



MISSOURI GAS ENERGY

3420 Broadway • Kansas City, MO • 64111-2404 • (816) 360-5755

ROBERT J. HACK

Vice President, Pricing & Regulatory Affairs

March 16, 2000

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Missouri Public
Service Commission

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Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

RE: Case No. GR-2000-425, Missouri Gas Energy

Dear Mr. Roberts:

Enclosed for filing are an original and three copies of P.S.C. MO. No. 1, Fourteenth Revised Sheet No. 24.7, canceling Thirteenth Revised Sheet No. 24.7. This tariff sheet bears an issue date of March 17, 2000, and a proposed effective date of April 1, 2000.

By this filing MGE proposes to make its scheduled summer adjustment to the Purchased Gas Adjustment (PGA) Rate as permitted under the provisions of Sheet No. 15 of MGE's tariff. MGE is proposing to adjust the Current Cost of Gas Factor (C.C.G.). Please note that MGE does not propose to terminate the Experimental Price Stabilization Charge with this filing. By filing under separate cover made concurrently herewith, MGE proposes to revise Sheet No. 24.6 to reflect continuation of the Experimental Price Stabilization Charge.

The new PGA Rate proposed in this filing is \$0.39038 per Ccf; the PGA Rate currently in effect is \$0.34911. The proposed change in the PGA Rate reflects an increase of \$0.04127 per Ccf. The proposed PGA Rate reflects a change in the C.C.G. of \$0.04127 per Ccf, from the current amount of \$0.37443 to the proposed amount of \$0.41570.

Absent the unusual step of increasing the PGA Rate for the summer season, MGE's current under-recovered position (e.g., costs have exceeded billings) will be substantially increased during the summer season. MGE's currently under-recovered position resulted from the unscheduled winter adjustment filed by MGE to reduce the PGA Rate which became effective on February 1, 2000. MGE based its unscheduled winter adjustment on the best information available at the time, market prices for natural gas existing in early to mid-January. Beginning in early February, however, and continuing to date, market prices for natural gas have increased substantially beyond the

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allowance included in the unscheduled winter adjustment to the PGA Rate, resulting in under-recoveries through March projected to amount to approximately \$11 million. Under-recoveries in any given year are balanced by increasing the ACA factor of the PGA Rate for the subsequent year, which serves to increase customer rates beyond current market costs at that time. In MGE's opinion, increasing the PGA rate with this scheduled summer adjustment to match cost recovery with cost incurrence as closely as possible given the current structure serves the interests of customers and the Company better than deferring substantial costs for recovery through future increased PGA rates.

The proposed adjustment to the PGA Rate has the net effect of increasing revenues in MGE's service area by approximately \$27,589,044 annually. This represents an overall 11.82% increase in revenues.

Workpapers supporting the calculations performed in developing the proposed changes have been provided this date under separate cover letter to the Commission's staff and the Office of the Public Counsel.

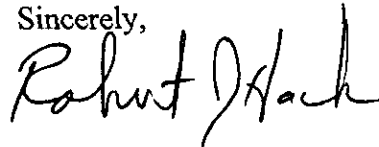
Please forward copies of any commission order or notice associated with this filing to:

Robert J. Hack
Vice President, Pricing & Regulatory
Affairs
Missouri Gas Energy
3420 Broadway
KC, MO 64111
816/360-5755
FAX: 816/360-5536

Charles B. Hernandez
Director, Pricing & Regulatory
Affairs
Missouri Gas Energy
3420 Broadway
KC, MO 64111
816/360-5605
FAX: 816/360-5536

Thank you in advance for bringing this matter to the attention of the Commission and the appropriate Commission personnel.

Sincerely,



CC: Office of the Public Counsel
Mike Langston
Jay Cummings
Charley Hernandez
Ken Hubbard
Gary W. Duffy

Missouri Gas Energy,
a Division of Southern Union Company
Name of Issuing Corporation

For: All Missouri Service Areas
Community, Town or City

PURCHASED GAS COST ADJUSTMENT
PGA

XI ADJUSTMENT STATEMENT

Any increase or decrease in the PGA/EGCIM rate shall be applied to customers' bills for service rendered on and after the effective date of the change. Bills computed which contain multiple PGA/EGCIM rate changes during a customer's billing cycle shall be prorated between the old and new rates in proportion to the number of days in the customer's billing cycle that such rates were in effect. Rates are shown in hundred cubic feet (Ccf).

<u>Customer Class</u>	<u>C.C.G.</u>	<u>A.C.A</u>	<u>Refund</u>	<u>T.O.P.</u>	<u>T.C.</u>	<u>P.G.A. Rate</u>
Residential	\$0.41570	(\$0.01090)	(\$0.03270)	\$0.00000	\$0.01828	\$0.39038
Small General Service	\$0.41570	(\$0.01090)	(\$0.03270)	\$0.00000	\$0.01828	\$0.39038
Large General Service	\$0.41570	(\$0.01090)	(\$0.03270)	\$0.00000	\$0.01828	\$0.39038
Unmetered Gas Light (1)	\$0.41570	(\$0.01090)	(\$0.03270)	\$0.00000	\$0.01828	\$0.39038
Large Volume Sales (3)	\$0.41570	(\$0.01090)	\$0.00000	\$0.00000	\$0.01828	\$0.42308
Large Volume Trans. (2)(4)				\$0.00000	\$0.01828	\$0.01828

- 1 Each Unmetered Gaslight Unit is equal to 15 Ccf.
- 2 Demand related purchase gas costs of \$0.66255 per Ccf of contract demand and \$0.02179 per Ccf of daily demand for authorized sales in excess of the contract demand are directly chargeable to customers on this rate.
- 3 Applies to Sales Service only.
- 4 Applies to Transportation Service, Intrastate Transportation Service and Whiteman Air Force Base.

DATE OF ISSUE: March 17, 2000
month day year

DATE EFFECTIVE: April 1, 2000
month day year

ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111