

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

In the Matter of the Application of)	
Southern Missouri Gas Company, L.P.)	Case No. GR-2010-0347
Request for a Small Company Rate)	Tracking No. JG-2011-0253
Increase.)	

**UNANIMOUS DISPOSITION AGREEMENT
MODIFYING COMPANY/STAFF AGREEMENT**

COME NOW Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas ("SMNG" or "Company"), the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and the Office of the Public Counsel ("OPC") (collectively the "Parties"), pursuant to Commission Rule 4 CSR 240-3.050, and present their Unanimous Disposition Agreement Modifying Company/Staff Agreement ("Unanimous Disposition Agreement") to the Commission for approval, as follows:

1. On May 21, 2010, SMNG submitted a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure, requesting an increase of \$1,000,000 in its annual gas service operating revenues.

2. Staff and Company entered into a "Company/Staff Agreement Regarding Disposition of Small Natural Gas Company Revenue Increase Request" ("Company/Staff Agreement") on November 17, 2010, setting forth the signatories' proposed resolution to all of the issues pertaining to the Company's revenue increase request.

3. Included among the terms of the Company/Staff Agreement, was the requirement that "SMNG shall file proposed tariff revisions with the Commission containing the rates, charges, and language set out in the specimen tariff sheets attached

(Attachment A).” Pursuant to, and in accordance with, the Company/Staff Agreement and Commission Rule 4 CSR 240-3.050(14), on November 17, 2010, SMNG filed proposed tariff revisions identical to the specimen tariff sheets with the Commission, bearing an effective date not fewer than forty-five (45) days after they were filed (January 1, 2011), to implement the agreement. Said tariff filing was assigned Tracking No. JG-2011-0253.

4. SMNG filed seven (7) substitute tariff sheets on December 9, 2010, to correct minor errors or sequencing problems identified by the Commission’s Staff. As reflected in the cover letter, those substitute tariff sheets reflect the original Issued and Effective Dates of November 17, 2010 and January 1, 2011, respectively, as noted in the original cover letter initiating Tracking No. JG-2011-0253.

5. On December 14, 2010, OPC filed “Public Counsel’s Response In Opposition To Agreement and Request for Evidentiary Hearing.” Thereafter, on December 17, 2010, the Commission issued its Order Suspending Tariff.

6. Following continued discussions, the Parties have reached agreement resolving all issues in this matter, and for their Unanimous Disposition Agreement the Parties hereby adopt and ratify the Company/Staff Agreement, subject to the following specific modifications:

a. SMNG shall file as substitute tariff sheets in Tracking No. JG-2011-0253, the specimen tariff sheets attached hereto as Exhibit A, authorizing an increase of \$1,300,000 in its annual gas service operating revenues.

b. The Parties agree that the tariff sheets to which the Commission has assigned Tracking No. JG-2011-0253, including those as substituted herein, should be

allowed to go into effect February 1, 2011, and the Parties agree to support any appropriate actions necessary to accomplish this objective.

c. The terms of this Unanimous Disposition Agreement reflect compromise between all parties. In presenting this Unanimous Disposition Agreement, none of the Parties shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking principle or procedural principle, including, without limitation, any method of cost or revenue determination or cost allocation or revenue related methodology, and none of the Parties shall be prejudiced or bound in any manner by the terms of this Unanimous Disposition Agreement (whether it is approved or not) in this or any other proceeding, other than a proceeding limited to enforce the terms of this Unanimous Disposition Agreement, except as otherwise expressly specified herein.

d. This Unanimous Disposition Agreement has resulted from extensive negotiations and the terms hereof are interdependent. If the Commission does not approve this Unanimous Disposition Agreement without modification, then this Unanimous Disposition Agreement shall be void and no signatory shall be bound by any of the agreements or provisions contained herein.

e. If the Commission does not unconditionally approve this Unanimous Disposition Agreement without modification, and notwithstanding its provision that it shall become void, neither this Unanimous Disposition Agreement, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any signatory has for a decision in accordance with Section 536.080, RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Parties shall retain all procedural and due process rights as fully as though this

Unanimous Disposition Agreement had not been presented for approval, and any suggestions, memoranda, testimony or exhibits that have been offered or received in support of this Unanimous Disposition Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

f. If the Commission unconditionally accepts the specific terms of this Unanimous Disposition Agreement without modification, the Parties waive, with respect to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2000; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2000; (3) their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000 and (4) their respective rights to judicial review pursuant to Section 386.510, RSMo 2000. These waivers apply only to a Commission order respecting this Unanimous Stipulation and Agreement issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Unanimous Disposition Agreement.

g. The Parties agree that Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Unanimous Disposition Agreement at any agenda meeting at which that case is noticed to be considered by the Commission. Staff will be available to answer Commission questions regarding this Unanimous Disposition Agreement. To the extent reasonably practicable, Staff shall provide SMNG and OPC with advanced notice of any such agenda meeting so that they

may have the opportunity to also be represented at the meeting. The Parties agree to cooperate in presenting this Unanimous Disposition Agreement to the Commission for approval, and will take no action, direct or indirect, in opposition to the request for approval of this Unanimous Disposition Agreement.

WHEREFORE, for the foregoing reasons, SMNG, Staff and OPC respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Unanimous Disposition Agreement.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing pleading was served on the General Counsel of the Staff of the Missouri Public Service Commission and the Office of the Public Counsel on this 14th day of January, 2011 by hand-delivery, fax, electronic or regular mail.

/s/ Larry W. Dority

Larry W. Dority

EXHIBIT A
(Specimen Substitute Tariff Sheets)

FORM NO. 13 P.S.C. No. 1

(original)
2nd (revised)
(original)
1st (revised)

Sheet No. 1

Cancelling P.S.C. MO No. 1

Sheet No. 1

Southern Missouri Gas Company, L.P.
d/b/a Southern Missouri Natural Gas
Name of Issuing Corporation

All Communities and Rural Areas
For Missouri Certificated Service Area
Community, Town or City

GENERAL SERVICE (GS)

Availability - This rate schedule is available for all firm gas service rendered by the Company, including space heating service.

Rate - The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

Residential Service

Customer Charge	\$	10.00	per month
Commodity Charge	\$.466	per Ccf

C

General Service

Customer Charge	\$	15.00	per month
Commodity Charge	\$.463	per Ccf

C

Minimum Monthly Charge - The Customer Charge.

Late Payment Charge - Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

Billing of License, Occupation, Franchise or Other Similar Charges or Taxes - See Original Sheet No. 19.

Purchased Gas Adjustment - The rates and charges contained herein are subject to adjustments pursuant to the Purchased Gas Adjustment Clause ("PGA") contained on Sheet Nos. 20 through 27.

N-Indicates New Rate or Text

C-Indicates Change

DATE OF ISSUE November 17, 2010
month day year

DATE EFFECTIVE January 1, 2011
month day year

ISSUE BY David N. Moody Chief Executive Officer 500 19th Street, Mountain Grove MO 65711
name of officer title address

FORM NO. 13 P.S.C. No. 1

(original)
3rd (revised)
(original)
2nd (revised)

Sheet No.1.1

Cancelling P.S.C. MO No. 1

Sheet No. 1.1

Southern Missouri Gas Company, L.P.
d/b/a Southern Missouri Natural Gas
Name of Issuing Corporation

All Communities and Rural Areas
For Missouri Certificated Service Area
Community, Town or City

OPTIONAL GENERAL SERVICE (OGS)

Availability – This rate schedule is available for all general service customers who use natural gas as their sole source of heat and do not take service under the General Service (GS) tariff. It is an optional service available in lieu of service under the General Service rate. It is designed for those general service customers who do not desire to pay a monthly customer charge. In order to qualify for this optional general service, the customer must agree to maintain this service for a minimum of one (1) year.

Rates – The monthly charge shall consist of a customer charge, and a commodity charge as set forth below:

Optional General Service

Customer Charge	\$ 0.00 per month
Commodity Charge (Residential)	\$.706 per Ccf
Commodity Charge (Non-Residential)	\$.703 per Ccf

Minimum Monthly Charge - None

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to amounts being collected through a pre-arranged payment agreement with the Company that is kept up-to-date.

Billing of License, Occupation, Franchise or Other Similar Charges or Taxes – See Original Sheet No. 19.

Purchased Gas Adjustment – The rates and charges contained herein are subject to adjustments pursuant to the Purchased Gas Adjustment Clause contained on Sheets Nos. 20 through 27.

Accounting – The Company will keep track of the existing non-residential customers that switch from the existing GS tariff to the OGS tariff after the effective date of this tariff and maintain this information for use in the next rate case following the effective date of this tariff sheet. Any net increase in revenue associated with existing non-residential customers switching from existing GS tariffs to the OGS tariff will be treated as an offset to rates established in the next rate case following the effective date of this tariff.

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FORM NO. 13 P.S.C. No. 1

(original)

Sheet No.1.2

Cancelling P.S.C. MO No. 1

2nd (revised)

Sheet No. 1.2

(original)

1st (revised)

Southern Missouri Gas Company, L.P.
d/b/a Southern Missouri Natural Gas
Name of Issuing Corporation

All Communities and Rural Areas
For Missouri Certificated Service Area
Community, Town or City

LARGE GENERAL SERVICE (LGS)

Availability – Service under this rate schedule is available for qualifying firm gas users. Service under this rate is available to customers for a minimum term of one year with an annual usage equal to, or greater than 5,000 Ccfs.

Rates – The monthly charge shall consist of a customer charge, and a commodity charge as set forth below:

Customer Charge – per month \$ 50.00

Maximum Commodity Charge - for all Ccf's used during the month –
per Ccf \$ 0.430

Minimum Commodity Charge – for all Ccf's used during the month-
Per Ccf \$ 0.086

Minimum Monthly Charge - The Customer Charge

The Company may from time to time at its sole discretion reduce its maximum commodity charge for service by any amount down to the minimum commodity charge for customers who have alternative energy sources, which on an equivalent Btu basis, can be shown to be less than the sum of the Company's maximum rate and the cost of gas reflected in the Purchase Gas Adjustment "PGA" factor. Such reductions will only be permitted if, in the Company's sole discretion, they are necessary to retain or expand services to an existing customer, to reestablish service to a previous customer or acquire new customers.

Purchased Gas Adjustment – The rates and charges contained herein are subject to adjustments pursuant to the Purchased Gas Adjustment Clause contained on Sheets Nos. 20 through 27.

N-Indicates New Rate or Text

C-Indicates Change

DATE OF ISSUE November 17, 2010
month day year

DATE EFFECTIVE January 1, 2011
month day year

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name of officer title address

FORM NO. 13 P.S.C. No. 1

(original)
2nd (revised)
(original)
1st (revised)

Sheet No. 2

Cancelling P.S.C. MO No. 1

Sheet No. 2

Southern Missouri Gas Company, L.P.
d/b/a Southern Missouri Natural Gas
Name of Issuing Corporation

All Communities and Rural Areas
For Missouri Certificated Service Area
Community, Town or City

LARGE VOLUME SERVICE (LVS)

Availability - Service under this rate schedule is available for qualifying firm gas users. Service under this rate schedule is available to customers contracting for a minimum term of one year with an annual usage equal to or greater than 50,000 Ccfs.

Rates - The monthly charge shall consist of a customer charge, and a commodity charge as set forth

below: Customer Charge - per month \$ 300.00

Maximum Commodity Charge - for all Ccfs used per month -
per Ccf \$ 0.418

Minimum Commodity Charge - for all Ccfs used per month -
per Ccf \$ 0.050

Minimum Monthly Charge - The Customer Charge.

The Company may from time to time at its sole discretion reduce its maximum commodity charge for service by any amount down to the minimum commodity charge for customers who have alternative energy sources, which on an equivalent Btu basis, can be shown to be less than the sum of the Company's maximum rate and the cost of gas reflected in the Purchased Gas Adjustment "PGA" factor. Such reductions will only be permitted if, in the Company's sole discretion, they are necessary to retain or expand services to an existing customer, to reestablish service to a previous customer or to acquire new customers.

Purchased Gas Adjustment - The rates and charges contained herein are subject to adjustments pursuant to the Purchased Gas Adjustment Clause contained on Sheets Nos. 20 through 27.

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FORM NO. 13 P.S.C. No. 1~~(original)~~

Sheet No. 6

Cancelling P.S.C. MO No. 1

3rd (revised)

(original)

2nd (revised)

Sheet No. 6

Southern Missouri Gas Company, L.P.

d/b/a Southern Missouri Natural Gas

Name of Issuing Corporation

All Communities and Rural Areas
For Missouri Certificated Service Area

Community, Town or City

TRANSPORTATION SERVICEAvailability

Natural Gas Transportation Service is available under Transportation Contract with Company to any customer whose average monthly natural gas requirements in a twelve month period exceed 1,250 MMBtus at a single address or location. Such transportation service is subject to interruption or curtailment as further explained in the Character of Service section below.

Net Monthly Bill IndustrialCustomer Charge per month (Exclusive
of any consumption)

\$ 300.00

All Gas Delivered to Transporter
Per MMBtu:MaximumMinimum

Transportation Charge

\$ 3.60

\$ 0.33

Other Charges

\$ 0.00

\$ 0.00

Total Cost Per MMBtu

\$ 3.60

\$ 0.33

Billing shall also include any other charges incurred, and any transmission and distribution losses incurred by Company from other parties for the transportation of the gas to the transporter including, but not limited to, supplier transportation and gathering charges, overrun penalties, take or pay costs, balancing charges, and any governmental fees or taxes incurred by Company on behalf of the transporter.

Customer has obligation to balance receipts of transportation gas by the Company at the Company's applicable Receipt Point(s) with deliveries of such gas by the Company to the Customer's point of delivery plus a 1.6% retention for loss and unaccounted for gas. The percentage of L & U is subject to change as annually dictated by the annual PGA filing.

In addition, any customers electing to transport natural gas under this rate schedule shall be responsible for payment of an allocated pro rata share, as specified in the Purchased Gas Adjustment Clause (Sheet Nos. 20-27), of any demand, reservation, take or pay, or gas inventory charge, or any similar charge levied by Company's supplier(s) that are a direct result of Company maintaining its

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