

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

In the matter of the application of Missouri Gas	)	
Utility, Inc., for authority to enter into certain debt	)	
instruments and to issue up to and including	)	
\$7,000,000 of indebtedness, in one or	)	Case No. GF-2009-0057
more transactions, and to, among other things,	)	
execute and deliver a mortgage and security	)	
agreement to secure said indebtedness.	)	

**APPLICANT'S NOTICE OF LETTER OF CREDIT**  
**BANK SUBSTITUTION**

COMES NOW Missouri Gas Utilities ("MGU" or the "Company") and submits the following notice concerning certain non-material changes to bonded debt instruments:

1. MGU filed its Application in this case on August 25, 2008. The Commission issued an Order Granting Application on November 6, 2008, granting the relief requested by MGU subject to a number of conditions recommended by the Commission's Staff.

2. The Application described a debt financing arrangement and submitted for the Commission's review and approval a number of financing documents, the collective purpose of which is to facilitate the issuance of a letter of credit (LOC) by a commercial banking institution on behalf of MGU. The commercial bank was identified as US Bank.

3. That financing transaction was closed on November 25, 2008 and the series of bonds was designated as "\$4,670,000 Variable Rate Demand Revenue Bonds (Missouri Gas Utility, Inc. Project) Series 2008B" (hereinafter the "Bonds"). The LOC Bank is US Bank. The proceeds derived from the issuance

of the Bonds were used to provide permanent financing for the Company's service area expansions in Harrison and Daviess Counties as certificated by the Commission in its Case Nos. GA-2008-0321, GA-2008-0322 and GA-2008-348.

4. The Company thereafter sought to issue a new series of variable rate bonds in accordance with the authority of the Commission granted in Case No. GF-2009-0331, however, the terms and conditions for the letter of credit as proposed by US Bank were not acceptable to Summit and MGU. Consequently, MGU contacted other financial institutions in an effort to secure more favorable terms. That effort resulted in an agreement with UMB Bank, n.a. ("UMB") as the LOC Bank in lieu of US Bank in connection with that financing and, also, in connection with the Bonds.

5. UMB's credit quality (A Stable) is comparable to that of US Bank (AA-). Also, under current market conditions UMB is able to offer a 25 basis point advantage over that of US Bank.

6. UMB has agreed to use the forms of financing documentation presented to the Commission with only minor modifications such as the substitution of the LOC Bank name and a change to a loan conversion feature which is more favorable to MGU than the original term.

7. MGU will be making a mandatory tender for the Bonds in accordance with the terms of the Master Trust Indenture. The expectation is that the tasks required to accomplish the substitution of the LOC Bank will occur within 30 to 45 days.

8. MGU believes the changes described above are non-material in

nature, are fully consistent with the nature and scope of authority already granted by the Commission and do not require any further authority or action on the part of the Commission. Nevertheless, to keep the Commission fully informed as to the financing, MGU is filing this Notice of Letter of Credit Bank Substitution.

9. MGU has briefed representatives of the Commission's Staff on the matters described above.

Respectfully submitted,

/s/ Paul A. Boudreau  
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### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document was delivered by first class mail, electronic mail or hand delivery, on the 27<sup>th</sup> day of August, 2009, to the following:

Robert S. Berlin  
Missouri Public Service Commission  
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Jefferson City, MO 65102-0360

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/s/ Paul A. Boudreau  
Paul A. Boudreau