STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service Commission held at its office in Jefferson City on the 14th day of March, 1995.

In the matter of Fidelity Natural Gas, Inc.'s tariffs to reflect rate changes to be reviewed in Company's 1992-1993 actual cost adjustment.)	**Case No. GR-93-135**

ORDER APPROVING STIPULATION AND AGREEMENT REGARDING ACTUAL COST ADJUSTMENT

On October 13, 1992, Fidelity Natural Gas, Inc. (Fidelity or Company) filed a tariff sheet for the implementation of an actual cost adjustment (ACA) factor. On October 29, 1993, the Missouri Public Service Commission issued an Order Approving Interim Rates in this docket and on August 31, 1994, the Commission's Staff (Staff) filed a recommendation. On October 14, 1994, Fidelity filed its Response to the Staff's Recommendation. On December 5, 1994, a prehearing conference was held in this matter and as a result the parties filed a Stipulation and Agreement (attachment "A" hereto) on January 13, 1995. One copy of the Stipulation and Agreement was filed as non-proprietary and a second copy of this document was filed as a highly confidential document.

The request as set out in the non-proprietary filing states that the parties stipulate that the final over-recovery ACA balance, as of August 31, 1993, is nine thousand one hundred eighty-one dollars ($9,181). The Stipulation also provides for Company to file a tariff sheet, with a thirty (30) day effective date, substantially identical to an exhibit which was attached to the Stipulation and Agreement and in which the Company would identify its gas supply provisions as a utility promotional practice pursuant to 4 CSR 240-14. The parties suggest that no other public utility provides the same competing utility service in any portion of the Company's service area and for that reason the applicant suggests that notice is not required.

The Commission has reviewed the sample tariff sheet filed herein along with the Stipulation and Agreement, the attachments thereto and the entirety of the file and makes the following findings of fact. The Commission finds, pursuant to §536.060 RSMo 1994, that it may accept stipulations as settlements and finds in this instance that doing so is in the public interest. The Commission finds that the final over-recovery actual cost adjustment balance as of August 31, 1994 is nine thousand one hundred eighty-one dollars ($9,181). The Stipulation and Agreement contains several provisions which may only be found in the highly confidential copy of that document. The Commission has reviewed those provisions and finds them to be reasonable and appropriate for the disposition of this case.

The Commission has reviewed the request for a waiver or variance from promotional practice prohibitions herein. Although this docket is not the result of a filing for approval of a promotional practice inasmuch as a promotional practice has been identified by the parties it would be appropriate to approve that practice within this same docket. Attached to the Stipulation and Agreement was a draft of a tariff sheet which would reflect the promotional practice.

The Commission will approve the Stipulation and Agreement. Fidelity will be instructed to file a tariff sheet reflecting the promotional practices described in the Stipulation and Agreement and the attachment thereto and this tariff sheet shall be filed in this docket.

IT IS THEREFORE ORDERED:

1. That the final over-recovery actual cost adjustment balance as of August 31, 1993, shall be nine thousand one hundred eighty-one dollars ($9,181).

2. That the Commission hereby accepts and approves the Stipulation and Agreement filed by the parties herein.

3. That Fidelity Natural Gas, Inc. shall file a tariff sheet consistent with this order and which sets out the promotional practice which was identified in this docket. This tariff sheet shall be filed before March 24, 1995.

4. That this order shall become effective on the 24th day of March, 1995.

BY THE COMMISSION

David L. Rauch

David L. Rauch
Executive Secretary

(S E A L)

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

Attachment A

FILED

JAN 13 1995

MISSOURI
PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Fidelity Natural Gas, Inc.'s tariffs to reflect rate changes to be reviewed in Company's 1992-1993 actual cost adjustment.	)	Case No. GR-93-135

STIPULATION AND AGREEMENT

On October 13, 1993, Fidelity Natural Gas, Inc. ("Fidelity" or "Company") filed a tariff sheet for the implementation of actual cost adjustment ("ACA") factor. On October 29, 1993, the Missouri Public Service Commission ("the Commission") issued an Order Approving Interim Rates in this docket. On August 31, 1994, the Commission's staff ("the Staff") filed its recommendation for the final resolution in this case and on October 14, 1994, Fidelity filed its Response to the Staff's recommendation.

On November 3, 1994, the Commission issued its Order scheduling a prehearing conference for December 5, 1994.

Pursuant to the Commission's Order Scheduling Prehearing Conference, the following parties attended: Fidelity, represented by James M. Fischer; the Staff, represented by Eric Witte; and the Office of the Public Counsel ("Public Counsel"), represented by Lewis Mills.

NON-PROPRIETARY

15.

1. As a result of the prehearing conference, the parties to this Stipulation and Agreement have reached the following agreements and recommendations:

A. The parties stipulate that the final over-recovery ACA balance, as of August 31, 1993, is $9,181.

B. **____

____

____

____

____

_________________________.**

C. The Company agrees to file as a 30-day filing a tariff sheet substantially identical to Exhibit A, attached, identifying its gas supply provisions as a Utility Promotional Practice pursuant to 4 CSR 240-14. The parties acknowledge that no other public utility provides the same or competing utility service in any portion of the Company's service area, so no individual notice is required.

D. **____

____

____

____

____

____

____

______________.**

E. The parties recommend that the Commission issue its Order Approving the Company' ACA balance of $9,181 over-recovery as of August 31, 1993.

F. **____

____

____

____

______________________________.**

2. If the Commission accepts the specific terms of this Stipulation and Agreement, the signatories waive their respective rights--

A. to call, examine or cross-examine witnesses, pursuant to § 536.070(2) RSMo 1986;

B. to present oral argument and written briefs, pursuant to § 536.080.1 RSMo 1986;

C. to judicial review, pursuant to § 386.510 RSMo 1986.

3. The provisions of this Stipulation and Agreement have resulted from negotiations among the signatories and are interdependent. If the Commission does not approve this Stipulation and Agreement in total, it shall be void and no party

shall be bound, prejudiced or in any way affected by any of the agreements or provisions hereof.

4. Except as specified herein, no party shall be bound, prejudiced or in any way affected by any of the agreements or provisions hereof in any future proceeding, or in any proceeding currently pending under a separate docket.

5. At the Commission's request, the Staff may give the Commission a written explanation of its rationale for entering into this Stipulation and Agreement, if the Staff also gives a copy of its explanation to each signatory to this Stipulation and Agreement. In that event, each signatory may give the Commission a responsive written explanation within five (5) business days of receipt of the Staff's explanation, if the responding signatory contemporaneously gives a copy of such responsive written explanation to all other signatories. Each signatory agrees to keep the Staff's and other signatory's explanations confidential, and to treat them as privileged to the same extent as settlement negotiations under the Commission's rules. No signatory acquiesces in or adopts the explanations of another signatory. Such explanations shall not become a part of this proceedings' record, nor bind or prejudice any signatory in any proceeding.

6. The Staff may provide whatever oral explanation the Commission requests at any agenda meeting, if the Commission has given notice that it may consider this Stipulation and Agreement at

the meeting. The Staff shall inform the other signatories as soon as practicable when the Staff learns that the Commission will request such explanation. The Staff's explanation in agenda shall be subject to public disclosure, except to the extent it pertains to matters protected from disclosure.

THEREFORE the parties respectfully request that the Commission--

1. approve this Stipulation and Agreement in its entirety,

2. issue an order approving an ACA balance of a $9,181 over-recovery as of August 31, 1993,

3. file a tariff sheet within ten days of the effect date of the Commission's order substantially identical to Exhibit A, attached, and

4. approve the promotional practice as stated on Exhibit A.

Respectfully submitted,

James M. Fischer
101 West McCarty St., Ste. 215
Jefferson City, MO 65101
(314) 636-6758

Attorney for Fidelity Natural Gas, Inc.

Lewis R. Mills, Jr.
P.O. Box 7800
Jefferson City, MO 65102
(314) 751-1304

Attorney for the Office of the Public Counsel

Eric Witte
P.O. Box 360
Jefferson City, MO 65102
(314) 751-4140

Attorney for the Staff of the Missouri Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was mailed, postage prepaid, this 13th day of January, 1995.

FORM NO. 13 P.S.C. MO. NO. 1 (~~original~~) 1st(revised) Sheet No. 62

Cancelling P.S.C. MO. No. ______ (original) (revised) Sheet No. ______

Fidelity Natural Gas, Inc. For Refer to Sheet i

Name of Issuing Corporation Community, Town or City

RULES AND REGULATIONS (cont.)

(33) Promotional Practices

In compliance with rules prescribed by 4 CSR 240-14.040(2), a schedule is herein set forth prescribing all promotional practices being engaged in by the utility as of the effective date which are not in violation of 4 CSR 240-14:

Conversion Policy

A variance to 4 CSR 240-14.020(5) was granted by the Missouri Public Service Commission in Case No. GA-91-299 on January 10, 1993. This promotional practice is being provided on a uniform basis to all classes of customers as described in the terms and conditions contained in Section 25 - Free Conversion Rules and Regulations of Fidelity's Natural Gas Tariff Number 1.

The purpose of this promotional practice is to encourage the connection of more customers, some of whom may not be able to afford the conversion, and should result in safer, more cost-saving construction and lower rates to all customers. See Report and Order, Case No. GA-91-299, p. 4. This promotional practice is provided by Fidelity Natural Gas, Inc., pursuant to its Tariff Sheet Nos. 52-57. No affiliate of Fidelity Natural Gas, Inc. is directly involved in the conversion policy.

Gas Purchasing Arrangements

The purpose of this arrangement is to meet unregulated competition. Fidelity Natural Gas, Inc. seeks to obtain its natural gas supplies at the lowest possible cost while maintaining reliability. Fidelity Natural Gas has arranged for natural gas supplies from Fidelity Energy Resources, an affiliated gas marketing, exploration and development company at prices that may be more favorable than the average market prices available on the open market. All customers receive the benefit of this supply arrangement without complying with any additional terms or conditions. The Company plans no additional advertising or publicity related to its purchasing arrangements. To the extent that Fidelity Natural Gas's gas purchasing arrangements may fall within the definition of a promotional practice as defined in 4 CSR 240-14.010(6)(L), Fidelity Natural Gas has described its gas purchasing arrangements herein to ensure compliance with 4 CSR 240-14.040(2).

DATE OF ISSUE ______ month day year DATE EFFECTIVE ______ month day year

ISSUED BY Kent Bliss, Asst. V.P. Finance 64 N. Clark, Sullivan, MO 63080

Name of Officer Title Address

Exhibit A