

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

In the Matter of the Application of)	
Southern Missouri Gas Company, L.P.)	
Request for a Small Company Rate)	Case No. GR-2010-0347
Increase)	

**PUBLIC COUNSEL’S RESPONSE IN OPPOSITION TO
AGREEMENT AND REQUEST FOR EVIDENTIARY HEARING**

COMES NOW the Missouri Office of the Public Counsel (“OPC”) and for its Response in opposition to the Company/Staff Agreement Regarding Disposition of Small Natural Gas Company Revenue Increase Request, and for OPC’s Request for Evidentiary Hearing, states:

1. OPC opposes the Company/Staff Agreement Regarding Disposition of Small Natural Gas Company Revenue Increase Request (“Agreement”) between the Commission’s Staff and Southern Missouri Gas Company (“SMGC”), filed on November 17, 2010. The Agreement references SMGC’s initial request of \$1,000,000 but does not state the revenue increase agreed to between SMGC and Staff. According to the Second Customer Notice filed in the case on November 26, 2010, the Staff and SMGC agreed to a revenue increase of \$1,937,529, an increase of \$937,529 over SMGC initial request.

2. OPC opposes this agreement because the revenue requirement agreed to by Staff and SMGC may include an acquisition premium above the value of the plant being included in rate base. Including the acquisition premium in rates would be significantly detrimental to ratepayers because it would force ratepayers to overcompensate SMGC for plant that has been written-down as impaired assets. Rate

base should include the value of the assets after the write down to reflect the true value of the assets without forcing ratepayers to pay an acquisition premium. This is the only issue that OPC seeks to resolve through an evidentiary hearing.

3. Pursuant to the procedural requirements of 4 CSR 240-3.050(24), a small utility rate case must be finally submitted to the Commission no later than nine (9) months after the case is opened. This case was opened on May 21, 2010, and the rate case must be submitted to the Commission by February 21, 2011. Accordingly, OPC requests an evidentiary hearing in late January 2011 or early February 2011 to give the parties sufficient time to file briefs by February 21, 2011.

WHEREFORE, the Office of the Public Counsel respectfully; 1) offers this response in opposition to the Company/Staff Agreement Regarding Disposition of Small Natural Gas Company Revenue Increase Request, and 2) requests an evidentiary hearing.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

By: /s/ Marc D. Poston

Marc D. Poston (#45722)

Deputy Public Counsel

P. O. Box 2230

Jefferson City MO 65102

(573) 751-5558

(573) 751-5562 FAX

marc.poston@ded.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 14th day of December 2010.

/s/ Marc Poston
