

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

In the Matter of Missouri Gas Energy's Tariffs)	
Increasing Rates for Gas Service Provided to)	Cases Nos. GR-2006-0422
Customers in the Company's Missouri Service)	YG-2006-0845
Area.)	

**RECOMMENDATION CONCERNING TEST YEAR
AND REQUEST FOR TRUE-UP AUDIT AND HEARING**

Comes now Missouri Gas Energy (MGE), a division of Southern Union Company, and, as its recommendation concerning the proper test year and request for true-up audit and hearing, states as follows to the Missouri Public Service Commission (Commission):

1. The Commission's Suspension Order and Notice, dated May 12, 2006, directed MGE to file by May 24, 2006, a pleading containing any request MGE may have for a true-up audit and hearing.
2. As stated in the Direct Testimony of MGE witness Michael R. Noack (p. 3-4), MGE recommends that the Commission establish the twelve months ended December 31, 2005, adjusted for known and measurable changes, as the test year for this case.
3. MGE further recommends that the test year be updated through June 30, 2006 (Noack Direct, p. 4). This process would be similar to that used in MGE's last two rate cases and would provide a relatively current time period of actual experience upon which to base rates for the future (*Id.*).
4. Lastly, MGE hereby requests a true-up audit and hearing. MGE requests that the Commission "true-up" the following cost components through October 31, 2006:

RETURN:

Capital Structure and related costs (unless a hypothetical capital structure is adopted)

Plant in Service
Depreciation Reserve
Deferred Taxes
Working Capital components including Materials and Supplies, Natural Gas Storage
Inventory and Prepaid Expenses

Revenue for Customer Growth
Payroll, Employee Levels and Current Wage Levels
Pension Costs
Injuries and Damages
Rate Case Expense
Depreciation and Amortization Expense
Property Taxes
Related Income Tax Effects

WHEREFORE, MGE respectfully requests the Commission adopt the above-described test year, as adjusted and updated, and true-up for the captioned proceeding.

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 24th day of May, 2006, to:

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Dean L. Cooper