

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
JEFFERSON CITY**

**July 3, 2001**

**CASE NO: GR-2001-36**

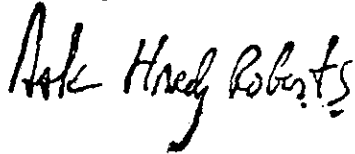
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Missouri Public Service Commission  
P.O. Box 360  
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**Enclosed find certified copy of an ORDER in the above-numbered case(s).**

**Sincerely,**

A handwritten signature in black ink, appearing to read "Dale Hardy Roberts". The signature is written in a cursive, flowing style.

**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service  
Commission held at its office in  
Jefferson City on the 3rd day of  
July, 2001.

In the Matter of Greeley Gas Company's Purchased )  
Gas Adjustment Factors to be Reviewed in its ) **Case No. GR-2001-36**  
1999-2000 Actual Cost Adjustment. )

**ORDER ESTABLISHING ACA BALANCE AND CLOSING CASE**

This order approves the Actual Cost Adjustments (ACA) balances for Greeley Gas Company's Purchased Gas Adjustment (PGA) filings and Actual Cost Adjustment (ACA) filings.

On May 1, 2001, the Procurement Analysis Department of the Staff of the Commission filed its Recommendation stating that it had reviewed Greeley's 1999-2000 ACA filing for its Southwest Missouri District. Staff stated that the filing was made on November 3, 2000, for rates to become effective December 1, 2000, which the Commission approved, interim subject to refund, on November 28, 2000. Staff stated that the audit consisted of an analysis of the billed revenues and actual gas costs included in the Company's computation of the ACA rate for the period of June 1999 to May 2000. Further, Staff stated that there are approximately 550 customers on Greeley's Southwest Missouri District.

Staff proposed that Greeley adjust its ACA balance in its next ACA filing by an increase of \$7,518 adjusting the \$68,478 over-recovery balance to \$60,960 over-recovery balance to reflect the adjustments proposed relating to gas costs, storage and gas supply

realignment costs. Staff also recommended that Greeley increase by \$200 the supplier refunds balance owed to customers and include hedging provisions in its Request For Proposal (RFPs) to mitigate price risk and reduce exposure to price volatility in the market. Finally, Staff recommended that Greeley be directed to submit a reliability study addressing the heat load factor, selection of peak heating degree days (HDD), comparison of estimated usage to actual usage, and negative reserve margin comments as discussed in the Reliability Study section of the Staff's Recommendation.

On June 15, 2001, Greeley filed its response to Staff's recommendations, stating that Staff's recommendations are acceptable and should be implemented with one clarification. Greeley noted that Staff recommended that "all RFPs should include provisions for hedging to mitigate price risk and should include fixed term pricing provisions." Greeley respectfully stated that it does analyze and utilize viable options in developing its supply portfolio and that any and all options, including but not limited to RFPs, should be available to the Company to minimize market risk. Greeley stated that, while hedging and fixed term pricing may be appropriate, the company should not be limited in its analysis and utilization of a variety of financial instruments that may be available and appropriate. No objections to Greeley's proposed reservations were filed.

The Commission has reviewed the filings, has determined that the ending balances shown on Staff's recommendation are reasonable and should be approved. Staff's recommendation concerning hedging, as clarified by Greeley in its June 15, 2001 response, will also be adopted and Greeley will be directed to prepare and submit the Reliability Study as requested by Staff in its memorandum dated May 1, 2001. The Commission further determines that this case should be closed.

**IT IS THEREFORE ORDERED:**

1. That Greeley Gas Company adjust the Actual Cost Adjustment account balances in its next Actual Cost Adjustment filing to reflect the following Staff adjustments and to reflect the (over)/under-recovery ending Gas Costs, Storage Injection/Withdrawals, and Gas supply realignment costs, as follows:

<b>Description</b>	<b>ACA Balance Per Filing</b>	<b>Staff Adjustments</b>	<b>ACA Balance Per Staff</b>
Prior ACA Balance	(\$82,244)	\$0	(\$82,244)
Revenue Recovery	(\$153,992)	\$0	(\$153,992)
GSR Costs	\$0	\$3,893	\$3,893
Storage Injection/Withdrawals	(\$1,793)	(\$437)	(\$2,230)
WNG Storage /Transport & Gas	\$168,947	\$4,062	\$173,009
Interest on DCCB	\$604	\$0	\$604
Total (Over)/Under-Recovery	(\$68,478)	\$7,518	(\$60,960)

2. That Greeley Gas Company shall include provisions for hedging in all Requests For Proposals to mitigate price risk. These provisions should include fixed term pricing provisions. Subject to prudence review, Greeley Gas Company may continue to analyze and utilize viable options in developing its supply portfolio, and any and all of its options, including, but not limited to, Requests For Proposals, shall be available to the Company to minimize market risk.

3. That Greeley Gas Company shall, no later than July 31, 2001, submit to all parties, a Reliability Study, as specifically described in Staff's Recommendation, under paragraphs A, B, C, and D of the section entitled Reliability Study, including:

- a. an updated and well-documented revised peak day and annual demand study,

- b. a summary of actual usage, actual heating degree day, customer counts for three or more recent cold days,
  - c. an estimate of the reserve margin for the 2000/2001 ACA period and for three years beyond that date and an explanation of the rationale for the reserve margin for each of these years,
  - d. an updated economic analysis comparing the cost of additional firm capacity to the cost of penalties for exceeding the contract maximum daily quantities, and
  - e. a summary of the Company's investigation of the availability and feasibility of adding annual or seasonal capacity to cover the estimated capacity deficit.
- 4. That this order shall become effective on July 13, 2001.
  - 5. That this case may be closed on July 14, 2001.

**BY THE COMMISSION**



**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

( S E A L )

Lumpe, Ch., Murray, Simmons,  
and Gaw, CC., concur.

S. Register, Regulatory Law Judge

Alt/Secretary: Regester Pope

6-27

Date Circulated

GR-2001-36  
CASE NO.

HL  
Lumpke, Chair

AM 102  
~~Deputy Vice Chair~~

MS  
Murphy, Commissioner

KS  
Simmons, Commissioner

116 - 116  
Gaw, Commissioner

7-3  
Agenda Date

Action taken: 4-0A-A

Must Vote Not Later Than

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and

I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,

Missouri, this 3<sup>rd</sup> day of July 2001.

Dale Hardy Roberts

Dale Hardy Roberts

Secretary/Chief Regulatory Law Judge

