

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 30th day
of September, 2005.

In the Matter of Southern Missouri Gas	)	
Company, L.P.'s Purchased Gas Adjustment	)	<u>Case No. GR-2005-0279</u>
Factors to be Reviewed in its 2004-2005	)	Tariff No. YG-2006-0197
Actual Cost Adjustment.	)	

ORDER APPROVING INTERIM RATES

Issue Date: September 30, 2005

Effective Date: October 1, 2005

On September 15, 2005, Southern Missouri Gas Company, L.P. ("SMG") filed its proposed tariff sheet, setting new factors for its Purchased Gas Adjustment rate, with an effective date of October 1, 2005. The Commission Staff filed its Memorandum and Recommendation on September 26, 2005.

The proposed interim rates will increase SMG's firm PGA factor to \$1.3081 per Ccf from \$0.7900 per Ccf, resulting in an increase for the typical residential customer of about \$22.00 (37%) for the final month (October) of the summer season and an increase of \$460 (43%) over the five months of the winter heating season. The winter heating season runs from November through March.

In its Memorandum and Recommendation, the Staff of the Missouri Public Service Commission states that the proposed sheets have been correctly calculated and that they comply with the PGA clause in SMG's Commission-approved tariffs. Staff states that the proposed increase reflects an estimated change in the cost of natural gas for the

remainder of the present summer season and the upcoming winter season. Staff states that SMG has no storage capacity on its system. Staff states it will continue to monitor gas prices and will act promptly in the event that SMG's PGA should be reduced. Staff expresses no opinion as to the prudence of SMG's purchasing and planning practices. Staff further notes that, because SMG's PGA clause allows for PGA change filings to take affect on ten days' notice, good cause has been shown pursuant to Section 393.140(11), RSMo 2000, to permit the tariff to become effective on less than 30 days' notice. Staff recommends that the rates be approved on an interim basis, subject to refund.

The Commission has reviewed the proposed tariff sheet and Staff's Memorandum and Recommendation. The Commission finds that the proposed tariff sheet conforms to the Company's Commission-approved PGA Clause. After considering Staff's recommendation, and for good cause shown pursuant to Section 393.140(11), RSMo 2000, the Commission concludes that the proposed tariff sheet should be approved to become effective on and after the requested effective date of March 1, 2005, on an interim basis, subject to refund.

IT IS THEREFORE ORDERED:

1. That the proposed tariff sheet filed on September 15, 2005, by Southern Missouri Gas Company is approved on an interim basis, subject to refund, for service rendered on and after October 1, 2005. The specific tariff sheet approved is:

P.S.C. MO. No. 1
18th Revised Sheet No. 27, Canceling 17th Revised Sheet No. 27

2. That Staff's Procurement Analysis Department shall file its results and recommendations in this docket on or before December 29, 2006.

3. That this order shall become effective on October 1, 2005.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written in a cursive style.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Clayton,
and Appling, CC., concur.
Gaw, C., dissents, with separate
dissenting opinion to follow.

Thompson, Deputy Chief Regulatory Law Judge