

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2007-0484, File No. JG-2008-0228,
Southern Missouri Natural Gas Company, L.P.

FROM: Tom Solt, Energy Department - Tariffs/Rate Design

/s/ Thomas Imhoff 10/19/2007
Energy Department/Date

/s/ Lera Shemwell 10/19/2007
General Counsel's Office/Date

SUBJECT: Staff Recommendation on Southern Missouri Gas Company, L.P.'s Winter Season PGA
Filing Effective November 1, 2007

DATE: October 19, 2007

On October 11, 2007, Southern Missouri Natural Gas Company, L.P. (SMGC or Company) d/b/a Southern Missouri Natural Gas Company of Mountain Grove, Missouri, filed a tariff sheet with a proposed effective date of November 1, 2007. The tariff sheet was filed to reflect changes in SMGC's Purchased Gas Adjustment (PGA) and Actual Cost Adjustment (ACA) factors as the result of estimated changes in the cost of natural gas for the winter season. The winter season includes the months of November through March.

The net effect of this change will decrease the Total PGA factor to \$0.972 per hundred cubic feet (Ccf) for the winter season (November – March) from the Total PGA factor of \$1.0500 per Ccf currently in effect. The PGA factor is decreasing to \$0.939 from \$1.0500, and the ACA factor is increasing to \$0.033 from \$0.00. This represents an overall decrease of \$0.0780 per Ccf.

Case No. GR-2007-0484, under which this change was filed, was established to track the Company's PGA factors to be reviewed in its 2006-2007 Actual Cost Adjustment (ACA) filing. Case No. GR-2006-0352 was established to track the SMGC's PGA factors to be reviewed in its 2005-2006 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos GR-2006-0352 and GR-2007-0484.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2008.

The Energy Department – Tariffs/Rate Design Staff (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.

Staff has determined that the rates on the proposed tariff sheet were calculated in conformance with SMGC's PGA Clause. Staff is of the opinion that good cause for approval of SMGC's tariff sheet on less than thirty (30) days notice is demonstrated by SMGC's Commission-approved PGA Clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheet filed on October 11, 2007, is in compliance with SMGC's tariff and should be approved interim subject to refund:

P.S.C. MO No. 1

22nd Revised Sheet No. 27, Cancelling 21st 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)
Factors to be reviewed in its 2006-2007)
Actual Cost Adjustment)

Case No. GR-2007-0484

AFFIDAVIT OF THOMAS SOLT

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Thomas Solt, 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 given by 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.

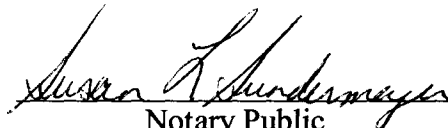


Thomas Solt

Subscribed and sworn to before me this 18th day of October, 2007.



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



Notary Public

My commission expires 9-21-10