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OF THE STATE OF MISSOURI

In the Matter of the Application of)
Southern Union Company for Authority)
to Acquire up to and Including Five) Case No. GM-2000-49
Percent (5%) of the Common Stock of)
Pennsylvania Enterprises, Inc.)

ORDER DIRECTING STAFF TO RESPOND TO APPLICATION FOR RECONSIDERATION OR REHEARING

On July 20, 1999, Southern Union Company (Southern Union) filed an application with the Commission requesting authority to acquire up to and including five percent of the common stock of Pennsylvania Enterprises, Inc. (PNT). In a companion case, case number GM-2000-43, Southern Union has requested authority to complete a merger with PNT. Southern Union requested authority to immediately purchase a portion of the stock of PNT for the purpose of mitigating the pricing effect of possible arbitrage trading in PNT shares prior to the time of closing of the merger. Southern Union requested expedited consideration of this application to permit the proposed transactions to occur no later than July 31.

On July 28, the Commission ordered its Staff to file a Staff recommendation regarding Southern Union's application. On July 29, Staff filed its recommendation and urged the Commission to reject the application. Staff indicated that if the Commission did not wish to reject the application outright it should impose several conditions upon its approval. The Commission issued an order on July 29 that approved the application but imposed the additional conditions requested by Staff.

On July 30, Southern Union filed an Application for Reconsideration, or in the Alternative, Rehearing, which asked that the Commission reconsider and remove the condition contained in ordered paragraph 8 of the Commission's order. The paragraph in question defines the term "ownership equity" for purposes of determining the appropriate level of equity balances. Southern Union's Motion indicates that the question of equity balances is not a relevant consideration in this application, inasmuch as Southern Union is not seeking ratemaking treatment with respect to its existing or any proposed capital structure. The Commission needs Staff's recommendation regarding the relevance of the condition in question.

IT IS THEREFORE ORDERED:

1. That the Staff of the Public Service Commission shall file, by August 12, its reply to the Application for Reconsideration, or in the Alternative, Rehearing, filed by Southern Union Company.
2. That this order shall become effective on August 12, 1999.

(S E A L)

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

Morris L. Woodruff, Regulatory
Law Judge, by delegation of
authority pursuant to 4 CSR
240-2.120(1), (November 30, 1995)
and Section 386.240, RSMo 1994.

Dated at Jefferson City, Missouri,
on this 5th day of August, 1999.

RECEIVED

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION