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February 13, 2001

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

FILED³

FEB 13 2001

Missouri Public
Service Commission

**RE: Missouri Gas Energy,
Case No. GR-2001-382.**

Dear Mr. Roberts:

Enclosed for filing in the above referenced case, please find the original and 8 copies **Public Counsel's Reply to Missouri Gas Energy's Response to Public Counsel's Request for Emergency Review**. Please "file stamp" the extra enclosed copy and return it to this office. I have on this date mailed, faxed, or hand-delivered the appropriate number of copies to all counsel of record.

Thank you for your attention to this matter.

Sincerely,

Douglas E. Micheel
Senior Public Counsel

DEM:kh

cc: Counsel of Record

Enclosure

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

FILED³

FEB 13 2001

Missouri Public
Service Commission

In the matter of Missouri Gas Energy's Purchased)
Gas Adjustment factors to be reviewed in its) Case No. GR-2001-382
2000 - 2001 Actual Cost Adjustment)

**PUBLIC COUNSEL'S REPLY TO MISSOURI GAS ENERGY'S RESPONSE
TO PUBLIC COUNSEL'S REQUEST FOR EMERGENCY REVIEW**

COMES NOW the Office of the Public Counsel ("Public Counsel") and for its Reply to Missouri Gas Energy's ("MGE") Response to Public Counsel's Request for Emergency Review of MGE's gas procurement practices relating to the winter PGA period November 1, 2000 through April 1, 2001 states as follows:

1. MGE professes to support Public Counsel's request for an emergency actual cost adjustment audit. (Response, ¶ 2 and 4). However, MGE raises a "number of concerns" about Public Counsel's request. (Response, ¶ 4). None of these "concerns" should prevent the Commission from granting Public Counsel's request.

2. MGE asserts that reviewing the November 1, 2000 - April 1, 2001 time period will "add needless complexity to the process" thus slowing down the ACA review process. (Response, ¶ 4a). What MGE neglects to point out is the fact that the ACA period is merely a "snap-shot" of time. There is nothing inherently complex about looking at a certain piece of the ACA period. Public Counsel has requested the Commission review the critical five-month winter period. MGE fails to explain how this five-month "snap-shot" would add complexity to the review.

3. MGE also points out an alleged "technical problem" with Public Counsel's request - that there will be no commonly understood beginning ACA balance (Response, ¶4b) This

“technical problem” is easily remedied by selecting the current ACA balance for purposes of beginning the emergency audit of the winter PGA period. This “problem” obviously is not fatal, because MGE currently has four unresolved and open ACA proceedings. For purposes of Public Counsel’s emergency ACA audit request the Commission could order that the ACA balance be the current ACA balance for MGE.

4. Finally, MGE asserts “the Commission’s resolution of this retrospective review will do very little, if anything at all, to advance the Commission’s policies regarding the regulatory treatment of natural gas commodity costs to the benefit of customers in the future.” (Response, ¶ 4c). This claim misses the point. MGE is still operating under the PGA/ACA system. MGE’s customers deserve emergency review of MGE’s gas procurement practices this winter in light of the extraordinary PGA rate increases faced by customers. An emergency ACA audit of MGE’s winter PGA period in no way will prevent MGE from proposing plans for next winter. In fact, MGE is free at this time to propose such plans. Nothing in this request is designed to delay MGE from planning for next winter or to hamper efforts changing or modifying the current PGA/ACA process.

WHEREFORE, Public Counsel requests the Commission order an emergency ACA audit of MGE’s winter PGA period.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been faxed, mailed or hand-delivered to the following counsel of record on this 13th day of February, 2001:

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