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October 23, 2000

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DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. GR-2001-39

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Robert V. Franson
Assistant General Counsel
(573) 751-6651
(573) 751-9285 (Fax)

RVF:sw
Enclosure
cc: Counsel of Record

FILED²

OCT 23 2000

Missouri Public
Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

OCT 23 2000

Missouri Public
Service Commission

In the matter of Southern Missouri Gas)
Company, L.P.'s Purchased Gas)
Adjustment factors to be reviewed in its)
1999-2000 Actual Cost Adjustment.)

Case No. GR-2001-39

STAFF RECOMMENDATION

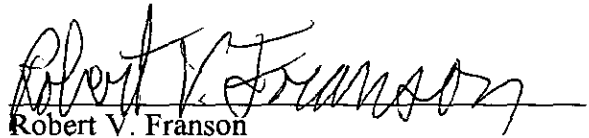
COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") in the above-captioned matter and for its recommendation states as follows:

1. Southern Missouri Gas Company ("Company") filed a tariff sheet on October 18, 2000, proposed to be effective November 2, 2000. The filing was made to reflect changes in Company's Purchased Gas Adjustment ("PGA") factors for the upcoming winter season.
2. Staff has reviewed the proposed tariff sheet, and recommends that it be approved effective November 2, 2000. The recommendation of the Gas Department – Tariffs/Rate Design Staff is attached as Attachment A hereto. Staff notes that good cause has been shown pursuant to §393.140 (11) RSMo to permit the tariff to become effective on less than thirty days notice. Staff also recommends that the rates be interim, subject to refund.

WHEREFORE, the Staff recommends that the Commission approve the proposed tariff sheet.

Respectfully submitted,

DANA K. JOYCE
General Counsel

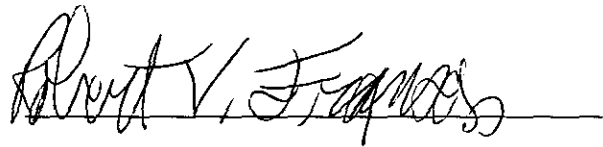


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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 23rd day of October, 2000.



MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2001-39, File No. 200100459,
Southern Missouri Gas Company, L.P.

FROM: ^{gjs} James Gray, Gas Department - Tariffs/Rate Design ⁱⁿ

Wes Hendrick 10-19-00
Utility Operations Division/Date

Thomas R. Schwan ^{RF 10/23/00}
General Counsel's Office/Date

SUBJECT: Staff Recommendation For the Scheduled Winter Season PGA Filing of
Southern Missouri Gas Company, L.P..

DATE: October 19, 2000

On October 18, 2000, Southern Missouri Gas Company, L.P. (SMGC or Company) of Mountain Grove, Missouri, filed a tariff sheet proposed to become effective November 2, 2000. The tariff sheet was filed to reflect scheduled changes in SMGC's Purchased Gas Adjustment (PGA) factors as the result of estimated changes in the cost of natural gas for the upcoming winter season. Additionally, this tariff filing reflects changes in the Actual Cost Adjustment (ACA) factor and the Refund factor.

On October 18, 2000, SMGC filed a REQUEST FOR VARIANCE FROM TARIFF PROVISIONS (Request). This Request seeks a variance from its PGA tariff provisions to allow (1) allow the recovery of the current ACA balance over a three year period rather than a one year period and (2) allow the Scheduled Winter PGA filing go into effect on November 2, 2000, instead of November 1, 2000, as required by its tariff. The change in the effective date was necessary because of a late filing.

The effect of these changes will increase the firm PGA factor for the 2000-2001 winter season to \$0.6628 per Ccf from the current firm PGA factor of \$0.4845 per Ccf.

Case No. GR-2001-39, under which this change was filed, was established to track the Company's PGA factors to be reviewed in its 1999-2000 ACA filing. Case No. GR-2000-288 was established to address SMGC's PGA factors that were reviewed in its 1998-1999 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos. GR-2000-288 and GR-2001-39.

Because of the short time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations

regarding information included in this ACA filing to the Commission on or before July 1, 2001.

The Commission's Gas Department - Tariffs/Rate Design Staff (Staff) has reviewed the variance Request regarding the refund balance and the extension of the effective date to November 2, 2000. Staff recommends SMGC's Request be granted. However, Staff maintains that for clarity, these variances should be referred to as one-time variances (or one-time waivers). The addition of the phrase "one-time" would be consistent with the Commission's Order Approving Interim Rates in Case No. GR-99-178 and GR-2000-288 pertaining to the 1997-1998 and 1998-1999 ACA period.

Staff has reviewed this filing and has determined that other than the requested variances, it was calculated in conformance with SMGC's PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty days notice is demonstrated by SMGC's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the Commission grant SMGC's Request on a one-time basis and approve the following tariff sheet, interim subject to refund:

P.S.C. MO. No. 1

8th Revised Sheet No. 27, Cancelling 7th Revised Sheet No. 27.

Copies: Director - Utility Operations Division
Director - Research and Public Affairs Division
Director - Utility Services Division
General Counsel
Manager - Financial Analysis Department
Manager - Procurement Analysis Department
Manager - Gas Department
James M. Fischer, P.C. - Attorney for SMGC
Tom M. Taylor, President (SMGC)
Office of the Public Counsel

**Service List for
Case No. GR-2001-39
October 23, 2000**

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