

AQUILA NETWORKS - MPS
Northern System Gas Cost Inputs

Enclosure 2

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MPS Line Loss 3.489%
Annual Burnertip Sales 1,390,228

<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	(\$0.0100)
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	\$0.0019
TOP Volumetric Surcharge	\$0.0000
Settlement Surcharges	(\$0.0003)
Total Market Zone Commodity	\$0.0097
<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	0.73%
PEPL Field Zone Loss	1.09%
PEPL Market Zone Loss	1.41%
PEPL Storage Injection Loss (Field Area)	1.54%
PEPL Storage Withdrawal Loss (Field Area)	0.51%

<u>Seasonal Sales Volume @ Burnertip</u>	
Jan	252,259
Feb	200,601
Mar	161,600
Apr	96,914
May	55,693
Jun	34,501
Jul	33,324
Aug	33,965
Sep	47,210
Oct	92,991
Nov	155,715
Dec	225,455
	<u>1,390,228</u>

Note: From FERC Gas Tariff: PEPL Sixth Revised Sheet No. 5 Effective 06/01/05 , Sixth Revised Sheet No. 8
Effective 06/01/05, Second Revised Sheet No. 14 Effective 05/01/05 and Second Revised Sheet No. 19 Effective 06/01/2005

<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	652,699	737,529	1,390,228	0	1,390,228
Annual Throughput at Citygate	676,295	764,192	1,440,487	0	1,440,487
Annual Throughput at Havenpool	685,967	779,094	1,465,061	0	1,465,061
Annual Throughput at Wellhead	693,527	800,000	1,493,527	0	1,493,527

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

Enclosure 2

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FIRM	Annual Volume	Monthly Capacity Reserved	No. Of Mth Reserved	Tariff/ Contracted Rate	Annual Cost
<u>Panhandle Eastern Pipe Line</u>					
Contract 17005					
<u>EFT Reservation Rates</u>					
Field Zone Reservation		9,000	5	\$4.7300	\$212,850
Market Zone Access		17,000	5	\$3.3000	\$280,500
Market Zone Mileage		17,000	5	\$1.8000	\$153,000
Field Zone Reservation		9,000	7	\$4.7300	\$297,990
Market Zone Access		9,000	7	\$3.3000	\$207,900
Market Zone Mileage		9,000	7	\$1.8000	\$113,400
					\$0
					\$0
Contract 17004					
FS Storage	800,000			\$0.4028	\$322,240
					\$234,500
					\$204,015
Spot Market Purchases	1,440,487			\$6.5924	\$9,496,266
Total Annual Cost					<u>\$11,522,661</u>
Sales Volume at Burnertip	1,390,228				
Cost per MCF at Burnertip					<u>\$8.2883</u>

Highest WACOG	Jul 02 - Oct 02	Jul 03 - Oct 03	Jul 04 - Oct 04	Average WACOG
	\$3.0565	\$4.6602	\$5.2907	\$4.3358
Highest Avg WACOG-(Avg with the highest 3 averages				\$4.8133
JUNE 2005 Gas Commodity Costs				\$6.0310

INTERRUPTIBLE					
<u>Panhandle Eastern Pipe Line</u>					
<u>IT Interruptible Rates</u>					
				<u>@150%</u>	
Field Zone				\$0.2625	\$0.2625
Market Zone Access				\$0.1637	\$0.1637
Market Zone Mileage				\$0.0999	\$0.0999
GRI Funding Unit				\$0.0000	\$0.0000
ACA Unit Charge				\$0.0029	\$0.0029
TOP Volumetric Surcharge				\$0.0000	\$0.0000
Settlement Surcharges				(\$0.0005)	(\$0.0005)
Canadian Resolution Surcharge				\$0.0000	\$0.0000
Stranded Transportation Cost Surcharge				\$0.0000	\$0.0000
Miscellaneous Stranded Costs Surcharge				\$0.0000	\$0.0000
Spot Market Price Per MCF	\$6.5924				\$6.5924
Total Annual Cost					<u>\$7.1209</u>
Sales Volume at Burnertip					
Cost per MCF at Burnertip					<u>\$7.1209</u>