

APPENDIX F
MGU PRO FORMA BALANCE SHEET
AND
INCOME STATEMENT

SCHEDULE TRJ-2

Missouri Gas Utility, Inc.
Pro Forma Operating Statement
 No Additional Customers (Existing Gallatin & Hamilton, MO)

Gross Operating Revenues	Units	Cost/Unit	Amount
Meter Charge - Average Meter Count	740	\$ 12.98	\$ 115,287
Distribution Tariff / Dth - Residential	52,637	3.70	194,758
Distribution Tariff / Dth - Commercial	14,846	3.00	44,539
Commodity Tariff / Dth	71,333	5.00	356,665
Up-stream Transport Tariff / Dth	71,333	1.01	72,046
Gas Transport / Dth			
Governmental Customers	3,850	2.20	8,470
Premium Standard Foods	49,700	2.98	148,106
Gas Storage - Premium Standard Farms			19,332
Miscellaneous			2,840
Other Gas Revenues			464
Total Revenues			962,505
Cost of Gas	71,333	5.00	356,665
Cost Transport & Storage	71,333	0.96	68,480
Load Dispatching (Out Sourced to KTM @ .05 / Dth)	121,033	0.05	6,052
Total Cost of Gas			431,196
Net Operating Income			531,308
Operating Expenses	Corporate	Missouri Direct	Total
Personnel Expenses			
Manager (Part Time)		10,000	
Supervisor & Tech.		65,760	
Billing & Accounts Receivables	15,003		
FICA & Medicare	1,106	5,585	
Retirement	450	2,273	
Health & Life Insurance	2,698	13,622	
Workmen's Compensation	281	1,066	
Unemployment Insurance	86	435	
Total Personnel Expenses	19,624	98,741	118,365
Other Expenses			
Accounting	6,930		
Advertising		993	
Auditing & Regulatory Expenses	7,000		
Bad Debt Expenses		2,057	
Call Service	2,050	234	
CNG Corporate Supervision	18,000		
Equipment & Supplies		468	
Insurance		5,147	
Legal		4,708	
Membership Fees		350	
Meter Reading (First 4 month by towns)		4,400	
Miscellaneous		157	
Office Supplies		1,116	
System Maintenance		5,699	
System Supplies		9,818	
Rent - Office & Service Facility		12,000	
Telephone		2,687	
Tools		269	
Training & Safety Instruction	4,000	2,674	
Uniforms		1,434	
Vehicle Fuel (3)		6,662	
Vehicle Lease (1)		8,122	
Vehicle Repairs & Maintenance (3)		2,398	
Total Other Expenses	37,980	71,395	109,375
Total Expenses			227,740
Operating Income			303,568

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Operating Income (from page 1)		\$ 303,568		\$ 303,568
		Tax		Book/Utility
Depreciation of Utility Plant	20	104,005	30	69,337
Taxes Other Than Income (Property & St. Franchise Tax)		30,807		30,807
Interest Expense @	7.50%	85,943	7.50%	85,943
Amortization of Regulatory Assets - Bond Issuing Exp.	30	1,884	30	1,884
<i>Total Other Expenses</i>		<u>222,639</u>		<u>187,971</u>
Net Income Before Income Taxes		80,929		115,598
Income Taxes		Tax		
Federal (Deduction for state income tax)	35%	28,555		
State of Missouri - 6.25%	6.25%	5,058		
Net Income Before Income Taxes				115,598
Income Taxes				31,613
Net Income After Income Taxes				<u>83,985</u>
Earnings Per Share				1.39
Dividends				
Class B Dividend Paid CNG Holdings - Per Share	\$ 1.20	100.00%		72,902
Purchase Price		Hamilton	Gallatin	
Missouri Utility Plant, net of Accumulated Depr.		500,000	1,400,000	
Premium/Goodwill @	0.00%	-	-	1,900,000
Working Capital				179,652
Automated Meter Reading Equipment				100,300
Gas Line Relocation Under County Bridge				35,000
Regulatory Legal Fees & CNG Acquisition Costs				25,000
Financing Costs - Bonds & Equity @	2.75%	5.00%		117,892
Total Purchase Price				<u>2,357,844</u>
Financing	Price/Shr.	# of Shares	Debt:Equity	
Bonds			48.60%	1,145,912
Equity - CNG Holdings Common	\$ 20.00	60,597	51.40%	1,211,932
Total				<u>2,357,844</u>
Rate Base		MO. Direct	Corporate	Total
Net Utility Plant		1,900,000	-	1,900,000
→ Working Capital (Inventories, Gas Supplies & Receivables)		179,652	-	179,652
Capital Purchases - Meter Reading Equip.		135,300	-	135,300
Regulatory Legal Fees & CNG Acquisition Costs		25,000	-	25,000
Net Rate Base		<u>2,239,952</u>	-	<u>2,239,952</u>
Cash Flow:				
Net Income After Income Taxes				83,985
Plus: Depreciation				69,337
Less: Principal Payment (First Year)				11,082
Less: Annual Capital Replacement (2% of Gross Utility Plant)				44,799
Net First Year Cash Flow				<u>97,440</u>
Debt Service Coverage				
Net income After Income Taxes				83,985
Plus: Depreciation				69,337
Plus: Interest Expenses				85,943
Plus: Income Taxes				31,613
Less: Capital Replacement Costs (2% of Gross Utility Plant)				44,799
Net Available for Debt Service				<u>226,079</u>
Debt Service (First Year's Principal & Interest Payment)				97,026
Debt Service Coverage				<u>129,053</u>
Debt Service Coverage Ratio				<u>2.33</u>

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Balance Sheet
Pro Forma No Additional Customers

ASSETS			
Current Assets			
Cash		\$	49,421
→ Receivable			80,177
→ Deposit with Gas Supplier			10,000
→ Inventories			89,475
Total Current Assets			<u>229,073</u>
Fixed Assets			
Utility Plant & Regulatory Assets	2,080,099		
Less Accumulated Depreciation	<u>69,337</u>		
Net Utility Plant			2,010,762
Regulatory Assets - Regulatory Legal & Unamortized Bond Issuing Exp.			54,629
Goodwill			-
Total Fixed Assets			<u>2,065,391</u>
Total Assets		\$	<u>2,294,464</u>
LIABILITIES & CAPITAL			
Current Liabilities			
Accounts Payable		\$	23,000
Current Portion of Long-Term Debt			<u>11,914</u>
Total Current Liabilities			34,914
Long-Term Liabilities			
Revenue Bonds (Less Current Portion)			<u>1,122,916</u>
Total Liabilities			<u>1,157,830</u>
Shareholders' Equity			
	Class B		
Common Stock, net of issuing costs	<u>1,125,552</u>		<u>1,125,552</u>
Annual Earnings	83,985		83,985
Less Dividends Paid	<u>(72,902)</u>		<u>(72,902)</u>
Retained Earnings	11,082		11,082
Total Shareholders' Equity	<u>1,136,635</u>		<u>1,136,635</u>
Total Liabilities & Shareholders' Equity		\$	<u>2,294,464</u>