

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

In the Matter of the Application of )  
Missouri Gas Utility, Inc., for a Certificate )  
of Convenience and Necessity )  
Authorizing it to Construct, Install, Own, )  
Operate, Control, Manage and Maintain a )  
Natural Gas Transmission Line and )  
Distribution System to Provide Gas )  
Service in Benton County, Missouri as a )  
New Certificated Area )  
)

**Case No. GA-2012-0044**

**STAFF RECOMMENDATION**

COMES NOW the Staff of the Commission, and in response to the Commission's August 20, 2011 Notice and Order Directing Filing, submits Staff's Recommendation concerning Missouri Gas Utility's ("MGU") Application for a Certificate of Convenience (CCN) to extend its service to certain areas of Benton County, Missouri. Staff recommends approval of MGU's Application with certain conditions, which are noted below and in the attached Staff Recommendation:

1. Staff recommends approval of MGU's Application for several reasons as noted in the attached Recommendation.
2. Staff also recommends the Commission order the following conditions:
  1. MGU's shareholders shall be fully responsible for the success of this project, with no liability or responsibility put on MGU's existing customers;
  2. MGU shall use the depreciation rates currently on file with the Commission;
  3. MGU shall obtain adequate capacity on the pipeline to reliably serve all customers in this area, including capacity necessary to serve any future growth;

4. Within thirty (30) days of the Commission's Order approving this Application, the Company shall file revised tariff sheets to include this additional service territory.
5. MGU shall maintain the operational capability to provide gas service in its requested service area; and
6. The requested CCN area for gas service shall not jeopardize natural gas service to the Company's current customers.

WHEREFORE Staff recommends approval of MGU's Application with the requirement MGU comply with the conditions noted above.

Respectfully submitted,

**/s/ Lera L. Shemwell**

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Lera L. Shemwell  
Deputy General Counsel  
Missouri Bar No. 43792

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Missouri Public Service Commission  
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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or emailed to all counsel of record this 7th day of September, 2011.

**/s/ Lera L. Shemwell**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File,  
Case No. GA-2012-0044, Missouri Gas Utility, Inc.

FROM: Kim Cox, Energy Department - Tariffs/Rate Design

/s/ Kim Cox 9/7/11  
Energy Department/Date

/s/ Lera Shemwell 9/7/11  
General Counsel's Office/Date

SUBJECT: Staff Recommendation On Missouri Gas Utility, Inc.'s Application for a Certificate of Convenience and Necessity

DATE: September 7, 2011

On August 9, 2011, Missouri Gas Utility, Inc. (MGU or Company) filed an APPLICATION (Application) with the Missouri Public Service Commission (Commission). The Application requests that the Commission grant MGU a certificate of convenience and necessity (CCN) authorizing it to construct, install, own, operate, control, manage and maintain a gas transmission line and a distribution system to provide gas service in Benton County in Missouri.

On August 10, 2011, the Commission issued a NOTICE AND ORDER DIRECTING FILING\_(Order). The order stated that any motion to intervene was due no later than August 25, 2011, and directed Staff to file its recommendation no later than September 8, 2011. No parties intervened.

MGU is requesting a CCN in four (4) sections of Benton County. The mainline will be 8.5 miles and will provide natural gas service to a chicken farm as well as to additional customers. It will follow the rights-of way, county roads or state highways. No franchises or permits from municipalities, counties or other authorities will be necessary other than the customary state highway, railroad and county road permits, which MGU will obtain prior to construction. . The requested area is surrounded by existing MGU certificated service areas.

MGU filed its Feasibility Study with its Application. The total estimated cost of the project is \$566,879. MGU also provided a projected average usage, its monthly customer and commodity charges. The charges used in the calculation are the same rates approved by the Commission for the area certificated in Cases No. GA-2009-0264 and GA-2009-0422.

It is Staff's opinion, the Feasibility Study filed by MGU to provide natural gas in the requested service area shows MGU's proposal to be economically feasible. Staff is also of the opinion that the proposal contains risks, and the Feasibility Study alone is not enough to make the project feasible. The proven record of MGU's ability to attract and secure acceptable financing may be the best indicator for success of the project. Also MGU's ability to build its customer base in existing service areas indicates a reasonable probability for success.

Based on the results of Staff's analysis of all available information, Staff recommends the Commission issue its order requiring:

1. MGU maintain separate records for the proposed certificated area and
2. MGU perform separate class cost of service studies and revenue requirements when MGU files its next rate case. (This has been required in previous Commission orders granting CCNs in each MGU certificated area.)

The Staff has reviewed this Application and, for the following reasons, is of the opinion that granting this Application would be in the public interest if certain conditions are attached:

1. MGU has the operational capability to provide gas service in its requested service area; and
2. The requested CCN area for gas service would not jeopardize natural gas service to the Company's current customers.

In addition to the recommendations above, Staff recommends the Commission's order also include the following conditions:

1. MGU's shareholders are totally responsible for the success of this project, with no liability or responsibility put on customers;
2. MGU shall use the depreciation rates currently on file with the Commission;
3. MGU obtain adequate capacity on the pipeline to reliably serve all customers in this area, including capacity necessary to serve any future growth.
4. Within thirty (30) days of the Commission's Order approving this Application, the Company shall file revised tariff sheets to include this additional service territory.

Therefore, Staff recommends that MGU be granted a CCN to serve the requested areas in Benton County, Missouri.

The Staff has verified that this company has filed its annual report and is not delinquent on any assessment.

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Gas Utility, Inc., for a Certificate of )  
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Construct, Install, Own, Operate, Control, )  
Manage and Maintain a Natural Gas )  
Transmission Line and Distribution System )  
to Provide Gas Service in Benton County, )  
Missouri as a New Certificated Area )

Case No. GA-2012-0044

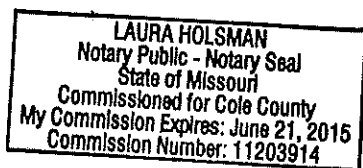
**AFFIDAVIT OF KIM COX**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE        )

Kim Cox of lawful age, on oath states: that she participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of her knowledge and belief.

  
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Kim Cox

Subscribed and sworn to before me this 7 day of September, 2011.



  
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Notary Public