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October 24, 2002

Missouri Public Service Commission
Attn: Secretary of the Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Mo. 65102-0360

FILED³

OCT 24 2002

RE: Case No. GN-2003-0016

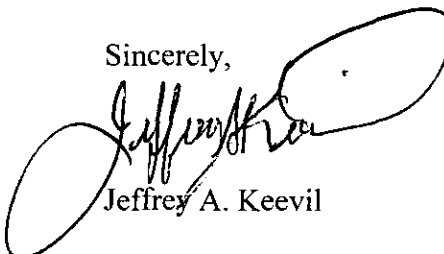
**Missouri Public
Service Commission**

Dear Mr. Roberts:

Enclosed for filing in the above-referenced case are an original and the appropriate number of copies of a UNANIMOUS STIPULATION AND AGREEMENT.

Copies of this filing have on this date been mailed or hand-delivered to counsel of record. Thank you for your attention to this matter.

Sincerely,



Jeffrey A. Keevil

JAK/er

Enclosures

cc: counsel of record

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

FILED³
OCT 24 2002
**Missouri Public
Service Commission**

In the matter of the Application of)
Missouri Gas Company for)
Authorization to Convert to a)
Limited Liability Company and)
Change its Name Accordingly)

Case No. GN-2003-0016

UNANIMOUS STIPULATION AND AGREEMENT

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("OPC") and Missouri Gas Company ("MGC"), by their undersigned counsel, and hereby submit to the Public Service Commission of the State of Missouri ("Commission") for its consideration and approval the following Unanimous Stipulation and Agreement ("Stipulation") in connection with the application of MGC for authorization to convert to a limited liability company, to change its name accordingly, and for other related authorizations.

Approval of Application

1. The parties to this Stipulation respectfully request that the Commission issue an Order approving the application of MGC filed herein on July 25, 2002, authorizing: MGC to convert from a Delaware corporation to a Delaware limited liability company (LLC) as set forth in the application; MGC to change its name from Missouri Gas Company to Missouri Gas Company, LLC; and the adoption of the tariffs and certificates of convenience and necessity of Missouri Gas Company in the name of Missouri Gas Company, LLC. This request for approval is made on the basis that, subject to the conditions and modifications set forth herein, the application is not

detrimental to the public interest and according to MGC, allows MGC to achieve certain tax efficiencies associated with limited liability companies. The parties to this Stipulation state, in further support of their request, that this Stipulation resolves all outstanding issues in this docket.

Procedural History

2. In Case No. GN-2002-1101, MGC, a Delaware corporation, filed an adoption notice and tariff to convert to a limited liability company under Delaware law pursuant to the procedure previously set forth in *In the Matter of the Joint Application of Claricom Networks, Inc. et al.*, Case No. TM-2001-669, as well as the instructions of the Commission's Chief Regulatory Law Judge. Staff, however, filed a recommendation in Case No. GN-2002-1101 to reject MGC's filing in that case on the basis that MGC's proposed conversion under Delaware law from a Delaware corporation to a Delaware limited liability company required an application under Section 393.250 RSMo pertaining to reorganizations. In its recommendation in that case Staff raised no other objections to MGC's proposed conversion to a limited liability company. On June 27, 2002, the Commission issued an Order Suspending MGC's Tariff in Case No. GN-2002-1101 on the basis of Staff's recommendation. Therefore, on July 25, 2002, MGC filed this Application for approval under Section 393.250 RSMo, which was docketed as Case No. GN-2003-0016. On that same date, MGC filed a motion requesting expedited consideration of its application and requested that the Commission issue its decision by September 15, 2002.

3. On September 4, 2002, Staff filed its recommendation in this case, in which Staff requested the Commission impose four conditions on MGC should the

Commission decide to approve MGC's application. The Commission issued an Order Shortening Time for Response on September 9, 2002, allowing MGC until September 11, 2002, to respond to Staff's recommendation. MGC filed its response on September 10, 2002, in which it agreed to accept the imposition of two of Staff's recommended conditions if the Commission deemed such conditions necessary, but requested the Commission reject the remaining two of Staff's recommended conditions.

4. Thereafter, on September 12, 2002, the Commission issued an Order Setting Prehearing Conference and Requiring Filing of Procedural Schedule for this case. As set forth in said order, the parties met for a prehearing conference on September 23, 2002. At the prehearing conference, the parties agreed in principle to this Stipulation.

Provisions Regarding the Application of MGC

5. The parties agree that after the conversion to a limited liability company and corresponding name change the company's capitalization, balance sheet, assets, tariffs and operations will remain unchanged. Likewise, the parties agree that the conversion will not result in any change, whether requested by MGC or any other party to MGC's rates, rate base, assets or liabilities, income or expenses, including without limitation ADIT, or any applicable ratemaking principles, and further agree that MGC's conversion to an LLC will not be detrimental to the public interest and according to MGC, it will allow MGC to achieve certain tax efficiencies. Accordingly, the parties agree that the Commission should issue an Order approving the application of MGC filed herein on July 25, 2002, authorizing MGC to convert from a Delaware corporation to a Delaware limited liability company as set forth in the application and authorizing MGC to change its name from Missouri Gas Company to Missouri Gas Company, LLC, and

authorizing the adoption of the tariffs and certificates of convenience and necessity of Missouri Gas Company in the name of Missouri Gas Company, LLC.

MGC Agreements

6. MGC agrees, and the Order approving the application should so require, to (a) provide Staff and OPC a copy of the organization agreement and operating agreement for Missouri Gas Company, LLC before the name change and conversion to a limited liability company takes effect, and (b) provide Staff and OPC updates of the organization agreement and operating agreement for Missouri Gas Company, LLC as they occur after the name change and conversion is approved by the Commission. If MGC after its conversion to a limited liability company files a general rate increase case, or if Staff or OPC files an over earnings complaint case against MGC as an LLC, and if income tax expense is sought to be included as a cost of service item in either of such cases, MGC-LLC agrees to provide all relevant documents to Staff and OPC in discovery regarding the inclusion of income taxes in its cost of service, including but not limited to MGC's LLC income tax returns and schedules and those of its members with respect to items of income and expense related to the regulated entity. It is further agreed that when the MGC-LLC entity comes into existence it will pass a formal resolution or otherwise formally ratify this commitment binding MGC-LLC to provide both an LLC entity tax return and tax returns of its members with respect to items of income and expense related to the regulated entity under the circumstances described in this paragraph 6 just above.

General Provisions and Conditions

7. None of the parties to this Stipulation shall be deemed to have approved or acquiesced in any question of Commission authority or ratemaking principle, and nothing

in the Commission's order approving MGC's application and adopting this Stipulation should be considered a finding regarding ratemaking treatment for any matter presented in this case or arising in the future.

8. The Staff shall file suggestions or a memorandum in support of this Stipulation and Agreement, and the other parties shall have the right to file responsive suggestions or prepared testimony. The contents of any suggestions, memorandum or testimony provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories of this Stipulation, whether or not the Commission approves and adopts this Stipulation.

9. The Staff also shall have the right to provide, at any agenda meeting at which this Stipulation is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, 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. 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. This Stipulation represents a negotiated settlement. Except as specified herein, the signatories to this Stipulation shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation (a) in any future proceeding, (b) in any proceeding currently pending under a separate docket, and/or (c) in this proceeding should the Commission decide not to approve this Stipulation in the instant proceeding or in any way condition its approval of the same except as stated herein.

11. The provisions of this Stipulation have resulted from negotiations among the signatories and are interdependent. In the event that the Commission does not approve and adopt the terms of this Stipulation in total, it shall be void and no party hereto shall be bound, prejudiced, or in any way affected by any of the stipulations, agreements or provisions hereof. The stipulations, agreements and provisions herein are specific to the resolution of this proceeding, and are all made without prejudice to the rights of the parties to take other positions in other proceedings.

12. In the event the Commission accepts the specific terms of this Stipulation, the signatories waive, with respect to the above-settled issues, their respective rights to cross-examine witnesses; their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo; and their respective rights to judicial review pursuant to Section 386.510 RSMo. This waiver applies only to a Commission order respecting this Stipulation 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 Stipulation.

WHEREFORE, the parties respectfully request that the Commission issue an order approving this Stipulation and authorizing MGC to convert from a Delaware corporation to a Delaware limited liability company as set forth in its application and authorizing MGC to change its name from Missouri Gas Company to Missouri Gas Company, LLC, and authorizing the adoption of the tariffs and certificates of convenience and necessity of Missouri Gas Company in the name of Missouri Gas

Company, LLC, as requested in the application filed with the Commission on July 25, 2002, subject to the terms and conditions contained in this Stipulation.

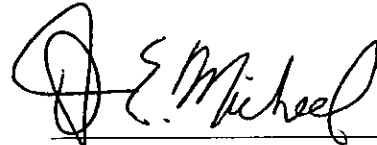
Respectfully submitted,

Missouri Public Service Commission Staff



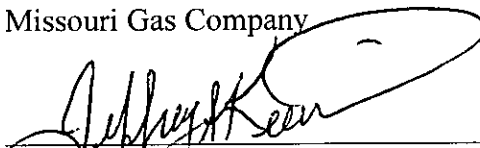
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Missouri Gas Company



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served by placing same in United States mail, first class postage paid, or by hand delivery, to counsel of record on this 24th day of October, 2002.

A handwritten signature in cursive script, appearing to read "Jeffrey A. Keen", is written over a horizontal line.