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January 17, 2001

**FILED**<sup>3</sup>  
JAN 30 2001

Mr. Dale Hardy Roberts  
Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

Missouri Public  
Service Commission

RE: <sup>6E</sup> Missouri Gas Energy - Case No. ~~GO~~-2001-393

Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding please find an original and eight copies of Missouri Gas Energy's Response. Please stamp the enclosed extra copy "filed" and return same to me.

If you have any questions concerning this matter, then please do not hesitate to contact me.  
Thank you very much for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

*Gary W. Duffy*  
Gary W. Duffy  
*by Rg*

GWD/rhg  
Enclosures

cc: Office of the Public Counsel  
Doug Micheel  
Tim Schwarz  
Stuart Conrad  
Jan Marcason

FILED<sup>3</sup>

JAN 30 2001

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

Missouri Public  
Service Commission

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. )

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Case No. GO-2001-393

**MISSOURI GAS ENERGY'S RESPONSE**

**Comes now** Missouri Gas Energy ("MGE"), a division of Southern Union Company, by and through counsel, and for its response to A) the Application to Intervene and Statement of Position of Midwest Gas Users' Association ("MGUA") Regarding Application for Variance, B) the recommendations of the Commission's Staff and the Office of the Public Counsel that the Commission reject MGE's application, respectfully states the following:

**Response to MGUA**

1. MGUA does not oppose the thrust of MGE's application (MGUA pleading, paras. 2 & 3.b., pp. 3-5), but wants to make certain that Commission approval of MGE's application does not legitimize otherwise improper unauthorized use charges. (MGUA pleading, paras. 2.c. & 4, p. 5)

2. In response to MGUA's expressed concern, MGE states that it believes the unauthorized charges it has assessed are valid, otherwise MGE would not have assessed them. By its application MGE did not, and does not, seek to impair the rights of any large volume transportation customer to properly dispute any charges, including the unauthorized use charges that are the subject of the application. That is one reason MGE proposed to pay over to MAAC only the "... actual collections resulting from the \$1.50 per Ccf penalty

component of these unauthorized use billings . . .” (MGE application, para. 112, p. 5) MGE therefore has no objection to the clarification requested by MGUA.

### **B. Response to the Staff and Public Counsel**

3. Both the Staff and Public Counsel oppose MGE’s application on essentially the same grounds, namely that the funds that are subject to the application for variance should be used for the benefit of all customers, no matter the *de minimus* impact, instead of providing substantial assistance to customers truly in need. (Staff pleading, para. 6 & 7, p. 3; Public Counsel pleading, para. 8, p. 2)

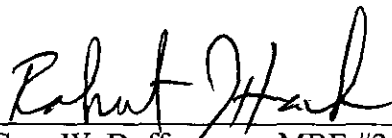
4. MGE is disappointed in the Staff and Public Counsel recommendations. Although both Public Counsel and the Staff acknowledge the substantial hardships resulting from the extreme weather and gas costs this winter, neither is willing to recommend approval of a proposal that would provide immediate and meaningful assistance to customers truly in need.<sup>1</sup>

**Wherefore**, MGE respectfully requests that the Commission grant, as expeditiously as possibly and preferably no later than early February 2001, the requested variance.

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<sup>1</sup> As shown in paragraph 5 of Attachment 2 appended to the Application (Plan for Distribution of Funds), the eligibility criteria for these funds are designed to target such funds to customers truly in need. For example, the income level criteria for the funds subject to the variance is 200% of poverty. (LIHEAP and ECIP funds are generally available only to persons with income levels at or below 150% of poverty, disqualifying many elderly customers on fixed incomes). In addition, MGE proposes that these funds be made available only to customers who are ineligible for LIHEAP or ECIP funds or who have exhausted LIHEAP or ECIP eligibility. (Again, this criterion is designed to target these funds towards customers who will not otherwise be served) MGE also proposes that the total per customer limit of assistance from such funds be \$1,000. (This compares to lower levels of approximately \$600-800 from LIHEAP and/or ECIP and recognizes the unusual magnitude of gas bills this winter) MGE also proposes that such funds be made available only to customers who have made an effort to pay their gas bill by making at least one co-payment within 90 days of application for assistance from these funds.

Respectfully submitted,



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ATTORNEY FOR MISSOURI  
GAS ENERGY

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed or hand-delivered this  
30th day of January, 2001, to:

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Deputy General Counsel  
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