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July 31, 2003

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

**Re: Case No. GC-2003-0342**

Dear Mr. Roberts:

Enclosed for filing on behalf of Missouri Gas Energy, please find an original and eight (8) copies of a Statement Regarding Staff's Report.

A copy of this filing is being provided to the General Counsel and Office of the Public Counsel.

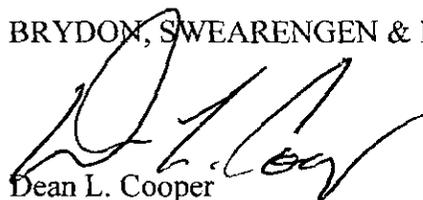
Please see that this filing is brought to the attention of the appropriate Commission personnel.

I thank you in advance for your cooperation in this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND, P.C.

By:

  
Dean L. Cooper

DLC/lar  
Enclosure

cc: General Counsel  
Office of the Public Counsel  
Kenneth B. Mabrie

**FILED<sup>4</sup>**  
JUL 31 2003

Missouri Public  
Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED<sup>4</sup>

JUL 31 2003

Kenneth B. Mabrie, )  
Complainant, )  
v. )  
Missouri Gas Energy, )  
Respondent. )

Case No. GC-2003-0342

Missouri Public  
Service Commission

**MISSOURI GAS ENERGY'S STATEMENT REGARDING STAFF'S REPORT**

-Comes now Missouri Gas Energy ("MGE"), a division of Southern Union Company, by and through counsel, and for its statement regarding Staff's report, in compliance with the Commission's order dated July 21, 2003, respectfully states the following:

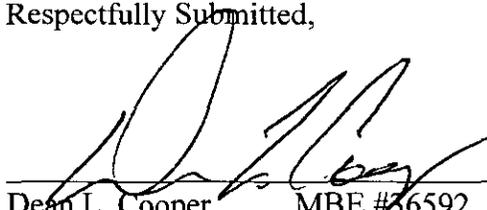
1. As to Total Labor, MGE agrees with the Staff that \$190.52 is the correct amount.
2. As to tariff provisions allowing MGE to charge individuals who make fraudulent use of service for the investigative fee and the cost of the police report, MGE agrees with the Staff that the provisions of section 4.05 (on Sheet No. R-36) and section 4.10 (on Sheet Nos. R-37 and R-38) indicate that the individual making such fraudulent use of service should be responsible for the resulting costs. In this regard, MGE would note that to do otherwise would result in a subsidy flowing from paying customers to individuals who make fraudulent use of service. Perhaps more importantly, however, it is common—as was the case in this situation—that when individuals make fraudulent use of service (also known as "diversion"), unsafe conditions are created. Consequently, this kind of activity should be deterred and recovery of the investigative fee and the cost of the police report is one means of deterrence.

3. As to tariff provisions allowing MGE to charge for lost opportunity costs and a collection fee of \$61.49 or \$8.00 (item numbers 3 and 4 in the Staff Report), MGE agrees with the Staff the MGE's tariff is silent in this regard. As a result, MGE will not attempt to charge lost opportunity costs and collection fees in instances of service diversion. By way of explanation, MGE states that it originally developed the billing methodology used in this situation for application in cases of third party damage to MGE facilities (e.g., where MGE distribution system facilities are damaged by an excavator), a matter not covered by MGE's tariff. This billing methodology proved to be a reasonable (although not wholly effective) means of deterrence in third party damage matters. Later, due to an oversight, the methodology was applied in the situation that is the subject of this complaint.

In conclusion, MGE agrees with the Staff that the appropriate charge to Mr. Mabrie is \$258.32.

**Wherefore**, MGE respectfully submits this statement regarding the Staff's report.

Respectfully Submitted,



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ATTORNEYS FOR MISSOURI  
GAS ENERGY

**Certificate of Service**

I hereby certify that a copy of the foregoing document was mailed or hand delivered this 31st day of July, 2003, to:

Thomas R. Schwarz, Jr.  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

Douglas E. Micheel  
Office of the Public Counsel  
P.O. Box 7800  
Jefferson City, MO 65102

Kenneth B. Mabrie  
8732 Tennessee  
Kansas City, MO 64138

A handwritten signature in black ink, appearing to read "D. Micheel", is written over a horizontal line.