

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

FILED
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MISSOURI
PUBLIC SERVICE COMMISSION

In the matter of Missouri Gas Energy's tariff sheets)
designed to increase rates for gas service in the) Case No. GR-98-140
Company's Missouri service area.)

PUBLIC COUNSEL'S REPSONSE TO MOTION FOR TRUE-UP AUDIT

COMES NOW, the Office of the Public Counsel ("Public Counsel") and for its response to Missouri Gas Energy's ("MGE") Motion For True-up Audit and Hearing respectfully states the following:

1. On or about November 26, 1997 MGE filed its Motion for True-up Audit and Hearing. Public Counsel did not receive its copy via the mail until Monday December 1, 1997. MGE's motion requested a true-up audit and hearing for the recognition in rates of various plant and expense items to cover the time period between the end of the ordered test year and June 30, 1998. (MGE Motion p. 1 ¶ 1).

2. MGE's request for a true-up audit at this point in the proceeding is premature at best. At this juncture, the parties have no way of knowing whether a true-up is necessary or appropriate. In fact, this Commission's Suspension Order and Notice issued on October 29, 1997 makes no provision for requesting a true-up audit.

3. The true-up process should be utilized on a limited as needed basis. Such a determination should only be made after an audit has been conducted. For example, MGE requests that its Automatic Meter Reading Program (AMR) be included in a true-up procedure. If AMR is determined after audit to be a non-revenue producing project and therefore subject to the Commission's isolated adjustment procedures the parties will be able to address this in direct testimony. Public Counsel would point out that the AMR project includes not only new investments and expenses but also the identification and adjustments necessary to remove current investment and expenses related to the previous method of reading meters.

4. Moreover, MGE's requested true-up for June 30, 1998 does not give Public Counsel the necessary time to conduct an audit or this Commission the necessary time to make a decision. According to MGE in its Motion, the June books are not scheduled to be closed until July 15, 1998. (MGE Motion p. 3 ¶ 4). Then MGE proposes Staff and Public Counsel get three days to audit. (*Id.*)


5. Three days is not enough time to complete the true-up audit requested by MGE. Should any problems arise with closing of MGE's books this short schedule does not allow enough time to resolve any problems.

6. MGE's proposal only provides the Commission with three weeks to have the final numbers available for consideration before its Report and Order must be issued. Three weeks does not provide this Commission sufficient time to generate scenario requests and have the parties respond in a timely manner.

WHEREFORE, Public Counsel requests that the Commission defer its determination on the need for a true-up audit until after intervenors have filed their direct testimony.

Respectfully submitted,

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Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was either mailed or hand delivered to all counsel of record this 9th day of December 1997.

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