

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

In the Matter of Missouri Gas Energy)
Co. PGA/ACA Filing.)

Case No. GR-2008-0367
YG-2008-0685

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its Recommendation, states as follows:

1. On May 16, 2008, Missouri Gas Energy, a division of Southern Union Company, (MGE or Company) filed a proposed tariff sheet bearing an effective date of June 3, 2008. This tariff sheet was filed to reflect a change in MGE's Purchased Gas Adjustment (PGA) factor as a result of estimated changes in the cost of natural gas for the remaining 2008 summer season.

The above-captioned case was established to track the company's PGA factors to be reviewed in its 2007-2008 Actual Cost Adjustment (ACA) filing. Case No. GR-2007-0256 was established to track the Company's PGA factors to be reviewed in its 2006-2007 ACA filing.

2. For reasons explained in Staff's Memorandum, attached hereto as Appendix A and incorporated by reference, the PGA factor rate change should be approved on an interim, subject to refund status, pending final Commission decisions in ACA Case Nos. GR-2008-0367 and GR-2007-0256.

WHEREFORE, for the reasons stated in Staff's Memorandum, the Staff respectfully requests that the Commission issue an order approving MGE's tariff in file no. YG-2008-0685, on an interim subject to refund basis.

Respectfully submitted,

/s/Robert S. Berlin

Robert S. Berlin
Senior Counsel
Missouri Bar No. 51709

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 27th day of May 2008.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2008-0367, File No. YG-2008-0685
Missouri Gas Energy

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

/s/ Thomas Imhoff 05/27/08 /s/ Robert S. Berlin 05/27/08
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation for Missouri Gas Energy's Optional PGA Filing - Effective
June 3, 2008

DATE: May 27, 2008

On May 16, 2008, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri, filed a tariff sheet bearing an effective date of June 3, 2008. This tariff sheet was filed to reflect a change in MGE's Purchased Gas Adjustment (PGA) factor as a result of estimated changes in the cost of natural gas for the remaining 2008 Summer season.

This filing will increase the firm PGA factor for the 2008 Summer season, to \$1.04107 per one-hundred cubic feet (Ccf), from the current PGA factor of \$.82121 per Ccf. This represents an increase of \$.21986 per Ccf.

Case No. GR-2008-0367, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2007-2008 Actual Cost Adjustment (ACA) filing. Case No. GR-2007-0256 was established to track the Company's PGA factors to be reviewed in its 2006-2007 ACA filing. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2008-0367 and GR-2007-0256.

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

Staff recommends that the following tariff sheet, filed on May 16, 2008, be approved, interim subject to refund:

P.S.C. MO. No.1

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

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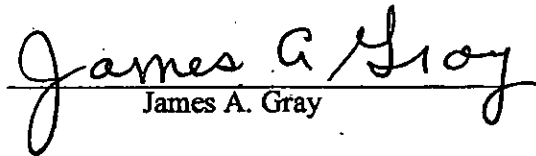
In the Matter of Missouri Gas Energy Co)
PGA/ACA Filing)

Case No. GR-2008-0367

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 22nd day of May, 2008.



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


Notary Public