

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

In the Matter of Missouri Gas Energy's Tariffs)	
Increasing Rates for Gas Service Provided to)	Case No. GR-2006-0422
Customers in the Company's Missouri Service)	
Area.)	

**MGE'S REPLY TO STAFF PLEADING
AND PUBLIC COUNSEL MOTION**

Comes now Missouri Gas Energy (MGE), a division of Southern Union Company, and, in reply to the Staff Pleading Regarding Local Public Hearings (Staff Pleading) and Public Counsel's Motion to Establish Notice and Local Public Hearings (Public Counsel Motion), states as follows to the Missouri Public Service Commission (Commission):

1. On July 25, 2006, MGE, the Staff and the Public Counsel all filed pleadings in response to the Commission's Order directing that the parties "file a pleading suggesting the locations of the Local Public Hearings and proposed language to constitute notice of such hearings no later than July 25, 2006."¹ There are differences among these parties as to both the form of customer notice and the number of local public hearings.

NOTICE

2. Staff has proposed the use of a customer notice that was used in MGE's last rate case. MGE has proposed a more straightforward form of notice that has been ordered in several recent cases, to include rate cases for -- Kansas City Power & Light Company (Case No. ER-2006-0314); The Empire District Electric Company (Case No. ER-2006-0315); Aquila, Inc. (electric) (Case No. ER-2005-0436); Laclede Gas Company (Case No. GR-2005-0284); and,

¹ Order Regarding Procedural Schedule, Test Year and True-Up Hearing, issued July 13, 2006.

Aquila, Inc. (natural gas) (Case No. GR-2004-0072). No reason has been offered as to why the notice to be utilized by MGE should be unique from that used by other Missouri utilities.

3. More importantly, as pointed out in MGE's Response to the Commission's Order, the form of notice proposed by MGE is in compliance with the Commission's Suspension Order and Notice issued in this case on May 12, 2006. If the parties were unhappy with the form of notice directed in the Commission's Order, they should have asked for reconsideration of that Order. Failure to do so, without now identifying what circumstances have changed since May 12, 2006 to now make that form of notice inappropriate, constitutes a collateral attack on the Commission's prior order in violation of Section 386.550, RSMo. The Commission should order the use of MGE's proposed customer notice as it complies with the Suspension Order and Notice.

LOCAL PUBLIC HEARINGS

4. There are also differences among the parties as to the number of local public hearings to be conducted in this case. MGE and the Staff suggest that the Commission conduct four local public hearings and that these hearings take place in Joplin, St. Joseph, Kansas City and Blue Springs. The Public Counsel has suggested that the Commission conduct seven local public hearings in this case utilizing the four locations identified by the Staff and MGE, plus Marshall, Republic and Stockton.²

5. As an initial matter it should be noted that MGE does not serve Marshall. While MGE does provide service in other parts of Saline County, the City of Marshall is served by The

² The parties previously suggested, and the Commission so ordered in its Order Regarding Procedural Schedule, Test Year and True-Up Hearing, that local public hearings should take place during the week of October 23-27, 2006.

Empire District Gas Company. The Commission should decline to conduct a local public hearing in Marshall for this reason.

6. MGE believes that the Commission conducts local hearings for the purpose of obtaining input in the ratemaking process from the general body of ratepayers and for the purpose of receiving information concerning any service problems the customers may be experiencing. The overall purpose of this testimony should be to aid the Commission in reaching its final determination.

7. While the local public hearing is a valuable process, the Commission must be mindful of both the time and financial resources that must be devoted to these hearings by the Commission and the parties. The Public Counsel's stated reason for suggesting the use of seven public hearings is to attempt to hold a local public hearing within fifty (50) miles of each MGE customer. MGE is not aware of any requirement that a convenient hearing location be established for each of its 500,000, plus customers. The Commission should be able to obtain testimony that will aid it in reaching its final determination without the necessity of conducting seven local public hearings.

8. First, the four hearings suggested by MGE and the Staff will provide the opportunity sought by Public Counsel to a great number of MGE's customers. Over 450,000, or approximately ninety percent (90%), of MGE's customers are located within a fifty mile radius of the four locations recommended by MGE and the Staff.

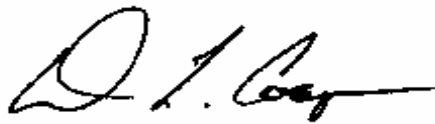
9. Second, appearing at a local public hearing is but one way to provide input into a case such as this. At one end of the spectrum, if a person has information that is relevant to the

issues being tried, presumably the Public Counsel could call that person as a witness at the evidentiary hearing. At the other end of the spectrum, a person is always free to write the Commission and express their views on the issues in a form that will be available to the Commissioners.

10. Balancing these various factors should lead the Commission to the conclusion that the four local public hearing locations identified by MGE and the Staff will provide the Commission with an adequate opportunity to receive the input necessary to aid it in its decision.

WHEREFORE, MGE respectfully requests that the Commission adopt the customer notice and local public hearing locations proposed in MGE's Response Concerning Local Public Hearings and Notice.

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 31st day of July, 2006, to:

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