

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 11th day of
April, 2006.

The Office of the Public Counsel,)	
)	
Complainant,)	
)	
v.)	<u>Case No. GC-2006-0180</u>
)	
Southern Missouri Gas Company, L.P.,)	
)	
Respondent.)	

ORDER APPROVING UNANIMOUS STIPULATION AND AGREEMENT

Issue Date: April 11, 2006

Effective Date: April 21, 2006

Syllabus: This order approves the stipulation and agreement submitted by the parties.

On October 21, 2005, the Office of the Public Counsel filed a complaint against Southern Missouri Gas Company, L.P. Public Counsel alleged that Southern Missouri Gas had failed to comply with the Commission's rule requiring the company to "undertake diversified natural gas purchasing activities as part of a prudent effort to mitigate upward natural gas volatility and secure adequate natural gas supplies for their customers."¹

On March 13, 2006, Public Counsel, the Staff of the Missouri Public Service Commission, and Southern Missouri Gas filed a unanimous stipulation and agreement that

¹ 4 CSR 240-40.018. (The quotation is from the purpose clause of the rule)

resolves all disputes between the parties regarding Public Counsel's complaint. A copy of the stipulation and agreement is attached to this order as Attachment 1. Staff filed suggestions in support of the stipulation and agreement on March 17.

To resolve concerns about Southern Missouri Gas' hedging practices, the parties agreed to establish a formal process for Southern Missouri Gas to annually provide the Commission, Staff, and Public Counsel with a formal plan for physical purchases and hedging for its natural gas supply. The first gas supply plan is to be submitted by April 1, 2006, with updates to be filed on July 1 and October 1, 2006. Southern Missouri Gas will prepare new plans each subsequent year until the effective date for new rates approved in the company's next general rate case, or until the signatory parties unanimously agree that additional filings are no longer needed.

The stipulation and agreement provides that Southern Missouri Gas will remain responsible for its decisions regarding gas purchasing and hedging. The stipulation and agreement also states that Southern Missouri Gas will remain subject to prudence reviews as part of the annual PGA/ACA process, and any rate case or complaint proceedings. Any review of Southern Missouri Gas' gas purchasing and hedging plans by Staff and Public Counsel are not to be construed as pre-approval of those plans.

In addition to the new planning and reporting requirements, the stipulation and agreement also requires Southern Missouri Gas to permit customers to enter into payment arrangements that would recover any arrearages, above the minimum payment requirement under the Commission's Cold Weather Rule, over an 18-month period rather than the 12-month period required by that regulation. The stipulation and agreement also requires Southern Missouri Gas to initiate a rebate program to encourage the installation of

new energy efficient natural gas furnaces and natural gas water heaters in the company's service area.

The Commission has the legal authority to accept a stipulation and agreement as offered by the parties as a resolution of issues raised in this case.² Furthermore, Section 536.090, RSMo Supp. 2005, provides that when accepting a stipulation and agreement, the Commission does not need to make either findings of fact or conclusions of law. The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence.³ Since no one has requested a hearing in this case, the Commission may grant the relief requested based on the stipulation and agreement.

IT IS ORDERED THAT:

1. The Stipulation and Agreement filed on March 13, 2006, is approved as a resolution of all issues in this case (See Attachment 1).
2. All signatory parties are ordered to comply with the terms of the Stipulation and Agreement.
3. Southern Missouri Gas Company, L.P. shall file tariff sheets no later than April 21, 2006, to implement the new and expanded rebate programs described in the stipulation and agreement. The tariff sheets are to be filed in this case.

²Section 536.060, RSMo Supp. 2005.

³ *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989).

4. This order shall become effective on April 21, 2006.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., concurs, concurrence to follow
Murray and Appling, CC., concur
Gaw and Clayton, CC., dissent, dissent to follow

Woodruff, Deputy Chief Regulatory Law Judge