

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

In the Matter of Missouri Gas Energy and)
Its Tariff Filing to Implement a General Rate) Case No. GR-2009-0355
Increase for Natural Gas Service) Tariff No. YG-2009-0714

**MGE'S OBJECTION TO
PUBLIC COUNSEL'S CUSTOMER NOTICE RECOMMENDATION
AND PROPOSED ALTERNATIVE NOTICE**

Comes now Missouri Gas Energy (MGE or Company), a division of Southern Union Company, and states as follows to the Missouri Public Service Commission (Commission) in response to the Public Counsel's Customer Notice Recommendation:

1. The Commission's Suspension Order and Notice issued in this case on April 6, 2009, among other things, required the Office of the Public Counsel (Public Counsel) to file a proposed customer notice no later than June 4, 2009. Any party objecting to that proposed notice was ordered to do so by June 11, 2009.

2. On June 4, 2009, the Public Counsel filed its proposed customer notice recommendation. This proposed notice is quite expansive and unprecedented in terms of the size of the document and logistical complexity (tri-fold). Additionally, the information to be provided in the proposed notice far exceeds the information normally contained in such notices and attempts to address other issues, such as rate design, which are difficult to capture in a notice without being either argumentative or misleading. For comparison, an example of a customer notice from a recent Kansas City Power & Light Company rate case is attached hereto as **Appendix A**.

3. In the following paragraphs, MGE provides an alternative notice and describes more specifically its objections to the Public Counsel's proposal.

MGE CUSTOMER NOTICE PROPOSAL

4. As an alternative to the Public Counsel notice, MGE proposes that the Commission order the use of the notice attached hereto as **Appendix B**. This notice will better provide customers with the essential facts, without overwhelming them with information that may be confusing, and/or distracting, thus making it more likely that customers will actually read the notice proposed by MGE.

5. The MGE proposed notice provides the following information:

- overall size of the increase requested;
- what portion of the bill is subject to change as a result of this case;
- monthly increases by customer class based on average customer usage within those classes;
- the approximate operation of law date;
- location, date and time of each of the public hearings;
- contact information for the Public Counsel, Staff and MGE; and,
- a direct link to the Commission's EFIS site, where more detailed information about the case can be obtained.

6. The notice proposed by MGE is based upon the form of the notice ordered by the Commission in MGE's last rate case after input from the Commission Staff, Public Counsel and MGE. (Order Regarding Local Public Hearings, *In the Matter of Missouri Gas Energy's Tariffs*, Case No. GR-2006-0422 (Order Issued August 25,

2006)) It is a straight-forward description of information a customer would need to know in order to make an informed decision whether the customer wants to investigate the proposals further and where and when the customer may provide comments that will be considered by the Commission.

OBJECTION TO PUBLIC COUNSEL NOTICE

7. As stated above, MGE objects generally to the Public Counsel's proposed notice as it provides a level of detail that will either overwhelm or mislead the customers. One of the key elements to any advertisement is that readers be able to comprehend it in a quick glance. Any attempt at providing expansive detail in a notice designed as a bill insert will necessarily come up short while virtually guaranteeing that very few customers will actually read it. Nor will a notice providing expansive detail be sufficient to convey the multiple arguments and positions associated with individual rate issues. If it were possible, parties would provide testimony to the Commission on note cards rather than multiple pages of written and oral testimony.

8. In the past, the customer notice has provided general information concerning the rate case that is sufficient to lead an interested person to investigate the proposals further through communication with Staff, Public Counsel or Company personnel or through review of publicly available materials.

9. The Public Counsel proposed notice fails no matter what the intent of the notice is deemed to be. If the intent is to inform customers about details of the rate case, it fails because it offers too little information. If the intent is to announce a hearing on the rate case, it fails because it offers too much information to be read by many customers. MGE suggests that the notice should be designed so that it is likely to be

read by more than a few customers, such that it concisely announces general information about the case and the time, date and location of hearings.

10. MGE has the following specific objections/comments in regard to the Public Counsel proposed notice:

A. The 1st chart should be simplified by: 1) removing the average total bill increase percentage by customer class as the percentage increase by customer class, in addition to the dollar impact by customer class, may be confusing; and, 2) removing the range of monthly impacts column as it is unclear what this column seeks to measure and is likely to do nothing more than confuse customers;

B. The 1st sentence after the 1st chart (“MGE proposes to continue the rate design . . .”) should be deleted as providing too much detail. If the notice is going to include all items where MGE is proposing no change from existing rates, the length of the notice will need to be increased substantially;

C. The 3rd sentence after the 1st chart (“MGE also proposes to change the Small General Service . . .”) should be deleted as providing too much detail.

Previously, the notice of public hearing approved by the Commission has not attempted to provide a list of elements of the rate filing that either propose a change or no change from current rates. Lastly, the phrase “also proposes to change” is misleading, as no other change in rate design has been discussed in the previous paragraph;

D. The 4th sentence after the 1st chart (“This change will increase the portion of . . .”) should be deleted as providing too much detail and describing only part of the potential impacts. While it is true that low-volume customers would see higher than average bill increases, it is also true that average and above average customers would

see lower than average bill increases and that winter time bills for those customers would, in all likelihood, decrease. This is an example of where the level of detail proposed by the Public Counsel is misleading;

E. The 5th sentence after the 1st chart (“MGE also proposes to move SGS customers . . .”) should be deleted as providing too much detail;

F. The 2nd chart should be deleted as providing too much detail. MGE is unfamiliar with miscellaneous charges having been addressed in prior public notices; and,

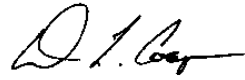
G. MGE contact information should also be added. MGE’s information has been included in public hearing notices for many cases. As these are the Company’s customers, MGE should also have the opportunity to receive comments from these persons.

9. Lastly, the Customer Comment Card proposed by the Public Counsel may be misleading if customers interpret those comments to be something that can be considered by the Commission and a substitute for attendance at a local public hearing. The Commission’s ultimate decision must be supported by competent and substantial evidence on the whole record; based on lawful procedure or a fair trial; and the Commission must not act arbitrarily, capriciously, unreasonably, or abuse its discretion. *See State ex rel. Nixon v. PSC (State ex rel. Public Counsel)*, 274 S.W.3d 569 (Mo.App.W.D. 2009). The use of written comments, not under oath, mailed to the Consumer Services Department would not satisfy this standard.

WHEREFORE, MGE respectfully requests the Commission consider the above comments and direct it to provide customer notice utilizing the form of notice attached

hereto as **Appendix B.**

Respectfully submitted,



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

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 11th day of June, 2009, to:

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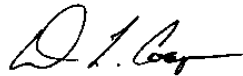
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Dean L. Cooper

APPENDIX A



Important notice

Kansas City Power & Light Company has filed revised electric service tariff sheets with the Missouri Public Service Commission that would increase the company's Missouri jurisdictional annual gross revenues by \$102 million or approximately 17.5%. For the average residential customer, the increase would be approximately \$14 per month.

The PSC will conduct local public comment hearings to solicit input from the company's customers, as follows:

- Thursday, March 5, 2009, beginning at 6:00 p.m., in Room 2 (the ITV room) of the Saline County Career Center, 900 West Vest, Marshall, MO.
- Monday, March 9, 2009, beginning at 6:00 p.m., in the Videoconference Center of the Carrollton Public Library, 1 North Folger, Carrollton, MO.
- Thursday, March 12, 2009, beginning at 12:00 p.m., in the Cohen Conference Center of the Kansas City Public Library—Plaza Branch, 4801 Main St., Kansas City, MO.
- Thursday, March 12, 2009, beginning at 6:00 p.m., in the Cohen Conference Center of the Kansas City Public Library—Plaza Branch, 4801 Main St., Kansas City, MO.

A question-and-answer session will be held beginning at 11:30 a.m. for the Kansas City hearing which begins at 12:00 p.m., and at 5:30 p.m. for all the other hearings.

The PSC will also conduct evidentiary hearings at the PSC offices, 200 Madison Street, Jefferson City, MO, April 20-24, and April 27-May 1, 2009, beginning at 9:00 a.m. If you wish to comment or secure information, you may contact the Missouri Public Service Commission, Post Office Box 360, Jefferson City, MO 65102, telephone 800-392-4211, email pscinfo@psc.mo.gov; or the Office of the Public Counsel, P.O. Box 2230, Jefferson City, MO 65102,

APPENDIX A, CONT.

telephone (866) 922-2959, email opcservice@ded.mo.gov.

The buildings where the hearings will be held meet accessibility standards required by the Americans with Disabilities Act. If a customer needs additional accommodations to participate in these hearings, please call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or Relay Missouri at 711 prior to the hearing.

662-0902 (01/09)

APPENDIX B

Notice of Local Public Hearings

Missouri Gas Energy (MGE) has filed a natural gas rate case with the Missouri Public Service Commission seeking to increase non-gas cost revenues by approximately \$32.4 million a year. This case does not involve the gas cost portion of your monthly bill identified as COG (cost of gas). Non-gas costs are general operating and maintenance costs typically representing 25 to 30 percent of a customer's total monthly natural gas bill.

Under the filing, the monthly increase for average customer in each rate class appears below:

Residential	\$5.21
Small General Service	\$4.06
Large General Service	\$20.15
Large General Service	\$173.04

Rates from the case are not expected to take effect until February 2010.

The Public Service Commission will hold local public hearings to receive customer comments on MGE's rate case as follows:

Missouri Southern State University
(bldg name?)
3950 E. Newman Road, Joplin, MO 64801
August 31, 2009, 6:00 p.m.

University of Central Missouri
(Kirkpatrick Library)
601 Missouri, Warrensburg, MO 64093
September 1, 2009, 6:00 p.m.

Missouri Western University
(Bldg name)
4525 Downs Drive, St. Joseph, MO 64507
September 8, 2009, 6:00 p.m.

Kansas City Public Library
(Name of room)
14 West 10th Street, Kansas City, MO 64105

September 9, 2009, 12:00 p.m.

High School location TBD

(Name of room)

Independence, MO

September 9, 2009, 6:00 p.m.

Hearings will be held in buildings that meet accessibility standards required by the Americans with Disabilities Act. Any person needing additional accommodations to participate in these hearings may call the Public Service Commission's hotline at 1-800-829-7541 (TDD hotline) prior to the meeting.

If you wish to comment, you may contact MGE at (816)-360-5980, or by e-mail at MGE.rates@sug.com. Or for complete details of the MGE rate case filing go to psc.mo.gov/case-filing-information and search for Case No. GR-2009-0355.

Office of the Public Counsel, P.O. Box 2230, Jefferson City, Missouri 65102 or call (866) 922-2959, or e-mail at mopco@ded.mo.gov.

Missouri Public Service Commission, P.O. Box 360, Jefferson City, Missouri 65102 or call (800) 392-4211, or e-mail at pscinfo@psc.mo.gov.