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January 24, 2000

GORDON L. PERSINGER
Acting Executive Director
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Director, Utility Operations

ROBERT SCHALLENBERG
Director, Utility Services

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Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

FILED³

JAN 24 2000

Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. GT-2000-424

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of the **STAFF'S MEMORANDUM IN SUPPORT OF ELIMINATION OF TAKE-OR-PAY FACTORS**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Thomas R. Schwarz, Jr.

Thomas R. Schwarz, Jr.
Deputy General Counsel
(573) 751-5239
(573) 751-9285 (Fax)

TRS/lb
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

JAN 24 2000

Missouri Public
Service Commission

In the Matter of the Tariff of Associated)
Natural Gas Company)

Case No. GT-2000-424

STAFF'S MEMORANDUM IN SUPPORT OF ELIMINATION OF TAKE-OR-PAY FACTORS

On January 14, 2000, Associated Natural Gas Company ("ANG"), a division of Arkansas Western Gas Company of Fayetteville, Arkansas, filed a tariff sheet to terminate factors designed to recover certain take-or-pay costs for transportation customers. For the reasons described in the attached Memorandum, the Staff of the Missouri Public Service Commission suggests that the Missouri Public Service Commission approve the tariff change sought by ANG.

Because elimination of the take-or-pay factors will help minimize over-collection of take-or-pay costs, Staff suggests that good cause has been shown pursuant to §393.140(11) RSMo 1994 to authorize the tariff change to occur on less than thirty days notice.

Respectfully submitted,

DANA K. JOYCE

General Counsel

Thomas R. Schwarz, Jr.

Thomas R. Schwarz, Jr.
Deputy General Counsel
Missouri Bar No. 29645

Attorney for the Staff of the
Missouri Public Service Commission
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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 24th day of January 2000.

Thomas R. Schwary Jr.

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GT-2000-424, File No. 200000632,
Associated Natural Gas Company

FROM: Tom Imhoff, Gas Department - Tariffs/Rate Design *tom*

Bobdar Hattis
Utility Operations Division/Date *1/24/00*

Thomas R. Schumacher Jr.
General Counsel's Office/Date *1/24/00*

SUBJECT: Staff Recommendation For Associated Natural Gas Company's
Termination of Court Ordered Take-or-Pay Costs.

DATE: January 21, 2000

On January 14, 2000, Associated Natural Gas Company (ANG or Company), a division of Arkansas Western Gas Company of Fayetteville, Arkansas, filed a tariff sheet with an effective date of February 14, 2000. The tariff sheet was filed to reflect the termination of certain court ordered take-or-pay (TOP) recovery factors for transportation customers of ANG in its Kirksville and SEMO districts. The Butler district does not have a TOP factor applicable to their transportation customers. In its letter accompanying this filing, the Company requested that this filing be allowed to go into effect on February 1, 2000 with less than thirty days notice to preclude over-recovery.

ANG was allowed to recover TOP costs from its transportation customers pursuant to an order issued by the Circuit Court of Cole County, Missouri, in Case No. CV1951071CC. In Tariff File No. 9800636, the Commission ordered the recovery of TOP costs for SEMO, Kirksville and Butler Districts of \$483,066.51, \$42,220.08 and \$379.68, respectively. The Butler District's TOP costs were terminated in Case No. GR-99-392. The recovery period for these costs was set as March 1, 1998 through February 29, 2000, except that the Company may implement an early or delayed termination of the factor to minimize over- or under-recovery. To minimize the over-recovery of these costs, ANG is requesting to terminate the TOP factors for its Kirksville and SEMO districts effective February 1, 2000.

This filing is not considered a scheduled or unscheduled Purchased Gas Adjustment (PGA) filing. However, because other factors contained on this tariff sheet have been approved by the Commission on an interim subject to refund basis pending final Commission decisions in Actual Cost Adjustment (ACA) Case Nos. GR-97-191, GR-98-399 and GR-99-392, this filing must also be approved interim subject to refund.

The Commission's Gas Department - Tariffs/Rate Design Staff (Staff) has reviewed this filing and has determined that the termination of these TOP factors is reasonable and should be granted. Staff, with the exception of the ACA cases listed above, is unaware of any issue currently pending before the Commission that affects or is affected by this filing. Staff is also of the opinion that good cause is demonstrated by ANG's request to allow this tariff sheet to go into effect on less than thirty days notice to minimize ANG's over-collection of TOP costs. Therefore, Staff recommends that the following tariff sheet be approved to become effective, February 1, 2000, interim subject to refund:

P.S.C. MO. No. 6

18th Revised Sheet No. 16T, Cancelling 17th Revised Sheet No. 16T

Appendix A

Service List for
Case No. GT-2000-424
January 24, 2000

Office of the Public Counsel
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