

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

Application of Southern Missouri Gas)
Company LP, d/b/a Southern Missouri)
Natural Gas for a Certificate of Public)
Convenience and Necessity Authorizing it)
to Construct, Install, Own, Operate,)
Control, Manage, and Maintain a Natural)
Gas Distribution System to Provide Gas)
Service in Lebanon, MO)

Case No. GA-2007-0212, et al.

**BRIEF OF THE OFFICE
OF THE PUBLIC COUNSEL**

The issue to be decided by the Commission is whether Southern Missouri Gas Company LP, d/b/a Southern Missouri Natural Gas (SMNG) should be granted a certificate of public convenience and necessity authorizing it to construct, install, own, operate, control, manage, and maintain a natural gas distribution system to provide gas service in the City of Lebanon, Missouri. The Office of the Public Counsel supports a Commission Order conditionally granting SMNG's application on the condition that SMNG secure adequate financing as recommended by the Commission's Staff, and on the condition that shareholders, rather than ratepayers, are deemed responsible for any detrimental impacts as a result of the granting of the certificate.

Public Counsel notes that on April 7, 2007, voters in Lebanon approved the granting of a franchise to SMNG with sixty-four percent (64%) of votes in support. It appears a majority of the citizens in Lebanon wish to have the opportunity to receive natural gas service in addition to their choice of propane gas. As a representative of the public, Public Counsel recognizes this vote as a strong signal of the wishes of Lebanon consumers. However, Public Counsel and the Commission must also consider the interests of the remaining customers served by SMNG and

the impact this certificate may have upon their existing services and rates. During the evidentiary hearing, SMNG's owner and managing partner Mr. Randal T. Maffett agreed in testimony that shareholders should be held responsible for absorbing financial losses, as required when SMNG was originally certificated in Case No. GA-94-127. (Transcript at p. 75).

Based on the evidence in the record, Public Counsel has no reason to believe existing customers will be harmed by the granting of the certificate subject to the conditions requested by the Staff. Generally, Public Counsel supports service territory expansions that bring competition to areas where competition may not exist, and that create the potential for reduced costs for all customers of SMNG due to the increased volume of gas the utility must acquire to meet its customer's gas needs system-wide. Therefore, Public Counsel supports a Commission decision granting the application so long as shareholders absorb all losses and conditioned upon a positive recommendation from the Commission's Staff on SMNG's financing application.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 13th day of August 2007:

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