

ROBERT L. HAWKINS, JR.
DAVID V.G. BRYDON
JAMES C. SWEARENGEN
WILLIAM R. ENGLAND, III
JOHNNY K. RICHARDSON
STEPHEN G. NEWMAN
MARK W. COMLEY
GARY W. DUFFY
VICKI J. GOLDAMMER
PAUL A. BOUDREAU
BARRY V. CUNDIFF
ELLEN M. EDWARDS

LAW OFFICES
HAWKINS, BRYDON & SWEARENGEN
PROFESSIONAL CORPORATION
312 EAST CAPITOL AVENUE
P.O. BOX 436
JEFFERSON CITY, MISSOURI 65102-0456

AREA CODE 314
TELEPHONE 635-7166
TELECOPIER 634-7431

April 16, 1987

FILED

APR 16 1987

PUBLIC SERVICE COMMISSION

Mr. Harvey G. Hubbs, Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Re: Great River Gas Company
Case No. AO-87-48

Dear Mr. Hubbs:

On March 30, 1987, I caused to be filed the response of Great River Gas Company in this docket. Subsequent analysis of the schedules which were filed has revealed that the calculation of the actual earned rate of return on equity was substantially overstated on Schedules 1, 6 and 8. The basic factual data which was presented on the schedules was correct. However, an error in a computer program utilized by Great River's consultant resulted in an incorrect calculation of the return on equity percentage.

To correct this situation, enclosed please find an original and fourteen copies of a Revised Schedule 1, 6 and 8. On the original of each of these, the changed numbers in line 16 are underlined in red. Those are the only numbers being corrected on these schedules.

We have also discovered that the heading on Schedule 3 was incorrect. It stated that the capitalization was for December 31, 1985, when actually it was for December 31, 1986. Therefore, a Revised Schedule 3 is also enclosed.

We request that these revised schedules be substituted for their previously filed counterparts. If there are any questions about this, please let me know.

Sincerely yours,

HAWKINS, BRYDON & SWEARENGEN P.C.

By:

Gary W. Duffy

GWD/da
Enclosures

cc: All Parties of Record
Mr. Richard K. Wrench
Mr. Dick DeCleene

HD

Revised 4/16/87

Schedule 1

GREAT RIVER GAS COMPANY

Missouri Division

Pro Forma Statement of
Operating Income

Line No	(A) Description	(B) Actual Twelve Months Ended December 31, 1986		(C)	(D)	(E)
		Company	Missouri		ADDITIONAL REVENUE REQUIREMENT	AS ADJUSTED 12/31/86
1	Operating Revenues	\$21,885,032	10,724,135		188,150	10,912,285
	Operating Expenses:					
2	Cost of Gas Distributed	\$15,812,017	7,341,957			7,341,957
3	Other Operation Expenses	3,610,411	1,852,298			1,852,298
4	Maintenance Expenses	295,274	147,026			147,026
5	Depreciation Expense	562,971	236,933			236,933
6	Amort. of Limited Term Plant	119,920	50,434			50,434
7	Taxes Other Than Income	789,820	474,092			474,092
8	Federal Income Taxes (Schedule 4)	(151,082)	14,110		84,157	98,267
9	State Income Taxes (Schedule 4)	(4,897)	(4,968)		5,200	232
10	Deferred Income Taxes (Schedule 4)	31,563	12,509			12,509
11	Investment Tax Credit (Schedule 5)	36,426	15,824			15,824
12	Total Utility Operating Expenses	\$21,102,423	\$10,140,215		\$89,357	\$10,229,572
13	Net Utility Operating Income	\$782,609	\$583,920		\$98,793	\$682,713
14	Missouri Rate Base (Schedule 2)		5,498,215			5,498,215
15	Return On Rate Base (Schedule 3)		10.62%			12.42%
16	Return On Equity		<u>8.05%</u>			15.08%

FILED

APR 16 1987

PUBLIC SERVICE COMMISSION

GREAT RIVER GAS COMPANY

Revised 4/16/87

Schedule 3

CAPITALIZATION

DECEMBER 31, 1986

		Ratio	Cost	Weighted Cost
		-----	-----	-----
Long-Term Debt	\$ 5,328,548	55.63%	12.60%	7.01%
Short-Term Debt	1,810,000	18.89%	8.28%	1.56%
Equity	2,441,102	25.48%	15.08% (a)	3.84%
	-----	-----		-----
Total (Schedule 1)	\$ 9,579,650	100.00%		12.42%

Long-Term Principal	Rate	Annualized Cost
-----	-----	-----
\$ 286,000	7.8500%	22,451
1,875,000	15.2500%	285,938
1,080,000	7.0000%	75,600
216,000	8.1250%	17,550
276,150	10.5000%	28,996
77,770	13.0500%	10,149
41,046	11.8611%	4,868
104,764	15.4555%	16,192
3,799	15.4020%	585
1,300,000	14.7500%	191,750
20,251	15.3707%	3,113
47,768	15.1824%	7,252
		6,745 (b)
-----	-----	-----
5,328,548	12.5961%	671,189

(a) Authorized return on equity under Rate Order GR-85-136.

(b) Amortization of debt expense.

GREAT RIVER GAS COMPANY

Missouri Division

Pro Forma Statement of
Operating Income

Line No	(A) Description	(B) Actual Twelve Months Ended December 31, 1986 Company	(C) Missouri	(D) ADJUSTMENTS FOR CHANGE TO 40% TAX	(E) AS ADJUSTED FOR TAX RATE CHANGE 12/31/86	(F) ADDITIONAL REVENUE REQUIREMENT	(G) AS ADJUSTED 12/31/86
1	Operating Revenues	\$21,885,032	10,724,135		10,724,135	157,456	10,881,591
	Operating Expenses:						
2	Cost of Gas Distributed	\$15,812,017	7,341,957		7,341,957		7,341,957
3	Other Operation Expenses	3,610,411	1,852,298		1,852,298		1,852,298
4	Maintenance Expenses	295,274	147,026		147,026		147,026
5	Depreciation Expense	562,971	236,933		236,933		236,933
6	Amort. of Limited Term Plant	119,920	50,434		50,434		50,434
7	Taxes Other Than Income	789,820	474,092		474,092		474,092
8	Federal Income Taxes (Schedule 7)	(151,082)	14,110	(5,169)	8,941	61,055	69,996
9	State Income Taxes (Schedule 7)	(4,897)	(4,968)	(553)	(5,521)	4,820	(701)
10	Deferred Income Taxes (Schedule 7)	31,563	12,509	(1,490)	11,019		11,019
11	Investment Tax Credit (Schedule 5)	36,426	15,824		15,824		15,824
12	Total Utility Operating Expenses	\$21,102,423	\$10,140,215	(\$7,212)	\$10,133,003	\$65,875	\$10,198,878
13	Net Utility Operating Income	\$782,609	\$583,920	\$7,212	\$591,132	\$91,581	\$682,713
14	Missouri Rate Base (Schedule 2)		5,498,215		5,498,215		5,498,215
15	Return On Rate Base (Schedule 3)		10.62%		10.75%		12.42%
16	Return On Equity		<u>8.05%</u>		<u>8.56%</u>		15.08%

Revised 4/16/87

Schedule 8

GREAT RIVER GAS COMPANY

Missouri Division

Pro Forma Statement of
Operating Income

Line No	(A) Description	(B) Actual Twelve Months Ended December 31, 1986		(C)	(D)	(E)	(F)	(G)
		Company	Missouri	ADJUSTMENTS FOR CHANGE TO 34% TAX	AS ADJUSTED FOR TAX RATE CHANGE 12/31/86	ADDITIONAL REVENUE REQUIREMENT	AS ADJUSTED 12/31/86	
1	Operating Revenues	\$21,885,032	10,724,135			10,724,135	132,182	10,856,317
	Operating Expenses:							
2	Cost of Gas Distributed	\$15,812,017	7,341,957			7,341,957		7,341,957
3	Other Operation Expenses	3,610,411	1,852,298			1,852,298		1,852,298
4	Maintenance Expenses	295,274	147,026			147,026		147,026
5	Depreciation Expense	562,971	236,933			236,933		236,933
6	Amort. of Limited Term Plant	119,920	50,434			50,434		50,434
7	Taxes Other Than Income	789,820	474,092			474,092		474,092
8	Federal Income Taxes (Schedule 9)	(151,082)	14,110	(10,412)	3,698	43,433	47,131	
9	State Income Taxes (Schedule 9)	(4,897)	(4,968)	(1,100)	(6,068)	4,437	(1,631)	
10	Deferred Income Taxes (Schedule 9)	31,563	12,509	(2,970)	9,539		9,539	
11	Investment Tax Credit (Schedule 5)	36,426	15,824		15,824		15,824	
12	Total Utility Operating Expenses	\$21,102,423	\$10,140,215	(\$14,482)	\$10,125,733	\$47,871	\$10,173,604	
13	Net Utility Operating Income	\$782,609	\$583,920	\$14,482	\$598,402	\$84,311	\$682,713	
14	Missouri Rate Base (Schedule 2)		5,498,215		5,498,215		5,498,215	
15	Return On Rate Base (Schedule 3)		10.62%		10.88%		12.42%	
16	Return On Equity		8.05%		9.08%		15.08%	