

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 26th
day of August, 1998.

In the Matter of Missouri Gas Energy's)
Tariff Sheets Designed to Increase Rates) Case No. GR-98-140
for Gas Service in the Company's Missouri) Tariff File No. 9800264
Service Area.)

In the Matter of Missouri Gas Energy's)
Proposed Modifications to its Facilities) Case No. GT-98-237 ✓
Extension Policy.) Tariff File No. 9800264

ORDER OF CORRECTION

On August 21, 1998, the Commission issued its Report and Order. There was a mathematical input error in Scenario A and B, marked as Attachment D, which caused an error in Ordered Paragraph 4. In both Scenario A and B, Issue 1.4 - Rate Case Expense, the Revenue Effect should have been -\$210,038 instead of -\$289,783. With this change, the adjusted revenue requirement total should be \$13,297,499 on both Scenario A and B. A corrected Attachment D is attached to this Order of Correction.

The correction on Scenario A and B requires a correction in Ordered paragraph 4 on page 65 of the Report and Order. Ordered paragraph 4 on page 65 of the Report and Order currently reads

4. That Missouri Gas Energy, a division of Southern Union Company, is hereby directed to file, not later than September 2, 1998, revised tariff sheets with a thirty day effective date in accordance with the findings in this Report and Order, which should include the rate increase of \$13,217,754 and all other changes consistent with this order.

To reflect the corrected adjusted revenue requirement the dollar amount should be \$13,297,499 instead of \$13,217,754.

In addition, two counsel who appeared were not reflected in the Appearances section of the Report and Order. The following counsel of record will be added to that section:

Gary W. Duffy, Attorney at Law, Brydon, Swearingen, & England, P.C., P.O. Box 456, 312 East Capitol Avenue, Jefferson City, Missouri 65102-0456, for Missouri Gas Energy.

Dennis K. Morgan, Attorney at Law, 504 LaVaca, Suite 800, Austin, Texas 78701, for Missouri Gas Energy.

Finally, the Commission notes that Ordered paragraph 2 includes a typographical error where the second tariff number "Tariff No. 9800378" has two numbers transposed, and should be "Tariff No. 9800387." This ordered paragraph should be corrected. In addition, the date of filing for Tariff No. 9800387 was omitted. For accuracy, the date Tariff 9800387 was filed, December 10, 1997, should be added.

IT IS THEREFORE ORDERED:

1. That the second ordered paragraph is hereby amended so that Ordered paragraph 2 should read: "That Tariff No. 9800264 and Tariff No. 9800387, submitted in File No. GR-98-140 and GT-98-237 respectively, by Missouri Gas Energy, a division of Southern Union Company, on October 3, 1997, and December 10, 1997 respectively, are hereby rejected."

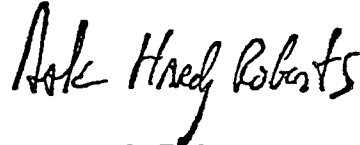
2. That the fourth ordered paragraph is hereby amended so that Ordered paragraph 4 should read: "That Missouri Gas Energy, a division of Southern Union Company, is hereby directed to file, not later than September 2, 1998, revised tariff sheets with a thirty day effective date in accordance with the findings in this Report and Order, which should

include the rate increase of \$13,297,499 and all other changes consistent with this order."

3. That the Appearances section of the Report and Order is hereby amended to include the appearances of Gary W. Duffy and Dennis K. Morgan.

4. That this order shall be effective on August 27, 1998.

BY THE COMMISSION

A handwritten signature in black ink, reading "Dale Hardy Roberts". The signature is written in a cursive style with a large, prominent "D" and "R".

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray,
Schemenauer and Drainer, CC., concur.

Register, Regulatory Law Judge

SCENARIO A
CASE NO. GR-98-140, ET AL.
REVENUE REQUIREMENT DECISION/IMPACT
BASED UPON REVISED RECONCILIATION "A"

C = Company S = Staff O = Office of the Public Counsel

		<u>Revenue Requirement</u>
Company's Filed Reconciliation		27,817,140
Settled items and corrections		5,970,020
Company's True-Up Recommendations filed 7/17/98		21,847,120

<u>Issue</u>	<u>Decision</u>	<u>Revenue Effect (\$)</u>
1.1 Return on Equity	S 10.93%	-2,864,692
1.5 Public Affairs and Community Relations Expense	S	-316,578
1.4 Rate Case Expense	O	-210,038
1.2b SLRP Amortization Period	C	-652,769
1.8 Depreciation Expense		
1.8a Depreciation Rate Expense		
- Change in service lives	C	-0-
1.8b Service life and rate of AMR equipment	C-ERT 5%/EGM 5%	-411,647
1.2a Income Taxes - SLRP Equity Addback	S	-524,957
SLRP Deferral Carrying Costs		
SLRP AAO GO-92-185	S	-1,194
SLRP AAO GO-94-234	S	-498,496
SLRP AAO GO-94-301	S	-2,953
SLRP Deferred Income Taxes		
Deferred Inc. Taxes on GO-94-234	S	-29,183
Deferred Inc. Taxes on GO-97-301	S	-35,814
1.2c SLRP Deferral "Stub" Period GO-94-234	S	-284,597
1.2d Inclusion of Unamortized Balance	O	-2,499,509
1.3 Billing Process Improvements/Theodore Barry & Associates	O	-94,854
Billing Process Improvements/TBA	O	-122,340
1.3 Call Center/Telecommunications	C	-0-
1.4 PSC Assessment Expense	C	-0-
CORRECTED		
Scenario A Adjusted Revenue Requirement (tax included)		\$13,297,499

SCENARIO B
CASE NO. GR-98-140, ET AL.
REVENUE REQUIREMENT DECISION/IMPACT
BASED UPON REVISED RECONCILIATION "B"

C = Company S = Staff O = Office of the Public Counsel

		<u>Revenue Requirement</u>
Company's Filed Reconciliation		27,817,140
Settled items and corrections		5,970,020
Company's True-Up Recommendations filed 7/17/98		21,847,120

<u>Issue</u>	<u>Decision</u>	<u>Revenue Effect (\$)</u>
1.1 Return on Equity	S 10.93%	-2,864,692
1.5 Public Affairs and Community Relations Expense	S	-316,578
1.4 Rate Case Expense	O	-210,038
1.2b SLRP Amortization Period	C	-652,769
1.8 Depreciation Expense		
1.8a Depreciation Rate Expense		
- Change in service lives	C	-0-
1.8b Service life and rate of AMR equipment	C-ERT 5%/EGM 5%	-411,647
1.2a Income Taxes - SLRP Equity Addback	S	-524,957
SLRP Deferral Carrying Costs		
SLRP AAO GO-92-185	S	-930
SLRP AAO GO-94-234	S	-388,546
SLRP AAO GO-94-301	S	-2,301
SLRP Deferred Income Taxes		
Deferred Inc. Taxes on GO-94-234	S	-22,747
Deferred Inc. Taxes on GO-97-301	S	-27,915
1.2c SLRP Deferral "Stub" Period GO-94-234	S	-221,825
1.2d Inclusion of Unamortized Balance	O	-1,996,209
1.3 Billing Process Improvements/Theodore Barry & Associates	O	-94,854
Billing Process Improvements/TBA	O	-95,356
1.3 Call Center/Telecommunications	C	-0-
1.4 PSC Assessment Expense	C	-0-
Tax factor-up of rate base items total effect		\$ 718,257
CORRECTED Scenario B Adjusted Revenue Requirement		\$13,297,499