

REDACTED

CONFIDENTIAL INDEX
WORKPAPER

PAGES

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CMP _____
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Sequent Physical Purchases Compared to Index Pricing January 2006

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

ATTACHMENT I

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price	Difference
Destin									
Destin									
DESTINPL	277424	01-01-2006	01-31-2006	387,500	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
DESTINPL	278023	01-01-2006	01-31-2006	155,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Destin is [REDACTED] FOM Index by [REDACTED]									
Florida Gas Transmission Company									
Zone 1									
MOPS - Refugio FGT	280727	01-01-2006	01-31-2006	154,942	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 1 is [REDACTED] FOM Index by [REDACTED]									
Mobile Bay Pipeline									
MOBILE BAY									
MOBILE BAY POOL	277425	01-01-2006	01-31-2006	215,716	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOBILE BAY is above FOM Index by [REDACTED]									

May was added on 43-2

Jan
Feb
March
April
May
June
July
Aug
Sept
Oct
Nov
Dec

[REDACTED]

Sequent price was slightly [REDACTED] for all months for the majority of the volume. However, Review of the program used to generate this report (43-1/1) revealed that it excluded gas daily purchases and several deal tickets (43-1/1-1). The reason for excluding gas dailies is on 43-1/2. Tho Sequent costs are not fully distributed. The co. did not provide actual detail for sequent other costs but estimated them at [REDACTED] million \$ allocate

See... + add 1... + add...

Sequent Physical Purchases Compared to Index Pricing February 2006

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price	Difference
Destin									
Destin									
DESTINPL	296515	02-01-2006	02-28-2006	556,789	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Destin is above FOM Index by \$ [REDACTED]									
Florida Gas Transmission Company									
Zone 1									
MOPS - Refugio FGT	295620	02-01-2006	02-28-2006	109,999	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 1 is below FOM Index by \$ [REDACTED]									
High Island Operating System									
HIOS									
HIA 568	297231	02-01-2006	02-28-2006	181,283	[REDACTED]	Index	IF-FGT-Z2	[REDACTED]	[REDACTED]
ANR	300758	02-01-2006	02-28-2006	320,236	[REDACTED]	Index	IF-FGT-Z2	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at HIOS is below FOM Index by \$ [REDACTED]									
Mobile Bay Pipeline									
MOBILE BAY									
MOBILE BAY POOL	297426	02-01-2006	02-28-2006	140,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOBILE BAY is above FOM Index by \$ [REDACTED]									

02

Sequent Physical Purchases Compared to Index Pricing March 2006

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price	Difference
Destin									
Destin									
DESTINPL	331445	03-01-2006	03-31-2006	276,611	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
DESTINPL	333192	03-01-2006	03-31-2006	310,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Destin is [REDACTED] FOM Index by \$ [REDACTED]									
Florida Gas Transmission Company									
Zone 1									
NGPL - Jefferson FGT	331421	03-01-2006	03-31-2006	120,714	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
MOPS - Refugio FGT	333227	03-01-2006	03-31-2006	28,986	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 1 is [REDACTED] FOM Index by \$ [REDACTED]									
High Island Operating System									
HIOS									
ANR	300758	03-01-2006	03-31-2006	351,292	[REDACTED]	Index	IF-FGT-Z2	[REDACTED]	[REDACTED]
HIA 568	333181	03-01-2006	03-31-2006	198,611	[REDACTED]	Index	IF-FGT-Z2	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at HIOS is [REDACTED] FOM Index by \$ [REDACTED]									
Mobile Bay Pipeline									
MOBILE BAY									
MOBILE BAY POOL	331444	03-01-2006	03-31-2006	331,141	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOBILE BAY is [REDACTED] FOM Index by \$ [REDACTED]									

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Sequent Physical Purchases Compared to Index Pricing April 2006

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price	Difference
Destin									
Destin									
DESTINPL	353457	04-01-2006	04-30-2006	308,560	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
DESTINPL	354288	04-01-2006	04-30-2006	146,758	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Destin is [REDACTED] FOM Index by \$ [REDACTED]									
Florida Gas Transmission Company									
Zone 1									
NGPL - Jefferson FGT	343364	04-01-2006	04-30-2006	110,860	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
NGPL - Jefferson FGT	352717	04-01-2006	04-30-2006	3,693	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 1 is [REDACTED] FOM Index by \$ [REDACTED]									
Zone 2									
Coastal - West Addis	351644	04-01-2006	04-30-2006	44,700	[REDACTED]	Index	IF-FGT-Z2	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 2 is [REDACTED] FOM Index by \$ [REDACTED]									
Houston Pipeline Company, LP									
Houston Pipeline									
Corpus Facility	355225	04-01-2006	04-30-2006	120,000	[REDACTED]	Index	IF-HSC	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Houston Pipeline is [REDACTED] FOM Index by \$ [REDACTED]									
Mobile Bay Pipeline									
MOBILE BAY									
MOBILE BAY POOL	338558	04-01-2006	04-30-2006	599,990	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
MOBILE BAY POOL	353141	04-01-2006	04-30-2006	150,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOBILE BAY is [REDACTED] FOM Index by \$ [REDACTED]									
Northern Natural Gas Company									
MOPS									
MATAGORDA 631	354974	04-01-2006	04-30-2006	88,002	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]									
Southern Natural Gas Company									
MOPS									
MATAGORDA ISLAND 693 (REC	355013	04-01-2006	04-30-2006	14,238	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]									

Sequent Physical Purchases Compared to Index Pricing May 2006

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price	Difference
Destin									
Destin									
DESTINPL	354288	05-01-2006	05-31-2006	154,836	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
DESTINPL	365631	05-01-2006	05-31-2006	155,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
DESTINPL	366490	05-01-2006	05-31-2006	154,999	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Destin is [REDACTED] FOM Index by \$ [REDACTED]									
Florida Gas Transmission Company									
Zone 1									
NGPL - Jefferson FGT	343384	05-01-2006	05-31-2006	62,392	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
MOPS - Refugio FGT	370322	05-01-2006	05-31-2006	62,000	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 1 is [REDACTED] FOM Index by [REDACTED]									
Zone 2									
Coastal - West Addis	351644	05-01-2006	05-31-2006	43,710	[REDACTED]	Index	IF-FGT-Z2	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 2 is [REDACTED] FOM Index by [REDACTED]									
Mobile Bay Pipeline									
MOBILE BAY									
MOBILE BAY POOL	338558	05-01-2006	05-31-2006	620,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
MOBILE BAY POOL	366492	05-01-2006	05-31-2006	154,962	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOBILE BAY is [REDACTED] FOM Index by \$ [REDACTED]									
Northern Natural Gas Company									
MOPS									
MATAGORDA 631	354974	05-01-2006	05-31-2006	91,646	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
MUI 757/762	370580	05-01-2006	05-31-2006	77,500	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]									
Southern Natural Gas Company									
MOPS									
MATAGORDA ISLAND 693 (REC	355013	05-01-2006	05-31-2006	28,710	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]									

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tested on 43-2

PS

Sequent Physical Purchases Compared to Index Pricing June 2006

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price	Difference
Destin									
Destin									
DESTINPL	354288	06-01-2006	06-30-2006	149,161	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
DESTINPL	387918	06-01-2006	06-30-2006	150,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Destin is [REDACTED] FOM Index by \$ [REDACTED]									
Florida Gas Transmission Company									
Zone 1									
NGPL - Jefferson FGT	343384	06-01-2006	06-30-2006	62,352	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 1 is [REDACTED] FOM Index by \$ [REDACTED]									
Zone 2									
Coastal - West Addis	351644	06-01-2006	06-30-2006	42,810	[REDACTED]	Index	IF-FGT-Z2	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 2 is [REDACTED] FOM Index by \$ [REDACTED]									
Mobile Bay Pipeline									
MOBILE BAY									
MOBILE BAY POOL	338558	06-01-2006	06-30-2006	600,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
MOBILE BAY POOL	387926	06-01-2006	06-30-2006	108,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOBILE BAY is [REDACTED] FOM Index by \$ [REDACTED]									
Northern Natural Gas Company									
MOPS									
MATAGORDA 631	354974	06-01-2006	06-30-2006	89,644	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
MUI 757/762	370581	06-01-2006	06-30-2006	75,000	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
MOPS-REFUGIO FGT	389944	06-01-2006	06-30-2006	107,209	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]									
Southern Natural Gas Company									
MOPS									
MATAGORDA ISLAND 693 (REC	355013	06-01-2006	06-30-2006	24,694	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]									

9d

Sequent Physical Purchases Compared to Index Pricing July 2006

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price	Difference
Destin									
Destin									
DESTINPL	354288	07-01-2006	07-31-2006	155,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
DESTINPL	404828	07-01-2006	07-31-2006	62,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
DESTINPL	406951	07-01-2006	07-31-2006	62,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Destin is [REDACTED] FOM Index by \$ [REDACTED]									
Florida Gas Transmission Company									
Zone 1									
NGPL - Jefferson FGT	343384	07-01-2006	07-31-2006	64,852	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 1 is [REDACTED] FOM Index by [REDACTED]									
Zone 2									
Coastal - West Addis	351644	07-01-2006	07-31-2006	42,005	[REDACTED]	Index	IF-FGT-Z2	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 2 is [REDACTED] FOM Index by \$ [REDACTED]									
Mobile Bay Pipeline									
MOBILE BAY									
MOBILE BAY POOL	338558	07-01-2006	07-31-2006	620,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
MOBILE BAY POOL	404829	07-01-2006	07-31-2006	93,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
MOBILE BAY POOL	406942	07-01-2006	07-31-2006	155,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOBILE BAY is [REDACTED] FOM Index by \$ [REDACTED]									
Northern Natural Gas Company									
MOPS									
MATAGORDA 631	354974	07-01-2006	07-31-2006	92,679	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
MUI 757/762	370581	07-01-2006	07-31-2006	56,000	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
MOPS-REFUGIO FGT	389944	07-01-2006	07-31-2006	108,500	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]									
Southern Natural Gas Company									
MOPS									
MATAGORDA ISLAND 693 (REC	355013	07-01-2006	07-31-2006	29,179	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]									

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Sequent Physical Purchases Compared to Index Pricing August 2006

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price	Difference
Destin									
Destin									
DESTINPL	354288	08-01-2006	08-31-2006	151,667	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
DESTINPL	418224	08-01-2006	08-31-2006	77,499	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Destin is [REDACTED] FOM Index by \$ [REDACTED]									
Florida Gas Transmission Company									
Zone 1									
NGPL - Jefferson FGT	343384	08-01-2006	08-31-2006	65,038	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 1 is [REDACTED] FOM Index by \$ [REDACTED]									
Zone 2									
Coastal - West Addis	351644	08-01-2006	08-31-2006	41,757	[REDACTED]	Index	IF-FGT-Z2	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 2 is [REDACTED] FOM Index by \$ [REDACTED]									
Mobile Bay Pipeline									
MOBILE BAY									
MOBILE BAY POOL	338558	08-01-2006	08-31-2006	620,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
MOBILE BAY POOL	420350	08-01-2006	08-31-2006	152,577	[REDACTED]	NYMEX	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOBILE BAY is [REDACTED] FOM Index by \$ [REDACTED]									
Northern Natural Gas Company									
MOPS									
MATAGORDA 631	354974	08-01-2006	08-31-2006	75,049	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
MUJ 757/762	370581	08-01-2006	08-31-2006	67,830	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
MOPS-REFUGIO FGT	389944	08-01-2006	08-31-2006	108,500	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]									
Southern Natural Gas Company									
MOPS									
MATAGORDA ISLAND 693 (REC)	355013	08-01-2006	08-31-2006	15,500	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]									

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Sequent Physical Purchases Compared to Index Pricing September 2006

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price	Difference
Destin									
Destin									
DESTINPL	354288	09-01-2006	09-30-2006	150,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
DESTINPL	437506	09-01-2006	09-30-2006	73,143	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Destin is [REDACTED] FOM Index by [REDACTED]									
Florida Gas Transmission Company									
Zone 1									
NGPL - Jefferson FGT	343384	09-01-2006	09-30-2006	56,624	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 1 is [REDACTED] FOM Index by \$ [REDACTED]									
Zone 2									
Coastal - West Addis	351644	09-01-2006	09-30-2006	37,548	[REDACTED]	Index	IF-FGT-Z2	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 2 is [REDACTED] FOM Index by \$ [REDACTED]									
Mobile Bay Pipeline									
MOBILE BAY									
MOBILE BAY POOL	338558	09-01-2006	09-30-2006	600,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
MOBILE BAY POOL	437503	09-01-2006	09-30-2006	90,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
MOBILE BAY POOL	437981	09-01-2006	09-30-2006	120,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
MOBILE BAY POOL	438545	09-01-2006	09-30-2006	75,000	[REDACTED]	NYMEX	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOBILE BAY is [REDACTED] FOM Index by \$ [REDACTED]									
Northern Natural Gas Company									
MOPS									
MATAGORDA 631	354974	09-01-2006	09-30-2006	57,500	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
MOPS-REFUGIO FGT	389944	09-01-2006	09-30-2006	76,406	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
TIVOLI PLANT OUTLET	439358	09-01-2006	09-30-2006	30,303	[REDACTED]	NYMEX	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]									
Southern Natural Gas Company									
MOPS									
MATAGORDA ISLAND 693 (REC	355013	09-01-2006	09-30-2006	10,500	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by [REDACTED]									

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Sequent Physical Purchases Compared to Index Pricing October 2006

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price	Difference
Destin									
Destin									
DESTINPL	354288	10-01-2006	10-31-2006	86,957	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
DESTINPL	451249	10-01-2006	10-31-2006	150,446	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
DESTINPL	451275	10-01-2006	10-31-2006	306,458	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Destin is [REDACTED] FOM Index by \$ [REDACTED]									
Florida Gas Transmission Company									
Zone 1									
NGPL - Jefferson FGT	343398	10-01-2006	10-31-2006	31,900	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 1 is [REDACTED] FOM Index by \$ [REDACTED]									
Zone 2									
Coastal - West Addis	351644	10-01-2006	10-31-2006	36,883	[REDACTED]	Index	IF-FGT-Z2	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 2 is [REDACTED] FOM Index by \$ [REDACTED]									
Mobile Bay Pipeline									
MOBILE BAY									
MOBILE BAY POOL	338558	10-01-2006	10-31-2006	620,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
MOBILE BAY POOL	451245	10-01-2006	10-31-2006	93,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOBILE BAY is [REDACTED] FOM Index by \$ [REDACTED]									

Sequent Physical Purchases Compared to Index Pricing November 2006

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price Difference
Destin								
Destin								
DESTINPL	465580	11-01-2006	11-30-2006	120,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]
The Weighted Average Price for Sequent purchases at Destin is [REDACTED] FOM Index by \$ [REDACTED]								
Florida Gas Transmission Company								
Zone 1								
NGPL - Jefferson FGT	465588	11-01-2006	11-30-2006	116,521	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 1 is [REDACTED] FOM Index by \$ [REDACTED]								
Mobile Bay Pipeline								
MOBILE BAY								
MOBILE BAY POOL	446116	11-01-2006	11-30-2006	240,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]
The Weighted Average Price for Sequent purchases at MOBILE BAY is [REDACTED] FOM Index by \$ [REDACTED]								

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Sequent Physical Purchases Compared to Index Pricing December 2006

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price	Difference
Destin									
Destin									
DESTINPL	478355	12-01-2006	12-31-2006	124,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Destin is [REDACTED] FOM Index by \$ [REDACTED]									
Florida Gas Transmission Company									
Zone 1									
NGPL - Jefferson FGT	465588	12-01-2006	12-31-2006	120,068	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at Zone 1 is [REDACTED] FOM Index by \$ <u>0.0400</u>									
Mobile Bay Pipeline									
MOBILE BAY									
MOBILE BAY POOL	446116	12-01-2006	12-31-2006	247,999	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
MOBILE BAY POOL	476685	12-01-2006	12-31-2006	310,000	[REDACTED]	Index	IF-FGT-Z3	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOBILE BAY is [REDACTED] FOM Index by \$ [REDACTED]									
Northern Natural Gas Company									
MOPS									
MOPS-REFUGIO FGT	389944	12-01-2006	12-31-2006	128,936	[REDACTED]	Index	IF-FGT-Z1	[REDACTED]	[REDACTED]
The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]									

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Deal Ticket Excluded Text

ABC

KW
 9/10/07
 JHP 9/10/07

Request

Please provide the following deal tickets that were excluded from the report provided by Sequent: 200213, 392000, 390121, 451813, 475438, 559003 and 587359.

Response

As indicated earlier, these deals were excluded to ensure the report was extracted in the most accurate and responsive manner as possible. The majority of the deals referenced above that were excluded from the extraction represent activity on FGT with FCG. They are not purchases from third parties. Sequent on occasion makes purchases from FCG during the month when FCG has excess supply. Several of the exemptions listed above represent purchases at points where FCG cannot receive gas, for example at pools. They were not included because the gas could not be sold to FCG. Several of the exemptions represent purchases in a month at points where FCG might be able to receive gas, but no gas was actually sold to FCG.

The following further details the reasoning behind why the following deal tickets were excluded from the report provided by Sequent.

43-1-1

- 200213 is a purchase at a receipt point FCG cannot receive into its transport.
- 392000 is a purchase of gas in the market area (in the state of Florida). This gas cannot be received into FCG transport.
- 390121 is a purchase of gas in the market area (in the state of Florida). This gas cannot be received into FCG transport.
- 451813 is a purchase of gas in the market area (in the state of Florida). This gas cannot be received into FCG transport.
- 475438 is a purchase of gas in the market area (in the state of Florida). This gas cannot be received into FCG transport.
- 559003 and 587359 are purchases at HIOS which can deliver into FGT but did not flow in the months impacted.

Attached is additional information on these transactions, including a deal summary table and supporting invoices (*See Attachment I*), and a summary report that was generated using the prior code created to run the earlier report for these deals only (*See Attachment II*).

Source: Reg 1

43-1
 1-1

ATTACHMENT I

Out of period

Per Eric

Order Deal #	Instr. Type	Counterparty	Buy / Sell	Daily Volume	Pipeline	Zone	Location	Start Date	End Date	Price Index	4- Spread	Sec. Bus. Unit	Trader	Trade Time/Date	Trigger	Quantity	Type	Quantity
187245	COMMA-PHY8	[REDACTED]	Buy	14,899	Florida Gas Transmission Company	Zone 2	CG #6 Zachary	6/1/2006	05/20/2005 Th	0 IF-FGT-Z2		[REDACTED]	PORT_TRD_GULF COAST	tsapaci	5/21/2005 12:04	No	Daily	14,899.00
169413	COMMA-PHY8	[REDACTED]	Buy	10,000	High Island Operating System	HIOS	HA 568	8/1/2005	08/1/2005 We	0 IF-AMR-LA		[REDACTED]	PORT_TRD_GULF COAST	pjohnson	7/27/2005 9:13	No	Daily	10,000.00
200213	COMMA-PHY8	[REDACTED]	Buy	1,200	Florida Gas Transmission Company	Zone 2	Noble Energy - Ouhon #1	8/1/2006	08/1/2006 We	0 IF-FGT-Z2		[REDACTED]	PORT_TRD_GULF COAST	tsware	7/17/2006 16:48	No	Daily	1,200.00
218332	COMMA-PHY8	[REDACTED]	Buy	14,828	High Island Operating System	HIOS	HA 568	5/1/2006	05/30/2006 Fr	0		[REDACTED]	PORT_TRD_GULF COAST	pjohnson	8/24/2006 14:29	No	Daily	14,828.00
297388	COMMA-PHY8	[REDACTED]	Buy	4,850	Florida Gas Transmission Company	Market Area	FPAL - Turkey Point	2/1/2006	02/28/2006 Tu	0 NYM_NG		[REDACTED]	PORT_TRD_GULF COAST	tsapaci	1/28/2006 15:45	No	Daily	4,850.00
361241	COMMA-PHY8	[REDACTED]	Buy	8,512	High Island Operating System	HIOS	HA 568	4/1/2006	04/13/2006 wSu	0		[REDACTED]	PORT_TRD_GULF COAST	pjohnson	3/24/2006 13:44	No	Daily	8,512.00
371478	COMMA-PHY8	[REDACTED]	Buy	5,537	High Island Operating System	HIOS	HA 568	8/1/2008	05/31/2008 We	0		[REDACTED]	PORT_TRD_GULF COAST	pjohnson	4/27/2008 7:43	No	Daily	5,537.00
388147	COMMA-PHY8	[REDACTED]	Buy	4,378	High Island Operating System	HIOS	HA 568	6/1/2008	05/30/2008 Fr	0		[REDACTED]	PORT_TRD_GULF COAST	pjohnson	6/24/2008 16:01	No	Daily	4,378.00
388129	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	8/1/2008	05/31/2008 We	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsanders	5/25/2008 15:54	No	Daily	0
382060	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	4/1/2008	04/30/2008 wSu	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsanders	5/30/2008 17:06	No	Daily	0
378371	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	4/1/2008	04/30/2008 wSu	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsanders	5/30/2008 17:07	No	Daily	0
388122	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	6/1/2008	06/30/2008 Fr	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsanders	6/2/2008 16:51	No	Daily	0.00
387588	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	6/1/2008	05/30/2008 Fr	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsanders	6/2/2008 11:26	No	Daily	0.00
403163	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	5/1/2008	05/31/2008 We	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsanders	6/21/2008 13:24	No	Daily	0.00
408512	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	7/1/2008	07/31/2008 Mo	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsanders	6/26/2008 11:26	No	Daily	0.00
408538	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	7/1/2008	07/31/2008 Mo	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsanders	6/26/2008 11:32	No	Daily	0
429838	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	8/1/2008	08/31/2008 We	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsanders	8/8/2008 14:19	No	Daily	0
437284	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	8/1/2008	08/30/2008 wSu	0		[REDACTED]	AFF_AMT_NUJ_FCG	sgoodell	6/25/2008 12:16	No	Daily	0.00
461843	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	8/1/2008	08/30/2008 wSu	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsanders	9/29/2008 12:18	No	Daily	0
472681	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	1/1/2008	11/30/2008 Th	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsander	1/17/2008 6:23	No	Daily	0
475438	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	10/1/2008	10/31/2008 Tu	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsander	1/14/2008 10:33	No	Daily	0
478212	COMMA-PHY8	[REDACTED]	Buy	13,979	High Island Operating System	HIOS	HI 341	12/1/2006	12/31/2006 wSu	0		[REDACTED]	PORT_TRD_GULF COAST	tsware	1/26/2008 14:49	No	Daily	13,979.00
486294	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	11/1/2008	11/30/2008 Th	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsander	1/23/2008 10:50	No	Daily	0
489498	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	12/1/2008	12/31/2008 wSu	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsander	1/16/2007 13:29	No	Daily	0
517729	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	1/1/2007	07/31/2007 Tu	0		[REDACTED]	AFF_AMT_NUJ_FCG	tsander	1/13/2007 13:20	No	Daily	0.00
517729	COMMA-PHY8	[REDACTED]	Buy	0	Florida Gas Transmission Company	Market Area	C.G. FGT	1/1/2007	03/31/2007 wSu	0		[REDACTED]	PORT_TRD_GULF COAST	lewis	3/26/2007 14:28	No	Daily	12,223.00
500033	COMMA-PHY8	[REDACTED]	Buy	12,223	High Island Operating System	HIOS	ANR	4/1/2007	04/30/2007 We	0		[REDACTED]	PORT_TRD_GULF COAST	tsware	4/26/2007 12:59	No	Daily	10,371.00
573168	COMMA-PHY8	[REDACTED]	Buy	10,371	High Island Operating System	HIOS	HI 341	5/1/2007	10/31/2007 We	0		[REDACTED]	PORT_TRD_GULF COAST	lewis	4/26/2007 13:45	No	Daily	12,429.00
673276	COMMA-PHY8	[REDACTED]	Buy	12,429	High Island Operating System	HIOS	ANR	5/1/2007	05/31/2007 Th	0		[REDACTED]	PORT_TRD_GULF COAST	lewis	6/23/2007 14:51	No	Daily	12,246.00
687368	COMMA-PHY8	[REDACTED]	Buy	12,246	High Island Operating System	HIOS	ANR	6/1/2007	06/30/2007 wSu	0		[REDACTED]	PORT_TRD_GULF COAST	lewis				

To City Gas

②

2007

Most Excluded because they were sales back from City Gas
 Other Deal tickets were for Noble/Ouhon location - can't go to City
 & High Island Operating System ANR - can go to city but in 2007.

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 Deal Ticket Review

100
 9/16/07
 9/16/07

INTEGRITY BUSINESS FORMS, INC.
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KW
 9/6/07

PBC

Explain why Cost vs Market

The Co compared City Gas Daily prices from Seguent
 to Seguent purchases by Day & found them
 to be [redacted] Seguent price by \$ [redacted] for May
 which is immaterial. Ed 43-112-1

43-1
 2

Question:

Please ask them to explain why they are only using the beginning of the month prices and not including the gas daily prices to make an average cost. Why should the OSS sales be the only ones to get the benefit of the gas daily pricing.

Please make them aware that they can use the lower of FULLY DISTRIBUTED costs or market.

They may want to figure out what the fully distributed cost is and this would go away.

Response:

FCG has multiple supply needs, including (1) Base Load Gas, which represents a sales and purchase commitment for each day of the entire month and is nominated prior to the beginning of the month, and flows every day during the month, and (2) Swing Gas, which flow only as needed during the month, and is nominated the day before it is needed. Because of the difference in obligations of both the supplier and the purchaser of these two services, they are priced differently. Base load supply is priced at flat first-of-the-month indices as published in *Inside FERC*. The volumes that are purchased by Sequent to meet FCG's base load needs are specifically based on the volumes communicated to Sequent by FCG's Gas Control during bid week prior to the start of the next month. FCG, like most utilities and end-users of gas, cannot predict with certainty their full system requirements in any given month before the month begins; however, in the case of the test month (May 2006), baseload purchases represented approximately [REDACTED] of its total monthly usage. Thus, to meet its swing gas requirements above and beyond what Gas Control predicted its base load needs to be, Sequent purchases additional gas for the utility on a daily basis in the swing or daily market as requested by Gas Control. For all of the swing requirements, the commodity is priced at flat Gas Daily average as published in *Gas Daily* for that day.

Regarding OSS, Sequent credits the FCG's book with sales made to third parties (off-system sales, or OSS) at the time FCG upstream firm transportation on Florida Gas Transmission is available to make such sales. If such transportation is only available on a daily basis, as in the case of the test month (May 2006), then Sequent will make sales to third parties on a daily basis and make purchases on a daily basis. Sequent makes no profit on gas daily sales directly to FCG.

Source: Request 1

9/6/07
JHP
9/7/07

Request

Please provide additional explanation in support of FCG's and Sequent's current gas procurement practices. In particular, explain further market pricing and Sequent's actual cost of gas.

Response

Market Price and Cost of Gas

Through the process of responding to Staff's inquiries about Sequent's actual cost of gas and the market price of gas, we believe it is now important to clarify the definition of these terms. Market price of gas can be simply described as the appropriate Index price associated with the type of purchases made by FCG (baseload and daily swing purchases). For monthly baseload purchases, market price is the price published in the *Inside FERC's Gas Market Report* associated with the appropriate location of delivery. In FCG's case, the locations are Florida Gas Transmission Zone 1, 2, and 3. For daily purchases made by FCG, the market price of gas is the price published in *Platt's Gas Daily* publication on the specific day of gas flow associated with the specific day that FCG placed an order for incremental gas supplies as well as the specific location, Florida Gas Transmission Zone 1, 2, and 3. It is very important to match the Inside FERC price with the baseload volumes for each month to determine the market price for baseload gas and to match the specific Gas Daily price with the specific days and volumes associated with FCG's daily purchases to determine the market price of gas. One cannot average the daily prices with the baseload prices to determine an "average" market price. Simple averages are not accurate representations due to the fact that the appropriate index price must be matched with the quantity of monthly or daily purchases. If all purchases were ordered by FCG on a daily basis, market price would be the appropriate Gas Daily price on the day the gas was ordered for all the volumes. If all purchases were ordered by FCG on a monthly baseload basis, the market price would be the appropriate Inside FERC price for the month in which the gas was ordered.

In the responses to-date, Sequent has analyzed the test month of May 2006. Due to the fact that FCG ordered [redacted] of its total volumes for the month on a baseload basis and only [redacted] of its volumes on a daily swing basis, we focused our earlier efforts on comparing the monthly Index prices (market prices) to Sequent's actual costs of gas for monthly delivery. Our detailed response includes all invoices associated with Sequent's actual purchases for monthly baseload supply. The analysis of this data showed that Sequent's actual costs were [redacted] higher than the market price charged to FCG. Clearly, FCG is receiving the lower of cost or market pricing. In looking at the remaining [redacted] of gas purchased by FCG on a daily basis, an additional daily analysis (See Attachment III) shows that Sequent's actual costs on the specific days that FCG ordered incremental daily purchases was [redacted] greater than the costs invoiced to FCG for such daily purchases.

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If Sequent were to add its overhead costs to this analysis, Sequent's costs would have been even higher. If we allocated Sequent's overhead costs (salary, general & administrative costs) to FCG on the basis of Sequent's gross margin (See Attachment IV), an additional [REDACTED] of total dollars in costs would have to be allocated to FCG over the entire year of 2006. Sequent's 50% share of gross margin associated with asset management activity for FCG resulted in [REDACTED] to Sequent in 2006. Sequent's total gross margin in 2006 was [REDACTED]. Consequently, gross margin associated with asset management activity for FCG amounted to [REDACTED] of Sequent's total gross margin. As Sequent's total operating expenses in 2006 were [REDACTED] a calculated allocation to FCG would be [REDACTED]

43-1
3

Translating this [REDACTED] total dollar amount to an increase to the price of gas would amount to an additional [REDACTED] per Dth of gas sold to FCG for every Dth sold to FCG in 2006. This calculation is made by taking the [REDACTED] of annual costs that could be allocated to FCG divided by [REDACTED] Dth sold to FCG by Sequent in 2006. This additional [REDACTED] per Dth, if allocated to FCG's May 2006 invoices would have amounted to an additional [REDACTED] in costs [REDACTED] that Sequent would allocate to FCG. Sequent does not allocate any of these costs to FCG. If Sequent did allocate these costs to FCG, total FCG costs in the test month of May 2006 would be [REDACTED] greater than what was invoiced to FCG ([REDACTED] in overhead, [REDACTED] in higher costs for monthly baseload supply, and [REDACTED] in higher costs for daily purchases). Consequently, FCG is receiving the lower of fully distributed costs or market prices.

Natural Gas Industry Fundamentals and FCG's Gas Purchasing

The following description provides an overview of how gas is priced in the natural gas industry as well as a discussion of how gas is ordered by FCG.

Approximately one week prior to the beginning of each month, natural gas market participants initiate their purchase and sales action plans for the upcoming month's business on a first-of-the-month (FOM) basis for baseload supplies (baseload supplies are those which an entity projects its upcoming monthly demand to encompass and requires gas to be purchased and sold for the same quantity at the same price for every day of the month; this is in contrast to swing supplies, which constitute incremental supplies to baseload that are needed on a daily basis after the month begins). This activity cycle is commonly referred to as 'bid week' in the natural gas industry. As a result of that activity, FOM indices begin to develop during "bid week" at points across the natural gas marketplace. These indices, which are published in such periodicals as *Inside FERC*, are indicative of the market-clearing price structures to which buyers and sellers transact and are used as the basis for pricing baseload purchases and sales. Therefore, index may be translated into 'market' pricing. Once the month begins, FOM pricing is no longer available to market participants. Gas pricing is then determined on a daily basis with daily pricing structures (e.g., Gas Daily published pricing), and may constitute pricing that is higher or lower to FOM pricing (See Attachment V, GDD/IFERC Comparison Summary FY 2005 and 2006).

Sequent's monthly gas procurement methodology for the account of FCG encompasses a straightforward process. Prior to the beginning of any given month, FCG communicates its monthly estimated baseload requirements to Sequent. In response to that communication, Sequent then goes into the open market and purchases gas supplies from a variety of sources and vendors that will match the FCG purchase order. As such, the FOM index defines the "market" pricing for monthly baseload supply. Additionally, Sequent will only purchase baseload supply that corresponds to a baseload purchase order by FCG. It is important to note that Sequent does not purchase incremental daily supplies at the time that it makes baseload purchases, in anticipation of the movement of market pricing which may occur after the first of the month. To do so would indicate that Sequent "speculates" on the price of natural gas in the market, which it does not. Simply stated, Sequent matches baseload purchases with baseload requirements for the account of FCG. Also, Sequent may often be required to pay premiums (index-plus) on a particular package of gas in order to secure the volume for FCG. Although Sequent may pay a premium, FCG is only charged on an "index-flat" basis for that specific purchase point by Sequent. As such, Sequent incurs a loss, which may be offset by subsequent asset management activity performed by Sequent during the month, i.e., optimization of any unused FCG firm transportation capacity.

During the month, as FCG experiences incremental or reduced gas demand, the utility communicates that information to Sequent in the form of additional purchases from Sequent or sales back to Sequent. In an effort to fulfill that additional requirement, Sequent will purchase supplies on a daily basis from a variety vendors from the locations specified by FCG. The pricing for all additional daily gas is priced using a Platt's Gas Daily publication price. Sequent's actual cost of daily gas may be modestly above or below this Gas Daily price.

When viewing the principle issue of market vs. cost for the above, it is important to bear in mind key aspects of Sequent's purchase model practices: (a) Sequent aligns purchases with corresponding sales to FCG as requested on both an FOM and daily basis; (b) FCG is not charged a premium over the FOM index price nor the applicable daily index price; and (c) Sequent does not purchase gas supplies in anticipation of either market pricing or FCG non-baseload requirements; Sequent does not speculate in the marketplace.

Given the above, it is not appropriate to 'blend' or average an FOM supply price with that of a daily price. FOM pricing and daily pricing must be kept separate and distinct and may only be compared to actual costs associated with the specific volumes ordered by FCG for monthly baseload and daily swing supplies.

As a final analysis, Sequent wanted to address the issue of how Gas Daily prices compare to Inside FERC prices over the last 2 years (2005 and 2006). This should address Commission Staff's question regarding whether daily prices (Gas Daily) are lower than monthly prices (Inside FERC). The two attached graphs (See Attachment V) show that in some months daily prices (blue color) are higher than monthly prices (pink color) and in some months daily prices are lower than monthly prices. We used the location of Florida gas Transmission Zone 1 as the location for this analysis as a large portion of FCG's

+3.1
4

supply is purchased in this zone. There is no way to predict when daily prices will be higher or lower than monthly prices. To do so would involve price speculation as no one can determine in advance if daily prices will be higher or lower than monthly prices.

This would be analogous to being able to conclusively predict how the stock market would perform in advance.

PPC

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Compare Gas Daily to Spot Purchases

AP 9/16/07
KW 9/16/07

Comparison of Sequent Daily Purchase Cost to FCG Daily Purchase Cost

ATTACHMENT III

Total Sequent Daily Purchase				FCG Daily Ordered						
Day	Volume	Price	Amount	Day	Volume	Price	Amount	FCG Vol	Difference	Value
12	8,500		[REDACTED]	12	250		[REDACTED]	250	[REDACTED]	[REDACTED]
12	5,000		[REDACTED]							
12	1,200		[REDACTED]							
12	2,500		[REDACTED]							
12	1,600		[REDACTED]							
	18,800		[REDACTED]							
13	6,200		[REDACTED]	13	882		[REDACTED]	882	[REDACTED]	[REDACTED]
13	4,800		[REDACTED]							
13	11,000		[REDACTED]							
14	6,200		[REDACTED]	14	700		[REDACTED]	700	[REDACTED]	[REDACTED]
14	4,800		[REDACTED]							
14	11,000		[REDACTED]							
25	7,352		[REDACTED]	25	848		[REDACTED]	848	[REDACTED]	[REDACTED]
25	4,800		[REDACTED]							
25	4,433		[REDACTED]							
25	12,152		[REDACTED]							
26	7,400		[REDACTED]	26	1,027		[REDACTED]	1027	[REDACTED]	[REDACTED]
26	4,799		[REDACTED]							
26	12,199	\$	[REDACTED]							
27	7,400		[REDACTED]	27	925		[REDACTED]	925	[REDACTED]	[REDACTED]
27	4,799		[REDACTED]							
27	12,199	\$	[REDACTED]							
28	7,400		[REDACTED]	28	927		[REDACTED]	927	[REDACTED]	[REDACTED]
28	4,799		[REDACTED]							
28	12,199	\$	[REDACTED]							
29	7,400		[REDACTED]	29	862		[REDACTED]	862	[REDACTED]	[REDACTED]
29	4,799		[REDACTED]							
29	12,199	\$	[REDACTED]							
30	7,400		[REDACTED]	30	843		[REDACTED]	843	[REDACTED]	[REDACTED]
30	4,799		[REDACTED]							
30	12,199		[REDACTED]							

43-1
2-1

Sequent paid [REDACTED] for the specific transactions for May than it charged City. This is immaterial.

Source: Request 1

43-1
2-1



Sequent Energy Management

Sequent Physical Purchases Compared to Index Pricing May 2006

8/8/2007
3:27 59PM

Inside Ferc First-Of-Month (FOM) Index Price for Monthly Baseload Transactions

Location	Deal#	Start Date	End Date	Volume	Sequent Purchase Price	NYMEX or Index	FOM Index	FOM Price	Difference
Destin									
Destin									
DESTINPL	354288	05-01-2006	05-31-2006	154,836	[REDACTED]	Index	IF-FGT-Z3 1	6 [REDACTED]	[REDACTED]
DESTINPL	365631	05-01-2006	05-31-2006	155,000	[REDACTED]	Index	IF-FGT-Z3 2	6 [REDACTED]	[REDACTED]
DESTINPL	366490	05-01-2006	05-31-2006	154,999	[REDACTED]	Index	IF-FGT-Z3 3	6 [REDACTED]	[REDACTED]

The Weighted Average Price for Sequent purchases at Destin is [REDACTED] FOM Index by \$ [REDACTED]

Florida Gas Transmission Company

Zone 1

NGPL - Jefferson FGT	343384	05-01-2006	05-31-2006	62,392	[REDACTED]	Index	IF-FGT-Z1 4	6 [REDACTED]	[REDACTED]
MOPS - Refugio FGT	370322	05-01-2006	05-31-2006	62,000	[REDACTED]	Index	IF-FGT-Z1 5	6 [REDACTED]	[REDACTED]

The Weighted Average Price for Sequent purchases at Zone 1 is [REDACTED] FOM Index by \$ [REDACTED]

Zone 2

Coastal - West Addis	351644	05-01-2006	05-31-2006	43,710	[REDACTED]	Index	IF-FGT-Z2 6	6 [REDACTED]	[REDACTED]
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The Weighted Average Price for Sequent purchases at Zone 2 is [REDACTED] FOM Index by \$ [REDACTED]

only Z2 is less than mo than sold to City 58760

Mobile Bay Pipeline

MOBILE BAY

MOBILE BAY POOL	338558	05-01-2006	05-31-2006	620,000	[REDACTED]	Index	IF-FGT-Z3 7	6 [REDACTED]	[REDACTED]
MOBILE BAY POOL	366492	05-01-2006	05-31-2006	154,962	[REDACTED]	Index	IF-FGT-Z3 8	6 [REDACTED]	[REDACTED]

The Weighted Average Price for Sequent purchases at MOBILE BAY is [REDACTED] FOM Index by \$ [REDACTED]

Northern Natural Gas Company

MOPS

MATAGORDA 631	354974	05-01-2006	05-31-2006	91,646	[REDACTED]	Index	IF-FGT-Z1 9	6 [REDACTED]	[REDACTED]
MUI 757/762	370580	05-01-2006	05-31-2006	77,500	[REDACTED]	Index	IF-FGT-Z1 10	6 [REDACTED]	[REDACTED]

The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]

Southern Natural Gas Company

MOPS

MATAGORDA ISLAND 693 (REC	355013	05-01-2006	05-31-2006	28,710	[REDACTED]	Index	IF-FGT-Z1 11	6 [REDACTED]	[REDACTED]
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The Weighted Average Price for Sequent purchases at MOPS is [REDACTED] FOM Index by \$ [REDACTED]

Endur Date 07-Aug-2007
 User Name marechg
 File Path I:\SEM\clonely\crystal\FO_FCG_Purchases rpt

X traced to invoice
However, invoice only
except 1st of month
purchase for this report

Can't tell if this is all
purchased or NOT
Trace to Platt's Gas Market
Report WP43-1/1-1 original audit

JHP
8/15/06

WV
8/15/06

FLORIDA GAS
 2006 PGA Audit Supplement
 Docket No. 070003-GU
 Audit Control No. 07-067-4-1
 September 7, 2007
 Mary Comparison

INTEGRITY BUSINESS FORMS, INC. Phone: (947) 988-2828 Fax: (947) 988-4608 Email: integrity@ibf.com
 Source Report
 43-1
 91

Source: Request 1

FLORIDA CITY GAS
 ANALYSIS OF SEQUENT ACTUAL COST OF GAS FOR THE MONTH OF MAY
 TEST YEAR ENDED DECEMBER 31, 2006
 KATHY L. WELCH
 24-Aug-07
 WORKPAPER 43-4

	THERMS	TOTAL COST	Z1 THERMS	Z1 COST	Z2 THERMS	Z2 COST	Z3 THERMS	Z3 COST
INVOICE 1	163,500	[REDACTED]					163,500	[REDACTED]
INVOICE 2	1,473,662	[REDACTED]					1,473,662	[REDACTED]
INVOICE 3	155,000	[REDACTED]					155,000	[REDACTED]
INVOICE 4	62,391	[REDACTED]	62,391	[REDACTED]				[REDACTED]
INVOICE 5	204,398	[REDACTED]	204,398	[REDACTED]				[REDACTED]
INVOICE 6	55,485	[REDACTED]			55,485	[REDACTED]		[REDACTED]
INVOICE 7	786,962	[REDACTED]					786,962	[REDACTED]
INVOICE 8	155,000	[REDACTED]					155,000	[REDACTED]
INVOICE 9	114,501	[REDACTED]	114,501	[REDACTED]				[REDACTED]
INVOICE 10	156,443	[REDACTED]	156,443	[REDACTED]				[REDACTED]
INVOICE 11	45,920	[REDACTED]	45,920	[REDACTED]				[REDACTED]
	3,373,262	[REDACTED]	583,653	[REDACTED]	55,485	[REDACTED]	2,734,124	[REDACTED]
AVERAGE COST		[REDACTED]		[REDACTED]		[REDACTED]		[REDACTED]
MARKET		[REDACTED]		[REDACTED]		[REDACTED]		[REDACTED]
DIFFERENCE		[REDACTED]		[REDACTED]		[REDACTED]		[REDACTED]
CITY THERM PURCHASES		[REDACTED]		[REDACTED]		[REDACTED]		[REDACTED]
DIFFERENCE BETWEEN AVG. COST		[REDACTED]		[REDACTED]		[REDACTED]		[REDACTED]
AND COST TO CITY		[REDACTED]		[REDACTED]		[REDACTED]		[REDACTED]
ALLOCATION OF SEQUENT EXPENSES		[REDACTED]		[REDACTED]		[REDACTED]		[REDACTED]
NET DIFFERENCE FOR MAY		[REDACTED]		[REDACTED]		[REDACTED]		[REDACTED]

FLORIDA GAS
 2006 PGA Audit Supplement
 Docket No. 070003-GU
 Audit Control No. 07-067-4-1
 September 7, 2007
 Sequent Cost including
 Gas Daily Purchases

434/3

KW
 9/11/07
 JFW
 9/11/07

43-4