

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

In the Matter of Missouri Gas Energy's)
Tariffs Increasing Rates for Gas Service)
Provided to Customers in the Company's)
Missouri Service Area.)

Case No. GR-2006-0422

**PUBLIC COUNSEL'S RESPONSE IN OPPOSITION TO
MGE'S REQUEST FOR AN ACCOUNTING AUTHORITY ORDER**

COMES NOW the Office of the Public Counsel and for its Response in Opposition to Missouri Gas Energy's request for an Accounting Authority Order states:

1. On August 7, 2006, Missouri Gas Energy (MGE) filed a Motion for Accounting Authority Order (AAO) Concerning the Emergency Cold Weather Rule. MGE requested that the Commission issue an AAO for "compliance costs" incurred by MGE due to the Commission's Emergency Cold Weather Rule amendment that became effective on December 26, 2005 and expired on March 31, 2006. Public Counsel opposes this request because: 1) The emergency amendment is no longer in effect, and therefore, the AAO provision of the emergency amendment is also no longer in effect; and 2) MGE's request is for an extremely vague AAO that does not define the costs of compliance.

2. MGE cites to a rule provision that is no longer in effect when MGE states that the rule permits a utility to recover the costs of compliance through an AAO. MGE cites to a Commission rule, 4 CSR 240-13.055(14)(G), which expired on March 31, 2006.

3. Even if the rule were still in effect, MGE's request for an AAO should be rejected on substantive grounds. First, the request is extremely vague and does not explain in any detail how to determine the costs of compliance. MGE requests an AAO from the Commission that

simply authorizes MGE to book “all costs of compliance.” Second, the pleading provides no time limit on how long such costs could be held on the records of the company. In paragraph 6(c) MGE requests that the AAO state:

That any costs of complying with the Emergency Rule that are not addressed by the Commission’s Report and Order in this case may remain on MGE’s books until the effective date of a Report and Order in MGE’s next general rate proceeding.

This could easily result in MGE earning at or above adequate profits during the period when the costs should have been recorded, while also allowing MGE to earn additional profits in a future period when the special accounting treatment allows earnings to be shifted to a future generation of ratepayers.

WHEREFORE, the Office of the Public Counsel respectfully offers this response in opposition to MGE’s request for an AAO.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 17th day of August 2006:

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