

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 27th day
of May, 2009.

In the Matter of Southern Missouri)
Gas Company LP's Purchased Gas)
Adjustment (PGA) Factors to be)
Reviewed in its 2007-2008 Actual)
Cost Adjustment)

File No. GR-2008-0379

**ORDER ADOPTING STAFF RECOMMENDATIONS AND REQUIRING
ADJUSTMENT OF ACA BALANCE**

Issue Date May 27, 2009

Effective Date: June 6, 2009

This file was opened to receive the 2007-2008 Actual Cost Adjustment (ACA) filing of Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas. On April 7, 2009, the Staff of the Missouri Public Service Commission filed a recommendation and memorandum indicating that Staff has completed an audit of the company's billed revenues and actual gas costs for the period of September 1, 2007 to August 31, 2008. Staff also conducted a reliability analysis of estimated peak requirements and a hedging review.

Staff recommended that the Commission issue an order requiring the company to:

1. Reflect the ACA account balance in its next ACA filing to include the (over)/under-recovered ACA balance in the "Staff Recommended" column of the following table:

| Description (+) Under-recovery (-) Over-recovery | Company Ending Balances Per Filing | Staff Adjustments | Staff Recommended Ending Balances |
|---|---|------------------------------|--|
| Prior ACA Balance 8/31/07 | \$147,317 (A) | \$0 | \$147,317 (A) |
| Cost of Gas | \$5,634,220 | \$0 | \$5,634,220 |
| Cost of Transportation | \$1,349,932 | \$0 | \$1,349,932 |
| Revenues | (\$6,722,288) | (\$1,711) | (\$6,723,999) |
| ACA Approach for Interest Calculation | \$3,157 | \$0 | \$3,157 |
| Total ACA Balance 8/31/08 | \$412,338 | (\$1,711) | \$410,627 |

(A) Includes settlement adjustment of (\$75,000) in Case GR-2006-0352.

2. Include customer charge language in the school aggregation contract agreements upon renewal of its contract in October 2009.

3. Closely monitor transportation imbalances in order to minimize monthly imbalances and to review its tariffs to provide greater incentive to stay in balance.

4. Maintain a current hedging plan and continue to evaluate the possibility of further diversifying its gas supply portfolios including a gas supply planning horizon of multiple years and evaluation of firm storage opportunities, and keep abreast of the market developments to help its gas procurement decision-making. The current hedging plan must include detailed plans to provide proper documentation of gas purchasing decisions at the time such decisions are made.

5. Respond within 30 days to the concerns expressed by Staff in the Reliability Analyses and Gas Supply Planning section related to (1) methodology concerns for peak day estimates and monthly estimates and (2) school aggregation.

6. File a written response to the above recommendation within 30 days.

Thereafter, the company filed a response to Staff recommendations stating that Staff's recommendations are acceptable and urging the Commission to issue an order adopting such recommendations.

After reviewing Staff's recommendations and the company's response, the Commission concludes that Staff recommendations should be implemented.

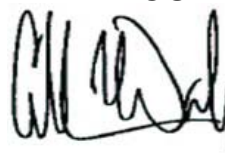
THE COMMISSION ORDERS THAT:

1. Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas, shall reflect the ACA account balances in its next ACA filing to include the (over)/under-recovered ACA balances in the "Staff Recommended" column of the table set out in Staff's Memorandum and in the body of this order.

2. Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas, shall comply with the enumerated recommendations set out in Staff's Memorandum and in the body of this order.

3. This order shall become effective on June 6, 2009.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', is written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Clayton, Chm., Murray, Davis,
Jarrett, and Gunn, CC., concur.

Jones, Senior Regulatory Law Judge