

**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)	Case No. GR-2001-388
Adjustment)	

UNANIMOUS PARTIAL STIPULATION AND AGREEMENT

COMES NOW Southern Missouri Gas Company, L.P. (SMGC), the Staff of the Missouri Public Service Commission (Staff) and the Office of the Public Counsel (OPC), and submits this Unanimous Partial Stipulation and Agreement (Unanimous Partial Stipulation and Agreement) for approval by the Missouri Public Service Commission (Commission). This Unanimous Partial Stipulation and Agreement resolves all, but two, of the remaining issues in this Actual Cost Adjustment (ACA) proceeding as follows:

1. This case concerns the 1999-2000 (GR-2001-39) and the 2000-2001 Purchased Gas Adjustment (PGA) (GR-2001-388) filing and Actual Cost Adjustment (ACA) filings of SMGC. GR-2001-39 and GR-2001-388 were consolidated by the Commission on September 4, 2002 under Case No. GR-2001-388.

2. On February 7, 2003, the Parties filed a List of Issues, Order of Witnesses and Order of Cross-examination that identified the following issues:

1. Does SMGC's provisioning of gas supplies and transportation for its "Transportation Service Internal" consisting of two large customers constitute a violation of its tariffs?
2. Should the Commission adopt Staff's proposed adjustment to decrease the firm sales Actual Cost Adjustment (ACA) balance by \$105,809 to include revenues for "Transportation Service-Internal" consisting of two large customers at the amount the revenues would have been if the gas had been sold at the authorized Purchased Gas Adjustment (PGA) adjusted rate?

3. Should the Commission increase the firm sales ACA balance by \$2,024 to include the carrying cost of the DCCB, as suggested by Staff, or increase the firm sales ACA balance by \$21,811 to include the carrying cost of the DCCB, as suggested by SMGC?

4. Should the Commission allow SMGC to recover in this proceeding the amount of \$113,512 related to Gas Supply Realignment Costs paid to Williams Pipeline from May 1996 to September 1998?

4a. If “no,” should the Commission authorize SMGC to be reimbursed for a \$62,345 refund received by SMGC in January, 2000, related to the above-referenced Gas Supply Realignment Costs that SMGC asserts was refunded to its customers, but for which the costs were not reflected in the ACA audit process?

5. Should the Commission issue an Order establishing the 1999-2000 under-recovery balance of \$1,670,180 and dismiss the “Bidding Process” issue that was in dispute in the 1999-2000 ACA, Case No. GR-2001-39 and close GR-2001-39?

6. Should the Commission issue an Order directing SMGC to file new tariff sheets changing the five percent on Sheet 26.1 Section (b) for calculating interest on the Deferred Carrying Cost Balance to ten percent as advocated by Staff?

3 The Parties initiated discussions to determine whether an amicable settlement of the remaining issues was possible. As a result of those discussions, the Parties have now reached a resolution and settlement of all, but two, of the above issues that they believe to be reasonable and beneficial to ratepayers in this case and recommend that the Commission approve this Unanimous Partial Stipulation and Agreement as being in the public interest. The two issues that remain to be resolved by the Commission, after the hearings scheduled for March 11, 2003, are Issues 1 and 2 delineated in paragraph 2 above.

4. The parties agree that the Commission should increase the firm sales ACA balance by \$16,000 to include carrying costs of the Deferred Carrying Cost Balance.

5. SMGC agrees to withdraw its request to recover in this proceeding the amount of \$113,512 allegedly related to Gas Supply Realignment Costs paid to Williams Pipeline from May 1996 to September 1998. SMGC agrees that it will not seek to recover the \$113,512

allegedly related to Gas Supply Realignment Costs paid to Williams Pipeline from May 1996 to September 1998 in any other Commission proceeding.

6. The parties further agree that the Commission should authorize SMGC to be reimbursed for a \$62,345 refund received by SMGC in January 2000, related to the above-referenced Gas Supply Realignment Costs that was refunded to its customers, but for which the costs were not reflected in the ACA audit process.

7. The parties further agree that the Commission should issue an Order establishing the 1999-2000 under-recovery balance of \$1,670,180 and dismiss the "Bidding Process" issue that was in dispute in the 1999-2000 ACA, Case No. GR-2001-39 and close GR-2001-39.

8. The Staff and Public Counsel agree to withdraw the request that the Commission issue an Order directing SMGC to file new tariff sheets changing the five percent on Sheet 26.1 Section (b) for calculating interest on the Deferred Carrying Cost Balance to ten percent as advocated by Staff. The parties agree, however, that this issue has been discussed by the parties in Case No. GO-2002-452, and that will resolve issue 6 in this case.

9. This Unanimous Partial Stipulation and Agreement shall become effective upon Commission approval without modification by final Commission order. Such order becomes "final" either by issuance of a Commission order on rehearing or, if no rehearing request is filed, thirty (30) days after issuance of the Commission's order approving the Stipulation, or such other effective dates selected by the Commission.

10. a. This Unanimous Partial Stipulation and Agreement has resulted from extensive negotiations among the Parties and the terms hereof are interdependent. In the event the Commission does not adopt this Unanimous Partial Stipulation and Agreement in total, then this Unanimous Partial Stipulation and Agreement shall be void and no Party shall be bound by any

of the agreements or provisions hereof. The stipulations herein are specific to the resolution of this proceeding, and all stipulations are made without prejudice to the rights of the Parties to take other positions in other proceedings.

b. This Unanimous Partial Stipulation and Agreement is being entered into for the purpose of disposing of some of the issues in this case. None of the Parties to this Unanimous Partial Stipulation and Agreement shall be deemed to have approved, accepted, agreed, consented or acquiesced to any accounting principle, ratemaking principle or cost of service determination underlying, or supposed to underlie any of the issues provided for herein.

c. All parties further understand and agree that the provisions of this Unanimous Partial Stipulation and Agreement relate only to the specific matters referred to in the Unanimous Partial Stipulation and Agreement and no Party waives any claim or right which it otherwise may have with respect to any matters not expressly provided for in this Stipulation. All parties further reserve the right to withdraw their support for the settlement in the event that the Commission modifies the Unanimous Partial Stipulation and Agreement in a manner which is adverse to the party withdrawing its support and further, all parties reserve the right to contest any such Commission order modifying the settlement in a manner which is adverse to the party contesting such Commission order.

In the event the Commission accepts the specific terms of this Unanimous Partial Stipulation and Agreement, the Parties waive, with respect to the issues resolved herein: their respective rights pursuant to Section 536.070(2), RSMo 2000 to call, examine and cross-examine witnesses; their respective rights to present oral argument or written briefs pursuant to Section 536.080.1, RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2000; their respective rights to seek rehearing pursuant to

Section 386.500, RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510, RSMo 2000. If this Unanimous Partial Stipulation and Agreement is not approved by the Commission, the Parties request that a revised procedural schedule be established which provides for a hearing, to include the opportunity for cross-examination.

12. The Staff shall, within seven (7) days of the filing of this Unanimous Partial Stipulation and Agreement, file with the Commission suggestions or a memorandum in support of this Unanimous Partial Stipulation and Agreement and the other parties shall have the right to file responsive suggestions within five (5) days of receipt of Staff's memorandum.

13. The Staff shall also have the right to provide, at any agenda meeting at which this Unanimous Partial Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, promptly provide other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

14. To assist the Commission in its review of this Unanimous Partial Stipulation and Agreement, the Parties also request that the Commission advise them of any additional information that the Commission may desire from the parties relating to the matters addressed in this Unanimous Partial Stipulation and Agreement, including any procedures for furnishing such information to the Commission.

CONCLUSION

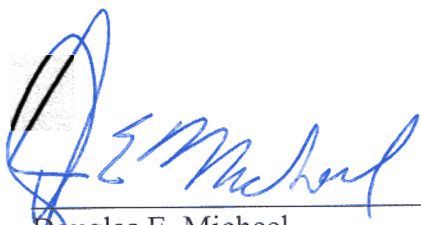
WHEREFORE, the undersigned Parties respectfully request that the Commission issue its Order:

a) Approving all of the specific terms and conditions of this Unanimous Partial Stipulation and Agreement and reflect these agreements in the final order of the Commission issued in this matter;

b) Granting such further relief as the Commission should find reasonable and just.

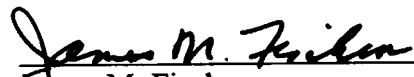
Respectfully submitted,

DANA K. JOYCE
General Counsel



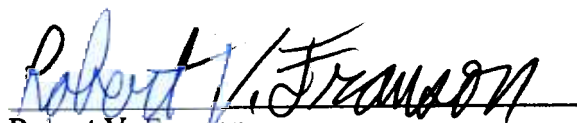
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or e-mailed to all counsel of record this 7th day of March 2003.