

Exhibit No.:  
Issues: Updated Revenue  
Requirement  
Witness: Michael R. Noack  
Sponsoring Party: Missouri Gas Energy  
Case No.: GR-2001-292

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-2001-292

UPDATED TEST YEAR DIRECT TESTIMONY OF

MICHAEL R. NOACK

Jefferson City, Missouri

January 31, 2001

Exhibit No. 213  
Date 6-25-01 Case No. GR-2001-292  
Reporter Stewart

**UPDATED TEST YEAR DIRECT TESTIMONY OF MICHAEL R. NOACK**

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

**January 31, 2001**

1   **Q.    WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

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

4  
5   **Q.    ARE YOU THE SAME MICHAEL R. NOACK WHO FILED DIRECT**  
6           **TESTIMONY IN THIS PROCEEDING ON NOVEMBER 7, 2000?**

7   A.    Yes.

8  
9   **Q.    WHAT IS THE PURPOSE OF THIS TESTIMONY?**

10  A.    In its Order Establishing Procedural Schedule issued on January 17, 2001, the  
11           Commission required MGE to update its revenue requirement to reflect the  
12           Commission-ordered test year. The purpose of this testimony is to present the  
13           revenue requirement prepared by MGE on the basis of the test year adopted by the  
14           Commission for this case—the twelve-month period ending December 31, 2000.

15  
16  **Q.    MR. NOACK, PLEASE DESCRIBE THE REVENUE DEFICIENCY**  
17           **SCHEDULES WHICH ARE APPENDED TO THIS TESTIMONY.**

18

1 A. The revenue deficiency schedules attached to this testimony update the revenue  
2 deficiency schedules attached to my direct testimony for the Commission-ordered test  
3 year. The revenue deficiency summary attached to this testimony is based on the  
4 twelve-month period ending December 31, 2000. MGE's revenue requirement will,  
5 therefore, be based on the same time period to be used by the Commission's Staff and  
6 other parties, facilitating the reconciliation of any differences among the parties'  
7 cases.

8  
9 **Q. BESIDES CHANGING TEST PERIODS, IS THERE ANY OTHER CHANGES**  
10 **OF NOTE IN THIS UPDATED FILING?**

11 A. There are two changes that I would like to address. The first change eliminates from  
12 the revenue lag the one-day funds clearing lag. Since that lag has not been included  
13 in the expense lags, it has been removed from the revenue lag also.

14  
15 The second change eliminates the corporate insurance allocated to MGE from the  
16 Joint and Common Cost allocation study. In the filing of November 7, 2000, the  
17 insurance expense allocated from corporate was included twice, once from MGE's  
18 books and records and the other time from the corporate allocation.

19  
20 **Q. DOES MGE CONTINUE TO BELIEVE THAT A TRUE-UP AUDIT IS**  
21 **NECESSARY AND APPROPRIATE?**

22

1 A. As stated on page 4 of my direct testimony, MGE continues to believe that a true-up  
2 audit is necessary and appropriate in this proceeding, unless the Commission  
3 approves the requested "Customer Service Effectiveness/Gas Safety Experimental  
4 Incentive Plan" ("CSE/GSIP"). MGE expects its revenue requirement to increase  
5 through the true-up audit due to factors such as the continuing extraordinary plant  
6 investment and related expenses of MGE's safety line replacement program.

7

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A. Yes.

10

11

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 )

)

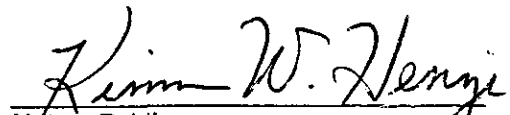
ss.

COUNTY OF JACKSON )

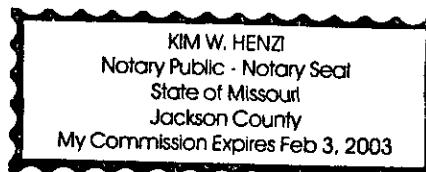
Michael R. Noack, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Updated Test Year Direct Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Updated Test Year Direct Testimony were given by him; 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 31<sup>st</sup> day of January 2001.

  
Notary Public

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



**MISSOURI GAS ENERGY**  
**A division of Southern Union Company**

**REVENUE DEFICIENCY SUMMARY**  
**BASED ON UPDATED TEST YEAR**

**Twelve Months Ended December 31, 2000**

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

**Revenue Deficiency**

Line No.	Description	Ref.	Required Return	Earnings Deficiency	Revenue Deficiency	Net Revenue Deficiency
	(a)	(b)	(c)	(d)	(e)	(f)
1	Rate Base	B	\$518,824,134			
2	Rate of Return	F	<u>10.562%</u>			
3	Required Return		<u>\$54,798,205</u>	\$54,798,205		
4	Adjusted Test Year Net Operating Income	A-1		<u>30,508,899</u>		
5	Earnings Deficiency			<u>\$24,289,306</u>	\$24,289,306	
6	Multiply by Income Tax Gross-up Factor				<u>1.628855</u>	
7	Revenue Deficiency - Gross of Tax				\$39,563,758	
8	Multiply by Uncollectibles Gross-up Factor				<u>1.01030600</u>	
9	Revenue Deficiency before Late Pay Fee Gross Down				<u>\$39,971,502</u>	\$39,971,502
10	Multiply by Late Pay Fee Gross-down Factor					<u>0.997761</u>
11	Net Revenue Deficiency					<u>\$39,882,006</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	(\$296,919,338)	\$127,788,940
2	Other Utility Revenues	13,431,287	(4,479,661)	8,951,626
3	Total Operating Revenues	<u>\$438,139,565</u>	<u>(\$301,398,999)</u>	<u>\$136,740,566</u>
<b>OPERATING EXPENSES</b>				
4	Distribution Expense	\$301,556,412	(\$279,143,214)	\$22,413,198
5	Customer Accounts Expense	13,830,337	(676,302)	13,154,035
6	Customer Service and Information Expense	405,692	(2,545)	403,147
7	Sales Expense	1,059,863	(286,823)	773,040
8	Administrative and General Expense	16,410,431	9,754,077	26,164,508
9	Total Operating and Maintenance Expenses	<u>\$333,262,735</u>	<u>(\$270,354,807)</u>	<u>\$62,907,928</u>
10	Depreciation & Amortization Expense	\$22,726,304	\$4,240,059	\$26,966,363
11	Interest on Customer Deposits	792,437	(1,179)	791,258
12	Taxes Other Than Income	36,148,514	(27,085,372)	9,063,142
13	Total Operating Expenses	<u>\$392,929,990</u>	<u>(\$293,201,299)</u>	<u>\$99,728,691</u>
14	Operating Income Before Income Tax	\$45,209,575	(\$8,197,700)	\$37,011,875
15	Less: Income Tax Expense	9,667,876	(3,164,900)	6,502,976
16	Net Operating Income	<u>\$35,541,699</u>	<u>(\$5,032,800)</u>	<u>\$30,508,899</u>



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

**Income Tax**

Line No.	Description (a)	Reference (b)	Per Books (c)	As Adjusted (d)
1	Total Operating Revenues	A-1	\$438,139,565	\$136,740,566
2	Total Operating Expenses	A-1	<u>(392,929,990)</u>	<u>(99,728,691)</u>
3	Net Operating Income	A-1	<u>\$45,209,575</u>	<u>\$37,011,875</u>
4	Equity Portion of SLRP Deferrals		\$1,370,858	\$1,370,858
5	COLI Amortization		303,497	303,497
6	Less: Interest on Long Term Debt		<u>(21,074,636)</u>	<u>(21,074,636)</u>
7	Total Tax Adjustments		<u>(\$19,400,281)</u>	<u>(\$19,400,281)</u>
8	Net Taxable Income		<u>\$25,809,294</u>	<u>\$17,611,594</u>
9	Income Tax		\$9,964,239	\$6,799,339
10	Less: Income Tax Reduction per Case No. GM-94-40		<u>(296,363)</u>	<u>(296,363)</u>
11	Net Income Tax		<u>\$9,667,876</u>	<u>\$6,502,976</u>

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

**Rate Base**

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
1	Intangible Plant	C	\$10,518,324
2	Distribution Plant	C	635,754,446
3	General Plant	C	62,102,671
4	Gross Plant In Service		<u>\$708,375,441</u>
5	Accumulated Depreciation & Amortization	D	<u>(208,462,303)</u>
6	Net Plant in Service		\$499,913,138
7	SLRP Deferrals	B-1	\$22,202,142
8	Working Capital	E	66,131,841
9	Customer Deposits	B-2	(5,584,686)
10	Customer Advances	B-3	(10,678,465)
11	Unamortized Deferred Credit per Case No. GM-94-40		(12,000,000)
12	Deferred Income Taxes - SLRP	B-1	(5,788,164)
13	Deferred Income Taxes - Other	B-4	<u>(35,371,672)</u>
14	<b>Total Rate Base</b>		<u><u>\$518,824,134</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</u>				
6	Order GO-92-185			0
7	Order GO-94-234			2,713,411
8	Order GO-97-301			681,749
9	Order GR-98-140			2,393,004
10	Total SLRP Deferred Taxes			<u>\$5,788,164</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 (a)	Amount (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, Corporate Plant	<u>(2,135,409)</u>
3	Total Accumulated Deferred Income Taxes (Other than SLRP)	<u><u>(\$35,371,672)</u></u>

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

Plant in Service

Line No.	Description	Direct	Completed Not Classified	Total Direct & Completed	Corporate Allocated	Total Adjustments	Total As Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)	(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	80,731	0	10,451,678
4	Total Intangible Plant	\$10,437,593	\$0	\$10,437,593	\$80,731	\$0	\$10,518,324
<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	46,773	512,301	295,765	0	808,066
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	7,309	3,024,885	11,488,713	0	14,513,598
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	\$144,726	\$50,311,426	\$11,791,245	\$0	\$62,102,671
32	Total Original Cost Plant in Service	\$687,653,226	\$11,023,023	\$698,676,249	\$11,871,976	(\$2,172,784)	\$708,375,441
33	Accumulated Depreciation and Amortization	(206,119,138)	0	(206,119,138)	(4,565,706)	2,222,541	(208,462,303)
34	Net Plant in Service	\$481,534,088	\$11,023,023	\$492,557,111	\$7,306,270	\$49,757	\$499,913,138

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

**Plant in Service**

Line No.	Description	Retire Inactive Meters No. 1	Total Adjustments
	(a)	(b)	(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	Test Year Direct	Corporate	Proforma Adjustments	Test Year As Adjusted
	(a)	(b)	(c)	(d)	(e)
1	Intangible Plant Reserve	(\$6,255,417)	\$0	\$0	(\$6,255,417)
2	Distribution Reserve	(199,863,721)	0	2,222,541	(197,641,180)
3	Corporate Allocated Reserve	0	(4,565,706)	0	(4,565,706)
4	Total Accumulated Reserves	<u>(\$206,119,138)</u>	<u>(\$4,565,706)</u>	<u>\$2,222,541</u>	<u>(\$208,462,303)</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	Total Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)
<b>DISTRIBUTION PLANT</b>						
1	(374.1) Land	\$0	0.00%	\$0	\$0	\$0
2	(374.2) Land Rights	0	Amort.	0	0	0
3	(375.1) Structures	0	2.01%	0	0	0
4	(375.2) Leasehold Improvements	0	Amort.	0	0	0
5	(376) Mains & Mains - Cast Iron	0	2.10%	0	0	0
6	(378) Meas. & Reg. Station - General	0	3.19%	0	0	0
7	(379) Meas. & Reg. Station - City Gate	0	2.56%	0	0	0
8	(380) Services	(2,172,784)	4.58%	49,757	2,172,784	2,222,541
9	(381) Meters	0	2.46%	0	0	0
10	(382) Meter Installations	0	2.47%	0	0	0
11	(383) House Regulators	0	2.27%	0	0	0
12	(385) Electronic Gas Metering	0	5.00%	0	0	0
13	(387) Other Equipment	0	4.60%	0	0	0
14	Total Distribution Plant	<u>(\$2,172,784)</u>		<u>\$49,757</u>	<u>\$2,172,784</u>	<u>\$2,222,541</u>
<b>GENERAL PLANT</b>						
15	(389) Land	\$0	0.00%	\$0	\$0	\$0
16	(390.1) Structures	0	2.52%	0	0	0
17	(390.2) Leasehold Improvements	0	Amort.	0	0	0
18	(391) Furniture & Fixtures	0	6.67%	0	0	0
19	(392) Transportation Equipment	0	10.69%	0	0	0
20	(393) Stores Equipment	0	4.17%	0	0	0
21	(394) Tools	0	7.00%	0	0	0
22	(395) Laboratory Equipment	0	6.00%	0	0	0
23	(396) Power Operated Equipment	0	6.46%	0	0	0
24	(397) Communication Equipment - AMR	0	5.00%	0	0	0
25	(397) Communication Equipment	0	5.59%	0	0	0
26	(398) Miscellaneous Equipment	0	5.63%	0	0	0
27	Total General Plant	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
28	Total Adjustment	<u>(\$2,172,784)</u>		<u>\$49,757</u>	<u>\$2,172,784</u>	<u>\$2,222,541</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	E-1	\$2,036,063
2	Prepayments	E-2	415,611
3	Gas Inventory	E-3	52,457,645
4	Cash Working Capital	E-4	3,399,685
5	Prepaid Pension	E-5	<u>7,822,837</u>
6	Total Working Capital		<u><u>\$66,131,841</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 (a)	Amount (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	1,884,628
14	13 Month Total	<u>\$26,468,821</u>
15	13 Month Average	<u>\$2,036,063</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 (a)	Volumes (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 (a)	Test Year Expenses (b)	Revenue Lag (c)	Expense Lead (d)	Net Lag (C-D) (e)	Factor (E/365) (f)	CWC Requirement (B*F) (g)
<b>Operation &amp; Maintenance Expense</b>							
1	Cash Vouchers	\$32,808,204	46.4800	23.1000	23.3800	0.0641	\$2,101,523
2	Bad Debt Expense	3,455,836	46.4800	46.4800	-	-	\$0
3	Net Payroll Expense	16,083,990	46.4800	12.5000	33.9800	0.0931	\$1,497,353
4	Fica Withheld	1,774,630	46.4800	9.6000	36.8800	0.1010	\$179,311
5	Federal Income Tax Withheld	3,172,249	46.4800	15.5900	30.8900	0.0846	\$268,468
6	State Income Tax Withheld	875,845	46.4800	48.7600	(2.2800)	(0.0062)	(\$5,471)
7	City Tax Withheld	128,476	46.4800	20.2200	26.2600	0.0719	\$9,243
8	Resident State Tax Withheld	15,465	46.4800	30.7271	15.7529	0.0432	\$667
9	Vacation Expense - Nonunion	313,128	46.4800	182.5000	(136.0200)	(0.3727)	(\$116,690)
10	Vacation Expense - Union	830,091	46.4800	388.1500	(341.6700)	(0.9361)	(\$777,033)
11	Sick Leave	559,184	46.4800	68.6400	(22.1600)	(0.0607)	(\$33,948)
12	Pensions	(2,195,835)	46.4800	46.4800	-	-	\$0
13	Medical Expense	4,653,115	46.4800	-	46.4800	0.1273	\$592,539
14	Purchased Gas	279,598,590	46.4800	39.1900	7.2900	0.0200	\$5,584,312
15	Building Rents and Leases	433,570	46.4800	(14.6500)	61.1300	0.1675	\$72,614
16	Total Operation & Maintenance Expense	<u>342,506,518</u>					<u>9,372,888</u>
<b>Taxes</b>							
17	Property Taxes	6,860,659	46.4800	182.0000	(135.5200)	(0.3713)	(2,547,278)
18	Franchise Taxes	423,815	46.4800	59.4100	(12.9300)	(0.0354)	(15,014)
19	Gross Receipts Taxes	23,202,387	46.4800	59.4100	(12.9300)	(0.0354)	(821,937)
20	Employer Portion of FICA	1,774,630	46.4800	9.6000	36.8800	0.1010	179,311
21	Federal and State Unemployment	43,880	46.4800	87.8200	(41.3400)	(0.1133)	(4,970)
22	Use Taxes	30,185	46.4800	76.1200	(29.6400)	(0.0812)	(2,451)
23	Sales Taxes	5,420,783	46.4800	24.9700	21.5100	0.0589	319,455
24	Total Taxes	<u>37,756,339</u>					<u>(2,892,884)</u>
25	Total Cash Working Capital Requirement						<u>6,480,004</u>
26	Estimated Interest Expense Offset	20,620,000	46.4800	91.3000	(44.8200)	(0.1228)	(2,532,023)
27	Estimated Income Tax Offset	5,900,000	46.4800	80.4000	(33.9200)	(0.0929)	(548,296)
28	Net Cash Working Capital						<u>\$3,399,685</u>

SCHEDULE E-5

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

**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	Reference	Ratio	Cost Rate	Weighted Composite Rate
	(a)	(b)	(c)	(d)	(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 (a)	Outstanding Debt (b)	Annual Interest Rate (c)	Annualized Cost (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	(\$204,629,586)	\$91,844,915
2	481.1	Commercial	121,856,787	(91,385,088)	30,471,699
3	481.2	Industrial	4,171,343	(2,760,898)	1,410,445
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	1,856,234	3,073,529
7	489	Transport	13,362,735	(4,479,661)	8,883,074
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>(\$301,398,999)</u>	<u>\$136,740,566</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	0	186,500
13	859	Other Joint Expense	0	0	0
14	870	Operation, Supervision and Engineering	937,672	(11,613)	926,059
15	871	Distribution and Load Dispatching	20,193	259	20,452
16	872	Compressor Station Labor and Expense	1,375	(529)	846
17	874	Mains and Service Expenses	2,659,695	16,621	2,676,316
18	875	Distributing Regulating Station Expenses	610,461	19,725	630,186
19	876	Measuring and Regulating - Station Expenses	885	(516)	369
20	877	Measuring and Regulating - Station Expenses	15,549	(775)	14,774
21	878	Meter and House Regulator Expenses	4,382,171	153,201	4,535,372
22	879	Customer Installation Expenses	2,467,761	47,468	2,515,229
23	880	Other Expenses	1,135,231	(25,110)	1,110,121
24	881	Rents	121,136	0	121,136
25		Total Operation Expense	<u>\$292,137,219</u>	<u>(\$279,399,859)</u>	<u>\$12,737,360</u>
<b>Maintenance Expense</b>					
26	885	Maintenance Supervision and Engineering	\$524,476	(\$2,021)	\$522,455
27	886	Maintenance of Structures and Improvements	210,430	8,942	219,372
28	887	Maintenance of Mains	6,713,827	196,845	6,910,672
29	889	Maint. of Measuring and Reg. Stat Equip - General	289,508	3,291	292,799
30	890	Maint. of Measuring and Regulating Equipment	147,448	6,949	154,397
31	891	Maint. of Measuring and Regulating Equipment	15,283	665	15,948
32	892	Maintenance of Services	225,256	8,419	233,675
33	893	Maintenance of Meters and House Regulators	956,242	29,945	986,187
34	894	Maintenance of Other Equipment	336,723	3,610	340,333
35		Total Maintenance Expenses	<u>\$9,419,193</u>	<u>\$256,645</u>	<u>\$9,675,838</u>
36		Total Distribution Expense	<u>\$301,556,412</u>	<u>(\$279,143,214)</u>	<u>\$22,413,198</u>
<b>Customer Accounts Expense</b>					
37	901	Supervision	\$657,796	(\$20,181)	\$637,615
38	902	Meter Reading Expense	597,624	20,228	617,852
39	903	Customer Records and Collection Expense	8,343,253	(127,070)	8,216,183
40	904	Uncollectible Accounts	4,005,044	(549,208)	3,455,836
41	905	Miscellaneous Customer Accounts Expense	226,620	(71)	226,549
42		Total Customer Accounts Expenses	<u>\$13,830,337</u>	<u>(\$676,302)</u>	<u>\$13,154,035</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	(2,545)	341,943
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>(\$2,545)</u>	<u>\$403,147</u>
<b>Sales and Advertising Expense</b>					
48	911	Supervision	\$106,156	(\$3,516)	\$102,640
49	912	Demonstrating and Selling Expenses	947,470	(283,307)	664,163
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>(\$286,823)</u>	<u>\$773,040</u>
<b>Administrative and General Expense</b>					
53	920	Administrative and General Salaries	\$2,564,656	(\$92,251)	\$2,472,405
54	921	Office Supplies and Expenses	2,726,877	(4,503)	2,722,374
55	922	Administrative Expenses Transferred	(408,925)	0	(408,925)
56	923	Outside Services Employed	2,307,589	8,352,464	10,660,053
57	924	Property Insurance	77,688	0	77,688
58	925	Injuries and Damages	1,123,657	494,496	1,618,153
59	926	Employee Pensions and Benefits	5,766,483	910,634	6,677,117
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	(9,253)	233,966
63	931	Rents	463,947	(30,377)	433,570
64	932	Maintenance of General Plant	90,361	(2,579)	87,783
65		Total Administration and General Expense	<u>\$18,410,431</u>	<u>\$9,754,077</u>	<u>\$26,164,508</u>
66		Total O & M Expense	<u>\$333,262,735</u>	<u>(\$270,354,807)</u>	<u>\$62,907,928</u>
67	403	Depreciation	21,816,176	1,584,750	23,400,926
68	404, 405	Amortization	910,128	2,655,309	3,565,437
69	431	Interest on Customer Deposits	792,437	(1,179)	791,258
70	408	Payroll Taxes	\$1,618,628	\$160,040	\$1,778,668
71	408	Property Taxes	6,544,654	316,005	6,860,659
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>(\$27,085,372)</u>	<u>\$9,063,142</u>
75		TOTAL EXPENSES	<u>\$392,929,990</u>	<u>(\$293,201,299)</u>	<u>\$99,728,691</u>
76		OPERATING INCOME BEFORE INCOME TAX	<u>\$45,209,575</u>	<u>(\$8,197,700)</u>	<u>\$37,011,875</u>
77	409,410	Income Taxes	\$9,667,876	(\$3,164,900)	\$6,502,976
78		NET OPERATING INCOME	<u>\$35,541,699</u>	<u>(\$5,032,800)</u>	<u>\$30,508,899</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	H-10	H-11		
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	Regulatory Commission Expense	Interest on Customer Deposits
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
OPERATING REVENUE														
1	480	Residential	\$296,474,501	(\$207,615,104)	\$2,985,518									
2	481.1	Commercial	121,856,787	(92,411,882)	1,026,794									
3	481.2	Industrial	4,171,343	(2,763,966)	3,068									
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)	1,993,374									
7	489	Transport	13,362,735	(4,481,801)	2,140									
8	493	Rent From Property	0											
9	495	Other Gas Revenue	68,552											
10		Total Operating Revenue	\$438,139,565	(\$307,409,893)	\$6,010,894	\$0	\$0	\$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	937,872				(27,917)							
15	871	Distribution and Load Dispatching	20,193				(475)							
16	872	Compressor Station Labor and Expense	1,375				(575)							
17	874	Mains and Service Expenses	2,859,695				1,417							
18	875	Distributing Regulating Station Expenses	610,461				836							
19	876	Measuring and Regulating - Station Expenses	885				(544)							
20	877	Measuring and Regulating - Station Expenses	15,549				(1,113)							
21	878	Meter and House Regulator Expenses	4,382,171				7,990							
22	879	Customer Installation Expenses	2,467,761				(31,804)							
23	880	Other Expenses	1,135,231				(36,835)							
24	881	Rents	121,136											
25		Total Operation Expense	\$292,137,219	\$0	\$0	(\$279,598,590)	(\$89,020)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance Expense														
26	885	Maintenance Supervision and Engineering	\$524,476				(\$13,340)							
27	886	Maintenance of Structures and Improvements	210,430				1,884							
28	887	Maintenance of Mains	6,713,827				(6,741)							
29	889	Maint. of Measuring and Reg. Stat Equip - General	289,508				(3,176)							
30	890	Maint. of Measuring and Regulating Equipment	147,448				1,460							
31	891	Maint. of Measuring and Regulating Equipment	15,283				101							
32	892	Maintenance of Services	225,256				(1,179)							
33	893	Maintenance of Meters and House Regulators	956,242				2,775							
34	894	Maintenance of Other Equipment	336,723				(3,673)							
35		Total Maintenance Expenses	\$9,419,193	\$0	\$0	\$0	(\$21,889)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36		Total Distribution Expense	\$301,556,412	\$0	\$0	(\$279,598,590)	(\$110,909)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Customer Accounts Expense														
37	901	Supervision	\$657,796				(\$23,229)							
38	902	Meter Reading Expense	597,624				(665)							
39	903	Customer Records and Collection Expense	8,343,253				(264,308)							
40	904	Uncollectible Accounts	4,005,044									(549,208)		
41	905	Miscellaneous Customer Accounts Expense	226,620				(79)							
42		Total Customer Accounts Expenses	\$13,830,337	\$0	\$0	\$0	(\$288,281)	\$0	\$0	\$0	\$0	(\$549,208)	\$0	\$0

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-1	H-2	H-3	H-4	H-5	H-6	H-7	H-8	H-9	H-10	H-11
				Adj. GL Rev to Test Year Margin	Normalize & Adj. Test Year Margin	Remove Purch.. Gas Cost and GRT	Payroll Expense	Employee Benefits	Payroll Taxes	Insurance	Joint and Common Costs	Uncollectible Expense	Regulatory Commission Expense	Interest on Customer Deposits
				(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
<b>Customer Service and Informational Expense</b>														
43	907	Supervision	\$0											
44	908	Customer Assistance	344,488				(2,885)							
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	(\$2,885)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Sales and Advertising Expense</b>														
48	911	Supervision	\$106,156				(\$4,007)							
49	912	Demonstrating and Selling Expenses	947,470				(286,441)							
50	913	Advertising Expenses	0											
51	916	Miscellaneous Sales Expenses	6,237											
52		Total Sales and Advertising Expenses	\$1,059,863	\$0	\$0	\$0	(\$290,448)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Administrative and General Expense</b>														
53	920	Administrative and General Salaries	\$2,564,656				(\$104,073)							
54	921	Office Supplies and Expenses	2,726,877				(370)							
55	922	Administrative Expenses Transferred	(408,925)											
56	923	Outside Services Employed	2,307,589								8,372,923			
57	924	Property Insurance	77,688							0				
58	925	Injuries and Damages	1,123,657				(480)			494,895				
59	926	Employee Pensions and Benefits	5,766,483					910,634						
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	483,947											
64	932	Maintenance of General Plant	90,361				0							
65		Total Administration and General Expense	\$16,410,431	\$0	\$0	\$0	(\$104,923)	\$910,634	\$0	\$494,895	\$8,372,923	\$0	\$135,445	\$0
66		Total O & M Expense	\$333,262,735	\$0	\$0	(\$279,598,590)	(\$797,446)	\$910,634	\$0	\$494,895	\$8,372,923	(\$549,208)	\$135,445	\$0
67	403	Depreciation	\$21,816,176											
68	404, 405	Amortization	910,128											
69	431	Interest on Customer Deposits	792,437											(1,179)
70	408	Payroll Taxes (1***)	1,618,628						160,040					
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	160,040	0	0	0	0	0
75		TOTAL EXPENSES	\$392,929,990	\$0	\$0	(\$307,289,585)	(\$797,446)	\$910,634	\$160,040	\$494,895	\$8,372,923	(\$549,208)	\$135,445	(\$1,179)
76		OPERATING INCOME BEFORE INCOME TAX	\$45,209,575	(\$307,409,893)	\$6,010,894	\$307,289,585	\$797,446	(\$910,634)	(\$160,040)	(\$494,895)	(\$8,372,923)	\$549,208	(\$135,445)	\$1,179
77	409,410	Income Taxes	9,687,876											
78		NET OPERATING INCOME	35,541,699	(\$307,409,893)	\$6,010,894	\$307,289,585	\$797,446	(\$910,634)	(\$160,040)	(\$494,895)	(\$8,372,923)	\$549,208	(\$135,445)	\$1,179

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

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	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)
<b>OPERATING REVENUE</b>																												
1	480	Residential			\$266,474,501																							
2	481.1	Commercial			121,866,787																							
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			1,217,285																							
7	489	Transport			13,382,735																							
8	483	Rent From Property			0																							
9	483	Other Gas Revenue			69,552																							
10		Total Operating Revenue			\$438,139,565	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$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			\$278,598,590																							
12	807	Purchased Gas Expense			186,500																							
13	859	Other Joint Expense			0																							
14	870	Operation, Supervision and Engineering			937,672																							
15	871	Distribution and Load Dispatching			20,183																							
16	872	Compressor Station Labor and Expense			1,375																							
17	874	Mains and Service Expenses			2,859,695																							
18	875	Distributing Regulating Station Expenses			610,461																							
19	876	Measuring and Regulating - Station Expenses			885																							
20	877	Measuring and Regulating - Station Expenses			15,549																							
21	878	Meter and House Regulator Expenses			4,382,171																							
22	879	Customer Installation Expenses			2,467,761																							
23	880	Other Expenses			1,135,231																							
24	881	Rents			121,136																							
25		Total Operation Expense			\$292,137,219	\$0	\$0	\$143,841	\$3,818	\$103,508	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$38,484	\$0	\$0
<b>Maintenance Expense</b>																												
26	885	Maintenance Supervision and Engineering			\$524,476																							
27	886	Maintenance of Structures and Improvements			210,430																							
28	887	Maintenance of Mains			6,713,827																							
29	889	Maint. of Measuring and Reg. Stat Equip - General			289,508																							
30	890	Maint. of Measuring and Regulating Equipment			147,448																							
31	891	Maint. of Measuring and Regulating Equipment			15,283																							
32	892	Maintenance of Services			225,256																							
33	893	Maintenance of Meters and House Regulators			956,242																							
34	894	Maintenance of Other Equipment			336,723																							
35		Total Maintenance Expense			\$9,419,193	\$0	\$0	\$137,203	\$12,123	\$97,708	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,502	\$0	\$0
36		Total Distribution Expense			\$301,556,412	\$0	\$0	\$281,044	\$16,041	\$201,214	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$67,986	\$0	\$0
<b>Customer Accounts Expense</b>																												
37	901	Supervision			\$657,796																							
38	902	Meter Reading Expense			597,824																							
39	903	Customer Records and Collection Expense			8,343,253																							
40	904	Uncollectible Accounts			4,005,044																							
41	905	Miscellaneous Customer Accounts Expense			226,620																							
42		Total Customer Accounts Expenses			\$13,930,337	\$0	\$0	\$34,096	\$27	\$23,599	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,662	\$75,803	\$0



Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Books	Depreciation Expense	Amortization Expense	TWE Clearing	Stores Load Clearing	Paid Time Off Clearing	State Franchise Tax	Property Tax	Y2K Amortization	Office Lease Expense	Dues Expense	Incentive Compensation & Bonuses	Collection Costs
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
<b>Customer Service and Informational Expense</b>															
43	907	Supervision	\$0												
44	908	Customer Assistance	344,488											340	
45	909	Informational and Instructional Advertising Exp.	63,043												
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	\$340	\$0
<b>Sales and Advertising Expense</b>															
48	911	Supervision	\$106,156											\$491	
49	912	Demonstrating and Selling Expenses	947,470			405								2,729	
50	913	Advertising Expenses	0												
51	916	Miscellaneous Sales Expenses	6,237												
52		Total Sales and Advertising Expenses	\$1,059,863	\$0	\$0	\$405	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,220	\$0
<b>Administrative and General Expense</b>															
53	920	Administrative and General Salaries	\$2,564,656											\$11,622	
54	921	Office Supplies and Expenses	2,726,877			4,454	165				27,725	(36,486)		9	
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				81							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												
63	931	Rents	463,947												
64	932	Maintenance of General Plant	90,361												
65		Total Administration and General Expense	\$16,410,431	\$0	\$0	\$4,454	\$246	\$0	\$0	\$0	\$27,725	(\$69,441)	(\$9,253)	\$11,831	\$0
66		<b>Total O &amp; M Expense</b>	<b>\$333,262,735</b>	<b>\$0</b>	<b>\$0</b>	<b>\$319,999</b>	<b>\$16,314</b>	<b>\$224,813</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,725</b>	<b>(\$69,441)</b>	<b>(\$9,253)</b>	<b>\$111,039</b>	<b>\$75,803</b>
67	403	Depreciation	\$21,816,178	\$1,584,750											
68	404, 405	Amortization	910,128		2,698,671						(43,382)				
69	431	Interest on Customer Deposits	792,437												
70	408	Payroll Taxes (1***)	1,618,628												
71	408	Property Taxes (2***)	6,544,654							316,005					
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	129,578	316,005	0	0	0	0	0
75		<b>TOTAL EXPENSES</b>	<b>\$392,929,990</b>	<b>\$1,584,750</b>	<b>\$2,698,671</b>	<b>\$319,999</b>	<b>\$16,314</b>	<b>\$224,813</b>	<b>\$129,578</b>	<b>\$316,005</b>	<b>(\$15,637)</b>	<b>(\$69,441)</b>	<b>(\$9,253)</b>	<b>\$111,039</b>	<b>\$75,803</b>
76		<b>OPERATING INCOME BEFORE INCOME TAX</b>	<b>\$45,209,575</b>	<b>(\$1,584,750)</b>	<b>(\$2,698,671)</b>	<b>(\$319,999)</b>	<b>(\$16,314)</b>	<b>(\$224,813)</b>	<b>(\$129,578)</b>	<b>(\$316,005)</b>	<b>\$15,637</b>	<b>\$69,441</b>	<b>\$9,253</b>	<b>(\$111,039)</b>	<b>(\$75,803)</b>
77	409,410	Income Taxes	9,667,878												
78		<b>NET OPERATING INCOME</b>	<b>35,541,699</b>	<b>(\$1,584,750)</b>	<b>(\$2,698,671)</b>	<b>(\$319,999)</b>	<b>(\$16,314)</b>	<b>(\$224,813)</b>	<b>(\$129,578)</b>	<b>(\$316,005)</b>	<b>\$15,637</b>	<b>\$69,441</b>	<b>\$9,253</b>	<b>(\$111,039)</b>	<b>(\$75,803)</b>

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

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 Account	(a)	(b)	(c)	(aa)	(ab)	(ac)	(ad)	(ae)
		Record Non-refundable	Test Year Per Books	Test Year Per Books	Remove Non-utility Bond	Income Tax Adjustment	Total Adjustments	Test Year As Adjusted	

1	480	Residential	\$296,474,501	(\$204,029,586)	\$91,844,915				
2	481.1	Commercial	121,856,787	(91,385,088)	30,471,699				
3	481.2	Industrial	4,171,343	(2,760,888)	1,410,445				
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	1,217,285	1,856,234	3,073,529				
7	489	Transport	13,362,735	(4,479,661)	8,883,074				
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	(\$301,398,999)	\$136,740,566			

OPERATING & MAINTENANCE EXPENSE

11	805	Other Gas Purchases	\$279,598,590	(\$279,598,590)	\$0				
12	807	Purchased Gas Expense	186,500	0	186,500				
13	859	Other Joint Expense	0	0	0				
14	870	Operation, Supervision and Engineering	937,672	(11,613)	926,059				
15	871	Distribution and Load Dispatching	20,193	259	20,452				
16	872	Compressor Station Labor and Expense	1,376	(529)	846				
17	874	Main and Service Expenses	2,659,895	16,621	2,676,316				
18	875	Distributing Station Expenses	610,461	19,725	630,186				
19	876	Measuring and Regulating - Station Expenses	885	(516)	369				
20	877	Measuring and Regulating - Station Expenses	16,549	(776)	14,774				
21	878	Meter and House Regulator Expenses	4,382,171	153,201	4,535,372				
22	879	Customer Installation Expenses	2,467,761	47,468	2,515,229				
23	880	Other Expenses	1,135,231	(25,110)	1,110,121				
24	881	Rents	121,136	0	121,136				
25		Total Operation Expense	\$282,137,219	\$0	(\$279,398,659)	\$12,737,360			

MAINTENANCE EXPENSE

26	865	Maintenance Supervision and Engineering	\$524,476	(\$2,021)	\$522,455				
27	886	Maintenance of Structures and Improvements	210,430	8,942	219,372				
28	887	Maintenance of Mains	6,713,827	196,845	6,910,672				
29	888	Maint. of Measuring and Reg. Stat Equip - General	289,508	3,291	292,799				
30	890	Maint. of Measuring and Regulating Equipment	147,448	6,849	154,297				
31	891	Maint. of Measuring and Regulating Equipment	15,283	665	15,948				
32	892	Maintenance of Services	226,256	8,419	233,675				
33	893	Maintenance of Meters and House Regulators	856,242	29,845	886,087				
34	894	Maintenance of Other Equipment	336,723	3,610	340,333				
35		Total Maintenance Expenses	\$9,419,193	\$256,645	\$9,675,838				
36		Total Distribution Expense	\$301,556,412	\$0	(\$279,143,214)	\$22,413,198			
37	901	Supervision	\$657,796	(\$20,181)	\$637,615				
38	902	Meter Reading Expense	597,624	20,228	617,852				
39	903	Customer Records and Collection Expense	8,343,253	(127,070)	8,216,183				
40	904	Uncollectible Accounts	4,005,044	(649,208)	3,455,836				
41	905	Miscellaneous Customer Accounts Expense	226,620	(71)	226,549				
42		Total Customer Accounts Expenses	\$13,830,337	\$0	(\$676,302)	\$13,154,035			

Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	H-24		H-25		Total Adjustments	Test Year As Adjusted
			Test Year Per Books	Record Non-refundable Payment Bond	Remove Non-utility Activities	Income Tax Adjustment		
	(a)	(b)	(c)	(aa)	(ab)	(ac)	(ad)	(ae)
<b>Customer Service and Informational Expense</b>								
43	907	Supervision	\$0				\$0	\$0
44	908	Customer Assistance	344,488				(2,545)	341,943
45	909	Informational and Instructional Advertising Exp.	53,043				0	53,043
46	910	Miscellaneous Customer Accounts Expense	8,181				0	8,181
47		Total Cust. Service and Information Exp.	\$405,892	\$0	\$0	\$0	(\$2,545)	\$403,147
<b>Sales and Advertising Expense</b>								
48	911	Supervision	\$106,156				(\$3,518)	\$102,640
49	912	Demonstrating and Selling Expenses	947,470				(283,307)	664,163
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	\$0	\$0	(\$286,823)	\$773,040
<b>Administrative and General Expense</b>								
53	920	Administrative and General Salaries	\$2,584,656				(\$92,251)	\$2,472,405
54	921	Office Supplies and Expenses	2,726,877				(4,503)	2,722,374
55	922	Administrative Expenses Transferred	(408,925)				0	(408,925)
56	923	Outside Services Employed	2,307,589		(20,459)		8,352,484	10,660,053
57	924	Property Insurance	77,688				0	77,688
58	925	Injuries and Damages	1,123,657				494,496	1,618,153
59	926	Employee Pensions and Benefits	5,766,483				910,634	6,877,117
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				(9,253)	233,966
63	931	Rents	463,947				(30,377)	433,570
64	932	Maintenance of General Plant	90,361				(2,578)	87,783
65		Total Administration and General Expense	\$16,410,431	\$0	(\$20,459)	\$0	\$9,754,077	\$26,164,508
66		Total O & M Expense	\$333,262,735	\$0	(\$20,459)	\$0	(\$270,354,807)	\$62,907,928
67	403	Depreciation	\$21,816,176				\$1,584,750	\$23,400,926
68	404, 405	Amortization	910,128				2,655,309	3,565,437
69	431	Interest on Customer Deposits	792,437				(1,179)	791,258
70	408	Payroll Taxes (1****)	1,818,628				180,040	1,778,668
71	408	Property Taxes (2****)	6,544,654				316,005	6,860,659
72	408	Gross Recalpts 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	0	0	(27,085,372)	9,063,142
75		TOTAL EXPENSES	\$392,929,990	\$0	(\$20,459)	\$0	(\$293,201,299)	\$99,728,691
76		OPERATING INCOME BEFORE INCOME TAX	\$45,209,575	\$0	\$20,459	\$0	(\$8,197,700)	\$37,011,875
77	409,410	Income Taxes	9,687,876			(3,164,900)	(3,164,900)	6,502,976
78		NET OPERATING INCOME	\$35,541,699	\$0	\$20,459	\$3,164,900	(\$5,032,800)	\$30,508,899

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

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

**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)	(4,481,800)	(137,140)	(307,409,892)
3	Test Year Margin	<u>\$88,859,397</u>	<u>\$29,444,905</u>	<u>\$1,407,377</u>	<u>\$8,885,847</u>	<u>\$2,132,147</u>	<u>\$130,729,673</u>

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

**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	\$8,885,847	\$2,132,147	\$130,729,673
2	Weather Normalize	2,457,781	957,473	3,068	(35,441)		3,382,881
3	Customer Growth Annualization	527,737	152,082				679,819
4	Rate Switching GS to LVS (1)		(82,352)		44,846		(37,506)
5	LVS Customer Deletions		(409)		(1,553)		(1,962)
6	Annualize Flex Credits				8,600		8,600
7	Economic Development Discounts				(14,312)		(14,312)
8	Proposed Reconnect Fee Increase					1,993,374	1,993,374
9	Total Adjustments	2,985,518	1,026,794	3,068	2,140	1,993,374	6,010,894
10	As Adjusted Test Year Margin	\$91,844,915	\$30,471,699	\$1,410,445	\$8,887,987	\$4,125,521	\$136,740,567

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

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

**Payroll Expense**

Line No.	Main Acct.	Proforma Payroll Expense	Payroll Expense Per Book	Adjustment to Test Year
	(a)	(b)	(c)	(d)
1	870	\$819,749	\$847,666	(\$27,917)
2	871	13,962	14,437	(475)
3	872	298	873	(575)
4	874	310,883	309,466	1,417
5	875	424,110	423,274	836
6	876	0	544	(544)
7	877	11,521	12,634	(1,113)
8	878	3,339,403	3,331,413	7,990
9	879	1,937,471	1,969,275	(31,804)
10	880	737,683	774,518	(36,835)
11	885	445,047	458,387	(13,340)
12	886	141,364	139,480	1,884
13	887	4,580,004	4,586,745	(6,741)
14	889	201,349	204,525	(3,176)
15	890	111,858	110,398	1,460
16	891	11,807	11,706	101
17	892	205,613	206,792	(1,179)
18	893	698,157	695,382	2,775
19	894	162,522	166,195	(3,673)
20	901	634,567	657,796	(23,229)
21	902	454,067	454,732	(665)
22	903	4,669,914	4,934,222	(264,308)
23	905	0	79	(79)
24	908	70,770	73,655	(2,885)
25	911	102,149	106,156	(4,007)
26	912	568,074	854,515	(286,441)
27	920	2,461,105	2,565,178	(104,073)
28	921	1,819	2,189	(370)
29	925	0	480	(480)
30	932	0	0	0
31	Total	<u>\$23,115,266</u>	<u>\$23,912,712</u>	<u>(\$797,446)</u>

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**Employee Benefits**

Line No.	Description (a)	Amount (b)	Amount (c)
1	Pension	(\$2,195,835)	
2	Retirement Power	526,089	
3	Life & AD&D Insurance	167,714	
4	Long Term Disability Insurance	107,256	
5	Medical / Dental Benefit	4,512,783	
6	FAS 106 - Accrual	1,523,973	
7	FAS 106 - Amortization of	2,664,792	
8	401K	1,060,526	
9	COLI Amortization	303,497	
10	Supplemental Retirement	135,560	
11	Other Benefits	85,382	
12	Total Proforma Benefits	<u>\$8,891,737</u>	
13	Payroll Expense Ratio	0.750935	
14	Proforma Benefits Expense	<u>\$6,677,117</u>	<u>\$6,677,117</u>
15	Less Test Year Benefits Expense	(\$5,766,483)	
16	Add back payroll charged to Acct. 9260 (already deducted from proforma amounts on payroll adjustment)	0	
17	Net Test Year Benefits Expense (not deducted elsewhere)	<u>(\$5,766,483)</u>	<u>(5,766,483)</u>
18	Adjustment to Test Year Expense - Acct. 926		<u><u>\$910,634</u></u>



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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	\$11,415
3	Payroll Taxes on step/pay grade increases	<u>\$2,615</u>
4	Total Proforma Payroll Taxes	\$2,368,604
5	Payroll Expense Ratio	0.750935
6	Proforma Payroll Tax Expense	<u>\$1,778,668</u>
7	Less Test Year Payroll Tax Expense	<u>(1,618,628)</u>
8	Adjustment to Test Year Expense - Acct. 4081	<u><u>\$160,040</u></u>

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**Insurance - Account 924 & Account 925**

Line								
No.	Description	1998	1999	2000	3 Year Avg.	925 Amount	924 Amount	Total Amount
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
MGE Claims:								
1	Workers Compensation claims paid	\$476,028	\$607,686	\$752,140	\$611,951			
2	Auto & General Liability	284,683	2,053,498	275,978	871,386			
3	Total Proforma Claims	<u>\$760,711</u>	<u>\$2,661,184</u>	<u>\$1,028,118</u>	<u>\$1,483,337</u>	\$1,483,337		\$1,483,337
4	Insurance Premiums - 924						77,688	77,688
5	Insurance Premiums - 925					639,264		639,264
6	Non-Insurance Items - 925					<u>32,781</u>		<u>32,781</u>
7	Total Proforma Insurance Cost					\$2,155,382	\$77,688	\$2,233,070
8	Test Year Payroll Expense Ratio					0.750935	1.000000	
9	Proforma Insurance Expense					<u>\$1,618,552</u>	<u>\$77,688</u>	<u>\$1,696,240</u>
10	Less Test Year Insurance Expense					(1,123,657)	(77,688)	(1,201,345)
11	Adjustment to Test Year - Accts. 924 and 925					<u>\$494,895</u>	<u>\$0</u>	<u>\$494,895</u>

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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	<u>79.2495%</u>
3	Proforma Joint and Common Expense	<u>\$8,372,923</u>
4	Less Test Year Expense Recorded on MGE's Books	<u>0</u>
5	Adjustment to Test Year - Acct. 923	<u><u>\$8,372,923</u></u>

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**Uncollectible Expense**

Line No.	Description	Amount	Amount
	(a)	(b)	(c)
1	Twelve Months Ended 1998 Charge Offs	\$5,327,305	
2	Twelve Months Ended 1999 Charge Offs	2,507,795	
3	Twelve Months Ended 2000 Charge Offs	<u>2,532,408</u>	
4	Three Year Average		\$3,455,836
5	Less Test Year Uncollectible Expense		(4,005,044)
6	Adjustment to Test Year - Acct. 904		<u><u>(\$549,208)</u></u>

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**Regulatory Commission Expense**

Line No.	Description	Amount (b)	Amount (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 (Note 1)		\$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>
<b>Note 1:</b>			
10	Total charges from Black & Veatch for the depreciation study	\$37,218	
11	Amortization period (years)	<u>5</u>	
12	Annual amortization	<u><u>\$7,444</u></u>	

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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	\$3,170,908	\$2,413,778	\$5,584,686
2	Interest Rate		9.50%	3.50%	6.91%
3	Proforma Interest on Customer Deposits		<u>\$301,236</u>	<u>\$84,482</u>	<u>\$385,718</u>
4	Less Test Year Interest on Customer Deposits				<u>(386,897)</u>
5	Adjustment to Test Year - Acct. 431				<u><u>(\$1,179)</u></u>

**MISSOURI GAS ENERGY**  
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Line No.	Description (a)	Depreciation Expense					Proforma Total Depreciation (f)	Less Dep. Booked to Clearing Accts. (g)	Proforma Depreciation Expense (h)
		Amount (b)	Approved Rate (c)	Annualized Depreciation (d)	Proposed Rate (e)				
INTANGIBLE PLANT									
1	(301) Organization	\$15,800	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	10,370,847	(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	960,482	2.17%	21,559	2.00%	20,764	0	0	20,764
7	(375.1) Structures	6,007,068	2.28%	136,981	2.01%	120,742	0	0	120,742
8	(375.2) Leasehold Improvements	13,985	(see adj. H-13)	0	(see adj. H-13)	0	0	0	0
9	(376) Mains & Mains - Cast Iron	278,969,931	1.86%	5,244,835	2.10%	5,858,369	0	0	5,858,369
10	(376) Mains & Reg. Station - General	10,422,024	3.00%	312,661	3.19%	332,463	0	0	332,463
11	(376) Mains & Reg. Station - City Gate	3,074,013	2.66%	81,769	2.56%	78,695	0	0	78,695
12	(380) Services	248,048,065	5.50%	13,642,844	4.58%	11,380,601	0	0	11,380,601
13	(381) Meters	28,150,505	2.05%	577,085	2.49%	662,502	0	0	662,502
14	(382) Meter Installations	49,974,893	2.05%	1,024,481	2.47%	1,234,375	0	0	1,234,375
15	(383) House Regulators	9,540,154	2.05%	195,573	2.27%	216,581	0	0	216,581
16	(385) Electronic Gas Metering	320,068	5.00%	16,004	5.00%	16,004	0	0	16,004
17	(387) Other Equipment	0	8.33%	0	4.60%	0	0	0	0
18	Total Distribution Plant	<u>\$935,754,446</u>		<u>\$21,253,372</u>		<u>\$19,631,076</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,631,076</u>
GENERAL PLANT - DIRECT									
19	(389) Land	\$910,049	0.00%	\$0	0.00%	\$0	\$0	\$0	\$0
20	(390.1) Structures	512,301	3.33%	17,060	2.52%	12,910	0	0	12,910
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	3,024,885	3.06%	92,561	6.67%	201,780	0	0	201,780
23	(392) Transportation Equipment	4,801,351	10.13%	486,117	10.69%	491,884	(491,884)	0	0
24	(393) Stores Equipment	498,757	3.33%	16,842	4.17%	20,840	0	0	20,840
25	(394) Tools	4,539,306	4.00%	181,572	7.00%	317,751	0	0	317,751
26	(395) Laboratory Equipment	0	4.00%	0	6.00%	0	0	0	0
27	(398) Power Operated Equipment	535,765	6.25%	33,485	6.46%	34,610	(34,610)	0	0
28	(397.1) Communication Equipment - AMR	32,868,219	5.00%	1,648,481	5.00%	1,648,481	0	0	1,648,481
29	(397.0) Communication Equipment - Other	1,516,635	4.50%	68,258	5.59%	84,791	0	0	84,791
30	(398) Miscellaneous Equipment	174,902	6.25%	10,913	5.63%	9,830	0	0	9,830
31	Total Direct General Plant	<u>\$50,311,428</u>		<u>\$2,535,069</u>		<u>\$2,822,837</u>	<u>(\$528,494)</u>	<u>\$0</u>	<u>\$2,296,343</u>
GENERAL PLANT - CORROBORATE									
32	(390) Structures	\$295,765	2.63%	\$8,370	2.70%	\$8,252	\$0	\$0	\$8,252
33	(390) Leasehold Impr.	0	(amortized)	0	(amortized)	0	0	0	0
34	(391) Furniture & Fixtures	11,498,713	10.00%	1,148,871	10.14%	1,164,955	0	0	1,164,955
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	0	0	200
37	(398) Miscellaneous Equipment	2,547	2.83%	72	3.92%	100	0	0	100
38	Total Corporate General Plant	<u>\$11,791,245</u>		<u>\$1,157,432</u>		<u>\$1,173,507</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,173,507</u>
39	Total Proforma Plant & Depreciation	<u>\$708,264,710</u>		<u>\$24,945,873</u>		<u>\$23,927,420</u>	<u>(\$528,494)</u>	<u>\$0</u>	<u>\$23,400,926</u>
40	Less Depreciation Charged to Clearing ACs			(488,602)		(528,494)			
41	Less Test Year Depreciation Expense			(\$21,816,176)		(\$24,446,271)			(\$21,816,176)
42	Adjustment to Test Year - Acct. 403			<u>\$2,630,095</u>		<u>(\$1,045,345)</u>			<u>\$1,584,750</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>		Amort. Period	
17	SLRP Deferrals Subject to Amortization	<u>\$27,417,161</u>	<u>10</u>	<u>\$2,741,716</u>
18	Pro-Forma Amortization Expense			\$3,608,799
19	Less Test Year Amortization Expense			<u>(910,128)</u>
20	Adjustment to Test Year - Accts. 404 and 405			<u>\$2,698,671</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>		(\$392)
4	Plus/Minus Adjustments to Test Year Amounts Charged into Acct. 1841:				
		Proforma	Test Year	Adjustment	
5	Depreciation	\$526,494	\$482,065	\$44,429	
6	Lease Costs	2,366,340	1,965,803	400,537	
7	Other	1,958,875	1,958,875	0	
8	Total	<u>\$4,851,709</u>	<u>\$4,406,743</u>	<u>\$444,966</u>	444,966
9	Total Adjusted Amount Under/(Over) Cleared				<u>\$444,574</u>

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

	Main Acct.	Amount	Percentage	Amount
10	870	\$71,902	0.016315	\$7,253
11	871	3,984	0.000904	402
12	872	297	0.000067	30
13	874	78,641	0.017844	7,933
14	875	92,413	0.020969	9,322
15	876	150	0.000034	15
16	877	1,822	0.000413	184
17	878	727,519	0.165078	73,389
18	879	403,635	0.091587	40,717
19	880	45,559	0.010338	4,596
20	885	52,919	0.012008	5,338
21	886	37,401	0.008486	3,773
22	887	1,013,315	0.229926	102,219
23	889	31,135	0.007065	3,141
24	890	29,867	0.006777	3,013
25	891	2,858	0.000648	288
26	892	47,699	0.010823	4,812
27	893	116,207	0.026368	11,723
28	894	28,704	0.006513	2,896
29	902	111,517	0.025304	11,250
30	903	226,478	0.051389	22,846
31	912	4,018	0.000912	405
32	921	44,151	0.010018	4,454
33	Total Adjustment to Test Year Expense	\$3,172,191	0.719786	<b>\$319,999</b>
34	Balance Sheet Accounts	1,234,944	0.280215	124,576
35	Total Test Year Clearing	<u>\$4,407,135</u>	1	<u>\$444,575</u>

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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	2,247,290	2,247,290	0	
6	Total	<u>\$2,247,290</u>	<u>\$2,247,290</u>	<u>\$0</u>	0
7	Total Adjusted Amount Under/(Over) Cleared				<u>\$139,353</u>

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

	Main Acct.	Amount	Percentage	Amount
8	874	\$5,454	0.002587	\$361
9	875	14,536	0.006896	961
10	876	0	0.000000	0
11	877	31	0.000015	2
12	878	30,538	0.014487	2,019
13	879	6,454	0.003062	427
14	880	2,240	0.001063	148
15	885	1	0.000000	0
16	886	1,534	0.000728	101
17	887	126,757	0.060133	8,380
18	889	5,228	0.002480	346
19	890	41	0.000019	3
20	892	8,776	0.004163	580
21	893	17,312	0.008213	1,145
22	894	23,725	0.011255	1,568
23	902	208	0.000099	14
24	903	69	0.000033	5
25	905	114	0.000054	8
26	921	2,496	0.001184	165
27	925	1,220	0.000579	81
28	<b>Total Adjustment to Test Year Expense</b>	<b>246,734</b>	<b>0.11705</b>	<b>16,314</b>
29	Balance Sheet Accounts	1,861,203	0.882950	123,042
30	Total Test Year Clearing	<u>2,107,937</u>	<u>1</u>	<u>139,356</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		(4,615,028)		
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	4,929,033	4,929,033	0	
6	Total	<u>\$4,929,033</u>	<u>\$4,929,033</u>	<u>\$0</u>	0
7	Total Adjusted Amount Under/(Over) Cleared				<u>\$314,005</u>

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

	Main Acct.	Amount	Percentage	Amount
8	870	\$75,151	0.016284	\$5,113
9	871	3,902	0.000845	265
10	872	216	0.000047	15
11	874	79,619	0.017252	5,417
12	875	96,545	0.020920	6,569
13	876	191	0.000041	13
14	877	1,421	0.000308	97
15	878	790,145	0.171211	53,761
16	879	423,584	0.091784	28,821
17	880	50,520	0.010947	3,437
18	885	56,486	0.012240	3,843
19	886	36,816	0.007977	2,505
20	887	1,043,309	0.226068	70,986
21	889	29,589	0.006411	2,013
22	890	28,460	0.006167	1,936
23	891	3,217	0.000697	219
24	892	47,297	0.010248	3,218
25	893	160,911	0.034867	10,948
26	894	29,953	0.006490	2,038
27	902	109,461	0.023718	7,448
28	903	237,375	0.051435	16,151
29	<b>Total Adjustment to Test Year Expense</b>	<b>3,304,168</b>	<b>0.715957</b>	<b>224,813</b>
30	Balance Sheet Accounts	1,310,858	0.284041	89,190
31	Total Test Year Clearing	<u>4,615,026</u>	<u>1</u>	<u>314,003</u>

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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	Proforma Total Plant in Service excluding Corporate Allocated Plant	C	\$696,584,196
2	Less Intangible Plant	C	<u>(10,518,324)</u>
3	Proforma Plant, excluding Intangible Plant		\$686,065,872
4	Property tax rate		<u>1.000%</u>
5	Proforma Property Tax Expense		\$6,860,659
6	Less Test Year Property Tax Expense		<u>(6,544,654)</u>
7	Adjustment to Test Year - Acct. 4081		<u><u>\$316,005</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	<u>\$97,813</u>
8	Reclassify Test Year Expense	
9	From Account 404.3	<u>(\$43,362)</u>
10	To Account 921.0	<u>\$43,362</u>
11	Less Test Year Amortization in Account 921.0	<u>(70,088)</u>
12	Adjustment to Test Year - Account 921.0 (Line 7 plus Line 11 minus Line 10)	<u>(\$15,637)</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	Amount
	(a)	(b)
1	Remove Certain Expense from Acct. 930.2	<u>(9,253)</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	Test Year Incentive and Bonus Payments			<u>111,401</u>
6	Adjustment			147,868
7	Expense Ratio			<u>0.750935</u>
8	Amount Charged to Expense			<u>\$111,039</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	\$186,500
2	Less Test Year Expense	<u>(186,500)</u>
3	Adjustment to Test Year - Acct. 807	<u><u>\$0</u></u>

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**Non-Utility Activity**

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