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Analysis & Critique of Oklahoma Natural Gas Company's Filed "Global Settlement" Proposal[1]
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The "Global Settlement"

ONG proposes a "global settlement" under which at least three causes before the Oklahoma Corporation Commission and/or the Oklahoma Supreme Court would be resolved:

In Cause PUD 980000188 Applicants McAdams and Walker request relief from improper and excessive purchased gas costs, specifically, purchased gas costs incurred under a November 1993 contract between ONG and Dynamic Energy Resources, Inc. Applicants allege that this contract, which Dynamic sold (in part, presold) for $18.75 million, was utilized to camouflage costs of a legal settlement (not recoverable from ratepayers) as gas costs which could be passed through directly to ratepayers via ONG's purchased gas adjustment [PGA] clause. Between November 1993 and January 2002 the applicants allege that this contract resulted in excessive and improper gas charges to ratepayers of $48.4 million, exclusive of the ratepayers' opportunity cost of funds, and the contract would continue in force for a further 21 months.[2] Inclusive of the opportunity cost of capital, applicants allege damages of $107.1 million through January 2002.

In Cause PUD 200100057 the Commission ordered that $34.6 million in imprudently incurred gas costs not be passed through to ratepayers via ONG's PGA.

In Cause EN 200100102 the Commission imposed contempt sanctions on ONG for its failure to comply with Commission orders that it provide records of "unregulated" subsidiaries of ONG's parent, ONEOK, relevant to transactions between these subsidiaries and ONG.[3]

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1 Note: This analysis and critique relies upon the draft Joint Stipulation [JS] filed by ONG with the Oklahoma Corporation Commission on April 29, 2002 (9:35 a.m.). The settlement is alleged (JS, I. A.) to be "further described" in "summaries and working papers attached hereto as Exhibit A," although this exhibit was, in fact, not attached. Therefore, this analysis draws on an earlier version of the summaries and working papers presented on April 23, 2002, with a previous (and in ways quite different) draft joint stipulation.

2 While ONG's attorneys have represented that Duke and Enogex, holders of the two halves of the Dynamic contract, have agreed to a reduction in the contract price to spot (Oklahoma index) plus $0.15, the Joint Stipulation specifies only that "each contract will be replaced or amended effective April 1, 2002, and until the expiration of the contracts on April 9, 2004, to provide <u>for a lower pricing term that will substantially benefit Customers</u>." [Emphasis added.] Thus, the price to be paid under these contracts is unspecified. It is also notable that the contracts' terms will be extended by five months, from November 9, 2003, to April 9, 2004. ONG is to provide copies of the amended/new contracts to the attorneys for the parties but has not yet done so. These agreements apparently take the form only of letters of intent, contingent on the Commission's ratification of the "global settlement."

Even a price reduction to spot plus $0.15 will result in a continuation of about 13.5 percent of the overcharge ($0.15 versus an average of $1.11 over the first 99 months of the contract), and the extension of the term of the contract will serve to perpetuate the excessive purchased-gas costs associated with this or a lesser price reduction.

3 While the rationale for joining the first two causes is unclear, since they involve quite different classes of allegedly excessive purchased-gas costs (improper vs. imprudent), the grounds on which ONG seeks to consolidate this cause with the two preceding causes is even more mystifying, since charges to ratepayers are only indirectly involved in this cause, which challenges the Commission's authority to order the production of records of unregulated subsidiaries of ONEOK when these are relevant to their transactions with the regulated subsidiary, ONG. The proposed settlement leaves this fundamental issue unaddressed and unresolved.

From the vantage point of ratepayers the settlement has the following components, the values of which have been alleged by ONG:

June 2002 billing credit	\$9.95 million
December 2005 billing credit	\$2 million - \$10 million[4]
Reduced "reservation fees" to OEMT ("load-following" contract)	\$13.8 million
Gas cost savings due to OGS gas storage (replacing load-following)	\$0 million -8 million[5]
Target "value" of the global settlement	\$33.75 million[6]

Analysis

Of these provisions, only the first two unambiguously represent compensation to ratepayers for past imprudent, improper or excessive charges for natural gas. And, even these are overvalued by ONG, in that they are to be paid only in the future. The following contrasts ONG's claims concerning the value of these credits to their present values (the amounts which ONG would have to invest today in order to have the funds required to finance ratepayer credits in the future), computed assuming a conservative current short-term interest rate of five percent:

Valuation of Billing Credits	ONG Valuation	April 2002 Present Value
June 2002 Credit	\$9.95 million	\$9.89 million
December 2005 Credit	\$2 million - \$10 million	\$1.76 million - \$8.80 million
Total Credits	**\$11.95 million - \$19.95 million**	**\$11.65 million - \$18.69**

Thus, entirely apart from the \$8 million uncertainty (with a present value of ± \$7.04 million), ONG overstates the value to ratepayers of the billing credits by \$0.3 million (2.6 percent). Should the maximum credits be applied in December 2005, the value of the credits is overstated by \$1.26 million (6.7 percent).

The other two components of the proposed global settlement represent changes in load-management practices which, ONG claims, will result in reductions in PGA charges imposed on ratepayers. **There is, however, no logical relationship between ONG's load-management practices and the settlement of litigation. As a public utility ONG is obligated to manage its service provision prudently and efficiently. If the cost of the provision of natural-gas service can be prudently reduced by changes in load-management practices, then ONG is obligated to implement those changes. Any savings resulting from changes in load-management practices must flow through to ratepayers under any circumstances, whether or not there is a settlement of current litigation.**[7]

4 The following footnote explains the \$8 million uncertainty here.

5 If calculated "savings" (defined as the sum of positive savings, ignoring any negative savings, i.e., increases in cost, which may result from the change in load management) are less than \$8 million, then the December 2005 credit will be increased by the deficiency.

6 In addition, ONG would compensate other parties \$0.5 million for attorneys' fees and expenses, bringing the target value of the global settlement to \$34.25 million.

7 ONG can be anticipated to object that one of the two components of this change in load-management practice involves the partial termination of a load-following contract with ONEOK Energy Marketing & Trading [OEMT]. Cont., p. 3

Because prospective savings attributable to changes in ONG's load-management practices cannot be considered a "benefit" to ratepayers of the global settlement, the December 2002 and 2005 billing credits represent the only benefits of the settlement to ratepayers. As compensation for overcharges alleged to total about $65 million exclusive of capital costs, or $125 million inclusive of capital costs,[8] the settlement would provide to ratepayers credits with a present value of only $11.65 million to $18.69 million, in any event only 10 to 20 percent of the economic damages alleged to have been imposed upon them. An ONG press release (April 29,2002) indicates that individual residential ratepayers will receive credits of $13 in June 2002 and $2.50 in December 2005.

Not only is it inappropriate to attribute to the global settlement any savings which flow from changes in ONG's load-management practices; further, ONG substantially overstates those prospective savings. Disturbingly, the proposed global-settlement agreement deceptively stipulates (in I.C.4.) a very peculiar computational procedure under which ONG might well be credited with achieving "savings" when, in fact, gas costs had actually increased.

Load following: A portion of ONG's "load-following" contract with ONEOK subsidiary ONEOK Energy Marketing & Trading [OEMT] would be terminated, reducing monthly "reservation fees" by $6.074 million annually. Over the final 31 months of the OEMT contract (April 2003 to October 2005), reservation fees would be reduced by a total of $13.8 million. As a result of the termination of this portion of the load-following contract, ONG's draw of natural gas from OEMT would be reduced by 4,411,765 mmbtu per year. Under the load-following contract, ONG would have paid OEMT current spot (Oklahoma index) plus $0.05 per mmbtu drawn.[9]

Gas storage: Commencing in April 2003 ONG would initiate the purchase and storage of natural gas (in monthly increments between April and October) as replacement for the gas previously drawn from OEMT under the terminated portion of the load-following contract. ONG would contract for storage with ONEOK subsidiary ONEOK Gas Storage [OGS], paying $0.65 per mmbtu stored, implying total gas-storage payments to OGS by ONG of about $2.9 million per year.[10] All gas stored between April

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While the OEMT contract will not expire until the end of October 2005, OEMT has apparently agreed to the termination, in April 2003, of a portion of the contract, equivalent, reportedly, to about 17 percent of the entire contract. As a result of this termination, between April 2003 and October 2005 (the underlying contract's termination date), $13.8 million in "reservation fees" will be avoided. These fees would otherwise had been payable by ONG to OEMT and would then have been passed through directly from ONG to ratepayers through ONG's PGA. If OEMT has agreed to this partial cancelation of the load-following contract only because of the benefit of the settlement to its (and ONG's) corporate parent, ONEOK, then, ONG will argue, the $13.8 million in reservation-fee avoidance should be considered a benefit to ratepayers which is attributable to the settlement.

However, if the load-following contract is of no benefit to ONG, then ONG should not have entered into this contract with its fellow ONEOK sibling in the first instance, i.e., execution of the OEMT contract was imprudent and/or improper from the outset. As such, it would fall into that class of purchased-gas costs the pass-though of which was blocked by the Commission order at issue in Cause PUD 200100057. While OEMT may have an enforceable claim against ONG under the load-following contract, the position of the Commission in Cause PUD 200100057 is that ONG does not have an unconditional right to pass the costs of this contract through to ratepayers via the PGA.

8 In its April 29, 2002, press release, ONG implies that it has already passed through to consumers only about $14.2 million is PGA charges which had been allowed by the Commission. Presumably, the remaining $20 million will be waived as a result of the proposed settlement (III.), although this is not entirely clear.

9 ONG's load-following contract with OEMT permits ONG to draw gas from OEMT on short notice. The reservation fee gives ONG the <u>right</u> to draw gas. When it exercises that right, it compensates OEMT for the gas at a price equal to the then-current spot price plus $0.05 per mmbtu.

10 ONG has stated that a storage charge of $0.45 per mmbtu would provide a "regulated" 15 percent rate of return to OCS but that $0.65 is a "competitively-determined" charge. ONG does not explain the discrepancy between the Cont., p. 4

and October, adjusted for two percent shrinkage, would be drawn from storage between November and March and provided to ratepayers at a price equal to cost plus storage adjusted for shrinkage.[11]

From the vantage point of ONEOK, of which ONG, OEMT and OGS are subsidiaries, between April 2003 and October 2005 it will give up (a) $13.8 million in OEMT reservation fees, (b) $0.4 million attributable to the $0.05 premium over spot on OEMT's sale of load-following gas to ONG, and (c) any appreciation (positive or negative) in the spot price of gas between OEMT's purchase and its resale to ONG, but it will secure about $8.6 million in OGS storage fees.[12] Ignoring the very speculative (as discussed below) price-appreciation element, ONG's change in load management would result in a loss of revenue to ONEOK of no more than $5.6 million between April 2003 and October 2005.

ONG states that it "anticipates" that the substitution of OGS storage for OEMT load-following will result in annual savings in gas acquisition costs (exclusive of avoided reservation fees) of $4 million, or, because savings are realized only in winter months (November through March), $8 million between April 2003 and October 2005. With $8 million is savings, the December 2005 billing credit is held at $2 million.

In fact, historical data for April 1994 through October 2001 (i.e., for six 31-month periods, April of year t to October of year t+2) can be employed to estimate the savings which would have resulted from the replacement of OEMT load following by OGS gas storage over these historical periods. As demonstrated in the attached schedule, ignoring the load-following reservation fees of $6.1 million per year ($13.8 million per 31-month period), replacing OEMT gas obtained between November and March at spot plus $0.05 with gas purchased at spot between April and October and stored at a cost of $0.65 per mmbtu and two-percent shrinkage would have resulted in an <u>increase</u> in average gas costs of $1.2 million per 31-month period, i.e., "savings" of -$1.2 million would have been realized.[13]

Under the "global settlement," however, "savings" between April 2003 and October 2005 are to be computed not as the algebraic sum of savings (positive or negative) in all months. Rather, savings are recognized only if they are positive, i.e., months in which savings are negative (i.e., in which costs increase) are simply ignored. Thus, over the six historical periods, while average net savings were -$1.2 million, ONG would have been credited with average savings of $2.7 million.

Credited savings of $2.7 million, equal to the average of the six periods, would require an increase of $5.3 million (to $7.3 million) in the aggregate December 2005 billing credit. **However, because gas costs would actually have increased, the sum of actual net savings (-$1.2 million) and the De-**

"regulated" 15 percent rate of return and the 10.32 percent rate of return most recently certified by the Oklahoma Corporation Commission as ONG's weighted cost of capital (Order No. 388124) .

If, plausibly, the costs of storage represent primarily capital costs (noting that the two-percent shrinkage will cover a significant portion of noncapital costs, e.g., the costs of compression), if, also plausibly, storage assets depreciate at a rate of five percent per year, and if, as asserted by ONG, a storage charge of $0.45 per mmbtu implies a 15 percent rate of return, then storage requires a capital investment of $2.25 per mmbtu. Given that capital investment, a rate of return of 10.32 percent, equal to ONG's weighted cost of capital, would require a storage charge of $0.345 per mmbtu, and the charge of $0.65 per mmbtu, which ONG proposes to pay OGS, implies a rate of return of 24 percent. If ONG itself owned the storage facility, the maximum regulated storage charge would be about $0.35 per mmbtu.

11 If ONG substitutes OGS storage for OEMT load following, physically effectively the same gas will flow into and out of the same storage facility. The only change will be that OEMT will no longer be the middleman between ONG and OGS.

12 In October 2005 the final $2.9 million of OGS storage fees, for gas placed into storage between April and October 2005, will appear as an account receivable, to be received when the charge is passed through to ratepayers between November 2005 and March 2006.

13 As demonstrated in the final panel of the attached schedule, at a gas storage charge of $0.35 per mmbtu, consistent with ONG's Commission-recognized weighted cost of capital of 10.32 percent, average savings of $1.5 million would have been realized over the six historical 31-month periods.

cember 2005 credit ($7.3 million) would be only $6.1 million, or $3.9 million less than the claimed target of $10 million. The target would be realized only if the December 2005 billing credit were increased by $9.2 million, equal to the excess of the $8 million target over true net realized purchased-gas savings of -$1.2 million.

Conclusion

The proposed global settlement, as compensation for past excessive and imprudent charges totaling in excess of $65 million exclusive of capital costs, or more than $125 million if the cost of capital is taken into account, provides ratepayers with billing credits having a present value (in April 2002) of between $11.65 million and $18.69million). ONG proposes changes in load-management practices which it forecasts will reduce gas costs by $21.8 million but which historical data indicate would result in savings, on average, of only $12.6 million, although ONG's deceptive accounting would inflate historical savings to $16.5 million (triggering an increase only from $2 million to $7.3 million in the December 2005 billing credit, when a credit of $11.2 million would be required to reach the purported target settlement value). However, if a change in load-management practice would reduce charges to ratepayers, then ONG is obligated to implement that change in any event, and the resultant savings cannot, legitimately, be attributed to a global settlement of charges that ONG has imposed improper, excessive and imprudent costs on its ratepayers.

The final "true-up" appears to be the only significant change introduced in the final version of the proposed terms of the "global settlement." That true-up, however, will not accomplish its proclaimed purpose, i.e., to assure that the total "benefit" of the settlement is, indeed, $34.25 million. It will fail to do so because of the deceptive accounting employed in the computation of gas-acquisition-cost savings, which recognize only positive savings and ignore negative savings (cost increases). Only if true net savings, defined as the algebraic sum of savings in all months, is employed in the true up will the avowed purpose be achieved.

In any event, the issue of the legitimacy of considering even true net savings associated with a change in ONG's load-management practices remains.

Expected Value of Settlement (Historical Data), Nominal Dollars & Present Value

Assuming, for sake of argument, the legitimacy of including
reservation fee avoidance and gas cost savings

	Nominal Dollars	April 2002 Present Value
June 2000 Billing Credits	$10 million	$ 9.9million
December 2005 Billing Credits	$ 7.3 million	$ 6.4 million
Reservation Fees Avoided	$13.8 million	$12.4 million
Net Gas Cost Savings	- $ 1.2 million	- $1.1 million
Net "Settlement Value"	$29.9 million	$27.6 million

ONG "Global Settlement" Proposal: Load-Following and Storage Analysis (Historical Data)

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A	B	C	D	E	F	G	H	I	K	L	M	O
Date	**Spot Price**	**OEMT Load-Following Contract (c. 17% of Total Contract)**				**Gas Storage as Partial Replacement for OEMT Load-Following Contract**						**31**
	Oklahoma	**Reservation**	**Draw**	**Gas Cost**	**Total Load-**	**Storage at OGS Rate of $0.65 per mmbtu**			**Storage at ONG Regulated Rate of $0.35 per mmbtu**			**Month**
	Index	**Fee**	**Proportion**	**(Index+.05)**	**Following**	**Cost of Gas Incl.**	**Gas Cost**	**Credited**	**Cost of Gas Incl.**	**Gas Cost**	**Credited**	**Period**
			AnnQ =4,411,765		**Cost**	**Storage & Shrink**	**Savings**	**Savings**	**Storage & Shrink**	**Savings**	**Savings**	
Apr 94	1.78	555,667			555,667							Start 1
May 94	1.83	278,506			278,506							
Jun 94	1.58	66,542			66,542							
Jul 94	1.68	43,826			43,826							
Aug 94	1.59	43,517			43,517							
Sep 94	1.39	153,562			153,562							
Oct 94	1.30	508,777			508,777							
Nov 94	1.49	886,062	0.18	1,222,941	2,109,003	1,816,714	-593,773	0	1,573,714	-350,773	0	
Dec 94	1.59	908,477	0.24	1,736,471	2,644,948	2,422,286	-685,815	0	2,098,286	-361,815	0	
Jan 95	1.51	904,010	0.28	1,927,059	2,831,069	2,826,000	-898,941	0	2,448,000	-520,941	0	
Feb 95	1.29	816,476	0.18	1,064,118	1,880,594	1,816,714	-752,597	0	1,573,714	-509,597	0	
Mar 95	1.29	909,004	0.12	709,412	1,618,416	1,211,143	-501,731	0	1,049,143	-339,731	0	
Apr 95	1.35	555,667			555,667							Start 2
May 95	1.45	278,506			278,506							
Jun 95	1.48	66,542			66,542							
Jul 95	1.28	43,826			43,826							
Aug 95	1.22	43,517			43,517							
Sep 95	1.44	153,562			153,562							
Oct 95	1.50	508,777			508,777							
Nov 95	1.61	886,062	0.18	1,318,235	2,204,297	1,651,243	-333,008	0	1,408,243	-90,008	0	
Dec 95	1.89	908,477	0.24	2,054,118	2,962,595	2,201,657	-147,539	0	1,877,657	176,461	176,461	
Jan 96	2.02	904,010	0.28	2,557,059	3,461,069	2,568,600	-11,541	0	2,190,600	366,459	366,459	
Feb 96	1.81	816,476	0.18	1,477,059	2,293,535	1,651,243	-174,184	0	1,408,243	68,816	68,816	
Mar 96	1.91	909,004	0.12	1,037,647	1,946,651	1,100,829	-63,182	0	938,829	98,818	98,818	
Apr 96	2.15	555,667			555,667							Start 3
May 96	2.02	278,506			278,506							
Jun 96	2.06	66,542			66,542							
Jul 96	2.20	43,826			43,826							
Aug 96	2.17	43,517			43,517							
Sep 96	1.68	153,562			153,562							
Oct 96	1.70	508,777			508,777	31-month sum:	-4,162,311	0	31-month sum:	-1,462,311	710,554	End 1
Nov 96	2.51	886,062	0.18	2,032,941	2,919,003	2,144,186	-111,245	0	1,901,186	131,755	131,755	
Dec 96	3.61	908,477	0.24	3,875,294	4,783,771	2,858,914	1,016,380	1,016,380	2,534,914	1,340,380	1,340,380	
Jan 97	4.30	904,010	0.28	5,373,529	6,277,539	3,335,400	2,038,129	2,038,129	2,957,400	2,416,129	2,416,129	
Feb 97	2.77	816,476	0.18	2,239,412	3,055,888	2,144,186	95,226	95,226	1,901,186	338,226	338,226	
Mar 97	1.65	909,004	0.12	900,000	1,809,004	1,429,457	-529,457	0	1,267,457	-367,457	0	
Apr 97	1.71	555,667			555,667							Start 4
May 97	1.95	278,506			278,506							
Jun 97	2.14	66,542			66,542							
Jul 97	2.06	43,826			43,826							
Aug 97	2.06	43,517			43,517							
Sep 97	2.39	153,562			153,562							
Oct 97	3.01	508,777			508,777	31-month sum:	1,779,580	3,149,735	31-month sum:	4,479,580	4,937,045	End 2
Nov 97	3.16	886,062	0.18	2,549,118	3,435,180	2,299,243	249,875	249,875	2,056,243	492,875	492,875	
Dec 97	2.36	908,477	0.24	2,551,765	3,460,242	3,065,657	-513,892	0	2,741,657	-189,892	0	
Jan 98	2.15	904,010	0.28	2,717,647	3,621,657	3,576,600	-858,953	0	3,198,600	-480,953	0	
Feb 98	1.93	816,476	0.18	1,572,353	2,388,829	2,299,243	-726,890	0	2,056,243	-483,890	0	
Mar 98	2.16	909,004	0.12	1,170,000	2,079,004	1,532,829	-362,829	0	1,370,829	-200,829	0	
Apr 98	2.19	555,667			555,667							Start 5
May 98	2.17	278,506			278,506							
Jun 98	1.95	66,542			66,542							

A	B	C	D	E	F	G	H	I	K	L	M	O
Date	Spot Price Oklahoma <u>Index</u>	OEMT Load-Following Contract (c. 17% of Total Contract)				Gas Storage as Partial Replacement for OEMT Load-Following Contract						31 Month Period
						Storage at OGS Rate of $0.65 per mmbtu			Storage at ONG Regulated Rate of $0.35 per mmbtu			
		Reservation Fee	Draw Proportion	Gas Cost (Index+.05) AnnQ =4,411,765	Total Load-Following Cost	Cost of Gas Incl. Storage & Shrink	Gas Cost Savings	Credited Savings	Cost of Gas Incl. Storage & Shrink	Gas Cost Savings	Credited Savings	
Jul 98	2.29	43,826			43,826							
Aug 98	1.86	43,517			43,517							
Sep 98	1.58	153,562			153,562							
Oct 98	1.93	508,777			508,777	31-month sum:	296,345	3,399,610	31-month sum:	2,996,345	4,719,366	End 3
Nov 98	1.95	886,062	0.18	1,588,235	2,474,297	2,143,029	-554,793	0	1,900,029	-311,793	0	
Dec 98	2.06	908,477	0.24	2,234,118	3,142,595	2,857,371	-623,254	0	2,533,371	-299,254	0	
Jan 99	1.77	904,010	0.28	2,248,235	3,152,245	3,333,600	-1,085,365	0	2,955,600	-707,365	0	
Feb 99	1.75	816,476	0.18	1,429,412	2,245,888	2,143,029	-713,617	0	1,900,029	-470,617	0	
Mar 99	1.58	909,004	0.12	862,941	1,771,945	1,428,686	-565,745	0	1,266,686	-403,745	0	
Apr 99	1.76	555,667			555,667							Start 6
May 99	2.23	278,506			278,506							
Jun 99	2.13	66,542			66,542							
Jul 99	2.18	43,826			43,826							
Aug 99	2.51	43,517			43,517							
Sep 99	2.78	153,562			153,562							
Oct 99	2.43	508,777			508,777	31-month sum:	-5,755,462	249,875	31-month sum:	-3,055,462	492,875	End 4
Nov 99	2.93	886,062	0.18	2,366,471	3,252,533	2,380,243	-13,772	0	2,137,243	229,228	229,228	
Dec 99	2.06	908,477	0.24	2,234,118	3,142,595	3,173,657	-939,539	0	2,849,657	-615,539	0	
Jan 00	2.26	904,010	0.28	2,853,529	3,757,539	3,702,600	-849,071	0	3,324,600	-471,071	0	
Feb 00	2.49	816,476	0.18	2,017,059	2,833,535	2,380,243	-363,184	0	2,137,243	-120,184	0	
Mar 00	2.48	909,004	0.12	1,339,412	2,248,416	1,586,829	-247,417	0	1,424,829	-85,417	0	
Apr 00	2.79	555,667			555,667							
May 00	2.94	278,506			278,506							
Jun 00	4.22	66,542			66,542							
Jul 00	4.19	43,826			43,826							
Aug 00	3.70	43,517			43,517							
Sep 00	4.51	153,562			153,562							
Oct 00	5.18	508,777			508,777	31-month sum:	-5,955,756	0	31-month sum:	-3,255,756	229,228	End 5
Nov 00	4.40	886,062	0.18	3,533,824	4,419,886	3,712,114	-178,291	0	3,469,114	64,709	64,709	
Dec 00	5.90	908,477	0.24	6,300,000	7,208,477	4,949,486	1,350,514	1,350,514	4,625,486	1,674,514	1,674,514	
Jan 01	9.87	904,010	0.28	12,254,118	13,158,128	5,774,400	6,479,718	6,479,718	5,396,400	6,857,718	6,857,718	
Feb 01	6.19	816,476	0.18	4,955,294	5,771,770	3,712,114	1,243,180	1,243,180	3,469,114	1,486,180	1,486,180	
Mar 01	4.98	909,004	0.12	2,662,941	3,571,945	2,474,743	188,198	188,198	2,312,743	350,198	350,198	
Apr 01	5.30	555,667			555,667							
May 01	4.79	278,506			278,506							
Jun 01	3.63	66,542			66,542							
Jul 01	3.01	43,826			43,826							
Aug 01	3.08	43,517			43,517							
Sep 01	2.22	153,562			153,562							
Oct 01	1.73	508,777			508,777	31-month sum:	6,670,336	9,261,610	31-month sum:	9,370,336	10,662,547	End 6
Mean (Nov-March only)		1,214,885		2,541,882	3,756,768	2,562,980	-21,097	361,749	2,292,980	248,903	459,785	

Annual reservation fees attributed to 5 months, November to March

	OGS	ONG
Gas Cost Savings, Apr Yr t to Oct Yr t+2, Mean (6 periods, 1994 to 2001):	-1,187,878	1,512,122
Credited Gas Cost Savings, Apr Yr t to Oct Yr t+2, Mean (6 periods, 1994 to 2001):	2,676,805	3,625,269
Load-Following Reservation Fee Avoidance, Apr Yr t to Oct Yr t+2 (31 months):	13,799,249	13,799,249
Total Net Savings, Apr Yr t to Oct Yr t+2, Mean (six periods, 1994 to 2001):	12,611,371	15,311,371
Credited Savings, Apr Yr t to Oct Yr t+2, Mean (six periods, 1994 to 2001):	16,476,054	17,424,518

Credited Savings: Sum of **positive** savings, i.e., negative savings (cost increases) are ignored.

Storage gas replaces equal volumes of load-following gas; storage gas acquired at price equal to index, in equal increments, April to October, two percent shrinkage.

ONG: Oklahoma Natural Gas
OEMT: ONEOK Energy Marketing & Trading
OGS: ONEOK Gas Storage