

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

FILED²
SEP 16 2002
**Missouri Public
Service Commission**

In the Matter of the Tariff Filing of)
Southern Missouri Gas Company, L.P.)

Case No. GT-2003-0031

STATEMENT OF POSITION

COMES NOW the Southern Missouri Gas Company, L.P. ("SMGC"), and respectfully submits the following Position Statement regarding the Proposed List of Issues filed by the Staff in this proceeding:

LIST OF CONTESTED ISSUES AND POSITION STATEMENT

A. Do the tariffs filed by SMGC provide for the aggregate purchasing of natural gas supplies and pipeline transportation service on behalf of eligible school entities in accordance with aggregate purchasing contracts negotiated by and through a not-for-profit school association as required by Section 393.310.4(1) RSMo Supp. 2002?

ANSWER: Yes.

B. Do the tariffs filed by SMGC provide for the resale of such natural gas supplies, including related transportation service costs, to the eligible school entities at the gas corporation's cost of purchasing of such gas supplies and transportation, plus all applicable distribution costs, plus an aggregation and balancing fee to be determined by the Commission, not to exceed four-tenths of one cent per therm delivered during the first year as required by Section 393.310.4(2) RSMo Supp. 2002?

Answer: Yes, in conjunction with its existing tariffs.

C. Do the SMGC tariffs not require telemetry or special metering, except for individual school meters over one hundred thousand therms annually as required by Section 393.310.4(3) RSMo Supp. 2002?

Answer: Yes. Telemetry or special metering is not required, except for individual school meters over one hundred thousand therms annually.

D. Is there sufficient evidence for the Commission to find that implementation of the aggregation program set forth in the SMGC tariffs will not have any negative financial impact on SMGC as required by Section 393.310.5 RSMo Supp. 2002?

Answer: Yes. SMGC's tariffs have been designed to preclude negative, material financial impacts on SMGC by including new aggregation and balancing fees.

E. Is there sufficient evidence for the Commission to find that implementation of the aggregation program set forth in the SMG tariffs will not have any negative financial impact on SMG's other customers as required by Section 393.310.5 RSMo Supp. 2002?

Answer: Yes. SMGC's tariffs have been designed to preclude negative, material financial impacts on the other customers of SMGC, since no changes to the tariffs of other SMGC customer classes are being proposed at this time.

F. Is there sufficient evidence for the Commission to find that implementation of the aggregation program set forth in the SMGC tariffs will not have any negative financial impact on local taxing authorities as required by Section 393.310.5 RSMo Supp. 2002?

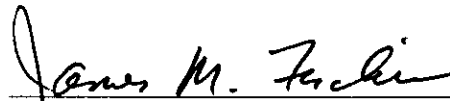
Answer: Yes. SMGC's tariffs have been designed to preclude material financial impacts on local taxing authorities by requiring eligible school entities to agree to pay local taxes or similar fees in a manner similar to the way such taxes are levied on sales customers.

G. Is there sufficient evidence for the Commission to find that the aggregation charge is sufficient to generate revenue at least equal to all incremental costs caused by the experimental aggregation program as required by 393.310.5 RSMo Supp. 2002?

Answer: SMGC's tariffs have been designed with an aggregation charge. SMGC cannot, at this time, assert without limitation that the specific charge is "sufficient to generate revenue at least equal to all incremental costs caused by the experimental aggregation program." Given that this is a new provision, and there are no facts or experience as to what the costs will be, how many customers may be served by the provision, or what volumes will be transported, there is simply no way at this time to make an unqualified representation on this particular point. SMGC, however, does assert that given the overall structure of the new tariff provisions, they have attempted to minimize the costs covered by the charge.

WHEREFORE, for the foregoing reasons, SMGC respectfully requests that the Commission accept its Position Statement.

Respectfully submitted,



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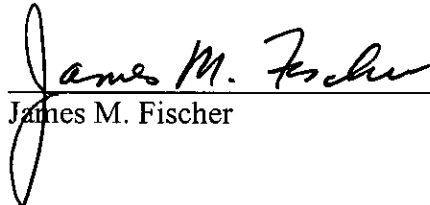
Certificate of Service

I hereby certify that copies of this Position has been mailed, hand-delivered, transmitted by facsimile or e-mailed to the foregoing this 16th day of September, 2002.

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