

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

In the Matter of the Application of)
Southern Missouri Natural Gas d/b/a)
for a Certificate of Convenience and)
Necessity Authorizing it to Construct,)
Install, Own, Operate, Control,)
Manage and Maintain a Natural Gas)
Distribution System and to Provide)
Gas Service in Branson, Branson)
West, Reed's Spring and Hollister,)
Missouri)

Case No. GA-2007-0168

**STAFF RESPONSE TO
STIPULATION AND AGREEMENT BETWEEN MISSOURI GAS ENERGY AND
SOUTHERN MISSOURI NATURAL GAS COMPANY**

On October 26, 2006 Alliance Gas Energy Corporation filed an application for a Certificate of Convenience and Necessity (CCN) to construct, own and operate a natural gas supply line in the Missouri Counties of Lawrence, Berry, Christian, and Stone for the purpose of providing natural gas to portions of Stone and Taney counties.

On October 26, 2006, Alliance Gas Energy Corporation filed an application for a CCN to construct, own and operate a natural gas distribution utility to serve portions of Taney and Stone counties.

On June 29, 2007, SMNG moved to substitute itself for the applicant, Alliance Gas Energy Corporation, as assignee under the terms of an Asset Purchase Agreement also submitted as part of its Motion. Staff had no objection to SMNG's Motion.

On December 4, 2007 MGE and SMNG filed Stipulation and Agreement of SMNG and MGE in which the Companies agreed, among other things that SMNG

expressly waived any right to request a Certificate of Convenience and Necessity for any territory in which MGE was already certificated.

Staff does not object to the Stipulation, because it does not restrict or limit service in any uncertificated areas. Staff does object, however, to the provision concerning "Farm Taps." This Stipulation states that SMNG is permitted to provide farm taps to customers located along the distribution line as a payment for right-of-way, or for other reasons. MGE, of course, may not grant that right to SMNG. SMNG is not permitted to serve any customers along this or any other line unless it has been granted the statutorily required permission from the Commission. Under Section 3393.170, no utility may begin construction without the express permission of the Commission.

SMNG has requested a "service line" which Staff interprets as a distribution line only, with no rights to serve any retail customers along the line. Staff is not recommending that SMNG be prohibited from serving retail customers along this line, however, SMNG must make application to and receive authorization from this Commission before it may provide "Farm Tap" type service. This particular Stipulation cannot grant that authority, and the Application SMNG filed in the Branson area case does not request authorization to serve possible "Farm Taps."

WHEREFORE, the undersigned Parties respectfully request that the Commission specifically note in any order issued in this case that SMNG must request and obtain the statutorily-required authorization from the Commission to serve any retail customers along the proposed distribution line.

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 19th day of December 2007.

/s/ Lera L. Shemwell