

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

In the matter of the Joint Application of Southern Missouri)
Gas Company, L.P. d/b/a Southern Missouri Natural Gas)
And Missouri Gas Utility, Inc., for Approval of the) File No. _____
Merger of Southern Missouri Natural Gas with Missouri)
Gas Utility, Inc., and for Certain Related Transactions.)

JOINT APPLICATION AND MOTION FOR WAIVER

COMES NOW Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas (“SMNG”) and Missouri Gas Utility, Inc. (“MGU”) (collectively, “Joint Applicants”), by and through their undersigned counsel, and, pursuant to §§393.180 and 393.190, RSMo (2000) and Missouri Public Service Commission (“Commission”) rules 4 CSR 240-2.060, 2.080, 3.215, and 3.225, respectfully request from the Commission an Order approving the merger of SMNG with MGU and certain related transactions. In support thereof, the Joint Applicants state the following:

THE APPLICANTS

1. Southern Missouri Gas Company, L.P., a limited partnership owns and operates a natural gas transmission and distribution system located in south central Missouri. SMNG’s primary office is located at 500 W 19th Street, Mountain Grove, Missouri 65711. A copy of SMNG’s Certificate of Good Standing from the Missouri Secretary of State is attached as **Appendix A** and is incorporated herein. Other than cases that have been docketed at the Commission, SMNG has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court within the past three (3) years that involve customer service or rates. SMNG has no annual report or assessment fees that are overdue.

2. SMNG conducts business as a “gas corporation” and a “public utility” as those terms are defined at § 386.020 RSMo and provides natural gas service in the Missouri counties of Greene, Webster, Laclede Wright, Douglas, Texas, Howell Stone, and Taney, subject to the jurisdiction of the Commission as provided by law.

3. MGU is a wholly owned subsidiary of Summit Utilities, Inc., and is a corporation duly incorporated under the laws of the State of Colorado with its principal offices located at 7810 Shaffer Parkway, Suite 120, Littleton, Colorado 80127. A copy of a certificate from the Missouri Secretary of State that MGU is authorized to do business in Missouri as a foreign corporation was submitted in Case No. GA-2007-0421 and is incorporated by reference in accordance with Commission Rule 4 CSR 240-2.060(1)(G). Other than cases that have been docketed at the Commission, MGU has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court within the past three (3) years that involve customer service or rates. MGU has no annual report or assessment fees that are overdue.

4. MGU conducts business as a “gas corporation” and a “public utility” as those terms are defined at § 386.020 RSMo and provides natural gas service in the Missouri counties of Harrison, Daviess, Caldwell, Pettis and Benton, subject to the jurisdiction of the Commission as provided by law.

5. All correspondence, communications, notices, orders and decisions of the Commission with respect to this matter should be sent to:

David N. Moody, Chief Executive Officer
Southern Missouri Gas Company, L.P.
d/b/a Southern Missouri Natural Gas
500 W. 19th Street
Mountain Grove, Missouri 65711
Telephone: 1-800-909-7642
Email: dmoody@smng.biz

and

Michelle A. Moorman
Regulatory Manager
Missouri Gas Utility, Inc.
7810 Shaffer Parkway, Suite 120
Littleton, CO 80127
Telephone: (720) 981-2127
Facsimile: (720) 981-2129
Cell: (303) 478-0329
Email: mmoorman@summitutilitiesinc.com

and

Timothy R. Johnston
Executive Vice President and Chief Operating Officer
Summit Utilities, Inc., and Missouri Gas Utility, Inc.
7810 Shaffer Parkway, Suite 120
Littleton, CO 80127
Telephone: (720) 981-2112
Facsimile: (720) 981-2129
Cell: (303) 475-1374
Email: tjohnston@summitutilitiesinc.com

6. MGU currently operates natural gas distribution and transmission systems in northern and central Missouri. SMNG currently operates natural gas distribution and transmission systems in south-central Missouri. The ultimate owners of both companies are the same (“IIF”). By the filing of this Joint Application, SMNG and MGU jointly announce that MGU will acquire SMNG and merge it into MGU, with MGU as the surviving entity. This

process is further described in the direct testimony of MGU Witness Mr. Timothy R. Johnston, which has been filed concurrently with this Joint Application.

7. A copy of the proposed definitive agreement for the transaction (“Merger Agreement”) to be entered into by and among SMNG and MGU will be *late-filed* as **Appendix B**, when it has been executed. The Joint Applicants expect to execute the merger agreement within 30 days of this filing. The merger agreement and related documentation will control MGU’s purchase of SMNG. This transaction (the “Merger”) is subject to a series of conditions including: (i) approval by the Summit Utilities, Inc. Board of Directors, (ii) approval by the Partners of SMNG, (iii) approval by IIF, (iv) approval by the Missouri Public Service Commission, (v) the absence of material adverse effects on the MGU business as a result of the consolidation of the companies, and (vi) other normal closing conditions.

TRANSACTION DETAILS

8. MGU will acquire 100% of SMNG, and Southern Missouri Gas Company, L.P. will be merged into Missouri Gas Utility, Inc., pursuant to Sections 347.700 et seq., RSMo, and Section 7-90-203 and 7-111.106.5 of the Colorado Revised Statutes.

9. Upon consummation of the Merger, payment will be made by MGU to the owners of SMNG. A diagram of the corporate organization of the Joint Applicants as they currently exist is attached as **Appendix C**, and as a consolidated entity as **Highly Confidential Appendix D** hereto.

10. A certified copy of the Secretary’s Certificate stating the approval of the Resolution by the Board of Directors of Summit Utilities, Inc., and the Resolution of the General Partners of SMNG authorizing the consolidation of SMNG with MGU are attached as **Appendix E**.

11. Attached as **Appendix F** and incorporated herein by reference are the SMNG audited financials for the twelve months ending December 31, 2010.

12. Attached as **Highly Confidential Appendix G** and incorporated herein by reference are the MGU audited financials for the twelve months ending December 31, 2010. The pro forma balance sheets and income statement of the surviving corporation showing the effect of the acquisition and Merger will be *late-filed* as **Appendix H** in conjunction with a separate financial filing as explained below in the Regulatory Plan.

PUBLIC INTEREST

13. The proposed transaction and acquisition is not detrimental to the public interest; and will act with and advance the public interest, as is required per 4 CSR 240-3.215(D). MGU is qualified to acquire SMNG and has a proven record of providing safe and reliable natural gas service.

14. The Joint Applicants have submitted with this Joint Application the pre-filed written testimony of four witnesses in support of this Joint Application. The names of the witnesses and the subjects of each witness's testimony are as follows:

(a) Michael P. Earnest, President and Chief Executive Officer of Summit Utilities Inc., the parent company of Missouri Gas Utility, Inc., will provide background on MGU as well as an overview of the synergies that exist between the companies and why this transaction is in the public interest.

(b) David N. Moody, Chief Executive Officer of Southern Missouri Natural Gas, will provide background on SMNG's gas operations, as well as synergies between the companies and an overview of the consolidated operations.

(c) Timothy R. Johnston, Executive Vice President and Chief Operating Officer of Summit Utilities, Inc., parent company of Missouri Gas Utilities, Inc., will describe MGU's gas operations and provide economic support for this transaction.

(d) Michelle A. Moorman, Manager of Regulatory Affairs for MGU, will address the regulatory issues relating to both SMNG and MGU including tariffs, rates, regulatory treatment of assets, and discussion of parallel filings that impact this case.

15. As noted in this Joint Application and testimony in support of this application, except as otherwise authorized by the Commission, after the merger MGU will adopt and utilize SMNG's existing rates, rules, regulations and other tariff provisions currently on file with and approved by the Commission, for the existing SMNG area, and will continue to provide service to all of SMNG's customers under the applicable rules, regulations and tariffs, until such time as they may be modified according to law. This will allow for a seamless transition for SMNG customers.

16. As further explained below, the Joint Applicants intend to submit in the near future an application for authority to recapitalize the existing debt and equity of MGU as a consolidated entity. This recapitalization will provide benefits to the customers of both companies in that it will provide long term, low interest debt.

17. The Joint Applicants anticipate that the consolidation of the two companies will result in synergies and efficiencies from the elimination of external contract work due to dedicated internal expertise at MGU, and the stronger ability of the combined entity to hedge and purchase gas. The proposed Merger will be a seamless transition to maintain the high level system operation and customer service. More information regarding operations and synergies is provided in the Direct Testimony of SMNG Witness Mr. David Moody.

REGULATORY PLAN

18. The Joint Applicants believe the proposed Merger will produce a financially strong utility that will be capable of providing safe, reliable natural gas service while maintaining the ability to grow the system to offer an alternative fuel source to rural Missouri. In order to achieve a successful Merger, the Joint Applicants believe several regulatory filings are necessary. These filings are identified below and further explained in the Direct Testimony of MGU Witness Ms. Michelle A. Moorman.

19. SMNG has filed independently a financial application (Commission File No. GF-2011-0352) seeking authorization of additional short term (less than 365 days) debt in order to accomplish goals, in the short term, prior to merging with MGU. These goals include replacement of existing debt, construction projects, and the purchase of gas for storage purposes. SMNG has requested the financing case be kept separate and given expedited treatment in order to accomplish these goals in the near term. By maintaining separate procedures for these cases, SMNG can continue to operate in a "business as usual" manner, purchase gas for storage, and connect customers prior to the winter heating season.

20. Subsequent to the filing of this Joint Application, the Joint Applicants will submit an application seeking authority to recapitalize the debt and equity of the combined utility. This financial filing would ideally proceed in a manner that would allow for the new financing to be approved in time for the closing of the transaction. The ability to recapitalize the debt and equity of the combined entity at the time the transaction closes will minimize financing costs and improve the financial health of the utility. The Joint Applicants anticipate filing this financing application within 30 days.

CONSOLIDATED OPERATIONS

21. As suggested in this Joint Application, the Merger of the two companies will have no detrimental impact on either SMNG's or MGU's customers. Customers will see no change in the day-to-day services of the two companies.

22. As required by Section 393.190, the Joint Applicants state the Merger will have no impact on the tax revenues of the Missouri political subdivisions in which any of the structures, facilities or equipment of SMNG or MGU are located.

23. The Merger will not restrict the Commission's access to SMNG's books and records as is reasonably necessary to carry out the responsibilities of the Commission relating to SMNG's regulated operations. MGU agrees that SMNG's books and records will be maintained so that Merger costs are segregated and reported separately.

MOTION FOR WAIVER

24. The Joint Applicants do not anticipate, nor should they anticipate, that this matter will be a contested case since no hearing is required by statute.

25. Accordingly, the Applicants were not required to file a 60-day Notice of Filing pursuant to 4 CSR 240-4.020(2). However, to the extent that a 60-day Notice of Filing could otherwise be required under 4 CSR 240-4.020(2), Applicants respectfully request that such notice requirement be waived for good cause. 4 CSR 240-4.020(2)(B).

WHEREFORE, pursuant to Sections 393.180 and 393.190, as well as 4 CSR 240-2.060, 2.080, 3.215, and 3.225, Joint Applicants request the Commission to issue an order:

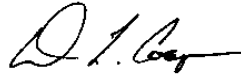
- a) Authorizing SMNG and MGU to perform in accordance with the Merger Agreement and all other transaction-related instruments, and to take any and all other actions that may be reasonably necessary and incidental to the performance of this Merger;

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on April 27, 2011, to the following:

Office of the General Counsel
Governor Office Building
Jefferson City, MO 65101
gencounsel@psc.mo.gov

Office of the Public Counsel
Governor Office Building
Jefferson City, MO 65101
opcservice@ded.mo.gov



VERIFICATION

Colorado
State of Missouri)
Jefferson) ss
County of *WRIGHT*

I, Dave Moody, having been duly sworn upon my oath, state that I am Chief Executive Officer of Southern Missouri Gas Company, L.P., d/b/a Southern Missouri Natural Gas that I have knowledge of the matters stated herein, and that the matters and things stated in the foregoing Joint Application and appendices thereto are true and correct to the best of my information, knowledge and belief.

Dave Moody

Subscribed and sworn before me this 27th day of April, 2011.

Jeanette Binkley

Notary Public



VERIFICATION

State of Colorado)
) ss
County of Jefferson)

I, Michael P. Earnest, having been duly sworn upon my oath, state that I am President and Chief Executive Officer of Missouri Gas Utility, Inc., and that I have knowledge of the matters stated herein, and that the matters and things stated in the foregoing Joint Application and appendices thereto are true and correct to the best of my information, knowledge and belief.

Michael P. Earnest

Subscribed and sworn before me this 25 day of April, 2011.

Heather Ross
Heather Ross, Notary Public

