

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 8th of
November, 2007.

In the Matter of Missouri Gas Energy's Purchased)	
Gas Adjustment (PGA) Factors to Be Audited in its)	<u>Case No. GR-2005-0169</u>
2004-2005 Actual Cost Adjustment)	

ORDER ESTABLISHING ENDING ACA BALANCE

Issue Date: November 8, 2007

Effective Date: November 18, 2007

The Commission opened this case to receive the 2004-2005 Actual Cost Adjustment (ACA) filing of Missouri Gas Energy, a division of Southern Union Company (MGE). The Staff of the Public Service Commission completed an audit of MGE's billed revenues and actual gas costs for the period July 1, 2004 through June 30, 2005. Staff initially recommended two monetary adjustments to MGE's ACA balance.

Staff's first proposed adjustment would have reduced MGE's gas costs by \$1,965,531 for allegedly imprudently incurred transportation costs under MGE's contract with Kansas Pipeline Company. Subsequently, the Missouri Supreme Court held that Staff's proposed adjustment was precluded by a stipulation and agreement approved by the Commission in 1996. Staff's second proposed adjustment would have reduced MGE's gas costs by \$2,357,827 for an excess reserve margin for unneeded pipeline capacity. The Commission decided that issue in favor of MGE in an October 2, 2007 Report and Order in Case No. GR-2003-0330, relating to MGE's 2002-2003 ACA case. Staff formally withdrew

both adjustments from the Commission's consideration in a pleading filed on November 2, 2007.

With the proposed adjustment having been withdrawn, Staff recommends the Commission establish MGE's ending ACA balance for this period as an over-recovery of \$21,006,973, and close the case. MGE concurs in that recommendation.

IT IS ORDERED THAT:

1. Missouri Gas Energy, a division of Southern Union Company, shall adjust the ACA account balances in its next ACA filing to reflect the closing balance reflected in the following table, based on MGE's ACA filing:

Account	6/30/05 Ending Balances per MGE Filing	Staff Adjustments	Ending Balances at 6/30/05
2004-2005 ACA Adjustments	\$(21,006,973)	\$0.00	\$(21,006,973)
Residential, Small General Service & Large General Service Refund	\$0.00	\$0.00	\$0.00
Large Volume Refund	\$(633,543)	\$0.00	\$(633,543)

2. This order shall become effective on November 18, 2007.

3. This case shall be closed on November 19, 2007.

(S E A L)

BY THE COMMISSION



Colleen M. Dale
Secretary

Davis, Chm., Murray, Clayton, Appling, and
Jarrett, CC., concur

Woodruff, Deputy Chief Regulatory Law Judge