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October 5, 2000

Mr. Dale Hardy Roberts  
Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

**FILED<sup>3</sup>**  
OCT 05 2000  
Missouri Public  
Service Commission

**RE: Missouri Public Service - Case No. GR-99-435**

Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding please find an original and eight copies of Missouri Public Service's Response to Staff Recommendation. Please stamp the enclosed extra copy "filed" and return same to me.

If you have any questions concerning this matter, then please do not hesitate to contact me. Thank you very much for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

  
Dean L. Cooper

DLC/rhg

Enclosures

cc: Office of the Public Counsel  
Mr. Dennis Frey  
Mr. Doug Micheel

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

**FILED<sup>2</sup>**  
OCT 5 2000

In the matter of Missouri Public Service's     )  
Purchased Gas Adjustment factors to be     )     Case No. GR-99-435  
Reviewed in its 1998-1999 Actual Cost     )  
Adjustment.     )

Missouri Public  
Service Commission

**RESPONSE  
TO STAFF RECOMMENDATION**

Comes now UtiliCorp United Inc. d/b/a Missouri Public Service ("MPS") and, for its Response to Staff Recommendation, states the following to the Missouri Public Service Commission ("Commission"):

1. On November 8, 1999, the Commission Staff ("Staff") filed a Memorandum containing its recommendation in this matter. This recommendation resulted from Staff's review of tariff sheets filed by MPS to reflect scheduled changes in the cost of natural gas for the upcoming winter season. The tariff sheets were filed on October 26, 1999, to become effective November 9, 1999.

2. On November 8, 1999, the Commission issued its Order Approving Interim Rates wherein, among other things, it approved, on an interim basis, subject to refund, the tariff sheets filed by MPS and ordered that Staff's Procurement Analysis Department be given the time necessary to conduct its audit of this ACA period and to submit its results and recommendations regarding this ACA filing on or before September 1, 2000.

3. On September 1, 2000, the Staff of the Public Service Commission (Staff) filed a recommendation and memorandum representing the results of Staff's review of the 1998-1999 Actual Cost Adjustment (ACA) filing of MPS ("Recommendation"). Thereafter, on September 5, 2000, the Commission issued its Order Directing Response in which it directed MPS to file a response to the recommendation of the Staff of the Commission no later than October 5, 2000.

## **IMBALANCES**

4. Staff states in its Recommendation that a "change in the accounting methodology for pipeline imbalances occurred in April 1999" and requests that a different methodology be used for pricing of the inventory. It is MPS's understanding that the Staff has since decided to modify the proposed methodology. To the extent Staff does so modify its proposal, MPS agrees with the Staff's Recommendation as to Imbalances. MPS reserves the right to address and dispute, if necessary, imbalance accounting if the Staff does not modify its proposal consistent with MPS's understanding, as well as in future proceedings.

## **PEPL TRANSPORTATION COST**

5. Staff proposed a disallowance of \$13,500 of Panhandle Eastern Pipeline Company ("PEPL") demand cost for the Northern System. MPS concurs with this aspect of the Staff Recommendation.

## **RELIABILITY ANALYSIS**

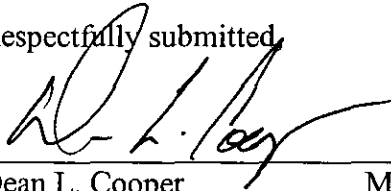
6. Staff also recommends and outlines requirements for MPS to provide certain studies regarding reliability issues for the three systems in the 1999/2000 ACA filing. MPS will file the types of information identified in this request. However, MPS believes that the request contained in Recommendation 2c that MPS "estimate the reserve margin for the 1999/2000 ACA period and for three to five years beyond that" is too long. MPS believes that providing such information for 1999/2000 ACA period and two additional years would be more appropriate. This is because expanded transportation opportunities over the next few years make such analysis highly speculative and of very limited value.

7. Except as identified above, MPS does not object to the Staff Recommendation.

WHEREFORE, MPS prays that the Commission issue such orders as it shall deem just

and reasonable under the circumstances.

Respectfully submitted,



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ATTORNEYS FOR UTILICORP UNITED INC.  
D/B/A MISSOURI PUBLIC SERVICE

**CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing document was either hand-delivered or mailed, U.S. Mail, postage prepaid, on the 5<sup>th</sup> day of October, 2000, to: Dennis L. Frey, Public Service Commission, Governor Office Building, Jefferson City, Mo 65101; and, Douglas Micheel, Office of the Public Counsel, 6th Floor, Governor Office Building, Jefferson City, Mo 65101.

