

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

In the Matter of the Application of Missouri Gas) Energy, a division of Southern Union Company) for an Accounting Authority Order Concerning) Kansas Property Tax for Gas in Storage.)	Case No. GU-2010-0015
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In the Matter of Missouri Gas Energy and) Its Tariff Filing to Implement a General Rate) Increase for Natural Gas Service)	Case No. GR-2009-0355 Tariff No. YG-2009-0714
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MGE’S MOTION TO CONSOLIDATE

Comes now Missouri Gas Energy, a division of Southern Union Company (“MGE” or “Company”), and, for its Motion to Consolidate, states as follows to the Missouri Public Service Commission (“Commission”):

SUMMARY

MGE seeks to consolidate its application for an accounting authority order concerning a new Kansas property tax on natural gas held in storage (Case No. GU-2010-0015) with its on-going rate case (Case No. GR-2009-0355). These matters contain common questions of law or fact and can be consolidated in such a way that the ordered procedural schedule in the rate case may proceed without modification.

CASES

1. On April 2, 2009, MGE submitted to the Commission proposed tariff sheets intended to implement a general rate increase for natural gas service. These tariffs were suspended by the Commission and the tariffs assigned Case No. GR-2009-0355. On May 27, 2009, the Commission issued its Order Setting Procedural Schedule. The procedural schedule, among other things, calls for direct testimony for all parties excluding MGE (revenue requirement) on August 21, 2009; direct testimony (rate

design) on September 3, 2009; rebuttal testimony for all parties on September 25, 2009; surrebuttal testimony for all parties on October 14, 2009; and a hearing on October 26-30, 2009, and November 2-6, 2009

2. On July 13, 2009, MGE filed an Application for an Accounting Authority Order seeking a Commission order authorizing deferred accounting treatment for new Kansas property taxes related to the storage of natural gas incurred pursuant to a Kansas statute enacted this year and signed into law on April 21, 2009. The application was assigned Case No. GU-2010-0015.

CONSOLIDATION

3. Commission Rule 4 CSR 240-2.110(3) states that “[w]hen pending actions involve related questions of law or fact, the commission may order a joint hearing of any or all the matters at issue, and may make other orders concerning cases before it to avoid unnecessary costs or delay.” The Commission has previously stated that Commission Rule 4 CSR 240-2.110(3) allows the Commission to consolidate pending actions involving related questions of law or fact. *See In the Matter of Highway H Utilities, Inc.*, Order Consolidating Cases, Case No. WA-2009-0316, 2009 Mo. PSC LEXIS 431 (May 19, 2009).

RELATED QUESTIONS OF LAW OR FACT

4. MGE’s rate case will ultimately determine just and reasonable rates for MGE’s natural gas distribution and transportation services. The process of determining just and reasonable rates necessarily concerns a determination of MGE’s operating expenses and taxes.

5. MGE’s accounting authority order application requests that the

Commission allow it to defer the Kansas property taxes associated with gas in storage, while MGE challenges the legality of this tax. If the expenses are not deferred, there is a question as to whether they should be included in the calculation of MGE's just and reasonable rates.

6. The Office of the Public Counsel's (Public Counsel) recent Motion to Dismiss the accounting authority application shows the relationship of these two cases. In support of its Motion to Dismiss, Public Counsel argues, in part, that the Application should be "summarily dismissed because: 1) Property tax is a typical business expense and is therefore not extraordinary as required by the Uniform System of Accounts (USOA) for AAO deferrals; 2) If MGE is required to pay the Kansas property tax it would be an annual recurring expense and is therefore not extraordinary as required by the USOA for AAO deferrals." Motion to Dismiss, p. 1.

7. These arguments were previously addressed by the Commission in another accounting authority order case involving MGE (Case No. GU-2005-0095), which concerned similar 2004 Kansas property tax legislation. However, if the Commission should decide in this case that these allegations support a denial of the requested accounting authority order, an alternative is to include the subject Kansas property tax amounts in the calculation of just and reasonable rates in the rate case.

8. For this reason, there are related questions of law or fact and judicial economy will be served by consolidating these cases.

TIMING OF DECISION

9. The nature of an accounting authority order is such that if it is granted, it is of value to MGE in terms of the condition of its financial statements. Accordingly, from

MGE's perspective, to have any import an order needs to be received before those financial statements are closed.

10. MGE's financial statements for the calendar year 2009 will be closed near the end of January of 2010. Thus, MGE asks that the Commission consider the accounting authority application to allow sufficient time for a decision prior to the end of January of 2010.

PROCEDURAL SCHEDULE

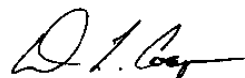
11. If the subject cases are consolidated, MGE would propose the following procedural schedule be applied to Case No. GU-2010-0015:

Direct Testimony (MGE)	August 25, 2009
Rebuttal Testimony (Non-MGE Parties)	September 25, 2009
Surrebuttal Testimony (All Parties)	October 14, 2009
Evidentiary Hearing (To be scheduled during the rate case hearing)	October 26-30, 2009 and November 2-6, 2009

12. The proposed procedural schedule would allow the accounting authority case to be tried on a schedule that mirrors that of the rate case, without the need to revise the rate case schedule.

WHEREFORE, MGE respectfully requests that the Commission consolidate Cases No. GR-2009-0355 and GU-2010-0015, with GR-2009-0355 being the lead case, and adopt the procedural schedule identified herein.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 25th day of August, 2009, to:

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