



Commissioners

SHEILA LUMPE
Chair

M. DIANNE DRAINER
Vice Chair

CONNIE MURRAY

ROBERT G. SCHEMENAUER

KELVIN L. SIMMONS

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.psc.state.mo.us>

February 15, 2001

BRIAN D. KINKADE
Executive Director

GORDON L. PERSINGER
Director, Research and Public Affairs

WESS A. HENDERSON
Director, Utility Operations

ROBERT SCHALLENBERG
Director, Utility Services

DONNA M. KOLILIS
Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. GR-2001-382

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Thomas R. Schwarz, Jr.

Thomas R. Schwarz, Jr.
Deputy General Counsel
(573) 751-5239
(573) 751-9285 (Fax)

TRS:sw
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³
FEB 15 2001

Missouri Public
Service Commission

In the matter of Missouri Gas Energy's)
Purchased Gas Adjustment Tariff)
Revisions to be Reviewed in its 2000 -)
2001 Actual Cost Adjustment.)

Case No. GR-2001-382

STAFF RECOMMENDATION

COMES NOW the Staff ("Staff") of the Public Service Commission of the State of Missouri ("Commission") and for its recommendation in this case states as follows:

1. Missouri Gas Energy ("MGE") filed a tariff on January 9, 2001, proposing to increase its Purchased Gas Adjustment ("PGA") factor for service provided on and after January 24, 2001.

2. On January 19, 2001, the Office of the Public Counsel ("OPC") filed with the Commission a request for "an emergency actual cost adjustment ("ACA") review of MGE's gas procurement practices related to the winter heating season November 1, 2000 to April 1, 2001." OPC also asked that the Commission establish a procedural schedule so that the Commission's order reviewing MGE's gas procurement practices related to the winter of 2000-2001 is effective no later than October 1, 2001.

3. On January 19, 2001 the City of Joplin sought to intervene in this case. On January 31, 2001, Kansas Pipeline Company applied for intervention in this case.

4. The Commission issued its Order approving MGE's requested PGA rates, interim subject to refund, on January 23, 2001.

5. On February 13, 2001, MGE filed an application for waiver to permit an additional PGA filing, and a PGA tariff that proposed to lower its PGA rates by some 19 percent.

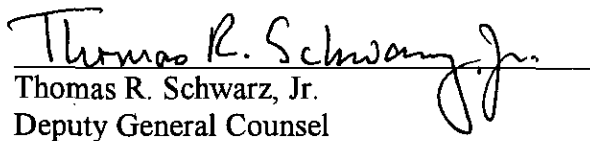
6. In a pleading filed in this case on February 2, 2001, Staff had recommended, among other things, that the Commission grant MGE a waiver from its PGA tariff to permit MGE to make the type of filing at issue here.

7. Staff has reviewed both the application for waiver and the PGA tariff sheets. Staff recommends that the Commission grant the waiver and approve the tariff. See, Attachment A hereto.

WHEREFORE, the Staff recommends that the Commission grant MGE's requested waiver and approve the proposed PGA rates.

Respectfully submitted,

DANA K. JOYCE
General Counsel


Thomas R. Schwarz, Jr.
Deputy General Counsel
Missouri Bar No. 29645

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-5239 (Telephone)
(573) 751-9285 (Fax)
trscharz@mail.state.mo.us

Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 15th day of February, 2001.

Thomas R. Schwarz Jr.

Service List for
Case No. GR-2001-382
Revised: February 15, 2001 (SW)

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

James B. Deutsch/Henry T. Herschel
Blitz, Bardgett & Deutsch, L.C.
308 East High Street, Suite 301
Jefferson City, MO 65101

Robert J. Hack
Missouri Gas Energy
3420 Broadway
Kansas City, MO 64111

Jeffrey A. Keevil
Stewart & Keevil Law Offices
1001 Cherry St., Ste. 302
Columbia, MO 65201

Gary W. Duffy
Brydon, Swearingen & England P.C.
P. O. Box 456
Jefferson City, MO 65102-0456

M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2001-382, File No. 200100826, Missouri Gas Energy

FROM: ^{DB} Daniel I. Beck, Gas Department - Tariffs/Rate Design

WTW for W. S. Henderson 2/15/01 Thurman R. Schwaner Jr. 2/15/01
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation on Missouri Gas Energy's Second Unscheduled Winter Season PGA Filing Effective March 1, 2001

DATE: February 15, 2001

On February 13, 2001, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri filed a tariff sheet proposed to become effective March 1, 2001. The tariff sheet was filed to reflect unscheduled changes in MGE's Purchased Gas Adjustment (PGA) factors as the result of recent reductions in the current cost of gas which result in PGA factors that are significantly less than MGE filed in its unscheduled winter filing that was effective January 24, 2001. This filing would eliminate 63% of the increase that went into effect on January 24, 2001.

On February 13, 2001, MGE also filed Missouri Gas Energy's Motion For Waiver To Make A Second Unscheduled Winter Purchased Gas Adjustment Filing (Motion for Waiver). In its Motion for Waiver, MGE requests a waiver from Sheet No. 24.11 of its tariff. MGE requests that the Commission grant a waiver to allow a second unscheduled filing to bring the benefit of lower market prices for natural gas to MGE's customers. MGE noted that there has been considerable price variability in the natural gas market. MGE also requests that the tariff sheet become effective in compliance with the filing procedures set forth in MGE's PGA tariff. These filing procedures allow for filings to be effective in 10 or more business days instead of the usual 30 days notice requirement.

The net effect of these changes will decrease the firm PGA factor for the rest of 2000-2001 winter season to \$0.79337 per Ccf from the current firm PGA factor of \$0.98161 per Ccf. The firm PGA factor would decrease by 19% under this proposal. The effect of the proposed decrease on a typical residential customer's bill for the month of March is a 16% decrease when compared to the rates that are currently in effect. A typical residential customer's usage is assumed to be based on a month with normal weather. Deviations from normal weather could affect the impact of this decrease.

Case No. GR-2001-382, under which this PGA change was filed, was established to address MGE's PGA factors in its 2000-2001 ACA filings. Case No. GR-2000-425 was established to address MGE's PGA factors to be reviewed in its 1999-2000 filings. Case No. GR-99-304 was established to address MGE's PGA factors to be reviewed in its 1998-99 filings. Case No. GR-98-167 was established to address MGE's PGA factors to be reviewed in its 1997-98 filings. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos. GR-96-450, GR-98-167, GR-99-304, GR-2000-425, and GR-2001-382.

Attachment A

The Commission's Gas Department - Tariffs/Rate Design Staff (Staff) has reviewed the filing and Motion for Waiver of February 13, 2001 and is of the opinion that good cause is shown for granting the waiver to allow a second unscheduled PGA filing. Staff has reviewed the filing and has determined that, with the exception noted in the Motion for Waiver, the tariff was calculated in conformance with MGE's Commission approved PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty (30) days notice is demonstrated by MGE's Commission approved PGA Clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheet filed on February 13, 2001, be approved, interim subject to refund:

P.S.C. MO. No.1

Third Revised SHEET No. 24.32 Canceling Second SHEET No. 24.32

Copies:

- Director - Utility Operations Division
- Director - Advisory and Public Affairs Division
- Director - Utility Services Division
- General Counsel
- Manager - Financial Analysis Department
- Manager - Procurement Analysis Department
- Manager - Gas Department
- Peter H. Kelley - President & C.O.O. (Southern Union Company)
- Steven W. Cattron - President & Chief Operating Officer (MGE)
- Robert J. Hack - Vice President of Pricing & Regulatory Affairs (MGE)
- Dennis Morgan - Attorney (Southern Union Company)
- Gary W. Duffy - Attorney with Brydon, Swearingen & England P.C.
- Chris Kaitson - General Counsel (Kansas Pipeline Company)
- Jeffrey A. Keevil - Attorney with Stewart & Keevil, L.L.C.
(Kansas Pipeline Company)
- Lou Marinos - President (Kansas Pipeline Company)
- Office of the Public Counsel

WINTER SEASON
 Approximate Billing Impact Of 888 Ccf per Winter Season
 Missouri Gas Energy
 Residential Heating Customer

	Prior Winter Season (Months)	Ccf Usage	Total Fuel Bill (\$)
*	November 2000	97	85.69
*	December	179	150.48
>	January 2001	236	213.86
+	February	217	245.83
+	March	159	182.55
	5 Month Winter Season Total	888.0	\$878.41

	Forecasted Winter Season (Months)	Ccf Usage	Total Fuel Bill (\$)
*	November 2000	97	85.69
*	December	179	150.48
>	January 2001	236	213.86
+	February	217	245.83
~	March	159	152.62
	5 Month Winter Season Total	888.0	\$848.48

-16%

REMARKS

For a typical residential customer using approximately 888 Ccf during the winter season (November - March), natural gas rates will decrease by \$29.93 or approximately 16% when comparing the fuel bills for March 2001 at current rates with the fuel bills for March 2001 at the proposed rates.

Notes:

- (1) Total fuel bill does not include gross receipts or local sales taxes.
- (2) Monthly usage priced at the rates in effect during the appropriate time period.
- (3) Tariff Sheet No. 25 : Customer Charge = \$9.05; Energy Charge = \$0.10956 per Ccf for all months
- * (4) Tariff Sheet No. 24.32: PGA Charge = \$0.68056 per Ccf
- > (5) Tariff Sheet No. 24.32: PGA Charge = \$0.68056 per Ccf Jan. 1 - Jan. 23; PGA Charge = \$0.98161 per Ccf Jan. 24 - Jan. 31
- ~ (6) Tariff Sheet No. 24.32: PGA Charge = \$0.98161 per Ccf
- ~ (7) Tariff Sheet No. 24.32: PGA Charge = \$0.79337 per Ccf

Missouri Public Service Commission
 March 2001