

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
October 28, 1998**

CASE NO: GR-98-167

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

Sincerely,



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

Uncertified Copy:

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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 October, 1998.

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

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 16, 1998, carrying an effective date of November 2, 1998. 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, this tariff filing reflects changes in the Actual Cost Adjustment (ACA), Refund, Take-or-Pay (TOP) and Transition Cost (TC) factors.

The effect of these changes will increase the firm PGA factor for the 1998-1999 winter season to \$0.39490 per Ccf from a summer season firm PGA factor of \$0.34465 per Ccf. This represents an approximate 15% increase in gas costs to consumers.

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 2, 1998. 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 2, 1998 on an interim basis, subject to refund, pending final Commission decisions in MGE's Actual Cost Adjustment Case Nos. GR-96-450 and GR-98-167. The Staff also requested that the Commission's Procurement Analysis Department be given the time necessary to conduct its audit of the ACA period and submit its results and recommendations regarding this ACA filing on or before September 1, 1999.

The Commission has reviewed the tariff sheet, Staff's recommendation and

request, 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 finds that the proposed tariff sheet should be approved to become effective on and after the requested effective date of November 2, 1998, interim subject to refund.

IT IS THEREFORE ORDERED:

1. That the tariff sheet submitted on October 16, 1998, 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 2, 1998. The tariff sheet approved is:

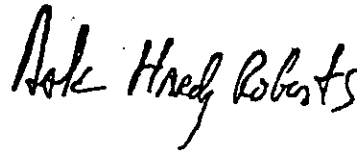
P.S.C. MO. No.1

Eighth Revised SHEET No. 24.7 Canceling Seventh Revised SHEET No. 24.7

2. That the Commission's Procurement Analysis Department be given the time necessary to conduct its audit of this ACA period and submit its results and recommendations regarding this ACA filing on or before September 1, 1999.

3. That this order shall become effective on November 2, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray,
Schemenauer, and Drainer, CC.,
concur.

Register, Regulatory Law Judge

ALJ/Sec'y: Register

10-27-98
Date Circulated

GR 98-167
CASE NO.

[Signature]
Lumpe, Chair

[Signature]
Crompton, Commissioner

[Signature]
Murray, Commissioner

[Signature]
Schemenauer, Commissioner

[Signature]
Drainer, Vice-Chair

10-28-98
Agenda Date

Action taken: 5-OAS

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 28th day of October, 1998.



[Signature: Dale Hardy Roberts]

**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**