



Commissioners

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June 12, 2001

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Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. GR-2001-292

FILED²

JUN 12 2001

Missouri Public
Service Commission

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of the **STAFF'S STATEMENT OF POSITIONS ON THE ISSUES**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Lera L. Shemwell
Associate General Counsel
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LLS:sw
Enclosure
cc: Counsel of Record

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

FILED²
JUN 12 2001

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-2001-292

Missouri Public
Service Commission

STAFF'S STATEMENT OF POSITIONS ON THE ISSUES

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission"), and for its Statement of Positions on the Issues that remain contested in the above-captioned case, respectfully states as follows:

Issue No. 7. Class Cost-of-Service/Class Revenue Allocations

A. What should be the appropriate method of class cost of service allocation in this case?

Staff's Position Staff recommends that the Commission adopt Staff's allocation as reflected in Schedule 1 of the Surrebuttal testimony of Daniel I. Beck. Staff maintains that its class cost of service study provides the best representation of the cost to serve the various classes.

B. What is the appropriate allocation of any increase in revenues to customer classes?

Staff's Position Staff recommends that the Commission adopt the recommendation of Daniel I. Beck regarding changes to the allocation of costs. This proposal would move toward cost of service, as defined by all of the studies filed in this case for the Small General Service and Large General Service classes. Specifically, Staff recommends the following revenue shifts between classes: Residential, \$315,000 increase; SGS, \$250,000 decrease; LGS, \$100,000 decrease; and Large Volume Service, \$35,000 increase. Any increase in revenues approved by the Commission would then be allocated to the classes on an equal percentage basis after the changes in class revenues are made. In the alternative, Staff recommends that the Commission order an equal percentage of increase for each class of customer based on current revenues.

C. What are the appropriate adjustments to rates for the various customer classes?

Staff's Position Staff recommends that each of the sales or transportation charges for the Large Volume Service class be increased by an equal percentage to reach the

level of Large Volume Service class revenue requirement ordered by the Commission. For all other classes, Staff recommends that each of the commodity charges be increased by an equal percentage to reach the level of class revenue requirement ordered by the Commission.

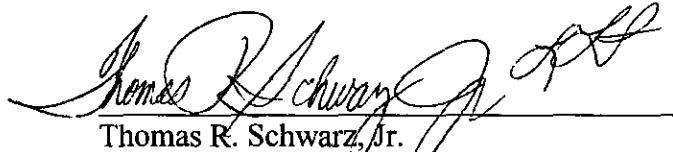
Issue No. 9. Low-income Credit Tariff Rate

- A. Should the Commission adopt Public Counsel's proposed low-income fixed credit tariff rate?

Staff's Position Staff does not support the complete adoption of Public Counsel's proposed low-income fixed credit tariff rate because of the multitude of legitimate questions about the administration and implementation of the program as specifically proposed by Public Counsel. However, based on the success of the Low-Income Weatherization programs of MGE and AmerenUE, Staff recommends that an experimental program be developed to implement the Residential Low-Income Rates program and that an independent evaluation of the program be conducted. (Warren Surrebuttal). The experimental program could be funded by the Residential Customer Class as proposed by Public Counsel, and if the results of the experimental program warrant and the law allows, then the rates could be implemented with funding from all customer classes and the Company shareholders.

Respectfully submitted,

DANA K. JOYCE
General Counsel


Thomas R. Schwarz, Jr.
Deputy General Counsel
Missouri Bar No. 29645

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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 12th day of June 2001.



**Service List for
Case No. GR-2001-292
Revised: June 12, 2001 (SW)**

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