

**BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI**

In the matter of the Application of)
Southern Missouri Gas Company, L.P.)
d/b/a Southern Missouri Natural Gas)
for Authority To Issue approximately \$10 Million)
in Equity Capital and approximately \$50 Million In)
Notes and Other Forms of Indebtedness.)

Case No. GF-2007-0215

**SOUTHERN MISSOURI NATURAL GAS' REPLY TO (1) STAFF REPONSE TO
SOUTHERN MISSOURI NATURAL GAS' SECOND AMENDED APPLICATION AND
(2) OZARK ENERGY PARTNERS' RESPONSE TO ORDER DIRECTING FILING**

COMES NOW Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas, ("SMNG" or "Company"), and pursuant to 4 CSR 240-2.080, files its Reply to the Staff Response to Southern Missouri Natural Gas' Second Amended Financing Application, and to the Ozark Energy Partners' Response To Order Directing Filing, which were both filed on January 4, 2008. For its Reply, SMNG respectfully states as follows:

1. On January 4, 2008, the Staff filed its Response To Southern Missouri Natural Gas' Second Amended Financing Application in which it requested an additional 30 days to make its recommendation to the Commission in this matter. In addition, the Staff stated: "However, if Staff is in a position to make a recommendation at an earlier date, it will make every attempt to do so." (Staff Response, p. 3)

2. SMNG does not object to the Staff taking the requested additional time to file its Staff Recommendation in this proceeding. However, SMNG requests that the Staff file its Staff Recommendation as soon as reasonably practical since SMNG has been granted a certificate of

public convenience and necessity to serve Lebanon, Houston, and Licking, which is conditioned upon the Commission approving acceptable financing. See Report & Order, Case No. GA-2007-0212. SMNG would like to proceed with the construction of its natural gas local distribution system at the earliest possible time following the approval of its financing in this case.

3. To the best of SMNG's knowledge, SMNG has answered Staff's data requests, including relevant updates to responses previously filed. In addition, SMNG representatives have participated in conference calls with Staff to answer other questions.

4. In its Response, Staff also voiced a concern that "the current Board consists of members that are associated with an investor that will no longer have a financial interest in Southern Missouri Gas, L.P. if the transaction explained in Paragraph 5 of the Second Amended Financing Application is executed." (Staff Response, p. 2) As explained in the Second Amended Financing Application, "***

**

5. Ozark Energy Partners, LLC ("OEP") also supported Staff's request for additional time to file the Staff Recommendation in this case, and suggested that a prehearing conference be scheduled at this time. As stated above, SMNG does not oppose Staff's request for the stated

additional time to file its Staff Recommendation, but SMNG opposes OEP's request for the scheduling of a prehearing conference. It would be premature at this juncture of the case to schedule a prehearing conference since Staff has not filed its Staff Recommendation, and it is not known whether any hearings will be necessary.

WHEREFORE Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas respectfully requests that the Commission accept this pleading as its response to the pleadings filed by Staff and OEP on January 4, 2008.

Respectfully submitted,

/s/ James M. Fischer

James M. Fischer Mo. Bar No. 27543
Fischer & Dority, P.C.
101 Madison Street, Suite 400
Jefferson City, Missouri 65101
Telephone: (573) 636-6758
Fax: (573) 636-0383
Email: jfischerpc@aol.com
ATTORNEY FOR APPLICANT

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, postage prepaid, by U.S. Mail, First Class, this 14th day of January, 2008, to all parties of record.

/s/ James M. Fischer

James M. Fischer