

**AQUILA NETWORKS - MPS**  
**Northern System Gas Cost Inputs**

**Enclosure 2**

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MPS Line Loss 3.489%  
Annual Burnertip Sales 1,189,770

<u>PEPL Rates</u>	<u>Tariff</u>
<u>PEPL EFT Reservation Rates</u>	<u>Rate</u>
Field Zone Reservation	\$4.7300
Market Zone Access	\$3.3000
Market Zone Mileage 201-300 Block	\$1.8000
GRI Funding Unit	\$0.0000
Settlement Surcharges	\$0.0000
Canadian Resolution Surcharges	\$0.0000
GSR Surcharge	\$0.0000
Stranded Transportation Cost Surcharge	\$0.0000
Miscellaneous Stranded Costs Surcharge	\$0.0000
<u>PEPL EFT Commodity Rates</u>	
Field Zone Commodity	\$0.0195
Market Zone Access	\$0.0006
Market Zone Mileage 201-300 Block	\$0.0075
GRI Funding Unit	\$0.0000
ACA Unit Charge	\$0.0018
TOP Volumetric Surcharge	\$0.0000
Settlement Surcharges	\$0.0000
Total Market Zone Commodity	\$0.0099
<u>PEPL IT Interruptible Rates</u>	
Field Zone	\$0.1750
Market Zone Access	\$0.1091
Market Zone Mileage 201-300 Block	\$0.0666
GRI Funding Unit	\$0.0000
ACA Unit Charge	\$0.0019
TOP Volumetric Surcharge	\$0.0000
Settlement Surcharges	(\$0.0003)
Canadian Resolution Surcharges	\$0.0000
Stranded Transportation Cost Surcharge	\$0.0000
Miscellaneous Stranded Costs Surcharge	\$0.0000
<u>PEPL Storage Rates</u>	
Deliverability Charge Field Area	\$3.3500
Capacity Charge Field Area	\$0.4028
PEPL Gathering Loss	0.59%
PEPL Field Zone Loss	0.95%
PEPL Market Zone Loss	1.50%
PEPL Storage Injection Loss (Field Area)	1.42%
PEPL Storage Withdrawal Loss (Field Area)	0.39%

Seasonal Sales Volume @ Burnertip	
Jan	236,735
Feb	184,494
Mar	144,077
Apr	80,059
May	39,025
Jun	18,083
Jul	16,373
Aug	17,049
Sep	30,088
Oct	76,310
Nov	139,063
Dec	208,414
	<u>1,189,770</u>

Note: From FERC Gas Tariff: PEPL Eighth Revised Sheet No. 5 Effective 11/01/05 , Eighth Revised Sheet No. 8 Effective 11/01/05, Third Revised Sheet No. 9 Effective 11/01/2005, Third Revised Sheet No. 10 Effective 11/01/05, Third Revised Sheet No. 11 Effective 11/01/2005 and Third Revised Sheet No. 19 Effective 10/01/05

<u>Calculated Inputs</u>	<u>Firm</u>	<u>Storage</u>	<u>Total</u>	<u>Interruptible</u>	<u>Total</u>
Annual Throughput at Burnertip Per 30 Yr. Normalization	450,081	739,689	1,189,770	0	1,189,770
Annual Throughput at Citygate	466,352	766,430	1,232,782	0	1,232,782
Annual Throughput at Havenpool	473,454	781,148	1,254,602	0	1,254,602
Annual Throughput at Wellhead	477,995	800,000	1,277,995	0	1,277,995

**AQUILA NETWORKS - MPS**  
**Northern System Annualized Gas Cost Calculation**  
**To Reflect Current PEPL & Spot Market Rates**

**Enclosure 2**

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<b>FIRM</b>	<b>Annual Volume</b>	<b>Monthly Capacity Reserved</b>	<b>No. Of Days Reserved</b>	<b>Tariff/ Contracted Rate</b>	<b>Annual Cost</b>
<u>Panhandle Eastern Pipe Line</u>					
<b>Contract 17005</b>					
<u>EFT Reservation Rates</u>					
Contracted Winter Volumes and rate		17,000	151	\$0.32249	\$827,820
Contracted Summer Volumes and rate		9,000	214	\$0.33249	\$640,376
<b>Contract 17004</b>					
FS Storage		800,000	365	\$0.40280	\$322,240
Contracted Winter Volumes & Rate		14,000	151	\$0.11094	\$234,527
Contracted Summer Volumes & Rate		6,000	214	\$0.11094	\$142,447
Option Premiums					\$220,530
Spot Market Purchases	1,232,782			<b>\$8.4039</b>	\$10,360,177
Total Annual Cost					<b>\$12,748,116</b>
Sales Volume at Burnertip	1,189,770				
<b>Cost per MCF at Burnertip</b>					<b>\$10.7148</b>

<b>Highest WACOG</b>	<b>Sept 02 - Aug 03</b>	<b>Sept 03 - Aug 04</b>	<b>Sept 04 - Aug 05</b>	<b>Average WACOG</b>
	<b>\$4.8873</b>	<b>\$5.5045</b>	<b>\$5.9323</b>	<b>\$5.4414</b>
	<b>Highest Avg WACOG-(Avg with the highest 3 averages</b>			<b>\$5.6868</b>
	<b>OCTOBER 2005 Gas Commodity Costs</b>			<b>\$10.5358</b>

<b>INTERRUPTIBLE</b>		
<u>Panhandle Eastern Pipe Line</u>		
<u>IT Interruptible Rates</u>		<u>@150%</u>
Field Zone		\$0.2625
Market Zone Access		\$0.1637
Market Zone Mileage		\$0.0999
GRI Funding Unit		\$0.0000
ACA Unit Charge		\$0.0029
TOP Volumetric Surcharge		\$0.0000
Settlement Surcharges		(\$0.0005)
Canadian Resolution Surcharge		\$0.0000
Stranded Transportation Cost Surcharge		\$0.0000
Miscellaneous Stranded Costs Surcharge		\$0.0000
Spot Market Price Per MCF	\$8.4039	\$8.4039
Total Annual Cost		<b>\$8.9324</b>
Sales Volume at Burnertip		
<b>Cost per MCF at Burnertip</b>		<b>\$8.9324</b>