

**Empire District Gas Company
Southern Star System Gas Cost Inputs
To Reflect Current Southern Star & Spot Market Rates**

Enclosure 1

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	Annual Volume	Monthly Capacity Reserved	No. of Mth Reserved	Tariff Rate	Annual Cost
FIRM					
<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
Spot Market Purchases	3,161,161			\$7.7424	\$24,474,973
Total Annual Cost					<u><u>\$28,541,954</u></u>
Sales Volume at Burnertip	3,102,015				
Cost per MCF at Burnertip					<u><u>\$9.2011</u></u>
Highest WACOG	Sept 03 - Aug 04 \$5.0261	Sept 04 - Aug 05 \$6.3009	Sept 05 - Aug 06 \$8.2122	Average WACOG \$6.5131	
	Highest Avg WACOG-(Avg with the highest of 3 averages)			\$7.3626	
	October 2006 Gas Commodity Costs			\$3.5963	
INTERRUPTIBLE					
<u>Southern Star Natural Gas</u>					
ITS-P				<u>@150%</u>	
Commodity				\$0.3083	\$0.3083
ITS-M				<u>@150%</u>	
Commodity				\$0.1808	\$0.1808
Spot Market Price Per MCF	\$7.7424				\$7.7424
Total Annual Cost					<u><u>\$8.2314</u></u>
Sales Volume at Burnertip					
Cost per MCF at Burnertip					<u><u>\$8.2314</u></u>

Empire District Gas Company
Southern Star System Gas Cost Inputs

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MPS Line Loss	1.871%
Annual Burnertip Sales	3,102,015

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	\$0.0016
Production Field Zone	\$0.0081
Commodity - FTS-M	\$0.0050
GRI Funding Unit - Commodity - Others	\$0.0000
FERC Annual Charge Adjustment	\$0.0016
Market Zone	\$0.0066

Injection/Withdrawal - FSS	\$0.0077
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Interruptible Rates

ITS-P

Commodity	\$0.2039
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ITS-M

Commodity	\$0.1189
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GRI Funding Unit - Commodity - Others	\$0.0000
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FERC Annual Charge Adjustment	\$0.0016
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SSTAR Production Area Loss	1.86%
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SSTAR Market Area Loss	0.71%
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SSTAR Storage Loss	3.08%
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Seasonal Sales Volume @ Burnertip

Jan	637,312
Feb	497,658
Mar	361,764
Apr	198,329
May	110,235
Jun	65,667
Jul	63,118
Aug	62,974
Sep	85,986
Oct	144,872
Nov	344,979
Dec	529,120
	<u>3,102,015</u>

Note: From FERC Gas Tariff: Sub 4th Revised Sheet No. 10 Effective 12/1/04; 7th Revised Sheet No. 11 Effective 10/01/06; and 5th Revised Sheet No. 12 Effective 3/1/06

Calculated Inputs

	<u>Firm</u>	<u>Storage</u>	Total <u>Firm</u>	<u>Interruptible</u>	Total <u>System</u>
Annual Throughput at Burnertip per Sales Forecast	2,391,355	710,660	3,102,015	0	3,102,015
Annual Throughput at Citygate	2,436,951	724,210	3,161,161	0	3,161,160
Annual Throughput at Production Area	2,436,540	747,224	3,183,764	0	3,183,764
Annual Throughput at Wellhead	2,482,719	761,386	3,244,105	0	3,244,105

SUMMARY OF COMMODITY COSTS

[illegible]

Empire District Gas Company
Southern Star System
Gas Commodity Cost Calculation

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Inside FERC - October, 2006	\$ 3.49	
SSTAR Market Area Loss	0.71%	
SSTAR Production Area Loss	<u>1.86%</u>	
SSTAR Index Adjusted for Fuel	\$ 3.5816	
SSTAR Cost/Dth Field Zone	\$0.0081	
SSTAR Cost/Dth - Market Zone	<u>\$0.0066</u>	
	\$3.5963	
Total Gas Commodity Costs	<table border="1"><tr><td>\$3.5963</td></tr></table>	\$3.5963
\$3.5963		