



Commissioners  
KELVIN L. SIMMONS  
Chair  
CONNIE MURRAY  
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STEVE GAW

## Missouri Public Service Commission

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October 26, 2001

ROBERT J. QUINN, JR.  
Executive Director  
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Director, Utility Operations  
ROBERT SCHALLENBERG  
Director, Utility Services  
DONNA M. KOLILIS  
Director, Administration  
DALE HARDY ROBERTS  
Secretary/Chief Regulatory Law Judge  
DANA K. JOYCE  
General Counsel

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

RE: Case No. GR-2001-397

FILED<sup>3</sup>

OCT 26 2001

Missouri Public  
Services Commission

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Dennis L. Frey  
Associate General Counsel  
(573) 751-8700  
(573) 751-9285 (Fax)  
[dfrey03@mail.state.mo.us](mailto:dfrey03@mail.state.mo.us)

DLF:ccl  
Enclosure  
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED<sup>3</sup>

OCT 26 2001

In the matter of United Cities Gas )  
Company's Purchased Gas Adjustment )  
Tariff Revisions to be Reviewed in Its )  
2000-2001 Actual Cost Adjustment )  
Case No. GR-2001-397

Missouri Public  
Service Commission

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and respectfully states:

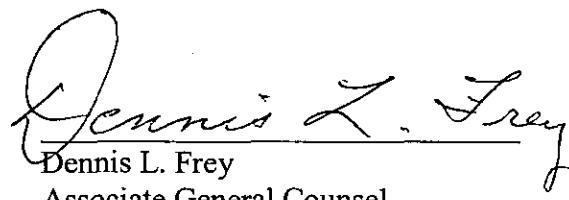
1. On October 18, 2001, United Cities Gas Company ("United Cities" or "Company") filed with the Missouri Public Service Commission ("Commission") a tariff sheet with a proposed effective date of November 1, 2001. The tariff sheet reflects scheduled changes in United Cities' Purchased Gas Adjustment ("PGA") factors as a result of changes in the cost of natural gas for the 2001-2002 winter season.
2. In the attached Memorandum, which is labeled Appendix A, the Staff recommends that the Commission approve the Company's proposed tariff sheet on an interim-subject-to-refund basis, and, based on good cause shown, on less than thirty days' notice.

WHEREFORE, the Staff respectfully requests that the Commission issue an order in accordance with the recommendations in the Staff's Memorandum attached hereto.

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Respectfully submitted,

DANA K. JOYCE  
General Counsel

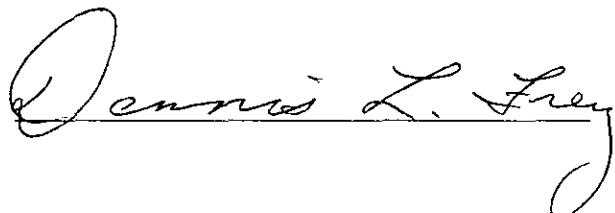


Dennis L. Frey  
Dennis L. Frey  
Associate General Counsel  
Missouri Bar No. 44697

Attorney for the Staff of the  
Missouri Public Service Commission  
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**Certificate of Service**

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 26th day of October 2001.



Dennis L. Frey

M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File,  
Case No. GR-2001-397, File No. 200200298, United Cities  
Gas Company

FROM: Kim J. Elvington, Energy Department - Tariffs/Rate Design

*Kim J. Elvington* 10-26-01  
Energy Department/Date

*David Howell* 10/26/01  
General Counsel's Office/Date

D.L.S.  
10-26-01

SUBJECT: Staff Recommendation for United Cities Gas Company's Scheduled  
Winter 2001-2002 Purchased Gas Adjustment Filing.

DATE: October 25, 2001

On October 18, 2001, United Cities Gas Company (United or Company) of Franklin, Tennessee, filed a tariff sheet proposed to become effective November 1, 2001. The tariff sheet was filed to reflect scheduled changes in United's Purchased Gas Adjustment (PGA) factors as the result of estimated changes in the cost of natural gas for the 2001-2002 winter season. The winter season includes the months of November through March.

For the Bowling Green District, the effect of these changes will decrease the firm PGA factor for the 2001-2002 winter season to \$0.4579 per Ccf from the firm PGA factor of \$0.7964 per Ccf currently in effect. The effect of the proposed rate on a typical residential heating customer for the winter season is a decrease of approximately \$300 or 31% when compared to the rates currently in effect.

For the Hannibal/Canton District, the effect of these changes will decrease the firm PGA factor for the 2001-2002 winter season to \$0.4587 per Ccf from the firm PGA factor of \$0.7819 per Ccf currently in effect. The effect of the proposed rate on a typical residential heating customer for the winter season is a decrease of approximately \$287 or 30% when compared to the rates currently in effect.

For the Palmyra District, the effect of these changes will decrease the firm PGA factor for the 2001-2002 winter season to \$0.4562 per Ccf from the firm PGA factor of \$0.9008 per Ccf currently in effect. The effect of the proposed rate on a typical residential heating customer for the winter season is a decrease of approximately \$394 or 43% when compared to the rates currently in effect.

For the Neelyville District, the effect of these changes will decrease the firm PGA factor for the 2001-2002 winter season to \$0.5833 per Ccf from the firm PGA factor of \$0.7771 per Ccf currently in effect. The effect of the proposed rate on a typical residential heating customer is a decrease of approximately \$172 or 18% when compared to the rates currently in effect.

MO PSC Case No. GR-2001-397  
OFFICIAL CASE FILE MEMORANDUM  
PAGE 2 OF 2

Case No. GR-2001-397, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2000-2001 Actual Cost Adjustment (ACA) filing. Case No. GR-2000-392 was established to track the Company's PGA Factors to be reviewed in its 1999-2000 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos. GR-2000-392 and GR-2001-397.

Due to the short time available to review the documentation pertaining to the Actual Cost Adjustment (ACA) factors related to this case, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information relating to the ACA factors to the Commission on or before May 15, 2002.

The Commission's Energy Department - Tariffs/Rate Design Staff (Staff) has reviewed this PGA filing and has determined that this filing was calculated in conformance with United's PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty days notice is demonstrated by United's Commission-approved PGA clause allowing for a minimum of ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the Commission approve the following tariff sheet to become effective November 1, 2001, interim subject to refund:

P.S.C. Mo. No. 3  
11<sup>th</sup> Revised SHEET No. 58, Cancelling 10<sup>th</sup> Revised SHEET No. 58.

Copies: Director - Utility Operations Division  
Director - Research and Public Affairs Division  
Director - Utility Services Division  
General Counsel  
Manager - Financial Analysis Department  
Manager - Procurement Analysis Department  
Manager - Energy Department  
Mark A. Martin, Senior Analyst/ Rate Administration (United)  
Office of the Public Counsel

**WINTER SEASON**  
**Approximate Billing Impact Of 888 Ccf per Winter Season**  
**United Cities - Bowling Green District**  
**Residential Heating Customer**

<b>Prior Winter Season (Months)</b>	<b>Ccf Usage</b>	<b>Total Fuel Bill (\$)</b>
* November 2001	97	109.02
* December	179	195.06
* January 2002	236	254.86
* February	217	234.93
* March	159	174.07
<b>5 Month Winter Season Total</b>	<b>888.0</b>	<b>\$967.94</b>

<b>Forecasted Winter Season (Months)</b>	<b>Ccf Usage</b>	<b>Total Fuel Bill (\$)</b>
= November 2001	97	76.19
= December	179	134.47
= January 2002	236	174.98
= February	217	161.47
= March	159	120.25
<b>5 Month Winter Season Total</b>	<b>888.0</b>	<b>\$667.36</b>

**REMARKS**

For a typical residential customer using approximately 888 Ccf's during the winter season (November-March), natural gas rates will decrease by \$300.58 or approximately 31% when comparing the fuel bills for the winter season ending March 2002 utilizing rates currently in effect and the proposed rates.

Notes:

- (1) Total fuel bill does not include gross receipts or local sales taxes.
- (2) Monthly usage priced at the rates in effect during the appropriate time period.
- (3) Tariff Sheet No. 6: Customer Charge \$7.25; Commodity Charge \$0.2528 per Ccf

\* Tariff Sheet No. 58, 10th Revised: PGA Charge \$0.7964 per Ccf  
# Tariff Sheet No. 58, 11th Revised: PGA Charge \$0.4579 per Ccf.

**Missouri Public Service Commission**

November 01

**WINTER SEASON**  
**Approximate Billing Impact Of 888 Ccf per Winter Season**  
**United Cities - Hannibal/Canton District**  
**Residential Heating Customer**

<b>Prior Winter Season (Months)</b>	<b>Ccf Usage</b>	<b>Total Fuel Bill (\$)</b>
^ November 2001	97	107.62
^ December	179	192.46
^ January 2002	236	251.44
^ February	217	231.78
^ March	159	171.77
<b>5 Month Winter Season Total</b>	<b>888.0</b>	<b>\$955.07</b>

<b>Forecasted Winter Season (Months)</b>	<b>Ccf Usage</b>	<b>Total Fuel Bill (\$)</b>
* November 2001	97	76.27
* December	179	134.61
* January 2002	236	175.16
* February	217	161.65
* March	159	120.38
<b>5 Month Winter Season Total</b>	<b>888.0</b>	<b>\$668.07</b>

**REMARKS**

For a typical residential customer using approximately 888 Ccf's during the winter season (November-March), natural gas rates will decrease by \$287.00 or approximately 30% when comparing the fuel bills for the winter season ending March 2002 utilizing the rates currently in effect and the proposed rates.

Notes:

- (1) Total fuel bill does not include gross receipts or local sales taxes.
- (2) Monthly usage priced at the rates in effect during the appropriate time period.
- (3) Tariff Sheet No. 6: Customer Charge \$7.25; Commodity Charge \$0.2528per Ccf

^ Tariff Sheet No. 58, 10th Revised: PGA Charge \$0.7819 per Ccf  
 \* Tariff Sheet No. 58, 11th Revised: PGA Charge \$0.4587 per Ccf

**Missouri Public Service Commission**

November 01

## WINTER SEASON

Approximate Billing Impact Of 888 Ccf per Winter Season  
United Cities - Palmyra District  
Residential Heating Customer

Prior Winter Season (Months)	Ccf Usage	Total Fuel Bill (\$)
^ November 2000	97	103.70
^ December	179	183.71
^ January 2001	236	239.33
^ February	217	220.79
^ March	159	164.19
<b>5 Month Winter Season Total</b>	<b>888.0</b>	<b>\$911.72</b>

Forecasted Winter Season (Months)	Ccf Usage	Total Fuel Bill (\$)
* November 2000	97	60.57
* December	179	104.13
* January 2001	236	134.40
* February	217	124.31
* March	159	93.50
<b>5 Month Winter Season Total</b>	<b>888.0</b>	<b>\$516.91</b>

## REMARKS

For a typical residential customer using approximately 888 Ccf's during the winter season (November-March), natural gas rates will decrease by \$394.81 or approximately 43% when comparing the fuel bills for the winter season ending March 2002 utilizing the rates currently in effect and the proposed rates.

### Notes:

- (1) Total fuel bill does not include gross receipts or local sales taxes.
- (2) Monthly usage priced at the rates in effect during the appropriate time period.
- (3) Tariff Sheet No. 6: Customer Charge \$7.25; Commodity Charge \$0.2528 per Ccf

<sup>^</sup> Tariff Sheet No. 58, 10th Revised: PGA Charge \$0.9008 per Ccf  
<sup>\*</sup> Tariff Sheet No. 58, 11th Revised: PGA Charge \$0.4562 per Ccf

Missouri Public Service Commission

November 01

**WINTER SEASON**  
**Approximate Billing Impact Of 888 Ccf per Winter Season**  
**United Cities - Neelyville**  
**Residential Heating Customer**

<b>Prior Winter Season (Months)</b>	<b>Ccf Usage</b>	<b>Total Fuel Bill (\$)</b>
^ November 2001	97	107.15
^ December	179	191.60
^ January 2002	236	250.31
^ February	217	230.74
^ March	159	171.00
<b>5 Month Winter Season Total</b>	<b>888.0</b>	<b>\$950.80</b>

<b>Forecasted Winter Season (Months)</b>	<b>Ccf Usage</b>	<b>Total Fuel Bill (\$)</b>
* November 2001	97	88.35
* December	179	156.91
* January 2002	236	204.57
* February	217	188.68
* March	159	140.19
<b>5 Month Winter Season Total</b>	<b>888.0</b>	<b>\$778.70</b>

**REMARKS**

For a typical residential customer using approximately 888 Ccf's during the winter season (November-March), natural gas rates will decrease by \$172.10 or approximately 18% when comparing the fuel bills for the winter season ending March 2002 utilizing the rates currently in effect and the proposed rates.

Notes:

- (1) Total fuel bill does not include gross receipts or local sales taxes.
- (2) Monthly usage priced at the rates in effect during the appropriate time period.
- (3) Tariff Sheet No. 6: Customer Charge \$7.25; Commodity Charge \$0.2528per Ccf
  - ^ Tariff Sheet No. 58, 10th Revised: PGA Charge \$0.7771 per Ccf
  - \* Tariff Sheet No. 58, 11th Revised : PGA Charge \$0.5833 per Ccf

**Missouri Public Service Commission**

November 01

**United ~~Gas~~ Gas Company - Bowling Green**  
**2002 Winter Season Revenue Impact effective 11/01/01**

Month	PGA Factor	Month	PGA Factor	PGA Change (12/01/00)	Revenue Impact (Winter Season)
Nov-00	\$0.7006	Nov-01	\$0.4579	(\$0.24270)	(\$29,486)
Dec	\$0.7006	Dec	\$0.4579	(\$0.24270)	(\$55,287)
Jan-01	\$0.7006	Jan-02	\$0.4579	(\$0.24270)	(\$73,716)
Feb	\$1.0532	Feb	\$0.4579	(\$0.59530)	(\$162,731)
March	\$1.0532	March	\$0.4579	(\$0.59530)	(\$117,528)

Firm Sales (United's Confidential Workpapers, File No. 200100752)

**Winter Season Revenue Change:**

1) Docket GR-2001-397 1,518,664 Ccf  
 2) File No. 200200298 (\$438,748) Decrease  
 3) Prepared By: Kim J. Elvington  
 4) Date Prepared: 10-25-01

Month	Estimated Customer Usage Ccf/Mnth	Estimated % Ccf/Yr	Estimated Company Sales Ccf/Mnth
Nov	97	8%	121,493
Dec	179	15%	227,800
Jan	236	20%	303,733
Feb	217	18%	273,360
Mar	159	13%	197,426
Apr	96	8%	121,493
May	53	4%	60,747
Jun	36	3%	45,560
Jul	28	2%	30,373
Aug	27	2%	30,373
Sep	30	3%	45,560
Oct	42	4%	60,747
<b>TOTAL</b>	<b>1200</b>	<b>100%</b>	<b>1,518,664</b>

**United Gas Gas Company - Hannibal/Canton**  
**2002 Winter Season Revenue Impact effective 11/01/01**

Month	PGA Factor	Month	PGA Factor	PGA Change (12/01/00)	Revenue Impact (Winter Season)
Nov-00	\$0.6861	Nov-01	\$0.4587	(\$0.22740)	(\$266,060)
Dec	\$0.6861	Dec	\$0.4587	(\$0.22740)	(\$498,862)
Jan-01	\$0.6861	Jan-02	\$0.4587	(\$0.22740)	(\$665,149)
Feb	\$1.0387	Feb	\$0.4587	(\$0.58000)	(\$1,526,860)
March	\$1.0387	March	\$0.4587	(\$0.58000)	(\$1,102,732)

Firm Sales (United's Confidential Workpapers, File No. 200100752)

**Winter Season Revenue Change:**

1) Docket GR-2001-397 14,625,098 Ccf  
 2) File No. 200200298 (\$4,059,664) Decrease  
 3) Prepared By: Kim J. Elvington  
 4) Date Prepared: 10-25-01

Month	Estimated Customer Usage Ccf/Mnth	Estimated % Ccf/Yr	Estimated Company Sales Ccf/Mnth
Nov	97	8%	1,170,008
Dec	179	15%	2,193,765
Jan	236	20%	2,925,020
Feb	217	18%	2,632,518
Mar	159	13%	1,901,263
Apr	96	8%	1,170,008
May	53	4%	585,004
Jun	36	3%	438,753
Jul	28	2%	292,502
Aug	27	2%	292,502
Sep	30	3%	438,753
Oct	42	4%	585,004
<b>TOTAL</b>	<b>1200</b>	<b>100%</b>	<b>14,625,098</b>

**United Cities Gas Company - Palmyra**  
**2002 Winter Season Revenue Impact effective 11/01/01**

Month	PGA Factor	Month	PGA Factor	PGA Change (12/01/00)	Revenue Impact (Winter Season)
Nov-00	\$0.8050	Nov-01	\$0.4562	(\$0.34880)	(\$51,886)
Dec	\$0.8050	Dec	\$0.4562	(\$0.34880)	(\$97,287)
Jan-01	\$0.8050	Jan-02	\$0.4562	(\$0.34880)	(\$129,716)
Feb	\$1.1576	Feb	\$0.4562	(\$0.70140)	(\$234,761)
March	\$1.1576	March	\$0.4562	(\$0.70140)	(\$169,549)

Firm Sales (United's Confidential Workpapers, File No. 200100752)

**Winter Season Revenue Change:**

1) Docket GR-2001-397 1,859,462 Ccf  
 2) File No. 200200298 (\$683,200) Decrease  
 3) Prepared By: Kim J. Elvington  
 4) Date Prepared: 10-25-01

Month	Estimated Customer Usage Ccf/Mnth	Estimated % Ccf/Yr	Estimated Company Sales Ccf/Mnth
Nov	97	8%	148,757
Dec	179	15%	278,919
Jan	236	20%	371,892
Feb	217	18%	334,703
Mar	159	13%	241,730
Apr	96	8%	148,757
May	53	4%	74,378
Jun	36	3%	55,784
Jul	28	2%	37,189
Aug	27	2%	37,189
Sep	30	3%	55,784
Oct	42	4%	74,378
<b>TOTAL</b>	<b>1200</b>	<b>100%</b>	<b>1,859,462</b>

**United Cities Gas Company - Neelyville**  
**2002 Winter Season Revenue Impact effective 11/01/01**

Month	PGA Factor	Month	PGA Factor	PGA Change (12/01/00)	Revenue Impact (Winter Season)
Nov-00	\$0.7675	Nov-01	\$0.5833	(\$0.18420)	(\$6,485)
Dec	\$0.7675	Dec	\$0.5833	(\$0.18420)	(\$12,159)
Jan-01	\$0.7675	Jan-02	\$0.5833	(\$0.18420)	(\$6,485)
Feb	\$1.0549	Feb	\$0.5833	(\$0.47160)	(\$37,357)
March	\$1.0549	March	\$0.5833	(\$0.47160)	(\$26,980)

Firm Sales (United's Confidential Workpapers, File No. 200100520)

**Winter Season Revenue Change:**

1) Docket GR-2001-397 440,072 Ccf  
 2) File No. 200200298 (\$89,466) Decrease  
 3) Prepared By: Kim J. Elvington  
 4) Date Prepared: 10-25-01

Month	Estimated Customer Usage Ccf/Mnth	Estimated % Ccf/Yr	Estimated Company Sales Ccf/Mnth
Nov	97	8%	35,206
Dec	179	15%	66,011
Jan	236	20%	88,014
Feb	217	18%	79,213
Mar	159	13%	57,209
Apr	96	8%	35,206
May	53	4%	17,603
Jun	36	3%	13,202
Jul	28	2%	8,801
Aug	27	2%	8,801
Sep	30	3%	13,202
Oct	42	4%	17,603
<b>TOTAL</b>	<b>1200</b>	<b>100%</b>	<b>440,072</b>

**MEMORANDUM**

TO: Tom Imhoff

FROM: Anne Allee *WPA*

DATE: October 25, 2001

SUBJECT: Request for Time to Conduct the ACA Audit in Case No. GR-2001-397, United Cities Gas Company

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In order to perform a thorough and complete audit of United Cities Gas Company's ACA filing in Case No. GR-2001-397, the Procurement Analysis Department requests that a review period be granted to audit the 2000-2001 ACA data included in the current filing. Accordingly, Staff's recommendation regarding the current ACA information should be completed on or before May 15, 2002 in accordance with the established procedural schedule for this ACA case.

CC: Bob Schallenberg  
Dave Sommerer  
Mike Wallis

**Service List for  
Case No. GR-2001-397  
Revised: October 26, 2001 (ccl)**

**Office of the Public Counsel  
P.O. Box 7800  
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