

Missouri Gas Utility, Inc.
Proposal Outline for 4 CSR 240-40.011 PGA/ACA Recovery Process

MGU GOAL

MGU's goal is to mitigate the annual cost related to the Staff's ACA review.

BACKGROUND

Staff sends MGU over 100 data requests related to the previous ACA period. MGU's responses require individual treatment and a significant resource commitment. The inclusion of the new Warsaw rate area will doubtless cause MGU's resource commitment to increase next year as the questions will have to be answered for each rate area.

The annual ACA Review response causes MGU to incur significant cost. These costs are recovered through the workings of a general rate case and currently represent over \$20 per customer every year.

Prior to the current heating season MGU provided Staff with a comprehensive presentation on MGU's Gas Purchase Plan for this winter and will continue to offer similar expositions.

MGU'S INITIAL PROPOSAL

The following bullet points are offered as MGU's initial proposal to mitigate resource commitment and would be woven into the proposed rule making as a mark-up for Staff consideration.

- (1) Define the eligible utilities for discretionary Staff scrutiny as customers with less than 10,000 customers in any one Rate Area. This is consistent with 4 CSR 240-3.050 Small Utility Rate Case Procedure, modified by the Rate Area distinction.
- (2) Allow each qualifying utility to apply for a waiver of an ACA review. The waiver request would be made with the annual PGA filing.
- (3) No utility would be granted a waiver for more than two consecutive ACA periods. This means that a qualifying utility would always have to be subjected to an ACA Review at least every three years.
- (4) Support for the waiver would be filed with the waiver request. The waiver support document would demonstrate that the utility's gas purchase behavior during the ACA period was reasonable based on the market conditions as they existed when purchase decisions were being made and that the ACA balance was within some agreed-upon limits, say plus or minus 20% of the total costs incurred during the ACA period.
- (5) A Company officer would attest to the validity of the data.
- (6) Staff opposition to the waiver request would trigger a normal ACA Review.