

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2010-0218, File No. YG-2010-0461,
Southern Missouri Natural Gas Company, L.P.

FROM: Thomas M. Imhoff, Energy Department - Tariffs/Rate Design

/s/ Thomas M. Imhoff 1/22/10
Energy Department/Date

/s/ Lera L. Shemwell 1/22/10
General Counsel's Office/Date

SUBJECT: Staff Recommendation on Southern Missouri Gas Company, L.P.'s Optional PGA
Filing Effective February 1, 2010

DATE: January 22, 2010

On January 19, 2010, Southern Missouri Gas Company, L.P. (SMGC or Company) d/b/a Southern Missouri Natural Gas of Mountain Grove, Missouri, filed a tariff sheet with a proposed effective date of February 1, 2010. On January 22, 2010, SMGC filed a substitute tariff sheet at the request of the Energy Department – Tariffs/Rate Design Staff (Staff). The tariff sheet was filed to reflect changes in SMGC's Purchased Gas Adjustment (PGA) factor as the result of estimated changes in the cost of natural gas. SMGC also filed a Request For Variance From Tariff Provisions (Variance). This Variance is a request for the rates to go into effect on less than 10 business days notice.

The net effect of this change will increase the Total PGA factor to \$0.8020 per hundred cubic feet (Ccf) from the Total PGA factor of \$0.7200 per Ccf currently in effect. The PGA is based on sales projections for the remainder of SMGC's ACA period (February 2010 through September 2010). This represents an increase of \$0.0120 per Ccf.

Case No. GR-2010-0218, under which this change was filed, was established to track the Company's PGA factors to be reviewed in its 2009-2010 ACA filing. Case No. GR-2009-0287 was established to track the Company's PGA factors to be reviewed in its 2008-2009 ACA filing. Interim subject to refund status should be maintained pending a final Commission decisions in Case Nos. GR-2009-0287 and GR-2010-0218.

Staff has verified that the Company has filed its annual report and is not delinquent on any assessment. Staff has reviewed this filing and is not aware of any issue currently pending before the Commission that affects or is affected by this filing.

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Staff has determined that the rates on the proposed tariff sheet were calculated in conformance with SMGC's PGA Clause. Staff recommends approval of SMGC's request for variance from tariff provisions, and the following tariff sheet filed on January 19, 2010, as substituted on January 22, 2010 should be approved interim subject to refund:

P.S.C. MO No. 1

26th Revised Sheet No. 27, Cancelling 25th Revised Sheet No. 27.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

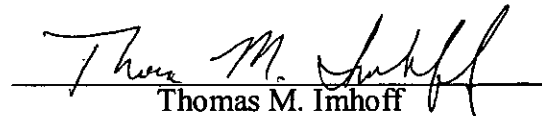
In the Matter of Southern Missouri Gas)
Company, L.P. d/b/a Southern Missouri)
Natural Gas' Purchased Gas Adjustment)
(PGA) Factors to be Reviewed in Its)
2008-2009 Actual Cost Adjustment)

Case No. GR-2010-0218

AFFIDAVIT OF THOMAS M. IMHOFF

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

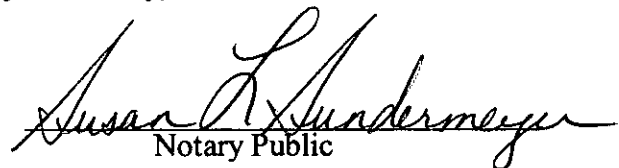
Thomas M. Imhoff, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.


Thomas M. Imhoff

Subscribed and sworn to before me this 22nd day of January, 2010.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public