

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

In the Matter of Southern Missouri Gas)	
Company LP's Purchased Gas Adjustment)	
(PGA) Factors to be Reviewed in its 2009-1010)	Case No. GR-2010-0218
Actual Cost Adjustment.)	

**STAFF RESPONSE TO
SOUTHERN MISSOURI NATURAL GAS'S
RESPONSE TO STAFF RECOMMENDATION**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its Response to Southern Missouri Natural Gas's Response to Staff Recommendation in this Purchased Gas Adjustment/Actual Cost Accounting (PGA/ACA) case states:

1. On October 5, 2010, Southern Missouri Gas Company, L.P. (SMGC or Company) d/b/a Southern Missouri Natural Gas, filed a tariff sheet with a proposed effective date of November 1, 2010.

2. On June 7, 2011, Staff filed its Recommendation that SMNG take certain actions.

3. On July 8, 2011 SMNG responded to Staff's Recommendation.

4. Staff accepts SMNG's response regarding prior year ACA balance, actual cost of gas – BP Energy, hedgng, and reliability analysis and gas supply planning.

5. In regard to the school aggregation issue SMNG requested more time and offered to report to Staff on a monthly basis:

On June 22, 2011 Company personnel spoke with Staff and expressed concern with Staff's recommendation regarding the capacity release adjustment for the School Aggregation customers. The Company requests additional time to respond to these recommendations. SMNG is working with the Missouri School Board Association and Seminole

Energy to determine the best course of action regarding this situation. The following report responds to all Staff Recommendations with the exception of the capacity release adjustment and the aggregation and balancing fee associated with the School Aggregation customers. The Company intends to negotiate a solution prior to signing the contracts with the schools in October and will keep Staff informed on the progress in a monthly report completed and sent to Staff the last day of each month.

6. Staff recommends the Commission order the Company to file its progress reports in this case, to make the reports available to the Commission as well as Staff and the Office of the Public Counsel.

WHEREFORE Staff requests the Commission order SMNG to file its monthly status reports in this case. Staff also recommends the case remain open until resolution of the two remaining issues: the capacity release adjustment and the balancing fee associated with the School Aggregation customers.

Respectfully submitted,

/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 15th day of July, 2011.

/s/ Lera L. Shemwell
