

M E M O R A N D U M

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TO: Missouri Public Service Commission Official Case File,
Case No. GR-2000-288, File No. 200000373,
Southern Missouri Gas Company, L.P.

Missouri Public
Service Commission

FROM: *DB* *mm* Dan Beck, Gas Department - Tariffs/Rate Design *for*

Wes Headman 11-1-99
Utility Operations Division/Date

Thompson R. Schwarz Jr. 11/1/99
General Counsel's Office/Date

SUBJECT: Staff Recommendation For the Scheduled Winter Season PGA Filing of
Southern Missouri Gas Company, L.P..

DATE: November 1, 1999

On October 15, 1999, Southern Missouri Gas Company, L.P. (SMGC or Company) of Mountain Grove, Missouri filed a tariff sheet proposed to become effective November 1, 1999. The tariff sheet was filed to reflect scheduled changes in SMGC's Purchased Gas Adjustment (PGA) factors as the result of estimated changes in the cost of natural gas for the upcoming winter season. Additionally, this tariff filing reflects changes in the Actual Cost Adjustment (ACA) factor.

On October 27, 1999, SMGC filed a REQUEST FOR VARIANCE FROM TARIFF PROVISIONS (Request). This Request seeks a variance from its PGA tariff provisions to allow (1) allow the refund balance to be used as an offset to its ACA balance, and (2) allow the tariff sheet to become effective on November 4, 1999.

The effect of these changes will increase the firm PGA factor for the 1999-2000 winter season to \$0.3625 per Ccf from the current firm PGA factor of \$0.3144 per Ccf. This represents an approximate 15.3% increase in gas costs to consumers.

Case No. GR-2000-288, under which this change was filed, was established to track the Company's PGA factors to be reviewed in its 1998-1999 ACA filing. Case No. GR-99-178 was established to address SMGC's PGA factors that were reviewed in its 1997-1998 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos. GR-99-178 and GR-2000-288.

Because of the short time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding information included in this ACA filing to the Commission on or before August 1, 2000.

The Commission's Gas Department - Tariffs/Rate Design Staff (Staff) has reviewed the variance Request regarding the refund balance and the extension of the effective date to November 4, 1999. Staff recommends SMGC's Request be granted. However, Staff maintains that for clarity, these variances should be referred to as one-time variances (or one-time waivers). The addition of the phrase "one-time" would be consistent with the Commission's Order Approving Interim Rates in Case No. GR-99-178 pertaining to the 1997-1998 ACA period.

Staff has reviewed this filing and has determined that other than the requested variances, it was calculated in conformance with SMGC's PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty days notice is demonstrated by SMGC's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the Commission grant SMGC's Request on a one-time basis and approve the following tariff sheet, interim subject to refund:

P.S.C. MO. No. 1

6th Revised Sheet No. 27, Cancelling 5th Revised Sheet No. 27.

Copies: Director - Utility Operations Division
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