

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 April, 1994.

In the matter of Laclede Gas Company's)	
tariffs reflecting PGA changes to be)	<u>Case No. GR-92-89</u>
reviewed in its 1991-1992 Actual Cost)	
Adjustment.)	

ORDER APPROVING ACTUAL COST ADJUSTMENT

On October 23, 1992, Laclede Gas Company (LGC) submitted proposed tariff sheets reflecting rate changes to reflect the annual actual cost adjustment (ACA) factor for LGC's deferred purchase gas accounts for the period from October 1991 through September 1992. The Commission approved the proposed tariff on October 30, 1992, on an interim basis subject to refund, with an effective date of November 3, 1992, pending a final decision regarding the ACA filing. The Staff of the Commission filed a preliminary recommendation on October 1, 1993. After negotiations, a joint recommendation, signed by all parties and intervenors, was filed on April 6, 1994.

In the recommendation, the parties agreed to the following matters:

1. That a PGA Rate Design Proceeding should be established to consider whether the existing methodology for allocating any or all of the Gas Supply Demand Charges, Capacity Reservation Charges, Commodity-Related Charges, and Other Non-Commodity-Related Gas Costs (as such charges and costs are defined in Sections A.2.a., A.2.b., A.2.c., and A.2.e, respectively, of the Company's Current Purchased Gas Adjustment (PGA) clause) among Laclede's customer classes and between seasonal periods should be changed and, if any such change should be made, what allocation methodology should be adopted by the Commission.

2. A proposed procedural schedule was offered in regard to the proposed docket, and

3. That the Commission issue an order closing this case and finding that the tariff sheets and rates in effect during the 1991-1992 ACA period, and the ACA factors filed by Laclede on October 23, 1992, are final and permanent and that the beginning balances for the Company's natural gas and LP ACA rates for the 1992-1993 period should reflect the 1991-1992 undercollection of \$3,400,160 as divided between firm and interruptible sales on page 5 of Staff's October 1, 1993 Recommendation and the over-collection of \$2,603, respectively.

In addition, various other detailed items were included in the recommendation and referenced to the Staff recommendation of October 1, 1993. The Staff recommendation of October 1, 1993 is highly confidential and, therefore, not attached. The joint recommendation of April 6, 1994 is attached to this order, marked Attachment A, and incorporated herein by reference.

The Commission has considered the proposals offered by the parties in this matter and finds them to be reasonable. The Commission will, therefore, order the recommended under- and over-collections, order the tariff sheets and rates in effect during the 1991-1992 ACA period, and the ACA factors filed by LGC on October 23, 1992 are final and permanent, and establish a beginning balance consistent with the joint recommendation.

In addition, in accordance with the joint recommendation, the Commission will open a new docket for consideration of the matters as set out herein and in the joint recommendation and establish a procedural schedule in that docket.

IT IS THEREFORE ORDERED:

1. That the beginning balances for Laclede Gas Company's natural gas and LP ACA rates for the 1992-1993 period will reflect the undercollection of \$3,400,160, as divided between firm and interruptible sales as set out in the referenced and incorporated joint recommendation of April 6, 1994 and the Staff recommendation of October 1, 1993, and the overcollection of \$2,603, respectively.

2. That the tariff sheets and rates in effect during the 1991-1992 ACA period, and the interim ACA factors filed by Laclede Gas Company on October 23, 1992, are hereby made final and permanent.

3. That the Commission will establish a docket for the consideration of those issues as set out in the joint recommendation of April 6, 1994, and with the specifics as set out therein.

4. That Laclede Gas Company is ordered to file a tariff within 30 days of the date of this order reflecting the agreed upon change as set out by the Staff of the Commission on page 1 of its recommendation of October 1, 1993.

5. That this docket is closed.

6. That this order shall become effective on May 3, 1994.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins,
Kincheloe and Crumpton, CC., Concur.

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Laclede Gas Company's)
tariffs reflecting PGA changes to be) Case No. GR-92-89
reviewed in its 1991-1992 Actual Cost)
Adjustment.)

JOINT RECOMMENDATION

On October 23, 1992, Laclede Gas Company ("Laclede") submitted a tariff sheet which proposed changes to its rates for natural gas service to reflect the filing of its annual Actual Cost Adjustment ("ACA") factor relating to the Company's deferred purchased gas cost accounts for the period from October 1991 through September 1992. On October 30, 1992, the Commission approved the proposed tariff on an interim and subject to refund basis, with an effective date of November 3, 1992, pending a final decision in Laclede's 1991-1992 ACA filing. In its Order, the Commission also directed the Commission Staff ("Staff") to submit a recommendation in response to the filing.

Applications to intervene in this case were subsequently filed by Union Electric Company on December 4, 1992, and on December 14, 1992, by Adam's Mark Hotels, American National Can Co., Anheuser-Busch Companies, Inc., Chrysler Motors Corporation, Ford Motor Company, General Motors Corporation, MEMC Electronic Materials, Inc., McDonnell Douglas Corporation, Monsanto Company, Nooter Corporation and Ralston

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Purina Company (hereinafter referred to collectively as the "Industrial Gas Users").

On October 1, 1993, the Staff filed its recommendation in this case. Thereafter, the undersigned parties met in an effort to reach agreement on: (1) the issues to be addressed in this proceeding; (2) a recommended procedural schedule for addressing such issues; and (3) other related matters. As a result of that meeting and subsequent discussions, the undersigned parties jointly submit the following recommendations to the Commission for its approval:

1. The parties agree that a PGA Rate Design Proceeding ("PGA Rate Design Proceeding") should be immediately established to consider the following issues: (1) whether the existing methodology for allocating any or all of the Gas Supply Demand Charges; Capacity Reservation Charges; Commodity-Related Charges; and Other Non-Commodity-Related Gas Costs (as such charges and costs are defined in Sections A. 2. a., A. 2. b., A. 2. c., and A. 2. e, respectively, of the Company's Current Purchased Gas Adjustment ("PGA") clause) among Laclede's customer classes and between seasonal periods should be changed; and (2) if any such change should be made what allocation methodology should be adopted by the Commission?¹ The parties agree

¹As referenced in this Stipulation and Agreement, "Other Non-Commodity-Related Gas Costs" includes only those costs referred to as "Transitions Costs" in Federal Energy Regulatory Commission Order No. 636.

that the issues referred to in subsections (1) and (2) of paragraph 1 (the "Subject Issues") encompass the ESCO rate design issue addressed by Staff at pages 4 to 5 of its October 1, 1993 Recommendation in this case. The parties further agree that none of them will seek, either directly or indirectly, to litigate the Subject Issues in Laclede's pending general rate case proceeding, Case No. GR-94-220. For the purposes of the PGA Rate Design Proceeding only, prior to submitting any data requests relating to individual gas supply contracts, the parties also agree to discuss whether information can be developed and provided by the Company in a manner that will make it unnecessary to review such contracts for purposes of litigating the Subject Issues.

2. To address the issues identified above, the parties recommend that the following procedural schedule be established in the PGA Rate Design Proceeding:

July 7, 1994	All Parties File Direct Testimony
July 28-29, 1994	Prehearing Conference
August 15, 1994	Hearing Memorandum Filed
August 16, 1994	All Parties File Rebuttal Testimony
August 26, 1994	All Parties File Surrebuttal Testimony and Deliver in Hand to Other Parties
August 30, 1994, 9:00 a.m.	Hearings

3. The parties agree that if any modification regarding the manner in which Gas Supply Demand Charges, Capacity Reservation Charges, Commodity Related Charges or Other

Non-Commodity-Related Gas Costs are allocated is to be made, such modification shall only be implemented on a prospective basis on and after August 1, 1994, and shall not affect rates or cost allocations prior to that date, provided that any seasonal rate change shall be implemented prospectively upon the effective date specified in any Commission order approving such change. In the event the Commission order determining these issues becomes effective after August 1, 1994, adjustments shall be made to the deferred ACA balances applicable to each customer class to reflect, effective August 1, 1994, any modification that may be approved by the Commission. In view of the foregoing, the parties believe that there is no reason for Case No. GR-92-89 to remain open; or for the tariff sheets and rates in effect during the ACA period covered by this case, or the ACA factors filed by Laclede on October 23, 1992, to remain interim, subject to refund. The parties accordingly recommend that the Commission issue an order closing Case No. GR-92-89 and finding that the tariff sheets and rates in effect during the 1991-1992 ACA period, and the ACA factors filed by Laclede on October 23, 1992, are final and permanent. Laclede and Staff further agree that the beginning balances for the Company's natural gas and LP ACA rates for the 1992-1993 period should reflect the 1991-1992 undercollection of \$3,400,160 (as divided between firm and interruptible sales on page 5 of Staff's October 1, 1993 Recommendation) and the over-collection of \$2,603, respectively.

4. Laclede agrees to file a tariff incorporating the propane PGA tariff change proposed by Staff on page 1 of its October 1, 1993 Recommendation in this case within thirty (days) of the date the Commission approves this Joint Recommendation. For purposes of such tariff, the parties agree that the minimum threshold amount which shall trigger a propane PGA tariff change shall be a one cent per gallon increase or decrease in the Company's cost of propane.

5. None of the signatories to this Joint Recommendation shall have been deemed to have approved or acquiesced in any ratemaking or procedural principle or any method of cost determination or cost allocation, and none of the signatories shall be prejudiced or bound in any manner by the terms of this Joint Recommendation in any other proceeding, except as otherwise expressly specified herein.

6. In the event the Commission accepts all of the specific terms of this Joint Recommendation, the signatories waive their respective rights to judicial review pursuant to Section 386.510 (RSMo 1986) regarding the procedural recommendations set forth herein.

7. This Joint Recommendation has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not approve and adopt paragraphs 1 through 5 of this Joint Recommendation in total, the Joint Recommendation shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

WHEREFORE, for the foregoing reasons, the undersigned parties respectfully request that the Commission issue an order: (1) establishing a PGA Rate Design Proceeding and specifying the issues to be addressed in such a proceeding in accordance with the recommendations set forth herein; (2) specifying that all parties of record in Case No. GR-92-89 shall also be made parties of record in the PGA Rate Design Proceeding without the necessity of filing applications to intervene; (3) adopting a procedural schedule for the PGA Rate Design Proceeding as recommended herein; (4) specifying that any change in allocation resulting from the PGA Rate Design Proceeding shall only be made prospectively on and after August 1, 1994, and will not affect rates or cost allocations prior to that date, provided that any seasonal rate change shall be implemented prospectively upon the effective date specified in any Commission order approving such change; (5) specifying that in the event the Commission order determining these issues becomes effective after August 1, 1994, adjustments shall be made to the deferred ACA balances applicable to each customer class to reflect, effective August 1, 1994, any allocation change approved by the Commission, (6) finding that the tariff sheets and rates in effect during the 1991-1992 ACA period, and the ACA factors filed by Laclede on October 23, 1992, are final and permanent, and establishing a beginning balance for the 1992-1993 ACA period consistent with the

recommendations set forth herein, and (7) closing Case No.
GR-92-89.

Respectfully submitted,

STAFF OF THE MISSOURI
PUBLIC SERVICE COMMISSION

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