

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

In the Matter of Missouri Gas Energy and)
Its Tariff Filing to Implement a General Rate) Case No. GR-2009-0355
Increase for Natural Gas Service) Tariff No. YG-2009-0714

**MGE'S REPLY TO PUBLIC COUNSEL'S
RESPONSE TO ORDER DIRECTING FILING**

Comes now Missouri Gas Energy (MGE or Company), a division of Southern Union Company, and states as follows to the Missouri Public Service Commission (Commission) in reply to the Office of the Public Counsel's (Public Counsel) Response to Order Directing Filing and Request for Approval of Revised Customer Notice:

SUMMARY

MGE replies to the Public Counsel's revised proposal and suggests that the notice's focus on SGS, LGS and LV customers is misplaced. MGE reiterates its support for MGE's compromise proposal and again requests that the Commission issue its decision setting the local public hearings and directing the form of notice prior to July 9, 2009.

REPLY

1. On June 26, 2009, MGE proposed what it described as a compromise notice for the Commission's consideration. The form of notice proposed by MGE included a fairly traditional recap of basic information to be provided in the format proposed by the Public Counsel. That is, tri-folded and included in the envelope with a customer's MGE bill such that an explanation as to how customers may submit

comments and a mail-in comment form is a part of the notice. A depiction of MGE's proposed notice in tri-fold form is attached hereto as **Appendix A**

2. On June 30, 2009, the Public Counsel filed its response to the Commission's Order Directing Filing and, therein, proposed its own form of notice.

3. Because MGE has proposed to raise the rate paid by residential customers by \$5.21, the information related to residential customers is quite simple and straight forward whether presented as an increase of \$5.21 a month, as MGE proposes, or as a change from \$24.62 per month to \$29.83 per month, as proposed by the Public Counsel.¹ The difference lies in Public Counsel's focus on customers in MGE's Small General Service (SGS), Large General Service (LGS) and Large Volume (LV) customer classes. The SGS, LGS and LV customers make up approximately 63,000 of MGE's approximately 500,000 customers.

4. Public Counsel states that it wants to include information sufficient to help the SGS, LGS and LV customers "calculate the impact of MGE's proposal on their bill." Public Counsel Response, para. 4. While the Public Counsel notice attempts to provide a legend and definitions to assist customers in determining their rate class, MGE fears that the customer charge and volumetric information provided for SGS, LGS and LV customers will only serve to create additional questions in the minds of the recipients, in particular to the 437,000 residential customers upon whom these rates will have no impact.

¹ The Public Counsel's proposed notice contains a typographical error in that it describes the proposed rate as \$29.93.

5. Public Counsel argues that providing customers with “no more than a monthly average would be very misleading to all customers that do not fall within the average range.” Public Counsel Response, para. 3. As stated above this argument, at best, only applies to the non-residential classes, because the monthly average increase proposed by MGE for residential customers is the same as that proposed for all residential customers. For other customers, this sort of detailed information has been provided and is already publicly available to any person with an interest. Schedule RAF-7 to the Direct Testimony of MGE witness Russell A. Feingold provides eleven pages of charts reflecting the impact of MGE’s rate proposals on the various classes of customers, taking into account different usage levels.

6. As stated in MGE’s original objection to the Public Counsel notice proposal, MGE believes that the primary objective of the customer notice should be to provide general information concerning the rate case that is sufficient to lead an interested person to investigate the proposals further through communication with Staff, Public Counsel or Company personnel or through review of publicly available materials. MGE’s proposal satisfies this objective. No bill insert notice can ever address a general rate case filing in full detail and, in fact, attempts to provide detailed information concerning such proposals will almost certainly be misleading in some way. Public Counsel’s attempt to move beyond the described objective should be denied by the Commission.

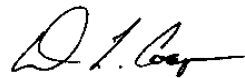
TIMING OF DECISION

7. MGE would remind the Commission that whatever decision is made as to the form of notice, MGE seeks the Commission's decision as to that and the final schedule of local public hearings by on or about July 9, 2009. Doing so gives the printer eight business days to print and deliver the approximately 500,000 notices that must be inserted in bills starting on July 23.

WHEREFORE, MGE respectfully requests the Commission consider the above comments and direct MGE to provide customer notice in the form attached hereto as

Appendix A.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 6th day of July, 2009, to:

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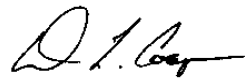
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