

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

In the matter of the application of Missouri Gas	)	
Energy, a division of Southern Union Company,	)	Case No. GO-2004-0242
for approval to establish an infrastructure system	)	
replacement surcharge.	)	

MISSOURI GAS ENERGY'S RECONCILIATION OF ISRS REVENUES

COMES NOW Missouri Gas Energy ("MGE"), a division of Southern Union Company, by and through counsel, and in accordance with section 393.1015.6(2) and 4 CSR 240-3.265(19) respectfully states the following:

1. By order herein dated February 26, 2004, the Commission authorized the establishment by MGE of an infrastructure system replacement surcharge ("ISRS") sufficient to recover appropriate annual pre-tax revenue of \$3,072,903. By order dated September 21, 2004 in Case No. GR-2004-0209, the Commission authorized MGE to increase its base rates, incorporating in those rates eligible costs previously reflected in the ISRS approved in Case No. GO-2004-0242. Concurrent with the effectiveness of its base rate increase, MGE reset the ISRS to zero on October 2, 2004 in accordance with section 393.1015.6(1) and 4 CSR 240-3.265(18)

2. Attached hereto as Appendix A is a reconciliation, along with supporting material, showing that MGE under-recovered by approximately \$121,474 for the period April 1, 2004 to October 2, 2004 when comparing actual billed ISRS charges to the target annualized ISRS revenues. Pursuant to section 393.1015.5(2) and 4 CSR 3.265(18), this

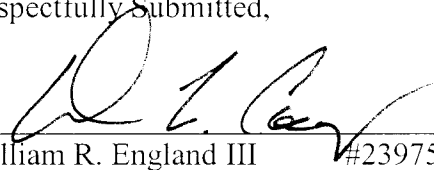
amount may be addressed in MGE's next ISRS filing.

WHEREFORE, MGE offers this reconciliation of ISRS revenues.

Respectfully Submitted,

/s/ **Robert J. Hack**

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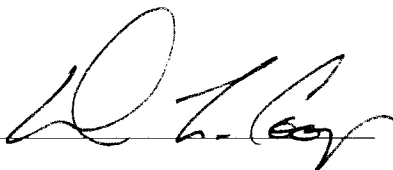
ATTORNEYS FOR MISSOURI GAS ENERGY, A DIVISION OF SOUTHERN
UNION COMPANY

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand delivered on this 30th day of November, 2004, to:

General Counsel
Missouri Public Service Commission
Governor Office Building
P.O. Box 360
Jefferson City, MO 65102

The Office of the Public Counsel
Governor Office Building, 6th Floor
P.O. Box 7800
Jefferson City, MO 65102-7800



Missouri Gas Energy
ISRS Reconciliation

ISRS Effective Date	4/1/2004	
Rate Case Effective Date	10/2/2004	
Number of days ISRS was in effect		184.00
Number of days in 2004		366.00
Percentage		50.27%
Annual Revenue Requirement	\$	<u>3,072,903</u>
Targeted Amount	\$	1,544,847
Amount Billed	\$	<u>1,423,373</u>
Under recovery	\$	<u>121,474</u>

Missouri Gas Energy
Rate Design
ISRS # 1 Reconciliation

Total ISRS Revenues
Undercollected

	\$	121,474					
	No. of Customers	Allocation	Customer	Ratio To	ISRS	ISRS	Weighted
	Note		Charge	Res Cust Chrg	Charge	Revenue	Customers
Residential	5,249,317	\$ 105,570	\$ 11.65	1.0000	\$ 0.02	\$ 97,245	5,249,317
Small General Service	780,787	\$ 15,703	\$ 15.70	1.3476	\$ 0.02	\$ 19,493	1,052,219
Large General Service	4,695	\$ 94	\$ 93.00	7.9828	\$ 0.15	\$ 694	37,479
Large Volume	5,309	\$ 107	\$ 478.75	41.0944	\$ 0.76	\$ 4,042	218,170
	6,040,108	\$ 121,474				\$ 121,474	6,557,186

Per Customer \$ 0.00168

Per Cust Weighted \$ 0.00154

Note: Number of Customers are from the rate design approved in GR-2004-0209

ISRS REVENUE AMOUNTS

By Month

Appendix A
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	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Totals	
4950-5000-113	233.79	55,365.66	235,239.28	250,521.92	251,844.30	250,279.42	248,903.57	130,346.26	639.17	1,423,373.37	Revenue
4950-5000-114	-	3,448.91	14,827.29	15,653.30	15,825.22	16,172.84	15,170.42	8,493.85	-	89,591.83	Franchise Taxes
	233.79	58,814.57	250,066.57	266,175.22	267,669.52	266,452.26	264,073.99	138,840.11	639.17		
BY CLASS	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Totals	
Res - 21	(0.07)	42,148.71	201,001.77	214,595.26	216,112.79	214,915.65	213,811.22	115,408.78	532.00	1,218,526.11	
Revenue	(0.07)	39,820.59	189,726.58	202,653.34	203,966.83	202,834.22	201,806.32	108,666.93	532.00	1,150,006.74	
Franchise	-	2,328.12	11,275.19	11,941.92	12,145.96	12,081.43	12,004.90	6,741.85	-	68,519.37	
Com - 22	-	3,716.24	16,689.09	17,623.40	17,565.70	17,419.47	17,180.02	9,020.55	37.97	99,252.44	
Revenue	-	3,456.88	15,389.84	16,264.26	16,224.88	16,090.05	15,870.82	8,307.88	37.97	91,642.58	
Franchise	-	259.36	1,299.25	1,359.14	1,340.82	1,329.42	1,309.20	712.67	-	7,609.86	
Com - 23	150.10	9,797.42	28,796.93	30,334.10	30,393.71	30,106.84	29,978.00	14,090.59	72.38	173,720.07	
Revenue	137.47	9,084.54	26,696.89	28,136.60	28,206.29	27,939.78	27,820.49	13,053.65	72.38	161,148.09	
Franchise	12.63	712.88	2,100.04	2,197.50	2,187.42	2,167.06	2,157.51	1,036.94	-	12,571.98	
Ind - 25	101.27	3,074.98	3,212.94	3,217.67	3,188.82	3,153.65	3,133.28	83.07	0.31	19,165.99	
Revenue	96.39	2,926.48	3,060.40	3,063.28	3,038.13	3,006.48	2,987.61	80.89	0.31	18,259.97	
Franchise	4.88	148.50	152.54	154.39	150.69	147.17	145.67	2.18	-	906.02	
Transport - 38	-	77.22	365.84	404.79	408.99	409.24	418.75	237.60	1.86	2,324.29	
Revenue	-	77.17	365.57	404.44	408.64	408.89	418.40	237.37	1.86	2,322.34	
Franchise	-	0.05	0.27	0.35	0.35	0.35	0.35	0.23	-	1.95	
Other - 48	-	-	-	-	(0.49)	-	(0.07)	(0.48)	-	(1.04)	
Revenue	-	-	-	-	(0.47)	-	(0.07)	(0.46)	-	(1.00)	
Franchise	-	-	-	-	(0.02)	-	-	(0.02)	-	(0.04)	
Total Revenue	233.79	55,365.66	235,239.28	250,521.92	251,844.30	250,279.42	248,903.57	130,346.26	644.52	1,423,378.72	
Total Franchise	17.51	3,448.91	14,827.29	15,653.30	15,825.22	15,725.43	15,617.63	8,493.85	-	89,609.14	
Total ISRS	251.30	58,814.57	250,066.57	266,175.22	267,669.52	266,004.85	264,521.20	138,840.11	644.52	1,512,987.86	
Rev checksum	-	-	-	-	-	-	-	-	5.35	5.35	
Iran checksum	17.51	-	-	-	-	(447.41)	447.21	-	-	17.31	

Source: Monthly CRRV 213 Reports