

*Exhibit No.:*

*Issues: Accounting Schedules; Plant  
in Service, Depreciation  
Expense & Depreciation  
Reserve; Advertising  
Expense; Dues and  
Donations; Injuries and  
Damages; Property Taxes;  
Regulatory Expense*

*Witness: Lesley R. Preston*

*Sponsoring Party: MoPSC Staff*

*Type of Exhibit: Direct Testimony*

*Case No.: GR-2004-0209*

*Date Testimony Prepared: April 15, 2004*

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**DIRECT TESTIMONY**

**OF**

**LESLEY R. PRESTON**

**MISSOURI GAS ENERGY**

**CASE NO. GR-2004-0209**

*Jefferson City, Missouri*

*April 2004*

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

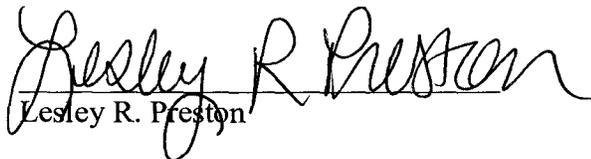
In the Matter of Missouri Gas Energy's     )  
Tariffs to Implement a General Rate        )  
Increase for Natural Gas Service            )

Case No. GR-2004-0209

AFFIDAVIT OF LESLEY R. PRESTON

STATE OF MISSOURI     )  
  )  
COUNTY OF COLE     )     ss.

Lesley R. Preston, being of lawful age, on her oath states: that she has participated in the preparation of the following direct testimony in question and answer form, consisting of 14 pages to be presented in the above case; that the answers in the following direct testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

  
Lesley R. Preston

Subscribed and sworn to before me this 14<sup>th</sup> day of April 2004.





**TONI M. CHARLTON**  
**NOTARY PUBLIC STATE OF MISSOURI**  
**COUNTY OF COLE**  
My Commission Expires December 28, 2004

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**LESLEY R. PRESTON**  
**MISSOURI GAS ENERGY**  
**CASE NO. GR-2004-0209**

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Direct Testimony of  
Lesley R. Preston

1 Q. Have you worked on any other cases since your employment with the  
2 Commission?

3 A. Yes. I was assigned to a small informal water and sewer case for Taney  
4 County Utilities (Tracking Nos. QW-2003-0016, QS-2003-0015 and Case No.  
5 WR-2004-0500). I also worked on a Raytown Water Company case (Tracking No.  
6 QW-2003-0023), filed under the Commission's informal small water procedures.

7 Q. What has been the nature of your duties while employed by the Commission?

8 A. I am responsible for assisting in the audits and examinations of the books and  
9 records of utility companies operating within the state of Missouri.

10 Q. What knowledge, skills, experience, training or education do you have in these  
11 areas of which you are testifying as an expert witness?

12 A. Since commencing employment with the Commission, I have attended various  
13 in-house training seminars designed for continuing education and training on regulatory issues  
14 and I have received a certificate of training from the National Association of Regulatory  
15 Utility Commissions in seminars it has sponsored concerning electric utility cost of service  
16 and regulation. I have reviewed in-house training materials to ensure consistency of the  
17 Staff's method and procedures. I worked on three small water and sewer cases, which has  
18 provided a strong basis in the ratemaking process and an in-depth understanding on certain  
19 issues. I have also worked closely with senior auditors and supervisors, whom possess  
20 extensive regulatory knowledge. I have reviewed the Company's testimony, workpapers and  
21 responses to data requests in this case, as well as the testimony and workpapers of the  
22 Company's most previous case to gain an understanding of the issues I am addressing.

1 **PURPOSE OF TESTIMONY**

2 Q. What is the purpose of your testimony in this proceeding?

3 A. The purpose of my testimony is to describe certain proposed accounting  
4 adjustments made to the Missouri Gas Energy's (MGE or Company) financial records in  
5 relation to its rate increase application, docketed as Case No. GR-2004-0209.

6 Q. Please identify any adjustments that you are sponsoring.

7 A. I am sponsoring the following Income Statement adjustments:

8 Advertising Expense: S-54.1;

9 Depreciation Expense: S-64, S-67.1, S-67.2;

10 Amortization Expense: S-59.1;

11 Dues and Donations: S-21.4, S-37.2, S-43.4, S-47.7, S-54.6;

12 Injuries and Damages: S-51.1, S-51.2;

13 Property Taxes: S-60.1;

14 Regulatory Expense: S-53.1, S-53.3, S-53.4, S-53.5;

15 Rate Case Expense: S-53.2;

16 and Miscellaneous Expenses: S-21.2, S-37.1, S-43.2, S-47.5, and S-54.5.

17 I am sponsoring the following Plant in Service Adjustments: P-22.1, P-23.1, P-23.2,  
18 P-25.1, P-25.2, P-26.1, P-26.2, P-27.1, P-28.1, P-28.2, P-28.3, P-29.1, P-29.2, P-30.1, P-30.2,  
19 P-31.1, P-31.2, P-32.1, P-35.1, P-35.2, P-36.1, P-37.1, P-37.2, P-37.3, P-38.1, P-39.1, P-40.1,  
20 P-40.2, P-42.1, P-43.1, P-43.2, P-44.1 and P-45.1.

21 I am sponsoring the following Depreciation Reserve Adjustments: R-3.1, R-4.1, R-6.1,  
22 R-7.1, R-8.1, R-9.1, R-10.1, R-11.1, R-12.1, R-13.1, R-14.1, R-15.1, R-16.1, R-17.1, R-18.1,  
23 R-19.1, R-20.1, R-22.1, R-23.1, R-25.1, R-26.1, R-27.1, R-28.1, R-28.2, R-29.1, R-30.1,

Direct Testimony of  
Lesley R. Preston

1 R-31.1, R-32.1, R-35.1, R-36.1, R-37.1, R-37.2, R-37.3, R-38.1, R-39.1, R-40.1, R-42.1,  
2 R-43.1, R-44.1 and R-45.1.

3 Q. What Accounting Schedules are you sponsoring in this case?

4 A. I am sponsoring: Schedule 2—Rate Base; Schedule 3—Plant in Service;  
5 Schedule 4—Adjustments to Plant in Service; Schedule 5—Depreciation Expense;  
6 Schedule 6—Depreciation Reserve; and Schedule 7—Adjustments to Depreciation Reserve.

7 **ACCOUNTING SCHEDULES**

8 Q. Please describe Accounting Schedule 2, Rate Base.

9 A. This Accounting Schedule takes the adjusted jurisdictional plant in service  
10 balance from Accounting Schedule 3, Total Plant in Service, and deducts adjusted  
11 jurisdictional depreciation reserve from Accounting Schedule 6, Depreciation Reserve, to  
12 compute the net plant in service. Added to net plant in service on this Accounting Schedule  
13 are Missouri jurisdictional amounts for materials and supplies, and prepayments. Rate base  
14 deductions include amounts for cash working capital including the federal tax offset, state tax  
15 offset and interest expense offset associated with cash working capital. Rate base deductions  
16 also include customer advances, customer deposits, and reserve for deferred income taxes.  
17 The mathematical total of these items is the Rate Base amount that is incorporated in the  
18 Gross Revenue Requirement recommendation shown on Accounting Schedule 1, Revenue  
19 Requirement.

20 Q. Please describe the items that are added to net plant in service in determining  
21 rate base.

22 A. The Staff's calculation of materials, supplies and prepayments is also discussed  
23 in the direct testimony of Staff Auditing witness Dana E. Eaves.

Direct Testimony of  
Lesley R. Preston

1 Q. Please describe the items that are deducted from net plant in service in  
2 determining rate base.

3 A. The Staff's calculation of customer advances and customer deposits are  
4 discussed in the direct testimony of Staff witness Eaves. The Staff's calculations of the  
5 reserve for deferred income taxes and the unamortized investment tax credit are discussed in  
6 the direct testimony of Staff Auditing witness Paul R. Harrison. The cash working capital, as  
7 well as the federal, state and city tax offsets and the interest expense offset, are discussed in  
8 the direct testimony of Staff witness Eaves.

9 Q. Please explain Accounting Schedule 3.

10 A. Accounting Schedule 3, Total Plant in Service, lists in Column B total plant  
11 balances as of June 30, 2003. The plant adjustments are listed in Column C. Column D lists  
12 the Missouri jurisdictional plant allocation factors. Column F contains the Missouri adjusted  
13 jurisdictional plant in service balances.

14 Q. Please explain Accounting Schedule 4.

15 A. Accounting Schedule 4, Adjustments to Total Plant, details the Staff's  
16 individual adjustments to total plant in service, which are listed in Column C of Accounting  
17 Schedule 3.

18 Q. Please explain Accounting Schedule 5.

19 A. Accounting Schedule 5, Depreciation Expense, lists in Column B the Missouri  
20 adjusted jurisdictional plant in service balances from Accounting Schedule 3, Column F.  
21 Column C contains the depreciation rates proposed by Staff witness Jolie Mathis of the  
22 Engineering and Management Services Department. The rates in Column C are then applied

Direct Testimony of  
Lesley R. Preston

1 to the plant balances in Column B to determine the annualized level of depreciation expense  
2 that appears in Column D.

3 Q. Please explain Accounting Schedule 6.

4 A. Accounting Schedule 6, Depreciation Reserve, lists in Column B total  
5 depreciation reserve balances as of June 30, 2003. Column D lists the Missouri jurisdictional  
6 depreciation reserve allocation factors. Column E lists the Staff's Missouri jurisdictional  
7 depreciation reserve adjustments and Column F contains the Missouri adjusted jurisdictional  
8 depreciation reserve balances.

9 Q. Please explain Accounting Schedule 7.

10 A. Accounting Schedule 7, Adjustments to Depreciation Reserve, details the  
11 Staff's individual adjustments to total depreciation reserve, which are listed in Column C of  
12 Accounting Schedule 6.

13 **PLANT IN SERVICE, DEPRECIATION EXPENSE & DEPRECIATION RESERVE**

14 Q. Please describe the plant in service and depreciation reserve balances included  
15 in Accounting Schedules 3 and 6.

16 A. The plant in service and depreciation reserve balances shown in Column B of  
17 Schedules 3 and 6, respectively, are the June 30, 2003 balances for MGE.

18 Q. Would you please explain Plant Adjustment Nos. P-22.1, P-23.1, P-25.1,  
19 P-26.1, P-27.1, P-28.1, P-29.1, P-30.1, P-31.1, P-32.1, P-35.1, P-36.1, P-37.1, P-38.1, P-39.1,  
20 P-40.1, P-42.1, P-43.1, P-44.1 and P-45.1?

21 A. Yes. These adjustments were made to update plant to the December 31, 2003  
22 balances. December 31, 2003 is the end of the Staff's test year update period.

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Lesley R. Preston

1 Q. Would you please explain Plant Adjustment Nos. P-23.2, P-25.2, P-26.2,  
2 P-28.2, P-29.2, P-30.2, P-31.2, P-35.2, P-37.2, P-40.2 and P-43.2?

3 A. Yes. These adjustments were made to include the plant in service that has  
4 been completed and in-service as of the end of the update period, but is not yet included in the  
5 Plant in Service account.

6 Q. Please explain Plant Adjustment No. P-28.3.

7 A. This adjustment retires inactive services.

8 Q. Please explain Plant Adjustment No. P-37.3.

9 A. This adjustment removes Customer Service System (CSS) enhancements that  
10 were related only to the Texas operations.

11 Q. Would you please explain Reserve Adjustment Nos. R-3.1, R-4.1, R-6.1,  
12 R-7.1, R-8.1, R-9.1, R-10.1, R-11.1, R-12.1, R-13.1, R-14.1, R-15.1, R-16.1, R-17.1, R-18.1,  
13 R-19.1, R-20.1, R-22.1, R-23.1, R-25.1, R-26.1, R-27.1, R-28.1, R-29.1, R-30.1, R-31.1,  
14 R-32.1, R-35.1, R-36.1, R-37.1, R-38.1, R-39.1, R-40.1, R-42.1, R-43.1, R-44.1 and R-45.1?

15 A. Yes. These adjustments were made to reflect the December 31, 2003 reserve  
16 balances.

17 Q. Would you please explain Reserve Adjustment No. R-28.2?

18 A. Yes. These adjustments were made to eliminate the reserve associated with the  
19 inactive services.

20 Q. Please explain Reserve Adjustment No. R-37.2 and R-37.3.

21 A. Reserve Adjustment R-37.2 removes the reserve associated with the Texas  
22 only CSS enhancements. Adjustment R-37.3 adjusts reserve to include depreciation  
23 incorrectly charge to an expense account.

1 Q. Please describe Income Statement Adjustment No. S-64.

2 A. This adjustment annualizes depreciation expense based on December 31, 2003,  
3 levels of plant in service and the Staff's proposed depreciation rates, as discussed by Staff  
4 witness Mathis.

5 Q. Please describe Adjustments No. S-67.1 and S-67.2.

6 A. These adjustments remove depreciation expense charged to clearing accounts.

7 Q. Please describe Adjustment No. S-59.1.

8 A. This adjustment annualizes amortization expense based on intangible plant and  
9 leasehold improvement levels at December 31, 2003.

10 **ADVERTISING EXPENSE**

11 Q. Please explain Income Statement Adjustment No. S-54.1.

12 A. These adjustments restate the test year advertising levels to reflect allowable  
13 expense.

14 Q. Please explain the history of such adjustments before the Commission.

15 A. As part of Re: Kansas City Power and Light Company, 28 MO P.S.C. (N.S.)  
16 228 (1986) (KCPL), the Commission adopted an approach which classifies advertisements  
17 into five categories and provides separate rate treatment for each category. The five  
18 categories of advertisements recognized by the Commission for purposes of this approach are:

19 1. General: advertising that is useful in the provision of adequate service;

20 2. Safety: advertising that conveys the ways to use the Company's service  
21 safely and to avoid accidents;

- 1           3.     Promotional: advertising that encourages or promotes the use of the
- 2                     particular commodity the utility is selling;
- 3           4.     Institutional: advertising that seeks to improve or retain the Company's
- 4                     public image;
- 5           5.     Political: advertising which is associated with political issues.

6           The Commission adopted these categories of advertisements because it believed that a  
7 utility's revenue requirement should: 1) always include the reasonable and necessary cost of  
8 general and safety advertisements; 2) never include the cost of institutional or political  
9 advertisements; and 3) include the cost of promotional advertisements only to the extent that  
10 the utility can provide cost-justification for the advertisement (KCPL, pp. 269-271).

11           Q.     What examination has the Staff performed in regard to the Company's  
12 advertising expense?

13           A.     The Staff performed an ad-by-ad review of advertisements booked to type code  
14 610 during the test year. The Staff, while mindful of the classification already performed by  
15 the Company, conducted an independent evaluation for each advertisement and reclassified  
16 each advertisement as necessary.

17           Q.     What standard did the Staff use to evaluate the Company's advertising expense  
18 in this case and to develop the adjustments?

19           A.     The Staff utilized the standards as initially established in the KCPL case  
20 identified above, and utilized in subsequent cases, to determine the test year level of  
21 advertising expense for the general, safety, institutional, promotional and political categories  
22 of advertising. The Staff proposes to disallow advertisements that are institutional,

1 promotional, unrelated to the natural gas industry or ask for charitable donations. The Staff  
2 allowed all general and safety-related advertisements to the extent that they were related to  
3 the natural gas industry and beneficial to Missouri natural gas ratepayers.

4 Q. How did the Staff treat these advertisements for rate purposes?

5 A. The Staff allowed all general and safety-related advertisements to the extent  
6 that they were related to the natural gas industry and beneficial to Missouri natural gas  
7 ratepayers. The Staff disallowed all advertisements identified by the Company as safety or  
8 general, but which the Staff believes are in fact institutional, promotional, or unrelated to the  
9 natural gas industry, as well as advertisements that could not be identified by the Staff. The  
10 Staff has also disallowed advertisements that were classified as “giveaways” from the cost of  
11 service. “Giveaways,” such as calendars, jar openers and sewing kits, are typically a  
12 promotional or institutional in nature, and the Staff considers them to be a form of advertising.  
13 Schedule 1 of this direct testimony includes a copy of each advertisement that the Staff has  
14 disallowed, with the exception of those advertisements, which were classified as “giveaways.”

15 Q. Did the Company provide the Staff with any advertisements of a political  
16 nature?

17 A. No. The Company did not submit to the Staff any advertisements of a political  
18 nature.

19 **DUES AND DONATIONS**

20 Q. Please explain Adjustment Nos. S-21.4, S-37.2, S-43.4, S-47.7 and S-54.6.

21 A. These adjustments decrease test year expenses relating to various dues the  
22 Company has included in its cost of service. Examples of dues excluded from the case are

Direct Testimony of  
Lesley R. Preston

1 dues paid to the Missouri Energy Development Association (MEDA) and Rotary, Optimist  
2 and Lions clubs.

3 Consistent with the Commission's decision in Case No. GR-77-33, Laclede Gas  
4 Company, the Staff excluded these dues from the cost of service because they: 1) are not  
5 necessary for the provision of safe and adequate service, 2) do not provide any direct benefit  
6 to ratepayers; and 3) including such expenditures in rates places the ratepayer in the position  
7 of being an involuntary donor to the organization in question.

### 8 **INJURIES AND DAMAGES**

9 Q. Please describe Adjustment Nos. S-51.1 and S-51.2.

10 A. Adjustment No. S-51.1 removes all test year expenses from Federal Energy  
11 Regulatory Commission (FERC) Account 925, Injuries & Damages, and Adjustment No. S-  
12 51.2 adds back the normalized level of injuries and damages claims expense. The normalized  
13 level of injuries and damages expense is reflected by a three-year average of actual claims  
14 payments. Insurance is an additional component of expense for Account 925 that will be  
15 addressed by Staff Auditing witness Charles R. Hyneman.

16 Q. Why has the Staff used a three-year average of actual payments?

17 A. Actual payments for injuries and damages have been fluctuating in the past  
18 few years. The Staff believes that a three-year average will smooth out the effect of these  
19 fluctuations.

20 Q. Please define the three-year period used by the Staff.

21 A. The three-year period is the time period from January 1, 2001, to  
22 December 31, 2003.

1 **PROPERTY TAXES**

2 Q. Please explain Adjustment No. S-60.1.

3 A. This adjustment annualizes property tax expense for MGE.

4 Q. How did the Staff compute property tax expense in this case?

5 A. The Staff examined the actual amounts of property tax payments made by  
6 MGE for 2000, 2001 and 2002. I developed a relationship of actual property tax payments to  
7 the level of property at January 1 for each of those years. The relationship was applied to the  
8 plant in service balance at the end of the test year update period, December 31, 2003, to  
9 calculate an annualized property tax amount in this case.

10 Q. How are property taxes paid?

11 A. The state and local taxing authorities determine the annual property tax  
12 payment through an assessment of utilities' real property. This assessment is made based  
13 upon the utilities' property balances on January 1 of each year. The taxing authorities also  
14 determine a property tax rate that is applied to the assessed values to compute the property tax  
15 amount billed to utilities.

16 Q. When are property taxes paid by the utility?

17 A. The property taxes are paid to the state and local taxing authorities at the end  
18 of each year, generally by December 31st.

19 Q. Are all property taxes charged to expense?

20 A. No. Although the majority of property taxes are expensed, a portion of  
21 property taxes relate to construction activity as of the assessment date of January of each year.  
22 The property taxes that relate to construction activities are capitalized.

1 **REGULATORY EXPENSE**

2 Q. Please explain Adjustment No. S-53.1.

3 A. Adjustment No. S-53.1 removes all test year expenses from FERC account  
4 928, Regulatory Commission Expense. The Staff has proposed separate adjustments to add  
5 back normalized and annualized costs to Account 928 (Adjustment Nos. S-53.2, S-53.3, S-  
6 53.4 and S-53.5). The Company books costs such as the PSC assessment and rate case  
7 expenses to this account.

8 Q. Please explain Adjustment No. S-53.5.

9 A. This adjustment normalizes a Commission ordered depreciation study over five  
10 years.

11 Q. Please explain Adjustment No. S-53.4

12 A. Adjustment No. S-53.4 annualizes the National Association of Regulatory  
13 Utility Commissions assessment.

14 Q. Please explain Adjustment No. S-53.3.

15 A. This adjustment annualizes the PSC assessment expense based on the July 1,  
16 2003 Commission assessment.

17 Q. Please describe Adjustment No. S-53.2.

18 A. This adjustment normalizes rate case expense over a three-year period.

19 Q. How was the rate case expense adjusted for Case No. GR-2004-0209?

20 A. The total amount of actual rate case expense incurred of \$142,392, as of  
21 March 29, 2004, is being allowed at this time. Any additional cost that is a reasonably  
22 incurred rate case expense will be considered for inclusion later in the case. Some rate case  
23 costs, such as consulting fees, employee travel expenditures and legal representation, are  
24 directly associated with the length of the case through the prehearing and hearing process.

1 The Staff will work with the Company to establish an ongoing normalized level of rate case  
2 expense for inclusion in rates.

3 **MISCELLANEOUS EXPENSES**

4 Q. Please explain Adjustment Nos. S-21.2, S-37.1, S-43.2, S-47.5 and S-54.5.

5 A. These adjustments remove from the cost of service expenses associated with  
6 costs such as a Company picnic, meals and luncheons, entertainment tickets and private  
7 limousine service. These costs provide no benefit to the ratepayer and are excluded because  
8 they are not necessary to the provision of service.

9 Q. Does this conclude your direct testimony?

10 A. Yes, it does.

MISSOURI GAS ENERGY 2

0  
SPRINGTIME IN THE MIDWEST MEANS BASEBALL AND SPRING FLOWERS  
FOR MANY OF US. IT'S ALSO A GREAT TIME TO ENJOY THE OUTDOORS  
WITH FAMILY AND FRIENDS WHILE BARBEQUING OUTSIDE ON A  
NATURAL GAS GRILL. SPRINGTIME CAN BRING SEVERE WEATHER, TOO.  
TO LEARN ABOUT SEVERE WEATHER SAFETY, VISIT THE AMERICAN RED  
CROSS WEBSITE AT WWW.KCRFDCROSS.ORG. FOR BARBEQUE TIPS -  
WELL, IN THIS PART OF THE COUNTRY ARGUEING OVER WHO HAS THE  
BEST CAN BE STORMY TOO SO WE DECLINE GIVING OUR OPINION.  
BROUGHT TO YOU BY MISSOURI GAS ENERGY - SAFE, CLEAN, RELIABLE  
30 - THAT'S NATURAL GAS.

60  
Producer:

Scott Larson

Completion Date:

4/26/02

Talent:

Scott Larson

Music:FX:

Outdanc

TOTAL P.20

Schedule 1-1

**KMBZ/LINDA HAWLEY  
MISSOURI GAS ENERGY  
NUMBER 2 (:30's)**

ALONG WITH COLD WEATHER, WINTER CAN BRING WITH IT SNOW AND ICE. THROUGH IT ALL, YOU CAN DEPEND THE EMPLOYEES AT MISSOURI GAS ENERGY TO DELIVER SAFE, CLEAN, RELIABLE NATURAL GAS TO YOUR HOUSE, DAY AND NIGHT. NOT ONLY WILL NATURAL GAS BE THERE WHEN YOU NEED IT TO COOK OR HEAT YOUR HOME, THE US DEPARTMENT OF ENERGY SAYS THAT NATURAL GAS IS YOUR BEST ENERGY VALUE. SAFE, CLEAN, RELIABLE—THAT'S NATURAL GAS.

*OK*

Producer: \_\_\_\_\_ Completion Date: \_\_\_\_\_  
Talent: \_\_\_\_\_ Music/FX: \_\_\_\_\_

(417) 235-6041

1569 N. CENTRAL

MONETT MO 65708

CLIENT: MISSOURI GAS ENERGY

ACCOUNT NUMBER: 271

SCRIPT: A            START: 11/24/2002    STOP: 11/28/2002    LENGTH: 30  
PRODUCT NAME:

\*  
\*  
1 \* MISSOURI GAS ENERGY  
\* :30  
2 \* 11/24/02 TO 11/28/02  
\*  
3 \* AT THIS THANKSGIVING TIME, THE EMPLOYEES OF MISSOURI GAS ENERGY  
\* WISH YOU AN ABUNDANCE OF THE PRECIOUS THINGS IN LIFE: HEALTH,  
4 \* HAPPINESS, AND ENDURING FRIENDSHIPS. MISSOURI GAS ENERGY WOULD  
\* LIKE TO TAKE THIS SPECIAL OPPORTUNITY TO LET YOU KNOW WE  
5 \* APPRECIATE HAVING YOU AS OUR CUSTOMER, AND LOOK FORWARD TO  
\* SERVING YOU IN THE FUTURE. HAPPY THANKSGIVING FROM YOUR FRIENDS  
6 \* AT MISSOURI GAS ENERGY.  
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STATION DOCUMENTATION STATEMENT APPROVED BY THE CO-OPERATIVE ADVERTISING  
COMMITTEE OF THE ASSOCIATION OF NATIONAL ADVERTISERS  
This announcement was broadcast 15 time[s], as entered in the station's  
program log. The times this announcement was broadcast were billed to this  
station's client on our invoice, as follows:

15 SPOTS AT A RATE OF \$ 6.00	TOTAL: \$	90.00
	GRAND TOTAL: \$	90.00

*Sue Ann Merritt*  
(Notarize above)

-Station Official

SUE ANN MERRITT  
Notary Public - Notary Seal  
STATE OF MISSOURI  
Lawrence County  
My Commission Expires June 19, 2004

*Patricia W. Wodlinger*  
PATRICIA W. WODLINGER

RADIO 'TEAR SHEET' PROCEDURE  
FORM AT BOTTOM OF SHEET INDICATES WHICH COPY RAN.

(417) 235-6041

1569 N. CENTRAL

MONETT MO 65708

CLIENT: MISSOURI GAS ENERGY

ACCOUNT NUMBER: 271

SCRIPT: B START: 12/31/2002 STOP:12/31/2002 LENGTH: 30  
PRODUCT NAME:

\*  
\*  
1 \* MISSOURI GAS ENERGY  
\* :30  
2 \* 12/31/02 TO 01/04/03  
\*  
3 \* THE EMPLOYEES OF MISSOURI GAS ENERGY HOPE YOUR HOLIDAY SEASON HAS  
\* BEEN THE BEST EVER, AND THAT YOUR SPECIAL HOLIDAY FEELINGS WILL  
4 \* LINGER THE WHOLE YEAR THROUGH. EACH NEW YEAR BRINGS NEW  
\* OPPORTUNITIES FOR US ALL, AND WE HOPE THE BRIGHT NEW YEAR  
5 \* STRETCHING OUT IN FRONT OF YOU IS FILLED WITH HAPPINESS AND GOOD  
\* HEALTH FOR YOU AND YOUR FAMILY. HAPPY NEW YEAR FROM MISSOURI GAS  
6 \* ENERGY!  
\*  
7 \*  
\*  
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STATION DOCUMENTATION STATEMENT APPROVED BY THE CO-OPERATIVE ADVERTISING  
COMMITTEE OF THE ASSOCIATION OF NATIONAL ADVERTISERS  
This announcement was broadcast 3 time[s], as entered in the station's  
program log. The times this announcement was broadcast were billed to this  
station's client on our invoice, as follows:

3 SPOTS AT A RATE OF \$ 6.00	TOTAL: \$	18.00
	GRAND TOTAL: \$	18.00

SUE ANN MERRITT  
Notary Public - Notary Seal  
STATE OF MISSOURI  
Lawrence County  
My Commission Expires June 19, 2004

*Sue Ann Merritt*  
(Notarize above)

*Patricia W. Wodlinger*  
PATRICIA W. WODLINGER

-Station Official

(417) 235-6041

1569 N. CENTRAL

MONETT MO 65708

CLIENT: MISSOURI GAS ENERGY

ACCOUNT NUMBER: 271

SCRIPT: A            START: 11/24/2002    STOP: 11/28/2002    LENGTH: 30  
PRODUCT NAME:

\*  
\*  
1 \* MISSOURI GAS ENERGY  
\* :30  
2 \* 11/24/02 TO 11/28/02  
\*  
3 \* AT THIS THANKSGIVING TIME, THE EMPLOYEES OF MISSOURI GAS ENERGY  
\* WISH YOU AN ABUNDANCE OF THE PRECIOUS THINGS IN LIFE: HEALTH,  
4 \* HAPPINESS, AND ENDURING FRIENDSHIPS. MISSOURI GAS ENERGY WOULD  
\* LIKE TO TAKE THIS SPECIAL OPPORTUNITY TO LET YOU KNOW WE  
5 \* APPRECIATE HAVING YOU AS OUR CUSTOMER, AND LOOK FORWARD TO  
\* SERVING YOU IN THE FUTURE. HAPPY THANKSGIVING FROM YOUR FRIENDS  
6 \* AT MISSOURI GAS ENERGY.  
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STATION DOCUMENTATION STATEMENT APPROVED BY THE CO-OPERATIVE ADVERTISING  
COMMITTEE OF THE ASSOCIATION OF NATIONAL ADVERTISERS

This announcement was broadcast 15 time[s], as entered in the station's  
program log. The times this announcement was broadcast were billed to this  
station's client on our invoice, as follows:

15 SPOTS AT A RATE OF \$ 6.00	TOTAL: \$	90.00
	GRAND TOTAL: \$	90.00

*Sue Ann Merritt*  
(Notarize above)

-Station Official

SUE ANN MERRITT Notary Public - Notary Seal STATE OF MISSOURI Lawrence County My Commission Expires June 19, 2004
---

*Patricia W. Wodlinger*  
PATRICIA W. WODLINGER

(417) 235-6041

1569 N. CENTRAL

MONETT MO 65708

CLIENT: MISSOURI GAS ENERGY

ACCOUNT NUMBER: 271

SCRIPT: B      START: 12/31/2002      STOP:12/31/2002      LENGTH: 30  
PRODUCT NAME:

\*  
\*  
1 \* MISSOURI GAS ENERGY  
\* :30  
2 \* 12/31/02 TO 01/04/03  
\*  
3 \* THE EMPLOYEES OF MISSOURI GAS ENERGY HOPE YOUR HOLIDAY SEASON HAS  
\* BEEN THE BEST EVER, AND THAT YOUR SPECIAL HOLIDAY FEELINGS WILL  
4 \* LINGER THE WHOLE YEAR THROUGH. EACH NEW YEAR BRINGS NEW  
\* OPPORTUNITIES FOR US ALL, AND WE HOPE THE BRIGHT NEW YEAR  
5 \* STRETCHING OUT IN FRONT OF YOU IS FILLED WITH HAPPINESS AND GOOD  
\* HEALTH FOR YOU AND YOUR FAMILY. HAPPY NEW YEAR FROM MISSOURI GAS  
6 \* ENERGY!  
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STATION DOCUMENTATION STATEMENT APPROVED BY THE CO-OPERATIVE ADVERTISING  
COMMITTEE OF THE ASSOCIATION OF NATIONAL ADVERTISERS  
This announcement was broadcast 3 time[s], as entered in the station's  
program log. The times this announcement was broadcast were billed to this  
station's client on our invoice, as follows:

3 SPOTS AT A RATE OF \$ 6.00      TOTAL: \$ 18.00  
GRAND TOTAL: \$ 18.00

*Sue Ann Merritt*  
(Notarize above)  
-Station Official

SUE ANN MERRITT  
Notary Public - Notary Seal  
STATE OF MISSOURI  
Lawrence County  
My Commission Expires June 19, 2004

*Patricia W. Wodlinger*  
PATRICIA W. WODLINGER



OCTOBER 28, 2002

*Done this advertisement  
for several years  
Same cost as  
last year.*

TO: PAM LEVETZOW MISSOURI GAS ENERGY  
REG: 816-360-5571 FAX: 816-360-5541

FROM: EDNA STRICKLIN KRMO.AM-KKBL.FM  
REG: 1-800-928-5253 FAX: 417-235-6388

REGARDING 2002 HOLIDAY GREETINGS ON KRMO-KKBL:  
THANKSGIVING: NOVEMBER 24-28, 2002  
CHRISTMAS: DECEMBER 15-24, 2002  
NEW YEARS: DECEMBER 31-JANUARY 4, 2002

RECEIVE 30, 30-SECOND MESSAGES FOR EACH HOLIDAY  
RUNNING 3 TIMES PER DAY ON EACH STATION AT A TOTAL COST  
OF \$180.00 PER HOLIDAY. FOR ALL THREE HOLIDAYS THE TOTAL  
INVESTMENT IS: \$540.00 BILLED \$180, NOVEMBER; \$180,  
DECEMBER; \$180, JANUARY.

AD COPY FOR EACH HOLIDAY AS FOLLOWS:

THANKSGIVING:

AT THIS THANKSGIVING TIME, THE EMPLOYEES OF MISSOURI GAS  
ENERGY WISH YOU AN ABUNDANCE OF THE PRECIOUS THINGS IN  
LIFE, HEALTH, HAPPINESS, AND ENDURING FRIENDSHIPS.  
MISSOURI GAS ENERGY WOULD LIKE TO TAKE THIS SPECIAL  
OPPORTUNITY TO LET YOU KNOW WE APPRECIATE HAVING YOU AS  
OUR CUSTOMER, AND WE LOOK FORWARD TO SERVING YOU IN  
THE FUTURE. HAPPY THANKSGIVING FROM YOUR FRIENDS AT  
MISSOURI GAS ENERGY.

Monett  
Communications,  
Inc.

KRMO AM 990/  
KKBL 96 FM  
1569 North Central  
Monett, MO 65708  
(417) 235-6041  
FAX (417) 235-6388



CHRISTMAS:

CHURCH BELLS RING! CAROLERS SING! THERE'S CHRISTMAS IN THE AIR! THE EMPLOYEES OF MISSOURI GAS ENERGY SEND SEASON'S GREETINGS TO ALL THEIR CUSTOMERS AND FRIENDS THROUGHOUT THE AREA, ESPECIALLY THE CHILDREN. SHARE A CHILD'S HOLIDAY LAUGHTER, AND CAPTURE THAT SPECIAL CHRISTMAS JOY NOW AND THROUGHOUT THE YEAR. HAPPY HOLIDAYS FROM MISSOURI GAS ENERGY!

NEW YEARS:

THE EMPLOYEES OF MISSOURI GAS ENERGY HOPE YOUR HOLIDAY SEASON HAS BEEN THE BEST EVER, AND THAT YOUR SPECIAL HOLIDAY FEELINGS WILL LINGER THE WHOLE YEAR THROUGH. EACH NEW YEAR BRINGS NEW OPPORTUNITIES FOR US ALL, AND WE HOPE THE BRIGHT NEW YEAR STRETCHING OUT IN FRONT OF YOU IS FILLED WITH HAPPINESS AND GOOD HEALTH FOR YOU AND YOUR FAMILY. HAPPY NEW YEAR FROM MISSOURI GAS ENERGY!

MRS. LEVETZOW,

PLEASE LET ME KNOW IF MISSOURI GAS ENERGY WILL PARTICIPATE AGAIN THIS YEAR. MY HOURS ARE 8 TO 5, MONDAY THRU FRIDAY. THANK YOU FOR YOUR CONSIDERATION.

SINCERELY,

*Edna Stricklin*

EDNA STRICKLIN

MARKETING CONSULTANT

KRMO.AM-KKBL.FM RADIO, MONETT MO

Monett  
Communications,  
Inc.

KRMO AM 990/  
KKBL 96 FM  
1569 North Central  
Monett, MO 65708  
(417) 235-6041  
FAX (417) 235-6388

Advertisement - 7' X 10' wall sign  
on outfield wall at stadium.



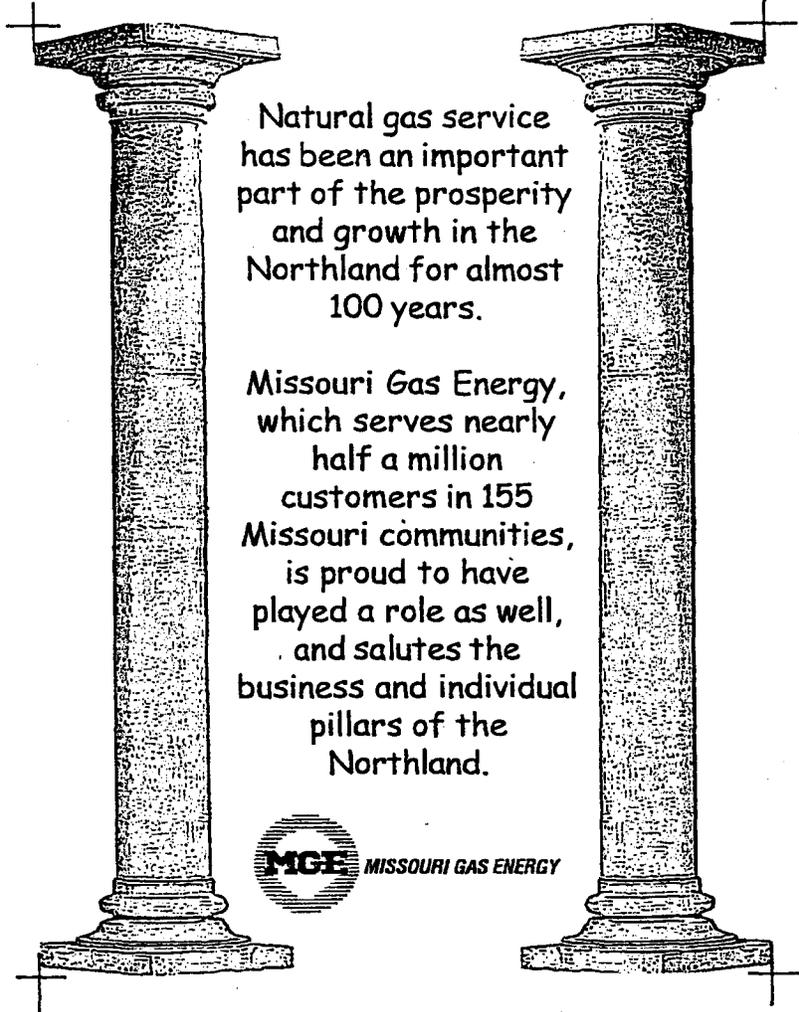
**MISSOURI GAS ENERGY**

*Safe ... Clean ... Reliable*

*-- That's Natural Gas*

*Proud to provide energy for the St. Joseph area*

townsend Communications  
Advertisement placed in  
the Dispatch Tribune news-  
paper to promote businesses.

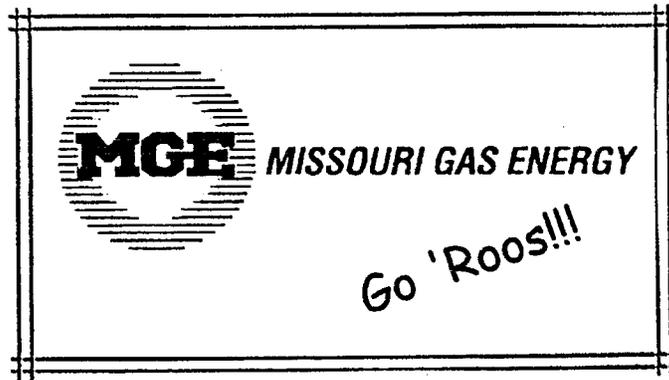


Natural gas service  
has been an important  
part of the prosperity  
and growth in the  
Northland for almost  
100 years.

Missouri Gas Energy,  
which serves nearly  
half a million  
customers in 155  
Missouri communities,  
is proud to have  
played a role as well,  
and salutes the  
business and individual  
pillars of the  
Northland.



University Sports Publication  
Advertisement for UMKC  
basketball yearbook.



The Examiner Newspaper  
Guide to Independence  
publication advertisement

“Can you name the  
**LOWEST COST,**  
safest and cleanest  
energy source IN  
**KANSAS CITY?**”

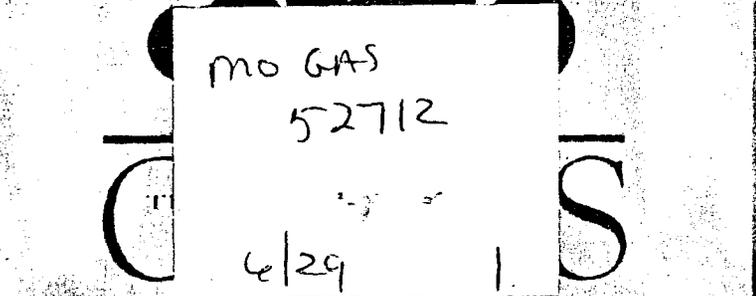


Believe it or not, the answer is still natural gas.

For over a century, natural gas has been your most reliable, environmentally friendly, affordable, convenient and most cost-effective energy source. When buying or building your home, remember that natural gas does more than simply keep you warm. It's the difference a natural gas range and grill can make. See the difference of a natural gas light. Experience the difference of a natural gas hot tub, spa or heated pool. Compare the difference of natural gas for all your energy needs. Call your local distributor for more information at 816.260.9643.

For more information,  
visit us online at  
[www.the1800.com](http://www.the1800.com)

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AN ACTIVE, CARING COMMUNITY

Alzheimer's Center of Excellence  
Alzheimer's Adult Day Care & Respite  
Skilled Nursing - Rosewood Health Center  
Licensed Residential Care - White Oak Living Center  
Independent Living - Forest View Retirement Center

Independence 816-254-3500 [www.thegroves.com](http://www.thegroves.com)

Sponsored by

Community of Christ