# BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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In the Matter of the Application of Southern Missouri Gas Company, L.P. for a Variance and Waiver from the Provisions of 4 CSR 240-3.275.

Case No. \_\_\_\_\_

## APPLICATION FOR VARIANCE AND WAIVER

COMES NOW Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas ("SMNG" or "Company"), pursuant to 4 CSR 240-3.015, 4 CSR 240-3.275(2) and 4 CSR 240-2.060, and in support of its Application for Variance and Waiver ("Application") from the provisions of 4 CSR 240-3.275 of the Rules of the Missouri Public Service Commission (the "Commission") to allow it to file its depreciation study, database and property unit catalog beyond the dates required under said rule. In support of this Application and Motion, SMNG respectfully states as follows:

1. SMNG owns and operates a natural gas transmission and distribution system located in southern Missouri which serves approximately 8,000 customers. SMNG 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: 500 W. 19<sup>th</sup> Street, Mountain Grove, Missouri 65711. The Company's telephone number is: (417) 926-7533.

2. Copies of SMNG's Certificate Of Good Standing from the Missouri Secretary of State and its Fictitious Name Registration were previously filed in Case Nos. GA-2007-0212 and GN-2006-0203, respectively, and are incorporated herein by reference.

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3. SMNG 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.<sup>1</sup> SMNG has no annual report or assessment fees that are overdue.

4. Communication in regard to this Notice and Application should be addressed to the undersigned counsel and:

David Moody Chief Executive Officer Southern Missouri Natural Gas 500 W. 19<sup>th</sup> Street Mountain Grove, MO 65711 (417) 926-7533 <u>dmoody@smng.biz</u>

5. Under 4 CSR 240-3.275(1), gas utilities are required to periodically file depreciation studies, database and property unit catalogs under a prescribed schedule. However, 4 CSR 240-3.275(2) permits a public utility to seek a waiver from the provisions of 4 CSR-3.275(1) related to the filing requirements for gas utility depreciation studies for good cause shown.

6. At the time that SMNG was granted its original certificate of convenience and necessity in 1994, the Commission approved depreciation rates for SMNG (formerly Tartan Energy Company, L.C. d/b/a Southern Missouri Gas Company) that were consistent with those depreciation rates recommended by Staff witness Guy C. Gilbert had been utilized by other gas utilities in Missouri. *See Report And Order*, Case No. GA-94-127, pp. 9, 34 (issued September 16, 1994). In addition, SMNG agreed to accrue and

<sup>&</sup>lt;sup>1</sup> On May 21, 2010, SMNG initiated its Small Company Rate Increase Request designated File No. GR-2010-0347. There is no requirement for the filing of a depreciation study as a part of the small company rate case procedure. See 4 CSR 240-3.050.

maintain its gas depreciation reserve by primary plant account, and maintain continuing property records and establish a property unity catalog. *See Stipulation and Agreement*, Case No. GA-94-127, pp. 4-5 (filed July 22, 1994),

7. As a relatively new gas utility, SMNG has not seen a need to propose changes in its depreciation rates since its inception. In addition, the expense of preparing its own depreciation study would be borne by its ratepayers, and SMNG believes it would not be cost-beneficial to incur these costs when the approved depreciation rates are adequate.

8. In order to avoid the cost of preparing a depreciation study, SMNG respectfully requests that the Commission grant it a waiver or variance from the provisions of 4 CSR 240-3.275 and allow the Company to work with the Staff and other interested parties to determine the best approach for establishing future depreciation rates.

9. The Commission Staff has indicated that it has no objection to this request.

### MOTION FOR EXPEDITED TREATMENT

10. Pursuant to 4 CSR 240-2.080(16), SMNG is requesting expedited treatment of this application.

11. SMNG requests approval of this application as soon as possible, but no later than October 20, 2010 to avoid the need to prepare and submit a depreciation study by January 1, 2011, as apparently required by 4 CSR 240-3.275 for SMNG. Given the substantial amount of time and resources needed to prepare a depreciation study, it would be necessary to begin the preparation of a new depreciation study immediately, if this application is not granted. This substantial effort will be avoided if the variance is

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granted. There will be no negative effect on SMNG's customers or the general public if the Commission acts by the date requested herein.

**WHEREFORE**, for the foregoing reasons, SMNG respectfully requests that the Commission grant it a variance or waiver from 4 CSR 240-3.235 to permit the Company delay filing its depreciation study for good cause shown.

Respectfully submitted,

/s/ James M. Fischer

James M. Fischer, MBN 27543 email: <u>jfischerpc@aol.com</u> Larry W. Dority, MBN 25617 email: <u>lwdority@sprintmail.com</u> Fischer & Dority, P.C. 101 Madison Street, Suite 400 Jefferson City, MO 65101 Telephone: (573) 636-6758 Facsimile: (573) 636-0383

Attorneys for Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas

### **Certificate of Service**

I hereby certify that a copy of the above and foregoing document was sent by electronic mail, or hand delivered, on this 4th day of October, 2010 to:

General Counsel Missouri Public Service Commission Governor Office Building P.O. Box 360 Jefferson City, MO 65102 Office of the Public Counsel Governor Office Building, 6<sup>th</sup> Floor P.O. Box 2230 Jefferson City, MO 65102-7800

<u>/s/ James M. Fischer</u> James M. Fischer

### **VERIFICATION**

STATE OF MISSOURI

COUNTY OF WRIGHT

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I, David Moody, of lawful age, state that I am the Chief Executive Officer of Southern Missouri Natural Gas; that I have read the above and foregoing Application; that the statements contained therein are true and correct to the best of my information, knowledge and belief; and that I am authorized to make this statement on behalf of Southern Missouri Natural Gas.

Jan Moory David Moody

Subscribed and sworn to before me this <sup>th</sup> day of September, 2010.

a More Notary Public

My Commission Expires:

May 4, 2012

LINDA A MOORE Notary Public - Notary Seal State of Missouri Commissioned for Wright County My Commission Expires: May 04, 2012 Commission Number: 08414018