

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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| In the matter of Missouri Gas Ener- |) | |
| gy of Kansas City, Missouri re- |) | |
| quested authority to file a tariff |) | Case No. GR-2004-209 |
| reflecting a change in rates for |) | |
| its Missouri customers |) | |

MIDWEST GAS USERS' ASSOCIATION,
UMKC, CMSU AND JACKSON COUNTY'S
RESPONSE TO STAFF MOTION FOR CLARIFICATION

COME NOW MIDWEST GAS USERS ASSOCIATION ("Midwest"), University of Missouri at Kansas City ("UMKC"), Central Missouri State University ("CMSU") and the County of Jackson ("Jackson County") (collectively for this pleading "MGUA/UMKC/CMSU/Jackson County") and respond to the Staff's September 22, 2004 Motion for Clarification as follows:^{1/}

1. We agree with the Staff's statement that the Order is unclear as to the handling of customer charge and commodity transportation charge changes as applied to the LVS rate.

2. The affected and concerned parties had agreed to certain changes in the Company's proposed rates in the event the Commission determined that the existing rates did not produce the approved revenue requirement and granted an increase as follows: First, the LVS customer charge could be increased by a reasonable amount proportionate to the amount of increase authorized as

^{1/} In responding to this pleading, these parties reserve all other rights to timely seek rehearing of the Commission's Order and this response is without prejudice to that position.

compared to the original amount of overall increase requested by the company; second, the multiple meter discount would be implemented as agreed with each multimeter customer's meters in excess of two having a monthly customer charge that is the same as at existing rates, i.e., \$204.65; third, any additional revenue requirement over and above the LVS customer charge revenues would be distributed to the LVS commodity rate; and fourth, the Company abandoned its proposal to change to a 6 month winter and 6 month summer rate and instead continue with a 5 month winter and a 7 month summer rate.

3. This was agreed and was not litigated, but was referenced in the briefs of several of the parties (See Initial Brief of Midwest Gas Users, et al., at pp. 36-39 and its Reply Brief at p. 6). It is consistent with the Commission's overall approach to the fixed charge/commodity charge issue.

4. In this case, since the Commission authorized an increase (\$22.5 M) that was approximately 50% of the Company's request (\$44.9 M), the LVS customer charge for the first two meters could increase by 50% of the proposed increase of \$204.70 or \$102.35 to \$512.00. The parties would have no problem with such an increase in the LVS customer charge.

5. The parties have no problem with and agree to the proposed change to the multiple meter customer charge found on Sheet No. 40 of MGE's proposed new tariffs.

6. The parties also agree with MGE continuing on a 5 month winter and 7 month summer rate structure for LVS customers contained on Sheet No. 42 of MGE's proposed new tariffs.


7. The parties do object to MGE's proposal to increase the Sales or Transportation Charges on an equal cents per rate block basis. MGE's proposal is to increase both the first and second blocks in both the summer and winter periods by \$0.00348. The result is an increase in the first block of the winter rate of 7.789% and an increase of 9.923% in the second block of the winter rate. The equal cents per rate also has the impact of increasing the first block of the summer rate by 12.314% and the second block of the summer rate by 18.659%. The increase should be on an equal percentage basis for each of the rate elements of each of the rate blocks to recover the LVS revenue requirement not being recovered through the customer charge.

8. Finally, the parties object to the Company utilizing \$10,669,760 as the adjusted Test Year Revenue for the LVS class when according to the rate design workpapers the present revenue is \$10,351,654 or \$318,106 less. Unless the volumetric rate determinants are changed to reflect the higher adjusted test year revenues, the LVS class will be paying more than \$369,000 excess in their volumetric rates to cover the difference between revenues from the current volumetric rates and the adjusted test year revenues per the revenue settlement.

Respectfully submitted,

FINNEGAN, CONRAD & PETERSON, L.C.

/s/ Jeremiah D. Finnegan
Jeremiah D. Finnegan 18416

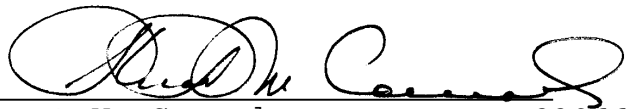


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ATTORNEYS FOR MIDWEST GAS USERS'
ASSOCIATION, UMKC, CMSU and JACKSON
COUNTY MISSOURI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by U.S. mail, postage prepaid addressed, or by electronic mail, to all parties upon their attorneys of record as disclosed by the pleadings and orders herein.



Stuart W. Conrad 23966

Dated: September 27, 2004