

MEMORANDUM

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TO: Missouri Public Service Commission Official Case File Missouri Public Service Commission
Case No. GR-2000-392, File No. 200000780, United Cities Gas Company

FROM: Kim J. Elvington, Gas Department - Tariffs/Rate Design

Wesley Develer 3-16-00
Utility Operations Division/Date

Thomas R. Schwan 3-17-00
General Counsel's Office/Date

SUBJECT: Staff Recommendation for United Cities Gas Company's Neelyville District PGA Filing Effective April 1, 2000

DATE: March 13, 2000

On February 29, 2000, United Cities Gas Company (United or Company) of Franklin, Tennessee, filed a tariff sheet proposed to become effective April 1, 2000, for its Neelyville District. The tariff sheet was filed to reflect changes in the Company's Purchased Gas Adjustment (PGA) factors as a result of an increase in the spot market cost of natural gas and the termination of a refund factor.

The net effect of these changes will increase the Neelyville District PGA Factor from \$0.2502 per Ccf to \$0.2911 per Ccf.

Case No. GR-2000-392, under which this Neelyville change was filed, was established to address United's PGA factors in its 1999-2000 Actual Cost Adjustment (ACA) filing. Case No. GR-99-280 was established to address the PGA factors filed in its 1998-1999 ACA period. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos. GR-99-280 and GR-2000-392.

The Company also has pending before the Commission a file to remove the current PGA clause (File No. 200000730) which allows for monthly PGA changes and replaces it with a PGA clause which allows for two scheduled and one unscheduled changes per year. Assuming the Commission approves that filing, this will be the last PGA change utilizing the current PGA clause.

The Commission's Gas Department - Tariffs/Rate Design Staff (Staff) has reviewed this filing and has determined that it was calculated in conformance with United's PGA Clause. Therefore, Staff recommends that the following proposed tariff sheet be approved to become effective April 1, 2000, interim subject to refund:

P.S.C. MO. No. 3

88th Revised Sheet No. 48 Cancelling 87th Revised Sheet No. 48

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