



Commissioners

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Missouri Public Service Commission

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Director, Utility Operations

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Secretary/General Counsel

KEVIN A. THOMPSON
Chief Staff Counsel

July, 19, 2010

Mr. Dave Moody, Chief Operating Officer
Southern Missouri Natural Gas Company
P.O. Box 847
Mountain Grove, Missouri 65711

Dear Mr. Moody:

I received the attached correspondence from State Representative Michael Cunningham with a question from a constituent regarding the Southern Missouri Natural Gas Company (SMNG) bidding process for extending gas service from Branson to Aurora. The constituent's question is why the lowest bid of \$20 million was not accepted by SMNG.

I would expect to receive your response to the constituent's question fully explaining the bidding process, review and criteria used by SMNG in choosing and awarding the contract to extend gas service from Branson to Aurora no later than Monday, August 2, 2010.

If you have additional question, please contact me at 573-751-7435.

Sincerely,

A handwritten signature in cursive script that reads "Wess Henderson".

Wess Henderson
Executive Director

c: Jeff Davis, Commissioner

CAPITOL OFFICE

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RECEIVED

JUL 15 2010

**Executive Director
MO PSC**

MICHAEL CUNNINGHAM

State Representative
District 145

July 14, 2010

Mr. Jeff Davis
MO Public Commission Service
PO Box 360
Jefferson City, MO 65102

Dear Mr. Davis:

It is my understanding that Southern Missouri Natural Gas Company has applied for a rate increase with the PSC.

Information I recently received has raised a serious question concerning their needs or motives. On a recent project they took bids for extending their services from Branson to Aurora where they received three bids. The low bid submitted was for \$20 million, next was \$27 million and the third was for \$40 million. I'm told the \$20 million bid was from a local Webster County company who presented them with bid bonds, etc. and highly thought of within the industry and very capable of fulfilling the job. They have done multi-million dollar jobs for various companies throughout the Midwest.

I'm unsure why they would accept a higher bid unless it would make a better case for a rate increase and expect a higher rate based on their investment. Herion Company was the low bidder. Randy Herion is the President and is most willing to visit with you about the bids. His company telephone number is 417-767-1005 and his cell number is 417-818-8974. He does not expect you to intervene in the bidding process but feels he can give valuable information that could possibly shed some light on their proposed rate increase.

Thanks, Jeff, for your time and consideration. Please feel free to contact me at 417-818-7818 if I can be of any assistance in this matter. I really don't care to see my constituents rates go up due to Southern Missouri Natural Gas business practices.

Sincerely,

Michael L. Cunningham

Committees

Chairman: Financial Institutions

Member: Administration and Accounts – Budget
Special Committee on Health Insurance