

AQUILA NETWORKS - MPS
Southern System Gas Cost Inputs

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

SSTAR Rates

Firm Rates

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

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

Interruptible Rates

ITS-P	
Commodity	\$0.2039
ITS-M	
Commodity	\$0.1189
GRI Funding Unit - Commodity - Others	\$0.0000
FERC Annual Charge Adjustment	\$0.0018
SSTAR Production Area Loss	2.10%
SSTAR Market Area Loss	0.95%
SSTAR Storage Loss	2.64%

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

Note: From FERC Gas Tariff: Sub 4th Revised Sheet No. 10 Effective 12/01/04, 5th Revised Sheet No. 11 Effective 10/01/05, and 3rd Revised Sheet No. 12 Effective 01/01/05.

Calculated Inputs

	Firm	Storage	Total Firm	Interruptible	Total System
Annual Throughput at Burnertip Per 30 Yr. Normalization	2,988,950	838,596	3,827,546	0	3,827,546
Annual Throughput at Citygate	3,045,941	854,585	3,900,526	0	3,900,525
Annual Throughput at Production Area	3,060,178	877,758	3,937,936	0	3,937,936
Annual Throughput at Wellhead	3,125,820	896,586	4,022,406	0	4,022,406

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

FIRM	Annual Volume	Monthly Capacity Reserved	No. of Mth Reserved	Tariff Rate	Annual Cost
<u>Southern Star Natural Gas</u>					
TSS					
No-Notice Fee		39,618	12	\$0.0183	\$8,676
Reservation - FSS Deliverability		23,928	12	\$0.6631	\$190,395
Reservation - FTS-Production		14,119	12	\$6.0043	\$1,017,288
Reservation - FTS-Market		39,618	12	\$3.4645	\$1,647,059
GRI		0	12	\$0.0000	\$0
FTS					
Production - Reservation		10,651	12	\$6.0043	\$767,415
Production - Balancing		10,651	12	\$0.0000	\$0
Market - Reservation		10,491	12	\$3.4645	\$436,148
Market - Balancing		10,491	12	\$0.0000	\$0
Market - GRI		0	12	\$0.0000	\$0
Option Premiums					\$827,780
Spot Market Purchases	3,900,526			\$9.7139	\$37,889,320
Total Annual Cost					\$42,784,081
Sales Volume at Burnertip	3,827,546				
Cost per MCF at Burnertip					\$11.1779

Highest WACOG	Sept 02 - Aug 03	Sept 03 - Aug 04	Sept 04 - Aug 05	Average WACOG
	\$5.0765	\$5.0261	\$6.3009	\$5.4678
	Highest Avg WACOG-(Avg with the highest of 3 averages)			\$5.8844
	OCTOBER 2005 Gas Commodity Costs			\$10.5235

INTERRUPTIBLE					
<u>Southern Star Natural Gas</u>					
ITS-P				@150%	
Commodity				\$0.3086	\$0.3086
ITS-M				@150%	
Commodity				\$0.1811	\$0.1811
Spot Market Price Per MCF	\$9.7139				\$9.7139
Total Annual Cost					\$10.2035
Sales Volume at Burnertip					
Cost per MCF at Burnertip					\$10.2035