

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Southern)
Missouri Gas Company, L.P., a Proposed Missouri)
Limited Partnership, for Authority to Acquire,)
Control, and Merge With Tartan Energy Company) CASE NO. GM-96-175
of Missouri, L.C., d/b/a Southern Missouri Gas)
Company, L.C., a Missouri Limited Liability)
Company.)

ORDER APPROVING TARIFF FILED IN
COMPLIANCE WITH PRIOR COMMISSION ORDER

On April 9, 1996, the Missouri Public Service Commission (Commission) issued an Order Approving Merger, which conditionally approved the proposed merger of Tartan Energy Company of Missouri, L.C., d/b/a Southern Missouri Gas Company, L.C. (Tartan) with and into Southern Missouri Gas Company, L.P. (SMG), with SMG as the surviving entity. The Commission objected to the method chosen by Tartan to accomplish the merger because of the serious logistical difficulties it presented. The Commission stated that it would approve the merger only upon the following conditions:

1. The proposed Missouri limited partnership known as SMG must be formed and must exist in the State of Missouri prior to the merger.
2. That after the formation of SMG and prior to the merger, SMG shall forthwith submit to the Commission a certified copy of its partnership agreement.
3. That after the formation of SMG and prior to the merger, SMG shall forthwith file an adoption notice adopting the existing tariff of Tartan. The adoption notice shall contain an effective date concurrent with the planned date of the merger, and the adoption notice shall be filed at least fifteen (15) days in advance of the planned date of merger.

In addition, the Commission also ordered Tartan to forthwith file a certified copy of the resolution of its board of directors authorizing the proposed merger, and ordered SMG to file a pleading with the Commission indicating the date the merger was completed, within 10 days after the completion of the merger. Further, the Commission stated that the effective date of the authority to merge was to be concurrent with the effective date of the adoption notice required to be filed by SMG, and that the certificates of convenience and necessity granted to Tartan in Case Nos. GA-94-127 and GA-95-349, and GM-96-61 were to be transferred to SMG concurrent with the effective date of the adoption notice required to be filed by SMG.

The Staff of the Commission (Staff) filed a memorandum containing its recommendation on October 23, 1996. Staff states that SMG filed a tariff sheet to comply with the Commission's Order Approving Merger, which became effective on April 19, 1996. Staff states that SMG filed a substitute tariff sheet on October 18, 1996, to correct the page revision number. The requested effective date is November 1, 1996. Staff notes that pursuant to the proposed tariff sheet, SMG will adopt, ratify, and make its own in every respect, as if the same had been originally filed by it, all tariffs, schedules, and rules and regulations of Tartan filed and approved by the Commission before November 1, 1996. Staff also points out that this tariff sheet was filed at least 15 days in advance of the planned date of merger, in compliance with the Commission's Order, thus good cause for approval of the tariff sheet on less than 30 days' notice exists. In addition, Staff notes that a certified copy of the resolution of Tartan's board of directors authorizing the proposed merger and a certified copy of SMG's partnership agreement were filed on October 16,

1996, also in compliance with the Commission's order. Staff states that it has reviewed this filing and has determined that it complies with the Commission's order, with the exception of the requirement that SMG file a pleading indicating the date the merger is completed, within 10 days of the completion of the merger. Since SMG cannot comply with this requirement until the merger is completed, Staff recommends that the tariff sheet filed by SMG, as substituted, be approved to become effective November 1, 1996.

The Commission has reviewed its original Order Approving Merger issued on April 9, 1996, the tariff sheet and other documents filed by Tartan and SMG, and Staff's recommendation, and finds that both Tartan and SMG are in compliance with the Commission's order. The cover letter accompanying the filing of the tariff sheet indicates that the planned date of the merger is November 1, 1996. This is also the effective date of the adoption notice. The Commission finds that the adoption notice will become effective on the same date as the merger, and thus its concern about the possibility of a gap during which neither Tartan nor SMG could legally provide service to customers has been alleviated. The Commission thus finds that it would be appropriate to approve the tariff sheet filed by SMG effective November 1, 1996.

IT IS THEREFORE ORDERED:

1. That the tariff sheet filed by Southern Missouri Gas Company, L.P. on October 16, 1996, as substituted, is hereby approved to become effective November 1, 1996:

P.S.C. MO. No. 1

1st Revised Sheet No. A, Canceling Original Sheet No. A.

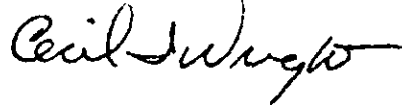
2. That the certificates of convenience and necessity granted to Tartan Energy Company of Missouri, L.C., d/b/a Southern Missouri Gas Company, L.C., in Case Nos. GA-94-127, GA-95-349, and GM-96-61 are hereby

transferred to Southern Missouri Gas Company, L.P., subject to all the terms and conditions of those certificates, including, but limited to, the terms of the Stipulation and Agreement approved in Case No. GA-94-127.

3. That Southern Missouri Gas Company, L. P. shall file a pleading with the Commission indicating the date the merger was completed, no later than November 12, 1996. In the event the merger does not take place on November 1, 1996, Tartan Energy Company of Missouri L.C., d/b/a Southern Missouri Gas Company, L.C., and Southern Missouri Gas Company, L.P. shall notify the Commission as soon as possible, but no later than November 4, 1996.

4. That this Order shall become effective on November 1, 1996.

BY THE COMMISSION



Cecil I. Wright
Executive Secretary

(S E A L)

Elaine E. Bensavage, Administrative Law Judge,
by delegation of authority under Commission
Directive of January 3, 1995, pursuant to
Section 386.240, RSMo 1994.

Dated at Jefferson City, Missouri,
on this 25th day of October, 1996.