

**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 Issue approximately )      **Case No. GF-2007-0215**  
\$10 Million in Equity Capital and )  
approximately \$50 Million in Notes and )  
Other Forms of Indebtedness. )

**OZARK ENERGY PARTNERS' STATEMENT OF POSITION**

COMES NOW Ozark Energy Partners, LLC (hereinafter referred to as "Ozark" or "OEP") and for its Statement of Position on the Issues states:

1. The capital provided under the *Second Amended Application* of SMNG in this case falls well short of the capital requirements presented by SMNG in Case No. GA-2007-0168, and therefore will not meet the capital requirements of SMNG.
2. The Staff Recommendation filed on February 11, 2008 does not address this issue.
3. While Staff submits that the *purpose* of the proposed financing is reasonable (*Staff Recommendation, Paragraph 3*), Staff does not appear to have evaluated whether the proposed financing herein will raise sufficient capital for the corporate refinancing and Lebanon, Houston and Licking expansions, for which this financing was originally proposed, and for the Branson project which SMNG subsequently added to the stated purposes of this financing.
4. The Staff Recommendation states that SMNG "is currently in a very weak financial position." (Staff Recommendation, at page 3.) Staff also

states that it “does not have confidence that the terms and conditions negotiated for the proposed debt instrument were truly arms length.” (*Id.*, at page 7.) Staff states that it “does not believe the proposed financing structure will be the primary factor affecting the Company’s ability to attract capital in the future.” (*Id.*, at page 7.) Rather, “Staff believes that it is the success, *or lack thereof*, of SMNG’s expansion proposals that will determine its ability to attract capital in the future. For example, if the cost of expansion significantly exceeds SMNG’s estimates, it may have greater difficulty attracting capital.” (*Id.*)

5. However, the Staff Recommendation includes no analysis of the reasonableness of SMNG’s cost estimates for its proposed Branson project, nor of the substantial evidence presented to the Commission in Case No. GA-2007-0168 concerning the errors and discrepancies in SMNG’s “feasibility study” in that case. Rather, Staff focuses on proposing conditions primarily designed to protect ratepayers in the future from the effects of such errors and discrepancies, conditions to which SMNG has readily agreed. (*Southern Missouri Natural Gas’ Response to Staff Recommendation*, filed in this case on February 13, 2008.)
6. For these reasons, the Commission should not adopt the Staff Recommendation to approve with conditions the Second Amended Financing Application of SMNG, and should not authorize SMNG to proceed with its proposed financing, as described in the Second

Amended Financing Application of SMNG, in order to permit SMNG to use the funds for the purposes stated therein.

WHEREFORE, Ozark Energy Partners, LLC respectfully submits its Statement of Position in this matter.

Respectfully submitted,

/s/ William D. Steinmeier

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COUNSEL FOR OZARK ENERGY  
PARTNERS, LLC

Dated: March 24, 2008

## **CERTIFICATE OF SERVICE**

I hereby certify that the undersigned has caused a complete copy of the attached document to be electronically filed and served on the Commission's Office of General Counsel (at gencounsel@psc.mo.gov) and the Office of Public Counsel (at opcservice@ded.mo.gov), and on counsel for all parties of record, on this 24<sup>th</sup> day of March 2008.

*/s/ William D. Steinmeier*