

Exhibit No.:

Issue(s):

Class Cost of Service

Rate Design

Miscellaneous Charges

Credit Card Payments

Barb Meisenheimer

Direct

Public Counsel

GR-2009-0355

Witness:

Type of Exhibit:

Sponsoring Party:

Case Number:

Date Testimony Prepared:

September 3, 2009

REBUTTAL TESTIMONY

OF

BARBARA A. MEISENHEIMER

Submitted on Behalf of
the Office of the Public Counsel

MISSOURI GAS ENERGY

Case No. GR-2009-0355

September 28, 2009

**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.)

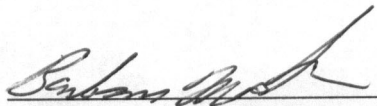
Case No. GR-2009-0355

AFFIDAVIT OF BARBARA A. MEISENHEIMER

STATE OF MISSOURI)
)
COUNTY OF COLE) ss

Barbara A. Meisenheimer, of lawful age and being first duly sworn, deposes and states:

1. My name is Barbara A. Meisenheimer. I am Chief Utility Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

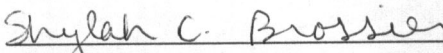


Barbara A. Meisenheimer

Subscribed and sworn to me this 28th day of September 2009.



SHYLAH C. BROSSIER
My Commission Expires
June 8, 2013
Cole County
Commission #09812742



Shylah C. Brossier
Notary Public

My Commission expires June 8th, 2013.

REBUTTAL TESTIMONY
OF
BARBARA MEISENHEIMER
CASE NO. GR-2009-0355
MISSOURI GAS ENERGY

INTRODUCTION

Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.

A. Barbara A. Meisenheimer, Chief Utility Economist, Office of the Public Counsel, P.O.
2230, Jefferson City, Missouri 65102.

Q. HAVE YOU TESTIFIED PREVIOUSLY IN THIS CASE?

A. Yes. I filed direct testimony on the issues of class cost of service and rate design on September 3,
2009.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to present Public Counsel's updated class cost of service
results and to respond to the Class Cost of Service (CCOS) studies and rate design
recommendations made by Missouri Gas Energy (MGE), the Public Service Commission
Staff (Staff) and other parties. Public Counsel Witness Ryan Kind will address Energy
Efficiency Programs and SFV Rate Design.

1 **Q. IN PREPARATION OF YOUR TESTIMONY, WHAT MATERIALS DID YOU REVIEW?**

2 A. I have reviewed updated accounting schedules provided by the Staff, the direct testimony,
3 and supporting documentation of Russell A Feingold and F. Jay Cummings filed on behalf
4 of MGE, the direct testimony of Staff witness Thomas M. Imhoff and the Staff Class Cost-
5 Of-Service And Rate Design Report and supporting documentation of Thomas A. Solt,
6 Daniel I. Beck, Anne E. Ross, Henry E. Warren, Michael J. Ensrud and Anne M Allee, the
7 direct testimony of Donald Johnstone presented on behalf of the Midwest Gas Users
8 Association (MGUA) and Superior Bowen Asphalt Company, LLC, the direct testimony of
9 John A. Buchanan filed on behalf of the Missouri Department of Natural Resources, the
10 direct testimony and supporting documentation of Richard Haubensak filed on behalf of
11 Constellation NewEnergy-Gas Division, LLC and the responses to data requests provided
12 by MGE.

13 **CCOS Study Update**

14 **Q. PLEASE DISCUSS YOUR UPDATED CLASS COST OF SERVICE STUDY.**

15 A. I have updated my class cost of service study to reflect revised accounting data on
16 investments and expenses provided by Staff and to reflect the billing units and revenues
17 used by Staff in its class cost of service study filed as part of the Staff's Class Cost of
18 Service Report filed on September 3, 2009.

1 **Q. HAVE YOU MADE OTHER CHANGES TO YOUR CLASS COST OF SERVICE STUDY?**

2 A. Yes. I corrected numerical errors in the amount of accumulated depreciation and COS
3 allocator reflected in my original study. I also revised the meter, meter installation;
4 regulator and service allocators used in my study to reflect the average of the Staff and
5 Company values for each allocator and adjusted the allocation factor for general plant to
6 exclude the Large Volume class from the assignment of Communications Equipment
7 related to AMR.

8 **Q. DO ANY OF THESE CHANGES SIGNIFICANTLY IMPACT YOUR STUDY RESULTS?**

9 A. Yes. While the changes in accumulated depreciation and the changes to the allocators for
10 meter installations and regulators have little net effect, the changes in the general plant
11 allocator and meter and service allocators have a more significant impact on my study
12 results.

13 **Q. WHAT CAUSED YOU TO REVISE THE GENERAL PLANT ALLOCATOR USED IN YOUR STUDY?**

14 A. I made this adjustment to recognize that Large Volume customers are not served by AMR.

1 **Q. WHAT CAUSED YOU TO REVISE THE METER, METER INSTALLATION, REGULATORS AND**
2 **SERVICE ALLOCATORS USED IN YOUR STUDY?**

3 A. In my original study I used the Company meter, meter installation, regulator and service
4 weights to develop allocators. However, particularly for meters and services, these weights
5 differed significantly from the weights developed by Staff which were based on an actual
6 sample of customers taken from the Company's proposed customer classes. For example,
7 for the SGS class the Staff determined that the average meter for an SGS customer costs
8 about 2.58 times the cost of the average meter for a Residential customer as opposed to
9 approximately 6.47 times the cost reported in the Company study. This difference in
10 weighting factors has a significant impact on the proportion of meter investment ultimately
11 allocated to the SGS class.

12 In the course of evaluating the differences in the allocation of meters, meter
13 installations, regulators and services used by the Staff and Company in this case, I also
14 found that in some cases the Staff and Company allocation factors differ significantly from
15 those used by both parties in the previous rate case, GR-2006-0422 despite relatively small
16 changes in the proportion of customers within classes.

17 To reflect both the Staff and Company input from this case and to develop
18 allocations more in line with the allocations used in the previous rate case, I have revised
19 my allocators for meters, meter installations, regulators and services to the average of the

Staff and Company allocations. Table 1 illustrates the parties' allocation factors by account, the allocation factors from case GR-2006-0422, the net value of each account and the average allocators that I have used in my updated study.

Table 1

<u>Meters</u>				
(Net Account Value \$28,784,843)				
Class	MGE Direct	Staff Direct	OPC Allocator Ave. of Staff & MGE	Company & Staff GR-2006-0422
RES	50.73%	69.52%	60.12%	58.58%
SGS	46.19%	21.81%	34.00%	32.83%
LGS	0.38%	1.94%	1.16%	2.45%
LV	2.71%	6.73%	4.72%	6.13%

<u>Meters Installations</u>				
(Net Account Value \$57,258,484)				
Class	MGE Direct	Staff Direct	OPC Allocator Ave. of Staff & MGE	Company & Staff GR-2006-0422
RES	70.88%	69.52%	70.20%	68.49%
SGS	19.96%	21.81%	20.88%	30.23%
LGS	2.08%	1.94%	2.01%	0.24%
LV	7.09%	6.73%	6.91%	1.04%

<u>Regulators</u>				
(Net Account Value \$9,830,088)				
Class	MGE Direct	Staff Direct	OPC Allocator Ave. of Staff & MGE	Company & Staff GR-2006-0422
RES	68.27%	68.29%	68.28%	82.43%
SGS	26.29%	26.72%	26.51%	12.12%
LGS	1.23%	1.17%	1.20%	1.72%
LV	4.21%	3.82%	4.02%	3.73%

<u>Services</u>				
(Net Account Value \$170,525,551)				
Class	MGE Direct	Staff Direct	OPC Allocator Ave. of Staff & MGE	Company & Staff GR-2006-0422
RES	87.35%	86.86%	87.11%	86.18%
SGS	12.30%	12.15%	12.23%	12.67%
LGS	0.10%	0.25%	0.17%	0.23%
LV	0.25%	0.74%	0.49%	0.92%

Net account values = gross plant - accumulated depreciation.

1 **Q. WHAT ARE THE RESULTS OF PUBLIC COUNSEL’S UPDATED CLASS COST OF SERVICE**
2 **STUDY?**

3 A. Based on my updated study, to equalize class rates of return, the Residential class revenues
4 would need to be reduced by 1.05%, the Small General Service Class revenues would need
5 to increase by 7.54%, the Large General Service Class revenues would need to be reduced
6 by 2.78% and Large Volume revenues would need to be reduced by 9.16%. These results
7 are shown on Line 23, Schedule BAM REB-1. My updated class cost of service study is
8 attached as Schedule BAM REB-3.

9 **Q. DO YOU ANTICIPATE ADDITIONAL UPDATES TO YOUR STUDY?**

10 A. Yes. The Staff and Company have been working to resolve outstanding issues on billing
11 units and class revenues. I will update my study as new information on the billing units and
12 revenues become available.

13 **Q. HAVE YOU UPDATED THE RATE DESIGN SCHEDULE PRESENTED IN YOUR DIRECT**
14 **TESTIMONY?**

15 A. Yes. Schedule BAM DIR-2, attached to my direct testimony, illustrated Public Counsel's
16 recommendation to implement a three step process to establishing class revenues based on
17 combining 1/2 the revenue neutral shift suggested by the class cost of service study with a
18 \$10M increase in revenue requirement and then adjusting to ensure that no class receives a
19 reduction while another class receives an increase. My updated class revenue schedule is

1 attached as Schedule BAM REB-2. Schedule BAM REB-2 illustrates the same process of
2 combining 1/2 the revenue neutral shift indicated by my updated study with a \$15M
3 revenue requirement increase. In this case, the combined impact of the revenue neutral shift
4 and revenue requirement increase does not result in some classes receiving an increase
5 while others received a reduction, so no third step adjustment is required.

6 Line 8, of Schedule BAM REB-2 illustrates 1/2 the revenue neutral shift indicated
7 by Public Counsel's class cost of service study. Line 12, of Schedule BAM REB-2
8 illustrates the spread of a \$15M increase based on Public Counsel's recommended class
9 share of revenue. Lines 20-21, illustrate that no adjustment was needed to ensure that no
10 customer class receives a net increase as the combined result of the revenue neutral shift and
11 revenue requirement increase. The resulting rate revenue and class percentages are
12 illustrated on lines 24-25.

13 **Q. HOW DOES THE LEVEL OF CUSTOMER CHARGE SUPPORTED BY YOUR STUDY COMPARE TO**
14 **YOUR PROPOSED CUSTOMER CHARGE IN THIS CASE?**

15 A. My cost of service study supports a customer charge of \$11.71. However, I have proposed
16 to collect 55% of Residential revenue through the monthly customer charge. Based on a
17 \$15M increase and Public Counsel's method of determining class revenues, my proposed
18 customer charge would be \$14.77. The remaining 45% of Residential costs would be
19 recovered through a uniform volumetric rate.

Q. PLEASE DESCRIBE THE RESULTS OF THE PARTIES' CLASS COS STUDIES.

A. Table 2 shows the share of costs and revenue allocated to each class in the class cost of service studies prepared by MGE, Staff and OPC.

Table 2.

Class Share Of Cost and Revenue

	RES	SGS	LGS	LV
MGE Share of Cost	75.47%	17.49%	1.00%	6.04%
MGE Share of Revenue	71.31%	20.26%	1.19%	7.24%
Staff Share of Cost	72.70%	17.67%	1.15%	8.48%
Staff Share of Revenue	72.17%	19.28%	1.13%	7.42%
OPC Share of Cost	70.86%	21.09%	1.13%	6.92%
OPC Share of Revenue	71.61%	19.61%	1.16%	7.62%

Q. HOW DO THE OVERALL ASSIGNMENT OF COSTS TO THE RESIDENTIAL AND SGS CLASSES COMPARE TO CLASS CHARACTERISTICS?

A. In direct testimony Schedule FJC-7, Company witness F. Jay Cummings indicates that Residential customers represent 87.52% of the Company's customers (Page 1, Line 4) but only 57.39% of peak demand (Page 5, Line 112) and only 45.48% of annual distribution volumes (Page 5, Line 122). Based on the Staff data used by both Staff and Public Counsel,

1 Residential customers represent 87.36% of the Company's customers but only 56.63% of
2 peak demand and only 46.08% of annual distribution volumes.

3 For the SGS class Schedule FJC-7, from the direct testimony of Company witness
4 F. Jay Cummings indicates that SGS customers represent 12.32% of the Company's
5 customers (Page 1, Line 4), 22.39% of peak demand (Page 5, Line 112) and 18.83% of
6 annual distribution volumes (Page 5, Line 122). Based on the Staff data used by both Staff
7 and Public Counsel, SGS represents 12.49% of the Company's customers, 22.23% of peak
8 demand and 19.16% of annual distribution volumes.

9 **Q. DO YOU BELIEVE THAT THE COMMISSION SHOULD CONSIDER THE RESULTS OF THE MGE,**
10 **STAFF AND PUBLIC COUNSEL STUDIES IN DETERMINING CLASS REVENUE RESPONSIBILITY?**

11 A. Yes. I believe that it is reasonable for the Commission to consider the results of all three
12 studies as a guide in determining class revenue responsibility in this case.

13 **Q. HAVE THE PARTIES PROPOSED ANY MOVEMENT TOWARD COST OF SERVICE?**

14 A. Based on MGE's proposed revenue requirement MGE proposes to increase the Residential
15 SFV rate by 21.16%. Customers groups within the new SGS class would experience
16 average increases ranging from 11.76% for SGS staying SGS to an average reduction of
17 71.29% for LGS becoming SGS. Customers in the restructured LGS class would
18 experience an average increase of 6.64%. Customers groups within the new LGS class
19 would experience average increases ranging from 11.76% for SGS moving to LGS an

1 average reduction of 15.69% for LGS staying LGS. Under the restructuring proposal, Large
2 Volume rates would fall by by an average of 7.69%. Please notice that these ranges
3 describe differences in the average increase. The impact on individual customers within a
4 group can vary substantially. For example, for the subset of LGS that move to SGS the
5 range of individual customer impacts may range from a 62% increase to a 91% decrease per
6 month.

7 The MGE proposal would result in a Residential share of revenue of 73.37%, a
8 Large Volume share of 6.65% and a combined SGS and LGS share of 19.97%.¹ Staff
9 proposes an equal percent increase that would achieve no movement toward aligning cost
10 with revenues. Based on a \$15M revenue requirement increase, Public Counsel's proposal
11 would result in the following class revenue shares;

	RES	SGS	LGS	LV
OPC Share of Revenue	71.24%	20.35%	1.14%	7.27%

12
13
14
15 **Q. WHAT ARE SOME OF THE PRIMARY FACTORS CONTRIBUTING TO THE DIFFERENCES IN THE**
16 **PARTIES CLASS COST OF SERVICE STUDY RESULTS?**

17 **A.** In this case, I believe the differences in the parties' mains allocations and weighting factors
18 for meters and services are significant factors that lead to the differences in the study results.

I discussed the differences in the parties' meter and services allocators earlier in this testimony.

Q. PLEASE DISCUSS THE DIFFERENCES IN THE PARTIES MAINS ALLOCATORS?

A. MGE, Staff and Public Counsel allocated 38.41% of mains based on a measure of the number of customers. The parties allocated the remaining 61.59% of mains by various methods. The impact on the customer classes is shown below.

Table 2.

Class Share Of Remaining 61.59% Of Mains

	RES	SGS	LGS	LV
MGE (Peak Day Demand)	57.39%	22.39%	1.99%	18.23%
OPC (Average & Excess)	56.63%	22.23%	1.96%	19.18%
Staff (Capacity Utilization)	53.93%	21.01%	1.91%	23.13%

Q. HAVE YOU SUPPORTED THE STAFF'S CAPACITY UTILIZATION METHOD IN THE PAST?

A. Yes, I have. I consider the Staff method preferable to the pure peak demand allocation proposed by the Company and supported by Mr. Johnstone because the Staff's Capacity Utilization method reflects that mains support both peak use and use throughout the year.

¹ The SGS and LGS share of revenue represent the share of the restructured classes and are not individually comparable to the revenue shares shown in Table 2

1 **Q. WHAT LEVEL OF COSTS DO THE STAFF AND PUBLIC COUNSEL IDENTIFY AS DIRECTLY**
2 **CUSTOMER RELATED?**

3 A. The workpapers underlying the Staff's class cost of service study identify direct customer
4 costs as including services, meters, regulators, billing, meter reading, customer accounting
5 expense and customer service and informational expense. These costs combined equate to
6 about 34% of costs on a total company basis and 39% of Residential customer cost. My
7 study results indicate that approximately 30% of costs on a total company basis and 31% of
8 Residential costs are directly customer related.

9 **Q. DO THESE LEVELS OF DIRECT CUSTOMER COSTS SUPPORT A SFV RATE DESIGN?**

10 A. No. Contrary to the Staff proposal to collect all non-gas costs through a fixed \$24.55
11 monthly fee, the Staff workpapers indicate that, on a revenue neutral basis, a traditional
12 monthly customer charge of \$10.40 would recover the direct customer costs with remaining
13 costs recovered through a volumetric rate.

14 **Q. ON PAGE 6 OF HIS DIRECT TESTIMONY, MR. JOHNSTONE ARGUES THAT SEASONAL RATE**
15 **DIFFERENTIALS FOR LARGE CUSTOMERS PROPERLY ALLOW FOR COLLECTION OF MORE**
16 **COSTS FROM CUSTOMERS THAT IMPOSE HIGHER COST ON THE SYSTEM DURING PERIODS**
17 **OF PEAK USE. DOES RECOVERING A PORTION OF RESIDENTIAL AND SGS COSTS THROUGH**
18 **VOLUMETRIC RATES ACHIEVE A SIMILAR OUTCOME?**

1 A. Yes. While the amounts vary, MGE, Staff, and Public Counsel all recognize that some
2 portion of cost is demand related. Collecting a portion of costs on a volumetric basis allows
3 greater cost recovery during peak winter periods from those that use more. The SFV rate
4 design is not consistent with collecting more from those that use more during peak periods
5 because it collects a uniform level of costs per customer per month.

6 **Q. DO YOU SUPPORT MR. JOHNSTONE'S PROPOSAL TO RETAIN SEASONAL RATE**
7 **DIFFERENTIALS FOR LARGE VOLUME CUSTOMERS?**

8 A. Yes.

9 **Q. DOES THE STAFF EXPLAIN ITS CONTINUED SUPPORT FOR THE SFV RATE DESIGN?**

10 A. While Mr. Imhoff's testimony simply expresses continued support for the SFV rate design
11 for the Residential class, the Staff Class Cost of Service report provides a limited discussion
12 on pages 12-13. Staff claims that the SFV rate design provides an appropriate price signal
13 to prospective customers. In support of this assertion the discussion first focuses on
14 investments such as meters and services arguing that these investments are uniform within a
15 class. As I described in direct testimony, the customer charge component of a traditional
16 rate design can be used to recover a uniform amount from each customer.

17 The Staff discussion goes on to argue that long term investments in facilities such as
18 mains are not reasonably based on changing individual customer use. While I do not
19 disagree with this observation, every party has recognized that a portion of costs vary with
20 average class demand which is comprised of the demand of some customers that use more

1 and some that use less. For example, the methods used by the Company to determine design
2 day demand, by the Staff to determine coincident peak day demand and by both to
3 determine annual volumes are based on equations that predict average customer use based
4 on Heating Degree Days. If average customer use increases due to some customers using
5 more the level of costs allocated to the class will increase. This is consistent with the Staff
6 cost of service study in which the Staff allocates an increasing amount of certain
7 investments and expenses based on increasing class use. It is appropriate and reasonable
8 that a portion of cost recovery be based on rates that vary with use.

9 **Q. WHAT IS YOUR RESPONSE TO MR. FEINGOLD'S ARGUMENT THAT ATTEMPTS TO JUSTIFY**
10 **THE SFV RATE DESIGN FOR SGS BASED ON CLAIMED EQUAL COST FOR LOW AND HIGH USE**
11 **CUSTOMERS DUE TO EACH HAVING A LEVEL OF USE THAT COULD BE SERVED BY A 2"**
12 **MAIN?**

13 **A.** The problem with Mr. Feingold's argument is that each SGS customer is not served by a
14 dedicated 2" main. To the extent that a 2" main can be used to serve multiple customers, 3
15 for example, the combined cost to serve them would not be 3 times the cost of a single 2"
16 main, instead the main becomes a jointly used facility with associated costs that must be
17 apportioned to customers based on some reasonable method of allocation such as
18 proportional use of the 2" main.

1 **Q. DOES MR. FEINGOLD PRESENT A COMPLETE PICTURE OF THE CUSTOMER IMPACTS**
2 **ASSOCIATED WITH THE SFV RESIDENTIAL RATE DESIGN?**

3 A. No. While Mr. Feingold has presented Schedule RAF-6 which illustrates the impact of the
4 SFV rate design in winter months, he fails to provide a comparison that includes summer
5 months. In Response to Public Counsel DR No. 18, MGE provided a schedule comparing
6 the SFV to a traditional rate structure for the period April 2007, through April 2009. The
7 schedule indicates that the Company collected \$2,943,647 more through the SFV rate
8 design than it would have collected through the traditional rate structure for the period April
9 2007, through April 2009. The response to DR No. 18 is attached to this testimony as
10 Schedule BAM REB-4.

11 **Q. DO YOU HAVE CONCERNS WITH THE SCHEDULES INCLUDED IN RAF-7 ATTACHED TO MR.**
12 **FEINGOLD'S DIRECT TESTIMONY?**

13 A. Yes. Each of the schedules include in RAF-7 include gas costs in the customer impact
14 comparisons. By presenting the comparisons with gas cost included the percentage changes
15 illustrated in his schedules appear smaller in magnitude than the actual increase in the rates
16 at issue in this case. For example, on Line 15, Page 1 of RAF-7 the Company proposes an
17 increase in the SFV rate from \$24.62 to \$29.83 which represents a 21.16% [$(\$29.83 -$
18 $\$24.62)/\$24.62 = .2116$] increase in the SFV rate. However, by presenting the percentage
19 change as a percentage of the new rate plus gas costs the increase is illustrated as 6.86%

1 [(\$973.89-\$911.37)/\$911.37=.0686]. Taking another example from RAF-7, Page 3, Line
2 14, the percentage change including gas cost is presented as 48.00%. However making the
3 comparison based only on the rate changes at issue in this case, we find that the present
4 rates collect \$21.46 (=\$18.39+25x \$0.12297). The proposed rate is \$41.20. The percentage
5 increase is 91.95% [(\$41.20-\$21.46)/\$21.46= .9195].

6 **Q. DOES MR. FEINGOLD USE THE SAME TECHNIQUE OF INCLUDING GAS COSTS TO**
7 **CHARACTERIZE THE INCREASE IN CLASS REVENUES?**

8 A. Yes. In Schedule RAF-5, Mr. Feingold has not presented a percentage change in the rates at
9 issue in this case; instead he has calculated the increase associated with non-gas rates as a
10 percentage of the Company's total revenue including gas revenue.

11 **Q. IS PUBLIC COUNSEL OPPOSED TO RESTRUCTURING THE SGS AND LGS CLASS BASED ON THE**
12 **USE CRITERIA PROPOSED BY THE COMPANY?**

13 A. No. However, Public Counsel opposes the SFV rate design for SGS customers for the same
14 reasons I have expressed in opposition to the SFV rate design for Residential customers.

15 **Q. PLEASE RESPOND TO THE CLAIM THAT FULL RECOVERY THROUGH A FLAT FIXED CHARGE**
16 **WILL REDUCE THE EFFECTS OF WEATHER VARIABILITY AND STABILIZE CUSTOMERS'**
17 **BILLS.**

1 A. I agree that a SFV rate design reduces the affect of weather on customers' bills but I
2 disagree that mandatory imposition of the SFV is desirable. There are alternatives to a flat
3 fixed rate that can reduce undesirable effects of weather on customers' bills while
4 preserving an individual customer's ability to control the charges they pay. Voluntary level
5 payment plans can assist customers in budgeting for high costs associated with cold weather
6 while retaining the ability to save by reducing or forgoing consumption when they choose to
7 do so and by benefiting from reduced costs during periods of above normal temperatures.
8 Under the SFV customers are truly captive. They have no ability to reduce the non-gas
9 portion of the bill. Further, low use customers pay substantially more whether or not they
10 want or need the same level of service as high use customers.

11 **Q. DOES PUBLIC COUNSEL SUPPORT INCREASING THE MISCELLANEOUS CHARGES RELATED**
12 **TO NEW CONNECTIONS, COLLECTION AND DISCONNECTION, RECONNECTIONS AND**
13 **TRANSFERS?**

14 A. Public Counsel generally believes that these fees should be based on costs and will support
15 cost based increases provided that any net increase in revenue associated with these charges
16 is reflected as an offset to costs in determining revenue requirement.

1 **Q. DOES PUBLIC COUNSEL SUPPORT THE PROPOSAL TO INCORPORATE \$3.50 PER CREDIT**
2 **CARD PAYMENT INTO THE COMPANY’S REVENUE REQUIREMENT?**

3 **A.** Public Counsel does not support this proposal at this time. The \$3.50 per transaction fee
4 appears significantly higher than the \$2.11 Customer Records and Collection expense per
5 bill currently included in the company revenue requirement.

6 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

7 **A.** Yes.

OPC Updated Class Cost of Service Study
MISSOURI GAS ENERGY
GR-2009-0355

I. RATE BASE

		FACTOR DESCRIPTION	FACTOR NO.	TOTAL	Residential	Small General Service	Large General Service	Large Volume
A. GAS PLANT - Gross								
Intangible								
301.00	Organization	Cost of Service	20	15,600	11,055	3,290	176	1,079
302.00	Franchise & Consents	Cost of Service	20	13,823	9,796	2,915	156	956
303.00	Miscellaneous	Cost of Service	20	30,041,604	21,288,849	6,335,658	338,654	2,078,443
	Total Intangible			30,071,027	21,309,699	6,341,864	338,986	2,080,478
Production Plant - Manufactured								
304.00	Land & Land Rights		4	-	-	-	-	-
305.00	Structures & Improvements		4	-	-	-	-	-
307.00	Other Power Equip		4	-	-	-	-	-
311.00	Liquified Petrol Gas Equip		4	-	-	-	-	-
311.10	LP Gas Storage Cavern		4	-	-	-	-	-
	Total Prod Plant - Mfg			-	-	-	-	-
Transmission Plant								
365.00	Land & Land Rights		5	-	-	-	-	-
367.00	Mains		5	-	-	-	-	-
369.00	Meas & Reg Sta Equip		5	-	-	-	-	-
	Total Transmission Plant			-	-	-	-	-
Distribution Plant								
374.00	Land & Land Rights	Mains	5	2,331,922	1,595,797	431,175	28,690	276,260
375.00	Structures & Improvements	Mains	5	8,583,960	5,874,236	1,587,185	105,608	1,016,930
376.00	Mains	Mains	5	382,811,425	261,968,227	70,782,317	4,709,731	45,351,151
378.00	Meas & Reg Sta Equip	Annual Throughput Ccf	2	12,368,768	5,700,133	2,370,298	224,116	4,074,221
379.00	M&R Sta Equip - City Gate	Annual Throughput Ccf	2	3,411,645	1,572,253	653,793	61,817	1,123,782
380.00	Services	Weighted Services	10	316,610,835	275,790,924	38,708,167	553,748	1,557,996
381.00	Meters	Weighted Meters	11	32,658,905	19,635,083	11,104,439	378,902	1,540,481
382.00	Meter Installation	Weighted Meter Installaion	6	77,160,334	54,164,110	16,113,511	1,552,597	5,330,116
383.00	House Regulators	Weighted Regulators	12	12,733,549	8,694,329	3,375,101	152,776	511,343
385.00	EGM	ElectronicGas Meters	13	390,663	-	-	-	390,663
387.00	Other Equip		16	-	-	-	-	-
	Total Distribution Plant			849,062,006	634,995,092	145,125,986	7,767,986	61,172,941
General Plant								
	Total General Plant	General Plant Allocator	22	70,905,604	56,656,405	10,898,857	398,809	2,951,533
				70,905,604				
Total Plant In Service				950,038,637	712,961,197	162,366,707	8,505,780	66,204,952
				950,038,637				
				950,038,637				

B. ACCUMULATED DEPRECIATION & AMORTIZATION

Intangible			Cost of Service						
301.00	Organization								
302.00	Franchise & Consents								
303.00	Miscellaneous								
	Total Intangible								
Production Plant - Manufactured			Cost of Service						
304.00	Land & Land Rights								
305.00	Structures & Improvements								
307.00	Other Power Equip								
311.00	Liquified Petrol Gas Equip								
311.10	LP Gas Storage Cavern								
	Total Prod Plant - Mfg								
Transmission Plant			Cost of Service						
365.00	Land & Land Rights								
367.00	Mains								
369.00	Meas & Reg Sta Equip								
	Total Transmission Plant								
Distribution Plant			Cost of Service						
374.00	Land & Land Rights	Mains							
375.00	Structures & Improvements	Mains							
376.00	Mains	Mains							
378.00	Meas & Reg Sta Equip	Annual Throughput Ccf							
379.00	M&R Sta Equip - City Gate	Annual Throughput Ccf							
380.00	Services	Weighted Services							
381.00	Meters	Weighted Meters							
382.00	Meter Installation	Weighted Meter Installaion							
383.00	House Regulators	Weighted Regulators							
385.00	EGM	ElectronicGas Meters							
387.00	Other Equip								
	Total Distribution Plant								
General Plant			Cost of Service						
	Total General Plant								
		General Plant Allocator							
Total Depreciation & Amortization Reserve									

C. GAS PLANT - NET

Intangible								
301.00	Organization	Cost of Service	20	15,600	11,055	3,290	176	1,079
302.00	Franchise & Consents	Cost of Service	20	13,823	9,796	2,915	156	956
303.00	Miscellaneous	Cost of Service	20	7,291,885	5,167,362	1,537,830	82,200	504,493
	Total Intangible			7,321,308	5,188,212	1,544,036	82,532	506,528
Production Plant - Manufactured				7,321,308				
304.00	Land & Land Rights		4	-	-	-	-	-
305.00	Structures & Improvements		4	-	-	-	-	-
307.00	Other Power Equip		4	-	-	-	-	-
311.00	Liquified Petrol Gas Equip		4	-	-	-	-	-
311.10	LP Gas Storage Cavern		4	-	-	-	-	-
	Total Prod Plant - Mfg			-	-	-	-	-
Transmission Plant								
365.00	Land & Land Rights		5	-	-	-	-	-
367.00	Mains		5	-	-	-	-	-
369.00	Meas & Reg Sta Equip		5	-	-	-	-	-
	Total Transmission Plant			-	-	-	-	-
Distribution Plant				-				
374.00	Land & Land Rights	Mains	5	1,817,271	1,243,608	336,016	22,358	215,290
375.00	Structures & Improvements	Mains	5	8,121,306	5,557,630	1,501,640	99,916	962,120
376.00	Mains	Mains	5	254,906,375	174,439,337	47,132,511	3,136,114	30,198,413
378.00	Meas & Reg Sta Equip	Annual Throughput Ccf	2	8,147,468	3,754,751	1,561,346	147,628	2,683,742
379.00	M&R Sta Equip - City Gate	Annual Throughput Ccf	2	2,454,038	1,130,941	470,281	44,466	808,350
380.00	Services	Weighted Services	10	170,525,551	148,540,082	20,848,091	298,247	839,132
381.00	Meters	Weighted Meters	11	28,784,843	17,305,932	9,787,209	333,956	1,357,746
382.00	Meter Installation	Weighted Meter Installaion	6	57,258,484	40,193,642	11,957,377	1,152,138	3,955,327
383.00	House Regulators	Weighted Regulators	12	9,830,088	6,711,877	2,605,522	117,941	394,748
385.00	EGM	ElectronicGas Meters	13	253,894	-	-	-	253,894
387.00	Other Equip		16	-	-	-	-	-
	Total Distribution Plant			542,099,318	398,877,799	96,199,993	5,352,765	41,668,761
General Plant				542,099,318				
	Total General Plant	General Plant Allocator	22	44,488,562	35,548,135	6,838,310	250,226	1,851,891
GAS PLANT IN SERVICE - NET				44,488,562				
				593,909,188	439,614,146	104,582,339	5,685,522	44,027,180
OTHER GAS PLANT				593,909,188				
	Nat. Gas Stored Underground (CUSHIA)		3	-	-	-	-	-
TOTAL GAS PLANT IN SERVICE - NET				593,909,188	439,614,146	104,582,339	5,685,522	44,027,180
				593,909,188				
				593,909,188				

D. OTHER RATE BASE

Add:

Cash Working Capital	Cost of Service	20	18,678,923	13,236,736	3,939,313	210,564	1,292,310
Materials and Supplies	Total Net Plant	18	2,939,374	2,175,737	517,599	28,139	217,899
Prepayments	Cost of Service	20	468,642	332,101	98,835	5,283	32,423
Prepaid Pension Asset	Labor	21	14,746,244	9,948,884	3,523,396	179,593	1,094,371
Alternative Minimum Tax Credit	Rate Base	19	5,920,439	4,324,992	1,131,805	70,667	392,975
Net Cost of Removal Reg Asset	Total Net Plant	18	495,981	367,127	87,338	4,748	36,768
Natural Gas Stored Underground	MGE Gas Inventory Factor	3	100,132,701	71,055,042	25,947,055	2,417,675	712,928
Materials Management System Costs Deferred			-	-	-	-	-
Insulation Financing Program Loans			-	-	-	-	-
Energy Wise			-	-	-	-	-
Total Additions To Net Plant In Service			143,382,304	101,440,620	35,245,340	2,916,669	3,779,675

Less:

Interest Offset	Cost of Service	20	1,485,980	1,053,033	313,387	16,751	102,808
Federal Income Tax Offset	Rate Base	19	631,430	461,272	120,710	7,537	41,912
State Income Tax Offset	Rate Base	19	99,225	72,486	18,969	1,184	6,586
City Tax Offset	Rate Base	19	218,855	159,878	41,838	2,612	14,527
Customer Advances For Construction	Bills	7	12,773,726	11,159,121	1,595,876	7,248	11,481
Customer Deposits	Bills	7	4,572,625	3,994,643	571,277	2,595	4,110
Deferred Income Taxes	Rate Base	19	98,328,097	71,830,530	18,797,287	1,173,654	6,526,627
Total Deductions To Net Plant In Service			118,109,938	88,730,962	21,459,344	1,211,581	6,708,051
			118,109,938				
Subtotal - Other Rate Base			25,272,366	12,709,658	13,785,996	1,705,088	(2,928,376)
			25,272,366				
TOTAL RATE BASE			619,181,554	452,323,805	118,368,335	7,390,611	41,098,804
			619,181,554				

II. OPERATION and MAINTENANCE EXPENSES

	FACTOR DESCRIPTION	FACTOR NO.	TOTAL	Residential	Small General Service	Large General Service	Large Volume
Natural Gas Supply Expense							
804	Nat. Gas City Gate & LP Purchases		-	-	-	-	-
808	Gas Withdrawn from Storage		-	-	-	-	-
809	Gas Delivered to Storage		-	-	-	-	-
810&812	Company Use		-	-	-	-	-
Total Natural Gas Expense			-	-	-	-	-
Manufactured Gas Production							
Operations							
710	Supervision		-	-	-	-	-
712	Other Power Expenses		-	-	-	-	-
717	LP Expense		-	-	-	-	-
723	Fuel for Vapor LPG		-	-	-	-	-
728	LP Gas		-	-	-	-	-
735	Miscellaneous		-	-	-	-	-
Maintenance							
740	Supervision		-	-	-	-	-
741	Structures & Improvements		-	-	-	-	-
742	Production Equipment		-	-	-	-	-
Total Manufactured Gas			-	-	-	-	-
Transmission							
Operations							
850	Supervision & Engineering		-	-	-	-	-
851	Load Dispatch		-	-	-	-	-
856	Mains		-	-	-	-	-
857	Measuring & Regulating Exp		-	-	-	-	-
859	Other Expenses		-	-	-	-	-
860	Rents		-	-	-	-	-
820	Measuring & Regulating		-	-	-	-	-
821	Purification		-	-	-	-	-
822	Exploration & Developement		-	-	-	-	-
823	Losses		-	-	-	-	-
824	Other Expenses		-	-	-	-	-
825	Storage Well Royalty		-	-	-	-	-
Maintenance							
861	Supervision & Engineering		-	-	-	-	-
862	Structures & Improvements		-	-	-	-	-
863	Mains		-	-	-	-	-
865	Measuring & Regulating Exp		-	-	-	-	-
867	Other Equipment		-	-	-	-	-
835	Meter & Regulating Station Equipment		-	-	-	-	-
836	Purification Equipment		-	-	-	-	-
837	Other Equipment		-	-	-	-	-
Total Transmission			-	-	-	-	-

II. OPERATION and MAINTENANCE EXPENSES (continue)

		FACTOR DESCRIPTION	FACTOR NO.	TOTAL	Residential	Small General Service	Large General Service	Large Volume
Distribution								
Operations								
870	Supervision & Engineering	Net Distribution Plant	16	679,441	499,934	120,572	6,709	52,226
871	Load Dispatch	Annual Throughput Ccf	2	27,765	12,795	5,321	503	9,146
874	Mains and services	Net Mains/Services Plant	15	3,124,294	2,371,902	499,237	25,221	227,934
875	Measuring & Regulating Stations	Annual Throughput Ccf	2	827,368	381,292	158,553	14,992	272,532
876	Measuring & Regulating Commercial	Large Ind. Bills	8	(2,934)	-	-	(1,135)	(1,799)
877	Measuring & Regulating City Gate	Annual Throughput Ccf	2	8,419	3,880	1,613	153	2,773
878	Meter & House Regulating	Weighted Meters	11	6,534,966	3,928,932	2,221,971	75,817	308,246
879	Customer Installations	Bills	7	3,146,297	2,748,604	393,080	1,785	2,828
880	Other Expenses	Net Distribution Plant	16	(857,127)	(630,676)	(152,104)	(8,463)	(65,884)
881	Rents	Net Distribution Plant	16	186,376	137,136	33,074	1,840	14,326
Maintenance								
885	Supervision & Engineering	Net Distribution Plant	16	1,212,531	892,183	215,174	11,973	93,202
886	Structures and Improvements	Net Distribution Plant	16	115,407	84,917	20,480	1,140	8,871
887	Mains	Mains	5	9,722,969	6,653,691	1,797,789	119,622	1,151,867
889	Measuring & Regulating Stations	Annual Throughput Ccf	2	708,413	326,471	135,757	12,836	233,348
890	Measuring & Regulating Commercial	Large Ind. Bills	8	252,669	-	-	97,783	154,886
891	Measuring & Regulating City Gate	Annual Throughput Ccf	2	26,703	12,306	5,117	484	8,796
892	Services	Weighted Services	10	942,508	820,993	115,229	1,648	4,638
893	Meters & House Regulators	Weighted Meters	11	334,446	201,075	113,716	3,880	15,775
894	Other Equipment	Net Distribution Plant	16	174,278	128,234	30,927	1,721	13,396
Total Distribution				27,164,789	18,573,667	5,715,507	368,508	2,507,107
Customer Accounts				27,164,789				
901	Supervision	Weighted Meters	11	249,689	150,117	84,897	2,897	11,778
902	Meter reading	Weighted Meter Reading (Bills- LV)	9	962,369	841,481	120,341	547	-
903	Customer Records and Collection	Weighted Meters	11	13,023,279	7,829,815	4,428,079	151,093	614,292
904	Uncollectible Accounts	Cost of Service	20	9,843,534	6,975,577	2,075,963	110,965	681,030
905	Miscellaneous	Customer Acct. Expense	14	43,424	28,513	12,072	479	2,360
Total Customer Accounts				24,122,295	15,825,503	6,721,352	265,980	1,309,460

Cont.

Customer Service & Information					24,122,295				
907	Supervision			7	-	-	-	-	-
908	Customer Assistance	Bills		7	1,103,451	963,974	137,859	626	992
909	Informational & Instruct Advertising	Bills		7	78,181	68,299	9,767	44	70
910	Miscellaneous Expense			7	-	-	-	-	-
Total Customer Svc & Info					1,181,632	1,032,273	147,626	670	1,062
Sales					1,181,632				
911	Supervision			7	-	-	-	-	-
912	Demonstrating and Selling	Bills		7	1,018,243	889,537	127,213	578	915
913	Advertising	Bills		7	20	17	2	0	0
916	Miscellaneous	Bills		7	1,646	1,438	206	1	1
Total Sales					1,019,909	890,992	127,422	579	917
Administrative & General					1,019,909				
Operations									
920	Salaries	Labor		21	6,872,132	4,636,438	1,641,994	83,695	510,005
921	Office Supplies & Expense	Labor		21	2,609,323	1,760,438	623,459	31,779	193,647
922	Administrative Expense Transferred	Labor		21	(525,286)	(354,396)	(125,509)	(6,397)	(38,983)
923	Outside Services	Labor		21	4,394,612	2,964,923	1,050,027	53,521	326,140
924	Property Insurance	Net Non-General Plant		17	31,359	23,063	5,579	310	2,407
925	Injuries and Damages	Labor		21	2,693,749	1,817,398	643,631	32,807	199,913
926	Employee Pensions & Benefits	Labor		21	21,646,470	14,604,276	5,172,103	263,630	1,606,461
928	Regulatory Commission	Cost of Service		20	1,771,826	1,255,597	373,671	19,974	122,585
930.0	General Advertising			20	-	-	-	-	-
930.2	Miscellaneous General	Cost of Service		20	2,080,326	1,474,214	438,733	23,451	143,928
930.6	A/C 930 Trasferred to Construction	Cost of Service		20	1,635,884	1,159,262	345,002	18,441	113,179
931	Rents	Cost of Service		20	1,162,951	824,120	245,262	13,110	80,459
Maintenance									
932	General Plant								
Total Administrative & General					44,373,346	30,165,332	10,413,952	534,320	3,259,742
TOTAL O & M EXPENSES					44,373,346				
					97,861,971	66,487,767	23,125,859	1,170,057	7,078,288
					97,861,971				

III. DEPRECIATION and AMORTIZATION

		FACTOR DESCRIPTION	FACTOR NO.	TOTAL	Residential	Small General Service	Large General Service	Large Volume
Intangible								
301.00	Organization		20	-	-	-	-	-
302.00	Franchise & Consents		20	-	-	-	-	-
303.00	Miscellaneous		20	-	-	-	-	-
	Total Intangible			-	-	-	-	-
Production Plant - Manufactured								
304.00	Land & Land Rights		4	-	-	-	-	-
305.00	Structures & Improvements		4	-	-	-	-	-
307.00	Other Power Equip		4	-	-	-	-	-
311.00	Liquified Petrol Gas Equip		4	-	-	-	-	-
311.10	LP Gas Storage Cavern		4	-	-	-	-	-
	Total Prod Plant - Mfg			-	-	-	-	-
Transmission Plant								
365.00	Land & Land Rights		5	-	-	-	-	-
367.00	Mains		5	-	-	-	-	-
369.00	Meas & Reg Sta Equip		5	-	-	-	-	-
	Total Transmission Plant			-	-	-	-	-
Distribution Plant								
374.00	Land & Land Rights		5	-	-	-	-	-
375.00	Structures & Improvements	Mains	5	127,901	87,526	23,649	1,574	15,152
376.00	Mains	Mains	5	8,268,727	5,658,514	1,528,898	101,730	979,585
378.00	Meas & Reg Sta Equip	Annual Throughput Ccf	2	353,747	163,024	67,791	6,410	116,523
379.00	M&R Sta Equip - City Gate	Annual Throughput Ccf	2	72,668	33,489	13,926	1,317	23,937
380.00	Services	Weighted Services	10	9,909,919	8,632,256	1,211,566	17,332	48,765
381.00	Meters	Weighted Meters	11	943,842	567,454	320,918	10,950	44,520
382.00	Meter Installation	Weighted Meter Installaion	6	2,206,786	1,549,094	460,847	44,404	152,441
383.00	House Regulators	Weighted Regulators	12	310,699	212,142	82,353	3,728	12,477
385.00	EGM	ElectronicGas Meters	13	13,009	-	-	-	13,009
387.00	Other Equip		16	-	-	-	-	-
	Total Distribution Plant			22,207,298	16,903,498	3,709,946	187,445	1,406,409
General Plant								
	Total General Plant			22,207,298				
		General Plant Allocator	22	4,017,069	3,209,798	617,461	22,594	167,215
ANNUALIZED CAPITALIZED DEP								
Total Depreciation								
				26,224,367	20,113,296	4,327,408	210,039	1,573,624
Amortization Expense								
		Net Non-General Plant	17	3464214	2,547,722	616,297	34,271	265,924
Total Depreciation and Amortization								
				29,688,581	22,661,019	4,943,704	244,310	1,839,548
OTHER OPERATING EXPENSES								
Exploration & Development, Net								
Other								
	Total Other Operating Expenses		20	-	-	-	-	-
TOTAL OPERATING EXPENSE WO/ TAXES								
				127,550,552	89,148,786	28,069,563	1,414,367	8,917,836
				127,550,552				

IV. TAXES

1. Taxes Other Than Income Taxes (TOTIT)

RE&PP	Total Net Plant	18	7,146,564	5,289,918	1,258,449	68,414	529,783
Franchise	Rate Base	19	54,675	39,941	10,452	653	3,629
KC Income Tax	Rate Base	19	30,319	22,149	5,796	362	2,012
Gross Receipts (del. from staff run)			-	-	-	-	-
Payroll	Labor	21	2,528,792	1,706,106	604,217	30,798	187,671
Other	Cost of Service	20	300,036	212,619	63,276	3,382	20,758
Subtotal - TOTIT			10,060,386	7,270,733	1,942,191	103,609	743,853
			10,060,386				

2. Income Taxes

Current Income Tax Expense	Rate Base	19	13,338,203	9,743,809	2,549,851	159,206	885,337
Deferred Income Tax Expense		19	-	-	-	-	-
Total Income Taxes			13,338,203	9,743,809	2,549,851	159,206	885,337
			13,338,203				
TOTAL TAXES			23,398,589	17,014,541	4,492,042	262,815	1,629,190
			23,398,589				

Line	TOTAL COST OF SERVICE SUMMARY		TOTAL	Residential	Small General Service	Large General Service	Large Volume
1	O & M Expenses		97,861,971	66,487,767	23,125,859	1,170,057	7,078,288
2	Depreciation and Amortization Expenses	not used	29,688,581	22,661,019	4,943,704	244,310	1,839,548
3	Taxes		23,398,589	17,014,541	4,492,042	262,815	1,629,190
4							
5	TOTAL - Expenses and Taxes		150,949,141	106,163,327	32,561,606	1,677,182	10,547,026
6			150,949,141				
7	Current Revenue						
8	Rate Revenue	Rate Revenue	183,013,016	131,062,754	35,889,208	2,122,169	13,938,884
9	Late Payment Charges		-	-	-	-	-
10	Other Revenue	Rate Revenue	4,789,682	3,430,078	939,266	55,540	364,798
11							
12	TOTAL - Current Revenues		187,802,698	134,492,832	36,828,474	2,177,709	14,303,682
13	Current Revenue Percentage		100.00%	71.61%	19.61%	1.16%	7.62%
14							
15	OPERATING INCOME		36,853,557	28,329,505	4,266,868	500,528	3,756,656
16			36,853,557				
17	TOTAL RATE BASE		619,181,554	452,323,805	118,368,335	7,390,611	41,098,804
18			619,181,554				
19	Implicit Rate of Return (ROR)		5.95%	6.26%	3.60%	6.77%	9.14%

Customer Charge

		TOTAL	Residential	Small General Service	Large General Service	Large Volume
RATE BASE			212,751,533	45,198,199	1,902,281	6,800,847
RETURN	9.8000%		34,401,923	7,308,549	307,599	1,099,697
O & M	(OPC return grossed up for Fed and State income tax)		17,640,144	7,835,517	261,178	1,181,690
DEPR. + OTHER			10,960,945	2,075,683	76,415	271,212
CUSTOMER CHARGE COSTS			63,003,012	17,219,749	645,191	2,552,599
CUSTOMER BILLS			5,380,779	769,510	3,495	5,536
MONTHLY CUSTOMER CHARGE			11.71	22.38	184.60	461.09

ALLOCATORS

		TOTAL	Residential	Small General Service	Large General Service	Large Volume
		TOTAL	ONE	TWO	THREE	FOUR
1 Rate Revenue		1.00000	0.71614	0.19610	0.01160	0.07616
2 Annual Throughput Ccf		1.00000	0.46085	0.19164	0.01812	0.32940
3 MGE Gas Inventory Factor		1.00000	0.70961	0.25913	0.02414	0.00712
4 Coincident Peak Demand		1.00000	0.56627	0.22230	0.01962	0.19180
5 Mains		1.00000	0.68433	0.18490	0.01230	0.11847
6 Weighted Meter Installaion		1.00000	0.70197	0.20883	0.02012	0.06908
7 Bills		1.00000	0.87360	0.12493	0.00057	0.00090
8 Large Ind. Bills		1.00000	-	-	0.38700	0.61300
9 Weighted Meter Reading (Bills- LV)		1.00000	0.87439	0.12505	0.00057	-
10 Weighted Services		1.00000	0.87107	0.12226	0.00175	0.00492
11 Weighted Meters		1.00000	0.60122	0.34001	0.01160	0.04717
12 Weighted Regulators		1.00000	0.68279	0.26506	0.01200	0.04016
13 ElectronicGas Meters		1.00000	-	-	-	1.00000
14 Customer Acct. Expense		1.00000	0.65663	0.27799	0.01102	0.05436
15 Net Mains/Services Plant		1.00000	0.75918	0.15979	0.00807	0.07296
16 Net Distribution Plant		1.00000	0.73580	0.17746	0.00987	0.07687
17 Net Non-General Plant		1.00000	0.73544	0.17790	0.00989	0.07676
18 Total Net Plant		1.00000	0.74020	0.17609	0.00957	0.07413
19 Rate Base		1.00000	0.73052	0.19117	0.01194	0.06638
20 Cost of Service		1.00000	0.70865	0.21090	0.01127	0.06919
21 Labor		1.00000	0.67467	0.23894	0.01218	0.07421
22 General Plant Allocator		1.00000	0.79904	0.15371	0.00562	0.04163

COS ALLOCATOR CALCULATIONS

totals exclude accounts allocated based on COS

	TOTAL	Residential	Small General Service	Large General Service	Large Volume
O & M EXPENSES	81,367,450	54,798,998	19,647,228	984,117	5,937,106
DEPREC. & AMORT. EXPENSE	29,688,581	22,661,019	4,943,704	244,310	1,839,548
TAXES	23,098,553	16,801,922	4,428,766	259,433	1,608,432
Subtotal - Expenses and Taxes	134,154,584	94,261,939	29,019,698	1,487,859	9,385,087
	134,154,584				
TOTAL RATE BASE	594,198,661	434,619,789	113,099,539	7,108,982	39,370,351
	594,198,661				
RATE OF RETURN	5.952%	5.952%	5.952%	5.952%	5.952%
REQUIRED OPERATING INCOME	35,366,580	25,868,479	6,731,661	423,125	2,343,315
TOTAL COST OF SERVICE	169,521,164	120,130,418	35,751,359	1,910,984	11,728,402
	169,521,164				

LABOR ALLOCATOR		FACTOR DESCRIPTION	FACTOR NO.	LABOR	Residential	Small General Service	Large General Service	Large Volume
Distribution								
Operations								
870	Supervision & Engineering	Net Distribution Plant	16	657,834	484,036	116,738	6,496	50,565
871	Load Dispatch	Annual Throughput Ccf	2	28,022	12,914	5,370	508	9,230
874	Mains and services	Net Mains/Services Plant	15	554,269	420,790	88,568	4,474	40,437
875	Measuring & Regulating Stations	Annual Throughput Ccf	2	519,842	239,569	99,620	9,419	171,234
876	Measuring & Regulating Commercial	Large Ind. Bills	8	(830)	-	-	(321)	(509)
877	Measuring & Regulating City Gate	Annual Throughput Ccf	2	3,429	1,580	657	62	1,129
878	Meter & House Regulating	Weighted Meters	11	4,494,475	2,702,154	1,528,178	52,144	211,999
879	Customer Installations	Bills	7	2,327,011	2,032,876	290,723	1,320	2,092
880	Other Expenses	Net Distribution Plant	16	1,450,304	1,067,137	257,368	14,321	111,478
881	Rents	Net Distribution Plant	16	-	-	-	-	-
Maintenance								
885	Supervision & Engineering	Net Distribution Plant	16	1,217,372	895,745	216,033	12,021	93,574
886	Structures and Improvements	Net Distribution Plant	16	69,370	51,043	12,310	685	5,332
887	Mains	Mains	5	5,689,102	3,893,207	1,051,922	69,993	673,980
889	Measuring & Regulating Stations	Annual Throughput Ccf	2	404,051	186,206	77,431	7,321	133,093
890	Measuring & Regulating Commercial	Large Ind. Bills	8	150,020	-	-	58,058	91,962
891	Measuring & Regulating City Gate	Annual Throughput Ccf	2	11,079	5,106	2,123	201	3,649
892	Services	Weighted Services	10	564,086	491,360	68,964	987	2,776
893	Meters & House Regulators	Weighted Meters	11	222,156	133,564	75,536	2,577	10,479
894	Other Equipment	Net Distribution Plant	16	39,478	29,048	7,006	390	3,034
Total Distribution				18,401,070	12,646,333	3,898,547	240,655	1,615,535
Customer Accounts								
901	Supervision	Weighted Meters	11	252,305	151,690	85,787	2,927	11,901
902	Meter reading	Weighted Meter Reading (Bills- LV)	9	686,555	600,314	85,851	390	-
903	Customer Records and Collection	Weighted Meters	11	5,935,762	3,568,680	2,018,234	68,866	279,983
904	Uncollectible Accounts	Cost of Service	20	-	-	-	-	-
905	Miscellaneous	Customer Acct. Expense	14	-	-	-	-	-
Total Customer Accounts				6,874,622	4,320,684	2,189,872	72,183	291,884
Customer Service & Information								
907	Supervision		7	-	-	-	-	-
908	Customer Assistance	Bills	7	166,047	145,059	20,745	94	149
909	Informational & Instruct Advertising	Bills	7	-	-	-	-	-
910	Miscellaneous Expense		7	-	-	-	-	-
Total Customer Svc & Info				166,047	145,059	20,745	94	149
Sales								
911	Supervision		7	-	-	-	-	-
912	Demonstrating and Selling	Bills	7	265,243	231,716	33,138	151	238
913	Advertising	Bills	7	-	-	-	-	-
916	Miscellaneous	Bills	7	-	-	-	-	-
Total Sales				265,243	231,716	33,138	151	238

Labor Cont.

Administrative & General									
Operations									
920	Salaries	Labor	21	5,635,935	3,802,410	1,346,623	68,639	418,263	
921	Office Supplies & Expense	Labor	21	7,705	5,198	1,841	94	572	
922	Administrative Expense Transferred	Labor	21	-	-	-	-	-	
923	Outside Services	Labor	21	-	-	-	-	-	
924	Property Insurance	Net Non-General Plant	17	-	-	-	-	-	
925	Injuries and Damages	Labor	21	2,693,749	1,817,398	643,631	32,807	199,913	
926	Employee Pensions & Benefits	Labor	21	-	-	-	-	-	
928	Regulatory Commission	Cost of Service	20	-	-	-	-	-	
930.0	General Advertising		20	-	-	-	-	-	
930.2	Miscellaneous General	Cost of Service	20	-	-	-	-	-	
930.6	A/C 930 Trasferred to Construction	Cost of Service	20	-	-	-	-	-	
931	Rents	Cost of Service	20	-	-	-	-	-	
Maintenance				-	-	-	-	-	
932	General Plant								
Total Administrative & General				8,337,389	5,625,006	1,992,096	101,540	618,747	
TOTAL LABOR				34,044,371	22,968,797	8,134,398	414,622	2,526,554	
				34,044,371					

MISSOURI GAS ENERGY

A division of Southern Union Company

Office of Public Counsel - Missouri DATA INFORMATION REQUEST RESPONSE

Case Number: GR-2009-0355

Data Request No 0018

Requested From: Mike Noack

Date Requested: 5/19/2009

Information Requested:

Schedule RAF-6 compares winter gas revenues for Residential Service customers under a SFV rate structure and under a traditional rate structure. Please provide the same data in RAF-6 (columns A through I) for the months of April 2007, May 2007, June 2007, July 2007, August 2007, September 2007, October 2007, April 2008, May 2008, June 2008, July 2008, August 2008, September 2008, October 2008, March 2009 and April 2009.

Requested By: Marc Poston

Information Provided:

please refer to the attached schedule

The information provided in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to promptly notify the requesting party if, during the pendency of Case No. GR-2009-0355 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

Date Response Received: _____

Prepared By: Mike Noack

Approved by: 
Director, Pricing and Regulatory Affairs

Date: 6/15/09

Missouri Gas Energy
Comparison of Winter Gas Revenues
Current SFV Rate Structure v. Historical Rate Structure

Revenue - Historical Rate Structure								
	Customers	Volumes	Revenue - SFV	Customer	Volumetric	Total Charge	Difference	Diff Per Customer
				Charge	Charge			
Apr-07	453,867	2,751,549	\$ 11,174,206	\$ 6,192,250	\$ 4,249,298	\$ 10,441,549	\$ 732,657	\$ 1.61
May-07	450,749	1,453,685	11,097,440	6,149,711	2,244,968	8,394,679	2,702,761	6.00
Jun-07	446,296	778,625	10,987,808	6,088,957	1,202,453	7,291,410	3,696,397	8.28
Jul-07	441,967	687,327	10,881,228	6,029,895	1,061,459	7,091,354	3,789,874	8.58
Aug-07	440,273	619,349	10,839,521	6,006,783	956,480	6,963,263	3,876,258	8.80
Sep-07	438,423	654,523	10,793,974	5,981,543	1,010,798	6,992,342	3,801,633	8.67
Oct-07	437,504	740,306	10,771,348	5,969,005	1,143,276	7,112,281	3,659,067	8.36
Nov-07	442,904	2,161,855	10,904,296	6,042,679	3,338,616	9,381,295	1,523,002	3.44
Dec-07	447,580	5,426,428	11,019,420	6,106,475	8,380,194	14,486,668	(3,467,249)	(7.75)
Jan-08	451,895	7,552,737	11,125,655	6,165,346	11,663,915	17,829,261	(6,703,606)	(14.83)
Feb-08	453,815	7,902,594	11,172,925	6,191,541	12,204,210	18,395,751	(7,222,825)	(15.92)
Mar-08	455,746	6,150,983	11,220,467	6,217,886	9,499,145	15,717,032	(4,496,565)	(9.87)
Apr-08	455,229	3,627,706	11,207,738	6,210,833	5,602,374	11,813,206	(605,468)	(1.33)
May-08	451,039	1,859,336	11,104,580	6,153,667	2,871,427	9,025,095	2,079,486	4.61
Jun-08	445,290	835,932	10,963,040	6,075,232	1,290,955	7,366,187	3,596,853	8.08
Jul-08	440,189	686,495	10,837,453	6,005,637	1,060,174	7,065,811	3,771,642	8.57
Aug-08	437,304	611,198	10,766,424	5,966,276	943,891	6,910,167	3,856,257	8.82
Sep-08	435,452	704,099	10,720,828	5,941,009	1,087,361	7,028,370	3,692,459	8.48
Oct-08	437,021	863,992	10,759,457	5,962,415	1,334,288	7,296,703	3,462,754	7.92
Nov-08	443,898	2,538,380	10,928,769	6,056,240	3,920,095	9,976,336	952,433	2.15
Dec-08	448,858	6,161,662	11,050,884	6,123,911	9,515,637	15,639,548	(4,588,664)	(10.22)
Jan-09	451,610	7,918,111	11,118,638	6,161,457	12,228,173	18,389,630	(7,270,992)	(16.10)
Feb-09	452,648	6,565,016	11,144,194	6,175,619	10,138,548	16,314,167	(5,169,974)	(11.42)
Mar-09	453,865	4,756,155	11,174,156	6,192,223	7,345,071	13,537,294	(2,363,138)	(5.21)
Apr-09	453,271	3,455,750	11,159,532	6,184,119	5,336,817	11,520,936	(361,404)	(0.80)
	<u>446,668</u>		<u>\$ 274,923,982</u>	<u>\$ 152,350,710</u>	<u>\$ 119,629,624</u>	<u>\$ 271,980,334</u>	<u>\$ 2,943,647</u>	<u>\$ 6.59</u>

Old Rate Structure			
	Before increase	After increase	
Customer Charge	\$ 11.65	\$ 13.64	\$ 1.17
Volumetric Charge	\$ 0.13187	\$ 0.15443	1.17