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February 29, 2000

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 3660
Jefferson City, Missouri 65102

RE: *Southern Missouri Gas Company, L.P.*
Case No. GR-2000-485

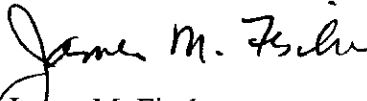
FILED²
FEB 29 2000
Missouri Public
Service Commission

Dear Mr. Roberts:

Enclosed, for filing in the above-referenced matter, are the original and fourteen (14) copies of Southern Missouri Gas Company, L.P.'s Motion to Adopt Case Procedures Similar to the Small Rate Case Procedures Authorized by 4 CSR 240-2.200. A copy of the foregoing Motion has been hand-delivered or mailed this date to parties of record.

Thank you for your attention to this matter.

Sincerely,


James M. Fischer

/jr
Enclosure(s)

cc: Doug Micheel
Tim Schwarz/Robert Franson

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

FILED²

FEB 29 2000

Missouri Public
Service Commission

In the Matter of Southern Missouri Gas)
Company, L.P. for Authority to File Tariffs)
Increasing Rates for Gas Service)
Provided to Customers in the Company's)
Missouri Service Area.)

Case No. GR-2000-485

**SOUTHERN MISSOURI GAS COMPANY, L.P.'S MOTION TO ADOPT CASE
PROCEDURES SIMILAR TO THE SMALL RATE CASE PROCEDURES
AUTHORIZED BY 4 CSR 240-2.200**

COMES NOW Southern Missouri Gas Company, L.P. ("SMGC"), and respectfully requests the Commission to adopt a procedural schedule in this matter utilizing procedures similar to the Small Rate Case Procedures authorized in 4 CSR 240-2.200 for processing SMGC's tariff filing in this matter. In support, SMGC respectfully states:

1. In Case No. GA-94-127, Tartan Energy Company, L.C., a predecessor company to SMGC, entered into a Stipulation and Agreement with the Commission Staff and the Office of the Public Counsel ("Public Counsel") providing that the Company would file a rate case on or before the two-year anniversary of the commencement of service in the municipality of West Plains. On April 16, 1998, the Commission extended the date for the filing of SMGC's first rate case to February 8, 2000. (*See Order Granting Reconsideration*, Case No. GO-98-220).

2. On February 8, 2000, SMGC filed its revised tariffs and minimum filing requirements reflecting an increase of \$ 390,000 in revenues annually (or 6%). This rate proceeding will afford the Commission, Commission Staff, and Public Counsel the opportunity to review the Company's books and records, its financial condition, and ensure that the Company's proposed rates are "just

and reasonable." In addition, it will permit the Company, Commission Staff, and Public Counsel to discuss various accounting issues that have become apparent in the Company's recent PGA/ACA proceedings.

3. SMGC is a gas utility that presently has approximately 7,000 customers. In order to reduce the cost of processing this rate case, SMGC believes it would be in the public interest to adopt a procedural schedule and adopt procedures that are substantially similar to the Small Company Rate Case Procedure authorized in 4 CSR 240-2.200. For example, if SMGC uses the traditional rate case procedures, the Company estimates that it could cost as much as \$50,000 to \$100,000, or approximately \$7 to \$14 per customer, to process this case. In an effort to lower the costs of natural gas service to SMGC's customers and stay competitive with alternative fuels, SMGC believes it would be in the public interest to utilize a procedure similar to the Small Company Rate Case Procedure.

4. For the reasons stated herein, SMGC believes the Commission should adopt a procedural schedule that incorporates the use of the Small Rate Case Procedures for processing the Company's proposed rate increase in this proceeding. The following describes the specific procedures that would be used.

Suspension of Tariffs

On February 24, 2000, Deputy Chief Regulatory Judge Lewis Mills, by delegation of authority, issued a Suspension Order and Notice which, *inter alia*, suspended the tariffs filed herein for the full statutory period.

Customer Notice

Under this proposal, the Company will, in writing, notify its customers of the rate increase request and the effect on the typical residential customer's bill. The notice will indicate that

customers' response, if any, may be sent to the appropriate commission department or the Public Counsel within thirty (30) days of the date shown on the notice. A draft copy of the notice will be provided to the appropriate Commission department and the Public Counsel for verification of the accuracy of the notice before being sent to the Company's customers. A draft Notice to Customers is attached as Attachment No. 1. The Commission Staff and Public Counsel will exchange copies of any customer responses upon receipt. The Commission could exercise its discretion to permit interested parties to intervene, as appropriate, pursuant to 4 CSR 240-2.075.

Audit of Books and Records

Upon receipt of the Company's tariffs and minimum filing requirement information, the Commission Staff and Public Counsel will schedule an investigation of the Company's operations and an audit of its financial records. The Company commits to provide the Staff and Public Counsel with full access to its books and records at a location agreeable to the parties. In addition, the Company will provide Staff and Public Counsel with full access to information requested by the auditors regarding its transactions with affiliates. To the extent that any of the access to the books and records is outside the State of Missouri, the Company agrees to be responsible for Staff's and Public Counsel's travel costs. When the investigation and audit are complete, the Commission Staff will notify the Company, Public Counsel, and Intervenors, if any, of the results of its investigation. If the Public Counsel also wishes to conduct an investigation and audit of the Company, Public Counsel will do so within the same time period as the Commission Staff's investigation and audit.

Settlement Conference

The Commission Staff, within a reasonable period from the completion of its investigation, will arrange a conference with the Company, and notify the Public Counsel and Intervenors, if any, of the conference, prior to the conference, in order to provide the opportunity to participate. During

the settlement conference, the parties will discuss the results of the audit and any other accounting or rate design issues. If the settlement conference results in an agreement between the parties regarding the Company's revenue requirement and any other matters pertaining to the Company's operations, including responses to customer concerns, a Stipulation and Agreement will be filed with the Commission for its consideration and approval.

If the Company, Commission Staff, and Public Counsel cannot reach an agreement regarding the Company's revenue requirement and any other matter pertaining to the Company's operations, including responses to customer concerns, the Company agrees to withdraw its tariffs filed on February 8, 2000, and re-file tariffs to initiate a standard rate proceeding within fourteen (14) days, unless an alternative procedure is agreed to by the Company, Commission Staff, and Public Counsel.

5. Pursuant to this proposal, the Company would request that the Commission adopt the following procedural schedule:

Notice To Customers Sent By Company—with March bills

Intervention Date—April 30, 2000

Audit Commences—as soon as convenient for Staff and Public Counsel auditors

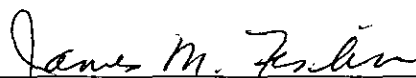
Settlement Conference— July 14, 2000, or another mutually agreeable time.

6. It is understood by the Company, Commission Staff, and Public Counsel that the use of this modified rate case procedure in this case will not be considered as a precedent in any future proceeding, or otherwise bind the parties to utilize the modified procedures in the future.

WHEREFORE, Southern Missouri Gas Company, L.P. respectfully requests the Commission to adopt its proposal as discussed herein to utilize procedures similar to those

authorized by the Small Company Rate Case Procedure, 4 CSR 240-2.200, in conducting the rate review of the Company in this proceeding.

Respectfully submitted,



James M. Fischer Mo. Bar No. 27543

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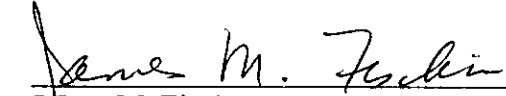
ATTORNEYS FOR
SOUTHERN MISSOURI GAS COMPANY, L.P.

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered or mailed, First Class Mail, postage prepaid, this 27th day of February, 2000, to:

Doug Micheel
Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Tim Schwarz
Robert Franson
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102



James M. Fischer

ATTACHMENT NO. 1

NOTICE TO CUSTOMERS

Southern Missouri Gas Company, L.P. has filed revised tariffs with the Missouri Public Service Commission ("PSC") requesting authority to increase its rates by \$ 390,000 annually, (or 6.0%). The effect on the typical residential customer's bill would be to increase the customer's annual bill by approximately \$ 35.00 (or 6.0%)

The PSC regulates Southern Missouri Gas Company, L.P. and has jurisdiction to review the Company's rates. The PSC has established April 30, 2000, as the deadline for intervention in this matter.

If you wish to comment or secure information, you may contact the Office of the Public Counsel, Post Office Box 7800, Jefferson City, Missouri 65102, or telephone (573) 751-4857. You may also contact the PSC at Post Office Box 360, Jefferson City, Missouri 65102, or telephone (800) 392-4211; or Southern Missouri Gas Company, L.P. at 8801 South Yale, Suite 385, Tulsa, Oklahoma 74137, telephone (918) 492-5887.