

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2008-0136, File No. YG-2008-0289, Missouri Gas Utility

FROM: James A. Gray, Energy Department – Tariffs/Rate Design

/s/ Thomas M. Imhoff 11/08/07
Energy Department/Date

/s/ Lera Shemwell 11/08/07
General Counsel's Office/Date

SUBJECT: Staff Recommendation on Missouri Gas Utility's Scheduled Winter Season PGA
Filing Effective November 20, 2007

DATE: November 8, 2007

On November 3, 2007, Missouri Gas Utility (MGU or Company) of Littleton, Colorado filed tariff sheets proposed to become effective November 20, 2007. The tariff sheets were filed to reflect a change in MGU's Purchased Gas Adjustment (PGA) factors as the result of an estimated change in the cost of natural gas for the winter season, 2007-2008. The winter season includes the months of November through March. This tariff filing also reflects a change in the Actual Cost Adjustment (ACA), another factor that determines the Net PGA.

For the MGU system (serving communities such as Hamilton and Gallatin), the net effect of this filing is to decrease the firm PGA factors for the 2007 – 2008 winter season to \$0.7039 per Ccf from the current firm PGA factor of \$0.7291 per Ccf. This represents a \$0.02520 per Ccf decrease.

Case No. GR-2008-0136, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2006-2007 ACA filing. Case No. GR-2007-0178 was established to track the Company's PGA factors to be reviewed in its 2005-2006 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in ACA Case Nos. GR-2008-0136 and GR-2007-0178.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2008.

Staff has verified that this company 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.

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The Staff has reviewed this PGA filing and has determined that it was calculated in conformance with Laclede's PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty days notice is demonstrated by MGU's Commission approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheet, filed on November 3, 2007, be approved, interim subject to refund:

P.S.C. MO. No.1

3rd Revised Sheet No. 51, Cancelling 2nd Revised Sheet No. 51

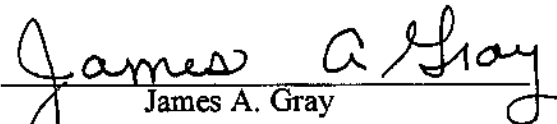
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of	)	
Missouri Gas Utility, Inc.'s Purchased	)	
Gas Adjustment (PGA) Factors to be	)	Case No. GR-2008-0136
Audited in its 2006-2007 Actual Cost	)	
Adjustment	)	

AFFIDAVIT OF JAMES A. GRAY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

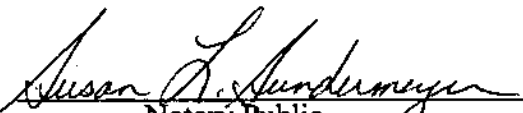
James A. Gray, of lawful age, on oath states: that he has participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was given by him; that he has knowledge of the matters set forth in such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


James A. Gray

Subscribed and sworn to before me this 8th day of November, 2007.



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


Notary Public

My commission expires 9-21-10