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September 12, 2002

Mr. Dale Hardy Roberts
Executive Secretary
Missouri Public Service Commission
200 Madison Street, PO Box 360
Jefferson City, MO 65102-0360

FILED²
SEP 12 2002
Missouri Public
Service Commission

Re: In the Matter of the Tariff Filing Of Missouri Gas
Energy, a Division of Southern Union Company
Case No. GT-2003-0033 - Tariff No. JG-2003-0049

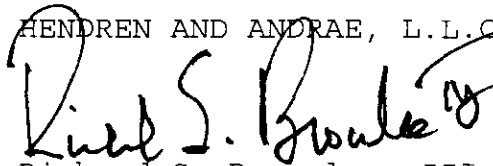
Dear Mr. Roberts:

Enclosed please find for filing the original plus eight (8)
copies of the Statement of Position to be filed on behalf of
Missouri School Boards' Association in the above-captioned
matter.

If you should have any questions concerning the enclosed
filing, please do not hesitate to contact me. Thank you.

Very truly yours,

HENDREN AND ANDRAE, L.L.C.


Richard S. Brownlee, III

RSB\s
Enclosures
All Counsel of Record
Louie R. Ervin
Melissa Randol

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²
SEP 12 2002
Missouri Public
Service Commission

In the Matter of the Tariff	)	
Filing Of Missouri Gas	)	<u>Case No. GT-2003-0033</u>
Energy	)	Tariff No. JG-2003-0049

MISSOURI SCHOOL BOARDS' ASSOCIATION'S
POSITION STATEMENT

COMES NOW, Missouri School Boards' Association (hereafter "MSBA") by and through its Counsel, Hendren and Andrae, L.L.C., Richard S. Brownlee, III, and for its Position Statement respectfully submits as follows:

A. Do the tariffs filed by MGE provide for the aggregate purchasing of natural gas supplies and pipeline transportation service on behalf of eligible school entities in accordance with aggregate purchasing contracts negotiated by and through a not-for-profit school association as required by Section 393.310.4(1) RSMo Supp. 2002?

MSBA'S POSITION: MSBA notes that Section 393.310 RSMo Supp. 2002 defines the term "aggregate," and provides for pooling or aggregating of natural gas purchases by eligible school entities. The statute also addresses purchases of natural gas. While MSBA's proposed tariff sheets only implicitly refer to aggregation in the context of natural gas purchases by eligible school entities, the current tariff also

refers to aggregation in regard to natural gas deliveries. The proposed experimental tariff filing for the eligible school entities allows aggregation at multiple meter locations, as required by the statute. Staff believes that aggregation is adequately defined in MSBA's current and proposed tariffs sheets and accordingly complies with Section 394.310.4(1).

B. Do the tariffs filed by MSBA provide for the resale of such natural gas supplies, including related transportation service costs, to the eligible school entities at the gas corporation's cost of purchasing such gas supplies and transportation, plus all applicable distribution costs, plus an aggregation and balancing fee to be determined by the Commission, not to exceed four-tenths of one cent per therm delivered during the first year as required by Section 393.310.4(2) RSMo Supp. 2002?

MSBA'S POSITION: MSBA believes that the tariffs filed by MGE do comply with Section 393.310.4(2) RSMo Supp. 2002. The Company is compensated for aggregating and balancing gas by charging a fee per therm of natural gas sales delivered to an eligible school entity's various locations as allowed by the statute. The statute allows a \$.004 cent per therm charge to be assessed on gas delivered to each eligible school entity. MGE has broken the \$.004 per therm charge down into two components (\$.001 per Ccf for aggregation and \$.003 per Ccf for balancing).

MGE's proposed aggregation and balancing fees do not exceed the maximum charge set by statute.

C. Do the MGE tariffs not require telemetry or special metering, except for individual school meters over one hundred thousand therms annually as required by Section 393.310.4(3) RSMo Supp. 2002?

MSBA'S POSITION: MSBA believes that MGE's proposed experimental tariff sheets comply with 393.310.4(3) RSMo Supp. 2002.

D. Is there sufficient evidence for the Commission to find that implementation of the aggregation program set forth in the MGE tariffs will not have any negative financial impact on MGE as required by Section 393.310.5 RSMo Supp. 2002?

MSBA'S POSITION: MSBA is not aware of any detriment to MGE caused by its proposed aggregation tariffs. However, MSB believes that the \$.004 per therm fee allowed for aggregation and balancing services in the first year may not be sufficient for MGE to recover all of its incremental costs. MGE can be allowed to charge more, up to its actual incremental cost of providing aggregation and balancing services in subsequent years. MSBA's true-up proposal is designed to mitigate this potential detriment.

E. Is there sufficient evidence for the Commission to find that implementation of the aggregation program set forth in the

MGE tariffs will not have any negative financial impact on MGE's other customers as required by Section 393.310.5 RSMo Supp.

2002?

MSBA'S POSITION: MSBA is not aware of any detriment to the other customers of MGE. However, the other customers of MGE could face a potential detriment if MGE is not able to recover all of its costs related to the Experimental School Transportation Program. It is conceivable that MGE would attempt to pass any un-recovered gas costs on to other customers through the Actual Cost Adjustment (ACA) process. Staff does not anticipate any significant detriment to other customers of MGE if MSBA's proposed true-up mechanism is put into effect.

F. Is there sufficient evidence for the Commission to find that implementation of the aggregation program set forth in the MGE tariffs will not have any negative financial impact on local taxing authorities as required by Section 393.310.5 RSMo Supp. 2002?

MSBA'S POSITION: Yes. MSBA believes that the method of calculation, collection and remittance of franchise taxes as stated in the testimony of witness Ervin will minimize any detriment, provided that MGE implements the methods described. The amount of franchise taxes will vary from heating season to heating season, reflecting the volume of gas sold and the price of natural gas.

G. Is there sufficient evidence for the Commission to find that the aggregation charge is sufficient to generate revenue at least equal to all incremental costs caused by the experimental aggregation program as required by 393.310.5 RSMo Supp. 2002?

MSBA'S POSITION: MSBA believes that the aggregation and balancing charge of \$.004 per therm may be insufficient. There could also be some unforeseen matters in this new program. Staff has proposed and set forth a true-up mechanism that would allow Staff to audit the program after the first year and after the second year and any over or under recovery of the program costs can be dealt with in the second and third years.

H. How should MGE release its firm interstate pipeline transportation capacity to participants of the Program?

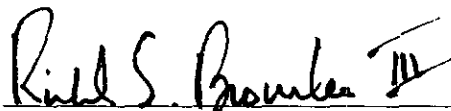
MSBA'S POSITION: MGE should release firm interstate pipeline transportation capacity on a temporary basis to participants of the program. MGE should not recall the capacity unless specifically requested by a participant in the Program. The capacity release shall last during the term of the experimental tariff, unless mutually terminated by agreement of both parties prior to the expiration of the tariff. The release of the capacity should be for a period of one-year with annual notifications by the school aggregator to the Company indicating if they wish to continue using the released capacity. The release should be performed in accordance with the capacity

release procedures and policies contained in the applicable interstate pipeline's Federal Energy Regulatory Commission (FERC) approved tariff. In the event multiple pipelines can serve participants of the Program, the allocation for the release of capacity to these participants should be equivalent to the percentage of capacity MGE uses to provide gas to its customers before the start of the program.

WHEREFORE, for the foregoing reasons, MSBA respectfully requests that the Commission accept MSBA's Position Statement.

Respectfully submitted,

HENDREN AND ANDRAE, L.L.C.



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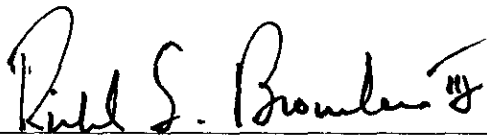
CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing has been mailed or and-delivered to the following on this 12th day of September, 2002:

Gary Duffy
Brydon Swearngen & England PC
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