

**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 OBJECTION TO CORNERSTONE’S
APPLICATION TO INTERVENE OUT OF TIME**

Comes now Missouri Gas Energy (MGE), a division of Southern Union Company, and, as its objection to the Application to Intervene Out of Time of Cornerstone Energy, Inc., states as follows to the Missouri Public Service Commission (Commission):

1. On May 2, 2006, MGE filed proposed tariff sheets for the purpose of implementing a general rate increase. On May 12, 2006, the Commission issued its Suspension and Notice wherein, among other things, the Commission directed that public notice of MGE’s filing be provided. The Commission further directed in that order that “[a]ny person or entity desiring to intervene in this matter shall file an application requesting intervention no later than June 1, 2006.”

2. On July 28, 2006, Cornerstone Energy, Inc. (Cornerstone) filed its Application to Intervene Out of Time. Cornerstone stated that it had “only recently became aware of this proceeding” (App. to Intervene, para. 6) and thus seeks to intervene out of time for good cause.

3. Cornerstone further stated its interest in this matter to be as follows:

[Cornerstone] desires to investigate the feasibility to expanding the availability to transportation services to lower volume commercial and industrial customers that may not currently meet the minimum volume thresholds for transportation service

contained in MGE's existing tariffs.

(App. to Intervene, para. 6).

4. The decision as to whether to expand the availability of MGE's transportation services or, in other words, to expand retail choice, is a significant policy decision carrying with it a host of operating ramifications. This policy decision is not appropriate for a general rate case and would be much more appropriately addressed by the Commission in a separate docket where the policy and operational concerns could be adequately addressed.

5. From a policy perspective, the issue raised by Cornerstone immediately presents to the Commission the question of how far the State of Missouri wants to go in regard to deregulation of the natural gas industry. This will necessarily include an examination and decision as to what size commercial and industrial customer has the financial and operational wherewithal to purchase its own natural gas on wholesale market. This will also require an examination and decision as to how transportation capacity should be assigned.


6. Additionally, a change in the availability of transportation service on MGE's system would have certain operational ramifications for the Company. These would include increased requirements regarding meter reading, system balancing and billing functionality necessary to prevent cross-subsidization of transportation customers by sales customers and vice versa.

7. A policy question such as that proposed by Cornerstone is not appropriate for an individual local distribution company rate case. If it is to be examined, it should be addressed within a separate docket where the Commission can adequately assess the relevant information and consider the policy and operational implications of such a change. For this reason, the issue

raised by Cornerstone is not relevant to the case at hand and the Commission should deny Cornerstone's Application to Intervene Out of Time.

WHEREFORE, MGE respectfully requests that the Commission deny the Application to Intervene Out of Time of Cornerstone Energy, Inc.

Respectfully submitted,



Dean L. Cooper Mo. Bar 36592
BRYDON, SWEARENGEN & ENGLAND P.C.
312 East Capitol Avenue, P.O. Box 456
Jefferson City, MO 65102-0456
Telephone: (573) 635-7166
Facsimile: (573) 635-0427
dcooper@brydonlaw.com

ATTORNEYS FOR MISSOURI GAS ENERGY,
A DIVISION OF SOUTHERN UNION
COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 7th day of August, 2006, to:

Robert Franson
Missouri Public Service Commission
Governor's Office Building
200 Madison Street
P.O. Box 360
Jefferson City, Missouri 65102
robert.franson@psc.mo.gov

Lewis Mills, Public Counsel
Governor's Office Building
200 Madison Street
P.O. Box 7800
Jefferson City, Missouri 65102
lewis.mills@ded.mo.gov

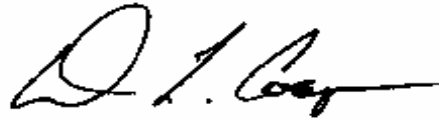
Stuart Conrad
Finnegan, Conrad & Peterson, LC
3100 Broadway, Suite 1209
Kansas City, MO 64111
stucon@fcplaw.com

Jeremiah Finnegan
Finnegan, Conrad & Peterson, LC
3100 Broadway, Suite 1209
Kansas City, MO 64111
jfinnegan@fcplaw.com

Jeffrey Keevil
Stewart & Keevil, LLC
4603 John Garry Drive, Suite 11
Columbia, MO 65203
Per594@aol.com

Mark W. Comley
Newman, Comley & Ruth P.C.
P.O. Box 537
Jefferson City, MO 65102-0537
ComleyM@ncrpc.com

James Fischer
Fischer & Dority P.C.
101 Madison, Suite 400
Jefferson City, MO 65101
jfischerpc@aol.com



Dean L. Cooper