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PROFESSIONAL CORPORATION

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July 3, 2001

FILED³

JUL 03 2001

Missouri Public
Service Commission

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Missouri 65102

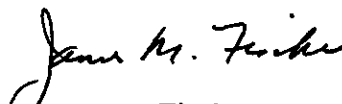
RE: *Fidelity Natural Gas, Inc.*
Case No. GR-2001-250/GR-2001-495

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter are the original and eight (8) copies of the Fidelity Natural Gas, Inc.'s Response To Staff Recommendation Filed Out of Time, on behalf of Fidelity Natural Gas, Inc.

Thank you for your attention to this matter.

Sincerely,


James M. Fischer

Enclosures

cc: Office of the Public Counsel
Dan Joyce, General Counsel

FILED³

JUL 03 2001

Missouri Public
Service Commission

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

In the Matter of Fidelity Natural Gas, Inc.'s	)	
Purchased Gas Adjustment Factors to be	)	Consolidated Case Nos.
Audited in Its 1999-2000 and 2000-2001	)	GR-2001-250 and GR-2001-495
Actual Cost Adjustments.	)	

**FIDELITY NATURAL GAS, INC.'S
RESPONSE TO STAFF RECOMMENDATION
FILED OUT OF TIME**

COMES NOW Fidelity Natural Gas, Inc. ("Fidelity" or "Company"), and pursuant to the Commission's Order Adopting Procedural Schedule issued on April 2, 2001, states its response to the Staff's Recommendation filed on June 30, 2000, as follows:

1. On June 1, 2001, the Commission Staff filed its recommendations following the completion of the audit of the Actual Cost Adjustment ("ACA") rates for the 1999-2000 period. The Commission Staff reviewed Fidelity's calculations and made the following recommendations:

The Staff recommends that the Commission issue an order requiring Fidelity Natural Gas Company to:

1. Adjust the ACA balance by \$3,189 from the filed under-recovery balance of \$40,294 to the Staff adjusted under-recovery balance of \$37,105. The total adjustment should be included as a separate line item adjustment applied to the beginning 2000-2001 ACA balance.
2. Submit the information recommended in the Reliability Study section by March 1, 2002.

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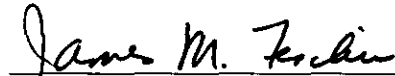
2. On April 2, 2001, the Commission issued its Order Adopting Procedural Schedule which required Fidelity to file a response to the recommendation of the Staff no later than 3 p.m. on July 2, 2001. Due to an error of Fidelity's undersigned counsel, Fidelity's response was not filed until July 3, 2001. Fidelity respectfully requests that the Commission accept this filing one-day out of time.

3. After reviewing the Staff's Recommendation in this matter, the Company has determined that Staff's recommendations are acceptable to the Company and should be implemented. Fidelity will also supply the reliability analysis, as requested by the Commission Staff.

4. However, Fidelity wishes to clarify the following statement in the Staff Recommendation contained in the Reliability Study section of its recommendation: "Staff is concerned about the reserve margins of negative 12.0% for calendar year 2000 and the reduction in Westar (Oneok) capacity for 2001 that shows an even greater shortfall with a reserve margin of negative 28.6%." (Staff Recommendation at 2) Fidelity wishes to inform the Commission that under Fidelity's transportation contract with Westar, Westar is obligated to provide Fidelity with additional capacity, as needed. Therefore, although the technical reserve margins have been reduced, Westar will provide additional capacity, in the event that it is needed in the upcoming winter.

WHEREFORE, Fidelity Natural Gas, Inc. respectfully requests the Commission accept this filing out of time, issue an Order Approving Staff Recommendation and accept the adjusted rates on a permanent basis.

Respectfully submitted,



James M. Fischer, Esq. MBN 27543

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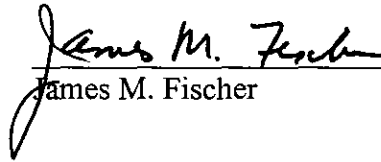
Attorneys for Fidelity Natural Gas, Inc.

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered or mailed, First Class, postage prepaid, this 3rd day of July, 2001, to:

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

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


James M. Fischer