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STATE OF MISSOURI

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PUBLIC SERVICE COMMISSION

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TRANSCRIPT OF PROCEEDINGS

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Pre-hearing Conference

9

February 25, 2008

10

Jefferson City, Missouri

11

Volume 1

12

13 In the Matter of the Application )  
14 of Southern Missouri Gas )  
15 Company, L.P., d/b/a Southern )  
16 Missouri Natural Gas, For )  
17 Authority to Issue Approximately )Case No.  
\$10 Million in Equity Capital )GF-2007-0215  
and Approximately \$50 Million in )  
Notes And Other Forms of )  
Indebtedness. )

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NANCY DIPPELL, Presiding,  
DEPUTY CHIEF REGULATORY LAW JUDGE

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REPORTED BY:

24

MINDY VISLAY, CCR

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MIDWEST LITIGATION SERVICES

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22                           Service Commission.

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1 P R O C E E D I N G S

2 JUDGE DIPPELL: This is Case No.  
3 GF-2007-0215 in the matter of the application of  
4 Southern Missouri Gas Company, L.P., d/b/a Southern  
5 Missouri Natural Gas, for authority to issue  
6 approximately \$10 million in equity capital and  
7 approximately \$50 million in notes and other forms of  
8 indebtedness.

9 I am Nancy Dippell. I'm the Regulatory Law Judge  
10 assigned to this case, and we have come here today for  
11 a pre-hearing conference. I'll begin by letting  
12 everybody make entries of appearance starting with  
13 Staff.

14 MS. SHEMWELL: Lera Shemwell representing  
15 the Staff of the Missouri Public Service Commission,  
16 Post office Box 360, Jefferson City, Missouri 65102.

17 JUDGE DIPPELL: And Public Counsel.

18 MR. POSTON: Marc Poston, Office of the  
19 Public Counsel and the public, Post Office Box 2230,  
20 Jefferson City, Missouri 65102.

21 JUDGE DIPPELL: Southern Missouri.

22 MR. FISCHER: James M. Fischer and Larry W.  
23 Dority, Fischer and Dority, P.C., 101 Madison Street,  
24 Suite 400, Jefferson City, Missouri 65101.

25 JUDGE DIPPELL: Ozark Energy.

1                   MR. STEINMEIER: Let the record reflect the  
2 appearance of William D. Steinmeier and Mary Ann  
3 Garr-Young, William D. Steinmeier, P.C., P.O. Box  
4 104595, Jefferson City, Missouri, appearing on behalf  
5 of Ozark Energy Partners, L.L.C.

6                   JUDGE DIPPELL: Basically, I have directed  
7 that a procedural schedule will be filed on the 28th.  
8 That's a little bit less time than I usually give you  
9 guys, but you can work it out. If you need more time  
10 than that, let me know.

11                  Are there any pending matters that need to be  
12 brought to my attention?

13                  MR. FISCHER: I was just going to inquire  
14 about the calendar. I was looking at the Commission's  
15 calendar in March, and it looks like there are several  
16 weeks available; March 4th through the 7th, March  
17 11th -- I've got some availability problems that week,  
18 and I can't be here on the 17th through the 21st, and  
19 then the following week I may be unavailable, too.

20                  I was wondering if you could confirm some time to  
21 be available and what your preference was.

22                  JUDGE DIPPELL: I did not bring the  
23 calendar down, but I can go get it and give you the  
24 dates that aren't on the official calendar. I can do  
25 that right after.

1                   MR. STEINMEIER: I would just say that we  
2 would be looking for 30 days, assuming we could agree  
3 on some accelerated discovery and assuming Southern  
4 Missouri is agreeable to our expert witnesses. If we  
5 need to go shop for new expert witnesses for any  
6 reason we are going to need more time.

7                   JUDGE DIPPELL: And Mr. Fischer, that  
8 schedule that you are looking at there, it seems like  
9 you are thinking of live testimony instead of  
10 necessarily --

11                  MR. FISCHER: Yes. That's how we have done  
12 the certificate cases, and this is certainly important  
13 because now this is the last piece that was holding up  
14 the construction in Lebanon and in Branson, and we're  
15 getting calls from the mayor of those cities wondering  
16 when we'll be beginning construction.

17                  So, we very much need to get going, and we don't  
18 see any reason for delay. Basically, we have an  
19 agreement with the Staff by agreeing with Staff  
20 recommendation, and we'd like to get going as soon as  
21 we can.

22                  MR. STEINMEIER: Of course, Your Honor, the  
23 fact this case has any bearing on slowing down  
24 construction in Lebanon is not the fault of Ozark  
25 Energy Partners. The choice of making two distinct

1 finance cases into one was Southern Missouri Gas  
2 Company's choice.

3 They have slowed down Lebanon construction by  
4 proceeding in that manner, and it should certainly not  
5 affect the due process rights of Ozark that they have  
6 the Mayor of Lebanon calling them.

7 JUDGE DIPPELL: Certainly, if you all can  
8 agree to a procedural schedule, that would make things  
9 easier for all of us. If you can't reach an  
10 agreement, you are welcome to file separate procedural  
11 schedules.

12 Also, if you can agree to the format of testimony,  
13 and that kind of stuff, and any other factions you are  
14 willing to stipulate to, would be helpful in  
15 simplifying and help make it less expensive and easier  
16 on everyone. Is there anything else?

17 MR. FISCHER: Judge, 15 minutes before I  
18 came over today, I received from Ozark their  
19 Certificate of Compliance indicating that Mr. Cattron  
20 and Mr. Greg Pollard intended to review our highly  
21 confidential information in the case. And if you  
22 recall, we've already had two hearings in the related  
23 cases.

24 We intend to file an objection to that request on  
25 the grounds that Ozark has indicated they intend to

1 hire Cattron Enterprises, Mr. Cattron and Mr. Pollard,  
2 to be the interim management team for this company,  
3 and we don't believe that's consistent with the  
4 Commission's rules allowing employees to review highly  
5 confidential information.

6 And I would like to file a written response and  
7 give the opportunity for the Commission to review  
8 that.

9 JUDGE DIPPELL: I'll be looking for that.  
10 Mr. Steinmeier, you will have an opportunity to  
11 respond in writing.

12 MR. STEINMEIER: I would appreciate, on the  
13 same record, to at least fill in a couple of facts.  
14 Particularly the facts that neither Cattron nor  
15 Pollard is an employee, officer or director of Ozark  
16 Energy Partners.

17 Number two, we have already had this debate.  
18 There's a motion presented and ruled upon in the  
19 hearing in GA-2007-0168, which is the case, in my  
20 opinion, that this financing should also be under  
21 consideration in. And so, to get a second shot at  
22 that argument seems unfair.

23 But it's already been ruled upon. And I would  
24 refer, Your Honor, to the transcript in that case,  
25 Pages 313, 336, goes back and forth just a little bit

1     between public and HC.

2             The ruling is toward the end of that where Judge  
3     Lane determined that Mr. Catttron was entitled to  
4     access to highly confidential information and was not  
5     an employee of Ozark and thereby proscribed, under the  
6     Commission's confidentiality rules, from access to  
7     highly classified information.

8             There is still no employment contract. He is --  
9     neither of these gentlemen is an employee nor under  
10    contract to become an employee of Ozark Energy  
11    Partners.

12            And again, if SMNG is given a second bite at that  
13    apple and gets a different answer, we are going to  
14    need time to secure a different expert. And it's an  
15    enormous waste of resources for everybody, frankly.

16            MR. FISCHER: Your Honor, since the  
17    Commission did rule in that case, Ozark has filed a  
18    brief now that makes it very clear that they intend to  
19    hire Mr. Catttron and Mr. Pollard, and have relied upon  
20    their qualifications as qualifications for having  
21    somebody that knows anything about the natural gas  
22    industry.

23            And in their brief they say, on Page 6: Ozark  
24    plans to hire an experienced interim management team  
25    to manage the process of construction and the

1 provision of gas service to customers once OEP has  
2 received a Certificate of Convenience from the  
3 Commission. That team is represented in OEP's  
4 feasibility study by Cattron Enterprises Inc. Cattron  
5 Enterprises employs Steve W. Cattron and Greg Pollard,  
6 the authors of the OEP feasibility study in this case.

7 In the first case, when we objected, they  
8 suggested they were only advisors and had no real role  
9 other than to be advisors and to bring the right  
10 people to the table. And when we got to their case,  
11 they became the experts for running this company.

12 I think we are seeing a little bit of speaking out  
13 of both sides of the mouth here, and we're going to  
14 enter an objection because we want the opportunity to  
15 have the Commission rule on it.

16 JUDGE DIPPELL: Well, as you said, you are  
17 going to make your motion formally in writing, and  
18 Mr. Steinmeier will have the opportunity to respond in  
19 writing, and then we will take all of that into  
20 account.

21 I noticed the document you are reading from is  
22 marked HC. But the content you are reading is not  
23 highly confidential?

24 MR. FISCHER: That's correct.

25 JUDGE DIPPELL: Okay.

1                   MR. FISCHER: At least, it's not marked HC.  
2 Although, I think if you go to their feasibility study  
3 that talks about that, it is marked HC.

4                   JUDGE DIPPELL: But that particular part is  
5 not?

6                   MR. FISCHER: Right.

7                   JUDGE DIPPELL: Well, I will look forward  
8 to those motions and responses, and would suggest  
9 that, Mr. Fischer, if you all intend to have this on  
10 some kind of expedited procedural schedule that you  
11 will need to do that as quickly as you can so we can  
12 have time for responses and a Commission decision on  
13 that. Anything else?

14                  MR. FISCHER: You will let us know about  
15 the schedule?

16                  JUDGE DIPPELL: I will come back down with  
17 the calendar for you.

18                  I don't see anything else, so we can conclude the  
19 on-the-record portion of the hearing. Thank you.

20                  (WHEREIN, the recorded portion of the pre-hearing  
21 conference was concluded.)

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## 1 CERTIFICATE OF REPORTER

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4 I, Mindy Vislay, Certified Court Reporter with the  
5 firm of Midwest Litigation Services, and Notary Public  
6 within and for the State of Missouri, do hereby  
7 certify that I was personally present at the  
8 proceedings had in the above-entitled cause at the  
9 time and place previously described; that I then and  
10 there took down in Stenotype the proceedings had; and  
11 that the foregoing is a full, true and correct  
12 transcript of such Stenotype notes so made at such  
13 time and place.

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Mindy Vislay, CCR

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Notary Public (County of Cole)

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My commission expires March 19, 2011

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