

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 15th of
February, 2012.

In the Matter of Missouri Gas Energy's)
Purchased Gas Adjustment Filing for the)
2009-2010 Actual Cost Adjustment Period)

File No. GR-2010-0372

**ORDER ADOPTING STAFF RECOMMENDATIONS AND
ESTABLISHING ACA BALANCE**

Issue Date: February 15, 2012

Effective Date: February 28, 2012

The Commission opened this case to receive the 2009-2010 Actual Cost Adjustment (ACA) filing of Southern Union Company, d/b/a Missouri Gas Energy (MGE). On December 28, 2011, the Staff of the Commission filed a recommendation and memorandum indicating Staff has completed an analysis and evaluation of billed revenues and actual gas costs for the period July 1, 2009, through June 30, 2010, included in MGE's computation of its ACA account balances. Staff also conducted a reliability analysis; a review of the company's rationale for its reserve margin for peak cold day; a review of normal, warm, and cold weather gas supply requirements, and a review of the company's hedging plans.

Staff recommend that the Commission increase MGE's ACA account balance by \$66,399.64 to correct an error made by the company. Staff further recommended that MGE respond to Staff's concerns about capacity and supply planning and about its hedging practices.

On January 3, 2012, the Commission directed MGE to respond to Staff's recommendations by February 2. MGE filed its response on February 2, indicating it accepts Staff's proposed adjustment. MGE also indicates its willingness to discuss and resolve Staff's other concerns.

After reviewing Staff's recommendations and MGE's response, the Commission concludes that MGE should adjust its ACA balance as recommended by Staff.

THE COMMISSION ORDERS THAT:

1. Southern Union Company, d/b/a Missouri Gas Energy shall establish the following ACA account balance in its next ACA filing to reflect the June 30, 2010 (over)/under-recovered ACA balance:

Account	6-30-2010 Ending Balances Per MGE Filing	Current ACA Staff Adjustments	6-30-2010 Staff Recommended Ending Balances
ACA Balance	\$61,140,192.78	\$66,399.64	\$61,206,592.42
Large Volume Refund	\$(530,624.12)	\$ 0	\$(530,624.12)

2. This order shall become effective on February 28, 2012.

4. This case shall be closed on February 29, 2012.

BY THE COMMISSION

(S E A L)



Steven C. Reed
Secretary

Gunn, Chm., Jarrett and Kenney, CC., concur.

Woodruff, Chief Regulatory Law Judge