

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

In the Matter of Aquila Networks - MPS'     )  
Purchased Gas Adjustment factors to be     )  
reviewed in its 1999-2000 and 2000-2001     )  
Actual Cost Adjustment.                     )

Case No. **GR-2001-461**  
(Consolidated)

**UNANIMOUS STIPULATION AND AGREEMENT**

COME NOW Aquila, Inc. d/b/a Aquila Networks - MPS ("MPS"), the Staff of the Missouri Public Service Commission (Staff) and the Office of the Public Counsel ("OPC"), and submit this Unanimous Stipulation and Agreement ("Stipulation and Agreement") for approval by the Missouri Public Service Commission (Commission). This Stipulation and Agreement resolves all remaining issues in this Actual Cost Adjustment ("ACA") proceeding as follows:

1. This case concerns the 1999-2000 (GR-2000-520) and the 2000-2001 Purchased Gas Adjustment (PGA) (GR-2001-461) filing and Actual Cost Adjustment (ACA) filings of MPS. GR-2000-520 and GR-2001-461 were consolidated by the Commission on May 22, 2001 under Case No. GR-2001-461.

2. The Parties agree that four issues remain in this case:

(a) Staff has proposed that storage withdrawals for MPS's Northern System be priced at the prior month weighted average cost of gas (WACOG) resulting in a reduction in gas costs to the Northern System in the 2000-2001 case of \$28,830;

(b) Second, Staff has proposed an adjustment to reduce gas costs on MPS's Eastern System by \$197,771 based upon MPS's purchasing practices during the 2000-2001 ACA period;

(c) Third, Staff has proposed an adjustment to reduce gas costs on MPS's Southern System by \$1,010,503, based upon MPS's use of flowing gas and storage withdrawals purchasing practices during the 2000-2001 ACA period;

(d) Fourth, Staff and MPS previously reached an agreement concerning \$76, 466 in puts and call adjustments.

3. The Parties initiated discussions to determine whether an amicable settlement of the remaining issues was possible. As a result of those discussions, the Parties have now reached a resolution and settlement of the above issues that they believe to be reasonable and beneficial to ratepayers in this case and recommend the Commission approve this Stipulation and Agreement as being in the public interest.

4. Consistent with the Direct Testimony of Staff witness, Phil S. Lock, the parties agree that Company will forego carrying costs (interest) associated with the Deferred Carrying Cost Balance (DCCB) from March 2001 to August 2001 and not to defer these costs into the future.

5. The Parties agree that MPS will recalculate storage withdrawals for MPS's Northern System utilizing Staff's methodology. That is, such withdrawals will be priced at the prior month weighted average cost of gas (WACOG) resulting in a reduction in gas costs to the Northern System in the 2000-2001 ACA case of \$28,830. Due to the timing of MPS's 2001-2002 ACA filing (Case No. GR-2002-392), MPS was not able to incorporate Staff's methodology for storage withdrawals in this ACA filing. MPS's storage withdrawals will, therefore, be amended by Staff as part of its audit in this ACA filing only to utilize Staff's methodology. All subsequent ACA filings will be amended by Company to utilize this same methodology.

6. The parties further agree that gas costs on MPS's Eastern System will be reduced by \$100,000 and gas costs on MPS's Southern System will be reduced by \$200,000, beginning with the Company's November 1, 2003 filing.

7. The parties agree to split the \$76,466 difference involving Puts and Calls. (See Direct Testimony on Staff Witness Phil Lock at 3). This will reduce the cost of gas by \$38,233 on the Southern System (Id. at 3). This adjustment is included in the 1999-2000 and 2000-2001 ACA balance tables developed by Staff.

8. As indicated in MPS's response to the Staff Recommendation, the parties agree that Staff's Recommendation regarding the DCCB will be implemented. Staff's Recommendation increases gas costs to the Southern System by \$12,289 and increases gas costs to the Northern System by \$5,978.

9. The parties agree that Staff's adjustments referred to in paragraphs Nos. 6, 7, and 8 will be included in the Company's November 2003 PGA filing. The adjustment referred to in paragraph No. 5 will be included in MPS's Spring 2003 filing.

10. The parties further agree that the Staff recommendation in the consolidated cases, Case Nos. GR-2000-520 and GR-2001-461, that was filed on July 9, 2002 contained recommendation 3 related to actions to be taken by the Company by November 1, 2002 related to the Company's policies and procedures for nomination of natural gas to include information contained in the Staff summary point 7. The Staff recommendation also contained recommendation 4a through 4f related to actions to be taken by the Company by November 1, 2002 related to the Company's reliability analysis. In the Response to Staff Memorandum and Recommendation filed August 12, 2002, MPS states that it does not object to providing a copy of its policies and procedures, as a guideline for those responsible for nomination of natural gas.

Additionally, in the Response to Staff Memorandum and Recommendation, the Company states that MPS does not object to providing the information requested by Staff in Recommendation 4a-4f. MPS has provided this information and Staff is reviewing this information.

11. This Stipulation and Agreement shall become effective upon Commission approval without modification by final Commission order. Such order becomes "final" either by issuance of a Commission order on rehearing or, if no rehearing request is filed, thirty (30) days after issuance of the Commission's order approving the Stipulation, or such other effective dates selected by the Commission.

12. a. This Stipulation and Agreement has resulted from extensive negotiations among the Parties and the terms hereof are interdependent. In the event the Commission does not adopt this Stipulation and Agreement in total, then this Stipulation and Agreement shall be void and no Party shall be bound by any of the agreements or provisions hereof. The stipulations herein are specific to the resolution of this proceeding, and all stipulations are made without prejudice to the rights of the Parties to take other positions in other proceedings.

b. This Stipulation and Agreement is being entered into for the purpose of disposing of all issues in this case. None of the Parties to this Stipulation and Agreement shall be deemed to have approved, accepted, agreed, consented or acquiesced to any accounting principle, ratemaking principle or cost of service determination underlying, or supposed to underlie any of the issues provided for herein.

c. All parties further understand and agree that the provisions of this Stipulation and Agreement relate only to the specific matters referred to in the Stipulation and Agreement and no Party waives any claim or right which it otherwise may have with respect to any matters not expressly provided for in this Stipulation. All parties further reserve the right to withdraw their

support for the settlement in the event that the Commission modifies the Stipulation and Agreement in a manner which is adverse to the party withdrawing its support and further, all parties reserve the right to contest any such Commission order modifying the settlement in a manner which is adverse to the party contesting such Commission order.

13. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties waive, with respect to the issues resolved herein: their respective rights pursuant to Section 536.070(2), RSMo 2000 to call, examine and cross-examine witnesses; their respective rights to present oral argument or written briefs pursuant to Section 536.080.1, RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2000; their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510, RSMo 2000. If this Stipulation and Agreement is not approved by the Commission, the Parties request that a revised procedural schedule be established which provides for a hearing, to include the opportunity for cross-examination.

14. The Staff shall, within seven (7) days of the filing of this Unanimous Stipulation and Agreement, file with the Commission suggestions or a memorandum in support of this Unanimous Stipulation and Agreement and the other parties shall have the right to file responsive suggestions within five (5) days of receipt of Staff's memorandum.

15. The Staff shall also have the right to provide, at any agenda meeting at which this Unanimous Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, promptly provide other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff.

Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

16. To assist the Commission in its review of this Unanimous Stipulation and Agreement, the Parties also request that the Commission advise them of any additional information that the Commission may desire from the parties relating to the matters addressed in this Stipulation and Agreement, including any procedures for furnishing such information to the Commission.

### **CONCLUSION**

WHEREFORE, the undersigned Parties respectfully request that the Commission issue its Order:

a) Approving all of the specific terms and conditions of this Unanimous Stipulation and Agreement and approving the balances for Case No. GR-2001-461 attached hereto as Appendix A;

b) Closing this case; and,

c) Granting such further relief as the Commission should find reasonable and just.

1999-2000 ACA Description	Beginning ACA Balance Per Filing	Staff Adjustments	Ending ACA Balance Per Filing
Southern System: Firm ACA	\$999,473	(A) (\$74,956)	\$924,517
Interruptible ACA	(\$9,563)		(\$9,563)
Take-or-Pay	\$0		\$0
Transition Cost	\$0		\$0
DCCB	\$959		\$959
Refund	(\$228,693)		(\$228,693)
Northern System: Firm ACA	\$695,965	(B) (\$5,364)	\$690,601
Interruptible ACA	\$104,100		\$104,100
Take-or-Pay	\$0		\$0
Transition Cost	\$0		\$0
DCCB	\$1,009		\$1,009
Refund	(\$42,426)		(\$42,426)
Eastern System: Firm ACA	\$872,699	(C) (\$13,670)	\$859,029
DCCB	\$15,232		\$15,232

- A) Put/Call issue.  $(\$78,044) + (\$19,116) [(\$38,233 \times \frac{1}{2})]$  Per agreement between Staff and Company) - \$22,204 (Adjustment already filed by Company) = (\$74,956).
- B) Put/Call issue. Per Agreement between Staff and Company.
- C) Put/Call issue.  $(\$23,405) - \$9,735$  (Adjustment already filed by Company) = (\$13,670).

2000-2001 ACA Description	Beginning Balances Per Filing	Staff Adjustments	Ending Balances Per Filing
Southern System: Firm ACA	\$6,117,964	(A) (\$370,517)	\$5,747,447
Interruptible ACA	(\$9,563)		(\$9,563)
Take-or-Pay	\$0		\$0
Transition Cost	\$0		\$0
DCCB	\$109,760	\$12,289	\$122,049
Refund	\$233,613		\$233,613
Northern System: Firm ACA	\$774,705	(B) (\$28,830)	\$745,875
Interruptible ACA	\$104,100		\$104,100
Take-or-Pay	\$0		\$0
Transition Cost	\$0		\$0
DCCB	\$12,442	\$5,978	\$18,420
Refund	(\$9,027)		(\$9,027)
Eastern System: Firm ACA	\$1,094,048	(C) (\$100,000)	\$994,048
DCCB	\$33,607		\$33,607

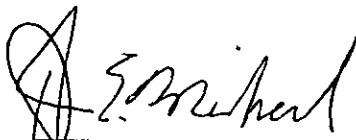
- A) Put/Call issue.  $(\$151,400) + (\$19,117) [(\$38,233 \times \frac{1}{2})]$  Per agreement between Staff and Company) = (\$170,517).  
Purchasing Practices issue. The parties agree that gas costs on MPS's Southern System will be reduced by \$200,000 beginning with the Company's November 1, 2003 filing.
- B) Storage issue. Per agreement between Staff and Company.
- C) Purchasing Practices issue. The parties agree that gas costs on MPS's Eastern System will be reduced by \$100,000 beginning with the Company's November 1, 2003 filing.

Per the agreement between Staff and Company in Case Nos. GR-2000-520 & GR-2001-461, the parties agree to settle the Put/Call difference of \$76,466 by one-half or \$38,233. In these ACA balance tables \$38,233 ( $\$76,466/2$ ) is split evenly between the 1999-2000 and 2000-2001 ACA periods (per footnote "A").



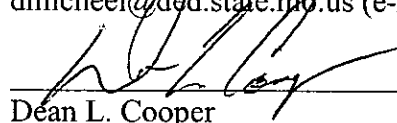
Respectfully submitted,

DANA K. JOYCE  
General Counsel



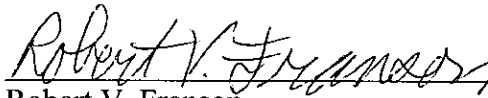
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#### Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or e-mailed to all counsel of record this 29<sup>th</sup> day of January 2003.

