

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2007-0484, File No. JG-2007-0902,
Southern Missouri Natural Gas Company, L.P.

FROM: Michael J. Ensrud, Energy Department - Tariffs/Rate Design

/s/Tom Imhoff 06-20-07
Energy Department/Date

/s/Lera Shemwell 06-20-07
General Counsel's Office/Date

SUBJECT: Staff Recommendation on Southern Missouri Gas Company, L.P.'s Optional PGA Filing
Effective July 1, 2007

DATE: June 20, 2007

On June 15, 2007, Southern Missouri Natural Gas Company, L.P. (SMGC or Company) d/b/a Southern Missouri Natural Gas Company of Mountain Grove, Missouri, filed a tariff sheet with a proposed effective date of July 1, 2007. 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 summer season. The summer season includes the months of April through October.

The net effect of this change will increase the firm PGA factor to \$1.0500 per hundred cubic feet (Ccf) for the summer season (April – October) from the firm PGA factor of \$0.950 per Ccf currently in effect. This represents an increase of \$0.100 per Ccf.

Case No. GR-2007-0484, under which this change was filed, was established to track the Company's PGA factors to be reviewed in its 2006-2007 Actual Cost Adjustment (ACA) filing. Case No. GR-2006-0352 was established to track the SMGC's PGA factors to be reviewed in its 2005-2006 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos GR-2006-0352 and GR-2007-0484.

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.

Staff has determined that the rates on the proposed tariff sheet were calculated in conformance with SMGC's PGA Clause. 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

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ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheet filed on June 15, 2007, is in compliance with SMGC's tariff and should be approved interim subject to refund:

P.S.C. MO No. 1

21st Revised Sheet No. 27, Cancelling 20th Revised Sheet No. 27.

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

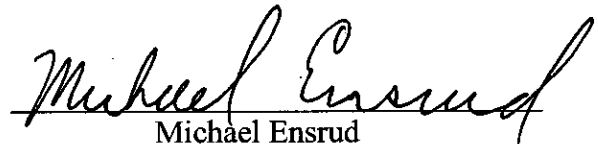
In the Matter of Southern Missouri Gas)
Company, L.P. d/b/a Southern Missouri)
Natural Gas' Purchased Gas Adjustment)
Factors to be reviewed in its 2006-2007
Actual Cost Adjustment

Case No. GR-2007-0484

AFFIDAVIT OF MICHAEL ENSRUD

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael Ensrud, of lawful age, on his oath states: that has participated in the preparation of the foregoing written report, consisting of 2 pages to be presented in the above case, that the information in the attached written report were given by; that has knowledge of the matters set forth in such report; and that such matters are true to the best of knowledge and belief.


Michael Ensrud

Subscribed and sworn to before me this 20th day of June, 2007.



DAWN L. HAKE
My Commission Expires
March 16, 2009
Cole County
Commission #05407643


Notary Public

My commission expires _____