

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 17th  
day of January, 1992.

In the matter of the application of Missouri Public )  
Service for the issuance of an accounting order relat- ) Case No. GO-91-359  
ing to its gas operations. )  
)

ORDER GRANTING AUTHORITY

Procedural History:

On May 10, 1991, Missouri Public Service (MPS or Company) applied for an accounting authority order (AAO). In effect, Company proposes that the Commission reissue an AAO it granted Company in Case No. GO-90-115, which involved substantially the same issues as the instant matter. Company states that its accelerated compliance with the Commission's gas safety rule and order has caused Company to incur out-of-period gas line replacement and carrying cost expenses. Company proposes, as it did in Case No. GO-90-115, to defer certain items of depreciation expense and carrying costs in Account 186 from January 1, 1991 until Company's "next general gas rate case." Company does not specify the present or expected amount of said expense, but states that the entire project "is expected to exceed \$10 million over several years."

Public Counsel (PC) and the Staff oppose Company's request. PC has also moved for what, in effect, would be retroactive notice to the customers of MPS. The Commission has considered PC's motion for hearing and notice. For the reasons below stated, the Commission denies said motion.

On November 18, 1991, Staff filed its recommendation under seal. Staff continues to oppose Company's request and made copious recommendations regarding AAOs, AAOs in general, and other matters. Staff does not recommend that a hearing be conducted in this particular case, inasmuch as the issues

herein are substantially similar to the two cases previously decided by the Commission, see *infra*. Staff does not, however, oppose Public Counsel's motion for hearing.

On December 2, 1991, MPS replied to Staff's recommendation. Company's central point is that it is asking for nothing more than the Commission permitted in its previous application, and that Company requires an order in this matter which will be effective before January 31, 1992.

Companion Cases:

This case was filed one day after Company filed applications for AAOs regarding certain expenses in its electrical operations. In these companion cases, EO-91-358 and EO-91-360, Company requested an expedited proceeding. Staff and Public Counsel requested, and were granted, a full evidentiary hearing. After hearings and briefs, the Commission issued its Report And Order on December 20, 1991, effective on December 31, 1991. In nearly all respects, the Commission's order in these companion cases disposes of all questions in the instant case. There are, however, issues unique to this case.

Issues Unique to This Case:

At pages 5 and 6 of its decision in EO-91-358, the Commission states that neither a hearing nor notice is required to process an application for an AAO. The Commission fully adopts this statement in this case. Section 393.140(4), R.S.Mo. 1986, requires neither hearing nor notice and the Commission has determined that applications for AAOs are made pursuant to that authority.

The only other issue in this case which is different from the companion electric cases is the particular event or events which give rise to Company's application. Here, Company states that its "accelerated" compliance with the Commission's gas safety rules augurs for deferral of said expense. In the electric cases, Company sought to defer certain costs associated with its

Sibley Plant rebuild and long term power purchase commitments. Although the facts giving rise to Company's applications in its gas and electric operations are different, the facts are not in dispute. The only question before the Commission, therefore, is whether Company's gas operations expenses are "extraordinary." The Commission finds that said expenses are extraordinary inasmuch as they result from Company's compliance with the Commission's gas safety orders. By so finding, the Commission reminds both applicant and the parties that an accounting order does not mandate the recovery of said expenses in rates. That question, as it has always been, is reserved for said time when, as Company states, it seeks a rate increase.

The Commission also finds that for the same reasons as stated in EO-91-358, a time limitation on deferrals is reasonable since deferrals cannot be allowed to continue indefinitely. The Commission finds that a rate case must be filed within a reasonable time after the deferral period for recovery of the deferral to be allowed. In this particular case, the Commission finds that 24 months is a reasonable period. If Company does not file a gas rate case on or before December 31, 1992, no recovery of these costs shall be allowed in any subsequent rate case unless said costs were, in whole or part, incurred in the approved test year.

**IT IS THEREFORE ORDERED:**

1. That Missouri Public Service, a division of UtiliCorp United Inc., be hereby granted authority to book certain of its gas operations costs in Account 186 as described in its application and by this order. If no rate case is filed on or before December 31, 1992, no recovery of these costs shall be allowed in any subsequent rate case unless said costs were, in whole or part, incurred in the approved test year.

2. That Missouri Public Service, a division of UtiliCorp United Inc., shall maintain its books and records in the same manner as directed in the

order in Case No. GO-90-115, and by this order, for the deferrals approved in ordered paragraph 1.

3. That Missouri Public Service, a division of UtiliCorp United Inc., is directed hereby to maintain detailed supporting work papers relating to the monthly accruals of each item booked in Account No. 186 and any capital costs booked to capital accounts in regard to the deferrals approved in ordered paragraph 1.

4. That nothing in this order shall be considered as a finding by the Commission of the reasonableness of the expenditures herein involved, nor as an acquiescence in the value placed upon said properties by Missouri Public Service. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded these expenditures, and their resulting cost of capital, in any later proceeding.

5. That nothing in this order shall be considered as a finding by the Commission of the in-service criteria regarding the costs to be deferred by ordered paragraph 1, the reasonableness of the expenditures, or the recovery of the expenditures.

6. That the motion for hearing and notice filed by the Office of Public Counsel on October 24, 1991, is overruled.

7. That this order shall become effective on 28th day of January, 1992.

BY THE COMMISSION

*Brent Stewart*

Brent Stewart  
Executive Secretary

( S E A L )

McClure, Chm., Rauch and Perkins, CC.,  
concur.

Mueller, C., dissents.

Kincheloe, C., not participating.