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February 6, 2001

Mr. Dale Hardy Roberts
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

FILED³

FEB 06 2001

Missouri Public
Service Commission

GR
RE: Missouri Gas Energy - Case No. ~~80~~ 2001-382

Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding please find an original and eight copies of Missouri Gas Energy's Reply to Staff's Response. Please stamp the enclosed extra copy "filed" and return same to me.

If you have any questions concerning this matter, then please do not hesitate to contact me. Thank you very much for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

Gary W. Duffy
Gary W. Duffy
by RS

GWD/rhg

Enclosures

cc: Office of the Public Counsel
Doug Micheel
Tim Schwarz
James B. Deutsch/Henry Herschel
Jeffrey A. Keevil

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³
FEB 06 2001

Missouri Public
Service Commission

In the matter of Missouri Gas Energy's)
Purchased gas adjustment to be reviewed)
In its 2000-2001 Actual Cost Adjustment.)

Case No. GR-2001-382

MISSOURI GAS ENERGY'S REPLY TO STAFF'S RESPONSE

Comes now Missouri Gas Energy ("MGE"), a division of Southern Union Company, by and through counsel, and for its reply respectfully states the following:

1. On or about January 19, 2001, the Office of the Public Counsel ("Public Counsel") requested that the Commission order an emergency review of MGE's gas procurement practices relating to the winter PGA period November 1, 2000 through April 1, 2001, such that a Commission order reviewing MGE's gas procurement practices related to the winter of 2000-2001 is effective no later than October 1, 2001. On or about January 29, 2001, MGE filed its response to this Public Counsel request.

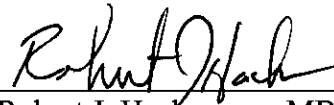
2. On or about February 2, 2001, the Staff filed its response to the Public Counsel request. The Staff suggested, among other things, that 1) a full review of MGE's purchasing practices and ACA audit cannot begin until June 30, 2001 (Staff Response, para. 5, p.2); 2) the Commission should direct the Staff to monitor MGE's DCCB costs and ACA balance and authorize the filing of a Staff complaint, if warranted by the circumstances (Staff Response, para. 7, p. 2); 3) the Commission should waive the limitation on the number of PGA filings to permit MGE to file reduced rates if prices turn in favor of customers (Staff Response, para. 8, p. 2); 4) the Staff could file a report on a review limited to MGE's hedges, physical and otherwise, by June 30, 2001 (Staff Response, para. 9, p. 2); and 5) the Staff's undertaking of an expedited limited review, to

be able to file a report by June 30, 2001, would likely delay the Staff's work on other currently pending ACA audits (Staff Response, para. 13, p. 3).

3. In reply to the Staff's response, MGE reiterates to the Commission what it has stated publicly, namely: MGE will make a filing with the Commission to reduce its PGA rate as soon as market conditions (primarily gas sales volumes and gas purchase prices) permit. Based on the limited information available at the present time, MGE believes it will be in a position to make a filing with the Commission, likely by mid-February, to reduce its PGA rate effective March 1, 2001.¹

Wherefore, MGE respectfully submits this reply to the Commission.

Respectfully Submitted,



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ATTORNEYS FOR MISSOURI
GAS ENERGY

Certificate of Service

¹ MGE is unaware of any circumstance where the Staff has ever deemed it necessary or appropriate to seek complaint authority in the context of an ACA proceeding. The likelihood that such a circumstance would arise in the context of this ACA proceeding is therefore extremely remote, particularly in light of MGE's publicly stated intentions.

I hereby certify that a copy of the foregoing document was mailed or hand delivered this 6th day of February, 2001, to:

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