

MISSOURI GAS ENERGY
A Division of Southern Union Company

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MISSOURI GAS ENERGY
A Division of Southern Union Company
Test Year Ending December 31, 2008 Updated through April 30, 2009
Revenue Deficiency

Line No.	Description (a)	Ref. (b)	Required Return (c)	Earnings Deficiency (d)	Net Revenue Deficiency (e)
1	Rate Base	B	\$619,181,553		
2	Rate of Return	F	<u>8.014%</u>		
3	Required Return		<u>\$49,621,210</u>	\$49,621,210	
4	Adjusted Test Year Net Operating Income	A-1		<u>34,850,843</u>	
5	Earnings Deficiency			<u>\$14,770,367</u>	\$14,770,367
6	Multiply by Income Tax Gross-up Factor				<u>1.62308</u>
7	Net Revenue Deficiency				<u><u>\$23,973,473</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Test Year Ending December 31, 2008 Updated through April 30, 2009
Summary of Net Operating Income
Per Books and Adjusted

Line No.	Description	Per Books	Adjustments	As Adjusted
	(a)	(b)	(c)	(d)
<u>REVENUES</u>				
1	Operating Base Revenues	\$732,145,245	(\$551,798,670)	\$180,346,574
2	Other Utility Revenues	6,456,128		6,456,128
3	Total Operating Revenues	<u>\$738,601,373</u>	<u>(\$551,798,670)</u>	<u>\$186,802,702</u>
<u>OPERATING EXPENSES</u>				
4	Distribution Expense	\$529,514,357	(\$502,350,319)	\$27,164,038
5	Customer Accounts Expense	21,173,183	2,948,921	24,122,104
6	Customer Service and Information Expense	1,183,469	(1,805)	1,181,664
7	Sales Expense	1,028,158	(8,197)	1,019,961
8	Administrative and General Expense	51,904,046	(3,576,688)	48,327,358
9	Total Operating and Maintenance Expenses	<u>\$604,803,213</u>	<u>(\$502,988,087)</u>	<u>\$101,815,126</u>
10	Depreciation & Amortization Expense	\$26,971,271	\$2,717,310	\$29,688,581
11	Interest on Customer Deposits	161,519	(14,928)	146,591
12	Taxes Other Than Income	53,762,684	(43,702,287)	10,060,397
13	Total Operating Expenses	<u>\$685,698,687</u>	<u>(\$543,987,991)</u>	<u>\$141,710,696</u>
14	Operating Income Before Income Tax	\$52,902,686	(\$7,810,679)	\$45,092,007
15	Less: Income Tax Expense	22,022,840	(11,781,676)	10,241,164
16	Net Operating Income	<u>\$30,879,846</u>	<u>\$3,970,997</u>	<u>\$34,850,843</u>

MISSOURI GAS ENERGY
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Test Year Ending December 31, 2008 Updated through April 30, 2009
Income Tax

Line No.	Description (a)	Reference (b)	As Adjusted (d)
1	Total Operating Revenues	A-1	\$186,802,702
2	Total Operating Expenses	A-1	<u>(141,710,696)</u>
3	Net Operating Income	A-1	<u>\$45,092,007</u>
4	Equity Portion of SLRP Deferrals		\$0
5	Less: Interest on Long Term Debt		<u>(18,414,459)</u>
6	Total Tax Adjustments		<u>(\$18,414,459)</u>
7	Net Taxable Income		<u>\$26,677,548</u>
8	Income Tax		<u>\$10,241,164</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Test Year Ending December 31, 2008 Updated through April 30, 2009
Rate Base

Line No.	Description (a)	Reference (b)	Amount (c)
1	Intangible Plant	C	\$30,071,028
2	Distribution Plant	C	849,062,006
3	General Plant	C	70,905,604
4	Gross Plant In Service		<u>\$950,038,638</u>
5	Accumulated Depreciation & Amortization	D	<u>(356,129,450)</u>
6	Net Plant In Service		\$593,909,188
7	Working Capital	E	134,749,248
8	Net Cost of Removal Balance and River Levee Adj		277,126
9	Customer Deposits	B-2	(4,572,625)
10	Customer Advances - Thirteen Month Average	B-3	(12,773,726)
11	Deferred Income Taxes - SLRP	B-1	(1,131,965)
12	Deferred Income Taxes - Other (Net of AMT)	B-4	<u>(91,275,693)</u>
13	Total Rate Base		<u><u>\$619,181,553</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
SLRP Deferrals and Deferred Taxes
Test Year Ending December 31, 2008 Updated through April 30, 2009

Line No.	Description	Gross Deferral	Accumulated Amortization	Amount
	(a)	(b)	(c)	(d)
<u>SLRP Deferrals</u>				
1	Order GO-92-185 (Deferred Balance @ 5/31/98)	\$0	(0)	\$0
2	Order GO-94-234 (Deferred Balance @ 5/31/98)	0	(0)	0
3	Order GO-97-301 (Deferred Balance @ 5/31/98)	0	0	(0)
4	Order GR-98-140	9,182,136	7,116,155	2,065,981
5	Order GR-2001-282	1,629,639	746,918	882,721
6	Total SLRP Deferrals	<u>\$10,811,775</u>	<u>\$7,863,072</u>	<u>\$2,948,703</u>
7	Annual Amortization	<u>\$1,081,178</u>		
<u>SLRP Deferred Taxes</u>				
8	Order GO-92-185			0
9	Order GO-94-234			0
10	Order GO-97-301			0
11	Order GR-98-140			(793,110)
12	Order GR-2001-292			(338,855)
13	Total SLRP Deferred Taxes			<u>(\$1,131,965)</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending April 30, 2009

Customer Deposits

Line No.	Month	Residential Amount	Commercial & Industrial	Total Amount
			Amount	
	(a)	(b)	(c)	(d)
1	Apr-08	(799,345)	(3,795,560)	(4,594,905)
2	May-08	(779,288)	(3,778,542)	(4,557,831)
3	Jun-08	(754,253)	(3,771,453)	(4,525,705)
4	Jul-08	(743,377)	(3,796,964)	(4,540,341)
5	Aug-08	(738,566)	(3,808,411)	(4,546,977)
6	Sep-08	(731,797)	(3,813,742)	(4,545,538)
7	Oct-08	(737,517)	(3,827,786)	(4,565,303)
8	Nov-08	(731,427)	(3,827,032)	(4,558,459)
9	Dec-08	(737,673)	(3,864,570)	(4,602,243)
10	Jan-09	(749,084)	(3,895,725)	(4,644,810)
11	Feb-09	(756,346)	(3,853,468)	(4,609,814)
12	Mar-09	(766,336)	(3,812,591)	(4,578,927)
13	Apr-09	<u>(764,298)</u>	<u>(3,808,981)</u>	<u>(4,573,279)</u>
14	13 Month Total	<u><u>(\$9,789,305)</u></u>	<u><u>(\$49,654,825)</u></u>	<u><u>(\$59,444,131)</u></u>
15	13 Month Average	<u><u>(\$753,023)</u></u>	<u><u>(\$3,819,602)</u></u>	<u><u>(\$4,572,625)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending April 30, 2009

Customer Advances

Line No.	Month	Amount
	(a)	(b)
1	Apr-08	(13,633,849)
2	May-08	(13,354,019)
3	Jun-08	(13,285,504)
4	Jul-08	(13,053,857)
5	Aug-08	(12,953,206)
6	Sep-08	(12,963,050)
7	Oct-08	(12,828,284)
8	Nov-08	(12,740,058)
9	Dec-08	(12,617,246)
10	Jan-09	(12,337,566)
11	Feb-09	(12,331,139)
12	Mar-09	(12,078,586)
13	Apr-09	<u>(11,882,070)</u>
14	13 Month Total	<u><u>(\$166,058,435)</u></u>
15	13 Month Average	<u><u>(\$12,773,726)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Test Year Ending December 31, 2008 Updated through April 30, 2009

Deferred Taxes (Other than SLRP)

Line No.	Description (a)	Amount (b)
1	Deferred Taxes, MGE Direct Plant as of 4/30/09	(\$91,123,740)
2	Deferred Taxes, Corporate Plant	<u>(151,953)</u>
3	Total Accumulated Deferred Income Taxes (Other than SLRP)	<u><u>(\$91,275,693)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Plant in Service
Test Year Ending December 31, 2008 Updated through April 30, 2009

Line No.	Description (a)	Direct (b)	Completed Not Classified (c)	Total Direct & Completed (d)	Corporate Allocated (e)	Total Adjustments (f)	Total As Adjusted (g)
INTANGIBLE PLANT							
1	(301) Organization	\$15,600	\$0	\$15,600	\$0	\$0	\$15,600
2	(302) Franchises	13,823	0	13,823	0	0	13,823
3	(303) Miscellaneous Intangible	29,961,921	79,684	30,041,605	0	0	30,041,605
4	Total Intangible Plant	\$29,997,344	\$79,684	\$30,077,028	\$0	\$0	\$30,077,028
DISTRIBUTION PLANT							
5	(374.1) Land	\$150,610	\$0	\$150,610	\$0	\$0	\$150,610
6	(374.2) Land Rights	2,148,602	32,710	2,181,312	0	0	2,181,312
7	(375.1) Structures	8,568,891	15,069	8,583,960	0	0	8,583,960
8	(375.2) Leasehold Improvements	0	0	0	0	0	0
9	(376) Mains	380,896,494	1,914,931	382,811,425	0	0	382,811,425
10	(378) Meas. & Reg. Station - General	12,343,426	25,342	12,368,768	0	0	12,368,768
11	(379) Meas. & Reg. Station - City Gate	3,411,645	0	3,411,645	0	0	3,411,645
12	(380) Services	324,943,673	17,586	324,961,259	0	(8,350,424)	316,610,835
13	(381) Meters	32,658,905	0.00	32,658,905	0	0	32,658,905
14	(382) Meter Installations	77,125,156	35,178	77,160,334	0	0	77,160,334
15	(383) House Regulators	12,733,549	0	12,733,549	0	0	12,733,549
16	(385) Electronic Gas Measuring	390,104	10,559	390,663	0	0	390,663
17	(387) Other Equipment	0	0	0	0	0	0
18	Total Distribution Plant	\$855,361,055	\$2,051,375	\$857,412,430	\$0	(\$8,350,424)	\$849,062,006
GENERAL PLANT							
19	(389) Land	\$1,104,164	\$0	\$1,104,164	\$0	\$0	\$1,104,164
20	(390.1) Structures	727,399	0	727,399	0	0	727,399
21	(390.2) Leasehold Improvements	1,884,544	0	1,884,544	3,163	0	1,887,707
22	(391) Furniture & Fixtures	8,108,682	7,552	8,116,234	666,151	0	8,782,385
23	(392.1) Transportation Eq - Cars and Small Trucks	0	0	0	0	1,505,855	1,505,855
24	(392.2) Transportation Eq - Heavy Trucks	6,478,732	0	6,478,732	0	0	6,478,732
25	(393) Stores Equipment	530,991	15,044	546,035	0	127,230	673,265
26	(394) Tools	5,391,276	86,341	5,477,617	0	0	5,477,617
27	(395) Laboratory Equipment	0	0	0	0	0	0
28	(396) Power Operated Equipment	130,439	0	130,439	0	1,628,800	1,759,239
29	(397.1) Communication Equipment - AMR	38,190,850	0	38,190,850	0	0	38,190,850
30	(397.0) Communication Equipment	3,828,004	22,045	3,850,049	0	0	3,850,049
31	(398) Miscellaneous Equipment	468,342	0	468,342	0	0	468,342
32	Total General Plant	\$66,843,423	\$130,982	\$66,974,405	\$669,314	\$3,261,885	\$70,905,604
33	Total Original Cost Plant in Service	\$952,195,822	\$2,262,041	\$954,457,863	\$669,314	(\$5,088,539)	\$950,038,638
34	Accumulated Depreciation and Amortization	(362,814,033)	0	(362,814,033)	0	6,684,583	(356,129,450)
35	Net Plant In Service	\$589,381,789	\$2,262,041	\$591,643,830	\$669,314	\$1,596,044	\$593,909,188

MISSOURI GAS ENERGY
A Division of Southern Union Company
Plant In Service
Test Year Ending December 31, 2008 Updated through April 30, 2009

Line No.	Description	Retire Inactive Services No. 1	Switch Fleet from Lease to Purchase No. 2	Truck Assoc with the Apprentice Program No. 3	Total Adjustments
	(a)	(b)	(c)	(d)	(e)
INTANGIBLE PLANT					
1	(301) Organization				
2	(302) Franchises				
3	(303) Miscellaneous Intangible				0
4	Total Intangible Plant	\$0	\$0		\$0
DISTRIBUTION PLANT					
5	(374.1) Land				
6	(374.2) Land Rights				
7	(375.1) Structures				
8	(375.2) Leasehold Improvements				
9	(376) Mains & Mains - Cast Iron				
10	(378) Meas. & Reg. Station - General				
11	(379) Meas. & Reg. Station - City Gate				
12	(380) Services	(8,350,424)			(8,350,424)
13	(381) Meters				
14	(382) Meter Installations				
15	(383) House Regulators				
16	(385) Electronic Gas Metering				
17	(387) Other Equipment				
18	Total Distribution Plant	(\$8,350,424)	\$0		(\$8,350,424)
GENERAL PLANT					
19	(389) Land				
20	(390.1) Structures				
21	(390.2) Leasehold Improvements				
22	(391) Furniture & Fixtures				
23	(392.1) Transportation Equipment		1,505,855		1,505,855
24	(392.2) Transportation Equipment				0
25	(393) Stores Equipment		127,230		127,230
26	(394) Tools				
27	(395) Laboratory Equipment				
28	(396) Power Operated Equipment		1,628,800		1,628,800
29	(397) Communication Equipment - AMR				
30	(397) Communication Equipment				
31	(398) Miscellaneous Equipment				
32	Total General Plant	\$0	\$3,261,885	\$0	\$3,261,885
33	Total Original Cost Plant In Service	(\$8,350,424)	\$3,261,885	\$0	(\$5,088,539)

MISSOURI GAS ENERGY
A Division of Southern Union Company
Accumulated Reserves for Depreciation and Amortization
Test Year Ending December 31, 2008 Updated through April 30, 2009

Line No.	Description (a)	Test Year Direct (b)	Corporate (c)	Proforma Adjustments (d)	Test Year As Adjusted (e)
1	Intangible Plant Reserve	(\$22,749,719)	\$0	\$0	(\$22,749,719)
2	Distribution & General Plant Reserve	<u>(339,954,970)</u>	<u>(109,344)</u>	<u>6,684,583</u>	<u>(333,379,731)</u>
3	Total Accumulated Reserves	<u><u>(\$362,704,689)</u></u>	<u><u>(\$109,344)</u></u>	<u><u>\$6,684,583</u></u>	<u><u>(\$356,129,450)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Accumulated Reserves for Depreciation and Amortization
Test Year Ending December 31, 2008 Updated through April 30, 2009

Line No.	Description	Adjustments to Plant in Service	Deprec. Rates	Retire Inactive Services No. 1	Switch Fleet from Lease to Purchase No. 2	Total Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)
INTANGIBLE PLANT						
1	(301) Organization					
2	(302) Franchises					
3	(303) Miscellaneous Intangible	\$0				\$0
4	Total Intangible Plant	\$0			\$0	\$0
DISTRIBUTION PLANT						
5	(374.1) Land		0.00%			
6	(374.2) Land Rights		Amort.			
7	(375.1) Structures		1.49%			
8	(375.2) Leasehold Improvements		Amort.			
9	(376) Mains & Mains - Cast Iron		2.16%			
10	(378) Meas. & Reg. Station - General		2.86%			
11	(379) Meas. & Reg. Station - City Gate		2.13%			
12	(380) Services	(8,350,424)	3.13%	8,350,424		8,350,424
13	(381) Meters		2.89%			
14	(382) Meter Installations		2.86%			
15	(383) House Regulators		2.44%			
16	(385) Electronic Gas Metering		3.33%			
17	(387) Other Equipment		6.25%			
18	Total Distribution Plant	(\$8,350,424)		\$8,350,424		\$8,350,424
GENERAL PLANT						
19	(389) Land		0.00%			
20	(390.1) Structures		2.00%			
21	(390.2) Leasehold Improvements		Amort.			
22	(391) Furniture & Fixtures		8.06%			
23	(392.1) Transportation Equipment	1,505,855	13.33%		(835,843)	(835,843)
24	(392.2) Transportation Equipment					0
25	(393) Stores Equipment	127,230	2.70%		(53,534)	(53,534)
26	(394) Tools		5.30%			
27	(395) Laboratory Equipment		6.00%			
28	(396) Power Operated Equipment	1,628,800	6.25%		(776,464)	(776,464)
29	(397) Communication Equipment - AMR		5.00%			
30	(397) Communication Equipment		6.25%			
31	(398) Miscellaneous Equipment		3.85%			
32	Total General Plant	\$3,261,885		\$0	(\$1,665,841)	(\$1,665,841)
33	Total Adjustment	(\$5,088,539)		\$8,350,424	(\$1,665,841)	\$6,684,583

MISSOURI GAS ENERGY
A Division of Southern Union Company
Test Year Ending December 31, 2008 Updated through April 30, 2009
Working Capital

Line No.	Description (a)	Reference (b)	Amounts (c)
1	Materials and Supplies Inventory	E-1	\$2,939,374
2	Prepayments - Thirteen Month Average	E-2	468,642
3	Gas Inventory - Volumes and Price	E-3	100,132,700
4	Cash Working Capital	E-4	16,462,288
5	Prepaid Pension	E-5	<u>14,746,244</u>
6	Total Working Capital		<u><u>\$134,749,248</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending April 30, 2009
Materials & Supplies

Line		Amount
No.	Month	
	(a)	(b)
1	Apr-08	2,491,086
2	May-08	2,458,090
3	Jun-08	2,775,338
4	Jul-08	2,779,149
5	Aug-08	2,824,236
6	Sep-08	3,078,912
7	Oct-08	2,987,921
8	Nov-08	2,992,531
9	Dec-08	3,134,851
10	Jan-09	3,133,653
11	Feb-09	3,157,210
12	Mar-09	3,245,394
13	Apr-09	<u>3,153,495</u>
14	13 Month Total	<u><u>\$38,211,865</u></u>
15	13 Month Average	<u><u>\$2,939,374</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending April 30, 2009
Prepayments

Line No.	Month	Amount
	(a)	(b)
1	Apr-08	298,017
2	May-08	189,563
3	Jun-08	83,659
4	Jul-08	211,810
5	Aug-08	228,657
6	Sep-08	1,062,145
7	Oct-08	873,885
8	Nov-08	819,944
9	Dec-08	651,285
10	Jan-09	553,891
11	Feb-09	447,111
12	Mar-09	428,689
13	Apr-09	<u>243,689</u>
14	13 Month Total	<u><u>\$6,092,343</u></u>
15	13 Month Average	<u><u>\$468,642</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending April 30, 2009
Gas Inventory

Line No.	Month	Dollars
	(a)	(b)
1	Apr-08	22,681,888
2	May-08	60,581,880
3	Jun-08	96,404,831
4	Jul-08	139,168,010
5	Aug-08	157,685,159
6	Sep-08	162,676,030
7	Oct-08	160,415,607
8	Nov-08	145,992,320
9	Dec-08	113,531,199
10	Jan-09	82,548,949
11	Feb-09	62,161,879
12	Mar-09	49,946,074
13	Apr-09	47,931,271
14	13 Month Average	<u>\$100,132,700</u>

Missouri Gas Energy
A Division of Southern Union Gas Company
Test Year Ended December 31, 2008 Updated through April 30, 2009

Summary of Cash Working Capital						
		[1]	[2]	[3]	[4]	[5]
Line #	Description	Reference	Test Year Expenses	Number of Payment (Lead) / Lag Days	Weighted Dollar Days	Totals
					[2] * [3]	
<u>WORKING CAPITAL REQUIREMENT</u>						
1	REVENUE LAG DAYS	Page 2				48.57
2	EXPENSE LAG DAYS	Page 3				
3	Payroll & FICA Expense	H-4, H-6	\$ 36,004,835	11.00	\$ 396,053,185	
4	Pension & Benefits	H-5	16,136,179	18.31	295,426,003	
5	Commodity Purchased	H-3	502,616,530	34.23	17,204,563,822	
6	Other Expenses	L 22 - L 3 to L 5	42,623,505	45.49	1,938,943,242	
7	Total	Sum (L 3 to L 5)	<u>\$ 597,381,049</u>		<u>\$ 19,834,986,252</u>	
8	O & M Expense Payment Lag Days	L7, C 4 / C 2				33.20
9	Net Revenue (Lead) Lag Days	L 1 - L 8				15.37
10	Operating Expenses Per Day	L 7, C 2 / 365				<u>\$ 1,636,660</u>
11	Working Capital for O & M Expense	L 9 * L 10				\$25,150,162
12	Interest Payments	Page 6				(1,752,123)
13	Preferred Dividend Payments	Page 7				0
14	Gross Receipt Tax	Page 8				(1,492,674)
15	Property Tax	Page 8				(3,515,453)
16	Federal & State Income Taxes	Page 9				206,409
17	Other Taxes	Page 9				1,362,632
18	Adjustment to reflect settlement					<u>(3,496,665)</u>
19	Total Working Capital	Sum (L 11 to L 16)				<u>\$ 16,462,288</u>
20	Pro Forma O & M Expense		\$ 610,022,755			
	Less:					
21	Uncollectible Expense		9,844,618			
22	Other Non-Cash		2,797,088			
23	Sub-Total	Sum L18 to L20	<u>12,641,706</u>			
24	Pro Forma Cash O&M Expense	L 18 - L 21	<u>\$ 597,381,049</u>			

The page number reference in column (B) is to Schedule RLO-1 included in Mr. O'Brien's Testimony

MISSOURI GAS ENERGY
A Division of Southern Union Company
Prepaid Pension
Test Year Ending December 31, 2008 Updated through April 30, 2009

Line No.	Year Ended (a)	Balance (b)
1	Unamortized Portion of Prepaid Pension Assets	<u>\$14,746,244</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Summary of Cost of Capital

Line No.	Description	Ratio	Cost Rate	Weighted Composite Rate
	(a)	(b)	(c)	(d)
1	Long-Term Debt	41.060%	6.080%	2.496%
2	Short-Term Debt	10.940%	4.367%	0.478%
3	Preferred Stock	0.000%	0.000%	0.000%
4	Common Equity	<u>48.000%</u>	10.500%	<u>5.040%</u>
5	Total	<u><u>100.000%</u></u>		<u><u>8.014%</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Test Year Ending December 31, 2008 Updated through April 30, 2009

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Book	Total Adjustments	Test Year As Adjusted
	(a)	(b)	(c)	(d)	(e)
OPERATING REVENUE					
1	480	Residential	\$505,927,343	(\$375,582,782)	\$130,344,562
2	481.1	Commercial	208,472,781	(170,364,219)	38,108,562
3	481.2	Industrial	8,794,246	(6,678,667)	2,115,579
4	483	Sales for Resale	0	0	0
5	487	Late Payment Charges	445,846	(194,920)	250,926
6	488	Miscellaneous Service Revenue	4,383,636	0	4,383,636
7	489	Transport	10,950,874	2,493,638	13,444,512
8	493	Rent From Property	0	0	0
9	495	Other Gas Revenue	1,626,646	(1,471,721)	154,925
10		Total Operating Revenue	<u>\$738,601,373</u>	<u>(\$551,798,670)</u>	<u>\$186,802,702</u>
OPERATING & MAINTENANCE EXPENSE					
Operation Expense					
11	805	Other Gas Purchases	\$502,616,530	(\$502,616,530)	\$0
12	807	Purchased Gas Expense	0	0	0
13	859	Other Joint Expense	0	0	0
14	870	Operation, Supervision and Engineering	697,941	(18,381)	679,560
15	871	Distribution and Load Dispatching	27,353	411	27,764
16	872	Compressor Station Labor and Expense	0	0	0
17	874	Mains and Service Expenses	3,113,677	10,582	3,124,259
18	875	Distributing Regulating Station Expenses	813,434	13,898	827,332
19	876	Measuring and Regulating - Station Expenses	(3,349)	415	(2,934)
20	877	Measuring and Regulating - Station Expenses	9,159	(740)	8,419
21	878	Meter and House Regulator Expenses	6,422,653	112,037	6,534,690
22	879	Customer Installation Expenses	3,143,640	2,473	3,146,113
23	880	Other Expenses	(867,405)	10,378	(857,027)
24	881	Rents	186,376	0	186,376
25		Total Operation Expense	<u>\$516,160,009</u>	<u>(\$502,485,456)</u>	<u>\$13,674,553</u>
Maintenance Expense					
26	885	Maintenance Supervision and Engineering	\$1,216,206	(\$3,692)	\$1,212,514
27	886	Maintenance of Structures and Improvements	113,741	1,660	115,401
28	887	Maintenance of Mains	9,609,673	113,037	9,722,610
29	889	Maint. of Measuring and Reg. Stat Equip - General	699,627	8,776	708,403
30	890	Maint. of Measuring and Regulating Equipment	251,695	1,083	252,678
31	891	Maint. of Measuring and Regulating Equipment	25,916	787	26,703
32	892	Maintenance of Services	935,672	6,793	942,465
33	893	Maintenance of Meters and House Regulators	329,361	5,074	334,435
34	894	Maintenance of Other Equipment	172,657	1,619	174,276
35		Total Maintenance Expenses	<u>\$13,354,348</u>	<u>\$135,138</u>	<u>\$13,489,486</u>
36		Total Distribution Expense	<u>\$529,514,357</u>	<u>(\$502,350,319)</u>	<u>\$27,164,038</u>
Customer Accounts Expense					
37	901	Supervision	\$262,744	(\$13,006)	\$249,738
38	902	Meter Reading Expense	943,699	18,622	962,321
39	903	Customer Records and Collection Expense	12,057,003	966,083	13,023,086
40	904	Uncollectible Accounts	7,866,016	1,977,519	9,843,535
41	905	Miscellaneous Customer Accounts Expense	43,721	(297)	43,424
42		Total Customer Accounts Expenses	<u>\$21,173,183</u>	<u>\$2,948,921</u>	<u>\$24,122,104</u>
Customer Service and Informational Expense					
43	907	Supervision	\$0	\$0	\$0
44	908	Customer Assistance	1,105,288	(1,805)	1,103,483
45	909	Informational and Instructional Advertising Exp.	78,181	0	78,181
46	910	Miscellaneous Customer Accounts Expense	0	0	0
47		Total Cust. Service and Information Exp.	<u>\$1,183,469</u>	<u>(\$1,805)</u>	<u>\$1,181,664</u>
Sales and Advertising Expense					
48	911	Supervision	\$0	\$0	\$0

MISSOURI GAS ENERGY
A Division of Southern Union Company
Test Year Ending December 31, 2008 Updated through April 30, 2009

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Book	Total Adjustments	Test Year As Adjusted
	(a)	(b)	(c)	(d)	(e)
49	912	Demonstrating and Selling Expenses	1,021,699	(3,404)	1,018,295
50	913	Advertising Expenses	4,813	(4,793)	20
51	916	Miscellaneous Sales Expenses	1,646	0	1,646
52		Total Sales and Advertising Expenses	<u>\$1,028,158</u>	<u>(\$8,197)</u>	<u>\$1,019,961</u>
Administrative and General Expense					
53	920	Administrative and General Salaries	\$6,996,018	(\$123,027)	\$6,872,991
54	921	Office Supplies and Expenses	11,539,458	62,919	11,602,377
55	922	Administrative Expenses Transferred	(525,286)	0	(525,286)
56	923	Outside Services Employed	8,677,170	(9,667,993)	(990,823)
57	924	Property Insurance	24,300	7,059	31,359
58	925	Injuries and Damages	1,414,653	1,279,094	2,693,747
59	926	Employee Pensions and Benefits	16,375,933	6,018,840	22,394,773
60	927	Franchise Requirements	0	0	0
61	928	Regulatory Commission Expense	2,584,881	(813,055)	1,771,826
62	930	Miscellaneous General Expenses	2,158,307	(77,981)	2,080,326
63	931	Rents	1,022,728	(262,544)	760,184
64	932	Maintenance of General Plant	1,635,884	0	1,635,884
65		Total Administration and General Expense	<u>\$51,904,046</u>	<u>(\$3,576,688)</u>	<u>\$48,327,358</u>
66		Total O & M Expense	<u>\$604,803,213</u>	<u>(\$502,988,087)</u>	<u>\$101,815,126</u>
67	403	Depreciation	25,018,077	1,206,290	26,224,367
68	404, 405	Amortization	1,953,194	1,511,020	3,464,214
69	431	Interest on Customer Deposits	161,519	(14,928)	146,591
70	408	Payroll Taxes	2,238,216	290,576	2,528,792
71	408	Property Taxes	6,965,658	180,917	7,146,575
72	408	Gross Receipts Tax	44,258,774	(44,258,774)	0
73	408	Other Taxes	300,036	84,994	385,030
74	408	Taxes Other Than Income	<u>\$53,762,684</u>	<u>(\$43,702,287)</u>	<u>\$10,060,397</u>
75		TOTAL EXPENSES	<u>\$685,698,687</u>	<u>(\$543,987,991)</u>	<u>\$141,710,696</u>
76		OPERATING INCOME BEFORE INCOME TAX	<u>\$52,902,686</u>	<u>(\$7,810,679)</u>	<u>\$45,092,007</u>
77	409,410	Income Taxes	\$22,022,840	(\$11,781,676)	\$10,241,164
78		NET OPERATING INCOME	<u>\$30,879,846</u>	<u>\$3,970,997</u>	<u>\$34,850,843</u>

MISSOURI GAS ENERGY

A Division of Southern Union Company
Twelve Months Ending December 31, 2008 Updated through April 30, 2009

Distribution of Revenue and Expense Adjustments by Account No.

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MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008 Updated through April 30, 2009
Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	(a)	H-1	H-2	H-3	H-4	H-5	H-6	H-7	H-8	H-9	H-10	H-11
		(b)	(c)	Adj. GL Rev to Test Year Margin	Normalize & Adj. Test Year Margin	Remove Purch. Cost and GRT	Payroll Expense	Employee Benefits	Payroll Taxes	Insurance	Joint and Common Costs	Uncollectible Expense	Regulatory Commission Expense	Interest on Customer Deposits
				(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
Customer Service and Informational Expense														
43	907	Supervision	\$0		\$0	\$0	\$3,910	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44	908	Customer Assistance	1,105,288				3,910							
45	909	Informational and Instructional Advertising Exp.	78,181											
46	910	Miscellaneous Customer Accounts Expense	0											
47		Total Cust. Service and Informational Exp.	\$1,183,469		\$0	\$0	\$3,910	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales and Advertising Expense														
48	911	Supervision	\$0				\$0							
49	912	Demonstrating and Selling Expenses	1,021,699				6,117							
50	913	Advertising Expenses	4,813											
51	916	Miscellaneous Sales Expenses	1,648											
52		Total Sales and Advertising Expenses	\$1,028,158		\$0	\$0	\$6,117	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative and General Expense														
53	920	Administrative and General Salaries	\$6,996,018				\$102,272							
54	921	Office Supplies and Expenses	11,539,458				388							
55	922	Administrative Expenses Transferred	(525,286)											
56	923	Outside Services Employed	8,677,170				0				(6,990,284)			
57	924	Property Insurance	24,300							7,059				
58	925	Injuries and Damages	1,414,653							1,280,730				
59	926	Employee Pensions and Benefits	16,375,933				(180)							
60	927	Franchise Requirements	0					5,018,840						
61	928	Regulatory Commission Expense	2,584,881											
62	930	Miscellaneous General Expenses	2,158,307											
63	931	Rents	1,022,728											
64	932	Maintenance of General Plant	1,635,884											
65		Total Administration and General Expense	\$51,904,046		\$0	\$0	\$102,480	\$5,018,840	\$0	\$1,287,769	\$56,990,284	\$0	\$5813,055	\$0
66		Total O & M Expense	\$604,803,213		\$0	(\$502,616,530)	\$1,324,955	\$5,018,840	\$0	\$1,287,769	(\$56,990,284)	\$1,977,519	(\$813,055)	\$0
Depreciation														
67	403		\$25,018,077											
Amortization														
68	404, 405		1,953,194											
Interest on Customer Deposits														
69	431		161,519											(14,928)
Payroll Taxes (1****)														
70	408		2,238,216						280,576					
71	408	Property Taxes (2****)	6,965,658											
72	408	Gross Receipts Tax (3300 + 4000)	44,258,774			(44,258,774)								
73	408	Other Taxes (41**)	300,035											
74	408	Taxes Other Than Income	\$53,762,684		\$0	(\$44,258,774)	\$0	\$0	\$290,576	\$0	\$0	\$0	\$0	\$0
75		TOTAL EXPENSES	\$685,688,687		\$0	(\$546,875,304)	\$1,324,955	\$5,018,840	\$290,576	\$1,287,769	(\$56,990,284)	\$1,977,519	(\$813,055)	(\$14,928)
76		OPERATING INCOME BEFORE INCOME TAX	\$52,902,686	(\$547,272,040)	(\$4,526,630)	\$546,875,304	(\$1,324,955)	(\$5,018,840)	(\$290,576)	(\$1,287,769)	\$5,990,284	(\$1,977,519)	\$813,055	\$14,928
77	409,410	Income Taxes	22,022,840											
78		NET OPERATING INCOME	\$30,879,846	(\$547,272,040)	(\$4,526,630)	\$546,875,304	(\$1,324,955)	(\$5,018,840)	(\$290,576)	(\$1,287,769)	\$5,990,284	(\$1,977,519)	\$813,055	\$14,928
Note: per book & adjusted income tax computed on A-2														

Note: per book & adjusted income tax computed on A-2

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008 Updated through April 30, 2009
Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Books	H-12	H-13	H-14	H-15	H-16	H-17	H-18	H-19	H-20	H-21	Weather & Conservation	Income Tax Adjustment	Total Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
OPERATING REVENUE																
1	490	Residential	505,927,343.49													(\$375,582,782)
2	481.1	Commercial	205,472,791.08													(170,364,219)
3	481.2	Industrial	8,794,246.37													(6,678,667)
4	483	Sales for Resale	0													0
5	487	Late Payment Charges	445,846													(194,920)
6	488	Miscellaneous Service Revenue	4,393,636													0
7	489	Transport	10,950,874													2,493,638
8	493	Rent From Property	0													0
9	495	Other Gas Revenue	1,525,646													(1,471,721)
10		Total Operating Revenue	\$738,801,373	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$551,796,670)
OPERATING & MAINTENANCE EXPENSE																
Operation Expense																
11	805	Other Gas Purchases	\$502,616,530													(\$502,616,530)
12	807	Purchased Gas Expense	0													0
13	859	Other-Joint Expense	0													0
14	870	Operation, Supervision and Engineering	697,941			(6,820)				(15,818)						(18,381)
15	871	Distribution and Load Dispatching	27,353			(290)				(674)						411
16	872	Compressor Station Labor and Expense	0			0				0						0
17	874	Mains and Service Expenses	3,113,677			(5,745)				(13,325)						10,562
18	875	Disbursing Regulating Station Expenses	813,434			(5,388)				(12,487)						13,668
19	876	Measuring and Regulating - Station Expenses	(3,349)			0				0						415
20	877	Measuring and Regulating - Station Expenses	9,159			(36)				(82)						(740)
21	878	Meter and House Regulator Expenses	6,422,653			(46,586)				(108,046)						112,037
22	879	Customer Installation Expenses	3,143,640			(24,119)				(55,840)						2,473
23	880	Other Expenses	(967,405)			(15,035)				(34,870)						10,378
24	881	Rents	186,376									(3,598)				0
25		Total Operation Expense	\$516,160,009	\$0	\$0	(\$104,019)	\$0	\$0	\$0	(\$241,251)	\$0	\$0	\$0	\$0	\$0	(\$502,485,456)
Maintenance Expense																
26	885	Maintenance Supervision and Engineering	\$1,216,208			(\$12,519)				(\$29,267)						(\$3,682)
27	896	Maintenance of Structures and Improvements	113,741			(719)				(1,668)						1,660
28	887	Maintenance of Mains	9,609,573			(58,963)				(136,765)						113,037
29	889	Maint. of Measuring and Reg. Stat Equip - General	669,627			(4,189)				(9,714)						8,776
30	890	Maint. of Measuring and Regulating Equipment	251,595			(1,555)				(3,607)						1,083
31	891	Maint. of Measuring and Regulating Equipment	25,916			(115)				(286)						787
32	892	Maintenance of Services	935,672			(5,847)				(13,560)						6,793
33	893	Maintenance of Meters and House Regulators	329,361			(2,302)				(5,339)						5,074
34	894	Maintenance of Other Equipment	172,857			(409)				(949)						1,619
35		Total Maintenance Expenses	\$13,354,348	\$0	\$0	(\$86,722)	\$0	\$0	\$0	(\$201,134)	\$0	\$0	\$0	\$0	\$0	\$135,138
36		Total Distribution Expense	\$529,514,357	\$0	\$0	(\$190,741)	\$0	\$0	\$0	(\$442,386)	\$0	(\$3,598)	\$0	\$0	\$0	(\$502,350,319)
Customer Accounts Expense																
37	901	Supervision	\$262,744			(2,616)				(\$6,067)						(\$13,006)
38	902	Meter Reading Expense	943,699			(7,116)				(16,505)						18,622
39	903	Customer Records and Collection Expense	12,057,003			(51,527)		104,736		(142,699)				(7,253)		966,083
40	904	Uncollectible Accounts	7,866,016			0										1,977,519
41	905	Miscellaneous Customer Accounts Expense	43,721			0						(45)				(297)
42		Total Customer Accounts Expenses	\$21,173,183	\$0	\$0	(\$37,159)	\$0	\$104,736	\$0	(\$165,270)	\$800,962	(\$7,259)	\$0	\$0	\$0	\$2,949,921

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008 Updated through April 30, 2009
Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Books	Depreciation Expense	Amortization Expense	TVE Cleaning	Property Tax	Postage Increase	Office & Computer Lease Expense	Incentive Bonuses	Customer Collection Costs	Remove Non-utility Activities	Weather & Conservation	Income Tax Adjustment	Total Adjustments
(a)		(b)	(c)	(e)	(d)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)
43	907	Customer Service and Informational Expense													
44	908	Supervision	\$0												\$0
45	909	Customer Assistance	1,105,288			(1,722)				(3,993)			0		(1,805)
46	910	Informational and Instructional Advertising Exp.	76,181												0
47	911	Miscellaneous Customer Accounts Expense	0												0
		Total Cust. Service and Informational Exp.	\$1,181,469	\$0	\$0	(\$1,722)	\$0	\$0	\$0	(\$3,993)	\$0	\$0	\$0	\$0	(\$1,805)
48	912	Sales and Advertising Expense													
49	913	Supervision	\$0							\$0					\$0
50	914	Demonstrating and Selling Expenses	1,021,699			(2,750)				(6,378)		(393)			(3,404)
51	915	Advertising Expenses	4,813									(4,793)			(4,793)
52	916	Miscellaneous Sales Expenses	1,646												0
		Total Sales and Advertising Expenses	\$1,028,158	\$0	\$0	(\$2,750)	\$0	\$0	\$0	(\$6,378)	\$0	(\$5,186)	\$0	\$0	(\$8,197)
53	920	Administrative and General Expense													
54	921	Administrative and General Salaries	\$6,996,018			(58,430)				(\$135,516)		(\$31,353)			(\$123,027)
55	922	Office Supplies and Expenses	11,538,458			(80)			140,223	(185)		(77,427)			62,919
56	923	Administrative Expenses Transferred	(525,286)												0
57	924	Outside Services Employed	8,677,170									(2,677,709)			(9,667,993)
58	925	Property Insurance	24,300												7,059
59	926	Injuries and Damages	1,414,653									(1,347)			1,279,094
60	927	Employee Pensions and Benefits	16,375,933												6,018,840
61	928	Franchise Requirements	0												0
62	929	Regulatory Commission Expense	2,584,981												(813,055)
63	930	Miscellaneous General Expenses	2,158,307												(77,981)
64	931	Rents	1,022,728						(262,544)						(262,544)
65	932	Maintenance of General Plant	1,635,884						0						0
		Total Administration and General Expense	\$51,004,046	\$0	\$0	(\$58,543)	\$0	\$0	(\$122,321)	(\$135,777)	\$0	(\$2,865,817)	\$0	\$0	(\$3,576,680)
66		Total O & M Expense	\$504,803,213	\$0	\$0	(\$325,015)	\$0	\$104,736	(\$122,321)	(\$753,804)	\$800,982	(\$2,881,899)	\$0	\$0	(\$502,988,987)
67	403	Depreciation	\$25,018,077	\$1,206,290											\$1,206,290
68	404,405	Amortization	1,953,194		1,511,020										1,511,020
69	431	Interest on Customer Deposits	161,519												(14,928)
70	408	Payroll Taxes (****)	2,238,216												290,576
71	408	Property Taxes (****)	6,965,658				180,917	0							180,917
72	408	Gross Receipts Tax (3300 + 4000)	44,258,774												(44,258,774)
73	408	Other Taxes (41**)	300,035				84,994								84,994
74	408	Taxes Other Than Income	\$53,762,584	\$0	\$0	\$0	\$265,911	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$43,762,587)
75		TOTAL EXPENSES	\$685,698,687	\$1,206,290	\$1,511,020	(\$325,015)	\$265,911	\$104,736	(\$122,321)	(\$753,804)	\$800,982	(\$2,881,899)	\$0	\$0	(\$543,987,991)
76		OPERATING INCOME BEFORE INCOME TAX	\$52,902,666	(\$1,206,290)	(\$1,511,020)	\$325,015	(\$265,911)	(\$104,736)	\$122,321	\$753,804	(\$800,982)	\$2,881,899	\$0	\$0	(\$7,810,679)
77	408,410	Income Taxes	22,022,640											(11,781,676)	(11,781,676)
78		NET OPERATING INCOME	\$30,879,845	(\$1,206,290)	(\$1,511,020)	\$325,015	(\$265,911)	(\$104,736)	\$122,321	\$753,804	(\$800,982)	\$2,881,899	\$0	\$11,781,676	\$3,970,997

Note: per book & adjusted income tax computed on A-2

Line No.	Main Acct.	Description	Test Year Per Books	Test Year As Adjusted
		(b)	(c)	(aa)
			(a)	
		OPERATING REVENUE		
1	480	Residential	505,927,343.49	\$130,344,562
2	481.1	Commercial	205,472,781.08	36,108,562
3	481.2	Industrial	8,794,246.37	2,115,579
4	483	Sales for Resale	0	0
5	487	Late Payment Charges	445,846	250,926
6	488	Miscellaneous Service Revenue	4,383,636	4,383,636
7	489	Transport	10,950,874	13,444,512
8	493	Rent From Property	0	0
9	495	Other Gas Revenue	1,628,646	154,925
10		Total Operating Revenue	\$738,801,373	\$186,802,702
		OPERATING & MAINTENANCE EXPENSE		
		Operation Expense		
11	805	Other Gas Purchases	\$502,816,530	\$0
12	807	Purchased Gas Expense	0	0
13	859	Other Joint Expense	0	0
14	870	Operation, Supervision and Engineering	697,941	679,560
15	871	Distribution and Load Dispatching	27,353	27,764
16	872	Compressor Station Labor and Expense	0	0
17	874	Mains and Service Expenses	3,113,677	3,124,259
18	875	Distributing Regulating Station Expenses	813,434	827,332
19	876	Measuring and Regulating - Station Expenses	(3,349)	(2,934)
20	877	Measuring and Regulating - Station Expenses	9,159	8,419
21	878	Meter and House Regulator Expenses	6,422,653	6,534,690
22	879	Customer Installation Expenses	3,143,640	3,146,113
23	880	Other Expenses	(867,405)	(857,027)
24	881	Rents	186,376	186,376
25		Total Operation Expense	\$516,160,009	\$13,674,553
		Maintenance Expense		
26	885	Maintenance Supervision and Engineering	\$1,216,208	\$1,212,514
27	886	Maintenance of Structures and Improvements	113,741	115,401
28	887	Maintenance of Mains	9,609,573	9,722,610
29	888	Maint. of Measuring and Reg. Stat Equip - General	689,927	708,403
30	890	Maint. of Measuring and Regulating Equipment	251,595	252,678
31	891	Maint. of Measuring and Regulating Equipment	25,916	26,703
32	892	Maintenance of Services	935,672	942,465
33	893	Maintenance of Meters and House Regulators	329,361	334,435
34	894	Maintenance of Other Equipment	172,657	174,276
35		Total Maintenance Expenses	\$13,354,348	\$13,459,486
36		Total Distribution Expense	\$529,514,357	\$27,164,038
		Customer Accounts Expense		
37	901	Supervision	\$262,744	\$249,738
38	902	Meter Reading Expense	943,699	962,321
39	903	Customer Records and Collection Expense	12,057,003	13,023,086
40	904	Uncollectible Accounts	7,866,016	9,843,535
41	905	Miscellaneous Customer Accounts Expense	43,721	43,424
42		Total Customer Accounts Expenses	\$21,173,183	\$24,122,104

Line No.	Main Acct.	Description	Test Year Per Books	Test Year As Adjusted
(a)	(b)	(c)	(aa)	
		Customer Service and Informational Expense		
43	907	Supervision	\$0	\$0
44	908	Customer Assistance	1,105,288	1,103,483
45	909	Informational and Instructional Advertising Exp.	78,181	78,181
46	910	Miscellaneous Customer Accounts Expense	0	0
47		Total Cust. Service and Information Exp.	\$1,183,469	\$1,181,664
		Sales and Advertising Expense		
48	911	Supervision	\$0	\$0
49	912	Demonstrating and Selling Expenses	1,021,699	1,018,295
50	913	Advertising Expenses	4,813	20
51	916	Miscellaneous Sales Expenses	1,846	1,846
52		Total Sales and Advertising Expenses	\$1,028,158	\$1,019,961
		Administrative and General Expense		
53	920	Administrative and General Salaries	\$6,996,018	\$6,872,991
54	921	Office Supplies and Expenses	11,539,458	11,602,377
55	922	Administrative Expenses Transferred	(525,286)	(525,286)
56	923	Outside Services Employed	8,677,170	(990,823)
57	924	Property Insurance	24,300	31,359
58	925	Injuries and Damages	1,414,653	2,693,747
59	926	Employee Pensions and Benefits	16,375,933	22,394,773
60	927	Franchise Requirements	0	0
61	928	Regulatory Commission Expense	2,594,881	1,771,826
62	930	Miscellaneous General Expenses	2,158,307	2,080,326
63	931	Rents	1,022,728	760,184
64	932	Maintenance of General Plant	1,635,894	1,635,884
65		Total Administration and General Expense	\$51,904,046	\$48,327,358
66		Total O & M Expense	\$604,803,213	\$101,815,126
67	403	Depreciation	\$25,018,077	\$26,224,367
68	404, 405	Amortization	1,953,194	\$3,464,214
69	431	Interest on Customer Deposits	161,519	146,591
70	408	Payroll Taxes (1***)	2,238,216	2,528,792
71	408	Property Taxes (2***)	6,965,658	7,146,575
72	408	Gross Receipts Tax (3300 + 4000)	44,258,774	0
73	408	Other Taxes (41**)	300,036	385,030
74	408	Taxes Other Than Income	\$53,762,684	\$10,060,397
75		TOTAL EXPENSES	\$685,696,687	\$141,710,696
76		OPERATING INCOME BEFORE INCOME TAX	\$52,902,686	\$45,092,007
77	409,410	Income Taxes	22,022,840	10,241,164
78		Note: per book & adjusted income tax computed on A-2	\$30,879,846	\$24,850,843
		NET OPERATING INCOME		

MISSOURI GAS ENERGY

A Division of Southern Union Company

Test Year Ending December 31, 2008 Updated through April 30, 2009

Test Year Margin Revenue

Line No.	Description (a)	Main Account/Revenue Class					
		480	481.1	481.2	483, 489		
21	(b)	22 & 23	(c)	25	(d)	28, 38	(e)
							(f)
							(g)
1	Total Revenue per Book	505,927,343	206,472,781	8,794,246	10,950,874	6,456,128	738,601,373
2	Less: GRT Revenue, Unbilled Revenue, PGA Revenue, and Miscellaneous Adjustments	(375,824,194)	(163,281,754)	(6,387,030)	(112,422)	(1,666,642)	(547,272,041)
3	Test Year Margin 12/31/08	130,103,150	43,191,027	2,407,216	10,838,452	4,789,486	191,329,331

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Revenue Adjustments

Line No.	Description (a)	Main Account/Revenue Class					Total (g)
		Residential Gas Sales	Commercial Gas Sales	Industrial Gas Sales	Transportation Revenues	Service Charges and Other	
		480	481.1	481.2	489,483	487,488,483,495	
		21	22 & 23	25	38,28		
		(b)	(c)	(d)	(e)	(f)	(g)
1	Test Year Margin	\$130,103,150	\$43,191,027	\$2,407,216	\$10,838,452	\$4,789,486	\$191,329,331
2	Weather Normalize	0	(1,059,711)	(81,332)	(36,477)	0	(1,177,520)
3	Customer Growth Annualization	241,412	(6,022,754)	(210,305)	2,642,537	0	(3,349,110)
4	Total Adjustments	241,412	(7,082,465)	(231,637)	2,606,060	0	(4,526,630)
5	As Adjusted Test Year Margin 4/30/09	\$130,344,562	\$36,108,562	\$2,115,579	\$13,444,512	\$4,789,486	\$186,802,701

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Remove Purchase Gas Costs and Gross Receipts Tax		
Line No.	Description	Amount
	(a)	(b)
1	Purchase Gas Costs (Acct. 805)	(\$502,616,530)
2	Gross Receipts Tax (Acct. 4081)	(44,258,774)
3	Total Adjustment	<u>(\$546,875,304)</u>

MISSOURI GAS ENERGY
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Payroll Adjustment

Line No.	Main Acct.	Proforma Payroll Expense	Payroll Expense Per Book	Adjustment to Test Year
	(a)	(b)	(c)	(d)
1	870	\$673,771	\$669,514	\$4,257
2	871	\$28,695	27,320	1,375
3	872	\$0	0	0
4	874	\$567,559	537,907	29,652
5	875	\$532,303	500,520	31,783
6	876	\$0	(415)	415
7	877	\$3,511	4,133	(622)
8	878	\$4,602,245	4,335,576	266,669
9	879	\$2,382,767	2,300,235	82,532
10	880	\$1,485,274	1,421,393	63,881
11	885	\$1,246,622	1,208,428	38,194
12	886	\$71,032	66,985	4,047
13	887	\$5,825,508	5,516,738	308,770
14	889	\$413,755	391,077	22,678
15	890	\$153,636	147,391	6,245.00
16	891	\$11,345	10,177	1,168
17	892	\$577,603	551,403	26,200
18	893	\$227,394	214,679	12,715
19	894	\$40,425	37,448	2,977
20	901	\$258,421	262,744	(4,323)
21	902	\$703,012	660,769	42,243
22	903	\$6,078,268	5,806,424	271,844
23	905	\$0	252	(252)
24	908	\$170,072	166,162	3,910
25	911	\$0	0	0
26	912	\$271,673	265,556	6,117
27	920	\$5,772,310	5,670,038	102,272
28	921	\$7,891	7,503	388
29	923	\$0	0	0
30	925	\$3,247	3,427	(180)
31	932	\$0	0	0
32	Total	<u>\$32,108,339</u>	<u>\$30,783,384</u>	<u>\$1,324,955</u>

MISSOURI GAS ENERGY
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Employee Benefits

Line No.	Description (a)	Amount (b)	Amount (c)
1	Pension	\$10,000,000	
2	Retirement Power	522,312	
3	Life & AD&D Insurance	113,635	
4	Long Term Disability Insurance	230,338	
5	Medical / Dental Benefit	7,575,150	
6	FAS 106 - Accrual	880,091	
7	FAS 106 - Amortization of	2,664,792	
8	401K	1,407,132	
9	Other Misc Benefits	54,202	
10	Prepaid Pension Amort - GR-2006-0422	803,300	
11	Prepaid Pension Amort - GR-2009-0355	2,828,673	
12	Total Proforma Benefits	\$27,079,625	
13	Payroll Expense Ratio	0.7849246	
14		<u>21,255,463</u>	
15	Add amortization of prepaid pensions - GR-2004-0209	<u>1,139,310</u>	
16	Proforma Benefits Expense	<u>\$22,394,773</u>	
17	Less Test Year Benefits Expense	<u>(\$16,375,933)</u>	
18	Adjustment to Test Year Expense - Acct. 926		<u><u>\$6,018,840</u></u>

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Payroll Taxes

Line No.	Description (a)	Amount (b)
1	Total Proforma Payroll Taxes	\$3,201,483
2	Payroll Taxes on Incentive Compensation Adjustment	\$20,217
3	Total Proforma Payroll Taxes	\$3,221,700
4	Payroll Expense Ratio	0.784924598
5	Proforma Payroll Tax Expense	<u>\$2,528,792</u>
6	Less Test Year Payroll Tax Expense	<u>(2,238,216)</u>
7	Adjustment to Test Year Expense - Acct. 4081	<u><u>290,576.21</u></u>

MISSOURI GAS ENERGY

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Insurance / Injuries & Damages

Line No.	Description (a)	2006 (b)	2007 (c)	2008 (d)	3 Year Avg. (e)	925 Amount (f)	924 Amount (g)	Total Amount (h)
	MGE Claims:							
1	Workers Compensation claims paid	\$1,204,067	\$1,442,108	\$922,561	\$1,189,578			
2	Auto & General Liability	1,079,868	786,569	355,624	740,687			
3	Total Proforma Claims	<u>\$2,283,935</u>	<u>\$2,228,677</u>	<u>\$1,278,185</u>	<u>\$1,930,265</u>	\$1,930,265		\$1,930,265
4	Other costs not related to claims or premiums					\$87,088		
5	Insurance Premiums - 924						\$31,358.50	31,359
6	Insurance Premiums - 925					\$1,416,586.16		1,416,586
7	Total Proforma Insurance Cost					\$3,433,939	\$31,359	\$3,378,210
8	Test Year Payroll Expense Ratio					0.784925	1.000000	
9	Proforma Insurance Expense					<u>\$2,695,383</u>	<u>\$31,359</u>	<u>\$2,726,742</u>
10	Less Test Year Insurance Expense					(1,414,653)	(24,300)	(1,438,953)
11	Adjustment to Test Year - Accts. 924 and 925					<u>\$1,280,730</u>	<u>\$7,059</u>	<u>\$1,287,789</u>

MISSOURI GAS ENERGY
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Corporate Allocation

Line No.	Description (a)	Amount (b)
1	Proforma Joint and Common Costs	\$5,087,099
2	Expense Capital Ratio	71.6033%
3	Proforma Joint and Common Expense	<u>\$3,642,533</u>
4	Less Test Year Expense Recorded on MGE's Books	<u>10,632,817</u>
5	Adjustment to Test Year - Acct. 923	<u><u>(\$6,990,284)</u></u>

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Uncollectible Expense

Line No.	Description	Amount	Amount
	(a)	(b)	(c)
1	Twelve Months Ended April 30, 2007	\$9,698,429	
2	Twelve Months Ended April 30, 2008	\$9,054,015	
3	Twelve Months Ended April 30, 2009	\$10,778,160	
4	Three Year Average		\$9,843,535
5	Less Test Year Uncollectible Expense		(7,866,016)
6	Adjustment to Test Year - Acct. 904		<u>\$1,977,519</u>

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Regulatory Commission Expense

Line No.	Description	Amount	Amount
	(a)	(b)	(c)
1	Estimate of current rate case expense	<u>\$217,147</u>	
2	Annual Amortization (3 years)		\$72,382
3	Normalized level of expense for depreciation study		\$6,878
4	NARUC Assessment		5,018
5	Other Regulatory Commission Expenses		201,815
6	Estimated MPSC Assessment - fiscal 7/1/09-6/30/10		<u>1,485,732</u>
7	Total Proforma Regulatory Commission Expense		\$1,771,826
8	Less Test Year Regulatory Commission Expense		(2,584,881)
9	Adjustment to Test Year - Acct. 928		<u><u>(\$813,055)</u></u>

MISSOURI GAS ENERGY
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Interest on Customer Deposits

Line No.	Description (a)	Reference (b)	Residential (c)	Commercial & Industrial (d)	Amount (e)
1	Customer Deposits	B-2	\$753,023	\$3,819,602	\$4,572,625
2	Interest Rate		4.25%	3.00%	
3	Proforma Interest on Customer Deposits		<u>\$32,003</u>	<u>\$114,588</u>	<u>\$146,591</u>
4	Less Test Year Interest on Customer Deposits				<u>(161,519)</u>
5	Adjustment to Test Year - Acct. 431				<u><u>(\$14,928)</u></u>

MISSOURI GAS ENERGY
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Depreciation Expense

Line No.	Description	Amount	Current Depreciation Rate	Annualized Depreciation	Proposed Rate	Proforma Total Depreciation	Less Depr. Capitalized To Clearing Accts.	Proforma Depreciation Expense
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
INTANGIBLE PLANT								
1	(301) Organization	\$15,600	0.00%	\$0	0.00%	\$0	\$0	\$0
2	(302) Franchises	13,823	0.00%	0	0.00%	0	0	0
3	(303) Miscellaneous Intangible	30,041,605	(see adj. H-13)	0	(see adj. H-13)	0	0	0
4	Total Intangible Plant	\$30,071,028		\$0		\$0	\$0	\$0
DISTRIBUTION PLANT								
5	(374.1) Land	\$150,610	0.00%	\$0	0.00%	\$0	\$0	\$0
6	(374.2) Land Rights	2,181,312	2.09%	45,589	0.00%	0	0	0
7	(375.1) Structures	8,583,960	1.49%	127,901	1.49%	127,901	0	127,901
8	(375.2) Leasehold Improvements	0	(see adj. H-13)	0	(see adj. H-13)	0	0	0
9	(376) Mains & Mains - Cast Iron	382,811,425	2.16%	8,268,727	2.16%	8,268,727	0	8,268,727
10	(378) Meas. & Reg. Station - General	12,368,768	2.86%	353,747	2.86%	353,747	0	353,747
11	(379) Meas. & Reg. Station - City Gate	3,411,645	0.02	72,668	2.13%	72,668	0	72,668
12	(380) Services	316,610,835	3.13%	9,909,919	3.13%	9,909,919	0	9,909,919
13	(381) Meters	32,658,905	2.89%	943,842	2.89%	943,842	0	943,842
14	(382) Meter Installations	77,160,334	2.86%	2,206,786	2.86%	2,206,786	0	2,206,786
15	(383) House Regulators	12,733,549	2.44%	310,699	2.44%	310,699	0	310,699
16	(385) Electronic Gas Metering	390,663	3.33%	13,009	3.33%	13,009	0	13,009
17	(387) Other Equipment	0	4.60%	0	6.25%	0	0	0
18	Total Distribution Plant	\$849,062,006		\$22,252,887		\$22,207,298	\$0	\$22,207,298
GENERAL PLANT - DIRECT								
19	(389) Land	\$1,104,164	0.00%	\$0	0.00%	\$0	\$0	\$0
20	(390.1) Structures	727,399	2.00%	14,548	2.00%	14,548	0	14,548
21	(390.2) Leasehold Impr.	1,884,544	(see adj. H-13)	0	(see adj. H-13)	0	0	0
22	(391) Furniture & Fixtures	8,116,234	8.06%	654,168	8.06%	654,168	0	654,168
23	(392.1) Transportation Eq - Cars and Small Trucks	1,505,855	7.83%	117,908	13.33%	200,730	0	200,730
24	(392.2) Transportation Eq - Heavy Trucks	6,478,732	7.83%	507,285	7.83%	507,285	0	507,285
25	(393) Stores Equipment	673,265	2.70%	18,178	2.70%	18,178	0	18,178
26	(394) Tools	5,477,617	5.30%	290,314	5.30%	290,314	0	290,314
27	(395) Laboratory Equipment	0	6.00%	0	6.00%	0	0	0
28	(396) Power Operated Equipment	1,759,239	6.25%	109,952	6.25%	109,952	0	109,952
29	(397.1) Communication Equipment - AMR	38,190,850	5.00%	1,909,543	5.00%	1,909,543	0	1,909,543
30	(397.0) Communication Equipment - Other	3,850,049	6.25%	240,628	6.25%	240,628	0	240,628
31	(398) Miscellaneous Equipment	468,342	3.85%	18,031	3.85%	18,031	0	18,031
32	Total Direct General Plant	\$70,236,290		\$3,880,555		\$3,963,377	\$0	\$3,963,377
GENERAL PLANT - CORPORATE								
33	(390) Structures	\$0		\$0		\$0	\$0	\$0
34	(390) Leasehold Impr.	3,163	2.50%	79	0.00%	\$0	0	0
35	(391) Furniture & Fixtures	666,151	11.69%	77,873	8.06%	\$53,692	0	53,692
36	(392) Transportation Equipment	0	"	0		\$0	0	0
37	(397) Communication Equipment	0		0		0	0	0
38	(398) Miscellaneous Equipment	0		0		0	0	0
39	Total Corporate General Plant	\$669,314		\$77,952		\$53,692	\$0	\$53,692
40	Total Proforma Plant & Depreciation	\$950,038,638		\$26,211,394		\$26,224,367	\$0	\$26,224,367
41	Less Depreciation clearing							
42	Less Test Year Depreciation Expense							(\$25,018,077)
43	Adjustment to Test Year - Acct. 403							\$1,206,290

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Amortization Expense

Line No.	Description	Original Cost Plant	Monthly Test Year Amortization Expense	Proforma Amortization Expense
	(a)	(b)	(c)	(d)
<u>MGE Direct Non-SLRP Amortization:</u>				
1	(375.2) Leasehold Improvements	\$0	\$0	\$0
2	(390.2) Leasehold Improvements	1,884,544	11,963	143,559
3	Sub Total	<u>\$1,884,544</u>	<u>\$11,963</u>	<u>\$143,559</u>
4	(303) Misc. Intangible - Work Force Automation (1000)	\$3,785,364 x	21,024	\$252,287
5	(303) Misc. Intangible - ADP Software	311,930 x	3,670	44,037
6	(303) Misc. Intangible - Corrosion Control Mgmt System (4000)	1,117,800 x	0	0
7	(303) Misc. Intangible - Landbase Digitized Mapping (4500)	1,701,543 x	0	0
8	(303) Misc. Intangible - Premise Data System (5000)	985,196 x	0	0
9	(303) Misc. Intangible - AMR Project - Programming (5500)	472,455 x	2,784	33,408
10	(303) Misc. Intangible - Facility Priority Index (6000)	894,795 x	0	0
11	(303) Misc. Intangible - Geographic Information System (6500)	1,006,719 x	0	0
12	(303) Misc. Intangible - Customer Service System (7000)	3,786,000 x	0	0
13	(303) Misc. Intangible - CSS Enhancements (7100)	7,894,021 x	65,784	789,402
14	(303) Misc. Intangible - Mainframe Software (7200)	3,705,793 x	30,218	362,611
15	(303) Misc. Intangible - Website (7600)	485,944 x	4,051	48,615
16	(303) Misc. Intangible - Stoner Low Pressure/Intermediate Model (8000)	279,672 x	0	0
17	(303) Misc. Intangible - BASIC (8500)	294,516 x	0	0
18	(303) Misc. Intangible - TCS System (9000)	189,193 x	1,592	19,106
19	(303) Misc. Intangible - GEO Tax Software (9500)	79,294 x	661	7,929
20	(303) Misc. Intangible - Oracle Software	2,415,660 x	20,117	241,409
21	(303) Misc. Intangible - Power Plant Software	187,288 x	1,561	18,729
22	(303) Misc. Intangible - Virtual Hold Call Center	196,570 x	1,661	19,928
23	(303) Misc. Intangible - Witness Software (9600)	251,851 x	2,664	31,972
24	Sub Total - Acct. 303	<u>\$30,041,604</u>	<u>\$155,786</u>	<u>\$1,869,433</u>
<u>Amortization of Infinium Software:</u>				
25	Unamortized balance of replaced software	<u>\$999,954</u>	<u>Mo Amort Amt</u> 16,666	<u>\$199,992</u>
<u>SLRP Amortization:</u>				
26	SLRP Deferrals Subject to Amortization	<u>\$10,811,775</u>	<u>Amort Period</u> 10	<u>\$1,081,178</u>
<u>Cost of Removal Amortization</u>				
27	Net Cost of Removal Balance	<u>\$277,126</u>	<u>Mo Amort Amt</u> 14,171	<u>\$170,052</u>
29	Pro-Forma Amortization Expense			\$3,464,214
30	Less Test Year Amortization Expense			<u>(1,953,194)</u>
31	Adjustment to Test Year - Accts. 404 and 405			<u>\$1,511,020</u>

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Transportation and Work Equipment Clearing

Line No.	Description	Proforma	Test Year	Adjustment	Amount
	(a)	(b)	(c)	(d)	(e)
1	Total per books depreciation cleared				(451,816)
2	Total proforma depreciation subject to clearing adjusted for fleet costs				735,146
3	Elimination of fleet lease expense				(697,399)
4	Total adjustment to fleet related costs				<u>(414,069)</u>

Spread Clearing to Main Accounts based on Test Year Clearing:

	Main Acct.	Percentage	Amount
5	8700	1.65%	(6,820)
6	8710	0.07%	(290)
7	8720	0.00%	0
8	8740	1.39%	(5,745)
9	8750	1.30%	(5,388)
10	8760	0.00%	0
11	8770	0.01%	(36)
12	8780	11.25%	(46,586)
13	8790	5.82%	(24,119)
14	8800	3.63%	(15,035)
15	8850	3.05%	(12,619)
16	8860	0.17%	(719)
17	8870	14.24%	(58,968)
18	8890	1.01%	(4,188)
19	8900	0.38%	(1,555)
20	8910	0.03%	(115)
21	8920	1.41%	(5,847)
22	8930	0.56%	(2,302)
23	8940	0.10%	(409)
24	9010	0.63%	(2,616)
25	9020	1.72%	(7,116)
26	9030	14.86%	(61,527)
27	9050	0.00%	0
28	9060	0.42%	(1,722)
29	9110	0.00%	0
30	9120	0.66%	(2,750)
31	9200	14.11%	(58,430)
32	9210	0.02%	(80)
33	9230	0.00%	0
34	9250	0.01%	(33)
35	9320	0.00%	0
36	<u>TOTAL EXPENSE</u>	<u>78.49%</u>	<u>(325,015)</u>
37	<u>TOTAL NON-EXPENSE</u>	<u>21.51%</u>	<u>(89,058)</u>
38	<u>TOTAL</u>	<u>100.00%</u>	<u>(\$414,071)</u>

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Property Tax Expense
Franchise and KC Earnings Tax Adjustment

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
	Proforma Total Plant in Service excluding Corporate		
1	Allocated Plant	C	\$954,571,674
2	Less Intangible Plant	C	<u>(30,071,028)</u>
3	Proforma Plant, excluding Intangible Plant		\$924,500,647
4	Property tax rate		<u>0.77302%</u>
5	Proforma Property Tax Expense		\$7,146,575
6	Estimated Kansas Property Tax Expense		0
7	Less Test Year Property Tax Expense		<u>6,965,658</u>
8	Adjustment to Test Year - Acct. 4081		<u>\$180,917</u>
9	Accept Staff's Franchise and Earnings Tax adjustment		<u><u>\$84,994</u></u>

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Postage Increase

Line No.	Description (a)	Amount (b)
<u>Average Postage cost per Item</u>		
1	2008	\$ 0.3244
2	2009- with postage increase	\$ 0.3382
3	Average Increase in Postage Cost per Item	<u>\$ 0.0138</u>
4	Number of mail pieces in 2008	<u>7,589,568</u>
5	Total increase	<u>\$ 104,736</u>

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Broadway Rent Expense

Line No.	Description (a)	Amount (b)
	OFFICE LEASE	
1	Proforma Broadway rent - Rent	\$516,814
2	Proforma Broadway Taxes	119,030
3	Less: Proforma rent from subleases	<u>(437,570)</u>
4	Total proforma rent expense - Acct. 931	198,274
5	Actual rent expense - Acct. 931	<u>460,818</u>
6	Adjustment to Acct. 931	<u><u>(\$262,544)</u></u>
7	Net proforma Broadway building utility costs	\$230,854
8	Less: Actual Broadway building utility costs	<u>188,129</u>
9	Adjustment to Test Year - Acct. 921.00014	<u><u>\$42,725</u></u>
10	Net proforma Broadway supplies expense	\$34,942
11	Actual Broadway supplies expense	<u>25,387</u>
12	Adjustment to Test Year - Acct. 921.00017	<u><u>\$9,555</u></u>
13	Net proforma Broadway building maintenance expense	\$400,550
14	Actual Broadway building maintenance expense	<u>312,607</u>
15	Adjustment to Test Year - Acct. 9210.0014	<u><u>\$87,943</u></u>

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Incentive Compensation and Bonuses

Line No.	Description	Incentive Compensation	Holiday Bonuses	Work Performance Bonuses	Total
	(a)	(b)	(c)	(d)	(e)
1	2008 Incentive and Bonus Payments	\$1,275,200	\$51,215	\$8,550	\$1,334,965
2	Non Financial Based Incentives	<u>366,060</u>	<u>0</u>	<u>8,550</u>	<u>374,610</u>
3	Adjustment	<u>(\$909,140)</u>	<u>(\$51,215)</u>	<u>\$0</u>	<u>(960,355)</u>
4	Expense Ratio				<u>0.784924598</u>
5	Amount Charged to Expense				<u>(\$753,804)</u>

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Customer Collection Costs

Line No.	Description (a)	Total (b)
1	Number of credit card payments estimated	<u>228,852</u>
2	Fee per payment to credit card company	<u>\$3.50</u>
3	Total expense to Company	\$800,982
4	Per books	<u>0</u>
5	Adjustment	<u>\$800,982</u>

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Other Expense Adjustments

Line No.	Description	Total
	(a)	(b)
1	Other expense adjustments	<u>(\$2,881,899)</u>
	A/C 880	(3,598.00)
	A/C 903	(7,253.00)
	A/C 905	(45.00)
	A/C 912	(393.00)
	A/C 913	(4,793.00)
	A/C 920	(31,353.00)
	A/C 921	(77,427.00)
	A/C 923	(2,677,708.86)
	A/C 925	(1,347.00)
	A/C 930	(77,981.00)
		(2,881,898.86)

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Weatherization & Conservation

Line No.	Description (a)	Amount (b)
1	Weatherization Program	\$750,000
2	Natural Gas Conservation	<u>750,000</u>
3	Total	1,500,000
4	Per Books	<u>1,500,000</u>
5	Adjustment	<u><u>\$0</u></u>