

**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)	Case No. GR-2007-0484
Reviewed in its 2006-2007 Actual Cost Adjustment.)	

STAFF RECOMMENDATION

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

1. 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.

2. The winter season includes the months of November through March.

3. 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.

4. 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.

5. 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.

6. 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 the SMNG tariff sheet filed on October 11, 2007, should be approved interim-subject-to-refund basis.

WHEREFORE Staff recommends the Commission approve SMNG's tariff on an expedited basis, interim subject to refund only.

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 19th day of October 2007.

/s/ Lera L. Shemwell
