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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 13th
day of June, 1997.

In the Matter of Missouri Gas Energy's Gas Cost)
Adjustment Tariff Revisions to be Reviewed in Its) Case No. GR-96-450 /
1996-1997 Annual Reconciliation Adjustment.)
)

In the Matter of Proposed Tariff Sheets to Exclude)
the Use of Prior Period Corrections in the Monthly) Case No. GT-97-521
Rate Calculation Under the Experimental Gas Cost)
Incentive Mechanism of Missouri Gas Energy.)
)

ORDER REJECTING TARIFF SHEETS
AND CLOSING DOCKET

On June 3, 1997, Missouri Gas Energy (MGE), a division of Southern Union Company, filed a proposed tariff sheet which would modify the calculation of the current cost of gas under MGE's Experimental Gas Cost Incentive Mechanism (EGCIM). The proposed modification relates to the current requirement under the EGCIM to make corrections for estimated as compared with actual prior month gas volumes from Williams Natural Gas, Panhandle Eastern Pipe Line, and purchased volumes. This proposed tariff sheet is Second Revised Sheet No. 24.1.

Also on June 3 MGE filed Twelfth Revised Sheet No. 24.13. This filing reflects the actual rate to be used under the EGCIM. This rate filing assumes that the EGCIM modification proposed by MGE in Second Revised Sheet No. 24.1 will be approved.

On June 12 Staff filed motions to suspend each of these proposed tariff sheets. Staff states several concerns with the proposed

modification and requests that it be suspended. Staff suggests that the issues which have arisen as a consequence of this tariff filing should be considered in Case No. GO-97-409.

On June 12 MGE filed a response in opposition to the Staff's motions to suspend. MGE states that Staff witness Straub has proffered testimony in Case No. GO-97-409 relating to the same issue that the instant tariff filing addresses. Assuming that the pleading is accurate, the parties could present the underlying issue(s) to the Commission in the hearing memorandum due in Case No. GO-97-409 on July 9, 1997.

The Commission is concerned by the manner in which MGE and Staff have presented this proposed modification. The Commission has not been afforded any opportunity to consider whatever issue(s) underlie this filing, and, in fact, the parties have not really formulated any issue.

The Commission will reject the proposed tariff modification and recommend that Staff, MGE and the Office of the Public Counsel engage in a discussion of these important gas cost matters before submitting such matters for Commission consideration.

IT IS THEREFORE ORDERED:

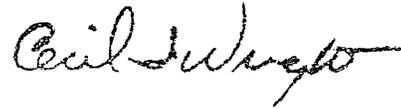
1. That the following proposed tariff sheets submitted by Missouri Gas Energy, a division of Southern Union Company, on June 3, 1997 are hereby rejected.

P.S.C. MO. No. 1
Second Revised Sheet No. 24.1, Canceling First Revised Sheet No. 24.1
Twelfth Revised Sheet No. 24.13, Canceling Eleventh Revised Sheet No. 24.13

2. That Case No. GT-97-521 is hereby closed.

3. That this order shall become effective on the date hereof.

BY THE COMMISSION

A handwritten signature in cursive script, appearing to read "Cecil I. Wright".

**Cecil I. Wright
Executive Secretary**

(S E A L)

Crumpton, Drainer and Murray,
CC., concur.
Zobrist, Chm., and Lumpe, C.,
absent.

ALJ: Luckenbill