

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

In the matter of Missouri Gas Energy's)
Increasing Rates for Gas Service Provided)
To Customers in the Company's Missouri)
Service Area)

Case No. GR-2006-0422

STAFF'S RECOMMENDATION

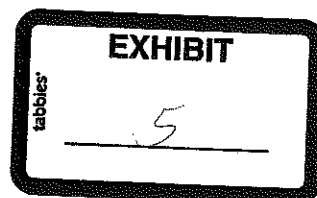
COMES NOW the Staff of the Public Service Commission of Missouri, and respectfully submits as follows:

1. On March 28, 2007, 2004, Missouri Gas Energy, a division of Southern Union Company (MGE) filed tariffs to comply with the Commission's Report and Order (R&O) dated March 22, 2007. MGE has requested expedited approval of these tariffs, to become effective for service on and after April 1, 2007.

2. Staff has reviewed the tariffs, and in its Memorandum attached hereto, recommends that the Commission approve the substitute tariffs as in compliance with the Commission's R&O.

3. Staff also recommends that the tariffs become effective for service on and after April 1, 2007, for good cause shown, pursuant to Section 393.140(11) RSMo 2000.

WHEREFORE Staff recommends that the Commission approve MGE's substitute tariff sheets become effective for service on and after April 1, 2007.



Respectfully submitted,

/s/ Robert V. Franson

Robert V. Franson

Senior Counsel

Missouri Bar No. 34643

Attorney for the Staff of the

Missouri Public Service Commission

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all counsel of record this 30th day of March 2007.

/s/ Robert V. Franson

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2006-0422, File No. YG-2007-0689 Missouri Gas Energy

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

/s/ Thomas M. Imhoff 03/30/07
Energy Department/Date

/s/ Robert V. Franson 03/30/07
General Counsel's Office/Date

SUBJECT: Staff Recommendation On Missouri Gas Energy's Tariff Sheets Filed to Comply with the
Commission's Report And Order And Motion For Expedited Treatment

DATE: March 30, 2007

On March 22, 2007, the Missouri Public Service Commission (Commission) issued its Report and Order (Order) in Case No. GR-2006-0422. This Order approved a natural gas general rate increase for certain customers of Missouri Gas Energy (MGE or Company).

MGE filed tariff sheets and a Motion For Expedited Treatment (Motion) on March 28, 2007 to comply with the Order. On March 29, 2007, MGE filed substitute tariff sheets that were related to a mathematical error.

In its letters of transmittal accompanying the March 28, 2007 and the substitute March 29, 2007 compliance filings, MGE is requesting an effective date of April 1, 2007, which would be less than the standard 30-day period, but which complies with the effective date of the Commission's Order.

The Commission's Energy Department - Tariffs/Rate Design Staff (Staff) has reviewed each of the tariff sheets, as filed by MGE on March 28, 2007, as substituted on March 29, 2007, and is of the opinion that these sheets are in compliance with the Commission's Order. Staff is also of the opinion that good cause for approval of these tariff sheets on less than thirty days notice is demonstrated by the Commission's Order. Therefore, Staff recommends that the set of tariff sheets designated P.S.C. MO. No. 1, filed on March 28, 2007, and as substituted on March 29, 2007, be approved and to become effective on and after April 1, 2007.

P.S.C. MO. No. 1

Sixth Revised SHEET No. 10, Canceling Fifth Revised SHEET No. 10
Thirteenth Revised SHEET No. 24.3, Canceling Twelfth Revised SHEET No. 24.3
Seventh Revised SHEET No. 25, Canceling Sixth Revised SHEET No. 25
Seventh Revised SHEET No. 28, Canceling Sixth Revised SHEET No. 28
Seventh Revised SHEET No. 31, Canceling Sixth Revised SHEET No. 31
Second Revised SHEET No. 39, Canceling First Revised SHEET No. 39
Fourth Revised SHEET No. 40, Canceling Third Revised SHEET No. 40
Seventh Revised SHEET No. 42, Canceling Sixth Revised SHEET No. 42
Second Revised SHEET No. 61.2, Canceling First Revised SHEET No. 61.2
Seventh Revised SHEET No. 76, Canceling Sixth Revised SHEET No. 76
Sixth Revised SHEET No. 77, Canceling Fifth Revised SHEET No. 77
Third Revised SHEET No. 83, Canceling Second Revised SHEET No. 83
Seventh Revised SHEET No. 94, Canceling Sixth Revised SHEET No. 94
Fifth Revised SHEET No. 96, Canceling Fourth Revised SHEET No. 96
Fourth Revised SHEET No. 97, Canceling Third Revised SHEET No. 97

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Third Revised SHEET No. 98, Canceling Second Revised SHEET No. 98

Fourth Revised SHEET No. R-34, Canceling Third Revised SHEET No. R-34

The Staff has verified that MGE has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

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

In the matter of Missouri Gas Energy's)
Tariff Sheets Designed to Increase Rates)
for Gas Service in the Company's)
Missouri Service Area.) Case No. GR-2006-0422

AFFIDAVIT OF THOMAS M. IMHOFF

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Thomas M. Imhoff, of lawful age, on oath states: that he has 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 given by Missouri Gas Energy; 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 M. Imhoff

Subscribed and sworn to before me this 30th day of March, 2007.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public

My commission expires 9-21-10