

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Southern Missouri Gas)
Company L.P.'s Tariff Revision Designed)
to be Reviewed in Its 1997-1998 Actual) Case No. GR-99-178
Cost Adjustment for the Missouri Service)
Area of the Company)

ORDER DIRECTING RESPONSE

This case was opened for the purpose of receiving the 1997-1998 Purchased Gas Adjustment (PGA) filings and Actual Cost Adjustment (ACA) filing of Southern Missouri Gas Company (SMGC). On July 30, 1999, the Procurement Analysis Department of the Staff of the Missouri Public Service Commission (Staff) filed a memorandum indicating that Staff had reviewed SMGC's 1997-1998 ACA filing. Staff stated that it audited the billed revenues and actual gas costs for the period of September 1997 to August 1998. Staff stated that effective August 1998 SMGC had approximately 5,840 customers on its system.

In its memorandum, Staff stated that SMGC carried forward an under recovery balance of \$73,119 from the 1996-1997 ACA filing as agreed in the approved Stipulation and Agreement filed in Case No. GR-97-234. In addition to the \$73,119 under recovery balance, Staff recommended that SMGC's 1996-1997 ACA ending balance of \$360,090 should be carried forward to result in a total of \$433,209. Staff also proposed an adjustment reducing the company's gas costs by \$3,992 for recovery of fees related

to agency agreements that SMGC entered into with its affiliate for the purpose of gas supply procurement and transportation services to SMGC.

Staff recommended increasing the cost of gas by \$19,434 to recognize the cost associated with gas supply realignment costs that were not included previously in this filing. Staff also recommended that there be a gas cost increase of \$485 to collect deferred carrying cost balance (DCCB) interest for carrying costs exceeding 10 percent of the company's annual gas cost level.

Staff stated that SMGC has not included any refunds in its ACA filing for the 1997-1998 ACA period. Staff noted that several Williams Natural Gas Company (WNG) dockets reflect that SMGC has received numerous refunds from WNG totaling \$133,409. Staff recommended that SMGC either provide support that these refunds do not apply to Missouri customers, or include these refunds in its next PGA filing, effective November 1999.

Staff recommended that the Commission issue an order requiring SMGC to establish the ACA account balances in its next ACA filing to reflect the following ending balances to be collected from (or refunded to) the ratepayers:

Description	Beginning ACA Balance Per Filing	Staff Adjustments	Ending ACA Balance Per Staff
Cost of Gas	\$2,131,975 *	\$11,133	\$2,143,108
1996/97 ACA Balance	\$73,119	\$360,090	\$433,209
Transportation Cost	\$794,002 **	\$77,146	\$871,148
Revenue Recovery	\$2,563,489 *	\$98,293	\$2,661,782
DCCB	\$0	\$485	\$485
Total (Over)/Under Recovery	\$435,607	\$350,561	\$786,168

* Data Request 1A

** This is a derived number. In order to attain the \$435,667 under-recovery included in the Company's filing, Staff combined the following filed gas costs and revenues: \$2,131,975 COG + \$73,119 adjustment from 1996/97 ACA - \$2,563,489 revenue recovery = \$358,395 over-recovery. \$435,667 under-recovery + \$358,395 over-recovery = \$794,002.

Staff also recommended that the Commission require SMGC to adjust the refund balance by \$133,409 in the calculation of SMGC's refund factor. Staff stated that the adjustment should be reflected in the SMGC's next PGA filing, effective November 1999. Staff further recommended that the Commission order SMGC to respond to Staff's recommendations within 30 days.

The Commission has reviewed the memorandum filed by Staff and determines that SMGC shall file a response to Staff's recommendation.

IT IS THEREFORE ORDERED:

1. That the Southern Missouri Gas Company shall file a response to the recommendation of the Staff of the Commission no later than October 21, 1999.

2. That this order shall become effective on October 1, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Shelly A. Register, Regulatory Law
Judge, by delegation of authority
pursuant to 4 CSR 240-2.120(1),
(November 30, 1995) and Section 386.240,
RSMo 1994.

Dated at Jefferson City, Missouri,
on this 21st day of September, 1999.

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION