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October 29, 2001

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Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

FILED³

OCT 29 2001

**Missouri Public
Service Commission**

RE: Case No. GR-2001-382

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Thomas R. Schwarz, Jr.
Thomas R. Schwarz, Jr.
Deputy General Counsel
(573) 751-5239
(573) 751-9285 (Fax)

TRS/lb
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³
OCT 29 2001
Missouri Public
Service Commission

In the Matter of Missouri Gas Energy's)
Purchased Gas Adjustment Tariff)
Revisions to be Reviewed in Its 2000-)
2001 Actual Cost Adjustment.)

Case No. GR-2001-382

STAFF RECOMMENDATION

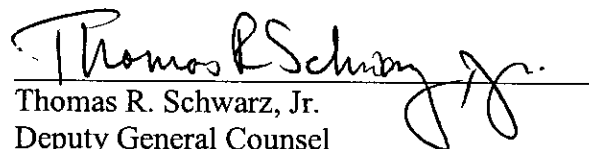
COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and for its recommendation in the above-captioned matter states as follows:

1. Missouri Gas Energy, a division of Southern Union Company (MGE) filed a tariff on October 18, 2001, proposing to decrease its Purchased Gas Adjustment ("PGA") factor for service provided on and after November 1, 2001.
2. Staff has reviewed the tariff and has found that the filing complies with the provisions of MGE's tariffs for PGA filings. Staff finds that good cause has been shown for making the tariff effective on less than thirty days notice, as reflected by the provision for a ten day effective date in MGE's tariff. See the Staff Memorandum attached hereto as Attachment A.
3. Staff emphasizes that it has not audited the books and records of Laclede, and that it will conduct a thorough review of MGE's gas purchases during the Actual Cost Adjustment audit.

WHEREFORE, Staff recommends that the rates proposed by Lalcede be approved, effective for service on and after November 1, 2001, and that these rates remain interim, subject to refund.

Respectfully submitted,

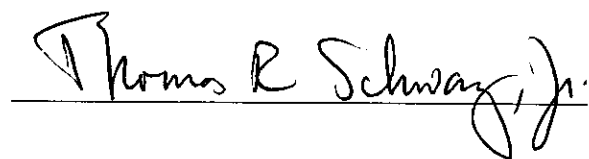
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 29th day of October, 2001.



M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2001-382, File No. 200200299, Missouri Gas Energy

FROM: Daniel I. Beck, ^{DB mlf} Energy Department - Engineering Analysis

Deborah Wood 10/26/01 Thomas R. Schwanz Jr. 11/29/01
Energy Department/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation on Missouri Gas Energy's Scheduled Winter
Season PGA Filing Effective November 1, 2001.

DATE: October 26, 2001

On October 18, 2001, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri filed a tariff sheet proposed to become effective November 1, 2001. The tariff sheet was filed to reflect scheduled changes in MGE's Purchased Gas Adjustment (PGA) factors as the result of an estimated change in the cost of natural gas for the upcoming winter season. In addition, this filing reflects the recalculation of MGE's Actual Cost Adjustment (ACA) factor and MGE's Refund factor.

The net effect of these changes will decrease the firm PGA factor for the 2001-2002 winter season to \$0.51682 per Ccf from a scheduled summer season firm PGA factor of \$0.76129 per Ccf. The effect of the proposed rate on a typical residential heating customer's natural gas bills for the winter season is a decrease of \$217.09 or 26% when compared to the rates currently in effect.

Case No. GR-2001-382, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2000-2001 ACA filing. Case Nos. GR-96-450, GR-98-167, GR-99-304, and GR-2000-425, were established to track the Company's PGA factors to be reviewed in its 1996-1997, 1997-1998, 1998-1999, and 1999-2000 ACA filings, respectively. Interim subject to refund, status should be maintained pending final Commission decisions in ACA Case Nos. GR-96-450, GR-98-167, GR-99-304, GR-2000-425, and GR-2001-382.

Due to the short 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 November 29, 2001.

The Commission's Energy Department Staff (Staff) has reviewed this filing has determined that the tariff sheet was calculated in conformance with MGE's PGA Clause. Staff is of the opinion that good cause for approval of this tariff

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OFFICIAL CASE FILE MEMORANDUM
PAGE 2 OF 2

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 to become effective November 1, 2001, be approved, interim subject to refund:

P.S.C. MO. No.1

Fifth Revised SHEET No. 24.32, Cancelling Fourth Revised SHEET No. 24.32

Copies: Director - Utility Operations Division
Director - Utility Services Division
Public Information Administrator
General Counsel
Manager - Procurement Analysis Department
Manager - Energy Department
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James B. Deutsch/Henry T. Herschel, Blitz, Bardgett & Deutsch, L.C.
Jeffrey A. Keevil - Attorney with Stewart & Keevil
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**Service List for
Case No. GR-2001-382
Revised: October 29, 2001 (lb)**

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