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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 December 1994.

In the matter of Gas Service's tariff revisions)
for the Palmyra service area to be reviewed in the)
Actual Cost Adjustment for the period February 1,) Case No. GR-94-227
1994 through June 30, 1994. (This service area is now)
being served by United Cities Gas Company effective)
February 28, 1994.))

ORDER APPROVING PALMYRA DISTRICT INTERIM PGA RATES EFFECTIVE JANUARY 1, 1995

On November 30, 1994, United Cities Gas Company (United) of Brentwood, Tennessee, filed with this Commission for approval, a tariff sheet which reflects a net increase in the Purchased Gas Adjustment (PGA) factors for its Palmyra District resulting from changes in its supplier's, Panhandle Eastern Pipe Line Company's transportation rates, changes in the spot market cost of gas, the recalculation of the Actual Cost Adjustment (ACA) factor and the termination of a refund. Additionally, the Avoided Commodity Cost for Transportation Customers will increase.

On February 1, 1994, Missouri Gas Energy purchased all of the Western Resources, Inc. (Western) Missouri service territory except the Palmyra area. The Palmyra area was subsequently sold to United on March 1, 1994. Case No. GR-94-101 was established to track Western's 1993-1994 ACA activity. Case No. GR-94-227, under which this Palmyra District change was filed, was established to track the 1993-1994 ACA activity for the Palmyra area occurring between February 1 and June 30, 1994. The Palmyra service area's 1993-1994 ACA activity occurring between July 1, 1993, and January 31, 1994, will be tracked in Western's Case No. GR-94-101, and will be combined with the activity in Case No. GR-94-227 for the purposes of the 1993-1994 Palmyra ACA audit. Final Commission decisions in the former Western ACA Case Nos. GR-92-80 and GR-93-140 for the 1991-1992 and 1992-1993 ACA periods, respectively, are still pending.

The Missouri Public Service Commission Staff (Staff) has recommended that the filing be approved interim subject to refund, pending the final

Commission decisions in Western's ACA Case Nos. GR-92-80 and GR-93-140. Additionally, Staff requested permission for the Commission's Procurement Analysis Department to submit to the Commission, its evaluation and recommendation on the data contained in this filing, on or before October 1, 1995.

After reviewing Staff's recommendation and request, the Commission is of the opinion that the proposed tariff sheet should be allowed to go into effect on and after the requested effective date of January 1, 1995, interim subject to refund.

IT IS THEREFORE ORDERED:

1. That the following tariff sheet submitted November 30, 1994, by United Cities Gas Company of Brentwood, Tennessee, for the purpose of reflecting an increase in its PGA factors and an increase in the Avoided Commodity Cost for Transportation Customers factors, for the Palmyra District, be and it is, hereby authorized to become effective on and after January 1, 1995, interim subject to refund.

P.S.C. MO. No. 3

7th Revised SHEET No. 48.1 Cancelling 6th Revised SHEET No. 48.1

2. That the Commission's Procurement Analysis Department be given the time necessary to conduct its audit of the 1993-1994 ACA period and submit its results and recommendations regarding this ACA period on or before October 1, 1995.

3. That this order shall become effective on January 1, 1995.

BY THE COMMISSION


David L. Rauch
Executive Secretary

(S E A L)