

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 | 1.86% |
| SSTAR Market Area Loss | 0.71% |
| SSTAR Storage Loss | 3.08% |

| | |
|-----------------------------------|-----------|
| 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 5th Revised Sheet No. 12 Effective 03/01/06.

| 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 | 3,046,674 | 881,743 | 3,928,417 | 0 | 3,928,417 |
| Annual Throughput at Wellhead | 3,104,416 | 898,454 | 4,002,870 | 0 | 4,002,870 |

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 | | | \$6.2252 | \$24,281,554 |
| Total Annual Cost | | | | | \$29,176,315 |
| Sales Volume at Burnertip | 3,827,546 | | | | |
| Cost per MCF at Burnertip | | | | | \$7.6227 |

| | | | | |
|---------------|--|-----------------|-----------------|---------------|
| Highest WACOG | Apr 02 - Oct 03 | Apr 03 - Oct 04 | Apr 04 - Oct 05 | Average WACOG |
| | \$4.8298 | \$5.0918 | \$8.1367 | \$6.0194 |
| | Highest Avg WACOG-(Avg with the highest of 3 averages) | | | \$7.0781 |
| | APRIL 2006 Gas Commodity Costs | | | \$5.9878 |

| | | | | | |
|----------------------------------|----------|--|--|----------|----------|
| 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 | \$6.2252 | | | | \$6.2252 |
| Total Annual Cost | | | | | \$6.7148 |
| Sales Volume at Burnertip | | | | | |
| Cost per MCF at Burnertip | | | | | \$6.7148 |