

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 16th day  
of August, 2005.

In the Matter of Southern Missouri Gas Company       )  
L.P.'s Purchased Gas Adjustment Factors to be       )  
Reviewed in its 2003–2004 Actual Cost Adjustment.   )  
**Case No. GR-2005-0064**

**ORDER ESTABLISHING ACA BALANCE  
AND CLOSING CASE**

Issued Date: August 16, 2005

Effective Date: August 26, 2005

Southern Missouri Gas Company, L.P. ("SMG"), provides natural gas service to some 7,400 sales customers in Greene, Webster, Wright, Howell, Douglas, and Texas Counties, Missouri. This case was opened for the purpose of receiving SMG's 2003-2004 Purchased Gas Adjustment filings and Actual Cost Adjustment filing.

***Actual Cost Adjustment Balances:***

On June 8, 2005, the Procurement Analysis Department of the Staff of the Missouri Public Service Commission filed a Memorandum and Recommendation indicating that Staff has reviewed SMG's 2003/2004 Actual Cost Adjustment ("ACA") filing and audited SMG's billed revenues and actual gas costs for the period September 1, 2003, through August 31, 2004. Staff states that it has also conducted a hedging review and reliability analysis for SMG. Staff recommends that the Commission issue an order requiring SMG to establish the ACA account balances in its next ACA filing to reflect the following ending balances to be collected from (or refunded to) the ratepayers:



Description	ACA Balance per Company Filing	Staff Adjustments	Staff Recommended Ending Balances
Prior ACA Balance (8-31-03)	\$ 669,009	\$ 0	\$ 669,009
Cost of Gas	\$ 3,992,557	\$ 0	\$ 3,992,557
Cost of Transportation	\$ 1,059,398	\$ 0	\$ 1,059,398
Revenues	(\$ 5,243,504)	\$ 0	(\$ 5,243,504)
Revenue Adjustment	(\$ 32,535)	\$ 32,535	\$ 0
Internal Transport Revenues	(\$ 119,808)	\$ 0	(\$ 119,808)
ACA Approach for Interest Calculation	\$ 3,767	\$ 3,445	\$ 7,212
Total ACA Balance (8-31-04)	\$ 328,884	\$ 35,980	\$ 364,864

Refund Description	Refund Balance Per Filing	Staff Adjustments	Staff Recommended Refund Balance
Prior Refund Balance (8-31-03) per GR-2004-0193 Settlement	\$ 54,016	\$ 0	\$ 54,016
Refunds Received	(\$ 2,243)	\$ 0	(\$ 2,243)
Refunds Billed to Customers	\$ 1,230	\$ 0	\$ 1,230
Total Refund Balance (8-31-04)	\$ 53,003	\$ 0	\$ 53,003
Total ACA + Refund Ending Balance (8-31-04)	\$ 381,887	\$ 35,980	\$ 417,867

Staff also advised the Commission to require SMG to submit information addressing Staff's reliability concerns and to respond to its proposed ending balance adjustments by July 11.



On July 6, 2005, SMG filed a response to the Staff's recommendation in which it stated that it agreed with the ending balances determined by the Staff. The Commission has reviewed the memorandum filed by Staff and the response filed by SMG. The Commission determines that the ending balances shown in the Staff recommendation are reasonable and should be approved.

***Reliability Study:***

Staff also recommended that SMG continue to make attempts to provide more data for large general and large volume customers for estimating peak day requirements. Staff recommends that this detail be provided for the Company's estimates for the 2005/2006 ACA.

Staff is also concerned that SMG lacks a sufficient reserve and that SMG plans to add what appears to be excess capacity. Staff recommends that the reliability analysis continue to examine the issue of firm transportation capacity held by SMG to cover a peak cold day, and that SMG continue to advise Staff of its actions taken to address firm transportation capacity requirements on both a short-term and a long-term basis.

Staff is also concerned that SMG will be unable to obtain sufficient gas to meet customer demand on a peak cold day. SMG has provided an acceptable period spot-purchase plan to Staff and Staff recommends that SMG be required to provide additional details.

Staff states that SMG's hedging program was appropriate.

On July 6, SMG provided the information sought by Staff and agreed to provide additional information on an ongoing basis as Staff requested.



**IT IS THEREFORE ORDERED:**

1. That Southern Missouri Gas Company, L.P., shall establish the Actual Cost Adjustment account balances in its next Actual Cost Adjustment filing as discussed herein.
2. That Southern Missouri Gas Company, L.P., shall provide information to the Procurement Analysis Department of the Staff of the Missouri Public Service Commission as requested by Staff in its Memorandum and Recommendation.
3. That this order shall become effective on August 26, 2005.
4. That this case may be closed on August 27, 2005.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale  
Secretary

( S E A L )

Davis, Chm., Murray, Gaw, Clayton,  
and Appling, CC., concur.

Thompson, Deputy Chief Regulatory Law Judge