

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

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|---|---|-------------------------|
| In the Matter of Missouri Gas Energy and |) | |
| Its Tariff Filing to Implement a General Rate |) | Case No. GR-2009-0355 |
| Increase for Natural Gas Service |) | Tariff No. YG-2009-0714 |

**JOINT LIST OF ISSUES, ORDER OF WITNESSES
AND ORDER OF CROSS-EXAMINATION**

Comes now Missouri Gas Energy (MGE or Company), a division of Southern Union Company, and on behalf of the parties respectfully states to the Missouri Public Service Commission (Commission) the following as the Joint List of Issues, Order of Witnesses and Order of Cross-Examination:

1. The Commission's Order Setting Procedural Schedule, issued May 27, 2009, directed that the parties file a joint list of issues, order of witnesses and order of cross-examination document by October 19, 2009. By further order issued October 19, 2009, the Commission granted the parties an extension until October 21, 2009, for the filing of this document.
2. After discussion among the parties, MGE has been authorized to file the following for the purpose of complying with the Commission's order.

LIST OF ISSUES

The following is a list of contested issues MGE has prepared after obtaining input from the other parties in this case. Because of the lateness of the hour, MGE is unable to represent that it has final approval for this list of from all of the parties. MGE anticipates that the parties will file separately to the extent they have disagreement with the following list of issues:

I. REVENUE REQUIREMENT

A. Cost of Capital

Capital Structure: What capital structure should be used for determining MGE's rate of return?

Return on Common Equity: What return on common equity should be used for determining MGE's rate of return?

Cost of Debt: What long term and short term cost of debt should be used for determining MGE's rate of return?

B. Risk: Would the Commission's adoption of MGE's proposed rate design that recovers all non-gas costs in a fixed customer charge for Residential and SGS customers reduce MGE's business risks? If the answer is "yes," should that reduced risk be recognized in the determination of either cost of capital or the revenue requirement?

C. Expense Issues

Environmental Expenses: What amount related to former manufactured gas plant (MGP) remediation expenses should be used in determining MGE's cost of service?

Infinium Software: What amount related to MGE's Infinium Software amortization should be used in determining MGE's cost of service?

SLRP Amortization: What amount related to the Safety Line Replacement Program amortizations should be used in determining MGE's cost of service?

FAS 106/ OPEBs:

a. Is it lawful and reasonable to require MGE to fund its external OPEB trusts in an amount equal to the FAS 106 allowance included in rates such that MGE is required to deposit a "catch-up" amount into its OPEB trusts in order to make use of FAS 106 in determining MGE's cost of service?

b. If so, what is the appropriate "catch-up" amount?

c. What is the appropriate level of OPEB expense to use in determining MGE's cost of service?

Regulatory Commission Expense: What amount related to regulatory expenses should be used in determining MGE's cost of service?

Uncollectibles Expense: What amount related to uncollectibles expense should be used in determining MGE's cost of service? Should the emergency cold weather rule amortization have an impact upon this amount?

Credit Card Fees: Should the cost to accept a credit card payment be included in MGE's cost of service? If so, what amount should be included?

II. KANSAS GAS STORAGE PROPERTY TAX AAO – Should the Commission grant MGE an accounting authority order concerning Kansas property taxes on natural gas in storage in the State of Kansas? If so, under what conditions?

III. ENERGY EFFICIENCY

A. Relationship to rate design

Should the continuation (for residential customers) or implementation (for small general service customers) of energy efficiency programs be contingent on the adoption of a rate design that recovers all non-gas costs through a fixed customer charge?

B. Funding

Should funding for energy efficiency programs be included as an ongoing expense in rates, or should the Company provide upfront funding with such expenditures to be deferred (after expenditure of the surplus unspent funds for residential energy efficiency programs (expected to be approximately \$1 million) that still remain at the time new rates from this case become effective) and included in rate base (with a 10-year amortization period) in subsequent rate cases?

What should the annual funding level be and how should the funding level be determined?

Should interest be applied to unspent residential energy efficiency funds and, if so, at what rate?

C. Continuation/Form of Collaborative

Should the energy efficiency collaborative formed after MGE's most recently concluded rate case as a result of the Commission's approval of the Unanimous Stipulation and Agreement in Case No. GT-2008-0005 be modified to an advisory group rather than a consensus decision making collaborative?

IV. RATE DESIGN/COST OF SERVICE

A. Class Cost of Service/ Spread the Increase

What is the appropriate level of revenue responsibility to be borne by each customer class?

B. Rate Design

1. What rate design should the Commission adopt for the residential customer class?
2. What rate design should the Commission adopt for the small general service customer class?
3. What rate design should the Commission adopt for the large general service customer class?
4. What rate design should the Commission adopt for the large volume service customer class?
5. What miscellaneous service charges should the Commission approve?

V. TARIFF CHANGES

A. Transportation/Threshold for Eligibility:

Should the Commission reduce the currently approved volume threshold for transportation service eligibility? If so, to what level and under what conditions?

B. Transportation/Other:

Should the Commission approve the changes proposed by MGE to its Large Volume Transportation Service tariff for which MGE alleges an intent to encourage Large Volume Transportation Service Customers to maintain a closer balance between their deliveries to the system and their usage on the system, to-wit:

- i) Deadline for notice of pool changes;
- ii) Proposed elimination of multiple pools per aggregation area;
- iii) Transportation charge component of cash-outs for imbalances (amount and symmetry of the charges);
- iv) Index price for cash outs;
- v) Circumstances and conditions for calling OFOs;
- vi) Supplier/agent's ability to move customers from a pool on one pipeline to another pipeline in the event of capacity constraints; and,
- vii) Miscellaneous language changes.

C. Non Transportation:

1. Liability limitation
2. Tariff clean-up (ELIR, etc.)

D. PGA

Uncollectible Gas Cost Recovery in PGA: Should the Commission authorize MGE to recover uncollectible gas costs through the PGA mechanism?

Kansas Storage Gas Property Tax Recovery in PGA:

Should the Commission authorize MGE to recover Kansas storage gas property taxes in the PGA mechanism?

FERC Regulatory Expense Recovery in the PGA: Should the Commission authorize MGE to recover FERC regulatory expenses in the PGA Mechanism?

VI. CAPACITY RELEASE/OFF-SYSTEM SALES

Should the Commission amend the currently-approved sharing grid which describes sharing of net revenues from MGE's capacity release and off-system sales between the Company and its customers? If so what changes should be made?

ORDER OF ISSUES AND WITNESSES

Monday, October 26, 2009

9:00 A.M. *Mark Exhibits*
Opening Statements (In order to assist the Commission in better understanding the litigated issues and to make the process more efficient, the parties suggest abbreviated initial opening statements with the reservation of the right to make a brief opening statement at the commencement of the trial of each issue).

P.M. *Policy*
Hack (MGE)
Oligschlaeger (Staff)
Imhoff (Staff)

Tuesday, October 27, 2009

A.M. *Cost of Capital/Risk*
Hanley (MGE)
Murray (Staff)
Lawton (OPC)

P.M. *Cost of Capital/Risk, Cont.*

Wednesday, October 28, 2009

A.M. *Class Cost of Service*
Cummings (MGE)
Beck (Staff)
Johnstone (MGUA/Superior Bowen)
Meisenheimer (OPC)

P.M. *Rate Design*
Feingold (MGE)
Thompson (MGE)
Johnstone (MGUA/Superior Bowen)
Ross (Staff)
Meisenheimer (OPC)
Ryan (OPC)¹

Thursday, October 29, 2009

A.M. *Rate Design, Cont.*

P.M. *Rate Design, Cont.*

Friday, October 30, 2009

A.M. *Energy Efficiency*
Hendershot (MGE)
Noack (MGE)

Warren (Staff)
Ross (Staff) – OPC to call
Buchanan (DNR)

P.M. *Energy Efficiency, Cont.*

Monday, November 2, 2009

A.M. *Energy Efficiency, Cont.*
Kind (OPC)

Kansas Storage Gas Property Tax AAO
Noack (MGE)
Oligschlaeger (Staff)
Robertson (OPC)

P.M. *SLRP Amortization*
Noack (MGE)
Robertson (OPC)

Credit Card Fees
Noack (MGE)

¹ Mr. Kind will need to appear on October 28, 2009, because he will be unavailable the following two days.

Meisenheimer (OPC)

Tuesday, November 3, 2009

A.M. *Environmental Expense*

Morgan (MGE)
Tomka (MGE)
Noack (MGE)
Oligschlaeger (Staff)
McMellon (Staff)
Robertson (OPC)

P.M. *Uncollectibles*

Noack (MGE)
Foster (Staff)
Oligschlaeger (Staff)
Sommerer (Staff)
Trippensee (OPC)

Wednesday, November 4, 2009

A.M. *Regulatory Expense*

Noack (MGE)
Foster (Staff)
Robertson (OPC)

Capacity Release/Off-System Sharing Grid

Kirkland (MGE)
Allee (Staff)

P.M. *Infinium Software*

Noack (MGE)
McMellon (Staff)
Robertson (OPC)

PGA Proposals

Noack (MGE)
Sommerer (Staff)
Trippensee (OPC)

Thursday, November 5, 2009

A.M. *Tariff Change Issues*

Transportation/ Threshold for Eligibility
Transportation Other
Kirkland (MGE)

Haubensak (Constellation)
Imhoff (Staff)
Ensrud (Staff)
Johnstone (MGUA/Superior Bowen)

Non Transportation Tariff Issues
Noack

P.M. Cont.

Friday, November 6, 2009

A.M. *FAS 106/ OPEBs*
Davis (MGE)
Muth (MGE)
Noack (MGE)
Oligschlaeger (Staff)
Foster (Staff)
Robertson (OPC)

P.M. Cont.

ORDER OF CROSS-EXAMINATION²

MGE witnesses:

City of Kansas City
Constellation
DNR
UMKC/UCM/ Superior Bowen
MGUA
Oneok
Public Counsel
Staff

Staff witnesses:

City of Kansas City
Constellation
DNR
UMKC/UCM/ Superior Bowen
MGUA
Oneok
Public Counsel

² While this identifies a general order of cross-examination for use during the hearing, it is possible that the parties will suggest a different order from time to time in regard to specific issues.

MGE

Public Counsel witnesses:

City of Kansas City
Constellation
DNR
UMKC/UCM/ Superior Bowen
MGUA
Oneok
Staff
MGE

MGUA/ Superior Bowen witness

City of Kansas City
Constellation
Oneok
DNR
Public Counsel
Staff
MGE

DNR witness

City of Kansas City
Constellation
UMKC/UCM/ Superior Bowen
MGUA
Oneok
Public Counsel
Staff
MGE

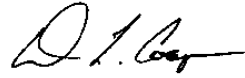
Constellation witness

City of Kansas City
DNR
UMKC/UCM/ Superior Bowen
MGUA
Oneok
Public Counsel
Staff
MGE

WHEREFORE, MGE respectfully requests that the Commission accept the Joint

Statement of Issues, Order of Witnesses, and Order of Cross-Examination.

Respectfully submitted,



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COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 21st day of October, 2009, to:

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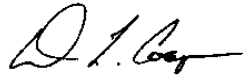
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