

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

In the matter of the application of Missouri Gas	)	
Utility, Inc., for a certificate of convenience and	)	
necessity authorizing it to construct, install, own,	)	
operate, control, manage and maintain a natural	)	Case No. GA-2009-0264
gas transmission line and a distribution system to	)	
provide gas service in Pettis and Benton Counties,	)	
Missouri, as a new certificated area.	)	

**MGU’S RESPONSE TO STAFF RECOMMENDATION**

COMES NOW Missouri Gas Utility, Inc. (MGU or Applicant), and, for its Response to Staff Recommendation, states to the Missouri Public Service Commission (Commission) as follows:

1. On March 31, 2009, the Commission Staff filed its Recommendation in this matter. That Recommendation suggested that MGU be granted its requested certificate, subject to certain listed conditions. Later, on April 7, 2009, the Commission issued its Order Setting Date for Responses to Staff Recommendation, and, therein, directed that responses be filed by April 10, 2009.

2. MGU hereby states that it objects to one of the Staff conditions and, additionally, seeks to provide information concerning a change in the plans for construction.

3. The condition to which MGU objects is Condition 5 (Appendix A, Staff Memorandum, p. 3). That condition suggests that MGU be required to “submit to a rate review for this certified area 24 months after the effective date of the order in this case.”

4. Construction on the systems that are the subject of this certificate application are not projected to be completed until December 1, 2010. MGU does not anticipate growth to the customer penetration levels contemplated in the Feasibility Study until December 1, 2011. At the date selected by the Staff, a rate review will almost certainly show a need for a healthy rate

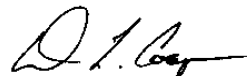
increase, as the Company will have made substantially all of the investment and will only have a portion of the projected customers.

5. MGU believes a more appropriate time period for this rate review would be 36 months after the effective date of an order in this case. MGU has previously discussed the reason for its objection with the Staff and it is MGU's understanding that the Staff is agreeable to conducting its rate review 36 months after the effective date of an order in this case.

6. Additionally, MGU has previously notified the Staff, and wishes hereby to provide notice to the Commission, that its plans for construction have changed some what for the northernmost twenty-five miles of the main line. The original plans called for this portion of the main line to be constructed using 8" HDPE line. Due to changes in the price of steel and possible future demands on the system, MGU now plans to construct the north 25 miles of the mainline using 6" steel. As marketing continues between the current date and July 1, MGU will continue to evaluate the load estimates, and may consider extending this 6" steel line on to Warsaw, an additional 16 miles.

**WHEREFORE**, MGU requests the Commission consider the above response and issue such orders as it should believe to be reasonable and just.

Respectfully submitted,



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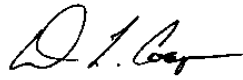
Attorneys for Missouri Gas Utility, Inc.

## **CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail to the following counsel this 9<sup>th</sup> day of April, 2009:

Office of the General Counsel  
Missouri Public Service Commission  
Governor State Office Building  
Jefferson City, Missouri 65101

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Dean L. Cooper