

M E M O R A N D U M

FILED²

OCT 27 1999

Missouri Public
Service Commission

TO: Missouri Public Service Commission Official Case File,
Case No. GR-99-304, File No. 200000364, Missouri Gas Energy

FROM: Henry E. Warren, Gas Department - Tariffs/Rate Design *for*

Wes Headlee 10.26.99 *Thomas R. Schwanz Jr. 10/27/99*
Utility Operations Division/Date General Counsel's Office/Date

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

DATE: October 26, 1999

On October 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 November 1, 1999. MGE filed a substitute tariff sheet on October 25, 1999, to correct an omission in the text. The tariff sheet was filed to reflect scheduled changes in MGE's Purchased Gas Adjustment (PGA) factors as the result of estimated changes in the cost of gas for the upcoming winter season. Additionally, this tariff filing reflects changes in the Actual Cost Adjustment (ACA), Refund, and Transition Cost (TC) factors.

The net effect of these changes will increase the firm PGA factor for the 1999-2000 winter season to \$0.41724 per Ccf from a summer season firm PGA factor of \$0.34174 per Ccf. This represents an approximate 22% increase in the cost of gas to consumers.

Case No. GR-99-304, under which this PGA change was filed, was established to address MGE's PGA factors in its 1998-1999 ACA filings. Case No. GR-98-167 was established to address MGE's PGA factors to be reviewed in its 1997-98 filings. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos. GR-98-167 and GR-99-304.

Because of 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 recommendation regarding information included in this ACA filing to the Commission on or before August 1, 2000.

The Commission's Gas Department - Tariffs/Rate Design Staff (Staff) has reviewed the filing of October 15, 1999, as substituted, on October 25, 1999 and has determined it was calculated in conformance with MGE's

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Twelfth Revised SHEET No. 24.7 Canceling Substitute Eleventh Revised SHEET No. 24.7

Copies:

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- Manager - Gas Department
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- Dennis Morgan - Attorney (Southern Union Company)
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