

REBUTTAL TESTIMONY

of

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Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Reconciliation of Revenues Collected Under
Gas Adjustment Charges With Actual
Costs Prudently Incurred

Consumers Gas Company

Docket No. 05-0741

October 19, 2007

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1 **Witness Identification**

2 **Q. Please state your name and business address.**

3 A. My name is Daniel G. Kahle. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 **Q. Have you previously filed testimony in this proceeding?**

6 A. Yes, my direct testimony was filed as ICC Staff Exhibit 1.0 on July 19,
7 2007.

8 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

9 A. The purpose of my rebuttal testimony is to respond to the rebuttal
10 testimony of Consumers Gas Company's ("Consumers" or "Company")
11 witness Mr. C.A. Robinson filed September 14, 2007.

12 **Q. Did the Company accept any of the adjustments presented in your
13 direct testimony?**

14 A. The rebuttal testimony of Company witness Robinson did not offer
15 rebuttal to my adjustment to correct the Company's reconciliation to
16 include interest and to correct balances that I present in Column (C) of
17 Schedule 4.01. In addition, the Company offered no rebuttal of my
18 analysis of storage gas purchases presented in ICC Staff Exhibit 1.0,
19 Schedule 1.05.

20 **Schedule Identification**

21 **Q. Are you sponsoring any schedules with your testimony?**

22 A. Yes, I am presenting the following schedules:

23 Schedule 4.01 Reconciliation of Purchased Gas Adjustment Clause

24 Schedule 4.02 Staff Adjustment for Pricing

25 Schedule 4.03 Staff Adjustment for Injection Charges

26 Schedule 4.04 Cash Flow Analysis

27 Schedule 4.05 Analysis of Storage Gas Purchases

28 **Q. Please explain ICC Staff Exhibit 4.0, Schedule 4.01 - Reconciliation of**
29 **Purchased Gas Adjustment Clause.**

30 A. Schedule 4.01 reflects a revised summary of Staff's adjustments to the
31 Company's proposed 2005 PGA reconciliation. Line 14, Column (F),
32 reflects the net effect of all adjustments and the resulting Factor O. Staff is
33 proposing a \$(36,210) Factor O comprised of the following: \$722
34 correction to the Company's proposed reconciliation to include interest
35 and to correct balances; \$(23,293) for Gas Pricing from Egyptian Gas
36 Storage Corporation ("Egyptian"); and \$(3,776) for Injection Charges for
37 gas purchased from Egyptian.

38 **Gas Cost Adjustments**

39 **Pricing Adjustment**

40 **Q. Please explain ICC Staff Exhibit 4.0, Schedule 4.02 - Staff Adjustment**
41 **for Pricing.**

42 A. Schedule 4.02 presents the revised quantification of Staff witness
43 Anderson's adjustment to gas costs for imprudent prices paid per DTH for
44 certain purchases of gas for the difference between the gas price on the
45 statements from Egyptian and the gas price the Company would have
46 paid to the Company's primary source for gas, ProLiance Energy, LLC
47 ("ProLiance"). The prices on the statements from Egyptian were higher
48 than the prices paid to ProLiance for gas delivered in June and August,
49 with a cumulative difference of \$42,139 as shown on Line 3 of Schedule
50 4.02. Lines 4 and 5 of Schedule 4.02 reflect the following revisions to the
51 quantification of the Pricing Adjustment:

- 52 1) 1,089 DTH of the June 2005 injection was added to Cushion Gas¹ and
53 remained in storage at December 31, 2005; and
- 54 2) the 30,000 DTH August 2005 injection was not delivered to customers
55 until 2006 and remained in storage² at December 31, 2005.

56 **Q. Please explain why your Pricing Adjustment was revised for 1,089**
57 **DTH.**

58 A. My pricing adjustment impacts gas the Company purchased during 2005.
59 However, not all gas purchased in 2005 was delivered to customers in
60 2005. 1,089 DTH of the June 2005 injection was added to cushion gas in

¹ The 1,089 DTH of Cushion Gas is also subject to the Injection Charge Adjustment discussed later.

² The 30,000 DTH of Storage Gas is also subject to the Injection Charge Adjustment discussed later.

61 2005 and remains in storage as cushion gas. Gas that has not been
62 injected into the gas stream and released to customers, and remains in
63 storage, is not a recoverable gas cost. Gas that has been injected into
64 storage must be withdrawn to be recoverable through the gas charge.

65 Thus, I propose that the Company reduce the amount of Cushion Gas
66 shown on the Company's general ledger by \$846 to reflect the impact of
67 my pricing adjustment.

68 **Q. Please explain why your Pricing Adjustment was revised for 30,000**
69 **DTH.**

70 A. My pricing adjustment impacts gas the Company purchased during 2005.
71 However, not all gas purchased in 2005 was delivered to customers in
72 2005. The 30,000 DTH injected into storage in August 2005 was not
73 withdrawn and released to customers until 2006. Thus, the 30,000 DTH
74 remains in storage at December 31, 2005 and is not a recoverable gas
75 cost in 2005. Gas that has been injected into storage must be withdrawn
76 to be recoverable through the gas charge.³

77 Thus, I recommend that gas costs should be reduced by \$18,000 in the
78 2006 PGA reconciliation because the gas was delivered to customers in
79 2006.

³ Purchased Gas Adjustment Charge, 83 Ill Adm. Code 525.40(c).

80 **Injection Charge Adjustment**

81 **Q. Please explain ICC Staff Exhibit 4.0, Schedule 4.03, Pages 1 and 2 -**
82 **Staff Adjustment for Injection Charges.**

83 A. Page 1 of Schedule 4.03 presents the revised quantification of Staff
84 witness Anderson's adjustment to gas costs to disallow injection charges
85 paid by the Company to its affiliate, Egyptian. Lines 6 and 7 of Schedule
86 4.03 reflect the following revisions to the quantification of the Injection
87 Charge Adjustment:

88 1) 1,089 DTH of the June 2005 injection was added to Cushion Gas and
89 remained in storage at December 31, 2005; and

90 2) 74,311 DTH of the July, August and September 2005 injections was
91 not delivered to customers until 2006 and remained in storage at
92 December 31, 2005.

93 **Q. Please explain why your Injection Charge Adjustment was revised**
94 **for 1,089 DTH.**

95 A. My injection charge adjustment impacts gas the Company purchased
96 during 2005. However, not all gas purchased in 2005 was delivered to
97 customers in 2005. The 1,089 DTH of the June 2005 injection was added
98 to cushion gas in 2005 and remains in storage as cushion gas. Gas that
99 has not been injected into the gas stream and released to customers and
100 remains in storage is not a recoverable gas cost. Gas that has been

101 injected into storage must be withdrawn to be recoverable through the gas
102 charge.

103 Thus, I propose that the Company reduce the amount of Cushion Gas
104 shown on the Company's general ledger by \$109 to reflect the impact of
105 my injection charge adjustment.

106 **Q. Please explain why your Injection Charge Adjustment was revised**
107 **for 74,311 DTH.**

108 A. My injection charge adjustment impacts gas the Company purchased
109 during 2005. However, not all gas purchased in 2005 was delivered to
110 customers in 2005. The 74,311 DTH injected into storage in July, August
111 and September 2005 was not withdrawn and released to customers until
112 2006. Thus, the 74,311 DTH remains in storage at December 31, 2005
113 and is not a recoverable gas cost in 2005. Gas that has been injected into
114 storage must be withdrawn to be recoverable through the gas charge.

115 Thus, I recommend that gas costs should be reduced by \$7,431 in the
116 2006 PGA reconciliation because the gas was delivered to customers in
117 2006.

118 **Cash Flow Analysis**

119 **Q. Did Mr. Robinson's rebuttal testimony cause you to change your**
120 **opinion that a one-time purchase would not have imposed a**
121 **significant cash burden on the Company?**

122 A. No. Schedule 4.04 presents my analysis to show that a one-time
123 purchase would not have imposed a significant cash burden as opposed
124 to the Company's decision to purchase the gas in four installments from
125 Egyptian.

126 Mr. Robinson's rebuttal testimony focused on Consumers' inability to incur
127 long-term debt without first obtaining Commission approval. This
128 purchase, however, was not long-term, but was made over only four
129 months. Section 6-102(c) of the Illinois Public Utilities Act states that a
130 public utility may issue notes for less than 12 months without the consent
131 of the Commission. I have seen no evidence that Consumers made any
132 attempt to obtain the funds necessary to make this a one-time purchase.

133 **Q. Please explain ICC Staff Exhibit 4.0, Schedule 4.05 – Analysis of**
134 **Storage Gas Purchases**

135 A. Schedule 4.05 presents my analysis of the Company's purchases of
136 storage gas. The schedule shows purchases of storage gas for calendar
137 years 2003, 2004, 2005 and 2006.

138 **Q. Did the Company regularly purchase storage gas?**

139 A. Yes. In Schedule 4.05, I analyzed the Company's purchases of gas for
140 injection into storage in calendar years 2003 and 2004. In those two
141 years, it appears that the Company purchased storage gas one month at
142 a time. In those two years, the Company purchased 119,864 DTH and
143 104,390 DTH of storage gas, respectively.

144 **Q. Do you know of any reason the Company could not have made the**
145 **purchase?**

146 A. No. In its response to Staff Data Request ENG 1.85 (ICC Staff Exhibit
147 1.0, Attachment K), the Company stated that it did not have sufficient
148 funds to make the purchase. The Company also stated that it did not
149 have a contract with the seller. In its response, the Company did not
150 provide any analysis demonstrating that it should not have pursued the
151 purchase or any evidence that it made an attempt to negotiate with the
152 seller or attempted to secure a short-term loan.

153 In its response to Staff Data Request ENG 1.86 (ICC Staff Exhibit 1.0,
154 Attachment L), the Company stated that it could not purchase gas from
155 any source but ProLiance and Egyptian per Article 11 of the ProLiance
156 contract. Article 11 of the ProLiance contract, however, does not state
157 that ProLiance has an exclusive source of supply contract.

158 **Additional Comment**

159 **Q. Do you have any additional comments?**

160 A. Yes. I have a comment regarding the quality of the Company's data
161 request responses to the Accounting Staff's interim and year-end data
162 requests.

163 I recommend that in its Final Order in the instant proceeding the
164 Commission direct the Company to prepare its responses to the Staff
165 Accounting interim and year-end data requests in a more thorough and
166 complete manner. Several additional data requests were necessary to
167 resolve deficiencies in the Company's responses to the standard interim
168 and year-end data requests. For example:

- 169 • The gas cost for the monthly filing for the test month differed
170 from the response to interim data request GS-1.a. by
171 \$17,093.67 but the difference was neither noted nor
172 explained.
- 173 • The response to the year-end data request GS-3c, for total
174 gas costs, gave different amounts for costs reported on Form
175 21 and reported in the monthly filings; however, the
176 differences were not explained. In addition, neither amount
177 matched total gas costs reported in the annual PGA
178 Reconciliation.

- 179 • The year-end data request GS-4.b was not submitted.
- 180 • A reconciliation prepared by the Company's CPA, along with
- 181 supporting schedules, from which the Company's PGA
- 182 Reconciliation is actually prepared, had to be requested in
- 183 order to reconcile the Company's PGA Reconciliation to the
- 184 Company's responses to the standard data requests.

185 **Recommendations**

186 **Q. Please summarize your recommendations.**

187 A. I recommend that the Commission:

- 188 1) Accept the reconciliation of revenues collected under the
- 189 purchased gas adjustment clause with actual costs as reflected on
- 190 ICC Staff Exhibit 4.0, Schedule 4.01, Column (F);
- 191 2) Direct Consumers to refund the Factor O amount of (\$36,210) as a
- 192 Factor O refund in the first monthly PGA filed after the date of the
- 193 Final Order in this docket;
- 194 3) Approve the reduction of 2006 gas costs by \$25,431 for pricing and
- 195 injection charge adjustments (\$18,000 + \$7,431);
- 196 4) Direct Consumers to reduce the balance of Cushion Gas shown on
- 197 the Company's general ledger by \$955 for pricing and injection
- 198 charge adjustments (\$846 + \$109); and

199 5) Direct the Company to prepare its responses to the standard
200 interim and year-end data requests in a more thorough and
201 complete manner.

202 **Conclusion**

203 **Q. Does this question end your prepared rebuttal testimony?**

204 A. Yes.

Consumers Gas Company
Reconciliation of Purchased Gas Adjustment Clause
For the Twelve Months Ended December 31, 2005
(In Dollars)

Line No.	Description	Amount per Company Statement 1 (B)	Staff Adjustments to include interest and to correct balances (C)	Staff Adjustment for Pricing (Schedule 4.02) (D)	Staff Adjustment for Injection (Schedule 4.03) (E)	Amount per Staff (F)
						Columns (B + C + D + E)
1	Unamortized Balance as of 12/31/2004 per 2004 Reconciliation	\$ 30,000	\$ 62	\$ -	\$ -	\$ 30,062
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/2004	64,039	-	-	-	64,039
3	Factor O Collected/(Refunded) During 2005	14,765	360	-	-	15,125
4	Balance to be Collected/(Refunded) During 2005 from prior periods (sum of lines 1-3)	<u>\$ 108,804</u>	<u>\$ 422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,226</u>
5	2005 Gas Costs	\$ 6,061,363	-	\$ (23,293)	\$ (3,776)	\$ 6,034,294
6	2005 PGA Revenues	(6,298,617)	-	-	-	(6,298,617)
7	Pipeline Surcharges/(Refunds)	-	-	-	-	-
8	Other Adjustments (Rounding)	-	-	-	-	-
9	Interest	244	-	-	-	244
10	2005 Under/(Over) Recovery (sum of lines 5-9)	<u>\$ (237,010)</u>	<u>\$ -</u>	<u>\$ (23,293)</u>	<u>\$ (3,776)</u>	<u>\$ (264,079)</u>
11	Under/(Over) Recovery Balance at 12/31/2005 (line 4 + line 10)	\$ (128,206)	\$ 422	\$ (23,293)	\$ (3,776)	\$ (154,853)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/2005	(38,231)	-	-	-	(38,231)
13	Unamortized Balance as of 12/31/2005	(80,112)	(300)	-	-	(80,412)
14	Factor O to be Collected / (Refunded) (Line 11 - Line 12 - Line 13)	<u>\$ (9,863)</u>	<u>\$ 722</u>	<u>\$ (23,293)</u>	<u>\$ (3,776)</u>	<u>\$ (36,210)</u>

**Consumers Gas PGA Reconciliation
 Staff Adjustment for Egyptian Gas Pricing
 (In Dollars)**

Line No.	Date	Statement Number	Description	Actual Gas Cost per DTH Paid to Egyptian (D)	ProLiance / NYMEX Gas Cost per DTH (E)	Injection Charge for ProLiance Purchase (F)	Cost plus Injection Charge per DTH (G)	Excess Cost per DTH (H)	DTH (I)	Excess Rate Cost (J)
(A)	(B)	(C)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
						Columns E + F		Columns D - G		Columns H * I
Gas Costs										
1	6/30/2005	414	June 2005 Gas for Storage in Mills Field	\$ 7.000	\$ 6.123	\$ 0.10	\$ 6.223	\$ 0.777	31,067	\$ 24,139
2	8/31/2005	420	August 2005 Gas for Storage in Mills Field	7.600	7.000	-	7.000	0.600	30,000	18,000
3	Total Gas Cost Adjustment									\$ 42,139
4	Inventory Adjustment to Cushion Gas			7.000	6.123	0.10	6.223	0.777	(1,089)	(846)
5	2006 Gas Cost Adjustment			7.600	7.000	-	7.000	0.600	(30,000)	(18,000)
6	2005 Gas Cost Adjustment									<u>\$ 23,293</u>

Sources:

Lines 1 and 2:

Columns A - D: Statement Nos. 414 & 420 from Egyptian Gas Storage Corporation (ICC Staff Exhibit 1.0, Attachment A)
 Line 1, Column E: Company's response to Data Request DGK-019; First of Month Price for June \$6.123 (ICC Staff Exhibit 1.0, Attachment B) PLUS 10¢ for Injection Charges
 Line 2, Column E: NYMEX Daily Front Month Settle Price (July 2005/Early Aug 2005) for June 8 as supplied by Company (ICC Staff Exhibit 1.0, Attachment C)
 Line 1, Column F: \$.10/Dth fee that Egyptian charges Consumers for physically injecting gas into the leased storage field (ICC Staff Exhibit 1.0, Attachment D)
 Column G: Column E plus Column F
 Column H: Column D minus Column G
 Column I: Statement Nos. 414 & 420 from Egyptian Gas Storage Corporation (ICC Staff Exhibit 1.0, Attachment A)
 Column J: Column H times Column I

Line 3 Line 1 plus Line 2

Line 4 June injection portion (1,067 DTH + 2% shrinkage) which was allocated to cushion gas
 1,067 June injection portion (1,067 DTH) which was allocated to cushion gas
 22 Add back 2% shrinkage deduction = (1,067/.98)-1,067
1,089 Total June Injections for cushion gas

Line 5 August injection (30,000 DTH) was withdrawn in 2006

Line 6 Line 3 less Line 4

**Consumers Gas PGA Reconciliation
 Staff Adjustment for Injection Charges
 (In Dollars)**

Line No.	Date	Statement Number	Description	Injection Charge	DTH	Excess Injection Cost
	(A)	(B)	(C)	(D)	(E)	(F)
						Columns D * E
Injection Charges						
1	6/30/2005	414	June 2005 Gas for Storage in Mills Field	\$ 0.10	31,067	\$ 3,107
2	7/31/2005	417	July 2005 Gas for Storage in Mills Field	0.10	30,000	3,000
3	8/31/2005	420	August 2005 Gas for Storage in Mills Field	0.10	30,000	3,000
4	9/30/2005	423	September 2005 Gas for Storage in Mills Field	0.10	22,087	2,209
5			Total Gas Cost Adjustment		113,154	\$ 11,316
6			Inventory Adjustment to Cushion Gas	0.10	(1,089)	(109)
7			2006 Gas Cost Adjustment	0.10	(74,311)	(7,431)
8			2005 Gas Cost Adjustment		37,754	\$ 3,776

Sources:

Lines 1 - 4:

Columns A - C: Statement Nos. 414, 417, 420 & 423 from Egyptian Gas Storage Corporation (ICC Staff Exhibit 1.0, Attachment A)
 Column D: Injection Charge per DTH from Gas Storage Contract (ICC Staff Exhibit 1.0, Attachment D)
 Column E: Statement Nos. 414, 417, 420 & 423 from Egyptian Gas Storage Corporation (ICC Staff Exhibit 1.0, Attachment A)
 Column F: Column D times Column E

Line 5 Sum of Lines 1 - 4

Line 6
 1,067 June injection portion (1,067 DTH) which was allocated to cushion gas
22 Add back 2% shrinkage deduction = (1,067/.98)-1,067
1,089 Total June Injections for Cushion gas

Line 7
 21,780 Portion of July injection withdrawn in 2006
 29,400 August injection withdrawn in 2006
21,645 September withdrawn in 2006
 72,825 Subtotal 2005 injections withdrawn in 2006
1,486 Add back 2% shrinkage deduction = (72,825/.98)-72,825
74,311 Total 2005 injections withdrawn in 2006

Line 8 Line 5 less Line 6. Note that after shrinkage, Line 8 equals Mr. Robinson's figure on page 6 of 36,999 DTH
 37,754 Line 8
(755) 2% shrinkage
36,999 Item 25 on pages 5 - 6 of Mr. Robinson's rebuttal

**Consumers Gas PGA Reconciliation
 Staff Adjustment for Injection Charges
 (In Dollars)**

Line No.	Month	Statement Number	Daily Demand Charge	Space Reservation Charge	DTH Injected / Withdrawn	I / W	Injection / Withdrawal Charge	DTH in Storage	Top Storage Charge	Rounding by Staff	Calculated Gas Storage Charge	Actual Gas Storage Charge	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)		
Prior Line on Column H: 2,000 DTH * \$2.50 160,000 DTH * \$0.035 Column E * \$0.10 Less Column E [IF Column F = "W"], or Plus (.98 * Column E) [IF Column F = "I"] (Column H - 50,000) * \$0.01 Columns C + D + G + I + J													
1	DTH in Storage at 12/31/04							109,627					
2	January	406	\$ 5,000.00	\$ 5,600.00	19,334	W	\$ 1,933.40	90,293	\$ 402.93	\$ (1.33)	\$ 12,935.00	\$ 12,935.00	
3	February	407	5,000.00	5,600.00	27,223	W	2,722.30	63,070	130.70	(1.33)	13,451.67	13,451.67	
4	March	408	5,000.00	5,600.00	14,137	W	1,413.70	48,933	-	-	12,013.70	12,013.70	
5	April	410	5,000.00	5,600.00	-	-	-	48,933	-	-	10,600.00	10,600.00	
6	May	413	5,000.00	5,600.00	-	-	-	48,933	-	-	10,600.00	10,600.00	
7	June	416	5,000.00	5,600.00	31,067	I	3,106.70	79,379	293.79	1.67	14,002.16	14,002.16	
8	July	419	5,000.00	5,600.00	30,000	I	3,000.00	108,779	587.79	1.67	14,189.46	14,189.46	
9	August	421	5,000.00	5,600.00	30,000	I	3,000.00	138,179	881.79	1.67	14,483.46	14,483.46	
10	September	424	5,000.00	5,600.00	22,087	I	2,208.70	159,824	1,098.24	1.76	13,908.70	13,908.70	
11	October	427	5,000.00	5,600.00	-	-	-	159,824	10.98	0.02	10,611.00	10,611.00	
12	November	430	5,000.00	5,600.00	5,779	W	577.90	154,045	1,040.45	1.76	12,220.11	12,220.11	
13	December	433	5,000.00	5,600.00	31,220	W	3,122.00	122,825	728.25	1.76	14,452.01	14,452.01	
14	TOTALS		\$ 60,000.00	\$ 67,200.00	210,847		\$ 21,084.70	\$ 5,174.92	\$ 7.65	\$ 153,467.27	\$ 153,467.27		

Sources:

- Column A: From Egyptian Gas Storage Corporation "Gas Billing" statements provided by Company (ICC Staff Exhibit 1.0, Attachment E)
- Column B: From Egyptian Gas Storage Corporation "Gas Billing" statements provided by Company (ICC Staff Exhibit 1.0, Attachment E)
- Column C: Per the Gas Storage Contract (ICC Staff Exhibit 1.0, Attachment D), the Daily Demand Charge is \$2.50 * 2,000 DTH (\$5,000) each month
- Column D: Per the Gas Storage Contract (ICC Staff Exhibit 1.0, Attachment D), the Space Reservation Charge is \$0.035 * 160,000 DTH (\$5,600) each month
- Column E: From page 3 of Company response to data request GS-3a "Summary of Gas Purchases" (ICC Staff Exhibit 1.0, Attachment F)
- Column F: Relates to Column E. Marked "I" for Injection or "W" for Withdrawal
- Column G: Per the Gas Storage Contract (ICC Staff Exhibit 1.0, Attachment D), the Injection and Withdrawal Charges are \$0.10 per DTH
- Column H: Beginning Balance from Company response to DGK-025 (ICC Staff Exhibit 1.0, Attachment G) (2004 injections of 104,390 + prior year balance of 5,237) Increased for Injections and Reduced for Withdrawals from Column E.
 Injections are added at 98% to allow for 2% shrinkage per the Gas Storage Contract (ICC Staff Exhibit 1.0, Attachment D)
- Column I: Per the Gas Storage Contract (ICC Staff Exhibit 1.0, Attachment D), the Top Storage is \$0.01 per DTH over 50,000 DTH. \$.0001/DTH charged in October
- Column K: Columns C + D + G + I + J
- Column L: From Egyptian Gas Storage Corporation "Gas Billing" statements provided by Company (ICC Staff Exhibit 1.0, Attachment E)

**Consumers Gas PGA Reconciliation
 Cash Flow Analysis of Egyptian Gas Purchases
 (In Dollars)**

Line No.	Date	Statement Number	One Time Purchase	Actual Paid	Difference	Cumulative Difference	Prime Interest Rate	One Month Interest	Cumulative Interest Cost (Savings)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
				Column C - Column D	Cumulative of Column E	Column F * Column G / 12	Cumulative of Column H		
One Time Purchase Cash Flow Analysis									
1	06/30/05	n/a	\$ 264,278.00		\$ 264,278.00	264,278			
2	06/30/05	414		\$ 237,351.88	(237,351.88)	26,926	6.25%	140	140
3	07/31/05	417		229,200.00	(229,200.00)	(202,274)	6.25%	(1,054)	(913)
4	08/31/05	420		248,100.00	(248,100.00)	(450,374)	6.50%	(2,440)	(3,353)
5	09/30/05	423		257,314.00	(257,314.00)	(707,688)	6.75%	(3,981)	(7,334)
6	10/31/05	n/a		-	-	(707,688)	6.75%	(3,981)	(11,314)
7	11/30/05	n/a		-	-	(707,688)	7.00%	(4,128)	(15,442)
8	12/31/05	n/a		-	-	(707,688)	7.25%	(4,276)	(19,718)
9	01/31/06	n/a		-	-	(707,688)	7.25%	(4,276)	(23,994)
10	TOTALS		<u>\$ 264,278.00</u>	<u>\$ 971,965.88</u>	<u>\$ (707,687.88)</u>				

Sources:

- Column A: Statement Nos. 414, 417, 420 & 423 from Egyptian Gas Storage Corporation (ICC Staff Exhibit 1.0, Attachment A)
- Column B: Statement Nos. 414, 417, 420 & 423 from Egyptian Gas Storage Corporation (ICC Staff Exhibit 1.0, Attachment A)
- Column C: 113,154 DTH (Schedule 1.03 page 1; Column E, Line 5) times \$7.00 per DTH for June gas nomination
- Column D: Statement Nos. 414, 417, 420 & 423 from Egyptian Gas Storage Corporation (ICC Staff Exhibit 1.0, Attachment A)
- Column E: Column C - Column D
- Column F: Cumulative total of Column E
- Column G: Interest Rates from Federal Reserve Bank of St. Louis - Research Division. Document Titled: Bank Prime Loan Rate Changes: Historical Dates of Changes and Rates (ICC Staff Exhibit 1.0, Attachment J)
- Column H: Column F times Column G divided by 12
- Column I: Cumulative total of Column G

Assumptions:

The President of Consumers Gas knew that 113,154 DTHs of gas was available from Egyptian Gas since he is also the President of Egyptian Gas.

113,154 DTH gas was available to be sold to Consumers Gas on 6/08/05 since the gas was already "in place" and was eventually sold to Consumers.

It would have been prudent to purchase gas at the price from Consumers Gas' primary source.

Conclusion:

A one-time purchase would not have caused a cash flow burden.

**Consumers Gas PGA Reconciliation
 Analysis of Storage Gas Purchases
 (In Dollars)**

Line No.	Year	May	June	July	August	September	October	Total
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
								Columns B + C + D + E + F + G
1	2003	-	\$ 193,800	\$ 196,249	\$ 171,403	\$ 159,499		\$ 720,951
2	2004	-	-	208,948	206,469	\$ 186,401	\$ 78,041	\$ 679,859

Sources:

- Line 1 Company's response to Data Request GS-1 (d) 04-0675
- Line 2 Company's response to Data Request DGK-025 (ICC Staff Exhibit 1.0, Attachment G)