

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

In the Matter of Missouri Gas Energy's)	
Purchased Gas Adjustment Filing for the)	<u>Case No. GR-2010-0372</u>
2009-2010 Actual Cost Adjustment Period.)	Tariff File YG-2011-0198

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through the undersigned counsel, and hereby advises the Commission to approve the Purchased Gas Adjustment (PGA) tariff filed herein by Missouri Gas Energy (MGE or Company), a division of Southern Union Company, on October 13, 2010, and effective November 1, 2010. For its Recommendation, the Staff states as follows:

1. The Company filed the proposed tariff to reflect changes in MGE's firm PGA factor as a result of estimated changes in the cost of natural gas and changes in the Actual Cost Adjustment (ACA) factor for the upcoming 2010-2011 winter season.

2. The proposed tariff decreases the firm PGA factor for the winter season from the current PGA factor of \$.82433 per one-hundred cubic feet (Ccf), to \$.79329 per Ccf, a decrease of \$.03104 per Ccf for all customer classes except transportation. The Staff's Memorandum in this matter is attached.

3. The Staff asserts that MGE's PGA clause approved by the Commission demonstrates the good cause necessary pursuant to Section 393.140 (11), RSMo, to permit the tariff to become effective on less than 30 days' notice.

4. The Commission established this case file to track the Company's PGA factors the Staff will review further in the Company's 2009-2010 Actual Cost Adjustment (ACA) filing.

As such, the Commission should approve this rate change on an interim, subject to refund status pending final Commission decision on the ACA.

5. MGE is not delinquent with respect to its annual report or any PSC assessments; neither does the Staff know of any other pending matter that affects, or is affected by, this filing.

WHEREFORE, the Staff recommends that the Commission: (1) approve Missouri Gas Energy's filed tariff sheet P.S.C. MO. No. 1, Twenty-Third Revised Sheet No. 24.3, with the rate change on an interim, subject to refund status pending final Commission decision on the Company's ACA; and (2) cancel the Company's tariff sheet P.S.C. MO. No. 1, Twenty-Second Revised Sheet No. 24.3.

Respectfully submitted,

/s/ Jennifer Hernandez

Jennifer Hernandez
Associate Staff Counsel
Missouri Bar No. 59814

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Certificate of Service

I hereby certify that a true and correct copy of the foregoing was served, either through electronic mail, hand delivery, facsimile or by First Class United States Mail, postage prepaid on the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case on this 20th day of October, 2010.

/s/ Jennifer Hernandez

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2010-0372, File No. YG-2011-0198
Missouri Gas Energy

FROM: Michael L. Stahlman, Energy Department – Tariffs/Rate Design

/s/ Michael L. Stahlman 10/20/10 /s/ Jennifer Hernandez 10/20/10
Utility Operations Division/Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Missouri Gas Energy's Winter Season PGA Filing -
Effective November 1, 2010

DATE: October 20, 2010

On October 13, 2010, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri, filed a tariff sheet bearing an effective date of November 1, 2010. This tariff sheet was filed to reflect a change in MGE's Purchased Gas Adjustment (PGA) factor as a result of estimated changes in the cost of natural gas (Commodity Cost of Gas or CCG) and changes in the Actual Cost Adjustment (ACA) factor for the upcoming winter season.

This filing will decrease the firm PGA factor for the upcoming 2010 – 2011 winter season, to \$.79329 per one-hundred cubic feet (Ccf), from the current PGA factor of \$.82433 per Ccf. This represents a decrease of \$.03104 per Ccf for all customer classes except transportation.

Case No. GR-2010-0372, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2009-2010 Actual Cost Adjustment (ACA) filing. Case Nos. GR-2008-0367 and GR-2009-0268 were established to track the Company's PGA factors to be reviewed in its 2007-2008 and 2008-2009 ACA filings respectively. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2008-0367, GR-2009-0268, and GR-2010-0372.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2011.

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

Staff recommends that the following tariff sheet, filed on October 13, 2010, be approved, interim subject to refund:

P.S.C. MO. No.1

Twenty-Third Revised SHEET No. 24.3, Canceling Twenty-Second Revised SHEET No. 24.3

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's
PGA/ACA

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Case No. GR-2010-0372

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael L. Stahlman, employee of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that he has participated in preparing the accompanying Staff Recommendation in Memorandum form, and that the facts therein are true and correct to the best of his knowledge and belief.



Michael L. Stahlman

Subscribed and sworn to before me this 20th day of October 2010.



Notary Public

