



MISSOURI GAS ENERGY

3420 Broadway • Kansas City, MO • 64111-2404 • (816) 360-5755

ROBERT J. HACK

Vice President, Pricing & Regulatory Affairs

July 31, 2002

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

RE: Experimental School Transportation Program

Dear Mr. Roberts:

Enclosed for filing herein are an original and three (3) copies of the following revised tariff sheets:

Second Revised Sheet No. 54, Canceling First Revised Sheet No. 54
Second Revised Sheet No. 55, Canceling First Revised Sheet No. 55
Second Revised Sheet No. 56, Canceling First Revised Sheet No. 56
Second Revised Sheet No. 57, Canceling First Revised Sheet No. 57
Second Revised Sheet No. 58, Canceling First Revised Sheet No. 58
Original Sheet No. 58.1
Original Sheet No. 58.2
Original Sheet No. 58.3
Original Sheet No. 58.4

These revised tariff sheets bear an issue date of August 1, 2002, and a proposed effective date of September 24, 2002.

The purpose of these revised tariff sheets is to implement an Experimental School Transportation Program, pursuant to the terms of section 393.310 RSMo, under which eligible school entities may aggregate their gas supply purchasing through a not-for-profit school association and transport such gas supplies over the Missouri Gas Energy distribution system.

Thank you in advance for bringing this filing to the attention of the Commission and the appropriate Commission personnel.

Sincerely,

CC: Office of the Public Counsel
Tom Imhoff
Mike Pendergast
Tom Byrne
Jim Fischer
Louie Ervin

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM
ESTP

This program is established pursuant to section 393.310 RSMo.

AVAILABLE

Available to any seven-director, urban or metropolitan school district as defined pursuant to section 160.011, RSMo. Beginning July 11, 2003 the program will be available to any school for elementary or secondary education whether a charter, private or parochial school or school district. Such eligible school entities purchasing gas on an aggregated basis through a not-for-profit school association may enroll in this transportation program as provided hereinafter. Service under this schedule ESTP is not available to LVS customers as defined in Sheet Nos. 40 and 41 of this tariff.

This program shall terminate June 30, 2005.

NET MONTHLY BILL

The bill for each billing period shall be the sum of the Customer Charge, the Commodity Charge, the Aggregation Fee, the Balancing Fee (if applicable), and the EGM Charge (if applicable). Service hereunder is subject to the Tax Adjustment (TA) schedule and other provisions as hereinafter described.

Customer Charge and Commodity Charge

The Customer Charge and the Commodity Charge shall be either those applicable to the SGS customer class or the LGS customer class as shown, respectively, on Sheet Nos. 28 and 31 of this tariff, based upon the class of service under which the eligible school entity took service immediately prior to enrolling in the experimental school program; provided that changes in usage volumes while enrolled in the experimental school program shall result in a change in class of service (and rates) as provided in the SGS and LGS rate schedules of this tariff.

DATE OF ISSUE August 1 2002
month day year

DATE EFFECTIVE September 24 2002
month day year

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In the event that a billing cycle has usage in more than one calendar month, the Commodity Charge will be prorated.

Aggregation Fee

An eligible school entity enrolled in the ESTP shall be assessed an Aggregation Fee of \$0.003 per Ccf for all gas delivered. This fee is subject to adjustment on an annual basis.

Balancing Fee

An eligible school entity enrolled in the ESTP shall be assessed a Balancing Fee of \$0.001 per Ccf for all gas delivered through any meter on which EGM equipment is not installed. This fee is intended to recover costs for such customers associated with any difference between actual daily deliveries and actual daily consumption. This fee shall be credited to the Purchased Gas Adjustment Clause and is subject to adjustment on an annual basis.

EGM

An eligible school entity enrolled in the ESTP shall be required to have EGM equipment installed for individual meters reasonably expected to register more than 100,000 Ccf of usage per year. The terms and conditions governing the installation of such EGM equipment are found in Sheet Nos. 70, 71 and 71.1.

Minimum

The sum of the above fees and charges for zero consumption plus applicable adjustments and surcharges, but subject to the Company's proration rule contained in Section 7.02 of the Company's General Terms and Conditions.

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Adjustments and Surcharges

The rates and charges hereunder are subject to adjustments as provided in the following schedules:

1. Tax Adjustment (TA).

OTHER TERMS AND CONDITIONS

Service hereunder is also subject to the following terms and conditions as approved by the Commission:

1. Gross Receipts Taxes--To enroll in the ESTP, an eligible school entity must agree to pay local gross receipts taxes, or local franchise taxes, or other similar local fees or taxes, in a manner similar to the way such taxes would be paid if service were not taken under the ESTP but under rate schedules SGS or LGS.
2. Contract--To enroll in the ESTP, an eligible school entity shall execute and provide to the Company the contract contained in Sheet Nos. 58.1 through 58.4.
3. Billing through Designated Agent--Billing of charges will occur through the not-for-profit association, or its designated agent. The company will render bills to the not-for-profit school association, or its designated agent, which shall in turn render bills to the participating individual eligible school entities.
4. Capacity Release--The Company shall release interstate pipeline capacity to the not-for-profit school association or its designated agent for a cost equal to the company's system-wide average interstate transportation cost. The Company shall determine the amount of capacity needed to be released based on the participating eligible school entities' total peak month with an assumed peak day requirement equal to 150% of the average daily consumption during such peak month. The Company may designate the upstream interstate pipeline on which such capacity will be released.

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5. Delivery Points--So long as volumes delivered under the ESTP do not, and are not reasonably expected to, exceed 30,000,000 Ccf in a twelve (12) month period, volumes of natural gas to be transported on the Company's distribution system under this schedule ESTP shall be delivered into the Company's Kansas City market area and the Company will deliver such thermally equivalent volumes of gas less any retainages to the outlet side of the Company's meters at customer's premises. The gas retained by the Company shall be two percent of the volume delivered to the Company for transportation to the customer as compensation for Company's lost and unaccounted for and Company use gas. Gas transported hereunder will be delivered to the Company in the state in which it will ultimately be consumed.
6. Nominations—The usage of eligible school entities enrolled in the ESTP may be aggregated into pools for purposes of nominations, balancing, assessment of unauthorized use charges and billing. Eligible school entities enrolled in the ESTP with EGM shall not be pooled with eligible school entities enrolled in the ESTP without EGM. All members of a pool shall be on the same billing cycle.

Prior to the commencement of deliveries of gas hereunder, the transporting pipeline shall notify Company of the pool's daily nomination of MMBTUs to be transported. Should the pool's daily requirement for transportation volumes change, the transporting pipeline shall be notified of its new nomination level 24 hours prior to making any such change. The transporting pipeline company will notify Company of any such nomination change.

For purposes of coordinating nominations, confirmations, scheduling, and delivery of volumes with the transporting pipeline (s), Company may at its sole discretion, communicate customers' daily usage information and/or grant electronic access to such information as requested by transporting pipelines.

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The transporting pool shall, at all times, cause gas to be delivered to a "city gate" (an interconnection point between the delivering upstream pipeline system and the Company's local distribution system over which the gas is being delivered to the customer's facilities where it is to be ultimately consumed) which is acceptable to the Company.

The Company will not accept gas from a pool where such pool causes gas to be delivered at a city gate location which could jeopardize, at any time, delivery of gas purchased by the Company for resale to its firm customers.

The Company shall retain all records associated with its decision to deny a pool transportation service and/or to deny service at any specific city gate interconnection point. The Company will provide an explanation of its decision and supporting documentation to the pool, or its designated agent, upon request. The Company will also provide pertinent records to the staff of the Missouri Public Service Commission and the Office of Public Counsel upon request, subject to claims of privilege.

7. Refunds--Except for the Balancing Fee as provided hereinabove, it is the Company's general intention that reconciling factors within the Purchased Gas Adjustment clause not apply to volumes transported under the ESTP; provided, however, that the Commission shall retain authority to order otherwise upon good cause shown.
8. General Transportation Provisions--The following Transportation Provisions (TRPR) also apply to service under this schedule ESTP:
 - a. Quantity Applicable to All Other Customers (bottom of Sheet No. 61);
 - b. Unauthorized Use Charges (Sheet Nos. 61.3 and 61.4);
 - c. Quality and Pressure of Gas Delivered for Transportation (Sheet Nos. 62 and 63);
 - d. Thermal Balancing (Sheet Nos. 64 and 65);
 - e. Priority of Service (Sheet Nos. 65 and 66);
 - f. Responsibility for Transported Gas (Sheet Nos. 66 and 67); and
 - g. Other Provisions (Sheet No. 69).

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EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM
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CONTRACT FOR EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM

THIS AGREEMENT, made this _____ day of _____, _____, between **MISSOURI GAS ENERGY, A DIVISION OF SOUTHERN UNION COMPANY**, hereinafter referred to as "Company", and _____, hereinafter referred to as "Customer".

WITNESSETH: That Company owns and operates facilities for the distribution, sale and transportation of natural gas and Customer desires to transport gas purchased through a not-for-profit school association through Company's distribution facilities.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereof, Company and Customer have agreed and do hereby covenant and agree each with the other as follows, to wit:

1. Subject to all the terms and conditions of this Contract, Company agrees to transport for and Customer agrees to transport through Company, natural gas for use at its facility at _____, Company account number _____, at the rates and charges due and payable pursuant to the Company's applicable Gas Rate Schedule **ESTP**, the provisions of which are hereby incorporated by reference, and upon the terms and conditions set forth in such Rate Schedule and in the Company's "General Terms and Conditions for Gas Service," all as now on file with the regulatory authority having jurisdiction herein, and as amended, reissued and made effective from time to time as provided by law. Company shall provide a copy of "General Terms and Conditions" upon request.

2. Customer shall receive transportation service from Company at its existing facility located at _____ from _____ delivery location _____, or as may otherwise be subsequently agreed by the parties hereto. Customer may have various accounts that qualify for transportation as a single location and elect to have Company transport natural gas in accordance with tariffs filed by Company with the regulatory authority having jurisdiction. In that event, the service address, account number and rate schedule of each account to receive transportation shall be as follows:

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SERVICE ADDRESS

ACCOUNT NO.

RATE

3. Customer agrees to pay local gross receipts taxes, or local franchise taxes, or other similar local fees or taxes, in a manner similar to the way such taxes would be paid if gas service were not taken under the experimental school transportation program.

4. Customer understands and agrees that billing for gas service under the experimental school transportation program will occur through the not-for-profit school association, or its designated agent. Customer understands and agrees that it remains responsible for charges for gas service taken under the experimental school transportation program. The name of the not-for-profit school association through which customer is purchasing its natural gas supplies to be transported over the Company's facilities under this experimental school transportation program is:

Customer hereby authorizes the above-named not-for-profit school association, or its designated agent, with usage and account information as necessary to administer gas service under the experimental school transportation program.

5. Should Company be requested by Customer to install new facilities in order to provide deliveries hereunder or to expand its existing facilities, the special conditions under which such investment will be recovered from Customer are as set forth in a "Special Conditions Amendment" to be attached when applicable.

6. This Contract shall continue from the date of execution through the next October 31. This contract shall continue thereafter from year to year until terminated by either party giving written notice at least 180 days prior to the November 1st renewal date, provided however, Company may terminate or suspend its obligations under this Contract as provided for in its General Terms and Conditions. The experimental school transportation schedule is scheduled to terminate on June 30, 2005.

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7. Nothing contained herein shall be construed as affecting in any way the right of Company to unilaterally make application for a change in its rates or General Terms and Conditions to the regulatory authority having jurisdiction; provided customer shall have the right to protest any changes.

8. This Contract, and the rates and service hereunder, shall be subject to regulation by the regulatory authority having jurisdiction; to all applicable present and future state and federal laws; and to all rules, regulation, and orders of any other regulatory authority having jurisdiction of the subject mater or either of the parties hereto.

9. Company shall use reasonable diligence to provide a regular supply of natural gas subject to the priority of service provisions and other terms of Company's filed tariffs, but does not guarantee such supply. Company does not assume responsibility for interruption of service, whether caused by inadequacy of supply, equipment, facilities or because of uncontrollable forces, except when such interruption is the result of reckless, willful or wanton acts of Company, its agents or employees.

10. The provisions of this Contract shall not be changed except in writing duly signed by Company and Customer; however, the contract is subject to valid orders of legally constituted regulatory bodies having jurisdiction of the Company's rates.

11. No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Contract shall operate or be construed as a waiver of any future defaults, whether or a like or of a different character.

12. This contract shall inure to the benefit of and be binding upon the parties hereto, their respective successors and assigns.

13. This Contract sets forth the only agreements between the Company and Customer and all prior agreements, contracts or other mutual understandings whether oral or in writing shall be considered canceled as of the date of this Contract.

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IN WITNESS WHEREOF, the parties hereto have executed this Contract in duplicate
the day and year first above.

**MISSOURI GAS ENERGY, A DIVISION OF
SOUTHERN UNION COMPANY**

By _____

By _____

Attest: _____

Attest: _____

Legal Department Approval

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