

AQUILA NETWORKS - MPS  
Southern System Gas Cost Inputs

MPS Line Loss	1.871%
Annual Burnertip Sales	3,827,546

SSTAR Rates

Firm Rates

TSS	
No-Notice Fee	\$0.01825
Reservation - FSS Deliverability	\$0.6631
Reservation - FSS Capacity	\$0.0010
Reservation - FTS-P	\$6.0043
Reservation - FTS-M	\$3.4645
GRI	\$0.0000
FTS	
Production - Reservation	\$6.0043
Production - Balancing	\$0.0000
Market - Reservation	\$3.4645
Market - Balancing	\$0.0000
Market - GRI	\$0.0000

Production	
Commodity - FTS-P	\$0.0065
GRI Funding Unit - Commodity - Others	\$0.0000
FERC Annual Charge Adjustment	\$0.0018
Production Field Zone	\$0.0083
Commodity - FTS-M	\$0.0050
GRI Funding Unit - Commodity - Others	\$0.0000
FERC Annual Charge Adjustment	\$0.0018
Market Zone	\$0.0068
Injection/Withdrawal - FSS	\$0.0077

Interruptible Rates

ITS-P	
Commodity	\$0.2039
ITS-M	
Commodity	\$0.1189
GRI Funding Unit - Commodity - Others	\$0.0000
FERC Annual Charge Adjustment	\$0.0018
SSTAR Production Area Loss	1.86%
SSTAR Market Area Loss	0.71%
SSTAR Storage Loss	3.08%

Seasonal Sales Volume @ Burnertip	
Jan	748,259
Feb	584,368
Mar	459,277
Apr	259,295
May	131,640
Jun	66,003
Jul	60,990
Aug	63,098
Sep	103,445
Oct	247,923
Nov	443,317
Dec	659,931
	<hr/> 3,827,546

Note: From FERC Gas Tariff: Sub 4th Revised Sheet No. 10 Effective 12/01/04, 5th Revised Sheet No. 11 Effective 10/01/05, and 4TH Revised Sheet No. 12 Effective 01/01/06.

Calculated Inputs

	Firm	Storage	Total Firm	Interruptible	Total System
Annual Throughput at Burnertip Per 30 Yr. Normalization	2,988,950	838,596	3,827,546	0	3,827,546
Annual Throughput at Citygate	3,045,941	854,585	3,900,526	0	3,900,525
Annual Throughput at Production Area	3,046,674	881,743	3,928,417	0	3,928,417
Annual Throughput at Wellhead	3,104,416	898,454	4,002,870	0	4,002,870

AQUILA NETWORKS - MPS  
Southern System Annualized Gas Cost Calculation  
To Reflect Current Southern Star & Spot Market Rates

FIRM	Annual Volume	Monthly Capacity Reserved	No. of Mth Reserved	Tariff Rate	Annual Cost
<u>Southern Star Natural Gas</u>					
TSS					
No-Notice Fee		39,618	12	\$0.0183	\$8,676
Reservation - FSS Deliverability		23,928	12	\$0.6631	\$190,395
Reservation - FTS-Production		14,119	12	\$6.0043	\$1,017,288
Reservation - FTS-Market		39,618	12	\$3.4645	\$1,647,059
GRI		0	12	\$0.0000	\$0
FTS					
Production - Reservation		10,651	12	\$6.0043	\$767,415
Production - Balancing		10,651	12	\$0.0000	\$0
Market - Reservation		10,491	12	\$3.4645	\$436,148
Market - Balancing		10,491	12	\$0.0000	\$0
Market - GRI		0	12	\$0.0000	\$0
Option Premiums					\$827,780
Spot Market Purchases	3,900,526			\$8.2933	\$32,348,232
Total Annual Cost					\$37,242,993
Sales Volume at Burnertip	3,827,546				
Cost per MCF at Burnertip					\$9.7303

Highest WACOG	Jan 02 - Oct 03	Jan 03 - Oct 04	Jan 04 - Oct 05	Average WACOG
	\$6.0659	\$5.1959	\$6.5894	\$5.9504
Highest Avg WACOG-(Avg with the highest of 3 averages)				\$6.2699
JANUARY 2006 Gas Commodity Costs				\$8.8818

<b>INTERRUPTIBLE</b>					
<u>Southern Star Natural Gas</u>					
ITS-P				@150%	
Commodity				\$0.3086	\$0.3086
ITS-M				@150%	
Commodity				\$0.1811	\$0.1811
Spot Market Price Per MCF	\$8.2933				\$8.2933
Total Annual Cost					\$8.7829
Sales Volume at Burnertip					
Cost per MCF at Burnertip					\$8.7829