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Tariff Changes
Witness: Michael R. Noack
Type of Exhibit: Direct Testimony
Sponsoring Party: Missouri Gas Energy,
a Division of Laclede
Gas Company
Case No.: GR-2014-0007
Date Prepared: September 16, 2013

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

GR-2014-0007

DIRECT TESTIMONY

OF

MICHAEL R. NOACK

September 16, 2013

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SEPTEMBER 2013

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DIRECT TESTIMONY OF MICHAEL R. NOACK

CASE NO. GR-2014-0007

SEPTEMBER 2013

1 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS**
2 **ADDRESS?**

3 A. My name is Michael R. Noack and my business address is 3420 Broadway,
4 Kansas City, Missouri 64111.

5

6 **Q. WHO ARE YOU EMPLOYED BY?**

7 A. I am employed by Missouri Gas Energy (MGE), a division of Laclede Gas
8 Company (Company), as Director of Pricing and Regulatory Affairs.

9

10 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
11 **EXPERIENCE.**

12 A. I received a Bachelor of Science in Business Administration with a major in
13 Accounting from the University of Missouri in Columbia. Upon graduation, I
14 was employed by Troupe Kehoe Whiteaker & Kent (TKWK), a Certified Public
15 Accounting Firm in Kansas City, Missouri. I spent approximately 20 years
16 working with TKWK or firms that were formed from former TKWK employees
17 or partners. I was involved during that time in public utility consulting and
18 financial accounting, concentrating primarily on rate cases for electric and gas
19 utilities and financial audits of independent telephone companies across the
20 United States. In 1992, I started Carleton B. Fox Co. Inc. of Kansas City which
21 was an energy consulting company specializing in billing analysis and tariff
22 selection for large commercial and industrial customers. In July of 2000, I started

1 my employment with MGE. Presently I hold in good standing a Certified Public
2 Accountant certificate in the State of Kansas.

3
4 **1. EXECUTIVE SUMMARY**

5
6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
7 **PROCEEDING?**

8 A. The purpose of my testimony is to support MGE's requested revenue increase of
9 \$23,384,260, or 4.9% of adjusted revenues. The revenue deficiency is supported
10 by Schedule MRN-1, sections A through H, which is attached to this testimony. I
11 will be responsible for sponsoring most of the adjustments made to the test year
12 ending April 30, 2013, which support the revenue deficiency.

13
14 **Q. WHEN DID MGE LAST FILE FOR A GENERAL RATE INCREASE?**

15 A. MGE's last general rate case was filed on April 2, 2009, or almost four and a half
16 years ago.

17
18 **Q. WHY DOES MGE NEED TO FILE FOR A GENERAL RATE INCREASE?**

19 A. Besides not achieving its authorized rate of return, MGE must file a rate case
20 within three years of September 18, 2010, when Infrastructure System
21 Replacement Surcharge ("ISRS") rates first became effective after MGE's last
22 general rate case, in order to continue to collect the ISRS rates approved by the
23 Commission in accordance with Sections 393.1009, 393.1012 and 393.1015,
24 RSMo and Commission Rule 4 CSR 240-3.265.

1 Q. **WHY IS MGE NO LONGER EARNING ITS AUTHORIZED RATE OF**
2 **RETURN?**

3 A. MGE is no longer earning its authorized rate of return for two primary reasons:

- 4 1. Plant in service has increased approximately \$109 million since
5 MGE's last rate case; and
- 6 2. Operating expenses, as adjusted, are approximately \$22 million
7 higher primarily due to higher depreciation expense and taxes
8 related to the increase in plant and to rising employee related costs.

9

10 **2. ADMINISTRATIVE MATTERS**

11

12 Q. **MR. NOACK, WOULD YOU PLEASE SUMMARIZE THE DIFFERENT**
13 **SECTIONS OF SCHEDULE MRN-1 ATTACHED TO YOUR DIRECT**
14 **TESTIMONY?**

15 A. Schedule A summarizes the revenue deficiency at April 30, 2013.

16 Schedule B summarizes and supports the various rate base components.

17 Schedule C summarizes and supports plant in service.

18 Schedule D summarizes and supports reserve for depreciation.

19 Schedule E summarizes and supports the various working capital components.

20 Schedule F summarizes the rate of return.

21 Schedule H summarizes and supports the operating income statement &
22 adjustments.

23 Q. **WHAT IS THE TEST YEAR USED TO DEVELOP MGE'S REVENUE**
24 **REQUIREMENT?**

1 A. The test year is the twelve months ending April 30, 2013, adjusted for known and
2 measurable changes.

3

4 **Q. WILL MGE BE REQUESTING THAT THE TEST YEAR BE UPDATED?**

5 A. Yes. MGE is requesting that the test year be updated through September 30,
6 2013. This is consistent with the process used in all four of the MGE rate cases I
7 have supervised since 2000. MGE believes that this approach will provide a
8 relatively current time period of actual experience on which to base rates, while at
9 the same time providing an opportunity for the Commission Staff and other
10 parties to audit this actual experience.

11

12 **Q. IS MGE REQUESTING A “TRUE-UP” PROCESS?**

13 A. No. At this time, MGE believes that its recommended update of costs, revenues
14 and rate base through September 30, 2013 should be sufficient to establish a
15 reasonable and representative cost of service. I should note, however, that as this
16 proceeding unfolds there may be a need to revisit this issue depending on the
17 positions taken by other parties. There also may be a need to consider certain
18 additional changes in accounting practices, orders or procedures or in tariff
19 modifications to reflect operational changes as the integration process proceeds.

20

21 **3. REVENUE DEFICIENCY**

22

23 **Q. MR. NOACK, WOULD YOU PLEASE EXPLAIN SCHEDULE A**
24 **ATTACHED TO YOUR TESTIMONY?**

1 A. Yes. Schedule A is a summary of the MGE revenue deficiency for the test year
2 ended April 30, 2013. The schedule summarizes the rate base, rate of return,
3 required net operating income, adjusted net operating income and, finally, the
4 revenue deficiency. The net revenue deficiency shown on Schedule A is
5 \$23,384,260, or an approximate increase of 4.9% over as adjusted revenues. The
6 increase in revenue will be offset partially by the elimination and corresponding
7 inclusion in base rates of \$6,343,452 of ISRS revenues that are currently being
8 collected by the Company resulting in a net revenue increase of \$17,040,808, for
9 an increase of 3.57%.

10 Schedule A-1 is the summary of net operating income per books for the test year
11 ending April 30, 2013, a summary of the adjustments made to operations, and
12 finally, the net operating income, as adjusted.

13 Schedule A-2 is a summary income tax computation both per books and as
14 adjusted for the twelve months ending April 30, 2013.

15 **Q. MR. NOACK, WOULD YOU PLEASE DESCRIBE SCHEDULE B, THE**
16 **CALCULATION OF RATE BASE?**

17

18 A. Schedule B summarizes the requested rate base of MGE at April 30, 2013. Total
19 rate base of \$565,169,190 consists of net plant of \$636,980,171, Working Capital
20 of \$65,444,236, and the balance of Accumulated Deferred Income Taxes and
21 other rate base offsets of \$137,255,218.

22

23 **Q. PLEASE EXPLAIN THE COMPONENTS INCLUDED IN RATE BASE**
24 **OTHER THAN NET PLANT IN SERVICE.**

1 A. Generally, there are three types of costs and related approaches considered in
2 developing rate base. The first type of cost and approach relates to amounts that
3 are included in rate base in compliance with Commission Orders. Prepaid
4 Pension Assets is an example of such an item.

5 The second type of cost and approach relates to amounts that fluctuate monthly
6 due to many variables. Adjusting any one of these costs at a date specific may not
7 provide a reasonable basis for determining an appropriate level of on-going cost
8 of service. Specifically, a thirteen-month average has been utilized to more
9 accurately reflect the on-going nature of these fluctuating balances.

10 The third type of cost and approach relates to actual test period amounts that are
11 adjusted for known and measurable changes that have occurred or will take place
12 prior to a determination of the rates that should be placed into effect. These
13 adjustments minimize the effects of regulatory lag. The objective is to establish
14 rates prospectively, synchronizing the cost of service with the revenue stream so
15 that MGE in fact has a reasonable opportunity to earn its authorized rate of return.

16

17 **Q. PLEASE DESCRIBE COSTS THAT ARE AFFORDED A THIRTEEN-**
18 **MONTH AVERAGE.**

19 A. The rate base items afforded a thirteen-month average are material and supplies
20 inventory, prepayments and natural gas in storage, as well as the rate base offsets
21 of customer deposits and customer advances. Schedules B-1 and B-2 show the
22 monthly amounts related to customer deposits and customer advances,
23 respectively. Schedule E provides a summary of all working capital components

1 with the monthly amounts for Materials and Supplies, Prepayments and natural
2 gas in storage being shown on Schedules E-1,E-2 and E-3 respectively.

3

4 **Q. HAVE YOU ALSO INCLUDED A CASH WORKING CAPITAL**
5 **COMPONENT OF RATE BASE AT APRIL 30, 2013?**

6 A. Yes. The amount of cash working capital included in rate base is \$9,040,872.

7

8 **Q. HAVE YOU INCLUDED ANY OTHER WORKING CAPITAL**
9 **COMPONENTS IN YOUR RATE BASE?**

10 A. Yes. Schedule E-4 includes the Net Prepaid Pension Asset and the Deferred
11 Energy Efficiency Program Costs in the working capital component of rate base.

12

13 **Q. PLEASE EXPLAIN YOUR SCHEDULE OF PLANT IN SERVICE.**

14 A. Schedule C, page 1 of 2 summarizes the various categories of plant investment
15 including the direct plant MGE accounts for on its books; completed construction
16 not classified; construction work in progress; and any adjustments. There is only
17 one adjustment included in the April 30, 2013 plant in service balance and that
18 adjustment eliminates from rate base the investment in inactive services. This
19 adjustment, while not having a direct effect on rate base since the retirement
20 decreases both plant and accumulated depreciation by the same amount, does
21 decrease depreciation expense for the test year.

22

23 **Q. PLEASE DESCRIBE THE ADJUSTMENTS TO OPERATING INCOME**
24 **THAT YOU ARE SPONSORING ON SCHEDULE H.**

1 A. Schedule H, consisting of 17 sub-schedules, details all of the adjustments made to
2 cost of service. The first two pages of Schedule H detail the operating income
3 statement summarized by the uniform system of accounts. It shows the test year
4 balances per books at April 30, 2013, a summary of the pro forma adjustments to
5 each account and finally the adjusted balance at April 30, 2013. The next four
6 pages detail each adjustment individually by FERC account number.

7 Schedule H-1 is the detail of test year margin revenue after backing out purchased
8 gas adjustment revenue and gross receipts taxes billed, while Schedule H-2
9 summarizes the revenue adjustments that are being sponsored by MGE witness
10 Jay Cummings. Schedule H-3 removes purchased gas costs from the operating
11 income statement. These expenses should not be included in the determination of
12 the cost of service. Purchased gas costs are recovered through the PGA
13 mechanism and not base rates.

14

15 **Q. PLEASE EXPLAIN THE PAYROLL RELATED ADJUSTMENTS.**

16 A. Pro forma payroll and the related payroll adjustment are detailed by account
17 number on Schedule H-4. The adjustment takes into consideration the employee
18 levels at April 30, 2013, adjusted for known changes through July 20, 2013, and
19 the level of wages that are known and measurable as of that same date. The pro
20 forma level also includes overtime, which was based on actual overtime hours
21 worked during the test year. Dividing total pro forma payroll charged to
22 operating expenses by total pro forma payroll developed a payroll expense ratio.
23 This payroll expense ratio was subsequently applied to the pro forma levels of
24 employee benefits, payroll taxes and injuries and damages.

1 Payroll taxes on Schedule H-6 are adjusted for the payroll annualization.

2

3 **Q. WHAT IS INCLUDED IN YOUR ADJUSTMENT TO EMPLOYEE**
4 **BENEFITS?**

5 A. The adjustment to employee benefits on Schedule H-5 normalizes all expenses
6 representing employee benefits paid on behalf of employees. Included in these
7 benefits is the FAS 87 pension expense, which represents the cash funding
8 scheduled to be made for 2014. Also included is amortization of the FAS 87
9 regulatory asset on MGE's books at April 30, 2013.

10 Other benefits expense costs include insurance, FAS 106 post retirement benefit
11 costs which is currently zero, 401k costs and other miscellaneous employee
12 benefit costs charged to account 926. These pro forma costs were then multiplied
13 by the payroll expense ratio to arrive at the adjustment to operating expenses.

14

15 **Q. WHAT ADJUSTMENT HAVE YOU MADE TO PROPERTY INSURANCE**
16 **AND INJURIES AND DAMAGES?**

17 A. Schedule H-7 normalizes the property insurance and injuries and damages by
18 taking a three-year average of worker compensation claims paid and auto and
19 general liability claims paid and adding that average to the insurance premiums
20 expected to be paid on behalf of MGE. The test year payroll expense to capital
21 ratio is then applied to the normalized injuries and damages cost in order to
22 compute the normalized test year operating expense.

23 **Q. WHY HAVE YOU MADE AN ADJUSTMENT TO TEST YEAR**
24 **INSURANCE COSTS?**

1 A. The adjustment has been made to reflect known and measurable increases in
2 premium costs for MGE. Those costs have been included as a test year expense
3 on Schedule H-7.

4

5 **Q. PLEASE EXPLAIN SCHEDULE H-8.**

6 A. Beginning September 1, 2013, with the sale of MGE's assets to Laclede, there
7 will no longer be any joint and common corporate functions allocated to MGE by
8 Energy Transfer or Southern Union. Those corporate functions will now be the
9 responsibility of Laclede and the allocation of costs will come from Laclede.
10 The current estimated allocation of these costs is \$5.9 million. Since that amount
11 slightly exceeds the ceiling established for such costs in Case No. GR-2009-0355,
12 as adjusted for inflationary increases, I have recognized the ceiling amount
13 consistent with the Stipulation and Agreement approved by the Commission in
14 Case No. GM-2013-0254. Schedule H-8 decreases administrative and general
15 expenses to reflect the estimate of allocated joint and common corporate functions
16 to MGE for the test year. These functions support the ongoing operations of
17 MGE and include accounting, taxes, shareholder relations, treasury, human
18 resources, environmental and legal.

19

20 **Q. HAVE YOU PROPOSED AN ADJUSTMENT TO UNCOLLECTIBLE**
21 **EXPENSE?**

22 A. Yes. I have increased bad debt expense or uncollectible expense by \$4,372,730.

23

24 **Q. PLEASE EXPLAIN HOW YOU COMPUTED THE ADJUSTMENT.**

1 A. The adjustment was computed by averaging bad debt write-offs for 2011 through
2 2013 and comparing that average to the bad debt expense recorded in the test year
3 ending April 30, 2013. Thus, the average write-offs of \$5,901,935 were
4 compared to the actual expense of \$1,529,205 to obtain the amount of the
5 adjustment. The use of a three year average is consistent with the practice
6 customarily used in MGE's prior cases to derive a normalized level of bad debt
7 expense.

8
9 **Q. PLEASE EXPLAIN THE ADJUSTMENT TO REGULATORY**
10 **COMMISSION EXPENSE.**

11 A. This adjustment on Schedule H-10 first amortizes expected rate case expense over
12 a two-year period or the period of the rate case moratorium included in the
13 stipulation and agreement in GM-2013-0254, and the cost of the current
14 depreciation study over a five-year period, and annualizes the National
15 Association of Regulatory Utilities Commissioners ("NARUC") and Missouri
16 Public Service Commission ("MPSC") assessments based on invoices received in
17 2013.

18
19 **Q. WHAT IS THE PURPOSE OF SCHEDULE H-11?**

20 A. Schedule H-11 computes interest on the average thirteen-month balance of
21 residential customer deposits at an interest rate of 4.25% or 1% over the prime
22 rate as of April 30, 2013, consistent with MGE's tariff Sheet No. R-14 and on the
23 average thirteen-month balance of commercial customer deposits at the statutory
24 interest rate of 3.00%.

1 **Q. HAVE YOU PROPOSED AN ADJUSTMENT TO DEPRECIATION**
2 **EXPENSE?**

3 A. Yes. Schedule H-12 details the adjustment to depreciation expense based upon
4 the level of plant investment at April 30, 2013. The adjustment being proposed
5 on schedule H-12 annualizes depreciation expense based on the year end levels of
6 plant using the current depreciation rates approved by the Commission in Case
7 No. GR-2009-0355.

8
9 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO AMORTIZATION**
10 **EXPENSE.**

11 A. Schedule H-13 details the pro forma amortization expense. The adjustment
12 consists of three parts. The first part annualizes the amortization of all leasehold
13 improvements and miscellaneous intangible plant at April 30, 2013. The second
14 part of the adjustment computes amortization of deferred energy efficiency
15 program costs based upon a requested ten-year amortization period. The third
16 part of the adjustment amortizes the balance of the deferred Kansas Property
17 Taxes over a five year period.

18
19 **Q. HAS THE KANSAS SUPREME COURT DECIDED THE LEGALITY OF**
20 **THE ASSESSMENT OF PROPERTY TAXES ON THE GAS STORED**
21 **UNDERGROUND?**

22 A. As of September 13, 2013, there still has not been a decision issued by the Kansas
23 Supreme Court on this issue. As of April 30, 2013, MGE has deferred \$7,007,716
24 of property taxes on the gas stored underground for the years 2009 to the present.

1 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO PROPERTY TAXES.**

2 A. Schedule H-14 synchronizes ad valorem taxes with plant in service excluding
3 intangible plant at April 30, 2013. The property tax rate is based on the 2012
4 actual property tax paid on 2011 plant balances. Property taxes have also been
5 increased to include an estimated amount for Kansas property tax on gas in
6 storage in Kansas.

7

8 **Q. PLEASE EXPLAIN SCHEDULE H-15.**

9 A. Schedule H-15 annualizes rent expense by reflecting the current levels of sublet
10 rent payments being received from tenants.

11

12 **Q. PLEASE EXPLAIN SCHEDULE H-16.**

13 A. Schedule H-16 eliminates the cost of contract lobbyists from the cost of service
14 and also eliminates the Service and Royalty Fees assessed by Southern Union in
15 May and June 2012, which were included in test year expenses.

16

17 **Q. PLEASE EXPLAIN SCHEDULE H-17.**

18 A. Currently, MGE has included in rates \$750,000 for low-income weatherization
19 programs administered by the City of Kansas City, Missouri, and several other
20 social agencies located in the other parts of MGE's service territories. MGE
21 would recommend that this level of funding continue along with the \$750,000 of
22 funding in rates for MGE energy efficiency and education initiatives.

23

1 **4. TARIFF CHANGES**

2 **Q. WOULD YOU PLEASE SUMMARIZE THE TARIFF CHANGES BEING**
3 **REQUESTED BY MGE?**

4
5 A. MGE is filing 42 proposed tariffs sheets that contain either a language or rate
6 change. Proposed Sheets Nos. 10, 25, 26, 28, 29, 31, 31.1, 38, 39, 40, 42, 44, 76,
7 77, 79, 83 and 92 reflect the new rates being proposed for each of the tariff
8 classes.

9
10 **Q. WHAT ARE SOME OF THE OTHER TARIFF CHANGES YOU ARE**
11 **PROPOSING BE MADE IN THIS PROCEEDING?**

12 A. There are a number of tariff changes that MGE believes should be made in this
13 proceeding. The first series of proposals focus on providing additional ways to
14 help customers maintain service in what is still a challenging economic
15 environment. This would include introducing a new energy affordability program
16 to assist MGE's most vulnerable customers in retaining service.

17
18 **Q. HOW WOULD SUCH A PROGRAM BE STRUCTURED?**

19 As Company witness Steven Lindsey has said in his direct testimony, the
20 Company is not trying to pre-determine exactly how such a program should be
21 structured. As in the past, we strongly believe that a collaborative effort
22 involving the Commission Staff, the Office of the Public Counsel and other
23 interested parties is the best approach for designing a program that is acceptable
24 to everyone. That said, I do think that any program should be directed at giving
25 customers a greater incentive to continue paying for utility service after the winter

1 heating season ends. One of the problems with past affordability programs is that
2 customers tend to migrate off the program, usually by not making required
3 payments, once the heating season is over. So measures that address this problem
4 would be particularly helpful. Among other things, these include provisions that
5 help eligible customers to pay for arrearages that have accumulated during the
6 winter heating season. Measures that reduce the monthly charge for summer
7 service is another concept that should be considered.

8

9 **Q. ARE THERE BENEFITS FOR ALL CUSTOMERS IF SUCH**
10 **INCENTIVES ARE EFFECTIVE IN KEEPING MORE CUSTOMERS ON**
11 **THE SYSTEM DURING THE SUMMER SEASON?**

12 A. Yes. In addition to the obvious benefit for those customers who no longer
13 terminate service during the summer, all customers would benefit from the greater
14 contribution the customers now staying on the system year around would make to
15 the recovery of fixed costs and potentially from cost reductions resulting from the
16 Company not having to disconnect and reconnect as many customers between
17 winter heating seasons.

18

19 **Q. PLEASE IDENTIFY THE ADDITIONAL SOURCES OF REVENUE THAT**
20 **COULD BE USED TO FUND OR EXPAND THE COMPANY'S LOW-**
21 **INCOME ENERGY AFFORDABILITY AND WEATHERIZATION**
22 **PROGRAMS.**

1 A. These potential sources include the added revenues that would be generated by
2 increasing MGE's late payment charge from .5% to 1.5% and by increasing its
3 existing reconnection charge by \$30.

4

5 **Q. WHY DO YOU BELIEVE THESE ARE APPROPRIATE SOURCES OF**
6 **REVENUE TO USE FOR SUCH A PURPOSE?**

7 A. As Company witness Steven Lindsey explains in his direct testimony, those who
8 raise concerns about the propriety of special programs for low-income customers
9 often cite what they believe is the inappropriateness of having customers who pay
10 their bills on time and in full subsidizing the service of customers who don't. The
11 use of these sources of revenue at least partially addresses that concern in that
12 such revenues are only being collected from customers who have paid their bills
13 late or who have failed to maintain service. Given this, customers who do not
14 want to support the low-income program can avoid doing so by simply making
15 timely payments on their utility bills or avoiding a disconnection and
16 reconnection event during the summer period. In my view, this should
17 substantially lessen any conceptual opposition to using a portion of these revenues
18 to help customers with truly special needs. This is especially true if the low-
19 income programs to which these revenues are being dedicated are being
20 structured in a manner that makes it more likely that all customers will benefit
21 from the programs.

22

23 **Q. WHAT OTHER TARIFF CHANGES ARE YOU SPONSORING?**

1 A. It is the Company’s fundamental obligation to ensure that gas is delivered to
2 customers in a safe manner. Obviously, it is equally important that customers
3 also use natural gas safely on their side of the meter. To promote this latter goal,
4 we are also proposing implementation of a “red-tag” program similar to the one
5 that was recently approved in Laclede’s rate case.

6

7 **Q. HOW WOULD THIS PROGRAM WORK?**

8 A. By way of background, I should note that when MGE field employees activate or
9 restore service they will do an inspection of each appliance prior to relighting. In
10 those instances where an appliance is not operating up to code, the employee will
11 “red-tag” the appliance and advise the customer that it needs to be repaired before
12 service can be restored or activated. Understandably, this can be an aggravating
13 experience for the customer. If the customer does not have the repairs quickly
14 performed by a qualified technician, such a defect can also create safety concerns.

15

16 **Q. HOW DOES THE COMPANY PROPOSE TO ADDRESS THIS**
17 **PROBLEM?**

18 A. As shown on Tariff Sheet No. R-89, we are proposing that \$100,000 of the new
19 funding discussed above be set aside to help qualifying low-income customers
20 who face a disconnection of service due to appliance or piping defects obtain
21 needed repairs so long as the cost for a repair does not exceed \$450.00. These are
22 the same funding amounts and limits that were proposed by the Company in
23 Laclede’s last rate case.

1 **Q. WOULD THE CUSTOMER HAVE A CHOICE AS TO WHO MADE THE**
2 **REPAIRS?**

3 A. Yes, the customer would be free to choose whatever eligible contractor they
4 wanted to use to perform the work.

5

6 **Q. IS THE COMPANY PROPOSING SOMETHING SIMILAR FOR OTHER**
7 **CUSTOMERS?**

8 A. For all other customers, we are proposing that MGE's field employees be
9 permitted to make minor repairs to defective customer equipment or piping if the
10 repair can be made in less than 15 minutes and at an equipment cost of less than
11 \$20. Like the program for low-income customers, the entire purpose of these
12 changes is to correct a condition that threatens public safety and the continued
13 receipt of utility service for a modest amount of resources.

14

15 **Q. IS THE COMPANY ALSO PROPOSING OTHER CUSTOMER-**
16 **ORIENTED PROGRAMS THAT ARE OPEN TO ALL CUSTOMERS?**

17 A. Yes, as shown Tariff Sheet Nos. 107-107.2, we are proposing to implement an
18 EnergyWise program similar to the one that is currently in effect for Laclede.
19 This is another example of a program that is designed to assist all customers in
20 using natural gas in the most efficient way possible. It does so by offering
21 qualifying customers favorable financing terms for the purchase of high-
22 efficiency natural gas appliances and equipment.

23 **Q. ARE THERE OTHER TARIFF CHANGES BEING PROPOSED THAT**
24 **RELATE TO THE COMPANY'S ENERGY EFFICIENCY PROGRAMS?**

1 A. Yes. Another change, as shown on Tariff Sheet Nos. 98-103.6, will revise the
2 energy efficiency program in two respects. First, since the EEC members
3 common to Laclede's and MGE's collaborative have expressed a preference for
4 Laclede's reporting process, the revisions will permit MGE's reporting and
5 evaluation requirements and formats to mirror those of Laclede. Second, the tariff
6 expands MGE's commercial energy efficiency programs to also match the
7 programs approved for Laclede's EEC. This involves adding a number of
8 measures and widening the program to include larger use customers in the LGS
9 and LV rate classes, rather than just SGS customers.

10

11 **Q. IS THE COMPANY PROPOSING ANY CHANGES TO ITS PGA/ACA**
12 **TARIFF IN THIS CASE?**

13 A. Yes. We are proposing that the Commission make, or the parties consider
14 making, several revisions to MGE's PGA/ACA tariffs to make them more
15 consistent with Laclede's. These revisions include incorporation of a gas supply
16 incentive mechanism similar in nature to the incentive mechanism in Laclede's
17 tariff and the potential incorporation of gas inventory carrying costs in the PGA
18 and the removal of such costs from MGE's base rates.

19

20 **Q. WHY IS IT APPROPRIATE TO INCLUDE A GAS SUPPLY INCENTIVE**
21 **MECHANISM IN MGE'S PGA TARIFF SIMILAR TO THE ONE IN**
22 **LACLEDE'S?**

23 A. The same considerations that prompted the inclusion of such an incentive
24 mechanism in Laclede's tariff – namely the provision of an incentive to promote

1 superior financial results in the procurement of gas supply – are equally
2 applicable to MGE and its procurement of such supplies. Accordingly, we have
3 included such a mechanism in Tariff Sheets Nos. 24.4 – 24.6.

4

5 **Q. IS THE INCENTIVE MECHANISM SET FORTH IN THIS TARIFF**
6 **MECHANISM IDENTICAL TO THE ONE CURRENTLY IN EFFECT**
7 **FOR LACLEDE?**

8 A. It is largely the same. However, the gas supply cost benchmarks have been
9 changed to reflect where MGE takes its gas supplies and the tiers have been
10 changed to reflect the lower gas supply environment that is prevailing today. We
11 are also proposing that the Company’s share of any savings achieved be increased
12 from 10% to 20% in light of the more challenging environment for obtaining
13 savings.

14

15 **Q. HAS THE COMPANY PROPOSED LANGUAGE FOR MOVING THE**
16 **CARRYING COSTS FOR GAS STORAGE INVENTORIES FROM BASE**
17 **RATES TO THE PGA?**

18 A. While we have not proposed specific language at this time, we believe this is a
19 topic that should be discussed with the Commission and the parties in this case.
20 When Laclede’s recovery of gas inventory expenses was moved from base rates
21 to the PGA several cases ago, there was a sense that PGA recovery was more
22 appropriate given the historical volatility of interest rates and natural gas prices.
23 Given these factors, recovery of such costs through the PGA seemed to be the
24 best – in fact, the only – way to ensure that customers will not be significantly

1 over or under charged for such costs. Even though we are now in a less volatile
2 price environment, that can certainly change and I therefore believe such an
3 approach also merits discussion in this case.

4

5 **Q. ARE THERE OTHER REASONS FOR MAKING OR CONSIDERING**
6 **THESE REVISIONS TO MGE'S PGA TARIFF?**

7 A. Yes. At some point in the future, it may make sense for a variety of reasons to
8 develop a single PGA tariff for both the MGE and Laclede Divisions of Laclede
9 Gas Company. Taking steps now to bring more consistency to the two sets of
10 tariffs will make that endeavor more feasible if and when the time to consider
11 such a combination arrives.

12

13 **Q. ARE THERE ANY OTHER TARIFF CHANGES YOU ARE PROPOSING?**

14 A. Yes. There are two other changes I would like to propose. The first is a change
15 to Sheet No. 55 to replace the paragraph entitled "Reporting Requirements" with
16 a paragraph entitled "Incremental Costs" which uses language currently in the
17 Laclede School Aggregation Tariff. MGE furnishes customer and volume
18 information associated with the school aggregation tariff in connection with the
19 annual ACA filing in response to Staff data requests and so this reporting is more
20 of a duplication of information but using a different time period so we are
21 requesting that these requirements be eliminated. The purpose at the time of the
22 initial tariff filing was to provide information related to the experimental nature of
23 the tariff. This is no longer an experimental tariff rate.

1 The second change is to Sheet No. 73 which is the incentive provisions of the
2 Economic Development Rider (“EDG”). Paragraph 2 waives the minimum bill as
3 defined in the Large Volume rate schedule during the tenure of the EDG contract.
4 The intent of this language is not clear and potential customers read the language
5 to mean that they will not be charged a fixed charge (customer charge) if they
6 have no usage in a particular month. To avoid the misinterpretation of the tariff
7 language which was approved before the purchase of MGE by Southern Union in
8 1994, we are proposing to eliminate the paragraph in its entirety.

9
10 **Q. IS THE COMPANY PROPOSING ANY CHANGES TO MGE’S RATE**
11 **DESIGN?**

12 A. Yes. Our tariffs reflect a refinement of MGE’s straight-fixed variable rate design.
13 As Company witness Steven Lindsey has indicated, Laclede is open to
14 considering potential alternatives to this rate design during the course of this case.
15 For now, however, the Company believes that establishing a winter/summer
16 differential in the customer charge component of the rate design is a good first
17 step that should be taken in this case.

18
19 **Q. WHAT DIFFERENTIAL IS THE COMPANY PROPOSING?**

20 A. We are proposing that the residential customer charge during the summer months
21 of April through September be reduced by approximately one-fourth, or \$7, to
22 \$20 per month and that the winter customer charge be increased by an offsetting
23 amount.

1 **Q. WHEN WOULD THE COMPANY PROPOSE TO MAKE THESE**
2 **CHANGES EFFECTIVE?**

3 A. To avoid any distortive effect on the Company's fiscal year earnings, we would
4 propose to make this rate design change effective with the beginning of the
5 Company's fiscal year on October 1, 2014. These changes are, of course, before
6 the application of any increase.

7

8 **Q. WHY DO YOU BELIEVE THAT SCULPTING THE CUSTOMER**
9 **CHARGE IN THIS MANNER IS APPROPRIATE?**

10 A. I believe this change in MGE's rate design is appropriate for a number of reasons.
11 First, such a change would make it less expensive for a customer to maintain
12 service during the summer months. This should, in turn, serve to reduce the
13 incentive that customers currently have to cease taking service during that period.
14 Such a result should also benefit all customers by promoting a greater
15 contribution to fixed costs and by reducing the costs incurred by the Company for
16 disconnecting and reconnecting customers.

17

18 **Q. DO YOU BELIEVE CUSTOMERS WOULD FIND THIS KIND OF**
19 **CHANGE APPEALING?**

20 A. Yes, I believe customers would find such a change attractive since it would lower
21 their charges for utility service during a period when their usage is also less and
22 the expectation for lower charges is higher. It would also provide a modest offset
23 to the higher cost of electricity that many customers face during the summer
24 period due to cooling needs.

1 **Q. IS THIS A GOOD TIME TO MAKE SUCH A CHANGE?**

2 **A.** I think it is an ideal time to make such a change given the significant degree to
3 which the gas costs normally paid by customers during the winter period have
4 declined. As a result, sculpting rates in the manner being proposed would
5 rebalance the proportion of costs that are being collected from customers during
6 each period to levels that are more consistent with historical experience.

7

8

9 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

10 **A.** Yes it does.

MISSOURI GAS ENERGY

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MISSOURI GAS ENERGY
 April 30, 2013
Revenue Deficiency

Line No.	Description (a)	Ref. (b)	Required Return (c)	Earnings Deficiency (d)	Net Revenue Deficiency (e)
1	Rate Base	B	\$565,169,190		
2	Rate of Return	F	<u>7.108%</u>		
3	Required Return		<u>\$40,172,226</u>	\$40,172,226	
4	Adjusted Test Year Net Operating Income	A-1		<u>25,764,881</u>	
5	Earnings Deficiency			<u>\$14,407,345</u>	\$14,407,345
6	Multiply by Income Tax Gross-up Factor				<u>1.62308</u>
7	Net Revenue Deficiency				<u><u>\$23,384,260</u></u>

MISSOURI GAS ENERGY
April 30, 2013
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	\$501,767,023	(\$310,611,149)	\$191,155,875
2	Other Utility Revenues	11,259,594	(4,825,026)	6,434,568
3	Total Operating Revenues	<u>\$513,026,618</u>	<u>(\$315,436,175)</u>	<u>\$197,590,442</u>
<u>OPERATING EXPENSES</u>				
4	Distribution Expense	\$321,661,395	(\$278,792,712)	\$42,868,683
5	Customer Accounts Expense	14,287,888	4,911,070	19,198,958
6	Customer Service and Information Expense	1,182,453	(499)	1,181,954
7	Sales Expense	425,464	(493)	424,971
8	Administrative and General Expense	50,293,738	1,966,732	52,260,470
9	Total Operating and Maintenance Expenses	<u>\$387,850,938</u>	<u>(\$271,915,902)</u>	<u>\$115,935,036</u>
10	Depreciation & Amortization Expense	\$29,923,296	\$3,399,425	\$33,322,721
11	Interest on Customer Deposits	309,345	(19,258)	290,087
12	Taxes Other Than Income	42,466,755	(28,819,374)	13,647,381
13	Total Operating Expenses	<u>\$460,550,334</u>	<u>(\$297,355,109)</u>	<u>\$163,195,225</u>
14	Operating Income Before Income Tax	\$52,476,284	(\$18,081,066)	\$34,395,218
15	Less: Income Tax Expense	15,571,423	(6,941,086)	8,630,337
16	Net Operating Income	<u>\$36,904,861</u>	<u>(\$11,139,980)</u>	<u>\$25,764,881</u>

MISSOURI GAS ENERGY
April 30, 2013
Income Tax

Line No.	Description (a)	Reference (b)	Per Books (c)	As Adjusted (d)
1	Total Operating Revenues	A-1	\$513,026,618	\$197,590,442
2	Total Operating Expenses	A-1	<u>(460,550,334)</u>	<u>(163,195,225)</u>
3	Net Operating Income	A-1	<u>\$52,476,284</u>	<u>\$34,395,218</u>
5	Less: Interest on Long Term Debt		<u>(11,913,767)</u>	<u>(11,913,767)</u>
6	Total Tax Adjustments		<u>(\$11,913,767)</u>	<u>(\$11,913,767)</u>
7	Net Taxable Income		<u>\$40,562,517</u>	<u>\$22,481,451</u>
8	Income Tax		<u>\$15,571,423</u>	<u>\$8,630,337</u>

MISSOURI GAS ENERGY
 April 30, 2013
 Rate Base

Line No.	Description (a)	Reference (b)	Amount (c)
1	Intangible Plant	C	\$33,512,682
2	Distribution Plant	C	956,179,310
3	General Plant	C	78,669,338
4	Construction Work in Progress	C	2,854,604
5	Gross Plant In Service		<u>\$1,071,215,934</u>
6	Accumulated Depreciation & Amortization	D	<u>(434,235,763)</u>
7	Net Plant in Service		\$636,980,171
8	Working Capital	E	65,444,236
9	Customer Deposits	B-1	(8,021,006)
10	Customer Advances - Thirteen Month Average	B-2	(6,132,497)
11	Deferred Income Taxes - Other (Net of AMT)	B-3	<u>(123,101,715)</u>
12	Total Rate Base		<u><u>\$565,169,190</u></u>

MISSOURI GAS ENERGY
Thirteen Months Ending April 30, 2013

Customer Deposits

Line No.	Month	Residential	Commercial & Industrial	Total
		Amount	Amount	Amount
	(a)	(b)	(c)	(d)
1	Apr-12	(3,291,383)	(4,093,295)	(7,384,678)
2	May-12	(3,382,475)	(4,098,059)	(7,480,534)
3	Jun-12	(3,466,085)	(4,060,990)	(7,527,075)
4	Jul-12	(3,583,191)	(4,028,656)	(7,611,847)
5	Aug-12	(3,729,786)	(4,012,406)	(7,742,192)
6	Sep-12	(3,915,004)	(3,990,183)	(7,905,186)
7	Oct-12	(4,241,551)	(3,984,059)	(8,225,610)
8	Nov-12	(4,244,778)	(4,015,306)	(8,260,084)
9	Dec-12	(4,279,030)	(4,037,520)	(8,316,550)
10	Jan-13	(4,291,312)	(4,105,365)	(8,396,676)
11	Feb-13	(4,324,108)	(4,136,769)	(8,460,877)
12	Mar-13	(4,322,296)	(4,156,844)	(8,479,140)
13	Apr-13	<u>(4,364,419)</u>	<u>(4,118,205)</u>	<u>(8,482,624)</u>
14	13 Month Total	<u><u>(\$51,435,417)</u></u>	<u><u>(\$52,837,656)</u></u>	<u><u>(\$104,273,073)</u></u>
15	13 Month Average	<u><u>(\$3,956,571)</u></u>	<u><u>(\$4,064,435)</u></u>	<u><u>(\$8,021,006)</u></u>

MISSOURI GAS ENERGY
Thirteen Months Ending April 30, 2013

Customer Advances

Line No.	Month	Amount
	(a)	(b)
1	Apr-12	(6,825,405)
2	May-12	(6,822,830)
3	Jun-12	(6,877,682)
4	Jul-12	(6,779,956)
5	Aug-12	(6,562,296)
6	Sep-12	(6,452,407)
7	Oct-12	(6,276,359)
8	Nov-12	(5,869,670)
9	Dec-12	(5,705,947)
10	Jan-13	(5,545,370)
11	Feb-13	(5,498,076)
12	Mar-13	(5,379,257)
13	Apr-13	<u>(5,127,200)</u>
14	13 Month Total	<u><u>(\$79,722,457)</u></u>
15	13 Month Average	<u><u>(\$6,132,497)</u></u>

MISSOURI GAS ENERGY
April 30, 2013

Accumulated Deferred income Taxes

Line No.	Description (a)	Amount (b)
1	Deferred Taxes, MGE Direct Plant as of 4/30/13	(\$123,101,715)
2	Total Accumulated Deferred Income Taxes	<u>(\$123,101,715)</u>

MISSOURI GAS ENERGY
Plant in Service
April 30, 2013

Line No.	Description (e)	Total Direct & Completed (b)	Total Adjustments (c)	Total As Adjusted (d)
INTANGIBLE PLANT				
1	(301) Organization	\$15,600	\$0	\$15,600
2	(302) Franchises	13,823	0	13,823
3	(303) Miscellaneous Intangible	33,483,259	0	33,483,259
4	Total Intangible Plant	\$33,512,682	\$0	\$33,512,682
DISTRIBUTION PLANT				
5	(374.1) Land	\$139,604	\$0	\$139,604
6	(374.2) Land Rights	2,510,537	0	2,510,537
7	(375.1) Structures	11,763,359	0	11,763,359
8	(375.2) Leasehold Improvements	0	0	0
9	(376) Mains	444,908,993	0	444,908,993
10	(378) Meas. & Reg. Station - General	13,259,477	0	13,259,477
11	(379) Meas. & Reg. Station - City Gate	5,686,258	0	5,686,258
12	(380) Services	354,163,071	(12,509,814)	341,653,257
13	(381) Meters	35,779,962	0	35,779,962
14	(382) Meter Installations	85,228,867	0	85,228,867
15	(383) House Regulators	14,785,302	0	14,785,302
16	(385) Electronic Gas Measuring	463,694	0	463,694
17	(387) Other Equipment	0	0	0
18	Total Distribution Plant	\$968,689,124	(\$12,509,814)	\$956,179,310
GENERAL PLANT				
19	(389) Land	\$1,058,065	\$0	\$1,058,065
20	(390.1) Structures	758,120	0	758,120
21	(390.2) Leasehold Improvements	2,133,122	0	2,133,122
22	(391) Furniture & Fixtures	9,726,291	0	9,726,291
23	(392.1) Transportation Eq - Cars and Small Trucks	5,918,869	0	5,918,869
24	(392.2) Transportation Eq - Heavy Trucks	7,729,035	0	7,729,035
25	(393) Stores Equipment	664,474	0	664,474
26	(394) Tools	7,418,201	0	7,418,201
27	(395) Laboratory Equipment	0	0	0
28	(396) Power Operated Equipment	1,734,943	0	1,734,943
29	(397.1) Communication Equipment - AMR	36,064,104	0	36,064,104
30	(397.0) Communication Equipment	4,657,752	0	4,657,752
31	(398) Miscellaneous Equipment	806,362	0	806,362
32	Total General Plant	\$78,669,338	\$0	\$78,669,338
33	Total Original Cost Plant in Service	\$1,080,871,144	(\$12,509,814)	\$1,068,361,330
34	Construction Work in Progress	2,854,604		2,854,604
35	Accumulated Depreciation and Amortization	(446,745,577)	12,509,814	(434,235,763)
36	Net Plant in Service	\$636,980,171	\$0	\$636,980,171

MISSOURI GAS ENERGY
Plant in Service
April 30, 2013

Line No.	Description (a)	Retire Inactive Services No. 1 (b)	Total Adjustments (c)
<u>INTANGIBLE PLANT</u>			
1	(301) Organization		
2	(302) Franchises		
3	(303) Miscellaneous Intangible		0
4	Total Intangible Plant	\$0	\$0
<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	(12,509,814)	(12,509,814)
13	(381) Meters		
14	(382) Meter Installations		
15	(383) House Regulators		
16	(385) Electronic Gas Metering		
17	(387) Other Equipment		
18	Total Distribution Plant	(12,509,814)	(12,509,814)
<u>GENERAL PLANT</u>			
19	(389) Land		
20	(390.1) Structures		
21	(390.2) Leasehold Improvements		
22	(391) Furniture & Fixtures		
23	(392.1) Transportation Equipment		
24	(392.2) Transportation Equipment		
25	(393) Stores Equipment		
26	(394) Tools		
27	(395) Laboratory Equipment		
28	(396) Power Operated Equipment		
29	(397) Communication Equipment - AMR		
30	(397) Communication Equipment		
31	(398) Miscellaneous Equipment		
32	Total General Plant	\$0	\$0
33	Total Original Cost Plant In Service	(12,509,814)	(12,509,814)

MISSOURI GAS ENERGY
Accumulated Reserves for Depreciation and Amortization
April 30, 2013

Line No.	Description (a)	Test Year Direct (b)	Proforma Adjustments (c)	Test Year As Adjusted (d)
1	Intangible Plant Reserve	(\$27,041,854)	\$0	(\$27,041,854)
2	Distribution & General Plant Reserve	(419,492,464)	12,509,814	(406,982,650)
3	Retirement Work In Progress	<u>(211,259)</u>	<u> </u>	<u>(211,259)</u>
4	Total Accumulated Reserves	<u>(\$446,745,577)</u>	<u>\$12,509,814</u>	<u>(\$434,235,763)</u>

MISSOURI GAS ENERGY
Accumulated Reserves for Depreciation and Amortization
April 30, 2013

Line No.	Description	Adjustments to Plant in Service	Deprec. Rates	Retire Inactive Services No. 1	Total Adjustments
	(a)	(b)	(c)	(d)	(e)
	<u>INTANGIBLE PLANT</u>				
1	(301) Organization				
2	(302) Franchises				
3	(303) Miscellaneous Intangible	\$0			\$0
4	Total Intangible Plant	<u>\$0</u>			<u>\$0</u>
	<u>DISTRIBUTION PLANT</u>				
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	(12,509,814)	3.13%	12,509,814	12,509,814
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	<u>(\$12,509,814)</u>		<u>\$12,509,814</u>	<u>\$12,509,814</u>
	<u>GENERAL PLANT</u>				
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		13.33%		
24	(392.2) Transportation Equipment				
25	(393) Stores Equipment		2.70%		
26	(394) Tools		5.30%		
27	(395) Laboratory Equipment		6.00%		
28	(396) Power Operated Equipment		6.25%		
29	(397) Communication Equipment - AMR		5.00%		
30	(397) Communication Equipment		6.25%		
31	(398) Miscellaneous Equipment		3.85%		
32	Total General Plant	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
33	Total Adjustment	<u>(\$12,509,814)</u>		<u>\$12,509,814</u>	<u>\$12,509,814</u>

MISSOURI GAS ENERGY
April 30, 2013
Working Capital

Line No.	Description (a)	Reference (b)	Amounts (c)
1	Materials and Supplies Inventory	E-1	\$3,737,739
2	Prepayments - Thirteen Month Average	E-2	1,072,155
3	Gas Inventory - Volumes and Price	E-3	42,726,588
4	Cash Working Capital	E-4	9,040,872
5	Prepaid Pension	E-5	<u>8,866,883</u>
6	Total Working Capital		<u><u>\$65,444,236</u></u>

MISSOURI GAS ENERGY
 Thirteen Months Ending April 30, 2013
Materials & Supplies

Line No.	Month (a)	Amount (b)
1	Apr-12	3,732,178
2	May-12	3,654,619
3	Jun-12	3,496,985
4	Jul-12	3,447,279
5	Aug-12	3,670,527
6	Sep-12	3,670,720
7	Oct-12	3,899,906
8	Nov-12	3,887,244
9	Dec-12	3,779,667
10	Jan-13	3,683,541
11	Feb-13	3,665,710
12	Mar-13	3,864,525
13	Apr-13	<u>4,137,709</u>
14	13 Month Total	<u><u>\$48,590,609</u></u>
15	13 Month Average	<u><u>\$3,737,739</u></u>

MISSOURI GAS ENERGY
 Thirteen Months Ending April 30, 2013
Prepayments

Line No.	Month (a)	Amount (b)
1	Apr-12	685,379
2	May-12	503,822
3	Jun-12	571,041
4	Jul-12	488,870
5	Aug-12	275,918
6	Sep-12	2,143,204
7	Oct-12	1,895,199
8	Nov-12	1,606,748
9	Dec-12	1,436,884
10	Jan-13	1,319,278
11	Feb-13	1,186,854
12	Mar-13	1,050,920
13	Apr-13	<u>773,895</u>
14	13 Month Total	<u><u>\$13,938,011</u></u>
15	13 Month Average	<u><u>\$1,072,155</u></u>

MISSOURI GAS ENERGY
 Thirteen Months Ending April 30, 2013
Gas Inventory

Line No.	Month	Dollars
	(a)	(b)
1	Apr-12	45,263,040
2	May-12	48,945,146
3	Jun-12	52,280,106
4	Jul-12	55,738,660
5	Aug-12	58,305,730
6	Sep-12	59,883,177
7	Oct-12	60,997,482
8	Nov-12	55,087,556
9	Dec-12	49,021,001
10	Jan-13	35,779,893
11	Feb-13	19,867,353
12	Mar-13	4,917,368
13	Apr-13	9,359,129
14	13 Month Average	<u><u>\$42,726,588</u></u>

Missouri Gas Energy
Test Year Ended April 30, 2013

Summary of Cash Working Capital

Line #	Description (A)	Reference (B)	Test Year Expenses (C)	Number of Payment (Lead) / Lag Days (D)	Weighted Dollar Days [2] * [3] (E)	Totals (F)
WORKING CAPITAL REQUIREMENT						
1	REVENUE LAG DAYS	Page 2				48.57
2	EXPENSE LAG DAYS	Page 3				
3	Payroll & FICA Expense	H-4, H-6	\$ 3,003,572	11.00	\$ 33,039,292	
4	Pension & Benefits	H-5	18,408,239	18.55	341,467,310	
5	Commodity Purchased	H-3	280,341,926	34.23	9,596,104,127	
6	Other Expenses	L 22 - L 3 to L 5	85,132,415	45.49	3,872,673,570	
7	Total	Sum (L 3 to L 5)	<u>\$ 386,886,152</u>		<u>\$ 13,843,284,299</u>	
8	O & M Expense Payment Lag Days	L7, C 4 / C 2				35.78
9	Net Revenue (Lead) Lag Days	L 1 - L 8				12.79
10	Operating Expenses Per Day	L 7, C 2 / 365				<u>\$ 1,059,962</u>
11	Working Capital for O & M Expense	L 9 * L 10				\$ 13,555,550
12	Interest Payments	Page 6				(482,314)
13	Preferred Dividend Payments	Page 7				0
14	Franchise (Gross Receipt) Tax	Page 8				(1,033,892)
15	Property Tax	Page 8				(4,021,559)
16	Federal & State Income Taxes	Page 9			269,292	269,292
17	Other Taxes	Page 9				753,795
18	Total Working Capital	Sum (L 11 to L 16)				<u>\$ 9,040,872</u>
19	Pro Forma O & M Expense		\$ 393,014,083			
	Less:					
20	Uncollectible Expense		6,127,931			
21	Other Non-Cash		-			
22	Sub-Total	Sum L18 to L20	<u>6,127,931</u>			
23	Pro Forma Cash O&M Expense	L 18 - L 21	<u>\$ 386,886,152</u>			

MISSOURI GAS ENERGY
Regulatory Assets
April 30, 2013

Line No.	Year Ended	Balance
	(a)	(b)
1	Prepaid Pension Assets	\$1,729,767
2	Energy Efficiency Program Unamortized Portion of Prepaid	<u>\$7,137,116</u>
3	Pension Assets	<u><u>\$8,866,883</u></u>

MISSOURI GAS ENERGY
Summary of Cost of Capital

Line No.	Description (a)	Ratio (b)	Cost Rate (c)	Composite Rate (d)
1	Long-Term Debt	48.450%	4.350%	2.108%
2	Short-Term Debt	0.000%	0.000%	0.000%
3	Preferred Stock	0.000%	0.000%	0.000%
4	Common Equity	<u>51.550%</u>	9.700%	<u>5.000%</u>
5	Total	<u><u>100.000%</u></u>		<u><u>7.108%</u></u>

MISSOURI GAS ENERGY
Twelve Months Ending April 30, 2013

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct. (a)	Description (b)	Test Year Per Book (c)	Total Adjustments (d)	Test Year As Adjusted (e)
OPERATING REVENUE					
1	480	Residential	\$357,097,848	(\$217,833,473)	\$139,264,374
2	481.1	Commercial	128,769,287	(89,756,609)	39,012,677
3	481.2	Industrial	5,086,735	(2,849,471)	2,237,264
4	483	Sales for Resale	0	0	0
5	487	Late Payment Charges	390,229	0	390,229
6	488	Miscellaneous Service Revenue	6,091,611	0	6,091,611
7	489	Transport	10,813,154	(171,595)	10,641,559
8	493	Rent From Property	0	0	0
9	495	Other Gas Revenue	4,777,755	(4,825,026)	(47,272)
10		Total Operating Revenue	<u>\$513,026,618</u>	<u>(\$315,436,175)</u>	<u>\$197,590,442</u>
OPERATING & MAINTENANCE EXPENSE					
Operation Expense					
11	805	Other Gas Purchases	\$280,341,926	(\$280,341,926)	\$0
12	807	Purchased Gas Expense	0	0	0
13	859	Other Joint Expense	0	0	0
14	870	Operation, Supervision and Engineering	806,940	(81,504)	725,436
15	871	Distribution and Load Dispatching	47,295	939	48,234
16	872	Compressor Station Labor and Expense	0	0	0
17	874	Mains and Service Expenses	2,818,042	8,918	2,826,960
18	875	Distributing Regulating Station Expenses	895,642	22,346	917,988
19	876	Measuring and Regulating - Station Expenses	0	0	0
20	877	Measuring and Regulating - Station Expenses	12,975	653	13,628
21	878	Meter and House Regulator Expenses	8,476,346	203,348	8,679,694
22	879	Customer Installation Expenses	3,357,919	89,902	3,447,821
23	880	Other Expenses	5,908,377	948,741	6,857,118
24	881	Rents	115,792	0	115,792
25		Total Operation Expense	<u>\$302,781,254</u>	<u>(\$279,148,583)</u>	<u>\$23,632,671</u>
Maintenance Expense					
26	885	Maintenance Supervision and Engineering	\$1,722,560	\$36,306	\$1,758,866
27	886	Maintenance of Structures and Improvements	122,763	2,128	124,891
28	887	Maintenance of Mains	13,949,940	258,428	14,208,368
29	889	Maint. of Measuring and Reg. Stat Equip - General	708,110	12,103	720,213
30	890	Maint. of Measuring and Regulating Equipment	292,151	3,885	296,036
31	891	Maint. of Measuring and Regulating Equipment	58,123	1,115	59,238
32	892	Maintenance of Services	1,434,005	30,192	1,464,197
33	893	Maintenance of Meters and House Regulators	358,580	10,416	368,996
34	894	Maintenance of Other Equipment	233,909	1,298	235,207
35		Total Maintenance Expenses	<u>\$18,880,141</u>	<u>\$355,871</u>	<u>\$19,236,012</u>
36		Total Distribution Expense	<u>\$321,661,395</u>	<u>(\$278,792,712)</u>	<u>\$42,868,683</u>
Customer Accounts Expense					
37	901	Supervision	\$263,265	(\$16,154)	\$247,111
38	902	Meter Reading Expense	989,735	29,079	1,018,814
39	903	Customer Records and Collection Expense	11,464,242	525,715	11,989,957
40	904	Uncollectible Accounts	1,529,205	4,372,730	5,901,935
41	905	Miscellaneous Customer Accounts Expense	41,441	(300)	41,141
42		Total Customer Accounts Expenses	<u>\$14,287,888</u>	<u>\$4,911,070</u>	<u>\$19,198,958</u>
Customer Service and Informational Expense					
43	907	Supervision	\$0	\$0	\$0
44	908	Customer Assistance	1,032,911	(499)	1,032,412
45	909	Informational and Instructional Advertising Exp.	149,542	0	149,542
46	910	Miscellaneous Customer Accounts Expense	0	0	0
47		Total Cust. Service and Information Exp.	<u>\$1,182,453</u>	<u>(\$499)</u>	<u>\$1,181,954</u>
Sales and Advertising Expense					
48	911	Supervision	\$0	\$0	\$0
49	912	Demonstrating and Selling Expenses	354,011	(493)	353,518

MISSOURI GAS ENERGY
 Twelve Months Ending April 30, 2013

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)
50	913	Advertising Expenses	68,957	0	68,957
51	916	Miscellaneous Sales Expenses	2,496	0	2,496
52		Total Sales and Advertising Expenses	<u>\$425,464</u>	<u>(\$493)</u>	<u>\$424,971</u>
Administrative and General Expense					
53	920	Administrative and General Salaries	\$9,024,638	(\$8,524)	\$9,016,114
54	921	Office Supplies and Expenses	8,603,241	(476,065)	8,127,176
55	922	Administrative Expenses Transferred	(386,310)	0	(386,310)
56	923	Outside Services Employed	3,824,988	(373,163)	3,451,825
57	924	Property Insurance	62,845	(62,845)	0
58	925	Injuries and Damages	2,241,592	3,089,016	5,330,608
59	926	Employee Pensions and Benefits	20,243,536	337,623	20,581,159
60	927	Franchise Requirements	0	0	0
61	928	Regulatory Commission Expense	2,110,864	(276,872)	1,833,992
62	930	Miscellaneous General Expenses	1,133,099	(317,232)	815,867
63	931	Rents	1,592,302	54,749	1,647,051
64	932	Maintenance of General Plant	1,842,943	46	1,842,989
65		Total Administration and General Expense	<u>\$50,293,738</u>	<u>\$1,966,732</u>	<u>\$52,260,470</u>
66		Total O & M Expense	<u>\$387,850,938</u>	<u>(\$271,915,902)</u>	<u>\$115,935,036</u>
67	403	Depreciation	28,272,333	1,445,488	29,717,821
68	404, 405	Amortization	1,650,963	1,953,937	3,604,900
69	431	Interest on Customer Deposits	309,345	(19,258)	290,087
70	408	Payroll Taxes	2,883,994	238,852	3,122,846
71	408	Property Taxes	8,682,789	1,597,257	10,280,046
72	408	Gross Receipts Tax	30,655,483	(30,655,483)	0
73	408	Other Taxes	244,489	0	244,489
74	408	Taxes Other Than Income	<u>\$42,466,755</u>	<u>(\$28,819,374)</u>	<u>\$13,647,381</u>
75		TOTAL EXPENSES	<u>\$460,550,334</u>	<u>(\$297,355,109)</u>	<u>\$163,195,225</u>
76		OPERATING INCOME BEFORE INCOME TAX	<u>\$52,476,284</u>	<u>(\$18,081,066)</u>	<u>\$34,395,218</u>
77	409,410	Income Taxes	\$15,571,423	(\$6,941,086)	\$8,630,337
78		NET OPERATING INCOME	<u>\$36,904,861</u>	<u>(\$11,139,980)</u>	<u>\$25,764,881</u>

MISSOURI GAS ENERGY
Twelve Months Ending April 30, 2013

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	
			Test Year Per Books	Adj. GL Rev to Test Year Margin	Normalize & Adj. Test Year Margin	Remove Purch. Cost and GR	Payroll Expense	Employee Benefits	Payroll Taxes	Insurance	Joint and Common Costs	Uncollectible Expense	Regulatory Commission Expense	Interest on Customer Deposits	Depreciation Expense	
OPERATING REVENUE																
1	460	Residential	\$357,097,848	(\$218,152,482)	\$319,019											
2	481.1	Commercial	128,769,287	(89,539,817)	(216,792)											
3	481.2	Industrial	5,066,735	(2,849,471)	0											
4	483	Sales for Resale	0	0	0											
5	487	Late Payment Charges	390,229													
6	488	Miscellaneous Service Revenue	6,091,511	(236,441)	64,846											
7	489	Transport	10,813,154	0	0											
8	493	Rent From Property	0	0	0											
9	495	Other Gas Revenue	4,777,755	(4,825,026)												
10		Total Operating Revenue	\$513,026,518	(\$315,603,249)	\$167,073											
OPERATING & MAINTENANCE EXPENSE																
Operation Expense																
11	805	Other Gas Purchases	\$280,341,926			(\$280,341,926)										
12	807	Purchased Gas Expense	0													
13	859	Other Joint Expense	0													
14	870	Operation, Supervision and Engineering	806,940				(81,504)									
15	871	Distribution and Load Dispatching	47,295				939									
16	872	Compressor Station Labor and Expense	0				0									
17	874	Mains and Service Expenses	2,818,042				8,918									
18	875	Distributing Regulating Station Expenses	695,642				22,346									
19	876	Measuring and Regulating - Station Expenses	0				0									
20	877	Measuring and Regulating - Station Expenses	12,975				653									
21	878	Meter and House Regulator Expenses	8,476,346				203,348									
22	879	Customer Installation Expenses	3,357,919				89,902									
23	880	Other Expenses	5,908,377				948,741									
24	881	Rents	115,792													
25		Total Operation Expense	\$302,761,254	\$0	\$0	(\$280,341,926)	\$1,193,343	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance Expense																
26	885	Maintenance Supervision and Engineering	\$1,722,560				\$36,306									
27	886	Maintenance of Structures and Improvements	422,763				2,128									
28	887	Maintenance of Mains	13,949,940				259,428									
29	889	Maint. of Measuring and Reg. Slat Equip - General	708,110				12,103									
30	890	Maint. of Measuring and Regulating Equipment	292,151				3,865									
31	891	Maint. of Measuring and Regulating Equipment	58,123				1,115									
32	892	Maintenance of Services	1,434,005				30,192									
33	893	Maintenance of Meters and House Regulators	358,580				10,416									
34	894	Maintenance of Other Equipment	233,909				1,299									
35		Total Maintenance Expense	\$18,880,141	\$0	\$0	\$0	\$355,871	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36		Total Distribution Expense	\$321,661,395	\$0	\$0	(\$280,341,926)	\$1,549,214	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Customer Accounts Expense																
37	901	Supervision	\$263,265				(\$16,154)									
38	902	Meter Reading Expense	989,735				29,079									
39	903	Customer Records and Collection Expense	11,464,242				525,715									
40	904	Uncollectible Accounts	1,529,205									4,372,730				
41	905	Miscellaneous Customer Accounts Expense	41,441				(300)									
42		Total Customer Accounts Expenses	\$14,287,688	\$0	\$0	\$0	\$538,340	\$0	\$0	\$0	\$0	\$4,372,730	\$0	\$0	\$0	\$0
Customer Service and Informational Expense																

MISSOURI GAS ENERGY
Twelve Months Ending April 30, 2013

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)
			Test Year Per Books	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	H-11 Interest on Customer Deposits	H-12 Depreciation Expense		
43	907	Supervision	\$0														
44	908	Customer Assistance	1,032,911				(499)										
45	909	International and Instructional Advertising Exp.	149,542														
46	910	Miscellaneous Customer Accounts Expense	0														
47		Total Cust. Service and Information Exp.	\$1,182,453	\$0	\$0	\$0	(\$499)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales and Advertising Expense																	
48	911	Supervision	\$0				\$0										
49	912	Demonstrating and Selling Expenses	354,011				(493)										
50	913	Advertising Expenses	68,957														
51	916	Miscellaneous Sales Expenses	2,495														
52		Total Sales and Advertising Expenses	\$425,464	\$0	\$0	\$0	(\$493)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative and General Expense																	
53	920	Administrative and General Expense	\$9,024,638				(\$8,524)										
54	921	Office Supplies and Expenses	8,603,241				(247)										
55	922	Administrative Expenses Transferred	(386,310)				0				(298,985)						
56	923	Outside Services Employed	3,824,988														
57	924	Property Insurance	62,845							(62,845)							
58	925	Injuries and Damages	2,241,592							3,089,403							
59	926	Employee Pensions and Benefits	20,243,536				(387)										
60	927	Franchise Requirements	0					337,623									
61	928	Regulatory Commission Expense	2,110,864										(276,972)				
62	930	Miscellaneous General Expenses	1,133,089														
63	931	Rents	1,592,302														
64	932	Maintenance of General Plant	1,842,943				46										
65		Total Administration and General Expense	\$50,293,738	\$0	\$0	\$0	(\$8,112)	\$337,623	\$0	\$3,026,558	(\$298,985)	\$0	(\$276,972)	\$0	\$0	\$0	\$0
66		Total O & M Expense	\$387,850,938	\$0	\$0	(\$280,341,926)	\$2,077,450	\$337,623	\$0	\$3,026,558	(\$298,985)	\$4,372,730	(\$276,972)	\$0	\$0	\$0	\$0
67	403	Depreciation	28,272,333														\$1,445,488
68	404, 405	Amortization	1,650,963														
69	431	Interest on Customer Deposits	309,345													(19,258)	
70	408	Payroll Taxes (1***)	2,883,994						238,852								
71	408	Property Taxes (2***)	8,682,789														
72	408	Gross Receipts Tax (3000 + 4000)	30,655,483			(30,655,483)											
73	408	Other Taxes (41**)	244,489														
74	408	Taxes Other Than Income	\$42,466,755	\$0	\$0	(\$50,655,483)	\$0	\$0	\$238,852	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
75		TOTAL EXPENSES	\$460,550,334	\$0	\$0	(\$310,997,409)	\$2,077,450	\$337,623	\$238,852	\$3,026,558	(\$298,985)	\$4,372,730	(\$276,972)	(\$18,258)	\$1,445,488		
76		OPERATING INCOME BEFORE INCOME TAX	\$52,476,284	(\$315,603,248)	\$167,073	\$310,997,409	(\$2,077,450)	(\$337,623)	(\$238,852)	(\$3,026,558)	\$298,985	(\$4,372,730)	\$276,972	\$19,258	(\$1,445,488)		
77	409,410	Income Taxes	15,571,423														
78		NET OPERATING INCOME	\$36,904,861	(\$315,603,248)	\$167,073	\$310,997,409	(\$2,077,450)	(\$337,623)	(\$238,852)	(\$3,026,558)	\$298,985	(\$4,372,730)	\$276,972	\$19,258	(\$1,445,488)		

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

MISSOURI GAS ENERGY
Twelve Months Ending April 30, 2013

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)	
			Test Year Per Books		Property Tax	Amortization Expense	Property Tax	Broadyway Rent	Other Expense	Weather & Conservation	Income Tax Adjustment	Total Adjustments	Test Year As Adjusted													
OPERATING REVENUE																										
1	480	Residential	\$357,097,848		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$217,853,473)	\$139,264,374													
2	481.1	Commercial	128,769,287		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(89,796,609)	39,012,677													
3	481.2	Industrial	5,086,735		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(2,849,471)	2,237,264													
4	483	Sales for Resale	0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0													
5	487	Late Payment Charges	390,229		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	390,229													
6	488	Miscellaneous Service Revenue	6,091,611		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	6,091,611													
7	489	Transport	10,813,154		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(171,595)	10,641,559													
8	493	Rent From Property	0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0													
9	495	Other Gas Revenue	4,777,755		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(4,825,026)	(47,272)													
10		Total Operating Revenue	\$513,026,618		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$515,436,175)	\$197,560,442													
OPERATING & MAINTENANCE EXPENSE																										
Operation Expense																										
11	805	Other Gas Purchases	\$280,341,926		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$280,341,926)	\$0													
12	807	Purchased Gas Expense	0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0													
13	859	Other Joint Expense	0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0													
14	870	Operation, Supervision and Engineering	806,940		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(81,504)	725,436													
15	871	Distribution and Load Dispatching	47,295		\$0	\$0	\$0	\$0	\$0	\$0	\$0	939	48,234													
16	872	Compressor Station Labor and Expense	0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0													
17	874	Mains and Service Expenses	2,818,042		\$0	\$0	\$0	\$0	\$0	\$0	\$0	8,918	2,826,960													
18	875	Distributing Regulating Station Expenses	895,642		\$0	\$0	\$0	\$0	\$0	\$0	\$0	22,346	917,988													
19	876	Measuring and Regulating - Station Expenses	0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0													
20	877	Measuring and Regulating - Station Expenses	12,975		\$0	\$0	\$0	\$0	\$0	\$0	\$0	653	13,628													
21	878	Meter and House Regulator Expenses	8,476,346		\$0	\$0	\$0	\$0	\$0	\$0	\$0	203,348	8,679,694													
22	879	Customer Installation Expenses	3,357,919		\$0	\$0	\$0	\$0	\$0	\$0	\$0	89,902	3,447,821													
23	880	Other Expenses	5,908,377		\$0	\$0	\$0	\$0	\$0	\$0	\$0	948,741	6,857,118													
24	881	Rents	115,792		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	115,792													
25		Total Operation Expense	\$302,781,254		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$279,148,583)	\$23,632,671													
Maintenance Expense																										
26	885	Maintenance Supervision and Engineering	\$1,722,560		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,306	\$1,758,866													
27	886	Maintenance of Structures and Improvements	122,763		\$0	\$0	\$0	\$0	\$0	\$0	\$0	2,128	124,891													
28	887	Maintenance of Mains	13,949,940		\$0	\$0	\$0	\$0	\$0	\$0	\$0	299,428	14,206,368													
29	889	Maint. of Measuring and Reg. Slat Equip - General	708,110		\$0	\$0	\$0	\$0	\$0	\$0	\$0	12,103	720,213													
30	890	Maint. of Measuring and Regulating Equipment	292,151		\$0	\$0	\$0	\$0	\$0	\$0	\$0	3,885	296,036													
31	891	Maint. of Measuring and Regulating Equipment	58,123		\$0	\$0	\$0	\$0	\$0	\$0	\$0	1,115	59,238													
32	892	Maintenance of Services	1,434,005		\$0	\$0	\$0	\$0	\$0	\$0	\$0	30,192	1,464,197													
33	893	Maintenance of Meters and House Regulators	358,580		\$0	\$0	\$0	\$0	\$0	\$0	\$0	10,416	368,996													
34	894	Maintenance of Other Equipment	233,909		\$0	\$0	\$0	\$0	\$0	\$0	\$0	1,288	235,207													
35		Total Maintenance Expenses	\$18,880,141		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$355,871	\$19,236,012													
36		Total Distribution Expense	\$321,661,395		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$278,792,712)	\$42,868,683													
Customer Accounts Expense																										
37	901	Supervision	\$263,265		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$16,154)	\$247,111													
38	902	Meter Reading Expense	889,735		\$0	\$0	\$0	\$0	\$0	\$0	\$0	29,079	1,018,814													
39	903	Customer Records and Collection Expense	11,484,242		\$0	\$0	\$0	\$0	\$0	\$0	\$0	525,715	11,989,957													
40	904	Uncollectible Accounts	1,529,205		\$0	\$0	\$0	\$0	\$0	\$0	\$0	4,372,730	5,901,935													
41	905	Miscellaneous Customer Accounts Expense	41,441		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(300)	41,141													
42		Total Customer Accounts Expenses	\$14,287,888		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,911,070	\$19,198,958													
Customer Service and Informational Expense																										

MISSOURI GAS ENERGY
 Twelve Months Ending April 30, 2013

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	(c)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)
			Test Year Per Books	Amortization Expense	Property Tax	Broadway Rent	Other Expense	Weather & Conservation	Income Tax Adjustment	Total Adjustments	Test Year As Adjusted
(a)	(b)	(b)	(c)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)
43	907	Supervision	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44	908	Customer Assistance	1,032,911						(493)	(493)	1,032,412
45	909	Informational and Instructional Advertising Exp.	149,542					0	0	0	149,542
46	910	Miscellaneous Customer Accounts Expense	0						0	0	0
47		Total Cust. Service and Information Exp.	\$1,182,453	\$0	\$0	\$0	\$0	\$0	\$0	(\$493)	\$1,181,954
Sales and Advertising Expense											
48	911	Supervision	\$0						\$0	\$0	\$0
49	912	Demonstrating and Selling Expenses	354,011						(493)	(493)	353,518
50	913	Advertising Expenses	68,957						0	0	68,957
51	916	Miscellaneous Sales Expenses	2,496						0	0	2,496
52		Total Sales and Advertising Expenses	\$425,464	\$0	\$0	\$0	\$0	\$0	\$0	(\$493)	\$424,971
Administrative and General Expense											
53	920	Administrative and General Salaries	\$9,024,638						(\$8,524)	(\$8,524)	\$9,016,114
54	921	Office Supplies and Expenses	8,603,241				(475,818)		(475,065)	(475,065)	8,127,176
55	922	Administrative Expenses Transferred	(386,310)						0	0	(386,310)
56	923	Outside Services Employed	3,824,988				(74,178)		(373,163)	(373,163)	3,451,825
57	924	Property Insurance	62,845						(62,845)	(62,845)	0
58	925	Injuries and Damages	2,241,592						3,089,016	3,089,016	5,330,608
59	926	Employee Pensions and Benefits	20,243,536						337,623	337,623	20,581,159
60	927	Franchise Requirements	0						0	0	0
61	928	Regulatory Commission Expense	2,110,864						(276,872)	(276,872)	1,833,992
62	930	Miscellaneous General Expenses	1,133,099				(317,232)		(317,232)	(317,232)	815,867
63	931	Rents	1,592,302		54,749				54,749	54,749	1,647,051
64	932	Maintenance of General Plant	1,842,943		0				0	0	1,842,943
65		Total Administration and General Expense	\$50,293,738	\$0	\$54,749	(\$867,228)	(\$0)	\$0	\$1,966,732	\$52,260,470	
66		Total O & M Expense	\$387,850,938	\$0	\$54,749	(\$867,228)	\$0	\$0	(\$271,915,902)	\$115,935,036	
67	403	Depreciation	28,272,333						\$1,445,488	\$1,445,488	\$29,717,821
68	404, 405	Amortization	1,650,963	1,953,937					1,953,937	1,953,937	\$3,604,900
69	431	Interest on Customer Deposits	309,345						(19,258)	(19,258)	290,087
70	408	Payroll Taxes (1****)	2,883,994						238,852	238,852	3,122,846
71	408	Property Taxes (2****)	8,882,789	1,597,257					1,597,257	1,597,257	10,280,046
72	408	Gross Receipts Tax (3300 + 4000)	30,655,483						(30,655,483)	(30,655,483)	0
73	408	Other Taxes (41****)	244,489						0	0	244,489
74	408	Taxes Other Than Income	\$42,466,755	\$0	\$1,597,257	\$0	\$0	\$0	(\$28,819,374)	\$13,647,381	\$56,083,688
75		TOTAL EXPENSES	\$460,650,334	\$1,953,937	\$1,597,257	\$54,749	(\$867,228)	\$0	\$0	(\$297,355,109)	\$163,195,225
76		OPERATING INCOME BEFORE INCOME TAX	\$52,476,284	(\$1,953,937)	(\$1,597,257)	(\$54,749)	\$867,228	\$0	\$0	(\$18,081,056)	\$34,395,218
77	405,410	Income Taxes	15,571,423						(6,941,086)	(6,941,086)	8,630,337
78		NET OPERATING INCOME	\$36,904,861	(\$1,953,937)	(\$1,597,257)	(\$54,749)	\$867,228	\$0	\$6,941,086	(\$11,139,980)	\$25,764,881

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

MISSOURI GAS ENERGY
 Twelve Months Ending April 30, 2013

Test Year Margin Revenue

Line	Description	Main Account/Revenue Class					
		481.2	483,489				
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)
480			481.1				
21			22 & 23	25	28, 38	487,488,493,495	Total
1	Total Revenue per Book	357,097,848	128,769,287	5,086,735	10,813,154	11,259,594	513,026,618
2	Less: GRT Revenue, Unbilled Revenue, PGA Revenue, and Miscellaneous Adjustments	(218,152,492)	(89,539,817)	(2,849,471)	(236,441)	(4,825,026)	(315,603,248)
3	Test Year Margin	138,945,355	39,229,469	2,237,264	10,576,713	6,434,568	197,423,369

MISSOURI GAS ENERGY
Twelve Months Ending April 30, 2013

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	\$138,945,355	\$39,229,469	\$2,237,264	\$10,576,713	\$6,434,568	\$197,423,369
3	Rate Switching Adjustments		(\$20,808)		\$4,271		(16,537)
5	Weather Normalize	0	377,529	0	60,575	0	438,104
6	Customer Growth Annualization	319,019	(573,513)	0	0	0	(254,494)
7	Total Adjustments	319,019	(216,792)	0	64,846	0	167,073
8	As Adjusted Test Year Margin	\$139,264,374	\$39,012,677	\$2,237,264	\$10,641,559	\$6,434,568	\$197,590,442

MISSOURI GAS ENERGY
Twelve Months Ending April 30, 2013

Remove Purchase Gas Costs and Gross Receipts Tax

Line No.	Description (a)	Amount (b)
1	Purchase Gas Costs (Acct. 805)	(\$280,341,926)
2	Gross Receipts Tax (Acct. 4081)	(30,655,483)
3	Total Adjustment	<u>(\$280,341,926)</u>

MISSOURI GAS ENERGY
 Twelve Months Ending April 30, 2013

Payroll Adjustment

Line No.	Main Acct.	Proforma Payroll Expense	Payroll Expense Per Book	Adjustment to Test Year
	(a)	(b)	(c)	(d)
1	870	\$711,342	\$792,846	(\$81,504)
2	871	\$36,001	35,062	939
3	872	\$0	0	0
4	874	\$235,430	226,512	8,918
5	875	\$638,680	616,334	22,346
6	876	\$0	0	0
7	877	\$10,000	9,347	653
8	878	\$6,599,640	6,396,292	203,348
9	879	\$2,756,821	2,666,919	89,902
10	880	\$4,248,501	3,299,760	948,741
11	885	\$1,755,883	1,719,577	36,306
12	886	\$81,762	79,634	2,128
13	887	\$7,892,916	7,634,488	258,428
14	889	\$485,705	473,602	12,103
15	890	\$206,021	202,136	3,885.00
16	891	\$33,326	32,211	1,115
17	892	\$929,883	899,691	30,192
18	893	\$263,063	252,647	10,416
19	894	\$25,657	24,359	1,298
20	901	\$247,110	263,264	(16,154)
21	902	\$777,968	748,889	29,079
22	903	\$6,662,377	6,136,662	525,715
23	905	\$0	300	(300)
24	908	\$282,412	282,911	(499)
25	911	\$0	0	0
26	912	\$326,823	327,316	(493)
27	920	\$6,034,807	6,043,331	(8,524)
28	921	\$5,162	5,409	(247)
29	923	\$0	0	0
30	925	\$1,006	1,393	(387)
31	932	\$0	0	0
	ADJ			46
32	Total	\$41,248,296	\$39,170,892	\$2,077,450

MISSOURI GAS ENERGY
 Twelve Months Ending April 30, 2013

Employee Benefits

Line No.	Description (a)	Amount (b)	Amount (c)
1	Pension	\$10,464,351	
2	Retirement Power	497,713	
3	Life & AD&D Insurance	94,278	
4	Long Term Disability Insurance	180,085	
5	Medical / Dental Benefit	7,805,680	
6	FAS 106 - Accrual	0	
7	FAS 106 - Amortization of	0	
8	401K	1,647,003	
9	Other Misc Benefits	39,866	
10	Total Proforma Benefits	\$20,728,976	
11	Payroll Expense Ratio	<u>0.8897550</u>	
12		<u>18,443,710</u>	
13	Add amortization of prepaid pensions	<u>2,137,449</u>	
14	Proforma Benefits Expense	<u>\$20,581,159</u>	
15	Less Test Year Benefits Expense	<u>(\$20,243,536)</u>	
16	Adjustment to Test Year Expense - Acct. 926		<u><u>\$337,623</u></u>

MISSOURI GAS ENERGY
Twelve Months Ending April 30, 2013

Payroll Taxes

Line No.	Description (a)	Amount (b)
1	Total Proforma Payroll Taxes	\$3,313,775
2	Payroll Taxes on Incentive Compensation and Bonuses	<u>196,007</u>
3	Total Proforma Payroll Taxes	\$3,509,782
4	Payroll Expense Ratio	0.889755
5	Proforma Payroll Tax Expense	<u>\$3,122,846</u>
6	Less Test Year Payroll Tax Expense	<u>(2,883,994)</u>
7	Adjustment to Test Year Expense - Acct. 4081	<u><u>\$238,852</u></u>

MISSOURI GAS ENERGY

Twelve Months Ending April 30, 2013

Insurance / Injuries & Damages

Line No.	Description (a)	Twelve Months Ending April 30,		3 Year Avg. (e)	925 Amount (f)	924 Amount (g)	Total Amount (h)
		2011 (b)	2012 (c)				
MGE Claims:							
1	Workers Compensation claims paid	\$1,050,879	\$980,223	\$1,175,848	\$1,068,983		
2	Auto & General Liability	95,780	557,244	285,816	312,947		
3	Total Proforma Claims	<u>\$1,146,659</u>	<u>\$1,537,467</u>	<u>\$1,461,665</u>	<u>\$1,381,930</u>		\$1,381,930
4	Other costs not related to claims or premiums				\$105,220		0
5	Insurance Premiums - 924					0	
6	Insurance Premiums - 925				4,504,381		4,504,381
7	Total Proforma Insurance Cost				\$5,991,531	\$0	\$5,886,311
8	Test Year Payroll Expense Ratio				0.889755	1.000000	
9	Proforma Insurance Expense				\$5,330,995	\$0	\$5,330,995
10	Less Test Year Insurance Expense				(2,241,592)	(62,845)	(2,304,437)
11	Adjustment to Test Year - Accts. 924 and 925				<u>\$3,089,403</u>	<u>(\$62,845)</u>	<u>\$3,026,558</u>

MISSOURI GAS ENERGY
Twelve Months Ending April 30, 2013

Corporate Allocation

Line No.	Description (a)	Amount (b)
1	Proforma Joint and Common Costs	\$5,554,754
2	Expense Capital Ratio	<u>71.6033%</u>
3	Proforma Joint and Common Expense	<u>\$3,977,390</u>
4	Less Test Year Expense Recorded on MGE's Books	<u>4,276,375</u>
5	Adjustment to Test Year - Acct. 923	<u><u>(\$298,985)</u></u>

MISSOURI GAS ENERGY
Twelve Months Ending April 30, 2013

Uncollectible Expense

Line No.	Description (a)	Amount (b)	Amount (c)
1	Twelve Months Ended April 30, 2011	8,047,663	
2	Twelve Months Ended April 30, 2012	7,523,618	
3	Twelve Months Ended April 30, 2013	<u>2,134,523</u>	
4	Four Year Average		\$5,901,935
5	Less Test Year Uncollectible Expense		(1,529,205)
6	Adjustment to Test Year - Acct. 904		<u><u>\$4,372,730</u></u>

MISSOURI GAS ENERGY
 Twelve Months Ending April 30, 2013

Regulatory Commission Expense

Line No.	Description (a)	Amount (b)	Amount (c)
1	Estimate of current rate case expense	<u>\$500,000</u>	
2	Annual Amortization (2 years)		\$250,000
3	Normalized level of expense for depreciation study		\$9,000
4	Proforma NARUC Assessment - fiscal 7/1/04-6/30/05		5,018
5	Other Regulatory Commission Expenses		215,804
6	Proforma MPSC Assessment - fiscal 7/1/13 - 6/30/14		<u>1,354,170</u>
7	Total Proforma Regulatory Commission Expense		\$1,833,992
8	Less Test Year Regulatory Commission Expense		(2,110,864)
9	Adjustment to Test Year - Acct. 928		<u><u>(\$276,872)</u></u>

MISSOURI GAS ENERGY
 Twelve Months Ending April 30, 2013

Interest on Customer Deposits

Line No.	Description (a)	Reference (b)	Residential (c)	Commercial & Industrial (d)	Amount (e)
1	Customer Deposits	B-2	\$3,956,571	\$4,064,435	\$8,021,006
2	Interest Rate		4.25%	3.00%	3.62%
3	Proforma Interest on Customer Deposits		\$168,154	\$121,933	\$290,087
4	Less Test Year Interest on Customer Deposits				(309,345)
5	Adjustment to Test Year - Acct. 431				(\$19,258)

MISSOURI GAS ENERGY
 Twelve Months Ending April 30, 2013

Depreciation Expense

Line No.	Description (a)	Amount (b)	Current Depreciation Rate (c)	Annualized Depreciation (d)	Proposed Rate (e)	Proforma Depreciation Expense (f)
INTANGIBLE PLANT						
1	(301) Organization	\$15,600	0.00%	\$0	0.00%	\$0
2	(302) Franchises	13,823	0.00%	0	0.00%	0
3	(303) Miscellaneous Intangible	33,483,259	(see adj. H-13)	0	(see adj. H-13)	0
4	Total Intangible Plant	<u>\$33,512,682</u>		<u>\$0</u>		<u>\$0</u>
DISTRIBUTION PLANT						
5	(374.1) Land	\$139,604	0.00%	\$0	0.00%	\$0
6	(374.2) Land Rights	2,510,537	2.09%	52,470	2.09%	52,470
7	(375.1) Structures	11,763,359	1.49%	175,274	1.49%	175,274
8	(375.2) Leasehold Improvements	0	(see adj. H-13)	0	(see adj. H-13)	0
9	(376) Mains & Mains - Cast Iron	444,908,993	2.16%	9,610,034	2.16%	9,610,034
10	(378) Meas. & Reg. Station - General	13,259,477	2.86%	379,221	2.86%	379,221
11	(379) Meas. & Reg. Station - City Gate	5,686,258	2.13%	121,117	2.13%	121,117
12	(380) Services	341,653,257	3.13%	10,693,747	3.13%	10,693,747
13	(381) Meters	35,779,962	2.89%	1,034,041	2.89%	1,034,041
14	(382) Meter Installations	85,228,867	2.86%	2,437,546	2.86%	2,437,546
15	(383) House Regulators	14,785,302	2.44%	360,761	2.44%	360,761
16	(385) Electronic Gas Metering	463,694	3.33%	15,441	3.33%	15,441
17	(387) Other Equipment	0	4.60%	0	6.25%	0
18	Total Distribution Plant	<u>\$956,179,310</u>		<u>\$24,879,652</u>		<u>\$24,879,652</u>
GENERAL PLANT - DIRECT						
19	(389) Land	\$1,058,065	0.00%	\$0	0.00%	\$0
20	(390.1) Structures	758,120	2.00%	15,162	2.00%	15,162
21	(390.2) Leasehold Impr.	2,133,122	(see adj. H-13)	0	(see adj. H-13)	0
22	(391) Furniture & Fixtures	9,726,291	8.06%	783,939	8.06%	783,939
23	(392.1) Transportation Eq - Cars and Small Trucks	5,918,869	13.33%	788,985	13.33%	788,985
24	(392.2) Transportation Eq - Heavy Trucks	7,729,035	7.83%	605,183	7.83%	605,183
25	(393) Stores Equipment	664,474	2.70%	17,941	2.70%	17,941
26	(394) Tools	7,418,201	5.30%	393,165	5.30%	393,165
27	(395) Laboratory Equipment	0	6.00%	0	6.00%	0
28	(396) Power Operated Equipment	1,734,943	6.25%	108,434	6.25%	108,434
29	(397.1) Communication Equipment - AMR	36,064,104	5.00%	1,803,205	5.00%	1,803,205
30	(397.0) Communication Equipment - Other	4,657,752	6.25%	291,110	6.25%	291,110
31	(398) Miscellaneous Equipment	806,362	3.85%	31,045	3.85%	31,045
32	Total Direct General Plant	<u>\$78,669,338</u>		<u>\$4,838,169</u>		<u>\$4,838,169</u>
GENERAL PLANT - CORPORATE						
33	(390) Structures	\$0		\$0		\$0
34	(390) Leasehold Impr.	\$0	2.50%	0	2.50%	0
35	(391) Furniture & Fixtures	\$0	11.69%	0	11.69%	0
36	(392) Transportation Equipment	0	"	0		0
37	(397) Communication Equipment	0		0		0
38	(398) Miscellaneous Equipment	0		0		0
39	Total Corporate General Plant	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
40	Total Proforma Plant & Depreciation	<u>\$1,068,361,330</u>		<u>\$29,717,821</u>		<u>\$29,717,821</u>
42	Less Test Year Depreciation Expense					<u>(\$28,272,333)</u>
43	Adjustment to Test Year - Acct. 403					<u>\$1,445,488</u>

MISSOURI GAS ENERGY
Twelve Months Ending April 30, 2013

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	<u>2,133,122</u>	<u>17,542</u>	<u>210,499</u>
3	Sub Total	<u>\$2,133,122</u>	<u>\$17,542</u>	<u>\$210,499</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
	(303) Misc. Intangible - Autonomy eTalk-Contact Center	160,132 x	1,371	16,457
6	(303) Misc. Intangible - Corrosion Control Mgmt System (4000)	736,255 x	0	0
7	(303) Misc. Intangible - Landbase Digitized Mapping (4500)	0 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	0	0
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)	8,151,179 x	0	0
14	(303) Misc. Intangible - Mainframe Software (7200)	4,425,619 x	20,941	251,298
15	(303) Misc. Intangible - Website (7600)	485,944 x	0	0
16	(303) Misc. Intangible - Stoner Low Pressure/Intermediate Model (8000)	279,672 x	0	0
	(303) Misc. Intangible - MGE Microsoft Enterprise	299,678 x	8,397	100,765
	(303) Misc. Intangible - MGE Website Enhancements	773,929 x	6,449	77,393
17	(303) Misc. Intangible - BASIC (8500)	294,516 x	0	0
18	(303) Misc. Intangible - TCS System (9000)	189,193 x	0	0
19	(303) Misc. Intangible - GEO Tax Software (9500)	79,294 x	0	0
20	(303) Misc. Intangible - Oracle Software	2,802,738 x	29,652	355,828
21	(303) Misc. Intangible - Power Plant Software	238,070 x	2,341	28,095
22	(303) Misc. Intangible - Virtual Hold Call Center	231,130 x	2,570	30,842
	(303) Misc. Intangible - TOA Work Force Automation	1,653,121 x	13,776	165,312
	(303) Misc. Intangible - TOPO GIS Mapping	1,440,329 x	12,003	144,033
23	(303) Misc. Intangible - Witness Software (9600)	0 x	0	0
24	Sub Total - Acct. 303	<u>\$33,483,259</u>	<u>\$122,195</u>	<u>\$1,466,347</u>
<u>Deferred Energy Efficiency Costs</u>			<u>Mo Amort Amt</u>	
27	Deferred Energy Efficiency Cost Balance	<u>\$7,370,096</u>	<u>61,417</u>	<u>\$737,010</u>
<u>Kansas Property Tax</u>			<u>Mo Amort Amt</u>	
	Deferred Energy Efficiency Cost Balance	<u>\$7,007,716</u>	<u>116,795</u>	<u>\$1,401,543</u>
29	Pro-Forma Amortization Expense			\$3,604,900
30	Less Test Year Amortization Expense			(1,650,963)
31	Adjustment to Test Year - Accts. 404 and 405			<u>\$1,953,937</u>

MISSOURI GAS ENERGY
 Twelve Months Ending April 30, 2013

Property Tax Expense

Line No.	Description (a)	Reference (b)	Amount (c)
	Proforma Total Plant in Service excluding Corporate		
1	Allocated Plant	C	\$1,080,871,144
2	Less Intangible Plant	C	<u>(33,512,682)</u>
3	Proforma Plant, excluding Intangible Plant		\$1,047,358,462
4	Property tax rate		<u>0.83105%</u>
5	Proforma Missouri Property Tax Expense		\$8,704,046
6	Oklahoma Property Tax Expense		100,270
7	Estimated Kansas Property Tax Expense		1,576,000
8	Less Test Year Property Tax Expense		<u>8,682,789</u>
9	Adjustment to Test Year - Acct. 4081		<u><u>\$1,597,257</u></u>

MISSOURI GAS ENERGY
Twelve Months Ending April 30, 2013

Broadway Rent Expense Offsets

Line No.	Description (a)	Amount (b)
	OFFICE LEASE	
1	Proforma Broadway rent offset from Tenants (\$9,095.68 per month)	(\$109,148)
2	Broadway Rent offsets received during the test period	<u>(163,897)</u>
3	Increase in Rent	<u><u>\$54,749</u></u>

MISSOURI GAS ENERGY
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Other Expense Adjustments

Line No.	Description (a)	Acct	Total (b)
1	Eliminate Lobbying Expense	923	(\$74,178)
2	Eliminate Corporate Royalty and Management Fees	921	(\$475,818)

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Weatherization & Conservation

Line No.	Description (a)	Amount (b)
1	Weatherization Program	\$750,000
4	Per Books	<u>750,000</u>
5	Adjustment	<u><u>\$0</u></u>