

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 30th day  
of June, 2010.

In the Matter of the Application of Missouri Gas	)	
Utility, Inc., for a Certificate of Convenience	)	
and Necessity Authorizing it to Construct,	)	<b><u>File No. GA-2010-0289</u></b>
Install, Own, Operate, Control, Manage and	)	consolidated with:
Maintain a Natural Gas Distribution System to	)	GA-2010-0290 and
Provide Gas Service in Pettis and Benton	)	GA-2010-0291
Counties, Missouri as a Certificated Area	)	

**ORDER GRANTING CERTIFICATES  
OF CONVENIENCE AND NECESSITY**

Issue Date: June 30, 2010

Effective Date: July 10, 2010

**Background**

On April 19, 2010, Missouri Gas Utility, Inc. filed three applications for certificates of convenience and necessity. Those applications were designated as file numbers GA-2010-0289, GA-2010-0290 and GA-2010-0291. The Commission issued notice of the applications and invited those who might be interested to intervene. There were no requests to intervene. Thereafter, upon MGU's motion, the Commission consolidated the cases into File No. GA-2010-0289.

The Staff of the Commission filed its recommendation on June 21. MGU filed its response to Staff's recommendation on the same day, stating that it had no objections to the recommendation.

**The Applications**

Through the several applications filed by MGU, the company seeks to serve areas in Pettis and Benton counties. In each application, MGU states that the areas for which it

seeks certification are developed, there is no natural gas supplier available in the areas, MGU has the ability to provide service in the areas by construction of new facilities, and potential new customers should be afforded the opportunity to take service from MGU.

With its applications, MGU also included a list of at least 10 residents in each the areas, a legal description of each service area, a feasibility study, a description of the route of construction and plans for financing. MGU states that it will require no additional franchises or permits from governmental bodies.

### **Staff's Recommendation**

Staff recommends that the Commission approve the applications under the following conditions:

MGU's shareholders accept full financial responsibility for the success of this project, with no liability or responsibility falling on customers.

MGU shall use the depreciation rates currently on file with the Commission.

As ordered in Case No. GA-2009-0264, MGU shall submit to a rate review within 36 months after the effective date in Case No. GA-2009-0264. This review should also include consideration of the authority granted in these cases.

Staff's investigation also includes assurances that MGU has the operational capacity to provide gas service in the proposed service areas and that service to current customers would not be jeopardized.

Further, Staff informs the Commission that MGU's projected customer count after 5 years will be 24 residential or general service customers and 12 commercial customers. The rates to be charged are the same as those approved in Commission File No. GA-2009-0264. In that case, the Commission granted a certificate of convenience and necessity to the company to construct and operate a gas distribution system in both Pettis and Benton Counties. The certificate sought herein is an extension of the certificated

authority granted therein. Thus, MGU currently has a certificate to serve areas adjacent to the areas the company seeks to serve through these three consolidated applications. Staff also states that the company provided supportive information that its current contracted capacity for its southern service area is sufficient to serve the additional areas.

## **Discussion**

Under Commission rule<sup>1</sup> MGU must submit with its application certain documentation, i.e., a list of 10 residents in each area, a legal description of each area, a feasibility study, a description of the routes of construction and plans for financing. With its applications, MGU has supplied the documentation and statements required by the Commission's rule.

Missouri law<sup>2</sup> requires that MGU obtain Commission approval for a gas transmission line and to service an area. Prior to granting the authority, the Commission must determine that it is necessary or convenient for the public service. As set out in MGU's applications, there is no service in the proposed service areas. The proposed service areas are adjacent to areas that MGU currently serves. MGU has the ability to provide service in the areas. Additionally, the company has satisfied Staff that the company's current contracted capacity for its service area is sufficient to serve the additional service areas.

Based on the company's application and Staff's recommendation, the Commission determines that such construction and the exercise of MGU's franchise, through the relief sought in its application, is necessary or convenient for the public service. The Commission will grant the company's requests.

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<sup>1</sup> Commission rule 4 CSR 240-3.205.

<sup>2</sup> Section 393.170.1

**THE COMMISSION ORDERS THAT:**

1. Missouri Gas Utility, Inc. is granted a Certificate of Convenience and Necessity to construct, install, own, operate, control, manage, and maintain gas transmission lines and distribution systems for the provision of natural gas service in the requested areas in Pettis and Benton counties, as separately described in its applications under Commission File Nos. GA-2010-0289, GA-2010-0290 and GA-2010-0291.

2. The authority granted to Missouri Gas Utility, Inc., shall be subject to the following conditions:

- MGU's shareholders accept full financial responsibility for the success of these projects, with no liability or responsibility falling on customers;
- MGU shall use the depreciation rates currently on file with the Commission;
- As ordered in Case No. GA-2009-0264, MGU shall submit to a rate review within 36 months after the effective date in Case No. GA-2009-0264. This review should also include these newly certificated areas granted in this case; and
- MGU shall obtain adequate capacity on the pipeline to reliably serve all customers in this areas, including capacity necessary to serve any future growth.

3. Missouri Gas Utility, Inc. shall file, within 30 days of the effective date of this order, a revised tariff sheets reflecting the Commission grant of authority in this case.

4. This order shall become effective on July 10, 2010.

**BY THE COMMISSION**



Steven C. Reed  
Secretary

( S E A L )

Clayton, Chm., Davis, Jarrett,  
Gunn, and Kenney, CC., concur.

Jones, Senior Regulatory Law Judge