the Company's Missouri)
Service Area)

Case No. GR-2006-0422

**STAFF RESPONSE TO MGE'S REPLY TO STAFF PLEADING AND PUBLIC
COUNSEL MOTION**

COMES NOW Staff of the Missouri Public Service Commission (Staff) and respectfully submits as follows:

1. On July 13, 2006, the Commission issued its Order Regarding Procedural Schedule, Test Year and True-Up Hearing. In this Order, the Commission directed the Parties to file a pleading, by July 25, 2006, suggesting the locations of the Local Public Hearings and proposed language to constitute notice of such hearings..

PROPOSED NOTICE LANGUAGE

2. The Parties were unable to agree on proposed notice language. Staff proposed language substantially similar to the Notice utilized in MGE's last rate case (GR-2006-0209) be used in this case. (See Commission Order Accepting Proposed Notification Language for Local Public Hearings dated February 3, 2004 in Case No. GR-2006-0209).

3. Staff proposed the following language:

Notice of Local Public Hearings

Missouri Gas Energy (MGE) has filed a natural gas rate case with the Missouri Public Service Commission seeking to increase non-gas cost revenues by approximately \$41.7 million a year. Non-gas costs are

generally operating and maintenance costs typically representing 25 percent to 30 percent of a customer's total monthly natural gas bill.

Under the filing, the monthly increase or (decrease) for average customers in each rate class appears below:

Residential	\$ 6.52per month
Small General Service	\$ 8.81 per month
Large General Service	NO CHANGE per month
Large Volume Service	NO CHANGE per month

This case does not involve the gas cost portion of your monthly bill. MGE can make up to three filings a year to adjust, either up or down, natural gas rates to reflect changes from wholesale suppliers. The Public Service Commission does not regulate wholesale supplier rates.

The Public Service Commission has set local public hearings to receive customer comments on MGE's rate case. Hearings will commence at the locations and times indicated.

Public Hearing locations and times to be inserted.

If you wish to comment or secure additional information, you may contact MGE at 816-360-5980, or by e-mailing us at MGERates@MGEmail.com. You also may contact the Office of the Public Counsel at 573-751-4857, or by e-mail at www.mo-opc.org or mopco@ded.mo.gov. Hearings will be held in a building that meets accessibility standards required by the Americans with Disabilities Act. Any person needing additional accommodations to participate in these hearings may call the Public Service Commission's hotline at 1-800-392-4211 (Customer Services Hotline) or 1-800-829-7541 (TDD hotline) prior to the meeting.

Rates from this case are not expected to take effect until March 2006.

4. On July 31, 2006, MGE filed MGE's Reply to Staff Pleading and Public Counsel Motion. In paragraph 3, MGE argues for its proposed notice language by

reminding the Parties and the Commission that the Commission had given the following direction in its May 12, 2006 Order. The Commission stated, in pertinent part:

12. Missouri Gas Energy shall notify each affected customer of the local public, evidentiary and true-up hearings scheduled in this case, either by a notice on, or accompanying, a bill or by separate notice, at least ten days, but not more than 45 days, prior to the relevant hearing. The notice shall be substantially in the following form:

NOTICE

Missouri Gas Energy has filed revised gas service tariff sheets with the Missouri Public Service Commission (PSC) which would increase the Company's Missouri jurisdictional annual gross revenues by approximately 6.8%. For the average residential customer the proposed increase would be approximately \$6.52 per month.

A local public hearing (or evidentiary hearing) has been set before the PSC at _____ o'clock __.m., ____, at _____ Street, _____, Missouri. If you wish to comment or secure information, you may contact the Office of the Public Counsel, Post Office Box 2300, Jefferson City, Missouri 65102, telephone (573) 751-4857.

This building meets accessibility standards required by the American with Disabilities Act. If a customer needs additional accommodations to participate in these hearings, please call the Public Service Commission's Hotline at 1-800-392-4221 (voice) or Relay Missouri at 711 prior to the hearing.

5. Staff does not dispute that MGE's language closely follows the Commission's May 12, 2006. However, Staff does not agree that MGE's language is the only acceptable option or with MGE's suggestion that any other permutation or variation is unlawful. Instead, the Commission in its May 12, 2006 Order simply set a minimum requirement for language and did not foreclose any other suggestions by the Parties. In its May 12, 2006 Order, the Commission stated that the language of the Notice shall: "be in substantially the following form." Staff submits that its proposed language is also in substantial compliance with the Commission's Order of May 12, 2006 and certainly is an

appropriate response to the Commission's July 13, 2006 Order Adopting Procedural Schedule, Test Year and True-Up Hearing, paragraph 3, which stated: "The Parties shall file a pleading suggesting the locations of the Local Public Hearings and proposed language to constitute notice of such hearings no later than July 25, 2006." Moreover, Staff's proposed language contains more information than MGE's proposed language.

WHEREFORE, Staff respectfully submits Staff's Response to MGE's Reply to Staff Pleading and Public Counsel Motion.

Respectfully submitted,

/s/ Robert V. Franson

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or emailed to all counsel of record this 31st day of July 2006.

/s/ Robert V. Franson