

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY**

July 5, 2001

CASE NO: GR-2001-292

Office of the Public Counsel

P.O. Box 7800
Jefferson City, MO 65102

Gary W. Duffy

Brydon, Swearngen & England P.C.
P. O. Box 456
Jefferson City, MO 65102

Stuart W. Conrad

Finnegan, Conrad & Peterson, L.C.
3100 Broadway, Suite 1209
Kansas City, MO 64111

Mark W. Comley

Newman, Comley & Ruth P.C.
601 Monroe Street, Suite 301
Jefferson City, MO 65101

General Counsel

Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Robert J. Hack

Missouri Gas Energy
3420 Broadway
Kansas City, MO 64111

Larry W. Dority, Esq.

Fischer & Dority, P.C.
101 Madison Street, Suite 400
Jefferson City, MO 65101

Jeremiah D. Finnegan

Finnegan, Conrad & Peterson, L.C.
3100 Broadway, Suite 1209
Kansas City, MO 64111

Enclosed find certified copy of an ORDER in the above-numbered case(s).

Sincerely,



**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**



**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office in
Jefferson City on the 5th day of
July, 2001.

In the Matter of Tariff Revisions of Missouri Gas Energy,)
a Division of Southern Union Company, Designed to) **Case No. GR-2001-292**
Increase Rates for Natural Gas Service to Customers) Tariff Nos. 200100529
in the Missouri Service Area of the Company) 200100697

**ORDER APPROVING SECOND REVISED STIPULATION AND
AGREEMENT**

On November 7, 2000, Missouri Gas Energy, a division of Southern Union Company, (MGE) filed revised rate schedules designed to increase MGE's annual revenues by approximately \$39,383,803. MGE's revised rate schedules were assigned tariff number 200100529. On November 27, 2000, the Commission issued a Suspension Order and Notice that suspended MGE's revised rate schedules until October 6, 2001. On December 28, 2000, MGE resubmitted certain tariff sheets that had inadvertently been omitted from its earlier tariff filing. MGE requested that these additional tariff sheets be suspended for the same period as those submitted earlier. The additional tariff sheets were assigned tariff number 200100697. On January 22, 2001, the Commission issued an order that suspended the additional tariff sheets until October 6, 2001.

On June 25, 2001, the parties appeared for the scheduled hearing and announced that they had reached a stipulation and agreement that would resolve all disputed issues. The Commission recessed the hearing to permit the parties to commit their agreement to writing and on June 26, 2001, the Staff of the Commission, the Office of the Public

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Counsel, Midwest Gas Users' Association, Jackson County, the City of Riverside, and MGE filed their Second Revised Stipulation and Agreement.

Two parties did not join in the Second Revised Stipulation and Agreement, Kansas City Power & Light Company (KCPL) and the City of Kansas City. The Second Revised Stipulation and Agreement represents that KCPL neither opposes nor supports the provisions of the stipulation and agreement and will not request a hearing. Counsel for KCPL confirmed that position on the record. The City of Kansas City filed a Notice of Position Regarding Second Revised Stipulation and Agreement on June 26, 2001. The City of Kansas City indicates that it endorses and supports the parties' agreement regarding expansion of MGE's weatherization program. The City of Kansas City further indicates that it neither supports nor opposes the other aspects of the stipulation and agreement, and indicates that it does not request a hearing regarding any issue.

Commission rule 4 CSR 240-2.115(1) provides that if no party requests a hearing, the Commission may treat a stipulation and agreement as a unanimous stipulation and agreement. No party has requested a hearing regarding any issue and therefore, the Second Revised Stipulation and Agreement will be treated as a unanimous stipulation and agreement.

The Second Revised Stipulation and Agreement purports to settle all disputes between the parties, and provides that MGE should be authorized to receive a revenue increase in the amount of \$9,892,228 exclusive of funding for the experimental low-income rate proposed in the stipulation and agreement, and exclusive of gross receipts taxes or taxes or fees of a similar nature. The stipulation and agreement contains numerous other

provisions to resolve disputed issues between the parties, including a provision requiring that MGE's rate increase should go into effect no later than August 6, 2001.

Staff filed Suggestions in Support of Second Revised Stipulation and Agreement on June 28, 2001. Also on June 28, the Commission conducted an On-the-Record Presentation at which the parties answered the Commission's questions regarding the proposed stipulation and agreement.

The Commission has the legal authority to accept a stipulation and agreement as offered by the parties as a resolution of issues raised in this case, pursuant to Section 536.060, RSMo 2000. The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence.¹ Since no one has requested a hearing in this case, the Commission may grant the relief requested based on the Second Revised Stipulation and Agreement.

IT IS THEREFORE ORDERED:

1. That the Second Revised Stipulation and Agreement filed on June 26, 2001, by Missouri Gas Energy, the Staff of the Public Service Commission, the Office of the Public Counsel, Midwest Gas Users' Association, Jackson County and the City of Riverside, is hereby approved as a resolution of all issues in this case (See Attachment 1).

2. That, as agreed to by the parties in the Second Revised Stipulation and Agreement, Missouri Gas Energy is granted an Accounting Authority Order for its Safety Line Replacement Program costs, beginning on July 1, 2001. In the event that Missouri

¹ *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989).

Gas Energy does not file a general rate case by December 31, 2003, it shall commence amortization of these deferrals beginning January 1, 2004, over a ten-year period, and will cease further deferrals unless the Commission grants a new Accounting Authority Order.

3. That Missouri Gas Energy, the Staff of the Commission and any other interested parties shall develop an experimental low-income rate, the details of which, including a revised tariff sheet to implement the experimental low-income rate, shall be filed with the Commission no later than October 1, 2001. Major components of the experimental low-income rate shall be as provided in paragraph 14 of the Second Revised Stipulation and Agreement.

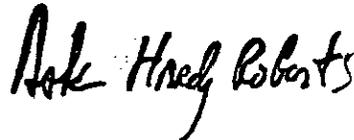
4. That the revised rate schedules filed by Missouri Gas Energy on November 7, 2000, and December 28, 2000, are rejected.

5. That Missouri Gas Energy is authorized to file tariff sheets designed to increase the gross annual revenue of Missouri Gas Energy in the amount of \$9,892,228, exclusive of funding for the experimental low-income rate authorized in this order, and exclusive of gross receipts taxes or taxes or fees of a similar nature, effective for services rendered on and after August 6, 2001.

6. That this order shall become effective on July 15, 2001.

BY THE COMMISSION

(SEAL)



**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**

Lumpe, Ch., Murray, Simmons and Gaw, CC., concur
Woodruff, Senior Regulatory Law Judge

FILED²

JUN 26 2001

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

Missouri Public
Service Commission

In the matter of Missouri Gas Energy's)
tariff sheets designed to increase rates for)
gas service in the Company's Missouri)
service area.)

Case No. GR-2001-292

SECOND REVISED STIPULATION AND AGREEMENT

Come now the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("Public Counsel"), Midwest Gas User's Association ("MGUA"), Jackson County and Riverside ("JACOMO/Riverside") and Missouri Gas Energy ("MGE" or "Company") and stipulate and agree as follows:

1. As a result of discussions held during the prehearing conference of May 7-11, 2001, as well as communications that occurred thereafter, the Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE agree that a revenue increase shall be authorized in the amount of \$9,892,228 exclusive of funding for the experimental low-income rate ("ELIR") as proposed in paragraph 14 and exclusive of gross receipts taxes or taxes or fees of a similar nature.

2. The Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE agree that the \$9,892,228 revenue increase (exclusive of \$417,122 with low-income funding as provided in paragraph 14), shall be recovered from the respective customer classes in the following amounts: Residential ("RES")--\$7,226,540; Small General Service ("SGS")--\$2,097,820; Large General Service ("LGS")--\$168,790; and Large Volume Service ("LVS")--\$399,078.

3. The Staff, Public Counsel, and MGE agree, and MGUA and JACOMO/Riverside agree not to oppose, that, commencing during the fiscal year which began July 1, 1998, and continuing at least through the effective date of the new rates

resulting from MGE's next general rate proceeding, MGE will use a five-year average (when five years of information is available; prior to that time the average of the number of years of available information will be used) for determining the unrecognized net gain/loss to be amortized over five years in calculating MGE's direct FAS 87 and FAS 106 costs for financial reporting purposes. This paragraph concerns costs associated with post-retirement benefits, including pension and non-pension benefits (FAS 87 and FAS 106), and reflects MGE's continued willingness to agree to the recommendation made by Staff witness Williams at page 28, line 17 through page 29, line 4 of his direct testimony in Case No. GR-98-140, et al., regarding the financial reporting of unrecognized net gains/losses. The Staff, Public Counsel, and MGE also agree that in the event that in any given year the amount of the amortization of the unrecognized net gain/loss determined under the agreed-to methodology described above is less than the minimum amortization required under FAS 87 or FAS 106, then the amortization for such year shall be the minimum amortization required under FAS 87 and/or FAS 106.

4. The Staff, Public Counsel, and MGE also agree to, and MGUA and JACOMO/Riverside agree not to oppose, the following miscellaneous tariff changes:

- Include a provision, consistent with 4 CSR 240-10.040(4) that, for commercial and industrial customers, the rate of interest on a customer cash deposit shall be three percent (3%) per annum if the cash deposit is kept in a separate and distinct trust fund and deposited as such in some bank or trust company and is not used by the Company in the conduct of its business;
- Increase, or implement, miscellaneous service charges as follows— a) increase the standard re-connect fee from \$29 to \$35; b) increase the re-connect-at-the-curb fee from \$50 to \$56; c) increase the re-connect-at-the-main fee from \$100 to

\$106; d) implement a new transfer-of-service fee of \$5; and e) implement a new connect fee of \$20;

- Codify the insufficient-funds-check charge of \$15 as proposed by MGE in the tariff filing which initiated this case; and
- Modify MGE's PGA ("Purchased Gas Adjustment") tariff language as necessary to ensure that costs associated with the performance bond required in MGE's gas supply contract with Duke Energy is recoverable through the PGA rate.

5. The Staff, Public Counsel, and MGE further agree, and MGUA and JACOMO/Riverside agree not to oppose, that, in response to the direct testimony of Public Counsel witness Hong Hu (pages 20-22) and in consideration for the withdrawal of that issue from this case, MGE will conduct a special, detailed study to enable, in MGE's next general rate proceeding, identification and quantification of the elements of the required revenue shift associated with Public Counsel's proposal to change the definition of "residential" service as currently found in MGE's tariff. MGE agrees to work with Public Counsel and the Staff to determine the appropriate data to utilize in conducting the study and agree to discuss the appropriate methodology for conducting the study. In so agreeing to this paragraph 5, MGE makes no commitment to agree with the changed definition proposed by Public Counsel and hereby reserves all rights with respect thereto, as do all other signatories to this Second Revised Stipulation and Agreement.

6. The Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE further agree to resolve the rate design issue of customer charge levels as follows: a) the residential customer charge shall be increased from \$9.05 to \$10.05; b) the small general service customer charge shall be increased from \$11.05 to \$13.55; c) the large general service customer charge shall be increased from \$65.80 to \$83.25; and d) the large

volume service ("LVS") customer charge shall remain at \$409.30 and current LVS multi-meter customers shall be grandfathered under the current LVS multi-meter provisions as proposed by MGE in the tariff sheets which initiated this proceeding. Residual class revenue changes shall be reflected in the volumetric charges of each customer class. So long as this paragraph 6 of this Second Revised Stipulation and Agreement is approved by the Commission, MGE agrees to withdraw its "minimum bill" proposal from consideration in this case.

7. The Staff, Public Counsel, and MGE further agree, and MGUA and JACOMO/Riverside agree not to oppose, that the following depreciation rates (which exclude net salvage cost) shall be authorized:

	<u>Rate</u>	<u>Life</u>
Distribution Plant		
Account 374.2—Land Rights	2.09%	47.8
Account 375.1—Structures	1.65%	60.5
Account 376—Mains & Mains-Cast Iron	2.27%	44.0
Account 378—Meas. & Reg. Station-General	2.86%	35.0
Account 379—Meas. & Reg. Station-City Gate	2.13%	47.0
Account 380—Services	2.27%	44.0
Account 381—Meters	2.86%	35.0
Account 382—Meter Installations	2.86%	35.0
Account 383—House Regulators	2.44%	41.0
Account 385—Electronic Gas Metering	3.33%	30.0
Account 387—Other Equipment	4.60%	21.7
(Note: Currently there is no equipment in this account. Any equipment put into this account would need to be evaluated in the next rate case.)		
General Plant-Direct		
Account 390.1—Structures	2.00%	50.0
Account 391—Furniture & Fixtures	8.06%	12.4
Account 392—Transportation Equipment	8.70%	11.5
Account 393—Stores Equipment	2.70%	37.0
Account 394—Tools	2.38%	42.0
Account 395—Laboratory Equipment	6.00%	16.7
Account 396—Power Operated Equipment	8.33%	12.0
Account 397.1—Communication Equipment-AMR	5.00%	20.0
Account 397.0—Communication Equipment-Other	6.25%	16.0
Account 398—Miscellaneous Equipment	3.85%	26.0

General Plant-Corporate

Account 390—Structures	2.00%	50.0
Account 391.0—Furniture & Equipment	3.22%	31.0
Account 391.1—Computer Equipment	10.00%	10.0
Account 392—Transportation Equipment	10.00%	10.0
Account 397—Communication Equipment	6.25%	16.0
Account 398—Miscellaneous Equipment	3.85%	26.0

8. The Staff, Public Counsel, and MGE further agree, and MGUA and JACOMO/Riverside agree not to oppose, that MGE's weatherization program shall be expanded throughout MGE's service territory as proposed by Staff witness Warren, with an additional \$90,000 per year targeted to areas other than the Kansas City metropolitan area (where the weatherization program is currently offered), subject to the availability, capability and willingness of agencies to administer such funds in such other areas of MGE's service territory.

9. The Staff, Public Counsel, and MGE agree, and MGUA and JACOMO/Riverside agree not to oppose, to recognize in revenue requirement a total of \$1,200,000 in revenues for off-system sales and capacity release, subject to the following conditions:

a. The current provisions regarding off-system sales and capacity release shall be removed from MGE's tariff, including removal from the Purchased Gas Adjustment ("PGA") clause, and there shall be no further review and/or adjustment with respect to off-system sales and/or capacity release activities in any of the Company's Actual Cost Adjustment ("ACA") or PGA-related dockets for ACA years beginning after June 30, 2001;

b. The level of off-system sales and capacity release revenues recognized in revenue requirement in this case shall not be re-based until after

October 6, 2003, except that such re-basing may be proposed in any general rate case filed by MGE prior to October 6, 2003; and

c. With respect to the off-system sales portion of this paragraph 9 of this Second Revised Stipulation and Agreement, MGE asserts that its off-system sales, and associated revenues, are wholly beyond the Commission's jurisdiction and authority and has agreed to this paragraph 9, with respect to off-system sales revenues, for settlement purposes only. As such, MGE's agreement to this paragraph 9 in this Second Revised Stipulation and Agreement shall not be construed as acquiescence to or agreement by MGE that the Commission possesses any jurisdiction or authority whatsoever with respect to MGE's off-system sales and associated revenues. Further, this paragraph 9 of this Second Revised Stipulation and Agreement shall not be offered as evidence, or cited as indicating, that MGE acquiesces to Commission jurisdiction or authority with respect to MGE's off-system sales and associated revenues.

10. The Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE further agree that MGE shall withdraw the proposed Customer Service Effectiveness/Gas Safety Incentive Plan from consideration in this case.

11. The Staff, Public Counsel, and MGE further agree, and MGUA and JACOMO/Riverside agree not to oppose, that an Accounting Authority Order ("AAO") shall be granted for MGE's Safety Line Replacement Program costs (e.g., carrying costs, depreciation expense and property taxes) beginning on July 1, 2001 (e.g., the day after the conclusion of the immediately preceding AAO). In the event that MGE does not file a general rate case by December 31, 2003, MGE will commence amortization of these deferrals beginning January 1, 2004, over a ten-year period, and will cease further

deferrals unless the Commission grants a new AAO. The fact that MGE would commence amortization of the deferrals on January 1, 2004, if MGE has not filed a general rate case by December 31, 2003, in no way indicates acquiescence on the part of the Staff or Public Counsel as to the deferred costs to be amortized. Whether or not amortization of the deferrals begins on January 1, 2004, the Staff and Public Counsel reserve the right to review and recommend alternative regulatory ratemaking treatment of any and all costs deferred pursuant to the AAO authorized by the Commission's approval of this Second Revised Stipulation and Agreement in any future general rate proceeding.

12. The Staff, Public Counsel, and MGE further agree, and MGUA and JACOMO/Riverside agree not to oppose, that MGE shall be considered to have fulfilled certain provisions of the Unanimous Stipulation and Agreement in Case No. GM-2000-43 (*In the matter of the application of Southern Union Company for authority to acquire and merge with Pennsylvania Enterprises Inc., and in connection therewith, certain other related transactions.*) and shall be released therefrom. In particular, this release applies to certain provisions of paragraph 2.b.) of that Unanimous Stipulation and Agreement, which read as follows: "The Company will credit to customers a like amount (annual revenue requirement) during the subsequent year for the year in which the indicator was exceeded. The credit may be booked to a deferred liability account, if the Company, Staff and OPC agree, until a sufficient amount is accumulated to warrant a credit to customers." The reporting requirements of the Unanimous Stipulation and Agreement in Case No. GM-2000-43 are unaffected by this release.

13. The Staff, Public Counsel, and MGE agree, and MGUA and JACOMO/Riverside agree not to oppose, that MGE shall treat any and all revenues received after the effective date of the Commission order approving this Second Revised

Stipulation and Agreement from the licensing or sale of the Land-based Digitized Mapping System ("LDMS") as a direct reduction to its original cost until such time as the cost of the LDMS is fully recovered. After the recovery of the original cost of the LDMS, any and all further revenues shall be treated above the line for ratemaking purposes.

14. The Staff, Public Counsel, and MGE agree, and MGUA and JACOMO/Riverside agree not to oppose, that the Staff, Company, and any other interested parties shall develop an ELIR the details of which, including a revised tariff sheet to implement the ELIR, shall be filed with the Commission no later than October 1, 2001 with a target implementation date of no later than November 1, 2001, if reasonably practicable. Major program components shall include the following elements:

a. funding for the ELIR shall be provided through a \$0.08 per month increment to the residential customer charge (i.e., the total RES customer charge will be \$10.05 plus \$0.08 for a total of \$10.13), separately identified in the tariff, implemented with rates that become effective in this proceeding and to remain in effect for 24 consecutive months,

b. the ELIR shall be available to up to 1,000 residential customers whose family incomes are at or below the federal poverty level,

c. the ELIR shall be available to customers in the Joplin area,

d. a to-be-determined Joplin social services agency ("agency") shall provide for the verification of customer eligibility and develop and provide data on family and household characteristics of participants,

e. the agency shall receive a one-time payment of \$30 per participant for services provided with said payments paid through program funds,

f. ELIR participants who have outstanding arrearages shall be required to enter special pay agreements through which the arrearages shall be paid over up to a 30 month period,

g. ELIR participants shall be required to enroll in MGE's ABC ("Average Bill Calculation") Plan,

h. ELIR participants shall receive the same credit and collection treatment as any other residential customer as a result of non-payment,

i. the Company shall assist ELIR participants in completing and filing LIHEAP (Low Income Home Energy Assistance Program) applications so that participants have improved opportunities to receive further assistance in paying their MGE bills,

j. ELIR participants shall receive benefits through a monthly fixed bill credit in the following amounts: \$40 per month if family income is "at or below 50% of the federal poverty level" and \$20 per month if family income is "51-100% of the federal poverty level,"

k. the effectiveness of the ELIR shall be evaluated by an independent third party evaluator hired by the Company and mutually agreed to by the Staff, OPC, Company, and any other interested party, at a cost not to exceed \$10,000 and not to be paid through program funding,

l. the Company shall retain the services of an outside contractor experienced in the design and implementation of low-income rates to guide its development at a cost not to exceed \$10,000 with said amount to be paid through program funding, and

m. any disagreement over the program design among the interested parties shall be brought to the Commission for resolution as quickly as possible.

The ELIR shall be designed so that MGE neither profits from nor incurs losses. MGE will gather participant data on usage, arrears, payments and other relevant factors, which will be combined with the data provided by the social services agency, to enable assessment of the impact of the program. MGE shall make this data, as well as any and all program evaluations that are conducted, available to interested parties. At the end of the two-year program, MGE shall make a contribution to the Mid America Assistance Coalition equal to the excess of dollars collected through the \$0.08 increment to the customer charge and program costs (specifically those associated with sub-paragraphs e, j, and l of this paragraph 14), should such an excess materialize. In the event that the Commission does not approve the filing to implement the ELIR, MGE shall terminate the \$0.08 customer charge increment and shall contribute amounts collected to the Mid America Assistance Coalition for the specific purpose of assisting customers in MGE's service territory who have difficulty paying their gas bills.

15. The following provisions are also a component of this Second Revised Stipulation and Agreement:

a. Public Counsel, MGUA, JACOMO/Riverside and MGE agree that MGE will provide funds to MGUA for remittance to LVS customers according to percentages calculated from impoundment billing data for period prior to September 2, 1998 (data has already been provided to MGUA by MGE). MGE will provide MGUA \$313,000 for this purpose. MGE will work with MGUA to verify percentages and addresses. MGUA will bear refund costs. MGE will be permitted to review and approve refund correspondence. The provisions of this paragraph 15.a. of this Second Revised Stipulation and Agreement concern Cole County Circuit Court Case No. CV197-504cc. Although the Staff does not purport to speak for or bind the Commission with respect to any matters in the circuit

court, the Staff recommends that the Commission not oppose reasonable actions necessary to permit effectuation of the provisions of this paragraph 15.a.

b. Public Counsel, MGUA, JACOMO/Riverside and MGE agree that MGE will provide funds to MGUA as attorney fees related to Cole County Circuit Court Case No. CV197-504cc. MGE will provide MGUA \$40,000 for this purpose. The provisions of this paragraph 15.b. of this Second Revised Stipulation and Agreement concern Cole County Circuit Court Case No. CV197-504cc. Although the Staff does not purport to speak for or bind the Commission with respect to any matters in the circuit court, the Staff recommends that the Commission not oppose reasonable actions necessary to permit effectuation of the provisions of this paragraph 15.b.

c. Public Counsel, MGUA, JACOMO/Riverside and MGE agree that MGE will help obtain refund of the bond from the circuit court to MGUA. The provisions of this paragraph 15.c. of this Second Revised Stipulation and Agreement concern Cole County Circuit Court Case No. CV197-504cc. Although the Staff does not purport to speak for or bind the Commission with respect to any matters in the circuit court, the Staff recommends that the Commission not oppose reasonable actions necessary to permit effectuation of the provisions of this paragraph 15.c.

d. Public Counsel, MGUA, JACOMO/Riverside and MGE agree that MGUA will abandon claim to all impounded funds, including interest, will agree that all such funds are to be paid to MGE and will join in motions to the court to effect return of these monies to MGE as promptly as possible following effectiveness of the rates from this case, non-appealability of the order in this rate case and payment by MGE of the funds referenced in sub-paragraphs a and b of this paragraph 15. The provisions this paragraph 15.d. of this Second Revised Stipulation and Agreement concern Cole County Circuit

Court Case No. CV197-504cc. Although the Staff does not purport to speak for or bind the Commission with respect to any matters in the circuit court, the Staff recommends that the Commission not oppose reasonable actions necessary to permit effectuation of the provisions of this paragraph 15.d.

e. Public Counsel, MGUA, JACOMO/Riverside and MGE agree that MGE and MGUA will dismiss all judicial actions pertaining to Case Nos. GR-96-285 and GR-98-140 as promptly as possible following the effectiveness of the rates from this case, non-appealability of the order in this rate case, payment by MGE of the funds referenced in sub-paragraphs a and b of this paragraph 15, and receipt by MGE of the funds referenced in sub-paragraph d of this paragraph 15. The provisions of this paragraph 15.e. of this Second Revised Stipulation and Agreement concern Cole County Circuit Court Case Nos. CV197-504cc (the "impoundment" case), 01CV323714 (MGUA's writ of review of the Commission's Order on Remand in Case No. GR-96-285), 00CV325408 (MGUA's writ of review of the Commission's Orders in Case No. GR-98-140) and 00CV325409 (MGE's writ of review of the Commission's Orders in Case No. GR-98-140). Although the Staff does not purport to speak for or bind the Commission with respect to any matters in the circuit court, the Staff recommends that the Commission not oppose reasonable actions necessary to permit effectuation of the provisions of this paragraph 15.e.

f. This Second Revised Stipulation and Agreement has resulted from extensive negotiations by all signatory parties and represents a number of finely-balanced compromises for the purpose of achieving agreement on this package, including the implementation of the proposed increase for MGE no later than August 6, 2001. In reaching these agreements, the signatory parties believed that an August 6, 2001,

effective date is reasonably achievable. A fundamental basis of these agreements would be disrupted if the August 6, 2001, implementation date is not achieved. Accordingly, the validity of this Second Revised Stipulation and Agreement as a whole is conditioned upon its approval in time for the tariff sheets implementing the proposed rate increase to be effective no later than August 6, 2001. The signatory parties will endeavor to assist the Commission in achieving an effective date of August 6, 2001.

16. The Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE further agree that this Second Revised Stipulation and Agreement is intended to supersede and replace the Stipulation and Agreement filed by the Staff, Public Counsel and MGE herein on or about June 12, 2001.

17. The Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE further agree and state that none of them, as a result of entering into this document, shall have been deemed to have approved or acquiesced in any ratemaking or procedural principle, any method of cost determination or cost allocation, or any service or payment standard, and none of the signatories shall be prejudiced or bound in any manner by the terms of this Second Revised Stipulation and Agreement in this or any other proceeding, except as otherwise expressly specified in paragraphs 3, 9, and 13 herein upon the Commission's approval of this Second Revised Stipulation and Agreement.

18. The Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE further agree and state that this Second Revised Stipulation and Agreement has resulted from extensive negotiations. The terms of this Second Revised Stipulation and Agreement are interdependent. In the event the Commission does not approve and adopt the entirety of this Second Revised Stipulation and Agreement, then this Second Revised Stipulation

and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

19. The Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE have reached the agreements above, in part, to avoid the time and expense of litigating the issues. The Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE have not prepared or filed surrebuttal testimony on all issues that existed after the filing of rebuttal testimony but which are proposed to be resolved by the terms of this Second Revised Stipulation and Agreement. The signatories respectfully request the Commission to issue an order adopting this Second Revised Stipulation and Agreement in total as soon as possible so the parties and the Commission have the certainty of knowing that the matters as set forth herein have been finally resolved. The Commission may, of course, defer a ruling on the Second Revised Stipulation and Agreement subject to the August 6, 2001, effective date as provided in paragraph 15.f.; however, if the Commission does not accept the terms of this Second Revised Stipulation and Agreement in total, the signatories expressly reserve the right to litigate these issues and therefore request that they be informed of such action by the Commission sufficiently in advance for the signatories to draft any necessary rebuttal and/or surrebuttal testimony on such issues and for the issues to be litigated during the scheduled hearings in this case, or at such later dates in this proceeding as the Commission may schedule. The Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE estimate that it would take at least six (6) days of hearings to litigate the issues settled by this document. Should the Commission reject the proposed Second Revised Stipulation and Agreement, or any portion thereof, the Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE expressly reserve the right to file rebuttal and surrebuttal testimony on issues subject to this Second Revised Stipulation

and Agreement. Neither the Staff, nor Public Counsel, nor MGUA, nor JACOMO/Riverside nor MGE shall oppose the filing of such rebuttal and/or surrebuttal testimony.

20. The Staff shall, and Public Counsel, MGUA, JACOMO/Riverside and MGE may, submit to the Commission a written memorandum stating its rationale for entering into this Second Revised Stipulation and Agreement. Each party of record shall be served with any such memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of such memorandum, responsive material which shall also be served on all parties. Such memorandum or response thereto regarding the Second Revised Stipulation and Agreement shall not bind or prejudice the party submitting such memorandum or response, or any other party, in this or any future proceeding, whether or not the Commission approves this Second Revised Stipulation and Agreement.

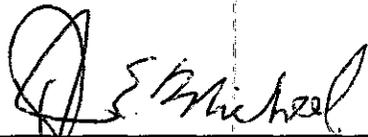
21. The Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE also agree that the Staff shall also have the right to provide, at any agenda meeting at which this Second Revised Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, 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 once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure pursuant to the Protective Order issued in this case.

22. To assist the Commission in its review of this Second Revised Stipulation and Agreement, the Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE also request that the Commission advise them of any additional information that the Commission may desire from them relating to matters addressed in the Second Revised

Stipulation and Agreement, including any procedures for furnishing such information to the Commission.

23. The Staff, Public Counsel, MGUA, JACOMO/Riverside are authorized to represent that Kansas City Power & Light Company neither opposes nor supports the provisions of this Second Revised Stipulation and Agreement and will not request a hearing.

Wherefore, the Staff, Public Counsel, MGUA, JACOMO/Riverside and MGE respectfully request that the Commission issue an order approving this Second Revised Stipulation and Agreement at its earliest opportunity.



Douglas E. Micheel MBE #38371
Senior Public Counsel
Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102
573/751-5560
FAX: 573/751-5562
e-mail: dmicheel@mail.state.mo.us

ATTORNEY FOR THE OFFICE
OF THE PUBLIC COUNSEL

Respectfully submitted,



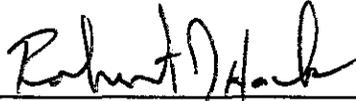
Leta L. Shemwell MBE #43792
Associate General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
573/751-7431
FAX: 573/751-9285
e-mail: lshemwel@mail.state.mo.us

ATTORNEY FOR THE STAFF
OF THE MISSOURI
PUBLIC SERVICE COMMISSION



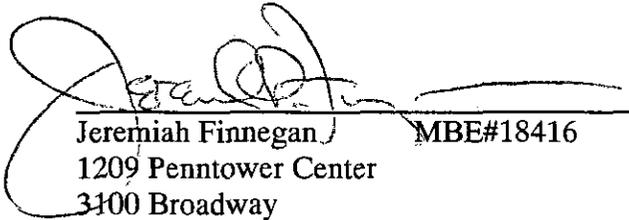
Stuart Conrad MBE#23966
1209 Penntower Center
3100 Broadway
Kansas City, MO 64111

ATTORNEY FOR MIDWEST
GAS USERS' ASSOCIATION



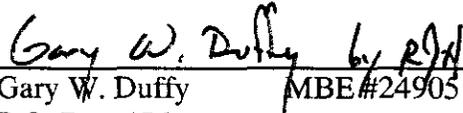
Robert J. Hack MBE #36496
3420 Broadway
Kansas City, MO 64111
(816)360-5755
FAX: (816)360-5536

e-mail: rob.hack@southernunionco.com



Jeremiah Finnegan MBE#18416
1209 Penntower Center
3100 Broadway
Kansas City, MO 64111

ATTORNEY FOR JACKSON
COUNTY AND RIVERSIDE



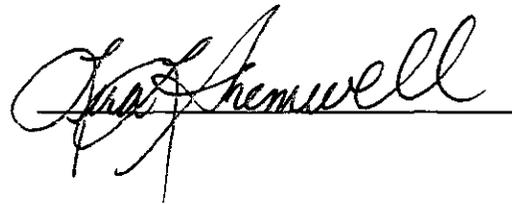
Gary W. Duffy MBE#24905
P.O. Box 456
Jefferson City, MO 65102
(573)635-7166
FAX: (573)635-3847

e-mail: duffy@brydonlaw.com

ATTORNEYS FOR MISSOURI
GAS ENERGY

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record this 26th day of June, 2001.



**Service List for
Case No. GR-2001-292
Revised: June 22, 2001 (SW)**

**Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102**

**Stuart W. Conrad
Finnegan, Conrad & Peterson, L.C.
3100 Broadway, Suite 1209
Kansas City, MO 64111**

**Larry W. Dority, Esq.
Fischer & Dority, P.C.
101 Madison Street, Suite 400
Jefferson City, MO 65101**

**Gary W. Duffy
Brydon, Swearngen & England P.C.
P.O. Box 456
Jefferson City, MO 65102-0456**

**Mark W. Comley
Newman, Comley & Ruth P.C.
601 Monroe Street, Suite 301
Jefferson City, MO 65101**

**Jeremiah D. Finnegan
Finnegan, Conrad & Peterson, L.C.
3100 Broadway, Suite 1209
Kansas City, MO 64111**

ALJ/Secretary: Woodruff/Boyer

Date Circulated: 7-2 EP-2001-292
CASE NO.

Lumpke, Chair [Signature]

~~Deane, Vice Chair~~

Murray, Commissioner [Signature]

Simmons, Commissioner [Signature]

Gaw, Commissioner [Signature]

Agenda Date 7-5

Action taken: 4-0 A5

Must Vote Not Later Than _____

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 5th day of July 2001.

[Signature: Dale Hardy Roberts]
Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

