

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 28th day of April, 2010.

In the Matter of Missouri Gas Utility, Inc.'s)
Purchased Gas Adjustment)

File No. GR-2009-0306, et al.

ORDER ESTABLISHING ACA BALANCE

Issue Date: April 28, 2010

Effective Date: May 9, 2010

This case was opened to receive the 2008-2009 Actual Cost Adjustment (ACA) filing of Missouri Gas Utility, Inc. ("MGU"). On March 17, 2010, the Commission's Staff filed a recommendation and memorandum indicating that Staff completed its analysis and evaluation of billed revenues and actual gas costs for the period September 1, 2008, through August 31, 2009, included in MGU's computation of its ACA rate. Staff also conducted a reliability analysis and a hedging review, as well as reviewing MGU's gas purchasing practices to determine the prudence of its purchasing decisions.

With regard to MGU's ACA balance, Staff explains:

The ACA factor is changed each year at the same time the Company makes its required Winter PGA filing. In addition to its Winter PGA filing, MGU is permitted to make up to three (3) additional PGA filings each year. MGU's beginning 2008/2009 ACA balance was \$145,924 under-recovered. MGU's ending ACA balance was \$72,006 under-recovered, which resulted in an ACA rate of \$.0444 per hundred cubic feet (Ccf). In the 2007/2008 ACA there was concern about the ACA balance reaching an unreasonable level. The 2008/2009 ACA ending balance is significantly lower and is at a more reasonable level. Staff will continue to monitor the ACA balance activity in future ACA periods. There are no Staff recommended financial adjustments for this ACA period.

While Staff did not recommend that the Commission make any adjustments to the company's ACA account balance, it did recommend that MGU be ordered to respond to Staff's recommendations regarding the company's hedging practices, reliability analysis and gas supply planning, and monitoring of its ACA balance. MGU responded on April 16, 2010, addressing Staff's recommendations, and Staff replied on April 23, 2010 indicating MGU's responses were acceptable.

After reviewing Staff's recommendations and MGU's response, the Commission concludes that it will establish the ACA account balance as recommended by Staff.

THE COMMISSION ORDERS THAT:

1. Missouri Gas Utility, Inc. shall establish the following ACA account balance in its next ACA filing to reflect the August 31, 2009 (over)/under-recovered ACA balance:

Description	Company's ACA Balance	Staff Adjustments	Staff Recommended ACA Balance
Beginning ACA Balance @ 9/1/2008 – (Over-recovered) / Under-recovered	\$145,924	\$ 0	\$145,924
Total Cost MGU Gas Delivered to City Gate	\$1,261,705	\$ 0	\$1,261,705
Total Cost Recovery	\$(1,335,623)	\$ 0	\$(1,335,623)
Ending ACA Balance @ 8/31/2008 – (Over-recovered / Under-recovered	\$72,006	\$ 0	\$72,006

2. This order shall become effective on May 9, 2010.

3. This case shall be closed on May 10, 2010.

(S E A L)

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'S. C. Reed', written in a cursive style.

Steven C. Reed
Secretary

Clayton, Chm., Davis, Jarrett, Gunn,
and Kenney, CC., concur.

Stearley, Senior Regulatory Law Judge