BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In Re The Transportation Tariff Proposed	)	
Modification of Missouri Gas Energy Filed	)	Case No. GT-2008-0393
On May 15, 2008 Proposing Changes To	)	JG-2008-0680
The Existing Transportation Tariff	)	

MGE'S RESPONSE
AND WITHDRAWAL OF TARIFF SHEET

COMES NOW Missouri Gas Energy, a division of Southern Union Company (MGE), and respectfully states the following to the Missouri Public Service Commission (Commission):

1. On June 26, 2008, MGE filed its Extension of Proposed Effective Date, voluntarily extending the effective date of the subject tariff sheet until July 26, 2008. The purpose of this extension, as indicated to Midwest Gas Users' Association's (Midwest) attorney prior to its filing, was to keep this case in place until MGE could provide answers to Midwest's data requests and to thereafter withdraw the subject tariff sheet. Having the case in place allows those responses to be provided with the protection available under Commission Rule 4 CSR 240-2.135. Without the voluntary extension, the tariff would have become effective as of 12:01 a.m. on June 27, 2008.

2. Later on June 26, 2008, Midwest filed its Renewed Request to Suspend and to Schedule Hearing Request For Expedited Consideration Status Report. Midwest's pleading contained several allegations, most of which appeared to be moot in light of MGE's earlier extension of the proposed effective date.

3. Finally on June 26, 2008, the Commission issued its Order Setting Response Time and Notice of Voluntary Extension of Tariff Effective Date. Therein, the Commission recognized MGE's tariff extension and directed that any responses to the Midwest motions to schedule a hearing and any other motion filed by the Midwest be filed no later than July 1, 2008.

4. MGE has as of this date provided to Midwest responses to Midwest's data requests.

5. In response to the arguments that Midwest makes in its latest pleading, MGE would repeat the substance of its response provided to the Commission in this matter on June 18, 2008.

6. First, Midwest alleges that the tariff filing was "concealed" "from affected customers and their representatives." The tariff filing was not "concealed." The tariff filing was publically made, in the manner required by statute and regulation, with copies provided to both the Commission Staff and the Office of the Public Counsel. The process followed by MGE is similar to that utilized numerous times a day before the Commission by a variety of gas, electric, water, sewer, telecommunications and steam utilities.

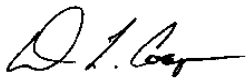
7. Second, the Commission should keep in mind that the financial implications of the subject tariff do not directly impact MGE. MGE will not benefit, or be harmed, financially by either the language in the existing tariff sheet or the language in the proposed tariff sheet. The consequences of the payment for this gas is borne by MGE's sales customers through the purchased gas adjustment (PGA) clause – the more MGE pays the transporters for this gas, the higher the PGA for those customers buying gas from MGE and the less MGE pays transporters for this gas, the lower the PGA for those customers buying their gas from MGE. The transportation cost associated with the over-nominated gas does not represent an avoided cost for MGE, but rather another payment for the same transportation capacity. As pointed out by the Staff Recommendation, MGE has already contracted for all the firm transportation it needs to serve its customers.

8. MGE's goal is for transport customers to balance their nominations and usage as closely as possible, while keeping MGE's sales customers whole, if possible, and not becoming the market of choice for over-nominated supplies of gas.

9. MGE now believes that there may be more comprehensive approaches to address this goal than the language contained in MGE's original proposal. Therefore, MGE hereby withdraws tariff sheet P.S.C. MO. No. 1, Third Revised Sheet No. 61.2, Canceling P.S.C. MO. No. 1, Second Revised Sheet No. 61.2 (JG-2008-0680).

WHEREFORE, MGE withdraws the proposed tariff sheet P.S.C. MO. No. 1, Third Revised Sheet No. 61.2, Canceling P.S.C. MO. No. 1, Second Revised Sheet No. 61.2 (JG-2008-0680).

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on July 1, 2008, to the following:

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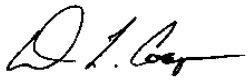

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