

*Exhibit No.:*  
*Issue:* Revenue Requirement  
*Witness:* David G. Winter  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case No.:* GR-2006-0422  
*Date Testimony Prepared:* November 21, 2006

**MISSOURI PUBLIC SERVICE COMMISSION**  
**UTILITY SERVICES DIVISION**

**REBUTTAL TESTIMONY**  
**OF**

**DAVID G. WINTER**

**MISSOURI GAS ENERGY**  
**CASE NO. GR-2006-0422**

*Jefferson City, Missouri*  
*November 2006*

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**


In the Matter of Missouri Gas Energy's Tariff )  
Sheets Designed to Increase Rates for Gas Service )  
in the Company's Missouri Service Area )

Case No. GR-2006-0422

**AFFIDAVIT OF DAVID G. WINTER**

STATE OF MISSOURI     )  
                                  )  
COUNTY OF COLE     )     ss.

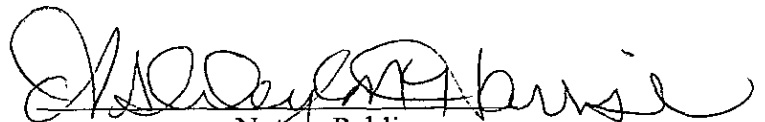
David G. Winter, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 2 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

  
David G. Winter

Subscribed and sworn to before me this 20 day of November 2009.



ASHLEY M. HARRISON  
My Commission Expires  
August 31, 2010  
Cole County  
Commission #06800978

  
Notary Public

1                                   **REBUTTAL TESTIMONY OF**  
2                                   **DAVID G. WINTER**  
3                                   **MISSOURI GAS ENERGY**  
4                                   **CASE NO. GR-2006-0422**

5           Q.     Please state your name and business address.

6           A.     David G. Winter, P.O. Box 360, Jefferson City, Missouri 65102.

7           Q.     Are you the same David G. Winter who has previously filed direct  
8 testimony in this proceeding for the Staff?

9           A.     Yes, I am.

10          Q.     What is the purpose of your rebuttal testimony?

11          A.     The purpose of my rebuttal testimony is to address the Staff's current  
12 recommended revenue requirement in this proceeding.

13                   **REVENUE REQUIREMENT**

14          Q.     What is the Staff's current recommended revenue requirement for MGE?

15          A.     The Staff's current recommended revenue requirement for the Company  
16 in this proceeding is \$16,050,932 calculated at the Staff's recommended midpoint return  
17 in this case, sponsored by Staff witness David Murray of the Financial Analysis  
18 Department. A set of accounting schedules supporting this revenue requirement is  
19 attached to this testimony as Schedule 1. The Staff's revenue requirement is based upon  
20 a test year of the twelve months ended December 31, 2006, with an update of known and  
21 measurable changes through June 30, 2006, and also reflects corrections for errors and  
22 omissions in the Staff's direct case. In addition, this revenue requirement reflects certain

1 changes to areas for which the Staff believes it has reached agreement with MGE.  
2 Schedule 2 provides a detailed listing of all changes made to the Staff's recommended  
3 direct case revenue requirement of \$14,055,244 since the time of that filing.

4 Q. Does this conclude your rebuttal testimony?

5 A. Yes, it does.

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Revenue Requirement

Line		8.01% Return	8.12% Return	8.22% Return
(A)		(B)	(C)	(D)
1	Net Orig Cost Rate Base (Sch 2)	\$ 579,952,906	\$ 579,952,906	\$ 579,952,906
2	Rate of Return	8.01%	8.12%	8.22%
3	Net Operating Income Requirement	\$ 46,454,228	\$ 47,092,176	\$ 47,672,129
4	Net Income Available (Sch 9)	\$ 37,221,329	\$ 37,221,329	\$ 37,221,329
5	Additional NOI BT Needed	\$ 9,232,899	\$ 9,870,847	\$ 10,450,800
6	Income Tax Requirement (Sch 11)			
7	Required Current Income Tax	\$ 12,936,519	\$ 13,334,009	\$ 13,695,365
8	Test Year Current Income Tax	\$ 7,153,924	\$ 7,153,924	\$ 7,153,924
9	Additional Current Tax Required	\$ 5,782,595	\$ 6,180,085	\$ 6,541,441
10	Required Deferred ITC	\$ 0	\$ 0	\$ 0
11	Test Year Deferred ITC	\$ 0	\$ 0	\$ 0
12	Additional Deferred ITC Required	\$ 0	\$ 0	\$ 0
13	Total Additional Tax Required	\$ 5,782,595	\$ 6,180,085	\$ 6,541,441
14	Gross Revenue Requirement	\$ 15,015,494	\$ 16,050,932	\$ 16,992,241

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Rate Base

Line Description		Amount
(A)	(B)	
1 Total Plant in Service (Sch 3)		\$ 857,469,709
Subtract from Total Plant		
2 Depreciation Reserve (Sch 6)		\$ 296,706,705
		-----
3 Net Plant in Service		\$ 560,763,004
Add to Net Plant in Service		
4 Cash Working Capital (Sch 8)		\$ 4,996,390
5 Materials and Supplies		1,818,545
6 Prepayments		246,749
7 Alternative Minimum Tax Credit		16,191,275
8 Prepaid Pension Asset		9,523,173
9 Gas Inventory		96,584,503
10 Net Cost of Removal Reg. Asset		507,724
Subtract from Net Plant		
11 Federal Tax Offset 4.6918 %		\$ 524,530
12 State Tax Offset 4.6918 %		82,426
13 City Tax Offset 0.0000 %		0
14 Interest Expense Offset 12.2043 %		3,135,518
15 Customer Advances for Construction		14,384,105
16 Customer Deposits		4,072,284
17 Deferred Taxes - TOTAL SLRP		3,530,079
18 Deferred Taxes - Non SLRP Plant		83,316,574
19 Deferred Taxes - Allocated Plant		32,104
20 Deferred Taxes - Other Timing Diffe		1,600,837
		-----
21 Total Rate Base		\$ 579,952,906
		=====

Accounting Schedule: 3

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## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Intangible Plant							
1	301.000	Organization	\$ 15,600	\$ 0	100.0000	\$ 0 P-1	\$ 15,600
2	302.000	Franchises & Consents	32,096	0	100.0000	0 P-2	32,096
3	303.000	Work Force Automation	3,785,364	0	100.0000	0 P-3	3,785,364
4	303.000	Corrosion Control Management System	1,117,800	0	100.0000	0 P-4	1,117,800
5	303.000	Landbase Digitized Mapping	1,701,543	0	100.0000	0 P-5	1,701,543
6	303.000	Premise Data System	985,196	0	100.0000	0 P-6	985,196
7	303.000	AMR Project - Programming	469,443	0	100.0000	0 P-7	469,443
8	303.000	Facility Priority Index	894,795	0	100.0000	0 P-8	894,795
9	303.000	Geographic Information System	1,006,719	0	100.0000	0 P-9	1,006,719
10	303.000	Customer Service System	3,786,000	0	100.0000	0 P-10	3,786,000
11	303.000	CSS Enhancements	7,588,221	0	100.0000	0 P-11	7,588,221
12	303.000	Mainframe Software	1,912,642	0	100.0000	0 P-12	1,912,642
13	303.000	Website	485,944	0	100.0000	0 P-13	485,944
14	303.000	Stoner Low Pressure Model	279,672	0	100.0000	0 P-14	279,672
15	303.000	BASIC	294,516	0	100.0000	0 P-15	294,516
16	303.000	TCS System	189,193	0	100.0000	0 P-16	189,193
17	303.000	GEO Tax Software	79,294	0	100.0000	0 P-17	79,294
18	303.000	Oracle Software	2,415,660	0	100.0000	0 P-18	2,415,660
19	303.000	Power Plant Software	187,288	0	100.0000	0 P-19	187,288
20	303.000	Virtual Hold Call Center	191,000	0	100.0000	0 P-20	191,000
21	303.000	Witness Software	194,706	0	100.0000	0 P-21	194,706
22	303.000	Completed Not Classified	31,945	0	100.0000	0 P-22	31,945
23		Total	\$ 27,644,637	\$ 0		\$ 0	\$ 27,644,637

Accounting Schedule: 3-1

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Distribution Plant							
24	374.000	Land	\$ 223,517	\$ 0	100.0000	\$ 0 P-23	\$ 223,517
25	374.200	Land Rights	1,665,693	0	100.0000	0 P-24	1,665,693
26	375.100	Structures	5,584,958	0	100.0000	0 P-25	5,584,958
27	375.200	Leasehold Improvements	0	0	100.0000	0 P-26	0
28	376.000	Mains	339,884,706	0	100.0000	0 P-27	339,884,706
29	378.000	Meas. & Reg. Sta. Equip - General	11,634,249	0	100.0000	0 P-28	11,634,249
30	379.000	Meas. & Reg. Sta. Equip - City Gate	3,058,251	0	100.0000	0 P-29	3,058,251
31	380.000	Services	294,362,067	0	100.0000	0 P-30	294,362,067
32	381.000	Meters	31,036,775	0	100.0000	0 P-31	31,036,775
33	382.000	Meters Installations	68,835,673	0	100.0000	0 P-32	68,835,673
34	383.000	House Regulators	11,558,045	0	100.0000	0 P-33	11,558,045
35	385.000	Electronic Gas Measuring	372,505	0	100.0000	0 P-34	372,505
36	387.000	Other Equipment	0	0	100.0000	0 P-35	0
37		Total	\$ 768,216,439	\$ 0		\$ 0	\$ 768,216,439
General Plant							
38	389.000	Land	\$ 773,880	\$ 0	100.0000	\$ 0 P-36	\$ 773,880
39	390.100	Structures	661,193	0	100.0000	0 P-37	661,193
40	390.200	Leasehold Improvements	1,546,597	0	100.0000	0 P-38	1,546,597
41	391.000	Office Furniture & Equipment	6,970,421	0	100.0000	0 P-39	6,970,421
42	392.000	Transportation Equipment	5,043,979	0	100.0000	0 P-40	5,043,979
43	393.000	Stores Equipment	538,350	0	100.0000	0 P-41	538,350
44	394.000	Tools, Shop & Garage Equipment	5,154,470	0	100.0000	0 P-42	5,154,470
45	395.000	Laboratory Equipment	0	0	100.0000	0 P-43	0
46	396.000	Power Operated Equipment	243,807	0	100.0000	0 P-44	243,807
47	397.100	Communication Equipment - AMR	36,324,861	0	100.0000	0 P-45	36,324,861
48	397.200	Communications Equipment	3,289,347	0	100.0000	0 P-46	3,289,347
49	398.000	Miscellaneous Equipment	431,485	0	100.0000	0 P-47	431,485
50		Total	\$ 60,978,390	\$ 0		\$ 0	\$ 60,978,390



Accounting Schedule: 3

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Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
		General Plant - Allocated					
51	390.000	Leasehold Improvements	\$ 2,036,684	\$ (1,623,850)	100.0000	\$ 0 P-49	\$ 412,834
52	391.000	Office Equipment	209,405	0	100.0000	0 P-50	209,405
53	392.000	Transportation Equipment	8,004	0	100.0000	0 P-51	8,004
54		Total	\$ 2,254,093	\$ (1,623,850)		\$ 0	\$ 630,243
55		Total Plant In Service	\$ 859,093,559	\$ (1,623,850)		\$ 0	\$ 857,469,709

Accounting Schedule: 3-3

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Total Plant

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
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*****		
Leasehold Improvements P-49	\$ (1,623,850)	
*****		
1. To remove unused portions of Scranton offices. (Winter)	\$ (1,143,060)	
2. To remove New York office leasehold improvements. (Winter)	\$ (480,790)	

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
		Intangible Plant			
1	301.000	Organization	\$ 15,600	0.0000	\$ 0
2	302.000	Franchises & Consents	32,096	0.0000	0
3	303.000	Work Force Automation	3,785,364	0.0000	0
4	303.000	Corrosion Control Management System	1,117,800	0.0000	0
5	303.000	Landbase Digitized Mapping	1,701,543	0.0000	0
6	303.000	Premise Data System	985,196	0.0000	0
7	303.000	AMR Project - Programming	469,443	0.0000	0
8	303.000	Facility Priority Index	894,795	0.0000	0
9	303.000	Geographic Information System	1,006,719	0.0000	0
10	303.000	Customer Service System	3,786,000	0.0000	0
11	303.000	CSS Enhancements	7,588,221	0.0000	0
12	303.000	Mainframe Software	1,912,642	0.0000	0
13	303.000	Website	485,944	0.0000	0
14	303.000	Stoner Low Pressure Model	279,672	0.0000	0
15	303.000	BASIC	294,516	0.0000	0
16	303.000	TCS System	189,193	0.0000	0
17	303.000	GEO Tax Software	79,294	0.0000	0
18	303.000	Oracle Software	2,415,660	0.0000	0
19	303.000	Power Plant Software	187,288	0.0000	0
20	303.000	Virtual Hold Call Center	191,000	0.0000	0
21	303.000	Witness Software	194,706	0.0000	0
22	303.000	Completed Not Classified	31,945	0.0000	0
23		Total	\$ 27,644,637		\$ 0

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Distribution Plant					
24	374.000	Land	\$ 223,517	0.0000	\$ 0
25	374.200	Land Rights	1,665,693	2.0000	33,314
26	375.100	Structures	5,584,958	2.0000	111,699
27	375.200	Leasehold Improvements	0	0.0000	0
28	376.000	Mains	339,884,706	2.1100	7,171,567
29	378.000	Meas. & Reg. Sta. Equip - General	11,634,249	2.4400	283,876
30	379.000	Meas. & Reg. Sta. Equip - City Gate	3,058,251	2.4400	74,621
31	380.000	Services	294,362,067	3.0500	8,978,043
32	381.000	Meters	31,036,775	2.4600	763,505
33	382.000	Meters Installations	68,835,673	2.4400	1,679,590
34	383.000	House Regulators	11,558,045	2.2200	256,589
35	385.000	Electronic Gas Measuring	372,505	2.3300	8,679
36	387.000	Other Equipment	0	0.0000	0
37		Total	\$ 768,216,439		\$ 19,361,483
General Plant					
38	389.000	Land	\$ 773,880	0.0000	\$ 0
39	390.100	Structures	661,193	2.4400	16,133
40	390.200	Leasehold Improvements	1,546,597	0.0000	0
41	391.000	Office Furniture & Equipment	6,970,421	9.0900	633,611
42	392.000	Transportation Equipment	5,043,979	7.5000	378,298
43	393.000	Stores Equipment	538,350	3.1300	16,850
44	394.000	Tools, Shop & Garage Equipment	5,154,470	3.7000	190,715
45	395.000	Laboratory Equipment	0	0.0000	0
46	396.000	Power Operated Equipment	243,807	4.4100	10,752
47	397.100	Communication Equipment - AMR	36,324,861	5.0000	1,816,243
48	397.200	Communications Equipment	3,289,347	4.7600	156,573
49	398.000	Miscellaneous Equipment	431,485	3.8500	16,612
50		Total	\$ 60,978,390		\$ 3,235,787

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
		General Plant - Allocated			
51	390.000	Leasehold Improvements	\$ 412,834	2.0000	\$ 8,257
52	391.000	Office Equipment	209,405	5.0000	10,470
53	392.000	Transportation Equipment	8,004	7.5000	600
54		Total	\$ 630,243		\$ 19,327
55		Total Depreciation Expense	\$ 857,469,709		\$ 22,616,597

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Intangible Plant							
1	301.000	Organization	\$ 0	\$ 0	100.0000	\$ 0 R-1	\$ 0
2	302.000	Franchises & Consents	0	0	100.0000	0 R-2	0
3	303.000	Work Force Automation	1,199,426	0	100.0000	0 R-3	1,199,426
4	303.000	Corrosion Control Management System	1,117,800	0	100.0000	0 R-4	1,117,800
5	303.000	Landbase Digitized Mapping	1,701,543	0	100.0000	0 R-5	1,701,543
6	303.000	Premise Data System	985,196	0	100.0000	0 R-6	985,196
7	303.000	AMR Project - Programming	251,100	0	100.0000	0 R-7	251,100
8	303.000	Facility Priority Index	894,795	0	100.0000	0 R-8	894,795
9	303.000	Geographic Information System	914,094	0	100.0000	0 R-9	914,094
10	303.000	Customer Service System	3,681,397	0	100.0000	0 R-10	3,681,397
11	303.000	CSS Enhancements	4,491,848	0	100.0000	0 R-11	4,491,848
12	303.000	Mainframe Software	897,687	0	100.0000	0 R-12	897,687
13	303.000	Website	178,048	0	100.0000	0 R-13	178,048
14	303.000	Stoner Low Pressure Model	250,190	0	100.0000	0 R-14	250,190
15	303.000	BASIC	276,484	0	100.0000	0 R-15	276,484
16	303.000	TCS System	135,059	0	100.0000	0 R-16	135,059
17	303.000	GEO Tax Software	56,827	0	100.0000	0 R-17	56,827
18	303.000	Oracle Software	363,687	0	100.0000	0 R-18	363,687
19	303.000	Power plant Software	28,093	0	100.0000	0 R-19	28,093
20	303.000	Virtual Hold Call Center	41,362	0	100.0000	0 R-20	41,362
21	303.000	Witness Software	76,238	0	100.0000	0 R-21	76,238
22	303.000	Infinium Software	0	0	100.0000	0 R-22	0
23		Total	\$ 17,540,874	\$ 0		\$ 0	\$ 17,540,874

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Distribution Plant							
24	374.100	Land	\$ 0	\$ 0	100.0000	\$ 0 R-23	\$ 0
25	374.200	Land Rights	392,428	0	100.0000	0 R-24	392,428
26	375.100	Structures	441,099	0	100.0000	0 R-25	441,099
27	375.200	Leasehold Improvements	0	0	100.0000	0 R-26	0
28	376.000	Mains	107,494,347	0	100.0000	0 R-27	107,494,347
29	378.000	Meas. & Reg. Sta. Equip. - General	3,530,032	0	100.0000	0 R-28	3,530,032
30	379.000	Meas. & Reg. Sta. Equip - City Gate	805,646	0	100.0000	0 R-29	805,646
31	380.000	Services	129,523,389	0	100.0000	0 R-30	129,523,389
32	381.000	Meters	3,213,048	0	100.0000	0 R-31	3,213,048
33	382.000	Meter Installations	14,547,595	0	100.0000	0 R-32	14,547,595
34	383.000	House Regulators	2,203,266	0	100.0000	0 R-33	2,203,266
35	385.000	Electronic Gas Metering	101,870	0	100.0000	0 R-34	101,870
36	387.000	Other Equipment	0	0	100.0000	0 R-35	0
37		Total	\$ 262,252,720	\$ 0		\$ 0	\$ 262,252,720
General Plant							
38	389.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-36	\$ 0
39	390.000	Structures	140,442	0	100.0000	0 R-37	140,442
40	390.200	Leasehold Improvements	651,879	0	100.0000	0 R-38	651,879
41	391.000	Office Furniture & Equipment	986,119	0	100.0000	0 R-39	986,119
42	392.000	Transportation Equipment	2,269,393	0	100.0000	0 R-40	2,269,393
43	393.000	Stores Equipment	164,670	0	100.0000	0 R-41	164,670
44	394.000	Tools, Shop & Garage Equipment	1,018,259	0	100.0000	0 R-42	1,018,259
45	395.000	Laboratory Equipment	0	0	100.0000	0 R-43	0
46	396.000	Power Operated Equipment	(421,553)	0	100.0000	0 R-44	(421,553)
47	397.100	Communication Equipment-AMR	13,264,576	0	100.0000	0 R-45	13,264,576
48	397.100	Communications Equipment	(1,541,810)	0	100.0000	0 R-46	(1,541,810)
49	398.000	Miscellaneous Equipment	287,051	0	100.0000	0 R-47	287,051
50		Total	\$ 16,819,026	\$ 0		\$ 0	\$ 16,819,026

Accounting Schedule: 6

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Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
		General Plant - Allocated					
51	390.000	Leasehold Improvements	\$ 125,089	\$ (109,131)	100.0000	\$ 0 R-48	\$ 15,958
52	391.000	Furniture & Fixtures	73,030	0	100.0000	0 R-49	73,030
53	392.000	Transportation Equipment	5,097	0	100.0000	0 R-50	5,097
54		Total	\$ 203,216	\$ (109,131)		\$ 0	\$ 94,085
55		Total Depreciation Reserve	\$ 296,815,836	\$ (109,131)		\$ 0	\$ 296,706,705

Accounting Schedule: 6-3



Accounting Schedule: 7

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Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
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*****		
Leasehold Improvements R-48	\$ (109,131)	
*****		

1. To remove Scranton office reserve. (Winter)	\$ (12,310)	
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2. To remove New York office leasehold reserve. (Winter)	\$ (96,821)	
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Accounting Schedule: 7-1

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Cash Working Capital

Line No	Acct Description	Test Year Expenses	Revenue Lag	Expense Lag	Net Lag (C) - (D)	Factor (Col E/365)	CWC Req (B) x (F)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Operation and Maintenance Expense							
1	Cash Vouchers	\$ 32,128,229	43.0000	30.3000	12.7000	0.034795	\$ 1,117,902
2	Payroll and Employee Withholdings	27,657,750	43.0000	12.3800	30.6200	0.083890	2,320,209
3	Vacation Union	329,043	43.0000	365.0000	(322.0000)	(0.882192)	(290,279)
4	Pension Expense	8,198,546	43.0000	57.5000	(14.5000)	(0.039726)	(325,695)
5	Employee Benefits	6,495,376	43.0000	39.3500	3.6500	0.010000	64,954
6	Purchased Gas Expense	469,859,289	43.0000	39.5100	3.4900	0.009562	4,492,795
7	Purchased Gas Expense (Back Out)	(469,859,289)	43.0000	43.0000	0.0000	0.000000	0
8	Bad Debt Expense	8,928,517	43.0000	43.0000	0.0000	0.000000	0
9	Vacation Nonunion	175,934	43.0000	182.5000	(139.5000)	(0.382192)	(67,241)
10	Total Operation and Maintenance Expense	\$ 83,913,395					\$ 7,312,645
Taxes							
11	Property Tax	\$ 5,445,369	43.0000	182.0000	(139.0000)	(0.380822)	\$ (2,073,716)
12	State Franchise Taxes	246,719	43.0000	(78.0000)	121.0000	0.331507	81,789
13	Employer Portion of FICA	2,533,772	43.0000	12.3800	30.6200	0.083890	212,558
14	Federal and State Unemployment Tax	36,400	43.0000	60.1300	(17.1300)	(0.046932)	(1,708)
15	Use Tax	166,222	33.3750	61.6300	(28.2550)	(0.077411)	(12,867)
16	Sales Tax	9,825,601	33.3750	33.7900	(0.4150)	(0.001137)	(11,172)
17	Gross Receipts Tax	40,079,903	33.3750	38.0300	(4.6550)	(0.012753)	(511,139)
18	Total Taxes	\$ 58,333,986					\$ (2,316,255)
19	Total Cash Working Capital Req						\$ 4,996,390

Accounting Schedule: 9

Winter

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## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Operating Revenues							
1	480.000	Residential Revenue	\$ 461,309,543	\$ (349,983,389)	100.0000	\$ 0 S-1	\$ 111,326,154
2	481.100	Commercial	183,202,124	(147,101,664)	100.0000	0 S-2	36,100,460
3	481.200	Industrial	9,633,497	(8,181,995)	100.0000	0 S-3	1,451,502
4	483.000	Sales for Resale	0	0	100.0000	0 S-4	0
5	487.000	Late Payment Charges	487,006	0	100.0000	0 S-5	487,006
6	488.000	Miscellaneous Service Revenue	4,412,846	0	100.0000	0 S-6	4,412,846
7	489.000	Transportation	10,202,282	113,931	100.0000	0 S-7	10,316,213
8	493.000	Rent from Property	0	0	100.0000	0 S-8	0
9	495.000	Other Gas Revenue	498,984	(566,241)	100.0000	0 S-9	(67,257)
10		Total	\$ 669,746,282	\$ (505,719,358)		\$ 0	\$ 164,026,924
Operation & Maintenance Expense							
11	805.000	Other Gas Purchases	\$ 469,859,289	\$ (469,859,289)	100.0000	\$ 0 S-10	\$ 0
12	807.000	Purchased Gas Expense	0	0	100.0000	0 S-11	0
13	870.000	Operation, Supervision & Engineer	590,699	30,056	100.0000	0 S-12	620,755
14	871.000	Distribution Load Dispatching	8,756	(235)	100.0000	0 S-13	8,521
15	874.000	Mains & Services Expense	3,024,786	6,751	100.0000	0 S-14	3,031,537
16	874.100	Mains & Services Expense-Line Locat	0	0	100.0000	0 S-15	0
17	875.000	Meas & Reg Station Exp-General	682,700	26,630	100.0000	0 S-16	709,330
18	876.000	Meas & Reg Station Exp - Industrial	7,566	(398)	100.0000	0 S-17	7,168
19	877.000	Meas & Reg Station Exp-City Gate	4,798	196	100.0000	0 S-18	4,994
20	878.000	Meter and House Regulator Expense	4,291,777	154,918	100.0000	0 S-19	4,446,695
21	879.000	Customer Installation Expense	2,742,603	(4,383)	100.0000	0 S-20	2,738,220
22	880.000	Other Expense	1,702,382	18,320	100.0000	0 S-21	1,720,702
23	881.000	Rents	96,433	0	100.0000	0 S-22	96,433
24	885.000	Maint Supervision and Engineering	1,075,603	(27,809)	100.0000	0 S-23	1,047,794
25	886.000	Maint of Structures and Improvement	53,255	1,868	100.0000	0 S-24	55,123
26	887.000	Maintenance of Mains	7,569,448	206,821	100.0000	0 S-25	7,776,269
27	888.000	Maint of Compressor Station Equip	0	0	100.0000	0 S-26	0
28	889.000	Maint of Meas and Reg Stat Equip-Ge	292,800	11,055	100.0000	0 S-27	303,855
29	890.000	Maint of Meas and Reg Stat Equip-In	269,103	11,786	100.0000	0 S-28	280,889
30	891.000	Maint of Meas & Reg Stat Equip-Cit	14,725	630	100.0000	0 S-29	15,355
31	892.000	Maintenance of Services	749,099	16,680	100.0000	0 S-30	765,779
32	893.000	Maint of Meter and House Reg	635,602	15,503	100.0000	0 S-31	651,105
33	894.000	Maint of Other Equip	124,283	7,061	100.0000	0 S-32	131,344
34	901.000	Supervision - Customer Accounts	397,109	26,488	100.0000	0 S-33	423,597
35	902.000	Meter Reading Expense	771,014	18,944	100.0000	0 S-34	789,958
36	903.000	Customer Records/Collection Expense	11,293,811	487,233	100.0000	0 S-35	11,781,044

Accounting Schedule: 9-1

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
	(A)		(B)	(C)	(D)	(E)	(F)
37	904.000	Uncollectible Accounts	7,108,777	1,819,740	100.0000	0 S-36	8,928,517
38	905.000	Misc Customer Accts Expense	57,553	443	100.0000	0 S-37	57,996
39	907.000	Supervision - Customer Service	0	0	100.0000	0 S-38	0
40	908.000	Customer Assistance Expense	644,078	4,602	100.0000	0 S-39	648,680
41	909.000	Informational/Instructional Advert	58,979	0	100.0000	0 S-40	58,979
42	910.000	Misc. Customer Service & Info Exp	3,543	0	100.0000	0 S-41	3,543
43	911.000	Supervision - Sales	0	0	100.0000	0 S-42	0
44	912.000	Demonstrating and Selling Expense	96,757	2,284	100.0000	0 S-43	99,041
45	913.000	Advertising Expense	0	0	100.0000	0 S-44	0
46	916.000	Miscellaneous Sales Expense	3,156	0	100.0000	0 S-45	3,156
47	920.000	Admin & Gen Expense-Salaries	6,049,155	(252,324)	100.0000	0 S-46	5,796,831
48	921.000	Office Supplies and Expense	2,562,258	196,199	100.0000	0 S-47	2,758,457
49	922.000	Admin & Gen Expense - Construction	(431,962)	0	100.0000	0 S-48	(431,962)
50	923.000	Outside Services	1,733,396	2,402,713	100.0000	0 S-49	4,136,109
51	924.000	Property Insurance	72,921	(15,808)	100.0000	0 S-50	57,113
52	925.000	Injuries and Damages	3,368,391	(1,268,413)	100.0000	0 S-51	2,099,978
53	926.000	Pension & Benefits	8,838,850	9,219,906	100.0000	0 S-52	18,058,756
54	928.000	Regulatory Commission Expense	2,264,862	(594,492)	100.0000	0 S-53	1,670,370
55	930.200	Misc. General Expense	155,511	(36,544)	100.0000	0 S-54	118,967
56	931.000	Rents	925,286	(23,977)	100.0000	0 S-55	901,309
57	932.000	Maint of General Plant	1,194,197	171,573	100.0000	0 S-56	1,365,770
58	431.000	Interest on Customer Deposits	147,252	28,066	100.0000	0 S-57	175,318
59		Total	\$ 541,110,601	\$ (457,197,206)		\$ 0	\$ 83,913,395
Depreciation Expense							
60		Depreciation Expense	\$ 23,435,869	\$ 0	100.0000	\$ (819,272) S-64	\$ 22,616,597
61		Total	\$ 23,435,869	\$ 0		\$ (819,272)	\$ 22,616,597
Other Operating Expenses							
62		Amortization of Net Cost of Removal \$	0	\$ 101,545	100.0000	\$ 0 S-58	\$ 101,545
63	404.000	Amortization Expense	2,979,834	2,582,503	100.0000	0 S-59	5,562,337
64	408.000	Property Taxes	(169,925)	5,615,294	100.0000	0 S-60	5,445,369
65	408.000	Payroll Taxes	1,888,435	237,357	100.0000	0 S-61	2,125,792
66	408.000	Gross Receipts Tax	40,079,903	(40,079,903)	100.0000	0 S-62	0
67	408.000	Missouri Franchise Taxes	240,075	6,719	100.0000	0 S-63	246,794
68	403.001	Transportation Depr Clearing	0	(389,050)	100.0000	0 S-66	(389,050)
69	403.900	Kansas City Income Taxes Paid	0	28,892	100.0000	0 S-67	28,892
70		Total	\$ 45,018,322	\$ (31,896,643)		\$ 0	\$ 13,121,679

Accounting Schedule: 9

Winter

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## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
*****							
71		Total Operating Expenses	\$ 609,564,792	\$ (489,093,849)		\$ (819,272)	\$ 119,651,671
*****							
*****							
72		Net Income Before Taxes	\$ 60,181,490	\$ (16,625,509)		\$ 819,272	\$ 44,375,253
*****							
Current Income Taxes							
73		Current Income Taxes	\$ 31,177,884	\$ 0	100.0000	\$ (24,023,960) S-65	\$ 7,153,924
-----							
74		Total	\$ 31,177,884	\$ 0		\$ (24,023,960)	\$ 7,153,924
-----							
Deferred Income Taxes							
75		Deferred Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
-----							
76		Total	\$ 0	\$ 0		\$ 0	\$ 0
-----							
*****							
77		Total Income Taxes	\$ 31,177,884	\$ 0		\$ (24,023,960)	\$ 7,153,924
*****							
*****							
78		Net Operating Income	\$ 29,003,606	\$ (16,625,509)		\$ 24,843,232	\$ 37,221,329
*****							

Accounting Schedule: 9-3

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

\*\*\*\*\*  
 Residential Revenue S-1 \$ (349,983,389)  
 \*\*\*\*\*

1. To annualize customer growth. (Harrison)	\$ 168,269	
2. To normalize weather. (Harrison)	\$ 3,507,302	
3. To remove gross receipts tax. (Harrison)	\$ (26,001,385)	
4. To remove unbilled revenues. (Harrison)	\$ (18,231,805)	
5. To remove PGA revenue. (Harrison)	\$ (309,899,330)	
6. To remove ACA costs. (Harrison)	\$ 355,355	
7. To remove take or pay (TOP) revenues. (Harrison)	\$ (165)	
8. To remove refund/PEPL deferral. (Harrison)	\$ 141,421	
9. To remove work order unpostable cash. (Harrison)	\$ (23,051)	

\*\*\*\*\*  
 Commercial S-2 \$ (147,101,664)  
 \*\*\*\*\*

1. To annualize customer growth SGS. (Harrison)	\$ 266,629	
2. To normalize weather SGS. (Harrison)	\$ 1,421,822	

Missouri Gas Energy  
Case: GR-06-422R  
Twelve Months Ending December 31, 2005 Updated 6/30/06

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
3. To remove gross receipts tax. (Harrison)	\$ (13,785,270)	
4. To add rate code 48 for succession gas costs. (Harrison)	\$ 565,078	
5. To remove PGA revenues. (Harrison)	\$ (135,560,739)	
6. To remove ACA costs. (Harrison)	\$ 76,509	
7. To remove contract demand. (Harrison)	\$ (66,842)	
8. To remove company use gas. (Harrison)	\$ (68,089)	
9. To remove refund/PEPL deferral. (Harrison)	\$ 60,862	
10. To adjust revenue for small general service customer rate switching. (Ross)	\$ (11,624)	

\*\*\*\*\*  
Industrial S-3 \$ (8,181,995)  
\*\*\*\*\*

1. To annualize customer growth - LGS. (Harrison)	\$ (232,003)	
2. To normalize weather - LGS. (Harrison)	\$ 144,565	
3. To remove gross receipts tax. (Harrison)	\$ (76,353)	
4. To remove daily balancing not in CSS. (Harrison)	\$ (3,933,882)	

Missouri Gas Energy  
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Adjustments to Income Statement

Adj No	Description	Total Co Adjustment	Mo Juris Adjustment
5.	To remove PGA revenue. (Harrison)	\$ (4,057,090)	
6.	To remove ACA costs. (Harrison)	\$ (2,961)	
7.	To remove contract demand. (Harrison)	\$ (13,793)	
8.	To remove refund/PEPL deferral. (Harrison)	\$ 1,146	
9.	To adjust revenue for large general service customer rate switching. (Ross)	\$ (11,624)	
*****			
Transportation	S-7	\$ 113,931	
*****			
1.	To remove gross receipts tax. (Harrison)	\$ (108,623)	
2.	To adjust for customer growth. (Ross)	\$ 6,170	
3.	To adjust revenues for customers switching rate classes. (Ross)	\$ 63,444	
4.	To normalize customer usage to reflect normal weather. (Ross)	\$ 152,940	
*****			
Other Gas Revenue	S-9	\$ (566,241)	
*****			
1.	To remove gross receipts tax. (Harrison)	\$ (81,999)	
2.	To remove credit adjustments not in CSS. (Harrison)	\$ 195,305	



Missouri Gas Energy  
Case: GR-06-422R  
Twelve Months Ending December 31, 2005 Updated 6/30/06

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

3. To remove ISRS revenue not base rates. (Harrison)	\$ (653,273)	
---	--------------	--

4. To remove gross receipts tax. (Harrison)	\$ (26,274)	
--	-------------	--

\*\*\*\*\*  
Other Gas Purchases S-10 \$ (469,859,289)  
\*\*\*\*\*

1. To remove purchased gas expense. (Harrison)	\$ (469,859,289)	
---	------------------	--

\*\*\*\*\*  
Operation, Supervision & Engineer S-12 \$ 30,056  
\*\*\*\*\*

1. To annualize payroll at June 30, 2006. (Bolin)	\$ 34,295	
--	-----------	--

2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$ (6,462)	
---	------------	--

3. To adjust for the transportation and work equipment clearing account. (Bolin)	\$ 2,223	
--	----------	--

\*\*\*\*\*  
Distribution Load Dispatching S-13 \$ (235)  
\*\*\*\*\*

1. To annualize payroll at June 30, 2006. (Bolin)	\$ (141)	
--	----------	--

2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$ (94)	
---	---------	--

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Mains & Services Expense	S-14	\$ 6,751
--------------------------	------	----------

- |   |    |         |
|---|----|---------|
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ | 4,249   |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ | (4,946) |
| 3. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ | 5,303   |
| 4. To adjust for the stores clearing account.<br>(Bolin)                                    | \$ | 2,145   |

Meas & Reg Station Exp-General	S-16	\$ 26,630
--------------------------------	------	-----------

- |   |    |         |
|---|----|---------|
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ | 19,198  |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ | (5,187) |
| 3. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ | 9,174   |
| 4. To adjust for the stores clearing account.<br>(Bolin)                                    | \$ | 3,445   |

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

\*\*\*\*\*  
 Meas & Reg Station Exp - Industrial S-17 \$ (398)  
 \*\*\*\*\*

- |   |    |       |
|---|----|-------|
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ | (496) |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ | (51)  |
| 3. To adjust for the depreciation and work equipment clearing<br>account.<br>(Bolin)        | \$ | 91    |
| 4. To adjust for the stores clearing account.<br>(Bolin)                                    | \$ | 58    |

\*\*\*\*\*  
 Meas & Reg Station Exp-City Gate S-18 \$ 196  
 \*\*\*\*\*

- |   |    |      |
|---|----|------|
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ | 145  |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ | (37) |
| 3. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ | 44   |
| 4. To adjust for the stores clearing account.<br>(Bolin)                                    | \$ | 44   |

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Meter and House Regulator Expense	S-19	\$ 154,918
-----------------------------------	------	------------

1. To annualize payroll at June 30, 2006. (Bolin)	\$	124,118
--	----	---------

2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$	(35,122)
---	----	----------

3. To adjust for the transportation and work equipment clearing account. (Bolin)	\$	59,819
--	----	--------

4. To adjust for the stores clearing account. (Bolin)	\$	6,103
--	----	-------

Customer Installation Expense	S-20	\$ (4,383)
-------------------------------	------	------------

1. To annualize payroll at June 30, 2006. (Bolin)	\$	(14,774)
--	----	----------

2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$	(23,075)
---	----	----------

3. To adjust for the transportation and work equipment clearing account. (Bolin)	\$	32,489
--	----	--------

4. To adjust for the stores clearing account. (Bolin)	\$	977
--	----	-----

Missouri Gas Energy  
Case: GR-06-422R  
Twelve Months Ending December 31, 2005 Updated 6/30/06

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

\*\*\*\*\*

Other Expense	S-21	\$ 18,320	
---------------	------	-----------	--

\*\*\*\*\*

1. To annualize payroll at June 30, 2006. (Bolin)	\$	23,939	
2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$	(12,243)	
3. To remove miscellaneous expense. (Mapeka)	\$	(3,398)	
4. To remove miscellaneous dues and donations. (Mapeka)	\$	(105)	
5. To adjust for the transportation and work equipment clearing account. (Bolin)	\$	7,113	
6. To adjust for the stores clearing account. (Bolin)	\$	3,014	

\*\*\*\*\*

Maint Supervision and Engineering	S-23	\$ (27,809)	
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\*\*\*\*\*

1. To annualize payroll at June 30, 2006. (Bolin)	\$	(17,075)	
2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$	(11,456)	
3. To adjust for the transportation and work equipment clearing account. (Bolin)	\$	722	

Missouri Gas Energy  
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 Twelve Months Ending December 31, 2005 Updated 6/30/06

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Maint of Strutures and Improvement S-24	\$ 1,868	
*****		
1. To annualize payroll at June 30, 2006. (Bolin)	\$ 1,541	
2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$ (358)	
3. To adjust for the transportation and work equipment clearing account. (Bolin)	\$ 544	
4. To adjust for the stores clearing account. (Bolin)	\$ 141	
*****		
Maintenance of Mains S-25	\$ 206,821	
*****		
1. To annualize payroll at June 30, 2006. (Bolin)	\$ 144,905	
2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$ (51,830)	
3. To adjust for the transportation and work equipment clearing account. (Bolin)	\$ 83,934	
4. To adjust for the stores clearing account. (Bolin)	\$ 29,812	

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

\*\*\*\*\*

Maint of Meas and Reg Stat Equip-Ge	S-27	\$ 11,055
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\*\*\*\*\*

1. To annualize payroll at June 30, 2006. (Bolin)	\$	7,410
2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$	(2,225)
3. To adjust for the transportation and work equipment clearing account. (Bolin)	\$	3,342
4. To adjust for the stores clearing account. (Bolin)	\$	2,528

\*\*\*\*\*

Maint of Meas and Reg Stat Equip-In	S-28	\$ 11,786
-------------------------------------	------	-----------

\*\*\*\*\*

1. To annualize payroll at June 30, 2006. (Bolin)	\$	8,798
2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$	(1,989)
3. To adjust for the transportation and work equipment clearing account. (Bolin)	\$	2,628
4. To adjust for the stores clearing account. (Bolin)	\$	2,349

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

\*\*\*\*\*

Maint of Meas & Reg Stat Equip-Cit	S-29	\$ 630
------------------------------------	------	--------

\*\*\*\*\*

- |   |    |       |
|---|----|-------|
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ | 846   |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ | (102) |
| 3. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ | 192   |
| 4. To adjust for the stores clearing account.<br>(Bolin)                                    | \$ | (306) |

\*\*\*\*\*

Maintenance of Services	S-30	\$ 16,680
-------------------------	------	-----------

\*\*\*\*\*

- |   |    |         |
|---|----|---------|
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ | 3,267   |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ | (5,054) |
| 3. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ | 7,633   |
| 4. To adjust for the stores clearing account.<br>(Bolin)                                    | \$ | 10,834  |



## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Maint of Meter and House Reg	S-31	\$ 15,503
------------------------------	------	-----------

- |   |    |         |
|---|----|---------|
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ | 8,903   |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ | (5,150) |
| 3. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ | 5,088   |
| 4. To adjust for the stores clearing account.<br>(Bolin)                                    | \$ | 6,662   |

Maint of Other Equip	S-32	\$ 7,061
----------------------	------	----------

- |   |    |       |
|---|----|-------|
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ | 358   |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ | (264) |
| 3. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ | 327   |
| 4. To adjust for the stores clearing account.<br>(Bolin)                                    | \$ | 6,640 |

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

\*\*\*\*\*

Supervision - Customer Accounts	S-33	\$ 26,488
---------------------------------	------	-----------

\*\*\*\*\*

- |   |            |  |
|---|------------|--|
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ 31,167  |  |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ (4,679) |  |

\*\*\*\*\*

Meter Reading Expense	S-34	\$ 18,944
-----------------------	------	-----------

\*\*\*\*\*

- |   |            |  |
|---|------------|--|
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ 15,194  |  |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ (6,466) |  |
| 3. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ 9,527   |  |
| 4. To adjust for the stores clearing account.<br>(Bolin)                                    | \$ 689     |  |

\*\*\*\*\*

Customer Records/Collection Expense	S-35	\$ 487,233
-------------------------------------	------	------------

\*\*\*\*\*

- |   |             |  |
|---|-------------|--|
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ 323,696  |  |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ (64,569) |  |

Missouri Gas Energy  
Case: GR-06-422R  
Twelve Months Ending December 31, 2005 Updated 6/30/06

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
3. To adjust postage expense to reflect postage increase. (Mapeka)	\$ 81,495	
4. To remove miscellaneous expenses. (Mapeka)	\$ (531)	
5. To remove miscellaneous dues and donations. (Mapeka)	\$ (145)	
6. To adjust PMI collections expense to reflect new contract rate. (Bolin)	\$ 115,340	
7. To adjust for the transportation and work equipment clearing account. (Bolin)	\$ 31,890	
8. To adjust for the stores clearing account. (Bolin)	\$ 57	
*****		
Uncollectible Accounts S-36	\$ 1,819,740	
*****		
1. To include EWCR AAO. (Harrison)	\$ 300,444	
2. To normalize bad debt expense. (Harrison)	\$ 1,519,296	
*****		
Misc Customer Accts Expense S-37	\$ 443	
*****		
1. To annualize paryoll at June 30, 2006. (Bolin)	\$ (185)	
2. To remove miscellaneous expenses. (Mapeka)	\$ (39)	

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

3. To remove miscellaneous dues and donations. (Mapeka)	\$ (12)	
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4. To adjust for the transportation and work equipment clearing account. (Bolin)	\$ 679	
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\*\*\*\*\*

Customer Assistance Expense	S-39	\$ 4,602
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\*\*\*\*\*

1. To annualize payroll at June 30, 2006. (Bolin)	\$ 6,244	
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2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$ (1,642)	
---	------------	--

\*\*\*\*\*

Demonstrating and Selling Expense	S-43	\$ 2,284
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\*\*\*\*\*

1. To annualize payroll at June 30, 2006. (Bolin)	\$ 3,327	
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2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$ (1,043)	
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\*\*\*\*\*

Admin & Gen Expense-Salaries	S-46	\$ (252,324)
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\*\*\*\*\*

1. To annualize payroll at June 30, 2006. (Bolin)	\$ 146,049	
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2. To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$ (58,096)	
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## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No	Description	Total Co Adjustment	Mo Juris Adjustment
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3.	To remove severance payment. (Bolin)	\$ (300,000)	
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4.	To remove lobbying costs. (Bolin)	\$ (17,318)	
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5.	To remove certain expenses of the Customer and Government Relations department. (Bolin)	\$ (22,959)	
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*****			
Office Supplies and Expense	S-47	\$ 196,199	
*****			

1.	To annualize payroll at June 30, 2006. (Bolin)	\$ (460)	
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2.	To remove a portion of test year incentive compensation and bonus expense. (Bolin)	\$ (27)	
----	--	---------	--

3.	To remove miscellaneous expenses. (Mapeka)	\$ (23,290)	
----	---	-------------	--

4.	To remove miscellaneous dues and donations. (Mapeka)	\$ (2,170)	
----	---	------------	--

5.	To remove costs for MEDA activities. (Bolin)	\$ (1,243)	
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6.	To remove certain expenses of the Customer and Govenment Relations department. (Bolin)	\$ (3,565)	
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7.	To adjust for the transportation and work equipment clearing account. (Bolin)	\$ 4,949	
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8.	To adjust for the stores clearing account. (Bolin)	\$ 1,063	
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## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

9. To adjust for office and computer lease expense. (Harrison)	\$ 220,942	
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\*\*\*\*\*

Outside Services	S-49	\$ 2,402,713
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\*\*\*\*\*

1. To annualize payroll at June 30, 2006. (Bolin)	\$ (87)	
2. To include SUG non-employee allocation. (Winter)	\$ 1,348,041	
3. To adjust Staff's SUG non-employee allocation. (Winter)	\$ (245,533)	
4. To include SUG employee allocation. (Winter)	\$ 1,953,719	
5. To adjust Staff's SUG employee allocation. (Winter)	\$ (484,217)	
6. To remove miscellaneous dues and donations. (Mapeka)	\$ (150)	
7. To remove payments to lobbyists. (Bolin)	\$ (82,386)	
8. To remove certain expenses of the Customer and Government Relations department. (Bolin)	\$ (23)	
9. To adjust for the stores clearing account. (Bolin)	\$ 46	
10. To remove non-recurring/non-utility activities. (Bolin)	\$ (86,697)	

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

\*\*\*\*\*  
 Property Insurance S-50 \$ (15,808)  
 \*\*\*\*\*

1. To annualize insurance premiums.  
 (Mapeka) \$ (15,808)

\*\*\*\*\*  
 Injuries and Damages S-51 \$ (1,268,413)  
 \*\*\*\*\*

1. To annualize payroll at June 30, 2006.  
 (Bolin) \$ (162)

2. To remove a portion of test year incentive compensation and  
 bonus expense.  
 (Bolin) \$ (9)

3. To remove December 2005 accrued amount.  
 (Mapeka) \$ (1,500,000)

4. To reflect the normalized level of actual injuries and  
 damages claims paid.  
 (Mapeka) \$ 231,180

5. To remove miscellaneous dues and donations.  
 (Mapeka) \$ (40)

6. To adjust for the stores clearing account.  
 (Bolin) \$ 618

\*\*\*\*\*  
 Pension & Benefits S-52 \$ 9,219,906  
 \*\*\*\*\*

1. To remove per book account 926.  
 (Bolin) \$ (8,838,850)

2. To normalize cost of dental benefits.  
 (Winter) \$ 321,930

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
3. To normalize test year medical costs. (Winter)	\$ 4,714,994	
4. To annualize retirement power benefits through 6/30/06. (Bolin)	\$ 366,645	
5. To annualize Life, AD&D insurance through 6/30/06. (Bolin)	\$ 118,859	
6. To annualize LTD insurance through 6/30/06. (Bolin)	\$ 138,897	
7. To annaulize 401(K) costs through 6/30/06. (Bolin)	\$ 835,877	
8. To annualize other miscellaneous employee benefits. (Bolin)	\$ 50,850	
9. To annualize pension expense using a Minimum ERISA contribution. (Harrison)	\$ 7,059,236	
10. To annualize FAS 106 expense. (Harrison)	\$ 1,262,765	
11. To include the amortization of the FAS 106 transition obligation. (Harrison)	\$ 2,049,393	
12. To reflect the amortization of MGE's prepaid pension asset amount (\$7,975,171 at 6/30/06) over 7 years. (Harrison)	\$ 1,139,310	
*****		
Regulatory Commission Expense S-53	\$ (594,492)	
*****		
1. To remove per book charges from Account 928. (Mapeka)	\$ (2,264,862)	



## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
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2. To include an annualized level of PSC assessment. (Mapeka)	\$ 1,386,977	
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3. To include annualized level of NARUC assessment. (Mapeka)	\$ 6,198	
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4. To include a normalized level of rate case expense. (Mapeka)	\$ 120,707	
--	------------	--

5. To include a normalized level of expense for a Commission ordered depreciation study. (Mapeka)	\$ 6,878	
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6. To include an annualize regulatory expense. (Mapeka)	\$ 149,610	
--	------------	--

Misc. General Expense S-54	\$ (36,544)	
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1. To adjust test year expense to reflect Staff's disallowance of advertising expense. (Mapeka)	\$ (7,656)	
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2. To remove promotional giveaways. (Mapeka)	\$ (5,254)	
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3. To remove miscellaneous dues and donations. (Mapeka)	\$ (15,006)	
--	-------------	--

4. To remove costs for MEDA activities. (Bolin)	\$ (1,800)	
--	------------	--

5. To remove certain expenses of the Customer and Government Relations department. (Bolin)	\$ (6,828)	
--	------------	--

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Rents	S-55	\$ (23,977)
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1. To include an annualized level of rent received from Broadway Ford for parking lot space. (Harrison)	\$	(12,336)
--	----	----------

2. To adjust for office and computer lease expense. (Harrison)	\$	(11,641)
---	----	----------

Maint of General Plant	S-56	\$ 171,573
------------------------	------	------------

1. To annualize payroll at June 30, 2006. (Bolin)	\$	(87)
--	----	------

2. To adjust for the stores clearing account. (Bolin)	\$	36
--	----	----

3. To adjust for office and computer lease expense. (Harrison)	\$	171,624
---	----	---------

Interest on Customer Deposits	S-57	\$ 28,066
-------------------------------	------	-----------

1. To adjust test year to reflect an annualized level of customer deposit interest. (Mapeka)	\$	28,066
---	----	--------

Amortization of Net Cost of Removal	S-58	\$ 101,545
-------------------------------------	------	------------

1. To amortize net cost of removal over 5 years. (Winter)	\$	101,545
--	----	---------

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Amortization Expense	S-59	\$ 2,582,503
----------------------	------	--------------

1. To annualize amortization expense on intangibles in plant account 303 through 6/30/06. (Mapeka)	\$ (622,302)	
---	--------------	--

2. To amortize SLRP defferals. (Wandel)	\$ 3,204,805	
--	--------------	--

Property Taxes	S-60	\$ 5,615,294
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1. To remove property tax refunds. (Winter)	\$ 4,759,679	
--	--------------	--

2. To amortize property tax refunds over 5 years. (Winter)	\$ (1,108,014)	
---	----------------	--

3. To adjust to reflect an annualized level of property taxes. (Mapeka)	\$ 1,963,629	
--	--------------	--

Payroll Taxes	S-61	\$ 237,357
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1. To annualize payroll taxes through June 30, 2006. (Bolin)	\$ 237,357	
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Gross Receipts Tax	S-62	\$ (40,079,903)
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1. To remove gross receipts tax. (Harrison)	\$ (40,079,903)	
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## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Adjustments to Income Statement

Adj No Description		Total Co Adjustment	Mo Juris Adjustment
*****			
Missouri Franchise Taxes	S-63	\$ 6,719	
*****			
1. To annualize state franchise taxes. (Harrison)		\$ 6,719	
*****			
Current Income Taxes	S-65		\$ (24,023,960)
*****			
1. To annualize current income taxes. (Harrison)			\$ (24,023,960)
*****			
Transportation Depr Clearing	S-66	\$ (389,050)	
*****			
1. To remove depreciation expense booked to clearing account related to Account 392, Transportation Expense. (Mapeka)		\$ (378,298)	
2. To remove depreciation expense booked to clearing accounts related to Account 396, Power Operated Equipment. (Mapeka)		\$ (10,752)	
*****			
Kansas City Income Taxes Paid	S-67	\$ 28,892	
*****			
1. To include a 5 year average of KC income taxes paid. (Harrison)		\$ 28,892	

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Income Tax

Line	Test Year	8.01% Return	8.12% Return	8.22% Return
(A)	(B)	(C)	(D)	(E)
*****				
1 Net Income Before Taxes (Sch 9)	\$ 44,375,253	\$ 59,390,747	\$ 60,426,185	\$ 61,367,494
*****				
Add to Net Income Before Taxes				
2 Book Depreciation Expense	\$ 22,616,597	\$ 22,616,597	\$ 22,616,597	\$ 22,616,597
	-----	-----	-----	-----
3 Total	\$ 22,616,597	\$ 22,616,597	\$ 22,616,597	\$ 22,616,597
Subtr from Net Income Before Taxes				
4 Interest Expense 4.4300 %	\$ 25,691,914	\$ 25,691,914	\$ 25,691,914	\$ 25,691,914
5 Depreciation Expense	22,616,597	22,616,597	22,616,597	22,616,597
	-----	-----	-----	-----
6 Total	\$ 48,308,511	\$ 48,308,511	\$ 48,308,511	\$ 48,308,511
*****				
7 Net Taxable Income	\$ 18,683,339	\$ 33,698,833	\$ 34,734,271	\$ 35,675,580
*****				
Provision for Federal Income Tax				
8 Net Taxable Income	\$ 18,683,339	\$ 33,698,833	\$ 34,734,271	\$ 35,675,580
9 Deduct Missouri Income Tax 100.0 %	\$ 974,605	\$ 1,756,811	\$ 1,810,791	\$ 1,859,864
10 Deduct City Income Tax	0	0	0	0
11 Federal Taxable Income	17,708,734	31,942,022	32,923,480	33,815,716
	-----	-----	-----	-----
12 Total Federal Tax	\$ 6,179,319	\$ 11,179,708	\$ 11,523,218	\$ 11,835,501
Provision for Missouri Income Tax				
13 Net Taxable Income	\$ 18,683,339	\$ 33,698,833	\$ 34,734,271	\$ 35,675,580
14 Deduct Federal Income Tax 50.0 %	\$ 3,089,660	\$ 5,589,854	\$ 5,761,609	\$ 5,917,751
15 Deduct City Income Tax	0	0	0	0
16 Missouri Taxable Income	15,593,680	28,108,979	28,972,662	29,757,830
	-----	-----	-----	-----
17 Total Missouri Tax	\$ 974,605	\$ 1,756,811	\$ 1,810,791	\$ 1,859,864

## Missouri Gas Energy

Case: GR-06-422R

Twelve Months Ending December 31, 2005 Updated 6/30/06

## Income Tax

Line	Test Year	8.01% Return	8.12% Return	8.22% Return
(A)	(B)	(C)	(D)	(E)
Provision for City Income Tax				
18 Net Taxable Income	\$ 18,683,339	\$ 33,698,833	\$ 34,734,271	\$ 35,675,580
19 Deduct Federal Income Tax	\$ 6,179,319	\$ 11,179,708	\$ 11,523,218	\$ 11,835,501
20 Deduct Missouri Income Tax	974,605	1,756,811	1,810,791	1,859,864
21 City Taxable Income	11,529,415	20,762,314	21,400,262	21,980,215
22 Total City Tax	\$ 0	\$ 0	\$ 0	\$ 0
Summary of Provision for Income Tax				
23 Federal Income Tax	\$ 6,179,319	\$ 11,179,708	\$ 11,523,218	\$ 11,835,501
24 Missouri Income Tax	974,605	1,756,811	1,810,791	1,859,864
25 City Income Tax	0	0	0	0
26 Total	\$ 7,153,924	\$ 12,936,519	\$ 13,334,009	\$ 13,695,365
Deferred Income Taxes				
27 Deferred Investment Tax Credit	\$ 0	\$ 0	\$ 0	\$ 0
28 Deferred Repair Allowance	0	0	0	0
29 Deferred Tax Depreciation	0	0	0	0
30 Amort of Deferred Tax Depreciation	0	0	0	0
31 Amort of Repair Allowance	0	0	0	0
32 Amort of Deferred ITC	0	0	0	0
33 Deferred Unbilled	0	0	0	0
34 Total	\$ 0	\$ 0	\$ 0	\$ 0
35 Total Income Tax	\$ 7,153,924	\$ 12,936,519	\$ 13,334,009	\$ 13,695,365

Missouri Gas Energy  
Case No. GR-2006-0422  
**Revenue Requirement Changes Summary**

Description	As-Filed	Correction	Difference	Impact on Staff's NOI	TOTAL
<b>Staff's Filed Revenue Requirement</b>					<b>\$ 14,055,244</b>
<b><u>Rate Base Changes</u></b>					
Net Cost of Removal	\$ -	\$ 507,724	\$507,724	\$ 57,054	
Cash Working Capital	(3,974,574)	4,996,390	8,970,964	1,008,081	
Total of Rate Base Revenue Requirement Changes					\$ 1,065,135
<b><u>Income Statement Changes</u></b>					
Settlement of Customer Growth Revenue	\$ 224,284	\$ 209,065		\$ (15,219)	
Annualized Payroll Expense	27,870,484	27,525,813		(344,671)	
Adjustment for Transportation & Work Equipment Clearing	-	267,711		267,711	
Adjustment for Stores Clearing Account	-	76,960		76,960	
Correction for Office and Computer Lease	-	380,925		380,925	
Correction of Injuries and Damages	233,484	231,180		(2,304)	
Correction of Non-Utility Activities	-	(86,697)		(86,697)	
Adjustment of Life, AD&D insurance	106,477	118,859		12,382	
Settlement of PMI collectors expense	239,788	330,449		90,661	
Settlement of Customer & Government Relations	(118,815)	(33,375)		85,440	
Settlement of Incentive Compensation	(338,797)	(302,178)		36,619	
Settlement of Overtime	1,586,288	1,718,225		131,937	
Settlement of 401(K)	789,522	835,877		46,355	
Correction of Depreciation Study Expense	1,718	6,878		5,160	
Miscellaneous Regulatory Expense	22,677	149,610		126,933	
Settlement of Infinium Software Amortization	-	245,151		245,151	
Amortization Expense	5,720,641	5,317,186		(403,455)	
Correction of Payroll taxes	1,978,173	2,125,792		147,619	
Franchise Tax	240,000	240,075		75	
Net Cost of Removal - Amortization	(52,663)	101,545		154,208	
Miscellaneous Payroll	945	495		(450)	
Miscellaneous Changes				(24,787)	
Total of Income Statement Revenue Requirement Changes					\$ 930,553
<b>Staff's Rebuttal Revenue Requirement</b>					<b><u>\$ 16,050,932</u></b>