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October 21, 1999

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

FILED  
OCT 21 1999  
Missouri Public  
Service Commission

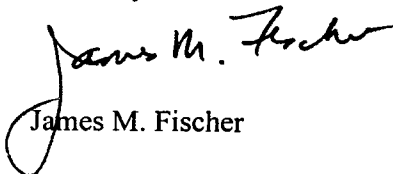
RE: *Southern Missouri Gas Company, L.P.*  
Case No. GR-99-178

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 Response to Staff Recommendation. A copy of the foregoing Response 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

cc: Office of the Public Counsel

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

**FILED<sup>3</sup>**

OCT 21 1999

Missouri Public  
Service Commission

In the matter of Southern Missouri Gas  
Company, L.P.'s Tariff Revision Designed  
to be Reviewed in Its 1997-1998 Actual  
Cost Adjustment for the Missouri Service  
Area of the Company

Case No. GR-99-178

**SOUTHERN MISSOURI GAS COMPANY, L.P.'S  
RESPONSE TO STAFF RECOMMENDATION**

COMES NOW Southern Missouri Gas Company, L.P. (hereinafter "SMGC") by and through  
its counsel of record and states its Response to the Staff's Recommendation filed on July 30, 1999,  
as follows:

1. On July 30, 1999, the Commission Staff filed its recommendations following the  
completion of the audit of the Actual Cost Adjustment ("ACA") rates filed by SMGC on  
November 1, 1998. The Commission Staff reviewed SMGC's calculations and made the following  
recommendations:

The Staff recommends that the Commission issue an order requiring  
Southern Missouri Gas to:

1) Adjust the Firm sales ACA balance by \$350,561 from  
the filed under-recovery balance of \$786,168. The total adjustment  
should be included as a separate line item adjustment applied to the  
beginning 1998-99 ACA balance.

2) Adjust the refund balance by \$133,409 in the  
calculation of Company's refund factor. The adjustment should be  
reflected in the Company's next PGA filing, effective November  
1999.

3) File a written response to Staff's recommendation  
within 30 days.

2. After reviewing the Staff's Recommendation in this matter, the Company has determined that the above-referenced recommendations are acceptable to the Company and should be implemented. However, SMGC believes some clarification of statements in the Staff Recommendation would be helpful.

3. Staff indicated the appropriate level of transportation costs to include in this filing is \$871,148. The Staff's Recommendation states that "the Company's contract with WNG significantly overstated its peak day requirements . . . ." (Staff Recommendation, p. 2). This statement requires some clarification. It is true that the actual invoiced amount for the transportation service from Williams Natural Gas was significantly higher than the level included by SMGC or the Staff in this filing. However, this additional cost of transportation service was a direct result of SMGC's need to fulfill the following condition of its certificate of convenience and necessity in Case No. GA-94-127:

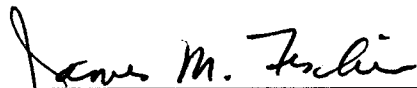
3. The Applicant agrees that the issuance of the Certificate will be conditioned upon their presentation to the Commission's Procurement Analysis Department of a signed firm transportation contract with Williams Natural Gas Company covering the production zone for 5,000 Mcfs per day, increasing to 10,000 Mcfs per day within three (3) years, and the market zone for 10,000 Mcfs per day prior to the approval of tariffs and the commencement of construction.

Stipulation and Agreement, Case No. GA-94-127, p. 4. The additional amount of transportation service that SMGC purchased from Williams Natural Gas is a direct result of SMGC fulfilling the above-quoted condition of the Certificate.

4. Notwithstanding these clarifications, SMGC is willing to accept the Staff's recommendations.

WHEREFORE, Southern Missouri Gas Company, L.P. urges the Commission to issue an Order Approving Staff Recommendation Regarding Actual Cost Adjustment and accept the adjusted rates on a permanent basis.

Respectfully submitted,



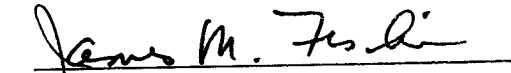
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ATTORNEY FOR  
SOUTHERN MISSOURI GAS COMPANY, L.P.

## 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, postage prepaid, this 21<sup>st</sup> day of October 1999, to:

Office of the Public Counsel  
P.O. Box 360  
Jefferson City MO 65102

  
James M. Fischer