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January 26, 2001

FILED³

JAN 26 2001

Missouri Public
Service Commission

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

**RE: United Cities Gas Company,
Case No. GR-2001-397**

Dear Mr. Roberts:

Enclosed for filing in the above referenced case, please find the original and 8 copies of **Office of the Public Counsel's Request for an Emergency Actual Cost Adjustment (ACA) Review of United Cities Gas Company's Purchasing Practices for the Winter 2000-2001 and Motion for Expedited Treatment**. Please "file stamp" the extra enclosed copy and return it to this office. I have on this date mailed, faxed, or hand-delivered the appropriate number of copies to all counsel of record.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "D E Micheal".

Douglas E. Micheal
Senior Public Counsel

DEM:kh

cc: Counsel of Record

Enclosure

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

FILED³

JAN 26 2001

Missouri Public
Service Commission

In the matter of United Cities Gas Company's)
Purchased Gas Adjustment factors to be) Case No. GR-2001-397
reviewed in its 2000 – 2001 Actual Cost)
Adjustment)

**OFFICE OF THE PUBLIC COUNSEL'S REQUEST FOR
AN EMERGENCY ACTUAL COST ADJUSTMENT (ACA)
REVIEW OF UNITED CITIES GAS COMPANY'S GAS
PURCHASING PRACTICES FOR THE WINTER 2000-2001
AND MOTION FOR EXPEDITED TREATMENT**

COMES NOW the Office of the Public Counsel ("Public Counsel") and requests that the Commission order an emergency Actual Cost Adjustment review of United Cities Gas Company's ("UCG") gas procurement practices relating to the winter of 2000–2001. In support of this request Public Counsel states as follows:

1. On January 17, 2001 UCG filed a request with the Commission to make an unscheduled winter adjustment to the PGA rate for its four Missouri districts. The new PGA rates proposed were \$1.0532 for Bowling Green per Ccf; \$1.0387 for Hannibal/Canton per Ccf; \$1.1576 for Palmyra per Ccf; and \$1.0549 for Neelyville per Ccf. UCG requested the rates be effective February 1, 2001. These proposed rates reflect a 50.21% increase in residential rates for Bowling Green; a 51.46% increase in residential rates for Hannibal/Canton; a 43.85% increase in residential rates for Palmyra; and a 37.37% increase in residential rates for Neelyville.

2. Due to the magnitude of the increases in the PGA rate during the winter heating season, November 1, 2000 to April 1, 2001, Public Counsel requests the Commission order an

emergency actual cost adjustment ("ACA") review of UCG's gas procurement practices related to the winter heating season November 1, 2000 to April 1, 2001.

3. Under traditional Commission practice, the gas procurement practices of UCG during the winter of 2000-2001 would be reviewed in an ACA period from June 2000 through May 2001. However, the review of this ACA period would not begin until UCG places its ACA rate into effect in November 2001. After UCG's ACA rate is approved the Staff procurement analysis department takes seven to ten months to audit the June 2000 through May 2001 ACA period. Under traditional practice, Staff's recommendation regarding UCG's procurement practices during the winter of 2000-2001 would not be made until June 2002. Only after Staff's recommendation is made regarding the ACA period from June 2000 through May 2001 will the Commission begin the open-ended hearing process. Thus under traditional practice UCG's gas procurement processes for the winter of 2000-2001 will not be reviewed by the Commission until 2003.

4. Public Counsel believes this Commission should order an emergency ACA review of UCG's gas procurement practices relating to the winter PGA period November 1, 2000 through April 1, 2001, for the following reasons: 1) the extraordinary increases in UCG's PGA rate; 2) the impact these increases have had on UCG's customers and 3) the substantial regulatory lag engendered by the traditional ACA review process.

5. This emergency ACA review would allow the Commission to expeditiously review UCG's gas procurement practices to determine whether or not UCG acted prudently in procuring its natural gas supplies for the winter of 2000-2001. In light of the hardships experienced by UCG's customers as a result of the extraordinarily high natural gas prices customers should not be made to wait nearly three years for a determination regarding the reasonableness of UCG's purchase gas adjustment rates.

6. Public Counsel requests that the Commission order a procedural schedule to be established so that the Commission's order reviewing UCG's gas procurement practices related to the winter of 2000-2001 is effective no later than October 1, 2001.

WHEREFORE, Public Counsel requests the Commission order an emergency actual cost adjustment review relating to United Cities Gas Company's gas purchasing practices related to the winter heating season November 1, 2000 to April 1, 2001. Public Counsel requests the Commission order a procedural schedule established so the Commission can resolve this matter no later than October 1, 2001.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

BY:



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been faxed, mailed or hand-delivered to the following counsel of record on this 26th day of January, 2001:

Thomas Schwarz
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

James M. Fischer
Fischer & Dority
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Jeff Michael