GENERAL TERMS AND CONDITIONS

1. DEFINITIONS (Cont'd)

1.23 "Operational Balancing Agreement" ("OBA") - means a contract between two parties which specifies the procedures to manage operating variances at an interconnect. Southern Star shall offer Operational Balancing Agreements on a non-discriminatory basis.

1.24 Operation Flow Order ("OFO") - means an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity, of Southern Star's system, or to maintain operations required to provide efficient and reliable firm service. Whenever Southern Star experiences these conditions, any pertinent order will be referred to as an Operational Flow Order.

1.25 "Point Operator" - means any party who is either a Receiving Party or Delivering Party.

1.26 "Predetermined Allocation Agreement" ("PDA") - means an agreement under which the operator of the facilities at a receipt or delivery point specifies how gas received by or delivered by Southern Star shall be allocated in accordance with confirmed nominations at such point, including how any underage or overage of actual receipts or deliveries from confirmed nominations shall be allocated. Southern Star shall offer predetermined allocation agreements on a non-discriminatory basis. An OBA is a type of PDA.

1.27 "psia" - means pressure expressed in pounds per square inch absolute.

1.28 "psig" - means pressure expressed in pounds per square inch gauge.

1.29 "Receiving Party" - means the owner or operator of the facilities into which Southern Star physically delivers gas for Shipper.

1.30 "Shipper" - means a party which executes a Transportation or Storage Service Agreement with Southern Star under one of the Transportation or Storage Rate Schedules contained in this FERC Gas Tariff, Volume No. 1 or a party which executes an Interruptible Gathering Service Agreement with Southern Star.

1.31 "Thermally Equivalent" - means an equal number of Dths.

Schedule 1

LINE SEGMENT OPERATIONAL FLOW ORDER

SOUTHERN STAR CENTRAL GAS PIPELINE, INC.	007906233		
NOTICE:	03000016	CRITICAL NOTICE:	Y
PRIOR NOTICE:		TYPE:	4 SYSTEM/SEG OFO
POSTED:	2003/01/23 16:30:00	STATUS:	1 INITIATE
EFFECTIVE:	2003/01/23 16:03:26	RESPONSE:	5 NONE
ENDING:		RESPOND BY:	

SOUTHERN STAR CENTRAL GAS PIPELINE, INC. IS IMPLEMENTING A LINE SEGMENT "EMERGENCY OPERATIONAL FLOW ORDER" EFFECTIVE FOR JANUARY 23, 2003 ON THE ID2 NOMINATION CYCLE DUE TO A MECHANICAL FAILURE AT OUR OTTAWA, KANSAS COMPRESSOR STATION.

THE LINE SEGMENTS AFFECTED ARE 60, 90, 113, 115, 144, 145, 170, 180, 190, 195, 235, 250, AND 425. THIS OFO DIRECTS SHIPPERS TO REDUCE NOMINATIONS AND ACTUAL TAKES ON ALL NON-PRIMARY DELIVERIES UNDER ALL RATE SCHEDULES ON THE SPECIFIC LINE SEGMENTS LISTED ABOVE TO ZERO QUANTITIES. EPSQ ("ELAPSED PRO-RATA SCHEDULED QUANTITIES") WILL BE USED TO CALCULATE DELIVERIES FOR GAS DAY 1/23/03.

THE DURATION OF THIS OFO IS EXPECTED TO BE THROUGH GAS DAY JANUARY 25, 2003.

IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE, PLEASE CONTACT ONE OF THE MARKETING REPRESENTATIVES LISTED BELOW.

TIM MEYER: (270) 852-4554

PAT COOMES: (270) 852-4552

TODD MILLAY: (270) 852-4555

Schedule 2-1

CRITICAL OPERATIONAL OFO NOTICE - POSTED MARCH 6, 2003

SOUTHERN STAR CENTRAL GAS PIPELINE, INC.	007906233		
NOTICE:	03000031	CRITICAL NOTICE:	Y
PRIOR NOTICE:		TYPE:	4 SYSTEM/SEG OFO
POSTED:	2003/03/06 08:08:00	STATUS:	1 INITIATE
EFFECTIVE:	2003/03/06 07:13:33	RESPONSE:	5 NONE
ENDING:		RESPOND BY:	

SOUTHERN STAR CENTRAL PIPELINE "SSCGP" IS ISSUING AS STANDARD OPERATIONAL FLOW ORDER "OFO" PER SECTION 10.2 OF OUR FERC APPROVED TARIFF. THIS OFO IS BEING ISSUED TO PROTECT THE INTEGRITY OF SSCGP STORAGE FACILITIES DUE TO MINIMAL INVENTORIES AND WILL BE EFFECTIVE FOR GAS DAY, FRIDAY, MARCH 7, 2003. THE ISSUANCE OF THIS OFO REQUIRES SPECIFIC ADHERENCE TO THE FOLLOWING CRITERIA AS SPECIFIED BELOW.:

1. THIS OFO IS APPLICABLE TO ALL TSS & STS CUSTOMERS THAT ARE AT OR BELOW 10% INVENTORY OF THEIR CONTRACTUAL MSQ (MAXIMUM STORAGE QUANTITY) ON EACH STORAGE AGREEMENT.

2. ALL APPLICABLE CUSTOMERS WILL HAVE SUFFICIENT GAS SUPPLIES FROM EITHER FLOWING SUPPLIES AND/OR DELIVERY FROM AVAILABLE STORAGE INVENTORY, WITHIN CONTRACTUAL RIGHTS TO EQUAL THE DEMAND AT THEIR DELIVERY POINTS ON A DAILY BASIS. PENALTIES WILL BE APPLIED TO EVERY DTH OF SUPPLY SHORTFALL ON A DAILY BASIS AND THE TOLERANCE IS AT ZERO PERCENT.

3. CUSTOMERS THAT ARE OUT OF THE SPECIFIED TOLERANCE WILL BE SUBJECT TO PENALTIES THAT ARE GREATER OF $5.00 OR 2.5 TIMES THE AVERAGE GAS DAILY INDEX OF WILLIAMS INDEX FOR EACH DAY OF NONCOMPLIANCE FOR EACH DTH BY WHICH SHIPPER DEVIATED FROM THE REQUIREMENTS OF THE OFO.

4. THE SPECIFIC CUSTOMERS AFFECTED BY THE OFO WILL BE NOTIFIED INDIVIDUALLY BY PHONE AND FAX. 5. CUSTOMER INFORMATION IS AVAILABLE ON THE PILOT EBB PIPETALK DAILY OPERATIONAL ALLOCATIONS - SHIPPER SCREENS.

SSCGP ESTIMATES THE DURATION OF THIS OFO TO EXTEND UNTIL MARCH 31, 2003. THANK YOU IN ADVANCE FOR YOUR COOPERATION IN THIS MATTER. IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE, PLEASE CONTACT ONE OF THE FOLLOWING MARKETING REPRESENTATIVE LISTED BELOW.

TIM MEYER OFFICE:(270) 852-4554 CELL: (270) 341-7846

PAT COOMES OFFICE: (270) 852-4552 CELL: (270) 302-4411

TODD MILLAY OFFICE: (270) 852-4555 CELL: (270) 302-5548

Schedule 2-2

GENERAL TERMS AND CONDITIONS

9. SCHEDULING, CURTAILMENT AND IMBALANCES (Cont'd)

(c) If Southern Star does not have sufficient capacity in any portion of its system to schedule all firm quantities nominated, Shipper provided rankings will be used when making reductions, as noted in Section 9.1(d) above.

(d) Quantities will not be scheduled at receipt points or delivery points unless confirmed by the Delivering Party or Receiving Party controlling the facilities.

9.5 Periods of Daily Balancing

A period of daily balancing occurs when confirmed nominations and anticipated no-notice service deliveries are expected to exceed anticipated receipts plus storage withdrawal capability on Southern Star's pipeline system. During such periods of daily balancing, actual receipts and deliveries of gas will be allocated to no-notice transportation and storage agreements on a daily basis rather than on a monthly basis. Southern Star will post on its EBB a "Notice of Implementation of Daily Balancing Procedures" by 12 noon, for such daily balancing procedures to be effective the second gas day after issuance, or such shorter periods as may be necessary to protect the integrity of Southern Star's system. Time of posting on the EBB shall be considered the official time of notification. Such period of daily balancing will be applicable to all rate schedules and will, to the maximum extent possible, be imposed only to those portions of Southern Star's system where service integrity is threatened. Southern Star will also notify Shippers of such period of daily balancing by telephone or facsimile. To enable Southern Star to provide this notice, the provisions of Article 10.1, paragraph 3, of this FERC Gas Tariff shall be applicable. PDAs and OBAs will remain in effect during periods of daily balancing. Such notice will remain on Southern Star's EBB throughout such period of daily balancing. The period of daily balancing will be lifted when confirmed nominations and anticipated no-notice service deliveries are not expected to exceed anticipated receipts plus storage withdrawal capability on Southern Star's pipeline system.

Commissioners

ALLAN G. MUELLER
Chairman

KENNETH McCLURE

PATRICIA D. PERKINS

DUNCAN E. KINCHELOE

HAROLD CRUMPTON

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
314-751-3234
314-751-1847 (Fax Number)
314-526-5695 (TT)

September 28, 1993

BRENT STEWART
Executive Secretary

SAM GOLDAMMER
Director, Utility Operations

GORDON L. PERSINGER
Director, Policy & Planning

KENNETH J. RADEMAN
Director, Utility Services

DANIEL S. ROSS
Director, Administration

CECIL I. WRIGHT
Chief Hearing Examiner

VACANT
General Counsel

Mr. David L. Rauch
Executive Secretary
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. GR-93-240 - In the matter of Western Resources, Inc. d/b/a Gas Service, tariff sheets designed to increase rates for gas service provided to customers in the Missouri service area of the Company.

Dear Mr. Rauch:

Enclosed for filing in the above-captioned case is an original and fourteen (14) conformed copies of a UNANIMOUS STIPULATION AND AGREEMENT. Attachments 1 and 2 referred to within this Agreement are not attached; final changes are currently being made to Attachments 1 and 2. These changes will be finalized and filed with the Commission on Wednesday, September 29, 1993. The Unanimous Stipulation and Agreement is being filed without Attachments 1 and 2 because these documents are not yet ready to be filed and the Commisison has expressed its desire that this Agreement be filed prior to the September 29, 1993 Agenda Session.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely,

Penny G Baker

Penny G. Baker
Deputy General Counsel
314-751-6651

FILED

SEP 28 1993

MISSOURI
PUBLIC SERVICE COMMISSION

PGB:bas
Enclosures
cc: Counsel of Record

FILED
SEP 28 1993
MISSOURI
PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Western Resources, Inc. d/b/a Gas Service, tariff sheets designed to increase rates for gas service provided to customers in the Missouri service area of the Company	Case No. GR-93-240

UNANIMOUS STIPULATION AND AGREEMENT

On February 5, 1993, Western Resources, Inc. d/b/a Gas Service, A Western Resources Company (Gas Service or Company) submitted tariffs to this Commission reflecting increased rates for gas service provided to customers in the Missouri service area of the Company. The proposed tariffs had a requested effective date of March 7, 1993, and were designed to produce an increase of approximately $20,799,013 in charges for gas service.

By Order dated March 5, 1993, the Commission suspended the Company's proposed tariffs and established a schedule of proceedings to consider the Company's request for a rate increase. On April 13, 1993, the Commission issued an Order granting the applications to intervene which had previously been filed by the City of Kansas City, Missouri, Midwest Gas Users Association and Armco Inc., the United States Department of Energy, the City of St. Joseph, Missouri, Williams Natural Gas Company, Kansas City Power & Light Company, and Mountain Iron & Supply Company. On September 21, 1993, the Commission issued an order dismissing the City of St. Joseph, Missouri, and the City of Kansas City, Missouri as parties to this proceeding.

Pursuant to the Commission's Order, the undersigned parties

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met and participated in the prehearing conference scheduled by the Commission in this proceeding. As a result of those meetings, the undersigned parties have reached the following stipulations and agreements which dispose of all of the issues in this case:

1. Revenue Requirement - The Company shall be authorized to file revised gas tariffs and rate schedules designed to produce an increase in overall Missouri jurisdictional gross annual revenues of $9.75 million or 3.35 percent, exclusive of any applicable franchise and gross receipts taxes. Tariffs and rate schedules reflecting this increase are set forth in Attachment 1 hereto. The parties agree that revised gas tariffs filed by the Company shall be effective for service rendered on and after October 15, 1993.

2. Rate Design/Class Cost of Service - The parties agree that the revenue requirement established in this case shall be allocated to the Company's customer classes, rate components and services pursuant to the tariffs and rate schedules set forth in Attachment 1 to this Stipulation and Agreement. Among other changes, the tariffs reflect a combining of the Company's current Large Commercial Service (LCm) and Large Industrial Service (LIm) customer classifications into one Large Volume Service (LVm) customer classification. A schedule showing the revenue shifts and class revenue requirements underlying the rates proposed herein is set forth in Attachment 2 to this Stipulation and Agreement.

3. Service Options and Requirements - The tariffs and rate schedules set forth in Attachment 1 reflect the following agreements relating to service options and requirements applicable

to the Company's customers:

A. EGM/Burnertip Balancing - The parties have agreed to tariff language in this proceeding which requires customers who currently qualify for and take transportation service to install and pay for electronic gas metering (EGM) equipment and associated expenses. The tariff follows the definition of EGM equipment and associated expenses set forth on Schedule 6 of the Direct Testimony of Staff witness Sommerer, with the addition of a provision that permits the Company to charge a monthly maintenance fee equal to the Company's incremental cost for testing and maintaining such equipment.

The installation of EGM equipment shall be performed by the Company in a manner consistent with the Commission's safety rules and shall be completed within three years of the effective date of the EGM tariff. To the extent practical, priority for EGM installations will be determined by the volume of each customer's natural gas usage, with larger volume customers receiving EGM equipment first. The tariff provides customers with the ability to pay for such equipment over time (a maximum of three years) at a rate of interest of 8 percent. The tariff also provides that any data generated by the EGM equipment will be made available to the customer or customer's agent on the same basis and in the same format as is available to the Company.

During the first year of EGM installation, the Company agrees that it will not seek to install EGM equipment for customers with peak monthly usage of 1500 Mcf to 3000 Mcf, unless requested by the customer. In conjunction with the discussions referenced in paragraph 3.C of this Stipulation and Agreement, the Company also agrees to examine alternatives to EGM installation for customers with peak monthly usage requirements of 3000 Mcf and below, including the offering of a sales or balancing service where the customer's usage varies from the customer's transportation deliveries to Company. Nothing herein shall be construed as resolving the issue of whether customers whose usage is less than 1500 Mcf during their peak month should be required to install EGM equipment in the event they become eligible for transportation pursuant to paragraph 3.C of this Stipulation and Agreement.

In exchange for the foregoing commitment to install EGM equipment, Williams Natural Gas Company (WNG) agrees to provide burnertip balancing, for a one year period commencing October 1, 1993, to all Missouri customers of the Company who transport on WNG's system. Under burnertip balancing, the actual volumes delivered to each affected transportation customer by Company, as adjusted for lost and unaccounted for gas and thermal content, shall be considered the transportation volumes delivered by WNG to Company on behalf of each such customer for all purposes. WNG agrees to continue providing burnertip balancing after this initial one year period on behalf of any customer who has installed EGM equipment for at least 90 percent of the customer's annual delivered volumes.

B. Access to Transportation and Sales Service - The parties have agreed to tariff language (See Attachment 1) under which customers must give the Company 12 months written notice before they may switch from sales to transportation service, unless the customer has paid the Company a charge designed to reimburse the Company for any costs which have been incurred to provide sales service to the customer and which cannot be avoided or recouped through other reasonably available means. Under the new tariff language, customers must also give the Company 12 months written notice to switch from transportation to sales service, unless sales gas is otherwise available and the customer has paid the Company the incremental cost of providing such service in the period prior to when sales service would have otherwise become available after full notice. For a period of six months after the effective date of the tariff, the 12 month notice requirement will be waived.

C. Qualification for Transportation Service - The current 1500 Mcf minimum threshold for transportation eligibility shall be retained for at least one year in order to provide sufficient time to evaluate the impact of pipeline restructuring on the Company operations. During that period, the Company agrees to meet with Mountain Iron & Supply Company, the Staff, Public Counsel, Midwest Gas Users Association and other interested parties to evaluate whether and to what extent the minimum threshold level should be reduced. The parties agree that reductions in the threshold may be appropriate if they can be made without imposing an unreasonable level of administrative costs on the Company and without having a detrimental impact on other customers.

D. <u>Supply Coordination and Delivery Service</u> - The parties agree that the Company's Supply Coordination and Delivery Service shall be made available to transportation customers under a rider to the Large Volume Service Schedule. As reflected in Attachment 1, such service shall not be offered as a backup supply to transportation service or to customers who are currently purchasing all of their natural gas requirements under the Company's existing sales tariffs and rate schedules. The cost of any gas used to supply the service shall be segregated from the PGA and no pipeline capacity otherwise recovered through the PGA will be used in connection with the service unless the Company has maintained records showing that the capacity has been priced at a level equivalent to similar capacity offered on an Electronic Bulletin

Board. The Supply Coordination and Delivery Service will be offered on a non-discriminatory basis and will not be detrimental to other customers.

4. Modifications to the Purchased Gas Adjustment Clause

A. Interim PGA Modification - As shown in Attachment 1, the parties have agreed that the Company's PGA tariffs should reflect the following modifications: (1) extension of the 10 day notification requirement contained in the current PGA to 20 days; (2) an increase in the PGA filing threshold from $1 million to $1.5 million; (3) an expansion of the scope of the ACA Audit review process in accordance with the recommendations submitted by Staff witness Sommerer in his Direct Testimony in this proceeding; and (4) a reduction in the interest rate applicable to PGA refunds from 9 to 6 percent.

B. Deferral to Future Proceeding - All other issues raised by the parties in this proceeding relative to the PGA should be deferred for consideration at a later time. In the event the Commission does not establish a proceeding to consider such issues within six months of the date this Stipulation and Agreement is approved by the Commission, the Company agrees to make a tariff filing, or file a motion with the Commission to establish a docket, for purposes of addressing these issues and those referenced in paragraph 3.C as they affect the Company and its customers. The fact that implementation of a transition cost recovery provision has been deferred to a subsequent date shall not be cited or relied upon in any subsequent proceeding as a ground for arguing or finding that the Company should not be allowed to recover such costs. The parties also agree that nothing herein shall preclude the Company from seeking recovery of transition costs in a separate filing, provided that such filing shall be served upon the parties to this Stipulation and Agreement. None of the signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any substantive recommendations made by the Company in connection with such filings.

5. Other Issues

A. Weatherization Program - The parties agree that the Company should be permitted to implement an experimental weatherization program upon the terms and conditions set forth in Attachment 1 to this Stipulation and Agreement. Company shall provide the Staff and Office of Public Counsel with a copy of its final plan, including contracts with others, prior to implementing the plan, but not later than December 15, 1993.

B. Billing Adjustment Terms - The tariffs set forth in Attachment 1 reflect Staff's proposal for limiting the time period over which billing adjustments may be made.

C. Tax Adjustment Clause Change - The tax adjustment provision proposed by the Company in its initial filing in this proceeding has been modified consistent with Staff's recommendations.

D. U.S.O.A. Waiver - The parties agree that in approving this Stipulation and Agreement, the Commission shall in a separate section of its Order grant Company a waiver from the requirements of Section 20,399, Account 380 Services, of the Uniform System of Accounts, as it relates to the retirement of inactive service lines. Rather than being required to retire inactive service lines from the Company's books and records within two years of the date such service lines become inactive, the Company shall be permitted, for safety and efficiency-related reasons, to maintain such services on its books and records for a period not exceeding three years for service lines to residential customers and five years for service lines to commercial and industrial customers or the date upon which such service lines are permanently disconnected from the Company's system, whichever occurs first.

In addition, the Company agrees to perform a reconciliation, to be completed in the next two years, which will assure that all inactive service lines which fall outside the guidelines mentioned above are removed from the Company's books and records. The Company shall implement procedures which on an ongoing basis, maintain records which will show each inactive service, segregated by residential, commercial and industrial class customers and the date each service became inactive. Beginning January 1, 1995, the Company will provide an annual, written report to Staff detailing the status of the reconciliation process. Such reports will be submitted until the reconciliation process is completed.

E. Case No. GR-90-50 Reporting Requirements - The parties agree that the Company shall be relieved of its obligation to comply with the periodic reporting requirements set forth in the Stipulation and Agreement approved by the Commission in Case No. GR-90-50, provided that the Company will continue to provide information to Staff relating to its safety programs as requested by Staff.

F. Safety-Related Costs - Pursuant to Staff's recommendation, Company will, beginning with the effective date of the rates established in this proceeding, include in rate base and amortize over a 20 year period in the cost of service those expenses related to its gas safety program which have been deferred pursuant to the Accounting Authority Order authorized in Case No. GO-92-185.

G. Subsequent Tariff Filings - The Company agrees, within thirty days of the approval of this Stipulation and Agreement, to submit tariff sheets revising its General Terms and Conditions governing repairs, repiping and related safety requirement applicable to Mobile Home Parks.

6. This Stipulation and Agreement represents a negotiated settlement for the sole purpose of disposing of the issues addressed herein, and none of the signatories to this Stipulation and Agreement shall be prejudiced or bound in any manner by the terms of the Stipulation and Agreement, and this Stipulation and Agreement shall be inadmissible in and shall not be cited or referred to as precedent in any other proceeding, except as otherwise specified herein.

7. None of the signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost determination or cost allocation underlying or allegedly underlying this Stipulation and Agreement and the rates provided for herein.

8. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the signatories waive, with respect to the issues resolved herein, their respective rights to cross-examine witnesses, their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 1986; 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.

9. 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, or in the event the revised tariffs do not become effective in accordance with the provisions contained herein, the Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

10. The Staff shall have the right to provide to the Commission whatever further explanation the Commission requests. The explanation shall not become a part of the record of this proceeding and shall not bind or prejudice the Staff in any future proceeding or in this proceeding in the event the Commission does not approve the Stipulation and Agreement. The contents of any explanation provided by the Staff are its own and are not acquiesced in or otherwise adopted by the other signatories to the Stipulation and Agreement.

Respectfully submitted,

WESTERN RESOURCES, INC.

Michael C. Pendergast

J. Michael Peters
Michael C. Pendergast

STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION

Penny G. Baker

Penny G. Baker

ARMCO, MIDWEST GAS USERS ASSOCIATION

Stuart W. Conrad

OFFICE OF PUBLIC COUNSEL

Douglas E. Micheel

U.S. DEPARTMENT OF ENERGY

Paul W. Phillips

WILLIAMS NATURAL GAS COMPANY

Richard S. Brownlee III

Richard S. Brownlee III

MOUNTAIN IRON & SUPPLY COMPANY

By Richard W. Stavely, its attorney
Richard W. Stavely
By Patrick A Baumhoer, its attorney

GENERAL TERMS AND CONDITIONS

9. SCHEDULING, CURTAILMENT AND IMBALANCES (Cont'd)

(iii) adjusting nominations for the remainder of the current month, or

(iv) cashing out imbalances in excess of the tolerance level, as defined in (b) below, at 100% of the spot market price applicable to Southern Star as published in the first issue of Inside FERC's Gas Market Report for the month in which the imbalance occurred.

(b) Net monthly imbalances which are not resolved by the end of the first month following the month in which the imbalance occurred and which exceed the greater of (1) 1,000 Dth, or (2) plus or minus 10% of actual deliveries to the Shipper shall be subject to a balancing fee equal to the maximum rate under Rate Schedule ISS, plus associated storage fuel and loss. Shippers remain responsible for actual elimination of the imbalance, by using one of the four methods set out in 9.7(a)(i) - (iv) above, notwithstanding the payment of the balancing fee. If a Shipper is unable to resolve a net imbalance due directly to Southern Star's negligence or willful acts or omissions, the fee provided by this paragraph shall not apply.

(c) Net monthly imbalances which are not resolved by the end of the second month following the month in which the imbalance occurred and which exceed the tolerance specified in the preceding paragraph shall be cashed-out according to the schedule set forth in (i) and (ii) below. Spot price refers to the spot market price as defined in (a)(iv) above.

(i) Receipts in excess of deliveries shall be purchased by Southern Star from the Shipper at the following prices:

Percent by which receipts exceed deliveries	Purchase Price
Up to 10% or 1,000 Dth	N/A
≥10% but less than 15%	.7 x spot price
≥15% but less than 20%	.6 x spot price
≥20%	.5 x spot price

Schedule 5-1

GENERAL TERMS AND CONDITIONS

9. SCHEDULING, CURTAILMENT AND IMBALANCES (Cont'd)

(ii) Deliveries in excess of receipts shall be sold by Southern Star to the Shipper at the following prices:

Percent by which deliveries exceed receipts	Sales Price
Up to 10% or 1,000 Dth	N/A
≥10% but less than 15%	1.3 x spot price
≥15% but less than 20%	1.4 x spot price
≥20%	1.5 x spot price

(d) During each twelve month period beginning on the effective date of this Article 9, Southern Star shall refund any net revenue (sales revenue less purchase cost) received from operation of paragraph (c) to all Shippers on a pro-rata basis based on quantity delivered under rate schedules applicable to this Article 9.6 to each Shipper during such twelve month period. This refund shall be net of costs Southern Star incurs for purchases made for operational purposes. If Southern Star incurs a net cost during such twelve month period, the amount will be deferred and offset against revenue received in the next twelve month period. Carrying costs shall be calculated on the net balance each month (either net revenue or net cost) utilizing the rate set forth in Section 154.501 of the Commission's regulations. Southern Star will file a report and, if necessary, a refund plan no later than December 1 of each year of net cash out activity for the 12 months ended September 30 of that year. Southern Star will make refunds to Shippers within 10 days of a final order accepting such refund plan.

(e) In the event a monthly imbalance exceeding the tolerance set forth in Sections 9.6(b) and 9.6(c) results directly from (1) compliance with an operational flow order issued by Southern Star pursuant to Article 10, (2) inaccurate information provided by Southern Star, or (3) a force majeure event, such Shipper shall be allowed an additional month to resolve such imbalances.

(f) No imbalance penalty will be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty.

Schedule 5-2

Comparison of MGE's Cash-out tariff language to Southern Star's Cash-out tariff language

Tariff Description	MGE	Southern Star
Under Delivery - Receipts exceed Deliveries		
0 to 10%	1.0 x Index Price	1.0 x Index Price
$\geq$ 10% but less than 15%	0.8 x Index Price	0.7 x Index Price
$\geq$ 15% but less than 20%	0.6 x Index Price	0.6 x Index Price
$\geq$ 20%	0.6 x Index Price	0.5 x Index Price
Over Delivery - Deliveries exceed Receipts		
0 to 10%	1.0 x Index Price	1.0 x Index Price
$\geq$ 10% but less than 15%	1.2 x Index Price	1.3 x Index Price
$\geq$ 15% but less than 20%	1.4 x Index Price	1.4 x Index Price
$\geq$ 20%	1.4 x Index Price	1.5 x Index Price

Notes:
Under Delivery – Where receipts exceed deliveries, the gas will be purchased by Southern Star or MGE at a discounted price.

Over Delivery – Where deliveries exceed receipts, the Gas will be sold by Southern Star to MGE or MGE to Shipper at an increased price.

Southern Star Central
Gas Pipeline, Inc.

P.O. Box 20010
3800 Frederica St.
Owensboro, KY 42304
(270) 852-5000

ORIGINAL

David N. Roberts
Regulatory Lead Consultant
Phone: (270)852-4654
Fax: (270)852-5010
Email: david.n.roberts@sscgp.com

April 29, 2003

Federal Energy Regulatory Commission
888 First St., N.E.
Washington, DC 20426
Attention: Magalie R. Salas, Secretary

Re: Southern Star Central Gas Pipeline, Inc.
Docket No. RP03-356-000
Proposed Daily Allocation

Ladies and Gentlemen:

Pursuant to Part 154 of the regulations of the Federal Energy Regulatory Commission (Commission), Southern Star Central Gas Pipeline, Inc. ("Southern Star")[1] submits herewith for filing as part of its FERC Gas Tariff, Volume No. 1, an original and five copies of the following revised tariff sheets:

List of Materials Enclosed

Form of Notice
Appendix A – List of Revised Tariff Sheets
Appendix B - Revised Tariff Sheets
Appendix C – Redline Version of Tariff Sheets
Appendix D – Work Papers

[1]On April 25, 2003, Williams Gas Pipelines Central, Inc. filed with the Commission a name change to Southern Star Central Gas Pipeline, Inc. to be effective May 1, 2003 (Docket No. RP03-352-000), and such change would take effect prior to the effectiveness of these revised tariff sheets.

27 Dist | OMTR | OGC

Schedule 7-1

Background

The purpose of this filing is to make Southern Star, like many other pipelines operating in the United States, a daily allocating pipeline.[2] However, unlike in an earlier filing[3], here Southern Star does not propose a scheduling fee or to modify any existing tolerance levels. Rather, Southern Star proposes only those changes consistent with the Commission's earlier finding "that more timely and accurate information is commendable, as real-time information should be available to [Southern Star's] shippers and point operators to more effectively help them conduct transactions on Southern Star's system."[4] Therefore, the tariff revisions included herein provide such timely and accurate real-time information, convert reservation rates from monthly to daily rates, delete Periods of Daily Balancing (PODBs) entirely, and move the language with respect to daily penalties for unauthorized over-deliveries and under-receipts to the Operation Flow Order (OFO) provisions of the tariff. All of these provisions are necessary in order for Southern Star to begin to operate as a daily allocating pipeline and operate in accordance with industry standards and Commission policies and practices. In addition, this filing adheres to the Commission's instruction that Southern Star should alter its prior approach " to address the Commission's concerns, and yet accomplish [Southern Star's] objectives on shifting to a daily balancing system."[5]

Nature, Basis and Reasons for Filing

As the Commission is well aware, in the natural gas industry today, business is transacted on a daily basis and, in an ever-increasing amount, on an intra-day and even hourly basis.[6] In today's marketplace, a shipper can purchase the natural gas commodity accordingly. Likewise, pipeline capacity can be purchased, released, or called back for a day or intra-day period. To facilitate these market enhancements, just last month the Commission issued Order No. 587-R[7] establishing ever greater levels of intra-day flexibility for shippers in utilization of their capacity and further directing the industry into an ever more efficient marketplace. And, the Commission is requiring pipelines to ensure that their allocation of actual flows matches the allocation of capacity used in their daily releases and recalls. To keep pace with these developments and to compete, and in addition to making its Order No. 587-R compliance filing contemporaneous herewith, Southern Star proposes to allocate the actual use of pipeline capacity on a daily basis.

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[2]CIG, CenterPoint, Kinder Morgan, KPC, MRT, Natural Gas Pipeline, Northern Natural, and Panhandle.

[3]Williams Gas Pipelines Central, Inc., Docket No.RP-02-179, et al.

[4]Williams Gas Pipelines Central, Inc., 100 FERC P 61,232 at 61,822 (2002).

[5]Williams Gas Pipelines Central, Inc., 102 FERC P 61,119 at 61,319 (2003).

[6]Panhandle Eastern Pipeline Company, 91 FERC ¶ 61,174 (2000).

[7]Standards for Business Practices of Interstate Natural Gas Pipelines, Order No. 587-R, 102 FERC ¶ 61,273 (March 12, 2003).

Currently on Southern Star's system, shippers schedule gas on a daily basis and Southern Star measures gas received and delivered on its system on a daily basis. However, rather than allocating the actual daily receipts and deliveries based on the daily scheduled quantities and system use, which would reflect the way the commodity and capacity were transacted that day, the actual daily receipts and deliveries and the daily scheduled quantities for the month are summed and an allocation of the monthly totals is performed. The tariff sheets to be implemented by this filing will simply change the allocation of usage from monthly to daily in order to accurately reflect the daily commodity and capacity transactions that occurred each day.

Southern Star is not proposing any changes in the way shippers resolve their imbalances. Shipper imbalances are currently, and will continue to be, resolved on a monthly basis. Southern Star's imbalance services were recently reviewed and updated as part of its Order No. 637 settlement in Docket No. RP02-494, which was approved on July 3, 2002.[8]

While Southern Star currently measures the receipts and deliveries on its system on a daily basis, Southern Star has, over the last decade, installed real time measurement facilities at virtually all of its receipt and delivery points. Southern Star has also installed a new measurement system in January 2002. These changes now enable Southern Star to provide accurate real time measurement information to point operators throughout the gas day, and daily allocated volumes to point operators and shippers within four hours after the close of the gas day.

With respect to Southern Star's LDC customers, Southern Star currently provides a predetermined allocation methodology (referred to as "burner-tip balancing") to allocate deliveries to certain end users behind the LDCs on Southern Star's system. This allocation procedure pre-dates Southern Star's Order No. 636 restructuring, when Southern Star sold gas under separate end-use type rate schedules. And, with the implementation of daily allocations, continuation of this procedure would become an unduly burdensome anachronism. However, to facilitate any consequent changes on the LDC systems, Southern Star may, if necessary, delay the filing of its motion to place these tariff sheets into effect, as discussed below.

As a result of allocating receipts and deliveries on a daily basis, Southern Star has eliminated the "Periods of Daily Balancing" section of the tariff and moved the preexisting penalty calculations to the OFO section. Southern Star has also amended the notification language in the OFO section to be consistent with current Commission policy.

Southern Star hereby requests that the proposed tariff changes be permitted to become effective, with no more than nominal suspension, on June 1, 2003 and that the Commission grant any necessary waivers to permit the effectiveness of such sheets on June 1, 2003. However, in order to allow additional time, if necessary, for its customers to file for any changes to their own tariffs, Southern Star will agree to delay its motion to move the sheets into effect, after suspension, until July 1, 2003.

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[8] Williams Gas Pipelines Central, Inc., 100 FERC ¶ 61,034 (2002).

The following is a summary of the significant changes or additions made to the tariff by this filing.

1. **Rates – Tariff sheets 10 and 11.**

   Reservation rates were converted from monthly reservation rates to daily reservation rates. Work papers showing how the monthly rates were converted to daily rates are attached in Appendix D.

2. **Rate Schedules – Tariff sheets 105 through 154.**

   Rate schedule tariff sheets were modified to reflect that the monthly bill will be the sum of the daily charges for the month. Also clarified is that MDTQ overrun charges will be calculated daily.

3. **General Terms and Conditions.**

   Sheets 211-213 - References to "periods of daily balancing" were removed.

   Sheet 236 - The "Periods of Daily Balancing" section was removed.

   Sheets 237-241 - Section 9.7, relating to periods of daily balancing was moved to section 10 relating to OFO's (see sheets 251A-251D).

   Sheets 248-249 - The notification language has also been changed to provide for electronic notification by internet e-mail or direct notification to the customer's URL address, consistent with current Commission policy.

   Sheets 251-251D - The "Operational Flow Orders" section was modified to calculate OFO penalties consistent with what were previously referred to as "periods of daily balancing" penalties. The existing calculation and the penalties remain the same as approved in Southern Stars' Order 637 compliance filing with regard to critical and non-critical days.

A marked version of the proposed tariff changes is filed herein as Appendix C in accordance with Section 154.201(a) of the Commission's regulations, which provides a quick reference to interested parties of the proposed revisions.

Proposed Effective Date and Request for Waiver

Southern Star respectfully requests that the revised tariff sheets be permitted to become effective June 1, 2003, with no more than nominal suspension, which effective date is at least thirty (30) days after receipt of this filing by the Commission. To the extent necessary, Southern Star respectfully requests that the Commission grant any and all waivers as may be necessary (including without limitation Section 154.207 of the Commission's Regulations) for the tariff sheets to become effective June 1, 2003.

Reservation of Right to Move Tariff Sheets into Effect

Pursuant to Section 154.7 (a)(9) of the Commission's Regulations, Southern Star reserves its right to file a later motion to place the proposed tariff sheets into effect at the end of the suspension period. As previously mentioned, Southern Star will agree to delay its motion to move the sheets into effect, after suspension, until July 1, 2003, if necessary, for its customers to file for any changes to their own tariffs

Electronic Data Submitted

Submitted with this filing are two diskettes in accordance with 18 CFR Section 154.4 and 18 CFR Section 154.209 of the Commission's Rules and Regulations. The paper copies of the tariff sheets and Form of Notice included with the instant filing contain the same information as that on the diskettes. The file names on the diskette labels are "TF042903.ASC" and "TF042903.NOT".

Correspondence and Communications

Southern Star requests that all Commission orders and correspondence as well as pleadings and correspondence from other parties concerning this filing be served on each of the following:

David N. Roberts[9]
Southern Star Central Gas Pipeline, Inc.
3800 Frederica Street
Owensboro, KY 42301
(270) 852-4654

and

Tim Thompson[10]
Attorney
Southern Star Central Gas Pipeline, Inc.
3800 Frederica Street
Owensboro, KY 42301
(270) 852-4943

[9]Designated to receive service pursuant to the Commission's Rules of Practice and Procedure and Designated as responsible Company official under Section 154.7(a)(2) of the Commission's Regulations.

[10]Designated to receive service pursuant to the Commission's Rules of Practice and Procedure.

In accordance with Section 154.2(d) of the Commission's Regulations, a copy of this filing is available for public inspection during regular business hours at Southern Star's office at 3800 Frederica Street, Owensboro, Kentucky 42301. In addition, copies of this filing are being served on all jurisdictional customers, and interested state commissions.

Respectfully submitted,

SOUTHERN STAR CENTRAL GAS PIPELINE, INC.

David N. Roberts

David N. Roberts

Enclosures