

FILED

JAN 22 1999

Missouri Public
Service Commission

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-99-304, File No. 9900516, Missouri Gas Energy

FROM: *TMS* *mm* Thomas M. Imhoff, Gas Department - Tariffs/Rate Design *BM*

Wendy Hendrix 1-22-99 *Thomas R. Schwann Jr. 1/22/99*
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation on Missouri Gas Energy's Unscheduled Winter
Season PGA Filing Effective February 1, 1999.

DATE: January 21, 1999

On January 15, 1999, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri filed a tariff sheet proposed to become effective February 1, 1999. The tariff sheet was filed to reflect unscheduled changes in MGE's Purchased Gas Adjustment (PGA) factors as the result of an estimated change in the cost of natural for the remaining current winter season. The winter season includes the months of November through March.

The net effect of this change will decrease the firm PGA factor for the remaining current 1998-1999 winter season to \$0.35413 per Ccf from a beginning winter season firm PGA factor of \$0.39490 per Ccf. This represents an approximate 10% decrease in gas costs to consumers.

Case No. GR-99-304, under which this PGA change was filed, was established to track MGE's 1998-1999 Actual Cost Adjustment (ACA) activity. A final Commission decision in MGE's ACA Case Nos. GR-96-450 and GR-98-167 for the 1996-1997 and 1997-1998 ACA periods respectively are still pending. Interim subject to refund status should be maintained pending final Commission decisions in ACA Case Nos. GR-96-450, GR-98-167 and GR-99-304.

The Commission's Gas Department - Tariffs/Rate Design Staff (Staff) has reviewed this filing and has determined it was calculated in conformance with MGE's Commission approved PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty (30) days notice is

demonstrated by MGE 's Commission approved PGA Clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheet be approved, interim subject to refund:

P.S.C. MO. No.1

Tenth Revised SHEET No. 24.7 Canceling Ninth Revised SHEET No. 24.7

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
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