

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

MISSOURI GAS ENERGY

CASE NO. GR-2001-382

REBUTTAL TESTIMONY OF

MICHAEL T. LANGSTON

Jefferson City, Missouri
March 18, 2003

Exhibit No. 4 NP
Case No(s). GR-2001-382
Date 5-12-03 Rptr XF

NP

REBUTTAL TESTIMONY OF

MICHAEL T. LANGSTON

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1 **REBUTTAL TESTIMONY OF**

2 **MICHAEL T. LANGSTON**

3 **CASE NO. GR-2001-382**

4 **MARCH 18, 2003**

5
6 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.**

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

9
10 **Q. ARE YOU THE SAME MICHAEL T. LANGSTON THAT HAS PREPARED**
11 **DIRECT TESTIMONY IN THE PROCEEDING?**

12 **A. Yes.**

13
14 **Q. PLEASE STATE THE PURPOSE OF YOUR REBUTTAL TESTIMONY.**

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

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

1
2 **PURCHASING PRACTICES - STORAGE**

3 **Incorrect Use of Information**

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

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

11
12 **Q. FIRST, WITH REGARD TO THE DATA RESPONSES, ARE THERE DISTINCT**
13 **DIFFERENCES IN THE INFORMATION PROVIDED IN THE RESPONSES TO**
14 **THESE DATA REQUESTS?**

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

18
19 First, the response to DR Number 28 primarily addressed the method by which MGE
20 calculates its average storage inventory cost. As such, there were detailed schedules
21 included in the response that showed volumes purchased and average storage cost
22 calculations. In addition, included as part of the response to DR Number 28 was a listing
23 of the storage injection and withdrawal schedules for the 2000/2001 year. In these

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

7
8 Second, the responses to Staff's DR Numbers 21 and 68 show MGE's storage plans for
9 the same time period, but the data has been updated based on actual results on a month-
10 to-month basis as MGE moved through the year. For example, the data for January
11 would reflect the actual results experienced by MGE for November and December and
12 include any necessary modifications to the baseline levels that would need to be made to
13 January's withdrawals as a result. Therefore, the storage information provided in these
14 two responses effectively represents monthly storage plans that have been updated during
15 the winter heating season based on knowledge of the facts at the time. Attached as
16 Schedules MTL-17, MTL-18, and MTL-19 are copies of MGE's responses to Staff's DR
17 Numbers 21, 28, and 68, respectively.

18
19 **Q. WOULD YOU PLEASE GENERALLY COMPARE AND CONTRAST THE**
20 **INFORMATION USED BY MS. JENKINS FROM DR NO. 28 VERSUS THE**
21 **INFORMATION SHE USED FROM DR NOS. 21 AND 68?**

22 **A.** Table 1 below generally compares and contrasts the information used by Ms. Jenkins
23 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

Information Source	DR No. 28 ACA Filing MGE Baseline Winter Storage Plan	DR Nos. 21 and 68 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

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

3 ...MGE's planned withdrawals show that the largest planned withdrawal
4 is in November, the heating season month with the fewest number of
5 heating degree days, and the smallest planned withdrawal is in January,
6 the heating season month with the greatest number of heating degree days.
7 (Direct Testimony of Lesa Jenkins, Case No. GR-2001-382, January 15,
8 2003, page 15, ll. 13-16).

9
10 Specifically, Ms. Jenkins implies that MGE "planned" on withdrawing volumes from
11 storage in January 2001 that were lower than any of the remaining months of the winter
12 of 2000/2001, or in other words, "planned" on withdrawing less than 10% of its
13 maximum storage quantity in January 2001.

14
15 **Q. IS THERE A PROBLEM WITH MS. JENKINS' USE OF THIS DATA**
16 **RESPONSE INFORMATION IN HER DIRECT TESTIMONY?**

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

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

6
7 The only "planned" storage withdrawal volumes going into the winter of 2000/2001 that
8 were prepared for storage dispatch planning purposes, and thus are relevant to Ms.
9 Jenkins' approach, are the volumes presented in the response to DR Number 28. This
10 baseline storage plan has generally remained the same since the winter of 1998/1999, and
11 is presented in Table 2 below:

12
13 **Table 2: MGE Baseline Storage Plan for Winter of 2000/2001 (as presented on**
14 **DR Number 28 and on Schedule MTL-18)**

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

20
21 As shown in the response to DR Number 28 and in the table above, the projected storage
22 withdrawal volume for January 2001 was the second highest winter storage withdrawal
23 volume of the winter heating season behind only the withdrawals projected for November
24 2000. Therefore, it is inappropriate of Ms. Jenkins to utilize the information in the
25 responses to DR Numbers 21 and 68 in the context of baseline storage planning since the
26 storage figures in those responses were not prepared in the context of storage planning
27 prior to the winter heating season and are not representative of MGE's storage planning.

1
2 **Q. WAS THE INFORMATION MGE PROVIDED IN THE RESPONSES TO DR**
3 **NUMBERS 21 AND 68 EVEN AVAILABLE PRIOR TO THE WINTER OF**
4 **2000/2001?**

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

16
17 **Q. WAS MGE'S BASELINE STORAGE PLAN FOR THE WINTER OF 2000/2001**
18 **CONSISTENT WITH MGE'S PLAN FOR THE PREVIOUS WINTERS?**

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

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

5
6 **Table 3: MGE Storage Plan for the Winter of 1999/2000 (as shown in Schedule**
7 **MTL-20)**

	<u>Winter 1999/2000</u>
8 November	4,129,600 MMBtu
9 December	3,422,720 MMBtu
10 January	3,431,360 MMBtu
11 February	3,178,067 MMBtu
12 March	2,135,523 MMBtu

13
14
15 As can be seen clearly in Table 3 above, MGE's storage plan was generally the same for
16 the winter prior to the winter of 2000/2001 at issue in this proceeding, and was generally
17 the same as for the winter of 1998/1999 as well. Although Staff has conducted yearly
18 ACA audits, Staff has never previously indicated to MGE that its baseline storage plan in
19 use since 1998/1999 was unreasonable.

20
21 **Q. IS MS. JENKINS' POSITION IN THIS PROCEEDING CONSISTENT WITH**
22 **STAFF'S PRIOR POSITIONS REGARDING THE APPROPRIATE LEVEL OF**
23 **MGE'S STORAGE INVENTORY?**

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

1 withdrawals in order to calculate an appropriate inventory price level for working capital
2 purposes. In Schedule 1 and Schedule 2 attached to Mr. Busch's testimony, are
3 projections of storage inventory on the Williams and PEPL systems. Specifically, for
4 November, Mr. Busch proposed a "normal" storage withdrawal level of approximately
5 3.3 Bcf. This level is significantly higher than the "normal" storage withdrawal
6 calculated by Ms. Jenkins, shown on Table 3-1 of Schedule 13-2 of her direct testimony
7 that shows a "normal" storage withdrawal level for November of approximately 2.5 Bcf.
8 Therefore, Staff previously proposed a level of storage withdrawals that was
9 approximately 32% greater than the "normal" storage withdrawal level calculated and
10 being utilized by Staff in this proceeding. This reinforces my point that Ms. Jenkins has
11 misused the data in this proceeding based on hindsight and does not reflect the baseline
12 storage plan utilized by MGE.

13
14 **Q. IN CASE NO. GR-98-140, DID MR. BUSCH USE A HEATING DEGREE DAY**
15 **DISTRIBUTION FOR HIS CALCULATION OF "NORMAL" STORAGE**
16 **WITHDRAWAL LEVELS?**

17 **A. No.**

18
19 **Q. IN YOUR OPINION, WHY DO YOU THINK THAT THERE IS A DIFFERENCE**
20 **BETWEEN STAFF'S POSITION IN THAT PROCEEDING AND STAFF'S**
21 **POSITION IN THIS PROCEEDING?**

1 A. In my opinion, it appears to simply be an attempt by Staff at using data that best fits their
2 position at the time, regardless of whether the data is relevant to the way Staff is using it,
3 which is clearly the case of Ms. Jenkins' direct testimony in this proceeding.
4

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

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

10 A. Yes. Ms. Jenkins' allegations regarding MGE's plan for first-of-month flowing supplies
11 and storage utilization are both severely flawed.
12

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

15 A. Ms. Jenkins claims on pages 19-24 in her direct testimony that MGE should, at a
16 minimum, have sufficient planned first-of-month flowing supplies to cover warm weather
17 requirements for November through January. Specifically, with regard to November
18 2000, Ms. Jenkins states:

19 Staff's review of the Company decisions shows that for the month of
20 November 2000, the Company did not plan on and nominate enough term
21 gas [first-of-month flowing supplies] to cover even warm month
22 requirements (natural gas requirements for warmest November weather).
23 If the Company had planned on term gas to cover warmest month
24 requirements, then less storage withdrawals would have been necessary in
25 November 2000, leaving the storage gas for the normally colder months to
26 come. (Direct Testimony of Lesa Jenkins, Case No. GR-2001-382,
27 January 15, 2003, page 21, line 22 through page 22, line 5).
28

1 Ms. Jenkins continues with a similar analysis for December and January as well,
2 consistently alleging that MGE should have ordered first-of-month flowing supplies to
3 cover warm month requirements.
4

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

8 A. Absolutely not. In addition to using data incorrectly and for a purpose that it was not
9 intended, Ms. Jenkins also erroneously claims that ordering first-of-month flowing
10 supplies for MGE based on warmest month requirements is prudent. Planning for first-
11 of-month flowing supplies in the manner Ms. Jenkins proposes would present operational
12 problems I discussed in my direct testimony, and be potentially financially harmful due to
13 the intra-month demand variability that is experienced on MGE's system.
14

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

1 customers will consume each and every day for the month. For example, as shown on
2 Ms. Jenkins' Schedule 3-2, she supports a warm month usage for November of 5,591,673
3 MMBtu, which translates into a daily scheduled flowing supply volume of 186,389
4 MMBtu/day (i.e., 5,591,673 divided by 30 days in November). Therefore, Staff is
5 claiming that MGE should order, at a minimum, first-of-month flowing supplies of
6 186,389 MMBtu/day for the month of November, even though there are normally a
7 significant number of days in November for which demand is substantially lower than
8 186,389 MMBtu. Schedule MTL-15 in my direct testimony illustrated this exact point
9 and even used a flowing supply volume for Staff that was lower than what Ms. Jenkins
10 has supported in her direct testimony (i.e., 181,265 MMBtu/day versus 186,389
11 MMBtu/day). Therefore, the problems with Staff's proposal presented in Schedule
12 MTL-15 would only be magnified even further if Ms. Jenkins' numbers were utilized.

13
14 **Q. DOES MS. JENKINS ADMIT THAT HER ANALYSIS DOES NOT ACCOUNT**
15 **FOR DAILY WEATHER VARIABILITY?**

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

18 DR #34: Please indicate, yes or no, whether any of the analysis
19 included within or referred to by Ms. Jenkins' direct testimony
20 and supporting schedules accounts for daily weather variation
21 as opposed to average monthly weather variation.

22
23 Response: No. The information provided to Staff by the Company is
24 based on monthly planning. See the Company Reliability
25 Reports and the Company responses to DR Nos 21, 28, and
26 68. The daily numbers are shown in part of the Company DR
27 responses, but the daily average reported by the Company are
28 simply the monthly total divided by the number of days in the
29 month. From information provided by the Company, it is

1 Staff's understanding that storage injections and withdrawals
2 are used to absorb daily variations and the Company may also
3 utilize swing or spot flowing gas for daily variations.
4 (Response of Lisa Jenkins to Data Request Number 34, Case
5 No. GR-2001-382, February 24, 2003.)
6

7 Attached as Schedule MTL-22 is a copy of this data request and response.
8

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

11 A. Yes. I have shown on Schedule MTL-16 attached to my direct testimony that, as a result
12 of the warm weather experienced in October 2000, MGE entered into a short-term
13 interruptible storage contract with Williams to accommodate additional storage volumes
14 injected in excess of its contracted Maximum Storage Capacity. As such, MGE did not
15 have the operational flexibility to inject any "daily swing" quantities into storage in early
16 November. Therefore, it was even more important to plan flowing gas volumes for
17 November 2000 based on minimum baseload consumption expectations instead of
18 average monthly numbers as utilized by Ms. Jenkins.
19

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

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

1 demand on most days. Therefore, MGE could be forced to sell a significant amount of its
2 excess first-of-month flowing supplies in the market at precisely the time when demand
3 would be at its lowest, supplies of gas would be relatively easy to obtain, and thus, the
4 price in the market would be at its lowest. This is particularly true in November since
5 storage injection capabilities are low. MGE would effectively be dumping gas into the
6 market at prices likely well below the price for which it had purchased the gas at the first-
7 of-month index. In addition, if MGE was unable to sell all or a portion of the excess
8 first-of-month flowing supplies and operationally could not temporarily "store" the gas
9 on the pipeline (subject to imbalance penalties), MGE would potentially be forced to
10 abrogate its supply contract and thus risk the reliability of its existing and future supplies.
11

12 **Flaws With Staff's Storage Withdrawal Proposal**

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

16 **A.** In her direct testimony, Ms. Jenkins says that MGE should have utilized what she calls an
17 "expected" storage utilization plan. In other words, Staff's proposed "expected" storage
18 utilization plan is what Staff claims that MGE should have utilized for the winter of
19 2000/2001 based on the normal monthly distribution of heating degrees days throughout
20 the winter heating season. As stated in Ms. Jenkins' direct testimony:

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

1
2 Staff's "expected" storage utilization approach is shown on Schedule 13-2 of Ms.
3 Jenkins' direct testimony in Table 3-1. As I have indicated previously, this is a flawed
4 and simplistic approach.
5

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

10 A. Ms. Jenkins' proposal suffers from two significant flaws: (i) it does not account for any
11 intra-month weather variability; and (ii) actual demand does not necessarily follow the
12 average heating degree day distribution as Ms. Jenkins has proposed.
13

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

15 A. The first flaw with Ms. Jenkins' proposed storage utilization plan is that, again, it does
16 not account for any weather variability during each of the months of the winter heating
17 season, or the daily variability in heating demand within the month. It is important to
18 remember that MGE's use of storage is driven by many factors, first and foremost of
19 which are the operational considerations of maintaining system reliability and flexibility.
20 Therefore, as explained in my direct testimony, since November is the most variable
21 month in terms of heating demand, and storage is the supply resource most capable of
22 supporting this variability, MGE plans on utilizing the greatest level of storage during
23 November.
24

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

5 A. Yes. As discussed in my direct testimony, the storage withdrawal volumes for November
6 2000 are intentionally higher than December 2000 and January 2001 for a very important
7 reason, i.e., MGE experiences significant weather variability in November in its service
8 territory and storage provides the needed flexibility to appropriately manage this
9 variability. In addition, it must be remembered that the flexibility of storage is reduced in
10 November since the injection capabilities are significantly low. Accordingly, the normal
11 operational use for storage in November is for withdrawals since substantial volumes
12 cannot be injected with storage already relatively full. Therefore, MGE utilizes its
13 storage to manage this variability to avoid over-nominating flowing gas, and thereby (i)
14 protects customers from potentially higher costs that could result from having to sell
15 excess flowing gas in the market at depressed prices; (ii) mitigates the potential of being
16 required to pay substantial pipeline imbalance charges; and/or (iii) avoids potentially
17 harming the reliability of the pipeline and future supplies.

18
19 Q. WHAT IS THE SECOND FLAW WITH MS. JENKINS' STORAGE
20 WITHDRAWAL PLAN?

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

1 month with the greatest number of heating degree days on average on MGE's system, the
2 flaw with her argument is that January does not always have the most demand of the five
3 winter months. In contrast to Ms. Jenkins' "expectations" of how MGE should be
4 withdrawing its storage based on heating degree days, the actual demand on MGE's
5 system for December 2000 was not only higher, but actually significantly higher than the
6 demand in January 2001. Specifically, the actual demand for December 2000 was
7 16,074,076 MMBtu as compared to the demand for January 2001 of 12,718,983 MMBtu.
8 In other words, demand for December 2000 was 26% higher than demand in January
9 2001, or the month in which Ms. Jenkins claims that MGE should have planned for and
10 utilized the most storage. Ms. Jenkins is effectively arguing that a person should dress
11 for a particular day according to the 30-year average temperature, rather than the daily
12 forecast for that day. Her argument simply does not make sense. MGE, on the other
13 hand, utilized its storage and scheduled either first-of-month or intra-month flowing
14 supplies throughout the winter of 2000/2001 so that its customers would continue to be
15 provided with reliable service regardless of weather-induced variations in demand.
16 Because demand in November and December was so strong, MGE purchased additional
17 flowing supplies in January to ensure reliability, and throughout the winter of 2000/2001,
18 MGE's customers were provided reliable natural gas service, as they have been in other
19 winters as well.

20
21 **Q. BASED ON THE FLAWS WITH MS. JENKINS' ALLEGATIONS REGARDING**
22 **HOW MGE'S STORAGE UTILIZATION SHOULD HAVE BEEN CONDUCTED**

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

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

12
13 Q. **IS STAFF'S "EXPECTED" STORAGE PLAN, WHICH IS BASED ON A**
14 **MONTHLY DISTRIBUTION OF HEATING DEGREE DAYS THROUGHOUT**
15 **THE WINTER HEATING SEASON, REASONABLE FROM A COST**
16 **PERSPECTIVE?**

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

1 2000/2001. Schedule MTL-23 shows what the total winter gas supply cost would have
2 been if each of those same plans had actually been utilized in the five most recent winters
3 for which data is available. This schedule provides another way to test the
4 reasonableness of Staff's proposal based on historical data.

5
6 **Q. PLEASE EXPLAIN HOW THE COMPARISON IN SCHEDULE MTL-23 WAS**
7 **PREPARED.**

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

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

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

12
13 Q. WHY WOULD STAFF'S "EXPECTED" PLAN GENERALLY BE MORE
14 COSTLY TO MGE'S CUSTOMERS?

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

1 being higher by \$0.50/MMBtu or more in three out of the five years, and even being
2 \$1.00/MMBtu more in the winter of 1997/1998.
3

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

7 **A.** No. One simply cannot ignore the fact that weather changes from year-to-year, month-
8 to-month, and day-to-day, and therefore, actual storage utilization will never match the
9 storage utilization plan. For example, in most years recently, MGE's actual storage
10 utilization in November was less than the planned volumes due to warmer-than-normal
11 weather being experienced in November. However, MGE did not need to change its
12 baseline storage plan, because it was sufficient to deal with both warmer-than-normal and
13 colder-than-normal winters. As demonstrated above, MGE's storage utilization plan for
14 the winter of 2000/2001 is reasonable and sound when compared to recent actual demand
15 data, and provides a significant benefit to its customers, as it provides the necessary
16 flexibility to accommodate changes in weather, changes in demand, and changes in
17 market prices throughout the winter. In contrast, the storage utilization proposal that
18 Staff believes MGE should have utilized for the winter of 2000/2001, which is based on a
19 heating degree day distribution, only addresses average weather, and does not
20 accommodate changes in demand or price.
21

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

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

16
17 **MGE's December 2000 Flowing Supplies**

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

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

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

17
18 In addition, Ms. Jenkins implies in her direct testimony that MGE did not supply any
19 evidence for the basis of its decision to order a reduced level of first-of-month flowing
20 supplies for December 2000. MGE originally believed that the information on which it
21 relied to make its decision could not be released due to the copyrighted nature of this
22 information. Subsequently, MGE determined that such information could be provided to
23 Staff in a data request response as highly confidential, and MGE has supplied the

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

7
8 **Q. IS THERE ANOTHER ISSUE REGARDING MGE'S DECEMBER 2000**
9 **FLOWING SUPPLY PURCHASES THAT REQUIRES CLARIFICATION?**

10 A. Yes. On page 21, lines 8-11, Ms. Jenkins discusses information known by MGE on
11 various dates. As a point of clarification, MGE arranged with its primary supplier (i.e.,
12 Duke Energy) to nominate gas on November 27, 2000, not November 22, 2000, as Staff
13 asserts. While seemingly only a matter of a few days, this difference is significant in this
14 instance because of what was happening in the natural gas markets in late-November
15 2000. As discussed in my direct testimony, the evidence regarding potential price
16 direction for December 2000 was different on November 27th than it was on November
17 22nd.

18
19 **Other Issues**

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

1 A. Not at this time. Mr. Herbert's testimony is quite general in nature and not directly based
2 on MGE specifically. In addition, the conclusions that he draws in the portions of his
3 direct testimony that are specific to MGE are based on his own perceptions rather than
4 supported by facts directly pertinent to the prudence of MGE's actions in this proceeding.
5 However, I would like to point out that I have not been able to fully evaluate Mr.
6 Herbert's testimony since he has failed to provide us with copies of certain published
7 articles that he has authored in the past. We have made an additional request to obtain
8 this material. Upon receipt and review of these articles, I reserve the right to file
9 supplemental rebuttal testimony should it be necessary.
10

11 **PURCHASING PRACTICES - HEDGING**

12 **Inconsistency of Staff's Approach with Commission Prudence Standard**

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

15 A. As discussed in Ms. Jenkins' direct testimony, Staff has claimed that MGE should have
16 hedged, at a minimum, 30% of its normal requirements for each month throughout the
17 winter heating season.
18

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

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

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

7
8 Second, it is also unreasonable to apply this hindsight hedging "standard" to each of the
9 five months during the heating season rather than applying the standard to MGE's
10 volumes hedged for the entire heating season as a whole. Storage is a physical hedging
11 mechanism, meaning that natural gas can be injected during the summer months when
12 natural gas prices are typically lower and then withdrawn in the winter to serve relatively
13 higher customer demand when natural gas prices are typically higher. However, as Staff
14 is clearly aware, there are numerous factors that impact how storage is utilized during the
15 winter heating season, including weather variation, demand changes, operational issues
16 and natural gas pricing shifts. Therefore, after evaluating the costs and benefits of
17 storage, MGE (and other LDCs) establish an appropriate amount of storage necessary to
18 ensure system reliability, cost minimization and price stability, but neither MGE nor any
19 other LDC can guarantee how storage will be utilized on a month-to-month basis. Staff
20 is clearly aware of this fact based on its support for the Laclede Gas Company settlement
21 ("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.

1 Laclede Settlement specifically stated that "financial protection may, at the Company's
2 election, be procured in the same or varying quantities for each month, including zero for
3 certain months."² It is arbitrary, unreasonable and unfair for Staff to attempt to apply this
4 hindsight developed hedging "standard" on a month-by-month basis in this proceeding
5 when it specifically supported month-by-month variability in Laclede's hedging
6 requirements for the winter of 2000/2001 that was below its "standard".
7

8 **Q. DID STAFF EVER COMMUNICATE TO MGE PRIOR TO THE WINTER OF**
9 **2000/2001 THAT STAFF WOULD BE EVALUATING MGE'S HEDGING**
10 **PRACTICES BASED ON A 30% MONTHLY MINIMUM HEDGE**
11 **"STANDARD"?**

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

19 DR #26: Did Staff ever publicly propose to or communicate with
20 LDCs in Missouri generally, or MGE specifically, prior to
21 the winter of 2000/2001 that Staff deemed a 30% minimum
22 monthly hedging requirement to be appropriate?
23

24 Response: Not specifically 30%.
25
26

² Ibid.

1 DR #27: Has the Commission ever required that LDCs in Missouri
2 meet a minimum monthly hedging requirement? If so,
3 please provide a cite to the Commission order(s).
4

5 Response: Not a specific minimum monthly hedge volume.
6

7 These data requests and Staff's responses are attached as Schedule MTL-25.
8

9 In addition, Staff Witness Herbert also admitted in the response to DR Number 19 that
10 the 30% figure was developed in a conference call in the spring of 2002. His response
11 also demonstrates the arbitrary nature of the 30% figure, and unbelievably, that it was
12 developed, at least in part, on the amount of damages that it would calculate rather than
13 assessing whether MGE's hedging practices for the winter of 2000/2001 were prudent.

14 In the response to DR Number 19, which is attached as Schedule MTL-26, Mr. Herbert
15 stated:

16 There was a conference call in spring of 2002. Since it was clear that
17 natural gas price volatility is great, the need for hedging by utilities was
18 never an issue. I first promoted requirements during warm weather
19 conditions such as 70% of normal requirements. We then discussed the
20 possibility of a lower percentage because some utilities in Missouri were
21 not that familiar with hedging and that they might legitimately want to
22 proceed conservatively for this reason. The 30% number seemed overly
23 conservative to me because most companies had some flexibility in their
24 operations. Moreover, on most days during the heating season, the
25 amount of customer requirements would greatly exceed 30% of normal
26 requirements.

27
28 ...As we proceed through the heating season the 30% of normal heating
29 degree days and normal requirements will most likely provide us with
30 heating degree day or requirement amounts that are much lower than the
31 average low heating degree days or requirements on a day. My thoughts
32 at the time were that the 30% number would apply better over all
33 companies and all months. Thus, 30% seemed more reasonable than a
34 number nearer the 70% number because we wanted to use something that
35 could be readily applied and accepted for all companies and all months.
36 Nonetheless, I thought it would be much too low for some months such as

1 December and January and thus excessive and unnecessary customer
2 requirements would be exposed to price risk and computed damages
3 would also be much too low. (emphasis added) (Response of John
4 Herbert to Data Request Number 19, Case No. GR-2001-382, February
5 24, 2003.)
6

7 Clearly, Mr. Herbert's explanation of Staff's development of the benchmark on which it
8 is basing the prudence of MGE's hedging actions for the winter of 2000/2001 highlights
9 the fact that it was completely arbitrary, was done after-the-fact, and is blatantly
10 representative of attempted hindsight review. Mr. Herbert admits that the calculation of
11 damages, rather than LDC actions, was a factor in the selection of the percentage of
12 hedging that was being developed by Staff. As discussed in the direct testimony of MGE
13 Witness Reed, this clearly violates the Commission's prudence standard, which
14 specifically states that a company's actions, not the results of those actions, are to be
15 evaluated for prudence. This is definitely not what Staff has done in this proceeding.
16

17 **Q. EVEN IF, FOR THE SAKE OF ARGUMENT, WE ASSUMED THAT STAFF'S**
18 **30% HEDGING "STANDARD" IS REASONABLE, DID MGE HEDGE OVER**
19 **30% OF ITS NORMAL REQUIREMENTS FOR THE WINTER OF 2000/2001?**

20 **A.** Yes. Staff has claimed that MGE should have hedged in total 30% of normal winter
21 heating season requirements, or 15,984,365 MMBtu, for the winter heating season. As
22 discussed in my direct testimony, MGE had a maximum storage quantity of 17,767,629
23 MMBtu and actually withdrew 16,856,032 MMBtu for the winter of 2000/2001. Clearly,
24 both of these figures, i.e., the storage MSQ and the actual storage withdrawals for the
25 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.

1 MGE be advised to take appropriate steps to review hedging without pre-
2 approval. The Commission affirmed that concept in October 2001
3 (Schedule 10). (emphasis added) (Ibid., page 11, ll. 6-8).
4

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

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

14 In Staff's opinion, hedging is a reasonable component of a Local
15 Distribution Company's (LDC) gas procurement portfolio and the
16 language contained in the PGA provides adequate permission for a LDC
17 to hedge without the need for special authority each year. (Ibid., Schedule
18 8-2).
19

20 However, the Commission's order issued on October 14, 1999 in Case No. GO-2000-
21 231, never mentioned that MGE had the authority to hedge natural gas costs without prior
22 Commission approval. While Mr. Sommerer is correct that it was Staff's opinion in that
23 case that MGE already had authority to hedge without the need for Commission pre-
24 approval each year, Staff's opinions are simply that. MGE cannot, and as this case
25 shows, should not, conduct business simply on the basis of Staff opinion. As Mr.
26 Sommerer is abundantly aware, the Commission, not Staff, sets natural gas policy and
27 precedent in Missouri.

1
2 **Q. IS THERE A PROBLEM WITH THE SECOND STATEMENT YOU**
3 **REFERENCED FROM MR. SOMMERER'S DIRECT TESTIMONY?**

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

14
15 Staff's comments suggested to the Commission that MGE's tariff should be modified to
16 include language authorizing the use of financial instruments to hedge natural gas prices
17 and recognize hedging costs as gas costs to be recoverable in the PGA pursuant to a
18 prudence review as are specific types of gas costs. Contrary to the current Staff position,
19 it appears from its proposed tariff language in that proceeding that Staff considered such
20 a tariff provision to be necessary to allow MGE to have authority to proceed on that basis
21 and recover the associated hedging costs. However, the Commission's order in Case No.
22 GO-2001-215 issued on October 26, 2000:

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

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

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

9
10 Therefore, at no time has MGE ever had the "automatic" or clear and unequivocal
11 authority to hedge natural gas costs as an ongoing part of the overall management of its
12 natural gas supply portfolio. Every time that MGE has had authority to hedge natural gas
13 costs in the past, including for the winter of 2000/2001, it has been because the
14 Commission has issued an order specifically addressing whether MGE has the authority
15 to hedge and recover the associated costs pursuant to the specific conditions in the
16 proceeding. At no time has the Commission issued an order stating that MGE has the
17 ongoing authority to hedge and recover any associated costs without prior Commission
18 approval.

19
20 **Q. IS MR. SOMMERER'S PORTRAYAL OF STAFF'S "WARNINGS" TO MGE**
21 **AND THE COMMISSION REGARDING INDEXED PRICING PRIOR TO THE**
22 **WINTER OF 2000/2001 ACCURATE?**

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

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

13
14 **Q. PRIOR TO THE WINTER OF 2000/2001, DID THE COMMISSION EVER**
15 **INDICATE THAT MGE SHOULD TAKE UNILATERAL ACTION TO HEDGE**
16 **THE PRICE OF NATURAL GAS, WITHOUT COMMISSION APPROVAL OR**
17 **DISCUSSION WITH STAFF OR OTHER INTERESTED PARTIES, AS MR.**
18 **SOMMERER HAS SUGGESTED?**

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

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

5
6 In Chair Lumpe's response to MGE's letter, a copy of which is also attached as part of
7 Schedule MTL-28, she stated:

8 I agree that time is of the essence if we are to most effectively address the
9 potential problems caused by the high price of gas. Because of the
10 pervasive nature of this issue, it is of utmost importance that the PSC's
11 response is orchestrated to best meet the needs of all Missourians
12 irrespective of their gas service provider. I am hesitant to lead the
13 Commission to addressing the problem one company at a time and
14 therefore must decline your request to have MGE individually address the
15 Commission at this time. Instead, I would ask that MGE participate in a
16 meeting that the PSC staff will conduct next Monday in Jefferson City.
17 Through this workshop, all of the state's gas companies can participate in
18 an open discussion of the issue and work together with staff to develop
19 recommendations for the Commission on how to best manage the
20 problems brought by the current high price of gas. Recommendations
21 requiring the Commission's review and approval would be handled in an
22 expedited manner. I hope that you will agree that this strategy affords us
23 the best chance of addressing this problem in a way that is fair and
24 consistent to consumers and gas companies statewide, and in the shortest
25 amount of time. (emphasis added) (Letter from Chair Lumpe to MGE
26 President/COO Steve Cattron dated June 20, 2000).
27

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

1
2 **Q. MR. SOMMERER ALSO STATES ON PAGE 11, LINES 13-16 THAT MGE**
3 **"RECOGNIZED ITS MANAGEMENT RESPONSIBILITY WITH REGARD TO**
4 **HEDGING COSTS" IN A SUBSEQUENT LETTER TO CHAIR LUMPE DURING**
5 **THE WINTER OF 2000/2001. WOULD YOU PLEASE COMMENT?**

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

12
13 **Q. HAS THE COMMISSION PROVIDED MGE WITH THE CLEAR AUTHORITY**
14 **TO ENGAGE IN FINANCIAL HEDGING AND THE RECOVERY OF**
15 **ASSOCIATED HEDGING COSTS?**

16 **A.** No, I do not believe so. As noted above, the Commission's October 26, 2000 order in
17 Case No. GO-2001-215 was extremely vague and unspecific. In addition, a subsequent
18 order regarding the issue of financial hedging was equally vague. For example, on March
19 30, 2001, MGE filed tariff sheets to eliminate, and implement an alternative to, the \$2.25
20 per MMBtu trigger price mechanism embodied in its tariff as a result of the
21 Commission's approval of the Stipulation and Agreement implementing the Fixed
22 Commodity Price PGA in Case No. GO-2000-705. Ultimately, by order issued on May
23 25, 2001, the Commission approved tariff sheets that effectuated the elimination of the

1 \$2.25 per MMBtu trigger price mechanism. However, in so doing, the Commission—at
2 the urging of Staff—declined to adopt tariff language for MGE that would have
3 specifically provided for the use of financial hedging and the recovery through the PGA
4 of the associated hedging costs. A copy of Staff's recommendation, MGE's response,
5 and the Commission's order in Case No. GO-2000-705 are attached as Schedule MTL-
6 29, MTL-30 and MTL-31, respectively. Therefore, I cannot conclude that, on the basis
7 of the language in the Commissions' orders to date, MGE has specific Commission
8 authorization to engage in financial hedging and recover the associated hedging costs.
9

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

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

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

12
13 The point of this discussion is that I think it is wrong for the Staff to argue or even imply
14 that a utility has broad general powers to take actions to hedge and recover the associated
15 costs without specific Commission approval to do so. To further demonstrate this, all
16 you have to do is look at a little history on this topic. The Commission approved very
17 specific tariff language each and every time MGE has been authorized to financially
18 hedge natural gas prices and recover the associated hedging costs since MGE began
19 financially hedging during the winter of 1997/1998. Based on these Commission orders
20 from August 1997 and up to the winter of 2000/2001, and the entire history of how the
21 Commission has operated by requiring specific provisions in tariffs, it was reasonable for
22 MGE to believe that prior Commission authorization was a necessary and appropriate
23 part of the hedging process. MGE had no approved tariff, or even a Commission order,

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

5
6 **KPC CAPACITY RELEASE**

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

9 A. Mr. Sommerer has alleged that MGE should have posted for release to other shippers its
10 KPC capacity for the months of July through October 2000 and April through June of
11 2001, or in other words, the summer months of the ACA period at issue in this
12 proceeding. In the alternative, if MGE were not going to release its KPC capacity, it
13 should have released its Williams capacity and utilized its KPC capacity. As such, Mr.
14 Sommerer has recommended a disallowance for MGE not releasing its KPC or Williams
15 capacity during these months, and the disallowance is based on the assumption that MGE
16 would have been able to obtain 75% of Williams' maximum rate for its released capacity.

17
18 **Q. DO YOU BELIEVE THAT STAFF'S POSITION IS REASONABLE AND**
19 **SUPPORTED BY ACTUAL FACTS?**

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

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

5
6 **Q. HAS MR. SOMMERER ADMITTED THAT THE BASIS OF HIS POSITION IS**
7 **WITHOUT FACTUAL SUPPORT?**

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

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

18
19 Response: No specific calculation was performed but was based
20 upon the requirement that an assessment of the value of a
21 forgone capacity release transaction be conducted. The
22 Staff's rationale for this value was at some level between
23 maximum FERC rates and a 50% discount. (emphasis
24 added) (Response of David Sommerer to Data Request
25 Number 55, Case No. GR-2001-382, February 24, 2003.)
26

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

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

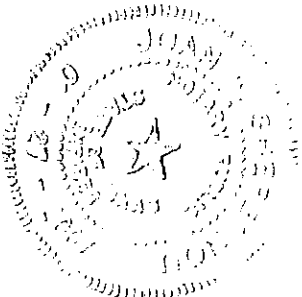
7 DR #56: All other things being equal, please explain whether, in Mr.
8 Sommerer's opinion, a capacity release transaction for 500
9 Mcf/day of pipeline capacity is comparable to a capacity
10 release transaction for 10,000 Mcf/day or more of pipeline
11 capacity

12 Response: No. These capacity levels are materially different in size.
13 (Response of David Sommerer to Data Request Number
14 56, Case No. GR-2001-382, February 24, 2003.)
15
16

17 Therefore, as demonstrated above, the basis of Staff's position with regard to the release
18 of its KPC capacity during the ACA period of 2000/2001 is arbitrary, has no support in
19 actual market data, and thus, is completely without merit, and should be disregarded by
20 the Commission.
21

22 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

23 **A.** Yes, at this time.



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

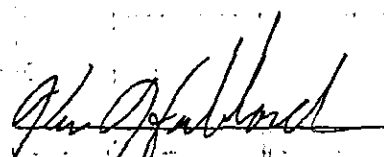
Information Requested:

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:

8-16-01

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
 July 2000 - Final

July Demand

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

 100% OF NORMAL - 7 Dth - 7 DU/d
 POP. 7 - 7 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			1,211	25	1,236	38,316
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Avg 711 OutSt Injection	500 @ KC Meters - Balancing 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 PXP 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 KPC 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

		11 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

Oneth	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				81,490	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)

Delivery To Kansas Gas Service	@ WNG Point 24280, Topeka, 25,000 Dth/Mo. ~~~~~		0	55,308	159,801	4,953,831
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
Fid 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 = 7 Dth - 7 Dth/d
 PDP 7 - 7 HDDs
WGPC CUSTOMER DEMAND
 WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 SUB-TOTAL WGPC DEMAND

 Injection Nominate 61,721 Dth/d
 Injection Nominate 5,620 Dth/d

MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
29,217	705	29,922	927,582
57,585	4,136	61,721	1,913,351
5,243	377	5,620	174,220
92,045	5,218	97,263	3,015,153

PEPL CUSTOMER DEMAND
 PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)
 SUB-TOTAL PEPL DEMAND

 Avg 711 OutSt Injection 500 @ KC Meters - Balancing
 Nominate 4,123 Dth/d

1,211	25	1,236	38,316
4,037	86	4,123	127,813
5,248	111	5,359	166,129

PEPL @ PONY EXPRESS

SUB-TOTAL PEPL @ PONY EXPRESS

Delivered 107th & Elm

0	0	0	0
0	0	0	0

PXP CUSTOMER DEMAND

SUB-TOTAL PONY DEMAND

Delivered 107th & Elm

7,742	264	8,006	248,186
7,742	264	8,006	248,186

PXP @ WGPC GLAVIN

SUB-TOTAL PXP @ WGPC GLAVIN

Delivered WGPC KC Meters

10,000	448	10,448	323,888
10,000	448	10,448	323,888

KPC CUSTOMER DEMAND

SUB-TOTAL KPC DEMAND

0	0	0	0
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

 AMOCO ENERGY TRADING - T/S
 OXY USA, INC - T/S

 GP 30002 min; demand
 GP 30003 min; demand

MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
0	17,808	10,771	333,901
0	37,500	22,679	703,049
0	55,308	33,450	1,036,950

SUB-TOTAL ASSIGNED TERM SUPPLIES

MGE TERM SUPPLIES

Oneok_PE

PXP

profiled volume;

0	0	2,356	73,036
0	0	2,356	73,036

SUB-TOTAL TERM SUPPLIES

MGE SUMMER SUPPLIES

SUB-TOTAL WINTER TERM SUPPLIES

0	0	0	0
0	0	0	0

SPOT PURCHASES
 Duke @Echo Springs
 Duke on PEPL
 Duke on WNG
 Duke on PXP-KNI

32,194	998,014
5,359	166,129
32,425	1,005,175
16,098	499,038
0	0
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.

-808	-25,000
------	---------

TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)

0	-14
---	-----

Echo: 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

October 2000 - Final

October Demand

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

100% OF NORMAL - 2 Dth - 2 Dth/d
PDP 7 - 7 HDD's

WGPC CUSTOMER DEMAND

WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)

WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)

SUB-TOTAL WGPC DEMAND

Injection Nominate 37,054 Dth/d

Injection Nominate 5,820 Dth/d

PEPL CUSTOMER DEMAND

PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)

SUB-TOTAL PEPL DEMAND

Avg 1,798 OutSt 500 @ KC Meters - Balancing

Injection Nominate 4,123 Dth/d

PEPL @ PONY EXPRESS

SUB-TOTAL PEPL @ PONY EXPRESS

Delivered 107th & Elm

PXP CUSTOMER DEMAND

SUB-TOTAL PXP DEMAND

Delivered 107th & Elm

PXP @ WGPC GLAVIN

SUB-TOTAL PXP @ WGPC GLAVIN

Delivered WGPC KC Meters

KPC CUSTOMER DEMAND

SUB-TOTAL KPC DEMAND

GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)

ASSIGNED TERM SUPPLIES

AMOCO ENERGY TRADING - T/S

OXY USA, INC - T/S

GP 30002

GP 30003

min; demand

min; demand

SUB-TOTAL ASSIGNED TERM SUPPLIES

ONEOK TERM SUPPLIES

ONEOK

PXP

profiled volume;

SUB-TOTAL TERM SUPPLIES

DUKE TERM SUPPLIES

ECHO SPRINGS

PXP

WILLIAMS

PANHANDLE

KANSAS PIPELINE

PXP @ MIAMI

SUB-TOTAL WINTER TERM SUPPLIES

GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)

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

TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)

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

MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
63,812	1,540	65,352	2,025,912
34,571	2,483	37,054	1,148,674
5,243	377	5,620	174,220
103,826	4,400	108,026	3,348,806
2,298	47	2,345	72,695
4,037	86	4,123	127,813
6,335	133	6,468	200,508
0	0	0	0
0	0	0	0
37,916	1,294	39,210	1,215,510
37,916	1,294	39,210	1,215,510
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
147,877	5,827	153,704	4,764,824

MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
0	17,808	10,770	333,870
0	37,500	22,677	702,987
0	55,308	33,447	1,036,857
0	0	2,360	73,160
0	0	2,360	73,160
0	0	32,195	998,045
0	0	36,850	1,142,350
0	0	43,191	1,338,921
0	0	6,468	200,508
0	0	0	0
0	0	0	0
0	0	118,704	3,679,824
0	55,308	154,511	4,789,841

1 17

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 HDD's

WGPC CUSTOMER DEMAND

 WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 SUB-TOTAL WGPC DEMAND

 Storage With Nominate 0 (Zero)
 PRD Available 208,513

PEPL CUSTOMER DEMAND

 PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)
 SUB-TOTAL PEPL DEMAND

 Avg (3887 OS, 3735 WB, 2000 BL, 1000 KC)
 Storage With Nominate 4320 Dth/d

PEPL @ PONY EXPRESS

SUB-TOTAL PEPL @ PONY EXPRESS

Delivered 107th & Elm

PXP CUSTOMER DEMAND

SUB-TOTAL PONY DEMAND

Delivered 107th & Elm

PXP @ WGPC GLAVIN

SUB-TOTAL PXP @ WGPC GLAVIN

Delivered WGPC KC Maters

KPC CUSTOMER DEMAND

SUB-TOTAL KPC DEMAND

GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)

MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
216,902	1,896	80,465	2,413,950
-138,333	0	0	0
0	0	0	0
78,569	1,896	80,465	2,413,950
10,822	137	6,487	194,610
-4,272	0	0	0
6,350	137	6,487	194,610
0	0	0	0
0	0	0	0
19,988	682	20,670	620,100
19,988	682	20,670	620,100
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
104,907	2,715	107,622	3,228,660

ASSIGNED TERM SUPPLIES

 AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS

 GP 30002
 GP 30003
 GP 30003

SUB-TOTAL ASSIGNED TERM SUPPLIES

30
REASON

MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
0	0	17,808	534,240
0	0	15,000	450,000
0	0	22,500	675,000
0	0	55,308	1,659,240
0	0	1,000	30,000
0	0	1,000	30,000
0	0	25,157	754,710
0	0	19,670	590,100
0	0	0	0
0	0	6,487	194,610
0	0	0	0
0	0	0	0
0	0	51,314	1,539,420

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE

SUB-TOTAL ONEOK TERM SUPPLIES

DUKE TERM SUPPLIES

 WILLIAMS @ ECHO SPRINGS
 PONY EXPRESS @ CHEYENNE
 WILLIAMS
 PANHANDLE
 KANSAS PIPELINE
 PONY EXPRESS @ MIAMI

SUB-TOTAL DUKE TERM SUPPLIES

GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)

TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)

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	737,826
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-78,569
	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

POP = 735554 Dth or 68 HDD's

WGPC CUSTOMER DEMAND

WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 SUB-TOTAL WGPC DEMAND

Storage With Nominate 0 (Zero)
 PRD Available 243,813'

PEPL CUSTOMER DEMAND

PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)
 SUB-TOTAL PEPL DEMAND

Avg (6036 OS, 2400 WB, 5000 BL, 1000 KC)
 Storage With Nominate 6410 Dth/d

PEPL @ PONY EXPRESS

SUB-TOTAL PEPL @ PONY EXPRESS

Delivered 107th & Elm

PXP CUSTOMER DEMAND

SUB-TOTAL PONY DEMAND

Delivered 107th & Elm

PXP @ WGPC GLAVIN

SUB-TOTAL PXP @ WGPC GLAVIN

Delivered WGPC KC Meters

KPC CUSTOMER DEMAND

SUB-TOTAL KPOC DEMAND

GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)

ASSIGNED TERM SUPPLIES

AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS

GP 30002
 GP 30003
 GP 30003

SUB-TOTAL ASSIGNED TERM SUPPLIES

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE

SUB-TOTAL ONEOK TERM SUPPLIES

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS
 PONY EXPRESS @ CHEYENNE
 WILLIAMS
 PANHANDLE
 KANSAS PIPELINE
 PONY EXPRESS @ MIAMI

SUB-TOTAL DUKE TERM SUPPLIES

GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)

TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)

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
 13,893,421 Monthly Total
 448,175 Daily Average
 1218 HDD's
WGPC CUSTOMER DEMAND
 WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)
SUB-TOTAL WGPC DEMAND

 Storage With Nominate 0 (Zero)
 PRD Available 243,813
PEPL CUSTOMER DEMAND
 PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)
SUB-TOTAL PEPL DEMAND

 Avg (7,237 OS, 6,715 WB, 5,000 BL, 10,000 Dodson)
 Storage With Nominate 6689 Dth/d
PEPL @ PONY EXPRESS**SUB-TOTAL PEPL @ PONY EXPRESS**

Delivered 107th & Elm

PXP CUSTOMER DEMAND**SUB-TOTAL PONY DEMAND**

Delivered 107th & Elm

PXP @ WGPC GLAVIN**SUB-TOTAL PXP @ WGPC GLAVIN**

Delivered WGPC KC Meters

KPC CUSTOMER DEMAND**SUB-TOTAL KPC DEMAND****GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)**

PDP = 908018 Dth of 78 HDD's

MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
285,358	7,818	243,821	7,552,251
-49,355	0	0	0
0	0	0	0
236,003	7,818	243,821	7,552,251
28,952	481	22,818	707,358
-6,615	0	0	0
22,337	481	22,818	707,358
0	0	0	0
0	0	0	0
70,500	2,406	72,906	2,260,086
70,500	2,406	72,906	2,260,086
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
392,205	13,036	405,241	12,562,471

ASSIGNED TERM SUPPLIES
 31
 REASON

 AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS

 GP 30002
 GP 30003
 GP 30003

MINIMUMS/D	MAXIMUMS/D	PLANO	PLAN/MO
0	0	17,808	552,048
0	0	15,000	465,000
0	0	22,500	697,500
0	0	55,308	1,714,548

SUB-TOTAL ASSIGNED TERM SUPPLIES**ONEOK TERM SUPPLIES****ONEOK @ PXP CHEYENNE****SUB-TOTAL ONEOK TERM SUPPLIES**

0	0	1,000	31,000
0	0	1,000	31,000

DUKE TERM SUPPLIES
 WILLIAMS @ ECHO SPRINGS
 PONY EXPRESS @ CHEYENNE
 WILLIAMS
 PANHANDLE
 KANSAS PIPELINE
 PONY EXPRESS @ MIAMI

Includes deliveries to KGS @ WNG Point 24280

0	0	25,535	791,585
0	0	92,279	2,860,849
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

SUB-TOTAL DUKE TERM SUPPLIES**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	737,626
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
 \$46 HDD's

PDP = 208280 Dth or 69 HDD's

WGPC CUSTOMER DEMAND
 WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 SUB-TOTAL WGPC DEMAND

Storage With Nominate 0 (Zero)
 PRD Available 243,452

PEPL CUSTOMER DEMAND
 PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)
 SUB-TOTAL PEPL DEMAND

Avg (6201 OS, 5526 WB, 5000 BL, 1000 KC)
 Storage With Nominate 7098 Dth/d

PEPL @ PONY EXPRESS
 SUB-TOTAL PEPL @ PONY EXPRESS

Delivered 107th & Elm

PXP CUSTOMER DEMAND
 SUB-TOTAL PONY DEMAND

Delivered 107th & Elm

PXP @ WGPC GLAVIN
 SUB-TOTAL PXP @ WGPC GLAVIN

Delivered WGPC KC Meters

KPC CUSTOMER DEMAND
 SUB-TOTAL KPC DEMAND

GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)

MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
289,569	6,767	216,422	6,059,816
-79,914	0	0	0
0	0	0	0
209,655	6,767	216,422	6,059,816
16,827	212	10,045	281,260
-8,994	0	0	0
9,833	212	10,045	281,260
0	0	0	0
0	0	0	0
70,500	2,406	72,906	2,041,368
70,500	2,406	72,906	2,041,368
14,479	670	15,149	424,172
14,479	670	15,149	424,172
10,000	371	10,371	290,388
10,000	371	10,371	290,388
314,467	10,426	324,893	9,097,004

ASSIGNED TERM SUPPLIES

28
 REASON

AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS

GP 30002
 GP 30003
 GP 30003

SUB-TOTAL ASSIGNED TERM SUPPLIES

MINIMUMS/O	MAXIMUMS/O	PLAN/O	PLAN/MO
0	0	17,808	498,624
0	0	15,000	420,000
0	0	22,500	630,000
0	0	55,308	1,548,624

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE

SUB-TOTAL ONEOK TERM SUPPLIES

0	0	1,000	28,000
0	0	1,000	28,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS
 PONY EXPRESS @ CHEYENNE
 WILLIAMS
 PANHANDLE
 KANSAS PIPELINE
 PONY EXPRESS @ MIAMI

Includes deliveries to KGS @ WNG Point 24280

SUB-TOTAL DUKE TERM SUPPLIES

0	0	25,535	714,980
0	0	87,055	2,437,540
0	0	115,579	3,238,212
0	0	10,045	281,260
0	0	10,371	290,388
0	0	0	0
0	0	248,585	6,960,380

GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)

TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)

0	0	304,893	8,537,004
		-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	737,628
LESS MAX STORAGE WITHDRAWAL	-493,813
FLOWING GAS NEEDS	243,813
WNG NOMINATED	-190,280
	0
	0
	0
PEAK DAY NEEDS	53,533

MISSOURI GAS ENERGY
SUPPLY / DEMAND SUMMARY
 March 2001 - Final

March Demand

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

PDP = 696109 Dth or 59 HDD's

WGPC CUSTOMER DEMAND

 WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)
SUB-TOTAL WGPC DEMAND

 Storage With Nominate 0 (Zero)
 PRO Available 208,513

PEPL CUSTOMER DEMAND

 PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)
SUB-TOTAL PEPL DEMAND

 Avg (3980 OS, 4592 WB, 2000 BL, 1000 KC)
 Storage With Nominate 4181 Dth/d

PEPL @ PONY EXPRESS
SUB-TOTAL PEPL @ PONY EXPRESS

Delivered 107th & Elm

PXP CUSTOMER DEMAND
SUB-TOTAL PXP DEMAND

Delivered 107th & Elm

PXP @ WGPC GLAVIN
SUB-TOTAL PXP @ WGPC GLAVIN

Delivered WGPC KC Meters

KPC CUSTOMER DEMAND
SUB-TOTAL KPC DEMAND
GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)

MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
200,967	4,514	144,366	4,475,346
-61,115	0	0	0
0	0	0	0
139,852	4,514	144,366	4,475,346
11,572	161	7,613	236,003
-4,120	0	0	0
7,452	161	7,613	236,003
0	0	0	0
0	0	0	0
49,000	1,872	50,872	1,570,832
49,000	1,872	50,872	1,570,832
5,992	277	6,269	194,339
5,992	277	6,269	194,339
5,000	186	5,186	160,766
5,000	186	5,186	160,766
207,236	6,810	214,106	6,637,286

ASSIGNED TERM SUPPLIES

 31
 REASON

 AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS

 GP 30002
 GP 30003
 GP 30003

SUB-TOTAL ASSIGNED TERM SUPPLIES

MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
0	0	17,808	552,048
0	0	15,000	455,000
0	0	22,500	697,500
0	0	55,308	1,714,548

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE

SUB-TOTAL ONEOK TERM SUPPLIES

0	0	1,000	31,000
0	0	1,000	31,000

DUKE TERM SUPPLIES

 WILLIAMS @ ECHO SPRINGS
 PONY EXPRESS @ CHEYENNE
 WILLIAMS
 PAIRHANDLE
 KANSAS PIPELINE
 PONY EXPRESS @ MAAM

Includes deliveries to KGS @ WNG Point 24280

SUB-TOTAL DUKE TERM SUPPLIES

0	0	25,535	791,585
0	0	55,941	1,734,171
0	0	38,523	1,194,213
0	0	7,613	236,003
0	0	5,186	160,766
0	0	0	0
0	0	132,798	4,116,738

GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)

0 0 183,106 \$,882,286

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
	0
Total Supply	58,343
Total Remaining	0

WNG PEAK DAY REQUIREMENT (Net of Fuel):	
WNG FULL TRANSPORT	737,826
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			5,008	112	5,120	153,600
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	Avg (2632 OS, 1376 WB, 0 BL, 1000 Dodson) 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			16,365	558	16,923	507,690
SUB-TOTAL PONY DEMAND		Delivered 107th & Elm	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 KPC 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			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
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 TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)

0	0
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 Delivery To Kansas Gas Service @ WNG Point 24280, Topeka, 25,000 Dth/Mo.

833	25,000
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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	1,828	52,077	1,814,387
WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	100,000	5,141	105,141	3,259,371
WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	0	0	0	0
SUB-TOTAL WGPC DEMAND		150,449	6,769	157,218	4,873,758
PEPL CUSTOMER DEMAND		2,591	58	2,649	82,119
PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)	Injection	6,844	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 KPC 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	34,846	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	34,846
	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

WGPC CUSTOMER DEMAND

WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)

WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)

SUB-TOTAL WGPC DEMAND**PEPL CUSTOMER DEMAND**

PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)

SUB-TOTAL PEPL DEMAND**PEPL @ PONY EXPRESS****SUB-TOTAL PEPL @ PONY EXPRESS****PXP CUSTOMER DEMAND****SUB-TOTAL PONY DEMAND****PXP @ WGPC GLAVIN****SUB-TOTAL PXP @ WGPC GLAVIN****KPC CUSTOMER DEMAND****SUB-TOTAL KPC DEMAND****GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)**

MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
45,897	1,481	47,378	1,421,340
95,000	4,884	99,884	2,996,520
0	0	0	0
140,897	6,365	147,262	4,417,860
1,943	43	1,988	59,580
6,644	145	6,789	203,670
8,587	188	8,775	263,250
0	0	0	0
0	0	0	0
8,212	280	8,492	254,760
8,212	280	8,492	254,760
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
157,696	6,833	164,529	4,935,870

ASSIGNED TERM SUPPLIES

AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS

OXY USA, INC. - T/S @ ECHO SPRINGS

OXY USA, INC. - T/S @ WILLIAMS PRODUCTION POINTS

GP 30002

GP 30003

GP 30003

SUB-TOTAL ASSIGNED TERM SUPPLIESONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE

SUB-TOTAL ONEOK TERM SUPPLIESDUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS

PONY EXPRESS @ CHEYENNE

WILLIAMS

PANHANDLE

KANSAS PIPELINE

PONY EXPRESS @ MIAMI

Includes deliveries to KGS @ WNG Point 24280

SUB-TOTAL DUKE TERM SUPPLIES**GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)****TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)**

MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
0	0	8,697	260,910
0	0	15,000	450,000
0	0	3,312	99,360
0	0	27,009	810,270
0	0	1,000	30,000
0	0	1,000	30,000
0	0	34,846	1,039,380
0	0	7,492	224,760
0	0	85,607	2,568,210
0	0	8,775	263,250
0	0	0	0
0	0	0	0
0	0	136,520	4,095,600
0	0	164,529	4,935,870

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	34,846
	0
	0
	0
	0
	0
Total Supply	58,343
Total Remaining	0

Note: Regarding this 34,846, please be advised Williams has planned maintenance on the Rawlins-Hesston line from June 18-25, 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

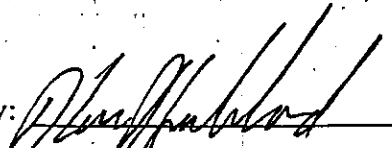
Information Requested:

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.

**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

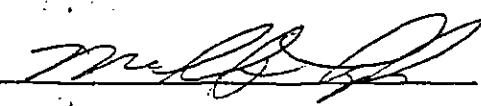
Date of Request: March 26, 2002

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	<u>1,475,755</u>
Normal Heatload	<u>1,749,040</u>
Normal HDD's	<u>279</u>
Normal Btu/HDD	<u><u>6,269</u></u>

November 2000

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

December 2000

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

January 2001

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

February 2001

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

March 2001

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

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
WGPC CUSTOMER DEMAND
 WGPC TSS STORAGE INJECTION (+)WITHDRAWAL (-)
 WGPC FSS STORAGE INJECTION (+)WITHDRAWAL (-)
 SUB-TOTAL WGPC DEMAND

 Injection Nominate 37,054 Dth/d
 Injection Nominate 5,620 Dth/d
PEPL CUSTOMER DEMAND
 PEPL STORAGE INJECTION (+)WITHDRAWAL (-)
 SUB-TOTAL PEPL DEMAND

 Avg 1,798 OutSt 500 @ KC Meters - Balancing
 Injection Nominate 4,123 Dth/d
PEPL @ PONY EXPRESS

SUB-TOTAL PEPL @ PONY EXPRESS

Delivered 107th & Elm

PXP CUSTOMER DEMAND

SUB-TOTAL PONY DEMAND

Delivered 107th & Elm

PXP @ WGPC GLAVIN

SUB-TOTAL PXP @ WGPC GLAVIN

Delivered WGPC KC Meters

KPC CUSTOMER DEMAND

SUB-TOTAL KPOC DEMAND

GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)

MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
63,812	1,540	65,352	2,025,912
34,571	2,483	37,054	1,148,674
5,243	377	5,620	174,220
103,626	4,400	108,026	3,348,806
2,298	47	2,345	72,695
4,037	86	4,123	127,813
6,335	133	6,468	200,508
0	0	0	0
0	0	0	0
37,916	1,294	39,210	1,215,510
37,916	1,294	39,210	1,215,510
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
147,877	5,827	153,704	4,764,824

ASSIGNED TERM SUPPLIES
 AMOCO ENERGY TRADING - T/S
 OXY USA, INC - T/S

 GP 30002 min: demand
 GP 30003 min: demand

SUB-TOTAL ASSIGNED TERM SUPPLIES

ONEOK TERM SUPPLIES

ONEOK PXP

profiled volume;

SUB-TOTAL TERM SUPPLIES

DUKE TERM SUPPLIES

ECHO SPRINGS

PXP

WILLIAMS

PANHANDLE

KANSAS PIPELINE

PXP @ MIAMI

SUB-TOTAL WINTER TERM SUPPLIES

 31
 REASON

MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
0	17,808	10,770	333,870
0	37,500	22,677	702,987
0	55,308	33,447	1,036,857
0	0	2,360	73,160
0	0	2,360	73,160
0	0	32,195	998,045
0	0	36,850	1,142,350
0	0	43,191	1,338,921
0	0	6,468	200,508
0	0	0	0
0	0	0	0
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

November 2000 - Final
10/23/2000 @ 4:00 PM

November Demand

Delivered WGFC KC Motors

REASONSON

PONY EXPRESS © MIAMI

TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)

25,000

WING PEAK DAY REQUIREMENT (Net of Fuel)	WING FULL TRANSPORT	LESS MAX STORAGE WITHDRAWAL	FLOWING GAS NEEDS	WING NOMINATED
737,626	493,813	243,813	-78,566	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

WGPC CUSTOMER DEMAND

WGPC TSS STORAGE INJECTION (+)WITHDRAWAL (-)
WGPC FSS STORAGE INJECTION (+)WITHDRAWAL (-)
SUB-TOTAL WGPC DEMANDStorage With Nominate 0 (Zero)
PRD Available 243,813

PEPL CUSTOMER DEMAND

PEPL STORAGE INJECTION (+)WITHDRAWAL (-)
SUB-TOTAL PEPL DEMANDAvg (6036 OS, 2400 WB, 5000 BL, 1000 KC)
Storage With Nominate 6410 Dth/d

PEPL @ PONY EXPRESS

SUB-TOTAL PEPL @ PONY EXPRESS

Delivered 107th & Elm

PXP CUSTOMER DEMAND

SUB-TOTAL PONY DEMAND

Delivered 107th & Elm

PXP @ WGPC GLAVIN

SUB-TOTAL PXP @ WGPC GLAVIN

Delivered WGPC KC Meters

KPC CUSTOMER DEMAND

SUB-TOTAL KPC DEMAND

GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)

POP = 795554 Dth or 68 HDD's			
MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
323,723	5,593	237,381	7,358,811
-91,935	0	0	0
0	0	0	0
231,788	5,593	237,381	7,358,811
14,436	175	8,272	256,432
-6,339	0	0	0
8,097	175	8,272	256,432
0	0	0	0
0	0	0	0
51,856	1,770	53,626	1,662,406
51,856	1,770	53,626	1,662,406
0	0	0	0
0	0	0	0
10,000	371	10,371	321,501
10,000	371	10,371	321,501
301,741	7,909	309,650	9,599,150

ASSIGNED TERM SUPPLIES

31
REASONAMOCO ENERGY TRADING - T/S @ ECHO SPRINGS
OXY USA, INC - T/S @ ECHO SPRINGS
OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTSGP 30002
GP 30003
GP 30003

MINIMUMS/D	MAXIMUMS/D	PLAN/D	PLAN/MO
0	0	17,808	552,048
0	0	15,000	465,000
0	0	22,500	697,500
0	0	55,308	1,714,548

SUB-TOTAL ASSIGNED TERM SUPPLIES

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE

SUB-TOTAL ONEOK TERM SUPPLIES

0	0	1,000	31,000
0	0	1,000	31,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS
PONY EXPRESS @ CHEYENNE
WILLIAMS
PANHANDLE
KANSAS PIPELINE
PONY EXPRESS @ MIAMI

SUB-TOTAL DUKE TERM SUPPLIES

0	0	25,157	779,867
0	0	32,626	1,011,406
0	0	156,916	4,864,396
0	0	8,272	256,432
0	0	10,371	321,501
0	0	0	0
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 - 306012 Dth or 78 HDDs

Dth or 69 HDDs

WITHDRAWAL (-)
WITHDRAWAL (-)

Storage With Nominate 0 (Zero)
PRD Available 243,813

RAWAL (-)

Avg (7,237 OS, 6,715 WB, 5,000 BL, 10,000 Dodson)
Storage With Nominate 8888 Dth/d

S

Delivered 107th & Elm

Delivered 107th & Elm

Delivered WGPC KC Meters

ARE TO TOTAL SUPPLY)

MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
285,358	7,618	243,621	7,552,251
-49,355	0	0	0
0	0	0	0
236,003	7,618	243,621	7,552,251
28,952	481	22,818	707,358
-6,615	0	0	0
22,337	481	22,818	707,358
0	0	0	0
0	0	0	0
70,500	2,406	72,906	2,260,086
70,500	2,406	72,906	2,260,086
19,472	901	20,373	631,563
19,472	901	20,373	631,563
43,893	1,830	45,523	1,411,213
43,893	1,830	45,523	1,411,213
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

RINGS

GP 30002

GP 30003

ON POINTS

GP 30003

MINIMUMSD	MAXIMUMSD	PLANWD	PLANMO
0	0	17,808	552,048
0	0	15,000	465,000
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
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	348,833	10,816,923

PLANWD	PLANMO
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
0 25,535	714,980
0 87,055	2,437,540
0 115,579	3,236,212
0 10,045	281,260
0 10,371	290,388
0 0	0
1 248,585	6,960,380

includes deliveries to KGS @ WNG Point 24280

ARE TO TOTAL DEMAND)

D OVERSUPPLIED (+) / UNDERSUPPLIED (-)

WNG Point 24280, Topeka, 25,000 Dth/Mo.

806 25,000

893 25,000

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 = 808289 Dth of 69 HDD's

WGPC CUSTOMER DEMAND

WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 SUB-TOTAL WGPC DEMAND

Storage With Nominate 0 (Zero)
 PRD Available 243,452

PEPL CUSTOMER DEMAND

PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)
 SUB-TOTAL PEPL DEMAND

Avg (6201 OS, 5526 WB, 5000 BL, 1000 KC)
 Storage With Nominate 7088 Dth/d

PEPL @ PONY EXPRESS

SUB-TOTAL PEPL @ PONY EXPRESS

Delivered 107th & Elm

PXP CUSTOMER DEMAND

SUB-TOTAL PONY DEMAND

Delivered 107th & Elm

PXP @ WGPC GLAVIN

SUB-TOTAL PXP @ WGPC GLAVIN

Delivered WGPC KC Meters

KPC CUSTOMER DEMAND

SUB-TOTAL KPOC DEMAND

GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)

MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
289,569	6,767	216,422	6,059,816
-79,914	0	0	0
0	0	0	0
209,655	6,767	216,422	6,059,816
16,827	212	10,045	281,260
-6,994	0	0	0
9,833	212	10,045	281,260
0	0	0	0
0	0	0	0
70,500	2,406	72,906	2,041,368
70,500	2,406	72,906	2,041,368
14,479	670	15,149	424,172
14,479	670	15,149	424,172
10,000	371	10,371	290,388
10,000	371	10,371	290,388
314,467	10,426	324,893	8,987,004

ASSIGNED TERM SUPPLIES

28
REASON

AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS

GP 30002
 GP 30003
 GP 30003

SUB-TOTAL ASSIGNED TERM SUPPLIES

MINIMUMS/D	MAXIMUMS/D	PLAND	PLANMO
0	0	17,808	498,624
0	0	15,000	420,000
0	0	22,500	630,000
0	0	55,308	1,548,624

ONEOK TERM SUPPLIES

ONEOK @ PXP CHEYENNE

SUB-TOTAL ONEOK TERM SUPPLIES

0	0	1,000	28,000
0	0	1,000	28,000

DUKE TERM SUPPLIES

WILLIAMS @ ECHO SPRINGS
 PONY EXPRESS @ CHEYENNE
 WILLIAMS
 PANHANDLE
 KANSAS PIPELINE
 PONY EXPRESS @ MIAMI

Includes deliveries to KGS @ WNG Point 24280

SUB-TOTAL DUKE TERM SUPPLIES

0	0	25,535	714,980
0	0	87,055	2,437,540
0	0	115,579	3,236,212
0	0	10,045	281,260
0	0	10,371	290,388
0	0	0	0
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

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

POP = 496109 Dth or 59 HDD's

WGPC CUSTOMER DEMAND

WGPC TSS STORAGE INJECTION (+)/WITHDRAWAL (-)
 WGPC FSS STORAGE INJECTION (+)/WITHDRAWAL (-)
SUB-TOTAL WGPC DEMAND

Storage With Nominate 0 (Zero)
 PRD Available 208,513

PEPL CUSTOMER DEMAND

PEPL STORAGE INJECTION (+)/WITHDRAWAL (-)
SUB-TOTAL PEPL DEMAND

Avg (3980 OS, 4592 WB, 2000 BL, 1000 KC)
 Storage With Nominate 4181 Dth/d

PEPL @ PONY EXPRESS**SUB-TOTAL PEPL @ PONY EXPRESS**

Delivered 107th & Elm

PXP CUSTOMER DEMAND**SUB-TOTAL PONY DEMAND**

Delivered 107th & Elm

PXP @ WGPC GLAVIN**SUB-TOTAL PXP @ WGPC GLAVIN**

Delivered WGPC KC Meters

KPC CUSTOMER DEMAND**SUB-TOTAL KPOC DEMAND****GRAND TOTAL ALL DEMAND (COMPARE TO TOTAL SUPPLY)**

MMBTU PER DAY	FUEL MMBTU PER DAY	TOTAL DAILY	TOTAL MONTHLY
200,967	4,514	144,366	4,475,346
-61,115	0	0	0
0	0	0	0
139,852	4,514	144,366	4,475,346
11,572	161	7,613	236,003
-4,120	0	0	0
7,452	161	7,613	236,003
0	0	0	0
0	0	0	0
49,000	1,672	50,672	1,570,832
49,000	1,672	50,672	1,570,832
5,992	277	6,269	194,339
5,992	277	6,269	194,339
5,000	186	5,186	160,766
5,000	186	5,186	160,766
207,296	6,810	214,106	6,537,286

ASSIGNED TERM SUPPLIES

31
 REASON

AMOCO ENERGY TRADING - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ ECHO SPRINGS
 OXY USA, INC - T/S @ WILLIAMS PRODUCTION POINTS

GP 30002
 GP 30003
 GP 30003

SUB-TOTAL ASSIGNED TERM SUPPLIES**ONEOK TERM SUPPLIES****ONEOK @ PXP CHEYENNE****SUB-TOTAL ONEOK TERM SUPPLIES****DUKE TERM SUPPLIES**

WILLIAMS @ ECHO SPRINGS
 PONY EXPRESS @ CHEYENNE
 WILLIAMS
 PANHANDLE
 KANSAS PIPELINE
 PONY EXPRESS @ MIAMI

Includes deliveries to KGS @ WNG Point 24280

SUB-TOTAL DUKE TERM SUPPLIES**GRAND TOTAL ALL SUPPLIES (COMPARE TO TOTAL DEMAND)****TOTAL SUPPLY LESS TOTAL DEMAND OVERSUPPLIED (+) / UNDERSUPPLIED (-)**

MINIMUMS/D	MAXIMUMS/D	PLAND	PLANMO
0	0	17,808	552,048
0	0	15,000	465,000
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	55,941	1,734,171
0	0	38,523	1,194,213
0	0	7,613	236,003
0	0	5,186	160,766
0	0	0	0
0	0	132,798	4,116,738
0	0	189,106	5,852,286
0	0	-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

October 2008 through April 2009		November 2008		December 2008		January 2009		February 2009		March 2009		April 2009		May 2009		June 2009		July 2009		August 2009		September 2009		October 2009		November 2009		December 2009		January 2010		February 2010		March 2010		April 2010		May 2010		June 2010		July 2010		August 2010		September 2010		October 2010		November 2010		December 2010		January 2011		February 2011		March 2011		April 2011		May 2011		June 2011		July 2011		August 2011		September 2011		October 2011		November 2011		December 2011		January 2012		February 2012		March 2012		April 2012		May 2012		June 2012		July 2012		August 2012		September 2012		October 2012		November 2012		December 2012		January 2013		February 2013		March 2013		April 2013		May 2013		June 2013		July 2013		August 2013		September 2013		October 2013		November 2013		December 2013		January 2014		February 2014		March 2014		April 2014		May 2014		June 2014		July 2014		August 2014		September 2014		October 2014		November 2014		December 2014		January 2015		February 2015		March 2015		April 2015		May 2015		June 2015		July 2015		August 2015		September 2015		October 2015		November 2015		December 2015		January 2016		February 2016		March 2016		April 2016		May 2016		June 2016		July 2016		August 2016		September 2016		October 2016		November 2016		December 2016		January 2017		February 2017		March 2017		April 2017		May 2017		June 2017		July 2017		August 2017		September 2017		October 2017		November 2017		December 2017		January 2018		February 2018		March 2018		April 2018		May 2018		June 2018		July 2018		August 2018		September 2018		October 2018		November 2018		December 2018		January 2019		February 2019		March 2019		April 2019		May 2019		June 2019		July 2019		August 2019		September 2019		October 2019		November 2019		December 2019		January 2020		February 2020		March 2020		April 2020		May 2020		June 2020		July 2020		August 2020		September 2020		October 2020		November 2020		December 2020		January 2021		February 2021		March 2021		April 2021		May 2021		June 2021		July 2021		August 2021		September 2021		October 2021		November 2021		December 2021		January 2022		February 2022		March 2022		April 2022		May 2022		June 2022		July 2022		August 2022		September 2022		October 2022		November 2022		December 2022		January 2023		February 2023		March 2023		April 2023		May 2023		June 2023		July 2023		August 2023		September 2023		October 2023		November 2023		December 2023		January 2024		February 2024		March 2024		April 2024		May 2024		June 2024		July 2024		August 2024		September 2024		October 2024		November 2024		December 2024		January 2025		February 2025		March 2025		April 2025		May 2025		June 2025		July 2025		August 2025		September 2025		October 2025		November 2025		December 2025		January 2026		February 2026		March 2026		April 2026		May 2026		June 2026		July 2026		August 2026		September 2026		October 2026		November 2026		December 2026		January 2027		February 2027		March 2027		April 2027		May 2027		June 2027		July 2027		August 2027		September 2027		October 2027		November 2027		December 2027		January 2028		February 2028		March 2028		April 2028		May 2028		June 2028		July 2028		August 2028		September 2028		October 2028		November 2028		December 2028		January 2029		February 2029		March 2029		April 2029		May 2029		June 2029		July 2029		August 2029		September 2029		October 2029		November 2029		December 2029		January 2030		February 2030		March 2030		April 2030		May 2030		June 2030		July 2030		August 2030		September 2030		October 2030		November 2030		December 2030		January 2031		February 2031		March 2031		April 2031		May 2031		June 2031		July 2031		August 2031		September 2031		October 2031		November 2031		December 2031		January 2032		February 2032		March 2032		April 2032		May 2032		June 2032		July 2032		August 2032		September 2032		October 2032		November 2032		December 2032		January 2033		February 2033		March 2033		April 2033		May 2033		June 2033		July 2033		August 2033		September 2033		October 2033		November 2033		December 2033		January 2034		February 2034		March 2034		April 2034		May 2034		June 2034		July 2034		August 2034		September 2034		October 2034		November 2034		December 2034		January 2035		February 2035		March 2035		April 2035		May 2035		June 2035		July 2035		August 2035		September 2035		October 2035		November 2035		December 2035		January 2036		February 2036		March 2036		April 2036		May 2036		June 2036		July 2036		August 2036		September 2036		October 2036		November 2036		December 2036		January 2037		February 2037		March 2037		April 2037		May 2037		June 2037		July 2037		August 2037		September 2037		October 2037		November 2037		December 2037		January 2038		February 2038		March 2038		April 2038		May 2038		June 2038		July 2038		August 2038		September 2038		October 2038		November 2038		December 2038		January 2039		February 2039		March 2039		April 2039		May 2039		June 2039		July 2039		August 2039		September 2039		October 2039		November 2039		December 2039		January 2040		February 2040		March 2040		April 2040		May 2040		June 2040		July 2040		August 2040		September 2040		October 2040		November 2040		December 2040		January 2041		February 2041		March 2041		April 2041		May 2041		June 2041		July 2041		August 2041		September 2041		October 2041		November 2041		December 2041		January 2042		February 2042		March 2042		April 2042		May 2042		June 2042		July 2042		August 2042		September 2042		October 2042		November 2042		December 2042		January 2043		February 2043		March 2043		April 2043		May 2043		June 2043		July 2043		August 2043		September 2043		October 2043		November 2043		December 2043		January 2044		February 2044		March 2044		April 2044		May 2044		June 2044		July 2044		August 2044		September 2044		October 2044		November 2044		December 2044		January 2045		February 2045		March 2045		April 2045		May 2045		June 2045		July 2045		August 2045		September 2045		October 2045		November 2045		December 2045		January 2046		February 2046		March 2046		April 2046		May 2046		June 2046		July 2046		August 2046		September 2046		October 2046		November 2046		December 2046		January 2047		February 2047		March 2047		April 2047		May 2047		June 2047		July 2047		August 2047		September 2047		October 2047		November 2047		December 2047		January 2048		February 2048		March 2048		April 2048		May 2048		June 2048		July 2048		August 2048		September 2048		October 2048		November 2048		December 2048		January 2049		February 2049		March 2049		April 2049		May 2049		June 2049		July 2049		August 2049		September 2049		October 2049		November 2049		December 2049		January 2050		February 2050		March 2050		April 2050		May 2050		June 2050		July 2050		August 2050		September 2050		October 2050		November 2050		December 2050		January 2051		February 2051		March 2051		April 2051		May 2051		June 2051		July 2051		August 2051		September 2051		October 2051		November 2051		December 2051		January 2052		February 2052		March 2052		April 2052		May 2052		June 2052		July 2052		August 2052		September 2052		October 2052		November 2052		December 2052		January 2053		February 2053		March 2053		April 2053		May 2053		June 2053		July 2053		August 2053		September 2053		October 2053		November 2053		December 2053		January 2054		February 2054		March 2054		April 2054		May 2054		June 2054		July 2054		August 2054		September 2054		October 2054		November 2054		December 2054		January 2055		February 2055		March 2055		April 2055		May 2055		June 2055		July 2055		August 2055		September 2055		October 2055		November 2055		December 2055		January 2056		February 2056		March 2056		April 2056		May 2056		June 2056		July 2056		August 2056		September 2056		October 2056		November 2056		December 2056		January 2057		February 2057		March 2057		April 2057		May 2057		June 2057		July 2057		August 2057		September 2057		October 2057		November 2057		December 2057		January 2058		February 2058		March 2058		April 2058		May 2058		June 2058		July 2058		August 2058		September 2058		October 2058		November 2058		December 2058		January 2059		February 2059		March 2059		April 2059		May 2059		June 2059		July 2059		August 2059		September 2059		October 2059		November 2059		December 2059		January 2060		February 2060		March 2060		April 2060		May 2060		June 2060		July 2060		August 2060		September 2060		October 2060		November 2060		December 2060		January 2061		February 2061		March 2061		April 2061		May 2061		June 2061		July 2061		August 2061		September 2061		October 2061		November 2061		December 2061		January 2062		February 2062		March 2062		April 2062		May 2062		June 2062		July 2062		August 2062		September 2062		October 2062		November 2062		December 2062		January 2063		February 2063		March 2063		April 2063		May 2063		June 2063		July 2063		August 2063		September 2063		October 2063		November 2063		December 2063		January 2064		February 2064		March 2064		April 2064		May 2064		June 2064		July 2064		August 2064		September 2064		October 2064		November 2064		December 2064		January 2065		February 2065		March 2065		April 2065		May 2065		June 2065		July 2065		August 2065		September 2065		October 2065		November 2065		December 2065		January 2066		February 2066		March 2066		April 2066		May 2066		June 2066		July 2066		August 2066		September 2066		October 2066		November 2066		December 2066		January 2067		February 2067		March 2067		April 2067		May 2067		June 2067		July 2067		August 2067		September 2067		October 2067		November 2067		December 2067		January 2068		February 2068		March 2068		April 2068		May 2068		June 2068		July 2068		August 2068		September 2068		October 2068		November 2068		December 2068		January 2069		February 2069		March 2069		April 2069		May 2069		June 2069		July 2069		August 2069		September 2069		October 2069		November 2069		December 2069		January 2070		February 2070		March 2070		April 2070		May 2070		June 2070		July 2070		August 2070		September 2070		October 2070		November 2070		December 2070		January 2071		February 2071		March 2071		April 2071		May 2071		June 2071		July 2071		August 2071		September 2071		October 2071		November 2071		December 2071		January 2072		February 2072		March 2072		April 2072		May 2072		June 2072		July 2072		August 2072		September 2072		October 2072		November 2072		December 2072		January 2073		February 2073		March 2073		April 2073		May 2073		June 2073		July 2073		August 2073		September 2073		October 2073		November 2073		December 2073		January 2074		February 2074		March 2074		April 2074		May 2074		June 2074		July 2074		August 2074		September 2074		October 2074		November 2074		December 2074		January 2075		February 2075		March 2075		April 2075		May 2075		June 2075		July 2075		August 2075		September 2075		October 2075		November 2075		December 2075		January 2076		February 2076		March 2076		April 2076		May 2076		June 2076		July 2076		August 2076		September 2076		October 2076		November 2076		December 2076		January 2077		February 2077		March 2077		April 2077		May 2077		June 2077		July 2077		August 2077		September 2077		October 2077		November 2077		December 2077		January 2078		February 2078		March 2078		April 2078		May 2078		June 2078		July 2078		August 2078		September 2078		October 2078		November 2078		December 2078		January 2079		February 2079		March 2079		April 2079		May 2079		June 2079		July 2079		August 2079		September 2079		October 2079		November 2079		December 2079		January 2080		February 2080		March 2080		April 2080		May 2080		June 2080		July 2080		August 2080		September 2080		October 2080		November 2080		December 2080		January 2081		February 2081		March 2081		April 2081		May 2081		June 2081		July 2081		August 2081		September 2081		October 2081		November 2081		December 2081		January 2082		February 2082		March 2082		April 2082		May 2082	
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**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	2,580,318	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	2,580,318	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	2,556,039	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)		(5,695,989)		(1,589,754)		N/A		N/A

Maximum Daily Withdrawal Quantity (MDWQ):
Maximum Storage Quantity (MSQ, 33 X MDWQ):

465,331
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: 57,583
If Balance > 87.5 % of MSQ, but < or equal to 100.0% of MSQ: 38,390

Fax to: Missouri Gas Energy
BRENDA TROMBETTA
(517) 476-4966 fax
517-370-8317 confirmation
E-mail: brenadatrombetta@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): 4.43% 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.

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

Maximum Daily Injection Quantities (MDIQ):

If Balance is less than or equal to 62.5% of MSQ:
If Balance > 62.5 % of MSQ, but < or equal to 75.0% of MSQ:
If Balance > 75.0 % of MSQ, but < or equal to 87.5% of MSQ:
If Balance > 87.5 % of MSQ, but < or equal to 100.0% of MSQ:8,415
7,013
4,208
2,805Fax to: Missouri Gas Energy
BRENDA TROMBETTA
(512) 476-4966 fax
512-370-8317 confirmation
E-mail: brendatrombetta@southernunionco.com

EFF 1/1/2000 EFF 1/1/2001

Production Area Fuel %:
Market Area Fuel %:
Storage Fuel % (on net injections only):1.35% 1.99%
1.02% 1.16%
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-72
(Quantities in Bbl)

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):
Maximum Storage Quantity (MSQ, 33 X MDWQ):

34,000
1,122,000

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

0
0

Maximum Daily Injection Quantities (MDIQ):

If Balance is less than or equal to 62.5% of MSQ:
If Balance > 62.5 % of MSQ, but < or equal to 75.0% of MSQ:
If Balance > 75.0 % of MSQ, but < or equal to 87.5% of MSQ:
If Balance > 87.5 % of MSQ, but < or equal to 100.0% of MSQ:

8,415
7,013
4,208
2,305

Fax to: Missouri Gas Energy
BRENDA TROMBETTA

(512) 476-4966
512-370-9317

fax
confirmation

E-mail: brendatrombetta@auulhernunionco.com

EFF: 11/1/2000 BR: 1/1/2001

Production Area Fuel %:
Market Area Fuel %:
Storage Fuel % (on net injections only):

1.35%
1.02%
4.45%

1.99%
1.16%
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	4,340,412	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	4,340,412	6,473,914	6,092,569	4,544,161
Gross Storage Injections (Withdrawals) - M	(2,264,999)	(3,627,350)	(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)	(3,627,350)	(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	300,000	0	0	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):
Maximum Storage Quantity (MSQ, 33 X MDWQ):

465,331
15,355,923

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

206,588
698,996

Maximum Daily Injection Quantities (MDIQ):

If Balance is less than or equal to 62.5% of MSQ:
If Balance > 62.5 % of MSQ, but < or equal to 75.0% of MSQ:
If Balance > 75.0 % of MSQ, but < or equal to 87.5% of MSQ:
If Balance > 87.5 % of MSQ, but < or equal to 100.0% of MSQ:

115,169
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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.

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:

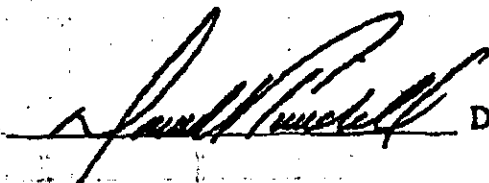
Please provide Company's analysis of how it operated storage in an optimal way during the 1999/2000 ACA period.

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

**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

Direct Testimony of
James A. Busch

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

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

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

12 Q. Have you previously filed testimony before this Commission?

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

15 Q. What is the purpose of your direct testimony?

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

Direct Testimony of
James A. Busch

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

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

4 Q. Please describe the Company's storage contracts.

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

8 Q. What is "cycling" of storage?

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

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

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

Direct Testimony of
James A. Busch

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

2 A. My analysis of the storage inventories showed that the Company partially or fully
3 cycled each of its pipeline storage contracts. I have attached a summary of the end-of-month
4 inventory levels that I believe should be used in rate base to my direct testimony as Schedules
5 1 and 2. Furthermore, the inventory level data contained in Schedules 1 and 2 are compared to
6 historical data for each of the Company's storage contracts are attached to my direct testimony
7 as Schedules 3 and 4. Schedules 3 and 4 show that the Company operated most of its storage
8 resources close to a historical average.

9 Q. Please summarize your direct testimony.

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

Direct Testimony of
James A. Busch

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

6 Q. Does this conclude your direct testimony?

7 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.

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Case No. GR-98-140

AFFIDAVIT OF JAMES A. BUSCH

STATE OF MISSOURI

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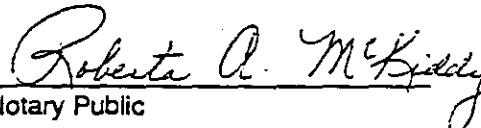
COUNTY OF COLE

)

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

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


Notary Public

My Commission Expires: _____
ROBERTA A. MCKIDDY
Notary Public, State of Missouri
County of Cole
Commission Expires 09/11/99

**THE REMAINING PAGES OF SCHEDULE MTL-21
ARE HIGHLY CONFIDENTIAL**

**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.

**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	Staff's Proposed Plan (Based on HDD Distribution)				MGE's Actual Plan (Developed in Summer 2000)				Actual WNG/PEPL Wgt. Avg. Index Price (u)	Cost of Staff's Proposal				Cost of MGE's Plan				Net Benefit/ (Cost) of MGE's Plan (q) = (m)-(p)
	Storage Withdrawals (c)	Flowing Supplies (d) = (b)-(c)	Total (e) = (c)+(d)	Total (f) = (e)-(g)	Storage Withdrawals (g)	Flowing Supplies (h) = (b)-(g)	Total (i) = (g)+(h)	Total (j) = (i)-(k)		Storage Withdrawals (k) = (e)-(i)	Flowing Supplies (l) = (d)-(j)	Total (m) = (k)+(l)	Total (n) = (m)-(j)	Storage Withdrawals (o) = (f)-(n)	Flowing Supplies (p) = (h)-(o)	Total (q) = (n)-(p)		
Nov-97	7,023,009	2,361,336	5,561,763	7,023,009	4,160,166	3,772,833	7,932,999	\$	2.34	\$ 3.15	\$ 5,536,632	\$ 17,522,965	\$ 23,059,627	\$	\$ 7,930,910	\$ 11,087,073	\$ 21,617,682	\$ 1,441,645
Dec-97	11,478,932	3,656,486	7,822,443	11,478,932	3,454,240	8,024,692	11,478,932	\$	2.34	\$ 2.37	\$ 10,336,379	\$ 18,055,086	\$ 28,485,516	\$	\$ 8,060,532	\$ 19,007,882	\$ 27,104,414	\$ 177,840
Jan-98	11,443,338	4,377,638	7,065,700	11,443,338	3,464,251	7,979,085	11,443,338	\$	2.35	\$ 1.92	\$ 10,264,262	\$ 15,191,298	\$ 25,455,516	\$	\$ 9,122,045	\$ 17,185,033	\$ 26,777,076	\$ 100,703
Feb-98	8,451,917	3,400,036	5,051,881	8,451,917	3,162,967	5,288,950	8,451,917	\$	2.34	\$ 2.13	\$ 7,873,005	\$ 6,664,181	\$ 17,537,186	\$	\$ 4,177,394	\$ 16,189,665	\$ 21,451,439	\$ 45,865
Mar-98	9,774,950	2,453,536	7,320,144	9,774,950	2,247,507	7,527,443	9,774,950	\$	2.34		\$ 5,822,023	\$ 15,075,103	\$ 21,457,205	\$	\$ 2,239,877	\$ 16,189,665	\$ 21,451,439	\$ 1,568,108
Total	40,051,564	16,479,031	32,572,533	40,051,564	16,479,031	32,572,533	40,051,564				\$ 36,636,763	\$ 78,108,610	\$ 114,744,361		\$ 36,636,763	\$ 74,352,234	\$ 112,986,793	
Nov-98	5,509,211	2,361,336	3,147,875	5,509,211	4,150,166	1,359,045	5,509,211	\$	2.28	\$ 1.94	\$ 5,329,885	\$ 6,108,697	\$ 11,435,753	\$	\$ 9,362,269	\$ 2,837,406	\$ 11,999,675	\$ (583,922)
Dec-98	10,788,379	3,656,486	6,951,690	10,788,379	3,454,240	7,334,139	10,788,379	\$	2.25	\$ 2.05	\$ 8,493,845	\$ 14,215,255	\$ 22,907,100	\$	\$ 7,735,247	\$ 15,040,148	\$ 22,825,395	\$ 81,705
Jan-99	7,180,277	4,377,638	4,512,639	7,180,277	3,464,251	3,716,026	7,180,277	\$	2.26	\$ 1.78	\$ 9,875,079	\$ 15,688,601	\$ 25,563,680	\$	\$ 7,814,864	\$ 17,312,326	\$ 25,128,990	\$ 434,590
Feb-99	7,913,473	3,400,036	4,513,437	7,913,473	3,162,967	4,750,506	7,913,473	\$	2.25	\$ 1.75	\$ 7,984,241	\$ 7,901,640	\$ 15,885,881	\$	\$ 7,129,824	\$ 8,318,650	\$ 15,446,473	\$ 119,408
Mar-99	7,953,023	2,453,536	5,499,487	7,953,023	2,247,507	5,705,516	7,953,023	\$	2.24	\$ 1.57	\$ 5,573,269	\$ 8,484,028	\$ 14,059,328	\$	\$ 6,045,438	\$ 8,854,701	\$ 13,900,139	\$ 159,100
Total	45,287,180	16,479,031	28,808,149	45,287,180	16,479,031	28,808,149	45,287,180				\$ 37,133,348	\$ 52,304,284	\$ 89,504,943		\$ 37,132,242	\$ 52,161,431	\$ 89,299,672	\$ 230,670
Nov-99	4,414,515	2,361,336	2,053,179	4,414,515	4,150,166	264,349	4,414,515	\$	2.48	\$ 2.04	\$ 5,865,279	\$ 6,030,348	\$ 11,901,628	\$	\$ 10,308,523	\$ 777,186	\$ 11,085,709	\$ 815,918
Dec-99	8,843,688	3,656,486	5,686,977	8,843,688	3,454,240	5,389,448	8,843,688	\$	2.49	\$ 2.25	\$ 9,582,100	\$ 12,333,173	\$ 21,915,273	\$	\$ 8,562,734	\$ 13,161,806	\$ 21,744,539	\$ 170,833
Jan-00	11,480,604	4,377,638	7,102,966	11,480,604	3,464,251	8,016,353	11,480,604	\$	2.48	\$ 2.08	\$ 10,664,025	\$ 16,009,491	\$ 26,674,116	\$	\$ 8,597,744	\$ 18,065,289	\$ 26,663,032	\$ 211,084
Feb-00	8,185,749	3,400,036	4,785,713	8,185,749	3,162,967	5,022,782	8,185,749	\$	2.46	\$ 2.49	\$ 8,429,150	\$ 11,871,055	\$ 20,297,205	\$	\$ 7,830,386	\$ 12,491,825	\$ 20,300,211	\$ (3,006)
Mar-00	8,042,011	2,453,536	3,558,475	8,042,011	2,247,507	5,794,504	8,042,011	\$	2.43	\$ 2.47	\$ 5,151,519	\$ 8,792,549	\$ 14,950,269	\$	\$ 5,372,325	\$ 9,375,746	\$ 14,948,071	\$ 1,987
Total	39,958,345	16,479,031	23,477,314	39,958,345	16,479,031	23,477,314	39,958,345				\$ 40,865,772	\$ 55,042,617	\$ 95,939,369		\$ 40,869,711	\$ 53,841,852	\$ 94,741,563	\$ 1,196,828
Nov-00	8,690,925	2,361,336	6,329,589	8,690,925	4,150,166	4,740,759	8,690,925	\$	4.29	\$ 4.43	\$ 9,061,070	\$ 28,068,214	\$ 36,939,694	\$	\$ 17,543,287	\$ 21,035,812	\$ 38,579,096	\$ 360,785
Dec-00	16,074,078	3,656,486	12,217,597	16,074,078	3,454,240	12,619,838	16,074,078	\$	4.21	\$ 5.90	\$ 16,239,885	\$ 72,063,459	\$ 88,303,443	\$	\$ 14,546,083	\$ 74,438,057	\$ 88,982,140	\$ (674,867)
Jan-01	12,718,983	4,377,638	8,341,345	12,718,983	3,464,251	9,254,732	12,718,983	\$	4.29	\$ 6.79	\$ 18,363,774	\$ 83,192,951	\$ 101,556,725	\$	\$ 14,532,210	\$ 92,302,651	\$ 106,834,861	\$ (25,276,136)
Feb-01	11,009,333	3,400,036	7,609,297	11,009,333	3,162,967	7,846,366	11,009,333	\$	4.29	\$ 4.29	\$ 14,571,825	\$ 47,824,858	\$ 62,396,683	\$	\$ 13,565,371	\$ 49,315,266	\$ 62,870,640	\$ (474,160)
Mar-01	8,348,578	2,453,536	5,895,042	8,348,578	2,247,507	6,101,071	8,348,578	\$	5.03		\$ 10,860,044	\$ 29,483,150	\$ 40,153,815	\$	\$ 9,808,942	\$ 39,899,800	\$ 49,327,743	\$ (173,623)
Total	67,050,685	16,479,031	40,571,654	67,050,685	16,479,031	40,571,654	67,050,685				\$ 69,877,297	\$ 261,533,150	\$ 331,350,447		\$ 69,873,693	\$ 267,770,566	\$ 337,504,483	\$ (6,244,036)
Nov-01	4,317,960	2,361,336	1,956,624	4,317,960	4,150,166	167,794	4,317,960	\$	4.46	\$ 3.05	\$ 10,530,320	\$ 5,968,651	\$ 16,497,201	\$	\$ 18,607,597	\$ 510,948	\$ 19,018,515	\$ 50,231,314
Dec-01	8,973,503	3,656,486	5,117,014	8,973,503	3,454,240	5,519,263	8,973,503	\$	4.17	\$ 2.24	\$ 17,234,102	\$ 11,462,112	\$ 28,696,114	\$	\$ 15,439,839	\$ 12,343,416	\$ 27,883,250	\$ 1,069,839
Jan-02	10,654,018	4,377,638	6,276,380	10,654,018	3,464,251	7,189,767	10,654,018	\$	4.50	\$ 1.60	\$ 16,363,115	\$ 15,677,115	\$ 32,040,230	\$	\$ 15,527,527	\$ 17,871,010	\$ 33,408,537	\$ 801,363
Feb-02	8,404,970	3,400,036	5,004,934	8,404,970	3,162,967	5,242,003	8,404,970	\$	4.50	\$ 2.51	\$ 11,238,098	\$ 13,815,298	\$ 25,042,333	\$	\$ 14,223,527	\$ 9,859,698	\$ 24,183,523	\$ 815,935
Mar-02	5,485,251	2,453,536	3,031,715	5,485,251	2,247,507	3,237,924	5,485,251	\$	4.52	\$ 2.31	\$ 73,905,018	\$ 56,432,718	\$ 130,337,737	\$	\$ 10,159,471	\$ 14,361,089	\$ 24,520,563	\$ 531,173
Total	40,185,430	16,479,031	24,306,399	40,185,430	16,479,031	24,306,399	40,185,430				\$ 73,905,018	\$ 56,432,718	\$ 130,337,737		\$ 73,856,931	\$ 55,168,163	\$ 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

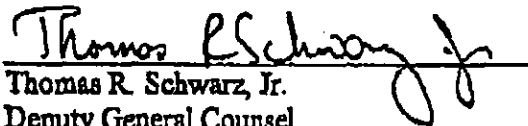
COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and respectfully states as follows:

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,

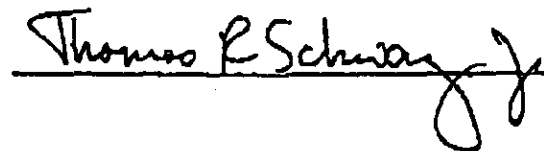
DANA K. JOYCE
General Counsel


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 *WES*

Wess Henderson 10/17/00 *Thomas R. Schwab, 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.

OK
10-17-00A11:25 RCVD

MO. PSC Case No. C-2001-215
OFFICIAL CASE FILE MEMORANDUM
OCTOBER 16, 2000
PAGE 2 OF 2

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,



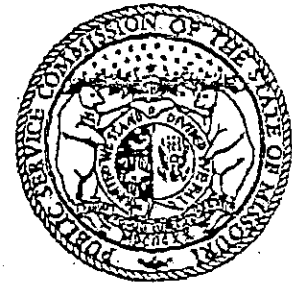
CC: Commissioner Murray
Commissioner Schenkenauer
Commissioner Simmons
Vice Chair Drainer
Martha Hogerty
Thomas R. Schwarz, Jr.
Robert Schallenberg
Wess Henderson

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 Catron 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

JAN. 25. 2001

3:11PM

BRYDON, SWEARENGEN, & ENGLAND

NO. 969

P. 33/34



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 R. JOYCE
General Counsel

June 20, 2000

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

Dear Mr. Catron:

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,

A handwritten signature in cursive script that reads "Sheila Lumpe".
Sheila Lumpe



Schedule MTL - 28

Commissioners

SHEILA LUMPE
ChairM. DIANNE DRAINER
Vice Chair

CONNIE MURRAY

ROBERT G. SCHEMENAUER

KELVIN L. SIMMONS

Missouri Public Service Commission

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Director, Utility ServicesDONNA M. KOLILIS
Director, AdministrationDALE HARDY ROBERTS
Secretary/Chief Regulatory Law JudgeDANA K. JOYCE
General Counsel

June 23, 2000

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

cc: Commissioners

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

APR 19 2001

Missouri Public
Service Commission

In the matter of Missouri Gas Energy's
fixed commodity price PGA and
transportation discount incentive
mechanism.)
)
)
)

Case No. GO-2000-705

STAFF RECOMMENDATION

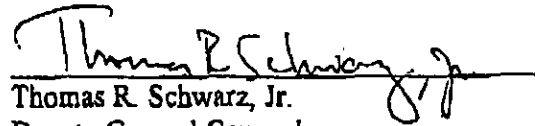
COMES NOW Staff of the Public Service Commission of Missouri, and for its recommendation in the above-captioned matter states:

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,

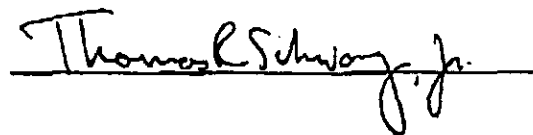
DANA K. JOYCE
General Counsel


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: ^{DS} David Sommerer, Procurement Analysis Department Manager
 WW Warren T. Wood, Gas Department Manager

W. Henderson 4-18-01 Thomas R. Schwan, Jr. 4/19/01
 Utility Operations Division / Date General Counsel's Office / Date

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.

MO PSC Case No. GO-00-705
OFFICIAL CASE FILE MEMORANDUM
PAGE 2 OF 3

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.

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OFFICIAL CASE FILE MEMORANDUM
PAGE 3 OF 3

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.

MO PSC Case No. GC 00-705
OFFICIAL CASE FILE MEMORANDUM
PAGE 3 OF 3

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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

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,



Robert J. Hack MBE#36496

3420 Broadway

Kansas City, Missouri 64111

(816)360-5755

FAX: (816)360-5536

e-mail: rob.hack@southernunionco.com

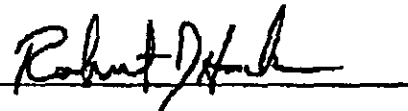
ATTORNEY FOR MISSOURI GAS
ENERGY

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



Source: [Legal > States Legal - U.S. > Missouri > Agency & Administrative Materials > MO Public Service Commission Decisions](#) ①

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.

Source: [Legal > States Legal - U.S. > Missouri > Agency & Administrative Materials > MO Public Service Commission Decisions](#) ⓘ

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

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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.