Exhibit No.: 23
Issues: Revenue Adjustments, Cost of Service Study, Service Charges, and Rate Design
Witness: F. Jay Cummings
Sponsoring Party: Missouri Gas Energy
Case No.: GR-2004-0209

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-2004-____

DIRECT TESTIMONY OF

F. JAY CUMMINGS

Jefferson City, Missouri

November 2003

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CASE NO. GR-2004-

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NOVEMBER 2003

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDDRESS.

A. My name is F. Jay Cummings. My business address is 13276 Research Boulevard, Suite 201, Austin, Texas 78750.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY.

A. I am a Senior Management Consultant with R. J. Covington Consulting, LLC.

Q. PLEASE SUMMARIZE YOUR EDUCATION AND EXPERIENCE.

A. I have a B.A. degree with a major in economics from Colgate University and a Ph.D. in economics from the University of Virginia. For the past two years, I have provided regulatory support services to the energy industry, primarily the natural gas sector, as a Senior Management Consultant with R. J. Covington Consulting (March 2003 - present) and a Principal with Navigant Consulting Inc. (October 2001 - February 2003). Prior to joining Navigant Consulting, I was employed by Southern Union Company. I joined Southern Union in 1991 as Southern Union Gas' Director of Rates and Regulatory Affairs and became Vice President later that year. When my regulatory responsibilities for Southern Union expanded to include its Missouri properties in 1994, I became Vice President,

Pricing and Economic Analysis, a position I held until leaving Southern Union in 2001.

Prior to joining Southern Union, I was employed by the Arizona Corporation Commission, the state's utility regulatory agency, in the Utilities Division as Chief, Economics and Rates Section (1985); Chief, Economics and Research Section (1985 – 1988); and Assistant Director (1988 -1991). From 1973 through 1985, I was on the economics faculties of George Mason University (1973 -1975) and the University of Texas at Dallas (1975 - 1985). My teaching and research focused on applied microeconomic analyses, which resulted in professional journal publications and conference and seminar presentations. I have submitted testimony in regulatory proceedings in Missouri, Arizona, Texas, and Oklahoma.

Q. WHAT IS THE PURPOSE YOUR TESTIMONY?

A. I have been retained by Missouri Gas Energy ("MGE" or "Company") to assist in the preparation of this rate filing, specifically addressing revenue adjustments, class cost of service, and rate design. Through this testimony, I explain the revenue adjustments used in determining MGE's revenue deficiency. Included in my discussion of the Company's revenue adjustments are the results of the Company's study of the revenue shift associated with a reclassification to residential service of current general service customers who are landlords of apartments and other rental housing, consistent with paragraph 5 of the Second Revised Stipulation and Agreement in Case No. GR-2001-292. In addition to

revenue adjustments, I present the results of the Company's class cost of service study and discuss the recommended allocation of revenue changes to customer classes. I also explain the proposed rate design to collect the assigned revenue levels from each customer class.

1. REVENUE ADJUSTMENTS

Q. WHAT ARE THE ADJUSTMENTS TO THE TEST YEAR THAT YOU ARE SPONSORING?

A. I am sponsoring Schedules H-1 and H-2 included with the Direct Testimony of Company witness Noack. Schedule H-1 derives the test year margin by removing gross receipts, unbilled revenue, and cost of gas revenue from total per book revenue for the test year ended June 30, 2003. Contract demand revenue and overrun/curtail penalties are also removed from per book revenue because these dollars are credited to the Purchased Gas Adjustment and reflected in cost of gas charges to customers. The Experimental Low Income Rate ("ELIR") charge revenue collected from residential customers during the test year is added to per book revenue because it is part of test year margin, i.e. revenue collected through tariffed non-gas rates, but is not included in general ledger revenue. Schedule H-2 contains the various adjustments to test year margin to establish a representative level of margin for purposes of setting rates in this proceeding.

Q. PLEASE EXPLAIN THE FIRST ADJUSTMENT ON SCHEDULE H-2, THE WEATHER NORMALIZATION ADJUSTMENT.

A. This adjustment reduces test year margin in recognition of the fact that MGE's volumes and resulting revenues were abnormally high because temperatures in the test year were colder than normal. Weather was about 2% colder than normal in Kansas City and St. Joseph and 7% colder than normal in Joplin during the test year. By making the weather normalization adjustment, rates are subsequently designed to produce the revenue anticipated under normal temperature conditions, conditions that are expected to be in effect, on average, after the new rates become effective.

The weather-related volume adjustment is based on statistically determined relationships between usage (in Ccf) and temperatures (measured by heating degree days), consistent with the methods used by MGE and the Commission Staff in prior MGE rate cases. The difference between the volumes statistically explained with normal heating degree days and volumes explained with actual heating degree days becomes the volume adjustment. For the residential, small general service ("SGS"), and large general service ("LGS") classes, the statistical relationships are derived from test year billing cycle data separately for each customer class and for each of three geographic regions (Kansas City, St. Joseph, and Joplin). As in the last two rate cases, Kansas City International Airport (Station ID 234358) weather data is used for the Kansas City and St. Joseph

regions and Springfield (Station 237976) weather data is used for the Joplin region.

For the large volume service ("LVS") class, individual customer analyses using the last six years of usage data, when available, are conducted to derive temperature-related volume adjustments that are summed to arrive at the class adjustment. Individual customer analyses are performed because of the diversity among customers in the class and the fact that not all LVS customers are weather sensitive. Using six years of monthly data provides a period that is sufficiently long to conduct meaningful individual customer statistical analyses.

Pricing the volumetric weather adjustments at current rates results in revenue reductions of $892,792 in residential gas sales, $577,145 in commercial gas sales (or, $525,916 for the SGS class and $51,229 for the LGS class), and $26,109 in transportation revenues.

Q. HOW IS NORMAL WEATHER DEFINED IN DEVELOPING THE WEATHER ADJUSTMENT?

A. The Company uses an average of the last 20 years of weather experience to derive normal heating degree days. This measure is up-to-date and long enough so that one or two years of extreme weather will not unduly influence the measure of normal. I am familiar with regulatory agency decisions that have used 10-year, 20-year, and 30-year periods to define normal heating degree days. The 20-year

measure is a middle ground that provides a reasonable basis for defining normal weather.

Q. PLEASE EXPLAIN THE CUSTOMER ANNUALIZATION ADJUSTMENT SHOWN ON LINE 3 OF SCHEDULE H-2.

A. For each sales customer class (residential, SGS, and LGS) and each geographic region, this adjustment annualizes customer count changes from the beginning to the end of the test year by adjusting bill counts and associated volumes in each month of the test year to the levels that should have been observed had the customer growth by the end of the test year occurred by that month. Pricing these adjustments at current rates results in a $277,098 increase in test year margin. Both the residential and SGS classes experiences positive growth during the test year while the LGS class experienced a declining customer count.

Annualization of LVS customers is treated in line 7 of Schedule H-2, and the impact of SGS or LGS customers switching to or from the LVS class in that adjustment are recognized in the development of the sales class customer annualization on line 3.

Q. PLEASE EXPLAIN THE NEXT ADJUSTMENT, THE EXPERIMENTAL LOW INCOME PROGRAM ADJUSTMENT, SHOWN ON LINE 4 OF SCHEDULE H-2.

A. The $0.08 per bill charge included in residential customer bills to finance the Experimental Low Income Rate ("ELIR") produced $416,384 during the test year. The $0.08 charge was terminated effective August 6, 2003. The Company is uncertain whether the ELIR program will be continued. Because of the uncertainty associated with the ELIR program and because the associated $0.08 charge was terminated on August 6, 2003, the adjustment on line 4 of Schedule H-2 removes the ELIR charge collections during the test year from test year margin.

Any dollars that have been collected from the charge in excess of program costs will be contributed to the Mid America Assistance Coalition pursuant to paragraph 14 of the Second Revised Stipulation and Agreement in Case No. GR-2001-292. Pursuant to paragraph 14 k of the Second Revised Stipulation and Agreement in Case No. GR-2001-292, the Company has retained a third party evaluator to assess experience under the ELIR program. A decision to continue the ELIR program, either in its current form or a modified form, would require consideration on how to fund it.

Q. PLEASE EXPLAIN THE LOAD ATTRITION ADJUSTMENT SHOWN ON LINE 5 OF SCHEDULE H-2.

A. Before explaining the derivation of the load attrition adjustment, some background on the reason that the Company examined this issue is important. As discussed in the Direct Testimony of Company witnesses Noack and Oglesby, the Company has historically failed to achieve its authorized rate of return despite its efforts to control its expenses. While the cost of plant additions that is not matched by revenue from customer additions would contribute to this problem, these earnings shortfalls may also result from using unachievable billing determinants to set rates. Billing determinants would be unachievable if an unrealistically cold measure of normal weather was used or if declining usage trends were not recognized in establishing the determinants.

To determine whether unachievable billing determinants may be a contributing factor to the earnings shortfall, the Company compared annual residential regular bill usage during recent years with annual regular bill usage levels used to set residential rates in effect during those years. The following table shows the results of this comparison for the last five fiscal years:

Fiscal Year	Actual Annual Regular Bill Usage (Ccf)	Rate Case Regular Bill Usage (Ccf)
1999	889.0	1,047.4
2000	820.0	1,047.4
2001	1,021.7	1,047.4
2002	805.1	965.8
2003	919.7	965.8

Because actual residential usage never reached the level used to set rates, the Company never achieved its authorized rate of return during this period. The fact that this shortfall occurred even in the cold year of fiscal year 2001 and the near "rate case normal" year of fiscal year 2003 suggests that weather alone does not explain why billing determinants used to set rates are overstated.

Both a reasonable definition of normal weather and a recognition of measurable, declining usage trends are required if the Company is to have a realistic opportunity to earn its authorized rate of return. To address weather, the Company uses the last 20 years as the period for defining normal weather, a measure that provides a more realistic basis for normalizing billing determinants on a going forward basis than the measures of normal weather used in recent rate cases. To address usage trends, the Company conducted statistical analyses that form the basis for adjusting test year revenue and billing determinants to improve the Company's opportunity to achieve the revenue levels used to set rates, assuming normal weather is experienced.

Q. PLEASE CONTINUE WITH YOUR EXPLANATION OF THE STATISICAL USAGE TREND ANALYSES AND THE RESULTING LOAD ATTRITION ADJUSTMENT.

A. The Company conducted a separate statistical analysis of monthly usage per regular bill for each of the sales customer classes in each of the three geographic regions for the period March 1994 through June 2003. March 1994 is the starting

point, because it is the first month in which MGE began billing after its acquisition of the Missouri properties.

Factors tested to explain monthly usage per bill variations in the statistical analyses are heating degree days, the Purchased Gas Adjustment rate, and a trend variable. The trend variable, which takes on a value of 1 in 1994, 2 in 1995, and so forth, is designed to capture changes in usage not explained by weather or cost of gas variations.

An individual statistical analysis is considered meaningful if the explanatory factors account for at least 80% of the variation in per bill usage, i.e. adjusted R^2 of at least 0.80, and each of the explanatory variables is statistically significant, i.e. significant with a 90% degree of confidence or better. Meaningful statistical results were found in each region for each sales class, with the exception of the LGS class in Joplin. The constants and coefficients of the best fit regressions, which produced results in which each explanatory factor was statistically significant with at least 99% confidence are shown below:

Customer Class	Region	Constant	Heating Degree Days	Trend	Adjusted R^2
Residential	Kansas City	20.94	0.162	-1.513	0.962
	Joplin	18.33	0.158	-1.450	0.960
	St. Joseph	25.28	0.178	-2.070	0.962
SGS	Kansas City	78.34	0.437	-5.434	0.950
	Joplin	57.73	0.384	-3.139	0.940
	St. Joseph	67.79	0.501	-6.397	0.955
LGS	Kansas City	2747.27	8.325	-185.324	0.817
	St. Joseph	2842.26	8.320	-277.994	0.886

Using the residential class to explain the table entries, the last column shows that at least 96% of the usage per bill variations is explained by the heating degree days, the trend, and the constant, i.e. base load, in each area. For each additional heating degree day, per bill usage increases by 0.16 to 0.18 Ccf per bill and per bill usage decreases with each passing year by 1.45 to 2.07 Ccf per bill. The SGS and LGS entries can be interpreted in the same manner.

It is not surprising that the PGA variable was not statistically significant in explaining month-by-month usage changes in the statistical analyses because the PGA did not change month-by-month throughout the period, remaining constant for periods of 3 to 7 months in more recent years.

Q. WHY ARE THESE STATISTICAL RESULTS IMPORTANT?

A. The results clearly show that using a historical test year's billing determinants to set rates to meet a designated revenue level in the future will not allow the Company to meet the revenue level expected with normal weather. For example, suppose a Company's billing determinants are based on a test year ended September 2003, and these determinants show 400,000 residential bills per month with an average monthly weather-normalized usage of 75 Ccf. Suppose further that new rates, to become effective on October 1, 2004, are designed to produce $111,600,000 in revenue, with $54,000,000 annually in volumetric revenue and $57,600,000 in customer charge revenue. The customer charge would be set at $12 [or, $57,600,000 ÷ (400,000 bills per month x 12 months)], and the

volumetric rate, assuming a year-round single block volumetric rate, would be set at $0.15 per Ccf [or, $54,000,000 ÷ (400,000 bills per month x 12 months x 75 Ccf per bill)].

Suppose further that the statistically determined trend shows that use per bill falls by 1.5 Ccf per year. If the year ended September 30, 2004 has normal weather, customer charge revenue with the charge to be in place on October 1, 2004 would have been $57,600,000 for the year, but volumetric revenue if the new rates had been in place would have been $52,920,000 (or, 400,000 bills per month x 12 months x 73.5 Ccf per bill x $0.15 per Ccf). Total revenue falls $1,080,000 short of the revenue level used to set rates before the rates even go into effect. During the first year when rates are in effect, the shortfall grows larger.

Q. DID YOU PERFORM ANY OTHER COMPARISONS TO CHECK THE REASONABLENESS OF THE STATISTICAL RESULTS?

A. Yes. I performed several comparisons. I would note that the strength of the statistical results justify their use to develop the test year volume and associated revenue adjustments discussed below regardless of the outcome of these comparisons.

First, I compared the statistically-derived non-weather sensitive usage bill from the test year weather adjustment analyses with the corresponding statistically-derived usage per bill from the longer period analysis. I would expect that the

statistically-determined base load usage per residential bill (i.e., the usage not explained by weather variations for the test year weather adjustments) for the test year would be lower than the corresponding estimated base load residential usage over the March 1994 through June 2003 period because of load attrition over the 1994 through 2003 period. In fact, the statistical results are consistent with this expectation for the residential class in each of the three regions. While changes in the service characteristics of general service customer base over the nine year period may negate similar results for the general service classes, I found the same pattern for the LGS class for each of the two regions included in the historical analysis and for the SGS class in Kansas City and St. Joseph as observed for the residential class in each region.

Second, I performed a comparison based on results shown in the American Gas Association's "Patterns in Residential Natural Gas Consumption" (February 11, 2000). This publication shows that weather normalized use per residential customer per year declined by 25.4 Mcf over the 17 year period from 1980 to 1997 in the Midwest (Table 1, page 6). This amounts to a 1.25 Ccf per bill per year impact (or, 25.4 Mcf/customer x 10 Ccf/Mcf ÷ 12 bills/customer = 21.167 Ccf/bill over 17 years, or 1.25 Ccf/year). This publication also estimates that over the next 10 years beginning in 1997, increased space and water heating efficiency will cause a further decline of 14.6 Mcf per residential customer in the Midwest. This amounts an additional 1.22 Ccf per bill impact. Using these results, one would expect annual residential usage declines in the range of 1.25 Ccf per bill to

2.47 Ccf per bill. The statistical results developed for the purpose of this proceeding fall within this range – declines of 1.51 Ccf in Kansas City, 1.45 Ccf in Joplin, and 2.07 Ccf in St. Joseph.

Third, I compared year-by-year changes in per regular bill gas usage in the typically non-weather sensitive months of July through September. Schedule FJC-1 graphically shows these comparisons for the residential class. In each of these three non-weather sensitive months, residential gas usage consistently declines over the nine year period. Schedule FJC-2 graphically shows year-by-year comparisons for the SGS class. This graph also suggests a declining usage pattern in these non-weather sensitive months for the SGS class. Residential and SGS base load attrition is certainly reflected in these data.

Q. HOW HAVE YOU USED THE STATISTICALLY SIGNIFICANT USAGE TREND RESULTS TO DEVELOP THE ATTRITION ADJUSTMENT?

A. The test year in this filing is the year ended June 30, 2003. With the 11 month statutory time frame allowed to process this case, new rates will become effective in early October 2004, 15 months after the end of the test year in this case. I conservatively calculate the load attrition adjustment by using the statistical results to determine the volume decline and associated revenue loss from the test year customers over a 15 month period. The resulting load attrition requires residential adjustments of (10,159,306 Ccf) and ($1,160,498) and commercial adjustments of (4,901,573 Ccf) and ($469,220). The commercial adjustments are

composed of SGS adjustments of (3,913,397 Ccf) and ($389,289) and LGS adjustments of (988,176 Ccf) and ($79,931).

Q. PLEASE EXPLAIN WHY YOU INDICATE THAT YOUR LOAD ATTRITION ADJUSTMENT IS CONSERVATIVE.

A. My adjustment only updates the billing determinants to the point in time when new rates become effective. Continuing declining usage (assuming normal weather) will prevent the Company from achieving the revenue level used to set rates even during the very first year when new rates are in effect. As a result, it would be reasonable for the Commission to extend the adjustment to capture the impact of declining usage during the first year when new rates are in effect or for some longer period.

Q. PLEASE EXPAIN THE NEXT ADJUSTMENT, THE APARTMENT/RENTAL UNIT RELCASSIFICATION ADJUSTMENT, SHOWN ON LINE 6 OF SCHEDULE H-2.

A. In paragraph 5 of the Second Revised Stipulation and Agreement in Case No. GR-2001-292, the Company agreed to quantify the revenue shift associated with changing the definition of residential service its tariff to include service to rental housing units that receive service under the name of the landlord or owner, consistent with the Office of Public Counsel ("OPC") witness recommendation in that rate proceeding. Currently, service to such facilities with the landlord or owner as the customer is provided under general service tariffs. This adjustment

involves the reclassification of identified general service customers, all but two of which are SGS customers, to the residential class. Residential volumes and revenues are increased to reflect the reclassification, while general service volumes and revenues are decreased. The total adjustment involves a reduction of $467,795 in revenue, composed of a $2,553,633 addition to residential revenue and a reduction of $3,021,428 in commercial revenues, or reductions of $3,012,313 and $9,115 in SGS and LGS revenue, respectively.

The Company does not object to the Commission adopting the OPC recommendation from the last case as long of the revenue shift consequences are recognized in setting the Company's revenue deficiency. The Company's as adjusted revenues used in developing the deficiency in this filing assuming the Commission will adopt this recommendation. If the Commission elects to continue with the current definition of residential service and not make this change, the adjustment should be eliminated and the resulting revenue deficiency recalculated.

Q. PLEASE EXPLAIN THE GENERAL SERVICE – LARGE VOLUME SWITCHING ADJUSTMENT SHOWN ON LINE 7 OF SCHEDULE H-2.

A. This adjustment is composed of two components. First, the adjustment annualizes the effect of SGS and LGS customers who switched to LVS during the test year. SGS and LGS customer charge and volumetric revenue derived while these customers were served under SGS and LGS tariffs is removed from general

service revenue, and the associated volumes and customer counts are repriced at LVS rates and added LVS revenue. The net effect of the adjustment is to reflect the revenue that would have been derived if these customers had been LVS customers during the entire test year. This component of the adjustment also includes annualizing the customer charge revenue for a new LVS customer who initiated service during the latter part of the test year. This portion of the adjustment reflects a volume shift of 3,221,678 Ccf from SGS and LGS to LVS, a reduction of $336,837 in SGS and LGS revenue and an increase of $178,052 in LVS revenue. The net effect is a reduction of $158,784 in revenue.

The second component of the adjustment annualizes the effect of LVS customers who switched to SGS or LGS during the test year. LVS customer charge and volumetric revenue derived while these customers were served under the LVS tariff is removed from LVS revenue, and SGS or LGS customer charge and volumetric revenue is added to reflect the revenue that would be derived if these customers had been SGS or LGS customers during the entire test year. This portion of the adjustment also includes the revenue loss associated with four LVS customers who terminated service during the test year. This portion of the adjustment reflects an addition of 39,260 Ccf in SGS and LGS volumes, a loss of 145,040 Ccf in LVS volumes, an addition $4,727 in SGS and LGS revenue, and a reduction of $26,614 in LVS revenue. The net effect is a reduction of $21,887 in revenue.

The total revenue adjustment $180,671 is shown on line 7, column g. Note that the portion of the adjustment associated with the LVS customer charge revenue additions, an amount totaling $45,023, is included in Account 481.1. As a result, the amount of the adjustment shown for transportation revenues in column (e) is the total LVS revenue addition of $141,428, or $178,052 less $26,614, less $45,023. Similarly, the $287,087 amount shown in column (c) is composed of the $332,110 reduction in SGS and LGS revenue plus the LVS customer charge revenue addition of $45,023.

Q. PLEASE EXPLAIN THE NEXT ADJUSTMENT, THE FLEX RATE ANNUALIZATION ADJUSTMENT, SHOWN ON LINE 8 OF SCHEDULE H-2.

A. At the beginning of the test year, the Company served four flex rate customers, one with two locations. During the year, the Company negotiated a higher contract rate for the customer with two locations, and terminated the flex rate contracts of two other customers. This adjustment annualizes the contract rate increase for the two-location customer. To recognize the ongoing effect of the two terminated contracts, this adjustment also reprices the volumes of the two customers at LVS rates for the time during which they received service under the flex rate contracts. The net effect of this adjustment is to add $7,832 to test year revenue.

Q. PLEASE EXPLAIN THE ECONOMIC DEVELOPMENT RIDER ADJUSTMENT SHOWN ON LINE 9 OF SCHEDULE H-2.

A. Under the Economic Development Rider ("EDR"), economic development rate discounts decline over a five-year period, after which full tariff rates are applied. During the test year, one customer received EDR discounts totaling $11,336. Had the discounts for the customer been based on the discounts in effect at the end of the year, the discounts would have been $8,502. The difference between the two amounts, of $2,834, is added to test year revenue so that adjusted revenue reflects the discount level in effect at the end of the test year.

Q. PLEASE EXPAIN THE LAST ADJUSTMENT, SERVICE CHARGE CHANGES, SHOWN ON LINE 10 OF SCHEDULE H-2.

A. The Company proposes to increase connection and reconnection fees and the transfer fee to bring these charges closer to the cost of providing these services. The following table shows the current and proposed level of the service charges that are changed and the cost of each service:

Service	Current Charge	Proposed Charge	Cost
Connection	$ 20.00	$ 45.00	$ 51.89
Standard Reconnection	$ 35.00	$ 45.00	$ 51.89
Reconnect at the Curb	$ 56.00	$425.00	$425.00
Reconnect at the Main	$106.00	$425.00	$425.00
Transfer	$ 5.00	$ 6.50	$ 7.85

To the extent that service charges are moved closer to the costs to provide the services, customers who cause these costs to be incurred are paying for a greater portion of them, and other customers bear a smaller portion of these costs through charges for their monthly gas service.

This adjustment increases test year revenue to reflect the added service charge revenue that would be collected if these revised charges had been in place during the test year. Specifically, $1,395,364 of additional revenue would be derived from the proposed service charge changes, added revenue that offsets the amount that must be collected from customers through recurring monthly charges for gas service.

2. CLASS COST OF SERVICE STUDY

Q. HAS THE COMPANY PREPARED A CLASS COST OF SERVICE STUDY AS PART OF THIS FILING?

A. Yes. Schedule FJC-3 summarizes the results of this study.

Q. BRIEFLY DESCRIBE THE COST OF SERVICE STUDY AND ITS PURPOSE.

A. The class cost of service study distributes the Company's revenue requirement to each customer class based on the cost to serve the class. In other words, the Company's test year operations and maintenance expenses, depreciation, taxes, and required return that are combined to determine its revenue requirement, or cost of service, are distributed to each customer class based on cost causation principles.

The study first classifies all of the components of the cost of service into customer, demand, and commodity costs. Customer costs depend on the number of customers served, whether or not any gas is used. One example is the cost of the meter at a customer's premises. Demand costs depend on the maximum delivery requirements of the distribution system. An example is the cost of city gate measuring and regulating equipment that is sized to meet peak requirements. Commodity costs are volume-related costs that vary by the amount of gas used by customers. To the extent that a company's sales expense is driven by efforts to add load, this expense would be considered a commodity cost.

The classified costs are then allocated to customer classes. Class allocations are based on relative number of customers for customer costs, contributions to peak requirements for demand costs, and relative volumes for commodity costs.

Lines 1 through 3 of Schedule FJC-3, page 1 show the results of the classification and allocation of the Company's revenue requirement in this filing. Line 4 sums the customer, demand, and commodity costs shown on lines 1 through 3. Revenues derived from service charges and late payment charges, shown on line 5, column (b), are credited to each customer class based on each class' cost of service to determine the amounts that must be recovered from cost of service rates, i.e., monthly customer charges and volumetric rates, according to the cost of service study. Line 6 shows the cost of service for each class net of the service charge revenue credit, and line 7 shows each class' as adjusted cost of service

revenue at current rates. Line 8, or the difference between line 6 and line 7, shows how the filed revenue deficiency should be collected from the various customer classes if the cost of service study is used to make this determination.

The cost of service study results provide a useful guide or starting point for distributing the revenue increase to customer classes and in designing rates. While reliance on the cost of service study results to design rates would produce cost-based rates, numerous judgments are required in preparation of a cost of service study, and cost of service study results can vary from one analyst to another. As a result, regulatory authorities frequently do not base their decisions on class revenue allocation and rate design solely on cost of service studies. Other factors, such as the magnitude of rate changes for each customer classes, typically enter into their decision making.

I explain how the Company uses its cost of service study results and other considerations in its class revenue allocation and rate design recommendations in the next section of my testimony.

Q. BRIEFLY DESCRIBE THE REMAINING PORTIONS OF SCHEDULE FJC-3.

A. Following the Class Cost of Service – Summary is the Classified Rate Base (page 2 through page 4) in which each of the plant and other rate base items is classified by cost type. Page 5 through page 7 provide the Classified Cost of Service in

which operating expenses, depreciation expense, return, and tax elements are split into customer, demand, and commodity components. Classification factors used in development of the Classified Rate Base and Classified Cost of Service are shown on page 8 through page 11.

The remainder of Schedule FJC-3 shows the results of the allocation of the classified cost elements, both the Allocated Rate Base (page 12 through page 18) and Allocated Cost of Service (pages 19 through 26). Pages 27 through 29 provide the allocation factors that are used in the development of the Allocated Rate Base and Allocated Cost of Service.

Q. IN CLASSIFYING THE ELEMENTS OF THE COST OF SERVICE, IS EACH ELEMENT EITHER A CUSTOMER COST, A DEMAND COST, OR A COMMODITY COST?

A. No. Several examples illustrate that a number of cost of service elements involve a mixture of cost classifications. For example, Account 885, Maintenance Supervision and Engineering, supports the maintenance of various types of plant and equipment. As a result, this expense is classified based on the classification of the composite of plant and equipment maintenance expenses. Or, Account 874, Mains and Services Expense, involves the expense associated with both mains and services. It is, therefore, classified based on the classification of the combination of mains and services investment.

Mains investment is another example of a mixed classification. As a gas distribution utility expands its system of mains to reach new customers, its mains must be built simply to reach these customers regardless of the amount of gas that they use; however, the sizing of the mains depends on the expected usage of the customers during peak periods. As a result, mains costs involve both customer and demand components.

The Company has conducted a separate study to split the investment in mains between customer and demand components. This study, which employs a zero-intercept method, statistically estimates the relationship between the current installed cost per foot of mains and mains size (in inches), taking into consideration different pipe compositions. Schedule FJC-4 provides a graph showing the results of the best fit analysis, results that indicate that the cost per foot of each mains type increases at an increasing rate in moving from smaller to larger pipe sizes. The customer-component of the mains investment entails the investment needed merely to reach the customer, not the portion of the investment associated with serving the customer's demand. This component is isolated by calculating the cost of a zero inch pipe based on the statistical results. In this case, the zero inch cost is $1.92 per foot for plastic pipe, $6.84 per foot for steel and copper, and $39.17 per foot for cast iron. Applying these prices to the current system footage of various pipe types yields the current cost of a zero inch system. Applying the statistical results to the current system footage of various pipe types and actual sizes yields the current cost of the system as currently configured. The

ratio of the current cost of the zero inch system to the current cost of the system as configured is the portion of the mains investment that is considered customer-related. In this study, 34.7% of the mains investment is considered customer-related. The remaining 65.3% of the investment is considered demand-related, or the portion associated with sizing the system to meet customer demands. These factors are used to classify mains-related cost of service elements (see Schedule FJC-3, page 11, line 119).

Q. YOU INDICATED THAT CUSTOMER-RELATED COSTS ARE ALLOCATED BASED ON THE RELATIVE NUMBER OF CUSTOMERS IN EACH CLASS. ARE THE RELATIVE CUSTOMER COUNTS CALCULATED AS THE NUMBERS OF CUSTOMERS IN EACH CLASS RELATIVE TO THE TOTAL NUMBER OF CUSTOMERS?

A. While customer counts calculated in this manner are used to allocate certain customer costs, such as the customer-related portion of the mains investment, weighted customer-related factors are developed in a number of instances to recognize that certain customer-related costs may not vary simply with customer counts, but may depend also on customer "size". For example, cost elements related to meters are based on weighted customer counts in which the weights are based on typical costs of meters used to serve each customer class. Similar weighted customer allocators are developed for meter installations, services, and regulators. In addition, because various allocated costs depend on customer costs that are allocated based on more than one customer allocator, such as the

materials and supplies allocation based total plant, a number of combined customer-related allocations are needed (see Schedule FJC-3, page 28 and 29).

3. CLASS REVENUE ALLOCATION AND RATE DESIGN

Q. PLEASE EXPLAIN THE COMPANY'S PROPOSED ALLOCATION OF THE REVENUE INCREASE TO CUSTOMER CLASSES.

A. The class cost of service study indicates that increases are required for the residential, SGS, and LVS classes and a decrease is indicated for the LGS class. Recognizing the sizable overall revenue increase required in this filing, the Company proposes that the indicated decrease for the LGS class not be implemented. Instead, the Company proposes no change in overall revenue for the LGS class. The increases for the other classes are determined by using the cost of service results with the indicated LGS decrease spread to these classes based on the relative cost of service of each class. This recommendation moves class revenue responsibilities close to the cost of service, while tempering the results slightly by not implementing the LGS decrease as shown below:

	All Classes	Residential	SGS	LGS	LVS
Cost of Service Study	$ 44,875,635	$ 35,162,375	$ 8,629,972	$ (428,008)	$ 1,511,296
Proposed Change	$ 44,875,635	$ 34,843,180	$ 8,550,228	$ -	$ 1,482,228

Q. PLEASE EXPLAIN THE COMPANY'S PROPOSED RESIDENTIAL RATE DESIGN.

A. In Case No. GR-2002-356, the Commission approved a weather mitigation rate design for Laclede Gas Company ("Laclede"). The Company proposes to mirror the design approved by the Commission in designing residential rates in this case. With the Laclede residential rate design, all delivery costs in the winter are recovered in the first rate block (up to 65 therms). To offset the bill impacts to small and moderate size users, an inverted block PGA is introduced in which the first block charge (up to 65 therms) is lower than the second block charge. The blocked PGA is structured so winter gas costs are recovered and the total rate, i.e. delivery charge per unit plus PGA, is unchanged, ensuring that smaller customers do not pay more as a result of the shift of delivery cost recovery to the first block.

The 65 therm block used in the Laclede case was based on the existing residential rate structure. While the Company does not now have a blocked residential rate structure, the proposed blocking produces comparable results to the Laclede rate design. Specifically, Laclede reported that 45% of its winter volumetric revenues were derived in its second rate block. Based on the Company's bill frequencies for the test year adjusted billing determinants, a rate structure with blocks of "up to 68 Ccf" and "greater than 68 Ccf" would result in 45% of the Company's winter (November through April) volumetric revenue falling in the second block. Thus, a 68 Ccf break is used to structure the two-block, weather-mitigation residential rate design.

With the current PGA of $0.75056 and current residential revenues as adjusted, the following table shows how winter rates would be restructured (note that very minor differences occur as a result of rounding to five decimal places for the purpose of stating rates):

	Per-Unit Delivery Charge	PGA Rate	Total Rate
Current Design			
All Ccf	$0.11423	$0.75056	$0.86479
Revised Design			
First 68 Ccf	$0.21839	$0.64640	$0.86479
Over 68 Ccf	-	$0.86485	$0.86485

This approach in designing the winter blocked rate and associated blocked PGA rate is employed in developing residential rates to collect the proposed level of revenues in this case. In order to develop those rates, I must first explain the method by which the Company proposes to recover the residential revenue increase through changes in the customer charge and volumetric rates.

Q. PLEASE EXPLAIN HOW THE COMPANY PROPOSES TO RECOVER THE ASSIGNED RESIDENTIAL REVENUE.

A. The Company proposes to increase the fixed customer charge from $10.05 to $13.55. There are several reasons for this change. First, by assigning a portion of the revenue increase to the fixed customer charge, increases in winter bills - - those bills customers typically face the greatest difficulty paying -- are mitigated

to some degree. I will provide bill impact comparisons later in my testimony. Second, the cost of service study indicates customer-related costs per residential customer bill are $20.12, well above the proposed customer charge. It is reasonable to collect customer-related costs through a customer-related charge because these costs are caused by the presence of customers not by the volumes that they consume or the demand that they place on the distribution system. Third, while a much higher fixed customer charge is supportable, the Company's proposal increases the charge by the same order of relative magnitude as the assigned non-gas revenue increase.

Q. HOW IS THE REMAINDER OF THE RESIDENTIAL INCREASE TO BE RECOVERED?

A. The difference between the assigned revenue increase and the amount recovered through the increased fixed customer charge is divided by the annualized residential volumes. This volumetric rate change is added to the current rate of $0.11423 per Ccf to yield a per-unit delivery charge $0.15525 per Ccf that will be applied in the summer months, or May through October. While the Laclede rate design had a declining summer block structure prior to implementing the weather-mitigation rate design and has a declining block after the rate design change, the Company does not propose to introduce a declining block summer residential rate structure in this case.

Next, the revenues not recovered through the increased customer charge and higher summer volumetric rate are divided by the winter volumes in the first block, i.e. up to 68 Ccf. The resulting residential rates are as follows:

Fixed Customer Charge: $13.55

Per-Unit Delivery Charge:

Summer (May – October)

All Ccf $0.15525 per Ccf

Winter (November – April)

First 68 Ccf $0.32599 per Ccf

Over 68 Ccf 0

With the current PGA rate of $0.75056, implementation of these delivery rates would require the following residential PGA rates:

Summer (May – October)

All Ccf $0.75056 per Ccf

Winter (November –April)

First 68 Ccf $0.57982 per Ccf

Over 68 Ccf $0.90617 per Ccf

Q. PLEASE DESCRIBE THE BILL IMPACTS ASSOCIATED WITH THE PROPOSED RESIDENTIAL RATE DESIGN.

A. The following table shows the average, as adjusted usage of residential customers in each month of test year and associated bills at current rates and proposed rates, compared to a volumetric-based rate design:

			Proposed Rate Design		Volumetric-Based Rate Design	
Month	Average Use	Current Bill	Bill	Change	Bill	Change
Jan	176	162.25	173.01	10.76	177.85	15.59
Feb	168	155.33	165.76	10.43	170.22	14.88
Mar	138	129.39	138.59	9.19	141.62	12.23
Apr	91	88.75	95.99	7.24	96.81	8.06
May	49	52.42	57.93	5.51	56.77	4.34
Jun	21	28.21	32.57	4.36	30.07	1.86
Jul	16	23.89	28.04	4.16	25.30	1.42
Aug	14	22.16	26.23	4.07	23.40	1.24
Sep	16	23.89	28.04	4.16	25.30	1.42
Oct	26	32.53	37.10	4.57	34.84	2.30
Nov	48	51.56	57.03	5.47	55.81	4.25
Dec	116	110.37	118.64	8.28	120.64	10.28
Winter Average		116.28	124.70	8.56	127.16	10.88
Summer Average		30.52	34.96	4.47	32.61	2.10

The bill comparison shows the seasonal-smoothing effect of increasing the fixed customer charge. By paying somewhat more in the low use summer months, customers experience less significant winter bill impacts with the proposed rate design compared to a volumetric rate design. This benefit of the proposed rate design is amplified in an extremely cold winter. For example, if weather in Kansas City was 25% colder than normal in January, usage would increase about

41 Ccf. Under the proposed rates, the bill would increase about $12 under proposed rates compared to a $19 increase with the volumetric rate design.

Q. PLEASE DESCRIBE THE COMPANY'S PROPOSED RATE DESIGN FOR THE SGS CLASS.

A. The Company proposes to introduce a weather-mitigation rate design within the current SGS blocked rate structure. Currently, the SGS rate structure has two-block rates in both the winter, defined as November through March, and in the summer, April through October. The first step involves redesigning rates to change the definition of the seasons to include April as a winter month, consistent with the residential seasonal definition and the Laclede rate design. Using the new definition of the seasons and associated seasonal volumes, winter per-unit delivery charges are decreased and summer per-unit delivery charges are increased by the same amount per Ccf (approximately ¾ of a cent) to produce an overall revenue neutral result. While this revenue-neutral rate redesign causes the April bill to increase by about 4.6%, average monthly bills over the newly-defined winter season decline by $0.66 per month while average monthly bills over the newly-defined summer season increase by $0.63 per month.

The next step involves determining the extent to which the assigned SGS revenue increase will be collected from the fixed customer charge and from per-unit delivery charges. The Company proposes to increase the SGS customer charge from $13.55 to $18.30. The increase in fixed customer charge is of the same

relative order of magnitude as the increases for the residential class. Furthermore, the proposed charge remains well below the $39.60 customer-related SGS costs shown in the cost of service study.

The difference between the assigned revenue increase and the amount recovered through the increased fixed customer charge is divided by the annualized SGS volumes. This volumetric rate change is added to the current summer rates (adjusted for the seasonal definition change) to yield per-unit delivery charges of $0.134180 per Ccf for the first 600 Ccf and $0.12398 per Ccf for additional Ccfs that will be applied in the summer months, or May through October.

Next, the revenues not recovered through the increased fixed customer charge and higher summer per-unit delivery charges are divided by the winter volumes in the first rate block. The resulting SGS rates are as follows:

Fixed Customer Charge: $18.30

Per-Unit Delivery Charge:

<u>Summer (May – October)</u>

First 600 Ccf $0.13418 per Ccf

Over 600 Ccf $0.12398 per Ccf

<u>Winter (November – April)</u>

First 600 Ccf $0.27698 per Ccf

Over 600 Ccf 0

With the current PGA rate of $0.75056, implementation of these delivery rates would require the following residential PGA rates:

Summer (May – October)

All Ccf $0.75056 per Ccf

Winter (November –April)

First 600 Ccf $0.60776 per Ccf

Over 600 Ccf $0.95323 per Ccf

The second rate block contains about 38% of volumetric revenue for the SGS class, as compared to 45% for the residential class. In order the mirror the residential results, the size of the first rate block would have to be reduced. As a result of changing the seasonal definition for the SGS class, the Company chose not to alter the size of the existing SGS rate blocks in the same proceeding.

Q. PLEASE DESCRIBE THE BILL IMPACTS ASSOCIATED WITH THE PROPOSED SGS RATE DESIGN.

A. The following table shows the average, as adjusted usage of SGS customers in each month of test year and associated bills at current rates, revenue-neutral seasonally redesigned rates, and proposed rates, compared to a volumetric-based rate design:

			Revenue Neutral Rate Redesign		Proposed Rate Design With Required Increase			Volumetric-Based Rate Design With Required Increase		
						Change			Change	
Month	Average Use	Current Bill	Revised Bill	Change	Bill	From Current	From Revised	Bill	From Current	From Revised
Jan	486	443.76	439.93	(3.82)	448.28	4.53	8.35	469.87	26.12	29.94
Feb	489	446.41	442.56	(3.85)	450.94	4.53	8.37	472.69	26.28	30.13
Mar	417	382.68	379.40	(3.28)	387.24	4.56	7.84	405.09	22.41	25.69
Apr	264	234.50	245.17	10.67	251.87	17.37	6.71	261.43	26.93	16.27
May	150	139.09	140.27	1.18	151.01	11.92	10.74	149.51	10.42	9.24
Jun	81	81.34	81.98	0.64	89.96	8.62	7.99	86.97	5.63	4.99
Jul	57	61.26	61.70	0.45	68.73	7.48	7.03	65.22	3.96	3.51
Aug	55	59.58	60.01	0.43	66.96	7.38	6.95	63.40	3.82	3.39
Sep	59	62.93	63.39	0.46	70.50	7.57	7.11	67.03	4.10	3.63
Oct	80	80.50	81.13	0.63	89.08	8.57	7.95	86.06	5.56	4.93
Nov	140	137.48	136.38	(1.10)	142.16	4.69	5.79	145.00	7.52	8.63
Dec	323	299.47	296.93	(2.54)	304.07	4.60	7.14	316.83	17.36	19.90
Winter Average		324.05	323.39	(0.66)	330.76	6.71	7.37	345.15	21.10	21.76
Summer Average		80.78	81.42	0.63	89.37	8.59	7.96	86.36	5.58	4.95

The comparisons show the value of the combination of the increased fixed customer charge and weather-mitigation rate design compared to a volumetrically-based design. By paying somewhat more on average in the

summer, sizable winter bill impacts are avoided. This benefit would be even more pronounced during a winter with abnormally cold weather.

Q. DOES THE COMPANY PROPOSE ANY CHANGES IN RATE DESIGN FOR THE LGS CLASS?

A. The Company proposes no overall revenue change for the class, but it does propose some rate design changes. First, the Company proposes to change the definition of the summer and winter seasons with six months in each season, consistent with the definition of summer and winter for the residential and SGS classes. This change is made on a revenue-neutral basis by reducing per-unit delivery charges in both seasons by $0.00596 per Ccf. Next, the Company proposes to increase the fixed customer charge from its current level of $83.25 to $112.40. The increase in customer charge is of the same relative order of magnitude as the increases for the residential and SGS classes and is supported by the $124.06 of customer-related costs shown in the cost of service study. Finally, per-unit delivery charges in both the summer and winter are reduced by $0.00706 per Ccf to offset the increased fixed customer charge revenue so that the new rates will produce no overall increase for the LGS class.

While the seasonal definition change causes an average April bill to increase by 4.9%, average monthly bills over the newly-defined winter season decrease by an average of $18.95 with the seasonal and fixed customer charge changes. The following table shows the average, as adjusted usage of LGS customers each

month of the test year and the associated bills with current rates and redesigned rates:

Month	Average Use	Current Bill	Redesigned Rates Bill	Redesigned Rates Change
Jan	9,448	8,234.42	8,140.55	(93.86)
Feb	8,426	7,352.70	7,272.14	(80.56)
Mar	7,346	6,420.94	6,354.44	(66.49)
Apr	4,663	3,882.99	4,074.64	191.66
May	2,882	2,431.71	2,423.33	(8.37)
Jun	1,682	1,453.86	1,461.11	7.25
Jul	951	858.19	874.96	16.77
Aug	788	725.37	744.26	18.89
Sep	902	818.26	835.67	17.41
Oct	1,717	1,482.38	1,489.18	6.79
Nov	3,136	2,788.80	2,777.12	(11.68)
Dec	6,292	5,511.61	5,458.54	(52.77)
Winter Average		5,698.58	5,679.62	(18.95)
Summer Average		1,294.96	1,304.75	9.79

Q. PLEASE DESCRIBE THE COMPANY'S RATE DESIGN FOR THE LVS CLASS.

A. First, the Company proposes to change the definition of the summer and winter seasons with six months in each season, consistent with the definition of summer and winter for the residential, SGS, and LGS classes. This change requires a $0.00015 per Ccf reduction in per-unit delivery charges to produce no revenue change for the class. Next, the assigned revenue increase for the LVS class is recovered through an increase in the fixed customer charge. The proposed customer charge represents an increase from $409.30 to $614.00, a level that remains below the $638.31 LVS customer-related costs shown in the class cost of

service study. The remainder of the required increase is recovered by increasing each of per-unit delivery charges by $0.00123 per Ccf.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's Tariff Sheets Designed to Increase Rates for Gas Service in the Company's Missouri Service Area.	))))

AFFIDAVIT OF F. JAY CUMMINGS

STATE OF TEXAS	)	
	)	ss.
COUNTY OF WILLIAMSON	)	

F. Jay Cummings, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

MITCHELL CLIFTON
Notary Public, State of Texas
My Commission Expires
September 26, 2007

F. JAY CUMMINGS

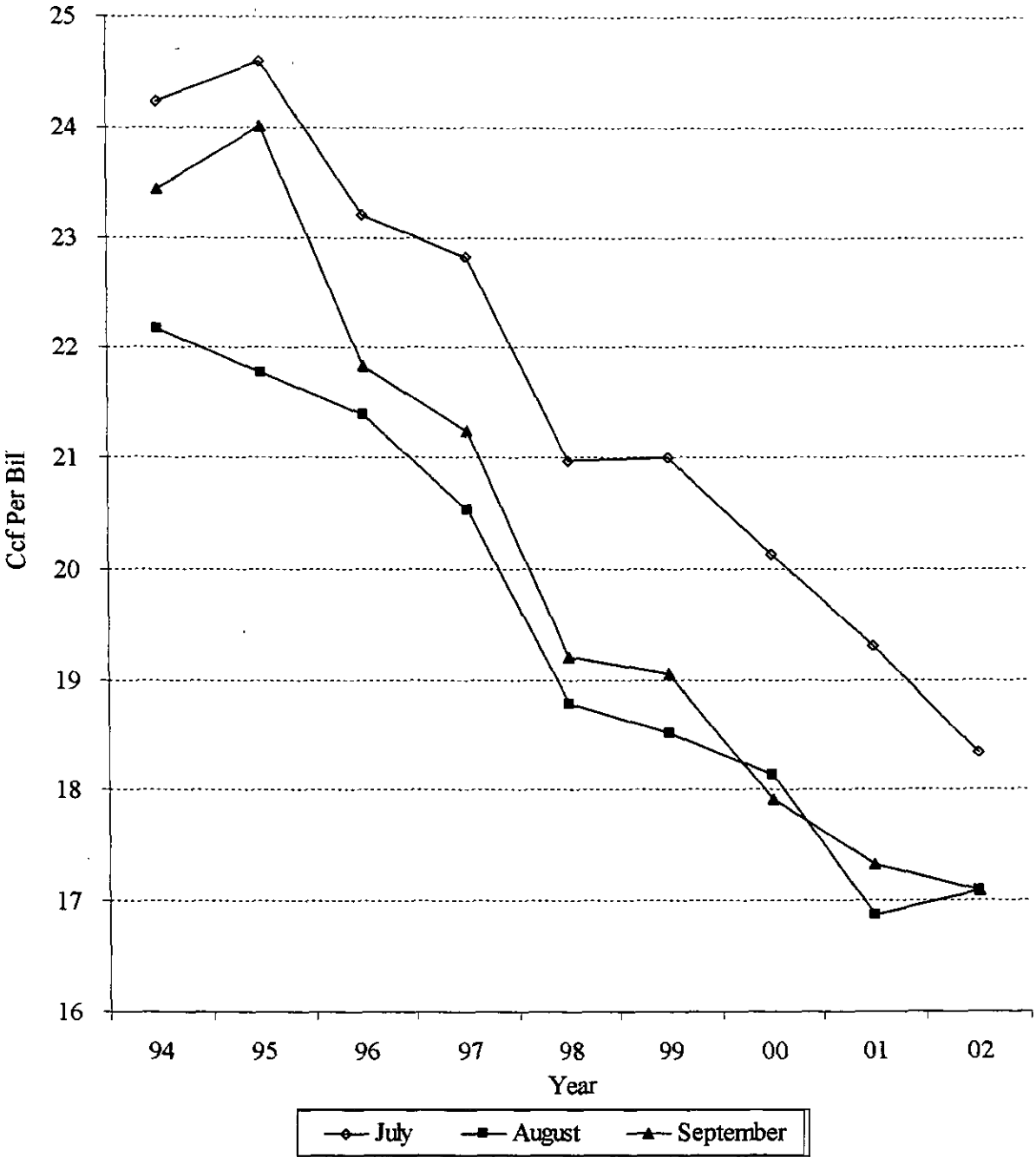
Subscribed and sworn to before me this 29th day of October 2003.

Notary Public

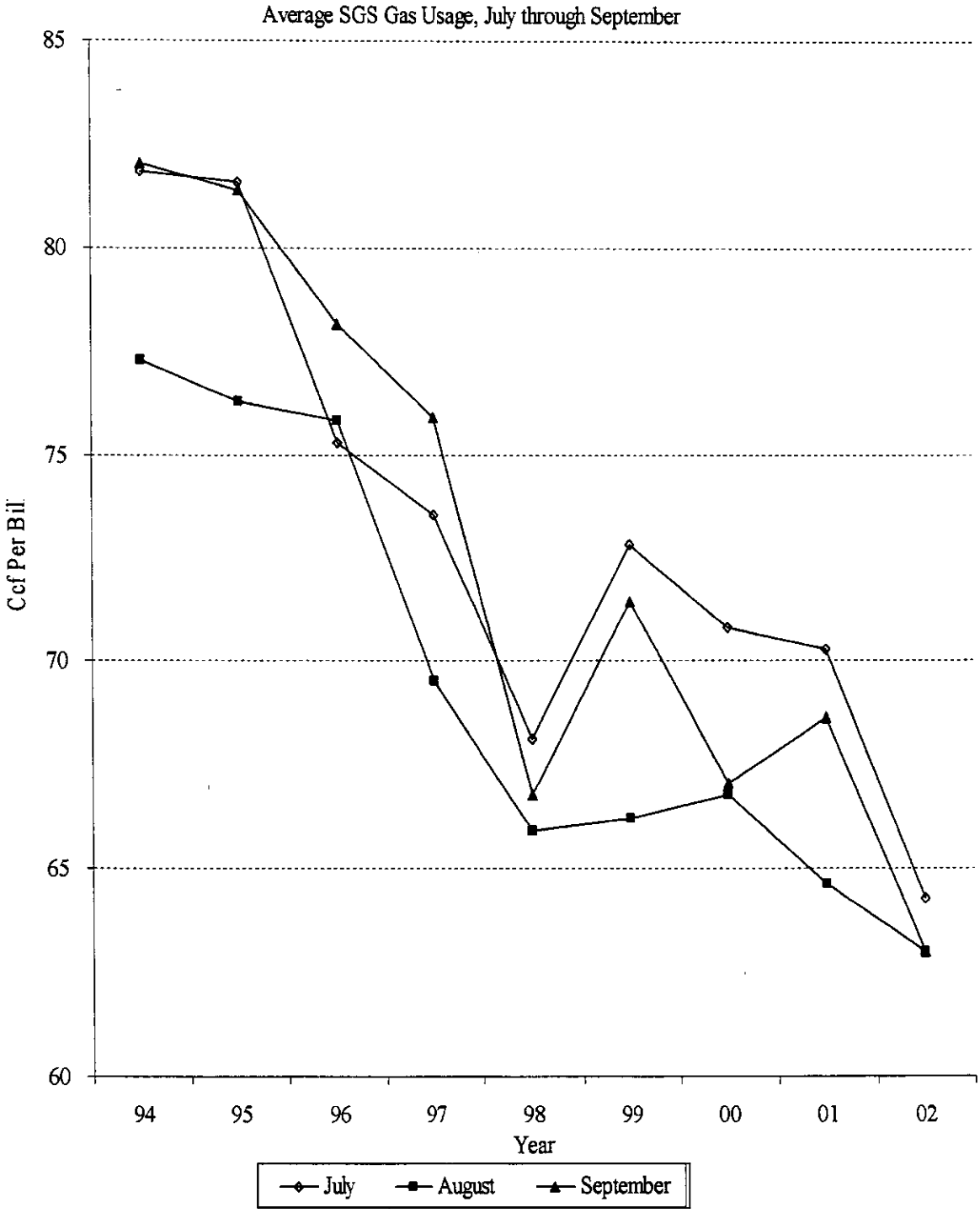
My Commission Expires: 9-26-2007

Schedule FJC-1

Average Residential Gas Usage, July through September



Schedule FJC-2



MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE
	(a)	(b)	(c)	(d)	(e)	(f)
1	Customer Costs	$ 136,686,677	$ 107,406,843	$ 25,065,291	$ 588,282	$ 3,626,260
2	Demand Costs	$ 48,968,963	$ 29,739,972	$ 9,173,344	$ 1,334,940	$ 8,720,706
3	Commodity Costs	$ 503,242	$ 241,545	$ 85,019	$ 11,985	$ 164,692
4	Total Cost of Service Before Revenue Credits	$ 186,158,881	$ 137,388,361	$ 34,323,654	$ 1,935,207	$ 12,511,659
5	Revenues Credited to Cost of Service	$ 4,768,656	$ 3,519,348	$ 879,237	$ 49,572	$ 320,499
6	Total Cost of Service	$ 181,390,225	$ 133,869,013	$ 33,444,417	$ 1,885,635	$ 12,191,160
7	Revenue at Present Rates	$ 136,514,590	$ 98,706,638	$ 24,814,445	$ 2,313,643	$ 10,679,863
8	Revenue Deficiency	$ 44,875,635	$ 35,162,375	$ 8,629,972	$ (428,008)	$ 1,511,296
9	Annual Bills		5,337,625	633,020	4,742	5,681
10	Calculated Customer Cost Per Bill		$20.12	$39.60	$124.06	$638.31

SUMMARY

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	CUSTOMER	DEMAND	COMMODITY	CLASSIFICATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		Intangible Plant					
2	301	Organization	$ 15,600	$ 10,722	$ 4,878	$ -	Distribution Plant
3	302	Franchises	$ 34,630	$ 23,801	$ 10,829	$ -	Distribution Plant
4	303	Miscellaneous Intangible	$ 32,298,090	$ 22,197,865	$ 10,100,225	$ -	Distribution Plant
5		Total Intangible Plant	$ 32,348,320	$ 22,232,387	$ 10,115,933	$ -	
6							
7		Distribution Plant					
8	374	Land & Land Rights	$ 1,564,820	$ 1,075,471	$ 489,349	$ -	Accounts 376-385
9	375	Structures & Improvements	$ 6,040,183	$ 4,151,303	$ 1,888,880	$ -	Accounts 376-385
10	376	Mains	$ 304,029,676	$ 105,544,045	$ 198,485,631	$ -	Mains Study
11	378	Meas. & Reg. Sta. Equip.-General	$ 11,107,105	$ -	$ 11,107,105	$ -	Demand
12	379	Meas. & Reg. Sta. Equip.-City Gate	$ 3,208,061	$ -	$ 3,208,061	$ -	Demand
13	380	Services	$ 264,934,244	$ 264,934,244	$ -	$ -	Customer
14	381	Meters	$ 29,038,444	$ 29,038,444	$ -	$ -	Customer
15	382	Meter Installations	$ 57,522,436	$ 57,522,436	$ -	$ -	Customer
16	383	House Regulators	$ 10,294,689	$ 10,294,689	$ -	$ -	Customer
17	385	Electronic Gas Measurement	$ 351,092	$ 351,092	$ -	$ -	Customer
18		Total Distribution Plant	$ 688,090,750	$ 472,911,725	$ 215,179,025	$ -	
19							
20		General Plant					
21	389	Land & Land Rights	$ 468,315	$ 384,027	$ 81,357	$ 2,932	Operating Expenses
22	390	Structures & Improvements	$ 1,998,409	$ 1,638,730	$ 347,168	$ 12,511	Operating Expenses
23	391	Office Furniture & Equipment	$ 4,475,118	$ 3,669,675	$ 777,427	$ 28,015	Operating Expenses
24	392	Transportation Equipment	$ 4,634,044	$ 3,799,997	$ 805,036	$ 29,010	Operating Expenses
25	393	Stores Equipment	$ 540,775	$ 443,445	$ 93,945	$ 3,385	Operating Expenses
26	394	Tools, Shop & Garage	$ 4,709,122	$ 3,861,563	$ 818,079	$ 29,480	Operating Expenses

CLASSIFIED RATE BASE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	CUSTOMER	DEMAND	COMMODITY	CLASSIFICATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
27	396	Power Operated Equipment	$ 325,741	$ 267,113	$ 56,588	$ 2,039	Operating Expenses
28	397.1	Communication Equipment -AMR	$ 34,236,118	$ 34,236,118	$ -	$ -	Customer
29	397	Communication Equipment	$ 2,813,804	$ 2,307,369	$ 488,820	$ 17,615	Operating Expenses
30	398	Miscellaneous General Plant	$ 196,358	$ 161,017	$ 34,112	$ 1,229	Operating Expenses
	389-98	Total General Plant	$ 54,397,804	$ 50,769,055	$ 3,502,532	$ 126,218	
31							
32		Total Plant in Service	$ 774,836,874	$ 545,913,166	$ 228,797,490	$ 126,218	
33							
34		Accumulated Depreciation					
35	303	Miscellaneous Intangible	$ -	$ -	$ -	$ -	Applicable Plant Account
36	374	Land Rights	$ (298,680)	$ (205,277)	$ (93,403)	$ -	Applicable Plant Account
37	375	Structures	$ (1,139,382)	$ (783,076)	$ (356,306)	$ -	Applicable Plant Account
38	376	Mains	$ (92,108,138)	$ (31,975,384)	$ (60,132,754)	$ -	Applicable Plant Account
39	378	Meas. & Reg. Sta. Equip. - General	$ (2,817,796)	$ -	$ (2,817,796)	$ -	Applicable Plant Account
40	379	Meas. & Reg. Sta. Equip. - City Gate	$ (634,502)	$ -	$ (634,502)	$ -	Applicable Plant Account
41	380	Services	$ (112,789,433)	$ (112,789,433)	$ -	$ -	Applicable Plant Account
42	381	Meters	$ (2,496,852)	(2,496,852)	-	-	Applicable Plant Account
43	382	Meter Installations	$ (9,713,598)	(9,713,598)	-	-	Applicable Plant Account
44	383	House Regulators	$ (1,446,303)	(1,446,303)	-	-	Applicable Plant Account
45	385	Electronic Gas Measurement	$ (71,206)	(71,206)	-	-	Applicable Plant Account
46	389-98	General Plant	$ (11,739,064)	$ (10,955,979)	$ (755,848)	$ (27,238)	Applicable Plant Account
47		Salvage	$ (16,616)	$ (11,719)	$ (4,894)	$ (3)	Distribution and Gen. Plant
48		Acc. Amort. of LH Improvements	$ (15,682,381)	(10,778,203)	(4,904,178)	-	Applicable Plant Account
49		Total Accumulated Depreciation	$ (250,953,951)	$ (181,227,029)	$ (69,699,681)	$ (27,241)	Applicable Plant Account
50							
51		Net Plant in Service	$ 523,882,923	$ 364,686,137	$ 159,097,809	$ 98,977	
52							

CLASSIFIED RATE BASE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	CUSTOMER	DEMAND	COMMODITY	CLASSIFICATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
53		SLRP Deferrals & Deferred Taxes	$ 12,758,844	$ 8,307,864	$ 4,450,980	$ -	Mains and Services
54		Customer Deposits	$ (3,671,229)	$ (3,671,229)	$ -	$ -	Customer
55		Customer Advances	$ (10,305,989)	$ (6,710,698)	$ (3,595,291)	$ -	Mains and Services
56		Deferred Income Taxes	$ (61,024,830)	$ (42,995,189)	$ (18,019,700)	$ (9,941)	Total Plant in Service
57		Materials and Supplies/Prepayments	$ 2,699,765	$ 1,902,126	$ 797,199	$ 440	Total Plant in Service
58		Prepaid Pension	$ 11,225,181	$ 9,204,846	$ 1,950,063	$ 70,273	Operating Expenses
59		Gas Inventory	$ 51,663,911	$ -	$ 51,663,911	$ -	Demand
60		Cash Working Capital	$ 5,590,455	$ 4,584,271	$ 971,186	$ 34,998	Operating Expenses
61		Alternative Minimum Tax Credit	$ 11,588,953	$ 8,165,024	$ 3,422,041	$ 1,888	Total Plant in Service
62		ECWR Deferrals	$ 739,923	$ 739,923	$ -	$ -	Customer
63							
64		Total Rate Base	$ 545,147,907	$ 344,213,074	$ 200,738,198	$ 196,634	

CLASSIFIED RATE BASE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	CUSTOMER	DEMAND	COMMODITY	CLASSIFICATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		Distribution Operations Expenses					
2	870	Operation Supervision & Engineering	$ 520,919	$ 439,070	$ 81,140	$ 708	Accts. 871-879
3	871	Load Dispatching	$ 13,826	$ -	$ -	$ 13,826	Commodity
4	874	Mains and Services Expenses	$ 2,592,909	$ 1,688,361	$ 904,548	$ -	Mains & Services
5	875	Regulator Station Expenses	$ 678,957	$ -	$ 678,957	$ -	Demand
6	876	Measuring & Regulating Station Expenses-Ind.	$ 4,862	$ 4,862	$ -	$ -	Customer
7	877	Measuring & Regulating Station Expenses-City Gate	$ 4,531	$ -	$ 4,531	$ -	Demand
8	878	Meter and House Regulator Expenses	$ 4,484,707	$ 4,484,707	$ -	$ -	Customer
9	879	Customer Installation Expenses	$ 2,390,820	$ 2,390,820	$ -	$ -	Customer
10	880	Other Expenses	$ 1,145,602	$ 965,601	$ 178,443	$ 1,558	Accts. 871-879
11	881	Rents	$ 69,814	$ 58,845	$ 10,874	$ 95	Accts. 871-879
12		Total Distribution Operations Expenses	$ 11,906,947	$ 10,032,266	$ 1,858,494	$ 16,187	
13							
14		Distribution Maintenance Expenses					
15	885	Maintenance Supervision & Engineering	$ 831,459	$ 390,088	$ 441,371	$ -	Accounts 887-893
16	886	Maintenance of Structures & Improvements	$ 146,920	$ 68,929	$ 77,991	$ -	Accounts 887-893
17	887	Maintenance of Mains	$ 7,066,293	$ 2,453,067	$ 4,613,226	$ -	Mains Study
18	889	Maint. of Meas. & Reg. Sta. Equipment	$ 220,356	$ -	$ 220,356	$ -	Demand
19	890	Maint. of Meas. & Reg. Sta. Equip. - Ind.	$ 323,880	$ 323,880	$ -	$ -	Customer
20	891	Main. Of Meas. & Reg. Sta. Equip. - City Gate	$ 82,669	$ -	$ 82,669	$ -	Demand
21	892	Maintenance of Services	$ 589,144	$ 589,144	$ -	$ -	Customer
22	893	Maintenance of Meters & House Regulators	$ 905,884	$ 905,884	$ -	$ -	Customer
23	894	Maintenance of Other Equipment	$ 233,319	$ 109,464	$ 123,855	$ -	Accounts 887-893
24		Total Distribution Maintenance Expenses	$ 10,399,924	$ 4,840,457	$ 5,559,467	$ -	
25							
26		Total Operations & Maintenance Expenses	$ 22,306,871	$ 14,872,723	$ 7,417,961	$ 16,187	

CLASSIFIED COST OF SERVICE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	CUSTOMER	DEMAND	COMMODITY	CLASSIFICATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
27		Customer Accounts Expenses					
28	901	Supervision	$ 590,332	$ 590,332	$ -	$ -	Customer
29	902	Meter Reading Expenses	$ 665,467	$ 665,467	$ -	$ -	Customer
30	903	Customer Records & Collection Expenses	$ 10,022,136	$ 10,022,136	$ -	$ -	Customer
31	904	Uncollectible Accounts	$ 8,140,298	$ 8,140,298	$ -	$ -	Customer
32	905	Miscellaneous Customer Accounts Expenses	$ 85,374	$ 85,374	$ -	$ -	Customer
33		Total Customer Accounts Expenses	$ 19,503,607	$ 19,503,607	$ -	$ -	
34							
35		Customer Service Expenses					
36	908	Customer Assistance	$ 584,026	$ 584,026	$ -	$ -	Customer
37	909	Informational & Instructional Advertising	$ 43,018	$ 43,018	$ -	$ -	Customer
38	910	Miscellaneous Customer Accounts Expenses	$ 11,492	$ 11,492	$ -	$ -	Customer
39		Total Customer Service Expenses	$ 638,536	$ 638,536	$ -	$ -	
40							
41		Sales and Advertising Expenses					
42	912	Demonstration and Selling Expense	$ 249,451	$ -	$ -	$ 249,451	Commodity
43	916	Miscellaneous Sales	$ 1,676	$ -	$ -	$ 1,676	Commodity
44		Total Sales and Advertising Expenses	$ 251,127	$ -	$ -	$ 251,127	
45							
46	921-930's	Administrative & General Expenses	$ 32,303,346	$ 26,489,311	$ 5,611,807	$ 202,228	Operating Expenses Without A&G Expenses
47							
48		Depreciation Expense					
49	303	Miscellaneous Intangible	$ -	$ -	$ -	$ -	Applicable Plant Account
50	374	Land Rights	$ 27,679	$ 19,023	$ 8,656	$ -	Applicable Plant Account
51	375	Structures	$ 121,408	$ 83,441	$ 37,967	$ -	Applicable Plant Account

LINE	ACCT.	DESCRIPTION	TOTAL	CUSTOMER	DEMAND	COMMODITY	CLASSIFICATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
52		Depreciation Expenses (Continued)					
53	376	Mains	$ 6,384,623	$ 2,216,425	$ 4,168,198	$ -	Applicable Plant Account
54	378	Meas. & Reg. Sta. Equip. - General	$ 354,317	$ -	$ 354,317	$ -	Applicable Plant Account
55	379	Meas. & Reg. Sta. Equip. - City Gate	$ 82,126	$ -	$ 82,126	$ -	Applicable Plant Account
56	380	Services	$ 12,133,988	$ 12,133,988	$ -	$ -	Applicable Plant Account
57	381	Meters	$ 714,346	$ 714,346	$ -	$ -	Applicable Plant Account
58	382	Meter Installations	$ 1,420,804	$ 1,420,804	$ -	$ -	Applicable Plant Account
59	383	House Regulators	$ 233,689	$ 233,689	$ -	$ -	Applicable Plant Account
60	385	Electronic Gas Measurement	$ 17,555	$ 17,555	$ -	$ -	Applicable Plant Account
61	389-398	General Plant	$ 2,549,838	$ 2,379,744	$ 164,177	$ 5,916	Applicable Plant Account
62		Total Depreciation Expense	$ 24,040,373	$ 19,219,016	$ 4,815,441	$ 5,916	
63							
64	404-405	Amortization Expense -SLRP	$ 3,125,831	$ 2,035,371	$ 1,090,460	$ -	Mains & Services
65	404-405	Amortization Expense - Other	$ 847,427	$ 582,421	$ 265,006	$ -	Misc. Intangible Plant
66	4081	Taxes Other Than Income Taxes	$ 10,895,071	$ 7,676,148	$ 3,217,148	$ 1,775	Total Plant in Service
67	431	Interest on Customer Deposits	$ 141,343	$ 141,343	$ -	$ -	Customer
68		Return	$ 51,337,448	$ 32,415,094	$ 18,903,836	$ 18,517	Total Rate Base
69		Income Taxes	$ 20,767,901	$ 13,113,107	$ 7,647,303	$ 7,491	Total Rate Base
70							
71		Total Cost of Service Before Revenue Credits	$ 186,158,881	$ 136,686,677	$ 48,968,963	$ 503,242	

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	DESCRIPTION		TOTAL	CUSTOMER	DEMAND	COMMODITY
	(b)	(a)	(b)	(c)	(d)	(e)
1	**Customer Factor**			**1.00000**	**0.00000**	**0.00000**
2						
3	**Demand Factor**			**0.00000**	**1.00000**	**0.00000**
4						
5	**Commodity Factor**			**0.00000**	**0.00000**	**1.00000**
6						
7	376	Mains	$ 304,029,676	$ 105,544,045	$ 198,485,631	$ -
8	378	Meas. & Reg. Sta. Equip.-General	$ 11,107,105	$ -	$ 11,107,105	$ -
9	379	Meas. & Reg. Sta. Equip.-City Gate	$ 3,208,061	$ -	$ 3,208,061	$ -
10	380	Services	$ 264,934,244	$ 264,934,244	$ -	$ -
11	381	Meters	$ 29,038,444	$ 29,038,444	$ -	$ -
12	382	Meter Installations	$ 57,522,436	$ 57,522,436	$ -	$ -
13	383	House Regulators	$ 10,294,689	$ 10,294,689	$ -	$ -
14	385	Meas. & Reg. Sta. Equip.-Industrial	$ 351,092	$ 351,092	$ -	$ -
15		Total Accounts 376-385	$ 680,485,747	$ 467,684,950	$ 212,800,797	$ -
16	**Accounts 376-385 Factor**		**1.00000**	**0.68728**	**0.31272**	**0.00000**
17						
18		Total Distribution Plant	$ 688,090,750	$ 472,911,725	$ 215,179,025	$ -
19	**Distribution Plant Factor**		**1.00000**	**0.68728**	**0.31272**	**0.00000**
20						
21	303	Miscellaneous Intangible	$ 32,298,090	$ 22,197,865	$ 10,100,225	$ -
22	**Miscellaneous Intangible Plant Factor**		**1.00000**	**0.68728**	**0.31272**	**0.00000**
23						
24	389-98	General Plant	$ 54,397,804	$ 50,769,055	$ 3,502,532	$ 126,218
25	**General Plant Factor**		**1.00000**	**0.93329**	**0.06439**	**0.00232**
26						
27		Total Plant in Service	$ 774,836,874	$ 545,913,166	$ 228,797,490	$ 126,218
28	**Total Plant in Service Factor**		**1.00000**	**0.70455**	**0.29528**	**0.00016**
29						

CLASSIFICATION FACTORS

LINE		DESCRIPTION	TOTAL	CUSTOMER	DEMAND	COMMODITY
	(b)	(a)	(b)	(c)	(d)	(e)
30	376	Mains	$ 304,029,676	$ 105,544,045	$ 198,485,631	$ -
31	380	Services	$ 264,934,244	$ 264,934,244	$ -	$ -
32		Total Mains & Services	$ 568,963,920	$ 370,478,289	$ 198,485,631	$ -
33	**Mains & Services Factor**		**1.00000**	**0.65115**	**0.34885**	**0.00000**
34						
35	376	Mains	$ 304,029,676	$ 105,544,045	$ 198,485,631	$ -
36	**Mains Factor**		**1.00000**	**0.34715**	**0.65285**	**0.00000**
37						
38	378	Meas. & Reg. Sta. Equip.-General	$ 11,107,105	$ -	$ 11,107,105	$ -
39	**Meas. & Reg. Station Equip. - General Factor**		**1.00000**	**0.00000**	**1.00000**	**0.00000**
40						
41	379	Meas. & Reg. Sta. Equip.-City Gate	$ 3,208,061	$ -	$ 3,208,061	$ -
42	**Meas. & Reg. Station Equip. - City Gate Factor**		**1.00000**	**0.00000**	**1.00000**	**0.00000**
43						
44	380	Services	$ 264,934,244	$ 264,934,244	$ -	$ -
45	**Services Factor**		**1.00000**	**1.00000**	**0.00000**	**0.00000**
46						
47	871	Load Dispatching	$ 13,826	$ -	$ -	$ 13,826
48	874	Mains and Services Expenses	$ 2,592,909	$ 1,688,361	$ 904,548	$ -
49	875	Regulator Station Expenses	$ 678,957	$ -	$ 678,957	$ -
50	876	Measuring & Regulating Station Expenses-Ind.	$ 4,862	$ 4,862	$ -	$ -
51	878	Meter and House Regulator Expenses	$ 4,484,707	$ 4,484,707	$ -	$ -
52	879	Customer Installation Expenses	$ 2,390,820	$ 2,390,820	$ -	$ -
53		Total Accounts 871-879	$ 10,166,081	$ 8,568,750	$ 1,583,505	$ 13,826
54	**Accounts 871-879 Factor**		**1.00000**	**0.84288**	**0.15576**	**0.00136**
55						
56	381	Meters	$ 29,038,444	$ 29,038,444	$ -	$ -
57	383	House Regulators	$ 10,294,689	$ 10,294,689	$ -	$ -
58		Total Meters & House Regulators	$ 39,333,133	$ 39,333,133	$ -	$ -
59	**Meters & House Regulators Factor**		**1.00000**	**1.00000**	**0.00000**	**0.00000**

CLASSIFICATION FACTORS

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE		DESCRIPTION	TOTAL	CUSTOMER	DEMAND	COMMODITY
	(b)	(a)	(b)	(c)	(d)	(e)
60						
61		Total Distribution and General Plant	$ 742,488,554	$ 523,680,779	$ 218,681,557	$ 126,218
62	**Distribution and General Plant Factor**		**1.00000**	**0.70530**	**0.29453**	**0.00017**
63						
64	385	Electronic Gas Measurement	$ 351,092	$ 351,092	$ -	$ -
65	**Electronic Gas Measurement Factor**		**1.00000**	**1.00000**	**0.00000**	**0.00000**
66						
67	886	Maintenance of Structures & Improvements	$ 146,920	$ 68,929	$ 77,991	$ -
68	887	Maintenance of Mains	$ 7,066,293	$ 2,453,067	$ 4,613,226	$ -
69	889	Maint. of Meas. & Reg. Sta. Equipment	$ 220,356	$ -	$ 220,356	$ -
70	890	Maint. of Meas. & Reg. Sta. Equip. - Ind.	$ 323,880	$ 323,880	$ -	$ -
71	892	Main. Of Meas. & Reg. Sta. Equip. - City Gate	$ 82,669	$ -	$ 82,669	$ -
72	893	Maintenance of Services	$ 589,144	$ 589,144	$ -	$ -
73		Total Accounts 886-893	$ 8,429,262	$ 3,435,020	$ 4,994,242	$ -
74	**Accounts 886-893 Factor**		**1.00000**	**0.40751**	**0.59249**	**0.00000**
75						
76	887	Maintenance of Mains	$ 7,066,293	$ 2,453,067	$ 4,613,226	$ -
77	889	Maint. of Meas. & Reg. Sta. Equipment	$ 220,356	$ -	$ 220,356	$ -
78	890	Maint. of Meas. & Reg. Sta. Equip. - Ind.	$ 323,880	$ 323,880	$ -	$ -
79	892	Maintenance of Services	$ 589,144	$ 589,144	$ -	$ -
80	893	Maintenance of Meters & House Regulators	$ 905,884	$ 905,884	$ -	$ -
81		Total Accounts 887-893	$ 9,105,557	$ 4,271,975	$ 4,833,582	$ -
82	**Accounts 887-893 Factor**		**1.00000**	**0.46916**	**0.53084**	**0.00000**
83						
84		Total Operations and Maintenance Expenses	$ 22,306,871	$ 14,872,723	$ 7,417,961	$ 16,187
85		Total Customer Accounts Expenses	$ 19,503,607	$ 19,503,607	$ -	$ -
86		Total Customer Service Expenses	$ 638,536	$ 638,536	$ -	$ -
87		Total Sales and Advertising Expenses	$ 251,127	$ -	$ -	$ 251,127
88		Total Operating Exp. Without A&G Expenses	$ 42,700,141	$ 35,014,866	$ 7,417,961	$ 267,314
89	**Operating Expenses Without A&G Expenses Factor**		**1.00000**	**0.82002**	**0.17372**	**0.00626**

CLASSIFICATION FACTORS

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	DESCRIPTION	TOTAL	CUSTOMER	DEMAND	COMMODITY
	(b) (a)	(b)	(c)	(d)	(e)
90	Total Operations and Maintenance Expenses	$ 22,306,871	$ 14,872,723	$ 7,417,961	$ 16,187
91	Total Customer Accounts Expenses	$ 19,503,607	$ 19,503,607	$ -	$ -
92	Total Customer Service Expenses	$ 638,536	$ 638,536	$ -	$ -
93	Total Sales and Advertising Expenses	$ 251,127	$ -	$ -	$ 251,127
94	Administrative and General Expenses	$ 32,303,346	$ 26,489,311	$ 5,611,807	$ 202,228
95	Total Operating Expenses	$ 75,003,487	$ 61,504,177	$ 13,029,768	$ 469,542
96	**Operating Expense Factor**	**1.00000**	**0.82002**	**0.17372**	**0.00626**
97					
98	Total Rate Base	$ 545,147,907	$ 344,213,074	$ 200,738,198	$ 196,634
99	**Total Rate Base Factor**	**1.00000**	**0.63141**	**0.36823**	**0.00036**
100					
101	374 Land & Land Rights	$ 1,564,820	$ 1,075,471	$ 489,349	$ -
102	**Land & Land Rights Factor**	**1.00000**	**0.68728**	**0.31272**	**0.00000**
103					
104	375 Structures	$ 6,040,183	$ 4,151,303	$ 1,888,880	$ -
105	**Structures Factor**	**1.00000**	**0.68728**	**0.31272**	**0.00000**
106					
107	381 Meters	$ 29,038,444	$ 29,038,444	$ -	$ -
108	**Meters Factor**	**1.00000**	**1.00000**	**0.00000**	**0.00000**
109					
110	382 Meter Installations	$ 57,522,436	$ 57,522,436	$ -	$ -
111	**Meter Installations Factor**	**1.00000**	**1.00000**	**0.00000**	**0.00000**
112					
113	383 House Regulators	$ 10,294,689	$ 10,294,689	$ -	$ -
114	**House Regulators Factor**	**1.00000**	**1.00000**	**0.00000**	**0.00000**
115					
116	Total Cost of Service Before Revenue Credits	$ 186,158,881	$ 136,686,677	$ 48,968,963	$ 503,242
117	**Total Cost of Service Factor**	**1.00000**	**0.73425**	**0.26305**	**0.00270**
118					
119	**Mains Study Factor**	**1.00000**	**0.34715**	**0.65285**	**0.00000**

CLASSIFICATION FACTORS

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1		**Intangible Plant**						
2	301	**Organization**						
3		Customer	$ 10,722	$ 8,614	$ 1,787	$ 50	$ 271	Cust. Distr. Plant
4		Demand	$ 4,878	$ 2,963	$ 914	$ 133	$ 869	Dem. Distr. Plant
5		Commodity	$ -	$ -	$ -	$ -	$ -	
6		Total Organization	$ 15,600	$ 11,577	$ 2,701	$ 183	$ 1,140	
7	302	**Franchises**						
8		Customer	$ 23,801	$ 19,122	$ 3,967	$ 110	$ 601	Cust. Distr. Plant
9		Demand	$ 10,829	$ 6,577	$ 2,029	$ 295	$ 1,929	Dem. Distr. Plant
10		Commodity	$ -	$ -	$ -	$ -	$ -	
11		Total Franchises	$ 34,630	$ 25,699	$ 5,995	$ 406	$ 2,530	
12	303	**Miscellaneous Intangible**						
13		Customer	$ 22,197,865	$ 17,834,393	$ 3,699,568	$ 102,950	$ 560,954	Cust. Distr. Plant
14		Demand	$ 10,100,225	$ 6,134,098	$ 1,892,073	$ 275,342	$ 1,798,713	Dem. Distr. Plant
15		Commodity	$ -	$ -	$ -	$ -	$ -	
16		Total Miscellaneous Intangible	$ 32,298,090	$ 23,968,491	$ 5,591,641	$ 378,291	$ 2,359,666	
17		Total Miscellaneous Intangible	$ 32,348,320	$ 24,005,767	$ 5,600,337	$ 378,880	$ 2,363,336	
18		**Distribution Plant**						
19	374	**Land & Land Rights**						
20		Customer	$ 1,075,471	$ 864,064	$ 179,241	$ 4,988	$ 27,178	Cust. 376-85
21		Demand	$ 489,349	$ 297,193	$ 91,670	$ 13,340	$ 87,146	Dem. 376-85
22		Commodity	$ -	$ -	$ -	$ -	$ -	
23		Total Land & Land Rights	$ 1,564,820	$ 1,161,257	$ 270,911	$ 18,328	$ 114,324	
24	375	**Structures & Improvements**						
25		Customer	$ 4,151,303	$ 3,335,275	$ 691,870	$ 19,253	$ 104,906	Cust. 376-85
26		Demand	$ 1,888,880	$ 1,147,160	$ 353,843	$ 51,493	$ 336,384	Dem. 376-85
27		Commodity	$ -	$ -	$ -	$ -	$ -	
28		Total Structures & Improvements	$ 6,040,183	$ 4,482,435	$ 1,045,713	$ 70,746	$ 441,290	
29	376	**Mains**						
30		Customer	$ 105,544,045	$ 94,189,631	$ 11,170,490	$ 83,676	$ 100,249	Customers
31		Demand	$ 198,485,631	$ 120,544,868	$ 37,182,265	$ 5,410,905	$ 35,347,592	Peak Volume
32		Commodity	$ -	$ -	$ -	$ -	$ -	
33		Total Mains	$ 304,029,676	$ 214,734,499	$ 48,352,755	$ 5,494,580	$ 35,447,841	

ALLOCATED RATE BASE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
34	378	**Meas. & Reg. Sta. - General**						
35		Customer	$ -	$ -	$ -	$ -	$ -	
36		Demand	$ 11,107,105	$ 6,745,599	$ 2,080,691	$ 302,790	$ 1,978,024	Peak Volume
37		Commodity	$ -	$ -	$ -	$ -	$ -	
38		Total Meas. & Reg. Equip.-General	$ 11,107,105	$ 6,745,599	$ 2,080,691	$ 302,790	$ 1,978,024	
39	379	**Meas. & Reg. Sta. - City Gate**						
40		Customer	$ -	$ -	$ -	$ -	$ -	
41		Demand	$ 3,208,061	$ 1,948,329	$ 600,965	$ 87,455	$ 571,312	Peak Volume
42		Commodity	$ -	$ -	$ -	$ -	$ -	
43		Total Meas. & Reg. Equip.-City Gate	$ 3,208,061	$ 1,948,329	$ 600,965	$ 87,455	$ 571,312	
44	380	**Services**						
45		Customer	$ 264,934,244	$ 232,121,334	$ 27,528,604	$ 911,452	$ 4,372,855	Weighted Services
46		Demand	$ -	$ -	$ -	$ -	$ -	
47		Commodity	$ -	$ -	$ -	$ -	$ -	
48		Total Services	$ 264,934,244	$ 232,121,334	$ 27,528,604	$ 911,452	$ 4,372,855	
49	381	**Meters**						
50		Customer	$ 29,038,444	$ 10,757,156	$ 15,168,704	$ 326,542	$ 2,786,042	Weighted Meters
51		Demand	$ -	$ -	$ -	$ -	$ -	
52		Commodity	$ -	$ -	$ -	$ -	$ -	
53		Total Meters	$ 29,038,444	$ 10,757,156	$ 15,168,704	$ 326,542	$ 2,786,042	
54	382	**Meter Installations**						
55		Customer	$ 57,522,436	$ 30,661,074	$ 23,126,697	$ 693,220	$ 3,041,445	Weighted Meter Install.
56		Demand	$ -	$ -	$ -	$ -	$ -	
57		Commodity	$ -	$ -	$ -	$ -	$ -	
58		Total Meter Installations	$ 57,522,436	$ 30,661,074	$ 23,126,697	$ 693,220	$ 3,041,445	
59	383	**House Regulators**						
60		Customer	$ 10,294,689	$ 8,022,144	$ 951,392	$ 154,150	$ 1,167,003	Weighted Regulators
61		Demand	$ -	$ -	$ -	$ -	$ -	
62		Commodity	$ -	$ -	$ -	$ -	$ -	
63		Total House Regulators	$ 10,294,689	$ 8,022,144	$ 951,392	$ 154,150	$ 1,167,003	
64	385	**Electronic Gas Measurement**						
65		Customer	$ 351,092	$ -	$ -	$ -	$ 351,092	LVS Assignment
66		Demand	$ -	$ -	$ -	$ -	$ -	
67		Commodity	$ -	$ -	$ -	$ -	$ -	
68		Total Electronic Gas Measurement	$ 351,092	$ -	$ -	$ -	$ 351,092	

ALLOCATED RATE BASE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
69		**Total Distribution Plant**						
70		Customer	$ 472,911,725	$ 379,950,676	$ 78,816,998	$ 2,193,280	$ 11,950,771	
71		Demand	$ 215,179,025	$ 130,683,149	$ 40,309,435	$ 5,865,982	$ 38,320,459	
72		Commodity	$ -	$ -	$ -	$ -	$ -	
73		**Total Distribution Plant**	$ 688,090,750	$ 510,633,825	$ 119,126,433	$ 8,059,262	$ 50,271,229	
74	397.1	**General Plant -AMR**						
75		Customer	$ 34,236,118	$ 30,553,001	$ 3,623,456	$ 27,143	$ 32,519	Customers
76		Demand	$ -	$ -	$ -	$ -	$ -	
77		Commodity	$ -	$ -	$ -	$ -	$ -	
78			$ 34,236,118	$ 30,553,001	$ 3,623,456	$ 27,143	$ 32,519	
79	389-98	**General Plant - Other**						
80		Customer	$ 16,532,937	$ 12,669,397	$ 3,324,543	$ 67,054	$ 471,943	Cust. Op. Exp.
81		Demand	$ 3,502,532	$ 2,127,168	$ 656,128	$ 95,482	$ 623,753	Dem. Op. Exp.
82		Commodity	$ 126,218	$ 60,531	$ 21,323	$ 3,008	$ 41,355	Comm. Op. Exp.
83			$ 20,161,686	$ 14,857,096	$ 4,001,994	$ 165,545	$ 1,137,052	
84	389-98	**Total General Plant**						
85		Customer	$ 50,769,055	$ 43,222,397	$ 6,947,999	$ 94,197	$ 504,462	
86		Demand	$ 3,502,532	$ 2,127,168	$ 656,128	$ 95,482	$ 623,753	
87		Commodity	$ 126,218	$ 60,531	$ 21,323	$ 3,008	$ 41,355	
88		Total General Plant	$ 54,397,804	$ 45,410,096	$ 7,625,450	$ 192,687	$ 1,169,570	
89		**Total Plant in Service**						
90		Customer	$ 533,781,005	$ 429,307,172	$ 87,657,070	$ 2,562,818	$ 14,253,945	
91		Demand	$ 218,681,557	$ 132,810,317	$ 40,965,563	$ 5,961,465	$ 38,944,212	
92		Commodity	$ 32,424,308	$ 24,029,023	$ 5,612,963	$ 381,300	$ 2,401,022	
93		**Total Plant in Service**	$ 774,836,874	$ 580,049,689	$ 132,352,220	$ 8,630,829	$ 53,804,136	
94		**Accumulated Depreciation**						
95	303	**Miscellaneous Intangible**						
96		Customer	$ -	$ -	$ -	$ -	$ -	
97		Demand	$ -	$ -	$ -	$ -	$ -	
98		Commodity	$ -	$ -	$ -	$ -	$ -	
99		Total Miscellaneous Intangible	$ -	$ -	$ -	$ -	$ -	
100	374	**Land Rights**						
101		Customer	$ (205,277)	$ (164,925)	$ (34,212)	$ (952)	$ (5,187)	Cust. 376-85
102		Demand	$ (93,403)	$ (56,726)	$ (17,497)	$ (2,546)	$ (16,634)	Dem. 376-85
103		Commodity	$ -	$ -	$ -	$ -	$ -	
104		Total Land Rights	$ (298,680)	$ (221,651)	$ (51,709)	$ (3,498)	$ (21,821)	

ALLOCATED RATE BASE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
105	375	**Structures**						
106		Customer	$ (783,076)	$ (629,145)	$ (130,510)	$ (3,632)	$ (19,789)	Cust. 376-85
107		Demand	$ (356,306)	$ (216,393)	$ (66,747)	$ (9,713)	$ (63,453)	Dem. 376-85
108		Commodity	$ -	$ -	$ -	$ -	$ -	
109		Total Structures	$ (1,139,382)	$ (845,538)	$ (197,257)	$ (13,345)	$ (83,242)	
110	376	**Mains**						
111		Customer	$ (31,975,384)	$ (28,535,476)	$ (3,384,186)	$ (25,350)	$ (30,371)	Customers
112		Demand	$ (60,132,754)	$ (36,519,999)	$ (11,264,654)	$ (1,639,275)	$ (10,708,826)	Peak Volumes
113		Commodity	$ -	$ -	$ -	$ -	$ -	
114		Total Mains	$ (92,108,138)	$ (65,055,475)	$ (14,648,841)	$ (1,664,626)	$ (10,739,197)	
115	378	**Meas. & Reg. Sta. Equip. - Gen.**						
116		Customer	$ -	$ -	$ -	$ -	$ -	
117		Demand	$ (2,817,796)	$ (1,711,312)	$ (527,857)	$ (76,816)	$ (501,811)	Peak Volumes
118		Commodity	$ -	$ -	$ -	$ -	$ -	
119		Total Meas. & Reg. Sta. Equip.-Gen.	$ (2,817,796)	$ (1,711,312)	$ (527,857)	$ (76,816)	$ (501,811)	
120	379	**Meas. & Reg. Sta. Eq.-City Gate**						
121		Customer	$ -	$ -	$ -	$ -	$ -	
122		Demand	$ (634,502)	$ (385,348)	$ (118,861)	$ (17,297)	$ (112,996)	Peak Volumes
123		Commodity	$ -	$ -	$ -	$ -	$ -	
124		Total Meas. & Reg. Sta. Equip.-City Gate	$ (634,502)	$ (385,348)	$ (118,861)	$ (17,297)	$ (112,996)	
125	380	**Services**						
126		Customer	$ (112,789,433)	$ (98,820,119)	$ (11,719,646)	$ (388,029)	$ (1,861,639)	Weighted Services
127		Demand	$ -	$ -	$ -	$ -	$ -	
128		Commodity	$ -	$ -	$ -	$ -	$ -	
129		Total Services	$ (112,789,433)	$ (98,820,119)	$ (11,719,646)	$ (388,029)	$ (1,861,639)	
130	381	**Meters**						
131		Customer	$ (2,496,852)	$ (924,947)	$ (1,304,271)	$ (28,077)	$ (239,556)	Weighted Meters
132		Demand	$ -	$ -	$ -	$ -	$ -	
133		Commodity	$ -	$ -	$ -	$ -	$ -	
134		Total Meters	$ (2,496,852)	$ (924,947)	$ (1,304,271)	$ (28,077)	$ (239,556)	
135	382	**Meter Installations**						
136		Customer	$ (9,713,598)	$ (5,177,620)	$ (3,905,319)	$ (117,062)	$ (513,597)	Weighted Meter Install.
137		Demand	$ -	$ -	$ -	$ -	$ -	
138		Commodity	$ -	$ -	$ -	$ -	$ -	
139		Total Meter Installations	$ (9,713,598)	$ (5,177,620)	$ (3,905,319)	$ (117,062)	$ (513,597)	

ALLOCATED RATE BASE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
140	383	**House Regulators**						
141		Customer	$ (1,446,303)	$ (1,127,033)	$ (133,661)	$ (21,657)	$ (163,953)	Weighted Regulators
142		Demand	$ -	$ -	$ -	$ -	$ -	
143		Commodity	$ -	$ -	$ -	$ -	$ -	
144		Total House Regulators	$ (1,446,303)	$ (1,127,033)	$ (133,661)	$ (21,657)	$ (163,953)	
145	385	**Electronic Gas Measurement**						
146		Customer	$ (71,206)	$ -	$ -	$ -	$ (71,206)	LV Assignment
147		Demand	$ -	$ -	$ -	$ -	$ -	
148		Commodity	$ -	$ -	$ -	$ -	$ -	
149		Total Electronic Gas Measurement	$ (71,206)	$ -	$ -	$ -	$ (71,206)	
150	389-98	**General Plant**						
151		Customer	$ (10,955,979)	$ (9,327,408)	$ (1,499,380)	$ (20,328)	$ (108,863)	Cust. General Plant
152		Demand	$ (755,848)	$ (459,043)	$ (141,593)	$ (20,605)	$ (134,606)	Dem. General Plant
153		Commodity	$ (27,238)	$ (13,063)	$ (4,601)	$ (649)	$ (8,924)	Com. General Plant
154		Total General Plant	$ (11,739,064)	$ (9,799,514)	$ (1,645,575)	$ (41,582)	$ (252,394)	
155		**Salvage**						
156		Customer	$ (11,719)	$ (9,470)	$ (1,919)	$ (51)	$ (279)	Cust. Distr. & Gen. Plant
157		Demand	$ (4,894)	$ (2,972)	$ (917)	$ (133)	$ (872)	Dem. Distr. & Gen. Plant
158		Commodity	$ (3)	$ (1)	$ (0)	$ (0)	$ (1)	Com. Distr. & Gen. Plant
159		Total Salavge	$ (16,616)	$ (12,444)	$ (2,837)	$ (185)	$ (1,151)	
160		**Acc. Amort. of LH Improvements**						
161		Customer	$ (10,778,203)	$ (8,659,514)	$ (1,796,330)	$ (49,987)	$ (272,372)	Cust. 376-85
162		Demand	$ (4,904,178)	$ (2,978,420)	$ (918,698)	$ (133,692)	$ (873,367)	Dem. 376-85
163		Commodity	$ -	$ -	$ -	$ -	$ -	
164		Acc. Amort. of LH Improvements	$ (15,682,381)	$ (11,637,933)	$ (2,715,029)	$ (183,680)	$ (1,145,739)	
165		**Total Accumlated Depreciation**						
166		Customer	$ (181,227,029)	$ (153,375,657)	$ (23,909,436)	$ (655,125)	$ (3,286,812)	
167		Demand	$ (69,699,681)	$ (42,330,212)	$ (13,056,824)	$ (1,900,079)	$ (12,412,566)	
168		Commodity	$ (27,241)	$ (13,064)	$ (4,602)	$ (649)	$ (8,925)	
169		Total Accumlated Depreciation	$ (250,953,951)	$ (195,718,934)	$ (36,970,862)	$ (2,555,853)	$ (15,708,303)	
170		**Net Plant in Service**	$ 523,882,923	$ 384,330,755	$ 95,381,358	$ 6,074,977	$ 38,095,833	
171		**SLRP Deferrals & Deferred Taxes**						
172		Customer	$ 8,307,864	$ 7,317,425	$ 867,815	$ 22,315	$ 100,308	Cust. Mains & Svc.
173		Demand	$ 4,450,980	$ 2,703,182	$ 833,801	$ 121,338	$ 792,659	Dem. Mains & Svc.
174		Commodity	$ -	$ -	$ -	$ -	$ -	Com. Mains & Svc.
175		Total Contributions	$ 12,758,844	$ 10,020,607	$ 1,701,617	$ 143,653	$ 892,967	

ALLOCATED RATE BASE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
176		**Customer Deposits**						
177		Customer	$ (3,671,229)	$ (3,276,279)	$ (388,553)	$ (2,911)	$ (3,487)	Customers
178		Demand	$ -	$ -	$ -	$ -	$ -	
179		Commodity	$ -	$ -	$ -	$ -	$ -	
180		Total Customer Deposits	$ (3,671,229)	$ (3,276,279)	$ (388,553)	$ (2,911)	$ (3,487)	
181		**Customer Advances**						
182		Customer	$ (6,710,698)	$ (5,910,669)	$ (700,980)	$ (18,025)	$ (81,024)	Cust. Mains & Svc.
183		Demand	$ (3,595,291)	$ (2,183,502)	$ (673,505)	$ (98,011)	$ (640,272)	Dem. Mains & Svc.
184		Commodity	$ -	$ -	$ -	$ -	$ -	Com. Mains & Svc.
185		Total Customer Advances	$ (10,305,989)	$ (8,094,171)	$ (1,374,485)	$ (116,036)	$ (721,296)	
186		**Deferred Income Taxes**						
187		Customer	$ (42,995,189)	$ (34,579,993)	$ (7,060,634)	$ (206,431)	$ (1,148,132)	Cust. Total Plant
188		Demand	$ (18,019,700)	$ (10,943,776)	$ (3,375,626)	$ (491,234)	$ (3,209,064)	Dem. Total Plant
189		Commodity	$ (9,941)	$ (7,367)	$ (1,721)	$ (117)	$ (736)	Com. Total Plant
190		Total Deferred Income Taxes	$ (61,024,830)	$ (45,531,136)	$ (10,437,981)	$ (697,782)	$ (4,357,932)	
191		**Mat. & Supplies/Prepayments**						
192		Customer	$ 1,902,126	$ 1,529,834	$ 312,366	$ 9,133	$ 50,794	Cust. Total Plant
193		Demand	$ 797,199	$ 484,157	$ 149,339	$ 21,732	$ 141,970	Dem. Total Plant
194		Commodity	$ 440	$ 326	$ 76	$ 5	$ 33	Com. Total Plant
195		Total Materials and Supplies	$ 2,699,765	$ 2,014,317	$ 461,781	$ 30,870	$ 192,797	
196		**Prepaid Pension**						
197		Customer	$ 9,204,846	$ 7,053,789	$ 1,850,966	$ 37,333	$ 262,758	Cust. Op. Exp.
198		Demand	$ 1,950,063	$ 1,184,318	$ 365,305	$ 53,161	$ 347,280	Dem. Op. Exp.
199		Commodity	$ 70,273	$ 33,701	$ 11,872	$ 1,675	$ 23,025	Comm. Op. Exp.
200		Total Prepaid Pension	$ 11,225,181	$ 8,271,808	$ 2,228,142	$ 92,168	$ 633,063	
201		**Gas Inventory**						
202		Customer	$ -	$ -	$ -	$ -	$ -	
203		Demand	$ 51,663,911	$ 31,376,676	$ 9,678,188	$ 1,408,407	$ 9,200,640	Peak Volume
204		Commodity	$ -	$ -	$ -	$ -	$ -	
205		Total Gas Inventory	$ 51,663,911	$ 31,376,676	$ 9,678,188	$ 1,408,407	$ 9,200,640	

ALLOCATED RATE BASE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
206		**Cash Working Capital**						
207		Customer	$ 4,584,271	$ 3,512,985	$ 921,833	$ 18,593	$ 130,861	Cust. Op. Exp.
208		Demand	$ 971,186	$ 589,823	$ 181,932	$ 26,475	$ 172,955	Dem. Op. Exp.
209		Commodity	$ 34,998	$ 16,784	$ 5,912	$ 834	$ 11,467	Comm. Op. Exp.
210		Total cash Working Capital	$ 5,590,455	$ 4,119,592	$ 1,109,677	$ 45,902	$ 315,283	
211		**Alternative Minimum Tax Credit**						
212		Customer	$ 8,165,024	$ 6,566,932	$ 1,340,853	$ 39,202	$ 218,037	Cust. Total Plant
213		Demand	$ 3,422,041	$ 2,078,284	$ 641,050	$ 93,288	$ 609,419	Dem. Total Plant
214		Commodity	$ 1,888	$ 1,399	$ 327	$ 22	$ 140	Com. Total Plant
215		Total AMT Credit	$ 11,588,953	$ 8,646,614	$ 1,982,230	$ 132,513	$ 827,595	
216		**ECWR Deferrals**						
217		Customer	$ 739,923	$ 739,923	$ -	$ -	$ -	Residential Assignment
218		Demand	$ -	$ -	$ -	$ -	$ -	
219		Commodity	$ -	$ -	$ -	$ -	$ -	
220		Total ECWR Deferrals	$ 739,923	$ 739,923	$ -	$ -	$ -	
221		**Rate Base**						
222		Customer	344,213,074	270,613,492	62,704,549	1,634,671	9,260,361	
223		Demand	200,738,198	121,912,904	37,604,238	5,472,312	35,748,744	
224		Commodity	196,634	92,311	33,187	4,779	66,358	
225		**Total Rate Base**	$ 545,147,907	$ 392,618,707	$ 100,341,974	$ 7,111,762	$ 45,075,463	

ALLOCATED RATE BASE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(c)
1		**Distribution Operations Exp.**						
2	870	**Supervision and Engineering**						
3		Customer	$ 439,070	$ 231,736	$ 166,957	$ 4,428	$ 35,949	Cust 871-879
4		Demand	$ 81,140	$ 49,278	$ 15,200	$ 2,212	$ 14,450	Dem. 891-879
5		Commodity	$ 708	$ 340	$ 120	$ 17	$ 232	Com. 871-879
6		Total Supervision & Engineering	$ 520,919	$ 281,354	$ 182,277	$ 6,657	$ 50,631	
7	871	**Load Dispatching**						
8		Customer	$ -	$ -	$ -	$ -	$ -	
9		Demand	$ -	$ -	$ -	$ -	$ -	
10		Commodity	$ 13,826	$ 6,631	$ 2,336	$ 330	$ 4,530	Annual Volume
11		Total Load Dispatching	$ 13,826	$ 6,631	$ 2,336	$ 330	$ 4,530	
12	874	**Mains & Services Expenses**						
13		Customer	$ 1,688,361	$ 1,487,080	$ 176,361	$ 4,535	$ 20,385	Wgt. Mains & Svcs.
14		Demand	$ 904,548	$ 549,353	$ 169,449	$ 24,659	$ 161,088	Peak Volume
15		Commodity	$ -	$ -	$ -	$ -	$ -	
16		Total Mains & Services Expenses	$ 2,592,909	$ 2,036,432	$ 345,810	$ 29,194	$ 181,473	
17	875	**Regulator Station Expenses**						
18		Customer	$ -	$ -	$ -	$ -	$ -	
19		Demand	$ 678,957	$ 412,346	$ 127,189	$ 18,509	$ 120,913	Peak Volume
20		Commodity	$ -	$ -	$ -	$ -	$ -	
21		Total Regulator Station Expenses	$ 678,957	$ 412,346	$ 127,189	$ 18,509	$ 120,913	
22	876	**Meas. & Reg. Stat.Exp. - Ind.**						
23		Customer	$ 4,862	$ -	$ 4,031	$ 121	$ 710	Non-Res. Customer
24		Demand	$ -	$ -	$ -	$ -	$ -	
25		Commodity	$ -	$ -	$ -	$ -	$ -	
26		Total Meas.& Reg. Sta. Exp. - Ind.	$ 4,862	$ -	$ 4,031	$ 121	$ 710	
27	877	**Meas. & Reg. Stat.-City Gate**						
28		Customer	$ -	$ -	$ -	$ -	$ -	
29		Demand	$ 4,531	$ 2,752	$ 849	$ 124	$ 807	Peak Volume
30		Commodity	$ -	$ -	$ -	$ -	$ -	
31		Total Meas. & Reg. Stat.-City Gate	$ 4,531	$ 2,752	$ 849	$ 124	$ 807	

ALLOCATED COST OF SERVICE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(c)
32	878	**Meter & House Reg. Exp.**						
33		Customer	$ 4,484,707	$ 1,979,908	$ 2,007,614	$ 53,330	$ 443,856	Wgtd. Meters & Reg.
34		Demand	$ -	$ -	$ -	$ -	$ -	
35		Commodity	$ -	$ -	$ -	$ -	$ -	
36		Total Meter & Regulator Exp.	$ 4,484,707	$ 1,979,908	$ 2,007,614	$ 53,330	$ 443,856	
37	879	**Customer Installation Exp.**						
38		Customer	$ 2,390,820	$ 1,055,499	$ 1,070,269	$ 28,430	$ 236,622	Wgtd. Meters & Reg.
39		Demand	$ -	$ -	$ -	$ -	$ -	
40		Commodity	$ -	$ -	$ -	$ -	$ -	
41		Total Customer Install. Expenses	$ 2,390,820	$ 1,055,499	$ 1,070,269	$ 28,430	$ 236,622	
42	880	**Other Expenses**						
43		Customer	$ 965,601	$ 509,633	$ 367,171	$ 9,738	$ 79,059	Cust 871-879
44		Demand	$ 178,443	$ 108,373	$ 33,428	$ 4,865	$ 31,778	Dem. 871-879
45		Commodity	$ 1,558	$ 747	$ 263	$ 37	$ 510	Com. 871-879
46		Total Other Expenses	$ 1,145,602	$ 618,753	$ 400,862	$ 14,640	$ 111,348	
47	881	**Rents**						
48		Customer	$ 58,845	$ 31,057	$ 22,376	$ 593	$ 4,818	Cust 871-879
49		Demand	$ 10,874	$ 6,604	$ 2,037	$ 296	$ 1,937	Dem. 871-879
50		Commodity	$ 95	$ 46	$ 16	$ 2	$ 31	Com. 871-879
51		Total Rents	$ 69,814	$ 37,707	$ 24,429	$ 892	$ 6,786	
52		**Total Distribution Ops. Expenses**						
53		Customer	$ 10,032,266	$ 5,294,912	$ 3,814,779	$ 101,176	$ 821,398	
54		Demand	$ 1,858,494	$ 1,128,706	$ 348,151	$ 50,664	$ 330,972	
55		Commodity	$ 16,187	$ 7,763	$ 2,735	$ 386	$ 5,304	
56		Total Distribution Ops. Expenses	$ 11,906,947	$ 6,431,381	$ 4,165,664	$ 152,227	$ 1,157,675	
57		**Distr. Maintenance Expenses**						
58	885	Maintenance Supervision & Engineering						
59		Customer	$ 390,088	$ 313,516	$ 68,301	$ 1,397	$ 6,874	Cust 887-893
60		Demand	$ 441,371	$ 268,054	$ 82,682	$ 12,032	$ 78,602	Dem. 887-93
61		Commodity	$ -	$ -	$ -	$ -	$ -	
62		Total Main. Supervision & Engineering	$ 831,459	$ 581,570	$ 150,983	$ 13,430	$ 85,476	

ALLOCATED COST OF SERVICE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(c)
63	886	**Structures & Improvements**						
64		Customer	$ 68,929	$ 55,399	$ 12,069	$ 247	$ 1,215	Cust 887-893
65		Demand	$ 77,991	$ 47,366	$ 14,610	$ 2,126	$ 13,889	Dem. 887-893
66		Commodity	$ -	$ -	$ -	$ -	$ -	
67		Total Structures & Improvements	$ 146,920	$ 102,764	$ 26,679	$ 2,373	$ 15,104	
68	887	**Mains**						
69		Customer	$ 2,453,067	$ 2,189,166	$ 259,626	$ 1,945	$ 2,330	Customers
70		Demand	$ 4,613,226	$ 2,801,718	$ 864,195	$ 125,761	$ 821,553	Peak Volume
71		Commodity	$ -	$ -	$ -	$ -	$ -	
72		Total Mains	$ 7,066,293	$ 4,990,884	$ 1,123,820	$ 127,706	$ 823,883	
73	889	**Meas. & Reg. Station**						
74		Customer	$ -	$ -	$ -	$ -	$ -	
75		Demand	$ 220,356	$ 133,827	$ 41,279	$ 6,007	$ 39,242	Peak Volume
76		Commodity	$ -	$ -	$ -	$ -	$ -	
77		Total Meas. & Reg. Sta. - Ind.	$ 220,356	$ 133,827	$ 41,279	$ 6,007	$ 39,242	
78	890	**Meas. & Reg. Station - Ind.**						
79		Customer	$ 323,880	$ -	$ 268,529	$ 8,087	$ 47,264	Non-Res. Customers
80		Demand	$ -	$ -	$ -	$ -	$ -	
81		Commodity	$ -	$ -	$ -	$ -	$ -	
82		Total Meas. & Reg. Sta. - Ind.	$ 323,880	$ -	$ 268,529	$ 8,087	$ 47,264	
83	891	**Meas. & Reg. Station - City Gate**						
84		Customer	$ -	$ -	$ -	$ -	$ -	
85		Demand	$ 82,669	$ 50,207	$ 15,486	$ 2,254	$ 14,722	Peak Volume
86		Commodity	$ -	$ -	$ -	$ -	$ -	
87		Total Meas. & Reg. Sta. Equip. - City Gate	$ 82,669	$ 50,207	$ 15,486	$ 2,254	$ 14,722	
88	892	**Services**						
89		Customer	$ 589,144	$ 516,177	$ 61,216	$ 2,027	$ 9,724	Weighted Services
90		Demand	$ -	$ -	$ -	$ -	$ -	
91		Commodity	$ -	$ -	$ -	$ -	$ -	
92		Total Services	$ 589,144	$ 516,177	$ 61,216	$ 2,027	$ 9,724	

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(c)
93	893	**Meters & House Regulators**						
94		Customer	$ 905,884	$ 399,929	$ 405,526	$ 10,772	$ 89,656	
95		Demand	$ -	$ -	$ -	$ -	$ -	
96		Commodity	$ -	$ -	$ -	$ -	$ -	
97		Total Meters & House Regulators	$ 905,884	$ 399,929	$ 405,526	$ 10,772	$ 89,656	
98	894	**Other Equipment**						
99		Customer	$ 109,464	$ 87,977	$ 19,166	$ 392	$ 1,929	Cust 887-893
100		Demand	$ 123,855	$ 75,220	$ 23,202	$ 3,376	$ 22,057	Dem. 887-893
101		Commodity	$ -	$ -	$ -	$ -	$ -	Com. 887-893
102		Total Other Equipment	$ 233,319	$ 163,197	$ 42,368	$ 3,769	$ 23,986	
103		**Total Distr. Maint. Exp.**						
104		Customer	$ 4,840,457	$ 3,562,164	$ 1,094,433	$ 24,867	$ 158,992	
105		Demand	$ 5,559,467	$ 3,376,392	$ 1,041,454	$ 151,556	$ 990,066	
106		Commodity	$ -	$ -	$ -	$ -	$ -	
107		Total Distr. Maint. Exp.	$ 10,399,924	$ 6,938,556	$ 2,135,887	$ 176,424	$ 1,149,057	
108	901-905	**Customer Accounts Exp.**						
109		Customer	$ 19,503,607	$ 17,405,411	$ 2,064,208	$ 15,463	$ 18,525	Customers
110		Demand	$ -	$ -	$ -	$ -	$ -	
111		Commodity	$ -	$ -	$ -	$ -	$ -	
112		Total Customer Accounts Exp.	$ 19,503,607	$ 17,405,411	$ 2,064,208	$ 15,463	$ 18,525	
113	907-910	**Customer Service Expenses**						
114		Customer	$ 638,536	$ 569,842	$ 67,581	$ 506	$ 607	Customers
115		Demand	$ -	$ -	$ -	$ -	$ -	
116		Commodity	$ -	$ -	$ -	$ -	$ -	
117		Total Customer Service Exp,.	$ 638,536	$ 569,842	$ 67,581	$ 506	$ 607	
118	912, 916	**Sales & Advertising Epense**						
119		Customer	$ -	$ -	$ -	$ -	$ -	
120		Demand	$ -	$ -	$ -	$ -	$ -	
121		Commodity	$ 251,127	$ 120,435	$ 42,424	$ 5,985	$ 82,282	Annual Volume
122		Total Sales and Advertising Expense	$ 251,127	$ 120,435	$ 42,424	$ 5,985	$ 82,282	

ALLOCATED COST OF SERVICE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(c)
	921-	**Admin. & General Expenses**						
123	930's							
124		Customer	$ 26,489,311	$ 20,299,091	$ 5,326,631	$ 107,435	$ 756,154	Cust. A&G
125		Demand	$ 5,611,807	$ 3,408,179	$ 1,051,258	$ 152,983	$ 999,387	Dem A&G
126		Commodity	$ 202,228	$ 96,984	$ 34,164	$ 4,820	$ 66,260	Com. A&G
127		Total Admin. & General Expenses	$ 32,303,346	$ 23,804,254	$ 6,412,053	$ 265,238	$ 1,821,801	
128		**Depreciation Expenses**						
129	303	**Miscellaneous Intangible**						
130		Customer	$ -	$ -	$ -	$ -	$ -	
131		Demand	$ -	$ -	$ -	$ -	$ -	
132		Commodity	$ -	$ -	$ -	$ -	$ -	
133		Total Miscellaneous Intangible	$ -	$ -	$ -	$ -	$ -	
134	374	**Land Rights**						
135		Customer	$ 19,023	$ 15,284	$ 3,170	$ 88	$ 481	Cust. 376-85
136		Demand	$ 8,656	$ 5,257	$ 1,621	$ 236	$ 1,541	Dem. 376-85
137		Commodity	$ -	$ -	$ -	$ -	$ -	
138		Total Land Rights	$ 27,679	$ 20,541	$ 4,792	$ 324	$ 2,022	
139	375	**Structures**						
140		Customer	$ 83,441	$ 67,039	$ 13,907	$ 387	$ 2,109	Cust. 376-85
141		Demand	$ 37,967	$ 23,058	$ 7,112	$ 1,035	$ 6,761	Dem. 376-85
142		Commodity	$ -	$ -	$ -	$ -	$ -	
143		Total Structures	$ 121,408	$ 90,097	$ 21,019	$ 1,422	$ 8,870	
144	376	**Mains**						
145		Customer	$ 2,216,425	$ 1,977,982	$ 234,580	$ 1,757	$ 2,105	Customers
146		Demand	$ 4,168,198	$ 2,531,442	$ 780,828	$ 113,629	$ 742,299	Peak Volume
147		Commodity	$ -	$ -	$ -	$ -	$ -	
148		Total Mains	$ 6,384,623	$ 4,509,424	$ 1,015,408	$ 115,386	$ 744,405	
149	378	**Meas. & Reg. Sta. - Gen.**						
150		Customer	$ -	$ -	$ -	$ -	$ -	
151		Demand	$ 354,317	$ 215,185	$ 66,374	$ 9,659	$ 63,099	Peak Volume
152		Commodity	$ -	$ -	$ -	$ -	$ -	
153		Total Meas. & Reg.	$ 354,317	$ 215,185	$ 66,374	$ 9,659	$ 63,099	

ALLOCATED COST OF SERVICE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(c)
154	379	**Meas. & Reg. Sta.-City Gate**						
155		Customer	$ -	$ -	$ -	$ -	$ -	
156		Demand	$ 82,126	$ 49,877	$ 15,385	$ 2,239	$ 14,626	Peak Volume
157		Commodity	$ -	$ -	$ -	$ -	$ -	
158		Total Meas. & Reg. Eq..-City Gate	$ 82,126	$ 49,877	$ 15,385	$ 2,239	$ 14,626	
159	380	**Services**						
160		Customer	$ 12,133,988	$ 10,631,157	$ 1,260,810	$ 41,744	$ 200,277	Weighted Services
161		Demand	$ -	$ -	$ -	$ -	$ -	
162		Commodity	$ -	$ -	$ -	$ -	$ -	
163		Total Services	$ 12,133,988	$ 10,631,157	$ 1,260,810	$ 41,744	$ 200,277	
164	381	**Meters**						
165		Customer	$ 714,346	$ 264,626	$ 373,150	$ 8,033	$ 68,537	Weighted Meters
166		Demand	$ -	$ -	$ -	$ -	$ -	
167		Commodity	$ -	$ -	$ -	$ -	$ -	
168		Total Meters	$ 714,346	$ 264,626	$ 373,150	$ 8,033	$ 68,537	
169	382	**Meter Installations**						
170		Customer	$ 1,420,804	$ 757,328	$ 571,229	$ 17,123	$ 75,124	Weighted Meter Install.
171		Demand	$ -	$ -	$ -	$ -	$ -	
172		Commodity	$ -	$ -	$ -	$ -	$ -	
173		Total Meter Installations	$ 1,420,804	$ 757,328	$ 571,229	$ 17,123	$ 75,124	
174	383	**House Regulators**						
175		Customer	$ 233,689	$ 182,102	$ 21,597	$ 3,499	$ 26,491	Weighted Regulators
176		Demand	$ -	$ -	$ -	$ -	$ -	
177		Commodity	$ -	$ -	$ -	$ -	$ -	
178		House Regulators	$ 233,689	$ 182,102	$ 21,597	$ 3,499	$ 26,491	
179	385	**Meas. & Reg. Sta. - Ind.**						
180		Customer	$ 17,555	$ -	$ 14,555	$ 438	$ 2,562	Non-Res. Customers
181		Demand	$ -	$ -	$ -	$ -	$ -	
182		Commodity	$ -	$ -	$ -	$ -	$ -	
183		Total Meas. & Reg. Equip. - Ind.	$ 17,555	$ -	$ 14,555	$ 438	$ 2,562	

ALLOCATED COST OF SERVICE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(c)
184	389-98	**General Plant**						
185		Customer	$ 2,379,744	$ 2,026,003	$ 325,680	$ 4,415	$ 23,646	Cust. Gen. Plant
186		Demand	$ 164,177	$ 99,709	$ 30,755	$ 4,476	$ 29,238	Dem. Gen. Plant
187		Commodity	$ 5,916	$ 2,837	$ 999	$ 141	$ 1,938	Comm. Gen. Plant
188		Total General Plant	$ 2,549,838	$ 2,128,549	$ 357,435	$ 9,032	$ 54,822	
189		**Total Depreciation Expense**	$ 24,040,373	$ 18,848,887	$ 3,721,753	$ 208,900	$ 1,260,834	
190	404-405	**Amortization Expense -SLRP**						
191		Customer	$ 2,035,371	$ 1,792,720	$ 212,609	$ 5,467	$ 24,575	Wgt. Mains & Svcs.
192		Demand	$ 1,090,460	$ 662,261	$ 204,276	$ 29,727	$ 194,196	Peak Volume
193		Commodity	$ -	$ -	$ -	$ -	$ -	
194		Total Amortization Expense -SLRP	$ 3,125,831	$ 2,454,981	$ 416,885	$ 35,194	$ 218,771	
195	404-405	**Amortization Expense - Other**						
196		Customer	$ 582,421	$ 467,933	$ 97,068	$ 2,701	$ 14,718	Cust. 303
197		Demand	$ 265,006	$ 160,945	$ 49,644	$ 7,224	$ 47,194	Dem. 303
198		Commodity	$ -	$ -	$ -	$ -	$ -	Com. 303
199		Total Amortization Expense - Other	$ 847,427	$ 628,878	$ 146,712	$ 9,925	$ 61,912	
200	4081	**Taxes Other Than Inc. Taxes**						
201		Customer	$ 7,676,148	$ 6,173,741	$ 1,260,571	$ 36,855	$ 204,982	Cust. Tot. Plant
202		Demand	$ 3,217,148	$ 1,953,848	$ 602,668	$ 87,702	$ 572,930	Dem. Tot. Plant
203		Commodity	$ 1,775	$ 1,315	$ 307	$ 21	$ 131	Com. Tot. Plant
204		Total Other Taxes	$ 10,895,071	$ 8,128,904	$ 1,863,545	$ 124,578	$ 778,044	
205		**Interest on Customer Dep.**						
206		Customer	$ 141,343	$ 126,137	$ 14,959	$ 112	$ 134	Customers
207		Demand	$ -	$ -	$ -	$ -	$ -	
208		Commodity	$ -	$ -	$ -	$ -	$ -	
209		Total Interest on Cust, Deposits	$ 141,343	$ 126,137	$ 14,959	$ 112	$ 134	

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	ACCT.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE	ALLOCATION FACTOR
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(c)
210		**Return**						
211		Customer	$ 32,415,094	$ 25,484,104	$ 5,904,987	$ 153,940	$ 872,063	Cust. Rate Base
212		Demand	$ 18,903,836	$ 11,480,733	$ 3,541,251	$ 515,336	$ 3,366,516	Dem. Rate Base
213		Commodity	$ 18,517	$ 8,693	$ 3,125	$ 450	$ 6,249	Com. Rate Base
214		Total Return	$ 51,337,448	$ 36,973,530	$ 9,449,364	$ 669,726	$ 4,244,828	
215		**Income Taxes**						
216		Customer	$ 13,113,107	$ 10,309,265	$ 2,388,786	$ 62,274	$ 352,782	Cust. Rate Base
217		Demand	$ 7,647,303	$ 4,644,382	$ 1,432,567	$ 208,473	$ 1,361,881	Dem. Rate Base
218		Commodity	$ 7,491	$ 3,517	$ 1,264	$ 182	$ 2,528	Com. Rate Base
219		Total Income Taxes	$ 20,767,901	$ 14,957,164	$ 3,822,618	$ 270,929	$ 1,717,190	
220		**Total Cost of Service Before Revenue Credits**						
221		Customer	$ 136,686,677	$ 107,406,843	$ 25,065,291	$ 588,282	$ 3,626,260	
222		Demand	$ 48,968,963	$ 29,739,972	$ 9,173,344	$ 1,334,940	$ 8,720,706	
223		Commodity	$ 503,242	$ 241,545	$ 85,019	$ 11,985	$ 164,692	
224		**Total Cost of Service Before Revenue Credits**	$ 186,158,881	$ 137,388,361	$ 34,323,654	$ 1,935,207	$ 12,511,659	

ALLOCATED COST OF SERVICE

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE
	(a)	(b)	(c)	(d)	(e)	(f)
1	**Customer Cost Allocation Factors**					
2						
3	Customers	498,422	444,802	52,752	395	473
4	**Customer Factor**	**1.00000**	**0.89242**	**0.10584**	**0.00079**	**0.00095**
5						
6	Weighting			1.00	4.02	19.61
7	Weighted Non-Residential Customers	63,625	0.00	52,752	1,589	9,285
8	**Non-Residential Customer Factor**	**1.00000**	**0.00000**	**0.82910**	**0.02497**	**0.14593**
9						
10	Services Weighting		1.00	1.00	4.42	17.70
11	Weighted Customers	507,680	444,802	52,752	1,747	8,379
12	**Weighted Services Factor**	**1.00000**	**0.87615**	**0.10391**	**0.00344**	**0.01651**
13						
14	Meters Weighting		1.00	11.89	34.17	243.34
15	Weighted Customers	1200723	444,802	627,217	13,502	115,201
16	**Weighted Meters Factor**	**1.00000**	**0.37045**	**0.52237**	**0.01125**	**0.09594**
17						
18	Meter Installation Weighting		1.00	6.36	25.45	93.20
19	Weighted Customers	834,482	444,802	335,500	10,057	44,122
20	**Weighted Meter Installation**	**1.00000**	**0.53303**	**0.40205**	**0.01205**	**0.05287**
21						
22	Regulators Weighting		1.00	1.00	21.63	136.68
23	Weighted Customers	570807	444,802	52,752	8,547	64,707
24	**Weighted Regulators Factor**	**1.00000**	**0.77925**	**0.09242**	**0.01497**	**0.11336**
25						
26	Meters and Regulators Weighting		1.00	8.55	30.32	210.63
27	Weighted Customers	1007525	444,802	451,027	11,981	99,716
28	**Weighted Meters and Regulators Factor**	**1.00000**	**0.44148**	**0.44766**	**0.01189**	**0.09897**
29						
30	Mains & Services - Customer	$370,478,289	$ 326,310,964	$ 38,699,094	$ 995,127	$ 4,473,104
31	**Weighted Mains and Services Factor**	**1.00000**	**0.88078**	**0.10446**	**0.00269**	**0.01207**
32						

ALLOCATION FACTORS

MISSOURI GAS ENERGY
Class Cost of Service Study - Summary
Test Year Ended June 30, 2003

LINE	DESCRIPTION		TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE
	(a)		(b)	(c)	(d)	(e)	(f)
33	**Demand Allocation Factors**						
34							
35	Estimated Peak Volume		7,312,518	4,441,060	1,369,852	199,346	1,302,260
36	**Peak Volume Demand Factor**		**1.00000**	**0.60732**	**0.18733**	**0.02726**	**0.17809**
37							
38	**Commodity Allocation Factor**						
39							
40	Annual Volume (Ccf)		821,485,974	393,967,586	138,778,812	19,579,710	269,159,866
41	**Annual Volume Commodity Factor**		**1.00000**	**0.47958**	**0.16894**	**0.02383**	**0.32765**
42							
43	**Combined Factors**						
44	**Accounts 871-879**						
45		Customer	**1.00000**	**0.52779**	**0.38025**	**0.01009**	**0.08188**
46		Demand	**1.00000**	**0.60732**	**0.18733**	**0.02726**	**0.17809**
47		Commodity	**1.00000**	**0.47958**	**0.16894**	**0.02383**	**0.32765**
48							
49	**Accounts 997-893**						
50		Customer	**1.00000**	**0.80370**	**0.17509**	**0.00358**	**0.01762**
51		Demand	**1.00000**	**0.60732**	**0.18733**	**0.02726**	**0.17809**
52		Commodity	-	-	-	-	-
53							
54	**Administrative & General**						
55		Customer	**1.00000**	**0.76631**	**0.20109**	**0.00406**	**0.02855**
56		Demand	**1.00000**	**0.60732**	**0.18733**	**0.02726**	**0.17809**
57		Commodity	**1.00000**	**0.47958**	**0.16894**	**0.02383**	**0.32765**
58							
59	**Rate Base**						
60		Customer	**1.00000**	**0.72021**	**0.18406**	**0.01305**	**0.08268**
61		Demand	**1.00000**	**0.60732**	**0.18733**	**0.02726**	**0.17809**
62		Commodity	**1.00000**	**0.46945**	**0.16877**	**0.02430**	**0.33747**
63							
64	**Distribution Plant**						
65		Customer	**1.00000**	**0.80343**	**0.16666**	**0.00464**	**0.02527**
66		Demand	**1.00000**	**0.60732**	**0.18733**	**0.02726**	**0.17809**
67		Commodity	**0.00000**	**0.00000**	**0.00000**	**0.00000**	**0.00000**

ALLOCATION FACTORS

LINE	DESCRIPTION		TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME SERVICE
	(a)		(b)	(c)	(d)	(e)	(f)
68							
69	**Accounts 376-385**						
70		Customer	1.00000	0.80343	0.16666	0.00464	0.02527
71		Demand	1.00000	0.60732	0.18733	0.02726	0.17809
72		Commodity	0.00000	0.00000	0.00000	0.00000	0.00000
73							
74	**Operating Expenses**						
75		Customer	1.00000	0.76631	0.20109	0.00406	0.02855
76		Demand	1.00000	0.60732	0.18733	0.02726	0.17809
77		Commodity	1.00000	0.47958	0.16894	0.02383	0.32765
78							
79	**Mains and Services**						
80		Customer	1.00000	0.88078	0.10446	0.00269	0.01207
81		Demand	1.00000	0.60732	0.18733	0.02726	0.17809
82		Commodity	0.00000	0.00000	0.00000	0.00000	0.00000
83							
84	**Total Plant**						
85		Customer	1.00000	0.80428	0.16422	0.00480	0.02670
86		Demand	1.00000	0.60732	0.18733	0.02726	0.17809
87		Commodity	1.00000	0.74108	0.17311	0.01176	0.07405
88							
89	**General Plant**						
90		Customer	1.00000	0.85135	0.13685	0.00186	0.00994
91		Demand	1.00000	0.60732	0.18733	0.02726	0.17809
92		Commodity	1.00000	0.47958	0.16894	0.02383	0.32765
93							
94	**Account 303**						
95		Customer	1.00000	0.80343	0.16666	0.00464	0.02527
96		Demand	1.00000	0.60732	0.18733	0.02726	0.17809
97		Commodity	0.00000	0.00000	0.00000	0.00000	0.00000
98							
99	**Distribution and Gneral Plant**						
100		Customer	1.00000	0.80807	0.16377	0.00437	0.02378
101		Demand	1.00000	0.60732	0.18733	0.02726	0.17809
102		Commodity	1.00000	0.47958	0.16894	0.02383	0.32765

ALLOCATION FACTORS

Schedule FJC-4

Mains Cost Study