

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

In the Matter of Missouri Gas Energy's)
PGA/ACA) **Case No. GR-2011-0290**

**STAFF RECOMMENDATION IN RESPONSE TO COMMISSION ORDER
DIRECTING STAFF TO FILE A RECOMMENDATION**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and in response to the Commission's October 19, 2011 Order Directing Staff to File a Recommendation, for its Recommendation Staff states:

1. On October 18, 2011, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, filed a tariff sheet having an effective date of November 1, 2011.
2. This proposed tariff sheet changes MGE's Purchased Gas Adjustment (PGA) factors as a result of estimated changes in the cost of natural gas for the upcoming winter season.
3. This filing will decrease the firm PGA factor for the 2011 - 2012 winter season to \$.61559 per one-hundred cubic feet (Ccf), from the current PGA factor of \$.71809 per Ccf. This represents a decrease of \$.10250 per Ccf.
4. Approval of this proposed change should be on an interim, subject to refund status.
5. Staff has reviewed this filing and has determined that it was calculated in conformance with MGE's PGA Clause. Staff is of the opinion that good cause for approval of these tariff sheets 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

6. Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Unit (PAU) 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, 2012.

WHEREFORE, Staff recommends that the proposed tariff sheet be approved, interim subject to refund with a November 1, 2011 effective date.

Respectfully submitted,

/s/ Lera L. Shemwell

Lera L. Shemwell
Deputy General Counsel
Missouri Bar No. 43792

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed, sent by facsimile or hand-delivered to all counsel of record this 21st day of October 2011.

s/ Lera L. Shemwell

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2011-0290, File No. YG-2012-0170
Missouri Gas Energy

FROM: Michael L. Stahlman, Energy Department – Tariffs/Rate Design

/s/ Thomas M. Imhoff 10/21/11 /s/ Lera Shemwell 10/21/11
Utility Operations Division/Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Missouri Gas Energy's Winter Season PGA Filing
Effective November 1, 2011

DATE: October 21, 2011

On October 18, 2011, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri, filed a tariff sheet bearing an effective date of November 1, 2011. This tariff sheet was filed to reflect changes in MGE's Purchased Gas Adjustment (PGA) factors as a result of estimated changes in the cost of natural gas for the upcoming winter heating season and changes in the Actual Cost Adjustment (ACA) factor. The winter season includes the months of November through March.

This filing will decrease the firm PGA factor for the upcoming 2011 - 2012 winter season, to \$.61559 per one-hundred cubic feet (Ccf), from the current PGA factor of \$.71809 per Ccf. This represents a decrease of \$.10250 per Ccf.

Case No. GR-2011-0290, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2010-2011 ACA filing. Case No. GR-2010-0372 was established to track the Company's PGA factors to be reviewed in its 2009-2010 ACA filing. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2011-0290 and GR-2010-0372.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Unit (PAU) 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, 2012.

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

Staff has reviewed this filing and has determined that it was calculated in conformance with MGE's PGA Clause. Staff is of the opinion that good cause for approval of these tariff sheets 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 sheets as filed on October 18, 2011 be approved, interim subject to refund:

P.S.C. MO. No.1

Twenty-Fifth Revised SHEET No. 24.3, Canceling Twenty-Fourth Revised SHEET No. 24.3

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In the Matter of Missouri Gas Energy's
PGA/ACA

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Case No. GR-2011-0290
File No. YG-2012-0170

AFFIDAVIT OF MICHAEL STAHLMAN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael Stahlman, 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 provided to 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.



Michael Stahlman

Subscribed and sworn to before me this 21st day of October, 2011.



Notary Public

