Exhibit No.:	862
Issue:	*True-up Direct Accounting Schedules*
Witness:	*MoPSC Auditors*
Sponsoring Party:	*MoPSC Staff*
Case No.:	*GR-2004-0209*
Date Prepared:	*July 19, 2004*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

MISSOURI GAS ENERGY

CASE NO. GR-2004-0209

TRUE-UP DIRECT STAFF ACCOUNTING SCHEDULES

Jefferson City, Missouri
July 2004

Missouri Gas Energy, A Division of Southern Union Company
Case: GR-04-2090
The Twelve Months Ending June 30, 2003 Updated 12/31/2003

Revenue Requirement

Line		6.96% Return	7.11% Return	7.26% Return
	(A)	(B)	(C)	(D)
1	Net Orig Cost Rate Base (Sch 2)	$ 523,284,824	$ 523,284,824	$ 523,284,824
2	Rate of Return	6.96%	7.11%	7.26%
3	Net Operating Income Requirement	$ 36,420,624	$ 37,205,551	$ 37,990,478
4	Net Income Available (Sch 9)	$ 29,452,953	$ 29,452,953	$ 29,452,953
5	Additional NOIBT Needed	$ 6,967,671	$ 7,752,598	$ 8,537,525
6	Income Tax Requirement (Sch 11)			
7	Required Current Income Tax	$ 9,937,905	$ 10,426,975	$ 10,916,045
8	Test Year Current Income Tax	$ 5,437,535	$ 5,437,535	$ 5,437,535
9	Additional Current Tax Required	$ 4,500,370	$ 4,989,440	$ 5,478,510
10	Required Deferred ITC	$ 0	$ 0	$ 0
11	Test Year Deferred ITC	$ 0	$ 0	$ 0
12	Additional Deferred ITC Required	$ 0	$ 0	$ 0
13	Total Additional Tax Required	$ 4,500,370	$ 4,989,440	$ 5,478,510
14	Gross Revenue Requirement	$ 11,468,041	$ 12,742,038	$ 14,016,035

Missouri Gas Energy, A Division of Southern Union Company

Case: GR-04-2090

The Twelve Months Ending June 30, 2003 Updated 12/31/2003

Rate Base

Line	Description	Amount
	(A)	(B)
1	Total Plant in Service (Sch 3)	$ 792,232,455
	Subtract from Total Plant	
2	Depreciation Reserve (Sch 6)	$ 260,941,642

3	Net Plant in Service	$ 531,290,813
	Add to Net Plant in Service	
4	Cash Working Capital (Sch 8)	$ 2,779,908
5	Materials and Supplies	2,668,925
6	Prepayments	472,395
7	Gas Inventory	59,495,887
8	Alternative Minimum Tax Credit	12,782,852
9	Prepaid Pension Asset	7,975,181
	Subtract from Net Plant	
10	Federal Tax Offset 1.0200 %	$ 87,601
11	State Tax Offset 1.0200 %	13,766
12	City Tax Offset 0.0000 %	0
13	Interest Expense Offset 12.0500 %	2,466,744
14	Customer Advances for Construction	10,759,375
15	Customer Deposits	3,643,210
16	Deferred Taxes -Other Timing Diff	3,718,520
17	Deferred Income Taxes GO-94-234	2,012,175
18	Deferred Income Taxes GO-97-301	512,573
19	Deferrred Taxes SLRP GR-98-140	2,572,581
20	Deferred Income Taxes GR-2001-292	629,765
21	Deferred Taxes - Non SLRP Plant	67,508,530
22	Deferred Taxes - Allocated Plant	55,654
23	Deferred Taxes AAO 2000	200,643

24	Total Rate Base	$ 523,284,824
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Missouri Gas Energy, A Division of Southern Union Company
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Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment		Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)		(F)
		Intangible Plant						
1	301.000	Organization	$ 15,600	$ 0	100.0000	$ 0	P-1	$ 15,600
2	302.000	Franchises & Consents	32,096	0	100.0000	0	P-2	32,096
3	303.000	Corrosion Control Management System	1,117,800	0	100.0000	0	P-3	1,117,800
4	303.000	Landbase Digitized Mapping	1,701,543	0	100.0000	0	P-4	1,701,543
5	303.000	Premise Data Sys (PDS)	985,196	0	100.0000	0	P-5	985,196
6	303.000	AMR Project -- Programming	469,443	396,012	100.0000	0	P-6	865,455
7	303.000	FPI Main Segmentation	894,795	0	100.0000	0	P-7	894,795
8	303.000	Geographic Info Systems -- GIS	1,006,719	0	100.0000	0	P-8	1,006,719
9	303.000	Licensing Office Pro2000	54,012	0	100.0000	0	P-9	54,012
10	303.000	Stoner Low Pressure/Intermediate	279,672	0	100.0000	0	P-10	279,672
11	303.000	BASIC -- Customer Billing System	294,516	0	100.0000	0	P-11	294,516
12	303.000	TCS System	189,193	0	100.0000	0	P-12	189,193
13	303.000	GEO Tax Software	79,294	0	100.0000	0	P-13	79,294
14	303.000	Customer Service System (CSS)	3,786,000	0	100.0000	0	P-14	3,786,000
15	303.000	Work Force Automation	3,785,364	0	100.0000	0	P-15	3,785,364
16	303.000	CSS Enhancement	8,360,981	0	100.0000	0	P-16	8,360,981
17	303.000	Mainframe Software/Enhancement	1,912,642	0	100.0000	0	P-17	1,912,642
18	303.000	Infinium Enhancements	6,774,073	0	100.0000	0	P-18	6,774,073
19	303.000	Witness Software	194,706	0	100.0000	0	P-19	194,706
20	303.000	MGE Website	485,944	0	100.0000	0	P-20	485,944
21		Total	$ 32,419,589	$ 396,012		$ 0		$ 32,815,601
		Distribution Plant						
22	374.100	Land	$ 240,448	$ 0	100.0000	$ 0	P-21	$ 240,448
23	374.200	Land Rights	1,376,615	0	100.0000	0	P-22	1,376,615
24	375.100	Structures	3,248,632	0	100.0000	0	P-23	3,248,632
25	375.200	Leasehold Improvements	0	0	100.0000	0	P-24	0
26	376.000	Mains	308,994,383	1,344,741	100.0000	0	P-25	310,339,124
27	378.000	Meas. & Reg. Sta. Equip. - General	11,209,450	36,036	100.0000	0	P-26	11,245,486
28	379.000	Meas. & Reg. Sta. Equip - City Gate	3,214,591	0	100.0000	0	P-27	3,214,591
29	380.000	Services	275,990,572	682,603	100.0000	(3,912,754)	P-28	272,760,421
30	381.000	Meters	29,281,747	0	100.0000	0	P-29	29,281,747
31	382.000	Meter Installations	60,393,373	363,732	100.0000	0	P-30	60,757,105
32	383.000	House Regulators	10,587,043	22,606	100.0000	0	P-31	10,609,649
33	385.000	Electronic Gas Measuring	351,435	0	100.0000	0	P-32	351,435
34	387.000	Other Equipment	0	0	100.0000	0	P-33	0
35		Total	$ 704,888,289	$ 2,449,718		$ (3,912,754)		$ 703,425,253

Missouri Gas Energy, A Division of Southern Union Company
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The Twelve Months Ending June 30, 2003 Updated 12/31/2003

Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment		Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)		(F)
		General Plant -- Direct						
36	389.000	Land	$ 687,569	$ 0	100.0000	$ 0	P-34	$ 687,569
37	390.100	Structures	590,347	350	100.0000	0	P-35	590,697
38	390.200	Leasehold Improvements	1,389,409	0	100.0000	0	P-36	1,389,409
39	391.000	Office Furniture & Equipment	5,608,881	50,226	100.0000	(1,014,662)	P-37	4,644,445
40	392.000	Transportation Equipment	4,819,628	88,546	100.0000	0	P-38	4,908,174
41	393.000	Stores Equipment	504,893	0	100.0000	0	P-39	504,893
42	394.000	Tools, Shop & Garage Equipment	4,810,915	1,398	100.0000	0	P-40	4,812,313
43	395.000	Laboratory Equipment	0	0	100.0000	0	P-41	0
44	396.000	Power Operated Equipment	243,807	0	100.0000	0	P-42	243,807
45	397.100	Communication Equipment -- AMR	34,727,680	0	100.0000	0	P-43	34,727,680
46	397.200	Communication Equipment	2,847,334	9,429	100.0000	0	P-44	2,856,763
47	398.000	Miscellaneous Equipment	405,600	0	100.0000	0	P-45	405,600
48		Total	$ 56,636,063	$ 149,949		$ (1,014,662)		$ 55,771,350
		General Plant -- Allocated						
49	390.000	Leasehold Improvements	$ 661,996	$ 0	16.8700	$ 0	P-47	$ 111,679
50	391.000	Office Furniture	245,058	0	16.8700	0	P-48	41,341
51	391.100	Computer Equipment	249,697	0	16.8700	0	P-49	42,124
52	392.000	Transportation Equipment	148,825	0	16.8700	0	P-50	25,107
53		Total	$ 1,305,576	$ 0		$ 0		$ 220,251
54		Total Plant In Service	$ 795,249,517	$ 2,995,679		$ (4,927,416)		$ 792,232,455

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Adjustments to Total Plant

Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	AMR Project -- Programming	P-6	$ 396,012	
	1. To update AMR Project-Programming intangible asset through 4/30/04. (Preston)		$ 396,012	
	Land Rights	P-22		
	1. No adjustment for True-up. (Preston)			
	Structures	P-23		
	1. No adjustment for True-up. (Preston)			
	2. To adjust plant to reflect plant not yet classified at 4/30/04. (Preston)			
	Mains	P-25	$ 1,344,741	
	1. No adjustment for True-up. (Preston)			
	2. To adjust plant to reflect plant not yet classified at 4/30/04. (Preston)		$ 1,344,741	

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Adjustments to Total Plant

Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Meas. & Reg. Sta. Equip. - General	P-26	$ 36,036	
	1. No adjustment for True-up. (Preston)			
	2. To adjust plant to reflect plant not yet classified at 4/30/04. (Preston)		$ 36,036	
	Meas. & Reg. Sta. Equip - City Gate	P-27		
	1. No adjustment for True-up. (Preston)			
	Services	P-28	$ 682,603	$ (3,912,754)
	1. No adjustment for True-up. (Preston)			
	2. To adjust plant to reflect plant not yet classified at 4/30/04. (Preston)		$ 682,603	
	3. To remove inactive services as of 4/30/2004. (Preston)			$ (3,912,754)
	Meters	P-29		
	1. No adjustment for True-up. (Preston)			
	2. No adjustment for True-up. (Preston)			

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Adjustments to Total Plant

Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Meter Installations	P-30	$ 363,732	
1.	No adjustment for True-up. (Preston)			
2.	To adjust plant to reflect plant not yet classified at 4/30/2004. (Preston)		$ 363,732	
	House Regulators	P-31	$ 22,606	
1.	No adjustment for True-up. (Preston)			
2.	To adjust plant to reflect plant not yet classified at 4/30/04. (Preston)		$ 22,606	
	Electronic Gas Measuring	P-32		
1.	No adjustment for True-up. (Preston)			
	Structures	P-35	$ 350	
1.	No adjustment for True-up. (Preston)			
2.	To adjust plant to reflect plant not yet classified at 4/30/04. (Preston)		$ 350	

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Adjustments to Total Plant

Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Leasehold Improvements	P-36		
	1. No adjustment for True-up. (Preston)			
	Office Furniture & Equipment	P-37	$ 50,226	$ (1,014,662)
	1. No adjustment for True-up. (Preston)			
	2. To adjust plant to reflect plant not yet classified at 4/30/04. (Preston)		$ 50,226	
	3. To remove CSS Enhancements that benefit Texas only. (Preston)			$ (1,014,662)
	Transportation Equipment	P-38	$ 88,546	
	1. To adjust plant to reflect the balance at 4/30/04. (Preston)		$ 88,546	
	Stores Equipment	P-39		
	1. No adjustment for True-up. (Preston)			
	Tools, Shop & Garage Equipment	P-40	$ 1,398	
	1. No adjustment for True-up. (Preston)			

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Adjustments to Total Plant

Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
2.	To adjust plant to reflect plant not yet classified at 4/30/04. (Preston)		$ 1,398	
	Power Operated Equipment	P-42		
1.	No adjustment for True-up. (Preston)			
	Communication Equipment -- AMR	P-43		
1.	No adjustment for True-up. (Preston)			
2.	No adjustment for True-up. (Preston)			
	Communication Equipment	P-44	$ 9,429	
1.	To adjust plant to reflect the balance at 4/30/04. (Preston)		$ 9,429	
	Miscellaneous Equipment	P-45		
1.	No adjustment for True-up. (Preston)			

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Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
		Intangible Plant			
1	301.000	Organization	$ 15,600	0.0000	$ 0
2	302.000	Franchises & Consents	32,096	0.0000	0
3	303.000	Corrosion Control Management System	1,117,800	0.0000	0
4	303.000	Landbase Digitized Mapping	1,701,543	0.0000	0
5	303.000	Premise Data Sys (PDS)	985,196	0.0000	0
6	303.000	AMR Project -- Programming	865,455	0.0000	0
7	303.000	FPI Main Segmentation	894,795	0.0000	0
8	303.000	Geographic Info Systems -- GIS	1,006,719	0.0000	0
9	303.000	Licensing Office Pro2000	54,012	0.0000	0
10	303.000	Stoner Low Pressure/Intermediate	279,672	0.0000	0
11	303.000	BASIC -- Customer Billing System	294,516	0.0000	0
12	303.000	TCS System	189,193	0.0000	0
13	303.000	GEO Tax Software	79,294	0.0000	0
14	303.000	Customer Service System (CSS)	3,786,000	0.0000	0
15	303.000	Work Force Automation	3,785,364	0.0000	0
16	303.000	CSS Enhancement	8,360,981	0.0000	0
17	303.000	Mainframe Software/Enhancement	1,912,642	0.0000	0
18	303.000	Infinium Enhancements	6,774,073	0.0000	0
19	303.000	Witness Software	194,706	0.0000	0
20	303.000	MGE Website	485,944	0.0000	0
21		Total	$ 32,815,601		$ 0
		Distribution Plant			
22	374.100	Land	$ 240,448	0.0000	$ 0
23	374.200	Land Rights	1,376,615	2.0900	28,771
24	375.100	Structures	3,248,632	1.6500	53,602
25	375.200	Leasehold Improvements	0	0.0000	0
26	376.000	Mains	310,339,124	2.2700	7,044,698
27	378.000	Meas. & Reg. Sta. Equip. - General	11,245,486	2.8600	321,621
28	379.000	Meas. & Reg. Sta. Equip - City Gate	3,214,591	2.1300	68,471
29	380.000	Services	272,760,421	2.7000	7,364,531
30	381.000	Meters	29,281,747	2.8600	837,458
31	382.000	Meter Installations	60,757,105	2.8600	1,737,653
32	383.000	House Regulators	10,609,649	2.4400	258,875
33	385.000	Electronic Gas Measuring	351,435	3.3300	11,703
34	387.000	Other Equipment	0	4.6000	0
35		Total	$ 703,425,253		$ 17,727,383

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Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
		General Plant -- Direct			
36	389.000	Land	$ 687,569	0.0000	$ 0
37	390.100	Structures	590,697	2.0000	11,814
38	390.200	Leasehold Improvements	1,389,409	0.0000	0
39	391.000	Office Furniture & Equipment	4,644,445	8.0600	374,342
40	392.000	Transportation Equipment	4,908,174	8.7000	427,011
41	393.000	Stores Equipment	504,893	2.7000	13,632
42	394.000	Tools, Shop & Garage Equipment	4,812,313	5.3000	255,053
43	395.000	Laboratory Equipment	0	6.0000	0
44	396.000	Power Operated Equipment	243,807	8.3300	20,309
45	397.100	Communication Equipment -- AMR	34,727,680	5.0000	1,736,384
46	397.200	Communication Equipment	2,856,763	6.2500	178,548
47	398.000	Miscellaneous Equipment	405,600	3.8500	15,616
48		Total	$ 55,771,350		$ 3,032,709
		General Plant -- Allocated			
49	390.000	Leasehold Improvements	$ 111,679	2.0000	$ 2,234
50	391.000	Office Furniture	41,341	3.2200	1,331
51	391.100	Computer Equipment	42,124	10.0000	4,212
52	392.000	Transportation Equipment	25,107	10.0000	2,511
53		Total	$ 220,251		$ 10,288
54		Total Depreciation Expense	$ 792,232,455		$ 20,770,380

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Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment		Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)		(F)
		Intangible Plant						
1	301.000	Organization	$ 0	$ 0	100.0000	$ 0	R-1	$ 0
2	302.000	Franchises & Consents	0	0	100.0000	0	R-2	0
3	303.000	Corrosion Control Management System	1,050,911	0	100.0000	0	R-3	1,050,911
4	303.000	Landbase Digitized Mapping	1,283,018	0	100.0000	0	R-4	1,283,018
5	303.000	Premise Data Sys (PDS)	985,196	0	100.0000	0	R-5	985,196
6	303.000	AMR Project -- Programming	179,253	0	100.0000	0	R-6	179,253
7	303.000	FPI Main Segmentation	876,477	0	100.0000	0	R-7	876,477
8	303.000	Geographic Info Systems -- GIS	728,314	0	100.0000	0	R-8	728,314
9	303.000	Licensing Office Pro2000	22,055	0	100.0000	0	R-9	22,055
10	303.000	Stoner Low Pressure/Intermediate	186,525	0	100.0000	0	R-10	186,525
11	303.000	BASIC -- Customer Billing System	198,347	0	100.0000	0	R-11	198,347
12	303.000	TCS System	93,662	0	100.0000	0	R-12	93,662
13	303.000	GEO Tax Software	39,647	0	100.0000	0	R-13	39,647
14	303.000	Customer Service System (CSS)	3,136,541	0	100.0000	0	R-14	3,136,541
15	303.000	Work Force Automation	652,757	0	100.0000	0	R-15	652,757
16	303.000	CSS Enhancements	3,464,522	0	100.0000	0	R-16	3,464,522
17	303.000	Mainframe Software/Enhancement	483,281	0	100.0000	0	R-17	483,281
18	303.000	Infinium Enhancement	4,080,601	0	100.0000	0	R-18	4,080,601
19	303.000	Witness Software	34,047	0	100.0000	0	R-19	34,047
20	303.000	MGE Website	72,715	0	100.0000	0	R-20	72,715
21		Total	$ 17,567,869	$ 0		$ 0		$ 17,567,869
		Distribution Plant						
22	374.100	Land	$ 0	$ 0	100.0000	$ 0	R-21	$ 0
23	374.200	Land Rights	322,327	0	100.0000	0	R-22	322,327
24	375.100	Structures	267,658	0	100.0000	0	R-23	267,658
25	375.200	Leasehold Improvements	0	0	100.0000	0	R-24	0
26	376.000	Mains	94,048,781	0	100.0000	0	R-25	94,048,781
27	378.000	Meas. & Reg. Sta. Equip. - General	3,026,500	0	100.0000	0	R-26	3,026,500
28	379.000	Meas. & Reg. Sta. Equip - City Gate	681,537	0	100.0000	0	R-27	681,537
29	380.000	Services	120,729,056	(3,912,754)	100.0000	0	R-28	116,816,302
30	381.000	Meters	2,697,781	0	100.0000	0	R-29	2,697,781
31	382.000	Meter Installations	10,982,178	0	100.0000	0	R-30	10,982,178
32	383.000	House Regulators	1,650,903	0	100.0000	0	R-31	1,650,903
33	385.000	Electronic Gas Measuring	80,274	0	100.0000	0	R-32	80,274
34	387.000	Other Equipment	0	0	100.0000	0	R-33	0
35		Total	$ 234,486,995	$ (3,912,754)		$ 0		$ 230,574,241

Accounting Schedule: 6
Preston
15:18 07/16/2004

Missouri Gas Energy, A Division of Southern Union Company
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Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment		Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)		(F)
		General Plant -- Direct						
36	389.000	Land	$ 0	$ 0	100.0000	$ 0	R-34	$ 0
37	390.100	Structures	115,743	0	100.0000	0	R-35	115,743
38	390.200	Leasehold Improvements	587,963	0	100.0000	0	R-36	587,963
39	391.000	Office Furniture & Equipment	979,421	135,674	100.0000	0	R-37	1,115,095
40	392.000	Transportation Equipment	2,191,539	0	100.0000	0	R-38	2,191,539
41	393.000	Stores Equipment	187,243	0	100.0000	0	R-39	187,243
42	394.000	Tools, Shop & Garage Equipment	864,112	0	100.0000	0	R-40	864,112
43	395.000	Laboratory Equipment	0	0	100.0000	0	R-41	0
44	396.000	Power Operated Equipment	(465,556)	0	100.0000	0	R-42	(465,556)
45	397.100	Communication Equipment -- AMR	9,830,384	0	100.0000	0	R-43	9,830,384
46	397.200	Communication Equipment	(1,922,605)	0	100.0000	0	R-44	(1,922,605)
47	398.000	Miscellaneous Equipment	257,067	0	100.0000	0	R-45	257,067
48		Total	$ 12,625,311	$ 135,674		$ 0		$ 12,760,985
		General Plant -- Allocated						
49	390.000	Leasehold Improvements	$ 57,794	$ 0	16.8700	$ 0	R-47	$ 9,750
50	391.000	Furniture & Fixtures	48,335	0	16.8700	0	R-48	8,154
51	391.100	Computer Equipment	69,338	0	16.8700	0	R-49	11,697
52	392.000	Transportation Equipment	53,030	0	16.8700	0	R-50	8,946
53		Total	$ 228,497	$ 0		$ 0		$ 38,547
54		Total Depreciation Reserve	$ 264,908,672	$ (3,777,080)		$ 0		$ 260,941,642

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Adjustments to Depreciation Reserve

Adj No	Description	Total Co Adjustment	Mo Juris Adjustment

Corrosion Control Management System R-3

1. Adjustment deleted.
(Preston)

Landbase Digitized Mapping R-4

1. Adjustment deleted.
(Preston)

AMR Project -- Programming R-6

1. Adjustment deleted.
(Preston)

FPI Main Segmentation R-7

1. Adjustment deleted.
(Preston)

Geographic Info Systems -- GIS R-8

1. Adjustment deleted.
(Preston)

Licensing Office Pro2000 R-9

1. Adjustment deleted.
(Preston)

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Adjustments to Depreciation Reserve

Adj No	Description	Total Co Adjustment	Mo Juris Adjustment

****
Stoner Low Pressure/Intermediate R-10
****

1. Adjustment deleted.
(Preston)

****
BASIC -- Customer Billing System R-11
****

1. Adjustment deleted.
(Preston)

****
TCS System R-12
****

1. Adjustment deleted.
(Preston)

****
GEO Tax Software R-13
****

1. Adjustment deleted.
(Preston)

****
Customer Service System (CSS) R-14
****

1. Adjustment deleted.
(Preston)

****
Work Force Automation R-15
****

1. Adjustment deleted.
(Preston)

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Adjustments to Depreciation Reserve

Adj No	Description	Total Co Adjustment	Mo Juris Adjustment

CSS Enhancements R-16

1. Adjustment deleted.
(Preston)

Mainframe Software/Enhancement R-17

1. Adjustment deleted.
(Preston)

Infinium Enhancement R-18

1. Adjustment deleted.
(Preston)

Witness Software R-19

1. Adjustment deleted.
(Preston)

MGE Website R-20

1. Adjustment deleted.
(Preston)

Land Rights R-22

1. Adjustment deleted.
(Preston)

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Adjustments to Depreciation Reserve

Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Structures	R-23		
1.	Adjustment deleted. (Preston)			
	Mains	R-25		
1.	Adjustment deleted. (Preston)			
	Meas. & Reg. Sta. Equip. - General	R-26		
1.	Adjustment deleted. (Preston)			
	Meas. & Reg. Sta. Equip - City Gate	R-27		
1.	Adjustment deleted. (Preston)			
	Services	R-28	$ (3,912,754)	
1.	Adjustment deleted. (Preston)			
2.	To remove reserve associated with the inactive services. (Preston)		$ (3,912,754)	

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Adjustments to Depreciation Reserve

Adj No	Description	Total Co Adjustment	Mo Juris Adjustment

****
Meters R-29
****

1. Adjustment deleted.
   (Preston)

****
Meter Installations R-30
****

1. Adjustment deleted.
   (Preston)

****
House Regulators R-31
****

1. Adjustment deleted.
   (Preston)

****
Electronic Gas Measuring R-32
****

1. Adjustment deleted.
   (Preston)

****
Structures R-35
****

1. Adjustment deleted.
   (Preston)

****
Leasehold Improvements R-36
****

1. Adjustment deleted.
   (Preston)

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Adjustments to Depreciation Reserve

Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Office Furniture & Equipment	R-37	$ 135,674	
1.	Adjustment deleted. (Preston)			
2.	To adjust reserve to reflect the removal of the Texas only CSS Enhancements. (Preston)		$ (692,795)	
3.	To adjust reserve to reflect the correction of depreciation entry. (Preston)		$ 828,469	
	Transportation Equipment	R-38		
1.	Adjustment deleted. (Preston)			
	Stores Equipment	R-39		
1.	Adjustment deleted. (Preston)			
	Tools, Shop & Garage Equipment	R-40		
1.	Adjustment deleted. (Preston)			

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Adjustments to Depreciation Reserve

Adj No	Description	Total Co Adjustment	Mo Juris Adjustment

****
Power Operated Equipment R-42
****

1. Adjustment deleted.
(Preston)

****
Communication Equipment -- AMR R-43
****

1. Adjustment deleted.
(Preston)

****
Communication Equipment R-44
****

1. Adjustment deleted.
(Preston)

****
Miscellaneous Equipment R-45
****

1. Adjustment deleted.
(Preston)

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Cash Working Capital

Line No	Acct Description	Test Year Expenses	Revenue Lag	Expense Lag	Net Lag (C) - (D)	Factor (Col E/365)	CWC Req (B) x (F)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Operation and Maintenance Expense						
1	Cash Vouchers	$ 22,065,935	43.0000	28.0000	15.0000	0.041096	$ 906,822
2	Bad Debt Expense	7,042,000	43.0000	41.2545	1.7455	0.004782	33,675
3	Net Payroll	25,176,063	43.0000	12.5000	30.5000	0.083562	2,103,762
4	FICA Withheld	2,399,110	43.0000	9.6000	33.4000	0.091507	219,535
5	Federal Income Tax Withheld	2,985,421	43.0000	15.5900	27.4100	0.075096	224,193
6	State Income Tax Withheld	974,745	43.0000	48.7600	(5.7600)	(0.015781)	(15,382)
7	City Tax Withheld	140,668	43.0000	20.2200	22.7800	0.062411	8,779
8	Resident State Tax Withheld	0	43.0000	30.7271	12.2729	0.033624	0
9	Vacation Expense Nonunion	452,948	43.0000	182.5000	(139.5000)	(0.382192)	(173,113)
10	Pension Expense	0	43.0000	41.2545	1.7455	0.004782	0
11	Medical Expense	6,304,753	43.0000	0.0000	43.0000	0.117808	742,750
12	Building Rents and Leases	1,321,743	43.0000	(14.6500)	57.6500	0.157945	208,763
13	Vacation Expense Union	876,515	43.0000	388.1500	(345.1500)	(0.945616)	(828,847)
14	Outside Legal Expense	505,040	43.0000	51.8100	(8.8100)	(0.024137)	(12,190)
15	Other Leases	0	43.0000	0.0000	43.0000	0.117808	0
16	Purchased Gas Expense	355,036,581	43.0000	38.8800	4.1200	0.011288	4,007,653
17	Purchased Gas Expense (Back Out)	(355,036,581)	43.0000	43.0000	0.0000	0.000000	0
18	PSC Assessment	1,419,590	43.0000	(45.0000)	88.0000	0.241096	342,257
19	Total Operation and Maintenance Expense	$ 71,664,531					$ 7,768,657
	Taxes						
20	Property Taxes	$ 8,462,808	43.0000	182.0000	(139.0000)	(0.380822)	$ (3,222,823)
21	State Franchise Taxes	193,682	43.0000	59.4100	(16.4100)	(0.044959)	(8,708)
22	Employer Portion of FICA	2,399,110	43.0000	9.6000	33.4000	0.091507	219,535
23	Federal and State Unemployment Tax	37,939	43.0000	87.8200	(44.8200)	(0.122795)	(4,659)
24	Use Tax	169,306	33.3750	76.1200	(42.7450)	(0.117110)	(19,827)
25	Sales Tax	7,336,089	33.3750	24.9700	8.4050	0.023027	168,928
26	Gross Receipts Tax	29,738,182	33.3750	59.4100	(26.0350)	(0.071329)	(2,121,195)
27	Reserved	0	0.0000	0.0000	0.0000	0.000000	0
28	Total Taxes	$ 48,337,116					$ (4,988,749)
29	Total Cash Working Capital Req						$ 2,779,908

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Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment		Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)		(F)
		Operating Revenues						
1	480.000	Residential Revenue	$ 340,727,514	$ (242,704,874)	100.0000	$ 0	S-1	$ 98,022,640
2	481.000	Commercial and Industrial	142,605,911	(108,969,322)	100.0000	0	S-2	33,636,589
3	481.000	Reserved	0	0	100.0000	0	S-3	0
4	483.000	Sales for Resale	0	0	100.0000	0	S-4	0
5	487.000	Late Payment Charges	1,148,304	0	100.0000	0	S-5	1,148,304
6	488.000	Miscellaneous Service Revenue	2,313,358	(55,915)	100.0000	0	S-6	2,257,443
7	489.000	Transportation	8,439,483	12,228	100.0000	0	S-7	8,451,711
8	493.000	Rent from Property	0	0	100.0000	0	S-8	0
9	495.000	Other Gas Revenues	(136,799)	(141,007)	100.0000	0	S-9	(277,806)
10	421.300	Capacity Release Revenues	0	1,340,400	100.0000	0	S-74	1,340,400
11		Total	$ 495,097,771	$ (350,518,490)		$ 0		$ 144,579,281
		Operation & Maintenance Expense						
12	805.000	Other Gas Purchases	$ 321,980,474	$ (321,980,474)	100.0000	$ 0	S-10	$ 0
13	807.000	Purchased Gas Expense	38,000	(38,000)	100.0000	0	S-11	0
14	870.000	Operation Supervision & Engineering	506,443	36,561	100.0000	0	S-12	543,004
15	871.000	Distribution Load Dispatching	13,427	240	100.0000	0	S-13	13,667
16	874.000	Mains & Services Expense	2,571,135	17,914	100.0000	0	S-14	2,589,049
17	874.100	Mains & Services Expense-Line Locat	0	0	100.0000	0	S-15	0
18	875.000	Meas & Reg Station Exp-General	644,338	28,105	100.0000	0	S-16	672,443
19	876.000	Meas & Reg Station Exp-Industrial	5,310	(504)	100.0000	0	S-17	4,806
20	877.000	Meas & Reg Station Exp-City Gate	4,050	428	100.0000	0	S-18	4,478
21	878.000	Meter and House Regulator Expense	4,258,435	189,064	100.0000	0	S-19	4,447,499
22	879.000	Customer Installation Expense	2,248,341	133,189	100.0000	0	S-20	2,381,530
23	880.000	Other Expenses	1,107,496	77,446	100.0000	0	S-21	1,184,942
24	881.000	Rents	69,814	299,122	100.0000	0	S-22	368,936
25	885.000	Maint Supervision and Engineering	780,481	178,616	100.0000	0	S-23	959,097
26	886.000	Maint of Structures and Improvement	139,484	5,926	100.0000	0	S-24	145,410
27	887.000	Maintenance of Mains	6,748,357	280,629	100.0000	0	S-25	7,028,986
28	888.000	Maint of Compressor Station Equip	0	0	100.0000	0	S-26	0
29	889.000	Maint of Meas and Reg Stat Equip-Ge	211,527	8,558	100.0000	0	S-27	220,085
30	890.000	Maint of Meas and Reg Stat Equip-In	310,825	14,052	100.0000	0	S-28	324,877
31	891.000	Main of Meas and Reg Stat Equip-Cit	80,971	645	100.0000	0	S-29	81,616
32	892.000	Maintenance of Services	557,520	28,212	100.0000	0	S-30	585,732
33	893.000	Maint of Meter and House Reg	856,716	36,203	100.0000	0	S-31	892,919
34	894.000	Maint of Other Equip	227,498	2,640	100.0000	0	S-32	230,138
35	901.000	Supervision-Customer Accounts	578,740	27,148	100.0000	0	S-33	605,888
36	902.000	Meter Reading Expense	630,162	36,695	100.0000	0	S-34	666,857

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Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment		Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)		(F)
37	903.000	Customer Records/Collection Expense	9,623,169	943,599	100.0000	0	S-35	10,566,768
38	904.000	Uncollectible Accounts	6,602,056	439,944	100.0000	0	S-36	7,042,000
39	905.000	Misc. Cusotmer Accts Expense	85,374	(1,128)	100.0000	0	S-37	84,246
40	907.000	Supervision-Customer Service	0	0	100.0000	0	S-38	0
41	908.000	Customer Assistance Expense	422,120	4,820	100.0000	0	S-39	426,940
42	909.000	Informational/Instructional Advert	43,018	0	100.0000	0	S-40	43,018
43	910.000	Misc. Customer Service & Info Exp	11,492	0	100.0000	0	S-41	11,492
44	911.000	Supervision-Sales	0	0	100.0000	0	S-42	0
45	912.000	Demonstrating and Sales Expense	243,883	9,031	100.0000	0	S-43	252,914
46	913.000	Advertising Expense	0	0	100.0000	0	S-44	0
47	916.000	Misc. Sales Expense	1,676	0	100.0000	0	S-45	1,676
48	920.000	Admin & Gen Expense-Salaries	3,718,333	1,363,920	100.0000	0	S-46	5,082,253
49	921.000	Office Supplies and Expense	3,221,659	1,227,789	100.0000	0	S-47	4,449,448
50	922.000	Admin & Gen Expense-Construction	(165,936)	(1,318,332)	100.0000	0	S-48	(1,484,268)
51	923.000	Outside Services	2,013,943	3,662,365	100.0000	(2,406,195)	S-49	3,270,113
52	924.000	Property Insurance	164,136	0	100.0000	0	S-50	164,136
53	925.000	Injuries & Damages	1,515,813	(447,307)	100.0000	1,142,982	S-51	2,211,488
54	926.000	Pension & Benefits	7,769,789	4,387,916	100.0000	0	S-52	12,157,705
55	928.000	Regulatory Commission Expense	1,854,587	12,468	100.0000	0	S-53	1,867,055
56	930.200	Misc. General Expense	(279,283)	459,370	100.0000	0	S-54	180,087
57	931.000	Rents	956,683	(9,396)	100.0000	0	S-55	947,287
58	932.000	Maint of General Plant	176,796	124,771	100.0000	0	S-56	301,567
59	431.000	Interest on Customer Deposits	218,822	(82,175)	100.0000	0	S-57	136,647
60	923.100	Reserved	0	0	100.0000	0	S-75	0
61	923.200	Reserved	0	0	100.0000	0	S-76	0
62		Total	$ 382,767,674	$ (309,839,930)		$ (1,263,213)		$ 71,664,531
		Depreciation Expense						
63		Depreciation Expense	$ 20,289,660	$ 0	100.0000	$ 480,720	S-64	$ 20,770,380
64		Total	$ 20,289,660	$ 0		$ 480,720		$ 20,770,380

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		(A)	(B)	(C)	(D)	(E)		(F)
		Other Operating Expenses						
65		Cost of Removal/Salvage	$ 0	$ 771,039	100.0000	$ 0	S-58	$ 771,039
66	404.000	Amortization Expense	2,401,441	3,771,790	100.0000	0	S-59	6,173,231
67	408.000	Property Taxes	8,280,724	243,052	100.0000	0	S-60	8,523,776
68	408.000	Payroll Taxes	1,593,999	429,844	100.0000	0	S-61	2,023,843
69	408.000	Gross Receipts Tax	30,058,799	(30,058,799)	100.0000	0	S-62	0
70	408.000	Missouri Franchise Taxes	108,025	85,657	100.0000	0	S-63	193,682
71	403.001	Transportation Depr Clearing	0	(447,320)	100.0000	0	S-67	(447,320)
72	403.900	Kansas City Income Taxes Paid	0	15,631	100.0000	0	S-68	15,631
73	403.910	Reserved	0	0	100.0000	0	S-69	0
74	403.920	Reserved	0	0	100.0000	0	S-70	0
75	403.950	Reserved	0	0	100.0000	0	S-71	0
76	403.965	Reserved	0	0	100.0000	0	S-72	0
77	403.888	Reserved	0	0	100.0000	0	S-73	0
78		Total	$ 42,442,988	$ (25,189,106)		$ 0		$ 17,253,882
79		Total Operating Expenses	$ 445,500,322	$ (335,029,036)		$ (782,493)		$ 109,688,793
80		Net Income Before Taxes	$ 49,597,449	$ (15,489,454)		$ 782,493		$ 34,890,488
		Current Income Taxes						
81		Current Income Taxes	$ 11,248,450	$ 0	100.0000	$ (5,810,915)	S-65	$ 5,437,535
82		Total	$ 11,248,450	$ 0		$ (5,810,915)		$ 5,437,535
		Deferred Income Taxes						
83		Deferred Income Taxes	$ 0	$ 0	100.0000	$ 0	S-66	$ 0
84		Total	$ 0	$ 0		$ 0		$ 0
85		Total Income Taxes	$ 11,248,450	$ 0		$ (5,810,915)		$ 5,437,535

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Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
86		Net Operating Income	$ 38,348,999	$ (15,489,454)		$ 6,593,408	$ 29,452,953

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Residential Revenue	S-1	$ (242,704,874)	
1.	To annualize customer growth. (Harrison)		$ 471,663	
2.	To remove gross receipts tax. (Harrison)		$ (19,149,441)	
3.	To remove unbilled revenues. (Harrison)		$ (3,208,879)	
4.	To remove gas cost refunds. (Harrison)		$ (2,340,304)	
5.	To remove PGA revenue. (Harrison)		$ (220,582,808)	
6.	To remove ACA costs. (Harrison)		$ 255,536	
7.	To remove refund/PEPL deferral. (Harrison)		$ 2,340,305	
8.	To remove take or pay (TOP) revenues. (Harrison)		$ (283)	
9.	To normalize weather. (Harrison)		$ (490,663)	
	Commercial and Industrial	S-2	$ (108,969,322)	
1.	To annualize customer growth SGS. (Harrison)		$ 867,318	
2.	To annualize customer growth-LGS (Harrison)		$ (153,454)	

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Adj No	Description	Total Co Adjustment	Mo Juris Adjustment
3.	To remove gross receipts taxes from commerical revenues. (Harrison)	$ (10,345,313)	
4.	To remove gas cost refunds from commercial revenue. (Harrison)	$ (1,020,644)	
5.	To remove PGA revenue from commercial revenue. (Harrison)	$ (96,161,924)	
6.	To remove ACA revenues from commercial revenue. (Harrison)	$ 7,281	
7.	To remove refund/PEPL deferral from commercial revenue. (Harrison)	$ 1,022,749	
8.	To remove take or pay (TOP) from commercial revenue. (Harrison)	$ (39)	
9.	To remove gross receipts taxes from industrial revenue. (Harrison)	$ (73,849)	
10.	To remove gas cost refunds from industrial revenue. (Harrison)	$ (19,618)	
11.	To remove PGA revenue from industrial revenues. (Harrison)	$ (2,091,761)	
12.	To remove ACA costs from industrial revenue. (Harrison)	$ (11,282)	
13.	To remove refund/PEPL deferrals from industrial revenue. (Harrison)	$ 19,618	
14.	To remove contract demand from commercial revenue. (Harrison)	$ (180,548)	
15.	To remove overrun/curtailment from commercial revenue. (Harrison)	$ 13	
16.	To remove contract demand from industrial revenues. (Harrison)	$ (99,621)	

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Adjustments to Income Statement

Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
17.	To adjust revenue for large general service and small general service customer rate switching. (Ross)		$ (332,110)	
18.	To remove overrun/curtailment from industrial revenue. (Harrison)		$ (273,301)	
19.	To add rate code 48 for succession gas costs. (Harrison)		$ 255,687	
20.	To normalize weather - SGS. (Harrison)		$ (367,761)	
21.	To normalize weather-LGS. (Harrison)		$ (10,763)	
	Miscellaneous Service Revenue	S-6	$ (55,915)	
1.	To remove gross receipts taxes. (Harrison)		$ (55,915)	
	Transportation	S-7	$ 12,228	
1.	To remove gross receipts taxes. (Harrison)		$ (113,664)	
2.	To adjust transportation revenues to reflect flex rate charges at full tariff rates (updated). (Imhoff)		$ 36,267	
3.	To reflect an increase in revenues to the Economic Development Rider. (Imhoff)		$ 2,834	
4.	To adjust revenues for customers switching rate classes. (Ross)		$ 93,317	

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Adjustments to Income Statement

Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
5.	To normalize customer usage to reflect normal weather. (Ross)		$ (6,526)	
	Other Gas Revenues	S-9	$ (141,007)	
1.	Blank.			
2.	To annualize miscellaneous revenue. (Imhoff)		$ (141,007)	
3.	To adjust late payment fees. (Imhoff)			
	Other Gas Purchases	S-10	$ (321,980,474)	
1.	To remove purchased gas expense. (Harrison)		$ (321,980,474)	
	Purchased Gas Expense	S-11	$ (38,000)	
1.	To remove purchased gas expense. (Harrison)		$ (38,000)	
	Operation Supervision & Engineering	S-12	$ 36,561	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 38,958	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (2,397)	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Distribution Load Dispatching	S-13	$ 240	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 284	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (44)	
	Mains & Services Expense	S-14	$ 17,914	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 19,181	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (1,267)	
	Meas & Reg Station Exp-General	S-16	$ 28,105	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 30,336	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (2,231)	
	Meas & Reg Station Exp-Industrial	S-17	$ (504)	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ (489)	

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2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (15)	
	Meas & Reg Station Exp-City Gate	S-18	$ 428	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 443	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (15)	
	Meter and House Regulator Expense	S-19	$ 189,064	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 203,474	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (14,410)	
	Customer Installation Expense	S-20	$ 133,189	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 141,625	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (8,436)	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Other Expenses	S-21	$ 77,446	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 82,096	
2.	To adjust miscellaneous expenses. (Preston)		$ (1,032)	
3.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (3,395)	
4.	To remove miscellaneous dues and donations. (Preston)		$ (223)	
	Rents	S-22	$ 299,122	
1.	To annualize the nonpayroll costs of MGE's Information Technology department. (Hyneman)		$ 299,122	
	Maint Supervision and Engineering	S-23	$ 178,616	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 182,566	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (3,950)	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Maint of Structures and Improvement	S-24	$ 5,926	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 6,379	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (453)	
	Maintenance of Mains	S-25	$ 280,629	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 300,297	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (19,668)	
	Maint of Meas and Reg Stat Equip-Ge	S-27	$ 8,558	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 9,248	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (690)	
3.				
	Maint of Meas and Reg Stat Equip-In	S-28	$ 14,052	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 15,086	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (1,034)	
	Main of Meas and Reg Stat Equip-Cit	S-29	$ 645	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 730	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (85)	
	Maintenance of Services	S-30	$ 28,212	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 29,970	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (1,758)	
	Maint of Meter and House Reg	S-31	$ 36,203	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 39,038	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (2,835)	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Maint of Other Equip	S-32	$ 2,640	
	1. To annualize payroll at April 30, 2004. (Eaves)		$ 2,862	
	2. To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (222)	
	Supervision-Customer Accounts	S-33	$ 27,148	
	1. To annualize payroll at April 30, 2004. (Eaves)		$ 29,122	
	2. To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (1,974)	
	Meter Reading Expense	S-34	$ 36,695	
	1. To annualize payroll at April 30, 2004. (Eaves)		$ 38,951	
	2. To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (2,256)	
	Customer Records/Collection Expense	S-35	$ 943,599	
	1. To annualize payroll at April 30, 2004. (Eaves)		$ 769,675	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (21,284)	
3.	To annualize customer collection costs (Brazen Software - MGE Adj H-23). (Hyneman)		$ 195,208	
	Uncollectible Accounts	S-36	$ 439,944	
1.	To normalize bad debt expense. (Harrison)		$ 439,944	
	Misc. Cusotmer Accts Expense	S-37	$ (1,128)	
1.	To adjust miscellaneous expenses. (Preston)		$ (293)	
2.	To remove miscellaneous dues and donations. (Preston)		$ (835)	
	Customer Assistance Expense	S-39	$ 4,820	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 5,190	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (370)	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Demonstrating and Sales Expense	S-43	$ 9,031	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 13,232	
2.	To adjust miscellaneous expenses. (Preston)		$ (2,685)	
3.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (1,016)	
4.	To remove miscellaneous dues and donations. (Preston)		$ (500)	
	Admin & Gen Expense-Salaries	S-46	$ 1,363,920	
1.	To annualize payroll at April 30, 2004. (Eaves)		$ 1,385,086	
2.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (21,166)	
	Office Supplies and Expense	S-47	$ 1,227,789	
1.	To remove certain expenses of the Customer and Government Relations Department. (Lonergan)		$ (26,691)	
2.	Reserved.			
3.	To annualize the nonpayroll costs of MGE's Information Technology department. (Hyneman)		$ 1,132,650	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
4.	To annualize payroll at April 30, 2004. (Eaves)		$ 926	
5.	To adjust miscellaneous expenses. (Preston)		$ (13,911)	
6.	To remove a portion of test year incentive compensation and bonus expense. (Eaves)		$ (33)	
7.	To remove miscellaneous dues and donations. (Preston)		$ (1,505)	
8.	To annualize nonpayroll cost of MGE's new Gas Supply department. (Hyneman)		$ 136,353	
	Admin & Gen Expense-Construction	S-48	$ (1,318,332)	
1.	To remove test year costs associated with the sale of Southern Union Gas Company. (Hyneman)		$ (1,318,332)	
	Outside Services	S-49	$ 3,662,365	$ (2,406,195)
1.	To remove certain expenses of the Customer and Government Relations Department. (Lonergan)		$ (15,910)	
2.	To remove payments to lobbyists and other below the line expenses that were recorded above the line. (Hyneman)		$ (322,005)	
3.	To annualize the nonpayroll costs of MGE's Information Technology department. (Hyneman)		$ 51,708	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
4.	To include MGE's proposed level of corporate allocated employee related expenses. (Hyneman)		$ 2,249,489	
5.	To include MGE's proposed level of non-employee related corporate allocated expenses. (Hyneman)		$ 1,918,705	
6.	To adjust MGE's proposed level of corporate allocated payroll costs to reflect the Staff's adjustments. (Hyneman)			$ (1,217,328)
7.	To adjust MGE's proposed level of corporate allocated non-payroll costs to reflect the Staff's adjustments. (Hyneman)			$ (1,188,867)
8.	To remove cost of nonrecuring outside service (D Hays - CBIZ). (Hyneman)		$ (159,772)	
9.	To annualize cost of franchise and property tax compliance service performed by Deloitte and Touche. (Hyneman)		$ 35,415	
10.	(Hyneman)		$ (95,265)	
	Injuries & Damages	S-51	$ (447,307)	$ 1,142,982
1.	To remove per book charges to account 925. (Preston)		$ (1,515,813)	
2.	To reflect the normalized level of actual injuries and damages claims paid. (Preston)		$ 1,066,880	
3.	To annualize payroll at April 30, 2004. (Eaves)		$ 1,626	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
4.	To annualize insurance premiums through December 31, 2003. (Hyneman)			$ 1,142,982
5.	To remove miscellaneous dues and donations. (Preston)			
	Pension & Benefits	S-52	$ 4,387,916	
1.	To remove per book account 926. (Hyneman)		$ (7,769,789)	
2.	To annualize FAS 106 expense using actuary report for year ended June 30, 2004 reflecting an annual expense of $1,479,165. (Hyneman)		$ 1,115,486	
3.	To adjust test year 401(k) and Shadow 401(k) costs to reflect an annualized level - updated to reflect overtime pay (updated through 4/30/04). (Eaves)		$ 905,756	
4.	To normalize test year medical costs through 4/30/04 true up audit. (Harrison)		$ 5,922,050	
5.	To reflect the amortization of MGE's prepaid pension asset amount ($7,975,171 at 4/30/04) over 7 years. (Hyneman)		$ 1,139,310	
6.	To annualize retirement power benefits through 4/30/04. (Eaves)		$ 402,641	
7.	To annualize Life, AD&D and LTD insurance through 4/30/04. (Eaves)		$ 280,221	
8.	To annualize cost of dental benefits through 4/30/04. (Eaves)		$ 263,198	

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Adj No	Description	Total Co Adjustment	Mo Juris Adjustment
9.	To annualize other employee benefits (type code 320). (Hyneman)	$ 35,223	
10.	To annualize pension expense using a Minimum ERISA contribution of $0. (Hyneman)		
11.	To include the amortization of the FAS 106 Transition Obligation. (Hyneman)	$ 2,009,605	
12.	To annualize supplemental retirement benefits (type code 362). (Hyneman)	$ 45,585	
13.	To annualize Other Employee Related Expenses. (Hyneman)	$ 30,324	
14.	To annualize General Utility Subcontract Labor. (Hyneman)	$ 8,306	
	Regulatory Commission Expense S-53	**$ 12,468**	
1.	To remove per book charges from Account 928. (Preston)	$ (1,854,587)	
2.	To include a normalized level of rate case expense through true-up audit. (Hyneman)	$ 250,000	
3.	To include an annualized level of PSC assessment. (Preston)	$ 1,419,590	
4.	To include an annualized level of NARUC assessment. (Preston)	$ 6,198	
5.	To include a normalized level of expense for a Commission ordered depreciation study. (Preston)	$ 7,444	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
6.	To include an adjusted level of regulatory outside legal expenses. (Hyneman)		$ 183,823	
	Misc. General Expense	S-54	$ 459,370	
1.	To adjust test year expense to reflect Staff's disallowance of Advertising Expense. (Preston)		$ (16,705)	
2.	To adjust test year expense to reflect Staff's disallowance of Meals and Entertainment expense. (Lonergan)		$ (921)	
3.	To remove test year costs associated with the sale of Southern Union Gas Company. (Hyneman)		$ 531,062	
4.	To reduce the Staff's adjustment to MGE's Govt Relations Dept to settle issue. (Oligschlaeger)		$ 18,980	
5.	To adjust miscellaneous expenses. (Preston)		$ (627)	
6.	To remove miscellaneous dues and donations (includes MEDA dues of $40,000, MGE Adjustment H-21). (Preston)		$ (92,419)	
7.	To decrease Staff's disallowance of dues and donations to settle issue. (Oligschlaeger)		$ 20,000	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Rents	S-55	$ (9,396)	
1.	To include an annualized level of rent received from Broadway Ford for parking lot space ($783 X 12). (Harrison)		$ (9,396)	
	Maint of General Plant	S-56	$ 124,771	
1.	To adjust test year expense to reflect Staff's disallowance of general utility subcontract labor charged to the Government Relations Dept. (Lonergan)		$ (91)	
2.	To annualize the nonpayroll costs of MGE's Information Technology department. (Hyneman)		$ 124,862	
	Interest on Customer Deposits	S-57	$ (82,175)	
1.	To adjust test year to reflect an annualized level of customer deposit interest (updated through 4/30/04 true-up audit). (Eaves)		$ (82,175)	
	Cost of Removal/Salvage	S-58	$ 771,039	
1.	To include a 5-year average of net cost of removal costs (updated from Staff direct $673,327 at Prehearing). (Hyneman)		$ 771,039	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Amortization Expense	S-59	$ 3,771,790	
1.	To annualize amortization expense on intangibles in plant account 303 through 4/30/04. (Preston)		$ 596,396	
2.	To amortize SLRP deferrals. (Lonergan)		$ 3,041,841	
3.	To amortize SLRP deferrals under the AAO granted in Case No. GR-2001-292. (Lonergan)		$ 133,553	
	Property Taxes	S-60	$ 243,052	
1.	To adjust test year expense to reflect an annualized level of property taxes. (Preston)		$ 243,052	
	Payroll Taxes	S-61	$ 429,844	
1.	To annualize payroll tax expense (updated for true-up through April 30, 2004). (Eaves)		$ 422,608	
2.	No adjustment made. (Eaves)			
3.	To include payroll taxes on the Staff's proposed level of incentive compensation. (Eaves)		$ 7,236	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Gross Receipts Tax	S-62	$ (30,058,799)	
1.	To remove per book gross receipts taxes. (Harrison)		$ (30,058,799)	
	Missouri Franchise Taxes	S-63	$ 85,657	
1.	To annualize state franchise taxes (MGE adjustment H-17) using 2003 MO Corporation Franchise Tax Schedule and Southern Union assets at 6/30/02 adjusted for the removal of goodwill. (Hyneman)		$ 85,657	
	Current Income Taxes	S-65		$ (5,810,915)
1.	To annualize current income taxes. (Harrison)			$ (5,810,915)
	Transportation Depr Clearing	S-67	$ (447,320)	
1.	To remove depreciation expense booked to clearing accounts related to Account 392, Transportation Equipment. (Preston)		$ (427,011)	
2.	To remove depreciation expense booked to clearing accounts related to Account 396, Power Operated Equipment. (Preston)		$ (20,309)	

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Adj No	Description		Total Co Adjustment	Mo Juris Adjustment
	Kansas City Income Taxes Paid	S-68	$ 15,631	
1.	To include a 5-year average of KC income taxes paid. (Harrison)		$ 15,631	
	Reserved	S-73		
1.				
	Capacity Release Revenues	S-74	$ 1,340,400	
1.	To reflect a 3-year average of capacity release revenues. (Allee)		$ 1,340,400	

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Income Tax

Line		Test Year	6.96% Return	7.11% Return	7.26% Return
	(A)	(B)	(C)	(D)	(E)
1	Net Income Before Taxes (Sch 9)	$ 34,890,488	$ 46,358,529	$ 47,632,526	$ 48,906,523
	Add to Net Income Before Taxes				
2	Book Depreciation Expense	$ 20,770,380	$ 20,770,380	$ 20,770,380	$ 20,770,380
3	Total	$ 20,770,380	$ 20,770,380	$ 20,770,380	$ 20,770,380
	Subtr from Net Income Before Taxes				
4	Interest Expense 3.9120 %	$ 20,470,902	$ 20,470,902	$ 20,470,902	$ 20,470,902
5	Depreciation Expense	20,770,380	20,770,380	20,770,380	20,770,380
6	Total	$ 41,241,282	$ 41,241,282	$ 41,241,282	$ 41,241,282
7	Net Taxable Income	$ 14,419,586	$ 25,887,627	$ 27,161,624	$ 28,435,621
	Provision for Federal Income Tax				
8	Net Taxable Income	$ 14,419,586	$ 25,887,627	$ 27,161,624	$ 28,435,621
9	Deduct Missouri Income Tax 100.0 %	$ 754,892	$ 1,349,592	$ 1,416,009	$ 1,482,426
10	Deduct City Income Tax	0	0	0	0
11	Federal Taxable Income	13,664,694	24,538,035	25,745,615	26,953,195
12	Total Federal Tax	$ 4,682,643	$ 8,588,313	$ 9,010,966	$ 9,433,619
	Provision for Missouri Income Tax				
13	Net Taxable Income	$ 14,419,586	$ 25,887,627	$ 27,161,624	$ 28,435,621
14	Deduct Federal Income Tax 50.0 %	$ 2,341,322	$ 4,294,157	$ 4,505,483	$ 4,716,810
15	Deduct City Income Tax	0	0	0	0
16	Missouri Taxable Income	12,078,265	21,593,471	22,656,141	23,718,812
17	Total Missouri Tax	$ 754,892	$ 1,349,592	$ 1,416,009	$ 1,482,426

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Income Tax

Line		Test Year	6.96% Return	7.11% Return	7.26% Return
	(A)	(B)	(C)	(D)	(E)
	Provision for City Income Tax				
18	Net Taxable Income	$ 14,419,586	$ 25,887,627	$ 27,161,624	$ 28,435,621
19	Deduct Federal Income Tax	$ 4,682,643	$ 8,588,313	$ 9,010,966	$ 9,433,619
20	Deduct Missouri Income Tax	754,892	1,349,592	1,416,009	1,482,426
21	City Taxable Income	8,982,051	15,949,722	16,734,649	17,519,576
22	Total City Tax	$ 0	$ 0	$ 0	$ 0
	Summary of Provision for Income Tax				
23	Federal Income Tax	$ 4,682,643	$ 8,588,313	$ 9,010,966	$ 9,433,619
24	Missouri Income Tax	754,892	1,349,592	1,416,009 .	1,482,426
25	City Income Tax	0	0	0	0
26	Total	$ 5,437,535	$ 9,937,905	$ 10,426,975	$ 10,916,045
	Deferred Income Taxes				
27	Deferred Investment Tax Credit	$ 0	$ 0	$ 0	$ 0
28	Deferred Repair Allowance	0	0	0	0
29	Deferred Tax Depreciation	0	0	0	0
30	Amort of Deferred Tax Depreciation	0	0	0	0
31	Amort of Repair Allowance	0	0	0	0
32	Amort of Deferred ITC	0	0	0	0
33	Deferred Unbilled	0	0	0	0
34	Total	$ 0	$ 0	$ 0	$ 0
35	Total Income Tax	$ 5,437,535	$ 9,937,905	$ 10,426,975	$ 10,916,045