

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 19th
day of December, 1994.

In the matter of Missouri Public Service's)
tariff sheets to be reviewed in its)
1992-1993 actual cost adjustment.) CASE NO. GR-93-189

ORDER APPROVING UNANIMOUS STIPULATION AND AGREEMENT

This docket was established to track PGA changes to be reviewed in the company's 1992-93 annual Actual Cost Adjustment (ACA) filing. On October 25, 1993, Missouri Public Service (MoPub or company) filed tariff sheets with the Missouri Public Service Commission (Commission) reflecting changes in its Northern and Southern System's Purchased Gas Adjustment (PGA) rates resulting from the recalculation of the annual ACA factors, changes affecting the refund factors, and recalculation of Take-or-Pay (TOP) factors for the period September 1, 1992 through August 31, 1993. On November 12, 1993, the Commission issued its order granting interim, subject to refund, approval of the tariff sheets pending a final determination in this case.

The Commission Staff (Staff) conducted an audit and evaluation of the company's billed revenues and gas costs for the period from September 1, 1992, through August 31, 1993 and filed its memorandum on August 11, 1994, recommending numerous adjustments to the ACA filing previously approved on an interim basis subject to refund. MoPub filed a response to the Staff recommendation on September 12, 1994, objecting to the proposed adjustments. Pursuant to Commission order, the parties met in a prehearing conference on October 27, 1994.

The parties resolved the issues to their satisfaction and filed a Unanimous Stipulation and Agreement on December 8, 1994. The agreement provided for the following ACA recovery balances to be used as the ending balances in this case, and the beginning balances in Case no. GR-94-331:

Southern System:

Firm ACA:	\$ 573,066.24 underrecovery
Interruptible ACA:	\$ 145,457.62 underrecovery
TOP:	\$ 125,703.39 overrecovery
Refund:	\$ 91,495.06

Northern System:

Firm ACA:	\$ 635,218.00 overrecovery
Interruptible ACA:	\$ 111,443.74 underrecovery
TOP:	\$1,665,234.44 underrecovery
Refund:	\$ 15,095.90

The agreement included acknowledgment by the parties that the underrecovery for Interruptible ACA in the Northern System will remain to be recovered in a future general rate case since there are no longer any customers on that rate. The company agreed that in any future ACA filing it will seek Commission approval of a waiver or variance if its required tariff filing deviates from other procedures set out in its tariff. Finally, the parties requested that the Commission suspend the procedural schedule in this case and accept their agreement as a resolution of all issues.

Having reviewed the Unanimous Stipulation and Agreement the Commission finds that the procedural schedule should be suspended. The Commission further finds that the Unanimous Stipulation and Agreement of the parties is reasonable and an appropriate resolution of the issues and should be approved. The Commission is of the opinion that the figures for the company's Southern and Northern systems' firm ACA, interruptible ACA,

and TOP recovery balances, and the refund balances set out in the parties' agreement are accurate. The tariff sheets approved on an interim basis subject to refund on November 12, 1993, should be rejected and the company should file tariff sheets which reflect the overrecoveries and underrecoveries described in the stipulation. The beginning balances for the period beginning September 1, 1993, should be those set out in the Unanimous Stipulation and Agreement.

IT IS THEREFORE ORDERED:

1. That the procedural schedule in this case be hereby suspended.

2. That the Unanimous Stipulation and Agreement (Attachment 1 to this Report and Order), filed on December 8, 1994, be adopted by the Commission for resolution of all issues.

3. That the beginning balances for Missouri Public Service's Actual Cost Adjustment for the period beginning September 1, 1993 shall be as follows:

Southern System:

Firm ACA:	\$ 573,066.24 underrecovery
Interruptible ACA:	\$ 145,457.62 underrecovery
TOP:	\$ 125,703.39 overrecovery
Refund:	\$ 91,495.06

Northern System:

Firm ACA:	\$ 635,218.00 overrecovery
Interruptible ACA:	\$ 111,443.74 underrecovery
TOP:	\$1,665,234.44 underrecovery
Refund:	\$ 15,095.90

3. That the tariff sheets filed by Missouri Public Service on October 25, 1993, reflecting changes in the company's Southern and Northern Systems' PGA rates be rejected. The company shall file, within ten days of the effective date of this order, tariff sheets consistent with the Unanimous Stipulation and Agreement and with this order to become effective in thirty days of their filing.

4. That this order shall become effective on the 29th day of December, 1994.

BY THE COMMISSION

A handwritten signature in cursive script that reads "David L. Rauch".

David L. Rauch
Executive Secretary

(S E A L)

McClure, Perkins, Kincheloe
and Crumpton, CC., concur
Mueller, Chm., absent.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of Missouri Public)	
Service's tariff sheets to be)	
reviewed in its 1992-1993)	Case No. GR-93-189
actual cost adjustment.)	

UNANIMOUS STIPULATION AND AGREEMENT

This docket was established to track Purchased Gas Adjustment ("PGA") changes to be reviewed in Missouri Public Service's ("MPS") 1992-1993 annual Actual Cost Adjustment (ACA) filing. On October 25, 1993, MPS filed tariff sheets with the Missouri Public Service Commission ("Commission") reflecting changes in its Northern and Southern System's PGA rates resulting from the recalculation of the annual ACA factors, changes affecting the refund factors, and recalculation of Take-or-Pay ("TOP") factors.

On November 12, 1993, the Commission issued its order granting interim, subject to refund, approval of the tariff sheets pending a final determination in this case, and in Case Nos. GR-91-160 and GR-92-71.

The Commission Staff conducted an audit and evaluation of the billed gas revenues and gas costs for the period September 1, 1992 through August 31, 1993. The Staff filed its memorandum on August 11, 1994, recommending numerous adjustments to the figures proposed

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MISSOURI
PUBLIC SERVICE COMMISSION

Attachment 1
Page 1 of 7 pages

by MPS for reconciling the ACA, TOP and Refund recovery balances affecting approximately 40,000 customers.

MPS filed a response to the Staff recommendation on September 12, 1994, objecting to the adjustments proposed by Staff.

The Commission issued an order setting a prehearing conference, and a conference was held on October 27, 1994. A subsequent meeting of the parties was held on November 9, 1994, at which issues were discussed and information provided. The Staff and MPS have continued to negotiate and discuss matters in this case since that time.

All the parties attended the prehearing conference and, as a result of negotiations and discussions conducted before, during and after the prehearing conference, have reached the following agreements with regard to this proceeding and recommend the following actions to the Commission:

1. That the following ACA recovery balances shall be used as the ending balances in Case No. GR-93-189 and consequently as the beginning balances in Case No. GR-94-331:

Southern System:

Firm ACA:	\$573,066.24	underrecovery
Interruptible ACA:	\$145,457.62	underrecovery
TOP:	\$125,703.39	overrecovery
Refund:	\$91,495.06	

Northern System:

Firm ACA:	\$635.218.00	overrecovery
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Interruptible ACA: \$111,443.74 underrecovery
TOP: \$1,665,234.44 underrecovery
Refund: \$15,095.90

2. Staff and MPS acknowledge that the underrecovery for the Interruptible ACA in the Northern System is not likely to be recovered within the next ACA period since there are no customers on that rate, and that the ultimate recovery of that amount may be dealt with in a future MPS general gas rate case.

3. Staff and MPS agree that the ACA process is intended to match gas costs and revenues to determine an over or underrecovery ACA factor to be applied prospectively, and that Commission approved tariffs require certain procedures to be followed when determining such over or underrecovery amounts. MPS agrees to seek a waiver or variance from the Commission if its required tariff filing deviates from the procedures set out in such tariffs.

4. Both Staff and MPS acknowledge that many hours were spent in this docket communicating the bases for the positions taken by each of them and providing information regarding those positions, and that the changes experienced in the natural gas industry before and during the relevant period presented challenges in this audit which were abnormal. Both acknowledge that those extended discussions and the exchange of information revealed misunderstandings and errors in positions taken by both parties. Both acknowledge that the positions taken in the case which are being compromised hereby were based upon professional opinions

resulting from reasonable auditing and allocation practices. In particular, MPS affirms that the Staff had legitimate concerns regarding the allocation of invoices based upon the documentation initially reviewed by the Staff.

5. None of the signatories hereof shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost determination or cost allocation underlying or allegedly underlying the Stipulation and Agreement.

6. This Stipulation and Agreement has resulted from extensive negotiations among the parties and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Stipulation and Agreement in total, this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

7. 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 to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 1986; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1986; and their respective rights to judicial review pursuant to Section 386.510 RSMo 1986.

8. 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, except as otherwise specified herein.

9. If requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Stipulation and Agreement. Each party of record shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's memorandum, a responsive memorandum which shall also be served on all parties. All memoranda submitted by the parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all parties, and shall not become a part of the record of this proceeding or bind or prejudice the party submitting such memorandum in any future proceeding or in this proceeding whether or not the Commission approves this Stipulation and Agreement. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to the Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent

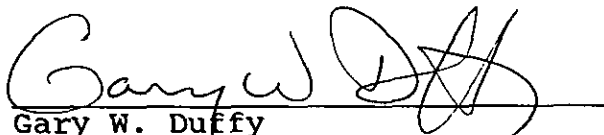
reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or otherwise protected from disclosure.

10. MPS shall be relieved of the obligation to file prepared direct testimony in this proceeding which is presently due on December 9, 1994, during the time between the filing of this Unanimous Stipulation and Agreement and Commission action thereon. If this Stipulation is rejected, MPS shall be afforded a reasonable period of time in which to file its direct testimony.

WHEREFORE, for the foregoing reasons, the undersigned parties respectfully request that the Commission issue its Order:

- a) suspending the procedural schedule in this proceeding while it determines whether to accept this unanimous stipulation and agreement as a resolution of all issues in this proceeding; and
- b) issue an order approving this unanimous stipulation and agreement as a resolution of all issues in this proceeding.

Respectfully submitted,



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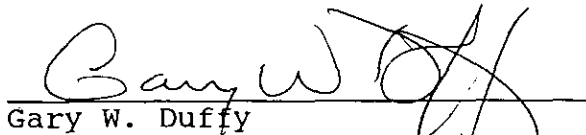


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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown above this 8th day of December, 1994.


Gary W. Duffy