

**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

STIPULATION AND AGREEMENT OF SMNG AND MGE

COME NOW Missouri Gas Company, L.P., d/b/a Southern Missouri Natural Gas (SMNG) and Missouri Gas Energy (MGE), a division of Southern Union Company, and submit this Stipulation and Agreement to the Commission for its approval in this case.

1. SMNG and MGE have engaged in discussions and have reached the following agreements set forth in this Stipulation and Agreement of SMNG and MGE which dispose of all issues in this case with respect to MGE.

2. Except as expressly provided below in paragraph 3 and its subparagraphs, SMNG hereby voluntarily waives any right to seek a certificate of public convenience and necessity to provide natural gas service in any sections for which MGE has already received a certificate of convenience and necessity from the Commission.

3. If the Commission determines it is in the public interest for SMNG to be granted a certificate of public convenience and necessity for the construction of an intrastate pipeline and to own and operate a gas utility in Stone and Taney Counties, SMNG agrees to the following conditions to be expressly imposed by order of the Commission on such a certificate:

A. In the areas described in SMNG's Second Amended Application as "Branson Route Only" (Appendix B, HC), SMNG's certificate will be designated to be a "line certificate" and expressly restricted to only the placement of the pipeline itself as a means of transporting gas to other areas SMNG may serve. The "line certificate" shall carry no permission to serve any customers or end-users, directly or indirectly, who are located in the sections where SMGC holds such line certificate, except that SMNG will be permitted to provide service through farm taps for domestic purposes only when necessary to obtain right-of-way for the construction of the pipeline. North of Township 24N, such farm taps shall be constructed only with the written approval of MGE.

B. SMNG shall not be authorized to provide wholesale or retail sales service or transportation service, or any other type of service, or to construct or allow the construction of any laterals, taps or other connections off of its intrastate pipeline, or construct any other pipelines or facilities which are to be used, directly or indirectly, for the provision of transportation or sales service, or any other type of service, or the interconnection with any pipeline other than that of Southern Star Central Gas Pipeline, Inc. (Southern Star), on that portion of the certificate designated to be a "line certificate."

C. SMNG shall define the route of its proposed pipeline in detail and meet with MGE prior to construction to determine where the existing MGE gas facilities are located in order to address or eliminate conflicts;

D. SMNG shall advise MGE in writing and in advance of the construction dates and hold pre-construction conferences to address or eliminate potential conflicts;

E. SMNG shall use the Missouri One-Call system to locate all underground utilities at least three days prior to any excavation;

F. SMNG shall personally contact MGE in advance when crossing MGE facilities so MGE can provide on-site inspections;

G. SMNG shall clear MGE buried natural gas pipelines by a minimum of 15 feet when paralleling. In crossing situations where there is a potential conflict or interference with cathodic protection, the minimum distance shall be 24 inches;

H. If SMNG installs an impressed current cathodic protection system, the ground bed site, size and proposed output shall be discussed with and mitigation, if any, agreed to by MGE prior to installation to avoid damage to or interference with MGE's system; and,

I. SMNG shall communicate with MGE before and during the construction phase and during the testing and start-up of the proposed pipeline to cooperate in providing safe operating conditions.

Contingent Waiver of Rights

4. This Stipulation and Agreement is being entered into solely for the purpose of settling the identified issues in the case that is listed above. Other than explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in this or any other proceeding regardless of whether this Stipulation and Agreement is approved.

5. This Stipulation and Agreement has resulted from negotiations among the Signatories and the terms hereof are interdependent. If the Commission does not approve this Stipulation and Agreement unconditionally and without modification, then this Stipulation and Agreement shall be void and no Signatory shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

6. If the Commission does not approve this Stipulation and Agreement without condition or modification, and notwithstanding the provision herein that it shall become void; neither this Stipulation and Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Party has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

7. In the event the Commission accepts the specific terms of this Stipulation and Agreement without condition or modification, the Signatories waive their respective rights to present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to RSMo §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §536.500 RSMo 2000; and their respective rights to judicial review pursuant to §386.510 RSMo 2000. This waiver applies only to a Commission order approving this Stipulation and Agreement without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation and Agreement.

Right to Disclose

8. If the Staff is requested by the Commission to file suggestions or a memorandum concerning this Stipulation and Agreement, each of the Parties shall be served with a copy of any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive memorandum, which shall also be served on all Parties. The contents of any suggestions or 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.

9. The Staff also shall 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, provide the 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 the Staff. The 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 Commission Rule 4 CSR 240-2.135.

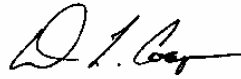
WHEREFORE, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation and Agreement.

Respectfully submitted,

//S// by dlc

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ATTORNEYS FOR MISSOURI GAS
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Certificate of Service

I hereby certify that two, true and correct copies of the above and foregoing document was sent by electronic mail on this 4th day of December, 2007, to all counsel of record.

