

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 31st
day of July, 1991.

In the matter of the application of The Kansas Power and)
Light Company for authority to charge take-or-pay charges to)
its Missouri customers under its purchased gas adjustment) Case No. GR-92-9
clause.)
)

ORDER APPROVING TARIFFS AND DENYING MOTION TO SUSPEND

On July 1, 1991, The Kansas Power and Light Company (KPL) submitted tariffs which proposed to add a Take-or-Pay (TOP) Recover Factor to its Purchased Gas Adjustment (PGA) tariffs to allow it to recover direct-billed TOP charges billed to KPL by its suppliers pursuant to authorization of the Federal Energy Regulatory Commission (FERC). Tariff Sheet No. 21 also contained a change in the period in which KPL rates would be adjusted to reflect recalculations of an Actual Cost Adjustment (ACA) factor. KPL filed a substitute tariff sheet No. 18 in accordance with a Staff request.

On July 18, 1991 Midwest Gas Users Association (Midwest) and Armco, Inc. (Armco) filed a motion requesting the Commission reject or suspend the tariffs proposing the TOP recover factor.

Midwest and Armco contend the tariffs are unreasonable since they propose to pass the entire amount of TOP costs to KPL customers, and KPL transportation customers such as Midwest and Armco should not bear any of the burden of changes in the current cost of gas. Midwest and Armco also seek intervention in this case.

On July 25, 1991, KPL filed a response to the motion. KPL contends that the issues raised by Midwest and Armco have been addressed by the Commission in Case No. GC-89-85. In that case, involving TOP recovery tariffs of Laclede Gas

Company, KPL argues the Commission held that, absent a finding of imprudence, FERC-approved gas costs such as TOP costs must be passed through to all customers. KPL points out that its proposed tariffs are consistent with TOP recovery tariffs of other Missouri local distribution companies.

On July 30, 1991, Commission Staff filed a memorandum concerning the proposed tariffs. Staff basically supports KPL's position that the tariffs comply with previous Commission orders concerning recovery of TOP costs. Staff recommends approval of all tariff sheets except P.S.C. Mo. No. 1, 68th Revised Sheet No. 18 as corrected. Staff recommends corrected Sheet No. 18 be approved interim subject to refund until the final decision in KPL's 1989-1990 PGA case, Case No. GR-90-40. Staff also supports the wording changes to the ACA recovery period on Sheet No. 21.

The Commission has reviewed this matter and has determined that the proposed tariffs should be approved. The language in the proposed tariffs complies with Commission orders in Cases No. GC-89-85 and GR-89-104 on the issue of recovery of TOP costs. RE: *Laclede Gas Company*, 30 Mo. P.S.C. (N.S.) 32 (1989); RE: *Missouri Public Service Company*, 30 Mo. P.S.C. (N.S.) 39 (1989). The Commission has determined that TOP costs approved by FERC are to be included in the cost of gas and passed to customers through the PGA.

The Commission will approve all of the tariff sheets except Sheet No. 18, which contains the actual rates. Sheet No. 18 will be approved interim subject to refund to ensure the rates are treated consistently with other PGA filings. All PGA tariffs are considered interim subject to refund until the final ACA adjustment is made for that period. Since Sheet No. 18 contains PGA rates for the period 1990-1991, they should be interim subject to refund until the rates in that period are made permanent.

Since the Commission is approving Sheet No. 18 interim subject to refund, it will order that tariff sheet consolidated with the 1990-1991 PGA case,

Case No. GR-91-149, so it can be placed in sequence in the PGA filings in that case. This will also allow the Commission to close this docket.

The tariffs approved in this order, except for Sheet No. 18, will not affect Midwest or Armco for the 1990-1991 PGA period. TOP costs will not be passed through to transportation customers until the 1991-1992 period, which has not begun. The Commission is denying Midwest and Armco's motion in this case on this basis. The motion should be filed in the 1991-1992 PGA case when the case is established.

IT IS THEREFORE ORDERED:

1. That the tariff sheets listed below filed by The Kansas Power and Light Company to allow recovery of take-or-pay costs through operation of the Purchased Gas Adjustment clause be hereby approved for service on and after August 1, 1991.

P.S.C. Mo. No. 1

4th Revised Sheet No. 14, Cancelling 3rd Revised Sheet No. 14
5th Revised Sheet No. 15, Cancelling 4th Revised Sheet No. 15
4th Revised Sheet No. 16, Cancelling 3rd Revised Sheet No. 16
3rd Revised Sheet No. 17, Cancelling 2nd Revised Sheet No. 17
4th Revised Sheet No. 19, Cancelling 3rd Revised Sheet No. 19
4th Revised Sheet No. 20, Cancelling 3rd Revised Sheet No. 20
3rd Revised Sheet No. 21, Cancelling 2nd Revised Sheet No. 21
4th Revised Sheet No. 22, Cancelling 3rd Revised Sheet No. 22
4th Revised Sheet No. 23, Cancelling 3rd Revised Sheet No. 23
1st Revised Sheet No. 23.1, Cancelling Original Sheet No. 23.1
Original Sheet No. 23.4
Original Sheet No. 23.5
Original Sheet No. 23.6

2. That tariff sheet P.S.C. Mo. No. 1, 68th Revised Sheet No. 18, as corrected, be hereby approved interim subject to refund for service on and after August 1, 1991, and the tariff sheet shall be placed in Case No. GR-91-149 and consolidated with that case.

3. That the Motion To Reject Or Suspend Tariff And Application To Intervene of Midwest Gas Users Association and Armco, Inc., be hereby denied.

4. That this order shall become effective on the 1st day of August,
1991.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

Rauch, McClure and Perkins, CC.,
concur.
Steinmeier, Chm., and Mueller, C.,
absent.