

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

In the Matter of the Application of Southern)	
Union Company d/b/a Missouri Gas Energy)	
for Authority to Acquire Directly or Indirectly,)	
up to and Including Fifty Percent (50%) of)	Case No. GO-2005-0019
the Equity Interests of CrossCountry Energy,)	
LLC, and to Take All Other Actions)	
Reasonably Necessary to Effectuate Said)	
Transaction)	

NON-UNANIMOUS STIPULATION AND AGREEMENT

I. Procedural History

On July 14, 2004, Southern Union Company ("Southern Union" or "Company") filed an Application with the Missouri Public Service Commission ("Commission") for authority to acquire, directly or indirectly, up to and including fifty percent (50%) of the equity interests of CrossCountry Energy, LLC, (CrossCountry) and to take all other actions reasonably necessary to effectuate said transaction ("The Transaction"). On the same day, Southern Union filed with the Commission its Motion for Expedited Treatment and a Motion for Protective Order.

On July 20, 2004, the Commission issued its Order Adopting Protective Order and Directing Filing. In that order, the Commission directed its Staff to file a pleading not later than 4:00 pm on July 23, 2004 stating whether or not it would be able to file a memorandum and recommendation in this case by August 16, 2004. In response to that order, the Staff filed its response on July 23, 2004 stating, among other things, that its ability to file a recommendation by August 16, 2004, was contingent upon receipt of

prompt and complete responses to data requests from Missouri Gas Energy ("MGE") and Southern Union.

On August 12, 2004, Southern Union filed a Motion for Extension of Time for the Staff of the Commission to File its Recommendation and for Expedited Consideration. Pursuant to said motion, Southern Union requested that the Commission's Staff be given additional time until August 19, 2004 to file its recommendation or a stipulation and agreement.

On August 19, 2004, the Commission issued an Order Directing Filing. By virtue of that order, the Commission directed its Staff to file a stipulation and agreement embodying a settlement of the case or Staff's memorandum and recommendation by no later than 4:00 pm on Tuesday, August 24, 2004.

Southern Union, MGE, Staff and the Office of the Public Counsel ("OPC") have engaged in various discovery and discussion and as a consequence, the signatory parties have reached the following agreement which are set forth in this Stipulation, which disposes of all issues in this case with respect to the signatory parties. While this agreement disposes of all issues in this case, it does not limit Staff's ability to raise any detriment in any subsequent proceeding. This Stipulation represents the Staff's best efforts to protect the public interest from any detrimental effect of the Transaction. This Stipulation cannot completely insulate or protect MGE from any potential negative impact from this transaction. The Stipulation cannot and does not contemplate unforeseen events or conditions that may have a detrimental impact on MGE, nor does the Stipulation indicate, in Staff's opinion, that Southern Union's credit rating will not be impacted by the risk from completion of this transaction and the risk of the

CrossCountry operations. Staff has relied on the representations of Southern Union in performing its review and in agreeing to this Stipulation.

II. Approval of the Transaction

In the event the Transaction is not closed, the conditions offered through this Application shall be void and neither the Staff nor Southern Union shall be bound by any of the provisions hereof.

III. Conditions of Approval

1. CUSTOMER SERVICE STANDARDS

A. Southern Union will, through its MGE operating division, continue uninterrupted its commitment to customer service performance measures and customer service operating procedures originally agreed to by Southern Union, through MGE, and approved by the Commission in its October 21, 1999, Order Approving Stipulation and Agreement in Case No. GM-2000-43 (and also agreed to by Southern Union and approved by the Commission in Case Nos. GM-2000-500, GM-2000-502, GM-2000-503 and GM-2003-0238). The data should continue to be presented in a monthly format and provided on a quarterly basis and may be transmitted to the Staff in an electronic format. The MGE response to the customer service measures will remain as agreed to in Case No. GM-2000-43, with one exception. Specifically, the only aspect of these customer service performance measures and customer service operating procedures as originally agreed to by Southern Union, through MGE, and approved by the Commission in its October 21, 1999, Order Approving Stipulation and Agreement in Case No. GM-2000-43 (and also agreed to by Southern Union and approved by the Commission in Case Nos. GM-2000-500, GM-2000-502, GM-2000-503 and GM-2003-0238) that will

cease are certain provisions of paragraph 2.b.) of that Unanimous Stipulation and Agreement, which read as follows: "The Company will credit to customers a like amount (annual revenue requirement) during the subsequent year for the year in which the indicator was exceeded. The credit may be booked to a deferred liability account, if the Company, Staff and OPC agree, until a sufficient amount is accumulated to warrant a credit to customers." This requirement will cease on December 31, 2006. The expiration of this specific term was agreed to and appeared in the Stipulation and Agreement in Case No. GR-2001-292.

B. Other reporting requirements of the Commission orders in Case Nos. GM-2000-43, GM-2000-500, GM-2000-502, GM-2000-503 and GM-2003-0238 are not affected by the provisions of this Agreement.

C. The conditions in this Agreement do not represent Staff's approval of the present level of customer service being provided by the Company. In addition, the service standards set in Case No. GM-2000-43 do not, in the Staff's opinion, represent a high level of customer service and are, in the Staff's opinion, simply a minimum acceptable level of service that should be provided to the customer. Southern Union does not agree with or acquiesce to these Staff opinions.

2. INSULATION OF SOUTHERN UNION'S MGE OPERATING DIVISION FROM CCE HOLDINGS, LLC (CCE) BUSINESS

To insulate MGE from the Transaction, Southern Union agrees that:

CCE and Successor Entities or any direct or indirect subsidiary of Southern Union that acquires or owns any equity interests in CrossCountry, shall be owned and operated as a separate subsidiary of Southern Union. Southern Union shall not, directly

or indirectly, allow any debt of CrossCountry or any of its subsidiaries, to be recourse to it; pledge Southern Union equity as collateral or security for the debt of CrossCountry or any of its subsidiaries; give, transfer, invest, contribute or loan to CrossCountry or any of its subsidiaries, any equities or cash without Commission approval. Southern Union shall not transfer to CCE and Successor Entities or any subsidiary thereof, directly or indirectly, assets necessary and useful in providing service to MGE's Missouri customers without Commission approval. Southern Union shall not enter, directly or indirectly, into any "make-well" agreements, or guarantee the notes, debentures, debt obligations or other securities of CrossCountry or any of its subsidiaries without Commission approval. Southern Union shall not adopt, indemnify, guarantee or assume responsibility for payment of, either directly or indirectly, any of the current or future liabilities of CrossCountry or any of its subsidiaries or affiliates without Commission approval. Southern Union shall diligently exercise its best efforts to insulate MGE from any adverse consequences from its other operations or the activities of any of its affiliates. Southern Union shall submit reports certifying its compliance with this paragraph 2 on a quarterly basis to Staff electronically through the Commission's Electronic Filing and Information System ("EFIS") and to OPC, and other interested parties that are subject to a Commission protective order until the Commission determines that MGE is insulated from Southern Union's other operations and the activities of any of its affiliates or that the requirement is no longer needed.

3. CONDITIONS TO FURTHER INSULATE SOUTHERN UNION'S MISSOURI CUSTOMERS FROM POSSIBLE ADVERSE CONSEQUENCES ASSOCIATED WITH THE TRANSACTION

To insulate MGE from the Transaction, Southern Union agrees that:

A. Southern Union will ensure that the Transaction shall have no adverse effect on MGE's budget and funds to meet MGE's capital needs, including but not limited to service line and main replacement programs. Southern Union remains committed 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. The amount of any asserted acquisition premium (i.e. the amount of the total purchase price and transaction above net book value) paid by Southern Union in connection with the transaction shall be treated below the line for ratemaking purposes in Missouri and not recovered in retail distribution rates. Southern Union shall not seek either direct or indirect rate recovery or recognition of any acquisition premium, including transaction costs, through any purported acquisition savings adjustment (or similar adjustment) in any future general ratemaking proceeding in Missouri. Southern Union reserves the right to seek Missouri rate recovery for internal payroll costs necessary to obtain Missouri regulatory approval of the Transaction, to the extent it can be clearly demonstrated that the savings achieved and allocated to MGE as a result of the Transaction are equal to or in excess of such costs. Other parties to any such proceeding shall not be precluded from opposing rate recovery of such costs, regardless of any asserted acquisition savings. In addition, Southern Union shall not seek to recover in Missouri the amount of any asserted 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.

C. Total joint and common costs allocated to Missouri for purposes of setting retail distribution rates shall not increase as a result of the Transaction above the latest levels proposed by MGE in its true-up filing in Case No. GR-2004-0209 (EFIS Item Number 305, Corrected True-Up Testimony of Michael R. Noack, July 20, 2004).

D. Southern Union shall retain all documentation relative to the analysis of the Transaction and all merger, acquisition, and sale activity that has occurred since May 1, 2004. This documentation will include a list of: (1) all Southern Union 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 Southern Union that are related to the Transaction; (4) business entity (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.

Southern Union shall maintain its books and records so that all acquisition costs (including the Transaction and future Southern Union merger and acquisition transactions) are segregated and recorded separately. During MGE's next general rate proceeding, Southern Union agrees to disclose to the Staff, Public Counsel, and other interested parties subject to a Commission protective order acquisition, merger, transition, and transaction costs recorded in Southern Union's books and records in the appropriate test year. Upon request by the Staff or Public Counsel, Southern Union also agrees to disclose this information as it relates to affiliated transactions and

allocation factors to be included in its annual report to the Commission as required by its Affiliated Transactions Rules. This condition does not restrict Southern Union's right to seek rate recovery of merger and acquisition costs related to future transactions. Other parties to this proceeding may oppose recovery of merger and acquisition costs related to future transactions. Southern Union agrees to create and maintain records listing the names of Southern Union employees, number of hours worked, type of work performed and travel and other expenses incurred for all work related to all merger and acquisition activities and specifically to CrossCountry through the end of the test year, updated test year or true-up test year in MGE's next general rate case. Upon request by the Staff or OPC, Southern Union also agrees to disclose this information as it relates to affiliated transactions and allocation factors reported annually to the Commission under its Affiliated Transactions Rules. Southern Union will 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 and all other merger, acquisition since May 1, 2004 of Southern Union's books and records within forty-five (45) days of closing.

E. Southern Union shall not recommend an increase, or claim Staff should make an adjustment to increase, the cost of capital for MGE as a result of the Transaction. Any increases in cost of capital Southern Union seeks for MGE will be supported by documented proof: (1) that the increases are a result of factors not associated with the Transaction; (2) that the increases are not a result of changes in business, market, economic or other conditions for MGE caused by the Transaction; or (3) that the increases are not a result of changes in the risk profile of MGE caused by the Transaction. Southern Union will ensure that the retail distribution rates for MGE

ratepayers will not increase as a result of the Transaction. This condition that retail distribution rates for MGE ratepayers will not increase as a result of the Transaction means, among other things, that recovery of costs addressed by indemnification provisions of the Purchase Agreement will not be sought from MGE customers

F. Staff relies upon the Southern Union's representation that this transaction will have no detrimental impact on MGE's pension and Other Postretirement Benefits (OPEB) plans. Staff has no independent means to determine the accuracy or validity of this representation.

H. Southern Union agrees that within six (6) months of the closing of the Transaction, it shall perform, provide, and discuss with all interested parties subject to a Commission protective order a study of the impact of the acquisition and operation of CrossCountry and its Successor Entities on Southern Union's structure, organization, and costs. Specifically, Southern Union will immediately upon providing the study (to be submitted in EFIS), meet with Staff to provide supporting details to enable Staff to verify the accuracy of corporate administrative and general ("A&G") allocations to MGE. This study will address the specific impacts of the acquisition and operation of CrossCountry and its Successor Entities on Southern Union's A&G expense and cost allocation methodology. Southern Union will specifically identify the process used to allocate A&G 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. If Southern Union decides not to retain merger and acquisition costs (including acquisition adjustments, transaction costs, transition costs and a reasonable allocation of corporate employee payroll and benefits) at the corporate level, it shall provide to the Staff and

OPC all the data in which to make a reasonable allocation of these costs to the corporate office cost center (i.e. retained at the corporate level). Southern Union agrees that it will make its best effort to provide to the Staff and OPC all direct and indirect costs of its merger and acquisition activities.

Southern Union agrees that the types and availability of raw data necessary to perform allocations of corporate overhead costs to be used in the study will include all data required to calculate the A&G allocations (e.g. an allocation factor based upon revenues will include the revenue amount of each entity and the cumulative revenues used to calculate the percentage to be allocated to each entity to which the factor is being applied) and the source of the data (e.g. financial statement for the fiscal year ending.) The raw data to be discussed shall include, but not be limited to, regulated and non-regulated information concerning customer numbers and billing information, revenue data, asset information (gross and net plant, etc.), management work time allocations, employee numbers and other payroll data, and the Missouri jurisdictional rate of return on investment ("ROR") and return on equity ("ROE").

The allocation procedures to be disclosed shall include, but need not be limited to: the use of cost allocation manuals, timesheets, time studies, and/or other means of tracking and allocating costs. The allocation procedures provided in the study and further discussed with Staff shall provide a means to identify and substantiate the portions of each individual corporate employee's time and associated payroll cost being allocated to Southern Union's regulated divisions.

I. For purposes of allocating joint and common costs, CrossCountry will be treated much the same as Southern Union agreed to treat Panhandle in Case No. GR-

2004-0209. Southern Union must allocate corporate costs based on factors that faithfully and accurately represent, to the greatest extent possible, the level of actual corporate involvement in the corporate services provided and the actual business unit beneficiaries of the incurred costs. Southern Union further agrees that it will not limit the amount of corporate overhead costs allocated to any business unit based on artificial factors, including but not limited to the percentage of equity ownership, but on substantive cost causation factors.

4. ASSUMPTION OF RISKS

Southern Union agrees that it shall not include in its retail distribution rates charged to Missouri consumers any costs related to its execution risk of completing the purchase of CrossCountry. Southern Union accepts the risks of the costs associated with obtaining funds to be used to make the acquisition. Southern Union represents that it has and shall continue to maintain the financial resources to protect Missouri consumers from the adverse consequences of these risks. The parties to this agreement are not requesting the Commission to approve the steps that Southern Union will use to implement this Transaction after the Commission approves the Transaction. Southern Union understands that there are risks associated with closing this Transaction after it receives Commission approval. Southern Union shall accept full responsibility of these risks. The acquisition and sources of the monies needed to close this Transaction are beyond the scope of what the Commission is being asked to approve in this case.

5. ADHERENCE TO MISSOURI RULES

Southern Union 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 III.5. shall not be construed as a waiver of any rights or remedies available to Southern Union under the law. No conditions or agreements entered into between parties to this case shall restrict or limit Southern Union's compliance with Missouri Commission rules.

6. NO DETRIMENTAL IMPACT

Southern Union agrees that this transaction will not have any detrimental effect on MGE's utility customers, including, but not limited to: increased rates or any effect on quality of service, but 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.

7. COMMISSION AUTHORITY

Southern Union agrees 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 Southern Union or MGE to meet its Missouri utility obligations, including MGE's service line replacement program. Southern Union also agrees that the Commission has the authority, through the lawful exercise of its ratemaking powers, to ensure that the rates charged by MGE for regulated utility service are not increased as a result of the unregulated and/or nonjurisdictional activities of Southern Union's

affiliates and Southern Union agrees, consistent with such standard, that rates should not be increased due to such activities.

8. ACCESS TO INFORMATION

A. Southern Union shall provide the Staff and Public Counsel 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, which directly or indirectly pertains to Southern Union or any affiliate that has affiliate transactions with MGE or with Southern Union to the extent such transaction(s) with Southern Union 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: 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 Southern Union's or MGE's right to seek protection of the information 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. Upon request, MGE and Southern Union agree to make available to Staff and Public Counsel, upon written notice during normal working hours and subject to appropriate confidentiality and discovery procedures, all books, records and employees of Southern Union, MGE and its affiliates as may be reasonably required to verify compliance with the conditions set forth in this Stipulation and Agreement. MGE and Southern Union shall also provide Staff and OPC any other such information (including

access to employees) relevant to the Commission's ratemaking, financing, safety, quality of service and other regulatory authority over MGE; provided that MGE and any affiliate or subsidiary of Southern Union shall have the right to object to such production of records or personnel on any basis under applicable law and Commission rules, excluding any objection that such records and personnel of affiliates or subsidiaries; (a) are not within the possession or control of MGE; or (b) are either not relevant or are not subject to the Commission's jurisdiction and statutory authority by virtue of or as a result of the implementation of the proposed acquisition.

9. COMMITMENTS AND REPRESENTATIONS ARE MISSOURI
JURISDICTIONAL

The commitments and representations made by Southern Union in this Stipulation and Agreement are intended to apply only in the context of Missouri jurisdictional regulatory activities. Commission approval of this Stipulation and Agreement is not intended, and shall not be construed, to restrict in any way the ability of either the Commission, Southern Union or any party hereto to take any position whatsoever regarding matters covered by this Stipulation and Agreement in proceedings before the Federal Energy Regulatory Commission or any other non-Missouri jurisdictional regulatory authority.

10. OTHER ACCOUNTING CONCERNS

A. If Southern Union records the acquisition of CrossCountry using the equity method of accounting, this election by Southern Union shall not be used as a primary basis or supporting basis for the ratemaking treatment of any revenue requirement issue in MGE's subsequent rate cases.

B. Following the closing of this Transaction, Southern Union shall submit to the Staff a copy of a letter from its outside independent auditor describing the type of accounting it believes to be appropriate for this transaction, given all the terms and conditions of the transaction, and the specific generally accepted accounting principles it relied upon in reaching this conclusion. It is not intended that this condition cause Southern Union to obtain such a letter any earlier than would normally occur in the normal course of events. If Southern Union obtains such a letter prior to closing of the Transaction, it will be provided to the Staff and Public Counsel.

11. OTHER FINANCIAL CONCERNS

A. If CCE should decide to submit a higher offer for CrossCountry than the offer which is currently contemplated by the Purchase Agreement between CCE and Enron dated June 24, 2004 (the "Purchase Agreement") and this Application, then CCE's incremental amount offered over the currently contemplated purchase price of \$2.35 billion shall be funded in a manner that results in a capital structure that is generally consistent with the proportional amounts of debt and equity as are presently defined in the Purchase Agreement, the Limited Liability Agreement, term sheet, and this Application. No less than 80% of Southern Union Company's investment in 50% of the equity interests of CrossCountry shall be funded with proceeds from the sale of Southern Union Company newly issued common stock. The other portion of Southern Union's investment in the 50% of the equity interests of CrossCountry shall be funded with proceeds from the sale of Southern Union MEDS Equity Units. To the extent that there is an incremental increase in the purchase price such that ** _____

_____,^{**}, Southern Union shall be required to obtain additional approval from the Commission.¹

B. That Southern Union shall not acquire any additional interest in CCE, whether financial or voting, until it files and receives approval to do so from the Missouri Public Service Commission.

C. That nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, and that the Commission reserves the right to consider the rate making treatment to be afforded this transaction in any subsequent proceeding.

D. Southern Union shall not, either directly through Southern Union itself or indirectly through any division, affiliate or subsidiary, expand its activities with respect to the operation of an energy marketing and trading business without approval from the Commission, which approval shall not be unreasonably withheld.

E. Staff evaluated the possible impact of this transaction on Southern Union's creditworthiness. Staff's evaluation relied heavily upon Southern Union's representation that it intends to maintain its investment grade credit rating and currently does not intend to diversify outside of natural gas transmission and distribution operations. Any diversification outside of these operations may, in the Staff's opinion, entail more business risk for Southern Union. An increase in Southern Union's business risk may, in the Staff's opinion, require the Company to make a related reduction to its financial risk

¹ At least one competing bid for the CrossCountry equity interests was tendered on August 23, 2004. Consequently, if Enron in conjunction with the Unsecured Creditors' Committee determine the competing bid to be a qualifying bid in accordance with the Bid Procedures Order entered by the Bankruptcy Court on June 24, 2004, the court mandated auction scheduled for September 1, 2004, will take place.

(e.g. lower its debt leverage) in order to maintain an investment grade credit rating. If Southern Union decides to engage in lines of business with additional business risk in the future, then the debt capital that MGE may, in the Staff's opinion, have to rely upon for capital investments could be subjected to loss of investment-grade status. Such decisions are outside of Staff's control. Southern Union does not agree with or acquiesce to the foregoing Staff opinions.

F. If CCE pays a higher price than that which is contemplated by this Application, then Southern Union must obtain another fairness opinion from J.P. Morgan and submit it to the Commission. If the higher price is not deemed to be fair, then the approval of this transaction is null and void.

G. If the terms of the Limited Liability Company Agreement of CCE Holdings and the attached LLC Term Sheet of CCE Holdings² (collectively, the "LLC Agreement"), the Joint Offer Letter and its attachments and/or the Purchase Agreement should materially change – beyond the potential change addressed in paragraph 11.A., above – which material change has a detrimental effect on MGE customers, then Southern Union shall be required to submit a new Application to the Commission to request approval of these changes.

Failure of Southern Union or MGE or any affiliated company to comply with the terms of this agreement could result in a Staff investigation, with Commission approval, and the filing of a complaint if the investigation does not lead to resolution of investigatory concerns. Staff's execution of this Stipulation does not constitute a waiver

² It is anticipated that the Limited Liability Company Agreement of CCE Holdings and the attached LLC Term Sheet of CCE Holdings shall be combined into one complete Limited Liability Agreement of CCE Holdings and to the extent this combination is considered a change, it is not material.

of its ability to raise any issue or argue any position on an issue in any other matter before the Commission.

IV. Contingent Waiver of Rights

A. This Stipulation and Agreement has resulted from extensive negotiations among the parties and the terms hereof are interdependent. In the event the Commission does not adopt this Stipulation and Agreement in total, then this Stipulation and Agreement shall be void and no party 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 parties to take other positions in other proceedings.

B. This Stipulation and Agreement is being entered into solely for the purpose of settling all issues in this case. None of the signatories to this 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 Stipulation and Agreement in this or any other proceeding, whether this Stipulation and Agreement is approved or not, except as otherwise expressly specified herein.

C. All parties further understand and agree that the provisions of this Stipulation and Agreement relate only to the specific matters referred to in the Stipulation and Agreement and no party waives any claim or right which it otherwise may have with respect to any matters not expressly provided for in this Stipulation and Agreement. All parties further reserve the right to withdraw their support for the

settlement in the event that the Commission modifies the Stipulation and Agreement in a manner which is adverse to the party withdrawing its support and further, all parties reserve the right to contest any such Commission order modifying the settlement in a manner which is adverse to the party contesting such Commission order.

D. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties 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. If this Stipulation and Agreement is not approved by the Commission, the parties request that a procedural schedule be established which provides for a hearing, to include the opportunity for cross-examination.

E. The Staff shall endeavor³, to file with the Commission suggestions or a memorandum in support of this Stipulation and Agreement on Thursday August 26, 2004 and the other parties shall have the right to file responsive suggestions within one (1) day of receipt of Staff's memorandum.

³ At least one competing bid for the CrossCountry equity interests was tendered on August 23, 2004. Consequently, if Enron in conjunction with the Unsecured Creditors' Committee determine the competing bid to be a qualifying bid in accordance with the Bid Procedures Order entered by the Bankruptcy Court on June 24, 2004, the court mandated auction scheduled for September 1, 2004, will take place. Consequently, Thursday, August 26, 2004, is the first regularly scheduled agenda session at which the Commission may take up this Stipulation and Agreement.

F. The Staff shall also 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, promptly provide 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 Staff. 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.

G. To assist the Commission in its review of this Stipulation and Agreement, the parties also request that 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.

H. OPC has authorized the signatories to advise the Commission that pursuant to 4 CSR 240-2.115(2)(B), it will not file an objection to this Non-unanimous Stipulation and Agreement.

WHEREFORE, the signatory parties respectfully request that the Commission issue an order approving the transaction and this stipulation and agreement at its earliest opportunity but in no event, by later than August 31, 2004⁴, if possible, and by said order:

⁴ At least one competing bid for the CrossCountry equity interests was tendered on August 23, 2004. Consequently, if Enron in conjunction with the Unsecured Creditors' Committee determine the competing bid to be a qualifying bid in accordance with the Bid Procedures Order entered by the Bankruptcy Court on June 24, 2004, the court mandated auction scheduled for September 1, 2004, will take place.

A. Finding that the transaction, subject to the terms of the stipulation and agreement, is not detrimental to the public interest;

B. Authorizing Southern Union, through its subsidiary or subsidiaries, to acquire up to and including fifty percent (50%) of the common equity interests of CrossCountry;

C. Authorizing Southern Union to execute and perform in accordance with the Purchase Agreement, Appendix 1 hereto, and/or any and all other documents and to take or cause to be taken any and all other actions reasonable necessary to effectuate the transaction described herein;

D. Granting such other relief deemed by the Commission to be just and proper in the circumstances.

Respectfully submitted,

Dennis K. Morgan MO #24278
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Consequently, Tuesday, August 31, 2004, is the last regularly scheduled Commission agenda session at which this Stipulation and Agreement may be taken up prior to that auction.

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Missouri Gas Energy

/s/ James C. Swearengen

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was delivered by first class mail or by hand delivery, on this 25th day of August 2004 to the following:

Mr. Dana K. Joyce, General Counsel
Missouri Public Service Commission
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P.O. Box 360
Jefferson City, MO 65102-0360

Mr. Douglas Micheel
Senior Public Counsel
Office of the Public Counsel
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/s/ James C. Swearengen
