

LAW OFFICES  
**BRYDON, SWEARENGEN & ENGLAND**

DAVID V.G. BRYDON  
JAMES C. SWEARENGEN  
WILLIAM R. ENGLAND, III  
JOHNNY K. RICHARDSON  
GARY W. DUFFY  
PAUL A. BOUDREAU  
SONDRA B. MORGAN  
CHARLES E. SMARR

PROFESSIONAL CORPORATION  
312 EAST CAPITOL AVENUE  
P. O. BOX 456  
JEFFERSON CITY, MISSOURI 65102-0456  
TELEPHONE (573) 635-7166  
FACSIMILE (573) 635-3847  
E-MAIL: DUFFY@BRYDONLAW.COM

DEAN L. COOPER  
MARK G. ANDERSON  
TIMOTHY T. STEWART  
GREGORY C. MITCHELL  
BRIAN T. MCCARTNEY  
DALE T. SMITH  
BRIAN K. BOGARD

OF COUNSEL  
RICHARD T. CIOTTON

June 12, 2001

**FILED<sup>3</sup>**

JUN 12 2001

Missouri Public  
Service Commission

Mr. Dale Hardy Roberts  
Executive Secretary  
Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

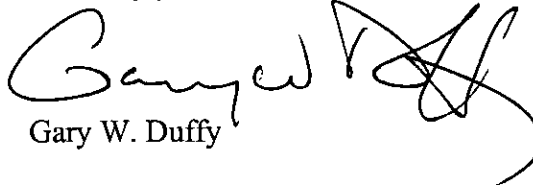
**RE:** Case No. GR-2001-292  
Missouri Gas Energy

Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding please find an original and eight copies of Missouri Gas Energy's Statement of Position and Suggested Schedule of Proceedings.

If you have any questions, please give me a call.

Sincerely yours,

  
Gary W. Duffy

/gwd

Enclosures

cc w/encl: Doug Micheel, Office of Public Counsel  
Larry Dority  
Tim Schwarz, Office of General Counsel  
Mark Comley  
Stuart W. Conrad

FILED<sup>3</sup>

JUN 12 2001

Missouri Public  
Service Commission

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

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 GAS ENERGY'S STATEMENT OF POSITIONS**

**Comes now** Missouri Gas Energy ("MGE"), a division of Southern Union Company, by and through counsel, and for its statement of positions in accordance with the Commission's January 17, 2001, scheduling order, respectfully submits its statement of positions, which is appended hereto as Attachment 1.<sup>1</sup>

Respectfully Submitted,

*Robert J. Hack by GWT*

Robert J. Hack MBE #36496

3420 Broadway

Kansas City, MO 64111

(816)360-5755

FAX: (816)360-5536

e-mail: rob.hack@southernunionco.com

Gary W. Duffy MBE #29705

Brydon, Swearingen & England

P.O. Box 456

Jefferson City, MO 65102

(573)635-7166

FAX: (573)635-3847

e-mail: duffy@brydonlaw.com

**ATTORNEYS FOR MISSOURI  
GAS ENERGY**

**Certificate of Service**

<sup>1</sup> MGE has also provided, as Attachment 2 to this pleading, a suggested schedule of proceedings for those items which are known not to be settled at this point time.

69

I hereby certify that a copy of the foregoing document was mailed or hand delivered this 12th day of June, 2001, to:

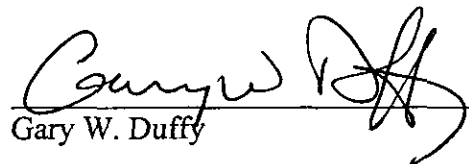
Larry W. Dority  
Fischer & Dority, P.C.  
101 Madison Street, Suite 400  
Jefferson City, MO 65101

Douglas E. Micheel  
Office of the Public Counsel  
P.O. Box 7800  
Jefferson City, MO 65102

Thomas R. Schwarz, Jr.  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

Mark Comley  
Newman, Comley & Ruth P.C.  
601 Monroe, Ste. 301  
Jefferson City, MO 65102

Stuart W. Conrad  
Jeremiah D. Finnegan  
Finnegan, Conrad & Peterson, L.C.  
3100 Broadway, Ste. 1209  
Kansas City, MO 64111

  
Gary W. Duffy

## **MGE's Statement of Positions—GR-2001-292**

1. Class Cost-of-Service/Class Revenue Allocations
  - A. What class cost of service allocation methodology is most reasonable for use in setting distribution rates in this case?

MGE's position is that class cost of service allocation methodologies and results can vary considerably depending on the analyst. Although MGE believes that class cost of service studies can represent a reasonable starting point for the allocation of class revenue responsibility, other factors may also be considered. Therefore, it is MGE's position that the Commission need not choose any single class cost of service methodology or study in setting distribution rates in this case.

(MGE witness Cummings Direct, pp. 8-10 ; Rebuttal, pp. 4-7 ; and Surrebuttal, pp. 3-5).

- B. What allocation of revenue increase to the various customer classes is most reasonable for use in setting distribution rates in this case?

MGE's position is that it is reasonable for the Commission to spread the required increase proportionately to all customer classes on the basis of existing class revenues, as adjusted.

Alternatively, in an effort to reconcile the results of the parties class cost of service studies and recommendations, MGE's position is that it would also be reasonable to spread the first \$5,000,000 of required revenue increase to the residential, Small General Service and Large General Service classes proportionately to their as adjusted test year revenues. The remainder of the required revenue increase would be spread to all classes proportionately to their as adjusted test year revenues.

(MGE witness Cummings Direct, pp. 8-10 ; Rebuttal, pp. 4-7 ; and Surrebuttal, pp. 3-5).

2. Is it lawful and reasonable to adopt Public Counsel's proposed low-income fixed credit tariff rate?

MGE's position is to support the establishment of a well-crafted and thoughtfully designed low-income assistance program. Such a program should be one that 1) will cause MGE neither profits nor losses and 2) MGE is capable of administering—so that data concerning the impact and advisability of expanding the availability of such a program can be gathered. MGE's position is that Public Counsel's proposed low-income fixed credit proposal does not meet these requirements and that it is not reasonable to implement Public Counsel's proposal in the limited time available in this case after the proposal was first revealed on April 26, 2001. MGE believes that the cost impacts of Public Counsel's proposal are not quantifiable with reasonable certainty in advance of implementation of the proposal and may very well be substantially greater than those estimated by Public Counsel. MGE also cannot physically accomplish the billing system changes that, at least according to MGE's current understanding of the Public Counsel proposal, would be necessary to implement the Public Counsel proposal by the operation of law date in this case. If the Commission determines that the type of concept envisioned by Public Counsel's proposal is lawful and constitutes sound public policy, MGE recommends that the Commission establish a separate docket in which a study group can assess and resolve implementation, cost, and customer impact issues associated with specific low-income assistance programs. The group's objective would be to propose to the Commission a program(s) that could be implemented on a cost, revenue, and earnings neutral basis.

(MGE witness Cummings Rebuttal, pp. 10-21; and Surrebuttal, pp. 5-6. MGE witness Hendershot Rebuttal, all. MGE witness Thompson Rebuttal, all.).

## **GR-2001-292—MGE's Suggested Schedule of Proceedings**

### **Monday, 6/25—**

**8:30 a.m.**—Entries of appearance, marking of exhibits and opening statements (Order of opening statements: MGE, the Staff, Public Counsel, Midwest Gas Users' Association, Jackson County/Riverside, KCPL, City of Kansas City).

**10:15 a.m.**—Low-Income Fixed Credit Tariff Rate Proposal (order of cross shown in parenthesis)

**MGE:** Cummings (Staff, . . . & Public Counsel)  
Hendershot (Staff, . . . & Public Counsel)  
Thompson (unavailable until later in week)

**Public Counsel:** Colton<sup>1</sup> ( . . . , Staff & MGE)  
Hong Hu ( . . . , Staff & MGE)

**Staff:** Warren (MGE, . . . & Public Counsel)

**2:30 p.m.**— Class Cost-of-Service/Class Revenue Responsibility

**MGE:** Cummings (Public Counsel, Staff, . . . & MGUA)

**MGUA:** Laderoute ( . . . , MGE, Staff & Public Counsel)

**Public Counsel:** Hong Hu (MGE, Staff, . . . & MGUA)

Busch (MGE, Staff, . . . & MGUA)

**Staff:** Beck (MGE, Public Counsel, . . . & MGUA).

### **Tuesday, 6/27—**

**8:30 a.m.**—Class Cost-of-Service/Class Revenue Responsibility Carry-over

### **Wednesday, 6/27—**

**8:30 a.m.**—Low-Income Fixed Credit Tariff Rate Proposal

**MGE:** Thompson<sup>2</sup> (Staff, . . . & Public Counsel)

---

<sup>1</sup> Public Counsel witness Colton is available only on Monday, June 25, 2001.

<sup>2</sup> MGE witness Thompson is not available until Wednesday, June 27, 2001.