

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

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| In the Matter of Southern Missouri Gas Company |) | |
| LP's Purchased Gas Adjustment (PGA) Factors to be |) | Case No. GR-2006-0352 |
| Reviewed in its 2005-2006 Actual Cost Adjustment. |) | |

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its Recommendation in this case states:

1. On March 13, 2006, Southern Missouri Gas Company, L.P. (SMGG 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.
2. 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.
3. Approval of the tariff sheet will result in a reduction in rates for SMGCs' customers. 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.
4. 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. The ACA audit will recommend whether or not these rates should be final so the tariffs should be approved on an interim-subject-to-refund basis only until final Commission decisions in Case Nos. GR-2005-0279 and GR-2006-0352.

WHEREFORE, the Staff recommends that SMGC's tariffs be approved to become effective on April 1, 2006, on the basis that the rates are interim subject to refund.

Respectfully submitted,

/s/ Lera L. Shemwell

Lera L. Shemwell
Senior Counsel
Missouri Bar No. 43792

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-7431 (Telephone)
(573) 751-9285 (Fax)
lera.shemwell@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered or transmitted by facsimile or electronic mail to all counsel of record this 17th day of March 2006.

/s/ Lera L. Shemwell
