

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

In the Matter of Southern Missouri Gas Company)	
LP's Purchased Gas Adjustment (PGA) Factors to be)	Case No. GR-2009-0287
Reviewed in its 2008-2009 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 February 6, 2009, Southern Missouri Gas Company, L.P. (SMGC) filed a tariff sheet with a proposed effective date of March 1, 2009.
2. The net effect of this change will decrease the total PGA factor to \$0.7500 per hundred cubic feet (Ccf) from the Total PGA factor of \$0.9751 per Ccf currently in effect.
3. Case No. GR-2009-0287, under which this change was filed, was established to track the Company's PGA factors to be reviewed in its 2008-2009 ACA filing.
4. The Commission should approve this tariff on an Interim subject to refund status pending a final Commission decisions in Case Nos. GR-2008-0379 and GR-2009-0287.
5. 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 an expedited basis.

WHEREFORE Staff recommends the Commission approve SMNG's tariff on an expedited basis, interim subject to refund only, with an effective date of March 1, 2009.

Respectfully submitted,

/s/ Lera L. Shemwell

Lera L. Shemwell

Deputy General Counsel

Missouri Bar No. 43792

Attorney for the Staff of the

Missouri Public Service Commission

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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 February 2009.

/s/ Lera L. Shemwell

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2009-0287, File No. JG-2009-0572,
Southern Missouri Natural Gas Company, L.P.

FROM: Henry E. Warren, Energy Department - Tariffs/Rate Design

/s/ Thomas M. Imhoff 2/13/09
Energy Department/Date

/s/ Lera L. Shemwell 2/13/09
General Counsel's Office/Date

SUBJECT: Staff Recommendation on Southern Missouri Gas Company, L.P.'s Optional Season
PGA Filing Effective March 1, 2009

DATE: February 13, 2009

On February 6, 2009, Southern Missouri Gas Company, L.P. (SMGC or Company) d/b/a Southern Missouri Natural Gas of Mountain Grove, Missouri, filed a tariff sheet with a proposed effective date of March 1, 2009. The tariff sheet was filed to reflect changes in SMGC's Purchased Gas Adjustment (PGA) factor as the result of estimated changes in the cost of natural gas for the twelve months from March 2009 to February 2010.

The net effect of this change will decrease the Total PGA factor to \$0.7500 per hundred cubic feet (Ccf) from the Total PGA factor of \$0.9751 per Ccf currently in effect. The PGA is based on sales projections for the next twelve months (March 2009 – February 2010) including projected sales in Lebanon, Houston, and Branson. The PGA factor is decreasing to \$0.7089 from \$0.9340, and the ACA factor is remaining at \$0.0411. This represents a decrease of \$0.2251 per Ccf.

Case No. GR-2009-0287, under which this change was filed, was established to track the Company's PGA factors to be reviewed in its 2008-2009 ACA filing. Case No. GR-2008-0379 was established to track the Company's PGA factors to be reviewed in its 2007-2008 ACA filing. Interim subject to refund status should be maintained pending a final Commission decisions in Case Nos. GR-2008-0379 and GR-2009-0287.

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.

MO PSC Case No. GR-2009-0287

OFFICIAL CASE FILE MEMORANDUM

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Staff has determined that the rates on the proposed tariff sheet were calculated in conformance with SMGC's PGA Clause. With the significant decrease in the overall PGA rate that would allow relief to SMGC's customers, Staff recommends approval of SMGC's following tariff sheet filed on February 6, 2009, should be approved interim subject to refund:

P.S.C. MO No. 1

25th Revised Sheet No. 27, Cancelling 24th Revised Sheet No. 27.

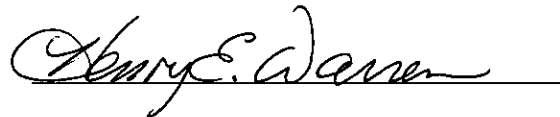
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of the Purchased Gas)	
Adjustment filing of Southern Missouri Gas)	
Company d/b/a Southern Missouri Natural)	Case No. GR-2009-0287
Gas Company)	

AFFIDAVIT OF HENRY E. WARREN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Henry E. Warren, of lawful age, on oath states: that he has participated in the preparation of the foregoing written report, consisting of two pages to be presented in the above case; that the information in the attached written report was given by Southern Missouri Gas Company d/b/a Southern Missouri Natural Gas Company; that he has knowledge of the matters set forth in such report; and that such matters are true to the best of his knowledge and belief.

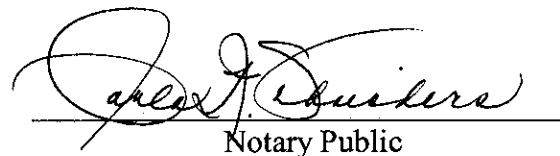


Subscribed and sworn to before me this 13th day of February, 2009.



My commission expires

August 25, 2012


Notary Public

CARLA K. SCHNIEDERS Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: August 25, 2012 Commission Number: 08533187
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