

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

In the Matter of the Application of Missouri Gas     )  
Energy, a division of Southern Union Company,     )     Case No. GU-2007-0480  
for an Accounting Authority Order Concerning     )  
Environmental Compliance Activities.             )

**MGE's RESPONSE TO STAFF RECOMMENDATION**

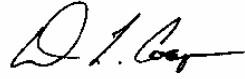
Comes now Missouri Gas Energy, a division of Southern Union Company ("MGE" or "Company"), and states the following to the Missouri Public Service Commission ("Commission") in response to the Staff Recommendation.:

1.     On September 7, 2007, the Staff of the Commission ("Staff") filed its Recommendation and attached Memorandum concerning MGE's Application in this matter.
2.     The Staff Recommendation describes its objections to MGE's Application and, ultimately, "recommends that the Commission reject MGE's AAO Application in this case." In the alternative, Staff recommends a variety of conditions should the Commission decide to issue an accounting authority order to MGE. MGE disagrees with the Staff's reasoning and its conclusion.
3.     Unlike an ACA case where a Staff recommendation can include several distinct issues, there is only one issue in this case – whether MGE's Application for an accounting authority order should be granted. A point by point response to the Staff Recommendation at this time would not narrow the issues in this matter nor serve any other purpose.
4.     Accordingly, MGE believes that there is a dispute between the parties and that the Commission should set a prehearing conference for the purpose of discussing how to proceed to a Commission decision.

**WHEREFORE**, MGE respectfully requests that the Commission issue an order setting a

prehearing conference for the purpose of discussing a procedural schedule in this matter.

Respectfully submitted,



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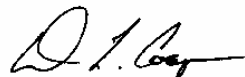
ATTORNEYS FOR MISSOURI GAS ENERGY,  
A DIVISION OF SOUTHERN UNION COMPANY

#### **CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing document was hand-delivered, or sent by electronic mail, on October 10, 2007, to the following:

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