

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott Chair
Edward A. Garvey Commissioner
Marshall Johnson Commissioner
LeRoy Koppendraye Commissioner
Phyllis A. Reha Commissioner

To: Debra Keim
Senior State Regulatory Manager SERVICE DATE: JANUARY 22, 2002
UtiliCorp United Inc.
1815 Capitol Avenue
Omaha, Nebraska 68102 DOCKET NO. G-007, 011/M-01-1358

In the Matter of the Petition of Northern Minnesota Utilities and Peoples Natural Gas Company for a Variance to Recover the Costs Associated with Financial Call Options Through the Purchased Gas Adjustment

The above entitled matter has been considered by the Commission and the following disposition made:

Variance Granted, for a 15-month period commencing with the date of this Order, subject to the reporting requirements recommended by the Department of Commerce;

Variance language underlined and set forth below:

7825.2500 B. Changes in cost resulting from changes in the commodity-delivered gas cost and demand- delivered gas cost and premiums and proceeds for call options related to swing gas contracts for purchased gas and changes in the cost of fuel consumed in the manufacture of gas or peak shaving gas volumes. This provision is entitled purchased gas adjustment.

7825.2400, Subp. 12. Cost of purchased gas is the cost of gas as defined by Minnesota uniform system of accounts, class A and B gas utilities, including accounts 800, 801, 802, 803, 804, 804.1, 805, 805.1, 808.1, 809.1, 810, 854, and 858 for energy purchased, as provided by Code of Federal Regulations, title 18, part

201, as amended through April 1, 1988. These accounts are incorporated by reference. The cost of purchased gas also includes the normal and ordinary cost of injection and withdrawal of gas from storage at the time of withdrawal. The cost of purchased gas shall also include premiums and proceeds for call options related to swing gas contracts as described in the Companies' petition for variance. All gas public utilities shall use this definition regardless of class.

The Commission agrees with and adopts, as modified above, the recommendations of the Department of Commerce. Those recommendations are attached and hereby incorporated into this Order.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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