



**MISSOURI GAS ENERGY**

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**FILED<sup>2</sup>**

APR 27 2001

Missouri Public  
Service Commission

**ROBERT J. HACK**

Vice President, Pricing & Regulatory Affairs

April 26, 2001

Mr. Dale Hardy Roberts  
Secretary and Chief Regulatory Law Judge  
Missouri Public Service Commission  
200 Madison Street  
P.O. Box 360  
Jefferson City, MO 65102-0360

~~RECEIVED<sup>2</sup>~~

~~APR 27 2001~~

~~Public Service Commission  
Records~~

60-2000-705

Dear Mr. Roberts:

Enclosed for filing on behalf of Missouri Gas Energy ("MGE") is an original and three (3) conformed copies of the following revised tariff sheets (all P.S.C. MO. No. 1):

Revised

Third Revised Sheet No. 24.8  
Third Revised Sheet No. 24.11  
Third Revised Sheet No. 24.12  
Fourteenth Revised Sheet No. 24.13  
First Revised Sheet No. 24.14  
First Revised Sheet No. 24.15  
First Revised Sheet No. 24.16  
First Revised Sheet No. 24.18  
First Revised Sheet No. 24.31

Canceled

Second Revised Sheet No. 24.8  
Second Revised Sheet No. 24.11  
Second Revised Sheet No. 24.12  
Thirteenth Revised Sheet No. 24.13  
Original Sheet No. 24.14  
Original Sheet No. 24.15  
Original Sheet No. 24.16  
Original Sheet No. 24.18  
Original Sheet No. 24.31

These revised tariff sheets bears an issue date of April 27, 2001, and a proposed effective date of May 27, 2001.

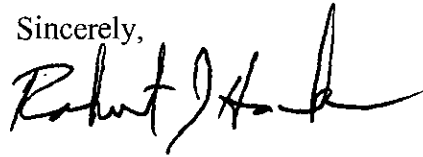
The purpose of these revised sheets is to eliminate the \$2.25 trigger price mechanism. Also filed concurrently herewith under separate cover in Case No. GO-2000-705 is Missouri Gas Energy's Response To Staff Recommendation; Request For Expedited Consideration, which relates to this tariff submission.

Copies of this filing have been mailed or hand-delivered to the Office of the Public Counsel.

200101090

Thank you for bringing this matter to the attention of the Commission and the appropriate Commission personnel. Please contact me if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Hark". The signature is fluid and cursive, with a long horizontal stroke at the end.

CC: Doug Micheel  
Mike Langston  
Tim Schwarz

Missouri Gas Energy,  
a Division of Southern Union Company  
Name of Issuing Corporation

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

APPLICATION

Sheets 24.8 through 24.32 are filed in order to implement a Fixed Commodity Price PGA ("FCP") consistent with the Commission's Report and Order approving the Stipulation and Agreement in Case No. GO-2000-705 as amended. These sheets supplant the operation of the Purchased Gas Adjustment clause (PGA) as described in Sheets 14 through 24.7 for a period of two (2) years as provided in the Stipulation and Agreement approved by the Commission in Case No. GO-2000-705 as amended.

The Company will charge customers, through the FCP, costs incurred by the Company for the procurement of natural gas commodity and for pipeline transportation and storage services. The FCP shall include governmentally authorized pipeline take-or-pay and transition costs, pipeline refunds, procurement and capacity incentives, and annual reconciliation of these costs. The charge on the customer's bill is calculated by multiplying the customer's usage by the respective current effective PGA Rate or the Total FCP Rate shown on Sheet No. 24.32 as described under this FCP.

All references to the PGA in the company's tariff shall be construed to mean this Fixed Commodity Price PGA, while the FCP is effective.

These sheets 24.8 through 24.32 inclusive shall remain in effect, and the effectiveness of Sheets 14 through 24.7 shall be held in abeyance, until this procedure ends at some point after two (2) years has elapsed as provided in the Stipulation and Agreement approved by the Commission in Case No. GO-2000-705 as amended, or changes to these sheets become effective pursuant to law.

I. DESCRIPTION OF THE FIXED COMMODITY PRICE PGA

The Current Cost of Gas shall be determined according to the provisions of this FCP clause. The Transportation and Storage component is determined based on the cost of pipeline transportation and storage services subject to the provisions below. For the purpose of the FCP, the term "supplier" shall include any

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Unscheduled Winter PGA Filing -- In addition to these two scheduled PGA filings, the Company may also make one Unscheduled Winter PGA Filing in the period between the effective date of the Winter PGA Filing and the next Summer PGA Filing, provided that at the time of such Unscheduled Winter PGA Filing, there is:

- (a) a projected under-recovery in the Company's Deferred Carrying Cost Balance (DCCB), as defined in Section IV of this FCP clause, equal to or greater than fifteen percent (15%) of the Company's average annual level of gas commodity costs for the three (3) then most recent ACA periods (hereinafter referred to as the "Annual Gas Cost Level") or
- (b) a projected over-recovery equal to or greater than ten percent (10%) of the Company's Annual Gas Cost Level. The projected under- or over-recovery shall be determined by adding:
  - (1) the actual net over- or under-recovery amount in the DCCB at the time the Unscheduled Winter PGA Filing is made, and
  - (2) the estimated DCCB related over- or under-recovery amount which, based on the Company's actual gas commodity costs at the time of the Unscheduled Winter PGA Filing, would otherwise occur in the ensuing monthly period absent the filing.

The Unscheduled Winter PGA Filing shall be made at least ten (10) business days prior to the proposed effective date.

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II. CALCULATION OF CCG

For the purpose of the computations herein, "commodity-related" shall mean gas costs relating to gas supply commodity charges, variable transportation charges, and other FERC-authorized variable charges excluding any amounts for FERC authorized Take-or-Pay (TOP) or Transition Cost (TC) charges. It shall also include the Price Stabilization Charge defined in Section XI of this FCP clause.

"Demand related" shall mean fixed (non-volumetric) costs relating to gas supply demand charges, fixed transportation charges, fixed storage charges and other FERC-authorized fixed charges excluding any amounts for FERC authorized Take-or-Pay (TOP) or Transition Cost (TC) charges.

The CCG will be the sum of Commodity-Related charges and Demand-Related charges and will be determined in accordance with the following:

A. Commodity-Related Charges

The Commodity-Related Charge cost component per Ccf shall be determined by the Company using any method it deems reasonable provided that:

- (1) for any scheduled PGA filing such estimate shall not exceed a per Ccf cost equal to the higher of:
  - (a) the Company's actual commodity-related gas cost per Ccf for currently purchased gas supplies and services in the month in which the PGA filing is made; or
  - (b) the average of

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(1) the highest weighted average commodity-related gas cost per Ccf actually incurred by the Company for currently purchased gas supplies in a single season ACA period and

(2) the overall weighted average commodity-related gas cost per Ccf actually incurred by the Company for currently purchased gas supplies and services

in the applicable winter or summer period during the three (3) then most recent ACA periods.

(2) for any Unscheduled Winter PGA Filing, such estimate shall not exceed a per Ccf cost equal to the Company's actual commodity-related gas cost per Ccf for currently purchased gas supplies and services in the month in which such Unscheduled Winter PGA Filing is made.

B. Demand-Related

The Demand Related per Ccf cost component is to be calculated by dividing the annual demand related costs, using the most current FERC and supplier rates, as defined in this section by estimated annual sales as set forth in Section IX of this FCP clause.

III. CALCULATION OF THE TRANSPORTATION AND STORAGE COMPONENT (TSC)

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TSC – For the purpose of the FCP, the transportation and storage cost component shall be based on the current cost of contracted pipeline transportation and storage services as of the date of the filing and shall also include the Price Stabilization Charge defined in Section XI of this FCP clause. The Actual Cost Adjustment Account (ACA) shall be credited or debited for the over-recovery or under-recovery to reflect the annual reconciliation of actual purchased pipeline service costs with the recovery of such costs.

- A. Maximum Daily Quantities ("MDQ") – System sales customers and the Company shall share savings from any reduction in the level of contract MDQs in accordance with the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705.
- B. Transportation Rate Discounts – If the Company secures a new transportation discount that produces savings which exceed savings produced by any currently achieved level of discounts, such savings shall be shared between customers and the Company in accordance with the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705.
- C. Mix of Transportation Services – To the extent that the Company achieves transportation savings by use of alternate transportation services, such savings shall be shared between customers and the Company in accordance with the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705.
- D. Transportation and Storage Demand Charge Cost Recovery – recovery of transportation and storage demand charges shall be determined in accordance with the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705. At the end of the ACA period, expense and revenue attributable to these items shall be trued-up to actual.

IV. DEFERRED COST - ACTUAL COST ADJUSTMENT ACCOUNTS

A. Actual Cost Adjustment Account (ACA)

The Company shall establish and maintain a Deferred Cost – Actual Cost Adjustment Account (ACA) which shall be credited with any over-recovery of pipeline service costs, and gas commodity costs if applicable, resulting from the operation of the Company's Fixed Commodity Price PGA procedure or debited for any under-recovery resulting from same. Such over- or under-recovery shall

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be determined by a monthly comparison of the actual total cost of gas commodity costs if applicable, pipeline transportation and storage services and the cost recovery for the same month.

During the term of this program, the ACA factor shall be used to balance gas commodity, transportation and storage cost recovery with gas commodity, transportation and storage cost incurrence for periods prior to the effectiveness of the fixed commodity price component of the PGA. The ACA factor shall not be used to balance gas commodity cost recovery with gas commodity cost incurrence for periods during the effectiveness of the fixed commodity price component of the PGA; provided, however, that for periods during the effectiveness of the fixed commodity price component of the PGA volumes and expenses associated with lost and unaccounted-for gas on MGE's side of the city gate, compression fuel on the interstate pipeline systems (including, where permitted by FERC tariff, lost and unaccounted for gas on the interstate pipeline systems) and Btu conversion shall be trued-up in the ACA process. Consistent with the provisions of Paragraphs III and IV of the Stipulation and Agreement approved by the Commission in Case No. GO-2000-705, the ACA factor shall be used to balance gas transportation and storage cost recovery with gas transportation and storage cost incurrence for periods during the term of this program.

1. The "cost recovery" for a particular month shall be determined by calculating the product of the volumes billed during the month and the sum of that month's regular Purchased Gas Cost factors and the prior year ACA, as hereinafter defined. To this total, shall be added the demand-related purchased gas costs billed directly to customers (see Section VIII. of this FCP clause). The fixed TOP recovery factor, the fixed TC recovery factor and the refund factor shall be excluded from this calculation.

The "cost of gas" for a particular month will be calculated by using the as billed cost of gas shown on the books and records of the Company, but exclusive of refunds and fixed TOP charges and TC charges. The cost of gas includes the cost of gas commodity, transportation and storage.

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The ACA Account shall be adjusted for those revenues received by the Company for the release of pipeline transmission capacity to another party other than those revenues which are retained by the Company as described in Section X of this FCP clause.

For each twelve-month billing period ended June 30, the differences between the cost of gas under Section IV. A. 1.; versus the cost recovery (as defined in Section IV. A. 1.) and described herein, including any balance for the previous year shall be accumulated to produce a cumulative balance of over-recovered or under-recovered costs. An ACA shall be computed by dividing the cumulative balance of under-recoveries or over-recoveries by the annual volumes set out in Section IX of this FCP clause.

This adjustment shall be rounded to the nearest \$0.00001 per Ccf and applied to the following Winter FCP and subsequent Summer FCP.

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Commission in Case No. GO-2000-705 as amended, commodity-related gas costs shall be subject to audit and prudence review. Pipeline transportation and storage costs shall be subject to audit and prudence review.

V. REFUND PROVISIONS

Residential, Small General, Large General and Unmetered Gaslight Customers:

For the purpose hereof, unless the Missouri Public Service Commission shall otherwise order, refunds or a balance in the refund account in excess of \$75,000 (including interest from suppliers) received by the Company from charges paid and recovered through the PGA/EGCIM/FCP applicable to its Residential, Small General, Large General and Unmetered Gaslight customers, shall be refunded to such customers as a reduction in PGA rates. After receipt of a refund in excess of \$75,000 or the balance reaching \$75,000, the Company shall file with the Commission, at the time of its Winter or Summer or unscheduled Winter FCP filing, and propose to make effective, the appropriate FCP Statement reflecting the decrease and an associated statement showing the computation of the refund adjustment. After receipt of any refund in excess of \$75,000 prior to the effective date of this tariff sheet or the balance reaching \$75,000 prior to the effective date of this tariff sheet, the Company shall file with the Commission, and propose to make effective with the appropriate September, 1997 PGA Statement reflecting the decrease and an associated statement showing the computation of the refund adjustment.

The Company will add interest to the refunds received from its suppliers applicable to (1) the amount of the refund from the date of its receipt by the Company to the beginning date of the refund adjustment period, and (2) the average amount of the total refund estimated to be outstanding during the refund adjustment period. Such interest shall be calculated at the rate of 6 percent per annum compounded annually. For each refund distribution period, the interest to be added by the Company shall be included in determining the refund credits to be applied to bills.

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XIII. FIXED COMMODITY PRICE ADJUSTMENT STATEMENT

Any increase or decrease in the Total FCP Rate shall be applied to customers' bills for service rendered on and after the effective date of the change. Bills computed which contain multiple Total FCP Rate changes during a customer's billing cycle shall be prorated between the old and new rates in proportion to the number of days in the customer's billing cycle that such rates were in effect. Rates are shown as a summary statement on Sheet No. 24.32 in hundred cubic feet (Ccf).

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