

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Case No. GR-83-225

In the matter of The Gas Service Company for authority to file tariffs increasing rates for gas service provided to customers in the Missouri service area of the Company.

APPEARANCES: David M. Claycomb and Randall B. Palmer, Attorneys,
The Gas Service Company, 2460 Pershing Road, Kansas City,
Missouri 64108, and

Gary W. Duffy, Attorney at Law, Post Office Box 456,
Jefferson City, Missouri 65102 for The Gas Service Company.

Stuart W. Conrad, Attorney at Law, 2345 Grand Avenue,
Kansas City, Missouri 64108, for Midwest Gas Users
Association and Armo Inc.

Robert C. Johnson, Attorney at Law, 720 Olive Street,
St. Louis, Missouri 63101, for General Motors Corporation.

Richard W. French, Assistant Public Counsel, 1014 Northeast
Drive, Jefferson City, Missouri 65101, for the public.

Mary Ann Garr, Assistant General Counsel, and
Douglas M. Brooks, Assistant General Counsel, Missouri
Public Service Commission, Post Office Box 360,
Jefferson City, Missouri 65102, for the Staff of the Missouri
Public Service Commission.

REPORT AND ORDER

On December 30, 1982, The Gas Service Company (Company) filed with the Missouri Public Service Commission (Commission) revised tariffs designed to increase rates for natural gas service provided to Company's customers in its Missouri certificated area. The revised tariffs bore an effective date of January 29, 1983, and were designed to increase Company's gross annual revenues by approximately \$20,966,511, or approximately 4.62 percent over existing gas revenues. The Commission suspended the tariffs and subsequently set the case for hearing.

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Applications to intervene were filed by Midwest Gas Users Association, Armco Inc., General Motors Corporation, Missouri Public Interest Research Group, and the U.S. Department of Energy. The Department of Energy and Missouri Public Interest Research Group did not appear and participate in the prehearing conference required by the Commission's suspension order of January 18, 1983.

On August 30, 1983, the parties submitted a stipulation and agreement to the Commission for its approval.

Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact.

The Staff of the Commission, the Company, the Office of Public Counsel and the participating intervenors presented a stipulation and agreement on August 30, 1983. The stipulation and agreement presents a settlement of all issues in this case. After presentation and discussion of the stipulation, the hearing was adjourned. The stipulation and agreement filed in this case as Joint Exhibit No. 1 is set out below.

STIPULATION AND AGREEMENT

On December 30, 1982, The Gas Service Company (hereinafter referred to as "the Company") submitted to the Missouri Public Service Commission (hereinafter referred to as "the Commission") revised gas rate schedules designed to increase Company's jurisdictional gross annual revenues by approximately \$20,966,511, exclusive of franchise and occupational taxes, which represented an approximate 4.62 percent increase over existing gas revenues at that time. Company requested that these revised rate schedules become effective for service rendered on and after January 29, 1983.

The Company subsequently filed for and received interim rate relief from the Commission, such interim rates being presently in effect as a result of an order in Case No. GR-83-207, and pending a final determination by the Commission in this proceeding.

On January 18, 1983, the Commission suspended the revised rate schedules to November 29, 1983, ordered Company to file its minimum filing requirements, prepared testimony and exhibits on or before February 22, 1983, established filing deadlines for the testimony of the Staff of the Public Service Commission

(hereinafter referred to as "the Staff"), the Office of the Public Counsel (hereinafter referred to as "Public Counsel") and intervenors, and set forth a schedule of proceedings.

Company filed its prepared testimony and exhibits and minimum filing requirements on February 22, 1983. On July 5, 1983, Company filed with the Commission supplemental testimony and schedules which updated previously filed prepared testimony and exhibits.

Timely interventions were filed by Midwest Gas Users Association, Armco Inc., General Motors Corporation, Missouri Public Interest Research Group, and the U.S. Department of Energy.

After some revisions in the schedule of proceedings, the Commission on March 17, 1983 issued an order which granted the interventions, authorized the Company to file on or before April 20, 1983 its report and testimony concerning the quality and efficiency of the Company's financial management. It also set the dates for prehearing conference as August 15, 1983 through August 19, 1983, and hearing to commence August 29, 1983 and proceed through September 9, 1983, as necessary.

By order dated April 18, 1983, Company was granted an extension of time to May 4, 1983 in which to file its report concerning the quality and efficiency of Company's management.

The Staff of the Public Service Commission, the Office of the Public Counsel, and intervenors Midwest Gas Users, Armco Inc., and General Motors filed their prepared testimony and exhibits on July 22, 1983.

Pursuant to the Commission's Orders, a prehearing conference was commenced on August 15, 1983, at which time the representatives of Company, Staff, Public Counsel, General Motors, Armco Inc. and Midwest Gas Users appeared. No representatives from Missouri Public Interest Research Group or the U.S. Department of Energy appeared at the prehearing conference at any time.

As a result of negotiations which occurred during the prehearing conference, the undersigned parties to this proceeding stipulate and agree and jointly recommend to the Commission as follows:

1. That the Company be authorized to file revised permanent gas tariffs designed to increase Missouri jurisdictional gross annual revenues by \$14,100,000, exclusive of applicable franchise and occupational taxes, effective for sales on and after September 15, 1983.

2. That the appropriate volumes of gas to be used for rate design purposes in this proceeding shall be as follows:

General Service	57,403,753 mof
SCI/LF	2,725,287
Large Commercial	5,856,956
Large Industrial	19,957,583
	<u>85,943,579</u>

3. That the Company shall be authorized to file permanent tariffs, effective for sales on and after September 15, 1983, reflecting the increases shown on "Exhibit A", which is attached hereto and incorporated herein by reference. These revised tariffs do not include, and are independent of, any changes to Company's purchased gas adjustment clause (tariff sheet 3.31) which may occur subsequent to the execution of this Stipulation and Agreement and prior to the effective date of the revised tariffs to be filed in accordance with this Stipulation and Agreement. Public Counsel has agreed to this revenue increase allocation in settlement of this particular case and, by so doing, is in no way endorsing or agreeing to any rate design or cost allocation methodology.

4. That the Company agrees to submit in its next general rate case a fully allocated class cost of service study for Missouri operations.

5. That the Staff has presented testimony on each of the subject areas requested by the Commission in its Suspension Order of January 18, 1983, and the two areas requested to be addressed by the Commission in its Supplemental Order in Case No. GR-83-207. Appendix TJS-1 attached to the prepared direct testimony of Staff witness Ted Sommer lists the subjects referred to above and the name of the witness providing testimony thereon. These areas are not at issue between the parties to this proceeding. If the Commission desires the appearance of any Staff witnesses on any of these areas, Staff will make them available. However, Staff would request that the Commission have the Hearing Examiner advise the parties of any such requests as soon as possible, so that witnesses can be made available.

6. That the Company agrees to submit by September 1, 1983, a detailed implementation plan as referred to in the prepared direct testimony of Staff witness Deborah Bernsen. The Company also agrees to maintain the necessary records to support accounting of the costs and benefits experienced as a result of implementation of recommendations in the Arthur Andersen management study report. The Company also agrees to undertake a semiannual status reporting program, with the first status report due on November 1, 1983, and continuing thereafter until otherwise agreed or ordered.

7. That Company agrees to continue to provide, to Staff and Public Counsel, Company's daily take from its wholesale suppliers, Cities Service Gas Company and Panhandle Eastern Gas Company; Company's daily take disaggregated among the Kansas City, St. Joseph and Springfield areas, with such daily take categorized as either firm or interruptible. Said information shall continue to be supplied by Company in a machine-readable form.

8. That the revenue requirement jointly agreed to and recommended herein does not include any amount for the operation of the Company's weatherization loan program.

9. That this Stipulation represents a negotiated dollar settlement for the sole purpose of disposing of Case No. GR-83-225, and none of the parties shall be prejudiced or bound by the foregoing terms of this Stipulation and Agreement in any future proceeding or in this proceeding in the event the Commission does not approve this Stipulation and Agreement in its entirety.

10. That none of the parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost of service determination underlying any of the provisions in this Stipulation and Agreement.

11. That the Staff shall have the right to submit to the Commission, in memorandum form, an explanation of its rationale for entering into this Stipulation and Agreement and to provide to the Commission whatever further explanation the Commission requires. This memorandum shall not become a part of the record of this proceeding and shall not bind or prejudice the Staff in any future proceeding or in this proceeding in the event the Commission does not approve the Stipulation and Agreement. It is understood by the parties hereto that any rationales advanced by the Staff in such a memorandum are its own and not acquiesced in or otherwise adopted by such other parties.

12. That the prefiled testimony and exhibits sponsored by Company witnesses J. E. Ferrell, H. R. Meyers, S. C. Jackson, D. A. Montgomery, M. L. Arnall, H. W. Steenbergen, S. C. Johnson, I. W. McKee, C. W. Thompson, R. J. Tipton, D. Ryan, F. E. Jeffries, P. R. Henry, L. W. Loos, and J. H. Pendleton shall be received into evidence without the necessity of said witnesses taking the witness stand.

13. That the prefiled testimony and exhibits sponsored by Staff witnesses T. J. Sommer, P. K. Williams, E. A. Tooley, D. S. Vincent, K. A. Haskamp, G. E. Black, R. L. Shackelford, J. A. Gray, D. A. Bernsen, and B. Matisziw shall be received into evidence without the necessity of said witnesses taking the witness stand.

14. That the prefiled testimony and exhibits sponsored by Midwest Gas Users Association and Armco Inc. witness D. Kies and that sponsored by General Motors witnesses M. Drazen and C. Albrecht shall be received into evidence without the necessity of said witnesses taking the witness stand.

15. That the prefiled testimony and exhibits sponsored by Office of the Public Counsel witness S. Andersen shall be received into evidence without the necessity of said witness taking the witness stand.

16. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their rights to cross-examine the witnesses named in the foregoing paragraphs with respect to their prefiled testimony and exhibits.

17. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their rights to present oral argument and written briefs, pursuant to Section 536.080(1), RSMo. 1978; their rights pertaining to the reading of the transcript by the Commission, pursuant to Section 536.080(2), RSMo. 1978; and their rights to judicial review, pursuant to Section 386.510, RSMo. 1978.

18. That this Stipulation and Agreement has resulted from extensive negotiations among the signatory parties and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Stipulation and Agreement in total, and in the event the tariffs agreed to herein do not become effective for service rendered in accordance with the provisions contained herein, this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

Dated this 19th day of August, 1983.

Respectfully submitted,

/s/ Mary Ann Garr

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Attorney for GENERAL MOTORS
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EXHIBIT A

THE GAS SERVICE COMPANY

Case No. GR-83-225

<u>Rate Classification:</u>	<u>Present</u>	<u>Proposed</u>	<u>Increase Over Permanent Rates</u>
<u>General Service - Area Rate</u>			
<u>Monthly Customer Charges:</u>			
0 - 50 mcf	\$ 5.07	\$ 6.02	\$.95
51 - 300 mcf	8.50	10.25	1.75
301 - 1000 mcf	15.00	25.00	10.00
1001 - 3000 mcf	35.00	50.00	15.00
Commodity Charge			\$.1001/mcf
<u>Gas Lights (Per Unit)</u>	\$ 5.3026	\$ 5.74	\$.4374
(Excludes wholesale gas cost differential and PGA)			
<u>Armed Forces Housing</u>			
<u>Monthly Customer Charge</u>	\$35.00	\$50.00	\$15.00
Commodity Charge			\$.1001/mcf

Small Commercial/Industrial-Load Factor
Monthly Customer Charge

0 - 50 mcf	\$ 5.07	\$ 6.02	\$.95
51 - 300 mcf	8.50	10.25	1.75
301 - 1000 mcf	15.00	25.00	10.00
1001 - 3000 mcf	35.00	50.00	15.00

Commodity Charge \$.0992/mcf

Large Commercial

Monthly Customer Charge \$200.00 \$275.00 \$75.00

Commodity Charge \$.0959/mcf

Large Industrial

Monthly Customer Charge \$200.00 \$275.00 \$75.00

Commodity Charge \$.0953/mcf

Large Volume Power Plant

Monthly Customer Charge \$200.00 \$275.00 \$75.00

Commodity Charge \$.0953/mcf

American Cyanamid (Special Contract)

Commodity Charge \$.1010/mcf

Conclusions

The Missouri Public Service Commission has arrived at the following conclusions.

The Gas Service Company is a public utility subject to the jurisdiction of this Commission pursuant to Chapters 386 and 393, R.S.Mo. 1978. The Company's revised tariffs, which are the subject matter of this proceeding, were suspended pursuant to authority vested in this Commission by Section 393.150, R.S.Mo. 1978.

For ratemaking purposes the Commission may accept a stipulation and agreement in settlement of any contested matters submitted by the parties. The Commission is of the opinion that the matters of agreement between the parties in this case are reasonable and proper and should be accepted. The Commission also, by this report and order, hereby accepts into evidence Exhibit Nos. 1 through 13, and closes the record in this case.

It is, therefore,

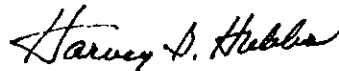
ORDERED: 1. That the stipulation and agreement entered into between The Gas Service Company, The Staff of the Missouri Public Service Commission, the Office of the Public Counsel and the participating intervenors in Case No. GR-83-225, as set forth herein, is hereby accepted and adopted in disposition of all matters in this proceeding.

ORDERED: 2. That for the purpose of implementing the stipulation and agreement entered into in this proceeding, the revised tariffs filed by The Gas Service Company in Case No. GR-83-225 be, and the same are, hereby disapproved and the Company is authorized to file in lieu thereof tariffs consistent with the stipulation and agreement.

ORDERED: 3. That the tariffs to be filed for Commission approval pursuant to this report and order may be effective for service rendered on and after September 15, 1983.

ORDERED: 4. That this report and order shall become effective on the date hereof.

BY THE COMMISSION



Harvey G. Hubbs
Secretary

(S E A L)

Shapleigh, Chm., Dority, Musgrave
and Mueller, CC., Concur.
Hendren, C., Absent.

Dated at Jefferson City, Missouri,
on this 7th day of September, 1983.