



**MISSOURI GAS ENERGY**

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**ROBERT J. HACK**

*Vice President, Pricing & Regulatory Affairs*

August 30, 2000

**FILED<sup>3</sup>**

**AUG 31 2000**

**Missouri Public  
Service Commission**

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
200 Madison Street, Suite 100  
P.O. Box 360  
Jefferson City, Missouri 65102-0360

**RE: Case No. GR-99-304, Missouri Gas Energy**

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter, please find an original and eight (8) conformed copies of **Missouri Gas Energy's Response To Staff Recommendation**.

A copy of this filing has been mailed or hand-delivered this date to counsel of record.

Thank you for bringing this matter to the attention of the Commission. Please call me if you have any questions regarding this matter.

Sincerely,

C: F. Jay Cummings  
Douglas E. Micheel  
Jeffrey A. Keevil  
Gary W. Duffy  
David J. Stueven

Enclosures

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED<sup>3</sup>

AUG 31 2000

In the matter of Missouri Gas Energy's )  
Purchased Gas Cost Adjustment tariff )  
Revisions to be reviewed in its 1998- )  
1999 Actual Cost Adjustment. )

Case No. GR-99-304

Missouri Public  
Service Commission

**MISSOURI GAS ENERGY'S RESPONSE TO STAFF RECOMMENDATION**

Comes now Missouri Gas Energy ("MGE" or "Company"), a division of Southern Union Company, and for its response to the recommendation of the Staff of the Missouri Public Service Commission ("Staff"), respectfully states the following:

1. On or about August 1, 2000, the Staff of the Missouri Public Service Commission ("Staff") filed its recommendation herein. By order dated August 3, 2000, the Commission directed that MGE respond to the Staff's recommendation no later than August 31, 2000.

2. In its recommendation, the Staff proposed two adjustments. The first is the Mid-Kansas Partnership/Riverside Pipeline Company ("MKP/RPC") adjustment. The second is the Deferred Carrying Cost Balance ("DCCB") Adjustment.

3. The Staff's MKP/RPC adjustment in this case is based on the same rationale as the MKP/RPC adjustment proposed by the Staff in Case No. GR-96-450 (a case awaiting Commission order following final resolution of the current appeal taken in that case). Various parties, including MGE, have opposed the MKP/RPC adjustment proposed by the Staff in GR-96-450. Although MGE generally opposes the MKP/RPC adjustment proposed by the Staff in this case on all of the same grounds that it has expressed in Case No. GR-96-450, this time period (July 1998-July 1999) presents at least one additional basis for opposing the Staff's proposed MKP/RPC adjustment in this case. Specifically, the MKP/RPC rates which represent the starting point of the Staff's adjustment first took effect under the auspices of the Federal Energy Regulatory Commission ("FERC") on May 11, 1998. *See, generally, Kansas Pipeline Company, et al.*, 83 FERC, para. 61,107 (1998), reh'g denied 87 FERC, para. 61,020 (1999). These

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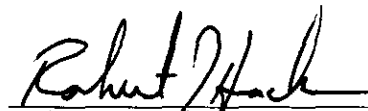
FERC-jurisdictional MKP/RPC rates are therefore not subject to disallowance under the filed rate doctrine. *Nantahala Power & Light Co. v. Thornburg*, 476 U.S. 953, 90 L.Ed. 943, 106 S.Ct. 2349 (1986). In the interest of making efficient use of the scarce resources of the Commission and the parties, MGE suggests that the Commission should take no evidence pertaining to the substance of the Staff's proposed MKP/RPC adjustment in this case until after having first been fully apprised of how the filed rate doctrine bars that Staff adjustment; then, only if the Commission believes the filed rate doctrine does not bar the proposed Staff adjustment, the Commission should proceed to take evidence on the substance of the MKP/RPC adjustment proposed by the Staff in this case. Subject to the matter set out in this paragraph and in paragraph 4, below, MGE agrees that this case should remain open but without a procedural schedule pending a final, non-appealable Commission decision on the MKP/RPC adjustment in Case No. GR-96-450. As such, MGE has no objection to the Staff's recommendation that this case remain open pending an Order from the Commission in Case No. GR-96-450.

4. Following discussions with the Staff, MGE agrees with the Staff's proposed DCCB adjustment which would have the effect of reducing MGE's

overcollected ACA balance (or increasing MGE's undercollected ACA balance) by \$35,789.

WHEREFORE, MGE respectfully offers the foregoing response to the Staff's recommendation.

Respectfully submitted,



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ATTORNEY FOR MISSOURI GAS  
ENERGY

**Certificate of Service**

I hereby certify that a true and correct copy of the above and foregoing document was either mailed or hand delivered this 30th day of August, 2000, to:

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