

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 30th day
of April, 2002.

In the Matter of Greeley Gas Company's Purchased Gas)
Adjustment Factors to be Reviewed in Its 2000-2001)
Actual Cost Adjustment.) **Case No. GR-2001-394**

ORDER APPROVING STIPULATION AND AGREEMENT

SYLLABUS: This order approves the Unanimous Stipulation and Agreement of the parties and directs compliance with that agreement.

On October 16, 2001, Greeley Gas Company made its 2000-2001 Actual Cost Adjustment filing for its Southwest Missouri District with rates to become effective on November 1, 2001. After conducting an audit of Greeley's billed revenues and actual gas costs for the period of June 2000 through May 2001, and after conducting a reliability study regarding capacity level, the Staff filed a recommendation.

In its recommendation, the Staff suggested several compliance adjustments and a purchasing practices adjustment which, when combined, would increase Greeley's calculated overrecovery balance by a total of \$50,882. The Staff's recommendation also included the following reliability-related recommendations, for Greeley to comply with by October 1, 2002:

- a. Submit a reserve margin estimate for the 2001/2002 ACA period and for three years beyond that. Explain the rationale for the reserve margin for each of these years. For any negative reserve margin shown, provide an explanation of the firm capacity that will be used to meet demand requirements beyond the firm contract maximum daily

quantities. For any shortfall of capacity, provide details about the actions the Company will take with respect to firm residential, commercial, public authority, and industrial customers whose demand will not be met should a peak day recur.

b. Submit an updated summary of actual usage, actual heating degree days (HDD), and customer counts for five or more recent cold days from the 2000/2001 or 2001/2002 ACA period. Compare the usage on these actual cold days to the usage estimated by the Company's peak day forecasting model for those days. Include a calculation of the percent over (under) estimation by the forecasting model. List firm and interruptible volumes separately or show how the model treats these. Provide an explanation when the modeled usage does not reasonably agree with the actual usage. If the model is re-evaluated based on these findings, please provide details of the re-evaluation.

On April 24, 2002, the parties filed a Unanimous Stipulation and Agreement. On April 25, 2002, the Staff of the Missouri Public Service Commission filed its suggestions in support of the agreement. The Commission suspended the procedural schedule after the Unanimous Stipulation and Agreement was filed.

In its response to Staff's recommendation, Greeley acquiesced to all of Staff's recommendations, with the exception of the compliance adjustments related to Williams Natural Gas Storage & Transportation Demand and Storage Injection/Withdrawals, and the recommended Purchasing Practices adjustment. The monetary difference between Staff and Greeley's positions was \$18,185. After further review, Staff determined that Greeley's position on Williams Natural Gas Storage & Transportation was correct, and that an update to the purchasing practices adjustment was needed. The difference in positions was thus reduced to \$15,453.

The parties had further discussions and reached an agreement resolving all the issues. The Unanimous Stipulation and Agreement provides that Greeley shall adjust the ACA balance in its next scheduled ACA filing from \$95,397 to \$136,585 for its Southwest

Missouri service area in accordance with Schedule A attached to the agreement. The agreement also sets out, in paragraph 8, the ending balance as of May 31, 2001, for the Williams Storage inventory. Finally, the parties agreed that Greeley would provide the reliability analysis information as requested by Staff no later than October 1, 2002.

As noted, the Commission's Staff filed suggestions in support of the agreement. Therein, Staff explained that the settlement reflected a good faith and reasonable compromise between the parties on a strictly monetary basis. Because the difference between the parties' positions was only \$15,453, each party realized it would ultimately be more costly to the ratepayers to litigate the complex issues than to reach a reasonable settlement.

The Commission has the legal authority to accept a stipulation and agreement as offered by the parties as a resolution of issues raised in this case.¹ In reviewing the Unanimous Stipulation and Agreement submitted by the parties, the Commission notes that²

[e]very decision and order in a contested case shall be in writing, and, except in default cases disposed of by stipulation, consent order or agreed settlement, the decision, including orders refusing licenses, shall include or be accompanied by findings of fact and conclusions of law.

Consequently, the Commission need not make either findings of fact or conclusions of law in this order. The requirement for a hearing is met when the opportunity for hearing has

¹Section 536.060, RSMo Supp. 2001.

²Section 536.090, RSMo Supp. 2001. This provision applies to the Public Service Commission. *State ex rel. Midwest Gas Users' Association v. Public Service Commission of the State of Missouri*, 976 S.W.2d 485, 496 (Mo. App., W.D. 1998).

been provided and no proper party has requested the opportunity to present evidence.³ Since no one has requested a hearing in this case, the Commission may grant the relief requested based on the Unanimous Stipulation and Agreement.

The Commission has reviewed the Unanimous Stipulation and Agreement and the other filings by the parties. The Commission finds that the terms of the agreement are reasonable and should be approved. The Commission further finds that the ACA balances shown in Schedule A of the agreement are reasonable and should be implemented.

IT IS THEREFORE ORDERED:

1. That the Unanimous Stipulation and Agreement filed on April 24, 2002, is approved as a resolution of all issues in this case. A copy of the Unanimous Stipulation and Agreement is attached as Attachment A.
2. That The Actual Cost Adjustment balances shown in Schedule A to Attachment A are approved.
3. That no later than October 1, 2002, Greeley Gas Company shall provide the reliability-related information to Staff as set out in the body of this order.
4. That this order shall become effective on May 10, 2002.

³ *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989).

5. That this case may be closed on May 11, 2002.

BY THE COMMISSION

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive, flowing style.

**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**

(S E A L)

Simmons, Ch., Murray, Gaw,
and Forbis, CC., concur.
Lumpe, C., absent.

Dippell, Senior Regulatory Law Judge

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

APR 24 2002

Missouri Public
Service Commission

In the matter of Greeley Gas Company's)
Purchased Gas Adjustment factors to be)
Reviewed in its 2000-2001 Actual Cost)
Adjustment.)

GR-2001-394

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission"), Greeley Gas Company ("Greeley" or "Company") and the Office of the Public Counsel ("Public Counsel"), hereinafter collectively to be known as "the Parties," and for their Unanimous Stipulation And Agreement, respectfully state as follows.

Background

1. On October 16, 2001, Greeley made its 2000-2001 ACA filing for its Southwest Missouri District. The filing was submitted for rates to become effective November 1, 2001.
2. The Staff then conducted its audit, which included analysis of the Company's billed revenues and actual gas costs, as well as its computation of the ACA rate, for the period of June 2000 through May 2001. Staff also performed a reliability study in order to determine whether the Company was maintaining the appropriate level of capacity to meet firm customer peak day capacity and natural gas supply requirements.
3. On January 18, 2002, the Staff filed its Recommendation. The Recommendation included several compliance adjustments and a purchasing practices adjustment, which together would increase Greeley's calculated over-recovery balance by a total of \$50,882. Additionally, the Staff's filing included the following reliability-related recommendations, to be complied with by October 1, 2002:

a. Submit a reserve margin estimate for the 2001/2002 ACA period and for three years beyond that. Explain the rationale for the reserve margin for each of these years. For any negative reserve margin shown, provide an explanation of the firm capacity that will be used to meet demand requirements beyond the firm contract maximum daily quantities. For any shortfall of capacity, provide details about the actions the Company will take with respect to firm residential, commercial, public authority, and industrial customers whose demand will not be met should a peak day recur.

b. Submit an updated summary of actual usage, actual heating degree days (HDD), and customer counts for five or more recent cold days from the 2000/2001 or 2001/2002 ACA period. Compare the usage on these actual cold days to the usage estimated by the Company's peak day forecasting model for those days. Include a calculation of the percent over (under) estimation by the forecasting model. List firm and interruptible volumes separately or show how the model treats these. Provide an explanation when the modeled usage does not reasonably agree with the actual usage. If the model is re-evaluated based on these findings, please provide details of the re-evaluation.

4. On March 4, 2002, pursuant to a January 31, 2002 Commission order, Greeley timely responded to Staff's Recommendation. The Company expressed acceptance of the Staff's recommendations, with the exception of two compliance adjustments---i.e., those related to: a) Williams Natural Gas ("WNG") Storage & Transportation Demand, and b) Storage Injection/Withdrawals---and the recommended Purchasing Practices adjustment. The difference between the two parties' positions amounted to \$18,185.

5. Upon further investigation, the Staff determined that Greeley's assertion regarding the WNG Storage & Transportation Demand adjustment was correct. Moreover, an update of the Staff's purchasing practices adjustment resulted in a \$494 decrease in the amount it recommended for that adjustment. These changes from Staff's original recommendation are reflected in the direct testimony of Staff witness Phil S. Lock, filed on April 2, 2002. The changes reduced the amount in dispute from \$18,185 to \$15,453.

6. Following the April 2, 2002 filing of direct testimony by Staff and Greeley, the Parties were able to resolve all issues in this proceeding and have reached the following stipulations and agreements:

Stipulations and Agreements

7. The parties agree that the ending ACA balance for the 12 months ended May 31, 2001 is an over-recovery of \$136,585. Accordingly, Greeley shall adjust the ACA balance in its next scheduled ACA filing from \$95,397 over-recovery balance to \$136,585 over-recovery balance for its Southwest Missouri service area. Schedule A, attached, provides the detail of the final ACA balance.

8. The Parties agree that the ending balance as of May 31, 2001 for the Williams Storage inventory is as follows:

Storage Injection/Withdrawal Adjustment

For the total Williams Storage Contract No. 1SAO544 (which is ultimately allocated to Missouri and Kansas), the storage volume and storage balance for the period ended May 2001 is as follows:

<u>Balance in Storage</u> <u>(Dekatherms)</u>	<u>WACOG*</u>	<u>Cumulative</u> <u>Amount</u>
53,614	\$4.702839	\$252,138

* weighted average cost of gas

9. No later than October 1, 2002, Greeley shall provide to the Staff the information related to the Staff's reliability analysis, as set forth in paragraph 3 above.

General

10. This Unanimous Stipulation And Agreement (hereinafter, "Agreement") has resulted from discussions and negotiations among the Parties, and the terms of this Agreement are interdependent. In the event the Commission does not adopt this Agreement in total, the

Agreement shall be void and no party shall be bound by any of the agreements or provisions. The stipulations contained herein are specific to the resolution of these proceedings, and all stipulations are made without prejudice to the rights of the Parties to take other positions in other proceedings.

11. This Agreement is being entered into solely for the purpose of disposing of all issues in these cases. ~~None of the parties to this Agreement shall be deemed to have approved, accepted, agreed, consented or acquiesced to any accounting principle, ratemaking principle or cost of service determination underlying, or supposed to underlie any of the issues provided for herein.~~

12. The Parties further understand and agree that the provisions of this Agreement relate only to the specific matters referred to in the Agreement, and no party waives any claim or right which it otherwise may have with respect to any matters not expressly provided for in this Agreement. All Parties further reserve the right to withdraw their support for the settlement in the event that the Commission modifies the Agreement in a manner which is adverse to the party withdrawing its support and further, the Parties reserve the right to contest any such Commission order modifying the settlement in a manner which is adverse to the party contesting such Commission order.

13. In the event the Commission accepts the specific terms of this Agreement, the Parties waive, with respect to the issues resolved herein: their respective rights pursuant to Section 536.070(2) RSMo 2000 to call, examine and cross-examine witnesses; their respective rights to present oral argument or written briefs pursuant to Section 536.080.1, RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2000; their respective rights to seek rehearing pursuant to Section 386.500,

RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510, RSMo 2000.

14. The Staff shall within fourteen (14) days of the filing of this Agreement, file with the Commission suggestions or a memorandum in support of this Agreement and the other parties shall have the right to file responsive suggestions within ten (10) days of receipt of Staff's memorandum.

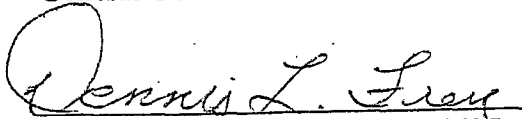
15. The Staff shall also have the right to provide, at any agenda meeting at which this Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, promptly provide other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to Missouri statutes or any Protective Order issued in this case.

16. To assist the Commission in its review of this Agreement, the Parties also request that the Commission advise them of any additional information that the Commission may desire from the Parties relating to the matters addressed in this Agreement, including any procedures for furnishing such information to the Commission.

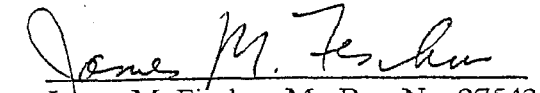
WHEREFORE, the undersigned Parties respectfully request that the Commission issue its Order: a) approving all of the specific terms and conditions of this Unanimous Stipulation And Agreement and approving the balances shown in Attachment A for the 2000-20001 ACA period; b) granting such further relief as the Commission should find reasonable and just; and c) closing this case.

Respectfully submitted,

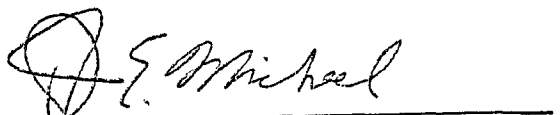
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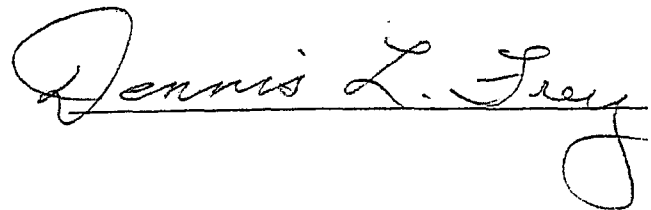

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 24th day of April 2002.



Schedule A
Table of Adjustments-For Settlement Purposes
(over)/under-recovery

Description	Beginning Balances Per Filing	Adjustments	Ending Balances Per Staff
Prior ACA Balance	(\$60,960)	\$0	(\$60,960)
Revenue Recovery	(\$373,786)	\$0	(\$373,786)
WNG Storage & Transportation Demand	\$32,331	(\$4,026)	\$28,305
WNG-Storage-&-Transportation Commodity & Gas Supply	\$316,184	(\$15,623)	\$300,561
Interest on DCCB	(\$2,291)	\$3,047	\$756
State Line Fee	\$227	(\$227)	0
Prior Period Adj. & Storage Adj. (1)	(\$29,294)	\$0	(\$29,294)
Additional settled adjustments	\$22,192	(\$24,359)	(\$2,167)
Total (Over)/Under Recovery	(\$95,397)	(\$41,188)	(\$136,585)

Total ACA balance per filing slightly different due to rounding

1) Includes (\$27,056) prior period adj. + (\$2,238) storage adj.