

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 11th of
May 2011.

In the Matter of the Application of)	
Southern Union Company, d/b/a)	<u>Case No. GO-2011-0269</u>
Missouri Gas Energy, for Approval to Change its)	Tariff No. JG-2011-0433
Infrastructure System Replacement Surcharge)	

**ORDER DETERMINING ISRS AMOUNTS,
REJECTING TARIFFS, AND DIRECTING THE FILING OF TARIFFS**

Issue Date: May 11, 2011

Effective Date: May 11, 2011

The Missouri Public Service Commission is granting in part and denying in part the petition of Southern Union Company, d/b/a Missouri Gas Energy ("Southern Union"). The result is an increase in Southern Union's the infrastructure system replacement surcharge ("ISRS") as follows:

Customer Class ¹	Agreed ²	Current ³	Increase
Residential	0.49	0.21	0.28
Small General Service	0.72	0.31	0.41
Large General Service	2.05	0.87	1.18
Large Volume Service	16.02	6.79	9.23

The partial denial is pursuant to an agreed disallowance of amounts claimed for incremental revenue requirement and an agreed adjustment to customer counts. The Commission is setting ISRS rates accordingly, rejecting the tariff that implements the petition's claim, and requiring new tariffs.

¹ The currently effective tariff, pending tariff, and petition provide two other classes: Whiteman Air Force Base and Intrastate Transportation Service, but the agreement of Southern Union and Staff does not.

² *Staff's Supplemental Filing*, Schedule B. All numbers are dollars amounts.

³ Tariff No. YG-2011-0119, Southern Union d/b/a Missouri Gas Energy, PSC MO. No. 1, Eleventh Revised Sheet No. 10.

A. Procedural Matters

On February 22, 2011, Southern Union filed the petition, with an affidavit and the tariff, seeking an ISRS increase. Such filing requires the Commission to give notice,⁴ which the Commission did,⁵ with an order setting the time to file an application for intervention. The Commission received no application for intervention.

In the same order, the Commission suspended the tariff until June 22, 2011. The suspension of the tariff initiated a contested case because suspension can occur only pending a determination of the tariff's propriety by evidentiary hearing.⁶ But the parties waived hearing as follows.

- The Commission's staff ("Staff") filed a verified recommendation⁷ using adjusted customer counts and a lesser incremental revenue requirement.
- In reply, Southern Union agreed with the recommendation⁸ and the Office of the Public Counsel took no position.⁹

The law does not otherwise require a hearing in this action.¹⁰

Because the Commission is rejecting the tariff (ending the tariff's suspension and any statutory hearing requirement) and all parties have waived any other hearing right, the Commission will decide this action as a non-contested case, determining all issues based on the verified pleadings,¹¹ and without separately stating its findings of fact.

⁴ Section 393.1015.1(2), RSMo Supp. 2010.

⁵ Order dated March 2, 2011.

⁶ Section 393.150.1, RSMo 2000; Section 536.010(4), RSMo Supp. 2010; *Jamison v. Dept. of Soc. Servs.*, 218 S.W.3d 399, 408-09 (Mo. banc 2007); *Mathews v. Eldridge*, 424 U.S. 319, 332 (1976).

⁷ *Staff's Response to Order*, Appendix B.

⁸ *Notice of Agreement* filed on April 26, 2011.

⁹ *Response to Order Directing Filing*, filed on May 4, 2011.

¹⁰ Section 393.1015.2(3), RSMo Supp. 2010.

¹¹ *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm'n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

B. Substantive Matters

Southern Union seeks an ISRS to recover costs related to eligible plant placed in service (“costs”) from June 1, 2010, to January 31, 2011. To recover that eight-month period’s annualized¹² costs, Staff recommends that the amount required (“incremental revenue requirement”) is \$1,928,196.¹³ With the previous eight-month period’s annualized¹⁴ incremental revenue requirement of \$1,379,866,¹⁵ the agreed annual incremental revenue requirement is \$3,308,062.¹⁶ To generate that revenue, using the customer counts as adjusted from those claimed in the petition, the parties agree to monthly charges as set forth on page 1 of this order. Those amounts differ from the amounts in the tariff.

C. Ruling

The Commission independently finds and concludes that:

- The petition complies with Sections 393.1000 to 393.1006.¹⁷
- An ISRS in accordance with Staff’s recommendation is sufficient to recover appropriate pretax revenue.¹⁸
- The rates as adjusted are just and reasonable.¹⁹

Therefore, the Commission will reject the pending tariff, and direct Southern Union to file a tariff with ISRS rates authorized in accordance with Staff’s recommendation.

¹² Petition, page 4, paragraph 8.

¹³ *Staff’s Response to Order*, Memorandum, page 3.

¹⁴ From October 1, 2009 through May 31, 2010. *In the Matter of the Application of Missouri Gas Energy, a Division of Southern Union Company, for Approval to Change its [ISRS]*, File No. GO-2011-0003, petition, page 5, paragraph 8.

¹⁵ *Id.*, *Order Approving [ISRS] and Rejecting Tariff*, page 3; *Order Approving Tariff in Compliance with Commission Order*, page 1.

¹⁶ *Notice of Agreement*, page 1, paragraph 2, second bullet point.

¹⁷ Section 393.1006.2(4), RSMo Supp. 2010.

¹⁸ Section 393.1015.2(4) and .4, RSMo Supp. 2010.

¹⁹ Section 393.150, RSMo 2000.

THE COMMISSION ORDERS THAT:

1. The petition is granted in part and denied in part as set forth in the body of this order. Tariff No. JG-2011-0433 is rejected. The specific tariff sheet rejected is:

P.S.C. MO. No. 1

Twelfth Revised Sheet No. 10 replacing Eleventh Revised Sheet No. 10

2. The Commission authorizes Southern Union Company, d/b/a Missouri Gas Energy ("Southern Union") to impose infrastructure system replacement surcharges ("ISRS") as set forth in the Staff Recommendation, Appendix B.

3. No later than June 1, 2011, Southern Union shall file any revised tariff sheets ("tariff") necessary to collect an ISRS as described in paragraph 2; and the Commission's staff shall file a recommendation as to such tariff no later than June 8, 2011.

4. This file shall remain open for the filings described in paragraph 3 and the Commission's final order.

5. This order shall become effective immediately upon issuance.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Clayton, Davis,
Jarrett, and Kenney, CC., concur.

Jordan, Senior Regulatory Law Judge