#### FINNEGAN, CONRAD & PETERSON L.C.

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July 24, 2003

VIA FEDERAL EXPRESS AND E-MAIL

Mr. Dale H. Roberts Secretary/Chief Reg. Law Judge Missouri Public Service Commission 200 Madison Street Suite 100 Jefferson City, MO 65101

Re: Tariff Tracking No. JG-2004-0009
Request to Suspend and Application to Intervene of
Midwest Gas Users' Association

Dear Mr. Roberts:

Enclosed/following please find the (FedEx: countersigned original and 8 additional copies of the) above pleading which includes:

- (1) A copy of the tariff that is requested to be suspended which I downloaded from the Commission's website;
- (2) A supplemental certificate of service confirming that a copy of the pleading has been sent to the party that submitted the tariff in conformity with 4 C.S.R. 240-2.065(3):

all as requested by your office. I am also transmitting an electronic copy of this complete document including this letter of transmittal to pscdc@psc.state.mo.us per direction of Data Center personnel. Please file this pleading as requested.

By:

Truly yours,

FINNEGAN, CONRAD & PETERSON, L.C.

Stuart W. Conrad

SWC:s

Enclosures

cc: Per Service Certificates

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

In the Matter of Missouri Gas	)	
Energy's Tariff Filing to Implement	)	Tariff Filing No.
Daily Balance Management for Large	)	JG-2004-0009
Volume Transport Customers	)	

# REQUEST FOR SUSPENSION OF TARIFF AND APPLICATION TO INTERVENE OF MIDWEST GAS USERS' ASSOCIATION

Comes now MIDWEST GAS USERS ASSOCIATION ("Midwest") and requests that the proposed tariffs filed herein by Missouri Gas Energy a division of Southern Union Corporation ("MGE") be **sus- pended** and further, pursuant to 4 C.S.R. 240-2.075, applies to **intervene** herein and become a party hereto in respect to the above matter. In support thereof, Midwest respectfully states:

1. Midwest is an unincorporated non-profit association consisting of and representing its membership of business concerns and corporations which are substantial users of natural gas at their plants situated in such states as Kansas, Missouri and Oklahoma of which numerous members have plants and facilities which are located in and consume natural gas within the State of Missouri. A listing of Midwest members and participants is attached hereto as Appendix A.<sup>1</sup>/

½/Midwest is active in several jurisdictions and in several areas of concern. Pursuant to 4 CSR 240-2.075(3), the attached listing includes Midwest members and companies that have at various times and in various matters participated through Midwest in proceedings in Missouri, Kansas and at the Federal Energy Regulation (continued...)

2. Midwest's interest in proceedings affecting the rates, terms and conditions of large customer natural gas service has been repeatedly recognized by the Missouri Public Service Commission in permitting Midwest's intervention in proceedings affecting The Gas Service Company, its successors, KPL Gas Service Company and Western Resources, Missouri Public Service Company, Ameren Union Electric and in various generic dockets involving the terms and conditions of natural gas transportation and purchased gas adjustment clauses for natural gas companies in the State of Missouri. Furthermore, Midwest's interest in proceedings affecting natural gas rates, and the terms and conditions of natural gas service has been recognized by the Federal Power Commission and the Federal Energy Regulatory Commission in granting Midwest's intervention in numerous dockets concerning Williams Natural Gas Pipeline Company Central and other generic dockets concerning the terms and conditions of

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 $<sup>\</sup>frac{1}{2}$  (...continued)

tory Commission. Direct participation in a particular case varies depending on the nature of the case, the location and the service area of the utility involved. Present participants interested in this case are Archer Daniels Midland Company, United States Gypsum Company, Vance Brothers, Inc., EnerSys Inc. (formerly Hawker Energy Co., City of North Kansas City, Mo., Blevins Asphalt Const. Co. Inc., Independence Power & Light Department of the City of Independence, Missouri, Park University, Missouri Southern State College, Simmons Foods, Inc., Boehringer Ingelheim Company, Plaza-Ford Ideal Laundry and Dry Cleaners Inc., AAA Uniform & Linen Supply, Clay & Bailey Mfg. Co., The Groves, City of Higginsville, Missouri, Kessinger/Hunter Co., Milnot Co., Fairview Greenhouse, Inc., SaraLee Company. Other participants' involvement is pending and is expected to be drawn from the attached listing.

natural gas service, including Orders 436, 500, 451, 528, and Orders 636 and 637.

- 3. On or about July 1, 2003, Missouri Gas Energy, a Division of Southern Union Corporation (MGE), filed proposed tariffs seeking a change in the provisions of the utility's transportation tariff and the ability to institute a "daily balancing" regime on its distribution system. The proposed tariffs would not only institute such a regime on the MGE distribution system for transportation customers but would also alter the current distribution and curtailment priority associated with service to those customers in a manner that appears to establish these separate transportation customers as "providers of last resort" for MGE's system supply gas. Such provisions are objectionable.
- 4. Moreover, this proposed change in MGE's transportation tariff dishonors a stipulation and agreement whereby these transportation customers have been required to pay to install expensive electronic gas measurement equipment and pay for the telephone lines necessary to poll such equipment by MGE in exchange for which these customers were entitled to have their deliveries into the MGE system determined by their actual usage plus associated system losses. MGE has not sought to adjust its tariff provisions in these regards and this denies these transportation customers the benefit of the bargain made several years ago.

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- 5. This change is related to a proposal by Southern Star Central Gas Pipeline, formerly Williams Gas Pipeline Central, in a proceeding at FERC? wherein Central also seeks to adopt a daily allocation regime for its pipeline. That proposal has been protested and opposed by a large number of Central customers, including MGE and the FERC has suspended the effectiveness of that proposal until November 1, 2003. Accordingly, there is no immediate need for MGE to institute these changes on its system and there is adequate time for them to be considered by this Commission.
- 6. The proposed changes and modifications to MGE's transportation tariff will have an adverse impact on transportation customers of all sizes on the MGE distribution system. However, the adverse impact will be borne directly by these customers in increased costs of management of natural gas supplies, increased costs for the natural gas commodity itself and will further deny these customers access to the balancing, tolerance and other terms and conditions to which they are entitled as shippers on Central under its FERC-approved tariffs.
- 7. Further, the proposed tariffs appear to alter the priority of delivery by granting a preference to MGE system supply and making the transportation customers the "providers of last resort" behind MGE's city gate. Under MGE's current tariffs, if a transportation customer purchases firm transportation services on Central's system, and is able to cause its gas

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 $<sup>\</sup>frac{2}{}$  The FERC Docket is designated as RP03-356.

supplies to be delivered to an MGE city gate interconnection with Central, MGE has committed to deliver that gas to the transportation customer unless it is physically unable to do so, even though supplies of gas that MGE has contracted to move through Central are, for one reason or another, curtailed or shut in. The proposed change would appear to alter this delivery sequence and make transportation customers guarantors of MGE's system supply without any compensation to them. It also relieves MGE of the responsibility to make prudent arrangements for the purchase and delivery of its natural gas supplies from producers and through transporting pipelines and to prudently manage these arrangements so that MGE's system supplies for its sales customers are secure and shifts that responsibility to MGE's transportation customers.

8. To the extent that this proposal violates the terms and conditions of the "burner-tip balancing agreement" in Case No. GR-93-240 and renders the investment that transportation customers have made to install electronic gas measurement equipment at their locations valueless to them, this proposal confiscates their property by rendering this investment valueless without just compensation or appropriate due process of law. 3/

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MGE asserts in its transmittal letter that its filing is to "accommodate termination of the Pre-determined Allocation Agreement (a/k/a Burner Tip Balancing Agreement) with Southern Star Central Gas Pipeline . . . " Midwest and other parties are signatories to that agreement and Midwest does not agree that Southern Star has the ability to unilaterally terminate such agreement or that Southern Star and MGE may bilaterally terminate such agreement. Midwest and each transportation customer ex
(continued...)

While a public utility may condemn private property for public purposes, it cannot do so without appropriate proceedings or paying just compensation.

- 9. Midwest is not insouciant to MGE's circumstances as a point operator on the Central system. While Midwest is willing to work with MGE to make reasonable adjustments to MGE transportation arrangements it is unwilling to simply accede to unilateral changes in those terms and conditions that have serious adverse impact upon the operations and natural gas management schemes of hundreds of transportation customers and thrust them unwillingly into the position of being uncompensated guarantors of MGE's system supply arrangements without proper consideration of these customers' interests and is, moreover, unwilling to accept the unilateral termination of the burner-tip balancing agreement by Central or by MGE. Midwest intends to take action to defend its members rights under that agreement in such fora as may be necessary.
- 10. Midwest has other concerns regarding the proposed tariffs. The proposal appears to establish a "pool" of transportation customers among which may operate to deny them the tolerances that they are paying for as shippers on the Central system and aggregate these tolerances to MGE for MGE's benefit in its operations, again without compensation to these customers and in

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 $<sup>\</sup>frac{3}{2}$ (...continued) pressly reserves all its and their rights pursuant to that agreement. Accordingly, in Midwest's view, no "termination" of that agreement has occurred or will occur without Midwest's (and others') agreement.

possible violations of FERC equal-access provisions and pertinent FERC Rules. This action would introduce discrimination into the existing arrangements because it would deny these customers access to the interstate pipeline system on an equivalent basis and under the same terms and conditions as MGE obtains for its transportation services.

The proposal also introduces an entire new set of operational flow order provisions which appear to not only be unnecessary, but may result in the confiscation of transportation customers' gas to balance MGE's allocations at its city gates. Such provisions have no place in a distribution company's tar-The distribution company's obligation should be to deliver the gas to the transportation customer unless it is physically unable to do so. The proposed provisions fail to distinguish between an inability to deliver gas from any source and a shortage that is caused by MGE's own system supplies being subjected to an upstream curtailment that does not affect transportation customers ability to deliver their natural gas to MGE city gates. Transportation customers are concerned that their supplies of gas are coming from different sources and may not be subject to the same upstream curtailment circumstances as MGE's system supply In no circumstances should MGE be able to employ its position as a distributor to rely on or to otherwise use transportation customers' natural gas supplies to meet its own system supply and public utility obligations. The proposed tariffs, however, appear not only to permit this to occur, but actually

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encourage and enable it to occur. For example, proposed sheet 64, subparagraph (e) asserts that MGE shall have the authority to "purchase" transportation customers' natural gas supplies in certain circumstances. No pricing is established, and importantly no recognition is given to the confiscatory nature of such purchases. MGE is, with respect to transportation customers' gas, a common carrier regulated by this Commission, and has and should have no right to confiscate transportation customers' gas to fulfil its own public utility obligation of prudently providing for its customers' supply of natural gas. For example, transportation customers who have paid premium prices for firm transportation through the pipeline and possibly even storage services on the pipeline to further assure reliability should not have their gas supplies confiscated because MGE "needs" them to guarantee MGE's own obligation to arrange prudent supplies and reliable delivery arrangements for its system supply customers.

12. Accordingly, Midwest requests that MGE's proposed tariffs be suspended or otherwise delayed or deferred in their effectiveness and potentially set for hearing with sufficient time for an appropriate investigation of the matter, the preparation of testimony if needed and opportunity for discussions with MGE. Clearly there will be no need for such changes through November 1, 2003 at the earliest and such changes may not be needed at all if the Central proposals are rejected by FERC or if Central is otherwise prohibited from a unilateral violation of the burner-tip balancing agreement.

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- 13. As major customers of MGE, Midwest participants will be affected by this filing to a material but as yet undetermined extent as suggested in earlier paragraphs of this Application. The impact will vary depending upon the size of the transportation customer and their specific upstream transportation arrangements with their suppliers.
- members under separate transportation rate schedules and because of the size and consumption patterns of Midwest's members, Midwest is in the special position of representing interests which will not and cannot be represented adequately by any other party and which interests are direct and immediate and differ from those of the general public. Therefore, it will aid the Commission and protect the public interest that Midwest be permitted to intervene in this proceeding so as to protect its interest which no other party is in a position properly to protect and adequately represent herein.
- 15. For purposes of 4 CSR 240-2.075(2), Midwest states that it is opposed to the discriminatory pricing of natural gas distribution services as well as discrimination in the terms and conditions of providing such service. Further, Midwest states that MGE's proposal has not been shown to be just and reasonable and may be unjust and unreasonable and is certainly to the adverse interest of transportation customers generally. Midwest is unable to make a more specific formulation or statement of the

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positions it will take in the issues in this case pending further review of MGE's filing and expected discovery.

WHEREFORE, Midwest prays: (a) that MGE's proposal be suspended or deferred pending investigation and a hearing thereon; (b) that an appropriate procedural schedule be ordered; (c) that Midwest be permitted to intervene herein and be made a party hereto with all rights to have notice of and participate in hearings to present evidence, cross-examine witnesses, file briefs and participate in argument, should any be had; and (d) for all other needful and proper relief.

Respectfully submitted,

FINNEGAN, CONRAD & PETERSON, L.C.

Stuart W. Conrad

23966

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(816) 753-1122

Facsimile (816)756-0373

Internet: stucon@fcplaw.com

ATTORNEYS FOR MIDWEST GAS USERS' ASSOCIATION

#### CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by U.S. mail, postage prepaid addressed to all parties by their attorneys of record as disclosed by the pleadings and orders herein.

Stuart W. Conrad

Dated: July 21, 2003

#### APPENDIX A

A D Mohr Farms EnerSys, Inc. A G Processing Inc. Fairbanks Morse & Co. AAA Uniform & Linen Supply Fairbanks Morse Pump ABB Power T & D Corporation Fairmont C. C. Dairy Alameda Plaza Inc. Fairview Greenhouse, Inc. Alameda Towers Fasco Products, Inc. American Bakeries Co. Faultless Laundry American Beauty Macaroni Folger's Coffee Co. Archer Daniels Midland Company Ford Motor Co. Ark City Packing Co. Fox Run Apartments Friskies Petcare Division of Armco Inc. Nestle' Inc. Banquet Foods Corporation Baptist Medical Center Frito Lay Bayer, Inc. Gaines Foods Bethany Hospital General Mills Blevins Asphalt Const. Co. Griffin Wheel Blueside Company Guardian Management Inc. **BMA** Gulf & Western Mfg. Boehringer Ingelheim Company Guys Foods Inc. Bowen Construction Co. Hallmark Cards Butler Manufacturing Co. Hamm Asphalt Inc. Cargill Inc. Harvest Brand Inc. Carnation Can Co. Hercules, Inc. Hills Division of Riviana Castlegate Ind. Inc. Hills Pet Food Division Certain-Teed Products Inc. Chesebrough-Ponds, Inc. Hoeschst Marion Roussel City of Augusta [Quintiles] City of Baldwin Hospital Linen Service City of Beloit Hudson Farms City of Higginsville, Missouri Hudson Food Protein City of Holton Hudson Foods, Inc. City of Horton ICI Explosives USA, Inc. City of Independence, Missouri City of Palymyra J C Nichols Co. Kansas City Terminal Railway City of Lincoln Kessinger/Hunter Co. City of Minneapolis Koppers Co. Inc. City of North Kansas City Krause Milling Co. City of Osborne Lafarge Corporation City of Ossawatomie Lawrence Paper Company City of Ottawa Leggett & Platt M F A Milling City of Sabetha Clay & Bailey Mfg. Co. M K T Railroad Coleman Alfalfa Maytag Corporation Colgate Palmolive McNally Pittsburg Medical Center of Independence Continental Baking Company Cook Paint & Varnish Menorah Medical Center Mid-America Dairymen Corn Products Company Danisco Cultor, Inc. Midwest Conveyor Doanes Products Midwest Grain Products Empire Cold Storage Milnot Company

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Mission Clay Products Missouri Plating Co. Missouri Southern State Col-Missouri Steel Castings Modine Manufacturing Company National ByProducts National Starch Company North Kansas City Memorial Hospital O'Sullivan Industries Owens Corning Fiberglas Park University PCS Nitrogen Co. Pet Milk Co. Philadelphia Quartz Co. Pittsburgh Corning Corporation Plaza-Ford Ideal Laundry & Dry Cleaners Inc. Potash Corporation Proctor & Gamble Co. Quaker Oats Ralston Purina Co. Reichhold Chemical Inc. Research Hospital and Medical Reynolds Metals Co. Rival Manuracturing Co. Safeway Stores Santa Fe Railroad SaraLee Company Sealright Mfg. Co. Sears Roebuck & Co. Seitz Foods Inc. Simmons Foods, Inc. Southwest Oil & Grease Sperry Vickers St. Francis Hospital St. John's Hospital St. Joseph Light & Power St. Joseph, Missouri St. Joseph's Center St. Joseph's Hospital St. Lukes Hospital St. Mary's Hospital Stahl Specialty Co. Standard Refining Steffen Dairy Swift and Company Swift Ind. Packing Co.

Thomas J. Lipton Inc. Thompson Industries Tower Metal Products Town of Carrolton TransWorld Airlines Trigen - Kansas City District Trinity Lutheran Hospital Trumbull Asphalt U S Gypsum Co. Vance Brothers Asphalt W R Grace & Co. W S Dickey Clay Products Co. Wells Aluminum Inc. Winchester Foods Inc. Wire Rope Corporation of America, Inc.

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Teva Pharmaceuticals, Inc.

The Groves



July 1, 2003

RECEIVED2

JUL 0 1 2003

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Public Service Commission

RE: Missouri Gas Energy—Tariff filing to implement daily balance management for Large Volume Transport customers

File No. \_\_\_\_\_\_\_

Dear Mr. Roberts:

Enclosed for filing on behalf of Missouri Gas Energy ("MGE"), a division of Southern Union Company, please find an original and three (3) conformed copies of the following revised tariff sheets (all P.S.C. MO. No. 1):

Third Revised Sheet No. 58, Canceling Second Revised Sheet No. 58 Second Revised Sheet No. 59, Canceling First Revised Sheet No. 59 First Revised Sheet No. 59.1, Canceling Original Sheet No. 59.1 Third Revised Sheet No. 60, Canceling Second Revised Sheet No. 60 Second Revised Sheet No. 61, Canceling First Revised Sheet No. 61 First Revised Sheet No. 61.1, Canceling Original Sheet No. 61.1 First Revised Sheet No. 61.2, Canceling Original Sheet No. 61.2 First Revised Sheet No. 61.3, Canceling Original Sheet No. 61.3 First Revised Sheet No. 61.4, Canceling Original Sheet No. 61.4 Second Revised Sheet No. 62, Canceling First Revised Sheet No. 62 First Revised Sheet No. 63, Canceling Original Sheet No. 63 First Revised Sheet No. 64, Canceling Original Sheet No. 64 Second Revised Sheet No. 65, Canceling First Revised Sheet No. 65 Second Revised Sheet No. 66, Canceling First Revised Sheet No. 66 Second Revised Sheet No. 67, Canceling First Revised Sheet No. 67 First Revised Sheet No. 69, Canceling Original Sheet No. 69

The revised tariff sheets bear an issue date of July 1, 2003, and a proposed effective date of August 1, 2003.

The purpose of the revised tariff sheets is to implement a system of daily balance management with respect to MGE's Large Volume Transport customers. MGE makes this filing in order to accommodate termination of the Pre-determined Allocation Agreement (a/k/a Burner Tip Balancing Agreement) with Southern Star Central Gas Pipeline ("Southern Star"), as well as the implementation of daily allocation on the Southern Star system that Southern Star has proposed in a filing at the Federal Energy Regulatory Commission in Case No. RP-03-356.

Thank you in advance for bringing this filing to the attention of the Commission and the appropriate Commission personnel.

Sincerely,

Michael R. Noack

Manager, Pricing & Regulatory Affairs

CC: Office of the General Counsel

Office of the Public Counsel

Stuart W. Conrad-Midwest Gas Users' Ass'n

Kansas City Power & Light Company-Lacinda Kramer

Southern Star Central-Jim Harder

Dave Kirkland

Debbie Robertson

Dave Glass

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

Third Revised Second Revised SHEET No. <u>58</u> SHEET No. <u>58</u>

Missouri Gas Energy, a Division of Southern Union Company

For: All Missouri Service Areas

# EXPERIMENTAL SCHOOL TRANSPORTATION PROGRAM ESTP

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

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

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

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

DATE OF ISSUE	July 1	2003	DATE EFFECTIVE	August	1_	2003
	month da	ay year		month	day	year
ISSUED BY:	Robert J. Had	k	VP, Pric	ing and R	Regulator	Affairs
			Missouri Gas Energy,	Kansas	City, MO.	64111

FORM NO. 13

P.S.C. MO. No.1

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

Second Revised First Revised

SHEET No. 59 SHEET No. 59

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

For: All Missouri Service Areas Community, Town or City

#### TRANSPORTATION PROVISIONS **TRPR**

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

DATE OF ISSUE:

July Month

2003 01 Day Year

DATE EFFECTIVE:

2003 August 01

Month Day Year

ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

FORM NO. 13

P.S.C. MO. No.<u>1</u> Canceling P.S.C. MO. No.1 First Revised <u>Original</u>

SHEET No. <u>59.1</u> SHEET No. 59.1

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

For: All Missouri Service Areas Community, Town or City

#### TRANSPORTATION PROVISIONS TRPR

- (b) Affidavit: A customer to be represented by an agent must provide Company with an affidavit identifying its agent. This authorization shall be in a form agreeable to Company and shall remain in effect until a signed replacement is received by Company.
- (c) Billing: Company may accept payment from the customer's agent; however, the customer shall continue to be responsible for all charges on the account. In the event of any billing dispute, Company shall notify the customer directly and shall not be required to notify the customer's agent.
- (4) Aggregation: Customers' agents shall be allowed to aggregate their customers' usages for purposes of nominating and balancing transportation deliveries on the same pipeline line segment, or the same pipeline and MGE distribution system.
  - (a) Aggregation Groups (Pools): An agent shall establish its customers within each aggregation area into a pool or pools. Customers may not belong to more than one pool. Customers not assigned to a pool shall be individually balanced.
  - (b) Changes to Pools: Company must receive changes to pools, in writing, prior to the last working day of a month. Changes shall become effective on the first day of the following month except that pools shall be as designated prior to the first effective day of an OFO or POC.
  - (c) Monthly Imbalances: The agent selecting pooling or individual customers not belonging to a pool shall be responsible for clearing the monthly imbalance according to Section A-9, Cash Out.
- (5)Nominations: A transportation service customer or the customer's agent shall be responsible for nominating volumes of gas to be received by Company for delivery to the delivery point in order to meet customer's or pool's daily requirement for flowing gas plus retainage.

DATE OF ISSUE:

July 01 Day Year Month

2003

DATE EFFECTIVE:

August 01 2003 Month Day Year

ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

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

Third Revised
Second Revised

SHEET No. 60 SHEET No. 60

Missouri Gas Energy,

<u>a Division of Southern Union Company</u>

Name of Issuing Corporation

For: All Missouri Service Areas
Community, Town or City

### TRANSPORTATION PROVISIONS TRPR

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

DATE OF ISSUE: July 01 2003 Month Day Year DATE EFFECTIVE:

August 01 2003

Month Day Year

ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

Missouri Gas Energy

#### Second Revised First Revised

SHEET No. 61 SHEET No. 61

Missouri Gas Energy,

<u>a Division of Southern Union Company</u>

Name of Issuing Corporation

For: All Missouri Service Areas
Community, Town or City

# TRANSPORTATION PROVISIONS TRPR

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

DATE OF ISSUE:

July 01 2003

DATE EFFECTIVE:

August 01 2003

Month Day Year

Month Day Year

ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

Missouri Gas Energy

FORM NO. 13 P.S.C. MO. No.1 Canceling P.S.C. MO. No.1

First Revised Original

SHEET No. 61.1 SHEET No. 61.1

Missouri Gas Energy, a Division of Southern Union Company

For: All Missouri Service Areas

# TRANSPORTATION PROVISIONS TRPR

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

DATE OF ISSUE:

July Month 01 2003 Day Year DATE EFFECTIVE:

August 01 2003

Month Day Year

ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

Missouri Gas Energy

First Revised Original

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Missouri Gas Energy,

a Division of Southern Union Company

For: All Missouri Service Areas

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- (9) Cash Out: Monthly volumes of gas delivered to a transportation service customer should, to the extent practicable, match Company's receipts for the customer less any amount retained by Company according to Section A-6, Retainage. Agents may balance the aggregated volumes of gas for each pool of customers they represent, according to the terms of Section A-4, Aggregation.
  - (a) Monthly Cash Out: Differences between deliveries and retainageadjusted receipts shall be reconciled on a monthly basis between Company and a customer or the customer's agent.
    - (i) If Company's retainage-adjusted receipts (nomination) for the customer are less than deliveries (usage) to the customer, the customer or the customer's agent shall pay:
      - 1.0 times the index price for each MMbtu of cumulative imbalance up to and including 10% of actual usage, or
      - 1.2 times the index price for each MMbtu of cumulative imbalance if the imbalance is greater than 10%, up to and including 15% of actual usage, or
      - 1.4 times the index price for each MMbtu of cumulative imbalance if the imbalance is greater than 15% of actual usage.
    - (ii) If Company's retainage-adjusted receipts (nomination) for the customer exceed deliveries (usage) to the customer, the customer or the customer's agent shall receive:
      - 1.0 times the index price for each MMbtu of cumulative imbalance up to and including 10% of actual usage, or
      - 0.8 times the index price for each MMbtu of cumulative imbalance if the imbalance is greater than 10% of actual usage, up to and including 15%, or
      - 0.6 times the index price for each MMbtu of cumulative imbalance if the imbalance is greater than 15% of actual usage.

DATE OF ISSUE:

July Month 01 2003 Day Year DATE EFFECTIVE:

August 01 2003

Month Day Year

ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

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(b) <u>Index Price</u>: The index price shall be determined as the arithmetic average of spot market prices published in the first-of-the-month Inside F.E.R.C.'s Gas Market Report, for

Southern Star Central Gas Pipeline, Inc. (Texas, Kansas, Oklahoma)
Panhandle Eastern Pipe Line Company (Texas and Oklahoma)

- (10) Capacity Limitations: A customer may have delivery of gas curtailed in the event of system supply emergencies or capacity limitations. Company's obligation to deliver a customer's gas shall be as stated in Section B, Priority of Service. The determination of system capacity limitations shall be in the sole discretion of the Company reasonably exercised. If capacity limitations restrict the volume of gas which the customer desires to be transported, the customer may request the Company to make reasonable enlargements in its existing facilities, which requests the Company shall not unreasonably refuse, provided that the actual cost (including indirect costs) of such system enlargements are borne by the customer. Title to such expanded facilities shall be and remain in the Company free and clear of any lien or equity by the customer. Nothing herein contained shall be construed as obligating the Company to construct any extensions of its facilities.
- (11)Limitation of Transportation Service and Other Charges: Transportation shall be available only where the gas supply contracts, tariffs and schedules under which the Company obtains its gas supplies permit. Any conditions or limitations on transportation by the Company imposed by such contracts, tariffs and schedules shall be applicable to service hereunder. In the event that this transportation service causes the incurrence of demand charges. standby charges, reservation charges, penalties or like charges from the Company's gas suppliers or transporters, which charges are in addition to charges for gas actually received by the Company, such charges shall be billed to the customer in addition to amounts for service rendered hereunder. Additionally, should a change in the customer's service characteristics cause the charges anticipated above to be recovered from other customers, these charges shall be billed to the customer. Any disputes regarding the customer's responsibility for these charges shall be referred to the Commission for resolution.

DATE OF ISSUE:

July 01 2003

DATE EFFECTIVE:

August 01 2003

Month Day Year

Month Day Year

ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

FORM NO. 13 P.S.C. MO. No.1 Canceling P.S.C. MO. No.1

First Revised Original SHEET No. <u>61.4</u> SHEET No. 61.4

Missouri Gas Energy, a Division of Southern Union Company

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

#### B. PRIORITY OF SERVICE

- (1) <u>Service Restriction</u>: Company may fully or partially restrict service to customers when, in Company's sole determination, restriction is necessary to protect the supply and/or delivery of gas to customers with higher priority uses.
- (2) Notice: Notice of a service restriction shall be provided as far in advance as practicable and may be changed by Company as conditions warrant. Notice shall be given to each affected customer by telephone or in writing, including facsimile and, with the customer's agreement, electronic mail. Notification of the customer's agent shall fulfill the requirement of this paragraph whenever the customer's usage is aggregated for balancing under Section A-4 Aggregation. During emergency situations, Company may use commercial radio and/or television to notify customers.
- (3) <u>Critical Use Periods</u>: Company may issue an Operational Flow Order (OFO) whenever necessary to instruct customers to control their usage to avoid either Under-Deliveries or Over-Deliveries.
  - (a) <u>Standard OFO</u>: A Standard OFO shall require the customer to take preemptive or preventive actions and/or measures in order to neutralize

DATE OF ISSUE:

July 01 2003 Month Day Year DATE EFFECTIVE:

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Month Day Year

ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

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

- (b) Emergency OFO: An Emergency OFO shall require the customer to take immediate actions and/or measures in order to neutralize or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's system, or to insure compliance with the requirements of upstream pipeline companies.
- (c) Authorized Usage: A transportation service customer's authorized usage during an OFO shall be equal to that customer's retainageadjusted confirmed nomination.
- (d) Interrupted Supply: Whenever a transportation service customer's supply is partially or totally interrupted for any reason, that customer's authorized usage shall be limited to the retainageadjusted confirmed nomination being delivered to Company on behalf of that customer.
- (e) Curtailment of Transportation Service: A transportation service customer shall not be required to curtail as long as the customer's gas is delivered to Company's delivery system, except during Supply Emergencies subject to the conditions of Section B-4-e Company's Right to Purchase Transportation Gas.
- Period of Curtailment: Curtailment may be initiated due to a supply (4) deficiency or limitation of pipeline capacity or a combination of both. Company may require its sales service and transportation service customers to limit, in whole or in part, their use of Company's facilities during a Period of Curtailment (POC), taking into consideration priority of use or other factors it deems necessary to ensure public health and safety.

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- (a) Authorized Usage: Company shall, at its sole discretion, authorize customers a usage level which is appropriate to the conditions of the POC.
- (b) Curtailment Priority: Curtailment shall first apply to the lowest priority category (Category Three) and successively to each higher priority

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ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

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

#### (i) For an MGE Sales Service Supply Deficiency

#### (a) Category 1.

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

#### (b) Category 2.

Commercial sales service

#### (c) Category 3.

Industrial sales service

#### (ii) For an MGE Distribution System Capacity Deficiency

#### (a) Category 1.

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

#### (b) Category 2.

Commercial sales service and commercial transportation service

#### (c) Category 3.

Industrial sales service and industrial transportation service

DATE OF ISSUE:

July 01 2003

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August 01 2003

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ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

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- (c) Exception to Curtailment Priority: Company may curtail customers in higher priority categories before curtailing customers in lower priority categories only if curtailing lower priority category customers would not be useful in maintaining deliveries to the higher priority customers.
- (d) Allocation of Partial Capacity: Should partial service only be available to an affected category, deliveries to individual customers shall be limited to the customer's pro rata share of available supply, such allocation to be based on the ratio of the customer's requirements in the category for which partial service is available to the aggregate requirements of all the Company's customers in the same category.
- (e) Company's Right to Purchase Transportation Gas: Company shall have the authority but not the requirement to purchase a transportation service customer's gas during any POC which restricts, or would otherwise restrict, Category One customers.
  - (i) Notice: Company shall use its best efforts to give the customer 24 hours advance notification of the need for any such purchase, but Company shall not be liable for failure to give advance notice when circumstances do not permit.
  - (ii) Reimbursement: Company shall reimburse the customer an amount equal to the verifiable actual replacement cost of any alternative fuel used by the customer to replace natural gas purchased by Company. Company shall account for the reimbursement as a purchased gas expense.
- (f) Emergency Usage during POCs: A customer may request to use gas above authorized levels to forestall irreparable injury to life or property. Requests by telephone shall be followed immediately by a written request. Written requests shall state the nature, cause, and expected duration of the emergency and may be submitted by facsimile (fax) transmission. The customer must act to eliminate the cause of the emergency as soon as practicable. The charge for usage above authorized levels shall be determined at the time Company receives the customer's request. Disputes concerning this charge shall be referred to the Commission for resolution.

DATE OF ISSUE:

July 01

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ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

FORM NO. 13

P.S.C. MO. No.1

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- (g) Relief from Liability: Company shall be relieved of all liabilities, penalties, charges, payments, and claims of whatever kind, contractual or otherwise, resulting from or arising out of Company's failure to deliver all or any portion of the volumes of gas desired by a customer or group of customers during a POC. Company's relief shall apply if curtailment is according to these General Terms and Conditions or any other orders or directives of duly constituted authorities including, but not limited to, the Missouri Public Service Commission.
- (5) <u>Unauthorized Deliveries</u>: Over-Deliveries and/or Under-Deliveries which vary from customer's authorized usage level under an OFO or during a POC, shall be subject to the penalties described in Section B-6 <u>Penalties for Unauthorized Usage</u>.
  - (a) <u>Individual Customers</u>: Unauthorized Deliveries for individually balanced customers shall be calculated by comparing each customer's retainage-adjusted confirmed nominations with actual usage less contract demand.
  - (b) Pools: Unauthorized Deliveries for pools subject to aggregated balancing as defined under Section A-4 <u>Aggregation</u>, shall be calculated by comparing the group members' total retainage-adjusted confirmed nominations with their total actual usage less contract demand.
  - (c) Meter Reading: Actual usage during an OFO shall normally be provided by electronic gas measurement (EGM) equipment. If Company is unable to obtain data from a customer's EGM device, the customer's usage shall be determined by actual meter reads.
  - (d) Refusal to Comply: Company may disconnect from its system or refuse to accept the nomination of a customer which endangers system stability and/or safety by continuing to incur Unauthorized Deliveries.
- (6) Penalties for Unauthorized Usage: A customer or pool's unauthorized usage under an OFO or during a POC shall cause the incurrence of penalties. All revenues received from unauthorized use charges will be considered as gas cost recovery and will be used in the development of the gas cost recovery

DATE OF ISSUE:

July 01 2003

DATE EFFECTIVE:

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ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

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

- (a) Tolerance Levels: Penalties shall be assessed:
  - (i) During an OFO or POC, when Unauthorized Over- Deliveries to EGM meters exceed 5% of authorized daily delivery levels.
  - (ii) During an OFO, when Unauthorized Under-Deliveries to EGM meters exceed 5% of authorized daily delivery levels.
- (b) Penalties during POCs shall be:
  - (i) The greater of \$10 or 5 times the daily midpoint stated on Gas Daily's Index for Southern Star Central Gas Pipeline (Oklahoma) for each day of the POC, for each MMbtu of Unauthorized Over Delivery that exceeds the Tolerance Levels set in Section B-6-a <u>Tolerance Levels</u> but is no greater than 10% of the authorized delivery level for the customer or the aggregated balancing group, and
  - (ii) The greater of \$20 or 10 times the daily midpoint stated on Gas Daily's Index for Southern Star Central Gas Pipeline (Oklahoma) for each day of the POC, for each MMbtu of Unauthorized Over Delivery in excess of 10% of the authorized delivery level for the customer or the aggregated balancing group.
- (c) <u>Penalties during OFOs</u>: Penalties for Unauthorized Over-deliveries or Under-deliveries shall be calculated as follows:
  - (i) Standard OFO Penalties: For each day of the Standard OFO, the greater of \$5 or 2½ times the daily midpoint stated on Gas Daily's Index for Southern Star Central Gas Pipeline (Oklahoma) times the MMBtu of Unauthorized Over- or Under-deliveries that exceed the tolerance level applicable under Section B-6-a Tolerance Levels.
  - (ii) POC and Emergency OFO Penalties: For each day of the POC or Emergency OFO, the greater of \$10 or 5 times the daily midpoint stated on Gas Daily's Index for Southern Star Central Gas Pipeline (Oklahoma) time the MMBtu of Unauthorized Over-or

DATE OF ISSUE:

July 01 2003

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ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs
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Under-deliveries that exceed the tolerance level applicable under Section B-6-a Tolerance Levels.

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

DATE OF ISSUE:

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01 2003

DATE EFFECTIVE:

August 01 2003

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ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs

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ISSUED BY: Robert J. Hack

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Missouri Gas Energy

#### ADDITIONAL CERTIFICATE OF SERVICE

In addition to the original certification of service provided herein, I certify that the party who submitted the tariff has been servied with a copy of the pleading as required by 4 C.S.R. 240-2.065(3).

Date: July 21, 2003

Stuart W. Conrad

An attorney for Midwest Gas Users' Association