

MISSOURI GAS ENERGY

Statement of Revenue Increase Request

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The aggregate annual increase resulting from the application of the revised tariffs contained in this filing would be \$39,383,803, or 11.56%, over the test year recorded annual revenues.

GR-2001-292

FILED²

NOV 07 2000

Missouri Public
Service Commission

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Missouri Counties and Communities Affected

Urban Areas

Alba
Armstrong
Avondale
Belton
Blue Springs

Alma
Ash Grove
Baldwin Park
Billings
Buckner

Anderson
Aurora
Bates City
Blackburn
Butterfield

Camden Point
Carrollton
Cassville
Claycomo
Concordia

Cameron
Carterville
Centerview
Cleveland
Corder

Carl Junction
Carthage
Clarksburg
Clever
Crane

Dearborn
Duenweg
El Dorado Springs
Exeter
Freeman

Diamond
East Lynne
Emma
Fayette
Freistatt

Drexel
Edgerton
Excelsior Springs
Fort Crowder
Garden City

Gladstone
Goodman
Grandview
Greenwood
Holden

Glenaire
Gower
Grayson
Harrisonville
Holt

Golden City
Grain Valley
Greenfield
Higginsville
Houstonia

Houston Lake
Irwin
Joplin
Kingsville
Lakeside

Hugesville
Jasper
Kansas City
Knob Noster
Lake Tapawingo

Independence
Jerico Springs
Kearney
Lake Lotawana
Lake Waukomis

Lake Winnebago
LaMonte
Lawson
Lockwood
Monett

Lamar
Lanagan
Lee's Summit
Lone Jack
Mosby

Lamar Heights
Lathrop
Liberty
Marionville
Mt. Leonard

Mt. Vernon
New Market
Norborne
North Noel
Oak View

Neck City
Nixa
North Kansas City
Oak Grove
Oakwood

Neosho
Noel
Northmoor
Oaks
Oakwood Manor

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Missouri Counties and Communities Affected

Urban Areas – continued

Oakwood Park
Ozark
Pierce City
Platte Woods
Prathersville

Odessa
Parkville
Pilot Grove
Pleasant Hill
Prosperity

Osborn
Peculiar
Pineville
Pleasant Valley
Purcell

Purdy
Raytown
Riverside
Sarcoxie
Sheldon

Randolph
Redings Mills
Saginaw
Savannah
Slater

Raymore
Republic
St. Joseph
Seneca
Smithfield

Smithville
Stewartsville
Sugar Creek
Trimble
Walnut Grove

Southwest City
Stockton
Sweet Springs
Turney
Warrensburg

Spring Valley
Stone's Corner
Tipton
Verona
Waverly

Weatherby Lake
Willard

Webb City
Windsor

Wentworth
Woods Heights

Rural & Suburban Areas

Andrew County
Barton County
Cass County
Clay County
Dade County

Audrain County
Buchanan County
Cedar County
Clinton County
DeKalb County

Barry County
Carroll County
Christian County
Cooper County
Greene County

Henry County
Jasper County
Lawrence County
Newton County
Ray County

Howard County
Johnson County
McDonald County
Pettis County
Saline County

Jackson County
Lafayette County
Moniteau County
Platte County
Stone County

Vernon County

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Number of Customers Affected and Average Change by Service Category

	<u>Number of Customers (1)</u>	<u>Average Monthly Bill Change Amount</u>	<u>Percentage</u>
Residential	435,477	\$ 5.20	10.95% (2)
Small General Service	61,500	8.69	7.34% (2)
Large General Service	483	168.67	7.40% (2)
Large Volume	435	679.54	33.30%

(1) Test year ended June 30, 2000 regular and final bills, as adjusted, divided by twelve.

(2) Based on average test year PGA rate of \$ 0.37697 per Ccf.

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Proposed Annual Aggregate Change in Revenues

	<u>\$ Increase or (Decrease)</u>	<u>% Increase or (Decrease)</u>
Residential	\$ 27,453,666	11.24% (1)
Small General Service	7,788,572	9.28% (1)
Large General Service	920,119	6.87% (1)
Large Volume Service	3,220,533	30.07%

- (1) Based on average test year PGA rate applied to as adjusted volumes for the test year and as adjusted cost of service revenue for the test year.
(2) Unmetered Gaslights revenue increased by \$913.00.



MGE files request to adjust rates

KANSAS CITY, MO (November 7, 2000) – Missouri Gas Energy today filed a proposal with the Missouri Public Service Commission (MPSC) to increase rates \$39.3 million annually. If approved, the plan will help stabilize prices for customers and will help the company recover its substantial investments in safety, public improvement relocations and new construction.

The MPSC may take up to 11 months to issue a ruling on the proposal, therefore new rates would not go into effect until at least late next summer. The proposal is not related to “cost of gas” charges and will not affect prices this winter.

The proposal would create a rate structure that would stabilize prices for customers by reducing the difference between summer and winter bills. Both residential and business customers would be similarly affected on a percentage basis, with residential customers seeing an increase of about \$5 a month.

Since 1998, MGE has efficiently managed operating expenses, which have generally remained flat. However, safety and construction expenditures have continued to rise. Since its last rate increase, MGE has invested nearly \$80 million in a variety of projects, including the company’s Safety Line Replacement Program, a growing number of line relocations to accommodate public improvement projects and new construction due to growth in the company’s service territory.

Note to editors:

In general terms, MGE’s rates are determined by calculating all of its expenses (operating costs, taxes, salaries, rent and depreciation, etc.), adding a modest rate of return for investors and dividing the total by the number of MGE customers. Those rates are then charged to customers through a flat rate customer charge and a volumetric energy, or delivery, charge. MGE does not earn a profit on the sale of gas, only the distribution of it.

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Missouri Gas Energy is headquartered in Kansas City, Missouri, and serves natural gas to approximately 491,000 customers in 155 towns in central and western Missouri. MGE is a division of Southern Union Company of Austin, Texas, which markets and distributes natural gas and other energy products and services to more than 1,500,000 customers in Texas, Missouri, Florida, Pennsylvania, Rhode Island, Massachusetts and Mexico.

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Summary of Reasons for Requested Increase

The proposed change is necessary to recover through rates gas safety program investment required by 4 CSR 240-040.030 and related expenses, costs of other new facilities, and operating expense increases since rates were last changed. Rates were last increased in September 1998.