

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

St. Louis Natural Gas Pipeline, LLC,	)	
	)	
Complainant,	)	
v.	)	Case No. GC-2011-0294
	)	
Laclede Gas Company	)	
Respondent.	)	

**STIPULATION AND AGREEMENT**

This Stipulation and Agreement is entered into effective the 16th day of September, 2011, between St. Louis Natural Gas Pipeline, LLC, a Missouri limited liability company ("SLNGP"), and Laclede Gas Company, a natural gas distribution utility in Missouri ("Laclede"). SLNGP and Laclede may be referred to as the "Parties" or individually as a "Party."

**WHEREAS**, SLNGP intends to build, own and operate an interstate natural gas pipeline system, and SLNGP desires to establish an interconnect between SLNGP's pipeline system and Laclede's existing gas distribution system to be located in St. Louis County, Missouri, for the receipt of gas by Laclede from SLNGP pursuant to SLNGP's FERC Gas Tariff (the "Interconnect"); and

**WHEREAS**, during the months of November 2010 through February 2011, SLNGP extended to Laclede offers to interconnect with, subscribe to and/or invest in the SLNGP's proposed pipeline system; and

**WHEREAS**, SLNGP asserted that its pipeline project would offer a greater supply capacity of REX gas to the St. Louis area at a competitive price and SLNGP also

believes that, in the near future, natural gas from this regional source will be at a lower cost than present supplies; and

**WHEREAS**, it was not clear to Laclede at the time whether and to what extent the SLNGP's request to interconnect was conditioned on or tied to SLNGP's request that Laclede subscribe to transportation service or invest in the SLNGP's proposed pipeline system;

**WHEREAS**, Laclede believed that even an interconnection-only agreement would impose certain uncompensated costs on Laclede and its customers while offering nothing more than duplicative access to gas supply sources that Laclede can already access at a more favorable transportation rate than estimated by SLNGP; and

**WHEREAS**, Laclede therefore declined SLNGP's offers; and

**WHEREAS**, SLNGP filed a Complaint against Laclede at the Missouri Public Service Commission, Case No. GC-2011-0294 (the "Complaint Case"), in which it asserted various violations of Missouri law by Laclede and sought an order from the Commission requiring Laclede to interconnect with the SLNGP; and

**WHEREAS**, Laclede believed and continues to believe that such assertions were made by the Company without any information or evidence to support them and as a mere pretext for obtaining regulatory leverage in support of its business propositions; and

**WHEREAS**, SLNGP attached to its complaint a draft interconnection agreement (the "Agreement"); and

**WHEREAS**, SLNGP has since clarified and acknowledged, in both its pleadings in the Complaint Case as well as in the terms of this Stipulation and Agreement, that: (i) SLNGP is only seeking an interconnection agreement with Laclede; (ii) SLNGP is

willing to execute such an agreement with full knowledge of Laclede's continuing position that the proposed pipeline does not provide any financial value for Laclede and its customers, and that Laclede therefore has no current interest in subscribing to any capacity on the proposed pipeline; (iii) SLNGP is nevertheless willing to assume the risk that the pipeline project can be successful without Laclede subscribing to capacity on the pipeline; and (iv) that the Agreement will be risk free and cost free to Laclede as long as Laclede does not subscribe directly to SLNGP's service, and that SLNGP is willing to make certain modifications to the Agreement to more fully ensure that Laclede and its customers will not be required to absorb any costs or bear any risks associated with the pipeline as long as Laclede does not subscribe directly to SLNGP's service; and

**WHEREAS**, Laclede is willing to execute the attached interconnection agreement with SLNGP upon SLNGP's receipt of all final federal approvals required for constructing the proposed pipeline, now that these modifications and assurances have been reflected in such interconnection agreement, including provisions that more fully limit the costs that Laclede and its customers would have to incur and absorb in connection with constructing and operating Laclede's portion of the interconnection facilities, as well as provisions clarifying that Laclede shall have no obligation whatsoever, either now or in the future, to subscribe to any pipeline transportation or other service that may be offered by the SLNGP through the proposed pipeline facilities, unless Laclede determines in its sole discretion that such action is appropriate, and subject only to subsequent review by the Missouri Public Service Commission regarding the prudence of Laclede's actions.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and conditions herein contained, the Parties hereby agree as follows:

1. Laclede agrees to sign and execute the attached interconnection agreement (Attachment A) with SLNGP at such time, if any, that SLNGP receives all final federal approvals required to construct its proposed interstate pipeline, provided that such final FERC approvals are received within three (3) years of the date of this Stipulation and Agreement and such approvals or implementing tariffs are not inconsistent with the terms of this Settlement Agreement or the attached interconnection agreement. This three (3) year deadline shall not apply if Laclede or any of its affiliates or representatives takes action to oppose SLNGP's FERC application or takes action that delays decision on SLNGP's FERC application, including any appeal of FERC approval of SLNGP's pipeline project by any of the aforementioned.

2. The interconnection agreement set forth in Attachment A is substantially the same interconnection agreement initially submitted to Laclede by SLNGP with modifications designed to ensure that the interconnection agreement is truly risk free to Laclede, consistent with SLNGP's representations in this case. Among others, these modifications include the following:

- (a) The attached interconnection agreement seeks to ensure that Laclede and its customers will not be responsible in any future interconnection agreement for the O&M cost associated with maintaining the SLNGP take point unless or until such time as the proposed pipeline is regularly used by Laclede or customers behind Laclede's city gate. It does so primarily by adding provisions to the Agreement specifying that SLNGP would pay such costs until such time as the pipeline consistently achieved an annual average load factor for deliveries on behalf of Laclede equal to at least 20% of its capacity, with a proportional offset for any firm volumes taken by Laclede on its own behalf in the unlikely event Laclede subscribes to firm transportation service on the pipeline.

- (b) The interconnect agreement has been modified to ensure that Laclede and its customers would not be responsible for any costs, including any unanticipated cost overruns, incurred in constructing the interconnection facilities. This is primarily accomplished by having the interconnection agreement impose on SLNGP, rather than Laclede, the obligation to pay the contractor who would be installing the facilities, subject to Laclede's specifications, monitoring and approval.
- (c) The interconnection agreement has been modified to ensure that Laclede and its customers shall bear no liability or cost exposure of any kind if the pipeline project does not attain sufficient subscriptions to keep it viable. This is primarily accomplished by including provisions in the interconnection agreement which make it clear that Laclede did not believe the project was economic, that SLNGP was knowingly taking on the risk that neither Laclede or other customers would subscribe to transportation service, that Laclede would have sole discretion (subject only to prudence reviews by the Missouri PSC) to determine whether it would or would not subscribe to such service in the future, and that SLNGP would release and indemnify Laclede from any and all claims by SLNGP and any of its affiliates and representatives relating to a lack of subscription.

3. The Parties further agree that this Stipulation and Agreement shall not be represented by SLNGP during the FERC approval process as signaling any interest by Laclede that it will subscribe to SLNGP's proposed FT service. Instead, any representations shall state, consistent with this Stipulation and Agreement, that Laclede's commitment is strictly limited to entering into a risk free interconnection agreement upon receipt of all required regulatory approvals, and should in no way be construed as constituting any form of commitment on the part of Laclede to subscribe to any transportation or other service offered by SLNGP on its pipeline.

4. In exchange for Laclede's commitments as outlined above, the Parties agree that the Complaint Case shall be dismissed with prejudice, and that SLNGP shall release, and hereby does release, Laclede and all of its affiliates and representatives from any and all related claims that SLNGP has or may have against them. Except as provided

in this Stipulation and Agreement, including the attached interconnection agreement, SLNGP's release extends only to facts, circumstances or events occurring prior to the date hereof. Laclede and its affiliates and representatives release any and all claims against SLNGP and its affiliates and representatives to the same extent.

5. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission approves this Stipulation and Agreement with modifications or conditions that a signatory to this Stipulation and Agreement objects to, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.


6. 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 to conduct discovery, to present testimony, to cross-examine witnesses and, pursuant to Section 536.080.1 (RSMo. 2000), to present oral argument and written briefs. The parties also waive their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 (RSMo. 2000) and their respective rights to judicial review of the Commission's Report and Order in this case pursuant to Section 386.510 (RSMo. 2000).

7. The nonsignatory parties to this case have had an opportunity to review this Stipulation and Agreement and expressed no objection to its contents.

**WHEREFORE**, for the foregoing reasons, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation and Agreement.

Respectfully submitted,

St. Louis Natural Gas Pipeline LLC

  
Phillip Louca, Jr., President  
#1 Campbell Plaza, Floor 4B  
59th and Arsenal  
St. Louis, MO 63139

Laclede Gas Company

  
Michael C. Pendergast MB #51763  
Vice President - Associate General  
Counsel  
Laclede Gas  
720 Olive Street, Room 1520  
St. Louis, MO 63101  
(314) 342-0532 Phone  
(314) 421-1979 Fax  
mpendergast@lacledegas.com

Armstrong Teasdale LLP

  
J. Kent Lowry #26564  
Sherry L. Doctorian #34636  
Matthew D. Turner #48031  
3405 West Truman Boulevard, Suite 210  
Jefferson City, Missouri 65109-5713  
573.636.8394  
573.636.8457 (facsimile)  
klowry@armstrongteasdale.com  
sdoctorian@armstrongteasdale.com  
mturner@armstrongteasdale.com

Attorneys for St. Louis Natural Gas  
Pipeline LLC

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered, on this 30 day of September 2011, to all parties of record, including the signatories to this document, the Staff and the Office of Public Counsel.



**FACILITIES INTERCONNECT AGREEMENT**  
**Between St. Louis Natural Gas Pipeline, LLC, and**  
**Laclede Gas Company**

This Facilities Interconnect Agreement (the "Agreement") is entered into effective this 16th day of September 2011, between St. Louis Natural Gas Pipeline LLC, a Missouri company ("SLNGP" or "Company"), and Laclede Gas Company, a natural gas distribution utility in Missouri ("Laclede"). Company and Laclede may be referred to as the "Parties" or individually as a "Party."

**WHEREAS**, Company intends to build, own and operate an interstate natural gas pipeline system, and Company desires to establish an interconnect to be located in St. Louis County, Missouri between Company's pipeline system and Laclede's existing gas distribution system, for the receipt of gas by Laclede from Company pursuant to Company's FERC Gas Tariff (the "Interconnect"); and

WHEREAS, at various times between November 2010 and February 2011, Company extended to Laclede offers to interconnect with, subscribe to and/or invest in the Company's proposed pipeline system; and

WHEREAS, SLNGP asserted that its pipeline project would offer a greater supply capacity of REX gas to the St. Louis area at a competitive price and SLNGP also believes that, in the near future, natural gas from this regional source will be at a lower cost than present supplies; and

WHEREAS, it was not clear to Laclede at the time whether and to what extent the Company's request to interconnect was conditioned on or tied to the Company's request that Laclede subscribe to transportation service or invest in the Company's proposed pipeline system; and

WHEREAS, Laclede believed that even an interconnection-only agreement would impose certain uncompensated costs on Laclede and its customers while offering nothing more than duplicative access to REX gas supplies that Laclede can already access at a cheaper transportation rate; and

WHEREAS, Laclede therefore declined the Company's offers; and

WHEREAS, the Company filed a Complaint against Laclede at the Missouri Public Service Commission, Case No. GC-2011-0294 (the "Complaint Case"), in which the Company asserted various violations of Missouri law and sought, among other things, an order from the Commission requiring Laclede to interconnect with the Company; and

WHEREAS, Laclede believed and continues to believe that such assertions were made by the Company without any information or evidence to support them and as a mere pretext for obtaining regulatory leverage in support of its business propositions; and

WHEREAS, the Company has since clarified and acknowledged, in both its pleadings in the Complaint Case as well as in the revised terms of this Agreement, that: (i) it is only seeking an interconnection agreement with Laclede; (ii) that it is willing to execute such an agreement with full knowledge of Laclede's continuing position that the proposed pipeline does not provide any financial value for Laclede and its customers, and that Laclede therefore has no current interest in subscribing to any capacity on the proposed pipeline; (iii) that Company is nevertheless willing to assume the risk that the pipeline project can be successful without Laclede subscribing to capacity on the pipeline; and (iv) that the Interconnect will be risk free to Laclede, and that Company agrees to terms in this Agreement to more fully ensure that Laclede and its customers will not be required to absorb any costs or risks associated with the pipeline as long as Laclede does not directly subscribe to service on the pipeline;



Facilities Interconnect Agreement  
St Louis Natural Gas Pipeline, LLC, and Laclede Gas Company

and

WHEREAS, Laclede enters into this interconnection agreement with Company based on these clarifications and assurances, including terms of this Agreement that limit the costs that Laclede and its customers would have to incur and absorb in connection with constructing and operating Laclede's portion of the interconnection facilities, as well as provisions clarifying that Laclede shall have no obligation whatsoever, either now or in the future, to subscribe to any pipeline transportation or other service that may be offered by the Company through the proposed pipeline facilities, unless Laclede determines in its sole discretion that such action is appropriate, and subject only to subsequent review by the Missouri Public Service Commission regarding the prudence of the Company's actions; and

WHEREAS, Laclede has advised Company that certain facilities are required to establish this interconnection, which the Parties will construct, own and operate in accordance with the terms of this Agreement and industry standard custody transfer facility specifications; and

WHEREAS, the Parties desire to set forth their respective rights and responsibilities with respect to the design, construction, ownership, operation and maintenance of the Interconnect and the related Facilities ("Interconnect Project"), and

WHEREAS, the Company has now received all final FERC and other federal approvals necessary to begin construction of the proposed interstate pipeline.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions herein contained, the Parties hereby agree as follows:

- 1) **Site and Flow** -The site for the facilities to be constructed hereunder, description of flow and other pertinent information are described in Exhibit A, attached hereto and made a part hereof.
- 2) **Installation of Facilities**
  - a. **Design & Construction:** Company, at Company's cost and expense, and with Laclede's pre-approval and monitoring of construction activities, shall design and construct as part of the Interconnect a new gas measurement facility to include: 10" ANSI 600 Hot Tap with 10" Riser, 10"x 8" reducing tee with 8" WE x FE ball valve and blind flange downstream of tap valve, dual skid mounted 12" & 4" turbine meters, line heater to maintain downstream gas temperature above 40°F based on inlet pressure of 850 psig and outlet pressure of 350 psig, dual skid mounted 8" Flow control valves and with 12" isolation valves, electronic flow measurement (EFM), chromatograph, communication equipment, injection odorization equipment including a bulk storage tank, instrumentation and all other related facilities as required to ensure industry standard gas quality, measurement and odorization. All facilities shall be designed and built to meet all applicable Company specifications, using Laclede specified and/or approved equipment, built by a Laclede approved contractor, and constructed herein under the direction of Laclede's personnel and/or designated construction inspector. All measurement facilities shall be constructed adjacent to Laclede's distribution system and Company's pipeline system. Company shall construct its facilities to interconnect with these measurement facilities including over-pressure protection facilities as necessary.
  - b. **Ownership:** Upon commercial operation of the Interconnect, all facilities located downstream of the custody transfer flange, as more particularly designated in Exhibit A, shall be owned by Laclede (the "Laclede Facilities"). All facilities located upstream from the custody transfer

flange, as more particularly designated in Exhibit A, shall be owned by Company ("Company Facilities").

- c. **Materials and Equipment Purchase**: Laclede shall specify and/or approve all materials and equipment for Laclede Facilities, and Company shall purchase and pay for all materials and equipment for both Laclede Facilities and Company Facilities.
- d. **Construction**: Company shall contract and pay for the construction of the Laclede Facilities in accordance with Exhibit A. Laclede shall inspect and approve such construction. The intent shall be that the Company shall contract for all of the Company Facilities and for all Laclede Facilities requiring hard piping and installation of the large and heavy items under Laclede inspection. Additionally, final tubing and wiring connections and instrumentation work shall be made by Laclede personnel on Laclede Facilities.
- e. **Project Management**: Company shall use sound and prudent project management techniques during the development, engineering, construction and start-up phase of the Interconnect per the approved, mutually agreed upon installation and start up schedule. Company and Laclede will coordinate on equipment deliveries, utility installations and associated items for the purpose of meeting defined schedules.
- f. **Permitting, Right of Way and Safety**: The Parties shall adhere to all applicable conditions imposed by federal, state, or local permits governing construction and operation of the Interconnect. The Parties shall observe all right-of-way requirements and safety requirements applicable to each Party or its designee.
- g. **Operation & Maintenance**: Laclede shall operate and maintain the Laclede Facilities in accordance with all applicable federal, state and local standards. Company shall operate and maintain Company Facilities in accordance with all applicable federal, state and local standards.
- h. The Maximum Allowable Operating Pressure (MAOP) for the segment of Company's pipe at the Interconnect location will be 1,000 psig. Company reserves the right to alter the pipeline segment MAOP as it deems necessary. The MAOP for the segment of Laclede's natural gas facility which will include the Interconnect is 880 psig. In the event that Company's MAOP changes, Company will notify Laclede in writing at least thirty (30) days prior to any changes and will maintain Company's overpressure protection equipment as defined herein. In the event that Laclede's MAOP changes, Laclede will notify Company in writing at least thirty (30) days prior to any changes.
- i. Both Parties agree that any and all facilities constructed by either of them shall be designed and constructed to comply with the following requirements, specifications, and conditions as applicable ("Specifications"):
  - 1. U.S. Dept of Transportation Pipeline Safety Regulations, 49 CFR, Part 192.
  - 2. Measurement equipment at the Interconnect shall, at a minimum, conform with the specifications set forth in the General Terms and Conditions of Company's FERC Gas Tariff.
  - 3. The measurement facilities shall be designed and all equipment installed in accordance with the latest edition of the National Electrical Code.

j. Both the Company Facilities and the Laclede Facilities shall be engineered, constructed and operated in accordance with Laclede's specifications, including all required reporting and other documentation associated therewith. The Parties shall have the right to inspect each other's Interconnect facilities, as described in this Agreement, both during and after construction, including any future revisions thereof, and may reject any facilities not reasonably meeting the design parameters specified herein. Each Party shall design, engineer and construct, or arrange for the design, engineering and construction of facilities in accordance with sound and prudent standards common to the natural gas industry, and all laws, rules and regulations, certificates, decisions, orders, and directives of all applicable federal, state, and local authorities having jurisdiction over such facilities.

3) **Operation and Maintenance of Facilities**

- a. Following completion of construction and commissioning of the Interconnect, Laclede shall own, operate and maintain the Laclede Facilities, provided that Laclede shall invoice the Company for any incremental cost of operating and maintaining the Interconnect, including odorization, security and safety-related inspection costs, until such time as the pipeline is regularly used by Laclede. For purposes of this provision, "regularly used" shall mean that Laclede has subscribed to average annual volumes equivalent to 20% or more of the pipeline's capacity for a consecutive three-year period, provided that for each year after the expiration of the three year period, Company's responsibility to pay such operating and maintenance expenses shall be reduced by 25% for each 5% of capacity that Laclede subscribes to for that year. Company shall pay each invoice within 30 days after it is issued by Laclede. In the event the Company fails to pay such invoiced amounts, Laclede shall be entitled to abandon and take the Interconnect out of service upon 30 days notice to Company by certified mail unless Company cures the default by payment in full within 15 days after receipt of such notice. For purposes of these calculations, the capacity of the pipeline shall be assumed to be at least 200,000 Mcf/day, unless otherwise agreed upon by the Parties or increased as a result of added compression. Company shall not operate any of the Laclede Facilities or other facilities owned by Laclede.
- b. Company, at its sole cost and expense, shall own, operate and maintain the Company Facilities. Company shall bear all costs, expense and risk associated with the operation and maintenance of the Company Facilities.
- c. Both Parties shall have the right to be present during the installation, cleaning, changing, repairing, inspecting, testing, calibrating and/or adjusting of the gas measurement facilities by Company and Laclede. Calibration of measurement equipment on Company's Facilities shall be the responsibility of Company and shall occur at least on a monthly basis, unless both Parties mutually agree to a different schedule. Either Party, in the presence of Company (the "Operator") of such facilities, shall have access to such facilities at all times, but reading, calibrating and/or adjusting such facilities shall be performed by the Operator of such facilities. A record of each calibration, adjustment, repair, cleaning, or installation of any equipment or instrument potentially affecting measurement, shall be entered into a log within 2 hours of completion of such work and shall be available for review by Laclede during normal business hours.
- d. Custody of the gas shall pass between the Parties when it passes the point of interconnection between the Parties' Facilities ("Custody Transfer Point"). Company shall be the operator of the flow/pressure control valve and shall be responsible for establishing and maintaining the

flow or pressure set points with confirmed gas nominations (including, but not limited to, confirmed intra-day gas nominations), as applicable.

- e. Company shall operate, and maintain the Custody EFM including all related appurtenances and communications equipment installed and associated with the Custody EFM equipment hereunder. The information generated by Custody EFM equipment shall constitute the official custody transfer measurement data for gas quantities through the Interconnect.
  - f. The gas quantities passing through the measurement facilities at the Interconnect shall be measured in accordance with the specifications set forth in the General Terms and Conditions of Company's FERC Gas Tariff, or any successor thereto.
  - g. The heating content, expressed in British Thermal Unit/Standard Cubic Foot (Btu/scf), of the gas stream and its gas quality shall be in accordance with the specifications set forth in the General Terms and Conditions of Company's FERC Gas Tariff, as the same may be changed from time to time.
  - h. Notwithstanding any provision in this Agreement to the contrary, including any amendments, it is understood and agreed that, in the event of an emergency which either Party has reason to believe may threaten life, personal injury, property damage or the environment, such Party may take such actions as it deems reasonable in dealing with such emergency, including having access to the Interconnect, including that portion that the other Party may otherwise operate and maintain pursuant to this Agreement. The acting Party shall notify the other Party as soon as reasonably practicable under the circumstance of such emergency and actions taken, if any, affecting the operation of the Interconnect.
- 4) **Rights-of-Way, Easements, Ingress and Egress**
- a. Company plans to locate the proposed Laclede Facilities on land it holds in fee adjacent to Laclede's existing distribution system. Company shall grant to Laclede, without additional cost, ingress and egress to the property and facilities at the Interconnect as needed for current and future operation; and in, to and over the site for the purpose of maintaining or reclaiming facilities. The origination and filing of the instruments for such rights will be coordinated with Laclede, to Laclede's satisfaction.
  - b. Each Party shall obtain all other easements and permits as necessary for installation and operation of their respective Facilities or as mutually agreed upon between the Parties.
  - c. Company and Laclede shall be responsible for taking all measures required to maintain security of their respective Facilities.
- 5) **Data Sharing Agreement** - Company agrees to afford Laclede access to all measurement data obtained through or by means of the Interconnect facilities described herein, subject to Laclede and Company executing a mutually acceptable "Data Sharing Agreement".
- 6) **Overpressure Protection** - Company shall install, operate and maintain, at Company's sole expense, overpressure protection equipment to protect Laclede's Facilities, and shall inspect and test the overpressure protection devices on at least an annual basis to establish that such is properly operating in accordance with the U.S. DOT Title 49 CFR Part 192 regulations. Company shall operate its Facilities to ensure that pressures do not exceed MAOP during normal pipeline operation.

- 7) **Cathodic Protection** - Each Party shall be fully responsible for the operation and maintenance of its respective facilities, such operation and maintenance to include, without limitation, cathodic protection of the Parties' facilities: Laclede shall install an insulating set between the Laclede Facilities and the Company Facilities in order to isolate the Company's Facilities from Laclede's system. The Parties agree to cooperate to resolve any issues relative to cathodic protection.
- 8) **Removal of Facilities** – Except as provided herein, neither Party shall, during the term of this Agreement, remove any facilities or equipment installed pursuant to this Agreement absent the express agreement of the other Party which shall not be unreasonably withheld (which shall not preclude repairs and replacement of parts as part of routine maintenance). This paragraph 8 shall not prevent the Parties or either of them from complying with the order of a court or of an administrative agency in the lawful exercise of its authority, that the facilities comprising the Interconnect be removed. Such removal shall be carried out in a reasonable manner at the sole cost and expense of the Party which has been ordered to take such action, after thirty (30) days prior written notice to the other Party.
- 9) **Liability and Indemnification** –
- a. In the event of breach of this agreement by either party, the other party shall provide the breaching party 30 days notice and opportunity to cure such breach. In the event one party fails to cure its breach within the cure period, the other party shall be entitled to pursue any and all remedies that it may be entitled to, at law and in equity.
  - b. Each Party assumes full responsibility for its own acts (including those of its agents and contractors) performed, or failed to be performed, in connection with this Agreement, and shall indemnify and save harmless the other from all liability, loss, claims, fines, penalties, costs and damages (including attorney's fees and court costs) resulting from such actions, including injury to or death of persons and environmental impacts, arising from any act or accident in connection with the acts or failure to act of the indemnifying Party, except to the extent of any gross negligence or willful misconduct of the other Party.
  - c. The Company shall also indemnify and release Laclede from any and all liability, loss, claims, fines, penalties, costs, damages or other adverse financial impacts resulting from a lack of subscription or utilization of the Company's pipeline, except in relation to proceedings or claims commenced or maintained by a regulatory authority or other third party and not at the instance of Company or any representative or affiliate of Company.
- 10) **Regulatory Approvals** - This Agreement and the terms herein are subject to the receipt of any necessary regulatory approvals, including approved tariffs setting forth the terms and conditions of service; provided, however, that such approvals and tariffs are consistent with this Agreement. and is expressly conditioned on the Company commencing the pre-filing process with FERC by December 1, 2011.
- 11) **Effective Date** - The Parties agree that installation of the required facilities with respect to the Interconnect shall not commence hereunder until (1) this Agreement has been executed by both Parties; (2) all requisite authorizations and approvals have been received and accepted; (3) all necessary conveyances required by a Party's land Department, if any, have been executed and delivered by the granting Party; and (4) all required landowner notifications have been completed and all environmental approvals have been obtained.

Facilities Interconnect Agreement  
St Louis Natural Gas Pipeline, LLC, and Laclede Gas Company

- 12) Notices. Notices and communications regarding this Agreement shall be sent or made to the following, which may be changed from time to time during the Term hereof upon not less than ten (10) days prior written notice to the other Party:

Notices to Company:

St. Louis Natural Gas Pipeline, LLC  
ATTN: Chris Allen  
Project Manager  
#1 Campbell Plaza, Floor 4B  
59th and Arsenal  
St. Louis, MO 63139  
Telephone: 713-306-9933  
Fax Machine: 618-875-1505  
Email: chris@stlouisnaturalgaspipeline.com

Notices to Laclede:

Laclede Gas Company  
ATTN: Robert A. Glosier  
Superintendent Gas Supply & Control  
3950 Forest Park Avenue  
St. Louis, MO 63108  
Telephone: 314-658-5484  
Fax Machine: 314-531-4013  
Email: rglosier@lacledegas.com

- 13) **Governing Law**  
a. This Agreement shall be governed by and construed, as to interpretation and performance, in accordance with the laws of the State of Missouri, excluding any conflicts-of-law, rule, or principle, which might refer such construction to the laws of another state.  
b. This Agreement is subject to all present and future valid orders, rules and regulations of any body of the Federal, State or any other governmental body having or asserting jurisdiction in the premises.
- 14) **Term** - This Agreement shall extend from the date of execution hereof and shall remain in effect until: 1) terminated by the Parties upon their mutual consent; 2) the Interconnect is removed from service pursuant to the terms of this Agreement or otherwise; or 3) eighteen (18) months after final FERC approval if the Interconnect has not been constructed and placed in service, unless this Agreement is extended by mutual agreement between the Parties. If this Agreement terminates due to the circumstances described in clause "3)" above, Laclede shall be reimbursed by Company for all reasonable costs incurred in connection with this project, within thirty (30) days following such termination.
- 15) **Assignment** - This Agreement shall be binding and inure to the benefit of the Parties hereto and their respective successors and assigns. Further, it is agreed that nothing contained herein shall in any way prevent either Party hereto from pledging or mortgaging its rights hereunder in connection with financing of the Interconnect. Otherwise the Parties shall not assign their interest hereunder, without the written consent of the other Party; however, such consent shall not be unreasonably withheld or delayed. Notwithstanding any other provision herein, Company may assign this Agreement, with advance notice to Laclede, for the benefit of, and securitization in favor of, its lenders in connection with acquiring project financing of Company's natural gas project. Laclede hereby agrees that it will not unreasonably withhold consent to such assignment upon Company's request.
- 16) **Entire Agreement** - This Agreement constitutes the entire agreement between the Parties with regard to the Interconnect and supersedes any prior understanding or written or oral agreement relative thereto.

- 17) **THE PARTIES WAIVE ALL PUNITIVE, INDIRECT, EXEMPLARY, OR CONSEQUENTIAL DAMAGES FOR ANY BREACH OF THIS AGREEMENT.**
- 18) **Transportation Services** - The actual transportation services on Company's pipeline utilizing this Interconnect shall be pursuant to the terms and conditions of a transportation service agreement to be entered into between Company and any such shipper for such transportation services and pursuant to the terms and conditions of Company's then applicable FERC Gas Tariff and Schedules and the rules and regulations of the FERC. **IT IS EXPRESSLY UNDERSTOOD THAT THIS AGREEMENT IS STRICTLY LIMITED TO PROVIDING COMPANY WITH AN INTERCONNECTION TO LACLEDE'S SYSTEM AND SHOULD IN NO WAY BE CONSTRUED AS CONSTITUTING ANY FORM OF COMMITMENT ON THE PART OF LACLEDE TO SUBSCRIBE TO ANY TRANSPORTATION OR OTHER SERVICE OFFERED BY COMPANY ON ITS PIPELINE. IT IS FURTHER UNDERSTOOD BY THE PARTIES THAT ANY DECISION TO SUBSCRIBE TO SUCH SERVICES SHALL BE MADE BY LACLEDE IN ITS SOLE DISCRETION SUBJECT ONLY TO SUBSEQUENT REVIEW BY THE MISSOURI PUBLIC SERVICE COMMISSION RELATING TO THE PRUDENCE OF ANY SUCH ACTION. NO PARTY NOR ANY OF ITS AFFILIATES OR REPRESENTATIVES SHALL TAKE OR PURSUE AN ACTION THAT IS INCONSISTENT WITH THIS EXPRESS UNDERSTANDING.**
- 19) **Force Majeure** - If either Party is rendered unable, in whole or in part, by Force Majeure to carry out its obligations, then such Party shall give notice and reasonably full particulars of such Force Majeure in writing or by facsimile or telephone to the other Party within a reasonable time after it becomes aware of the occurrence of the Force Majeure (to be followed by a written statement of such full particulars as soon as practicable), and the obligations of such Party, insofar as they are affected by such Force Majeure, shall be suspended from the commencement of such Force Majeure through the continuance of any inability so caused, but for no longer period, and such Force Majeure shall so far as possible be remedied with all reasonable dispatch. Any suspension of obligation for reasons of Force Majeure shall be proportional to the effect of such Force Majeure on the particular obligation from which relief is sought, and shall not relieve such Party from its obligation to make payments hereunder which were due prior to such Force Majeure.
- 20) **Force Majeure Defined** - The term "force majeure" as employed herein shall mean any event or condition or combination of events and/or conditions which prevents, hinders, or delays the performance of any obligation subject hereto, in whole or in part, which is not within the reasonable control of the person claiming suspension by reason of Force Majeure, and which the Party claiming suspension is unable to prevent or overcome by the exercise of due diligence. For the purposes of the definition of "Force Majeure," the exercise of due diligence shall mean acting in good faith with the intention of performing contractual obligations, and the exercise of a degree of skill, diligence, prudence, and foresight that would reasonably and ordinarily be exercised by a skilled and experienced person complying with applicable law and engaged in the same type of undertaking under the same or similar circumstances and conditions. Such events or conditions, provided that the foregoing requirement are met, include, but are not limited to acts of God, strikes, lockouts, acts of a public enemy, acts of sabotage, wars, blockades, riots, insurrections, epidemics, landslides, subsidence, earthquakes, fires, hurricanes, storms, tornadoes, floods, washouts, accidents, interruptions by government or court orders, present or future orders of any regulatory body having proper jurisdiction, civil disturbances, and explosions. Failure by the Party claiming suspension to prevent or settle any strike or strikes shall not be considered to be an event or condition within the control of such Party.

- 21) **NAESB Compliance** - The Parties agree to comply with the standards of the North American Energy Standards Board ("NAESB") relative to all gas flowing through the Interconnect. The applicable NAESB standards are incorporated by reference in Company's FERC Gas Tariff, General Terms & Conditions.
- 22) **Audit and Protest** - Company may, within the thirty (30) day period after Company receives an invoice, take written exception to the invoice tendered by Laclede pursuant to this Agreement or any part thereof ("Contested Amount"), on the grounds that the Contested Amount was not an allowable cost incurred or to be incurred by Laclede in connection with the construction, installation, operation or maintenance of the Interconnect. The Parties will make reasonable efforts to exchange records and meet to resolve such dispute within thirty (30) days after notice of a Contested Amount. Company shall, nevertheless, pay when due; the amount of any invoice submitted by Laclede pursuant to this Agreement. If the Contested Amount, or any portion thereof, is determined to be an amount for which Laclede is entitled to reimbursement hereunder, that amount as so determined shall be paid by Company to Laclede within ten (10) days or shall become subject to interest at the lesser of the rate of 1% per month, or the highest rate allowed by law.
- 23) **Insurance Requirements** - Company shall procure, at its own expense, from reliable insurance companies and, commencing at least thirty (30) days prior to the start of construction of the Interconnect facilities shall carry and for the entire duration of this Agreement, the following types of insurance, with terms and limits not less than shown for the respective items,
  - a. Worker's compensation insurance as required by the laws of the State in which the operations under this Agreement are to be conducted and Employer's Liability Insurance with limits of not less than \$500,000 per occurrence. In the event that any operations contemplated under this Agreement take place on or adjacent to a navigable waterway, such policy shall include coverage as required under the U.S. Longshoreman's and Harbor Worker's Compensation Act and/or the Jones Act as may be applicable;
  - b. Commercial General Liability insurance with a combined single limit of not less than \$1,000,000 per occurrence and including coverage for bodily and personal injury, broad form property damage, premises liability, completed operations and products liability with an annual aggregate of not less than \$2,000,000 annually. Any exclusion for "Explosion", "Collapse" and/or "Underground" (XCU) operations shall be removed from such coverage;
  - c. Automobile Liability insurance, covering the operation of all owned, hired, rented, or non-owned licensed motor vehicles, with a combined single limit for each occurrence of not less than \$1,000,000; and,
  - d. Umbrella Liability coverage in excess of the limits and with terms at least as broad as the coverage's outlined in (a) through (c) above, with a combined single limit for Bodily Injury and Property Damage of at least \$1,000,000 for each occurrence.
  - e. Material modification or cancellation of policies providing coverage hereunder, as it affects the interest of either Party, shall only be effective thirty (30) days after written notice of modification or cancellation is received from the insurance company by the affected Party (ten (10) business days for non-payment of premiums). Prior to commencing work under this Agreement, the Parties shall deliver to each other certificates of insurance evidencing the



existence of insurance provided for above. Both Parties agree to provide the other Party with annual renewal certificates evidencing the required coverages so long as this Agreement is in effect.

- f. Irrespective of the requirements as to insurance to be carried, the insolvency, bankruptcy, or failure of any such insurance company carrying insurance for either Party, or failure of any such insurance company to pay claims occurring shall not be held to waive any of the provisions of this Agreement. All of the above-described insurance policies, together with all other insurance policies now owned or purchased in the future by either Party relating to work to be performed hereunder, shall contain provisions that the insurance companies will have no right of recovery or subrogation against the other Party or any of its subsidiary or affiliated companies. Each Party shall also be named as an additional insured under all policies required with the exception of the Worker's Compensation policy with respect to liability arising out of work performed hereunder. Any and all deductibles, self-insured retentions or retrospective premium arrangements that may be carried in the above described insurance policies shall be assumed by, for the account of, and at the sole risk of the respective First Named Insured Party.
- 24) **Joint Efforts** - The Parties stipulate and agree that this Agreement shall be deemed and considered for all purposes as prepared through the joint effort of the Parties and shall not be construed against one Party or the other as a result of the preparation, submittal or other event of negotiation, drafting or execution hereof.
- 25) **Confidentiality** - Except as required by law, regulation, or order of government authority (including, but not limited to, any filings required by the Securities and Exchange Commission in the normal conduct of Company's business), order of a court or arbitrator(s), or upon written consent of the other Party, each Party including its respective agents, employees, affiliates, officers, members, directors, attorneys, auditors and other representatives ("Representatives"), agrees that the Information it receives from the other Party in negotiating this Agreement about the Company's pipeline or Laclede's distribution system, including but not limited to any engineering or technical information, proposed construction, business plans or projected markets shall be considered proprietary, the property of the disclosing Party, and shall be kept strictly confidential ("Confidential Information"). The Confidential Information received, whether In written, electronic, oral or other format, shall not be sold, traded, published, or otherwise disclosed by 'the receiving Party and/or its Representatives to any person (including but not limited to those Representatives not involved in the negotiation or implementation of this Agreement) in any manner whatsoever, except as expressly needed for the negotiation and implementation of this Agreement. The receiving Party shall not use the Confidential Information for any purpose, without the consent of the disclosing Party, other than the negotiation and implementation of this Agreement, provided that nothing herein shall preclude a Party from disclosing any information received from or provided to the other Party where necessary to correct, respond to or refute statements made by the other Party, either publicly or during the course of any governmental or other legal proceeding, that the Party using the information believes to be inaccurate, incomplete or misleading. This section shall not apply to any required reporting by Company pursuant to orders or regulations of the FERC or to any required reporting or discovery responses by Laclede pursuant to orders or regulations of the Missouri Public Service Commission. The foregoing notwithstanding, nothing in this Agreement shall constitute an agreement on the part of either Party to refrain from engaging in the business of natural gas transportation or storage in any market or from providing such service to any customer.

Facilities Interconnect Agreement  
St Louis Natural Gas Pipeline, LLC, and Laclede Gas Company

- 26) **Reservation of Rights** - Laclede reserves the right to take whatever position it deems appropriate, either publicly or during the course of any governmental or other legal proceeding, regarding the economic feasibility and value of the proposed pipeline, or lack thereof, and its exercise of such rights shall in no way be construed as a breach of this Agreement.
  
- 27) **Public Representations Regarding Agreement** - The Company agrees to make no representations, either publicly or during the course of any governmental or other legal proceeding, which would state or imply that Laclede in any way supports its proposed pipeline project, believes it is beneficial or intends to subscribe to any services that may be offered by the proposed pipeline if and when it is offered. Any such representation shall be considered a material breach of this Agreement.
  
- 28) **Counterpart Signatures** - This Agreement may be executed in one or more counterparts each of which, when executed and delivered including by facsimile, shall be an original but all of which together shall constitute but one and the same instrument.

**IN WITNESS WHEREOF**, the Parties have duly executed this Agreement to be effective on the day and year first above written.

**St. Louis Natural Gas Pipeline LLC**

**Laclede Gas Company**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**  
**TO FACILITIES INTERCONNECT AGREEMENT**  
**BETWEEN ST. LOUIS NATURAL GAS PIPELINE, LLC, AND**  
**LACLEDE GAS COMPANY**  
**METER & TAP FACILITIES**

1. Operating Pressure: The anticipated minimum and maximum operating pressure, (in psig) that represents the estimated lowest and highest pressures respectfully that might normally occur at the interconnect point for the Company delivering gas to Laclede, The Maximum Operating Pressure cannot be higher than the current maximum allowable operating pressure on the respective Party's pipeline or distribution system at the point of Interconnect.

Company delivering gas to Laclede:

Minimum Laclede's Operating Pressure:	350 psig
Desired Laclede's Operating Pressure:	880 psig

2. Flow Rates: The Interconnect design shall specify a minimum and maximum instantaneous flow rate based on the expected design of the Interconnect for the Maximum and Minimum Operating Pressures outline above, which shall be as follows:

Company delivering gas to Laclede:

Minimum Flow Rate:	10,000 Mcf/day
Maximum Flow Rate:	200,000 Mcf/day

3. These pressures and daily flow rates represent a design approximation and are neither a representation nor a guarantee that actual operating conditions will permit such flow. Each Party shall operate its system with pressures changing from time to time independent from the other Party. Laclede shall be responsible to operate its system to enable gas to be delivered from Company given its operating conditions.

4. Design and Construction: Company and Laclede shall design and construct facilities that shall flow gas with pressures between their respective Minimum and the Maximum Operating Pressures and flow rates between the Minimum and the Maximum Flow Rate. The design shall meet the standards including Gas Measurement standards referenced elsewhere in this Agreement. The MAOP for the segment of Company's pipeline at the Interconnect location is 1,000 psig. The MAOP for the segment of Laclede's system which will include the Interconnect is 880 psig.

5. Company agrees to facilitate commercial operation including but not limited to physical gas flow, measurement and applicable data collection at pressures between the Minimum and the Maximum Operating Pressure and flow rates between the respective Minimum and the Maximum Flow Rate. This paragraph shall not infer that an operation should violate a condition of Company's FERC Tariff or Laclede's operation specifications, or exceed the standards referenced elsewhere in this Agreement.

6. Location: The proposed interconnect facilities are to be located in or near U.S. Survey 113, Township 47 North, Range 7 East, in St. Louis County, State of Missouri.

7. Interconnect:

- a. The facilities to be owned by Laclede ("Laclede Facilities") shall include all items *downstream* of the custody transfer flange, possibly including but not necessarily limited to: 10" ANSI 600 Hot Tap with 10" Riser, 10"x 8" reducing tee with 8" WE x FE ball valve and

Facilities Interconnect Agreement  
St Louis Natural Gas Pipeline, LLC, and Laclede Gas Company

blind flange downstream of tap valve, dual skid mounted 12" & 4" Turbine meters, Line Heater to maintain downstream gas temperature above 40°F based on inlet pressure of 850 psig and outlet pressure of 350 psig, a dual skid mounted 8" Flow control valves and with 12" isolation valves, electronic flow measurement (EFM), chromatograph, communication equipment, injection odorization equipment including a bulk storage tank, instrumentation and all other related facilities as required to ensure industry standard gas quality, measurement and odorization by Company and Laclede.

b. The facilities to be constructed and owned by Company ("Company Facilities") are all items *upstream* of the custody transfer flange, including but not limited to: Electronic gas measurement, telemetry and instrumentation, Company's overpressure protection, connecting pipe between the Company's pipeline and Laclede Facilities, and an above ground 600 ANSI Flange at the Custody Transfer Point.

c. Company shall have primary Operation over electronic pressure and flow control equipment ("Regulation Equipment") installed at the Interconnect. .

8. Contacts: Company's 24 hour contact shall be Chris Allen, Project Manager, Phone: 1-713-306-9933. Laclede's 24 hour contact shall be System Control, Supervisor on Duty, Phone: 1-314-658-5486. Either Party may change the name or phone number of its contact by giving the other Party not less than ten (10) days prior written notice.

9. General Project Items:

- The Parties estimate a proposed Available for Service date of April 1, 2013 for the Interconnect. The Parties reserve the right, upon mutual agreement, to adjust the schedule based upon inclement weather, winter conditions, third party material and/or contractor delays.
- The Parties agree to provide support in a timely fashion to meet the Parties' scheduling requirements.
- All materials, equipment and facilities shall be designed in accordance *with* applicable specifications in Company's FERC Gas Tariff and, on Laclede's side of the Custody Transfer Flange, in accordance with Laclede's Standards Manual.
- The Parties shall agree to construct the facilities in accordance with all applicable federal, state and local standards.