

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2010-0372, File No. YG-2010-0742
Missouri Gas Energy

FROM: Michael L. Stahlman, Energy Department – Tariffs/Rate Design

/s/ Thomas M. Imhoff 06/28/10
Utility Operations Division/Date

/s/ Kevin A. Thompson 06/28/10
Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Missouri Gas Energy's Optional PGA Filing -
Effective July, 8, 2010

DATE: June 28, 2010

On June 23, 2010, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri, filed a tariff sheet bearing an effective date of July 8, 2010. This tariff sheet was filed to reflect a change in MGE's Purchased Gas Adjustment (PGA) factor as a result of estimated changes in the cost of natural gas for the remaining 2010 Summer season. Additionally, this tariff filing reflects changes in the demand related transportation costs of large volume transportation customers.

This filing will increase the firm PGA factor for the 2010 Summer season, to \$.82433 per one-hundred cubic feet (Ccf), from the current PGA factor of \$.69754 per Ccf. This represents an increase of \$.12679 per Ccf.

Case No. GR-2010-0372, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2009-2010 Actual Cost Adjustment (ACA) filing. Case Nos. GR-2008-0367 and GR-2009-0268 were established to track the Company's PGA factors to be reviewed in 2007-2008 and 2008-2009 ACA filings respectively. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2008-0367, GR-2009-0268, and GR-2010-0372.

Staff has verified that this company has filed its annual report and is not delinquent on any of its assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Staff recommends that the following tariff sheet, filed on June 23, 2010, be approved, interim subject to refund:

P.S.C. MO. No.1

Twenty-First Revised SHEET No. 24.3, Canceling Twentieth Revised SHEET No. 24.3

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

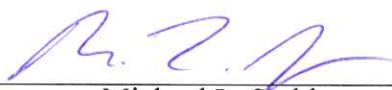
In the matter of Missouri Gas Energy's)
PGA/ACA)

Case No. GR-2010-0372

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael L. Stahlman, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Report in memorandum form, to be presented in the above case; that the information in the Staff Report was provided to him; that he has knowledge of the matters set forth in such Staff Report; and that such matters are true to the best of his knowledge and belief.

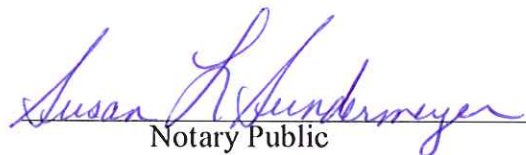


Michael L. Stahlman

Subscribed and sworn to before me this 28th day of June, 2010.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086



Notary Public