

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

In the matter of Missouri Gas Energy's)	
Purchased Gas Cost Adjustment tariff)	
Revisions to be reviewed in its 2001-)	Case No. GR-2002-0348
2002 Actual Cost Adjustment.)	

MISSOURI GAS ENERGY'S THIRD STATUS REPORT

Comes now Missouri Gas Energy ("MGE" or "Company"), a division of Southern Union Company, and for its third status report respectfully states the following:

1. As a result of the prehearing conference convened herein on February 17, 2004, MGE provided the Staff with some information related to one of its recommendations, convened a meeting to discuss another of the Staff's recommendations on March 18, 2004, and convened another meeting to discuss another of the Staff's recommendations on April 1, 2004. MGE provided the Staff additional information during these meetings and the Staff requested additional information related to material provided during the April 1 meeting. MGE provided that additional information to the Staff.

2. MGE reads the Staff's Status Report, filed herein on or about April 12, 2004, to mean that the Staff has decided—due at least in part to the meetings held on March 18 and April 1, 2004—to set aside for purposes of this ACA proceeding the recommendations it has made regarding reliability analysis (a/k/a peak day requirements study) and hedging documentation. As a consequence of these decisions by the Staff, those portions of MGE's motion to strike related to the Staff's recommendation regarding hedging documentation and peak day requirements study are moot and need not be ruled by the Commission.

3. In MGE's opinion, therefore, the matters remaining at issue in this proceeding are a) the Staff's recommended disallowance related to MKP/RPC; and b) the Staff's recommended disallowance related to alleged excess capacity. Based on the Staff's Status Report, filed herein on or about April 12, 2004, MGE had anticipated the possibility of further substantive discussions regarding the Staff's recommended disallowance related to alleged excess capacity; no such discussions have yet occurred. One of the matters remaining at issue (the Staff's recommended disallowance related to alleged excess capacity) is the subject of MGE's Motion to Strike filed herein on or about January 20, 2004. MGE believes this motion should be ruled upon prior to the adoption of a procedural schedule.

4. In the event a procedural schedule is necessary, MGE would suggest something along the following lines:

- Direct Testimony—60 days after the Commission's ruling on the motion to strike.
- Rebuttal Testimony—45 days after the filing of Direct Testimony.
- Surrebuttal Testimony—30 days after the filing of Rebuttal Testimony.
- Hearing—15 days after the filing of Surrebuttal Testimony.

WHEREFORE, MGE respectfully submits this third status report.

Respectfully Submitted,

/s/ Robert J. Hack

Robert J. Hack MBE #36496
3420 Broadway
Kansas City, MO 64111
816/360-5755
FAX: 816/360-5536
e-mail: rhack@mgemail.com

ATTORNEY FOR MISSOURI GAS
ENERGY

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was either mailed or hand delivered this 10th day of May, 2004, to:

Douglas E. Micheel
Senior Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Jeffrey A. Keevil
Stewart & Keevil
1001 cherry Street, Ste. 302
Columbia, MO 65201

Lera Shemwell
General Counsel's Office
P.O. Box 360
Jefferson City, MO 65102

/s/ Robert J. Hack
