

At a session of the Public Service Commission held at its office in Jefferson City on the 18th day of September, 1995.

ORDER DENYING APPLICATIONS FOR REHEARING,
TAKING OFFICIAL NOTICE OF MATERIALS,
AND IMPLEMENTING GAS COST REFUND

On August 22, 1995, the Commission issued an Order Taking Official Notice Of Materials, Ordering Production Of Document, And Granting Request For

Clarification in which it ordered the parties to this proceeding to file pleadings no later than September 6, 1995, as to how to implement the adjustment ordered by the Commission in this case.

Mid-Kansas, WRI, Staff, and MGE each filed responses to the August 22, 1995 order. Staff states that MGE assumed all of the obligations of WRI under its tariff (exclusive of the Palmyra service area). Staff's position is that the Commission should order MGE to adjust its ACA balance to reflect the ordered reduction (exclusive of the \$4,923.08 attributable to the Palmyra service area) and to file tariff sheets, as a separate tariff filing, to modify its ACA factor in order to completely effectuate the refunding to ratepayers by September 1, 1996 (i.e., the effective date of MGE's next scheduled ACA filing).

MGE states its belief that the fact that there has been a change of ownership for the former Missouri properties of WRI should be as transparent as possible to the Missouri customers. MGE believes that refunds of any disallowed gas costs should be made on the same basis as the costs were collected, i.e., over a 12-month period through the use of the ACA factor.

MGE states that it needs a minimum of five full working days from the issuance of an order implementing the gas cost refund and the time for filing tariff sheets to implement the refund.

The responses of Mid-Kansas and WRI to the Commission's August 22, 1995 order deal largely with ultimate financial responsibility for the adjustment. The determination of what party bears ultimate financial responsibility for the adjustment is not the Commission's concern. The Commission's obligation is to implement the gas cost refund resulting from the Commission's decision in an expeditious manner.

The Commission finds that MGE should implement the gas cost refunds resulting from the price cap issue in this case because MGE now provides natural gas service to the same Missouri locations previously served by WRI. Thus, the

Commission will order MGE to file a revised tariff sheet No. 18 to bear a proposed effective date at least 20 days after the issue date, which will be designed to adjust the ACA factor to effectuate a refund of \$1,314,979.68 over a 12-month period. It is the Commission's intention that MGE will commence implementation of the refund with its first billing cycle in the month of November, 1995.

With regard to the Palmyra service area, the Staff refers the Commission to the stipulation and agreement filed by the parties in Case No. GM-94-87.

The Commission will take official notice of the stipulation and agreement filed by the parties in Case No. GM-94-87. That stipulation and agreement states, at page 3: "United Cities agrees to assume responsibility for making adjustments to the ACA balance for customers in the Palmyra district pursuant to its tariffs resulting from the tariff provisions of Western Resources which were in effect for the time periods covered by Case Nos. GR-92-80, GR-93-140, GR-94-101, and GR-94-227. United Cities shall be made a party to Case Nos. GR-92-80, GR-93-140, GR-94-101, and GR-94-227, and any other dockets which may be created covering Western Resources' PGA/ACA/TOP revenues and expenses in the Palmyra district prior to the transfer of the assets."

Staff maintains that, based on the stipulation and agreement filed in GM-94-87, United Cities Gas Company (UCG) was given sufficient notice so that the Commission can proceed to order UCG to implement refunds to customers in the Palmyra district. Staff's position is that the Commission should order UCG to implement the adjustment as set forth herein in its next ACA filing by sending them a copy of the order.

The Commission finds that UCG has received sufficient notice of this proceeding because the stipulation and agreement in Case No. GM-94-87 contains UCG's agreement to assume responsibility for making adjustments to the

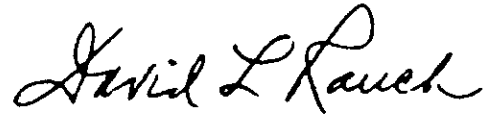
ACA balance for customers in the Palmyra district for time periods covered by this case (GR-93-140). The Commission finds that UCG should implement the gas cost refunds resulting from the price cap issue in this case because UCG now provides natural gas service in the Palmyra district, which customers were previously served by WRI. The Commission will order UCG to file revised tariff sheet(s) to adjust its Palmyra ACA balance to reflect a reduction of \$4,923.08 in its ACA factor, effective January 1, 1996, to effectuate the refund over a 12-month period. The Commission's Records Department is to send a copy of this order to United Cities Gas Company.

IT IS THEREFORE ORDERED:

1. That the application for rehearing filed by Midwest Gas Users Association be, and is, hereby denied.
2. That the application for rehearing filed by Mid-Kansas Partnership and Riverside Pipeline Company, L.P. be, and is, hereby denied.
3. That the application for rehearing filed by Missouri Gas Energy, a division of Southern Union Company, be, and is, hereby denied.
4. That the application for rehearing filed by Western Resources, Inc. be, and is, hereby denied.
5. That the Commission shall take official notice of the stipulation and agreement filed in Case No. GM-94-87.
6. That Missouri Gas Energy, a division of Southern Union Company, shall file, no later than October 11, 1995, revised tariff sheet(s) designed to refund \$1,314,979.68 to its Missouri customers over a twelve (12) month period.
7. That United Cities Gas Company shall file, no later than December 11, 1995, revised tariff sheet(s) designed to refund \$4,923.08 to customers in the Palmyra district over a twelve (12) month period.
8. That the Records Department shall send a copy of this order to United Cities Gas Company as specified in this order.

6. That this order shall become effective on the date hereof.

BY THE COMMISSION

A handwritten signature in cursive script, reading "David L. Rauch".

David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Kincheloe,
Crompton and Drainer, CC., concur.