

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

In the Matter of New Proposed Small Company)
Rate Increase Procedure Rules.) Case No. AX-2005-0363

COMMENTS OF SOUTHERN MISSOURI GAS COMPANY, L.P.

COMES NOW Southern Missouri Gas Company, L.P. ("SMGC"), pursuant to the Notice To Submit Comments regarding Proposed Rule 4 CSR 240-3.240, Small Gas Utility Rate Case Procedure, as published in Volume 30, Missouri Register, pages 2034-37, and for its Comments Regarding Proposed Rules states as follows:

1. Under the proposed rule, a gas company "serving three thousand (3,000) or fewer customers" may utilize the Small Gas Utility Rate Case Procedure. SMGC believes the Commission should allow gas companies serving ten thousand (10,000) or fewer customers to take advantage of this less expensive method of reviewing the appropriateness of gas rates.

2. Under the proposed rule, it appears that there are two local distribution companies, Missouri Gas Utilities, Inc. ("MGU")(serving approximately 460 customers)¹ and Fidelity Natural Gas, Inc. (serving approximately 1,239 customers)², that would qualify to use the Small Gas Utility Rate Case Procedure as proposed in the proposed rule. Recently, Fidelity Natural Gas, Inc. filed an Application to transfer its local distribution property to Laclede Gas Company.³ Assuming this transaction was

¹ Source: Order Approving Stipulation And Agreement, Case No. GO-2005-0120 (December 14, 2004), page 1. (Attachment No. 1)

² Source: 2004 Annual Report, Missouri Public Service Commission, page 55.

³ Joint Application, Case No. GM-2006-0183.

completed, then MGU would be the only local distribution company that would apparently qualify to use the Small Gas Utility Rate Case Procedure as proposed in the rule.

3. The third smallest local distribution company in Missouri is SMGC which serves approximately 7,500 customers. In its only general rate case, SMGC was granted leave by the Commission to use a procedure similar to the small rate procedure that existed at that time (4 CSR 240-2.200), even though SMGC was larger than the minimum threshold of the then existing rule.⁴ In Case No. GR-2000-485, SMGC found the small rate procedures to be a less expensive method for reviewing its rates than the full blown formal rate case procedures. As a result, rate case expenses (which are typically included in the customers' rates) were lowered by the use of the small rate case procedures. (Assuming hypothetically that a formal rate case could cost more than \$100,000 to process, then rate case expenses would equate to more than \$10 per customer for a company that served 10,000 customers.)

4. Reviewing the relative sizes of other local distribution companies in Missouri, it would appear that the next largest local distribution company (Aquila Networks L&P and MPS) would be more than four times the proposed threshold of 10,000 customers. (See Attachment No. 1).

WHEREFORE, Southern Missouri Gas Company, L.P. respectfully requests the Commission consider these Comments, and revise the proposed rule to allow a company with ten thousand or fewer customer to be eligible to use the Small Gas Utility Rate Case Procedure.

⁴ Order Granting Reconsideration And Modifying Suspension Order, Case No. GR-2000-485 (March 21, 2000).

Respectfully submitted,

/s/ James M. Fischer

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CERTIFICATE OF SERVICE

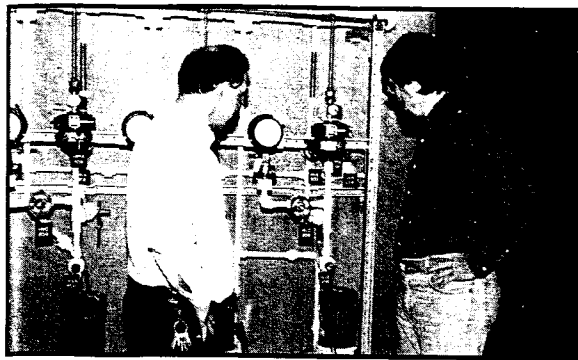
I hereby certify that a true and correct copy of the above and foregoing document was emailed, mailed or hand-delivered, this 2nd day of November, 2005, to:

General Counsel
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P.O. Box 360
Jefferson City, MO 65102

Office of the Public Counsel
P.O. Box 2230
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/s/ James Fischer

James M. Fischer



MISSOURI PUBLIC SERVICE COMMISSION

Attachment No. 1

2004 ANNUAL REPORT

Natural Gas Utilities Statistics

Calendar Year 2003 (Missouri Jurisdictional)

Name of Company	Mcfs Sold 2003	Operating Revenues (\$)	Residential Customers	Total Customers
Aquila Networks - L&P (1)	740,988	\$ 5,526,503	5,256	6,085
Aquila Networks - MPS (2)	4,569,425	46,501,750	40,527	45,892
Atmos Energy (Associated) (3)	4,612,303	39,886,820	39,125	44,747
Atmos Energy (UC/Greeley) (4)	1,784,781	16,372,816	13,182	14,964
Fidelity Natural Gas, Inc.	241,812	730,002	1,074	1,239
Laclede Gas Company	82,225,679	693,502,698	590,785	631,121
Missouri Gas Energy (5)	55,348,179	516,031,812	440,512	506,437
Southern Missouri Gas Co., L.C. (6)	751,801	8,870,010	6,524	7,251
Union Electric Company (7)	11,768,756	124,211,265	97,551	107,843
TOTALS:	162,043,724	\$ 1,451,633,676	1,234,536	1,365,579

Source: MoPSC FERC Form 2 2003 Annual Reports (Missouri Jurisdictional)

Intrastate Pipelines	Mcfs Delivered	Operating Revenues (\$)	Transportation Customers
Missouri Gas Company (8)	1,872,123	\$ 3,711,334	8
Missouri Pipeline Company (8)	10,674,487	5,654,041	4
TOTALS:	12,546,610	\$ 9,365,375	12

- (1) Aquila Inc. d/b/a Aquila Networks, Aquila Networks - L&P
- (2) Aquila Inc. d/b/a Aquila Networks, Aquila Networks - MPS
- (3) Associated, a division of Atmos Energy Corp.
- (4) United Cities and Greeley, a division of Atmos Energy Corp.
- (5) A division of Southern Union Co.
- (6) Southern Missouri Gas Co., L.C., Tartan Energy Co., L.C.
- (7) Union Electric Co. d/b/a AmerenUE Gas Districts
- (8) A subsidiary of Gateway Pipeline Company, Inc.