

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 29th
day of April, 1994.

In the matter of United Cities Gas Company's) Case No. GR-93-51
tariffs reflecting PGA changes to be reviewed)
in the Company's 1992-1993 actual cost)
adjustment for its three Missouri districts.)

ORDER APPROVING STIPULATION AND AGREEMENT

On February 2, 1994, the Staff of the Commission filed its recommendation in regard to the 1992-93 Actual Cost Adjustment (ACA) filings of United Cities Gas Company (United) for the Neeleyville, Bowling Green, and Hannibal-Canton Districts. On March 7, 1994, United filed its response agreeing with some of the Staff's proposed adjustments, making comments in regard to others, and disagreeing with some. After lengthy negotiations, a proposed Stipulation and Agreement was filed on April 20, 1994, which is attached hereto, marked Attachment A, and incorporated herein by reference.

In the Stipulation and Agreement, the parties jointly submit the following proposals regarding the various ACA adjustments for the three districts involved:

- "1. The Staff and United Cities jointly request an order from the Commission establishing the Commodity ACA balance for the Bowling Green District at an overrecovery of \$24,013 and a Take-or-Pay balance at an overrecovery of \$8,767.
2. The Staff and United Cities request that the Commission issue an order with regard to the Neelyville District ACA establishing the Demand ACA balance at an overrecovery of \$8,153, the Commodity ACA balance at an overrecovery of \$35,319 and a Take-or-Pay ACA balance at an underrecovery of \$277.
3. The Staff and United Cities request that the Commission issue an order with regard to the Hannibal-Canton District ACA establishing a Commodity ACA balance of \$515,406.10 overrecovery, a Demand ACA balance at \$108,519.20 underrecovery and Take-or-Pay ACA balance of \$46,762.81 underrecovery.

4. In order that adequate evaluation can be performed by the Staff in its attempts to review the reasonableness of the Company's purchasing decisions in future audits, United Cities hereby agrees to maintain adequate and appropriate documentation to support its final purchasing decisions and to maintain that documentation in two separate locations for a period of six years following its use in gas purchasing decisions.

5. This Stipulation and Agreement finally resolves all issues associated with the current WS and PS contracts between United Cities Gas Company and Panhandle Eastern Pipe Line Company (Contract Nos. P-PLS-011660 and P-PLS-011659) and the service mix issue arising from said contracts, for purposes of this docket...."

The Commission has reviewed the terms and conditions of the proposed Stipulation and Agreement and finds them to be reasonable and in the public interest. The Commission will, therefore, approve the Stipulation and Agreement and order the requested terms and conditions contained therein.

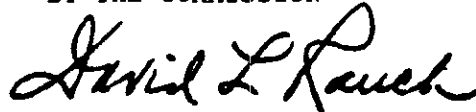
IT IS THEREFORE ORDERED:

1. That the Stipulation and Agreement filed by the parties on April 20, 1994, and attached to this order as Attachment A, is hereby approved and the provisions and balances, as set out in Attachment A, pages 2 and 3, paragraphs numbered 1 through 5, are hereby adopted.

2. That this docket is closed.

3. That this order shall become effective on the date hereof.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., Perkins,
Kincheloe and Crumpton, CC., Concur.
McClure, C., Absent.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the United)	
Cities Gas Company's tariffs)	
reflecting PGA changes to be)	
reviewed in the Company's)	Case No. GR-93-51
1992-1993 Actual Cost)	
Adjustment for its three)	
Missouri districts.)	

STIPULATION AND AGREEMENT

On February 2, 1994 the Staff of the Public Service Commission of the State of Missouri (Staff) filed recommendations in the above styled case concerning the 1992-1993 ACA filings for the Neeleyville, Bowling Green and Hannibal-Canton districts of United Cities Gas Company ("United" or the "Company").

On February 4, 1994 this Commission issued an Order to Respond to United Cities directing a response to Staff's Recommendations no later than March 7, 1994.

On March 7, 1994, United Cities responded agreeing with some of Staff's proposed adjustments regarding these districts, making comments with regard to other recommendations and disagreeing with proposed adjustments to the commodity balance and proposals on internal recordkeeping controls made by Staff for the Hannibal-Canton district.

On March 15, 1994, the Commission directed the Staff to either settle these outstanding issues or file a proposed procedural schedule no later than April 15, 1994.

Thereafter the Staff and United Cities met in an effort to reach agreement on 1) the Staff's proposed \$3,625 adjustment based

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on the documentation received from United Cities concerning its decision to convert their sales contract demand into a Peaking Storage (PS) and a Winter Storage (WS) service mix, rather than using a 100% Winter Storage service and 2) that United Cities propose internal control and recordkeeping procedures with respect to its use of any gas supply models and/or gas procurement plans in making gas purchasing decisions and file these procedures within 60 days. As a result of that meeting the Staff and United Cities jointly submit the following Stipulation and Agreement:

1. The Staff and United Cities jointly request an order from the Commission establishing the Commodity ACA balance for the Bowling Green District at an overrecovery of \$24,013 and a Take-or-Pay Balance at an overrecovery of \$8,767.

2. The Staff and United Cities request that the Commission issue an order with regard to the Neeleyville District ACA establishing the Demand ACA balance at an overrecovery of \$8,153, the Commodity ACA balance at an overrecovery of \$35,319 and a Take-or-Pay ACA Balance at an underrecovery of \$277.

3. The Staff and United Cities request that the Commission issue an order with regard to the Hannibal-Canton District ACA establishing a Commodity ACA Balance of \$515,406.10 overrecovery, a Demand ACA Balance at \$108,519.20 underrecovery and Take-or-Pay ACA Balance of \$46,762.81 underrecovery.

4. In order that adequate evaluation can be performed by the Staff in its attempts to review the reasonableness of the Company's purchasing decisions in future audits, United Cities hereby agrees

to maintain adequate and appropriate documentation to support its final purchasing decisions and to maintain that documentation in two separate locations for a period of six years following its use in gas purchasing decisions.

5. This Stipulation and Agreement finally resolves all issues associated with the current WS and PS contracts between United Cities Gas Company and Panhandle Eastern Pipe Line Company (Contract Nos. P-PLS-011660 and P-PLS-011659) and the service mix issue arising from said contracts, for purposes of this docket. No further adjustments, refunds, or disallowances shall be proposed or made in this or any other proceeding with regard to the inability of the Company to produce all of the specific material requested by the Staff in its D.R. 119 in this proceeding. The Company does not admit that it was necessary for it to produce all of the material requested by D.R. 119 in order for a determination of prudence to be made in this docket. Nothing in this paragraph shall be deemed to alleviate or alter the responsibility of United Cities to provide the documentation specified in paragraph 4, above, in future proceedings; however, documentation of the type provided by the Company in response to D.R. 130 shall not be deemed to be inadequate or inappropriate in any future proceeding relating to the above mentioned contracts merely because it was produced after the contract decision was made and/or is presented in a spreadsheet format.

6. This Stipulation and Agreement has been arrived at for the purpose of settling the issues in this case only. Neither the

Staff nor United Cities shall be deemed to have approved or acquiesced in any ratemaking or procedural principle or any method of cost determination, cost allocation, or gas purchasing strategy in this proceeding. Neither the Staff nor United Cities shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in any other proceeding, except as otherwise expressly specified in paragraph 5 herein.

7. In the event the Commission accepts all of the specific terms of this Stipulation and Agreement, United Cities waives their rights to judicial review pursuant to Section 386.510 RSMo (1986) regarding the issues set forth herein.

8. This Stipulation and Agreement has resulted from negotiations between Staff and United Cities and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Stipulation and Agreement in total the Stipulation and Agreement shall be void and neither United Cities nor the Staff shall be bound by any of the agreements or provisions hereof.

WHEREFORE, for the foregoing reasons the Staff of the Public Service Commission of the State of Missouri and United Cities Gas Company requests that the Public Service Commission issue an order setting all 1992-1993 Actual Cost Adjustment balances for the Neeleyville, Bowling Green and Hannibal-Canton Districts of United Cities Gas Company as set out above; directing United Cities Gas Company to adopt the recordkeeping procedures set out above and closing Case No. GR-93-51.

Respectfully submitted,

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Attorney for United Cities

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 20th day of April, 1994.

William M. Shansey

Service List for Case No. GR-93-51

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