

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

Staff of the Public Service Commission of Missouri)	
)	
)	
vs.)	Case No. GC-2003-0314
)	
Southern Missouri Gas Company, L.P.)	

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW the Staff of the Missouri Public Service Commission ("Staff"), Office of the Public Counsel ("Public Counsel"), and Southern Missouri Gas Company, L.P. ("SMGC" or "Company"), by and through their respective counsel, and submit the following Stipulation and Agreement which, if approved by the Missouri Public Service Commission ("Commission"), will dispose of all issues in this proceeding.

Procedural History

1. The Staff filed a complaint against SMGC on March 7, 2003, in this proceeding. Staff's complaint against SMGC arose out of its audit in Case No. GR-2001-388 involving SMGC's 2000-2001 Actual Cost Adjustment ("ACA") period. On May 6, 2003, the Commission directed that this case be held in abeyance pending the issuance of a final Report and Order in Case No. GR-2001-388.

2. On July 1, 2003, the Commission issued its Report And Order in Case No. GR-2001-388, which decided the same issues regarding "Transportation Service-Internal" that is the subject of the Staff's complaint in this proceeding. "Transportation Service-Internal" refers to contracts that

SMGC had with certain industrial customers. The details of “Transportation Service-Internal” are set out in the Commission’s Report and Order in GR-2001-388.

3. On July 22, 2003, the Staff filed its Motion For Leave To File Second Amended Complaint and its Second Amended Complaint. Staff’s motion was granted on August 5, 2003, and SMGC was directed to file its response no later than August 21, 2003.

4. On August 21, 2003, SMGC filed its Motion To Dismiss, Answer To Second Amended Complaint, and Affirmative Defenses Of Respondent Southern Missouri Gas Company, L.P.

Agreed Upon Terms and Conditions

5. As a result of settlement negotiations, SMGC, Staff and Public Counsel hereby offer the following stipulations and agreements to resolve concerns regarding the provision of, and sale of, gas supplies by SMGC to industrial customers that are the subject of the Staff’s Complaint in this proceeding:

a. SMGC agrees that it will not extend the existing contracts for the provision of gas supplies to the industrial customers that are the subject of Staff’s Complaint, and SMGC will allow the terms of these contracts to expire within thirty (30) days of the approval of this Stipulation and Agreement. As a result, the provision of a service known to the parties as “Transportation Service-Internal” will terminate within thirty (30) days of the effective date of the Commission Order approving the Stipulation and Agreement. SMGC will provide written certification to Staff and the Office of the Public Counsel within forty (40) days that “Transportation Service-Internal” has been terminated within forty (40) days of the effective date of the Commission Order approving the Stipulation and Agreement. SMGC further

agrees not to enter into similar contracts for the provision of gas supplies to other industrial customers under contractual arrangements similar to the contractual arrangements for "Transportation Service-Internal," unless specifically authorized by the Commission.

b. After the approval of this Stipulation and Agreement by the Commission, SMGC shall make a cash contribution of \$30,000 to various Community Action Agencies throughout its Missouri service area, for the specific purpose of assisting natural gas customers in SMGC's Missouri service territory who have difficulty paying their gas bills. See Attachment No. 1 for details regarding the distribution of this assistance. These contributions shall be made within two (2) weeks of the effective date of the Order Approving Stipulation and Agreement, and copies of the checks and transmittal letters shall be sent to the Staff and Public Counsel.

6. Neither Staff nor Public Counsel shall propose any disallowance, revenue imputation, or other adjustment in any ACA case involving SMGC related to the provision of "Transportation Service-Internal" of the type rejected by the Commission in its Report and Order in GR-2001-388. This paragraph shall not prohibit Staff or Public Counsel from reviewing the prudence of SMGC's actions regarding "Transportation Service-Internal."

General Provisions

7. This 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.

8. This 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 Stipulation and Agreement in total, then this 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.

9. This Stipulation and Agreement is being entered into for the purpose of disposing of all issues in this case. None of the Parties to this Stipulation and Agreement shall have been deemed to have approved, 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.

10. All parties further understand and agree that the provisions of this Stipulation and Agreement relate only to the specific matters referred to in the 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 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.

11. In the event the Commission accepts the specific terms of this 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 Stipulation and Agreement is not approved by the Commission, the Parties request that a 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 Stipulation and Agreement, file with the Commission suggestions or a memorandum in support of this Unanimous 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 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 Stipulation and Agreement, the Parties also request that the Commission advise them of any additional information the Commission may desire from the parties relating to the matters addressed in the Unanimous

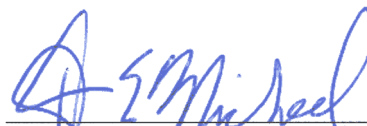
Stipulation and Agreement, including any procedures for furnishing such information to the Commission.

WHEREFORE, the undersigned parties respectfully request that the Commission issue its Order approving all of the terms and conditions of this Unanimous Stipulation and Agreement.

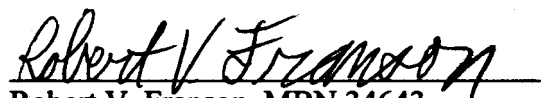
Respectfully submitted,


James M. Fischer MBN 27543
FISCHER & DORITY, P.C.
101 Madison Street, Suite 400
Jefferson City, Missouri 65101
Telephone: (573) 636-6758
Facsimile: (573) 636-0383
E-mail: jfischerpc@aol.com

Attorney for Southern Missouri Gas
Company, L.P.


Douglas E. Micheel MBN 38371
Office of the Public Counsel
P.O. Box 7800
Jefferson City, Missouri 65102
Telephone: (573) 751-5560
Facsimile: (573) 751-5562

Attorney for the Office of the Public Counsel


Robert V. Franson MBN 34643
Senior Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102
Telephone: (573) 751-6651
Facsimile: (573) 751-9285

Attorney for the Staff of the
Missouri Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail this 30th day of September 2003 to the following:

Douglas E. Micheel
Office of the Public Counsel
P.O. Box 7800
Jefferson City MO 65102

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


Robert V. Franson

**CONTRIBUTIONS TO BE MADE TO VARIOUS
COMMUNITY ACTION AGENCIES IN MISSOURI SERVICE AREA**

Southern Missouri Gas Company, L.P. will contribute the following amounts to various Community Action Agencies ("CAP") in the Missouri service areas of the Company, based upon the pro rata number of low-income applications for assistance made to the CAP agencies:

<u>COMMUNITY ACTION AGENCY</u>	<u>COUNITIES SERVED</u>	<u>CONTRIBUTIONS</u>
Ozark Action, Inc.	Douglas, Howell, Texas and Wright Counties	\$23,500
Ozark Area Community Action Corp.	Webster and Greene County	<u>6,500</u>
	TOTAL	\$30,000