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November 16, 2001

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Director, Utility Operations
ROBERT SCHALLENBERG
Director, Utility Services
DONNA M. KOLILIS
Director, Administration
DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. GR-2001-388

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Robert V. Franson
Associate General Counsel
(573) 751-6651
(573) 751-9285 (Fax)
rfranson@mail.state.mo.us

RVF:ccl
Enclosure
cc: Counsel of Record

FILED
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Missouri Public
Service Commission

further recommends that good cause for approval on less than thirty days notice has been demonstrated.

WHEREFORE, the Staff recommends that the Commission approve the proposed tariff sheet and Variance, interim, subject to refund.

Respectfully submitted,

DANA K. JOYCE
General Counsel



Robert V. Franson
Associate General Counsel
Missouri Bar No. 34643

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 16th day of November 2001.

Robert V. Franzen

M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2001-388, File No. 200200362,
Southern Missouri Gas Company, L.P.

FROM: Kim J. Elvington, Energy Department - Tariffs/Rate Design

[Signature] /11-16-01
Energy Department/Date

[Signature] 11/16/01
General Counsel's Office/Date

SUBJECT: Staff Recommendation For Southern Missouri Gas Company, L.P.'s
Request for a One-Time Variance and a Scheduled Winter Season
Filing Effective December 1, 2001.

DATE: November 15, 2001

On November 8, 2001, Southern Missouri Gas Company, L.P. (SMGC or Company) of Mountain Grove, Missouri, filed a tariff sheet with a proposed effective date of December 1, 2001 and a REQUEST FOR VARIANCE FROM TARIFF PROVISIONS (Variance). The tariff sheet was filed to reflect scheduled changes in SMGC's Purchased Gas Adjustment (PGA) factors as the result of changes in the cost of natural gas for the remaining winter season. The winter season includes the months of November through March. In addition, this tariff filing reflects a change to the Actual Cost Adjustment (ACA) factor. The Variance was filed to allow the Company to file a scheduled winter PGA to reflect these changes becoming effective on December 1, 2001 instead of the usual November 1, 2001 effective date for winter filings.

The Variance filed in conjunction with the scheduled filing requests a one-time waiver from the PGA Clause of SMGC's tariffs due to a delay in the Company's winter PGA filing. The Company believed that a normal scheduled winter PGA change was not needed. The total PGA factor in this filing remained the same as their recently filed unscheduled summer PGA filing.

Since the total PGA factor reflected in this filing will remain at the present rate of \$0.7160 per hundred cubic feet (Ccf), there is no effect to be experienced by residential customers regarding this filing.

Case No. GR-2001-388, under which this change was filed, was established to track the Company's PGA factors to be reviewed in its 2000-2001 ACA filing. Additionally, Case No. GR-2001-39 was established to track SMGC's PGA factors to be reviewed in its 1999-2000 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in consolidated Case Nos. GR-2001-39 and GR-2001-388.

MO PSC Case No. GR-2001-388
OFFICIAL CASE FILE MEMORANDUM
PAGE 2 OF 2

The Commission's Energy Department - Tariffs/Rate Design Staff (Staff) has reviewed the Variance and agrees that the one-time Variance request be granted. Staff has also reviewed the PGA filing and has determined that, with the exception of the one-time Variance request to file a scheduled winter PGA, changing the PGA and ACA factors, with an effective date of December 1, 2001 instead of November 1, 2001, this filing was calculated in accordance with SMGC's PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty days notice is demonstrated by SMGC's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the Commission grant the approval of the following tariff sheet and Variance, interim subject to refund:

P.S.C. MO. No. 1

11th Revised Sheet No. 27, Canceling 10th Revised Sheet No. 27.

Copies: Director - Utility Operations Division
Director - Research and Public Affairs Division
Director - Utility Services Division
General Counsel
Manager - Financial Analysis Department
Manager - Procurement Analysis Department
Manager - Energy Department
James M. Fischer - Attorney for SMGC (Fischer & Dority, P.C.)
Scott Klemm - Vice President (SMGC)
Office of the Public Counsel

Service List for
Case No. GR-2001-388
Verified: November 16, 2001 (ccl)

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