

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE 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 Lebanon,                     )  
Missouri.

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

**STAFF'S MOTION TO DISMISS OR IN THE ALTERNATIVE  
TO SUSPEND APPLICATION FOR FINANCING**

**COMES NOW** the Staff of the Commission and its Motion to Dismiss or, in the Alternative, to Suspend Application for Financing states:

1. On December 6, 2006, Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas (SMNG or Company), of Mountain Grove, Missouri, filed for a Certificate of Public Convenience and Necessity (CCN) authorizing it to construct, install, own, operate, control, manage, and maintain a natural gas system to provide gas service in Lebanon, Missouri (Application).

2. SMNG also applied for a CCN to serve Lebanon, Houston and Licking Missouri.<sup>1</sup> Staff recommended the application be approved with the condition that the Company submit financing arrangements acceptable to Staff and the Commission.<sup>2</sup>

3. On December 12, 2006, SMNG filed a financing application, Case No. GF-2007-0215, for expansion into Lebanon, Mountain View, Houston, and Licking,

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<sup>1</sup> Tr. Vol. 2, pp. 31-32.

<sup>2</sup> Tr. Vol.1, p. 251, ls. 12-15.

Missouri.<sup>3</sup> The Company has withdrawn its request seeking authorization to expand into Mountain View.<sup>4</sup>

4. On February 15, 2007, the Company filed a motion to consolidate the three cases related to the Lebanon CCN Application. On March 8, 2007, the Commission issued an order consolidating the three cases with GA-2007-0212 designated the lead case.<sup>5</sup>

5. On June 29, SMNG moved to substitute itself for the Alliance Gas Energy Corporation in Case No. GA-2007-0168, as assignee under the terms of an Asset Purchase Agreement also submitted as part of its Motion.

6. In Case No GA-2007-0168, Alliance, and now SMNG, is requesting authority for a CCN 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.

7. On September 24, Applicant SMNG filed a First Amended Application in Case No. GF-2007-0215, to include financing for the proposed Branson expansion, but this simple amendment is not adequate. Although SMNG has now amended its Application to include Branson, Hollister and Branson West as a stated use of funds, which partly complies with Commission rule 4 CSR 240-3.220, the Application is still deficient for the following reasons:

- a. The final terms and conditions of the financing were not attached to the First Amended Application;
- b. The estimated amount of financing for each intended use was not provided;

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<sup>3</sup> Exh. 19, Staff Memorandum, p. 1.

<sup>4</sup> Tr. Vol. 2.

<sup>5</sup> *Id.* at p. 3.

- c. Pro forma financial statements showing the effects of the use of financing for the Branson, Hollister and Branson West proposal were not included with the First Amended Application;
- d. A revised certified copy of resolutions of the directors authorizing a different combination of securities than originally filed was not attached to the First Amended Application;
- e. A revised estimate of the amount of proceeds that will be subject to the fee schedule in Section 393.200.1(5).

8. Additionally, Staff reiterates from its June 12, 2007 recommendation in Case No. GA-2007-0212 that it required the following information in order to complete its recommendation on the financing: the specific identity of the investor(s), a summary of their experience with utility investments, any required amendments to existing contracts to allow new investor participation, any new contracts required to allow new investor participation, any drafts of proposed indentures, the terms and conditions required by these investors, and the documents (whether financial statements or draft legal documents) that SMNG or any of its affiliates provided to the potential investors and any correspondence concerning questions about SMNG's or any of its affiliates' financial statements.

9. Until the Applicant fully complies with Commission rule 4 CSR 240-3.220, *Filing Requirements for Gas Utility Applications for Authority to Issue Stock, Bonds, Notes and Other Evidences of Indebtedness*, the statute noted above and the recommendation filed by Staff, there simply is not enough information for Staff to

provide an informed recommendation concerning SMNG's request for approval of its proposed financing.

10. Accordingly, Staff requests that the Commission dismiss or suspend Case No. GF-2007-0215 until SMNG completes its application for financing as discussed above.

WHEREFORE, Staff submits this Motion to Dismiss, or in the Alternative, to Suspend, for the Commission's consideration.

Respectfully submitted,

**/s/ Lera L. Shemwell**

Lera L. Shemwell  
Deputy General Counsel

Missouri Bar No. 43792  
Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-7431  
(573) 751-9285 (Fax)  
lera.shemwell@psc.mo.gov

### Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or emailed to all counsel of record this 25th day of September 2007.

/s/ Lera Shemwell