

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
January 30, 2001**

CASE NO: GR-2001-388

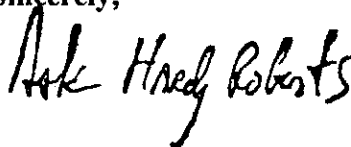
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Enclosed find certified copy of an ORDER in the above-numbered case(s).

Sincerely,

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive, slightly slanted style.

**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 30th
day of January, 2001.

In the Matter of Southern Missouri Gas)	
Company, L.P.'s Purchased Gas Adjustment)	Case No. GR-2001-388
Factors to be Reviewed in Its 2000-2001)	Tariff No. 200100739
Actual Cost Adjustment)	

ORDER APPROVING INTERIM RATES

Southern Missouri Gas Company, L.P. (SMGC) filed with the Missouri Public Service Commission (Commission) a tariff sheet on January 16, 2001, carrying a proposed effective date of February 1, 2001. On January 23, 2001, SMGC filed a substitute tariff sheet to correct an error. The tariff sheet, as substituted, was filed to reflect unscheduled changes in SMGC's Purchased Gas Adjustment (PGA) factors as the result of estimated changes in the cost of natural gas for the remaining winter season.¹ Additionally, the tariff filing, as substituted, reflects an Unscheduled Filing Adjustment Factor.

The net effect of the proposed changes will increase the PGA factor to \$0.8989 per hundred cubic feet (Ccf) from a scheduled 2000-2001 winter season PGA factor of \$0.6628 per Ccf.

The Staff of the Commission (Staff) filed a recommendation and memorandum on January 25, 2001, stating that currently, SMGC's Deferred Carrying Cost Balance (DCCB) is increasing approximately \$4,000 per day due to the difference between the current rates and SMGC's market price for

¹ The winter season includes the months of November through March.

natural gas. Staff noted that any DCCB plus interest will be included in the rate calculations used to compute SMGC's next Actual Cost Adjustment (ACA) factor and could significantly increase next year's PGA rate if the DCCB continues to grow. In addition, Staff claimed, a large DCCB could adversely impact SMGC's credit and procurement arrangements.

Staff pointed out that SMGC has an option to file a Summer PGA change on April 1, 2001. However, Staff continued, unless warranted by market conditions, SMGC does not anticipate filing a Summer PGA change in April 2001. Therefore, Staff surmised, the proposed rates, if approved, would probably remain in effect until November 1, 2001, which is the estimated effective date of SMGC's next scheduled Winter PGA. Staff alleged that maintaining the proposed rates until November 1, 2001, could help reduce SMGC's DCCB.

Staff observed that this case was established to track SMGC's PGA factors to be reviewed in its 2000-2001 ACA filing. Additionally, Staff noted that Case No. GR-2001-39 was established to track SMGC's PGA factors to be reviewed in its 1999-2000 ACA filing. Staff contends that approval on an interim basis, subject to refund, should be granted, pending final Commission decisions in Case Nos. GR-2001-39 and GR-2001-388.

Staff affirmed that it reviewed SMGC's filing and determined that it was calculated in conformance with SMGC's PGA Clause. Staff stated that its recommendation is based on whether the filing is in compliance with the existing tariffs. Staff's opinion is that good cause for approval of the tariff sheet on less than thirty days' notice is demonstrated by SMGC's Commission-approved PGA clause allowing for ten business days' notice for PGA change filings. Therefore, Staff recommended that the tariff sheet, as substituted, be approved on an interim basis, subject to refund, to become effective on February 1, 2001.

The Commission has reviewed the proposed tariff sheet and Staff's recommendation and memorandum. The Commission finds that the tariff sheet, as substituted, conforms to SMGC's Commission-approved PGA Clause and is therefore reasonable.

This unscheduled increase in SMGC's rates is necessary because of the current extraordinarily high price of natural gas. If the price of natural gas drops in coming months, the Commission encourages SMGC to file for an unscheduled reduction in its PGA tariffs.

After considering Staff's recommendation, and for good cause shown pursuant to Section 393.140(11), RSMo 1994, the Commission finds that the proposed tariff sheet should be approved for service rendered on and after the requested effective date of February 1, 2001, on an interim basis, subject to refund.

IT IS THEREFORE ORDERED:

1. That the revised tariff sheet submitted on January 23, 2001, by Southern Missouri Gas Company, L.P., is approved on an interim basis, subject to refund, to become effective on February 1, 2001. The tariff sheet approved is:

P.S.C. Mo. No. 1

9th Revised Sheet No. 27, Canceling 8th Revised Sheet No. 27

2. That this order shall become effective on February 1, 2001.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Drainer, and Murray, CC., concur
Schemenauer and Simmons, CC., dissent with dissenting opinions attached
Hopkins, Senior Regulatory Law Judge

ALJ/Sec'y: Hopkins/Boyle

1-25
Date Circulated CR-2001-388
CASE NO.

SL
Lumpke, Chair

Wol
Drainey, Vice Chair

CM
Murray, Commissioner

SL no dissent attached
Schemenauer, Commissioner

KS no dissent attached
Simmons, Commissioner

1-30
Agenda Date

Action taken: 3-2 AS

Must Vote Not Later Than _____

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,
Missouri, this 30th day of Jan. 2001.

Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

