

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 19th
day of September, 1995.

In the matter of the application of Tartan Energy)
Company of Missouri, L.C., a Missouri limited)
liability company, for authority to acquire control)
of and merge with Tartan Energy Company, L.C., d/b/a)
Southern Missouri Gas Company, L.C., an Oklahoma)
limited liability company.)
)

Case No. GM-96-61

ORDER APPROVING APPLICATION TO MERGE

On August 28, 1995, Tartan Energy Company of Missouri, L.C., a Missouri limited liability company (Tartan-Missouri), and Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company, L.C., an Oklahoma limited liability company (Tartan-Oklahoma), filed a joint application. In the joint application, Tartan-Missouri and Tartan-Oklahoma request authority to merge Tartan-Oklahoma into Tartan-Missouri, with Tartan-Missouri being the surviving entity. On September 14, 1995, the applicants filed a letter stating their intent that the surviving entity do business as Tartan Energy Company of Missouri, L.C., d/b/a Southern Missouri Gas Company, L.C.

Also, on August 28, 1995, Tartan-Missouri and Tartan-Oklahoma filed a motion for expedited approval of the application. In the motion applicants state that the reason for the proposed change of domicile is to ensure that the public utility and its parent are eligible for an "intrastate exemption" under the provisions of the Public Utility Holding Company Act (PUHCA) of 1935. Tartan believes that it will be ready to begin distribution of natural gas on a limited basis to various municipalities beginning on or about October 1, 1995. However, Tartan-Oklahoma may not begin serving its Missouri customers until the merger application is approved without subjecting its parent to regulation under PUHCA.

Therefore, Tartan states, it is necessary to obtain approval of the merger prior to the October 1, 1995, projected in-service date for the commencement of service.

On August 30, 1995, the Commission issued an Order And Notice. The Order And Notice provided that a copy of the Order And Notice be sent to the county commissions of the affected counties. The Order And Notice gave interested persons an opportunity to intervene by filing an application to intervene no later than September 14, 1995. No persons have filed an application for intervention in this case.

On September 15, 1995, the Staff of the Missouri Public Service Commission (Staff) filed a memorandum to the official case file. Staff recommends that the Commission waive 4 CSR 240-2.060, which would require the applicants to file an income statement. Staff states that income statements are not needed in this case since Tartan-Missouri is a newly created corporation and Tartan-Oklahoma has not started gas delivery and sales under its certificate.

After reviewing 4 CSR 240-2.060, it appears that a requirement to file an income statement appears in 4 CSR 240-2.060(3)(E). The Commission finds that the income statements normally required with an application of this type are not needed in this particular case for the reasons identified by Staff. Thus, the Commission will waive the requirement in 4 CSR 240-2.060(3)(E) that applicants file income statements.

Staff states that Tartan-Oklahoma currently does not have an effective Purchased Gas Adjustment (PGA) factor. Staff notes that although Tartan has filed a PGA factor to be effective October 3, 1995, Staff expects this PGA to become effective after October 3, 1995, due to errors contained in the PGA filing. Staff states that Tartan-Oklahoma may not serve customers until it obtains approval of a PGA factor to recover gas costs.

Staff states that it does not object to the merger as it does not perceive any detriment to customers under this request. Staff recommends that the Commission order Tartan-Missouri to file an "Adoption Notice" which would allow Tartan-Missouri to adopt the existing tariff of Tartan-Oklahoma without having to refile every tariff sheet to make company name and address changes. Staff further suggests that if the Commission approves the merger, the Commission order that the merger become effective simultaneously with the effective date of the "Adoption Notice" tariff sheet required to be filed and approved.

Based on its review of the application and Staff's memorandum, the Commission finds that the application for merger of Tartan-Oklahoma and Tartan-Missouri, with Tartan-Missouri being the surviving entity, should be approved.

IT IS THEREFORE ORDERED:

1. That the requirement to file income statements contained in 4 CSR 240-2.060(3)(E) be, and is, hereby waived.

2. That the joint application of Tartan Energy Company of Missouri, L.C., a Missouri limited liability company, and Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company, L.C., an Oklahoma limited liability company, for authority to merge Tartan-Oklahoma into Tartan-Missouri, with Tartan-Missouri being the surviving entity be, and is, hereby approved.

3. That Tartan Energy Company of Missouri, L.C., d/b/a Southern Missouri Gas Company, L.C., shall file an "Adoption Notice" to bear an effective date of September 29, 1995.

4. That Tartan Energy Company of Missouri, L.C., a Missouri limited liability company, and Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company, L.C., an Oklahoma limited liability company, be, and are, hereby authorized to enter into, execute and perform in accordance with the terms of all other documents reasonably necessary and incidental to the performance of

the transactions which are the subject of the joint application filed in this case.

5. That the motion of expedited approval of application filed by Tartan Energy Company of Missouri, L.C., a Missouri limited liability company, and Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company, L.C., an Oklahoma limited liability company, be, and is, hereby granted.

6. That this order shall become effective on the 29th day of September, 1995.

BY THE COMMISSION



**David L. Rauch
Executive Secretary**

(S E A L)

Mueller, Chm., McClure, Kincheloe,
Crumpton and Drainer, CC., concur.