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March 18, 2003

FILED[2]
MAR 18 2003
Missouri Public Service Commission

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

RE: Case No. GR-2001-382 et al.

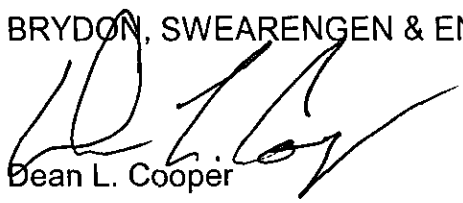
Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding please find an original and eight copies of the Highly Confidential Rebuttal Testimony of Michael T. Langston and one copy of the Non Propritary Rebuttal Testimony of Michael T. Langston filed on behalf of Missouri Gas Energy. Please stamp the enclosed extra copy "filed" and return same to me.

If you have any questions concerning this matter, then please do not hesitate to contact me. Thank you very much for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By: 
Dean L. Cooper

DLC/tli
Enclosures
cc: Thomas R. Schwarz, Jr.
Douglas E. Micheel
James B. Deutsch
Jeffrey A. Keevil

	Exhibit No.: _____
Issues:	KPC Capacity Release
	Purchasing Practices – Hedging
	Purchasing Practices – Storage
Witness:	Michael T. Langston
Sponsoring Party:	Missouri Gas Energy
Case No.:	GR-2001-382

MISSOURI PUBLIC SERVICE COMMISSION

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Missouri Public
Service Commission

MISSOURI GAS ENERGY

CASE NO. GR-2001-382

REBUTTAL TESTIMONY OF

MICHAEL T. LANGSTON

Jefferson City, Missouri
March 18, 2003

NP

REBUTTAL TESTIMONY OF

MICHAEL T. LANGSTON

Table of Contents

Schedules

REBUTTAL TESTIMONY OF

MICHAEL T. LANGSTON

CASE NO. GR-2001-382

MARCH 18, 2003

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Michael T. Langston. My business address is Energy Worx, 221 West 6th Street, Suite 1900, Austin, Texas 78701.

Q. ARE YOU THE SAME MICHAEL T. LANGSTON THAT HAS PREPARED DIRECT TESTIMONY IN THE PROCEEDING?

A. Yes.

Q. PLEASE STATE THE PURPOSE OF YOUR REBUTTAL TESTIMONY.

A. The purpose of my rebuttal testimony is to address certain issues raised in the direct testimony of Missouri Public Service Commission ("Commission") Staff ("Staff") Witnesses Lesa A. Jenkins and David M. Sommerer. Specifically, my rebuttal testimony will address:

- Ms. Jenkins' misuse of, and incorrect reliance on, storage data in her analysis of MGE's storage purchasing practices, and the fundamental flaws associated with her approach;
- the arbitrary nature of Ms. Jenkins' proposed 30% monthly minimum hedging position and its inconsistency with the Commission's prudence standard;
- Mr. Sommerer's claims that MGE already had Commission authority to hedge prior to the winter of 2000/2001; and
- the lack of support for, and significant errors inherent in, Mr. Sommerer's position regarding the release of MGE's capacity on KPC.

PURCHASING PRACTICES - STORAGE

Incorrect Use of Information

Q. PLEASE DESCRIBE THE INFORMATION USED BY MS. JENKINS IN HER DIRECT TESTIMONY TO ASSESS MGE'S STORAGE PURCHASING PRACTICES.

A. In order to evaluate Missouri Gas Energy's ("MGE's") storage purchasing practices for the winter of 2000/2001, Ms. Jenkins states in her direct testimony that she has relied on MGE's responses to Staff Data Request ("DR") Numbers 21, 28, and 68, as well as information from various Reliability Reports.

Q. FIRST, WITH REGARD TO THE DATA RESPONSES, ARE THERE DISTINCT DIFFERENCES IN THE INFORMATION PROVIDED IN THE RESPONSES TO THESE DATA REQUESTS?

A. Yes. While the information provided in these responses generally relates to storage injections and withdrawals, it is important to understand the differences in the information provided in these responses.

First, the response to DR Number 28 primarily addressed the method by which MGE calculates its average storage inventory cost. As such, there were detailed schedules included in the response that showed volumes purchased and average storage cost calculations. In addition, included as part of the response to DR Number 28 was a listing of the storage injection and withdrawal schedules for the 2000/2001 year. In these

schedules, the columns labeled "Original Plan" generally represented the planned injection and withdrawal levels from MGE's storage on the Williams Gas Pipeline Central ("Williams") and Panhandle Eastern Pipe Line ("PEPL") systems. These numbers represented the planned levels of injections and withdrawals entering the injection or withdrawal season, respectively (hereafter referred to as MGE's "baseline" storage plan).

Second, the responses to Staff's DR Numbers 21 and 68 show MGE's storage plans for the same time period, but the data has been updated based on actual results on a month-to-month basis as MGE moved through the year. For example, the data for January would reflect the actual results experienced by MGE for November and December and include any necessary modifications to the baseline levels that would need to be made to January's withdrawals as a result. Therefore, the storage information provided in these two responses effectively represents monthly storage plans that have been updated during the winter heating season based on knowledge of the facts at the time. Attached as Schedules MTL-17, MTL-18, and MTL-19 are copies of MGE's responses to Staff's DR Numbers 21, 28, and 68, respectively.

Q. WOULD YOU PLEASE GENERALLY COMPARE AND CONTRAST THE INFORMATION USED BY MS. JENKINS FROM DR NO. 28 VERSUS THE INFORMATION SHE USED FROM DR NOS. 21 AND 68?

A. Table 1 below generally compares and contrasts the information used by Ms. Jenkins from DR Numbers 28 and the information she used from DR Numbers 21 and 68.

Table 1: Comparison of Storage Information Contained in DR Numbers 21, 28 and 68

	DR No. 28	DR Nos. 21 and 68
Information Source	ACA Filing MGE Baseline Winter Storage Plan	Monthly Supply Planning Documents Dated: • 10/23/00 • 11/28/00 • 12/20/00 • 01/17/01 • 02/16/01
Purpose of the Information	Annual Baseline Storage Planning	Monthly Scheduling and Nominations
Time Information Prepared	Spring to Early Summer Preceding the ACA Year that begins July 1	Week Prior to Beginning of Upcoming Month to Which It Applies: • 10/23/00 for Nov 2000 • 11/28/00 for Dec 2000 • 12/20/00 for Jan 2001 • 01/17/01 for Feb 2001 • 02/16/01 for Mar 2001
Information Available for Preparation of Documents	Prior Years' Supply Requirements and Actions	• Expected Normal Consumption Volumes; • Known History of Current Heating Season; • Forecasted Weather.

Q. HOW HAS MS. JENKINS' USED THE INFORMATION PROVIDED IN THESE DATA RESPONSES IN HER DIRECT TESTIMONY?

A. Ms. Jenkins's utilizes the data response information in an attempt to paint the picture that MGE's gas supply planning is flawed because MGE's planned storage withdrawal pattern does not track the long-run average distribution of heating degree days over the

winter heating season. For example, on page 15, lines 13 through 16 of her direct testimony, Ms. Jenkins claims that:

> ...MGE's planned withdrawals show that the largest planned withdrawal is in November, the heating season month with the fewest number of heating degree days, and the smallest planned withdrawal is in January, the heating season month with the greatest number of heating degree days. (Direct Testimony of Lesa Jenkins, Case No. GR-2001-382, January 15, 2003, page 15, ll. 13-16).

Specifically, Ms. Jenkins implies that MGE "planned" on withdrawing volumes from storage in January 2001 that were lower than any of the remaining months of the winter of 2000/2001, or in other words, "planned" on withdrawing less than 10% of its maximum storage quantity in January 2001.

Q. IS THERE A PROBLEM WITH MS. JENKINS' USE OF THIS DATA RESPONSE INFORMATION IN HER DIRECT TESTIMONY?

A. Yes. There is a significant problem with Ms. Jenkins' use of this storage information in her direct testimony because she utilizes the information incorrectly, i.e., she utilizes the information for a purpose that it was not intended and that is not relevant to her proposal. As explained earlier, the responses to DR Numbers 21 and 68 are reflective of monthly storage plans that have been updated to account for actual information known during the winter heating season. In other words, they are not representative of MGE's baseline storage plan entering the winter heating season. As noted above, the information provided for January 2001 is reflective of the storage activity that had already occurred in November and December 2000. In addition, the documents provided at the end of DR Number 68 are actually from Williams pipeline regarding William's estimates of MGE's storage withdrawals for the winter of 2000/2001. These documents were not prepared by

MGE and were only provided to Staff in the response to DR Number 68 to show the actual withdrawals from the Williams storage for the winter of 2000/2001. Thus, the storage volumes presented in the responses to DR Numbers 21 and 68 have been adjusted from MGE's baseline storage plan developed prior to the winter heating season and will obviously look different every year due to differences in actual weather patterns.

The only "planned" storage withdrawal volumes going into the winter of 2000/2001 that were prepared for storage dispatch planning purposes, and thus are relevant to Ms. Jenkins' approach, are the volumes presented in the response to DR Number 28. This baseline storage plan has generally remained the same since the winter of 1998/1999, and is presented in Table 2 below:

Table 2: MGE Baseline Storage Plan for Winter of 2000/2001 (as presented on DR Number 28 and on Schedule MTL-18)

November	4,150,166 MMBtu
December	3,454,240 MMBtu
January	3,464,251 MMBtu
February	3,162,867 MMBtu
March	2,247,507 MMBtu

As shown in the response to DR Number 28 and in the table above, the projected storage withdrawal volume for January 2001 was the second highest winter storage withdrawal volume of the winter heating season behind only the withdrawals projected for November 2000. Therefore, it is inappropriate of Ms. Jenkins to utilize the information in the responses to DR Numbers 21 and 68 in the context of baseline storage planning since the storage figures in those responses were not prepared in the context of storage planning prior to the winter heating season and are not representative of MGE's storage planning.

Q. WAS THE INFORMATION MGE PROVIDED IN THE RESPONSES TO DR NUMBERS 21 AND 68 EVEN AVAILABLE PRIOR TO THE WINTER OF 2000/2001?

A. No. As I discussed above, the storage information in those responses was updated based on information known during the winter of 2000/2001 based on the circumstances that existed at the time. Thus, the information in those responses was clearly not available when MGE developed its baseline storage plan prior to the winter of 2000/2001, which was generally the same plan that it had used since the winter of 1998/1999. Therefore, the use of this information by Staff to criticize MGE's baseline storage planning is misplaced, hindsight review that is inconsistent with the Commission's prudence standard, and simply without merit. In fact, the entire discussion in Ms. Jenkins' direct testimony from page 17, line 1 through page 18, line 16 is entirely without foundation, as the premise of her arguments is based on data that are not reflective of the purpose for which she is using the data.

Q. WAS MGE'S BASELINE STORAGE PLAN FOR THE WINTER OF 2000/2001 CONSISTENT WITH MGE'S PLAN FOR THE PREVIOUS WINTERS?

A. Yes. As stated in my direct testimony and as shown in Table 3 below, MGE's storage utilization plan for the winter of 2000/2001 was consistent with the baseline storage utilization plans since the winter of 1998/1999. MGE's baseline storage plan for the winter of 1999/2000 was provided to Staff in the response to DR Number 27 in Case No. GR-2000-425, a copy of which is provided as Schedule MTL-20. The baseline storage

plan for the winter of 1998/1999 was, to my knowledge, never provided to Staff since it has not been asked for by Staff in any proceeding. However, the baseline withdrawal levels for November 1998 were reflected in copies of the Sendout® computer model outputs provided to Staff shortly after November 1, 1998.

Table 3: MGE Storage Plan for the Winter of 1999/2000 (as shown in Schedule MTL-20)

	Winter 1999/2000
November	4,129,600 MMBtu
December	3,422,720 MMBtu
January	3,431,360 MMBtu
February	3,178,067 MMBtu
March	2,135,523 MMBtu

As can be seen clearly in Table 3 above, MGE's storage plan was generally the same for the winter prior to the winter of 2000/2001 at issue in this proceeding, and was generally the same as for the winter of 1998/1999 as well. Although Staff has conducted yearly ACA audits, Staff has never previously indicated to MGE that its baseline storage plan in use since 1998/1999 was unreasonable.

Q. IS MS. JENKINS' POSITION IN THIS PROCEEDING CONSISTENT WITH STAFF'S PRIOR POSITIONS REGARDING THE APPROPRIATE LEVEL OF MGE'S STORAGE INVENTORY?

A. No. Attached as Schedule MTL-21 is a copy of the direct testimony and supporting schedules filed by Mr. James A. Busch, then a member of Staff, in Case No. GR-98-140 on March 10, 1998. In Mr. Busch's direct testimony in that rate case, he dealt with calculations involving an appropriate "normalized" level of storage injections and

withdrawals in order to calculate an appropriate inventory price level for working capital purposes. In Schedule 1 and Schedule 2 attached to Mr. Busch's testimony, are projections of storage inventory on the Williams and PEPL systems. Specifically, for November, Mr. Busch proposed a "normal" storage withdrawal level of approximately 3.3 Bcf. This level is significantly higher than the "normal" storage withdrawal calculated by Ms. Jenkins, shown on Table 3-1 of Schedule 13-2 of her direct testimony that shows a "normal" storage withdrawal level for November of approximately 2.5 Bcf. Therefore, Staff previously proposed a level of storage withdrawals that was approximately 32% greater than the "normal" storage withdrawal level calculated and being utilized by Staff in this proceeding. This reinforces my point that Ms. Jenkins has misused the data in this proceeding based on hindsight and does not reflect the baseline storage plan utilized by MGE.

Q. IN CASE NO. GR-98-140, DID MR. BUSCH USE A HEATING DEGREE DAY DISTRIBUTION FOR HIS CALCULATION OF "NORMAL" STORAGE WITHDRAWAL LEVELS?

A. No.

Q. IN YOUR OPINION, WHY DO YOU THINK THAT THERE IS A DIFFERENCE BETWEEN STAFF'S POSITION IN THAT PROCEEDING AND STAFF'S POSITION IN THIS PROCEEDING?

A. In my opinion, it appears to simply be an attempt by Staff at using data that best fits their position at the time, regardless of whether the data is relevant to the way Staff is using it, which is clearly the case of Ms. Jenkins' direct testimony in this proceeding.

Flaws With Staff's First-of-Month Supply Proposal

Q. DO THE PROBLEMS WITH MS. JENKINS' MISUSE OF THE INFORMATION IMPACT HER ANALYSIS OF MGE'S PLAN FOR ORDERING FIRST-OF-MONTH FLOWING SUPPLIES AND HER PROPOSED PLAN FOR STORAGE WITHDRAWALS?

A. Yes. Ms. Jenkins' allegations regarding MGE's plan for first-of-month flowing supplies and storage utilization are both severely flawed.

Q. WHAT IS MS. JENKINS POSITION WITH REGARD TO MGE'S PLAN FOR ORDERING FIRST-OF-MONTH SUPPLIES?

A. Ms. Jenkins claims on pages 19-24 in her direct testimony that MGE should, at a minimum, have sufficient planned first-of-month flowing supplies to cover warm weather requirements for November through January. Specifically, with regard to November 2000, Ms. Jenkins states:

> Staff's review of the Company decisions shows that for the month of November 2000, the Company did not plan on and nominate enough term gas [first-of-month flowing supplies] to cover even warm month requirements (natural gas requirements for warmest November weather). If the Company had planned on term gas to cover warmest month requirements, then less storage withdrawals would have been necessary in November 2000, leaving the storage gas for the normally colder months to come. (Direct Testimony of Lesa Jenkins, Case No. GR-2001-382, January 15, 2003, page 21, line 22 through page 22, line 5).

Ms. Jenkins continues with a similar analysis for December and January as well, consistently alleging that MGE should have ordered first-of-month flowing supplies to cover warm month requirements.

Q. IS STAFF'S APPROACH OF ORDERING FIRST-OF-MONTH FLOWING SUPPLIES BASED ON WARMEST MONTH REQUIREMENTS A REASONABLE APPROACH FOR MGE?

A. Absolutely not. In addition to using data incorrectly and for a purpose that it was not intended, Ms. Jenkins also erroneously claims that ordering first-of-month flowing supplies for MGE based on warmest month requirements is prudent. Planning for first-of-month flowing supplies in the manner Ms. Jenkins proposes would present operational problems I discussed in my direct testimony, and be potentially financially harmful due to the intra-month demand variability that is experienced on MGE's system.

Ms. Jenkins is supporting a position for planning and scheduling first-of-month flowing supplies that is too simplistic and disregards the daily demand variability that is experienced within a month. In other words, Ms. Jenkins' position incorrectly assumes that first-of-month flowing supplies should be scheduled based on average monthly demand when, in fact, it is more appropriate and prudent to plan and schedule first-of-month flowing supplies based on baseload monthly demand. As stated in my direct testimony, by baseload, I mean that MGE and other LDCs plan their level of first-of-month flowing supplies on a minimum level of daily demand that is projected to occur on any day during the month, or in other words, a baseload level of flowing supplies that

customers will consume each and every day for the month. For example, as shown on Ms. Jenkins' Schedule 3-2, she supports a warm month usage for November of 5,591,673 MMBtu, which translates into a daily scheduled flowing supply volume of 186,389 MMBtu/day (i.e., 5,591,673 divided by 30 days in November). Therefore, Staff is claiming that MGE should order, at a minimum, first-of-month flowing supplies of 186,389 MMBtu/day for the month of November, even though there are normally a significant number of days in November for which demand is substantially lower than 186,389 MMBtu. Schedule MTL-15 in my direct testimony illustrated this exact point and even used a flowing supply volume for Staff that was lower than what Ms. Jenkins has supported in her direct testimony (i.e., 181,265 MMBtu/day versus 186,389 MMBtu/day). Therefore, the problems with Staff's proposal presented in Schedule MTL-15 would only be magnified even further if Ms. Jenkins' numbers were utilized.

Q. DOES MS. JENKINS ADMIT THAT HER ANALYSIS DOES NOT ACCOUNT FOR DAILY WEATHER VARIABILITY?

A. Yes. When asked in a recent data request in this proceeding, Ms. Jenkins admitted that her storage analysis in this proceeding did not account for any daily weather variability:

> DR #34: Please indicate, yes or no, whether any of the analysis included within or referred to by Ms. Jenkins' direct testimony and supporting schedules accounts for daily weather variation as opposed to average monthly weather variation.
>
> Response: No. The information provided to Staff by the Company is based on monthly planning. See the Company Reliability Reports and the Company responses to DR Nos 21, 28, and 68. The daily numbers are shown in part of the Company DR responses, but the daily average reported by the Company are simply the monthly total divided by the number of days in the month. From information provided by the Company, it is

> Staff's understanding that storage injections and withdrawals are used to absorb daily variations and the Company may also utilize swing or spot flowing gas for daily variations. (Response of Lisa Jenkins to Data Request Number 34, Case No. GR-2001-382, February 24, 2003.)

Attached as Schedule MTL-22 is a copy of this data request and response.

Q. ARE THERE OTHER FACTORS THAT MS. JENKINS HAS NOT TAKEN INTO ACCOUNT?

A. Yes. I have shown on Schedule MTL-16 attached to my direct testimony that, as a result of the warm weather experienced in October 2000, MGE entered into a short-term interruptible storage contract with Williams to accommodate additional storage volumes injected in excess of its contracted Maximum Storage Capacity. As such, MGE did not have the operational flexibility to inject any "daily swing" quantities into storage in early November. Therefore, it was even more important to plan flowing gas volumes for November 2000 based on minimum baseload consumption expectations instead of average monthly numbers as utilized by Ms. Jenkins.

Q. PLEASE EXPLAIN THE PROBLEMS WITH STAFF'S APPROACH TO ORDERING FIRST-OF-MONTH FLOWING SUPPLIES BASED ON AVERAGE MONTHLY DEMAND INSTEAD OF BASELOAD MONTHLY DEMAND.

A. As explained in my direct testimony, Staff's proposed approach to ordering first-of-month flowing supplies could be both costly and potentially harmful to MGE's customers by negatively impacting reliability. Staff's proposal, when reviewed over the long-term, could result in MGE ordering supplies for the upcoming month that are well in excess of

demand on most days. Therefore, MGE could be forced to sell a significant amount of its excess first-of-month flowing supplies in the market at precisely the time when demand would be at its lowest, supplies of gas would be relatively easy to obtain, and thus, the price in the market would be at its lowest. This is particularly true in November since storage injection capabilities are low. MGE would effectively be dumping gas into the market at prices likely well below the price for which it had purchased the gas at the first-of-month index. In addition, if MGE was unable to sell all or a portion of the excess first-of-month flowing supplies and operationally could not temporarily "store" the gas on the pipeline (subject to imbalance penalties), MGE would potentially be forced to abrogate its supply contract and thus risk the reliability of its existing and future supplies.

Flaws With Staff's Storage Withdrawal Proposal

Q. WHAT HAS MS. JENKINS PROPOSED REGARDING THE PLAN THAT MGE SHOULD HAVE UTILIZED FOR STORAGE WITHDRAWALS FOR THE WINTER OF 2000/2001?

A. In her direct testimony, Ms. Jenkins says that MGE should have utilized what she calls an "expected" storage utilization plan. In other words, Staff's proposed "expected" storage utilization plan is what Staff claims that MGE should have utilized for the winter of 2000/2001 based on the normal monthly distribution of heating degrees days throughout the winter heating season. As stated in Ms. Jenkins' direct testimony:

> Staff would also expect that the planned storage withdrawals for normal weather would be distributed based on the normal distribution of heating degree days in the heating season months – thus more storage would be utilized in the coldest heating season month of January and the least storage would be utilized in the warmest heating season month of November. (Direct Testimony of Lesa Jenkins, Case No. GR-2001-382, January 15, 2003, page 20, ll. 5-9).

Staff's "expected" storage utilization approach is shown on Schedule 13-2 of Ms. Jenkins' direct testimony in Table 3-1. As I have indicated previously, this is a flawed and simplistic approach.

Q. WHAT IS THE PROBLEM WITH STAFF ASSUMING THAT STORAGE SHOULD BE WITHDRAWN APPROXIMATELY ACCORDING TO HOW THE HEATING DEGREE DAYS ARE DISTRIBUTED BY MONTH THROUGHOUT THE WINTER HEATING SEASON?

A. Ms. Jenkins' proposal suffers from two significant flaws: (i) it does not account for any intra-month weather variability; and (ii) actual demand does not necessarily follow the average heating degree day distribution as Ms. Jenkins has proposed.

Q. PLEASE EXPLAIN THE FIRST FLAW WITH MS. JENKINS' ANALYSIS.

A. The first flaw with Ms. Jenkins' proposed storage utilization plan is that, again, it does not account for any weather variability during each of the months of the winter heating season, or the daily variability in heating demand within the month. It is important to remember that MGE's use of storage is driven by many factors, first and foremost of which are the operational considerations of maintaining system reliability and flexibility. Therefore, as explained in my direct testimony, since November is the most variable month in terms of heating demand, and storage is the supply resource most capable of supporting this variability, MGE plans on utilizing the greatest level of storage during November.

Q. BEFORE YOU DISCUSS THE SECOND FLAW, IS IT APPROPRIATE FOR MGE'S PLANNED STORAGE WITHDRAWALS TO BE HIGHER IN NOVEMBER THAN IN JANUARY, EVEN THOUGH THERE ARE A GREATER NUMBER OF HEATING DEGREE DAYS IN JANUARY?

A. Yes. As discussed in my direct testimony, the storage withdrawal volumes for November 2000 are intentionally higher than December 2000 and January 2001 for a very important reason, i.e., MGE experiences significant weather variability in November in its service territory and storage provides the needed flexibility to appropriately manage this variability. In addition, it must be remembered that the flexibility of storage is reduced in November since the injection capabilities are significantly low. Accordingly, the normal operational use for storage in November is for withdrawals since substantial volumes cannot be injected with storage already relatively full. Therefore, MGE utilizes its storage to manage this variability to avoid over-nominating flowing gas, and thereby (i) protects customers from potentially higher costs that could result from having to sell excess flowing gas in the market at depressed prices; (ii) mitigates the potential of being required to pay substantial pipeline imbalance charges; and/or (iii) avoids potentially harming the reliability of the pipeline and future supplies.

Q. WHAT IS THE SECOND FLAW WITH MS. JENKINS' STORAGE WITHDRAWAL PLAN?

A. As noted above in the quote from Ms. Jenkins' direct testimony, she claims that Staff would have expected of MGE that "more storage would be utilized in the coldest heating season month of January." While Ms. Jenkins is correct in stating that January is the

month with the greatest number of heating degree days on average on MGE's system, the flaw with her argument is that January does not always have the most demand of the five winter months. In contrast to Ms. Jenkins' "expectations" of how MGE should be withdrawing its storage based on heating degree days, the actual demand on MGE's system for December 2000 was not only higher, but actually significantly higher than the demand in January 2001. Specifically, the actual demand for December 2000 was 16,074,076 MMBtu as compared to the demand for January 2001 of 12,718,983 MMBtu. In other words, demand for December 2000 was 26% higher than demand in January 2001, or the month in which Ms. Jenkins claims that MGE should have planned for and utilized the most storage. Ms. Jenkins is effectively arguing that a person should dress for a particular day according to the 30-year average temperature, rather than the daily forecast for that day. Her argument simply does not make sense. MGE, on the other hand, utilized its storage and scheduled either first-of-month or intra-month flowing supplies throughout the winter of 2000/2001 so that its customers would continue to be provided with reliable service regardless of weather-induced variations in demand. Because demand in November and December was so strong, MGE purchased additional flowing supplies in January to ensure reliability, and throughout the winter of 2000/2001, MGE's customers were provided reliable natural gas service, as they have been in other winters as well.

Q. BASED ON THE FLAWS WITH MS. JENKINS' ALLEGATIONS REGARDING HOW MGE'S STORAGE UTILIZATION SHOULD HAVE BEEN CONDUCTED

FOR THE WINTER OF 2000/2001, DOES HER PROPOSAL HAVE ANY MERIT?

A. No. Staff's allegation that MGE improperly utilized its storage because too much storage was withdrawn in November and December is completely without merit and is simply baseless. As discussed at length in my direct testimony and in this rebuttal testimony, MGE utilized and continues to utilize its storage portfolio to address both daily fluctuations in demand, and to meet high overall levels of customer requirements as experienced in November and December 2000. Therefore, MGE utilized its storage in the winter of 2000/2001 specifically for the purpose that it was intended. As Staff and the Commission are aware, MGE's supply portfolio was sufficient to meet both the peak day demand and the total winter season demand for the winter of 2000/2001.

Q. IS STAFF'S "EXPECTED" STORAGE PLAN, WHICH IS BASED ON A MONTHLY DISTRIBUTION OF HEATING DEGREE DAYS THROUGHOUT THE WINTER HEATING SEASON, REASONABLE FROM A COST PERSPECTIVE?

A. No. Not only is Staff's "expected" storage plan inappropriate from an operational perspective (as explained above and shown in Schedule MTL-15 attached to my direct testimony) since it does not account for intra-month demand variability, it is also inappropriate from a cost perspective. Essentially, Staff's proposed storage utilization plan would generally be more costly for MGE's customers than MGE's storage utilization plan. Schedule MTL-23 contrasts the costs between Staff's "expected" storage plan and MGE's baseline storage plan that was developed prior to the winter of

2000/2001. Schedule MTL-23 shows what the total winter gas supply cost would have been if each of those same plans had actually been utilized in the five most recent winters for which data is available. This schedule provides another way to test the reasonableness of Staff's proposal based on historical data.

Q. PLEASE EXPLAIN HOW THE COMPARISON IN SCHEDULE MTL-23 WAS PREPARED.

A. First, MGE's monthly storage withdrawal plan (as shown in column (f) on Schedule MTL-23) is based on the storage withdrawal volumes presented in response to DR Number 28 and referenced in Ms. Jenkins' direct testimony. Staff's "expected" monthly storage withdrawal plan (as shown in column (c) of Schedule MTL-23) is based on the same total winter storage withdrawal level, i.e., 16,479,031 MMBtu, with the total volume distributed by month according to the percentage of heating degree days in each month consistent with Staff's approach outlined in Ms. Jenkins' direct testimony and supporting schedules. Second, the level of flowing supplies under each plan is then calculated as the difference between the actual monthly demand that occurred in each month and the level of projected storage withdrawals for each month. Lastly, the cost of the storage withdrawals and flowing supplies in each month under each plan are based on MGE's actual storage monthly weighted average cost of storage gas ("storage WACOG") and the weighted average first-of-month index price as published by Inside FERC for Williams and PEPL, respectively.

Q. IF EACH OF THE PLANS HAD BEEN UTILIZED OVER THE PAST FIVE YEARS, HOW DOES STAFF'S PROPOSED "EXPECTED" STORAGE UTILIZATION PLAN COMPARE TO MGE'S STORAGE UTILIZATION PLAN?

A. As shown in column (q) of Schedule MTL-23, Staff's "expected" storage utilization plan, which is based on withdrawing gas from storage consistent with how the monthly heating degree days are distributed by month, would have produced a net cost to MGE's customers in four of the past five years. In other words, MGE's storage plan would have been less costly to its customers than Staff's proposed plan in every year except the unprecedented and abnormal winter of 2000/2001, which included the coldest November and December on record and the highest natural gas prices up to that time.

Q. WHY WOULD STAFF'S "EXPECTED" PLAN GENERALLY BE MORE COSTLY TO MGE'S CUSTOMERS?

A. Staff's "expected" storage utilization plan generally assumes that storage withdrawals should be greatest in January, since January historically has the greatest number of heating degree days, and thus, the greatest level of demand. This is shown in column (b) of Schedule MTL-23. However, the flaw with Staff's proposed approach is that it also assumes that natural gas prices are also directly tied to heating demand and thus highest in January, and this is simply not the case. As shown in column (j) on Schedule MTL-23, first-of-month natural gas index prices for November were higher than the prices for January in four of the five most recent years. In fact, November index prices have been substantially higher than January index prices in the recent past, with November prices

being higher by $0.50/MMBtu or more in three out of the five years, and even being $1.00/MMBtu more in the winter of 1997/1998.

Q. WILL MGE'S ACTUAL STORAGE WITHDRAWALS FOR A SPECIFIC WINTER HEATING SEASON EVER BE THE SAME AS ITS PLANNED STORAGE WITHDRAWALS PRIOR TO THAT WINTER HEATING SEASON?

A. No. One simply cannot ignore the fact that weather changes from year-to-year, month-to-month, and day-to-day, and therefore, actual storage utilization will never match the storage utilization plan. For example, in most years recently, MGE's actual storage utilization in November was less than the planned volumes due to warmer-than-normal weather being experienced in November. However, MGE did not need to change its baseline storage plan, because it was sufficient to deal with both warmer-than-normal and colder-than-normal winters. As demonstrated above, MGE's storage utilization plan for the winter of 2000/2001 is reasonable and sound when compared to recent actual demand data, and provides a significant benefit to its customers, as it provides the necessary flexibility to accommodate changes in weather, changes in demand, and changes in market prices throughout the winter. In contrast, the storage utilization proposal that Staff believes MGE should have utilized for the winter of 2000/2001, which is based on a heating degree day distribution, only addresses average weather, and does not accommodate changes in demand or price.

Q. AS A GENERAL RULE, WOULD STAFF'S STORAGE "EXPECTED" WITHDRAWAL PLAN BE BENEFICIAL TO MGE'S CUSTOMERS?

A. No. As I have demonstrated in my direct testimony and on Schedule MTL-15 in this proceeding, Staff's "expected" storage plan on which it bases its proposed disallowance is fatally flawed and entirely unworkable from an operational perspective. As described in my direct testimony, since Staff's storage utilization plan is based on average monthly demand rather than baseload monthly demand, Staff's storage utilization plan would result in additional costs, rather than lower costs, to MGE's customers, in most years. In addition, as shown on Schedule MTL-23, Staff's "expected" storage utilization plan also suffers from economic failures as well. Staff's proposed storage plan inaccurately assumes that weather, demand and natural gas prices are all directly correlated and follow one another throughout the winter heating season, which simply is not the case. Staff's "expected" storage utilization plan does not account for changes in market prices throughout the winter, and thus, as shown on Schedule MTL-23, would have resulted in higher costs to MGE's customers if it had been applied in four out of the past five years as compared to the plan that MGE developed and has utilized since the winter of 1998/1999.

MGE's December 2000 Flowing Supplies

Q. WOULD YOU ALSO LIKE TO ADDRESS MS. JENKINS TESTIMONY REGARDING MGE'S DECEMBER FLOWING SUPPLIES?

A. Yes. On pages 18 and 19 of her direct testimony, Ms. Jenkins discusses MGE's plans for December of 2000, specifically stating that MGE went into the month with a reduced level of flowing supplies, thus making it necessary to rely more heavily on storage withdrawals. As discussed in my direct testimony and the direct testimony of MGE

Witness Reed, natural gas prices at that time were at record high levels and there were indications that the weather for the first half of December in the central portion of the United States was going to be warmer than normal. Therefore, based on the circumstances that existed at the time, MGE believed that natural gas prices during December 2000 would be lower than the first-of-month prices and ordered less flowing supplies. MGE ordered less flowing supplies for December 2000, not because it was speculating or as a result of mismanagement, but rather because MGE was reasonably managing its system based on the circumstances and facts known at the time, which indicated that gas prices would recede from their unprecedented high levels and customers' natural gas costs could be mitigated. As stated previously, in contrast to the indications at the time, natural gas prices did not ultimately go down as anticipated, but this could only be known with the benefit of perfect hindsight. Also, it should be pointed out to the Commission that Ms. Jenkins does not discuss the fact that, when MGE realized that natural gas prices were not going to recede as anticipated, MGE did not simply wait around and draw additional volumes from storage, but rather immediately purchased more flowing gas.

In addition, Ms. Jenkins implies in her direct testimony that MGE did not supply any evidence for the basis of its decision to order a reduced level of first-of-month flowing supplies for December 2000. MGE originally believed that the information on which it relied to make its decision could not be released due to the copyrighted nature of this information. Subsequently, MGE determined that such information could be provided to Staff in a data request response as highly confidential, and MGE has supplied the

evidence that MGE utilized that indicated it was reasonable to assume that gas prices would recede in the first part of December 2000. The specific information that indicated that the central United States would experience above normal temperatures for the beginning part of December and that the entire country was expected to be average for the first half of December is attached as Schedule MTL-24, which is a part of the information that was previously provided to Staff.

Q. IS THERE ANOTHER ISSUE REGARDING MGE'S DECEMBER 2000 FLOWING SUPPLY PURCHASES THAT REQUIRES CLARIFICATION?

A. Yes. On page 21, lines 8-11, Ms. Jenkins discusses information known by MGE on various dates. As a point of clarification, MGE arranged with its primary supplier (i.e., Duke Energy) to nominate gas on November 27, 2000, not November 22, 2000, as Staff asserts. While seemingly only a matter of a few days, this difference is significant in this instance because of what was happening in the natural gas markets in late-November 2000. As discussed in my direct testimony, the evidence regarding potential price direction for December 2000 was different on November 27th than it was on November 22nd.

Other Issues

Q. ARE THERE ANY ISSUES THAT YOU WOULD LIKE TO ADDRESS FROM THE DIRECT TESTIMONY OF STAFF WITNESS JOHN H. HERBERT REGARDING STORAGE PURCHASING PRACTICES?

A. Not at this time. Mr. Herbert's testimony is quite general in nature and not directly based on MGE specifically. In addition, the conclusions that he draws in the portions of his direct testimony that are specific to MGE are based on his own perceptions rather than supported by facts directly pertinent to the prudence of MGE's actions in this proceeding. However, I would like to point out that I have not been able to fully evaluate Mr. Herbert's testimony since he has failed to provide us with copies of certain published articles that he has authored in the past. We have made an additional request to obtain this material. Upon receipt and review of these articles, I reserve the right to file supplemental rebuttal testimony should it be necessary.

PURCHASING PRACTICES - HEDGING

Inconsistency of Staff's Approach with Commission Prudence Standard

Q. WHAT HAS STAFF CLAIMED REGARDING MGE'S HEDGING PRACTICES FOR THE WINTER OF 2000/2001?

A. As discussed in Ms. Jenkins' direct testimony, Staff has claimed that MGE should have hedged, at a minimum, 30% of its normal requirements for each month throughout the winter heating season.

Q. IS STAFF'S PROPOSAL REGARDING MINIMUM HEDGING VOLUMES REASONABLE OR CONSISTENT WITH THE COMMISSION'S PRIOR PRACTICE?

A. No. Staff's proposed hedging "standard" and resulting disallowance is unreasonable and unsupported by prior Commission prudence precedent for two primary reasons. First, as

discussed in detail in my direct testimony and in the testimony of MGE Witness Reed, Staff developed the benchmark by which it is measuring MGE's prudence (i.e., its 30% hedging "standard") after-the-fact. Staff has admitted in deposition that neither MGE nor any other LDC in Missouri was informed in advance by Staff that a monthly minimum hedging level of 30% was the standard by which Staff was going to measure hedging prudence going forward.

Second, it is also unreasonable to apply this hindsight hedging "standard" to each of the *five months during the heating season rather than applying the standard to* MGE's volumes hedged for the entire heating season as a whole. Storage is a physical hedging mechanism, meaning that natural gas can be injected during the summer months when natural gas prices are typically lower and then withdrawn in the winter to serve relatively higher customer demand when natural gas prices are typically higher. However, as Staff is clearly aware, there are numerous factors that impact how storage is utilized during the winter heating season, including weather variation, demand changes, operational issues and natural gas pricing shifts. Therefore, after evaluating the costs and benefits of storage, MGE (and other LDCs) establish an appropriate amount of storage necessary to ensure system reliability, cost minimization and price stability, but neither MGE nor any other LDC can guarantee how storage will be utilized on a month-to-month basis. Staff is clearly aware of this fact based on its support for the Laclede Gas Company settlement ("Laclede Settlement") filed in September 2000.[1] As stated in my direct testimony, the

[1] Laclede Gas Company, Unanimous Stipulation and Agreement, Missouri Public Service Commission, Case No. GO-2000-394, p. 2.; Missouri Public Service Commission, Order Granting Motion to Stay Setting of Procedural Schedule and Approving Unanimous Stipulation and Agreement, Case No. GO-2000-394, September 28, 2000.

Laclede Settlement specifically stated that "financial protection may, at the Company's election, be procured in the same or varying quantities for each month, including zero for certain months."[2] It is arbitrary, unreasonable and unfair for Staff to attempt to apply this hindsight developed hedging "standard" on a month-by-month basis in this proceeding when it specifically supported month-by-month variability in Laclede's hedging requirements for the winter of 2000/2001 that was below its "standard".

Q. DID STAFF EVER COMMUNICATE TO MGE PRIOR TO THE WINTER OF 2000/2001 THAT STAFF WOULD BE EVALUATING MGE'S HEDGING PRACTICES BASED ON A 30% MONTHLY MINIMUM HEDGE "STANDARD"?

A. No. As demonstrated in my direct testimony and the direct testimony of MGE Witness Reed, Staff admitted that it never communicated its proposed hedging "standard" prior to the winter of 2000/2001. Since the filing of the direct testimony, Staff has also admitted in data responses that it did not communicate, prior to the winter of 2000/2001, the manner in which it was going to assess the prudence of MGE's hedging activities. Specifically, in the response to DR Numbers 26 and 27, Ms. Jenkins responded as follows:

> DR #26: Did Staff ever publicly propose to or communicate with LDCs in Missouri generally, or MGE specifically, prior to the winter of 2000/2001 that Staff deemed a 30% minimum monthly hedging requirement to be appropriate?
>
> Response: Not specifically 30%.

[2] Ibid.

DR #27: Has the Commission ever required that LDCs in Missouri meet a minimum monthly hedging requirement? If so, please provide a cite to the Commission order(s).

Response: Not a specific minimum monthly hedge volume.

These data requests and Staff's responses are attached as Schedule MTL-25.

In addition, Staff Witness Herbert also admitted in the response to DR Number 19 that the 30% figure was developed in a conference call in the spring of 2002. His response also demonstrates the arbitrary nature of the 30% figure, and unbelievably, that it was developed, at least in part, on the amount of damages that it would calculate rather than assessing whether MGE's hedging practices for the winter of 2000/2001 were prudent. In the response to DR Number 19, which is attached as Schedule MTL-26, Mr. Herbert stated:

> There was a conference call in spring of 2002. Since it was clear that natural gas price volatility is great, the need for hedging by utilities was never an issue. I first promoted requirements during warm weather conditions such as 70% of normal requirements. We then discussed the possibility of a lower percentage because some utilities in Missouri were not that familiar with hedging and that they might legitimately want to proceed conservatively for this reason. **The 30% number seemed overly conservative** to me because most companies had some flexibility in their operations. Moreover, on most days during the heating season, the amount of customer requirements would greatly exceed 30% of normal requirements.
>
> ...As we proceed through the heating season the 30% of normal heating degree days and normal requirements **will most likely** provide us with heating degree day or requirement amounts that are much lower than the average low heating degree days or requirements on a day. **My thoughts at the time** were that the 30% number would apply better over all companies and all months. Thus, **30% seemed more reasonable** than a number nearer the 70% number because we wanted to use something that could be readily applied and accepted for all companies and all months. Nonetheless, I thought it would be much too low for some months such as

December and January and thus excessive and unnecessary customer requirements would be exposed to price risk **and computed damages would also be much too low**. (emphasis added) (Response of John Herbert to Data Request Number 19, Case No. GR-2001-382, February 24, 2003.)

Clearly, Mr. Herbert's explanation of Staff's development of the benchmark on which it is basing the prudence of MGE's hedging actions for the winter of 2000/2001 highlights the fact that it was completely arbitrary, was done after-the-fact, and is blatantly representative of attempted hindsight review. Mr. Herbert admits that the calculation of damages, rather than LDC actions, was a factor in the selection of the percentage of hedging that was being developed by Staff. As discussed in the direct testimony of MGE Witness Reed, this clearly violates the Commission's prudence standard, which specifically states that a company's actions, not the results of those actions, are to be evaluated for prudence. This is definitely not what Staff has done in this proceeding.

Q. EVEN IF, FOR THE SAKE OF ARGUMENT, WE ASSUMED THAT STAFF'S 30% HEDGING "STANDARD" IS REASONABLE, DID MGE HEDGE OVER 30% OF ITS NORMAL REQUIREMENTS FOR THE WINTER OF 2000/2001?

A. Yes. Staff has claimed that MGE should have hedged in total 30% of normal winter heating season requirements, or 15,984,365 MMBtu, for the winter heating season. As discussed in my direct testimony, MGE had a maximum storage quantity of 17,767,629 MMBtu and actually withdrew 16,856,032 MMBtu for the winter of 2000/2001. Clearly, both of these figures, i.e., the storage MSQ and the actual storage withdrawals for the winter of 2000/2001, were greater than the arbitrary, hindsight hedging "standard" that

Staff developed for this proceeding.[3] Therefore, even if for the sake of argument the 30% hedging "standard" were reasonable, MGE's storage portfolio was sufficient to meet the standard on a heating season basis.

Lack of Commission-Approved Hedging Authority and Cost Recovery

Q. WHAT IS THE ISSUE THAT YOU WOULD LIKE TO ADDRESS IN THE DIRECT TESTIMONY OF STAFF WITNESS SOMMERER REGARDING HEDGING?

A. In his direct testimony, Staff Witness Sommerer attempts to portray MGE as being imprudent with regard to hedging and relying too heavily on index-based pricing. Specifically, Mr. Sommerer claims in his direct testimony that Staff "warned" MGE of the risks of relying too heavily on index-based pricing and claims that MGE already had the authority to hedge natural gas costs without prior Commission authorization. First, on page 11 of his direct testimony, Mr. Sommerer states that:

> On September 24, 1999, a Staff recommendation [in Case No. GO-2000-231] criticized MGE for its late filing to extend its price stabilization program and reaffirmed that MGE already had authority to hedge gas costs without prior Commission authorization (Schedule 8). (emphasis added) (Direct Testimony of David Sommerer, Case No. GR-2001-382, January 15, 2003, page 11, ll. 2-4).

Second, also on page 11, Mr. Sommerer states that:

> In late September 2000, MGE requested various modifications to its price stabilization program [in Case No. GO-2001-215] (Schedule 9). The Staff opposed this request, advising the Commission that MGE already had existing authority to hedge its gas costs. The Staff recommended that

[3] In addition, it should be noted that MGE also purchased fixed price supplies in addition to its storage volumes that also provided additional price hedging for the winter of 2000/2001 that have not been included in the figures addressed above. Therefore, if included, an even greater percentage of MGE's winter season requirements were hedged.

> MGE be advised to take appropriate steps to review hedging without pre-approval. The Commission affirmed that concept in October 2001 (Schedule 10). (emphasis added) (Ibid., page 11, ll. 6-8).

Q. IS THERE A SPECIFIC PROBLEM WITH THE FIRST STATEMENT THAT YOU REFERENCED ABOVE FROM MR. SOMMERER'S DIRECT TESTIMONY?

A. Yes. With regard to the first referenced statement above from Mr. Sommerer's direct testimony in Case No. GO-2000-231, Mr. Sommerer's own Schedule 8 rebuts his conclusions. Schedule 8 refers to Staff's opinion regarding MGE's hedging authority, rather than the Commission's findings in that case. Specifically, as presented in the Staff recommendation to the Commission dated September 23, 1999 on Schedule 8-2, the letter states:

> In Staff's opinion, hedging is a reasonable component of a Local Distribution Company's (LDC) gas procurement portfolio and the language contained in the PGA provides adequate permission for a LDC to hedge without the need for special authority each year. (Ibid., Schedule 8-2).

However, the Commission's order issued on October 14, 1999 in Case No. GO-2000-231, never mentioned that MGE had the authority to hedge natural gas costs without prior Commission approval. While Mr. Sommerer is correct that it was Staff's opinion in that case that MGE already had authority to hedge without the need for Commission pre-approval each year, Staff's opinions are simply that. MGE cannot, and as this case shows, should not, conduct business simply on the basis of Staff opinion. As Mr. Sommerer is abundantly aware, the Commission, not Staff, sets natural gas policy and precedent in Missouri.

Q. IS THERE A PROBLEM WITH THE SECOND STATEMENT YOU REFERENCED FROM MR. SOMMERER'S DIRECT TESTIMONY?

A. Yes. With regard to the second referenced statement above from Mr. Sommerer's direct testimony in Case No. GO-2001-215, Mr. Sommerer claims that MGE already had authority to hedge during the winter of 2000/2001 and that the Commission "affirmed that concept" in October 2001. Again, Mr. Sommerer is interpreting the facts to suit his conclusions, confusing Staff's opinions with actual Commission orders and decisions. As explained in my direct testimony, MGE was seeking re-authorization of the Price Stabilization Fund in September 2000, and although Staff did not support re-authorization, Staff did file proposed tariff language in its comments and recommendation on MGE's proposal. Staff's recommendation and proposed tariff language in Case No. GO-2001-215 are attached as Schedule MTL-27.

Staff's comments suggested to the Commission that MGE's tariff should be modified to include language authorizing the use of financial instruments to hedge natural gas prices and recognize hedging costs as gas costs to be recoverable in the PGA pursuant to a prudence review as are specific types of gas costs. Contrary to the current Staff position, it appears from its proposed tariff language in that proceeding that Staff considered such a tariff provision to be necessary to allow MGE to have authority to proceed on that basis and recover the associated hedging costs. However, the Commission's order in Case No. GO-2001-215 issued on October 26, 2000:

(i) did not address Staff's proposed tariff language;

(ii) did not specifically grant MGE authority to purchase financial instruments to hedge the price of natural gas outside the parameters already established pursuant to the Fixed Commodity Price Stipulation; and

(iii) did not grant MGE the ability to recover the cost of any financial instruments used to hedge natural gas if purchased outside the parameters of the Fixed Commodity Price PGA that it had already approved.

Therefore, at no time has MGE ever had the "automatic" or clear and unequivocal authority to hedge natural gas costs as an ongoing part of the overall management of its natural gas supply portfolio. Every time that MGE has had authority to hedge natural gas costs in the past, including for the winter of 2000/2001, it has been because the Commission has issued an order specifically addressing whether MGE has the authority to hedge and recover the associated costs pursuant to the specific conditions in the proceeding. At no time has the Commission issued an order stating that MGE has the ongoing authority to hedge and recover any associated costs without prior Commission approval.

Q. IS MR. SOMMERER'S PORTRAYAL OF STAFF'S "WARNINGS" TO MGE AND THE COMMISSION REGARDING INDEXED PRICING PRIOR TO THE WINTER OF 2000/2001 ACCURATE?

A. No. Mr. Sommerer states that Staff "warned" MGE of relying too heavily on indexed pricing in Case No. GR-96-78 and in Case No. GO-97-409. However, both of these cases were ultimately settled, with Staff as a signing party, and the Commission's order approving both settlements did not address Staff's so-called "warnings". In fact, the recommendation made by Staff in Case No. GR-96-78 was that the Commission require MGE to evaluate futures market hedging instruments and other methods that would limit

upward price risk. However, the Commission order did not address this issue raised by Staff in its recommendation. In addition, Mr. Sommerer states that Staff made similar warnings in Case No. GO-97-409, but again, the Commission did not issue an order that addressed Staff's issue. Rather, the settlement in Case No. GO-97-409 provided for a number of price stability/mitigation measures, including (i) an experimental price stabilization plan; (ii) a reduced number of PGA filings; and (iii) requiring seasonal PGA filings (i.e., one winter and one summer filing), with the possibility of an unscheduled winter filing should it be necessary. Therefore, it is inaccurate and inappropriate for Mr. Sommerer to attempt to portray Staff as consistently issuing warnings about indexed pricing when, one, the Commission, and not Staff, establishes regulatory policy in Missouri, and two, Staff was a signing party of the settlements in both of these cases, thus acknowledging that its issues were sufficiently addressed in both cases.

Q. PRIOR TO THE WINTER OF 2000/2001, DID THE COMMISSION EVER INDICATE THAT MGE SHOULD TAKE UNILATERAL ACTION TO HEDGE THE PRICE OF NATURAL GAS, WITHOUT COMMISSION APPROVAL OR DISCUSSION WITH STAFF OR OTHER INTERESTED PARTIES, AS MR. SOMMERER HAS SUGGESTED?

A. No. In fact, quite the opposite. Attached as Schedule MTL-28 is a letter that MGE's then president and chief operating officer Steve Cattron sent to Commission Chair Sheila Lumpe in the middle of June 2000. The purpose of the letter was to inform the Commission Chair and the other Commissioners of the high natural gas prices being experienced at that time in the market and that, despite the best efforts of Staff, MGE and

the Office of Public Counsel, the hedging plans that had been established for MGE customers were unlikely to be implemented for the winter of 2000/2001. MGE's letter requested a direct meeting with the Commissioners to initiate an "important dialogue" to discuss what actions could be taken to address these issues.

In Chair Lumpe's response to MGE's letter, a copy of which is also attached as part of Schedule MTL-28, she stated:

> I agree that time is of the essence if we are to most effectively address the potential problems caused by the high price of gas. Because of the pervasive nature of this issue, it is of utmost importance that the PSC's response is orchestrated to best meet the needs of all Missourians irrespective of their gas service provider. I am hesitant to lead the Commission to addressing the problem one company at a time and therefore must decline your request to have MGE individually address the Commission at this time. Instead, I would ask that MGE participate in a meeting that the PSC staff will conduct next Monday in Jefferson City. Through this workshop, all of the state's gas companies can participate in an open discussion of the issue and **work together with staff to develop recommendations for the Commission on how to best manage the problems brought by the current high price of gas**. Recommendations requiring the Commission's review and approval would be handled in an expedited manner. I hope that you will agree that **this strategy affords us the best chance of addressing this problem** in a way that is fair and consistent to consumers and gas companies statewide, and in the shortest amount of time. (emphasis added) (Letter from Chair Lumpe to MGE President/COO Steve Cattron dated June 20, 2000).

As clearly stated in the Chair's letter to MGE, the Commission believed that it was most appropriate to work collaboratively, not unilaterally, with Staff and other interested parties to appropriately deal with the high price of natural gas. Therefore, Mr. Sommerer's assertions that MGE should have hedged without prior Commission approval or discussions with any other party is not supported by the facts in this proceeding.

Q. MR. SOMMERER ALSO STATES ON PAGE 11, LINES 13-16 THAT MGE "RECOGNIZED ITS MANAGEMENT RESPONSIBILITY WITH REGARD TO HEDGING COSTS" IN A SUBSEQUENT LETTER TO CHAIR LUMPE DURING THE WINTER OF 2000/2001. WOULD YOU PLEASE COMMENT?

A. The December 18, 2000 letter from MGE to Chair Lumpe was another attempt by MGE to communicate with the Commission about the natural gas price situation, and specifically (as indicated in the second paragraph of the letter) to correct potential mistaken impressions that may have been drawn from an article in the Kansas City Star. However, Mr. Sommerer appears to want to use the letter as support for some notion that is not specifically apparent in the letter itself.

Q. HAS THE COMMISSION PROVIDED MGE WITH THE CLEAR AUTHORITY TO ENGAGE IN FINANCIAL HEDGING AND THE RECOVERY OF ASSOCIATED HEDGING COSTS?

A. No, I do not believe so. As noted above, the Commission's October 26, 2000 order in Case No. GO-2001-215 was extremely vague and unspecific. In addition, a subsequent order regarding the issue of financial hedging was equally vague. For example, on March 30, 2001, MGE filed tariff sheets to eliminate, and implement an alternative to, the $2.25 per MMBtu trigger price mechanism embodied in its tariff as a result of the Commission's approval of the Stipulation and Agreement implementing the Fixed Commodity Price PGA in Case No. GO-2000-705. Ultimately, by order issued on May 25, 2001, the Commission approved tariff sheets that effectuated the elimination of the

$2.25 per MMBtu trigger price mechanism. However, in so doing, the Commission—at the urging of Staff—declined to adopt tariff language for MGE that would have specifically provided for the use of financial hedging and the recovery through the PGA of the associated hedging costs. A copy of Staff's recommendation, MGE's response, and the Commission's order in Case No. GO-2000-705 are attached as Schedule MTL-29, MTL-30 and MTL-31, respectively. Therefore, I cannot conclude that, on the basis of the language in the Commissions' orders to date, MGE has specific Commission authorization to engage in financial hedging and recover the associated hedging costs.

Q. DO YOU HAVE ANY ADDITIONAL PROBLEMS WITH MR. SOMMERER'S STATEMENTS?

A. Yes. To expand somewhat on a point made previously, Mr. Sommerer implies that MGE would have authority to engage in hedging without any specific language in the PGA clauses of its tariff, or approval from the Commission. Since there can be significant costs associated with hedging, and those costs would be sought to be recovered from ratepayers, I find Mr. Sommerer's approach to be completely contrary to my understanding of the approach the Commission has followed in the past. It has always been my understanding that an LDC is allowed to operate solely on the basis of its tariff language that has been approved by the Commission. It is also my understanding that an LDC must have specific tariff language authorizing the utility to assess charges to customers. Otherwise, the utility is at risk for the claim that its actions were unlawful. This is reflected in the fact that MGE's tariff sets out specific charges for specific services, and it describes in detail the procedures that the LDC is to follow, for example,

the specific steps that are to be taken before a disconnection can be made. This is especially true when it comes to gas cost recovery. I am aware that there have been Commission cases in the past on whether LDCs could automatically recover Take-or-Pay and other transition costs that were the result of government-required changes in the way the pipelines and LDCs operated. Those cases resulted in changes to the PGA tariff language specifically authorizing the billing and recovery of these types of charges because they were not present before-hand. I am also aware that there was a big controversy in the past regarding the charging of "overhead" costs by Missouri utilities when that term was not spelled out in a utility's tariff, with the result being that most all of the utilities had to obtain Commission approval to insert new definitions in tariffs in order to charge for "overheads."

The point of this discussion is that I think it is wrong for the Staff to argue or even imply that a utility has broad general powers to take actions to hedge and recover the associated costs without specific Commission approval to do so. To further demonstrate this, all you have to do is look at a little history on this topic. The Commission approved very specific tariff language each and every time MGE has been authorized to financially hedge natural gas prices and recover the associated hedging costs since MGE began financially hedging during the winter of 1997/1998. Based on these Commission orders from August 1997 and up to the winter of 2000/2001, and the entire history of how the Commission has operated by requiring specific provisions in tariffs, it was reasonable for MGE to believe that prior Commission authorization was a necessary and appropriate part of the hedging process. MGE had no approved tariff, or even a Commission order,

which stated that MGE was free to hedge in any manner it saw fit and that the associated costs would be recovered from its ratepayers. Given that, I believe it is wrong for Staff to claim in this proceeding, after the fact, that Commission approval of hedging authority and the associated cost was neither necessary nor appropriate.

KPC CAPACITY RELEASE

Q. WHAT HAS MR. SOMMERER STATED IN HIS DIRECT TESTIMONY WITH REGARD TO THE RELEASE OF CAPACITY ON KPC?

A. Mr. Sommerer has alleged that MGE should have posted for release to other shippers its KPC capacity for the months of July through October 2000 and April through June of 2001, or in other words, the summer months of the ACA period at issue in this proceeding. In the alternative, if MGE were not going to release its KPC capacity, it should have released its Williams capacity and utilized its KPC capacity. As such, Mr. Sommerer has recommended a disallowance for MGE not releasing its KPC or Williams capacity during these months, and the disallowance is based on the assumption that MGE would have been able to obtain 75% of Williams' maximum rate for its released capacity.

Q. DO YOU BELIEVE THAT STAFF'S POSITION IS REASONABLE AND SUPPORTED BY ACTUAL FACTS?

A. No. In fact, Mr. Sommerer's position is completely unsupported by the facts of the capacity release market on KPC and Williams at the time at issue in this proceeding. As discussed at length in my direct testimony, there has never been a successful capacity release on the KPC system by any party. In addition, as demonstrated in my direct

testimony on Schedule MTL-9, page 2 of 2, it would not have been economic for MGE to release its Williams capacity and utilize its KPC capacity instead because the average release rate on Williams was 14% of the maximum rate, and not 75% as Mr. Sommerer suggests in his direct testimony.

Q. HAS MR. SOMMERER ADMITTED THAT THE BASIS OF HIS POSITION IS WITHOUT FACTUAL SUPPORT?

A. Yes. Mr. Sommerer has admitted in the response to recent data requests that the 75% calculation was not based on any actual market data. It is entirely arbitrary and derived without any factual or supporting market information. Specifically, in the response to DR Number 55, which is attached as Schedule MTL-32, Mr. Sommerer stated:

> DR #55: Please show, through workpapers, notes or other materials, how Staff calculated that MGE could obtain 75% of the maximum tariff rate if MGE had released its capacity on Williams during the ACA period in question in this proceeding. If no analysis or calculation was conducted, please indicate as such.
>
> Response: **No specific calculation was performed** but was based upon the requirement that an assessment of the value of a forgone capacity release transaction be conducted. The Staff's rationale for this value was at some level between maximum FERC rates and a 50% discount. (emphasis added) (Response of David Sommerer to Data Request Number 55, Case No. GR-2001-382, February 24, 2003.)

This assessment was an evaluation of the actual non-recallable release transactions that had occurred on Williams during the time period in question. However, Mr. Sommerer failed to account in his "assessment" for the fact that the only non-recallable releases on Williams during the summer months of the 2000/2001 ACA period were very small transactions, i.e., volumes of less than 500 Dth/day, and thus not comparable to the

volumes that MGE was attempting to release during this time period, i.e., 10,000 Dth/day or more. Moreover, many of these Williams capacity release transactions were also long-term releases that had been released in 1997, or over three years before the ACA period in this proceeding. In fact, Mr. Sommerer admitted in a recent response to a data request, which is attached as Schedule MTL-33, that capacity release transactions of these sizes are not comparable.

> DR #56: All other things being equal, please explain whether, in Mr. Sommerer's opinion, a capacity release transaction for 500 Mcf/day of pipeline capacity is comparable to a capacity release transaction for 10,000 Mcf/day or more of pipeline capacity
>
> Response: No. These capacity levels are materially different in size. (Response of David Sommerer to Data Request Number 56, Case No. GR-2001-382, February 24, 2003.)

Therefore, as demonstrated above, the basis of Staff's position with regard to the release of its KPC capacity during the ACA period of 2000/2001 is arbitrary, has no support in actual market data, and thus, is completely without merit, and should be disregarded by the Commission.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes, at this time.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's Purchased Gas Cost Adjustment tariff Revisions to be reviewed in its 2000-2001 Actual Cost Adjustment.	))))	Case No. GR-2001-382

AFFIDAVIT OF MICHAEL T. LANGSTON

STATE OF Texas)
) ss.
COUNTY OF Travis)

Michael T. Langston, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

MICHAEL T. LANGSTON

Subscribed and sworn to before me this 10th day of March 2003.

Notary Public

My Commission Expires: 1/27/2007

MISSOURI GAS ENERGY
A Division of Southern Union Company

MISSOURI PUBLIC SERVICE COMMISSION
DATA INFORMATION REQUEST RESPONSE
Case No: GR-2001-382
Data Request No: 21

Requested By: Lesa Jenkins and Mike Wallis

Requested From: Mike Noack

Date of Request: June 4, 2001

Information Requested:

Please provide a copy of all internal memos and/or reports from the Company's gas supply/purchasing department that discusses the Company's purchase decisions for the ACA period under review.

Response:

Please see the attached monthly Supply/Demand summaries for the ACA period under review. These documents are the planning tool utilized by the company each month to compare forecasted demand based on normal weather to available supply. Also, please see the Reliability Report MGE has filed with the commission staff for the current ACA period.

Prepared By: _____ Date: 5-16-01

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
July 2000 - Final

July Demand

100% OF NORMAL - ? Dth - ? Dth/d
PDP: ? - ? HDDs

1,402,010 Monthly Total
45,226 Daily Average
0 HDD's

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			37,136	896	38,032	1,178,992
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 102,869 Dth/d	95,975	6,894	102,869	3,188,939
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 5,620 Dth/d	5,243	377	5,620	174,220
SUB-TOTAL WGPC DEMAND			138,354	8,167	146,521	4,542,151
PEPL CUSTOMER DEMAND	Avg 711 OutSt	500 @ KC Meters - Balancing	1,211	25	1,236	38,316
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 4,123 Dth/d	4,037	86	4,123	127,813
SUB-TOTAL PEPL DEMAND			5,248	111	5,359	166,129
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	6,879	235	7,114	220,534
SUB-TOTAL PONY DEMAND			6,879	235	7,114	220,534
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	0	0	0	0
SUB-TOTAL PXP @ WGPC GLAVIN			0	0	0	0
KPC CUSTOMER DEMAND			0	0	0	0
SUB-TOTAL KPOC DEMAND			0	0	0	0
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			150,481	8,513	158,994	4,928,814

ASSIGNED TERM SUPPLIES

		31 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S	GP 30002	min; demand	0	17,808	10,867	336,877
OXY USA, INC - T/S	GP 30003	min; demand	0	37,500	22,883	709,373
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	55,308	33,750	1,046,250

MGE TERM SUPPLIES

Oneok	PXP	profiled volume;	0	0	2,356	73,036
SUB-TOTAL TERM SUPPLIES			0	0	2,356	73,036

MGE SUMMER SUPPLIES

			0	0	0	0
			0	0	0	0
			0	0	0	0
SUB-TOTAL WINTER TERM SUPPLIES			0	0	0	0

SPOT PURCHASES

Duke	@Echo Springs, WNG IF - $0.19				32,098	995,038
Duke	@Rockport, WNG IF - $0.065				4,758	147,498
Duke	on WNG, WNG IF + $0.005				81,480	2,525,880
Duke	on Pepl, Pepl IF + $0.015				5,359	166,129
					0	0
					0	0
					0	0
					0	0
SUB-TOTAL SPOT PURCHASES			0	0	123,695	3,834,545

GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)	0	55,308	159,801	4,953,831
Delivery To Kansas Gas Service @ WNG Point 24280, Topeka, 25,000 Dth/Mo. ???			-806	-25,000
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)			1	17

Echo: New Capacity (Includes Production Fuel)	
Amoco	10,867
Oxy	15,000
Duke	32,098
	0
	0
	0
	0
Total Supply	57,965
Total Remaining	0

PEPL Flowing Volumes		
Haven	0	
Fld Zone	5,359	Duke
Total PEPL	5,359	Duke

All Volumes Inclusive Of Fuel

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
August 2000 -Final

August Demand

1,493,282 Monthly Total
48,170 Daily Average
0 HDD's

100% OF NORMAL - ? Dth - ? Dth/d
PDP - ? - ? HDDs

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			29,217	705	29,922	927,582
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 61,721 Dth/d	57,585	4,136	61,721	1,913,351
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 5,620 Dth/d	5,243	377	5,620	174,220
SUB-TOTAL WGPC DEMAND			92,045	5,218	97,263	3,015,153
PEPL CUSTOMER DEMAND	Avg 711 OutSt	500 @ KC Meters - Balancing	1,211	25	1,236	38,316
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 4,123 Dth/d	4,037	86	4,123	127,813
SUB-TOTAL PEPL DEMAND			5,248	111	5,359	166,129
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	7,742	264	8,006	248,186
SUB-TOTAL PONY DEMAND			7,742	264	8,006	248,186
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	10,000	448	10,448	323,888
SUB-TOTAL PXP @ WGPC GLAVIN			10,000	448	10,448	323,888
KPC CUSTOMER DEMAND			0	0	0	0
SUB-TOTAL KPOC DEMAND			0	0	0	0
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			115,035	6,041	121,076	3,753,356

ASSIGNED TERM SUPPLIES

		31 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S	GP 30002	min; demand	0	17,808	10,771	333,901
OXY USA, INC - T/S	GP 30003	min; demand	0	37,500	22,679	703,049
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	55,308	33,450	1,036,950
MGE TERM SUPPLIES						
Oneok_PE	PXP	profiled volume;	0	0	2,356	73,036
SUB-TOTAL TERM SUPPLIES			0	0	2,356	73,036
MGE SUMMER SUPPLIES						
			0	0	0	0
SUB-TOTAL WINTER TERM SUPPLIES			0	0	0	0
SPOT PURCHASES						
Duke	@Echo Springs				32,194	998,014
Duke	on PEPL				5,359	166,129
Duke	on WNG				32,425	1,005,175
Duke	on PXP-KNI				16,098	499,038
					0	0
					0	0
SUB-TOTAL SPOT PURCHASES			0	0	86,076	2,668,356
GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)			0	55,308	121,882	3,778,342
Delivery To Kansas Gas Service	@ WNG Point 24280, Topeka, 25,000 Dth/Mo.				-806	-25,000
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)					0	-14

Echo 3 New Capacity (Includes Production Fuel)	
Amoco T/S	10,771
OXY T/S	15,000
Duke	32,194
	0
	0
	0
	0
Total Supply	57,965
Total Remaining	0

PEPL Flowing Volumes		
Haven	0	
Fld Zone	5,359	Duke
Total PEPL	5,359	Duke

All Volumes Inclusive Of Fuel

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
September 2000 -Final

September Demand

1,445,100 Monthly Total
48,170 Daily Average
0 HDD's

100% OF NORMAL - ? Dth - ? Dth/d
PDP - ? - ? HDDs

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			28,150	679	28,829	864,870
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 41,147 Dth/d	38,390	2,757	41,147	1,234,410
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 5,620 Dth/d	5,243	377	5,620	168,600
SUB-TOTAL WGPC DEMAND			71,783	3,813	75,596	2,267,880
PEPL CUSTOMER DEMAND	Avg 838 OutSt	500 @ KC Meters - Balancing	1,338	27	1,365	40,950
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 4,123 Dth/d	4,037	86	4,123	123,690
SUB-TOTAL PEPL DEMAND			5,375	113	5,488	164,640
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	8,682	296	8,978	269,340
SUB-TOTAL PONY DEMAND			8,682	296	8,978	269,340
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	10,000	448	10,448	313,440
SUB-TOTAL PXP @ WGPC GLAVIN			10,000	448	10,448	313,440
		1445100				
KPC CUSTOMER DEMAND			0	0	0	0
SUB-TOTAL KPOC DEMAND			0	0	0	0
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			95,840	4,670	100,510	3,015,300

ASSIGNED TERM SUPPLIES

		REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S	GP 30002	min; demand	0	17,808	10,771	323,130
OXY USA, INC - T/S	GP 30003	min; demand	0	37,500	22,679	680,370
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	55,308	33,450	1,003,500
MGE TERM SUPPLIES						
Oneok PXP		profiled volume;	0	0	2,563	76,890
SUB-TOTAL TERM SUPPLIES			0	0	2,563	76,890
MGE SUMMER SUPPLIES						
			0	0	0	0
SUB-TOTAL WINTER TERM SUPPLIES			0	0	0	0
SPOT PURCHASES						
Duke	@ Echo Springs				32,194	965,820
Duke	on PEPL in field zone				5,488	164,640
Duke	on PXP-KNI, @ Rockport				16,863	505,890
Duke	on WNG field zone				10,790	323,700
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
					0	0
SUB-TOTAL SPOT PURCHASES			0	0	65,335	1,960,050
GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)			0	55,308	101,348	3,040,440
Delivery To Kansas Gas Service	@ WNG Point 24280, Topeka, 25,000 Dth/Mo.				-833	-25,000
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)					5	140

Echo - New Capacity (Includes Production Fuel)	
Amoco	10,771
OXY	15,000
Duke	32,194
	0
	0
	0
	0
Total Supply	57,965
Total Remaining	0

PEPL Flowing Volumes		
Haven	0	
Fld Zone	5,488	Duke
Total PEPL	5,488	Duke

All Volumes Inclusive Of Fuel

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
October 2000 - Final

October Demand

3,224,795 Monthly Total
104,026 Daily Average
279 HDD's

100% OF NORMAL - ? Dth - ? Dth/d
POP ? - ? HDDs

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			63,812	1,540	65,352	2,025,912
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 37,054 Dth/d	34,571	2,483	37,054	1,148,674
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 5,620 Dth/d	5,243	377	5,620	174,220
SUB-TOTAL WGPC DEMAND			103,626	4,400	108,026	3,348,806
PEPL CUSTOMER DEMAND	Avg 1,798 OutSt	500 @ KC Meters - Balancing	2,298	47	2,345	72,695
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 4,123 Dth/d	4,037	86	4,123	127,813
SUB-TOTAL PEPL DEMAND			6,335	133	6,468	200,508
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	37,916	1,294	39,210	1,215,510
SUB-TOTAL PONY DEMAND			37,916	1,294	39,210	1,215,510
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	0	0	0	0
SUB-TOTAL PXP @ WGPC GLAVIN			0	0	0	0
KPC CUSTOMER DEMAND			0	0	0	0
SUB-TOTAL KPOC DEMAND			0	0	0	0
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			147,877	5,827	153,704	4,764,824

ASSIGNED TERM SUPPLIES

			31 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S	GP 30002	min; demand		0	17,808	10,770	333,870
OXY USA, INC - T/S	GP 30003	min; demand		0	37,500	22,677	702,987
SUB-TOTAL ASSIGNED TERM SUPPLIES				0	55,308	33,447	1,036,857
ONEOK TERM SUPPLIES							
ONEOK PXP		profiled volume;		0	0	2,360	73,160
SUB-TOTAL TERM SUPPLIES				0	0	2,360	73,160
DUKE TERM SUPPLIES							
ECHO SPRINGS				0	0	32,195	998,045
PXP				0	0	36,850	1,142,350
WILLIAMS				0	0	43,191	1,338,921
PANHANDLE				0	0	6,468	200,508
KANSAS PIPELINE				0	0	0	0
PXP @ MIAMI				0	0	0	0
SUB-TOTAL WINTER TERM SUPPLIES				0	0	118,704	3,679,824
GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)				0	55,308	154,511	4,789,841
Delivery To Kansas Gas Service	@ WNG Point 24280, Topeka, 25,000 Dth/Mo.					-806	-25,000
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)						1	17

Echo - New Capacity (Includes Production Fuel)	
Amoco	10,770
Oxy	15,000
Duke	32,195
	0
	0
	0
	0
Total Supply	57,965
Total Remaining	0

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
November 2000 - Final
10/23/2000 @ 4:00 PM

November Demand

7,425,361 Monthly Total
247,512 Daily Average
657 HDD's

PDP = 618720 Dth or 56 HDDs

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			216,902	1,896	80,465	2,413,950
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)			-138,333	0	0	0
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 0 (Zero)	0	0	0	0
SUB-TOTAL WGPC DEMAND	PRD Available	208,513	78,569	1,896	80,465	2,413,950
PEPL CUSTOMER DEMAND	Avg (3887 OS, 3735 WB, 2000 BL, 1000 KC)		10,622	137	6,487	194,610
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 4320 Dth/d	-4,272	0	0	0
SUB-TOTAL PEPL DEMAND			6,350	137	6,487	194,610
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	19,988	682	20,670	620,100
SUB-TOTAL PONY DEMAND			19,988	682	20,670	620,100
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	0	0	0	0
SUB-TOTAL PXP @ WGPC GLAVIN			0	0	0	0
KPC CUSTOMER DEMAND			0	0	0	0
SUB-TOTAL KPOC DEMAND			0	0	0	0
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			104,907	2,715	107,622	3,228,660

ASSIGNED TERM SUPPLIES

		30 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002		0	0	17,808	534,240
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003		0	0	15,000	450,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003		0	0	22,500	675,000
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	0	55,308	1,659,240

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE			0	0	1,000	30,000
SUB-TOTAL ONEOK TERM SUPPLIES			0	0	1,000	30,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS			0	0	25,157	754,710
PONY EXPRESS @ CHEYENNE			0	0	19,670	590,100
WILLIAMS			0	0	0	0
PANHANDLE			0	0	6,487	194,610
KANSAS PIPELINE			0	0	0	0
PONY EXPRESS @ MIAMI			0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES			0	0	51,314	1,539,420
GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)			0	0	107,622	3,228,660
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)					0	0
Delivery To Kansas Gas Service	@ WNG Point 24280, Topeka, 25,000 Dth/Mo.				833	25,000

Echo: New Capacity (Includes Production Fuel)	
Amoco	17,808
Oxy	15,000
Duke	25,157
	0
	0
	0
	0
Total Supply	57,965
Total Remaining	0

WNG PEAK DAY REQUIREMENT (Net of Fuel):	
WNG FULL TRANSPORT	737,626
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-78,569
	0
	0
	0
	0
PEAK DAY NEEDS	165,244

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
December 2000 - Final
11/28/2000 @ 3:20 PM

December Demand

12,400,465 Monthly Total
400,015 Daily Average
1073 HDD's

PDP = 795554 Dth or 68 HDDs

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			323,723	5,593	237,381	7,358,811
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)			-91,935	0	0	0
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 0 (Zero)	0	0	0	0
SUB-TOTAL WGPC DEMAND	PRD Available	243,813	231,788	5,593	237,381	7,358,811
PEPL CUSTOMER DEMAND	Avg (6036 OS, 2400 WB, 5000 BL, 1000 KC)		14,436	175	8,272	256,432
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 6410 Dth/d	-6,339	0	0	0
SUB-TOTAL PEPL DEMAND			8,097	175	8,272	256,432
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	51,856	1,770	53,626	1,662,406
SUB-TOTAL PONY DEMAND			51,856	1,770	53,626	1,662,406
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	0	0	0	0
SUB-TOTAL PXP @ WGPC GLAVIN			0	0	0	0
KPC CUSTOMER DEMAND			10,000	371	10,371	321,501
SUB-TOTAL KPOC DEMAND			10,000	371	10,371	321,501
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			301,741	7,909	309,650	9,599,150

ASSIGNED TERM SUPPLIES

		31 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002		0	0	17,808	552,048
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003		0	0	15,000	465,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003		0	0	22,500	697,500
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	0	55,308	1,714,548

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE			0	0	1,000	31,000
SUB-TOTAL ONEOK TERM SUPPLIES			0	0	1,000	31,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS			0	0	25,157	779,867
PONY EXPRESS @ CHEYENNE			0	0	32,626	1,011,406
WILLIAMS			0	0	156,916	4,864,396
PANHANDLE			0	0	8,272	256,432
KANSAS PIPELINE			0	0	10,371	321,501
PONY EXPRESS @ MIAMI			0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES			0	0	233,342	7,233,602
GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)			0	0	289,650	8,979,150
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)					-20,000	-620,000
Delivery To Kansas Gas Service	@ WNG Point 24280, Topeka, 25,000 Dth/Mo.				806	25,000

Echo: New Capacity (Includes Production Fuel)	
Amoco	17,808
Oxy	15,000
Duke	25,157
	0
	0
	0
	0
Total Supply	57,965
Total Remaining	0

WNG PEAK DAY REQUIREMENT (Net of Fuel):	
WNG FULL TRANSPORT	737,626
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-237,381
	0
	0
	0
	0
PEAK DAY NEEDS	6,432

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
January 2001 - Final

January Demand

PDP = 906018 Dth or 78 HDDs

13,893,421 Monthly Total
448,175 Daily Average
1218 HDD's

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			285,358	7,618	243,621	7,552,251
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)			-49,355	0	0	0
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 0 (Zero)	0	0	0	0
SUB-TOTAL WGPC DEMAND	PRD Available	243,813	236,003	7,618	243,621	7,552,251
PEPL CUSTOMER DEMAND	Avg (7,237 OS, 6,715 WB, 5,000 BL, 10,000 Dodson)		28,952	481	22,818	707,358
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 6689 Dth/d	-6,615	0	0	0
SUB-TOTAL PEPL DEMAND			22,337	481	22,818	707,358
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	70,500	2,406	72,906	2,260,086
SUB-TOTAL PONY DEMAND			70,500	2,406	72,906	2,260,086
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	19,472	901	20,373	631,563
SUB-TOTAL PXP @ WGPC GLAVIN			19,472	901	20,373	631,563
KPC CUSTOMER DEMAND			43,893	1,630	45,523	1,411,213
SUB-TOTAL KPOC DEMAND			43,893	1,630	45,523	1,411,213
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			392,205	13,036	405,241	12,562,471

ASSIGNED TERM SUPPLIES

		31 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002		0	0	17,808	552,048
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003		0	0	15,000	465,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003		0	0	22,500	697,500
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	0	55,308	1,714,548

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE			0	0	1,000	31,000
SUB-TOTAL ONEOK TERM SUPPLIES			0	0	1,000	31,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS			0	0	25,535	791,585
PONY EXPRESS @ CHEYENNE			0	0	92,279	2,860,649
WILLIAMS	Includes deliveries to XGS @ WNG Point 24280		0	0	162,778	5,046,118
PANHANDLE			0	0	22,818	707,358
KANSAS PIPELINE			0	0	45,523	1,411,213
PONY EXPRESS @ MIAMI			0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES			0	0	348,933	10,816,923
GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)			0	0	405,241	12,562,471
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)					0	0
Delivery To Kansas Gas Service	@ WNG Point 24280, Topeka, 25,000 Dth/Mo.				806	25,000

Echo: New Capacity (Includes Production Fuel)	
Amoco	17,808
Oxy	15,000
Duke	25,535
	0
	0
	0
	0
Total Supply	58,343
Total Remaining	0

WNG PEAK DAY REQUIREMENT (Net of Fuel):	
WNG FULL TRANSPORT	737,625
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-236,003
	0
	0
	0
	0
PEAK DAY NEEDS	7,810

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
February 2001 - Final
1/17/2001 @ 3:05 PM

February Demand

11,238,497 Monthly Total
401,375 Daily Average
946 HDD's

PDP = 808280 Dth or 69 HDDs

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			289,569	6,767	216,422	6,059,816
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)			-79,914	0	0	0
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 0 (Zero)	0	0	0	0
SUB-TOTAL WGPC DEMAND	PRD Available	243,452	209,655	6,767	216,422	6,059,816
PEPL CUSTOMER DEMAND	Avg (6201 OS, 5526 WB, 5000 BL, 1000 KC)		16,827	212	10,045	281,260
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 7098 Dth/d	-6,994	0	0	0
SUB-TOTAL PEPL DEMAND			9,833	212	10,045	281,260
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	70,500	2,406	72,906	2,041,368
SUB-TOTAL PONY DEMAND			70,500	2,406	72,906	2,041,368
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	14,479	670	15,149	424,172
SUB-TOTAL PXP @ WGPC GLAVIN			14,479	670	15,149	424,172
KPC CUSTOMER DEMAND			10,000	371	10,371	290,388
SUB-TOTAL KPOC DEMAND			10,000	371	10,371	290,388
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			314,467	10,426	324,893	9,097,004

ASSIGNED TERM SUPPLIES

		28 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002		0	0	17,808	498,624
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003		0	0	15,000	420,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003		0	0	22,500	630,000
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	0	55,308	1,548,624

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE			0	0	1,000	28,000
SUB-TOTAL ONEOK TERM SUPPLIES			0	0	1,000	28,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS		0	0	25,535	714,980
PONY EXPRESS @ CHEYENNE		0	0	87,055	2,437,540
WILLIAMS	Includes deliveries to KGS @ WNG Point 24280	0	0	115,579	3,236,212
PANHANDLE		0	0	10,045	281,260
KANSAS PIPELINE		0	0	10,371	290,388
PONY EXPRESS @ MIAMI		0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES		0	0	248,585	6,960,380

GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)	0	0	304,893	8,537,004
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)			-20,000	-560,000

Delivery To Kansas Gas Service @ WNG Point 24280, Topeka, 25,000 Dth/Mo. 893 25,000

Echo: New Capacity (Includes Production Fuel)	
Amoco	17,808
Oxy	15,000
Duke	25,535
	0
	0
	0
	0
Total Supply	58,343
Total Remaining	0

WNG PEAK DAY REQUIREMENT (Net of Fuel)	
WNG FULL TRANSPORT	737,626
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-190,280
	0
	0
	0
	0
PEAK DAY NEEDS	53,533

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
March 2001 - Final

March Demand

PDP = 696109. Dth or 59 HDD's

8,448,472 Monthly Total
272,531 Daily Average
691 HDD's

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			200,967	4,514	144,366	4,475,346
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)			-61,115	0	0	0
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 0 (Zero)	0	0	0	0
SUB-TOTAL WGPC DEMAND	PRO Available	208,513	139,852	4,514	144,366	4,475,346
PEPL CUSTOMER DEMAND	Avg (3980 OS, 4592 WB, 2000 BL, 1000 KC)		11,572	161	7,613	236,003
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 4181 Dth/d	-4,120	0	0	0
SUB-TOTAL PEPL DEMAND			7,452	161	7,613	236,003
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	49,000	1,672	50,672	1,570,832
SUB-TOTAL PONY DEMAND			49,000	1,672	50,672	1,570,832
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	5,992	277	6,269	194,339
SUB-TOTAL PXP @ WGPC GLAVIN			5,992	277	6,269	194,339
KPC CUSTOMER DEMAND			5,000	186	5,186	160,766
SUB-TOTAL KPOC DEMAND			5,000	186	5,186	160,766
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			207,296	6,810	214,106	6,637,286

ASSIGNED TERM SUPPLIES

		31 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002		0	0	17,808	552,048
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003		0	0	15,000	465,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003		0	0	22,500	697,500
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	0	55,308	1,714,548

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE			0	0	1,000	31,000
SUB-TOTAL ONEOK TERM SUPPLIES			0	0	1,000	31,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS			0	0	25,535	791,585
PONY EXPRESS @ CHEYENNE			0	0	55,941	1,734,171
WILLIAMS	Includes deliveries to KGS @ WNG Point 24280		0	0	38,523	1,194,213
PANHANDLE			0	0	7,613	236,003
KANSAS PIPELINE			0	0	5,186	160,766
PONY EXPRESS @ MIAMI			0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES			0	0	132,798	4,116,738

GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)			0	0	189,106	5,862,286
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)					-25,000	-775,000
Delivery To Kansas Gas Service	@ WNG Point 24280, Topeka, 25,000 Dth/Mo.				806	25,000

Echo: New Capacity (Includes Production Fuel)	
Amoco	17,808
Oxy	15,000
Duke	25,535
	0
	0
	0
	0
Total Supply	58,343
Total Remaining	0

WNG PEAK DAY REQUIREMENT (Net of Fuel):	
WNG FULL TRANSPORT	737,626
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-115,634
	0
	0
	0
	0
PEAK DAY NEEDS	128,179

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
April 2001 - Final

April Demand

4,126,421 Monthly Total
137,547 Daily Average
325 HDD's

BASED ON NORMAL WEATHER

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			116,174	3,750	119,924	3,597,720
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 80959 Dth/d	77,000	3,959	80,959	2,428,770
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 5513 Dth/d	5,243	270	5,513	165,390
SUB-TOTAL WGPC DEMAND			198,417	7,979	206,396	6,191,880
PEPL CUSTOMER DEMAND	Avg (2632 OS, 1376 WB, 0 BL, 1000 Dodson)		5,008	112	5,120	153,600
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 6789 Dth/d	6,644	145	6,789	203,670
SUB-TOTAL PEPL DEMAND			11,652	257	11,909	357,270
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	16,365	558	16,923	507,690
SUB-TOTAL PONY DEMAND			16,365	558	16,923	507,690
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	0	0	0	0
SUB-TOTAL PXP @ WGPC GLAVIN			0	0	0	0
KPC CUSTOMER DEMAND			0	0	0	0
SUB-TOTAL KPOC DEMAND			0	0	0	0
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			226,434	8,794	235,228	7,056,840

ASSIGNED TERM SUPPLIES

		30 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002		0	0	8,697	260,910
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003		0	0	15,000	450,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003		0	0	3,312	99,360
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	0	27,009	810,270

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE			0	0	1,000	30,000
SUB-TOTAL ONEOK TERM SUPPLIES			0	0	1,000	30,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS			0	0	34,646	1,039,380
PONY EXPRESS @ CHEYENNE			0	0	15,923	477,690
WILLIAMS	Includes deliveries to KGS @ WNG Point 24280		0	0	144,741	4,342,230
PANHANDLE			0	0	11,909	357,270
KANSAS PIPELINE			0	0	0	0
PONY EXPRESS @ MIAMI			0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES			0	0	207,219	6,216,570

GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)	0	0	235,228	7,056,840
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)			0	0

Delivery To Kansas Gas Service @ WNG Point 24280, Topeka, 25,000 Dth/Mo. 833 25,000

Echo: New Capacity (Includes Production Fuel)	
Amoco	8,697
Oxy	15,000
Duke	34,646
	0
	0
	0
	0
Total Supply	58,343
Total Remaining	0

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
May 2001 - Final

May Demand

2,062,755 Monthly Total
66,540 Daily Average
122 HDD's

BASED ON 90% OF NORMAL WEATHER

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			50,449	1,628	52,077	1,614,387
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 105141 Dth/d	100,000	5,141	105,141	3,259,371
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 0 Dth/d	0	0	0	0
SUB-TOTAL WGPC DEMAND			150,449	6,769	157,218	4,873,758
PEPL CUSTOMER DEMAND	Avg (1289 OS, 802 WB, 0 BL, 500 Dodson)		2,591	58	2,649	82,119
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 6789 Dth/d	6,644	145	6,789	210,459
SUB-TOTAL PEPL DEMAND			9,235	203	9,438	292,578
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	13,500	461	13,961	432,791
SUB-TOTAL PONY DEMAND			13,500	461	13,961	432,791
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	0	0	0	0
SUB-TOTAL PXP @ WGPC GLAVIN			0	0	0	0
KPC CUSTOMER DEMAND			0	0	0	0
SUB-TOTAL KPOC DEMAND			0	0	0	0
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			173,184	7,433	180,617	5,599,127

ASSIGNED TERM SUPPLIES

		31 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002		0	0	8,697	269,607
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003		0	0	15,000	465,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003		0	0	3,312	102,672
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	0	27,009	837,279

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE			0	0	1,000	31,000
SUB-TOTAL ONEOK TERM SUPPLIES			0	0	1,000	31,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS			0	0	34,646	1,074,026
PONY EXPRESS @ CHEYENNE			0	0	12,961	401,791
WILLIAMS	Includes deliveries to KGS @ WNG Point 24280		0	0	95,563	2,962,453
PANHANDLE			0	0	9,438	292,578
KANSAS PIPELINE			0	0	0	0
PONY EXPRESS @ MIAMI			0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES			0	0	152,608	4,730,848

GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)			0	0	180,617	5,599,127
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)					0	0

Delivery To Kansas Gas Service @ WNG Point 24280, Topeka, 25,000 Dth/Mo. 806 25,000

Echo: New Capacity (Includes Production Fuel)	
Amoco	8,697
Oxy	15,000
Duke	34,646
	0
	0
	0
	0
Total Supply	58,343
Total Remaining	0

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
June 2001 - Final

June Demand

1,681,552 Monthly Total
56,052 Daily Average
7 HDD's

BASED ON NORMAL WEATHER

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			45,897	1,481	47,378	1,421,340
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 99884 Dth/d	95,000	4,884	99,884	2,996,520
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 0 Dth/d	0	0	0	0
SUB-TOTAL WGPC DEMAND			140,897	6,365	147,262	4,417,860
PEPL CUSTOMER DEMAND	Avg (739 OS, 704 WB, 0 BL, 500 Dodson)		1,943	43	1,986	59,580
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 6789 Dth/d	6,644	145	6,789	203,670
SUB-TOTAL PEPL DEMAND			8,587	188	8,775	263,250
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	8,212	280	8,492	254,760
SUB-TOTAL PONY DEMAND			8,212	280	8,492	254,760
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	0	0	0	0
SUB-TOTAL PXP @ WGPC GLAVIN			0	0	0	0
KPC CUSTOMER DEMAND			0	0	0	0
SUB-TOTAL KPOC DEMAND			0	0	0	0
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			157,696	6,833	164,529	4,935,870

ASSIGNED TERM SUPPLIES

		30 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002		0	0	8,697	260,910
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003		0	0	15,000	450,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003		0	0	3,312	99,360
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	0	27,009	810,270

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE			0	0	1,000	30,000
SUB-TOTAL ONEOK TERM SUPPLIES			0	0	1,000	30,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS			0	0	34,646	1,039,380
PONY EXPRESS @ CHEYENNE			0	0	7,492	224,760
WILLIAMS	Includes deliveries to KGS @ WNG Point 24280		0	0	85,607	2,568,210
PANHANDLE			0	0	8,775	263,250
KANSAS PIPELINE			0	0	0	0
PONY EXPRESS @ MIAMI			0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES			0	0	136,520	4,095,600

GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)			0	0	164,529	4,935,870
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)					0	0
Delivery To Kansas Gas Service	@ WNG Point 24280, Topeka, 25,000 Dth/Mo.				833	25,000

Echo: New Capacity (Includes Production Fuel)	
Amoco	8,697
Oxy	15,000
Duke	34,646
	0
	0
	0
	0
Total Supply	58,343
Total Remaining	0

Note: Regarding this 34,646, please be advised Williams has planned maintenance on the Rawlins-Hesston line from June 18-29, 2001 that will likely result in cuts. See Notice #01000022 under "Critical Notices" on the Pilot system for additional information.

MISSOURI GAS ENERGY
A Division of Southern Union Company

MISSOURI PUBLIC SERVICE COMMISSION
DATA INFORMATION REQUEST RESPONSE
Case No: GR-2001-382
Data Request No: 28

Requested By: Lesa Jenkins and Mike Wallis

Requested From: Mike Noack

Date of Request: June 4, 2001

Information Requested:

Please provide the following information with respect to the ACA period under review for each storage contract, any Company storage facility and any peak shaving facilities:

a. The calculation of all injection, withdrawal and propane rates,
b. The months typically used for injections and withdrawals,
c. The inventory pricing methodology (FIFO, LIFO, etc.)
d. A detailed inventory schedule/report for each month in the ACA period showing all withdrawal volumes & prices, all injection volumes & prices, ending monthly inventory balances, and support for the injection & withdrawal prices.
e. Please provide documents showing the MDWQ at the start and end of the heating season, the storage capacity, and any cushion gas required to maintain operations.
f. Please provide documents describing any constraints in using these facilities. (e.g., If storage or peaking service MDWQ is dependent on current stored volume, include documents explaining the withdrawal constraints and explain what MDWQ value is used for peak day planning.)
g. Please provide documents showing how the Company operates storage in an optimal way.
h. Please indicate any changes in Company' storage or peak shaving capacity during the ACA period under review. Please include the reasons for the changes.

Response:

a. See attached.

Prepared By: _____ Date: 8-16-01

b. Missouri Gas Energy typically injects into the Williams Natural Gas Pipeline and Panhandle Eastern Pipe Line storage facilities during the production months of April through October. Missouri Gas Energy typically withdraws volumes from the Williams Natural Gas Pipe Line and the Panhandle Eastern Pipe Line facilities during the production months of November through March.

c. Missouri Gas Energy uses the inventory pricing methodology of average costing. The value of the gas injected into storage is calculated taking a weighted average based upon the proportioned amount of volumes injected by each supplier multiplied by a weighted average cost of gas plus any applicable variable storage fees. Withdrawals are valued at the average cost of gas based on the ending inventory balance.

d. Please refer to the attached Williams Natural Gas storage rollforward schedule and the attached Panhandle Eastern Pipe Line storage rollforward schedule which summarized the withdrawal volumes and prices, injection volumes and prices, as well as reflects the production months where injections or withdrawals occurred.

e. Please see page 28 of the Reliability Report MGE filed with the commission staff for the ACA period under review.

f. There are no constraints up to the MDWQ during the winter season

g. Storage serves approximately 33% of total (normal) demand November through March, and comprises roughly 54% of peak day deliveries, its utilization is driven by operational needs. To this end, the Company's main objectives are to cycle close to 100% of storage inventory, schedule withdrawals to compliment flowing gas and minimize intramonthly spot purchases, and maintain sufficient inventory to meet historic peak day demand during the core winter months of December, January, and February.

h. Please see the Reliability Report MGE filed with the commission staff for the period under review. The only changes to storage capacity became effective on 6/15/2001 and are discussed in the Reliability Report filed with the commission staff for the 2001/2002 time period.

Prepared By: _____ Date: _____

THE REMAINING PAGES OF SCHEDULE MTL-18 ARE HIGHLY CONFIDENTIAL

Missouri Gas Energy
A Division of Southern Union Company

Missouri Public Counsel
Case Number GR-2001-382
Data Request Number 68

Requested By: Lesa Jenkins and Anne Allee

Requested From: Mike Noack

Date of Request: March 26, 2002

Information Requested: Per JH 90 your state that "Actual withdrawal levels by heating season are based on the operational result when weather varied from normal, and/or planned levels." Please provide all reasons other than colder-than-normal weather that MGE's withdrawals for November 2000 and December 2000 exceeded planned levels.

Response: Weather was the direct driver of excess withdrawals. Attached is an analysis of storage which shows the calculated BTU per heating degree day that would be expected for the period October, 2000 through March, 2001. Also as a result of the actual final supply plans, attached is a schedule that shows a comparison of the actual heating degree day and actual BTU per heating degree day experienced during this time period versus the normal levels that would be expected. The calculation methodology basically calculates a incremental storage demand change as a result of the weather induced variations. As can be seen, for October it clearly shows that the warmer than normal time period would have clearly resulted in an expected 857,000 incremental storage injection quantity. This analysis shows clearly why MGE entered into an incremental storage capacity arrangement for additional inventory at the end of October. For November and December, similar analysis shows incremental expected withdrawal demand on storage of over 1,000,000 MMBtu in November and over 2.8 million MMBtu during the month of December.

Similarly, for January, 2001 this analysis indicates that lower withdrawal levels of approximately 2 BCF would be expected in January due to warmer than normal weather.

Interestingly, for February and March, while the actual heating degree days were colder than normal, the analysis shows an expected lower withdrawal level than would normally be expected based on normal BTU per heating degree days. It is MGE's opinion that following the consumer bills for November and December consumption, and media reports of increasing price levels, the overall demand levels on our system declined, which reduced the BTU per heating degree day demand level below the normal historic levels.

Prepared By: _____ Date: 4-29-2002

Missouri Gas Energy
Calculation of Normal Btu per HDD
October 2000 through March 2001

October 2000	
Monthly Total from SD	3,224,795
Baseload	1,475,755
Normal Heatload	1,749,040
Normal HDD's	279
Normal Btu/HDD	**6,269**

November 2000	
Monthly Total from SD	7,425,631
Baseload	1,428,150
Normal Heatload	5,997,481
Normal HDD's	657
Normal Btu/HDD	**9,129**

December 2000	
Monthly Total from SD	12,400,465
Baseload	1,475,755
Normal Heatload	10,924,710
Normal HDD's	1,073
Normal Btu/HDD	**10,181**

January 2001	
Monthly Total from SD	13,893,421
Baseload	1,475,755
Normal Heatload	12,417,666
Normal HDD's	1,218
Normal Btu/HDD	**10,195**

February 2001	
Monthly Total from SD	11,238,497
Baseload	1,332,940
Normal Heatload	9,905,557
Normal HDD's	946
Normal Btu/HDD	**10,471**

March 2001	
Monthly Total from SD	8,448,472
Baseload	1,475,755
Normal Heatload	6,972,717
Normal HDD's	691
Normal Btu/HDD	**10,091**

MISSOURI GAS ENERGY

SUPPLY / DEMAND SUMMARY
October 2000 - Final

October Demand

3,224,795 Monthly Total
104,026 Daily Average
279 HDD's

100% OF NORMAL ? Dth ? Dth/d
PDP ? ? HDDs

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			63,812	1,540	65,352	2,025,912
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 37,054 Dth/d	34,571	2,483	37,054	1,148,674
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 5,620 Dth/d	5,243	377	5,620	174,220
SUB-TOTAL WGPC DEMAND			103,626	4,400	108,026	3,348,806
PEPL CUSTOMER DEMAND	Avg 1,798 OutSt	500 @ KC Meters - Balancing	2,298	47	2,345	72,695
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Nominate 4,123 Dth/d	4,037	86	4,123	127,813
SUB-TOTAL PEPL DEMAND			6,335	133	6,468	200,508
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	37,916	1,294	39,210	1,216,510
SUB-TOTAL PONY DEMAND			37,916	1,294	39,210	1,216,510
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	0	0	0	0
SUB-TOTAL PXP @ WGPC GLAVIN			0	0	0	0
KPC CUSTOMER DEMAND			0	0	0	0
SUB-TOTAL KPOC DEMAND			0	0	0	0
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			147,877	5,827	153,704	4,764,824

ASSIGNED TERM SUPPLIES

		REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S	GP 30002	min; demand	0	17,808	10,770	333,870
OXY USA, INC - T/S	GP 30003	min; demand	0	37,500	22,677	702,987
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	55,308	33,447	1,036,857

ONEOK TERM SUPPLIES

ONEOK	PXP	profiled volume;	0	0	2,360	73,160
SUB-TOTAL TERM SUPPLIES			0	0	2,360	73,160

DUKE TERM SUPPLIES

ECHO SPRINGS	0	0	32,195	998,045
PXP	0	0	36,850	1,142,350
WILLIAMS	0	0	43,191	1,338,921
PANHANDLE	0	0	6,468	200,508
KANSAS PIPELINE	0	0	0	0
PXP @ MIAMI	0	0	0	0
SUB-TOTAL WINTER TERM SUPPLIES	0	0	118,704	3,679,824
GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)	0	55,308	154,511	4,789,841
Delivery To Kansas Gas Service @ WNG Point 24280, Topeka, 25,000 Dth/Mo.			-806	-25,000
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)			1	17

Echo - New Capacity (Includes Production Fuel)	
Amoco	10,770
Oxy	15,000
Duke	32,195
	0
	0
	0
	0
Total Supply	57,965
Total Remaining	0

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
November 2000 - Final
10/23/2000 @ 4:00 PM

PDP = 618720 Dth at 58 HDDs

November Demand

7,425,361 Monthly Total
247,512 Daily Average
657 HDD's

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			216,902	1,896	80,465	2,413,950
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)			-138,333	0	0	0
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 0 (Zero)	0	0	0	0
SUB-TOTAL WGPC DEMAND	PRD Available	208,513	78,569	1,896	80,465	2,413,950
PEPL CUSTOMER DEMAND	Avg (3887 OS, 3735 WB, 2000 BL, 1000 KC)		10,622	137	6,487	194,610
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 4320 Dth/d	-4,272	0	0	0
SUB-TOTAL PEPL DEMAND			6,350	137	6,487	194,610
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	19,988	682	20,670	620,100
SUB-TOTAL PONY DEMAND			19,988	682	20,670	620,100
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	0	0	0	0
SUB-TOTAL PXP @ WGPC GLAVIN			0	0	0	0
KPC CUSTOMER DEMAND			0	0	0	0
SUB-TOTAL KPOC DEMAND			0	0	0	0
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			104,907	2,715	107,622	3,228,660

		30 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
ASSIGNED TERM SUPPLIES						
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002		0	0	17,808	534,240
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003		0	0	15,000	450,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003		0	0	22,500	675,000
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	0	55,308	1,659,240
ONEOK TERM SUPPLIES						
ONEOK @ PXP CHEYENNE			0	0	1,000	30,000
SUB-TOTAL ONEOK TERM SUPPLIES			0	0	1,000	30,000
DUKE TERM SUPPLIES						
WILLIAMS @ ECHO SPRINGS			0	0	25,157	754,710
PONY EXPRESS @ CHEYENNE			0	0	19,670	590,100
WILLIAMS			0	0	0	0
PANHANDLE			0	0	6,487	194,610
KANSAS PIPELINE			0	0	0	0
PONY EXPRESS @ MIAMI			0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES			0	0	51,314	1,539,420
GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)			0	0	107,622	3,228,660
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)					0	0
Delivery To Kansas Gas Service	@ WNG Point 24280, Topeka, 25,000 Dth/Mo.				833	25,000

Echo: New Capacity (Includes Production Fuel)		
Amoco		17,808
Oxy		15,000
Duke		25,157
		0
		0
		0
		0
Total Supply		57,965
Total Remaining		0

WNG PEAK DAY REQUIREMENT (Net of Fuel)	
WNG FULL TRANSPORT	737,626
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-78,569
	0
	0
	0
	0
PEAK DAY NEEDS	165,244

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
November 2000 - Final
10/23/2000 @ 4:00 PM

November Demand

7,425,361 Monthly Total
247,512 Daily Average
657 HDD's

PDP = 618720 Dth or 58 HDDs

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			216,902	1,896	80,465	2,413,950
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)			-138,333	0	0	0
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 0 (Zero)	0	0	0	0
SUB-TOTAL WGPC DEMAND	PRD Available	208,513	78,569	1,896	80,465	2,413,950
PEPL CUSTOMER DEMAND	Avg (3887 OS, 3735 WB, 2000 BL, 1000 KC)		10,622	137	6,487	194,610
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 4320 Dth/d	-4,272	0	0	0
SUB-TOTAL PEPL DEMAND			6,350	137	6,487	194,610
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	19,988	682	20,670	620,100
SUB-TOTAL PONY DEMAND			19,988	682	20,670	620,100
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	0	0	0	0
SUB-TOTAL PXP @ WGPC GLAVIN			0	0	0	0
KPC CUSTOMER DEMAND			0	0	0	0
SUB-TOTAL KPOC DEMAND			0	0	0	0
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			104,907	2,715	107,622	3,228,660

ASSIGNED TERM SUPPLIES

	30 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002	0	0	17,808	534,240
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003	0	0	15,000	450,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003	0	0	22,500	675,000
SUB-TOTAL ASSIGNED TERM SUPPLIES		0	0	55,308	1,659,240

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE		0	0	1,000	30,000
SUB-TOTAL ONEOK TERM SUPPLIES		0	0	1,000	30,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS		0	0	25,157	754,710
PONY EXPRESS @ CHEYENNE		0	0	19,670	590,100
WILLIAMS		0	0	0	0
PANHANDLE		0	0	6,487	194,610
KANSAS PIPELINE		0	0	0	0
PONY EXPRESS @ MIAMI		0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES		0	0	51,314	1,539,420
GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)		0	0	107,622	3,228,660
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)				0	0

Delivery To Kansas Gas Service @ WNG Point 24280, Topeka, 25,000 Dth/Mo. 833 25,000

Echo: New Capacity (Includes Production Fuel)	
Amoco	17,808
Oxy	15,000
Duke	25,157
	0
	0
	0
	0
Total Supply	57,965
Total Remaining	0

WNG PEAK DAY REQUIREMENT (Net of Fuel)	
WNG FULL TRANSPORT	737,626
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-78,569
	0
	0
	0
	0
PEAK DAY NEEDS	165,244

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
December 2000 - Final
11/28/2000 @ 3:20 PM

December Demand

PDP = 796554 Dth or 68 HDDs

12,400,465 Monthly Total
400,015 Daily Average
1073 HDD's

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			323,723	5,593	237,381	7,358,811
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)			-91,935	0	0	0
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 0 (Zero)	0	0	0	0
SUB-TOTAL WGPC DEMAND	PRD Available	243,813	231,788	5,593	237,381	7,358,811
PEPL CUSTOMER DEMAND	Avg (6036 OS, 2400 WB, 5000 BL, 1000 KC)		14,436	175	8,272	256,432
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 6410 Dth/d	-6,339	0	0	0
SUB-TOTAL PEPL DEMAND			8,097	175	8,272	256,432
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	51,856	1,770	53,626	1,662,406
SUB-TOTAL PONY DEMAND			51,856	1,770	53,626	1,662,406
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	0	0	0	0
SUB-TOTAL PXP @ WGPC GLAVIN			0	0	0	0
KPC CUSTOMER DEMAND			10,000	371	10,371	321,501
SUB-TOTAL KPOC DEMAND			10,000	371	10,371	321,501
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			301,741	7,909	309,650	9,599,150

ASSIGNED TERM SUPPLIES

		31 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002		0	0	17,808	552,048
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003		0	0	15,000	465,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003		0	0	22,500	697,500
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	0	55,308	1,714,548

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE			0	0	1,000	31,000
SUB-TOTAL ONEOK TERM SUPPLIES			0	0	1,000	31,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS			0	0	25,157	779,867
PONY EXPRESS @ CHEYENNE			0	0	32,626	1,011,406
WILLIAMS			0	0	156,916	4,864,396
PANHANDLE			0	0	8,272	256,432
KANSAS PIPELINE			0	0	10,371	321,501
PONY EXPRESS @ MIAMI			0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES			0	0	233,342	7,233,602
GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)			0	0	289,650	8,979,150
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)					-20,000	-620,000
Delivery To Kansas Gas Service	@ WNG Point 24280, Topeka, 25,000 Dth/Mo.				806	25,000

Echo: New Capacity (Includes Production Fuel)	
Amoco	17,808
Oxy	15,000
Duke	25,157
	0
	0
	0
	0
Total Supply	57,965
Total Remaining	0

WNG PEAK DAY REQUIREMENT (Net of Fuel)	
WNG FULL TRANSPORT	737,626
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-237,381
	0
	0
	0
	0
PEAK DAY NEEDS	6,432

January Demand

13,893,421 Monthly Total
448,175 Daily Average
1218 HDD's

PDP = 906018 Dth or 78 HDDs

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
			285,358	7,618	243,621	7,552,251
WITHDRAWAL (-)			-49,355	0	0	0
WITHDRAWAL (-)	Storage With	Nominate 0 (Zero)	0	0	0	0
	PRD Available	243,813	236,003	7,618	243,621	7,552,251
	Avg (7,237 OS, 6,715 WB, 5,000 BL, 10,000 Dodson)		28,952	481	22,818	707,358
RAWAL (-)	Storage With	Nominate 6689 Dth/d	-6,615	0	0	0
			22,337	481	22,818	707,358
		Delivered 107th & Elm	0	0	0	0
S			0	0	0	0
		Delivered 107th & Elm	70,500	2,406	72,906	2,260,086
			70,500	2,406	72,906	2,260,086
		Delivered WGPC KC Meters	19,472	901	20,373	631,563
			19,472	901	20,373	631,563
			43,893	1,630	45,523	1,411,213
			43,893	1,630	45,523	1,411,213
URE TO TOTAL SUPPLY)			392,205	13,036	405,241	12,562,471

	TOTAL DAILY	TOTAL MONTHLY
17	216,422	6,059,816
0	0	0
0	0	0
17	216,422	6,059,816
2	10,045	281,260
0	0	0
2	10,045	281,260
0	0	0
0	0	0
6	72,906	2,041,368
6	72,906	2,041,368
0	15,149	424,172
0	15,149	424,172
1	10,371	290,388
1	10,371	290,388
5	324,893	9,097,004

		31 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
RINGS	GP 30002		0	0	17,808	552,048
	GP 30003		0	0	15,000	465,000
ON POINTS	GP 30003		0	0	22,500	697,500
			0	0	55,308	1,714,548
			0	0	1,000	31,000
			0	0	1,000	31,000
			0	0	25,535	791,585
			0	0	92,279	2,860,649
ncludes deliveries to KGS @ WNG Point 24280			0	0	162,778	5,046,118
			0	0	22,818	707,358
			0	0	45,523	1,411,213
			0	0	0	0
			0	0	348,933	10,816,923
ARE TO TOTAL DEMAND)			0	0	405,241	12,562,471
D OVERSUPPLIED (+) / UNDERSUPPLIED (-)					0	0
) WNG Point 24280, Topeka, 25,000 Dth/Mo.					806	25,000

	PLAN/D	PLAN/MO
0	17,808	498,624
0	15,000	420,000
0	22,500	630,000
0	55,308	1,548,624
0	1,000	28,000
0	1,000	28,000
)	25,535	714,980
)	87,055	2,437,540
)	115,579	3,236,212
)	10,045	281,260
)	10,371	290,388
)	0	0
1	248,585	6,960,380
)	304,893	8,537,004
	-20,000	-560,000
	893	25,000

tion Fuel)
17,808
15,000
25,535
0
0
0
0
58,343
0

WNG PEAK DAY REQUIREMENT (Net of Fuel):	
WNG FULL TRANSPORT	737,626
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-236,003
	0
	0
	0
	0
PEAK DAY NEEDS	7,810

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
February 2001 - Final
1/17/2001 @ 3:05 PM

February Demand

11,238,497 Monthly Total
401,375 Daily Average
946 HDD's

PDP = 606280 Dth or 69 HDDs

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			289,569	6,767	216,422	6,059,816
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)			-79,914	0	0	0
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 0 (Zero)	0	0	0	0
SUB-TOTAL WGPC DEMAND	PRD Available	243,452	209,655	6,767	216,422	6,059,816
PEPL CUSTOMER DEMAND	Avg (6201 OS, 5526 WB, 5000 BL, 1000 KC)		16,827	212	10,045	281,260
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 7098 Dth/d	-6,994	0	0	0
SUB-TOTAL PEPL DEMAND			9,833	212	10,045	281,260
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	70,500	2,406	72,906	2,041,368
SUB-TOTAL PONY DEMAND			70,500	2,406	72,906	2,041,368
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	14,479	670	15,149	424,172
SUB-TOTAL PXP @ WGPC GLAVIN			14,479	670	15,149	424,172
KPC CUSTOMER DEMAND			10,000	371	10,371	290,388
SUB-TOTAL KPOC DEMAND			10,000	371	10,371	290,388
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			314,467	10,426	324,893	9,097,004

ASSIGNED TERM SUPPLIES

		28 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002		0	0	17,808	498,624
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003		0	0	15,000	420,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003		0	0	22,500	630,000
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	0	55,308	1,548,624

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE			0	0	1,000	28,000
SUB-TOTAL ONEOK TERM SUPPLIES			0	0	1,000	28,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS			0	0	25,535	714,980
PONY EXPRESS @ CHEYENNE			0	0	87,055	2,437,540
WILLIAMS	Includes deliveries to KGS @ WNG Point 24280		0	0	115,579	3,236,212
PANHANDLE			0	0	10,045	281,260
KANSAS PIPELINE			0	0	10,371	290,388
PONY EXPRESS @ MIAMI			0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES			0	0	248,585	6,960,380
GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)			0	0	304,893	8,537,004
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)					-20,000	-560,000
Delivery To Kansas Gas Service	@ WNG Point 24280, Topeka, 25,000 Dth/Mo.				893	25,000

Echo: New Capacity (Includes Production Fuel)	
Amoco	17,808
Oxy	15,000
Duke	25,535
	0
	0
	0
	0
Total Supply	58,343
Total Remaining	0

WNG PEAK DAY REQUIREMENT (Net of Fuel):	
WNG FULL TRANSPORT	737,626
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-190,280
	0
	0
	0
	0
PEAK DAY NEEDS	53,533

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
March 2001 - Final

March Demand

PDP = 696109 Dth or 59 HDDs

8,448,472 Monthly Total
272,531 Daily Average
691 HDD's

			MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
WGPC CUSTOMER DEMAND			200,967	4,514	144,366	4,475,346
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)			-61,115	0	0	0
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 0 (Zero)	0	0	0	0
SUB-TOTAL WGPC DEMAND	PRD Available	208,513	139,852	4,514	144,366	4,475,346
PEPL CUSTOMER DEMAND	Avg (3980 OS, 4592 WB, 2000 BL, 1000 KC)		11,572	161	7,613	236,003
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Storage With	Nominate 4181 Dth/d	-4,120	0	0	0
SUB-TOTAL PEPL DEMAND			7,452	161	7,613	236,003
PEPL @ PONY EXPRESS		Delivered 107th & Elm	0	0	0	0
SUB-TOTAL PEPL @ PONY EXPRESS			0	0	0	0
PXP CUSTOMER DEMAND		Delivered 107th & Elm	49,000	1,672	50,672	1,570,832
SUB-TOTAL PONY DEMAND			49,000	1,672	50,672	1,570,832
PXP @ WGPC GLAVIN		Delivered WGPC KC Meters	5,992	277	6,269	194,339
SUB-TOTAL PXP @ WGPC GLAVIN			5,992	277	6,269	194,339
KPC CUSTOMER DEMAND			5,000	186	5,186	160,766
SUB-TOTAL KPOC DEMAND			5,000	186	5,186	160,766
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)			207,296	6,810	214,106	6,637,286

ASSIGNED TERM SUPPLIES

		31 REASON	MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS	GP 30002		0	0	17,808	552,048
OXY USA, INC - T/S @ ECHO SPRINGS	GP 30003		0	0	15,000	465,000
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS	GP 30003		0	0	22,500	697,500
SUB-TOTAL ASSIGNED TERM SUPPLIES			0	0	55,308	1,714,548

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE			0	0	1,000	31,000
SUB-TOTAL ONEOK TERM SUPPLIES			0	0	1,000	31,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS			0	0	25,535	791,585
PONY EXPRESS @ CHEYENNE			0	0	55,941	1,734,171
WILLIAMS	includes deliveries to KGS @ WNG Point 24280		0	0	38,523	1,194,213
PANHANDLE			0	0	7,613	236,003
KANSAS PIPELINE			0	0	5,186	160,766
PONY EXPRESS @ MIAMI			0	0	0	0
SUB-TOTAL DUKE TERM SUPPLIES			0	0	132,798	4,116,738

GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)			0	0	189,106	5,862,286
TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)					-25,000	-775,000

Delivery To Kansas Gas Service @ WNG Point 24280, Topeka, 25,000 Dth/Mo. 806 25,000

Echo: New Capacity (Includes Production Fuel)	
Amoco	17,808
Oxy	15,000
Duke	25,535
	0
	0
	0
	0
Total Supply	58,343
Total Remaining	0

WNG PEAK DAY REQUIREMENT (Net of Fuel)	
WNG FULL TRANSPORT	737,626
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-115,634
	0
	0
	0
	0
PEAK DAY NEEDS	128,179

Missouri Gas Energy
HDD Comparison to TSS Volumes
October 2000 through April 2001

October-2000

	10/1/00	10/2/00	10/3/00	10/4/00	10/5/00	10/6/00	10/7/00	10/8/00	10/9/00	10/10/00	10/11/00	10/12/00	10/13/00	10/14/00	10/15/00	10/16/00
Actual HDD	0	0	0	8	18	27	26	27	21	13	10	8	0	1	6	1
Actual Btu/HDD	0	0	0	1863	2645	3823	4708	5072	5333	5560	5468	5496	5506	5513	5425	5396
Normal HDD	3	3	3	4	4	4	5	5	6	6	6	7	7	7	8	8
Normal Btu/HDD	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269
Calculation	18807	18807	18807	7490	-22607	-80852	-100468	-105802	-74372	-34660	-17038	43883	43883	36376	17605	1585

	10/17/00	10/18/00	10/19/00	10/20/00	10/21/00	10/22/00	10/23/00	10/24/00	10/25/00	10/26/00	10/27/00	10/28/00	10/29/00	10/30/00	10/31/00	Total
Actual HDD	6	0	0	1	2	1	0	0	0	3	4	4	2	0	0	192
Actual Btu/HDD	5444	5531	5551	5550	5543	5578	5601	5620	5637	5581	5502	5468	5493	5536	5598	
Normal HDD	8	8	8	10	10	11	11	12	13	14	15	16	17	19	19	279
Normal Btu/HDD	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269	6269	
Calculation	23758	50421	50421	57140	51603	63363	68958	75228	81487	71024	72028	70427	95587	112842	119111	857072

November-2000

	11/1/2000	11/2/2000	11/3/2000	11/4/2000	11/5/2000	11/6/2000	11/7/2000	11/8/2000	11/9/2000	11/10/2000	11/11/2000	11/12/2000	11/13/2000	11/14/2000	11/15/2000
Actual HDD	7	12	18	12	8	19	31	36	39	36	30	36	38	31	24
Actual Btu/HDD	2257	4171	5465	5850	6343	7801	7431	8752	8441	8831	8806	8043	8794	9105	9431
Normal HDD	15	16	16	17	17	17	18	18	18	19	20	20	21	21	22
Normal Btu/HDD	9129	9129	9129	9129	9129	9129	9129	9129	9129	9129	9129	9129	9129	9129	9129
Calculation	121138	86015	47327	84900	104450	8068	-68027	-132744	-155763	-144477	-91380	-108878	-124867	-90662	-25508

	11/16/2000	11/17/2000	11/18/2000	11/19/2000	11/20/2000	11/21/2000	11/22/2000	11/23/2000	11/24/2000	11/25/2000	11/26/2000	11/27/2000	11/28/2000	11/29/2000	11/30/2000	Total
Actual HDD	41	38	31	31	43	31	31	28	25	28	30	26	18	31	29	837
Actual Btu/HDD	8640	8550	8858	9407	9258	9547	9470	8968	7608	8348	9398	8400	10018	9603	8408	
Normal HDD	22	23	23	24	24	24	25	25	25	26	27	27	28	28	28	657
Normal Btu/HDD	9129	9129	9129	9129	9129	9129	9129	9129	9129	9129	9129	9129	9129	9129	9129	
Calculation	-153381	-114948	-64637	-72518	-179011	-78868	-34347	47321	47163	20264	-35462	26066	65265	-42062	20974	-1013710

December-2000

	12/1/2000	12/2/2000	12/3/2000	12/4/2000	12/5/2000	12/6/2000	12/7/2000	12/8/2000	12/9/2000	12/10/2000	12/11/2000	12/12/2000	12/13/2000	12/14/2000	12/15/2000	12/16/2000
Actual HDD	33	38	33	31	41	34	20	31	26	46	61	59	50	47	36	54
Actual Btu/HDD	8570	8278	8783	8636	4789	8434	8402	8838	6048	8413	9835	8811	8651	8148	9459	10857
Normal HDD	29	30	30	31	31	31	32	32	33	33	33	34	34	34	35	36
Normal Btu/HDD	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181
Calculation	12441	-17416	15598	47893	-44718	-5180	137754	51905	176776	-51619	-293041	-153268	-130880	-83787	15611	-229917

	12/17/2000	12/18/2000	12/19/2000	12/20/2000	12/21/2000	12/22/2000	12/23/2000	12/24/2000	12/25/2000	12/26/2000	12/27/2000	12/28/2000	12/29/2000	12/30/2000	12/31/2000	Total
Actual HDD	54	55	54	61	64	56	49	58	62	32	51	44	53	53	59	1,446
Actual Btu/HDD	9382	10822	10145	8581	10500	9021	9873	8480	8848	9144	9191	11189	10131	9066	9066	
Normal HDD	35	36	36	36	36	37	37	37	37	38	38	38	38	38	38	1,073
Normal Btu/HDD	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181	10181	
Calculation	-150302	-234106	-181332	-122628	-305484	-128457	-107003	-173714	-140678	-86609	-91883	-105428	-150084	-141328	-190942	-2828072

January-2001

	1/1/2001	1/2/2001	1/3/2001	1/4/2001	1/5/2001	1/6/2001	1/7/2001	1/8/2001	1/9/2001	1/10/2001	1/11/2001	1/12/2001	1/13/2001	1/14/2001	1/15/2001	1/16/2001
Actual HDD	52	54	41	33	28	25	29	37	32	22	29	28	26	35	33	41
Actual Btu/HDD	9482	9204	9808	8687	9258	9552	9271	9063	8865	10671	8375	9280	9630	8925	9601	9065
Normal HDD	38	39	38	38	39	39	38	40	40	40	40	40	40	40	40	40
Normal Btu/HDD	10186	10195	10195	10186	10195	10195	10195	10186	10195	10195	10195	10195	10195	10195	10195	10195
Calculation	-190903	-99386	3784	110630	138373	158811	128742	73219	82120	173033	135827	147886	160000	95431	80874	36123

	1/17/2001	1/18/2001	1/19/2001	1/20/2001	1/21/2001	1/22/2001	1/23/2001	1/24/2001	1/25/2001	1/26/2001	1/27/2001	1/28/2001	1/29/2001	1/30/2001	1/31/2001	Total
Actual HDD	38	38	54	44	38	27	25	41	38	40	39	32	32	33	33	1,111
Actual Btu/HDD	9058	8262	9711	9121	9231	9639	9708	9120	8279	9511	8206	9717	9981	9969	9831	
Normal HDD	40	40	40	40	39	38	39	39	38	38	39	38	38	38	38	1,210
Normal Btu/HDD	10195	10195	10195	10195	10195	10195	10195	10195	10195	10195	10195	10195	10195	10195	10195	
Calculation	84520	85587	-84187	6470	46838	137351	145250	64867	74711	17149	77569	78481	77310	57774	62985	2155355

February-2001

	2/1/2001	2/2/2001	2/3/2001	2/4/2001	2/5/2001	2/6/2001	2/7/2001	2/8/2001	2/9/2001	2/10/2001	2/11/2001	2/12/2001	2/13/2001	2/14/2001
Actual HDD	46	48	27	34	24	27	18	38	56	51	37	28	27	38
Actual Btu/HDD	10100	8785	9818	8331	8398	8435	8248	6020	8837	9165	8926	9492	7875	8860
Normal HDD	36	36	37	37	37	37	38	38	38	35	35	35	34	34
Normal Btu/HDD	10471	10471	10471	10471	10471	10471	10471	10471	10471	10471	10471	10471	10471	10471
Calculation	-86716	-5303	122341	70157	185916	160693	220492	148201	-117900	-50634	36218	108710	143393	8577

	2/15/2001	2/16/2001	2/17/2001	2/18/2001	2/19/2001	2/20/2001	2/21/2001	2/22/2001	2/23/2001	2/24/2001	2/25/2001	2/26/2001	2/27/2001	2/28/2001	Total
Actual HDD	42	48	47	33	23	34	43	31	30	23	30	25	45	44	896
Actual Btu/HDD	8132	9895	8839	9206	6021	8742	10190	8640	10183	9768	9620	9598	9758	8700	
Normal HDD	34	34	33	33	32	32	32	31	31	31	30	30	29	29	946
Normal Btu/HDD	10471	10471	10471	10471	10471	10471	10471	10471	10471	10471	10471	10471	10471	10471	
Calculation	-27610	-109330	-69695	38763	150584	38481	-103106	19547	19120	99828	25520	74165	-135311	-79138	800684

March-2001

	3/1/2001	3/2/2001	3/3/2001	3/4/2001	3/5/2001	3/6/2001	3/7/2001	3/8/2001	3/9/2001	3/10/2001	3/11/2001	3/12/2001	3/13/2001	3/14/2001	3/15/2001	3/16/2001
Actual HDD	32	33	27	28	32	31	31	33	26	18	22	23	19	7	27	33
Actual Btu/HDD	10029	8529	8931	9748	8282	8220	7879	7969	8344	8615	8408	7792	8368	10653	8555	9301
Normal HDD	29	28	28	27	27	28	26	26	25	25	24	24	23	23	23	22
Normal Btu/HDD	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091
Calculation	-26282	1373	41401	-420	-24554	7536	18019	-473	35333	85212	87218	82858	108665	158110	-28885	-87568

	3/17/2001	3/18/2001	3/19/2001	3/20/2001	3/21/2001	3/22/2001	3/23/2001	3/24/2001	3/25/2001	3/26/2001	3/27/2001	3/28/2001	3/29/2001	3/30/2001	3/31/2001	Total
Actual HDD	29	24	21	18	14	16	21	34	38	31	22	28	19	15	22	764
Actual Btu/HDD	8166	8065	8042	7391	8534	7402	7294	7755	8174	8483	7865	8668	7039	6830	7606	
Normal HDD	22	21	21	21	20	20	19	19	19	18	18	17	17	17	18	681
Normal Btu/HDD	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091	10091	
Calculation	-14814	16356	43032	76671	82084	83384	36947	-71846	-102529	-61857	5987	-53770	37789	72104	-5801	541061

Positive numbers represent volumes left in storage due to lower HDD's or Btu/HDD than normal.
Negative numbers represent volumes taken out of storage above normal.

Schedule MTL - 19

Williams - Gas Pipelines - Central
2000-2001 Winter Storage Plan

MISSOURI GAS ENERGY
TA-14

(Quantities in Dth)

TSS-P

	PLAN NOVEMBER	ACTUAL NOVEMBER	PLAN DECEMBER	ACTUAL DECEMBER	PLAN JANUARY	ACTUAL JANUARY	PLAN FEBRUARY	ACTUAL FEBRUARY	PLAN MARCH	ACTUAL MARCH
Beginning Storage Balance	15,093,505	15,093,505	9,966,153	9,966,153	3,747,983	3,747,983	3,784,819	3,784,819	2,264,999	3,784,819
Market Demand	4,868,525	7,983,389	8,163,390	12,072,456	8,805,068	5,971,729	4,540,412		6,092,569	
Production Area Supply Requirements	6,197,640	2,380,318	6,404,228	5,914,614	6,404,228	6,079,773	5,784,464	0	6,404,228	0
Daily Production Area Supply Requirements	206,588	79,344	206,588	190,794	206,588	196,122	206,588	0	206,588	0
Gross Market Area Receipts	6,197,640	2,380,318	6,404,228	5,914,614	6,404,228	6,079,773	5,784,464		6,404,228	
Market Area Fuel	50,171	24,279	84,125	60,329	103,338	70,525	53,287	0	71,503	0
Net Market Area Receipts	2,603,526	2,356,039	4,516,358	5,854,285	4,735,748	6,009,248	3,020,591	0	3,827,570	0
Market Area Deliveries	4,868,525	7,983,389	8,163,390	12,072,456	8,805,068	5,971,729	4,540,412	0	6,092,569	0
Gross Storage Injections (Withdrawals) - M	(2,264,999)	(5,627,350)	(3,647,032)	(6,218,171)	(4,069,320)	37,519	(1,519,821)	0	(2,264,999)	0
Storage Injection Fuel	0	0	0	0	0	683	0	0	0	0
Net Storage Injections (Withdrawals) - M	(2,264,999)	(5,627,350)	(3,647,032)	(6,218,171)	(4,069,320)	36,836	(1,519,821)	0	(2,264,999)	0
Balance Transfers	0	500,000	0		0		0	0	0	
Ending Storage Balance	12,828,506	9,966,153	6,319,121	3,747,983	(321,336)	3,784,819	2,264,999	3,784,819	0	3,784,819
Original Planned Storage Balance	13,090,924		9,443,893		5,374,573		2,264,999		0	
Variance from Plan		(3,124,772)		(5,695,909)		(1,589,754)		N/A		N/A

Maximum Daily Withdrawal Quantity (MDWQ): 465,331
Maximum Storage Quantity (MSQ, 33 X MDWQ): 15,355,923

Maximum Daily Quantity - Production Area: 206,588
Maximum Daily Quantity - Market Area: 698,996

Maximum Daily Injection Quantities (MDIQ):
If Balance is less than or equal to 62.5% of MSQ: 115,169
If Balance > 62.5 % of MSQ, but < or equal to 75.0% of MSQ: 95,975
If Balance > 75.0 % of MSQ, but < or equal to 87.5% of MSQ: 57,585
If Balance > 87.5 % of MSQ, but < or equal to 100.0% of MSQ: 38,390

Fax to: Missouri Gas Energy
BRENDA TROMBETTA
(512) 476-4966 fax
512-370-8317 confirmation
E-mail: brendatrombetta@southernunionco.com

	Eff. 11/1/2000	Eff: 1/1/2001
Production Area Fuel %:	1.35%	1.99%
Market Area Fuel %:	1.02%	1.16%
Storage Fuel % (on net injections only):	4.45%	1.82%

NOTE: This schedule is based on November 1 storage balances and depletion by March 31. If storage is depleted at a faster rate than the plan, additional gas needs to be injected into storage to maintain the above storage balances. The market demand numbers are based on 1996-97 actual deliveries.

FEB 16 '01 02:01PM WGP SO CEN GAS CONTR

Williams - Gas Pipelines - Central
2000-2001 Winter Storage Plan

MISSOURI GAS ENERGY

TA-72
(Quantities in Dth)

TSS-P

	PLAN NOVEMBER	ACTUAL NOVEMBER	PLAN DECEMBER	ACTUAL DECEMBER	PLAN JANUARY	ACTUAL JANUARY	PLAN FEBRUARY	ACTUAL FEBRUARY	PLAN MARCH	ACTUAL MARCH
Beginning Storage Balance	1,121,952	1,121,952	956,457	1,121,952	689,982	1,041,777	392,652	1,041,777	165,495	418,449
Market Demand									0	0
Production Area Supply Requirements	0	0	0	0	0	0	0	0	0	0
Daily Production Area Supply Requirements	0	0	0	0	0	0	0	0	0	0
Gross Market Area Receipts	0	0	0	0	0	0	0	0	0	0
Market Area Fuel	0	0	0	0	0	0	0	0	0	0
Net Market Area Receipts	(163,495)	0	(266,475)	0	(297,330)	0	(227,157)	0	(165,495)	0
Market Area Deliveries	0	0	0	0	0	0	0	0	0	0
Gross Storage Injections (Withdrawals) - M	(165,495)	0	(266,475)	(80,175)	(297,330)	0	(227,157)	(623,328)	(165,495)	(0)
Storage Injection Fuel	0	0	0	0	0	0	0	0	0	0
Net Storage Injections (Withdrawals) - M	(165,495)	0	(266,475)	(80,175)	(297,330)	0	(227,157)	(623,328)	(165,495)	(93,999)
Balance Transfers	0	0	0	0	0	0	0	0	0	0
Ending Storage Balance	956,457	1,121,952	689,982	1,041,777	392,652	1,041,777	165,495	418,449	0	324,450
Original Planned Storage Balance	956,505		690,030		392,700		165,495		0	
Variance from Plan		N/A		N/A		N/A		N/A		324,450

Maximum Daily Withdrawal Quantity (MDWQ):	34,000
Maximum Storage Quantity (MSQ, 33 X MDWQ):	1,122,000
Maximum Daily Quantity - Production Area:	0
Maximum Daily Quantity - Market Area:	0

Maximum Daily Injection Quantities (MDIQ):

If Balance is less than or equal to 62.5% of MSQ:	8,415
If Balance > 62.5 % of MSQ, but < or equal to 75.0% of MSQ:	7,013
If Balance > 75.0 % of MSQ, but < or equal to 87.5% of MSQ:	4,208
If Balance > 87.5 % of MSQ, but < or equal to 100.0% of MSQ:	2,805

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	Est 11/1/2000	Est 1/1/2001
Production Area Fuel %:	1.35%	1.99%
Market Area Fuel %:	1.02%	1.16%
Storage Fuel % (on net injections only):	4.45%	1.82%

NOTE: This schedule is based on November 1 balances and depletion by March 31. If storage is depleted at a faster rate than the plan, additional gas needs to be injected into storage to maintain the above storage balances.

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Williams - Gas Pipelines - Central
2000-2001 Winter Storage Plan

MISSOURI GAS ENERGY

TA-72
(Quantities in Dth)

TSS-P

	PLAN NOVEMBER	ACTUAL NOVEMBER	PLAN DECEMBER	ACTUAL DECEMBER	PLAN JANUARY	ACTUAL JANUARY	PLAN FEBRUARY	ACTUAL FEBRUARY	PLAN MARCH	ACTUAL MARCH
Beginning Storage Balance	1,121,952	1,121,952	956,457	1,121,952	689,982	1,041,777	392,652	1,041,777	165,495	41,777
Market Demand									0	0
Production Area Supply Requirements	0	0	0	0	0	0	0	0	0	0
Daily Production Area Supply Requirements	0	0	0	0	0	0	0	0	0	0
Gross Market Area Receipts	0	0	0	0	0	0	0	0	0	0
Market Area Fuel	0	0	0	0	0	0	0	0	0	0
Net Market Area Receipts	(165,495)	0	(266,475)	0	(297,330)	0	(227,157)	0	(165,495)	0
Market Area Deliveries	0	0	0	0	0	0	0	0	0	0
Gross Storage Injections (Withdrawals) - M	(165,495)	0	(266,475)	(80,175)	(297,330)	0	(227,157)	0	(165,495)	(0)
Storage Injection Fuel	0	0	0	0	0	0	0	0	0	0
Net Storage Injections (Withdrawals) - M	(165,495)	0	(266,475)	(80,175)	(297,330)	0	(227,157)	0	(165,495)	(93,999)
Balance Transfers	0	0	0	0	0	0	0	(1,000,000)	0	0
Ending Storage Balance	956,457	1,121,952	689,982	1,041,777	392,652	1,041,777	165,495	41,777	0	0
Original Planned Storage Balance	956,505		690,030		392,700		165,495		0	
Variance from Plan		N/A		N/A		N/A		N/A		0

Maximum Daily Withdrawal Quantity (MDWQ): 34,000
Maximum Storage Quantity (MSQ, 33 X MDWQ): 1,122,000

Maximum Daily Quantity - Production Area: 0
Maximum Daily Quantity - Market Area: 0

Maximum Daily Injection Quantities (MDIQ):
If Balance is less than or equal to 62.5% of MSQ: 8,415
If Balance > 62.5 % of MSQ, but < or equal to 75.0% of MSQ: 7,013
If Balance > 75.0 % of MSQ, but < or equal to 87.5% of MSQ: 4,208
If Balance > 87.5 % of MSQ, but < or equal to 100.0% of MSQ: 2,805

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	Eff: 11/1/2000	Eff: 4/1/2001
Production Area Fuel %:	1.35%	1.99%
Market Area Fuel %:	1.02%	1.16%
Storage Fuel % (on net injections only):	4.45%	1.82%

NOTE: This schedule is based on November 1 balances and depletion by March 31. If storage is depleted at a faster rate than the plan, additional gas needs to be injected into storage to maintain the above storage balances.

Williams - Gas Pipelines - Central
2000-2001 Winter Storage Plan

MISSOURI GAS ENERGY
TA-14

(Quantities in Dth)

TSS-P

	PLAN NOVEMBER	ACTUAL NOVEMBER	PLAN DECEMBER	ACTUAL DECEMBER	PLAN JANUARY	ACTUAL JANUARY	PLAN FEBRUARY	ACTUAL FEBRUARY	PLAN MARCH	ACTUAL MARCH
Beginning Storage Balance	15,093,505	15,093,505	9,966,153	9,966,153	3,747,983	3,747,983	3,784,819	3,784,819	2,515,613	2,515,613
Market Demand	4,868,525	7,983,389	8,163,390	12,072,456	8,805,068	5,971,729	4,540,412	6,473,914	6,092,569	4,544,161
Production Area Supply Requirements	6,197,640	2,380,318	6,404,228	5,914,614	6,404,228	6,079,773	5,784,464	4,254,045	6,404,228	2,891,016
Daily Production Area Supply Requirements	206,588	79,344	206,588	190,794	206,588	196,122	206,588	146,691	206,588	93,259
Gross Market Area Receipts	6,197,640	2,380,318	6,404,228	5,914,614	6,404,228	6,079,773	5,784,464	4,254,045	6,404,228	2,891,016
Market Area Fuel	50,171	24,279	84,125	60,329	103,338	70,525	53,287	49,347	71,503	33,536
Net Market Area Receipts	2,603,526	2,356,039	4,516,358	5,854,285	4,735,748	6,009,248	3,020,591	4,204,698	3,576,956	2,857,480
Market Area Deliveries	4,868,525	7,983,389	8,163,390	12,072,456	8,805,068	5,971,729	4,540,412	6,473,914	6,092,569	4,544,161
Gross Storage Injections (Withdrawals) - M	(2,264,999)	(5,627,350)	(3,647,032)	(6,218,171)	(4,069,320)	37,519	*(1,519,821)*	*(2,269,216)*	*(2,515,613)*	*(1,686,681)*
Storage Injection Fuel	0	0	0	0	0	683	0	0	0	0
Net Storage Injections (Withdrawals) - M	(2,264,999)	(5,627,350)	(3,647,032)	(6,218,171)	(4,069,320)	36,836	(1,519,821)	(2,269,216)	(2,515,613)	(1,686,681)
Balance Transfers	0	500,000	0		0		0	1,000,000	0	41,777
Ending Storage Balance	12,828,506	9,966,153	6,319,121	3,747,983	(321,336)	3,784,819	*2,264,999*	*2,515,613*	*0*	*870,710*
Original Planned Storage Balance	13,090,924		9,443,893		5,374,573		2,264,999		0	
Variance from Plan		(3,124,772)		(5,695,909)		(1,589,754)		250,615		870,710

Maximum Daily Withdrawal Quantity (MDWQ): 465,331
Maximum Storage Quantity (MSQ, 33 X MDWQ): 15,355,923

Maximum Daily Quantity - Production Area: 206,588
Maximum Daily Quantity - Market Area: 698,996

Maximum Daily Injection Quantities (MDIQ):
If Balance is less than or equal to 62.5% of MSQ: 115,169
If Balance > 62.5 % of MSQ, but < or equal to 75.0% of MSQ: 95,975
If Balance > 75.0 % of MSQ, but < or equal to 87.5% of MSQ: 57,585
If Balance > 87.5 % of MSQ, but < or equal to 100.0% of MSQ: 38,390

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	Eff. 11/1/2000	Eff. 1/1/2001
Production Area Fuel %:	1.35%	1.99%
Market Area Fuel %:	1.02%	1.16%
Storage Fuel % (on net injections only):	4.45%	1.82%

NOTE: This schedule is based on November 1 storage balances and depletion by March 31. If storage is depleted at a faster rate than the plan, additional gas needs to be injected into storage to maintain the above storage balances. The market demand numbers are based on 1996-97 actual deliveries.

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MISSOURI GAS ENERGY
A Division of Southern Union Company

MISSOURI PUBLIC SERVICE COMMISSION
DATA INFORMATION REQUEST RESPONSE
Case No: GR-2000-425
Data Request No: 27

Requested From: Danny Silberman

Data Requested: October 23, 2000

Requested By: Mike Wallis

Information Requested:

Please provide Company's analysis of how it operated storage in an optimal way during the 1999/2000 ACA period.

Information Provided:

In an effort to mitigate the effects of abnormally warm weather during the 1999/2000 ACA period, the Company utilized off-system sales as part of an overall effort to maintain storage withdrawals at planned levels. Because the winter period was the warmest on record, some targets were not met.

For specific information, please see the attached reports which show planned and actual utilization of storage during the 1999/2000 ACA period.

Prepared By: _____ Date: 11/7/2000

01/09/2003 14:07 MO GAS ENERGY → 9158835259

THE REMAINING PAGES OF SCHEDULE MTL-20 ARE HIGHLY CONFIDENTIAL

DIRECT TESTIMONY

OF

JAMES A. BUSCH

MISSOURI GAS ENERGY

A DIVISION OF SOUTHERN UNION

CASE NO. GR-98-140

Q. Please state your name and business address.

A. James A. Busch, P.O. Box 360, Jefferson City, Missouri 65102

Q. By whom are you employed and in what capacity?

A. I am a Regulatory Economist with the Missouri Public Service Commission (Commission).

Q. Please describe your educational and professional background.

A. In June 1993, I received a Bachelor of Science degree in Economics from Southern Illinois University at Edwardsville (SIUE), Edwardsville, Illinois. In May 1995, I received a Master of Science degree in Economics from SIUE. During Graduate school, I was a Graduate Assistant for the Department of Economics. My main duty as a Graduate Assistant was to be the tutor for the Economics Department. As tutor, I helped students grasp the fundamental theories of Economics. Upon graduation, I was co-recipient of the Outstanding Graduate Student Award in Economics as determined by the faculty of the Economics Department. In April 1996, I accepted a position as a Research Analyst II at the Missouri Department of Economic Development. While there, I was in charge of compiling and producing the State of Missouri Quarterly Economic Report. This report was sent out to various businesses and media throughout the state of Missouri. This report

described how well the state of Missouri was performing in various economic indicators. I also provided data to various businesses and individuals. In April 1997, I accepted my current position at the Commission. I am currently a member of the American Economic Association and Omicron Delta Epsilon, an honorary economic society.

Q. What has been the nature of your duties at the Commission?

A. My responsibilities include reviewing and analyzing Commission regulated natural gas local distribution company (LDC) procurement plans and Actual Cost Adjustment (ACA) filings. Also, I track the future's market for natural gas. The main reason for doing this is to become aware of other techniques being used to acquire gas and to diversify supply portfolios. I also am involved with studying other forms of regulation. These include incentive mechanisms and unbundling.

Q. Have you previously filed testimony before this Commission?

A. Yes, I have previously filed testimony before this Commission in Union Electric Company, Case No. GR-97-393.

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to address the storage inventory volume levels (inventory levels) used by Staff to develop the balances appearing in Staff Accounting Schedule 2, Rate Base. More specifically, my testimony shows what storage inventory levels could be if Missouri Gas Energy, a division of Southern Union, (MGE or Company) had operated its storage resources according to a normal plan or an average. Pricing of these storage inventory levels will be addressed by Staff witness Anne M. Allee in her direct testimony.

Q. How did you approach the analysis of the Company's storage inventories?

A. My analysis of the Company's storage inventories involved, but was not limited to, reviewing past ACA related documents and Data Information Request (DR) responses.

Q. Please describe the Company's storage contracts.

A. The Company maintains pipeline storage contracts with two pipelines. These pipelines are Williams Natural Gas Company (WNG) and Panhandle Eastern Pipe Line Company (PEPL). Both of these pipelines serve MGE's service territory which is primarily the Kansas City area.

Q. What is "cycling" of storage?

A. Cycling of storage refers to the swing in inventory levels that results from summer injections to storage and the subsequent withdrawals of this gas in the winter. Cycling of storage permits the Company and Missouri's ratepayers to benefit from any summer/winter price differentials and it reduces exposure to winter price spikes. Cycling and the use of storage is also the simplest form of hedging that an LDC can use to lower winter price spikes.

Q. How did you calculate storage inventory levels to be used in rate base?

A. Storage inventory levels were calculated on both the WNG and PEPL pipelines by combining two sets of information. The first set of information used was the Company's actual injection and withdrawal volumes for the years 1995 - 1997. This information can be found in the Company's response to Data Request No. 5002. Secondly, I used the plans developed jointly between the Company and each pipeline. This information was found in Company's responses to Data Request Nos. 58 and 5002. With this information, I averaged together the Company's actual injection and withdrawal volumes with the plans developed with each pipeline.

Q. What did your analysis of the Company's storage inventories show?

A. My analysis of the storage inventories showed that the Company partially or fully cycled each of its pipeline storage contracts. I have attached a summary of the end-of-month inventory levels that I believe should be used in rate base to my direct testimony as Schedules 1 and 2. Furthermore, the inventory level data contained in Schedules 1 and 2 are compared to historical data for each of the Company's storage contracts are attached to my direct testimony as Schedules 3 and 4. Schedules 3 and 4 show that the Company operated most of its storage resources close to a historical average.

Q. Please summarize your direct testimony.

A. My direct testimony shows what storage inventory levels could be if the Company operates its storage resources according to a normal plan or average. Pricing of these storage inventory levels is addressed by Staff witness Anne M. Allee in her direct testimony. My analysis of the Company's storage inventories involved looking at past ACA related documents and Data Request responses. In the Data Request responses, the Company provided both winter withdrawal and summer injections plans that it has jointly developed with each pipeline. Also, these responses contain actual withdrawal and injection levels over the past three years. I have used these plans and actual totals to calculate storage inventory levels for WNG and PEPL. I have attached a summary of the end-of-month inventory levels which I believe should be used in calculating rate base to my direct testimony as Schedules 1 and 2. Schedules 3 and 4 show the Company operated most of its storage resources close to a historical average. I believe that the inventory levels I have calculated for each of the Company's storage contract are representative

of normal or average operations and should be used for establishing rates. It is therefore, my recommendation that the inventory levels I have calculated for each of the Company's storage resources should be used in calculating the 12-month average inventory balances which appear (1) on Schedule 2 attached to the direct testimony of Staff witness Anne M. Allee, and (2) on Staff Accounting Schedule 2, Rate Base.

Q. Does this conclude your direct testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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-98-140

AFFIDAVIT OF JAMES A. BUSCH

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

James A. Busch, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 5 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

James A. Busch
JAMES A. BUSCH

Subscribed and sworn to before me this 10th day of March 1998.

Roberta A. McKiddy
Notary Public

My Commission Expires: _____

ERTA A. McKIDDY
Public, State of Missouri
County of Cole
mission Expires 09/11/99

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Initial Data Requests of Missouri Gas Energy on Staff Direct Testimony

Case No. GR-2001-382

34. Please indicate, yes or no, whether any of the analysis included within or referred to by Ms. Jenkins' direct testimony and supporting schedules accounts for daily weather variation as opposed to average monthly weather variation. If no, please provide a detailed explanation as to why Ms. Jenkins' analysis does not account for daily weather variability. If yes, please provide a detailed explanation of how Ms. Jenkins' analysis accounts for daily weather variability and provide copies of all workpapers and other documentation that demonstrates daily weather variability was accounted for.

Response: No. The information provided to Staff by the Company is based on monthly planning. See the Company Reliability Reports and the Company responses to DR Nos 21, 28, and 68. The daily numbers are shown in part of the Company DR responses, but the daily average reported by the Company are simply the monthly total divided by the number of days in the month. From information provided by the Company, it is Staff's understanding that storage injections and withdrawals are used to absorb daily variations and the Company may also utilize swing or spot flowing gas for daily variations.

Schedule MTL-23

Comparison of How Staff's Proposed Storage Utilization Plan and MGE's Actual Storage Utilization Plan for the Winter of 2000/2001 Would Have Performed In Five Most Recent Years

Date	Actual System Demand	Staff's Proposed Plan (Based on HDD Distribution) Storage Withdrawals	Staff's Proposed Plan (Based on HDD Distribution) Flowing Supplies	Staff's Proposed Plan (Based on HDD Distribution) Total	MGE's Actual Plan (Developed in Summer 2000) Storage Withdrawals	MGE's Actual Plan (Developed in Summer 2000) Flowing Supplies	MGE's Actual Plan (Developed in Summer 2000) Total	Actual Storage WACOG	Actual FOM WNG/PEPL Wgt. Avg. Index Price	Cost of Staff's Proposal Storage Withdrawals	Cost of Staff's Proposal Flowing Supply	Cost of Staff's Proposal Total	Cost of MGE's Plan Storage Withdrawals	Cost of MGE's Plan Flowing Supply	Cost of MGE's Plan Total	Net Benefit/ (Cost) of MGE's Plan
(a)	(b)	(c)	(d) = (b)-(c)	(e) = (c)+(d)	(f)	(g) = (b)-(f)	(h) = (f)+(g)	(i)	(j)	(k) = (c)*(i)	(l) = (d)*(j)	(m) = (k)+(l)	(n) = (f)*(i)	(o) = (g)*(j)	(p) = (n)+(o)	(q) = (m)-(p)
Nov-97	7,923,099	2,361,336	5,561,763	7,923,099	4,150,166	3,772,933	7,923,099	$ 2.34	$ 3.15	$ 5,536,632	$ 17,522,995	$ 23,059,627	$ 9,730,910	$ 11,887,073	$ 21,617,982	$ 1,441,645
Dec-97	11,478,932	3,856,489	7,622,443	11,478,932	3,454,240	8,024,692	11,478,932	$ 2.34	$ 2.37	$ 9,039,379	$ 18,055,086	$ 27,094,465	$ 8,096,532	$ 19,007,882	$ 27,104,414	$ (9,949)
Jan-98	11,443,336	4,377,636	7,065,700	11,443,336	3,464,251	7,979,085	11,443,336	$ 2.34	$ 2.15	$ 10,264,262	$ 15,191,256	$ 25,455,518	$ 8,122,845	$ 17,155,033	$ 25,277,678	$ 177,840
Feb-98	8,431,917	3,400,036	5,031,881	8,431,917	3,162,867	5,269,050	8,431,917	$ 2.35	$ 1.92	$ 7,973,805	$ 9,664,181	$ 17,637,986	$ 7,417,594	$ 10,119,685	$ 17,537,279	$ 100,707
Mar-98	9,774,280	2,483,536	7,290,744	9,774,280	2,247,507	7,526,773	9,774,280	$ 2.34	$ 2.15	$ 5,822,204	$ 15,675,101	$ 21,497,305	$ 5,268,877	$ 16,182,562	$ 21,451,439	$ 45,865
Total	49,051,564	16,479,031	32,572,533	49,051,564	16,479,031	32,572,533	49,051,564			$ 38,636,283	$ 76,108,619	$ 114,744,901	$ 38,636,559	$ 74,352,234	$ 112,988,793	$ 1,756,108
Nov-98	5,509,211	2,361,336	3,147,875	5,509,211	4,150,166	1,359,045	5,509,211	$ 2.26	$ 1.94	$ 5,326,885	$ 6,108,867	$ 11,435,753	$ 9,362,269	$ 2,637,406	$ 11,999,675	$ (563,922)
Dec-98	10,788,379	3,856,489	6,931,890	10,788,379	3,454,240	7,334,139	10,788,379	$ 2.25	$ 2.05	$ 8,691,845	$ 14,215,255	$ 22,907,100	$ 7,785,247	$ 15,040,148	$ 22,825,395	$ 81,705
Jan-99	13,190,277	4,377,636	8,812,641	13,190,277	3,464,251	9,726,026	13,190,277	$ 2.26	$ 1.78	$ 9,875,079	$ 15,686,501	$ 25,561,580	$ 7,814,664	$ 17,312,326	$ 25,126,990	$ 434,590
Feb-99	7,913,473	3,400,036	4,513,437	7,913,473	3,162,867	4,750,606	7,913,473	$ 2.25	$ 1.75	$ 7,664,241	$ 7,901,640	$ 15,565,881	$ 7,129,624	$ 8,316,850	$ 15,446,473	$ 119,408
Mar-99	7,885,820	2,483,536	5,402,284	7,885,820	2,247,507	5,638,313	7,885,820	$ 2.24	$ 1.57	$ 5,575,299	$ 8,484,029	$ 14,059,328	$ 6,045,438	$ 8,854,701	$ 13,900,138	$ 159,190
Total	45,287,160	16,479,031	28,808,129	45,287,160	16,479,031	28,808,129	45,287,160			$ 37,133,349	$ 52,396,294	$ 89,529,643	$ 37,137,242	$ 52,161,431	$ 89,298,672	$ 230,970
Nov-99	4,414,515	2,361,336	2,053,179	4,414,515	4,150,166	264,349	4,414,515	$ 2.48	$ 2.94	$ 5,865,279	$ 6,036,348	$ 11,901,626	$ 10,308,523	$ 777,186	$ 11,085,709	$ 815,918
Dec-99	9,843,466	3,856,489	5,986,977	9,843,466	3,454,240	6,389,226	9,843,466	$ 2.48	$ 2.06	$ 9,562,199	$ 12,333,173	$ 21,915,373	$ 8,582,734	$ 13,161,806	$ 21,744,539	$ 170,833
Jan-00	11,490,604	4,377,636	7,112,968	11,490,604	3,464,251	8,026,353	11,490,604	$ 2.48	$ 2.25	$ 10,864,625	$ 16,009,491	$ 26,874,116	$ 8,597,744	$ 18,065,289	$ 26,663,032	$ 211,084
Feb-00	8,165,749	3,400,036	4,765,713	8,165,749	3,162,867	5,002,882	8,165,749	$ 2.48	$ 2.49	$ 8,426,150	$ 11,871,055	$ 20,297,205	$ 7,838,388	$ 12,461,825	$ 20,300,211	$ (3,006)
Mar-00	6,042,011	2,483,536	3,558,475	6,042,011	2,247,507	3,794,504	6,042,011	$ 2.48	$ 2.47	$ 6,157,519	$ 8,792,549	$ 14,950,068	$ 5,572,325	$ 9,375,746	$ 14,948,071	$ 1,997
Total	39,956,345	16,479,031	23,477,314	39,956,345	16,479,031	23,477,314	39,956,345			$ 40,895,772	$ 55,042,617	$ 95,938,389	$ 40,899,711	$ 53,841,852	$ 94,741,563	$ 1,196,826
Nov-00	8,899,925	2,361,336	6,538,589	8,899,925	4,150,166	4,749,759	8,899,925	$ 4.23	$ 4.43	$ 9,981,670	$ 28,958,214	$ 38,939,884	$ 17,543,287	$ 21,035,812	$ 38,579,098	$ 360,785
Dec-00	16,074,076	3,856,489	12,217,587	16,074,076	3,454,240	12,619,836	16,074,076	$ 4.21	$ 5.90	$ 16,239,985	$ 72,063,459	$ 88,303,443	$ 14,546,083	$ 74,436,057	$ 88,982,140	$ (678,697)
Jan-01	12,718,983	4,377,636	8,341,347	12,718,983	3,464,251	9,254,732	12,718,983	$ 4.19	$ 9.97	$ 18,363,774	$ 83,192,951	$ 101,556,725	$ 14,532,210	$ 92,302,651	$ 106,834,861	$ (5,278,136)
Feb-01	11,009,323	3,400,036	7,609,287	11,009,323	3,162,867	7,846,456	11,009,323	$ 4.29	$ 6.29	$ 14,571,825	$ 47,824,656	$ 62,396,480	$ 13,555,371	$ 49,315,269	$ 62,870,640	$ (474,160)
Mar-01	8,348,578	2,483,536	5,865,042	8,348,578	2,247,507	6,101,071	8,348,578	$ 4.29	$ 5.03	$ 10,660,044	$ 29,493,870	$ 40,153,915	$ 9,646,942	$ 30,680,800	$ 40,327,743	$ (173,828)
Total	57,050,885	16,479,031	40,571,854	57,050,885	16,479,031	40,571,854	57,050,885			$ 69,817,297	$ 261,533,150	$ 331,350,447	$ 69,823,893	$ 267,770,589	$ 337,594,483	$ (6,244,036)
Nov-01	4,317,690	2,361,336	1,956,354	4,317,690	4,150,166	167,524	4,317,690	$ 4.46	$ 3.05	$ 10,530,320	$ 5,966,881	$ 16,497,201	$ 18,507,567	$ 510,948	$ 19,018,515	$ (2,521,314)
Dec-01	8,973,503	3,856,489	5,117,014	8,973,503	3,454,240	5,519,263	8,973,503	$ 4.47	$ 2.24	$ 17,236,702	$ 11,462,112	$ 28,698,814	$ 15,436,839	$ 12,363,149	$ 27,801,988	$ 896,826
Jan-02	10,624,016	4,377,636	6,246,380	10,624,016	3,464,251	7,159,765	10,624,016	$ 4.48	$ 2.51	$ 19,621,515	$ 15,678,415	$ 35,299,930	$ 15,527,526	$ 17,971,010	$ 33,498,537	$ 1,801,393
Feb-02	8,404,970	3,400,036	5,004,934	8,404,970	3,162,867	5,242,103	8,404,970	$ 4.50	$ 1.90	$ 15,290,083	$ 9,509,375	$ 24,799,458	$ 14,223,527	$ 9,959,996	$ 24,183,523	$ 615,935
Mar-02	8,485,251	2,483,536	5,981,715	8,485,251	2,247,507	6,217,744	8,485,251	$ 4.52	$ 2.31	$ 11,226,398	$ 13,815,936	$ 25,042,333	$ 10,159,471	$ 14,361,089	$ 24,520,561	$ 521,773
Total	40,785,430	16,479,031	24,306,399	40,785,430	16,479,031	24,306,399	40,785,430			$ 73,905,018	$ 56,432,719	$ 130,337,737	$ 73,858,931	$ 55,166,193	$ 129,023,123	$ 1,314,614

NP

SCHEDULE MTL-24 HAS BEEN DEEMED TO BE HIGHLY CONFIDENTIAL IN ITS ENTIRETY

Initial Data Requests of Missouri Gas Energy on Staff Direct Testimony

Case No. GR-2001-382

26. Did Staff ever publicly propose to or communicate with LDCs in Missouri generally, or MGE specifically, prior to the winter of 2000/2001 that Staff deemed a 30% minimum monthly hedging requirement to be appropriate?

Response: Not specifically 30%.

27. Has the Commission ever required that LDCs in Missouri meet a minimum monthly hedging requirement? If so, please provide a cite to the Commission order(s).

Response: Not a specific minimum monthly hedge volume.

Initial Data Requests of Missouri Gas Energy on Staff Direct Testimony

Case No. GR-2001-382

19. To what extent did Mr. Herbert participate in the Staff discussions with regard to the decision made in the spring of 2002 that 30% of normal volumes should have been hedged by Missouri gas utilities in the winter of 200-2001? Please provide a narrative description of Mr. Herbert's conversations with Staff, including copies of any notes or other materials from those meetings or conference calls, and the dates that those conversations took place.

Response: There was a conference call in spring of 2002. Since it was clear that natural gas price volatility is great, the need for hedging by utilities was never an issue. I first promoted requirements during warm weather conditions such as 70% of normal requirements. We then discussed the possibility of a lower percentage because some utilities in Missouri were not that familiar with hedging and that they might legitimately want to proceed conservatively for this reason. The 30% number seemed overly conservative to me because most companies had some flexibility in their operations. Moreover, on most days during the heating season, the amount of customer requirements would greatly exceed 30% of normal requirements. Since there is generally a very strong relationship between requirements and heating degree days, 30% of normal heating degree days or normal requirements, provides us with requirements or heating degree day numbers that are even lower than normal 'low' requirements or requirements for high temperatures days in early November. An analysis of daily historical heating degree-day information for Kansas City shows this result clearly. Yet, it is possible to get a 65-degree day in early November or zero degree-days but it is not very likely. Moreover, it is expected that most Company's could readily inject the relatively modest amounts of gas into storage on these days and, in fact, companies need to have a plan of action on these days unless all their gas is purchased on the daily markets. As we proceed through the heating season the 30% of normal heating degree days and normal requirements will most likely provide us with heating degree day or requirement amounts that are much lower than the average low heating degree days or requirements on a day. My thoughts at the time were that the 30% number would apply better over all companies and all months. Thus, 30% seemed more reasonable than a number nearer the 70% number because we wanted to use something that could be readily applied and accepted for all companies and all months. Nonetheless, I thought it would be much too low for some months such as December and January and thus excessive and unnecessary customer requirements would be exposed to price risk and computed damages would also be much too low.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's Tariff Sheets Designed to Renew for an Additional Year the Price Stabilization Fund	)))	Case No. GO-2001-215

STAFF RECOMMENDATION

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and respectfully states as follows:

1. On September 27, 2000, Missouri Gas Energy, a division of Southern Union Company ("MGE") filed an Application to Renew Price Stabilization Fund on Either a Modified or Unchanged Basis. MGE also requested expedited treatment.

2. The Commission granted MGE's motion for expedited treatment by its order dated October 4, 2000, directing the Staff to file its recommendation not later than October 18, 2000.

3. The Staff has reviewed MGE's Application, and recommends that the Commission reject MGE's tariff, as more fully explained in the attached Staff Memorandum.

Attachment 1

Respectfully submitted,

DANA K. JOYCE
General Counsel

Thomas R. Schwarz, Jr.
Deputy General Counsel
Missouri Bar No. 29645

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-5239 (Telephone)
(573) 751-9285 (Fax)

Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 17th day of October, 2000.

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GO-2001-215, File No. 200100337, Missouri Gas Energy

FROM: Wess Henderson – Project Coordinator
Tom Imhoff, Gas Department – Tariffs/Rate Design

Wess Henderson 10/17/00 Thomas R Schwarz Jr. 10/17/00
Project Coordinator/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation on a Tariff Sheet Filed to Renew Price Stabilization Fund on Either a Modified or Unchanged Basis.

DATE: October 16, 2000

On September 27, 2000, Missouri Gas Energy (MGE or Company) of Kansas City, Missouri, a division of Southern Union Company of Austin, Texas, filed a tariff sheet proposed to become effective October 27, 2000. On September 27, 2000, the Company also filed MISSOURI GAS ENERGY'S APPLICATION TO RENEW PRICE STABILIZATION FUND ON EITHER A MODIFIED OR UNCHANGED BASIS; MOTION FOR EXPEDITED TREATMENT (Application) requesting that the Commission issue an order approving the tariff sheet filed on September 27, 2000 as expeditiously as possible. The purpose of the proposed tariff sheet is to renew MGE's Price Stabilization Fund (PSF) through the winter of 2000-2001.

The proposed hedging program is slightly different from the MGE program the Commission previously approved, but which expired as of September, 2000. MGE has requested that the months for obtaining natural gas call options be changed from November through March to December through February. MGE also wants the Commission to approve a strike price that is generally prevailing at the NYMEX natural gas market. MGE proposes that Staff propose no prudence adjustment or other disallowance of costs debited to the PSF for purchases or prices sold at the generally prevailing NYMEX natural gas market at the time the sale is made.

The Staff believes that MGE has authority to hedge its gas costs using financial instruments. The attached sample tariff language identified as Attachment A was developed by Staff and a) clarifies MGE's authority to enter into gas supply hedges and b) clarifies that costs related to hedging or not hedging are gas costs, and will be reviewed in the appropriate actual cost adjustment filing.

10-17-00A11:25 RCVD

The Staff is concerned that the existing pre-approval process results in delays that are caused by scheduling issues, the negotiation process, review requirements, and regulatory procedural requirements. MGE should have the flexibility to make critical managerial decision without the inherent delay that is part of the regulatory process of pre-approval. MGE already makes critical business decisions without pre-approval for areas such as payroll, day-to-day gas purchasing decisions, and contractual negotiations.

Given the changes in the gas market in the last few months reflecting sharply increased gas prices and higher volatility, MGE should apply reasonable purchasing practices based upon its own evaluation of risks in its gas supply portfolio. These business decisions should be subject to prudence review as are MGE's other gas supply choices.

The Staff also requests that MGE's existing authority to charge 4.7 cents per Mcf be removed effective November 1, 2000.

Therefore, Staff recommends that the following tariff sheet filed on September 27, 2000, with a proposed effective date of October 27, 2000, be rejected:

P.S.C. MO. No. 1
First Revised Sheet No. 24.29 Canceling Original Sheet No. 24.29

ATTACHMENT A

The Company has the authority to use financial instruments for the purpose of hedging gas supply as it deems prudent. These costs are gas costs and will be subject to a prudence review in the appropriate ACA proceeding.

MISSOURI GAS ENERGY
3420 Broadway • Kansas City, MO • 64111-2404 • (816) 360-5501

STEVEN W. CATTRON
PRESIDENT & CHIEF OPERATING OFFICER

June 20, 2000

Honorable Sheila Lumpe, Chair
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

VIA FAX & U.S. MAIL

RE: Natural Gas Prices

Dear Chair Lumpe:

By this letter Missouri Gas Energy expresses its deep concern regarding current natural gas prices. The *Kansas City Star* has already reported on the issue a couple of times and, in so doing, done a good job of helping to make customers aware of the possibility of extremely high gas prices during the upcoming heating season. And although customer awareness is important, moderating the impact high gas prices can have on our customers will require action in addition to public communication.

MGE hopes that by taking prompt action, in cooperation and conjunction with the Commission, negative impacts on our customers, as well as the company itself, can be moderated. Although MGE has had discussions with your staff regarding these issues and possible actions that could be taken to help ease the situation, time is of the essence. Consequently, I write this letter to you and your colleagues on the Commission to request a direct meeting with the Commissioners themselves as policymakers and to initiate this important dialogue.

Some facts pertaining to this matter:

- Natural gas prices are presently above $4.00 per MMBtu, an all-time high for this time of the year. By the end of our current ACA period (June 30, 2000), MGE anticipates being in an under-recovered position on commodity costs by at least $10 million. This translates into an ACA adjustment increasing the PGA rate by at least $0.15/Mcf beginning around November 1, 2000. In addition, assuming natural gas prices do not fall between now and November, the PGA rate billed to customers would also increase by in excess of $1.00/Mcf on account of commodity costs (presently included in the PGA rate at approximately $3.00/Mcf).

- Because storage gas is necessary for the operational purpose of meeting peak demands and because we have only limited flexibility in the timing of storage

injections, we have been forced to buy storage gas at the high market prices currently prevailing. Thus, unlike in years past, storage gas will not likely have any downward moderating effect on the PGA rate for this coming winter.

- For the past three winters, MGE has obtained Commission authorization to purchase financial instruments to offer substantial price protection to its customers. Although renewal of that program has been requested by way of the Amended Stipulation and Agreement submitted on May 15, 2000, by MGE the Commission's staff and the Office of the Public Counsel, and presently pending before the Commission in Case No. GO-2000-705, obtaining financial instruments at or below the strike price cap of $4.40/MMBtu is not possible in the present market under the volume and cost parameters ordered in Case NO. GO-2000-231. MGE is not at all optimistic that price protection under the parameters set in Case No. GO-2000-231 will be attainable prior to the upcoming heating season.

- Although the Fixed Commodity Price PGA submitted to, and currently pending before, the Commission by MGE, the Commission's staff and the Office of the Public Counsel in Case No. GO-2000-705 provides a structure that can offer customers price stability, the trigger price of $2.25/MMBtu is well below prices presently available in the market. Absent substantial reductions in market prices for natural gas, therefore, the Fixed Commodity Price PGA will not be implemented prior to the upcoming heating season.

- MGE, like other Missouri natural gas distributors, is currently prohibited from changing its PGA rate until around November 1, 2000. Thus, absent a substantial reduction in current natural gas prices, MGE will continue under-recovering on commodity costs into our next ACA period (beginning July 1, 2000). Any such under-recoveries will translate into an ACA adjustment increasing the PGA rate around November 1, 2000.

- Weather in MGE's service territory has been mild for the last several heating seasons. Thus, a return to more typical weather would cause higher bills for our customers this winter absent any increase in natural gas commodity costs. Increased commodity costs would exacerbate this billing variability even further.

Unfortunately, the above factors seem to indicate that the currently high natural gas prices will continue into the future. Despite the best efforts of the Commission, its staff, the Office of the Public Counsel and MGE, the spectre of extreme price volatility appears poised on the horizon.

What can be done? First we need to initiate a dialogue on the possible alternatives. MGE respectfully requests a meeting with the Commissioners as policymakers for this purpose. Some of the alternatives MGE would raise include:

1. Permitting an unscheduled PGA filing this summer.

2. Increasing the strike price cap for the purchase of financial instruments under the Price Stabilization Plan.

3. Altering other conditions of the Price Stabilization Plan (e.g., volumes or overall cost).

4. Changing the trigger price proposed by MGE, the Commission's staff and the Office of the Public Counsel in the Amended Stipulation and Agreement in Case No. GO-2000-705.

5. Implementation of a Weather Normalization Clause or other rate design that can moderate the impact of weather on customer bills.

MGE offers the foregoing in the interest of taking the first step and beginning the dialogue on this important issue. Other alternatives certainly exist and we are more than willing to discuss and consider them.

MGE is also in the process of finalizing its plan to begin communicating with our customers in order to help prepare them for the upcoming heating season. Communicating soon to eliminate the surprise factor will be helpful in and of itself. In addition, there are other actions customers can take to help moderate bill impacts. They include subscribing to the ABC ("Average Bill Calculation") plan, weatherizing their homes and being aware that thermostat settings affect bill levels.

Given the gravity of the situation and the tight time constraints, MGE believes that ideas can be exchanged more quickly and effectively in a face-to-face meeting. Therefore, I would like to meet with the Commissioners as soon as reasonably possible during open agenda to discuss these issues.

Please feel free to call me at 816/360-5501 if you have any questions. Thank you for your prompt consideration of this request.

Sincerely,

Lisa Cattron

CC: Commissioner Murray
Commissioner Schemenauer
Commissioner Simmons
Vice Chair Drainer
Martha Hogerty
Thomas R. Schwarz, Jr.
Robert Schallenberg
Wess Henderson

Schedule MTL – 28

Notice of *Ex Parte* Contact

TO: Records Department: All Parties in Case No. GO-2000-231 & GO-2000-705
All Commissioners

FROM: Chair Sheila Lumpe

DATE: June 23, 2000

On June 21, 2000, I received a letter from Steve Cattron of Missouri Gas Energy, regarding Natural Gas Prices. The Commission is currently considering the same issues as to those set out in this document in Case Numbers GO-2000-231 & GO-2000-705. The Commission is bound by the same *ex parte* rule as a court of law.

Pursuant to 4 CSR 240-4.020(4) it is improper for any person to attempt to sway the judgement of the Commission by undertaking, directly or indirectly, outside the hearing process, to bring pressure or influence to bear upon the Commission, or the Regulatory Law Judge assigned to the proceeding.

Whenever such contact might occur 4 CSR 240-4.020(a) states: as *ex parte* communications (either oral or written) may occur inadvertently, any member of the Commission or Regulatory Law Judge who received the communication shall immediately prepare a written report concerning the communication and submit it to the Chair and each member of the Commission. The report shall identify the person(s) who participated in the *ex parte* communication, the circumstances which resulted in the communication, the substance of the communication, and the relationship of the communication to a particular matter at issue before the Commission.

Therefore, out of an abundance of caution, I think it appropriate to submit this notice of *ex parte* contact pursuant to the standards set out in the rules cited above. This will ensure that any party to this case will have notice of the attached information and a full and fair opportunity to respond to the comments contained therein.

cc: Executive Director
Secretary/Chief Regulatory Law Judge
General Counsel

Schedule MTL – 28

Commissioners
SHEILA LUMPE
Chair
M. DIANNE DRAINER
Vice Chair
CONNIE MURRAY
ROBERT G. SCHEMENAUER
KELVIN L. SIMMONS

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
http://www.psc.state.mo.us

BRIAN D. KINKADE
Executive Director
GORDON L. PERSINGER
Director, Research and Public Affairs
WESS A. HENDERSON
Director, Utility Operations
ROBERT SCHALLENBERG
Director, Utility Services
DONNA M. KOLILIS
Director, Administration
DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

June 20, 2000

Steven W. Cattron
President & Chief Operating Officer
Missouri Gas Energy
3420 Broadway
Kansas City, MO 65102

Dear Mr. Cattron:

I am in receipt of your letter of June 20, 2000. Like you, I am greatly concerned with the effect that unexpectedly high natural gas prices will have on Missouri's gas companies and their customers. I agree that time is of the essence if we are to most effectively address the potential problems caused by the high price of gas.

Because of the pervasive nature of this issue, it is of utmost importance that the PSC's response is orchestrated to best meet the needs of all Missourians irrespective of their gas service provider. I am hesitant to lead the Commission to addressing the problem one company at a time and therefore must decline your request to have MGE individually address the Commission at this time. Instead, I would ask that MGE participate in a meeting that the PSC staff will conduct next Monday in Jefferson City. Through this workshop, all of the state's gas companies can participate in an open discussion of the issue and work together with staff to develop recommendations for the Commission on how to best manage the problems brought by the current high price of gas. Recommendations requiring the Commission's review and approval would be handled in an expedited manner. I hope you will agree that this strategy affords us the best chance of addressing this problem in a way that is fair and consistent to consumers and gas companies statewide, and in the shortest amount of time.

You will be receiving or may have already received an invitation from Wess Henderson to attend the staff meeting. I am hopeful MGE will be an active participant in this forum.

Sincerely,

Sheila Lumpe

Sheila Lumpe

Schedule MTL – 28

Commissioners
SHEILA LUMPE
Chair
M. DIANNE DRAINER
Vice Chair
CONNIE MURRAY
ROBERT G. SCHEMENAUER
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Director, Administration
DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

June 23, 2000

Steve Cattron
President & Chief Operating Officer
Missouri Gas Energy
3420 Broadway
Kansas City, MO 64111-2404

Re: Case Numbers GO-2000-231
GO-2000-705

Dear Mr. Cattron:

The Commission appreciates knowing your opinion.

This case is an open case, so I cannot comment on it. Your letter will be shared with all the Commissioners and be placed in the official file so all the parties can view it.

Thank you for taking the time to write.

Sincerely,

Sheila Lumpe

Sheila Lumpe

cc: Commissioners

FILED[3]

APR 1 9 2001

Missouri Public Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the matter of Missouri Gas Energy's fixed commodity price PGA and transportation discount incentive mechanism.	))))	Case No. GO-2000-705

STAFF RECOMMENDATION

COMES NOW Staff of the Public Service Commission of Missouri, and for its recommendation in the above-captioned matter states:

1. On March 30, 2001, Missouri Gas Energy filed alternative proposals for gas cost recovery, and specimen tariff sheets designed to implement either option.
2. Staff has reviewed the filing, and does not believe either of MGE's proposals constitutes a balanced approach to securing gas supply. For the reasons set out fully in the Memorandum attached as Attachment A, Staff recommends that the Commission reject both of MGE's proposals.

WHEREFORE, Staff urges the Commission to reject MGE's application.

Respectfully submitted,

DANA K. JOYCE
General Counsel

Thomas R. Schwarz, Jr.
Deputy General Counsel
Missouri Bar No. 29645

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-5239 (Telephone)
(573) 751-9285 (Fax)

Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 19th day of April, 2001.

MEMORANDUM

To: Missouri Public Service Commission Official Case File,
Case No. GO-2000-705, Missouri Gas Energy

From: David Sommerer, Procurement Analysis Department Manager
Warren T. Wood, Gas Department Manager

Utility Operations Division / Date — General Counsel's Office / Date 4/19/01

Subject: Staff Recommendation on Missouri Gas Energy's Alternative Proposal Regarding Commodity Cost Recovery

Date: April 18, 2001

On March 30, 2001, Missouri Gas Energy (MGE or Company), a division of Southern Union Company, of Kansas City, Missouri filed an alternative proposal for gas cost recovery, accompanied by sample tariff sheets to incorporate either a Fixed Commodity Price Alternative (fixed price option) or Hedging Plan Alternative (hedging option). These options were submitted by MGE for the Commission's consideration and approval per paragraph II.C of the Amended Stipulation and Agreement approved by the Commission on August 1, 2000.

The Commission's Procurement Analysis Department and Gas Department Staff (Staff) have reviewed MGE's Alternative Proposal Regarding Commodity Cost Recovery (Proposal). Based on the following discussion, Staff recommends that neither of these options be specifically pre-approved by the Commission. The pre-approval process violates the fundamental principle that Missouri utilities manage their own business in a reasonable and prudent manner. MGE asks the Commission to decide now, in advance of events, that one or the other of its proposals is prudent. MGE is asking the Commission to relieve it of the risk of possible disallowance of gas costs even though the Commission will not be given additional market information at the time purchases are made. Customers may ultimately pay more for their gas in exchange for MGE's peace of mind. By extension, if the Commission is to assume the role of making initial management decisions at MGE, then customers should receive the benefit of a reduction in rate of return and elimination of salaries for management employees that no longer perform this function.

MGE's proposed natural gas purchase alternatives are too narrow in scope and put all the of ratepayer's "eggs in one basket". Under the fixed price option, the ratepayers will be subject to the outcome of a blind purchasing decision for an entire year regardless of how the market changes. Under the hedging option, all of MGE's ratepayers are protected by the purchase of financial instruments, but only for price cap protection on a percentage of "normal" natural gas supplies. The price cap that can be achieved using financial instruments, and their attendant cost, is relatively high compared to historical market prices. The Company's formula approach will probably not result in the best level of financial hedges for its customers this winter.

These problems are accentuated by the fact that the Company is performing its gas purchasing function in a piecemeal fashion. MGE is making decisions regarding fixed price gas contracts and financial hedges separate and distinct from each other instead of evaluating the interaction of both of these options to provide customers the best overall price of gas for this winter. Furthermore, if the weather is colder than normal, the price-protected supplies will drop as a percentage of the total needed supplies, further exposing ratepayers to high gas prices. If prices climb as they did last winter, ratepayers will still see high natural gas bills even though they would be below the spot market or index price.

Staff supports a gas purchasing strategy for the upcoming and future winters that utilizes a sound management decision-making process that considers the entire range of gas supply options while recognizing all relevant factors impacting its gas purchasing activities. The fundamental issue in this case is risk management and responsibility. There is a risk whenever we make a decision regarding a course of action when unknown future events can substantially alter the consequences of the decision. MGE customers are completely dependent on MGE to make reasonable and prudent decisions related to the purchase of natural gas to meet their needs. For the process to be efficient MGE must at least implicitly assume a fiduciary relationship with its customers similar to the one that explicitly exists between shareholders and their directors. The gas purchasing relationship between MGE and its customers necessitates a sound gas purchasing strategy. Such a strategy favors a mix of fixed price volumes, financially hedged volumes, storage volumes, and index priced volumes with variations of each of these components. The decision regarding the appropriate mix of these differently priced mechanisms would depend on the best information available to MGE on pricing trends, the relative costs of these mechanisms, and recognition of scenarios that can significantly alter the actual result. The decision regarding the appropriate mix of these differently priced mechanisms will be based on an objective to provide a relatively stable rate with the ability to participate in market price drops. Staff recognizes that a sound gas purchasing strategy will not result in the lowest possible delivered price or complete stability in rates in any given winter. The strategy Staff mentions has already been incorporated by one of Missouri's LDCs and is currently being incorporated by two others.

Staff notes that each of MGE's proposed options has merit and needs to be evaluated as part of a sound gas purchasing strategy. MGE's fixed price option would achieve rate stability over a full year, with only weather induced usage volatility the remaining unknown. MGE's fixed option plan does not provide adequate measures to ensure the cost of gas is reasonable. The company's proposal would have the Commission endorse the purchase of 20% of MGE's requirements even at times when all relevant data indicates that this would be an unreasonable action. MGE's hedging option would achieve a level of price protection while allowing participation in market price reductions. Unfortunately, its price protection level is expected to be quite high, relatively expensive to purchase, and will not protect all of MGE's needed supplies.

It is Staff's belief that MGE does not need to receive approval from the Commission to participate in whatever gas purchasing plan it views to be prudent and effective to provide its customers with reasonable gas costs. The gas price spikes of this winter and the 1996-'97 winter have shown that continued efforts to provide a level of rate stability are prudent. If MGE has analyzed the options it has presented to the Commission for pre-approval, and has a preference for using one or the other alternative to achieve the objectives of reasonable gas costs and a level of stability, it should exercise this option without Commission pre-approval. To date, Staff has not been persuaded that either one of MGE's proposals provides an optimum balance between the level of gas costs and a level of stability.

Staff is concerned about the timing of this filing and the possible time frame for resolution of these deliberations. Some of the best opportunities to purchase different mechanisms to accomplish a level of rate stability and reasonable gas costs could occur in the next few months. Staff does not believe that MGE's current tariffs preclude them in any way from contracting for the mechanisms that Staff has noted or that MGE has proposed. The Commission should so state in its order rejecting both of MGE's proposed options.

The Staff has reviewed MGE's Alternative Proposal Regarding Commodity Cost Recovery and is of the opinion that the Commission should reject pre-approval of MGE's alternatives.

Staff notes that each of MGE's proposed options has merit and needs to be evaluated as part of a sound gas purchasing strategy. MGE's fixed price option would achieve rate stability over a full year, with only weather induced usage volatility the remaining unknown. MGE's fixed option plan does not provide adequate measures to ensure the cost of gas is reasonable. The company's proposal would have the Commission endorse the purchase of 20% of MGE's requirements even at times when all relevant data indicates that this would be an unreasonable action. MGE's hedging option would achieve a level of price protection while allowing participation in market price reductions. Unfortunately, its price protection level is expected to be quite high, relatively expensive to purchase, and will not protect all of MGE's needed supplies.

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The Staff has reviewed MGE's Alternative Proposal Regarding Commodity Cost Recovery and is of the opinion that the Commission should reject pre-approval of MGE's alternatives.

Service List for
Case No. GO-2000-705
Revised: April 19, 2001 (ccl)

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

Robert J. Hack
Senior Attorney
Missouri Gas Energy
3420 Broadway
Kansas City, MO 64111

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Missouri Gas Energy's fixed commodity price PGA and transportation discount incentive mechanism.	))))	Case No. GO-2000-705

MISSOURI GAS ENERGY'S RESPONSE TO STAFF RECOMMENDATION; REQUEST FOR EXPEDITED CONSIDERATION

Comes now Missouri Gas Energy ("MGE"), a division of Southern Union Company, and for its response to the Staff Recommendation filed herein on or about April 19, 2001, respectfully states the following:

1. As indicated in its March 30 filing, MGE filed its Alternative Proposal Regarding Commodity Gas Cost Recovery for the purpose of I) eliminating the $2.25 per MMBtu trigger price mechanism currently embodied in MGE's tariff and II) replacing that $2.25 trigger price mechanism with either A) a fixed commodity price alternative or B) a hedging plan alternative. MGE will address each of these items in turn.

I. Eliminating the $2.25 Trigger Price Mechanism and Request for Expedited Treatment

2. Because the Staff Recommendation did not address the elimination of the $2.25 trigger price mechanism, MGE met with representatives of the Staff and the Office of the Public Counsel on April 24, 2001, to discuss this matter. Based on that discussion, it is MGE's understanding that neither the Staff nor the Public Counsel object to the elimination of the $2.25 trigger price mechanism. By filing made under separate cover contemporaneously with the filing of this pleading, MGE has submitted revised tariff sheets to effectuate elimination of the $2.25 trigger price mechanism. MGE respectfully requests expedited approval of these tariff sheets (Sheet Nos. 24.8, 24.11, 24.12, 24.13,

24.14, 24.15, 24.16, 24.18, and 24.31) on less than thirty days notice. As good cause therefore, MGE states that the presence of the $2.25 trigger price mechanism unduly complicates gas supply purchasing decisions; its elimination will clarify matters and the sooner it is eliminated and matters are clarified the better. MGE has endeavored to communicate with the Staff and Public Counsel to resolve this matter by consent and has made this tariff sheet filing as soon thereafter as reasonably possible.

II. Replacing the $2.25 Trigger Price Mechanism

A. Fixed Commodity Price Alternative

3. The Staff opposes the fixed commodity price alternative proposed by MGE based on its belief that the Commission should not grant "pre-approval." Although this Staff position continues to be a disappointment to MGE, the fixed commodity price alternative as proposed by MGE contained a "no prudence review" condition, so this Staff position is not a surprise. MGE reiterates its belief that the fixed commodity price alternative is superior to the hedging plan alternative for the reasons set out in MGE's filing of March 30, 2001. Nevertheless, in an effort to move this matter forward expeditiously for the benefit of MGE's customers in the upcoming winter, MGE hereby advises the Commission that, so long as the $2.25 trigger price mechanism is eliminated, the Commission need not make a decision between the fixed commodity price alternative and the hedging plan alternative. The Commission itself is of course free to choose the fixed commodity price alternative, but MGE would need to know that decision forthwith to be able to effectively implement that decision for the upcoming winter.

B. Hedging Plan Alternative

4. The stated basis of the Staff's opposition to the hedging plan alternative proposed by MGE is also that the Commission should not grant "pre-approval." This objection puzzles MGE because the hedging plan alternative as proposed by MGE does not seek "pre-approval" and specifically provides for prudence review. (See, para. II.B.2. on pages 3-4 of Missouri Gas Energy's Alternative Proposal Regarding Commodity Cost Recovery, filed March 30, 2001, and Section II of Sheet No. 24.12 in Attachment 3 thereto). The Staff's objection on this basis further puzzles MGE because the tariff language in section II of Sheet No. 24.12 is essentially what the Staff recommended in Case No. GO-2001-215.[1] (See, Attachment 1 appended hereto). MGE believes that it is entirely reasonable and appropriate to include this language in its tariff. Nevertheless, in an effort to move this matter forward expeditiously for the benefit of MGE's customers in the upcoming winter, MGE hereby advises the Commission that, upon elimination of the $2.25 trigger price mechanism, MGE will implement the hedging plan alternative without the language included in Section II of Sheet No. 24.12.[2] (The revised tariff sheets

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[1] The Staff also opposes the hedging plan alternative proposed by MGE on the basis that it is purportedly a "formula approach." (See, Staff Memorandum, page 2 of 3) This criticism puzzles MGE also. The hedging plan alternative proposed by MGE specifically stated that "MGE will undertake to hedge its gas purchase costs through the use of financial instruments on the NYMEX or fixed commodity prices or some combination thereof." (Missouri Gas Energy's Alternative Proposal Regarding Commodity Cost Recovery, para. II.B.2, pp. 3-4) This is most definitively not a "formula approach."

[2] In so doing and effective with the elimination of the $2.25 trigger price mechanism, MGE will be acting in reliance on the Commission's October 26, 2000, order in Case No. GO-2001-215 and the Staff Recommendation in this case that MGE possesses authority to use financial instruments for the purpose of hedging gas supply as MGE deems prudent and that the costs of such instruments, including associated gains and losses are commodity-related gas costs recoverable through the Purchased Gas Adjustment mechanism in MGE's tariff and are subject to true-up, as well as prudence review, through the Actual Cost Adjustment process.

submitted contemporaneously herewith under separate cover have been so drafted.) The Commission itself is of course free to decide that the tariff language originally included by MGE in Section II of Sheet No. 24.12 should be approved.

WHEREFORE, MGE respectfully requests that the Commission issue its Order which approves the tariff sheets to eliminate the $2.25 trigger price mechanism as expeditiously as possible.

Respectfully submitted,

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ATTORNEY FOR MISSOURI GAS ENERGY

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was either mailed or hand delivered this 26th day of April, 2001, to:

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

Thomas R. Schwarz, Jr.
P.O. Box 360
Jefferson City, Missouri 65102

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Terms: case no. go-2000-705 (Edit Search)

*2001 Mo. PSC LEXIS 211, **

In the Matter of Missouri Gas Energy's Fixed Commodity Price PGA and Transportation Discount Incentive Mechanism

Case No. **GO-2000-705;** Tariff No. 200101090

PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

2001 Mo. PSC LEXIS 211

May 25, 2001

CORE TERMS: tariff, trigger, volumes, commodity price, recommendation, purchasing, effective, commodity, sheet, elimination, recommended, prudence, fixed price, approving, withdraw, prudent

[*1] Dale Hardy Roberts, Secretary/Chief Regulatory Law Judge. Nancy Dippell, Senior Regulatory Law Judge, by delegation of authority pursuant to Section 386.240, RSMo 2000.

OPINION: ORDER APPROVING TARIFF

On August 1, 2000, the Commission approved an Amended Stipulation and Agreement regarding commodity gas cost recovery between Missouri Gas Energy, a division of Southern Union Company, the Staff of the Missouri Public Service Commission, and the Office of the Public Counsel. Section II of the agreement allowed MGE to submit, for the Commission's consideration, proposals regarding commodity gas cost recovery if the fixed commodity price component of the purchased gas agreement (PGA) did not take effect within eight months after April 28, 2000. The fixed commodity price component, also known as the trigger price mechanism, of the PGA did not take effect by the deadline.

On March 30, 2001, MGE filed a pleading requesting that the Commission approve one of two proposals. In its first proposal, MGE requested a fixed commodity price component for natural gas within the PGA. The fixed component would be based, according to the proposal, on the New York Mercantile Exchange (NYMEX). The fixed price **[*2]** would be effective for the period from October 1, 2001, through September 30, 2002, and would be weighted by its average purchase volumes for those months. MGE stated that under this proposal, it would make no profit from the fixed commodity price component within the PGA and no prudence review or adjustments would take place with respect to commodity purchases during that period.

In the alternative, MGE proposed to hedge its gas purchase costs through the use of financial instruments purchased on the NYMEX, by fixed commodity prices, or by some combination of the two. According to MGE's pleading, the gains or losses from the use of such financial instruments, as well as the cost of the financial instruments themselves, would be recoverable through the PGA clause of MGE's tariff. These costs, and the gains and losses, would be subject to a prudence review and adjustments.

On April 19, 2001, the Staff recommended that the Commission reject both of MGE's proposals. The Staff stated in its memorandum that by approving one of the two proposals, the Commission would be preapproving the expenditures and thereby deeming them to be made in a prudent manner. Staff further indicated that by **[*3]** approving one of these proposals the Commission would be assuming the decision-making role that should be

performed by MGE's management team. Staff further stated that in its opinion, MGE did not need Commission approval to participate in whichever gas purchasing plan MGE believed to be prudent.

Staff recommended that MGE use a gas purchasing strategy that "favors a mix of fixed price volumes, financially hedged volumes, storage volumes, and index priced volumes with variations of each of these components." Staff indicated that MGE's current tariff would not preclude MGE from using any of the methods MGE or Staff suggested for purchasing gas.

On April 27, 2001, MGE filed a response to Staff's recommendation. In its response, MGE indicated that it disagrees with Staff's objections. MGE stated that it had had further discussions with Staff and the Office of the Public Counsel regarding the elimination from its tariff of the current trigger price mechanism. MGE stated that having this mechanism in its tariff was no longer necessary since the mechanism did not take effect. Also on April 27, 2001, MGE filed proposed tariff sheets that would eliminate the trigger price mechanism. An amendment **[*4]** to the tariff sheets was filed on May 15, 2001. The tariff sheets have a proposed effective date of May 27, 2001.

MGE indicated in its response that if the trigger mechanism is eliminated, then no decision by the Commission is necessary regarding the two alternatives set out in MGE's March 30, 2001, pleading. However, MGE did not go so far as to withdraw its request for approval of its alternatives.

On May 18, 2001, the Staff filed a recommendation regarding MGE's April 27 2001, tariff. Staff recommended that the tariff sheets as amended be approved, and that the alternative proposals be rejected for the reasons it stated in its April 19, 2001, recommendation.

The Commission has reviewed MGE's proposed tariff, Staff's recommendation, and MGE's further response. The Commission finds that the elimination of the trigger price mechanism from the tariff is reasonable and the proposed tariff as amended should be approved.

The Commission notes that although MGE did not withdraw its request for approval of its two alternatives when it filed its proposed tariff, the Commission will treat the tariff filing as if it also withdrew the two alternative proposals. MGE itself admits that with the **[*5]** elimination of the trigger price, no further action by the Commission is necessary. Thus, there is no need for the Commission to address the two alternative proposals. As Staff suggests, MGE may make gas purchasing plans that it views to be prudent and effective, subject to prudence reviews and adjustments by the Commission.

IT IS THEREFORE ORDERED:

1. That the tariff filed by Missouri Gas Energy, on April 27, 2001, Tariff No. 200101090, is approved as amended to become effective on May 27, 2000. The tariff approved is:
P.S.C. MO. No. 1

Third Revised SHEET No. 24.8, Canceling Second Revised SHEET No. 24.8
Third Revised SHEET No. 24.10, Canceling Second Revised SHEET No. 24.10
Third Revised SHEET No. 24.11, Canceling Second Revised SHEET No. 24.11
Third Revised SHEET No. 24.12, Canceling Second Revised SHEET No. 24.12
Fourteenth Revised SHEET No. 24.13, Canceling Thirteenth Revised SHEET No. 24.13
First Revised SHEET No. 24.14, Canceling Original SHEET No. 24.14
First Revised SHEET No. 24.15, Canceling Original SHEET No. 24.15
First Revised SHEET No. 24.16, Canceling Original SHEET No. 24.16
First Revised SHEET No. 24.18, Canceling Original [*6] SHEET No. 24.18
First Revised SHEET No. 24.31, Canceling Original SHEET No. 24.31

2. That this order shall become effective on May 27, 2001.

3. That this case may be closed on May 29, 2001.

BY THE COMMISSION

Dale Hardy Roberts

Secretary/Chief Regulatory Law Judge

Nancy Dippell, Senior Regulatory Law Judge, by delegation of authority pursuant to Section 386.240, RSMo 2000.

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Initial Data Requests of Missouri Gas Energy on Staff Direct Testimony

Case No. GR-2001-382

55. Please show, through workpapers, notes or other materials, how Staff calculated that MGE could obtain 75% of the maximum tariff rate if MGE had released its capacity on Williams during the ACA period in question in this proceeding. If no analysis or calculation was conducted, please indicate as such.

Response: No specific calculation was performed but was based upon the requirement that an assessment of the value of a forgone capacity release transaction be conducted. The Staff's rationale for this value was at some level between maximum FERC rates and a 50% discount.

Initial Data Requests of Missouri Gas Energy on Staff Direct Testimony

Case No. GR-2001-382

56. All other things being equal, please explain whether, in Mr. Sommerer's opinion, a capacity release transaction for 500 Mcf/day of pipeline capacity is comparable to a capacity release transaction for 10,000 Mcf/day or more of pipeline capacity.

Response: No. These capacity levels are materially different in size.