

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

In the Matter of Southern Missouri Gas)	
Company LP's Purchased Gas Adjustment)	
(PGA) Factors to be Reviewed in its 2009-1010)	Case No. GR-2010-0218
Actual Cost Adjustment.)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its Recommendation in this Purchased Gas Adjustment case states:

1. On January 19, 2010, Southern Missouri Gas Company, L.P. (SMGC or Company) d/b/a Southern Missouri Natural Gas, filed a tariff sheet with a proposed effective date of February 1, 2010.

2. SMNG requested the Commission approve a Variance From Tariff Provisions (Variance). This Variance is a request for the rates to go into effect on less than 10 business days notice due to the Company's need to change rates in its upcoming billing cycle.

3. On January 22, 2010, SMGC filed a substitute tariff sheet at the request of the Energy Department – Tariffs/Rate Design Staff (Staff).

4. 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 and changes in the basis differential on natural gas pipelines.

5. 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.

6. Staff recommends approval of the request for variance and approval of the substitute tariff sheets as requested.

7. Due to the limited time available to review the rate increase request, Staff recommends the increase be approved on an interim subject-to-refund basis only pending a final Commission decisions in Case Nos. GR-2009-0287 and GR-2010-0218.

WHEREFORE Staff has determined that the rates on the substituted 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 tariff sheet filed on January 19, 2010, as substituted on January 22, 2010 be approved to be effective on February 1, 2010, on an interim subject to refund basis.

Respectfully submitted,

/s/ Lera L. Shemwell

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered or transmitted by facsimile or electronic mail to all counsel of record this 22nd day of January 2010.

/s/ Lera L. Shemwell
