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January 29, 2001

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

**FILED<sup>3</sup>**

JAN 29 2001

Missouri Public  
Service Commission

**RE: Missouri Gas Energy,  
Case No. GE-2001-393**

Dear Mr. Roberts:

Enclosed for filing in the above referenced case, please find the original and 8 copies of **Public Counsel's Response to Missouri Gas Energy's Application for Variance**. Please "file stamp" the extra enclosed copy and return it to this office. I have on this date mailed, faxed, or hand-delivered the appropriate number of copies to all counsel of record.

Thank you for your attention to this matter.

Sincerely,

Douglas E. Micheel  
Senior Public Counsel

DEM:kh

cc: Counsel of Record

Enclosure

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

**FILED<sup>3</sup>**

**JAN 29 2001**

In the matter of Missouri Gas Energy's )  
Application for variance from Sheet Nos. )  
24.18 and 61.4 to permit the use of certain )  
federal refunds and unauthorized use charge )  
collections for the benefit of low-income )  
customers in the company's service area. )

Case No. GE-2001-393

Missouri Public  
Service Commission

**PUBLIC COUNSEL'S RESPONSE TO  
MISSOURI GAS ENERGY'S APPLICATION FOR VARIANCE**

COMES NOW the Office of the Public Counsel ("Public Counsel") and for its Response to Missouri Gas Energy's ("MGE") Application for Variance states as follows:

1. On January 18, 2001 MGE filed its request that the Commission grant MGE a variance from the tariff provisions of Sheet Nos. 24.18 and 61.4 regarding the treatment of certain federal refunds and certain unauthorized use charge collections. (MGE Application ¶5). Pursuant to MGE's tariffs these monies should be refunded to customers as a reduction in PGA rates.

2. Instead of refunding these monies to all customers as a reduction in PGA rates, MGE seeks to assign these monies to the Mid-American Assistance Coalition ("MAAC"), for the specific purpose of assisting customers in MGE's service territory who are having difficulty paying their gas bills. (MGE Application ¶13).

3. With respect to the refunds from FERC Docket No. IN01-2-000 Public Counsel would point out that these refunds represent monies all MGE customers paid to MGE relating to the costs for storage service on the Williams' system. These funds were collected by MGE from ratepayers in previous PGA periods. As correctly pointed out by MGE these refunds per MGE's

Sheet No. 24.8 are supposed to be flowed back to all residential customers via the PGA. (MGE Application ¶7).

4. With respect to the unauthorized use charges, as correctly pointed out by MGE, these charges these charges are supposed to be flowed back to all residential customers via the PGA. (MGE Application ¶11).

5. Due to the *deminimus* nature of the refunds on the PGA MGE seeks to instead provide the refunds/penalties to the Mid-American Assistance Association ("MAAC").

6. Public Counsel points out that granting MGE's request would result in the body of ratepayers essentially making a donation to MAAC.

7. Public Counsel is unaware of anytime such a use of ratepayer funds has been approved by the Commission.<sup>1</sup>

8. While Public Counsel understands the need to assist customers who are unable to pay their bills this winter, all MGE customers are facing the hardship of significantly increased gas prices. For those customers who do not qualify for energy assistance, this small reduction is the only reduction they may see in the short-term.

9. Public Counsel therefore recommends rejecting MGE's proposal and requiring MGE to file a request to flow-through the refunds to all customers on an expedited basis.

10. Public Counsel commends MGE's proposal to donate \$250,000 in shareholder funds to MAAC. Public Counsel hopes MGE will fulfill this commitment whether or not its variance request is granted.

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<sup>1</sup> The funds donated to MAAC resulting from the settlements of GC-97-33 and GC-97-497 were shareholder funds, not ratepayer funds.

WHEREFORE, Public Counsel requests the Commission reject MGE's variance request and order MGE to file tariffs expediting the refund to all customers via the PGA.

Respectfully submitted,

**OFFICE OF THE PUBLIC COUNSEL**

BY:



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## **CERTIFICATE OF SERVICE**

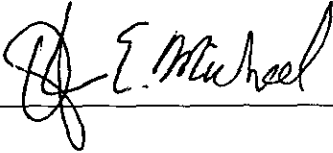
I hereby certify that a copy of the foregoing has been faxed, mailed or hand-delivered to the following counsel of record on this 29th day of January, 2001:

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