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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 4th
day of November, 1997.

In the matter of Southern Missouri Gas Company,)
L.P.'s Purchased Gas Adjustment Factors to be) Case No. GR-97-234
audited in its 1996-1997 Actual Cost Adjustment.)

ORDER APPROVING INTERIM RATES

Southern Missouri Gas Company, L.P. (SMGC or Company) of Mountain Grove, Missouri, submitted a tariff sheet to the Commission on October 20, 1997, carrying an effective date of November 5, 1997. On November 3, 1997, SMGC filed a substitute tariff sheet correcting a calculation error in the Total Purchased Gas Adjustment (PGA) factors. The tariff sheet is designed to change the PGA factors as a result of a decrease in the spot market cost of natural gas and the recalculation of the annual Actual Cost Adjustment (ACA). The net effect of these changes will decrease SMGC's annualized revenues by approximately \$13,600. The impact on a typical residential space heating customer using 97 Ccfs of natural gas in the month of November will be a decrease of \$0.24, or 0.3%.

The Missouri Public Service Commission Staff (Staff) filed a memorandum stating that the changes in SMGC's PGA were calculated in conformance with the Company's approved PGA Clause and recommends that the Commission approve the tariff sheet, as substituted, to become effective on November 5, 1997. Staff stated that SMGC's PGA Clause allows for 15 days notice for filings reflecting PGA changes. Staff recommended that the tariff sheet be approved on an interim basis, subject to refund, until the Commission makes its final determinations in Case Nos. GR-97-234 and GR-96-85. Staff also requested that the Commission's Procurement Analysis

Department be given the time necessary to conduct its audit of the PGA period and submit its results and recommendations regarding this ACA filing on or before August 1, 1998.

The Commission has reviewed the tariff sheet, Staff's recommendation and request, and finds that the tariff conforms with SMGC's Commission-approved PGA Clause and is therefore reasonable. After considering Staff's recommendation, and for good cause shown pursuant to Section 393.140(11), RSMo 1994, the Commission finds that the proposed tariff sheet, as substituted, should be approved to become effective on and after the requested effective date of November 5, 1997, interim subject to refund.

IT IS THEREFORE ORDERED:

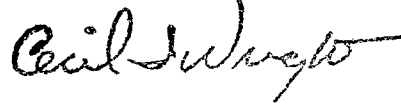
1. That the following tariff sheet submitted October 20, 1997, and as substituted on November 3, 1997 by Southern Missouri Gas Company, L.P. of Mountain Grove, Missouri, is approved on an interim basis, subject to refund, to become effective on November 5, 1997. The tariff sheet approved is:

P.S.C. MO. No. 1
4th Revised Sheet No. 27 Cancelling 3rd Revised Sheet No. 27

2. That the Commission's Procurement Analysis Department be given the time necessary to conduct its audit of this ACA period and submit its results and recommendations regarding this ACA filing on or before August 1, 1998.

3. That this order shall become effective November 5, 1997.

BY THE COMMISSION



Cecil I. Wright
Executive Secretary

(S E A L)

Lumpe, Chm., Crumpton, Murray, Drainer, CC., Concur.
ALJ: Derque