

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GA-2011-0367, Missouri Gas Energy, a division of Southern Union Company

FROM: Tom Solt, Energy Department - Tariffs/Rate Design

<u>/s/ Thomas M. Imhoff 06/02/11</u> Energy Department/Date	<u>/s/ Robert S. Berlin 06/02/11</u> General Counsel's Office/Date
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SUBJECT: Staff Recommendation On Missouri Gas Energy's Application For A Certificate Of
Public Convenience And Necessity

DATE: June 2, 2011

On May 6, 2011, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, filed an APPLICATION (Application) with the Missouri Public Service Commission (Commission). The Application requests that the Commission grant MGE a certificate of public convenience and necessity (CCN) authorizing it to construct, install, own, operate, control, manage and maintain a natural gas distribution system to provide gas service in Lawrence County (Township 26N, Range 25W, Section 1), Missouri, as an expansion of its existing certificated area. On May 10, 2011, the Commission issued an ORDER DIRECTING NOTICE AND SETTING DATE FOR SUBMISSION OF INTERVENTION REQUESTS, which allows any interveners to file by May 30, 2011.

MGE is requesting a CCN adjacent to MGE's presently certificated service area in Lawrence County, to provide service to a proposed residential four-plex. MGE plans to extend service to the proposed four-plex pursuant to its service extension policy detailed in its Commission approved tariff. The extension proposes to utilize customary state highway, railroad, and county rights of way. There is no known opposition to the project.

MGE filed its feasibility study (study) along with its Application. The total estimated cost of the project is \$8,504.28. Pursuant to MGE's tariff, no customer deposit will be required. After the initial construction, the study projects the resulting revenues will exceed the costs over the next three (3) years.

The Staff has reviewed this Application and for the following reasons is of the opinion that granting this Application would be in the public interest:

1. MGE is willing and able to provide the requested service under existing tariff provisions;
2. Extending gas service would not jeopardize natural gas service to the Company's currently existing customers;
3. No interveners have objected to this certificate request;
4. MGE anticipates using the customary state highway, railroad, and county rights of way;
5. The requested service area has projected growth; and
6. No new franchises are required.

Therefore, Staff recommends that MGE be granted a certificate to serve the requested area in Lawrence County, Missouri. Staff also recommends the Company file revised tariff sheets reflecting this proposed CCN in this case within thirty (30) days of the Commission's Order approving this Application.

The Staff has verified that this company has filed its annual report and is not delinquent on any assessment. Staff is aware of two complaint cases (GC- 2011-0100 and GC-2011-0339) pending before the Commission that may have an effect on this application.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

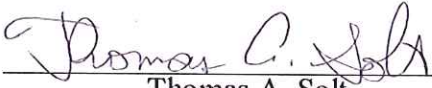
In the Matter of the Application of)
Southern Union Company, d/b/a Missouri)
Gas Energy, for a Certificate of Public)
Convenience and Necessity Authorizing it)
to Construct, Install, Own, Operate,)
Control, Manage and Maintain a Natural)
Gas Distribution System to provide Gas)
Service in Lawrence County, Missouri, as)
an Expansion of its Existing Certified)
Area)

Case No. GA-2011-0367

AFFIDAVIT OF THOMAS A. SOLT

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Thomas A. Solt, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Thomas A. Solt

Subscribed and sworn to before me this 2nd day of June, 2011.





Notary Public