

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

In the Matter of Staff's Recommendation	)	
In Missouri Gas Energy's 2003-2004	)	Case No. GR-2005-0169
Actual Cost Adjustment.	)	

**STAFF'S RECOMMENDATION IN THIS CASE**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and files its Recommendation in this case.

1. On June 16, 2005, Missouri Gas Energy (MGE or Company), filed a tariff sheet with a proposed July 1, 2005 effective date.

2. The tariff sheet was filed to reflect changes in MGE's Purchased Gas Adjustment (PGA) factors as the result of an estimated change in the cost of natural gas for the remaining portion of the summer season.

3. Natural gas prices have recently increased significantly and this tariff is designed to increase the firm PGA factor for the remaining portion of the 2005 summer season to reflect those increases.

4. This increase is a 19% increase in a summer PGA for a number of reasons, MGE's current PGA is comparatively low. MGE had a relatively low PGA rate in March (.68611) when compared to the other LDCs because of a FERC-ordered pipeline refund. The refund lowered customers' bills during the time the refund was returned to customers.

5. Additionally, the percentage of increase to customers' bills is magnified because this change is occurring during the summer season when customer usage is low and overall bills are low resulting in the overall percentage being higher than it would be for a similar change that occurred during the winter heating season.

6. Staff recommends that the tariff is calculated in accordance with MGE's Commission approved PGA and that it may be approved on an interim, subject-to-refund basis only.

WHEREFORE, the Staff suggests that the Commission approve the tariff filing to be effective on July 1, 2005, with rates approved on an interim basis only, subject to refund.

Respectfully submitted,

DANA K. JOYCE  
General Counsel

**/s/ Lera L. Shemwell**

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, emailed, sent by facsimile or hand-delivered to all counsel of record this 24th day of June 2005.

**/s/ Lera L. Shemwell**

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