

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

In the Matter of Missouri Gas Energy)
Purchase Gas Adjustment Change) Case No. GR-2006-0291

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission in the above-captioned matter and, files its Recommendation in this case.

1. On October 27, 2006, Missouri Gas Energy (MGE), a division of Southern Union Company, filed a tariff sheet with an effective date of November 10, 2006, to make changes in MGE's Purchased Gas Adjustment (PGA) factors as a result of estimated changes in the cost of natural gas for the 2006-2007 winter season.

2. Even though this filing will increase MGE's firm PGA factor from the current PGA level that has been in effect since February 7, 2006, as shown in Staff's Recommendation, Attachment A to this pleading, the PGA factor is a reduction from last winter's rates PGA rates.

3. This rate change should be approved 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.

4. 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, 2007.

WHEREFORE, the Staff recommends that the Commission approve the Company's requested tariff change to lower its PGA rate be effective on November 10, 2006, interim, subject to refund only.

Respectfully submitted,

/s/ Lera L. Shemwell

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or sent by facsimile or electronically mailed to all counsel of record this 1st day of November 2006.

/s/ Lera L. Shemwell
