

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File,  
Case No. GA-2008-0078, Missouri Gas Utility, Inc.

FROM: James A. Gray, Energy Department - Tariffs/Rate Design

/s/ Thomas Imhoff 10/25/07  
Energy Department/Date

/s/ Dennis Frey 10/25/07  
General Counsel's Office/Date

SUBJECT: **Amended** Staff Recommendation On Missouri Gas Utility, Inc.'s Application For A  
Certificate Of Convenience And Necessity

DATE: October 25, 2007

On September 11, 2007, Missouri Gas Utility, Inc. (MGU or Company) filed an APPLICATION (Application) with the Missouri Public Service Commission (Commission). The Application requests that the Commission grant MGU a certificate of 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 Harrison County, Missouri, as a further expansion of its existing certified area. On September 14, 2007, the Commission issued an ORDER DIRECTING NOTICE AND SETTING DATE FOR SUBMISSION OF INTERVENTION REQUESTS (Order), which allows any interveners to file by October 4, 2007. **On October 16, 2007, MGU filed its MOTION FOR LEAVE TO AMEND APPLICATION, which included an Amended Appendix A. On October 23, 2007, Staff filed its recommendation recommending approval of the CCN. On October 24, 2007, MGU filed its MGU's RESPONSE TO ORDER DIRECTING FILING AND MOTION FOR LEAVE TO AMEND (Response), which included an Amended Appendix B.**

**This Amended Recommendation is being filed because Staff inadvertently did not address item 1 of the Commission's Order requiring MGU to supplement its Application. MGU had requested Staff's recommendation expeditiously, so that the potential customers could be served before the winter season.**

MGU is requesting a CCN adjacent to MGU's presently certified service area in Harrison County, to provide service to Maschhoffs, Inc. (Maschhoffs). MGU plans to extend service to Maschhoffs pursuant to its service extension policy detailed in its Commission approved tariff. Approximately eighty percent (80%) the proposed extension would utilize private rights of way. There is no opposition to the project.

MGU filed its feasibility study (study) along with its Application. The total estimated cost of the project was \$125,000 in **Appendix B of the Application, and it was revised to \$116,501 in the Amended Appendix B in MGU's Response.** After the initial construction, the study projects the annual revenues will exceed the annual costs over the next three (3) years. MGU states that additional customers may be served off the extension subject to MGU's line extension policy 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:

1. MGU 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, and
4. No new franchises are required.

Therefore, Staff recommends that MGU be granted a certificate to serve the requested area in Harrison County, Missouri. 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.

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

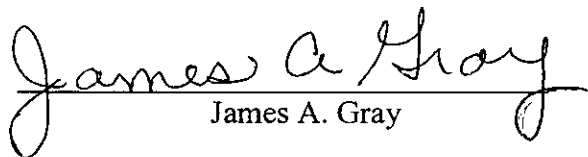
In the Matter of the Application of )  
Missouri Gas Utility, Inc., for a Certificate )  
of Convenience and Necessity )  
Authorizing It to Construct, Install, Own, )  
Operate, Control, Manage and Maintain a )  
Natural Gas Distribution System to )  
Provide Gas Service in Harrison County, )  
Missouri, as a Further Expansion of Its )  
Existing Service Area. )

Case No. GA-2008-0078

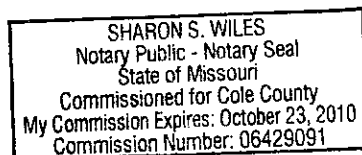
**AFFIDAVIT OF JAMES A. GRAY**

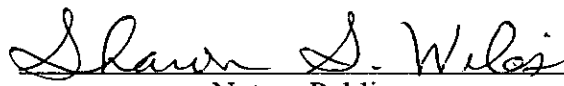
**STATE OF MISSOURI** )  
 ) ss  
**COUNTY OF COLE** )

James A. Gray, of lawful age, on oath states: that he participated in the preparation of the foregoing Amended Staff Recommendation in memorandum form, to be presented in the above-case; that the information in the Amended Staff Recommendation was given by him; that he has knowledge of the matters set forth in such Amended Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

  
James A. Gray

Subscribed and sworn to before me this 25th day of October, 2007.



  
Notary Public

My commission expires: \_\_\_\_\_