STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service Commission held at its office in Jefferson City on the 31st day of August, 1998.

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** **Tariff File No. 9800264**
In the Matter of Missouri Gas Energy's Proposed Modifications to its Facilities Extension Policy.	)))	**Case No. GT-98-237** **Tariff File No. 9800264**

ORDER DENYING CORRECTION OF REVENUE REQUIREMENT

On August 26, 1998, Missouri Gas Energy (MGE), the Staff of the Public Service Commission (Staff), and the Office of the Public Counsel (OPC) filed a document entitled Correction to Revenue Requirement with the Commission, informing the Commission of an error in the Scenarios filed by MGE, Staff and OPC which they alleged caused the Revenue Requirement to be inconsistent with the Commission's Decision. The Commission will treat this filing as a joint motion filed by MGE, Staff, and OPC.

As the moving parties state, the Stipulation and Agreement (Attachment A to the Report and Order in this case) included an agreement to an adjustment to "Gross up of revenue requirement related to uncollectible expense and gross down of revenue deficiency related to late payment charge revenues" (the "gross up adjustment"). (Report and Order, p. 3, Section 2 - Income Statement, paragraph s.) The parties that prepared the Scenario made an error and omitted this adjustment from

the Scenario they filed with the Commission. The moving parties state that the correct adjusted revenue requirement total should be $13,404,463 on both Scenario A and B.

A notice was sent by facsimile to the parties on August 27, 1998, giving the parties an opportunity to respond to the motion filed by MGE, Staff and OPC by Monday, August 31. On August 28 Intervenors Midwest Gas Users' Association (MGUA) and Jackson County, et al., filed their objection to "Correction to Revenue Requirement." No other party responded. MGUA and Jackson County, et al., stated that they agreed "not to oppose" the stipulation and agreement, and that they "agree as regards the *text* of such stipulation and agreement." (Emphasis added.) MGUA and Jackson County, et al., imply that agreement with the text does not mean agreement with the revenue adjustment related to that text.

MGUA and Jackson County, et al., also stated that they have not had an opportunity to review any evidence as to the proposed correction to the revenue requirement, that is the $106,964. MGUA and Jackson County, et al., also complained that some parties received a copy of the scenarios filed with the Commission by the parties while others apparently did not. However, neither MGUA nor Jackson County, et al., specifically stated that they did not receive a copy of the completed Scenarios. Finally, MGUA and Jackson County, et al., stated that there had been "no showing of any calculations in the claimed scenario, nor that such scenario is relied upon by the Commission, were properly introduced into evidence, subjected to hearing and opportunity for cross-examination." MGUA and Jackson County, et al., contend that the only process available to the parties for a request to correct the figures

included in the Report and Order is by filing an application for reconsideration or rehearing pursuant to Section 386.500, RSMo., (1994).

The Commission has received a large amount of complex evidence concerning the appropriate revenue requirement. The scenario is a tool used by the Commission to verify with the parties the dollar amounts for the various issues to be decided, if the Commission were to decide a particular issue in favor of a particular party. The Commission prepares several scenario options using evidence in the record. The Commission sent all of the parties a copy of the proposed scenarios, marked 1A and 1B through 4A and 4B, with a cover letter from the Commission's regulatory law judge on August 4, 1998. All the parties were aware that a deadline of August 6, 1998 had been set for the submission of scenarios. The parties are responsible for ensuring that all of the relevant dollar amounts are included in the scenarios to assist the Commission in arriving at the appropriate revenue requirement. A joint response from MGE, Staff and OPC was filed with the Commission on August 6, 1998. No other proposed scenarios were submitted by any other parties including MGUA and Jackson County, et al.

Exhibit Numbers 235, the Revised Revenue Requirements, and 236, the completed scenarios, were admitted into evidence as late-filed exhibits. Neither MGUA nor Jackson County, et al., has filed an objection to these documents.

In addition, neither MGUA nor Jackson County, et al., appeared at the true-up hearing on July 16, 1998 nor did they ask to be excused from these proceedings before the Commission. Each of the parties who were present at the true-up hearing now agree that the requested correction is proper. However, evidence showing how the specific gross up or gross

down adjustment ($106,964) was calculated does not appear to be admitted in this record.

MGE, Staff and OPC have not submitted any verified statement as a part of their joint motion to describe or affirm how the proposed revenue requirement of $13,404,463 had been reached. There is no explanation of how the difference between this revenue requirement and the previous revenue requirement of $13,297,499 (a total of $106,964) had been reached, nor is there any citation to evidence adduced in this record reflecting this dollar amount. As this specific dollar amount is not readily identifiable in the evidence admitted in the record, the Commission cannot grant the joint movant's request to make this Correction to Revenue Requirement. In order to afford the appropriate due process, the evidence must be submitted, and the other parties must have an opportunity to contest that evidence. As noted in the objection filed, an appropriate procedure for addressing this issue would be filing of a Motion for Rehearing or Reconsideration, pursuant to Section 386.500.1, RSMo, (1994).

Even if the request of MGE, Staff, and OPC for correction of the dollar amount of the revenue requirement to $13,404,463 is appropriate, it must be supported by adequate evidence in the record. Therefore, the Commission will deny the joint movant's motion for Correction to Revenue Requirement.

IT IS THEREFORE ORDERED:

1. That the motion to make Correction to Revenue Requirement filed jointly by Missouri Gas Energy, the Staff of the Public Service Commission, and the Office of the Public Counsel is denied.

2. That this order shall be effective on September 10, 1998.

BY THE COMMISSION

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Schemenauer, CC., concur.
Murray, C., not participating.
Drainer C., absent.

Register, Regulatory Law Judge