

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

In the Matter of Missouri Gas Energy, a)
Division of Southern Union)
Adjustment Factors to be Reviewed in its)
2005-2006 Actual Cost Adjustment.)

Case No. GR-2006-0291
File No. YG-2007-0283

AFFIDAVIT OF MICHAEL JAY ENSRUD

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael Jay Ensrud, of lawful age, on oath states: that he has participated in the preparation of the foregoing written memorandum, consisting of two pages to be presented in the above case; that the information in the attached written report were given by Missouri Gas Energy; that he has knowledge of the matters set forth in such memorandum; and that such matters are true to the best of his knowledge and belief.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086

Michael J. Ensrud

Subscribed and sworn to before me this 1st day of November, 2006.

Susan L. Sundermeyer
Notary Public

My commission expires 9-21-10

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2006-0291, File No. YG-2007-0283
Missouri Gas Energy

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

/s/ Thomas Imhoff 11/01/06 /s/ Lera Shemwell 11/01/06
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation for Missouri Gas Energy's Winter Season PGA Filing -
Effective November 10, 2006

DATE: November 1, 2006

On October 27, 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 November 10, 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 2006 -2007 winter season.

This filing will increase the firm PGA factor from the current PGA level that has been in effect since February 7, 2006. This filing will increase the current PGA rate from \$0.85536 per-Ccf to a proposed rate of \$0.88345 per-Ccf. This reflects an increase of \$0.02809 per Ccf. This filing represents an approximate 3% increase from the existing PGA rate.

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.

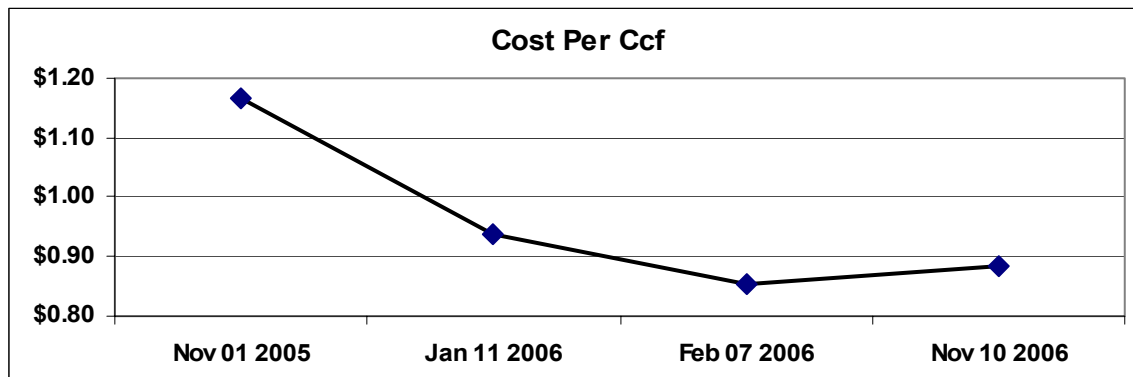
Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2007.

Staff has verified that the Company has filed its 2005 annual report and is not delinquent on any of its 2006 assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

The Staff has reviewed this PGA filing and has determined that it was calculated in conformance with MGE's PGA Clause. Staff is of the opinion that good cause for approval of these tariff

sheets on less than thirty days notice is demonstrated by MGE's Commission approved PGA clause allowing for ten (10) business days notice for PGA change filings.

While this PGA filing reflects a small increase in MGE's PGA rate, MGE's previous two filings this year reflected decreases in their PGA rate. In comparison with last winter's rates, MGE's current PGA filing represents a significant reduction of estimated winter bill levels. The last four PGA rates for MGE (between November 1, 2005 and November 10, 2006) are as follows:



Therefore, Staff recommends that the following tariff sheet, filed on October 27, 2006, be approved, interim subject to refund:

P.S.C. MO. No.1

Eleventh Revised SHEET No. 24.3, Canceling Tenth Revised SHEET No. 24.3