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At a session of the Public Service Commission held at its office in Jefferson City on the 23rd day of December, 1997.

In the matter of United Cities Gas Company's)
tariff revisions designed to be reviewed in) Case No. GR-97-259
its 1996-1997 actual cost adjustment for the)
Missouri service area of the company.)

ORDER APPROVING INTERIM HANNIBAL-CANTON DISTRICT RATES

United Cities Gas Company (United) of Brentwood, Tennessee, submitted a tariff sheet to the Commission on December 1, 1997, carrying an effective date of January 1, 1998. The tariff sheet is designed to change Purchased Gas Adjustment (PGA) factors for its Hannibal-Canton District as a result an increase in the spot market gas cost, a decrease in the Actual Cost Adjustment (ACA) factor and, the elimination of a refund adjustment. The net effect of these changes will decrease United's annualized revenues by approximately \$460,500. The impact on a typical residential space heating customer using 236 Ccfs of natural gas in the month of January will be a decrease of \$5.85, or 3.4%.

The Staff of the Commission (Staff) filed a memorandum stating that the changes 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, 1998. 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 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, 1998.

The Commission has reviewed the tariff sheet, Staff's recommendation and request, 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 finds that the proposed tariff sheet should be approved to become effective on and after the requested effective date of January 1, 1998, interim subject to refund.

IT IS THEREFORE ORDERED:

1. That the tariff sheet submitted December 1, 1997, by United Cities Gas Company of Brentwood, Tennessee, for the purpose of reflecting changes in rates for natural gas in its Hannibal-Canton District, is approved on an interim basis, subject to refund, to become effective on January 1, 1998. The tariff sheet approved is:

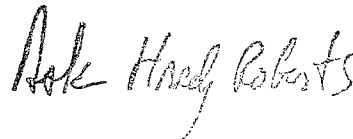
P.S.C. MO. No. 3

63rd Revised SHEET No. 46, Cancelling 62nd Revised SHEET No. 46

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, 1998.

3. That this order shall become effective on January 1, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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