

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2008-0379, File No. YG-2008-0717,
Southern Missouri Natural Gas Company, L.P.

FROM: Tom Solt, Energy Department - Tariffs/Rate Design

/s/ Thomas M. Imhoff 6/11/08
Energy Department/Date

/s/ Lera L. Shemwell 6/11/08
General Counsel's Office/Date

SUBJECT: Staff Recommendation on Southern Missouri Gas Company, L.P.'s Optional PGA Filing
Effective July 1, 2008

DATE: June 11, 2008

On June 3, 2008, Southern Missouri Natural Gas Company, L.P. (SMNG or Company) d/b/a Southern Missouri Natural Gas Company of Mountain Grove, Missouri, filed a tariff sheet with a proposed effective date of July 1, 2008. The tariff sheet was filed to reflect changes in SMNG's Purchased Gas Adjustment (PGA) and factors as the result of estimated changes 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 increase the Total PGA factor to \$1.3630 per hundred cubic feet (Ccf) for the summer season (April – October) from the Total PGA factor of \$0.972 per Ccf currently in effect. This represents an overall increase of \$0.3910 per Ccf.

Case No. GR-2008-0379, under which this change was filed, was established to track the Company's PGA factors to be reviewed in its 2007-2008 Actual Cost Adjustment (ACA) filing. Case No. GR-2007-0484 was established to track the SMNG's PGA factors to be reviewed in its 2006-2007 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos GR-2007-0484 and GR-2008-0379.

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 not aware 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 SMNG's PGA Clause. Staff is of the opinion that good cause for approval of SMNG's tariff sheet on less than thirty (30) days notice is demonstrated by SMNG's Commission-approved PGA Clause allowing for

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ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheet filed on June 3, 2008, is in compliance with SMNG's tariff and should be approved interim subject to refund:

P.S.C. MO No. 1

23rd Revised Sheet No. 27, Cancelling 22nd Revised Sheet No. 27.

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

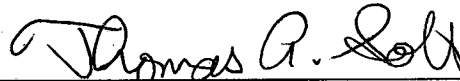
In the Matter of Southern Missouri Gas)
Company, L.P. d/b/a Southern Missouri)
Natural Gas Purchased Gas Adjustment)
Factors to be Reviewed in its 2007-2008)
Actual Cost Adjustment)

Case No. GR-2008-0379

AFFIDAVIT OF THOMAS A. SOLT

STATE OF MISSOURI)
) ss:
COUNTY OF COLE)

Thomas A. Solt, employee of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that he has participated in preparing the accompanying Staff Recommendation, and that the facts therein are true and correct to the best of his knowledge and belief.



Thomas A. Solt

Subscribed and affirmed before me this 11th day of June 2008 .



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


NOTARY PUBLIC