

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GA-2008-0078, Missouri Gas Utility, Inc.

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

/s/ Thomas Imhoff 10/23/07 /s/ Dennis Frey 10/23/07
Energy Department/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation On Missouri Gas Utility, Inc.'s Application For A Certificate Of
Convenience And Necessity

DATE: October 23, 2007

On September 11, 2007, Missouri Gas Utility, Inc. (MGU or Company) filed an APPLICATION (Application) with the Missouri Public Service Commission (Commission). The Application requests that the Commission grant MGU a certificate of convenience and necessity (CCN) authorizing it to construct, install, own, operate, control, manage and maintain a natural gas distribution system to provide gas service in Harrison County, Missouri, as a further expansion of its existing certified area. On September 14, 2007, the Commission issued an ORDER DIRECTING NOTICE AND SETTING DATE FOR SUBMISSION OF INTERVENTION REQUESTS, which allows any interveners to file by October 4, 2007.

MGU is requesting a CCN adjacent to MGU's presently certified service area in Harrison County, to provide service to Maschhoffs, Inc. (Maschhoffs). MGU plans to extend service to Maschhoffs pursuant to its service extension policy detailed in its Commission approved tariff. Approximately eighty percent (80%) the proposed extension would utilize private rights of way. There is no opposition to the project.

MGU filed its feasibility study (study) along with its Application. The total estimated cost of the project is \$125,000. After the initial construction, the study projects the annual revenues will exceed the annual costs over the next three (3) years. MGU states that additional customers may be served off the extension subject to MGU's line extension policy in its tariff.

The Staff has reviewed this Application and for the following reasons is of the opinion that granting this Application would be in the public interest:

1. MGU is willing and able to provide the requested service under existing tariff provisions,
2. Extending gas service would not jeopardize natural gas service to the Company's currently existing customers,
3. No interveners have objected to this certificate request, and
4. No new franchises are required.

Therefore, Staff recommends that MGU be granted a certificate to serve the requested area in Harrison County, Missouri. Staff also recommends the Company file revised tariff sheets reflecting this proposed CCN in this case within thirty (30) days of the Commission's Order approving this Application.

The Staff has verified that this company has filed its annual report and is not delinquent on any assessment.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

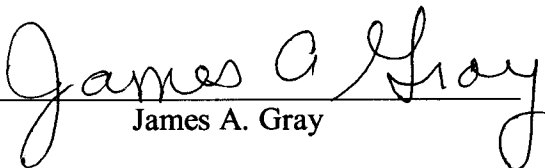
In the matter of the application of)
Missouri Gas Utility, Inc., for a certificate)
of convenience and necessity authorizing)
it to construct, install, own, operate,)
control, manage and maintain a natural)
gas distribution system to provide gas)
service in Harris County, Missouri, as)
further expansion of its existing service)
area)

Case No. GA-2008-0078

AFFIDAVIT OF JAMES A. GRAY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

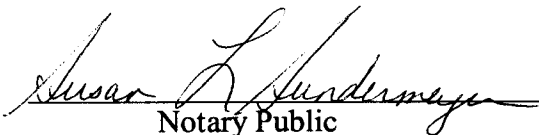
James A. Gray, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was given by him; that he has knowledge of the matters set forth in such 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 23rd day of October, 2007.



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


Notary Public

My commission expires 9-21-10