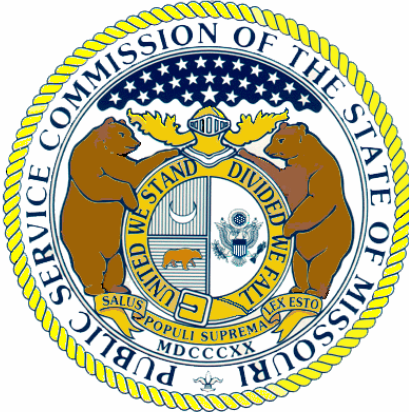


**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**



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 Branson, Branson )  
West, Reeds Spring, and Hollister, Missouri )

**Case No. GA-2007-0168**

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**SECOND REPORT AND ORDER**

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**Issue Date:**

**June 24, 2008**

**Effective Date:**

**July 5, 2008**

# 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, ) **Case No. GA-2007-0168**  
Control, Manage and Maintain a Natural Gas Distribution )  
System to Provide Gas Service in Branson, Branson )  
West, Reeds Spring, and Hollister, Missouri )

### **APPEARANCES**

**James M. Fischer and Larry W. Dority**, Fischer & Dority, P.C., 101 Madison Street, Suite 400, Jefferson City, Missouri 65101, Attorneys for Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas

**William D. Steinmeier and Mary Ann (Garr) Young**, William D. Steinmeier, P.C., 2031 Tower Drive, P.O. Box 104595, Jefferson City, Missouri 65110, Attorneys for Ozark Energy Partners, LLC<sup>1</sup>

**Dean L. Cooper**, Brydon, Swearingen & England, P.C., 312 East Capitol Avenue, P.O. Box 456, Jefferson City, Missouri 65102, Attorney for Missouri Gas Energy d/b/a Southern Union Company

**Marc D. Poston**, 200 Madison Street, Suite 650, P.O. Box 2230, Jefferson City, Missouri 65102, Attorney for the Office of the Public Counsel

**Lera L. Shemwell**, 200 Madison Street, P.O. Box 360, Jefferson City, Missouri 65102, Attorney for the Staff of the Missouri Public Service Commission

**REGULATORY LAW JUDGE:**    **Benjamin H. Lane, Judge**

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<sup>1</sup> Although Mr. Steinmeier and Ms. Young entered their appearances for Ozark Energy Partners, LLC ("OEP") at the evidentiary hearing in this case, several months later, OEP successfully moved to be dismissed as a party to this case. See Order Granting Motion to Dismiss OEP as a Party, *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*, Case No. GA-2007-0168 (Apr. 3, 2008). Mr. Steinmeier and Ms. Young also sought leave to withdraw as counsel for OEP, but that request was denied as moot since OEP was no longer a party. *Id.* at 2 n.3.

## **SECOND REPORT AND ORDER**

**Syllabus:** In this Second Report and Order, the Missouri Public Service Commission grants a full certificate of convenience and necessity (“CCN”) to Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas (“SMNG”).

### **Procedural History**

In the first Report and Order in this case, which was issued on February 5, 2008, the Commission provided a detailed rendition of the procedural history of this case up to and including the evidentiary hearing. In that Report and Order, which is hereby fully incorporated into this document by reference, the Commission granted SMNG a conditional certificate of convenience and necessity to provide natural gas service to Branson, Branson West, Hollister, and the surrounding unincorporated areas.<sup>2</sup> Among other limitations imposed in the Report and Order, the certificate was “conditioned upon the company’s submission of financing arrangements 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.”<sup>3</sup> In addition, the Commission explicitly deferred making findings on two of the five *Tartan Energy* factors<sup>4</sup> – namely, whether SMNG has the financial ability to provide the proposed gas service and whether its proposal was economically feasible – until after the

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<sup>2</sup> Report and Order, Case No. GA-2007-0168 (Feb. 5, 2008) at 18. The Commission later clarified its Report and Order, noting that “since SMNG has yet to obtain a municipal franchise to serve Branson West, the [conditional] CCN to serve Branson West cannot become ‘final’ until SMNG is granted the missing franchise.” Order Granting SMNG’s Motion For Clarification, Case No. GA-2007-0168 (Mar. 20, 2008) at 2.

<sup>3</sup> Report and Order, Case No. GA-2007-0168 (Feb. 5, 2008) at 18.

<sup>4</sup> See *In re Tartan Energy Company*, 3 Mo.P.S.C. 3d 173, 177 (1994).

Commission had decided SMNG's consolidated financing application case (Case No. GF-2007-0215).<sup>5</sup>

On February 11, 2008, Staff filed a verified memorandum in Case No. GF-2007-0215 recommending that the Commission approve, subject to certain specific conditions suggested by Staff, SMNG's Second Amended Financing Application for authority to issue up to \$15 million in equity capital and \$45 million in senior secured debt to finance the company's proposed Branson- and Lebanon-area gas service area expansion projects.<sup>6</sup> On March 27, 2008, after evidently engaging in extensive negotiations, SMNG and OEP filed a Stipulation and Agreement expressing their mutual agreement that the Commission should approve SMNG's Second Amended Financing Application, subject to all the conditions recommended by Staff.<sup>7</sup> On April 17, 2008, the Commission entered an order: (1) approving the March 27, 2008 Stipulation and Agreement in Case No. GF-2007-0215 as "just and reasonable" and directing the parties to abide by its terms; and (2) approving the Second Amended Financing Application subject to all the conditions recommended by Staff.<sup>8</sup>

On June 5, 2008, SMNG filed its Motion 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, in which the company stated

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<sup>5</sup> Report and Order, Case No. GA-2007-0168 (Feb. 5, 2008) at 11-12.

<sup>6</sup> Staff Recommendation, *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 (Feb. 11, 2008).

<sup>7</sup> Stipulation and Agreement, Case No. GF-2007-0215 (Mar. 27, 2008). OEP had filed a pleading opposing SMNG's financing application just a few days before. See, e.g., Ozark Energy Partners' Statement of Position, Case No. GF-2007-0215 (Mar. 24, 2008).

<sup>8</sup> Order Approving Stipulation and Agreement, Case No. GF-2007-0215 (Apr. 17, 2008). The Commission treated the Stipulation and Agreement as unanimous since the other two parties to the case (Staff and OPC) stated, on the record, that although they had not signed it, they did not oppose it. *Id.* at 3.

that it was “now prepared to move forward to exercise a full certificate of convenience and necessity in Case No. GA-2007-0168.”<sup>9</sup> In support of its motion, SMNG averred that: (1) it accepted and agreed to abide by 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 with the exception of Section III A(3), which was rejected by the Commission in its February 5, 2008 Report and Order;<sup>10</sup> (2) it had submitted to Staff documents specifying the final terms and conditions for the proposed financing of its proposed gas system;<sup>11</sup> and (3) it had filed revised tariff sheets (Tariff Tracking No. YG-2008-0725) with a proposed effective date of July 5, 2008, which reflected the proposed expansion of its service area to Branson and Hollister.<sup>12</sup> Accordingly, SMNG requested that the Commission make the deferred findings of fact, grant SMNG a full certificate of convenience and necessity to serve Branson and Hollister, and approve the tariffs expanding SMNG's service area to Branson and Hollister.

On June 11, 2008, Staff filed its Notice Concerning Recommendation, in which it acknowledged SMNG's June 5 motion and stated that Staff needed more time to thoroughly review the various documents submitted by SMNG in conjunction with the motion. Staff averred that it would file a written recommendation concerning the following issues by no later than June 20, 2008: (1) whether the terms of the financing documents submitted by SMNG were acceptable; (2) whether SMNG is in compliance with the various terms and conditions imposed on the company by the Commission in Case No. GA-2007-

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<sup>9</sup> 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, Case No. GA-2007-0168 (Jun. 5, 2008) at 3.

<sup>10</sup> *Id.* at 2 n.1.

<sup>11</sup> *Id.* at 3. Additional documents may have been submitted to Staff a week later. See Transmittal Letter and Financing Documents, Case No. GF-2007-0215 (Jun. 12, 2008).

<sup>12</sup> *Id.* With regard to Branson West, SMNG pledged that it would “not begin construction in Branson West until it has received a municipal franchise from [the] community.” *Id.* at 2 n.2.

0212;<sup>13</sup> (3) whether the tariff sheets filed by SMNG on June 5 (Tariff Tracking No. YG-2008-0725) should be approved to become effective on July 5, 2008; and (4) whether the proposed expansion was economically feasible. Staff filed its verified “Compliance Recommendation” memorandum, which is hereby admitted into evidence, on June 18, 2008. Staff recommended that the Commission approve SMNG’s application for a full CCN to serve all areas for which it had applied except Branson West.

### **Additional Findings of Fact**

#### **Does SMNG have the financial ability to provide the proposed service?**

Mr. Maffett testified that the estimated total cost of the proposed Branson-area natural gas project is approximately \$24 million,<sup>14</sup> consisting of approximately \$18 million to build a 35-mile-long supply pipeline from Aurora to the Branson area, and about \$6 to \$6.5 million to develop and build out the associated distribution system.<sup>15</sup> He further stated that at this point, all of the project design and preliminary engineering work is complete and that SMNG was “basically waiting on the regulatory process and closing the financing” to proceed with the project.<sup>16</sup> In concluding that SMNG has the necessary financial strength to provide the proposed service, Mr. Maffett referred to the company’s then-pending financing application in Case No. GF-2007-0215,<sup>17</sup> a consolidated proceeding in which SMNG sought the Commission’s authorization to acquire the necessary funds to complete

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<sup>13</sup> In Case No. GA-2007-0212, the Commission granted SMNG a CCN to expand its service area to include Lebanon, Houston, and Licking, subject to certain terms and conditions. See Report and Order, *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. (Aug. 16, 2007).

<sup>14</sup> Tr. 74:4-6.

<sup>15</sup> Tr. 68:13-22.

<sup>16</sup> Tr. 74:7-13.

<sup>17</sup> Tr. 73:1-6; Tr. 84:5-8. Mr. Maffett went on to say that once the financing was approved, SMNG would have the financial ability to complete the project, Tr. 81:20-24, and that the company “could literally begin construction easily within 30 days of closing the financing” and receiving a full CCN from the Commission. Tr. 83:18-23.

not only the proposed Branson, Hollister, and Branson West project, but also the company's expansion into Lebanon, Houston, and Licking.<sup>18</sup>

As noted *supra*, the Commission has now decided Case No. GF-2007-0215. In particular, the Commission has now approved both the Second Amended Financing Application (to which Mr. Maffett referred in concluding that SMNG has the necessary financial strength to provide the proposed gas service to the Branson area) and the unanimous Stipulation and Agreement (which the Commission found to be a just and reasonable way of resolving the parties' concerns about SMNG's financial ability to provide the proposed service). This is particularly important in light of Michael Straub's testimony during the hearing, when he explained that historically, what has "prevented other applicants from achieving a successful operation in Branson or even getting gas into the Branson area" has "been the financing problem or the lack of the money in order to develop those systems down there."<sup>19</sup>

Moreover, according to Staff, which recommended approval of SMNG's Second Amended Financing Application, "the peculiarities of the proposed structure of this financing . . . provide Staff reassurance about the intent of the capital provider . . . to provide safe and reliable service" and "to be active in the ongoing operations of SMNG . . . regardless of whether SMNG is able [to] meet its debt service," as opposed to being merely a "passive financial investor in natural gas distribution operations."<sup>20</sup> Finally, as noted by Staff in its Compliance Recommendation, the documents submitted by SMNG show that the final terms and conditions specified therein are consistent with the summary of the

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<sup>18</sup> Tr. 81:2-4; Tr. 81:20-25. See also the Second Amended Financing Application filed by SMNG in Case No. GF-2007-0215 on December 17, 2007.

<sup>19</sup> Tr. 245-46:21-7.

<sup>20</sup> Staff Recommendation, Case No. GF-2007-0215 (Feb. 11, 2008) at 6-7 (NP).

proposed terms and conditions Staff reviewed before recommending approval of SMNG's financing application in Case No. GF-2007-0215, and that the structure of the financing is consistent with the key conditions contained in the unanimous Stipulation and Agreement in Case No. GF-2007-0215, which were originally recommended by Staff.<sup>21</sup>

For all these reasons, the Commission finds that SMNG is financially capable of providing the proposed natural gas service in Branson, Hollister, Branson West, and the surrounding unincorporated areas.

Is SMNG's proposal economically feasible?

The Commission believes that the Feasibility Study prepared by SMNG,<sup>22</sup> which concluded that the proposed expansion was indeed economically feasible<sup>23</sup> and was the subject of extensive and vigorous criticism by OEP's witness Steven Cattron and equally extensive and vigorous rebuttal testimony from Mr. Maffett, is a useful tool in helping determine whether SMNG's proposal is economically viable. Under the circumstances presented here, however, including the fact that OEP (the party which sponsored Mr. Cattron as a witness in the first place) is no longer opposed to the relief sought by SMNG in this case and was dismissed as a party on its own motion,<sup>24</sup> as well as the fact that OEP later *joined* SMNP in a Stipulation and Agreement which resolved the financing case,<sup>25</sup> the Commission finds it unnecessary to systematically address each and every one of the alleged flaws of the Feasibility Study identified by Mr. Cattron in his testimony. It is enough to observe that although the Feasibility Study conducted by SMNG may not have used the best possible data or employed the perfect methodology, the Commission believes that its

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<sup>21</sup> Staff's Compliance Recommendation ("Compliance Rec."), Case No. GA-2007-0168 (Jun. 18, 2008) at 2.

<sup>22</sup> Appendix C to Exhibit 2 (HC).

<sup>23</sup> Appendix C to Exhibit 2 (HC); Tr. 259:6-13.

<sup>24</sup> Order Granting Motion to Dismiss OEP as a Party, Case No. GA-2007-0168 (Apr. 3, 2008) at 2.

<sup>25</sup> Stipulation and Agreement, Case No. GF-2007-0215 (Mar. 27, 2008).



ultimate conclusion – that SMNG’s proposed expansion into the Branson area is economically feasible – is correct. In its Compliance recommendation, Staff found that although “expansion to the Branson area contains significant economic risks,” SMNG’s proposal “is economically feasible if key assumptions like the future costs of natural gas, the future costs of propane, the construction of the distribution system, and the conversion rate for existing propane customers are correct.”<sup>26</sup>

The Commission finds that those “key assumptions,” some of which were based on an “independent outside third-party analysis that [SMNG] had [commissioned] . . . which [produced the data on] the propane, propane/electric, electric-only mix and the survey questions that were asked in that about customers’ willingness to switch,”<sup>27</sup> are reasonable. As Mr. Maffett replied in response to a question as to whether anything Mr. Cattron had said during his testimony caused him to question the economic feasibility or viability of SMNG’s proposed expansion into the Branson area:

Not a thing. We – we have relied on over 300 years of natural gas industry experience with our management team, with our employees, we’ve relied upon the data and the analysis we have from over 7,000 residential and commercial and industrial customers over 12 years of operating history [in six counties] to – to form the basis of our analysis. This is the same basis that was used in Lebanon, and it was the same basis used for Houston and Licking.<sup>28</sup> Again, the demographics change with each area, but the underlying assumptions and the underlying fundamentals have all been predicated on historical operating results and they’ve all been consistently applied.<sup>29</sup>

The Commission further believes that SMNG’s ability to secure acceptable financing

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<sup>26</sup> Compliance Rec. at 2-3.

<sup>27</sup> Tr. 405:15-20 (HC).

<sup>28</sup> As noted in Footnote 13 *supra*, in Case No. GA-2007-0212, the Commission granted SMNG a CCN to expand its service area to include Lebanon, Houston, and Licking, subject to certain terms and conditions. As in the present case, Staff filed a recommendation supporting SMNG’s application in that case. Tr. 257:11-14; 258:10-19. Staff’s positive recommendation in that case was based, in relevant part, upon the feasibility analysis provided by SMNG. Tr. 414:4-7 (HC).

<sup>29</sup> Tr. 413:7-24 (HC). Mr. Maffett had previously testified that SMNG’s “actual experience” was the primary basis of the feasibility study projections. Tr. 405:9-12 (HC).

is *also* a useful tool in determining whether the company's proposal is economically feasible, since it would indicate that a sophisticated, profit-motivated lender had determined that the company's proposal met objective criteria for economic feasibility.<sup>30</sup> Indeed, as Staff stated in its Compliance Recommendation:

All utilities, even well established utilities, face economic risks so the existence of economic risks should not be the sole criterion on which to determine economic feasibility. Staff maintains that SMNG's ability to obtain financing to proceed with the project is a reasonable criterion for assessing economical feasibility[.]<sup>31</sup>

Moreover, as Mr. Straub explained at the hearing:

[A]lthough the feasibility study is an extremely important part of the application, the feasibility study has not been the mechanism that's prevented other applicants from achieving a successful operation in Branson or even getting gas into the Branson area. It's been the financing problem or the lack of the money in order to develop those systems down there. So in Staff's view, the most important issue in [SMNG's application is its] ability to get the financing that would enable [it] to build the systems.<sup>32</sup>

Obviously, as noted *supra* (and unlike all previous applicants), SMNG has now successfully cleared the most critical hurdle facing proponents of getting natural gas into the Branson area – obtaining the necessary financing.

For all these reasons, the Commission finds that SMNG's proposal to provide natural gas service in Branson, Hollister, Branson West, and the surrounding unincorporated areas is economically feasible.

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<sup>30</sup> For example, Mr. Cattron testified that as a sophisticated lender himself, he would not rely solely on a prospective borrower's representations in deciding whether to finance a proposed business venture, but "would certainly do that analysis and homework" himself as well. Tr. 366:15-20 (HC). It also bears noting that during the hearing, Mr. Maffett expressly agreed to have SMNG's shareholders bear the economic risks associated with the expansion of its service area to the Branson area (just as in the Lebanon case), including a failure to achieve forecasted conversion rates and/or customer growth projections. Tr. 87-88 *passim*. In the first Report and Order, the Commission required SMNG to agree to this as a condition of being issued a conditional CCN. Report and Order, Case No. GA-2007-0168 (Feb. 5, 2008) at 18.

<sup>31</sup> Compliance Rec. at 3. Staff proceeded to recommend that the Commission "make a finding that [SMNG's] request to provide natural gas service in the requested service area is economically feasible." *Id.*

<sup>32</sup> Tr. 245-46:21-7.

### Compliance Tariffs

On June 5, 2008, SMNG filed revised tariff sheets with a proposed effective date of July 5, 2008, for the purpose of complying with the Commission's first Report and Order issued on February 5, 2008.<sup>33</sup> These tariff sheets contain maps showing the Commission-approved service area, metes and bounds descriptions, and other applicable tariff provisions necessary for SMNG to provide natural gas service in the expanded service area.<sup>34</sup> Staff reviewed each of the tariff sheets, as filed by SMNG on June 5, 2008, and concluded that they are in compliance with the Commission's first Report and Order.<sup>35</sup> Accordingly, Staff has recommended that the revised tariff sheets be approved to become effective on July 5, 2008.<sup>36</sup> The Commission agrees with Staff in all respects regarding the tariff sheets in question.

### Additional Conclusions of Law

Courts may take judicial notice of their own records in other prior proceedings on their own motion or at the request of a party.<sup>37</sup> Therefore, the Commission may take official notice of facts demonstrated by its own records in prior cases involving the parties pursuant to Section 536.070(6), RSMo 2000, which states, in relevant part, that in all contested cases, administrative "[a]gencies shall take official notice of all matters of which the courts take judicial notice."

Section 393.170.2, RSMo 2000, states that before the Commission issues a certificate authorizing a gas corporation to construct a gas plant and function as a public

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<sup>33</sup> *Id.*

<sup>34</sup> *Id.*

<sup>35</sup> *Id.*

<sup>36</sup> *Id.* at 4.

<sup>37</sup> See *In re Estate of Ayers*, 984 S.W.2d 193, 196 (Mo. App. S.D. 1998); *State ex rel. Callahan v. Collins*, 978 S.W.2d 471, 474 (Mo. App. W.D. 1998); *Turner v. State*, 669 S.W.2d 642, 644 (Mo. App. S.D. 1984).

utility serving a municipality, “a certified copy of the charter of such corporation shall be filed in the office of the commission, together with a verified statement of the president and secretary of the corporation, showing that it has received the required consent of the proper municipal authorities.” So, while it is within the Commission’s discretion to determine when the evidence indicates the public interest would be served by the award of the certificate,<sup>38</sup> the Commission may not grant a public utility a certificate of convenience and necessity to serve a municipality unless the applicant has already obtained the consent of the municipality (typically by means of a local franchise ordinance), which is an “essential prerequisite to lawful exercise of the rights therein mentioned.”<sup>39</sup>

### **Decision**

The positions and arguments of all of the parties have been considered by the Commission in making this decision. Failure to specifically address a piece of evidence, position or argument of any party does not indicate that the Commission has failed to consider relevant evidence, but indicates rather that the omitted material was not dispositive of this decision. After applying the findings of fact made above and in the first Report and Order to the conclusions of law as stated in both orders, the Commission concludes that authorizing SMNG to provide natural gas service to Branson, Hollister, and the surrounding unincorporated areas is necessary and convenient for the public service. Accordingly, the Commission will issue SMNG a full certificate of convenience and necessity to provide such service, and will approve the revised tariff sheets submitted by

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<sup>38</sup> *State ex rel. Intercon Gas, Inc. v. Pub. Serv. Comm’n*, 848 S.W.2d 593, 597 (Mo. App. W.D. 1993) (citing *State ex rel. Ozark Elec. Coop. v. Pub. Serv. Comm’n*, 527 S.W.2d 390, 392 (Mo. App. W.D. 1975)).

<sup>39</sup> *State ex inf. Shartel ex rel. City of Sikeston v. Missouri Utilities Co.*, 331 Mo. 337, 350, 53 S.W.2d 394, 399 (Mo. banc 1932) (interpreting what are now Sections 71.520 and 393.010, RSMo 2000).

SMNG to become effective on July 5, 2008. SMNG will not be granted a full CCN to provide natural gas service to Branson West until the company demonstrates to the Commission that it has been granted a municipal franchise to serve that community.

**IT IS ORDERED THAT:**

1. Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas is granted a full certificate of convenience and necessity to provide natural gas service to Branson, Hollister, and the surrounding unincorporated areas.

2. The Commission makes no finding as to the prudence or ratemaking treatment to be given any costs or expenses incurred as a result of the granting of this certificate of convenience and necessity, except as otherwise addressed in this Second Report and Order or the first Report and Order issued on February 5, 2008.

3. Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas shall not begin construction of any facility in Missouri for the purpose of offering natural gas service to Branson, Hollister, or the surrounding unincorporated areas until this order becomes effective. The company must commence construction within one year after this order becomes effective.

4. Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas shall not be granted a full certificate of convenience and necessity to provide natural gas service to Branson West until the company demonstrates to the Commission that it has been granted a municipal franchise to serve that community.

5. Within 10 days after closing and final execution of the financing arrangements approved by the Commission in Case No. GF-2007-0215, Southern Missouri Gas

Company, L.P. d/b/a Southern Missouri Natural Gas shall submit to Staff a copy of all finally executed documents relating to the financing. If any of these documents contain material changes as compared to those previously submitted to Staff by the company, Staff shall promptly notify the Commission.

6. Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas remains subject to and shall comply with all terms and conditions set forth in ordered paragraphs 1 and 3 of the Commission's Report and Order of February 5, 2008 in Case No. GA-2007-0168,<sup>40</sup> as well as those contained in ordered paragraphs 2 and 3 of the Commission's April 17, 2008 order approving the Stipulation and Agreement in Case No. GF-2007-0215.

7. Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas shall provide the items listed in Sections III.M and III.N of the Stipulation and Agreement between OEP and Staff in Case No. GA-2006-0561 to Staff and Public Counsel at least 60 days before the company delivers any natural gas to customers in its expanded service area.

8. The following tariff sheets filed by Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas on June 5, 2008 (Tariff Tracking No. YG-2008-0725) are approved to become effective on July 5, 2008:

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**P.S.C. Mo. No. 1**

**Original Sheet No. xi**  
**Original Sheet No. xii**  
**Original Sheet No. v.1**  
**Original Sheet No. v.2**

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<sup>40</sup> The terms and limitations set forth in ordered paragraph 1 of the Commission's Report and Order of February 5, 2008 in Case No. GA-2007-0168 include the following sections of the Stipulation and Agreement between OEP and Staff in Case No. GA-2006-0561: Sections III.A.1 and III.A.2 (Financial Issues); III.B (Service Territory); III.C (Construction); III.D (Territorial Issues); III.E (Tariffs); III.F (Service Quality); III.G (Depreciation); III.H (Financing); III.I (Ownership); III.J (Adherence to Missouri Rules); III.K (Affiliate Transactions); III.L (Corporate Allocations); III.M (Reliability and Natural Gas Supply Planning); III.N (Hedging); III.O (PGA/ACA Review); III.P (Gas Safety); III.Q (Uniform System of Accounts); and III.R (Surveillance).

**Original Sheet No. v.3**  
**First Revised Sheet No. 4, Cancelling Original Sheet No. 4**

9. This order shall become effective on July 5, 2008.

**BY THE COMMISSION**



Colleen M. Dale  
Secretary

( S E A L )

Davis, Chm., Murray, Clayton, Jarrett,  
and Gunn, CC., concur;  
and certify compliance with the provisions  
of Section 536.080, RSMo.

Dated at Jefferson City, Missouri,  
on this 24th day of June, 2008.