

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

In the matter of Missouri Gas Energy's)
tariff sheets designed to increase rates for)
gas service in the Company's Missouri)
service area.)

Case No. GR-2001-292

CONTRACT SUBMISSION

Comes now Missouri Gas Energy ("MGE"), a division of Southern Union Company, and for this contract submission respectfully states the following:

1. On or about January 9, 2004, MGE filed a motion for clarification herein related to the experimental low income rate ("ELIR") established as a result of the Commission's order in this case. Among other things in that motion, MGE advised that if the Commission was interested in pursuing the course suggested in the motion, certain administrative matters would need to be worked out between MGE and the Mid America Assistance Coalition ("MAAC"). MGE and MAAC propose to address those administrative matters as provided in the contract attached hereto as Appendix A. In addition to other matters, the contract addresses compensation to MAAC (page 2 of Appendix A), the plan for distribution of funds (Attachment 1) and the allocation of fund amounts among participating agencies based on a geographic formula of need (Attachment 2).

2. Inasmuch as the Commission Staff and the Office of the Public Counsel have recommended approval of MGE's motion for clarification, MGE and MAAC submit this contract for approval in anticipation that the Commission will desire to follow this course.

Wherefore, MGE respectfully requests that the Commission approve the contract attached hereto as Appendix A.

Respectfully submitted,

/s/ Robert J. Hack

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ATTORNEY FOR MISSOURI
GAS ENERGY

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record this 28th day of January, 2004.

/s/ Robert J. Hack

Service List for Case No. GR-2001-292

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AGREEMENT between MID-AMERICA ASSISTANCE COALITION and
MISSOURI GAS ENERGY

This Agreement sets forth the obligations, duties and understandings of the Mid America Assistance Coalition (hereinafter "MAAC") and Missouri Gas Energy, a division of Southern Union Company (hereinafter "MGE"), in the funding and administration of the MGE Extra Help program, described more fully herein, in the service area of MGE. MAAC will administer the MGE Extra Help program through cooperating agencies in Missouri.

1. MGE Extra Help is a program of gas energy assistance, supplemental to other traditional existing programs such as LIHEAP and ECIP, made possible by the Missouri Public Service Commission's (hereinafter "Commission") approval of the Motion for Clarification filed with the Commission in Case No. GR-2001-292 in January 2004. This contract shall become effective on the effective date of the Commission's order approving this Agreement.

2. Customers eligible to receive assistance from the MGE Extra Help program are households lacking sufficient financial resources for gas energy expenses. Recipients must demonstrate that they have no other obvious resources for gas energy assistance. Eligibility will be determined and verified solely by MAAC or its agent consistent with the criteria set out in the Plan for Distribution of Funds through Charitable and Social Service Agencies appended hereto.

3. Assistance rendered by the MGE Extra Help program is funded entirely through monies provided by MGE pursuant to, and within the time frames provided by, the Motion for Clarification approved by the Commission. Such monies are intended only for gas energy purposes of MGE customers. Customers of MGE otherwise meeting program criteria are eligible in the following counties:

Andrew	Christian	Jackson	Pettis
	Clay	Jasper	Platte
Barry	Clinton	Johnson	Ray
Barton	Cooper	Lafayette	Saline
Bates	Dade	Lawrence	Stone
Buchanan	DeKalb	McDonald	Vernon
Carroll	Greene		
Cass	Henry	Moniteau	
Cedar	Howard	Newton	

4. All households eligible for MGE Extra Help program funds should have equal access to grants. MAAC will allocate the funds received, less the MAAC administrative reimbursement fee, to the participating agencies servicing MGE customers using the geographic formula of need determined by MAAC's independent allocations process and approved by MAAC's Board of Directors. This will assure that the money is

distributed based on the pre-determined geographic needs formula. After a reasonable period of time in MAAC's discretion, any of the initial allocation that remains unspent may be re-allocated among the participating agencies until the entire fund balance is distributed.

5. Oversight responsibilities for the MGE Extra Help program are vested in MAAC; the Mid America Assistance Coalition's Board of Directors will establish working policies concerning the allocation of funds, the amount of monetary reserves, limits on receipt of aid and other matters, all of which shall be consistent with the plan description set out in Attachment 1 appended hereto.

6. This Agreement shall become effective on the effective date of the Commission order approving this Agreement and shall remain in effect until termination by either party hereto, for any reason whatsoever, by providing sixty (60) days' written notice to the other party. Termination shall be effective only upon approval by the Missouri Public Service Commission. In the event this Agreement is terminated, MAAC will continue its obligation under this Agreement until the remaining funds held in the bank account are promptly refunded to MGE for redistribution consistent with the purpose set out in the Motion for Clarification approved by the Commission.

7. Any changes to this Agreement must be in writing and approved by the Mid America Assistance Coalition Board of Directors and Missouri Gas Energy and shall not be inconsistent with the purpose of the Motion for Clarification approved by the Commission.

8. Administrative costs of the program shall be 5% of the monies subject to the Motion for Clarification remitted by MGE to MAAC and may be drawn by MAAC from the bank account funded pursuant to the Commission's approval of the Motion for Clarification.

9. MAAC will provide a summary of the bank statements and MGE Extra Help program letters of direction, which shows total funds allocated, contributions funded by MGE and number of grants made from the MGE Extra Help program on a monthly basis. MAAC's responsibility for making monthly reports will survive termination of this Agreement and will continue until all remaining funds held in the bank account or

contributed during the term of this Agreement have been disbursed to eligible recipients, and accounted for in a final monthly report.

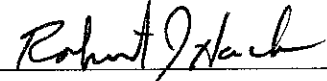
Executed this 28 day of January, 2004

Mid-America Assistance Coalition, Inc.

By: 

Executed this 28th day of January, 2004

Missouri Gas Energy, a division of Southern Union Company

By: 

Plan for Distribution of Funds through Charitable or Social Service Agencies

MGE and the Mid America Assistance Coalition ("MAAC") have discussed the method by which to distribute monies subject to the Motion for Clarification for the benefit of eligible MGE customers in need of assistance. MGE proposes to engage the services of MAAC to administer and oversee the distribution of the funds, at the direction of MGE.

MAAC is a not-for-profit corporation based in Kansas City, Missouri. Its mission is "to strengthen the social service community through information systems, training and advocacy." The organization serves three distinct constituencies: individuals in need; service agencies; and policy makers.

MGE proposes to use the expertise that MAAC has developed in assisting service agencies. MAAC has developed a standard intake form ("SIF") now used by more than 150 agencies, and has built a state-of-the-art information network that has brought the greater Kansas City metropolitan area the capability of a seamless service delivery system. In so doing, it works with public, civic, and charitable organizations to plan the allocation and prioritization of the community's emergency assistance resources.

MAAC programs are performed by eight full- and two part-time staff, led by Executive Director Jan Marcason. MAAC is governed by a 17-member board of directors representative of the entire Kansas City area. MAAC's 2004 operating budget is \$744,000. Particularly useful to the purposes of the Application for Extension of Transportation and Storage Cost Incentive Mechanism are three of MAAC's core programs, the Information and Referral Hotline, MAACLink/Data Collection, and Utility Fund Management.

Through the Information and Referral Hotline MAAC serves as one of the first places that persons in crisis seek help. Last year MAAC referred more than 17,000 individuals to local agencies who could provide emergency food, utility assistance, shelter, transportation, medicine or other basic services. Agencies call MAAC for referral information when they have exhausted their own resources, or when they do not provide the type of assistance a client needs. MGE appreciates that MAAC is a front-line agency, as well as an administrator.

MAACLink is an on-line computer/telecommunications system that connects participating agencies with MAAC's database of social service recipients. Today, 168 local agencies have on-line connections to MAACLink, which permits those agencies' staffs to search and add to a database containing records of more than 150,000 households and 1.4 million assists. Agencies use MAACLink to determine if other organizations are currently aiding their clients, to reduce service duplication, to respond appropriately for families becoming dependent on emergency assistance, and to improve efficiency by replacing paper record keeping with electronic data entry. This program will permit MAAC to distribute the funds subject to the Motion for Clarification in a timely, efficient and effective manner, at the direction of MGE.

MAAC currently oversees disbursement of nearly \$650,000 Annually in privately donated utility assistance funds. An independent allocations process, approved by the MAAC board, identifies needs throughout MAAC's service area and proportionally allocates utility aid funds for distribution through social service agencies. MAACLink offers participating agencies on-line account information and client eligibility verification. These functions streamline the utility assistance process and allow agencies to maintain current resource information. These funds are audited annually by an outside, independent auditor. MAAC thus has available the resources, controls, and accountability required for distribution of the funds subject to the Motion for Clarification.

If approved by the Commission, the terms of the distribution arrangements shall be:

1. MAAC shall be the clearing house agency which administers the distribution of the funds.

2. The contract between MGE and MAAC shall be consistent with the purposes of the Motion for Clarification and shall become effective on the effective date of the Commission order approving the Agreement between MGE and MAAC.

3. MAAC shall employ its allocation formula in distributing funds to participating agencies as shown in Attachment 2, appended hereto.

4. The funds will be used to assist eligible MGE customers with payment of natural gas bills.

5. In order to be eligible for assistance from the funds, an agency client must:
- Have an active MGE account, or be seeking to activate an MGE account;
 - Have an income at or below 200% of the federal poverty level;
 - Either 1) be ineligible for LIHEAP and/or ECIP funds or 2) have exhausted eligibility for receipt of further LIHEAP and/or ECIP funds;
 - Not receive assistance from these funds totaling more than \$1,000;
 - Enter into a payment agreement with MGE;
 - Not have diversion of service charges in arrears;
 - Have made a co-payment on an MGE account within 90 days of the date of application for these funds;
 - Have a name and address on the SIF which matches utility records;
 - Establish the amount owed for service by a bill within 30 days of the date on the SIF, or a billing history provided by MGE;
 - Submit the SIF to MAAC for approval within 45 days of completing the form.

6. MAAC will advise each of the participating agencies of the client eligibility criteria for assistance from the funds, and will monitor and supervise participating agencies to insure that all funds are disbursed in accord with the conditions

set forth herein. MAAC will advise participating agencies that the funds may be used in conjunction with other resources to assist clients, but that client needs should first be met with LIHEAP and/or ECIP funds, if available. MAAC will also advise agencies that \$50 is the minimum assistance level, with a maximum level of \$1,000. MAAC will also advise participating agencies that assistance (in the aggregate) between \$600 and \$1,000 shall be approved only after direct consultation with, and authorization by, MAAC.

7. MGE shall provide the monies subject to the Motion for Clarification to MAAC as provided in, and consistent with the purposes of, the Motion for Clarification approved by the Commission. MAAC shall maintain this money in its trust account, and shall account for this money separately from any other such monies it may maintain in its trust account.

8. Within two (2) business days of receipt by MAAC, MAAC will allocate the funds received, less the MAAC administrative reimbursement fee, to the participating agencies servicing MGE customers using the geographic formula of need approved by MAAC's Independent Allocations Committee. This will assure that the money is distributed based on the pre-determined geographic needs formula. After a reasonable period of time in MAAC's discretion and consistent with the purpose of the Motion for Clarification, any of the initial allocation which remains unspent will be returned to the pool to be used by any of the participating agencies until the entire fund balance is distributed.

9. As conditions for receiving payment for eligible customers under this program, MGE agrees:

- To restore and/or continue service to any customer for whom MGE has agreed to accept payment, pursuant to Commission rules and MGE's tariff;
- To waive, during the Cold Weather Rule period, deposits for customers whom MGE agrees to accept payment from the fund; and
- To provide service on the same terms or conditions of sale as it does to its other residential customers.

10. On a bi-monthly basis, MAAC will provide MGE with its reports that state the assistance provided by each participating agency. These reports shall provide the individual client assisted, the amount pledged from the fund, the client's MGE account number, and the client's service address. MAAC will tender MGE a check for the total amount of all participating agency authorized commitments shown on the report.

11. All client/customer information contained in any records or reports shall be considered confidential pursuant to section 386.480 RSMo. The Commission's Staff and the Office of the Public Counsel shall have access to such records in possession of MGE for purposes of monitoring and enforcing the Order Approving Motion for Clarification.

12. MAAC shall receive a fee of 5% of the monies distributed to MAAC pursuant to the Commission's approval of the Motion for Clarification, to be paid from the fund, for providing its service in disbursement of the funds. The funds available for distribution shall be reduced by this amount. MAAC shall make available to MGE, the Commission's Staff and the Office of the Public Counsel a copy of the report of its outside auditor on all monies received and disbursed.

MID AMERICA ASSISTANCE COALITION
PROPOSED ALLOCATIONS OF MGE EXTRA HELP FUNDS
2004

Kansas City Metro Area - Jackson, Clay, Platte Counties		Proposed Allocation	
Agency	Agency Location	\$	%
Bishop Sullivan Center	6435 Truman Rd	14,250	6.0%
Chick Caring Community Center	4101 E. 53rd	1,188	0.5%
Citizen's Civic Relief	Sugar Creek, Mo	2,375	1.0%
Community Assistance Council	10901 Blue Ridge Blvd	9,500	4.0%
Community Services League	Independence/Eastern Ja Co	14,250	6.0%
Della Lamb Community Center	500 Woodland	4,750	2.0%
Don Bosco Community Center	531 Garfield	4,750	2.0%
Empowerment Center of Kansas City	74th & Wornall	4,750	2.0%
Good Samaritan Center	Excelsior Springs	7,125	3.0%
Grandview Assistance Program	Grandview	7,125	3.0%
Guadalupe Center	2641 Belleview Ave	7,125	3.0%
Housing Information Center	3810 Paseo	4,750	2.0%
Ladd Caring Community Center	3640 Benton Blvd.	1,188	0.5%
Lee's Summit Social Services	Lee's Summit	7,125	3.0%
Lutheran Mission of the Good Shepherd	1755 Jefferson St	7,125	3.0%
McCoy Caring Community Center	1524 White	1,188	0.5%
Metropolitan Lutheran Ministry-Central	3031 Holmes	19,000	8.0%
Metropolitan Lutheran Ministry-Northland	KC North	3,563	1.5%
Parkway Baptist Church	3810 East 56th St	2,375	1.0%
Raytown Emergency Assistance Program	Raytown	7,125	3.0%
Redemptorist Center	209 W. Linwood	7,125	3.0%
Salvation Army-Bellefontaine	3013 E. 9th St	9,500	4.0%
Salvation Army-Blue Valley	6618 Truman Rd	3,563	1.5%
Salvation Army-Independence	Independence/Eastern Ja Co	4,750	2.0%
Salvation Army-Northland	KC North	2,375	1.0%
Salvation Army-Platte County	Platte County	2,375	1.0%
Salvation Army-Southland	Grandview	4,750	2.0%
Salvation Army-Westport	500 W. 39th St	4,750	2.0%
Seton Center	2816 E. 23rd St	14,250	6.0%
St. Therese Catholic Church	5814 Euclid	4,750	2.0%
Van Horn Caring Community Center	Independence/Eastern Ja Co	1,188	0.5%
		\$ 190,000	80.0%
Missouri - Outside KC Metro Area			
Carthage Crosslines	Carthage, Mo (Joplin area)	5,938	2.5%
Economic Opportunity of St. Joe	St. Joseph, Mo	14,250	6.0%
Howard County Human Resources	Fayette, Mo	1,188	0.5%
Missouri Valley Human Resources	Marshall, Mo	7,125	3.0%
Ozarks Area CAA	Springfield, Mo	7,125	3.0%
Salvation Army-Cass County	Harrisonville, Mo	2,375	1.0%
Salvation Army-Ray County	Richmond, Mo	2,375	1.0%
West Central Mo. CAA	Appleton City, Mo	7,125	3.0%
		\$ 47,500	20.0%
Total Allocations		\$ 237,500	100%

Attachment 2