

Exhibit No.: _____
Issues: Imputed Revenues
and Misc. Issues
Witness: Scott F. Klemm
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Southern Missouri Gas Company, L.P.
Case No.: GR-2001-388

MISSOURI PUBLIC SERVICE COMMISSION

SOUTHERN MISSOURI GAS COMPANY, L.P.

CASE NO. GR-2001-388

REBUTTAL TESTIMONY OF

SCOTT F. KLEMM

Jefferson City, Missouri

January 30, 2003

NON-PROPRIETARY (NP Version)

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

In the matter of Southern Missouri Gas
Company, L.P.'s Purchased Gas
Adjustment Factors to be Reviewed in Its
1999-2000 and 2000-2001 Actual Cost
Adjustment.

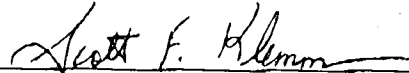
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Case No. GR-2001-388

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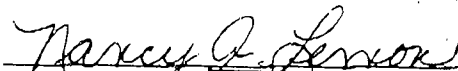
SCOTT F. KLEMM

Scott F. Klemm, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Direct Testimony of Scott F. Klemm"; that said testimony and schedules attached thereto was prepared by him and/or under his direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information and belief.



Scott F. Klemm

Subscribed and sworn to before me this 30th day of January, 2003.



Notary Public

NANCY A. LEMON
Notary Public, Lehigh Co., PA
My Comm. Expires Jan. 1, 2006

My Commission expires 1-1-06

TESTIMONY OF SCOTT KLEMM

CASE NO. GR-2001-388

January 30, 2003

1 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

2 A. My name is Scott F. Klemm and my business address is 301 East 17th Street,
3 Mountain Grove, MO 65711.

4

5 **Q. ARE YOU THE SAME SCOTT F. KLEMM THAT PREVIOUSLY FILED**
6 **DIRECT TESTIMONY IN THIS PROCEEDING?**

7 A. Yes.

8

9 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
10 **PROCEEDING?**

11 A. The purpose of my Rebuttal Testimony is to respond to the Direct Testimony filed by
12 the Staff witnesses Annell G. Bailey and James M. Russo.

13

14 **Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF THE**
15 **RECOMMENDATION SUBMITTED BY THE STAFF REGARDING SMGC'S**
16 **TRANSPORTATION SERVICE TO TWO LARGE INDUSTRIAL**
17 **CUSTOMERS.**

18 A. According to the Direct Testimony of Annell G. Bailey, the Staff is recommending
19 that the Company decrease the firm sales ACA balance by \$105,809. The amount is

1 based upon imputed revenues from two transportation customers, assuming that these
2 customers had paid the full authorized PGA rate.

3
4 **Q. DO YOU AGREE WITH THE STAFF'S PROPOSAL?**

5 A. No. The Company strongly disagrees that there should be a reduction of \$105,809
6 to the firm sales ACA balance related to transportation service and gas supply to these
7 customers. As I explained in my Direct Testimony, Staff's position is based upon the
8 unrealistic assumption that, absent the measures taken by the Company to retain two
9 industrial customers on the system, there would have been an increase of revenues of
10 \$105,809, "if the gas had been sold at the authorized PGA-adjusted rate." (Staff
11 Recommendation, App. A, page 6 of 8). If the Company had not taken the steps
12 necessary to compete with alternative fuels for these two industrial customers, it is
13 extremely likely that these two industrial customers would have left the SMGC
14 system, or substantially reduced their throughput. In fact, one of the industrial
15 customers subsequently (in October, 2001) did substantially reduce its
16 throughput by switching much of their production load to an alternative energy
17 source.¹

18
19 **Q. WHAT IS YOUR UNDERSTANDING OF THE BASIS OF THE STAFF'S**
20 **PROPOSED DISALLOWANCE?**

21 A. According to the testimony of Ms. Bailey and Mr. Russo, Staff believes that the
22 transportation service and gas supply arrangements provided to two large

¹ At that time, this industrial customer was switched to a Large General Service rate for its remaining natural gas usage.

1 transportation customers discussed in my Direct Testimony constitute "unauthorized
2 service" (Bailey Direct, p. 3) and are a "violation of Commission rules and SMGC's
3 tariff on file with the Commission." (Russo Direct, p. 2).

4
5 **Q. DOES STAFF IDENTIFY ANY SPECIFIC COMMISSION RULES OR SMGC**
6 **TARIFF PROVISIONS THAT STAFF CONTENDS CONSTITUTE**
7 **"UNAUTHORIZED SERVICE" OR "VIOLATIONS" OF THE COMPANY'S**
8 **TARIFFS?**

9 A. No. Staff does not identify in their direct testimony the basis for its conclusion on
10 this point. As a result, I am not sure why the Staff has made this assertion.

11
12 **Q. MS. BAILEY DESCRIBES THE TRANSPORTATION SERVICE AND GAS**
13 **SUPPLY ARRANGEMENTS PROVIDED TO THESE TRANSPORTATION**
14 **CUSTOMERS AS FOLLOWS:**

15 "Transportation Service – Internal" is an unauthorized service
16 that SMGC began providing to one industrial customer in April
17 2001, and to a second industrial customer in July 2001. SMGC
18 sells these customers gas at the Williams pipeline interconnect at a
19 contractually agreed-upon rate. From that point SMGC provides
20 transportation service. Each month SMGC sends these customers
21 two bills: one bill for transportation service at tariff-authorized
22 rates and a separate bill for the gas commodity at the
23 contractually agreed-upon rate.

24
25 **DO YOU AGREE WITH HER DESCRIPTION OF THE TRANSPORTATION**
26 **SERVICE AND GAS SUPPLY ARRANGEMENTS BEING PROVIDED TO**
27 **THE TWO LARGE TRANSPORTATION CUSTOMERS?**

1 A. Although I disagree with her characterization of the arrangements as being
2 "unauthorized," Ms. Bailey correctly describes the two aspects of the services being
3 provided to two large transportation customers. Each customer receives a separate
4 bill for the transportation service at rates contained in SMGC's Transportation Tariff.
5 (See Rebuttal Schedule No. 1 attached). In addition, each customer receives a
6 separate bill for the gas commodity provided by SMGC at a contractually agreed-
7 upon rate. With regard to the gas commodity portion, SMGC arranged the gas
8 supplies for the customers and transferred ownership of the gas at the Williams
9 pipeline interconnect. In effect, SMGC is providing transportation service, pursuant
10 to its Transportation Tariff, and is also arranging for the gas supplies for these
11 customers on a contractually-agreed upon basis.

12
13 **Q. DOES SMGC CHARGE THE TRANSPORTATION CUSTOMERS A FEE**
14 **FOR ARRANGING FOR THE GAS SUPPLIES?**

15 A. No.

16
17 **Q. IF SMGC DOES NOT CHARGE A FEE FOR ARRANGING FOR THE GAS**
18 **SUPPLIES TO THESE TRANSPORTATION CUSTOMERS, PLEASE**
19 **EXPLAIN THE REASONS THAT SMGC HAS PROVIDED THIS GAS**
20 **SUPPLY PROVISIONING SERVICE.**

21 A. As I explained in my Direct Testimony, if SMGC had not entered into the
22 transportation contracts and provided the gas supply function for these customers, it is
23 extremely likely that these customers would have left the SMGC system, and instead

1 utilized alternate fuel sources. The loss of these large customers would have harmed
2 the Company's remaining ratepayers. By treating these two industrial customers as
3 transportation customers with SMGC also providing the gas supplies, SMGC was
4 able to keep these customers on the SMGC system, and the remaining ratepayers
5 benefited. Since the revenues at the Williams' interconnect were more than the cost
6 of the gas, the margin (i.e. profit) was treated as a gas cost recovery item for
7 development of the ACA factor. As a result, the remaining ratepayers were better off
8 than if the transportation customers had left the SMGC system in favor of alternative
9 fuel sources. As I already mentioned, SMGC did not retain any of the revenues from
10 the commodity costs to compensate SMGC for services typically provided by
11 marketing companies. SMGC did continue to receive revenues from the monthly
12 customer service charge and the transportation service rate. In addition, this option
13 reduced the likelihood that daily imbalances would occur and SMGC could
14 potentially be assessed imbalancing fees or penalties.

15
16 **Q. DO YOU AGREE WITH MS. BAILEY THAT THIS TRANSPORTATION**
17 **SERVICE AND GAS SUPPLY ARRANGEMENT CONSTITUTES AN**
18 **UNAUTHORIZED SERVICE?**

19 A. No. From my perspective, SMGC is providing regulated transportation service,
20 pursuant to the rates, terms and conditions found in the Company's Transportation
21 Tariff. In addition, SMGC is arranging for the gas supply for these transportation
22 customers in the same manner as a gas marketer. It is my understanding that the gas
23 marketing function is not a regulated service, and there is nothing that I am aware of

1 that prohibits a local distribution company like SMGC from providing shippers with
2 the gas supply function in this fully competitive market at a contractually-agreed
3 upon rate.

4

5 **Q. MR. RUSSO TESTIFIED THAT SMGC ADDED A CUSTOMER CLASS**
6 **ENTITLED "INTERNAL TRANSPORT CUSTOMERS SERVICE"**
7 **WITHOUT SEEKING PRIOR APPROVAL FROM THE COMMISSION. DO**
8 **YOU AGREE?**

9 A. No. Although SMGC personnel have referred to these customers as "internal
10 transportation customers" when discussing this issue with Staff and Public Counsel,
11 SMGC has not created "additional customer classes without prior approval from the
12 Commission." (Russo Direct, p. 2). As I have already explained, SMGC classified
13 these two customers as transportation customers, pursuant to SMGC's Transportation
14 Tariff. In addition, SMGC has arranged the gas supplies for these customers in a
15 similar manner as a gas marketer. This arrangement, in my opinion, does not create a
16 new or additional customer class. What is new, or perhaps different, about this
17 arrangement is the fact that SMGC took the unusual step of arranging gas supplies for
18 these customers in addition to providing traditional transportation service. This
19 unusual step was necessary to protect SMGC's other ratepayers from the adverse
20 consequences that would have occurred to them if the two large transportation
21 customers had switched to another energy source and left the SMGC system.

22

23

1 **Q. PLEASE EXPLAIN IN MORE DETAIL WHY SMGC TOOK THE UNUSUAL**
2 **STEP OF ARRANGING GAS SUPPLIES FOR THESE CUSTOMERS.**

3 A. During the winter of 2000-2001, natural gas wholesale prices skyrocketed to
4 unprecedented levels. The wellhead price of natural gas had been relatively low with
5 an average of around \$2/Mcf since this price was deregulated in the 1980s. The
6 commodity price of natural gas began to rise above historic highs in the summer of
7 2000 when it went above \$4/Mcf in June, \$5/Mcf in September, and then in
8 November it went over \$6/Mcf. At the end of 2000, after two months of
9 extraordinarily cold weather and continued reports of extreme storage withdrawals,
10 the commodity price of natural gas spiked to near \$10/Mcf in late December.² As
11 explained in the Commission's Task Force Report, "[t]he increase in commodity cost
12 was due to a number of factors but the primary factor was the record cold in
13 November and December 2000 that affected most of the states east of the Rockies.
14 This record cold occurred when the commodity price had already eclipsed \$5/Mcf
15 and led to the first sustained increase in space heating demand for natural gas
16 nationally in five years. This increased demand caused nine weeks of sustained or
17 increasing commodity prices from \$4.50/Mcf the last week in October 2000 to
18 \$9.98/Mcf the last week of December 2000."³

19 When SMGC increased its gas supply rates on February 1, 2001, to reflect
20 these dramatic market changes, SMGC's PGA rate, including its under-collected
21 ACA balance from previous ACA periods, resulted in a total PGA rate of \$ 0.8989
22 per Ccf (or \$ 8.989 per Mcf). After these customers received the bills that reflected

² Final Report of the Missouri Public Service Commission's Natural Gas Commodity Price Task Force, pp. 63-70)("Task Force Report").

³ Id. at 70.

1 the PGA rate increase, these two large industrial customers contacted SMGC
2 expressing concerns over SMGC's rates, and indicated to Mr. William A. Walker,
3 SMGC's Gas Control Manager, that they were strongly considering switching to
4 alternative sources of energy. Since the loss of this load would negatively impact
5 SMGC and its remaining customers, SMGC began reviewing its options for
6 competing with the alternative sources of supply for these customers.

7 Prices for natural gas also began to drop precipitously beginning in mid-
8 winter, 2001. SMGC determined that it could acquire natural gas supplies at
9 considerably less than its existing PGA rate of \$8.989 per Mcf. SMGC determined
10 that it could acquire additional natural gas supplies for these customers for
11 **** _____**. Since SMGC was able to acquire gas supply at a rate that was less
12 than the PGA rate, it had the possibility of providing these customers with
13 transportation service, pursuant to the Transportation Tariff, and a gas supply at a
14 more attractive rate than the existing PGA rate.

15
16 **Q. PLEASE IDENTIFY THE LARGE INDUSTRIAL CUSTOMERS THAT**
17 **CONTACTED SMGC AT THIS POINT IN TIME.**

18 A. The first customer to contact SMGC with concerns regarding the PGA rate was

19 **** _____**
20 **_____.** ****** The second

21 industrial customer to contact SMGC with concerns regarding the PGA rate was

22 **** _____**
23 **_____.** ******

1 **Q. DID SMGC ENTER INTO NEGOTIATIONS WITH THESE CUSTOMERS IN**
2 **AN ATTEMPT TO KEEP THEM ON THE SMGC SYSTEM?**

3 A. Yes. SMGC discussed the possibility of providing transportation service to these
4 customers with SMGC also providing gas supplies at a more attractive rate than the
5 existing PGA rate. SMGC entered into contracts with these customers which are
6 attached as Rebuttal Schedule No. 2-HC.

7 ** _____

8 _____

9 _____

10 _____

11 _____

12 _____**

13 ** _____

14 _____

15 _____

16 _____

17 _____

18 _____**

19 _____

20 _____

21 _____

22 _____

1 **Q. DID SMGC PERSONNEL DOCUMENT THE EVENTS SURROUNDING THE**
2 **EXECUTION OF ANY OF THESE CONTRACTS?**

3 A. Yes. Bill Walker, Gas Control Manager, in SMGC's Mountain Grove office
4 memorialized the events surrounding the ** _____
5 _____** in a memorandum to the file (drafted July 18,
6 2001). He also discussed the fixed price purchase related to these contracts in a
7 memorandum to the file dated April 30, 2001. In addition, Mr. Walker memorialized
8 the events surrounding the ** _____** in a hand-written
9 memorandum dated August 10, 2001. These documents are attached as Rebuttal
10 Schedule No. 3-HC.

11
12 **Q. HOW WAS THE PROFIT ON THE COST OF GAS TREATED BY SMGC?**

13 A. As I mentioned in my Direct Testimony, the profit was treated as a gas cost recovery
14 item for development of the ACA factor, and the profit was used to reduce the
15 amount that other ratepayers would have to pay for the uncollected ACA balance. In
16 other words, SMGC's remaining customers directly benefited from the fact that
17 SMGC was able to negotiate a contract that recovered its variable costs and made a
18 contribution to the fixed costs of the system. SMGC did not retain any of the
19 revenues from the gas supply contract as a fee for providing this service.

1 **Q. DID SMGC'S OTHER RATEPAYERS BENEFIT BY KEEPING THESE TWO**
2 **INDUSTRIAL CUSTOMERS ON SMGC'S SYSTEM?**

3 A. Definitely. If these customers had left the system, the remaining ratepayers would
4 have had to absorb the entire remaining uncollected ACA balance from previous
5 periods. As I explained in my Direct Testimony, the ACA rate would have had to be
6 either increased, or recovered over a longer period. If the load of these industrial
7 companies were excluded, then the fixed transportation costs for remaining customers
8 would increase to approximately \$0.132 per Ccf (i.e. a 19% increase). The impact on
9 a typical residential customer using 750 Ccfs annually would be an additional cost of
10 approximately \$16 per customer.

11

12 **Q. DOES STAFF RECOGNIZE THAT THERE ARE BENEFITS TO SMGC'S**
13 **REMAINING CUSTOMERS AS A RESULT OF SMGC'S ABILITY TO KEEP**
14 **THESE CUSTOMERS ON THE SYSTEM?**

15 A. Yes. Mr. Russo stated in his Direct Testimony:

16 SMG and its customers may benefit through a retention of existing
17 customers that otherwise may be lost to alternative markets, by serving
18 qualifying customers at a market competitive rate. SMG's customers
19 benefit by SMG keeping existing customers by spreading its costs over
20 a larger volume, thereby lowering all customers overall cost of service.
21 Also, there are no additional customer classes requiring additional
22 record keeping and data review by the Company and Staff in the PGA
23 and rate case processes. (Russo Direct, pp. 2-3)

24

25

26

27

1 Q. PLEASE EXPLAIN THE REASONS THAT SMGC BELIEVED THAT THESE
2 CUSTOMERS WOULD LEAVE THE SMGC SYSTEM IF ALTERNATIVE
3 ARRANGEMENTS FOR TRANSPORTATION AND GAS SUPPLY WERE
4 NOT COMPLETED.

5 A. As explained in Mr. Walker's memorandum, SMGC personnel, at the request of the
6 customer, reviewed a competitive quote from a propane supplier. It was apparent
7 from the review of the competitive bid that SMGC's natural gas service was not
8 competitive at the existing rate, including the full PGA. In addition, the customer
9 informed SMGC personnel that **_____** intended to accept the propane bid if
10 SMGC couldn't make substantial improvements in its rates. In addition, even after
11 SMGC entered into the Gas Supply Agreement with **_____**
12 _____
13 _____** This is
14 probably the most compelling evidence that SMGC's firm rate was not competitive
15 with alternative sources of energy, absent alternative pricing arrangements.

16 As explained in Mr. Walker's August 10, 2001, memorandum, a
17 representative from **_____**
18 _____

19 _____** Since SMGC was aware of the competitive prices of propane in the area, we
20 concluded that we needed to provide a more competitive alternative to this customer
21 to keep **_____** as a customer on the SMGC system. We therefore entered into a
22 contract to provide transportation service, pursuant to SMGC's Transportation Tariff,
23 and agreed to arrange a more competitive gas supply for the customer.

1 **Q. DOES SMGC ROUTINELY FACE COMPETITIVE THREATS THAT**
2 **OTHER LOCAL DISTRIBUTION COMPANIES MAY NOT FACE IN THEIR**
3 **MARKETS?**

4 A. I believe so. SMGC is a relatively new natural gas company that entered the southern
5 Missouri market in 1994. At the time SMGC began to build its local distribution
6 system, natural gas was not available in the service area. As a result, SMGC began
7 operations in 1994 with a 0% market share. Propane, electricity, and wood were the
8 principle sources of energy in the area. While SMGC has made inroads in the heating
9 and energy markets since 1994, it still faces substantial competition from unregulated
10 propane suppliers in our service area. As a result, SMGC must be continually
11 cognizant of the competitive marketplace for propane, and ensure that SMGC's
12 natural gas and transportation services are priced competitively.

13

14 **Q. MR. RUSSO SUGGESTED THAT SMGC SHOULD HAVE FILED**
15 **PROPOSED TARIFF SHEETS OR PROPOSED SPECIAL CONTRACTS FOR**
16 **STAFF'S REVIEW AND COMMISSION APPROVAL BEFORE ANY**
17 **SPECIAL CONTRACTS WENT INTO EFFECT. DO YOU HAVE ANY**
18 **RESPONSE?**

19 A. Yes. SMGC believed it already had approval from the Commission to enter into the
20 Gas Transportation Agreements under SMGC's Transportation Tariffs. With regard
21 to the Gas Supply Agreements, we believed that this gas supply function was a de-
22 regulated market that SMGC could participate in for the benefit of its customers,
23 without seeking prior regulatory approval.

1 **Q. TO YOUR KNOWLEDGE, DOES THE COMMISSION REQUIRE LOCAL**
2 **DISTRIBUTION COMPANIES TO FILE ANY SPECIAL CONTRACTS**
3 **WITH THE COMMISSION FOR PRIOR REGULATORY APPROVAL, AS**
4 **SUGGESTED BY MR. RUSSO?**

5 A. Not to my knowledge. This issue was addressed by the Commission in a 1995 rate
6 case involving the United Cities Gas Company, Case No. GR-95-160, where the
7 Commission stated:

8 The Commission will allow United Cities to negotiate and perform
9 transportation contracts with rate flex sufficient to retain economically
10 worthwhile customers on the system, without causing subsidization by
11 the remainder of the ratepayers. United Cities may flex its tariffed
12 transportation rate to meet competition, but must recover all variable
13 costs plus a reasonable contribution to its fixed costs during the course
14 of the contract. United Cities executes and performs under such
15 contracts at its own risk. All transportation contracts will be
16 thoroughly examined and reviewed in any subsequent rate case or
17 PGA/ACA proceeding to determine whether the contract meets
18 the above standard. *(emphasis added).*
19
20

21 **Q. DOES THE COMMISSION ALSO ALLOW OTHER PUBLIC UTILITIES TO**
22 **ENTER INTO CUSTOMER-SPECIFIC PRICING ARRANGEMENTS**
23 **WITHOUT PRIOR REGULATORY APPROVAL?**

24 A. Yes. It is my understanding that the Commission allows telecommunications
25 companies to enter into customer-specific pricing arrangements for certain
26 telecommunications services. In addition, it is my understanding that some electric
27 companies have entered into special contracts to address situations where there is a
28 competitive threat from alternative sources of energy or other special needs situations,
29 without prior regulatory approval.
30

1 **Q. IS SMGC WILLING TO FILE A SPECIAL CONTRACTS TARIFF AS**
2 **SUGGESTED BY MR. RUSSO?**

3 A. Yes. SMGC believes a special contract provision would help clarify SMGC's
4 regulatory authority to enter into contracts with its customers when necessary to
5 address a competitive threat from alternate sources of fuel, or from alternate suppliers
6 of natural gas. Attached as Rebuttal Schedule No. 4 is a draft tariff for consideration
7 by the Commission, Commission Staff and Public Counsel. Certainly, SMGC is
8 willing to consider alternative provisions. However, SMGC believes that it would not
9 be workable to require that the contracts be formally approved by the Commission
10 prior to the time of execution. Such prior regulatory approval would undoubtedly
11 delay consummation of the contract, and probably would prevent most customers
12 with competitive energy alternatives from finding the SMGC proposal to be
13 acceptable. As a result, the regulatory delay in obtaining prior regulatory approval
14 would make such special contracts unworkable in the competitive environment in
15 which SMGC operates, especially when the gas markets are volatile.

16
17 **Q. DO YOU HAVE OTHER CONCERNS REGARDING THE STAFF**
18 **PROPOSED DISALLOWANCE OF \$105,809?**

19 A. Yes. A \$105,809 adjustment is a very substantial adjustment for a small company of
20 SMGC's size. In fact, SMGC's Net Utility Operating Income for the year ended
21 December 31, 2001, was \$155,703.⁴ **The Staff's proposed disallowance would**
22 **represent nearly 68% of SMGC's Net Utility Operating Income for 2001.** This is

⁴ See Annual Report of Southern Missouri Gas Company, L.P. to the Public Service Commission of Missouri for the Year Ended December 31, 2001, p. 114.

1 a very substantial penalty, especially in light of the fact that SMGC's efforts were
2 designed to principally benefit its other ratepayers rather than its shareholders.
3 SMGC urges the Commission to reject the Staff's proposed disallowance for the
4 reasons stated in my testimony.

5
6 **Q. DO YOU HAVE OTHER CONCERNS REGARDING THE CALCULATION**
7 **OF STAFF'S PROPOSED DISALLOWANCE OF \$105,809?**

8 A. Yes. Even if the Commission found Staff's adjustment otherwise appropriate (which
9 SMGC strongly disputes), there are adjustments that should be made to the
10 calculation of the proposed disallowance. First, Staff's proposed disallowance does
11 not consider the Refunds (i.e. negative numbers) that are part of the PGA rate. Such
12 Refunds contained on the PGA Tariff Sheet No. 27 lower the overall PGA rate and
13 should be considered in the calculation of the proposed disallowance. This
14 adjustment would lower Staff's proposed disallowance by approximately \$2,970.
15 Second, Staff computed the revenues using the MMBtu volumes and not the Ccf
16 volumes. This correction would lower the Staff's proposed adjustment by an
17 additional \$3,641. The corrected calculations incorporating these changes would
18 lower the Staff's proposed disallowance to \$99,198 as shown on Rebuttal Schedule
19 No. 5.

20
21
22
23

1 **Q. MR. RUSSO ALSO SUGGESTED THAT THE COMPANY FILE NEW**
2 **TARIFF SHEETS CHANGING THE THRESHOLD OF FIVE PERCENT ON**
3 **SHEET 26.1 SECTION (B) FOR CALCULATING INTEREST ON THE**
4 **DEFERRED CARRYING COST BALANCE TO TEN PERCENT. DO YOU**
5 **HAVE ANY COMMENTS?**

6 A. Yes. SMGC believes this issue should be addressed in Case No. GO-2002-452
7 (Generic PGA Workshop proceeding). As explained in the Status Report in Case No.
8 GO-2002-452 filed by Staff on December 2, 2002, there has been an agreement
9 among all LDCs, with the exception of Laclede Gas Company, that would eliminate
10 the DCCB calculation on an experimental basis in the future. (Status Report, Case
11 No. GO-2002-452). This would make the issue raised by Mr. Russo related to the 5%
12 versus 10% threshold a moot issue.

13 SMGC would also point out that most of the LDC's tariffs that have been
14 approved by the Commission include the same 5% threshold for calculating interest
15 on the DCCB that Mr. Russo references in SMGC's Tariff Sheet No. 26.1. (See
16 Rebuttal Schedule No. 6 which contains relevant tariffs of Southern Missouri Gas
17 Company, L.P., Laclede Gas Company, Union Electric Company, Missouri Gas
18 Energy, Aquila—L&P (formerly St. Joseph Light & Power Company), Atmos Energy
19 Corporation, and Fidelity Natural Gas, Inc.). Contrary to the suggestion of Mr.
20 Russo, this provision in the tariff does not appear to be a typographical error since it
21 is included in tariffs throughout the industry. SMGC believes that it would be
22 inappropriate to require SMGC to modify tariff provisions that were previously

1 approved on a generic basis and incorporated into the tariffs of other local distribution
2 companies in Missouri.

3

4 **Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?**

5 A. Yes it does.

6

7

8

SOUTHERN MISSOURI GAS COMPANY, L.P.
TRANSPORTATION SERVICE TARIFFS

Rebuttal Schedule No. 1

FORM NO. 13 P.S.C.

No. 1

(original)

Sheet No. 6

Cancelling P.S.C. MO

No. 12nd (revised)

Sheet No. 6

(original)

1st (revised)

All Communities and Rural Areas

Service Commission

Southern Missouri Gas Company, L.P.

Name of Issuing Corporation

For Receiving Natural Gas Service

Community, Town or City

REC'D OCT 26 2001

TRANSPORTATION SERVICE

Availability

Natural Gas Transportation Service is available under Transportation Contract with Company to any customer whose average monthly natural gas requirements in a twelve month period exceed 2,000 MMBtus at a single address or location. Such transportation service is subject to interruption or curtailment as further explained in the Character of Service section below.

Net Monthly BillIndustrial

Customer Charge per month (Exclusive
of any consumption)

\$ 300.00

All Gas Delivered to Transporter
Per MMBtu:

MaximumMinimum

Transportation Charge

\$ 3.34

\$ 0.33

Other Charges

\$ 0.00\$ 0.00

Total Cost Per MMBtu

\$ 3.34

\$ 0.33

Billing shall also include any other charges incurred, and any transmission and distribution losses incurred by Company from other parties for the transportation of the gas to the transporter including, but not limited to, supplier transportation and gathering charges, overrun penalties, take or pay costs, balancing charges, and any governmental fees or taxes incurred by Company on behalf of the transporter.

In addition, any customers electing to transport natural gas under this rate schedule shall be responsible for payment of an allocated pro rata share, as specified in the Purchased Gas Adjustment Clause (Sheet Nos. 20-27), of any demand, reservation, take or pay, or gas inventory charge, or any similar charge levied by Company's supplier(s) that are a direct result of Company maintaining its

DATE OF ISSUE November 1, 2001
month day year

DATE EFFECTIVE December 1, 2001
month day year

ISSUED BY Scott Klemm
name of officer

Vice President
title

301 East 17th Street Mountain Grove MO 65711
address

Missouri Public

FILED DEC 01 2001

Service Commission

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

(original)

Sheet No. 7

Cancelling P.S.C. MO No. _____

(revised)

Sheet No. _____

(original)

(revised)

All Communities and Rural Areas

Southern Missouri Gas Company, L.C.
Name of Issuing CorporationFor Receiving Natural Gas Service
Community, Town or City

RECEIVED

OCT 12 1994

TRANSPORTATION SERVICE (cont.)

MO. PUBLIC SERVICE COM. 1

regular sales contract with its supplier(s). Said charges shall be calculated in accordance with the terms set forth in Company's Purchased Gas Adjustment Clause and shall include all costs other than the then current pipeline commodity rate and system loss factor. All revenues received through this provision of the transportation tariff, except the take or pay charges, shall be labeled as backup charges, documented and included in the calculation of the Deferred Purchased Gas Cost Accounts, as specified in Section II and III of the Purchased Gas Adjustment Clause, as a cost recovery used in the determination of the Actual Cost Adjustment factor. Take or pay related revenues, collected as a result of this provision, shall be included when revising the take or pay factor provided for the Purchased Gas Adjustment clause.

Nothing contained herein shall be construed as affecting in any way the right of the Company to unilaterally make application for a change in its rates to the Missouri Public Service Commission.

Minimum Monthly Bill

The higher of the above rate for zero consumption plus applicable customer charge, demand charges and adjustments as herein described, or the minimum as set forth by contract. If both sales service and transportation service are provided in a given billing period, the Company shall assess only one customer charge.

Rules and Regulations

Service furnished under this schedule shall be subject to the Company's Rules and Regulations, and Orders of the Missouri Public Service Commission, the Federal Energy Regulatory Commission, or any other governmental body having jurisdiction.

The above rate does not include any franchise, occupational or other similar tax or license fee. These items will be applied to revenue related to the Company's charges where applicable, as provided for in Sheet No. 19.

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DATE OF ISSUE October 14, 1994
month day yearDATE EFFECTIVE April 15, 1995
month day yearAPR 15 1995
94-127
MISSOURI
Public Service CommissionISSUE BY Tom M. Taylor
name of officerPresident
title8801 S. Yale, Ste. 385, Tulsa, OK 74137
address

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

(original)

Sheet No. 8

Cancelling P.S.C. MO No. _____

(revised)

(original)

Sheet No. _____

(revised)

All Communities and Rural Areas

Southern Missouri Gas Company, L.C.For Receiving Natural Gas Service

Name of Issuing Corporation

Community, Town or City

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OCT 12 1994

TRANSPORTATION SERVICE (cont.)

MO. PUBLIC SERVICE COM.

Character of Service

Service provided under this schedule shall be subject to interruption or curtailment due to system capacity or supply constraints, to be determined in the Company's sole discretion reasonably exercised in accordance with the Company's Gas Rules and Regulations and with the terms and, if applicable, conditions of the Company's transportation tariff.

Transportation service shall also be subject to the following additional provisions:

Billing

The Company will render bills monthly for transportation service furnished the previous monthly period, which may include billings from third party transporters delivering gas to the Company on the customer's ("transporter's") behalf. Such billing shall become due and payable 15 days after receipt of the invoice. Should transporter fail to pay part or all of the amount of any such billing and, if such failure shall continue for fifteen (15) days after payment is due, then the Company, in addition to any other remedy it may have, may suspend further receipt and/or delivery of gas until such amount is paid.

Transporter agrees to reimburse the Company for all taxes and other fees levied in connection with transportation service that the Company is obligated to pay to any governmental authority. The term "taxes" as used herein, shall mean any tax (other than ad valorem, income or excess profits taxes), fee or charge now or hereafter levied, assessed or made by any governmental authority on the gas itself or on the act, right or privilege of producing, severing, gathering, transporting, handling, selling, or delivering gas, however such taxes are measured.

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APR 15 1995

94 - 127

MISSOURI

Public Service Commission

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month day year month day yearISSUE BY Tom M. Taylor President 8801 S. Yale, Ste. 385, Tulsa, OK 74137
name of officer title address

REC'D OCT 26 2001

FORM NO. 13 P.S.C.

No. 1

(original)

Sheet No. 9

Cancelling P.S.C. MO

No. 12nd (revised)

(original)

Sheet No. 9

1st (revised)

Service Commission

Southern Missouri Gas Company, L.P.

Name of Issuing Corporation

For All Communities and Rural AreasFor Receiving Natural Gas Service

Community, Town or City

TRANSPORTATION SERVICE (cont.)

Terms and Conditions

Service hereunder is subject to the Company's applicable rate schedule, and the contract thereunder. The term of service hereunder shall be the same as the remaining term of transporter's sales and transportation contract with Company, provided that the Company reserves the right to discontinue transportation service as set forth herein, and provided further that service shall terminate at such earlier date as transportation service ceases to be available from the interstate or intrastate pipeline company.

Conditions of Receipt and Delivery

(1) Transporter will provide for the delivery of volumes of natural gas to be transported to a mutually agreeable location on the Company's system which serves transporter's premises, and the Company shall deliver said volumes of gas to the outlet side of the Company's meters at transporter's premises. The Company agrees to deliver to transporter at the point of delivery a quantity of gas equal to the quantity received at the point of receipt, less fuel usage and/or unaccounted-for line losses as estimated by the Company for the most recent twelve month period ending August. Gas transported hereunder shall be delivered to Company in the State of Missouri and shall ultimately be consumed by transporter in the state of Missouri. Gas delivered hereunder shall not be resold by transporter.

(2) The transporter and Company shall, by mutual agreement, establish the date of commencement of receipt and delivery of gas hereunder.

(3) Any gas introduced into the system by a transporter, must have the same Btu value as that of the Company average.

(4) Balancing. To the maximum extent possible, transporter shall maintain monthly balancing of transportation receipts and deliveries. Despite the best efforts of transporter to keep receipts and deliveries in balance, any imbalance, which does occur, however, shall be subject to the terms and conditions of this Section. During periods when the gas supply pipeline (Williams) requires daily balancing, the following Daily Imbalance Fee is in effect for transportation customers.

<u>Amount of Imbalance</u>		<u>Fee</u>	
Level 1	<2% or 10 MMBtus	\$ <u>0</u>	<u>Per MMBtus</u>
Level 2	>2% to 6%	\$ <u>25.00</u>	<u>Per MMBtus</u>
Level 3	>6% to 10%	\$ <u>50.00</u>	<u>Per MMBtus</u>
Level 4	>10% to 15%	\$ <u>75.00</u>	<u>Per MMBtus</u>
Level 5	>15%	\$ <u>100.00</u>	<u>Per MMBtus</u>

DATE OF ISSUE November 1, 2001
month day year

DATE EFFECTIVE December 1, 2001
month day year

ISSUED BY Scott Klemm Vice President 301 East 17th Street Mountain Grove MO 65711
name of officer title address

Missouri Public

FILED DEC 01 2001

Service Commission

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

(original)

Sheet No. 10

Cancelling P.S.C. MO No. _____

(revised)

(original)

Sheet No. _____

(revised)

All Communities and Rural Areas

Southern Missouri Gas Company, L.C.
Name of Issuing Corporation

For Receiving Natural Gas Service
Community, Town or City

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TRANSPORTATION SERVICE (cont.)

OCT 12 1994

MO. PUBLIC SERVICE COMMISSION

(a) Positive Imbalance. Where the imbalance is the result of transporter delivering or causing delivery to the Company at the Receipt Point(s) a quantity of gas which, after appropriate reductions, exceeds the quantity of gas taken by the transporter during the same billing period ("positive imbalance"), the Company shall notify transporter of the existence and extent of the imbalance and transporter shall take all appropriate actions to eliminate this positive imbalance within the two (2) billing periods next following the billing period in which the transporter is notified of the imbalance.

(b) Excess Positive Imbalance.

(1) To the extent that transporter's deliveries to the Company plus any previous positive imbalance, if any, exceed the quantities taken that month by transporter from the Company by more than 5% of the monthly average consumption of customer during the most recent three-month period, not including the most recent billing period ("excess positive imbalance"), the transporter and the Company shall promptly confer to establish a mutually agreeable schedule to eliminate the excess positive imbalance and transporter shall take appropriate action to eliminate the excess positive imbalance in accordance with the agreed upon schedule.

(2) If the parties are unable to agree to a reduction schedule, and the transporter fails to eliminate the excess positive imbalance by the end of the second billing period following the period in which the imbalance occurs, the Company shall be authorized to take any action necessary to reduce or eliminate the excess positive imbalance including, but not limited to, retention by the Company of the volumes of gas constituting the excess positive imbalance at no cost to the Company and free and clear of any adverse claim, or restricting or refusing to accept additional deliveries. The dollar effect of gas so acquired by the Company shall be credited to the Company's sales customers through the operation of the Purchased Gas Adjustment Clause.

4110

APR 15 1995
94-127

MISSOURI

Public Service Commission

DATE OF ISSUE October 14, 1994 DATE EFFECTIVE April 15, 1995
month day year month day year

ISSUE BY Tom M. Taylor President 8801 S. Yale, Ste. 385, Tulsa, OK 74137
name of officer title address

FORM NO. 13 P.S.C.

No. 1

(original)

Sheet No. 11

Cancelling P.S.C. MO

No. 1

1st (revised)

(original)

Sheet No. 11

(revised)

Southern Missouri Gas Company, L.P.

Name of Issuing Corporation

For All Communities and Rural AreasReceiving Natural Gas Service

Community, Town or City

Missouri Public

REC'D OCT 26 2001

Service Commission

TRANSPORTATION SERVICE (cont.)

(c) Negative imbalance

(1) Where the imbalance is the result of transporter delivering or causing delivery to the Company of a quantity of gas during any billing period which, after appropriate reductions, is less than the quantity taken from the Company during the same billing period ("negative imbalance"), the quantity of gas constituting the negative imbalance shall be deemed purchased from the Company and the Company shall charge the transporter the higher of the Company's resale rate in effect or an amount equal to the product of the negative imbalance and the highest priced gas taken by the Company in the billing month plus the customer's transportation rate. Payment of such charge shall eliminate the imbalance and no further corrective action shall be required.

(2) In the event a negative imbalance occurs which, in the sole and reasonable opinion of the Company, is not caused by the transporter, the transporter's agents, or other transporters on the Company system or their agents, transporter may correct the negative imbalance during the two billing periods after the billing period in which transporter was notified of the negative imbalance, by delivering gas to the Company, which after appropriate reductions is in excess of gas taken by the transporter from the Company during said billing periods, and if the Company is able to receive such volumes, such excess volumes may, at the request of the transporter, be used to offset the negative imbalance and transporter shall receive a credit equal to the product of the excess volumes delivered and the tariff rate charged at the time the imbalance was incurred.

(d) Emergency Corrective Actions. Without regard to the foregoing, and except as limited by Paragraph 8(d) on Sheet No. 13 of this tariff, the Company shall have the right to take, or require transporter to take, such actions of whatever nature as may be required to correct imbalances which threaten the integrity of the system, including maintenance of service to other customers.

(e) Sequence of Deliveries. Unless otherwise agreed between the Company and transporter, gas taken by transporter from the Company shall be deemed to be delivered to the transporter in the following sequence:

- (1) All currently nominated transportation volumes, if any;

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month day year

DATE EFFECTIVE December 1, 2001
month day year

ISSUED BY Scott Klemm
name of officer

Vice President
title

301 East 17th Street Mountain Grove MO 65711
address

Missouri Public

FILED DEC 01 2001

Service Commission

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

(original)

Sheet No. 12

Cancelling P.S.C. MO No. _____

(revised)

(original)

Sheet No. _____

(revised)

Southern Missouri Gas Company, L.C.

Name of Issuing Corporation

For All Communities and Rural Areas

Receiving Natural Gas Service

Community, Town or City

OCT 12 1994

TRANSPORTATION SERVICE (cont.)

MO. PUBLIC SERVICE COM.

(2) Any gas which is used to eliminate or reduce any imbalance incurred by the transporter;

(3) Gas deemed purchased from the Company in the current billing period pursuant to the Company's applicable sales rate schedule.

(f) The Company shall not be obligated to perform post contract termination balancing to the extent that, in the sole discretion of the transporting interstate or intrastate pipeline company and/or the Company reasonably exercised, such is deemed to be "transportation" as defined by either the Federal Energy Regulatory Commission or the Missouri Public Service Commission.

(1) Should transporter be unable to accept the volume tendered at the point of delivery by the Company on any day(s), then the Company may refuse to receive gas at the point of receipt to the Company on such day(s).

(2) Deliveries of gas at the point of receipt shall be at a pressure sufficient to enter the Company's pipeline system at such point. Deliveries of gas at the point of delivery shall be at such pressure as may exist in the Company's pipeline at such point from time to time.

(3) The Company shall have the unqualified right to commingle gas transported hereunder with gas from other sources, and to treat and handle all such gas as its own even though title to the transported gas is vested in transporter. It is recognized that gas delivered will not necessarily be the same molecules as those received at the point of receipt.

(4) Before commencing delivery of any natural gas to the Company for transport to the transporter, transporter shall furnish the Company with written certification demonstrating to the Company's satisfaction that the supplies to be purchased, and the third party transportation to be provided thereunder, will conform to the delivery specifications of this tariff and the transporting interstate pipeline's tariff, and that such supplies are reasonably reliable for the purpose of meeting transporter's daily transport volume requirements.

(5) The Company's obligation to transport gas of transporter shall be as follows:

APR 15 1995

94-127

MISSOURI

DATE OF ISSUE October 14, 1994
month day year

DATE EFFECTIVE April 15, 1995
month day year

Public Service Commission

ISSUE BY Tom M. Taylor
name of officer

President
title

8801 S. Yale, Ste. 385, Tulsa, OK 74137
address

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

(original)

Sheet No. 13

Cancelling P.S.C. MO No. _____

(revised)

Sheet No. _____

(original)

(revised)

All Communities and Rural Areas

Southern Missouri Gas Company, L.C.
Name of Issuing Corporation

For Receiving Natural Gas Service
Community, Town or City

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OCT 12 1994

TRANSPORTATION SERVICE (cont.)

MO. PUBLIC SERVICE COMMISSION

(a) If the Company's system capacity is inadequate to meet transporter's demands for sales and transportation service, the service supplied under this tariff will be curtailed in accordance with the Company's Gas Rules and Regulations.

(b) If a supply deficiency occurs in the volumes being delivered to the Company on behalf of transporter, and sales gas of the same priority is available without penalty to the Company, transporter may continue to be served sales volumes in lieu of transportation volumes at the applicable sales rate.

(c) If a supply deficiency occurs in the volume of gas available to the Company for resale, and the transporter's supply delivered to the Company for transportation continues to be available, then transporter may continue to receive full transportation service even though sales gas of the same priority is being curtailed.

(d) In the event that the Company has inadequate supplies of natural gas resulting from any of the circumstances identified in the Company Gas Rules and Regulations and because of such inadequate supplies the Company in its sole judgement believes it will be required within the next twenty-four (24) hours to interrupt service to any customer where the interruption received ("Deferred Gas") for a period not to exceed the duration of the circumstance causing the inadequate supply or as soon as the Company is reasonably able to obtain a supply of gas to alleviate such circumstances. Deferred Gas may be used by the Company to avoid interruption of service to the aforementioned customers. The Company shall reimburse transporter for the amount per MMBtu by which the applicable price of number 6 fuel oil published by the Federal Energy Regulatory Commission pursuant to 18 CFR Sec. 282.404, or the published price for such other alternate fuel ordinarily used by transporter to replace natural gas for the deferment period exceed the delivered cost to transporter of the Deferred Gas (inclusive of all transportation and other charges), provided that such Deferred Gas would not otherwise have been interrupted. Such reimbursement shall be accounted for by the Company as a purchased gas expense.

APR 15 1995

94-127

MISSOURI

Public Service Commission

DATE OF ISSUE October 14, 1994
month day year

DATE EFFECTIVE April 15, 1995
month day year

ISSUE BY Tom M. Taylor
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President
title

8801 S. Yale, Ste. 385, Tulsa, OK 74137
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FORM NO. 13 P.S.C. MO No. 1

(original)

Sheet No. 14

Cancelling P.S.C. MO No. _____

(revised)

Sheet No. _____

(original)

(revised)

Southern Missouri Gas Company, L.C.
Name of Issuing Corporation

For All Communities and Rural Areas
Receiving Natural Gas Service
Community, Town or City

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OCT 12 1994

TRANSPORTATION SERVICE (cont.)

MO. PUBLIC SERVICE COMMISSION

The Company shall use its best efforts to notify transporter twenty-four (24) hours in advance of any such deferral, but shall not be liable for failure to give such advance notice. The Company shall not impose any storage charge upon transporter for deferral of gas pursuant to this paragraph.

(6) The determination of system capacity limitation shall be in the sole discretion, reasonably exercised, of the Company. If capacity limitations restrict the volume of gas which transporter desires to be transported, transporter 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 transporter pursuant to a contract entered into by the Company and transporter. Title to such expanded facilities shall be and remain in the Company free and clear of any lien or equity by transporter. Nothing herein contained shall be construed as obligating the Company to construct any extensions of its facilities.

(7) In the event that transportation hereunder 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 customer in addition to amounts for service rendered hereunder. Any disputes regarding customer responsibility for such charges shall be referred to the agency having jurisdiction herein for resolution.

Scheduling

Schedules of receipts must be received by the Company by the times provided herein, and may be changed pursuant to this tariff only as necessitated by operating difficulties not reasonably foreseeable at the time such schedules were tendered. All schedules and changes thereto shall specify volumes by point of receipt and point of delivery. The Company may refuse to receive or deliver any gas not timely and properly scheduled, and transporter shall indemnify and hold the Company harmless from any liability to the Company or any other person for such refusal.

ADD 15 1994

94-127

MISSOURI

DATE OF ISSUE October 14, 1994
month day year

DATE EFFECTIVE April 15, 1995
month day year

Public Service Commission

ISSUE BY Tom M. Taylor
name of officer

President
title

8801 S. Yale, Ste. 385, Tulsa, OK 74137
address

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

(original)

Sheet No. 15

Cancelling P.S.C. MO No. _____

(revised)

Sheet No. _____

(original)

(revised)

Southern Missouri Gas Company, L.C.

Name of Issuing Corporation

For All Communities and Rural Areas

Receiving Natural Gas Service

Community, Town or City

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OCT 12 1994

TRANSPORTATION SERVICE (cont.)

MO. PUBLIC SERVICE COMMISSION

At least ten (10) days prior to the first day of each billing period transporter or its designee shall furnish to the Company a schedule, commonly referred to as a "nomination letter", showing the estimated daily quantity of gas it desires the Company to transport during such billing period.

Transporter shall give the Company at least twenty-four (24) hours notice prior to any proposed change in its schedule. Such changes shall be kept to a minimum, as permitted by operating conditions, and the dispatchers for the transporter and Company shall diligently cooperate to this end. The Company and transporter shall inform each other of any other changes of deliveries immediately. Telephone notice is acceptable for said scheduling changes.

Upon receiving written permission from customer, the Company shall provide customer consumption information and/or receive transportation nominations from those individuals or firms so indicated by customer.

Nominations

Upon mutual written agreement, and at no additional charge to customer, the Company will act as customer's agent with regard to nominating transportation volumes. In no event will the Company, in its role as agent, purchase transportation volumes on behalf of a customer.

Responsibility During Transportation

The Company shall be deemed to be in control and possession of the transporter owned gas transported hereunder only after the gas is received at the point of receipt by the Company, and before it is delivered at the point of delivery to transporter. Transporter shall be deemed to be in control and possession of the gas transported at the point of delivery and thereafter.

DATE OF ISSUE October 14, 1994
month day year

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month day year

ISSUE BY Tom M. Taylor
name of officer

President
title

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APR 15 1995

94-127

MISSOURI

Public Service Commission

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

(original)

Sheet No. 16

Cancelling P.S.C. MO No. _____

(revised)

Sheet No. _____

(original)

(revised)

Southern Missouri Gas Company, L.C.
Name of Issuing Corporation

For All Communities and Rural Areas
Receiving Natural Gas Service
Community, Town or City

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OCT 12 1994

TRANSPORTATION SERVICE (cont.)

MO. PUBLIC SERVICE COM.

The party deemed to be in control and possession of the gas shall indemnify and hold harmless the other party with respect to any losses, injuries, claims, liabilities or damages caused by the gas transported and occurring while the gas is in its possession. Title to the gas shall remain vested in transporter at all times during transportation.

Warranty

Transporter shall warrant that it will, at the time of delivery of gas to the Company, have good title to all such gas, and that such gas will be free from all liens, encumbrances and claims whatsoever. Transporter shall, as to the gas which is delivered to the Company and the transporting interstate pipeline company, indemnify and save the Company harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of any adverse claims of any and all persons to said gas and/or to royalties, taxes, fees or charges thereon.

Installation of Meters and Regulators

The Company shall install, maintain and operate at no additional expense, at or near the point of delivery, a meter or meters and other necessary measuring equipment by which the volume of gas delivered to transporter shall be measured. The Company shall also install, maintain and operate at its own expense, at or near the point of delivery, such pressure regulating equipment as may be necessary. No charge shall be made by the transporter for the use of the premises occupied by the Company's metering and regulating equipment.

Transporter's Installation

Transporter shall, at his own risk and expense, install all suitable apparatus on his side of the Company's meter, such as shut-off valves, regulators, relief valves, safety pilots and all other devices necessary to adequately protect his facilities. Such installations shall be of such character that they will not introduce injurious disturbances in the Company's line, and the apparatus shall be selected and used so as to secure the highest practicable point of efficiency and safety. Transporter shall install and maintain his gas apparatus so as to conform to good practice applying to such installation. The Company assumes no responsibility for the design or condition of the transporter's installation.

DATE OF ISSUE October 14, 1994 DATE EFFECTIVE April 15, 1995
month day year month day year

ISSUE BY Tom M. Taylor President 8801 S. Yale, Ste. 385, Tulsa, OK 74137
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94-127

MISSOURI
Public Service Commission

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

(original)

Sheet No. 17

Cancelling P.S.C. MO No. _____

(revised)

(original)

(revised)

Sheet No. _____

Southern Missouri Gas Company, L.C.

Name of Issuing Corporation

All Communities and Rural Areas

For Receiving Natural Gas Service

Community, Town or City

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TRANSPORTATION SERVICE (cont.)

OCT 12 1994

MO. PUBLIC SERVICE COM.

Company's Facilities

Transporter agrees to protect at all times the property of the Company on the premises of the transporter and shall permit no one but the agents of the Company, and other persons authorized by law, to inspect or handle the piping, meters or other apparatus of the Company. Transporter shall not make, or permit to be made, any changes on his premises which will endanger the Company's facilities or cause an unsafe condition to exist relating to persons or property on or adjacent to transporter's premises.

Access

The Company shall have the right to enter the premises of transporter at all reasonable times for the purpose of installing, inspecting, testing, repairing or changing its apparatus or facilities, or for the removal of its property from the transportation under this tariff.

Quality

It shall be the responsibility of the transporter to assure that the quality of the gas delivered to the Interstate pipeline(s) for ultimate delivery hereunder meets all specifications of the transporting interstate pipeline(s). 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 customer's obligations under this tariff or any contract pursuant thereto.

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month day year

Public Service Commission

ISSUE BY Tom M. Taylor
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title8801 S. Yale, Ste. 385, Tulsa, OK 74137
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FORM NO. 13 P.S.C. MO No. 1

(original)

Sheet No. 18

Cancelling P.S.C. MO No. _____

(revised)

Sheet No. _____

(original)

(revised)

Southern Missouri Gas Company, L.C.
Name of Issuing CorporationFor All Communities and Rural Areas
Receiving Natural Gas Service
Community, Town or City

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OCT 12 1994

TRANSPORTATION SERVICE (cont.)

MO. PUBLIC SERVICE COM.

Force Majeure

Neither the Company nor transporter shall be liable in damages to the other for any act, omission or circumstances occasioned by, or in consequence of, any acts of God, any acts of third parties selling, delivering or transporting gas to or for transporter, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, temporary failure of gas supply, the binding order of any court of governmental authority, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the one claiming suspension and which, by the exercise of due diligence, it is unable to prevent or overcome.

Requesting Transportation

A transporter shall request transportation by transmitting to the Company an executed Transportation Agreement. Nothing in this tariff shall preclude the Company and transporter from negotiating additional terms and conditions ("additional terms") which are for their mutual benefit, so long as the additional terms do not conflict with the other terms and conditions of these tariffs. Any additional terms negotiated which are general in nature shall be offered by the Company to any other transporters similarly situated.

DATE OF ISSUE October 14, 1994 DATE EFFECTIVE April 15, 1995
month day year month day yearISSUE BY Tom M. Taylor President 8801 S. Yale Ste. 385, Tulsa, OK 74137
name of officer title addressAPR 15 1995
94-127

MISSOURI

Public Service Commission

**THIS SCHEDULE CONTAINS HIGHLY CONFIDENTIAL
INFORMATION AND HAS BEEN FILED UNDER SEAL**

REBUTTAL SCHEDULE NO. 2—HC

**THIS SCHEDULE CONTAINS HIGHLY CONFIDENTIAL
INFORMATION AND HAS BEEN FILED UNDER SEAL**

REBUTTAL SCHEDULE NO. 3—HC

SOUTHERN MISSOURI GAS COMPANY, L.P.
SPECIAL CONTRACT DRAFT TARIFF LANGUAGE

SPECIAL CONTRACT SERVICE (SCS)
(Experimental Tariff)

Availability

Service under this rate schedule is available to any customer whose average monthly natural gas requirements in a twelve-month period exceed 2,000 MMBtu at a single address or location and who have entered into a written contract on such terms and conditions as agreed upon by the parties and which, in Southern Missouri Gas Company's sole discretion, are deemed necessary to retain an alternate fuel customer, to reestablish service to a previous customer, to acquire a new customer, or to be competitive with alternate suppliers of natural gas.

Special Contract Service Rates

The Company will charge the customer qualifying for this schedule the Large Volume Service rates pursuant to the following:

- The rates agreed upon by the Company and the customer shall be on a Ccf basis and shall: (a) not exceed the maximum commodity charges nor be less than the minimum charges, and (b) not exceed the total PGA rate as shown on Sheet No. 27 nor be less than the sum of the actual cost of the gas secured by the Company to fulfill such special contract, the actual variable transportation costs incurred, plus a reasonable contribution to its fixed transportation costs.
- The monthly customer charge shall be the same as the Large Volume Service.
- The Customer shall supply supporting documents to the Company certifying that the cost of available alternative energy supply is less than the Large Volume Service rates.

All such contracts shall be furnished to the Commission Staff and the Office of Public Counsel and will be reviewed in any subsequent rate case or PGA/ACA proceeding to determine whether the contract meets the above standards. For ratemaking purposes, the Company shall have the burden to prove that their negotiated rate was prudent.

Billing of License, Occupation, or Other Similar Charges or Taxes

See Sheet No. 19.

Late Payment Charge

Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill.

Experimental Tariffs

These tariffs shall expire on October 31, 2004 unless extended by an Order of the Commission.

SOUTHERN MISSOURI GAS COMPANY, L.P.
Transport Customers who had gas supplied by SMGC
Theoretical PGA Revenues
For Illustration Purposes Only

	Customer 1					Customer 2					TOTAL				
	Total PGA Rate per Mcf	MMBTU's	MCF's	Actual Billed Revenues	Theoretical PGA Revenues	Variance	MMBTU's	MCF's	Actual Billed Revenues	Theoretical PGA Revenues	Variance	Actual Billed Revenues	Theoretical PGA Revenues	Variance	
Sep-00	\$ 4.845														
Oct-00	\$ 4.845														
Nov-00	\$ 6.628														
Dec-00	\$ 6.628														
Jan-01	\$ 6.628														
Feb-01	\$ 8.989														
Mar-01	\$ 8.989														
Apr-01	\$ 8.989	8,758	8,685	54,773	78,069	(23,296)									
May-01	\$ 8.989	8,871	8,789	55,479	79,004	(23,525)									
Jun-01	\$ 8.989	6,566	6,494	41,064	58,375	(17,311)									
Jul-01	\$ 8.989	3,408	3,367	21,314	30,266	(8,952)									
Aug-01	\$ 8.989	4,547	4,485	28,436	40,316	(11,880)	2,760	2,723	17,261	24,477	(7,216)	6,168	6,090	38,575	
							2,691	2,653	16,830	23,848	(7,018)	7,238	7,138	45,266	
Total 00/01		32,150	31,820	201,066	286,030	(84,964)	5,451	5,376	34,091	48,325	(14,234)	37,601	37,196	235,157	
															334,355
															(99,198)

Check Figure:

Proposed Staff Adjustment per Schedule 1 of Annell G. Bailey Testimony 105,809
Refund Factor Revenues not included by Staff (2,970)
Correct for Staff's Imputed Revenues based on MMBtu's (See Below) (3,641)
99,198

Theoretical Revenues based on MCF (Per Above) 334,355
Less:
Theoretical PGA Revenues per Schedule 1 of Annell G. Bailey Testimony (317,127)
Theoretical ACA Revenues per Schedule 1 of Annell G. Bailey Testimony (23,839)
Theoretical Refund Revenues per Schedule 1 of Annell G. Bailey Testimony 2,970
(3,641)

**TARIFFS FROM LOCAL DISTRIBUTION COMPANIES
RELATED TO THRESHOLD LANGUAGE FOR INTEREST CALCULATIONS**

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

(original)

Sheet No. 26.1

Cancelling P.S.C. MO No. _____

(revised)

(original)

Sheet No. _____

(revised)

RECEIVED

Southern Missouri Gas Company, L.P.
Name of Issuing CorporationAll Communities and Rural Areas
For Receiving Natural Gas Service
Community, Town or City

NOV 14 1997

MISSOURI
Public Service Commission

PURCHASED GAS ADJUSTMENT CLAUSE (cont.)

The Deferred Carrying Cost Balance shall include the cumulative under or over recoveries of gas costs at the end of each month for each annual ACA period. The under or over recoveries of gas costs at the end of each month to include in the DCCB will be defined and computed as the product of: (a) the difference between SMGC's actual annualized unit cost of gas (blended with storage and the estimated annualized unit cost of gas factor included in SMGC's then most recent PGA filing, times (b) the total volumes of gas sold during such month.

(b) In the event the DCCB exceeds ten percent of the LDC's Annual Gas Cost Level, a carrying cost equal to simple interest at the prime rate minus one percentage point shall be applied to such portion of the balance amounts as exceeds five percent for the period such excess balance amounts exist. The prime lending rate, (prime), is that rate reported in *The Wall Street Journal* on the first business day of the following month.

V. REFUNDS:

For the purpose hereof, unless the Missouri Public Service Commission shall otherwise order, refunds or a balance in the refund account received by the Company from charges paid for natural gas resold to its customers, shall be refunded to such customers as a reduction in their PGA.

The Company shall file with the Commission and propose to make effective, the appropriate PGA Statement reflecting the decrease and an associated statement showing the computation of the refund adjustment in the same manner as all other adjustments performed in the PGA clause. The length of the refund period shall generally be twelve months. The Refund accounts shall be reviewed concurrently with the TOP and ACA factor audits.

The Company will add interest to the refunds received from its suppliers applicable to (1) the amount of the refund from the date of its receipt by the Company to the beginning date of the refund adjustment period, and (2) the average amount of the total refund estimated to be outstanding during the refund adjustment period.

DATE OF ISSUE November 14, 1997
month day yearDATE EFFECTIVE December 1, 1997
month day yearISSUE BY Tom M. Taylor
name of officerPresident
title8801 S. Yale, Ste. 385, Tulsa, OK 74137
address

FILED

DEC 1 1997
97-407
MO. PUBLIC SERVICE COM

P.S.C. MO. No. 5 Consolidated, Eleventh Revised Sheet No. 22
CANCELLING P.S.C. MO. No. 5 Consolidated, Tenth Revised Sheet No. 22

Laclede Gas Company
Name of Issuing Corporation or Municipality

For

Refer to Sheet No. 1
Community, Town or City

Missouri Public

REC'D MAR 08 2002

SCHEDULE OF RATES

Service Commission

C. Deferred Purchased Gas Cost Accounts (Continued)

5. Carrying costs shall be applied to certain excesses or deficiencies in gas cost recoveries, which such excesses or deficiencies shall comprise a Deferred Carrying Cost Balance ("DCCB"). The excesses or deficiencies to be included in the DCCB, which shall be computed separately for each of the Company's sales classifications, shall be the product of: (a) the difference between the Company's actual annualized unit cost of gas, net of storage injections and withdrawals, and the estimated annualized unit cost of gas factor included in the Company's then most recent PGA filing, and (b) the volumes of gas sold during such month. Each month, carrying costs, at a simple rate of interest equal to the prime bank lending rate (as published in The Wall Street Journal on the first business day of such month), minus one percentage point, shall be credited to sales customers for any excess recoveries of gas costs or credited to the Company for any deficient recoveries of gas costs only when and to the extent that the DCCB exceeds five percent of the Company's average annual level of gas costs for the then three most recent ACA periods.

6. For each twelve-month period ending with the September revenue month, the differences of the comparisons described above including, any carrying costs where applicable, and any balance or credit for the previous year shall be accumulated to produce a cumulative balance of excess or deficiency of gas cost revenue recovery. "Actual Cost Adjustment" (ACA) factors, which shall be included in the Company's Winter PGA filing, as such filing is described in Section E.1, shall be computed by dividing such balances by the applicable estimated sales or transportation volumes during the subsequent twelve-month ended October period for each of the respective sales and transportation classes. Such ACA factors shall remain in effect until superseded by revised ACA factors in the next scheduled Winter PGA filing, except for the LVTSS sales ACA factor that became effective November 19, 2001, in which case such factor shall be terminated on the effective date of One Hundred and Ninetieth Revised Sheet No. 29. All actual ACA revenue recovered shall be debited or credited to the balance of the ACA account as appropriate and any remaining balance shall be reflected in the subsequent ACA computations.

Missouri Public

FILED MAR 22 2002
01-387

Service Commission

DATE OF ISSUE March 8, 2002
Month Day Year

DATE EFFECTIVE April 8, 2002
Month Day Year

ISSUED BY K. J. Neises, Executive Vice President, 720 Olive St., St. Louis, MO 63101
Name of Officer Title Address

MAR 22 2002

UNION ELECTRIC COMPANY GAS SERVICE

Missouri Public

Applying to

MISSOURI SERVICE AREA

REC'D FEB 28 2002

RIDER A

Service Commission

PURCHASED GAS ADJUSTMENT CLAUSE**IV. DEFERRED CARRYING COST BALANCE (DCCB)**

*Carrying costs shall be applied to certain deferred gas cost balances in Company's ACA Accounts through operation of the DCCB. The DCCB is the cumulative under or over recoveries of gas costs at the end of each month for each annual ACA period. For each such month, the under and over recoveries of gas costs to be included in the DCCB shall be the product of: (a) the difference between the actual annualized unit cost of gas (blended with storage) and the estimated annualized unit cost of gas factor included in the Company's then most recent PGA filing, times (b) the volumes of gas sold during such month.

*Each month, carrying costs, at a simple rate of interest equal to the prime bank lending rate (as published in The Wall Street Journal on the first business day of the following month), minus two (2) percentage points (but not less than zero) shall be credited to customers for any over recoveries of gas costs or credited to the Company for any under recoveries of gas costs only when and to the portion of the balance amounts which exceeds five percent (5%) of the Company's Annual Gas Cost Level.

*Any DCCB amount existing at the end of the Company's ACA period, including interest, shall be included in the determination of the new ACA factor to be effective in November each year.

Missouri Public

FILED MAR 30 2002
02 - 4 00

Service Commission

*Indicates Change.

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

For: All Missouri Service Areas
Community, Town or City

PURCHASED GAS COST ADJUSTMENT
PGA

Missouri Public
Service Commission

DEC'D AUG 28 1998
REC'D AUG 28 1998

This adjustment shall be rounded to the nearest \$0.00001 per Ccf and applied to the following Winter PGA and subsequent Summer PGA, except for a transitional period during which the ACA adjustment for the July 1996 through June 1997 ACA year will apply to the PGA effective with the first billing cycle in the billing month of September, 1997 and ending when the Winter 1998 PGA rate becomes effective.

The "Actual Cost Adjustment" shall remain in effect until superseded by a subsequent "Actual Cost Adjustment" calculated according to this provision. The Company shall file any revised ACA on Sheet No. 24.7 in the same manner as all other Purchased Gas Cost Adjustments.

B. Deferred Carrying Cost Balance (DCCB)

Carrying costs shall be applied to certain deferred gas cost balances in the Company's ACA Account through operation of the DCCB. The DCCB is the cumulative under- or over-recovery of gas costs at the end of each month for each annual ACA period. For each such month, the under- and over-recovery of gas costs to be included in the DCCB shall be the product of (a) the difference between the actual annualized unit cost of gas (including the cost of gas withdrawn from storage) and the estimated annualized unit cost of gas factor included in the Company's then most recent PGA filing, times (b) the actual volumes of gas billed during such month.

Each month, carrying costs, at a simple rate of interest equal to the prime bank lending rate (as published in The Wall Street Journal on the first business day of the following month), minus one (1) percentage point, shall be credited to customers for any over-recovery of gas costs, or credited to the Company for any under-recovery of gas costs only when, and to the portion of the balance amount which, exceeds five percent (5%) of the Company's Annual Gas Cost Level.

Any DCCB amount existing at the end of the Company's ACA period, including interest, shall be included in the determination of the new ACA factor to be effective in the Winter PGA Filing. The DCCB may be charged to or collected from customers through implementation of the Unscheduled Winter PGA Filing as described in Section I.B.2 of this Schedule. The revenue collected through the UFA charge shall be credited monthly to the DCCB.

C. Review of Costs

The Refund, TOP, Transition Cost, IR and IA accounts shall be reviewed concurrently with the ACA audit. Pipeline transportation costs, and storage costs shall be subject to audit and prudence review. The applicability of a prudence review of procurement costs will be applied consistent with the Report and Order in Case No. GO-94-318 Phase II. Missouri Public Service Commission

DATE OF ISSUE: : August 28 1998
month day year

DATE EFFECTIVE: September 27 1998
month day year

ISSUED BY: Charles B. Hernandez

Director, Pricing and Regulatory Affairs

Missouri Gas Energy, Kansas City, Missouri 64111

FILED SEP 02 1998

P.S.C. MO. No. 4 5th
Cancelling P.S.C. MO. No. 4 4th

Original Sheet No. 9.3
Revised
Original Sheet No. 9.3
Revised

St. Joseph Light & Power Company
Name of Issuing Corporation

For

All Territory Served
Community, Town or City MO

PURCHASED GAS ADJUSTMENT CLAUSE (Continued)
Natural Gas Service

SEP 30 1997

* F. Deferred Carrying Cost Balance (DCCB)

Carrying costs shall be applied to certain deferred gas cost balances in the Company's ACA Account through operation of the DCCB. The DCCB is the cumulative under- or over-recoveries of gas costs at the end of each month for each annual ACA period. For each such month, the under- and over-recoveries of gas costs to be included in the DCCB shall be the product of: (a) the difference between the actual annualized unit cost of gas (blended with storage) and the estimated annualized unit cost of gas factor included in the Company's then most recent PGA filing, times (b) the volumes of gas sold during such month.

Each month, carrying costs, at a simple rate of interest equal to the prime bank lending rate (as published in The Wall Street Journal on the first business day of the following month), minus one (1) percentage point, divided by twelve (12), shall be credited to customers for any over-recoveries of gas costs or credited to the Company for any under-recovery of gas costs only when and to the portion of the balance amounts which exceeds five percent (5%) of the Company's Annual Gas Cost Level as defined in I.C.2.

Any DCCB amount existing at the end of the Company's ACA period, including interest, shall be included in the determination of the new ACA factor to be effective in the Winter RPGA Filing. The DCCB may be charged to or collected from customers through implementation of the Optional Winter RPGA Filing as described in Section I.C.

FILED

OCT 15 1997
9 7 - 4 0 4

*Indicates new rate or text
+Indicates change

(Continued)
MO. PUBLIC SERVICE COMMISSION

DATE OF ISSUE September 30, 1997
month day year

DATE EFFECTIVE October 15, 1997
month day year

ISSUED BY Terry F. Steinbecker
name of officer

President
title

St. Joseph, Missouri
address

Cancelling P.S.C. MO. No.

Atmos Energy Corporation

FOR - Area U

Name of Issuing Corporation

Community, Town or City

REC'D AUG 28 2002

Purchased Gas Adjustment Clause (continued)

Service Commission

For each twelve month billing period ended with the May revenue month, the difference of the comparisons described above, including any balance or credit for the previous year, shall be accumulated to produce a cumulative balance of over-recovered or under-recovered costs. ACA factors shall be computed by dividing the cumulative balance of the over-recoveries or under-recoveries by the estimated volumes of total sales during the subsequent twelve-month period. This adjustment shall be rounded to the nearest \$0.0001 per Ccf and applied to billings, beginning with the November revenue month. These ACA factors shall remain in effect until superseded by subsequent ACA factors calculated according to this provision. Company shall file any revised ACA factors in the same manner as all other adjustments performed in the PGA clause.

Carrying costs shall be determined in the following manner:

- (a) No carrying costs shall be applied in connection with any PGA-related item until such time as the net "Deferred Carrying Cost Balance" exceeds an amount equal to ten percent (10%) of Company's average annual level of gas costs for the then most three recent ACA periods.

The DCCB shall include the cumulative under or over recoveries of gas costs at the end of each month for each annual ACA period. The under or over recoveries of gas costs at the end of each month to include in the DCCB will be defined and computed as the product of (a) the difference between Company's actual annualized unit cost of gas (blended with storage and the estimated annualized unit cost of gas factor included in Company's then most recent PGA filing) times (b) the total volumes of gas sold during such month.

- (b) In the event the DCCB exceeds ten percent of the LDC's Annual Gas Cost Level, a carrying cost equal to simple interest at the prime rate minus one percentage point shall be applied to such portion of the balance amounts as exceeds five percent for the period such excess balance amounts exist. The prime lending rate, (prime), is that rate reported in *The Wall Street Journal* on the first business day of the following month.

Missouri Public

FILED OCT 01 2002

Service Commission

DATE OF ISSUE: August 1, 2002
month day year

DATE EFFECTIVE: October 1, 2002
month day year

ISSUED BY: Patricia Childers
name of officer

Vice President-Rates and Regulatory Affairs
title

Franklin, TN
address

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

(original)

Sheet No. 28

Cancelling P.S.C. MO No. 1

3rd (revised)

(original)

Sheet No. 28

2nd (revised)

Fidelity Natural Gas, Inc.
Name of Issuing Corporation

For Sullivan, MO
Community, Town or City

PURCHASED GAS ADJUSTMENT CLAUSE (cont.)

The Deferred Carrying Cost Balance shall include the cumulative under or over recoveries of gas costs at the end of each month for each annual ACA period. The under or over recoveries of gas costs at the end of each month to include in the DCCB will be defined and computed as the product of: (a) the difference between Fidelity Natural Gas, Inc.'s actual annualized unit cost of gas (blended with storage and the estimated annualized unit cost of gas factor included in Fidelity Natural Gas, Inc.'s then most recent PGA filing, times (b) the total volumes of gas sold during such month.

(b) In the event the DCCB exceeds ten percent of the LDC's Annual Gas Cost Level, a carrying cost equal to simple interest at the prime rate minus one percentage point shall be applied to such portion of the balance amounts as exceeds five percent for the period such excess balance amounts exist. The prime lending rate, (prime), is that rate reported in *The Wall Street Journal* on the first business day of the following month.

V. REFUNDS:

For the purpose hereof, unless the Missouri Public Service Commission shall otherwise order, refunds or a balance in the refund account received by the Company from charges paid for natural gas resold to its customers, shall be refunded to such customers as a reduction in their PGA.

The Company shall file with the Commission and propose to make effective, the appropriate PGA Statement reflecting the decrease and an associated statement showing the computation of the refund adjustment in the same manner as all other adjustments performed in the PGA clause. The length of the refund period shall generally be twelve months. The Refund accounts shall be reviewed concurrently with the TOP and ACA factor audits.

The Company will add interest to the refunds received from its suppliers applicable to (1) the amount of the refund from the date of its receipt by the Company to the beginning date of the refund adjustment period, and (2) the average amount of the total refund estimated to be outstanding during the refund adjustment period.

DATE OF ISSUE December 9, 1997
month day year

DATE EFFECTIVE January 9, 1998
month day year

ISSUE BY Kent Bliss Vice President--Revenues 64 N. Clark Ave. Sullivan, MO 63080
name of officer title address