MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GR-2010-0218, Southern Missouri Gas Company d/b/a
Southern Missouri Natural Gas

FROM: David M. Sommerer, Manager - Procurement Analysis Department
Phil Lock, Regulatory Auditor - Procurement Analysis Department
Lesa A. Jenkins, P.E., Regulatory Engineer - Procurement Analysis Department
Kwang Choe, Ph.D., Regulatory Economist - Procurement Analysis Department

David M. Sommerer 05/31/11	Lera L. Shemwell 05/31/11
Project Coordinator/Date	Staff Counsel Division /Date

SUBJECT: Staff's Recommendation for Southern Missouri Natural Gas' 2009/2010 Actual Cost Adjustment Filing

DATE: May 31, 2011

INTRODUCTION

The Procurement Analysis Department (Staff) has reviewed Southern Missouri Natural Gas' (SMNG or Company) 2009/2010 Actual Cost Adjustment (ACA) filing. This filing was made on October 5, 2010 and docketed as Case No. GR-2010-0218. The 2009/2010 ACA filing rates became effective on November 1, 2010. During the 2009/2010 ACA, SMNG provided natural gas to an average of 7,678 sales customers in the southern portion of the state including communities in Greene, Webster, Wright, Howell, Texas and Douglas counties. SMNG is currently undergoing expansions to the Lebanon, Branson/Hollister and Houston, Missouri areas. SMNG anticipates annual sales volumes to increase from the current sales volumes of approximately 730,000/Mcf to over 1,000,000/Mcf upon completion of these projects.

During the 2009/2010 ACA, SMNG's customer base included the following schools as School Aggregation customers: Ava R-I Schools, Cabool R-IV Schools, Fordland R-III Schools, Mansfield R-IV Schools, Mountain Grove R-III Schools, Norwood R-1 Schools, Logan - Rogersville R-VII Schools, West Plains R-VII Schools and Willow Springs R-IV Schools. Schools comprise less than 1% of SMNG's total delivered volume. See below for further discussion.

STAFF'S REVIEW

Staff reviewed and evaluated SMNG's billed revenues and actual gas costs for the period of September 1, 2009, to August 31, 2010. The Staff also reviewed SMNG's gas purchasing practices to determine the prudence of the Company's purchasing and operating decisions. Staff conducted a reliability analysis of estimated peak day requirements and the capacity levels needed to meet those requirements; peak day reserve margin and the reasons for this reserve margin; and a review of normal, warm and cold weather requirements. Staff also reviewed SMNG's hedging for the period to determine the reasonableness of the Company's hedging plans.

EXECUTIVE SUMMARY

Staff's review includes recommended financial adjustments pertaining to: (1) Prior Year ACA Balance; (2) Actual Cost of Gas - BP Energy, (3) Aggregation and Balancing fee for Missouri School Pilot Program, and (4) Capacity Release Adjustment for Missouri School Pilot Program.

Staff's review also includes recommendations for SMNG pertaining to: (1) Hedging and (2) Reliability Analyses and Gas Supply Planning.

PRIOR YEAR ACA BALANCE

Effective July 10, 2010, the Commission issued an order in Case GR-2009-0287 adopting Staff's recommended ACA balance of $310,169 for the period ended August 2009. The Company filed a beginning ACA balance of $314,515 in the current case, GR-2010-0218. The Company's beginning ACA balance in the current case does not reflect the ordered (ending) ACA balance in Case GR-2009-0287. This is an under-recovered ACA balance therefore the cost of gas should be reduced by $4,346 ($310,169 - $314,515) to reflect the proper ACA balance.

Actual Cost of Gas - BP Energy

The Company purchased supply from BP Energy during the month of May 2010 at an estimated cost of $59,675 that was reflected in the Company's filing. The actual invoiced cost of gas during May was $62,465. The estimated cost of gas was never trued up to reflect the actual cost of gas that was paid and purchased from BP Energy. This represents a gas cost increase of $2,790 ($62,465 - $59,675).

MISSOURI SCHOOL PILOT PROGRAM, TRANSPORTATION SERVICE – COMPLIANCE ISSUES

Aggregation and Balancing Fee

The Company is responsible for any imbalances between the forecasted daily gas supply requirement and the actual consumption. SMNG monitors imbalances on a monthly basis to ensure that imbalances are kept at a minimum. SMNG collects from the transporter an aggregation and balancing charge of $0.04 per MMBtu on all natural gas through put to offset the costs incurred by the Company to provide this service. Under SMNG's tariff, balancing charges are collected and credited to the monthly cost of the Purchased Gas Adjustment (PGA) Clause (see tariff sheet 18.3). While SMNG billed the transporters for these charges, these charges were not credited to the monthly PGA. These fees should be included as part of the Company's total revenue recovery, increasing total revenues by $1,515.

The Company indicated that the aggregation fee is based on incremental costs (tariff sheet 18.5 (7a)) and does not believe there are any incremental costs in administering this service, so they have elected to forego this fee on a going forward basis. These fees were eliminated from the Company's tariffs effective February 2011.

Capacity Release Adjustment

In the Reliability Analyses and Gas Supply Planning section of this memorandum, there is extensive discussion regarding SMNG's capacity release for the school aggregation program. SMNG releases capacity it holds on the interstate pipeline to permit the schools' pool operator (Seminole Energy Services) to transport natural gas to the schools. SMNG then receives credits from the schools in the form of capacity release credits. Staff's adjustment compares a reasonable market area capacity release to the actual capacity released. SMNG's actual capacity release for the school aggregation program was $15,336 ($26,717 - $11,381) less than it should have been for the 2009-2010 ACA. This includes the market area capacity only on Southern Star Central Pipeline (SSC). According to the SMNG Pool Operator Agreement (MSBA Natural Gas Purchasing Consortium) between SMNG and Seminole Energy Services, the capacity released by SMNG for the school aggregation program should include SSC market area capacity equal to the prior years' actual peak day usage during that period for all customers in aggregate to the Pool Operator. The releases should also be priced at the same rate the pipeline charges SMNG for that capacity.

The Company's calculation of capacity release credits did not reflect the pipeline charges for that released capacity during the months of November and December 2009. In addition, SMNG's calculation of the prior years' peak day usage did not include the appropriate peak day usage during the summer months (April-October) or winter months (November-March). This is discussed in more detail in the Reliability Analyses and Gas Supply Planning section (Section 3) of this memorandum. Staff's adjustment includes a larger capacity release credit for the system sales customers of SMNG and that reflects a $15,336 reduction in the cost of gas.

HEDGING

SMNG hedged with fixed price purchases (contracts) from gas suppliers such as BP, and Conoco Phillips for the winter heating season (November 2009 through March 2010). SMNG's target for the winter (November 2009 through March 2010), implemented as a result of a settlement in Case No. GC-2006-0180, was to secure hedging of a minimum of 20, 40, and 55% of normal winter heating–season gas supply no later than April 30, July 15, and October 1, 2009, respectively. As required by the Stipulation and Agreement, SMNG hedged, with fixed price purchases, 58% by early July 2009.

Despite SMNG's hedging practice using fixed price purchases, as a result of a Commission order, Staff recommends the company continue to stay current with market developments in order to make prudent gas procurement decisions. SMNG should also use market based, as well as disciplined approaches, to implement a reasonable hedging strategy that is partially responsive to the changing market dynamics. Staff further recommends the Company consider the growth in the Lebanon area and planned expansion in the Branson area, in its hedging plans. SMNG should evaluate further diversification of its gas supply portfolios and include a gas supply planning horizon of multiple years.

RELIABILITY ANALYSES AND GAS SUPPLY PLANNING

As a regulated gas corporation and a Local Distribution Company (LDC) providing natural gas service to Missouri customers, assuring reliability of natural gas supply is an essential company function. The Company is responsible for conducting reasonable long-range supply planning and for its decisions resulting from that planning. One purpose of the ACA review process is to examine the Company's analysis and decisions to assure reliability of its gas supply, transportation, and storage capabilities. For this analysis, Staff reviews: the LDC's plans, methods of calculating, and decisions regarding its estimated peak day requirements and the capacity levels to meet those requirements, the LDC's peak day reserve margin and its rationale for this reserve margin, and the Company's natural gas supply plans for various weather conditions.

Staff has the following comments and concerns regarding the Company's reliability and gas supply planning information:

1. Methodology Concerns for Peak Day Estimates

   a. Peak Day for Residential and General Service Customers

      In the 2008/2009 ACA, GR-2009-0287 and the 2007/2008 ACA, Case No. GR-2008-0379, Staff reminded SMNG that it should consider Staff's comments in the 2006/2007 ACA, GR-2007-0484. In these reviews, Staff recommended: (1) SMNG plot its data to assist in determining whether some of the data is suspect, and (2) SMNG include either the standard error or the 95% confidence interval factors for its intercept and heat load factor estimates to assure SMNG has adequately estimated its potential requirements for a peak cold day. Staff previously commented that more thorough SMNG analysis will become more critical to assure SMNG has adequate capacity for a peak cold day as the number of customers continues to increase.

      In its response to the Staff ACA reviews, in Case Numbers GR-2008-0379 and GR-2009-0287, SMNG agreed to the Staff recommendations in the Reliability section. However, SMNG's analysis did not plot the data in its review and did not consider the standard error or 95% confidence interval factors.

Staff Recommendation:
Because of the increased number of customers from the expansion into the Lebanon and Branson areas and SMNG's continued delay in incorporating the agreed items into its peak day analysis, Staff recommends SMNG provide its updated peak day analysis for 2011/2012, no later than 9/1/2011. Such analysis should incorporate items it previously agreed to incorporate. SMNG's analysis should also include: (1) SMNG's peak day estimated requirements for each take point for 2011/2012 and the next four years, (2) expected capacity for each of those years, (3) estimated peak day reserve margin, and (4) all supporting workpapers and documentation regarding peak day estimates and capacity.

b. Reserve Margin for Future Periods

SMNG provided information showing capacity increase of 5,000 per day beginning January 2011. SMNG included two (2) reserve margin estimates. One is for the Rogersville Take Point to serve the prior SMNG system and the expansion into the Lebanon area. The other reserve margin estimate is for the Aurora Take Point to serve the Branson area. (Take points are where Southern Star (SSC) delivers natural gas to SMNG's system.)

For the Aurora Take Point, SMNG assumes it can use the excess capacity from the Rogersville Take Point to also serve the Aurora Take Point. Staff asked SMNG to verify that Southern Star (SSC) can deliver excess capacity from the Rogersville Take Point to Aurora. In its 11/15/2010 email responding to Staff, SMNG reports the response from Southern Star regarding using the excess Rogersville capacity to serve Branson is: "That would be the tariff. Any contract has the right to deliver to any point on a secondary basis."

Staff Recommendation:
To assure it is able to deliver sufficient gas to Branson area customers on a peak day; Staff recommends SMNG evaluate delivery on a secondary basis and the risk regarding the reliability of the capacity for a peak day at the Aurora Take Point. To state it another way, SMNG should make sure it can use the excess capacity from Rogersville to serve the Branson area in a peak day situation, and that the secondary nature of that capacity does not cause the capacity to be at risk for cuts or reductions on a peak day. Such evaluation should occur prior to the upcoming winter of 2011/2012.

2. Methodology Concerns for Monthly Normal, Warm, and Cold Weather Estimates

a. Monthly Normal Weather Estimates

In response to Staff data requests (DR) SMNG provides three estimates for determining its customers' monthly normal natural gas requirements for the 2008/2009 ACA.

Estimate 1: In its estimates in DRs 1 and 2, SMNG uses the same base load and heat load factors from its evaluation for peak day. The monthly estimate is based on normal heating degree days (HDD) and base load and heat load factors per customer for each customer type (RS, OG, GS, and LGS & LV) multiplied by the estimated number of customers. The base load and heat load factors do not vary by month.

Staff Recommendation: As in the 2008/2009 ACA and 2007/2008 ACA, Staff recommends SMNG evaluate whether it is reasonable to calculate the normal month usage using the same base load and heat load factors for every month. SMNG should obtain more reasonable estimates by considering each month separately. Another option is to consider winter months separately from summer months.

Estimate 2: In DR 91, SMNG provides a monthly estimate (hedging DR for volumes exposed to price risk) based on averages for each month for the six years of 2001-2006. The monthly estimates are as much as 34% different from those in DR1, but the total volumes for November through March are comparable in the DR91 and DR1/DR2 estimates.

Estimate 3: In its response to DR23, SMNG provides a monthly estimate in the Weekly Activity Reports, noted as "7-Year Average Throughput." SMNG's total volumes for November through March reported in DR23 are 17% different from those in the DR1/DR 2 estimates and as much as 32% different when reviewed on a monthly basis.

Staff concerns with the Company Estimate 2 and 3 methodologies is that an average of 6 or 7-years of monthly data is not a good predictor of normal because: (1) The weather is not necessarily normal over a 6 or 7-year period; and (2) SMNG is expanding and normal usage will be different from past usage because of increased customer numbers.

For SMNG's gas supply planning as shown in its Weekly Activity Reports, it is evident that SMNG does not use the monthly estimates from the regression analysis for its gas supply planning. Staff has concerns with all three of the monthly estimation methods used by the Company.

Staff Recommendation:
Staff again recommends SMNG evaluate its estimates of monthly gas supply requirements for normal weather to develop reasonable normal estimates for each month, estimates that it uses for its gas supply plans.

b. SMNG's Monthly Cold and Warm Weather Estimates

As part of its planning, a utility should prepare for both colder and warmer than normal winter heating seasons. According to DR 91, SMNG estimates its cold weather natural gas requirements by multiplying the 6-year average of monthly usage data times 1.3. It did not provide justification for its 30% colder scenario. In response to DRs, SMNG did not provide Staff with any warm weather estimate for gas supply planning.

Staff's prior review of 30-plus years of HDD shows the winters vary from 23% colder than normal to 19% warmer than normal. This same review revealed for the coldest months of December through February: (1) the HDD can be as much as 44% to 51% colder than normal; (2) the normal HDD plus 2 standard deviations is 36% to 39% colder than normal. A review of 30-plus years HDD data shows the warmest HDD for the months of November through March can be as much as 27% to 49% warmer than normal.

Staff continues to recommend SMNG evaluate its monthly planning for warm and cold weather. Similar comments were made in the 2006/2007 ACA, 2007/2008 ACA, and 2008/2009 ACA.

In its 8/21/08 response to Staff's 2006/2007 ACA recommendation, SMNG stated that it will re-evaluate its planning for normal, warm and cold weather and maintain documentation to support its estimates. Because of the nature of the ACA reviews, SMNG could not incorporate Staff's comments into its planning for the 2007/2008 ACA (2006/2007 ACA recommendation made in 8/14/08 and comments made in conference call to Company in February 2008. The 2007/2008 ACA began in September 2007).) Thus, Staff expected to see changes in SMNG's monthly planning methodology beginning with the 2008/2009 ACA. However, SMNG failed to address Staff comments in its plan for the 2008/2009 ACA and the 2009/2010 ACA.

Staff Recommendation: Because of the increased number of customers from the expansion into the Lebanon and Branson areas and SMNG's continuing delay in re-evaluating the agreed items into its monthly estimates, Staff recommends SMNG provide its updated monthly estimates for normal, warm, and cold weather for 2011/2012, no later than 9/1/2011. Such analysis should incorporate items it previously agreed to evaluate. SMNG's analysis should also include SMNG's estimated requirements for each take point for 2011/2012 and all supporting workpapers and documentation regarding monthly estimates for normal, warm, and cold weather.

3. Missouri School Pilot Program, Transportation Service (School Aggregation)

a. Concerns with School Aggregation Market Zone Capacity Release

SMNG releases some of its capacity to schools under the School Aggregation Program. In response to DR 80, SMNG provided its capacity release summary for schools. For Market Zone Contract Number TA-797, SMNG shows it released 515 MMBtu per day for November 2009 through March 2010. For April and May 2010, it released only 151 and 25 MMBtu per day respectively. The summary shows no capacity release for September 2009, October 2009, June 2010, July 2010, and August 2010. In the 2008/2009 ACA, SMNG, explained when schools are long (they have too much natural gas supply); they use the long balance in the warmer weather months (3/5/2010 email).

Staff's concern is SMNG's market zone capacity release is not consistent with the SMNG Pool Operator Agreement, MSBA Natural Gas Purchasing Consortium, as specified for the Market Zone.

Staff commented on capacity release for the school aggregation program in both the 2007/2008 and 2008/2009 ACA, GR-2008-0379 and GR-2009-0268. Changes to the SMNG contract with the pool operator for the school aggregation program was made effective October 1, 2009.

The **SMNG Pool Operator Agreement, MSBA Natural Gas Purchasing Consortium**, between SMNG and Seminole Energy Services (Pool Operator) has the following capacity release provision for the Market Area:

> Market Zone Capacity Release Provisions: During the months of November through March, SMNG will release firm Market Zone capacity on SSC equal to the prior year's actual peak day usage during that period for all customers in aggregate to the Pool Operator. During April through October, SMNG will release firm Market Zone capacity on SSC equal to the prior year's actual peak day usage during that period for all customers in aggregate to the Pool Operator.

<u>Staff Recommendation</u>: When planning for the 2009/2010 ACA, SMNG had available to it historical daily data for two of the nine schools in the school aggregation program (DR22). The other schools had only monthly metering at that time. It would be reasonable to assume that the nine schools have similar consumption patterns. Using the daily data available, and the Pool Operator

Agreement that refers to market zone capacity release for the two periods of November through March (winter period) and April through October (summer period) equal to the prior year's actual peak day usage, Staff determined a reasonable peak day capacity release for each period.

Comparison of the reasonable market area capacity release for each period to the actual capacity release shows SMNG capacity release credit for the school aggregation program was $15,336 less than it should have been. SMNG's firm customers should have been credited this additional amount so that they were not subsidizing the peak day capacity for the schools in the aggregation program. The recommended adjustment is a compliance issue and is shown in the section, Missouri School Pilot Program, Transportation Service – Compliance Issues.

b. Concerns with School Aggregation Production Zone Capacity Release

SMNG's capacity release summary (DR80) for schools for Production Zone Contract Number TA-814 shows it released for the winter months of November 2009 through March 2010 differing capacity each month ranging from 156 to 463 per day. For the summer months of September and October 2009 and April through August 2010, it released differing capacity ranging from zero for four of these months to 153 per day for April 2010. In the 2008/2009 ACA, SMNG, explained when schools imbalances are long, they use the long balance in the warmer weather months (3/5/2010 email).

Staff commented on capacity release for the school aggregation program in both the 2007/2008 and 2008/2009 ACA, GR-2008-0379 and GR2009-0268. Changes to the SMNG contract with the pool operator for the school aggregation program were made effective October 1, 2009. SMNG revised the contract language to address Staff comments for the Market Zone, but not for the Production Zone.

The production zone capacity release provision in the **SMNG Pool Operator Agreement, MSBA Natural Gas Purchasing Consortium**, between SMNG and Seminole Energy Services (Pool Operator) states as follows:

> Production Zone Capacity Release Provisions: All Production Zone capacity will be released at a monthly volume equal to the gas that the Pool Group shall cause to be nominated and delivered to SMNG for transportation during that month. The release will be at the exact rate SSC charges SMNG for that "Market Zone" capacity.

Staff is not proposing an adjustment for the Production Zone capacity release for the 2009/2010 ACA, but reiterates its concerns on a moving forward basis. Generally when capacity is released, the volume of the capacity release is negotiated up front and the release shippers pay for that capacity for each day of the term of the contract, not a varying capacity for each month, unless the contract defines up front the capacity to be released (such as a specified release for the winter months and another specified release for the summer months). For the winter months, the capacity specified should allow the schools sufficient pipeline capacity to flow the needed natural gas for very cold days so that the volumes to the schools is not interrupted.

Staff Recommendation: SMNG address this Production Zone capacity release issue on a moving forward basis, prior to its contracts for the 2011/2012 period. Because SMNG contracts for school aggregation generally run from October through September, SMNG needs to consider the revisions to be incorporated for the contracts that will begin in October 2011.

c. Concerns with other School Aggregation Agreement Provisions

Staff Recommendation: SMNG address the following school aggregation concerns on a moving forward basis, prior to its contracts for the 2011/2012 period. Because SMNG contracts for school aggregation generally run from October through September, SMNG needs to consider the revisions to be incorporated for the contracts that will begin in October 2011 for each of the following concerns:

(1) The Interruptible Gas Transportation Agreement, MSBA Natural Gas Purchasing Consortium with each of the nine schools has Sections 5.4 and 5.5 regarding positive or negative imbalances. SMNG has a separate agreement with each of the nine schools. However, each of the nine agreements reference Ava R-1 Schools in this section.

(2) SMNG needs to address the differing requirements in its School Aggregation Agreement and its Tariff for timing to recover overcharges and undercharges. The contracts in affect for the year beginning October 2009, the Interruptible Gas Transportation Agreement, MSBA Natural Gas Purchasing Consortium with each of the nine schools has Sections 6.4 and 6.5 refer to billing overcharge and billing undercharge findings within 24 months after the date of any bill rendered. However, SMNG Tariff Sheet No. 40, Section (9) refers to billing errors and adjustments for overcharges which provides for timing not to exceed sixty (60) consecutive monthly billing periods or twenty (20) consecutive quarterly billing periods. For undercharges it refers to timing not to exceed twelve (12) actual monthly billing periods or four (4) quarterly billing periods.

(3) The Interruptible Gas Transportation Agreement, MSBA Natural Gas Purchasing Consortium between SMNG and each of the nine schools has a stated (1) annual maximum for each school and (2) daily maximum for each school (Source: DR79). However, the provisions in the SMNG Pool Operator

Agreement, MSBA Natural Gas Purchasing Consortium, pertain to the schools in aggregate, not separately. Staff discussion with SMNG indicates in does not use a separate daily capacity or annual capacity for each school. Staff recommends SMNG evaluate the Agreements with each school to determine necessary changes.

RECOMMENDATIONS

The Staff recommends that Southern Missouri Natural Gas:

1. Reflect the ACA account balance in its next ACA filing to include the adjusted ACA balance of ($18,407) for a total ACA balance of $233,805 on 8/31/10, as shown in the "Staff Recommended" column of the following table:

Description **(+) Under-recovery** **(-) Over-recovery**	**Company Ending Balances Per Filing**	**Staff Adjustments**	**Staff Recommended Ending Balances**
Prior ACA Balance 8/31/09	$314,515	($4,346) (A)	$310,169
Cost of Gas	$3,913,960	$2,790 (B)	$3,916,750
Cost of Transportation	$1,506,299	($15,336) (C)	$1,490,963
Revenues	($5,484,831)	($1,515) (D)	($5,486,346)
ACA Approach for Interest Calculation	$2,269	$0	$2,269
Total ACA Balance 8/31/10	$252,212	($18,407)	$233,805

A) Prior year ACA balance correction ($314,515-$310,169)
B) Actual Cost of Gas - BP Energy
C) Capacity Release Adjustment-School Aggregation customers
D) Aggregation and Balancing fee

2. Respond within 30 days to the comments expressed by Staff in the Hedging section.

3. Respond within 30 days to the concerns expressed by Staff in the Reliability Analyses and Gas Supply Planning section related to (1) methodology concerns for peak day estimates, (2) methodology concerns for monthly normal, warm and cold weather estimates, and (3) Missouri School Pilot Program, Transportation Service (School Aggregation)

4. Provide by 9/1/2011 for the 2011/2012 winter the updated peak day analysis and monthly estimates for normal, warm and cold weather as detailed in the Reliability Analyses and Gas Supply Planning section.

5. File a written response to the above recommendations within 30 days.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas' Purchased Gas Adjustment (PGA) Factors to be Reviewed in Its 2009-2010 Actual Cost Adjustment	))))	Case No. GR-2010-0218

AFFIDAVIT OF DAVID M. SOMMERER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

David M. Sommerer, being of lawful age, on his oath states: that as a Utility Regulatory Manager in the Procurement Analysis Department of the Utility Services Division, he has participated in the preparation of the foregoing report, consisting of 12 pages to be presented in the above case; that he has verified that the following Staff Memorandum was prepared by himself and Staff of the Commission that have knowledge of the matters set forth as described below; that he has verified with each of the Staff members listed below that the matters set forth in the Staff Memorandum are true and correct to the best of his knowledge and belief,

Phil S. Lock, Regulatory Auditor:	Billed Revenues and Actual Gas Costs
Lesa A. Jenkins, P.E., Regulatory Engineer:	Reliability Analysis and Gas Supply Planning
Kwang Y. Choe, Regulatory Economist:	Hedging

that he has knowledge of the matters set forth in such report and that such matters are true to the best of his knowledge and belief.

David M. Sommerer

David M. Sommerer

Subscribed and sworn to before me this 31st day of May, 2011.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 08, 2012
Commission Number: 08412071

D Suzie Mankin

Notary Public