

Exhibit No.: \_\_\_\_\_  
Issues: ACA Transportation Costs  
Witness: Michael T. Langston  
Sponsoring Party: Missouri Gas Energy  
Case No.: GR-96-450

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-96-450

DIRECT TESTIMONY OF

MICHAEL T. LANGSTON

~~FILED~~<sup>2</sup>  
OCT 11 2001  
Missouri Public  
Service Commission  
~~FILED~~<sup>2</sup>  
OCT 12 2001  
Missouri Public  
Service Commission

Exhibit No. 1  
Date 9/17/01 Case No. GR-96-450  
Reporter Kem

Jefferson City, Missouri  
August 3, 1998

DIRECT TESTIMONY OF  
MICHAEL T. LANGSTON

Table of Contents

1. KANSAS PIPELINE TRANSPORTATION COSTS	3
2. OVERRUN PENALTY ADJUSTMENTS	15
3. CUSTOMER UNDER BILLING ADJUSTMENTS	15

**DIRECT TESTIMONY OF**

**MICHAEL T. LANGSTON**

**CASE NO. GR-96-450**

**AUGUST 3, 1998**

1     **Q.     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2     A.     My name is Michael T. Langston. My business address is Southern Union Company, 504  
3             Lavaca, Suite 800, Austin, Texas 78701.

4     **Q.     BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

5     A.     I am employed by Southern Union Company and hold the position of Vice President, Gas  
6             Supply.

7     **Q.     PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.**

8     A.     I received a Bachelor of Science Degree in Electrical Engineering with honors from the  
9             University of Texas in Austin in 1975. I received a Master of Business Administration from  
10            Southern Methodist University in Dallas, Texas in 1978. I was employed by Mobil Pipe Line  
11            Company from 1975 to 1979 in various positions in their engineering department. From  
12            1979 through most of 1986, I was employed by Texas Oil and Gas Corp. and its affiliate,  
13            Delhi Gas Pipe Line Corporation, holding various positions in corporate planning, special  
14            projects, and project development. I joined Southern Union in September 1986 and have  
15            been employed by Southern Union since that time. I am also a Registered Professional

1 Engineer in the states of Texas, Louisiana, and Oklahoma.

2 **Q. PLEASE DESCRIBE THE NATURE OF YOUR DUTIES AS VICE PRESIDENT,**  
3 **GAS SUPPLY.**

4 A. I have responsibility for all contracting for the purchase of natural gas, contract  
5 administration, gas supply planning and daily gas control function. This involves  
6 management of all negotiations with suppliers for supply purchases and utility pipeline  
7 companies for transportation service to move gas supplies to our various distribution  
8 systems. In many cases, I have been involved in extensive regulatory proceedings at the  
9 Federal Energy Regulatory Commission ("FERC"), or at applicable state commissions in  
10 order to ensure that the terms and conditions of service we have received from regulated  
11 pipeline companies are fair and reasonable. I have also been involved in negotiations and  
12 regulatory proceedings on operational matters involving our upstream supply and  
13 transportation services and suppliers.

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 A. The purpose of my testimony is to respond to the recommendation filed by the Staff ("Staff")  
16 of the Missouri Public Service Commission ("Commission") in this Actual Cost Adjustment  
17 ("ACA") case, Case No. GR-96-450, for Missouri Gas Energy ("MGE" or "Company") for  
18 the 12 months ended June 30, 1997. My testimony will demonstrate that: 1) the Mid-Kansas  
19 Partnership/Riverside Pipeline Company ("MKP/RP") recommendation made by the Staff  
20 is unreasonable and should not be accepted by the Commission, 2) the overrun penalty

1 adjustment proposed by the Staff is correct and is accepted by the Company and 3) there  
2 should, in addition, be a further adjustment to deal with customer under-billings which the  
3 Company had previously committed to in 1997.

4 **1. MKP/RPC PIPELINE ADJUSTMENT**

5 **Q. ARE YOU FAMILIAR WITH MID-KANSAS PARTNERSHIP AND RIVERSIDE**  
6 **PIPELINE?**

7 **A.** Yes.

8 **Q. PLEASE DESCRIBE HOW YOU BECAME FAMILIAR WITH THEM.**

9 **A.** I was involved in Southern Union's acquisition of the western Missouri properties of  
10 Western Resources in 1993-1994 and became familiar with the operations of those and  
11 associated companies. Since that time, I have been involved in the relevant ACA cases of  
12 both Western Resources and MGE at the Commission, in which these companies and various  
13 contracts involving these companies have been significant topics and subject of  
14 recommended disallowances by the Staff. I have also been involved in litigation involving  
15 these companies.

16 **Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF THE RECOMMENDATIONS**  
17 **SUBMITTED BY THE STAFF REGARDING THE MKP/RPC PIPELINE**  
18 **ADJUSTMENT.**

1     A.     The Staff has proposed a disallowance of \$4,532,449.60 which Staff maintains is the  
2           difference between transportation costs paid under the MKP/RP agreement for the 12 months  
3           ended June 30, 1997, and what transportation costs would have been on Williams Gas  
4           Pipeline-Central ("Williams"). The agreement is referred to by the Staff in its June 1, 1998  
5           memorandum as a "gas supply and transportation contract." The actual document is entitled  
6           "Sales Agreement" and it is dated February 24, 1995.

7     **Q.     DOES MGE AGREE WITH THIS ADJUSTMENT?**

8     A.     No. In the following testimony, I will discuss several different areas which form the basis for  
9           MGE's position that any cost disallowance is unwarranted relative to this contract. I will  
10          discuss the following issues; 1) history of the contract, 2) costs incurred for transportation  
11          under this agreement were pursuant to approved rates from applicable regulatory jurisdictions  
12          and thus come under the filed rate doctrine which I understand bars this Commission from  
13          disallowing the rates which were paid, 3) this contract has already essentially been deemed  
14          prudent by the Stipulation and Agreement in Case Nos. GR-94-101 and GR-94-228 which  
15          provided that it would no longer be the subject of any further ACA prudence review, 4) there  
16          is no "operational basis" for a disallowance and none has been alleged by Staff, 5) the FERC  
17          recently took jurisdiction of the applicable transportation service for delivery of gas to MGE,  
18          with initial rates authorized consistent with rates charged during this ACA period. From this  
19          discussion, it will be clear that these costs were prudently incurred and no disallowance by  
20          the Commission is warranted.

1     **A.     HISTORY**

2     **Q.     PLEASE EXPLAIN THE STRUCTURE OF THE PIPELINE SYSTEM THROUGH**  
3     **WHICH THE GAS UNDER THE MKP/RP CONTRACT IS DELIVERED.**

4     A.     The pipeline systems that delivered the gas under the February 24, 1995 Agreement consist  
5     of three primary segments; 1) the KansOk portion, 2) the Riverside Pipeline portion, and 3)  
6     the Kansas Pipeline portion. Attached as Schedule MTL-1 is a map that generally shows that  
7     the KansOk pipeline portion is the portion of the system located within the state of  
8     Oklahoma, interconnecting between the TransOk Pipeline system (a non-affiliated Oklahoma  
9     intrastate pipeline), and a portion of the Riverside Pipeline Company system which provides  
10    a state line crossing in interstate jurisdiction between Oklahoma and Kansas. The Riverside  
11    Pipeline portion then connects with Kansas Pipeline, which provides the intrastate Kansas  
12    portion of the pipeline system, further interconnecting with another segment of Riverside  
13    Pipeline Company which provides the state line crossing between Kansas and Missouri into  
14    the northwest portion of the Kansas City area. The attached map indicates the general  
15    structure of the pipeline system that is now referred to as Kansas Pipeline Company, prior  
16    to the assertion of jurisdiction by the FERC, which became effective June 1, 1998. Prior to  
17    June 1, 1998, and applicable during this ACA time period of July 1, 1996 through June 30,  
18    1997, the Kansas Corporation Commission had rate jurisdiction over the Kansas Pipeline  
19    intrastate portion, and the FERC had rate jurisdiction over the Riverside Pipeline Company  
20    portion. In addition, the KansOk Pipeline was subject to the jurisdiction of the Oklahoma  
21    Corporation Commission, but since natural gas was being delivered by KansOk in interstate

1 commerce, this transportation service was provided pursuant to Section 311 authority, with  
2 the applicable Section 311 transportation rates authorized by the FERC. Section 311 refers  
3 to Section 311 of the Natural Gas Policy Act of 1978 which allowed intrastate pipelines to  
4 transport gas into interstate commerce for the benefit of LDC's without becoming subject of  
5 the full jurisdiction of the FERC. In addition, this FERC-authorized Section 311 rate  
6 included the use of capacity which KansOk leased from TransOk Pipeline Company. The  
7 KansOk 311 rate essentially covered transportation of gas delivered into the TransOk system,  
8 redelivered to KansOk, and ultimately delivered to the Riverside Pipeline Company segment  
9 at the Oklahoma/Kansas state line crossing. Therefore overall, the FERC had jurisdiction  
10 over all transportation on this system except for the intrastate portion, which fell under the  
11 jurisdiction of the Kansas Corporation Commission.

12 **Q. DID MGE PAY RATES PURSUANT TO THOSE APPROVED TARIFFS?**

13 **A.** Yes.

14 **Q. PLEASE DESCRIBE HOW THE CONTRACTS CAME TO BE.**

15 **A.** MGE acquired its Missouri distribution properties from Western Resources effective January  
16 31, 1994. At that time, and as part of that transaction, MGE assumed a sales agreement dated  
17 January 15, 1990 between Western Resources and Mid-Kansas Partnership, as amended on  
18 October 3, 1991, which had a maximum daily delivery quantity of 46,332 MMBtu. In  
19 addition, MGE assumed a transportation agreement dated January 15, 1990 between Western  
20 Resources and Riverside Pipeline Company, as amended on September 15, 1992, also with



1 a maximum daily delivery quantity of 46,332 MMBtu's. Under these agreements MGE  
2 purchased a bundled sales service from Mid-Kansas Pipeline delivered at a point in Kansas  
3 just south of the Kansas/Missouri state line crossing near the Riverside area of Kansas City,  
4 Missouri. Riverside Pipeline Company then provided transportation of only a few miles to  
5 cross into Missouri to an interconnect with the MGE distribution system in the Riverside area  
6 of Kansas City, Missouri.

7 These agreements were re-negotiated on February 24, 1995, and MGE executed new  
8 agreements with Mid-Kansas Partnership, with a maximum daily delivery quantity of 46,332  
9 MMBtu's, which provided for natural gas deliveries to the Riverside station interconnecting  
10 with MGE's distribution system in the Riverside area of Kansas City, Missouri. In addition,  
11 MGE negotiated with Mid-Kansas Partnership and its affiliates such that the bundled sales  
12 service being provided by Mid-Kansas Partnership would be unbundled, and would become  
13 a transport only service, effective upon the assertion of federal jurisdiction over the pipeline  
14 systems which provide the transportation service under the Mid-Kansas Partnership  
15 agreement. With this federal jurisdiction asserted in May 1998, and becoming effective June  
16 1, 1998, MGE is now only receiving transportation service across the system now known as  
17 Kansas Pipeline Company.

18 **Q. WHAT WERE THE GENERAL TERMS UNDER THE AGREEMENTS THAT**  
19 **WERE ASSUMED BY MGE UPON PURCHASE OF THE PROPERTIES, AND**  
20 **UNDER THE REVISED AGREEMENTS DATED FEBRUARY, 1995?**

1       A.     In the agreements which MGE assumed from Western Resources upon the purchase of the  
2             Missouri distribution properties, the Mid-Kansas Partnership agreements provided that gas  
3             would be purchased at the weighted average cost plus a substantial premium, with  
4             transportation then provided by the various pipeline affiliates, KansOk Pipeline, Kansas  
5             Pipeline, (then operating as two segments, Kansas National Pipeline and Kansas Pipeline  
6             Partnership) and Riverside Pipeline, pursuant to their filed tariff rates. Riverside Pipeline  
7             Company then provided a subsequent transportation for MGE to carry the gas from Kansas  
8             into Missouri. These two contracts combined provided for the total amounts paid pursuant  
9             to the agreements.

10            Under the sales contract that was dated February 24, 1995, which became effective on June  
11            1, 1995, the natural gas commodity portion of the sales price was priced based on the index  
12            of supplies delivered into the TransOk system. The contract, which is attached to my  
13            testimony as Schedule MTL-2, provides that base load volumes nominated at the first of the  
14            month will be priced at 105 percent of the TransOk index, with daily swing volumes priced  
15            at 110 percent of the TransOk index. The effect of this change negotiated by MGE was to  
16            reduce the commodity price applicable under the contracts that MGE had assumed upon  
17            purchase of the distribution systems. The transportation portion of the sales service  
18            continued to be priced based on the filed tariff rates applicable in the various regulatory  
19            jurisdictions. The commodity portion and the transportation portion were bundled into the  
20            sales price applicable under the sales contract. This is the contract under which the Staff has  
21            now proposed a disallowance. This contract has, however, terminated, effective June 1,

1998, upon assertion of FERC jurisdiction over the Kansas Pipeline Company system.

**B. APPROVED TARIFF RATES**

**Q. IN ALL CASES DID THE RATES MGE PAID FOR TRANSPORTATION ON VARIOUS PIPELINE SEGMENTS REPRESENT AMOUNTS AUTHORIZED BY THE APPLICABLE REGULATORY JURISDICTION?**

**A.** Yes. The KansOk 311 rates had been set by order of the FERC in Docket No. PR94-3-000. The Riverside Pipeline Company transportation rates had been set pursuant to Section 7 in the approved transportation tariff rates established by the FERC. The Kansas Pipeline portion transportation rates were set by the Kansas Corporation Commission Order in Case No. 190,362-U. In all cases, the rates paid by MGE were the tariff rates approved by these applicable regulatory jurisdictions, rates deemed just and reasonable and/or were authorized to be collected subject to refund. In all cases in which refunds were ordered, MGE received and flowed through the refunds to ratepayers. At no time has MGE paid excess rates over and above approved tariff rates for the transportation on these pipeline systems that may have been embedded in the bundled sales service received from Mid-Kansas Partnership.

**Q. WAS THE PRICE FOR THE COMMODITY PORTION PURCHASED UNDER THE CONTRACT SET AT A REASONABLE LEVEL?**

**A.** Yes. In fact based on the Staff's recommendation, and pursuant to Staff worksheets provided, the proposal was for a disallowance of transportation cost totaling \$7,698,760.07,

1 which is offset by a credit based on the favorable commodity pricing provision of this  
2 contract. The commodity gas credit is in the amount of \$3,166,310.47. The claim of the  
3 Staff of excess transportation cost, notwithstanding these rates were approved by tariff, offset  
4 by the favorable supply cost, results in the recommended net disallowance of \$4,532,449.60.

5 **C. PRIOR DETERMINATION OF CONTRACT PRUDENCE**

6 **Q. HAS THE COMMISSION PREVIOUSLY ADDRESSED THE ISSUE OF**  
7 **PRUDENCE OF THIS CONTRACT?**

8 **A.** Yes. On May 2, 1996, the parties to Case Nos. GR-94-101 and GR-94-228 filed a  
9 Unanimous Stipulation and Agreement which addressed one of five issues in the case. A  
10 previous stipulation, filed on December 14, 1995, had addressed three of the five issues. The  
11 remaining issue was litigated. On June 11, 1996, the Commission issued an order which  
12 approved both of the stipulations. No one filed an application for rehearing of that order, so  
13 I understand that it became a final order on its effective date, June 21, 1996. In the May 2,  
14 1996 Stipulation and Agreement, which is attached to my testimony as Schedule MTL-3  
15 along with the Commission order approving it, the contracts which were assumed by MGE  
16 upon closing of the distribution properties as well as the re-negotiated agreements were  
17 deemed prudent.

18 **Q. PLEASE INDICATE WHERE IN THE STIPULATION AND AGREEMENT A**  
19 **PRUDENCE DETERMINATION IS MADE.**

1     A.     Paragraph 4 on page three says that the Staff has reviewed the agreement being discussed  
2             here. It is specifically mentioned in paragraph 4.C. as the "Sales Agreement dated February  
3             24, 1995, between MGE and MKP with a maximum daily quantity of 46,332 Mmbtu." Later  
4             in the same paragraph, it says that this and a Transportation Agreement of the same date, and  
5             other agreements, are referred to in the Stipulation as the "Missouri Agreements."

6             Paragraph 5 of the Stipulation and Agreement provides:

7                     "As a result of the Stipulation and Agreement, the Signatories agree that neither the  
8             execution of the MKP/WR Sales Agreement and the Riverside/WR Transportation  
9             Agreement I, *nor the decisions associated with the execution of the Missouri agreements*  
10            *shall be the subject of any further ACA prudence review.*" (emphasis supplied) ... "The  
11            Missouri Agreements will be subject to the compliance and operational review (as described  
12            herein) of the Staff for all periods on and after July 1, 1994, and MGE's ACA balance may  
13            be subject to adjustment as result of such review."

14            This provision clearly indicates that the execution of the agreement that is the subject of this  
15            recommendation by the Staff has in fact been deemed prudent by the Commission with all  
16            parties agreeing two years ago that this contract would not be subject to any further ACA  
17            prudence review. While the agreement, as approved by the Commission, conclusively  
18            precludes any inquiry into any questions of the prudence of its existence, the parties did  
19            allow further inquiry into what was termed "compliance and operational" issues which could  
20            be raised by the Staff in future ACA dockets. These were described on page 5 of the  
21            Stipulation and dealt with operational issues such as whether gas was not taken for some

1 reason or billing issues such as whether MGE paid more than the contract required. Thus,  
2 the only permitted inquiry is whether or not the terms of the agreement has been complied  
3 with, and whether or not an "operational review" of the utilization of the contract would  
4 result in an imprudence disallowance.

5 **D. OPERATIONAL BASIS**

6 **Q. WHAT WAS YOUR UNDERSTANDING OF WHAT AN "OPERATIONAL AND**  
7 **COMPLIANCE" REVIEW WOULD ADDRESS?**

8 A. As I said, the parties put their interpretation of that scope of inquiry in the paragraph that  
9 appears on page 5 of the Stipulation. It deals with whether there were operational reasons  
10 that gas was not taken or there were billing errors or related matters.

11 **Q. HAS THE STAFF RECOMMENDED THIS DISALLOWANCE ON THE BASIS OF**  
12 **AN OPERATIONAL ISSUE?**

13 A. No. Therefore, the cost incurred under these contracts, as a result of approved tariffs must  
14 be deemed just and reasonable and prudent pursuant to the terms of the Stipulation and  
15 Agreement filed on May 2, 1996 in Case Nos. GR-94-101 and GR-94-228 and approved by  
16 the Commission on June 11, 1996.

17 **Q. HOW HAS MGE DETERMINED THAT THE STAFF IS NOT BASING ITS**  
18 **PROPOSED DISALLOWANCE ON OPERATIONAL OR COMPLIANCE ISSUES?**

19 A. MGE issued data requests to the Staff and the Staff has indicated: 1) MGE did not pay more

1 than the amounts required under the terms of the Mid-Kansas Partnership agreement, 2) the  
2 Staff is not taking the position that MGE should have taken more gas volumes under the  
3 Mid-Kansas Partnership Agreement during the ACA period, 3) the Staff is not taking the  
4 position that MGE should have taken less gas under the Mid-Kansas Partnership Agreement  
5 during the ACA period. The Staff did not mention anything in its recommendation regarding  
6 any billing mistakes. Attached as Schedule MTL-4 is a copy of the applicable responses  
7 from the Staff which indicated these positions.

8 **Q. THE STAFF RECOMMENDATION, AND RESPONSES TO DATA REQUESTS**  
9 **WHICH CREDIT THE COMMODITY COSTS, SEEM TO INDICATE THAT**  
10 **STAFF'S POSITION IS THAT MGE SHOULD HAVE TAKEN THE GAS**  
11 **(COMMODITY) UNDER THE CONTRACT, BUT SHOULD HAVE USED**  
12 **WILLIAMS FOR TRANSPORTATION INSTEAD. WAS THAT APPROACH**  
13 **AVAILABLE TO MGE UNDER THE TERM OF THE AGREEMENT?**

14 **A.** No. MGE did not have the option under the February 25, 1995 Sales Agreement to choose  
15 another path for the transportation. The contract in fact calls for a bundled sales price which  
16 was at a point of delivery near the Kansas City area. The transportation costs were an  
17 embedded portion of the overall sales price billed to MGE, and MGE did not have the option  
18 to separately carve out the commodity portion for transportation through an alternative  
19 pipeline source.

1     **E.     FERC JURISDICTION**

2     **Q.     YOU HAVE INDICATED THAT THE FERC RECENTLY TOOK JURISDICTION**  
3     **OF THIS PIPELINE SYSTEM. PLEASE EXPLAIN HOW THIS OCCURRED.**

4     A.     The FERC, on its own motion, initiated a proceeding to review whether or not the various  
5     pipeline portions, including KansOk, Riverside, and Kansas Pipeline, operating together  
6     constituted an interstate pipeline system. This case was docketed as FERC Docket No.  
7     CP96-152-000, et.al. The FERC took jurisdiction effective May 11, 1998, with the terms  
8     and conditions of the Mid-Kansas Partnership contract terminating effective June 1, 1998.  
9     At that point, since MGE had already negotiated a transportation agreement (which was  
10    referred to in paragraph 4.D of the May 2, 1996 Stipulation), to become effective upon  
11    interstate jurisdiction, the transportation agreement dated February 24, 1995 between MGE  
12    and Riverside Pipeline Company predecessor-in-interest to Kansas Pipeline Company,  
13    became effective.

14    **Q.     ARE THE RATES AUTHORIZED BY THE FERC FOR THE TRANSPORTATION**  
15    **SERVICE CONSISTENT WITH THE RATES PAID BY MGE DURING THIS ACA**  
16    **PERIOD?**

17    A.     Yes. The rates which MGE paid reflect rates authorized by the appropriate regulatory  
18    jurisdictions, and adopted by the FERC in the tariff rates which they approved for Kansas  
19    Pipeline Company upon assertion of their jurisdiction. These rates totaled to the same rates  
20    previously authorized under various FERC Section 311 rate orders, and appropriate rate



1 orders from the Kansas Corporation Commission.

2 **2. OVERRUN PENALTY ADJUSTMENT**

3 **Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE STAFF'S PROPOSAL**  
4 **REGARDING THE OVERRUN PENALTY ADJUSTMENT.**

5 A. The Staff has proposed a crediting of \$6,177.39 in overrun penalties that the Company had  
6 not included in calculating its balances in its ACA filing. The Company has reviewed the  
7 Staff proposal, and the Company has determined that it had coded receipt of these funds to  
8 an incorrect account. Thus, MGE agrees with this adjustment recommended by the Staff.

9 **3. CUSTOMER UNDER-BILLING ADJUSTMENTS**

10 **Q. PLEASE DESCRIBE THIS ADJUSTMENT.**

11 A. Following the winter of 1996-1997, MGE made a commitment to the Commission that,  
12 among other things, it would not seek to recover amounts due from customers where the  
13 Company had under-billed those customers for its consumption and amounts owed. At the  
14 time of the ACA filing in this case, in the summer of 1997, MGE did not have the applicable  
15 data in order to fully identify the amounts that would have been owed by these customers.  
16 Therefore, the ACA filing included recovery of all amounts owed, and did not provide for  
17 a credit for the under-billed amounts, since this amount was unknown at the time of the  
18 filing.

1     **Q.     HAS THE COMPANY SINCE CALCULATED THE AMOUNTS THE COMPANY**  
2           **HAS AGREED TO FOREGO?**

3     A.     Yes. The Company has calculated the under billing amount at \$411,302.93. Attached as  
4           Schedule MTL-5 are worksheets which indicate how this amount was calculated.

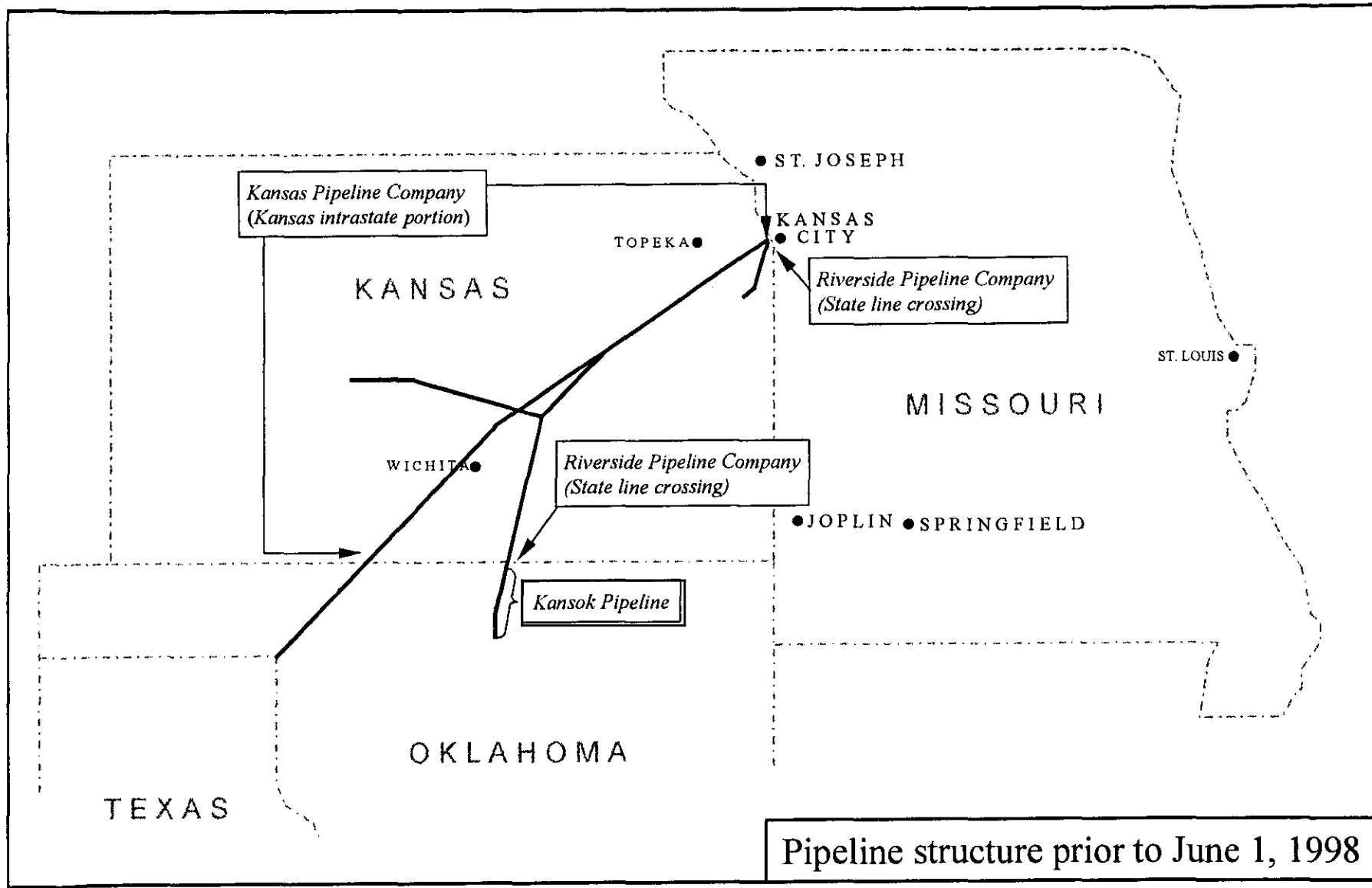
5     **Q.     IS MGE THEREFORE PROPOSING AN ADDITIONAL ADJUSTMENT TO ITS**  
6           **ACA BALANCE IN THIS PROCEEDING?**

7     A.     Yes. MGE proposes a further reduction in its ACA recovery balance equal to an amount of  
8           \$411,302.93.

9     **Q.     DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

10    A.     Yes.

# KANSAS PIPELINE COMPANY



Schedule MTL-1

MID-KANSAS II (INTERIM)  
FIRM GAS PURCHASE CONTRACT

This Contract (the "Contract") made and entered into this 24 day of February, 1995, by and between MISSOURI GAS ENERGY, a division of Southern Union Company, a Delaware corporation, hereinafter called "Buyer", and MID-KANSAS PARTNERSHIP, a Kansas partnership, hereinafter called "Seller".

For and in consideration of the premises and the mutual covenants herein contained, and subject to the terms and conditions contained herein, the parties do covenant and agree as follows:

ARTICLE I - DEFINITIONS

1.1 As used herein, the following terms shall have the following meaning:

- (a) The abbreviation "Btu" means British thermal unit.
- (b) The term "day" means the 24-hour period commencing at seven o'clock a.m. Central Time (7:00 a.m.) on one calendar day and ending at 7:00 a.m. on the following calendar day.
- (c) "Delivery Point" shall have the meaning set forth in Section 3.1 hereto.
- (d) "Fuel Gas" shall mean a quantity of gas equal to the quantity of gas required to be tendered by Seller to the pipelines used by Seller to transport the gas to be delivered hereunder as compensation for fuel gas, line loss, or unaccounted for gas, calculated at the rate of (i) 2.36% of the quantity of gas delivered by Seller for transportation on the pipeline systems of Kansas Pipeline Partnership, Riverside Pipeline Company, L.P., Kansas Natural Partnership, and that portion of the pipeline facilities of KansOk Partnership that do not include the leased capacity held by KansOk Partnership on the pipeline system of Transok, Inc.; plus (ii) 1.5% of the quantity of gas delivered by Seller for transportation on the pipeline system of Transok, Inc., or such percent as may at any time become effective pursuant to the Amended and Restated Agreement of Lease and Amended and Restated Operating Agreement between KansOk Partnership and Transok, Inc., dated April 24, 1992, as further amended on March 1, 1994 and August 25, 1994 ("Transok Lease"). Such "Fuel Gas" quantity shall remain fixed as calculated pursuant to the terms

of (i) and (ii) above for the term of this Agreement, except that the quantity of Fuel Gas shall be adjusted upon the assignment of the Transok Lease as provided in Section 10.2 hereof.

- (e) "Firm Basis" shall mean pursuant to the conditions (i) that the sales service being provided hereunder shall not be curtailed, withheld, delayed, or otherwise interrupted for any reason unrelated to an event of force majeure (as defined herein) affecting the operational or then physical capacity of the pipeline facilities used by Seller to transport the gas to be delivered hereunder, and (ii) that in the event such interruption occurs, that Seller shall receive as favorable a priority for the transportation of the gas to be sold hereunder as that provided to any other user of such pipeline facilities.
- (f) "Firm Transportation" shall mean transportation provided on a Firm Basis.
- (g) "Firm Transportation Agreements" shall mean transportation agreements providing for the transportation of gas on a Firm Basis.
- (h) "Maximum Daily Quantity" shall be the amount set forth in Section 2.1 herein.
- (i) "MMBtu" shall mean million Btu.
- (j) The term "month" means the period commencing at seven o'clock a.m., Central Time (7:00 a.m.) on the first day of a calendar month and ending at 7:00 a.m. on the first day of the next calendar month.
- (k) "Gas" or "Natural Gas" means gas from gas wells, casinghead gas produced with crude oil, and residue gas resulting from the processing of either gas well gas or casinghead gas or both.
- (l) The abbreviation "Psia" means pounds per square inch, absolute. "Psig" means pounds per square inch, gauge.
- (m) "Relevant Facilities" shall have the meaning set forth in Section 2.2 hereto.
- (n) "Riverside" shall mean Riverside Pipeline Company, L.P.
- (o) "Riverside I Agreement" shall have the meaning set forth in Section 6.2 hereof.

- (p) "Transok Lease" shall have the meaning set forth in Section 1.1(d) hereof. Seller represents and warrants that the form of the Transok Lease in effect as of February 1, 1995 is the Amended and Restated Agreement of Lease and Amended and Restated Operating Agreement between KansOk Partnership and Transok, Inc. ("Transok"), dated April 24, 1992, as amended on March 1, 1994, and August 25, 1994. Buyer represents and warrants that it has received a copy of this form of Transok Lease from Seller and has fully reviewed the terms thereof.
- (q) "Transok System" shall mean the pipeline system of Transok, Inc., as described in Sections 1.1 and 1.2 of the Transok Lease.

## ARTICLE II - SCOPE OF GAS SALES SERVICE

2.1 Subject to the terms and conditions of this Contract, Seller agrees to sell and deliver to Buyer each day on a Firm Basis, at the Delivery Point herein specified, the quantities of gas specified by Buyer, up to 46,332 MMBtu per day (the "Maximum Daily Quantity").

2.2 If, on any given day the transportation capacity on any of the lines or laterals used by Seller to transport the gas to be sold hereunder (the "Relevant Facilities") is insufficient to transport all volumes of natural gas sold hereunder, Seller shall ensure that all such capacity as may be available in the Relevant Facilities is allocated on a ratable basis giving consideration to Buyer's Maximum Daily Quantity entitlement as compared to the maximum daily entitlements of other, similarly situated shippers holding Firm Transportation Agreements for use of the Relevant Facilities.

2.3 In consideration of the commitments made by Buyer hereunder, should any customer served by Buyer or capable of being served by Buyer directly from its distribution system become interconnected with (other than through Buyer) and contract for firm service to be received through the pipeline system of Riverside at any time during the term of this Contract, Buyer shall have the unilateral right to reduce by notice to Seller the Maximum Daily Quantity otherwise then applicable hereunder. The amount of such reduction of the Maximum Daily Quantity shall be equal to the amount of firm service which such customer has contracted to receive through Riverside.

2.4 On or before the 22nd day of each month during the term of this Contract, Buyer shall notify Seller of Buyer's nomination of natural gas for the immediately succeeding month as contemplated by Section 4.2(a)(ii). The parties recognize and agree, however, that any such nomination shall not serve to

obligate Buyer hereunder, to purchase either the quantity nominated or any other quantity during such month, but rather that Buyer shall retain the right hereunder to purchase all or any portion of its requirements as it may deem appropriate, up to the Maximum Daily Quantity, without regard to such nomination.

### ARTICLE III - POINT OF DELIVERY

3.1 Natural gas sold hereunder shall be delivered by Seller to Buyer and title thereto shall pass to Buyer at the outlet of the existing interconnect between Riverside's metering and regulating equipment, and the inlet facilities of Buyer's distribution system located in Section 8, Township 50N, Range 33E, Platte County, Missouri, hereinafter referred to as the "Delivery Point."

3.2 The pressure at which gas will be delivered to Buyer at the Delivery Point shall be that existing from time to time in the facilities of Riverside at such point, in any event at pressures adequate to enter the facilities of Buyer, but in no event shall that pressure be required to be in excess of 250 Psig. Such delivery pressure shall be adjusted to ensure continuous capability to deliver into Buyer's facilities at various times of the year including such times as Buyer may be required to increase the pressure in its facilities in order to accommodate its peak day demand. Seller shall pay for and maintain any additional facilities as may be necessary to ensure its ability to deliver at the Delivery Point the Maximum Daily Quantity hereunder at the pressures described above. In no event shall Seller deliver at pressures which exceed the maximum allowable operating pressure of Buyer's facilities at the Delivery Point.

3.3 The measurement, metering and quality of and nomination procedures for the gas delivered hereunder shall be in accordance with the provisions of Riverside's FERC Gas Tariff.

3.4 Seller shall make provisions for reading the meter(s) and other related equipment used to receive and deliver gas hereunder at regular intervals. The charts or records related to such receipts and deliveries will be accessible to Buyer for inspection and examination at all reasonable times upon reasonable notice.

3.5 At least once each year, Seller and Buyer shall review the capacity of the Delivery Point. In the event the parties mutually agree to modify, enhance or upgrade the capacity or deliverability of such facilities, such costs shall be borne according to the following principles:

- (a) The cost of facilities constructed at the Delivery Point in order to increase the total quantities of gas above the Maximum Daily Quantity specified

herein delivered solely to Buyer, and constructed at Buyer's request, for its use in its purchase and resale activities, shall be borne by Buyer;

- (b) The cost of all other facilities shall be borne by Seller.

Unless otherwise agreed to in writing, all such facilities shall be owned, operated and maintained by Seller or its designee. Notwithstanding any other provision hereof, Seller shall have the obligation under this Contract to install any additional facilities necessary for the purpose of permitting deliveries at the Delivery Point where such volumes are within the existing Maximum Daily Quantity hereunder.

3.6 Seller shall ensure that Buyer has access to the appropriate facilities necessary to install at the Delivery Point such telemetry units or other volume and/or pressure information devices at its sole cost and expense as are necessary in Buyer's sole opinion to insure adequate balancing of the volumes dispatched under this Contract. Seller also shall ensure that Buyer has access to the appropriate facilities necessary to provide Buyer with signals from transducers or other electronic devices as may be installed at the Delivery Point, or, in the alternative, the right to install such equipment at such point, in order to provide Buyer with appropriate access to remote pressure information about gas flowing through the Delivery Point. Buyer shall fully indemnify Seller for operation of any of Buyer's equipment located on sites owned or contractually provided for by Seller.

#### ARTICLE IV - PRICE

4.1 Seller shall sell gas to Buyer at the Delivery Point at a delivered price computed on a per MMBtu basis.

4.2 The price per MMBtu to be paid for natural gas delivered hereunder shall be:

- (a) prior to the assignment of the Transok Lease as provided in Section 10.1 hereof:
  - (i) for all quantities of gas purchased by Buyer hereunder during a given month within the quantities which Buyer nominates for delivery hereunder prior to the first of such month, the sum of (A) one hundred five percent (105%) of the index price published in the first publication each month of Inside FERC's Delivered to Pipeline Costs, indicated for deliveries to the Transok, Inc. intrastate system, plus (B) the cost of transportation as specified in Section 4.3 hereof, plus (C) reimbursement for the cost of Fuel Gas



incurred by Seller in transporting the supplies hereunder, calculated at the quantities for Fuel Gas set forth in Section 1.1(d) hereof and at the cost of gas set forth in (A) above; and

- (ii) for all quantities of gas purchased each day by Buyer hereunder during a given month in excess of the quantities which Buyer nominates for delivery hereunder prior to the first of such month, the sum of (A) the actual cost of gas incurred by Seller in purchasing such excess gas for sale hereunder, but not to exceed one hundred ten percent (110%) of the highest price for such month for deliveries into the Transok System published in any of Natural Gas Intelligence Gas Price Index's "Contract Index," Inside FERC's "Delivered to Pipeline Cost," and Gas Daily's "Intrastate Price Survey" during the month in which such gas is delivered, plus (B) the amount stated in Section 4.2 (a)(i)(B) above, plus (C) the amount stated in Section 4.2(a)(i)(C) above, adjusted for the difference in the cost of gas included in Section 4.2(a)(ii)(A) above.

Transok  
I.

- (b) subsequent to the assignment of the Transok Lease as provided in Section 10.1 hereof, the sum of (i) the cost of gas acquired on behalf of Seller for sale hereunder by Buyer as Seller's agent pursuant to the provisions of Section 10.3 hereof; plus (ii) the cost of transportation as specified in Section 4.3 hereof, reduced as provided for in Section 10.2 hereof; plus (iii) reimbursement for the cost of Fuel Gas incurred by Seller in transporting the supplies hereunder, calculated at the quantities for Fuel Gas set forth in Section 1.1(d) hereof, reduced as provided for in Section 10.2 hereof, and at the cost of gas set forth in (i) above.

4.3 Cost of Transportation. Subject to the other provisions hereof, the rates charged under this Contract for transportation shall be as follows:

- (a) The base rate for transportation shall be as follows:

Demand Rate: \$15.5860 per MMBtu of Maximum Daily Quantity per month

Commodity Rate: \$0.0695 per MMBtu transported

- (b) The rates stated in 4.3(a) above represent the sum of Riverside's current rates, plus the rates to be paid by Seller for upstream transportation to effect the total transportation service

contemplated hereunder. As of February 1, 1995, each of the rates to be paid by Seller for upstream transportation is the subject of regulatory review in the dockets listed on Schedule 4.3(b) hereto. As each such review progresses and orders are issued in such dockets which change these rates, the rate stated in paragraph (a) above shall be adjusted upwards or downwards, as may be the case, by the difference, if any, between the rate in effect for such pipeline on February 1, 1995, and the rate approved by such order in such docket, and all appropriate refunds, if any, shall be paid to Buyer. Once final orders are issued in all such dockets and the relevant proceedings are closed, no further adjustment shall be made in the rate charged to Buyer hereunder, except as provided either in paragraph (c) below or in Sections 4.4(c) or 10.2 hereof.

- (c) Subject to Section 8.1, effective on June 1, 1998, and on each third anniversary thereafter for the term of this Contract, the demand and commodity rates set forth in 4.2(a), as thereafter adjusted pursuant to Sections 4.3(b) and 4.4(c) and 10.2 hereof, shall be increased by an amount equal to 2% of the rate applicable prior to the day of such increase.
- (d) The rates provided for herein shall be fixed, contractually specified rates with respect to the services to be provided. Seller shall bear any charges allocated to the transportation of the gas sold hereunder above the rates fixed herein, including, without limitation, surcharges of any kind, charges for gas supply realignment costs, stranded investment, take-or-pay costs, environmental remediation costs, charges for fuel gas, line loss or unaccounted for gas in excess of the allowance made for Fuel Gas hereunder, or other similar or dissimilar charges, to the extent such charges result in transportation rates in excess of the rates set forth herein. Any changes in Riverside's or any other upstream transporter's generally applicable rates or any other rates shall not operate to change the contractually specified rates applicable to this Contract.

#### 4.4 Regulatory Disallowance.

- (a) Should any regulatory authority having jurisdiction over Buyer at any time deny Buyer the right to recover any amount paid to Seller hereunder, Buyer shall notify Seller of such

denial within thirty days thereof, and Seller shall reimburse Buyer for the amount of such denial, with interest, with such reimbursement retroactive to the first day of service for which recovery is denied. Such funds will be paid by Seller to Buyer at the times and in the same manner as Buyer is required to refund such amounts to its customers (regardless of whether or not such denial may at such times be subject to appellate review).

- (b) If the term of the Riverside I Agreement has not by then expired, then simultaneously with the payment of funds to Buyer pursuant to Section 4.4(a), the remaining term of the Riverside I Agreement shall be adjusted to ensure that the overall revenues generated under a combination of this Contract and the Riverside I Agreement are adequate to allow Seller, and its affiliate Riverside, to recover their costs of operation and their financing costs, including principal, interest, and applicable financing fees, associated with the above level of service. An example of the manner in which the parties intend paragraphs (a) and (b) to operate in the event of any such denial is attached hereto at Schedule 4.4(b).
- (c) Simultaneous with any extension of term pursuant to Section 4.4(b) above, Seller and Buyer additionally shall establish an escrow account, pursuant to the Escrow Agreement of even date herewith, attached hereto as Schedule 4.4(c). Within five (5) business days of presentation of notification of the denial described in Section 4.4(a) above, Seller shall deposit into the escrow account created pursuant to the Escrow Agreement an amount equal to the amount which Seller would be required to refund to Buyer for the period extending from the end of the period for which Buyer was denied recovery of amounts paid to Seller hereunder to the then-current date, as if the same denial (in terms of dollars ordered to be refunded) as was ordered for the previous period is ordered for the immediately succeeding period. Thereafter, Buyer shall continue to pay for service hereunder at the rates provided for in Article IV, provided, however, that Buyer shall pay that portion of the rates for which it previously has been denied recovery (in terms of dollars ordered to be refunded) directly into the escrow account. If the Buyer again is denied recovery by the same regulatory body of rates paid to Seller in the immediately succeeding audit year

to an audit year in which a similar disallowance also has occurred, then the funds in the escrow account equal to an amount required to reimburse the Buyer for such denial, with interest at the rate provided in paragraph (c) of Schedule 4.3(b) of this Agreement, shall be released out of escrow to Buyer. Any funds applicable to such year remaining thereafter in the escrow account shall be paid out of escrow to Seller and in such event, Buyer shall thereafter submit payment directly to Seller (without diversion to escrow) for such portion of the rates not disallowed. In the event rates paid by Buyer to Seller hereunder are disallowed for two consecutive audit years, then Seller will reduce the rates effective as of the last date of funding of such refund obligations into the escrow account to Buyer for the effected service for the remaining term of the Contract to the level approved for such recovery. Simultaneous with such permanent reductions, the term of the Riverside I Agreement shall be adjusted in the manner provided in Schedule 4.4(b) to account for the aggregate amount of such rate reduction over the remaining term of this Contract.

- (d) If prior to October 31, 2009, the Riverside I Agreement shall not by then have been approved in the manner provided in Section 4.2(b) of the Riverside I Agreement, then in lieu of the extension of the term of the Riverside I Agreement provided for in paragraph (b) and (c) hereof, the term of this Contract shall be adjusted so that Seller is permitted to recover a portion of the revenues disallowed for recovery under this Contract. The term of such extension shall be one-half (1/2) of the number of months which the Riverside I Agreement would have been extended pursuant to Sections 4.4(b) and (c) hereof, if the Riverside I Agreement had been approved prior to the otherwise applicable expiration of this Contract.
- (e) If the term of this Contract, as may be extended, has expired at the time any regulatory authority having jurisdiction over Buyer denies Buyer the right to recover any amount paid to Seller hereunder and the Riverside I Agreement shall not by then have been approved in the manner provided in Section 4.2(b) of the Riverside I Agreement, the obligation of Seller stated in (a) above shall be modified, such that Seller shall reimburse Buyer for only one-half of the amount of such denial, with interest, and Buyer shall bear the

remainder of such costs without reimbursement by Seller. No extension of service shall be made in such event.

#### ARTICLE V - CONDITIONS

5.1 Seller and Buyer each recognize that their continuing ability to meet their financial obligations hereunder is a material element of this Contract. Accordingly, if at the time of execution of this Contract, at the Effective Date, during the term of this Contract or during any extension provided by Section 4.4 hereof, (i) such party or the party obligated to make such payments, fails to pay principal or interest when due on any debt for which such party's assets are pledged as security, or for which such party is the guarantor ("Relevant Debt"), and any related grace period has expired, or (ii) the holder of Relevant Debt declares such debt due prior to its stated maturity because of such party's default thereunder and any related grace period has expired, then such event also shall constitute a breach hereunder.

#### 5.2 Financial Information.

(a) Buyer. (i) The Buyer will at all times maintain complete and accurate (in all material respects) books of account and records. The Buyer will furnish, at the Buyer's expense, as soon as available, and in any event within 90 days after the end of each fiscal year, complete audited financial statements of the Buyer together with all notes thereto, prepared in accordance with generally accepted accounting principles, together with an unqualified opinion, based on an audit using generally accepted auditing standards, by one of the six largest nationally recognized firms of independent certified public accountants selected by the Buyer, stating such financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Buyer in conformity with generally accepted accounting principles (the "Independent Accountant's Opinion"). The Independent Accountant's Opinion may not be a qualified, adverse or disclaimer of opinion as defined in Statement on Auditing Standards Number 58, nor contain explanatory language stating there is substantial doubt about the Buyer's ability to continue as a going concern.

(ii) The Buyer will also furnish, at the Buyer's expense, as soon as available, and in any event within 45 days after the end of the first semi-annual accounting period of each fiscal year, an unaudited financial report of the Buyer as of the end of such semi-annual period, containing a balance sheet,

statement of operations, and statement of cash-flows, all in reasonable detail and certified by a financial officer of the Buyer to have been prepared in conformity with the basis of accounting described above.

- (b) Seller. (i) The Seller will at all times maintain complete and accurate (in all material respects) books of account and records. The Seller will furnish, at the Seller's expense, as soon as available, and in any event within 90 days after the end of each fiscal year, complete audited financial statements of the Seller together with all notes thereto, prepared in accordance with generally accepted accounting principles, together with an unqualified opinion, based on an audit using generally accepted auditing standards, by one of the six largest nationally recognized firms of independent certified public accountants selected by the Seller, stating such financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Seller in conformity with the basis of accounting described above (the "Independent Accountant's Opinion"). The Independent Accountant's Opinion may not be a qualified, adverse or disclaimer of opinion as defined in Statement on Auditing Standards Number 58, nor contain explanatory language stating there is substantial doubt about the Seller's ability to continue as a going concern.
- (ii) The Seller will also furnish, at the Seller's expense, as soon as available, and in any event within 45 days after the end of the first semi-annual accounting period of each fiscal year, an unaudited financial report of the Seller as of the end of such semi-annual period, containing a balance sheet, statement of operations, and statement of cash-flows, all in reasonable detail and certified by a financial officer of the Seller to have been prepared in conformity with the basis of accounting described above.
- (c) Each party agrees to maintain any financial report, statement, and notes received pursuant to the provisions of paragraphs (a) and (b) above as confidential, unless and until such time as such information becomes public through other disclosure.

#### ARTICLE VI - TERM

6.1 This Agreement shall become effective upon its execution. Sales under this Agreement shall commence, if at all,

on June 1, 1995. Sales under this Agreement shall terminate on the date provided in Section 6.2 hereof.

6.2 Buyer and Seller agree that this Contract is entered into to provide service to Buyer only in the event that Riverside, under the Firm Gas Transportation Service Agreement between Buyer and Riverside of even date herewith ("Riverside I Agreement"), has not received the approvals provided for in Section 4.2(b) of the Riverside I Agreement on or before June 1, 1995, and, as a consequence, elects to defer the commencement date for service thereunder until such approvals are received. The parties agree that this Contract shall terminate and be of no further force and effect on the earlier of (i) receipt by Riverside of the approvals provided for in Section 4.2(b) of the Riverside I Agreement, or (ii) October 31, 2009, provided, however, that in such event the provisions of Section 4.4 hereof shall survive the termination of this Contract and shall remain in full force and effect thereafter until the recovery of any of the amounts paid by Buyer to Seller hereunder is no longer subject to regulatory review. If the approvals provided for in Section 4.2(b) of the Riverside I Agreement are received on or before June 1, 1995, this Contract shall terminate on such date and thereafter be void and of no further force and effect.

#### ARTICLE VII - NOTICES AND PAYMENT

7.1 Except as otherwise specifically provided herein, all communication hereunder shall be in writing and shall be sent by registered or certified mail, telegraph, facsimile or overnight courier or delivered in person to:

Seller:	Mid-Kansas Partnership 8325 Lenexa Drive, Suite 400 Lenexa, Kansas 66214 Telephone: (913) 888-7139 Telecopy: (913) 599-2573
Buyer:	Missouri Gas Energy, a division of Southern Union Company 504 Lavaca, Suite 800 Austin, Texas 78701 Attn: Gas Supply Telephone: (512) 370-8275 Telecopy: (512) 476-4966

or to such other address as a party shall designate by formal written notice. Notices shall be deemed to have been given when received.

7.2 The accounting month hereunder shall be the calendar month. Seller shall furnish to Buyer within ten (10) days after the end of each accounting month a statement of the charges computed pursuant to Article IV. Payments by Buyer to Seller

herein shall be made by Buyer no later than fifteen (15) days following receipt by Buyer of Seller's invoice each month for gas delivered during the preceding accounting month. A statement of the full details of Seller's measurement records at the Delivery Point hereunder shall be transmitted to Buyer when Seller submits its bill each month to Buyer. In the event Buyer in good faith disputes Seller's charges, Buyer may withhold from payment the amount in dispute until a resolution is reached. Any amount found to be properly charged shall be paid within five days thereafter, together with interest at the prevailing prime rate as published in the Wall Street Journal, from the original due date of such payment.

#### ARTICLE VIII - BREACH

8.1 Any breach of Sections 2.1, 2.2, 3.2 or 4.4 hereof, shall be deemed a material breach. In the event of a breach of any such provision, the non-breaching party shall receive from the breaching party as liquidated damages for such breach, the full amount of any and all costs incurred by the non-breaching party for alternate gas supplies, alternate gas transportation service, additional use of existing transportation services, or other direct or indirect expenses actually incurred and paid by or on behalf of the non-breaching party in covering such breach, and, in addition, reimbursement for any additional loss, cost or expense incurred by the non-breaching party as a consequence of such breach or related to any third party costs or claims against the non-breaching party arising out of such material breach by the breaching party (collectively, "Costs"). If, within any continuous five (5)-year period during the term of this Agreement, the breaching party has more than two (2) events which would be deemed a material breach under this provision, then (i) the non-breaching party will be entitled, upon the occurrence of each such subsequent breach, to recover from the breaching party twice the level of Costs incurred by the non-breaching party arising out of such breach, and, in addition (ii) in the case where the breaching party is Seller, the provisions of Section 4.3(c) hereof shall thereupon terminate and cease to be of any further force and effect, such that any further escalation of rates otherwise therein provided shall not occur.

8.2 In the event that any party believes that the other party is in breach of any of the other terms not set forth in Section 8.1 hereof for any reason, the party claiming such breach shall provide written notice of such purported breach describing such breach with particularity (in fact and in legal impact) and the purported breaching party shall be granted thirty (30) days from its actual receipt of such notice to cure said breach if it concurs that the acts or omissions described in the notice constitute a breach, or it may elect to provide a cure to the complaining party's contended breach even if the purported breaching party is of the belief that the facts or omissions described in the notice do not constitute a breach hereof, and if



so cured by the purported breaching party, the contended breach shall be deemed to have never occurred. In the event the parties cannot agree as to whether the acts or omissions described in the notice constitute a breach of the terms hereof, or the purported breaching party does not cure the alleged breach to the reasonable satisfaction of the complaining party within such thirty day period, then the complaining party shall have the right to seek all legal remedies set forth in Section 8.1, and in the event of the insufficiency of such remedies under the circumstances, then all other legal remedies available under the law.

#### ARTICLE IX - FORCE MAJEURE

9.1 The term "force majeure" as employed herein shall mean acts and events not within the control of the party claiming suspension and shall include act of God, strikes, lockouts or other industrial disturbances, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraint of rules and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or pipelines, and any other cause not within the control of the party claiming suspension and which, by the exercise of reasonable best efforts, such party is unable to overcome. It is understood and agreed, however, that the settlement of strikes, lockouts, or other labor disturbances shall be entirely within the discretion of the party having the difficulty, and that the above requirements that are force majeure shall be remedied with all reasonable dispatch, and shall not require the settlement of strike or lockouts by acceding to the demands of an opposing party when such course is inadvisable in the discretion of the party having the difficulty.

9.2 Such event of force majeure affecting the performance by either party shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use reasonable diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such event of force majeure relieve either party of liability otherwise unless such party shall give notice and full particulars of the same to the other party as soon as possible after the occurrence relied upon.

9.3 In the event that either Buyer or Seller is rendered unable by force majeure to carry out its obligations, either in whole or in part, under the provisions of this Contract, the obligations of the party affected by such force majeure, other than the obligation to make payments hereunder, shall be suspended during the continuance of any such event of force majeure but for no longer period, and such event of force majeure shall, so far as possible, be remedied with all reasonable dispatch.

9.4 For purposes of this Article IX, Seller shall not be permitted to claim any failure by any of the pipelines used by Seller to transport the gas to be sold hereunder to perform in such a manner as is necessary to enable Seller to meet its obligations to Buyer hereunder as an event of force majeure sufficient to excuse the suspension of Buyer's performance hereunder, except to the extent that the failure of such upstream pipeline to perform in such manner would be treated as an event of force majeure sufficient to justify the suspension of its performance in accordance with this Article IX.

#### ARTICLE X - ASSIGNMENT OF TRANSOK LEASE

10.1 On or after June 1, 1995 and upon the request of Seller and with the consent of Transok, Seller agrees to cause its affiliate KansOk Partnership, or its successors or assigns ("KansOk"), to assign to Buyer in a form mutually agreeable to both parties 43,893 MMBtu's of the capacity entitlements held by KansOk under the Transok Lease, subject to (i) Buyer assuming an identical allocation of the charges, obligations, restrictions and liabilities under said Transok Lease existing at the time of such assignment; (ii) Buyer indemnifying and holding Seller harmless from any and all causes of action, claims or liabilities of any kind, including reasonable attorney fees and reasonably foreseeable consequential damages, proximately caused by Buyer's failure to honor its obligations to Seller and Transok, Inc. by virtue of such an assignment to Buyer of such a portion of the Transok Lease; and (iii) KansOk receiving from Transok in a form and content which is acceptable to KansOk in its reasonable discretion, a full release and novation from and after the date such assignment shall become effective, from any and all claims, liabilities or obligations of any kind arising out of the portion of the capacity entitlements assigned to Buyer. After receiving such a request from Buyer, Seller will cause KansOk Partnership to seek written consent for such an assignment from Transok, Inc. within thirty (30) days of receiving such a request and shall keep Buyer reasonably informed regarding the status of Transok, Inc.'s responses to such a request. Seller shall cause KansOk to pursue the consent of Transok to such assignment in good faith and with due diligence, such that the assignment can be achieved as soon as practicable following the request of Buyer. Nothing herein, however, shall require Seller to accept any changes or modifications to the Transok Lease in order to obtain Transok, Inc.'s consent to such an assignment, nor shall Seller or KansOk be obligated to pursue any litigation against Transok in the event Transok fails to give its consent to any assignment requested hereunder. Buyer may request Seller to pursue and, upon such request, Seller shall cause KansOk to pursue, the assignment of the Transok Lease hereunder from time to time and at any subsequent times, should Transok not consent to such assignment when first requested.

10.2 Effective as of the date of any assignment made pursuant to Section 10.1 above, the rates then applicable pursuant to Article IV hereof and the amount of Fuel Gas reimbursed to Seller hereunder shall be reduced for the remaining term of this Contract by an amount equal to the amounts then being paid by KansOk to and retained by Transok with respect to that portion of the capacity being assigned to Buyer, plus, if such assignment occurs after June 1, 1998, any escalation of such rates made pursuant to Section 4.1(c) attributable to the amounts theretofore paid by Seller to Transok.

10.3 Simultaneous with the effective date of any assignment made pursuant to Section 10.1 hereof, Buyer shall become Seller's agent for the sole and exclusive purpose of acquiring such gas as is required by Seller to effect the sales to be made hereunder, which shall include: (i) the quantities of gas required by Buyer to be sold by Seller hereunder, plus (ii) the Fuel Gas required to be tendered by Seller to the pipelines used by Seller to transport the gas delivered hereunder. Buyer, as Seller's agent, shall arrange for all such gas to be purchased and received by Seller at the point of interconnection between the facilities of KansOk Partnership and Transok known as the "Pawnee Interconnect," as provided in the Transok Lease as in effect on February 1, 1995. Seller shall indemnify and hold Buyer harmless from any and all loss, cost or expense arising out of Buyer's acts undertaken as Seller's agent, except for those arising out of Buyer's negligence or wilful misconduct. Upon the termination of this Contract, Buyer shall either (i) assume for its own account all gas purchase contracts entered into by it as Seller's agent, or (ii) limit the term of all such gas purchase contracts such that they shall terminate as of the date of the termination of this Contract.

## ARTICLE XII - MISCELLANEOUS

11.1 This Contract and all disputes hereunder shall be governed by and construed and enforced in accordance with the laws of the State of Missouri, without regard to principles of conflict of laws. All actions or proceedings in any way, manner or respect arising out of or from or related to this Contract or any other agreement contemplated hereby shall be litigated if jurisdictional to such court, in the United States District Court for the Western District of Missouri, Western Division, and if not, in an appropriate Missouri state court with venue for Jackson County, Missouri. Buyer and Seller hereby consent and submit to the jurisdiction of such courts located within said state. Buyer and Seller hereby waive any right either may have to transfer or change the venue of any litigation brought with respect to this Agreement.

11.2 In the event the laws and/or regulations pertaining to the natural gas industry change so as to (i) result in a material

adverse effect on the financial condition, results or operations or business of either party hereto (a "Material Adverse Effect"), and (ii) such legal or regulatory change does not provide a remedy to alleviate the Material Adverse Effect, and (iii) the change was not a change known or reasonably foreseeable at the time this Contract was entered into, the party adversely affected by such Material Adverse Effect may request adjustments in this Contract to make it consistent with such changed circumstances. If either party gives notice to the other hereunder of a Material Adverse Effect affecting this Contract, Buyer and Seller shall negotiate in good faith in an effort to make adjustments in this Contract to make it consistent with such changed circumstances; provided, however, that neither party shall be obligated to agree upon the requested adjustments to this Contract if, after such good faith negotiations, such party determines in its sole discretion that such adjustments are not in its best interests. If the parties are not able to agree upon the requested adjustments after such good faith negotiations, this provision shall not serve to give any party any greater legal rights or remedies in law or equity against the other than it otherwise would have had absent this provision; rather, the parties' legal rights and obligations shall be the same as if this provision had not existed.

11.3 Seller and Buyer will have the right at all reasonable times, upon reasonable notice, to examine the books and records of the other party to the extent necessary to verify the accuracy of any computation or demand made on any statement, bill or invoice rendered under or pursuant to this Contract.

11.4 This Contract may be amended, modified or supplemented only by an instrument in writing executed by both parties.

11.5 Neither this Contract nor any right created hereby shall be assignable by either party hereto without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld; provided, however, that no consent shall be required for an assignment by either Seller or Buyer of this Contract in its entirety, to: (i) an entity that has the same beneficial owners as the assigning party, pursuant to a corporate reorganization by merger, consolidation or assignment and assumption agreement with that entity, provided that such entity obtains substantially all of the assets of, and at the effective time of such reorganization has a net worth no less than, the assigning party, or (ii) an entity that is controlled by the same person or group of persons that controls the assigning party.

11.6 If any provision of this Contract is held to be illegal, invalid or unenforceable under present or future terms effective during the term hereof, such provision shall be fully severable and this Contract shall be construed and enforced as if such illegal, invalid or unenforceable provision never comprised a part hereof; and the remaining provisions hereof shall remain

in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. In lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Contract, a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be reasonably possible and be legal, valid and enforceable.

11.7 The parties acknowledge that money damages may not be an adequate remedy for violations of this Contract and that any party may, in its sole discretion, apply to a court for specific performance or injunctive or such other relief as such court may deem just and proper in order to enforce this Agreement or prevent any violation hereof, and to the extent permitted by applicable law and to the extent the party seeking such relief would be entitled on the merits to obtain such relief, each party waives any objection to the imposition of such relief.

11.8 This Contract may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

11.9 Seller hereby warrants title to the gas delivered hereunder and the right of Seller to sell the same and agrees to defend the title against all persons whomsoever. Seller further warrants that all such gas is free from all liens and adverse claims, including liens to secure payment of production taxes, severance taxes and other taxes.

11.10 Except for taxes included in the costs of service of Seller and the upstream pipelines providing service in connection with this Contract and recovered in their rates, Seller and Buyer shall each pay all taxes of every kind assessed to or levied on it by any governmental body, without passthrough or contribution by the other.

11.11 Both Buyer and Seller shall utilize reasonable efforts to notify each other at least eight hours in advance of proposed changes to scheduled volumes.

IN WITNESS HEREOF, the parties hereto have caused this Contract to be executed and delivered by their duly authorized officers as of the day and year first set forth herein.

MID-KANSAS PARTNERSHIP

By: Syenergy Pipeline Partnership,  
its managing general partner

By: Bishop Pipeline Company, its  
general partner

WITNESS:

Jennifer L. Bacon  
Walter D. Dyer

By:

Mark H.A. Boldring  
Name: MARK H.A. Boldring  
Title: EXECUTIVE VICE PRESIDENT

MISSOURI GAS ENERGY, a division of  
Southern Union Company

WITNESS:

Arnold J. Emdin  
Robert L. Emdin

By:

Dennis M. Morgan  
Name: Dennis M. Morgan  
Title: Vice President

Schedule 4.3(b)

Current Rate Proceedings

<u>Rate Proceeding</u>	<u>Pipeline(s) Affected</u>
1. Kansas Corporation Commission Docket No. 190,362-U	Kansas Pipeline Partnership Kansas Natural Partnership
2. Federal Energy Regulatory Commission Docket No. RP94-3	KansOk Partnership

Schedule 4.4(b)

Example of Implementation  
of Sections 4.4(a) and (b)

Assume that, in year 5 of the Contract the Missouri Public Service Commission (the "Commission") denies Buyer the right to recover \$1 million annually of the amount paid to Seller in years 3 and 4 of the Contract.

(a) Seller shall fulfill its obligation to Buyer pursuant to Section 4.4(a) of the Contract by reducing its rates and charges to Buyer by \$1 million annually retroactive to the beginning of year 3. Seller shall pay the cumulative total of such retroactive reduction, plus interest, to Buyer at the times and in the same manner as Buyer is required to refund such amounts to its customers.

(b) Upon Buyer's receipt of the payment provided for in paragraph (a) above, the term of the Riverside I Agreement (the "Agreement") automatically shall be extended according to the following formula:

$$M = \frac{(A \div B)}{46,332 \text{ MMBtu's}}$$

where, M shall equal the number of months by which the term of the Agreement shall be extended;

A shall equal the cumulative amount as of the end of the otherwise applicable term of the Agreement which Seller has paid to Buyer pursuant to the terms of Section 4.4, plus interest; and

B shall equal the demand rate per MMBtu of Contract Demand in effect as of the last day of the otherwise applicable term of the Agreement.

(c) In calculating the interest to be applied to the amounts due Buyer under paragraph (a) above, and the amounts to be attributed to Seller pursuant to paragraph (b), factor "A", above, the rate shall be the rate required to be used from time to time by the Commission for refunds made by jurisdictional utilities, and the cumulative amount shall be determined by compounding the then-outstanding total of such amounts annually.

(d) In the event during any extension of the term of the Agreement provided for pursuant to Section 4.4 the Commission shall deny Buyer the right to recover any portion of the factor "B" rate used in the calculation made pursuant to paragraph (b) above, Seller shall be obligated to pay the disallowed amount to Buyer, and the term of the Agreement shall be extended further,



) )

in the same manner as if such denial had occurred during the otherwise applicable term of the Agreement.

Schedule 4.4(c)  
to  
Firm Gas Transportation Service Agreement

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is made effective as of the first day of June, 1995, among MISSOURI GAS ENERGY, a division of Southern Union Company, a Delaware corporation (the "Buyer"), MID-KANSAS PARTNERSHIP,, a Kansas limited partnership (the "Seller"), and Boatmen's First National Bank of Kansas City, N.A., as escrow agent and as collateral agent (in such capacities, the "Escrow Agent").

RECITALS:

WHEREAS, the Buyer and the Seller are parties to a Firm Gas Purchase Contract dated \_\_\_\_\_ (as amended, supplemented, extended, replaced or otherwise modified from time to time, the "Contract"); and

WHEREAS, it is a requirement of the Contract that the Buyer and the Seller enter into this Agreement;

NOW THEREFORE, for valuable consideration hereby acknowledged, the parties hereto agree as follows:

1. Appointment of Escrow Agent and Collateral Agent. The Buyer and the Seller hereby appoint the Escrow Agent as escrow agent with respect to all funds, and earnings thereon, deposited with the Escrow Agent pursuant to this Agreement (the "Escrow Funds"). The Buyer and the Seller each hereby appoint the Escrow Agent as its collateral agent for purposes of perfection of the security interest granted under Section 5 hereof. The Escrow Agent hereby accepts its appointment as escrow agent and as collateral agent.

2. Deposit of Escrow Funds. If at any time any regulatory authority having jurisdiction over Buyer (a "Regulatory Authority") denies Buyer the right to recover any amount paid by the Buyer to the Seller under the Contract (such right herein referred to as "Pass Through Authority"), immediately upon receipt of notification from the Buyer of such denial, the Seller shall deposit into an account established with the Escrow Agent and subject to the control of the Escrow Agent (the "Escrow Account") funds in an amount equal to the amount Seller would be required to refund to the Buyer for the period extending from the end of the period which the Buyer was denied Pass Through Authority to the then-current date, as if the same denial of Pass Through Authority (in terms of dollars ordered to be refunded) as

was ordered for the previous period is ordered for the immediately succeeding period. In addition, until the applicable Regulatory Authority next allows or denies the Buyer Pass Through Authority, on each date that the Buyer pays the Seller for gas service under the Contract, a portion of such payment equal to that portion of the prior payment denied Pass Through Authority (in terms of dollars ordered to be refunded) shall be deposited with the Escrow Agent. The Escrow Funds shall be held, invested and disbursed by the Escrow Agent in accordance with the terms of this Agreement. The Escrow Agent shall acknowledge its receipt of such funds by written notice to the Seller and the Buyer.

3. Investment of Escrow Funds. The Escrow Funds shall be invested in accordance with the written directions (or oral directions immediately confirmed in writing) of the undersigned representative of the Buyer (or any other person designated in writing to the Escrow Agent by the Buyer) in one or more of the following investments: (a) investments which are direct obligations of or are fully guaranteed by the United States or its agencies, and which mature within 30 days, (b) certificates of deposit issued by national banks (including the Escrow Agent), which are fully insured by the Federal Deposit Insurance Corporation and mature within 30 days, (c) fully collateralized direct repurchase agreements secured by the government investments described in clause (a) above which are pledged with the Escrow Agent or with a third party bank or securities dealer, and which agreements mature within 30 days, or (d) an SEC-registered, no-load money market mutual fund with a dollar-weighted average portfolio maturity of 120 days or less whose assets consist exclusively of the investments described in clauses (a) and (c) above and whose investment objectives include seeking to maintain a stable net asset value of \$1 per share. The term "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and then sell back at a future date, the government obligations described in clause (a) above, in market value of not less than the principal amount of the funds disbursed, and includes direct security repurchase agreements and reverse security repurchase agreements. The Buyer agrees with the Seller that the Buyer shall keep the Escrow Funds fully invested at all times. The Escrow Agent shall have no responsibility for any investments made in accordance with the foregoing or for keeping the Escrow Funds fully invested at all times.

4. Disbursement of Escrow Funds. Upon the determination by the applicable Regulatory Authority regarding the Pass Through Authority for the Buyer for the period immediately succeeding the period for which the Buyer was denied Pass Through Authority, the Escrow Funds shall be disbursed by the Escrow Agent as follows: (a) if the Regulatory Authority again denies the Buyer Pass Through Authority, upon receipt by the Escrow Agent of written notification from the Buyer of such denial, together with a copy of the Regulatory Authority's decision, Escrow Funds in an amount required to reimburse the Buyer for such denial, with interest at

the rate provided in paragraph (c) of Schedule 4.4(b) of the Contract, shall be paid to the Buyer and any Escrow Funds applicable to such period remaining thereafter shall be paid to the Seller; and (b) if the Regulatory Authority does not deny the Buyer Pass Through Authority, upon receipt by the Escrow Agent of written notification thereof from the Buyer, together with a copy of the Regulatory Authority's decision, the Escrow Funds shall be paid to the Seller. The Escrow Agent shall verify the signature of each person signing a notice under this Section, by comparison with the signature of such person in the signature blocks of this Agreement or on an incumbency certificate hereafter delivered. Payment to any party shall be made in the manner and to the address specified by such party at such time.

5. Grant of Security Interest. It is the intent of the parties hereto to create a true escrow account. To the extent such escrow account is ever deemed to be property of the Buyer or Seller, notwithstanding this Agreement, for value received, the party who is deemed to own the escrow account grants to the other a security interest in the Escrow Account and the Escrow Funds and all moneys, instruments, checks, investments and items of any kind held by the Escrow Agent from time to time with respect to the Escrow Account and the Escrow Funds, together with all rights related thereto and other property to which such party may become entitled by reason of ownership thereof, and proceeds, earnings and distributions relating thereto (collectively, the "Collateral"). The Collateral and security interest hereby granted shall secure payment of any amount owed by the party who is deemed to own the escrow account to the other together with interest thereon (the "Obligations"). All costs and expenses, including reasonable attorneys' fees, incurred or paid by the party who is not deemed to own the escrow account in exercising or enforcing any right or remedy in connection with this Agreement shall become part of the Obligations, and shall be secured hereby. Each party shall execute any documents, instruments, financing statements and notices and take any action required to effect the delivery and transfer of the Collateral and to evidence or perfect the security interest hereby given. Each of the following constitutes a default hereunder: (a) a default in the payment of either party's obligations under the Contract, (b) a petition or complaint in bankruptcy or for arrangement or reorganization or for relief under any insolvency law is filed by or against either party, or in the case of Seller, the general partner, (c) either party admits its inability to pay its debts as they mature, and (d) a receiver is appointed for either party. During the continuance of any default, at the option of the non-defaulting party and without demand or notice, the non-defaulting party shall have all rights and remedies available by law, in equity or under any agreements, and the non-defaulting party may demand immediate payment of all Obligations. All rights and remedies of either party under this Agreement or otherwise shall be cumulative of all other rights and remedies available to such party.

6. The Escrow Agent. The Buyer and the Seller agree that the following provisions shall control with respect to the rights, duties and liabilities of the Escrow Agent:

(a) The Escrow Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement. No implied obligations shall be read into this Agreement against the Escrow Agent.

(b) No provision of this Agreement shall require the Escrow Agent to expend or risk its funds or otherwise incur any financial liability in the performance of any of its duties, rights or powers hereunder, if it shall have reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) The Escrow Agent acts hereunder as a depository only, and is not responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of any documents delivered to it hereunder, or for the form or execution thereof, or for the identity or authority of any person delivering the same. The Escrow Agent may rely and shall be protected in acting upon any written notice, request, waiver, consent, certificate, receipt, authorization, power of attorney, or other paper or document which the Escrow Agent in good faith, and following the exercise of due diligence, believes to be genuine and to have been signed or presented by the proper person(s).

(d) The Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of any provision hereof or the Escrow Agent's duties hereunder, and it shall be fully protected in acting in accordance with the opinion and instructions of such counsel.

(e) The Escrow Agent is not a party to, and is not bound by, or charged with notice of, the Contract or any other agreement out of which this escrow may arise, nor any default or breach thereunder.

(f) If the Escrow Funds include a check, draft or other order for the payment of money, the Escrow Agent shall deposit any such item for collection in accordance with prevailing bank practices. The Escrow Agent shall not be accountable for the proceeds of such item until they are received by the Escrow Agent in finally collected funds.

(g) In the event of any disagreement among the Buyer, the Seller, and/or any other person resulting in adverse claims or demands being made with respect to the Escrow Funds, the Escrow Agent may, at its option, file an interpleader action or refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues.

In such event, the Escrow Agent shall not be liable in any way for its failure to act, and shall be entitled to continue to refrain from acting until (i) the rights of all parties shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjusted and all doubt resolved by agreement among all of the interested persons, and the Escrow Agent shall have been notified thereof in writing signed by all such persons.

(h) If the Escrow Agent becomes involved in any dispute, demand, claim or litigation with respect to the Escrow Funds, the Buyer and the Seller agree to indemnify and save the Escrow Agent harmless from all suits, claims, losses, costs, damages, expenses and attorney's fees suffered or incurred by the Escrow Agent as a result thereof, except any of the foregoing resulting from the negligence or misconduct of the Escrow Agent.

(i) Any fee charged by the Escrow Agent for its services hereunder shall be paid in accordance with its standard published fee schedule. The Buyer and the Seller shall each pay one-half of any such fee.

(j) The Escrow Agent may resign at any time by giving 30 days written notice to the Buyer and the Seller. Upon such resignation, the Escrow Agent shall deliver the Escrow Funds upon the joint written instructions of the Buyer and the Seller.

(k) Provided, however, that nothing herein shall be construed as a release by either party of a claim it may have regarding the escrowed funds by virtue of an act or omission of the Escrow Agent.

7. Termination. Upon the earlier of (a) resignation of the Escrow Agent as provided in Section 6(j) hereof, or (b) five years from the date of termination of the Contract if no Regulatory Authority has denied the Buyer Pass Through Authority during such time, this Agreement shall terminate, and the Escrow Agent shall be discharged from all duties and liabilities hereunder.

8. Notices. All notices and other communications hereunder shall be sent or delivered to the applicable party at its address set forth below (or such other address specified by the party in writing to the other parties), and shall be effective only upon the actual receipt thereof.

9. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. In making proof hereof, it shall not be necessary to produce or account for any counterpart other than one signed by the party against which enforcement is sought.

10. Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. No party hereto may assign, transfer or hypothecate any of its rights or interests hereunder without the written consent of the other parties; provided, however, that no consent shall be required for an assignment by either Seller or Buyer of this Agreement in its entirety, to: (i) an entity that has the same beneficial owners as the assigning Party, pursuant to a corporate reorganization by merger, consolidation or assignment and assumption agreement with that entity, provided that such entity obtains substantially all of the assets of, and at the effective time of such reorganization has net worth no less than, the assigning Party, or (ii) an entity that is controlled by the same person or group of persons that controls the assigning Party; and provided, further, that the Escrow Agent may resign as provided in Section 6(j) hereof.

11. This Agreement and all disputes hereunder shall be governed by and construed and enforced in accordance with the laws of the State of Missouri, without regard to principles of conflict of laws. All actions or proceedings in any way, manner or respect arising out of or from or related to this Agreement or any other agreement contemplated hereby shall be litigated if jurisdictional to such court, in the United States District Court for the Western District of Missouri, Western Division, and if not, in an appropriate Missouri state court with venue for Jackson County, Missouri. Transporter and Shipper hereby consent and submit to the jurisdiction of such courts located within said state. Transporter and Shipper hereby waive any right either may have to transfer or change the venue of any litigation brought with respect to this Agreement.

IN WITNESS WHEREOF, this Escrow Agreement is executed as of the date first set forth above.

Address:

Missouri Gas Energy, a  
division of Southern Union  
Company  
504 Lavaca, Suite 800  
Austin, Texas 78701  
Attn: Gas Supply  
Telephone: (512) 370-8275  
Telecopy: (512) 476-4966

MISSOURI GAS ENERGY, a division  
of Southern Union Company

By: \_\_\_\_\_

Name:

Title:

MID-KANSAS PARTNERSHIP

By: Syenergy Pipeline Partnership,  
its managing general partner

By: Bishop Pipeline Company, its  
general partner

Address:

Mid-Kansas Partnership  
8325 Lenexa Drive, Suite 400  
Lenexa, Kansas 66214  
Telephone: (913) 888-7139  
Telecopy: (913) 599-2573

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

BOATMEN'S FIRST NATIONAL BANK OF  
KANSAS CITY, N.A.

Address:

\_\_\_\_\_

Attn: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_



## FIRST AMENDMENT TO GAS PURCHASE CONTRACT

THIS AGREEMENT is made this 10th day of July, 1995, by and between MISSOURI GAS ENERGY, a division of Southern Union company, a Delaware corporation ("Buyer") and MID-KANSAS PARTNERSHIP, a Kansas partnership ("Seller").

WHEREAS, Seller and Buyer have executed a certain firm gas purchase contract dated February 24, 1995, captioned Mid-Kansas II (Interim) Firm Gas Purchase Contract, (the "Original Agreement") whereby Buyer agreed to purchase and Seller agreed to sell certain volumes of natural gas; and

WHEREAS, Seller and Buyer desire to amend the Original Agreement by executing this First Amendment to Gas Purchase Contract (the "First Amendment").

NOW, THEREFORE, in consideration of Ten Dollars and other good and valuable consideration and the mutual agreements stated herein, Buyer and Seller agree as follows:

1. **Amendment to Section 4.2(a)(i)**. Section 4.2(a)(i) of the Original Agreement is hereby deleted in its entirety and the following provision is substituted therefor:

"(i) for all quantities of gas purchased by Buyer hereunder during a given month within the quantities which Buyer nominates for delivery hereunder prior to the first of such month, the sum of: (A) one hundred five percent (105%) of the index price published in the first publication of such month of Gas Daily Price Guide as the Intrastate Price Index for Oklahoma deliveries to Transok, Inc. (Non-Fuser); plus (B) the cost of transportation as specified in Section 4.3 hereof; plus (C) reimbursement for the cost of Fuel Gas incurred by Seller in transporting the supplies hereunder, calculated at the quantities for Fuel Gas set forth in Section 1.1(d) hereof and at the cost of gas set forth in subparagraph (A) above; and"

2. **Effective Date of Amendment**. The price index revision made herein shall be effective for deliveries made on and after June 1, 1995.

3. **No Impairment**. Except as expressly amended in this First Amendment, the terms of the Original Agreement shall continue in full force and effect and are fully incorporated herein by reference thereto:

EXECUTED on the dates indicated below, to be effective June 1, 1995.

**MISSOURI GAS ENERGY**, a division of  
Southern Union Company, a  
Delaware corporation

By:



Name: Michael T. Langston

Title: Vice President

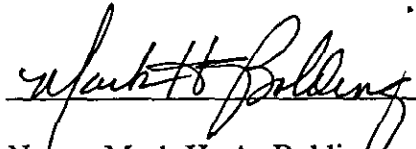
*del sm*

**MID-KANSAS PARTNERSHIP**, a Kansas  
partnership

By: Syenergy Pipeline Company, L. P., a Kansas  
limited partnership, Managing General  
Partner

By: Bishop Pipeline Company, General Partner

By:



Name: Mark H. A. Bolding

Title: Executive Vice President

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 11th  
day of June, 1996.

In the Matter of Gas Service, a Western Resources     )  
Company, Tariff Sheets Reflecting PGA Changes to     ) Case No. GR-94-101  
be Reviewed in the Company's 1993-1994 Actual Cost     )  
Adjustment.     )

In the Matter of Missouri Gas Energy's Tariff     )  
Sheets Reflecting PGA Changes to be Reviewed in     ) Case No. GR-94-228  
the Company's 1993-1994 Actual Cost Adjustment.     )  
   )

**ORDER APPROVING STIPULATIONS AND AGREEMENTS**

These cases were established for the purpose of receiving the Western Resources, Inc. (WRI) annual cost adjustment (ACA) filing for the 1993-94 adjustment period, extending from July 1, 1993, through February 1, 1994, and the Missouri Gas Energy (MGE) filing for the February 1, 1994, through June 30, 1994 portion of the 1993-94 period. MGE is a successor in interest to WRI, having undertaken the operation of the instant service area, excluding the Palmyra District, on February 1, 1994.

As the result of extensive negotiations between the parties, two Stipulations And Agreements were filed in this case, at separate times. Stipulation And Agreement #1, styled as "Unanimous Stipulation And Agreement," was filed on December 14, 1995, and purported to settle three of the five issues raised by the Staff in this litigation. Stipulation And Agreement #2, styled "Stipulation And Agreement," was filed on May 2, 1996, and purports to settle a fourth issue. The remaining issue of the five original issues was fully litigated on May 6 and 7, 1996, and will be

finally submitted to the Commission for decision with the filing of reply briefs on June 28, 1996.

The five issues raised in this case, as set out by the parties in Stipulation And Agreement #1, are:

1. Assignment of Gas Supply Contracts;
2. Storage Inventory;
3. Take or Pay Account;
4. Mid-Kansas Partnership and Riverside Pipeline Company (Mid-Kansas/Riverside) Gas Supply Contract; and
5. OXY Petroleum Gas Supply Contract.

Stipulation And Agreement #1 deals with the first three of these issues.

### **Stipulation And Agreement #1**

All parties to this matter were signatories to this agreement except intervenor Midwest Gas Users Association (MGUA). Stipulation And Agreement #1 is incorporated in this order as Attachment A.

In regard to the "Assignment of Gas Supply Contracts" issue, the Staff states, in paragraph B.2., that, as a result of the Commission's decision in Case No. GR-93-140, the proposed adjustment is not applicable and that the proposed adjustment will not be reflected in this decision.

In regard to the "Storage Inventory" issue, the Staff states that the settlement of this issue reflects the Staff's position that storage reservation charges should be treated as current gas cost expense rather than being included in the storage inventory balance. As a result, MGE has agreed to increase its recovery balance in Case No. GR-95-82 and simultaneously decrease its Williams Natural Gas Company (WNG) storage inventory balance in the amount of \$1,067.066.20.

In regard to the issue styled "Take or Pay Account," the Staff has proposed two adjustments. The first adjustment concerns the allocation

of WNG take or pay refunds and charges, and the second concerns an alleged error in the take or pay revenue recovery reported by MGE for the month of February 1994. After examination of the billings and refunds under applicable Federal Energy Regulatory Commission (FERC) dockets, the Staff agrees to withdraw its recommendation that the WNG take or pay charges be based on an allocation to MGE of 53.77 percent. MGE has also agreed to include an additional \$56,299.80 as part of the beginning balance in its take or pay account for Case No. GR-95-82, settling the Staff's second concern.

After review of Stipulation And Agreement #1, and as a result of the operation of rule 4 CSR 240-2.115, the Commission considers Stipulation And Agreement #1 to be, in effect, unanimous.

The Commission has reviewed Stipulation And Agreement #1 and finds that no evidentiary hearing is necessary in this matter. The Commission finds Stipulation And Agreement #1 to be reasonable and in the public interest, and will approve the Stipulation And Agreement.

### **Stipulation And Agreement #2**

On May 2, 1996, Stipulation And Agreement #2 was filed, signed by all parties except WNG and MGUA. MGUA and WNG have preserved a constitutional issue on the record in this matter involving the legality of the purchase gas adjustment (PGA) mechanism and, likewise, acceded to this stipulation without signature. In addition, in the on-the-record portion of this proceeding, both parties were given the opportunity to state their positions. In accordance with Commission rule 4 CSR 240-2.115, the Commission considers Stipulation And Agreement #2 to be unanimous in regard to the issue settled therein.

The heart of Stipulation And Agreement #2 is contained in paragraphs 5 through 8 of Attachment B, and purports to settle the issue styled "Mid-Kansas/Riverside Gas Supply Contracts." For purposes of this order, a brief summary of those settled matters will suffice.

In paragraph 5 the parties agree that various contracts, including the Mid-Kansas/Riverside-WRI sales agreement and a series of contracts referred to as the "Missouri Agreements" and detailed in Attachment B, paragraph 4, A through D, will not be subject to any further prudence review, and will not be subject to review of transportation rates and commodity costs until the annual audit period commencing July 1, 1996. The Missouri Agreements will be subject to compliance, operational review, and balance adjustment after July 1, 1994.

Continuing with paragraph 5, the parties request the Commission issue an order stating that the transportation rates and gas (commodity) costs charged pursuant to the Missouri Agreements shall not be disallowed for prudence reasons in this case and in Case Nos. GR-94-101, GR-94-227, GR-94-228, GR-95-82, and GR-96-78. The parties also provide for the settlement of Case No. GR-93-140, currently on appeal.

The Commission finds the settlement of issues in the Stipulations and Agreements, together with the settlement of multiple pending cases, to be appropriate for several reasons. The Commission is of the opinion that settlement of transitional contracts favoring the ratepayers, as in this case, are clearly in the public interest. Further, substantial and expensive litigation has been avoided, and MGE may now move forward in the administration of its incentive plan.

Paragraph 6 provides for payment by WRI and Mid-Kansas/Riverside in the total amount of \$4,000,000.00, to be paid as specified in paragraph 7. The agreement provides for payment by WRI of \$1,150,000.00

and payment by Mid-Kansas/Riverside of \$2,850,000.00, all except \$7,500.00 of which will be paid to MGE at various intervals, as specified in paragraph 7. MGE agrees to credit these payments to its ratepayers through the PGA mechanism or the functional equivalent at the time.

Paragraph 8 specifies the mechanics and treatment of the agreed-upon payments.

After review of Stipulation And Agreement #2, and as a result of the operation of rule 4 CSR 240-2.115, the Commission considers Stipulation And Agreement #2 to be, in effect, unanimous. The Commission finds the agreement to be reasonable and in the public interest and will approve the agreement.

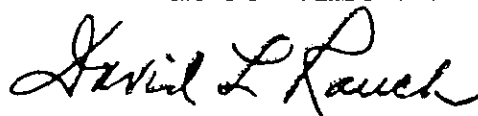
The Commission incorporates the contents of both Stipulation And Agreement #1 and Stipulation And Agreement #2 into this order as if fully set out.

**IT IS THEREFORE ORDERED:**

1. That the Stipulations And Agreements set out as Attachments A and B to this order are hereby approved.
2. That this order shall become effective on the 21st day of June, 1996.

( S E A L )

BY THE COMMISSION



David L. Rauch  
Executive Secretary

Zobrist, Chm., McClure,  
Kincheloe and Drainer, CC.,  
concur.  
Crumpton, C., absent.

ALJ: Derque.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the matter of Gas Service, a Western )  
Resources Company, tariff sheets reflecting )  
PGA changes to be reviewed in the )  
Company's 1993-1994 Actual Cost )  
Adjustment. )

Case No. GR-94-101

In the matter of Missouri Gas Energy's )  
tariff sheets reflecting PGA changes to )  
be reviewed in the Company's 1993-1994 )  
Actual Cost Adjustment. )

Case No. GR-94-228

**FILED**

DEC 14 1993

MISSOURI  
PUBLIC SERVICE COMMISSION

UNANIMOUS STIPULATION AND AGREEMENT

As a result of discussions among the parties hereto, the undersigned parties hereby submit to the Missouri Public Service Commission ("Commission") for its consideration and approval the following stipulation and agreement which completely resolves the identified issues and thus is a partial settlement of this proceeding.

A. Procedural History

1. Case No. GR-94-228 was established upon the closing of Western Resources Inc.'s (WRI) sale of its Missouri properties, excluding the Palmyra area, to Southern Union Company which does business in Missouri as Missouri Gas Energy (MGE). That case deals with the Actual Cost Adjustment period of February 1, 1994 through June 30, 1994 for MGE. It commences on July 1, 1993, however costs for the period July 1, 1993 through January 31, 1994 relate to WRI because that is the date of the closing between WRI and MGE. Case No. GR-24-228 does not cover the ACA for the former Palmyra, Missouri area of WRI because MGE did not



acquire those properties.

2. On July 22, 1994, Midwest Gas Users Association ("Midwest") was granted intervention by the Commission.

3. On June 1, 1995, the Commission granted intervention to Williams Natural Gas Company ("WNG") and granted a request to delay the filing of the Staff recommendation until June 16, 1995.

4. On June 14, 1995, WNG filed a motion to "declassify" documents supplied to WNG in discovery. On June 21, 1995, MGE filed a response. By Order dated June 28, 1995, the Commission overruled WNG's motion for declassification of documents.

5. On June 16, 1995, the Staff filed a Recommendation jointly in Case No. GR-94-228 and in Case No. GR-94-101. Case No. GR-94-101 was established by the Commission to track the PGA filings of WRI for the July 1, 1993 through June 30, 1994 time period. However, since WRI sold the majority of its Missouri properties to MGE as of February 1, 1994, and the remainder to United Cities Gas Company as of March 1, 1994, the time period for Case No. GR-94-101 effectively stops on February 28, 1994. Case Nos. GR-94-227 for United Cities and Case No. GR-94-228 for MGE are designed to cover the respective "stub" periods for the remainder of what would have been the 1993-1994 ACA year in Case No. GR-94-101.

6. On August 15, Riverside Pipeline Company (Riverside) and Mid-Kansas Partnership (Mid-Kansas) filed a joint application to intervene in Case No. GR-94-228, which application was granted by order dated September 19, 1995.

7. The Staff recommendation of June 16, 1995, included five sections with proposed adjustments identified as follows:

Assignment of Gas Supply Contracts  
Gas Procurement Contracting Process  
Mid-Kansas/Riverside Gas Supply  
Storage Inventory  
Take or Pay Account

8. This Stipulation and Agreement addresses the complete resolution of the first, fourth and fifth issue identified above.

**B. Stipulation and Agreement**

1. As a result of discussions at the prehearing conferences and at other times, the undersigned parties stipulate and agree as follows:

2. All parties except Mid-Kansas/Riverside and Midwest agree that the issue raised by Staff under the section entitled "Assignment of Gas Supply Contracts" regarding the appropriate Missouri allocation factor to utilize for ratemaking purposes for the Wyoming Tight Sands gas supply contracts was resolved by the Commission's Report and Order in Case No. GR-93-140 and would not be affected by any party's appeal of that decision. Therefore, as a result of the Report and Order in Case No. GR-93-140, the Staff agrees that its proposed adjustment for this issue is not applicable and that the final resolution of these dockets shall not reflect the proposed Staff disallowance under the section entitled "Assignment of Gas Supply Contracts".

3. With regard to the section entitled "Storage Inventory", all parties except Mid-Kansas/Riverside and Midwest acknowledge that MGE will increase its ACA recovery balance in Case No. GR-95-82 and simultaneously decrease its Williams Natural Gas Company ("WNG") storage inventory balance by \$1,067,066.20. These offsetting adjustments reflect Staff's proposal that storage reservation charges should be treated as current gas cost expense rather than included in the storage inventory balance. In regard to the storage inventory on Panhandle Eastern Pipe

Line Company ("PEPL"), further information has been reviewed subsequent to the Staff Recommendation and all parties except Mid-Kansas/Riverside and Midwest conclude that no adjustments are necessary to reflect the proper storage inventory balance for PEPL. Compliance with the above-mentioned adjustments to the ACA recovery balance in Case No. GR-95-82 and WNG storage inventory resolves the concerns raised by Staff under the section entitled "Storage Inventory".

4. Staff proposed two adjustments in the Staff recommendation under the section entitled "Take or Pay Account." The first proposed adjustment concerns the allocation of WNG Take Or Pay (TOP) refunds and charges assuming either a 53.77 or 54.14 percent Missouri allocation factor. The second proposed adjustment concerns an alleged error in the TOP revenue recovery reported by MGE for the month of February 1994.

a) With regard to the allocation percentages of WNG TOP costs, interested parties have reviewed the billings and refunds under applicable FERC dockets and as a result all parties except Mid-Kansas/Riverside and Midwest agree that the payments and allocations have been booked according to applicable FERC orders. The Staff accordingly withdraws its recommendation that WNG TOP charges be based on an allocation to MGE of 53.77 percent.

b) The alleged error in TOP revenue recovery for the month of February, 1994 was reflected in the post-closing true-up between MGE and WRI pursuant to the Purchase and Sale Agreement. The post-closing true up was not provided to the Staff until after the filing of the ACA reconciliation in this case. MGE agrees to include an additional \$56,299.80 as a part of the beginning balance in the TOP account for Case No. GR-95-82. All parties except Mid-Kansas/Riverside and Midwest acknowledge that including an additional \$56,299.80 in TOP

revenue recovery in Case No. GR-95-82 resolves the concerns raised by Staff under the section entitled "Take or Pay Account".

c) With regard to the issue of Take or Pay Account, it is agreed that this Stipulation and Agreement resolves only the difference between Staff and MGE or WRI or both, as the same is reflected in the Staff's recommendation, and that nothing in this Stipulation and Agreement addresses or constitutes an admission by any party regarding the justness, lawfulness or reasonableness of the use of the PGA/ACA mechanism to charge take or pay costs to transportation customers or the lawfulness, justness or reasonableness of the PGA/ACA process itself.

5. All parties except Mid-Kansas/Riverside and Midwest agree that while this document completely resolves the issues identified in the Staff Recommendation as to the sections entitled "Assignment of Gas Supply Contracts", "Storage Inventory" and "Take or Pay Account" ("the three settled issues"), it in no way affects or resolves the issues identified as "Gas Procurement Contracting Process" or "Mid-Kansas/Riverside Gas Supply".

6. While Mid-Kansas/Riverside and Midwest do not have specific knowledge of the issues raised in paragraphs numbered B1. through B5. above, neither has objection to the settlement of those issues as set out herein.

7. All parties agree that except to the extent specified herein, none of the signatories shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost determination or allocation underlying or allegedly underlying this Stipulation and Agreement.

8. All parties agree that this Stipulation and Agreement has resulted from extensive

negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Stipulation and Agreement in total, this Stipulation and Agreement shall be void and no signatory shall be bound by any of the provisions hereof.

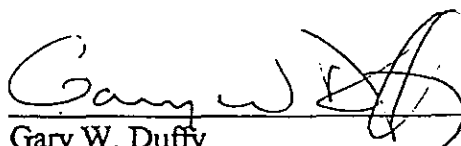
9. All parties agree that in the event the Commission accepts the Stipulation and Agreement, with respect to the three settled issues the signatories waive their respective rights to cross-examine witnesses and to present oral arguments and written briefs pursuant to section 536.080.1 RSMo 1994; their respective rights to the reading of a transcript by the Commission pursuant to Section 536.080.2 RSMo 1994; and their respective rights to judicial review pursuant to section 386.510 RSMo 1994. This waiver applies only to the three settled issues and does not apply to any other matters in these proceedings or to matters which may be raised in any other Commission proceeding.

10. This Stipulation and Agreement represents a negotiated settlement. Except as specified herein, the signatories to this Stipulation and Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation and Agreement: (a) in any future proceeding; (b) in any proceeding currently on appeal or pending under a separate docket; or (c) in these proceedings should the Commission decide not to approve this Stipulation and Agreement or in any way condition its approval of same.

11. All parties agree that at the Commission's request, the Staff shall have the right to submit to the Commission, in confidential memorandum or oral briefing form, an explanation of its rationale for entering into this Stipulation and Agreement, and to provide to the Commission whatever further explanation the Commission requests. The Staff's confidential memorandum or briefing shall not become part of the record in this proceeding and shall not bind or prejudice the

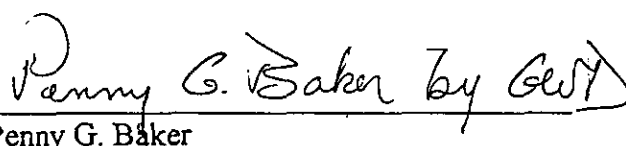
Staff in any future proceeding. In the event the Commission does not approve this Stipulation and Agreement, the Staff's confidential memorandum or briefing shall not bind or prejudice the Staff in this proceeding. Any rationales advanced by the Staff in such a confidential memorandum or briefing are its own and are not acquiesced in or otherwise adopted by the other signatories.

Respectfully submitted,




Gary W. Duffy  
Brydon, Swearingen & England P.C.  
P.O. Box 456  
312 East Capitol Avenue  
Jefferson City, Missouri 65102

Attorneys for Missouri Gas Energy



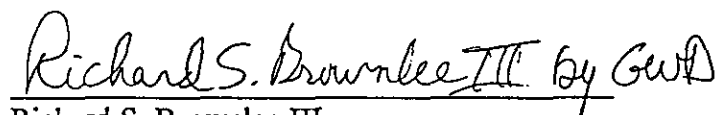
Penny G. Baker  
Deputy General Counsel  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, Missouri 65102

Attorneys for the Staff of the Missouri  
Public Service Commission



Stuart W. Conrad  
Finnegan, Conrad & Peterson  
1209 Penntower Office Center  
3100 Broadway  
Kansas City, Missouri 64111

Attorney for Midwest Gas Users Assn.



Richard S. Brownlee III  
Hendren & Andrae  
235 East High Street  
P.O. Box 1069  
Jefferson City, MO 65102

Attorney for Williams Natural Gas Company

J. Michael Peters by GWT

J. Michael Peters  
Legal Department  
Western Resources, Inc.  
818 Kansas Avenue  
Topeka, KS 66601

Attorney for Western Resources, Inc.

Richard W. French by GWT

Richard W. French  
French & Stewart Law Offices  
1001 Cherry Street, Ste. 302  
Columbia, Missouri 65201

Attorney for Mid-Kansas Partnership and  
Riverside Pipeline Company, L.P.

Douglas E. Micheel by GWT

Douglas E. Micheel  
Senior Public Counsel  
Office of the Public Counsel  
Harry S Truman Building - Suite 250  
P.O. Box 7800  
Jefferson City, MO 65102

Attorney for the Office of the Public Counsel

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

In the matter of Gas Service, a Western Resources )  
Company, tariff sheets reflecting PGA changes to )  
be reviewed in the Company's 1993-1994 Actual )  
Cost Adjustment )

Case No. GR-94-101

In the matter of Missouri Gas Energy's tariff )  
revisions for the former Gas Service area )  
(exclusive of the Palmyra area) to be reviewed )  
in the Actual Cost Adjustment for the period )  
February 1, 1994 through June 30, 1994 )

Case No. GR-94-228

FILED  
MAY 2 - 1996  
MISSOURI  
PUBLIC SERVICE COMMISSION

**STIPULATION AND AGREEMENT**

Come now: (1) Western Resources Inc., f/k/a Gas Service Company ("WR"); (2) Missouri Gas Energy, a Division of Southern Union Company ("MGE"); (3) Riverside Pipeline Company, L.P. ("Riverside"); (4) Mid-Kansas Partnership ("MKP"); (5) the Staff of the Public Service Commission of Missouri ("Staff"); and (6) the Office of Public Counsel ("Public Counsel") (collectively the "Signatories") and enter into this Stipulation and Agreement ("Stipulation") by which they stipulate, agree, resolve, compromise and settle the matters set forth below as follows:

1. In Case No. GR-93-140 (covering the ACA period of July 1, 1992 through June 30, 1993) before the Public Service Commission of Missouri ("Commission"), Staff issued its recommendation on April 29, 1994 and the Commission held hearings related thereto on February 2 through February 3, 1995. On July 14, 1995, the Commission issued its Report and Order ("Report and Order"). On July 24, 1995, WR, MGE, Riverside and MKP filed Applications for Rehearing of the Commission's Report and Order. On September 18, 1995, the Commission denied the Applications for Rehearing. On September 29, 1995 Riverside/MKP and WR (on October 2,



1995) filed Petitions for Writ of Review respectively. On October 10, 1995, the Circuit Court of Cole County, Missouri issued a Stay of the Report and Order . MGUA also filed a Petition for Writ of Review. The appeals have been consolidated, briefs filed and the cases are pending in the Circuit Court of Cole County, Missouri as Case Nos. CV195-1163CC, CV195-1170CC and CV195-1242CC. Nothing in this Stipulation is designed to affect the status of Case No. CV195-1242CC, which is the appeal taken by MGUA.

2. In Case Nos. GR-94-101 and GR-94-228 before the Commission, Staff issued its recommendation on June 16, 1995. The ACA period of Case Nos. GR-94-101 and GR-94-228 is July 1, 1993 to June 30, 1994. GR-94-101 covers WR's PGA changes to be reviewed in its 1993/1994 Actual Cost Adjustment. Southern Union Company d/b/a MGE acquired most of WR's gas distribution properties in Missouri as of February 1, 1994. GR-94-228 includes the PGA costs and revenues for the five month period ending June 30, 1994. On March 1, 1994, United Cities Gas Company ("United Cities") acquired the remaining Missouri properties of WR, being the properties in the Palmyra District. Case No. GR-94-227 was established by the Commission to cover the ACA period for WR from February 1, 1994, through June 30, 1994. Case No. GR-94-227 has been held in abeyance pending the outcome of Case Nos. GR-93-140, GR-94-101 and GR-94-228. The basis on which United Cities and the Palmyra district are involved in these matters is that WR did not have a separate PGA/ACA for Palmyra. Therefore, costs related to Riverside/MKP are included in the amounts paid by Palmyra customers during the periods relative to GR-93-140 and GR-94-101. Customers in Palmyra have never actually received any gas from Riverside/MKP. Palmyra is served exclusively by Panhandle Eastern Pipe Line Company. WR, however, commingled the gas costs from Palmyra with the other districts in the administration of the PGA/ACA. As a result of that,

Palmyra residents paid costs which were established on Riverside/MKP amounts. Subsequent to February 1, 1994, no costs arising from Riverside/MKP have been allocated to the Palmyra District. As of March 1, 1994, United Cities had tariffs in effect establishing a PGA/ACA for Palmyra which did not include any Riverside/MKP amounts.

3. The Commission established Case No. GR-95-82 for the ACA period of July 1, 1994 to June 30, 1995. The Commission has also established Case No. GR-96-78 for the ACA period of July 1, 1995 to June 30, 1996.

4. Staff has reviewed the following Agreements between or among WR, MGE, Riverside and MKP.

A. Sales Agreement dated January 15, 1990, between WR and MKP, as amended on October 3, 1991, with a maximum daily quantity of 46,332 Mmbtu, hereinafter the "MKP/WR Sales Agreement". The MKP/WR Sales Agreement was further amended on February 24, 1995, and terminated as of May 31, 1995;

B. Transportation Agreement dated January 15, 1990, between WR and Riverside, as amended by letter agreement dated September 15, 1992, with a maximum daily quantity of 46,332 Mmbtu, hereinafter the "Riverside/WR Transportation Agreement I". The Riverside/ WR Transportation Agreement I terminated as of May 31, 1995;

C. Sales Agreement dated February 24, 1995, between MGE and MKP with a maximum daily quantity of 46,332 Mmbtu, hereinafter the "MKP II Interim Firm Gas Sales Contract". Service under the MKP II Interim Firm Gas Sales Contract commenced on June 1, 1995;

D. Transportation Agreement dated February 24, 1995, between MGE and Riverside with a maximum daily quantity of 46,332 Mmbtu, hereinafter the "Riverside/MGE Transportation Agreement I" which will become effective at a later date pursuant to the terms thereunder.

All of the above Agreements (A to D inclusive) may be collectively referred to herein as the "Missouri Agreements".

5. As a result of this Stipulation and Agreement, the Signatories agree that neither the execution of the MKP/WR Sales Agreement and the Riverside/WR Transportation Agreement I, nor the decisions associated with the execution of the Missouri Agreements shall be the subject of any further ACA prudence review. In addition, the Signatories agree that the transportation rates and gas costs charged pursuant to the Missouri Agreements shall not be the subject of any further ACA prudence review until the case associated with the audit period commencing July 1, 1996, and ending June 30, 1997. The Missouri Agreements will be subject to the compliance and operational review (as described herein) of the Staff for all periods on and after July 1, 1994, and MGE's ACA balance may be subject to adjustment as a result of such review.<sup>1</sup> The intent of the Signatories by this Stipulation and Agreement is that the Commission, in adopting this Stipulation and Agreement, issue

---

<sup>1</sup>As a result of the Commission's decision in Case No. GO-94-318, MGE is scheduled to have new tariffs in operation under an incentive PGA commencing July 1, 1996. Since those tariffs have not been submitted to the Commission, it is difficult to state with any certainty how they may relate to the settlement being effected by this Stipulation. However, it is the intention of the Signatories that to the extent there are gas cost (non-transportation) issues involving any of the Missouri Agreements which are relevant to the time periods after July 1, 1996, those amounts will come under the Incentive PGA provisions as approved by the Commission. As a result, any issues related to gas costs associated with the Missouri Agreements will be subject to the provision that unless MGE's costs subject to the Incentive PGA provisions to be filed rise to the level where a prudence review is triggered, there will be no prudence review of the Missouri Agreements.

an order holding that the transportation rates and gas costs charged pursuant to the Missouri Agreements shall not be disallowed by the Commission based on the reasons described above in this paragraph in Case Nos. GR-94-101, GR-94-227, GR-94-228, GR-95-82 and GR-96-78, and that the findings and conclusions regarding the prudence of the execution of the Missouri Agreements made by the Commission in Case No. GR-93-140 shall be compromised and settled as provided for herein. Although the prudence of entering into the MKP/WR Sales Agreement and the Riverside/WR Transportation Agreement I is finally settled by this Stipulation, additional questions may arise regarding the administration of the contracts by MGE and WR in Staff's compliance and operational review for all periods on and after July 1, 1994, as described above. Therefore, this Stipulation is not designed to preclude the Staff from making proposed adjustments regarding issues involving the manner in which gas is actually taken under the contracts (e.g., gas which was available under the contract was not taken for some reason) or issues involving billing matters (e.g., MGE paid more than was required under the contract due to a billing or mathematical error.) Further, as a consequence of the Commission adopting this Stipulation as provided herein, WR, Riverside/MKP, and MGE agree to make the necessary filings with the Circuit Court of Cole County, Missouri to dismiss the appeals they have taken from Case No. GR-93-140. These dismissals shall take place within ten days of the payments being made as scheduled in paragraph 7.A. As a consequence, WR and Riverside/MKP agree to pay the amounts which are owed due to Case No. GR-93-140 through the procedures described herein.

Nothing herein is to be construed as determining the rights, obligations, compliance or non-compliance with the terms and conditions of any contract between or among WR, MKP, Riverside, and MGE or any combination thereof. WR, MGE and Riverside/MKP agree that this Stipulation

shall in no manner whatsoever be deemed to be admission of fault, responsibility or liability of any matter whatsoever by WR, MGE, Riverside and/or MKP. WR, MGE and Riverside/MKP agree that this Stipulation is purely and exclusively for the purpose of avoiding the cost of litigation and regulatory proceedings and is to be construed as that and nothing more.

6. In consideration of the foregoing and the mutual agreements contained herein, and conditioned on the issuance of a Commission Order adopting this Stipulation and Agreement in its entirety without change, WR and Riverside/MKP hereby agree to tender payments as provided below. A total of \$4,000,000 ("the Settlement Payment") shall be paid to effect a settlement of all issues involving the prudence of the execution of the Missouri Agreements as specified in paragraph 5 in the following cases: GR-93-140, GR-94-101, GR-94-227, GR-94-228, GR-95-82 and GR-96-78. Of the \$4,000,000 total, \$1,150,000 will be paid by WR and \$2,850,000 will be paid by Riverside/MKP as specified in paragraph 7 below. Of these amounts, \$3,992,500 shall be paid to MGE and \$7,500 to United Cities so that each can cause the respective amounts to be credited to their respective ratepayers through the ACA process by lowering the otherwise applicable ACA factors. In this regard, MGE and United Cities are simply conduits for the delivery of these funds to their ratepayers.

7. The Settlement Payment shall be made as follows:

A. \$2,492,500 shall be paid on or before August 5, 1996 to MGE, which amount shall include all payments which may be due under the appeal of Case No. GR-93-140. Of such amount, WR shall pay \$1,150,000 and Riverside/MKP shall pay \$1,342,500. Under the currently effective PGA/ACA provisions, MGE would, in turn, make its ACA filing on or about August 10, 1996, at the Commission, which

filing would reflect a credit of the amount received. Such credit will extinguish any and all obligations which MGE or WR or both have with regard to the findings and conclusions regarding the prudence of the execution of the Missouri Agreements made by the Commission in Case No. GR-93-140.

B. \$7,500 shall be paid by Riverside/MKP on or before August 10, 1996 to United Cities, which shall, in turn, make a filing to reflect a credit of that amount in its next scheduled ACA filing with the Commission thereafter. Such credit shall extinguish any and all obligations which United Cities has regarding proposed disallowances by the Staff relating to the Missouri Agreements.

C. \$1,500,000 shall be paid to MGE by Riverside/MKP on or before July 26, 1997. MGE shall, in turn, make an ACA filing at the Commission on or before August 1, 1997, which reflects a credit of that amount subject to the provisions of paragraph 7.D.

D. MGE is currently under order of the Commission in Case No. GO-94-318 (Phase II) to implement an Incentive PGA mechanism. Tariffs to do so are not yet due and have not been approved by the Commission. As a result of the uncertainty regarding what the structure of MGE's ACA may be in the future, all the parties can practically do at this time is state the intention that MGE will make a timely filing with the Commission proposing to credit that amount to its ratepayers through whatever functional equivalent of an ACA factor may exist at that time.

8. It is expressly stipulated and agreed by MGE, Riverside/MKP and Staff that the Settlement Payment shall be deemed to be a singular, lump sum, one time settlement payment made

in two installments as described in Paragraph 7 above; conversely MGE, Riverside/MKP and Staff agree the Settlement Payment is conclusively and irrebuttably NOT to be construed as multiple payments (even though the lump sum payment is being made in two installments) or as relating to disallowances for two (2) consecutive audit years, with respect to the provisions of any of the Missouri Agreements, as amended. MGE, Riverside/MKP and Staff agree that the Settlement Payment shall in no manner be deemed to be payments made for adjustments or disallowances in two consecutive ACA periods for the same or similar reasons or a denial of WR or MGE's right to recover amounts paid to MKP or Riverside in two consecutive ACA periods for the same or similar reasons.

9. None of the signatories to this Stipulation and Agreement shall have been deemed to have approved or acquiesced in any ratemaking or procedural principle or any method of cost determination or cost allocation, or any service or payment standard and none of the signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding, except as otherwise expressly specified herein.

10. This Stipulation has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Stipulation in total, then this Stipulation shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

11. In the event the Commission accepts the specific terms of this Stipulation, the Signatories waive, with respect to the issues resolved herein: their respective rights pursuant to

Section 536.080.1 RSMo. 1986 to present testimony,<sup>2</sup> to cross-examine witnesses, and to present oral argument and written briefs; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo. 1986; and their respective rights to judicial review pursuant to Section 386.510 RSMo. 1986 in regard to a Commission order approving this Stipulation and Agreement.

12. If requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Stipulation. Each Party shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's memorandum, a responsive memorandum which shall also be served on all Parties. All memoranda submitted by the Parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all Parties, and shall not become a part of the record of the proceedings mentioned hereinabove or bind or prejudice the Party submitting such memorandum in said proceedings or in any future proceeding whether or not the Commission approves this Stipulation. The contents of any memorandum provided by any Party are its own and are not acquiesced in or otherwise adopted by the other signatories to the Stipulation, whether or not the Commission approves and adopts this Stipulation.

---

<sup>2</sup>The Signatories, the Midwest Gas Users Association and Williams Natural Gas agree that all of the testimony on the Riverside/MKP issue may be received into the record in Case Nos. GR-94-101 and GR-94-228 without the necessity of the respective witnesses taking the stand and, as a consequence, that the Commission need not rule on the contested motions to strike filed by Williams Natural Gas, WR and MGE.

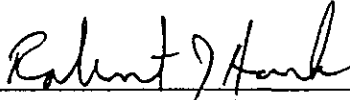


The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other Parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from 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.

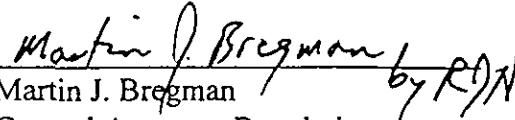
13. The terms of this Stipulation shall be binding on any successors and assigns of WR and Riverside/MKP and on the partners and general partners of Riverside/MKP.

14. In the event Riverside/MKP or any successor or affiliated entity fails to pay to MGE any of the amounts required herein, MGE shall be entitled to set off any such amounts against payments owed by MGE to Riverside/MKP or any successor or affiliated entity due to service taken by MGE under the MKP II Interim Firm Gas Sales Contract, the Riverside/MGE Transportation Agreement I and/or any successor agreements. Notwithstanding any other provision in this stipulation to the contrary, if such setoff is prevented from occurring or otherwise does not occur, in whole or in part, for any reason whatsoever, the Signatories agree that any amount owed to MGE by Riverside/MKP or any successor or affiliated entity pursuant to this Stipulation that is unpaid represents a regulatory disallowance under the above agreements.

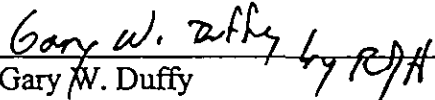
Respectfully submitted,



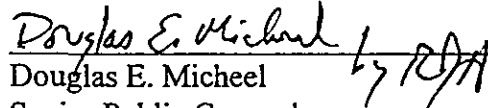
Robert J. Hack, #36496  
General Counsel  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
573/751-8705  
573/751-9285 (fax)  
ATTORNEY FOR THE STAFF OF  
THE MISSOURI PUBLIC SERVICE  
COMMISSION



Martin J. Bregman  
General Attorney, Regulation  
Western Resources, Inc.  
818 Kansas Avenue  
P.O. Box 889  
Topeka, Kansas  
913/575-1986  
913/575-8136 (fax)  
ATTORNEY FOR  
WESTERN RESOURCES, INC.



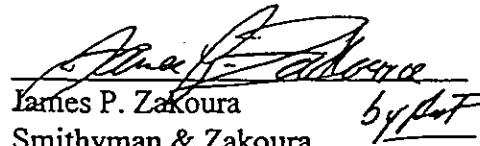
Gary W. Duffy  
Brydon, Swearingen & England  
12 East Capitol Avenue  
P.O. Box 456  
Jefferson City, MO 65102  
573/635-7166  
573/635-3847 (fax)  
ATTORNEY FOR MISSOURI  
GAS ENERGY



Douglas E. Micheel  
Senior Public Counsel  
Office of Public Counsel  
P.O. Box 7800  
Jefferson City, MO 65102  
573/751-5560  
573/751-5562 (fax)  
ATTORNEY FOR THE OFFICE  
OF THE PUBLIC COUNSEL



Richard W. French  
French & Stewart Law Offices  
1001 Cherry Street, Ste. 302  
Columbia, MO 65201  
573/499-0635  
573/499-0639 (fax)



James P. Zakoura  
Smithyman & Zakoura  
650 Commerce Plaza 1  
7300 West 110th Street  
Overland Park, KS 66210  
913/661-9800  
913/661-9863 (fax)

ATTORNEYS FOR KANSAS PARTNERSHIP  
AND RIVERSIDE PIPELINE, L.P.

### CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 2nd day of May, 1996.

Robert J. Ank



## Missouri Public Service Commission

POST OFFICE BOX 360  
JEFFERSON CITY, MISSOURI 65102  
573-751-3234  
573-751-1847 (Fax Number)  
<http://www.ecodrv.state.mo.us/psc/>

July 6, 1998

**Commissioners**  
**SHEILA LUMPE**  
Chair  
**HAROLD CRUMPTON**  
**CONNIE MURRAY**  
**ROBERT G. SCHEMENAUER**  
**M. DIANNE DRAINER**  
Vice Chair

**CAROL I. WRIGHT**  
Executive Director  
**WESS A. HENDERSON**  
Director, Utility Operations  
**GORDON L. PERSINGER**  
Director, Advisory & Public Affairs  
**ROBERT SCHALLENGER**  
Director, Utility Services  
**DONNA M. KOLJIS**  
Director, Administration  
**DALE HARDY ROBERTS**  
Secretary/Chief Regulatory Law Judge  
**DANA K. JOYCE**  
General Counsel

Gary Duffy  
Brydon, Swearngen & England  
P.O. Box 456  
Jefferson City, MO 65102

RE: MGE Data Request Nos. 1 to 9, Case No. GR-96-450

Dear Gary:

Enclosed please find the Staff's responses to MGE's Data Request Nos. 1 through 9. If you have any questions concerning these responses, please give me a call.

Sincerely,

*Thomas R. Schwarz, Jr.*

Thomas R. Schwarz, Jr.  
Deputy General Counsel  
(573) 751-5239  
(573) 751-9285 (Fax)

TRS/wf  
Enclosures

*Received by  
GWD 7/6/98  
hand delivery  
by T. Schwarz*

6) In the proposed disallowance, is the Staff taking the position that MGE paid more than the amount required under the terms of the Mid-Kansas Partnership Agreement?

No.

A. If your answer is positive, please identify the amount and the specific provisions of the agreement which are involved.

Not applicable.

7) In the proposed disallowance, is the MPSC Staff taking the position that MGE should have taken more gas under the Mid-Kansas Partnership Agreement?

No.

A. If your answer is positive, please identify the amount and the specific provisions of the agreement which are involved.

Not applicable.

8) In the proposed disallowance, is the MPSC Staff taking the position that MGE should have taken less gas under the Mid-Kansas Partnership Agreement?

No.

A. If your answer is positive, please identify the amount and the specific provisions of the agreement which are involved.

Not applicable.

**Description of  
Basis for the Amount of Waived Gas Costs During 1996/1997 ACA Year**

In the settlement of GC-97-33 and GC-97-497, MGE agreed to return to customers amounts related to bills that contained overcharges and to waive amounts related to bills that contained undercharges. The undercharges and overcharges were the result of billing errors that occurred during the winter of 1996/1997 and were identified and corrected by the end of Fall 1997.

The amount of overcharges and undercharges were determined by an automated process wherein the bills incorrectly calculated were systematically identified and recalculated, and overcharged amounts credited to customer accounts.

The bills in error were identified by a computer program that selected all bills in cycles that billed around the same time as rate changes. Bills in the specified cycles were recalculated by the billing system, using the correct billing parameters, and the results compared to the original billing results. Any discrepancies were considered billing errors and the difference between the original bill and the recalculated bill was the overcharge or undercharge.

If the account was determined to have been overcharged the amount of the overcharge was refunded to the customer. If the account had been underbilled, the undercharged amount was waived, but the amount was accumulated with other undercharges to determine the total amount of undercharges.

Some bills were manually recalculated before the automated process was completed. There were also some bills that could not be systematically recalculated and were recalculated manually. These bills had some unique characteristic such as a meter change out or it was for a long or short billing period that was more easily addressed by a manual process. The amount of gas costs undercharged for these manually reviewed bills was tracked and is part of the total amount of waived gas costs.

There were 5,269 bills where the undercharge amount was not tracked. The amount of gas costs to be waived associated with these bill corrections was calculated using the average undercharge of \$8.13 from the accounts systematically corrected and applying that to the 5,269 accounts.

These billing corrections were completed between the beginning of March 1997 and the end of Fall 1997. However, the amounts were not credited to the ACA balance until after the 1996/1997 ACA filing had been completed.

	Bills	Dollars
Underbilled gas costs associated with the automated calculation process	43,259	\$351,655
Underbilled gas costs associated with manually calculated accounts using an average correction amount	5,269	\$42,837
Underbilled gas costs associated with manually calculated accounts using actual charges-non heat season per stipulation & agreement	625	\$16,810
Total Waived Gas Costs	49,153	\$411,302

MTL-5  
P. 2 of 4

Missouri Gas Energy												
Bill Correction Summary												
System Corrections												
Description	Total Bills	Total Accounts	PGA/Energy Charge Amount	Franchise Tax	City Tax	County Tax	State Tax	Interest	Total Refund	Amount Applied	Check Amount	Batch Totals
4/1 - Residential PGA - Overbills	72,784	65,826	344,172.62	28,198.57	766.54	187.51		9,969.88	383,295.12	80,551.90	302,743.22	80,538.60
Residential Waive Underbills	3,474	3,473	18,112.61	1,738.26	0.66	0.03		529.67	20,381.23	20,381.23		20,381.23
Commercial - Overbills	7,868	7,311	110,658.48	10,111.12	976.98	550.49	2,781.01	3,339.56	128,417.64	128,417.64		128,417.64
2/1 - Energy Charge	20,105	20,105	49,743.90	4,318.53	115.98	0.42			54,178.83	54,178.83		54,178.83
Residential Corrected - Overbills	2,860	2,671	17,169.59	1,601.41	14.52	0.86		627.43	19,413.81	19,413.81		19,413.81
Residential Corrected 07/07/97	369		1,547.53	140.89	2.08	0.36	1.22	56.46	1,748.54	1,748.54		1,748.54
Commercial Corrected	458		6,284.56	589.87	42.94	23.43	120.25	235.74	7,296.79	7,296.79		7,296.79
Commercial > 42 Days	809		14,253.03	955.52	125.45	74.29	378.59	527.20	16,314.08	16,314.08		16,352.19
Residential < 26 Days	87		378.19	30.83	0.92	0.31		13.64	423.89			
Commercial < 26 Days	13		3,398.34	377.26	0.09	0.03	0.13	126.12	3,901.97			
Residential Meter Removes	197		1,593.46	149.61	0.86	0.22		58.27	1,802.42			
Commercial Meter Removes	20		488.76	52.23	1.90	1.01	5.39	18.31	567.60			
Res Meter Removes > 42 Days	33		191.81	18.15	0.33			7.04	217.33			
Com Meter Removes > 42 Days	17		425.02	43.63	1.09	0.56	3.18	15.82	489.30			
Res Meter Removes < 26 Days	3		12.46	1.22				0.45	14.13			
Total System Overbills	109,097	99,386	568,430	48,327	2,050	840	3,290	15,526	638,463	328,303		
4/1 - Residential PGA - Underbills	37,309	34,026	248,166.39						248,166.39			
Commercial - Underbills	3,640	3,560	98,693.23						98,693.23			
Residential Corrected - Underbills	2,310	2,306	4,795.42						4,795.42			
Total System Underbills	43,259	39,892	351,655	-	-	-	-	-	351,655	-		
Total System Corrections	152,356	139,278	920,085	48,327	2,050	840	3,290	15,526	990,118	328,303	-	-
Missouri Gas Energy												
Bill Correction Summary												
Manual Corrections - Summary of Manual Bills In Process												
Description	Total Overbilled	PGA/Energy Charge Amount	Franchise Tax	City Tax	County Tax	State Tax	Interest	Total Refund	Amount Applied	Check Amount	Batch Totals	
*Residential Corrected - Overbills	220	1,353.06	127.51	0.04			45.40	1,526.01				
Commercial Corrected - Overbills	180	6,506.79	560.33	81.93	52.79	273.83	299.07	7,774.74				
Residential > 42 Days - Overbills	2,384	18,303.00	1,575.71	10.57	7.74	-	797.31	21,495.00				
Commercial > 42 Days - Overbills	310	5,653.63	505.51	33.01	0.06	257.94	257.44	6,707.59				
Residential < 26 Days - Overbills	75	454.55	36.68	0.56		0.01	19.74	511.54				
Commercial < 26 Days - Overbills	92	402.04	34.42	1.78	0.82	0.88	17.66	457.60				
Residential Meter Removes - Over	174	1,305.63	122.77	0.58	0.21		57.89	1,487.08				
Commercial Meter Removes - Over	30	814.83	85.80	3.17	1.77	30.10	37.53	973.20				
Res Meter Removes > 42 Days - Over	80	1,226.32	111.01	3.96	0.25		53.21	1,394.75				
Com Meter Removes > 42 Days - Over	9	155.35	16.02	0.48	0.27	2.85	6.95	181.92				
Res Meter Removes < 26 Days - Over	2	13.56	1.34				0.60	15.50				

## Summary Sort

Feb. Cycle 9 Corrections	B	5,185								-			
Rebate/Rebills	B	507								-			
<b>Total Manual Overbills</b>		<b>9,248</b>	<b>36,189</b>	<b>3,177</b>	<b>136</b>	<b>64</b>	<b>566</b>	<b>1,593</b>	<b>42,525</b>	-	-	-	-
Res Meter Removes > 42 Days - Under		46							-				
Residential < 26 Days		94							-				
Commercial < 26 Days		58							-				
Com Meter Removes > 42 Days - Under		23							-				
Res Meter Removes < 26 Days - Under		5							-				
Residential Corrected - Underbills		2,908							-				
Commercial Corrected - Underbills		665							-				
Residential > 42 Days - Underbills		571							-				
Commercial > 42 Days - Underbills		624							-				
Residential Meter Removes - Under		223							-				
Commercial Meter Removes - Under		52							-				
<b>Total Manual Underbills</b>		<b>5,269</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Manual Corrections</b>	-	<b>14,517</b>	<b>36,189</b>	<b>3,177</b>	<b>136</b>	<b>64</b>	<b>566</b>	<b>1,593</b>	<b>42,525</b>	-	-	-	-



# Underbill Estimate

MTL-5  
17  
0.424

MGE Underbill Estimate	
Total System Underbills Amount	351,655
Total System Underbill	43,259
Average Underbill Amount	8.13
Total Manual Underbills	5,269
Average Underbill Amount	8.13
Total Estimated Underbill Amount	\$ 42,837

A