

**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

**SECOND AMENDED FINANCING APPLICATION**

**COMES NOW** Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas, ("SMNG" or "Applicant"), by and through its counsel, and for its Application pursuant to Section 393.180, and 393.200 RSMo 2000,<sup>1</sup> and 4 CSR 240-2.060(1) and 4 CSR 240-3.220 and, respectfully states as follows:

1. Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas, a Missouri limited partnership, ("SMNG") owns and operates a natural gas transmission and distribution system located in southern Missouri which serves approximately 7,500 residential, commercial and industrial customers. SMGC is a "gas corporation" and "public utility" under the jurisdiction of the Missouri Public Service Commission, pursuant to Chapters 386 and 393, RSMo. 2000. The Company's street and mailing address is: 301 E. 17<sup>th</sup> Street, Mountain Grove, Missouri 65711. The Company's telephone number is: (417) 926-7533.

2. All correspondence, pleadings, orders, and documents in this proceeding should be addressed to:

---

<sup>1</sup>All statutory references are to Revised Statutes of Missouri 2000, unless otherwise indicated.

James M. Fischer  
Fischer & Dority, P.C.  
101 Madison Street--Suite 400  
Jefferson City, Missouri 65101  
Telephone: (573) 636-6758  
Email: [jfischerpc@aol.com](mailto:jfischerpc@aol.com)

Mike Lumby, General Manager  
Southern Missouri Gas Company, L.P.  
301 E. 17<sup>th</sup> Street  
Mountain Grove, Missouri 65711  
Telephone: (417) 926-7533  
Email: [mlumby@smng.biz](mailto:mlumby@smng.biz)

Randal T. Maffett  
Sendero Asset Management, LLC  
1001 Fannin--Suite 550  
Houston, Texas 77022  
Telephone: (713) 655-0523  
Email: [rmaffett@sendero.biz](mailto:rmaffett@sendero.biz)

3. A copy of SMNG's Certificate Of Good Standing from the Missouri Secretary of State is attached as Appendix A and is incorporated herein.

4. Applicant seeks an order of the Commission granting the Applicant the authority to issue approximately \$13.5 million in additional equity capital and approximately \$43.0 million in notes and other forms of indebtedness ("debt securities") with maturities of up to 7 years. Appendix B contains the specific identity of the investor, a description of the equity capital and the debt securities, including a summary of the approximate rates, terms and conditions of the securities, and is attached hereto under seal since it contains highly confidential information.

5. The proceeds of the equity capital and debt securities will be applied to working capital, capital expenditures and other lawful corporate purposes, including the proposed expansion of its service area to include Lebanon, Houston, Licking, Branson, Hollister, and Branson West,

Missouri, as more fully described in the Company's Applications filed in Case Nos. GA-2007-0212, GA-2007-0310, and GA-2007-0168 as well as other communities within Applicant's existing service area.

6.       \*\* \_\_\_\_\_

---

\_\_\_\_\_ \*\* This aspect of the transaction does not require Commission approval since it is sale of the equity interest at the parent company level. In addition, the current SMNG management team, including Sendero Asset Management, LLC, will remain unchanged as will the remainder of the equity interests.

7.       A certified copy of a Resolution of Applicant authorizing the Applicant to issue the equity capital and debt securities is attached as Appendix C and incorporated herein by reference.

8.       A pro-forma balance sheet and income statement with adjustments showing the effect of the issuance of the equity capital and the debt securities upon the indebtedness and capitalization of Applicant is attached hereto, under seal as it contains highly confidential information, as Appendix D and incorporated herein by reference.

9.       Applicant estimates approximately \$26 million of the proceeds from the debt securities are subject to the fee schedule in Section 386.300(2) and 4 CSR 240-3.120(1)(G).

10.      Applicant respectfully requests expedited consideration of this Application so that the equity capital and debt securities may be issued as soon as possible.

11.      Applicant believes that this Application is in the public interest. As required by Section 393.200, a five (5) year capital expenditure schedule is attached hereto as Appendix E and incorporated herein by reference.

12. Applicant submits that it will be in the best interest of the Applicant, its customers and owners to issue the equity capital and debt securities described herein to obtain the financing necessary to continue the general corporate purposes of the Applicant and provide safe and adequate service to its customers.

13. The Applicant has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates which has occurred within three (3) years of the date of the Application.

14. The Applicant has no annual report or assessment fees that are overdue.

15. Applicant respectfully requests that no hearing on this Application be required by the Commission. Applicant will submit such sworn affidavits, exhibits, and other information to the Commission as may be required by the Commission and its Staff.

WHEREFORE, Southern Missouri Gas Company, L.P. respectfully requests the Order of the Commission granting the Applicant the authority to issue approximately \$13.5 million in equity capital and approximately \$43.0 million of notes and other forms of indebtedness with maturities of up to 7 years, as described herein, and for such other relief as the Commission shall deem appropriate.

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](mailto: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 17<sup>th</sup> day of December, 2007, to counsel for all parties of record.

/s/ James M. Fischer

---

James M. Fischer

VERIFICATION

STATE OF TEXAS

)

ss.

COUNTY OF HARRIS

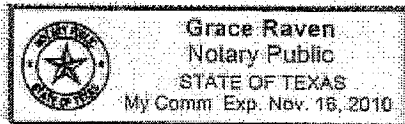
)

Randal T. Maffett, being first duly sworn, on his oath and in his capacity as Managing Partner states that he is authorized to execute this Application on behalf of Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas and has knowledge of the matters stated herein, and that said matters are true and correct to the best of his knowledge and belief.



Randal T. Maffett

Subscribed and sworn to before me this 13<sup>th</sup> day of December, 2007.

  
Notary Public

My Commission Expires: Nov 18<sup>th</sup> 2010

**APPENDIX A**

**SOUTHERN MISSOURI GAS COMPANY, L.P. D/B/A SOUTHERN MISSOURI  
NATURAL GAS CERTIFICATE OF GOOD STANDING  
ISSUED BY THE MISSOURI SECRETARY OF STATE**

# STATE OF MISSOURI



Robin Carnahan  
Secretary of State

CORPORATION DIVISION  
CERTIFICATE OF GOOD STANDING

I, ROBIN CARNAHAN, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

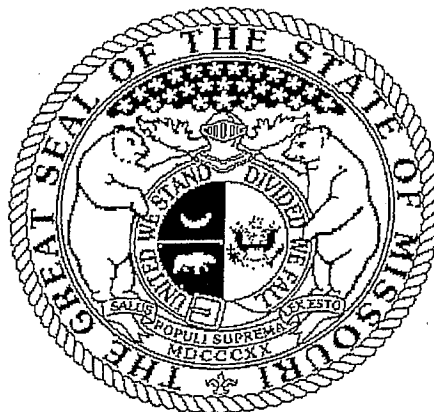
SOUTHERN MISSOURI GAS COMPANY, L.P.  
LP0007788

was created under the laws of this State on the 15th day of October, 1996, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 6th day of December, 2006

A handwritten signature in cursive script that reads "Robin Carnahan".

Secretary of State



Certification Number: 9242703-1 Reference:  
Verify this certificate online at <http://www.sos.mo.gov/businessentity/verification>



**APPENDIX B**

**DESCRIPTION OF EQUITY CAPITAL AND DEBT SECURITIES**

**(FILED UNDER SEAL—HIGHLY CONFIDENTIAL INFORMATION)**

## **APPENDIX C**

### **RESOLUTION OF APPLICANT**

**RESOLUTIONS OF  
SOUTHERN MISSOURI GAS COMPANY, L.P.,  
ACTING THROUGH THE BOARD OF DIRECTORS OF  
SENDERO SMGC GP ACQUISITION COMPANY, LLC, ITS GENERAL PARTNER**

**UNANIMOUS WRITTEN CONSENT TO ACTION BY THE BOARD  
OF DIRECTORS IN LIEU OF A MEETING**

The undersigned, being all of the members of the board of directors of SENDERO SMGC GP ACQUISITION COMPANY, LLC, a Missouri limited liability company (the "Company"), in lieu of holding a special meeting of the board of directors of the Company, hereby adopt the following preamble and resolutions by written consent in accordance with the provisions of the Missouri Limited Liability Company Act and the Limited Liability Company Operating Agreement of the Company:

WHEREAS, the Company is the general partner of Southern Missouri Gas Company, I.P., a Missouri limited partnership d/b/a Southern Missouri Natural Gas ("SMNG"); and

WHEREAS, SMNG intends to solicit a private placement offering of approximately \$56.5 million (\$56,500,000) for the purpose of recapitalizing the Company including refinancing existing indebtedness, providing capital for system expansions and working capital for general Company business; and

WHEREAS, the recapitalization will include a combination of approximately \$43 million (\$43,000,000) of senior secured debt, \$13.5 million (\$13,500,000) of equity capital and up to \$12 million (\$12,000,000) of working capital in the form of a revolving line of credit.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors has authorized the Managing Member of the Company to pursue, negotiate and deliver documentation of the format, final terms and conditions as well as any other documents which are necessary to consummate the transactions contemplated herein; and

FURTHER RESOLVED, that final approval and execution of all definitive documentation related to the transactions contemplated herein shall be subject to final review and a separate approval by the Board of Directors; and


The action taken by this consent shall have the force and effect as if taken by the undersigned at a special meeting of the Board duly called and constituted.

This consent may be executed by facsimile signature, and a facsimile signature will constitute an original signature.


This consent may be executed in counterparts, each of which shall be deemed to be an original and each of which, when taken together, shall constitute one and the same consent.

IN WITNESS WHEREOF, the undersigned, being all of the members of the board of directors of the Company, hereby consent to, and approve and adopt the foregoing resolutions effective as of the 17th day of October, 2007.

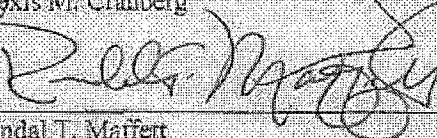
October 18, 2007

  
\_\_\_\_\_  
Todd Neugebauer

October 18, 2007

  
\_\_\_\_\_  
Alexis M. Cranberg

October 18, 2007

  
\_\_\_\_\_  
Randal T. Maiffert

Being all of the directors of SENDERO  
SMGC GP ACQUISITION COMPANY,  
LLC

**APPENDIX D**

**PROFORMA BALANCE SHEET AND INCOME STATEMENT**

**(FILED UNDER SEAL—HIGHLY CONFIDENTIAL INFORMATION)**

**APPENDIX E**

**FIVE (5) YEAR CAPITAL EXPENDITURE SCHEDULE**

<b>Year</b>	<b>Capital Expenditures</b>
<b>2002</b>	<b>\$673,181</b>
<b>2003</b>	<b>\$577,745</b>
<b>2004</b>	<b>\$542,989</b>
<b>2005</b>	<b>\$735,146</b>
<b>2006</b>	<b>\$967,516</b>