

FILED

OCT 28 1997

MEMORANDUM

MISSOURI
PUBLIC SERVICE COMMISSION

TO: Missouri Public Service Commission Official Case File,
Case No. GR-98-167, File No. 9800293, Missouri Gas Energy

FROM: Michael W. Straub, ^{MWS} Natural Gas Department - Rates ^{JM}

Wass Henderson 10.27.97 Thomas R. Schwanz Jr. 10/27/97
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation On Missouri Gas Energy's Scheduled Winter
Season PGA Filing Effective November 1, 1997

DATE: October 27, 1997

On October 17, 1997, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri filed a tariff sheet proposed to become effective November 1, 1997. The tariff sheet was filed to reflect scheduled changes in MGE's Purchased Gas Adjustment (PGA) factors as the result of changes in the cost of natural gas for the upcoming winter season. Additionally the Transition Cost factor will decrease.

Although the net effect of these changes will increase the current PGA factors, the 1997-1998 winter season revenues will decrease by approximately \$11.3 million as compared to the 1996-1997 winter season revenues. The winter season includes the months of November through March. The impact of this change on a typical residential space heating customer using 88.8 Mcf in the winter season would be a decrease of approximately \$12.62. This represents an approximate decrease of 2.0% in this customer's winter season bills.

Case No. GR-98-167, under which this PGA change was filed, was established to track MGE's 1997-1998 Annual Cost Adjustment (ACA) activity. A final Commission decision in MGE's ACA Case No. GR-96-450 for the 1996-1997 ACA period is still pending. Interim subject to refund status should be maintained pending final Commission decisions in ACA Cases No. GR-96-450 and GR-98-167.

Staff has reviewed this filing and has determined it was calculated in conformance with MGE's Commission approved 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 MGE'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

Fourth Revised SHEET No. 24.7 Canceling Third Revised SHEET No. 24.7

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- Peter H. Kelley - President & C.O.O. (Southern Union Company)
- C. Thomas Clowe - President & Chief Operating Officer (MGE)
- Charles B. Hernandez - Director of Pricing & Regulatory Affairs (MGE)
- Dennis Morgan - Attorney (Southern Union Company)
- F. Jay Cummings, Vice President, Rates & Regulatory Affairs (MGE)
- Gary W. Duffy - Attorney with Brydon, Swearngen & England P.C.
- James P. Zakoura - Attorney with Smithyman & Zakoura (Riverside Pipeline Company, L.P.)
- Jeffrey A. Keevil - Attorney with Stewart & Keevil (Riverside Pipeline Company, L.P.)
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