

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2008-0367, File No. YG-200-0276
Missouri Gas Energy

FROM: Tom Solt, Energy Department – Tariffs/Rate Design

/s/ Thomas M. Imhoff 10/21/08
Utility Operations Division/Date

/s/ Lera Shemwell 10/21/08
General Counsel's Office/Date

SUBJECT: Staff Recommendation for Missouri Gas Energy's Winter Season PGA Filing -
Effective November 1, 2008

DATE: October 21, 2007

On October 17, 2007, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri, filed a tariff sheet having an effective date of November 1, 2008. This tariff sheet was filed to reflect changes in MGE's Purchased Gas Adjustment (PGA) factors as a result of estimated changes in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (ACA) factor.

This filing will decrease the firm PGA factor for the upcoming 2008 - 2009 winter season, to \$0.94501 per one-hundred cubic feet (Ccf), from the current PGA factor of \$1.04107 per Ccf. This represents a decrease of \$0.09606 per Ccf. Compared to the Company's last year's winter PGA rate, which was \$0.82121, this filing represents an increase of \$77 or 12% for an average Residential customer's bill.

Case No. GR-2008-0367, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2007-2008 ACA filing. Case No. GR-2007-0256 was established to track the Company's PGA factors to be reviewed in its 2006-2007 ACA filing. This rate change should be on an interim, subject to refund status pending a final Commission decision in ACA Case Nos. GR-2007-0256 and GR-2008-0367.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2009.

Staff has verified that this company has filed its 2007 annual report; however, **it is delinquent** on its second 2008 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 October 16, 2007, be approved, interim, subject to refund:

P.S.C. MO. No.1

Seventeenth Revised SHEET No. 24.3, Canceling Sixteenth Revised SHEET No. 24.3


Notary Public