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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 22nd
day of June, 1994.

In the matter of tariffs filed by Gas Service, a Western)
Resources Company, to reflect rate changes to be) Case No. GR-93-140
reviewed in Company's 1992-1993 Actual Cost Adjustment.)
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ORDER ESTABLISHING PROCEDURAL SCHEDULE

On May 1, 1994, Commission Staff filed its recommendation concerning the Actual Cost Adjustment (ACA) tariff filed by Western Resources, Inc. (WRI) for the 1992-1993 period. By order issued May 2, 1994, the Commission allowed interested parties until June 3, 1994, to respond to Staff's recommendation. This date was extended by subsequent notice to June 10, 1994. WRI, Missouri Gas Energy (MGE) and Riverside Pipeline Company, L.P., and Mid-Kansas Partnership (Riverside/Mid-Kan) filed responses.

Staff indicates in its recommendation that it audited WRI's billed revenues and gas costs for the period July 1, 1992, through June 30, 1993. The audit included a review of WRI's two largest gas supply contracts which resulted from the settlement reached in the Wyoming Tight Sands litigation. By order issued March 8, 1994, the Commission has limited the issues in this case concerning the WRI settlement and so Staff states that its audit only addressed issues which it considers to relate to WRI's administration of the two gas supply contracts.

Based upon its audit Staff proposes three adjustments to the cumulative ACA balance proposed by WRI. These three adjustments include (1) a \$745,986.73 reduction, assuming a 50.29 percent Missouri allocation factor for Wyoming Tight Sands gas costs; (2) a reduction in natural gas costs of \$1,332,855 related to deferred commodity discounts; and (3) a reduction in natural gas costs

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of \$1,319,902.76 related to Mid-Kan Partnership discount. In addition, Staff proposes that WRI file a procedures manual which documents WRI's process of completing Attachment 10 to the ACA minimum filing requirements.

WRI in its response stated its position with regard to each of Staff's proposals. WRI indicates, generally, that it allocated the gas costs appropriately, that Staff's analysis is inconsistent and does not take into consideration take-or-pay effects if WRI had not acted as it did, and that Staff's approach is short-sighted concerning WRI's amendment of its contract with Mid-Kansas. WRI also indicates that it opposes preparing a procedures manual since it is no longer regulated by this Commission.

MGE in its response states that since it is the owner of WRI's former Missouri gas system, it would like to participate in any discussions concerning refunds. MGE indicates that it should not be required to fund any refunds until it has received the full amount to be refunded from WRI.

Riverside/Mid-Kan address the recommendation of Staff concerning the "Mid-Kansas Partnership Discount". Riverside/Mid-Kan state that Staff's recitation of facts is inaccurate and incomplete and that the contract amendment with WRI is prudent and reasonable. Riverside/Mid-Kan request the Commission to set this matter for hearing.

A review of Staff's recommendation and the responses indicates that there are significant factual disputes concerning these matters. The Commission finds that a hearing will be required to resolve these issues and therefore it will establish a procedural schedule. Since this case is based upon tariffs filed by WRI, it will have the burden of supporting the ACA balances it has proposed. The procedural schedule established will reflect that burden.

IT IS THEREFORE ORDERED:

1. That the following procedural schedule is hereby established for this proceeding:

WRI prefiled direct testimony	September 1, 1994
Staff, Office of Public Counsel and intervenors rebuttal testimony	October 3, 1994
Prehearing conference (10:00 a.m.)	October 11, 1994
Hearing memorandum	October 14, 1994
WRI surrebuttal testimony; Staff, Office of Public Counsel and intervenors cross-surrebuttal testimony	October 18, 1994
Hearing (10:00 a.m.)	October 24-25, 1994

The prehearing conference and hearing will be held in Room 530B of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. Any person with special needs as addressed by the Americans with Disabilities Act shall notify the Chief Hearing Examiner (314/751-7497) at least ten (10) days prior to the hearing.

2. That this order shall become effective on the date hereof.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Kincheloe
and Crumpton, CC., concur.
Perkins, C., absent.