

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

In the matter of the Application of	)	
Southern Missouri Gas Company,	)	
L.P., d/b/a Southern Missouri Natural	)	
Gas, for Authority to Issue	)	Case No. GF-2007-0215.
approximately \$10 Million in Equity	)	
Capital and approximately \$50 Million	)	
In Notes and Other Forms of	)	
Indebtedness.	)	

**Staff Response to Southern Missouri Natural Gas`  
Second Amended Financing Application**

**COMES NOW** the Staff of the Commission and for its Response to the Commission's December 21, 2007 Order Directing Filing states:

1. Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas (SMNG) applied for a certificate of convenience and necessity authorizing it to construct, install, own operate, control, manage and maintain a natural gas distribution system to provide gas service in Lebanon Missouri.

2. On September 24, 2007, SMNG amended its Application in GF-2007-0215, and included the statement "[t]he proceeds of the equity capital and debt securities will be applied to working capital, capital expenditures and other lawful corporate purposes, including the proposed expansion of its service area to include Lebanon, Houston, Licking, Branson, and Branson West, Missouri, as more fully described in the Company's Application filed in Case Nos. GA-2007-0212, GA-2007-0310, and GA-2007-0168 as well as other communities within Applicant's existing service area."

3. On December 17, 2007, SMNG filed its Second Amended Application for Financing. Staff has submitted data requests as a result of this filing and has received

answers to some, but is not yet in a position to make an informed recommendation until it has received additional information and had time to analyze this information.

4. Staff also has a concern, but is not certain at this time how it should be resolved, that the current board has signed the Resolution to authorize the financing, but a majority of the current Board currently consists of members that are associated with an investor that will no longer have a financial interest in Southern Missouri Gas, L.P. if the transaction explained in Paragraph 5 of the Second Amended Financing Application is executed. In fact, it may even be premature to have a case before the Commission that proposes a transaction that will most likely occur under a new board. Staff suggests that Southern Missouri Gas, L.P. file a response to this filing to explain to the Commission how the Second Amended Financing Application can proceed considering this situation.

5. Staff requests additional time of thirty (30) days to gather sufficient information, which includes requests concerning more detailed terms of the financing, information concerning the use of funds, investor information and updates for data requests submitted in the original finance case, to make an informed recommendation to the Commission.

6. Staff notes that the Company's filing and Staff's recommendation in this case alone will not satisfy what Staff is recommending in SMNG's Branson Certificate of Convenience and Necessity case, Case No. GA-2007-0168, in which Staff is recommending the Commission issue SMNG a CCN conditioned on SMNG submitting to Staff and the Commission finally executed financing documents containing all final terms and conditions.

7. Staff has been authorized to represent that the Office of the Public Counsel concurs in the request for additional time.

WHEREFORE Staff requests an additional 30 days to try to obtain adequate information to make its recommendation to the Commission. However, if Staff is in a position to make a recommendation at an earlier date, it will make every attempt to do so.

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, transmitted by facsimile or emailed to all counsel of record this 4th day of January 2008.

/s/ Lera Shemwell \_\_\_\_\_