

MISSOURI GAS ENERGY
A Division of Southern Union Company

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MISSOURI GAS ENERGY
A Division of Southern Union Company
December 31, 2008
Revenue Deficiency

Line No.	Description (a)	Ref. (b)	Required Return (c)	Earnings Deficiency (d)	Net Revenue Deficiency (e)
1	Rate Base	B	\$604,954,779		
2	Rate of Return	F	<u>8.434%</u>		
3	Required Return		<u>\$51,021,886</u>	\$51,021,886	
4	Adjusted Test Year Net Operating Income	A-1		<u>31,049,354</u>	
5	Earnings Deficiency			<u>\$19,972,532</u>	\$19,972,532
6	Multiply by Income Tax Gross-up Factor				<u>1.62308</u>
7	Net Revenue Deficiency				<u>\$32,416,997</u>
8	GR-2006-0422 Revenue Increase				<u><u>\$27,206,968</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
December 31, 2008
Summary of Net Operating Income
Per Books and Adjusted

Line No.	Description	Per Books	Adjustments	As Adjusted
	(a)	(b)	(c)	(d)
<u>REVENUES</u>				
1	Operating Base Revenues	\$732,145,245	(\$550,071,147)	\$182,074,097
2	Other Utility Revenues	6,456,128		6,456,128
3	Total Operating Revenues	<u>\$738,601,373</u>	<u>(\$550,071,147)</u>	<u>\$188,530,226</u>
<u>OPERATING EXPENSES</u>				
4	Distribution Expense	\$529,514,357	(\$501,604,126)	\$27,910,231
5	Customer Accounts Expense	21,173,183	2,605,624	23,778,807
6	Customer Service and Information Expense	1,183,469	3,374	1,186,843
7	Sales Expense	1,028,158	5,263	1,033,421
8	Administrative and General Expense	51,904,046	1,375,237	53,279,283
9	Total Operating and Maintenance Expenses	<u>\$604,803,213</u>	<u>(\$497,614,628)</u>	<u>\$107,188,585</u>
10	Depreciation & Amortization Expense	\$26,971,271	\$3,405,748	\$30,377,019
11	Interest on Customer Deposits	161,519	(14,944)	146,575
12	Taxes Other Than Income	53,762,684	(41,903,995)	11,858,689
13	Total Operating Expenses	<u>\$685,698,687</u>	<u>(\$536,127,818)</u>	<u>\$149,570,869</u>
14	Operating Income Before Income Tax	\$52,902,686	(\$13,943,329)	\$38,959,357
15	Less: Income Tax Expense	22,022,840	(14,112,837)	7,910,003
16	Net Operating Income	<u>\$30,879,846</u>	<u>\$169,508</u>	<u>\$31,049,354</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
December 31, 2008
Income Tax

Line No.	Description (a)	Reference (b)	Per Books (c)	As Adjusted (d)
1	Total Operating Revenues	A-1	\$738,601,373	\$188,530,226
2	Total Operating Expenses	A-1	<u>(685,698,687)</u>	<u>(149,570,869)</u>
3	Net Operating Income	A-1	<u>\$52,902,686</u>	<u>\$38,959,357</u>
4	Equity Portion of SLRP Deferrals		\$518,965	\$0
5	Less: Interest on Long Term Debt		<u>(21,074,636)</u>	<u>(18,354,328)</u>
6	Total Tax Adjustments		<u>(\$20,555,671)</u>	<u>(\$18,354,328)</u>
7	Net Taxable Income		<u>\$32,347,015</u>	<u>\$20,605,029</u>
8	Income Tax		<u>\$12,417,599</u>	<u>\$7,910,003</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
December 31, 2008
Rate Base

Line No.	Description (a)	Reference (b)	Amount (c)
1	Intangible Plant	C	\$29,991,344
2	Distribution Plant	C	840,012,483
3	General Plant	C	75,753,292
4	Gross Plant In Service		<u>\$945,757,118</u>
5	Accumulated Depreciation & Amortization	D	<u>(351,765,909)</u>
6	Net Plant in Service		\$593,991,209
7	Working Capital	E	120,128,442
8	Net Cost of Removal Balance		552,665
9	Customer Deposits	B-2	(4,559,511)
10	Customer Advances - Thirteen Month Average	B-3	(13,393,902)
11	Deferred Income Taxes - SLRP	B-1	(1,278,767)
12	Deferred Income Taxes - Other (Net of AMT)	B-4	<u>(90,485,357)</u>
13	Total Rate Base		<u><u>\$604,954,779</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
SLRP Deferrals and Deferred Taxes
December 31, 2008

Line No.	Description	Gross Deferral	Accumulated Amortization	Amount
	(a)	(b)	(c)	(d)
<u>SLRP Deferrals</u>				
1	Order GO-92-185 (Deferred Balance @ 5/31/98)	\$0	(0)	\$0
2	Order GO-94-234 (Deferred Balance @ 5/31/98)	0	(0)	0
3	Order GO-97-301 (Deferred Balance @ 5/31/98)	0	0	(0)
4	Order GR-98-140	9,182,136	6,810,084	2,372,052
5	Order GR-2001-282	1,629,639	692,596	937,043
6	Total SLRP Deferrals	<u>\$10,811,775</u>	<u>\$7,502,680</u>	<u>\$3,309,095</u>
7	Annual Amortization	<u>\$1,081,178</u>		
<u>SLRP Deferred Taxes</u>				
8	Order GO-92-185			0
9	Order GO-94-234			0
10	Order GO-97-301			0
11	Order GR-98-140			(916,656)
12	Order GR-2001-292			(362,111)
13	Total SLRP Deferred Taxes			<u>(\$1,278,767)</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending December 31, 2008

Customer Deposits

Line No.	Month	Commercial & Industrial		Total Amount
		Residential Amount	Amount	
	(a)	(b)	(c)	(d)
1	Dec-07	(806,071)	(3,631,820)	(4,437,891)
2	Jan-08	(862,763)	(3,679,011)	(4,541,774)
3	Feb-08	(859,856)	(3,744,583)	(4,604,439)
4	Mar-08	(899,515)	(3,752,727)	(4,652,241)
5	Apr-08	(799,345)	(3,795,560)	(4,594,905)
6	May-08	(779,288)	(3,778,542)	(4,557,831)
7	Jun-08	(754,253)	(3,771,453)	(4,525,705)
8	Jul-08	(743,377)	(3,796,964)	(4,540,341)
9	Aug-08	(738,566)	(3,808,411)	(4,546,977)
10	Sep-08	(731,797)	(3,813,742)	(4,545,538)
11	Oct-08	(737,517)	(3,827,786)	(4,565,303)
12	Nov-08	(731,427)	(3,827,032)	(4,558,459)
13	Dec-08	<u>(737,672.63)</u>	<u>(3,864,570)</u>	<u>(4,602,243)</u>
14	13 Month Total	<u>(\$10,181,446)</u>	<u>(\$49,092,201)</u>	<u>(\$59,273,648)</u>
15	13 Month Average	<u>(\$783,188)</u>	<u>(\$3,776,323)</u>	<u>(\$4,559,511)</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending December 31, 2008

Customer Advances

Line No.	Month	Amount
	(a)	(b)
1	Dec-07	(14,415,451)
2	Jan-08	(14,329,489)
3	Feb-08	(14,170,145)
4	Mar-08	(13,776,562)
5	Apr-08	(13,633,849)
6	May-08	(13,354,019)
7	Jun-08	(13,285,504)
8	Jul-08	(13,053,857)
9	Aug-08	(12,953,206)
10	Sep-08	(12,963,050)
11	Oct-08	(12,828,284)
12	Nov-08	(12,740,058)
13	Dec-08	<u>(12,617,246)</u>
14	13 Month Total	<u><u>(\$174,120,721)</u></u>
15	13 Month Average	<u><u>(\$13,393,902)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
December 31, 2008

Deferred Taxes (Other than SLRP)

Line No.	Description	Amount
	(a)	(b)
1	Deferred Taxes, MGE Direct Plant as of 12/31/08	(\$90,453,253)
2	Deferred Taxes, Corporate Plant	<u>(32,104)</u>
3	Total Accumulated Deferred Income Taxes (Other than SLRP)	<u><u>(\$90,485,357)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Plant in Service
December 31, 2008

Line No.	Description (a)	Direct (b)	Completed Not Classified (c)	Total Direct & Completed (d)	Corporate Allocated (e)	Total Adjustments (f)	Total As Adjusted (g)
INTANGIBLE PLANT							
1	(301) Organization	\$15,600	\$0	\$15,600	\$0	\$0	\$15,600
2	(302) Franchises	13,823	0	13,823	0	0	13,823
3	(303) Miscellaneous Intangible	29,961,921	0	29,961,921	0	0	29,961,921
4	Total Intangible Plant	\$29,991,344	\$0	\$29,991,344	\$0	\$0	\$29,991,344
DISTRIBUTION PLANT							
5	(374.1) Land	\$150,610	\$0	\$150,610	\$0	\$0	\$150,610
6	(374.2) Land Rights	2,148,602	0	2,148,602	0	0	2,148,602
7	(375.1) Structures	8,605,252	0	8,605,252	0	0	8,605,252
8	(375.2) Leasehold Improvements	0	0	0	0	0	0
9	(376) Mains	375,529,186	651,612	376,180,798	0	0	376,180,798
10	(378) Meas. & Reg. Station - General	12,239,619	18,518	12,258,137	0	0	12,258,137
11	(379) Meas. & Reg. Station - City Gate	3,296,287	2,414	3,298,701	0	0	3,298,701
12	(380) Services	323,088,664	35,505	323,124,169	0	(7,882,550)	315,241,619
13	(381) Meters	32,554,921	0.00	32,554,921	0	0	32,554,921
14	(382) Meter Installations	76,582,808	43,297	76,596,105	0	0	76,596,105
15	(383) House Regulators	12,597,793	0	12,597,793	0	0	12,597,793
16	(385) Electronic Gas Measuring	379,944	0	379,944	0	0	379,944
17	(387) Other Equipment	0	0	0	0	0	0
18	Total Distribution Plant	\$847,143,686	\$751,346	\$847,895,032	\$0	(\$7,882,550)	\$840,012,483
GENERAL PLANT							
19	(389) Land	\$1,104,164	\$0	\$1,104,164	\$0	\$0	\$1,104,164
20	(390.1) Structures	715,993	0	715,993	0	0	715,993
21	(390.2) Leasehold Improvements	1,884,544	0	1,884,544	4,436	0	1,888,980
22	(391) Furniture & Fixtures	8,030,528	37,293	8,067,821	934,199	0	9,002,020
23	(392.1) Transportation Eq - Cars and Small Trucks	0	0	0	0	6,251,827	6,251,827
24	(392.2) Transportation Eq - Heavy Trucks	6,004,147	0	6,004,147	456,374	0	6,460,521
25	(393) Stores Equipment	529,488	0	529,488	0	127,230	656,718
26	(394) Tools	5,340,862	14,259	5,355,121	0	0	5,355,121
27	(395) Laboratory Equipment	0	0	0	0	0	0
28	(396) Power Operated Equipment	130,439	0	130,439	0	1,628,800	1,759,239
29	(397.1) Communication Equipment - AMR	38,278,014	0	38,278,014	0	0	38,278,014
30	(397.0) Communication Equipment	3,813,854	0	3,813,854	0	0	3,813,854
31	(398) Miscellaneous Equipment	466,837	0	466,837	0	0	466,841
32	Total General Plant	\$68,298,870	\$51,552	\$68,350,422	\$938,635	\$8,464,231	\$75,753,292
33	Total Original Cost Plant in Service	\$943,433,900	\$802,898	\$944,236,798	\$938,635	\$581,681	\$945,757,118
34	Accumulated Depreciation and Amortization	(355,141,090)	0	(355,141,090)	0	3,375,181	(351,765,909)
35	Net Plant in Service	\$588,292,810	\$802,898	\$589,095,708	\$938,635	\$3,956,862	\$593,991,209

MISSOURI GAS ENERGY
A Division of Southern Union Company
Plant in Service
December 31, 2008

Line No.	Description	Retire Inactive Services No. 1	Switch Fleet from Lease to Purchase No. 2	Truck Assoc with the Apprentice Program No. 3	Total Adjustments
	(a)	(b)	(c)	(d)	(e)
<u>INTANGIBLE PLANT</u>					
1	(301) Organization				
2	(302) Franchises				
3	(303) Miscellaneous Intangible				0
4	Total Intangible Plant	\$0	\$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	(7,882,550)			(7,882,550)
13	(381) Meters				
14	(382) Meter Installations				
15	(383) House Regulators				
16	(385) Electronic Gas Metering				
17	(387) Other Equipment				
18	Total Distribution Plant	(\$7,882,550)	\$0		(\$7,882,550)
<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		5,883,827	368,000	6,251,827
24	(392.2) Transportation Equipment		456,374		456,374
25	(393) Stores Equipment		127,230		127,230
26	(394) Tools				
27	(395) Laboratory Equipment				
28	(396) Power Operated Equipment		1,628,800		1,628,800
29	(397) Communication Equipment - AMR				
30	(397) Communication Equipment				
31	(398) Miscellaneous Equipment				
32	Total General Plant	\$0	\$8,096,231	\$368,000	\$8,464,231
33	Total Original Cost Plant in Service	(\$7,882,550)	\$8,096,231	\$368,000	\$581,681

MISSOURI GAS ENERGY
A Division of Southern Union Company
Accumulated Reserves for Depreciation and Amortization
December 31, 2008

Line No.	Description	Test Year Direct	Corporate	Proforma Adjustments	Test Year As Adjusted
	(a)	(b)	(c)	(d)	(e)
1	Intangible Plant Reserve	(\$23,089,550)	\$0	\$0	(\$23,089,550)
2	Distribution & General Plant Reserve	<u>(331,675,603)</u>	<u>(375,937)</u>	<u>3,375,181</u>	<u>(328,676,359)</u>
3	Total Accumulated Reserves	<u><u>(354,765,154)</u></u>	<u><u>(375,937)</u></u>	<u><u>\$3,375,181</u></u>	<u><u>(\$351,765,909)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Accumulated Reserves for Depreciation and Amortization
December 31, 2008

Line No.	Description	Adjustments to Plant In Service	Deprec. Rates	Retire Inactive Services No. 1	Switch Fleet from Lease to Purchase No. 2	Total Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)
INTANGIBLE PLANT						
1	(301) Organization					
2	(302) Franchises					
3	(303) Miscellaneous Intangible	\$0				\$0
4	Total Intangible Plant	\$0			\$0	\$0
DISTRIBUTION PLANT						
5	(374.1) Land		0.00%			
6	(374.2) Land Rights		Amort.			
7	(375.1) Structures		1.49%			
8	(375.2) Leasehold Improvements		Amort.			
9	(376) Mains & Mains - Cast Iron		2.39%			
10	(378) Meas. & Reg. Station - General		2.86%			
11	(379) Meas. & Reg. Station - City Gate		2.13%			
12	(380) Services	(7,882,550)	3.38%	7,882,550		7,882,550
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	(\$7,882,550)		\$7,882,550		\$7,882,550
GENERAL PLANT						
19	(389) Land		0.00%			
20	(390.1) Structures		2.00%			
21	(390.2) Leasehold Improvements		Amort.			
22	(391) Furniture & Fixtures		8.06%			
23	(392.1) Transportation Equipment	5,883,827	13.33%		(3,438,401)	(3,438,401)
24	(392.2) Transportation Equipment	456,374			(238,970)	(238,970)
25	(393) Stores Equipment	127,230	2.70%		(53,534)	(53,534)
26	(394) Tools		5.30%			
27	(395) Laboratory Equipment		6.00%			
28	(396) Power Operated Equipment	1,628,800	6.25%		(776,464)	(776,464)
29	(397) Communication Equipment - AMR		5.00%			
30	(397) Communication Equipment		6.25%			
31	(398) Miscellaneous Equipment		3.85%			
32	Total General Plant	\$8,096,231		\$0	(\$4,507,369)	(\$4,507,369)
33	Total Adjustment	\$213,681		\$7,882,550	(\$4,507,369)	\$3,375,181

MISSOURI GAS ENERGY
A Division of Southern Union Company
December 31, 2008
Working Capital

Line No.	Description (a)	Reference (b)	Amounts (c)
1	Materials and Supplies Inventory	E-1	\$2,199,670
2	Prepayments - Thirteen Month Average	E-2	543,993
3	Gas Inventory - Volumes and Price	E-3	91,535,864
4	Cash Working Capital	E-4	20,105,085
5	Prepaid Pension	E-5	<u>5,743,830</u>
6	Total Working Capital		<u><u>\$120,128,442</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending December 31, 2008
Materials & Supplies

Line No.	Month (a)	Amount (b)
1	Dec-07	2,088,524
2	Jan-08	2,123,959
3	Feb-08	2,069,114
4	Mar-08	2,042,423
5	Apr-08	2,029,621
6	May-08	1,918,231
7	Jun-08	2,222,153
8	Jul-08	2,192,422
9	Aug-08	2,214,747
10	Sep-08	2,537,062
11	Oct-08	2,396,559
12	Nov-08	2,345,275
13	Dec-08	<u>2,415,622</u>
14	13 Month Total	<u><u>\$28,595,712</u></u>
15	13 Month Average	<u><u>\$2,199,670</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending December 31, 2008
Prepayments

Line		
No.	Month	Amount
	(a)	(b)
1	Dec-07	872,700
2	Jan-08	773,414
3	Feb-08	569,643
4	Mar-08	437,185
5	Apr-08	298,017
6	May-08	189,563
7	Jun-08	83,659
8	Jul-08	211,810
9	Aug-08	228,657
10	Sep-08	1,062,145
11	Oct-08	873,885
12	Nov-08	819,944
13	Dec-08	<u>651,285</u>
14	13 Month Total	<u><u>\$7,071,906</u></u>
15	13 Month Average	<u><u>\$543,993</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending December 31, 2008
Gas Inventory

Line		
No.	Month	Dollars
	(a)	(b)
1	Dec-07	67,459,104
2	Jan-08	41,088,969
3	Feb-08	11,692,104
4	Mar-08	10,589,127
5	Apr-08	22,681,888
6	May-08	60,581,880
7	Jun-08	96,404,831
8	Jul-08	139,168,010
9	Aug-08	157,685,159
10	Sep-08	162,676,030
11	Oct-08	160,415,607
12	Nov-08	145,992,320
13	Dec-08	113,531,199
14	13 Month Average	<u>\$91,535,864</u>

Missouri Gas Energy
A Division of Southern Union Gas Company
Test Year Ended December 31, 2008
(\$ in Thousands)

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)
<u>WORKING CAPITAL REQUIREMENT</u>						
1	REVENUE LAG DAYS	Page 2				48.57
2	EXPENSE LAG DAYS	Page 3				
3	Payroll & FICA Expense	H-4, H-6	\$ 36,102,199	11.00	\$ 397,124,189	
4	Pension & Benefits	H-5	16,389,067	18.20	298,274,457	
5	Commodity Purchased	H-3	502,616,530	34.23	17,204,563,822	
6	Other Expenses	L 22 - L 3 to L 5	42,281,636	45.49	1,923,391,622	
7	Total	Sum (L 3 to L 5)	<u>\$ 597,389,432</u>		<u>\$ 19,823,354,089</u>	
8	O & M Expense Payment Lag Days	L7, C 4 / C 2				33.18
9	Net Revenue (Lead) Lag Days	L 1 - L 8				15.39
10	Operating Expenses Per Day	L 7, C 2 / 365				<u>\$ 1,636,683</u>
11	Working Capital for O & M Expense	L 9 * L 10				\$25,183,147
12	Interest Payments	Page 6				(1,701,277)
13	Preferred Dividend Payments	Page 7				0
14	Franchise (Gross Receipt) Tax	Page 8				(1,492,674)
15	Property Tax	Page 8				(3,485,615)
16	Federal & State Income Taxes	Page 9			238,872	238,872
17	Other Taxes	Page 9				1,362,632
18	Total Working Capital	Sum (L 11 to L 16)				<u>\$20,105,085</u>
19	Pro Forma O & M Expense		\$ 609,677,116			
	Less:					
20	Uncollectible Expense		9,435,379			
21	Other Non-Cash		2,852,305			
22	Sub-Total	Sum L18 to L20	<u>12,287,684</u>			
23	Pro Forma Cash O&M Expense	L 18 - L 21	<u>\$ 597,389,432</u>			

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

MISSOURI GAS ENERGY
A Division of Southern Union Company
Prepaid Pension
December 31, 2008

Line		
No.	Year Ended	Balance
	(a)	(b)
1	Unamortized Portion of Prepaid Pension Assets	<u>\$5,743,830</u>

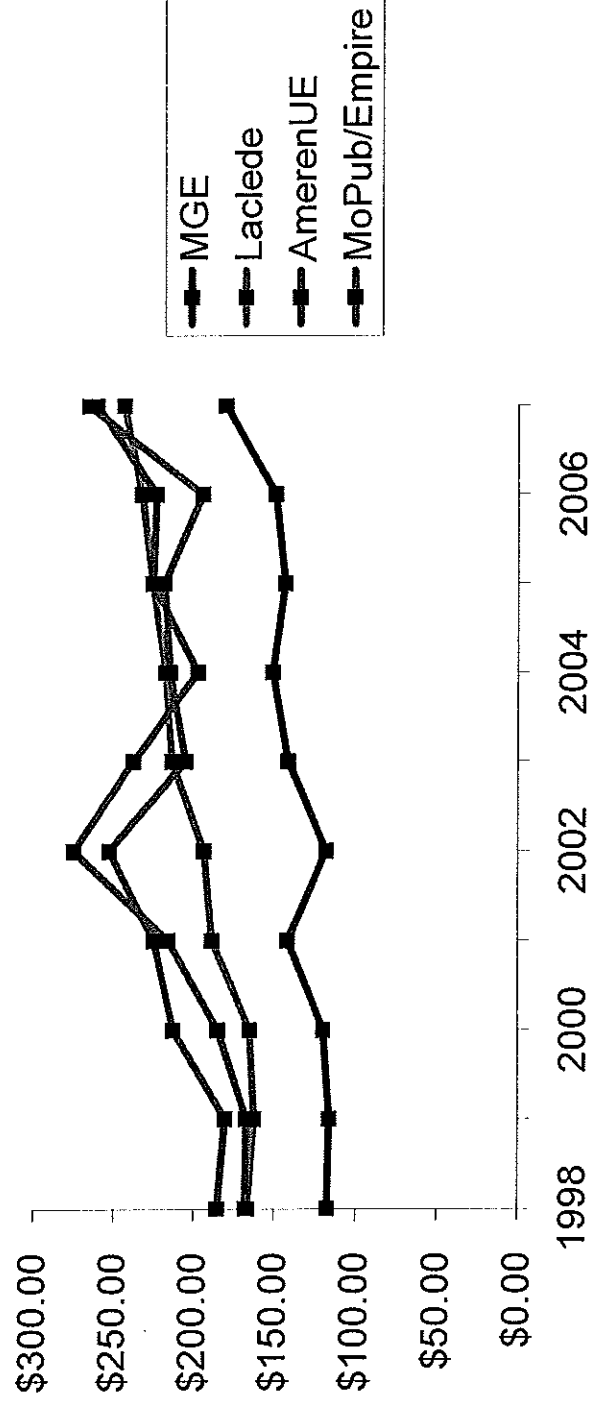
MISSOURI GAS ENERGY
A Division of Southern Union Company
Summary of Cost of Capital

Line No.	Description	Ratio	Cost Rate	Weighted Composite Rate
	(a)	(b)	(c)	(d)
1	Long-Term Debt	41.060%	6.080%	2.496%
2	Short-Term Debt	10.940%	4.920%	0.538%
3	Preferred Stock	0.000%	0.000%	0.000%
4	Common Equity	<u>48.000%</u>	11.250%	<u>5.400%</u>
5	Total	<u><u>100.000%</u></u>		<u><u>8.434%</u></u>

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

	MGE	Laclede	AmerenUE	MoPub/Empire
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
2005	\$142.95	\$225.02	\$224.90	\$217.56
2006	\$148.69	\$231.59	\$222.73	\$193.78
2007	\$179.68	\$242.51	\$259.47	\$264.49

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

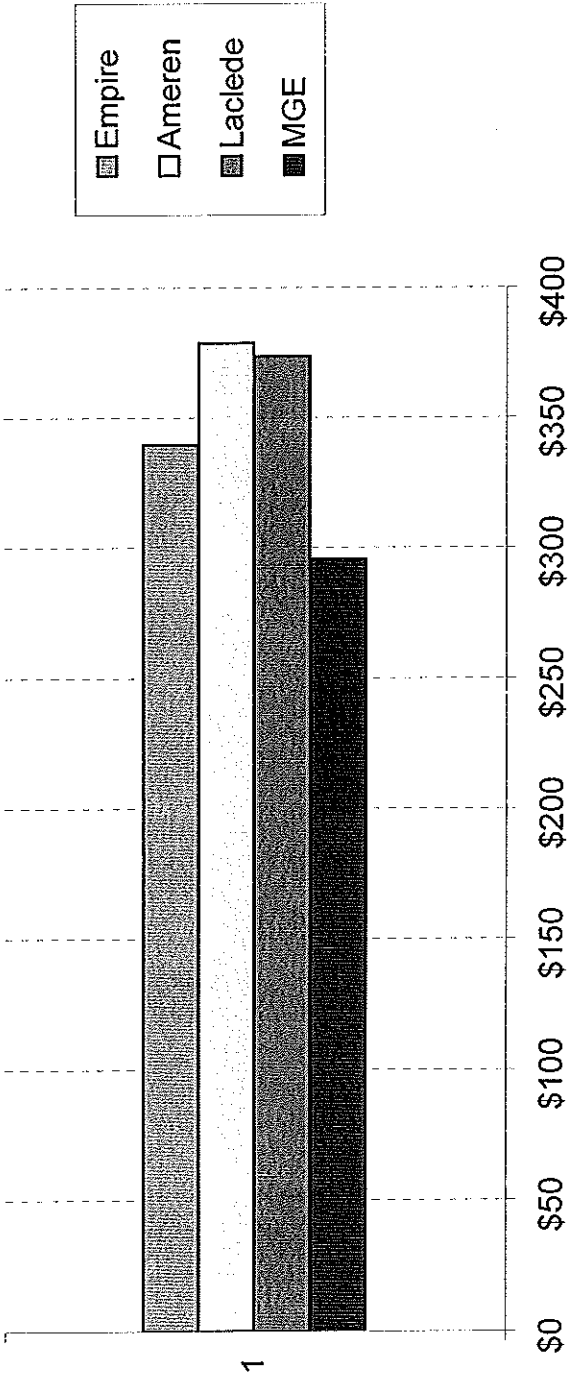


**COMPARISON OF MISSOURI LDCS
AVERAGE ANNUAL RESIDENTIAL BILL
(EXCLUDING PGA AND TAXES)**

	Normal				
	<u>Usage (Ccf)</u>	<u>MGE</u>	<u>Laclede</u>	<u>Ameren</u>	<u>Empire</u>
January	175.34	\$24.62	\$42.19	\$57.24	\$57.49
February	154.28	24.62	42.19	52.17	51.73
March	116.81	24.62	42.19	43.14	41.47
April	73.88	24.62	42.19	32.80	29.72
May	32.14	24.62	22.12	22.74	18.30
June	23.16	24.62	20.35	20.58	15.84
July	16.94	24.62	19.05	19.08	14.14
August	15.16	24.62	18.67	18.65	13.65
September	16.65	24.62	18.98	19.01	14.06
October	26.51	24.62	21.05	21.39	16.76
November	57.03	24.62	42.19	28.74	25.11
December	<u>116.29</u>	<u>24.62</u>	<u>42.19</u>	<u>43.01</u>	<u>41.33</u>
 Average Annual Residential Bill	 <u>824.18</u>	 <u>\$295.44</u>	 <u>\$373.33</u>	 <u>\$378.55</u>	 <u>\$339.58</u>
 Tariff Effective Date	 <u>4/3/2007</u>	 <u>8/1/2007</u>	 <u>4/1/2007</u>	 <u>9/8/2007</u>	

Source: AGA Rate Service
Missouri Public Service Commission

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

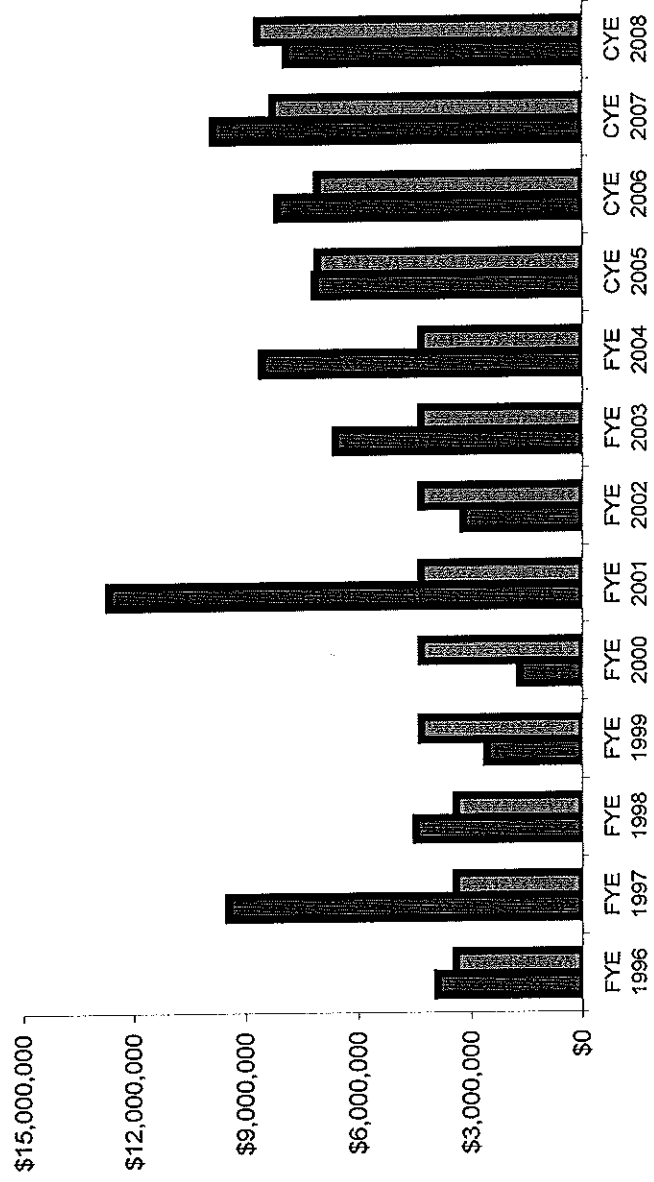


MISSOURI GAS ENERGY
COMPARISON OF ACTUAL UNCOLLECTIBLES
AND UNCOLLECTIBLES INCLUDED IN RATES

	<u>Actual Uncollectibles</u>	<u>Rate Case Allowance</u>	<u>Difference</u>
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	7,108,777	7,042,000	(66,777)
CYE 2006	8,106,922	7,042,000	(1,064,922)
CYE 2007	9,819,563	8,231,555	(1,588,008)
CYE 2008	<u>7,866,016</u>	<u>8,628,073</u>	<u>762,057</u>
Total	<u>\$ 86,006,430</u>	<u>\$ 67,117,490</u>	<u>\$ (18,888,940)</u>
Cumulative difference between actual and rate case allowance		<u>\$ (18,888,940)</u>	
Average difference between actual and rate case allowance per year		<u>\$ (1,452,995)</u>	

Missouri Gas Energy Actual Uncollectibles Versus Uncollectibles Included in Rates

Actual Uncollectibles Rate Case Allowance

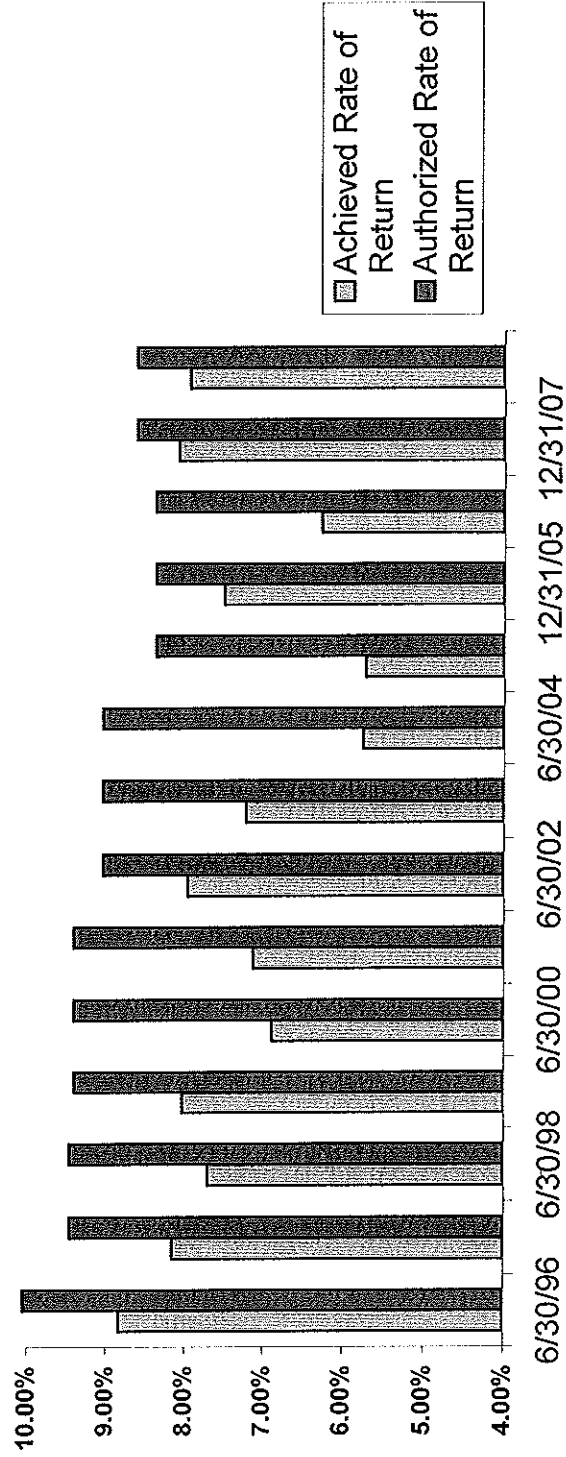


COMPARISON OF ACHIEVED RATE OF RETURN
VS. AUTHORIZED RATE OF RETURN

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)	12/31/2006 (000)	12/31/2007 (000)	12/31/2008 (000)
Net Sales Margin	\$ 119,106	\$ 121,330	\$ 123,756	\$ 130,859	\$ 125,088	\$ 141,971	\$ 136,311	\$ 144,483	\$ 142,789	\$ 154,167	\$ 159,807	\$ 151,710	\$ 190,616	\$ 191,726
Operating Expenses excluding Uncollectible Expense	(50,688)	(48,037)	(47,360)	(48,273)	(49,538)	(51,176)	(46,653)	(53,957)	(61,254)	(70,534)	(60,995)	(65,551)	(79,574)	(83,688)
Uncollectible Expense	(3,806)	(9,443)	(4,470)	(2,585)	(1,687)	(12,654)	(3,211)	(6,602)	(8,537)	(10,212)	(7,109)	(8,107)	(9,820)	(7,869)
Corporate Allocated Expenses Per Rate Case	(5,612)	(5,612)	(5,591)	(5,991)	(5,991)	(5,991)	(6,935)	(6,935)	(6,935)	(1,762)	(1,762)	(1,762)	(2,370)	(2,372)
Taxes Other than Income Taxes	(6,406)	(5,730)	(7,084)	(7,341)	(8,287)	(9,263)	(10,759)	(9,983)	(10,097)	(11,115)	(10,523)	(9,077)	(9,504)	(9,504)
Depreciation & Amortization	(14,806)	(16,244)	(19,131)	(21,740)	(22,439)	(22,996)	(20,015)	(22,691)	(23,787)	(26,400)	(26,416)	(27,201)	(26,870)	(26,971)
Income Taxes	(6,843)	(5,732)	(6,783)	(7,989)	(4,972)	(5,821)	(8,553)	(6,449)	(1,614)	(3,369)	(9,523)	(5,432)	(13,744)	(13,202)
Total Operating Expenses	88,261	90,898	90,829	94,929	93,004	107,891	96,166	105,627	112,254	123,391	118,913	116,576	141,855	143,601
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	\$ 35,134	\$ 48,763	\$ 47,922
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	\$ 531,291	\$ 568,503	\$ 568,503
Net Plant Balance at x/xx/xx	360,283	384,995	440,251	460,145	478,794	491,271	505,412	525,495	532,473	547,463	554,457	570,262	580,202	588,668
Increase in plant since most recent rate case	\$ 598	\$ 25,696	\$ 9,099	\$ 28,993	\$ 47,642	\$ 60,119	\$ 2,220	\$ 22,303	\$ 29,281	\$ 16,172	\$ 23,166	\$ 38,971	\$ 14,699	\$ 20,165
Total rate base from most recent case updated for annual plant increases	\$ 349,040	\$ 373,738	\$ 427,318	\$ 447,212	\$ 465,861	\$ 478,338	\$ 504,650	\$ 524,733	\$ 531,711	\$ 539,944	\$ 545,938	\$ 561,743	\$ 604,447	\$ 604,955
Achieved Rate of Return	8.84%	8.16%	7.71%	8.03%	6.89%	7.12%	7.95%	7.21%	5.74%	5.71%	7.49%	6.25%	8.07%	7.92%
Authorized Rate of Return	10.54%	9.46%	9.46%	9.46%	9.46%	9.46%	9.03%	9.03%	9.03%	8.38%	8.38%	8.38%	8.60%	8.60%
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	1-Oct-04	1-Apr-07	1-Apr-07
Return Deficiency	-1.70%	-1.30%	-1.75%	-1.37%	-2.51%	-2.28%	-1.08%	-1.82%	-3.29%	-2.65%	-0.87%	-2.11%	-0.53%	-0.68%
Earnings Deficiency	\$ (5,944)	\$ (4,864)	\$ (7,494)	\$ (6,108)	\$ (11,707)	\$ (10,893)	\$ (5,425)	\$ (9,528)	\$ (17,479)	\$ (14,279)	\$ (4,747)	\$ (11,828)	\$ (3,219)	\$ (4,103)
Revenue Deficiency	\$ (9,682)	\$ (7,922)	\$ (12,207)	\$ (9,952)	\$ (19,070)	\$ (17,726)	\$ (9,837)	\$ (15,520)	\$ (28,471)	\$ (23,260)	\$ (7,732)	\$ (19,266)	\$ (5,244)	\$ (6,583)
Cumulative Earnings Deficiency														\$ (6,583)
Cumulative Revenue Deficiency														\$ (117,608)
														\$ (191,571)

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

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, 2008

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Book	Total Adjustments	Test Year As Adjusted
	(a)	(b)	(c)	(d)	(e)
OPERATING REVENUE					
1	480	Residential	\$505,927,343	(\$375,251,456)	\$130,675,888
2	481.1	Commercial	208,472,781	(169,147,664)	37,325,117
3	481.2	Industrial	8,794,246	(6,598,094)	2,196,153
4	483	Sales for Resale	0	0	0
5	487	Late Payment Charges	445,846	(194,920)	250,926
6	488	Miscellaneous Service Revenue	4,383,636	0	4,383,636
7	489	Transport	10,950,874	2,592,708	13,543,581
8	493	Rent From Property	0	0	0
9	495	Other Gas Revenue	1,626,646	(1,471,721)	154,925
10		Total Operating Revenue	<u>\$738,601,373</u>	<u>(\$550,071,147)</u>	<u>\$188,530,226</u>
OPERATING & MAINTENANCE EXPENSE					
Operation Expense					
11	805	Other Gas Purchases	\$502,616,530	(\$502,616,530)	\$0
12	807	Purchased Gas Expense	0	0	0
13	859	Other Joint Expense	0	0	0
14	870	Operation, Supervision and Engineering	697,941	2,329	700,270
15	871	Distribution and Load Dispatching	27,353	1,425	28,778
16	872	Compressor Station Labor and Expense	0	0	0
17	874	Mains and Service Expenses	3,113,677	11,225	3,124,902
18	875	Distributing Regulating Station Expenses	813,434	(1,856)	811,578
19	876	Measuring and Regulating - Station Expenses	(3,349)	415	(2,934)
20	877	Measuring and Regulating - Station Expenses	9,159	(873)	8,286
21	878	Meter and House Regulator Expenses	6,422,653	(351)	6,422,302
22	879	Customer Installation Expenses	3,143,640	24,612	3,168,252
23	880	Other Expenses	(867,405)	889,077	21,672
24	881	Rents	186,376	0	186,376
25		Total Operation Expense	<u>\$516,160,009</u>	<u>(\$501,690,525)</u>	<u>\$14,469,484</u>
Maintenance Expense					
26	885	Maintenance Supervision and Engineering	\$1,216,206	\$60,381	\$1,276,587
27	886	Maintenance of Structures and Improvements	113,741	(971)	112,770
28	887	Maintenance of Mains	9,609,573	12,480	9,622,053
29	889	Maint. of Measuring and Reg. Stat Equip - General	699,627	2,826	702,453
30	890	Maint. of Measuring and Regulating Equipment	251,595	1,196	252,791
31	891	Maint. of Measuring and Regulating Equipment	25,916	417	26,333
32	892	Maintenance of Services	935,672	3,038	938,710
33	893	Maintenance of Meters and House Regulators	329,361	6,412	335,773
34	894	Maintenance of Other Equipment	172,657	622	173,279
35		Total Maintenance Expenses	<u>\$13,354,348</u>	<u>\$86,400</u>	<u>\$13,440,748</u>
36		Total Distribution Expense	<u>\$529,514,357</u>	<u>(\$501,604,126)</u>	<u>\$27,910,231</u>
Customer Accounts Expense					
37	901	Supervision	\$262,744	(\$5,137)	\$257,607
38	902	Meter Reading Expense	943,699	28,187	971,886
39	903	Customer Records and Collection Expense	12,057,003	1,071,220	13,128,223
40	904	Uncollectible Accounts	7,866,016	1,569,363	9,435,379
41	905	Miscellaneous Customer Accounts Expense	43,721	(58,010)	(14,289)
42		Total Customer Accounts Expenses	<u>\$21,173,183</u>	<u>\$2,605,624</u>	<u>\$23,778,807</u>
Customer Service and Informational Expense					
43	907	Supervision	\$0	\$0	\$0
44	908	Customer Assistance	1,105,288	3,374	1,108,662
45	909	Informational and Instructional Advertising Exp.	78,181	0	78,181
46	910	Miscellaneous Customer Accounts Expense	0	0	0

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

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)
47		Total Cust. Service and Information Exp.	\$1,183,469	\$3,374	\$1,186,843
		Sales and Advertising Expense			
48	911	Supervision	\$0	\$0	\$0
49	912	Demonstrating and Selling Expenses	1,021,699	5,263	1,026,962
50	913	Advertising Expenses	4,813	0	4,813
51	916	Miscellaneous Sales Expenses	1,646	0	1,646
52		Total Sales and Advertising Expenses	\$1,028,158	\$5,263	\$1,033,421
		Administrative and General Expense			
53	920	Administrative and General Salaries	\$6,996,018	\$90,505	\$7,086,523
54	921	Office Supplies and Expenses	11,539,458	140,608	11,680,066
55	922	Administrative Expenses Transferred	(525,286)	0	(525,286)
56	923	Outside Services Employed	8,677,170	(5,328,218)	3,348,952
57	924	Property Insurance	24,300	0	24,300
58	925	Injuries and Damages	1,414,653	1,395,900	2,810,553
59	926	Employee Pensions and Benefits	16,375,933	5,837,678	22,213,611
60	927	Franchise Requirements	0	0	0
61	928	Regulatory Commission Expense	2,584,881	(498,738)	2,086,143
62	930	Miscellaneous General Expenses	2,158,307	0	2,158,307
63	931	Rents	1,022,728	(262,544)	760,184
64	932	Maintenance of General Plant	1,635,884	46	1,635,930
65		Total Administration and General Expense	\$51,904,046	\$1,375,237	\$53,279,283
66		Total O & M Expense	\$604,803,213	(\$497,614,628)	\$107,188,585
67	403	Depreciation	25,018,077	1,919,001	26,937,078
68	404, 405	Amortization	1,953,194	1,486,747	3,439,941
69	431	Interest on Customer Deposits	161,519	(14,944)	146,575
70	408	Payroll Taxes	2,238,216	451,705	2,689,921
71	408	Property Taxes	6,965,658	1,903,074	8,868,732
72	408	Gross Receipts Tax	44,258,774	(44,258,774)	0
73	408	Other Taxes	300,036	0	300,036
74	408	Taxes Other Than Income	\$53,762,684	(\$41,903,995)	\$11,858,689
75		TOTAL EXPENSES	\$685,698,687	(\$536,127,818)	\$149,570,869
76		OPERATING INCOME BEFORE INCOME TAX	\$52,902,686	(\$13,943,329)	\$38,959,357
77	409,410	Income Taxes	\$22,022,840	(\$14,112,837)	\$7,910,003
78		NET OPERATING INCOME	\$30,879,846	\$169,508	\$31,049,354

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Soles	Adj. GL Rev to Test Year Margin	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	Interest on Customer Defaults	Depreciation Expense	Amortization Expense
(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
OPERATING REVENUE																
1	480	Residential	505,927,343.49	(\$375,824,194)	\$572,738											
2	481.1	Commercial	206,472,781.06	(163,281,754)	(\$865,910)											
3	481.2	Industrial	8,794,246.37	(6,387,030)	(211,064)											
4	483	Sales for Resale	0		0											
5	487	Late Payment Charges	445,846	(194,920)	0											
6	488	Miscellaneous Service Revenue	4,383,636		0											
7	489	Transport	10,950,874	(112,422)	2,705,129											
8	493	Rent From Property	0	0												
9	495	Other Gas Revenue	1,626,646	(1,471,721)												
10		Total Operating Revenue	\$738,601,373	(\$547,272,040)	(\$2,798,107)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING & MAINTENANCE EXPENSE																
Operation Expense																
11	805	Other Gas Purchases	\$502,616,530			(\$502,616,530)										
12	807	Purchased Gas Expense	0													
13	859	Other Joint Expenses	0													
14	870	Operation, Supervision and Engineering	687,941							18,235						
15	871	Distribution and Load Dispatching	27,353							2,106						
16	872	Compressor Station Labor and Expense	0							0						
17	874	Mains and Service Expenses	3,113,677							38,911						
18	875	Distributing Regulating Station Expenses	813,434							31,290						
19	876	Measuring and Regulating - Station Expenses	(3,349)							415						
20	877	Measuring and Regulating - Station Expenses	9,159							(643)						
21	878	Meter and House Regulator Expenses	6,422,653							276,142						
22	879	Customer Installation Expenses	3,143,640							153,769						
23	880	Other Expenses	(867,405)							948,595						
24	881	Rents	186,376													
25		Total Operation Expense	\$516,160,009	\$0	\$0	(\$502,616,530)	\$1,468,820	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance Expense																
26	885	Maintenance Supervision and Engineering	\$1,216,205							\$90,419						
27	886	Maintenance of Structures and Improvements	113,741							3,652						
28	887	Maintenance of Mains	9,609,573							354,031						
29	889	Maint. of Measuring and Reg. Stat Equip - General	699,627							25,231						
30	890	Maint. of Measuring and Regulating Equipment	251,595							7,773						
31	891	Maint. of Measuring and Regulating Equipment	25,916							1,126						
32	892	Maintenance of Services	935,672							36,280						
33	893	Maintenance of Meters and House Regulators	329,361							15,700						
34	894	Maintenance of Other Equipment	172,657							2,977						
35		Total Maintenance Expenses	\$13,354,348	\$0	\$0	\$0	\$337,189	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36		Total Distribution Expense	\$529,514,357	\$0	\$0	(\$502,616,530)	\$2,006,008	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Customer Accounts Expense																
37	901	Supervision	\$262,744							\$862						
38	902	Meter Reading Expense	943,699							44,498						
39	903	Customer Records and Collection Expense	12,057,003							331,261						
40	904	Uncollectible Accounts	7,866,016													
41	905	Miscellaneous Customer Accounts Expense	43,721													
42		Total Customer Accounts Expenses	\$21,173,163	\$0	\$0	\$0	\$376,469	\$0	\$0	\$0	\$0	\$1,569,363	\$0	\$0	\$0	\$0

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	(a)	(b)	(c)	H-1	H-2	H-3	H-4	H-5	H-6	H-7	H-8	H-9	H-10	H-11	H-12	H-13
			Test Year Per Books	Adj. GL Rev to Test Year Margin	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	Interest on Customer Deposits	Depreciation Expense	Amortization Expense		
Customer Service and Informational Expense																		
43	907	Supervision	\$0															
44	908	Customer Assistance	1,105,288				7,388											
45	909	Informational and Instructional Advertising Exp.	78,181															
46	910	Miscellaneous Customer Accounts Expense	0															
47		Total Cust. Service and Informational Exp.	\$1,183,469	\$0	\$0	\$0	\$7,388	\$0	\$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	1,021,699				11,674											
50	913	Advertising Expenses	4,813															
51	916	Miscellaneous Sales Expenses	1,646															
52		Total Sales and Advertising Expenses	\$1,028,158	\$0	\$0	\$0	\$11,674	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative and General Expense																		
53	920	Administrative and General Salaries	\$6,986,018				\$228,883											
54	921	Office Supplies and Expenses	11,539,438				572											
55	922	Administrative Expenses Transferred	(\$25,286)															
56	923	Outside Services Employed	8,677,170				0				(\$5,378,856)							
57	924	Property Insurance	24,300															
58	925	Injuries and Damages	1,414,653								0							
59	926	Employee Pensions and Benefits	16,375,933				(101)			1,396,078								
60	927	Franchise Requirements	0															
61	928	Regulatory Commission Expense	2,584,881					5,837,678					(498,738)					
62	930	Miscellaneous General Expenses	2,158,307															
63	931	Rents	1,022,728															
64	932	Maintenance of General Plant	1,635,984				46											
65		Total Administration and General Expense	\$51,904,046	\$0	\$0	\$0	\$227,400	\$5,837,678	\$0	\$1,396,078	(\$5,378,856)	\$0	(\$498,738)	\$0	\$0	\$0	\$0	\$0
66		Total O & M Expense	\$684,803,213	\$0	\$0	(\$502,616,530)	\$2,628,940	\$5,837,678	\$0	\$1,396,078	(\$5,378,856)	\$1,569,363	(\$498,738)	\$0	\$0	\$0	\$0	\$0
67	403	Depreciation	\$25,019,077												\$1,919,001			
68	404, 405	Amortization	1,953,184															1,486,747
69	431	Interest on Customer Deposits	161,519											(14,944)				
70	408	Payroll Taxes (1***)	2,238,216						451,705									
71	408	Property Taxes (2**)	6,965,658															
72	408	Gross Receipts Tax (3000 + 4000)	44,258,774			(\$4,258,774)												
73	408	Other Taxes (41**)	300,036															
74	408	Taxes Other Than Income	\$53,762,684	\$0	\$0	(\$44,258,774)	\$0	\$0	\$451,705	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
75		TOTAL EXPENSES	\$685,698,687	\$0	\$0	(\$546,875,304)	\$2,628,940	\$5,837,678	\$451,705	\$1,396,078	(\$5,378,856)	\$1,569,363	(\$498,738)	(\$14,944)	\$1,919,001	\$1,486,747		
76		OPERATING INCOME BEFORE INCOME TAX	\$52,902,686	(\$547,272,040)	(\$2,798,107)	\$546,875,304	(\$2,628,940)	(\$5,837,678)	(\$451,705)	(\$1,396,078)	\$5,378,856	(\$1,569,363)	\$498,738	\$14,944	(\$1,919,001)	(\$1,486,747)		
77	409, 410	Income Taxes	22,022,840															
78		NET OPERATING INCOME	\$30,879,846	(\$547,272,040)	(\$2,798,107)	\$546,875,304	(\$2,628,940)	(\$5,837,678)	(\$451,705)	(\$1,396,078)	\$5,378,856	(\$1,569,363)	\$498,738	\$14,944	(\$1,919,001)	(\$1,486,747)		

Notes: per book & adjusted income tax compiled on A-2

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

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Books	H-14	H-15	H-16	H-17	H-18	H-19	H-20	Weather & Conservation	Income Tax Adjustment	Total Adjustments	Test Year As Adjusted
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
OPERATING REVENUE														
1	480	Residential	505,927,343.49										(\$375,251,456)	\$130,675,888
2	481.1	Commercial	206,472,781.08										(169,147,864)	37,325,117
3	481.2	Industrial	8,794,246.37										(9,598,094)	2,196,153
4	483	Sales for Resale	0										0	0
5	487	Late Payment Charges	445,848										(194,920)	250,928
6	488	Miscellaneous Service Revenue	4,353,636										0	4,353,636
7	489	Transport	10,950,874										2,582,708	13,533,581
8	493	Rent From Property	0										0	0
9	495	Other Gas Revenue	1,628,646										(1,471,721)	156,925
10		Total Operating Revenue	\$738,601,373	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$550,071,147)	\$188,530,226
OPERATING & MAINTENANCE EXPENSE														
Operation Expense														
11	805	Other Gas Purchases	\$502,616,530										(\$502,616,530)	\$0
12	807	Purchased Gas Expense	0										0	0
13	859	Other Joint Expense	0										0	0
14	870	Operation, Supervision and Engineering	697,941					(15,905)					2,329	700,270
15	871	Distribution and Load Dispatching	27,353					(881)					1,425	28,778
16	872	Compressor Station Labor and Expense	0					0					0	0
17	874	Maine and Service Expenses	3,113,677	(14,346)				(13,340)					11,225	3,124,902
18	875	Distributing Regulating Station Expenses	813,434	(20,847)				(12,299)					(1,856)	811,578
19	876	Measuring and Regulating - Station Expenses	0	0				0					415	(2,934)
20	877	Measuring and Regulating - Station Expenses	9,159	(149)				(81)					(873)	8,286
21	878	Meter and House Regulator Expenses	6,422,853	(189,939)				(186,855)					(351)	6,422,302
22	879	Customer Installation Expenses	3,143,640	(72,403)				(56,754)					24,812	3,166,252
23	880	Other Expenses	(867,405)	(4,707)				(54,811)					889,077	21,672
24	881	Rents	188,376										0	188,376
25		Total Operation Expense	\$516,160,009	(\$282,290)	\$0	\$0	\$0	(\$280,525)	\$0	\$0	\$0	\$0	(\$501,890,525)	\$14,469,484
Maintenance Expense														
26	885	Maintenance Supervision and Engineering	\$1,216,206	\$0				(\$30,038)					\$60,381	\$1,276,567
27	886	Maintenance of Structures and Improvements	113,741	(2,889)				(1,834)					(971)	112,770
28	887	Maintenance of Mains	9,609,573	(205,778)				(135,773)					12,480	9,622,053
29	889	Maint. of Measuring and Reg. Stat Equip - General	699,627	(12,777)				(9,828)					2,806	702,453
30	890	Maint. of Measuring and Regulating Equipment	251,595	(2,989)				(3,588)					1,196	252,791
31	891	Maint. of Measuring and Regulating Equipment	25,916	(448)				(261)					417	26,333
32	892	Maintenance of Services	935,672	(19,851)				(13,591)					3,038	938,710
33	893	Maintenance of Meters and House Regulators	329,361	(3,960)				(5,328)					6,412	335,773
34	894	Maintenance of Other Equipment	172,657	(1,420)				(935)					522	173,279
35		Total Maintenance Expenses	\$13,354,348	(\$250,012)	\$0	\$0	\$0	(\$200,777)	\$0	\$0	\$0	\$0	\$86,400	\$13,440,748
36		Total Distribution Expense	\$529,514,357	(\$532,302)	\$0	\$0	\$0	(\$481,303)	\$0	\$0	\$0	\$0	(\$501,604,126)	\$27,910,231
Customer Accounts Expense														
37	901	Supervision	\$282,744					(\$8,099)					(\$5,137)	\$257,607
38	902	Meter Reading Expense	943,699	0				(16,311)					28,187	971,886
39	903	Customer Records and Collection Expense	12,097,903	(22,761)				(141,946)					1,071,220	13,126,223
40	904	Uncollectible Accounts	7,866,016										1,589,383	9,455,379
41	905	Miscellaneous Customer Accounts Expense	43,721	(57,758)									(58,010)	(14,289)
42		Total Customer Accounts Expenses	\$21,173,183	(\$81,519)	\$0	\$0	\$0	(\$164,355)	\$800,882	\$0	\$0	\$0	\$2,605,524	\$23,778,807

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

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)	(aa)
43	907	Customer Service and Informational Expense																											
44	908	Supervision			\$0																							\$0	\$0
45	909	Customer Assistance			1,105,288																							3,374	1,108,662
46	910	Informational and Instructional Advertising Exp.			78,181																							0	78,181
47		Miscellaneous Customer Accounts Expense			0																							0	0
		Total Cust. Service and Informational Exp.			\$1,183,469																							\$3,374	\$1,186,843
48	911	Sales and Advertising Expense																											
49	912	Supervision			\$0																							\$0	\$0
50	913	Demonstrating and Selling Expenses			1,021,899																							5,263	1,026,962
51	914	Advertising Expenses			4,813																							0	4,813
52	915	Miscellaneous Sales Expenses			1,648																							0	1,648
		Total Sales and Advertising Expenses			\$1,028,158																							\$5,263	\$1,033,421
53	920	Administrative and General Expense																											
54	921	Administrative and General Salaries			\$5,986,018																							\$90,505	\$7,086,523
55	922	Office Supplies and Expenses			11,539,458																							140,608	11,680,066
56	923	Administrative Expenses Transferred			(925,286)																							0	(925,286)
57	924	Outside Services Employed			8,677,170																							(5,328,218)	3,348,952
58	925	Property Insurance			24,300																							0	24,300
59	926	Injuries and Damages			1,414,653																							1,395,900	2,810,553
60	927	Employee Penalties and Bonoffs			16,375,533																							5,837,678	22,213,611
61	928	Franchise Requirements			0																							0	0
62	929	Regulatory Commission Expense			2,584,881																							(498,738)	2,086,143
63	930	Miscellaneous General Expenses			2,158,307																							0	2,156,307
64	931	Rent			1,022,728																							(262,544)	760,184
65	932	Maintenance of General Plant			1,635,884																							48	1,635,930
		Total Administration and General Expense			\$51,804,046																							\$1,375,237	\$53,279,283
66		Total O & M Expense			\$504,803,213																							\$0	\$504,803,213
67	403	Depreciation																										\$1,919,001	\$26,937,078
68	404, 405	Amortization			1,953,194																							1,486,747	\$3,439,941
69	431	Interest on Customer Deposits			181,519																							(14,944)	146,575
70	408	Payroll Taxes (****)			2,238,216																							451,705	2,689,921
71	408	Property Taxes (****)			6,965,656																							1,903,074	8,868,732
72	408	Gross Receipts Tax (3300 + 4000)			44,258,774																							(44,258,774)	0
73	408	Other Taxes (41**)			300,036																							0	300,036
74	408	Taxes Other Than Income			\$53,762,684																							\$0	\$53,762,684
		TOTAL EXPENSES			\$685,698,687																							\$0	\$685,698,687
75		OPERATING INCOME BEFORE INCOME TAX			\$22,022,840																							\$0	\$22,022,840
76	408, 410	Income Taxes																										(14,112,837)	7,910,003
77		Net: per book & adjusted income tax computed on A-2																										\$0	\$0
78		NET OPERATING INCOME			\$30,879,846																							\$169,508	\$31,049,354

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Test Year Margin Revenue

Line	No.	Description (a)	Main Account/Revenue Class					Total (g)
			480	481.1	481.2	483, 489		
	21	(b)		22 & 23 (c)	25 (d)	28, 38 (e)	487, 488, 493, 495 (f)	
1	505,927,343	Total Revenue per Book		206,472,781	8,794,246	10,950,874	6,456,128	738,601,373
2	(375,824,194)	Less: GRT Revenue, Unbilled Revenue, PGA Revenue, and Miscellaneous Adjustments		(163,281,754)	(6,387,030)	(112,422)	(1,666,642)	(547,272,041)
3	130,103,150	Test Year Margin		43,191,027	2,407,216	10,838,452	4,789,486	191,329,331

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Revenue Adjustments

Line No.	Description (a)	Main Account/Revenue Class					Total (g)
		Residential Gas Sales	Commercial Gas Sales	Industrial Gas Sales	Transportation Revenues	Service Charges and Other	
		480	481.1	481.2	489,483	487,488,493,495	
		21	22 & 23	25	38,28		
		(b)	(c)	(d)	(e)	(f)	
1	Test Year Margin	\$130,103,150	\$43,191,027	\$2,407,216	\$10,838,452	\$4,789,486	\$191,329,331
2	Weather Normalize	0	(2,380,697)	(169,388)	(98,614)	0	(2,648,699)
3	Customer Growth Annualization	572,738	(3,485,214)	(41,675)	2,803,743	0	(150,408)
4	Total Adjustments	572,738	(5,865,910)	(211,064)	2,705,129	0	(2,799,107)
5	As Adjusted Test Year Margin	\$130,675,888	\$37,325,117	\$2,196,153	\$13,543,581	\$4,789,486	\$188,530,225

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Remove Purchase Gas Costs and Gross Receipts Tax

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

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Payroll Adjustment

Line No.	Main Acct.	Proforma Payroll Expense	Payroll Expense Per Book	Adjustment to Test Year
	(a)	(b)	(c)	(d)
1	870	\$687,749	\$669,514	\$18,235
2	871	\$29,426	27,320	2,106
3	872	\$0	0	0
4	874	\$576,818	537,907	38,911
5	875	\$531,810	500,520	31,290
6	876	\$0	(415)	415
7	877	\$3,490	4,133	(643)
8	878	\$4,611,718	4,335,576	276,142
9	879	\$2,454,004	2,300,235	153,769
10	880	\$2,369,988	1,421,393	948,595
11	885	\$1,298,847	1,208,428	90,419
12	886	\$70,637	66,985	3,652
13	887	\$5,870,769	5,516,738	354,031
14	889	\$416,308	391,077	25,231
15	890	\$155,164	147,391	7,773.00
16	891	\$11,303	10,177	1,126
17	892	\$587,683	551,403	36,280
18	893	\$230,379	214,679	15,700
19	894	\$40,425	37,448	2,977
20	901	\$263,706	262,744	962
21	902	\$705,267	660,769	44,498
22	903	\$6,137,685	5,806,424	331,261
23	905	\$0	252	(252)
24	908	\$173,550	166,162	7,388
25	911	\$0	0	0
26	912	\$277,230	265,556	11,674
27	920	\$5,896,921	5,670,038	226,883
28	921	\$8,075	7,503	572
29	923	\$0	0	0
30	925	\$3,326	3,427	(101)
31	932	\$0	0	0
	ADJ			46
32	Total	\$33,412,278	\$30,783,384	\$2,628,940

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Employee Benefits

Line No.	Description (a)	Amount (b)	Amount (c)
1	Pension	\$10,530,919	
2	Retirement Power	528,918	
3	Life & AD&D Insurance	114,183	
4	Long Term Disability Insurance	238,522	
5	Medical / Dental Benefit	7,486,471	
6	FAS 106 - Accrual	880,091	
7	FAS 106 - Amortization of	2,664,792	
8	401K	1,469,539	
9	Other Misc Benefits	66,120	
10	Total Proforma Benefits	\$23,979,555	
11	Payroll Expense Ratio	0.8046260	
12		<u>19,294,574</u>	
13	Add amortization of prepaid pensions (amortized over a 6 year period)	2,919,037	
14	Proforma Benefits Expense	<u>\$22,213,611</u>	
15	Less Test Year Benefits Expense	<u>(\$16,375,933)</u>	
16	Adjustment to Test Year Expense - Acct. 926		<u><u>\$5,837,678</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Payroll Taxes

Line No.	Description (a)	Amount (b)
1	Total Proforma Payroll Taxes	\$3,313,775
2	Payroll Taxes on Incentive Compensation Adjustment	<u>29,295</u>
3	Total Proforma Payroll Taxes	\$3,343,070
4	Payroll Expense Ratio	0.804626
5	Proforma Payroll Tax Expense	<u>\$2,689,921</u>
6	Less Test Year Payroll Tax Expense	<u>(2,238,216)</u>
7	Adjustment to Test Year Expense - Acct. 4081	<u><u>451,705.21</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Insurance / Injuries & Damages

Line No.	Description (a)	2006 (b)	2007 (c)	2008 (d)	3 Year Avg. (e)	925 Amount (f)	924 Amount (g)	Total Amount (h)
MGE Claims:								
1	Workers Compensation claims paid	\$978,261	\$1,309,926	\$1,114,227	\$1,134,138			
2	Auto & General Liability	954,642	1,882,608	(669,095)	722,718			
3	Total Proforma Claims	<u>\$1,932,903</u>	<u>\$3,192,534</u>	<u>\$445,132</u>	<u>\$1,856,856</u>	\$1,856,856		\$1,856,856
4	Other costs not related to claims or premiums					\$87,088		
5	Insurance Premiums - 924						24,300	24,300
6	Insurance Premiums - 925					1,549,270		1,549,270
7	Total Proforma Insurance Cost					\$3,493,215	\$24,300	\$3,430,426
8	Test Year Payroll Expense Ratio					0.804626	1.000000	
9	Proforma Insurance Expense					<u>\$2,810,731</u>	<u>\$24,300</u>	<u>\$2,835,031</u>
10	Less Test Year Insurance Expense					(1,414,653)	(24,300)	(1,438,953)
11	Adjustment to Test Year - Accts. 924 and 925					<u>\$1,396,078</u>	<u>\$0</u>	<u>\$1,396,078</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Corporate Allocation

Line No.	Description	Amount
	(a)	(b)
1	Proforma Joint and Common Costs	\$7,337,592
2	Expense Capital Ratio	71.6033%
3	Proforma Joint and Common Expense	<u>\$5,253,961</u>
4	Less Test Year Expense Recorded on MGE's Books	<u>10,632,817</u>
5	Adjustment to Test Year - Acct. 923	<u><u>(\$5,378,856)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Uncollectible Expense

Line No.	Description	Amount	Amount
	(a)	(b)	(c)
1	Twelve Months Ended December 31, 2006	10,369,681	
2	Twelve Months Ended December 31, 2007	9,208,092	
3	Twelve Months Ended December 31, 2008	<u>8,728,364</u>	
4	Five Year Average		\$9,435,379
5	Less Test Year Uncollectible Expense		(7,866,016)
6	Adjustment to Test Year - Acct. 904		<u><u>\$1,569,363</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Regulatory Commission Expense

Line No.	Description	Amount	Amount
	(a)	(b)	(c)
1	Estimate of current rate case expense	<u>\$777,688</u>	
2	Annual Amortization (3 years)		\$259,229
3	Normalized level of expense for depreciation study		\$6,878
4	Proforma NARUC Assessment - fiscal 7/1/04-6/30/05		5,018
5	Other Regulatory Commission Expenses		211,656
6	Proforma MPSC Assessment - fiscal 7/1/08-6/30/09		<u>1,603,362</u>
7	Total Proforma Regulatory Commission Expense		\$2,086,143
8	Less Test Year Regulatory Commission Expense		(2,584,881)
9	Adjustment to Test Year - Acct. 928		<u>(\$498,738)</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending December 31, 2008

Interest on Customer Deposits

Line No.	Description	Reference	Residential	Commercial & Industrial	Amount
	(a)	(b)	(c)	(d)	(e)
1	Customer Deposits	B-2	\$783,188	\$3,776,323	\$4,559,511
2	Interest Rate		4.25%	3.00%	3.21%
3	Proforma Interest on Customer Deposits		<u>\$33,285</u>	<u>\$113,290</u>	<u>\$146,575</u>
4	Less Test Year Interest on Customer Deposits				<u>(161,519)</u>
5	Adjustment to Test Year - Acct. 431				<u><u>(\$14,944)</u></u>

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Depreciation Expense

Line No.	Description (a)	Amount (b)	Current Depreciation Rate (c)	Annualized Depreciation (d)	Proposed Rate (e)	Proforma Total Depreciation (f)	Less Depr. Capitalized To Clearing Accts. (g)	Proforma Depreciation Expense (h)
INTANGIBLE PLANT								
1	(301) Organization	\$15,600	0.00%	\$0	0.00%	\$0	\$0	\$0
2	(302) Franchises	13,823	0.00%	0	0.00%	0	0	0
3	(303) Miscellaneous Intangible	28,961,921	(see adj. H-13)	0	(see adj. H-13)	0	0	0
4	Total Intangible Plant	\$29,991,344		\$0		\$0	\$0	\$0
DISTRIBUTION PLANT								
5	(374.1) Land	\$150,610	0.00%	\$0	0.00%	\$0	\$0	\$0
6	(374.2) Land Rights	2,148,602	2.09%	44,906	2.09%	44,906	0	44,906
7	(375.1) Structures	8,605,252	1.49%	128,218	1.49%	128,218	0	128,218
8	(375.2) Leasehold Improvements	0	(see adj. H-13)	0	(see adj. H-13)	0	0	0
9	(376) Mains & Mains - Cast Iron	376,180,798	2.16%	8,125,505	2.39%	8,990,721	0	8,990,721
10	(378) Meas. & Reg. Station - General	12,258,137	2.86%	350,583	2.86%	350,583	0	350,583
11	(379) Meas. & Reg. Station - City Gate	3,298,701	0.02	70,262	2.13%	70,262	0	70,262
12	(380) Services	315,241,619	3.13%	9,867,063	3.38%	10,655,167	0	10,655,167
13	(381) Meters	32,554,921	2.89%	940,837	2.89%	940,837	0	940,837
14	(382) Meter Installations	76,596,105	2.86%	2,190,649	2.86%	2,190,649	0	2,190,649
15	(383) House Regulators	12,597,793	2.44%	307,386	2.44%	307,386	0	307,386
16	(385) Electronic Gas Metering	379,944	3.33%	12,652	3.33%	12,652	0	12,652
17	(387) Other Equipment	0	4.60%	0	6.25%	0	0	0
18	Total Distribution Plant	\$840,012,483		\$22,038,061		\$23,691,381	\$0	\$23,691,381
GENERAL PLANT - DIRECT								
19	(389) Land	\$1,104,164	0.00%	\$0	0.00%	\$0	\$0	\$0
20	(390.1) Structures	715,993	2.00%	14,320	2.00%	14,320	0	14,320
21	(390.2) Leasehold Impr.	1,884,544	(see adj. H-13)	0	(see adj. H-13)	0	0	0
22	(391) Furniture & Fixtures	8,067,821	8.06%	650,266	8.06%	650,266	0	650,266
23	(392.1) Transportation Eq - Cars and Small Trucl	6,251,827	7.83%	489,518	13.33%	833,369	0	833,369
24	(392.2) Transportation Eq - Heavy Trucks	6,460,521	7.83%	505,859	7.62%	492,292	0	492,292
25	(393) Stores Equipment	656,718	2.70%	17,731	2.70%	17,731	0	17,731
26	(394) Tools	5,355,121	5.30%	283,821	5.30%	283,821	0	283,821
27	(395) Laboratory Equipment	0	6.00%	0	6.00%	0	0	0
28	(396) Power Operated Equipment	1,759,239	6.25%	109,952	6.25%	109,952	0	109,952
29	(397.1) Communication Equipment - AMR	38,278,014	5.00%	1,913,901	5.00%	1,913,901	0	1,913,901
30	(397.0) Communication Equipment - Other	3,813,854	6.25%	238,366	6.25%	238,366	0	238,366
31	(398) Miscellaneous Equipment	466,841	3.85%	17,973	3.85%	17,973	0	17,973
32	Total Direct General Plant	\$74,814,657		\$4,241,707		\$4,571,991	\$0	\$4,571,991
GENERAL PLANT - CORPORATE								
33	(390) Structures	\$0		\$0		\$0	\$0	\$0
34	(390) Leasehold Impr.	4,436	2.50%	111	2.50%	\$111	0	111
35	(391) Furniture & Fixtures	934,199	11.69%	109,208	11.69%	\$109,208	0	109,208
36	(392) Transportation Equipment	0	"	0		\$0	0	0
37	(397) Communication Equipment	0		0		0	0	0
38	(398) Miscellaneous Equipment	0		0		0	0	0
39	Total Corporate General Plant	\$938,635		\$109,319		\$109,319	\$0	\$109,319
40	Total Proforma Plant & Depreciation	\$945,757,118		\$26,389,087		\$28,372,691	\$0	\$28,372,691
41	Less Depredation clearing							(\$1,435,613)
42	Less Test Year Depreciation Expense							(\$25,018,077)
43	Adjustment to Test Year - Accl. 403							\$1,919,001

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Amortization Expense

Line No.	Description	Original Cost Plant	Monthly Test Year Amortization Expense	Proforma Amortization Expense
	(a)	(b)	(c)	(d)
<u>MGE Direct Non-SLRP Amortization:</u>				
1	(375.2) Leasehold Improvements	\$0	\$0	\$0
2	(390.2) Leasehold Improvements	1,884,544	11,963	143,559
3	Sub Total	<u>\$1,884,544</u>	<u>\$11,963</u>	<u>\$143,559</u>
4	(303) Misc. Intangible - Work Force Automation (1000)	\$3,785,364 x	21,024	\$252,287
5	(303) Misc. Intangible - ADP Software	311,930	3,670	44,037
6	(303) Misc. Intangible - Corrosion Control Mgmt System (4000)	1,117,800 x	0	0
7	(303) Misc. Intangible - Landbase Digitized Mapping (4500)	1,701,543 x	0	0
8	(303) Misc. Intangible - Premise Data System (5000)	985,196 x	0	0
9	(303) Misc. Intangible - AMR Project - Programming (5500)	472,455 x	2,784	33,408
10	(303) Misc. Intangible - Facility Priority Index (6000)	894,795 x	0	0
11	(303) Misc. Intangible - Geographic Information System (6500)	1,006,719 x	0	0
12	(303) Misc. Intangible - Customer Service System (7000)	3,786,000 x	0	0
13	(303) Misc. Intangible - CSS Enhancements (7100)	7,894,021	65,784	789,402
14	(303) Misc. Intangible - Mainframe Software (7200)	3,626,110	28,195	338,338
15	(303) Misc. Intangible - Website (7600)	485,044 x	4,051	48,615
16	(303) Misc. Intangible - Stoner Low Pressure/Intermediate Model (8000)	279,672 x	0	0
17	(303) Misc. Intangible - BASIC (8500)	294,516 x	0	0
18	(303) Misc. Intangible - TCS System (9000)	189,193 x	1,592	19,106
19	(303) Misc. Intangible - GEO Tax Software (9500)	79,294 x	661	7,929
20	(303) Misc. Intangible - Oracle Software	2,415,660 x	20,117	241,409
21	(303) Misc. Intangible - Power Plant Software	187,288 x	1,561	18,729
22	(303) Misc. Intangible - Virtual Hold Call Center	196,570 x	1,661	19,928
23	(303) Misc. Intangible - Witness Software (9600)	251,851 x	2,664	31,972
24	Sub Total - Acct. 303	<u>\$29,061,921</u>	<u>\$153,763</u>	<u>\$1,845,160</u>
<u>Amortization of Infinium Software:</u>				
25	Unamortized balance of replaced software	<u>\$999,954</u>	<u>Mo Amort Aml 16,666</u>	<u>\$199,992</u>
<u>SLRP Amortization:</u>				
26	SLRP Deferrals Subject to Amortization	<u>\$10,811,775</u>	<u>Amort Period 10</u>	<u>\$1,081,178</u>
<u>Cost of Removal Amortization</u>				
27	Net Cost of Removal Balance	<u>\$552,665</u>	<u>Mo Amort Aml 14,171</u>	<u>\$170,052</u>
29	Pro-Forma Amortization Expense			\$3,439,941
30	Less Test Year Amortization Expense			(1,953,194)
31	Adjustment to Test Year - Accts. 404 and 405			<u>\$1,486,747</u>

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Transportation and Work Equipment Clearing

Line No.	Description	Proforma	Test Year	Adjustment	Amount
	(a)	(b)	(c)	(d)	(e)
1	Total per books depreciation cleared				(\$451,816)
2	Total proforma depreciation subject to clearing adjusted for fleet costs				1,435,613
3	Elimination of fleet lease expense				(1,730,995)
4	Total adjustment to fleet related costs				<u>(747,198)</u>

Spread Clearing to Main Accounts based on Test Year Clearing:

	Main Acct.	Percentage	Amount
5	8700	0.00%	0
6	8710	0.00%	0
7	8720	0.00%	0
8	8740	1.92%	(14,346)
9	8750	2.79%	(20,847)
10	8760	0.00%	0
11	8770	0.02%	(149)
12	8780	22.73%	(169,838)
13	8790	9.69%	(72,403)
14	8800	0.63%	(4,707)
15	8850	0.00%	0
16	8860	0.40%	(2,989)
17	8870	27.54%	(205,778)
18	8890	1.71%	(12,777)
19	8900	0.40%	(2,989)
20	8910	0.06%	(448)
21	8920	2.63%	(19,651)
22	8930	0.53%	(3,960)
23	8940	0.19%	(1,420)
24	9010	0.00%	0
25	9020	3.18%	(23,761)
26	9030	7.73%	(57,758)
27	9050	0.00%	0
28	9080	0.00%	0
29	9110	0.00%	0
30	9120	0.00%	0
31	9200	0.00%	0
32	9210	0.00%	0
33	9230	0.00%	0
34	9250	0.00%	0
35	9320	0.00%	0
36	<u>TOTAL EXPENSE</u>	<u>82.15%</u>	<u>(613,821)</u>
37	<u>TOTAL NON-EXPENSE</u>	<u>17.85%</u>	<u>(133,375)</u>
38	<u>TOTAL</u>	<u>100.00%</u>	<u>(\$747,196)</u>

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Property Tax Expense

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
	Proforma Total Plant in Service excluding Corporate		
1	Allocated Plant	C	\$944,818,483
2	Less Intangible Plant	C	<u>(29,991,344)</u>
3	Proforma Plant, excluding Intangible Plant		\$914,827,139
4	Property tax rate		<u>0.79717%</u>
5	Proforma Property Tax Expense		\$7,292,732
6	Estimated Kansas Property Tax Expense		1,576,000
7	Less Test Year Property Tax Expense		<u>6,965,658</u>
8	Adjustment to Test Year - Acct. 4081		<u><u>\$1,903,074</u></u>

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Postage Increase

Line No.	Description (a)	Amount (b)
<u>Average Postage cost per item</u>		
1	2008	\$ 0.3244
2	2009- with postage increase	\$ 0.3382
3	Average Increase in Postage Cost per Item	<u>\$ 0.0138</u>
4	Number of mail pieces in 2008	<u>7,585,840</u>
5	Total increase	<u>\$ 104,685</u>

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Broadway Rent Expense

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

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Incentive Compensation and Bonuses

Line No.	Description	Incentive Compensation	Holiday Bonuses	Work Performance Bonuses	Total
	(a)	(b)	(c)	(d)	(e)
1	2008 Incentive and Bonus Payments	\$1,275,200	\$51,215	\$8,550	\$1,334,965
2	Non Financial Based Incentives	<u>366,060</u>	<u>0</u>	<u>8,550</u>	<u>374,610</u>
3	Adjustment	<u>(\$909,140)</u>	<u>(\$51,215)</u>	<u>\$0</u>	<u>(960,355)</u>
4	Expense Ratio				<u>0.804626</u>
5	Amount Charged to Expense				<u>(\$772,725)</u>

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Customer Collection Costs

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

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Other Expense Adjustments

Line No.	Description (a)	Total (b)
1	Other expense adjustments	<u>\$50,638</u>

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Weatherization & Conservation

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