

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

In the Matter of the Application of Missouri Gas Energy,)
a Division of Southern Union Company, for a Certificate)
of Public Convenience and Necessity Authorizing it to)
Construct, Install, Own, Operate, Control, Manager and) Case No. GA-2007-0289, et al.
Maintain a Natural Gas Distribution System to Provide)
Gas Service in Platte County, Missouri, as an Expansion)
of its Existing Certified Area)

MISSOURI GAS ENERGY’S RESPONSE TO EMPIRE

COMES NOW Missouri Gas Energy (MGE), and for its response to the Empire District Gas Company’s (Empire) Response to Staff’s Recommendation states:

1. In its July 15 recommendation, Staff interpreted the Commission’s February 14 Report and Order to require the following language to be included as a footnote in MGE’s tariff sheets.

Orders granting the service territory take precedence in any discrepancies between them and the information listed above. More detail is available in the orders, and the above should not be relied upon for detailed territory boundaries.

2. On July 17, 2008, the Commission suspended the compliance tariffs filed in this case both by Empire and MGE to “allow the parties a full and fair opportunity to respond to Staff’s suggested tariff condition.” However, at p. 3 of the suspension Order, the Commission also indicated that “it appears that Staff elected to address a broader issue in its recommendation than was encompassed in the Commission’s February 14 Report and Order”. As shown below, MGE’s tariffs have been corrected following discussions with the Staff where the Staff specifically identified inaccuracies. As such, Staff’s additional tariff language is not necessary and does not need to be addressed by the Commission.

3. Following the Commission’s suspension of the tariffs, MGE and Staff worked diligently to resolve specific areas of concern regarding the tariff sheets that listed sections where

MGE and Empire both have authority to provide service. For example, tariff sheet 6.16 was changed to indicate that MGE's certificate in Saline County, T51N, R21W, was limited to the southeast quarter of Section 33 instead of the entire Section. Other changes made to the tariff sheets were also in Saline County where Sections 2, 3, 4, 9, 10 and 16 from T50N, R21W were deleted and MGE's certificate was limited to the northwest quarter of Section 36 of T51N, R21W instead of the whole Section. This approach is superior to the addition of Staff's suggested tariff language because any confusion regarding service territories is minimized through better service area descriptions.

4. In its August 29 recommendation, which Empire ignores, Staff dropped its tariff language request for MGE. The recommendation indicates that Staff and MGE resolved all issues identified by Staff in its July 15 recommendation.

5. On September 2nd, Empire filed its response and indicated that the Staff's suggested tariff language should be included in both MGE's and Empire's tariffs. However, Staff is no longer advocating the tariff language be included in MGE's tariff. If Empire no longer wants the Staff's language in its tariff, Empire should remove it. However, simply because Empire's tariff includes the tariff language does not mean that MGE must adopt the same language in its tariffs.

6. Empire wrongly suggests that Staff's tariff language is necessary to prevent a utility from relying on its tariff for the authority to provide service in a section where it did not have a certificate for the entire section. This argument ignores that fact that MGE has already corrected its tariff in response to specific concerns brought forward by the Staff. Moreover, the existence or non-existence of a footnote in a tariff does not change the law or the Commission's authority. The footnote has no effect on the Commission's ability to interpret its orders nor does

it affect any party's ability to bring a complaint should it believe that a utility's tariffs are unlawful or unreasonable. MGE notes the tariffs of many other Missouri utilities do not contain Empire's proposed footnote. If Empire truly believes MGE is encroaching on Empire's service territory, then Empire should bring forward facts demonstrating such encroachment in a complaint case.

WHEREFORE, MGE respectfully requests that the Commission issue an order approving MGE's tariffs as indicated in Staff's August 29 recommendation.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was emailed to counsel of record this 4th day of September, 2008.

/s/ Roger W. Steiner