

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 28th day
of September, 2011.

In the Matter of the Joint Application of Southern)
Missouri Gas Company, L.P., d/b/a Southern Missouri)
Natural Gas and Missouri Gas Utility, Inc., for Approval) **File No. GM-2011-0354**
of the Merger of Southern Missouri Natural Gas with)
Missouri Gas Utility, Inc., and for Certain Related)
Transactions.)

ORDER APPROVING UNANIMOUS STIPULATION AND AGREEMENT

Issue Date: September 28, 2011

Effective Date: October 8, 2011

Syllabus: This order approves the Unanimous Stipulation and Agreement (“Stipulation”), and allows Southern Missouri Natural Gas Company, L.P., d/b/a Southern Missouri Natural Gas (“SMNG”) and Missouri Gas Utility, Inc. (“MGU”) to merge. MGU will be the surviving entity. The order also grants SMNG and MGU a waiver from the Commission’s rule requiring a 60-day notice before filing a contested case.

Procedural History

On April 27, 2011¹, SMNG and MGU filed an application. That application requests, among other things, authority from the Commission for SMNG and MGU to merge, with MGU as the surviving entity. Southern Union Company, d/b/a Missouri Gas

¹ Calendar references are to 2011 unless otherwise noted.

Energy, filed an application to intervene on May 18. The Commission granted the application on May 31.

The Joint Applicants

SMNG is a Missouri limited partnership that owns and operates a natural gas transmission and distribution system in south central Missouri. It is a “gas corporation” and a “public utility” subject to the Commission’s jurisdiction.

MGU is a wholly owned subsidiary of Summit Utilities, Inc., and is a Colorado Corporation. MGU operates natural gas distribution and transmission systems in northern and central Missouri. It is also a “gas corporation” and a “public utility” subject to the Commission’s jurisdiction. The ultimate owners of SMNG and MGU are the same, which is IIF CNG Investment LLC.

The applicants state that the sale would not be detrimental to the public interest because the sale would not result in any reduced level of service or reliability. Further, the sale would not result in any rate changes. Finally, the sale would not impact tax revenues of the Missouri political subdivisions in which any structures, facilities, or equipment of SMNG or MGU is located.

Unanimous Stipulation and Agreement

On September 15, SMNG, MGU, MGE, the Staff of the Commission, and the Office of the Public Counsel submitted a Stipulation. The Stipulation is attached to this order as Exhibit A.

The signatories agreed that the Commission should approve the application subject to certain conditions. Those conditions involve adherence to Missouri rules,

affiliate transactions, accounting for plant in service, surveillance, customer service standards, depreciation, tariffs, rate increase requests, waiver of rate reviews, prior orders and agreements, gas safety, no detriment to customers, interaction with adjoining utilities, name change of MGU, and operations.

The Commission can approve of the requested merger upon finding the merger would not be detrimental to the public interest.² The Commission has reviewed the pleadings, and the Stipulation, and upon that review, finds that the proposed merger would not be detrimental to the public interest. The Commission finds the Stipulation reasonable, and will approve it. The Commission further finds the relief requested in the application reasonable, and will grant the application.

THE COMMISSION ORDERS THAT:

1. The Unanimous Stipulation and Agreement is approved.
2. Southern Missouri Natural Gas Company, L.P. d/b/a Southern Missouri Natural Gas and Missouri Gas Utility, Inc., are authorized to perform in accordance with the Merger Agreement and all other transaction-related instruments, and to take any and all other actions that may be reasonably necessary and incidental to the performance of the merger.
3. Missouri Gas Utility, Inc., is authorized, via the Merger Agreement, to merge and consolidate Southern Missouri Natural Gas Company, L.P. d/b/a Southern Missouri Natural Gas' public utility operations with Missouri Gas Utility, Inc., as more fully described in the filed documents including the Merger Agreement, Joint Application, and Direct Testimony.

² Section 393.190 RSMo (2000), Commission Rule 4 CSR 240-3.215.

4. The Merger and other relief sought in the Joint Application and the conditions of the Unanimous Stipulation and Agreement are not detrimental to the public interest.

5. The Motion for Waiver of the 60-day notice of filing contained in Commission Rule 4 CSR 240-4.020(2) is granted.

6. The terms of the Unanimous Stipulation are just and reasonable, and the Commission orders that the signatories shall be bound by and comply with the terms of the Unanimous Stipulation and Agreement.

7. The Commission further grants such other relief as may be necessary and appropriate to accomplish the purposes of the Merger and the Joint Application, and to consummate the Merger and related transaction in accordance with the Merger and the Joint Application.

8. The Commission grants a waiver of rate reviews as required in File Nos. GA-2009-0264, GA-2009-0422, GA-2010-0189 and GA-2010-0289.

9. This order shall become effective on October 8, 2011.
10. This case shall be closed on October 9, 2011.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Davis, Jarrett,
and Kenney, CC., concur.

Pridgin, Senior Regulatory Law Judge