

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

In the Matter of the Application of Southern)
Union Company d/b/a Missouri Gas Energy,)
The Laclede Group, Inc. and Laclede Gas Company)
for an Order Authorizing Sale, Transfer, and) **Case No. GM-2013-0254**
Assignment of Certain Assets and Liabilities)
from Southern Union Company to Laclede Gas)
Company and, in Connection Therewith, Certain)
other Related Transactions)

STIPULATION AND AGREEMENT

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The Laclede Group, Inc., and Laclede Gas Company for an Order Authorizing the Sale, Transfer, and Assignment of Certain Assets and Liabilities from Southern Union Company to Laclede Gas Company and, in Connection Therewith, Certain other Related Transactions)	Case No. GM-2013-0254

STIPULATION AND AGREEMENT

COME NOW Southern Union Company d/b/a Missouri Gas Energy (“SUG”), The Laclede Group, Inc. (“LG”), Laclede Gas Company (“Laclede Gas” or the “Company”)¹, the Staff of the Missouri Public Service Commission (“Staff”), Office of the Public Counsel (“OPC”), City of Kansas City, IBEW Local Union No. 53, Midwest Gas Users Association and Missouri Department of Natural Resources (collectively “Signatories”) and respectfully request that the Missouri Public Service Commission (“Commission”) approve the following Stipulation and Agreement (hereinafter referred to as the “Stipulation” or “Agreement” or “Stipulation and Agreement”). Counsel for the Kansas City Power & Light Company, KCP&L Greater Missouri Operations Company, a non-signatory party to this case, has had an opportunity to review this Stipulation and Agreement and has indicated he will not object to it or request a hearing on the issues resolved. Counsel for United Steelworkers District 11, AFL-CIO does not join in this Agreement at this time and is still considering its position. In support of this Stipulation and Agreement, the Signatories state the following:

¹ Upon the closing of this Transaction any reference in this Stipulation and Agreement to “Laclede Gas” or “Laclede Gas Company” or “Company” in connection with events occurring after that date are intended to include the MGE Division unless otherwise specified herein.

BACKGROUND

On January 14, 2013, Southern Union Company, d/b/a Missouri Gas Energy, The Laclede Group, Inc., and Laclede Gas Company (“Joint Applicants”) filed a Joint Application asking the Commission to approve a transaction (the “Transaction”) in which Laclede Gas would acquire the entire franchise, works, and systems of Southern Union’s Missouri Gas Energy operating division (“MGE” or “MGE Division” or “MGE operating division”) all in accordance with a certain Purchase and Sale Agreement (“PSA”). In addition, by the Joint Application, Laclede Gas seeks authority from the Commission to obtain the funds necessary to finance the Transaction. Also, filed with the Commission in support of the Joint Application were the direct testimonies and schedules of Mark D. Waltermire, Suzanne Sitherwood, Steven L. Lindsey and Robert J. Hack.

By Order issued January 15, 2013, the Commission directed that notice of the filing of the Joint Application be given to potentially interested persons and entities and established February 13, 2013 as a deadline for the filing of Applications to Intervene.

Interventions were filed and granted by the Commission on behalf of United Steelworkers District 11 AFL-CIO; City of Kansas City, Missouri; IBEW Local Union No. 53; Kansas City Power & Light Company and KCP&L Greater Missouri; Midwest Gas Users’ Association and the Missouri Department of Natural Resources.

On February 4, 2013, Laclede Gas filed its Motion for Leave to Enter into Certain Interest Rate Swap Agreements which request was approved by Commission Order issued on February 13, 2013.

In response to a Motion for an Order Establishing an Early Technical Conference filed on February 14, 2013 by the Joint Applicants, the Commission that same day by order scheduled a

Technical Conference for March 18, 2013, and directed the parties to file a proposed Procedural Schedule on or before March 22, 2013.

On March 13, 2013, the Joint Applicants filed their First Amended Joint Application by Interlineation and the Supplemental Direct Testimony of Suzanne Sitherwood.

Certain of the Signatories appeared at the Technical Conference on March 18, 2013, and thereafter on March 21, 2013 the Joint Applicants and Staff filed with the Commission a motion requesting an extension of the deadline for filing a proposed procedural schedule. By order issued March 22, 2013, the Commission extended the time to file a procedural schedule to April 15, 2013.

On April 16, 2013, certain Signatories (LG, Laclede Gas, MGE, and Staff) filed a Motion for One Day Extension of Time and Status Report seeking an additional two weeks to undertake discovery and to engage in discussions prior to establishing a formal procedural schedule.

On April 22, 2013, the Commission issued its Order Further Extending Time to File Proposed Procedural Schedule which set a filing date no later than April 29, 2013.

On April 27, 2013, a Joint Motion for Extension of Time was filed seeking additional time to discuss procedural mechanisms that would allow Laclede Gas, Staff and other parties to facilitate settlement of Laclede's rate case (GR-2013-0171), and also allow the acquisition case parties to reach an agreement on a procedural schedule.

On May 13, 2013, Staff, LG, Laclede Gas, and MGE filed a Joint Motion for Further Extension of Time seeking a 10 day extension to file procedural schedule for good cause shown.

On May 22, 2013, having resolved all issues affecting the setting of a procedural schedule, the parties filed a Joint Motion to Establish Procedural Schedule which the Commission adopted in its Order Adopting Procedural Schedule on May 29, 2013.

Having engaged in discovery or having had the opportunity to engage in discovery, the Signatories met to discuss resolution of this matter on a number of occasions. As a result, the Signatories have now reached a Unanimous Stipulation and Agreement set forth below which they recommend to the Commission, subject to the conditions and representations contained in the Agreement, that the acquisition of the MGE assets by the Laclede Gas Company will be reasonable and not detrimental to the public interest. This Agreement disposes of all issues in this case.

APPROVAL OF THE TRANSACTION

In view of the foregoing, the Signatories agree that:

I. GENERAL

The Commission should issue its Order:

(a) authorizing SUG and Laclede Gas to perform in accordance with the terms of the PSA;

(b) authorizing the sale, transfer and assignment of certain assets and liabilities of Southern Union as more fully described in the PSA, from SUG to Laclede Gas, with a requested effective date of July 31, 2013, and a closing date effective as of the first of September 2013, subject to the provisions of the PSA and Southern Union's unilateral right to waive the condition of simultaneous closing of the transaction with Laclede Gas and the sale of its New England Gas Company assets to Plaza Massachusetts Corp.;

(c) transferring from SUG to Laclede Gas SUG's certificates of convenience and necessity or granting a certificate or certificates of convenience and necessity authorizing Laclede Gas to provide natural gas service as a gas corporation and public utility, subject to the jurisdiction of the Commission, in the service areas presently served by SUG through MGE and, in connection therewith, waiving the requirements of 4 CSR 240-3.205;

(d) authorizing Laclede Gas to provide natural gas service in the areas served by SUG through its MGE operating division in accordance with the rules, regulations, rates and tariffs of MGE as may be on file with and approved by the Commission on the effective date of the closing of the transaction, including the tariff sheets reflecting the existing base rates, ISRS rates and purchase gas adjustment of MGE and authorizing Laclede Gas to adopt said tariff sheets, and to operate under the same as they may be changed from time to time as provided by law;

(e) authorizing Laclede Gas to adopt SUG's authorized depreciation rates for the involved assets;

(f) authorizing Laclede Gas to raise up to and including \$1.02 billion, at any time beginning July 31, 2013 and ending one year after closing of the Transaction, by issuing common or preferred stock, receiving paid-in-capital, and issuing long-term indebtedness, including debt evidenced by First Mortgage Bonds, by using the Laclede Gas assets and the MGE assets acquired from Southern Union as security as may be necessary in connection with the financing of the transaction contemplated by the PSA and this Joint Application or as may be necessary in accordance with the terms and conditions of any of Laclede Gas' financing instruments and to execute, enter into, deliver and perform in accordance with all necessary agreements, notes and other documents as are necessary to issue the debt;

(g) finding in accordance with Section 393.200 RSMo, that the money, property or labor to be procured or paid for by Laclede Gas through the issuance and sale of debt and equity is reasonably required and necessary for the purposes set forth above and will be used therefore and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

(h) authorizing SUG to transfer to Laclede Gas and Laclede Gas to acquire and record on its books and records the current levels of certain assets and liabilities of SUG related to the MGE assets;

(i) authorizing Laclede Gas to account for MGE's pension benefit costs on a basis consistent with MGE's currently approved methodology as established in MGE Case No. GR-2009-0355 stipulation and agreement to use FAS 87 calculations for regulatory purposes that do not reflect the impact of purchase accounting and that the prepaid pension asset receives similar treatment as the prepaid pension asset under MGE's approved methodology;

(j) authorizing Laclede Gas to account for the MGE gas employees and retirees postretirement welfare benefit cost on a basis consistent with the methodology used by SUG immediately prior to the sale and finding that the FAS 106 calculations do not reflect the impact of purchase accounting;

(k) authorizing SUG, effective upon the closing of the transaction, to terminate its responsibilities as a gas corporation in Missouri subject to the jurisdiction of the Commission;

(l) authorizing SUG and Laclede Gas to enter into, execute and perform in accordance with the terms of all other documents which may be reasonably necessary and incidental to the performance of the Transaction which is the subject of the PSA and this Joint Application;

(m) granting such other relief as may be deemed necessary to accomplish the purposes of the PSA and the Joint Application, as amended, and to consummate the sale, transfer and assignment of the assets and related transactions pursuant to the PSA.

(n) directing Laclede Gas to submit to the Commission within sixty (60) days of closing the transaction a listing and description of all items that Laclede Gas exercised under the authority in paragraph (m) above.

II **CONDITIONS**

Laclede Gas has represented to the Signatories that it intends to own and operate two divisions in Missouri, the MGE Division (defined on page 1) and the Laclede Division, which will serve the territories currently served by Laclede Gas. The Signatories recommend that the Commission approve the proposed Transaction involving the sale of the assets of SUG to Laclede Gas, subject to the following conditions:

1. **RATE MORATORIUM**

Except as provided herein, Laclede Gas Company shall not file a general rate case for its Laclede Gas service territory for non-gas costs for either division of the combined entity prior to October 1, 2015, unless there is the occurrence of a significant, unusual event that has a major impact on any of its Missouri service territories. For purposes of this agreement, major impact is defined as loss of \$5,000,000 of net income of the combined entity from (i) terrorist activity or an act of God; (ii) a significant change in federal or state tax laws; or (iii) a significant change in federal or state utility or environmental laws or regulations, or (iv) a significant change in financial markets. The Laclede and MGE Divisions will be permitted to file ISRS requests which conform to Missouri statutes, throughout the term of the general rate case moratorium, but neither Laclede Gas nor its MGE Division shall seek throughout the expected term of the Moratorium to use any statutory provision providing for the tracking and recovery or return of increases or decreases in uncollectible expense, including the provisions of Senate Bill 240 as truly agreed to and passed in the 2013 session of the Missouri General Assembly.

Laclede Gas will be permitted to file a general rate case for its MGE Division service territory by no later than September 18, 2013. If Laclede Gas does not file a general rate case for its MGE division service territory by September 18, 2013 then Laclede Gas Company shall not file a general rate case for its MGE division service territory prior to October 1, 2015.

For the first general rate case filing made by Laclede Gas subsequent to October 1, 2015, Laclede Gas shall include both its Laclede and MGE Division service territories. For any future rate case filings by Laclede Gas after the first joint rate case filing, nothing in this Stipulation and Agreement precludes any party from asserting or challenging the lawfulness and reasonableness of Laclede Gas receiving an increase to general rates for one of its regulated divisions without having a rate case involving its entire regulated operations by including both Laclede Gas Divisions.

2. RATE BASE OFFSET

Laclede Gas shall include a rate base offset for its MGE Division in the amount of \$125 million. Laclede Gas' MGE Division shall amortize this rate base offset over a period of ten years commencing on the effective date of close. For clarification, the outstanding balance of such rate base offset shall serve to reduce rate base for rate making purposes in the context of all future rate proceedings during the amortization period, which will effectively prevent customers from paying a return on such rate base offset. This shall result in lower rates and charges in future periods. .

3. PREMIUM AND ACQUISITION COSTS

a. Premium. The acquisition premium is the total purchase price above net book value. The amount of any acquisition premium paid for MGE in connection with the Transaction shall not be recovered in retail distribution rates. Nothing herein shall preclude any party to this Agreement from taking a position in any future ratemaking proceedings involving the Laclede or MGE Divisions in Missouri regarding the ratemaking measures and adjustments necessary to ensure no impact from the acquisition premium on rates. Neither Laclede Gas nor its MGE division shall seek either direct or indirect rate recovery or recognition of any acquisition premium in any future general ratemaking proceeding in Missouri. In addition, neither Laclede

Gas nor its MGE division shall seek to recover in Missouri the amount of any acquisition premium in the Transaction as being a "stranded cost" regardless of the terms of any legislation permitting the recovery of stranded cost from Missouri ratepayers.

b. Transaction Costs. Transaction costs are those costs incurred to effectuate and close the Transaction. Laclede Gas including its MGE division shall not ever seek to directly or indirectly include or recover in any future proceeding any transaction costs, which as defined herein include, but are not limited to, outside service costs relating to gaining regulatory approval, development of transaction documents, investment banking costs, and costs related to raising equity incurred prior to closing of the Transaction. Neither Laclede Gas nor its MGE division shall seek either direct or indirect rate recovery or recognition of any transaction costs through any purported acquisition savings adjustment (or similar adjustment) in any future general ratemaking proceeding in Missouri. See Attachment 1.

c. Transition Costs. Transition Costs are those costs incurred to integrate and merge the two entities into one organization, and includes integration planning and execution, and "costs to achieve." Transition costs include capital and non-capital costs. Non-capital transition costs can be ongoing costs or one-time costs. See Attachment 1.

(1) Capital Transition Costs. All one-time capital-related transition costs shall be amortized over a period consistent with their current Commission authorized depreciation rate.

(2) On-going Non-Capital Transition Costs. Such transition costs shall be expensed on Laclede Gas' books as incurred. However, in no event shall any amount of markup for transition services that are provided by SUG above actual cost be included in the determination of future rates for Laclede Gas.

(3) One-Time Non-Capital Transition Costs. The Signatories agree that one half of one-time non-capital transition costs incurred no later than the first five years after closing, as described in Attachment 1, shall be amortized over a period of five years beginning upon the effective date of the rates resulting from the next rate case filed by the Laclede and MGE Divisions on or after October 1, 2015. Laclede Gas shall provide in any rate case a listing of all the annual cost reductions by FERC divisional accounts related to the synergies that the Company alleges justified the deferred transition costs. Laclede Gas shall not include in customer rates any amount of transition costs that exceed the level of cost reductions actually experienced by the Company. Laclede Gas will develop and maintain documentation supporting the cost reductions and transition costs information required to justify recovery of eligible transition costs consistent with the provisions of this agreement. Any party shall be free to challenge Laclede Gas' representation of eligible transition costs and offsetting savings. Laclede Gas shall record and separately identify all one-time transition costs by month, by FERC account and provide a report of all such costs to the Staff and OPC each year on January 15th until such time as the Company files its next general rate case. Such report shall identify with specificity the costs reductions resulting from the incurrence of the one-time transition costs.

4. TREATMENT OF REGULATORY ASSETS

Until otherwise ordered by the Commission, the pre-acquisition regulatory assets of Laclede Gas and MGE relating to Pensions, OPEB's, low-income energy affordability and weatherization programs, energy-efficiency programs, deferred Kansas ad valorem tax payments and any other regulatory deferrals approved by the Commission prior to the date of filing this Stipulation and Agreement shall be accounted for separately and, for ratemaking purposes, shall be eligible for inclusion in the cost of service for the company that originally booked the asset in

accordance with the Commission approved terms and conditions that created or continued the asset.

5. AFFILIATE TRANSACTIONS AND COST ALLOCATION MANUAL (CAM)

The Laclede and MGE Divisions shall comply with the Commission's Affiliated Transaction and Marketing Affiliate Transaction Rules, 4 CSR 240-40.015 and -40.016, and any variances or waivers granted by the Commission thereto. This agreement relating to affiliate transactions rule annual reporting requirements shall not waive any part of the record keeping requirements of Laclede Gas or its parent, or any of its affiliates as required by the Affiliate Transaction and Marketing Affiliate Transactions Rules. Laclede Gas shall provide Staff and OPC full access to records of affiliated entities in accordance with the Affiliate Transaction and Marketing Affiliate Transaction Rules and any variances or waivers granted by the Commission thereto. Laclede Gas shall file a Stipulation and Agreement in Case No. GC-2011-0098 within fourteen days of filing the Stipulation and Agreement in this case.

6. ADHERENCE TO PREVIOUS COMMISSION ORDERS AND STIPULATIONS AND AGREEMENTS

The Laclede and MGE Divisions shall comply with all requirements still effective after closing resulting from all Commission-approved stipulation and agreements and Commission orders in all cases applicable to Laclede Gas Company and MGE and MGE predecessor companies so long as such agreements and orders have not been superseded by a subsequent Commission order, unless specifically addressed in this Stipulation and Agreement.

7. TARIFFS

Laclede Gas shall file with the Commission an adoption notice to be effective upon the closing of the Transaction adopting the rates, tariffs, rules and regulations for gas service then in effect for SUG's Missouri jurisdictional gas operations which are the subject of this proceeding,

and will continue all services currently provided by SUG through its MGE operating division in Missouri without interruption, subject to any changes to the rates, tariffs, rules regulations and services hereafter made in accordance with applicable law.

8. DEPRECIATION RELATED-ISSUES

a. Laclede Gas shall maintain all records necessary to meet requirements of the Uniform System of Accounts, gas utility depreciation studies and rate case filings including all requirements presented in Commission Rules 4 CSR 240-40. Data maintained and provided for gas utility depreciation studies shall include cost of removal and salvage associated with plant retirements. This data shall be provided to Staff and OPC upon request or as ordered by the Commission.

b. SUG shall transfer all plant and depreciation reserve records to Laclede Gas in compliance with the format set forth in Title 18: Conservation of Power and Water Resources, Part 201 – Uniform System of Accounts Prescribed For Natural Gas Companies Subject To The Provisions Of The Natural Gas Act (FERC USOA). Laclede Gas shall also maintain plant by account that allows for the specific identification of the assets acquired from SUG to the extent such plant account data is available from SUG.

c. Laclede Gas shall adopt the currently ordered depreciation rates for the involved assets acquired from SUG approved by the Commission in Case No. GR-2009-0355 and attached as Attachment 2.

d. Laclede Gas shall conduct an audit of plant in service as recorded in its Continuing Property Record (CPR) according to the requirements of 4 CSR 240-40.040 Uniform System of Accounts Gas Corporations for both the Laclede and MGE Divisions in conjunction with or prior to the next depreciation study for either or both divisions submitted pursuant to Commission rules after October 1, 2015. Any omissions or discrepancies noted in these listings

shall be promptly reported to the Manager of the Engineering and Management Services Unit of the Missouri Public Service Commission.

9. CREDIT IMPACTS AND REMEDIAL MEASURES

In the unanticipated event that Standard & Poor's ("S&P") Moody's, or Fitch downgrade Laclede Gas' credit rating to or below BBB- (or each rating agency's equivalent) where the business or financial risk introduced by this Transaction was a significant contributing factor to the downgrade, Laclede Gas commits to file:

a. Notice with the Commission with copies to the Signatories within five (5) business days;

b. A pleading with the Commission within 60 days which shall include the following:

(1) A plan identifying all reasonable steps, taking into account the costs, benefits and expected outcomes of such actions, that will be taken to maintain or restore Laclede Gas' credit rating to a notch or more above BBB- . If Laclede Gas' plan does not involve taking steps to maintain or restore its credit rating to a notch or more above BBB-, then Laclede Gas shall concisely state why the cost of such steps is not reasonable or necessary;

(2) Additionally, Laclede Gas shall specifically address the impact, or lack thereof, it believes the BBB- or below grade credit rating has had and will have on its capital costs;

(3) Documentation, including but not limited to, a cost of capital study showing how Laclede Gas will not pass along higher capital costs to its Missouri customers, directly or indirectly, due to the downgrade.

(4) File with the Commission, every 45 days thereafter until Laclede Gas has regained its a credit rating above BBB-, a status report with respect to the implementation of

steps to restore its credit rating above BBB-, and a study that estimates the increased cost of capital, if any, Laclede Gas has incurred due to a non-investment grade credit rating.

(5) If the Commission determines that Laclede Gas' BBB- or below credit rating has caused its service to decline, Laclede Gas shall be required to file a report that demonstrates to the Commission that it can adequately safeguard capital produced and secured by its public utility assets. If Laclede Gas cannot sufficiently demonstrate this ability, then Laclede Gas shall execute reasonable steps to restore its credit rating to above BBB- status.

10. PROTECTION FROM ADVERSE CAPITAL COST IMPACTS

a. Laclede Gas shall not recommend an increase to the cost of capital for its Laclede or MGE Divisions as a result of this Transaction. Any net increases in the cost of capital Laclede Gas seeks shall be supported by documented proof: (a) that the increases are a result of factors not associated with the Transaction; (b) that the increases are not a result of changes in business, market, economic or other conditions caused by the Transaction; and (c) that the increases are not a result of changes in the risk profile of Laclede Gas caused by the Transaction. Notwithstanding any other paragraph of this Stipulation and Agreement, Laclede Gas shall ensure that the retail distribution rates² for its customers shall not increase as a result of the Transaction. The provisions of this section are intended to recognize the Commission's authority to consider, in appropriate proceedings, whether this Transaction has resulted in capital cost increases for Laclede Gas – due to a credit ratings downgrade or any other factor resulting from the Transaction – and to disallow such capital cost increases from recovery in Laclede Gas' retail distribution rates.

²Retail distribution rates “shall include fixed monthly charges, volumetric delivery charges, Purchased Gas Adjustment and Actual Costs Adjustment rates.”

b. Laclede Gas shall use good faith efforts to fulfill the foregoing commitment as well as all of its other commitments in this Stipulation and Agreement and that failure to comply may expose it to penalties as provided by law.

c. Laclede Gas shall provide documentation that it has access to adequate working capital short-term lines of credit for the addition of MGE operations.

d. In the event that there is a downgrade to Laclede's current rating, Laclede shall notify the Staff and OPC.

11. OTHER FINANCIAL CONDITIONS

a. If Laclede Gas' credit rating and/or quality declines primarily because of the acquisition, then to the extent there are known and measurable increases in financing costs, such as higher commercial paper or credit facility costs, on a net basis considering all other capital cost effects of the Transaction, then these higher costs shall not be included in Laclede Gas rates for either Division, whether through gas adjustment clauses, infrastructure replacement surcharges or permanent rates.

b. Prior to its current financing authorization expiring, Laclede Gas shall submit a financing application requesting authority in accordance with the requirement of Section 393.200 RSMo. Laclede Gas shall file a 60-day notice of intention to file a financing application. Laclede Gas shall maintain records for purposes of identifying and quantifying unreimbursed expenditures for the combined Laclede and MGE Divisions with zero as the starting balance for its MGE division.

c. Laclede Gas shall not provide LG or any affiliates access to Laclede Gas' credit facilities. LG's credit facility shall not be increased to the detriment of Laclede Gas' credit facility.

d. In the event LG's non-regulated operations should result in Laclede Gas' credit ratings being downgraded to at or below BBB- (or each rating agency's equivalent), Laclede Gas shall pursue additional legal and structural separation from LG to ensure Laclede Gas continues to have access to capital at a reasonable cost. Laclede Gas shall not increase its dividend to LG until there is sufficient evidence that Laclede Gas' credit rating has been restored to one notch above BBB-, or its equivalent.

e. In the event LG or another affiliate of Laclede Gas voluntary or involuntarily enters into a bankruptcy proceeding, Laclede Gas shall take all reasonably necessary steps to ensure that Laclede Gas is not consolidated with such affiliated debtor in bankruptcy.

f. If Laclede Gas' credit ratings become impaired (i.e. if Laclede Gas credit ratings are downgraded to BBB- or below) due to risks associated with any of Laclede Gas' affiliates, then Laclede Gas shall file with the Commission a comprehensive risk management plan that assures Laclede Gas' access to and cost of capital will not be further impaired, which shall include a non-consolidation opinion if required by two of the three rating agencies.

g. Laclede Gas shall not enter into any "make well" agreements, or guarantee the notes, debentures, debt obligations or other securities of its parent or affiliates, without first seeking and receiving Commission authorization.

h. Laclede Gas shall not adopt, indemnify, guarantee, or assume responsibility for payment of the current or future liabilities of any affiliate without first seeking and receiving Commission authorization.

i. Laclede Gas shall not allow any affiliate's debt to be recourse to Laclede Gas without first seeking and receiving Commission authorization.

j. Laclede Gas shall not allow Laclede Gas' equity to be pledged as collateral or security for any affiliate or non-affiliate debt or liabilities, without first seeking and receiving Commission authorization.

k. Laclede Gas represents that the authorized pre-tax rate of return in Case No. GR-2009-0355 will be equal to or higher than the pre-tax rate of return that Laclede Gas will sponsor in the next rate case filed prior to October 1, 2015, involving the MGE division.

l. Laclede Gas represents that LG and Wells Fargo have performed the necessary due diligence to ensure that LG's proposed purchase price for the MGE assets is not excessive. In addition to relying on such due diligence analysis, Laclede represents that it is relying on traditional acquisition/merger conditions and not relying on any special ratemaking considerations to justify the value it has assigned to the MGE assets. To the extent the goodwill assigned to the MGE assets is impaired and negatively effects Laclede Gas' cost of capital primarily as a result of this transaction, all net costs associated with the decline in Laclede's credit quality, considering all other capital cost effects of the Transaction and the impairment, shall be excluded from the determination of rates.

m. For the first five years after closing of the Transaction, Laclede shall provide Staff and OPC its annual goodwill impairment analysis in a format consistent with the provisions of paragraph 32a within 30 days after it is performed. Thereafter, this analysis will be made available for Staff and OPC upon request.

12. SERVICE QUALITY CONDITIONS

a. Customer Service Performance Reporting

Laclede Gas Company and its MGE Division shall continue to provide all service quality reporting that exists at the moment prior to the closing of this transaction. Both Laclede Gas and its MGE division will strive to meet or exceed the customer service and operational

performance levels currently provided to its customers. Laclede Gas shall provide the Staff and OPC monthly reports (within 30 days of month-end) on its performance with respect to such metrics and standards for Laclede Gas and its MGE Division. Such reports shall contain monthly information including but not limited to: calls offered, abandoned call rate and average speed of answer performance, customer service organization charts, customer service staffing, number of estimated bills (including consecutive estimates), number of inside and outside installed automated meter reading devices (AMR), a list of customer pay station locations, and the actual Missouri jurisdictional bad debt write-off by customer class, including the dollar amount written-off, number of accounts written-off and revenue by customer class. Laclede shall continue to file MGE's Annual Customer Service Report in this docket. Representatives of the Laclede Gas and MGE Divisions shall meet with the Staff and OPC on a quarterly basis to discuss: (a) actual performance relative to pre-acquisition service metrics identified herein; (b) any material improvement to or decline from historical performance levels, together with an explanation for such decline; (c) the measures being taken or to be taken to address any material decline in such service levels and the timeline for completing such measures; and (d) any substantive changes in customer service procedures, metrics or standards relating to call center operations and staffing, customer billing, meter reading, customer remittance, credit and collections, and connections, disconnection and reconnection. The Staff and/or OPC may request additional periodic meetings with Laclede Gas to discuss customer service operating procedures and the level of service being provided to the customer.

b. Virtual Hold Reporting and Interactive Voice Response (IVR)

Laclede Gas Company shall continue to provide to Staff and OPC for its Laclede and MGE Division operations the Call Back In Queue (CBIQ) and the Monthly Virtual Hold Executive Summary Reports that shall include information on Eligible Calls, Return Calls

Selected and Continue Hold Options. In the event that Laclede Gas utilizes an alternative call back technology in the future, comparable reporting metrics shall continue to be required.

All changes to the Laclede or MGE Division IVR shall be discussed in advance, prior to implementation, with the Staff. In particular, for all changes that would potentially lengthen or prolong the customer time in the IVR, Laclede Gas shall provide all analysis to the Staff as part of the discussion.

c. Customer Service Operating Procedures

The present practices of Laclede Gas and MGE in the following areas shall be continued, or improved upon to ensure that customers do not experience a decline in service levels:

(1) Laclede Gas and its MGE division shall follow credit and collection practices consistent with Commission rules.

(2) Laclede Gas and its MGE Division shall restore service consistent with Commission rules.

(3) Laclede Gas and its MGE division shall use bill test procedures to ensure bill accuracy.

(4) Laclede Gas and its MGE division shall take appropriate steps to maintain the operation of its automated meter reading system.

(5) Laclede Gas shall, for its Laclede and MGE Divisions, identify: (a) personnel responsible for handling Commission complaints and ensure they have proper authority, (b) after hours contact personnel, and (c) management employee(s) accountable for ensuring Laclede Gas employees are trained in and maintain a working knowledge of Missouri customer service rules and regulations.

(6) Laclede Gas and its MGE Division shall continue their participation in LIHEAP.

(7) Laclede Gas and its MGE Division shall take appropriate steps to maintain timely operation of its “stopped meter reporting” and shall submit monthly “stopped meters reports” to the Staff and OPC.

(8) Laclede Gas and its MGE Division shall submit monthly “inactive meters showing consumption” reports to the Staff and OPC.

(9) Laclede Gas shall provide monthly reports to the Staff and OPC indicating the number of insourced and the outsourced personnel by functional area as defined on page 13 of the Booz & Company, November 15, 2012 Synergies Study Results – Board of Directors Review presentation.

(10) Within 30 days after closing of the Transaction, Laclede Gas shall provide its organizational charts as of the date of closing, by each operating division and department, and all subsequent revised organizational charts as they become available. Laclede Gas shall provide on a quarterly basis updated employee rosters by each operating division and department. In addition, Laclede Gas shall provide on a monthly basis its Promotions and Transfers Reports, and its Hires and Separations Reports. If the reports do not include MGE personnel, Laclede Gas will provide similar information for MGE personnel.

(11) Laclede Gas shall provide a quarterly synergies report to the Staff and the OPC which specifically quantifies each of the synergies that result from the merger and as described in Laclede Gas filings in GM-2013-0254 unless Laclede Gas develops such report on a more frequent basis. Laclede Gas shall maintain all supporting documentation used to develop these quarterly reports for the review of Staff and OPC upon request.

(12) Laclede Gas shall provide the Staff and OPC within 10 business days all merger related presentations made to its Board of Directors.

(13) Laclede Gas shall notify the Staff and OPC regarding progress on the implementation of major systems affecting customer service levels, including but not limited to customer billing, customer call center operations, credit and collections, connection, disconnection and reconnection, payment remittance, service order process and meter reading.

(14) Laclede's obligation to provide the information set forth in paragraphs 9-12 shall continue until Laclede's next rate case after the moratorium in which elimination of or modification of such obligations may be proposed.

13. CONTINUING SERVICES AGREEMENT (CSA)

a. SUG shall make all of the services outlined in the draft CSA and its schedules (attached as Attachment 3 to this Stipulation) available to Laclede Gas as required under the terms of that agreement. SUG and Laclede Gas represent that the CSA agreement and its schedules comprise all services necessary from SUG to continue and maintain the operations at pre-transactions levels. Nothing herein shall preclude any party from challenging the necessity, propriety or cost of a particular continuing service in any general rate case proceeding in which the cost of such service is sought to be recovered.

b. SUG and Laclede Gas shall provide the Signatories the final CSA upon closing of the Transaction.

c. SUG and Laclede Gas represent that the goal of transition services is 1) to provide for a seamless transition of all operating functions from SUG to Laclede Gas and 2) to ensure that all operating functions are performing at pre-transaction levels prior to the termination of remaining transition services. Not less than 30 days prior to the termination of any CSA, Laclede Gas shall notify the Signatories and, if requested by a Signatory, coordinate a technical

conference with the Signatories to describe how the transition service will be provided by Laclede Gas.

d. Laclede Gas shall provide to the Signatories, at least every 90 days after close of the transaction until completion of all CSA services, a transition status report of the progress being made towards the assumption by Laclede Gas of all transition services that are being provided to Laclede Gas. Laclede Gas shall provide advance notice to the Signatories of all changes to transition plans and/or CSAs, including but not limited to those that impact customer service quality and gas supply. Copies of any and all amendments or other changes to the transition plans/CSAs shall be provided with the Laclede Gas transition status reports. Laclede Gas shall file these status reports in the Commission's Electronic Filing Information System ("EFIS"), under the case number GM-2013-0254.

e. SUG and Laclede Gas shall participate throughout the period continuing services are being provided in in-person meetings in Jefferson City with the Signatories to discuss transition status and progress. Upon the determination of the Signatories these in-person meetings may be handled instead through a conference call.

f. During the first 9 months following the close of the transaction, the Laclede Gas management and a representative of SUG shall attend quarterly meetings with the Signatories to provide presentations and status reports on the progress of the transaction and transition plans. After the nine-month period, Laclede Gas management shall continue to attend such meetings subject to discussion in Laclede Gas and MGE Division's next rate case regarding the continuing need for such meetings. When possible, parties will attempt to coordinate these meetings with any other meetings that may be scheduled for other purposes.

g. Laclede Gas shall notify the signatories immediately if the CSA is determined to be required beyond the 9 month transition period after date of close.

h. Laclede Gas management including the Chief Executive Officer of LG, the President of Laclede Gas and the Senior Vice President, Chief Innovation and Integration Officer and any other participants that Laclede Gas deems necessary shall be present for a minimum of two on-the-record presentations before the Commission to be scheduled in May 2014 and December 2014. If transition concerns still exist after December 2014, an additional on the record presentation may be required. Laclede Gas shall present witnesses to provide live testimony and be prepared to discuss the status of the transition and any problem areas and to offer action plans to ensure completion of a seamless transition without disruption to ratepayers. Laclede Gas witnesses shall be available for questions from the Signatories regarding the progress of the transition involving matters contained in this Stipulation. After the closing of this Transaction, the Staff shall file a pleading on behalf of the Signatories proposing dates for the on the record presentations. A representative from SUG management shall be present for the first on-the-record presentation in May 2014.

i. The Joint Applicants represent to the Signatories that they anticipate the CSAs will only be needed for a period of 9 months from the date of closing.

14. GAS SUPPLY AND HEDGING PLANS

a. Laclede Gas shall assume from SUG, the transportation, storage and related contracts in place for the MGE division; and shall also assume MGE's gas supply and hedging contracts, including both physical and financial hedging. To the extent that the assignment by SUG of any gas supply and hedging contracts require third party consent the PSA provides for SUG to obtain such consents, and SUG has created a process to do so. Although none are expected, Laclede Gas shall promptly inform Staff and OPC of any issues it encounters regarding the consents and shall provide Staff and OPC evidence of such contract assumptions within 30 days after closing of the Transaction. After the closing, Laclede Gas shall provide to

Staff and OPC a list of all contracts that were not assumed and a description of all modified terms in contracts that were assumed. If Laclede Gas does not assume a contract or modifies a contract in any material way, it shall have the burden of showing and documenting that on a net basis such changes in the assumption of, or terms and conditions of contracts were beneficial to customers.

b. Laclede Gas shall present to Staff and OPC its gas supply and hedging plans for its Missouri customers every fall, no later than October 30. The gas supply and hedging plan presentations shall include at least as much detail as the MGE plans included prior to the Transaction. The presentation shall include Laclede Gas' and MGE's gas supply and hedging plans for the upcoming 24 months. Laclede Gas gas supply and hedging plans presentation shall include gas supply plans for normal, colder and warmer weather, storage plans, and hedging plans including strategies and control policies, and implementation (timing, types, etc.) of hedges.

c. MGE shall not delay normal gas supply planning and hedging related to the operation of these properties because of the proposed sale of these properties.

d. MGE and Laclede Gas shall provide to Staff and OPC a listing of all financial hedges related to the MGE properties, including a list of hedges that were liquidated before 5 days prior to the related contract expiration from the date of the Purchase and Sale Agreement until closing of the Transaction. MGE shall transfer all OTC and exchange-traded financial hedges that will reflect the same cost for natural gas that would have otherwise been attributable to the operation of these properties absent the sale and purchase of assets.

e. Lacking details from Laclede Gas as to how the MGE supply functions will be carried out after the completion of the transaction, Laclede Gas' Gas Supply Department shall update the Staff procurement department and OPC on a monthly basis for the first three years following close of the Transaction through a series of monthly conference calls. Such calls shall

address any current and known or planned material changes in the gas supply functions, practices and personnel being employed by the MGE Division to manage its gas supply assets. Laclede's update shall include a written explanation and documents to support how current or planned material changes to MGE's gas supply functions, practices and personnel are consistent with the objective of providing safe and adequate service reliability while achieving the most economical cost. If in any given month there are no current or planned material changes to MGE's gas supply functions, practices and personnel a statement to that effect shall be provided.

f. Laclede Gas may present a proposal to Staff, OPC and the Commission regarding a comprehensive framework for considering, evaluating and potentially approving or incenting gas supply, transportation or hedging. Any Party shall be free to support, oppose or seek modification to such a proposal if made by the Company.

g. Laclede Gas' CAM and Standards of Conduct, once approved by the Commission, shall be applied to gas supply transactions for the Laclede and MGE Divisions. The CAM and referenced Standards of Conduct to be filed in Case No. GC-2011-0098 do not pertain to Asset Management Arrangements/Agreements ("AMAs"). Accordingly, if Laclede Gas chooses to use one or more AMAs for its Laclede or MGE Divisions, Laclede Gas shall document fair market price and fully distributed cost as set forth in 4 CSR 240-40.015 and 40.016, unless and until changes to the CAM and referenced Standards of Conduct addressing AMAs are approved by the Commission.

15. GAS SAFETY

Laclede Gas represents that it is fully familiar with the safety line replacement programs which SUG has initiated. Laclede Gas intends to continue with these programs and will utilize its resources in such a manner so as to provide safe and reliable service for its Missouri customers. After the acquisition, the combined company shall continue to follow all

Commission orders that were issued relating to safety matters involving MGE.

Laclede Gas shall retain all the maintenance/operations records for the facilities which are the subject of the Transaction and maintain the records necessary to demonstrate compliance with the specific requirements of pipeline safety regulations. These records shall be made available to Staff or OPC for inspection.

16. INSULATION OF MGE FROM LG BUSINESS

To insulate the MGE Division and Laclede Gas from the Transaction, LG represents that:

a. MGE will be owned and operated as a division of Laclede Gas, which shall remain a separate subsidiary of LG, unless otherwise approved by the Commission.

b. Laclede Gas shall not transfer to LG or any subsidiary thereof, directly or indirectly, assets necessary and useful in providing service to MGE's Missouri customers without Commission approval.

c. Laclede Gas will diligently exercise its best efforts to insulate the Laclede and MGE Divisions from any adverse consequences from its other operations or the activities of any of its affiliates.

d. Laclede Gas shall submit reports certifying its compliance with this paragraph on a quarterly basis to the Staff electronically through EFIS and to OPC, and other interested parties that are permitted to receive proprietary or confidential information as contemplated by applicable Commission rules or orders until the Commission determines that the Laclede and MGE Divisions are insulated from LG's other operations and the activities of any of its affiliates or that the requirement is no longer needed.

17. FURTHER INSULATING CONDITIONS

To further protect customers from potential negative impacts of this Transaction, Laclede Gas represents that:

a. The Transaction shall have no adverse effect on Laclede Gas' budget and funds, including the MGE division's budget and funds, to meet capital needs, including, but not limited to, service line and main replacement programs. Laclede Gas affirms its commitment to the safety line replacement program schedules for MGE currently in effect and approved by the Commission in its Case No. GO-2002-0050.

b. For the next MGE rate case prior to October 1, 2015, total joint and common costs allocated to the MGE Division for purposes of setting retail distribution rates will not increase as a result of the Transaction above the levels authorized by the Commission in Case No. GR-2009-0355 and proposed in the Surrebuttal Testimony of Michael R. Noack, dated October 14, 2009. Schedule H-8 - Corporate Allocation, of Mr. Noack's testimony reflects pro forma joint and common costs before application of the Expense Capital Rates of \$5,087,099. Net corporate plant allocated to MGE is \$669,314 per Schedule C, page 1 of 2, column e, line 35. It is understood, however, that joint and common costs allocated to MGE for purposes of setting retail distribution rates may increase or decrease for reasons that are not a result of the Transaction (including, but not limited to, factors such as wages and salaries increasing over time, organizational differences which result in a function being provided at the corporate level versus at the business unit or vice versa, labor efficiencies and technological efficiencies). Laclede Gas agrees that in any rate proceeding, it has the burden of proving the reasonableness of any allocated or assigned cost to Laclede Gas, including its MGE division, from any LG affiliate, including all corporate overhead allocations.

c. Laclede Gas shall retain all documentation relative to the analysis of the Transaction. This documentation shall include a list of: (1) all Laclede Gas and MGE personnel, consultants, legal and financial and accounting advisers; (2) the time (in hours) spent by those individuals on related work; (3) other expenses, costs or expenditures incurred or recognized by

Laclede Gas that are related to the Transaction; (4) business entities (corporate, subsidiary and division) where the costs were booked, including account number, account description and amount; and (5) description of the nature of the work performed and costs incurred.

d. Laclede Gas shall maintain its books and records so that all acquisition costs related to the Transaction are segregated and recorded separately. Subject to the protections found in 4 CSR 240-2.135 and/or 4 CSR-240- 2.085, during its next general rate proceeding, Laclede Gas shall disclose to the Staff, OPC, and other interested and authorized parties the acquisition, merger, transition, and transaction costs recorded in Laclede Gas's books and records in the appropriate test year and test year updates or true-ups. This condition does not restrict Laclede Gas' right to seek rate recovery of merger and acquisition costs related to future transactions. Other parties may oppose recovery of merger and acquisition costs related to future transactions.

e. Laclede Gas shall create and maintain records listing the names of LG employees whose costs are allocable to Missouri jurisdictional operations, number of hours worked, type of work performed and travel and other expenses incurred for all work related to all merger and acquisition activities related to the Transaction through the end of the test year, updated test year or true-up test year in MGE's next general rate case.

f. Laclede Gas shall submit to the Commission's Staff electronically in EFIS as a filing to this case and to OPC verified journal entries reflecting the recording of the Transaction on Laclede Gas' books and records and provide a narrative description of each such entry within ninety (90) days of closing.

g. Within six (6) months of the closing of the Transaction, Laclede Gas shall perform, provide, and discuss with all interested and authorized parties a study of the impact of the acquisition of MGE by Laclede Gas on Laclede Gas' structure, organization, and costs.

Laclede Gas shall verify the accuracy of corporate administrative and general ("A&G") allocations to MGE, including the specific impacts of the acquisition of MGE by Laclede Gas on Laclede Gas' A&G expense and cost allocation methodology and identify the process used to allocate A&G costs, transition costs and expenses to its regulated, merger and acquisition, sale and non-regulated functions of its regulated divisions as well as its non-regulated subsidiaries.

h. Laclede Gas shall provide to Staff and OPC on a monthly basis monthly Statement of Income and Balance Sheets that shall be consistent with SEC financial reporting requirements. Such monthly reports shall reflect financial results for Laclede Gas and its MGE Division regulated and non-regulated operations on a separate basis. Laclede Gas shall also provide to Staff and OPC variance reporting reflecting all changes in all revenues, expenses and capital investment on a monthly basis.

18. INTERSTATE AND INTRASTATE TRANSPORTATION AND STORAGE COSTS

a. In making decisions regarding interstate or intrastate pipeline transportation and storage capacity for either divisions, Laclede Gas shall continue to evaluate alternatives with the objective of ensuring safe and adequate reliability while achieving the most economical cost. Laclede Gas and MGE shall formally conduct a comprehensive evaluation as deemed necessary by them but no less frequently than every three years. This evaluation shall be submitted and presented to Staff, OPC, and other interested parties subject to the protections found in 4 CSR 240-2.135 and/or 4 CSR 240-2.085.

b. For Laclede Gas' comprehensive evaluation of pipeline transportation capacity and storage capacity, including pipeline storage and on-system storage (Demand/Capacity Analysis), Laclede Gas shall provide to Staff and OPC for each Laclede and MGE Division service area (MGE's service areas are Kansas City, Joplin, and St. Joseph):

(1) Laclede Gas' estimated peak day (coldest day) requirements for the next five years and the capacity (on-system storage and pipeline capacity and any delivered supply) available to meet such requirements.

(2) All supporting documentation, workpapers, analyses and calculations (including but not limited to projected growth (positive or negative), HDD or temperature data reviewed, the peak HDD and date of occurrence and timeframe/method used to determine peak HDD, contract demand studies and any forecast assumptions affecting contract capacity. The documentation shall include fully functioning electronic spreadsheets and workpapers (in Excel, if possible), including source data and output data.

(3) A complete explanation of the methodology and logic and reasoning used in the Company evaluation and estimates/forecasts.

(4) An explanation of the inclusion (or exclusion) of firm, interruptible, school aggregation, and transportation volumes in the Company's capacity evaluation. Include references to the Company's tariff language where appropriate.

If Laclede Gas revises the transportation capacity or storage capacity from that identified in the Demand/Capacity Analysis, Laclede Gas shall prepare an addendum to the Demand/Capacity Analysis within 6-months of making such changes, explaining the changes and the rationale for the changes, and provide the addendum to Staff and OPC. Laclede Gas shall file the Demand/Capacity Analyses and addendums, in EFIS, under case number GM-2013-0254.

c. Laclede Gas shall notify OPC, Staff, and other interested parties, subject to the protections found in 4 CSR 240-2.135 and/or 4 CSR 240-2.085, if and when Laclede Gas adds or changes pipeline capacity (transportation and storage capacity) of a quantity equal to or greater than 10% of Laclede Gas or MGE Division's existing capacity and shall keep and provide OPC and Staff, appropriate documentation regarding such decisions. Laclede Gas' notification shall be provided within 30 days of the effective date of changes. This documentation shall include, but not be limited to: all proposed terms, including rates (and any discounts), amount of capacity,

delivery and take points, any storage capabilities, maximum storage quantities, maximum daily withdrawal quantities, maximum daily injection quantities, whether the capacity is firm, interruptible, etc., capacity release and off-system sales opportunities, the reason for the additional capacity or change, and all negotiations regarding the new or change in capacity. This information shall be provided upon request within the time normally provided for discovery under the Commission's rules. However, in no event shall the providing of this information constitute preapproval by OPC or Staff or any other proper party.

19. TRANSPORTATION TARIFFS [ALL CUSTOMER CLASSES]

Laclede Gas shall retain the same terms and conditions of its MGE Division's current transportation service tariffs, including the threshold for eligibility for such service, until such time that changes may be proposed in any subsequent general rate case proceeding that is initiated commencing not less than three or more years after the effective date of the Commission Order approving this Stipulation and Agreement. Nothing herein shall preclude changes in rates or charges for service during such period as may be approved by the Commission as a result of (i) any ISRS filing made by the Company or (ii) a general rate case proceeding initiated by Laclede Gas so long as Laclede Gas does not seek in such a rate case proceeding to increase a transportation rate element or charge or the distribution rates for any customer class by a greater than equal percentage. This provision should not be read or interpreted to mean or require Laclede Gas or its MGE division to file any proposed change to the aforesaid terms and conditions of transportation, including eligibility thresholds, in such rate case or preclude Laclede Gas or its MGE division from making, or preclude any Signatory from opposing, Commission filings to implement changes to the aforesaid terms and conditions of transportation service that are mutually agreeable to Midwest Gas User's Association.

20. ENERGY EFFICIENCY PROGRAMS

The Transaction shall have no impact on Commission orders related to the respective energy efficiency programs of Laclede Gas or MGE. The Commission's orders with respect to MGE's existing energy efficiency programs shall remain in full force and effect with respect to MGE until further modified by the Commission.

21. LOW INCOME WEATHERIZATION PROGRAM

MGE shall retain the same terms and conditions of the tariff for the weatherization program now existing between the City of Kansas City, Missouri and MGE for the counties of Clay, Platte and Jackson, and between MGE and the approved Social Agencies for the rest of MGE's service territory, although modifications to such weatherization tariff may be proposed in tariff filings and in any subsequent general rate case proceedings.

22. ASSUMPTION OF KCMO FRANCHISE AGREEMENT

Subject to Commission approval of the Transaction and after Closing of the Transaction, Laclede Gas will execute, pursuant to Section 5(A) of the existing franchise agreement between the City of Kansas City, Missouri and MGE dated October 7, 2010, an assumption of all rights and responsibilities of such Franchise Agreement.

23. ISRS MONITORING AND REPORTING REQUIREMENTS

a. Each year, Laclede Gas shall provide one and three year plans (ISRS Plans) to Staff and OPC for its gas utility plant projects for its MGE Division for which it will be seeking to recover some or all of the costs through ISRS charges. The ISRS Plans will be provided on an annual cycle that is consistent with the planning cycle that Laclede Gas uses for MGE. Staff, OPC and Laclede Gas will work together to determine the timing of the annual filing, the first of which will occur no later than 8 months after the close of the acquisition.

b. The ISRS Plans will, to the extent reasonably practical, show the location and type of the gas utility plants projects, the amount of the estimated costs associated with each project (or a series of closely related projects) that is expected to exceed \$100,000 in cost over a three year period and the analysis performed by or for Laclede Gas to justify each gas utility project. The ISRS reports will also identify the criteria (e.g. compliance with state or federal safety standards, required facility relocations, etc.) used by Laclede Gas to determine that the projects will be included in its one year and three year plans for MGE and fully explain how each of the projects met the identified criteria. If major revisions are made to the ISRS Plans in between when annual ISRS Plans are provided to Staff and OPC, the revised ISRS Plans and supporting documentation shall also be provided to Staff and OPC.

c. Within 30 days of providing annual ISRS Plans or revised ISRS Plans to Staff and OPC for MGE projects, and prior to implementation of the plans, Laclede Gas shall meet with Staff and OPC to discuss feedback on the plans if such meetings are requested by Staff or OPC.

d. When filing to establish or change an ISRS for MGE, Laclede Gas shall, to the extent reasonably practical, file a report (1) showing how the actual cost of the projects compared to the estimated cost of the project and (2) documenting the extent to which the completed or partially completed project met the criteria used to justify the project.

e. These requirements related to the MGE ISRS gas utility plant projects shall remain in place through December 31, 2018.

24. RETAIL GAS MARKETING PLAN REPORTING

Laclede Gas shall provide its annual retail gas marketing plans to Staff and OPC. These plans will be provided on an annual cycle that is consistent with the planning cycle for gas marketing that Laclede Gas uses for the Laclede and MGE service territories. Staff, OPC and

Laclede Gas will work together to determine the timing of the annual submissions, the first of which will occur no later than 8 months after the close of the transaction.

25. TREATMENT OF INCIDENT-RELATED FEES, COSTS AND EXPENSES

Laclede Gas shall account for any costs or damages associated with the incident that occurred in MGE's service territory on February 19, 2013 in a manner that will insulate the customers of the Laclede Division from any rate impacts associated with such costs. All Signatories reserve the right to take whatever position they believe is appropriate regarding the recovery of such costs in the rates of the MGE Division.

26. DEFERRED TAXES

The Signatories stipulate that for ratemaking and regulatory accounting purposes, deferred taxes shall be per MGE's books as calculated under the applicable normalization rules (and reflecting the appropriate deferred tax elements for ratemaking purposes such as tax associated with CIAC).

27. FILING OF ANNUAL REPORTS

Laclede Gas shall, until its next rate case, file separate annual reports for its Laclede and MGE Divisions.

28. ASSUMPTION OF EXECUTION RISK

Neither Laclede Gas nor its MGE Division shall include in its retail distribution rates charged to Missouri consumers any costs related to its execution risk associated with the Transaction.

29. ADHERENCE TO MISSOURI RULES

Laclede Gas and its MGE Division shall comply with all Missouri Commission rules, including the Affiliated Transactions Rule, 4 CSR 240-40.015, reporting requirements and other practices, and its filed and approved tariffs. This paragraph shall not be construed as a waiver of

any rights or remedies available to Laclede Gas under the law. No conditions or agreements entered into between parties to this case shall restrict or limit LG's compliance with Missouri Commission rules.

30. NO DETRIMENTAL IMPACT

Laclede Gas represents that this transaction shall not have any detrimental effect on Laclede Gas or MGE Division utility customers, including, but not limited to: increased rates or any adverse effect on quality of service, and further agrees that, should such detrimental effects nevertheless occur, nothing in the approval or implementation of the proposed acquisition shall impair the Commission's ability to protect such customers from such detrimental effects.

31. COMMISSION AUTHORITY

Laclede Gas acknowledges that the Commission has, and will continue to have, the authority after the proposed acquisition to regulate, through the lawful exercise of its statutory powers, and ensure the provision of service, instrumentalities and facilities as shall be safe and adequate and in all respects just and reasonable and not jeopardize the ability of Laclede Gas or MGE to meet its Missouri utility obligations, including MGE's service line replacement program. Laclede Gas also agrees that the Commission has the authority, through the lawful exercise of its ratemaking powers, to ensure that the rates charged by Laclede Gas or MGE for regulated utility service are not increased as a result of the unregulated and/or non-jurisdictional activities of LG affiliates and LG agrees, consistent with such standard, that rates should not be increased due to such activities.

32. ACCESS TO INFORMATION

a. LG and Laclede Gas shall provide the Staff and OPC with access, upon reasonable written notice during normal working hours and subject to appropriate confidentiality and discovery procedures, to all written information provided to common stock, bond, or bond

rating analysts, that directly or indirectly pertains to Laclede Gas or any affiliate that has affiliate transactions with MGE or with Laclede Gas to the extent such transaction(s) with Laclede Gas or any affiliate affect the allocation of costs to MGE. Such information includes, but is not limited to: reports provided to, and presentations made to, common stock analysts and bond rating analysts. For purposes of this condition, "written" information includes but is not limited to: all electronic documents including spreadsheets in original format with formulas and links to other spreadsheets intact, any written and printed material, audio and videotapes, computer disks and electronically stored information. Nothing in this condition shall be deemed to be a waiver of LG's or Laclede Gas's or MGE's right to seek protection of the information, to assert any claim of privilege, or to object, for purposes of submitting such information as evidence in any evidentiary proceeding, to the relevancy or use of such information by any party.

b. Nothing in this Stipulation and Agreement shall limit Staff's or OPC's access to any information whatsoever in any other proceedings. Nothing in this Stipulation and Agreement shall preclude the Staff or OPC from seeking additional information from Laclede and its affiliates. Nothing in this Stipulation and Agreement shall preclude the Staff or OPC from performing spot reviews or conducting oversight of the Company's operations. Nothing in this Stipulation and Agreement is intended to impinge, restrict or limit in any way Staff or OPC's discovery powers, including the right to access information and investigate matters related to Laclede Gas and its Laclede and MGE divisions.

c. LG, Laclede Gas, and MGE shall provide Staff and OPC access to and copies of, if requested by Staff or OPC, the complete LG, and Laclede Gas Board of Directors' meeting minutes, including all agendas and related information distributed in advance of the meeting, presentations and handouts, provided that privileged information shall continue to be subject to

protection from disclosure and Laclede Gas shall continue to have the right to object to the provision of such information on relevancy grounds

d. Information sought by Staff and OPC shall be made available in either St. Louis or Jefferson City or Kansas City upon request. The location of the information will be determined by the Staff and OPC.

e. Any Signatory may request that Laclede provide a copy of a report submitted to Staff and OPC pursuant to this Stipulation and Agreement, provided that Laclede Gas reserves the right to object to such request and/or seek suitable protections to ensure such information is not improperly disclosed.

33. COMMITMENTS ARE MISSOURI JURISDICTIONAL

The conditions set forth herein are intended to apply only in the context of Missouri jurisdictional regulatory activities and are not intended to restrict in any way the ability of LG or Laclede Gas to take any position whatsoever regarding matters covered herein in proceedings before the Federal Energy Regulatory Commission or any other non-Missouri jurisdictional regulatory authority.

34. FERC APPROVAL OF JOINT APPLICATION

Prior to closing of this Transaction, SUG and Laclede Gas Company shall obtain all necessary authorizations under Sections 7(b) and 7(c) of the Natural Gas Act in FERC Docket No. CP13-497-000.

35. SUG/MGE DATA ROOM FILES

All electronic data residing in the SUG/MGE data room shall be provided by electronic media, with all cell references intact as they exist today, to Staff and OPC upon the closing of this transaction.

III. PREFILED TESTIMONY TO BE RECEIVED INTO EVIDENCE

The prefiled direct testimony and schedules of Mark D. Waltermire, Suzanne Sitherwood, Steven L. Lindsey and Robert J. Hack shall be received into evidence without the necessity of the witnesses taking the stand.

IV. NO DETRIMENT

The Signatories agree that the intent of the Stipulation is to avoid detrimental impacts to customers, and that this Stipulation should be interpreted accordingly.

V. GENERAL PROVISIONS

(a) This Stipulation has resulted from negotiations among the Signatories and the terms hereof are interdependent. In the event the Commission does not adopt this Stipulation in total, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof. The stipulations herein are specific to the resolution of this proceeding, and all stipulations are made without prejudice to the rights of the Signatories to take other positions in other proceedings except as otherwise provided herein. The Signatories agree that any and all discussions related hereto shall be privileged and shall not be subject to discovery, admissible in evidence, or in any way used, described or discussed.

(b) This Stipulation is being entered into for the purpose of disposing of all issues in this case. The Signatories represent that the terms of this Stipulation constitute a fair and reasonable resolution of the issues addressed herein, in a manner which is not detrimental to the public interest. Except as otherwise addressed herein, none of the Signatories to this Stipulation shall be deemed to have approved, accepted, agreed, consented or acquiesced to any accounting principle, ratemaking principle or cost of service determination underlying, or supposed to underlie any of the issues provided for herein.

(c) The Signatories further understand and agree that the provisions of this Stipulation relate only to the specific matters referred to in the Stipulation, and no Signatory or person waives any claim or right which it otherwise may have with respect to any matter not expressly provided for in this Stipulation. The Signatories further reserve the right to withdraw their support for the settlement in the event that the Commission modifies the Stipulation in a manner which is adverse to the Signatory, and further, the Signatories reserve the right to contest any such Commission order modifying the settlement in a manner which is adverse to the Signatory contesting such Commission order. The Signatories agree that the details of this agreement have no precedential value in any future proceeding not related to enforcement of this agreement.

(d) The non-utility Signatory Parties enter into this Stipulation in reliance upon information provided to them by the Joint Applicants and this Stipulation is explicitly predicated upon the truth of representations made by the Joint Applicants.

(e) In the event the Commission accepts the specific terms of this Stipulation without modification, the Signatories waive, with respect to the issues resolved herein: their respective rights pursuant to Section 536.070(2), RSMo 2000 to call, examine and cross-examine witnesses; their respective rights to present oral argument or written briefs pursuant to Section 536.080.1, RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2000; their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510, RSMo 2000. Furthermore, in the event the Commission accepts the specific terms of this Stipulation without modification, the Signatories agree that the prefiled testimony of all witnesses who have prefiled testimony in this case shall be included in the record of this proceeding without the necessity of such witnesses taking the stand.

(f) The Staff shall have the right to provide, at any agenda meeting at which this Stipulation is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, promptly provide other Signatories with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or previously designated confidential by any signatory.

(g) Except as otherwise addressed in this Stipulation, Commission approval of the sale of assets of SUG to Laclede Gas, and for the Joint Applicants to execute and perform in accordance with the terms of the Agreement, does not in any way, limit, form a basis for determination, or constitute a defense against any Signatory proposing, or the Commission ordering, the disallowance and/or imputation of account balances, expenses, revenues and/or other ratemaking findings, regarding MGE or Laclede Gas operations in a future rate proceeding.

(h) To assist the Commission in its review of this Stipulation, the Signatories also request that the Commission advise them of any additional information that the Commission may desire from the Signatories relating to the matters addressed in this Stipulation, including any procedures for furnishing such information to the Commission.

WHEREFORE, the Signatories recommend that SUG's sale of its Missouri properties to Laclede Gas is reasonable and not detrimental to the public interest and respectfully request that the Commission approve this Stipulation and Agreement subject to the conditions contained herein.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 2nd day of July, 2013.

/s/ Robert S. Berlin