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August 7, 2000

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

FILED²
AUG 07 2000
Missouri Public
Service Commission

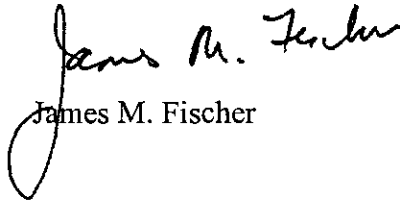
RE: *Fidelity Natural Gas, Inc.*
Case No. GR-2000-285

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter are the original and eight (8) copies of Fidelity Natural Gas, Inc.'s Response to Staff Recommendation. A copy of the foregoing Response has been hand-delivered or mailed this date to parties of record.

Thank you for your attention to this matter.

Sincerely,


James M. Fischer

/jr
Enclosures

cc: Office of the Public Counsel
Dana K. Joyce, General Counsel

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

FILED²
AUG 07 2000
Missouri Public
Service Commission

In the matter of Fidelity Natural Gas, Inc.'s)
Purchased Gas Adjustment Factors to be) Case No. GR-2000-285
Reviewed in its 1998-1999 Actual Cost)
Adjustment.)

**FIDELITY NATURAL GAS, INC.'S
RESPONSE TO STAFF RECOMMENDATION**

COMES NOW Fidelity Natural Gas, Inc. ("Fidelity" or "Company"), and pursuant to the Commission's Order Directing Response issued on July 12, 2000, states its response to the Staff's Recommendation filed on June 30, 2000, as follows:

1. On June 30, 2000, the Commission Staff filed its recommendations following the completion of the audit of the Actual Cost Adjustment ("ACA") rates for the 1998-1999 period. The Commission Staff reviewed Fidelity's calculations and made the following recommendations:

The Staff recommends that the Commission issue an order requiring Fidelity Natural Gas Company to:

1. Adjust the ACA balance in its next ACA filing by \$7,504 (\$5,994 + \$1,510) from \$3,017 under-recovery balance to \$4,487 over-recovery balance;

In addition, the Staff recommended that Fidelity submit an updated peak day study and pipeline capacity study to assure adequacy of the Company's supply and transportation portfolio for a peak day, certain reserve margin calculations, a comparison of the actual usage and HDD for two or more peak days to the estimated volume, and an estimate of the average annual usage per residential and commercial customer for a normal weather pattern.

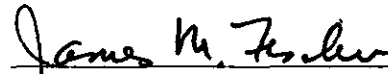
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2. On July 12, 2000, the Commission issued its Order Directing Response which required Fidelity to file a response to the recommendation of the Staff no later than thirty (30) days from the effective date of the Order (*i.e.*, by August 24, 2000).

3. After reviewing the Staff's Recommendation in this matter, the Company has determined that Staff's recommendations are acceptable to the Company and should be implemented. Fidelity will also supply the analysis in future ACA periods, as requested by the Commission Staff.

WHEREFORE, Fidelity Natural Gas, Inc. respectfully requests the Commission to issue an Order Approving Staff Recommendation Regarding Actual Cost Adjustment and accept the adjusted rates on a permanent basis.

Respectfully submitted,



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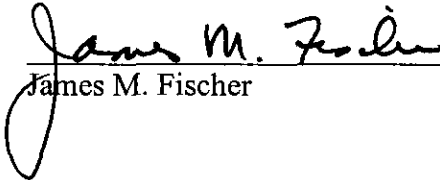
Attorneys for Fidelity Natural Gas, Inc.

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered or mailed, First Class, postage prepaid, this 7th day of August 2000, to:

Office of the Public Counsel
P.O. Box 7800
Jefferson City MO 65102

Dana K. Joyce, General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City MO 65102


James M. Fischer