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August 1, 2001

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Missouri 65102

AUG 1 2001

Missouri Publi

RE:

Southern Missouri Gas Company, L.P.

Case Nos. GR-2001-39 and GR-2001-388

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter are the original and eight (8) 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 each party of record.

Thank you for your attention to this matter.

Sincerely,

James M. Fischer

/jr Enclosures

cc:

Office of the Public Counsel Dan Joyce, General Counsel

## BEFORE THE PUBLIC SERVICE COMMISSION STATE OF MISSOURI

Jan	[] <sup>2</sup>
AUG 1	2001

In the matter of Southern Missouri Gas Company, L.P.'s Purchased Gas Adjustment factors to be Reviewed in Its 1999-2000 Actual Cost Adjustment.	) ) )	Service Commissior  Case No. GR-2001-39
In the matter of Southern Missouri Gas	)	
Company, L.P.'s Purchased Gas	)	
Adjustment factors to be Reviewed in Its	)	Case No. GR-2001-388
2000-2001 Actual Cost Adjustment.	)	

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

COMES NOW Southern Missouri Gas Company, L.P. (hereinafter" SMGC" or "Company) by and through its counsel of record and states its Response to the Staff's Recommendation filed on July 2, 2001, as follows:

1. On July 2, 2001, the Commission Staff filed its recommendations following the completion of the audit of the Actual Cost Adjustment ("ACA") rates for the period of September 1999 to August 2000. 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 \$5,675 from the filed under-recovery balance of \$551,052 to the Staff adjusted under-recovery balance of \$556,727. The total adjustment should be included as a separate line item adjustment applied to the beginning 2000-2001 ACA balance.
- 2) Increase the refund balance by \$10,624 in the calculation of Company's refund factor. The adjustment should be



included in the Company's next PGA filing, effective November 2001.

- 3) Submit the information recommended in the Reliability Study section by November 15, 2001.
- 2. On April 12, 2001, the Commission issued its Order Consolidating Cases and Establishing Procedural Schedule in which it established August 1, 2001 as the deadline for SMGC to file its response to the Staff Recommendation.
- 3. 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.
- 4. Staff has also recommended that SMGC establish a formal RFP process. As a clarification, SMGC notes that, in the past, it has used a formal RFP process. However, given the small volumes utilized by SMGC and the volatility of the market, it has proven to be more practical and more timely to contact various suppliers informally to assess the current market conditions.

WHEREFORE, having responded to the Staff Recommendation, Southern Missouri Gas Company, L.P. urges the Commission to approve Staff's Recommendation, as herein clarified.

Respectfully submitted,

ames M. Fischer, Esq.

Fischer & Dority, P.C.

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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, postage prepaid, this \_/\_\_ day of August, 2001, to:

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

General Counsel Missouri Public Service Commission P.O. Box 360 Jefferson City, MO 65102

James M. Fischer