

BEFORE THE PUBLIC SERVICE COMMISSION
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, Reed's Spring)
and Hollister, Missouri.)

FIRST AMENDED APPLICATION

COMES NOW Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas, ("SMNG" or "Applicant"), by and through its counsel, and for its Application pursuant to Section 393.170, RSMo 2000,¹ and 4 CSR 240-2.060(1) and 4 CSR 240-3.205 for a certificate of public convenience and necessity, respectfully states as follows:

1. Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas, a Missouri limited partnership, ("SMNG") owns and operates a natural gas transmission and distribution system located in southern Missouri which serves approximately 7,500 residential, commercial and industrial customers. SMGC is a "gas corporation" and "public utility" under the jurisdiction of the Missouri Public Service Commission, pursuant to Chapters 386 and 393, RSMo. 2000. The Company's street and mailing address is: 301 E. 17th Street, Mountain Grove, Missouri 65711. The Company's telephone number is: (417) 926-7533.

¹All statutory references are to Revised Statutes of Missouri 2000, unless otherwise indicated.

2. All correspondence, pleadings, orders, and documents in this proceeding should be addressed to:

James M. Fischer
Fischer & Dority, P.C.
101 Madison Street--Suite 400
Jefferson City, Missouri 65101
Telephone: (573) 636-6758
Email: jfischerpc@aol.com

Mike Lumby, General Manager
Southern Missouri Gas Company, L.P.
301 E. 17th Street
Mountain Grove, Missouri 65711
Telephone: (417) 926-7533
Email: mlumby@smng.biz

Randal T. Maffett
Sendero Asset Management, LLC
1001 Fannin--Suite 550
Houston, Texas 77022
Telephone: (713) 655-0523
Email: rmaffett@sendero.biz

3. Copies of SMNG's Certificate Of Good Standing from the Missouri Secretary of State and its Fictitious Name Registration were previously filed in Case No. GA-2007-0212 and GN-2006-0203, respectively, and are incorporated herein by reference.

4. As explained in the Motion To Substitute Parties filed in this proceeding by SMNG on June 29, 2007, SMNG and Alliance Gas Energy Corporation ("AGE") entered into an Asset Purchase Agreement (dated June 29, 2007) under which SMNG acquired the assets of Alliance Gas Energy, including the assignment of the Branson and Hollister, Missouri

Franchises, needed to provide natural gas service in the Branson and Hollister, Missouri area.² As a result, AGE's interest in this proceeding has been effectively transferred to SMNG, and the Commission on July 11, 2007, granted SMNG's motion for substitution of party.

5. Attached hereto and marked as Appendix A are maps of the location of the proposed service area. Attached hereto and marked as Appendix B is a metes and bounds legal description of the proposed boundaries of the certificated area.

6. Attached hereto as Appendix C is SMNG's Feasibility Study and a summary of the plans and specifications for the project including the estimated cost of construction. SMNG's plans for financing this project were previously filed on December 8, 2006, with the SMNG Application in Case No. GF-2007-0215 and are incorporated herein by reference.

7. A list of ten persons residing in or who are landowners within the proposed service area was previously included in the AGE Application filed on October 26, 2006, and is incorporated herein by reference.

8. As explained in the original Application filed by AGE on October 26, 2006, AGE obtained a franchise from the City of Branson, Missouri to provide natural gas service to customers in Branson, Missouri which was included in the AGE Application filed on October 26, 2006, and is incorporated herein by reference. This franchise has been assigned to SMNG, pursuant to the Asset Purchase Agreement dated June 29, 2007. On July 23, 2007, the City Council of Branson, Missouri approved the assignment of the Branson Franchise to SMNG. A copy of this governmental approval is contained Appendix D. In addition, SMNG is seeking to obtain approval of the assignment of the Hollister franchise from the municipal authorities, and

² AGE originally requested a certificate of convenience and necessity to serve the Reed's Spring municipality. However, SMNG does not intend to pursue this request, and hereby withdraws the request for a certificate of convenience and necessity to serve Reed's Spring, Missouri.

this approval will be filed upon receipt. SMNG is continuing to seek a franchise from the municipality of Branson West, Missouri. A copy of the franchise will be provided to the Commission upon receipt. Approval to use the right-of-way of the respective counties in the proposed service area is also being sought, and will be provided upon receipt. SMNG does not believe it will not require any additional franchises or permits from municipalities, counties, or other governmental authorities in connection with the proposed construction other than the usual and customary state highway, railroad and county road permits which will be obtained prior to construction.

9. Applicant proposes to use its existing approved rates and regulations for natural gas service in the proposed service area. However, Applicant proposes to add a \$2.00 per customer per month to the customer service charge for customers in the proposed service area to recover distribution system costs in the proposed service area. This additional customer service charge is intended to ensure that the expansion into the proposed service area will not be detrimental to SMNG's customers in its existing service area.

10. There is no same or similar utility service, regulated or nonregulated, available in the area requested.

11. The granting of this Application is required by the public convenience and necessity since natural gas service is not presently available in the proposed certificated area, and the availability of natural gas to Branson, Branson West, and Hollister, Missouri will promote the public interest since natural gas is an economical, safe, and reliable source of energy for residential, commercial, industry, municipal and other customers.

12. The Applicant has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates which has occurred within three (3) years of the date of the Application.

13. The Applicant has no annual report or assessment fees that are overdue.

WHEREFORE, SMNG respectfully requests an order from the Commission granting it a certificate of convenience and necessity to construct, install, own, operate, control, manage, and maintain a system for the provision of natural gas service to the public in Branson, Branson West, and Hollister, Missouri, pursuant to its proposed rates, rules, and regulations, as more fully described herein.

Respectfully submitted,

/s/ James M. Fischer

James M. Fischer Mo. Bar No. 27543
Fischer & Dority, P.C.
101 Madison Street, Suite 400
Jefferson City, Missouri 65101
Telephone: (573) 636-6758
Fax: (573) 636-0383
Email: jfischerpc@aol.com

ATTORNEYS FOR
APPLICANT

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 10th day of August, 2007.

/s/ James M. Fischer

James M. Fischer

VERIFICATION

STATE OF TEXAS)

COUNTY OF HARRIS)

ss.

Randal T. Maffett, being first duly sworn, on his oath and in his capacity as managing partner states that he is authorized to execute this Application on behalf of Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas and has knowledge of the matters stated herein, and that said matters are true and correct to the best of his knowledge and belief.



Randal T. Maffett

Subscribed and sworn to before me this 10th day of August, 2007.



Notary Public

My Commission Expires: Nov. 16th 2010

APPENDIX A

MAPS OF PROPOSED SERVICE AREA

(HIGHLY CONFIDENTIAL)

APPENDIX B

METES AND BOUNDS DESCRIPTION OF PROPOSED SERVICE AREA

(HIGHLY CONFIDENTIAL)

APPENDIX C
FEASIBILITY STUDY
(HIGHLY CONFIDENTIAL)

APPENDIX D

BRANSON ORDINANCE APPROVING ASSIGNMENT OF FRANCHISE TO SOUTHERN
MISSOURI NATURAL GAS

APPROVED FRANCHISE OF THE HOLLISTER, MISSOURI,

HOLLISTER ORDINANCE APPROVING ASSIGNMENT OF FRANCHISE TO SOUTHERN
MISSOURI NATURAL GAS
(TO BE LATE-FILED)

APPROVED FRANCHISE OF THE CITY OF BRANSON WEST, MISSOURI
(TO BE LATE-FILED)



CITY OF BRANSON

City Attorney

110 West Maddux St. • Suite 200 • Branson, Missouri 65616
(417) 337-8573 • Fax (417) 334-4263

July 27, 2007

Mike Lumby
Southern Missouri Natural Gas
P.O. Box 847
Mountain Grove, MO 65711

Re: Ordinance No. 2007-070

Dear Mr. Lumby:

Paul Link asked that I forward to you a copy of the ordinance passed on July 23, 2007 approving a franchise from Alliance Gas Energy, Inc. to Southern Missouri Natural Gas for your records.

Please do not hesitate to contact this office should you have any questions.

Sincerely,

Deborah Lambert
Legal Department

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AN ORDINANCE APPROVING ASSIGNMENT OF A FRANCHISE FROM ALLIANCE GAS ENERGY, INC. TO SOUTHERN MISSOURI NATURAL GAS AND AN EXTENSION TO COMPLETE THE APPLICATION PROCESS.

WHEREAS, the City of Branson approved and executed a franchise agreement on March 14, 2005 with Alliance Gas Energy, Inc.; and

WHEREAS, Alliance Gas Energy, Inc. now desires to sell, and Southern Missouri Natural Gas desires to purchase the franchise; and

WHEREAS, City of Branson code requires consent to the assignment of the franchise from Alliance Gas Energy, Inc. to Southern Missouri Natural Gas; and

WHEREAS, Southern Missouri Natural Gas requires an extension deadline to December 31, 2007 for completing the application process.

WHEREAS, the Board of Aldermen desires to approve the requested assignment of the franchise and the extension deadline with the passage of this Ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF BRANSON, MISSOURI, AS FOLLOWS:

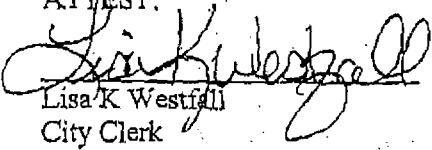
Section 1. The City of Branson hereby approves of the assignment of the franchise dated March 14, 2005 and hereby consents to same and approves the extension deadline to December 31, 2007.


Section 2. This Ordinance shall be in full force and effect from and after its passage and approval.

Read this first time on this 9th day of July, 2007.

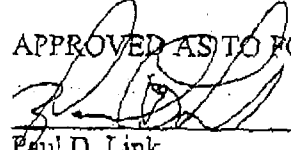
Read the second time, passed and truly agreed to by the Board of Aldermen of the City of Branson, Missouri, on this 23rd day of July, 2007.

ATTEST:


Lisa K. Westfall
City Clerk


Raeanne Presley
Mayor

APPROVED AS TO FORM:


Paul D. Link
City Attorney

BILL NO. 2007-03 AMENDEDORDINANCE NO. 07-03

AN ORDINANCE GRANTING A NATURAL GAS FRANCHISE TO EITHER ALLIANCE GAS ENERGY OR OZARK ENERGY PARTNERS, LLC.

AN ORDINANCE OF THE BOARD OF ALDERMEN OF THE CITY OF HOLLISTER, GRANTING TO EITHER ALLIANCE GAS ENERGY OR OZARK ENERGY PARTNERS, LLC, THE RIGHT AND PRIVILEGE AND FRANCHISE FOR THE LAYING OF GAS MAINS ALONG THE STREETS, AVENUES, ALLEYS, ROADS AND HIGHWAYS AND OTHER PUBLIC PLACES OF THE CITY, FOR THE PURPOSE OF DISTRIBUTING AND SELLING NATURAL GAS TO THE INHABITANTS OF SAID CITY AND TO OTHERS, AND ALSO THE NON-EXCLUSIVE RIGHT TO LAY PIPE LINES IN THE STREETS, ALLEYS, AVENUES, HIGHWAYS, ROADS AND OTHER PUBLIC PLACES AND GROUNDS OF SAID CITY FOR THE PURPOSE OF CONVEYING NATURAL GAS THROUGH AND IN SAID CITY FOR THE DISTRIBUTION OF NATURAL GAS TO THE INHABITANTS OF SAID CITY, AND TO OTHERS BEYOND THE LIMITS OF SAID CITY, FOR DOMESTIC, COMMERCIAL AND INDUSTRIAL PURPOSES, AND PROVIDING THE REGULATION OF SAID GAS DISTRIBUTION SYSTEM, AND OTHER PURPOSES; AND CALLING FOR AN ELECTION TO RATIFY SAME, AND PROVIDING FOR NOTICE THEREOF.

WHEREAS, the City of Hollister has ascertained and hereby declares that there is no natural gas for either domestic, commercial or industrial enterprises within said City; and

WHEREAS, there is a need for an adequate supply of natural gas for the health and welfare of the City; and

WHEREAS, it is necessary to begin the construction of pipe lines and a natural gas distribution system within said City, in order that natural gas may be made available for the citizens of Hollister, Missouri, and all users of natural gas as soon as practical.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF HOLLISTER, MISSOURI, THAT:

Section 1: The City of Hollister, subject to the terms, conditions and stipulations mentioned in this ordinance, consents and grants the non-exclusive right, permission and franchise as is hereby given to either Alliance Gas Energy or Ozark Energy Partners, LLC, the non-exclusive right to lay, construct, equip, operate, repair and maintain a system of gas mains, pipes, conduits, and feeders for the purpose of supplying and distributing natural gas for light, fuel, power, and heat and for any other purpose, to the residents or inhabitants of the said City; and further the non-exclusive right to lay, construct, operate and maintain a system of gas mains, pipe lines, pipe conduits and feeders and the necessary attachments, connections, fixtures and appurtenances for the purpose of conveying, conducting, or distributing natural gas from any point beyond said City limits in order to enable the said Grantee to distribute

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and sell natural gas to the said City and to the residents or inhabitants thereof, and to others.

Section 2: The Grantee herein is expressly given the non-exclusive permit subject to the approval of the City of plans showing specific locations, to use the streets, avenues, roads, highways, alleys, sidewalks and other public places, as now laid out, or hereafter to be established for the purpose of laying gas mains, pipe lines, conduits and feeders, and the necessary attachments, fixtures, connections, and appurtenances for the purpose of conveying or conducting natural gas in and to any point within the said City and to operate and maintain a system of pipe lines, pipes, conduits, feeders and the necessary attachments, connections, fixtures and appurtenances for the distribution of natural gas within said City and to serve the said City, the residents and inhabitants thereof, and others; provided, however, that where alleys are accessible for laying mains and pipes, the City shall have the right to require that the mains and pipes be laid in the alleys instead of the streets, and plans for the laying and construction of said mains and lines must be submitted to the Board of Aldermen or to a specifically appointed representative thereof, and no construction may begin until final written approval of said plans is obtained.

Section 3: Subject to the provision in Section 2 hereof, the main pipes of the Grantee may be laid in the highways, roads, streets, avenues, alleys and other public places as now laid out or as the same shall hereafter be established, and when laid in highways, roads, avenues, streets, alleys, and other public places the same shall be laid in accordance with the lines and grades now established or hereafter to be established by the City, provided that such main pipes and service pipes be laid at the minimum depth of eighteen inches below the grade of streets, alleys or ditches. All construction shall meet the requirements of the State of Missouri, the Building and Construction Codes of the City of Hollister, now in existence or as amended, and the Natural Gas Pipeline Safety Act of the Federal Government, including the latest amendments.

Section 4: Semi-annually, and on the 1st day of July, and the 1st day of January, the Grantee shall provide to the City of Hollister, at least two (2) copies of completely revised and updated system maps showing the exact location of all lines currently installed within the City of Hollister. The City of Hollister has established a mapping system for its sewer and water lines and the Grantee shall utilize the same computer system and mapping program for their gas line locations so that any changes and improvements can be quickly and readily reflected upon the overall city mapping system. The City shall provide to the Grantee its water and sewer line maps and locations at any reasonable time.

Section 5: It is provided that in the opening and filling of all openings by the Grantee, it shall re-lay the pavements and do all other work necessary to provide the complete restoration of the streets, sidewalks or grounds to the condition equally as good prior to such disturbance, and shall restore said streets, sidewalks or grounds in accordance with the "CITY OF HOLLISTER'S TECHNICAL SPECIFICATIONS, INCLUDING ANY AMENDMENTS", and when the Grantee shall open any ground in said City for the purpose of laying any gas pipe or for any other purpose whatsoever, the Grantee shall open no more space at any one time or at any one place, nor keep the same open any longer than is necessary to properly execute the work for which same shall have been opened, and it is especially required that in all cases where work requires the exercise of skill, as the laying or re-laying of pavements or sidewalks, the Grantee shall employ skilled workmen familiar with the execution of such work. The

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re-laying or refilling of the sidewalks and pavements, all of the repair and replacement of pavement, sidewalks, and other grounds disturbed for the laying of the said pipes, shall be at the sole expense of the Grantee. Whenever any ditch or trench shall have been opened by Grantee, it will proceed with all reasonable diligence and continuous work to complete said work and close said ditch or trench without delay. The City of Hollister must approve all work when completed and if restoration does not meet the City's standards, Grantee will immediately remove and replace all said work in accordance with the requirements herein specified. Nothing in this ordinance shall grant to Grantee the right or permission to enter upon private property or perform work upon private property without the prior written consent of the owner thereof. Prior to cutting across any property owner's driveway, on public property, Grantee must notify the owner and provide alternate routes for said owner during said cut.

Section 6: Nothing in this franchise shall be construed as to in any manner abridge the right of the City to pass and enforce the necessary police regulations for the purpose of protecting the citizens of said City and their property and the property of the Grantee. Grantee shall comply with all construction permitting processes of the City of Hollister, including any fees and charges for issuing such permits. Grantee shall be required to post bond for its construction work or other written assurance acceptable to Hollister's City Attorney.

Grantee shall at all times keep and display the necessary danger signals and proper guards around all excavations and obstructions including, but not limited to, all barricades, cones and flagmen in accordance with the latest Missouri Highway & Transportation Department Manual on work zone traffic safety and also comply with all City of Hollister requirements on work zone traffic safety, and shall keep sufficient space in good condition for the travel of vehicles on at least one side of all excavations and obstructions, and shall as soon as practicable restore all openings of the highway, road, street, avenue, alley and other public places to a condition equally as good as before said openings or obstructions were made.

Section 7: The Grantee shall do no injury to any highway, road, street, avenue, alley, lane, bridge, stream or water course, park or public place, or in any manner disturb or interfere unnecessarily with any electric lines or with any public or private sewer or drainage system, or water lines, now or hereinafter laid or constructed by the City or by any authorized person or corporation. Whenever because of public necessity or welfare, the City engages in any public improvement construction project on any property owned by the City or dedicated wholly or in part for public use, and a portion of Grantee's plant system interferes with or obstructs such public improvement project, Grantee shall, as soon as reasonably possible after written request from the City, alter, reset, or relocate at its own expense such portions of Grantee's plant system located on such property for which the sole legal basis for occupancy is this franchise ordinance; provided, however, that where the City acquires additional property or right-of-way over Grantee's existing plant system, such alteration, resetting or relocation shall be at the expense of the City. The Grantee shall fully indemnify and save harmless the City from any and all claims for damages for which said City shall or might be made or become liable by reason of the granting of this franchise, or any negligence or carelessness on the part of said Grantee, or because of any act or omission of the Grantee in the construction and operation of its system of mains and pipes.

All easements, right-of-ways or other forms of corridors secured by the Grantee, for the purpose of providing service within the city shall be dedicated as utility easements

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or public right-of-ways and as such be made available, without cost for city owned and operated utility use. The Grantee would be reimbursed for any and all costs associated with relocation, modification, and/or adjustment required by City activities within Grantee secured easements. The City of Hollister would meet all codes and state requirements related to joint trenching and co-existence within the easement.

Section 8: The Grantee shall supply natural gas under the terms and conditions herein specified to all applicants for natural gas or service, when said applicants own an occupied premises on or abutting the streets, avenues, or other public places in which such gas mains or conduits are laid.

The Grantee shall have the right to make and enforce a written agreement with all applicants for natural gas; and to establish the rates to be charged for natural gas, according to Section 12 hereof and fixing the terms and conditions upon which natural gas is to be served, all in accordance with tariffs, rules and regulations approved and governed by the Missouri Public Service Commission. All such contractors are to conform with the state and federal laws and regulations governing same.

Section 9: (a) Service Line Extensions

- (i.) The Grantee will furnish meters, regulators and accessories at no cost to measure the consumption of gas by the customer. The Grantee also will furnish at no cost the portion of the service extending from the main distribution tap to the service meter.
- (ii.) For residential or commercial applicants, the Grantee will furnish, at its own expense, an average of 125 feet of service line per meter from right-of-way line to owner's access point. Applicants requiring the installation of pipe over 125 feet will be required to pay in advance non-refundable aid-to-construction charges equal to \$3.00 per foot.
- (iii.) Service lines placed for the industrial applicants (as defined by the tariff) will be installed and billed on an individual case basis depending on the economic feasibility of the extension.
- (iv.) All parts and portions of service line and main distribution line extensions shall remain the property of the Grantee.

(b) Main Distribution Line Extensions

- (i.) When at the request of residential or commercial applicant(s), it is necessary to extend a main distribution line, the Grantee will furnish, at its own expense, an average of 200 feet of main distribution pipe per service meter.
- (ii.) For extensions in excess of the 200 feet per meter, the Grantee will require an advance deposit from the applicant(s) an amount equal to \$12.50 per foot. The Grantee will refund with interest a prorated share of the extension deposit to the participating customer(s) for each additional customer connected to the extension within a five (5) year period. After five (5) years, the Grantee will refund any unrefunded deposits above the actual cost of the extension installation.

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- (iii.) Where an applicant along the extension refuses to participate in the extension, and within three (3) years after completion of the extension, the applicant will be considered in redetermining the cost of the original extension, the applicant then will be required to make a deposit on the prorated share of the extension as specified in (ii) above.
- (iv.) Customers with aid-to-construction deposits held by the Grantee and discontinuing service within the five (5) year period will not be eligible for deposit refunds.
- (v.) Distribution line extensions placed for industrial customers (as defined by the tariff) will be installed and billed on an individual case basis depending on the economic feasibility of the extension.

(c) Main Distribution Line Extensions to Undeveloped Subdivisions and Industrial Parks

- (i.) Before the Grantee will consider extending a main distribution line to undeveloped areas, i.e., subdivisions, trailer parks, industrial parks, the developer(s) must present to the Grantee a subdivided plat specifying the size and number of building lots and all planned streets, roads, alleys and available easements. Furthermore, the Grantee will require the developer(s) to provide a copy of the property deed(s) and evidence that they meet all local and/or county zoning requirements. The Grantee reserves the right to develop a forecast and make a decision regarding construction of the main based on the feasibility of the project.
- (ii.) The Grantee will install distribution main lines in planned streets, roads, alleys and rights-of-way along the shortest practical route provided that the requirements of this agreement are met.
- (iii.) For extensions of main distribution lines into undeveloped subdivisions, the Grantee will require an advance deposit from the developer(s) an amount equal to the estimated cost of constructing such facilities.

Section 10: The Grantee shall furnish promptly to the proper authorities any and all information which may be required by them in regard to the size, location, or depths of any of the pipes, mains, conduits or service pipes, in any form whatsoever, and any other information in regard to its occupation of roads, highways, streets, avenues or public grounds of said City. Whenever the word Grantee occurs in this ordinance, it shall mean and it shall be understood to be either Alliance Gas Energy or Ozark Energy Partners, LLC, and wherever the words "authorities" or "property authorities" occur in this franchise they shall mean and shall be understood to mean the authorized officer or officers, committee or board representing the City of Hollister as Grantor, and/or such state or federal authority, having jurisdiction over the installation and operation of Natural Gas Distribution Systems.

Section 11: This franchise shall take effect and continue and remain in force for a period of twenty (20) years, from the date established by ratification by the vote of the City of Hollister, of this ordinance.

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Section 12: Be it further stipulated that the Grantee, shall have twenty-four (24) months from the final approval of the Public Service Commission, State of Missouri, granting a Certificate of Convenience and Necessity to either Alliance Gas Energy or Ozark Energy Partners, LLC, and not longer, in which to begin the actual laying of pipe lines and laterals for the distribution of natural gas in said City and shall furnish gas to those so promised, within two (2) years of the date beginning construction of the gas distribution system in Hollister. A failure on the part of the Grantee, to comply with the foregoing provisions of this section as to the time in which to begin the work shall render null and void this ordinance; it is further provided, however, that upon a showing by the Grantee, that the actual construction in said City has been delayed due to the Grantee's inability to secure necessary pipe or other materials, or due to acts of God, the period allowed above shall be automatically extended for an additional period as required by the delay.

Once construction has started it will continue, without pause until a predetermined phase is complete.

Grantee shall apply for a Certificate of Convenience and Necessity to the Public Service Commission, State of Missouri, or such other governmental agency as required by law granting such rights within one (1) year of the approval and ratification by the voters of the City of Hollister of this ordinance and failure to do so within one year will render this ordinance null and void.

Notwithstanding such, Grantee shall have the duty to serve all applicants within the City limits as required by the Public Service Commission of Missouri.

Section 13: Be it further ordained, that the rates charged and the service rendered for domestic, commercial and industrial consumption of natural gas shall be reasonable and as approved by the Public Service Commission or the Commission or other regulatory body then having jurisdiction over rates of public utilities having jurisdiction in the State of Missouri.

Section 14: This Ordinance shall take effect and shall be in full force and effect from and after its passage, approval and ratification by a majority of the voters of Hollister, Missouri, at an election duly called and held as set out herein.

Section 15: It is hereby agreed that Grantee shall pay an annual franchise fee to the City of Hollister, for the rights and privileges granted above, all based upon the gross receipts received for the sale or transport or transportation of natural gas into or within the City limits of said City, exclusive of taxes, from the period and date that the first customer is served natural gas at an initial rate of 5% of sales, to be established, from time to time, by the Board of Aldermen.

It is agreed that the City may excuse from such fees any new enterprise or industry as the City so determines.

Grantee shall provide to the City of Hollister a quarter-annual written report of gross sales and transportation receipts and detail the number of customers served, and provide quarter-annual payments of the then due franchise fees.

Grantee shall also provide an annual audit at Grantee's expense.

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Section 16: Upon commencement of construction, Grantee shall maintain all hazard and liability insurance required in an amount of not less than \$2,000,000; and the City will be named as co-insured under any and all of said policies. Grantee shall file all required proofs of insurance with the Hollister City Clerk and said proofs shall be filed prior to commencement of construction. Grantee shall keep all insurance coverages in full force and effect until excused from doing so by City. A failure to maintain insurance by Grantee shall be a material breach of this Agreement and entitle City to terminate this contract and recover all incidental damages incurred due to this breach.

Section 17: This ordinance shall take effect and be in force from and after its passage and approval provided that written acceptance by either Alliance Gas Energy or Ozark Energy Partners, LLC, shall be filed with the Clerk of the City of Hollister, its acceptance as provided in Section 13 thereof and recorded with the County of Taney.

Section 18: If any section, paragraph, subdivision, clause, phrase, or provision of this ordinance shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this ordinance as a whole, or any remaining parts or provisions, other than the part so decided to be invalid or unconstitutional.

Section 19: That an election shall be held in said City on the 3rd day of April, 2007, for the purpose of ratifying this ordinance. The City Clerk shall be and is hereby ordered and directed to send to the County Clerk of Taney County, Missouri, such notices as are required by law.

The County Clerk is hereby requested to designate voting places in the respective wards or precincts, as follows:

VOTING PLACES

WARD I

HOLLISTER TOWN HALL

WARD II

HOLLISTER MIDDLE SCHOOL

The County Clerk is hereby requested to appoint four (4) judges for each voting place and to designate two (2) of the judges for each voting place as supervisory judges, all such appointments and designations to be done in accordance with the applicable statutes.

The County Clerk is hereby requested to give notice of this election by publication of the notice hereinafter set out, as follows:

TWICE IN THE BRANSON DAILY NEWS, A NEWSPAPER PUBLISHED IN HOLLISTER, MISSOURI

The first publication of such notice shall occur in the second week prior to the election date, and the second publication thereof shall occur within one week prior to said election date.

That the County Clerk is hereby requested to cause the notices of said election, including a sample ballot, to be printed and published as aforesaid, the notice to be insubstantially the following form, to-wit:

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NOTICE OF ELECTION

Pursuant to an Ordinance duly passed by the Board of Aldermen of the City of Hollister, Missouri, and approved by the Mayor thereof, being Ordinance No. 07-03, notice is hereby given that an election will be held in the various wards and voting precincts of said City on Tuesday, the 3rd day of April, 2007, for the purpose of voting upon the following proposition, to-wit:

To ratify and approve said Ordinance No. 07-03 and to grant thereby to either Alliance Gas Energy or Ozark Energy Partners, LLC, its successors and assigns, the right to use the streets, avenues, lanes, alleys, and other public grounds and ways in the City of Hollister, Missouri, as its limits now exist or may be altered, for the purpose of constructing and maintaining an underground natural gas system, with pipes, meters and other apparatus, equipment and appliances necessary therefore, subject to reasonable supervision of the Board of Aldermen as to the place of burying the pipes for said purposes; and for the purpose of procuring, distributing and selling natural gas to the City and the inhabitants thereof for power, heat and any other purpose under regulation of the Missouri Public Service Commission for a period of twenty (20) years, all as provided in said ordinance.

The polls will be open for said election on said day at each of the voting places prescribed herein from 8:00 o'clock in the forenoon until 7:00 o'clock in the afternoon.

SAMPLE BALLOT CARD

(For use with Automatic Tabulating Equipment)

Shall Ordinance No. 07-03 of the City of Hollister, Missouri, granting to either Alliance Gas Energy or Ozark Energy Partners, LLC, its successors and assigns, the right and franchise for a period of twenty (20) years to use the streets, alleys, and other public grounds and ways in the City of Hollister for the construction, installation, and operation of a natural gas transmission and distribution system to provide natural gas service to the City, and providing for a franchise fee on the company which will be passed through to natural gas customers, be approved and ratified?

YES

NO

INSTRUCTIONS TO VOTERS:

If you are in favor of the question, punch a hole opposite "YES".

If you are opposed to the question, punch a hole opposite "NO".

This election has been called by the City of Hollister upon the order and direction of the Mayor and Board of Aldermen and is being conducted by the County Clerk of Taney County.

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Done by the County Clerk of Taney County upon order of the Mayor and Board of Aldermen of the City of Hollister, Missouri, by said Ordinance No. 07-03 duly passed and approved on the 18th day of January, 2007.

County Clerk

That the County Clerk is hereby requested to provide the necessary poll books, tally sheets, tally books, and other election supplies required by law and further to prepare and have printed ballot cards to be used at said election which may be tabulated by automatic tabulating equipment after being properly voted. Said ballot cards shall be in the form set forth above.

Section 20: The City's proportional cost and expense of the election on April 3, 2007 shall be shared equally by the City of Hollister and by either Alliance Gas Energy or Ozark Energy Partners, LLC.

Section 21: This ordinance shall be in full force and effect upon its passage and approval.

Read this first time and second time unanimously and passed by the Board of Aldermen this 18th day of January, 2007.

David G. Tate, Mayor

ATTEST:

APPROVED AS TO FORM:

Sheryl Brashear, C.M.C.
City Clerk

Henry V. Griffin
City Attorney