

BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF MISSOURI

FILED<sup>3</sup>

OCT 24 2000

Missouri Public  
Service Commission

In the matter of Southern Missouri Gas )  
Company, L.P.'s Purchased Gas Adjustment )  
factors to be Reviewed in Its 1998-1999 Actual ) Case No. GR-2000-288  
Cost Adjustment. )

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

COMES NOW Southern Missouri Gas Company, L.P. (hereinafter "SMGC" or  
"Company") by and through its counsel of record and states its Revised Response to the Staff's  
Recommendation filed on October 23, 2000, as follows:

1. On October 23, 2000, the Commission Staff filed its revised recommendations  
following the completion of the audit of the Actual Cost Adjustment ("ACA") rates filed by  
SMGC on October 5, 1999, to be effective on November 1, 1999. This revised response was  
filed following informal discussions with the Company, Commission Staff, and Office of the  
Public Counsel. In its revised Recommendation, the Commission Staff made the following  
recommendations:

The Staff recommends that the Commission issue an order  
requiring Southern Missouri Gas to:

- 1) Adopt Staff's adjustments and the ending  
(over)/under recovery balance per table of adjustments<sup>1</sup> (Staff's  
original under-recovery balance was \$1,130,473);
- 2) Adjust the refund balance by \$1,655 in the  
calculation of Company's refund factor. The adjustment should be

<sup>1</sup> The Staff's revised Recommendation results in a total under recovery of \$1,141,667 in stead of the original under-recovery-balance of \$1,130,473.

reflected in the Company's next PGA filing, effective November 2000.

2. After reviewing the Staff's revised Recommendation in this matter, the Company has determined the above-referenced recommendations are acceptable to the Company and should be implemented. More specifically, the Company agrees with the following revised Staff recommendations:

a) Staff proposes to carry-forward an under-recovery balance of \$768,186 from the 1997-1998 ACA filing.

**SMGC agrees with this recommendation.**

b) Staff does not believe that the \$241,187 should be deducted from the 1998-1999 ACA filing. Staff proposes to increase gas cost by the amount deducted of \$241,187.

**SMGC agrees with this Staff recommendation.**

c) Staff has revised its position and now proposes to reduce the cost of gas by \$25,502.

**SMGC agrees with Staff's revised recommendation.**

d) Staff proposes to increase the cost of transportation by \$66,708.

**SMGC, after further review and discussion with Staff, will agree with this recommendation.**

e) Staff has revised its position and now proposes to decrease revenues by \$3,768.

**SMGC agrees with Staff's revised recommendation.**

- f) Staff proposes to include refunds of \$1,655 in the next filing.

**SMGC agrees with this recommendation.**

- g) Staff has established criteria that limit the amount of transportation costs that may be deferred (capitalized) on the Company's books related to the Williams Natural Gas Company transportation costs. From January 1995 to August 1999, WNG costs totaled \$3,632,315 and expenses allowed by Staff totaled \$2,648,544. The Staff has recommended that the difference of \$983,771 may be deferred (capitalized) up to a maximum of \$983,771 on the Company's books. All parties reserve the right to assert a position on the proper ratemaking treatment of any amortization resulting from the described deferred (capitalized) costs in the Company's next general rate case.

**SMGC agrees with this recommendation.**

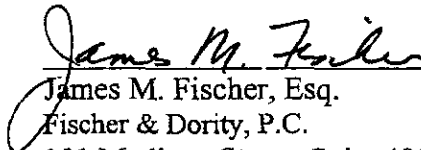
- h) Since the under-recovery balance is \$1,141,667 as of August 1999, and is expected to rise to approximately \$1,600,000 as of August 2000, the Staff recommends that the August 2000 balance be amortized over a three (3) year period to avoid an adverse impact upon customers' rates in the current period.

**SMGC agrees with this recommendation.**

3. Since there is no longer a disagreement between the Company and Staff in this proceeding, the Company believes that the prehearing conference scheduled for October 26, 2000, may be canceled.

**WHEREFORE**, Southern Missouri Gas Company, L.P. respectfully requests that the Commission adopt the Staff's revised recommendations, as filed on October 23, 2000. The Company also believes that it would be appropriate to cancel the prehearing conference scheduled for October 26, 2000, since there are no issues remaining in controversy.

Respectfully submitted,

  
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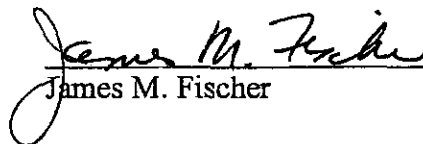
ATTORNEYS FOR  
SOUTHERN MISSOURI GAS COMPANY, L.P.

### **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 24<sup>th</sup> day of October, 2000, 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