

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 9th  
day of July, 1993.

In the matter of Union Electric Company's filing )  
of purchased gas adjustment factors to be audited) Case No. GR-92-37  
in its 1991-1992 actual cost adjustment filing. )

ORDER APPROVING ACTUAL COST ADJUSTMENT AND CLOSING DOCKET

On September 18, 1991, Union Electric Company (UE) submitted a filing to reflect wholesale gas cost changes as a result of wholesale supplier rate changes authorized by the FERC, referred to as a purchase gas adjustment filing. This filing requires the periodic filing of actual cost adjustment rates (ACAs) by UE reflecting actual gas costs and billed revenues for certain periods. On August 20, 1992, UE filed a series of ACA rates for each of its wholesale gas suppliers. On March 1, 1993, the Staff filed a recommendation with the Commission in which it stated it had audited the filing and had some disagreement with the ACA rate for wholesale supplier Panhandle Eastern Pipeline Company (PEPL), as calculated by UE. After negotiation, the Staff filed its supplemental recommendation in this matter on June 22, 1993, containing its final recommendations in this case. On July 1, 1993, per Commission notice, a letter was filed by counsel for UE stating that UE concurred with the Staff's supplemental recommendation.

In its recommendation, the Staff found no basis to make an adjustment related to UE's demand conversions, or lack thereof. FERC Order 500J, issued February 15, 1991, established a stay of its pregranted abandonment policy for converted transportation for gas utilities and defined the contract conversions which would have a continuing obligation to serve attached to them. Initially, the Staff was concerned that UE had failed to take advantage of this opportunity

to convert contract demand to transportation in a relatively risk-free environment. However, after further analysis, the Staff found UE's contract which was eligible for Order 500 conversions had expired October 31, 1990. Therefore, under the contract in effect during the ACA period, UE could not make conversions to take advantage of the Order 500 stay. The Staff also considered UE's position that any further reduction in demand levels during this period would have reduced UE's ability to acquire storage under FERC mandated pipeline restructuring and found that concern to be reasonable at that time. Accordingly, the Staff determined that the sales demand levels during this ACA period are reasonable.

Staff further stated that the same Take-or-Pay (TOP) component of the ACA factor was applicable to all firm and interruptible volumetric sales and to transported volumes, as well. As a result of TOP recovery from transportation customers, interruptible sales customers received a disproportionate credit of the overall TOP recovery. While interruptible sales represented 5.75% of sales, it was credited with 22.6% of the revenue recovery. It was the Staff's position that the TOP recovery from the transportation customers should be reallocated between the firm and interruptible sales customers to reflect their volumetric relationship to one another.

Based on the Staff's initial review of the Company's ACA calculation, as discussed in the Staff's memorandum on March 1, 1993, and subsequent discussions with and agreement by the Company, the Commission finds that adjustments of \$59,382 and (\$6,081) should be made to the amounts to be refunded to the firm and interruptible sales classes, respectively. In addition, the ACA balance to be refunded to the firm sales class for TOP should be increased by \$307,049 with a comparable decrease to the interruptible sales class.

Based upon the Staff's recommendation, the Commission determines that the ACA adjustments as set out above, and as agreed to by the parties, are reasonable and should be approved on a permanent basis and this docket closed.

IT IS THEREFORE ORDERED:

1. That the above-referenced adjustments, those being \$59,382 - ACA/firm, (\$6,081) - ACA/interruptible, \$307,049 - TOP/firm and (\$307,049) - TOP/interruptible, be made as "bottom line" adjustments in the Company's next ACA filing.

2. That the Company's ACA rates filed on August 20, 1992, are approved and removed from the current "interim subject to refund" status and made permanent, and this docket is closed.

3. That this Order shall be effective on July 20, 1993.

BY THE COMMISSION

*Brent Stewart*

Brent Stewart  
Executive Secretary

(S E A L)

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