

## SourceGas

### Increasing Efficiency in Natural Gas Operations with Physical and Financial Deal Capture and Transportation Management

#### Business Objectives

SourceGas is a natural gas local distribution utility headquartered in Lakewood, Colorado, with operations in Arkansas, Colorado, Nebraska, and Wyoming. SourceGas serves nearly 420,000

customers and operates 17,700 miles of distribution, gathering and transmission pipeline, as well as storage facilities. SourceGas and its subsidiaries also provide gas transportation, in-home HVAC and appliance service and sales, as well as gas commodity sales services to its natural gas customers.



With its business expanding, and the rising costs of supporting its existing applications, SourceGas was looking for a new gas operations software solution to replace their current systems. The company had been using a combination of spreadsheets, third party software, and fragmented proprietary systems that lacked integration and automation, and was difficult to support. SourceGas needed a solution that would provide:

- Business process optimization to increase efficiency and reduce costs
- Automation for natural gas logistics, scheduling and operations
- A central repository for all trades and related data
- Integration of processes and data for all departments for both physical and financial trades

#### Allegro Solution

SourceGas turned to Allegro to replace multiple legacy applications and spreadsheets with a platform to manage and provide transparency into front, middle and back office business activities.

The Allegro 8 platform provides SourceGas with a single integrated toolset for all gas operations activities. SourceGas now has a central repository for all trades and related data as well as full integration across functions and business processes. As SourceGas continues to expand its operations, the Allegro platform is flexible and extensible to easily integrate new components and processes.

Allegro provides the following capabilities to SourceGas:

- Comprehensive risk management including real-time Mark-to-Market (MtM) reporting and option valuation

- Ability to easily capture physical purchases and sales, as well as financial options and swaps
- Counterparty credit limit monitoring and margin calls
- Real-time settlement and accurate invoicing
- Fully integrated trading and logistics to enable accurate calculation of transportation costs and capture of all scheduling and commodity fees
- Ability to create daily short term trades to meet demand
- Ability to quickly and accurately determine hedged percentage of physical supply requirements

**Business Benefits** Allegro was able to standardize SourceGas' processes quickly and provide a single system that could effectively manage complex, segmented business processes. SourceGas now has the ability to capture physical and financial natural gas trades, manage transportation, actualization, and invoicing.

By eliminating the disparate systems and spreadsheets, SourceGas now experiences more efficient trade capture, elimination of redundant tasks, and greater position visibility. This visibility supports enhanced market decision making, which allows SourceGas to optimize their portfolio and their transportation activities.

"The ability to capture physical and financial transactions in one system has been invaluable to our organization. The Allegro interface is incredibly user friendly. Particularly, the ease of report creation within the system has increased efficiencies in our reporting process and decreased our reliance on external resources," says Amy Orr, SourceGas' Director of Risk Management. "During implementation and thereafter, the Allegro team has been quick to respond to questions and issues as they arise."

SourceGas has also realized a very significant improvement in trader productivity with the Allegro platform. The elimination of manual data entry and error-prone spreadsheets saves time, improves accuracy of data, and increases mid-office controls.

Finally, there has been an improvement in managing the cost of systems support. Allegro offers complete application support that keeps the cost and personnel effort of maintaining SourceGas' solution very low.

Building on the success of the last 18 months, SourceGas has plans to expand the Allegro solution to include functionality around FERC reporting, hedge accounting and risk simulation in the future.

**For more information, please contact Allegro at...**

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**About Allegro** Allegro is a global leader in energy trading & risk management solutions for power and gas utilities, refiners, producers, traders, and commodity consumers. With more than 27 years of deep industry expertise, Allegro's enterprise platform drives profitability and efficiency across front, middle, and back offices, while managing the complex logistics associated with physical commodities. Allegro provides customers with agile solutions to manage risk across gas, power, coal, crude, petroleum, emissions, and other commodity markets, allowing decision makers to hedge and execute with confidence. Allegro has recently been recognized as the Energy Risk Software House of the Year and received The Energy Business Awards Gold Award for Excellence. Headquartered in Dallas, Texas, Allegro has offices in Calgary, Houston, London, Singapore and Zurich, along with a global network of partners.  
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