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February 4, 2003

FILED³

FEB 04 2003

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

Missouri Public
Service Commission

**Re: Southern Union Company d/b/a Missouri Gas Energy
Case No. GM-2003-0238**

Dear Mr. Roberts:

On behalf of Southern Union Company, I deliver herewith an original and eight (8) copies of a **Response of Southern Union Company d/b/a Missouri Gas Energy to Motion by Local 5-348 Paper, Allied-Industrial, Chemical and Energy International Union for an Order Concerning Certain CMS Gas Transmission Company Pension Obligations** for filing with the Commission in the referenced matter. I would appreciate it if you would see that the copies are distributed to the appropriate Commission personnel. Service copies have been mailed or hand-delivered this date.

I have also enclosed an extra copy of the document which I request that you stamp "Filed" and return to the person delivering it to you.

Thank you for your attention in this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:


Paul A. Boudreau

PAB/ccp
Enclosures

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

FEB 04 2003

In the Matter of the Application of Southern)
Union Company d/b/a Missouri Gas Energy)
For Authority to Acquire Directly or)
Indirectly, Up to and Including One Hundred)
Percent (100%) of the Equity Interests of)
Panhandle Eastern Pipeline Company,)
Including Its Subsidiaries, and to Take All)
Other Actions Reasonably Necessary to)
Effectuate Said Transaction)

Missouri Public
Service Commission

Case No. GM-2003-0238

RESPONSE OF SOUTHERN UNION COMPANY d/b/a
MISSOURI GAS ENERGY TO MOTION BY LOCAL 5-348
PAPER, ALLIED-INDUSTRIAL, CHEMICAL AND ENERGY
INTERNATIONAL UNION FOR AN ORDER CONCERNING
CERTAIN CMS GAS TRANSMISSION COMPANY PENSION OBLIGATIONS

Comes now Southern Union Company d/b/a Missouri Gas Energy ("Southern Union"), by counsel, and provides the following response to a Motion filed by Local 5-348 Paper, Allied-Industrial, Chemical and Energy International Union ("PACE") in this case regarding certain CMS Gas Transmission Company ("CMS") pension obligations.

1. On or about January 24, 2003, PACE filed an Application to Intervene in the referenced proceeding. Therein, PACE alleged, generally, that it represents employees of Panhandle Eastern Pipeline Company ("Panhandle Eastern").

2. On January 29, 2003, Southern Union objected to the intervention of PACE in this proceeding on the grounds that counsel for PACE did not appear at the January 28, 2003, prehearing and, in any event, PACE does not represent employees of Missouri Gas Energy ("MGE").

3. On or about February 3, 2003, PACE filed a motion for an order requiring CMS to honor certain alleged pension commitments to employees of Panhandle Eastern as a condition to authorizing Southern Union to acquire Panhandle Eastern (hereinafter, the "Motion").

4. PACE has not been granted intervenor status in the proceeding and, consequently, has no standing to file a request for substantive relief in this proceeding.

5. Rather, Southern Union takes the PACE Motion as a more detailed statement of its interest in this case, offered in support of its Application to Intervene. The additional information provided by PACE does not provide any better additional grounds to grant it status as an intervenor in this proceeding.

6. The issue identified by PACE (i.e., the alleged termination by CMS of a retirement option to those of its employees under the age of 55) is, by definition, an issue solely between PACE and CMS. CMS is not a party to this proceeding. Furthermore, this issue has nothing to do with Southern Union or its MGE operating division. The pension plan about which PACE has lodged a complaint is a plan that will be kept by CMS and not transferred to Southern Union as a consequence of its proposed acquisition of Panhandle Eastern. As such, the issue identified by PACE has no conceivable relevance to the matter currently before the Commission.

7. PACE's Motion must be seen for what it is: an effort to gain leverage in its negotiations with CMS. The Commission, however, has no authority to resolve labor/management disputes in general or in particular those between a union local of a company (CMS) that has no regulated operations in the State of Missouri and is not a party

before the Commission. More generally, labor disputes are matters governed by federal law.

WHEREFORE, Southern Union renews its objection to the intervention of PACE in the captioned proceeding and, further, requests the Commission to deny the Motion filed by PACE for the reasons aforesaid.

Respectfully submitted,

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Attorneys for Southern Union Company

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was delivered by first class mail or by hand delivery, on this 4th day of February 2003, the following:

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A handwritten signature in black ink, appearing to read "M. C. Pendergast", is written over a horizontal line.

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Missouri Gas Commission of Missouri
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A handwritten signature in black ink, appearing to read 'R. Franson', is written over a horizontal line.