

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

|   |   |                       |
|---|---|-----------------------|
| In the Matter of Missouri Gas Utility, Inc.'s | ) |                       |
| Purchased Gas Adjustment (PGA) Factors        | ) | Case No. GR-2009-0161 |
| To be Audited in Its 2007-2008 Actual Cost    | ) |                       |
| Adjustment.                                   | ) |                       |

**RESPONSE TO STAFF RECOMMENDATION AND MEMORANDUM**

Comes now Missouri Gas Utility, Inc. (MGU or Company), and respectfully provides to the Missouri Public Service Commission (Commission) the following response to the Staff Recommendation and Memorandum:

1. On May 5, 2009, the Commission Staff (Staff) filed its Recommendation and Memorandum in this matter. This document set out the results of Staff's audit of the billed revenues and actual gas costs for the period September 1, 2007 through August 31, 2008, included in MGU's 2007-2008 Actual Cost Adjustment (ACA) filing.

2. On May 11, 2009, the Commission issued its Order Directing Response wherein it ordered MGU to respond to the Staff Recommendation and Memorandum no later than June 10, 2009. MGU will respond to the various issues identified by Staff in the following paragraphs. MGU's response will reference the Memorandum by use of the same section titles utilized by the Staff.

3. There are no Staff recommended financial adjustments for this ACA period.

**Hedging**

4. MGU agrees with Staff's recommendations regarding hedging presented in (a) – (f) in the Hedging section of the Recommendation. The Company has supplied the 2009-2010 hedging plan.<sup>1</sup>

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<sup>1</sup> The plan was provided on May 22, 2009, and a presentation on the plan made on May 27, 2009.

### **Reliability Analysis and Gas Supply Planning**

5. Consistent with Staff's Recommendation, MGU will take the following actions in regard to reliability:

a. Expand its planning for future ACA periods to include normal, warmer, and cooler monthly and seasonal usage and estimated monthly storage withdrawals (Storage Balance and Monthly Load Estimations); and,

b. MGU will establish a storage plan that considers normal, colder, and warmer weather (Storage Reliability).

6. In regard to the Staff's comments as to Meter Error and Transportation Imbalances, MGU agrees that MGU has updated its tariff to incorporate a penalty in order to address the described situation.

### **ACA Balance**

7. MGU agrees to monitor its ACA balance throughout the year and make adjustments to its PGA rate to prevent its ACA balance from reaching an unreasonable level.

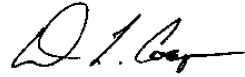
### **Tariff Modification – Billing Adjustment**

8. MGU will modify its tariff, as suggested by the Staff, to incorporate the specific procedures to be used when billing errors occur. MGU will file a revised tariff sheet by July 15, 2009, to address this matter.

WHEREFORE, Missouri Gas Utility, Inc. respectfully requests that the Commission consider this response to the Staff Memorandum and Recommendations and issue such orders as

it believes to be reasonable and just.

Respectfully submitted,



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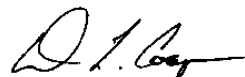
ATTORNEYS FOR  
MISSOURI GAS UTILITY, INC.

### **CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail on June 10, 2009, to the following:

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