

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

In the Matter of the Application of Missouri Gas	)	
Utility, Inc., for a certificate of convenience and	)	
necessity authorizing it to construct, install, own,	)	
operate, control, manage and maintain a natural gas	)	Case No. GA-2007-0421
distribution system to provide gas service in Daviess	)	
County, Missouri, as a further expansion of its	)	
existing certified area.	)	

STAFF RECOMMENDATION

Comes now the Staff of the Missouri Public Service Commission (Staff) and files its Memorandum in support of Missouri Gas Utility, Inc.'s, Application to expand its service area. The Staff Memorandum, attached hereto and incorporated herein, is the Staff's position in this case.

The expansion of MGU's service area is described in its Application and Staff's attached Memorandum. The Staff finds granting the Application is in the public interest and recommends a certificate be granted. Revised tariff sheets identifying this certificated area's legal description should be filed within 30 days after Commission approval of the Application.

Wherefore, the Staff recommends the Commission grant the requested certificate of convenience and necessity.

Respectfully submitted,

/s/ Steven C. Reed

Steven C. Reed
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 19th day of June, 2007.

/s/ Steven C. Reed

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GA-2007-0421, Missouri Gas Utility, Inc.

FROM: James A. Gray, Energy Department - Tariffs/Rate Design

/s/James A. Gray 6/18/2007 /s/ Steven Reed 6/18/2007
Energy Department General Counsel's Office

SUBJECT: Staff Recommendation On Missouri Gas Utility, Inc.'s Application For A Certificate Of
Convenience And Necessity

DATE: June 18, 2007

On April 30, 2007, Missouri Gas Utility, Inc. (MGU or Company) filed an APPLICATION (Application) with the Missouri Public Service Commission (Commission). The Application requests that the Commission grant MGU a certificate of convenience and necessity (CCN) authorizing it to construct, install, own, operate, control, manage and maintain a natural gas distribution system to provide gas service in Daviess County, Missouri, as a further expansion of its existing certified area. On May 1, 2007, the Commission issued an ORDER DIRECTING NOTICE AND SETTING DATE FOR SUBMISSION OF INTERVENTION REQUESTS, which allows any interveners to file by May 21, 2007.

MGU is requesting a CCN adjacent to MGU's presently certified service area in Daviess County, to provide service to Landmark Manufacturing Corp. (Landmark). MGU plans to extend service to Landmark pursuant to its service extension policy detailed in its Commission approved tariff. Approximately eighty percent (80%) the proposed extension would utilize private rights of way. There is no opposition to the project.

MGU filed its feasibility study (study) along with its Application. The total estimated cost of the project is \$505,652. Landmark will pay approximately twenty percent (20%) of the cost through the customer contribution. After the initial construction, the study projects the annual revenues will exceed the annual costs over the next three (3) years. MGU states that additional customers may be served off the extension subject to MGU's line extension policy in its tariff.

The Staff has reviewed this Application and for the following reasons is of the opinion that granting this Application would be in the public interest:

1. MGU is willing and able to provide the requested service under existing tariff provisions,
2. Extending gas service would not jeopardize natural gas service to the Company's currently existing customers,
3. No interveners have objected to this certificate request, and
4. No new franchises are required.

Therefore, Staff recommends that MGU be granted a certificate to serve the requested area in Daviess County, Missouri. Staff also recommends the Company file revised tariff sheets reflecting this proposed CCN in this case within thirty (30) days of the Commission's Order approving this Application.

The Staff has verified that this company has filed its annual report and is not delinquent on any assessment.

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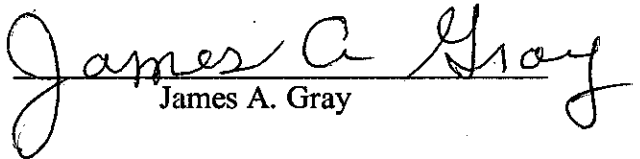
AFFIDAVIT OF JAMES A. GRAY

STATE OF MISSOURI)

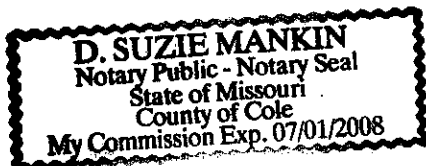
) ss

COUNTY OF COLE)

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


James A. Gray

Subscribed and sworn to before me this 18th day of June, 2007




Notary Public