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February 18, 2000

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ROBERT SCHALLENBERG
Director, Utility Services

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Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

FILED³

FEB 18 2000

Missouri Public
Service Commission

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

RE: Case No. GA-2000-412

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of a **STAFF MEMORANDUM**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Dennis L. Frey
Assistant General Counsel
(573) 751-8700
(573) 751-9285 (Fax)

DLF/lb
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

FEB 18 2000

Missouri Public
Service Commission

In the Matter of the Application of)
Missouri Gas Energy, a division of)
Southern Union Company, for a)
Certificate of Public Convenience and)
Necessity, Authorizing It to Construct,)
Install, Own, Operate, Control, Manage)
and Maintain a Natural Gas Transmission)
and Distribution System to Provide Gas)
Service in a Certain Area of Newton)
County, Missouri as an Expansion of Its)
Existing Certificated Area)

Case No. GA-2000-412

STAFF MEMORANDUM

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and respectfully states as follows:

1. On January 10, 2000, Missouri Gas Energy, a division of Southern Union Company ("MGE" or "Company"), filed with the Commission, pursuant to Section 393.170 RSMo 1994, an Application for a certificate of convenience and necessity to construct, install, own, operate, control, manage and maintain a natural gas transmission and distribution system for the provision of natural gas service to the public in the requested area of Newton County, Missouri.

2. Also on January 10th, MGE filed a motion for expedited treatment of its aforementioned Application, requesting in particular "that times for intervention and a report or recommendation from the Staff be expedited."

3. In its Order Requesting Response, issued on January 13, 2000, the Commission ordered the Staff to file by January 18th a response to said Order, "stating whether or not it will

be able to handle this case in an expedited manner and, if so, giving suggested dates for the filing of a Staff report or recommendation.”

4. On January 18, 2000, MGE filed an amendment to its Application, wherein the Company supplemented the information in said Application with the following statement: “There are no municipalities located within the proposed service area.”

5. Also on January 18th, Staff filed its Response to the above-noted January 13th Commission Order. In its Response, Staff stated, among other things, that in the event the Commission invited applications to intervene and no intervenors resulted, Staff expected to file its report or recommendation either on the first business day following the conclusion of the prescribed intervention period, or by February 18, 2000, whichever date was later.

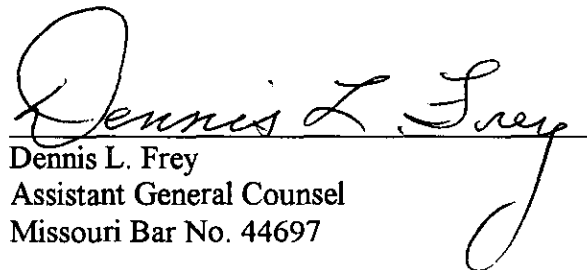
6. On January 19, 2000, the Commission issued its Order and Notice of Application, which set a deadline of January 31, 2000 (3:00 p.m.) for those wishing to intervene in this docket. No party requested intervention by said deadline, and to date, there have been no requests to intervene.

7. Based on its review of the subject Application, and its analysis as set forth in the Memorandum attached hereto as Appendix A, Staff is of the opinion, pursuant to Section 393.170.3 RSMo 1994, that MGE’s request is “necessary or convenient for the public service.” Therefore, Staff is recommending approval of MGE’s Application.

WHEREFORE, for the reasons set forth in its attached Memorandum, Staff respectfully requests that the Commission issue an Order granting MGE’s request for a certificate of convenience and necessity, and requiring the Company to file the appropriate tariff sheet(s) within thirty (30) days of the issuance of such Order.

Respectfully submitted,

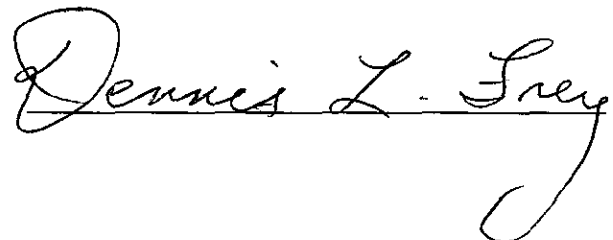
DANA K. JOYCE
General Counsel


Dennis L. Frey
Assistant General Counsel
Missouri Bar No. 44697

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 18th day of February 2000.



M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File,
Case No. GA-2000-412, Missouri Gas Energy

FROM: *JH MUM*
James A. Gray, Gas Department - Tariffs/Rate Design *fm*

West Anderson 2-17-00 *Steven Roth 2/18/00* *D.H.F. 2-17-00*
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation On Missouri Gas Energy's Application For A
Certificate Of Public Convenience And Necessity

DATE: February 16, 2000

On January 10, 2000, Missouri Gas Energy, a division of Southern Union Company (MGE or Company) of Kansas City, Missouri, filed an APPLICATION (Application) with the Missouri Public Service Commission (Commission). The Application requests that the Commission grant MGE a certificate of public convenience and necessity (CCN) authorizing it to construct, install, own, operate, control, manage and maintain a natural gas transmission and distribution system to provide gas service in a certain area of Newton County, Missouri, as an expansion of its existing certificated area.

Also, on January 10, 2000, MGE filed a MOTION FOR EXPEDITED TREATMENT (Motion) requesting the Commission order an accelerated time for intervention and that the Commission's Staff (Staff) report be expedited. On January 13, 2000, the Commission issued an ORDER REQUESTING RESPONSE (Order) asking the Staff to state whether or not the Staff will be able to handle the Application in an expedited manner and, if so, to give a suggested date for the filing of a Staff report or recommendation. On January 18, 2000, the Staff filed the STAFF'S RESPONSE TO COMMISSION ORDER (Response). The Staff stated in its Response that it would file its report or recommendation either on the first business day following the conclusion of the prescribed intervention period, or by February 18, 2000, whichever is later. To date, no interventions have been filed with the Commission.

In October of 1999, the Industrial Development Authority of the City of Joplin, Missouri (JIDA) requested that MGE provide service to the Crossroads Center Distribution and Business Park (Crossroads) in the Company's presently certificated service area in Jasper County east of the City of Joplin. JIDA requested that MGE provide "expeditious extension of gas service" for two customers by January 8, 2000. MGE determined that the most economical method to provide natural gas service to the Crossroads would be to construct a new gas line from the Crossroads location to a tap on a Williams Gas Pipelines Central, Inc. (Williams) pipeline, located approximately three and a half miles to the south, in Newton County. The requested service area is along

the pipeline and adjacent to MGE's currently certificated area. MGE does not have a certificate to serve that portion of Newton County and no other regulated natural gas utility is certificated to serve this area. MGE states that additional customers may be served off the new gas line subject to MGE's line extension policy in its tariff.

MGE filed its feasibility study along with its Application. The construction cost of the project is approximately \$890,000, including the installation of all equipment needed for the extension. The projected revenues from the Crossroads for the first three years of operation are approximately \$70,000. For customers using in excess of 6,000 Ccf annually, MGE's tariff allows the customer contribution for line extensions to be dependent upon a determination by the Company based upon the character of service requested, the estimated revenues and the expenses of providing service. The City of Joplin paid the required customer contribution of \$674,532 for this extension.

The Staff has reviewed this Application and for the following reasons is of the opinion that granting this Application would be in the public interest:

1. Extending gas service would not jeopardize natural gas service to the Company's currently existing customers;
2. The Crossroads already contains two large customers who desire service and this generally makes the project feasible;
3. Absence of any interventions indicates no one objects to this certificate request;
4. MGE is willing and able to provide the requested service under existing tariff provisions, and;
5. The City of Joplin has paid the required customer contribution.

Therefore Staff recommends that MGE be granted a certificate to serve the requested area of Newton County, Missouri. Staff also recommends the Company file revised tariff sheets reflecting this proposed CCN in conformance with the service area descriptions as contained in Appendix B of the Application within thirty (30) days of the Commission's Order approving this Application.

Service List for
Case No. GA-2000-412
February 18, 2000

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