

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY**

October 30, 1997

CASE NO: GR-98-167

Office of the Public Counsel, P.O. Box 7800, Jefferson City, MO 65102
Charles B. Hernandez, Director, Pricing and Regulatory Affairs, Missouri Gas Energy,
3420 Broadway, Kansas City, MO 64111

Enclosed find certified copy of ORDER in the above-numbered case(s).

Sincerely,

A handwritten signature in black ink, appearing to read "Cecil I. Wright", with a stylized flourish at the end.

Cecil I. Wright
Executive Secretary

Uncertified Copy:

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 30th
day of October, 1997.

In the matter of Missouri Gas Energy's Purchased Gas)
Cost Adjustment tariff revisions to be reviewed in) Case No. GR-98-167
its 1997-1998 Actual Cost Adjustment.)

ORDER APPROVING INTERIM RATES

Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri, submitted a tariff sheet to the Commission on October 17, 1997, carrying an effective date of 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 net effect of these changes will decrease the 1997-1998 winter season revenues 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 on a typical residential space heating customer using 88.8 Mcf of natural gas in the winter season will be a decrease of \$12.62, or 2.0%.

The Staff of the Commission (Staff) filed a memorandum stating that the change in MGE's PGA was calculated in conformance with the Company's approved PGA Clause and recommends that the Commission approve the tariff sheet to become effective on November 1, 1997. Staff stated that MGE's PGA Clause allows for ten (10) business days notice for filings reflecting PGA changes. Staff recommends that the Commission approve the tariff sheet to become effective November 1, 1997 on an interim basis, subject to refund, pending final Commission decisions in MGE's ACA Cases No. GR-96-450 and GR-98-167.

The Commission has reviewed the tariff sheet and Staff's recommendation and finds that the tariff sheet conforms to the Company's Commission approved PGA Clause and is therefore reasonable. After considering Staff's recommendation, and for good cause shown pursuant to Section 393.140(11), RSMo 1994, the Commission is of the opinion that the proposed tariff sheet should be approved to become effective on and after the requested effective date of November 1, 1997, interim subject to refund.

IT IS THEREFORE ORDERED:

1. That the tariff sheet submitted on October 17, 1997, by Missouri Gas Energy, a division of Southern Union Company, of Kansas City, Missouri, is approved on an interim basis, subject to refund, to become effective on November 1, 1997. The tariff sheet approved is:

P.S.C. MO. No. 1

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

2. That this order shall become effective on November 1, 1997.

BY THE COMMISSION



Cecil I. Wright
Executive Secretary

(S E A L)

Lumpe, Ch., Crumpton, Murray,
and Drainer, CC., Concur.

Luckenbill, Deputy Chief Regulatory Law Judge

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

For billings on and after August 15, 1997, 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. The PGA/EGCIM rate effective immediately prior to August 15, 1997, shall be applied to customers' bills for service rendered prior to August 15, 1997. 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.

Customer Class	C.C.G.	A.C.A.	Refund	T.O.P.	T.C.	P.G.A. Rate
Residential	\$4.2555	\$0.1803	(\$0.0657)	\$0.0622	\$0.0543	\$4.4866
Small General Service	\$4.2555	\$0.1803	(\$0.0657)	\$0.0622	\$0.0543	\$4.4866
Large General Service	\$4.2555	\$0.1803	(\$0.0657)	\$0.0622	\$0.0543	\$4.4866
Unmetered Gas Light (1)	\$4.2555	\$0.1803	(\$0.0657)	\$0.0622	\$0.0543	\$4.4866
Large Volume Sales (3)	\$4.2555	\$0.1803	\$0.0000	\$0.0622	\$0.0543	\$4.5523
Large Volume Trans. (2)(4)				\$0.0622	\$0.0363	\$0.0985

1 Each Unmetered Gaslight Unit is equal to 1.5 Mcf.

2 Demand related purchase gas costs of \$6.6255 per Mcf of contract demand and \$0.2179 per Mcf 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: October 17, 1997
month day year

DATE EFFECTIVE: November 1, 1997
month day year

ISSUED BY: Charles B. Hernandez

Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, Missouri 64111

MO Gas Energy

ALJ/Sec'y: _____

10-27-97
Date Circulated

GR-98-167
CASE NO.
#9800293

[Signature]
~~Zobrist, Chairman~~

[Signature]
~~Lumpe~~

[Signature]
Crumpton, Commissioner

[Signature]
Murray, Commissioner

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~~Lumpe, Commissioner~~

[Signature]
Drainer, Vice-Chair

10-30-97
Agenda Date

Action taken: 4-0 AS

Must Vote Not Later Than _____

STATE OF MISSOURI
OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,
Missouri, this 30th day of October, 1997.

[Signature]
Cecil I. Wright
Executive Secretary

