

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 21st day of September, 2006.

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 No. YG-2006-0845**  
Area )

**ORDER GRANTING MOTION  
FOR ACCOUNTING AUTHORITY ORDER**

Issue Date: September 21, 2006

Effective Date: September 21, 2006

On August 7, 2006, Missouri Gas Energy filed a Motion for Accounting Authority Order Concerning the 2005 Emergency Cold Weather Rule. Thereafter, the Staff of the Commission filed its response in support of the Motion and the Office of the Public Counsel filed a response opposing the motion.

**MGE's Motion**

In its Motion, MGE notes that on December 13, 2005 the Commission issued an Order Approving Emergency Amendment to the Cold Weather Rule in Case No. GX-2006-0181. MGE points out that through the amendment, at subsection 13(G) of Commission Rule 4 CSR 240-13.055, the Commission is obligated to grant an Accounting Authority Order upon application of a gas utility. MGE asserts that it has incurred costs by complying with rule and requests that the Commission order the following:

- a) That MGE is authorized to maintain on its books a regulatory asset representing all costs of complying with the Emergency Rule (4 CSR 240-13.055(14));

- b) That the rates established in this case include, among other things treatment of amounts deferred by MGE in accordance with 4 CSR 240-13.055(14) and this AAO, and an amortization of such amounts deferred pursuant to this AAO, over a period of time ending no later than three years after rates become effective on this case; and
- c) 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.

### **OPC's Opposition**

The Office of the Public argues that the emergency rule, having expired on March 31, 2006, is no longer in effect. Additionally, OPC states that "MGE's request is for an extremely vague AAO that does not define the costs of compliance." OPC argues that MGE's request, at "c)" above, "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."

### **Staff's Support**

Staff agrees with MGE that the Emergency Cold Weather Amendment provides a clear mechanism through which MGE can recover the costs of complying with the rule. Staff assures the Commission that it will audit MGE's compliance cost. Staff adds that the parameters of MGE's ability to recover compliance costs are found in Commission Rule 4 CSR 240-13.055(F). Finally, Staff states that it will include in its direct testimony in this case, the amount of costs to be included in rates and the length of any amortization of these costs into the cost of service.

## **Discussion**

Contrary to OPC's position, the Commission concludes that the expiration date of March 31, 2006, as found at subsection 4 CSR 240-13.055(14)(H), is the date after which cost will not be incurred under the Emergency Cold Weather Rule. This does not mean that a company incurring such cost cannot, after March 31, request recovery. Moreover, on August 11, 2006, the Commission issued a Final Order of Rulemaking, allowing for certain recovery incurred in compliance with the emergency rule. It is anticipated that the new section (14) will be in effect on November 1, 2006.

Additionally, OPC's concern with regard to MGE's request being too vague is addressed by the recovery parameters of the rule and the opportunity of the parties in this matter to audit MGE's request.

After reviewing MGE's request, Staff's recommendation and OPC opposition, the Commission will grant the requested relief to the extent that treatment of MGE's costs is consistent with the 2005 Emergency Cold Weather rule.

The Commission will take this issue with the case and directs the parties to fully present this issue in testimony and briefs. Any party that needs to supplement testimony already filed in order to comply with this directive may do so.

### **IT IS ORDERED THAT:**

1. Missouri Gas Energy is authorized to maintain on its books a regulatory asset representing the costs of complying with the 2005 Cold Weather Emergency Rule (4 CSR 240-13.055(14)) as such costs are defined in the rule.

2. The parties will advise the Commission on this issue in testimony and briefing. Any party that wishes to supplement its already-filed testimony to include this issue may do so.

3. This order shall become effective on September 21, 2006.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale  
Secretary

( S E A L )

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

Jones, Senior Regulatory Law Judge