

**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 a Certificate of)
Convenience and Necessity Authorizing it to)
Construct, Install, Own, Operate Control,)
Manage and Maintain a Natural Gas)
Distribution System to Provide Gas Service in)
Laclede County, Missouri as an Expansion of)
its Existing Service Area)

Case No. GA-2010-0114

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its Recommendation, states as follows:

1. On October 13, 2009, Southern Missouri Natural Gas Company, L.P. (SMNG or Company) filed the above-captioned application seeking a certificate of convenience and necessity (CCN) authorizing it to serve Willard Asphalt Paving, Inc. in an area of Laclede County where it does not currently hold a certificate for natural gas service.

2. On November 2, 2009, after no applications to intervene were filed, the Commission ordered Staff to file a recommendation no later than November 25, 2009.

3. On November 20, 2009, the Company filed its First Amended Application correcting and supplementing its original Application. The Commission thereafter ordered Staff to file its recommendation by December 10, 2009. Staff further notes that any motions to intervene from persons listed in the First Amended Application are due December 8, 2009.

4. Section 393.170 RSMo requires the Commission to address the question of approving the service territory of public utilities and whether the provision of that service is

necessary or convenient. Commission Rule 4 CSR 240-3.205(1)(E) requires applicants to state “The facts showing that the granting of the application is required by the public convenience and necessity.” The term “necessity” means the additional service would be an improvement justifying its costs.¹ Furthermore, the Commission’s allocation of service territory must be done on the basis of public interest.²

5. Members of the Staff’s Tariff/Rate Design, Auditing, and Procurement Analysis Departments have reviewed SMNG’s application. The Staff submits its verified Recommendation in Staff’s Memorandum attached hereto as Appendix A. For reasons more fully explained in Staff’s Memorandum, the Staff recommends the Commission approve SMNG’s application. Based on Staff’s review of SMNG’s application, Staff believes approval is required by public convenience and necessity and is in the public interest. Therefore, Staff recommends the Commission grant SMNG a certificate of convenience and necessity to serve the additional areas of Laclede County necessary to serve the asphalt plant, with the understanding that the failure of the proposed extension will not affect the Company’s rates.

WHEREFORE, for the above stated reasons, Staff respectfully recommends the Commission grant Southern Missouri Natural Gas Company, L.P. a certificate of convenience and necessity for the service areas described in the application.

¹ *State ex rel. Intercon Gas, Inc. v. Public Service Com’n of Missouri*, (1993), 848 S.W.2d 593.

² *State ex rel. Consumers Public Service Co. v. Public Service Commission*, (1944), 180 S.W.2d 40, 352 Mo. 905.

Respectfully submitted,

/s/ Samuel D. Ritchie

Samuel D. Ritchie

Senior Counsel

Missouri Bar No. 61167

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751/4140 (Telephone)

(573) 751-9285 (Fax)

email: samuel.ritchie@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered or transmitted by facsimile or electronic mail to all counsel of record this 24th day of November 2009.

/s/ Samuel D. Ritchie

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GA-2010-0114
Southern Missouri Natural Gas Company, L.P. d/b/a Southern Missouri Natural Gas

FROM: Tom Solt, Energy Department - Tariffs/Rate Design
Lesa A. Jenkins, PE, Regulatory Engineer - Procurement Analysis Department

/s/ Thomas M. Imhoff 11/23/09
Energy Department/Date

/s/ Samuel D. Ritchie 11/23/09
General Counsel's Office/Date

SUBJECT: Staff Recommendation for Approval of Southern Missouri Gas Company, L.P.'s Application
for a Certificate of Convenience and Necessity to Expand to Serve a Portion of Laclede
County Not Currently Served

DATE: November 25, 2009

On October 13, 2009, Southern Missouri Natural Gas Company, L.P. ("SMNG" or "Company") d/b/a Southern Missouri Natural Gas Company of Mountain Grove, Missouri, filed an Application and Motion for Expedited Treatment ("Application") requesting a certificate of convenience and necessity to serve Willard Asphalt Paving, Inc. in an area of Laclede county where it does not currently hold a certificate for natural gas service.

The Company submitted a feasibility study showing the extension to serve the asphalt plant will be profitable within ten years, and that the plant will be served at current rates.

Staff from the Procurement Analysis Department reviewed the proposed expansion for any impacts, positive or negative, on other customers including reliability for transportation capacity for peak day planning. SMNG explained because Willard Asphalt Paving operates only in the summer, it will not impact SMNG's available winter month capacity. However, the asphalt plant has diesel back-up in case of reliability issues. SMNG further explained any capacity release to the asphalt plant would reduce costs to SMNG's other customers.

On November 20, 2009, SMNG amended its application to include reference to its limited partnership agreement, fictitious name registration, and plans for financing as required under 4 CSR 204-2.060(1) and (E) and 4 CSR 240-3.205(1)(A)5(3), respectively. The Company also submitted the corrected addresses of two landowners to comply with 4 CSR 240-3.205(1)(A)2.

MO PSC Case No. GA-2010-0114

OFFICIAL CASE FILE MEMORANDUM

PAGE 2 OF 2

The Energy Department – Tariffs/Rate Design Staff (Staff) has verified that the Company has filed its annual report and is not delinquent on any assessment. Staff has reviewed this filing and is not aware of any issue currently pending before the Commission that affects or is affected by this filing.

Therefore, Staff recommends the Commission approve SMNG's application and allow it to serve the additional areas of Laclede county necessary to serve the asphalt plant, with the understanding that the failure of the proposed extension will not affect the Company's rates.

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a Certificate of Convenience and)
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Install, Own, Operate Control, Manage)
and Maintain a Natural Gas Distribution)
System to Provide Gas Service in)
Laclede County, Missouri as an)
Expansion of its Existing Service Area.)

Case No. GA-2010-0114

AFFIDAVIT OF THOMAS A. SOLT

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Thomas A. Solt, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Thomas A. Solt

Subscribed and sworn to before me this 23rd day of November, 2009.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086



Notary Public