

FILED

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M E M O R A N D U M

Missouri Public
Service Commission

TO: Missouri Public Service Commission Official Case File,
Case No. GR-99-304, File No. 9900770, Missouri Gas Energy

FROM: James A. Gray, Gas Department - Tariffs/Rate Design *JG* *MWR* *BM*

Wes Hendler 4-13-99 Thomas R. Schwab, Jr. 4/14/99
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation on Missouri Gas Energy's Scheduled Summer
Season PGA Filing Effective May 1, 1999.

DATE: April 12, 1999

On April 2, 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 May 1, 1999. 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 for the upcoming summer season. Additionally, this tariff filing reflects changes in the refund factor, take or pay factor, the transition cost factor, and the termination of the Price Stabilization Charge.

The net effect of these changes will decrease the firm PGA factor for the 1999 summer season to \$0.34174 per Ccf from a winter season firm PGA factor of \$0.35413 per Ccf. This represents an approximate 3% decrease in gas costs to consumers.

Case No. GR-99-304, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 1998-1999 Actual Cost Adjustment (ACA) filing. Case Nos. GR-96-450 and GR-98-167 were established to track the Company's PGA factors to be reviewed in its 1996-1997 and 1997-1998 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 and GR-99-304.

The Commission's Gas Department - Tariffs/Rate Design Staff (Staff) has reviewed this filing and has determined that it was calculated in conformance with MGE's 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 at least 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

Eleventh Revised SHEET No. 24.7, Canceling Tenth 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
- Peter H Kelley - President & C.O.O. (Southern Union Company)
- Steven W. Cattron - President & Chief Operating Officer (MGE)
- Charles B. Hernandez - Director of Pricing & Regulatory Affairs (MGE)
- Robert J. Hack - Vice President of Pricing & Regulatory Affairs (MGE)
- Dennis Morgan - Attorney (Southern Union Company)
- Gary W. Duffy - Attorney with Brydon, Swearengen & England P.C.
- James P. Zakoura - Attorney with Smithyman & Zakoura
(Riverside Pipeline Company, L.P.)
- Jeffrey A. Keevil - Attorney with Stewart & Keevil
(Riverside Pipeline Company, L.P.)
- Office of the Public Counsel