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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 21st
day of October, 1992.

In the matter of United Cities Gas Company's proposed)
tariff to modify Purchased Gas Adjustment refund pro-) Case No. GT-92-260
visions.)
)

ORDER APPROVING STIPULATION AND AGREEMENT

On March 2, 1992, United Cities Gas Company (UCGC) submitted a proposed tariff to the Commission designed to modify the refund provisions contained in its Purchased Gas Adjustment (PGA) Clause. On April 15, 1992 the Commission suspended the proposed tariff.

In response to a motion by UCGC, the Commission appointed a Hearing Examiner to actively participate in the settlement discussions and to facilitate the resolution of the disputed issues if possible. Negotiations among the parties finally resulted in a Stipulation And Agreement filed on October 14, 1992.

The Stipulation And Agreement, attached to this order as Attachment A and incorporated herein by reference, resolves all of the disputed issues in this case. The settlement is reflected in three revised tariff schedules which the parties propose the Commission approve for service on and after November 1, 1992.

The proposed tariff provides that UCGC may retain refund amounts where recovery of those amounts has not or will not be sought from ratepayers or where recovery has been denied by the Commission. The proposed tariff provides that UCGC will notify the Commission of its intention to retain refund amounts with an explanation and exhibits showing the computations and all reasons supporting the retention. The retention then will be interim subject to adjustment and will be reviewed for approval in UCGC's Actual Cost Adjustment audit. The proposed

tariff also provides for interest on any refund amounts retained that are ultimately ordered returned to customers.

The Commission has reviewed the proposed tariff and has determined that the agreed-to language is a reasonable resolution of the issue of company retention of refund amounts where recovery has not or will not be sought from ratepayers. The proposed language allows for retention under appropriate circumstances but also allows for review and distribution with interest if retention is found to be inappropriate.

The settlement in this case resulted from a unique procedure approved by the Commission where a Hearing Examiner actively participated in the settlement process. The Commission hopes this procedure aided the negotiation process.

IT IS THEREFORE ORDERED:

1. That the Stipulation And Agreement filed by the parties in this case, Attachment A, be hereby approved.
2. That United Cities Gas Company be hereby authorized to file the tariff attached to the Stipulation And Agreement approved in ordered paragraph 1 to be effective for service on and after November 1, 1992.
3. That this order shall become effective on the 1st day of November, 1992.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

McClure, Chm., Mueller, Rauch,
Perkins and Kincheloe, CC., concur.

FILED

OCT 14 1992

PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of United Cities Gas)
Company's proposed tariff to)
modify Purchased Gas Adjustment)
refund provisions.)

Case No. GT-92-260

STIPULATION AND AGREEMENT

Comes now United Cities Gas Company ("the Company"), the Staff of the Public Service Commission ("Staff") and the Office of the Public Counsel ("Public Counsel") and stipulate and agree as follows:

On March 2, 1992, the Company submitted a proposed tariff designed to modify the refund provisions contained in its Purchased Gas Adjustment (PGA) Clause. The Commission suspended the proposed tariff by order issued April 15, 1992, to February 22, 1993.

On April 22, 1992, the Company filed a motion requesting the Commission to appoint a hearing examiner to participate actively in settlement discussions and to act as a mediator to facilitate settlement of the issues raised by the parties. On May 5, 1992, the Commission issued an order establishing a procedure to allow a hearing examiner to act in the manner generally requested by the Company.

After several rounds of negotiation, and with the aid of the hearing examiner through the mediation process allowed by the

Commission, the parties have reached a settlement. The undersigned parties therefore stipulate and agree as follows:

1. United Cities Gas Company shall be authorized to file three revised tariff schedules which are attached as Appendix A hereto and the undersigned parties recommend that the Commission issue an order authorizing the filing of the sheets by the Company, with an effective date of November 1, 1992.

2. This Stipulation and Agreement represents a negotiated settlement for the sole purpose of disposing of this case, and none of the signatories to this Stipulation and Agreement shall be prejudiced or bound in any manner by the terms of the Stipulation and Agreement in any other proceeding, or in this proceeding should the Stipulation and Agreement not be accepted by the Commission in its entirety.

3. The parties to this Stipulation and Agreement shall not be deemed to have approved or acquiesced to any ratemaking principle, valuation method, cost of service method, depreciation principle or method, or rate design proposal underlying or allegedly underlying this Stipulation and Agreement and the revised schedules attached as Appendix A.

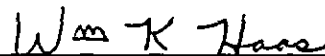
4. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to cross examine witnesses, and present oral arguments or written briefs pursuant to Section 536.080.1 RSMo; their respective rights to the reading of the transcript by the Commission pursuant

to Section 536.080.2 RSMo; and their respective rights to judicial review regarding the disposition of this matter pursuant to Section 386.510 RSMo.

5. The agreements represented by this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Stipulation and Agreement or in the event the tariff provisions agreed to herein do not become effective in accordance with the provisions contained herein, this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

WHEREFORE, the parties respectfully request from the Commission the following: (1) that the Commission issue an order approving this Stipulation and Agreement in its entirety; (2) that the Commission's Report and Order authorize the Company to file the tariff sheets in the form set out in Appendix A to be effective on and after November 1, 1992.

Respectfully submitted,



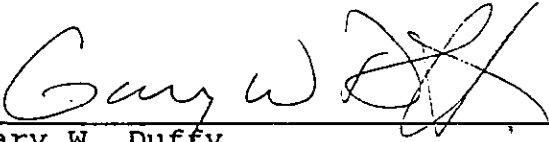
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PURCHASED GAS ADJUSTMENT RIDER
FOR ALL SERVICE AREAS (Continued)

tariff sheet, and any applicable revised tariff sheets issued by Suppliers.

The transmittal letter shall state the PGA tariff sheet number, the service area(s), the primary reasons for revision, and the effective date.

B. Refund Adjustment

The Company shall compute the jurisdictional Refund Adjustment in accordance with the following provisions.

$$RA = \frac{R1 - R2 + R3 + i}{SR}$$

1. Computation of Refund Adjustment

The Company shall compute a Refund Adjustment using information on the last day of each calendar quarter using the following formulas:

2. Definitions of Formula Components.

RA = The Refund Adjustment in dollars per Ccf, rounded to no more than four decimal places.

R1 = Refund not included in a currently effective Refund Adjustment, and received from supplier(s) by check, wire transfer, or credit memo. All or part of a Refund may be retained by the Company in accordance with paragraph III. B.3 below. *

R2 = A surcharge from a Supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.

*Indicates new rate or text
+Indicates change

Appendix A
Page 1 of 3

DATE OF ISSUE October 1, 1992 DATE EFFECTIVE _____
month day year month day year
ISSUED BY Gene C. Koonce, President Brentwood, TN
name of officer title address

Attachment A
Page 5 of 7

PURCHASED GAS ADJUSTMENT RIDER
FOR ALL SERVICE AREAS (Continued)

R3 = The residual balance of an expired Refund Adjustment.

i = Interest on the "Refund Due Customers' Account," using the average monthly balance based on the beginning and ending monthly balances. The interest rates for each calendar quarter used to compute such interest shall be a rate 1% below the arithmetic mean (to the nearest one-hundredth of one percent) of the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "Selected Interest Rates" for the previous 3 months preceding the 1st month of the calendar quarter for which the new rate is to apply. This rate will be computed and applied each quarter.

SR = Total sales during the most recent twelve (12) month period, less sales under a transportation or negotiated rate schedule

3. Filing with the Commission.

The computation of the Refund Adjustment shall be filed in accordance with the notice requirements specified in Subsection B of Section 1 of this Rider, and shall remain in effect for a period of twelve (12) months or for such longer or shorter period of time as required to appropriately refund the applicable refund amount.

The Company shall not be required to file a Refund Adjustment with the Commission unless the Refund Adjustment computes to a rate of \$.0002 per Ccf, unrounded.

The Company may retain Refund (R1) amounts where recovery has not or will not be sought

*Indicates new rate or text
+Indicates change

Appendix A
Page 2 of 3

DATE OF ISSUE October 1, 1992 DATE EFFECTIVE _____
month day year month day year
ISSUED BY Gene C. Koonce, President Brentwood, TN
name of officer title address

Attachment A
Page 6 of 7 pages

~~Revised~~

Cancelling P.S.C.MO. No. _____

{ Original } SHEET No. _____
{ Revised }

UNITED CITIES GAS COMPANY

For All Districts

Name of Issuing Corporation

Community, Town or City

PURCHASED GAS ADJUSTMENT RIDER
FOR ALL SERVICE AREAS (Continued)

from the ratepayers, or where recovery has been denied by the Commission. The Company shall notify the Commission of its intention to retain amounts refunded from its Supplier(s) where, in Company's opinion, these specific types and amounts of costs being retained have not been and will not otherwise be recovered from customers. As part of the normal refund filing, the Company shall submit an explanation and exhibits showing the computation and all reasons supporting the proposed retention. However, within 30 days after the close of any calendar quarter for which the Company will not be making a normal refund filing, the Company shall file such information if the Company has proposed to retain any part of a refund received that calendar quarter.

*

*

All proposed retentions are interim subject to adjustment and shall be reviewed for approval by the Commission in the Company's Actual Cost Adjustment (ACA) audit for the 12-month period in which the Company received the refund. The Company shall have the possession and use of the retained funds prior to the adjudication of the retention issue by the Commission. If the Commission orders a refund to customers of any of the retained funds, the refund shall additionally include interest at the rate computed in III.B.2. of this tariff. Interest shall be calculated on the amount to be refunded (including both supplier principal and supplier interest) from the date the Company received the refund from its Supplier.

The Company shall file with the Commission a transmittal letter, exhibits showing the computation of the Refund Adjustment and

Appendix A
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*Indicates new rate or text

+Indicates change

DATE OF ISSUE October 1, 1992
month day yearDATE EFFECTIVE _____
month day yearISSUED BY Gene C. Koonce, President
name of officerBrentwood, TN
title addressAttachment A
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