STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 14th day of October, 1999.

In the Matter of Missouri Gas Energy's Tariff Sheets Designed to Renew for an Additional Year the Price Stabilization Fund and Capacity Release Incentive Mechanism.	**Case No. GO-2000-231** Tariff No. 200000232

ORDER APPROVING TARIFF

On September 14, 1999, Missouri Gas Energy, a division of Southern Union Company (MGE), filed its application to renew for an additional year the price stabilization fund and capacity release incentive mechanism. Together with its application, MGE filed tariff sheets with an effective date of October 15, 1999, which are assigned Tariff File Number 200000232. Also accompanying MGE's application was its Motion for a Protective Order. On September 22, 1999, the Commission by Order adopted its standard protective order in this case.

In its application, MGE requested expedited treatment because the proposed tariffs will affect the upcoming winter heating season. The Commission, therefore, directed the Staff of the Missouri Public Service Commission to file its response on or before October 1, 1999. On September 24, 1999, Staff filed its Memorandum recommending that the application and tariff be approved. On September 27, 1999, the Office of the Public Counsel (OPC) filed a pleading in which it stated that it did not object to the one-year renewal.

On October 1, 1999, the Commission issued its Order Scheduling Hearing, setting an on-the-record presentation for October 7, 1999. On October 7, 1999, the on-the-record presentation was held. Robert J. Hack represented MGE. Douglas E. Micheel represented OPC. Thomas R. Schwarz, Jr., represented the Staff. The transcript was filed on October 8, 1999.

At the presentation, Michael Langston, MGE's Vice President for Gas Supply, testified that the seemingly belated nature of MGE's application herein was due to ongoing negotiations intended to replace the gas price hedging mechanism with another mechanism, a fixed price commodity PGA. Mr. Langston testified that this application and tariff were filed only when it became apparent that the fixed price commodity PGA could not be realized for the current heating season. Mr. Langston testified that last winter was mild in terms of cold weather and that a normal winter would result in significant gas price increases for ratepayers.

Mike Straub testified at the presentation on behalf of Staff that the application and tariff concerned herein were intended to protect ratepayers from the effects of possible substantial price increases during the winter heating season. Mr. Straub testified that a colder winter would act to drive up demand and prices.

The Commission has reviewed the application and tariff filing, the Staff memorandum, the pleading filed by Public Counsel, and the record of the on-the-record presentation, and has determined that renewing the price stabilization fund and capacity release incentive mechanism for an additional year is in the public interest. The Commission finds that good cause exists to approve the tariff on less than thirty days' notice.

IT IS THEREFORE ORDERED:

1. That Tariff No. 200000232, filed September 14, 1999, by Missouri Gas Energy, a division of Southern Union Company, consisting of the following tariff sheets is hereby approved for service on or after October 15, 1999:

P.S.C. MO. No. 1
Third Revised Sheet No. 24.2 Canceling Second Revised Sheet No. 24.2
Third Revised Sheet No. 24.6 Canceling Second Revised Sheet No. 24.6

2. That this order shall become effective on October 15, 1999.

BY THE COMMISSION

Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Drainer,
Murray, and Schemenauer, CC., concur.

Thompson, Deputy Chief Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION