



**Associated Natural Gas
Company**

A division of Arkansas Western Gas Company

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October 14, 1998

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

FILED
OCT 15 1998
Missouri Public
Service Commission

GR-98-399

Dear Mr. Roberts:

Enclosed are an original and three copies of the Winter PGA Filing and the annual Actual Cost Adjustment (ACA) filing for Associated Natural Gas Company. Based on these filings, Associated proposes changes in the RPGA, Regular Take-or-Pay, Regular Transition Cost, ACA, and Pipeline Refund factors for each of its three districts, Southeast Missouri, Kirksville and Butler. No changes are proposed for the Court-Ordered Take-or-Pay and Pre-March 1996 Transition Cost factors as these factors were made effective on March 1, 1998, and October 1, 1998, respectively, and are to remain in effect for 24 and 36 month recovery periods, respectively. The combination of these filings will increase annualized customer billings by approximately \$2,113,000 in Southeast Missouri and \$253,000 in Kirksville while producing a decrease of approximately \$338,000 in Butler. The changes in the factors are reflected on the "Adjustment Statement," 15th Revised Sheet Number 16T, which cancels the 14th Revised Sheet Number 16T of the Company's tariffs.

The Winter PGA filing includes schedules supporting the changes in the RPGA factors while the ACA filing contains exhibits and workpapers supporting the revised ACA, Regular Take-or-Pay, Regular Transition Cost and Pipeline Refund factors. In accordance with the tariff provisions concerning interest on the deferred carrying cost balance, Associated has credited interest to the ACA account for the Butler District firm customer classification. Also included in the ACA filing is an update to the demand study in support of revised demand allocation factors used to allocate the demand portion of gas cost between the Arkansas jurisdiction and the portion of the Southeast Missouri district interconnected with Arkansas and an updated demand study to allocate demand costs between firm and interruptible customer classes in each district. The Company proposes that these demand allocation factors be in effect for the 1998-1999 ACA period.

The tariff sheet bears an issue date of October 15, 1998, and an effective date of November 1, 1998. An early review and approval would be greatly appreciated.

Sincerely,

Mark S. Kidd

Mark S. Kidd
Manager, Regulatory Analysis
and Administration

Enclosures

9900304

Associated Natural Gas Company
ACA and Winter PGA Filings
October 14, 1998
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cc: Office of Public Counsel
P. O. Box 7800
Jefferson City, MO 65102

ASSOCIATED NATURAL GAS COMPANY

FOR All Districts - See Index

COMMUNITY, TOWN OR CITY

A Division of Arkansas Western Gas Company

PURCHASED GAS ADJUSTMENT CLAUSE (CONT'D)

ADJUSTMENT STATEMENT

As provided in this Purchased Gas Adjustment Clause, the following adjustments per CCF by customer classification will be made to the Company's rate schedules:

Customer Classification	RPGA	Regular TOP	Court- Ordered TOP	Regular Transition Cost	Pre-March 1996 Transition Cost	ACA	Refund	Total PGA
BUTLER DISTRICT:								
Firm Sales	\$0.36377	\$0.00000	\$0.00000	\$0.01189	\$0.00000	(\$0.03299)	(\$0.00515)	\$0.33752
Interruptible Sales	\$0.30171	\$0.00000	\$0.00000	\$0.01189	\$0.00000	(\$0.00562)	(\$0.00127)	\$0.30671
Transportation	N/A	\$0.00000	\$0.00068	\$0.01189	\$0.00000	N/A	N/A	\$0.01257
KIRKSVILLE DISTRICT:								
Firm Sales	\$0.38806	\$0.00000	\$0.00000	\$0.00000	\$0.00000	(\$0.01379)	(\$0.03541)	\$0.33886
Interruptible Sales	\$0.26546	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00686	(\$0.01171)	\$0.26061
Transportation	N/A	\$0.00000	\$0.00861	\$0.00000	\$0.00176	N/A	N/A	\$0.01037
SEMO DISTRICT:								
Firm Sales	\$0.42174	\$0.00000	\$0.00000	(\$0.00033)	\$0.00000	\$0.00912	(\$0.00495)	\$0.42558
Interruptible Sales	\$0.30100	\$0.00000	\$0.00000	(\$0.00033)	\$0.00000	\$0.03763	(\$0.00177)	\$0.33653
Transportation	N/A	\$0.00000	\$0.01230	(\$0.00033)	\$0.00364	N/A	N/A	\$0.01561

DATE OF ISSUE October 15, 1998DATE EFFECTIVE November 1, 1998ISSUED BY Greg D. Kerley, Senior Vice President-Finance and Chief Financial Officer, Fayetteville, Arkansas

(NAME OF OFFICER, TITLE, ADDRESS)

Associated Natural Gas Company
Missouri ACA and Winter PGA Filings Effective November 1, 1998
Calculation of Annualized Increase/(Decrease) in Customer Billings

Description	Southeast Missouri			Kirksville			Butler		
	Firm	Interruptible	Transportation	Firm	Interruptible	Transportation	Firm	Interruptible	Transportation
Total PGA Rate per Ccf:									
15th Revised Sheet 16T	\$0.42558	\$0.33653	\$0.01561	\$0.33886	\$0.26061	\$0.01037	\$0.33752	\$0.30671	\$0.01257
14th Revised Sheet 16T	\$0.37636	\$0.29269	\$0.01672	\$0.34961	\$0.16690	\$0.01037	\$0.39709	\$0.52155	\$0.02491
Increase/(Decrease)	\$0.04922	\$0.04384	(\$0.00111)	(\$0.01075)	\$0.09371	(\$0.00000)	(\$0.05957)	(\$0.21484)	(\$0.01234)
Annual Ccf Usage	37,110,050	7,027,120	19,279,941	7,591,290	3,574,070	NA	3,868,640	501,940	NA
Annualized Increase/(Decrease)	\$1,826,557	\$308,069	(\$21,401)	(\$81,606)	\$334,926	\$0	(\$230,455)	(\$107,837)	\$0
Total District	\$2,113,225			\$253,320			(\$338,292)		

Note: The change in the Total PGA rate for transporters is due to changes in the Regular TOP and Regular TC.

Thus, the annual ccf usage which reflects the former transporter volumes as interruptible correctly calculates the annualized impact.

In the future, where the Court-Ordered TOP or Pre-March 1996 TC change, then the former transporter usage will have to be applied to determine the impact.