

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

January 29, 2004

In Reply Refer To:

Docket Nos. RP98-52-048

GP98-4-005

SA98-33-005

GP98-3-002

GP98-13-005

GP98-16-005

Stinson Morrison Hecker LLP  
Attn: John E. McCaffrey, Esq.  
Attorney for Missouri Public Service Commission  
1150 18<sup>th</sup> Street, NW  
Suite 800  
Washington, DC 20036-3816

Re: Letter Order Accepting Uncontested Settlement

Dear Mr. McCaffrey:

1. On September 10, 2003, you filed an offer of settlement (settlement) on behalf of the Missouri Public Service Commission (MoPSC) in the above proceeding. The proceeding involves the proper ad valorem tax refund amount that is due and payable by James L. Osborn (Osborn), a producer/first seller of natural gas, to Southern Star Central Gas Pipelines, Inc. (Southern Star) for passthrough to Southern Star's customers. Initial comments supporting the offer were filed on September 29, 2003, by the Commission's Trial Staff, and on September 30, 2003, by Southern Star. On October 30, 2003, supplemental comments were filed by Southern Star, MoPSC and the Commission's Trial Staff. No reply comments were filed.
2. On November 25, 2003, the presiding judge certified the settlement to the Commission as an uncontested offer of partial settlement.
3. Article I of the settlement requires Osborn to pay \$5,000.00 to Southern Star to resolve all Kansas ad valorem tax refund claims against him in these proceedings.

4. Article II provides for Osborn's release from further liability to Southern Star, or its predecessors in interest, for reimbursement of Kansas ad valorem taxes at issue in these proceedings.
5. Article III defines the effective date of the settlement.
6. Article IV provides that the settlement neither affects nor is to be affected by the outcome of judicial cases and/or legislative efforts relating to working interest owner liability for Kansas ad valorem tax refunds and the rights of working interest owners to recoup the royalty portion of any such refunds from royalty owners.
7. Article V provides that the settlement does not prejudice the right of any party to pursue refunds from entities (other than Osborn) that might be liable for Kansas ad valorem tax refund amounts that Southern Star had originally identified as owed by Osborn.
8. Article VI provides that, except as provided therein, the settlement does not affect the rights or obligations of any part with respect to the collection or dispute of Kansas ad valorem tax refund liability.
9. Article VII provides that, if the settlement does not become effective, it shall be considered privileged and inadmissible in evidence for any purpose, and shall not be made a part of the record in any proceeding.
10. Article VIII provides that approval of the settlement by the Commission operates as a waiver of Commission regulations to the extent necessary to permit implementation of the settlement, and constitutes a finding that the settlement is fair, reasonable, and in the public interest.
11. The Commission finds that the Settlement is fair, reasonable and in the public interest and is hereby approved. The Commission's approval of this settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

12. This letter terminates Docket Nos. RP98-52-048, GP98-4-005, SA98-33-005, GP98-3-002, GP98-13-005, and GP98-16-005.

By direction of the Commission

Linda Mitry,  
Acting Secretary.

cc: All Parties