

MEMORANDUM

FILED²
JUL 14 2000

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2000-520, File No. 200100007,
Missouri Public Service

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

JAG *nm*
Bohdan Matyziw 7/13/00
Utility Operations Division/Date

pm
John K. Howell 7-14-00
General Counsel's Office/Date

SUBJECT: Staff Recommendation For Missouri Public Service's Request for a
One-time Waiver and an Unscheduled Summer Season PGA Filing
Effective July 18, 2000.

DATE: July 13, 2000

On July 5, 2000, Missouri Public Service (MPS or Company) of Kansas City, Missouri, filed tariff sheets proposed to become effective July 18, 2000. On July 12, 2000, MPS filed substitute tariff sheets to correct typographical errors. The tariff sheets were filed to reflect unscheduled changes in MPS's Purchased Gas Adjustment (PGA) factors as the result of changes in the estimated cost of natural gas for the remaining summer season. The summer season includes the months of April through October.

In conjunction with the filing of these tariff sheets, MPS filed an APPLICATION FOR VARIANCE AND AUTHORITY TO IMPLEMENT UNSCHEDULED SUMMER PGA AND MOTION FOR EXPEDITED TREATMENT (Application). This Application requests a one-time waiver from the PGA Clause of MPS's tariff due to escalations in the market price of gas since its scheduled summer filing. In addition, MPS states that the approval of this one-time waiver will maintain rates that are in direct relationship to market conditions and will minimize the under-recovery of gas costs in the next Actual Cost Adjustment (ACA) period.

For the Southern System (serving communities such as Sedalia and Clinton), the effect of these changes will increase the PGA factor for the remainder of the 2000 summer season to \$0.48226 per Ccf from a scheduled summer season firm PGA factor of \$0.33481 per Ccf.

For the Northern System (serving communities such as Chillicothe and Trenton), the effect of these changes will increase the PGA factor for the remainder of the 2000 summer season to \$0.59872 per Ccf from a scheduled summer season firm PGA factor of \$0.44655 per Ccf.

For the Eastern System (serving communities such as Rolla and Owensville), the effect of these changes will increase the PGA factor for the remainder of the 2000 summer season to \$0.77026 per Ccf from an unscheduled winter season PGA

factor of \$0.66062 per Ccf. The PGA factors for the Eastern System did not change in the last scheduled summer PGA filing.

Case No. GR-2000-520, under which this PGA change was filed, was established to track the Company's PGA factors to be reviewed in its 1999-2000 ACA filing. Case No. GR-99-435 was established to address MPS's PGA factors to be reviewed in its 1998-1999 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos. GR-99-435 and GR-2000-520.

The Commission's Gas Department - Tariffs/Rate Design Staff (Staff) has reviewed the Application and agrees that the one-time waiver request be granted. Staff has also reviewed the PGA filing and has determined that, with the exception of the one-time waiver request to file an unscheduled summer PGA, this filing was calculated in conformance with MPS's Commission approved PGA Clause. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty days notice is demonstrated by MPS's Commission approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends the Commission grant the one-time waiver as requested by the Company on July 5, 2000, and approve the following tariff sheets, as substituted on July 12, 2000, to become effective July 18, 2000, interim subject to refund:

P.S.C. MO. No. 5

19th Revised SHEET NO. 43 Cancelling 18th Revised SHEET NO. 43
22nd Revised SHEET NO. 44 Cancelling 21st Revised SHEET NO. 44
12th Revised SHEET NO. 44.1 Cancelling 11th Revised SHEET NO. 44.1

Copies: Director - Utility Operations Division
 Director - Research and Public Affairs Division
 Director - Utility Services Division
 General Counsel
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 Manager - Gas Department
 Karen S. Russell - Director of Rate Administration (MPS)
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