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Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.psc.state.mo.us>

November 9, 2000

BRIAN D. KINKADE
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Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

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

FILED²
NOV 09 2000
Missouri Public
Service Commission

RE: Case No. GR-2000-392 - United Cities Gas Company

Dear Mr. Roberts:

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

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,

Bruce H. Bates
Assistant General Counsel
(573) 751-7434
(573) 751-9285 (Fax)

Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

FILED²

NOV 09 2000

Missouri Public
Service Commission

In the Matter of United Cities Gas)
Company's Gas Adjustment Factors to be)
Reviewed in Its 1999-2000 Actual Cost)
Adjustment.)

Case No. GR-2000-392

STAFF RECOMMENDATION

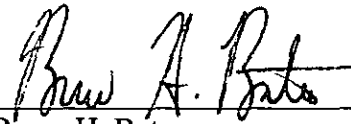
COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its
Recommendation states:

1. United Cities Gas Company ("Company") filed a tariff sheet on November 3, 2000, proposed to be effective December 1, 2000. The filing was made to reflect changes in Company's Purchased Gas Adjustment ("PGA") factors for the upcoming winter season.
2. Staff has reviewed the proposed tariff sheet, and recommends that it be approved effective December 1, 2000. The recommendation of the Gas Department-Tariffs/Rate Design Staff is attached as Attachment A hereto. Staff notes that good cause has been shown pursuant to Section 393.140(11), RSMo to permit the tariff to become effective on less than thirty days notice. Staff also recommends that the rates be interim, subject to refund.

WHEREFORE, Staff recommends that the Commission approve the proposed tariff sheet.

Respectfully submitted,

DANA K. JOYCE
General Counsel

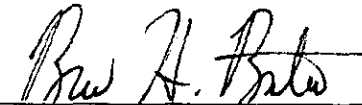


Bruce H. Bates
Associate General Counsel
Missouri Bar No. 35442

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-7434 (Telephone)
(573) 751-9285 (Fax)
bbates@mail.state.mo.us (E-Mail)

Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel or parties of record as shown on the attached service list this 9th day of November 2000.



Bruce H. Bates

Service List for GR-2000-392
November 9, 2000

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

**Mark A. Martin
Atmos Energy Corporation
381 Riverside Drive, Suite 440
Franklin, TN 37064**

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2000-392, File Nos. 200100519 and 200100520 United
Cities Gas Company

FROM: Kim J. Elvington, Gas Department - Tariffs/Rate Design

Wes Henderson 11-9-00 *Thomas R. Schumacher Jr.* 11/9/00 *B/M 11-9-00*
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation for United Cities Gas Company's
Consolidated and Neelyville District's PGA Filings Effective
December 1, 2000.

DATE: November 9, 2000

On November 3, 2000, United Cities Gas Company (United or Company) of Franklin, Tennessee filed a tariff sheet proposed to become effective December 1, 2000. The tariff sheet was filed to reflect scheduled changes in United's Purchased Gas Adjustment (PGA) factors as the result of changes in the estimated cost of natural gas for the winter season. The winter season includes the months of November through March.

For the Palmyra District, the net effect of these changes will increase the firm PGA factor for the remainder of the winter season to \$0.8050 per Ccf from a summer season firm PGA factor of \$0.5557 per Ccf.

For the Bowling Green District, the net effect of these changes will increase the firm PGA factor for the remainder of the winter season to \$0.7006 per Ccf from a summer season firm PGA factor of \$0.5849 per Ccf.

For the Hannibal/Canton District, the net effect of these changes will increase the firm PGA factor for the remainder of the winter season to \$0.6861 per Ccf from a summer season firm PGA factor of \$0.4966 per Ccf.

For the Neelyville District, the net effect of these changes will increase the firm PGA factor for the remainder of the winter season to \$0.7675 per Ccf from a summer season firm PGA factor of \$0.5126 per Ccf.

Case No. GR-2000-392, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 1999-2000 ACA filings. A final Commission decision in United's ACA Case No. GR-99-280 for its 1998-1999 ACA period is still pending. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos. GR-99-280 and GR-2000-392.

The Commission's Gas Department - Tariffs/Rate Design Staff (Staff) has reviewed the PGA filing and has determined that this filing was calculated in conformance with United's PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty days notice is demonstrated by United's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends the Commission approve the following tariff sheet to become effective December 1, 2000, interim subject to refund:

MO PSC Case No. GR-2000-392
OFFICIAL CASE FILE MEMORANDUM
PAGE 2 OF 2

P.S.C. MO. No. 3

8th Revised SHEET No. 58 Cancelling 7th Revised SHEET No. 58

Copies: Director - Utility Operations Division
 Director - Research and Public Affairs Division
 Director - Utility Services Division
 General Counsel
 Manager - Financial Analysis Department
 Manager - Procurement Analysis Department
 Manager - Gas Department
 Mark Thessin, V.P. Regulatory Affairs (United)
 Mark A. Martin, Senior Analyst / Rate Administration (United)
 Office of the Public Counsel