BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the matter of the application of)	
Southern Missouri Gas Company, L.P. for)	Case No. GE-2006-0189
a variance from 4 CSR 240-14.020(1)(D))	

STAFF RECOMMENDATION

COMES NOW the Staff of the Commission and for its Recommendation in this case states:

- 1. On November 1, 2005, Southern Missouri Gas Company. L.P. d/b/a Southern Missouri Natural Gas Company (SMNG) filed an application for variance from certain restrictions in the Commission's Promotional Practices Rule, 4 CSR 240-14.020(E)(F) and (H).
- 2. Additionally SMNG requested approval to re-establish a conversion promotion, under which the Company would convert customer's appliances to natural gas. This program is similar to a Commission-authorized promotion that lapsed on November 15, 2000.
- 3. SMNG asserts that the program is necessary for SMNG to compete with propane suppliers and unregulated electric cooperatives in its certificated area. There are no other regulated utility companies in SMNG's certificated area.
- 4. Staff does not agree with SMNG's request to make the program permanent and the Company has agreed that that the program should be implemented for forty-eight (48) months. As a condition of recommending approval, Staff is also requiring SMNG to provide semi-annual reports of the results of its program in order for Staff to monitor the level of conversions provided and the resultant demand on SMNG's capacity.
- 5. Staff is recommending that the Commission grant the Company's request for waiver from certain of the Commission's promotional practice rules and approve the tariffs filed

by the Company on December 7, 2005, for a period of four (4) years or forty-eight (48) months. Staff will monitor the capacity issues and, if necessary, Staff will make further recommendations to the Commission concerning this program.

WHEREFORE Staff recommends that the Commission approve the substitute tariff sheets filed on December 7, 2005, to reinstitute tariffs to permit the company to offer a program to encourage conversion of furnaces to natural gas, approve the substitute tariffs for a period of four (4) years or forty-eight (48) months and grant the Company's request for variance.

Respectfully submitted,

DANA K. JOYCE General Counsel

/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 14th day of December.

/s/ Lera L. Shemwell