Exhibit No.:
Issue: Transportation
Witness: W. Scott Keith
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Empire District Gas
Case No. GR-2009-0434
Date Testimony Prepared: December 2009

Before the Public Service Commission of the State of Missouri

Rebuttal Testimony

of

W. Scott Keith

December 2009

REBUTTAL TESTIMONY
OF
W. SCOTT KEITH
THE EMPIRE DISTRICT GAS COMPANY
BEFORE THE
PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI
CASE NO. GR-2009-0434

INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is W. Scott Keith and my business address is 602 S. Joplin Avenue, Joplin, Missouri.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR JOB TITLE AND WHAT ARE YOUR JOB RESPONSIBILITIES?

A. I am presently employed by The Empire District Electric Company as the Director of Planning and Regulatory. I have held this position since August 1, 2005. Prior to joining Empire I was Director of Electric Regulatory Matters in Kansas and Colorado for Aquila, Inc. from 1995 to July 2005.

Q. ON WHOSE BEHALF ARE YOU APPEARING?

A. I am appearing on behalf of The Empire District Gas Company ("EDG" or "Empire"). EDG is a wholly owned subsidiary of The Empire District Electric Co. that was formed to hold the Missouri Gas assets acquired from Aquila, Inc. on June 1, 2006.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND FOR THE COMMISSION.

A. In August 1973, I received a Bachelor of Business Administration degree with a major in Accounting at Washburn University, Topeka, Kansas.

Q. WHAT EXPERIENCE HAVE YOU HAD IN THE FIELD OF PUBLIC UTILITIES?

A. In 1973, I accepted a position in the firm of Troupe Kehoe Whiteaker & Kent as a staff accountant. I assisted in or was responsible for fieldwork and preparation of exhibits for rate filings presented to various regulatory commissions and audits leading to opinions on financial statements of various types of companies including utility companies.

In September 1976, I accepted a position with the staff of the Kansas Corporation Commission ("KCC"). My responsibilities at the KCC included the investigation of utility rate applications and the preparation of exhibits and presentation of testimony in connection with applications that were under the jurisdiction of the KCC. The scope of the investigations I performed on behalf of the KCC included the areas of accounting, cost of service and rate design.

In March of 1978, I joined the firm of Drees Dunn & Company and continued to perform services for various utility clients with that firm until it dissolved in March of 1991.

From March of 1991 until June of 1994, I was self-employed as a utility consultant and continued to provide clients with analyses of revenue requirements, cost of service studies and rate design. In connection with those engagements I also provided expert testimony and exhibits to be presented before regulatory commissions.

As I mentioned earlier, I was employed by Aquila, Inc. as the Director of

Regulatory for its electric operations in Kansas and Colorado from 1995 to July 2005.

Q. HAVE YOU PREVIOUSLY PARTICIPATED IN ANY REGULATORY PROCEEDINGS?

A. Yes, I have. I have testified before regulatory commissions in the states of Kansas, Colorado, Indiana, Missouri, Oklahoma and West Virginia. I have also testified before the Federal Energy Regulatory Commission ("FERC").

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony will respond to the direct testimony of Constellation NewEnergy ("Constellation") witness Richard Haubensak in several areas concerning our transportation tariff proposal and respond to several transportation service recommendations made by the Missouri Public Service Commission Staff ("Staff") in its rate case report.

EXECUTIVE SUMMARY

Q. PLEASE PROVIDE AN OVERVIEW OF YOUR TESTIMONY.

A. My testimony will address the following points raised by Constellation witness Haubensak on Empire's gas transportation tariff proposals:

1. The lack of a version of the proposed transportation tariff that highlighted or "redlined" the changes (Haubensak pg 2);
2. Mandatory telemetry for small volume transportation customers (Haubensak pg 3);
3. Proposed increase in balancing service fee for small volume transportation (Haubensak pg 5); and,
4. Proposed Daily Balancing Fee for transportation customers with telemetry (Haubensak pg 8);

Additional rebuttal to witness Haubensak will be provided by Empire witness Overcast.

Finally, I will outline Empire's general acceptance of several of the Staff's transportation tariff recommendations that were included in the Staff's report in this case.

REVISED TRANSPORTATION TARIFF SHEETS

Q. DID THE EMPIRE DISTRICT GAS COMPANY ("EMPIRE") IN THE PROCESS OF CREATING THE PROPOSED TRANSPORTATION TARIFF CREATE WHAT WITNESS HAUBENSAK HAS DESCRIBED AS A "REDLINE" VERSION OF THE PROPOSED TARIFF?

A. No. Due to the extensive movement of the various sections of the tariff and the addition of many definitions, we did not start with an electronic version of the existing tariff sheet. Thus, no "redline" version of the proposed tariff is available.

Q. DID EMPIRE INFORM CONSTELLATION OF THIS SITUATION?

A. Yes. We informed Constellation last summer in response to Constellation data request 1 that due to the magnitude of the proposed changes a redline version of the tariff was not produced.

Q. WAS ADDITIONAL INFORMATION SURROUNDING THE PROPOSED TRANSPORTATION TARIFF CHANGES PROVIDED TO CONSTELLATION AS PART OF THE DISCOVERY PROCESS IN THIS CASE?

A. Yes. In response to Constellation and Missouri Public Service Commission staff ("Staff") data requests, Empire has provided detailed descriptions of the major transportation tariff changes to Constellation. For example, in response to

Constellation data request 5 dated August 11th, Empire provided a description and explanation of the major changes being proposed to the transportation tariff. Constellation has also been provided copies of several of Empire's responses to Staff's data requests concerning the transportation tariff to include Empire's responses to Staff data requests 130 and 166, which dealt with the major changes Empire was proposing in the transportation tariff. I have attached copies of the information attached to each of these data requests as Schedule WSK-1. As indicated, much of the information has been classified as Highly Confidential since it included customer specific information.

Q. DOES EMPIRE ROUTINELY PRODUCE "REDLINE" VERSIONS OF PROPOSED TARIFF CHANGES?

A. Yes. However, in this particular case, this process would not have produced a useful document due to the major restructuring of the tariff.

Q. WHY?

A. The changes were much too extensive and many involved moving complete sections of the existing tariff from one tariff sheet to another. This type of text movement even if it does not involve the change of a single word would show up as a complete striking of the text, Thus, it would appear in a "redline" version as a change when in fact it just involved moving the text from one sheet to another. Based upon my past experience with word processing and the extent of the changes involved, I believe that the "redline" version of the existing tariff would have resulted in a complete striking of the existing transportation tariff language and the insertion of the proposed transportation tariff language as a change. Given the headers and footers involved with the tariff sheets, I believe this would have created in more confusion concerning the proposed changes, rather than less as witness Haubensak has contended in his direct testimony.

Q. IS EMPIRE PROPOSING THAT TELEMETRY BE REQUIRED FOR ALL OF THE TRANSPORTATION CUSTOMERS?

A. Yes. As Constellation witness Haubensak has pointed out in his direct testimony at page 3, Empire is requesting that all transportation customers, except for the schools exempted by Missouri statute, be required to pay for the installation of telemetry. Under the current transportation tariff, which contains a very low level of consumption to qualify for transportation, (500 Mcf per year), no telemetry is required until a customer's annual consumption exceeds 4,000 Mcf.

Q. WHY IS EMPIRE PROPOSING THIS CHANGE?

A. Our telemetry proposal is designed to help Empire operate the system and track the use of Empire's pipeline transportation and storage arrangements by transportation customers and provide a reasonable and accurate allocation of costs when Empire's storage and transportation arrangements are used by transportation customers.

Q. DO YOU AGREE WITH CONSTELLATION WITNESS HAUBENSAK'S STATEMENT AT PAGE 4 OF HIS DIRECT TESTIMONY THAT SMALL VOLUME TRANSPORTATION CUSTOMER USAGE IS VERY PREDICTABLE AND THAT TELEMETRY EQUIPMENT IS NOT NECESSARY?

A. No. Based upon the past billing history I have reviewed, the load (usage) of small volume transportation customers has not been predicted accurately, especially in the winter, and the gas nominations made for this customer group does not match the group or pools consumption. This can result in significant monthly cash out volumes for small transportation customer pools and marketers.

Q. DO MARKETERS ON BEHALF OF SMALL VOLUME TRANSPORTATION CUSTOMERS ROUTINELY ADJUST THE LEVEL OF NATURAL GAS FLOWING INTO EMPIRE'S SYSTEM DURING A MONTH DUE TO CHANGES IN WEATHER CONDITIONS?

A. No. Based upon my review of Empire's small volume marketer pool billing records, marketers do not routinely adjust the levels of gas flowing into our system on behalf of small volume customers due to changes in weather conditions during a month. I have attached an analysis of a small volume transportation pool's nominations for the month of January 2009 as Schedule WSK-2. As indicated, the daily nominations submitted by the marketer in this instance remained constant for two-thirds of the month despite the fact that the weather, in terms of Heating Degree Days (HDD) changed significantly. This led to a monthly imbalance of 10.7 percent by the end of the month. Also, there were undoubtedly large daily imbalances created during the month as the small customers actual usage changed with the changes in temperature. Telemetry would have enabled the marketer to avoid this situation by tracking the daily consumption of the pool and adjusting its gas nominations to match customer usage. Ironically, the increase in the gas delivered into the system that took place during the last 10 days of the month only contributed to increasing the imbalance in this particular instance.

BALANCING FEE

Q. ARE THE BALANCING FEES EMPIRE IS PROPOSING TO IMPLEMENT OR INCREASE IN THIS RATE CASE RETAINED BY EMPIRE?

A. No. As Mr. Haubensak points out a page 5 of his direct testimony, the fees collected by Empire for balancing flow back to Empire's sales customers in the form of lower Purchase Gas Adjustment ("PGA") charges.

Q. HAS THE MONEY COLLECTED FROM THESE FEES ALWAYS FLOWED THROUGH THE PGA TO THE SALES CUSTOMERS?

A. The fees have flowed back since Empire has operated the system, and I believe that has probably been the case since the advent of the PGA and the implementation of transportation balancing fees on the system.

Q. WHY ARE THE TRANSPORTATION BALANCING FEES PASSED THROUGH EMPIRE'S PGA AS A REDUCTION IN GAS COST TO EMPIRE'S SALES SERVICE CUSTOMERS?

A. The balancing fees charged to the transportation customers are used to reduce the sales service PGA charges because the pipeline storage and transportation costs used to balance the system are properly included in the PGA and recovered from the sales service customers.

Q. DOES EMPIRE RETAIN ANY OF THE REVENUE ASSOCIATED WITH THE IMPLEMENTATION OF NEW BALANCING FEES OR AN INCREASE IN THE EXISTING BALANCING FEES ON TRANSPORTATION CUSTOMERS?

A. No. All transportation balancing revenue will flow through to the sales service customers as a reduction in PGA charges.

Q. DOES EMPIRE CURRENTLY PROVIDE BALANCING SERVICE TO THE POOL OF SMALL VOLUME TRANSPORTATION CUSTOMERS IN YOUR PREVIOUS EXAMPLE UNDER THE EXISTING TRANSPORTATION TARIFF?

A. Yes. The small volume transportation customers are required to pay Empire for balancing service. The existing fee is $.0075 per 100 cubic feet ("Ccf"). Empire has proposed to increase the fee for this service to $0.025 per Ccf, and limit its availability to schools taking transportation service without telemetry.

Q. DO YOU AGREE WITH CONSTELLATION WITNESS HAUBENSAK'S STATEMENT AT PAGE 5 OF HIS DIRECT TESTIMONY, THAT THE EXISTING BALANCING FEE IS DESIGNED TO COMPENSATE EMPIRE FOR THE SMALL VOLUME CUSTOMERS USE OF STORAGE?

A. For the most part I agree with Mr. Haubensak's characterization of this fee, but I think a better characterization of this fee is that it represents a fee for no notice service to compensate Empire's firm customers. This type of service involves a combination of storage and gas flowing on the system. In the example attached to my testimony as Schedule WSK-2, the small volume customer pool continued to input gas into the system at a steady rate despite the fact that the weather had changed throughout the month. The extra gas delivered by the marketer essentially contributed to storage injections during relatively warm weather and storage withdrawals during periods of colder weather.

Q. IS THE INCREASE IN THE BALANCING FEE FROM $0.0075 TO $0.025

PER CCF FOR THE SMALL VOLUME TRANSPORTATION CUSTOMERS AND MENTIONED BY MR. HAUBENSAK AT PAGE 5 OF HIS DIRECT TESTIMONY REASONABLE AND SUPPORTED BY AN ANALYSIS OF THE UNDERLYING COSTS?

A. Yes it is. It is my understanding that the existing fee ($0.0075 per Ccf) has not been changed since Aquila, Inc. first implemented it in 2001, so it is over eight years old and needs to be updated. I have analyzed the underlying costs on Empire's South system, the largest of the three systems Empire operates, and determined that the average cost of no notice service is $0.027 per Ccf versus the $0.025 Ccf requested in Empire's filing. My analysis is based upon the costs (storage and transportation) that were included in Empire's most recent Actual Cost Adjustment filing on October 30, 2009. I have attached this analysis to my testimony as ScheduleWSK-3.

<u>DAILY BALANCING</u>

Q. HAS EMPIRE PROVIDED CONSTELLATION WITH INFORMATION THAT SUPPPORTED THE $1.25 PER MCF DAILY BALANCING FEE FOR LARGE VOLUME TRANSPORTATION CUSTOMERS[1]?

A. Yes. This information was provided to Constellation in response to Constellation data request number 6. In addition, I have updated the cost support for this proposed charge and attached it to my testimony as Schedule WSK-4.

Q. PLEASE DESCRIBE SCHEDULE WSK-4.

A. Schedule WSK-4 is an analysis of the storage and transportation costs in Empire's

[1] Haubensak direct at page 8, lines 20 and 21.

most recent PGA filing made on October 30, 2009. As indicated, the weighted average cost of no notice service on the Empire systems is $1.33 as compared to our proposal of $1.25 per Mcf.

Q. CAN THE LARGE TRANSPORATION CUSTOMERS AND LARGE CUSTOMER TRANSPORATION POOLS AVOID THIS CHARGE BY MATCHING DAILY NOMINATIONS TO ACTUAL USAGE?

A. Yes. If the customers match nominations and usage within ten (10) percent, the fee does not apply.

Q. DO THE LARGE VOLUME TRANSPORTATION CUSTOMERS ON THE EMPIRE SYSTEM PAY A BALANCING FEE IN THE EXISTING TRANSPORATION TARIFF?

A. No. Unlike the small volume transportation customers who pay a fee of $.0075 per Ccf, the tariff used to serve the large volume transportation customers does not contain a charge from Empire for balancing.

Q. DOES EMPIRE PROVIDE DAILY BALANCING SERVICE TO THE LARGE TRANSPORTATION CUSTOMERS?

A. Yes. Although the large volume transportation customers have telemetry in place and the ability to better match gas nominations with usage, their consumption rarely exactly matches their nominations on a daily basis. These over/under deliveries of gas are balanced by Empire using its storage and transportation arrangements. At the present time the tariff includes no fees for this daily balancing service.

Q. DO THE LARGE VOLUME TRANSPORTATION CUSTOMERS CURRENTLY HAVE TELEMETY INSTALLED THAT MEASURES DAILY GAS CONSUMPTION?

A. Yes. Mandatory telemetry has been in place for this customer group for years.

Q. DO ALL LARGE VOLUME TRANSPORTATION CUSTOMERS OR POOLS OF LARGE VOLUME POOL CUSTOMERS OPERATE IN AN IDENTICAL MANNER IN TERMS OF THEIR DAILY IMBALANCE?

A. No. Some of the customers and marketers are able to match gas nominations and gas usage closer than others.

Q. CAN YOU PROVIDE AN EXAMPLE OF A LARGE VOLUME TRANSPORTATION CUSTOMER POOL OR CUSTOMER THAT DOES NOT CLOSELY MATCH NOMINATIONS TO USAGE ON A DAILY BASIS?

A. Yes. I have attached an example of a large volume customer pool that does not appear to use the daily telemetry readings to adjust its daily gas nominations as Schedule WSK-5.

Q. PLEASE DESCRIBE SCHEDULE WSK-5.

A. Schedule WSK-5 is an analysis of daily nominations and usage for a large volume transportation pool on Empire's South system during May of 2009. As indicated, the marketer in charge of this pool of customers did not change the daily nomination for this pool from 1,371 MMBtus for the first 26 days of the month. During the last 5 days of the month, the marketer abruptly dropped the daily nomination to 1 MMBtu. This probably occurred when it became clear to the marketer that the pool would be significantly over delivered at the end of the month and face substantial monthly balancing charges. It is also clear from this schedule that the marketer in charge of this particular pool of customers did not take into account weekend drops in usage or the Memorial Day Holiday, which also had a substantial reduction in usage in the pool. It is apparent that without a daily balancing fee, there is little incentive for the large volume transportation customer to match nominations and usage on a daily basis under the current tariff.

Q. PLEASE CONTINUE WITH AN EXPLANATION OF THE PROPOSED DAILY BALANCING FEE AND HOW IT WOULD HAVE AFFECTED THIS CUSTOMER POOL IF IT HAD BEEN IN PLACE IN MAY OF 2009.

A. The last three columns of Schedule WSK-5 display the impact of the proposed daily balancing fee on this account had it been in place in May of 2009. As indicated, the proposed fee of $1.25 Mcf is applied to the daily imbalance after reducing it for the ten percent tolerance allowance that is built into the proposed tariff. Specifically, the application of the proposed daily balancing fee to this particular pool of customers would have resulted in a daily balancing fee of over $13,000. As I indicated earlier, this revenue would ultimately pass through the PGA as a reduction in PGA costs for Empire's sales service customers.

Q. IS THE LARGE VOLUME TRANSPORTATION CUSTOMERS USE OF EMPIRE'S STORAGE ARRANGEMENTS SIMILAR TO THAT OF THE SMALL VOLUME TRANSPORTATION CUSTOMERS?

A. Yes. The extent of this customer group's use of Empire's storage arrangements is directly related to how close they match their nominations to their gas usage. In the example I have attached to my testimony as Schedule WSK-5, the use of Empire's storage and no notice service arrangements is substantial and very much like that of a small volume transportation customer. In some respects, the impact of the mismatch in large volume receipts and deliveries can have a much more significant impact on Empire's gas operation due to the sheer size of the deliveries, especially in the summer months when Empire's sales service usage is very low.

Q. PLEASE DESCRIBE THE STAFF'S RECOMMENDATIONS CONCERNING THE PROPOSED TRANSPORTATION TARIFFS.

A. I would characterize the Staff's recommendations on the proposed transportation tariff as more of a clarification of some of the terms and conditions included in Empire's proposed tariff. I have included a list of the Staff's recommendations in this area below:

1. Include language in the proposed tariff that the ownership and maintenance of the telemetry equipment remains with Empire and will be treated as customer contributed property.
2. New transportation customers that had not previously received sales or transportation service from the Empire will be excluded from any PGA charges.
3. All provisions referencing a requirement for certification as an energy seller are to be removed from the proposed tariff.
4. Given the mandatory telemetry requirement that Empire has in its proposed transportation tariff that it allow a period of transition for existing customers and that the customer be granted the ability to subscribe to Balancing service until the telemetry can be installed.

5. Add language to the Security Performance section of the proposed transportation tariff as follows:

    a. *"satisfactory to cover a reasonable assessment of risk of each particular situation" and*

    b. *"Proceeds from insurance payments or bonds payable in the event of a default shall flow through the Company's PGA t the degree necessary to safeguard sales customers from negative repercussion of a contract customer's default.*

Q. DOES EMPIRE ACCEPT THE STAFF'S RECOMMENDATIONS IN THIS AREA OF THE TRANSPORTATION TARIFF?

A. Yes.

Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

A. Yes, it does.

SCHEDULE WSK-2

THE EMPIRE DISTRICT GAS COMPANY
ANALYSIS OF SMALL VOLUME POOL NOMINATIONS AND DEGREE DAYS
JANUARY 2009

Date	Day	Average Temp	Heating Degree Days	Nominations Small Vol SSCP-Ccf	Actual Usage	Monthly Imbalance	Percentage
1-Jan-09	Thursday	33.5	31.5	509			
2-Jan-09	Friday	36.5	28.5	509			
3-Jan-09	Saturday	39.0	26.0	509			
4-Jan-09	Sunday	18.5	46.5	509			
5-Jan-09	Monday	25.0	40.0	509			
6-Jan-09	Tuesday	31.5	33.5	509			
7-Jan-09	Wednesday	32.0	33.0	509			
8-Jan-09	Thursday	24.0	41.0	509			
9-Jan-09	Friday	42.5	22.5	509			
10-Jan-09	Saturday	23.5	41.5	509			
11-Jan-09	Sunday	31.0	34.0	509			
12-Jan-09	Monday	29.5	35.5	509			
13-Jan-09	Tuesday	17.5	47.5	509			
14-Jan-09	Wednesday	19.5	45.5	509			
15-Jan-09	Thursday	2.5	62.5	509			
16-Jan-09	Friday	13.0	52.0	509			
17-Jan-09	Saturday	34.0	31.0	509			
18-Jan-09	Sunday	40.5	24.5	509			
19-Jan-09	Monday	28.0	37.0	509			
20-Jan-09	Tuesday	23.0	42.0	509			
21-Jan-09	Wednesday	34.0	31.0	509			
22-Jan-09	Thursday	46.0	19.0	895			
23-Jan-09	Friday	30.5	34.5	895			
24-Jan-09	Saturday	12.5	52.5	895			
25-Jan-09	Sunday	16.0	49.0	895			
26-Jan-09	Monday	16.0	49.0	895			
27-Jan-09	Tuesday	14.5	50.5	895			
28-Jan-09	Wednesday	18.5	46.5	895			
29-Jan-09	Thursday	32.0	33.0	895			
30-Jan-09	Friday	34.0	31.0	895			
31-Jan-09	Saturday	48.5	16.5	895			
Total				19,639	17,536	(2,103)	-10.7%

The Empire District Gas Company
Estimated Storage Cost per MCF Sold
Small Volume Transportation-None Telemetry

SCHEDULE WSK-3

Description	Billing Unit	Months		Rate		Cost
Southern Star Central Pipeline						
No Notice Fee	39,618	12	$	0.0213	$	10,126
FSS Deliverability	23,928	12	$	0.8517		244,554
Storage Injection Loss@3.59%	29,403		$	5.0000		147,015
Firm Transportation Cost on Storage Volume:						
Demand/Commodity Cost @100% LF	842,620		$	0.3491		294,159
Total Storage Related Costs					$	695,854
Estimated Sales-MCF						2,577,106
Average Cost Per MCF					$	0.2700

The Empire District Gas Company
Estimated Storage Cost per MCF Sold
Large Volume Transportation-Telemetry

SCHEDULE WSK-4

Description	Billing Unit	Months		Rate		Cost	Ratio		Weighted Cost
Southern Star Central Pipeline									
No Notice Fee	1.0000	1	$	0.0213	$	0.0213			
FSS Deliverability	1.0000	1	$	0.8517		0.8517			
Storage Injection Loss@3.59%	0.0372		$	5.0000		0.1862			
						1.0592			
Firm Transportation Cost on Storage Volume:									
Demand/Commodity Cost @100% LF	1.1068		$	0.3516	$	0.3892			
Total Storage Related Costs					$	1.4483			
Estimated Sales-MCF						1			
Average Cost Per MCF					$	1.4483	63.50%	$	0.9197
Panhandle Eastern Pipeline									
Deliverability Charge									
FS	1.0000	1	$	0.4028	$	0.4028			
Winter	1.0000	0.0833	$	3.3500		0.2792			
Summer	1.0000	-	$	3.3500		-			
Storage Injection Cost@3.27%	0.0338		$	5.0000		0.1690			
						0.8510			
Firm Transportation Cost on Storage Volume@losses of 1.13%	1.0456		$	0.3519	$	0.3680			
Total Storage Related Costs					$	1.2189			
Estimated Sales-MCF						1			
Average Cost Per MCF					$	1.2189	22.75%	$	0.2773
ANR Pipeline									
Transport (South Only)-losses@1.36%	1.0136		$	0.9147	$	0.9271			
Storage Losses@1.07%	0.0108		$	5.0000		0.0541			
Total					$	0.9812			
Estimated Sales-MCF						1			
Average Cost Per MCF					$	0.9812	13.75%	$	0.1349
Total Weighted Cost								$	1.3319

THE EMPIRE DISTRICT GAS COMPANY
ANALYSIS OF LARGE VOLUME POOL NOMINATIONS AND USAGE
MAY 2009

SCHEDULE WSK-5

Date	Day	Actual Usage City Gate-Mcf	Nominations Lrg Vol Pool SSCP-Mcf(A)	Daily Imbalance	Cumulative Imbalance	Daily Imbalance As a Percent of Nom	Ten Percent Tolerance	Excess Imbalance	Proposed Imbalance Fee
1-May-09	Friday	1,129	1,367	(238)	(238)	-17%	137	(102)	$ 127
2-May-09	Saturday	791	1,370	(579)	(818)	-42%	137	(442)	553
3-May-09	Sunday	884	1,368	(485)	(1,302)	-35%	137	(348)	435
4-May-09	Monday	1,186	1,365	(179)	(1,482)	-13%	137	(43)	53
5-May-09	Tuesday	1,156	1,369	(213)	(1,694)	-16%	137	(76)	95
6-May-09	Wednesday	1,164	1,369	(204)	(1,899)	-15%	137	(67)	84
7-May-09	Thursday	1,102	1,372	(270)	(2,169)	-20%	137	(133)	166
8-May-09	Friday	990	1,361	(371)	(2,540)	-27%	136	(235)	294
9-May-09	Saturday	916	1,362	(446)	(2,986)	-33%	136	(310)	387
10-May-09	Sunday	991	1,365	(375)	(3,361)	-27%	137	(238)	298
11-May-09	Monday	1,125	1,359	(234)	(3,595)	-17%	136	(98)	122
12-May-09	Tuesday	1,054	1,364	(310)	(3,905)	-23%	136	(174)	217
13-May-09	Wednesday	1,016	1,370	(354)	(4,259)	-26%	137	(217)	271
14-May-09	Thursday	1,170	1,367	(198)	(4,456)	-14%	137	(61)	76
15-May-09	Friday	1,007	1,370	(363)	(4,820)	-27%	137	(226)	283
16-May-09	Saturday	655	1,390	(735)	(5,555)	-53%	139	(596)	745
17-May-09	Sunday	905	1,398	(493)	(6,048)	-35%	140	(353)	442
18-May-09	Monday	1,291	1,403	(112)	(6,160)	-8%	140	28	35
19-May-09	Tuesday	1,252	1,400	(148)	(6,308)	-11%	140	(8)	10
20-May-09	Wednesday	1,251	1,398	(147)	(6,455)	-11%	140	(7)	9
21-May-09	Thursday	1,182	1,392	(210)	(6,665)	-15%	139	(71)	89
22-May-09	Friday	964	1,369	(405)	(7,070)	-30%	137	(268)	335
23-May-09	Saturday	549	1,379	(829)	(7,900)	-60%	138	(692)	864
24-May-09	Sunday	529	1,379	(850)	(8,750)	-62%	138	(712)	890
25-May-09	Monday	714	1,374	(660)	(9,410)	-48%	137	(523)	654
26-May-09	Tuesday	1,211	1,366	(155)	(9,565)	-11%	137	(19)	23
27-May-09	Wednesday	1,172	1	1,171	(10,736)	117057%	0	(1,170)	1,463
28-May-09	Thursday	1,131	1	1,130	(11,866)	112989%	0	(1,130)	1,412
29-May-09	Friday	925	1	924	(12,790)	92446%	0	(924)	1,155
30-May-09	Saturday	596	1	595	(13,385)	59495%	0	(595)	744
31-May-09	Sunday	738	1	737	(14,123)	73733%	0	(737)	922
Total		30,744	35,753	(5,008)	(40,761)	-14.0%			$ 13,254

25-May-09 Monday National Holiday

Note (A): Adjusted for BTU content. Actual pipeline nominations remained fixed at 1,371 MMBtus from May 1st until May 26th.

****Denotes Highly Confidential****

Constellation NewEnergy-Gas Division, LLC Number 1

DATA REQUEST TO EMPIRE DISTRICT GAS COMPANY

CASE NO.: GR-2009-0434

REQUESTED BY: Richard Haubensak

REQUESTED FROM: Jayna Long; Angela Cloven

DATE OF REQUEST: July 16, 2009

BRIEF DESCRIPTION: Transportation Issues

INFORMATION REQUESTED:

Please provide a redline version of the proposed transportation tariffs in this case, filed as tariff sheets 23-45.

Response: The changes made to the transportation tariff were very extensive and a redline version of the changes was not produced. Attached is a Word version of the proposed transportation tariff.

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Copies of your response to this Data Request should be provided via email to: Richard Haubensak at Richard.Haubensak@constellation.com and William D. Steinmeier at wds@wdspc.com.

The information provided in response to the above information request is accurate and complete and contains no material misrepresentations or omissions based upon present known facts to the undersigned. The undersigned agrees to immediately inform Constellation NewEnergy-Gas Division, LLC if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information.

Date: 07/20/09 Signed by: Scott Keith

Title: Director of Planning & Regulatory

NP

A. PURPOSE

This program allows non-residential customers the opportunity to purchase natural gas directly from producers and arrange their own delivery or to purchase gas from marketers or aggregators who have entered into contracts with the Company to act on behalf of customers to supply gas to the Company's city gate for delivery on a firm or interruptible basis on the Company's distribution system.

B. AVAILABILITY OF TRANSPORTATION SERVICE

Natural Gas Transportation Service ('NGTS") is available to qualifying non-residential customer (s) upon Customer (s) request provided the Company has sufficient distribution capacity to supply such service. All transportation customers must meet the criteria set out below and be able to arrange for the delivery of sufficient natural gas supplies for Customer's account to the appropriate Company city gate. NGTS is available under the following rate schedules:

1. Small Volume Firm Transportation Service Small (SVFTS)
2. Small Volume Firm Transportation Service Medium (SVFTM)
3. Small Volume Firm Transportation Service Large (SVFTL)
4. Large Volume Firm Transportation Service (LVFT)
5. Large Volume Interruptible Transportation Service (LVIT)
6. Large Volume Flexible Transportation Service (LVFT)
7. Customers are eligible for NGTS on Company's South, North or Northwest distribution systems if the customer qualifies for sales service under one or more of the following rate schedules:
   a. Small Commercial Firm Service Medium;
   b. Small Commercial Firm Service Large;
   c. Large Volume Firm Service;
   d. Large Volume Interruptible Service;
   e. School Districts as defined pursuant to Section 393.310, RSMo; and
   f. New Customers providing sufficient documentation and qualifying for service under the above rate schedules

C. DEFINITIONS

1. AGGREGATION – The combination of nominations and balancing of natural gas supplies by an Aggregator for deliveries to more than one Customer from Receipt Point(s) served by a common Interstate Pipeline. To qualify for Aggregation service, Customer (s) must be served by a common Interstate Pipeline in the same Interstate Pipeline operating zone and be on the same rate schedule.

2. AGGREGATION POOL – A group of more than one Customer, with each Customer meter qualifying under the applicable rate schedule for transportation service. Any Aggregator or Marketer that serves more than one Customer that is eligible for the purpose of forming an Aggregation Pool will be deemed to be an Aggregator, and will be required to execute an Aggregator Agreement.

3. AGGREGATOR – An entity that is responsible for the Aggregation of natural gas to be delivered to more than one Customer. Any Aggregator or Marketer that serves more than one Customer that is eligible to be pooled for the purpose of forming an Aggregation Pool will be deemed to be an Aggregator, and will be required to execute an Aggregator Agreement as well as a Marketer Agreement.

4. AGGREGATOR AGREEMENT- A contract between the Company and an Aggregator that sets out the services requested, the responsibilities of the parties and the term of the agreement.

5. ANCILLARY SERVICE- A service that is ancillary to the receipt or delivery of Natural Gas, including without limitation storage and balancing.

6. **BALANCING** - Equalizing the quantity of transport gas received by the Company for the account of a Customer or Aggregator with the quantity of the gas delivered, including L&U, to a Customer(s) for the account of that Customer(s).

7. **COMPANY** – The Empire District Gas Company

8. **COMPANY FACILITY** – Any equipment including pipe, fittings, regulators, and valves operated by Company for the measurement and delivery of natural gas to Customer.

9. **COMPANY'S INTERSTATE TRANSPORTATION AND STORAGE SERVICES**- Firm interstate transportation and storage services that the Company has under contract with interstate pipeline companies. Currently, the Interstate Pipelines directly interconnected to the Company's distribution systems that provide Transportation and Storage Services include: a) Southern Star Central Pipeline, b) Panhandle Eastern Pipeline Company, and c) ANR Pipeline Company.

10. **CONTRACT DEMAND**-The maximum daily load of the customer based on the gas consuming facilities at the customer's premise and the maximum daily obligation of the Company to deliver gas to the customer.

11. **CURTAILMENT** – Interstate Pipeline (s) or local distribution system constraints or conditions or that force restrictions of natural gas deliveries to Customer(s), Aggregator(s) or Marketer(s).

12. **CUSTOMER** – Any person, firm, public or private corporation or any agency of the federal, state, or local government or other legal entity who physically consumes natural gas at facilities located on the Company's natural gas distribution system and qualifies for transportation service.

13. **CUSTOMER FACILITY** – Any equipment including pipe, fittings, regulators, and valves owned by Customer for receiving and using natural gas delivered by Company.

14. **CUSTOMER VERIFICATION FORM** – The form that is required to be filed with Company when Customer(s), Aggregator(s) or Marketer(s) are requesting changes in the transportation status.

15. **DAILY NOMINATION REQUIREMENT** - The quantity of natural gas required to be delivered to the Company at receipt point (s) for the account of a Customer or Aggregator to meet: 1) Customer or Aggregator daily flowing gas requirements, 2) Customer, Aggregator or Marketer L&U, and 3) correction of Customer, Aggregator or Marketer Imbalance existing at the end of the preceding gas day.

16. **DELIVERIES** - The quantity of gas delivered by Company to Customer (s) for the account of Customer or Aggregator.

17. **DELIVERY POINT** - The location where the Company and Customer have agreed that the natural gas received by the Company from a Marketer, Aggregator or Customer will be delivered to the Customer by the Company.

18. **DEMAND VOLUME** – The greater of the maximum consumption during a twenty-four (24) hour period as measured by the Company's telemetry equipment during a Gas Day during a one-year period beginning September 1 and ending August 31, or the Contract Demand of the customer. Demand volume will be calculated annually each September based upon the prior twelve-month period. In the event that telemetry readings are not available, the Demand Volume may also be established by mutual agreement of the parties and set forth in the Transportation Contract between Company and Customer as the Contract Demand.

TRANSPORTATION SERVICE
NATURAL GAS

19. **FORCE MAJEURE** - The term "Force Majeure" as employed herein shall mean acts and events not within the control of the party claiming suspension and shall include acts of God, strikes, lockouts, material or equipment or labor shortages, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, interruptions by government or court orders, present or future orders of any regulatory body having proper jurisdiction, civil disturbances, explosions, breakage or accident to machinery or lines of pipes, freezing of wells or pipelines, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which, by the exercise of due diligence, such party is unable to overcome. If either the Company, Marketer, Aggregator or Customer is rendered unable by Force Majeure to wholly or in part carry out its obligations under the provisions of any rate schedule, the obligations of the party affected by such Force Majeure, other than the obligation to make payments there under, shall be suspended during the continuance of any inability so caused but for no longer period; and such cause shall, in so far as possible, be remedied with all reasonable dispatch. Notwithstanding the foregoing, the service provided by Company hereunder is limited to the transportation of Marketer, Aggregator or Customer owned gas received by the Company for the account of Marketer, Aggregator or Customer. In the event of a Force Majeure condition that restricts or limits Marketer, Aggregator's or Customer's ability to deliver natural gas to Company for the account of the Marketer, Aggregator or Customer, Company is under no obligation to deliver gas to Marketer, Aggregator or Customer. Company is under no obligation to deliver gas to the Marketer, Aggregator or Customer for the account of Marketer, Aggregator or Customer that has not been received by the Company for the account of Marketer, Aggregator or Customer.

20. **GAS DAY** - The twenty-four (24) hour period that begins at 9:00 AM Central Time and ends at 9:00 AM Central Time the following day. This definition corresponds with the applicable defined Gas Day of the Company's Interstate Transportation pipelines. Any changes by the Company's Interstate Transportation pipeline (s) of the definition of Gas Day will be adopted by the Company and become effective hereunder on the same day such change becomes effective for the pipeline.

21. **IMBALANCE**- The difference at any time, whether positive or negative, between the volumes of gas received including L&U, at a Receipt Point on behalf of a Customer, Aggregator or Marketer and the volumes of gas delivered by the Company at the specified Delivery Point(s) of the Customer, Aggregator or Marketer. A positive (excess) Imbalance condition exists when receipts exceed deliveries. A negative (deficiency) Imbalance condition exists when Deliveries exceed Receipts. When a Customer, Aggregator or Marketer has an Imbalance, the Company has either provided gas from Company Storage Service to the Customer, Marketer or Aggregator to meet a deficiency of Receipts, or stored gas for the Customer, Aggregator or Marketer to meet an excess of Receipts.

22. **LOST AND UNACCOUNTED FOR ("L&U")** - The quantity of natural gas used and/or lost as part of the Company's normal operation of the South, North and NW distribution systems. L&U charges will be based upon the Company's South, North and NW individual system-wide L&Us as computed in the Company's annual PGA filing and applied on a volumetric basis to the quantity of gas delivered to the Customer in the year following the PGA filing. See Sheets 62, 63 and 64 of the Company's tariff.

23. **MARKETER** – An entity that is responsible for acquiring natural gas supplies and reselling these natural gas supplies to a Customer(s). Any Aggregator or Marketer that serves more than one Customer that is eligible to be pooled for the purpose of forming an Aggregation Pool will be deemed to be an Aggregator, and will be required to execute an Aggregator Agreement as well as a Marketer Agreement.

TRANSPORTATION SERVICE
NATURAL GAS

24. **MARKETER AGREEMENT**- The written contract between Company and Marketer that specifies the services to be provided, the responsibilities of the parties and the term of the agreement.

25. **MAXIMUM DAILY IMBALANCE** - The maximum quantity of natural gas which at the end of any Gas Day Company will allow Customer, Marketer or Aggregator to be out-of-balance (Imbalance) without additional charge.

26. **MONTH** - The period beginning on the first Day of a calendar month and ending on the beginning of the first Day of the next succeeding calendar month.

27. **MONTHLY IMBALANCE** - The difference between monthly confirmed Receipts and Deliveries.

28. **NOMINATION** - The quantity of natural gas that a Customer, Marketer or Aggregator causes to be received by the Company at each Receipt Point during a Gas Day for the account of the Customer (s). The Customer, Marketer or Aggregator has the obligation to nominate a quantity of gas at the Receipt Point that matches the quantity of gas Deliveries to the Customer (s), including L&U to avoid the creation of Imbalances on the Company's distribution system. The quantity of natural gas nominated must be equalized as far as practicable over a Gas Day and for the services provided hereunder natural gas is assumed to have been received by the Company uniformly during each hour of the Gas Day.

29. **OPERATIONAL FLOW ORDER ("OFO")** - Any order from the Company or applicable Interstate Transportation pipeline(s) that requires Customer, Aggregator or Marketer to maintain the daily delivery of specified quantities of natural gas to the Receipt Point. Notification of a Company issued OFO shall be made via Company's website, facsimile or electronic mail. Any OFO declared by an applicable Interstate Pipeline is also an OFO on that part of the Company's system served by the Interstate Pipeline issuing the OFO. Notification of an Interstate Pipeline OFO shall come from the Interstate Transportation pipeline.

30. **RECEIPTS** - The quantity of natural gas actually delivered to Company for the account of a Customer, Marketer or Aggregator at Receipt Point(s) as confirmed by the delivering Interstate Transportation pipeline.

31. **RECEIPT POINT OR CITY GATE** – Interconnection point between Company and Interstate Pipeline delivering natural gas to Company's local distribution system.

32. **TELEMETRY** – An electronic recording device with remote monitoring features that is capable of obtaining, accumulating, recording and transmitting a Customer's daily gas consumption on a real time basis for natural gas delivered by the Company to the Customer's Facility.

33. **TRANSPORTATION CONTRACT** - The written document between Company and Customer that specifies the transportation services to be provided, the responsibilities of the parties and the term of the agreement.

34. **TRANSPORTATION CUSTOMER WEBSITE** – The Company supplied website that displays an individual Customer's transportation metrics, such as, nominations, natural gas consumption and imbalance status.

35. **TRANSPORTATION SERVICE** - The physical movement of Customer or Aggregator owned natural gas through the Company's distribution system from Receipt Point(s) to Delivery Point(s).

36. UNAUTHORIZED RECEIPT - During periods when the Company's system is being operated under an OFO or Curtailment, the Customer, Aggregator or Marketer must take delivery of an amount of natural gas from the Company that is no less than the hourly or daily amount being received by the Company from the connecting Interstate Pipeline for the Customer's account. All volumes delivered to the Customer, Aggregator or Marketer which are less than volumes received by the Company from the applicable Interstate Pipeline for the Customer's, Aggregator's or Marketer's account, that are in violation of the above condition, with the exception of a 5% daily tolerance, shall constitute an Unauthorized Receipt by Customer to Company.

37. UNAUTHORIZED DELIVERY - During periods when the Company's system is being operated under an OFO or Curtailment, the Customer, Aggregator or Marketer must take delivery of an amount of natural gas from the Company that is no more than the hourly or daily amount being received by the Company from the applicable Interstate Pipeline for the Customer's, Aggregator's or Marketer's account. All volumes delivered to the Customer, Aggregator or Marketer in excess of volumes received by the Company from the applicable Interstate Pipeline for the Customer's, Aggregator's or Marketer's account, that are in violation of the above condition, with the exception of a 5% daily tolerance, shall constitute an Unauthorized Delivery by Customer.

D. TRANSPORTATION PROGRAM PROVISIONS

1. **Contract Requirements**: All transportation customers must execute a written contract for transportation services with the Company prior to commencing transportation services. Contract forms are available from the Company.

2. **Term**: Any Transportation Service will be for a minimum term of one year and will be specified in the Transportation Contract.

3. **Gas Supply**: A transportation Customer will be responsible for the purchase and transportation of its entire natural gas Deliveries, including L&U, to the appropriate Receipt Point.

4. **Metering Requirements**: All transportation Customers, with the sole exception of individual schools participating pursuant to Section 393.310 RSMO are required to install telemetry at the Customer Facility. Individual schools participating pursuant to Section 393.310 RSMO with annual gas consumption greater than 100,000 Ccf are required to install telemetry. Customers will be required to provide adequate space for the installation of the telemetry equipment and to reimburse Company for all installation, replacement and maintenance costs associated with the telemetry equipment. Customer is also required to install and maintain a dedicated line of communication to the telemetry equipment and provide all other utilities as may be necessary to operate the telemetry equipment.

5. **Accounting Period**: Transportation volume accounting periods will be based on a calendar month.

6. **Transport Notice Requirement**: Customer shall notify the Company a minimum of thirty (30) days prior to the beginning of the next calendar month of their intent to begin or change service under the applicable transportation rate. Transportation Notice shall be given by Customer by the filing of a Customer Verification Form or addendum thereto with the Company.

7. **Change in Transportation Service**: Any change in Customer transportation service shall occur at the start of the next available calendar month, or the next available month in which telemetry is available at the Customer Facility. See paragraphs D 25 and 26 for time restrictions relating to a change in sales/transportation customer status. Customer Verification Form shall include Customer, Marketer and/ Aggregator or names and addresses; Receipt Point (s) and Delivery Point(s) to be nominated; service(s) to be subscribed for; billing information; and other information as the Company may deem appropriate. Changes in Transportation service will not commence until the Customer has executed a written Customer Verification Form with the Company.

   A. Marketers and/or Aggregators who notify Company on behalf of Customers of the Customer's intent to convert from Sales to Transportation Service or to change the status of a Customer's transportation without the written approval of Customer shall pay a penalty of $100 to Company per Customer per occurrence. Repeated occurrences by Marketer and/or Aggregator may result in the termination of the Marketer's and/or Aggregator's Agreement(s).

8. **Other Charges:** New Customer(s) or Customer(s) shifting to Transportation Service from Sales Service shall be charged the appropriate system's ACA, Refund, TOP and TC factors as listed on Company's sheet numbers 61-64 for a period of one year after changing from Sales Service to Transportation Service. A true-up of ACA balances shall take place after one year of charges. After true-up, the ACA charges shall terminate.

TRANSPORTATION SERVICE
NATURAL GAS

9. Balancing: To remain eligible for Transportation Service, Customer(s) must comply with the requirement to equalize the Receipts into the Company's system and Deliveries to the Customer's Facility, including L&U.

10. Interstate Pipeline Charges: Any specific charges or penalties that Company incurs from the Interstate Pipeline(s) due to Customer's actions will be billed directly to Customer.

11. Curtailment/Interruption of Service: Transportation service provided by the Company is based on the Company's best efforts to deliver gas received for the account of the Customer, Marketer or Aggregator. In the event of Company system capacity limitations, it may be necessary to interrupt deliveries from time–to-time. The determination of Company system capacity limitations shall be in the sole discretion of the Company. Such discretion shall be reasonably exercised. If Transportation Service interruption or curtailment is required, Company shall curtail deliveries on the affected parts of its system according to the Company's Priority of Service provisions, which are contained in Section 3.07 of Company's Rules and Regulations – Gas.

12. Return to Sales: If a Customer wishes to return to firm sales service, Company shall accept the end-user as a firm sales service customer, provided the capacity required to serve the customer also returns with the end-user or is otherwise available. Company is not required to accept capacity from transportation customers returning to sales service. See paragraphs D 25 and D 26 for timing of return to sales service.

13. Customer Website: Company will provide and maintain a Transportation Customer Website for Customers having telemetry that reports specific information on a daily basis. The Customer Website will display the Customer's City Gate nominations, the Btu content of the upstream Interstate Pipeline delivering natural gas to the Receipt Point, Customer Facility consumption recorded by the telemetry equipment and the Customer imbalance positions on a daily, cumulative, and absolute basis.

14. Legal Title: Customer, Marketer or Aggregator shall warrant that they have legal title to all natural gas that Customer, Marketer or Aggregator transports or causes to be transported to the appropriate Receipt Point.

15. Pipeline Quality: All transportation volumes delivered to the applicable Receipt Point must be of compatible pipeline quality. If the transportation gas to be received by the Company will adversely impact the gas stream of the Company then said gas shall not be transported by Company.

16. Laws, Regulations, and Orders: All agreements and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules, and regulations of any legislative body, or duly constituted authority now or hereafter having jurisdiction and shall be varied and amended to comply with or conform to any valid rule, regulation, order, or direction of any board, tribunal, or administrative agency with jurisdiction that affects any of the provisions of the agreement

17. Liability: Gas shall be and shall remain the property of the Customer, Marketer or Aggregator while being transported and delivered by the Company. The Company shall not be liable to the Customer, Marketer or Aggregator for any loss arising from or out of gas transportation service while in the Company's system or for any other cause, except for gross or willful negligence of the Company's own employees. The Company reserves the right to commingle natural gas of the Customer, Marketer or Aggregator with other gas supplies. The Customer, Marketer or Aggregator shall be responsible for determining the extent of and maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.

18. Successors and Assigns: Any party which shall succeed by purchase, merger, or consolidation, in whole or in part, to the interests of any Customer, Marketer or Aggregator, shall be subject to the obligations of its predecessor in title under an agreement. No other assignment of an agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto of the non-assigning party, which consent shall not be unreasonably withheld. Any party may assign its respective right, title, and interest in and to under an agreement to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities without the necessity of any such assignee becoming in any respect obligated to perform the obligation of the assignor under an agreement and, if any such trustee be a corporation, without its being required to qualify to do business in any state in which performance of an agreement may occur.

19. General Rules and Regulations: Service hereunder is subject to Company's General Rules and Regulations and applicable transportation provisions on file with the Missouri Public Service Commission.

20. Marketer and Aggregator Contract: All Marketers and Aggregators must enter into a contract with the Company.

21. Marketer and Aggregator Certification: Marketers or Aggregators taking service under this tariff must have received certification from the Missouri Public Service Commission pursuant to 4 CSR 240-45.010 in compliance with Sections 393.297 through 393.301, RSMo.

22. Aggregation Pooling Service: The Company provides an Aggregation Service whereby one entity represents more than one Customer in a designated pool. An Aggregator may:

A. Combine a group of Customers with Telemetry, served by one of the Company's common pipeline systems South, North or NW with the same balancing provisions, the same transportation rate (i.e., SVTS or LVTS) and the same Interstate Pipeline operational zone.

B. If a Marketer or Aggregator is qualified for this service and purchases this Aggregation Pooling Service, the aggregated Customers will be treated as a single Customer for purposes of calculating the daily balancing penalties and monthly imbalances, i.e., individual Customer Nominations, Receipts and Deliveries will be summed and treated as if they were one Customer. Aggregation Pooling Service does not include aggregation of fixed charges, demand charges or customer charges.

C. The charge to the Customer, Aggregator or Marketer for Aggregation Pooling Service is $0.004 per Ccf of natural gas received on behalf of the aggregated Customers. Revenues received from this service shall be credited to the Company's PGA mechanism.

D. During OFO days, daily nomination and balancing will be required at the affected Receipt and Delivery Points.

23. Failure to Comply: If a Customer, Marketer or Aggregator fails to comply with or perform any of the obligations of its part, the Company shall have the right to give the Customer, Marketer or Aggregator written notice of the Company's intention to terminate the transportation service on account of such failure. The Company shall then have the right to terminate such transportation service five days after giving said notice, unless the Customer, Marketer or Aggregator shall make good such failure. Termination of such transportation service for any such cause shall be a cumulative remedy as to the Company, and shall not release the Customer, Marketer or Aggregator from its obligation to make payment of any amount or amounts due or to become due from the Customer, Marketer or Aggregator to the Company under the applicable rate. In order to resume transportation service after termination of service hereunder, it shall be necessary for the Customer to reapply for Transportation Service.

24. Security Performance: The Aggregator or Marketer shall upon request of the Company agree to maintain a cash deposit, surety bond, irrevocable letter of credit, corporate guarantee or such other financial instrument satisfactory to Company in order to assure the Aggregator's or Marketer's performance of its obligations under the Aggregator or Marketer Agreement. In determining the level of the deposit, bond, or other surety to be required of the Aggregator or Marketer, the Company, in its sole discretion, shall consider such factors, including, but not limited to, the following: the volume of natural gas to be transported in behalf of an Aggregation Pool, the general credit worthiness of the Aggregator or Marketer, and the Aggregator's or Marketer's prior credit record with the Company, if any. In the event that the Aggregator or Marketer defaults on its obligations under this rate schedule, the Company shall have the right to use such cash deposit, or proceeds from such bond, irrevocable letter of credit, or other financial instrument to satisfy the Aggregator's obligation hereunder. The Company reserves the right to recalculate the charges and bill the appropriate Aggregator Pool Customers directly as though no Aggregation Pool arrangement existed. Specific terms and conditions regarding credit requirements shall be included in the Aggregator's or Marketer's Agreement.

25. Small Volume Customer Participation: All small volume transportation customers must belong to an Aggregation Pool. Small Volume Customers may only begin transportation service or return to sales service on either May 1 or October 1 of each calendar year.

26. Large Volume Customer Participation: All large volume transportation customers requesting to return to sales service must elect to do so in writing by May 1st each calendar year. All large volume sales service customers requesting transportation service must elect to do so in writing by May 1st each calendar year. If all other conditions for service are met, all changes in service status will take effect on June 1, of each calendar year.

27. Aggregator Pool Customer Notification: Aggregators must notify Company of any small volume pool additions or deletions no later than April 1 or September 1 of each calendar year. Customers shall notify the company whenever a Customer ceases to be a part of an Aggregator's Pool. Interstate Pipeline Capacity initially assigned and necessary to service the Customer shall remain with the Customer. Customers that choose service from another Aggregator or Marketer must notify the Company with a signed Customer Verification Form. Forms are available from the Company. Notification is required by April 1 or September 1.

28. Termination of Participation: The Aggregator or Marketer Agreement may be terminated by the Company upon 30 days written notice if an Aggregator or Marketer fails to meet any condition of the Transportation rate schedule or Transportation Contract. An Aggregation Pool may also be terminated by the Company upon 30 days written notice if the Aggregator or Marketer has payments due the Company that are in arrears. Written notice of termination of the Agreement(s) by the Company shall be provided to the Aggregator or Marketer as well as to each of the Customers served by the Aggregator or Marketer subject to such termination. In the event that the Marketer or Aggregator fails to deliver gas to the Company's City Gate on three consecutive winter days, the Company may terminate the agreement for cause without notice.

TRANSPORTATION SERVICE
NATURAL GAS

E. **PIPELINE CAPACITY RELEASE**

1. As a condition of Customer being able to transfer from firm sales service to the Company's firm transportation rate schedules, Customer agrees to accept pro-rata release of Company's applicable Interstate Pipeline's firm capacity based on the Customer's annual Demand Volume and to pay the Pipeline for such released capacity.

A. The capacity will be released to Customer or Customer's designated Aggregator or Marketer on a temporary, recallable basis. The Interstate Pipeline transportation capacity cost shall be derived from the applicable Interstate Pipeline's transportation contracts that serve the Customer. Only those Interstate Pipeline contracts that provide service to a Customer's service territory shall be considered when calculating cost. After the capacity is released, Customers and Aggregators will deal directly with the applicable Interstate Pipeline during the period of release on all matters concerning this capacity. In the event a Customer changes Aggregator or Marketer before the expiration of a pipeline capacity agreement, the Customer's Interstate Pipeline capacity will revert to the Company for reassignment to the new Aggregator or Marketer.

B. If a Customer wishes to return to firm sales service, Company shall accept the Customer as a firm sales customer, provided the Interstate Pipeline capacity released to the Customer also returns with the Customer or is otherwise available.

C. Capacity released to Customer, Marketer or Aggregator shall be immediately recallable under any of the following conditions: a bankruptcy filing by the Customer, Marketer or Aggregator; failure to pay the Pipeline for the released capacity, failure to deliver the quantity of gas required to serve the firm Customer load under OFO conditions, an Aggregator or Marketer exits the service area or evidence that the Customer, Marketer or Aggregator has rereleased capacity on a non-recallable basis.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No.	2	1ST	Revised	Sheet No.	33
Canceling P.S.C. MO. No.	2		Original	Sheet No.	33

THE EMPIRE DISTRICT GAS COMPANY
JOPLIN, MO 64802

FOR: All Communities and Rural Areas Receiving Natural Gas Service

TRANSPORTATION SERVICE
RATE SCHEDULE SVFT

F. SMALL VOLUME FIRM TRANSPORTATION SERVICE SMALL (SVFTS)

1. **Availability**: Service under this rate schedule is available to any individual schools participating pursuant to Section 393.310, RSMo who consumes gas on a firm basis at an individually metered, Non-residential Customer Facility, whose individual annual consumption is anticipated to be less than 5,000 Ccf. Customers must execute a written contract for transportation service pursuant to this rate schedule. Service is provided for a minimum of 12-months. Gas transportation agreements and applicable documents are available from the Company.

2. **Metering**: The Company requires all SVFTS customers to have installed and operating telemetry equipment and reimburse the Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this service. The mandatory telemetry requirement shall not apply to schools pursuant to Missouri Statutes.

A. **Optional School District telemetry**: The Company will make telemetry available on a customer voluntary basis, to schools as defined under 393.310, RSMo. All school customers selecting this option shall pay an additional monthly fee for this service, Optional Telemetry.

3. **Monthly Charges**:

Description	South	North	Northwest
Customer Charge	$64.00	$64.00	$64.00
Meter Administration Fee per Meter (Mandatory)	$11.50	$11.50	$11.50
Optional Telemetry Charge per Meter	$13.50	$13.50	$13.50
Aggregation Charge per Ccf	$0.004	$0.004	$0.004
Daily Cash-out Charge	Sec. N	Sec. N	Sec. N
Monthly Cash-out Charge	Sec. N	Sec. N	Sec. N
Unauthorized Delivery Charge	Sec. P	Sec. P	Sec. P
Unauthorized Receipt Charge	Sec. P	Sec. P	Sec. P

4. **L&U Adjustment**: The Company's area-wide L&U Adjustment shall be made in kind to the amount of gas delivered to a Receipt Point prior to delivery to the Delivery Point. The Adjustment, as computed in the Company's annual PGA filing, will be applied on a volumetric basis to the quantity of natural gas delivered to Customer.

5. **PGA Charges**: Customers shall be charged the appropriate system's ACA, Refund, TOP and TC factors as listed on Company's PGA tariff sheets. New Customers or Customers electing Transportation Service shall be charged the appropriate ACA charges for a period of one-year after changing service to Transportation Service. A true-up of ACA balances shall take place after one year of charges. After true-up, these ACA charges shall terminate.

6. **General Rules, Regulations, Terms and Conditions**: Service hereunder is subject to Company's General Rules and Regulations and applicable transportation provisions on file with the Missouri Public Service Commission,

7. **Taxes**: Service received under this tariff shall be conducted through energy sellers who have received certification from the Missouri Public Service Commission pursuant to 4 CSR 240-45.010 in compliance with Sections 393.297 through 393.301, RSMo.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No.	2	1st	Revised	Sheet No.	34
Canceling P.S.C. MO. No.	2		Original	Sheet No.	34

THE EMPIRE DISTRICT GAS COMPANY
JOPLIN, MO 64802

FOR: All Communities and Rural Areas Receiving *Natural Gas Service*

TRANSPORTATION SERVICE
RATE SCHEDULE SVFT (continued)

8. **Aggregation Pool**: All small volume transportation customers must belong to an Aggregation Pool. Small Volume Customers may only begin transportation service or return to sales service on either May 1 or October 1 of each calendar year.

G. **SMALL VOLUME FIRM TRANSPORTATION SERVICE MEDIUM (SVFTM)**

1. **Availability**: Service under this rate schedule is available to any Customer who consumes gas on a firm basis at an individually metered, Non-residential Customer Facility, whose individual annual consumption is anticipated to be at least 5,000 Ccf, but less than 20,000 Ccf. Customers must execute a written contract for transportation service pursuant to this rate schedule. Service is provided for a minimum of 12-months. Gas transportation agreements and applicable documents are available from the Company.

2. **Metering**: The Company requires all SVFTM customers to have installed and operating telemetry equipment and reimburse the Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this service. The mandatory telemetry requirement shall not apply to schools pursuant to Missouri Statutes.

A. **Optional School District telemetry**: The Company will make telemetry available on a customer voluntary basis, to schools as defined under 393.310, RSMo. All school customers selecting this option shall pay an additional monthly fee for this service, Optional Telemetry.

3. **Monthly Charges**:

Description	South	North	Northwest
Customer Charge	$110.00	$110.00	$110.00
Delivery Charge-per Ccf	$0.1100	$0.1100	$0.1100
Meter Administration Fee per Meter (Mandatory)	$11.50	$11.50	$11.50
Optional Telemetry Charge per Meter	$13.50	$13.50	$13.50
Aggregation Charge per Ccf	$0.004	$0.004	$0.004
Daily Cash-out Charge	Sec. N	Sec. N	Sec. N
Monthly Cash-out Charge	Sec. N	Sec. N	Sec. N
Unauthorized Delivery Charge	Sec. P	Sec. P	Sec. P
Unauthorized Receipt Charge	Sec. P	Sec. P	Sec. P

4. **L&U Adjustment**: The Company's area-wide L&U Adjustment shall be made in kind to the amount of gas delivered to a Receipt Point prior to delivery to the Delivery Point. The Adjustment, as computed in the Company's annual PGA filing, will be applied on a volumetric basis to the quantity of natural gas delivered to Customer.

5. **PGA Charges**: Customers shall be charged the appropriate system's ACA, Refund, TOP and TC factors as listed on Company's PGA tariff sheets. New Customers or Customers electing Transportation Service shall be charged the appropriate ACA charges for a period of one-year after changing service to Transportation Service. A true-up of ACA balances shall take place after one year of charges. After true-up, these ACA charges shall terminate.

6. **General Rules, Regulations, Terms and Conditions**: Service hereunder is subject to Company's General Rules and Regulations and applicable transportation provisions on file with the Missouri Public Service Commission,

TRANSPORTATION SERVICE
RATE SCHEDULE SVFT (continued)

7. Taxes: Service received under this tariff shall be conducted through energy sellers who have received certification from the Missouri Public Service Commission pursuant to 4 CSR 240-45.010 in compliance with Sections 393.297 through 393.301, RSMo.

8. Aggregation Pool: All small volume transportation customers must belong to an Aggregation Pool. Small Volume Customers may only begin transportation service or return to sales service on either May 1 or October 1 of each calendar year.

H. SMALL VOLUME FIRM TRANSPORTATION SERVICE LARGE (SVFTL)

1. Availability: Service under this rate schedule is available to any Customer who consumes gas on a firm basis at an individually metered, Non-residential Customer Facility, whose individual annual consumption is anticipated to be at least 20,000 Ccf, but less than 40,000 Ccf. Customers must execute a written contract for transportation service pursuant to this rate schedule. Service is provided for a minimum of 12-months. Gas transportation agreements and applicable documents are available from the Company.

2. Metering: The Company requires all SVFTL customers to have installed and operating telemetry equipment and reimburse the Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this service. The mandatory telemetry requirement shall not apply to schools pursuant to Missouri Statutes.

A. Optional School District telemetry: The Company will make telemetry available on a customer voluntary basis, to schools as defined under 393.310, RSMo. All school customers selecting this option shall pay an additional monthly fee for this service, Optional Telemetry.

3. Monthly Charges:

Description	South	North	Northwest
Customer Charge	$200.00	$200.00	$200.00
Delivery Charge per Ccf	$0.1100	$0.1100	$0.1100
Meter Administration Fee per Meter (Mandatory)	$11.50	$11.50	$11.50
Optional Telemetry Charge per Meter	$13.50	$13.50	$13.50
Aggregation Charge per Ccf	$0.004	$0.004	$0.004
Daily Cash-out Charge	Sec. N	Sec. N	Sec. N
Monthly Cash-out Charge	Sec. N	Sec. N	Sec. N
Unauthorized Delivery Charge	Sec. P	Sec. P	Sec. P
Unauthorized Receipt Charge	Sec. P	Sec. P	Sec. P

4. L&U Adjustment: The Company's area-wide L&U Adjustment shall be made in kind to the amount of gas delivered to a Receipt Point prior to delivery to the Delivery Point. The Adjustment, as computed in the Company's annual PGA filing, will be applied on a volumetric basis to the quantity of natural gas delivered to Customer.

5. PGA Charges: Customers shall be charged the appropriate system's ACA, Refund, TOP and TC factors as listed on Company's PGA tariff sheets. New Customers or Customers electing Transportation Service shall be charged the appropriate ACA charges for a period of one-year after changing service to Transportation Service. A true-up of ACA balances shall take place after one year of charges. After true-up, these ACA charges shall terminate.

TRANSPORTATION SERVICE
RATE SCHEDULE SVFT (continued)

6. General Rules, Regulations, Terms and Conditions: Service hereunder is subject to Company's General Rules and Regulations and applicable transportation provisions on file with the Missouri Public Service Commission,

7. Taxes: Service received under this tariff shall be conducted through energy sellers who have received certification from the Missouri Public Service Commission pursuant to 4 CSR 240-45.010 in compliance with Sections 393.297 through 393.301, RSMo.

8. Aggregation Pool: All small volume transportation customers must belong to an Aggregation Pool. Small Volume Customers may only begin transportation service or return to sales service on either May 1 or October 1 of each calendar year.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No.	2	1st	Revised	Sheet No.	37
Canceling P.S.C. MO. No.	2		Original	Sheet No.	37

THE EMPIRE DISTRICT GAS COMPANY
JOPLIN, MO 64802

FOR: All Communities and Rural Areas Receiving Natural Gas Service

TRANSPORTATION SERVICE
RATE SCHEDULE LVFT

I. LARGE VOLUME FIRM TRANSPORTATION SERVICE (LVFT)

1. Availability: Service under this rate schedule is available to Customers who consume gas on a firm basis at individually metered, non-residential locations whose individual annual usage is anticipated to equal or exceed 40,000 Ccf and execute a written contract for Transportation Service.

2. Metering: The Company requires all LVFT transportation customers to have installed and operating telemetry equipment and reimburse the Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this service.

3. Monthly Charges: Customer's monthly bill shall be determined as a sum of the following:

Description	South	North	Northwest
Customer Charge	$400	$400	$400
Delivery Charge-per Ccf	$0.02000	$0.02000	$0.02000
Demand Charge-per Ccf of Billing Demand	$0.6000	$0.6000	$0.6000
Meter Administration Fee per Meter	$11.50	$11.50	$11.50
Daily Cash-out Charge	Sec. N	Sec. N	Sec. N
Monthly Cash-out Charge	Sec. N	Sec. N	Sec. N
Unauthorized Delivery Charge	Sec. P	Sec. P	Sec. P
Unauthorized Receipt Charge	Sec. P	Sec. P	Sec. P

4. Billing Demand: The billing demand under this rate schedule shall be the greater of the maximum consumption during a twenty-four (24) hour period as measured by the Company's telemetry equipment during a Gas Day during a one-year period beginning September 1 and ending August 31 or the Contract Demand of the Customer. Demand volume will be calculated annually each September based upon the prior twelve-month period. In the event that telemetry readings are not available, the Demand Volume may also be established by mutual agreement of the parties and set forth in the Transportation Contract between Company and Customer as the Contract Demand.

5. L&U Adjustment: The Company's area-wide L&U Adjustment shall be made in kind to the amount of gas delivered to a Receipt Point prior to delivery to the Delivery Point. The Adjustment, as computed in the Company's annual PGA filing, will be applied on a volumetric basis to the quantity of natural gas delivered to Customer.

6. PGA Charges: Customers shall be charged the appropriate system's ACA, Refund, TOP and TC factors as listed on Company's PGA tariff sheets. New Customers or Customers electing Transportation Service shall be charged the appropriate ACA charges for a period of one-year after changing to Transportation Service. A true-up of the ACA balance shall take place after one year of ACA charges. After true-up, these ACA charges shall terminate.

7. Taxes: Service received under this tariff shall be conducted through energy sellers who have received certification from the Missouri Public Service Commission pursuant to 4 CSR 240-45.010 in compliance with Sections 393.297 through 393.301, RSMo.

TRANSPORTATION SERVICE
RATE SCHEDULE LVIT

J. LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (LVIT)

1. Availability: Service under this rate schedule is available to Customers who consume gas on a non-firm basis at individually metered, non-residential locations whose individual annual usage is anticipated to equal or exceed 40,000 Ccf and execute a written contract for Transportation Service.

2. Metering: The Company requires all LVIT transportation customers to have installed and operating telemetry equipment and reimburse the Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this service.

3. Monthly Charges: Customer's monthly bill shall be determined as a sum of the following:

Description	South	North	Northwest
Customer Charge	$400	$400	$400
Delivery Charge-per Ccf	$0.02000	$0.02000	$0.02000
Demand Charge-per Ccf of Billing Demand	$0.6000	$0.6000	$0.6000
Meter Administration Fee per Meter	$11.50	$11.50	$11.50
Daily Cash-out Charge	Sec. N	Sec. N	Sec. N
Monthly Cash-out Charge	Sec. N	Sec. N	Sec. N
Unauthorized Delivery Charge	Sec. P	Sec. P	Sec. P
Unauthorized Receipt Charge	Sec. P	Sec. P	Sec. P

4. Billing Demand: The billing demand under this rate schedule shall be the greater of the maximum consumption during a twenty-four (24) hour period as measured by the Company's telemetry equipment during a Gas Day during a one-year period beginning September 1 and ending August 31 or the Contract Demand of the Customer. Demand Volume will be calculated annually each September based upon the prior twelve-month period. In the event that telemetry readings are not available, the Demand Volume may also be established by mutual agreement of the parties and set forth in the Transportation Contract between Company and Customer as the Contract Demand.

5. L&U Adjustment: The Company's area-wide L&U Adjustment shall be made in kind to the amount of gas delivered to a Receipt Point prior to delivery to the Delivery Point. The Adjustment, as computed in the Company's annual PGA filing, will be applied on a volumetric basis to the quantity of natural gas delivered to Customer.

6. PGA Charges: Customers shall be charged the appropriate system's ACA, Refund, TOP and TC factors as listed on Company's PGA tariff sheets. New Customers or Customers electing Transportation Service shall be charged the appropriate ACA charges for a period of one-year after changing to Transportation Service. A true-up of the ACA balance shall take place after one year of ACA charges. After true-up, these ACA charges shall terminate.

7. Taxes: Service received under this tariff shall be conducted through energy sellers who have received certification from the Missouri Public Service Commission pursuant to 4 CSR 240-45.010 in compliance with Sections 393.297 through 393.301, RSMo.

TRANSPORTATION SERVICE
RATE SCHEDULE LVFRT

K. LARGE VOLUME FLEXIBLE RATE TRANSPORTATION SERVICE (LVFRT)

1. Availability: The Company may, in its sole discretion, reduce its maximum charge for transportation service by any amount down to the minimum transportation charge for Customers who have demonstrated that they have feasible alternate energy sources (other than natural gas), a feasible alternate natural gas supplier, or would be a new Customer or retained Customer qualified as an economic development opportunity for the benefit of the Company and its core customers. Such reductions will only be permitted if, in Company's sole discretion, they are necessary to retain or expand services to an existing Customer, to re-establish service to a previous Customer or to attract new Customers and the Customer executes a written contract for Transportation Service.

The Company may reduce its maximum transportation charge on a case-by-case basis only after the Customer demonstrates to the Company's satisfaction that it meets one or more of the criteria required to receive service under the LVFRT rate.

2. Metering: The Company requires all LVFRT transportation customers to have installed and operating telemetry equipment and reimburse the Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this service.

3. Contract: The Company and the Customer shall enter into a contract which specifies the services to be provided, the rates to be charged, the responsibilities of the parties and the term of the agreement. Company is authorized to charge the agreed upon rates and to provide service in accordance with the terms and conditions of the contract.

4. **Monthly Charges**:

Description	South	North	Northwest
Customer Charge	$400.00	$400.00	$400.00
Delivery Charge-per Ccf- Maximum	$0.02000	$0.02000	$0.02000
Delivery Charge per Ccf- Minimum	$0.00100	$0.00100	$0.00100
Demand Charge-per Ccf of Billing Demand-Maximum	$0.6000	$0.6000	$0.6000
Demand Charge per Ccf of Billing Demand-Minimum	$0.0000	$0.0000	$0.0000
Meter Administration Fee per Meter	$11.50	$11.50	$11.50
Daily Cash-out Charge	Sec. N	Sec. N	Sec. N
Monthly Cash-out Charge	Sec. N	Sec. N	Sec. N
Unauthorized Delivery Charge	Sec. P	Sec. P	Sec. P
Unauthorized Receipt Charge	Sec. P	Sec. P	Sec. P

5. Billing Demand: The billing demand under this rate schedule shall be the greater of the maximum consumption during a twenty-four (24) hour period as measured by the Company's telemetry equipment during a Gas Day during a one-year period beginning September 1 and ending August 31 or the Contract Demand of the Customer. Demand Volume will be calculated annually each September based upon the prior twelve-month period. In the event that telemetry readings are not available the Demand Volume may also be established by mutual agreement of the parties and set forth in the Transportation Contract between Company and Customer as the Contract Demand.

TRANSPORTATION SERVICE
RATE SCHEDULE LVFRT (continued)

6. L&U Adjustment: The Company's area-wide L&U Adjustment shall be made in kind to the amount of gas delivered to a Receipt Point prior to delivery to the Delivery Point. The Adjustment, as computed in the Company's annual PGA filing, will be applied on a volumetric basis to the quantity of natural gas delivered to Customer.

7. PGA Charges: Customers shall be charged the appropriate system's ACA, Refund, TOP and TC factors as listed on Company's PGA tariff sheets. New Customers or Customers electing Transportation Service shall be charged the appropriate ACA charges for a period of one-year after changing service to Transportation Service. A true-up of the ACA balance shall take place after one year of ACA charges. After true-up, these ACA charges shall terminate.

8. Taxes: Service received under this tariff shall be conducted through energy sellers who have received certification from the Missouri Public Service Commission pursuant to 4 CSR 240-45.010 in compliance with Sections 393.297 through 393.301, RSMo.

TRANSPORTATION SERVICE
NATURAL GAS

L. SPECIAL CONTRACTS

1. Company may, in instances where it faces competition from alternate suppliers of natural gas, enter into special transportation rate contracts with industries or other large consumers on such terms and conditions as may be agreed upon by the parties and which, in Company's sole discretion, are deemed necessary to retain services to an existing customer or, to reestablish service to a previous customer or to acquire new customers. The rates agreed upon by Company and customer shall not exceed the maximum transportation charges nor be less than the minimum transportation charges otherwise applicable to customer. All such contracts shall be furnished to the Commission staff and the Office of Public Counsel and shall be subject to the Commission's jurisdiction.

2. Upon compliance with this tariff provision, Company is authorized to charge the rates so contracted and to otherwise provide service pursuant to the terms and conditions of the contract. The terms and conditions of any such contract shall not bind the Commission for ratemaking purposes and shall not apply to the recovery provisions contained in the Purchased Gas Adjustment Clause except as follows:

A. Pursuant to the review of contracts entered into with the following customers in Case No. GR-93-172, Company is allowed to waive Take-or-Pay and/or Transition Cost charges (as otherwise required by the PGA Clause) to the following Special Transportation Contract customers:

The City of Marshall, Missouri
Pittsburg Corning

M. NOMINATIONS

1. **Requirements**: Customer(s), Marketer(s) and Aggregator(s) are required to provide daily nominations to the applicable Interstate Pipeline Company. The Company will only accept confirmed Nominations from the applicable Interstate Pipeline Company. Customer(s), Marketer(s) and Aggregator(s) must nominate at least 1 MMbtu on a daily basis.

N. BALANCING AND IMBALANCES

1. **Balancing**: Customer(s), Marketer(s) or Aggregator(s) shall have the obligation to balance on both a daily and monthly basis, gas receipts (transportation gas delivered to Company at the Receipt Point), with thermally equivalent gas deliveries (transportation gas delivered by Company to Customer(s) at the Delivery Point(s)). The difference between Receipts and Deliveries is considered an out-of-balance condition. The customer is responsible for providing daily natural gas Receipts adjusted for L&U gas to the Company from the applicable Interstate Pipeline which accurately reflects the customer's expected consumption.

2. **Daily Charge**: A daily charge shall apply to any Customer, Marketer or Aggregator's daily quantities by which the customer's out-of-balance condition exceeds the daily scheduling tolerance. Actual daily delivery quantities shall be used to determine the out-of-balance condition for customers with recording equipment or telemetry. Estimated daily delivery quantities shall be used to determine the out-of-balance condition for customers without recording equipment or telemetry, or whenever such equipment malfunctions. Estimated daily delivery quantities shall be determined based on available data including nominated quantities, meter readings, customer load characteristics, actual weather conditions, and any other information. This daily charge is accumulated and assessed monthly. This charge is in addition to the monthly cash out charge for Monthly Imbalances. This Daily Charge shall be determined on an Mcf basis as follows:

A. 10% daily tolerance without charges,

B. Daily imbalance calculated on an absolute basis without regard to netting positive or negative imbalances,

C. Summation of daily volumes calculated on an absolute basis at the end of the month, and

D. The sum of the total monthly daily imbalance will be charged $1.25 per Mcf.

3. **Monthly Cash-out Charges**: The difference between monthly confirmed Nomination volumes and actual consumption, including L&U will be charged to and/or credited to the Customer (cashed out) using the indices shown below, plus pipeline fuel, pipeline capacity and commodity charges.

Imbalance Level	Receipts > Deliveries Due Customer	Deliveries > Receipts Due Company
Up to 5%	Spot x 100%	Spot x 100%
5% to 10%	Spot x 85%	Spot x 115%
10% but less than 15%	Spot x 70%	Spot x 130%
15% but less than 20%	Spot x 60%	Spot x 140%
20% or higher	Spot x 50%	Spot x 150%

The "spot" market prices on each of the pipelines shall be determined using the Natural Gas Week posting for Southern Star on the South, Panhandle Eastern on the North and ANR on the Northwest. When Receipts exceed Deliveries, the lowest posting in Natural Gas Week for the applicable month shall be used as the "spot" price. When Deliveries exceed Receipts, the highest posting in Natural Gas Week for the applicable month shall be used as the "spot" price.

4. **Imbalance Information**: Imbalance information will be posted on the Company's Transportation Customer website. Daily nomination and btu information will be acquired by the Company from the applicable Interstate Pipelines' bulletin board(s) and subsequently posted on the Company's Transportation Customer website. The Company is not responsible for mistakes and misinformation provided by the Interstate Pipeline(s) and posted on the Company Transportation Customer website. The Company will modify the transportation information as it receives such information from the applicable Interstate Transportation Pipeline. The Company is not required to deliver volumes of gas in excess of receipts.

O. BILLING:

1. **Order of Deliveries**: The order of gas delivery for purposes of billing calculations will be to:
   A. Use Customer-owned gas, including correction of any imbalance conditions and,
   B. Then use Company's gas based on applicable case out provisions.
   C. The Company will not allow netting of bills.

2. **Billing Adjustments**: The Company will not provide new bills for any billing adjustments, but will make any necessary billing adjustments on subsequent bills.

3. **Credit Balances**: The Company will not refund credit balances caused by positive imbalance charges.

4. ***Delinquent Payment Penalty***: A late payment charge in an amount equal to one and one-half percent (1.5%) of the delinquent amount will be added to the bill if payment is not received on or before the net due date stated on the bill. The net due date shall be the twenty-first (21st) day after the date of billing.

P. OPERATIONAL FLOW ORDERS (OFO)

1. Issuance: Company will have the right to issue an Operational Flow Order that will require actions by the Customer to alleviate conditions that, in the sole judgment of the Company, jeopardize the operational integrity of Company's system required to maintain system reliability. Customer shall be responsible for complying with the directives set forth in the OFO.

2. Customer Compliance: Upon issuance of an OFO, the Company will direct customer to comply with one of the following conditions:

A. Unauthorized Deliveries: Customer, Aggregator or Marketer must take delivery of an amount of natural gas from the Company that is no more than the hourly or daily amount being received by the Company from the applicable Interstate Pipeline for the Customer's, Aggregator's or Marketer's account. All volumes delivered to the Customer, Aggregator or Marketer in excess of volumes received by the Company from the applicable Interstate Pipeline for the Customer's, Aggregator's or Marketer's account, that are in violation of the above condition, with the exception of a 5% daily tolerance, shall constitute an Unauthorized Overrun by Customer, Aggregator or Marketer on the Company's system. Customer, Aggregator or Marketer shall be charged a penalty of $25.00 per Mcf, plus the Gas Daily Index price for the applicable Interstate Pipeline for such Unauthorized Overruns during the duration of the OFO.

B. Unauthorized Receipts: Customer, Aggregator or Marketer must take delivery of an amount of natural gas from the Company that is no less than the hourly or daily amount being received by the Company from the Connecting Pipeline Company for the Customer's account. All volumes delivered to the Customer, Aggregator or Marketer which are less than volumes received by the Company from the applicable Interstate Pipeline for the Customer's, Aggregator's or Marketer's account, that are in violation of the above condition, with the exception of a 5% daily tolerance, shall constitute an Unauthorized Delivery by Customer to Company. Customer shall be charged a penalty of $25.00 per Mcf for such Unauthorized Deliveries to Company's system.

C. Other: Any penalties charged due to unauthorized overruns or deliveries during an OFO will be in addition to any cash out charges described in Subsection L above.

D. Interstate Pipeline Overrun Penalties: The Company may charge the Customer, Aggregator or Marketer for any daily or monthly overrun penalties assessed to the Company, which are applicable to the Customer, Aggregator or Marketer by the applicable Interstate Pipeline.

E. Operational Flow Order Penalty: Aggregators and Marketers who fail to deliver to Company for the account of Customer (s) specified operational flow ordered quantities of gas shall be billed appropriate "Unauthorized Delivery" charges. Aggregators or Marketers who repeatedly fail to deliver to Company specified operational flow order quantities of gas will not be permitted to continue transportation service.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No.	2	1st	Revised	Sheet No.	44
Canceling P.S.C. MO. No.	2		Original	Sheet No.	44

THE EMPIRE DISTRICT GAS COMPANY
JOPLIN, MO 64802

FOR: All Communities and Rural Areas Receiving Natural Gas Service

TRANSPORTATION SERVICE
NATURAL GAS

Q. MEASUREMENT:

1. All transport gas shall be measured on a volumetric basis. Measurement shall be based on available information regarding volumes received and delivered, pressure and temperature conditions, and energy content of the gas stream. Company shall determine the measurement equipment required to determine the Receipts and Deliveries of end-user owned gas transported hereunder.

R. RECORDING AND TELEMETRY EQUIPMENT:

1. The Company shall notify Customer if existing equipment is not sufficient to measure service under the applicable rate schedule. Company shall not be unreasonable in such determination. If existing equipment is found to be insufficient, the Company may install such equipment as it deems necessary.

2. The Company shall be allowed access for maintaining and operating such equipment. The Customer shall be responsible for the costs associated with the Company acquiring and installing recording and/or telemetry equipment at the delivery point. When telemetry equipment is installed, the Customer will be required to provide telephone or other interfaces agreed to by the Company along with electrical connections available at the meter location.

3. If recording and/or telemetry equipment is deemed necessary, but the Customer is unwilling or unable to pay for the cost of such equipment, then the Customer may return to sales service, provided all other requirements of paragraph D 12 have been met. All Small Volume transportation customers must have the Company install telemetry equipment or in the case of Schools purchase the Balancing Service. Customers must reimburse the Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this transportation service. The customer shall also provide telephonic access and service to this telemetry equipment.

4. The Company will offer financing for a Customer for telemetry equipment for periods up to 90 days interest free. The Company will offer financing with interest at a rate of prime plus 1% to a Customer to pay for the installation of telemetry equipment for a period of more than 90 days, but not more than 12 consecutive months. The telemetry equipment and any other improvements made by the Company shall remain the property of the Company, and will be maintained by the Company.

S. OPTIONAL SERVICES

1. The following optional services are available to Customers, who may choose the services that best serve their needs. Aggregators shall designate on their Marketer Agreement which, if any, of the following services they desire. All charges for Optional Services are in addition to the monthly charges in the Company's transportation rate schedule.

A. Balancing Service: This service is available to School Customers under the SVTS rate schedules. Under this optional service, Customers are provided additional flexibility in being able to balance their receipts with deliveries on a monthly basis. School Customers choosing this balancing service must submit a daily nomination to Company consistent with its planned usage for each day the service is used. The special requirements for nominations, found in Paragraph J, apply to this service. The cost of the service is $0.025 per Ccf transported on Company's system. Revenues collected from the provision of this service will be credited to the overall general system gas cost through Company' PGA mechanism. The monthly charge for this service is in addition to the monthly charges set forth in Company's transportation service rate schedules.

TRANSPORTATION SERVICE
NATURAL GAS

B. Aggregation Pooling Service: A Customer, Marketer or Aggregator may combine a group of LVTS Customers situated behind multiple town border stations (TBS) and served by a common Interstate Pipeline with the same balancing provisions, the same transportation rate schedule and the same Interstate Pipeline operational zone. If a Marketer purchases this Aggregation Service, the *Aggregated Group* will be considered as one Customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e., individual Customer nominations and consumption will be *summed and treated as if they were one Customer.* This does *not* include aggregation of fixed costs or customer charges. The cost of this aggregation service is $0.004 per Ccf of gas delivered to the aggregated group. *Revenues received from this service shall be credited to the Company's PGA* mechanism. During OFO days, nominating and balancing will be required by the affected receipt and delivery points.

Constellation NewEnergy-Gas Division, LLC Number 6

DATA REQUEST TO EMPIRE DISTRICT GAS COMPANY

CASE NO.: GR-2009-0434

REQUESTED BY: Richard Haubensak

REQUESTED FROM: Jayna Long; Angela Cloven

DATE OF REQUEST: August 21, 2009

BRIEF DESCRIPTION: Transportation Issues

INFORMATION REQUESTED:

Please provide a copy of Empire's response to Staff Data Request No. 0130.

Response: Attached is Empire's response to your data request 6 issued August 21st on Case No. GR-2009-0434.

===

Copies of your response to this Data Request should be provided via email to: Richard Haubensak at Richard.Haubensak@constellation.com and William D. Steinmeier at wds@wdspc.com.

The information provided in response to the above information request is accurate and complete and contains no material misrepresentations or omissions based upon present known facts to the undersigned. The undersigned agrees to immediately inform Constellation NewEnergy-Gas Division, LLC if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information.

Date: 09/10/09 Signed by: Scott Keith

Title: ______________________________

NP

Missouri Public Service Commission

Data Request

Data Request No.	0130
Company Name	Empire District Gas Company, The-Investor(Gas)
Case/Tracking No.	GR-2009-0434
Date Requested	8/21/2009
Issue	Tariff Issue - Transportation Tariffs
Requested From	Angela Cloven
Requested By	Michael Ensrud
Brief Description	Basic Transportation Issue - Why is Tariff Changing

See Attachment	
Description	SEE ATTACHED
Due Date	9/8/2009
Response	**Provided by Scott Keith and Connie Carlile - See attachments**

The attached information provided to Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. GR-2009-0434 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the Empire District Gas Company, The-Investor(Gas) office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports,analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to Empire District Gas Company, The-Investor(Gas) and its employees, contractors, agents or others employed by or acting in its behalf.

Security	Highly Confidential
Rationale	Per Discussion - Response will be Transport Customer

NP

Specific

NP

The Empire District Gas Company
Response to Staff Data Request 130
Case No. GR-2009-0434

Data Request GR-2009-0434

Transport Changes

#1) Please provide a "red line" (showing all *additions & deletions*) copy of the proposed tariff changes.

Response: There is no "red line" Word version of the tariff available due to the very extensive re-ordering of the various sections in the tariff sheets 23 through 53. Attached are Word versions of the existing transportation tariff sheets and a Word version of the proposed transportation tariff sheets.

Respondent: Scott Keith

#2) Please provide a list of all significant changes to the tariff. Prioritize the changes being proposed and, its impact on the transport customers. Provide a dollar impact statement of each significant change. Show how the annual dollar impact to transport customers was calculated. Show how the Company and customer benefits from each of these changes.

Response:

1. The proposed transportation tariff changes include base rate changes that result in an overall increase for the transportation class. See revenue proof Schedule JRL-5. In addition, the proposed rate design includes a significant move towards a Straight-fixed variable (SFV) rate design. See the cost of service study and supporting testimony of Empire Witnéss Overcast for further discussion of SFV.
2. The small commercial sales and transportation rate classes were subdivided into three classes due to the wide range of availability in the existing rate and to mitigate the impact of moving to a SFV rate design on the smaller customers in the existing rate class.
3. The proposed transport tariff calls for the following significant changes:
    a. Mandatory telemetry for all transport customers, except certain schools
    b. Monthly telemetry administration charge. This charge is based upon software costs and license and maintenance fees.
    c. Optional telemetry charge for schools transporting under Section 393.310, RSMo.
    d. Daily imbalance charges that if authorized would flow through to the EDG sales service customers as part of the PGA. The imbalance charge would not result in any additional earnings to EDG, only a lower PGA for sales service. See the attached analyses of daily imbalances and the estimated impact of the daily imbalance charge.

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   e. Change in the determination of billing demand to simplify the calculation and maintain standardization with the large volume sales service demand calculation.
4. The cash-out provisions have been standardized for the entire system. This will lessen the administrative burden associated with the application of three different cash-out provisions. No estimate of the impact of the standardization has been developed to-date. The current cash-out provisions are slightly different for each of the three distribution systems behind each of the interstate pipelines.
5. See the attached copy of a response to a Constellation's data request 5 for more information concerning a comparison of the existing and proposed transportation tariff.

Respondent: Scott Keith and Connie Carlile

#3) Please supply any and all information that lead Empire to conclude that revision to the existing transportation tariff was needed.

Response:

1. See the direct testimony of Empire witness Overcast for a discussion of the SFV rate design and cost of service issues.
2. See the attached analysis of daily imbalances that supports the implementation of a daily imbalance charge to encourage the transportation customer and/or marketers to do a better job of nominating gas supplies and avoid the use of Empire's gas storage without paying for it. See the attached analysis of the storage costs that support the implementation of the proposed Daily Imbalance Charge.

Respondent: Scott Keith and Connie Carlile

#4) Please identify the factors prompting Empire to change the existing tariff. Has Empire determined that the existing tariff is flawed or deficient? If so, please supply any and all information that has lead to the conclusion that the existing tariff is flawed or deficient and in need of revision.

Response: The existing tariff was a product of the last general rate case on the system when it was owned by Aquila, Inc. In the last rate case (2003), Aquila combined two sets of transportation tariffs into a single tariff. Prior to the last case Aquila's South and North system had transportation rates separate from those on the St. Joe system. Through the process of combining the transportation tariff for the two systems, the tariff became confusing and somewhat outdated. In addition to the various changes in the charges for transportation that would come out of the current rate case, EDG determined that a complete re-write of the tariff was called for to eliminate any areas of confusion that had come to its attention during the 3 years EDG had operated the system and update the tariff terms and conditions for current industry practices. Much of the re-write focused on a reordering and clarification of the terms, conditions and definitions. See Constellation response for a section-by-section explanation/comparison.

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Respondent: Scott Keith

#5) Please explain how the revised tariff addresses any concerns identified in the Company's response to part 4, above. Please provide any documentation supporting the revisions to the tariff that were undertaken to correct or mitigate any concerns identified in the Company's response to part 4, above.

Response: All of the components of the tariff are in distinct sections rather than included in several different sections of the tariff as they are in some instances in the existing tariff. For example, all of the basic rate components of each of the transportation rates have been setout in one section of the tariff. This enables the user to quickly find each of the billing components. In addition, the proposed tariff includes clearer cross references so that if another charge such as cash-outs is called for, the cash-out charge provisions can quickly be located.

Respondent: Scott Keith

#6) Please identify any other factors, not identified in the Company's response to part 4, above, that prompted the Company's decision to modify this tariff. Please provide any documentation supporting the revisions to the tariff that were undertaken to address any other factors not identified in the Company's response to part 4, above.

Response: N/A

Respondent: Scott Keith

#7) Under the proposed tariff, would it be possible for a transport customer to engage in a transaction where that specific transaction impacted the "firm" customer's PGA price paid for gas?

Response: Yes. Imbalances fees if incurred by the transportation customer in the proposed transportation tariff would lower the PGA price for sales service customers. This is a change from the existing tariff where there are no charges to the transportation customers for daily imbalance. In addition, monthly cash-out charges also impact the "firm" customer bill, just as they do under the existing tariff.

Respondent: Scott Keith and Connie Carlile

#8) Under the current tariff provisions, do the sum total of cash-in / cash-out transactions for the test year produce higher or lower PGA rates than would be the case if there were no cash-in / cash-out transactions?

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Response: The net cash-out charges resulted in small decrease in overall PGA charges during calendar year 2008. The impact varied on each of the three distribution systems. See attached analysis for monthly detail.

Respondent: Scott Keith and Connie Carlile

#9) Under the proposed tariff provisions, do the sum total of cash-in / cash-out transactions for the test year produce higher or lower PGA rates than would be the case if there were no cash-in / cash-out transactions?

Response: As mentioned earlier, the proposed monthly cash-out provisions have been standardized for each of the three distribution systems. This is a change from the current tariff, where the cash-out provisions were somewhat unique for each of the three systems. Under the proposed cash-out provisions, Natural Gas Week has been specified as the publication that will be used to establish the spot price of natural gas on each of the interstate pipelines. In addition, the spot price used from Natural Gas Week will depend upon the nature of the imbalance. The highest price posted will be used when Deliveries exceed Receipts and the lowest price posted will be used when Receipts exceed Deliveries. The standardization of the cash-out provision should ease the administrative burden and the change in the application of the spot price should further discourage the over/under deliveries of natural gas by the transportation customers and marketers. To-date no financial analysis of the impact of this proposed change on future PGA rates has been made.

Respondent: Scott Keith

#10) Where Empire has either established a new fee (for example - "daily balancing charge", but not by way of limitation) or increased an existing fee, please supply Staff the rationale for calculating the proposed charge & provide a summery of underlying costs.

Response:

1. See attached cost analysis supporting the proposed daily balancing fee.
2. See the direct testimony of Empire witness Overcast for a discussion of moving to the straight-fixed variable rate design and the cost of service supporting the change.

Respondent: Scott Keith/Connie Carlile.

#11) Please provide Staff with a copy of any other data requests issued by any other party who has sought information concerning Empire's proposed transport tariff. Also supply Staff with a copy of Empire's response to those data requests.

Response: See attached responses to Constellation.

Respondent: Scott Keith

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TRANSPORTATION SERVICE
NATURAL GAS

A. PURPOSE

The purpose of this program is to provide the Company's end-users additional flexibility in how they purchase and receive natural gas for their use. This program allows non-residential end-users the opportunity to purchase natural gas from a source other than the Company and make arrangements for the transportation of such natural gas on a firm and/or interruptible basis on the Company's distribution system.

1. Program Provisions. This program has the following major provisions:
   - (a) *Pipeline Capacity Assignment:* The program contains provisions for the Company to assign its firm pipeline capacity to the aggregator or end user in order for the aggregator to provide firm gas service to its aggregated pool. The daily scheduling, monthly balancing and monthly cash out provisions set forth below essentially mirror the same requirements the Company is required to follow (or will be expected to follow) in taking service from the interstate pipelines, Panhandle Eastern Pipe Line Company (PEPL), Southern Star Central Pipelines (SSCP), and ANR Pipeline Company (ANR) serving the Company's Missouri systems.
   - (b) *Small and Large Volume Rate Schedules:* End users with annual usage of 5,000 to 39,999 Ccf qualify for small volume transportation service, and end users with annual usage of 40,000 Ccf or more qualify for the large volume transportation schedule.
   - (c) *Aggregation Permitted.* Under the terms of these tariff sheets, a non-residential end-user who desires to transport gas is permitted to combine its natural gas requirements with those other non-residential customers on the same rate schedule and pipeline in an aggregated pool for purposes of scheduling, nominations and gas purchasing.
   - (d) *Daily Scheduling:* As a condition of transporting, Customers need to comply with the requirement to match, within a certain tolerance and on a daily basis, nominations and consumption. This requirement relates to the necessity for the utility to manage the gas delivered to it for consumption by end-users. The capability to closely monitor daily transportation activity is critical to ensure that the utility is able to facilitate transportation service for the benefit of aggregators and end-users while reliably maintaining service to its sales customers.
   - (e) *Monthly Balancing:* In addition to matching nominations and consumption on a daily basis, Customers are required, within a specific tolerance, to be "in balance" on a monthly basis.
   - (f) *Monthly Cashouts:* The program provides a method each month for resolving on a cash basis the differences between nominations and consumption.

2. Program Evaluation. During the term of the Small Volume transportation program, Company shall file annual reports, beginning with an initial report to be filed in January, 2004 showing the following information:
   (a) The number of aggregators actively forming aggregated pools on the Company's systems,
   (b) The number of end-users electing to be served as part of aggregated pools,
   (c) End-users requesting to leave aggregated pools and return to the Company's sales service, and
   (d) The amount of interstate pipeline capacity assigned from Company to specific aggregators forming aggregated pools.
   (e) Copies of all transportation contracts executed in the prior year.

B. DEFINITIONS

AGGREGATION - The practice of combining the nominations and balancing of gas delivered to more than one end-user from receipt point(s) served by a common pipeline. Aggregation of end-users is allowed only on a common pipeline. To qualify for aggregation service, end-users must be served by a common pipeline in the same pipeline operating zone, and be on the same rate schedule.

AGGREGATION POOL – A group of one or more end-users, with each end-use meter qualifying under the applicable rate schedule for transportation service. Any energy seller, supplier, marketer or broker that serves more than one end-user that is eligible to be pooled for the purpose of forming an aggregation pool will be deemed to be an aggregator, and will be required to execute a Marketer Agreement.

AGGREGATOR – An entity (such as an energy seller, marketer, supplier, or other entity) responsible for the aggregation of gas delivered to more than one end-user.

BALANCING - The effort to match the quantity of transport gas received by the Company for the account of an end-user or aggregator with the quantity of the gas delivered to end-user(s) for the account of that end-user.

CUSTOMER – An energy seller, marketer, aggregator, supplier, or end-user of transportation service.

DAILY NOMINATION REQUIREMENT - The quantity of gas required to be delivered to Company at receipt point(s) for the account of an end-user or aggregator in order to meet: 1) end-user's or aggregator's daily requirement for flowing gas (gas physically delivered to end-user(s)), 2) losses, and 3) correction of end-user's or aggregator's out-of-balance condition existing at the end of the preceding gas day.

DAILY SCHEDULING TOLERANCE - The maximum quantity of gas at the end of any gas day, which Company will allow end-user or aggregator to be out-of-balance without additional charge. The daily scheduling tolerance is intended to reflect the scheduling tolerance established by the interstate pipeline serving each of the Company's systems.

DAY - See GAS DAY.

DELIVERIES - The quantity of gas delivered by Company to end-user(s) for the account of and end-user or aggregator.

DELIVERY POINT - The location where the Company's gas distribution facilities are interconnected with the end-user's facilities. This location is where the end-user or aggregator and the Company have agreed that all or part of the receipts for the account of end-user or aggregator will be transported and delivered by the Company.

END-USER - Any person, association, firm, public or private corporation, or any agency of the federal, state, or local government or other legal entity who physically accepts delivery from Company of gas transported hereunder.

ENERGY SELLER – Any person who uses, leases or controls the distribution system of a distributor or a political subdivision or any part thereof to sell energy services at retail within a political subdivision, other than a distributor or a political subdivision.

GAS DAY - The 24 hour period which begins at 9:00 a.m. Central Time and ends at 9:00 a.m. Central Time the following day.

LINE LOSS - The quantity of gas used and/or lost as part of the Company's normal distribution system operation. Line loss charges will be the Company's system-wide Lost and Unaccounted (L&U) Account as computed in the Company's annual PGA and applied on a volumetric basis to the quantity of gas delivered to the end-user.

MARKETER AGREEMENT – An agreement entered into between Company and aggregator specifying the service(s) requested by aggregator, method of billing and term of agreement.

MAXIMUM DAILY QUANTITY (MDQ) - The amount of gas a customer is expected to consume on a peak day, calculated by dividing the volumes consumed by a particular customer during the highest historical peak month of usage for that customer in the last three years by twenty (20). Company will estimate a peak month for new customers. A Maximum Daily Quantity may also be established through direct measurement or other means (i.e., estimating the peak day requirements after installation of new processing equipment or more energy efficient heating systems) if approved by Company.

TRANSPORTATION SERVICE
NATURAL GAS

NOMINATION - The quantity of gas that an end-user or aggregator causes to be delivered to Company at each Receipt Point during a gas day. The quantity nominated must be equalized as far as practicable over the twenty-four hour period and for the services provided hereunder is assumed to have been delivered to Company uniformly during each hour of the gas day.

OPERATIONAL BALANCING AGREEMENT - An agreement between the Company and an end-user or aggregator which describes the manner in which differences between actual receipts into the Company's system and nominated quantities into Company's system will be resolved between the parties.

OPERATIONAL FLOW ORDER - A notice issued by the Company to Customers requiring the delivery of specified quantities of gas to Company at times deemed necessary by the Company to maintain system integrity and to assure continued service. An Operational Flow Order shall be issued to the smallest affected area, and only Customers in that area will be affected. For example, a single receipt point, receipt points on a pipeline, or the entire system. Notification shall be via Company's electronic bulletin board (edg.empiredistrict.com). Any Operational Flow Order (OFO) declared by the interstate pipeline is also an OFO Day on Company's affected area, but end-user or aggregator notification shall come from the pipeline.

OUT-OF-BALANCE - A condition where cumulative receipts fail to equal cumulative deliveries. A positive (excess) out-of-balance condition exists when receipts exceed deliveries. A negative (deficiency) out-of-balance condition exists when deliveries exceed receipts. When an end-user or aggregator is out-of-balance, the Company has either provided gas to the end-user or aggregator to meet an underage (deficiency), or stored gas for the end-user or aggregator to meet an overage (excess).

OVERAGE - An out-of-balance condition where receipts exceed deliveries. This condition reflects the cumulative extent receipts exceed deliveries since receipts and deliveries were last in balance. A positive (excess) out-of-balance condition is considered an overage.

RECEIPTS - The quantity of gas actually delivered to Company for the account of an end-user or aggregator at receipt point(s).

RECEIPT POINT - The location where Company physically receives gas delivered to Company for the account of end-user or aggregator. This location is the interconnection between the Company and the entity responsible for the delivery of end-user or aggregator-owned gas to the Company. The receipt point is usually physically located at the town border station, upstream of the delivery point. The receipt point must be a location physically connected by Company facilities to the delivery point. If the Company can, operationally, contractually, and without adversely affecting the service to its other end-users, permit a customer to use a receipt point not physically connected through Company facilities to the delivery point(s), Company may waive the receipt point restriction.

TRANSPORTATION SERVICE
NATURAL GAS

RECORDING EQUIPMENT - Equipment which is capable of obtaining, accumulating, and storing data regarding gas flow for intervals equal to or less than twenty-four (24) hours in duration.

SHUTOFF - Service interruption initiated by Company, terminating service hereunder, to an end-user as a result of failure of end-user to pay Company for service or as a result of unsafe conditions.

TELEMETRY - Equipment capable of obtaining, accumulating, and transmitting real time data regarding the gas flow to a central location.

TRANSPORTATION SERVICE - The physical and/or contractual movement of gas through the Company's distribution system from receipt point(s) to delivery point(s).

UNDERAGE - An out-of-balance condition where deliveries exceed receipts. This condition reflects the cumulative extent that deliveries exceed receipts since deliveries and receipts were last in balance. A negative (deficiency) out-of-balance condition is considered an underage.

C. PIPELINE CAPACITY RELEASE

The Company offers its end-users additional flexibility in how they purchase and receive gas for their use. End-users may purchase their gas directly from an energy seller, marketer, aggregator, supplier, or other entity and then, under the SVTS-N&S, SVTS-NW, LVTS-N&S or LVTS-NW rate schedules, decide which services will be used to bring the gas to their end-use location.

Consistent with the above and as a condition of customer being able to transfer from firm sales service to the Company's transportation rate schedules, customer agrees to accept pro-rata release of Company's pipeline capacity based on the firm peak day requirements for end-user's end use or for aggregator's end-users. The amount of pipeline capacity the end-user will be released will be calculated by determining the peak gas usage month that occurred within the past three (3) years for each of aggregator's end-users, then adding the quantity of gas consumed by each of aggregator's end-users in such peak month, and dividing that sum by 20.

The capacity will be released to the end-user or aggregator on a temporary non-recallable basis for the period of the existing pipeline transportation contract for each end-user at the Company's weighted average cost. *Pipeline transportation cost shall be derived from the pipeline transportation* contracts that serve a customer. Only those contracts that provide service to a customer's service territory shall be considered when calculating cost. After the capacity is released, end-users and aggregators will deal directly with the interstate pipeline during the period of release on all matters *concerning this capacity. In the event an end user changes marketers* before the expiration of a pipeline capacity agreement, the end-user's capacity will revert to the Company for reassignment to the new aggregator or marketer.

If an end-user wishes to return to firm sales service, Company shall accept the end-user as a firm sales customer, provided the capacity needed to serve the customer also returns with the end-user or is otherwise available. However, the Company is not required to accept capacity from transportation customers returning to sales service.

TRANSPORTATION SERVICE
RATE SCHEDULE SVTS-N&S

D. RATE SCHEDULE SVTS-N&S

1. Availability: Service under this rate schedule is available to Customers who cause gas to be delivered to individually metered, non-residential end-users whose individual annual usage is anticipated to be at least 5,000 Ccf, but less than 40,000 Ccf. This service will be available in all of the Company's North & South service territories.

2. Service Considerations: Customers must execute a written contract for transportation service pursuant to this rate schedule. Gas transportation agreements and applicable documents are available at the Company's electronic website www.empiredistrict.com. All small volume transportation customers must install telemetry equipment or purchase the Balancing Service provided herein. Customers must reimburse the Company for the cost incurred by the Company to install telemetry equipment and for the cost of any other improvements made by the Company in order to provide this service. Service is provided for a minimum of six (6) months.

3. Monthly Charges: End-user's monthly bill shall be determined as a sum of the following:
SMALL VOLUME TRANSPORTATION SERVICE

	SOUTH SYSTEM	NORTHSYSTEM
End-user Charge	$ 50.00 per month	$ 50.00 per month
Delivery charge, Usage (per Ccf)	$ 0.22790 per Ccf	$ 0.22790 per Ccf

4. L&U Charge: The Company's system-wide Lost and Unaccounted (L&U) Account as computed in the Company's annual PGA will be applied on a volumetric basis to the quantity of gas delivered to the end-user.

5. Interim Purchased Gas Adjustment Charges: End-users shall be charged the appropriate system's ACA, Refund, TOP and TC factors as listed on Company's sheet numbers 61-64. New customers or customers electing transportation service shall be charged the appropriate ACA charges for a period of one year after changing service to this schedule. These charges shall terminate after a customer has been served under this schedule for one year.

TRANSPORTATION SERVICE
RATE SCHEDULE SVTS-N&S (continued)

Mandatory Charges: Monthly bills to aggregators shall reflect the charges as described in Section E of this service schedule, including:

Daily Out-of-Balance Charge
Monthly Cash-out Charge
Line Loss Charge
Unauthorized Delivery Charge

Optional Services: Additional services may be selected, as described in Section I, including:

Daily Balancing Service
Aggregation Pooling Service
Billing Service

6. Security: All Aggregators shall provide Company with security for aggregator's performance hereunder in the form of a letter of credit or a performance bond in the amount of $250,000.00 no later than ten (10) days prior to the date gas first flows to one or more of aggregator's end-users. Company reserves the right to periodically review the sufficiency of said security and, if deemed necessary as a prudent business practice, may require an increase in such amount.

7. General Rules, Regulations, Terms and Conditions: Service hereunder is subject to Company's General Rules and Regulations and applicable transportation provisions on file with the Missouri Public Service Commission, including Sections F-K below.

8. Taxes: Service received under this tariff shall be conducted through energy sellers who have received certification from the Missouri Public Service Commission pursuant to 4 CSR 240-45.010 in compliance with Sections 393.297 through 393.301, RSMo.

TRANSPORTATION SERVICE
RATE SCHEDULE SVTS-N&S (continued)

9. <u>School Aggregation Program</u>: Pursuant to Sec. 393.310.1 RSMo, the fee for aggregation and balancing services for schools aggregating gas requirements under this schedule shall be $0.004 per Ccf during the twelve (12) month period following the approval date of this schedule. After the initial twelve (12) months of this program, the charges described in paragraphs H and I will apply to all small volume customers, including schools. No telemetry shall be required unless a facility is expected to consume over 100,000 Ccf annually.

   a. <u>Reporting</u>. The Company shall, no later than June 1 in each year of the program, provide records of the revenues and expenses incurred as a result of this program. 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 parties to determine what under- or over-recovery of expenses may exist at that time, and to determine what changes in rates, if any, may be appropriate to prevent any harm to the groups identified in RSMo Sec. 393.310. The Commission may, no later than November 1st of each year of the program, implement any adjustments in rates it deems appropriate to comply with RSMo. 393.310.

      i. Annual Cost True-Up. Company shall file annually on or about November 1 of each year to receive Commission approval to recover costs incurred to implement this program. This cost recovery application may include first year costs that exceed the $0.004 per Ccf limit contained in RSMo. 393.310, PGA-related costs and administrative costs incurred by the Company.

      ii. Collection of Gross Receipts Taxes. The marketer or aggregator will collect gross receipts taxes applicable to the cost of gas purchased for end users. The marketer or aggregator may alternatively subscribe to Company's billing service, described in Section I.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No.	2		Original	Sheet No.	32
Canceling P.S.C. MO. No.	1			Sheet No.	

THE EMPIRE DISTRICT GAS COMPANY
JOPLIN, MO 64802

FOR: All Communities and Rural Areas in the Empire North & South Service Territories

TRANSPORTATION SERVICE
RATE SCHEDULE LVTS-N&S

D. RATE SCHEDULE LVTS-N&S

1. Availability: Service under this rate schedule is available to Customers who cause gas to be delivered on a firm basis to individually metered, non-residential end-users whose individual annual usage is anticipated to equal or exceed 40,000 Ccf. This service will be available in all of the Company's North & South service territories.

2. Service Considerations: Customers must execute a written contract for transportation service pursuant to this rate schedule. Gas transportation agreements and applicable documents are available at the Company's electronic website www.empiredistrict.com. Service hereunder is provided subject to a requirement for recording equipment or telemetry at the delivery point. All large volume transportation customers must install telemetry equipment and reimburse the Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this service. Service is provided for a minimum of one year.

3. Monthly Charges: End-user's monthly bill shall be determined as a sum of the following:
LARGE VOLUME TRANSPORTATION SERVICES

	SOUTH SYSTEM	NORTH SYSTEM
End-user Charge	$ 215.00 per month	$ 215.00 per month
Delivery charge, Usage (per Ccf)	$ 0.02885 per Ccf	$ 0.02885 per Ccf
Demand Charge, All Billing Demand	$ 0.40000 per Ccf	$ 0.40000 per Ccf

4. L&U Charge: The Company's system-wide Lost and Unaccounted (L&U) Account as computed in the Company's annual PGA will be applied on a volumetric basis to the quantity of gas delivered to the end-user.

5. Interim Purchased Gas Adjustment Charges: End-users shall be charged the appropriate system's ACA, Refund, TOP and TC factors as listed on Company's sheet numbers 61-64. The Company's existing large volume transportation customers shall be exempt from new ACA or PGA-related charges. New customers or customers electing transportation service shall be charged the appropriate ACA charges for a period of one year after changing service to this schedule. These charges shall terminate after a customer has been served under this schedule for one year.

6. Billing Demand: For purposes of determining the billing demand under this rate schedule, the billing months of November through March shall be considered winter months; all other billing months shall be considered summer months. The billing demand for any winter month shall be the maximum use in Ccf during any consecutive period of 24 hours in such month. The billing demand for any summer month shall be one-half of the maximum use in Ccf during any consecutive period of 24 hours in such month.

DATE OF ISSUE: August 9, 2007 EFFECTIVE DATE: September 8, 2007
ISSUED BY: Kelly S. Walters, Vice President

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TRANSPORTATION SERVICE
RATE SCHEDULE LVTS-N&S (continued)

Company will normally compute the maximum use in Ccf during any consecutive period of 24 hours in any billing month as 1/20th of the number of Ccf used during such billing month, adjusted to a base monthly billing period of 30 days. For customers not consuming natural gas uniformly throughout the billing month, Company and Customer may agree to determine the maximum use in Ccf during any consecutive period of 24 hours during any billing month by use of metering when such capability is available.

Mandatory Charges: Monthly bills to aggregators shall reflect the charges as described in Section E of this service schedule, including:

Daily Out-of-Balance Charge
Monthly Cash-out Charge
Line Loss Charge
Unauthorized Delivery Charge

Optional Services: Additional services may be selected, as described in Section I, including:

Aggregation Pooling Service
Billing Service

7. Security: All Aggregators shall provide Company with security for aggregator's performance hereunder in the form of a letter of credit or a performance bond in the amount of $250,000.00 no later than ten (10) days prior to the date gas first flows to one or more of aggregator's end-users. Company reserves the right to periodically review the sufficiency of said security and, if deemed necessary as a prudent business practice, may require an increase in such amount.

8. General Rules, Regulations, Terms and Conditions: Service hereunder is subject to Company's General Rules and Regulations and applicable transportation provisions on file with the Missouri Public Service Commission, including Sections F-K below.

9. Taxes: Service received under this tariff shall be conducted through energy sellers who have received certification from the Missouri Public Service Commission pursuant to 4 CSR 240-45.010 in compliance with Sections 393.297 through 393.301, RSMo.

TRANSPORTATION SERVICE
RATE SCHEDULE SVTS-NW

D. RATE SCHEDULE SVTS-NW

1. Availability: Service under this rate schedule is available to Customers who cause gas to be delivered to individually metered, non-residential end-users whose individual annual usage is anticipated to be at least 5,000 Ccf, but less than 40,000 Ccf. This service will be available in all of the Company's NW service territory.

2. Service Considerations: Customers must execute a written contract for transportation service pursuant to this rate schedule. Gas transportation agreements and applicable documents are available at the Company's electronic website www.empiredistrict.com. All small volume transportation customers must install telemetry equipment or purchase the Balancing Service provided herein. Customers must reimburse the Company for the cost incurred by the Company to install telemetry equipment and for the cost of any other improvements made by the Company in order to provide this service. Service is provided for a minimum of six (6) months.

3. Monthly Charges: End-user's monthly bill shall be determined as a sum of the following:
   SMALL VOLUME TRANSPORTATION SERVICE

	NW System
End-user Charge:	$40 per month
Delivery Charge	
Usage (per Ccf)	$ 0.22500

4. L&U Charge: The Company's system-wide Lost and Unaccounted (L&U) Account as computed in the Company's annual PGA will be applied on a volumetric basis to the quantity of gas delivered to the end-user.

5. Interim Purchased Gas Adjustment Charges: End-users shall be charged the appropriate system's ACA, Refund, TOP and TC factors as listed on Company's sheet numbers 61-64. New customers or customers electing transportation service shal l be charged the appropriate ACA charges for a period of one year after changing service to this schedule. These charges shall terminate after a customer has been served under this schedule for one year.

Mandatory Charges: Monthly bills to aggregators shall reflect the charges as described in Section E of this service schedule, including:

Daily Out-of-Balance Charge
Monthly Cash-out Charge
Line Loss Charge
Unauthorized Delivery Charge

Optional Services: Additional services may be selected, as described in Section I, including:

Daily Balancing Service
Aggregation Pooling Service
Billing Service

6. Security: All Aggregators shall provide Company with security for aggregator's performance hereunder in the form of a letter of credit or a performance bond in the amount of $250,000.00 no later than ten (10) days prior to the date gas first flows to one or more of aggregator's end-users. Company reserves the right to periodically review the sufficiency of said security and, if deemed necessary as a prudent business practice, may require an increase in such amount.

7. General Rules, Regulations, Terms and Conditions: Service hereunder is subject to Company's General Rules and Regulations and applicable transportation provisions on file with the Missouri Public Service Commission, including Sections F-K below.

8. Taxes: Service received under this tariff shall be conducted through energy sellers who have received certification from the Missouri Public Service Commission pursuant to 4 CSR 240-45.010 in compliance with Sections 393.297 through 393.301, RSMo.

TRANSPORTATION SERVICE
RATE SCHEDULE SVTS-NW (continued)

10. School Aggregation Program: Pursuant to Sec. 393.310.1 RSMo, the fee for aggregation and balancing services for schools aggregating gas requirements under this schedule shall be $0.004 per Ccf during the twelve (12) month period following the approval date of this schedule. After the initial twelve (12) months of this program, the charges described in paragraphs H and I will apply to all small volume customers, including schools. No telemetry shall be required unless a facility is expected to consume over 100,000 Ccf annually.

    a. Reporting. The Company shall, no later than June 1 in each year of the program, provide records of the revenues and expenses incurred as a result of this program. 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 parties to determine what under- or over-recovery of expenses may exist at that time, and to determine what changes in rates, if any, may be appropriate to prevent any harm to the groups identified in RSMo Sec. 393.310. The Commission may, no later than November 1st of each year of the program, implement any adjustments in rates it deems appropriate to comply with RSMo. 393.310.

        i. Annual Cost True-Up. Company shall file annually on or about November 1 of each year to receive Commission approval to recover costs incurred to implement this program. This cost recovery application may include first year costs that exceed the $0.004 per Ccf limit contained in RSMo. 393.310, PGA-related costs and administrative costs incurred by the Company.

        ii. Collection of Gross Receipts Taxes. The marketer or aggregator will collect gross receipts taxes applicable to the cost of gas purchased for end users. The marketer or aggregator may alternatively subscribe to Company's billing service, described in Section I.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No.	2		Original	Sheet No.	37
Canceling P.S.C. MO. No.	1			Sheet No.	

THE EMPIRE DISTRICT GAS COMPANY
JOPLIN, MO 64802

FOR: All Communities and Rural Areas in the Empire NW Service Territory

TRANSPORTATION SERVICE
RATE SCHEDULE LVTS-NW

D. RATE SCHEDULE LVTS-NW

1. Availability: Service under this rate schedule is available to Customers who cause gas to be delivered to individually metered, non-residential end-users whose individual annual usage is anticipated to equal or exceed 40,000 Ccfs. This service will be available in all of the Company's NW service territory.

2. Service Considerations: Customers must execute a written contract for transportation service pursuant to this rate schedule. Gas transportation agreements and applicable documents are available at the Company's electronic website www.empiredistrict.com. Service hereunder is provided subject to a requirement for recording equipment or telemetry at the delivery point. All large volume transportation customers must install telemetry equipment and reimburse the Company for the cost incurred by the Company to install telemetry equipment and for the cost of any other improvements made by the Company in order to provide this service. Service is provided for a minimum of one year.

3. Monthly Charges: End-user's monthly bill shall be determined as a sum of the following:
LARGE VOLUME TRANSPORTATION SERVICE

	NW System
End-user Charge:	$200.00 per month
Delivery Charge	
Usage (per Ccf)	$0.04850
Demand Charge,	
All Billing Demand (per Ccf)	$0.40000

4. L&U Charge: The Company's system-wide Lost and Unaccounted (L&U) Account as computed in the Company's annual PGA will be applied on a volumetric basis to the quantity of gas delivered to the end-user.

5. Interim Purchased Gas Adjustment Charges: End-users shall be charged the appropriate system's ACA, Refund, TOP and TC factors as listed on Company's sheet numbers 61-64. The Company's existing large volume transportation customers shall be exempt from new ACA or PGA-related charges. New customers or customers electing transportation service shall be charged the appropriate ACA charges for a period of one year after changing service to this schedule. These charges shall terminate after a customer has been served under this schedule for one year.

DATE OF ISSUE:	August 9, 2007	EFFECTIVE DATE:	September 8, 2007
ISSUED BY:	Kelly S. Walters, Vice President		

NP

TRANSPORTATION SERVICE
RATE SCHEDULE LVTS-NW (continued)

6. Billing Demand: For purposes of determining the billing demand under this rate schedule, the billing months of November through March shall be considered winter months; all other billing months shall be considered summer months. The billing demand for any winter month shall be the maximum use in Ccf during any consecutive period of 24 hours in such month. The billing demand for any summer month shall be one-half of the maximum use in Ccf during any consecutive period of 24 hours in such month.

   Company will normally compute the maximum use in Ccf during any consecutive period of 24 hours in any billing month as 1/20th of the number of Ccf used during such billing month, adjusted to a base monthly billing period of 30 days. For customers not consuming natural gas uniformly throughout the billing month, Company and Customer may agree to determine the maximum use in Ccf during any consecutive period of 24 hours during any billing month by use of metering when such capability is available.

   Mandatory Charges: Monthly bills to aggregators shall reflect the charges as described in Section E of this service schedule, including:

   Daily Out-of-Balance Charge
   Monthly Cash-out Charge
   Line Loss Charge
   Unauthorized Delivery Charge

   Optional Services: Additional services may be selected, as described in Section I, including:

   Aggregation Pooling Service
   Billing Service

7. Security: All Aggregators shall provide Company with security for aggregator's performance hereunder in the form of a letter of credit or a performance bond in the amount of $250,000.00 no later than ten (10) days prior to the date gas first flows to one or more of aggregator's end-users. Company reserves the right to periodically review the sufficiency of said security and, if deemed necessary as a prudent business practice, may require an increase in such amount.

8. General Rules, Regulations, Terms and Conditions: Service hereunder is subject to Company's General Rules and Regulations and applicable transportation provisions on file with the Missouri Public Service Commission, including Sections F-K below.

9. Taxes: Service received under this tariff shall be conducted through energy sellers who have received certification from the Missouri Public Service Commission pursuant to 4 CSR 240-45.010 in compliance with Sections 393.297 through 393.301, RSMo.

TRANSPORTATION SERVICE - FLEXIBLE RATES
RATE SCHEDULE LVTS-F

Company may from time to time at its sole discretion reduce its maximum charge for transportation service by any amount down to the minimum transportation charge for customers who have alternate energy sources (other than natural gas), which on an equivalent Btu basis, can at a point in time be shown by the customer to be less than the sum of Company's maximum transportation rate and the cost of natural gas available to the customer. Such reductions will only be permitted if, in Company's sole discretion, they are necessary to retain or expand services to an existing customer, to reestablish service to a previous customer or to acquire new customers.

Company will reduce its maximum transportation charge on a case-by-case basis only after the customer demonstrates to Company's satisfaction that a feasible alternate energy source exists.

Company and each customer shall enter into a letter or memorandum agreement of a duration not longer than 60 days which specifies the rate to be charged thereunder. Company is authorized to charge the rates and to provide service in accordance with the terms and conditions of the letter or memorandum agreement. Such terms and conditions shall not bind the Commission for ratemaking purposes.

CHARGES

	North & South Systems	NW System
End User Charge	$215.00 per month	$200.00 per month
Maximum Charge (per Ccf transported)	$ 0.02885	$0.04850
Billing Demand (per Ccf)	$0.40000	$0.40000
Minimum Charge (per Ccf transported)	$ 0.00100	$ 0.00100

BILLING DEMAND

For purposes of determining the billing demand under this rate schedule, the billing months of November through March shall be considered winter months; all other billing months shall be considered summer months. The billing demand for any winter month shall be the maximum use in Ccf during any consecutive period of 24 hours in such month. The billing demand for any summer month shall be one-half of the maximum use in Ccf during any consecutive period of 24 hours in such month.

Company will normally compute the maximum use in Ccf during any consecutive period of 24 hours in any billing month as 1/20th of the number of Ccf used during such billing month, adjusted to a base monthly billing period of 30 days. For customers not consuming natural gas uniformly throughout the billing month, Company and Customer may agree to determine the maximum use in Ccf during any consecutive period of 24 hours during any billing month by use of metering when such capability is available.

TRANSPORTATION SERVICE - SPECIAL CONTRACT RATES
RATE SCHEDULE LVTS-SC

Company may, in instances where it faces competition from alternate su ppliers of natural gas, enter into special transportation rate contracts with industries or other large consumers on such terms and conditions as may be agreed upon by the par ties and which, in Company's sole discretion, are deemed necessary to retain services to an existing customer or, to reestablish service to a previous customer or to acquire new customers. The rates agreed upon by Company and customer shall not exceed the maximum transportation charges nor be less than the minimum transportation charges otherwise applicable to customer. All such contracts shall be furnished to the Commission s taff and the Office of Public Counsel and shall be subject to the Commission's jurisdiction.

Upon compliance with this tariff provision, Company is authorized to charge the r ates so contracted and to otherwise provide service pursuant to the terms and conditions of the contract. The terms and conditions of any such contract shall not bind the Commission for ratemaking purposes and shall not apply to the recovery provisions contained in the Purchased Gas Adjustment Clause except as follows:

Pursuant to the review of contracts entered into with the following customers in Case No. GR-93-172, Company is allowed to waive Take-or-Pay and/or Transition Cost charges (as otherwise required by the PGA Clause) to the following Special Transportation Contract customers:

The City of Marshall, Missouri
Pittsburg Corning

F. NOMINATIONS

1. Requirements. Customers are required to provide daily nominations. Customers requesting volumes to flow on the first day of any month must contact Company's Gas Control Department via the Company's Internet-enabled electronic bulletin board (edg.empiredistrict.com) and inform the Company of the volumes to be transported by receipt point(s) and delivery point(s). Daily nominations via the Internet are due by 11:30 a.m. Central Time one day before the gas flows. Intra-day nominations will be accepted until 5:00 p.m. Central Time one day before the gas flows. A confirmed pipeline nomination will also be accepted on a best effort basis on the day of gas flow.
2. Special Requirements. All Small Volume sales customers switching to transportation service will be assigned a Maximum Daily Quantity (MDQ) Level, as defined herein. Under certain circumstances the Company may, at its option, require customers to deliver and confirm its MDQ to the LDC receipt point up to a cumulative 10 days (in addition to interstate pipeline OFO days) during the months of November through March. If MDQ delivery does not occur, then customer must curtail to the level of their confirmed nomination. Confirmation occurs when the Company receives confirmed nomination from the interstate pipeline. Delivery at MDQ may be required if:
    1. The interstate pipeline calls an Operational Flow Order, or
    2. The Company calls an Operational Flow Order.

In (1) above, the Customer must, without notice from the Company, deliver its MDQ to the LDC receipt point. In (2) above, the Company will give the Customer 25 hours notice prior to the start of the gas day. If the Customer fails to deliver its MDQ as required, the Company shall assess a penalty to the Customer for each Mcf that the Customer fails to deliver in an amount equal to the highest daily penalty applicable to the Operational Flow Order, as defined by the interstate pipeline in its tariff.

G. BALANCING

To assure system integrity, the customer is responsible for: 1) providing daily scheduling of deliveries which accurately reflect the customer's expected consumption, and 2) balancing deliveries to the Company's system with volumes consumed at the delivery points and adjusted for Lost and Unaccounted gas. Failure to fulfill these responsibilities will result in the Customer incurring balancing and/or scheduling charges as described below.

TRANSPORTATION SERVICE
NATURAL GAS

1. Daily Balancing Charges. A daily charge shall apply to any aggregator or end-user served through ANR, Panhandle Eastern Pipeline Company or any other pipeline that subsequently adopts daily scheduling charges, and whose out-of-balance condition exceeds the daily scheduling tolerance. This daily charge is applied to the daily quantities by which the customer's out-of-balance condition exceeds the daily scheduling tolerance. Actual daily delivery quantities shall be used to determine the out-of-balance condition for customers with recording equipment or telemetry. Estimated daily delivery quantities shall be used to determine the out-of-balance condition for customers without recording equipment or telemetry, or whenever such equipment malfunctions. Estimated daily delivery quantities shall be determined based on available data including nominated quantities, meter readings, customer load characteristics, actual weather conditions, and other information. This daily charge is accumulated and assessed monthly. This charge is in addition to the charges set forth in each of the company's transportation rate schedules. For each pipeline, the FERC-approved charges apply. See Section K.
2. Monthly Imbalances. The difference between monthly confirmed nominated volumes and actual consumption will be charged to and/or credited to the Customer (cashed out) using the indices shown in Section K, plus pipeline fuel, pipeline capacity and commodity charges.

H. MANDATORY CHARGES

The following charges shall apply to Customers taking service under the Company's transportation rate schedules:

1. Daily Out-of-Balance Charge: A daily charge shall apply to any Aggregator or End-User served through ANR, PEPL or any other pipeline that subsequently adopts daily scheduling charges, and whose out-of-balance condition exceeds the daily scheduling tolerance. This daily charge is applied to the daily quantities by which Customer's out-of-balance condition exceeds Customer's daily scheduling tolerance. Actual daily delivery quantities shall be used to determine the out-of-balance condition for end-users with recording equipment or telemetry. Estimated daily delivery quantities shall be used to determine the out-of-balance condition for end-users without recording equipment or telemetry, or where such equipment malfunctions. Estimated daily delivery quantities shall be determined based on available data, including nominated quantities, meter readings, end-user load characteristics, actual weather conditions and other information.

   On days when operational flow orders have been declared, the daily scheduling charges will be applied according to the tables shown in Section K.

2. Monthly Cash-Out Charge: At the end of each calendar month, the Customer is required to balance its receipts and deliveries. Any variance between the Customer's receipts and deliveries will result in the "cash-out" of imbalance volumes. See Section K.

3. Line Loss Charge: *Line loss charges will be the Company's system-wide* Lost and Unaccounted (L&U) Account as computed in the Company's annual PGA, and applied on a volumetric basis to the quantity of gas delivered to the end-user.

4. Unauthorized Delivery Charge: If a customer fails to curtail its use of gas when requested to do so by the Company, the customer shall be billed at the transportation charge plus the cost of gas the Company secures for the customer, plus the greater of either the pipeline daily delivery variance charges or $2.00 per Ccf, for gas used in excess of the volumes of gas to which the customer is limited. Revenues related to unauthorized takes will be credited to the Company's PGA. The Company may in addition disconnect customer's supply of gas if the customer fails to curtail its use thereof when requested by the Company to do so. Curtailment of transportation volumes will take place according to the priority class, which the end-user would have been assigned if it were purchasing gas from the Company. During curtailment, the end-user is entitled to a credit equal to the difference between the volumes delivered to the Company and those received by the end-user, adjusted for lost, unaccounted-for and company used gas.

TRANSPORTATION SERVICE
NATURAL GAS

I. OPTIONAL SERVICES

The following optional services are available to certain customers, who may choose the services that best serve their needs. Aggregators shall designate on their Marketer Agreement which, if any, of the following services they desire. All charges for Optional Services are in addition to the monthly charges in the Company's transportation rate schedule.

1. Balancing Service: This service is available to end-users under the SVTS rate schedules. Under this optional service, Customers are provided additional flexibility in being able to balance their receipts with deliveries on a monthly basis. Small Volume Customers may negotiate a tolerance window and various cash-out rates for overage and underage conditions. Customers who elect transportation service may purchase the service in lieu of meeting Company's Transportation Tariff requirements for the installation of telemetry and daily scheduling requirements. Customers choosing this balancing service must submit a daily nomination to Company consistent with its planned usage for each day the service is used. The special requirements for nominations, found in Paragraph F, apply to this service. The cost of the service is $0.0075 per Ccf transported on Company's system. Revenues collected from the provision of this service will be credited to the overall general system gas cost through Company's PGA mechanism. This monthly charge is in addition to the monthly charges set forth in Company's service rate schedules.

2. Aggregation Pooling Service: A Customer may combine a group of end-users situated behind multiple town border stations (TBS) and served by a common pipeline with the same balancing provisions, the same transportation rate schedule (i.e., SVTS or LVTS) and the same interstate pipeline operational zone. If a Marketer purchases this aggregation service, the aggregated group will be considered as one Customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e., individual Customer nominations and consumption will be summed and treated as if they were one Customer. This does not include aggregation of fixed costs or customer charges. The cost of this aggregation service is $0.004 per Ccf of gas delivered to the aggregated group. Revenues received from this service shall be credited to the Company's PGA mechanism. If the Customer purchases this service, the aggregated pools will be considered as one aggregated pool for the purposes of calculating daily out-of-balance charges; however, during OFO days, nominating and balancing will be required by the affected receipt and delivery points.

3. Billing Service: Company will provide an integrated billing service for aggregators for a monthly fee equal to $1.00 multiplied by each end-user service point.

J. <u>TERMS AND CONDITIONS</u>

The following terms and conditions shall apply to aggregators, and end-users where applicable, taking service under Company's applicable rate schedule:

1. <u>Balancing</u>: Customer shall have the obligation to balance (within the tolerances listed in Section K) on both a daily *and* monthly basis, gas receipts (transportation gas delivered to Company at the receipt point), with thermally equivalent gas deliveries (transportation gas delivered by Company to end user(s) at the delivery point(s)). The difference between cumulative receipts and cumulative deliveries is considered an out-of-balance condition. Upon termination of service hereunder, either the Customer shall purchase sufficient quantities of gas to satisfy any negative out-of-balance condition or the Company shall purchase Customer's positive out-of-balance quantities. These purchases shall be completed in accordance with the provisions of Company's monthly cash-out provisions. In addition, Customer shall be responsible for any other applicable charge(s) set forth in Company's rate schedules. Delivery from systems with a single source of gas supply will use the transporting entity's statement as to volumes and heating value shall be taken as conclusive. Delivery from systems with multiple sources of gas supply shall be determined based on the heating value of the gas delivered to the end-user to determine the requirement for thermal balancing.

2. <u>Billing</u>: The order of gas delivery for purposes of billing calculations will initially be to utilize Customer-owned gas, including correction of any imbalance conditions and then utilize sales gas based on Company's applicable tariffs.

3. <u>Curtailment/Interruption of Service</u>: Transportation service provided by Company is based on Company's best efforts to deliver gas received for the account of the Customer. In the event of system capacity limitations, it may be necessary to interrupt deliveries from time to time. The determination of system capacity limitations shall be in the sole discretion of the Company. Such discretion shall be reasonably exercised. If transportation service interruption or curtailment is required, Company shall curtail deliveries on the affected parts of its system according to the Company's Priority of Service provisions, which are contained in Section 3.07 of Company's Rules and Regulations -- Gas.

   If a supply deficiency occurs in the volume of gas available to the Company for resale, and the Customer's supply delivered to the Company for transportation continues to be available, then the Customer may continue to receive full transportation service, even though sales gas of the same or higher priority is being curtailed.

TRANSPORTATION SERVICE
TERMS AND CONDITIONS

4. Delinquent Payment Penalty: A late payment charge in an amount equal to one and one-half percent (1.5%) of the delinquent amount owed for current service will be added to the bill if payment is not received on or before the net due date stated on the bill. The net due date shall be the twenty-first (21st) day after the date of billing.

5. Facility: Shall include all meters serving buildings under common ownership behind the same town border station.

6. Delivery Volume Requirement: The Company is not required to deliver volumes of gas in excess of receipts.

7. Failure to Comply: If aggregator or end-user fails to comply with or perform any of the obligations of its part, the Company shall have the right to give the aggregator or end-user written notice of the Company's intention to terminate the transportation service on account of such failure. The Company shall then have the right to terminate such transportation service after the expiration of five days after giving said notice, unless the aggregator or end-user shall make good such failure. Termination of such transportation service for any such cause shall be a cumulative remedy as to the Company, and shall not release the aggregator or end-user from its obligation to make payment of any amount or amounts due or to become due from the aggregator or end-user to the Company under the applicable schedule. In order to resume transportation service after termination of service hereunder, it shall be necessary for the end-user to reapply for service.

8. Force Majeure: The term "force majeure" as employed herein shall mean acts and events not within the control of the party claiming suspension and shall include acts of God, strikes, lockouts, material or equipment or labor shortages, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, interruptions by government or court orders, present or future orders of any regulatory body having proper jurisdiction, civil disturbances, explosions, breakage or accident to machinery or lines of pipes, freezing of wells or pipelines, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which, by the exercise of due diligence, such party is unable to overcome. If either the Company, aggregator or end-user is rendered unable by force majeure to wholly or in part carry out its obligations under the provisions of any rate schedule, the obligations of the party affected by such force majeure, other than the obligation to make payments there under, shall be suspended during the continuance of any inability so caused but for no longer period; and such cause shall, in so far as possible, be remedied with all reasonable dispatch. Notwithstanding the foregoing, the service provided by Company hereunder is limited to the transportation of aggregator or end-user owned gas received by the Company for the account of aggregator or end-user. In the event of a force majeure condition that restricts or limits aggregator's or end-user's ability to cause to be delivered to Company gas for the account of

the aggregator or end-user, Company is under no obligation to deliver gas to aggregator or end-user. Company is under no obligation to deliver gas to the aggregator or end-user for the account of aggregator or end-user that has not been received by the Company for the account of aggregator or end-user.

9. Gas Quality: All end-user-owned gas transported hereunder shall be of commercial quality. If the gas tendered for transportation is not of commercial quality or is gas which will adversely impact the gas stream of Company, said gas shall not be transported.

10. Gas Supply: Customer shall arrange for the purchase of gas other than Company's supply and for the delivery of such gas to a Company receipt point(s). End-user shall execute a written End-User Verification Form for transportation services pursuant to the applicable rate schedule containing such terms and conditions as may be reasonably required.

11. Laws, Regulations, and Orders: All agreements and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules, and regulations of any legislative body, or duly constituted authority now or hereafter having jurisdiction and shall be varied and amended to comply with or conform to any valid rule, regulation, order, or direction of any board, tribunal, or administrative agency with jurisdiction that affects any of the provisions of the agreement.

12. Liability: Gas shall be and shall remain the property of the aggregator or end-user while being transported and delivered by the Company. The Company shall not be liable to the aggregator or end-user for any loss arising from or out of gas transportation service while in the Company's system or for any other cause, except for gross or willful negligence of the Company's own employees. The Company reserves the right to commingle gas of the aggregator or end-user with other gas supplies. The aggregator or end-user shall be responsible for determining the extent of and maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.

13. Marketer Agreement: Each prospective aggregator is required to execute a Marketer Agreement, which shall specify the service(s) requested by the aggregator, the method under which the aggregator elects to be billed, and the term of the agreement. Regardless of billing arrangements elected, the aggregator shall be responsible for payment for all service(s) provided.

14. Measurement: All transport gas shall be measured on a volumetric basis. Measurement shall be based on available information regarding volumes received and delivered, pressure and temperature conditions, and energy content of the gas stream. Company shall determine the measurement equipment required to determine the receipts and deliveries of end-user owned gas transported hereunder.

TRANSPORTATION SERVICE
TERMS AND CONDITIONS

15. Minimum Term: The minimum term of service shall be 6 months for transportation schedules SVTS-N&S and SVTS-NW and one year for schedules LVTS-N&S and LVTS-NW. The Company, at its sole discretion, may allow a term less than the one (1) year or six (6) month minimums.

16. Nomination: Customers are required to provide daily nominations. Customers requesting volumes to flow on the first day of any month must contact Company's Gas Control Department via Company's Internet-enabled electronic bulletin board (edg.empiredistrict.com) and inform the Company of the volumes to be transported by receipt point(s) and delivery point(s). First of the month nominations and daily nominations via the Internet are due by 11:30 a.m. Central Time one day before the gas flows. Intra-day nomination for the 2nd through the 31st days of a month will be accepted until 5:00 p.m. Central Time one day before the gas flows. A confirmed pipeline nomination will also be accepted on a best effort basis on the day of gas flow. Any nomination that may take unfair advantage of any tariff provision may be rejected or changed by the Company.

17. Notices Required to Transport or Return to Sales Service: Customers shall notify the Company a minimum of fourteen (14) days prior to the beginning of the end-user's meter-reading cycle of their intent to begin or change service under the applicable transportation rate schedule through the filing of an End-User Verification Form or addendum thereto with the Company. Any addition, deletion or change in end-user transportation service shall occur at the start of the end-user's billing cycle. Notification shall include aggregator and end-user names and addresses; receipt and delivery point(s) to be nominated; service(s) to be subscribed for; billing information; and other information as the Company or aggregator may deem appropriate. Transportation service will not commence until the end-user has executed a written End-User Verification Form with the Company. Aggregators who notify Company on behalf of end-users of their intent to provide transportation service to an end-user without the end-user's approval shall pay a penalty of $100 per end-user occurrence. Repeated occurrences by aggregator will result in the aggregator not being permitted to continue transportation service. Any energy seller, supplier, marketer or broker that serves more than one end-user that is eligible to be pooled for the purpose of forming an aggregation pool will be deemed to be an aggregator, and will be required to execute a Marketer Agreement.

18. Operational Flow Order Penalty: Aggregators who fail to deliver to Company for the account of end-user(s) specified operational flow ordered quantities of gas shall be billed appropriate "Unauthorized Delivery" charges. Aggregators who repeatedly fail to deliver to Company specified operational flow order quantities of gas will not be permitted to continue transportation service.

19. Pipeline Charges. Any specific charges that Company incurs from the pipeline on behalf of customer will be passed through to that customer. Such charges include but are not limited to those that may be imposed by an applicable pipeline as set forth in paragraphs H and I.

TRANSPORTATION SERVICE
TERMS AND CONDITIONS

20. Recording and Telemetry Equipment: The Company shall notify end-users if existing equipment is not sufficient to measure service under the applicable rate schedule. Company shall not be unreasonable in such determination. If existing equipment is found to be insufficient, the Company may install such equipment as it deems necessary. The Company shall be allowed access for maintaining and operating such equipment. The end-user shall be responsible for the costs associated with the Company acquiring and installing recording and/or telemetry equipment at the delivery point. When telemetry equipment is installed, the end-user will be required to provide telephone or other interfaces agreed to by the Company along with electrical connections available at the meter location. If recording and/or telemetry equipment is deemed necessary, but the end-user is unwilling or unable to pay for the cost of such equipment, then the end-user may return to sales service, provided all other requirements of Section 18 have been met. All Small Volume transportation customers must have the company install telemetry equipment or purchase the Balancing Service provided in Section I.1 herein. Customers must reimburse the Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this transportation service. The customer shall also provide telephonic access and service to this telemetry equipment. The Company will offer financing for periods up to 90 days interest free. The Company will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by the Company shall remain the property of the Company, and will be maintained by the Company.

21. Service Agreement Required: Customer shall execute a written contract for transportation service containing such terms and conditions as the company reasonably requires. Gas transportation agreements and applicable documents are available at the Company's electronic website,www.empiredistrict.com. The Company will provide a written copy of the agreements if requested by the customer.

22. Successors and Assigns: Any party which shall succeed by purchase, merger, or consolidation, in whole or in part, to the interests of any aggregator or end-user, shall be subject to the obligations of its predecessor in title under an agreement. No other assignment of an agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto of the non-assigning party, which consent shall not be unreasonably withheld. Any party may assign its respective right, title, and interest in and to under an agreement to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities without the necessity of any such assignee becoming in any respect obligated to perform the obligation of the assignor under an agreement and, if any such trustee be a corporation, without its being required to qualify to do business in any state in which performance of an agreement may occur.

TRANSPORTATION SERVICE
TERMS AND CONDITIONS

23. Termination of Participation: End-Users shall notify the company whenever an end-user ceases to be a part of the aggregator's pool. Termination of participation in an aggregator's pool by an end-user, whether by choice of aggregator or end-user, may necessitate a determination by the company of the amount of capacity needed to serve the end-user. Capacity initially assigned and necessary to service end-user shall remain with the end-user. End-users that choose service from another aggregator must notify the company with a signed End-User Verification Form. Forms are available from aggregators or the Company. Notification is required at least fourteen (14) days prior to the nomination deadline for the first day of the end-user's billing cycle. If such notification is not provided within said time frame, then service from the original aggregator shall not terminate until the first day of the Company billing cycle for such end-user which begins at least thirty (30) days after receipt of the End-User Verification Form by the Company.

TRANSPORTATION SERVICE
GAS

K. <u>INTERSTATE PIPELINE SCHEDULING AND BALANCING CHARGES</u>

1. <u>Panhandle Eastern Pipeline Company</u>
   a. PEPL Daily Balancing Penalties
      i. Daily Imbalance Tolerance – 10%
      ii. Penalties - $0.2049 per Mcf plus 2.15% fuel for each Mcf outside tolerance

   b. PEPL OFO Penalties – The greater of 2 times the highest gas price published in Gas Daily for Citygate, Pooling Point Prices – "Chicago LDCs" or for Citygate, Pooling Point Prices – "Mich.-Mich Con," whichever is greater for the day Overrun Penalties are incurred, or the following:

Overrun	Rates per Mcf
0%-5%	$0.00
>5%-10%	$25.00
>10%-15%	$50.00
>15%-50%	$100.00
>50%	$200.00

   c. PEPL Monthly Imbalance Cash Out Tolerance Bands and Example

Imbalance Level	Receipts > Deliveries Due Customer	Deliveries > Receipts Due Company
0% - 5%	Spot x 100%	Spot x 100%
>5% - 10%	Spot x 90%	Spot x 110%
>10% - 15%	Spot x 80%	Spot x 120%
>15% - 20%	Spot x 70%	Spot x 130%
>20% - 25%	Spot x 60%	Spot x 140%
25% and higher	Spot x 50%	Spot x 150%

The "spot" market price shall equal the average of the Kansas/Oklahoma Field Zone Spot Price for gas delivered to PEPL contained in the first issue of <u>Natural Gas Week</u>.

<u>Example:</u>
If the nominated volume was 100 Mcf and the actual consumption was 115 Mcf, there is an imbalance of 15 Mcf due Company. The transportation customer would owe Company the following amount using the above hypothetical Spot market price of $2.22: (*)

5 Mcf at $2.22 x 100%	11.10
5 Mcf at $2.22 x 110%	12.21
5 Mcf at $2.22 x 120%	*13.35*
	$36.63

(*) These hypothetical prices are used for illustration purposes only.

TRANSPORTATION SERVICE
GAS

2. Southern Star Central Pipelines (SSCP)
   a. SSCP Balancing Penalties
      i. Daily Imbalance Tolerance – 3% for over-deliveries, 5% for under-deliveries.

      ii. Operational OFO Charges – The greater of $5 or 2.5 times the average Gas Daily Index for SSCP for each day the OFO is in effect for each Dth of over-delivery or under-receipt.

      iii. Emergency OFO Charges – The greater of $10 or 5 times the average Gas Daily Index for SSCP for each day the OFO is in effect for each Dth of over-delivery or under-receipt.

      iv. Monthly Imbalance Cashouts

Imbalance Level	Receipts > Deliveries Due Customer	Deliveries > Receipts Due Company
Up to 10%	Spot x 100%	Sport x 100%
10% but less than 15%	Spot x 70%	Spot x 130%
15% but less than 20%	Spot x 60%	Spot x 140%
20% or higher	Spot x 50%	Spot x 150%

The "spot" market price shall equal the Inside FERC Report for SSCP.

Example:
If the nominated volume was 100 Mcf and the actual consumption was 115 Mcf, there is an imbalance of 15 Mcf due Company. The transportation customer would owe Company the following amount using the above hypothetical S pot market price of $2.22: (*)

10 Mcf at $2.22 x 100%	$22.20
5 Mcf at $2.22 x 130%	14.43
	$36.63

(*) These hypothetical prices are used for illustration purposes only.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 2 ______ Original Sheet No. 53
Canceling P.S.C. MO. No. 1 ______ Sheet No. ______

THE EMPIRE DISTRICT GAS COMPANY
JOPLIN, MO 64802

FOR: All Communities and Rural Areas Receiving Natural Gas Service

TRANSPORTATION SERVICE
GAS

3. ANR Pipeline Company
   a. ANP Daily Balancing Penalties
      i. Daily Imbalance Tolerance – not to exceed MDQ
         1. If exceed MDQ, Customer may be subject to:
            a. Authorized Over-run rate - $0.3232 per Dth
            b. Unauthorized Over-run rate – greater of $10.00 per Dth or two times the Spot Price Index for the service month
      ii. Monthly Imbalance Tolerance – not to exceed MDQ
   b. ANR Daily OFO Penalties - $25.00 per Dth
   c. ANR Monthly Imbalance Cash Out Tiers

Imbalance Level	Receipts > Deliveries Due Company	Deliveries > Receipts Due Customer
0% - 5%	Spot x 100%	Spot x 100%
>5% - 10%	Spot x 85%	Spot x 115%
>10% - 15%	Spot x 70%	Spot x 130%
>15% - 20%	Spot x 60%	Spot x 140%
>20%	Spot x 50%	Spot x 150%

The "spot" market price shall be the ANR Oklahoma Spot Price Index.

Example:
If the nominated volume was 100 Mcf and the actual consumption was 115 Mcf, there is an imbalance of 15 Mcf due Company. The transportation customer would owe Company the following amount using the above hypothetical Spot market price of $2.22: (*)

5 Mcf at $2.22 x 100%	11.10
5 Mcf at $2.22 x 115%	12.77
5 Mcf at $2.22 x 130%	*14.43*
	$38.30

(*) These hypothetical prices are used for illustration purposes only.

DATE OF ISSUE: August 9, 2007 EFFECTIVE DATE: September 8, 2007
ISSUED BY: Kelly S. Walters, Vice President

NP

Excluded copy of proposed transportation tariff.

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Cashouts
January - December 2008

	South System	North System	Northwest System
January	$ (19,986.67)	$ (22,819.49)	$ (45,139.99)
February	$ 5,216.73	$ 393.14	$ (59,272.09)
March	$ 49,101.32	$ 56,038.69	$ (5,565.44)
April	$ (2,484.69)	$ 2,212.77	$ (5,302.63)
May	$ 41,488.68	$ (1,883.69)	$ 4,755.78
June	$ (27,202.76)	$ 7,206.58	$ (2,268.32)
July	$ 70,153.59	$ 8,230.51	$ (1,836.75)
August	$ 44,982.85	$ 36.79	$ (1,805.58)
September	$ (51,176.68)	$ 410.66	$ 8,413.07
October	$ (55,097.93)	$ 4.37	$ 7,387.89
November	$ 82,937.44	$ (816.92)	$ (23,352.46)
December	$ (4,254.46)	$ (25,372.25)	$ (54,912.32)
Total	**$ 133,677.42**	**$ 23,641.16**	**$ (178,898.84)**

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Empire District Gas Company
Proposed Daily Imbalance Tolerance Study

** HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

	Jan-08

NP

Empire District Gas Company
Proposed Daily Imbalance Tolerance Study

** HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

	Feb-08

NP

Empire District Gas Company
Proposed Daily Imbalance Tolerance Study

**** HIGHLY CONFIDENTIAL IN ITS ENTIRETY****

	Mar-08

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Empire District Gas Company
Proposed Daily Imbalance Tolerance Study

**** HIGHLY CONFIDENTIAL IN ITS ENTIRETY****

	Apr-08

NP

Empire District Gas Company
Proposed Daily Imbalance Tolerance Study

** HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

	May-08

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Empire District Gas Company
Proposed Daily Imbalance Tolerance Study

** HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

	Jun-08

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Empire District Gas Company
Proposed Daily Imbalance Tolerance Study

** HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

	Jul-08

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Empire District Gas Company
Proposed Daily Imbalance Tolerance Study

** HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

	Aug-08

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Empire District Gas Company
Proposed Daily Imbalance Tolerance Study

**** HIGHLY CONFIDENTIAL IN ITS ENTIRETY****

	Sep-08

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Empire District Gas Company
Proposed Daily Imbalance Tolerance Study

** HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

	Oct-08

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Empire District Gas Company
Proposed Daily Imbalance Tolerance Study

** HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

	Nov-08

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Empire District Gas Company
Proposed Daily Imbalance Tolerance Study

**** HIGHLY CONFIDENTIAL IN ITS ENTIRETY****

	Dec-08

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Excluded copy of
Daily Transportation Customer Imbalance Summary by Month

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Storage	Capacity	Deliverability	Injection Commodity	InjectionFuel	Withdrawal Commodity	Withdrawal Fuel
Southern	0.55	0	0	3.59%	0	0
Panhandle	0.4028 (3.35x14,000)	0.059	0.0033	2.07%	0.0033	1.20%
ANR	0.92	0		1.31%	0	0

Transport

PEPL		rate per dkth	gas costs	rate costs	% of system
Deliverability	storage	0.4028			
capacity	storage	0.059			
commodity	storage	0.0033			
total storage		**0.4651**			
transport		0.35			
total costs w/o fuel		**0.8151**		**0.8151**	23%
total fuel for storage & trans.		4.64%	$7.00	0.3248	
Total w/fuel				1.1399	
SS					
storage		0.55			
transport		0.35			
Total costs w/o fuel		**0.9**		**0.9**	65%
Fuel	Stor & trans	6.37%	$7.00	0.4459	
Total costs w/ fuel				1.3459	
ANR					
trans & storage	volumetric	**0.922**		**0.922**	12%
Total cost w/o fuel		**0.922**		**0.922**	
	stor & trans	2.50%	$7.00	0.175	
Total cost w/ fuel				1.097	

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Constellation NewEnergy-Gas Division, LLC Number 12

DATA REQUEST TO EMPIRE DISTRICT GAS COMPANY

CASE NO.: GR-2009-0434

REQUESTED BY: Richard Haubensak

REQUESTED FROM: Jayna Long; Angela Cloven

DATE OF REQUEST: September 30, 2009

BRIEF DESCRIPTION: Transportation Issues

INFORMATION REQUESTED:

Please provide a copy of MGE's Response to Staff Data Request No. 0166.

Response: See Attachment

===

Copies of your response to this Data Request should be provided via email to: Richard Haubensak at Richard.Haubensak@constellation.com and William D. Steinmeier at wds@wdspc.com.

The information provided in response to the above information request is accurate and complete and contains no material misrepresentations or omissions based upon present known facts to the undersigned. The undersigned agrees to immediately inform Constellation NewEnergy-Gas Division, LLC if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information.

Date: 10/09/09 Signed by: Angela Cloven

NP

Missouri Public Service Commission

Data Request

Data Request No.	0166
Company Name	Empire District Gas Company, The-Investor(Gas)
Case/Tracking No.	GR-2009-0434
Date Requested	9/28/2009
Issue	Tariff Issue - Transportation Tariffs
Requested From	Angela Cloven
Requested By	Michael Ensrud
Brief Description	Memorandum Of Meeeting - 3 Primary Issues

See Attachment

Description	SEE ATTACHED
Due Date	10/14/2009
Response	**Provided by Scott Keith - The Staff attachment accurately summarizes the major points of Empire's face-to-face meeting with the Staff/OPC on September 15, 2009 in Jefferson City.**

The attached information provided to Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. GR-2009-0434 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the Empire District Gas Company, The-Investor(Gas) office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports,analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to Empire District Gas Company, The-Investor(Gas) and its employees, contractors, agents or others employed by or acting in its behalf.

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Security	Public
Rationale	NA

Memorandum-Transportation Meeting

Please confirm or clarify that the attached document accurately reflects the content of the meeting that took place in room 510 of the Governor Office Building, between 10:00 AM and 3:15 PM, on September 15, 2009, regarding modifications to Empire's transportation tariff sheets.

DAILY BALANCING CHARGE

- Various pipe lines bill Empire various types of charges every time Empire injects and withdraws gas into the pipeline's storage. Beyond the incremental costs, there are sunk costs that relate to leased facilities that allow Empire to transport and store gas. Transport customers who over-nominate or under-nominate gas (on a daily basis) require Empire to make use of these facilities, in a similar fashion as does units of gas initially earmarked for sales customers. While not reflective of all charges that Empire will experience for this activity, Empire supplied the major components of that activity (rate per dkth) as an attachment to Data Response 130.

- The "composite" rate per dkth on the attachment is as follows:

PEPL	1.1399
SS	1.3459
ANR	1.097

- These calculations represent the cost or value associated with pipeline transportation and storage (injections/withdrawals) per dkth on Empire's system. These figures are an approximation of both variable and fixed costs associated with storage and transport. On the other hand, these figures do not reflect all possible charges. In addition, these respective pipeline charges for transportation, storage, fuel use, etc are subject to change. On the other hand, the above composite rates are a good and fair representation of underlying cost representation for each respective pipeline.

- A transport customer's consumption is either "long" or "short" of nomination. This occurs literally every day, to some degree. These imbalances cause Empire to either inject gas into storage or withdraw gas from storage. There may not be a one-to-one correspondency between over-nominations and injections and under-nominations and withdrawals. On the other hand, Empire experiences a strong correlation between the two types of activity. Over deliveries of natural gas by transportation customers causes Empire to incur transportation, fuel use and storage injection costs. Under deliveries of natural gas by transportation customers cause Empire to experience transportation, fuel use and storage withdrawal costs. Again, these costs being incurred are not exclusively incremental. There may be sunk costs incurred to serve sales customers (for transportation capacity and storage capacity) that are being utilized in the daily management of gas stemming from transport customers being "long" and "short" in nominations

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- The pipelines charge Empire transportation, fuel use, storage injection costs and storage withdrawal costs for these activities – injections and withdrawals. Presently, these costs "flow through" to the PGA rates – causing "firm" customers to pay for this service through the PGA rates. This assignment of 100% to PGA is true whether the cost is incremental in nature, or is a fixed cost allotted to the PGA, but utilized by both PGA gas and by transport gas. The PGA rates include the cost of natural gas supplies and the associated pipeline capacity (transportation), fuel use and/or storage required in order to serve sales service or "firm" customers. Absent the transportation customers make some contribution (for facilities that they use) to offset costs that they helped generate, the sales service customers will continue to pay for 100 percent of the storage/transportation cost.

- Empire is proposing that Daily Balancing Charge be established in order to get transport customers to pay their fair share of the pipeline storage and transportation costs that stems from the transport customers' daily imbalance activity.

- Currently, Empire can not supply a precise estimate of the annual cost impact of the transport customers' daily imbalances. Telemetry is not required on 100 percent of the transportation customers' premises. Without such equipment being installed, measuring the impact of the misallocation is impossible.

- A good estimate of the value for this daily storage service is around $700,000, some of which represents an incremental cost to Empire, and the sales service customers. Beyond the incremental costs, the figure has an estimate of sunk costs that are currently being 100 percent assigned to sales customers – via the PGA process. In other words, the $700,000 figure reflects the reallocation of some of these fixed, sunk costs to transport customers, and away from sales customers.

- However, this figure fails to incorporate the additional storage/transportation cost (value) associated with those other (smaller) transportation customers that Empire lacks the ability to calculate a daily imbalance. In other words, the $700,000 annual estimate only incorporates those customers where measurement capabilities as of today. While costs associated with immeasurable transport customers is potentially significant, it is not feasible to come up with a verifiable approximation of costs due to the lack of telemetry equipment to assist in the calculation of an approximation.

- There is another aspect of the $700,000 figure that the Commission should be aware of. That figure is not representative of a full recapture of all storage and transport costs that transport customers generate – even for those having the ability to measure daily imbalances. Consistent with Empire's proposed daily balancing tariff, Empire projected (partial) annual cost or value figure assumes that these "storage/transportation" costs commence only after the transport customer has experienced a 10% daily over-nomination, or a 10% daily under-nomination. It is implicit that (under Empire's tariff proposal) that whatever storage/transportation cost or value associated with 0% to10% daily over-nominations, or with 0% to 10% daily under-nominations remain recoverable through the PGA.

- There is nothing that favors this allowance being 10% over all other possible percentages of allowance. To a degree, while the 10% allowance is subjective, it is as good a figure as any. Setting a "proper" percentage of tolerance is not a case of there being one "right" percent. Rather, it is it a test of the reasonable of the percentage of striking a balance between interest of sales customers and the interest of transport customers.

- While the actual percentage is subjective, the justification for some tolerance has some basis. The "logic" for a 0% to 10% tolerance that imbalance is not billed to the transport customer is as follows: First, not every unit of transportation gas requires storage activity. There is a correlation between a transport customers being out of balance, but it is not a perfect one-to-one correspondency, and not every unit of transportation gas generates incremental pipeline storage/transportation cost. Second, it is unreasonable to expect an exact match between daily nominations and actual usage by the transport customer.

- On the other hand, there is a reasonable expectation that in most instances, that with diligence and care, a transport customer can keep this variance within a 10 percent tolerance threshold being incorporated into the proposed rate structure, at least, in most circumstances.

- There is another factor where Empire proposal "errs" on the side of the transport customer, and, thereby, leaves assignable costs embedded with the firm customer. Approximately 3% of the gas Empire sends to storage and later retrieves is lost. This loss is attributable to gas consumed in relation to transportation and/or storage injection and withdrawal activity.

- In order to have an absolute accurate recovery methodology that "factors in" the loss phenomena, Empire's proposal would need to incorporate this loss factor into the pricing of imbalanced gas. Again, this loss of gas associated with injection and withdrawal is a cost to Empire that remains assigned to those customers paying the PGA rate, even though transport customer experience this loss factor on gas associated with daily imbalances. Empire has attempted to capture an offset to this cost through one of the components built into the daily balancing fee, using an assumed cost of gas of $7.00 per Dkth.

- Empire's best estimate (to date) is that the firm customer pays approximately $0.15 per Mcf more under today's arrangement, than would be the case if Empire had its daily balancing tariff had been in place during the test year. Empire characterizes the proposal as an improvement over the status quo, even though the methodology does not produce a perfect match of cost causer with cost payer.

- The reduction in storage injection and transport costs could occur in one of two ways. First, transport customers could pay their own way for storage injection and withdrawal activity that they incur (at least, after the transport customer exceeds the 10% tolerance level) – assuming daily imbalances continue unabated by the new price singles being sent.

- In the alternative, the transport customer might respond to the price singles being sent, and cease incurring large imbalances on a daily basis. This course of action would also reduce the pipeline storage/transportation costs that Empire is experiencing. Reduction achieved via this alternative reaction will save the "firm" customer from paying for this service under the present system.

- If transport customers continue the same level of imbalance, the proposed methodology will re-allocate associated costs in a more equitable manner. The newly generated dollars will not go to Empire stockholders, but will be routed to the PGA pricing mechanism, and offset transport and storage costs.

- On the other hand, if the transport customer responds to the new price singles and greatly curtails daily imbalances, then Empire will have fewer transport and storage costs that are assigned to those customers paying the PGA. If there is a point favoring the second alternative, it is that the transport customer has the means available to avoid paying the new rates being established.

- Although the cost per Mcf varied from pipeline to pipeline, Empire selected the $1.25 per-MCF as a "weighted average" and reduces administrative burden(s) associated with three different charges for this service.

- The $1.25 per-Mcf (after customer exceeds 10% threshold) daily unbalancing charge is an approximation of the cost or value of pipeline storage/transportation service used by a transport customer in a daily imbalance position. The underlying assumption is that daily imbalances incur "storage/transportation" costs as described above – for each pipe line, and at the rates that shown above. These cost representations are also included in Empire's response to DR 130. Again, there may not be a one-to-one correspondence to a transport customer being out of balance and Empire incurring an incremental storage/transportation charge from the pipeline(s). However, the 10% "allowance" (where the proposed imbalance charge is not applied) that is built into Empire's proposal coupled with Empire ignoring the approximate 3 percent "loss" factor, should be a reasonable offset to those instances where overage and underage occurs.

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- The $1.25 per-Mcf Daily Charge is a fixed rate and will not change until next rate case. What the pipelines charge Empire for transportation/storage will fluctuate over time. "Storage/transportation" costs will fluctuate depending on which transport customer is out of balance, and by what degree.

- While failing to produce a perfect "flow through" recovery method, this fixed rate methodology is administratively simple, and is likely to not over-recover all "storage/transportation" costs generated by transport customers. Such a recovery methodology is a more equitable method of recovering "storage/transportation" costs than exists today – with the "firm" customer being required to pay for all the storage/transportation costs.

- The Commission has accepted this concept of blending storage costs for daily unbalances into a fixed rate of $1.50 per-MCF (in lieu of specific storage charges) for AmerenUE's existing transport tariff. A similar mechanism of charge is already in place.

- The Commission has allowed Atmos to pass on pipe-line specific storage to its transport customers. This "pass through" of pipeline-specific myriad of charges for storage is known as "scheduling charges" in the Atmos tariff. While not as close a "mimic" of application as is AmerenUE's $1.50 per-MCF charge, the allowed concept for Atmos is theoretically similar to what Empire is proposing, but would be administratively burdensome for Empire to adopt. The universal application of a fixed charge is easier to explain to customers, and is easier to apply to the customer's bill.

NEED FOR TELEMETRY

- In order to make an attempt at recovering storages/transportation costs associated with a transport customer being out of balance each day (beyond the allowed 10% tolerance), Empire must have the ability to measure daily usage. Without measuring daily usage, the end result is any and all storage/transportation costs fall to "firm" customers via the PGA mechanism.

- Without the requirement of the installation of telemetry equipment, there is no practical way to accurately recover the value of daily storage/transportation activity from the transport customer. The establishment of telemetry requirement is an essential prerequisite to implementing the daily balancing requirement.

- The telemetry equipment can cost between $1100 and $3000 to have initially installed. In addition, there is a mandatory Meter Administration fee (per meter) of $11.50 per-month.

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BALANCING SERVICE

- Balancing services, currently available at $0.0075 per Ccf, will no longer be offered to the SVTS customer who is not schools. Telemetry will now be mandatory for non-school transportation customers.

- Since there is statutory prohibition to requiring certain schools to acquire telemetry, the system that allows a more precise method of assigning or recovering the storage costs associated with daily imbalances for non-school entities, than for schools. Therefore, a mandatory balancing service of $0.025 per Ccf is being proposed by Empire. This is a mere continuation of an established practice, but at a higher rate, and applicable to a smaller sub-group of customers – only schools.

- It is known for a certainty that schools are out-of-balance (just like any other entity using gas) from one day to the next. The factor that will be in debate is the degree and magnitude that any particular school lacking measuring equipment is out of balance on any particular day.

- Therefore, Empire is proposing a somewhat-less-precise method of recovering this known but immeasurable cost – caused by schools, but recovered from "firm" customers via the PGA – to the party who actually generated the cost – at least, some approximation thereof.

- What Empire is proposing is an increase in the balancing fee for SVTS customers from $.075 to $0.25 per Mcf to attempt to properly re-assign transportation, fuel use and storage costs more equitably than merely allowing the continuation of the existing methodology. The current charge of $0.075 per Mcf does not cover the value of this transportation and storage service. The proposed fee of $0.25 represents 20 percent of the proposed Daily Imbalance Fee of $1.25 and is applied to all of the actual volumes transported.

- Empire is proposing a $0.025 per-Ccf ($0.25 per Mcf) "Balancing Service" charge that is a mandatory fee to school customers under the proposed SVTS rate schedules. This fee just as it does under the existing tariff will apply to all of the gas transported by the school customers. The only way for school customers under the SVTS rate schedules, to avoid paying the "Balancing Service" charge is to voluntarily obtain telemetry measuring equipment. Under those circumstances, the school customer under the SVTS rate schedules can pay "Daily Balancing Charges" in lieu of paying the $0.025 per-Ccf "Balancing Service" charge.

- As opposed to the $1.25 per-Mcf Daily Charge, applied, to daily imbalance volumes in excess of the 10% tolerance level, the "Balancing Service" charge of $0.025 is applicable to each and every Ccf of gas that a school actually transports on the

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Company's system. Revenues collected from this service are credited to the Company's PGA costs and flowed through to the "firm" customers.

- The concept of a "Balancing Service" charge for customers without telemetry is a concept that the Commission has already approved for other utilities, as well as already been approved for Empire, albeit at a lower rate. See the existing Aquila transportation tariff of $0.0075 per Ccf.