



Regulatory Affairs and Fuels //

20 N.W. Fourth Street

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Evansville, IN 47702-0209

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April 29, 2003

PUCO

Mr. Martin Hengely
Tariff Section, Docketing Division
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215-3793

Re: Tariff Filing in Case Nos. 90-195-GA-ATA, 89-8005-GA-TRF and 03-939-GA-UNC

Dear Mr. Hengely:

Pursuant to the Commission's Entry dated February 13, 1990 in Case No. 90-195-GA-ATA and the Commission's Entry dated April 29, 2003 in Case No. 03-939-GA-UNC, Vectren Energy Delivery of Ohio, Inc. ("VEDO") herewith submits for filing an original and six (6) copies of the following tariff sheets for Gas Service (P.U.C.O. No. 1). One copy is to be placed in the docket for Case No. 90-195-GA-ATA, Case No. 89-8005-GA-TRF and Case No. 03-939-GA-UNC.

Pursuant to the Entry dated April 29, 2003 in Case No. 03-939-GA-UNC, VEDO is filing a monthly adjustment to its Expected Gas Cost ("EGC") for May 2003. VEDO's revised EGC reflects the May 2003 NYMEX settlement price of \$5.123. The supporting GCR Schedules reflecting the revised May 2003 gas costs are attached for your review.

The following tariff sheets bear an effective date of May 1, 2003.

Gas Service P.U.C.O. No. 1

Tariff Sheet

Description

Twelfth Revised Sheet No. 1-A
Ninth Revised Sheet No. 15-A

Tariff Index
Gas Cost Recovery Rider

The following tariff sheets have been superseded and are hereby canceled and withdrawn:

Gas Service P.U.C.O. No. 1

Tariff Sheet

Description

Eleventh Revised Sheet No. 1-A
Eighth Revised Sheet No. 15-A

Tariff Index
Gas Cost Recovery Rider

Please return two date-stamped copies in the enclosed self-addressed stamped envelope.

Sincerely,

Christine Campbell
Supervisor of Rates

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business
Technician Amr Date Processed 4/30/03

Enclosures

CC:

Ohio Consumers' Counsel

Gretchen Hummel (McNees, Wallace & Nurick)

Robert Heidorn

Jerrold Ulrey

TARIFF SHEET INDEX

<u>Tariff Sheet</u>	<u>Revision</u>	<u>Description</u>	<u>Number of Pages</u>	<u>Effective Date</u>
1	Original	Title Page	1	September 25, 2002
1-A	Twelfth	Tariff Sheet Index	2	May 1, 2003
RULES AND REGULATIONS				
2	Original	List of Communities Served	1	April 1, 2001
3	Original	Application and Contract for Service	2	April 1, 2001
4	Original	Credit Requirements of Customer	1	April 1, 2001
5	Original	Billing and Payment for Gas Service	5	April 1, 2001
6	Original	Disconnection-Reconnection Service	7	April 1, 2001
7	Original	Meters and Metering Equipment-Location and Installation	1	April 1, 2001
8	Original	Service Pipe-Location and Installation	2	April 1, 2001
9	Original	Equipment on Customer's Premises	3	April 1, 2001
10	Original	Use and Character of Service	3	April 1, 2001
11	Original	Extensions of Gas Distribution Mains	3	April 1, 2001
12	Original	Extensions of Gas Facilities to House Trailer Parks	2	April 1, 2001
13	Original	Definitions and Amendments	1	April 1, 2001
14	Original	Dual Fuel Space Heating	3	April 1, 2001
GAS COST ADJUSTMENT CLAUSE AND RELATED RIDERS				
15	Original	Gas Cost Adjustment Clause	21	April 1, 2001
15-A	Ninth	Gas Cost Recovery Rider	1	May 1, 2003
15-B	Third	Gas Cost Recovery Transition Rider	1	May 1, 2003
15-C	Original	Reserved For Future Use	1	
15-D	Original	Gross Receipts Excise Tax Rider	1	December 1, 2002
15-E	Original	Migration Cost Rider	1	December 1, 2002
15-F	Original	Balancing Cost Rider	1	December 1, 2002
NATURAL GAS SALES SERVICES				
16	First	Small Gas Sales Service	2	December 1, 2002
16-A	Original	General Gas Sales Service	2	December 1, 2002
16-B	Original	Large Gas Sales Service	2	December 1, 2002
17	Original	Dual Fuel Service	3	April 1, 2001
18	Original	Interruptible Service	3	April 1, 2001

Filed pursuant to the Finding and Order dated August 22, 2002 and the Entry Nunc Pro Tunc dated September 5, 2002 in Case No. 02-1566-GA-ATA of The Public Utilities Commission of Ohio.

Issued April 29, 2003

Issued by Jerrold L. Ulrey, Vice-President

Effective May 1, 2003

TARIFF SHEET INDEX

<u>Tariff Sheet</u>	<u>Revision</u>	<u>Description</u>	<u>Number of Pages</u>	<u>Effective Date</u>
OTHER RIDERS				
19	First	Interim Emergency and Temporary PIP Plan Rider	1	August 31, 2001
20	Original	Miscellaneous Charges	1	April 1, 2001
21	Original	Natural Gas Transportation Service	17	April 1, 2001
22	First	S.B. 287 Excise Tax Rider	1	December 1, 2002
23	First	Transportation Program Cost Rider	1	December 1, 2002
24	First	Unaccounted for Percentage	1	December 1, 2002
NATURAL GAS TRANSPORTATION SERVICES				
30	Original	Small Gas Transportation Service	3	December 1, 2002
31	Original	General Gas Transportation Service	4	December 1, 2002
32	Original	Reserved for Future Use	1	
33	Original	Pooling Service for Small and General Gas Transportation	20	September 25, 2002
33-A	Original	Form of Supplier Pooling Agreement	14	September 25, 2002

Filed pursuant to the Finding and Order dated August 22, 2002 and the Entry Nunc Pro Tunc dated September 5, 2002 in Case No. 02-1566-GA-ATA of The Public Utilities Commission of Ohio.

Issued April 29, 2003

Issued by Jerrold L. Ulrey, Vice-President

Effective May 1, 2003

VECTREN ENERGY DELIVERY OF OHIO, INC.
Dayton, Ohio

Ninth Revised Sheet No. 15-A
Cancels Eighth Revised Sheet No. 15-A
Page 1 of 1

P.U.C.O. NO. 1
GAS SERVICE
GAS COST RECOVERY RIDER

The Gas Cost Recovery Rate (GCR Rate) established under Chapter 4901:1-14 of the Ohio Administrative Code (OAC) is \$0.71578 /Ccf for May 2003.

The Gas Cost Recovery Charge required by Rate Sheets of this Tariff shall be the product of the billing Ccf and the GCR Rate.

Chapter 4901:1-14, OAC is contained in Sheet No. 15.

Filed pursuant to the Entry dated March 29, 2001 in Case No. 01-261-GA-ATA of The Public Utilities Commission of Ohio.

Issued April 29, 2003

Issued by Jerrold L. Ulrey, Vice-President

Effective May 1, 2003

GCR94

**PURCHASED GAS ADJUSTMENT
VECTREN ENERGY DELIVERY OF OHIO
GAS COST RECOVERY RATE CALCULATION**

SUMMARY OF GCR COMPONENTS

	Actual May 2003 (\$/Mcf)	Estimated June 2003 (\$/Mcf)	Estimated July 2003 (\$/Mcf)
1 Expected Gas Cost (EGC)	\$6.5759	\$7.2586	\$7.4677
2 Supplier Refund and Reconciliation Adjustment (RA)	(\$0.0251)	(\$0.0251)	(\$0.0251)
3 Actual Adjustment (AA)	\$0.2928	\$0.2928	\$0.2928
4 Balance Adjustment (BA)	<u>\$0.3142</u>	<u>\$0.3142</u>	<u>\$0.3142</u>
5 Gas Cost Recovery Rate (GCR) = EGC + RA + AA + BA	\$7.1578	\$7.8405	\$8.0496

Gas Cost Recovery Rate Effective Dates: May 1, 2003 to July 31, 2003

EXPECTED GAS COST SUMMARY CALCULATION

	Actual May 2003 (\$/Mcf)	Estimated June 2003 (\$/Mcf)	Estimated July 2003 (\$/Mcf)
6 Expected Gas Cost (Sch 1, Page 1, L 14)	\$6.5759	\$7.2586	\$7.4677
7 Transition Cost Surcharge Rate	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>
8 Expected Gas Cost (EGC) Rate	\$6.5759	\$7.2586	\$7.4677

SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT SUMMARY CALCULATION

		UNIT	AMOUNT
9 Current Quarterly Supplier Refund & Reconciliation Adj.	(Sch 2 Line 11)	\$/Mcf	\$0.0000
10 Previous Quarterly Reported Supplier Refund & Reconciliation Adj.	(GCR 93, Sch 2, L 11)	\$/Mcf	(\$0.0183)
11 Second Previous Quarterly Reported Supplier Refund & Reconciliation Adj.	(GCR 92, Sch 2, L 11)	\$/Mcf	\$0.0000
12 Third Previous Quarterly Reported Supplier Refund & Reconciliation Adj.	(GCR 91, Sch 2, L 11)	\$/Mcf	<u>(\$0.0068)</u>
13 Supplier Refund and Reconciliation Adjustment (RA)		\$/Mcf	(\$0.0251)

ACTUAL ADJUSTMENT SUMMARY CALCULATION

		UNIT	AMOUNT
14 Current Quarterly Actual Adjustment	(Sch 3, L 23)	\$/Mcf	(\$0.0676)
15 Previous Quarterly Reported Actual Adjustment	(GCR 93, Sch 3, L 23)	\$/Mcf	\$0.0975
16 Second Previous Quarterly Reported Actual Adjustment	(GCR 92, Sch 3, L 23)	\$/Mcf	\$0.1645
17 Third Previous Quarterly Reported Actual Adjustment	(GCR 91, Sch 3, L 23)	\$/Mcf	<u>\$0.0984</u>
18 Actual Adjustment (AA)		\$/Mcf	\$0.2928

BALANCE ADJUSTMENT SUMMARY CALCULATION

		UNIT	AMOUNT
19 Balance Adjustment Amount	(Sch 4, L 10)	\$	\$1,126,700
20 Actual Jurisdictional Sales for Same Quarter Year Ago		Mcf	<u>3,586,369</u>
21 Balance Adjustment (BA)		\$/Mcf	\$0.3142

This Quarterly Report Filed Pursuant to Order No. 79-1171-GA-COI of the
Public Utilities Commission of Ohio, Dated December 27, 1979.

Date Filed: April 29, 2003

By: Christine J. Campbell

Title: Supervisor, Rates

**VECTREN ENERGY DELIVERY OF OHIO
DETERMINATION OF GAS COST RECOVERY (GCR)
For the Period May 1, 2003 to July 31, 2003**

Line No.	Estimated Cost of Gas to be Recovered	Actual May 2003 (A)	Estimated June 2003 (B)	Estimated July 2003 (C)	Total (D)
<u>Commodity Costs</u>					
1	Commodity Purchases (Sch 1, Pages 2-4)	\$22,308,238	\$18,308,561	\$15,667,900	\$56,284,699
2	Propane (Sch 1, Page 9)	\$181,513	\$181,513	\$181,513	\$544,539
3	Contract Storage Commodity Costs (Sch 1, Page 6)	\$306,461	\$336,018	\$335,837	\$978,316
4	Storage (Inj)/With (Sch 1, Page 8)	<u>(\$9,755,896)</u>	<u>(\$10,985,457)</u>	<u>(\$10,977,971)</u>	<u>(\$31,719,324)</u>
5	Total Commodity Costs	<u>\$13,040,317</u>	<u>\$7,840,635</u>	<u>\$5,207,279</u>	<u>\$26,088,230</u>
6	Quarterly Sales Volumes (Dth) - Projected	2,374,455	1,272,582	817,960	4,464,997
7	Unit Commodity Cost	\$5.4919	\$6.1612	\$6.3662	
<u>Demand Costs</u>					
8	Annual Pipeline Demand Costs (Sch 1, Page 5)				\$18,723,289
9	Annual Contract Storage Demand Costs (Sch 1, Page 7)				<u>\$21,459,826</u>
10	Total Annual Demand Cost				<u>\$40,183,115</u>
11	Annual Sales Volumes (Dth) - Projected				42,073,290
12	Unit Demand Cost (\$/Dth)	\$0.9551	\$0.9551	\$0.9551	\$0.9551
<u>Total Cost of Gas</u>					
13	Expected Gas Cost per Dth (Line 7 + Line 12)	\$6.4470	\$7.1163	\$7.3213	
14	Expected Gas Cost per Mcf (Line 13 X 1.02)	\$6.5759	\$7.2586	\$7.4677	

VECTREN ENERGY DELIVERY OF OHIO
ESTIMATED PURCHASED GAS COST - COMMODITY COST
May 2003

Supplier	Delivered Quantities (Dth)	Fuel Comp. (%)	Comp. Fuel (Dth)	Purchased Quantities (Dth) (A)/(1-(B))	Transport Rate (\$/Dth) (E)	Wellhead Price* (\$/Dth) (F)	Transport Cost (\$) (A)*(E) (G)	Wellhead Cost (\$) (D)*(F) (H)	Total Commodity Cost (\$) (G)+(H) (I)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
<u>ANR PIPELINE COMPANY</u>									
FTS-1 (# 99914)	0	3.51%	0	0	\$0.0201	\$5.0805	\$0	\$0	\$0
Fixed Price (# 99914)	0	3.51%	0	0	\$0.0201	\$0.0000	\$0	\$0	\$0
Subtotal ANR	0		0	0			\$0	\$0	\$0
<u>COLUMBIA GAS TRANSMISSION (TCO) AND COLUMBIA GULF</u>									
FTS	1,470,105	2.40%	36,119	1,506,224	\$0.0206	\$5.3830	\$30,284	\$8,108,006	\$8,138,290
Fixed Price Columbia Gas	0	2.40%	0	0	\$0.0206	\$0.0000	\$0	\$0	\$0
FTS-1 to TCO (# 38040)	550,064	4.74%	27,395	577,459	\$0.0359	\$5.1880	\$19,747	\$2,995,855	\$3,015,602
Fixed Price (# 38040 Col. Gulf)	142,887	4.74%	7,116	150,003	\$0.0359	\$3.6743	\$5,130	\$551,161	\$556,291
Subtotal Columbia Gas and Gulf	2,163,056		70,630	2,233,686			\$55,161	\$11,655,022	\$11,710,183
<u>PANHANDLE EASTERN PIPE LINE COMPANY</u>									
EFT (# 012770)	1,113,500	4.78%	55,897	1,169,397	\$0.0474	\$4.8630	\$52,780	\$5,686,777	\$5,739,557
Fixed Price (# 012770)	49,000	4.78%	2,460	51,460	\$0.0474	\$3.8800	\$2,323	\$199,665	\$201,988
Subtotal PEPL	1,162,500		58,357	1,220,857			\$55,103	\$5,886,442	\$5,941,545
<u>TRUNKLINE GAS COMPANY</u>									
EFT to TETCO (# 014878)	241,872	7.03%	18,289	260,161	\$0.0802	\$5.0630	\$19,398	\$1,317,197	\$1,336,595
Fixed Price (# 014878)	223,128	7.03%	16,872	240,000	\$0.0802	\$3.6038	\$17,895	\$864,900	\$882,795
Subtotal Trunkline	465,000		35,161	500,161			\$37,293	\$2,182,097	\$2,219,390
<u>PAN ENERGY</u>									
Trunkline to PEPL to TETCO	325,500	4.16%	14,129	339,629	\$0.0626	\$5.0630	\$20,376	\$1,719,539	\$1,739,915
Fixed Price	0	4.16%	0	0	\$0.0626	\$0.0000	\$0	\$0	\$0
Subtotal Pan Energy	325,500		14,129	339,629			\$20,376	\$1,719,539	\$1,739,915
<u>TEXAS GAS TRANSMISSION</u>									
FT (# T0016920)	129,890	3.49%	4,697	134,587	\$0.0594	\$5.1230	\$7,715	\$689,490	\$697,205
Fixed Price (# T0016920)	0	3.49%	0	0	\$0.0594	\$0.0000	\$0	\$0	\$0
Subtotal Texas Gas	129,890		4,697	134,587			\$7,715	\$689,490	\$697,205
Total All Suppliers	4,245,946		182,974	4,428,920			\$175,648	\$22,132,590	\$22,308,238

* Including basis

VECTREN ENERGY DELIVERY OF OHIO
ESTIMATED CONTRACT GAS STORAGE AND TRANSPORTATION - COMMODITY COST
For the Period May 1, 2003 to July 31, 2003

Month and Supplier	Estimated Volumes		Comp. Fuel		Comp. Fuel	Estimated Rates		Comp. Fuel	Estimated Cost		Comp. Fuel	Total Abs. Value
	Injected	Withdrawn	Injected	Withdrawn		Injected	Withdrawn		Injected	Withdrawn		
May 2003												
Columbia (# 37995-52990)	1,259,410	0	0.18%	0.18%	2,271	\$0.0153	\$0.0153	\$5,3830	\$19,269	\$0	\$12,225	\$31,494
Panhandle (# 015667)	612,069	0	1.45%	0.59%	9,006	\$0.0385	\$0.0385	\$4,8630	\$23,565	\$0	\$43,794	\$67,359
Egan	0	0	0.50%	0.50%	0	\$0.0050	\$0.0050	\$0.0000	\$0	\$0	\$0	\$0
Subtotal	1,871,479	0			11,277				\$42,834	\$0	\$56,019	\$98,853
June 2003												
Columbia (# 37995-52990)	1,259,410	0	0.18%	0.18%	2,271	\$0.0153	\$0.0153	\$6,0400	\$19,269	\$0	\$13,717	\$32,986
Panhandle (# 015667)	612,069	0	1.45%	0.59%	9,006	\$0.0385	\$0.0385	\$5,5200	\$23,565	\$0	\$49,711	\$73,276
Egan	0	0	0.50%	0.50%	0	\$0.0050	\$0.0050	\$0.0000	\$0	\$0	\$0	\$0
Subtotal	1,871,479	0			11,277				\$42,834	\$0	\$63,428	\$106,262
July 2003												
Columbia (# 37995-52990)	1,259,410	0	0.18%	0.18%	2,271	\$0.0153	\$0.0153	\$6,0360	\$19,269	\$0	\$13,708	\$32,977
Panhandle (# 015667)	612,069	0	1.45%	0.59%	9,006	\$0.0385	\$0.0385	\$5,5160	\$23,565	\$0	\$49,675	\$73,240
Egan	0	0	0.50%	0.50%	0	\$0.0050	\$0.0050	\$0.0000	\$0	\$0	\$0	\$0
Subtotal	1,871,479	0			11,277				\$42,834	\$0	\$63,383	\$106,217
Total Storage Commodity Cost									\$128,502	\$0	\$182,830	\$311,332

[illegible]

VECTREN ENERGY DELIVERY OF OHIO
ESTIMATED COST OF GAS INJECTED AND WITHDRAWN FROM STORAGE
For the Period May 1, 2003 to July 31, 2003

Month and Type of Storage	Beginning Storage Inventory			Monthly Storage Activity				Ending Storage Inventory		
	Dth (A)	\$ (B)	\$/Dth (C)	Injected (D)	Withdrawn (E)	Unit Price (a) (F)	Value of Activity (G)	Dth (H)	\$ (I)	\$/Dth (J)
March-03	2,424,305	\$8,508,734	\$3.5098	0	2,277,790	\$3.5098	\$7,994,501	146,515	\$514,233	\$3.5098
April-03	146,515	\$514,233	\$3.5098	(1,871,479)	0	\$5.2359	(\$9,798,940)	2,017,994	\$10,313,172	\$5.1106
May 2003	2,017,994	\$10,313,172	\$5.1106	(1,871,479)	0	\$5.2129	(\$9,755,896)	3,889,473	\$20,069,068	\$5.1598
June 2003	3,889,473	\$20,069,068	\$5.1598	(1,871,479)	0	\$5.8699	(\$10,985,457)	5,760,952	\$31,054,525	\$5.3905
July 2003	5,760,952	\$31,054,525	\$5.3905	(1,871,479)	0	\$5.8659	(\$10,977,971)	7,632,431	\$42,032,497	\$5.5071

(a) If injection, unit price is monthly WACOG. If withdrawal, unit price is average cost of storage inventory.

Futures**NYMEX @ Henry Hub**

Results From Monday				
Settlement	High	Low	Chg.	Volume*
May, 2003	5.123	5.400	5.000	-35.4 35613
June	5.190	5.450	5.160	-35.1 22486
July	5.265	5.520	5.250	-34.1 15034
August	5.305	5.540	5.270	-32.9 6214
September	5.290	5.530	5.310	-31.9 2577
October	5.305	5.510	5.280	-30.4 3162
November	5.445	5.600	5.430	-26.2 3430
December	5.585	5.750	5.570	-21.7 1618
Jan., 2004	5.670	5.810	5.640	-20.6 1778
February	5.540	5.670	5.510	-20.1 1336
March	5.315	5.420	5.340	-17.1 577
April	4.715	4.800	4.740	-12.1 354
May	4.625	4.650	4.605	-5.9 105
June	4.600	4.620	4.600	-5.4 53
July	4.590	4.620	4.580	-5.4 19
August	4.595	4.600	4.600	-5.4 27
September	4.585	4.590	4.550	-4.4 17
October	4.585	4.580	4.550	-4.4 73
November	4.730	4.730	4.720	-4.4 29
December	4.915	4.900	4.900	-4.4 13
Jan., 2005	5.010	5.020	5.020	-4.4 13
February	4.938	4.950	4.950	-3.6 5
March	4.728	4.728	4.728	-1.1 5
April	4.420	4.420	4.420	-0.9 5
May	4.345	4.345	4.345	-0.4 5
June	4.310	4.310	4.310	+0.1 5
July	4.350	4.350	4.350	+1.4 5
August	4.335	4.335	4.335	+1.4 5
September	4.305	4.305	4.305	+1.4 5
October	4.360	4.360	4.360	+1.4 5
November	4.505	4.505	4.505	+1.4 16
December	4.680	4.680	4.680	+1.4 16
Jan., 2006	4.760	4.760	4.760	+0.4 5
February	4.670	4.670	4.670	-0.9 0
March	4.505	4.360	4.360	-1.5 0
April	4.222	4.222	4.222	-1.5 0
Volume of contracts (official*)				79,576
Front-months open interest Friday:				
May, 22,375; Jun, 46,658; Jul, 26,444				
Total open interest Friday: n/a				

* Volume is reported for the business day prior to the settlement date. Weighted average of x trades in the last two minutes of trading. Change is from previous settlement price.

Options**Nymex@Henry Hub**

Results from Monday						
Strike	Call	Settle	Put	Settle	Call	Put
Price Jun.	Jul.	Aug.	Jul.	Aug.	Jul.	Aug.
5.00	32.7¢	47.1¢	58.9¢	13.7¢	20.7¢	28.5¢
5.05	29.9¢	44.3¢	58.2¢	15.9¢	22.9¢	30.8¢
5.10	27.2¢	41.7¢	53.6¢	18.2¢	25.2¢	33.2¢
5.15	24.7¢	39.1¢	51.2¢	20.7¢	27.6¢	35.7¢
5.20	22.3¢	36.7¢	48.8¢	23.3¢	30.2¢	38.3¢
5.25	20.3¢	34.3¢	46.5¢	26.3¢	32.8¢	41.0¢
5.30	18.4¢	32.3¢	44.2¢	29.4¢	35.8¢	43.7¢
5.35	16.6¢	30.3¢	42.2¢	32.6¢	38.8¢	46.7¢
5.40	15.1¢	28.4¢	40.4¢	36.1¢	41.9¢	49.9¢
Estimated Volume: Calls: n/a Puts: n/a						
Total open interest Friday: Calls: n/a Puts: n/a						
Not all strike and settlement prices listed.						
Implied Volatility for at-the-money strike price						
Calls: n/a Puts: n/a						

Platts oil prices, Apr 28

	(\$/b)	(\$/MMBtu)
Gulf Coast spot		
1% Resid	23.30-23.55	3.73
3% Resid	20.50-20.80	3.28
Crude spot		
WTI (June)	25.41-25.42	4.04
New York spot		
No.2	31.77-32.40	5.10
0.3% Resid HP	28.90-27.15	4.30
0.3% Resid LP	30.10-30.35	4.81
0.7% Resid	25.50-25.75	4.08
1% Resid HP	23.90-24.40	3.64

Zilkha levels new charges at El Paso's board

Rebel El Paso shareholder Selim Zilkha on Friday filed a revised proxy statement with the Securities and Exchange Commission officially launching his bid to unseat El Paso's board of directors with his own slate of candidates — and leveling a whole new set of charges at the firm.

The filing updates and adds more information to a preliminary proxy filed last month (GD 3/12). In it, Zilkha belittled recent moves made by El Paso to strengthen its board with energy-oriented directors, replace Chairman and CEO William Wise with lead director Ronald Kuehn Jr., and shore up its finances through asset sales.

"The incumbent board even may have bungled its termination of Mr. Wise who, according to recent published reports, now intends to claim even more money from El Paso than the \$9.4 million severance payment, the \$15.3 million lump sum retirement benefit, \$97,500 per year lifetime pension and other miscellaneous benefits he already has been permitted to take from El Paso," Zilkha's filing stated.

"Even with the addition of a few new directors, the board remains burdened with the legacy of the past — eight of the 12 incumbent nominees have been El Paso directors since 2001. A most notable legacy of the past is Mr. Kuehn, a staunch supporter of Mr. Wise who has replaced Mr. Wise as CEO," the filing stated.

Zilkha also contended that during the four years that Kuehn ran Sonat, "that company sank from earning \$2.24/share to losing \$4.82/share while he was paid a total of \$10 million."

Included in Friday's filing was a letter to shareholders in which Zilkha urged them to back his board, which includes himself. Most of the board candidates are energy industry veterans. In his letter, he cites "the disastrous decline in the value of El Paso's securities, including the precipitous drop in its stock price and the recent series of debt ratings downgrades."

Zilkha blamed the decline on "a tremendous loss of confidence in the current management and the board that supports it," and "an alarming series of errors in judgment by that group."

El Paso in recent weeks has sought to fight back against the proxy challenge, and the company continued to downplay Zilkha's efforts on Monday.

"This company has a plan in place that is working to stabilize the company and increase shareholder value. Mr. Zilkha does not," an El Paso spokesman said.

Zilkha, El Paso's largest individual shareholder, announced plans earlier this year to challenge the board at El Paso's annual shareholders meeting in June. Following SEC review of the two existing statements, Zilkha is expected to file a final proxy statement within the next several weeks.

In the latest filing, Zilkha outlined his proposed management and business schemes. The management plan includes electing John Murphy as chairman of the board, electing Stephen Chesebro' as CEO, terminating Kuehn from all management positions and reviewing existing management compensation arrangements.

His business plan includes: focusing on the core assets of exploration-and-production, pipeline and midstream assets to maximize fundamental cash earnings and improve return on equity; exiting noncore assets; and reducing administrative costs to be equal to or below industry norms and reward exceptional performance.

Zilkha, through a spokesman, declined to comment on the filing.

Supporting Zilkha in his proxy challenge is former Coastal Chairman Oscar Wyatt, who is also the lead plaintiff in a shareholder lawsuit filed against the company in a Houston court. Wyatt, who is not among the director candidates proposed by Zilkha, also declined to comment Monday. JM

Valencia case delayed; Geiger seeks dismissal

A federal judge in Houston on Monday rescheduled from May 5 to Sept. 8 the trial of a former Dynegy gas trader accused of providing false information to a Platts publication. The delay was granted after prosecution and defense attorneys both asked U.S. District Judge Nancy Atlas for more time to prepare their respective cases.

Valencia, a former senior trader with subsidiary Dynegy Marketing and Trade, was arrested on Jan. 27 and charged with three counts of false reporting and four counts of wire fraud for allegedly reporting false gas trades to Platts' *Inside FERC's Gas Market Report*