

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

In the matter of Missouri Gas Energy's)
Increasing Rates for Gas Service Provided)
To Customers in the Company's Missouri)
Service Area)

Case No. GR-2006-0422

PARTIAL NONUNANIMOUS STIPULATION AND AGREEMENT

COME NOW Missouri Gas Energy, a division of Southern Union Company d/b/a (MGE or the Company), the Staff of the Missouri Public Service Commission (Staff), the Office of the Public Counsel and Missouri Gas Users Association (MGUA), the University of Missouri-Kansas City, Central Missouri State University, the County of Jackson, Missouri and respectfully state to the Missouri Public Service Commission (Commission) that after extensive negotiations, the undersigned signatories (signatories), have reached the following Partial Nonunanimous Stipulation and Agreement concerning Class Cost of Service, and hereby submit the following Partial Nonunanimous Stipulation and Agreement to the Missouri Public Service Commission (Commission) for approval:

1. a. Any increase in revenue shall be spread among all customer classes as an equal percentage of the normalized present nongas revenues of each customer class without any interclass revenue shifts. For purposes of this Partial Nonunanimous Stipulation and Agreement, the "normalized present nongas revenues of each customer class" shall be the amount determined by the Commission (or separately agreed by the parties and approved by the Commission) representing the weather-normalized class test year revenues.

b. At this time, an issue remains in regard to the normalization of the effects of weather. Normalized present revenue incorporating the Company position on this issue is set forth on

schedule 1. Normalized present revenue incorporating the Staff position on this issue is set forth on schedule 2. The Parties agree that this issue will be determined by the Commission.

c. The revenue increase so allocated to the Large Volume (LV) Class shall be collected from customers by increasing the monthly charges as described in the following subparagraphs.

i. The present charge of \$204.65 (applicability continues unchanged according to the provisions of the tariff at Sheet 40) shall receive the same percentage increase as is applied to overall system revenue. The additional revenue generated shall be the product of the increase in the charges times the billing units of 318.

ii. The remainder of the increase in the LV class revenue shall be collected via an increase in the present \$478.75 Customer Charge (applicability continues unchanged according to the provisions of the tariff at or about Sheet 42). Such Customer Charge increase shall be determined by dividing the difference between the revenue increase for the LV class increase and revenue to be derived from the multi-meter increase divided by the Customer Charge billing units of 5632.

2. While the City of Kansas City and Trigen do not join in this Partial Nonunanimous Stipulation and Agreement, both the City of Kansas City and Trigen have stated that they do not oppose the Partial Nonunanimous Stipulation and Agreement as to Class Cost of Service and do not request a hearing concerning the issues addressed by this Partial Nonunanimous Stipulation and Agreement.

3. This Partial Nonunanimous Stipulation and Agreement is being entered into solely for the purpose of settling the identified issue in this case. None of the signatories to this Partial Nonunanimous Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method

of cost determination or cost allocation or revenue related methodology, and none of the signatories shall be prejudiced or bound in any manner by the terms of this Partial Nonunanimous Stipulation and Agreement in this or any other proceeding whether this Partial Nonunanimous Stipulation and Agreement is approved or not, except as otherwise expressly specified herein.

4. This Partial Nonunanimous Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not unconditionally approve this Partial Nonunanimous Stipulation and Agreement by the issuance date of its Report and Order in this case, then this Partial Nonunanimous Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

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

6. In the event the Commission unconditionally accepts the specific terms of this Partial Nonunanimous Stipulation and Agreement, the signatories waive their respective rights to present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §386.500 RSMo 2000; and their respective rights to judicial review pursuant to §386.510 RSMo 2000, as to the issue of class cost of service (CCOS). This waiver applies only to a Commission Report and Order respecting this Partial Nonunanimous Stipulation and Agreement issued in this proceeding, and does not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this Partial Nonunanimous Stipulation and Agreement.

7. In the event the Commission approves this Partial Nonunanimous Stipulation and Agreement without modification or condition, the signatories agree to waive all objections to the admission into evidence of the prefiled testimony of any witness on the subject of CCOS and no such witness shall be required to take the stand to establish a foundation for offering pre-filed testimony on the subject of CCOS; provided, however, that the signatories reserve the right to cross-examine any witness with respect to testimony offered on the subject of CCOS, limited to the extent the witness or the party represented by the witness relies upon the CCOS testimony to support the party's rate design testimony, an issue not addressed in this Partial Nonunanimous Stipulation and Agreement. No signatory shall be deemed to have acquiesced to any such testimony nor shall any signatory be presumed to have waived any objection that might otherwise have been made to such testimony.

8. The Staff shall file suggestions or a memorandum in support of this Partial Nonunanimous Stipulation and Agreement. Each of the parties shall be served with a copy of

any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive memorandum which shall also be served on all parties. The contents of any suggestions or memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the signatories to this Partial Nonunanimous Stipulation and Agreement, whether or not the Commission approves and adopts this Partial Nonunanimous Stipulation and Agreement.

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

10. To assist the Commission in its review of this Partial Nonunanimous Stipulation and Agreement, the Parties also request the Commission advise them of any additional information that the Commission may desire from the Parties relating to the matters addressed in this Stipulation and agreement, including any procedures for furnishing such information to the Commission.

WHEREFORE, for the following reasons, the undersigned Parties respectfully request the Commission to issue an order in this case approving the Partial Nonunanimous Stipulation

and Agreement subject to the specific terms and conditions contained therein.

Respectfully submitted,

 11-8-06

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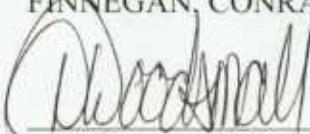
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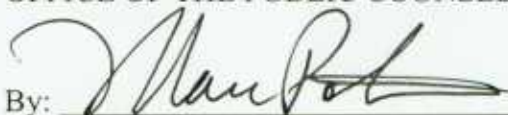
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 8th day of December, 2006.



MGE Annualized Operating Revenues

Residential Revenues	\$109,332,136
Commercial Revenues	\$34,921,443
Industrial Revenues	\$1,600,385
Sales for Resale	-\$108,623
Late Payment Charges	-\$53,565
Miscellaneous Service Revenues	\$4,412,846
Transportation Revenues	\$10,384,546
Rent from Property	\$0
Other Gas Revenues	\$498,984
Total Revenues	\$160,988,152

Schedule 1

Staff Annualized Operating Revenues

Residential Revenues	\$111,326,154
Commercial Revenues	\$36,100,460
Industrial Revenues	\$1,451,502
Sales for Resale	\$0
Late Payment Charges	\$487,006
Miscellaneous Service Revenues	\$4,412,846
Transportation Revenues	\$10,316,213
Rent from Property	\$0
Other Gas Revenues	-\$67,257
Total Revenues	\$164,026,924

Schedule 2