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October 26, 1999

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

FILED²

OCT 26 1999

Missouri Public
Service Commission

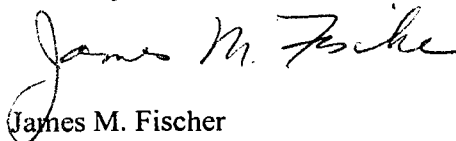
RE: *Southern Missouri Gas Company, L.P.*
Case No. GR-99-178

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 Amended Response to Staff Recommendation. This Amended Response corrects typographical errors contained in the Company's Response, filed with the Commission on October 21, 1999. A copy of the foregoing Amended 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

FILED²

OCT 26 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) Case No. GR-99-178
Cost Adjustment for the Missouri Service)
Area of the Company)

**SOUTHERN MISSOURI GAS COMPANY, L.P.'S
AMENDED 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 \$435,607 to the Staff adjusted 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 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:

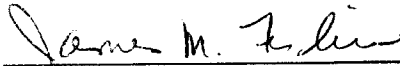
3. The Applicant agrees that the issuance of the Certificate will be conditioned upon their presentation to the Commission's Procurement Analysis Department of a signed firm transportation contract with Williams Natural Gas Company covering the production zone for 5,000 Mcfs per day, increasing to 10,000 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,



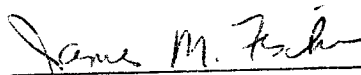
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ATTORNEY FOR
SOUTHERN MISSOURI GAS COMPANY, L.P.

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 26th day of October 1999, to:

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



James M. Fischer