

At a session of the Public Service Commission held at its office in Jefferson City on the 10th day of April, 1996.

ORDER GRANTING IN PART AND DENYING IN PART
APPLICATION FOR WAIVER

Applicants state that they are relatively new entities with recently acquired or constructed assets. Applicants state that there has been very little retirement of their assets. Applicants state that little data exists on which to base a depreciation study due to the insubstantial depreciation of applicants' assets. However, applicants state that they are in the process of establishing a continuous property record system ("CPR"). Applicants state that once the CPR is established, it will be possible to collect detailed data regarding depreciation of their assets over an extended period of time. Applicants assure the Commission that they will then be able to provide the Commission with a detailed depreciation study at some point in the future.

On February 23, 1996, Staff filed a memorandum to the official case file. Staff states that good cause exists to grant applicants a waiver from the

depreciation study filing requirements of 4 CSR 240-40.040(6) until MGC or MPC files tariff sheets proposing a general rate increase, or no later than July 1, 2000, whichever comes first.

Staff concedes that MGC and MPC should be granted a waiver from the depreciation study filing requirement in 4 CSR 240-40.040(6) in spite of the litany of repeated violations of orders and agreements by MGC and MPC in relation to continuing property records and a property unit catalog, which violations were detailed in Staff's memorandum. Staff notes that MGC and MPC were acquired by UtiliCorp United Inc. ("UtiliCorp") on January 1, 1995, with old accounting records in ledger format. Staff further notes that MGC and MPC are in the process of converting booked dollars to property units, and that MGC and MPC are in the process of converting data from ledger format to a continuing property record format compatible with the one used by Missouri Public Service, another UtiliCorp subsidiary.

The Commission finds that 4 CSR 240-40.040(6)(B)1.A. requires Missouri Gas Company and Missouri Pipeline Company to submit a depreciation study, database, and property unit catalog to the manager of the Commission's Energy Department and the Office of the Public Counsel by July 1, 1995. Obviously, the applicants have not complied with this regulation. This fact would not be so disconcerting to the Commission if it were not for the applicants' history of neglect of the record-keeping requirements as detailed in the Staff's memorandum. Notwithstanding the Commission's dissatisfaction with the status of MGC's and MPC's records in relation to 4 CSR 240-40.040(6), the Commission is cautiously optimistic that with the guidance of this Commission and UtiliCorp, MGC and MPC will move in an expeditious fashion towards complete compliance with 4 CSR 240-40.040(6) and related federal regulations.

Based on the pleadings and Staff's memorandum, the Commission will grant a waiver from the depreciation study filing requirement in 4 CSR

240-40.040(6) until the filing of tariff sheets by MGC or MPC designed to increase general rates, or July 1, 2000, whichever comes first.

The Commission finds that a reasonable approach in this matter is for MGC, MPC, and UtiliCorp Pipeline Systems, Inc. (UPL) to convert the MGC and MPC accounts to UPL's computerized continuing property records system. MGC and MPC state that this conversion, after allowing for system tests, can be completed by June 15, 1996. Since the CPR is needed in order for a database to be created and a database is one of the items that were supposed to be submitted by July 1, 1995, the Commission concludes that it has jurisdiction to order the applicants to complete the continuing property record conversion. To ensure that the management and employees of MGC, MPC, and UPL can complete this step, the Commission will order that the conversion to a computerized CPR system be completed by July 1, 1996. The Commission will further order MGC and MPC to provide the CPR data to the Commission's Depreciation Department manager in a useful format by July 1, 1996.

There is no indication of agreement between the parties with regard to the database or property unit catalog as required under 4 CSR 240-40.040(6). Nor is there any indication as to when the database or property unit catalog will be completed. To facilitate this matter, the Commission will order MGC and MPC to file a time line for projected completion of the database and property unit catalog. This time line may be in a format similar to that shown in Schedule 1 attached to the applicants' response to Staff's memorandum. The Commission contemplates that after it reviews the time line and any responses thereto, the Commission will issue an order in this docket providing specific due dates for the submission of the database and property unit catalog.

IT IS THEREFORE ORDERED:

1. That Missouri Gas Company and Missouri Pipeline Company be, and are hereby, granted a waiver from the depreciation study filing requirement of

4 CSR 240-40.040(6) until tariff sheets proposing a general rate increase, or July 1, 2000, whichever comes first.

2. That Missouri Gas Company and Missouri Pipeline Company provide continuing property record data to the Commission's Depreciation Department manager in a useful format no later than July 1, 1996.

3. That Missouri Gas Company and Missouri Pipeline Company file a time line for projected completion of the database and property unit catalog no later than May 1, 1996.

4. That this order shall become effective on the 22nd day of April, 1996.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

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