

In the Matter of the Application of )  
Aquila, Inc., d/b/a Aquila Networks – MPS for ) Case No. \_\_\_\_\_  
a waiver from the application of certain tariff )  
language regarding refunds. )

1

from a state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of this Application.

However, it does currently have three rate cases pending before this Commission - Cases Nos. HR-2004-0024, ER- 2004-0034 and GR-2004-0072.

4. Aquila has no overdue Commission annual reports or assessment fees.

5. All correspondence, communications, notices, order and decisions of the Commission with respect to this matter should be sent to the undersigned counsel, and to:

Robert Amdor  
Regulatory Manager  
Aquila Networks  
1815 Capitol Avenue  
Omaha, Nebraska, 68102  
Tel: (402)-221-2227  
Fax: (402)-829-2227  
Email: [robert.amdor@aquila.com](mailto:robert.amdor@aquila.com)

6. MPS is filing this Application for Waiver because it has recently received Kansas *ad Valorem* tax refunds from Southern Star Central Pipeline in Docket No. RP98-52-000, and Panhandle Eastern Pipeline Co. in Docket No. RP98-40-000. Aquila believes that a waiver from current tariff provisions is necessary as there are current transport customers on the MPS system that were sales customers and paid rates that included these overcharges during the 1983 through 1988 period.

7. MPS Tariff Sheet No. 37 provides that refunds received in excess of \$100,000 and allocated to Firm customers shall be refunded to such customers as a reduction in PGA rates, over a twelve-month period. The tariff provides for Transportation customers to receive refunds for only TOP or TC amounts received from the pipeline. Aquila received refund checks from Panhandle Eastern Pipeline Company (PEPL) in the amount of \$215,122 and from Southern Star Central Pipelines (SSCP) in the amount of \$1,667,110.

8. Aquila proposes that all Residential, General Service and Company Use customers will receive a refund based on usage during the period March 1, 2003 through

February 29, 2004. The refund volumetric rate will be calculated as follows: (1) the total refund from each pipeline will be distributed to those customers on the system served by those pipelines, (2) class usage from the overcharge period (1983-1988) will be used to determine that amount of refund attributable to each class, and (3) the class volumes for the period March 2003 to February 2004 will be used to determine a refund rate. The following tables show the calculation of the refund rate for each pipeline and customer class:

<b>MPS Northern System, PEPL Refund - \$215,122</b>					
<b>Customer Classes in 1983-1988</b>	<b>Residential</b>	<b>Commercial, Other Sales</b>	<b>Company Use</b>	<b>LV &amp; Transportation</b>	<b>Total</b>
Usage as % of Total	48.51%	25.16%	0.05%	26.29%	100.00%
Class Refund (Line 2 x Refund Amount)	\$104,347	\$54,125	\$104	\$56,547	\$215,122
3/03-2/04 Class Usage (Mcf)	737,784	404,357	832	481,292	1,624,266
Refund Rate (per Mcf) (Line 3 / Line 4)	\$0.14143	\$0.13385	\$0.12477	\$0.11749	

<b>MPS Southern System, SSCP Refund - \$1,667,110</b>					
<b>Customer Classes in 1983-1988</b>	<b>Residential</b>	<b>Commercial, Other Sales</b>	<b>Company Use</b>	<b>LV &amp; Transportation</b>	<b>Total</b>
Usage as % of Total	48.51%	25.16%	0.05%	26.29%	100.00%
Class Refund (Line 2 x Refund Amount)	\$808,645	\$419,447	\$805	\$438,213	\$1,667,110
3/03-2/04 Class Usage (Mcf)	2,173,057	1,160,559	3,704	2,061,665	5,398,985
Refund Rate (per Mcf) (Line 3 / Line 4)	\$0.37212	\$0.36142	\$0.21729	\$0.21255	

9. Most of the customers that took Large Volume sales service in 1983-1988 have moved off those rate schedules, and most are currently transportation customers. Aquila does not possess 1983-1988 customer usage, rate or revenue data that is necessary to calculate individual refunds for these customers. Customers that were served on the Other Sales schedule in the overcharge period have since moved to General Service, so the Commercial and Other Sales classes have been consolidated for purposes of this refund.

10. Aquila proposes that the Commission grant it a waiver such that current transportation customers may share in the refund by establishing proof that they were sales

customers in the 1983 - 1988 time period. Aquila proposes the following process for calculating the refunds to these customers:

- A. A current Large Volume or Large Volume Transportation customer may furnish Aquila with proof that it was a sales service customer during the 1983-1988 refund period. If a customer proves such status by providing Aquila with copies of natural gas bills, cancelled checks or customer accounting records, Aquila will distribute a refund at the rate of \$0.21255 per Mcf for customers served on Southern Star Central Pipeline, and \$0.11749 per Mcf for customers served on Panhandle Eastern Pipeline. The refund will be calculated by applying the applicable refund rate times each customer's recent actual usage. Aquila proposes to calculate refunds based on usage from the period March 2003 to February 2004 as a reasonable substitute for usage in the overcharge period. The refund available for distribution under this provision will not exceed \$56,547 for PEPL and \$438,213 for SSCP. See Attachment B. The Company will determine whether the proof furnished by a customer provides a sufficient proof of status as a customer during the overcharge period.
- B. Aquila proposes to exclude certain current Large Volume Sales and Large Volume Transportation customers that began service as an Aquila customer after the overcharge period. See Attachment C. These customers did not experience an overcharge and should not receive the benefit of this refund. The volumes attributable to these customers are shown on Attachment C have been excluded from the refund calculations on Attachment B.
- C. After approval of this plan, all current transportation customers receiving transportation service will be provided with a notice of the impending refund and advised therein of their opportunity to furnish the Company with proof as described in this section within 30 days. Company will prepare the draft notice.
- D. Customers that qualify for a refund will receive their refunds by check if such

refund exceeds one hundred dollars (\$100.00). All other refunds will be made by bill credit. Any portion of the refund that is not distributed to the current Transportation customers will be credited to the system PGA account as defined on MPS Sheet 37.

- E. Transportation customers currently served under the Small Volume Transportation rate schedule have been included in the Commercial class refund, since Small Volume Transportation service was not established until the late 1990's, and will not be included in the allocation of refunds to the Large Volume and Transportation classes.

11. Attachment A, attached hereto, provides the volumes sold by class for the period of the *ad Valorem* Refund. Sales statistics for individual customers for the refund period are not available. Class usage data found in the FERC Form 2 Filings for the years 1983 – 1988 is available and was used to determine the usage per class on Attachment A. The FERC Form 2 data is for total MPS; the allocation percentages for the Northern and Southern systems were calculated by applying the current total system class percentages to each system's refund.

12. Attachment B provides the refund amount for each class and the resulting refund rates for each class, based on the most recent 12 months usage. Bill credits would be issued the month immediately following the Commission order approving this refund distribution plan.

### **MOTION FOR EXPEDITED TREATMENT**

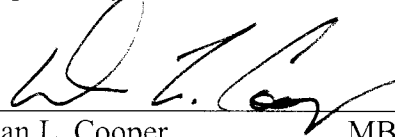
13. Granting this request for waiver will expedite customers' receipt of the benefit of the Kansas *ad Valorem* tax refunds received from Southern Star Central Pipeline and Panhandle Eastern Pipeline Co. as a result of FERC action. Absent the waiver, refunds of these monies to the residential, small general service and large general service customers would be spread out over twelve months beginning mid November 2004. Aquila proposes to advise customers of this action by way of a credit amount separately stated on affected customers' bills identified as "Pipeline Refund Credit" and by way of media advisory, a draft of which Aquila would provide

to the Commission if the Commission so desires. This application has been filed as soon as possible after the receipt of the subject refunds.

WHEREFORE, Aquila Inc. d/b/a Aquila Networks-MPS seeks an order from the Commission, only with reference to this particular instance involving Kansas *ad Valorem* tax refunds received from Southern Star Central Pipeline, Docket No. RP98-52-000 and Panhandle Eastern Pipeline Co. Docket No. RP98-40-000, as described above, which:

- a. Waives the provisions of MPS P.S.C Sheet No. 37 requiring a tariff filing by Aquila to implement such refund by way of a prospective reduction in the PGA rate;
- b. Authorizes Aquila to refund such monies as proposed in paragraphs 8-14 above; and,
- c. Becomes effective no later than May 1, 2004.

Respectfully submitted,



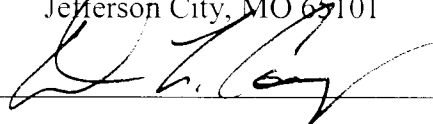
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ATTORNEYS FOR AQUILA, INC. D/B/A  
AQUILA NETWORKS - MPS

### **CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing document was hand-delivered, or sent by electronic mail, on April 13, 2004, to the following:

Thomas R. Schwarz, Jr.  
Office of the General Counsel  
Governor Office Building, 8<sup>th</sup> Floor  
Jefferson City, Mo 65101

Douglas Micheel  
Office of the Public Counsel  
Governor Office Building, 6<sup>th</sup> Floor  
Jefferson City, MO 65101




VERIFICATION

STATE OF NEBRASKA     )  
                                      )  
COUNTY OF DOUGLAS    )     ss

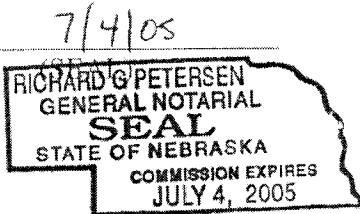
I, Robert Amdor, state that I am employed by Aquila, Inc. ("Aquila") as Regulatory Services Manager; that I have read the above and foregoing document; that the statements contained therein are true and correct to the best of my information, knowledge and belief; and, that I am authorized to make this statement on behalf of Aquila.

  
\_\_\_\_\_

Subscribed and sworn to before me this 13<sup>th</sup> day of April, 2004.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:



**AQUILA FERC FORM 2 DATA**

<b>1983</b>		
	<b>MCF Sold</b>	<b>Percent</b>
Residential	3,515,658	45.18%
Sm/Commercial	1,226,178	15.76%
Lg /Industrial	2,515,466	32.33%
Other Sales	519,151	6.67%
Company Use	4,596	0.06%
<b>Total</b>	<b>7,781,049</b>	<b>100.00%</b>

<b>1986</b>		
	<b>MCF Sold</b>	<b>Percent</b>
Residential	3,619,457	46.88%
Sm/Commercial	1,417,076	18.35%
Lg /Industrial	2,130,718	27.60%
Other Sales	549,874	7.12%
Company Use	3,567	0.05%
<b>Total</b>	<b>7,720,692</b>	<b>100.00%</b>

<b>1984</b>		
	<b>MCF Sold</b>	<b>Percent</b>
Residential	4,006,477	47.08%
Sm/Commercial	1,412,977	16.60%
Lg /Industrial	2,497,903	29.35%
Other Sales	588,760	6.92%
Company Use	3,651	0.04%
<b>Total</b>	<b>8,509,768</b>	<b>100.00%</b>

<b>1987</b>		
	<b>MCF Sold</b>	<b>Percent</b>
Residential	3,411,897	51.24%
Sm/Commercial	1,299,502	19.52%
Lg /Industrial	1,406,915	21.13%
Other Sales	537,460	8.07%
Company Use	3,016	0.05%
<b>Total</b>	<b>6,658,790</b>	<b>100.00%</b>

<b>1985</b>		
	<b>MCF Sold</b>	<b>Percent</b>
Residential	3,723,144	47.40%
Sm/Commercial	1,350,934	17.20%
Lg /Industrial	2,218,558	28.24%
Other Sales	559,062	7.12%
Company Use	3,531	0.04%
<b>Total</b>	<b>7,855,229</b>	<b>100.00%</b>

<b>1988</b>		
	<b>MCF Sold</b>	<b>Percent</b>
Residential	3,688,898	54.58%
Sm/Commercial	1,386,966	20.52%
Lg /Industrial	1,133,784	16.77%
Other Sales	545,654	8.07%
Company Use	3,499	0.05%
<b>Total</b>	<b>6,758,801</b>	<b>100.00%</b>

<b>Total 1983-1988</b>		
	<b>MCF Sold</b>	<b>Percent</b>
Residential	21,965,531	48.51%
Sm/Commercial	8,093,633	17.87%
Lg /Industrial	11,903,344	26.29%
Other Sales	3,299,961	7.29%
Company Use	21,860	0.05%
<b>Total</b>	<b>45,284,329</b>	<b>100.00%</b>



## Attachment B

### Amount Per Customer

<b>Southern Star Docket RP-98-52</b>					
Total Refund	<b>\$ 1,667,110</b>				
	Usage Percentage	Amount Per Class	March 03-Feb. 04 Usage	Amount Per MCF	Amt Refunded
Residential	48.51%	\$808,645	2,173,057	\$0.37212	\$808,645
Sm Comm/Other Sales	25.16%	\$419,447	1,160,559	\$0.36142	\$419,447
Company Use	0.05%	\$805	3,704	\$0.21729	\$805
					<u>\$1,228,897</u>
Remaining Refund:	\$438,213				
Lg/Industrial/Trans	26.29%	\$438,213	2,061,665	\$0.21255	\$438,213
Grand Total:	100.00%	\$1,667,110			\$1,667,110

<b>PEPL Docket RP-98-40</b>					
Total Refund	<b>\$ 215,122</b>				
	Usage Percentage	Amount Per Class	March 03-Feb. 04 Usage	Amount Per MCF	Amt Refunded
Residential	48.51%	\$104,347	737,784	\$0.14143	\$104,347
Sm Comm/Other Sales	25.16%	\$54,125	404,357	\$0.13385	\$54,125
Company Use	0.05%	\$104	832	\$0.12477	\$104
					<u>\$158,576</u>
Remaining Refund:	\$56,547				
Lg/Industrial/Trans	26.29%	\$56,547	481,292	\$0.11749	\$56,547
Grand Total:	100.00%	\$215,122			\$215,122

## Attachment C

<b>Current Lg Volume Customers that were not sales customers from 10/83-06/88</b>
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<i>System</i>	<i>Account No.</i>	<i>**Year</i>	<i>***03/03-02/04 Usage</i>
Southern	2522432161	1993	729,295
Southern	4125177791	1993	13,401
Southern	4126731994	1993	39,895
Southern	4144648389	1996	35,271
Southern	6661718678	1996	12,862
Southern	3775759344	1988	25,413
Northern	2857776530	1994	16,996
Northern	2270235373	1995	106,962
Northern	2875794163	1996	7,628

\*\*Year in which business was established in MPS Service Area

\*\*\*Usage in MCF