

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

In the Matter of the Application of Southern Union Company, d/b/a Missouri Gas Energy, for Approval to Change its Infrastructure System Replacement Surcharge.))	File No. GO-2013-0391
))	Tracking YG-2013-0450
))	

MGE’S RESPONSE TO PUBLIC COUNSEL

COMES NOW Southern Union Company d/b/a Missouri Gas Energy (MGE), and, in response to the Office of the Public Counsel’s (Public Counsel) filings of April 30, 2013, states as follows to the Missouri Public Service Commission (Commission):

1. On April 30, 2013, Public Counsel filed two pleadings. The first was titled Public Counsel’s Reply to the Responses of Staff and MGE (Public Counsel’s Reply). The second document was titled Amendment to Public Counsel’s Reply to the Responses of Staff and MGE (Public Counsel’s Amended Reply).

2. Subsection 393.1012.2, in relevant part, states –

The commission shall not approve an ISRS for any gas corporation that has not had a general rate proceeding decided or dismissed by issuance of a commission order within the past three years, unless the gas corporation has filed for or is the subject of a new general rate proceeding.

(emphasis added).

3. MGE’s prior pleadings have shown that the phrase “an ISRS” is used by the statutes to include the entire ISRS as it develops between rate cases. It starts when the ISRS is established and continues through any changes until it is reset to zero at the conclusion of the next rate case. See, for example, Section 393.1012.1 (“An ISRS and any future changes thereto shall be calculated and implemented . . .”) (emphasis added).

4. In its latest pleading, Public Counsel argues that the Company's interpretation would mean that the minimum and maximum size limitations referenced in Section 393.1012.1 would be only applicable to "the first infrastructure surcharge levied after a rate case, and not to any subsequent surcharges." (Public Counsel's Reply, para. 4) This is not the case. As indicated previously, "an ISRS" is the whole of the ISRS between rate cases – the first ISRS rate and any changes thereto. There are not individual pieces as suggested by the Public Counsel. The totality of the ISRS (the whole rate, including the initial rate and any changes thereto) is what must be examined for the described annual minimum and maximum levels.

5. What Public Counsel does not appreciate is that once the ISRS is established within the timing requirement of Section 393.1012.2, that requirement has been satisfied. The future modifications of the ISRS are not implicated by Section 393.1012.1, because the one ISRS has been approved within the statutory period. The end date of the ISRS is provided by Section 393.1012.3.

6. The interpretation of Section 3931012.2 described by MGE's previous pleadings does not create the difficulty suggested by Public Counsel. Public Counsel's Reply provides no basis for the Commission to deny the subject change in MGE's ISRS.

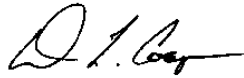
7. Public Counsel's Amended Reply provides its survey of the timing of several past ISRS filings. Public Counsel suggests that the survey "shows that the practice before the Commission has been to require all ISRS petitions to be approved no later than three years after the last rate case." (Public Counsel's Amended Reply, para. 3) Upon review, it shows nothing of the sort. At best, it perhaps shows that no petition for an ISRS has been filed at quite the same point in the rate case cycle as

MGE's petition in this case. However, it also shows that no ISRS petition similar to MGE's has ever been denied by the Commission pursuant to Section 393.1012.2. The survey does nothing to further Public Counsel's argument.

8. The interpretation of the ISRS statutes provided by MGE and Staff is consistent with the language of the ISRS statutes and Commission practice. The Commission should find that subsection 393.1012.2 provides authority for the Commission to approve MGE's petition in this case.

WHEREFORE, MGE respectfully requests that the Commission issue an order consistent with the Staff Recommendations, granting MGE's Motion for Expedited Treatment and approving MGE's proposed tariff sheet (YG-2013-0450), for service on less than thirty days notice.

Respectfully submitted,



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ATTORNEYS FOR SOUTHERN UNION COMPANY,
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CERTIFICATE OF SERVICE

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