

AQUILA NETWORKS - MPS
Southern System Gas Cost Inputs

MPS Line Loss	1.871%
Annual Burnertip Sales	3,923,036

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	\$0.0019
Production Field Zone	\$0.0084
Commodity - FTS-M	\$0.0050
GRI Funding Unit - Commodity - Others	\$0.0000
FERC Annual Charge Adjustment	\$0.0019
Market Zone	\$0.0069
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	\$0.0019
SSTAR Production Area Loss	2.10%
SSTAR Market Area Loss	0.95%
SSTAR Storage Loss	2.64%

Seasonal Sales Volume @ Burnertip	
Jan	753,799
Feb	595,448
Mar	469,623
Apr	268,054
May	137,652
Jun	72,417
Jul	67,534
Aug	69,544
Sep	112,254
Oct	254,565
Nov	452,366
Dec	669,780
	3,923,036

Note: From FERC Gas Tariff: Sub 4th Revised Sheet No. 10 Effective 12/01/04, Sub 4th Revised Sheet No. 11 Effective 12/01/04, 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	3,084,440	838,596	3,923,036	0	3,923,036
Annual Throughput at Citygate	3,143,251	854,585	3,997,836	0	3,997,836
Annual Throughput at Production Area	3,158,422	877,758	4,036,180	0	4,036,180
Annual Throughput at Wellhead	3,226,172	896,586	4,122,758	0	4,122,758

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					\$109,500
Spot Market Purchases	3,997,836			\$6.5931	\$26,358,133
Total Annual Cost					\$30,534,614
Sales Volume at Burnertip	3,923,036				
Cost per MCF at Burnertip					\$7.7834

Highest WACOG	Jul 02 - Oct 02	Jul 03 - Oct 03	Jul 04 - Oct 04	Average WACOG
	\$3.1910	\$4.9651	\$4.9807	\$4.3789
	Highest Avg WACOG-(Avg with the highest of 3 averages)			\$4.6798
	JUNE 2005 Gas Commodity Costs			\$6.0790

INTERRUPTIBLE					
<u>Southern Star Natural Gas</u>					
ITS-P				@150%	
Commodity				\$0.3087	\$0.3087
ITS-M				@150%	
Commodity				\$0.1812	\$0.1812
Spot Market Price Per MCF	\$6.5931				\$6.5931
Total Annual Cost					\$7.0830
Sales Volume at Burnertip					
Cost per MCF at Burnertip					\$7.0830