

**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,)
control, manage and maintain a natural gas)
distribution system to provide gas service in)
Branson, Branson West, Reed's Spring)
and Hollister, Missouri.)

Case No. GA-2007-0168

**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**

Comes now Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas ("SMNG") and, pursuant to Commission Rule 4 CSR 240-2.130(2) and the Commission's Report and Order issued in this matter on February 5, 2008, hereby requests that the Commission: (1) take administrative notice of its Order Approving Financing in Case No. GF-2007-0215 which was issued on April 17, 2008, and effective April 27, 2008 (Attachment No. 1); and (2) grant SMNG a "full" certificate of convenience and necessity and approve its conforming tariffs expanding the service area of SMNG in accordance with the Commission's Report and Order. In support of this motion, SMNG respectfully states as follows:

1. On February 5, 2008, the Commission issued its Report And Order in this matter which granted SMNG "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 arrangement the Commission finds acceptable and its acceptance of non-disposition accounting-related conditions similar to those recommended in the Stipulation And Agreement between Ozark Energy Partners, LLC and Staff in Case No. GA-2006-0561.”¹ In addition, the Commission ordered that SMNG “shall not begin construction of any facility in Missouri for the purpose of offering natural gas service to Branson, Branson West, Hollister, or the surrounding unincorporated areas until it has obtained approval of its financing and a ‘full’ certificate of public convenience and necessity from the Missouri Public Service Commission.” (Report And Order, pp. 18-19)². The Commission also deferred making specific findings of fact related to the SMNG's financial ability to provide the service and the economic feasibility of the proposed service until after the Commission decides Case No. GF-2007-0215. (Report And Order, pp. 11-12).

2. On April 17, 2008, the Commission issued its Order Approving Financing in Case No. GF-2007-0215, approving SMNG's Second Amended Financing Application which included the financing for the expansion of its service area into Branson, Branson West, Hollister, and surrounding unincorporated areas.

¹ SMNG accepts conditions similar to those contained in the Stipulation And Agreement between Ozark Energy Partners, LLC and the Staff in Case No. GA-2006-0561 with the exception of Section III A(3) which was rejected by the Commission in the Report And Order in Case No. GA-2007-0168 (R&O, pp. 14-18). The other conditions have been satisfied with the filing of the tariffs applicable to the proposed service area, and existing ongoing practices of SMNG related to the other conditions (e.g., tariffs, service quality, depreciation rates, financing, ownership, adherence to Missouri Rules, Affiliate Transactions, Corporate Allocations, Reliability and Natural Gas Supply Planning, Hedging, PGA/ACA Review, Gas Safety, Uniform System of Accounts, and Surveillance) contained in Section III B through R, inclusive.

² On March 20, 2008, the Commission also issued its Order Granting SMNG's Motion For Clarification which clarified that since SMNG has yet to obtain a municipal franchise to serve Branson West, the CCN to Branson West cannot become “final” until SMNG is granted the missing franchise. (Order, p. 2). Pursuant to this Order, SMNG will not begin construction in Branson West until it has received a municipal franchise from this community.

3. On June 5, 2008, SMNG has also submitted to the Commission Staff all documents finally executed to obtain financing for its proposed system in compliance with the Commission's Report and Order in this proceeding.

4. On June 5, 2008, SMNG has also filed revised tariff sheets which contain SMNG's metes and bounds description, maps and applicable tariff provisions related to SMNG's expanded service area in the Branson and Hollister areas in conformance with the Commission's Report and Order. (Attachment No. 2).

5. With the fulfillment of the financing condition and the submission of the finally executed financing documents, SMNG is now prepared to move forward to exercise a full certificate of convenience and necessity in Case No. GA-2007-0168. Based upon the evidentiary hearings in this case and the Commission's Order Approving Financing in Case No. GF-2007-0215, SMNG requests that the Commission find that SMNG is financially capable of providing the proposed service and that the proposed service is economically feasible. Finally, SMNG requests that the Commission grant it a "full" certificate of convenience and necessity in this proceeding so that it may commence construction of its local distribution system as proposed in this proceeding, and approve the conforming tariffs expanding SMNG's service area.

WHEREFORE, SMNG respectfully requests that the Commission take administrative notice of its Order Approving Financing in Case No. GF-2007-0215, and recognize that the SMNG has fulfilled the conditions that it obtain financing acceptable to the Commission and submitted finally executed financing documents to the Staff. Based upon the evidentiary record of this case, SMNG requests that the Commission issue its order granting it a "full" certificate of convenience and necessity to provide natural gas service in the Branson, Hollister, and surrounding

unincorporated areas, as requested by SMNG in this proceeding, and approve the tariffs which contain the metes and bounds description, maps and applicable tariff provisions related to SMNG's expanded service area in the Branson and Hollister areas.

Respectfully submitted,

/s/ James M. Fischer

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ATTORNEY FOR SOUTHERN
MISSOURI GAS COMPANY, L.P.
d/b/a SOUTHERN MISSOURI NATURAL
GAS

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document was served to all counsel on the official service lists in the above-referenced cases via electronic filing and electronic mail (e-mail) on this 5th day of June, 2008.

/s/ James M. Fischer

James M. Fischer

Attachment No. 1

Order Approving Stipulation And Agreement

Case No. GF-2007-0215 (April 17, 2008)

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 17th day
of April, 2008.

In the Matter of the Application of Southern)
Missouri Gas Company, L.P. d/b/a Southern)
Missouri Natural Gas for Authority to Issue)
Approximately \$10 Million in Equity Capital)
and Approximately \$50 Million In Notes and)
Other Forms of Indebtedness)

Case No. GF-2007-0215

ORDER APPROVING STIPULATION AND AGREEMENT

Issue Date April 17, 2008

Effective Date: April 27, 2008

Syllabus: This order approves a Stipulation and Agreement filed by Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas and Ozark Energy Partners, LLC.

Background

Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas filed an application for financing as described in the above caption. The company later filed a Second Amended Financing Application which provided more information and requested additional authority. Thereafter, the Staff of the Commission filed its Memorandum recommending that the Commission approve the amended application for authority to issue up to \$45 million in debt and up to \$15 million in equity. Staff also recommended that the Commission approve the amended application with conditions.

The conditions suggested by Staff are as follows:

- That nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, which

includes, but is not limited to the capital structure, and that the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their effect on cost of capital, in any later proceeding.

- That the company shall file with the Commission all final terms and conditions of the proposed financing, including, but not limited to, the aggregate proceeds received, price information, and estimated expenses.
- That the funds authorized pursuant to the debt instrument shall only be used for capital expenditures related to the proposed expansion of Lebanon, Houston, Licking, Hollister, Branson, Branson West and the existing SMNG natural gas distribution system and the funds shall not be used for the purpose of paying operating expenses.
- That the company shall file with the Commission any information concerning deviations from their stated use of funds from the issuance(s) that would materially change the pro forma financial statements.
- That the debt and equity investor shall be the investor¹ as represented in the Second Amended Financing Application.
- The debt and equity investor agrees and warrants that as long as it is the note holder of the debt instrument proposed in the Second Amended Financing Application, it will also continue to hold the majority equity interest. If the debt instrument proposed in the Second Amended Financing Application should be refinanced at some time in the future, SMNG will request Commission approval to do so.
- That the approval is only for the proposed \$45 million of senior secured debt and not the \$12 million Revolving Credit Facility identified in the terms and conditions of the senior secured debt.
- That SMNG will not seek an increased cost of capital as a result of financing decisions that are considered to be imprudent. SMNG understands that the Commission's authorization of this financing proposal is not an endorsement of the proposal for purposes of setting the rate of return in future rate or complaint cases.

During the course of the proceedings, the Commission granted intervention to Ozark Energy Partners, LLC. Ozark initially opposed SMNG's application but after negotiations the parties filed a Stipulation and Agreement on March 27, 2008. Ozark agrees that the

¹ The identity of the investor is highly confidential information.

Commission should approve the Second Amended Financing Application with the above-referenced conditions recommended by Staff.

During an on-the-record presentation of the Stipulation and Agreement, both Staff and the Office of the Public Counsel stated that although they had not signed it, they do not oppose the agreement.

Conclusion

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 The Commission notes that every decision and order in a contested case shall be in writing and, except in default cases or cases disposed of by stipulation, consent order or agreed settlement, shall include findings of fact and conclusions of law.³ Consequently, the Commission need not make findings of fact or conclusions of law in this order.

Commission rule 4 CSR 240-2.115(2)(C) states that if no party files an objection within seven days from the date the agreement was filed the Commission may treat it as unanimous. Although seven days have not expired since the filing of the agreement, Staff and OPC, the only other parties to the matter, have indicated that they do not oppose the agreement. It would therefore serve no purpose for the Commission to wait until the seven days have expired before acting on the agreement. Therefore, the Commission will treat it as unanimous. The Commission has reviewed the Stipulation and Agreement and finding it just and reasonable, will approve it and direct the parties to abide by its terms.

² Section 536.060, RSMo 2000.

³ Section 536.090, RSMo 2000.

IT IS ORDERED THAT:

1. The Stipulation and Agreement filed by Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas and Ozark Energy Partners, LLC is approved.
2. The parties shall abide by the terms of the Stipulation and Agreement.
3. That the parties shall abide by the conditions suggested by Staff and set out in the body of this order.
4. Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas' Second Amended Financing Application, as modified by the conditions suggested by the Staff of the Commission as set out in the body of this order, is approved.
5. This order shall become effective on April 27, 2008.
6. This case may be closed on April 28, 2008.

BY THE COMMISSION



Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Clayton,
and Jarrett, CC., concur.

Jones, Senior Regulatory Law Judge

Attachment No. 2

Conforming Tariffs

Case No. GA-2007-0168

FORM NO. 13 P.S.C.

No. 1

(original)

Sheet No. xi

Cancelling P.S.C. MO

No. 1

(revised)

(original)

(revised)

Sheet No. xi

All Communities and Rural Areas

Southern Missouri Gas Company, L.P.

d/b/a Southern Missouri Natural Gas

For Receiving Natural Gas Service

Name of Issuing Corporation

Community, Town or City

Branson Route and Service Area

Branson Route Only: Includes areas where the 8-inch main line will be located but no local distribution service is anticipated.

Christian County, Missouri:

T-27-N, R-24-W: Sections 19, 30 & 31

Barry County Missouri:

T-25-N, R-25-W: Sections 1, 2, 3, 11, 12, 13

T-26-N, R-25-W: Sections 33, 34

Lawrence County, Missouri:

T-26-N, R-25-W: Sections 19, 20, 28, 29, 30

T-26-N, R-26-W: Sections 9, 14, 15, 16, 23, 24

Stone County, Missouri:

T-26-N, R-24-W: Sections 6, 7, 18, 19, 30, 31

T-25-N, R-24-W: Sections 6, 7, 17, 18, 20, 21, 27, 28, 34, 35

T-24-N, R-24-W: Sections 2, 3, 4, 11, 12, 13

T-24-N, R-23-W: Sections 18, 19, 20, 28, 29, 33, 34

T-23-N, R-23-W: Sections 2, 3, 11, 14, 23

DATE OF ISSUE June 5, 2008
month day year

DATE EFFECTIVE July 5, 2008
month day year

ISSUE BY Randal T. Maffett
name of officer

Managing Partner
title

301 E. 17th Street, Mountain Grove, MO 65711
address

FORM NO. 13 P.S.C.

No. 1

(original)

Sheet No. xii

(revised)

Cancelling P.S.C. MO

No. 1

(original)

Sheet No. xi

(revised)

All Communities and Rural Areas

Southern Missouri Gas Company, L.P.

d/b/a Southern Missouri Natural Gas

For Receiving Natural Gas Service

Name of Issuing Corporation

Community, Town or City

Branson Route and Service Area: Includes areas where the mainline will pass and where local distribution service is anticipated.

Stone County, Missouri:

T-23-N, R-23-W: Sections 12, 13, 24

T-23-N, R-22-W: Sections 7, 16, 17, 18, 19, 20, 21, 28, 29, 30, 33

T-22-N, R-22-W: Section 4

Taney County, Missouri:

T-23-N, R-22-W: Sections 22, 23, 24, 25, 26, 27, 34, 35, 36

T-23-N, R-21-W: Sections 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29,
30, 31, 32, 33, 34, 35, 36

T-22-N, R-22-W: Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 22, 23, 24,
25, 26, 27, 35, 36

T-22-N, R-21-W: Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16,
17, 18, 19, 20, 21, 22, 23, 26, 27, 28,
29, 30, 31, 32, 33, 34, 35

T-21-N, R-22-W: Sections 1, 2, 11, 12, 13, 14, 23, 24

T-21-N, R-21-W: Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16,
17, 18, 19, 20, 21, 22, 23

DATE OF ISSUE June 5, 2008
month day year

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ISSUE BY Randal T. Maffett
name of officer

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title

301 E. 17th Street, Mountain Grove, MO 65711
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Sheet No. v.1

Sheet No.

(original)

(revised)

All Communities and Rural Areas

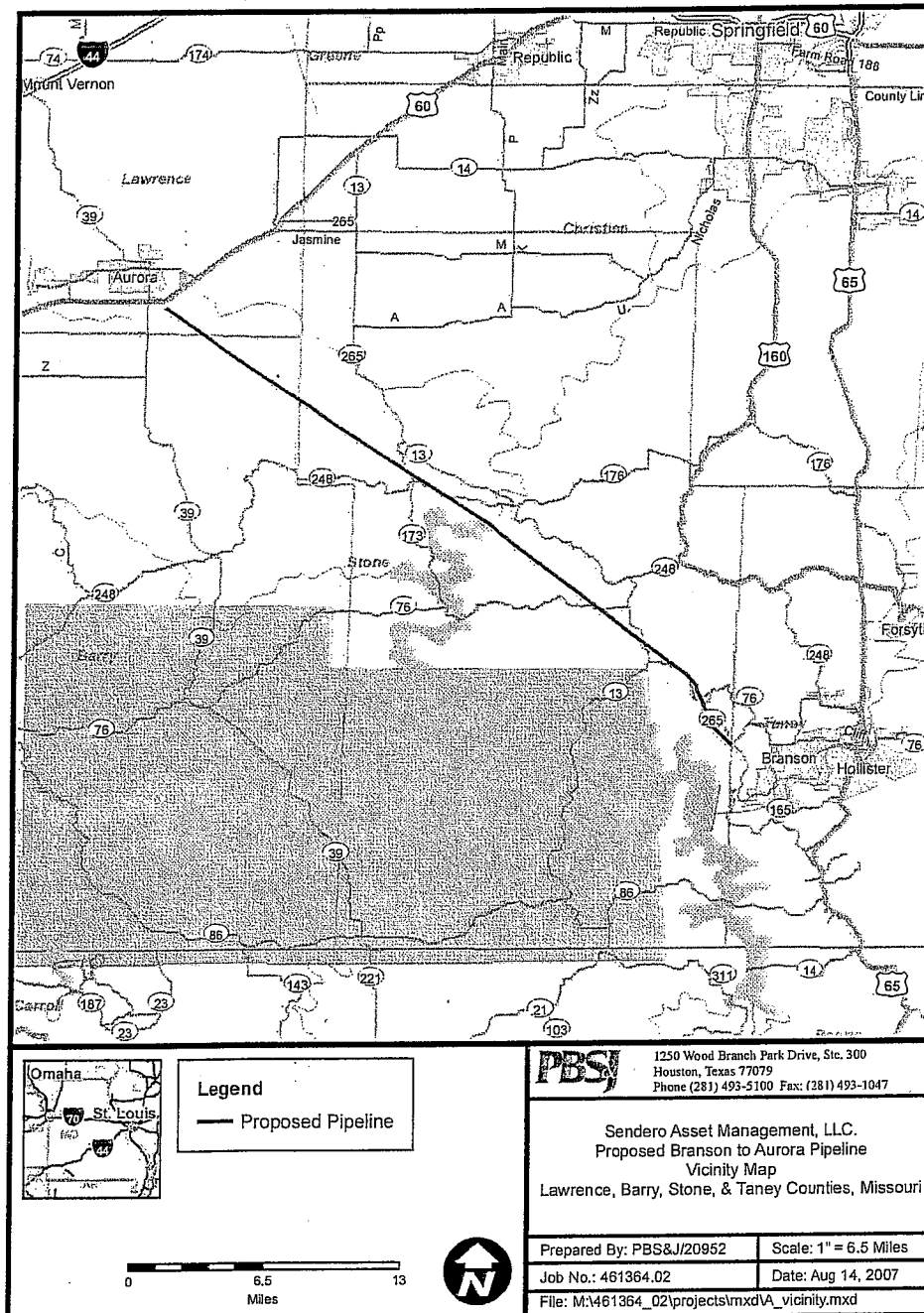
Southern Missouri Gas Company, L.P.

d/b/a Southern Missouri Natural Gas

Name of Issuing Corporation

For Receiving Natural Gas Service

Community, Town or City



DATE OF ISSUE June 5, 2008
month day year

DATE EFFECTIVE July 5, 2008
month day year

ISSUE BY Randal T. Maffett
name of officer

Managing Partner
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301 E. 17th Street, Mountain Grove, MO 65711
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FORM NO. 13 P.S.C.

No. 1

(original)

Sheet No. v.2

Cancelling P.S.C. MO

No. 1

(revised)

(original)

Sheet No.

(revised)

All Communities and Rural Areas

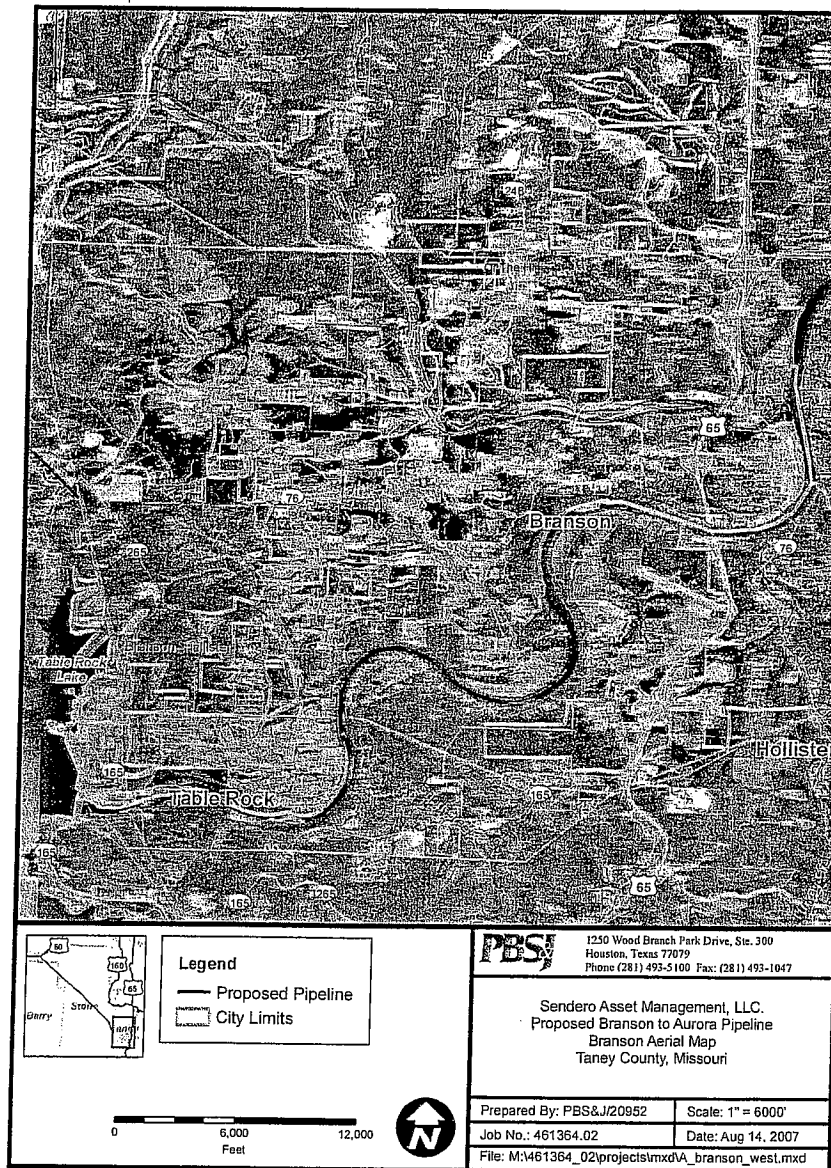
Southern Missouri Gas Company, L.P.

d/b/a Southern Missouri Natural Gas

Name of Issuing Corporation

For Receiving Natural Gas Service

Community, Town or City



DATE OF ISSUE June 5, 2008
month day year

DATE EFFECTIVE July 5, 2008
month day year

ISSUE BY Randal T. Maffett
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Managing Partner
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301 E. 17th Street, Mountain Grove, MO 65711
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FORM NO. 13 P.S.C. No. 1

(original)

Sheet No. v.3

Cancelling P.S.C. MO No. 1

(revised)

Sheet No.

(original)

(revised)

All Communities and Rural Areas

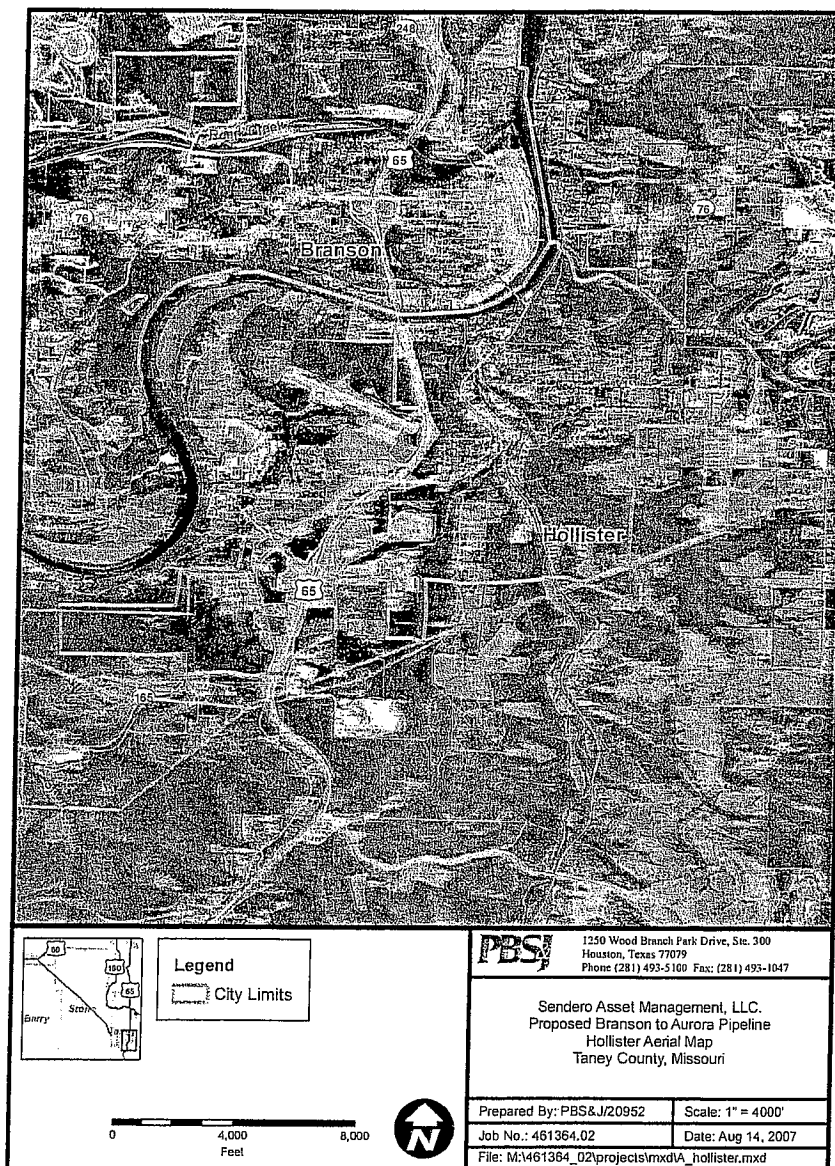
Southern Missouri Gas Company, L.P.

d/b/a Southern Missouri Natural Gas

Name of Issuing Corporation

For Receiving Natural Gas Service

Community, Town or City



DATE OF ISSUE June 5, 2008
month day year

DATE EFFECTIVE July 5, 2008
month day year

ISSUE BY Randal T. Maffett
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title

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FORM NO. 13 P.S.C.

No. 1

(original)

Sheet No. 4

Cancelling P.S.C. MO

No. 1

1st (revised)

(original)

Sheet No. 4

1st (revised)

All Communities and Rural Areas

Southern Missouri Gas Company, L.P.

d/b/a Southern Missouri Natural Gas

Name of Issuing Corporation

For Receiving Natural Gas Service

Community, Town or City

Branson Lateral Pipeline Usage Charge

In addition to the applicable charges contained in this tariff on Sheet Nos. 1, 1.1, 1.2, 2, 3 and 6, customers that are served using the Branson Lateral Pipeline, as identified on Sheet Nos. xi and xii, will have additional charge of \$.20 per Ccf in the distribution charges for all usage for all customer classes in the proposed service area to recover distribution system costs in the proposed service area.

DATE OF ISSUE June 5, 2008
month day year

DATE EFFECTIVE July 5, 2008
month day year

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name of officer

Managing Partner
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