

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2006-0352, File No. YG-2006-0683,
Southern Missouri Natural Gas Company, L.P.

FROM: Thomas M. Imhoff, Energy Department - Tariffs/Rate Design

/s/ Thomas M. Imhoff 03/16/06
Energy Department/Date

/s/ Lera Shemwell 03/16/06
General Counsel's Office/Date

SUBJECT: Staff Recommendation on Southern Missouri Gas Company, L.P.'s Optional PGA Filing
Effective April 1, 2006

DATE: March 17, 2006

On March 13, 2006, Southern Missouri Natural Gas Company, L.P. (SMGC or Company) d/b/a Southern Missouri Natural Gas Company of Mountain Grove, Missouri, filed a tariff sheet with a proposed effective date of April 1, 2006. The tariff sheet was filed to reflect changes in SMGC's Purchased Gas Adjustment (PGA) factor as the result of an estimated change in the cost of natural gas for the summer season. The summer season includes the months of April through October.

The net effect of this change will decrease the firm PGA factor to \$0.9960 per hundred cubic feet (Ccf) for the summer season (April – October) from the firm PGA factor of \$1.3081 per Ccf currently in effect. This represents a decrease of \$.3121 per Ccf.

Case No. GR-2006-0352, under which this change was filed, was established to track the Company's PGA factors to be reviewed in its 2005-2006 Actual Cost Adjustment (ACA) filing. Case No. GR-2005-0279 was established to track the SMGC's PGA factors to be reviewed in its 2004-2005 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos. GR-2005-0279 and GR-2006-0352.

The Energy Department – Tariffs/Rate Design Staff (Staff) has verified that the Company has filed its annual report and is not delinquent on any assessment. Staff has reviewed this filing and is unaware of any issue currently pending before the Commission that affects or is affected by this filing.

Staff has determined that the rates on the proposed tariff sheet were calculated in conformance with SMGC's PGA Clause. Staff is of the opinion that good cause for approval of SMGC's tariff sheet on less than thirty (30) days notice is demonstrated by SMGC's Commission-approved PGA Clause allowing for

MO PSC Case No. GR-2006-0352

OFFICIAL CASE FILE MEMORANDUM

PAGE 2 OF 2

ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheet with the filing date of March 13, 2006, is in compliance with SMGC's tariff and should be approved interim subject to refund:

P.S.C. MO No. 1

19th Revised Sheet No. 27, Cancelling 18th Revised Sheet No. 27.

My commission expires _____