

Exhibit No.:

Issues:

Rate Case Expense,
M&S Inventory and
PSC Assessment

Witness:

Lisa J. Canady

Sponsoring Party:

MO PSC Staff

Case No.:

GR-98-140

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

LISA J. CANADY

FILED

JUL 13 1998

Missouri Public
Service Commission

**MISSOURI GAS ENERGY A DIVISION
OF SOUTHERN UNION COMPANY**

CASE NO. GR-98-140

Jefferson City, Missouri
July 1998

True-Up Testimony of
Lisa J. Canady

RATE CASE EXPENSE

Q. Please identify the different positions of Missouri Gas Energy (MGE or Company), the Office of the Public Council (OPC) and Staff.

A. The following represents the three parties positions at the time of the June 1, 1998 hearing in this case:

MGE	\$611,914 over 2 years
OPC	\$139,251 over 2 years
Staff	\$537,186 over 2 years

Since the conclusion of the hearings, Staff has learned that the Company incurred additional costs for rate case expense. The initial amount provided were costs totaling \$840,171 through May 31, 1998, in rate case expenses for the current rate case. On July 7, 1998, MGE provided additional information indicating that there was an additional \$88,040 which the company incurred for rate case expense bringing MGE total rate case expense to \$928,210.

Q. Please describe Staff's position concerning rate case expense.

A. Staff used the actual rate case expense incurred by MGE in its 1996 Missouri rate proceeding as a reasonable estimate of the on-going amount of rate case expense for purposes of this case. In addition, because of differences in the degree and types of issues to be litigated during this rate proceeding compared to the last case, Staff determined that it was necessary to examine rate case expense during the

True-Up Testimony of
Lisa J. Canady

1 true-up. Staff believed it was important to review the costs associated with rate case
2 expense as part of the true-up process in this case to ensure recovery of an appropriate
3 level of on-going expenses.

4 Q. Why did Staff believe it was necessary to review rate case expense
5 during the true-up portion of this case?

6 A. Rate case expenses are unlike most other costs that utilities incur. Much
7 of these costs are incurred subsequent to the test year because they are associated with
8 the process of filing direct and responsive testimony, preparing for and attending the
9 prehearing conference, preparing for and conducting hearings and submitting briefs.
10 The nature of rate case expense causes the current costs to be unknown and uncertain
11 during a substantial portion of the audit. At the time of Staff's direct filing, very few
12 costs had been incurred. The remainder of these costs generally are not known until
13 after the case has been fully litigated. As such, significant costs are incurred late in
14 the process making review and analysis of these costs more difficult than other types
15 of expenses. Staff used the costs incurred for MGE's last rate case (Case No.
16 GR-96-285) as a reasonable initial estimate of ongoing rate case expense for this case.
17 Since Staff believed the costs associated with the rate case expense in Case No.
18 GR-96-285 might be higher than rate case expense in this case, we determined that
19 it would be appropriate to review rate case expense in the true-up portion of this case.
20 The Stipulation and Agreement Regarding True-up Audit and Hearing (Stipulation)

True-Up Testimony of
Lisa J. Canady

1 filed on April 10, 1998, identified rate case expense as a true-up item. Additionally,
2 my surrebuttal testimony filed on May 15, 1998, stated that Staff intended to examine
3 rate case expense in the true-up phase of this case.

4 Q. Why did Staff use the costs for rate case expense from Case No.
5 GR-96-285 as an initial estimate for this case?

6 A. Staff was of the opinion that the rate case expense from MGE's last rate
7 case reflected a reasonable estimate of an on-going amount of rate case expense. The
8 last case contained numerous complex issues for which Company engaged consulting
9 services and filed direct and responsive testimony. Also, that case was fully litigated
10 and briefed which increased the cost of rate case expense. Several of the issues were
11 unique, novel and controversial. Because the Company retained consultant services
12 for many issues, and outside counsel to litigate the entire case, it was believed that the
13 1996 rate case was a good conservative estimate of ongoing expenses.

14 Q. What was Staff's rationale for recommending an on-going level of rate
15 case expense and later reviewing this issue in the true-up phase?

16 A. Staff believed the rate case expense for Case No. GR-96-285 would
17 exceed the current case. This is why Staff wanted the option of reviewing this area
18 in the true-up phase to ensure that MGE only recovered an appropriate level of rate
19 case expense. The ongoing level identifies an amount for rate case expense which is
20 reflected in rates to cover the costs to file for increased tariffs on an ongoing basis.

True-Up Testimony of
Lisa J. Canady

1 This amount can be thought of as an annualization amount over a two year period
2 which would cover the costs necessary to file proposed tariffs and fully litigate a
3 normal level of issues.

4 Q. What types of costs are incurred as part of rate case expense?

5 A. According to the Gas Uniform System of Accounts found in the Code
6 of Federal Regulations, 18 CFR Ch. 1 (4-1-96 Edition), the following costs are found
7 in Account 928, Regulatory Commission Expense:

8 1. Salaries, fees, retainers, and expenses of counsel,
9 solicitors, attorneys, accountants, others engaged in the
10 prosecution of, or defense against petitions or complaints
11 presented to regulatory bodies, or in the valuation of
12 property owned or used by the utility in connection with
13 such cases.

14 2. Office supplies and expenses, payments to public
15 service or other regulatory commissions, stationery and
16 printing, traveling expenses, and other expenses incurred
17 directly in connection with formal cases before
18 regulatory commissions.
19

20 3. All application fees except those involving
21 construction certificate applications which have been
22 approved.
23

24 Note A: Exclude from this account and include in other
25 appropriate operating expense accounts, expenses
26 incurred in the improvement of service, additional
27 inspection, or rendering reports, which are made
28 necessary by the rules and regulations, or orders, of
29 regulatory bodies.
30
31

True-Up Testimony of
Lisa J. Canady

1 Q. What is the total dollar amount that Company has incurred for rate case
2 expense in Case No. GR-98-140?

3 A. As indicated previously in this testimony in response to OPC Data
4 Request No. 1.19T, Company stated that they have incurred \$928,210 as of May 31,
5 1998 (end of the true-up period). This amount represents a 73 percent increase over
6 the \$537,186 incurred for the 1996 rate case. These amounts also would not reflect
7 any additional costs for the true-up and the briefing of the current case. Thus, the
8 ultimate costs associated with the current 1998 case may very well be higher than
9 \$928,210.

10 Q. Does Staff believe that \$928,210 is a representative amount of ongoing
11 rate case expense for this case?

12 A. No. Staff is of the opinion that this amount of rate case expense is
13 excessive and not reasonable. In Case No. GR-98-140, fewer issues went to hearing,
14 the issues were less complicated and Company had a senior regulatory accountant and
15 in-house counsel to aid in litigating this case. Staff believes that the costs of the
16 current rate case should not have exceeded the costs of the 1996 rate case. Certainly,
17 the Case No. GR-98-140 costs should not have exceeded those 1996 rate case costs
18 by 73 percent.

19 Q. Were there less issues litigated in this case compared with the 1996 rate
20 case?

True-Up Testimony of
Lisa J. Canady

1 A. Yes. There were many more issues contested in MGE's Case No.
2 GR-96-285 than in the current case. The hearing memorandum in Case No.
3 GR-96-285 identifies the issues litigated in that case (a copy of the Table of Contents
4 is attached as Schedule 1). In Case No. GR-96-285 there were five issues for
5 revenues while no revenue issues went to hearing in the current case. These included
6 weather normalization, economic development discounts and flex rates revenues. In
7 the area of Pensions and Benefits, there were four issues litigated and none in this
8 case. There were four issues for corporate costs litigated in the 1996 rate case and
9 none contested in this case. Although the equity component of rate of return was an
10 issue in both cases, the 1996 rate case also had five other issues for rate of return
11 litigated that were not contested in this case.

12 There were numerous complex and unique tariff issues proposed by MGE
13 relating to Weather Normalization Clause, Gas Safety Project Rider, Incentive
14 Regulation Rider, Economic Development Rider and Curtailment Plan. MGE also
15 pursued an Acquisition Savings adjustment in the last case which was not litigated in
16 the current case.

17 In Case No. GR-96-285, there were other numerous issues which were not
18 litigated in this case such as Payroll and Payroll Taxes, Injuries and Damages,
19 Reorganization Costs, Street Cut Fees, Weatherization program, Property Tax
20 Expense, Uncollectible Expense and Income Tax issues. The 1996 rate case was

True-Up Testimony of
Lisa J. Canady

1 more complex with many more issues litigated than what has been contested in Case
2 No. GR-98-140.

3 Q. Has the Company acknowledged that Case No. GR-96-285 was unusual
4 and complex?

5 A. Yes. During the cross-examination of Company witness Charles B.
6 Hernandez on this issue, he indicated his belief that the 1996 case was unusually
7 complex and abnormal. The following is a quote from the transcription of
8 Mr. Hernandez' testimony on rate case expense which occurred on June 1, 1998:

9 Q. Okay. Based upon your experience would you
10 characterize Case No. GR-96-285 as a usual, run-of-the-
11 mill-type rate case?

12
13 A. No, I would not.

14
15 Q. Why?

16
17 A. Nearly every issue was litigated. And typically
18 my experience has been that a number of issues are
19 resolved through the prehearing conference. We were
20 unable to do that. We were unable to settle, I believe,
21 almost any issue with the Staff - - or the company was
22 not able to resolve any issues through that process, so all
23 issues went to hearing.

24
25 Q. Would you characterize GR-96-285 as an ordinary
26 and typical rate case?

27
28 A. Not at all. Very litigious.
29

True-Up Testimony of
Lisa J. Canady

1 Q. Based upon your experience, would you expect
2 that MGE will be litigating 59 or so issues in this rate
3 case or the next rate case that MGE files?
4

5 A. I certainly hope not.

6 [Source: Transcript of Proceedings, Vol. 14, page 958, Lines 2-20]

7 Q. Has Company incurred costs in this case for rate case expense which
8 should not be recovered from ratepayers?

9 A. Yes. Staff is of the opinion that many of the expenses Company
10 incurred are not recoverable. We believe that Company has not prudently spent
11 money for rate case expense.

12 Q. Please describe some of the items that have been included in Company's
13 rate case expense.

14 A. These costs include the following items:

- 15 ♦ 550 stress balls
- 16 ♦ Massages in Missouri and Texas
- 17 ♦ 400 minisport bottles with sport top for employee incentives
- 18 ♦ \$2,300 poster to say "Let's Stay on Track"
- 19 ♦ Reimbursement for opera tickets
- 20 ♦ Project management consultant to plan incentives for employees that
- 21 participate in the rate case
- 22 ♦ 415 "Executive World of Thanks calculators" and set up charge
- 23 ♦ Charges for hotel no-shows
- 24 ♦ Rate case luncheons planned for up to 160 people
- 25 - a magic act for one luncheon
- 26 - catered food items
- 27 - renting space at the Uptown theater
- 28 - renting audio equipment for presentations
- 29 - renting tables and chairs

True-Up Testimony of
Lisa J. Canady

- business lunch with the entertainer
- travel costs for corporate officers located in Texas to attend
- ♦ Appeal costs that are not associated with the current rate case

[Source: OPC Data Request 1.19T]

Q. What is MGE's position with respect to the recovery of rate case expense?

A. It is my understanding that MGE intends on making some adjustments to remove some of the "questionable" costs it incurred for rate case expense. Staff & OPC were informed on Friday afternoon, July 10, 1998, that the Company planned on removing some of the costs for rate case expense. As of the filing of this true-up testimony, Staff has not seen any adjustment and is unaware what the Company will actually propose as a disallowance.

Q. Why does Staff believe appeal costs should not be included in the rate case expense?

A. Staff believes appeal costs should not be included because they are not normal rate case expenses. Every case that goes to hearing is not appealed in an attempt to overrule a Commission decision and as such these costs are nonrecurring. Therefore, Staff believes it would be incorrect to include these costs in rate case expense to be recovered on a going forward basis.

In addition, expenses for appeals are not rate case expenses according to the Uniform System of Accounts. Account 928, Regulatory Commission Expense,

True-Up Testimony of
Lisa J. Canady

1 includes expenses for attorneys, accountants and others engaged in the prosecution
2 of, or defense against petitions or complaints presented **to regulatory bodies**. Since
3 the appellate courts in Missouri are not regulatory bodies, the costs of the appeals can
4 not be considered rate case expense.

5 Finally, part of MGE's appeal costs include invoices for services
6 regarding an *Amicus Curiae* brief filed by the Company's external auditor, Coopers
7 & Lybrand in the appeal of MGE's last rate case. This brief represented only the
8 position of Coopers & Lybrand and therefore is not properly chargeable to ratepayers.
9 Coopers & Lybrand billed MGE for the costs associated with filing this brief and
10 MGE is attempting to recover these costs in rate case expense. MGE is also
11 attempting to recover the costs associated with filing its brief. Thus, MGE is
12 expecting its customers to pay for both briefs to overturn the Commission decision
13 reached in Case No. GR-96-285. Attached as Schedules 2-2 and 2-3 are invoices for
14 the costs Coopers and Lybrand incurred preparing its brief.

15 Q. Did Staff have any other problems reviewing additional rate case
16 expense amounts incurred through true-up?

17 A. Yes. In addition to the types of costs listed above, invoices from outside
18 consultants did not readily provide sufficient information to determine the work
19 performed. For instance, Coopers & Lybrand performed work for Company on the
20 corporate office external audit, internal audits, the appeal of the Commission decision

True-Up Testimony of
Lisa J. Canady

1 in Case No. GR-96-285, billing problems/errors from the 1996/1997 winter heating
2 season and the current rate case (GR-98-140). The invoices did not identify the
3 time and amount associated with performing each of the various functions. Because
4 the true-up phase of the audit has a more compressed time frame it is extremely
5 difficult to determine the appropriateness of these costs in the current instance.
6 Attached as Schedule 2 are examples of the Coopers & Lybrand invoices that do not
7 specify whether services were rendered for the current GR-98-140 case.

8 Q. What is Staff's recommendation with respect to rate case expense for
9 the true-up phase of this proceeding?

10 A. Staff recommends that the amount relating to rate case expense from
11 Case No. GR-96-285 continue to be used as the most appropriate level of ongoing rate
12 case expense for this case. This amount represents an ongoing level which MGE
13 incurred to litigate a very contentious and complicated case; and, if anything
14 overstates the expense that should have been required for this rate proceeding.

15
16 ***MATERIALS AND SUPPLIES***

17 Q. Has Staff changed the methodology for calculating the materials and
18 supplies balance?

19 A. No. The change to the materials and supplies balance is a result of
20 changing the 13-months ended from December 31, 1997, to May 31, 1998.

PREPAYMENTS

Q. Has Staff changed the methodology for calculating the prepayments balance?

A. No. The change to the prepayments balance is a result of changing the 13-months ended from December 31, 1997, to May 31, 1998.

CASH WORKING CAPITAL

Q. Has Staff changed the methodology for calculating the cash working capital requirement (Schedule 8)?

A. No. None of the cash working capital lags were changed. The changes to the cash working capital requirement are a result of updating the annualized levels for the items that are listed in the Stipulation as true-up items.

PUBLIC SERVICE COMMISSION ASSESSMENT

Q. Please explain the increase for the PSC assessment.

A. MGE's costs for the Commission's PSC assessment increased for the beginning of the fiscal year ended June 30, 1999. The PSC assessment was agreed to be trued-up by MGE, OPC and Staff as part of the April 10, 1998 Stipulation.

Q. Does this conclude your true-up testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Gas Energy's Tariff Design to Increase
Rates.

)
)

Case No. GR-98-140

AFFIDAVIT OF LISA J. CANADY

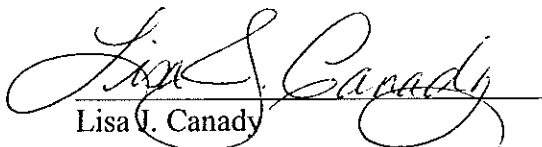
STATE OF MISSOURI)

)

ss.

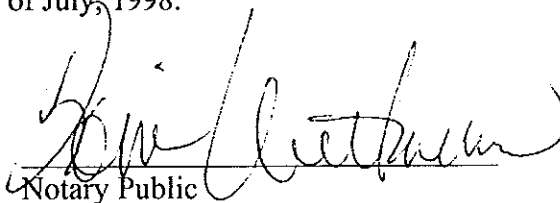
COUNTY OF COLE)

Lisa J. Canady, is, of lawful age, on her oath states: that she has participated in the preparation of the foregoing True-Up Testimony in question and answer form, consisting of 13 pages to be presented in the above case; that the answers in the foregoing True-Up Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.



Lisa J. Canady

Subscribed and sworn to before me this 10th day of July, 1998.



Notary Public

My Commission Expires: _____

TONI WILLMENO
NOTARY PUBLIC STATE OF MISSOURI
COUNTY OF CALLAWAY
MY COMMISSION EXPIRES JUNE 24 2000

TABLE OF CONTENTS

I.	<u>PROCEDURAL HISTORY</u>	1
II.	<u>ISSUES</u>	5
1.	Revenue Adjustments	5
1.1	Weather Normalization Adjustment	5
1.2	Economic Development Discounts	6
1.3	Delayed Payment Revenue	7
1.4	Flex Revenue	7
1.5	Other Revenue Adjustments	8
2.	Expense Adjustments	8
2.1	Starting Point	8
2.2	Payroll	8
2.3	Payroll Taxes	9
2.4	Pensions and Benefits	9
2.4.1	Medical Costs - Active Employees	9
2.4.2	Medical Costs - Retirees	9
2.4.3	Pensions	12
2.4.4	Long Term Disability	12
2.5	Injuries and Damages	13
2.6	Fleet Leases	14
2.7.	Reorganization Costs	14
2.8	Advertising	15
2.9	Dues and Donations	16
2.10	Community Leadership Department	18
2.11	Corporate Costs	19
2.11.1	Executive Salaries	19
2.11.2	Executive Office Lease Expense	20
2.11.3	Incentive Compensation	20
2.11.4	Stock Option Compensation	21
2.12	Amortization Period for Safety Program Deferrals	21
2.13	Depreciation and Amortization Other Than Safety Program	22
2.14	Acquisition Savings	23
2.15	Street Cut Fees	25
2.15.1	Lobbying Expense	25
2.16	Weatherization Program and Its Costs	27
2.17	Property Tax Expense	28
2.18	Uncollectible Expense	28

2.19	Income Tax	29
2.19.1	Adjustment to Tax Calculation for Equity Portion of SLRP Carrying Cost Deferrals . . .	29
2.19.2	Adjustment to Tax Calculation for Fifty Percent of Acquisition Savings	29
2.20	Other Polsinelli and White Charges	30
2.21	Loaned Executive	31
3.	Rate Base	32
3.1	Safety Program Deferrals	32
3.1.1	Carrying Cost Rate	32
3.1.2	Period Through Which Deferrals are Computed	33
3.1.3	Dismantling Costs	33
3.1.4	Unamortized Balance of Deferrals from Case No. GO-92-185	34
3.2	Offset for Rate Base Reductions Eliminated by Purchase	34
4.	Capital Structure and Rate of Return	35
4.1	Required Capital Structure to Implement Rates . . .	35
4.2	Capital Structure	36
4.3	Cost of Debt	36
4.4	Cost of Preferred Stock	37
4.5	Rate of Return on Common Equity	37
4.5.1	Increase Residential Customer Charge . . .	38
4.6	Adjustment for Weather Normalization Clause	38
5.	Customer Service Issues	39
6.	Class Cost of Service and Rate Design	40
6.1	Class Cost of Service Study	40
6.1.1	Allocation Of Costs For Services, Meters, And Regulators	40
6.1.2	Allocation Of Costs For Mains	40
6.1.3	Class Cost Of Service Results	41
6.2	Rate Design	42
6.2.1	Miscellaneous Service Charges	42
6.2.2	Customer Charges	43
6.2.3	Overrun Penalties	44
6.2.4	Class Rate Increases	46
7.	Tariff Issues	47
7.1	Weather Normalization Clause	47

7.2	Gas Safety Project Rider	48
7.3	Incentive Regulation Rider	49
7.4	Economic Development Rider	50
7.5	Curtailement Plan	51
7.6	Facilities Extensions	53
7.7	LARGE GENERAL SERVICE (LGS)	56
7.8	LARGE VOLUME SERVICE (LVS)	58
7.9	SALES AND TRANSPORTATION CONTRACTS	60
7.10	Standby Sales Service (SS)	61
7.11	As-Available Sales Service	62
7.12	Unauthorized Use Charges	63
7.13	Financing Advance For Construction	63
7.14	Service Initiation Charge	63
7.15	Clarification Of Definitions	64
7.16	Levelized Payment Plan	64
7.17	Unbundling of Transportation Services	64
7.18	Disputed Bill Provision	65
7.19	Payment Of Interest On Customer Funds Held By Company	66
7.20	Refund Of Costs Of Electronic Meters	66
7.21	Shipper Trading	67
8.	Certificated Areas	67
III.	<u>SCHEDULING</u>	68

PO Box 841221
DALLAS, TX

75284-1221

COOPERS & LYBRAND

BATCH ACCOUNTS PAYABLE TRANSMITTAL DOCUMENT

(THIS FORM MUST HAVE ALL ORIGINAL INVOICES FOR THIS BATCH ATTACHED)

(THIS FORM CAN ONLY BE USED FOR SINGLE LINE DISTRIBUTION ONLY)

ACCOUNTING PERIOD			
YR		MO	
98		03	

Due- 3/17/98

SPECIAL HANDLING: RETURN CHECKS TO _____ VENDOR NO. 8553

CO #	BUDGET AREA	MAIN ACCT	SUB ACCT	TYPE CODE	WORK AREA	PROJECT/ VEHICLE #	RETIRE UNIT	USER DEFINED	SPECIAL PROJECT	AMOUNT	INVOICE NUMBER	INV DATE
023	0	1860	8821	0	0				✓	16,535.00	116350010894	12/23/97
023	1	1	1	1	1				✓	11,625.00	116350011751	2/18/98
023	1	1	1	1	1				✓	6,630.00	11635001175A	2/18/98
023	1	1	1	1	1				✓	4,995.00	11635001175B	2/18/98
023												
023												
023												
023												
023												
023												
023												
023												
023												
023												
023												

RECEIVED
MAR 12 1998
ACCOUNTS PAYABLE

POSTED
MAR 16 1998
LYNN WOODS

Schedule 2-1

*Consulting Fee's for RATE Case.

TOTAL 29,785.00

[Signature]

REQUESTED BY: Rose Miyao (Please Print) DATE: 3-12-98 APPROVED BY: *[Signature]* (Signature) DATE: 3/12/98

LOCATION: Bdury PHONE: 5836 APPROVED BY: Rogers (Please Print)

See invoices for
dkvifil approval
902

**Coopers
& Lybrand**

Coopers & Lybrand L.L.P.
a professional services firm

**Invoice for
Services**

please remit to:
Coopers & Lybrand L.L.P.
P.O. Box 841221
Dallas, Texas 75284-1221

February 18, 1998

Invoice Number 1635-001175-B

Mr. Dave J. Kvapil
Senior VP and Corporate Controller
Southern Union Company
504 Lavaca Street - Suite 900
Austin, TX 78701

Billing for professional services rendered in connection with consultation with respect to the MGE rate case. (i.e. amicus brief).

(see attached detail)

Total Fees	\$4,995.00
Total Invoice	<u>\$4,995.00</u>

Contact: Martha F. Zelsman (713) 757-5236
Engagement No. 197800-4171-02

tax identification number 13-5218870

Mr. David Kvapil
Senior VP and Corporate Controller
Southern Union Company
504 Lavaca Street - Suite 900
Austin, TX 78701

February 18, 1998
Invoice No. 1635-001175-B
Invoice Amount: \$4,995.00

Amount Paid _____

remit to:

Coopers & Lybrand L.L.P.
P.O. Box 841221
Dallas, Texas 75284-1221

Schedule 2-2

Missouri Gas Energy
MGE Rate Case
Detail of Billing - January 1998

Individual	Classification	Hours	Charged	Extended
------------	----------------	-------	---------	----------

Zelsman	Partner	13.5	370	4,995
---------	---------	------	-----	-------

		<u>13.50</u>		<u>4,995</u>
--	--	--------------	--	--------------

Expenses:

Other			0	
				0
				<u>4,995</u>

**Coopers
& Lybrand**

Coopers & Lybrand L.L.P.

a professional services firm

**Invoice for
Services**

please remit to:

Coopers & Lybrand L.L.P.
P.O. Box 841221
Dallas, Texas 75284-1221

February 18, 1998

Invoice Number 1635-001175-A

Mr. Dave J. Kvapil
Senior VP and Corporate Controller
Southern Union Company
504 Lavaca Street - Suite 900
Austin, TX 78701

Billing for professional services rendered in connection with consultation with respect to the MGE rate case. (i.e. drilling accounts and spread sheet preparation of information).

(see attached detail)

Total Fees
Total Expenses

Total Invoice

\$6,300.00

330.00

\$6,630.00

OK
MGE
Rate case
Byling

Contact: Martha F. Zelsman (713) 757-5236
Engagement No. 197800-4171-02

tax identification number 13-5218870

return this portion with your remittance

Mr. David Kvapil
Senior VP and Corporate Controller
Southern Union Company
504 Lavaca Street - Suite 900
Austin, TX 78701

February 18, 1998
Invoice No. 1635-001175-A
Invoice Amount: \$6,630.00

Amount Paid _____

remit to:

Coopers & Lybrand L.L.P.
P.O. Box 841221
Dallas, Texas 75284-1221

Schedule 2-4

Missouri Gas Energy
MGE Rate Case
Detail of Billing - January 1998

Individual	Classification	Hours	Charged	Extended
Dennison	Associate	42	105	4,410
Smith	Associate	18	105	1,890
		<u>60.00</u>		<u>6,300</u>

Expenses:

Other	<u>330</u>	
		<u>330</u>
		<u>6,630</u>

Coopers
& Lybrand

Coopers & Lybrand L.L.P.

a professional services firm

Invoice for
Services

please remit to:

Coopers & Lybrand L.L.P.
P.O. Box 841221
Dallas, Texas 75284-1221

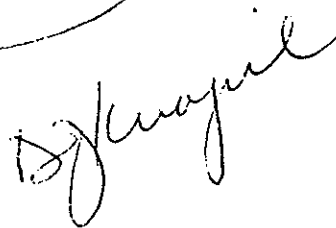
February 18, 1998

Invoice Number 1635-001175-1

Mr. David J. Kvapil
Senior VP and Corporate Controller
Southern Union Company
504 Lavaca Street - Suite 900
Austin, TX 78701

Billing for professional services rendered in connection with
consultation with respect to the MGE rate case.

(see detail attached)



Total Fees	\$11,295.00
Total Expenses	330.00

Total Invoice	\$11,625.00
	=====

Contact: Martha F Zelsman (713) 757-5236
Engagement No. 197800-4171-02

tax identification number 13-5218870

return this portion with your remittance

Mr. David J. Kvapil
Senior VP and Corporate Controller
Southern Union Company
504 Lavaca Street - Suite 900
Austin, TX 78701

February 18, 1998
Invoice Number 1635-001175-1
Invoice Amount \$11,625.00

Amount Paid _____

remit to:

Coopers & Lybrand L.L.P.
P.O. Box 841221
Dallas, Texas 75284-1221

Schedule 2-6

Missouri Gas Energy
MGE Rate Case
Detail of Billing - January 1998

Individual	Classification	Hours	Charged	Extended
Zelsman	Partner	13.5	370	4,995
Dennison	Associate	42	105	4,410
Smith	Associate	18	105	1,890
		<u>73.50</u>		<u>11,295</u>

Expenses:

Other	<u>330</u>	
		<u>330</u>
		<u>11,625</u>

Coopers
& Lybrand

Coopers & Lybrand L.L.P.

a professional services firm

Invoice for
Services

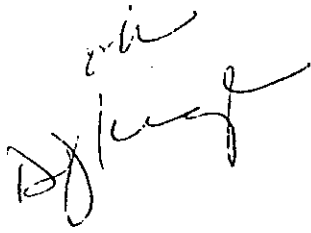
please remit to:

Coopers & Lybrand L.L.P.
P.O. Box 841221
Dallas, Texas 75284-1221

December 23, 1997

Invoice Number 1635-001089-4

Mr. David J. Kvapil
Vice President and Controller
504 Lavaca Street - Suite 900
Austin, TX 78701



Billing for professional services rendered in connection with
consultation with respect to the MGE rate case.

(see detail attached)

Total Fees	\$6,470.00
Total Expenses	65.00

Total Invoice	\$6,535.00
	=====

Contact: Martha F. Zelsman (713) 745-5236
Engagement No. 197800-4171-02

tax identification number 13-5218870

return this portion with your remittance

Mr. David J. Kvapil
Vice President and Controller
Southern Union Company
504 Lavaca Street - Suite 900
Austin, TX 78701

December 23, 1997
Invoice Number 1635-001089-4
Invoice Amount \$6,535.00

Amount Paid _____

remit to:

Coopers & Lybrand L.L.P.
P.O. Box 841221
Dallas, Texas 75284-1221

Schedule 2-8

Missouri Gas Energy
MGE Rate Case
Detail of Billing - December 1997

Individual	Classification	Hours	Charged	Extended
Zelsman	Partner	10.5	370	3,885
Schaefer	Partner	5	370	1,850
George	Associate	7	105	735
		<u>22.50</u>		<u>6,470</u>

Expenses:

Other	<u>65</u>	65
		<u>6,535</u>