

**Salem R-80 Schools**

1400 W. Third, Salem, MO 65560 • 573-729-6642 • 573-729-8493 Fax  
Cindy Maledy, Superintendent  
Steve Bryant, Asst. Superintendent

**FACSIMILE COVER LETTER**

TO: Bob Schallenberg

FROM: Steve Bryant

FAX NUMBER: 573/729-8493

DATE: 08/19/03

NUMBER OF PAGES: 4  
(Including cover sheet)

RE: Please check the legitimacy  
of this company  
Thank  
Steve Bryant

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FIRST THE CHILD



# STOP

## *Rising Natural Gas Prices Now!*

Dear Natural Gas Customer:

As you are probably aware, natural gas prices have risen dramatically over the past year. Of greater concern, however, is the fact that many industry experts and government officials are warning of even higher prices this winter. This has caused great concern among the Missouri business community, schools, and other organizations that are worried about their energy budgets. The good news is...**we can help!** Through Cornerstone Energy's "Guaranteed Price" program, you can actually lower the price you are currently paying for gas and completely eliminate rising prices as a risk to your budget.

Cornerstone Energy, Inc. is a natural gas retailer providing budget-minded alternatives to more than 14,000 businesses, schools, and churches throughout the Midwest. We provide natural gas to some of the largest end-users in the country (such as the steel industry) as well as to thousands of smaller businesses (such as a barber shop in Nebraska). As the name implies, Cornerstone is founded on the basic principles of trust, reliability, and integrity. Our focus is to leverage our industry strength to bring you the highest degree of reliability and value. Jim Beverlin, a Senior VP at Cohen Esrey Real Estate Services in Kansas City, acknowledged this value by saying...

*"Cornerstone provides straightforward, reliable energy solutions that we depend on to help us manage our costs."*

If you are budget minded and are concerned about rising natural gas prices, please take time to read about our "Guaranteed Price" program – it truly is as good as it sounds. Enclosed is an Offer Letter that describes the program in greater detail and includes a sign-up form on the reverse side. If you have any questions about Cornerstone or our "Guaranteed Price" plan, please call (800) 723-6481 and our helpful staff will assist you. Please consider joining the several thousand satisfied customers that entrust Cornerstone to help manage their energy budgets.

Kind Regards,

Larry D. Kilpatrick  
Missouri Program Manager

**Cornerstone Energy – Fueling the Missouri Economy!**



## OFFER LETTER Guaranteed Price Program

### ***The Problem:***

Numerous news reports warning of a natural gas supply crunch and the potential for prices to soar have caused great concern among Missouri's business community. Federal Reserve Chairman Alan Greenspan has put this issue at the forefront calling it a "very serious problem." President Bush commented about the supply crunch saying, "We've got a problem with natural gas here in America. The demand for natural gas is going up but the supply isn't." Many industry experts are using the analogy of "The Perfect Storm" to describe how a confluence of market factors could result in a very serious supply/price situation this winter. Here in the Midwest, the Iowa Utilities Board issued a paper to warn its state leadership of this problem. The [Utilities] Board "believes that few are truly prepared for a significant natural gas price rise" and that "we can foresee that high to very high natural gas prices are a distinct possibility for next winter."

### ***The Solution:***

In an effort to alleviate the concern of significant price increases, Cornerstone Energy has purchased fixed-priced natural gas supplies now for delivery to you in the future. Through Cornerstone's "Guaranteed Price" program, we are able to offer you an economical fixed price for one full year beginning this October. By enrolling in our "Guaranteed Price" program you no longer need to worry about fluctuating gas prices, as you will be 100% protected from any increases. Under this program there are no true-ups, adjustments, or limits on how much gas you use. To participate, simply fill out the form on the back of this letter and return it to us...it's that easy! You will continue to get one invoice from Aquila, only now your rate will remain constant for the next 12-months. At the conclusion of the program, you will automatically be returned to Aquila's normal sales rate (provided you do not choose to enroll in another Cornerstone offering).

### ***The Price:***

	<u>Your current Aquila Price</u>	<u>Cornerstone's "Guaranteed-Price"</u>
First 60,000 cubic ft.	\$1.15876 per ccf	\$1.12237 per ccf
Next 80,000 cubic ft.	\$1.14076 per ccf	\$1.10437 per ccf
Next 100,000 cubic ft.	\$1.12273 per ccf	\$1.08634 per ccf
All excess	\$0.99414 per ccf	\$0.95775 per ccf

*Note: The amount of natural gas supplies prepurchased for this program are limited and will be awarded to those customers responding on a first-come basis. Please be aware that Cornerstone's "Guaranteed Price" is lower than what you are paying now; hence, our expectation is for a complete sell-out prior to the enrollment deadline of September 12th...so please don't delay in returning your sign-up form.*

As you can see, Cornerstone's "Guaranteed Price" is actually lower than the price you are currently paying and, **most importantly**, will protect your budget from any increases for the 12-month term (Oct '03 through Sept '04). Perhaps Laura Chappelle, Chairman of the Michigan Public Service Commission, offered the best advice when she recently said, "Michigan's natural gas customers, like those across the country, should prepare now for price increases."

If you have any questions about our "Guaranteed Price" program, please do not hesitate to call (800) 723-6481. Let's work together to lower your energy costs and create a stronger Missouri economy.

*Sign-up Form on reverse side.*



**Missouri "Guaranteed Price" Program**

**"Guaranteed Price" Acceptance Agreement & End User Verification Form**

By executing this Form, I (End User) hereby accept Cornerstone Energy, Inc.'s (Cornerstone) "Guaranteed Price" offer, and authorize them to enroll me in the Missouri "Guaranteed Price" program for the rate and term as outlined below. I authorize Cornerstone to execute any additional agreements with Aquila, Inc. as required in accordance with current Missouri transportation requirements or tariffs as may be revised or amended from time to time. Furthermore, I give authorization to Cornerstone to obtain gas volume history from Aquila on my behalf as may be required to administer this program. In addition, I agree that Cornerstone may terminate or suspend this Agreement if gas supplies cannot be delivered because of commonly accepted events of Force Majeure. Aquila will send monthly invoices inclusive of all charges of Aquila and Cornerstone. Failure to pay invoiced amounts when due may, at Cornerstone's discretion, result in suspension or termination of the program upon written notice from Cornerstone.

**"Guaranteed Price" Rate and Term:** Your "Guaranteed Price" burner-tip rate will be as follows:

First 60,000 cubic ft	\$1.12237 per ccf
Next 80,000 cubic ft.	\$1.10437 per ccf
Next 100,000 cubic ft.	\$1.08634 per ccf
All excess	\$0.95775 per ccf

This rate is guaranteed for the billing period beginning October 1, 2003, and concluding September 30, 2004. This price includes Aquila's Delivery Charge and L&U charge. Aquila's existing monthly Customer Charge per month per meter (as is currently appearing on your invoice) will remain in place. These charges, along with any applicable taxes, constitute all the charges for which you will be responsible and will be billed to you on one invoice provided by Aquila.

I understand that if the available supply of natural gas pre-purchased for this program is depleted prior to Cornerstone's receipt of this Acceptance Form, I will remain on Aquila's sales rate (Cornerstone will notify you if this event occurs).

Aquila's "Streamline Billing" and level payment plans are not available to Guaranteed-Price Customers.

**AQUILA'S END USER VERIFICATION INFORMATION:**

This agreement will verify and confirm for Aquila, Inc. (Company) that the undersigned End User has selected Cornerstone as its marketer for the purpose of aggregating End User's gas supply with the supplies of other End Users on the local gas distribution system of Aquila, Inc., d/b/a Missouri Public Service Co, as provided under the applicable Rate Schedule of Company's Tariff on file with the Missouri Public Service Commission. End User agrees to pay, directly to Company upon invoice, the following tariff charges applicable to the transportation service to be provided by Company with respect to End User's gas:

- Aquila Delivery Charge: (included in Guaranteed Price)
- Aquila L&U Charge: (included in Guaranteed Price)
- Aquila Monthly Customer Charge (noted above)

Account Number: 1010879677

Service Agreement Number: 1010872272

SALEM R80 SCHOOLS  
101 N MAIN ST  
SALEM MO

**Agreed and Accepted**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Phone #: (\_\_\_\_) - \_\_\_\_\_

E-mail address (if available) \_\_\_\_\_

Fax # (if available): (\_\_\_\_) - \_\_\_\_\_

**Offer is good only while limited supply lasts. \*Enrollment deadline is September 12, 2003\***

Return to: (in the envelope provided)

Cornerstone Energy, Inc.  
2637 W 82 Terrace  
Lenexa, KS 66215

Or, simply fax to: (913) 322-2734