

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE 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 enter into certain debt instruments)
and to issue up to and including \$28,000,000)
of short-term indebtedness, in one or more)
transactions, and to, among other things execute) Case No. _____
and deliver a mortgage and security agreement)
to secure said indebtedness)

APPLICATION AND MOTION FOR EXPEDITED TREATMENT AND WAIVER

COMES NOW Southern Missouri Gas Company, L.P. d/b/a/ Southern Missouri Natural Gas ("SMNG" or "Applicant"), by and through its undersigned counsel, pursuant to §§ 393.180 and 393.190, RSMo (2000) and Missouri Public Service Commission ("Commission") rules 4 CSR 240-2.060, 2.080(16), 3.220, and 4.020(2)(B) and for its application to issue up to and including an aggregate of \$28,000,000 principal amount by a term loan from CoBank, ACB ("Term Loan"), and all such indebtedness to be secured by a mortgage, lien and encumbrance upon its operating properties, states as follows:

The Applicant

1. Southern Missouri Gas Company, L.P., d/b/a/ Southern Missouri Natural Gas, a Missouri limited partnership, owns and operates a natural gas transmission and distribution system located in southern Missouri which serves approximately 9,000 residential, commercial and industrial customers. The Applicant's street and mailing address is 301 E. 17th Street, Mountain Grove, Missouri, 65711. Other than cases that have been docketed at the Commission, SMNG has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court

within the past three (3) years that involve customer service or rates. SMNG has no annual report or assessment fees that are overdue.

2. SMNG conducts business as a "gas corporation" and a "public utility" as those terms are defined at § 386.020 RSMo and provides natural gas service in the Missouri counties of Greene, Webster, Laclede Wright, Douglas, Texas, Howell, Stone, and Taney, subject to the jurisdiction of the Commission as provided by law.

3. All correspondence, communications, notices, orders and decisions of the Commission with respect to this matter should be sent to:

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

And

Dave Moody, President
Southern Missouri Gas Company, L.P.
301 E 17th Street
Mountain Grove, Missouri 65711
Telephone: 1-800-909-7642
Email: dmoody@smng.biz

4. A copy of SMNG's Certificate of Good Standing from the Missouri Secretary of State is attached as **Appendix 1** and is incorporated herein.

5. Applicant seeks an order of the Commission granting the Applicant the authority to issue up to an including an aggregate of \$28,000,000 principal amount of term loans ("debt securities") with short term maturities of one year. The interest rate to be paid on the debt securities could vary with funds available in one or more tranches

but is expected to be based on a pro forma of 3.75%. Applicant expects that long-term financing will be requested in the future to replace the term loan requested herein.

6. A certified copy of a Resolution of the SMNG General Partnership authorizing the Applicant to issue the debt securities will be late-filed upon receipt as **Appendix 2** and incorporated herein by reference.

7. The proceeds of the debt securities will be applied to capital expenditures, the purchase of gas, and other lawful purchases including the partial replacement of existing debt. There is a significant amount of infill to be completed in existing services territories, the capital expenditure would include short mainline extensions and service line extensions to customers already in SMNG territories, and as such, SMNG is not seeking expanded service territory with this Application. In response to an open season offered by Southern Star Central Gas Pipeline, SMNG acquired 300,000 dekatherms of storage capacity. The Applicant intends to use a portion of the proceeds to fill the storage in preparation for the 2011-2012 winter heating season.

Term Loan

8. The Applicant intends to borrow up to and including \$28,000,000 principal amount from CoBank, ACB (CoBank"). CoBank is part of the Federal Farm Credit System, which is a nationwide financial cooperative that lends money and provides financial services to agriculture and rural America. In such event, Applicant would enter into a senior secured term loan facility. The proceeds from the Term Loan would be available in one or more tranches likely to have varying terms. As security for the loan, Applicant proposes to execute and deliver a deed of trust or mortgage and security agreement for the benefit of CoBank. The Applicant is working with CoBank and filing

this application simultaneously and when available the Applicant will provide the summary term sheet setting forth the principal features of the Term Loan.

Loan Agreements and Other Matters Applicable to the Term Loan

9. The costs associated with the authorization and issuance of the Revenue Term Loan referenced herein, including legal, administrative, filing and mailing costs, are not known at this time. SMNG estimates that the total costs for the Term Loan contemplated by this Application will not exceed \$40,000.

10. The mortgage or deed of trust and security agreement will constitute a first lien on substantially all of the properties currently owned and subsequently acquired by SMNG, including its certificates of convenience and necessity. Consequently, the Term Loan obligations will be secured by a lien or encumbrance on SMNG's existing utility franchises, plant and system used to provide service to its customers, and on any new plant and operations that the proceeds from the financing will fund.

Filing Requirements and Related Materials

11. Marked as **Appendix 3HC**, attached hereto under seal and made a part hereof for all purposes, is information regarding SMNG's financial information including the audited financials for the twelve month period ending December 31, 2010, and financial statements with adjustments showing the *pro forma* effect of the issuance of up to \$28,000,000 principal amount of additional short-term indebtedness.

12. Marked as **Appendix 4HC**, attached hereto and incorporated by reference is information regarding uses of funds.

13. Marked as **Appendix 5HC**, attached hereto and incorporated by reference is a statement of planned capital expenditures.

14. As noted above in Paragraph 8, the Applicant will provide selected CoBank Loan Documents as they are available.

15. As mentioned above in Paragraph 7, the net proceeds from the Term Loan are currently projected to be used for the following purchases:

- a. \$15 Million towards the replacement of current debt, which bears a higher interest rate.
- b. \$11.3 Million for capital expenditures including short main extensions, infill in existing service territory including the completion of the Lebanon and Branson systems.
- c. \$1.7 Million for the purchase of gas to be injected into storage in preparation for the winter heating season.

The proceeds from the Term Loan are reasonably required for the purposes specified in this Application and such purposes are not in whole or in part reasonably chargeable to operating expense or income.

16. Applicant respectfully requests expedited consideration of this Application so that the debt securities may be issued as soon as possible. The Applicant has identified potential customers in existing territories, and historically, conversion to natural gas prior to the heating season will provide customers with significant near-term savings. It is in the public interest to obtain the financing in an expedited manner in order to maintain the general business purposes of the Applicant and continue to provide safe and adequate service to its customers.

17. Subjecting SMNG's properties to the additional lien of the Deed of Trust and/or Mortgage and Security Agreement will not be detrimental to the public interest,

and in fact will be beneficial to the public interest because the public health, safety and welfare will be served by the ability of SMNG to obtain access to the financing on the most favorable terms available. Granting the authority requested will be transparent to SMNG's customers in that it will not cause any adverse impact on customer service or rates.

18. The 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 Commission Staff.

Motion for Expedited Treatment

19. The Applicant desires to finalize this transaction as soon as possible and, pursuant to 4 CSR 240-2.080(16), the Applicant respectfully seeks expedited treatment of this matter and requests that the Commission act by June 1, 2011, or as soon as possible thereafter. The Applicant is providing additional supporting information to the Commission Staff in conjunction with the filing of this Application. This pleading is being filed as soon as it could have been. As explained herein, the funds are needed to secure gas supplies for summer storage and to continue to connect new customers to the Applicant's distribution system during the construction season. Further, there will be no negative effect on the Applicant's customers or the general public if the Commission acts by the date desired by the parties.

Motion for Waiver

20. The Applicant does not anticipate, nor should it anticipate, that this matter will be a contested case since no hearing is required by statute.

21. Accordingly, Applicant was not required to file a 60-day Notice of Filing pursuant to 4 CSR 240-4.020(2). However, to the extent that a 60-day Notice of Filing could otherwise be required under 4 CSR 240-4.020(2), SMNG respectfully requests that such notice requirement be waived for good cause as the parties desire expedited approval of the transaction as previously set forth herein. 4 CSR 240-4.020(2)(B).

WHEREFORE, Applicant requests that the Commission approve this Application on an expedited basis, as described herein, and issue an order that:

- (a) Authorizes SMNG to enter into, execute and deliver Loan Agreements with CoBank to incur indebtedness provided that the aggregate principal amount of all such debt obligations shall not exceed \$28,000,000, bearing interest, and having such designation and redemption, purchase and other terms as shall be determined by SMNG;
- (b) Authorizes SMNG to create and make effective the lien on the Mortgage and/or Deed of Trust and the Security Agreement on all of the franchises, certificates of convenience and necessity, plant and system of SMNG in the State of Missouri to secure its obligations under the Term Loan;
- (c) Authorizes SMNG to perform in accordance the Loan Agreement;
- (d) Authorizes SMNG to enter into, execute, deliver and perform the necessary promissory notes, agreements and other documents necessary to effectuate the described transactions;
- (e) Authorizes SMNG to take such other actions as may be reasonably incidental, necessary or appropriate to complete the transaction; and

(f) Finding that the proceeds, property or labor to be procured or paid for by SMNG through the issuance of the debt securities is reasonably required and necessary for the purposes set forth above and will be used therefore and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

Respectfully submitted,

/s/James M. Fischer

James M. Fischer, Esq. MBN 27543

e-mail: jfischerpc@aol.com

Larry W. Dority, Esq. MBN 25617

e-mail: lawdority@sprintmail.com

FISCHER & DORITY, P.C.

101 Madison Street, Suite 400

Jefferson City, Missouri 65101

Telephone: (573) 636-6758

Facsimile: (573) 636-0383

Attorneys for Southern Missouri Natural Gas

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been emailed, mailed or hand-delivered this 22nd day of April, 2011, to:

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Public Counsel
Office of the Public Counsel
P.O. Box 2230
Jefferson City, MO 65102

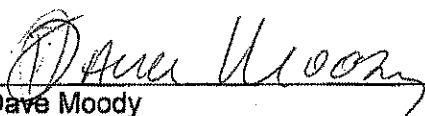
/s/ James M. Fischer

James M. Fischer

VERIFICATION

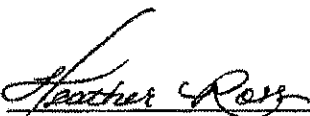
STATE OF MISSOURI)
)
COUNTY OF) ss.

Dave Moody, being first duly sworn, on his oath and in his capacity as Chief Executive Officer 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.



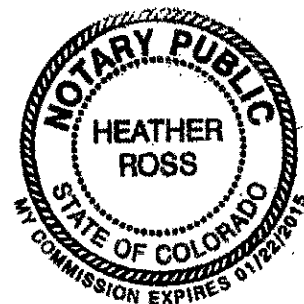
Dave Moody

Subscribed and sworn to before me this 21 day of April, 2011.



Notary Public

My Commission Expires: 01-22-2015



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

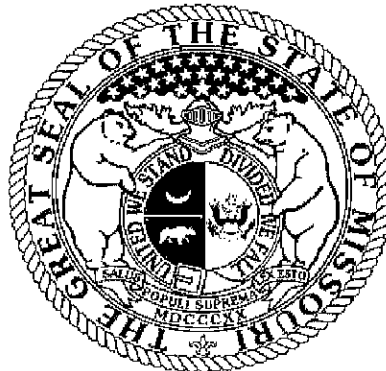
**SOUTHERN MISSOURI GAS COMPANY, L.P.
LP0007788**

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 20th day of April, 2011

Robin Carnahan

Secretary of State



Certification Number: 13760149-1 Reference:
Verify this certificate online at <https://www.sos.mo.gov/businessentity/soskb/verify.asp>