



Liberty UtilitiesSM
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Filed
November 27, 2012
Data Center
Missouri Public
Service Commission

Missouri Hedging Program Overview

November 14, 2012

Forward Price Stabilization Program



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- **Hedging implementation is for two winter seasons**
 - November 2013 through March 2014 (1st winter)
 - November 2014 through March 2015 (2nd winter)
- **Buying period is April 1 – October 31 each year with allowance for extraordinary market conditions**
- **Utilize OTC financial swaps or call options with ISDA counterparties only**
- **Hedge flowing gas only and do not hedge storage injections**

Forward Price Stabilization Program



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- **Financially hedge 25-50% of expected purchases for each winter period**
 - Discretion to hedge 0-25% of expected winter purchases in 1st year buying period
 - Must get to 25-50% of expected winter purchases by end of 2nd year buying period
- **No more than 25% of expected winter purchases shall be hedged utilizing call options**
- **Use third party guidance from consultant for:**
 - Execution timing – days on which to hedge each month of the buying period
 - Percent of winter requirements to hedge
 - Implementation horizon – how far into the future to hedge
 - Financial instrument – mix between call options or swaps
- **Corporate Risk Management Policy?**
 - Worked with Deloitte to develop