



MISSOURI GAS ENERGY

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ROBERT J. HACK
SENIOR ATTORNEY

December 15, 1997

FILED

DEC 16 1997

MISSOURI
PUBLIC SERVICE COMMISSION

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
301 West High, Suite 530
Jefferson City, Missouri 65102

RE: Case No. GR-98-140, Missouri Gas Energy

Dear Mr. Roberts:

Enclosed for filing in the above-referenced case, please find an original and fourteen copies of Missouri Gas Energy's Response to the Public Counsel's Test Year Recommendation. Please file-stamp the extra copy that is enclosed and return it to my office in the enclosed self-addressed envelope.

This filing has been mailed or hand delivered this date to the Office of Public Counsel.

Thank you for your attention to this matter. If there are any questions, please let me know.

Sincerely,

RJH:mc

Enclosure

cc: Service List

FILED

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

DEC 16 1997

MISSOURI
PUBLIC SERVICE COMMISSION

In the matter of Missouri Gas Energy's)
tariff sheets designed to increase rates for)
gas service in the Company's Missouri)
service area.)

Case No. GR-98-140

**MISSOURI GAS ENERGY'S RESPONSE TO THE PUBLIC COUNSEL'S TEST YEAR
RECOMMENDATION**

Comes now Missouri Gas Energy ("MGE"), by and through counsel, and for its response respectfully states the following:

1. By pleading filed on or about December 8, 1997, the Office of the Public Counsel ("Public Counsel") recommended that the Commission adopt as the test year for use in this proceeding the twelve months ended June 30, 1997, updated for known and measurable changes through December 31, 1997. MGE (in the direct testimony of Charles B. Hernandez) and the Commission's Staff (by pleading filed on or about December 8, 1997) have recommended that the test year be the twelve months ended September 30, 1997, updated for known and measurable changes through December 31, 1997.

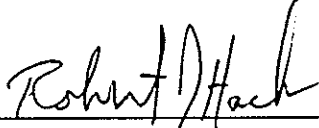
2. The rationale advanced by Public Counsel, that a test year based on fiscal year information guarantees the availability of self-contained financial information for a specific period of time, eliminates Public Counsel's need to reconcile portions of two different fiscal years and reduces Public Counsel's administrative burden of reconciling two discrete periods, provides no compelling reason to use a test year of the twelve months ended June 30, 1997.

3. MGE closes its books monthly, so self-contained financial information for specific periods of time is guaranteed to be available on a monthly basis. Second, Public Counsel has proposed that the test year be updated for known and measurable changes through December 31, 1997, so, even under its proposal, reconciliation of two different fiscal years will be necessary in any event. In MGE's view, therefore, any reduction in administrative burdens associated with Public Counsel's proposal would be minimal.

4. MGE does not object to Public Counsel's request that MGE update its case to correspond with the test year ultimately adopted by the Commission. Under MGE's proposed procedural schedule, this updated filing would be made with the Commission on January 30, 1998.

Wherefore, MGE respectfully requests that the Commission adopt the twelve months ended September 30, 1997, updated for known and measurable changes through December 31, 1997, as the test year to be used in this proceeding.

Respectfully submitted,

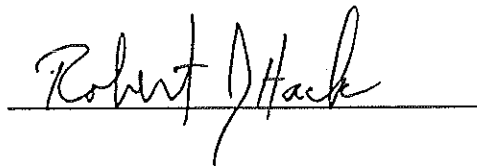

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ATTORNEYS FOR MISSOURI
GAS ENERGY

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 15th day of December, 1997.

A handwritten signature in cursive script, reading "Robert J. Hark", is written over a horizontal line.

SERVICE LIST

Case NO. GR-98-140

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