STATE OF MISSOURI PUBLIC SERVICE COMMISSION JEFFERSON CITY January 17, 2001

CASE NO: GR-2001-292

Office of the Public Counsel

P.O. Box 7800 Jefferson City, MO 65102

Gary W. Duffy

Brydon, Swearengen & England P.C. P. O. Box 456

Jefferson City, MO 65102

Stuart W. Conrad Finnegan, Conrad & Peterson, L.C. 3100 Broadway, Suite 1209 Kansas City, MO 64111 General Counsel

Missouri Public Service Commission P.O. Box 360

Jefferson City, MO 65102

Robert J. Hack

Missouri Gas Energy 3420 Broadway

Kansas City, MO 64111

Larry W. Dority, Esq. Fischer & Dority, P.C. 101 Madison Street, Suite 400 Jefferson City, MO 65101

Enclosed find certified copy of an ORDER in the above-numbered case(s).

Sincerely,

Dale Hardy Roberts

Secretary/Chief Regulatory Law Judge

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BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Tariff Revisions of Missouri

Gas Energy, a Division of Southern Union

Company, Designed to Increase Rates for Natural

Gas Service to Customers in the Missouri Service

Area of the Company

ORDER ADOPTING PROCEDURAL SCHEDULE, ADOPTING TEST YEAR AND ADOPTING LANGUAGE FOR LOCAL PUBLIC HEARING NOTICES

On December 29, 2000, Missouri Gas Energy (MGE) filed a pleading entitled Recommended Procedural Schedule, Test Year and Notice of Local Public Hearing. MGE's motion indicates that all of the parties have agreed upon the proposed procedural schedule set forth in the motion. The motion also indicates that the parties have agreed upon a test year and upon the form and timing of notice to be given by MGE regarding local public hearings.

The Commission has reviewed the proposed procedural schedule and finds that it is appropriate. The Commission finds that the following conditions should be applied:

(A) The Commission will require the prefiling of testimony as defined in Commission Rule 4 CSR 240-2.130. All parties shall comply with this rule, including the requirement that testimony be filed on line-numbered pages. The practice of prefiling testimony is designed to give parties notice of the claims, contentions and evidence in issue and to avoid unnecessary objections and delays caused by allegations of unfair surprise at the hearing.

- (B) Pursuant to Commission Rule 4 CSR 240-2.130(15), testimony and schedules shall not be filed under seal and treated as proprietary or highly confidential unless the Commission has first established a protective order. Any testimony or schedule filed without a protective order first being established shall be considered public information.
- (C) The parties shall agree upon and the Staff shall file a list of the issues to be heard, the witnesses to appear on each day of the hearing and the order in which they shall be called, and the order of cross-examination for each witness. Any issue not contained in this list of issues will be viewed as uncontested and not requiring resolution by the Commission.
- (D) Each party shall file a statement of its position on each disputed issue. Such statement shall be simple and concise, and shall not contain argument about why the party believes its position to be the correct one.
- (E) The Commission's general policy provides for the filing of the transcript within two weeks after the hearing. If any party seeks to expedite the filing of the transcript, such request shall be tendered in writing to the regulatory law judge at least five days prior to the date of the hearing.
- (F) All pleadings, briefs and amendments shall be filed in accordance with Commission Rule 4 CSR 240-2.080. Briefs shall follow the same list of issues as filed in the case and shall set forth and cite the proper portions of the record concerning the remaining unresolved issues that are to be decided by the Commission.
- (G) All parties are required to bring an adequate number of copies of exhibits that they intend to offer into evidence at the hearing. If an exhibit has been prefiled, only three copies of the exhibit are necessary for the court reporter. If an exhibit has not been prefiled, the party

offering it should bring, in addition to the three copies for the court reporter, copies for the five Commissioners, the regulatory law judge, and all counsel.

All of the parties recommend that the Commission adopt the following as the test year for use in this case: the twelve months ended December 31, 2000 for all items except the non-payroll related expense section of MGE's Joint and Common Cost (JCC) model (section D of the MGE JCC work papers); and the twelve months ended June 30, 2000 for the non-payroll related expenses of MGE's JCC model (section D of the MGE JCC work papers) except that significant changes for specific items occurring between June 30, 2000 and December 31, 2000 can be raised. The Commission finds that the test year proposed by the parties is appropriate and it will be adopted.

All of the parties recommend that the Commission adopt specified language for use as the form of notice for local public hearings. The language proposed by the parties is generally appropriate except that the information regarding accessibility as required by the Americans with Disabilities Act requires modification. With those modifications, the language proposed by the parties will be adopted. The specific times and locations of the local public hearings will be established by the Commission in a subsequent order.

IT IS THEREFORE ORDERED:

1. That the following procedural schedule is established for this case:

Updated revenue requirement by MGE - January 31, 2001 based on approved test year

Direct testimony on revenue - April 19, 2001 requirement items and true-up recommendations by all parties except MGE

Direct testimony on class revenue responsibility and rate design items by all parties except MGE

- April 26, 2001

Local Public Hearings

May 2 & 3, 2001

Prehearing Conference

May 7,9,10 & 11, 2001*

Rebuttal Testimony by all parties

May 22, 2001

Lists of Issues by all parties

May 30, 2001

Surrebuttal Testimony and Statements of Positions by June 12, 2001

all parties

Reconciliation

June 14, 2001

Evidentiary Hearing

June 25 - 29, 2001

8:30 A.M.

True-up Testimony by all parties

August 9, 2001

True-up Hearing

August 16, 2001

- 2. That the evidentiary hearing will be held in the offices of the Missouri Public Service Commission in Jefferson City, Missouri. hearing will be held in a building that meets accessibility standards required by the Americans with Disabilities Act. Any person needing additional accommodations to participate in this hearing may call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or 1-800-829-7541 (TDD) prior to the hearing.
- 3. That the following test year is adopted for use in this case: the twelve months ended December 31, 2000 for all items except the nonpayroll related expense section of MGE's Joint and Common Cost (JCC) model (section D of the MGE JCC work papers); and the twelve months ended June 30, 2000 for the non-payroll related expenses of MGE's JCC model (section D of the MGE JCC work papers) except that significant changes for specific items occurring between June 30, 2000 and December 31, 2000 can be raised.

4. That the following is adopted as the form of notice for local public hearings:

Notice of Local Public Hearings

To reflect increases in the cost of providing service, Missouri Gas Energy (MGE) has filed revised tariffs with the Missouri Public Service Commission (PSC) which would increase MGE's natural gas revenues by \$39.3 million on an annual basis, or approximately 11.56%. For the average Residential customer, the proposed increase would be approximately \$5.20 per month, or approximately 10.95%. For the average Small General Service customer, the proposed increase would be approximately \$8.69 per month, or approximately 7.34%. The PSC has set local public hearings to receive customer comments on MGE's rate case. Hearings will commence at the time indicated and will conclude no later than the closing time indicated.

[Insert location, time and address of Local Public Hearings]

If you wish to comment or secure additional information, you may contact MGE at 816/360- (Kansas City Metro area) or 1-888- - (toll-free). You also may contact the Office of the Public Counsel at (573) 751-4857 or by e-mail at www.mo-opc.org. This hearing will be held in a building that meets accessibility standards required by the Americans with Disabilities Act. Any person needing additional accommodations to participate in this hearing may call the Public Service Commission's hotline at 1-800-392-4211 (Customer Services Hotline) or 1-800-829-7541 (TDD Hotline) prior to the hearing.

Rates from this case are not expected to change until October 2001.

5. That Missouri Gas Energy shall provide the foregoing notice to its customers at least ten but not more than 45 days prior to the first day of the local public hearings.

^{*} Tuesday, May 8, 2001, is a state holiday

6. That this order shall become effective on January 27, 2001.

BY THE COMMISSION

Ask Hard Roberts

Dale Hardy Roberts Secretary/Chief Regulatory Law Judge

(S E A L)

Morris Woodruff, Senior Regulatory Law Judge, by delegation of authority pursuant to Section 386.240, RSMo 1994.

Dated at Jefferson City, Missouri, on this 17th day of January, 2001.

FYI: To Be Issued By Delegati

ALl/Sec'y: Liber Fy Haye e

Liber Circulated Return by 3 p.m.

CASE NO.

Lumpe, Chair

Drainer, Vice Chair

Schemenauer, Commissioner

Simmons, Commissioner

Simmons, Commissioner

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,

Missouri, this 17th day of Jan. 2001.

Dale Hardy Roberts

Hak Hard Roberts

Secretary/Chief Regulatory Law Judge