

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 7th
day of October, 1994

In the matter of the application of Tartan)
Energy Company, L.C., d.b.a Southern Missouri)
Gas Company, for a certificate of convenience)
and necessity authorizing it to construct, install,)
own, operate, control, manage and maintain gas)
facilities and to render gas service in and to) Case No. GA-94-127
residents of certain areas of Wright, Texas,)
Howell, Webster, Greene and Douglas Counties,)
including the incorporated municipalities of)
Seymour, Cabal, Houston, Licking, Mountain Grove,)
Mountain View, West Plains, Ava, Mansfield,)
Marshfield and Willow Springs, Missouri.)

ORDER GRANTING CLARIFICATION AND MODIFYING REPORT AND ORDER ISSUED
SEPTEMBER 16, 1994

On September 30, 1994, Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company (Tartan) filed a Motion for Clarification or, in the Alternative, Rehearing of the Commission's Report and Order issued September 26 (sic), 1994. Tartan seeks clarification with respect to three issues. Two of the three issues involve a condition contained in numbered paragraph #6 on page 28 of the Commission's Report and Order, which states as follows:

6. that prior to the commencement of the construction of any gas facilities, Tartan files certified copies of the required approval of other governmental agencies, per Rule 4 CSR 240-2.060(2)(A)10 B, eg., FERC approval of arrangements with Williams, Missouri Highway Department approval of the use of the highway right-of-way, etc.;

Tartan first requests "a clarification of the Commission's requirement that it obtain all MHTD (Missouri Highway and Transportation Department) approvals prior to commencing construction of any gas facilities." Tartan Motion at 2. Tartan states that it intends to construct its trunk pipeline in segments, and that it intends to acquire

the requisite highway right-of-way permits for each segment of the trunk pipeline as it is scheduled for construction. Specifically Tartan seeks a clarification of the Report and Order stating that it will be permitted to commence construction on each phase or segment of its project if it has obtained and filed with the Commission all applicable government permits requisite for construction of that phase or segment.

Secondly, Tartan states that Williams Natural Gas Company (Williams) intends to construct the 10" pipeline lateral from its facilities to the delivery point facilities of Tartan pursuant to the Federal Energy Regulatory Commission's (FERC) automatic certificate authorization contained in Section 157.208 of the FERC regulations, and to construct the delivery point facilities connecting to Tartan's facilities pursuant to the authority contained in Section 311 of the Natural Gas Policy Act of 1978, therefore Williams is not required to obtain prior approval of the FERC before it constructs the interconnection with Tartan's distribution system. Tartan will not therefore have a written certificate from the FERC approving the arrangement with Williams, and thus requests that the Commission's Report and Order not be construed as requiring the filing of a FERC certificate that will not be available or required by law.

Finally, Tartan requests that it be permitted to file tariffs with an effective date later than the October 1, 1994 date authorized by the Commission's Report and Order, which states on page 35 in Ordered Paragraph #5 as follows:

That Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company be and is hereby authorized to file tariffs in accordance with the provisions of the Nonunanimous Stipulation and Agreement and this Report and Order, effective for service on or after October 1, 1994.

Tartan indicates that it has been meeting with the Commission's Staff to resolve outstanding tariff language issues, and that it intends to file a

tariff on or about October 10, 1994, with an effective date of November 10, 1994. Tartan further states that no delay in the receipt of natural gas service by consumers will result from a tariff with an effective date later than October 1, 1994.

Staff filed a response to Tartan's motion on October 5, 1994, stating that it had no obligation to the issuance of a Commission Order clarifying its Report and Order issued September 16, 1994 as requested by Tartan. Staff explains that it has directly contacted the Missouri Highway and Transportation Department and verified that permits for construction in utility right-of-way on state highways are generally issued immediately prior to construction so that the permit dates will match construction as closely as possible, thus Tartan's explanation for why it is seeking clarification of this matter is not inconsistent with Staff's understanding of the permit process. In addition, Staff confirms that Section 157.208 of FERC's regulations contains an automatic certificate authorization for current certificate holders to construct facilities where the cost does not exceed certain limitations. Staff notes that it has no method of auditing the construction costs for the pipeline lateral which Williams is to build, but assuming the project costs do not exceed the limitations, no certified document would be necessary to show FERC approval. Finally, Staff adds that it has no objection to Tartan filing tariffs with an effective date later than October 1, 1994.

The Commission, after reviewing the language contained in its Report and Order, the requests for clarification contained in Tartan's motion, and Staff's recommendation, determines that it is appropriate to accommodate Tartan's request for clarification. Nothing in the Commission's language prohibits the construction of the trunk pipeline in segments, nor does it require some specific form of FERC approval beyond

what is required by law. Rather, the Commission's language indicates that Tartan must comply with the dictates of 4 CSR 240-2.060(2)(A)10 B. This rule requires certified copies of the required approval of other governmental agencies, but does not specify the agencies from which approval is required. As was suggested by Tartan in its motion, the references to FERC approval and approval of the Missouri Highway Department were intended by way of illustration as examples of the types of governmental agencies from which approval might be required.

With respect to the filing of tariffs, the Commission has no objection to Tartan's proposal to file its tariff on or about October 10, 1994, with an effective date of November 10, 1994. The original effective date of October 1, 1994, contained in the Commission's Report and Order was an attempt to accommodate Tartan's needs as articulated by its Counsel during the oral argument on the intervening Propane Dealers' motion to suspend the procedural schedule. As Tartan does not yet have facilities with which to provide service to customers, a brief delay in the filing of its tariff will not prejudice potential customers.

IT IS THEREFORE ORDERED:

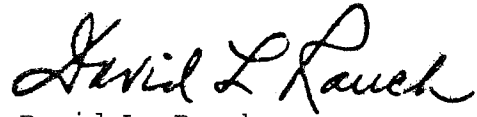
1. That the Motion for Clarification or, in the Alternative, Rehearing of the Commission's Report and Order issued September 26 (sic), 1994, filed by Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company be and is hereby granted.

2. That by way of clarification, nothing in the Commission language in numbered paragraph #6 on page 28 of its Report and Order issued September 16, 1994 shall be construed to prohibit the construction of the trunk pipeline in segments, or require some specific form of FERC approval beyond what is required by law.

3. That Ordered Paragraph #5 on page 35 of the Commission's Report and Order issued September 16, 1994 in this case be and is hereby modified to permit the filing of the tariff of Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company on or about on October 10, 1994, with an effective date of November 10, 1994.

4. That this Order shall become effective on the date hereof.

BY THE COMMISSION

A handwritten signature in cursive script that reads "David L. Rauch".

David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins,
Kincheloe, and Crumpton, CC., Concur.