

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

In the Matter of Staff's Recommendation)	
In Missouri Gas Energy's Actual Cost)	Case No. GR-2007-0256
Adjustment for the 2006-2007 Season.)	

STAFF'S RECOMMENDATION IN THIS CASE

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and files its Recommendation in this case concerning MGE's Request for Waiver from its Commission approved ACA/PGA tariff.

1. On November 5, 2007, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri, filed an *Application for Waiver Concerning PGA Tariff Filing and Motion for Expedited Treatment* (Waiver).

2. MGE seeks a waiver of the provision that prohibits MGE from making more than one Purchased Gas Adjustment (PGA) filing in two consecutive calendar months. MGE erred in its November 5 filing and asks to correct an error.

3. MGE erroneously did not include the large volume transportation (LVT) customers rate un its recent winter PGA filing.

4. Staff does not object to MGE's request for Waiver from its PGA Clause to make another PGA filing to correct the error or the request for expedited treatment to allow the proposed tariff sheet, reflecting this correction, to become effective on November 15, 2007. The request for approval of this tariff sheet on less than thirty (30) days notice is consistent with

MGE's Commission-approved PGA Clause allowing for ten (10) business days notice for PGA change filings.

5. The rates should be approved on an interim subject to refund basis only.

WHEREFORE, the Staff recommends the Commission grant MGE's request for waiver and approve this tariff filing on less than thirty (30) days notice, on an interim subject to refund basis only.

Respectfully submitted,

/s/ Lera L. Shemwell

Lera L. Shemwell
Deputy General Counsel
Missouri Bar No. 43792

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, emailed, sent by facsimile or hand-delivered to all counsel of record this 9th day of November 2007.

/s/ Lera L. Shemwell

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2007-0256, File No. YG-2008-0298
Missouri Gas Energy

FROM: James A. Gray, Energy Department – Tariffs/Rate Design

<u>/s/ James A. Gray 11/9/2007</u> Utility Operations Division/Date	<u>/s/ Lera L. Shemwell 11/9/2007</u> General Counsel's Office/Date
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SUBJECT: Staff Recommendation for Missouri Gas Energy's Application for a Waiver from its
PGA Clause

DATE: November 9, 2007

On November 5, 2007, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri, filed an APPLICATION FOR WAIVER CONCERNING PGA TARIFF FILING AND MOTION FOR EXPEDITED TREATMENT (Waiver). The Waiver requests that the Commission allow MGE to make more than one Purchased Gas Adjustment (PGA) filing in two consecutive calendar months to correct an error and to add a rate for the large volume transportation (LVT) customers that was erroneously dropped from MGE's recent winter PGA filing.

On October 16, 2007, MGE filed a tariff sheet to reflect changes in MGE's PGA factors as a result of estimated changes in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (ACA) factor. On October 30, 2007, the Commission issued its ORDER APPROVING INTERIM RATES (Order). The PGA rate changes went into effect on November 1, 2007. Subsequent to the Commission's Order, MGE discovered that the LVT PGA rate was erroneously stated at \$0.0000 per one-hundred cubic feet (Ccf). The LVT PGA rate should have been \$0.12067 per Ccf. The Commission Staff (Staff) did not receive the work papers pertaining to those calculations in MGE's work papers.

MGE's last PGA change went into effect on November 1, 2007, and MGE's PGA Clause does not allow more than one PGA filing in two consecutive calendar months, unless there is an order by the Commission. Therefore, MGE is requesting this Waiver from its PGA Clause to make another PGA filing to correct the error. Also, MGE is requesting expedited treatment to allow the proposed tariff sheet, reflecting this correction, to become effective on November 15, 2007. The request for approval of this tariff sheet on less than thirty (30) days notice is consistent with MGE's Commission-approved PGA Clause allowing for ten (10) business days notice for PGA change filings.

Case No. GR-2007-0256, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2006-2007 ACA filing. Case Nos. GR-2005-0104, GR-2005-0169, and GR-2006-0291 were established to track the Company's PGA factors to be

reviewed in its 2003-2004, 2004-2005, and 2005-2006 ACA filings, respectively. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2005-0104, GR-2005-0169 , GR-2006-0291 and GR-2007-0256.

Staff has verified that this company has filed its 2007 annual report and is not delinquent on any of its 2007 assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Staff recommends that MGE's request for a Waiver from its PGA Clause and the following tariff sheet, filed on November 5, 2007, be approved, interim subject to refund, on November 15, 2007:

P.S.C. MO. No.1

Fifteenth Revised SHEET No. 24.3, Canceling Fourteenth Revised SHEET No. 24.3

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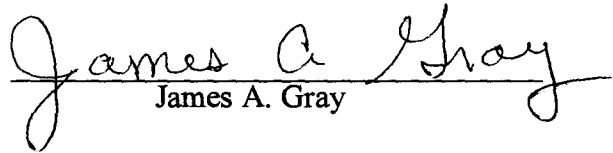
In the Matter of Missouri Gas Energy's)
Purchased Gas Adjustment Rate Change)

Case No. GR-2007-0256

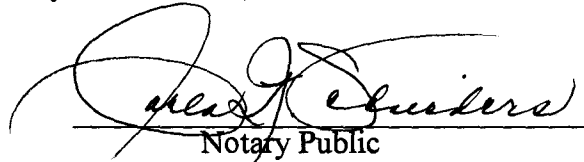
AFFIDAVIT OF JAMES A. GRAY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James A. Gray, of lawful age, on oath states: that he has participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was given by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.


James A. Gray

Subscribed and sworn to before me this 9th day of November, 2007.


Notary Public

My commission expires

June 7, 2008

