

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

In the Matter of Missouri Gas Energy's)
Tariffs Increasing Rates for Gas Service)
Provided to Customers in the Company's)
Missouri Service Area.)

Case No. GR-2006-0422

**MOTION TO REJECT TARIFF FILING AND
MOTION FOR DIRECTED VERDICT**

COMES NOW the Office of the Public Counsel and for its Motion to Reject Tariff Filing and Motion for Directed Verdict states:

1. On May 2, 2006, Missouri Gas Energy (MGE) filed tariff sheets to implement a general rate increase for natural gas service. Attached to MGE's filing are twenty-two revised tariff sheets that purport to accomplish the requested rate increase. *See Attachment A.* Public Counsel moves to reject the proposed tariff and dismiss this case because the proposed tariff unlawfully fails to reset MGE's infrastructure system replacement surcharge (ISRS) to zero.

2. Missouri law requires a natural gas utility to reset the company's ISRS to zero when rates become effective following a general rate case. Section 393.1015.6(1) states in part:

(1) A gas corporation that has implemented an ISRS pursuant to the provisions of sections 393.1009 to 393.1005 shall file revised rate schedules to reset the ISRS to zero when new base rates and charges become effective for the gas corporation following a commission order establishing customer rates in a general rate proceeding that incorporates in the utility's base rates subject to subsections 8 and 9 of this section eligible costs previously reflected in an ISRS.

MGE filed proposed tariff changes to accomplish the requested general rate increase, but did not include an adjustment to reset the ISRS rate schedule to zero. If the Commission approved the proposed tariff changes, MGE's ISRS rate schedules would apply a monthly ISRS Rate Element under MGE's tariff P.S.C. MO. No. 1, Fifth Revised, Sheet No. 10 in violation of Section

393.1015.6(1). *See* Attachment B. Commission Rule 4 CSR 240-2.065(1) requires a utility filing for a general rate increase to submit a tariff that “shall be in compliance with the provisions of the rules relating to the separate utilities.” It further requires utilities seeking general rate increases to “comply with the minimum filing requirements” for general rate increases. MGE’s proposed tariff changes are not in compliance with the ISRS requirement to reset the ISRS rate to zero found in Section 393.1015.6(1) and in 4 CSR 240-3.265(18).

3. Public Counsel moves to reject the proposed tariff. If approved, the proposed tariff changes would not reset the ISRS to zero when the new base rates and charges became effective and would allow MGE to apply charges in excess of what is allowed by law. Section 393.130.1 RSMo 2000 prohibits excessive charges and requires all gas corporation charges “shall be just and reasonable and not more than allowed by law or by order or decision of the commission.”

4. Permitting a utility to file for a general rate case that only covers select services and rates violates the “all relevant factors” requirement as upheld by the Missouri Supreme Court in *State ex rel. Utility Consumers Council of Missouri v. PSC*, 585 S.W.2d 41 (Mo. banc 1979). The Commission must consider all relevant factors to ensure that the ultimate decision of the Commission is just and reasonable.

5. It is impossible for MGE to meet its Section 393.150 burden of proof to show that the increased rate or proposed rate increased rate is just and reasonable. And it would be impractical for the Commission to proceed with this case when the proposed tariff revision is unlawful. Commission rule 4 CSR 240-2.130.7(A) provides that: “[d]irect testimony shall include all testimony and exhibits asserting and explaining that party’s entire case in chief.” The point here is clear: a party, especially a party with the burden of proof, must present its entire

case in chief in direct testimony. MGE's entire case in chief requests an unlawful tariff change and as a result, MGE has failed to meet its burden that the proposed tariff revisions are just and reasonable.

6. In Case No. ST-2003-0562, the Commission considered a Public Counsel motion to dismiss and reject a water and sewer company's proposed tariffs in a rate case. Public Counsel argued that Osage Water failed to present a prima facie case to justify its request to increase rates. The Commission characterized the Public Counsel's motion as a motion for a directed verdict and stated:

In fact, the Commission does not have a specific procedural rule dealing with such a motion. A directed verdict is simply a determination by the tribunal that the party having the burden of proof has failed to present sufficient evidence to carry its burden. In a civil court, a motion for directed verdict would be appropriate at the close of the case in chief of the party having the burden of proof. In a Commission case, direct testimony is prefiled and, in this case, has been before the Commission for months. 4 CSR 240-2.130(7)(A) requires that direct testimony include "all testimony and exhibits asserting and explaining that party's entire case-in-chief." 4 CSR 240-2.130(8) provides that no party is permitted to supplement its prefiled direct testimony without leave of the Commission. Therefore, even though the hearing has not yet physically convened, Osage Water's case-in-chief has already been submitted to the Commission. Therefore, a motion for directed verdict is appropriate at this time.¹

The Commission found the testimony offered by Osage Water failed to present sufficient evidence to justify the rate increase. The Commission rejected the four Osage Water tariffs, including two which had already been suspended. In the present case, MGE's prefiled direct testimony fails to provide sufficient evidence to overcome the unlawful continuation of ISRS rates that are required by rule to be reset to zero. Likewise, MGE's tariff filing should be rejected and Case No. GR-2006-0422 should be dismissed.

¹ *In the Matter of Sewer and Water Tariff Filings Made by Osage Water Company, Case No. ST-2003-0562, Order Regarding Motion to Dismiss and Reject Tariffs, January 20, 2004.*

WHEREFORE, Public Counsel respectfully moves to reject the proposed tariff and issue a directed verdict dismissing Case No. GR-2006-0422.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

By: /s/ Marc D. Poston
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 17th day of August 2006:

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/s/ **Marc Poston**

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

ENVIRONMENTAL RESPONSE FUND

Pursuant to the terms of the Commission's order in Case No. GR-2006-____, an Environmental Response Fund shall be established to create a mechanism to fund the recovery of "Environmental Response Costs" as defined below.

- (a) Definition of "Environmental Response Costs". "Environmental Response Costs" are all the reasonable and prudently incurred costs associated with evaluation, remedial and clean-up obligations of Missouri Gas Energy arising out of utility-related ownership and/or operation of manufactured gas plants and sites associated with the operation and disposal activities from such gas plants. In addition to the actual remedial and clean-up costs, "Environmental Response Costs" also include costs of acquiring property associated with the clean up of such sites as well as litigation costs, claims, judgments, expenditures made in efforts to obtain insurance reimbursements, and settlements—including the costs of obtaining such settlements—associated with such sites. The Company will use best efforts to satisfy its obligation to minimize the Environmental Response Costs charged to the fund consistent with applicable regulatory requirements and sound environmental policies and to minimize litigation costs that may arise. Fifty percent (50%) of any applicable insurance proceeds and/or contributions obtained from Westar Energy (the successor of Western Resources, Inc.) and/or contributions obtained from potentially responsible parties, net of costs associated with obtaining such proceeds and/or contributions, shall be credited to the fund. The fund shall also be given credit for the accrued liability in the amount of \$3,000,000 recorded on Southern Union Company's books following the acquisition of the Missouri property (which was to become Missouri Gas Energy) from Western Resources, Inc.
- (b) Funding. The fund shall be maintained in an interest bearing trust account and shall be credited at the annual target amount of approximately \$500,000 (the current amount reflected in rates for such costs). The actual amount of the credit shall be based on the actual billed revenues produced by the discrete rate element included in the basic service charge or the delivery charge of all customer classes. Any cash expenditures shall be charged to the fund as long as the costs that are incurred or previously deferred are Environmental Response Costs, as defined above.
- (c) Annual Reports. Missouri Gas Energy shall file an annual report with the Commission (and serve the Parties with copies) on a Highly Confidential basis providing a summary and accounting of all costs incurred during such year which have been applied to the fund. A separate account shall be maintained on the Company's books for accruals and expenditures for environmental response costs. Each of the Parties retain their right to review and challenge any costs that they believe do not fall within the definition of "Environmental Response Costs", as defined in subparagraph (a) above.
- (d) Reservation of Rights. In the Company's next general rate case to establish rates after the approval of this fund, all parties reserve their rights to take any position they deem appropriate regarding (i) the level of funding to be permitted in rates on a prospective basis to recover costs charged to the fund as of the date of such case, and/or (ii) whether the fund should continue as designed for the recovery of prospective costs.

DATE OF ISSUE May 2 2006
month day year

DATE EFFECTIVE June 2 2006
month day year

ISSUED BY Michael R. Noack

Director, Pricing and Regulatory Affairs
Missouri Gas Energy
Kansas City, MO. 64111

Missouri Gas Energy,
 a Division of Southern Union Company
 Name of Issuing Corporation

For: All Missouri Service Areas
 Community, Town or City

PURCHASED GAS COST ADJUSTMENT
PGA

X. SUMMARY STATEMENT

| Customer Class | C.C.G. | A.C.A. | I.O.P. | T.C. | P.G.A. Rate |
|----------------------------|-----------|-------------|-----------|-----------|-------------|
| Residential | \$0.89166 | (\$0.03630) | \$0.00000 | \$0.00000 | \$0.85536 |
| Small General Service | \$0.89166 | (\$0.03630) | \$0.00000 | \$0.00000 | \$0.85536 |
| Large General Service | \$0.89166 | (\$0.03630) | \$0.00000 | \$0.00000 | \$0.85536 |
| Unmetered Gas Light (1) | \$0.89166 | (\$0.03630) | \$0.00000 | \$0.00000 | \$0.85536 |
| Large Volume Sales (3) | \$0.89166 | (\$0.03630) | \$0.00000 | \$0.00000 | \$0.85536 |
| Large Volume Trans. (2)(4) | \$0.12076 | \$0.00000 | \$0.00000 | \$0.00000 | \$0.12076 |

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- 1 Each Unmetered Gaslight Unit is equal to 15 Ccf.
- 2 Demand related purchase gas costs of \$0.60595 per Ccf of contract demand and \$0.01992 per Ccf of daily demand for authorized sales in excess of the contract demand are directly chargeable to customers on this rate.
- 3 Applies to Sales Service only.
- 4 Firm transportation charges to be included in the monthly cash out reconciliation. Applies to Transportation Service, Intrastate Transportation Service and Whiteman Air Force Base.

DATE OF ISSUE: May 2, 2006 DATE EFFECTIVE: June 2, 2006
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 Missouri Gas Energy, Kansas City, Missouri 64111

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Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

RESIDENTIAL GAS SERVICE
RS

AVAILABLE

At points on the Company's existing distribution facilities located in the communities specified in the Index.

APPLICABLE

To natural gas service supplied at one point of delivery to residential customers for domestic use by the customer or by members of customer's household for nonbusiness, noncommercial or nonindustrial purposes. Such domestic use shall include space heating, water heating, cooking, air conditioning, and other household uses.

Service hereunder is not available to locations served through a master meter or to a location other than the customer's domicile.

NET MONTHLY BILL

Rate

Basis Service Charge:

\$ 27.50 per month *

* Includes \$0.04 per month for Environmental Response Fund per Sheet No. 12

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1) \$ 0.13187 per Ccf for all gas delivered.

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Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

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Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

SMALL GENERAL GAS SERVICE
SGS

NET MONTHLY BILL

Rate

Basic Service Charge:

\$31.00 per month

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Delivery Charge:

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For all gas delivered during the billing months of November through March:

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\$0.11957* per Ccf for the first 600 Ccf delivered, plus
\$0.10934* per Ccf for all additional gas delivered

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For all gas delivered during the billing months of April through October:

\$0.07130* per Ccf for the first 600 Ccf delivered, plus
\$0.06110* per Ccf for all additional gas delivered

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* Includes \$0.00063 per Ccf for Environmental Response Fund per Sheet No. 12

In the event that a billing cycle has usage in more than one calendar month,
the delivery charge will be prorated.

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Standby facilities charge - When a customer for whatever reason switches
rate classes from Large Volume Service to Small General Gas Service and
requests the Company to leave the facilities in place necessary to be served
as a Large Volume Service customer, there will be an excess facilities charge
of \$447.75 per month.

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Minimum

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The higher of the above rate for zero consumption plus applicable
adjustments and surcharges, but subject to the Company's proration rule
contained in Section 7.02 of the Company's General Terms and Conditions.

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Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

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Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

LARGE GENERAL GAS SERVICE
LGS

NET MONTHLY BILL

Rate

Basic Service Charge:

\$93.00 per month

Delivery Charge:

\$0.12317* per Ccf for all gas delivered during the billing months of November through March.

\$0.07530* per Ccf for all gas delivered during the billing months of April through October.

* Includes \$0.00663 per Ccf for Environmental Response Fund per Sheet No. 12.

Standby facilities charge - When a customer for whatever reason switches rate classes from Large Volume Service to Large General Gas Service and requests the Company to leave the facilities in place necessary to be served as a Large Volume Service customer, there will be an excess facilities charge of \$385.75 per month.

In the event that a billing cycle has usage in more than one calendar month, the delivery charge will be prorated.

Minimum

The higher of the above rate for zero consumption plus applicable adjustments and surcharges, but subject to the Company's proration rule contained in Section 7.02 of the Company's General Terms and Conditions.

Adjustments and Surcharges

The rates and minimum charges hereunder are subject to adjustments as provided in the following schedules:

1. Purchased Gas Cost Adjustment (PGA).
2. Tax Adjustment (TA).
3. Infrastructure Replacement Surcharge (ISRS)

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FORM NO. 13

P.S.C. MO. No. 1

Canceled P.S.C. MO No. 1

Second Revised

First Revised

SHEET No. 39

SHEET No. 39

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Missouri Gas Energy,

a Division of Southern Union Company

For: All Missouri Service Areas

UNMETERED GASLIGHT SERVICE
UG

Delayed Payment Charge

0.5% will be added to all bills not paid within 21 days after rendition, unless otherwise required by law or other regulation.

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OTHER TERMS AND CONDITIONS

Service provided hereunder is subject to the Company's General Terms and Conditions as approved by the Missouri Public Service Commission.

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Missouri Gas Energy, Kansas City, MO. 64111

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Missouri Gas Energy,
a Division of Southern Union Company

For All Missouri Service Areas

LARGE VOLUME SERVICE
LV

NET MONTHLY BILL

The bill for each billing period shall be the sum of the Customer Charge, the Delivery Charge, the Contract Demand Charge, and the EGM Charge. Service hereunder is subject to the Purchased Gas Cost Adjustment (PGA) schedule, the Tax Adjustment (TA) schedule and other provisions as hereinafter described.

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Rate

Basic Service Charge: \$478.75 per month

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Delivery Charge:

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For all gas delivered during the billing months of November through March:

\$ 0.05209* per Ccf for the first 30,000 Ccf delivered, plus
\$ 0.04088* per Ccf for all additional gas delivered.

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For all gas delivered during the billing months of April through October:

\$ 0.03294* per Ccf for the first 30,000 Ccf delivered, plus
\$ 0.02174* per Ccf for all additional gas delivered.

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* Includes \$0.00063 per Ccf for Environmental Response Fund per Sheet No. 12

Contract Demand Charge: The Contract Demand rate as set forth in the Purchased Gas Adjustment schedule Sheet 24.3.

Maximum Delivery Charge: The delivery charge as stated above.

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Minimum delivery Charge: The higher of the above rate for zero consumption plus applicable adjustments and surcharges, or the minimum as set forth by contract, but subject to the Company's proration rule contained in Section 7.02 of the Company's General Terms and Conditions. In no event may the minimum delivery charge be below an amount equivalent to:

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Basic service charge plus \$0.0005 per Ccf.

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Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

TRANSPORTATION PROVISIONS
TRPR

(9) Cash Out: Monthly volumes of gas delivered to a transportation service customer should, to the extent practicable, match Company's receipts for the customer less any amount retained by Company according to Section A-6, Retainage. Agents may balance the aggregated volumes of gas for each pool of customers they represent, according to the terms of Section A-4, Aggregation.

(a) Monthly Cash Out: Differences between deliveries and retainage-adjusted receipts shall be reconciled on a monthly basis between Company and a customer or the customer's agent.

(i) If Company's retainage-adjusted receipts (nomination) for the customer are less than deliveries (usage) to the customer, the customer or the customer's agent shall pay:

1.0 times the index price for each MMBtu of imbalance up to and including 10% of nominations, plus

1.2 times the index price for each MMBtu of imbalance which is greater than 10%, up to and including 15% of nominations, plus

1.4 times the index price for each MMBtu of imbalance which is greater than 15% of nominations, plus

The firm transportation charges included in the current PGA rate to bring the gas to the Company's system

(ii) If Company's retainage-adjusted receipts (nomination) for the customer exceed deliveries (usage) to the customer, the customer or the customer's agent shall receive:

1.0 times the index price for each MMBtu of imbalance up to and including 10% of nominations, plus

0.8 times the index price for each MMBtu of imbalance which is greater than 10% of nominations, up to and including 15%, plus

0.6 times the index price for each MMBtu of imbalance which is greater than 15% of nominations, plus

The firm transportation charges included in the current PGA rate to bring the gas to the Company's system

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ISSUED BY: Michael R. Noack
Missouri Gas Energy

Director, Pricing and Regulatory Affairs
Kansas City, MO. 64111

Missouri Gas Energy

a Division of Southern Union Company

For: All Missouri Service Areas

WHITEMAN AIR FORCE BASE

APPLICABLE

This rate schedule is applicable to all natural gas sales and transportation requirements of Whiteman Air Force Base (customer) except customer's natural gas requirements for armed forces housing. Requirements for armed forces housing will continue to be provided under Company's tariff for such service or such replacement tariff as may be authorized by the Commission.

NET MONTHLY BILL

Rate

Basic Service Charge:

\$478.75 per month

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Delivery Charge:

For all gas delivered during the billing months of November through March:

\$0.05209* per Ccf for the first 30,000 Ccf delivered, plus

\$0.04088* per Ccf for all additional gas delivered.

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For all gas delivered during the billing months of April through October:

\$0.03294* per Ccf for the first 30,000 Ccf delivered, plus

\$0.02174* per Ccf for all additional gas delivered.

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This charge is applicable to all gas transported necessary to satisfy customer's annual sales and transportation requirement of up to 2,000,000 Ccf, plus

\$0.03602* per Ccf during the period November through March for all gas delivered necessary to satisfy customer's annual delivery requirement of more than 2,000,000 Ccf but less than 3,000,000 Ccf, plus

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* Includes \$0.00063 per Ccf for Environmental Response Fund per Sheet No. 12

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Missouri Gas Energy, Kansas City, MO. 64111

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Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

WHITEMAN AIR FORCE BASE

\$0.01392* per Ccf for all gas delivered necessary to satisfy customer's annual delivery requirement of more than 3,000,000 Ccf but less than 5,000,000 Ccf. plus

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\$0.03602* per Ccf for all additional gas delivered.

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* Includes \$0.00063 per Ccf for Environmental Response Fund per Sheet No. 12

Minimum

The higher of the above rate for zero consumption plus applicable adjustments and surcharges, or the minimum as set forth by contract, but subject to the Company's proration rule contained in Section 7.02 of the Company's General Terms and Conditions.

Adjustments and Surcharges

The rates hereunder are subject to adjustments as provided in the following schedules:

1. Purchase Gas Cost Adjustment (PGA).
2. Tax Adjustment (TA).
3. Infrastructure Replacement Surcharge (ISRS)

Demand Charges

Customer shall be required to specify a level of maximum daily requirements (hereinafter referred to as the "Contract Demand level"). To the extent specified by the customer and in accordance with the provisions of this rate schedule, the Company will supply natural gas up to and including the Contract Demand level with purchases the Company makes from its suppliers.

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Missouri Gas Energy, Kansas City, MO. 64111

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Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

INTRASTATE TRANSPORTATION SERVICE
ITS

AVAILABLE:

At points on the Company's existing gas distribution system. However, service under this schedule ITS shall be limited only to those customers who have executed a transportation contract prior to October 15, 1993.

APPLICABLE:

To natural gas transportation service supplied at one point of delivery for resale outside of the Company's certificated area to municipal gas systems.

Upon election by the customer and acceptance by the Company, customer will furnish Company all supply contracts verifying the adequacy of all customer peak day and annual Ccf volume requirements. The customer also agrees to utilize firm transportation service for delivery of gas quantities to the Company.

NET MONTHLY BILL:

Rate:

Basic Service Charge:

\$478.75 per month

Delivery Charge:

The charges to be billed for this service shall be agreed to in advance by the Company and the customer and shall be set forth in a separate contract approved by this Commission.

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Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

INTERIM GAS SERVICE FOR COMPRESSION OF NATURAL GAS
FOR USE AS A FUEL IN VEHICULAR COMBUSTION ENGINES
CNG

NET MONTHLY BILL

Rate

Basic Service Charge:
\$15.70 per month

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Delivery Charge

Deleted: Sales or Transportation

For all gas delivered during the billing months of November through March:

\$0.15286* per Ccf for the first 600 Ccf delivered, plus
\$0.14263* per Ccf for all additional gas delivered.

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For all gas delivered during the billing months of April through October:

\$0.10459* per Ccf for the first 600 Ccf delivered, plus
\$0.09439* per Ccf for all additional gas delivered.

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* Includes \$0.00063 per Ccf for Environmental Response Fund per Sheet No. 12

In the event that a billing cycle has usage in more than one calendar month, the sales or transportation charge will be prorated.

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The Company may from time to time, upon approval of the Commission, reduce the above transportation charges by any amount. Such reductions will only be permitted if they are necessary to retain or expand services to an existing customer, to re-establish service to a previous customer or to serve new customers.

Minimum

The higher of the above rate for zero consumption plus applicable adjustments and surcharges, or the minimum as set forth by contract, but subject to the Company's proration rule contained in Section 7.02 of the Company's General Terms and Conditions.

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Missouri Gas Energy, Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

1. DEFINITIONS

The following terms, when used in these General Terms and Conditions for Gas Service, in Company's rate schedules and in customers' service agreements, shall, unless otherwise indicated therein, have the meanings given below:

- 1.01 ANCILLARY LINE: Exterior piping installed by customer and connected to the yard line to supply fuel to any exterior appliance or apparatus.
- 1.02 BILLING PERIOD: A normal usage period of not less than 26 nor more than 35 days, except for initial, corrected or final bills.
- 1.03 COMPANY: Missouri Gas Energy, a Division of Southern Union Company, any successor or assignee thereof acting through its duly authorized officers, agents or employees within the scope of their respective duties and authorities.
- 1.04 CUSTOMER: A person or legal entity responsible for payment or who has received substantial benefit from the service except one denoted as a guarantor. The term customer is also used to refer to an applicant for gas service.
- 1.05 CUSTOMER-OWNED DISTRIBUTION NETWORK: A system of customer-owned lines located downstream from a Company-owned master meter. Such networks include, but are not limited to, institutional, educational and health care campuses, military complexes, industrial facilities, commercial complexes, irrigation systems and oil and natural gas leases.
- 1.06 COMMISSION: The Public Service Commission Of The State Of Missouri and any successor of such commission having jurisdiction of the subject matter herein.
- 1.07 CYCLE BILLING: A system employed by Company which results in the rendition of bills for gas service to various customers on different days of any billing period.

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DATE OF ISSUE May 2 2006 DATE EFFECTIVE June 2 2006
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ISSUED BY Michael R. Noack Director, Pricing and Regulatory Affairs
Missouri Gas Energy Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

- 1.08 DELINQUENT CHARGE: A charge remaining unpaid by a Residential or General Service customer at least 21 calendar days from the rendition of the bill by Company, or a charge remaining unpaid after the preferred payment date selected by the customer. For all other classes, a charge remaining unpaid beyond the period stated in the tariffs approved by the Commission.
- 1.09 DELINQUENT DATE: The date stated on a bill, which for Residential and General Service Customers shall be at least twenty-one days from the rendition of the bill or which shall be the preferred payment date selected by the customer, after which the utility may assess an approved late payment charge in accordance with a Company tariff on file with the Commission. For all other classes the delinquent date is determined by the number of days stated in the tariffs approved by the Commission.
- 1.10 DISCONTINUANCE OF SERVICE: A cessation of service by Company not requested by customer.
- 1.11 DUE DATE: Due date means the date stated on a bill when the charge is considered due and payable.
- 1.12 ECIP: The federal Energy Crisis Intervention Program managed by the Missouri Department of Social Services, Family Support Division and administered by the Community Action Agencies under section 660.100 RSMo.
- 1.13 ESTIMATED BILL: A bill for gas service which is not based on an actual reading by an authorized Company representative of the meter or other registering device for the period billed.
- 1.14 EXTENSION AGREEMENT: Extension agreement means a verbal agreement between the company and the customer extending payment for fifteen days or less.
- 1.15 GAS CHARGES: The rates for gas service and other charges authorized by the Commission as an integral part of gas service including applicable taxes.

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ISSUED BY Michael R. Noack Director, Pricing and Regulatory Affairs
Missouri Gas Energy Kansas City, MO 64111

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Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

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1.26. PERSON: Any individual, partnership, co-partnership, firm, company, public or private corporation, association, joint stock company, trust, estate, political subdivision, governmental agency, or other legal entity recognized by law.

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1.27. PREFERRED PAYMENT DATE PLAN: Preferred payment date plan means a Commission Approved plan offered at the company's option in which the delinquent date for the charges stated on a bill shall occur on the same day during each billing period as selected by the customer.

1.28. PREMISES: That separate walled portion of a single building undivided by any common area, or that separate portion of a single contiguous tract of land (including all improvements thereon) undivided by any way for use by the public, as designated by customer in the application.

1.29. PURCHASED GAS COST ADJUSTMENT: The adjustment procedure approved by the Commission to recognize variations in the cost of purchased gas.

1.30. REGISTERED ELDERLY OR DISABLED CUSTOMER & LOW INCOME REGISTERED ELDERLY OR DISABLED CUSTOMER: A residential customer's household where at least one (1) member of the household has filed with the utility a form approved by the utility attesting to the fact that s/he,

- 1. Is sixty-five (65) years old or older,
- 2. Is disabled to the extent that s/he has filed with their utility a medical form submitted by a medical physician attesting that such customer's household much have natural gas or electric service provided in the home to maintain life or health; or,
- 3. Has a formal award letter issued from the federal government of disability benefits.

Said form shall further set forth an agency or person which Company shall contact as set forth in Section 3.09(A)(1) herein.

LOW INCOME REGISTERED OR DISABLED CUSTOMER: A residential customer's household where at least one (1) member of the household has filed with the utility a form approved by the utility attesting to the fact that s/he:

- 1. Is sixty-five (65) years old or older,
- 2. Is disabled to the extent that s/he has filed with their utility a medical form submitted by a medical physician attesting that such customer's household much have natural gas or electric service provided in the home to maintain life or health; or,
- 3. Has a formal award letter issued from the federal government of disability benefits; and,
- 4. Whose household income is less than one hundred fifty percent (150%) of the federal poverty guidelines, and who has signed affidavit attesting to the fact on file with the utility.

Said form shall further set forth an agency or person which Company shall contact as set forth in Section 3.09(A)(1) herein.

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1.31. RENDITION OF A BILL: The mailing, hand delivery, or other presentation of the bill by Company to a customer.¶

¶

1.32. RESIDENTIAL SERVICE OR USR: The provision of or use of gas for household and domestic purposes.¶

¶

1.33. SETTLEMENT AGREEMENT: An agreement between a residential customer and Company which resolves any matter in dispute between the parties or provides for the payment of monies not in dispute for a period longer than the customer's normal billing period.¶

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ISSUED BY Michael R. Noack Director, Pricing and Regulatory Affairs
Missouri Gas Energy Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

- 1.31 RENDITION OF A BILL: Rendition of a bill occurs on the date mailed, posted electronically or otherwise sent to the customer.
- 1.32 RESIDENTIAL SERVICE OR USE: The provision of or use of gas for household and domestic purposes.
- 1.33 SETTLEMENT AGREEMENT: An agreement between a residential customer and Company which resolves any matter in dispute between the parties or provides for the payment of monies not in dispute for a period longer than the customer's normal billing period.
- 1.34 SERVICE AGREEMENT: The application, agreement, or contract express or implied, pursuant to which Company supplies gas service to customer.
- 1.35 SERVICE LINE: The pipe installed from Company's main to the inlet of Company's meter or to the connection to customer's piping, whichever is farther downstream.
- 1.36 SERVICE LINE - CUSTOMER OWNED: That portion of the service line, which is owned by customer, extending from customer's property line or customer's side of the drainage ditch or curb line to the inlet of Company's meter.
- 1.37 TERMINATION OF SERVICE: A cessation of gas service requested by customer.
- 1.38 UTILICARE: The state program of energy assistance established by 660.122 RSMo.
- 1.39 YARD LINE: The term yard line is used in conjunction with outside meter settings to designate the underground piping installed from the outlet of Company's meter to the building wall. In the event multiple buildings are being served, building shall mean that building nearest to the connection to the service line.

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ISSUED BY Michael R. Noack Director, Pricing and Regulatory Affairs
Missouri Gas Energy Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company
Name of Issuing Corporation

For: All Missouri Service Areas
Community, Town or City

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

(D) Discrimination: No deposit shall be required by Company because of a customer's race, sex, creed, national, origin, marital status, age, number of dependents, source of income, or geographical area of residence.

(E) Deposit - Terms and Conditions: A security deposit required pursuant to these General Terms and Conditions for Gas Service is subject to the following terms and conditions:

(1) Deposit - Amount: A deposit shall not exceed two (2) times the highest bill or four (4) times the average bill, whichever is less, for utility charges actually incurred or estimated to be incurred by the customer during the most proximate twelve (12)-month period at the service location or, in the case of a new customer, who is assessed a deposit under subsection (A) (3) of this rule, one sixth (1/6) of the estimated annual bill. For all commercial and industrial customers, the amount of the deposit, surety bond or irrevocable letter of credit shall not exceed an estimated bill covering one billing period plus 30 days.

(2) Interest on Deposit: Interest at per annum rate equal to the prime bank lending rate as listed in the Wall Street Journal on the last business day of the preceding calendar year, plus one percentage point, compounded annually shall be payable on all deposits, except as provided in 4 CSR 240.10.040(4). For commercial and industrial customers (as provided in 4 CSR 240.10.040(4)) interest at 3% per annum shall be payable on cash deposits, provided the company keeps the cash deposit in a separate and distinct trust fund and deposited as such in some bank or trust company and not used by the company in the conduct of its business. Interest shall be either credited to the service account of customer on an annual basis during one complete billing cycle or paid upon the return of the deposit, whichever occurs first. Interest shall not accrue on any cash deposit after the Company has made a reasonable effort to return the deposit. The Company shall keep in its records evidence of its efforts to return the deposit to the customer.

DATE OF ISSUE May 2, 2006
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ISSUED BY Michael R. Noack
Missouri Gas Energy

Director, Pricing and Regulatory Affairs
Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

- (3) The Company shall maintain records which show the name of each customer who has posted a deposit, the current address of the customer, the date and amount of deposit, the date and amount of interest paid and information to determine the earliest possible refund date.
- (4) Receipt: Each customer posting a security deposit shall receive in writing at the time of tender of deposit or with the first bill a non-assignable receipt as evidence thereof. However, if the Company shows the existence or non-existence of a deposit on customer's bill, the receipt shall not be required unless requested by the customer. The receipt shall contain the following minimum information:
 - (a) Name of customer
 - (b) Date of payment.
 - (c) Amount of payment
 - (d) Identifiable name, signature, and title of the Company employee receiving payment.
 - (e) Statement of the terms and conditions governing the payment, retention and return of deposits.
- (5) Transfer of Deposit: The Company, in the event customer moves to another location, may transfer a cash deposit from the prior location to the new location subject, however, to Sections 2.05(A)(1), 2.05(A)(2), 2.05(C)(1), 2.05(C)(2), herein.
- (6) The credit worthiness of a residential customer shall be established and the deposit and accrued interest shall be refunded promptly by the Company upon satisfactory payment by customer of all proper charges for gas service for a period not to exceed 36 successive months. Commercial and industrial customer's deposits of under \$5,000 may be returned after 36 consecutive months of satisfactory payment. Commercial and industrial deposits of \$5,000 or more may be retained until termination of service.

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ISSUED BY Michael R. Noack
Missouri Gas Energy

Director, Pricing and Regulatory Affairs
Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

- (E) Twenty-Four Hour Notice: At least 24 hours preceding discontinuance of service, Company shall make reasonable efforts to contact customer to advise the pending action and what steps must be taken to avoid discontinuance. Reasonable efforts shall include either a written notice following the notice pursuant to section (A) of this rule, a doorhanger or at least two telephone call attempts reasonably calculated to reach the customer.
- (F) Notice When Disconnected: , When service is discontinued, the employee shall leave a notice upon the premises in a manner conspicuous to customer that service has been discontinued and the address and telephone number of Company where customer may arrange to have service restored.
- (G) Medical Emergency: Notwithstanding any other provision of this Section, Company shall postpone the discontinuance of gas service to a residential customer for a time not in excess of 21 days if Company is advised the discontinuance will aggravate an existent medical emergency of customer, a member of customer's family or other permanent resident of the premises where service is rendered. Company may require customer to provide satisfactory evidence that a medical emergency exists.

Deleted: Immediately preceding the discontinuance of service, the employee of Company designated to perform such function shall, except in individual situations where the safety of the employee is endangered, make a reasonable effort to contact and identify himself to customer or responsible person then upon the premises and shall announce the purpose of his presence.

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Missouri Gas Energy Kansas City, MO. 64111

Missouri Gas Energy,
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For: All Missouri Service Areas

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

service upon the day restoration is requested, and in any event, restoration shall be made no later than the next working day following the day requested by customer.

The reconnection charge, precedent to the restoration of gas service to a customer whose gas service has been discontinued for any reason whatsoever, shall be as provided in Section 14, herein.

If gas service is discontinued for non-payment by customer of any delinquent gas service bill, Company shall not, except as provided in Section 3.10 herein, be required to restore service until all delinquent bills and reconnection charges have been paid and customer has complied with Section 2.05 herein.

In the event a customer orders a disconnection and a reconnection at the same premises within a period of seven (7) months, Company will collect, as a reconnection charge, the sum of such minimum bills as would have occurred during the period of disconnection, but in no event less than the reconnection charge provided for in Section 14, herein.

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The requirements of this Section cannot be avoided by a request for a restoration of service or an application for service at the same location by a member of customer's household or family, any person who has enjoyed benefits from previous service, or any other person acting for or on behalf of customer.

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3.13 REFUSAL TO SERVE: Company may refuse to supply gas service or discontinue service to any customer who fails or refuses to comply with the provisions of any applicable law, rule of the Commission, rate schedule or any provision of these General Terms and Conditions for Gas Service in effect and on file with the Commission.

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ISSUED BY Michael R. Noack Director, Pricing and Regulatory Affairs
Missouri Gas Energy Kansas City, MO. 64111

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Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

3.19 COMPANY LIABILITY. Customer shall save Company harmless from all claims for trespass, injury to persons, or damage to lawns, trees, shrubs, buildings or other property that may be caused by reason of the installation, operation, or replacement of the service line, yard line and other necessary appurtenances to serve customer unless it shall affirmatively appear that the injury to persons or damage to property complained of has been caused by willful default or gross negligence on the part of Company or its accredited personnel.

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Company may refuse or discontinue service if an inspection or test reveals leakage, escape or loss of gas on customer's premises. Company will not be liable for any loss, damage or injury whatsoever caused by such leakage, escape or loss of gas from customer's service line, yard line, ancillary lines, house piping, appliances or other equipment.

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The Company does not own, nor is it responsible for the repair or maintenance of any piping, vents, or gas utilization equipment on the delivery side of the gas meter, its related appurtenances and piping. All piping, vents or gas utilization equipment furnished by the owner/customer of the premises being served shall be suitable for the purposes hereof and the owner/customer of the premises shall be responsible for the repair and maintenance of such at all times in accordance with accepted practice and in conformity with requirements of public health and safety, as set forth by the properly constituted authorities and by the Company. As with any fixture or appurtenance within premises, piping, vents or gas utilization equipment can fail, malfunction or fall into disrepair at any time and as such the owner/customer of the premises being served shall be aware of this fact, and Company shall owe customer no duty to warn of potential hazards that may exist with such facilities on the delivery side of the gas meter, its related appurtenances and piping.

The owner/customer shall be responsible at all times for the safekeeping of all Company property installed on the premises being served, and to that end shall give no one, except the Company's authorized employees, contractors or agents, access to such property. The owner/customer of the premises being served shall be liable for, and shall indemnify, hold harmless and defend the Company for the cost of repairs for damage done to Company's property due to negligence or misuse of it by the owner/customer or persons on the premises affected thereby.

The Company shall not be liable for loss, damage or injury to persons or property, in any manner directly or indirectly connected with or arising out of the delivery of gas through piping or gas utilization equipment on the delivery side of the meter, which shall include but not be limited to any and all such loss, damage or injury involving piping, vents or gas utilization equipment, whether inspected or not by the Company, or occasioned by interruption, failure to commence delivery, or failure of service or delay in commencing service due to accident to or breakdown of plant, lines, or equipment; strike, riot, act of God, order of any court or judge granted in any bonafide adverse legal proceedings or action, or any order of any commission or tribunal having jurisdiction, or, without limitation by the preceding enumeration, any other act or thing due to causes beyond Company's control, or attributable to the negligence of the Company, its employees, contractors or agents.

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ISSUED BY Michael R. Noack, Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO 64111

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Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

INFRASTRUCTURE REPLACEMENT SURCHARGE (ISRS)

Description: Rate ISRS is designed to recover the costs associated with the Company's eligible infrastructure replacements in accordance with the provisions of sections 393.1009, 393.1012 and 393.1015 RSMo.

Applicability: Rate ISRS is applicable to each customer billing for service during the effectiveness of the ISRS rate element.

ISRS Rate Element: In addition to the other charges provided for in the Company's tariff, a monthly ISRS Rate Element shall be added to each bill for service on and after the effective date of the ISRS rate. The amount of the ISRS Rate Element, by customer class, is as follows:

| | |
|-----------------------------------|-------------------|
| Residential | \$0.35 per month |
| Small General Service | \$0.49 per month |
| Large General Service | \$2.87 per month |
| Large Volume Service | \$14.74 per month |
| Whiteman Air Force Base | \$14.74 per month |
| Intrastate Transportation Service | \$14.74 per month |
| CNG for use as a fuel in vehicles | \$0.49 per month |

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ISSUED BY Michael R. Noack Director, Pricing and Regulatory Affairs
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