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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 19th
day of June, 1997.

In the matter of United Cities Gas Company's)
tariff revisions designed to be reviewed in)
its 1996-1997 actual cost adjustment for the) Case No. GR-97-259
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 May 30, 1997, carrying an effective date of July 1, 1997. The tariff sheet was filed to reflect changes in Palmyra District's Purchased Gas Adjustment (PGA) factors as a result of an increase in the spot market gas cost and decreases in tariffed transportation services provided by Panhandle Eastern Pipe Line Company, United's pipeline supplier for this district. The net effect of these changes will increase United's annualized revenues by approximately \$54,800. The impact on a typical residential space heating customer using 28 Ccfs of natural gas in the month of July will be an increase of \$0.52, or 2.7%.

The Staff of the Commission (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 July 1, 1997. Staff recommended that the tariff sheet be approved on an interim basis, subject to refund, until the Commission makes its final determinations in Case Nos. GR-96-197 and GR-97-259.

The Commission has reviewed the tariff sheet and Staff's recommendation, and finds that the proposed tariff conforms to United's Commission-approved PGA Clause and is therefore reasonable. After considering Staff's recommendation, the Commission is of the opinion that

the proposed tariff sheet should be approved to become effective on and after the requested effective date of July 1, 1997, interim subject to refund.

IT IS THEREFORE ORDERED:

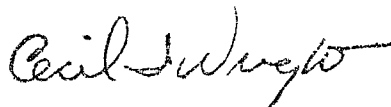
1. That the tariff sheet submitted on May 30, 1997, by United Cities Gas Company of Brentwood, Tennessee, for the purpose of reflecting changes in rates for its natural gas for its Palmyra District, is approved on an interim basis, subject to refund, to become effective on July 1, 1997. The tariff sheet approved is:

P.S.C. MO. No. 3

28th Revised SHEET No. 48.1 Cancelling 27th Revised SHEET No. 48.1

2. That this order shall become effective on July 1, 1997.

BY THE COMMISSION



Cecil I. Wright
Executive Secretary

(S E A L)

Zobrist, Chm., Crumpton, Drainer,
Murray, and Lumpe, CC., Concur.
ALJ: Luckenbill