

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 13th day of July, 2006.

In the Matter of Missouri Gas Energy's Tariffs)	
Increasing Rates for Gas Service Provided to)	<u>Case No. GR-2006-0422</u>
Customers in the Company's Missouri)	Tariff No. YG-2006-0845
Service Area.)	

**ORDER REGARDING PROCEDURAL SCHEDULE, TEST YEAR
AND TRUE-UP HEARING**

Issue Date: July 13, 2006

Effective Date: July 13, 2006

Missouri Gas Energy filed a Recommendation Concerning Test Year and Request for True-Up Audit and Hearing. MGE requested that the Test Year be the 12 months ending December 2005, updated through June 30, 2006. Thereafter, the Staff of the Commission, the Office of the Public Counsel and Trigen-Kansas City Energy Corporation all filed responses to MGE's request. Trigen concurs with MGE's suggested test year and request for a true-up hearing. Although Staff and OPC concur with MGE's suggested test year and the June 30, 2006 update, they both argue that a true-up hearing is unnecessary.

Staff and OPC argue that MGE did not provide any information indicating that any significant, specific and measurable event(s) will occur. However, in its response to Staff and OPC's opposition to the requested true-up hearing, MGE stated that it expects to incur the following expenses:

- (1) Construction and line replacement, costing approximately \$14,170,000, to be placed in service between June 30 and October 31, 2006. MGE states that this investment represents approximately \$2,000,000 of additional revenue requirement.

- (2) The hiring of approximately 7 additional customer service representatives during the proposed true-up period, which would add approximately \$450,000 to the company's revenue requirement.
- (3) To the extent that the Commission uses a capital structure based on the company's debt and equity, and MGE expects its equity ratio to increase during the true-up resulting in a higher revenue requirement, MGE wants that structure to reflect the company most current percentages.

Through its response, MGE has set forth the above, specific reasons for requesting a True-Up Hearing, which directly addresses Staff and OPC's concern. The Commission also realizes that if a true-up hearing were scheduled now, it can always be canceled if the Commission later determines it to be unnecessary. Although the Commission may later determine that a True-Up Hearing is unnecessary, the Commission will therefore reserve a date for a True-Up Hearing.

The Staff of the Commission has proposed a procedural schedule on behalf of the parties. The Commission will adopt the proposed procedural schedule. Included in the procedural schedule are dates that have already passed. Nonetheless, the Commission will list those dates in the following procedural schedule to present a complete picture of the proceedings in this matter.

Finally, the Commission finds that the following conditions should be applied to the procedural schedule:

(A) The Commission will require the prefiling of testimony as defined in 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) The parties shall agree on and file a list of issues to be determined herein by the Commission. Staff shall be responsible for actually drafting and filing the list of issues and the other parties shall cooperate with Staff in the development thereof. Any issue not included in the issues list will be presumed to not require determination by the Commission.

(C) The parties shall file a joint list of the witnesses, compiled by the Staff of the Commission, to appear on each day of the hearing and the order in which they shall be called. The parties shall establish the order of cross-examination and file a joint pleading indicating the same.

(D) Each party shall file a statement of its position on each disputed issue, including a summary of the factual and legal points relied on by the party. Such statement shall be simple and concise, shall follow the issues set out in the issues list, 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 ten business days after the hearing. If any party seeks to expedite the filing of the transcript, such request shall be tendered in writing to the Presiding Judge at least five days prior to the date of the hearing.

(F) All pleadings, briefs and amendments shall be filed in accordance with 4 CSR 240-2.080. The briefs to be submitted by the parties shall follow the same list of issues as filed in the case. The briefs must set forth and cite the proper portions of the record concerning the remaining unresolved issues that are to be decided by the Commission. The Presiding Judge will establish a briefing schedule at the close of the hearing.

(G) All parties are required to bring an adequate number of copies of exhibits that they intend to offer into evidence at the hearing. The party offering an exhibit must bring, in

addition to one copy for the court reporter, copies for the five Commissioners, the Presiding Judge, and all counsel.

(H) The parties shall prepare and file proposed findings of fact and conclusions of law. Each proposed finding of fact shall include supporting citation(s).

IT IS ORDERED THAT:

1. The following procedural schedule is adopted:

Company Tariff Sheets and Direct Testimony	May 1, 2006
Company Test Year Recommendation and Application for True-Up	May 24
Intervention Applications Due	June 1
Proposed Procedural Schedule	June 25
Company Case Updated for Known and Measurable Items through June 30, 2006	August 7
Direct Testimony Revenue Requirement (all parties except MGE)	October 13
Direct Testimony (all parties except MGE) Class Cost of Service and Rate Design	October 20
Local Public Hearings	October 23 – 27
Case Reconciliation	October 23
Prehearing Conference	Oct. 30 – Nov. 3
List of Issues (Preliminary)	November 9
Rebuttal Testimony (all parties)	November 21
Joint List and Order of Issues, List and Order of Witnesses, Order of Witness Cross Examination	November 28
Surrebuttal Testimony	December 11

Prehearing Briefing (with issues following the same order as filed in the joint list of issues and references to supporting, prefiled, testimony)	December 16
Reconciliation for Issues to be Heard	December 20
True-Up Testimony, if necessary	December 28
Evidentiary Hearing	January 8-12, 16-19
True-Up Hearing (if necessary)	Jan. 31 – Feb. 2
Posthearing Briefing (30 page limit with references to supporting evidence)	February 15
Operation-of-Law Date	March 30

2. The Commission will schedule and hold Local Public Hearings on the dates proposed by the parties.

3. The parties shall file a pleading suggesting the locations of the Local Public Hearings and proposed language to constitute notice of such hearings no later than July 25, 2006.

4. The evidentiary hearing shall be held at the Commission office located in the Governor Office Building, 200 Madison Street, Jefferson City, Missouri, Room 310. This building meets accessibility standards required by the Americans with Disabilities Act. If you need addition accommodations to participate in this public hearing, please call the Public Service Commission’s Hotline at 1-800-392-4211 (voice) or Relay Missouri at 711 prior to the hearing.

5. There will be no continuances granted for the evidentiary hearing unless the parties have reached an agreement on all issues.

6. This order shall become effective on July 13, 2006.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written in a cursive style.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Gaw,
and Clayton, CC., concur.
Appling, C., absent.

Jones, Regulatory Law Judge