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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 29th day of
December, 1998

In the matter of United Cities Gas Company's)
Tariff revisions designed to be reviewed in) Case No. GR-98-274
its 1997-1998 Actual Cost Adjustment for the)
Missouri service area of the Company.)

ORDER APPROVING INTERIM PALMYRA DISTRICT RATES

United Cities Gas Company (United) of Brentwood, Tennessee, submitted a tariff sheet to the Commission on November 25, 1998 carrying an effective date of January 1, 1999. On December 7, 1998, United filed a substitute Sheet No. 48.1 correcting a typographical error. The tariff sheet is designed to reflect changes in Palmyra District's Purchased Gas Adjustment (PGA) factors as a result of an increase in the spot market gas cost, a decrease in the annual Actual Cost Adjustment (ACA) factor and the inclusion of a new refund factor. The effect of these changes will decrease United's annualized revenues by approximately \$257,000. The impact on a typical residential space-heating customer using 236 Ccf of natural gas in the month of January will be a decrease of \$25.56, or 23.3%.

The Missouri Public Service Commission Staff (Staff) filed a memorandum stating that the change in United's PGA was calculated in conformance with its approved PGA Clause and recommends that the Commission approve the tariff sheet to become effective on January 1, 1999. Staff recommended that the tariff sheet submitted in this filing be approved, interim subject to refund, pending a final Commission decision in Case No. GR-98-274.

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

October 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, the Commission finds that the proposed tariff sheet, as substituted on December 7, 1998, should be allowed to become effective on and after the requested effective date, January 1, 1999, interim subject to refund.

IT IS THEREFORE ORDERED:

1. That the tariff sheet submitted on November 25, 1998, and as substituted on December 7, 1998, by United Cities Gas Company of Brentwood, Tennessee, for the purpose of reflecting changes in rates for natural gas in its Palmyra District, be, and it is, hereby approved to become effective on and after January 1, 1999, interim subject to refund. The tariff sheet approved is:

P.S.C. MO. No. 3

44th Revised Sheet No. 48.1 Cancelling 43rd Revised Sheet No. 48.1

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 October 1, 1999.

3. That this order shall become effective on January 1, 1999.

BY THE COMMISSION

Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION

(S E A L)

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