

**MEMORANDUM  
SUMMARY OF ISSUES**

TO: Missouri Public Service Commission Official Case File  
Case No. GR-2003-0311, Aquila-MPS

FROM: Dave Sommerer, Manager - Procurement Analysis Department  
Phil Lock, Regulatory Auditor - Procurement Analysis Department  
Lesa Jenkins, P.E., Regulatory Engineer - Procurement Analysis Department  
Kwang Choe, Ph.D., Regulatory Economist - Procurement Analysis Department

/s/ Dave Sommerer 2/10/05

/s/ Thomas R. Schwarz 2/10/05

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Project Coordinator / Date

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General Counsel's Office / Date

SUBJECT: Missouri Public Service - Staff's Summary of Issues in Case No. GR-2003-0311

DATE: February 10, 2005

**REQUEST FOR PROPOSAL**

The Company currently does not have a formal policy of documenting its purchase transactions of less than 31 days (typically daily gas purchases). An RFP normally documents all supply requirements by the Company. Given the short period of time involved in purchasing daily gas, the Company indicates that this process would not be totally effective and would be burdensome to the Company. In lieu of an RFP, Staff agrees with the Company that they maintain a daily log sheet in electronic format that includes requirement, volume, supplier, and bid price. The Company indicated that they would begin documenting all gas purchases effective April 1, 2005. Staff is also in agreement with this implementation date.

**ACA BALANCE – PRIOR PERIOD ADJUSTMENTS**

Staff and Company agree that all remaining settlement adjustments prior to the 2002-2003 ACA have been included in the Company's 2004 Winter PGA/ACA filing. The following ACA settlement adjustments (adjustments settled prior to the 2002-2003 ACA) have been included in the Company's 2004 Winter PGA/ACA filing (per Staff review): (\$74,956) (1999-2000 ACA) + (\$370,517) (2000-2001 ACA) for the Southern System and (\$5,364) (1999-2000 ACA) for the Northern System. These adjustments represent the remaining settlement adjustments prior to the 2002-2003 ACA to be included in rates. The following settlement adjustments on the Eastern System are included in AmerenUE's 2004 Winter PGA/ACA filing (per Staff review): (\$100,000) (2000-2001 ACA) and (\$13,670) (1999-2000 ACA).

### **CAPACITY RELEASE**

Staff and Company agrees to reduce Southern System gas costs by \$5,195.

### **IMBALANCES**

An imbalance adjustment of (\$9,705) (\$4,845 + \$4,860) was made (on the Eastern System) because Staff did not believe the adjustment was carried forward to the 2002-2003 ACA balance. After the Company provided further documentation, Staff has support that the \$9,705 adjustment was carried forward to the 2002-2003 ACA.

Included in the imbalance adjustment, a prior period settlement adjustment of \$4,860 was carried forward to the Company's imbalance schedule in September 2002. The Company indicated that the adjustment was reversed in October as part of the imbalance procedure and that the adjustment should not have been reversed. The Company also indicated that the \$4,860 adjustment should have been re-instated as a reduction in the cost of gas. Staff agrees with the Company and believes the overall imbalance adjustment should therefore be revised from a \$9,705 reduction of gas costs to a \$4,860 reduction of gas costs on the Eastern System. On the Southern System, the Company indicated that they had difficulty determining imbalance dollars and volumes from Staff's imbalance calculation. After further review, Staff provided the Company with a revised imbalance calculation that reduces the cost of gas by \$13,194 (instead of \$13,306). In its response to Staff's Recommendation, the Company agrees with Staff's change. Staff will revise its ACA balance table in the Recommendation section of its Official Case File Memorandum to reflect this change.

### **HEDGING**

Staff proposed no adjustment on this issue. Staff does not require any additional documentation on this issue.

### **RELIABILITY ANALYSIS**

Staff has reviewed the reliability information from Aquila and has discussed and confirmed information requested from the Company. Aquila's response to Staff's Memorandum is therefore acceptable, and thus, reliability is not an issue in this case.

The Staff recommends that the Commission issue an order requiring Missouri Public Service to:

1. Adjust the ACA balance in its 2002-2003 ACA filing to reflect the revised ending (over)/under recovery balances for the ACA, TOP, TC, DCCB, and Refund accounts per the following table:

**Revised Balances**

<b>Description (+) Under-recovery (-) Over-recovery</b>	<b>Company Ending Balances Per Filing</b>	<b>Staff Adjustments</b>	<b>Staff Recommended Ending Balances</b>
Southern System: Firm ACA	\$816,139	(A) (\$463,862)	\$352,277
Interruptible ACA	(\$9,563)	\$0	(\$9,563)
Take-or-Pay	\$0	\$0	\$0
Transition Cost	\$0	\$0	\$0
Refund	(\$60,556)	\$0	(\$60,556) (D)
Northern System: Firm ACA	\$582,888	(B) (\$5,364)	\$577,524
Interruptible ACA	\$104,100	\$0	\$104,100
Take-or-Pay	\$0	\$0	\$0
Transition Cost	\$0	\$0	\$0
Refund	(\$21,168)	\$0	(\$21,168) (D)
Eastern System: Firm ACA	\$348,353	(C) (\$118,530)	\$229,823 (E)

- A) (\$5,195) Capacity Release + (\$13,194) Imbalance + (\$74,956) prior period Staff adjustment + (\$370,517) prior period Staff adjustment.  
B) Prior period Staff adjustment.  
C) (\$4,860) Imbalance + (\$100,000) prior period Staff adjustment + (\$13,670) prior period Staff adjustment.  
D) Refund balances represents an amount due the customer.  
E) AmerenUE's Eastern System 2003/2004 beginning ACA balance is \$234,683 as filed (which includes prior period Staff adjustments).  $\$234,683 + (\$4,860) = \$229,823$ .