

LAW OFFICES  
**BRYDON, SWEARENGEN & ENGLAND**  
PROFESSIONAL CORPORATION

DAVID V.G. BRYDON  
JAMES C. SWEARENGEN  
WILLIAM R. ENGLAND, III  
JOHNNY K. RICHARDSON  
GARY W. DUFFY  
PAUL A. BOUDREAU  
SONDRA B. MORGAN  
CHARLES E. SMARR

312 EAST CAPITOL AVENUE  
P. O. BOX 456  
JEFFERSON CITY, MISSOURI 65102-0456  
TELEPHONE (573) 635-7166  
FACSIMILE (573) 635-3847  
E-MAIL: DUFFY@BRYDONLAW.COM

DEAN L. COOPER  
MARK G. ANDERSON  
TIMOTHY T. STEWART  
GREGORY C. MITCHELL  
BRIAN T. MCCARTNEY  
DALE T. SMITH

OF COUNSEL  
RICHARD T. CIOTTONE

January 9, 2001

Mr. Dale Hardy Roberts  
Executive Secretary  
Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

**FILED**

JAN 9 2001

**Missouri Public  
Service Commission**

**RE: Case No. GR-2001- 382, Missouri Gas Energy**

Dear Mr. Roberts:

Enclosed for filing with your office are an original and three copies of P.S.C. MO. No. 1, Second Revised Sheet No. 24.32, canceling First Revised Sheet No. 24.32. This tariff sheet bears an issue date of January 9, 2001, and a proposed effective date of January 25, 2001.

By this filing MGE proposes to make an unscheduled winter adjustment to the Purchased Gas Adjustment (PGA) Rate as permitted under the provisions of Sheet No. 24.10 of MGE's tariff. MGE is proposing to adjust the Current Cost of Gas Factor (C.C.G.).

The new PGA Rate proposed in this filing is \$0.98161 per Ccf; the PGA Rate currently in effect is \$0.68056. The proposed change in the PGA Rate reflects an increase of \$0.30105 per Ccf.

Absent this change, MGE projects that, for the period from July 1, 2000, through June 30, 2001, its commodity-related expenditures (as defined on Sheet No. 24.12) will exceed its commodity-related billings by more than \$109 million. Even with this change, MGE projects that, for the period from July 1, 2000, through June 30, 2001, its commodity-related expenditures will exceed its commodity-related billings by nearly \$18 million. These projections assume that the PGA Rate proposed in the enclosed revised tariff sheet remains in effect through June 30, 2001. Should the variables upon which these projections are based (including gas sales volumes and gas purchase prices) change materially, such changes can be reflected in the scheduled summer PGA filing which typically occurs in late March or early April.

The proposed adjustment to the PGA Rate has the net effect of increasing PGA revenues in

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MGE's service area by approximately \$201,737,609 annually. This represents an overall 44.24% increase in PGA revenues.

Workpapers supporting the calculations performed in developing the proposed changes have been provided this date under separate cover letter to the Commission's staff and the Office of the Public Counsel.

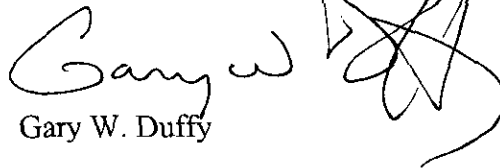
Please forward copies of any commission order or notice associated with this filing to:

Robert J. Hack  
Vice President, Pricing & Regulatory  
Affairs  
Missouri Gas Energy  
3420 Broadway  
KC, MO 64111  
816/360-5755  
FAX: 816/360-5536

Michael R. Noack  
Manager, Pricing & Regulatory  
Affairs  
Missouri Gas Energy  
3420 Broadway  
KC, MO 64111  
816/360-5560  
FAX: 816/360-5536

Thank you in advance for bringing this matter to the attention of the Commission and the appropriate Commission personnel.

Sincerely yours,

  
Gary W. Duffy

CC w/encl:

Office of the General Counsel  
Office of the Public Counsel  
Mike Langston  
Jay Cummings  
Rob Hack  
Mike Noack

Missouri Gas Energy,  
a Division of Southern Union Company  
Name of Issuing Corporation

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

XIV. SUMMARY STATEMENT

Customer Class	C.C.G.	A.C.A	Refund	I.O.P.	I.C.	P.G.A. Rate
Residential	\$0.97791	\$0.01830	(\$0.01460)	\$0.00000	\$0.00000	\$0.98161
Small General Service	\$0.97791	\$0.01830	(\$0.01460)	\$0.00000	\$0.00000	\$0.98161
Large General Service	\$0.97791	\$0.01830	(\$0.01460)	\$0.00000	\$0.00000	\$0.98161
Unmetered Gas Light (1)	\$0.97791	\$0.01830	(\$0.01460)	\$0.00000	\$0.00000	\$0.98161
Large Volume Sales (3)	\$0.97791	\$0.01830	\$0.00000	\$0.00000	\$0.00000	\$0.99621
Large Volume Trans. (2)(4)					\$0.00000	\$0.00000

- 1 Each Unmetered Gaslight Unit is equal to 15 Ccf.
- 2 Demand related purchase gas costs of \$0.66255 per Ccf of contract demand and \$0.02179 per Ccf of daily demand for authorized sales in excess of the contract demand are directly chargeable to customers on this rate.
- 3 Applies to Sales Service only.
- 4 Applies to Transportation Service, Intrastate Transportation Service and Whiteman Air Force Base.

DATE OF ISSUE: January 9, 2001  
month day year

DATE EFFECTIVE: January 24, 2001  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111