

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

In the Matter of Missouri Gas Utility,)	
Inc.'s Purchased Gas Adjustment)	
(PGA) Factors to be audited in its)	Case No. GR-2009-0306
2008-2009 Actual Cost Adjustment.)	
)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Commission and submits its recommendations in Missouri Gas Utility's Actual Cost Adjustment (ACA) Filing case for 2008-2009.

1. Missouri Gas Utility, Inc. (MGU) is a Colorado Corporation, currently serving communities in and around Gallatin, Hamilton, Jamesport, Pattonsburg, and Ridgeway, Missouri.

2. MGU is expanding its service territory south from its current service area and the new area will be included in the next ACA period.

3. Staff has made recommendations concerning MGU's hedging based, in part, on the fact that MGU's system is expanding.

4. Staff is also making the following overall recommendations and suggests the Commission issue its order requiring MGU to:

(1). Establish the following ACA account balance in its next ACA filing to reflect the August 31, 2009 (over)/under-recovered ACA balance shown in the "Staff Recommended" column of the following table. An over-recovery reflects an amount owed to the customer by the Company, while an under-recovery is an amount owed to the Company by the customers.

Description	Company's ACA Balance	Staff Adjustments	Staff Recommended ACA Balance
Beginning ACA Balance @ 9/1/2008 – (Over-recovered)/Under-recovered	\$145,924	\$0	\$145,924

Total Cost MGU Gas Delivered to City Gate	\$1,261,705	\$0	\$1,261,705
Total Revenue Recovery	(\$1,335,623)	\$0	(\$1,335,623)
Ending ACA Balance @ 8/31/2009- (Over-recovered)/Under-recovered	\$72,006	\$0	\$72,006

- (2). Respond to those recommendations beneath the Reliability Analysis and Gas Supply Planning Section and respond with any additional actions being taken by MGU to address Staff's recommendations related to Peak Day Model Development and Estimates of Monthly Requirements.
- (3). Respond to Staff's comments 1 – 3 and recommendations (a) – (f) in the Hedging Section.
- (4). Respond to the recommendations herein within 30 days.

WHEREFORE Staff recommends the Commission issue its order directing MGU to comply with Staff's recommendations and file its response to Staff's recommendations within thirty days.

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, transmitted by facsimile or electronically mailed to all counsel of record this 17th day of March 2010.

/s/ Lera L. Shemwell