

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
November 14, 2001

CASE NO: GR-2001-461

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Enclosed find certified copy of a ORDER in the above-numbered case(s).

Sincerely,



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

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

In the Matter of Missouri Public Service's)	
Purchased Gas Adjustment Factors to be)	Case No. GR-2001-461
Reviewed in its 2000-2001 Actual Cost)	Tariff No. 200200348
Adjustment)	

ORDER APPROVING INTERIM RATES

Missouri Public Service Company, a division of UtiliCorp United Inc., filed tariff sheets with the Missouri Public Service Commission on November 5, 2001, carrying an effective date of November 19, 2001. The tariff sheets reflect changes in UtiliCorp's Purchased Gas Adjustment, Actual Cost Adjustment, Refund Factor, Take-Or-Pay Factor, Transition Cost Factor, and Deferred Carrying Cost Balance of UtiliCorp's Purchased Gas Adjustment Clause.

UtiliCorp stated that the PGA clause for UtiliCorp requires an annual actual cost adjustment of the over-recovery or under-recovery, resulting from the operation of the Regular PGA section of the PGA Clause and a calculation of the Winter Period PGA. Reconciliations, according to UtiliCorp, are also required for the Refund Factors, Transition Cost Factors, and the Deferred Carrying Cost Balance.

Purchased Gas Adjustment

UtiliCorp further stated that its enclosures 1, 2, and 3 reflected the PGA calculations for the Southern System, Northern System, and Eastern System. Each PGA, UtiliCorp noted, has been developed using the November Federal Energy Regulatory Commission

index for fixed-gas cost and storage for the months of November 2001 through March 2002. UtiliCorp pointed out the following concerning the tariff rate changes: (1) the Southern System changes are based on the Williams Gas Pipelines Central, Inc. filings of their FERC Gas Tariffs, Eleventh Revised Sheet No. 6, Eighth Revised Sheet No. 6A, and Third Revised Sheet No. 6B; and (2) the Northern System and Eastern System changes are based on the Panhandle Eastern Pipe Line Company filings of their FERC Gas Tariffs, Sixty-third Revised Sheet No. 5, Sixty-sixth Revised Sheet No. 7, Twelfth Revised Sheet No. 9, Thirteenth Revised Sheet No. 11, and Twenty-Seventh Revised Sheet No. 19.

Actual Cost Adjustment

UtiliCorp stated that its enclosure 4 represented the minimum filing requirements that are the basis of the ACA portion this filing. Schedule 4 of enclosure 4, according to UtiliCorp, is a summary showing revenue, purchased-gas costs, and over- or under-recovery for the year ended August 2001 and the proposed changes in the ACA rates to be effective on November 19, 2001.

The summary schedule, UtiliCorp noted, shows that revenue recovery was less than purchased-gas cost in the amount of \$6,117,963.64 for the Southern System, less than purchased-gas cost in the amount of \$774,704.79 for the Northern System, and less than purchased-gas cost in the amount of \$1,094,047.50, which includes a deferral of \$290,899.66 for the Eastern System. Total revenue recovery was \$8,081,253.20 less than purchased-gas cost.

UtiliCorp notes that as a separate filing, it has filed a waiver, requesting a variance from the provision of its tariff that requires the recovery of the ACA balance over a one-year

period. UtiliCorp stated that it be allowed to recover that balance on its Eastern System over a three-year period.

Southern System Refund Factor

UtiliCorp stated that its enclosure 5 represented the summary schedule detailing the activity for the refund factor under the Southern System. UtiliCorp alleges that it received two refunds from Williams Gas Pipelines Central, Inc. On January 26, 2001, UtiliCorp reports, a refund in the amount of \$38,053.78, relating to FERC Docket No. RP93-109, was received. Again, UtiliCorp reports, on February 23, 2001, a refund for \$22,723.01, relating to FERC Docket No. IN01-2-000, was received. Interest calculation, UtiliCorp states, was calculated at the annual rate of six percent from the date the refunds were received until six months after the refund rate is scheduled to go into effect, in accordance with UtiliCorp's PGA clause. UtiliCorp has determined a new refund factor for the Southern System.

Northern System Refund Factor

UtiliCorp stated that its enclosure 5A represented the summary schedule detailing the activity for the refund factor under the Northern System. UtiliCorp stated that it has received no refunds from Panhandle Eastern Pipe Line Company. UtiliCorp thus says it has determined a new refund factor of zero for the Northern System.

Deferred Carrying Cost Balance

UtiliCorp stated that its enclosures 6, 7, and 8 reflect the Deferred Carrying Cost Balances for the Southern System, Northern System, and Eastern System. Carrying costs,

according to UtiliCorp, are calculated on all Deferred Carrying Cost Balances that exceed ten percent of an average annual gas cost threshold. This results, stated UtiliCorp, in carrying costs collected from the customer in the amount of \$109,760 for the Southern System, \$12,442 for the Northern System, and \$33,607 for the Eastern System.

UtiliCorp stated that its enclosures 9, 10, and 11 reflected the seasonal revenue impact associated with the gas cost recovery portion of the rates. The seasonal revenue impact results in an increase in the amount of \$6,346,828 or 61.42% for the Southern System, an increase in the amount of \$2,789,081 or 62.03% for the Northern System, and an increase in the amount of \$875,215 or 50.74% for the Eastern System.

Staff Recommendation

On November 13, 2001, the Staff of the Commission filed its memorandum and recommendation in this case. Staff recommended that UtiliCorp's proposed tariff sheets be approved for service on and after November 19, 2001, as an interim rate, subject to refund.

Staff's memorandum contained the following points:

The tariff sheets reflect scheduled changes in UtiliCorp's PGA factors as the result of changes in the estimated cost of natural gas for the coming winter season. The winter season includes the months of November through March. Additionally, the tariff filing reflects the deletion of the Unscheduled Filing Adjustment Factor, and changes in the Actual Cost Adjustment and Refund factors that determine the net PGA.

For the Southern System (serving communities such as Sedalia and Clinton), these changes will decrease the PGA factor for the 2001-2002 winter season to \$0.65449 per Ccf from the firm PGA factor of \$0.78774 per Ccf. There is a decrease in the cost of natural gas for the coming winter season; there is an increase in the ACA factor to correct for an under-collection in gas costs; an increase in the refund factor; and the UFA has been eliminated. These contribute to an overall decrease in the cost of gas to customers. The effect of the proposed rate on a typical residential heating customer using 888 Ccf for the winter season is a decrease of \$118.33 or 13% when compared to the rates currently in effect.

For the Northern System (serving communities such as Chillicothe and Trenton), these changes will decrease the net PGA factor for the 2001-2002 winter season to \$0.67395 per Ccf from the firm PGA factor of \$0.86348 per Ccf. There is a decrease in the cost of natural gas for the coming winter season; there is an increase in the ACA factor to correct for an under-collection in gas costs; an increase in the refund factor; and the UFA has been eliminated. These contribute to an overall decrease in the cost of gas to customers. The effect of the proposed rate on a typical residential heating customer using 888 Ccf for the winter season is a decrease of \$168.29 or 17% when compared to the rates currently in effect.

For the Eastern System (serving communities such as Rolla and Owensville), these changes will decrease the net PGA factor for the 2001-2002 winter

season to \$1.08009 per Ccf from the firm PGA factor of \$1.16476 per Ccf. There is a decrease in the cost of natural gas for the coming winter season; there is an increase in the ACA factor to correct for an under-collection in gas costs; and the UFA has been eliminated. These contribute to an overall decrease in the cost of gas to customers. The effect of the proposed rate on a typical residential heating customer using 888 Ccf for the winter season is a decrease of \$75.20 or 6% when compared to the rates currently in effect.

Case number GR-2001-461 was established to track UtiliCorp's PGA factors to be reviewed in its 2000-2001 ACA filing. Case numbers GR-2000-520 and GR-99-435 were established to track UtiliCorp's PGA factors to be reviewed in its 1999-2000 and 1998-1999 ACA filings, respectively. Interim subject-to-refund status should be maintained pending final Commission decisions in case numbers GR-99-435, GR-2000-520, and GR-2001-461

Because of the short time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department requests permission to submit its results and recommendations regarding information included in this ACA filing to the Commission on or before May 15, 2002. (The Commission notes that this date was set forth in its order establishing a procedural schedule, adopted on May 22, 2001.)

The Energy Department - Tariffs/Rate Design Staff has reviewed this filing and has determined that it was calculated in conformance with UtiliCorp's

PGA Clause. Good cause for approval of the tariff sheet on less than thirty days' notice is demonstrated by UtiliCorp's PGA clause allowing for a minimum of ten business days' notice for PGA change filings. Therefore, Staff recommends that the tariff sheets be approved, interim subject to refund.

Findings of Fact

The Commission has reviewed the proposed tariff sheets and Staff's Memorandum and Recommendation. The Commission finds that the tariff sheets conform to UtiliCorp's Commission-approved PGA Clause and are therefore reasonable. This change in UtiliCorp's rates is necessary because there is a decrease in the cost of natural gas for the coming winter season; there is an increase in the ACA factor to correct for an under-collection in gas costs; an increase in the refund factor; and the UFA has been eliminated. These factors contribute to an overall decrease in the cost of gas to customers.

Conclusions of Law

After considering Staff's recommendation, and for good cause shown under Section 393.140(11), RSMo 2000, the Commission concludes that the proposed tariff sheets should be approved to become effective on and after the requested effective date of November 19, 2001, interim subject to refund.

IT IS THEREFORE ORDERED:

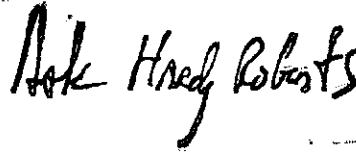
1. That tariff number 200200348, submitted in case number GR-2001-461 on November 5, 2001, by Missouri Public Service Company, a division of UtiliCorp United Inc.,

is approved on an interim basis, subject to refund, for service rendered on and after November 19, 2001. The tariff sheets approved are:

P.S.C. MO. No. 5
23rd Revised Sheet No. 43, Canceling 22nd Revised Sheet No. 43
26th Revised Sheet No. 44, Canceling 25th Revised Sheet No. 44
16th Revised Sheet No. 44.1, Canceling 15th Revised Sheet No. 44.1

2. That this order will become effective on November 19, 2001.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(SEAL)

Bill Hopkins, Senior Regulatory Law Judge,
by delegation of authority under
Section 386.240, RSMo 2000.

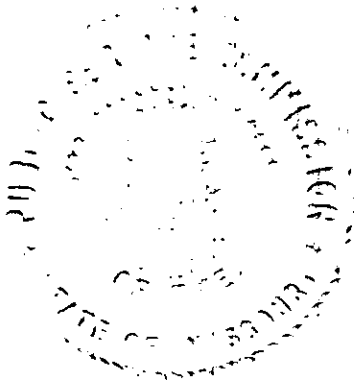
Dated at Jefferson City, Missouri,
on this 14th day of November, 2001.

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 14th day of Nov. 2001.



Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge