

**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 approval to)
establish an infrastructure system)
replacement surcharge.)

Case No. GO-2005-0273

STAFF ANSWER TO COMMISSION ORDER DIRECTING FILING

COMES NOW the Staff of the Missouri Public Service Commission, and in answer to the Commission's April 20, 2005 Order Directing Filing states:

1. On April 20, the Commission asked why there was a \$1.00 difference in the calculations filed in this case.

2. The Commission also asked: Do "Return of ISRS Plant" and "Total Revenue Requirement" reflect the same components. Staff's answer is that they do not. The "Return on ISRS Plant" is \$751,853. This amount is calculated by multiplying the overall rate of return (grossed up for income taxes) times the ISRS plant. The "Total Revenue Requirement" of \$1,164,726 includes the return on ISRS plant plus the other ISRS costs including depreciation, property taxes and under-recovery of previous ISRS amounts.

3. The Commission also asked: If "Return of ISRS Plant" and "Total Revenue Requirement" reflect the same components what is its value? The answer is that they do not reflect the same components.

4. The Commission also inquired: Should the total ISRS be \$1,164,726 or \$1,164,727? Staff's response is that the total ISRS revenue should be \$1,164,726. In explanation, Staff states that in its Memorandum, the Staff used the same format used by MGE in Appendix B to its Application. However, on Staff's Attachment A, on the line that states "Total

Revenue Requirement,” is Staff’s calculation of MGE’s revenue requirement on capital. That line should be labeled “Total Revenue Requirement on Capital.

5. The \$1.00 difference is the result of rounding numbers used in the calculation.

WHEREFORE, having answered the Commission’s questions, the Staff respectfully requests that the Commission issue its order as recommended in the Staff’s Memorandum.

Respectfully submitted,

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General Counsel

/s/ Lera L. Shemwell

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronically mailed to all counsel of record this 20th day of April, 2005.

/s/ Lera Shemwell