

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

In the Matter of Missouri Gas Energy's )  
Tariffs Increasing Rates for Gas Service )  
Provided to Customers in the Company's )  
Missouri Service Area. )

Case No. GR-2006-0422

**PUBLIC COUNSEL'S RECOMMENDATIONS  
REGARDING TEST YEAR AND TRUE-UP**

COMES NOW the Office of the Public Counsel, and for its recommendations regarding test year and true-up states:

1. On May 12, 2006, the Commission issued its *Suspension Order and Notice*, directing Missouri Gas Energy ("MGE") to file no later than May 24, 2006, any request for a true-up audit and hearing. The Commission's *Order* directed the Staff, Public Counsel and any entities requesting intervention to file recommendations on the company's proposed test year and any true-up request no later than June 9, 2006.

2. On May 24, 2006, MGE filed its Recommendation Concerning Test Year and Request for True-Up Audit and Hearing. MGE requested that the Commission establish the twelve months ended December 31, 2005, adjusted for known and measurable changes, as the test year for this case. MGE also requested that the test year be updated through June 30, 2006. Public Counsel concurs with these test year recommendations.

3. MGE further requested a true-up audit and hearing, and that the Commission "true-up" a list of cost components through October 31, 2006. Public Counsel opposes MGE's recommendation that the Commission determine at this early stage that a true-up is necessary. MGE's request for a true-up fails to explain what event will happen between June 30, 2006 and

October 31, 2006 to justify the need for a true-up. MGE does not identify any changes past June 30, 2006 that would materially change the revenue/expense/rate base relationship and justify the need for changes to revenue. Absent evidence from MGE of material changes, and absent independent knowledge of material changes, MGE has presented no compelling reason to utilize the resources of Public Counsel and Staff in a true-up proceeding. If Public Counsel's analysis and investigation of MGE's case reveals that a significant cost of service item will change past June 30, 2006, Public Counsel's direct testimony will inform the Commission of this and, if appropriate, recommend a true-up process at that time. At this time, no known event has been identified to justify a true-up proceeding. Accordingly, Public Counsel opposes MGE's recommendation for a true-up.

WHEREFORE, Public Counsel respectfully offers these recommendations regarding test year and true-up.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 8<sup>th</sup> day of June 2006:

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**/s/ Marc Poston**

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