At a session of the Public Service Commission held at its office in Jefferson City on the 21st of April, 2010.

In the Matter of Missouri Gas Energy's)
2006-2007 Actual Cost Adjustment) **File No. GR-2007-0256**

ORDER APPROVING STIPULATION AND AGREEMENT AND ESTABLISHING ACA BALANCE

Issue Date: April 21, 2010   Effective Date: May 1, 2010

The Commission opened this case to receive the 2006-2007 Actual Cost Adjustment (ACA) filing of Southern Union Company d/b/a Missouri Gas Energy (MGE). On December 15, 2008, the Staff of the Commission filed a recommendation and memorandum indicating that Staff had completed a review and evaluation of billed revenues and actual gas costs for the period July 1, 2006, to June 30, 2007, included in MGE's computation of its ACA rate. Staff also reviewed MGE's gas purchasing practices, conducted a reliability analysis, and reviewed MGE's hedging practices. Staff's December 15, 2008 recommendation did not advise the Commission to adjust MGE's ACA account balances, although it did offer several recommendations on ways in which MGE could improve its practices.

After Staff filed its initial recommendation, MGE informed Staff of a billing problem that led to a substantial under-collection from a large customer. The nature of the billing problem and the amount of the under-collection is considered highly confidential. After investigating the billing problem, Staff filed a second recommendation on June 3, 2009. Staff's second recommendation advised the Commission to require MGE to credit its ACA balance for an amount related to the under-collection. MGE disagreed with the credit

amount recommended by Staff and this matter was set for hearing in January 2010.

Staff and MGE continued negotiations and on December 15, 2009, at the parties' request, the Commission suspended the procedural schedule to allow the parties more time to negotiate. On April 7, 2010, Staff and MGE filed a stipulation and agreement that resolves their disagreement. The only other party to this case, the Office of the Public Counsel, did not sign the stipulation and agreement, but the stipulation and agreement represents that Public Counsel does not oppose the agreement and does not request a hearing.

The stipulation and agreement is nonunanimous in that it was not signed by all parties. However, Commission rule 4 CSR 240-2.115(2) provides that other parties have seven days in which to object to a nonunanimous stipulation and agreement. If no party files a timely objection to the stipulation and agreement, the Commission may treat it as a unanimous stipulation and agreement. More than seven days have now passed since the stipulation and agreement was filed and no party has objected. Therefore, the Commission will treat the stipulation and agreement as unanimous.

After reviewing the stipulation and agreement, the Commission finds that it should be approved as a resolution of the issue addressed by that stipulation and agreement. The Commission will also establish MGE's ACA account balance as of June 30, 2007 as agreed by Staff and MGE.

THE COMMISSION ORDERS THAT:

1.   The stipulation and agreement filed on April 7, 2010, is approved as a resolution of the issues addressed by that stipulation and agreement. The signatories to that stipulation and agreement are ordered to comply with its terms.

2.   Southern Union Company d/b/a Missouri Gas Energy shall establish the following ACA account balance in its next ACA filing to reflect the June 30, 2007 (over)/under-recovered ACA balance:

Account	6-30-2007 Ending Balances per MGE Filing	Staff Adjustments	6-30-2007 Staff Recommended Ending Balances
ACA Balance – (Over-recovered) / Under-recovered	$(8,991,999)	$ 0	$(8,991,999)
Large Volume Refund	$(527, 438)	$ 0	$(527,438)

2.   This order shall become effective on May 1, 2010.

3.   This case shall be closed on May 2, 2010.

BY THE COMMISSION

(S E A L)

Steven C. Reed
Secretary

Clayton, Chm., Davis, Jarrett, Gunn,
and Kenney, CC., concur.

Woodruff, Chief Regulatory Law Judge