

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 24th
day of May, 1995.

In the matter of <u>Associated Natural Gas</u>)	
Company's tariff sheets to be reviewed in)	<u>Case No. GR-94-189</u>
its 1993-1994 Actual Cost Adjustment.)	

ORDER APPROVING ONE-TIME WAIVER OF REFUND PROVISION

On October 21, 1994, Associated Natural Gas Company (ANG) filed an application for waiver of a provision of its Purchase Gas Adjustment clause, granted by the Commission on December 16, 1994, allowing ANG to amortize \$792,294 of FERC-authorized Order 636 costs over a three year period for the Butler District of its operating area. On March 10, 1995, ANG received a \$257,727 refund representing a portion of the FERC-ordered costs. Panhandle Eastern Pipeline stated that this refund represented FERC Account 191 costs which were previously direct-billed to ANG. ANG's tariffs currently require that, within 90 days of receipt of a refund, a plan must be filed to refund this amount, with interest, to its customers over a 12 month period.

On April 26, 1995, ANG filed an application for a waiver in this docket. ANG is seeking a waiver of the tariff provision calling for a refund to customers within 12 months and, instead, authorizing ANG to apply the refund as a reduction of the original \$792,294 FERC-Ordered costs. In addition, ANG is making a request to recalculate the three year amortization provided in the Commission's original order, to apply the reduced amount equally over the three year period, and to file a proposed

tariff sheet, effective June 1, 1995, placing into effect appropriate ACA factors reflecting the recalculation of the amortization.

On May 15, 1995, the Staff of the Commission filed its response in which the Staff did not object to the grant of the proposed waiver. The Staff advised the Commission, however, that at some point during the course of an ACA review, it may be found that some portion of the original FERC-Order 636 costs were imprudent or inappropriate and should not be passed on to ratepayers. The Staff recommends that the Commission only allow appropriate and prudent FERC Order 636 costs remaining uncollected to be amortized over the remaining period. The Staff states that this is in keeping with the original Commission order of December 16, 1994.

The Commission finds the request for waiver by ANG to be reasonable and in the best interest of the public. The Commission is also in agreement with the Staff in that the Commission, in this order, will make no finding as to the prudence or appropriate nature of the original FERC Order 636 costs, and these original costs will remain subject to review, as stated in the Commission's order of December 16, 1994.

IT IS THEREFORE ORDERED:

1. That the application for a one-time waiver of refund provisions of tariff sheets 16h through 16j by Associated Natural Gas Company, as set out above, is hereby granted.

2. That Associated Natural Gas is authorized to apply the above stated \$257,727 refund as a reduction or offset to the original FERC Order 636 costs as shown in Schedule 1 of Associated Natural Gas' application.

3. That Associated Natural Gas is authorized to recalculate the amortization for each of the three years, as provided in the Commission's order of December 16, 1994, to include the above-stated refund.

4. That Associated Natural Gas is hereby authorized to file a revised tariff sheet in compliance with this order.

5. That the Commission, by granting the above waiver and authorizing the filing of a revised tariff, makes no finding that the original FERC Order 636 costs involved are appropriate or prudent, and affirms that those costs remain subject to review in a subsequent audit.

6. 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 and
Crumpton, CC., concur.
Perkins and Kincheloe, CC.,
absent.