

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

In the matter of Missouri Gas Energy's)	
Application for determination of certain)	Case No. GO-2002-48
Matters pertaining to its Safety Line)	
Replacement program.)	

APPLICATION TO AMEND SAFETY LINE REPLACEMENT PROGRAM

Comes now Missouri Gas Energy ("MGE"), a division of Southern Union Company, by and through counsel and for its application to amend its approved Safety Line Replacement Program, pursuant to 4 CSR 240-40.030(1)(J), respectfully states as follows:

I. General Matters

1. The name and address of Applicant are: Missouri Gas Energy, 3420 Broadway, Kansas City, Missouri, 64111.

2. MGE is an operating division of Southern Union Company which is duly incorporated under the laws of the State of Delaware, and conducts business in Missouri under the name of Missouri Gas Energy. The articles of incorporation of Southern Union Company have previously been provided to the Commission in Case No. GM-94-40.

3. MGE is a gas corporation and a public utility engaged in the distribution of natural gas at retail to approximately 508,000 customers in Andrew, Barry, Barton, Bates, Buchanan, Carroll, Cass, Cedar, Christian, Clay, Clinton, Cooper, Dade, Dekalb, Greene, Henry, Howard, Jackson, Jasper, Johnson, Lafayette, Lawrence, McDonald, Moniteau, Newton, Pettis, Platte, Ray, Saline, Stone and Vernon counties in Missouri, subject to the jurisdiction of the Missouri Public Service Commission ("Commission").

4. In compliance with 4 CSR 240-2.060(1)(K), MGE states that it is unaware of any pending action or final unsatisfied judgments or decision against MGE from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred since three years prior to the filing of this application. Nevertheless, since that time MGE has been involved in a number of judicial review proceedings, filed against the Commission, involving MGE's rates or actions. The Commission itself should be aware of all such cases.

5. No annual report or assessment fees pertaining to MGE are overdue.

6. All correspondence, communications, notices, orders and decisions of the Commission with respect to this matter should be sent to:

Robert J. Hack
Vice President, Pricing
& Regulatory Affairs
Missouri Gas Energy
3420 Broadway
Kansas City, MO 64111
816/360-5755
816/360-5536
e-mail: rhack@mgemail.com

II. Purpose of Filing

7. Since 1990 MGE (and its predecessor in interest) has been engaged in a substantial infrastructure replacement project known as the Safety Line Replacement Program ("SLRP"). MGE's SLRP has been undertaken pursuant to Commission rule (4 CSR 240-40.030), many of the details of which have been administered through orders in various Commission cases (e.g., Case Nos. GO-91-277, GO-91-239, GO-91-295, GO-99-302, GO-2002-48 and GO-2002-50). MGE's SLRP has so far entailed the replacement of more than 230,000 service lines and nearly 300 miles of cast iron main lines. In the

course of implementing the SLRP, MGE has made regular reports to the Commission's gas safety staff concerning the progress of the SLRP and has also, on occasion, had communications with the Commission's gas safety staff with respect to appropriate application of the SLRP requirements. In virtually all such instances, MGE and the Commission's gas safety staff have been able to agree upon a course of action without the necessity of involving the Commission. Recently, however, an item has arisen with respect to SLRP implementation that MGE believes is most appropriately resolved with Commission involvement. MGE's objective through this filing is to amend a portion of the existing SLRP that was approved by Commission order dated May 26, 2002, in Case No. GO-2002-48. The amendment sought by MGE, as will be more fully explained below, is occasioned by the action or impending action of two political subdivisions and is intended to maintain appropriate safety objectives while deploying capital in an efficient and cost-effective fashion.

III. Specific Amendment Requested

8. In Case No. GO-2002-48, the Commission, among other things, approved the following:

- a. All services and mains in the Master Meter applications would be replaced by MGE by June 30, 2006. Any such replacements would be considered a part of the SLRP and the associated costs (e.g., depreciation expense, property taxes and carrying costs) would be subject to deferral pursuant to any Accounting Authority Order ("AAO") issued by the Commission for SLRP expenditures, including the AAO granted by the Commission in Case No. GR-2001-292 in its order dated July 5, 2001. Commission approval of this paragraph 14.a. shall not be construed as requiring the commission to grant an AAO with respect to MGE's SLRP in the future or to require subsequent rate recovery of SLRP costs deferred through issuance of an AAO. All MGE capital expenditures for this work shall be included in rate base, subject to review of the reasonableness of the associated costs.

- b. Replacements will be prioritized with those distribution systems in the worst shape being replaced earlier than those distribution systems which are in better shape.
- c. Charges to the trailer park owner for the replacement of mains and services shall be in accordance with MGE's approved tariff provisions for main extensions and service replacements.
- a. MGE shall not be required to replace services or mains at a given trailer park unless the trailer park owner provides an easement satisfactory to MGE for the purpose of installing the facilities in question.
- e. In the event that the trailer park owner does not permit the replacement work to be done according to schedule (by refusing access to MGE, by refusing to pay the necessary charges or by refusing to provide satisfactory easement), MGE shall disconnect service to that trailer park. Prior to such disconnection, MGE shall provide notice, by hangtag or posting in a conspicuous place, to the trailer park owner and the residents of the trailer park. Upon Commission approval of this First Amended Application, MGE will provide written notice to affected Master Meter Trailer Park owners and residents of the nature and resolution of this Application through the letter appended hereto as Attachment B.
- f. Until the distribution system is replaced, the current method of leak surveying and leak repair would continue for the Master Meter Trailer Parks.

9. Since the Commission's approval of the above terms and conditions on May 26, 2002, MGE has acted in compliance with the Commission's order. Information has recently come to MGE's attention, however, with respect to two of the affected master meter trailer parks (16 master meter trailer parks were originally affected by the Commission's order in Case No. GO-2002-48) which leads MGE to believe that it be best to defer replacement activities at the following two locations:

- a. The Finley River Mobile Home Park, located at Brick 5th Street and Church in Ozark, Missouri, consists of approximately 12 mobile homes and has been included in a 47-acre blighted area established in 2004 by the City of Ozark. The City of Ozark has developed a preliminary redevelopment plan for the area which does not include a mobile home park. In addition, the Finley River Mobile Home Park is currently categorized by the City of Ozark as a non-conforming use which cannot be altered or expanded without a building permit from the city. The City

of Ozark has recommended to MGE that no upgrades be made to the natural gas infrastructure serving this mobile home park.

- b. The Heistland Mobile Home Park, located at Route 6, Box 150 just outside of Joplin, Missouri, has seen a continual decline in the number of mobile homes situated there for a number of years. More than 50% of the lots are vacant (21 vacant lots out of a total of approximately 35) and three of the fourteen presently occupied lots are not currently connected to the gas distribution system (leaving a total of 11 units with active gas meters).

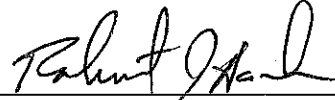
In light of the foregoing information demonstrating that these locations are not likely to remain mobile home parks very much longer in the future, replacing the mains and service lines to facilitate continued natural gas service to these master meter trailer parks (which would cost approximately \$129,000 in total; approximately \$33,000 for the Finley River Mobile Home Park, and approximately \$96,000 for the Heistland Mobile Home Park) is not in the best interest of MGE or its customers at this time.

10. As a result of the foregoing, MGE asks the Commission to issue an order which defers, until June 30, 2010, the requirement (approved by the Commission in its May 26, 2002, Order in Case No. GO-2002-48) to replace the services and mains in the Finley River Mobile Home Park and Heistland Mobile Home Park. Until the respective natural gas distribution systems have been replaced or taken out of service, MGE will leak survey these systems no less frequently than every six months (these systems are currently leak surveyed annually) while the current method of leak repair will continue.

Wherefore, MGE respectfully request that the Commission issue its order

approving the provisions of paragraph 10 of this Application to Amend Safety Line Replacement Program.

Respectfully submitted,



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ATTORNEY FOR MISSOURI
GAS ENERGY

VERIFICATION

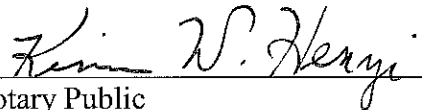
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

I, Robert J. Hack, having been duly sworn upon my oath, state that I am Vice President, Pricing & Regulatory Affairs for Missouri Gas Energy, that I also serve as an attorney for Missouri Gas Energy, that I am duly authorized to make this verification on behalf of Missouri Gas Energy ("MGE") and that the matters set forth in the foregoing Application to Amend Safety Line Replacement Program are true and correct to the best of my information, knowledge and belief.



Robert J. Hack

Subscribed and sworn before me this 14th day of SEPTEMBER, 2005.



Notary Public



CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered
this 16th day of September, 2005, to:

General Counsel's Office
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

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

