

February 21, 2001

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FEB 21 2001

Secretary of the Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Missouri Public
Service Commission

RE: Case No. GW-2001-398, Investigation Into Gas Cost Recovery Mechanisms

Dear Secretary of the MOPSC:

Per the Commission's January 23rd Order Establishing Case and Creating Task Force in the above matter, I request to be included in the Task Force being established. I also recommend that these other staff members, Tim Schwarz and David Sommerer be included on this Task Force. As you are aware, Tim, Dave, and I have considerable experience in natural gas related matters.

In its January 23rd Order the Commission encouraged interested parties "to advise how the Task Force should be constituted to reflect various stakeholders; and to suggest issues that should be addressed by the Task Force." I believe that the Task Force should include people from a complete cross section of the stakeholders in the recovery of gas commodity costs from customers. To this end, I recommend that the MOPSC Staff, Office of Public Counsel, Natural Gas Utilities (both regulated monopolies and municipalities), Natural Gas Marketers, Industrial Users, Aggregation Customers (i.e. schools), and consumer advocacy groups have representation on this Task Force.

Regarding "issues that should be addressed by the Task Force" I recommend the topics below to achieve the objectives for which this Task Force is being created. Before discussions ensue among the Task Force participants, I believe that the Order indicates that a number of public meetings should be conducted around the state to hear the thoughts and answer the questions of interested citizens. Following the conclusion of these meetings, the Task Force should begin discussing the options and their pros and cons, to be provided in the Task Force report to the Commission. My proposal for these discussions is as follows (the first two items are for background information):

1. What Happened This Winter
 - a. Historical Prices vs. This Winter
 - b. Historical Heating Bills vs. This Winter
 - c. Past PGA Performance vs. This Winter
 - d. Why Did Gas Prices Start High & Spike In January
 - e. How Are Most Gas Supply Contracts Tied to Market Indices
 - f. What Are The Components of the PGA
 - g. What Can We Expect Next Winter

2. How Did Missouri Do vs. The Rest of the Country
 - a. PGA Rates
 - b. Typical Heating Bills

3. Types of Gas Cost Recovery Mechanisms & Pros and Cons of Each
 - a. How Missouri Does It Now
 - b. Monthly PGA Rates
 - c. Less Frequent PGA Rate Changes
 - d. PGA Rate Caps

4. Ways To Mitigate Price Spike Risk
 - a. Fixed Price Contracts
 - b. Call Options
 - c. Collars
 - d. Use of Natural Gas Storage
 - e. What Missouri's Utilities Did This Winter
 - f. What Other Missouri Groups Did This Winter
 - g. What Actions Were Used Around the Country

This concludes my recommended outline of Task Force discussion topics. I suggest that the Task Force be given flexibility to expand the topics that are covered in the final report to the Commission as public meetings and Task Force group discussions dictate. I understand that unbundling may also have a place in these discussions, but I believe a different Task Force should address that topic.

Thank you for your consideration.

Sincerely,



Warren T. Wood, PE
MOPSC Staff, Gas Department Manager