

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
January 28, 1998**

CASE NO: GR-98-167

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102


Charles B. Hernandez
Missouri Gas Energy
3420 Broadway
Kansas City, MO 64111

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Jeffrey A. Keevil
Stewart & Keevil, L.L.C.
1001 Cherry Street, Suite 302
Columbia, MO 65201

Enclosed find certified copy of ORDER in the above-numbered case(s).

Sincerely,



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

Uncertified Copy:

Tino Monaldo
335 North Washington, Suite 130
Corporate Square, P.O. Box 728
Hutchinson, KS 67504-0728

Howard E. Lubow
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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 28th
day of January, 1998.

In the matter of Missouri Gas Energy's Purchased)
Gas Adjustment factors to be reviewed in its) Case No. GR-98-167
1997-1998 Actual Cost Adjustment.)

ORDER APPROVING INTERIM RATES

Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri, submitted a tariff sheet to the Commission on January 15, 1998, carrying an effective date of February 1, 1998. The tariff sheet was filed to reflect unscheduled changes in MGE's Purchased Gas Adjustment (PGA) factors as the result of over-recoveries in the cost of natural gas for the current winter season. Additionally the Refund factor will change to adjust the balance of an existing refund and reflect the initiation of two additional refunds received from one of its suppliers, plus interest to be paid by MGE. The net effect of these changes will decrease the 1997-1998 winter season revenues by approximately \$23.8 million as compared to the 1996-1997 winter season revenues. The winter season includes the months of November through March. The impact on a typical residential space heating customer using 88.8 Mcf of natural gas in the winter season will be a decrease of \$35.51, or 7.0%.

The Staff of the Commission (Staff) filed a memorandum stating that the change in MGE's PGA was calculated in conformance with the Company's approved PGA Clause and recommends that the Commission approve the tariff sheet to become effective on February 1, 1998. Staff stated that MGE's PGA Clause allows for ten (10) business days notice for filings reflecting PGA changes. Staff recommends that the Commission approve the tariff sheet to become effective February 1, 1998 on an interim basis, subject to refund, pending final Commission decisions in MGE's Actual Cost Adjustment Case Nos. GR-96-450 and GR-98-167.

The Commission has reviewed the tariff sheet and Staff's recommendation and finds that the tariff sheet conforms to the Company's Commission approved PGA Clause and is therefore reasonable. After considering Staff's recommendation, and for good cause shown pursuant to Section 393.140(11), RSMo 1994, the Commission finds that the proposed tariff sheet should be approved to become effective on and after the requested effective date of February 1, 1998, interim subject to refund.

IT IS THEREFORE ORDERED:

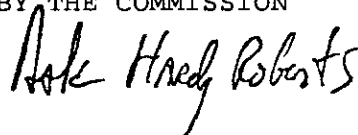
1. That the tariff sheet submitted on January 15, 1998, by Missouri Gas Energy, a division of Southern Union Company, of Kansas City, Missouri, is approved on an interim basis, subject to refund, to become effective on February 1, 1998. The tariff sheet approved is:

P.S.C. MO. No. 1

Fifth Revised SHEET No. 24.7 Canceling Fourth Revised SHEET No. 24.7

2. That this order shall become effective on February 1, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Chm., Crumpton, Murray, and
Drainer, CC., Concur.
ALJ: George

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

For: All Missouri Service Areas
Community, Town or City

PURCHASED GAS COST ADJUSTMENT
PGA

XI ADJUSTMENT STATEMENT

For billings on and after August 15, 1997, any increase or decrease in the PGA/EGCIM rate shall be applied to customers' bills for service rendered on and after the effective date of the change. The PGA/EGCIM rate effective immediately prior to August 15, 1997, shall be applied to customers' bills for service rendered prior to August 15, 1997. Bills computed which contain multiple PGA/EGCIM rate changes during a customer's billing cycle shall be prorated between the old and new rates in proportion to the number of days in the customer's billing cycle that such rates were in effect.

Customer Class	C.C.G.	A.C.A.	Refund	T.O.P.	T.C.	P.G.A. Rate
Residential	\$3.7260	\$0.1803	(\$0.1451)	\$0.0622	\$0.0543	\$3.8777
Small General Service	\$3.7260	\$0.1803	(\$0.1451)	\$0.0622	\$0.0543	\$3.8777
Large General Service	\$3.7260	\$0.1803	(\$0.1451)	\$0.0622	\$0.0543	\$3.8777
Unmetered Gas Light (1)	\$3.7260	\$0.1803	(\$0.1451)	\$0.0622	\$0.0543	\$3.8777
Large Volume Sales (3)	\$3.7260	\$0.1803	\$0.0000	\$0.0622	\$0.0543	\$4.0228
Large Volume Trans. (2)(4)				\$0.0622	\$0.0363	\$0.0985

- 1 Each Unmetered Gaslight Unit is equal to 1.5 Mcf.
- 2 Demand related purchase gas costs of \$6.6255 per Mcf of contract demand and \$0.2179 per Mcf 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 15, 1998
month day year

DATE EFFECTIVE: February 1, 1998
month day year

ISSUED BY: Charles B. Hernandez

Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, Missouri 64111

ALJ/Sec'y: George Boye

1-23
Date Circulated

GR-98-167
CASE NO.

[Signature]
Lumpe, Chair

[Signature]
Crumpton, Commissioner

[Signature]
Murray, Commissioner

Commissioner

[Signature]
Drainer, Vice-Chair

1-28
Agenda Date

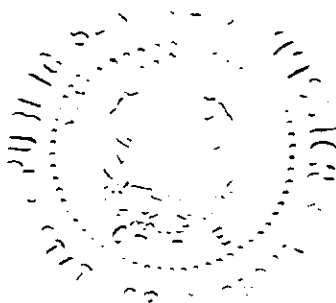
Action taken: 4-045

Must Vote Not Later Than _____

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

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 28th day of January, 1998.



Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge