

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 11th
day of May, 1999.

In the Matter of the Application of)	
UtiliCorp United Inc., d/b/a Missouri)	
Public Service, for Permission,)	
Approval, and a Certificate of Public)	
Convenience and Necessity Authorizing)	<u>Case No. GA-98-509</u>
it to Own, Operate, Control, Manage and)	
Maintain a Natural Gas Transmission)	
Pipeline and Related Facilities as a Part)	
of its Distribution System for the Public,)	
in a Portion of Pettis County, Missouri.)	

ORDER GRANTING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On May 12, 1998, UtiliCorp United Inc., d/b/a/ Missouri Public Service (MPS), filed an application with the Commission requesting authority to own and operate a natural gas transmission pipeline and related facilities, entirely within Pettis County, as a part of its gas distribution system. MPS states that it has entered into an Agreement to Assign and Transfer (the agreement) with Williams Gas Pipeline Central, Inc. (Williams) that will transfer approximately 5.8 miles of pipeline to MPS from Williams. Pursuant to the agreement, approximately eleven of Williams' domestic right-of-way customers (farm tap customers) will become customers of MPS after the transfer. In its application to intervene, Missouri Gas Energy, a division of Southern Union Company (MGE), states that although Williams provides service to these customers pursuant to right-of-way agreements between them and Williams, MGE

actually sells them gas. In orders issued July 13 and August 28, the Commission granted intervention to Williams and MGE.

On November 25, Staff filed its memorandum in which it recommended that the Commission grant MPS a certificate of convenience and necessity to own and operate the pipeline as described in its application. Staff believes that granting the certificate will result in additional benefits to the public and will not be detrimental to existing customers.

Staff also recommended that MPS be granted a certificate of convenience and necessity to serve the farm tap customers. However, Staff stated that this recommendation is contingent on MGE filing an application to transfer ownership to MPS of the meters and related equipment that are used to serve the farm tap customers.

In an order dated January 5, 1999, the Commission noted that the application did not contain all the material required by 4 CSR 240-2.060(2)(F), and ordered MPS to either comply with the rule or demonstrate good cause to be granted a waiver from it.

The Commission also determined that the potential existed for the farm tap customers to be without gas service if the Commission approved the transfer of the pipeline from Williams to MPS, which includes the transfer of the farm tap customers, without at the same time granting MPS a certificate to serve them. The Commission determined that the public interest would not be served by transferring the pipeline from Williams to MPS until it had before it an application for the transfer from MGE

to MPS of the facilities used to serve the farm tap customers¹, as well as MPS's application for a certificate of convenience and necessity to serve them.

On January 25, 1999, MPS filed a Request for Waiver for Good Cause, or, in the Alternative, Application for Service Area. In that pleading, MPS requests that the Commission waive certain of the filing requirements of 4 CSR 240-2.060(2)(F), consistent with the Commission's January 5, 1999 order. MPS states that a study of the feasibility of serving the eleven customers pursuant to 4 CSR 240-2.060(2)(F) would not be a useful exercise. The Commission agrees, and will grant MPS a waiver of this requirement. MPS also provided a metes and bounds description of the area it proposes to serve, thus remedying the other deficiency noted by the Commission in its January 5, 1999 order. The Commission concludes that MPS has met, or demonstrated good cause for a waiver from, the requirements of 4 CSR 240-2.060(2)(F).

On March 24, 1999, Staff filed a second Memorandum. In that Memorandum, Staff analyzed the effect on the farm tap customers of granting MPS a certificate to serve them. Staff concluded that these customers, although they will on average receive an increase in rates, will benefit from the transfer because MPS will be providing maintenance

¹ On February 9, 1999, MPS filed a joint application with MGE to transfer these customers. That case was assigned Case Number GM-99-334, and the Commission is, concurrently with this order, issuing an order in that case approving the transfer.

from facilities closer than MGE's. The Commission agrees with Staff's conclusion.

The pipeline interconnects with MPS's distribution system and will help continue MPS's provision of gas in the Sedalia area. The Commission finds that granting MPS a certificate for the area containing the pipeline it proposes to purchase is in the public interest.

IT IS THEREFORE ORDERED:

1. That UtiliCorp United Inc., d/b/a/ Missouri Public Service, is granted a certificate of public convenience and necessity to construct, install, own, operate, control, manage and maintain a natural gas transmission pipeline and related facilities as a part of its distribution system for the public for an area consisting of Sections 35 and 36, Township 46 North, Range 23 West and Sections 31, 32, 33, and 34 Township 46 North, Range 22 West, all in Pettis County, Missouri, as described in its pleading filed on January 25, 1999.

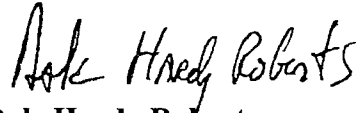
2. That, for good cause shown, UtiliCorp United Inc., d/b/a/ Missouri Public Service, is granted a waiver from 4 CSR 240-2.060(2)(F)5.

3. That nothing in this order shall be considered a finding by the Commission of the value for ratemaking purposes of the properties herein involved.

4. That the Commission reserves the right to consider any ratemaking treatment to be afforded the properties herein involved in a later proceeding.

5. That this order shall become effective on May 21, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray,
Schemenauer, and Drainer, CC., concur

Mills, Deputy Chief Regulatory Law Judge