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**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 9th
day of December, 1997.

In the Matter of Missouri Gas Energy's)
Tariff Sheets Designed to Increase Rates) Case No. GR-98-140
for Gas Service in the Company's Missouri)
Service Area.)

**ORDER GRANTING INTERVENTION AND GRANTING
PARTICIPATION WITHOUT INTERVENTION**

On October 3, 1997, Missouri Gas Energy, a division of Southern Union Company (MGE or Company), filed tariff sheets with the Commission requesting an annual increase in revenues for the Missouri service area of the Company in the amount of \$27,817,140 or 6.89 percent. The Commission issued a Suspension Order and Notice on October 29 which set an intervention date of November 21 and suspended the effective date of the tariff sheets to September 2, 1998.

Timely applications to intervene were filed by the County of Jackson, Missouri (Jackson County), Williams Natural Gas Company (WNG), Riverside Pipeline Company, L.P., and Mid-Kansas Partnership (Riverside/Mid-Kansas), Central Missouri State University (CMSU), the University of Missouri-Kansas City (UMKC), Mountain Energy Corp. formally (*sic*) known as Mountain Iron & Supply Company (Mountain Energy), the City of Kansas City (Kansas City) and Midwest Gas Users Association (Midwest). The City of St. Joseph (St. Joseph) filed a timely application to participate without intervention.

Jackson County states in its application to intervene that it is a political subdivision of the State of Missouri and that the County and its citizens and businesses receive gas service or transportation service from MGE. Jackson County claims that it is generally opposed to an increase in gas and transportation rates unless justified and that granting intervention would serve the public interest.

MGE filed suggestions in opposition to the application to intervene of Jackson County on October 31. MGE states that it does not object to Jackson County's intervention in this proceeding as a political subdivision on its own behalf as a purchaser of natural gas service. Nevertheless, MGE objects to Jackson County's intervention as a representative of the citizens and businesses of Jackson County on the basis that the Office of the Public Counsel is specifically empowered to represent the public interest pursuant to Section 386.710, RSMo 1994.¹ MGE requests that if Jackson County's application is granted, then its intervention should be limited to representing its own interest as a purchaser of natural gas service.

Jackson County filed a response to MGE's suggestions on November 3. Jackson County states in its response that Sections 386.710 and 386.390.1 do not limit the right to intervene of "any body politic." In its response, Jackson County refers also to case law for the proposition that political subdivisions may intervene in Commission proceedings not only to represent their own interest as purchasers of services, but also to represent the citizens in their locality.

WNG states in its application to intervene that it is a major transportation provider to MGE and that it has significant service

¹All statutory references are to the Revised Statutes of Missouri, 1994, unless otherwise noted.

contracts that may be affected by this proceeding. WNG states that its interest in this proceeding is different from that of the general public and that its interest cannot be adequately represented by any other party to this proceeding.

Riverside/Mid-Kansas state in their application for intervention that each is a present and historic supplier and transporter of natural gas in the State of Missouri to MGE. Riverside/Mid-Kansas assert that they have unique interests in the level and priority of safety-related expenditures, and that their interests in this proceeding are different from that of the general public. Riverside/Mid Kansas allege direct impact from operational conduct regarding line replacement schedules, operational volume changes, measurement facilities, regulator stations and safety system integrity measures because of the physical integration between a gas distribution company and a pipeline transporter.

MGE filed suggestions in opposition to the application to intervene of Riverside/Mid-Kansas on November 17. MGE stated that it initiated this proceeding to increase margin, i.e. non-cost-of-gas, revenues through various rate changes and that Riverside/Mid-Kansas do not pay these rates and are not affected by this proceeding. According to MGE, the concerns of Riverside/Mid-Kansas should be raised in separate dockets pertaining to safety and line replacement schedules. MGE requests that the Commission deny the application to intervene of Riverside and Mid-Kansas because neither has an interest different than the general public in this general rate proceeding.

Riverside/Mid-Kansas filed a response to MGE's suggestions on November 19. Riverside/Mid-Kansas state that their interest in this proceeding is basically the same as set forth in their application for intervention filed in MGE's last general rate case, Case No. GR-96-285, in

which Riverside/Mid-Kansas were granted intervention by the Commission. Riverside/Mid-Kansas state that their interest is similar to that of the predecessor of Mountain Energy Corp. (Mountain Iron & Supply Company) and UtiliCorp Energy Services which were also granted intervention in Case No. GR-96-285 after MGE objected on similar grounds. According to Riverside/Mid-Kansas, it would not be just to allow the intervention of WNG and not to allow the intervention of Riverside/Mid-Kansas because WNG claims only that it is a major transportation provider to MGE and that it has service contracts which may be affected by this proceeding. Finally, Riverside/Mid-Kansas argue that MGE errs in attempting to limit the scope of the proceeding and in claiming that Riverside/Mid-Kansas cannot be affected by this proceeding. Riverside/Mid-Kansas assert that numerous issues, including proposals by other parties such as PGA/ACA tariff proposals, will have a direct and substantial impact on Riverside/Mid-Kansas.

CMSU asserts in its application to intervene that it is a political subdivision of the State of Missouri and that it receives gas service and gas transportation service from MGE. CMSU states that as a payer of 15 customer charges, it has an interest in this proceeding different from that of the general public and that its intervention would serve the public interest.

UMKC states in its application to intervene that it is a political subdivision of the State of Missouri and that granting the proposed intervention would serve the public interest. UMKC states that as the payer of five customer charges to MGE it has an interest in the proceeding different from that of the general public.

Mountain Energy states in its application to intervene that it is a marketer and dealer in natural gas and transportation agent for

shippers and transportation customers on pipelines and local distribution systems including that of MGE. In its application, Mountain Energy lists twelve reasons that the tariff sheets proposed by MGE are unreasonable and discriminatory. Mountain Energy states that as a gas marketing company, shipper and transportation agent, it has an interest in this proceeding different from that of the general public and that granting intervention would serve the public interest in lower rates and open-access transportation.

Kansas City states in its application to intervene that it is interested in the impact of any decisions in this proceeding on behalf of itself and its residents and businesses. Kansas City seeks to participate fully in the case and to make recommendations to the Commission on the nature and scope of the proceedings. Kansas City states that as a municipality it is entitled to intervene and that its intervention would serve the public interest.

Midwest states in its application to intervene that it is an unincorporated non-profit association consisting of and representing its membership of business concerns and corporations which are substantial users of natural gas at plants located in Kansas, Missouri and Oklahoma of which numerous members have plants and facilities located in Missouri. A list of Midwest members and companies that have participated in Midwest proceedings is attached to this order as Attachment A. Midwest states that its participants in this case are Archer Daniels, Midland Company, Lafarge Corporation, the City of Independence, Missouri, Transworld Airlines and Leggett & Platt, Inc.; however, other participants are pending and are expected to be drawn from Attachment A.

Midwest states in its application to intervene that because of the size and consumption patterns of Midwest's members, Midwest represents

interests which differ from the general public and which cannot be represented adequately by any other party. Midwest asserts that its intervention will aid the Commission and protect the public interest.

St. Joseph requests in its application to participate without intervention in this matter in order to serve the interests of the public health and welfare. St. Joseph requests a public hearing to be held in St. Joseph. St. Joseph also seeks that MGE maintain the same level of services and that there will be no negative impact upon the tax revenues of the city. St. Joseph further seeks to be apprised of any action required of MGE within St. Joseph and to comment on the proposed action and its effect on the citizenry.

On December 8 Public Counsel filed a request for local public hearings in the St. Joseph, Joplin, Monett/Nixa, Eastern Jackson County (Blue Springs/Independence) and Kansas City metropolitan areas.

The Commission has reviewed the applications for intervention of Jackson County, WNG, Riverside/Mid-Kansas, CMSU, UMKC, Mountain Energy and Kansas City. The Commission determines that each of these application for intervention is in substantial compliance with Commission rules regarding intervention. The Commission determines that WNG, Riverside/Mid-Kansas and Mountain Energy each has an interest in this matter which is different from that of the general public pursuant to 4 CSR 240-2.075(4)(A). The Commission determines that Jackson County, Kansas City, CMSU and UMKC are either municipalities or other political subdivisions pursuant to 4 CSR 240-2.075(4)(B) and that granting intervention would serve the public interest pursuant to 4 CSR 240-2.075(4)(C). The Commission determines that Jackson County's intervention should be limited to representing its own interest as a purchaser of natural gas services and its own interest in the welfare of the County and its obligations and

functions; the general public interest of the citizens of Jackson County is represented by the Office of the Public Counsel pursuant to Section 386.710. The Commission concludes that each such request for intervention should be granted.

The Commission is entitled to know the identity of the proposed participants within Midwest. See 4 CSR 240-2.075(3). To that end the Commission will consider Midwest's application to intervene after Midwest files a complete list of the participating members of Midwest, which list shall be filed no later than January 15, 1998.

The Commission has reviewed the application for participation without intervention of St. Joseph. The Commission finds that the application for participation is in substantial compliance with Commission rules regarding participation and that applicant has disclosed its interest in this proceeding pursuant to 4 CSR 240-2.075(5). The Commission concludes that St. Joseph's request for participation without intervention should be granted.

In the Suspension Order and Notice issued on October 29, the Commission ordered that requests for local customer hearings shall be filed no later than February 20, 1998. Therefore, the Commission will not rule on St. Joseph's or Public Counsel's request for local customer hearings until after February 20 at which time the Commission will set all local public hearings in this case.

IT IS THEREFORE ORDERED:

1. That the applications to intervene filed by the County of Jackson, Williams Natural Gas Company, Riverside Pipeline Company, L.P., Mid-Kansas Partnership, Central Missouri State University, the University of Missouri-Kansas City, Mountain Energy Corp. and the City of Kansas City are granted.

2. That Midwest Gas Users Association shall file, no later than January 15, 1998, a complete and final list of those entities that intend to participate in this proceeding under the auspices of Midwest Gas Users Association.

3. That the application to participate without intervention filed by the City of St. Joseph is granted.

4. That this order shall become effective on December 9, 1997.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read "Dale Hardy Roberts". The signature is written in a cursive, flowing style.

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray,
and Drainer, CC., concur.

G. George, Regulatory Law Judge

APPENDIX A

A D Mohr Farms	Frito Lay
A G Processing Inc.	Gaines Foods
ABB Power T & D Corporation	General Mills
Alameda Plaza Inc.	Griffin Wheel
Alameda Towers	Grinstead Products, Inc.
American Bakeries Co.	GST Steel Company
American Beauty Macaroni	Guardian Management Inc.
Archer Daniels Midland Company	Gulf & Western Mfg.
Ark City Packing Co.	Guys Foods Inc.
Banquet Foods Corporation	Hallmark Cards
Baptist Medical Center	Hamm Asphalt Inc.
Bayer, Inc.	Harvest Brand Inc.
Bethany Hospital	Hercules, Inc.
Blueside Company	Hills Pet Food Division
BMA	Hills Division of Riviana
Bowen Construction Co.	Hospital Linen Service
Butler Manufacturing Co.	Hudson Foods, Inc.
Cargill, Inc.	Hudson Farms
Carnation Can Co.	Hudson Food Protein
Carnation Pet Co.	ICI Explosives USA, Inc.
Castlegate Ind. Inc.	J C Nichols Co.
Certain-Teed Products Inc.	Kansas City Terminal Railway
Chesebrough-Ponds, Inc.	Koppers Co. Inc.
City of Osborne	Krause Milling Co.
City of Holton	Lafarge Corporation
City of Minneapolis	Lawrence Paper Company
City of Independence, Missouri	Leggett & Platt
City of Palymyra	M F A Milling
City of Ottawa	M K T Railroad
City of Beloit	Hoeschst Marion Roussel
City of Baldwin	Maytag Corporation
City of Ossawatimie	McNally Pittsburg
City of Sabetha	Medical Center of Independence
City of Horton	Menorah Medical Ceneter
City of Lincoln	Mid America Dairymen
City of Augusta	Midwest Conveyor
Coleman Alfalfa	Midwest Grain Products
Colgate Palmolive	Milnot Compay
Continental Baking Company	Mission Clay Products
Cook Paint & Varnish	Missouri Steel Castings
Corn Products Company	Missouri Plating Co.
Doanes Products	Modine Manufacturing Company
Empire Cold Storage	National Starch Company
Fairbanks Morse Pump	National ByProducts
Fairbanks Morse & Co.	North Kansas City Memorial
Fairmont C. C. Dairy	Hospital
Fasco Products, Inc.	O'Sullivan Industries
Faultless Laundry	Owens Corning Fiberglas
Ford Motor Co.	Pet Milk Co.
Fox Run Apartments	Philadelphia Quartz Co.

Pittsburgh Corning
Proctor & Gamble Co.
Quaker Oats
Ralston Purina Co.
Reichhold Chemical Inc.
Research Hospital
Reynolds Metals Co.
Rival Manufacturing Co.
Safeway Stores
Santa Fe Railroad
Sealright Mfg. Co.
Sears Roebuck & Co.
Seitz Foods Inc.
Southwest Oil & Grease
Sperry Vickers
St. John's Hospital
St. Joseph Light & Power
St. Joseph's Center
St. Francis Hospital
St. Mary's Hospital
St. Joseph, Missouri
St. Joseph's Hospital
St. Lukes Hospital
Stahl Specialty Co.
Standard Refining
Steffen Dairy
Swift and Company
Swift Ind. Packing Co.
Teva Pharmaceuticals, Inc.
Thomas J. Lipton Inc.
Thompson Industries
Tower Metal Products
Town of Carrollton
TransWorld Airlines
Trigen - Kansas City District
Trinity Lutheran Hospital
Trumbull Asphalt
U S Gypsum
Vance Brothers Asphalt
W R Grace & Co.
Wells Aluminum Inc.
Winchester Foods Inc.
Wire Rope Corporation