

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Southern)
Missouri Gas Company, L.P., for a Variance) **Case No. GE-2006-0156**
from 4 CSR 240-14.020(1)(D))

ORDER DIRECTING FILING

Issue Date: December 13, 2005

Effective Date: December 13, 2005

On October 11, 2005, Southern Missouri Gas Company, L.P., asked the Commission for a rule variance. SMGC would like to offer its eligible customers rebates and credits to induce them to purchase natural gas-fired water heaters. Commission Rule 4 CSR 240-14.020(1)(D) currently prevents SMGC from doing so. SMGC would like a variance from the rule so that it can better compete against unregulated electric cooperatives and propane dealers in SMGC's service area.

At its December 13 Agenda, the Commission expressed concerns about SMGC's request. The Commission noted that natural gas prices are at a record high, and questioned whether it should approve a variance that could encourage even more natural gas usage.

The Commission will order the parties to file pleadings that explain why the Commission should approve SMGC's request in spite of record natural gas prices. The Commission notes that SMGC has filed a tariff to implement the rebate program, and that the tariff is effective December 23. Therefore, the Commission will order the parties to reply expeditiously.

IT IS THEREFORE ORDERED:

1. That the parties shall file pleadings as described above no later than December 15, 2005.
2. That this order shall become effective on December 13, 2005.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Ronald D. Pridgin, Regulatory Law Judge,
by delegation of authority pursuant
to Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 13th day of December, 2005.