

**Exhibit No.:** \_\_\_\_\_  
**Issues:** Revised Revenue  
Deficiency  
**Witness:** Michael R. Noack  
**Type of Exhibit:** Supplemental Rebuttal  
Testimony  
**Sponsoring Party:** Missouri Gas Energy  
**Case No.:** GR-2001-292

**MISSOURI PUBLIC SERVICE COMMISSION**

**MISSOURI GAS ENERGY**

**CASE NO. GR-2001-292**

**FILED<sup>2</sup>**  
MAY 31 2001  
Missouri Public  
Service Commission

**SUPPLEMENTAL REBUTTAL TESTIMONY OF**

**MICHAEL R. NOACK**

**Jefferson City, Missouri**

**May 31, 2001**

**REBUTTAL TESTIMONY OF MICHAEL R. NOACK**

**CASE NO. GR-2001-292**

**May 31, 2001**

1   **Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

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

4  
5   **Q.   HAVE YOU PROVIDED DIRECT AND REBUTTAL TESTIMONY IN THIS**  
6       **PROCEEDING?**

7   A.   Yes.

8  
9   **Q.   WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL REBUTTAL**  
10       **TESTIMONY?**

11   A.   The revenue deficiency summary filed as Schedule MRN-2 with my rebuttal  
12       testimony on May 22, 2001 did not reflect adjustments for all of the cost of service  
13       items agreed upon by Missouri Gas Energy ("MGE"), the Missouri Public Service  
14       Commission Staff, and the Office of Public Counsel as reflected in the stipulation and  
15       agreement filed on May 29, 2001. MRN-2 also contained an error in MGE's  
16       depreciation adjustment on Schedule H-12 that has been corrected in the Revised  
17       Schedule MRN-2.

18

1 Q. WHAT IS THE NET REVENUE DEFICIENCY AFTER REVISING  
2 SCHEDULE MRN-2?

3 A. The net revenue deficiency shown on Schedule MRN-2, Schedule A is \$38,831,389.  
4 This revenue deficiency reflects all cost of service adjustments that have been  
5 included in the stipulation and agreement filed with the Commission. The revenue  
6 deficiency also reflects a mathematical computation correction made to the  
7 depreciation expense adjustment on Schedule H-12.

8  
9 Q. WHAT SCHEDULES CONTAIN CHANGES OR REVISIONS FROM THE  
10 SCHEDULES FILED WITH YOUR REBUTTAL TESTIMONY?

11 Q. Although I have included the entire Schedule MRN-2 with this supplemental rebuttal  
12 testimony, the following schedules change:

13 Schedule A  
14 Schedule A-1  
15 Schedule A-2  
16 Schedule E-4  
17 Schedule H, Pages 1-10  
18 Schedule H-2  
19 Schedule H-8  
20 Schedule H-12  
21 Schedule H-30  
22 Schedule H-31  
23

24 Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL REBUTTAL  
25 TESTIMONY?

26 A. Yes it does.

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.

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Case No. GR-2001-292

AFFIDAVIT OF MICHAEL R. NOACK

STATE OF MISSOURI )

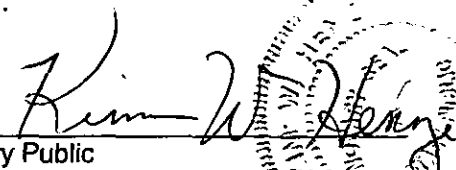
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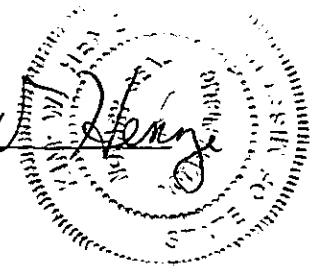
COUNTY OF JACKSON )

Michael R. Noack, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Supplemental Rebuttal Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Supplemental 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.

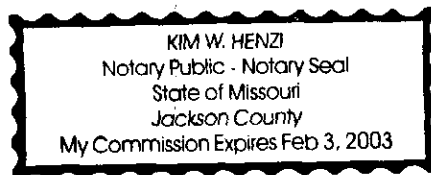
  
MICHAEL R. NOACK

Subscribed and sworn to before me this 30th day of May 2001.

  
Notary Public



My Commission Expires: \_\_\_\_\_



**REVISED SCHEDULE MRN-2**

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Revenue Deficiency**

Line No.	Description (a)	Ref. (b)	Required Return (c)	Earnings Deficiency (d)	Net Revenue Deficiency (e)
1	Rate Base	B	\$536,196,834		
2	Rate of Return	F	<u>10.562%</u>		
3	<b>Required Return</b>		<u><b>\$56,633,110</b></u>	\$56,633,110	
4	Adjusted Test Year Net Operating Income	A-1		<u>32,794,084</u>	
5	<b>Earnings Deficiency</b>			<u><b>\$23,839,026</b></u>	\$23,839,026
6	Multiply by Income Tax Gross-up Factor				<u>1.628900</u>
7	<b>Net Revenue Deficiency - Gross of Tax</b>				<u><u><b>\$38,831,389</b></u></u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Summary of Net Operating Income  
Per Books and Adjusted**

Line No.	Description (a)	Per Books (b)	Adjustments (c)	As Adjusted (d)
<b>REVENUES</b>				
1	Operating Base Revenues	\$424,708,278	(\$295,177,394)	\$129,530,884
2	Other Utility Revenues	13,431,287	(4,720,893)	8,710,394
3	Total Operating Revenues	<u>\$438,139,565</u>	<u>(\$299,898,287)</u>	<u>\$138,241,278</u>
<b>OPERATING EXPENSES</b>				
4	Distribution Expense	\$301,556,412	(\$279,334,088)	\$22,222,324
5	Customer Accounts Expense	13,830,337	332,726	14,163,063
6	Customer Service and Information Expense	405,692	(2)	405,690
7	Sales Expense	1,059,863	(287,163)	772,700
8	Administrative and General Expense	16,410,431	7,332,800	23,743,231
9	Total Operating and Maintenance Expenses	<u>\$333,262,735</u>	<u>(\$271,955,727)</u>	<u>\$61,307,008</u>
10	Depreciation & Amortization Expense	\$22,726,304	\$5,187,164	\$27,913,468
11	Interest on Customer Deposits	386,897	(58,427)	328,470
12	Taxes Other Than Income	36,148,514	(26,885,278)	9,263,236
13	Total Operating Expenses	<u>\$392,524,450</u>	<u>(\$293,712,268)</u>	<u>\$98,812,182</u>
14	Operating Income Before Income Tax	\$45,615,115	(\$6,186,019)	\$39,429,096
15	Less: Income Tax Expense	9,825,185	(3,190,173)	6,635,012
16	Net Operating Income	<u>\$35,789,930</u>	<u>(\$2,995,846)</u>	<u>\$32,794,084</u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Income Tax**

Line No.	Description	Reference	Per Books	As Adjusted
	(a)	(b)	(c)	(d)
1	Total Operating Revenues	A-1	\$438,139,565	\$138,241,278
2	Total Operating Expenses	A-1	<u>(392,524,450)</u>	<u>(98,812,182)</u>
3	Net Operating Income	A-1	<u>\$45,615,115</u>	<u>\$39,429,096</u>
4	Equity Portion of SLRP Deferrals		\$1,370,858	\$0
5	COLI Amortization		303,497	303,497
6	Less: Interest on Long Term Debt		<u>(21,074,636)</u>	<u>(21,780,315)</u>
7	Total Tax Adjustments		<u>(\$19,400,281)</u>	<u>(\$21,476,818)</u>
8	Net Taxable Income		<u>\$26,214,834</u>	<u>\$17,952,278</u>
9	Income Tax		\$10,121,548	\$6,931,375
10	Less: Income Tax Reduction per Case No. GM-94-40		<u>(296,363)</u>	<u>(296,363)</u>
11	Net Income Tax		<u>\$9,825,185</u>	<u>\$6,635,012</u>



**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Rate Base**

Line No.	Description (a)	Reference (b)	Amount (c)
1	Intangible Plant - Per Settlement	C	\$10,879,341
2	Distribution Plant - Per Settlement	C	654,678,587
3	General Plant - Per Settlement	C	61,084,678
4	Gross Plant In Service		<u>\$726,642,606</u>
5	Accumulated Depreciation & Amortization - Per Settlement	D	<u>(216,231,812)</u>
6	Net Plant in Service		\$510,410,794
7	SLRP Deferrals	B-1	\$22,202,142
8	Working Capital	E	62,663,578
9	Alternative Minimum Tax Credit - Per Settlement		12,363,267
10	Customer Deposits - Per Settlement	B-2	(4,857,207)
11	Customer Advances	B-3	(10,678,465)
12	Unamortized Deferred Credit per Case No. GM-94-40		(9,000,000)
13	Deferred Income Taxes - SLRP	B-1	(6,898,638)
14	Deferred Income Taxes - Other	B-4	<u>(40,008,637)</u>
15	<b>Total Rate Base</b>		<u><u>\$536,196,834</u></u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**SLRP Deferrals and Deferred Taxes**

Line No.	Description (a)	Gross Deferral (b)	Accumulated Amortization (c)	Amount (d)
<u>SLRP Deferrals</u>				
1	Order GO-92-185 (Deferred Balance @ 5/31/98)	\$5,776,280	\$1,441,628	\$4,334,652
2	Order GO-94-234 (Deferred Balance @ 5/31/98)	12,399,117	3,059,187	9,339,930
3	Order GO-97-301 (Deferred Balance @ 5/31/98)	3,060,876	714,204	2,346,672
4	Order GR-98-140	6,180,888	0	6,180,888
5	Total SLRP Deferrals	<u>\$27,417,161</u>	<u>\$5,215,019</u>	<u>\$22,202,142</u>
 <u>SLRP Deferred Taxes - Per Settlement</u>				
6	Order GO-92-185			0
7	Order GO-94-234			3,606,147
8	Order GO-97-301			906,050
9	Order GR-98-140			2,386,441
10	Total SLRP Deferred Taxes			<u>\$6,898,638</u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Thirteen Months Ending December 31, 2000

**Customer Deposits**

Line No.	Month	Residential Amount	Commercial & Industrial		Total Amount
			Amount	Amount	
	(a)	(b)	(c)		(d)
1	Dec-99	(\$3,648,523)	(\$2,661,180)		(\$6,309,703)
2	Jan-00	(3,642,495)	(2,644,313)		(6,286,808)
3	Feb-00	(3,540,070)	(2,644,313)		(6,184,383)
4	Mar-00	(3,570,003)	(2,515,638)		(6,085,641)
5	Apr-00	(3,462,224)	(2,469,214)		(5,931,438)
6	May-00	(3,326,599)	(2,427,857)		(5,754,456)
7	Jun-00	(3,169,669)	(2,387,478)		(5,557,147)
8	Jul-00	(3,051,182)	(2,339,885)		(5,391,067)
9	Aug-00	(2,922,749)	(2,312,726)		(5,235,475)
10	Sep-00	(2,808,176)	(2,283,367)		(5,091,543)
11	Oct-00	(2,757,744)	(2,241,143)		(4,998,887)
12	Nov-00	(2,681,247)	(2,235,920)		(4,917,167)
13	Dec-00	<u>(2,641,126)</u>	<u>(2,216,081)</u>		<u>(4,857,207)</u>
14	13 Month Total	<u>(\$41,221,807)</u>	<u>(\$31,379,115)</u>		<u>(\$72,600,922)</u>
15	13 Month Average	<u>(\$3,170,908)</u>	<u>(\$2,413,778)</u>		<u>(\$5,584,686)</u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Thirteen Months Ending December 31, 2000

**Customer Advances**

Line No.	Month	Amount
	(a)	(b)
1	Dec-99	(\$10,067,227)
2	Jan-00	(10,743,283)
3	Feb-00	(10,660,560)
4	Mar-00	(10,499,534)
5	Apr-00	(10,718,307)
6	May-00	(10,772,060)
7	Jun-00	(10,681,577)
8	Jul-00	(10,901,654)
9	Aug-00	(10,750,842)
10	Sep-00	(10,907,542)
11	Oct-00	(10,937,755)
12	Nov-00	(10,776,332)
13	Dec-00	<u>(10,403,370)</u>
14	13 Month Total	<u><u>(\$138,820,043)</u></u>
15	13 Month Average	<u><u>(\$10,678,465)</u></u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Deferred Taxes (Other than SLRP)**

Line No.	Description (a)	Amount (b)
1	Deferred Taxes, MGE Direct Plant as of 6/30/00	(\$33,236,263)
2	Deferred Taxes - Settlement	(4,636,965)
3	Deferred Taxes, Corporate Plant	<u>(2,135,409)</u>
4	Total Accumulated Deferred Income Taxes (Other than SLRP)	<u><u>(\$40,008,637)</u></u>

MISSOURI GAS ENERGY  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

Plant in Service

Line No.	Description (a)	Direct (b)	Completed Not Classified (c)	Total Direct & Completed (d)	Corporate Allocated (e)	Total Adjustments (f)	Total As Adjusted (g)
<b>INTANGIBLE PLANT</b>							
1	(301) Organization	\$15,600	\$0	\$15,600	\$0	\$0	\$15,600
2	(302) Franchises	51,046	0	51,046	0	0	51,046
3	(303) Miscellaneous Intangible	10,370,947	0	10,370,947	0	0	10,370,947
4	Total Intangible Plant	\$10,437,593	\$0	\$10,437,593	\$0	\$0	\$10,437,593
<b>DISTRIBUTION PLANT</b>							
5	(374.1) Land	\$240,448	\$0	\$240,448	\$0	\$0	\$240,448
6	(374.2) Land Rights	993,492	0	993,492	0	0	993,492
7	(375.1) Structures	5,983,365	23,703	6,007,068	0	0	6,007,068
8	(375.2) Leasehold Improvements	13,965	0	13,965	0	0	13,965
9	(376) Mains	270,057,394	8,912,537	278,969,931	0	0	278,969,931
10	(378) Meas. & Reg. Station - General	10,354,134	67,890	10,422,024	0	0	10,422,024
11	(379) Meas. & Reg. Station - City Gate	2,762,737	311,276	3,074,013	0	0	3,074,013
12	(380) Services	249,039,889	1,180,960	250,220,849	0	(2,172,784)	248,048,065
13	(381) Meters	28,138,572	11,933	28,150,505	0	0	28,150,505
14	(382) Meter Installations	49,673,982	300,711	49,974,693	0	0	49,974,693
15	(383) House Regulators	9,497,032	43,122	9,540,154	0	0	9,540,154
16	(385) Electronic Gas Measuring	293,923	26,165	320,088	0	0	320,088
17	(387) Other Equipment	0	0	0	0	0	0
18	Total Distribution Plant	\$627,048,933	\$10,878,297	\$637,927,230	\$0	(\$2,172,784)	\$635,754,446
<b>GENERAL PLANT</b>							
19	(389) Land	\$610,049	\$0	\$610,049	\$0	\$0	\$610,049
20	(390.1) Structures	465,528	51,773	517,301	295,765	0	813,066
21	(390.2) Leasehold Improvements	1,286,799	40,557	1,327,356	0	0	1,327,356
22	(391) Furniture & Fixtures	3,017,576	9,254	3,026,830	10,474,116	0	13,500,946
23	(392) Transportation Equipment	4,601,351	0	4,601,351	0	0	4,601,351
24	(393) Stores Equipment	499,757	0	499,757	0	0	499,757
25	(394) Tools	4,535,973	3,333	4,539,306	0	0	4,539,306
26	(395) Laboratory Equipment	0	0	0	0	0	0
27	(396) Power Operated Equipment	535,765	0	535,765	0	0	535,765
28	(397.1) Communication Equipment - AMR	32,969,219	0	32,969,219	0	0	32,969,219
29	(397.0) Communication Equipment	1,478,273	38,562	1,516,835	4,220	0	1,521,055
30	(398) Miscellaneous Equipment	166,410	8,192	174,602	2,547	0	177,149
31	Total General Plant	\$50,166,700	\$151,671	\$50,318,371	\$10,776,648	\$0	\$61,095,019
<b>Projected Plant Increases - 6/30/01</b>							
32	Projected Increases - Intangible	\$0	\$0	\$0	\$441,748	\$0	\$441,748
33	Projected Increases - Distribution	0	0	0	18,924,141	0	18,924,141
34	Projected Increases - General Plant	0	0	0	(10,341)	0	(10,341)
35	Total Projected Plant Increases	\$0	\$0	\$0	\$19,355,548	\$0	\$19,355,548
36	Total Original Cost Plant in Service	\$687,653,226	\$11,029,968	\$698,683,194	\$30,132,196	(\$2,172,784)	\$726,642,606
37	Accumulated Depreciation and Amortization	(206,119,139)	0	(206,119,139)	(3,557,993)	(6,554,680)	(216,231,812)
38	Net Plant in Service	\$481,534,087	\$11,029,968	\$492,564,055	\$26,574,203	(\$8,727,464)	\$510,410,794

**MISSOURI GAS ENERGY**

A Division of Southern Union Company  
 Twelve Months Ending December 31, 2000

**Plant in Service**

Line No.	Description (a)	Retire Inactive Meters No. 1 (b)	Total Adjustments (c)
<b>INTANGIBLE PLANT</b>			
1	(301) Organization	\$0	\$0
2	(302) Franchises	0	0
3	(303) Miscellaneous Intangible	0	0
4	Total Intangible Plant	<u>\$0</u>	<u>\$0</u>
<b>DISTRIBUTION PLANT</b>			
5	(374.1) Land	\$0	\$0
6	(374.2) Land Rights	0	0
7	(375.1) Structures	0	0
8	(375.2) Leasehold Improvements	0	0
9	(376) Mains & Mains - Cast Iron	0	0
10	(378) Meas. & Reg. Station - General	0	0
11	(379) Meas. & Reg. Station - City Gate	0	0
12	(380) Services	(2,172,784)	(2,172,784)
13	(381) Meters	0	0
14	(382) Meter Installations	0	0
15	(383) House Regulators	0	0
16	(385) Electronic Gas Metering	0	0
17	(387) Other Equipment	0	0
18	Total Distribution Plant	<u>(\$2,172,784)</u>	<u>(\$2,172,784)</u>
<b>GENERAL PLANT</b>			
19	(389) Land	\$0	\$0
20	(390.1) Structures	0	0
21	(390.2) Leasehold Improvements	0	0
22	(391) Furniture & Fixtures	0	0
23	(392) Transportation Equipment	0	0
24	(393) Stores Equipment	0	0
25	(394) Tools	0	0
26	(395) Laboratory Equipment	0	0
27	(396) Power Operated Equipment	0	0
28	(397) Communication Equipment - AMR	0	0
29	(397) Communication Equipment	0	0
30	(398) Miscellaneous Equipment	0	0
31	Total General Plant	<u>\$0</u>	<u>\$0</u>
32	Total Original Cost Plant In Service	<u>(\$2,172,784)</u>	<u>(\$2,172,784)</u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Accumulated Reserves for Depreciation and Amortization**

Line No.	Description (a)	Test Year Direct (b)	Corporate (c)	Proforma Adjustments (d)	Test Year As Adjusted (e)
1	Intangible Plant Reserve	(\$6,255,418)	\$0	\$0	(\$6,255,418)
2	Distribution Reserve	(199,863,721)	0	2,008,021	(197,855,700)
3	Projected Increase - Distribution	0	0	(8,562,701)	(8,562,701)
4	Corporate Allocated Reserve	0	(3,557,993)	0	(3,557,993)
5	Total Accumulated Reserves	<u>(\$206,119,139)</u>	<u>(\$3,557,993)</u>	<u>(\$6,554,680)</u>	<u>(\$216,231,812)</u>



**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Accumulated Reserves for Depreciation and Amortization**

Line No.	Description	Adjustments to Plant in Service	Deprec. Rates	Adj. to Reserve for Add'l Depr. (see note) No. 1	Retire Inactive Meters No. 2	Remove Debit Balance No. 3	Total Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>DISTRIBUTION PLANT</b>							
1	(374.1) Land	\$0	0.00%	\$0	\$0	\$0	\$0
2	(374.2) Land Rights	0	Amort.	0	0	0	0
3	(375.1) Structures	0	2.01%	0	0	0	0
4	(375.2) Leasehold Improvements	0	Amort.	0	0	0	0
5	(376) Mains & Mains - Cast Iron	0	2.10%	0	0	0	0
6	(378) Meas. & Reg. Station - General	0	3.19%	0	0	0	0
7	(379) Meas. & Reg. Station - City Gate	0	2.56%	0	0	0	0
8	(380) Services	(2,172,784)	4.58%	0	2,172,784	0	2,172,784
9	(381) Meters	0	2.46%	0	0	0	0
10	(382) Meter Installations	0	2.47%	0	0	0	0
11	(383) House Regulators	0	2.27%	0	0	0	0
12	(385) Electronic Gas Metering	0	5.00%	0	0	0	0
13	(387) Other Equipment	0	4.60%	0	0	0	0
14	Total Distribution Plant	<u>(\$2,172,784)</u>		<u>\$0</u>	<u>\$2,172,784</u>	<u>\$0</u>	<u>\$2,172,784</u>
<b>GENERAL PLANT</b>							
15	(389) Land	\$0	0.00%	\$0	\$0	\$0	\$0
16	(390.1) Structures	0	2.52%	0	0	0	0
17	(390.2) Leasehold Improvements	0	Amort.	0	0	0	0
18	(391) Furniture & Fixtures	0	6.67%	0	0	0	0
19	(392) Transportation Equipment	0	10.69%	0	0	0	0
20	(393) Stores Equipment	0	4.17%	0	0	0	0
21	(394) Tools	0	7.00%	0	0	0	0
22	(395) Laboratory Equipment	0	6.00%	0	0	(164,763)	(164,763)
23	(396) Power Operated Equipment	0	6.46%	0	0	0	0
24	(397) Communication Equipment - AMR	0	5.00%	0	0	0	0
25	(397) Communication Equipment	0	5.59%	0	0	0	0
26	(398) Miscellaneous Equipment	0	5.63%	0	0	0	0
27	Total General Plant	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>(\$164,763)</u>	<u>(\$164,763)</u>
28	Total Adjustment	<u>(\$2,172,784)</u>		<u>\$0</u>	<u>\$2,172,784</u>	<u>(\$164,763)</u>	<u>\$2,008,021</u>

Note: Adjustment 1 computed using the 1/2 year convention

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Working Capital**

Line No.	Description	Reference	Amounts
	(a)	(b)	(c)
1	Materials and Supplies Inventory - Per Settlement	E-1	\$1,884,628
2	Prepayments	E-2	415,611
3	Gas Inventory	E-3	52,457,645
4	Cash Working Capital	E-4	82,857
5	Prepaid Pension	E-5	<u>7,822,837</u>
6	Total Working Capital		<u><u>\$62,663,578</u></u>

## SCHEDULE E-1

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Thirteen Months Ending December 31, 2000

**Materials & Supplies**

Line No.	Month	Amount
	(a)	(b)
1	Dec-99	2,198,929
2	Jan-00	2,096,629
3	Feb-00	2,087,509
4	Mar-00	2,068,101
5	Apr-00	2,047,869
6	May-00	2,097,372
7	Jun-00	2,118,013
8	Jul-00	2,074,261
9	Aug-00	2,005,029
10	Sep-00	2,022,894
11	Oct-00	1,886,655
12	Nov-00	1,880,932
13	Dec-00	<u>1,884,628</u>
14	13 Month Total	<u><u>\$26,468,821</u></u>
15	13 Month Average	<u><u>\$2,036,063</u></u>

SCHEDULE E-2

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Thirteen Months Ending December 31, 2000

**Prepayments**

Line No.	Month (a)	Amount (b)
1	Dec-99	434,161
2	Jan-00	352,469
3	Feb-00	326,111
4	Mar-00	306,212
5	Apr-00	233,905
6	May-00	234,976
7	Jun-00	32,507
8	Jul-00	343,828
9	Aug-00	709,523
10	Sep-00	658,984
11	Oct-00	605,713
12	Nov-00	594,694
13	Dec-00	<u>569,858</u>
14	13 Month Total	<u><u>\$5,402,941</u></u>
15	13 Month Average	<u><u>\$415,611</u></u>

**SCHEDULE E-3**

**MISSOURI GAS ENERGY**

A Division of Southern Union Company  
Thirteen Months Ending December 31, 2000

**Gas Inventory**

Line No.	Month	Volumes
	(a)	(b)
1	Dec-99	15,807,564
2	Jan-00	10,050,227
3	Feb-00	6,237,796
4	Mar-00	4,574,627
5	Apr-00	664,507
6	May-00	2,295,712
7	Jun-00	5,833,048
8	Jul-00	9,112,905
9	Aug-00	12,401,741
10	Sep-00	14,597,387
11	Oct-00	16,041,777
12	Nov-00	17,766,963
13	Dec-00	<u>12,321,628</u>
14	13 Month Average	9,823,529
15	July 2001 Futures Price	<u>\$5.340</u>
16	Inventory Value	<u><u>\$52,457,645</u></u>

MISSOURI GAS ENERGY  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Cash Working Capital**

Line No.	Description	Test Year Expenses	Revenue Lag	Expense Lead	Net Lag (C-D)	Factor (E/365)	CWC Requirement (B*F)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Operation &amp; Maintenance Expense</b>							
1	Cash Vouchers	\$30,349,609	43.0000	23.1000	19.9000	0.0545	\$1,654,677
2	Bad Debt Expense	4,323,292	43.0000	43.0000	-	-	0
3	Net Payroll Expense	16,083,990	43.0000	12.5000	30.5000	0.0836	1,344,005
4	Fica Withheld	1,774,630	43.0000	9.6000	33.4000	0.0915	162,391
5	Federal Income Tax Withheld	3,172,249	43.0000	15.5900	27.4100	0.0751	238,223
6	State Income Tax Withheld	875,845	43.0000	48.7600	(5.7600)	(0.0158)	(13,822)
7	City Tax Withheld	128,476	43.0000	20.2200	22.7800	0.0624	8,018
8	Resident State Tax Withheld	15,465	43.0000	30.7271	12.2729	0.0336	520
9	Vacation Expense - Nonunion	313,128	43.0000	182.5000	(139.5000)	(0.3822)	(119,675)
10	Vacation Expense - Union	830,091	43.0000	388.1500	(345.1500)	(0.9456)	(784,948)
11	Sick Leave	559,164	43.0000	68.6400	(25.6400)	(0.0702)	(39,279)
12	Pensions	(2,200,000)	43.0000	43.0000	-	-	0
13	Medical Expense	4,653,115	43.0000	-	43.0000	0.1178	548,175
14	Purchased Gas	279,598,590	43.0000	39.1900	3.8100	0.0104	2,918,550
15	Building Rents and Leases	427,954	43.0000	(14.6500)	57.6500	0.1579	67,593
16	Total Operation & Maintenance Expense	<u>340,905,598</u>					<u>5,984,429</u>
<b>Taxes</b>							
17	Property Taxes	7,005,609	43.0000	182.0000	(139.0000)	(0.3808)	(2,667,889)
18	Franchise Taxes	423,815	43.0000	59.4100	(16.4100)	(0.0450)	(19,054)
19	Gross Receipts Taxes	23,202,387	43.0000	59.4100	(16.4100)	(0.0450)	(1,043,154)
20	Employer Portion of FICA	1,774,630	43.0000	9.6000	33.4000	0.0915	162,391
21	Federal and State Unemployment	43,880	43.0000	87.8200	(44.8200)	(0.1228)	(5,388)
22	Use Taxes	30,185	43.0000	76.1200	(33.1200)	(0.0907)	(2,739)
23	Sales Taxes	<u>5,420,783</u>	43.0000	24.9700	18.0300	0.0494	<u>267,772</u>
24	Total Taxes	<u>37,901,289</u>					<u>(3,308,062)</u>
25	Total Cash Working Capital Requirement						<u>2,676,366</u>
26	Settlement Adjustment						<u>(616,099)</u>
27	Adjusted Total Cash Working Capital Requirement						<u>2,060,267</u>
28	Estimated Interest Expense Offset	21,700,000	43.0000	75.6000	(32.6000)	(0.0893)	(1,937,810)
29	Estimated Income Tax Offset	7,200,000	43.0000	45.0000	(2.0000)	(0.0055)	<u>(39,600)</u>
30	Net Cash Working Capital						<u><u>\$82,857</u></u>

SCHEDULE E-5

**MISSOURI GAS ENERGY**

A Division of Southern Union Company

Balances Ending December 31

**Deferred Pension**

Line No.	Year Ended (a)	Balance (b)
1	December 31, 2000	<u>7,822,837</u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Summary of Cost of Capital**

Line No.	Description (a)	Reference (b)	Ratio (c)	Cost Rate (d)	Weighted Composite Rate (e)
1	Long-Term Debt	F-1	50.00%	8.124%	4.062%
2	Common Equity	F-2	<u>50.00%</u>	12.50%	<u>6.250%</u>
3	Total		<u>100.00%</u>		10.312%
4	Rate of Return Incentive Adjustment				<u>0.250%</u>
5	Requested Rate of Return				<u>10.562%</u>



**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Long Term Debt**

Line No.	Description	Outstanding Debt	Annual Interest Rate	Annualized Cost
	(a)	(b)	(c)	(d)
1	7.6% Senior Notes	\$364,515,000	7.600%	\$27,703,140
2	8.25% Senior Notes	300,000,000	8.250%	24,750,000
3	8.375% Mortgage Bonds	30,000,000	8.375%	2,512,500
4	9.34% Mortgage Bonds	15,000,000	9.340%	1,401,000
5	7.7% Valley	6,839,000	7.700%	526,603
6	5.62% Providence	4,800,000	5.620%	269,760
7	6.5% Providence	14,531,000	6.500%	944,515
8	6.82% Providence	15,000,000	6.820%	1,023,000
9	7.24% Fall River	6,000,000	7.240%	434,400
10	7.5% Providence	15,000,000	7.500%	1,125,000
11	7.99% Fall River	7,000,000	7.990%	559,300
12	8.09% Providence	12,500,000	8.090%	1,011,250
13	8.46% Providence	12,500,000	8.460%	1,057,500
14	9.44% Fall River	6,500,000	9.440%	613,600
15	9.63% Providence	10,000,000	9.630%	963,000
16	10.25% Providence	2,182,000	10.250%	223,655
17	Term Loan	529,000,000	7.500%	39,675,000 (1)
18	Capital Lease - AMR	24,166,396	5.790%	1,399,234
19	Total Long-Term Debt	<u>\$1,375,533,396</u>		<u>\$106,192,457</u>
20	Unamortized Debt Costs - 181	(17,176,367)		2,513,563
21	Unamortized Costs/Loss/Gain on Reacquired Debt - 189 & 257	(13,249,201)		570,460
22	Net Long Term Debt	<u>\$1,345,107,828</u>		<u>\$109,276,480</u>
23	Cost of Debt			8.124%
24	Debt as Proportion of Total Capitalization (Line 7, Column B divided by Line 3, Column B, Schedule F)			<u>0.5000 (2)</u>
25	Composite Debt Cost Rate			<u>4.062%</u>

**NOTES:**

(1) The Term Loan rate is a floating rate base off the LIBOR + 87.5 bps.

(2) Total Capitalization for 12/31/2000 has not been finalized.

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Equity Capital**

Line No.	Description	Cost Rate	Ratio	Composite Cost Rate
	(a)	(b)	(c)	(d)
	<b>Common Equity</b>			
1	Common Equity			
2	Required Return on Common Equity	12.500%		
3	Common Equity as Proportion of Total Capitalization (Line 10, Column B divided by Line 3, Column B, Schedule F)		50.0%	
4	Composite Common Cost Rate			6.250%
5	<b>Total Equity Capital</b>			6.250%

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Distribution of Revenue and Expense Adjustments by Account No.**

Line No.	Main Acct.	Description	Test Year Per Book	Total Adjustments	Test Year As Adjusted
	(a)	(b)	(c)	(d)	(e)
<b>OPERATING REVENUE</b>					
1	480	Residential	\$296,474,501	(\$202,914,914)	\$93,559,587
2	481.1	Commercial	121,856,787	(90,442,108)	31,414,679
3	481.2	Industrial	4,171,343	(2,763,966)	1,407,377
4	483	Sales for Resale	4,912	0	4,912
5	487	Late Payment Charges	983,440	0	983,440
6	488	Miscellaneous Service Revenue	1,217,295	943,594	2,160,889
7	489	Transport	13,362,735	(4,720,893)	8,641,842
8	493	Rent From Property	0	0	0
9	495	Other Gas Revenue	68,552	0	68,552
10		Total Operating Revenue	<u>\$438,139,565</u>	<u>(\$299,898,287)</u>	<u>\$138,241,278</u>
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>					
<b>Operation Expense</b>					
11	805	Other Gas Purchases	\$279,598,590	(\$279,598,590)	\$0
12	807	Purchased Gas Expense	186,500	(186,500)	0
13	859	Other Joint Expense	0	0	0
14	870	Operation, Supervision and Engineering	937,672	5,106	942,778
15	871	Distribution and Load Dispatching	20,193	83	20,276
16	872	Compressor Station Labor and Expense	1,375	(575)	800
17	874	Mains and Service Expenses	2,659,695	13,882	2,673,577
18	875	Distributing Regulating Station Expenses	610,461	17,859	628,320
19	876	Measuring and Regulating - Station Expenses	885	(544)	341
20	877	Measuring and Regulating - Station Expenses	15,549	(648)	14,901
21	878	Meter and House Regulator Expenses	4,382,171	142,405	4,524,576
22	879	Customer Installation Expenses	2,467,761	46,147	2,513,908
23	880	Other Expenses	1,135,231	(14,047)	1,121,184
24	881	Rents	121,136	0	121,136
25		Total Operation Expense	<u>\$292,137,219</u>	<u>(\$279,575,422)</u>	<u>\$12,561,797</u>
<b>Maintenance Expense</b>					
26	885	Maintenance Supervision and Engineering	\$524,476	\$4,613	\$529,089
27	886	Maintenance of Structures and Improvements	210,430	7,558	217,988
28	887	Maintenance of Mains	6,713,827	177,534	6,891,361
29	889	Maint. of Measuring and Reg. Stat Equip - General	289,508	4,632	294,140
30	890	Maint. of Measuring and Regulating Equipment	147,448	5,925	153,373
31	891	Maint. of Measuring and Regulating Equipment	15,283	566	15,849
32	892	Maintenance of Services	225,256	7,100	232,356
33	893	Maintenance of Meters and House Regulators	956,242	30,568	986,810
34	894	Maintenance of Other Equipment	336,723	2,838	339,561
35		Total Maintenance Expenses	<u>\$9,419,193</u>	<u>\$241,334</u>	<u>\$9,660,527</u>
36		Total Distribution Expense	<u>\$301,556,412</u>	<u>(\$279,334,088)</u>	<u>\$22,222,324</u>
<b>Customer Accounts Expense</b>					
37	901	Supervision	\$657,796	\$2,352	\$660,148
38	902	Meter Reading Expense	597,824	17,567	615,191
39	903	Customer Records and Collection Expense	8,343,253	(1,059)	8,342,194
40	904	Uncollectible Accounts	4,005,044	318,248	4,323,292
41	905	Miscellaneous Customer Accounts Expense	226,620	(4,382)	222,238
42		Total Customer Accounts Expenses	<u>\$13,830,337</u>	<u>\$332,726</u>	<u>\$14,163,063</u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Twelve Months Ending December 31, 2000

**Distribution of Revenue and Expense Adjustments by Account No.**

Line No.	Main Acct.	Description	Test Year Per Book	Total Adjustments	Test Year As Adjusted
	(a)	(b)	(c)	(d)	(e)
<b>Customer Service and Informational Expense</b>					
43	907	Supervision	\$0	\$0	\$0
44	908	Customer Assistance	344,488	(2)	344,486
45	909	Informational and Instructional Advertising Exp.	53,043	0	53,043
46	910	Miscellaneous Customer Accounts Expense	8,161	0	8,161
47		Total Cust. Service and Information Exp.	<u>\$405,692</u>	<u>(\$2)</u>	<u>\$405,690</u>
<b>Sales and Advertising Expense</b>					
48	911	Supervision	\$106,156	\$86	\$106,242
49	912	Demonstrating and Selling Expenses	947,470	(287,249)	660,221
50	913	Advertising Expenses	0	0	0
51	916	Miscellaneous Sales Expenses	6,237	0	6,237
52		Total Sales and Advertising Expenses	<u>\$1,059,863</u>	<u>(\$287,163)</u>	<u>\$772,700</u>
<b>Administrative and General Expense</b>					
53	920	Administrative and General Salaries	\$2,564,656	(\$97,392)	\$2,467,264
54	921	Office Supplies and Expenses	2,726,877	(81,199)	2,645,678
55	922	Administrative Expenses Transferred	(408,925)	0	(408,925)
56	923	Outside Services Employed	2,307,589	7,203,617	9,511,206
57	924	Property Insurance	77,688	0	77,688
58	925	Injuries and Damages	1,123,657	252,795	1,376,452
59	926	Employee Pensions and Benefits	5,766,483	43,048	5,809,531
60	927	Franchise Requirements	0	0	0
61	928	Regulatory Commission Expense	1,454,879	135,445	1,590,324
62	930	Miscellaneous General Expenses	243,219	(84,943)	158,276
63	931	Rents	463,947	(35,993)	427,954
64	932	Maintenance of General Plant	90,361	(2,578)	87,783
65		Total Administration and General Expense	<u>\$16,410,431</u>	<u>\$7,332,800</u>	<u>\$23,743,231</u>
66		<b>Total O &amp; M Expense</b>	<u>\$333,262,735</u>	<u>(\$271,955,727)</u>	<u>\$61,307,008</u>
67	403	Depreciation	21,816,176	2,498,902	24,315,078
68	404, 405	Amortization	910,128	2,688,262	3,598,390
69	431	Interest on Customer Deposits	386,897	(58,427)	328,470
70	408	Payroll Taxes	1,618,628	215,184	1,833,812
71	408	Property Taxes	6,544,654	460,955	7,005,609
72	408	Gross Receipts Tax	27,690,995	(27,690,995)	0
73	408	Other Taxes	294,237	129,578	423,815
74	408	Taxes Other Than Income	<u>\$36,148,514</u>	<u>(\$26,885,278)</u>	<u>\$9,263,236</u>
75		<b>TOTAL EXPENSES</b>	<u>\$392,524,450</u>	<u>(\$293,712,268)</u>	<u>\$98,812,182</u>
76		<b>OPERATING INCOME BEFORE INCOME TAX</b>	<u>\$45,615,115</u>	<u>(\$6,186,019)</u>	<u>\$39,429,096</u>
77	409,410	Income Taxes	\$9,825,185	(\$3,190,173)	\$6,635,012
78		<b>NET OPERATING INCOME</b>	<u>\$35,789,930</u>	<u>(\$2,995,846)</u>	<u>\$32,794,084</u>

Distribution of Revenue and Expense Adjustments by Account No.

		H-1	H-2	H-3	H-4	H-5	H-6	H-7	H-8	H-9		
Line No.	Main Acct.	Description	Test Year Per Books	Adj. GL Rev to Test Year Margin	Normalize & Adj. Test Year Margin	Remove Purch.. Gas Cost and GRT	Payroll Expense	Employee Benefits	Payroll Taxes	Insurance	Joint and Common Costs	Uncollectible Expense
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
OPERATING REVENUE												
1	480	Residential	\$296,474,501	(\$207,615,104)	\$4,700,190							
2	481.1	Commercial	121,856,787	(92,411,882)	1,969,774							
3	481.2	Industrial	4,171,343	(2,763,966)	0							
4	483	Sales for Resale	4,912	0	0							
5	487	Late Payment Charges	983,440	0	0							
6	488	Miscellaneous Service Revenue	1,217,295	(137,140)	1,080,734							
7	489	Transport	13,362,735	(4,481,802)	(239,091)							
8	493	Rent From Property	0									
9	495	Other Gas Revenue	68,552									
10		Total Operating Revenue	\$438,139,666	(\$307,409,894)	\$7,511,607	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING & MAINTENANCE EXPENSE												
Operation Expense												
11	805	Other Gas Purchases	\$279,598,590			(\$279,598,590)						
12	807	Purchased Gas Expense	186,500									
13	859	Other Joint Expense	0									
14	870	Operation, Supervision and Engineering	937,672				4,907					
15	871	Distribution and Load Dispatching	20,193				80					
16	872	Compressor Station Labor and Expense	1,375				(575)					
17	874	Mains and Service Expenses	2,659,695				13,807					
18	875	Distributing Regulating Station Expenses	810,481				17,756					
19	876	Measuring and Regulating - Station Expenses	885				(544)					
20	877	Measuring and Regulating - Station Expenses	15,549				(651)					
21	878	Meter and House Regulator Expenses	4,382,171				141,596					
22	879	Customer Installation Expenses	2,467,761				45,678					
23	880	Other Expenses	1,135,231				(7,340)					
24	881	Rents	121,136									
25		Total Operation Expense	\$292,137,219	\$0	\$0	(\$279,598,590)	\$214,714	\$0	\$0	\$0	\$0	\$0
Maintenance Expense												
26	885	Maintenance Supervision and Engineering	\$524,476				\$4,505					
27	886	Maintenance of Structures and Improvements	210,430				7,524					
28	887	Maintenance of Mains	6,713,827				176,424					
29	889	Maint. of Measuring and Reg. Stat Equip - General	289,508				4,868					
30	890	Maint. of Measuring and Regulating Equipment	147,448				5,898					
31	891	Maint. of Measuring and Regulating Equipment	15,283				563					
32	892	Maintenance of Services	225,256				7,050					
33	893	Maintenance of Meters and House Regulators	956,242				30,698					
34	894	Maintenance of Other Equipment	336,723				2,799					
35		Total Maintenance Expenses	\$9,418,193	\$0	\$0	\$0	\$240,329	\$0	\$0	\$0	\$0	\$0
36		Total Distribution Expense	\$301,556,412	\$0	\$0	(\$279,598,590)	\$455,043	\$0	\$0	\$0	\$0	\$0
Customer Accounts Expense												
37	901	Supervision	\$657,796				\$2,198					
38	902	Meter Reading Expense	597,624				17,457					
39	903	Customer Records and Collection Expense	8,343,253				(77,440)					
40	904	Uncollectible Accounts	4,005,044									318,248
41	905	Miscellaneous Customer Accounts Expense	226,620				(79)					
42		Total Customer Accounts Expenses	\$13,830,337	\$0	\$0	\$0	(\$57,864)	\$0	\$0	\$0	\$0	\$318,248

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Books	Adj. GL Rev to Test Year Margin	Normalize & Adj. Test Year Margin	Remove Purch. Gas Cost and GRT	Payroll Expense	Employee Benefits	Payroll Taxes	Insurance	Joint and Common Costs	Uncollectible Expense
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
<b>Customer Service and Informational Expense</b>												
43	907	Supervision	\$0									
44	908	Customer Assistance	344,488				(19)					
45	909	Informational and Instructional Advertising Exp.	53,043									
46	910	Miscellaneous Customer Accounts Expense	8,161									
47		Total Cust. Service and Information Exp.	\$405,692	\$0	\$0	\$0	(\$19)	\$0	\$0	\$0	\$0	\$0
<b>Sales and Advertising Expense</b>												
48	911	Supervision	\$106,156				\$61					
49	912	Demonstrating and Selling Expenses	947,470				(263,696)					
50	913	Advertising Expenses	0									
51	916	Miscellaneous Sales Expenses	6,237									
52		Total Sales and Advertising Expenses	\$1,059,863	\$0	\$0	\$0	(\$263,635)	\$0	\$0	\$0	\$0	\$0
<b>Administrative and General Expense</b>												
53	920	Administrative and General Salaries	\$2,564,656				(\$5,602)					
54	921	Office Supplies and Expenses	2,726,877				(278)					
55	922	Administrative Expenses Transferred	(408,925)									
56	923	Outside Services Employed	2,307,589								7,563,048	
57	924	Property Insurance	77,688							0		
58	925	Injuries and Damages	1,123,657				(480)			253,275		
59	926	Employee Pensions and Benefits	5,766,483					46,687				
60	927	Franchise Requirements	0									
61	928	Regulatory Commission Expense	1,454,879									
62	930	Miscellaneous General Expenses	243,219									
63	931	Rents	463,947									
64	932	Maintenance of General Plant	90,361				0					
65		Total Administration and General Expense	\$16,410,431	\$0	\$0	\$0	(\$8,380)	\$46,687	\$0	\$253,275	\$7,563,048	\$0
66		<b>Total O &amp; M Expense</b>	<b>\$333,262,735</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$279,598,590)</b>	<b>\$127,165</b>	<b>\$46,687</b>	<b>\$0</b>	<b>\$253,275</b>	<b>\$7,563,048</b>	<b>\$318,248</b>
67	403	Depreciation	\$21,816,176									
68	404, 405	Amortization	910,128									
69	431	Interest on Customer Deposits	386,897									
70	408	Payroll Taxes (1***)	1,618,628						222,272			
71	408	Property Taxes (2***)	6,544,654									
72	408	Gross Receipts Tax (3300 + 4000)	27,690,995			(27,690,995)						
73	408	Other Taxes (41**)	294,237									
74	408	Taxes Other Than Income	\$36,148,514	\$0	\$0	(\$27,690,995)	\$0	\$0	\$222,272	\$0	\$0	\$0
75		<b>TOTAL EXPENSES</b>	<b>\$392,524,450</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$307,289,585)</b>	<b>\$127,165</b>	<b>\$46,687</b>	<b>\$222,272</b>	<b>\$253,275</b>	<b>\$7,563,048</b>	<b>\$318,248</b>
76		<b>OPERATING INCOME BEFORE INCOME TAX</b>	<b>\$45,615,115</b>	<b>(\$307,409,894)</b>	<b>\$7,511,607</b>	<b>\$307,289,585</b>	<b>(\$127,165)</b>	<b>(\$46,687)</b>	<b>(\$222,272)</b>	<b>(\$253,275)</b>	<b>(\$7,563,048)</b>	<b>(\$318,248)</b>
77	409,410	Income Taxes	9,825,185									
78		Note: per book & adjusted income tax computed on A-2 <b>NET OPERATING INCOME</b>	<b>\$35,789,930</b>	<b>(\$307,409,894)</b>	<b>\$7,511,607</b>	<b>\$307,289,585</b>	<b>(\$127,165)</b>	<b>(\$46,687)</b>	<b>(\$222,272)</b>	<b>(\$253,275)</b>	<b>(\$7,563,048)</b>	<b>(\$318,248)</b>

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Books	H-10	H-11	H-12	H-13	H-14	H-15	H-16	H-17	H-18	H-19
				Regulatory Commission Expense	Interest on Customer Deposits	Depreciation Expense	Amortization Expense	TWE Clearing	Stores Load Clearing	Paid Time Off Clearing	State Franchise Tax	Property Tax	Y2K Amortization
(a)	(b)	(c)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	
<b>OPERATING REVENUE</b>													
1	480	Residential	\$296,474,501										
2	481.1	Commercial	121,856,787										
3	481.2	Industrial	4,171,343										
4	483	Sales for Resale	4,912										
5	487	Late Payment Charges	983,440										
6	488	Miscellaneous Service Revenue	1,217,295										
7	489	Transport	13,362,735										
8	493	Rent From Property	0										
9	495	Other Gas Revenue	68,552										
10		Total Operating Revenue	\$438,139,565	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>													
<b>Operation Expense</b>													
11	805	Other Gas Purchases	\$279,598,590										
12	807	Purchased Gas Expense	186,500										
13	859	Other Joint Expense	0										
14	870	Operation, Supervision and Engineering	937,672					0		0			
15	871	Distribution and Load Dispatching	20,193					0		0			
16	872	Compressor Station Labor and Expense	1,375					0		0			
17	874	Mains and Service Expenses	2,659,695					0	0	0			
18	875	Distributing Regulating Station Expenses	610,461					0	0	0			
19	876	Measuring and Regulating - Station Expenses	885					0	0	0			
20	877	Measuring and Regulating - Station Expenses	15,549					0	0	0			
21	878	Meter and House Regulator Expenses	4,382,171					0	0	0			
22	879	Customer Installation Expenses	2,467,761					0	0	0			
23	880	Other Expenses	1,135,231					0	0	0			
24	881	Rents	121,136										
25		Total Operation Expense	\$292,137,219	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Maintenance Expense</b>													
26	885	Maintenance Supervision and Engineering	\$524,476					\$0	\$0	\$0			
27	886	Maintenance of Structures and Improvements	210,430					0	0	0			
28	887	Maintenance of Mains	6,713,827					0	0	0			
29	889	Maint. of Measuring and Reg. Stat Equip - General	289,508					0	0	0			
30	890	Maint. of Measuring and Regulating Equipment	147,448					0	0	0			
31	891	Maint. of Measuring and Regulating Equipment	15,283					0		0			
32	892	Maintenance of Services	225,256					0	0	0			
33	893	Maintenance of Meters and House Regulators	956,242					0	0	0			
34	894	Maintenance of Other Equipment	336,723					0	0	0			
35		Total Maintenance Expenses	\$9,419,193	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36		Total Distribution Expense	\$301,556,412	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Customer Accounts Expense</b>													
37	901	Supervision	\$657,796										
38	902	Meter Reading Expense	597,624					0	0	0			
39	903	Customer Records and Collection Expense	8,343,253					0	0	0			
40	904	Uncollectible Accounts	4,005,044										
41	905	Miscellaneous Customer Accounts Expense	226,620						0				
42		Total Customer Accounts Expenses	\$13,830,337	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Distribution of Revenue and Expense Adjustments by Account No.

			H-10	H-11	H-12	H-13	H-14	H-15	H-16	H-17	H-18	H-19	
Line No.	Main Acct.	Description	Test Year Per Books	Regulatory Commission Expense	Interest on Customer Deposits	Depreciation Expense	Amortization Expense	TWE Clearing	Stores Load Clearing	Paid Time Off Clearing	State Franchise Tax	Property Tax	Y2K Amortization
	(a)	(b)	(c)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)
Customer Service and Informational Expense													
43	907	Supervision	\$0										
44	908	Customer Assistance	344,488										
45	909	Informational and Instructional Advertising Exp.	53,043										
46	910	Miscellaneous Customer Accounts Expense	8,161										
47		Total Cust. Service and Information Exp.	\$405,692	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales and Advertising Expense													
48	911	Supervision	\$106,156										
49	912	Demonstrating and Selling Expenses	947,470					0					
50	913	Advertising Expenses	0										
51	916	Miscellaneous Sales Expenses	6,237										
52		Total Sales and Advertising Expenses	\$1,059,863	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative and General Expense													
53	920	Administrative and General Salaries	\$2,564,656										
54	921	Office Supplies and Expenses	2,726,877					0	0				23,267
55	922	Administrative Expenses Transferred	(408,925)										
56	923	Outside Services Employed	2,307,589										
57	924	Property Insurance	77,688										
58	925	Injuries and Damages	1,123,657						0				
59	926	Employee Pensions and Benefits	5,766,483										
60	927	Franchise Requirements	0										
61	928	Regulatory Commission Expense	1,454,879	135,445									
62	930	Miscellaneous General Expenses	243,219										
63	931	Rents	463,947										
64	932	Maintenance of General Plant	90,361										
65		Total Administration and General Expense	\$16,410,431	\$135,445	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,267
66		Total O & M Expense	\$333,262,735	\$135,445	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,267
67	403	Depreciation	\$21,816,176			\$2,498,902							
68	404, 405	Amortization	910,128				2,731,624						(43,362)
69	431	Interest on Customer Deposits	386,897		(58,427)								
70	408	Payroll Taxes (1***)	1,618,628										
71	408	Property Taxes (2***)	6,544,654									460,955	
72	408	Gross Receipts Tax (3300 + 4000)	27,690,995										
73	408	Other Taxes (41**)	294,237								129,578		
74	408	Taxes Other Than Income	\$36,148,514	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$129,578	\$460,955	\$0
75		TOTAL EXPENSES	\$392,524,450	\$135,445	(\$58,427)	\$2,498,902	\$2,731,624	\$0	\$0	\$0	\$129,578	\$460,955	(\$20,095)
76		OPERATING INCOME BEFORE INCOME TAX	\$45,615,115	(\$135,445)	\$58,427	(\$2,498,902)	(\$2,731,624)	\$0	\$0	\$0	(\$129,578)	(\$460,955)	\$20,095
77	409,410	Income Taxes	9,825,185										
78		NET OPERATING INCOME	\$35,789,930	(\$135,445)	\$58,427	(\$2,498,902)	(\$2,731,624)	\$0	\$0	\$0	(\$129,578)	(\$460,955)	\$20,095



Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Books	Distribution of Revenue and Expense Adjustments by Account No.									
				H-20	H-21	H-22	H-23	H-24	H-25	H-26	H-27	H-28	H-29
				Office Lease Expense	Dues Expense	Incentive Compensation & Bonuses	Collection Costs	Record Non-refundable Payment Bond	Remove Non-utility Activities	Disallowance of 50% of meals	Eliminate Severance Costs	Eliminate Promotional Advertising	Eliminate Lobbying Expense
				(w)	(x)	(y)	(z)	(aa)	(ab)	(ac)	(ad)	(ae)	(af)
<b>OPERATING REVENUE</b>													
1	480	Residential	\$296,474,501										
2	481.1	Commercial	121,856,787										
3	481.2	Industrial	4,171,343										
4	483	Sales for Resale	4,912										
5	487	Late Payment Charges	983,440										
6	488	Miscellaneous Service Revenue	1,217,295										
7	489	Transport	13,362,735										
8	493	Rent From Property	0										
9	495	Other Gas Revenue	68,552										
10		Total Operating Revenue	\$438,139,565	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>													
<i>Operation Expense</i>													
11	805	Other Gas Purchases	\$279,598,590										
12	807	Purchased Gas Expense	186,500					(186,500)					
13	859	Other Joint Expense	0										
14	870	Operation, Supervision and Engineering	937,672			199							
15	871	Distribution and Load Dispatching	20,193			3							
16	872	Compressor Station Labor and Expense	1,375			0							
17	874	Mains and Service Expenses	2,659,895			75							
18	875	Distributing Regulating Station Expenses	610,461			103							
19	876	Measuring and Regulating - Station Expenses	885			0							
20	877	Measuring and Regulating - Station Expenses	15,549			3							
21	878	Meter and House Regulator Expenses	4,382,171			809							
22	879	Customer Installation Expenses	2,467,761			469							
23	880	Other Expenses	1,135,231			179				(6,886)			
24	881	Rents	121,136										
25		Total Operation Expense	\$292,137,219	\$0	\$0	\$1,840	\$0	(\$186,500)	\$0	(\$6,886)	\$0	\$0	\$0
<i>Maintenance Expense</i>													
26	885	Maintenance Supervision and Engineering	\$524,476			\$108							
27	886	Maintenance of Structures and Improvements	210,430			34							
28	887	Maintenance of Mains	6,713,627			1,110							
29	889	Maint. of Measuring and Reg. Stat Equip - General	289,508			49				(285)			
30	890	Maint. of Measuring and Regulating Equipment	147,448			27							
31	891	Maint. of Measuring and Regulating Equipment	15,283			3							
32	892	Maintenance of Services	225,256			50							
33	893	Maintenance of Meters and House Regulators	956,242			169				(299)			
34	894	Maintenance of Other Equipment	336,723			39							
35		Total Maintenance Expenses	\$9,419,193	\$0	\$0	\$1,589	\$0	\$0	\$0	(\$584)	\$0	\$0	\$0
36		Total Distribution Expense	\$301,556,412	\$0	\$0	\$3,429	\$0	(\$186,500)	\$0	(\$7,470)	\$0	\$0	\$0
<b>Customer Accounts Expense</b>													
37	901	Supervision	\$657,796			\$154							
38	902	Meter Reading Expense	597,624			110							
39	903	Customer Records and Collection Expense	8,343,253			1,131	75,803			(553)			
40	904	Uncollectible Accounts	4,005,044										
41	905	Miscellaneous Customer Accounts Expense	226,620							(4,303)			
42		Total Customer Accounts Expenses	\$13,830,337	\$0	\$0	\$1,395	\$75,803	\$0	\$0	(\$4,856)	\$0	\$0	\$0

Distribution of Revenue and Expense Adjustments by Account No.

			H-20	H-21	H-22	H-23	H-24	H-25	H-26	H-27	H-28	H-29	
Line No.	Main Acct.	Description	Test Year Per Books	Office Lease Expense	Dues Expense	Incentive Compensation & Bonuses	Collection Costs	Record Non-refundable Payment Bond	Remove Non-utility Activities	Disallowance of 50% of meals	Eliminate Severance Costs	Eliminate Promotional Advertising	Eliminate Lobbying Expense
	(a)	(b)	(c)	(w)	(x)	(y)	(z)	(aa)	(ab)	(ac)	(ad)	(ae)	(af)
Customer Service and Informational Expense													
43	907	Supervision	\$0										
44	908	Customer Assistance	344,488			17							
45	909	Informational and Instructional Advertising Exp.	53,043										
46	910	Miscellaneous Customer Accounts Expense	8,161										
47		Total Cust. Service and Information Exp.	\$405,692	\$0	\$0	\$17	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales and Advertising Expense													
48	911	Supervision	\$106,156			\$25							
49	912	Demonstrating and Selling Expenses	947,470			138				(3,499)		(7,883)	
50	913	Advertising Expenses	0										
51	916	Miscellaneous Sales Expenses	6,237										
52		Total Sales and Advertising Expenses	\$1,059,863	\$0	\$0	\$163	\$0	\$0	\$0	(\$3,499)	\$0	(\$7,883)	\$0
Administrative and General Expense													
53	920	Administrative and General Salaries	\$2,564,656			\$596							
54	921	Office Supplies and Expenses	2,726,877	(36,486)		0				(27,455)	(5,000)	(3,453)	
55	922	Administrative Expenses Transferred	(408,925)										
56	923	Outside Services Employed	2,307,589						(20,459)		(86,145)		(30,500)
57	924	Property Insurance	77,688										
58	925	Injuries and Damages	1,123,657			0							
59	926	Employee Pensions and Benefits	5,766,483										
60	927	Franchise Requirements	0										
61	928	Regulatory Commission Expense	1,454,879										
62	930	Miscellaneous General Expenses	243,219		(54,118)					(1,571)		(19,183)	
63	931	Rents	463,947	(30,377)									
64	932	Maintenance of General Plant	90,361	(2,578)		0							
65		Total Administration and General Expense	\$16,410,431	(\$69,441)	(\$54,118)	\$596	\$0	\$0	(\$20,459)	(\$29,026)	(\$91,145)	(\$22,636)	(\$30,500)
66		Total O & M Expense	\$333,262,735	(\$69,441)	(\$54,118)	\$5,600	\$75,803	(\$186,500)	(\$20,459)	(\$44,851)	(\$91,145)	(\$30,519)	(\$30,500)
67	403	Depreciation	\$21,816,176										
68	404, 405	Amortization	910,128										
69	431	Interest on Customer Deposits	386,897										
70	408	Payroll Taxes (1***)	1,618,628										
71	408	Property Taxes (2***)	6,544,654										
72	408	Gross Receipts Tax (3300 + 4000)	27,690,995										
73	408	Other Taxes (41**)	294,237										
74	408	Taxes Other Than Income	\$36,148,514	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
75		TOTAL EXPENSES	\$392,524,450	(\$69,441)	(\$54,118)	\$5,600	\$75,803	(\$186,500)	(\$20,459)	(\$44,851)	(\$91,145)	(\$30,519)	(\$30,500)
76		OPERATING INCOME BEFORE INCOME TAX	\$45,615,116	\$69,441	\$54,118	(\$5,600)	(\$75,803)	\$186,500	\$20,459	\$44,851	\$91,145	\$30,519	\$30,500
77	409,410	Income Taxes	9,825,185										
78		NET OPERATING INCOME	\$35,789,930	\$69,441	\$54,118	(\$5,600)	(\$75,803)	\$186,500	\$20,459	\$44,851	\$91,145	\$30,519	\$30,500

Distribution of Revenue and Expense Adjustments by Account No.

			H-30	H-31				
Line No.	Main Acct.	Description	Test Year Per Books	Remove Non-recurring Legal Costs	Various Other Items	Income Tax Adjustment	Total Adjustments	Test Year As Adjusted
	(a)	(b)	(c)	(ag)	(ah)	(ai)	(aj)	(ak)
OPERATING REVENUE								
1	480	Residential	\$296,474,501				(\$202,914,914)	\$93,559,587
2	481.1	Commercial	121,856,787				(90,442,108)	31,414,679
3	481.2	Industrial	4,171,343				(2,763,966)	1,407,377
4	483	Sales for Resale	4,912				0	4,912
5	487	Late Payment Charges	983,440				0	983,440
6	488	Miscellaneous Service Revenue	1,217,295				943,594	2,160,889
7	489	Transport	13,362,735				(4,720,893)	8,641,842
8	493	Rent From Property	0				0	0
9	495	Other Gas Revenue	68,552				0	68,552
10		Total Operating Revenue	\$438,139,565	\$0	\$0	\$0	(\$299,898,287)	\$138,241,278
OPERATING & MAINTENANCE EXPENSE								
Operation Expense								
11	805	Other Gas Purchases	\$279,598,590				(\$279,598,590)	\$0
12	807	Purchased Gas Expense	186,500				(186,500)	0
13	859	Other Joint Expense	0				0	0
14	870	Operation, Supervision and Engineering	937,672				5,106	942,778
15	871	Distribution and Load Dispatching	20,193				83	20,276
16	872	Compressor Station Labor and Expense	1,375				(575)	800
17	874	Mains and Service Expenses	2,659,695				13,882	2,673,577
18	875	Distributing Regulating Station Expenses	610,481				17,859	628,320
19	876	Measuring and Regulating - Station Expenses	885				(544)	341
20	877	Measuring and Regulating - Station Expenses	15,549				(648)	14,901
21	878	Meter and House Regulator Expenses	4,382,171				142,405	4,524,576
22	879	Customer Installation Expenses	2,467,761				46,147	2,513,908
23	880	Other Expenses	1,135,231				(14,047)	1,121,184
24	881	Rents	121,136				0	121,136
25		Total Operation Expense	\$292,137,219	\$0	\$0	\$0	(\$279,575,422)	\$12,561,797
Maintenance Expense								
26	885	Maintenance Supervision and Engineering	\$524,476				\$4,613	\$529,089
27	886	Maintenance of Structures and Improvements	210,430				7,558	217,988
28	887	Maintenance of Mains	6,713,827				177,534	6,891,361
29	889	Maint. of Measuring and Reg. Stat Equip - General	289,508				4,632	294,140
30	890	Maint. of Measuring and Regulating Equipment	147,448				5,925	153,373
31	891	Maint. of Measuring and Regulating Equipment	15,283				566	15,849
32	892	Maintenance of Services	225,256				7,100	232,356
33	893	Maintenance of Meters and House Regulators	956,242				30,568	986,810
34	894	Maintenance of Other Equipment	338,723				2,838	339,561
35		Total Maintenance Expenses	\$9,419,193	\$0	\$0	\$0	\$241,334	\$9,660,527
36		Total Distribution Expense	\$301,556,412	\$0	\$0	\$0	(\$279,334,088)	\$22,222,324
Customer Accounts Expense								
37	901	Supervision	\$657,796				\$2,352	\$660,148
38	902	Meter Reading Expense	597,624				17,567	615,191
39	903	Customer Records and Collection Expense	8,343,253				(1,059)	8,342,194
40	904	Uncollectible Accounts	4,005,044				318,248	4,323,292
41	905	Miscellaneous Customer Accounts Expense	226,620				(4,382)	222,238
42		Total Customer Accounts Expenses	\$13,830,337	\$0	\$0	\$0	\$332,726	\$14,163,063

Distribution of Revenue and Expense Adjustments by Account No.

			H-30	H-31				
Line No.	Main Acct.	Description	Test Year Per Books	Remove Non-recurring Legal Costs	Various Other Items	Income Tax Adjustment	Total Adjustments	Test Year As Adjusted
	(a)	(b)	(c)	(ag)	(ah)	(ai)	(aj)	(ak)
Customer Service and Informational Expense								
43	907	Supervision	\$0				\$0	\$0
44	908	Customer Assistance	344,488				(2)	344,486
45	909	Informational and Instructional Advertising Exp.	53,043				0	53,043
46	910	Miscellaneous Customer Accounts Expense	8,161				0	8,161
47		Total Cust. Service and Information Exp.	\$405,692	\$0	\$0	\$0	(\$2)	\$405,690
Sales and Advertising Expense								
48	911	Supervision	\$106,156				\$86	\$106,242
49	912	Demonstrating and Selling Expenses	947,470		(12,309)		(287,249)	660,221
50	913	Advertising Expenses	0				0	0
51	916	Miscellaneous Sales Expenses	6,237				0	6,237
52		Total Sales and Advertising Expenses	\$1,059,863	\$0	(\$12,309)	\$0	(\$287,163)	\$772,700
Administrative and General Expense								
53	920	Administrative and General Salaries	\$2,564,656		(\$92,386)		(\$97,392)	\$2,467,264
54	921	Office Supplies and Expenses	2,726,877		(31,794)		(81,199)	2,645,678
55	922	Administrative Expenses Transferred	(408,925)				0	(408,925)
56	923	Outside Services Employed	2,307,589	(194,911)	(27,416)		7,203,617	9,511,206
57	924	Property Insurance	77,688				0	77,688
58	925	Injuries and Damages	1,123,657				252,795	1,376,452
59	926	Employee Pensions and Benefits	5,766,483		(3,639)		43,048	5,809,531
60	927	Franchise Requirements	0				0	0
61	928	Regulatory Commission Expense	1,454,879				135,445	1,590,324
62	930	Miscellaneous General Expenses	243,219		(10,071)		(84,943)	158,276
63	931	Rents	463,947		(5,616)		(35,993)	427,954
64	932	Maintenance of General Plant	90,361				(2,578)	87,783
65		Total Administration and General Expense	\$16,410,431	(\$194,911)	(\$170,922)	\$0	\$7,332,800	\$23,743,231
66		Total O & M Expense	\$333,262,735	(\$194,911)	(\$183,231)	\$0	(\$271,955,727)	\$61,307,008
67	403	Depreciation	\$21,816,176				\$2,498,902	\$24,315,078
68	404, 405	Amortization	910,128				2,688,262	3,598,390
69	431	Interest on Customer Deposits	386,897				(58,427)	328,470
70	408	Payroll Taxes (1****)	1,618,628		(7,088)		215,184	1,833,812
71	408	Property Taxes (2***)	6,544,654				460,955	7,005,609
72	408	Gross Receipts Tax (3300 + 4000)	27,690,995				(27,690,995)	0
73	408	Other Taxes (41**)	294,237				129,578	423,815
74	408	Taxes Other Than Income	\$36,148,514	\$0	(\$7,088)	\$0	(\$26,885,278)	\$9,263,236
75		TOTAL EXPENSES	\$392,524,450	(\$194,911)	(\$190,319)	\$0	(\$293,712,268)	\$98,812,182
76		OPERATING INCOME BEFORE INCOME TAX	\$45,815,115	\$194,911	\$190,319	\$0	(\$6,186,019)	\$39,429,096
77	409,410	Income Taxes	9,825,185			(3,190,173)	(3,190,173)	6,635,012
78		NET OPERATING INCOME	\$35,789,930	\$194,911	\$190,319	\$3,190,173	(\$2,995,846)	\$32,794,084

**MISSOURI GAS ENERGY**  
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**Adjust Test Year Revenue per Book to Test Year Margin**

Line No.	Description	Main Account/Revenue Class					Total
		480	481.1	481.2	483, 489	487, 488, 493, 495	
	(a)	21 (b)	22 & 23 (c)	25 (d)	28, 38 (e)	(f)	(g)
1	Total Revenue per Book	\$296,474,501	\$121,856,787	\$4,171,343	\$13,367,647	\$2,269,287	\$438,139,565
2	Less: GRT Revenue, Unbilled Revenue, PGA Revenue, and Miscellaneous Adjustments	(207,615,104)	(92,411,882)	(2,763,966)	(4,481,801)	(137,140)	(307,409,893)
3	Test Year Margin	<u>\$88,859,397</u>	<u>\$29,444,905</u>	<u>\$1,407,377</u>	<u>\$8,885,846</u>	<u>\$2,132,147</u>	<u>\$130,729,672</u>

**MISSOURI GAS ENERGY**  
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**Test Year Margin Adjustments**

Line No.	Description	Main Account/Revenue Class					Total
		Residential Gas Sales	Commercial Gas Sales	Industrial Gas Sales	Transportation Revenues	Service Charges and Other	
		480	481.1	481.2	489, 483	487, 488, 493, 495	
		21	22 & 23	25	38, 28		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Test Year Margin	\$88,859,397	\$29,444,905	\$1,407,377	\$8,885,846	\$2,132,147	\$130,729,672
2	Weather Normalize	3,314,356	1,396,596		118,494		4,829,446
3	Customer Growth Annualization	1,365,378	637,687				2,003,065
4	Rate Switching GS to LVS (1)		(82,352)		49,325		(33,027)
5	LVS Customer Deletions		(2,047)		(3,859)		(5,906)
6	Annualize Flex Credits				(388,739)		(388,739)
7	Economic Development Discounts				(14,312)		(14,312)
8	365 Days Consumption	20,456	19,890				40,346
9	Off-System Sales					0	0
10	Proposed Reconnect Fee Increase					1,080,734	1,080,734
11	Total Adjustments	4,700,190	1,969,774	0	(239,091)	1,080,734	7,511,607
12	As Adjusted Test Year Margin	\$93,559,587	\$31,414,679	\$1,407,377	\$8,646,755	\$3,212,881	\$138,241,279

- (1) LVS customer charges are recorded in 481.1 and 481.2. The (\$82,352) adjustment is the sum of (\$132,696) in general service revenue reductions and \$50,344 added LVS customer charges. The total LVS revenue effect is \$95,190, or \$50,344 plus \$44,846.

**MISSOURI GAS ENERGY**  
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**Remove Purchase Gas Costs and Gross Receipts Tax**

Line No.	Description (a)	Amount (b)
1	Purchase Gas Costs (Acct. 805)	(\$279,598,590)
2	Gross Receipts Tax (Acct. 4081)	(27,690,995)
3	Total Adjustment	<u>(\$307,289,585)</u>

**MISSOURI GAS ENERGY**  
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**Payroll Expense**

Line No.	Main Acct.	Proforma Payroll Expense	Settlement - Payroll Increases	Settled Proforma Payroll Expense	Payroll Expense Per Book	Adjustment to Test Year
	(a)	(b)	(c)	(d)	(e)	(f)
1	870	\$819,749	\$32,824	\$852,573	\$847,666	\$4,907
2	871	13,962	555	14,517	14,437	80
3	872	298	0	298	873	(575)
4	874	310,883	12,390	323,273	309,466	13,807
5	875	424,110	16,920	441,030	423,274	17,756
6	876	0	0	0	544	(544)
7	877	11,521	462	11,983	12,634	(651)
8	878	3,339,403	133,606	3,473,009	3,331,413	141,596
9	879	1,937,471	77,482	2,014,953	1,969,275	45,678
10	880	737,683	29,495	767,178	774,518	(7,340)
11	885	445,047	17,845	462,892	458,387	4,505
12	886	141,364	5,640	147,004	139,480	7,524
13	887	4,580,004	183,165	4,763,169	4,586,745	176,424
14	889	201,349	8,044	209,393	204,525	4,868
15	890	111,858	4,438	116,296	110,398	5,898
16	891	11,807	462	12,269	11,706	563
17	892	205,613	8,229	213,842	206,792	7,050
18	893	698,157	27,923	726,080	695,382	30,698
19	894	162,522	6,472	168,994	166,195	2,799
20	901	634,567	25,427	659,994	657,796	2,198
21	902	454,067	18,122	472,189	454,732	17,457
22	903	4,669,914	186,868	4,856,782	4,934,222	(77,440)
23	905	0	0	0	79	(79)
24	908	70,770	2,866	73,636	73,655	(19)
25	911	102,149	4,068	106,217	106,156	61
26	912	568,074	22,745	590,819	854,515	(263,696)
27	920	2,461,105	98,471	2,559,576	2,565,178	(5,602)
28	921	1,819	92	1,911	2,189	(278)
29	925	0	0	0	480	(480)
30	932	0	0	0	0	0
31	Total	\$23,115,266	\$924,611	\$24,039,877	\$23,912,712	\$127,165



**MISSOURI GAS ENERGY**  
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**Employee Benefits**

Line No.	Description (a)	Amount (b)	Amount (c)
1	Pension - Settled	(\$2,200,000)	
2	Retirement Power - Settled	547,133	
3	Life & AD&D Insurance	167,714	
4	Long Term Disability Insurance	107,256	
5	Medical / Dental Benefit - Settled	4,256,022	
6	FAS 106 - Accrual - Settled	1,500,000	
7	FAS 106 - Amortization of	2,664,792	
8	401K - Settled	1,201,530	
9	COLI Amortization	303,497	
10	Supplemental Retirement	135,560	
11	Settlement of capitalization	(1,027,644)	
12	Other Benefits	85,382	
13	Total Proforma Benefits	<u>\$7,741,242</u>	
14	Payroll Expense Ratio	0.750935	
15	Proforma Benefits Expense	<u>\$5,813,170</u>	<u>\$5,813,170</u>
16	Less Test Year Benefits Expense	(\$5,766,483)	
17	Add back payroll charged to Acct. 9260 (already deducted from proforma amounts on payroll adjustment)	0	
18	Net Test Year Benefits Expense (not deducted elsewhere)	<u>(\$5,766,483)</u>	<u>(5,766,483)</u>
19	Adjustment to Test Year Expense - Acct. 926		<u><u>\$46,687</u></u>

**MISSOURI GAS ENERGY**  
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**Payroll Taxes**

Line No.	Description (a)	Amount (b)
1	Total Proforma Payroll Taxes	\$2,354,574
2	Payroll Taxes on Incentive Compensation Adjustment	576
3	Per Settlement	93,712
4	Payroll Taxes on step/pay grade increases	<u>2,615</u>
5	Total Proforma Payroll Taxes	\$2,451,477
6	Payroll Expense Ratio	0.750935
7	Proforma Payroll Tax Expense	<u>\$1,840,900</u>
8	Less Test Year Payroll Tax Expense	<u>(1,618,628)</u>
9	Adjustment to Test Year Expense - Acct. 4081	<u><u>\$222,272</u></u>

**MISSOURI GAS ENERGY**  
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**Insurance - Account 924 & Account 925**

Line										
No.	Description	1996	1997	1998	1999	2000	5 Year Avg.	925 Amount	924 Amount	Total Amount
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
MGE Claims:										
1	Workers Compensation claims paid	\$592,929	\$580,294	\$476,028	\$607,686	\$752,140	\$601,815			
2	Auto & General Liability	145,399	403,507	284,683	2,053,498	275,978	632,613			
3	Total Proforma Claims	<u>\$738,328</u>	<u>\$983,801</u>	<u>\$760,711</u>	<u>\$2,661,184</u>	<u>\$1,028,118</u>	<u>\$1,234,428</u>	\$1,234,428		\$1,234,428
4	Per Settlement							(72,850)		(72,850)
5	Adjusted Total Proforma Claims							1,161,578	0	1,161,578
6	Insurance Premiums - 924								77,688	77,688
7	Insurance Premiums - 925							639,264		639,264
8	Non-Insurance Items - 925							<u>32,781</u>		<u>32,781</u>
9	Total Proforma Insurance Cost							\$1,833,623	\$77,688	\$1,911,311
10	Test Year Payroll Expense Ratio							0.750935	1.000000	
11	Proforma Insurance Expense							\$1,376,932	\$77,688	\$1,454,620
12	Less Test Year Insurance Expense							(1,123,657)	(77,688)	(1,201,345)
13	Adjustment to Test Year - Accts. 924 and 925							<u>\$253,275</u>	<u>\$0</u>	<u>\$253,275</u>

**MISSOURI GAS ENERGY**  
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**Joint and Common Costs**

Line No.	Description (a)	Amount (b)
1	Proforma Joint and Common Costs	\$10,565,268
2	Expense Capital Ratio	79.2495%
3	Proforma Joint and Common Expense	<u>\$8,372,923</u>
4	Settled - SERP	(847,620)
5	Settled - FAS 87 Pension	73,152
6	Settled - Dental	30,970
7	Settled - Meals & Entertainment	(19,610)
8	Settled - SGA Dues	(5,786)
9	Settled - AGA Dues	(18,007)
10	Settled - Various	(3,425)
11	Settled - Legal Fees	(8,637)
12	Settled - IT Payment	(8,837)
13	Settled - IT Equipment	<u>(2,075)</u>
14	Settled Proforma Joint and Common Expense	<u>\$7,563,048</u>
15	Less Test Year Expense Recorded on MGE's Books	<u>0</u>
16	Adjustment to Test Year - Acct. 923	<u><u>\$7,563,048</u></u>

**MISSOURI GAS ENERGY**  
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**Uncollectible Expense**

Line No.	Description	Amount	Amount
	(a)	(b)	(c)
1	Twelve Months Ended 1996 Charge Offs	\$4,605,837	
2	Twelve Months Ended 1997 Charge Offs	5,249,016	
3	Twelve Months Ended 1998 Charge Offs	5,327,305	
4	Twelve Months Ended 1999 Charge Offs	2,507,795	
5	Twelve Months Ended 2000 Charge Offs	<u>2,532,408</u>	
6	Five Year Average		\$4,044,472
7	Adjustment to Settlement		<u>278,820</u>
8	Total Settled Expense		\$4,323,292
9	Less Test Year Uncollectible Expense		(4,005,044)
10	Adjustment to Test Year - Acct. 904		<u><u>\$318,248</u></u>

**MISSOURI GAS ENERGY**  
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**Regulatory Commission Expense**

Line No.	Description	Amount	Amount
	(a)	(b)	(c)
1	Proforma, Current Rate Case	\$600,000	
2	Normalization Period (years)	<u>2</u>	
3	Normalization - Current Case		\$300,000
4	Normalized level of expense for depreciation study ( <b>Note 1</b> )		\$7,444
5	Proforma NARUC Assessment - fiscal 7/1/00-6/30/01		6,198
6	Proforma MPSC Assessment - fiscal 7/1/00-6/30/01		<u>1,276,682</u>
7	Total Proforma Regulatory Commission Expense		\$1,590,324
8	Less Test Year Regulatory Commission Expense		(1,454,879)
9	Adjustment to Test Year - Acct. 928		<u><u>\$135,445</u></u>

**Note 1:**

Total charges from Black & Veatch for the depreciation study			
10		\$37,218	
11	Amortization period (years)	<u>5</u>	
12	Annual amortization	<u><u>\$7,444</u></u>	

**MISSOURI GAS ENERGY**  
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**Interest on Customer Deposits**

Line No.	Description (a)	Reference (b)	Residential (c)	Commercial & Industrial (d)	Amount (e)
1	Customer Deposits	B-2	\$2,641,126	\$2,216,081	\$4,857,207
2	Interest Rate		9.50%	3.50%	6.76%
3	Proforma Interest on Customer Deposits		<u>\$250,907</u>	<u>\$77,563</u>	<u>\$328,470</u>
4	Less Test Year Interest on Customer Deposits				<u>(386,897)</u>
5	Adjustment to Test Year - Acct. 431				<u><u>(\$58,427)</u></u>

**MISSOURI GAS ENERGY**  
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Line No.	Description (a)	Depreciation Expense					Less Dep. Capitalized To Clearing Accts. (g)	Proforma Total Depreciation (f)	Proforma Depreciation Expense (h)
		Amount (b)	Approved Rate (c)	Annualized Depreciation (d)	Proposed Rate (e)				
INTANGIBLE PLANT									
1	(301) Organization	\$15,600	0.00%	\$0	0.00%	\$0	\$0	\$0	\$0
2	(302) Franchises	51,046	0.00%	0	0.00%	0	0	0	0
3	(303) Miscellaneous Intangible	10,370,947	(see adj. H-13)	0	(see adj. H-13)	0	0	0	0
4	Total Intangible Plant	<u>\$10,437,593</u>		<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
DISTRIBUTION PLANT									
5	(374.1) Land	\$240,448	0.00%	\$0	0.00%	\$0	\$0	\$0	\$0
6	(374.2) Land Rights	993,482	2.17%	21,559	2.09%	20,764	20,764	0	20,764
7	(375.1) Structures	8,007,068	2.28%	136,981	2.01%	120,742	120,742	0	120,742
8	(375.2) Leasehold Improvements	13,965	(see adj. H-13)	0	(see adj. H-13)	0	0	0	0
9	(376) Mains & Mains - Cast Iron	278,969,931	1.86%	5,244,635	2.10%	5,244,635	5,859,369	0	5,859,369
10	(378) Meas. & Reg. Station - General	10,422,024	3.00%	312,681	3.10%	312,681	332,463	0	332,463
11	(379) Meas. & Reg. Station - City Gate	3,074,013	2.86%	81,789	2.56%	81,789	78,695	0	78,695
12	(380) Services	248,046,065	5.50%	13,642,644	4.58%	13,642,644	11,360,601	0	11,360,601
13	(381) Meters	28,150,505	2.05%	577,085	2.46%	577,085	692,502	0	692,502
14	(382) Meter Installations	49,974,893	2.05%	1,024,481	2.47%	1,024,481	1,234,375	0	1,234,375
15	(383) House Regulators	9,540,154	2.05%	195,573	2.27%	195,573	216,561	0	216,561
16	(385) Electronic Gas Metering	320,088	5.00%	16,004	5.00%	16,004	16,004	0	16,004
17	(387) Other Equipment	0	6.33%	0	4.60%	0	0	0	0
18	Total Distribution Plant	<u>\$635,754,446</u>		<u>\$21,253,372</u>		<u>\$19,831,076</u>	<u>\$19,831,076</u>	<u>\$0</u>	<u>\$19,931,076</u>
GENERAL PLANT - DIRECT									
19	(389) Land	\$610,049	0.00%	\$0	0.00%	\$0	\$0	\$0	\$0
20	(390.1) Structures	517,301	3.33%	17,228	2.52%	13,036	13,036	0	13,036
21	(390.2) Leasehold Impr.	1,327,356	(see adj. H-13)	0	(see adj. H-13)	0	0	0	0
22	(391) Furniture & Fixtures	3,026,630	3.06%	92,621	6.67%	201,890	201,890	0	201,890
23	(392) Transportation Equipment	4,901,351	10.13%	468,117	10.69%	491,884	(137,633)	0	201,890
24	(393) Stores Equipment	498,757	3.33%	16,642	4.17%	20,840	20,840	0	20,840
25	(394) Tools	4,539,306	4.00%	181,572	7.00%	317,751	317,751	0	317,751
26	(395) Laboratory Equipment	0	4.00%	0	6.00%	0	0	0	0
27	(396) Power Operated Equipment	535,765	6.25%	33,485	6.46%	34,810	(9,698)	0	24,912
28	(397.1) Communication Equipment - AMR	32,969,219	5.00%	1,648,461	5.00%	1,648,461	1,648,461	0	1,648,461
29	(397.0) Communication Equipment - Other	1,516,835	4.50%	68,258	5.56%	84,791	84,791	0	84,791
30	(398) Miscellaneous Equipment	174,902	6.25%	10,913	5.03%	9,830	9,830	0	9,830
31	Total Direct General Plant	<u>\$50,318,371</u>		<u>\$2,535,286</u>		<u>\$2,823,093</u>	<u>\$2,823,093</u>	<u>(\$147,531)</u>	<u>\$2,675,562</u>
GENERAL PLANT - CORPORATE									
32	(390) Structures	\$265,765	2.83%	\$8,370	2.76%	\$8,252	\$8,252	\$0	\$8,252
33	(390) Leasehold Impr.	0	(amortized)	0	(amortized)	0	0	0	0
34	(391) Furniture & Fixtures	10,474,116	10.00%	1,047,412	10.14%	1,062,075	1,062,075	0	1,062,075
35	(392) Transportation Equipment	0	12.50%	0	11.55%	0	0	0	0
36	(397) Communication Equipment	4,220	2.83%	119	4.75%	200	200	0	200
37	(398) Miscellaneous Equipment	2,547	2.83%	72	3.92%	100	100	0	100
38	Total Corporate General Plant	<u>\$10,776,949</u>		<u>\$1,055,973</u>		<u>\$1,070,627</u>	<u>\$1,070,627</u>	<u>\$0</u>	<u>\$1,070,627</u>
39	Total Proforma Plant & Depreciation	<u>\$707,287,059</u>		<u>\$24,844,640</u>		<u>\$23,824,786</u>	<u>(\$147,531)</u>	<u>\$23,677,255</u>	
40	Projected Plant Increases - Intangible	\$441,748	10.00%	\$44,175	10.00%	\$44,175	\$44,175	\$0	\$44,175
41	Projected Plant Increases - Distribution	18,924,141	3.34%	632,066	3.14%	594,218	594,218	0	594,218
42	Projected Plant Increases - General Plant	(10,341)	5.04%	(521)	5.61%	(580)	(580)	0	(580)
43	Total Projected Plant Increases	<u>\$19,355,548</u>		<u>\$375,720</u>		<u>\$337,813</u>	<u>\$337,813</u>	<u>\$0</u>	<u>\$637,813</u>
44	Total Proforma Plant & Depreciation	<u>\$726,642,608</u>		<u>\$25,520,360</u>		<u>\$24,492,609</u>	<u>(\$147,531)</u>	<u>\$24,345,078</u>	
45	Less Depreciation Charged to Clearing A/Cs			(499,602)		(528,494)			
46	Less Test Year Depreciation Expense			(\$21,616,176)		(\$25,520,360)			(\$21,616,176)
47	Adjustment to Test Year - Acct. 403			<u>\$3,204,582</u>		<u>(\$1,584,245)</u>			<u>\$2,498,902</u>



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**Amortization Expense**

Line No.	Description	Original Cost Plant	Monthly Test Year Amortization Expense	Proforma Amortization Expense
	(a)	(b)	(c)	(d)
<u>MGE Direct Non-SLRP Amortization:</u>				
1	(375.2) Leasehold Improvements	\$13,965	\$423	\$5,078
2	(390.2) Leasehold Improvements	1,327,356	5,013	60,158
3	Sub Total	<u>\$1,341,321</u>	<u>\$5,436</u>	<u>\$65,236</u>
4	(303) Misc. Intangible - Corrosion Control Mgmt. System (4000)	\$1,117,800	\$9,555	\$114,665
5	(303) Misc. Intangible - Landbase Digitized Mapping (4500)	1,393,602	12,454	149,445
6	(303) Misc. Intangible - Premise Data System (5000)	985,196	0	0
7	(303) Misc. Intangible - AMR - Beta Phase (5500)	415,236	2,307	27,682
8	(303) Misc. Intangible - Facility Priority Index (6000)	894,795	7,465	89,583
9	(303) Misc. Intangible - Geographic Information System (6500)	1,006,719	7,191	86,296
10	(303) Misc. Intangible - Customer Service System (7000)	3,786,000	21,035	252,426
11	(303) Misc. Intangible - Licensing Office Pro2000 (7500)	54,012	450	5,401
12	(303) Misc. Intangible - Stoner Low Pressure/Intermediate Model (8000)	154,584	1,104	13,251
13	(303) Misc. Intangible - BASIC (8500)	294,516	3,005	36,063
14	(303) Misc. Intangible - TCS System (9000)	189,193	1,592	19,106
15	(303) Misc. Intangible - Geo Tax Software (9500)	79,294	661	7,929
16	Sub Total - Acct. 303	<u>\$10,370,947</u>	<u>\$66,821</u>	<u>\$801,847</u>
<u>SLRP Amortization:</u>				
17	SLRP Deferrals Subject to Amortization	<u>\$27,417,161</u>	<u>10</u>	<u>\$2,741,716</u>
18	Amortize Debit Reserve Balance In Account 395.0	<u>\$164,763</u>	<u>5</u>	<u>\$32,953</u>
19	Pro-Forma Amortization Expense			\$3,641,752
20	Less Test Year Amortization Expense			<u>(910,128)</u>
21	Adjustment to Test Year - Accts. 404 and 405			<u>\$2,731,624</u>

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**Transportation and Work Equipment Clearing**

Line No.	Description	Proforma	Test Year	Adjustment	Amount
	(a)	(b)	(c)	(d)	(e)
1	Test Year Charges into TWE Clearing Account 1841		\$4,406,743		
2	Less Test Year Amounts Cleared Out of Account 1841		(4,407,135)		
3	Test Year Amount Under/(Over) Cleared		<u>(392)</u>		<u>(\$392)</u>
4	Plus/Minus Adjustments to Test Year Amounts Charged into Acct. 1841:				
		Proforma	Test Year	Adjustment	
5	Depreciation	\$0	\$482,065	(\$482,065)	
6	Lease Costs	2,366,340	1,965,803	400,537	
7	Other	2,040,795	1,958,875	81,920	
8	Total	<u>\$4,407,135</u>	<u>\$4,406,743</u>	<u>\$392</u>	<u>392</u>
9	Total Adjusted Amount Under/(Over) Cleared				<u>\$0</u>

Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:

	Main Acct.	Amount	Percentage	Amount
10	870	\$71,902	0.016315	\$0
11	871	3,984	0.000904	0
12	872	297	0.000067	0
13	874	78,641	0.017844	0
14	875	92,413	0.020969	0
15	876	150	0.000034	0
16	877	1,822	0.000413	0
17	878	727,519	0.165078	0
18	879	403,635	0.091587	0
19	880	45,559	0.010338	0
20	885	52,919	0.012008	0
21	886	37,401	0.008486	0
22	887	1,013,315	0.229926	0
23	889	31,135	0.007065	0
24	890	29,867	0.006777	0
25	891	2,858	0.000648	0
26	892	47,699	0.010823	0
27	893	116,207	0.026368	0
28	894	28,704	0.006513	0
29	902	111,517	0.025304	0
30	903	226,478	0.051389	0
31	912	4,018	0.000912	0
32	921	44,151	0.010018	0
33	<b>Total Adjustment to Test Year Expense</b>	<b>\$3,172,191</b>	<b>0.719786</b>	<b>\$0</b>
34	Balance Sheet Accounts	1,234,944	0.280215	0
35	<b>Total Test Year Clearing</b>	<b>\$4,407,135</b>	<b>1</b>	<b>\$0</b>

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**Stores Clearing**

Line No.	Description	Proforma	Test Year	Adjustment	Amount
	(a)	(b)	(c)	(d)	(e)
1	Test Year Charges into Stores Account 1630		\$2,247,290		
2	Less Test Year Amounts Cleared Out of Account 1630		(2,107,937)		
3	Test Year Amount Under/(Over) Cleared		<u>\$139,353</u>		\$139,353
4	Plus/Minus Adjustments to Test Year Amounts Charged into Acct. 1630:				
		Proforma	Test Year	Adjustment	
5	Other	2,107,937	2,247,290	(139,353)	
6	Total	<u>\$2,107,937</u>	<u>\$2,247,290</u>	<u>(\$139,353)</u>	(139,353)
7	Total Adjusted Amount Under/(Over) Cleared				<u>\$0</u>

Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:

	Main Acct.	Amount	Percentage	Amount
8	874	\$5,454	0.002587	\$0
9	875	14,536	0.006896	0
10	876	0	0.000000	0
11	877	31	0.000015	0
12	878	30,538	0.014487	0
13	879	6,454	0.003062	0
14	880	2,240	0.001063	0
15	885	1	0.000000	0
16	886	1,534	0.000728	0
17	887	126,757	0.060133	0
18	889	5,228	0.002480	0
19	890	41	0.000019	0
20	892	8,776	0.004163	0
21	893	17,312	0.008213	0
22	894	23,725	0.011255	0
23	902	208	0.000099	0
24	903	69	0.000033	0
25	905	114	0.000054	0
26	921	2,496	0.001184	0
27	925	1,220	0.000579	0
28	<b>Total Adjustment to Test Year Expense</b>	<u>246,734</u>	<u>0.11705</u>	<u>0</u>
29	Balance Sheet Accounts	1,861,203	0.882950	0
30	Total Test Year Clearing	<u>2,107,937</u>	<u>1</u>	<u>0</u>

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**Paid Time Off Clearing**

Line No.	Description	Proforma	Test Year	Adjustment	Amount
	(a)	(b)	(c)	(d)	(e)
1	Test Year Charges into Paid Time Off Account 1846		\$4,929,033		
2	Less Test Year Amounts Cleared Out of Account 1846		<u>(4,615,028)</u>		
3	Test Year Amount Under/(Over) Cleared		<u>\$314,005</u>		\$314,005
4	Plus/Minus Adjustments to Test Year Amounts Charged into Acct. 1846:				
		Proforma	Test Year	Adjustment	
5	Other	4,615,028	4,929,033	(314,005)	
6	Total	<u>\$4,615,028</u>	<u>\$4,929,033</u>	<u>(\$314,005)</u>	(314,005)
7	Total Adjusted Amount Under/(Over) Cleared				<u>\$0</u>

Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:

	Main Acct.	Amount	Percentage	Amount
8	870	\$75,151	0.016284	\$0
9	871	3,902	0.000845	0
10	872	216	0.000047	0
11	874	79,619	0.017252	0
12	875	96,545	0.020920	0
13	876	191	0.000041	0
14	877	1,421	0.000308	0
15	878	790,145	0.171211	0
16	879	423,584	0.091784	0
17	880	50,520	0.010947	0
18	885	56,486	0.012240	0
19	886	36,816	0.007977	0
20	887	1,043,309	0.226068	0
21	889	29,589	0.006411	0
22	890	28,460	0.006167	0
23	891	3,217	0.000697	0
24	892	47,297	0.010248	0
25	893	160,911	0.034867	0
26	894	29,953	0.006490	0
27	902	109,461	0.023718	0
28	903	237,375	0.051435	0
29	<b>Total Adjustment to Test Year Expense</b>	<b>3,304,168</b>	<b>0.715957</b>	<b>0</b>
30	Balance Sheet Accounts	1,310,858	0.284041	0
31	<b>Total Test Year Clearing</b>	<b>4,615,026</b>	<b>1</b>	<b>0</b>

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**Missouri State Franchise Tax**

Line No.	Description (a)	Amount (b)
1	Proforma State Franchise Tax Expense	\$423,815
2	Less Test Year State Franchise Tax Expense	<u>(294,237)</u>
3	Adjustment to Test Year - Acct. 4081	<u><u>\$129,578</u></u>

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**Property Tax Expense**

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
1	Total Direct Plant In Service @ 12/31/00		\$687,653,226
2	Material & Supply Inventory @ 12/31/00		1,884,628
3	Completed Not Classified @ 12/31/00		<u>11,023,023</u>
4	Proforma Plant, excluding Intangible Plant		\$700,560,877
5	Property tax rate		<u>1.00000%</u>
6	Proforma Property Tax Expense		\$7,005,609
7	Less Test Year Property Tax Expense		<u>(6,544,654)</u>
8	Adjustment to Test Year - Acct. 4081		<u><u>\$460,955</u></u>

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**Y2K Amortization**

Line No.	Description (a)	Amount (b)
1	Deferred Balance of MGE's Y2K Expenses	\$173,930
2	Number of Years to Amortize	<u>10</u>
3	Yearly Amortization	<u>\$17,393</u>
4	Deferred Balance of MGE's share of Corporate Y2K Expenses	\$804,200
5	Number of Years to Amortize	<u>10</u>
6	Yearly Amortization	<u>\$80,420</u>
7	Total Proforma Amortization	\$97,813
8	Settled Adjustment	<u>(4,458)</u>
9	Adjusted Total Proforma Amortization	<u>\$93,355</u>
10	Reclassify Test Year Expense	
11	From Account 404.3	<u>(\$43,362)</u>
12	To Account 921.0	<u>\$43,362</u>
13	Less Test Year Amortization in Account 921.0	<u>(70,088)</u>
14	Adjustment to Test Year - Account 921.0 (Line 7 plus Line 11 minus Line 10)	<u>(\$20,095)</u>

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**Office Lease Expense**

Line No.	Description (a)	Amount (b)
1	Net Proforma Broadway and PBO Office Lease Expense	\$319,202
2	Less Test Year Broadway and PBO Office Lease Expense	<u>(349,579)</u>
3	Adjustment to Test Year - Acct. 931	<u><u>(\$30,377)</u></u>
4	Net Proforma Broadway Utilities, Outside Services & Supplies Expense	\$271,589
5	Less Test Year Broadway Utilities, Outside Services & Supplies Expense	<u>(308,075)</u>
6	Adjustment to Test Year - Acct. 921	<u><u>(\$36,486)</u></u>
7	Net Proforma Broadway Maintenance Expense	\$17,937
8	Less Test Year Broadway Maintenance Expense	<u>(20,515)</u>
9	Adjustment to Test Year - Acct. 932	<u><u>(\$2,578)</u></u>



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**Dues Expense**

Line No.	Description (a)	Amount (b)
1	Remove Certain Expense from Acct. 930.2	<u>(54,118)</u>

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**Incentive Compensation and Bonuses**

Line No.	Description	Incentive Compensation	Bonuses	Total
	(a)	(b)	(c)	(d)
1	1998 Incentive and Bonus Payments	\$117,053	\$180,453	\$297,506
2	1999 Incentive and Bonus Payments	249,566	119,333	368,899
3	2000 Incentive and Bonus Payments	<u>0</u>	<u>111,401</u>	<u>111,401</u>
4	Three-Year Average	<u>\$122,206</u>	<u>\$137,062</u>	\$259,269
5	Per Settlement			(140,411)
6	Test Year Incentive and Bonus Payments			<u>(111,401)</u>
7	Adjustment			7,457
8	Expense Ratio			<u>0.750935</u>
9	Amount Charged to Expense			<u>\$5,600</u>

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**Customer Collection Costs**

Line No.	Description (a)	Total (b)
1	Proforma Charges for Customer Collections	\$309,520
2	Less: Actual cost of collection	<u>\$233,717</u>
3	Adjustment	<u><u>\$75,803</u></u>

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**Non-refundable Payment Bond**

Line No.	Description (a)	Total (b)
1	Adjust for non-refundable payment bond to energy supplier	\$0
2	Less Test Year Expense	<u>(186,500)</u>
3	Adjustment to Test Year - Acct. 807	<u><u>(\$186,500)</u></u>

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**Non-Utility Activity**

Line No.	Description (a)	Total (b)
1	Remove non-utility activity from account 9230	<u><u>(\$20,459)</u></u>

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**Per Settlement - Disallowance of 50% of Meals & Entertainment**

Line No.	Description (a)	Total (b)
1	Remove 50% of meals - Acct. 880.0	(\$6,886)
2	Remove 50% of meals - Acct. 889.0	(285)
3	Remove 50% of meals - Acct. 893.0	(299)
4	Remove 50% of meals - Acct. 903.0	(553)
5	Remove 50% of meals - Acct. 905.0	(4,303)
6	Remove 50% of meals - Acct. 912.0	(3,499)
7	Remove 50% of meals - Acct. 921.0	(27,455)
8	Remove 50% of meals - Acct. 930.0	<u>(1,571)</u>
9	Total Adjustment	<u><u>(\$44,851)</u></u>

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**Per Settlement - Eliminate Severance Costs**

Line No.	Description (a)	Total (b)
1	Remove Severance Payment - Acct. 921.0	(\$5,000)
2	Remove Severance Payment - Acct. 923.0	<u>(86,145)</u>
3	Total Adjustment	<u><u>(\$91,145)</u></u>

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**Per Settlement - Eliminate Promotional Advertising**

Line No.	Description (a)	Total (b)
1	Remove Advertising - Account 912.0	(\$7,883)
2	Remove Advertising - Account 921.0	(3,453)
3	Remove Advertising - Account 930.0	<u>(19,183)</u>
4	Total Adjustment	<u><u>(\$30,519)</u></u>



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**Per Settlement - Eliminate Lobbying Expense**

Line No.	Description (a)	Total (b)
1	Remove Lobbying Expense	<u>(\$30,500)</u>

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**Per Settlement - Remove Nonrecurring Legal Costs**

Line No.	Description (a)	Total (b)
1	Remove Nonrecurring Legal Costs	(\$93,926)
2	Adjust Legal Fees	<u>(100,985)</u>
3	Remove Legal Costs	<u><u>(\$194,911)</u></u>

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**Per Settlement - Various Other Items**

Line No.	Description (a)	Total (b)
1	Normalize MP Gold database - Acct. 912.0	<u>(\$12,309)</u>
2	Capitalize sink & water heater installation	(\$5,000)
3	Remove 2nd Christmas party	(1,138)
4	Capitalize refinish of furniture	<u>(1,945)</u>
5	Adjustment Account 921.0	<u>(\$8,083)</u>
6	Remove preliminary survey costs of an abandoned project - Acct. 930.0	<u>(\$2,500)</u>
7	Annualize rent offset from Broadway Ford - Acct. 931.0	<u>(\$5,616)</u>
8	Remove 50% of Public & Community Relations	
9	Account 920.0	(\$92,386)
10	Account 921.0	(23,711)
11	Account 923.0	(27,416)
12	Account 926.0	(3,639)
13	Account 930.0	(7,571)
14	Account 408.1	<u>(7,088)</u>
15	Total Remove of 50% of Public & Community Relations	<u>(\$161,811)</u>