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**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 8th  
day of October, 1997.

In the Matter of Fidelity Natural Gas, Inc.'s )  
Tariff Revision to be Reviewed in Its 1995-1996 ) Case No. GR-97-151  
Actual Cost Adjustment. )  
)

In the Matter of Fidelity Natural Gas, Inc.'s )  
Tariff Revision to be Reviewed in Its 1994-1995 ) Case No. GR-96-125  
Actual Cost Adjustment. )  
)

**ORDER APPROVING ACTUAL COST ADJUSTMENT**

This case was opened for the purpose of receiving and monitoring the periodic Purchase Gas Adjustment (PGA) filings of Fidelity Natural Gas, Inc. (FNG) and for receiving and auditing the FNG 1995-96 Actual Cost Adjustment (ACA) filing. On July 31, 1997, the Commission ordered Case No. GR-96-125 (the 1994-95 ACA docket) consolidated with this case.

On September 2, 1997, the Staff of the Commission (Staff) filed its recommendation. The Commission would note that much of the detailed information contained in both the Staff recommendation and the FNG response, filed October 2, 1997, is highly confidential and therefore does not appear in this order.

Upon review of both the 1994-95 and 1995-96 ACA periods and discussions with FNG, the Staff expressed a concern regarding the reliability of FNG gas transported over the Panhandle Eastern pipeline and the Missouri Gas Company pipeline to the City of Sullivan, due to the nature of the FNG transportation agreement. The Staff recommends that FNG

review the terms of its transportation contract, upon expiration, to address the concerns expressed by the Staff.

In regard to the 1994-95 and 1995-96 ACA balances, the Staff recommends:

"1. Fidelity to apply the established 1994-95 ACA over-recovery balance of \$55,733 effective November 1, 1995 and the 1995-96 ACA over-recovery balance of \$7,038 to the beginning 1996-97 ACA balance. The 1996-97 ACA balance will be filed by Fidelity during mid-October, 1997 and become effective November 1, 1997."

On October 2, 1997, FNG filed its response to the Staff recommendation. FNG states that it urges the Commission to approve the Staff recommendation, as set out above, and accept the adjusted rates on a permanent basis. FNG suggests that the Staff concern regarding its transportation contract is moot, as FNG has negotiated a contractual arrangement which will alleviate that concern.

The Commission has reviewed the information furnished by the Staff and the response of FNG, and finds the proposed ACA adjustments to be reasonable. The Commission will approve the proposed adjustments.

**IT IS THEREFORE ORDERED:**

1. That the Actual Cost Adjustment balances of Fidelity Natural Gas, Inc. for the 1994-95 and 1995-96 Actual Cost Adjustment periods are established as follows: FNG will apply the established 1994-95 ACA overrecovery balance of \$55,733, effective November 1, 1995, and the 1995-96 ACA overrecovery balance of \$7,038, to the beginning 1996-97 ACA balance. The 1996-97 ACA balance will be filed by FNG during mid-October, 1997 and become effective November 1, 1997.

2. That the rates as adjusted in Ordered Paragraph 1 above are hereby made permanent.

3. That this order shall become effective on October 21, 1997.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read "Cecil I. Wright", with a long horizontal flourish extending to the right.

**Cecil I. Wright  
Executive Secretary**

( S E A L )

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

Derque, Regulatory Law Judge