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June 6, 2001

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Director, Utility Services

DONNA M. KOLILIS
Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

FILED³

JUN 06 2001

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

Missouri Public
Service Commission

RE: Case No. GR-99-435

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF STATUS REPORT**.

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,

Robert V. Franson
Assistant General Counsel
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(573) 751-9285 (Fax)
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RVF:ccl
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²
JUN 6 2001

Missouri Public
Service Commission

In the Matter of Missouri Public Service's)
Purchased Gas Adjustment Factors to be)
Audited in its 1998 – 1999 Actual Cost)
Adjustment.)

Case No. GR-99-435

STAFF STATUS REPORT

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and respectfully states as follows:

1. On February 6, 2001, the Commission granted the Staff's Motion to Suspend Order to File Proposed Procedural Schedule in this case and directed Staff to file a progress report indicating the status of this case no later than June 6, 2001.

2. Staff and Missouri Public Service ("MPS") have been discussing the imbalance issues and the Put/Call Issues raised in GO-2001-249.

3. Staff proposes to file its final recommendation in this case on August 31, 2001.

4. In the attached Memorandum (Appendix A), Staff presents its Status Report.

WHEREFORE, Staff recommends that the Commission issue its order in this case consistent with Staff's recommendations including the filing of Staff's Recommendation on or before August 31, 2001.

Respectfully submitted,

DANA K. JOYCE
General Counsel

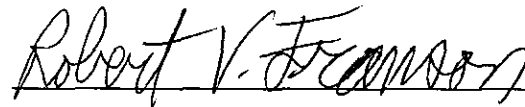


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Certificate of Service

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 6th day of June, 2001.



MEMORANDUM

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

FROM: Phil Lock and Dave Sommerer - Procurement Analysis Department
[Signature] 6-6-01 *[Signature]* 6-6-01
Project Coordinator/Date General Counsel's Office/Date

SUBJECT: Progress Report in Missouri Public Service Company's 1998-1999 Actual Cost Adjustment Filing

DATE: June 6, 2001

The Procurement Analysis Department (Staff) has reviewed the 1998-99 Actual Cost Adjustment (ACA) filing of Missouri Public Service (MPS or Company), a division of UtiliCorp United, Inc. This filing was made on October 26, 1999, and was docketed as Case No. GR-99-435. Staff's ACA recommendation was filed on September 1, 2000. The Company filed a response to Staff's ACA recommendation on October 5, 2000 that included concerns about Staff's proposed methodology of pricing imbalances. The purpose of this Progress Report is to address the current status of this imbalance issue and other issues pertinent to this case.

Staff is also conducting an audit of the put and call transactions during this ACA period and other aspects of the anonymous letter that are the focal points of Case No. GO-2001-249. Any adjustment(s) developed from GO-2001-249 will be included in Staff's final recommendation in Case GR-99-435. The Staff proposes to submit its final recommendation in Case GR-99-435 on or before August 31, 2001.

IMBALANCES

MPS changed its accounting methodology for pricing pipeline imbalances in April 1999. The volume imbalances are now priced out monthly and are recorded as monthly transactions on the Company's books. Previously MPS performed a yearly reconciliation of imbalances. This change affects the Northern, Southern, and Eastern Systems.

Staff is currently discussing with the Company a process of pricing imbalances for the Company's three districts. Staff recommends that the Company apply the current month approach to pricing imbalances whereby the current monthly index price be applied to the current month imbalance. A weighted average cost of gas is then applied to the monthly imbalance activity. Recently the Company analyzed Staff's approach to pricing imbalances and expressed some concern over Staff's pricing methodology. Staff is currently reviewing MPS's concerns and will submit its response to MPS in its final recommendation on or before August 31, 2001.

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Official Case File Memorandum,
June 6, 2001, Page 2 of 2

PUT/CALL TRANSACTIONS

In the context of Case GO-2001-249, the Staff is conducting an audit of all put and call transactions for the 1998-1999 ACA period that had an impact on the regulated activities of Utilicorp, namely MPS. Some of these transactions may have exposed the regulated customers to some price risks. The Staff is in the process of quantifying the affect of these transactions and will include the results of its review in its August 31, 2001 ACA recommendation.

Service List for
Case No. GR-99-435
Revised: June 4, 2001 (ccl)

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