

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2006-0291, File No. YG-2006-0535
Missouri Gas Energy

FROM: Michael Ensrud, Energy Department – Tariffs/Rate Design

/s/ Thomas Imhoff 01/9/06 /s/ Lera Shemwell 01/9/06
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation for Missouri Gas Energy's Optional Winter Season PGA
Filing - Effective January 20, 2006

DATE: January 9, 2006

On January 6, 2006, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri, filed a tariff sheet having an effective date of January 20, 2006. This tariff sheet was filed to reflect changes in MGE's Purchased Gas Adjustment (PGA) factors as a result of estimated changes in the cost of natural gas for the remaining winter season.

This filing will decrease the firm PGA factor for the remainder of the 2005 - 2006 winter season, to \$.93825 per Ccf, from the current PGA factor of \$1.1677 per Ccf.

The filing is projected to save a "typical" customer (using 669.24 Ccfs over the whole winter season) \$85. This saving is calculated on proportional seasonal usage from January 11, 2006 to the end of March 2006.

Case No. GR-2006-0291, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2005-2006 ACA filing. Case Nos. GR-2003-0330, GR-2005-0104, and GR-2005-0169 were established to track the Company's PGA factors to be reviewed in its 2002-2003, 2003-2004, and 2004-2005 ACA filings, respectively. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2003-0330, GR-2005-0104, and GR-2005-0169.

Staff has verified that this company has filed its 2005 annual report and is not delinquent on any of its 2005 assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing. The following Cases involving this Company are pending before the Commission:

PGA/ACA

GR-2003-0330 GR-2005-0104 GR-2005-0169

Rate Case

GR2001382xxx

Complaint

GC-2006-0066

Working Group

GW-2006-0110

Application

GO-2006-0201

Rulemaking

GX-2006-0181

Although MGE filed its tariff sheet with a requested effective date of January 20, 2006, the Commission may approve them and order an earlier effective date. While Staff has not had an opportunity to verify the numbers contained in the instant filing, given the interim nature of the filing, the amount of the decrease contained therein, and the need to assist Missouri consumers by promptly implementing a decrease in natural gas rates, which Staff believes constitutes good cause, Staff recommends that the filing be approved on an expedited basis, to become effective on January 11, 2006. Therefore, Staff recommends that the following tariff sheet, filed on January 6, 2006, be approved, interim subject to refund:

P.S.C. MO. No.1

Ninth Revised SHEET No. 24.3, Canceling Eighth Revised SHEET No. 24.3

