



MISSOURI GAS ENERGY

3420 Broadway • Kansas City, MO • 64111-2404 • (816) 360-5755

FILED

OCT 19 1999

ROBERT J. HACK

Vice President, Pricing & Regulatory Affairs

October 18, 1999

**Missouri Public
Service Commission**

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
301 W. High Street
Jefferson City, Missouri 65102

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**Missouri Public
Service Commission**

RE: Case No. GR-98-167

Dear Mr. Roberts:

Enclosed for filing in the above-referenced case, please find an original and fourteen (14) conformed copies of **Missouri Gas Energy's Response To Staff Recommendation**.

A copy of this filing has been mailed or hand-delivered this date to counsel of record.

Thank you for bringing this matter to the attention of the Commission. Please call me if you have any questions regarding this matter.

Sincerely,

C: Mike Langston
Charles B. Hernandez
Service List

Enclosures

FILED

OCT 19 1999

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Missouri Gas Energy's)
Purchased Gas Cost Adjustment tariff)
Revisions to be reviewed in its 1997-)
1998 Actual Cost Adjustment..)

Case No. GR-98-167

Missouri Public
Service Commission

MISSOURI GAS ENERGY'S RESPONSE TO STAFF RECOMMENDATION

Comes now Missouri Gas Energy ("MGE" or "Company") and for its response to the recommendation of the Staff of the Missouri Public Service Commission ("Staff"), respectfully states the following:

1. On or about August 12, 1999, the Staff of the Missouri Public Service Commission ("Staff") filed its recommendation herein. By order dated September 21, 1999, the Commission directed that MGE respond to the Staff's recommendation no later than October 21, 1999.

2. In its recommendation, the Staff proposed two adjustments. The first is the Mid-Kansas Partnership/Riverside Pipeline Company ("MKP/RPC") adjustment. The second is the Deferred Carrying Cost Balance ("DCCB") Adjustment.

3. The Staff's MKP/RPC adjustment in this case is based on the same rationale as the MKP/RPC adjustment proposed by the Staff in Case No. GR-96-450 (a case awaiting Commission order following resolution of the current appeal taken in that case). Various parties, including MGE, have opposed the MKP/RPC adjustment proposed by the Staff in GR-96-450. MGE opposes the MKP/RPC adjustment proposed by the Staff in this case on the same general grounds that it has expressed in Case No. GR-96-450. Subject to the matters set out in paragraphs 4 and 5, below, MGE agrees that this case should remain open but without a procedural schedule pending a final, non-appealable Commission decision on the MKP/RPC adjustment in Case No. GR-96-450. As such, MGE has no objection to the Staff's recommendation that this case remain open pending an Order from the Commission in Case No. GR-96-450.

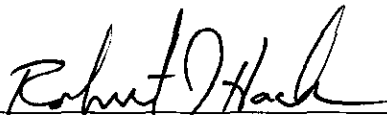
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4. As a part of its MKP/RPC recommendation in this case, the Staff proposes to "... (5) establish the Refund Account balance, as filed, for the Large Volume Service customer class at \$2,550,255.75." (Staff Recommendation, page 2) In fact, the Refund Account balance, as filed, for the Large Volume Service customers was, and properly should be, \$4,749,319.47. MGE has discussed this matter with representatives of the Staff and is of the understanding that the Staff concurs in this result.

5. Following discussions with the Staff, MGE agrees with the Staff's proposed DCCB adjustment which would have the effect of reducing MGE's overcollected ACA balance (or increasing MGE's undercollected ACA balance) by \$267,799.31.

WHEREFORE, MGE respectfully offers the foregoing response to the Staff's recommendation.

Respectfully submitted,


Robert J. Hack MBE#36496
3420 Broadway
Kansas City, Missouri 64111
(816) 360-5755
FAX: (816) 360-5536

ATTORNEY FOR MISSOURI GAS
ENERGY

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was either mailed or hand delivered this 18th day of October, 1999, to:

Douglas E. Micheel
Senior Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Jeffrey A. Keevil
Stewart & Keevil
1001 cherry Street, Ste. 302
Columbia, MO 65201

Gary W. Duffy
Brydon, Swearngen & England
312 E. Capitol, P.O. Box 456
Jefferson City, MO 65102

Robert J. Hark