

Southern Missouri Natural Gas Company

Average Payment Plan

FORM NO. 13 P.S.C.

No. 1

(original)

Sheet No. 70

Cancelling P.S.C. MO

No. 1

1st (revised)

(original)

Sheet No. 70

(revised)

Southern Missouri Gas Company, L.P.

d/b/a Southern Missouri Natural Gas

Name of Issuing Corporation

For All Communities and Rural Areas

Receiving Natural Gas Service

Community, Town or City

RULES AND REGULATIONS (cont.)

(34) Special Meter Readings

At the customer's request, the Company will read a customer's meter at a special time by appointment when the meter cannot be read or is not being read by the regular meter reader. When such a meter reading is made, a special meter reading charge shall be made.

(35) Collection Trip Charge

When the Company makes a service trip for the purpose of disconnection of service because of non-payment, and customer pays Company's personnel, at customer's premises, to prevent said disconnect, an additional charge (a trip charge) will be billed to the customer for the recovery of the expense of Company personnel traveling to customer's premises.

(36) Average Payment Plan

By mutual agreement between the customer and the Company, any customer in all customer classifications may be billed on the Average Payment Plan (the Plan), providing the customer satisfies the Company's credit requirements. Although customers may enter the Plan program any month of the year by contacting the business office, the Company will encourage customers to enter the program during the month of July each year. During July, customers will be notified of the Plan by the Company issuing a bill containing two amounts for current Average Plan Customers, the actual amount and the payment due under the Plan. If the customer elects to go with the Plan, he pays the average amount.

The Company will calculate the customer's total annual bill based on twelve months of historical usage as adjusted for any significant rate change, abnormal weather conditions or other factors. The first average amount due will be that total divided by twelve. If the customer is new and historical data is not available, the customer will be billed on the most accurate information that is available at the time of the request. Southern Missouri will use one of two methods to estimate the annual usage, either the average Ccf usage stated in the Feasibility Study or on the average actual annual usage of all residential customers in service.

DATE OF ISSUE April 6, 2006
month day yearDATE EFFECTIVE May 6, 2006
month day yearISSUE BY Randal T. Maffett Managing Partner 301 E. 17th Street, Mountain Grove, MO 65711

name of officer

title

address

FORM NO. 13 P.S.C.

No. 1

(original)

Sheet No. 71

Cancelling P.S.C. MO

No. 1

3rd (revised)

(original)

Sheet No. 71

2nd (revised)

All Communities and Rural Areas

Southern Missouri Gas Company, L.P.
d/b/a. Southern Missouri Natural Gas
 Name of Issuing Corporation

For Receiving Natural Gas Service
 Community, Town or City

RULES AND REGULATIONS (cont.)

Typically, the Company will adjust the average billing during the fourth and eighth months of each twelve month period under the Plan, if the recalculated average payment amount reflects an increase of \$5.00 or more. Settlement of accounts will occur when participation in the Plan is terminated. No interest shall be due from or payable to the customer on the difference between actual and average usage.

(37) Promotional Practices

In compliance with rules prescribed by 4 CSR 240-14.010(1), a schedule is herein set forth prescribing all promotional practices being engaged in by the utility as of the effective date which are not in violation of 4 CSR 240-14.

Conversion Policy

A variance to 4 CSR 240-14.020(5) was granted by the Missouri Public Service Commission in Case No. GR-94-127, and extended in Case No. G0-98-172. This promotional practice is being provided on a uniform basis to the residential and commercial classes of customers as described in the terms and conditions contained in Section 29 - Free Conversion Rules and Regulations of Southern Missouri's Natural Gas Tariff Number 1.

The purpose of this promotional practice is to encourage the connection of more customers, some of whom may not be able to afford the conversion, and should result in safer, more cost-saving construction and lower rates to all customers. This promotional practice is provided by the Company pursuant to its Tariff Sheets No 63-67.

The program will conclude on December 31, 2009, unless it is extended by the Company before that date.

DATE OF ISSUE November 9, 2005
 month day year

DATE EFFECTIVE December 9, 2005
 month day year
 December 23, 2005

ISSUE BY Randal T. Maffett Managing Partner 301 E. 17th Street, Mountain Grove, MO 65711
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FILED
MO PSC
 BAM SUP DIR-1 Page 60

Missouri Gas Energy

Order Extending an Experimental Low- Income Rate

Case: GR-2001-292

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission
held at its office in Jefferson City on the
10th day of February, 2004.

In the Matter of Tariff Revisions of Missouri)	
Gas Energy, a Division of Southern Union)	<u>Case No. GR-2001-292</u>
Company, Designed to Increase Rates for Natural)	
Gas Service to Customers in the Missouri Service)	
Area of the Company)	

**ORDER EXTENDING AN EXPERIMENTAL LOW-INCOME RATE AND
AUTHORIZING DISBURSEMENT OF FUNDS**

On January 9, 2004, Missouri Gas Energy filed a motion seeking clarification regarding its experimental low-income rate. MGE's motion explained that the experimental low-income rate was authorized when the Commission approved a revised stipulation and agreement resolving the company's last general rate case. MGE indicated that there is some ambiguity in the stipulation and agreement regarding exactly when the low-income rate will expire. The motion asked the Commission to clarify that the low-income rate is to remain operational until at least April 1, 2004, and no later than the effective date of the Commission's order in MGE's ongoing general rate case, Case No. GR-2004-0209.

On January 13, the Commission ordered its Staff to file a recommendation by January 21, and directed that any other party wishing to respond to MGE's motion do so by January 21. Staff filed its recommendation on January 20 and the Office of the Public Counsel filed a response on January 21. No other party filed a response.

The experimental low-income rate – referred to by the acronym ELIR – about which MGE seeks clarification, went into effect on November 1, 2001, when the Commission approved MGE's implementing tariffs. The ELIR was funded by a rate element of \$0.08 per month on residential customer bills, commencing on August 6, 2001. The stipulation and agreement provided that the rate element would remain in place for two years. As a result, it terminated on August 6, 2003. MGE does not ask that the rate element be extended.

The stipulation and agreement also provided that the ELIR would remain in effect for two years. The ELIR became operational in 2002 and the first customers began taking service under the ELIR in January 2002, with more ELIR customers being added in February, March, and April 2002. MGE indicates that with ELIR customers having entered into the experimental program at different times, it is not clear when the two years expire and the program should end.

MGE indicates that the 8-cent per month rate element has generated more than enough income to extend the ELIR for a few more months. In fact, MGE indicates that it has approximately \$568,000 of ELIR funding remaining. MGE recommends that the ELIR not be discontinued during the remainder of the winter heating season. That would mean that the ELIR would continue at least through April 1. MGE also suggests that the ELIR be allowed to remain in effect until the Commission issues its final order in MGE's current rate case, GR-2004-0209. The operation of law date for that case is October 2, 2004. Extending the ELIR until the effective date of the new rate order will allow the Commission to review the effectiveness of the experimental rate and possibly extend it without disrupting the program.

The stipulation and agreement that authorized the ELIR also provided that any money generated by the 8-cent per month rate element that was not used to fund the ELIR would be contributed to the Mid America Assistance Coalition – MAAC – to assist customers in MGE's service territory who have difficulty paying their gas bills. Since there is excess money generated by the rate element, and not all of that excess is needed to fund the extension of the ELIR, MGE requested that it be authorized to immediately disburse \$250,000 of the excess funds to MAAC.

Both Staff and Public Counsel replied to MGE's motion. Staff recommended that operation of the ELIR be extended until the effective date of the Commission's report and order in MGE's current rate case. Staff also agreed that MGE should be authorized to distribute \$250,000 to MAAC for low-income energy assistance. Staff asked the Commission to require MGE to submit for Commission approval a contract with MAAC to prescribe the manner of distributing those funds, as well as to cover funding of MAAC's work in the process. Public Counsel's reply indicated that it does not oppose MGE's motion.

On January 28, acting in response to Staff's recommendation, MGE submitted a proposed contract with MAAC. Staff and Public Counsel respond to the proposed contract on

February 3, indicating that they generally approved of the contract but requested that changes be made to three paragraphs. MGE responded to Staff and Public Counsel's suggested revisions on February 6, indicating that it has discussed the changes with MAAC and that they are willing to revise the contract as requested, with some further modifications that Staff and Public Counsel indicate are acceptable. MGE states that when the Commission approves the proposed modification, it and MAAC will execute the revised contract and file it with the Commission.

The Commission finds that MGE's proposal for extension of the ELIR is reasonable and will benefit MGE's low-income customers by allowing an assistance program to remain in effect through the remainder of the winter heating season. The Commission will extend the ELIR to the effective date of the Commission's report and order in Case No. GR-2004-0209. The Commission further finds that the contract between MGE and MAAC, as modified in accord with MGE's Reply to Proposed Contract Modifications filed on February 6, is acceptable.

IT IS THEREFORE ORDERED:

1. That the experimental low-income rate – ELIR – established in Case No. GR-2001-292 shall remain in effect until the effective date of the Commission's report and order in Missouri Gas Energy's current general rate case, GR-2004-0209.

2. That Missouri Gas Energy is authorized to disburse \$250,000 in ELIR funds to the Mid America Assistance Coalition – MAAC – for the specific purpose of assisting customers in Missouri Gas Energy's service territory who have difficulty in paying their gas bills.

3. That Missouri Gas Energy's contract with Mid America Assistance Coalition to prescribe the manner of distributing ELIR funds and to cover funding of MAAC's work in the process, is approved, as modified as proposed by Missouri Gas Energy in its Reply to Proposed Contract Modifications filed February 6, 2004.

4. That after the modified contract between Missouri Gas Energy and Mid America Assistance Coalition is signed, Missouri Gas Energy shall submit a copy of the executed contract to the Commission's Staff and to the Office of the Public Counsel. The executed contract does not need to be filed in this case.

5. That this order shall become effective on February 20, 2004.

BY THE COMMISSION

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Gaw, Ch., Murray and Clayton, CC., concur

Woodruff, Senior Regulatory Law Judge

Missouri Gas Energy

Experimental Low Income Rate (ELIR)

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL LOW INCOME RATE (ELIR)

GENERAL

The Experimental Low Income Rate (ELIR) was approved by the Commission in Case No. GR-2001-292. The ELIR will, on a pilot basis, provide up to 1,000 participants in the Joplin area with a fixed credit on their monthly MGE bill (ELIR credit). Participants taking service under the ELIR shall receive the ELIR credit for a period up to twenty-four months from the billing cycle designated by MGE as the participant's first for the ELIR until the billing cycle designated as the participant's last for the ELIR.

DEFINITIONS

Low-income residential customer – An MGE customer receiving service under the RS rate (Tariff Sheet No. 25) who is classified as low-income by the Missouri Department of Social Services.

Applicant – A low-income residential customer who submits an ELIR application form for the ELIR credit.

Participant – An applicant who agrees to the terms of the ELIR and is accepted by MGE.

AVAILABILITY

Service under this rate schedule shall be available to up to one thousand participants in the Joplin area who satisfy the following criteria:

1. Applicant must be an MGE individual residential customer using natural gas for space heating and receiving service under the RS rate.
2. Applicant's annual income must be verified initially and annually thereafter as being no greater than 100 percent of the federal poverty level.

DATE OF ISSUE October 1, 2001
month day year

DATE EFFECTIVE November 1, 2001
month day year

ISSUED BY: Robert J. Hack

VP, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL LOW INCOME RATE (ELIR)

3. For purposes of determining the level of the ELIR credit to be received, the applicants will be categorized as follows:
 - a. Group A –Applicants whose annual income has been verified as being from 0 to 50 percent of the federal poverty level.
 - b. Group B –Applicants whose annual income has been verified as being from 51 to 100 percent of the federal poverty level.
4. Applicants shall be required to enroll in MGE's ABC Plan (Average Bill Calculation Plan, Tariff Sheet Nos. R-47 – R-48B) with adjustments to said plan limited to once per year.
5. Applicants who have outstanding arrearages shall enter special pay agreements through which the arrearages shall be paid over a period of 12, 24 or 30 months mutually agreed to by both the Company and the Applicant.
6. Applicants shall agree to an interview or questionnaire related to their energy use. Any information provided in these interviews or questionnaires that is later made public will not be associated with the applicant's name.
7. Any provision of the Company's rules and regulations applicable to the Company's RS customers will also apply to ELIR participants.

ENERGY ASSISTANCE

1. Applicants who have not previously completed an application for a LIHEAP ("Low Income Home Energy Assistance Program") grant agree to apply for a LIHEAP grant when such grants become available.
2. Applicants agree to apply for any other energy assistance programs, if available, as referred to by the Company.

DATE OF ISSUE October 1, 2001
month day year

DATE EFFECTIVE November 1, 2001
month day year

ISSUED BY: Robert J. Hack

VP, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

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

Original

SHEET No. 103.2

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL LOW INCOME RATE (ELIR)

CREDIT AMOUNT

Participants in the ELIR will receive the ELIR credit for which the participant qualifies for up to 24 months so long as the participant continues to meet the requirements of the ELIR tariff.

Up to 1,000 participants shall receive the ELIR credit in the following amounts:

Group A - Up to a maximum of \$40 per month (not to exceed the participant's fixed monthly ABC payment).

Group B - Up to a maximum of \$20 per month (not to exceed the participant's fixed monthly ABC payment).

DISCONTINUANCE AND REINSTATEMENT

MGE may discontinue a participant's ELIR credit for any of the following reasons:

- in
1. If MGE determines the participant no longer meets the guidelines set forth in this tariff.
 2. If the participant submits a written request to MGE asking that the ELIR credit be discontinued.
 3. If the participant does not keep current with ABC payments.
 4. If the participant does not keep current with arrearage payments.
 5. If the participant does not fulfill the terms of the ELIR application or the ELIR tariff.
 6. If the participant does not conform to MGE's RS rules and regulations, and as a result the participant has RS service discontinued by MGE.

Reinstatement of the ELIR credit will be at the discretion of MGE.

DATE OF ISSUE October 1, 2001
month day year

DATE EFFECTIVE November 1, 2001
month day year

ISSUED BY: Robert J. Hack

VP, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

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

First Revised
Original

SHEET No. 103.3

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

EXPERIMENTAL LOW INCOME RATE (ELIR)

MISAPPLICATION OF THE ELIR CREDIT

Providing incorrect information to the agency to obtain the ELIR credit shall constitute a misapplication of the ELIR credit. If this occurs MGE may discontinue the ELIR credit and rebill the account for the amount of all ELIR credits received by the participant. However, nothing in this experimental tariff shall be interpreted as limiting MGE's rights under any provisions of any applicable law or tariff.

OTHER CONDITIONS

ELIR participation and the overall ELIR program shall be designed so that MGE neither profits from nor incurs losses. Projected expenditures on the program should equal the projected revenue from the 24-month \$0.08/month surcharge on the RS customers. The program will be designed so that Group A will have at least 200 participants and similarly Group B will have at least 200 participants. MGE will gather participant data on usage, arrears, payments and other relevant factors, which will be combined with the data provided by the agency, to enable the evaluation of the program. MGE shall make non-confidential data, as well as any and all program evaluations that are conducted, available to interested parties. If any actual surcharge revenue in excess of actual program expenses remains at the end of the ELIR program and evaluation, MGE shall contribute an amount equal to the surplus revenue to the Mid America Assistance Coalition.

DATE OF ISSUE September 28, 2004
month day year

DATE EFFECTIVE October 28², 2004
month day year

ISSUED BY: Michael R. Noack

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GR-2004-0209

FILED
BAM SUP DIR-1 Page 70
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