BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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In the Matter of the Application of Missouri Gas Energy, a Division of Southern Union Company, for Approval to Establish an Infrastructure System Replacement Surcharge.

Case No. GO-2005-0273

RESPONSE TO ORDER DIRECTING FILING OF SAMPLE BILL

COMES NOW Missouri Gas Energy, a division of Southern Union Company (MGE or Applicant), and states the following to the Missouri Public Service Commission (Commission):

1. On May 11, 2005, the Commission issued its Order Approving Tariff in Compliance with Commission Order. Among other things, that Order directed MGE to file a sample of its bills that includes the Infrastructure System Replacement Surcharge (ISRS) and shows compliance with Commission Rule 4 CSR 240-3.265(8)(C).

2. For the purpose of complying with this Order, attached hereto as Appendices A and B are two sample bills for review by the Commission and the parties to this case. These bills include the separate ISRS line on the bill, a brief description of ISRS on the back of the bill and a copy (front and back) of the bill insert that will accompany the bills.

WHEREFORE, MGE respectfully requests the Commission consider this pleading to comply with its Order Approving Tariff in Compliance with Commission Order.

Respectfully submitted,

Dean L. Cooper MBE #36592 BRYDON, SWEARENGEN & ENGLAND P.C. 312 E. Capitol Avenue P. O. Box 456 Jefferson City, MO 65102 (573) 635-7166 (573) 635-3847 facsimile Email: dcooper@brydonlaw.com

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

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail on May 20, 2005, to the following:

Lera Shemwell Office of the General Counsel Governor Office Building Jefferson City, MO 65101 Douglas Micheel Office of the Public Counsel Governor Office Building Jefferson City, MO 65101

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Appendix A

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Billing Information

<u>OUSTOMER CHARGE</u>: This charge is the same every month. However, each rate class – residential, small general service, large general service and large volume – pays a different rate. This charge is designed to allow MGE to recover a portion of its costs associated with maintaining customer accounts. Whether or not a customer uses any gas during a billing period, MGE must still maintain and operate all the facilities necessary to serve customers, as well as monitor their usage, maintain their records and prepare and mail their bills. Regulated by the Missouri Public Service Commission.

ENERGY CHARGE: This charge represents what MGE charges per unit of gas (ccf) delivered to you, and the charge will fluctuate according to usage. This charge is designed to allow MGE to recover remaining costs not covered by the Customer Charge, including the company's piping system, wages, trucks, equipment, supplies, and other expenses. Regulated by the Missouri Public Service Commission.

<u>PGA/COG</u>: The PGA/COG (Purchased Gas Adjustment/Cost Of Gas) reflects the wholesale cost of gas paid by MGE to its many suppliers in the natural gas commodity market. MGE operates under a gas commodity pricing mechanism that limits PGA/COG changes to only two times a year – approximately April 1 and November 1, with a third optional change if certain conditions are met. Also, if the PGA/COG rate changes during the billing period, the charge will be prorated based upon the number of days each rate was in effect during the billing period. If that occurs, the charge for each rate will be shown on two separate lines on each bill.

FRANCHISE FEE: The Franchise Fee is a tax levied by local municipalities which MGE collects and then passes on to those respective cities. This Fee varies from city to city and usually is a percentage based upon a customer's total gas bill.

<u>CCF</u>: Natural gas is sold according to the volume of gas used. CCF, the abbreviation for 100 cubic feet, is the unit of measurement used by Missouri Gas Energy.

PRESSURE ADJUSTMENT: For most customers, the Pressure Adjustment does not apply to their account. However, in some cases, customers receive natural gas service through a regular meter at a pressure higher than our base delivery pressure. When this occurs, the meter reading does not reflect actual usage and the Pressure Adjustment must be used to determine actual usage. This Pressure Adjustment is a factor by which the metered usage is multiplied to determine actual usage. Meters operating at a normal pressure will have a Pressure Adjustment of 1.0. The Pressure Adjustment for meters operating at pressure higher than normal will be greater than 1.0, such as 1.1, 1.2, or more.

ISRS: This bill may include an Infrastructure System Replacement Surcharge (ISRS), which is designed to recover the cost of government mandated infrastructure system replacements not currently included in MGE's rates. The ISRS, as authorized by Missouri law, is subject to review by the Missouri Public Service Commission and may change periodically. Taxes applicable to the ISRS are shown on the bill as "Taxes on ISRS"

If you have questions regarding your bill, payment, meter reading, location of pay stations, or other account-related options, please call the phone number shown on the front of this bill. (To ensure quality customer service, telephone calls are monitored and may be recorded.)

METER READING CODES

E-Computer Estimated Consumption-No volume reading available L-Estimated Consumption-Manual correction to volume reading W-Window reading provided by customer P-Telephone reading provided by customer Those codes indicate the source of the meter reading used in the calculation of your bill, if other than a standard meter reading.

PAYMENT OPTIONS

 Mail in
 Envelope provided for your convenience

 Auto-Pay
 Bank draft via verbal authorization by customer

 Bank Plan
 Automatic bank withdrawal on a monthly basis

 Pay Stations
 Various pay agents throughout the city who accept MGE bill payments

On line
 http://www.missourigasenergy.com

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Infrastructure System Replacement Surcharge

The Infrastructure System Replacement Surcharge (ISRS), as approved by the Missouri Public Service Commission (MPSC), recovers the cost of local, state and federal government-mandated public improvement projects not included in MGEs rates.

These projects include safety line replacements made to comply with requirements of the MPSC and facility relocations required by municipalities, such as road-widenings.

By utilizing the ISRS, MGE recovers over time the costs associated with these government-mandated projects, which should reduce the frequency of expensive general rate cases in the future.

(Please See Other Side)

ISRS, as authorized by Missouri law (sections 393.1009, 393.1012 and 393.1015 RSMo.), is subject to review and approval by the Missouri Public Service Commission and may be adjusted periodically. The order approving the following monthly rates is effective May 13, 2005.)

Residential Customers \$ 0.17

Small General Service Customers \$ 0.24

Large General Service Customers \$1.40

Large Volume Customers \$7.19

Please note: taxes applicable to the ISRS are shown on the bill as "ISRS taxes".

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Appendix B

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STATEMENT MAY 18, 2										
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PAYMENT OPTIONS

 Mail in
 Envelope provided for your convenience

 Auto-Pay
 Bank draft via verbal authorization by customer

 Bank Plan
 Automatic bank withdrawal on a monthly basis

 Pay Stations
 Various pay agents throughout the city who accept MGE bill payments

 JOn line
 http://www.missourigasenergy.com

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