

MEMORANDUM

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Missouri Public
Service Commission

TO: Missouri Public Service Commission Official Case File,
Case No. GR-99-435, File No. 200000403,
Missouri Public Service

FROM: *JG* James A. Gray, *MUM* Gas Department - Tariffs/Rate Design *bm*

Wes Hordner 11-4-99 *John Samwell* 11-8-99
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation For Missouri Public Service's Scheduled Winter
Season PGA Filing.

DATE: November 3, 1999

On October 26, 1999, Missouri Public Service (MPS or Company) of Kansas City, Missouri, filed tariff sheets proposed to become effective November 9, 1999. The tariff sheets were filed to reflect scheduled changes in MPS's Purchased Gas Adjustment (PGA) factors as the result of estimated changes in the cost of natural gas for the upcoming winter season. The winter season includes the months of November through March. Additionally, this tariff filing reflects changes in the Actual Cost Adjustment (ACA), Transition Cost (TC) and Refund factors.

Southern System:

For the Southern System (serving communities such as Sedalia and Clinton), the effect of these changes (PGA, ACA, Refund and TC) will increase the firm PGA factor for the 1999-2000 winter season to \$0.36523 per Ccf from a summer season firm PGA factor of \$0.21539 per Ccf. This represents an approximate 69.6% increase in gas costs to consumers. The change in the ACA factor to recover a substantial under-collection in gas costs along with the termination of a major refund contributes to the increase. In spite of the significant percentage change, the total PGA factor for this system remains to be the lowest of MPS's gas systems.

Northern System:

For the Northern System (serving communities such as Chillicothe and Trenton), the effect of these changes (PGA, ACA and Refund) will increase the firm PGA factor for the 1999-2000 winter season to \$0.41366 per Ccf from a summer season firm PGA factor of \$0.25882 per Ccf. This represents an approximate 59.8% increase in gas costs to consumers. The change in the ACA

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factor going from a substantial over-collection to a substantial under-collection in gas costs along with the termination of a major refund contributes to the increase.

Eastern System:

For the Eastern System (serving communities such as Rolla and Owensville), the effect of these changes (PGA and ACA) will increase the firm PGA factor for the 1999-2000 winter season to \$0.61489 per Ccf from a summer season firm PGA factor of \$0.43761 per Ccf. This represents an approximate 40.5% increase in gas costs to consumers. The change in the ACA factor to recover a substantial under-collection in gas costs contributes to the increase.

Case No. GR-99-435, 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-98-421 was established to address MPS's PGA factors that will be reviewed in its 1997-1998 ACA filing. Interim subject to refund status should be maintained pending a final Commission decisions in Case Nos. GR-98-421 and GR-99-435.

Because of the short time available to review the documentation supporting the ACA factors 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 September 1, 2000.

The Commission's Gas Department - Tariffs/Rate Design Staff (Staff) has reviewed this filing and has determined that it was calculated in conformance with MPS'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 MPS's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheets requested to become effective on November 9, 1999, be approved interim, subject to refund:

P.S.C. MO. No. 5

17th Revised SHEET NO. 43 Cancelling 16th Revised SHEET NO. 43
20th Revised SHEET NO. 44 Cancelling 19th Revised SHEET NO. 44
10th Revised SHEET NO. 44.1 Cancelling 9th Revised SHEET NO. 44.1

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