

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, 1996.

In the Matter of Greeley Gas Company's)
Tariff Revisions to be Reviewed in its) CASE NO. GR-95-133
1994-1995 Actual Cost Adjustment.)

ORDER APPROVING ACTUAL COST ADJUSTMENT

This docket was opened for the purpose of conducting an audit of Greeley Gas Company's (Greeley) 1994-95 Actual Cost Adjustment (ACA) filing. The Greeley filing was made on July 18, 1995, to reflect changes in Greeley's total purchased gas adjustment factor. The Staff of the Commission (Staff) completed its audit and filed its recommendation on April 25, 1996. Notice was issued by the Commission advising Greeley that responses to this recommendation were due no later than May 28, 1995. No responses were forthcoming.

Greeley is a division of Atmos Energy Corporation (Atmos) which is a gas corporation and public utility as defined in Section 386.020, RSMo 1994. Greeley is engaged in the distribution, transportation, and sale of natural gas to residential, commercial and industrial users in and around Rich Hill and Hume, Missouri. There are approximately 550 customers in Greeley's Southwest Missouri District. The gas supply functions and accounting functions for Greeley are now performed at the principal office of Atmos in Dallas, Texas.

As a result of its audit, Staff made a number of observations. Greeley's storage plan during the ACA period was an operational storage plan provided to Greeley by Williams Natural Gas Company (Williams). The

plan is based on historical pipeline data compiled by Williams. Staff stated that it was unable to perform a review of Greeley's assessment of storage operations based on the information provided. Recently Greeley has newly implemented a Gas Procurement Plan, including an operational storage plan, which it has agreed to provide to Staff. Staff will review Greeley's Gas Procurement Plan at that time and make a determination if further detail or documentation is required to determine Greeley's optimal storage levels. Staff indicates that an independent evaluation by Greeley of its storage operations may be necessary.

Staff also notes that during the months of October, 1994 to May, 1995, Greeley's filing erroneously included Intra-Company Transportation Charges (Facility Charges which were allocated to the Southwest Missouri District. Staff states that these charges do not qualify as gas costs, and thus Staff adjusted Greeley's ACA filing to exclude all Intra-Company Transportation charges, which decreased the cost of gas by \$12,140.

In addition, Staff states that the only transportation contract with deliveries to Rich Hill and Hume is Williams transportation contract TAO544. Staff explains that during all but three months of the 1994-95 ACA period, all transportation costs for Greeley, including transportation contracts TAO544, TAO545, and TAO546, were combined and allocated to all of Greeley's system based upon volumes delivered by the pipeline to each division. Staff adjusted Greeley's ACA filing to separate out Williams' service charges for storage, gathering and transportation under contract TAO544, which were then allocated to the Missouri jurisdiction utilizing the same allocation basis as used for commodity charges. Staff states that commodity charges are allocated on a volumetric basis using the actual Williams measured volumes at all delivery points of Greeley's system, and

the measured volume at Greeley's state line meter. As result of this adjustment, Staff states that Greeley's ACA filing should be decreased by \$4,430. In addition, Staff maintains that all Williams' storage injections and withdrawals for Greeley should be allocated to the Southwest Missouri District based upon transportation contract TAO544 deliveries, thus it is Staff's opinion that Greeley's storage costs should be increased by \$40. The net result of the two Staff adjustments pertaining to transportation contract TAO544 is a decrease in the ACA filing of \$4,390 (\$4,430 - \$40).

Further, Staff adjusted Greeley's ACA filing to include Transition Cost Recovery (TCR) charges which were invoiced and paid during the period of November, 1994 to May, 1995, but which were omitted from Greeley's filing. The ACA amount was thereby increased in the amount of \$4,266.

Finally, Staff recommends that the Commission issued an order requiring Greeley to do the following:

1. Adjust the ACA balance in its next ACA filing by \$12,264 $[(\$12,140 + \$4,390) - \$4,266]$, from an over-recovery balance of \$39,691 to an over-recovery balance of \$51,955, to reflect the various Staff adjustments;
2. Prepare a separate schedule for Williams Transportation Contract TAO544 Service Charges, including storage, transportation and gathering charges, and allocate the costs to the Southwest Missouri District applying the same allocation basis used for commodity charges;
3. Provide a copy of its Gas Procurement Plan, including its Operational Storage Plan, to the Commission's Procurement Analysis Department. Upon review of the plan Staff will determine if further detail or documentation is required to determine

Greeley's optimal storage levels, including the need for an independent evaluation by Greeley of its storage operations;

4. Respond to Staff's recommendations within 30 days.

The Commission has reviewed the information furnished by the Staff, and finds Staff's proposed adjustments to be reasonable and appropriate. Requiring Greeley to provide Staff with a copy of its Gas Procurement Plan, including its operational storage plan, will enable Staff to determine whether additional action on the part of Greeley is necessary in order to determine Greeley's optimal storage levels. The Commission also finds that charges which do not qualify as gas costs, such as Greeley's Intra-company Transportation Charges, should not be included in a company's ACA filing. Under the circumstances of this case, the Commission finds that Staff's proposed allocations and adjustments with respect to transportation contract TAO544 are appropriate. Finally, the Commission finds that transportation costs which were invoiced and paid during an ACA period should be included in that ACA filing. The Commission will therefore approve the proposed adjustments as set out in the Staff recommendation.

IT IS THEREFORE ORDERED:

1. That the actual cost adjustment account balance of Greeley Gas Company at the end of the 1994-95 actual cost adjustment period shall be adjusted by the amount of \$12,264, to adjust upwards the over-recovery balance of \$39,691 to an over-recovery balance of \$51,955.

2. That Greeley Gas Company prepare a separate schedule for Williams Transportation Contract TAO544 service charges, including storage, transportation, and gathering charges, and allocate these costs to the

Southwest Missouri District, applying the same allocation basis as is used for commodity charges.

3. That Greeley Gas Company shall provide the Commission's Procurement Analysis Department with a copy of its Gas Procurement Plan, including its operational storage plan.

4. That upon review of Greeley Gas Company's Gas Procurement Plan, the Commission's Procurement Analysis Department shall determine if further detail or documentation is required to determine Greeley's optimal storage levels, including the need for an independent evaluation by Greeley of its storage operations. Staff shall report the result of its review in the next available actual cost adjustment filing.

5. That this docket is hereby closed.

6. That this Order shall become effective on the 19th day of July, 1996.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Zobrist, Chm., McClure, Kincheloe,
Crumpton and Drainer, CC., concur.

ALJ: Bensavage