

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

In the Matter of Missouri Gas Energy's Purchased )  
Gas Adjustment Tariff Revisions to be Reviewed )  
in its 2000-2001 Actual Cost Adjustment. )

**Case No. GR-2001-382**

**Dissenting Opinion of Commissioner Robert G. Schemenauer**

I respectfully dissent with the majority of the Commission on this case. The purchased gas adjustment clause as used in Missouri allows gas utility companies to recover the cost of the gas purchased and resold to ratepayers from those same ratepayers. I do not disagree and in fact support that concept. What I find most objectionable in this tariff is the negative financial and immediate impact it will have on the households of MGE's customers. Increases of this magnitude should be phased in over two or three billing periods. MGE, as well as other gas utilities, has this option but has evidently decided not to do this.

Contrary to the public debate regarding this case, the Public Service Commission does not manage nor does it make management decisions for the investor owned utilities its regulates. Decisions regarding the strategies used to purchase gas either through hedging options, puts, calls, collars or other market instruments are in the realm of management and rightfully so. MGE has had, and still has, the authority and responsibility to exercise these strategies in a prudent and fiscally responsible manner. That authority and responsibility has not been usurped by the Commission.

Whether or not the Company would be able to recover its cost of hedging or any financial losses it may have as a result of its market decisions is always determined after the fact through a prudence audit accomplished by the Commission Staff. In this instance it appears that the Company chose inaction, to the detriment of its customers, rather than risking a disallowance of the cost of exercising market instruments, which would be a detriment to its stockholders. The prudence of these actions or inactions will, however, be decided in another case and are not the subject of my dissent.

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Again, I do not believe that an immediate rate increase of this magnitude, especially after the recent increase already approved, is in the public interest. For these reasons I respectfully dissent.

Respectfully submitted,

A handwritten signature in cursive script, reading "Robert G. Schemenauer". The signature is fluid and extends to the right.

Robert G. Schemenauer  
Commissioner

Dated at Jefferson City, Missouri,  
on this 23<sup>rd</sup> day of January, 2001.