

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2009-0161, File No. YG-2009-0304, Missouri Gas Utility

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

/s/ Thomas M. Imhoff 11/4/08 /s/ Lera L. Shemwell 11/4/08
Energy Department/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation on Missouri Gas Utility's Scheduled Winter Season PGA
Filing - Effective November 12, 2008

DATE: November 4, 2008

On October 29, 2008, Missouri Gas Utility (MGU or Company) of Littleton, Colorado filed a tariff sheet requesting an effective date of November 12, 2008. The tariff sheet was filed to reflect a change in MGU's Purchased Gas Adjustment (PGA) factors as the result of estimated changes in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (ACA) factor. The winter season includes the months of November through March.

For the MGU system (serving communities such as Hamilton and Gallatin), the effects of these changes increase the PGA rate factor, effective on April 15, 2008, from \$0.7039 per hundred cubic feet (Ccf) to \$0.8816 per Ccf. The PGA rate for the 2007-2008 winter season was \$0.7291 per Ccf. Based on average winter usage, a Residential customer's bill is expected to be approximately \$99 higher than last year, or an approximate 14% increase.

Case No. GR-2009-0161, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2007-2008 ACA filing. Case No. GR-2008-0136 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 should be maintained pending final Commission decisions in ACA Case Nos. GR-2009-0161 and GR-2008-0136.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2009.

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

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Staff has reviewed this filing and has determined that it was calculated in conformance with MGU's 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 MGU's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheet be approved, interim subject to refund:

P.S.C. MO. No.1
Fifth Revised Sheet No. 51 Cancels Fourth Revised Sheet No. 51

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

In the Matter of Missouri Gas Utility,)
Inc.'s Purchased Gas Adjustment (PGA) -) Case No. GR-2009-0161
Factors to be audited in its 2007-2008)
Actual Cost Adjustment.)

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
James A. Gray

Subscribed and sworn to before me this 4th day of November, 2008.



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

Susan L. Sundermeyer
Notary Public