

MISSOURI GAS ENERGY
A Division of Southern Union Company

Index of Schedules

<u>Schedule</u>	<u>Description</u>
A	Revenue Deficiency
A-1	Summary of Net Operating Income, Per Books and Adjusted
A-2	Income Tax
B	Rate Base
B-1	SLRP Deferrals and Deferred Taxes
B-2	Customer Deposits
B-3	Customer Advances
B-4	Deferred Taxes (Other than SLRP)
C	Plant In Service
D	Accumulated Reserves for Depreciation and Amortization
E	Working Capital
E-1	Materials & Supplies
E-2	Prepayments
E-3	Gas Inventory
E-4	Cash Working Capital
E-5	Prepaid Pension
F	Summary Of Cost Of Capital
G-1	Comparison of FERC Form 2 Information
G-2	Average Annual Residential Bill (Excluding PGA and Taxes)
G-3	Comparison of Actual Uncollectibles and Uncollectibles Included in Rates
G-4	Comparison of Achieved Rate of Return vs. Authorized Rate of Return
H	Distribution of Revenue and Expense Adjustments by Account No.
H-1	Test Year Margin Revenue
H-2	Revenue Adjustments
H-3	Remove Purchase Gas Costs and Gross Receipts Tax
H-4	Payroll Adjustment
H-5	Employee Benefits
H-6	Payroll Taxes
H-7	Insurance / Injuries & Damages
H-8	Corporate Allocation
H-9	Uncollectible Expense
H-10	Regulatory Commission Expense
H-11	Interest on Customer Deposits
H-12	Depreciation Expense
H-13	Amortization Expense
H-14	Transportation and Work Equipment Clearing
H-15	Stores Clearing
H-16	Missouri State Franchise Tax
H-17	Property Tax Expense
H-18	Postage Increase
H-19	Office Lease Expense
H-20	Incentive Compensation and Bonuses
H-21	Unrecovered Cost of Service
H-22	Customer Collection Costs
H-23	Non-recurring / Non-utility Activity
H-24	Weatherization
H-25	Environmental Response Fund

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Revenue Deficiency

Line No.	Description	Ref.	Required Return	Earnings Deficiency	Net Revenue Deficiency
	(a)	(b)	(c)	(d)	(e)
1	Rate Base	B	\$581,203,364		
2	Rate of Return	F	<u>8.936%</u>		
3	Required Return		<u>\$51,936,333</u>	\$51,936,333	
4	Adjusted Test Year Net Operating Income	A-1		<u>26,384,489</u>	
5	Earnings Deficiency			<u>\$25,551,844</u>	\$25,551,844
6	Multiply by Income Tax Gross-up Factor				<u>1.630072</u>
7	Net Revenue Deficiency				<u><u>\$41,651,345</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Summary of Net Operating Income
Per Books and Adjusted

Line No.	Description (a)	Per Books (b)	Adjustments (c)	As Adjusted (d)
<u>REVENUES</u>				
1	Operating Base Revenues	\$664,347,447	(\$509,204,317)	\$155,143,131
2	Other Utility Revenues	<u>5,398,837</u>	<u>(540,572)</u>	<u>4,858,264</u>
3	Total Operating Revenues	<u>\$669,746,284</u>	<u>(\$509,744,889)</u>	<u>\$160,001,395</u>
<u>OPERATING EXPENSES</u>				
4	Distribution Expense	\$493,795,707	(\$468,584,369)	\$25,211,338
5	Customer Accounts Expense	19,628,264	2,897,170	22,525,434
6	Customer Service and Information Expense	706,600	100,300	806,900
7	Sales Expense	99,913	(445)	99,468
8	Administrative and General Expense	<u>26,732,865</u>	<u>11,767,442</u>	<u>38,500,307</u>
9	Total Operating and Maintenance Expenses	<u>\$540,963,349</u>	<u>(\$453,819,902)</u>	<u>\$87,143,447</u>
10	Depreciation & Amortization Expense	\$26,415,703	\$6,733,287	\$33,148,990
11	Interest on Customer Deposits	147,252	26,143	173,395
12	Taxes Other Than Income	<u>1,958,585</u>	<u>7,161,980</u>	<u>9,120,565</u>
13	Total Operating Expenses	<u>\$569,484,889</u>	<u>(\$439,898,492)</u>	<u>\$129,586,397</u>
14	Operating Income Before Income Tax	\$100,261,395	(\$69,846,396)	\$30,414,998
15	Less: Income Tax Expense	31,177,884	(27,147,375)	4,030,509
16	Net Operating Income	<u>\$69,083,511</u>	<u>(\$42,699,021)</u>	<u>\$26,384,489</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Income Tax

Line No.	Description (a)	Reference (b)	Per Books (c)	As Adjusted (d)
1	Total Operating Revenues	A-1	\$669,746,284	\$160,001,395
2	Total Operating Expenses	A-1	<u>(569,484,889)</u>	<u>(129,586,397)</u>
3	Net Operating Income	A-1	<u>\$100,261,395</u>	<u>\$30,414,998</u>
4	Equity Portion of SLRP Deferrals		\$1,474,210	\$0
5	Less: Interest on Long Term Debt		<u>(21,074,636)</u>	<u>(19,987,584)</u>
6	Total Tax Adjustments		<u>(\$19,600,426)</u>	<u>(\$19,987,584)</u>
7	Net Taxable Income		<u>\$80,660,969</u>	<u>\$10,427,414</u>
8	Income Tax		<u>\$31,177,884</u>	<u>\$4,030,509</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Rate Base

Line No.	Description (a)	Reference (b)	Amount (c)
1	Intangible Plant	C	\$27,612,689
2	Distribution Plant	C	752,450,499
3	General Plant	C	62,544,593
4	Gross Plant In Service		<u>\$842,607,781</u>
5	Accumulated Depreciation & Amortization	D	<u>(285,295,099)</u>
6	Net Plant in Service		\$557,312,682
7	SLRP Deferrals	B-1	\$11,955,712
8	Working Capital	E	99,028,330
9	Alternative Minimum Tax Credit		0
10	Customer Deposits	B-2	(3,934,258)
11	Customer Advances - Thirteen Month Average	B-3	(13,665,727)
12	Deferred Income Taxes - SLRP	B-1	(4,062,133)
13	Deferred Income Taxes - Other (Net of AMT)	B-4	<u>(65,431,243)</u>
14	Total Rate Base		<u><u>\$581,203,364</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005

SLRP Deferrals and Deferred Taxes

Line No.	Description (a)	Gross Deferral (b)	Accumulated Amortization (c)	Amount (d)
<u>SLRP Deferrals</u>				
1	Order GO-92-185 (Deferred Balance @ 5/31/98)	\$5,776,280	4,329,798	\$1,446,482
2	Order GO-94-234 (Deferred Balance @ 5/31/98)	12,399,117	9,258,746	3,140,371
3	Order GO-97-301 (Deferred Balance @ 5/31/98)	3,060,876	2,244,642	816,234
4	Order GR-98-140	9,182,136	4,055,444	5,126,692
5	Order GR-2001-282	1,629,639	203,705	1,425,934
6	Total SLRP Deferrals	<u>\$32,048,048</u>	<u>\$20,092,336</u>	<u>\$11,955,712</u>
7	Annual Amortization	<u>\$3,204,805</u>		
<u>SLRP Deferred Taxes</u>				
7	Order GO-92-185			0
8	Order GO-94-234			(1,213,848)
9	Order GO-97-301			(315,499)
10	Order GR-98-140			(1,981,620)
11	Order GR-2001-292			(551,166)
12	Total SLRP Deferred Taxes			<u>(\$4,062,133)</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending December 31, 2005

Customer Deposits

Line No.	Month	Residential Amount	Commercial & Industrial		Total Amount
			Amount	Amount	
	(a)	(b)	(c)		(d)
1	Dec-04	(1,207,285)	(2,518,903)		(\$3,726,188)
2	Jan-05	(1,040,125)	(2,760,738)		(3,800,863)
3	Feb-05	(1,115,310)	(2,764,091)		(3,879,401)
4	Mar-05	(1,120,654)	(2,850,383)		(3,971,037)
5	Apr-05	(1,093,681)	(2,890,779)		(3,984,460)
6	May-05	(1,087,546)	(2,873,247)		(3,960,793)
7	Jun-05	(1,055,160)	(2,878,076)		(3,933,236)
8	Jul-05	(1,018,450)	(2,884,576)		(3,903,026)
9	Aug-05	(999,410)	(2,936,562)		(3,935,972)
10	Sep-05	(993,141)	(2,954,086)		(3,947,227)
11	Oct-05	(1,000,891)	(2,995,802)		(3,996,693)
12	Nov-05	(981,674)	(3,050,293)		(4,031,967)
13	Dec-05	(996,557)	(3,077,940)		(4,074,497)
14	13 Month Total	<u>(\$13,709,884)</u>	<u>(\$37,435,476)</u>		<u>(\$51,145,360)</u>
15	13 Month Average	<u>(\$1,054,606)</u>	<u>(\$2,879,652)</u>		<u>(\$3,934,258)</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending December 31, 2005

Customer Advances

Line No.	Month (a)	Amount (b)
1	Dec-04	(13,203,533)
2	Jan-05	(13,147,117)
3	Feb-05	(13,099,199)
4	Mar-05	(13,128,669)
5	Apr-05	(13,272,970)
6	May-05	(13,654,283)
7	Jun-05	(13,734,601)
8	Jul-05	(13,445,726)
9	Aug-05	(13,791,034)
10	Sep-05	(14,196,205)
11	Oct-05	(14,307,951)
12	Nov-05	(14,315,473)
13	Dec-05	<u>(14,357,685)</u>
14	13 Month Total	<u><u>(\$177,654,445)</u></u>
15	13 Month Average	<u><u>(\$13,665,727)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005

Deferred Taxes (Other than SLRP)

Line No.	Description (a)	Amount (b)
1	Deferred Taxes, MGE Direct Plant as of 6/30/03	(\$65,316,421)
2	Deferred Taxes, Corporate Plant	<u>(114,822)</u>
3	Total Accumulated Deferred Income Taxes (Other than SLRP)	<u><u>(\$65,431,243)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Plant in Service

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	32,096	0	32,096	0	0	32,096
3	(303) Miscellaneous Intangible	34,339,066	0	34,339,066	0	(6,774,073)	27,564,993
4	Total Intangible Plant	<u>\$34,386,762</u>	<u>\$0</u>	<u>\$34,386,762</u>	<u>\$0</u>	<u>(\$6,774,073)</u>	<u>\$27,612,689</u>
DISTRIBUTION PLANT							
5	(374.1) Land	\$223,517	\$0	\$223,517	\$0	\$0	\$223,517
6	(374.2) Land Rights	1,608,103	0	1,608,103	0	0	1,608,103
7	(375.1) Structures	5,343,766	212,507	5,556,273	0	0	5,556,273
8	(375.2) Leasehold Improvements	0	0	0	0	0	0
9	(376) Mains	329,800,982	1,632,407	331,433,389	0	0	331,433,389
10	(378) Meas. & Reg. Station - General	11,542,552	37,013	11,579,565	0	0	11,579,565
11	(379) Meas. & Reg. Station - City Gate	3,034,196	0	3,034,196	0	0	3,034,196
12	(380) Services	294,620,021	56,419	294,676,440	0	(4,769,966)	289,906,474
13	(381) Meters	30,380,389	44,852	30,425,241	0	0	30,425,241
14	(382) Meter Installations	66,994,949	31,032	67,025,981	0	0	67,025,981
15	(383) House Regulators	11,270,895	24,428	11,295,323	0	0	11,295,323
16	(385) Electronic Gas Measuring	349,817	12,620	362,437	0	0	362,437
17	(387) Other Equipment	0	0	0	0	0	0
18	Total Distribution Plant	<u>\$755,169,187</u>	<u>\$2,051,278</u>	<u>\$757,220,465</u>	<u>\$0</u>	<u>(\$4,769,966)</u>	<u>\$752,450,499</u>
GENERAL PLANT							
19	(389) Land	\$773,880	\$0	\$773,880	\$0	\$0	\$773,880
20	(390.1) Structures	616,877	0	616,877	0	0	616,877
21	(390.2) Leasehold Improvements	1,545,551	0	1,545,551	2,036,684	0	3,582,235
22	(391) Furniture & Fixtures	6,995,311	64,000	7,059,311	209,405	0	7,268,716
23	(392) Transportation Equipment	5,036,276	0	5,036,276	8,004	0	5,044,280
24	(393) Stores Equipment	513,584	0	513,584	0	0	513,584
25	(394) Tools	5,069,514	990	5,070,504	0	0	5,070,504
26	(395) Laboratory Equipment	0	0	0	0	0	0
27	(396) Power Operated Equipment	243,807	0	243,807	0	0	243,807
28	(397.1) Communication Equipment - AMR	35,718,641	9	35,718,650	0	0	35,718,650
29	(397.0) Communication Equipment	3,286,012	2,391	3,288,403	0	0	3,288,403
30	(398) Miscellaneous Equipment	423,657	0	423,657	0	0	423,657
31	Total General Plant	<u>\$60,223,110</u>	<u>\$67,390</u>	<u>\$60,290,500</u>	<u>\$2,254,093</u>	<u>\$0</u>	<u>\$62,544,593</u>
32	Total Original Cost Plant in Service	<u>\$849,779,059</u>	<u>\$2,118,668</u>	<u>\$851,897,727</u>	<u>\$2,254,093</u>	<u>(\$11,544,039)</u>	<u>\$842,607,781</u>
33	Accumulated Depreciation and Amortization	<u>(296,839,137)</u>	<u>0</u>	<u>(296,839,137)</u>	<u>0</u>	<u>11,544,039</u>	<u>(285,295,099)</u>
34	Net Plant in Service	<u>\$552,939,922</u>	<u>\$2,118,668</u>	<u>\$555,058,590</u>	<u>\$2,254,093</u>	<u>\$0</u>	<u>\$557,312,682</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Plant in Service

Line No.	Description	Retire Inactive Services No. 1	Write-off Infinium Software No. 2	Total Adjustments
	(a)	(b)		(d)
<u>INTANGIBLE PLANT</u>				
1	(301) Organization			
2	(302) Franchises			
3	(303) Miscellaneous Intangible		(6,774,073)	(6,774,073)
4	Total Intangible Plant	\$0	(\$6,774,073)	(\$6,774,073)
<u>DISTRIBUTION PLANT</u>				
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	(4,769,966)		(4,769,966)
13	(381) Meters			
14	(382) Meter Installations			
15	(383) House Regulators			
16	(385) Electronic Gas Metering			
17	(387) Other Equipment			
18	Total Distribution Plant	(\$4,769,966)	\$0	(\$4,769,966)
<u>GENERAL PLANT</u>				
19	(389) Land			
20	(390.1) Structures			
21	(390.2) Leasehold Improvements			
22	(391) Furniture & Fixtures			
23	(392) Transportation Equipment			
24	(393) Stores Equipment			
25	(394) Tools			
26	(395) Laboratory Equipment			
27	(396) Power Operated Equipment			
28	(397) Communication Equipment - AMR			
29	(397) Communication Equipment			
30	(398) Miscellaneous Equipment			
31	Total General Plant	\$0	\$0	\$0
32	Total Original Cost Plant In Service	(\$4,769,966)	(\$6,774,073)	(\$11,544,039)

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Accumulated Reserves for Depreciation and Amortization

Line No.	Description (a)	Test Year Direct (b)	Corporate (c)	Proforma Adjustments (d)	Test Year As Adjusted (e)
1	Intangible Plant Reserve	(\$22,261,775)	\$0	\$6,774,073	(\$15,487,702)
2	Distribution & General Plant Reserve	<u>(274,374,147)</u>	<u>(203,215)</u>	<u>4,769,966</u>	<u>(269,807,397)</u>
3	Total Accumulated Reserves	<u><u>(\$296,635,922)</u></u>	<u><u>(\$203,215)</u></u>	<u><u>\$11,544,039</u></u>	<u><u>(\$285,295,099)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Accumulated Reserves for Depreciation and Amortization

Line No.	Description	Adjustments to Plant in Service	Deprec. Rates	Retire Inactive Services No. 1	Write-off Infinium Software No. 2	Total Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)
INTANGIBLE PLANT						
	(301) Organization					
	(302) Franchises					
	(303) Miscellaneous Intangible	(\$6,774,073)			\$6,774,073	\$6,774,073
	Total Intangible Plant	(\$6,774,073)			\$6,774,073	\$6,774,073
DISTRIBUTION PLANT						
1	(374.1) Land		0.00%			
2	(374.2) Land Rights		Amort.			
3	(375.1) Structures		2.50%			
4	(375.2) Leasehold Improvements		Amort.			
5	(376) Mains & Mains - Cast Iron		2.27%			
6	(378) Meas. & Reg. Station - General		2.86%			
7	(379) Meas. & Reg. Station - City Gate		2.50%			
8	(380) Services	(4,769,966)	3.41%	4,769,966		4,769,966
9	(381) Meters		2.86%			
10	(382) Meter Installations		2.86%			
11	(383) House Regulators		2.86%			
12	(385) Electronic Gas Metering		3.33%			
13	(387) Other Equipment		6.25%			
14	Total Distribution Plant	(\$4,769,966)		\$4,769,966		\$4,769,966
GENERAL PLANT						
15	(389) Land		0.00%			
16	(390.1) Structures		2.50%			
17	(390.2) Leasehold Improvements		Amort.			
18	(391) Furniture & Fixtures		9.09%			
19	(392) Transportation Equipment		9.09%			
20	(393) Stores Equipment		3.33%			
21	(394) Tools		5.00%			
22	(395) Laboratory Equipment		6.00%			
23	(396) Power Operated Equipment		6.67%			
24	(397) Communication Equipment - AMR		5.00%			
25	(397) Communication Equipment		6.25%			
26	(398) Miscellaneous Equipment		5.00%			
27	Total General Plant	\$0		\$0		\$0
28	Total Adjustment	(\$4,769,966)		\$4,769,966	\$6,774,073	\$11,544,039

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Working Capital

Line No.	Description (a)	Reference (b)	Amounts (c)
1	Materials and Supplies Inventory	E-1	\$1,509,855
2	Prepayments - Thirteen Month Average	E-2	326,490
3	Gas Inventory - Volumes and Price	E-3	77,761,966
4	Cash Working Capital	E-4	13,353,691
5	Prepaid Pension	E-5	<u>6,076,328</u>
6	Total Working Capital		<u><u>\$99,028,330</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending December 31, 2005
Materials & Supplies

Line No.	Month (a)	Amount (b)
1	Dec-04	1,228,245
2	Jan-05	1,266,773
3	Feb-05	1,299,204
4	Mar-05	1,394,925
5	Apr-05	1,421,876
6	May-05	1,600,286
7	Jun-05	1,546,390
8	Jul-05	1,500,716
9	Aug-05	1,473,137
10	Sep-05	1,575,133
11	Oct-05	1,619,117
12	Nov-05	1,815,326
13	Dec-05	1,886,984
14	13 Month Total	<u>\$19,628,112</u>
15	13 Month Average	<u>\$1,509,855</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending December 31, 2005
Prepayments

Line No.	Month (a)	Amount (b)
1	Dec-04	807,829
2	Jan-05	622,520
3	Feb-05	513,790
4	Mar-05	458,917
5	Apr-05	331,884
6	May-05	228,356
7	Jun-05	114,990
8	Jul-05	136,748
9	Aug-05	144,005
10	Sep-05	3,176
11	Oct-05	103,697
12	Nov-05	128,562
13	Dec-05	<u>649,898</u>
14	13 Month Total	<u><u>\$4,244,373</u></u>
15	13 Month Average	<u><u>\$326,490</u></u>

MISSOURI GAS ENERGY

A Division of Southern Union Company
Thirteen Months Ending December 31, 2005

Gas Inventory

Line No.	Month	Dollars
	(a)	(b)
1	Dec-04	76,021,988
2	Jan-05	48,920,581
3	Feb-05	36,543,542
4	Mar-05	29,283,348
5	Apr-05	45,991,471
6	May-05	66,311,447
7	Jun-05	82,091,045
8	Jul-05	93,052,291
9	Aug-05	101,336,153
10	Sep-05	106,543,327
11	Oct-05	117,284,371
12	Nov-05	114,847,089
13	Dec-05	92,678,911
14	13 Month Average	<u>\$77,761,966</u>

Missouri Gas Energy
A Division of Southern Union Gas Company
Cash Working Capital Requirement
For the Twelve Months Ended December 31, 2005

Line No.	Description (A)	Revenue Lag (B)	Expense Lead (C)	Net Lag (D)	CWC Factor (E)	Test Year Operations and Maintenance Expense at Proposed Rates (F)	Cash Working Capital Requirement (G)
1	Pensions & Benefits	47.59	(47.19)	0.40	0.0011	\$ 17,511,732	\$ 19,227
2	Payroll and Employee Withholdings	47.59	(11.00)	36.59	0.1003	28,471,632	2,854,293
3	Employer FICA Taxes	47.59	(11.00)	36.59	0.1003	2,155,151	216,055
4	Other Operations and Maintenance Expenses	47.59	(38.47)	9.12	0.0250	31,401,433	784,574
5	Federal Unemployment Taxes	47.59	(60.63)	(13.03)	(0.0357)	28,413	(1,015)
6	Corporation Franchise Taxes	47.59	69.83	117.42	0.3217	246,794	79,395
7	Property/Real Estate Taxes	47.59	(190.17)	(142.58)	(0.3906)	6,687,532	(2,612,294)
8	Sales Tax	47.59	(2.29)	45.30	0.1241	9,825,601	1,219,444
9	Use Tax	47.59	(83.98)	(36.39)	(0.0997)	2,037,860	(203,177)
10	Gross Receipts Taxes	47.59	(60.90)	(13.31)	(0.0365)	38,982,985	(1,421,785)
11	Federal Income Tax	47.59	(60.63)	(13.03)	(0.0357)	3,166,399	(113,067)
12	State Income Tax	47.59	(60.63)	(13.03)	(0.0357)	497,536	(17,766)
13	Interest Expense	47.59	4.72	52.31	0.1433	19,509,692	2,796,278
14	Fuel - Gas	47.59	(40.01)	7.58	0.0208	469,859,289	9,753,529
15	Uncollectible Expense	47.59	(47.59)	-	-	8,881,391	-
16	Total					<u>\$ 639,263,440</u>	<u>\$ 13,353,691</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005

Prepaid Pension

Line No.	Year Ended (a)	Balance (b)
1	Balance 4/30/04	<u>\$7,975,181</u>
2	Monthly Amortization	\$94,943
3	Amortization since GR- 2004-0209	<u>\$1,898,853</u>
4	Balance 12/31/05	<u>\$6,076,328</u>

MISSOURI GAS ENERGY

A Division of Southern Union Company

Twelve Months Ending December 31, 2005

Based on Capital Structure at September 30, 2005

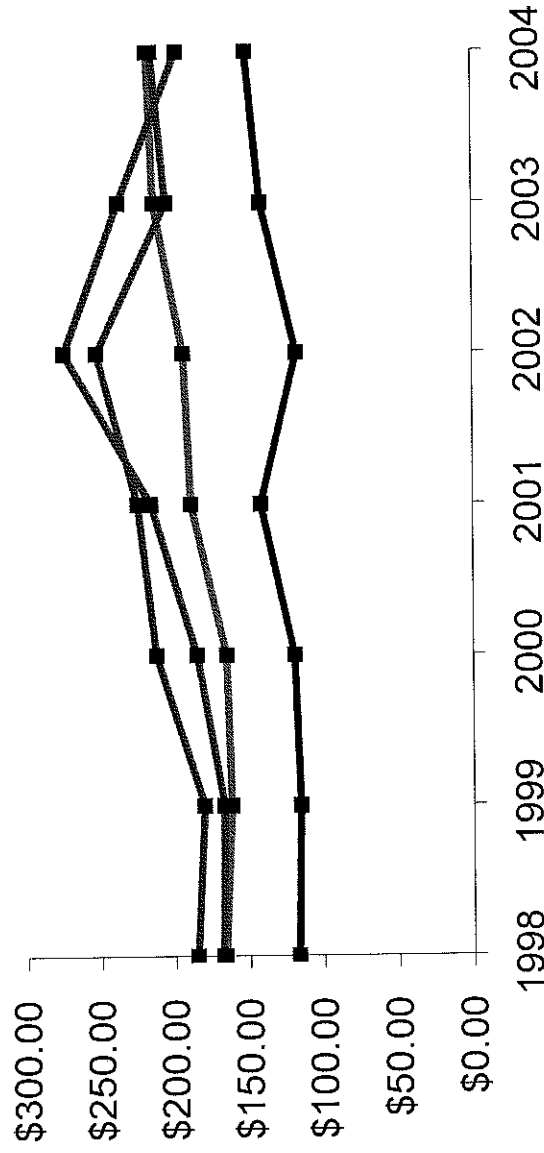
Summary of Cost of Capital

Line No.	Description	Ratio	Cost Rate	Weighted Composite Rate
	(a)	(c)	(d)	(e)
1	Long-Term Debt	44.09%	6.570%	2.897%
2	Short-Term Debt	9.91%	5.470%	0.542%
3	Common Equity	46.00%	11.950%	<u>5.497%</u>
4	Total	<u>100.00%</u>		<u>8.936%</u>

**Missouri Gas Energy
Comparison of FERC Form 2 Information
Expense Per Customer**

	MGE	Laclede	AmerenUE	MoPub
1998	\$116.85	\$166.35	\$167.82	\$185.21
1999	\$115.37	\$162.00	\$167.01	\$180.30
2000	\$119.18	\$164.89	\$184.86	\$212.23
2001	\$141.59	\$188.43	\$215.26	\$224.42
2002	\$117.35	\$193.29	\$274.22	\$252.15
2003	\$141.04	\$212.95	\$237.04	\$204.56
2004	\$150.58	\$216.96	\$197.07	\$214.26

Missouri Gas Energy Comparison of FERC Form 2 Information Expense Per Customer

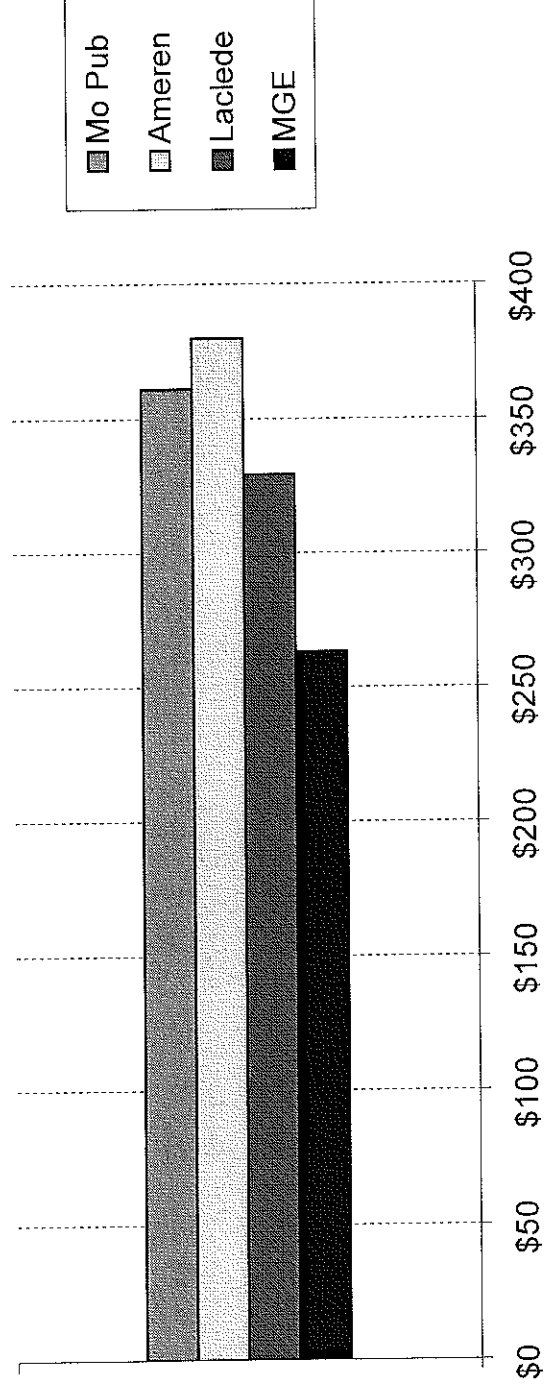


**COMPARISON OF MISSOURI LDCS
AVERAGE ANNUAL RESIDENTIAL BILL
(EXCLUDING PGA AND TAXES)**

	Normal Usage (Ccf)	MGE	Laclede	Ameren	Mo Pub
January	180.90	\$35.87	\$39.13	\$61.81	\$59.01
February	174.50	35.02	39.13	59.98	57.26
March	137.10	30.09	39.13	49.31	47.02
April	92.70	24.23	39.13	36.65	34.87
May	50.80	18.71	21.87	24.69	23.40
June	22.10	14.92	16.29	16.51	15.55
July	19.20	14.54	15.73	15.68	14.76
August	16.60	14.20	15.22	14.94	14.04
September	18.30	14.42	15.55	15.42	14.51
October	26.70	15.53	17.19	17.82	16.81
November	47.20	18.23	31.70	23.67	22.42
December	<u>116.50</u>	<u>27.37</u>	<u>39.13</u>	<u>43.44</u>	<u>41.39</u>
Average Annual Residential Bill	<u>902.60</u>	<u>\$263.15</u>	<u>\$329.23</u>	<u>\$379.91</u>	<u>\$361.04</u>
Tariff Effective Date	<u>1/29/2006</u>	<u>10/1/2005</u>	<u>2/15/2004</u>	<u>7/1/2004</u>	

Source: AGA Rate Service
Missouri Public Service Commission

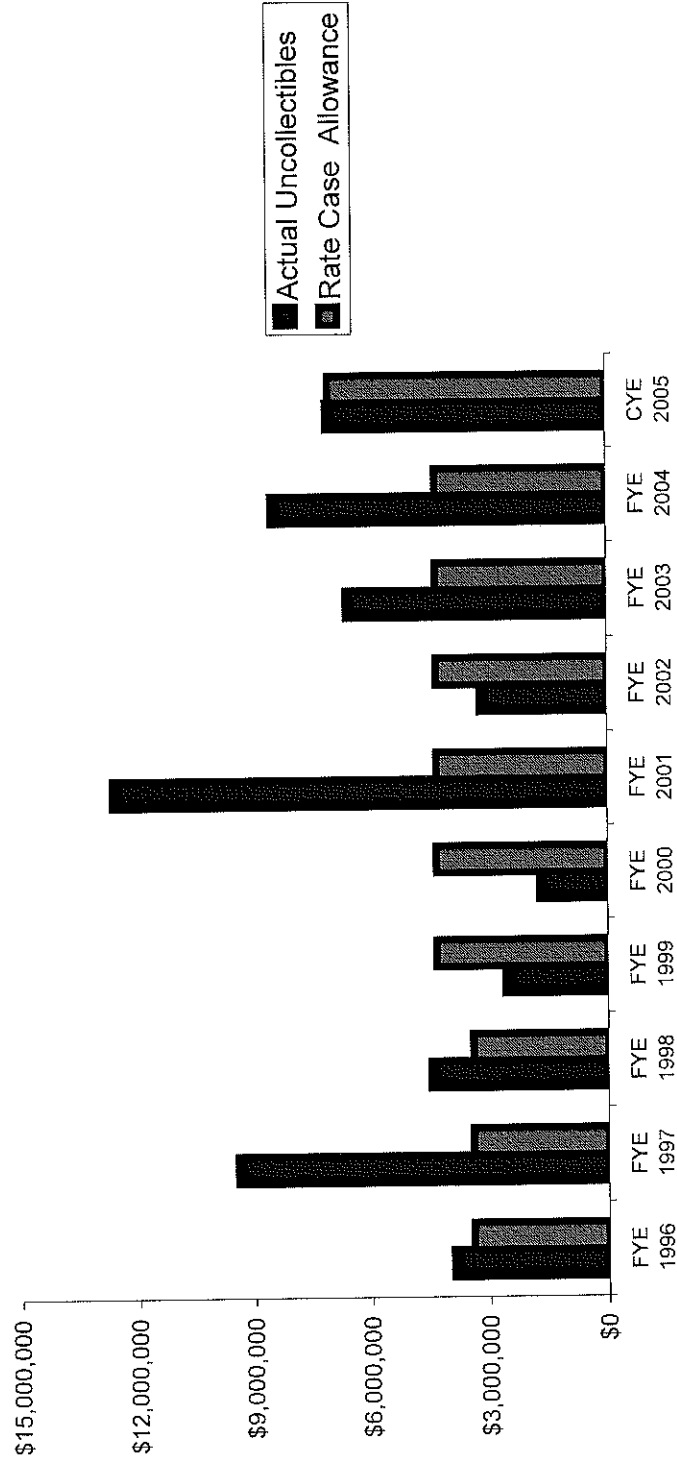
**Missouri Gas Energy
Average Annual Residential Bill
(Excluding PGA and Taxes)**



**MISSOURI GAS ENERGY
COMPARISON OF ACTUAL UNCOLLECTIBLES
AND UNCOLLECTIBLES INCLUDED IN RATES**

	Actual Uncollectibles	Rate Case Allowance	Difference
FYE 1996	\$ 3,906,455	\$ 3,409,662	\$ (496,793)
FYE 1997	9,442,692	3,409,662	(6,033,030)
FYE 1998	4,469,856	3,409,662	(1,060,194)
FYE 1999	2,584,998	4,325,000	1,740,002
FYE 2000	1,696,606	4,325,000	2,628,394
FYE 2001	12,653,781	4,325,000	(8,328,781)
FYE 2002	3,211,390	4,323,292	1,111,902
FYE 2003	6,602,056	4,323,292	(2,278,764)
FYE 2004	8,537,318	4,323,292	(4,214,026)
CYE 2005	<u>7,108,777</u>	<u>7,042,000</u>	<u>(66,777)</u>
 Total	 <u>\$ 60,213,929</u>	 <u>\$ 43,215,862</u>	 <u>\$ (16,998,067)</u>
 Cumulative difference between actual and rate case allowance		 <u>\$ (16,998,067)</u>	
 Average difference between actual and rate case allowance per year		 <u>\$ (1,699,807)</u>	

Missouri Gas Energy Actual Uncollectibles Versus Uncollectibles Included in Rates



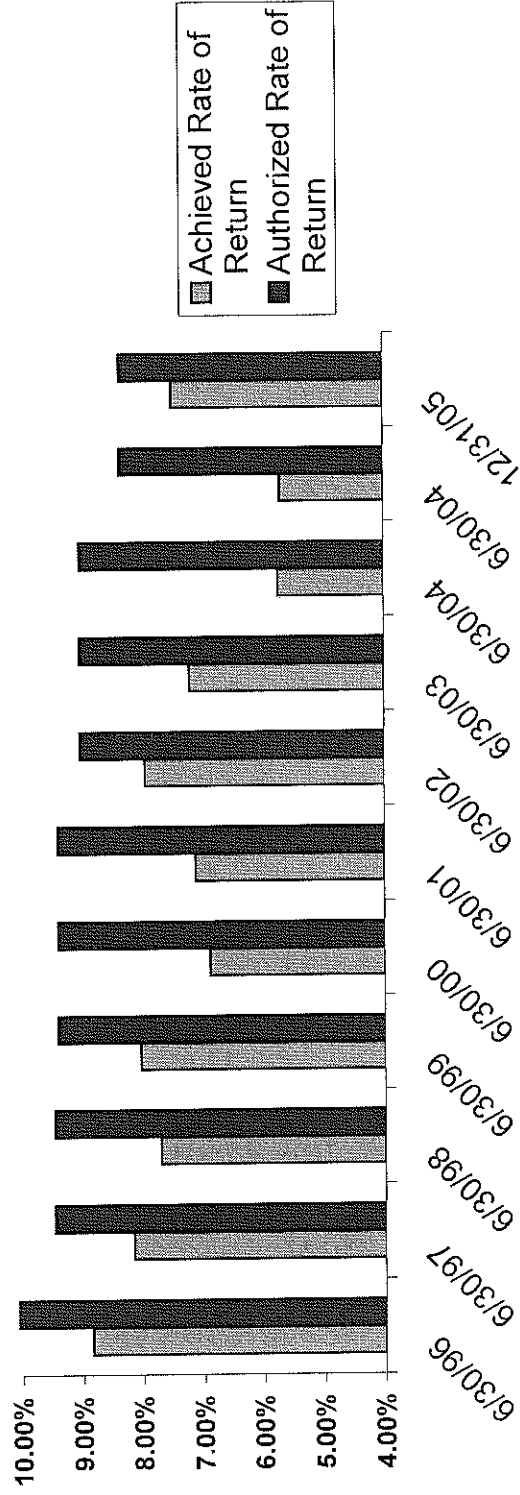
**COMPARISON OF ACHIEVED RATE OF RETURN
VS. AUTHORIZED RATE OF RETURN**

Description	6/30/1996 (000)	6/30/1997 (000)	6/30/1998 (000)	6/30/1999 (000)	6/30/2000 (000)	6/30/2001 (000)	6/30/2002 (000)	6/30/2003 (000)	6/30/2004 (000)	6/30/2005 (000)	12/31/2005 (000)
Net Sales Margin	\$ 119,106	\$ 121,390	\$ 123,759	\$ 130,859	\$ 125,098	\$ 141,971	\$ 136,311	\$ 144,483	\$ 142,799	\$ 154,167	\$ 159,807
Operating Expenses excluding Uncollectible Expense	(50,688)	(48,037)	(47,390)	(49,273)	(49,638)	(51,176)	(46,693)	(53,967)	(61,294)	(70,534)	(63,995)
Uncollectible Expense	(3,906)	(9,443)	(4,470)	(2,565)	(1,697)	(12,854)	(3,211)	(6,602)	(8,537)	(10,212)	(7,109)
Corporate Allocated Expenses Per Rate Case	(5,612)	(5,612)	(5,981)	(5,991)	(5,991)	(5,991)	(6,935)	(6,935)	(6,935)	(1,762)	(1,762)
Taxes Other than Income Taxes	(6,406)	(5,730)	(7,084)	(7,341)	(8,267)	(9,263)	(10,759)	(9,983)	(10,097)	(11,115)	(10,106)
Depreciation & Amortization	(14,806)	(16,344)	(19,131)	(21,740)	(22,439)	(22,986)	(20,015)	(22,691)	(23,787)	(26,400)	(26,416)
Income Taxes	(6,843)	(5,732)	(6,763)	(7,999)	(4,972)	(5,821)	(8,553)	(6,449)	(1,614)	(3,368)	(9,523)
Total Operating Expenses	88,261	90,898	90,829	94,929	93,004	107,891	96,166	106,627	112,264	123,391	118,913
Net Operating Income	\$ 30,845	\$ 30,492	\$ 32,930	\$ 35,930	\$ 32,084	\$ 34,080	\$ 40,145	\$ 37,856	\$ 30,535	\$ 30,776	\$ 40,894
Net plant from most recent rate case	\$ 359,290	\$ 359,290	\$ 431,152	\$ 431,152	\$ 431,152	\$ 431,152	\$ 503,192	\$ 503,192	\$ 503,192	\$ 531,291	\$ 531,291
Net Plant Balance at x/xx/xx	360,288	364,986	440,251	480,145	478,794	491,271	505,412	525,495	532,473	547,463	554,457
Increase in plant since most recent rate case	\$ 998	\$ 25,696	\$ 9,099	\$ 28,993	\$ 47,642	\$ 60,119	\$ 2,220	\$ 22,303	\$ 29,281	\$ 16,172	\$ 23,166
Total rate base from most recent case updated for annual plant increases	\$ 349,040	\$ 373,738	\$ 427,318	\$ 447,212	\$ 465,861	\$ 478,338	\$ 504,660	\$ 524,733	\$ 531,711	\$ 538,944	\$ 546,938
Achieved Rate of Return	8.84%	8.16%	7.71%	8.03%	6.89%	7.12%	7.95%	7.21%	5.74%	5.71%	7.48%
Authorized Rate of Return	10.54%	9.46%	9.46%	9.40%	9.40%	9.40%	9.03% *	9.03% *	9.03%	8.36%	8.36%
Date Rates Went into Effect	1-Feb-94	1-Feb-97		2-Sep-98			6-Aug-01	6-Aug-01	6-Aug-01	1-Oct-04	1-Oct-04
Return Deficiency	-1.70%	-1.30%	-1.75%	-1.37%	-2.51%	-2.28%	-1.08%	-1.82%	-3.29%	-2.65%	-0.87%
Earnings Deficiency	\$ (5,944)	\$ (4,864)	\$ (7,494)	\$ (6,108)	\$ (11,707)	\$ (10,883)	\$ (5,425)	\$ (9,528)	\$ (17,479)	\$ (14,279)	\$ (4,747)
Revenue Deficiency	\$ (9,682)	\$ (7,923)	\$ (12,207)	\$ (9,950)	\$ (19,070)	\$ (17,728)	\$ (8,837)	\$ (15,520)	\$ (28,471)	\$ (23,260)	\$ (7,732)
Cumulative Earnings Deficiency											\$ (98,458)
Cumulative Revenue Deficiency											\$ (160,378)

(1) - excludes property tax refunds for the years 2002-2004

* - High end of Staff recommendation implicit in the settlement

Missouri Gas Energy
COMPARISON OF ACHIEVED RATE OF RETURN
VS. AUTHORIZED RATE OF RETURN



MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005

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	\$461,309,543	(\$352,919,028)	\$108,390,515
2	481.1	Commercial	183,202,124	(148,597,640)	34,604,485
3	481.2	Industrial	9,633,497	(8,084,078)	1,549,419
4	483	Sales for Resale	0	(108,623)	(108,623)
5	487	Late Payment Charges	487,006	(540,572)	(53,566)
6	488	Miscellaneous Service Revenue	4,412,846	0	4,412,846
7	489	Transport	10,202,282	505,052	10,707,334
8	493	Rent From Property	0	0	0
9	495	Other Gas Revenue	498,984	0	498,984
10		Total Operating Revenue	<u>\$669,746,284</u>	<u>(\$509,744,889)</u>	<u>\$160,001,395</u>
OPERATING & MAINTENANCE EXPENSE					
Operation Expense					
11	805	Other Gas Purchases	\$469,859,289	(\$469,859,289)	\$0
12	807	Purchased Gas Expense	0	0	0
13	859	Other Joint Expense	0	0	0
14	870	Operation, Supervision and Engineering	590,699	15,296	605,995
15	871	Distribution and Load Dispatching	8,756	164	8,920
16	872	Compressor Station Labor and Expense	0	0	0
17	874	Mains and Service Expenses	3,024,786	35,323	3,060,109
18	875	Distributing Regulating Station Expenses	682,700	47,899	730,599
19	876	Measuring and Regulating - Station Expenses	7,566	(215)	7,351
20	877	Measuring and Regulating - Station Expenses	4,798	378	5,176
21	878	Meter and House Regulator Expenses	4,291,777	294,352	4,586,129
22	879	Customer Installation Expenses	2,742,603	199,933	2,942,536
23	880	Other Expenses	1,702,382	46,352	1,748,734
24	881	Rents	96,433	0	96,433
25		Total Operation Expense	<u>\$483,011,789</u>	<u>(\$469,219,807)</u>	<u>\$13,791,982</u>
Maintenance Expense					
26	885	Maintenance Supervision and Engineering	\$1,075,603	\$39,505	\$1,115,108
27	886	Maintenance of Structures and Improvements	53,255	3,150	56,405
28	887	Maintenance of Mains	7,569,448	460,914	8,030,362
29	889	Maint. of Measuring and Reg. Stat Equip - General	292,800	16,328	309,128
30	890	Maint. of Measuring and Regulating Equipment	269,103	13,823	282,926
31	891	Maint. of Measuring and Regulating Equipment	14,725	996	15,721
32	892	Maintenance of Services	749,099	54,654	803,753
33	893	Maintenance of Meters and House Regulators	635,602	38,031	673,633
34	894	Maintenance of Other Equipment	124,283	8,037	132,320
35		Total Maintenance Expenses	<u>\$10,783,918</u>	<u>\$635,438</u>	<u>\$11,419,356</u>
36		Total Distribution Expense	<u>\$493,795,707</u>	<u>(\$468,584,369)</u>	<u>\$25,211,338</u>
Customer Accounts Expense					
37	901	Supervision	\$397,109	\$14,231	\$411,340
38	902	Meter Reading Expense	771,014	51,306	822,320
39	903	Customer Records and Collection Expense	11,293,811	1,058,524	12,352,335
40	904	Uncollectible Accounts	7,108,777	1,772,614	8,881,391
41	905	Miscellaneous Customer Accounts Expense	57,553	495	58,048
42		Total Customer Accounts Expenses	<u>\$19,628,264</u>	<u>\$2,897,170</u>	<u>\$22,525,434</u>
Customer Service and Informational Expense					
43	907	Supervision	\$0	\$0	\$0
44	908	Customer Assistance	644,078	100,300	744,378
45	909	Informational and Instructional Advertising Exp.	58,979	0	58,979

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005

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)
46	910	Miscellaneous Customer Accounts Expense	3,543	0	3,543
47		Total Cust. Service and Information Exp.	\$706,600	\$100,300	\$806,900
Sales and Advertising Expense					
48	911	Supervision	\$0	\$0	\$0
49	912	Demonstrating and Selling Expenses	96,757	(445)	96,312
50	913	Advertising Expenses	0	0	0
51	916	Miscellaneous Sales Expenses	3,156	0	3,156
52		Total Sales and Advertising Expenses	\$99,913	(\$445)	\$99,468
Administrative and General Expense					
53	920	Administrative and General Salaries	\$6,049,155	\$8,869	\$6,058,024
54	921	Office Supplies and Expenses	2,562,258	226,512	2,788,770
55	922	Administrative Expenses Transferred	(431,962)	0	(431,962)
56	923	Outside Services Employed	1,733,396	3,890,774	5,624,170
57	924	Property Insurance	72,921	0	72,921
58	925	Injuries and Damages	3,368,391	(819,725)	2,548,666
59	926	Employee Pensions and Benefits	8,838,850	8,672,882	17,511,732
60	927	Franchise Requirements	0	0	0
61	928	Regulatory Commission Expense	2,264,862	(187,841)	2,077,021
62	930	Miscellaneous General Expenses	155,511	0	155,511
63	931	Rents	925,286	(23,977)	901,309
64	932	Maintenance of General Plant	1,194,197	(51)	1,194,146
65		Total Administration and General Expense	\$26,732,865	\$11,767,442	\$38,500,307
66		Total O & M Expense	\$540,963,349	(\$453,819,902)	\$87,143,447
67	403	Depreciation	23,435,869	1,482,305	24,918,174
68	404, 405	Amortization	2,979,834	5,250,982	8,230,816
69	431	Interest on Customer Deposits	147,252	26,143	173,395
70	408	Payroll Taxes	1,888,435	297,804	2,186,239
71	408	Property Taxes	(169,925)	6,857,457	6,687,532
72	408	Gross Receipts Tax	0	0	0
73	408	Other Taxes	240,075	6,719	246,794
74	408	Taxes Other Than Income	\$1,958,585	\$7,161,980	\$9,120,565
75		TOTAL EXPENSES	\$569,484,889	(\$439,898,492)	\$129,586,397
76		OPERATING INCOME BEFORE INCOME TAX	\$100,261,395	(\$69,846,396)	\$30,414,998
77	409,410	Income Taxes	31,177,884	(\$27,147,375)	\$4,030,509
78		NET OPERATING INCOME	\$69,083,511	(\$42,699,021)	\$26,384,489

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated through April 30, 2004

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
			Test Year Per Books	Adj. GL Rev to Test Year Margin	H-1	H-2	Normalize & Adj. Test Year Margin	Remove Purch., Gas Cost and GRT	Payroll Expense	Employee Benefits	Payroll Taxes	Insurance	Joint and Common Costs	Uncollectible Expense	Regulatory Commission Expense
OPERATING REVENUE															
1	480	Residential	461,309,542.92	(\$353,777,331)			\$858,303								
2	481.1	Commercial	183,202,124	(148,839,219)			241,579								
3	481.2	Industrial	9,633,497	(9,084,078)			0								
4	483	Sales for Resale	0	(108,623)			0								
5	487	Late Payment Charges	487,006	(540,572)			0								
6	488	Miscellaneous Service Revenue	4,412,846				0								
7	489	Transport	10,202,282				505,052								
8	493	Rent From Property	0												
9	495	Other Gas Revenue	498,984												
10		Total Operating Revenue	\$669,746,284	(\$511,349,823)			\$1,604,934	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING & MAINTENANCE EXPENSE															
Operation Expense															
11	805	Other Gas Purchases	\$469,859,289					(\$469,859,289)							
12	807	Purchased Gas Expense	0												
13	859	Other Joint Expense	0												
14	870	Operation, Supervision and Engineering	590,899						12,379						
15	871	Distribution and Load Dispatching	8,756						153						
16	872	Compressor Station Labor and Expense	0						0						
17	874	Mains and Service Expenses	3,024,786						27,294						
18	875	Distributing Regulating Station Expenses	682,700						34,683						
19	876	Measuring and Regulating - Station Expenses	7,566						(370)						
20	877	Measuring and Regulating - Station Expenses	4,798						286						
21	878	Meter and House Regulator Expenses	4,291,777						224,369						
22	879	Customer Installation Expenses	2,742,803						163,675						
23	880	Other Expenses	1,702,382						34,844						
24	881	Rents	96,433												
25		Total Operation Expense	\$483,011,789	\$0	\$0	\$0	\$0	(\$469,859,289)	\$497,333	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance Expense															
26	885	Maintenance Supervision and Engineering	\$1,075,603						\$37,437						
27	886	Maintenance of Structures and Improvements	53,255						2,424						
28	887	Maintenance of Mains	7,569,448						341,147						
29	889	Maint. of Measuring and Reg. Stat Equip - General	292,800						10,206						
30	890	Maint. of Measuring and Regulating Equipment	269,103						8,624						
31	891	Maint. of Measuring and Regulating Equipment	14,725						1,098						
32	892	Maintenance of Services	749,099						35,584						
33	893	Maintenance of Meters and House Regulators	635,602						25,686						
34	894	Maintenance of Other Equipment	124,283						1,040						
35		Total Maintenance Expenses	\$10,783,918	\$0	\$0	\$0	\$0	\$0	\$463,246	\$0	\$0	\$0	\$0	\$0	\$0
36		Total Distribution Expense	\$493,795,707	\$0	\$0	\$0	\$0	(\$469,859,289)	\$980,579	\$0	\$0	\$0	\$0	\$0	\$0
Customer Accounts Expense															
37	901	Supervision	\$397,109						\$13,730						
38	902	Meter Reading Expense	771,014						40,338						
39	903	Customer Records and Collection Expense	11,293,811						672,239						
40	904	Uncollectible Accounts	7,108,777											1,772,614	
41	905	Miscellaneous Customer Accounts Expense	57,553						(185)						
42		Total Customer Accounts Expenses	\$19,628,264	\$0	\$0	\$0	\$0	\$0	\$726,122	\$0	\$0	\$0	\$0	\$1,772,614	\$0
Customer Service and Informational Expense															

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated through April 30, 2004
Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	(a)	(b)	(c)	H-1 Adj. GL Rev to Test Year Margin	H-2 Normalize & Adj. Test Year Margin	H-3 Remove Purch. Cost and GRT	H-4 Payroll Expense	H-5 Employee Benefits	H-6 Payroll Taxes	H-7 Insurance	H-8 Joint and Common Costs	H-9 Uncollectible Expense	H-10 Regulatory Commission Expense
43	907	Supervision	\$0												
44	908	Customer Assistance	644,078				124								
45	909	Informational and Instructional Advertising Exp.	58,979												
46	910	Miscellaneous Customer Accounts Expense	3,543												
47		Total Cust. Service and Information Exp.	\$705,600		\$0	\$0	\$124	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
48	911	Sales and Advertising Expense	\$0						\$0						
49	912	Supervision	96,757						(561)						
50	913	Demonstrating and Selling Expenses	0												
51	916	Advertising Expenses	3,156												
52		Miscellaneous Sales Expenses	\$99,913												
		Total Sales and Advertising Expenses			\$0	\$0	\$0	\$0	(\$561)	\$0	\$0	\$0	\$0	\$0	\$0
53	920	Administrative and General Expense	\$6,049,155						\$2,554						
54	921	Administrative and General Salaries	2,562,258						(445)						
55	922	Office Supplies and Expenses	(431,962)										3,559,811		
56	923	Administrative Expenses Transferred	1,733,396												
57	924	Outside Services Employed	72,921										0		
58	925	Property Insurance	3,368,391						(135)			(820,209)			
59	926	Injuries and Damages	8,838,850							8,672,882					
60	927	Employee Pensions and Benefits	0												
61	928	Franchise Requirements	2,264,862												
62	930	Regulatory Commission Expense	155,511												
63	931	Miscellaneous General Expenses	925,286												
64	932	Rents	1,194,197						(87)						
65		Maintenance of General Plant	\$26,732,865		\$0	\$0	\$0	\$0	\$1,887	\$8,672,882	\$0	\$0	\$3,559,811	\$0	(\$187,841)
		Total Administration and General Expense	\$540,963,349		\$0	\$0	\$0	(\$469,859,289)	\$1,688,151	\$8,672,882	\$0	\$0	\$3,559,811	\$1,772,614	(\$187,841)
66		Total O & M Expense													
67	403	Depreciation	\$23,435,869												
68	404, 405	Amortization	2,979,834												
69	431	Interest on Customer Deposits	147,252												
70	408	Payroll Taxes (1***)	1,888,435								297,804				
71	408	Property Taxes (2***)	(169,925)												
72	408	Gross Receipts Tax (3300 + 4000)	0												
73	408	Other Taxes (41**)	240,075												
74	408	Taxes Other Than Income	\$1,958,585		\$0	\$0	\$0	\$0	\$0	\$0	\$297,804	\$0	\$0	\$0	\$0
75		TOTAL EXPENSES	\$559,484,889		\$0	\$0	\$0	(\$469,859,289)	\$1,688,151	\$8,672,882	\$297,804	(\$820,209)	\$3,559,811	\$1,772,614	(\$187,841)
76		OPERATING INCOME BEFORE INCOME TAX	\$100,261,395		(\$511,349,823)	\$1,604,934	\$469,859,289		(\$1,688,151)	(\$8,672,882)	(\$297,804)	\$820,209	(\$3,559,811)	(\$1,772,614)	\$187,841
77	409,410	Income Taxes	31,177,884												
78		NET OPERATING INCOME	\$69,083,511		(\$511,349,823)	\$1,604,934	\$469,859,289		(\$1,688,151)	(\$8,672,882)	(\$297,804)	\$820,209	(\$3,559,811)	(\$1,772,614)	\$187,841

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

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated through April 30, 2004

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)
		OPERATING REVENUE																										
1	480	Residential			461,309,542.92																							
2	481.1	Commercial			183,202,124																							
3	481.2	Industrial			9,633,497																							
4	483	Sales for Resale			0																							
5	487	Late Payment Charges			487,006																							
6	488	Miscellaneous Service Revenue			4,412,846																							
7	489	Transport			10,202,282																							
8	493	Rent From Property			0																							
9	495	Other Gas Revenue			498,984																							
10		Total Operating Revenue			\$669,746,284																							
		OPERATING & MAINTENANCE EXPENSE																										
		Operation Expense																										
11	805	Other Gas Purchases			\$469,859,289																							
12	807	Purchased Gas Expense			0																							
13	859	Other Joint Expense			0																							
14	870	Operation, Supervision and Engineering			590,699																							
15	871	Distribution and Load Dispatching			8,756																							
16	872	Compressor Station Labor and Expense			0																							
17	874	Mains and Service Expenses			3,024,786																							
18	875	Distributing Regulating Station Expenses			682,700																							
19	876	Measuring and Regulating - Station Expenses			7,566																							
20	877	Measuring and Regulating - Station Expenses			4,798																							
21	878	Meter and House Regulator Expenses			4,291,777																							
22	879	Customer Installation Expenses			2,742,603																							
23	880	Other Expenses			1,702,382																							
24	881	Rents			96,433																							
25		Total Operation Expense			\$483,011,789																							
		Maintenance Expense																										
26	885	Maintenance Supervision and Engineering			\$1,075,603																							
27	886	Maintenance of Structures and Improvements			53,255																							
28	887	Maintenance of Mains			7,569,448																							
29	889	Maint. of Measuring and Reg. Stat Equip - General			282,800																							
30	890	Maint. of Measuring and Regulating Equipment			269,103																							
31	891	Maint. of Measuring and Regulating Equipment			14,725																							
32	892	Maintenance of Services			749,099																							
33	893	Maintenance of Meters and House Regulators			635,602																							
34	894	Maintenance of Other Equipment			124,283																							
35		Total Maintenance Expenses			\$10,783,918																							
		Total Distribution Expense																										
36					\$493,795,707																							
		Customer Accounts Expense																										
37	901	Supervision			\$397,109																							
38	902	Meter Reading Expense			771,014																							
39	903	Customer Records and Collection Expense			11,293,811																							
40	904	Uncollectible Accounts			7,108,777																							
41	905	Miscellaneous Customer Accounts Expense			57,553																							
42		Total Customer Accounts Expenses			\$19,628,264																							
		Customer Service and Informational Expense																										

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated through April 30, 2004
Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	(a)	(b)	(c)	H-11 Interest on Customer Deposits	H-12 Depreciation Expense	H-13 Amortization Expense	TWE Clearing	H-14	H-15 Stores Load Clearing	H-16 State Franchise Tax	H-17 Property Tax	H-18 Postage Increase	H-19 Office Lease Expense	H-20 Incentive Compensation & Bonuses	H-21 Unrecovered Cost of Service
			(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
43	907	Supervision	\$0														
44	908	Customer Assistance	644,078														176
45	909	Informational and Instructional Advertising Exp.	58,979														
46	910	Miscellaneous Customer Accounts Expense	3,543														
47		Total Cust. Service and Information Exp.	\$706,600														\$0
Sales and Advertising Expense																	
48	911	Supervision	\$0														\$0
49	912	Demonstrating and Selling Expenses	96,757								4						112
50	913	Advertising Expenses	0														
51	916	Miscellaneous Sales Expenses	3,156														
52		Total Sales and Advertising Expenses	\$99,913								\$4						\$112
Administrative and General Expense																	
53	920	Administrative and General Salaries	\$6,049,155								1,063					\$6,315	
54	921	Office Supplies and Expenses	2,562,258							4,949					220,942	3	
55	922	Administrative Expenses Transferred	(431,962)								46						
56	923	Outside Services Employed	1,733,396														
57	924	Property Insurance	72,921								618					1	
58	925	Injuries and Damages	3,368,391														
59	926	Employee Pensions and Benefits	8,838,850														
60	927	Franchise Requirements	0														
61	928	Regulatory Commission Expense	2,264,862								36				(23,977)	0	
62	930	Miscellaneous General Expenses	155,511														
63	931	Rents	925,286														
64	932	Maintenance of General Plant	1,194,197							\$4,949	\$1,763				\$0	\$6,319	\$0
65		Total Administration and General Expense	\$26,732,865							\$267,688	\$76,960			\$0	\$196,965	\$34,748	\$0
66		Total O & M Expense	\$540,963,349							\$0	\$0			\$95,636	\$196,965	\$34,748	\$0
67	403	Depreciation	\$23,435,869				\$1,482,305										
68	404, 405	Amortization	2,979,834					3,051,318									2,189,665
69	431	Interest on Customer Deposits	147,252			26,143											
70	408	Payroll Taxes (1****)	1,888,435										6,857,457				
71	408	Property Taxes (2****)	(169,925)										0				
72	408	Gross Receipts Tax (3300 + 4000)	0														
73	408	Other Taxes (41**)	240,075									6,719					
74	408	Taxes Other Than Income	\$1,958,585							\$0	\$0	\$6,719	\$6,857,457		\$0	\$0	\$0
75		TOTAL EXPENSES	\$569,484,889			\$26,143	\$1,482,305	\$3,061,318	\$267,688	\$76,960	\$6,719	\$6,857,457	\$95,636	\$196,965	\$34,748	\$2,189,665	
76		OPERATING INCOME BEFORE INCOME TAX	\$100,261,395			(\$26,143)	(\$1,482,305)	(\$3,061,318)	(\$267,688)	(\$76,960)	(\$6,719)	(\$6,857,457)	(\$95,636)	(\$196,965)	(\$34,748)	(\$2,189,665)	
77	409,410	Income Taxes	31,177,804														
78		Notes: per book & adjusted income tax computed on A-2	\$69,083,511			(\$26,143)	(\$1,482,305)	(\$3,061,318)	(\$267,688)	(\$76,960)	(\$6,719)	(\$6,857,457)	(\$95,636)	(\$196,965)	(\$34,748)	(\$2,189,665)	
		NET OPERATING INCOME															

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated through April 30, 2004
Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Books	H-22 ProForma Cost of Collectors	H-23 Remove Non-utility Activities	H-24 Weatherization Fund	H-25 Environmental Response Fund	Income Tax Adjustment	Total Adjustments	Test Year As Adjusted
(a)		(b)	(c)	(y)	(ab)	(ad)	(ae)	(ag)	(ah)	(ai)
OPERATING REVENUE										
1	480	Residential	461,309,542.92						(\$352,919,028)	\$108,390,515
2	481.1	Commercial	183,202,124						(148,597,840)	34,604,485
3	481.2	Industrial	9,633,497						(8,084,078)	1,549,419
4	483	Sales for Resale	0						(108,623)	(108,623)
5	487	Late Payment Charges	487,006						(53,566)	(53,566)
6	488	Miscellaneous Service Revenue	4,412,846						0	4,412,846
7	489	Transport	10,202,282						505,052	10,707,334
8	493	Rent From Property	0						0	0
9	495	Other Gas Revenue	498,984						0	498,984
10		Total Operating Revenue	\$669,746,284	\$0	\$0	\$0	\$0	\$0	(\$509,744,889)	\$160,001,395
OPERATING & MAINTENANCE EXPENSE										
Operation Expense										
11	805	Other Gas Purchases	\$469,859,289						(\$469,859,289)	\$0
12	807	Purchased Gas Expense	0						0	0
13	859	Other Joint Expense	0						0	0
14	870	Operation, Supervision and Engineering	590,899						15,296	605,995
15	871	Distribution and Load Dispatching	8,756						164	8,920
16	872	Compressor Station Labor and Expense	0						0	0
17	874	Mains and Service Expenses	3,024,786						35,323	3,060,109
18	875	Distributing Regulating Station Expenses	682,700						47,899	730,599
19	876	Measuring and Regulating - Station Expenses	7,566						(215)	7,351
20	877	Measuring and Regulating - Station Expenses	4,798						378	5,176
21	878	Meter and House Regulator Expenses	4,291,777						294,352	4,586,129
22	879	Customer Installation Expenses	2,742,603						199,933	2,942,536
23	880	Other Expenses	1,702,382						46,352	1,748,734
24	881	Rents	96,433						0	96,433
25		Total Operation Expense	\$483,011,789	\$0	\$0	\$0	\$0	\$0	(\$469,219,807)	\$13,791,982
Maintenance Expense										
26	885	Maintenance Supervision and Engineering	\$1,075,603						\$39,505	\$1,115,108
27	886	Maintenance of Structures and Improvements	53,255						3,150	56,405
28	887	Maintenance of Mains	7,569,448						460,914	8,030,362
29	889	Maint. of Measuring and Reg. Stat Equip - General	292,800						16,328	309,128
30	890	Maint. of Measuring and Regulating Equipment	269,103						13,823	282,926
31	891	Maint. of Measuring and Regulating Equipment	14,725						996	15,721
32	892	Maintenance of Services	749,099						54,654	803,753
33	893	Maintenance of Meters and House Regulators	635,602						38,031	673,633
34	894	Maintenance of Other Equipment	124,283						8,037	132,320
35		Total Maintenance Expenses	\$10,763,918	\$0	\$0	\$0	\$0	\$0	\$635,438	\$11,419,356
36		Total Distribution Expense	\$493,795,707	\$0	\$0	\$0	\$0	\$0	(\$468,584,369)	\$25,211,338
Customer Accounts Expense										
37	901	Supervision	\$397,109						\$14,231	\$411,340
38	902	Meter Reading Expense	771,014						51,306	822,320
39	903	Customer Records and Collection Expense	11,293,811	251,066					1,058,524	12,352,335
40	904	Uncollectible Accounts	7,108,777						1,772,614	8,881,391
41	905	Miscellaneous Customer Accounts Expense	57,553						495	58,048
42		Total Customer Accounts Expenses	\$19,628,264	\$251,066	\$0	\$0	\$0	\$0	\$2,897,170	\$22,525,434

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated through April 30, 2004
Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description (b)	Test Year Per Books (c)	H-22 Pro Forma Cost of Collectors (y)	H-23 Remove Non-utility Activities (ab)	H-24 Weatherization Fund (ad)	H-25 Environmental Response Fund (ae)	Income Tax Adjustment (eg)	Total Adjustments (ah)	Test Year As Adjusted (ai)
43	907	Supervision	\$0					\$0	\$0	\$0
44	908	Customer Assistance	644,078			100,000			100,300	744,378
45	909	Informational and Instructional Advertising Exp.	58,979						0	58,979
46	910	Miscellaneous Customer Accounts Expense	3,543						0	3,543
47		Total Cust. Service and Information Exp.	\$706,600	\$0	\$0	\$100,000	\$0	\$0	\$100,300	\$806,900
Sales and Advertising Expense										
48	911	Supervision	\$0					\$0	\$0	\$0
49	912	Demonstrating and Selling Expenses	96,757					(445)		96,312
50	913	Advertising Expenses	0					0		0
51	916	Miscellaneous Sales Expenses	3,156					0		3,156
52		Total Sales and Advertising Expenses	\$99,913	\$0	\$0	\$0	\$0	\$0	(\$445)	\$99,468
Administrative and General Expense										
53	920	Administrative and General Salaries	\$6,049,155					\$8,869	\$8,869	\$6,058,024
54	921	Office Supplies and Expenses	2,562,258					226,512	226,512	2,788,770
55	922	Administrative Expenses Transferred	(431,862)					0	(431,862)	(431,862)
56	923	Outside Services Employed	1,733,396		(169,083)		500,000	3,890,774	3,890,774	5,624,170
57	924	Property Insurance	72,921					0		72,921
58	925	Injuries and Damages	3,368,391					(819,725)	(819,725)	2,548,666
59	926	Employee Pensions and Benefits	8,838,850					8,672,882	8,672,882	17,511,732
60	927	Franchise Requirements	0					0	0	0
61	928	Regulatory Commission Expense	2,264,862					(187,841)	(187,841)	2,077,021
62	930	Miscellaneous General Expenses	155,511					0	0	155,511
63	931	Rents	925,286					(23,977)	(23,977)	901,309
64	932	Maintenance of General Plant	1,194,197					(51)	(51)	1,194,146
65		Total Administration and General Expense	\$26,732,865	\$0	(\$169,083)	\$0	\$500,000	\$0	\$11,167,442	\$38,500,307
66		Total O & M Expense	\$540,963,349	\$251,066	(\$169,083)	\$100,000	\$500,000	\$0	(\$453,819,902)	\$87,143,447
67	403	Depreciation	\$23,435,869					\$1,482,305	\$1,482,305	\$24,918,174
68	404, 405	Amortization	2,979,834					5,250,982	5,250,982	\$8,230,816
69	431	Interest on Customer Deposits	147,252					26,143	26,143	173,395
70	408	Payroll Taxes (1***)	1,888,435					297,804	297,804	2,186,239
71	408	Property Taxes (2****)	(169,925)					6,857,457	6,857,457	6,687,532
72	408	Gross Receipts Tax (3300 + 4000)	0					0	0	0
73	408	Other Taxes (41**)	240,075					6,719	6,719	246,794
74	408	Taxes Other Than Income	\$1,958,585	\$0	\$0	\$0	\$0	\$7,161,980	\$7,161,980	\$9,120,565
75		TOTAL EXPENSES	\$559,484,889	\$251,066	(\$169,083)	\$100,000	\$500,000	\$0	(\$439,888,492)	\$129,586,397
76		OPERATING INCOME BEFORE INCOME TAX	\$100,261,395	(\$251,066)	\$169,083	(\$100,000)	(\$500,000)	\$0	(\$89,846,386)	\$30,414,988
77	409,410	Income Taxes	31,177,884					(27,147,375)	(27,147,375)	4,030,509
78		NET OPERATING INCOME	\$69,083,511	(\$251,066)	\$169,083	(\$100,000)	(\$500,000)	\$27,147,375	(\$42,699,021)	\$26,384,489

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

MISSOURI GAS ENERGY

A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Test Year Margin Revenue

Line No.	Description (a)	Main Account/Revenue Class						Total (g)
		480	481.1	481.2	483, 489			
		21	22 & 23	25	28, 38	487, 488, 493, 495		
	(b)	(c)	(d)	(e)	(f)			
1	Total Revenue per Book	461,309,543	183,202,124	9,633,497	10,202,282	5,398,837		669,746,284
2	Less: GRT Revenue, Unbilled Revenue, PGA Revenue, and Miscellaneous Adjustments	(353,777,331)	(148,839,219)	(8,084,078)	(108,623)	(540,572)		(511,349,823)
3	Test Year Margin	107,532,212	34,362,906	1,549,419	10,093,659	4,858,264		158,396,461

MISSOURI GAS ENERGY

A Division of Southern Union Company

Twelve Months Ending December 31, 2005

Revenue Adjustments

Line No.	Description (a)	Main Account/Revenue Class					Total (g)
		Residential Gas Sales (b)	Commercial Gas Sales (c)	Industrial Gas Sales (d)	Transportation Revenues (e)	Service Charges and Other (f)	
1	Test Year Margin	\$107,532,212	\$34,362,906	\$1,549,419	\$10,093,659	\$4,858,264	\$158,396,461
2	Weather Normalize	1,506,308	542,095		112,397	0	2,160,800
3	Customer Growth Annualization	(648,005)	(300,516)	0	392,655	0	(555,866)
4	Total Adjustments	858,303	241,579	0	505,052	0	1,604,934
5	As Adjusted Test Year Margin	\$108,390,515	\$34,604,485	\$1,549,419	\$10,598,711	\$4,858,264	\$160,001,395

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Remove Purchase Gas Costs and Gross Receipts Tax

Line No.	Description (a)	Amount (b)
1	Purchase Gas Costs (Acct. 805)	(\$469,859,289)
2	Total Adjustment	<u>(\$469,859,289)</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Payroll Adjustment

Line No.	Main Acct.	Proforma Payroll Expense	Payroll Expense Per Book	Adjustment to Test Year
	(a)	(b)	(c)	(d)
1	870	\$569,558	\$557,179	\$12,379
2	871	\$8,900	8,747	153
3	872	\$0	0	0
4	874	\$475,718	448,424	27,294
5	875	\$490,233	455,550	34,683
6	876	\$4,801	5,171	(370)
7	877	\$3,492	3,206	286
8	878	\$3,314,902	3,090,513	224,389
9	879	\$2,290,500	2,126,825	163,675
10	880	\$1,131,482	1,096,638	34,844
11	885	\$1,103,100	1,065,663	37,437
12	886	\$33,605	31,181	2,424
13	887	\$4,940,140	4,598,993	341,147
14	889	\$206,444	196,238	10,206
15	890	\$181,875	173,251	8,624
16	891	\$9,601	8,503	1,098
17	892	\$494,878	459,294	35,584
18	893	\$488,190	462,504	25,686
19	894	\$24,891	23,851	1,040
20	901	\$410,839	397,109	13,730
21	902	\$616,998	576,660	40,338
22	903	\$6,258,391	5,586,152	672,239
23	905	\$0	185	(185)
24	908	\$144,202	144,078	124
25	911	\$0	0	0
26	912	\$91,600	92,161	(561)
27	920	\$5,173,958	5,171,404	2,554
28	921	\$2,525	2,970	(445)
29	923	\$0	87	(87)
30	925	\$809	944	(135)
31	932	\$0	87	(87)
32	Total	\$28,471,632	\$26,783,568	\$1,688,064

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Employee Benefits

Line No.	Description (a)	Amount (b)	Amount (c)
1	Pension	\$8,300,000	
2	Retirement Power	477,156	
3	Life & AD&D Insurance	138,523	
4	Long Term Disability Insurance	180,623	
5	Medical / Dental Benefit	6,682,296	
6	FAS 106 - Accrual	1,641,953	
7	FAS 106 - Amortization of	2,664,792	
8	401K	1,105,108	
9	Supplemental Retirement	75,000	
10	Other Benefits	0	
11	Total Proforma Benefits	\$21,265,451	
12	Payroll Expense Ratio	0.769907	
		<u>16,372,420</u>	
	Add amortization of prepaid pensions (amortized over a		
13	6 year period)	<u>1,139,312</u>	
14	Proforma Benefits Expense	<u>\$17,511,732</u>	
15	Less Test Year Benefits Expense	<u>(\$8,838,850)</u>	
16	Adjustment to Test Year Expense - Acct. 926		<u><u>\$8,672,882</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Payroll Taxes

Line No.	Description (a)	Amount (b)
1	Total Proforma Payroll Taxes	\$2,836,140
2	Payroll Taxes on Incentive Compensation Adjustment	<u>3,475</u>
5	Total Proforma Payroll Taxes	\$2,839,615
6	Payroll Expense Ratio	0.769907
7	Proforma Payroll Tax Expense	<u>\$2,186,239</u>
8	Less Test Year Payroll Tax Expense	<u>(1,888,435)</u>
9	Adjustment to Test Year Expense - Acct. 4081	<u><u>\$297,804</u></u>

MISSOURI GAS ENERGY

A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Insurance / Injuries & Damages

Line

No.	Description (a)	2003 (b)	2004 (c)	2005 (d)	3 Year Avg. (e)	925 Amount (f)	924 Amount (g)	Total Amount (h)
MGE Claims:								
1	Workers Compensation claims paid	\$693,178	\$722,987	\$749,054	\$721,740			
2	Additional Accruals	\$0	\$0	1,500,000	500,000			
3	Auto & General Liability	1,893,712	197,706	340,871	810,763			
4	Total Proforma Claims	\$2,586,890	\$920,693	\$2,589,925	\$2,032,503	\$2,032,503		\$2,032,503
5	Insurance Premiums - 924					72,921		72,921
6	Insurance Premiums - 925					1,277,223		1,277,223
7	Total Proforma Insurance Cost					\$3,309,726	\$72,921	\$3,382,648
8	Test Year Payroll Expense Ratio					0.769907	1.000000	
9	Proforma Insurance Expense					\$2,548,182	\$72,921	\$2,621,103
10	Less Test Year Insurance Expense					(3,368,391)	(72,921)	(3,441,312)
11	Adjustment to Test Year - Accts. 924 and 925					(\$820,209)	\$0	(\$820,209)

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Corporate Allocation

Line No.	Description (a)	Amount (b)
1	Proforma Joint and Common Costs	\$5,117,460
2	Expense Capital Ratio	69.5621%
3	Proforma Joint and Common Expense	<u>\$3,559,811</u>
4	Less Test Year Expense Recorded on MGE's Books	<u>0</u>
5	Adjustment to Test Year - Acct. 923	<u><u>\$3,559,811</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Uncollectible Expense

Line No.	Description	Amount	Amount
	(a)	(b)	(c)
1	YE Ended December 31, 2004 Charge Offs	\$9,054,004	
2	YE Ended December 31, 2005 Charge Offs	<u>8,708,778</u>	
3	Two Year Average		\$8,881,391
4	Less Test Year Uncollectible Expense		(7,108,777)
5	Adjustment to Test Year - Acct. 904		<u><u>\$1,772,614</u></u>

Missouri Gas Energy,
a Division of Southern Union Company
Name of Issuing Corporation

For: All Missouri Service Areas
Community, Town or City

PURCHASED GAS COST ADJUSTMENT
PGA

The Deferred Purchased Gas Cost Account shall be adjusted for those revenues received by the Company for the release of pipeline transmission capacity to another party other than those revenues which are retained by the Company as described in Section IX of this schedule.

The deferred purchase gas cost account shall be adjusted for unrecovered gas billings. Gas-related costs calculated and billed to customers under this Purchased Gas Cost Adjustment, which have been recorded as uncollectible during the preceding computation year and which remain unpaid, shall adjust the cumulative total under/over recovered cost used to calculate the ACA factor.

Formatted: Indent: Left: 0.5", No bullets or numbering

(a) Definitions:

Formatted: Indent: Left: 1.19", No bullets or numbering

i. Unrecovered Gas Billings: the portion of Company's uncollectible accounts that is attributable to charges calculated under this Purchased Gas Cost Adjustment.

Formatted: Indent: Left: 1.94"

ii. Ratebased Gas Uncollectibles: the Company's expenses attributable to charges under this Purchased Gas Cost Adjustment clause which are included in the Account 904 balance filed in Company's most recent rate case.

Formatted: Indent: Left: 1.94"

(b) Annual Unrecovered Gas Billings that are greater than the Ratebased Gas Uncollectibles shall be additive to the ACA.

Formatted: Indent: Left: 1.19"

(c) To the extent Annual Unrecovered Gas Billings are less than the Ratebased Gas Uncollectibles, the difference shall be included as a credit to the ACA.

Formatted: Indent: Left: 1.19", First line: 0"

Formatted: Indent: First line: 0", Tabs: 0.8", Left + 1.1", Left + 6.88", Left + Not at 1.5" + 2" + 2.5" + 3" + 3.5" + 4" + 4.5" + 5" + 5.5" + 6" + 6.13" + 6.74" + 7" + 7.5" + 8" + 8.5" + 9" + 9.5" + 10" + 10.5" + 11" + 11.5" + 12" + 12.5" + 13"

Deleted: September

Deleted: 24

Deleted: 4

Deleted: October

Deleted: 2

Deleted: 4

DATE OF ISSUE: May 1, 2006
month day year

DATE EFFECTIVE: June 1, 2006
month day year

ISSUED BY: Michael R. Noack Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, Missouri 64111

Missouri Gas Energy,
a Division of Southern Union Company
Name of Issuing Corporation

For: All Missouri Service Areas
Community, Town or City

PURCHASED GAS COST ADJUSTMENT
PGA

For each month during the ACA period and for each month thereafter interest, at a simple rate equal to the prime bank lending rate (as published in the Wall Street Journal on the first business day of the following month), minus two (2) percentage points (but not less than zero) shall be credited to customers for any over-recovery of gas costs or credited to the Company for any under-recovery of gas costs. Interest shall be computed based upon the average of the accumulated beginning and ending monthly ACA account balances. The Company shall maintain detailed work-papers that provide the interest calculation on a monthly basis.

Initially, monthly interest shall be credited as described above based upon the average of the ending balance determined from the monthly ACA balance ending September 30, 2004 and the monthly ACA balance ending August 31, 2004.

For each twelve month billing period ended June 30, the differences of the cost of gas and the cost recovery comparisons as described herein, including any balance for the previous year shall be accumulated to produce a cumulative balance of over-recovered or under-recovered costs. An "Actual Cost Adjustment" (ACA) shall be computed by dividing the cumulative balance of under-recoveries or over-recoveries by the annual sales volumes set out in Section VIII of this Schedule.

This adjustment shall be rounded to the nearest \$0.00001 per Ccf and applied to the billings of each applicable sales and transportation rate classification, commencing in November of each year, and shall remain in effect until superseded by subsequent ACA factors calculated according to this provision. The Company shall file any revised ACA on Sheet No. 24.3 in the same manner as all other Purchased Gas Cost Adjustments.

The current methodology for tracking and recovering gas supply costs, the application of interest on ACA balances and the treatment of natural gas transmission pipeline refunds shall be subject to regulatory review between April 1, 2005 and June 30, 2006. Thereafter, the current methodology may either continue in its present form or be revised to a former or new methodology by Order of the Commission. If the treatment of gas cost recovery, interest determination and handling of refunds described herein is revised by the Commission on or after July 1, 2006, the Company shall continue to perform calculations reflective of the PGA provisions employed during the above review period through the end of its then current ACA period.

DATE OF ISSUE: May 1, 2006
month day year

DATE EFFECTIVE: June 1, 2006
month day year

ISSUED BY: Michael R. Noack Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, Missouri 64111

Deleted: September

Deleted: 24

Deleted: 4

Deleted: October

Deleted: 2

Deleted: 4

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Regulatory Commission Expense

Line No.	Description	Amount	Amount
	(a)	(b)	(c)
1	Estimate of current rate case expense	\$900,000	
2	Cost of GR-2004-0209 Appeal	\$285,243	
3	Remaining balance of GR-2004-0209	\$223,456	
4	Total Rate Case Balance	<u>1,408,699</u>	
5	Annual Amortization (3 years)		\$469,566
6	Normalized level of expense for depreciation study		\$6,878
7	Proforma NARUC Assessment - fiscal 7/1/04-6/30/05		6,198
8	Other Regulatory Commission Expenses		219,927
9	Proforma MPSC Assessment - fiscal 7/1/05-6/30/06		<u>1,374,452</u>
10	Total Proforma Regulatory Commission Expense		\$2,077,021
11	Less Test Year Regulatory Commission Expense		(2,264,862)
12	Adjustment to Test Year - Acct. 928		<u>(\$187,841)</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Interest on Customer Deposits

Line No.	Description (a)	Reference (b)	Residential (c)	Commercial & Industrial (d)	Amount (e)
1	Customer Deposits	B-2	\$1,054,606	\$2,879,652	\$3,934,258
2	Interest Rate		8.25%	3.00%	4.41%
3	Proforma Interest on Customer Deposits		<u>\$87,005</u>	<u>\$86,390</u>	<u>\$173,395</u>
4	Less Test Year Interest on Customer Deposits				<u>(147,252)</u>
5	Adjustment to Test Year - Acct. 431				<u><u>\$26,143</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
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	32,096	0.00%	0	0.00%	0	0	0
3	(303) Miscellaneous Intangible	27,564,993	(see adj. H-13)	0	(see adj. H-13)	0	0	0
4	Total Intangible Plant	\$27,612,689		\$0		\$0	\$0	\$0
DISTRIBUTION PLANT								
5	(374.1) Land	\$223,517	0.00%	\$0	0.00%	\$0	\$0	\$0
6	(374.2) Land Rights	1,608,103	2.09%	33,609	2.00%	32,162	0	32,162
7	(375.1) Structures	5,556,273	1.65%	91,679	2.50%	138,907	0	138,907
8	(375.2) Leasehold Improvements	0	(see adj. H-13)	0	(see adj. H-13)	0	0	0
9	(376) Mains & Mains - Cast Iron	331,433,389	2.27%	7,523,538	2.27%	7,523,538	0	7,523,538
10	(378) Meas. & Reg. Station - General	11,579,565	2.86%	331,176	2.86%	331,176	0	331,176
11	(379) Meas. & Reg. Station - City Gate	3,034,196	2.13%	64,828	2.50%	75,855	0	75,855
12	(380) Services	289,906,474	2.70%	7,827,475	3.41%	9,885,811	0	9,885,811
13	(381) Meters	30,425,241	2.86%	870,162	2.86%	870,162	0	870,162
14	(382) Meter Installations	67,025,981	2.86%	1,916,943	2.86%	1,916,943	0	1,916,943
15	(383) House Regulators	11,295,323	2.44%	275,606	2.86%	323,046	0	323,046
16	(385) Electronic Gas Metering	362,437	3.33%	12,069	3.33%	12,069	0	12,069
17	(387) Other Equipment	0	4.60%	0	6.25%	0	0	0
18	Total Distribution Plant	\$752,450,499		\$18,946,885		\$21,109,668	\$0	\$21,109,669
GENERAL PLANT - DIRECT								
19	(389) Land	\$773,880	0.00%	\$0	0.00%	\$0	\$0	\$0
20	(390.1) Structures	616,877	2.00%	12,338	2.50%	15,422	0	15,422
21	(390.2) Leasehold Impr.	1,545,551	(see adj. H-13)	0	(see adj. H-13)	0	0	0
22	(391) Furniture & Fixtures	7,059,311	8.06%	568,980	9.09%	641,691	0	641,691
23	(392) Transportation Equipment	5,038,276	8.70%	438,156	9.09%	457,797	(457,797)	0
24	(393) Stores Equipment	513,584	2.70%	13,867	3.33%	17,102	0	17,102
25	(394) Tools	5,070,504	5.30%	268,737	5.00%	253,525	0	253,525
26	(395) Laboratory Equipment	0	6.00%	0	6.00%	0	0	0
27	(396) Power Operated Equipment	243,807	8.33%	20,309	6.67%	16,262	(16,262)	0
28	(397.1) Communication Equipment - AMR	35,718,650	5.00%	1,785,933	5.00%	1,785,933	0	1,785,933
29	(397.0) Communication Equipment - Other	3,288,403	6.25%	205,525	6.25%	205,525	0	205,525
30	(398) Miscellaneous Equipment	423,657	3.85%	16,311	5.00%	21,183	0	21,183
31	Total Direct General Plant	\$60,290,500		\$3,330,156		\$3,414,440	(\$474,059)	\$2,940,381
GENERAL PLANT - CORPORATE								
32	(390) Structures	\$0		\$0		\$0	\$0	\$0
33	(390) Leasehold Impr.	2,036,684	Note	59,660	Note	59,660	0	59,660
34	(391) Furniture & Fixtures	209,405	"	33,905	"	33,905	0	33,905
35	(392) Transportation Equipment	8,004	"	3,520	"	3,520	0	3,520
36	(397) Communication Equipment	0		0		0	0	0
37	(398) Miscellaneous Equipment	0		0		0	0	0
38	Total Corporate General Plant	\$2,254,093		\$97,085		\$97,085	\$0	\$97,085
39	Total Proforma Plant & Depreciation	\$842,607,781		\$22,374,126		\$24,621,194	(\$474,059)	\$24,147,135
40	Less Depreciation Charged to Clearing A/Cs			(456,465)		(474,059)		
41	Less Test Year Depreciation Expense			(\$23,435,869)		(\$22,374,126)		(\$23,435,869)
42	Cost of Removal/ Net Salvage			\$771,039				\$771,039
43	Adjustment to Test Year - Acct. 403			(\$749,169)		\$1,773,009		\$1,482,305

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
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	1,545,551	8,353	100,230
3	Sub Total	<u>\$1,545,551</u>	<u>\$8,353</u>	<u>\$100,230</u>
4	(303) Misc. Intangible - Work Force Automation (1000)	\$3,785,364	21,024	\$252,287
5	(303) Misc. Intangible - Corrosion Control Mgmt System (4000)	1,117,800	0	0
6	(303) Misc. Intangible - Landbase Digitized Mapping (4500)	1,701,543	16,886	202,634
7	(303) Misc. Intangible - Premise Data System (5000)	985,196	0	0
8	(303) Misc. Intangible - AMR Project - Programming (5500)	469,443	2,764	33,166
9	(303) Misc. Intangible - Facility Priority Index (6000)	894,795	0	0
10	(303) Misc. Intangible - Geographic Information System (6500)	1,006,719	7,125	85,500
11	(303) Misc. Intangible - Customer Service System (7000)	3,786,000	20,921	251,048
12	(303) Misc. Intangible - CSS Enhancements (7100)	7,588,221	63,235	758,822
13	(303) Misc. Intangible - Mainframe Software (7200)	1,912,642	15,939	191,264
14	(303) Misc. Intangible - Website (7600)	485,944	4,051	48,615
15	(303) Misc. Intangible - Stoner Low Pressure/Intermediate Model (8000)	279,672	2,457	29,481
16	(303) Misc. Intangible - BASIC (8500)	294,516	3,005	36,063
17	(303) Misc. Intangible - TCS System (9000)	189,193	1,592	19,106
18	(303) Misc. Intangible - GEO Tax Software (9500)	79,294	661	7,929
19	(303) Misc. Intangible - Oracle Software	2,415,660	20,117	241,409
20	(303) Misc. Intangible - Power Plant Software	187,288	1,561	18,729
21	(303) Misc. Intangible - Virtual Hold Call Center	191,000	1,592	19,103
22	(303) Misc. Intangible - Witness Software (9600)	194,706	1,623	19,474
23	Sub Total - Acct. 303	<u>\$27,564,994</u>	<u>\$184,552</u>	<u>\$2,214,630</u>
<u>Amortization of Infinium Software:</u>				
24	Unamortized balance of replaced software	<u>\$1,564,460</u>	<u>Amort. Period</u> 3	<u>\$521,487</u>
<u>SLRP Amortization:</u>				
25	SLRP Deferrals Subject to Amortization	<u>\$32,048,048</u>	<u>10</u>	<u>\$3,204,805</u>
26	Pro-Forma Amortization Expense			\$6,041,152
27	Less Test Year Amortization Expense			<u>(2,979,834)</u>
28	Adjustment to Test Year - Accts. 404 and 405			<u>\$3,061,318</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Transportation and Work Equipment Clearing

Line No.	Description	Proforma	Test Year	Adjustment	Amount
	(a)	(b)	(c)	(d)	(e)
1	Test Year Charges into TWE Clearing Account 18400210		\$4,631,933		
2	Less Test Year Amounts Cleared Out of Account 18400210		(4,289,431)		
3	Test Year Amount Under/(Over) Cleared		<u>\$342,502</u>		\$342,502
4	Plus/Minus Adjustments to Test Year Amounts Charged into Acct. 18400210:				
		Proforma	Test Year	Adjustment	
5	Depreciation	\$474,059	\$458,465	\$15,594	15,594
6	Total Adjusted Amount Under/(Over) Cleared				<u>\$358,096</u>

Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:

	Main Acct.	Amount	Percentage	Amount
7	870	\$26,621	0.006206	\$2,222
8	871	0	0.000000	0
9	872	0	0.000000	0
10	874	63,520	0.014808	5,303
11	875	109,881	0.025616	9,173
12	876	1,088	0.000254	91
13	877	530	0.000124	44
14	878	716,486	0.167033	59,814
15	879	389,145	0.090720	32,486
16	880	85,202	0.019863	7,113
17	885	8,644	0.002015	722
18	886	6,520	0.001520	544
19	887	1,005,321	0.234368	83,926
20	889	40,034	0.009333	3,342
21	890	31,481	0.007339	2,628
22	891	2,301	0.000536	192
23	892	91,428	0.021314	7,632
24	893	60,938	0.014206	5,087
25	894	3,913	0.000912	327
26	902	114,111	0.026602	9,526
27	903	381,973	0.089048	31,888
28	905	8,127	0.001895	679
29	921	59,282	0.013820	4,949
30	Total Adjustment to Test Year Expense	\$3,206,548	0.747532	\$267,688
31	Balance Sheet Accounts	1,082,954	0.252466	90,407
32	Total Test Year Clearing	<u>\$4,289,501</u>	<u>0.999998</u>	<u>\$358,095</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Stores Clearing

Line No.	Description	Proforma	Test Year	Adjustment	Amount
	(a)	(b)	(c)	(d)	(e)
1	Test Year Charges into Stores Account 1630		\$2,043,068		
2	Less Test Year Amounts Cleared Out of Account 1630		(1,483,099)		
3	Test Year Amount Under/(Over) Cleared		<u>\$559,969</u>		<u>\$559,969</u>

Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:

	Main Acct.	Amount	Percentage	Amount
4	874	\$5,677	0.00383	\$2,145
5	875	9,117	0.00615	3,445
6	876	155	0.00010	58
7	877	116	0.00008	44
8	878	16,153	0.01090	6,103
9	879	2,586	0.00175	977
10	880	7,976	0.00538	3,014
11	885	0	0.00000	0
12	886	374	0.00025	141
13	887	78,902	0.05324	29,812
14	889	6,692	0.00452	2,528
15	890	6,217	0.00420	2,349
16	891	(811)	-0.00055	(306)
17	892	28,674	0.01935	10,834
18	893	17,632	0.01190	6,662
19	894	17,572	0.01186	6,640
20	902	1,825	0.00123	689
21	903	151	0.00010	57
22	905	1	0.00000	1
23	912	11	0.00001	4
24	921	2,815	0.00190	1,063
25	923	123	0.00008	46
26	925	1,635	0.00110	618
27	932	96	0.00007	36
28	Total Adjustment to Test Year Expense	<u>203,689</u>	<u>0.13744</u>	<u>76,960</u>
29	Balance Sheet Accounts	1,278,358	0.86256	483,008
30	Total Test Year Clearing	<u>1,482,047</u>	<u>1.00000</u>	<u>\$559,968</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Missouri State Franchise Tax

Line No.	Description (a)	Amount (b)
1	Proforma State Franchise Tax & City Tax Expense	\$246,719
2	Less Test Year State Franchise Tax Expense	<u>(240,000)</u>
3	Adjustment to Test Year - Acct. 4081	<u><u>\$6,719</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Property Tax Expense

Line No.	Description (a)	Reference (b)	Amount (c)
1	Proforma Total Plant in Service excluding Corporate Allocated Plant	C	\$840,353,688
2	Less Intangible Plant	C	<u>(27,612,689)</u>
3	Proforma Plant, excluding Intangible Plant		\$812,740,999
4	Property tax rate		<u>0.79595%</u>
5	Proforma Property Tax Expense		\$6,469,010
6	Oklahoma Property Tax		218,521
7	Less Test Year Property Tax Expense		<u>(169,925)</u>
8	Adjustment to Test Year - Acct. 4081		<u><u>\$6,857,457</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005

Lease Ex

Postage Increase

Line No.	Description (a)	Amount (b)
1	Average Postage cost per item	\$ 0.280
2	2005	\$ 0.291
3	2006- with postage increase	\$ 0.011
4	Increase in postage cost per item	
5	2005 total items mailed	<u>8,694,146</u>
6	Total increase	<u>\$ 95,636</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Office Lease Expense

Line No.	Description (a)	Amount (b)
1	Proforma Broadway rent - Rent	\$516,814
2	Proforma Broadway Taxes	195,160
3	Less: Proforma rent from subleases	<u>(316,145)</u>
4	Total proforma rent expense - Acct. 931	395,829
5	Actual rent expense - Acct. 931	<u>419,806</u>
6	Adjustment to Acct. 931	<u><u>(\$23,977)</u></u>
7	Net proforma Broadway building utility costs	\$193,919
8	Less: Actual Broadway building utility costs	<u>124,496</u>
9	Adjustment to Test Year - Acct. 921.00014	<u><u>\$69,423</u></u>
7	Net proforma Broadway supplies expense	\$36,321
8	Actual Broadway supplies expense	<u>23,318</u>
9	Adjustment to Test Year - Acct. 921.00017	<u><u>\$13,003</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Incentive Compensation and Bonuses

Line No.	Description	Incentive Compensation	Holiday Bonuses	Work Performance Bonuses	Total
	(a)	(b)	(c)	(d)	(e)
1	2003 Incentive and Bonus Payments	\$302,657	\$43,660	\$88,151	\$434,468
2	2004 Incentive and Bonus Payments	436,021	46,120	122,952	605,093
3	2005 Incentive and Bonus Payments	<u>347,272</u>	<u>45,645</u>	<u>59,000</u>	<u>451,917</u>
4	Total	<u>\$361,983</u>	<u>\$45,142</u>	<u>\$90,034</u>	497,159
5	Test Year Incentive and Bonus Payments				<u>(451,917)</u>
6	Adjustment				45,242
7	Expense Ratio				<u>0.769907</u>
8	Amount Charged to Expense				<u>\$34,832</u>

Missouri Gas Energy
Unrecovered Cost of Service
January through March 2006

Total Company

Line No	TARIFF	# of Reg billed Custs	Regular billed usage	Actual Avg per Cust	Usage used to Design Rates	Per customer Usage Shortfall / (Excess)	Total Usage Shortfall / (Excess)	Revenue Shortfall / Excess
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Jan-06								
RES	442,397	59,221,094	134	180.9	47	20,808,523.30	\$	2,744,020
UGM	19	2,469	130					
SGSM	66,943	24,670,279	369	449.8	81	5,440,682.40	\$	776,005
LGSM	327	3,327,658	10,176	8717.7	(1,459)	(476,970.10)	\$	(58,748)
LVM	495	25,137,432	50,783	65422.9	14,640	7,246,903.50	\$	296,253
Feb-06								
RES	443,146	52,769,311	119	174.5	55	24,559,666.00	\$	3,238,683
UGM	19	3,012	159					
SGSM	66,730	21,069,568	316	444.7	129	8,605,263.00	\$	1,227,369
LGSM	326	2,510,649	7,701	8886.1	1,197	390,131.60	\$	48,053
LVM	495	24,845,804	50,194	53266.8	3,073	1,521,262.00	\$	62,189
Mar-06								
RES	442,626	46,400,023	105	137.1	32	14,284,001.60	\$	1,863,631
UGM	19	2,494	131					
SGSM	66,163	19,000,872	287	354.9	68	4,480,376.70	\$	639,036
LGSM	327	2,034,863	6,223	7883.3	1,660	542,976.10	\$	66,878
LVM	495	23,600,947	47,679	48911.9	1,233	610,443.50	\$	24,955
							\$	10,948,324
Proposed Length of Amortization								
							5 Years	
Annual Amortization							\$	2,189,665

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Customer Collection Costs

Line No.	Description (a)	Total (b)
1	Scheduled number of collectors for 2006	<u>15</u>
2	Total number of hours to be worked (15 collectors for 28 weeks at 40	
3	hours per week)	16,800
4	Rate per hour	<u>\$28.00</u>
5	Pro forma cost of collectors	\$470,400
6	Actual cost of collectors	\$219,334
7	Adjustment	<u>\$251,066</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Non-recurring / Non-Utility Activity

Line No.	Description (a)	Total (b)
1	Remove non-recurring / non-utility activity from account 923	<u>(\$169,083)</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Weatherization

Line No.	Description (a)	Amount (b)
1	Increase Weatherization to \$600,000	<u>\$100,000</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2005
Environmental Response Fund

Line No.	Description (a)	Amount (b)
1	Environmental Response Fund	<u>\$500,000</u>

Environmental Response Fund:

An Environmental Response Fund shall be established to create a mechanism to fund the recovery of "Environmental Response Costs" as defined below.

(a) Definition of "Environmental Response Costs". "Environmental Response Costs" are all the reasonable and prudently incurred costs associated with evaluation, remedial and clean-up obligations of Missouri Gas Energy arising out of utility-related ownership and/or operation of manufactured gas plants and sites associated with the operation and disposal activities from such gas plants. In addition to the actual remedial and clean-up costs, "Environmental Response Costs" also include costs of acquiring property associated with the clean up of such sites as well as litigation costs, claims, judgments, expenditures made in efforts to obtain insurance reimbursements, and settlements—including the costs of obtaining such settlements—associated with such sites. The Company will use best efforts to satisfy its obligation to minimize the Environmental Response Costs charged to the fund consistent with applicable regulatory requirements and sound environmental policies and to minimize litigation costs that may arise.

Fifty percent (50%) of any applicable insurance proceeds and/or contributions obtained from Westar Energy (the successor of Western Resources, Inc.) and/or contributions obtained from potentially responsible parties, net of costs associated with obtaining such proceeds and/or contributions, shall be credited to the fund. The fund shall also be given credit for the accrued liability in the amount of \$3,000,000 recorded on Southern Union Company's books following the acquisition of the Missouri property (which was to become Missouri Gas Energy) from Western Resources, Inc.

(b) Funding. The fund shall be maintained in an interest bearing trust account and shall be credited at the annual target amount of approximately \$500,000 (the current amount reflected in rates for such costs). The actual amount of the credit shall be based on the actual billed revenues produced by the discrete rate element included in the basic service charge or delivery charge of all customer classes. Any cash expenditures shall be charged to the fund as long as the costs that are incurred or previously deferred are Environmental Response Costs, as defined above.

(c) Annual Reports. Missouri Gas Energy shall file an annual report with the Commission (and serve the Parties with copies) on a Highly Confidential basis providing a summary and accounting of all costs incurred during such year which have been applied to the fund. A separate account shall be maintained on the Company's books for accruals and expenditures for environmental response costs. Each of the Parties retain their right to review and challenge any costs that they believe do not fall within the definition of "Environmental Response Costs", as defined in subparagraph (a) above.

(d) Reservation of Rights. In the Company's next general rate case to establish rates after the approval of this Agreement, all parties reserve their rights to take any position they deem appropriate regarding (i) the level of funding to be permitted in rates on a prospective basis to recover costs charged to the fund as of the date of such case, and/or (ii) whether the fund should continue as designed for the recovery of prospective costs.