

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 5th  
day of November, 1996.

In the Matter of the Application of Ozark )  
Natural Gas Co., Inc., for a Certificate of )  
Public Convenience and Necessity to Construct )  
Own, and Operate an Intrastate Natural Gas ) CASE NO. GA-96-264  
Pipeline and Gas Utility to Serve Stone and )  
Taney Counties and Portion of Christian County, )  
And for the Establishment of Utility Rates. )

ORDER GRANTING CLARIFICATION AND MODIFYING  
REPORT AND ORDER ISSUED SEPTEMBER 24, 1996

Conoco Inc. (Conoco), an intervenor in this case, filed an Application For Rehearing And Clarification on October 4, 1996, seeking clarification with respect to three issues. Conoco first requests that the Missouri Public Service Commission (Commission) clarify what evidence Ozark Natural Gas Co., Inc. (Ozark) needs to present in order to satisfy the Commission's concerns about the availability of firm transportation capacity, pointing out an apparent discrepancy in the Commission's Report and Order of September 24, 1996. Conoco secondly asks that the Commission modify its Report and Order to require Ozark to serve copies of whatever evidence it files with the Commission on all parties. Conoco thirdly asks the Commission to modify its order to make clear that if Ozark does not fully comply with the minimum threshold requirements for a certificate within the 180-day period granted by the Commission's Report and Order, the application shall be deemed to be rejected. No party filed a response to Conoco's motion.

The Commission, after reviewing the language contained in its Report and Order, and the requests for clarification contained in Conoco's

motion, determines that certain clarification of its Report and Order is warranted, to conform the Report and Order to the Commission's original intent. On page 20 of the Commission's Report and Order, the Commission states: "The Commission finds that it would not be in the public interest to issue Ozark even a conditional certificate without evidence that Williams has received FERC's authorization for the construction of the Southwest Missouri expansion or that Ozark had obtained released firm capacity to meet its needs for the foreseeable future." However, in directing that this docket should remain open for a period of 180 days, the Commission on page 24 of its Report and Order instructed Ozark to file: "Evidence that Williams has filed an application with FERC for the necessary certification needed to begin the development and construction of Williams' Southwest Missouri expansion." This latter directive is contrary to the Commission's finding on page 20.

Conoco correctly states that the filing of an application with FERC does not guarantee that Williams will obtain its certificate, just as Ozark's filing of an application with this Commission did not guarantee its issuance of a certificate. In addition, the Precedent Agreement between Williams and Ozark grants Williams the discretion to terminate that Agreement even if Williams has filed an application for FERC approval. Nevertheless, the Commission finds that it can consider issuance of a conditional certificate upon a showing that Williams has filed an application with FERC for the certification necessary to commence construction of its Southwest Missouri expansion, assuming the other deficiencies in Ozark's application are rectified. This should suffice to allow Ozark to begin its planning.

However, the Commission will not allow Ozark to commence construction of its gas facilities until at a minimum Williams has received

FERC's authorization for the construction of the Southwest Missouri expansion, or until Ozark has obtained released firm capacity to meet its needs for the foreseeable future. As the Commission indicated in the first full paragraph on page 20 of its Report and Order, the plan for Ozark's project anticipates that the company will build a market of customers who require firm service. Under this circumstance, it would be inappropriate to allow Ozark to begin construction and commence service to interruptible customers until such time as it is substantially certain that firm transportation capacity will be available to serve the firm customers who undergird the overall feasibility of the project. Thus, the Commission will modify the second sentence of the second full paragraph on page 20 to read as follows: "The Commission finds that it would not be in the public interest to allow Ozark to commence construction of any gas facilities without evidence that Williams has received FERC's authorization for the construction of the Southwest Missouri expansion or that Ozark had obtained released firm capacity to meet its needs for the foreseeable future."

With regard to the other issues raised by Conoco, the Commission sees no need to order Ozark to do what it is already required to do, i.e., follow Commission procedures. The Commission also sees no need to limit its discretion by prejudging the outcome of this case. If, after the expiration of the 180-day period, Ozark has still not complied with the minimum threshold requirements for issuance of a certificate, the Commission will decide what appropriate action should be taken.

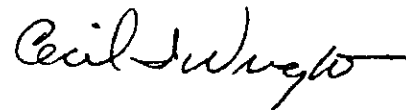
**IT IS THEREFORE ORDERED:**

1. That the Application For Rehearing And Clarification of Conoco Inc. filed on October 4, 1996 is hereby granted in part and denied in part.

2. That the Report and Order issued by the Missouri Public Service Commission in Case No. GA-96-264 on September 24, 1996, shall be modified as follows: The second sentence of the second full paragraph on page 20 of the Commission's Report and Order which currently reads, "The Commission finds that it would not be in the public interest to issue Ozark even a conditional certificate without evidence that Williams has received FERC's authorization for the construction of the Southwest Missouri expansion or that Ozark had obtained released firm capacity to meet its needs for the foreseeable future," should be modified to read instead, "The Commission finds that it would not be in the public interest to allow Ozark to commence construction of any gas facilities without evidence that Williams has received FERC's authorization for the construction of the Southwest Missouri expansion or that Ozark had obtained released firm capacity to meet its needs for the foreseeable future."

3. That this order shall become effective on the date hereof.

BY THE COMMISSION



Cecil I. Wright  
Executive Secretary

(S E A L)

Zobrist, Chm., McClure, Kincheloe,  
and Drainer, CC., Concur.  
Crumpton, C., Absent.

ALJ: Bensavage