

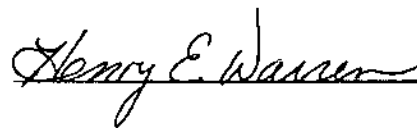
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of the Purchased Gas)	
Adjustment filing of Southern Missouri Gas)	
Company d/b/a Southern Missouri Natural)	Case No. GR-2006-0352
Gas Company)	

AFFIDAVIT OF HENRY E. WARREN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Henry E. Warren, of lawful age, on oath states: that he has participated in the preparation of the foregoing written report, consisting of two pages to be presented in the above case; that the information in the attached written report was given by Southern Missouri Gas Company d/b/a Southern Missouri Natural Gas Company; that he has knowledge of the matters set forth in such report; and that such matters are true to the best of his knowledge and belief.



Subscribed and sworn to before me this 19th day of October, 2006.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086



Notary Public

My commission expires 9-21-10

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2006-0352, File No. JG-2007-0230,
Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas

HW

FROM: Henry Warren, Energy Department - Tariffs/Rate Design

/s/ Thomas M. Imhoff 10/19/06
Energy Department/Date

/s/ Robert V. Franson 10/19/06
General Counsel's Office/Date

SUBJECT: Staff Recommendation on Southern Missouri Gas Company, L.P.'s Winter Season
PGA Filing Effective November 1, 2006

DATE: October 19, 2006

On October 6, 2006, Southern Missouri Gas Company, L.P. (SMGC or Company) of Mountain Grove, Missouri, filed a tariff sheet with a proposed effective date of November 1, 2006. The tariff sheet was filed to reflect changes in SMGC's Purchased Gas Adjustment (PGA) factor as the result of an estimated change in the cost of natural gas for the upcoming winter season. The winter season includes the months of November through March. This tariff filing also reflects a change in the Actual Cost Adjustment (ACA), another factor that determines the Net PGA.

SMGC's PGA Clause allows SMGC to file their Winter PGA between September 15 and November 4 of each calendar year. (Tariff Sheet No. 21). Therefore, this filing affects the coming winter season.

The net effect of this change will decrease the firm PGA factor to \$0.9500 per hundred cubic feet (Ccf) for the coming winter season (November – March) from the firm PGA factor of \$0.9960 per Ccf currently in effect. When compared to the rates currently in effect, the effect of the proposed PGA decrease on a typical residential customer's natural gas bills for the coming winter season (November – March) is an approximate \$27 or 3 % decrease if the winter weather for the Company's service area is close to normal.

Case No. GR-2006-0352, under which this change was filed, was established to track the Company's PGA factors to be reviewed in its 2005-2006 ACA filing. Interim subject to refund status should be

Attachment A

MO PSC Case No. GR-2006-0352
OFFICIAL CASE FILE MEMORANDUM
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maintained pending a final Commission decision in Case No. GR-2006-0352.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2007.

The Energy Department – Tariffs/Rate Design Staff (Staff) has verified that the Company has filed its annual report and is not delinquent on any assessment. Staff has reviewed this filing and is unaware of any issue currently pending before the Commission that affects or is affected by this filing.

Having reviewed this filing, Staff has determined that the rates on the proposed tariff sheet were calculated in conformance with SMGC's PGA Clause. Staff does not render an opinion as to the reasonableness of SMGC's gas purchasing practices at this time. That will be addressed in the Procurement Analysis Department's audit recommendations concerning the prudence of SMGC's procurement of its gas supplies for the upcoming winter season. 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 that the following tariff sheet with the filing date of October 6, 2006, is in compliance with SMGC's tariff and should be approved interim subject to refund:

P.S.C. MO No. 1

20th Revised Sheet No. 27, Cancelling 19th Revised Sheet No. 27.

Copies: Director - Utility Operations Division
 Director - Research and Public Affairs Division
 Director - Utility Services Division
 General Counsel
 Manager - Financial Analysis Department
 Manager - Procurement Analysis Department
 Manager – Energy Department
 James M. Fischer – Attorney for SMGC (Fischer & Dority, P.C.)
 Randal T. Maffett – Managing Partner (SMGC)
 Office of the Public Counsel