

**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)
The Existing Transportation Tariff)

**MGE’S RESPONSE TO REQUEST FOR
SUSPENSION OF PROPOSED TARIFF SHEET**

COMES NOW Missouri Gas Energy, a division of Southern Union Company (MGE), and, in response to the Midwest Gas Users’ Association’s (Midwest) Objection and Request for Suspension of Proposed Tariff Sheet, respectfully states the following to the Missouri Public Service Commission (Commission)

1. On May 15, 2008, MGE proposed a revised tariff sheet P.S.C. MO. No. 1, Third Revised Sheet No. 61.2, Cancelling Second Revised Sheet No. 61.2. The proposed effective date was June 15, 2008.

2. On June 12, 2008, Midwest filed its Objection and Request for Suspension of Proposed Tariff Sheet, wherein it asked that the subject tariff sheet be suspended for a period of forty-five (45) days. On June 13, 2008, the Commission issued its Order Suspending Tariff and Directing Filing, wherein the Commission suspended the proposed tariff until Jun 22, 2008, and directed that any responses to the Midwest pleading be filed by 10:00 a.m. on June 18, 2008.

3. Midwest complains in regard to two aspects of this tariff filing. First, Midwest complains that there was a lack of notice. Second, Midwest makes a substantive complaint concerning the language of the proposed tariff.

4. As to notice, MGE has filed this tariff in compliance with the process established by the Missouri statutes and the Commission rules. Copies are further provided directly to both

the Staff and the Office of the Public Counsel. While MGE did not provide any direct notice to its transportation customers, the filing itself and the thirty day waiting period supplies the notice contemplated by the statutes and rules. The process followed by MGE is similar to that utilized numerous times a day.

5. Further, proposed tariffs do not disappear upon filing. A query of the EFIS “resource,” “tariff” section will produce a listing of all gas tariffs filed within whatever date parameters are selected. Issue dates, proposed effective dates, filing utility, tracking numbers and the stated purpose of the filing are all available on the report generated by this query.

6. The Commission should also keep in mind that the customers subject to this particular proposed tariff sheet are a sophisticated group of MGE customers. These are transportation customers that are already performing their own gas buying and transportation. In the first instance, they merely transport their gas on MGE’s system in order to get that gas from the city gate to the transport customer’s facilities. These are generally customers that are able to look out for themselves.

7. The tariff at issue has been proposed by MGE to eliminate an unintended incentive for large volume customers or their agents to clear market positions at the expense of MGE commodity sales customers. When a transportation customer delivers more gas to the system than they use, MGE currently pays those transportation customers for the excess gas and an amount associated with transportation cost, based on MGE’s cost.

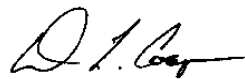
8. Because MGE must be in a position to provide gas service at all times and in all weather, its firm transportation costs are generally greater than that incurred by the individual transportation customers. MGE believes that some of its customers have been profiting from this differential through their over nominations.

9. Further, this the transportation cost associated with the over nominated gas does not represent an avoided cost for MGE. As pointed out by the Staff Recommendation, MGE has already contracted for all the firm transportation it needs to serve its customers. Leaving the subject provision in place would require MGE to pay for transportation that it does not need in order to serve its customers. Accordingly, MGE has proposed to eliminate the payment of transportation costs where a transport customer has over nominated. MGE believes that this change will provide an additional incentive for customers to balance their nomination and usage as closely as possible.

10. The proposed change does not create a “windfall to MGE” as alleged by Midwest. The consequences of the payment for this gas is borne by MGE’s purchased gas adjustment (PGA) account – the more MGE pays the transporters for this gas, the higher the PGA for sales customers and the less MGE pays transporters for this gas, the lower the PGA for sales customers.

WHEREFORE, MGE respectfully requests that the Commission consider this response and issue such orders as the Commission deems reasonable and just.

Respectfully submitted,



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ATTORNEYS FOR MISSOURI GAS ENERGY

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 June 18, 2008, to the following:

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