

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GT-2007-0477, File No. YG-2007-0880 Missouri Gas Energy

FROM: Anne Ross, Energy Department - Tariffs/Rate Design

/s/Tom Imhoff 6-20-07
Energy Department/Date

/s/Robert Franson 6-20-07
General Counsel's Office/Date

SUBJECT: Staff Recommendation On Missouri Gas Energy's Tariff Sheets Filed to Comply with the
Commission's Report And Order And Motion For Expedited Treatment

DATE: June 20, 2007

On March 22, 2007, the Missouri Public Service Commission (Commission) issued its Report and Order (Order) in Case No. GR-2006-0422. This Order approved a natural gas general rate increase for certain customers of Missouri Gas Energy (MGE or Company).

MGE filed tariff sheets on June 1, 2007 to comply with the Order. The Company's proposal in the case, which Staff supported, was for the program to be limited to replacement of existing water heaters. This tariff is not specific regarding that requirement, and Staff believes that the tariff, as written, allows for the bill credit to be given for water heaters installed in new construction.

The Commission's Energy Department - Tariffs/Rate Design Staff (Staff) has reviewed each of the tariff sheets, as filed by MGE on June 1, 2007, and is of the opinion that these sheets are not in compliance with the Commission's Order. Therefore, Staff recommends that the set of tariff sheets designated P.S.C. MO. No. 1, filed on June 1, 2007, be suspended and that MGE be ordered to file tariffs that comply with the Commission's Order.

P.S.C. MO. No. 1

Fourth Revised SHEET No. 98, Canceling Third Revised SHEET No. 98

Fourth Revised SHEET No. 99, Canceling Third Revised SHEET No. 99

Fourth Revised SHEET No. 100, Canceling Third Revised SHEET No. 100

The Staff has verified that MGE 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.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's)
Proposed Tariff Sheets to Administer)
Natural Gas Conservation Initiatives.)

Case No. GT-2007-0477

AFFIDAVIT OF ANNE E. ROSS

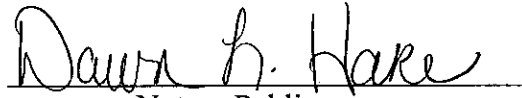
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Anne Ross, of lawful age, on her oath states: that she has participated in the preparation of the foregoing written report, consisting of 1 page to be presented in the above case, that the information in the attached written report were given by; that has knowledge of the matters set forth in such report; and that such matters are true to the best of knowledge and belief.



Anne E. Ross

Subscribed and sworn to before me this 20th day of June, 2007.



Notary Public



DAWN L. HAKE
My Commission Expires
March 18, 2009
Cole County
Commission #06407643

My commission expires _____