

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GA-2013-0270, Missouri Gas Energy, a division of Southern Union Company

FROM: Kim Cox, Energy Unit - Tariffs/Rate Design

/s/ Kim Cox 12/18/12
Energy Unit/Date

/s/ Robert S. Berlin 12/18/12
General Counsel's Office/Date

SUBJECT: Staff Recommendation On Missouri Gas Energy's Application For A Certificate Of
Public Convenience And Necessity

DATE: December 18, 2012

On November 12, 2012, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, filed an APPLICATION (Application) with the Missouri Public Service Commission (Commission). The Application requests that the Commission grant MGE a certificate of public convenience and necessity (CCN) authorizing it to construct, install, own, operate, control, manage and maintain a natural gas distribution system to provide gas service in two sections of Lawrence County, Missouri as an expansion of its existing certificated area. (Section 24, Township 28 North, Range 27 West and Section 19, Township 28 North, Range 26 West)

On November 14, 2012, the Commission issued an ORDER DIRECTING NOTICE, SETTING DEADLINE FOR INTERVENTION REQUEST, AND DIRECTING FILING OF STAFF RECOMMENDATION. The order allowed any interveners to file by November 28, 2012 and directed Staff to file its recommendation no later than December 19, 2012.

On December 11, 2012, MGE filed a MOTION FOR WAIVER that requested an order from the Commission granting a waiver from Commission Rule 4 CSR 240-3.205(1)(A)5. On December 12, 2012, the Commission issued an ORDER DIRECTING FILING directing Staff to file a recommendation on MGE's Motion for Waiver as part of this recommendation. Staff notes that the last sentence of the waiver contains a minor typographical error in that it refers incorrectly to Rule 4 CSR 240-2.205(1)(A)5 instead of the correct rule 4 CSR 240-3.205(1)(A)5.

MGE is requesting a CCN for an expansion of its current service area in Lawrence County. MGE has facilities in requested Section 19, Township 28 North, Range 26 West and currently serves six (6) small commercial customers and twenty (20) residential customers. In requested Section 24, Township 28 North, Range 27 West, sixteen (16) of twenty-nine (29) propane customers in the subdivision have expressed interest in converting to natural gas service. The Application proposes to utilize customary state highway, railroad, and county rights of way in the proposed new service area. There is no known opposition to the project.

MGE seeks a waiver from Commission Rule 4 CSR 240-3.205(1)(A)5. The rule requires that an

applicant for a certificate of convenience and necessity provide “a feasibility study containing plans and specifications for the utility system and estimated cost of the construction of the utility system during the first three (3) years of construction; plans for financing; proposed rates and charges and an estimate of the number of customers, revenues and expenses during the first three (3) years of operations.” MGE seeks a waiver of this rule because the feasibility study filed with the application does not contain the required number of customers and expected revenue and expenses during the first three (3) years of operations. MGE’s proposed expansion involves a minimal expenditure on the part of MGE to provide gas service in the two requested sections. The total estimated cost of the project is \$5,426.55. Staff is of the opinion the request for waiver is reasonable and is therefore not opposed to the granting of this waiver.

Pursuant to MGE’s tariff, no customer deposit will be required. MGE proposes to use its existing rates and regulations for natural gas service contained in its tariff.

The Staff has reviewed this Application and for the following reasons is of the opinion that granting this Application would be in the public interest for the following reasons:

1. MGE is willing and able to provide the requested service under existing tariff provisions,
2. Extending gas service would not jeopardize natural gas service to the Company’s currently existing customers,
3. No interveners have objected to this certificate request,
4. MGE anticipates using the customary state highway, railroad, and county rights of way,
5. The requested service area is expected to develop new customers, and
6. No new franchises are required.

Therefore, Staff recommends that MGE be granted a certificate to serve the requested area in Lawrence County, Missouri. With regard to Summit’s application for waiver, Staff is not opposed to granting a waiver regarding the information required by rule in the feasibility study. Staff also recommends the Company file revised tariff sheets reflecting this proposed CCN in this case within thirty (30) days of the Commission’s Order approving this Application.

The Staff has verified that this company has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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

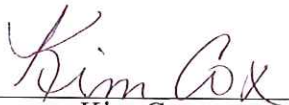
In the Matter of the Application of Southern)
 Union Company, d/b/a Missouri Gas)
 Energy, for a Certificate of Public)
 Convenience and Necessity Authorizing it to)
 Construct, Install, Own, Operate, Control,)
 Manage and Maintain a Natural Gas)
 Distribution System to Provide Gas Service)
 in Lawrence County, Missouri, as an)
 Expansion of its Existing Certified Area)

Case No. GA-2013-0270

AFFIDAVIT OF KIM COX

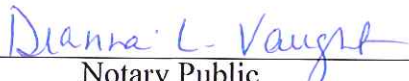
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Kim Cox of lawful age, on oath states: that she participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of her knowledge and belief.



 Kim Cox

Subscribed and sworn to before me this 18th day of December, 2012.



 Notary Public

