

Market watch

Dow 30	7,932.76	↑6.77
S&P 500	835.19	↑1.45
Okla. Sweet	\$30.50	↓\$2.00
Natural gas	\$4.68	↑\$0.01
Yen per \$	¥90.52	↑¥0.05
Gold	\$948.50	↑\$4.70

ONG proposal sparks battle

• A watchdog group says if the company changes how rates are set, consumers will pay big-time.

BY RANDY ELLIS
The Oklahoman

Oklahoma Natural Gas Co. and an industrial gas consumer group have locked horns before a Corporation Commission hearing officer this week over an ONG proposal to switch to something called performance-based rate setting.

The hearing was not a rate case,

but some of the issues that were debated could have a major impact later on gas utility rates charged to consumers.

One key aspect of the proposal calls for ONG's currently authorized 9.9 percent rate of return on equity to be increased to a targeted rate of return of 10.75 percent.

The proposal contains a provision that would authorize ONG to

increase utility rates if its return on equity should fall below 10.25 percent, subject to annual review by the Oklahoma Corporation Commission.

If its return on equity should rise above 11.25 percent, ONG's proposal calls for the company to share the excess with customers through refunds, with customers getting 75 percent of the excess and ONG keeping the remaining 25 percent.

Tom Schroedter, executive director of Oklahoma Industrial Energy Consumers, said his group is strong-

ly opposed to the proposal.

"If you look at current economic conditions in Oklahoma right now, those conditions should not be used as a reason to increase ONG's return on equity," Schroedter said. "The current proposal would (adversely) affect ONG's ratepayers who must compete in an open market."

ONG officials, however, argue the increase is needed and would benefit consumers.

David Scaff, ONG's manager of

SEE ONG E3

BIZ QUICKS

Late rally leaves Dow index nearly unchanged

The stock market made a late-day comeback, hoping that home-owners will get more help with their mortgages.

A Reuters report that the government plans to subsidize troubled home-owners' mortgage payments helped the Dow Jones industrial average pare sharp losses Thursday afternoon and finish down less than 7 points.

The Dow Jones industrial average slipped 6.77, or 0.09 percent, to 7,932.76, after falling by more than 245 points in earlier trading. The blue-chip index got within 142 points of its Nov. 20 close of 7,552.29, which was a 5 1/2-year low.

Pilots' union chief says AA CEO is snubbing him

Pilots' union officials say the chief executive of American Airlines and its parent won't meet the union president to discuss stalled contract talks,

with CEO Gerard Arpey suggesting instead that both sides should let federal mediators have more time to broker an agreement.

The standoff, detailed in letters back and forth between the two leaders, is the latest sign of tension between AMR Corp.'s American Airlines and its three unions.

Federal mediators have been enlisted to help in all three negotiations. Employees want to recover wage cuts they took in 2003, but the company, which lost \$2.1 billion last year, wants to hold the line on spending.

Last week, Allied Pilots Association President Lloyd Hill wrote to Arpey to say it was time for the CEO to help resolve a standoff after 28 months of bargaining. Hill offered to meet with Arpey any time.

In a letter dated Monday, Arpey responded without directly saying whether he would meet with Hill. Arpey said the company wanted a contract "that meets the best interests of American Airlines and our pilots" but was still dedicated to the mediation process, which he said was "deliberate and thorough."

Scott Shankland, a spokesman for the union, said Thursday that pilots were surprised Arpey wasn't interested in meeting.

He added that negotiations are not working, and that the union might ask federal negotiators to declare an impasse, which could trigger a 30-day cooling-off period followed by a strike.

Matrix board OKs repurchase of its stock

Matrix Service Co.'s board of directors authorized a plan to repurchase up to 3 million shares in the Tulsa oil-field construction, repair and maintenance firm.

The repurchase program can spend up to \$25 million annually to buy shares, according to Thursday's announcement. The plan is in effect until Dec. 31, 2012.

Matrix last month reported a record net income of \$10.1 million for its second fiscal quarter ending Nov. 30. Company shares closed at \$6.62 in Thursday's trading on the Nasdaq.

Cessna campaign touts value of business flying

Cessna Aircraft rolled out a campaign Wednesday to showcase the value of business aviation and encourage operators to keep flying.

The company ran ads in some editions of the Wall Street Journal and has launched a Web site for its campaign, www.CessnaRise.com.

"In today's corporate world, pity the poor executive who blinks," Cessna's ad reads. "The good news is, in trying times like these, fortune tends to favor those who make bold, decisive moves.... One thing is certain: true visionaries will continue to fly.... It's simply about availing yourself of the full range of tools to do your job."

The aviation industry's image was hurt after the heads of the nation's three largest automakers flew their jets to Washington to ask for government bailouts.

Cessna, the largest manufacturer of business aircraft, is cutting 4,600 jobs as it decreases production rates because of order deferrals and cancellations.

From staff and wire reports.

SEMGROUP LP: LAWSUIT RESPONSE

Power struggle escalates



John Catsimatidis said Thursday that he will continue to work to achieve a successful reorganization. Tulsa World file

BY ROD WALTON
World Staff Writer

The SemGroup LP's executives' lawsuit against would-be bidder John Catsimatidis alleges that the New York billionaire tried to get around bankruptcy court rules by trying to meet secretly with company unit leaders and providing a "hotline" for employees to contact him.

The Tulsa company wants Catsimatidis removed from the management committee and accused him of violating his confidentiality agreement in a lawsuit filed Wednesday in Delaware federal court. Catsimatidis has gained a majority of SemGroup's management seats and says he wants to keep the energy company intact and operating in Tulsa.

He seemed to shrug off the legal battle Thursday.

"I would rather be spending my time helping to facilitate development of a successful reorganization plan that maximizes value to

SEE SEM E2



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ONLINE

Read previous stories and court filings about SemGroup.
tulsaworld.com/semgroup



Terry Ronan, the CEO of SemGroup, participates in a meeting at the SemGroup headquarters in Tulsa. STEPHEN PINGRY/Tulsa World file

More financial businesses are replacing debit cards

BY LAURIE WINSLOW
World Staff Writer

Many more Oklahoma financial institutions are replacing debit cards, following the recent announcement that tens of thousands of card numbers may have been stolen after a data breach at a major payment processing company.

When news about the data breach at Heartland Payment Systems Inc. first appeared in January, the extent of the damage was unclear.

Initially, the Tulsa World reported that two major Oklahoma banks — Bank of Oklahoma and MidFirst Bank — were re-issuing new debit cards' numbers that were possibly stolen. That was followed by news that the Tulsa Teachers Credit Union had replaced a percentage of its debit cards, while Oklahoma Central Credit Union had sent letters informing some members their cards would be replaced.

A call to other surrounding banks verifies that the number of financial institutions affected is widespread.

"We have financial institutions' clients in 13 states, and I can tell you all 13 states have been impacted," said Dave Sharpe, director of TransFund. "Heartland processes for merchants all over the country, so I would say potentially cards all over the country could have been impacted."

TransFund, which is a sub-



Tulsa World file

Financial institutions potentially affected

- Bank of Oklahoma and Mid-First Bank
- Tulsa Teachers Credit Union
- Oklahoma Central Credit Union
- Summit Bank
- Tulsa National Bank
- F&M Bank & Trust Co.
- First Fidelity Bank
- American Heritage Bank

subsidiary of BOK Financial Corp., is an ATM and debit card network that delivers electronic funds transfer products and services to banks and credit unions throughout the United States.

Visa notified TransFund of the problem, which in turn immediately notified the financial

institutions in its network via a secure electronic transmission, explained Sharpe.

He noted that cardholders are protected against fraud by multiple layers of security. "It's also important for individual cardholders to know that they have zero liability under the Visa rule. So, if their card may have been compromised, and if fraud may have been perpetrated using that card, the cardholders themselves have zero liability," Sharpe said.

Last month, Heartland, a Princeton, N.J.-based payment processing company, which processes more than \$1 billion in card transactions annually, announced that malicious software made its way onto company servers and captured millions of account numbers, expiration dates and some account holder names during transactions.

No Social Security numbers, personal identification numbers, addresses or telephone numbers were breached, according to a previous report.

Businesses such as restaurants, retailers and hotels use Heartland to conduct credit and debit card transactions.

Summit Bank was among those that was alerted by TransFund about the compromised data. The bank immediately started to close the affected cards and reorder new ones for those customers, said Sharon

SEE DEBIT E2

J.C. Penney
9056 N. 121st East Ave., Owasso
Opening: 8:30 a.m. March 6
Employees: 125

J.C. Penney in Owasso to open doors March 6

BY KYLE ARNOLD
World Staff Writer

While many retailers are exercising caution or even closing doors, J.C. Penney is taking a dive into the growing Owasso retail market with a new department store slated to open March 6.

At 104,000 square feet, the new store will be the retailer's biggest in the state and will be part of a shopping center, breaking with the long tradition of putting J.C. Penney stores inside shopping malls.

"We're blessed the Owasso retail market is still expanding," said Owasso Chamber of Commerce President Gary Akin said. "It's contrary to the market as a whole."

The new store will employ about 125 people and include a Sephora beauty products department and an American Living home section.

The store is near East 96th Street North just west of Highway 169, part of a flourishing retail sector growing near the intersection, said Akin.

Other new stores and restaurants have recently opened or are set to open soon, such as Ross, Famous Footwear, Olive Garden and Carl's Jr.

Kohl's, Belk and a Wal-Mart Supercenter are also located nearby.

Sales tax collections in Owasso increased 2 percent from January 2008 to January 2009, according to the Oklahoma Tax Commission.

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Bargain construction bid aids the airport trust

■ A noise mitigation program is helping about 1,000 homes.

BY D.R. STEWART
World Staff Writer

Construction bids continue to be a bargain for the Tulsa Airports Improvement Trust, one of the few benefits of the economic slowdown, airport executives said Thursday.

TAIT board members accepted the low bid and awarded a \$1.49 million contract to S&L Specialty Contracting Inc., Syracuse, N.Y., for aircraft noise insulation work on 56 homes south of the main runway at Tulsa International Airport.

TAIT's 10-year \$40-million-plus noise mitigation program is targeting nearly 1,700 residences, schools, businesses and churches af-

ected by 24-hour-average aircraft noise levels in excess of 65 decibels. About 1,000 homes have been or are being addressed through the program, which also offers sales assistance and flyover easement payments to property owners.

Jeff Hough, deputy airports director of engineering and facilities, said S&L's bid was the lowest of three received. The engineer's estimate of construction costs was \$1.66 million.

"It works out to be about \$26,732 per home, a little over \$3,000 per home less than our last bids," Hough said. "Because of the economy, we have been seeing really good prices across the board for any bids we have been taking over the last few months."

But the economy cuts both ways, said Alexis Higgins, deputy airports director of



IDEA

Alexis Higgins: She proposed increasing an air service incentive, and the trust agreed.

marketing.

The \$50,000 air service incentive payment instituted by trustees a year ago to encourage the start-up of new airline service to international gateway airports on the East and West coasts is no longer adequate because of increased airline competition and decreased passenger capacity, Higgins said. She proposed increasing the incentive to \$75,000.

"In the last year, the economy has changed," Higgins said. "Airlines scaled back

service 15 percent or so and we lost LAX (Los Angeles International Airport) service. We think we are not as competitive as we should be to get this service back."

Higgins said the \$50,000 incentive payment a year ago was effective, generating \$160,000 additional revenue for the LAX service in the form of landing fees, a \$3-per-passenger Passenger Facility Charge and concession spending.

"This (increased incentive payment) helps make the flight successful," said Airports Director Jeff Mulder. "It's very expensive to add service. The LAX service last year had 95 percent load factors. In the environment we're in, there's not many airports that will be adding service. We're just helping ourselves here."

Trustees voted unani-

mously to increase the air service incentive payment to \$75,000.

The LAX service begun by United Airlines last summer was discontinued after three months in the midst of airline cutbacks in response to a doubling of jet fuel prices.

United, which recently announced it will reinstate LAX service in June, was paid the \$50,000 airline incentive payment last year. It has about \$22,000 remaining from the payment to promote its service this year, Higgins said.

Trustees agreed to adopt on a trial basis a pilot program to install a six-inch custom printed stripe encircling and three feet out from one of three baggage carousels in the east baggage claim room at Tulsa International.

The warning stripe, which is in use at some European airports, was suggested by

passengers as a way to keep people from crowding and pushing as they retrieved their bags. The floor graphic costs \$885, and it will be installed on American Airlines' west baggage carousel within the next month, Hough said.

"It's totally an honor system," Hough said, noting video cameras would monitor the stripe's effectiveness.

Trustees also approved installation of signs at passenger terminal entrances and security gates warning against the carrying of concealed weapons in the terminal.

The signs provide legal notice to persons authorized under the Oklahoma Self-Defense Act to carry concealed weapons that the terminal and airport property is exempt from the statute.

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Jim Press, vice chairman and president of Chrysler LLC, speaks during an event at the 2009 North American International Auto Show in Detroit in January. Press said Thursday that Chrysler remains viable despite the economic slowdown. ANDREW HARRER/Bloomberg News

Chrysler says it is viable even if sales remain low

BY TOM KRISHER
Associated Press

CHICAGO — Even if U.S. auto sales stay near their current depressed levels for four more years, Chrysler LLC has contingency plans to remain viable, a top executive said Thursday.

Vice Chairman and President Jim Press, speaking to the Economic Club of Chicago, said the new reality for the U.S. auto market may be around 10 million in annual sales, and companies will have to adjust to that.

Sales in 2008 totaled about 13.2 million, but automakers only sold about 657,000 vehicle last month, and analysts and automakers expect this year's total to fall as low as 10.5 million.

Press said by the time

Chrysler completes its viability plan to justify its government loans, it will have cut \$3.8 billion in fixed costs, reducing its payroll by 32,000 people and positioning itself to remain viable.

In an earlier viability plan given to Congress, Chrysler showed it could survive if U.S. sales fell as low as 10.1 million per year, Press said.

"It's there. We're viable," he told reporters after the speech, held on the site of the Chicago Auto Show.

Chrysler is living on \$4 billion in government loans granted by the Treasury Department. It and General Motors Corp., which obtained \$9.4 billion in loans, are racing to finish viability plans by a Tuesday deadline to prove they have the ability to repay the loans.

If the Treasury Department approves Chrysler's plan, it can get up to \$3 billion more in loans, and GM can get up to \$4 billion more.

Under the loan terms issued last year by the Bush administration, the companies must show viability by proving they can repay the loans and achieving "positive net present value," which means that the present value of a company's expected net cash flows exceeds the initial investment that must be made in the company.

Press said negotiations with the United Auto Workers and Chrysler debtholders that are needed for the plan are under way and will last through the weekend. He said full settlements with the stakeholders don't have to be reached until March 31.

Recall of peanut products ordered

■ The Texas plant was closed after salmonella was detected.

BY JAMIE STENGLE
Associated Press

DALLAS — Texas health officials ordered the recall Thursday of peanut products from a plant operated by the company at the center of a national salmonella outbreak, days after tests indicated the likely presence of the bacteria there.

All products ever shipped from the Peanut Corp. of America plant in Plainview were recalled after the Texas Department of State Health Services said it found dead rodents, rodent excrement and bird feathers in a crawl space above a production area on Wednesday.

The recalls from the plant, which operated unlicensed and uninspected for nearly four years, are the latest bad news for the company being investigated in connection with an outbreak that has sickened 600 people and may have caused at least nine deaths. More than 2,000 possibly contaminated consumer products have already been recalled in one of the largest product recalls ever.

Federal investigators last



The doors of the Peanut Corp. of America remain closed in Plainview, Texas, after the company voluntarily suspended operations at the plant while state and federal health officials complete an investigation. HAYLEY COX/Plainview Daily Herald/AP

month identified a Georgia peanut processing plant operated by Peanut Corp. as the source of the salmonella outbreak.

Texas inspectors also found that the air handling system was pulling debris from the infested crawl space into production areas at the Plainview plant, which processes peanut meal, granulated peanuts and roasted peanuts. The plant, which voluntarily closed Monday, was also ordered by the state to stop producing and distributing food products.

Private lab tests returned Monday showed likely salmonella contamination at the plant, which opened in

March 2005. Further testing was needed to confirm the results, but the health department said Thursday that their orders are not contingent on finding salmonella.

The health department said that lab tests are being done on food and environmental samples as well.

The plant in Plainview was run by a Peanut Corp. subsidiary, Plainview Peanut Co. It was not inspected by state health officials until after problems arose at the Georgia plant.

The federal government has opened a criminal investigation into the company, and its president, Stewart Parnell.

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