



Commissioners

SHEILA LUMPE  
Chair

HAROLD CRUMPTON

CONNIE MURRAY

ROBERT G. SCHEMENAUER

M. DIANNE DRAINER  
Vice Chair

## Missouri Public Service Commission

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

May 19, 2000

FILED<sup>3</sup>

MAY 19 2000

BRIAN D. KINKADE  
Executive Director  
GORDON L. PERSINGER  
Director, Research and Public Affairs  
WESS A. HENDERSON  
Director, Utility Operations  
ROBERT SCHALLENBERG  
Director, Utility Services  
DONNA M. KOLILIS  
Director, Administration  
DALE HARDY ROBERTS  
Secretary/Chief Regulatory Law Judge  
DANA K. JOYCE  
General Counsel

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

Missouri Public  
Service Commission

**RE: Case No. GO-2000-705**

Dear Mr. Roberts:

In the Amended Stipulation and Agreement filed by Missouri Gas Energy, a division of Southern Union Company, the Office of the Public Counsel, and the Staff of the Missouri Public Service Commission on May 12, 2000, the parties indicated that they would provide the Commission with specimen tariff sheets by May 19, 2000. An original and eight (8) copies of specimen tariffs sheets are enclosed herewith.

Please note that these are not tariff sheets filed by Missouri Gas Energy to implement the program, but are specimens only, for the Commission's information.

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

If you have any questions, please feel free to contact any of the parties. Thank you for your courtesies in this matter.

Sincerely yours,

*Thomas R. Schwarz, Jr.*

Thomas R. Schwarz, Jr.  
Deputy General Counsel  
(573) 751-7510  
(573) 751-9285 (Fax)

TRS:sw

Enclosure

cc: Counsel of Record

*Informed Consumers, Quality Utility Services, and a Dedicated Organization for Missourians in the 21st Century*

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

be determined by a monthly comparison of the actual total cost of gas commodity costs if applicable, pipeline transportation and storage services and the cost recovery for the same month.

During the term of this program, the ACA factor shall be used to balance gas commodity, transportation and storage cost recovery with gas commodity, transportation and storage cost incurrence for periods prior to the effectiveness of the fixed commodity price component of the PGA. The ACA factor shall not be used to balance gas commodity cost recovery with gas commodity cost incurrence for periods during the effectiveness of the fixed commodity price component of the PGA; provided, however, that for periods during the effectiveness of the fixed commodity price component of the PGA volumes and expenses associated with lost and unaccounted-for gas on MGE's side of the city gate, compression fuel on the interstate pipeline systems (including, where permitted by FERC tariff, lost and unaccounted for gas on the interstate pipeline systems) and Btu conversion shall be trued-up in the ACA process. Consistent with the provisions of Paragraphs III and IV of the Stipulation and Agreement approved by the Commission in Case No. GO-2000-705, the ACA factor shall be used to balance gas transportation and storage cost recovery with gas transportation and storage cost incurrence for periods during the term of this program.

1. For periods prior to the effectiveness of the FCPC, the "cost recovery" for a particular month shall be determined by calculating the product of the volumes billed during the month and the sum of that month's regular Purchased Gas Cost factors and the prior year ACA, as hereinafter defined. To this total, shall be added the demand-related purchased gas costs billed directly to customers (see Section VIII. of this FCP clause). The fixed TOP recovery factor, the fixed TC recovery factor and the refund factor shall be excluded from this calculation.

For periods prior to the effectiveness of the FCPC, the "cost of gas" for a particular month will be calculated by using the as billed cost of gas shown on the books and records of the Company, but exclusive of refunds and fixed TOP charges and TC charges. The cost of gas includes the cost of gas commodity, transportation and storage.

2. For periods during the effectiveness of the FCPC, the "cost recovery" for a particular month shall be determined by calculating the product of the volumes billed during the month and the sum of that month's TSC, those factors of the FCPC subject to reconciliation and the prior year ACA, as hereinafter defined. To this total, shall be added

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

the demand-related purchased gas costs billed directly to customers (see Section VIII of this FCP clause). The fixed TOP recovery factor, the fixed TC recovery factor and refund factor shall be excluded from this calculation.

For periods during the effectiveness of the FCPC, the "cost of gas" for a particular month will be calculated by using the as billed cost of gas shown on the books and records of the Company, but exclusive of refunds and fixed TOP charges and TC charges. The cost of gas includes expenses associated with lost and unaccounted-for gas on MGE's side of the city gate, compression fuel on the interstate pipeline systems (including, where permitted by FERC tariff, lost and unaccounted for gas on the interstate pipeline systems) and Btu conversion transportation, and storage. For periods during the effectiveness of the FCP, the cost of gas does not include the cost of gas commodity.

The ACA Account in either circumstance (described in IV. A. 1. or IV. A. 2.) shall be adjusted for those revenues received by the Company for the release of pipeline transmission capacity to another party other than those revenues which are retained by the Company as described in Section X of this FCP clause.

For periods prior to the effectiveness of the FCPC, for each twelve-month billing period ended June 30, the differences between the cost of gas under Section IV. A. 1.; versus the cost recovery (as defined in Section IV. A. 1.) and described herein, including any balance for the previous year shall be accumulated to produce a cumulative balance of over-recovered or under-recovered costs. An ACA shall be computed by dividing the cumulative balance of under-recoveries or over-recoveries by the annual volumes set out in Section IX of this FCP clause.

For periods during the effectiveness of the FCPC, for each twelve-month billing period ended June 30, the differences between the cost of gas under Section IV. A. 2. Versus the cost recovery (as defined in Section IV. A. 2.) and described herein, including any balance for the previous year shall be accumulated to produce a cumulative balance of over-recovered or under-recovered costs. An ACA shall be computed by dividing the cumulative balance of under-recoveries or over-recoveries by the annual volumes set out in Section IX of this FCP clause.

For periods after the term of this program the ACA will be reconciled pursuant to the procedures set forth for periods prior to the effectiveness of the FCPC.

This adjustment shall be rounded to the nearest \$0.00001 per Ccf and applied to the following Winter FCP and subsequent Summer FCP.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

The ACA shall remain in effect until superseded by a subsequent ACA calculated according to this provision. The Company shall file any revised ACA on Sheet No. 24.32 in the same manner as all other FCP Adjustments.

B. Deferred Carrying Cost Balance (DCCB) Applicable to the CCG

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.1 of this FCP clause. The revenue collected through the UFA charge shall be credited monthly to the DCCB.

This Section IV.B. of this FCP clause shall not apply to periods when the FCPC is in effect.

C. Review of Costs

The Refund, TOP, and Transition Cost shall be reviewed concurrently with the ACA audit. Consistent with the terms of the Stipulation and Agreement approved by the

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

Commission in Case No. GO-2000-705, for periods prior to the effectiveness of the FCPC of the PGA, commodity costs shall be subject to audit and prudence review. Also consistent with the provisions of the Stipulation and Agreement approved by the Commission in its Report and Order in Case No. GO-2000-705, for periods during the effectiveness of the FCPC of the PGA, gas commodity costs shall not be subject to audit and prudence review. Pipeline transportation and storage costs shall be subject to audit and prudence review.

V. REFUND PROVISIONS

Residential, Small General, Large General and Unmetered Gaslight Customers:

For the purpose hereof, unless the Missouri Public Service Commission shall otherwise order, refunds or a balance in the refund account in excess of \$75,000 (including interest from suppliers) received by the Company from charges paid and recovered through the PGA/EGCIM/FCP applicable to its Residential, Small General, Large General and Unmetered Gaslight customers, shall be refunded to such customers as a reduction in PGA rates. After receipt of a refund in excess of \$75,000 or the balance reaching \$75,000, the Company shall file with the Commission, at the time of its Winter or Summer or unscheduled Winter FCP filing, and propose to make effective, the appropriate FCP Statement reflecting the decrease and an associated statement showing the computation of the refund adjustment. After receipt of any refund in excess of \$75,000 prior to the effective date of this tariff sheet or the balance reaching \$75,000 prior to the effective date of this tariff sheet, the Company shall file with the Commission, and propose to make effective with the appropriate September, 1997 PGA Statement reflecting the decrease and an associated statement showing the computation of the refund adjustment.

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. Such interest shall be calculated at the rate of 6 percent per annum compounded annually. For each refund distribution period, the interest to be added by the Company shall be included in determining the refund credits to be applied to bills.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

The Company shall file refund factors in the same manner as all other FCP components.

The refund adjustment per Ccf shall be determined by dividing the appropriate refund amount for this customer group, by the Ccf sales to such group during the first twelve of the previous fourteen calendar months preceding the date of receipt of the refund. The amount of the unit refund adjustment shall be computed to the nearest \$0.00001 per Ccf.

After the refunding period is completed, the difference between the refunds received from the Company's suppliers and the amounts refunded to the respective customer group shall be determined and the difference retained in the refund accounts until such time as a subsequent refund is received. The balance in said refund accounts shall be added to any subsequent refund before computing a new refund adjustment.

In the event any refund received from the Company's suppliers is less than \$75,000 for this customer group, said refund shall be credited to the refund account. The credit balance in said account, exclusive of those amounts which have been included in the calculation of refunds then in progress, shall be accumulated to \$75,000 before commencing a subsequent refund as herein above provided.

Large Volume, Intrastate Transportation Service and Whiteman Air Force Base Customers:

Unless otherwise ordered by the Commission, supplier refunds (including interest from suppliers), received by the Company from charges paid for natural gas resold to its Large Volume, Intrastate Transportation Service and Whiteman Air Force Base customers shall be refunded to each customer classification respectively when such accumulated refunds equal or exceed \$75,000. Such refund shall be made within 90 days following receipt. The total amount to be refunded shall be divided by Ccf sales to each customer classification during the refund period.

The result shall then be multiplied by the Ccf sales made to each customer during such period and the amount so computed shall be refunded by a single payment to each customer by check or credit on the customer's account. If a portion of the amount to be refunded is attributable to demand charges that were directly assigned to specific

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

customers, such amount shall be refunded to the customers based on their demands during the refund period.

The Company shall deduct the amount of any delinquent bill or bad debt before making payment to the customer.

Any refunds remaining unclaimed shall be retained until such time as a subsequent refund is received from the Company's suppliers and shall be added to such refund before distribution to customers.

In the event any refund received from the Company's suppliers is less than \$75,000 for the customer class, said refund shall be credited to the refund account and the Commission shall be advised of the receipt of such refund.

The Company shall not be required to refund to Large Volume, Intrastate Transportation Service and Whiteman Air Force Base customers when the credit balance in the refund account is less than \$75,000.

Tight Sands Refunds:

1. The Company has made an initial lump sum refund to its Missouri customers of approximately \$20 million which represents a portion of the cash stream payments it has or will receive as a result of the settlement of the Tight Sands anti-trust case. The portion of the settlement payments to be made through the initial lump sum refund and the method for making that refund are specified by the Commission in its Report and Order in Case No. GR-91-286.
2. At the end of calendar year 2001 or upon full repayment of amounts advanced to effect the initial lump sum refund (including interest and transaction costs), whichever occurs first, all cash stream payments received by the Company for gas purchased after that date or after full repayment shall be immediately credited to the appropriate customer refund account and distributed in accordance with gas cost refunding provisions then in effect.

Such refund amounts shall be allocated to the Company's customer classes based on the same Donkin Low method used to allocate the initial lump sum refunds.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

Within the Large Volume, Intrastate Transportation Service and Whiteman Air Force Base classes (including both sales and transportation customers), such refunds will be further allocated to individual customers based on each customer's pro rata share as determined by the Company from the customer's actual purchase volumes from the Company for the period of November 1980 through December of 1988.

Each Large Volume, Intrastate Transportation Service and Whiteman Air Force Base customer will receive a refund by check during the month of December. Alternatively, at the request of a Large Volume, Intrastate Transportation Service and Whiteman Air Force Base customer, the refund will be made by a credit to its bill during the month of December.

3. The Company will deduct the amount of any customer's delinquent bill or bad debt before making a refund to the customer.

VI. TAKE-OR-PAY RECOVERY FACTOR

Federal Energy Regulatory Commission (FERC) authorized fixed Take-or-Pay (TOP) costs shall be recovered from all classes of customers equally on a volumetric basis by the application of the TOP Cost Recovery Factor to all Ccf billed for both natural gas sales and transportation volumes under rate schedules on file with the Missouri Public Service Commission.

The TOP Cost Recovery Factor will be computed by dividing the annualized TOP costs by the estimated volumes of the total sales and transportation Ccf for the twelve-month period beginning with the effective date of the TOP Cost Recovery Factor. Annualized TOP costs shall be the fixed TOP costs, including interest, the Company has paid or reasonably expects to pay, in a twelve-month period as a result of the application of FERC approved tariffs relating to the recovery of TOP and contract reformation costs by the Company's natural gas suppliers, plus any over or under-recovery of such costs from the previous period as discussed below.

The TOP Cost Recovery Factor shall be reviewed concurrently with the Annual Cost Adjustment Factor. This adjustment shall be rounded to the nearest \$0.00001 per Ccf and applied to the following Winter FCP and subsequent Summer FCP.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

The TOP account balance will be the net balance of all revenue recovered from the application of the TOP recovery factor using the monthly actual billed sales by cycle for customers and each unit transported for transportation service customers and all fixed FERC-authorized TOP charges paid to its suppliers in the above 12 month period.

This account will be audited simultaneously with Company's Deferred Purchased Gas Cost Accounts (Section IV of this FCP Clause). The period for recovering TOP costs shall generally mirror the recovery period ordered in each applicable FERC proceeding. The Company will keep such records so as to allow for an accurate accounting of such costs actually paid to suppliers and recovery actually received from customers.

Any over or under-recovery of such costs shall be refunded or recovered by inclusion in a subsequent TOP Cost Recovery Factor determination. Notwithstanding the foregoing, the lump sum direct billed take-or-pay refunds made to Company by Williams Natural Gas Company pursuant to the Stipulation and Agreement approved by the Federal Energy Regulatory Commission in FERC Docket No. RP89-183-000 et. al. on March 12, 1993 shall be refunded by Company to customers or otherwise disposed of in accordance with the terms of the Stipulation and Agreement approved by the Commission in Case Nos. GR-90-40 and GR-91-149. After the permanent cessation of billing of TOP costs to the Company by its suppliers, a request to terminate the TOP Cost Recovery Factor will be filed accordingly.

After termination of the TOP Cost Recovery Factor, any remaining over or under-recovery balance shall be carried forward and included in the calculation of the next Actual Cost Adjustment (ACA).

The TOP Cost Recovery Factor shall remain in effect until superseded by a subsequent TOP Cost Recovery Factor calculated according to this provision. The Company shall file any revised TOP Cost Recovery Factor on Sheet No. 24.32 in the same manner as all other FCP Adjustments.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

VII. TRANSITION COST RECOVERY FACTOR

Federal Energy Regulatory Commission (FERC) authorized direct billed Transition Costs (TC) shall be recovered on a volumetric basis from customers receiving sales and transportation service under the Company's rate schedules on file with the Missouri Public Service Commission by the application of the following TC recovery factors.

TCs are those costs resulting from the implementation of Order No. 636, including Account 191 balances and gas supply realignment costs which are direct billed to the Company by its natural gas transporters.

The direct billed TC costs to be used in the factor's computation shall be those the Company has paid or reasonably expects to pay, in a twelve-month period, plus any over or under-recovery of such costs from the previous recovery period as discussed below. The costs to be used in the computation shall include FERC authorized interest which is direct billed by the transporter to the Company and carrying costs on unrecovered transition costs.

"TC Factor 1" costs are those which relate solely to the most recent annual pipeline PGA period. This factor shall be charged to all sales customers only. The "TC Factor 1" will be computed by dividing these "TC Factor 1" costs by an estimate of the annual total sales volumes expected to be billed for the subsequent year.

"TC Factor 2" costs are all other direct billed Order No. 636 costs not included as "TC Factor 1" costs. The "TC Factor 2" shall be charged to both sales customers and transportation customers. This factor shall be computed by dividing the sum of the annualized "TC Factor 2" costs by an estimate of the annual volume of total sales plus total transportation expected to be billed for the subsequent year.

The "TC Factor 2" costs to be included in the computation of the billing factor shall include some Account 191 TCs (i.e. Williams Natural Gas Company's deferred storage costs and transportation and exchange imbalances) and any direct billed gas supply realignment costs.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

The above mentioned TC factors shall include, in their factor computations, all amounts of previously paid TC costs refunded to the Company by the transporter.

The "TC Factors 1 and 2" shall be reviewed concurrently with the Annual Cost Adjustment Factor. The "TC Factors 1 and 2" shall be rounded to the nearest \$0.00001 per Ccf and applied to the following Winter PGA and subsequent Summer PGA if the annual impact of the adjustment is anticipated to exceed \$500,000.

The TC account balances will reflect the net of all revenue recovered from the billing of the TC recovery factors to sales and transportation customers and the actual direct billed FERC-authorized TC charges paid by the Company to its transporters for the preceding twelve-month period as defined above.

Annually, the actually incurred TCs will be compared to the TCs billed revenue recovery for the same time period that the Actual Cost Adjustment (ACA) factor is calculated. The resulting under- or over-recovery, resulting from actual TC cost variations from estimated TC costs or from a determination by Missouri Public Service Commission that certain TC costs should have been billed to a different factor than the one used by the Company, will be divided by the throughput for the ACA period to develop a TC reconciliation factor. This factor will then be incorporated as part of the current TC recovery rates shown on the Adjustment statement. It is the intent of this provision to charge all customers their respective TC rates and to have revenue recovery generated be reconciled to actual TC costs paid during a twelve month period. The total estimated annualized sales and transportation volumes, applicable to each factor, will be used for their computation. The above factors will be adjusted to include any such under- or over-recovery.

The rates to be on the PGA Adjustment Statement and FCP Adjustment Statement and billed customers shall consist of:

For all sales customers:

The sum of "TC Factor 1" plus "TC Factor 2" plus any TC reconciliation factors,

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

For all transportation customers;

the sum of "TC Factor 2" plus any TC reconciliation factor.

The TC recovery factor shall remain in effect until superseded by a subsequent TC recovery factor calculated according to this provision. The Company shall file any revised TC recovery factor on Sheet No. 24.32 in the same manner as all other FCP Adjustments.

VIII. DEMAND RELATED COST RECOVERY

Customers electing transportation service under rate schedules LV, ITS and Whiteman Air Force Base shall be billed as a component of total purchased gas costs, when receiving contract demand or authorized overrun service, demand charges estimated to be sufficient to reimburse the Company for demand related transportation costs incurred to serve such customers as those costs may vary from time to time. Such charges, as specified in the Williams Natural Gas Company's Federal Energy Regulatory Commission (FERC) tariffs for rate schedules TSS and FTS or such replacement charges as may be found appropriate by the FERC, are calculated as an average demand cost based on contracted billing determinants as set out in Section IX of this FCP clause and shown on Sheet No. 24.32. Such demand rates shall be collected from customers in accordance with the Company's applicable rate schedules. Revenues from this provision will be credited through the ACA.

IX. COMPUTATION VOLUMES

Purchase Volumes (P):

Volumes supplied over Williams Natural Gas system:

|       |                                    |                |
|-------|------------------------------------|----------------|
| TSS-M | No Notice Fee                      | 698,996 DKT    |
|       | Reservation - FSS - Deliverability | 499,331 DKT    |
|       | Reservation - FSS - Capacity       | 8,238,961 DKT  |
|       | Reservation - FTS - P              | 206,588 DKT    |
|       | Reservation - FTS - M              | 698,996 DKT    |
|       | Injection - FSS                    | 15,477,923 DKT |
|       | Withdrawal - FSS                   | 15,477,923 DKT |

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

| FIXED COMMODITY PRICE PGA                                        |                              |            |     |
|------------------------------------------------------------------|------------------------------|------------|-----|
| FCP                                                              |                              |            |     |
|                                                                  | Commodity - FTS - P          | 50,758,475 | DKT |
|                                                                  | Commodity - FTS - M          | 49,527,246 | DKT |
| FTS-P                                                            | Reservation                  | 59,489     | DKT |
|                                                                  | Reservation Balancing Fee    | 59,489     | DKT |
|                                                                  | Commodity                    | 5,359,264  | DKT |
|                                                                  | Commodity Balancing Fee      | 5,359,264  | DKT |
| FTS-M                                                            | Reservation                  | 58,940     | DKT |
|                                                                  | Reservation Balancing Fee    | 58,940     | DKT |
|                                                                  | Commodity                    | 5,304,600  | DKT |
|                                                                  | Commodity Balancing Fee      | 5,304,600  | DKT |
|                                                                  | Total Commodity - City Gate  | 56,117,739 | DKT |
|                                                                  | Non-Commodity Transport Fuel | 758,093    | DKT |
|                                                                  | Total Commodity - Field      | 56,875,832 | DKT |
| <u>Volumes supplied over Panhandle Eastern Pipe Line system:</u> |                              |            |     |
| EFT                                                              | Transmission-Market          | 8,941      | DKT |
|                                                                  | Transmission-Field/Market    | 8,940      | DKT |
|                                                                  | Reservation-Winter           | 8,987      | DKT |
|                                                                  | Reservation-Summer           | 4,911      | DKT |
|                                                                  | Commodity- Field/Storage     | 864,000    | DKT |
|                                                                  | Commodity- Storage/Market    | 864,000    | DKT |
|                                                                  | Commodity- Haven/Market      | 1,350,091  | DKT |
|                                                                  | Commodity- Field/Market      | 1,723,949  | DKT |
| WS                                                               | Deliverability               | 9,140      | DKT |
|                                                                  | Capacity                     | 914,000    | DKT |
|                                                                  | Injection                    | 864,000    | DKT |
|                                                                  | Withdrawal                   | 864,000    | DKT |

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

|     |                              |           |     |
|-----|------------------------------|-----------|-----|
| IOS | Deliverability               | 3,577     | DKT |
|     | Capacity                     | 357,700   | DKT |
|     | Injection                    | 178,850   | DKT |
|     | Withdrawal                   | 178,850   | DKT |
|     | Total Commodity              | 3,938,040 | DKT |
|     | Non-Commodity Transport Fuel | 86,308    | DKT |
|     | Total Commodity-Field        | 4,024,348 | DKT |

Volumes supplied over Riverside Pipeline

|    |                              |           |     |
|----|------------------------------|-----------|-----|
| FT | Reservation                  | 46,332    | DKT |
|    | Total Commodity-City Gate    | 3,600,000 | DKT |
|    | Non-Commodity Transport Fuel | 133,685   | DKT |
|    | Total Commodity-Field        | 3,733,685 | DKT |

Volumes supplied over KN Interstate

|              |                              |           |     |
|--------------|------------------------------|-----------|-----|
| FT - Prd/Mkt | Reservation                  | 100,000   | DKT |
| FT - Mkt     | Reservation                  | 35,000    | DKT |
|              | Total Commodity City Gate    | 7,201,678 | DKT |
|              | Non-Commodity Transport Fuel | 245,766   | DKT |
|              | Total Commodity-Field        | 7,447,444 | DKT |

Sales Volumes (V): 670,113,300 Ccf

X.

CAPACITY RELEASE INCENTIVE MECHANISM

This Section X implements a capacity release incentive mechanism consistent with the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705, whereby the Company and its customers share in specified savings and revenues realized by the Company in acquiring, utilizing, and managing its gas supply portfolio.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

This Section X (Sheet Nos. 24.27 – 24.29) shall remain in effect until this procedure ends at some point after two (2) years has elapsed as provided in the Stipulation and Agreement approved by the Commission in Case No. GO-2000-705, or changes to these sheets become effective pursuant to law.

- A. Effective August 15, 1997, The Company shall retain in an Incentive Revenue ("IR") Account a portion of certain savings the Company realizes in connection with the acquisition and management of its gas supply portfolio.
- B. Off-System Sales – The Company shall retain all revenues derived from off-system sales of natural gas prior to the effective date of the Commission's Report and Order in Case No. GO-2000-705, and thereafter, during the term of this incentive authorization, for revenues in excess of \$100,000 per year, net of sales incurred at a loss, all as more specifically described in the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705.
- C. For the period beginning with the effective date of the Commission's order in Case No. GO-2000-705, revenue realized from the release of pipeline capacity to another party shall be included in the Deferred Cost Account and adjusted for that portion of revenue retained by the Company in the IR account according to the following percentages:

| <u>Capacity Release Credit</u> | <u>Company Retention Percentage</u> |
|--------------------------------|-------------------------------------|
| First \$300,000                | 15%                                 |
| Next \$300,000                 | 20%                                 |
| Next \$300,000                 | 25%                                 |
| Amounts Over \$900,000         | 30%.                                |

- D. The debits or credits from this Capacity Release Incentive Mechanism shall be allocated to the Company's on-system sales only.
- E. For each ACA year, the debits and credits recorded in the IA Account, including any balance from the previous year, shall be accumulated to produce a cumulative balance of incentive adjustments. For purposes of computing

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

new ACA factors for the subsequent twelve-month period beginning with the September revenue month for 1997, the November revenue month thereafter, such cumulative incentive adjustment balances shall be combined with the appropriate ACA Account balances.

XI. EXPERIMENTAL PRICE STABILIZATION FUND

For purposes of reducing the impact of natural gas price volatility on the Company's customers during the 1997/1998, 1998/1999, 1999/2000 and 2000-2001 heating seasons, the Company shall maintain an Experimental Price Stabilization Fund for purposes of procuring certain natural gas financial instruments in accordance with parameters which have been designated "Highly Confidential" and are only available to the Missouri Public Service Commission or pursuant to the terms of a protective order issued by the Commission. For purposes of the 2000-2001 heating season, the Company shall purchase such financial instruments no later than September 30, 2000.

The Company shall recover all costs and expenses associated with such procurement through the inclusion of a Price Stabilization Factor as a component of the Current Cost of Gas (CCG) shown on the Summary Statement Sheet No. 24.32 or as a component of the TSC shown on the Summary Statement Sheet 24.32 applicable to all customer classes except Large Volume Transportation Service.

Beginning August 1, 1997, all costs and expenses directly attributable to the procurement of such instruments shall be charged to the fund. All revenues collected through the Price Stabilization Charge and any financial gains derived therefrom shall be credited to the fund. At the end of each month carrying costs shall be applied to any balance in the fund at a simple rate of interest equal to the prime bank lending rate (as published in The Wall Street Journal on the first day of such month) minus one (1) percentage point.

Unless otherwise requested by the Company and approved by the Commission, the Experimental Price Stabilization Charge shall be terminated upon the effective date of the Winter PGA filing on or about November 1, 2001. Any debit or credit balance in the Experimental Price Stabilization Fund, including interest, shall be charged or returned to the Company's customers, excluding those taking Large Volume Transportation Service, through the ACA factor established in the next Winter FCP filing.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

XII. PGA ADJUSTMENT STATEMENT

Prior to the effectiveness of the FCPC of the PGA in accordance with the Stipulation and Agreement approved by the Commission in its Report and Order in Case No. GO-2000-705, the PGA Adjustment Statement shall be used.

Any increase or decrease in the PGA rate shall be applied to customers' bills for service rendered on and after the effective date of the change. Bills computed which contain multiple PGA rate changes during a customer's billing cycle shall be prorated between the old and new rates in proportion to the number of days in the customer's billing cycle that such rates were in effect. Rates are shown as a summary statement on Sheet No. 24.32 in hundred cubic feet (Ccf).

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

XIII. FIXED COMMODITY PRICE ADJUSTMENT STATEMENT

The Total FCP Rate shall be used to bill customers no less than ten (10) business days after the Fixed Commodity Price Component of the PGA is triggered and becomes effective under the terms of the Stipulation and Agreement approved by the Commission in Case No. GO-2000-705. The Company shall notify the Commission on, or prior to, the date on which the Fixed Commodity Price Component of the PGA takes effect and, with such notification, shall file a revised tariff sheet containing the Total FCP Rate with a proposed effective date of no less than 10 business days. For the period of time between when the Fixed Commodity Price Component of the PGA is triggered and becomes effective under the terms of the Stipulation and Agreement approved by the Commission in Case No. GO-2000-705 and the effective date of the tariff sheet containing the initial Total FCP Rate, any differences between the "as billed" CCG commodity factor (for the same elements as the FCPC) and the Fixed Commodity Price Component of the PGA shall be reconciled in the succeeding Actual Cost Adjustment proceeding. If the FCPC factor is less than the commodity portion of the CCG factor, total billed revenue recovery will be increased by the difference between the FCPC factor and the commodity portion of the CCG factor, times the billed volumes. If the FCPC factor is greater than the commodity portion of the CCG factor, total billed revenue recovery will be decreased by the difference between the FCPC factor and the commodity portion of the CCG factor times the billed volumes. The Fixed Commodity Price Component of the PGA shall remain in effect for two years after being triggered and becoming effective under the terms of the Stipulation and Agreement approved by the Commission in Case No. GO-2000-705. No later than 10 business days prior to the termination of this two year period, the Company shall file a Revised PGA Statement (Sheet No. 24.7), unless otherwise ordered by the Commission.

Any increase or decrease in the Total FCP Rate shall be applied to customers' bills for service rendered on and after the effective date of the change. Bills computed which contain multiple Total FCP Rate changes during a customer's billing cycle shall be prorated between the old and new rates in proportion to the number of days in the customer's billing cycle that such rates were in effect. Rates are shown as a summary statement on Sheet No. 24.32 in hundred cubic feet (Ccf).

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

XIV. SUMMARY STATEMENT

| <u>Customer Class</u>      | <u>C.C.G.</u> | <u>A.C.A</u> | <u>Refund</u> | <u>T.O.P.</u> | <u>T.C.</u> | <u>P.G.A. Rate</u> |
|----------------------------|---------------|--------------|---------------|---------------|-------------|--------------------|
| Residential                | \$0.41570     | (\$0.01090)  | (\$0.03270)   | \$0.00000     | \$0.01828   | \$0.39038          |
| Small General Service      | \$0.41570     | (\$0.01090)  | (\$0.03270)   | \$0.00000     | \$0.01828   | \$0.39038          |
| Large General Service      | \$0.41570     | (\$0.01090)  | (\$0.03270)   | \$0.00000     | \$0.01828   | \$0.39038          |
| Unmetered Gas Light (1)    | \$0.41570     | (\$0.01090)  | (\$0.03270)   | \$0.00000     | \$0.01828   | \$0.39038          |
| Large Volume Sales (3)     | \$0.41570     | (\$0.01090)  | \$0.00000     | \$0.00000     | \$0.01828   | \$0.42308          |
| Large Volume Trans. (2)(4) |               |              |               |               | \$0.01828   | \$0.01828          |

1 Each Unmetered Gaslight Unit is equal to 15 Ccf.

2 Demand related purchase gas costs of \$0.66255 per Ccf of contract demand and \$0.02179 per Ccf of daily demand for authorized sales in excess of the contract demand are directly chargeable to customers on this rate.

3 Applies to Sales Service only.

4 Applies to Transportation Service, Intrastate Transportation Service and Whiteman Air Force Base.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

**FIXED COMMODITY PRICE PGA  
FCP**

**XIV. SUMMARY STATEMENT \***

| Customer<br>Class          | FCPC      | TSC       | A.C.A       | Refund      | I.O.P.    | I.C.      | Total<br>FCP<br>Rate |
|----------------------------|-----------|-----------|-------------|-------------|-----------|-----------|----------------------|
| Residential                | \$0.25816 | \$0.12494 | (\$0.01090) | (\$0.03270) | \$0.00000 | \$0.01828 | \$0.35778            |
| Small General Service      | \$0.25816 | \$0.12494 | (\$0.01090) | (\$0.03270) | \$0.00000 | \$0.01828 | \$0.35778            |
| Large General Service      |           |           |             |             |           |           |                      |
| April 1 - October 31       | \$0.23035 | \$0.12494 | (\$0.01090) | (\$0.03270) | \$0.00000 | \$0.01828 | \$0.32997            |
| November 1 - March 31      | \$0.27035 | \$0.12494 | (\$0.01090) | (\$0.03270) | \$0.00000 | \$0.01828 | \$0.36997            |
| Unmetered Gas Light (1)    | \$0.25816 | \$0.12494 | (\$0.01090) | (\$0.03270) | \$0.00000 | \$0.01828 | \$0.35778            |
| Large Volume Sales (3)     |           |           |             |             |           |           |                      |
| April 1 - October 31       | \$0.23035 | \$0.12494 | (\$0.01090) | \$0.00000   | \$0.00000 | \$0.01828 | \$0.36267            |
| November 1 - March 31      | \$0.27035 | \$0.12494 | (\$0.01090) | \$0.00000   | \$0.00000 | \$0.01828 | \$0.40267            |
| Large Volume Trans. (2)(4) |           |           |             |             | \$0.00000 | \$0.01828 | \$0.01828            |

1 Each Unmetered Gaslight Unit is equal to 15 Ccf.

2 Demand related purchase gas costs of \$0.66255 per Ccf of contract demand and \$0.02179 per Ccf of daily demand for authorized sales in excess of the contract demand are directly chargeable to customers on this rate.

3 Applies to Sales Service only.

4 Applies to Transportation Service, Intrastate Transportation Service and Whiteman Air Force Base.

**\* - This duplicate Sheet No. 24.32 is included for the Commission's information to show the total FCP rate. Only one Sheet No. 24.32 will be in effect at a time.**

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

APPLICATION

Sheets 24.8 through 24.32 are filed in order to implement a Fixed Commodity Price PGA ("FCP") consistent with the Commission's Report and Order approving the Stipulation and Agreement in Case No. GO-2000-705. These sheets supplant the operation of the Purchased Gas Adjustment clause (PGA) as described in Sheets 14 through 24.7 for a period of two (2) years as provided in the Stipulation and Agreement approved by the Commission in Case No. GO-2000-705.

The Company will charge customers, through the FCP, costs incurred by the Company for the procurement of natural gas commodity and for pipeline transportation and storage services. The FCP shall include governmentally authorized pipeline take-or-pay and transition costs, pipeline refunds, procurement and capacity incentives, and annual reconciliation of these costs. The charge on the customer's bill is calculated by multiplying the customer's usage by the respective current effective PGA Rate or the Total FCP Rate shown on Sheet No. 24.32 as described under this FCP.

All references to the PGA in the company's tariff shall be construed to mean this Fixed Commodity Price PGA, while the FCP is effective.

These sheets 24.8 through 24.32 inclusive shall remain in effect, and the effectiveness of Sheets 14 through 24.7 shall be held in abeyance, until this procedure ends at some point after two (2) years has elapsed as provided in the Stipulation and Agreement approved by the Commission in Case No. GO-2000-705, or changes to these sheets become effective pursuant to law.

I. DESCRIPTION OF THE FIXED COMMODITY PRICE PGA

The fixed commodity price component of the PGA will be a fixed price conditioned on the Company's election or the New York Mercantile Exchange ("NYMEX") strip settling at or below a certain level for a prescribed period of time as described in the Stipulation and Agreement approved by the Commission in its Report and Order in Case No. GO-2000-705 and the provisions below. Prior to the effectiveness of the fixed commodity price component of the PGA, the Current Cost of Gas shall be determined according to the provisions of this FCP clause. The Transportation and Storage component is determined based on the cost of pipeline transportation and storage services subject to the provisions below. For the purpose of the FCP, the term "supplier" shall include any

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

broker, producer, marketer, transporter or pipeline which facilitates natural gas deliveries to the city gate. For the purpose of the computations herein, the computational volumes to be used in determining the PGA rate and total FCP rate shall be those set forth in Section IX of this Schedule.

A. Contents of the Total FCP Rate

1. The PGA rate (as shown on Sheet No. 24.32) shall be the sum of the following:

Current Cost of Gas (CCG) – A per Ccf factor to reflect the current estimate of the annualized cost of various natural gas services purchased by the Company, including but not limited to firm and interruptible gas supply, gathering, processing and treating services, firm and interruptible transportation service, storage services and any service which bundles or aggregates these various services. Such factor shall also reflect the Price Stabilization Charge as defined in Section XI of this Purchased Gas Adjustment Clause and the Unscheduled Filing Adjustment (UFA) as defined in this Section. To this shall be added the Actual Cost Adjustment (ACA), Refund, Take-or-pay (TOP), and Transition Cost (TC) as described in 1.A.2 of this FCP clause.

2. The Total FCP rate (as shown on Sheet No. 24.32) shall be the sum of the following items:

Fixed Commodity Price Component (FCPC) - A per Ccf factor to reflect the annualized purchase of natural gas by the Company as described in Section III of this FCP.

Transportation and Storage Component (TSC) – A per Ccf factor to reflect the current estimate of the annualized cost of various pipeline services purchased by the Company, including but not limited to gathering, processing and treating services, firm and interruptible transportation services, storage services and services which bundle or aggregate these various transportation and storage services (but not including agency costs or consulting fees). The TSC shall also include the Price Stabilization Charge as defined in Section XI of this FCP clause. Certain pipeline service savings achieved may be eligible for sharing between customers and the Company in compliance with the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

Actual Cost Adjustment (ACA) – A per Ccf factor to reflect the annual reconciliation of actual gas supply and pipeline service costs with the actual recovery of such costs through the application of this FCP clause in compliance with the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705. Revised ACA factors shall be filed with the Winter FCP filing.

Refund – A per Ccf factor to reflect refunds received by the Company in connection with purchased gas and/or pipeline services, as described in Section V of this FCP clause.

Take-or-Pay (TOP) – A per Ccf factor to recover Federal Energy Regulatory Commission (FERC) authorized fixed Take-or-Pay (TOP) costs, as described in Section VI of this FCP clause.

Transition Cost (TC) – A per Ccf factor to recover Federal Energy Regulatory Commission (FERC) authorized fixed Transition costs (TC), as described in Section VII of this FCP clause.

Customers electing to take transportation service may contract for the availability of taking system supply gas, referred herein to as "Contract Demand" and described in Section VIII of this FCP clause.

B. Revision of the PGA Rate and the Total FCP Rate

1. PGA Rate – prior to the effectiveness of the FCPC the Company shall make no more than two (2) scheduled PGA filings each calendar year (hereinafter referred to as the "Winter Filing" and the "Summer Filing") and one Unscheduled PGA filing each winter period (hereafter referred to as the "Unscheduled Winter PGA filing") pursuant to the following terms:

Scheduled Filings – The Winter Filing shall be made between October 15 and November 4. The Summer Filing shall be made between March 15 and April 4. The scheduled Winter and Summer Filings shall be made at least ten (10) business days prior to the proposed effective dates.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

Unscheduled Winter PGA Filing -- In addition to these two scheduled PGA filings, the Company may also make one Unscheduled Winter PGA Filing in the period between the effective date of the Winter PGA Filing and the next Summer PGA Filing, provided that at the time of such Unscheduled Winter PGA Filing, there is:

- (a) a projected under-recovery in the Company's Deferred Carrying Cost Balance (DCCB), as defined in Section IV of this FCP clause, equal to or greater than fifteen percent (15%) of the Company's average annual level of gas commodity costs for the three (3) then most recent ACA periods (hereinafter referred to as the "Annual Gas Cost Level") or
- (b) a projected over-recovery equal to or greater than ten percent (10%) of the Company's Annual Gas Cost Level. The projected under- or over-recovery shall be determined by adding:
  - (1) the actual net over- or under-recovery amount in the DCCB at the time the Unscheduled Winter PGA Filing is made, and
  - (2) the estimated DCCB related over- or under-recovery amount which, based on the Company's actual gas commodity costs at the time of the Unscheduled Winter PGA Filing, would otherwise occur in the ensuing monthly period absent the filing.

The Unscheduled Winter PGA Filing shall be made at least ten (10) business days prior to the proposed effective date.

2. Total FCP Rate -- upon the effectiveness of the fixed commodity price component of the PGA, the Company shall make no more than two (2) scheduled FCP filings each calendar year (hereinafter referred to as the "Winter Filing" and the "Summer Filing") pursuant to the following terms:

- (a) Scheduled Filings -- The Winter Filing shall be made between October 15 and November 4. The Summer Filing shall be made between March 15 and April 4. The scheduled Winter and Summer Filings shall be made at least ten (10) business days prior to the proposed effective dates.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

(b) The fixed commodity price component of the PGA shall be seasonalized between the summer months (April through October) and the winter months (November through March) only for the Large General Service and the Large Volume customer classes.

(c) For all other classes, the fixed commodity price component of the PGA shall remain the same year-round.

II. CALCULATION OF CCG

For the purpose of the computations herein, "commodity-related" shall mean gas costs relating to gas supply commodity charges, variable transportation charges, and other FERC-authorized variable charges excluding any amounts for FERC authorized Take-or-Pay (TOP) or Transition Cost (TC) charges. It shall also include the Price Stabilization Charge defined in Section XI of this FCP clause.

"Demand related" shall mean fixed (non-volumetric) costs relating to gas supply demand charges, fixed transportation charges, fixed storage charges and other FERC-authorized fixed charges excluding any amounts for FERC authorized Take-or-Pay (TOP) or Transition Cost (TC) charges.

The CCG will be the sum of Commodity-Related charges and Demand-Related charges and will be determined in accordance with the following:

A. Commodity-Related Charges

The Commodity-Related Charge cost component per Ccf shall be determined by the Company using any method it deems reasonable provided that:

(1) for any scheduled PGA filing such estimate shall not exceed a per Ccf cost equal to the higher of:

(a) the Company's actual commodity-related gas cost per Ccf for currently purchased gas supplies and services in the month in which the PGA filing is made; or

(b) the average of

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

(1) the highest weighted average commodity-related gas cost per Ccf actually incurred by the Company for currently purchased gas supplies in a single season ACA period and

(2) the overall weighted average commodity-related gas cost per Ccf actually incurred by the Company for currently purchased gas supplies and services

in the applicable winter or summer period during the three (3) then most recent ACA periods.

(2) for any Unscheduled Winter PGA Filing, such estimate shall not exceed a per Ccf cost equal to the Company's actual commodity-related gas cost per Ccf for currently purchased gas supplies and services in the month in which such Unscheduled Winter PGA Filing is made.

B. Demand-Related

The Demand Related per Ccf cost component is to be calculated by dividing the annual demand related costs, using the most current FERC and supplier rates, as defined in this section by estimated annual sales as set forth in Section IX of this FCP clause.

III. CALCULATION OF THE FIXED COMMODITY PRICE COMPONENT (FCPC) AND THE TRANSPORTATION AND STORAGE COMPONENT (TSC)

1. FCPC - The FCPC shall be equal to \$0.25818 per Ccf when and if the Company so elects, or when and if the NYMEX strip price for the nearest twelve-month period traded on the exchange, weighted by the average Company purchase volumes by month, settles at or below \$2.25 per MMBtu for five consecutive business days, all as more particularly described in the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705. For the term of this FCP, upon the effectiveness of the fixed commodity price component of the PGA, any under-recovery of commodity costs shall be absorbed by the Company and any over-recovery of commodity costs shall be retained by the Company.

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

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

For: All Missouri Service Areas  
Community, Town or City

FIXED COMMODITY PRICE PGA  
FCP

2. TSC – For the purpose of the FCP, the transportation and storage cost component shall be based on the current cost of contracted pipeline transportation and storage services as of the date of the filing and shall also include the Price Stabilization Charge defined in Section XI of this FCP clause. The Actual Cost Adjustment Account (ACA) shall be credited or debited for the over-recovery or under-recovery to reflect the annual reconciliation of actual purchased pipeline service costs with the recovery of such costs.

A. Maximum Daily Quantities ("MDQ") – System sales customers and the Company shall share savings from any reduction in the level of contract MDQs in accordance with the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705.

B. Transportation Rate Discounts – If the Company secures a new transportation discount that produces savings which exceed savings produced by any currently achieved level of discounts, such savings shall be shared between customers and the Company in accordance with the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705.

C. Mix of Transportation Services – To the extent that the Company achieves transportation savings by use of alternate transportation services, such savings shall be shared between customers and the Company in accordance with the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705.

D. Transportation and Storage Demand Charge Cost Recovery – recovery of transportation and storage demand charges shall be determined in accordance with the Stipulation and Agreement approved by the Commission in its order in Case No. GO-2000-705. At the end of the ACA period, expense and revenue attributable to these items shall be trued-up to actual.

IV. DEFERRED COST - ACTUAL COST ADJUSTMENT ACCOUNTS

A. Actual Cost Adjustment Account (ACA)

The Company shall establish and maintain a Deferred Cost – Actual Cost Adjustment Account (ACA) which shall be credited with any over-recovery of pipeline service costs, and gas commodity costs if applicable, resulting from the operation of the Company's Fixed Commodity Price PGA procedure or debited for any under-recovery resulting from same. Such over- or under-recovery shall

DATE OF ISSUE: \_\_\_\_\_  
month day year

DATE EFFECTIVE: \_\_\_\_\_  
month day year

ISSUED BY: Robert J. Hack Vice President, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111