

**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-2008-0113**

**STAFF RECOMMENDATION**

1. **COMES NOW** the Staff of the Missouri Public Service Commission, in response to the Commission's November 14, 2007 Order Directing Staff to File Report, and its Recommendation in this case Staff states:

2. On October 17, 2007 Missouri Gas Energy (MGE) a division of Southern Union Company (Southern Union) filed an Application and Petition (Application) to change its tariffed rate for the Infrastructure System Replacement Surcharge (ISRS).

3. MGE requests an adjustment to ISRS rates for ISRS eligible replacements and relocations through its ISRS rate schedule.

4. Commission Rule 4 CSR 240-3.265(11) states that "the staff of the Commission may examine information of the gas corporation to confirm that the underlying costs are in accordance with the provisions of Sections 393.1009 to 393.1015, RSMo, and to confirm" proper calculation of the proposed charge. The Staff "may submit a report regarding its examination to the Commission no later than sixty days" after the petition is filed.

5. MGE's pervious ISRS rates were set at zero as part of GR-2006-0422. This filing re-establishes ISRS rates. Since MGE's last rate case, the Company has continued to make

ISRS-qualifying plant investments.

6. By this filing, MGE is seeking to recover costs for ISRS plant placed in service from November 1, 2006 through September 30, 2007.

7. These costs, reflected in this ISRS filing, are intended to generate an additional \$1,418,961 of annual revenue.

8. Based on its examination and calculations, the Staff has determined that the Company's ISRS rates should be designed to recover annual ISRS revenues of \$1,339,878. Staff made two adjustments to MGE's original filing and MGE has accepted those adjustments.

9. Please See Staff Attachment 1 for the ISRS rates which should be approved.

**WHEREFORE** Staff recommends that the Commission issue an order in this case:

1. Rejecting the tariff sheet filed by MGE on October 17, 2007, (assigned tariff number YG-2008-0240);

2. Authorizing MGE to file a tariff to impose an Infrastructure System Replacement Surcharge that is sufficient to recover appropriate annual pre-tax revenues in the amount of \$1,339,878.

3. Authorizing rates consistent with those calculated by Staff as shown on Attachment 1.

Respectfully submitted,

/s/ Lera L. Shemwell  
Lera L. Shemwell  
Deputy General Counsel  
Missouri Bar No. 43792

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-7431  
(573) 751-9285 (FAX)  
lera.shemwell@psc.mo.gov

### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 17<sup>th</sup> day of December 2007.

/s/ Lera L. Shemwell