

LAW OFFICES
BRYDON, SWEARENGEN & ENGLAND

DAVID V.G. BRYDON
JAMES C. SWEARENGEN
WILLIAM R. ENGLAND, III
JOHNNY K. RICHARDSON
GARY W. DUFFY
PAUL A. BOUDREAU
SONDRA B. MORGAN
CHARLES E. SMARR

PROFESSIONAL CORPORATION
312 EAST CAPITOL AVENUE
P. O. BOX 456
JEFFERSON CITY, MISSOURI 65102-0456
TELEPHONE (573) 635-7166
FACSIMILE (573) 635-3847
E-MAIL: DUFFY@BRYDONLAW.COM

DEAN L. COOPER
MARK G. ANDERSON
GREGORY C. MITCHELL
BRIAN T. MCCARTNEY
BRIAN K. BOGARD
DIANA C. FARR
JANET E. WHEELER

OF COUNSEL
RICHARD T. CIOTTONI

September 11, 2002

Mr. Dale Hardy Roberts
Executive Secretary
Public Service Commission
Governor State Office Building
Jefferson City, MO

FILED³
SEP 11 2002
**Missouri Public
Service Commission**

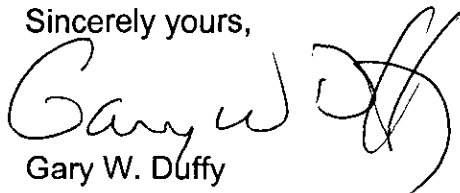
RE: Case No. GT-2003-0033
Missouri Gas Energy

Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding please find an original and eight copies of a Unanimous Stipulation and Agreement in this proceeding. Please note that the agreement requests the cancellation of the procedural schedule.

If you have any questions, please give me a call.

Sincerely yours,


Gary W. Duffy

Enclosures
cc w/encl:

Doug Micheel, Office of Public Counsel
Robert Franson, Office of the General Counsel
Richard Brownlee
Mike Noack

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

FILED³
SEP 11 2002

Missouri Public
Service Commission

In the Matter of the Tariff Filing of Missouri
Gas Energy, a division of Southern Union
Company.)

Case No. GT-2003-0033
Tariff No. JG-2003-0049

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Missouri Gas Energy, a division of Southern Union Company (MGE), the Staff of the Missouri Public Service Commission (Staff), the Office of the Public Counsel (OPC), and the Missouri School Boards' Association (Association) (collectively referred to as the parties) and submit this Unanimous Stipulation and Agreement (Stipulation and Agreement) for approval by the Commission.

BACKGROUND

1. On August 1, 2002, MGE submitted proposed tariff sheets dealing with natural gas aggregation for schools pursuant to § 393.310 RSMo Supp. 2002. The sheets bore a proposed effective date of September 24, 2002. By letter dated August 14, 2002, MGE voluntarily extended the proposed effective date to October 28, 2002.

2. On August 13, a procedural conference was held, and the date of August 26, 2002, was set for the submission of a proposed procedural schedule. On August 22, 2002, the Commission granted the Association intervention. On August 23, 2002, a technical conference involving all of the parties was held. On August 26, a proposed procedural schedule in this case was filed by the Staff.

3. The parties have held several discussions concerning the content of the proposed tariff, the intentions of the General Assembly in passing the new legislation, and the most practical means to accomplish the intention of the legislation. As a result of those discussions, the parties have agreed to the following Stipulation and Agreement, which resolves all issues in this proceeding in the manner set out herein.

RESOLUTION OF ISSUES

4. **Tariff Sheets.** The parties agree that the Commission should approve the illustrative tariff sheets shown in **Appendix A**, attached hereto, and should issue an order authorizing the filing by MGE of tariff sheets which are identical in content to the illustrative sheets shown in **Appendix A**, to be effective on October 28, 2002. The Commission is required by the new legislation to act on the proposed sheets by November 1, 2002. As indicated, the proposed sheets would institute new procedures for the transportation of natural gas by school districts on an experimental basis. The specific dates indicated for the sheets to take effect correspond to the start of billing cycles of MGE. Those particular dates are requested to minimize the amount of effort and cost needed to institute this new program. The Association desires that the sheets take effect at the earliest practical time.

5. **Revenue Impact.** The parties believe that the agreed-upon changes to MGE's transportation procedures reflected in the proposed tariff sheets will not result in a material change to its revenue requirement.

6. **Reporting Requirements.** MGE shall, no later than June 1st of each year of the experimental program, provide records of the revenues generated and expenses incurred as a result of this experimental program. These records shall be

provided to the Staff and OPC and shall be categorized in sufficient detail to permit the Staff and OPC to determine what under- or over-recovery of expenses may be taking place at that time and to determine what changes in aggregation and/or balancing fees may be appropriate at that time to prevent any harm to the groups identified in section 393.310 RSMo Supp. 2002. The statute provides that the Commission may, no later than November 1st of each year of the experimental program, implement any adjustments in aggregation or balancing fees deemed appropriate to comply with section 393.310 RSMo Supp. 2002.

7. **Legislative Requirements.**

A. The new legislation provides that the Commission “shall approve such tariffs upon finding that implementation of the aggregation program set forth in such tariffs will not have any negative financial impact on the gas corporation, its other customers or local taxing authorities, and that the aggregation charge is sufficient to generate revenue at least equal to all incremental costs caused by the experimental aggregation program.” § 393.310.5 RSMo Supp. 2002.

B. The parties have discussed the intentions of the sponsors and drafters of this legislation and have also discussed latent internal inconsistencies in the legislation, including, but not limited to, the conflict between the “hold harmless” provisions in subsection 5 and the specific price cap provision for an “aggregation and balancing fee” in subdivision (2) of subsection 4. The parties have also discussed practical alternatives which are consistent with the overall intention of the legislation to launch an experimental program to afford a means of natural gas aggregation and transportation to school districts and individual schools in the state.

C. The parties have also discussed the findings the Commission is required by § 393.310.5 RSMo Supp. 2002 to make in order to approve the proposed tariffs, and to aid the Commission in making such findings, respectfully state as follows:

1. The parties agree that the illustrative tariff sheets in **Appendix A** have been designed to preclude material financial impacts on local taxing authorities by requiring eligible school entities to agree to pay local taxes or similar fees in a manner similar to the way such taxes are levied on sales customers.

2. The parties agree that the illustrative tariff sheets in **Appendix A** have been designed to preclude negative, material financial impacts on MGE by including new aggregation and balancing fees.

3. The parties agree that the illustrative tariff sheets in **Appendix A** have been designed to preclude negative, material financial impacts on the other customers of MGE, since no changes to the tariffs of other MGE customer classes are being proposed at this time.

4. The parties agree that the illustrative tariff sheets in **Appendix A** have been designed with an aggregation charge. The parties cannot, at this time, assert without limitation that the specific charge is "sufficient to generate revenue at least equal to all incremental costs caused by the experimental aggregation program." Given that this is a new provision, and there are no facts or experience as to what the costs will be, how many customers may be served by the provision, or what volumes will be transported, there is simply no way at this time to make an unqualified representation on this particular point. The parties, however, do assert that given the overall structure of the new tariff provisions, they have attempted to minimize the costs

covered by the charge.

8. **Reservations Due to Nature of Experiment.** The parties acknowledge that MGE's actual experience under this experimental program may be considerably different from the estimates which were, of necessity, used in the development of the provisions. The parties also acknowledge that, as with any new piece of legislation, there may be unforeseen complications or circumstances which no party has yet discovered or fully appreciated. As a result, and giving due consideration to the legislative directive that this experiment "not have any negative financial impact on the gas corporation, its other customers or local taxing authorities," the parties agree that they will not seek to unreasonably delay the implementation of changes which MGE may propose to the provisions shown in **Appendix A** if the actual implementation of the program varies significantly from what was originally contemplated and MGE is experiencing negative financial impacts as a result of implementing or offering this program. No party shall oppose any reasonable request by MGE for expedited treatment of such changes.

GENERAL PROVISIONS

9. **Reservations.**

A. This Stipulation and Agreement has resulted from extensive negotiations among the parties and the terms hereof are interdependent. In the event the Commission does not adopt this Stipulation and Agreement in total, then this Stipulation and Agreement shall be void and no party shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof. The stipulations herein are specific to the resolution of this proceeding, and all stipulations are made

without prejudice to the rights of the parties to take other positions in other proceedings, or in this proceeding should the Commission decide either not to approve this Stipulation and Agreement or to in any way condition its approval of same.

B. It is specifically understood and agreed that this Stipulation and Agreement represents a negotiated settlement of the issues in this proceeding settled in a manner that is in the public interest. Neither MGE, the Association, the Commission, its Staff, nor the OPC, shall be deemed to have approved, accepted, agreed, or consented to any accounting principle, ratemaking principle or cost of service determination underlying, or supposed to underlie any of the issues provided for herein.

C. All parties further understand and agree that the provisions of this Stipulation and Agreement relate only to the specific matters referred to herein, and no party or person waives any claim or right which it otherwise may have with respect to any matters not expressly provided for in this Stipulation and Agreement.

10. **Contingent Waiver of Rights.** In the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive with respect to the issues resolved herein: their respective rights pursuant to Section 536.070(2), RSMo 2000 to call, examine and cross-examine witnesses; their respective rights to present oral argument or written briefs pursuant to Section 536.080.1, RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2000; their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510, RSMo 2000. If this Stipulation and Agreement is not approved by the

Commission, the parties request that a procedural schedule be established which provides for the filing of testimony and a hearing, to include the opportunity for cross-examination.

11. **Staff's Rights.**

A. The Staff shall file suggestions or a memorandum in support of this Stipulation and Agreement and the other parties shall have the right to file responses within five (5) days of receipt of Staff's supporting pleading. The parties agree that any and all discussions related to this Stipulation and Agreement shall be privileged and shall not be subject to discovery, admissible in evidence, or in any way used, described or discussed in any proceeding, except as expressly specified herein. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

B. The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, promptly provide other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

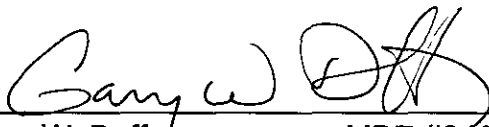
12. **Provision of Additional Information.** To assist the Commission in its review of this Stipulation and Agreement, the parties also request that the Commission advise them of any additional information that the Commission may desire from the parties relating to the matters addressed in this Stipulation and Agreement, including any procedures for furnishing such information to the Commission.

13. **Suspension of Procedural Schedule; Admission of Pre-filed Testimony.** The parties ask that, in view of this Stipulation and Agreement, that the Commission suspend the balance of the procedural schedule and admit the pre-filed testimony submitted by Staff, MGE, and the Association into the record without further formality.

WHEREFORE, the undersigned parties respectfully request that the Commission issue its Order:

- a) Approving all of the specific terms and conditions of this Stipulation and Agreement;
- b) Suspending the procedural schedule,
- c) Admitting the pre-filed testimony into the record, and
- d) Granting such further relief as the Commission should find reasonable and just.

Respectfully submitted,



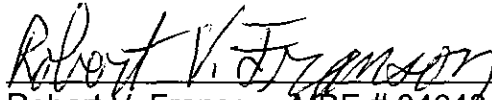
Gary W. Duffy MBE #24905
BRYDON, SWEARENGEN & ENGLAND P.C.
312 E. Capitol Avenue
P. O. Box 456

Jefferson City, MO 65102
(573) 635-7166
(573) 635-3847 facsimile
Email: Duffy@brydonlaw.com
Attorneys for Missouri Gas Energy

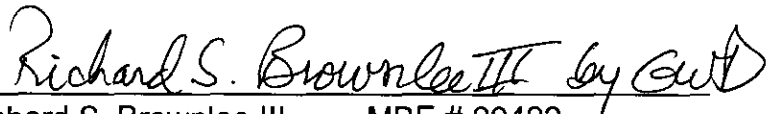


Douglas E. Micheel MBE #38371
Senior Public Counsel
P.O. Box 7800, Suite 650
Jefferson City, MO 65102
(573) 751-5560 Telephone
(573) 751-5562 (Fax)
Email: dmicheel@ded.state.mo.us

Attorney for the Office of the Public Counsel
DANA K. JOYCE - GENERAL COUNSEL



Robert V. Franson MBE # 34643
Associate General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
Tel: 573 751-6651
Fax: 573 751-9285
Email: rfranson@mail.state.mo.us
Attorney for the Staff of the Public Service
Commission



Richard S. Brownlee III MBE # 22422
221 Bolivar Street, Suite 300
P.O. Box 1069
Jefferson City, MO 65102
Tel: 573 636-8135
Fax: 573 636-4905
Email:

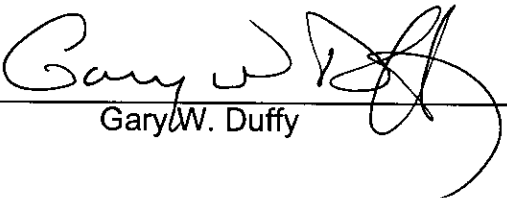
Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was hand-delivered, on this 11th day of September, 2002, to:

Mr. Robert Franson
Missouri Public Service Commission
Governor State Office Building
P.O. Box 360
Jefferson City, MO 65102-0360

Mr. Doug Micheel
The Office of the Public Counsel
6th Floor, Governor State Office Building
P.O. Box 7800
Jefferson City, MO 65102-7800

Richard S. Brownlee III
221 Bolivar Street, Suite 300
P.O. Box 1069
Jefferson City, MO 65102



Gary W. Duffy

MGEschooltarstipc/gdmydocs/wp8

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.

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 those applicable 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 applicable rate schedules of this tariff.

DATE OF ISSUE August 1 2002
month day year

DATE EFFECTIVE
month day year

ISSUED BY: Robert J. Hack

VP, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

APPENDIX A

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM

ESTP

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.

Reporting Requirements

The Company shall, no later than June 1st of each year of the ESTP, provide records of the revenues and expenses associated with the ESTP. These records shall be provided to the Staff of the Missouri Public Service Commission and the Office of the Public Counsel and shall be categorized in sufficient detail to permit the PSC Staff and Office of the Public Counsel to determine what under-or-over recovery of expenses may be taking place at that time and to determine what changes in rates, if any, may be appropriate at that time to prevent any harm to the groups identified in RSMo section 393.310. The Commission may, no later than November 1st of each year of the experimental program, implement any adjustments in rates it deems appropriate to comply with RSMo section 393.310. The Company reserves all rights available under the law.

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.

DATE OF ISSUE August 1 2002
month day year

DATE EFFECTIVE
month day year

ISSUED BY: Robert J. Hack

VP, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

FORM NO. 13

P.S.C. MO. No. 1

Canceling P.S.C. MO. No. 1

Second Revised

First Revised

SHEET No. 56

SHEET No. 56

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM

ESTP

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, on the basis of actual gas supply costs in a manner similar to the way such taxes would be paid if service were not taken under the ESTP but as traditional sales service under rate schedules SGS, LGS or LVS. It shall be the responsibility of the school aggregator or administrator to make the tax payments directly to the appropriate taxing authority.
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 will make available up to 4,500 MMbtu/day of pipeline capacity on the Williams Gas Pipeline Central System. Any additional capacity which is needed will be made available on the Kansas Pipeline Operating Company System.

DATE OF ISSUE August 1 2002
month day year

DATE EFFECTIVE
month day year

ISSUED BY: Robert J. Hack

VP, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM
ESTP

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.

DATE OF ISSUE August 1 2002
month day year

DATE EFFECTIVE
month day year

ISSUED BY: Robert J. Hack

VP, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM

ESTP

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).

DATE OF ISSUE August 1 2002
month day year

DATE EFFECTIVE
month day year

ISSUED BY: Robert J. Hack VP, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM
ESTP

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:

DATE OF ISSUE August 1 2002

DATE EFFECTIVE

month

day

ISSUED BY: Robert J. Hack

VP, Pricing and Regulatory Affairs

Missouri Gas Energy, Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM
ESTP

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.

DATE OF ISSUE August 1 2002

DATE EFFECTIVE

month

day

ISSUED BY: Robert J. Hack

VP, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM
ESTP

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 matter 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.

DATE OF ISSUE August 1 2002
month day year

DATE EFFECTIVE
month day year

ISSUED BY: Robert J. Hack VP, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM
ESTP

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

DATE OF ISSUE August 1 2002
month day year

DATE EFFECTIVE _____
month day year

ISSUED BY: Robert J. Hack

VP, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111