

**BEFORE THE PUBLIC SERVICE COMMISSION
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 public convenience and necessity)	
authorizing it to construct, install, own, operate,)	Case No. GA-2007-0168
control, manage and maintain a natural gas)	
distribution system to provide gas service in)	
Branson, Branson West, Reed's Spring)	
and Hollister, Missouri.)	

STAFF'S NOTICE CONCERNING RECOMMENDATION

Comes now the Staff of the Missouri Public Service Commission ("Staff"), and for its Notice concerning Staff Recommendation states:

1. On June 5, 2008, Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas (SMNG) filed its *Motion of Southern Missouri Natural Gas To Take Administrative Notice of the Order Approving Financing Application, Request for Order Granting a Full Certificate of Convenience and Necessity and Approval of Related Tariffs*.

2. SMNG requests the Commission take notice of its Order Approving Financing in Case No. GF-2007-0215 because that application included the financing for expansion to Branson, Branson West, Hollister and surrounding incorporated areas.

3. Staff suggests the Commission simply taking notice of its order in GF-2007-0215 does not satisfy the Commission's ordered paragraph in its February 5 Report and Order in SMNG's Certificate of Convenience and Necessity case in which the Commission ordered "Southern Missouri Natural Gas is granted a conditional certificate of convenience and necessity to provide natural gas service to Branson, Branson West, Hollister and the surrounding unincorporated areas conditioned upon the company's submission of financing arrangements the

Commission finds acceptable . . . “

4. Instead of taking notice of its approval of financing in GF-2007-0215 to satisfy this order, Staff recommends the more prudent approach would be for the Commission to permit Staff time to review the financing documents submitted and make its recommendation concerning the acceptability of the terms of the financing arrangements.

5. This will permit the Commission to base its decision on competent and substantial evidence concerning SMNG’s financing for its proposed expansion into Branson based on the evidence in this case.

6. In its Recommendation, Staff will also discuss SMNG’s compliance with the terms and conditions imposed in Case No. GA-2007-0212.

7. Further, Staff will discuss whether the tariff sheets submitted by SMNG should be approved as submitted.

8. Finally, Staff will comment on the economic feasibility of the proposed expansion project.

9. Staff notes that SMNG has not submitted any franchise agreement for Branson West, so no certificate should be issued for this area until that condition has been satisfied.

10. Staff has begun discussions with SMNG to assure that all necessary information has been submitted and has informed SMNG that Staff’s recommendation will be submitted no later than June 20.

WHEREFORE Staff recommends the Commission wait to issue its order granting a full CCN to SMNG until Staff has completed its review of the financing documents submitted, and of the tariffs, and is able to make its Staff Recommendation concerning the acceptability of the financing, the adequacy of the tariffs and the feasibility of this project.

Respectfully submitted,

/s/ Lera L. Shemwell

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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 11th day of June 2008.

/s/ Lera L. Shemwell