

MEMORANDUM

FILED<sup>2</sup>  
MAR 17 2000

TO: Missouri Public Service Commission Official Case File  
Case No. GR-2000-392, File No. 200000778, United Cities Gas Company  
FROM: Kim J. Elvington, Gas Department - Tariffs/Rate Design

*Wendy* 3-16-00 *Thomas R. Schwann Jr.* 3/17/00 *BMB* 3-17-00  
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation for United Cities Gas Company's Palmyra 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 Palmyra District. The tariff sheet was filed to reflect a change in the Company's Purchased Gas Adjustment (PGA) factors as a result of an increase in the spot market cost of natural gas.

The net effect of this change will increase the Palmyra District PGA Factor from \$0.3861 per Ccf to \$0.4112 per Ccf.

Case No. GR-2000-392, under which this 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 proposed tariff sheet, be approved to become effective April 1, 2000, interim subject to refund:

P.S.C. MO. No. 3

55th Revised Sheet No. 48.1 Cancelling 54th Revised Sheet No. 48.1

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