

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) **Case No. GR-2006-0422**
Customers in the Company's Missouri Service) **Tariff File No. YG-2006-0845**
Area)

ORDER DIRECTING SCENARIOS

Issue Date: March 8, 2007

Effective Date: March 8, 2007

The Commission will be aided in its deliberations by receiving information concerning the impact on the revenue requirement of Missouri Gas Energy under different scenarios. The Staff of the Commission, with the assistance and cooperation of the parties, will be ordered to file responses to the scenarios described herein. The Commission will also shorten the time for responses to the filed scenarios as ordered below.

Assumptions Common to All Scenarios

- The Rate Design shall be a Straight-Fixed Variable rate design.
- MGE's request to amortize its Unrecovered Cost of Service shall be denied.
- Staff's request to amortize the Property Tax Refund MGE received in 2005 shall be denied.
- MGE's request for an Environmental Response Fund shall be denied.
- The remaining balance of the Infinium Software shall be amortized over 3 years.
- Remaining Rate Case Expense shall be amortized with the current rate case expense over 3 years.
- The request for an Emergency Cold Weather Rule AAO shall be granted.

- The request for language concerning Seasonal Disconnects shall be denied.
- The Kansas Property Tax AAO shall continue to be treated as was ordered in Case No. GR-2004-0209.
- The actual Capital Structure of Southern Union, as of October 2006, shall be used.
- An amount of \$750,000 shall be used for Natural Gas Conservation.

Scenarios

- A.** Weather Normalization is determined using the NOAA 30-year average.
- B.** Weather Normalization is determined using MGE's proposed 10-year rolling average.
- C.** Low Income Weatherization is funded with \$250,000.
- D.** Low Income Weatherization is funded with \$120,000.
- E.** Return on Equity is 10%.
- F.** Return on Equity is 11%.

Staff shall fully explain the impact on the revenue requirement of each variable described in the scenario, as well as the total revenue requirement for each scenario. Staff shall fully explain the way in which all calculations in the scenarios were performed as well as any additional assumptions made.

IT IS ORDERED THAT:

1. The Staff of the Commission, with the assistance and cooperation of the parties, shall file a pleading as described above no later than 5:00 p.m. on March 12, 2007.
2. Any party that disagrees with the response filed by the Staff of the Commission shall file a pleading explaining why it disagrees, and setting forth its own response no later than 12:00 p.m. on March 13, 2007.

3. This order shall become effective on March 8, 2007.

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)

Kennard L. Jones, Senior Regulatory
Law Judge, by delegation of authority
pursuant to Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 8th day of March, 2007.