



**MISSOURI GAS ENERGY**

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**ROBERT J. HACK**

SENIOR ATTORNEY

December 15, 1997

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
301 West High, Suite 530  
Jefferson City, Missouri 65102

FILED  
DEC 16 1997  
MISSOURI  
PUBLIC SERVICE COMMISSION

**RE: Case No. GR-98-140, Missouri Gas Energy**

Dear Mr. Roberts:

Enclosed for filing in the above-referenced case, please find an original and fourteen copies of Missouri Gas Energy's Reply to Responses of the Staff and Public Counsel Regarding Motion for True-Up Audit and Hearing. Please file-stamp the extra copy that is enclosed and return it to my office in the enclosed self-addressed envelope.

This filing has been mailed or hand delivered this date to the Office of Public Counsel.

Thank you for your attention to this matter. If there are any questions, please let me know.

Sincerely,

RJH:mc

Enclosure

cc: Service List



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

FILED

DEC 16 1997

MISSOURI  
PUBLIC SERVICE COMMISSION

In the matter of Missouri Gas Energy's       )  
tariff sheets designed to increase rates for    )  
gas service in the Company's Missouri        )  
service area.                                        )

Case No. GR-98-140

**MISSOURI GAS ENERGY'S REPLY TO RESPONSES OF THE STAFF AND PUBLIC  
COUNSEL REGARDING MOTION FOR TRUE-UP AUDIT AND HEARING**

Comes now Missouri Gas Energy ("MGE"), by and through counsel, and for its reply respectfully states the following:

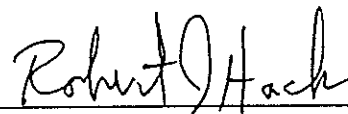
1. MGE has no objection to the requests made by the Commission's Staff ("Staff") and the Office of the Public Counsel ("Public Counsel") that they be permitted until the filing of their direct testimony to provide a substantive response to MGE's motion for true-up audit and hearing. However, MGE believes that it needs to clear up a number of potential misconceptions that may be left by the Staff and Public Counsel responses.
2. Both the Staff and Public Counsel assert that MGE's request for a true-up at this time is "premature." (Staff response, p. 1; Public Counsel response, p. 1) MGE respectfully disagrees. As both Public Counsel and the Staff should recall, the Commission traditionally requires that a utility seeking a true-up make its request known early in the process, typically at the same time it files its direct testimony. (See, Suspension Order and Notice, p. 6, Case No. GR-96-285, dated March 13, 1996; Suspension Order and Notice, p. 5, Case No. GR 97-272, dated January, 28, 1997). Contrary to the assertions of both the Staff and Public Counsel, therefore, MGE's true-up request is not premature but is fully in compliance with Commission custom, practice and precedent.

3. Both the Staff and Public Counsel assert that true-ups should be used on a limited basis. (Staff response, p. 3; Public Counsel response, p. 2) The Staff continues by raising the tired argument that if MGE's implementation of the automated meter reading (AMR) program justifies a true-up, then MGE has improperly timed the filing of its rate case and a true-up might therefore not be warranted. In response, MGE states that although AMR is a substantial project, it is but one component of the true-up proposal. Historically, in the absence of AMR, MGE has invested approximately \$40 million annually in plant (\$20 million for the gas safety program and \$20 million for other plant). In further response, MGE would simply remind the Commission that a true-up was conducted in MGE's last general rate proceeding, Case No. GR-96-285.

4. Both the Staff and Public Counsel object to the time frames MGE has proposed for the true-up. MGE will respond to these objections, if necessary, when the Staff and Public Counsel make their true-up recommendations.

Wherefore, MGE respectfully requests that the Commission order that substantive responses to MGE's true-up recommendation be made at the time other parties file their direct testimony.

Respectfully submitted,



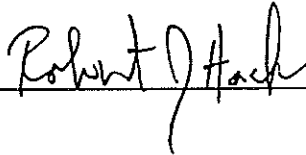
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ATTORNEYS FOR MISSOURI  
GAS ENERGY

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 15th day of December, 1997.

  
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**SERVICE LIST**

**Case NO. GR-98-140**

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