

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

In the Matter of Missouri Gas Energy's)	
Optional Purchased Gas Adjustment)	<u>Case No. GR-2012-0262</u>
Filing.)	

STAFF'S RECOMMENDATION FOR APPROVAL OF THE TARIFFS

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and files its Recommendation in this case that the Commission approve Missouri Gas Energy's ("MGE") tariff filing. In support Staff states:

1. In Staff's attached Recommendation Staff supports prompt Commission approval of MGE's tariff.
2. Upon tariff approval, MGE's charges for natural gas will decrease
3. Staff recommends that the filing be approved, on an expedited basis, interim subject to refund, with an effective date of on February 13, 2012.

WHEREFORE, the Staff recommends the Commission approve MGE's tariff filing on an expedited basis, interim subject to refund.

Respectfully submitted,

/s/ Lera L. Shemwell
Lera L. Shemwell
Deputy General Counsel
Missouri Bar No. 43792

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed, sent by facsimile or hand-delivered to all counsel of record this 3rd day of February 2012.

/s/ Lera L. Shemwell

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2012-0262, File No. YG-2012-0363
Missouri Gas Energy

FROM: Tom Solt, Energy Unit – Tariffs/Rate Design

/s/Thomas M. Imhoff 02/03/12
Utility Operations Division/Date

/s/Lera Shemwell 02/03/12
General Counsel's Office/Date

SUBJECT: Staff Recommendation for Missouri Gas Energy's Optional PGA Filing - Effective February 13, 2012

DATE: February 3, 2012

On January 30, 2012, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri, filed a tariff sheet bearing an effective date of February 13, 2012. This tariff sheet was filed to reflect a change in MGE's Purchased Gas Adjustment (PGA) factor as a result of estimated changes in the cost of natural gas for the remaining 2012 winter season.

This filing will decrease the firm PGA factor for the remaining 2012 winter season to \$0.52744 per one-hundred cubic feet (Ccf), from the current PGA factor of \$0.61559 per Ccf. This represents a decrease of \$0.08815 per Ccf.

Case No. GR-2012-0262, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2011-2012 Actual Cost Adjustment (ACA) filing. Case No. GR-2011-0290 was established to track the Company's PGA factors to be reviewed in its 2010-2011 ACA filing. Case No. GR-2010-0372 was established to track the Company's PGA factors to be reviewed in its 2009-2010 ACA filing. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR 2012-0262, GR-2011-0290, and GR-2010-0372.

Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty (30) days notice is demonstrated by MGE's Commission-approved PGA Clause allowing for ten (10) business days notice for PGA change filings. Staff has verified that this company has filed its annual report and is not delinquent on any of its assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Although MGE filed its tariff sheet with a requested effective date of February 13, 2012, the Commission may approve it and order an earlier effective date. Staff recommends that the filing be approved to become effective on February 13, 2012, and that the following tariff sheet, filed on January 30, 2012, be approved, interim subject to refund:

P.S.C. MO. No.1

Twenty-Sixth Revised SHEET No. 24.3, Cancelling Twenty-Fifth Revised SHEET No. 24.3

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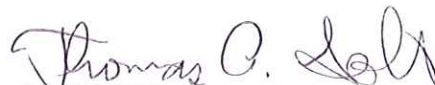
In the Matter of Missouri Gas Energy's)
PGA/ACA)

Case No. GR-2012-0262
File No. YG-2012-0363

AFFIDAVIT OF THOMAS A. SOLT

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

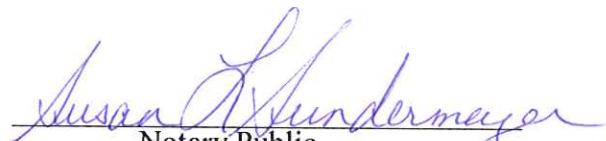
Thomas A. Solt, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such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



Thomas A. Solt

Subscribed and sworn to before me this 3rd day of February, 2012.





Notary Public