

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

In the matter of Missouri Gas Energy's)
Increasing Rates for Gas Service Provided)
To Customers in the Company's Missouri)
Service Area)

Case No. GR-2006-0422

**JOINT STATEMENT OF ISSUES, CALENDAR OF ISSUES AND ORDER OF
WITNESSES, AND ORDER OF CROSS-EXAMINATION**

COMES NOW Staff of the Missouri Public Service Commission (Staff) and respectfully states as follows to the Missouri Public Service Commission (Commission):

1. On May 1, 2006, Missouri Gas Energy (MGE or Company) filed with the Commission tariff sheets designed to increase rates for natural gas to customers in its Missouri service areas.

2. On July 13, 2006, the Commission issued its Order Regarding Procedural Schedule, Test Year and True-Up Hearing wherein the Commission required the parties to develop and agree on a list of issues to be determined by the Commission in this case, said list of issues to be filed with the Commission on November 28, 2006.

3. Pursuant to the ordered procedural schedule, the Staff, with input from the other parties, has assembled the following joint statement of the issues, calendar of issues and order of witnesses and order of cross-examination. The listing of issues below is not to be considered as an agreement by any party that any particular listed issue is, in fact, a valid or relevant issue. Indeed, in the subsequent filing of position statements, some parties may state that they consider a particular listed issue to not be a valid issue. This "non-binding" listing of issues is not to be construed as impairing any party's ability to

offer argument about any of these issues or related matters, or to restrict the scope of its response to arguments made by other parties.

LIST OF ISSUES

The following is a list of contested issues the Staff has prepared after obtaining input from the other parties in this case. This has been based on the Updated Preliminary List of Issues. While the Staff has endeavored to incorporate input it has received in connection with this filing, the Staff is unable to represent that the parties jointly agree to this list of issues. The Staff anticipates that the parties will file separately indicating their agreement or disagreement with the following list of issues:

I. COST OF CAPITAL

a. Capital Structure and costs of capital other the common equity

What is the appropriate capital structure (i.e., the relative proportions of long-term debt, short-term debt, preferred equity and common equity) to use in calculating MGE's cost of service? What cost of long-term debt, short-term debt and preferred stock should be applied to the capital structure?

b. Return on Equity

What is the appropriate return on equity to use in calculating MGE's cost of service?

MGE: Frank Hanley

Staff: David Murray

II. INCOME STATEMENT-REVENUES

a. Weather Normalization

What is the appropriate measure of normal weather to be used in calculating 1) MGE's revenue requirement and 2) the billing determinants to be used in establishing MGE's volumetric rate elements?

MGE: Russell Feingold

Staff: Curt Wells, Jim Gray, Henry Warren

III. INCOME STATEMENT-EXPENSES

a. Property Tax Refunds

What is the proper treatment of \$5,554,068 in property tax refunds received by MGE during the test year?

MGE: Michael Noack

Staff: David Winter

b. Unrecovered Cost of Service Amortization

Should MGE recover \$15.6 million in rates amortized over five year for alleged revenue loss due to lower customer gas use for the period January through June, 2006?

MGE: Michael Noack

Staff: Mark Oligschlaeger

OPC: Ted Robertson

c. Rate Case Expense

What is the appropriate amount and treatment of rate case expense, including amortization of prior rate case expense, in this case?

MGE: Michael Noack

Staff: Paula Mapeka

d. Depreciation Expense

What are the appropriate average service lives and net salvage values associated with MGE's plant to set the depreciation rates to be used in calculating MGE's cost of service?

MGE: Thomas Sullivan

Staff: Greg Macias

e. Low Income Weatherization/Natural Gas Conservation

What is the appropriate level of low-income weatherization funding to be used in calculating MGE's cost of service and how should such funding be allocated among the geographic regions of MGE's service territory?

Should funding for natural gas conservation programs be included in MGE's cost of service?

MGE: David Hendershot, Michael Noack

Staff: Anne Ross

City of Kansas City: Robert Jackson

OPC: Barbara Meisenheimer

f. Environmental Response Fund

Should the environmental response fund proposed by MGE be adopted and what, if any, level of environmental costs should be used in calculating MGE's cost of service?

MGE: Michael Noack

Staff: Paul Harrison

OPC: Ted Robertson

g. Infinium Software Amortization

Should the unrecovered cost associated with MGE's Infinium software be included in rates through an amortization and, if so, over what period should this cost be amortized?

MGE: Michael Noack

Staff: Paula Mapeka

OPC: Ted Robertson

h. Emergency Cold Weather Rule AAO Recovery Mechanism

What is the proper rate treatment for costs deferred under the Emergency Cold Weather Rule AAO Recovery Mechanism?

MGE: Michael Noack

Staff: Paul Harrison

IV. CCOS, Rate Design and Miscellaneous Tariff Language

a. What is the appropriate rate design for the Residential Class?

b. What is the appropriate rate design for the Small General Service Class?

c. What is the appropriate rate design for the Large Volume Service Class?

d. What is the appropriate rate design for the Large General Service Class?

MGE: Ronald Amen, Russell Feingold

Staff: Tom Solt, Anne Ross

OPC: Barbara Meisenheimer

e. Seasonal Disconnects

Should the seasonal disconnect tariff language proposed by MGE (on Sheet No. R-31) be approved?

MGE: Michael Noack

Staff: Mike Ensrud

OPC: Barbara Meisenheimer

V. Miscellaneous

a. Should the Commission order Staff's proposed PGA language to be put in MGE's Tariffs?

Staff: Anne Allee

MGE: Michael Noack

b. Should the Kansas Property Tax AAO be continued past the expiration date ordered by the Commission in Case No. GU-2005-0095?

MGE: Mike Noack

Staff: Paula Mapeka

OPC: Ted Robertson

c. Policy

MGE: Rob Hack

Staff: Mark Oligschlaeger

Staff notes that the Parties are checking on witness availability and other matters that may necessitate a subsequent filing with a different Calendar of Issues. This Calendar of Issues should only be considered preliminary subject to change and not all Parties agree with this Calendar of Issues.

CALENDAR OF ISSUES AND ORDER OF WITNESSES

Monday-1/8/07

8:30 a.m.-Opening Statements (In order to assist the Commission in better understanding the litigated issues and to make the process more efficient, the parties suggest abbreviated initial opening statements with the reservation of the right to make a brief opening statement at the commencement of the trial of each issue).

- MGE (15 min.)
- Staff (15 min.)
- Public Counsel (15 min.)
- MGUA (7 min.)
- UMKC/CMSU (7 min.)
- City of Kansas City (7 min.)
- Trigen (7 minutes)
- **Monday – 1/8/07**

Policy

1:00 p.m.-Rate of Return – Opening Statement
Rate of Return - Cross-examination

Tuesday-1/9/07

8:30 a.m.-Rate of Return-Cross-examination continued, if necessary
Weather Normalization
Property Tax Refunds

Wednesday-1/10/07

8:30 a.m.-Unrecovered Cost of Service Amortization

11 a.m.-Rate Case Expense - Opening Statement

2 p.m. – Depreciation Rates

Thursday-1/11/07

8:30 a.m.-Depreciation Rates continued, if necessary

10:00 a.m.-Low Income Weatherization/Natural Gas Conservation

2 p.m.-Environmental Response Fund

Friday - 1/12/07

2 p.m. Infinium Software Amortization

Other

Tuesday - 1/16/07

8:30 a.m.

Rate Design

Wednesday - 1/17/07

Miscellaneous

Thursday -1/18-19-07

If needed.

Order of Cross-examination

MGE witnesses: City of Kansas City
UMKC/CMSU
Trigen
MGUA
Public Counsel
Staff

Staff witnesses: City of Kansas City
MGUA
UMKC/CMSU
Trigen
Public Counsel
MGE

Public Counsel witnesses: City of Kansas City
UMKC/CMSU
MGUA
Trigen
Staff
MGE

MGUA	City of Kansas City
	Trigen
	MGUA
	Public Counsel
	Staff
	MGE
UMKC/CMSU witness:	City of Kansas City
	Trigen
	MGUA
	Public Counsel
	Staff
	MGE
City of Kansas City witness:	UMKC/CMSU
	MGUA
	Trigen
	Public Counsel
	Staff
	MGE
Trigen Witnesses:	MGUA
	UMKC/CMSU
	City of Kansas City
	Public Counsel
	Staff
	MGE

WHEREFORE, Staff respectfully requests that the Commission accept the Joint Statement of Issues, Calendar of Issues and Order of Witnesses, and Order of Cross-Examination.

Respectfully submitted,

/s/ Robert V. Franson

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Missouri Bar No. 34643

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 27th day of November, 2006.

/s/ Robert V. Franson