

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM

ESTP

The transporting pool shall, at all times, cause gas to be delivered to a "city gate" (an interconnection point between the delivering upstream pipeline system and the Company's local distribution system over which the gas is being delivered to the customer's facilities where it is to be ultimately consumed) which is acceptable to the Company.

The Company will not accept gas from a pool where such pool causes gas to be delivered at a city gate location which could jeopardize, at any time, delivery of gas purchased by the Company for resale to its firm customers.

The Company shall retain all records associated with its decision to deny a pool transportation service and/or to deny service at any specific city gate interconnection point. The Company will provide an explanation of its decision and supporting documentation to the pool, or its designated agent, upon request. The Company will also provide pertinent records to the staff of the Missouri Public Service Commission and the Office of Public Counsel upon request, subject to claims of privilege.

7. Refunds--Except for the Balancing Fee as provided hereinabove, it is the Company's general intention that reconciling factors within the Purchased Gas Adjustment clause not apply to volumes transported under the ESTP; provided, however, that the Commission shall retain authority to order otherwise upon good cause shown.
8. General Transportation Provisions--The following Transportation Provisions (TRPR) also apply to service under this schedule ESTP:
 - a. Responsibility for Transported Gas (Sheet No. 59)
 - b. Daily Quantity (Sheet No. 60);
 - c. Quality, Heat Content and Delivery Pressure for Transportation (Sheet Nos. 60, 61 and 61.1);
 - d. Cash Out (Sheet 61.2 and 61.3)
 - e. Priority of Service (Sheet Nos. 61.4 and 62);
 - f. Unauthorized Deliveries and Penalties (Sheet Nos. 65 and 66)

DATE OF ISSUE July 1 2003
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ISSUED BY: Robert J. Hack VP, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

Attachment A

Missouri Gas Energy,
a Division of Southern Union Company
Name of Issuing CorporationFor: All Missouri Service Areas
Community, Town or CityTRANSPORTATION PROVISIONS
TRPR

- A. REQUIREMENTS FOR TRANSPORTATION SERVICE: The provisions of this schedule apply to the transportation service provided to customers qualified to receive such service, in accordance with the Company's applicable rate schedules.
- (1) Company's Responsibility: Company shall deliver to a customer volumes of gas which are thermally equivalent to the volumes of gas received for the customer at a receipt point, less any amount retained by Company according to Section A-6 Retainage.
 - (2) Customer's Responsibility: A customer, by taking service under a transportation service rate schedule, warrants and agrees that:
 - (a) Gas delivered to the Company for transport shall be free from all adverse claims, liens and encumbrances and shall indemnify and save the Company harmless from and against all suits, actions, causes of action, claims and demands, including attorneys' fees and costs, arising from or out of any adverse claims by third parties claiming ownership of or an interest in said gas, caused by the failure to provide clear title to the gas,
 - (b) Company shall not be responsible in any way for damages or claims relating to the customer's gas or the facilities of the customer or others containing such gas prior to receipt into Company's facilities or after delivery to the customer, and
 - (c) The customer's gas shall at all times remain vested in the customer.
 - (3) Customer's Agent: Agents shall be allowed to deliver gas to Company's system for a transportation service customer.
 - (a) Agent's Responsibilities: An agent arranging for delivery of gas for a transportation service customer must receive Company authorization prior to delivering gas to Company's system. Agents may obtain Company authorization to aggregate balancing as described in Section A-4 Aggregation by entering into a signed agreement with Company, which shall acknowledge the agent's responsibilities under Section A-9 Cash Out and Section B-6 Penalties for Unauthorized Usage.

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Community, Town or CityTRANSPORTATION PROVISIONS
TRPR

- (b) Affidavit: A customer to be represented by an agent must provide Company with an affidavit identifying its agent. This authorization shall be in a form agreeable to Company and shall remain in effect until a signed replacement is received by Company.
- (c) Billing: Company may accept payment from the customer's agent; however, the customer shall continue to be responsible for all charges on the account. In the event of any billing dispute, Company shall notify the customer directly and shall not be required to notify the customer's agent.
- (4) Aggregation: Customers' agents shall be allowed to aggregate their customers' usages for purposes of nominating and balancing transportation deliveries on the same pipeline.
- (a) Aggregation Groups (Pools): An agent shall establish its customers within each aggregation area into a pool or pools. Customers may not belong to more than one pool. Customers not assigned to a pool shall be individually balanced.
- (b) Changes to Pools: Company must receive changes to pools, in writing, prior to the last working day of a month. Changes shall become effective on the first day of the following month except that pools shall be as designated prior to the first effective day of an OFO or POC. In the event an OFO or POC overlaps the end of one month and the beginning of another, no changes to pools will become effective until the first day of the month following.
- (c) Monthly Imbalances: The agent selecting pooling or individual customers not belonging to a pool shall be responsible for clearing the monthly imbalance according to Section A-9, Cash Out.
- (5) Nominations: A transportation service customer or the customer's agent shall be responsible for nominating volumes of gas to be received by Company for delivery to the delivery point in order to meet customer's or pool's daily requirement for flowing gas plus retainage.

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TRANSPORTATION PROVISIONS

TRPR

- (6) Retainage: The gas retained by the Company shall be two percent of the volume delivered to the Company for transportation to the customer as compensation for Company's lost and unaccounted for and Company use gas.
- (7) Daily Quantity of Transportation Service Gas: The customer will, as nearly as practicable, have delivered to the Company, and shall take redelivery from Company at the same uniform rate. Variations in such deliveries or redeliveries which cause the Company operating problems of any kind shall give the Company the right to discontinue receipts of such gas until such variations are corrected.
- (8) Quality and Pressure of Transportation Service Gas: The gas delivered by a producer, supplier or pipeline to the Company for transportation to the customer or the customer's agent shall conform to the standards prescribed in the Company's applicable rate schedules and General Terms and Conditions and shall at all times be merchantable gas of a quality otherwise required for the system of the Company to which the gas is being delivered. Such gas shall be free from any foreign materials such as dirt, dust, gums, iron particles, water, entrained liquids, and other impurities which might render it unmerchantable or interfere with the proper operation of pipelines, meters, regulators or other facilities through which it flows or is. Company may refuse to receive gas not meeting the quality requirements of Section A-8-a Specifications. Acceptance by the Company of any gas not meeting the applicable quality requirements shall not obligate the Company to continue such receipts, nor shall it remove the customer's obligation to deliver gas meeting those specifications:
- (a) Specifications: Unless stated otherwise in specific agreements, gas shall conform to the following specifications:
- (i). It shall not contain more than one (1) grain of hydrogen sulfide per 100 cubic feet, nor more than twenty (20) grains of total sulphur per 100 cubic feet,
 - (ii). Its temperature shall not exceed 70° Fahrenheit

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TRANSPORTATION PROVISIONS

TRPR

- (iii.) It shall not contain more than seven (7) pounds of water vapor per 10,000 Ccf,
 - (iv.) It shall not contain more than 2% carbon dioxide by volume, nor more than 1% oxygen by volume,
 - (v.) Its Btu content shall be no less than that normally provided or currently flowing from interconnected pipelines, nor less than as provided for in an existing contract for Company's gas from that source.
- (b) Determination of Quality: If the customer or customer's agent contracts for the purchase of gas from a producer or pipeline who is not currently delivering gas to the Company and such gas is to be delivered directly into Company facilities, the customer will bear all expense connected with the determination of the quality of gas being delivered and any required interconnections. However, the Company's obligation to transport such gas is also contingent upon the execution of an agreement between the Company and such producer or pipeline which the Company shall not unreasonably withhold setting forth the terms of interconnection, quality standards, and the respective rights of the Company and such producer or pipeline in connection with deliveries of such gas.
- (c) Heat Content: The heat content of the gas delivered to the customer by the Company shall be the heat content available in its system at the particular point of delivery at the time of delivery. It is recognized that the heat content at the various delivery points will vary from point to point and from time to time and nothing herein contained shall be construed as obligating the Company to alter the usual operation of its facilities to achieve deliveries of a prescribed heating value at any point or points.

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TRPR

- (d) Measuring Heat Content of Gas Received: The heat content of the gas tendered shall be the heat content stated in BTU per cubic foot of all gas received from transporting pipeline(s) into the distribution system.
- (e) Measuring Heat Content of Gas Delivered: On Company's distribution systems served by a single transporting pipeline, the heat content of natural gas stated in BTU per cubic foot shall be the heat content of the gas delivered by the transporting pipeline. For customers transporting all gas requirements on a single transporting pipeline into a distribution system served by multiple pipelines, the BTU contents of customers' gas will be the same as the BTU contents of the transporting pipeline. For customers transporting gas on more than one pipeline, into distribution systems served by multiple pipelines, the heat content of gas delivered to customers shall be calculated utilizing the BTU per cubic foot for each transporting pipeline multiplied by a pro rate share of the delivered transportation gas.
- (f) Additional Equipment for Measuring Heat Rate: If additional BTU measurement is required by the Company or the customer, the Company shall determine the type and location of such measurement equipment and cause the same to be installed at the customer's sole expense. For customers requesting the installation of BTU measurement equipment hereunder, thermal balancing shall be performed on the basis of such measurement for a minimum period of twelve consecutive months following such installation. In all cases where BTU measurement devices requiring periodic or continuous sampling of the gas are to be installed, the customer shall pay the Company a monthly charge reasonably calculated to reimburse the Company for its operating expenses related to such sampling as well as other expenses incurred to measure and account for the heat content of the.
- (g) Delivery Pressure of Transportation Service Gas: Delivery pressures to customers shall be mutually agreed upon from time to time and shall take into account system capacity, customer requirements, and other pertinent factors.

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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.

- (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.

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TRANSPORTATION PROVISIONS

TRPR

- (b) Index Price: The index price shall be determined as the arithmetic average of the first-of-the-month index prices published in Inside F.E.R.C.'s Gas Market Report for the month immediately following the month in which the imbalance occurred, for

Southern Star Central Gas Pipeline, Inc. f/k/a Williams Gas Pipeline Central Inc. (Texas, Kansas, Oklahoma) (If Inside FERC's Gas Market Report does not publish an index price for Southern Star, then the alternate index price approved by FERC for use by Southern Star Central will be substituted.)

And

Panhandle Eastern Pipe Line Company (Texas and Oklahoma)

- (10) Limitations: If the Company's system capacity is inadequate to meet all of its other demands for sales and transportation service, the services supplied under this schedule may be curtailed in accordance with the Priority of Service rules in the Company's General Terms and Conditions. If a supply deficiency occurs in the volume of gas available to the Company for resale, and the customer's supply delivered to the Company for transportation continues to be available, then the customer may continue to receive full transportation service even though sales gas of the same or higher priority is being curtailed. The determination of system capacity limitations shall be in the sole discretion of the Company reasonably exercised. If capacity limitations restrict the volume of gas which the customer desires to be transported, the customer may request the Company to make reasonable enlargements in its existing facilities, which requests the Company shall not unreasonably refuse, provided that the actual cost (including indirect costs) of such system enlargements are borne by the customer. Title to such expanded facilities shall be and remain in the Company free and clear of any lien or equity by the customer. Nothing herein contained shall be construed as obligating the Company to construct any extensions of its facilities.
- (11) Limitation of Transportation Service and Other Charges: Transportation shall be available only where the gas supply contracts, tariffs and schedules under which the Company obtains its gas supplies permit. Any conditions or limitations on transportation by the Company imposed by such contracts, tariffs and schedules shall be applicable to service hereunder. In the event that this transportation service causes the incurrence of demand charges, standby charges, reservation charges, penalties or like charges from the Company's gas suppliers or transporters, which charges are in addition to charges for gas actually received by the Company, such charges shall be billed to the customer in addition to amounts for service rendered hereunder.

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TRPR

- (12) Third Party Metering: When the gas delivered to the Company for transportation to the customer is delivered through meters which are not owned and operated by the Company or the customer, customer's agent(s) or supplier(s) shall, at the earliest practicable time, but not later than the last day of each month, furnish the Company a statement showing the amount of gas in Ccf or MMBTU per day delivered for the customer's account to the Company during the billing period. The customer, upon request, shall furnish to the Company all charts, or satisfactory copies thereof, or other documentation in the case of electronic metering, upon which the statements provided for above were based. Any original charts furnished shall be returned within thirty days. By accepting natural gas transported hereunder, the customer agrees to maintain records of the volumes of transportation gas delivered to the Company on its account and to permit the Company to inspect such records upon request during the customer's regular business hours.

B. PRIORITY OF SERVICE

- (1) Notice: Notice of critical use periods and periods of curtailment shall be provided as far in advance as practicable and may be changed by Company as conditions warrant. Notice shall be given to each affected customer by telephone or in writing, including facsimile and, with the customer's agreement, electronic mail. Notification of the customer's agent shall fulfill the requirement of this paragraph whenever the customer's usage is aggregated for balancing under Section A-4 Aggregation. During emergency situations, Company may use commercial radio and/or television to notify customers.
- (2) Critical Use Periods: Company may issue an Operational Flow Order (OFO) whenever necessary to instruct customers to control their usage to avoid either Under-Deliveries or Over-Deliveries. The Company will specify in the OFO whether customers are required to avoid Under-Deliveries, Over-Deliveries, or both
- (a) Standard OFO: A Standard OFO shall require the customer to take preemptive or preventive actions and/or measures in order to neutralize

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TRANSPORTATION PROVISIONS

TRPR

or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's system, or to insure compliance with the requirements of upstream pipeline companies.

- (b) Emergency OFO: An Emergency OFO shall require the customer to take immediate actions and/or measures in order to neutralize or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's system, or to insure compliance with the requirements of upstream pipeline companies.
 - (c) Authorized Usage: A transportation service customer's authorized usage during an OFO shall be equal to that customer's retainage-adjusted confirmed nomination.
 - (d) Interrupted Supply: Whenever a transportation service customer's supply is partially or totally interrupted for any reason, that customer's authorized usage shall be limited to the retainage-adjusted confirmed nomination being delivered to Company on behalf of that customer.
 - (e) Curtailment of Transportation Service: A transportation service customer shall not be required to curtail as long as the customer's gas is delivered to Company's delivery system and the Company's system capacity is adequate to meet all of its other demands for sales and transportation service as provided in Section A(10) Limitations.
- (3) Period of Curtailment: Consistent with the provisions of Section A(10) Limitations, curtailment may be initiated due to a supply deficiency or limitation of pipeline capacity or a combination of both. Company may require its sales service and transportation service customers to limit, in whole or in part, their use of Company's facilities during a Period of Curtailment (POC), taking into consideration priority of use or other factors it deems necessary to ensure public health and safety.
- (a) Authorized Usage: Company shall, at its sole discretion, authorize customers a usage level which is appropriate to the conditions of the POC.
 - (b) Curtailment Priority: Curtailment shall first apply to the lowest priority category (Category Three) and successively to each higher priority

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TRANSPORTATION PROVISIONS
TRPR

category as required. The categories to be used by Company to allocate available service, listed from highest to lowest priority, are:

(i) For an MGE Sales Service Supply Deficiency

(a) Category 1.

Sales service to residential customers, public housing authorities, public schools, hospitals, and other human needs customers receiving firm sales service from the Company

(b) Category 2.

Commercial sales service

(c) Category 3.

Industrial sales service

(ii) For an MGE Distribution System Capacity Deficiency

(a) Category 1.

Sales or transportation service to residential customers, public housing authorities, public schools, hospitals, and other human needs customers receiving firm sales service from the Company

(b) Category 2.

Commercial sales service and commercial transportation service

(c) Category 3.

Industrial sales service and industrial transportation service

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TRANSPORTATION PROVISIONS

TRPR

- (c) Exception to Curtailment Priority: Company may curtail customers in higher priority categories before curtailing customers in lower priority categories only if curtailing lower priority category customers would not be useful in maintaining deliveries to the higher priority customers.
- (d) Allocation of Partial Capacity: Should partial service only be available to an affected category, deliveries to individual customers shall be limited to the customer's pro rata share of available supply, such allocation to be based on the ratio of the customer's requirements in the category for which partial service is available to the aggregate requirements of all the Company's customers in the same category.
- (e) Emergency Usage during POCs: A customer may request to use gas above authorized levels to forestall irreparable injury to life or property. Requests by telephone shall be followed immediately by a written request. Written requests shall state the nature, cause, and expected duration of the emergency and may be submitted by facsimile (fax) transmission. The customer must act to eliminate the cause of the emergency as soon as practicable. The charge for usage above authorized levels shall be determined at the time Company receives the customer's request. Disputes concerning this charge shall be referred to the Commission for resolution.
- (f) Relief from Liability: Company shall be relieved of all liabilities, penalties, charges, payments, and claims of whatever kind, contractual or otherwise, resulting from or arising out of Company's failure to deliver all or any portion of the volumes of gas desired by a customer or group of customers during a POC. Company's relief shall apply if curtailment is according to these General Terms and Conditions or any other orders or directives of duly constituted authorities including, but not limited to, the Missouri Public Service Commission.

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Community, Town or CityTRANSPORTATION PROVISIONSTRPR

- (4) Unauthorized Deliveries: Over-Deliveries and/or Under-Deliveries which vary from customer's authorized usage level under an OFO or during a POC, shall be subject to the penalties described in Section B-5 Penalties for Unauthorized Usage.
- (a) Individual Customers: Unauthorized Deliveries for individually balanced customers shall be calculated by comparing each customer's retainage-adjusted confirmed nominations with actual usage less contract demand.
- (b) Pools: Unauthorized Deliveries for pools subject to aggregated balancing as defined under Section A-4 Aggregation, shall be calculated by comparing the group members' total retainage-adjusted confirmed nominations with their total actual usage less contract demand.
- (c) Meter Reading: Actual usage during an OFO shall normally be provided by electronic gas measurement (EGM) equipment. If Company is unable to obtain data from a customer's EGM device, the customer's usage shall be determined by actual meter reads.
- (d) Refusal to Comply: Company may disconnect from its system or refuse to accept the nomination of a customer which endangers system stability and/or safety by continuing to incur Unauthorized Deliveries.
- (5) Penalties for Unauthorized Usage: A customer or pool's unauthorized usage under an OFO or during a POC shall cause the incurrence of penalties. All revenues received from unauthorized use charges will be considered as gas cost recovery and will be used in the development of the gas cost recovery

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Community, Town or CityTRANSPORTATION PROVISIONSTRPR

amount during the ACA audit as set forth in the Purchased Gas Adjustment schedule (PGA).

(a) Tolerance Levels: Penalties shall be assessed:

- (i) During an OFO or POC, when Unauthorized Over- Deliveries to EGM meters exceed 5% of authorized daily delivery levels.
- (ii) During an OFO, when Unauthorized Under-Deliveries to EGM meters exceed 5% of authorized daily delivery levels.

(b) Penalties during POCs shall be:

- (i) The greater of \$10 or 5 times the daily midpoint stated on Gas Daily's Index for Southern Star Central Gas Pipeline (Oklahoma) for each day of the POC, for each MMBtu of Unauthorized Over Delivery that exceeds the Tolerance Levels set in Section B-5-a Tolerance Levels but is no greater than 10% of the authorized delivery level for the customer or the aggregated balancing group, and
- (ii) The greater of \$20 or 10 times the daily midpoint stated on Gas Daily's Index for Southern Star Central Gas Pipeline (Oklahoma) for each day of the POC, for each MMBtu of Unauthorized Over Delivery in excess of 10% of the authorized delivery level for the customer or the aggregated balancing group.

(c) Penalties during OFOs: Penalties for Unauthorized Over-deliveries or Under-deliveries shall be calculated as follows:

- (i) Standard OFO Penalties: For each day of the Standard OFO, the greater of \$5 or 2½ times the daily midpoint stated on Gas Daily's Index for Southern Star Central Gas Pipeline (Oklahoma) times the MMBtu of Unauthorized Over- or Under-deliveries that exceed the tolerance level applicable under Section B-5-a Tolerance Levels.
- (ii) POC and Emergency OFO Penalties: For each day of the POC or Emergency OFO, the greater of \$10 or 5 times the daily midpoint stated on Gas Daily's Index for Southern Star Central Gas Pipeline (Oklahoma) time the MMBtu of Unauthorized Over-or

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TRANSPORTATION PROVISIONS

TRPR

Under-deliveries that exceed the tolerance level applicable under
Section B-5-a Tolerance Levels.

- (d) Responsibility for Payment: Unauthorized Over- or Under-Delivery Penalties for individually balanced customers shall be billed to and collected from the applicable customer. Unauthorized Over- or Under- Delivery Penalties for pools shall be billed to and collected from the agent representing the aggregated customers. Customers will continue to have ultimate responsibility for all charges on the account.

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Canceling P.S.C. MO. No. 1

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SHEET No. 69
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