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BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri Public Service's)
Purchased Gas Adjustment Factors to be) Case No. GR-98-421
Reviewed in its 1997-1998 Actual Cost)
Adjustment.)

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 Missouri Public Service (MPS), a division of UtiliCorp United Inc. (UtiliCorp). On September 1, 1999, the Procurement Analysis Department of the Staff of the Missouri Public Service Commission (Staff) filed a memorandum indicating that Staff had reviewed MPS' 1997-1998 ACA filing. Staff stated that it audited the billed revenues and the actual gas costs for the period of September 1, 1997 to August 31, 1998. Staff also performed an examination of MPS' gas purchasing practices to determine the prudence of MPS' purchasing decisions.

MPS separates its gas operations into a southern system, a northern system, and an eastern system. Williams Natural Gas Company (WNG) serves customers on the southern system. Panhandle Eastern PipeLine Company (PEPL) serves customers on the northern system and on the eastern system. Missouri Pipeline Company (MPC) and Missouri Gas Company (MGC), affiliates of UtiliCorp, also deliver gas to the eastern system. As of August 1998, there were approximately 30,000 customers on the southern

system, 10,000 customers on the northern system, and 3,500 customers on the eastern system.

In its memorandum, Staff proposed to reduce the eastern system gas cost by \$6,191 to reflect MGC deliveries to Rolla only for the month of December 1997. Staff also proposed to reduce the cost of gas on the northern system by \$149,566 to reflect cost based on actual PEPL deliveries during the months of November 1997 and December 1997. Staff proposed to reduce the northern system gas cost by \$14,400 resulting from a change in the volumetric demand charge for MPS.

Staff stated that after review and discussions of the deferred carrying cost balance (DCCB), MPS revised its DCCB resulting in a \$33,387 reduction in the cost of gas on the southern system; a \$5,710 reduction in the cost of gas on the northern system; and a \$14,794 increase in the cost of gas on the eastern system.

Staff recommended that the Commission issue an order requiring MPS 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
Southern System: Firm ACA	\$(1,592,305)		\$(1,592,305)
Interruptible ACA	\$(9,563)		\$(9,563)
Take-or-Pay	\$0		\$0
Transition Cost	\$112,979		\$112,979
DCCB	\$0	\$(33,387)	\$(33,387)
Refund	\$(1,061,816)		\$(1,061,816)
Northern System: Firm ACA	\$(754,664)	\$(163,966)	\$(918,630)
Interruptible ACA	\$104,100		\$104,100
Take-or-Pay	\$0		\$0
Transition Cost	\$0		\$0
DCCB	\$0	\$(5,710)	\$(5,710)
Refund	\$(75,477)		\$(75,477)
Eastern System: Firm ACA	\$373,143	\$(6,191)	\$366,952
DCCB	\$0	\$14,794	\$14,794

Staff further recommended that the Commission order MPS to respond to Staff's recommendations within 30 days. On September 8, 1999, MPS requested an extension of time to respond to Staff's recommendation from the 10 days permitted under Commission rule 4 CSR 240-2.080 to 30 days from the date Staff's recommendation was filed.

The Commission has reviewed the memorandum filed by Staff and determines that MPS shall file a response to Staff's recommendation. MPS shall be given 30 days from the date this order is issued.

IT IS THEREFORE ORDERED:

1. That Missouri Public Service, a division of UtiliCorp United Inc. shall file a response to the recommendation of the Staff of the Missouri Public Service Commission no later than October 27, 1999.
2. That this order shall become effective on October 7, 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 27th day of September, 1999.

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**COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION**