Exhibit No.: _____
Issue: Class Cost of Service Study
Witness: F. Jay Cummings
Sponsoring Party: Missouri Gas Energy
Case No.: GR-2009-0355
Date Testimony Prepared: September 28, 2009

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-2009-0355

REBUTTAL TESTIMONY OF

F. JAY CUMMINGS

Jefferson City, Missouri

September 28, 2009

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INDEX TO TESTIMONY

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EXHIBITS

Schedule FJC-8	Class Cost of Service Study - Corrected
Schedule FJC-9	Class Cost of Service Study – Updated Test Year Revenue Requirement
Schedule FJC-10	Selected Cost of Service Component Allocation Differences Between the Company, Commission Staff, and Office of Public Counsel

REBUTTAL TESTIMONY OF F. JAY CUMMINGS

CASE NO. GR-2009-0355

SEPTEMBER 28, 2009

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is F. Jay Cummings. My business address is 3625 North Hall Street, Suite 750, Dallas, Texas 75219.

Q. ARE YOU THE SAME F. JAY CUMMINGS WHO FILED DIRECT TESTIMONY ON APRIL 2, 2009?

A. Yes.

1. PURPOSE AND SUMMARY OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I respond to the Missouri Public Service Commission Staff ("Staff") and Office of Public Counsel ("OPC") class cost of service studies. The Staff study is provided in "Staff Report: Class Cost-of-Service and Rate Design," explained in the Direct Testimony of Thomas M. Imhoff. The OPC study is included with the Direct Testimony of Barbara A. Meisenheimer. I also respond to comments on my class cost of service study made by Midwest Gas Users' Association and Superior Bowen Asphalt, L.L.C. (collectively, a "Large Customer") witness Donald Johnstone in his direct testimony.

Q. PLEASE SUMMARIZE THE RESULTS OF THE CLASS COST OF SERVICE STUDIES PRESENTED BY THE PARTIES.

A. Comparison of allocated dollar amounts among the Missouri Gas Energy ("Company"), Staff, and OPC studies is not straightforward because of the different revenue requirements in the studies. However, the following table shows how each party's study distributes its cost of service, in percentage terms, to the Residential ("RES"), Small General Service ("SGS"), Large General Service ("LGS"), and Large Volume Service ("LVS") classes:

	Total	RES	SGS	LGS	LVS
Company	100.00%	75.58%	17.41%	0.99%	6.03%
Staff	100.00	72.19	17.94	1.18	8.69
OPC	100.00	68.79	23.70	0.90	6.62

In this testimony, I discuss a number of differences between the Staff and/or OPC studies and my class cost of service study and conclude that the Staff and/or OPC approach on various issues is not reasonable. Based on my review of the Staff and OPC studies, no changes are required in the methods used in my class cost of service study (as corrected in Section 2). While Large User witness Donald Johnstone does not provide a class cost of service study, his comments on my study do not lead me to make any changes in my study.

Q. PLEASE EXPLAIN THE ORGANIZATION OF YOUR REBUTTAL TESTIMONY.

A. Section 2 explains two changes in the cost of service study accompanying my direct testimony. These changes do not involve methodological changes and do not

substantially affect the results of the study. For completeness, this section also presents my cost of service study based on the Company's updated test year revenue requirement, as explained in the Updated Test Year Direct Testimony of Michael R. Noack. This study uses the same methods as those employed in the study accompanying my direct testimony (with calculations corrected as explained in Section 2).

Section 3 identifies major methodology differences between the Staff and OPC class cost of service studies and my study, addresses the impact of each difference, and explains in each instance why my methodology should be employed. Section 4 addresses the comments of Large Customer witness Donald Johnstone regarding my class cost of service study.

2. THE COMPANY CLASS COST OF SERVICE STUDY

Q. PLEASE EXPLAIN THE TWO CHANGES IN YOUR FILED CLASS COST OF SERVICE STUDY.

A. Neither of these changes represents a change in method; they involve oversights in referenced calculations in the cost of service study model, as filed with my direct testimony. The first change involves LVS volume references that slightly affect the total revenue and commodity allocation factors. The second change involves calculation references for an allocation factor that combines Accounts 376, 378, and

379, *i.e.*, mains and measuring and regulating station equipment. The corrected class cost of service study is included as Exhibit 8.[1]

The class cost of service study based on the Company's updated test year revenue requirement using the same methods as those in the study accompanying my direct testimony (with calculation references corrected) is provided in Exhibit FJC-9. The cost of service study-indicated required revenue changes for each class based on the updated test year are as follows:

	Total	RES	SGS	LGS	LVS
Revenue Change	$35,864,703	$34,432,180	$1,036,408	$22,060	$374,054

The following table compares the total cost of service, in percentage terms, in my initial, corrected, and updated test year studies:

	Total	RES	SGS	LGS	LVS
Direct	100.00%	75.47%	17.49%	1.00%	6.04%
Corrected	100.00	75.58	17.41	0.99	6.03
Updated	100.00	75.57	17.37	0.99	6.06

Throughout the remainder of my rebuttal testimony, references to my class cost of service study are to the corrected study, unless otherwise indicated.[2]

[1] The class cost of service study accompanying my direct testimony was presented with seven exhibits. In this testimony, this same information is consolidated into one exhibit (Exhibit FJC-8), with pages in the same order as those initially presented as Exhibit FJC-1 through Exhibit FJC-7.

[2] This testimony focuses on methodology differences between my study and the Staff and OPC studies. My corrected study and my updated test year study use the same methodologies. Dollar amounts in specific accounts referenced in this testimony provide an indication of the importance of the issues. These amounts are for the test year ended December 31, 2008. Exhibit FJC-9 contains the corresponding amounts for the updated test year.

3. MAJOR METHODOLOGY DIFFERENCES

Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY.

A. This section describes the allocation methodology for a number of cost of service components in my study and in the Staff and OPC studies. I explain why the methods employed in my study follow cost causation considerations, while other methods do not.

I first describe the parties' treatment of selected, major plant and other rate base elements in their cost of service studies. For these elements, the impact of alternative allocation methods results from differences in the allocation of the required return on each item, directly-related expenses, and various expenses that are allocated based on plant-related costs. In the remainder of this section, I describe the parties' treatment of selected, significant expense components in their cost of service studies.

I do not address all allocation methodology differences between my study and the Staff and OPC studies. The selected issues do explain a significant portion of the difference in the cost of service study results of the three studies.

3.1 DISTRIBUTION MAINS

Q. WHY IS THE ALLOCATION OF DISTRIBUTION MAINS IMPORTANT?

A. Distribution mains constitute the largest single component of rate base, representing more than $251 million in net plant on which a return is required. The allocation of mains affects not only the distribution of this return to customer classes but also directly affects the allocation of mains depreciation expense (almost $9.0 million) and mains-related operations and maintenance expenses.[3] A number of other cost of service components that are allocated based on plant-related allocation factors are also influenced by the mains allocation.

Q. PLEASE SUMMARIZE HOW DISTRIBUTION MAINS ARE ALLOCATED IN YOUR STUDY.

A. My zero-intercept method divides the mains investment into a customer-related portion and a demand-related portion. The customer-related portion reflects the cost of providing access to gas service (whether or not any gas is used), while the demand-portion reflects the cost of sizing mains to meet the peak demand. The customer-related portion is allocated to classes based on customer counts, and the demand-related portion is allocated based on peak day demand. This method was adopted by the Commission in the most recent Company rate case in which the Commission addressed the mains allocation methodology.[4]

[3] Directly-affected operations and maintenance accounts are Account 887, Maintenance of Mains (more than $9.6 million) and a portion of Account 874, Mains and Services (more than $3.1 million).

[4] Missouri Public Service Commission, *Report and Order,* Case No. GR-2004-0209, issued September 24, 2004, pages 50-52.

3.1.1 STAFF MAINS ALLOCATION

Q. DOES THE STAFF STUDY USE AN ALLOCATION METHOD THAT SPLITS THE MAIN INVESTMENT INTO CUSTOMER-RELATED AND DEMAND-RELATED COMPONENTS?

A. No. Staff indicates that its main allocation factor is based on a "stand alone/integrated system" factor.[5] The integrated system component does not reflect the investment required to size mains to meet peak day loads when based on the Staff capacity utilization factor, and the stand alone component does not capture the cost of providing customer access to the system. The development of the stand alone component also suffers from both conceptual and practical problems.

Q. DESCRIBE THE STAFF INTEGRATED SYSTEM COMPONENT OF ITS MAINS ALLOCATION.

A. Staff indicates that this component is based on a capacity utilization factor that combines peak demand and utilization of mains throughout the year.[6]

Q. HAS THE COMMISSION PREVIOUSLY CONSIDERED THE APPROPRIATENESS OF YEAR-ROUND UTILIZATION AS A MEASURE OF MAINS DEMAND COSTS?

A. Yes. In its Report and Order in Case No. GR-2004-0209, the Commission rejected the concept of utilization throughout the year as a measure of the demand

[5] Staff Report: Class Cost-of-Service and Rate Design, page 7, lines 21-22.

[6] Staff Report: Class Cost-of-Service and Rate Design, page 8, lines 3-12.

component of mains in assessing OPC's mains allocation method in that case.[7] Year-round usage does not determine how mains are sized, the consideration that drives the demand cost component of the mains investment. Staff work papers supporting its cost of service study show that Staff uses its peak demand factor, not its capacity utilization factor, in the integrated system component of the study's resulting mains allocation factor.

Q. EXPLAIN THE STAFF PEAK DEMAND FACTOR AND WHETHER ITS USE REFLECTS COST CAUSATION.

A. Staff indicates that its peak demand is estimated based on the coldest winter day, defined as the highest daily heating degree days ("HDDs") in the months of December through February in the 1971-2000 period.[8] Staff's peak is based on HDDs that are far less than the Company's design day HDDs. Using design day HDDs to estimate peak demand reflects cost causation because the Company's facility sizing decisions are based on design day conditions.[9] My study appropriately develops peak demand based on design day HDDs; Staff's peak demand allocation factor does not.

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[7] Missouri Public Service Commission, *Report and Order,* Case No. GR-2004-0209, issued September 24, 2004, page 51.

[8] Staff Report: Class Cost-of-Service and Rate Design, page 15, lines 11-14 and Staff Report: Cost of Service," page 72, lines 5-6. While Staff indicates that its selected peak HDDs represent historical maximum HDDs, National Oceanographic and Atmospheric Administration online data show that a number of days in December and January in Kansas City in the 1972-2009 period had daily HDDs that exceeded Staff's peak HDDs (available at http://www.weather.gov/climate/xmacis.php?wfo=eax, accessed on September 14, 2009).

[9] The Company also uses design day HDDs in its gas supply and capacity planning process. Missouri Gas Energy, Demand/Capacity Analysis, November 2007, page B-2.

Q. PLEASE EXPLAIN HOW THE STAND ALONE COMPONENT IS DEVELOPED AND PROBLEMS RELATED TO ITS DEVELOPMENT.

A. Staff's calculation is based on data for a random sample of 100 accounts from each class provided in the Company's Response to Staff Data Request No. 117. First, Staff calculates the average mains length for each customer class.[10] Each class average mains length is priced using current service line costs, not mains costs, for each class. The resulting class "total cost/customer," *i.e.*, class average mains length times service line cost per foot, is multiplied by the number of customers in the class to determine the stand alone "mains cost" for the class. The ratio of the total of the stand alone "mains costs" for all classes relative to the Handy Whitman-adjusted mains investment is the stand alone portion of the mains investment.

Q. DO YOU AGREE WITH STAFF'S STAND ALONE CALCULATION?

A. There are both conceptual and practical problems associated with the stand alone calculation. Conceptually, assigning a specific mains length to each class based on account average mains lengths ignores the fact that the distribution system is an integrated network. A customer does not obtain service through a certain length of main.[11] Rather, a customer receives service through the network of mains installed throughout the distribution system. The access cost is the portion of the mains

[10] Staff uses this data in developing allocation factors for mains, services, meters, and related expenses. Mains lengths are not contained in the random sample data provided to Staff. In response to Company Data Request No. 0278, Staff explained that its mains length is based on "the length of frontage for a parcel of land" associated with each account and that the "primary sources" used to develop these estimates are Google Earth and county assessors' office web sites. The underlying data is not provided to enable verification and assessment. For calculation purposes in this portion of my testimony, Staff's reported lengths are used.

[11] At least conceptually, a single customer exception would involve a customer who is served by a dedicated main that runs from the city gate to the customer's location and who is connected to no other mains.

investment required to reach customers. The remainder of the mains cost relates to sizing of the system meet peak day loads. My mains allocation method is consistent with these considerations; the Staff method is not.

In its calculations, Staff uses current service line costs per foot to price its assigned mains length for each class. Service lines and mains are different facilities. Relative service line costs per foot among customers classes are a function of typical service line sizes installed for each class. A service line size is not the same as a main size, and there is no reason to expect that the relative costs of different size services are the same as the relative costs of different, unspecified mains sizes.[12]

Ignoring this calculation issue, the results are problematic because average mains lengths used in the Staff calculations are influenced significantly by a relatively small number of lengthy, reported mains lengths, especially for the LGS and LVS classes.[13] The use of averages produces distorted results. A median is a preferred measure of central tendency in such instances because half of the values in a data set lie above the median and half lie below the median. Staff's average mains length compared to each class' median mains length is as follows:

[12] Staff uses $7.56 cost per foot for a ½-inch plastic service line for the RES and SGS classes and $12.86 cost per foot for a 1¼-inch service line for the LGS class in its mains cost calculations. These are the costs used in the weighted services factor calculation by both the Company and Staff. By contrast, Handy Whitman-adjusted mains cost data that Staff relies on for its stand alone percentage calculation indicate that the cost per foot for a ½-inch plastic main is $11.35, while the cost per foot of a 1¼-inch plastic main is $12.22. The relative RES-to-LGS service line cost is 1.68, but the relative RES-to-LGS mains cost (using mains sizes that are the same as the service line for calculation purposes) is 1.08.

[13] For example, the sample includes three LVS accounts with reported mains lengths of 47,938 feet, 11,258 feet, and 9,956 feet. Excluding these three accounts would reduce the Staff LVS average by about 38%.

	Average Length	Median Length
RES	83.4	78.5
SGS	139.3	86.0
LGS	821.3	588.5
LVS	1,749.4	825.7

Q. IF AN ANALYST WERE TO DEVELOP A STAND ALONE CALCULATION BASED ON THE RANDOM SAMPLE OF CUSTOMER ACCOUNTS, HOW SHOULD STAFF'S CALCULATION BE REVISED?

A. Although the approach remains conceptually inappropriate, the following calculations avoid the problems associated with the Staff calculations. Based on Staff-reported mains lengths, the median length for each class is first calculated. To avoid blending service line and mains in the cost calculation, the median of mains sizes connecting the customer accounts is then calculated for each class.[14] The Handy Whitman-adjusted per foot mains cost for the each class' connected mains size is multiplied by the corresponding class median mains length to determine the mains cost per customer for each class. The mains cost per customer is multiplied by the number of customers in the class to determine the total stand alone mains cost for the class. The ratio of the total of the stand alone mains costs for all classes relative to the Handy Whitman-adjusted mains investment is the stand alone portion of the mains investment.

[14] The sample account data in the Company's Response to Staff Data Request No. 117 includes the connecting main size for each account.

The recalculated stand alone portion of the mains investment is 42.47%, compared to Staff's 28.18%. The integrated system portion becomes 57.53%, rather than 71.82%.[15]

Q. HOW DOES STAFF'S MAIN ALLOCATION COMPARE TO THE ALLOCATION IN YOUR STUDY?

A. Exhibit 10, lines 5 and 6 show the mains allocation factors using the Company method and the Staff method. Compared to my method, the Staff method substantially shifts costs away from the RES class to the other classes.[16] Line 7 provides the results of recalculating the stand alone component of the Staff mains allocation factor to address the data and calculation problems explained in my previous response. This adjusted factor is similar to my mains allocation factor, although cost causation is better served using my mains allocation method.

[15] These calculations are based on Staff customer counts and peak demand for each class. Compared to the filed Staff calculation, the recalculated integrated system portion of the investment (57.53%) is substantially closer to the demand portion of the mains investment based on my method (61.59%). And, the recalculated stand alone percentage (42.47%) is closer to my customer portion of the mains investment (38.41%) compared to the filed Staff calculation. One would expect that the recalculated stand alone percentage would be higher than my customer-related percentage because the stand alone portion (based on two-inch and four-inch mains) does not capture solely the portion of the mains cost that is related to customer access to the system.

[16] If Staff used its capacity utilization factor rather than its peak demand factor for the integrated system portion of its mains allocation factor, the shifts would have been even more pronounced. Staff work papers show that the mains allocation factor would be as follows:

RES	SGS	LGS	LVS
60.35%	20.25%	1.61%	17.79%

3.1.2 OPC MAINS ALLOCATION

Q. DOES THE OPC STUDY USE AN ALLOCATION METHOD THAT SPLITS THE MAIN INVESTMENT INTO CUSTOMER-RELATED AND DEMAND-RELATED COMPONENTS?

A. Yes, in effect. Recognizing that a portion of the mains investment "is related to reaching customers throughout the service area," the OPC study uses my zero-inch method results to determine the customer portion of mains investment.[17] This portion of the mains investment is allocated to classes based on customer counts.[18]

OPC witness Barbara Meisenheimer indicates that the remainder of the mains investment is split between a commodity component and a demand component.[19] The OPC approach is often labeled an average-and-excess method applied to the demand-related portion of the mains investment. Regardless of label, the OPC method does not recognize the fact that mains are sized to meet system peak day load requirements. In approving use of the zero-intercept method in Case No. GR-2004-0209, the Commission emphasized that the gas distribution must be built to accommodate peak demand.[20] Incorporating usage throughout the year into the demand factor ignores the cost causation consideration.

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[17] Direct Testimony of Barbara A. Meisenheimer, page 25, lines 1-2.

[18] In its response to Company Data Request (Set 3) No. 3, OPC states that the reference to "weighted customers" in the Direct Testimony of Barbara A. Meisenheimer, page 25, line 11 will be corrected to reflect the study's use of unweighted customers for this allocation.

[19] Direct Testimony of Barbara A. Meisenheimer, page 25, lines 15-25.

[20] Missouri Public Service Commission, *Report and Order,* Case No. GR-2004-0209, issued September 24, 2004, page 51.

If OPC were to replace its average and excess approach with a peak demand factor for this portion of the mains investment, OPC demand data should not be used. OPC uses Staff's estimated January peak usage to measure demand. The HDDs used in this estimate are far less than the Company's design day HDDs. Using design day HDDs to estimate peak demand reflects cost causation because the Company's facility sizing decisions are based on design day conditions. My study appropriately develops peak demand based on these cost-related considerations, the OPC demand allocation method does not.

Q. HOW DOES OPC'S MAINS ALLOCATIONS COMPARE TO THE ALLOCATION IN YOUR STUDY?

A. While Exhibit 10, lines 5 and 8 show that the two allocation factors. While the alternative allocation methods produce similar allocation factors in this instance, small differences in the allocation factor results in sizable allocated dollar differences given the significant cost of service associated with the mains investment. Furthermore, cost causation considerations requires that my method be used.

3.2 SERVICES

Q. WHY IS THE ALLOCATION OF DISTRIBUTION SERVICES IMPORTANT?

A. Services (Account 380) constitute the second largest component of rate base, representing more than $171 million in net plant on which a return is required. The

allocation of services affects not only the distribution of this return to classes but also the allocation of services depreciation expense (more than $10.6 million) and services-related operations and maintenance expenses.[21] A number of other cost of service components allocated based on plant-related factors are also affected by the services allocation.

Q. HOW DOES STAFF ALLOCATE SERVICES?

A. Staff develops a weighted services factor based on the random sample account data used in its mains allocation factor calculation. The average service line length for a class is priced using the current cost data on which my services factor is based. As is the case with Staff's mains data discussed above, these averages are influenced by a relatively small number of lengthy service lines, especially for the LGS and LVS.[22] The use of median lengths avoids this problem and provides an appropriate measure of central tendency for each class. Staff's average service line lengths are compared to median lengths in the following table:[23]

	Average Length	Median Length
RES	59.1	50.5
SGS	57.8	57.5
LGS	156.1	86.5
LVS	194.5	77.0

[21] Directly-affected operations and maintenance accounts are Account 892, Maintenance of Services (almost $1.0 million) and a portion of Account 874, Mains and Services (more than $3.1 million).

[22] For example, three LVS accounts are served by service lines of 2,183 feet, 2,077 feet, and 1,336 feet. These three accounts have a significant effect on the Staff average service line length.

[23] Each of these length measures ignores those accounts for which a service line length is not included in the reported data.

Q. HOW DO YOU ALLOCATE SERVICES?

A. I use a weighted services factor based on the current cost of typical services installed for each customer class and relative customer counts. The weights reflect facility sizing differences and the resulting cost differences among the classes.

Q. HOW DOES THE OPC STUDY ALLOCATE SERVICES?

A. The OPC study uses my services weights. These weights are multiplied by OPC customer counts to develop its services allocation factor.

Q. HOW DO THE SERVICES ALLOCATION FACTORS USED BY STAFF AND THE OPC COMPARE TO YOUR FACTOR?

A. Exhibit FJC-10, lines 14, 15, and 17 provide the allocation factors used in the Company, Staff, and OPC studies, while line 16 shows a Staff-based allocation factor using median rather than average service lengths from the random sample account data used by Staff. OPC and my factors differ somewhat due to our different customer counts. Appropriately adjusting Staff's method based on median lengths produces LGS and LVS factors that are substantially closer to those in OPC and my studies. While the alternative allocation factors do not appear to vary dramatically, the cost of service cost associated with services (other than plant-related allocated expenses), *i.e.*, return, depreciation, related operations and maintenance expenses, is on the order of $30 million, and seemingly small differences in the allocation factors produce sizable differences in the dollar amounts allocated to the various classes.

3.3 METERS AND METER INSTALLATIONS

Q. PLEASE EXPLAIN THE IMPORTANCE OF THESE TWO COST OF SERVICE COMPONENTS?

A. The Meters (Account 381) net investment on which a return must be earned is almost $28.8 million, and the associated depreciation expense is more than $0.9 million. The Meter Installation (Account 382) net investment on which a return must be earned exceeds $57.3 million, and the associated depreciation expense is almost $2.2 million. A number of other cost of service components that are allocated based on plant-related factors are also affected by the meters and meter installation allocations.

Q. HOW DOES STAFF ALLOCATE METERS AND METER INSTALLATIONS?

A. While these two items are recorded in separate plant accounts, Staff develops a single "weighted meters" factor that combines meter costs and meter installation costs and applies this factor to both accounts. This factor is based on the sum of the average meter replacement cost for each class from the random sample account data and the current typical meter installation cost for each class used for meter installations in my study.

The use of averages is problematic because the average replacement cost is influenced by a relatively small number of outliers.[24] More importantly, the meter replacement cost data in the sample account data does not reflect current costs, but rather the cost at the time when each meter was replaced.[25] The resulting class averages of costs incurred at different points in time that are the basis for the Staff weighted factor are not meaningful.

Q. HOW DOES OPC ALLOCATE METERS AND METER INSTALLATIONS?

A. OPC develops separate factors for meters and meter installations based my weights for each plant category and OPC customer counts.

Q. HOW DO YOU ALLOCATE THESE TWO COST OF SERVICE COMPONENTS AND WHY IS YOUR METHOD APPROPRIATE?

A. I develop separate weighted meters and weighted meter installation factors based on the relative current cost of meters and on the relative current cost of meter installations, respectively, and customer counts. The separate weighted factors are then applied to the corresponding plant and related accounts.

[24] As is the case with both mains and services, Staff's use of an average meter replacement cost for each class from the random sample account data shifts costs to the LGS and LVS classes. The following table provides Staff's average and median meter replacement costs:

	Average	Median
RES	$ 42.31	$ 42.94
SGS	108.68	42.70
LGS	1,826.79	1,502.28
LVS	4,466.47	2,783.77

[25] Various RES meters were replaced between 1958 and 2009, various SGS meters between 1951 and 2008, various LGS meters between 1946 and 2008, and various LVS meters between 1946 and 2008.

Using separate factors is appropriate because these plant items are booked separately and the current costs for meters compared to meter installations differ across classes. Further, the calculation of the Staff single factor is flawed.

Q. HOW DO THE METERS ALLOCATION FACTORS AND METER INSTALLATION ALLOCATION FACTORS USED BY STAFF AND THE OPC COMPARE TO YOUR FACTORS?

A. Exhibit FJC-10, lines 22-24 provide the meters allocation factors used in the Company, Staff, and OPC studies. While OPC and my meter allocations are quite similar (with differences due to somewhat different customer counts), the single Staff factor allocates a greater portion of meters to the RES and LVS classes compared to OPC and my method. The meter installation allocation factors used in the three studies is shown on lines 29-31 of Exhibit FJC-10.

3.4 AUTOMATED METER READING EQUIPMENT

Q. WHY IS THE ALLOCATION OF AUTOMATED METER READING EQUIPMENT ("AMR") IMPORTANT?

A. AMR (Account 397.1) net plant on which a return is required totals more than $21.0, and the annual AMR depreciation expense exceeds $1.9 million.

Q. HOW DOES THE STAFF STUDY ALLOCATE AMR EQUIPMENT?

A. Staff separates AMR from other general plant and allocates it based on relative non-LVS customer counts.

Q. HOW DOES THE OPC STUDY ALLOCATE AMR EQUIPMENT?

A. OPC's study does not separately allocate the AMR investment or the associated depreciation expense. Rather, the investment is included in total general plant that is allocated based on the allocation of total non-general plant.

Q. HOW DOES YOUR STUDY ALLOCATE AMR AND WHY IS THIS METHOD APPROPRIATE?

A. As in the Staff study, my study treats AMR equipment as a customer-related cost (excluding LVS customers). This approach is consistent with cost causation because the AMR investment level varies directly with the number of non-LVS customer meters on which the AMR equipment is installed. The OPC allocation results in a portion of the investment being treated as a demand-related cost and a portion as commodity-related when, in fact, it is driven by the number of non-LVS customers served, regardless of the amount of gas these customers use or the demand they place on the system.

OPC's method also attributes a portion of AMR to the LVS class when, in fact, AMR is not installed on LVS customer meters. LVS customer meters are equipped with Electronic Gas Measuring ("EGM"), an account (Account 385) that the OPC study directly assigns to the LVS class.

Q. HOW DO THE AMR ALLOCATION FACTORS USED BY STAFF AND THE OPC COMPARE TO YOUR FACTOR?

A. Exhibit FJC-10, lines 36-38 provide detail on the results of the parties' allocation methods. The Staff factor and my factor differ somewhat due to our different customer counts. By contrast, the OPC unreasonably shifts AMR costs away from the RES class to other classes, especially the LVS class.

3.5 MISCELLANEOUS INTANGIBLE PLANT

Q. PLEASE EXPLAIN THE MISCELLANEOUS INTANGIBLE PLANT ACCOUNT AND WHY THE SELECTED ALLOCATION FACTOR IS IMPORTANT.

A. Miscellaneous Intangible Plant (Account 303) consists of software investments. Itemization of the software that comprise the $30 million gross plant total is provided in work papers supporting my study. The allocation method is important because the net plant in this account on which a return must be earned totals more than $7.8 million, and the annual amortization expense is more than $1.8 million.

Q. HOW DOES THE STAFF STUDY ALLOCATE MISCELLANEOUS INTANGIBLE PLANT AND THE ASSOCIATED AMORTIZATION EXPENSE?

A. Staff allocates this plant account based on its cost of service, or total revenue requirement, allocated to customer classes. Contrary to its approach in allocating depreciation expense in the same manner as the allocation of corresponding plant

accounts for other plant items, Staff allocates the amortization expense for miscellaneous general plant based on total distribution plant.

Q. HOW DOES THE OPC STUDY ALLOCATE MISCELLANEOUS INTANGIBLE PLANT AND THE ASSOCIATED AMORTIZATIONE EXPENSE?

A. The OPC study allocates this plant account based on its cost of service, or total revenue requirement, allocated to customer classes. The OPC study allocates the corresponding amortization expense based on non-general plant.

Q. HOW DOES YOUR STUDY ALLOCATE THIS SOFTWARE INVESTMENT?

A. Based on discussions with Company personnel, I identified software that is totally customer-related. This software relates to the Company's customer service system and mainframe, AMR, workforce automation system, and the call center. These software investments comprise approximately 78% of the gross plant balance. After directly assigning these costs as customer-related costs, the remaining 22% of the software investment is allocated based on the allocation of non-intangible plant. Amortization expense follows the classification of the corresponding software classifications.[26]

[26] As a resulting of differing amortization rates among the various software items, the resulting plant and expense allocation factors differ somewhat.

Cost of service analysts typically directly assign those costs that are readily assignable before considering using proxy allocation factors.[27] Direct assignment in lieu of proxy allocations provides an accurate portrayal of cost causation. My direct assignment of 78% of the software investment is preferable to the application of any allocation factor, including the Staff and the OPC factors, to 100% of the software cost.

Q. HOW DO THE MISCELLANEOUS INTANGIBLE PLANT AND AMORTIZATION EXPENSE ALLOCATION FACTORS USED IN THE STAFF AND OPC STUDIES COMPARE TO YOUR FACTOR?

A. Exhibit FJC-10, lines 42-44 provide parties' plant allocation factors, and lines 46-48 show the amortization expense factors. The Staff and OPC factors shift costs away from the RES class and toward other all other classes compared to my factor that is based to a substantial degree on direct cost assignment.

3.6 MEASURING AND REGULATING STATION EQUIPMENT

Q. WHY IS THE ALLOCATION OF MEASURING AND REGULATING IMPORTANT?

A. Measuring and Regulating Station (Accounts 378 and 379) net plant on which a return is required totals almost $10.5 million. The allocation of this account affects the distribution of this return to customer classes, more than $0.4 million in

[27] See, for example, National Association of Regulatory Utility Commissioners, *Gas Distribution Rate Design Manual*, June 1989, page 20, and American Gas Association, *Gas Rate Fundamentals*, 4th edition, 1987, page 185.

measuring and regulating station annual depreciation expense, and about $1.7 million in directly-related operations and maintenance expenses.[28] A number of other cost of service components that are allocated based on plant-related factors are also affected by the measuring and regulating station allocation.

Q. HOW DOES THE STAFF STUDY ALLOCATE MEASURING AND REGULATING STATION EQUIPMENT?

A. The Staff study allocates measuring and regulating station equipment and associated operation and maintenance and depreciation expenses based on annual volumes.

Q. HOW DOES THE OPC STUDY ALLOCATE MEASURING AND REGULATING STATION EQUIPMENT?

A. The OPC study allocates measuring and regulating station equipment and associated operation and maintenance and depreciation expenses based on annual volumes.

[28] Directly-related accounts are operations expense Account 875 (General) and Account 877 (City Gate) totaling about $0.8 million and maintenance expense Account 889 (General) and Account 891 (City Gate) totaling about $0.9 million. These dollar amounts in Accounts 875 and 889 are test year amounts after removal odorization expense. Odorization expense is separately allocated to classes based on volumes.

Q. HOW DOES YOUR STUDY ALLOCATE MEASURING AND REGULATING STATION EQUIPMENT AND WHY IS THIS METHOD APPROPRIATE?

A. My study allocates this equipment and the associated expenses (other than odorization expense) based on the peak demand. This approach appropriately recognizes that the sizing of and resulting investment in measuring and regulating station is driven by loads served on the peak day. A volume-based allocation factor does not capture this facility sizing cost consideration.

Prior to applying the peak demand allocation factor to these accounts, my study removes the odorization expense included in measuring and regulating station accounts. Odorization expense is classified as a commodity-related expense and allocated based on volumes.

Q. HOW DO THE MEASURING AND REGULATING STATION EQUIPMENT ALLOCATION FACTORS USED BY STAFF AND THE OPC COMPARE TO YOUR FACTOR?

A. Exhibit FJC-10, lines 55-57 provide detail on the results of the parties' allocation methods. The Staff and OPC factors shift costs from the RES, SGS, and LGS classes to the LVS class compared to my factor.

3.7 CUSTOMER DEPOSITS AND INTEREST ON CUSTOMER DEPOSITS

Q. PLEASE EXPLAIN HOW CUSTOMER DEPOSITS AND INTEREST ON CUSTOMER DEPOSITS ARE INCLUDED IN THE COST OF SERVICE AND THE SIGNIFICANCE OF THIS COST OF SERVICE COMPONENT.

A. Customer deposits are deducted from rate base (reducing the required dollar return in the cost of service), while interest on customer deposits is included in the cost of service expenses. Customer deposits total more than $4.5 million, while interest on customer deposits is more than $0.1 million.

Q. HOW DOES THE STAFF STUDY ALLOCATE CUSTOMER DEPOSITS AND INTEREST ON CUSTOMER DEPOSITS?

A. The Staff study allocates customer deposits to the RES and SGS classes based on the relative number of bills in these two classes. No customer deposits are allocated to the LGS and LVS classes. By contrast, Staff allocates interest on customer deposits to all classes based on its total cost of service.

Q. HOW DOES THE OPC STUDY ALLOCATE CUSTOMER DEPOSITS AND INTEREST ON CUSTOMER DEPOSITS?

A. The OPC study allocates customer deposits to all customer classes based on bill counts. I could not locate an interest on customer deposits line item in the OPC study to determine how this expense is allocated or if it is included in the OPC cost of service.

Q. HOW DOES YOUR STUDY ALLOCATE CUSTOMER DEPOSITS AND INTEREST ON CUSTOMER DEPOSITS?

A. My study directly assigns customer deposits. RES customer deposits totaling $783,188 are shown in the Company's Schedule B-2, accompany the Direct Testimony of Michael R. Noack. The remaining $3,776,323 of customer deposits shown in Schedule B-2 represents deposits made by non-residential customers. Based on a download of non-residential customer deposits that showed deposit amounts by rate code and account, I assigned these non-residential deposits to the SGS, LGS, and LVS classes.

RES interest on customer deposits totaling $33,285 is shown in the Company's Schedule B-2, accompany the Direct Testimony of Michael R. Noack. The $113,290 remaining balance of interest on customer deposits is assigned to the non-residential classes based on the assignment of customer deposits to these classes.

My direct assignment of customer deposits and interest on customer deposits rather than using proxy allocation factors, such as those used in the Staff and OPC studies, provides an accurate portrayal of cost causation.

Q. HOW DO THE CUSTOMER DEPOSIT AND DEPOSITS INTEREST FACTORS USED BY STAFF AND THE OPC COMPARE TO YOUR FACTOR?

A. Exhibit FJC-10, lines 61-63 provides the customer deposit allocation factors used in the three studies. Note that only a 17% of test year customer deposits are actually

paid by RES customers, and yet the Staff allocates 93% and OPC allocates 87% of deposits to the RES class in their respective studies. Exhibit FJC-10, lines 65-67 provides the interest on customer deposit allocation factors. Note that 22% of test year customer deposit interests is attributable to the RES class, while Staff allocates 72% of this expense to the RES class.[29] The effect of customer deposit (as a return reduction due to the rate base reduction) allocation factor differences will be greater than the effect of interest expense factor differences given the dollar size of these two items.

3.8 UNCOLLECTIBLES EXPENSE

Q. PLEASE EXLAIN THE SIGNIFICANCE OF THE ALLOCATION OF UNCOLLECTIBLE EXPENSES.

A. The selected allocation method affects the distribution to customer classes of more than $9.4 million in uncollectibles expense in included in the Company's revenue requirement.

Q. HOW DOES THE STAFF STUDY ALLOCATE UNCOLLECTIBLES EXPENSE?

A. The Staff study allocates this account based on its cost of service, or total revenue requirement, allocated to customer classes.

[29] The relative assignment of customer deposits is not the same as the relative assignment of deposit interest to the various classes because the interest rate on customer deposits is not the same for all classes, *i.e.*, 4.25% for the RES class and 3.00% for the non-residential classes as shown Schedule H-11.

Q. HOW DOES THE OPC STUDY ALLOCATE UNCOLLECTIBLES EXPENSE?

A. Like the Staff study, the OPC study allocates the expense based on the total cost of service.

Q. HOW DOES YOUR STUDY ALLOCATE UNCOLLECTIBLES EXPENSE AND WHY IS THIS METHOD APPROPRIATE?

A. Uncollectibles are directly assigned in my study. Details on the net write-offs for each class and their resulting direct assignment is provided in the work papers supporting my study.

Direct assignment of a cost rather than using proxy allocation factors provides an accurate portrayal of cost causation. Proxy allocation factors are appropriate when direct assignment is not feasible, as is the case when data is not readily available or when dealing with joint or common cost elements.

Q. HOW DO THE UNCOLLECTIBLES EXPENSE FACTORS USED BY STAFF AND THE OPC COMPARE TO YOUR FACTOR?

A. Exhibit FJC-10, lines 69-71 provide detail on the results of the parties' allocation methods. The Staff and OPC factors shift costs away from the RES class and to the other classes compared to my direct assignment factor.

3.9 DEMONSTRATING AND SELLING EXPENSE

Q. PLEASE EXPLAIN THE SIGNIFCANCE OF THIS ISSUE.

A. Demonstrating and Selling (Account 912) expenses totals approximately $1.0 million.

Q. HOW DOES THE STAFF STUDY ALLOCATE THIS EXPENSE?

A. The Staff study allocates this account based on its cost of service.

Q. HOW DOES THE OPC STUDY ALLOCATE DEMONSTRATING AND SELLING EXPENSE?

A. The OPC study allocates this expense base on the number of bills.

Q. HOW DOES YOUR STUDY ALLOCATE DEMONSTRATING AND SELLING EXPENSE AND WHY IS THIS METHOD APPROPRIATE?

A. As explained in my direct testimony, this expense is assigned to customer classes based on the Company's estimate of the time the sales group devotes to each customer class.[30] My direct assignment provides a better reflection of the cost caused by each class than would application of a general allocation factor, such as one based on the overall cost of service or one based on bill counts.

[30] Direct Testimony of F. Jay Cummings, page 28, lines 5-7.

Q. HOW DO THE DEMONSTRATING AND SELLING EXPENSE FACTORS USED BY STAFF AND THE OPC COMPARE TO YOUR FACTOR?

A. Exhibit FJC-10, lines 73-75 provide detail on the results of the parties' allocation methods. In contrast to the direct assignment of uncollectible expense, my direct assignment of this expense assigns a substantially smaller portion of the expense to the RES class and greater portion to other classes, especially the LVS class, compared to the proxy allocation factors used in the Staff and OPC studies.

3.10 METER READING EXPENSE

Q. WHAT IS THE LEVEL OF METER READING EXPENSE INCLUDED IN THE COMPANY'S REVENUE REQUIREMENT?

A. The test year meter reading expense included in the revenue requirement is almost $1.0 million.

Q. HOW DOES THE STAFF STUDY ALLOCATE METER READING EXPENSE?

A. Staff indicates that it allocates the meter reading expense based on weighted customer numbers.[31] Staff work papers show that this weighted factor is its weighted services factor, based on average service line lengths as discussed in Section 3.1.

[31] Staff Report: Class Cost-of-Service and Rate Design, page 7, lines 9-10.

Q. HOW DOES THE OPC STUDY ALLOCATE METER READING EXPENSES?

A. The OPC study lists "Weighted Meter Reading (Bills-LV)" as the allocation factor for this expense. This factor is actually based on customer counts, excluding the LVS class.

Q. HOW DOES YOUR STUDY ALLOCATE METER READING EXPENSES AND WHY IS THIS METHOD APPROPRIATE?

A. My study allocates the expense based on relative customer counts. With AMR installed on non-LVS meters and EGM equipment installed on LVS meters, there is no reason to expect that cost causation would require consideration be given to the relative sizes and resulting costs of installed meters or the relative sizes and resulting costs of services, which is the basis for the Staff factor. The use of unweighted customer counts best reflects cost causation considerations given the technology in place to meter customer volumes.[32]

Q. HOW DO THE METER READING EXPENSE FACTORS USED BY STAFF AND THE OPC COMPARE TO YOUR FACTOR?

A. Exhibit FJC-10, lines 77-79 provide detail on the results of the parties' allocation methods. The Staff factor shifts cost away from the RES and SGS classes to the LGS and LVS classes compared to my factor, a result significantly influenced by

[32] To the extent that meter reading expenses are expected to be relatively higher with drive-by AMR compared to electronically-transmitted EGM meter reads, one may lean toward the use of the OPC factor. Note, however, that my meter reading expense factor allocates less than one-thousand dollars to the LVS class.

the use of average service line lengths rather than median lengths. The OPC factor shifts costs away from the LVS class to the RES class compared to my factor.

3.11 CUSTOMER ACCOUNTS AND COLLECTION EXPENSES

Q. PLEASE EXPLAIN THE SIGNIFCANCE OF THIS ISSUE.

A. Customer Accounts and Collections (Account 903) expense totals more than $13.1 million.

Q. HOW DOES THE STAFF STUDY ALLOCATE THIS EXPENSE?

A. The Staff study indicates that this account based on a weighted customer-billing factor. Review of Staff work papers indicated the factor used in this allocation is its weighted services factor.

Q. HOW DOES THE OPC STUDY ALLOCATE CUSTOMER ACCOUNTS AND COLLECTION EXPENSE?

A. The OPC study allocates the expense based on its weighted meters factor.

Q. HOW DO YOU ALLOCATE CUSTOMER ACCOUNTS AND COLLECTION EXPENSE?

A. My study bases the allocation on three drivers of the expense – the relative number of service orders by class, the relative number of pay agreements by class, and the relative number of customers by class. I would not expect this expense to be causally related to the relative sizing and associated cost of services among classes,

as the Staff factor presumes, or the relative sizing and associated cost of meters among classes, as the OPC factor presumes. My approach more appropriately recognizes cost causation as compared to the Staff and OPC allocations.

Q. HOW DO THE CUSTOMER ACCOUNTS AND COLLECTION FACTORS USED BY STAFF AND THE OPC COMPARE TO YOUR FACTOR?

A. Exhibit FJC-10, lines 81-83 provide detail on the results of the parties' allocation methods. Compared to my factor, the Staff factor attributes a somewhat smaller portion of the expense to the RES and SGS classes and a larger portion to the LGS and LVS classes. Compared to Staff and my factors, the OPC factor significantly shifts the expense away from the RES class toward the other classes.

3.12 SAFETY LINE REPLACEMENT PROGRAM AMORTIZATION

Q. PLEASE EXPLAIN THE IMPORTANCE OF THIS ISSUE.

A. The Company's test year cost of service includes as an expense almost $1.1 million in safety line replacement program ("SLRP") amortization expense.

Q. HOW DOES THE STAFF STUDY ALLOCATE THE SLRP AMORTIZATION EXPENSE?

A. The Staff study does separately allocate the SLRP amortization expense. Rather, total amortization expense, including the SLRP amortization, is allocated based on total distribution plant.

Q. HOW DOES THE OPC STUDY ALLOCATE THE SLRP AMORTIZATION EXPENSE?

A. The OPC study does separately allocate the SLRP amortization expense. Rather, total amortization expense is allocated based on non-general plant.[33]

Q. HOW DOES YOUR STUDY ALLOCATE THE SLRP AMORTIZATION EXPENSE?

A. I develop a SLRP amortization factor based on the composition of the SLRP deferral balances that are being amortized pursuant to Case No. GR-98-140 and Case No. GR-2001-292. The total deferral balance is comprised of 38.45% in mains and 61.55% in services. The portion attributable to mains is allocated based on my mains allocation factor, and the portion attributable to services is allocated based on my services allocation factor.

Q. HOW DO THE SLRP AMORIZATION FACTOR USED BY STAFF AND THE OPC COMPARE TO YOUR FACTOR?

A. Exhibit 10, lines 86-88 show the factors from my study and the Staff and OPC study. My factor allocates a smaller portion of the expense to the non-residential classes as compared to the Staff and OPC factors. My approach is more closely aligned with cost causation considerations because it is based on the relative amounts of the mains and service costs that are being amortized, while the Staff and

[33] This allocation factor is shown in the OPC study. However, according to the Direct Testimony of Ted Robertson (page 33, lines 13-15), OPC eliminates the SLRP amortization expense from its recommended revenue requirement, so no dollar amounts are allocated with this factor in the OPC study.

OPC broad plant-related factors are influenced by any number of other plant-related costs that are unrelated to the SLRP deferral balance and its amortization.

4. LARGE CUSTOMER WITNESS DONALD JOHNSTONE

Q. DOES LARGE CUSTOMER WITNESS DONALD JOHNSTONE PROVIDE A CLASS COST OF SERVICE STUDY?

A. No. Large Customer witness Donald Johnstone indicates that he agrees with much of my study, but asserts that "there are aspects which lead to a potential overstatement of the costs allocated to the large volume transportation customers."[34]

Q. WHAT SPECIFIC ASPECTS OF YOUR STUDY DOES LARGE CUSTOMER WITNESS DONALD JOHNSTONE MENTION?

A. He mentions electronic metering, gas inventory, cash working capital, and distribution mains.[35] Review of each issue shows that no modifications in my approach is necessary for any of them, and my class cost of service study results are unaffected by Mr. Johnstone's testimony.

[34] Prepared Rate Design Testimony of Donald Johnstone, page 4, lines 3-4.

[35] Prepared Rate Design Testimony of Donald Johnstone, page 4, lines 4-12.

Q, WHAT OBJECTION IS RAISED REGARDING YOUR TREATMENT OF ELECTRONIC METERING.

A. Mr. Johnstone objects to my assignment of EGM (Account 385) to the LVS class because "transportation customers are required to pay for the metering upfront."[36] Mr. Johnstone's comment is incomplete, and my approach is not flawed. The Account 385 net plant balance of $247,943 on the Company's books included in the Company's revenue requirement and in my study reflects the plant net of payments received from LVS customers under the Company's tariff. Clearly, these costs are caused by LVS customers and should be assigned to them.

Q, WHAT IS LARGE CUSTOMER WITNESS DONALD JOHNSTONE'S CRITICISM OF YOUR TREATMENT OF GAS INVENTORY AND CASH WORKING CAPITAL?

A. Mr. Johnstone's entire criticism of my treatment of gas inventory and cash working capital is that the allocations "appear to be excessive."[37] Mr. Johnstone does not provide any analysis of my approach, does not offer any support for his conclusion, and does not propose an alternative allocation methodology for either of these items. Mr. Johnstone's statement is merely an unsupported assertion.

[36] Prepared Rate Design Testimony of Donald Johnstone, page 4, lines 5-6.

[37] Prepared Rate Design Testimony of Donald Johnstone, page 4, line 8.

Q. DOES LARGE CUSTOMER WITNESS DONALD JOHNSTONE AGREE WITH YOUR APPROACH TO THE ALLOCATION OF DISTRIBUTION MAINS?

A. Mr. Johnstone appears to object to my mains allocation factor. His entire discussion of this issue is as follows:

> Finally, there are typically substantial costs incurred for distribution mains that are not and cannot be used to provide service to the larger customers. Unfortunately, the company's study does not make the separation of costs necessary to shield the large customers from such costs that are not incurred.[38]

I disagree. As explained in detail in my direct testimony, my mains allocation factor is based on a zero-intercept method.[39] The customer-related portion of the mains investment is the cost associated with zero-inch main. This zero-inch cost relates to access to gas service required by all customers, including the LVS class. The demand-related portion of the mains investment relates to the sizing of mains and is allocated based on peak day demand, an approach that Mr. Johnstone appears to generally accept in his comments on my study.[40] Mr. Johnstone's apparent suggestion that my zero-intercept study and application of its results should somehow be adjusted to "shield" large customers is misplaced. Mr. Johnstone does not explain how my study leads to these results, nor does he provide an alternative analysis for the parties' assessment.

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[38] Prepared Rate Design Testimony of Donald Johnstone, page 4, lines 8-12.

[39] Direct Testimony of F. Jay Cummings, page 10, line 12 – page 16, line 2.

[40] Prepared Rate Design Testimony of Donald Johnstone, page 3, lines 14-20.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's Tariff Sheets Designed to Increase Rates for Gas Service in the Company's Missouri Service Area.	))))	Case No. GR-2009-0355

AFFIDAVIT OF F. JAY CUMMINGS

STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

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

F. JAY CUMMINGS

Subscribed and sworn to before me this 25th day of September 2009.

SUSAN R. LANDIS
Notary Public, State of Texas
My Commission Expires
JULY 29, 2011

Notary Public

My Commission Expires: 7/29/2011

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Study Summary

Line	Description	Total	Residential (1)	Small General Service	Large General Service	Large Volume Service (1)
	(a)	(b)	(c)	(d)	(e)	(f)
1	Customer Costs	$162,047,352	$132,696,048	$25,173,465	$1,002,971	$3,174,868
2	Demand Costs	58,699,773	34,193,277	13,257,636	1,174,212	10,074,648
3	Commodity Costs	200,097	92,875	38,447	3,642	65,134
4	Cost of Service Before Revenue Credits	220,947,223	166,982,200	38,469,548	2,180,825	13,314,650
5	Revenues Credited to Cost of Service (2)	4,980,112	3,763,750	867,097	49,155	300,110
6	Cost of Service Net of Revenue Credits	215,967,110	163,218,450	37,602,451	2,131,669	13,014,540
7	Revenue at Present Rates	183,550,113	130,675,888	37,325,117	2,196,153	13,352,956
8	Required Revenue Change	32,416,997	32,542,562	277,334	(64,483)	(338,416)
9	Required Revenue Change - As Filed	32,416,997	32,308,444	444,792	(31,027)	(305,212)
10	Difference from Filed Study	-	234,118	(167,458)	(33,456)	(33,204)
11	Revenue to Cost Ratios					
12	Current Revenue	0.8533	0.8051	0.9928	1.0296	1.0254
13	Revenue after Required Revenue Change	1.0000	1.0000	1.0000	1.0000	1.0000

(1) The customer-related cost component of the Cost of Service Before Revenue Credits for the classes differ somewhat from the filed study due to the need to correct the filed study for (1) Large Volume Service volumes and (2) calculation of the Account 376-379 customer allocation factors. This cost of service study makes these corrections. The resulting differences in class required revenue changes is shown on lines 8-10.

(2) Test Year Service Charge Revenue, Other Revenue, and Flex Customer Revenue are used offset to each class' cost of service. Allocation of the revenue credit to each class is based on the class' cost of service relative to the total cost of service.

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classified Rate Base

Line	Acct.	Description	Total	Customer	Demand	Commodity	Classification Factor
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		Intangible Plant					
2	301	Organization	15,600	11,078	4,522	-	NINTPLT
3	302	Franchises and Consents	13,823	9,816	4,007	-	NINTPLT
4	303	Miscellaneous Intangible	29,961,921	27,004,971	2,956,950	-	PLT303
5		Total Intangible Plant	29,991,344	27,025,865	2,965,479	-	
6							
7		Distribution Plant					
8	374	Land and Land Rights	2,299,212	848,128	1,451,084	-	DIS376-379
9	375	Structures and Improvements	8,605,252	3,174,286	5,430,966	-	DIS376-379
10	376	Mains	376,180,798	144,503,282	231,677,517	-	DISMAIN
11	378	Measuring & Regulating Station Equipment - General	12,258,137	-	12,258,137	-	DEM
12	379	Measuring & Regulating Station Equipment - City Gate	3,298,701	-	3,298,701	-	DEM
13	380	Services	315,241,619	315,241,619	-	-	CUS
14	381	Meters	32,554,921	32,554,921	-	-	CUS
15	382	Meter Installations	76,596,105	76,596,105	-	-	CUS
16	383	House Regulators	12,597,793	12,597,793	-	-	CUS
17	385	Electronic Gas Measuring	379,944	379,944	-	-	CUS
18	386	Other Property-Customer Premises	-	-	-	-	
19	387	Other Equipment	-	-	-	-	
20		Total Distribution Plant	840,012,483	585,896,077	254,116,405	-	
21							
22		General Plant					
23	389	Land and Land Rights	1,104,164	770,138	334,026	-	DISPLT
24	390	Structures & Improvements	2,604,973	1,816,930	788,043	-	DISPLT
25	391	Office Furniture & Equipment	9,002,020	6,278,773	2,723,246	-	DISPLT
26	392	Transportation Equipment	12,712,348	8,866,672	3,845,676	-	DISPLT

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classified Rate Base

Line	Acct.	Description	Total	Customer	Demand	Commodity	Classification Factor
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
27		General Plant (Continued)					
28	393	Stores Equipment	656,718	458,051	198,667	-	DISPLT
29	394	Tools	5,355,121	3,735,117	1,620,005	-	DISPLT
30	395	Laboratory Equipment	-	-	-	-	
31	396	Power Operated Equipment	1,759,239	1,227,042	532,196	-	DISPLT
32	397.1	Communication Equipment - AMR	38,278,014	38,278,014	-	-	CUS
33	397.0	Communication Equipment	3,813,854	2,660,106	1,153,748	-	DISPLT
34	398	Miscellaneous General Plant	466,841	325,615	141,226	-	DISPLT
35		Total General Plant	75,753,292	64,416,457	11,336,835	-	
36							
37		Total Plant in Service	945,757,118	677,338,399	268,418,719	-	
38							
39		Depreciation and Amortization Reserve					
40	301	Organization	-	-	-	-	
41	302	Franchises and Consents	-	-	-	-	
42	303	Miscellaneous Intangible	(22,126,176)	(19,942,538)	(2,183,638)	-	PLT303
43	374	Land and Land Rights	(499,682)	(184,322)	(315,360)	-	PLT374
44	375	Structures	(457,150)	(168,632)	(288,517)	-	PLT375
45	376	Distribution Mains	(124,892,778)	(47,975,379)	(76,917,400)	-	PLT376
46	378	Measuring and Regulating Station Equipment - General	(4,113,394)	-	(4,113,394)	-	PLT378
47	379	Measuring and Regulating Station Equipment - City Gate	(945,364)	-	(945,364)	-	PLT379
48	380	Services	(144,226,274)	(144,226,274)	-	-	PLT380
49	381	Meters	(3,772,219)	(3,772,219)	-	-	PLT381
50	382	Meter Installations	(19,267,938)	(19,267,938)	-	-	PLT382
51	383	House Regulators	(2,823,311)	(2,823,311)	-	-	PLT383
52	385	Electronic Gas Measuring	(132,551)	(132,551)	-	-	PLT385
53	386	Other Property-Customer Premises	-	-	-	-	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classified Rate Base

Line	Acct.	Description	Total	Customer	Demand	Commodity	Classification Factor
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
54		Depreciation and Amortization Reserve (Continued)					
55	387	Other Equipment	-	-	-	-	
56	389	Land & Land Rights	-	-	-	-	
57	390	Structures & Improvements	(1,136,262)	(792,526)	(343,736)	-	PLT390
58	391	Office Furniture & Equipment	(2,264,489)	(1,579,447)	(685,042)	-	PLT391
59	392	Transportation Equipment	(6,896,910)	(4,810,491)	(2,086,419)	-	PLT392
60	393	Stores Equipment	(141,360)	(98,596)	(42,763)	-	PLT393
61	394	Tools	(996,215)	(694,845)	(301,370)	-	PLT394
62	395	Laboratory Equipment	-	-	-	-	PLT395
63	396	Power Operated Equipment	(300,164)	(209,360)	(90,804)	-	PLT396
64	397.1	Communication Equipment - AMR	(17,276,537)	(17,276,537)	-	-	PLT397.1
65	397.0	Communication Equipment	1,099,825	767,112	332,714	-	PLT397.0
66	398	Miscellaneous General Plant	(323,695)	(225,773)	(97,923)	-	PLT398
67		Corporate	(375,937)	(319,676)	(56,261)	-	GENPLT
68		Retirement Work in Progress Not Classified	102,672	72,911	29,762	-	NONINTPLT
69		Total Depreciation and Amortization Reserve	(351,765,909)	(263,660,393)	(88,105,516)	-	
70							
71		Net Plant in Service	593,991,209	413,678,006	180,313,203	-	
72							
73		Other Rate Base Items					
74							
75		Customer Deposits	(4,559,511)	(4,559,511)	-	-	CUS
76							
77		Customer Advances	(13,393,902)	(8,905,957)	(4,487,945)	-	MAINSVC
78							
79		Accumulated Deferred Income Taxes -SLRP	(1,278,767)	(987,129)	(291,638)	-	SLRP

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classified Rate Base

Line	Acct.	Description	Total	Customer	Demand	Commodity	Classification Factor
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
80		Other Rate Base Items (Continued)					
81							
82		Accumulated Deferred Income Taxes -Other	(90,485,357)	(64,804,383)	(25,680,974)	-	TOTPLT
83							
84		Net Cost of Removal	552,665	395,811	156,854	-	TOTPLT
85							
86		Gas Inventory	91,535,864	-	91,535,864	-	DEM
87							
88		Materials and Supplies	2,199,670	1,575,374	624,296	-	TOTPLT
89							
90		Prepayments	6,287,823	5,071,195	1,207,862	8,765	OPEXP
91							
92		Cash Working Capital	20,105,085	16,214,962	3,862,096	28,027	OPEXP
93							
94		Total Rate Base	$604,954,779	$357,678,369	$247,239,618	$36,792	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classified Cost of Service

Line	Acct.	Description	Total	Customer	Demand	Commodity	Classification Factor
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		Distribution Operations Expenses					
2	870	Operation Supervision and Engineering	700,270	603,081	95,701	1,488	DIS871-879
3	871	Distribution Load Dispatch	28,778	-	-	28,778	COM
4	872	Compressor Station Labor and Expense	-	-	-	-	
5	874	Mains and Services Expenses	3,124,902	2,077,829	1,047,073	-	MAINSVC
6	875	Distribution Regulating Station Expense (w/o Odorant)	795,797	-	795,797	-	DEM
7	876	Measuring & Regulating Station Expenses - Industrial	(2,934)	(2,934)	-	-	CUS
8	877	Measuring & Regulating Station Expenses - City Gate	8,286	-	8,286	-	DEM
9	878	Meter and House Regulator Expenses	6,422,302	6,422,302	-	-	CUS
10	879	Customer Installation Expenses	3,168,252	3,168,252	-	-	CUS
11	880	Other Expenses (without Odorant)	7,780	6,700	1,063	17	DIS871-879
12	881	Rents (without Odorant)	181,288	156,128	24,775	385	DIS871-879
13		Total Distribution Operations Expenses	14,434,722	12,431,359	1,972,695	30,668	
14							
15		Distribution Maintenance Expenses					
16	885	Maintenance Supervision and Engineering	1,276,587	559,743	708,241	8,603	DIS887-893
17	886	Maintenance Structures and Improvements	112,770	49,446	62,564	760	DIS887-893
18	887	Maintenance of Mains	9,622,053	3,696,144	5,925,909	-	DISMAIN
19	889	Maint. Meas. & Reg. Sta. Equip. - General (w/o Odorant)	656,934	-	656,934	-	DEM
20		Odorant Expense (Acct. 875, 880, 881 and 889 reduced by amount of test year odorant expense)	80,280	-	-	80,280	COM
21	890	Maint. of Measuring & Regulating Sta. Equip. - Industrial	252,791	252,791	-	-	CUS
22	891	Maint. of Measuring & Regulating Sta. Equip. - City Gate	26,333	-	26,333	-	DEM
23	892	Maintenance of Services	938,710	938,710	-	-	CUS
24	893	Maintenance of Meters & House Regulators	335,773	335,773	-	-	CUS
25	894	Maintenance of Other Equipment	173,279	75,977	96,134	1,168	DIS887-893

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classified Cost of Service

Line	Acct.	Description	Total	Customer	Demand	Commodity	Classification Factor
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
26							
27		Total Distribution Maintenance Expenses	13,475,509	5,908,583	7,476,116	90,811	
28							
29		Total Operations and Maintenance Expenses	27,910,231	18,339,942	9,448,811	121,479	
30							
31		Customer Accounts Expenses					
32	901	Supervision	257,607	257,607	-	-	CUS
33	902	Meter Reading Expenses	971,886	971,886	-	-	CUS
34	903	Customer Accounts and Collections	13,128,223	13,128,223	-	-	CUS
35	904	Uncollectible Accounts	9,435,379	9,435,379	-	-	CUS
36	905	Miscellaneous Customer Accounts Expenses	(14,289)	(14,289)	-	-	CUS
37		Total Customer Accounts Expenses	23,778,807	23,778,807	-	-	
38							
39		Customer Service Expenses					
40	907	Supervision	-	-	-	-	
41	908	Customer Assistance	1,108,662	1,108,662	-	-	CUS
42	909	Informational and Instructional Advertising	78,181	78,181	-	-	CUS
43	910	Miscellaneous Customer Service Expense	-	-	-	-	
44		Total Customer Service Expenses	1,186,843	1,186,843	-	-	
45							
46		Sales and Advertising Expenses					
47	911	Supervision	-	-	-	-	
48	912	Demonstrating and Selling	1,026,962	1,026,962	-	-	CUS
49	913	Advertising Expense	4,813	4,813	-	-	CUS
50	915	Miscellaneous Sales	1,646	1,646	-	-	CUS
51		Total Sales and Advertising Expenses	1,033,421	1,033,421	-	-	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classified Cost of Service

Line	Acct.	Description	Total	Customer	Demand	Commodity	Classification Factor
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
52							
53		Administrative and General Expenses					
54	920	Administrative and General Salaries	7,086,523	5,694,549	1,381,760	10,214	NONAGOPEXP
55	921	Office Supplies and Expenses	11,680,066	9,385,804	2,277,428	16,834	NONAGOPEXP
56	922	Administrative Expenses Transferred	(525,286)	(422,106)	(102,422)	(757)	NONAGOPEXP
57	923	Outside Services Employed	3,220,952	2,588,275	628,035	4,642	NONAGOPEXP
58	924	Property Insurance	24,300	17,403	6,897	-	TOTPLT
59	925	Injuries and Damages	2,810,553	2,258,489	548,014	4,051	NONAGOPEXP
60	926	Employee Pensions and Benefits	22,213,611	17,850,292	4,331,303	32,016	NONAGOPEXP
61	927	Franchise Requirements	-	-	-	-	
62	928	Regulatory Commission Expense	2,086,143	2,086,143	-	-	CUS
63	930	Miscellaneous General Expenses	2,158,307	1,734,361	420,836	3,111	NONAGOPEXP
64	931	Rents	760,184	530,217	229,967	-	DISPLT
65	932	Maintenance of General Plant	1,635,930	1,391,105	244,825	-	GENPLT
66		Total Administrative and General Expenses	53,151,283	43,114,532	9,966,641	70,110	NONAGOPEXP
67							
68		Depreciation and Amortization Expense					
69	301	Organization	-	-	-	-	
70	302	Franchises and Consents	-	-	-	-	
71	303	Miscellaneous Intangible	-	-	-	-	
72	374	Land and Land Rights	44,906	16,565	28,341	-	PLT374
73	375	Structures	128,218	47,297	80,921	-	PLT375
74	376	Distribution Mains	8,990,721	3,453,628	5,537,093	-	PLT376
75	378	Measuring and Regulating Station Equipment - General	350,583	-	350,583	-	PLT378
76	379	Measuring and Regulating Station Equipment - City Gate	70,262	-	70,262	-	PLT379
77	380	Services	10,655,167	10,655,167	-	-	PLT380
78	381	Meters	940,837	940,837	-	-	PLT381

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classified Cost of Service

Line	Acct.	Description	Total	Customer	Demand	Commodity	Classification Factor
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
79		Depreciation and Amortization Expense (Continued)					
80	382	Meter Installations	2,190,649	2,190,649	-	-	PLT382
81	383	House Regulators	307,386	307,386	-	-	PLT383
82	385	Electronic Gas Measuring	12,652	12,652	-	-	PLT385
83	386	Other Property-Customer Premises	-	-	-	-	
84	387	Other Equipment	-	-	-	-	
85	390	Structures & Improvements	157,990	110,196	47,794	-	PLT390
86	391	Office Furniture & Equipment	759,474	529,722	229,752	-	PLT391
87	392	Transportation Equipment	-	-	-	-	PLT392
88	393	Stores Equipment	17,731	12,367	5,364	-	PLT393
89	394	Tools	283,821	197,961	85,860	-	PLT394
90	395	Laboratory Equipment	-	-	-	-	
91	396	Power Operated Equipment	-	-	-	-	PLT396
92	397.1	Communication Equipment -AMR	1,913,901	1,913,901	-	-	PLT397.1
93	397.0	Communication Equipment	238,366	166,257	72,109	-	PLT397.0
94	398	Miscellaneous General Plant	17,973	12,536	5,437	-	PLT398
95		Amortization - SLRP	1,081,178	834,603	246,575	-	SLRP
96		Amortization - Software (Account 303)	1,845,160	1,725,798	119,362	-	PLT303AMORT
97		Amortization - Infinity Software	199,992	142,020	57,972	-	NONINTPLT
98		Amortization - Net Cost of Removal Balance	170,052	121,789	48,263	-	TOTPLT
99		Amortization - Cold Weather Rule	-	-	-	-	CUS
100		Total Depreciation and Amortization Expense	30,377,019	23,391,329	6,985,690	-	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classified Cost of Service

Line	Acct.	Description	Total	Customer	Demand	Commodity	Classification Factor
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
101							
102		Taxes Other Than Income					
103	408	Payroll	2,689,921	2,169,450	516,722	3,750	NONTOTIOPEXP
104	408	Ad Valorem	8,996,732	6,443,337	2,553,395	-	TOTPLT
105	408	Gross Receipts	-	-	-	-	
106	408	Other	300,036	241,982	57,636	418	NONTOTIOPEXP
107		Total Taxes Other Than Income	11,986,689	8,854,769	3,127,752	4,168	
108							
109	431	Interest on Customer Deposits	146,575	146,575	-	-	CUS
110							
111		Required Return	51,021,886	30,166,594	20,852,189	3,103	RB
112							
113		Income Taxes	20,354,468	12,034,541	8,318,689	1,238	RB
114							
115		Total Cost of Service Before Revenue Credits	220,947,223	162,047,352	58,699,773	200,097	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classification Factors

Line		Description	Total	Customer	Demand	Commodity
		(a)	(b)	(c)	(d)	(e)
1	**Customer Factor (CUS)**			**1.00000**	**0.00000**	**0.00000**
2						
3	**Demand Factor (DEM)**			**0.00000**	**1.00000**	**0.00000**
4						
5	**Commodity Factor (COM)**			**0.00000**	**0.00000**	**1.00000**
6						
7		Total Distribution Plant	840,012,483	585,896,077	254,116,405	-
8		Total General Plant	75,753,292	64,416,457	11,336,835	-
9		Total Non-Intangible Plant	915,765,774	650,312,534	265,453,240	-
10	**Non-Intangible Plant Factor (NINTPLT)**		**1.00000**	**0.71013**	**0.28987**	**0.00000**
11						
12	376	Mains	376,180,798	144,503,282	231,677,517	-
13	378	Measuring & Regulating Station Equipment - General	12,258,137	-	12,258,137	-
14	379	Measuring & Regulating Station Equipment - City Gate	3,298,701	-	3,298,701	-
15		Total Accounts 376-379	391,737,637	144,503,282	247,234,355	-
16	**Accounts 376-379 Factor (DIS376-379)**		**1.00000**	**0.36888**	**0.63112**	**0.00000**
17						
18	376	Distribution Mains	376,180,798	144,503,282	231,677,517	-
19	**Distribution Mains Factor (DISMAIN)**		**1.00000**	**0.38413**	**0.61587**	**0.00000**
20						
21	374-87	Total Distribution Plant	840,012,483	585,896,077	254,116,405	-
22	**Distribution Plant Factor (DISPLT)**		**1.00000**	**0.69748**	**0.30252**	**0.00000**
23						
24		General Plant	75,753,292	64,416,457	11,336,835	-
25	**General Plant Factor (GENPLT)**		**1.00000**	**0.85035**	**0.14965**	**0.00000**

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classification Factors

Line	Description	Total	Customer	Demand	Commodity
	(a)	(b)	(c)	(d)	(e)
26	Mains	376,180,798	144,503,282	231,677,517	-
27	Services	315,241,619	315,241,619	-	-
28	Total Mains and Services	691,422,417	459,744,901	231,677,517	-
29	**Mains and Services Factor (MAINSVC)**	**1.00000**	**0.66493**	**0.33507**	**0.00000**
30					
31	Total Amortization -SLRP	1,081,178	834,602	246,575	-
32	**SLRP Factor (SLRP)**	**1.00000**	**0.77194**	**0.22806**	**0.00000**
33					
34	Total Plant in Service	945,757,118	677,338,399	268,418,719	-
35	**Total Plant in Service Factor (TOTPLT)**	**1.0000**	**0.71619**	**0.28381**	**0.00000**
36					
37	Total Operations and Maintenance Expenses	27,910,231	18,339,942	9,448,811	121,479
38	Total Customer Accounts Expenses	23,778,807	23,778,807	-	-
39	Total Customer Service Expenses	1,186,843	1,186,843	-	-
40	Total Sales and Advertising Expenses	1,033,421	1,033,421	-	-
41	Total Administrative and General Expenses	53,151,283	43,114,532	9,966,641	70,110
42	Total Depreciation and Amortization Expenses	30,377,019	23,391,329	6,985,690	-
43	Total Operating Expenses (without TOTI)	137,437,604	110,844,874	26,401,142	191,588
44	**Operating Expense (without TOTI) Factor (NONTOTOIPEXP)**	**1.00000**	**0.80651**	**0.19210**	**0.00139**
45					
46	Total Operating Expenses	149,424,294	119,699,643	29,528,894	195,756
47	**Operating Expense Factor (OPEXP)**	**1.00000**	**0.80107**	**0.19762**	**0.00131**

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classification Factors

Line		Description	Total	Customer	Demand	Commodity
		(a)	(b)	(c)	(d)	(e)
48						
49	871	Distribution Load Dispatch	28,778	-	-	28,778
50	874	Mains and Services Expenses	3,124,902	2,077,829	1,047,073	-
51	875	Distribution Regulating Station Expense (w/o Odorant)	795,797	-	795,797	-
52	876	Measuring & Regulating Station Expenses - Industrial	(2,934)	(2,934)	-	-
53	877	Measuring & Regulating Station Expenses - City Gate	8,286	-	8,286	-
54	878	Meter and House Regulator Expenses	6,422,302	6,422,302	-	-
55	879	Customer Installation Expenses	3,168,252	3,168,252	-	-
56		Total Accounts 871-879	13,545,384	11,665,449	1,851,156	28,778
57	**Accounts 871-879 Factor (DIS871-879)**		**1.00000**	**0.86121**	**0.13666**	**0.00212**
58						
59	887	Maintenance of Mains	9,622,053	3,696,144	5,925,909	-
60	889	Maint. Meas. & Reg. Sta. Equip. - General (w/o Odorant)	656,934	-	656,934	-
61	889	Odorization Expense	80,280	-	-	80,280
62	890	Maint. of Measuring & Regulating Sta. Equip. - Industrial	252,791	252,791	-	-
63	891	Maint. of Measuring & Regulating Sta. Equip. - City Gate	26,333	-	26,333	-
64	892	Maintenance of Services	938,710	938,710	-	-
65	893	Maintenance of Meters & House Regulators	335,773	335,773	-	-
66		Total Accounts 887-893	11,912,873	5,223,417	6,609,176	80,280
67	**Accounts 887-893 Factor (DIS887-893)**		**1.00000**	**0.43847**	**0.55479**	**0.00674**
68						
69		Total Operations and Maintenance Expenses	27,910,231	18,339,942	9,448,811	121,479
70		Total Customer Accounts Expenses	23,778,807	23,778,807	-	-
71		Total Customer Service Expenses	1,186,843	1,186,843	-	-
72		Total Sales and Advertising Expenses	1,033,421	1,033,421	-	-
73		Total Depreciation and Amortization Expense	30,377,019	23,391,329	6,985,690	-
74		Total Operating Exp. Without A&G Expenses	84,286,321	67,730,342	16,434,501	121,479
75	**Non-A&G Operating Exp. (without TOTI) Factor (NONAGOPEXP)**		**1.00000**	**0.80357**	**0.19498**	**0.00144**

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classification Factors

Line	Description	Total	Customer	Demand	Commodity
	(a)	(b)	(c)	(d)	(e)
76					
77	301 Organization	15,600	11,078	4,522	-
78	**Organization Factor (PLT301)**	**1.00000**	**0.71013**	**0.28987**	**0.00000**
79					
80	302 Franchises and Consents	13,823	9,816	4,007	-
81	**Franchises and Consents Factor (PLT302)**	**1.00000**	**0.71013**	**0.28987**	**0.00000**
82					
83	303 Miscellaneous Intangible	29,961,921	27,004,971	2,956,950	-
84	**Miscellaneous Intangible Plant (PLT303)**	**1.00000**	**0.90131**	**0.09869**	**0.00000**
85					
86	Intangible Plant Total	29,991,344	27,025,865	2,965,479	-
87	**Intangible Plant Factor (INTPLT)**	**1.00000**	**0.90112**	**0.09888**	**-**
88					
89	374 Land and Land Rights	2,299,212	848,128	1,451,084	-
90	**Land and Land Rights Factor (PLT374)**	**1.00000**	**0.36888**	**0.63112**	**0.00000**
91					
92	375 Structures and Improvements	8,605,252	3,174,286	5,430,966	-
93	**Structures and Improvements Factor (PLT375)**	**1.00000**	**0.36888**	**0.63112**	**0.00000**
94					
95	376 Mains	376,180,798	144,503,282	231,677,517	-
96	**Mains Factor (PLT376)**	**1.00000**	**0.38413**	**0.61587**	**0.00000**
97					
98	378 Measuring & Regulating Station Equipment - General	12,258,137	-	12,258,137	-
99	**Measuring & Regulating Station Equip. - General Factor (PLT378)**	**1.00000**	**0.00000**	**1.00000**	**0.00000**
100					
101	379 Measuring & Regulating Station Equipment - City Gate	3,298,701	-	3,298,701	-
102	**Measuring & Regulating Station Equip. - City Gate Factor (PLT379)**	**1.00000**	**0.00000**	**1.00000**	**0.00000**

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classification Factors

Line	Description	Total	Customer	Demand	Commodity
	(a)	(b)	(c)	(d)	(e)
103					
104	380 Services	315,241,619	315,241,619	-	-
105	**Services Factor (PLT380)**	**1.00000**	**1.00000**	**0.00000**	**0.00000**
106					
107	381 Meters	32,554,921	32,554,921	-	-
108	**Meters Factor (PLT381)**	**1.00000**	**1.00000**	**0.00000**	**0.00000**
109					
110	382 Meter Installations	76,596,105	76,596,105	-	-
111	**Meter Installations Factor (PLT382)**	**1.00000**	**1.00000**	**0.00000**	**0.00000**
112					
113	383 House Regulators	12,597,793	12,597,793	-	-
114	**House Regulators Factor (PLT383)**	**1.00000**	**1.00000**	**0.00000**	**0.00000**
115					
116	385 Electronic Gas Measuring	379,944	379,944	-	-
117	**Measuring & Regulating Sta. Equip.- Industrial Factor (PLT385)**	**1.00000**	**1.00000**	**0.00000**	**0.00000**
118					
119	386 Other Property-Customer Premises	-	-	-	-
120	**Other Property - Customer Premises Factor (PLT386)**	**0.00000**	**0.00000**	**0.00000**	**0.00000**
121					
122	387 Other Equipment	-	-	-	-
123	**Other Equipment Factor (PLT387)**	**0.00000**	**0.00000**	**0.00000**	**0.00000**
124					
125	390 Structures & Improvements	2,604,973	1,816,930	788,043	-
126	**Structures & Improvements Factor (PLT390)**	**1.00000**	**0.69748**	**0.30252**	**0.00000**
127					
128	391 Office Furniture & Equipment	9,002,020	6,278,773	2,723,246	-
129	**Office Furniture & Equipment Factor (PLT391)**	**1.00000**	**0.69748**	**0.30252**	**0.00000**

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classification Factors

Line	Description	Total	Customer	Demand	Commodity
	(a)	(b)	(c)	(d)	(e)
130					
131	392 Transportation Equipment	12,712,348	8,866,672	3,845,676	-
132	**Transportation Equipment Factor (PLT392)**	**1.00000**	**0.69748**	**0.30252**	**0.00000**
133					
134	393 Stores Equipment	656,718	458,051	198,667	-
135	**Stores Equipment Factor (PLT393)**	**1.00000**	**0.69748**	**0.30252**	**0.00000**
136					
137	394 Tools	5,355,121	3,735,117	1,620,005	-
138	**Tools Factor (PLT394)**	**1.00000**	**0.69748**	**0.30252**	**0.00000**
139					
140	395 Laboratory Equipment	-	-	-	-
141	**Laboratory Equipment Factor (PLT395)**	**0.00000**	**0.00000**	**0.00000**	**0.00000**
142					
143	396 Power Operated Equipment	1,759,239	1,227,042	532,196	-
144	**Power Operated Equipment Factor (PLT396)**	**1.00000**	**0.69748**	**0.30252**	**0.00000**
145					
146	397.1 Communication Equipment - AMR	38,278,014	38,278,014	-	-
147	**Communication Equipment -AMR Factor (PLT397.1)**	**1.00000**	**1.00000**	**0.00000**	**0.00000**
148					
149	397.0 Communication Equipment	3,813,854	2,660,106	1,153,748	-
150	**Communication Equipment Factor (PLT397.0)**	**1.00000**	**0.69748**	**0.30252**	**0.00000**
151					
152	398 Miscellaneous General Plant	466,841	325,615	141,226	-
153	**Miscellaneous General Plant Factor (PLT398)**	**1.00000**	**0.69748**	**0.30252**	**0.00000**

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Classification Factors

Line	Description	Total	Customer	Demand	Commodity
	(a)	(b)	(c)	(d)	(e)
154					
155	Account 303 Amortization	1,845,160	1,725,798	119,362	-
156	**Account 303 Amortization Factor (PLT303AMORT)**	**1.00000**	**0.93531**	**0.06469**	-
157					
158	Net Plant	593,991,209	413,678,006	180,313,203	-
159	**Net Plant Factor (NETPLT)**	**1.00000**	**0.69644**	**0.30356**	**0.00000**
160					
161	Total Rate Base	604,954,779	357,678,369	247,239,618	36,792
162	**Rate Base Factor (RB)**	**1.00000**	**0.59125**	**0.40869**	**0.00006**

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
1		**Intangible Plant**						
2	301	**Organization**						
3		Customer	11,078	9,198	1,695	41	145	NONINTCUS
4		Demand	4,522	2,595	1,012	90	825	DEM
5		Commodity	-	-	-	-	-	
6		Total Organization	15,600	11,793	2,707	131	970	
7	302	**Franchises and Consents**						
8		Customer	9,816	8,150	1,502	36	128	NONINTCUS
9		Demand	4,007	2,299	897	80	731	DEM
10		Commodity	-	-	-	-	-	
11		Total Franchises and Consents	13,823	10,449	2,399	116	859	
12	303	**Miscellaneous Intangible**						
13		Customer	27,004,971	23,634,420	3,327,613	16,127	26,810	CUS
14		Demand	2,956,950	1,696,903	661,966	58,931	539,150	DEM
15		Commodity	-	-	-	-	-	
16		Total Miscellaneous Intangible	29,961,921	25,331,323	3,989,579	75,059	565,960	
17		**Total Intangible Plant**						
18		Customer	27,025,865	23,651,767	3,330,809	16,205	27,084	
19		Demand	2,965,479	1,701,797	663,875	59,101	540,705	
20		Commodity	-	-	-	-	-	
21		Total Intangible Plant	29,991,344	25,353,565	3,994,685	75,306	567,789	
22		**Distribution Plant**						
23	374	**Land and Land Rights**						
24		Customer	848,128	742,271	104,508	507	842	376-379CUS
25		Demand	1,451,084	832,732	324,851	28,920	264,581	DEM
26		Commodity	-	-	-	-	-	
27		Total Land and Land Rights	2,299,212	1,575,004	429,359	29,426	265,423	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
28		**Distribution Plant (Continued)**						
29	375	**Structures and Improvements**						
30		Customer	3,174,286	2,778,096	391,143	1,896	3,151	376-379CUS
31		Demand	5,430,966	3,116,665	1,215,819	108,237	990,245	DEM
32		Commodity	-	-	-	-	-	
33		Total Structures and Improvements	8,605,252	5,894,761	1,606,962	110,133	993,397	
34	376	**Mains**						
35		Customer	144,503,282	126,467,503	17,806,019	86,298	143,461	CUS
36		Demand	231,677,517	132,952,604	51,865,155	4,617,262	42,242,496	DEM
37		Commodity	-	-	-	-	-	
38		Total Mains	376,180,798	259,420,107	69,671,174	4,703,560	42,385,957	
39	378	**Measuring & Regulating Sta. Equip. - General**						
40		Customer	-	-	-	-	-	
41		Demand	12,258,137	7,034,568	2,744,203	244,301	2,235,065	DEM
42		Commodity	-	-	-	-	-	
43		Total Measuring & Regulating Sta. Equip. - General	12,258,137	7,034,568	2,744,203	244,301	2,235,065	
44	379	**Measuring & Regulating Sta. Equip. - City Gate**						
45		Customer	-	-	-	-	-	
46		Demand	3,298,701	1,893,023	738,473	65,742	601,463	DEM
47		Commodity	-	-	-	-	-	
48		Total Measuring & Regulating Sta. Equip.- City Gate	3,298,701	1,893,023	738,473	65,742	601,463	
49	380	**Services**						
50		Customer	315,241,619	275,373,408	38,771,258	315,020	781,934	SERCUS
51		Demand	-	-	-	-	-	
52		Commodity	-	-	-	-	-	
53		Total Services	315,241,619	275,373,408	38,771,258	315,020	781,934	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
54		**Distribution Plant (Continued)**						
55	381	**Meters**						
56		Customer	32,554,921	16,513,421	15,038,367	122,513	880,620	METCUS
57		Demand	-	-	-	-	-	
58		Commodity	-	-	-	-	-	
59		Total Meters	32,554,921	16,513,421	15,038,367	122,513	880,620	
60	382	**Meter Installations**						
61		Customer	76,596,105	54,287,974	15,286,974	1,592,866	5,428,292	METINCUS
62		Demand	-	-	-	-	-	
63		Commodity	-	-	-	-	-	
64		Total Meter Installations	76,596,105	54,287,974	15,286,974	1,592,866	5,428,292	
65	383	**House Regulators**						
66		Customer	12,597,793	8,600,055	3,312,417	154,866	530,455	REGCUS
67		Demand	-	-	-	-	-	
68		Commodity	-	-	-	-	-	
69		Total House Regulators	12,597,793	8,600,055	3,312,417	154,866	530,455	
70	385	**Electronic Gas Measuring**						
71		Customer	379,944	-	-	-	379,944	LVCUS
72		Demand	-	-	-	-	-	
73		Commodity	-	-	-	-	-	
74		Total Electronic Gas Measuring	379,944	-	-	-	379,944	
75	386	**Other Property - Customer Premises**						
76		Customer	-	-	-	-	-	
77		Demand	-	-	-	-	-	
78		Commodity	-	-	-	-	-	
79		Total Other Property - Customer Premises	-	-	-	-	-	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
80		**Distribution Plant (Continued)**						
81	387	**Other Equipment**						
82		Customer	-	-	-	-	-	
83		Demand	-	-	-	-	-	
84		Commodity	-	-	-	-	-	
85		Total Other Equipment	-	-	-	-	-	
86		**Total Distribution Plant**						
87		Customer	585,896,077	484,762,729	90,710,685	2,273,964	8,148,699	
88		Demand	254,116,405	145,829,592	56,888,501	5,064,462	46,333,850	
89		Commodity	-	-	-	-	-	
90		Total Distribution Plant	840,012,483	630,592,321	147,599,187	7,338,426	54,482,549	
91		**General Plant**						
92	389	**Land & Land Rights**						
93		Customer	770,138	637,202	119,236	2,989	10,711	DISPLTCUS
94		Demand	334,026	191,687	74,778	6,657	60,904	DEM
95		Commodity	-	-	-	-	-	
96		Total Land and Land Rights	1,104,164	828,889	194,013	9,646	71,615	
97	390	**Structures & Improvements**						
98		Customer	1,816,930	1,503,304	281,304	7,052	25,270	DISPLTCUS
99		Demand	788,043	452,234	176,418	15,705	143,686	DEM
100		Commodity	-	-	-	-	-	
101		Total Structures & Improvements	2,604,973	1,955,538	457,722	22,757	168,957	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
102		**General Plant (Continued)**						
103	391	**Office Furniture & Equipment**						
104		Customer	6,278,773	5,194,975	972,104	24,369	87,326	DISPLTCUS
105		Demand	2,723,246	1,562,787	609,647	54,273	496,538	DEM
106		Commodity	-	-	-	-	-	
107		Total Office Furniture & Equipment	9,002,020	6,757,762	1,581,751	78,642	583,864	
108	392	**Transportation Equipment**						
109		Customer	8,866,672	7,336,168	1,372,772	34,413	123,319	DISPLTCUS
110		Demand	3,845,676	2,206,915	860,923	76,643	701,194	DEM
111		Commodity	-	-	-	-	-	
112		Total Transportation Equipment	12,712,348	9,543,083	2,233,696	111,056	824,513	
113	393	**Stores Equipment**						
114		Customer	458,051	378,985	70,917	1,778	6,371	DISPLTCUS
115		Demand	198,667	114,009	44,475	3,959	36,224	DEM
116		Commodity	-	-	-	-	-	
117		Total Stores Equipment	656,718	492,994	115,392	5,737	42,594	
118	394	**Tools**						
119		Customer	3,735,117	3,090,386	578,285	14,497	51,948	DISPLTCUS
120		Demand	1,620,005	929,671	362,667	32,286	295,381	DEM
121		Commodity	-	-	-	-	-	
122		Total Tools	5,355,121	4,020,057	940,952	46,783	347,329	
123	395	**Laboratory Equipment**						
124		Customer	-	-	-	-	-	
125		Demand	-	-	-	-	-	
126		Commodity	-	-	-	-	-	
127		Total Laboratory Equipment	-	-	-	-	-	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
128		**General Plant (Continued)**						
129	396	**Power Operated Equipment**						
130		Customer	1,227,042	1,015,239	189,975	4,762	17,066	DISPLTCUS
131		Demand	532,196	305,411	119,142	10,607	97,037	DEM
132		Commodity	-	-	-	-	-	
133		Total Power Operated Equipment	1,759,239	1,320,650	309,117	15,369	114,103	
134	397.1	**Communication Equipment -AMR**						
135		Customer	38,278,014	33,533,741	4,721,390	22,883	-	NONLVCUS
136		Demand	-	-	-	-	-	
137		Commodity	-	-	-	-	-	
138		Total Communications Equipment - AMR	38,278,014	33,533,741	4,721,390	22,883	-	
139	397.0	**Communication Equipment**						
140		Customer	2,660,106	2,200,937	411,848	10,324	36,997	DISPLTCUS
141		Demand	1,153,748	662,101	258,287	22,994	210,367	DEM
142		Commodity	-	-	-	-	-	
143		Total Communications Equi9ment	3,813,854	2,863,037	670,135	33,318	247,364	
144	398	**Miscellaneous General Plant**						
145		Customer	325,615	269,409	50,413	1,264	4,529	DISPLTCUS
146		Demand	141,226	81,046	31,616	2,815	25,750	DEM
147		Commodity	-	-	-	-	-	
148		Total Miscellaneous General Plant	466,841	350,455	82,029	4,078	30,279	
149		**Total General Plant**						
150		Customer	64,416,457	55,160,346	8,768,245	124,330	363,536	
151		Demand	11,336,835	6,505,861	2,537,953	225,940	2,067,081	
152		Commodity	-	-	-	-	-	
153		Total General Plant	75,753,292	61,666,207	11,306,198	350,270	2,430,617	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
154		**Total Plant in Service**						
155		Customer	677,338,399	563,574,842	102,809,739	2,414,499	8,539,319	
156		Demand	268,418,719	154,037,250	60,090,330	5,349,503	48,941,636	
157		Commodity	-	-	-	-	-	
158		Total Plant in Service	945,757,118	717,612,092	162,900,069	7,764,002	57,480,955	
159		**Depreciation and Amortization Reserve**						
160	301	**Organization**						
161		Customer	-	-	-	-	-	
162		Demand	-	-	-	-	-	
163		Commodity	-	-	-	-	-	
164		Total Organization	-	-	-	-	-	
165	302	**Franchises and Consents**						
166		Customer	-	-	-	-	-	
167		Demand	-	-	-	-	-	
168		Commodity	-	-	-	-	-	
169		Total Franchises and Consents	-	-	-	-	-	
170	303	**Miscellaneous Intangible**						
171		Customer	(19,942,538)	(16,557,326)	(3,050,629)	(73,546)	(261,037)	NONINTCUS
172		Demand	(2,183,638)	(1,253,123)	(488,846)	(43,519)	(398,150)	DEM
173		Commodity	-	-	-	-	-	
174		Total Miscellaneous Intangible	(22,126,176)	(17,810,449)	(3,539,476)	(117,066)	(659,187)	
175	374	**Land and Land Rights**						
176		Customer	(184,322)	(161,316)	(22,713)	(110)	(183)	376-379CUS
177		Demand	(315,360)	(180,976)	(70,599)	(6,285)	(57,501)	DEM
178		Commodity	-	-	-	-	-	
179		Total Land and Land Rights	(499,682)	(342,292)	(93,312)	(6,395)	(57,684)	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
180		**Depreciation and Amort. Reserve (Continued)**						
181	375	**Structures**						
182		Customer	(168,632)	(147,585)	(20,779)	(101)	(167)	376-379CUS
183		Demand	(288,517)	(165,571)	(64,590)	(5,750)	(52,606)	DEM
184		Commodity	-	-	-	-	-	
185		Total Structures	(457,150)	(313,156)	(85,369)	(5,851)	(52,774)	
186	376	**Distribution Mains**						
187		Customer	(47,975,379)	(41,987,464)	(5,911,634)	(28,651)	(47,629)	CUS
188		Demand	(76,917,400)	(44,140,531)	(17,219,335)	(1,532,940)	(14,024,593)	DEM
189		Commodity	-	-	-	-	-	
190		Total Distribution Mains	(124,892,778)	(86,127,995)	(23,130,969)	(1,561,591)	(14,072,223)	
191	378	**Meas. and Reg. Station Equip. - General**						
192		Customer	-	-	-	-	-	
193		Demand	(4,113,394)	(2,360,550)	(920,857)	(81,979)	(750,008)	DEM
194		Commodity	-	-	-	-	-	
195		Total Meas. and Reg. Station Equip. - General	(4,113,394)	(2,360,550)	(920,857)	(81,979)	(750,008)	
196	379	**Meas. and Reg. Station Equip. - City Gate**						
197		Customer	-	-	-	-	-	
198		Demand	(945,364)	(542,515)	(211,637)	(18,841)	(172,371)	DEM
199		Commodity	-	-	-	-	-	
200		Total Meas. and Reg. Station Equip. - City Gate	(945,364)	(542,515)	(211,637)	(18,841)	(172,371)	
201	380	**Services**						
202		Customer	(144,226,274)	(125,986,159)	(17,738,248)	(144,125)	(357,743)	SERCUS
203		Demand	-	-	-	-	-	
204		Commodity	-	-	-	-	-	
205		Total Services	(144,226,274)	(125,986,159)	(17,738,248)	(144,125)	(357,743)	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
206		**Depreciation and Amort. Reserve (Continued)**						
207	381	**Meters**						
208		Customer	(3,772,219)	(1,913,451)	(1,742,533)	(14,196)	(102,040)	METCUS
209		Demand	-	-	-	-	-	
210		Commodity	-	-	-	-	-	
211		Total Meters	(3,772,219)	(1,913,451)	(1,742,533)	(14,196)	(102,040)	
212	382	**Meter Installations**						
213		Customer	(19,267,938)	(13,656,273)	(3,845,476)	(400,689)	(1,365,500)	METINCUS
214		Demand	-	-	-	-	-	
215		Commodity	-	-	-	-	-	
216		Total Meter Installations	(19,267,938)	(13,656,273)	(3,845,476)	(400,689)	(1,365,500)	
217	383	**House Regulators**						
218		Customer	(2,823,311)	(1,927,372)	(742,351)	(34,707)	(118,881)	REGCUS
219		Demand	-	-	-	-	-	
220		Commodity	-	-	-	-	-	
221		Total House Regulators	(2,823,311)	(1,927,372)	(742,351)	(34,707)	(118,881)	
222	385	**Electronic Gas Measuring**						
223		Customer	(132,551)	-	-	-	(132,551)	LVCUS
224		Demand	-	-	-	-	-	
225		Commodity	-	-	-	-	-	
226		Total Electronic Gas Measuring	(132,551)	-	-	-	(132,551)	
227	386	**Other Property-Customer Premises**						
228		Customer	-	-	-	-	-	
229		Demand	-	-	-	-	-	
230		Commodity	-	-	-	-	-	
231		Total Other Property - Customer Premises	-	-	-	-	-	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
232		**Depreciation and Amort. Reserve (Continued)**						
233	387	**Other Equipment**						
234		Customer	-	-	-	-	-	
235		Demand	-	-	-	-	-	
236		Commodity	-	-	-	-	-	
237		Total Other Equipment	-	-	-	-	-	
238	389	**Land and Land Rights**						
239		Customer	-	-	-	-	-	
240		Demand	-	-	-	-	-	
241		Commodity	-	-	-	-	-	
242		Total Land and Land Rights	-	-	-	-	-	
243	390	**Structures & Improvements**						
244		Customer	(792,526)	(655,726)	(122,702)	(3,076)	(11,023)	DISPLTCUS
245		Demand	(343,736)	(197,260)	(76,952)	(6,851)	(62,675)	DEM
246		Commodity	-	-	-	-	-	
247		Total Structures & Improvements	(1,136,262)	(852,985)	(199,653)	(9,926)	(73,697)	
248	391	**Office Furniture & Equipment**						
249		Customer	(1,579,447)	(1,306,814)	(244,536)	(6,130)	(21,967)	DISPLTCUS
250		Demand	(685,042)	(393,124)	(153,359)	(13,653)	(124,906)	DEM
251		Commodity	-	-	-	-	-	
252		Total Office Furniture & Equipment	(2,264,489)	(1,699,938)	(397,895)	(19,783)	(146,873)	
253	392	**Transportation Equipment**						
254		Customer	(4,810,491)	(3,980,137)	(744,779)	(18,670)	(66,905)	DISPLTCUS
255		Demand	(2,086,419)	(1,197,332)	(467,082)	(41,582)	(380,423)	DEM
256		Commodity	-	-	-	-	-	
257		Total Transportation Equipment	(6,896,910)	(5,177,469)	(1,211,861)	(60,252)	(447,328)	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
258		**Depreciation and Amort. Reserve (Continued)**						
259	393	**Stores Equipment**						
260		Customer	(98,596)	(81,577)	(15,265)	(383)	(1,371)	DISPLTCUS
261		Demand	(42,763)	(24,541)	(9,573)	(852)	(7,797)	DEM
262		Commodity	-	-	-	-	-	
263		Total Stores Equipment	(141,360)	(106,118)	(24,838)	(1,235)	(9,168)	
264	394	**Tools**						
265		Customer	(694,845)	(574,906)	(107,579)	(2,697)	(9,664)	DISPLTCUS
266		Demand	(301,370)	(172,947)	(67,467)	(6,006)	(54,950)	DEM
267		Commodity	-	-	-	-	-	
268		Total Tools	(996,215)	(747,853)	(175,046)	(8,703)	(64,614)	
269	395	**Laboratory Equipment**						
270		Customer	-	-	-	-	-	
271		Demand	-	-	-	-	-	
272		Commodity	-	-	-	-	-	
273		Total Laboratory Equipment	-	-	-	-	-	
274	396	**Power Operated Equipment**						
275		Customer	(209,360)	(173,221)	(32,414)	(813)	(2,912)	DISPLTCUS
276		Demand	(90,804)	(52,110)	(20,328)	(1,810)	(16,557)	DEM
277		Commodity	-	-	-	-	-	
278		Total Power Operated Equipment	(300,164)	(225,331)	(52,742)	(2,622)	(19,468)	
279	397.1	**Communication Equipment - AMR**						
280		Customer	(17,276,537)	(15,135,240)	(2,130,969)	(10,328)	-	NONLVCUS
281		Demand	-	-	-	-	-	
282		Commodity	-	-	-	-	-	
283		Total Communication Equipment - AMR	(17,276,537)	(15,135,240)	(2,130,969)	(10,328)	-	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
284		**Depreciation and Amort. Reserve (Continued)**						
285	397.0	**Communication Equipment**						
286		Customer	767,112	634,698	118,767	2,977	10,669	DISPLTCUS
287		Demand	332,714	190,934	74,484	6,631	60,665	DEM
288		Commodity	-	-	-	-	-	
289		Total Communication Equipment	1,099,825	825,632	193,251	9,608	71,334	
290	398	**Miscellaneous General Plant**						
291		Customer	(225,773)	(186,801)	(34,955)	(876)	(3,140)	DISPLTCUS
292		Demand	(97,923)	(56,195)	(21,922)	(1,952)	(17,855)	DEM
293		Commodity	-	-	-	-	-	
294		Total Miscellaneous General Plant	(323,695)	(242,996)	(56,877)	(2,828)	(20,995)	
295		**Corporate**						
296		Customer	(319,676)	(264,496)	(49,493)	(1,241)	(4,446)	DISPLTCUS
297		Demand	(56,261)	(32,286)	(12,595)	(1,121)	(10,258)	DEM
298		Commodity	-	-	-	-	-	
299		Total Corporate	(375,937)	(296,782)	(62,088)	(2,362)	(14,704)	
300		**Retirement Work in Progress Not Classified**						
301		Customer	72,911	60,325	11,288	283	1,014	DISPLTCUS
302		Demand	29,762	17,079	6,663	593	5,427	DEM
303		Commodity	-	-	-	-	-	
304		Total Retirement Work in Progress Not Classified	102,672	77,404	17,951	876	6,441	
305		**Total Depreciation and Amortization Reserve**						
306		Customer	(263,660,393)	(224,000,840)	(36,426,999)	(737,078)	(2,495,476)	
307		Demand	(88,105,516)	(50,561,047)	(19,723,995)	(1,755,916)	(16,064,558)	
308		Commodity	-	-	-	-	-	
309		Total Depreciation and Amortization Reserve	(351,765,909)	(274,561,887)	(56,150,994)	(2,492,994)	(18,560,034)	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
310		**Net Plant in Service**						
311		Customer	413,678,006	339,574,002	66,382,740	1,677,421	6,043,843	
312		Demand	180,313,203	103,476,203	40,366,335	3,593,587	32,877,078	
313		Commodity	-	-	-	-	-	
314		**Net Plant in Service**	593,991,209	443,050,205	106,749,075	5,271,007	38,920,921	
315		**Other Rate Base Items**						
316		**Customer Deposits**						
317		Customer	(4,559,511)	(783,188)	(3,625,119)	(140,616)	(10,588)	DEPCUS
318		Demand	-	-	-	-	-	
319		Commodity	-	-	-	-	-	
320		Total Customer Deposits	(4,559,511)	(783,188)	(3,625,119)	(140,616)	(10,588)	
321		**Customer Advances**						
322		Customer	(8,905,957)	(7,787,658)	(1,096,465)	(6,951)	(14,882)	MNSVCCUS
323		Demand	(4,487,945)	(2,575,494)	(1,004,707)	(89,443)	(818,301)	DEM
324		Commodity	-	-	-	-	-	
325		Total Customer Advances	(13,393,902)	(10,363,152)	(2,101,172)	(96,395)	(833,184)	
326		**Accumulated Deferred Income Taxes -SLRP**						
327		Customer	(987,129)	(862,619)	(121,453)	(906)	(2,151)	SLRPCUS
328		Demand	(291,638)	(167,362)	(65,288)	(5,812)	(53,175)	DEM
329		Commodity	-	-	-	-	-	
330		Total Accumulated Deferred Income Taxes - SLRP	(1,278,767)	(1,029,982)	(186,741)	(6,718)	(55,326)	
331		**Accumulated Deferred Income Taxes - Other**						
332		Customer	(64,804,383)	(53,920,050)	(9,836,327)	(231,007)	(817,000)	TPLTCUS
333		Demand	(25,680,974)	(14,737,521)	(5,749,145)	(511,814)	(4,682,493)	DEM
334		Commodity	-	-	-	-	-	
335		Total Accumulated Deferred Income Taxes	(90,485,357)	(68,657,571)	(15,585,472)	(742,821)	(5,499,493)	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
336		**Other Rate Base Items (Continued)**						
337		**Net Cost of Removal**						
338		Customer	395,811	329,332	60,078	1,411	4,990	TPLTCUS
339		Demand	156,854	90,014	35,115	3,126	28,600	DEM
340		Commodity	-	-	-	-	-	
341		Total Net Cost of Removal	552,665	419,346	95,193	4,537	33,590	
342		**Gas Inventory**						
343		Customer	-	-	-	-	-	
344		Demand	91,535,864	56,829,118	21,480,550	1,861,094	11,365,103	GASINVDEM
345		Commodity	-	-	-	-	-	
346		Total Gas Inventory	91,535,864	56,829,118	21,480,550	1,861,094	11,365,103	
347		**Materials and Supplies**						
348		Customer	1,575,374	1,310,779	239,118	5,616	19,861	TPLTCUS
349		Demand	624,296	358,264	139,760	12,442	113,830	DEM
350		Commodity	-	-	-	-	-	COM
351		Total Materials and Supplies	2,199,670	1,669,044	378,878	18,058	133,691	
352		**Prepayments**						
353		Customer	5,071,195	4,144,517	785,471	35,055	106,153	OPEXPCUS
354		Demand	1,207,862	693,155	270,402	24,072	220,233	DEM
355		Commodity	8,765	4,068	1,684	160	2,853	COM
356		Total Prepayments	6,287,823	4,841,740	1,057,557	59,286	329,239	
357		**Cash Working Capital**						
358		Customer	16,214,962	13,251,943	2,511,515	112,086	339,419	OPEXPCUS
359		Demand	3,862,096	2,216,338	864,599	76,970	704,188	DEM
360		Commodity	28,027	13,008	5,385	510	9,123	COM
361		Total Cash Working Capital	20,105,085	15,481,289	3,381,499	189,566	1,052,731	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Rate Base

Line	Acct.	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(c)	(c)	(d)	(e)	(f)	(l)
362								
363		**Total Rate Base**						
364		Customer	357,678,369	295,257,058	55,299,559	1,452,107	5,669,645	
365		Demand	247,239,618	146,182,715	56,337,619	4,964,222	39,755,062	
366		Commodity	36,792	17,077	7,069	670	11,976	
367		Total Rate Base	$604,954,779	$441,456,850	$111,644,247	$6,416,999	$45,436,684	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
1		**Distribution Operations Expenses**						
2	870	**Supervision and Engineering**						
3		Customer	603,081	415,513	153,965	7,184	26,419	871-879CUS
4		Demand	95,701	54,920	21,424	1,907	17,450	DEM
5		Commodity	1,488	691	286	27	484	COM
6		Total Supervision & Engineering	700,270	471,123	175,675	9,119	44,353	
7	871	**Distribution Load Dispatch**						
8		Customer	-	-	-	-	-	
9		Demand	-	-	-	-	-	
10		Commodity	28,778	13,357	5,530	524	9,368	COM
11		Total Distribution Load Dispatch	28,778	13,357	5,530	524	9,368	
12	872	**Compressor Station Labor and Expense**						
13		Customer	-	-	-	-	-	
14		Demand	-	-	-	-	-	
15		Commodity	-	-	-	-	-	
16		Total Compressor Station Labor and Expense	-	-	-	-	-	
17	874	**Mains and Services**						
18		Customer	2,077,829	1,816,921	255,814	1,622	3,472	MNSVCCUS
19		Demand	1,047,073	600,883	234,406	20,868	190,916	DEM
20		Commodity	-	-	-	-	-	
21		Total Mains and Services	3,124,902	2,417,804	490,220	22,490	194,388	
22	875	**Distribution Regulating Station Expense (w/o Odorant)**						
23		Customer	-	-	-	-	-	
24		Demand	795,797	456,683	178,153	15,860	145,100	DEM
25		Commodity	-	-	-	-	-	
26		Total Distr. Reg. Station Expense (w/o Odorant)	795,797	456,683	178,153	15,860	145,100	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
27		**Distribution Operations Exp. (Continued)**						
28	876	**Meas. & Reg. Station Exp. - Industrial**						
29		Customer	(2,934)	-	-	(1,102)	(1,832)	LGLVCUS
30		Demand	-	-	-	-	-	
31		Commodity	-	-	-	-	-	
32		Total Meas. & Reg. Station Expenses - Industrial	(2,934)	-	-	(1,102)	(1,832)	
33	877	**Meas. & Reg. Station Equip. - City Gate**						
34		Customer	-	-	-	-	-	
35		Demand	8,286	4,755	1,855	165	1,511	DEM
36		Commodity	-	-	-	-	-	
37		Total Meas. & Reg. Station Equip. - City Gate	8,286	4,755	1,855	165	1,511	
38	878	**Meter & House Regulator Expense**						
39		Customer	6,422,302	3,974,857	2,090,017	72,564	284,863	METREGCUS
40		Demand	-	-	-	-	-	
41		Commodity	-	-	-	-	-	
42		Total Meter & House Regulator Expense	6,422,302	3,974,857	2,090,017	72,564	284,863	
43	879	**Customer Installation Expense**						
44		Customer	3,168,252	2,245,519	632,317	65,886	224,531	METINSCUS
45		Demand	-	-	-	-	-	
46		Commodity	-	-	-	-	-	
47		Total Customer Installation Expense	3,168,252	2,245,519	632,317	65,886	224,531	
48	880	**Other Expenses (without Odorant)**						
49		Customer	6,700	4,616	1,711	80	294	871-879CUS
50		Demand	1,063	610	238	21	194	DEM
51		Commodity	17	8	3	0	5	COM
52		Total Other Expenses (w/o Odorant)	7,780	5,234	1,952	101	493	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
53		**Distribution Operations Exp. (Continued)**						
54	881	**Rents (without Odorant)**						
55		Customer	156,128	107,569	39,859	1,860	6,840	871-879CUS
56		Demand	24,775	14,218	5,546	494	4,517	DEM
57		Commodity	385	179	74	7	125	COM
58		Total Rents (without Odorant)	181,288	121,966	45,479	2,361	11,482	
59		**Total Distribution Operations Expenses**						
60		Customer	12,431,359	8,564,996	3,173,682	148,094	544,587	
61		Demand	1,972,695	1,132,069	441,623	39,315	359,688	
62		Commodity	30,668	14,234	5,893	558	9,983	
63		Total Distribution Operations Expenses	14,434,722	9,711,300	3,621,197	187,968	914,257	
64		**Distribution Maintenance Expenses**						
65	885	**Maintenance Super. and Engineering**						
66		Customer	559,743	456,784	72,887	10,918	19,153	887-893CUS
67		Demand	708,241	406,438	158,552	14,115	129,136	DEM
68		Commodity	8,603	3,993	1,653	157	2,800	COM
69		Total Maintenance Super. and Engineering	1,276,587	867,215	233,092	25,190	151,089	
70	886	**Maintenance Struct. and Improvements**						
71		Customer	49,446	40,351	6,439	964	1,692	887-893CUS
72		Demand	62,564	35,904	14,006	1,247	11,408	DEM
73		Commodity	760	353	146	14	247	COM
74		Total Maintenance Structures and Improvements	112,770	76,608	20,591	2,225	13,347	
75	887	**Mains**						
76		Customer	3,696,144	3,234,820	455,447	2,207	3,669	CUS
77		Demand	5,925,909	3,400,697	1,326,621	118,102	1,080,490	DEM
78		Commodity	-	-	-	-	-	
79		Total Mains	9,622,053	6,635,517	1,782,068	120,309	1,084,159	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
80		**Distrib. Maintenance Exp. (Continued)**						
81	889	**Meas. & Reg. Sta. Eq.-Gen. (w/o Odorant)**						
82		Customer	-	-	-	-	-	
83		Demand	656,934	376,995	147,067	13,093	119,781	DEM
84		Commodity	-	-	-	-	-	
85		Total Meas. & Reg. Sta. Eq. - Gen. (w/o Odorant)	656,934	376,995	147,067	13,093	119,781	
86		**Odorant Expense**						
87		Customer	-	-	-	-	-	
88		Demand	-	-	-	-	-	
89		Commodity	80,280	37,262	15,425	1,461	26,132	COM
90		Total Odorization Expense	80,280	37,262	15,425	1,461	26,132	
91	890	**Measuring & Reg. Sta. Equip. - Industrial**						
92		Customer	252,791	-	-	94,949	157,842	LGLVCUS
93		Demand	-	-	-	-	-	
94		Commodity	-	-	-	-	-	
95		Total Measuring & Reg. Sta. Equip. - Industrial	252,791	-	-	94,949	157,842	
96	891	**Meas. & Reg. Station Equip.- City Gate**						
97		Customer	-	-	-	-	-	
98		Demand	26,333	15,111	5,895	525	4,801	DEM
99		Commodity	-	-	-	-	-	
100		Total Meas. & Reg. Station Equip. - City Gate	26,333	15,111	5,895	525	4,801	
101	892	**Services**						
102		Customer	938,710	819,992	115,451	938	2,328	SERCUS
103		Demand	-	-	-	-	-	
104		Commodity	-	-	-	-	-	
105		Total Services	938,710	819,992	115,451	938	2,328	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
106		**Distr. Maintenance Exp. (Continued)**						
107	893	**Meters & House Regulators**						
108		Customer	335,773	207,815	109,271	3,794	14,893	METREGCUS
109		Demand	-	-	-	-	-	
110		Commodity	-	-	-	-	-	
111		Total Meters & House Regulators	335,773	207,815	109,271	3,794	14,893	
112	894	**Other Equipment**						
113		Customer	75,977	62,863	11,763	295	1,057	DISPLTCUS
114		Demand	96,134	55,168	21,521	1,916	17,528	DEM
115		Commodity	1,168	542	224	21	380	COM
116		Total Other Equipment	173,279	118,573	33,509	2,232	18,965	
117		**Total Distribution Maintenance Exp.**						
118		Customer	5,908,583	4,822,625	771,258	114,066	200,635	
119		Demand	7,476,116	4,290,313	1,673,662	148,997	1,363,144	
120		Commodity	90,811	42,150	17,448	1,653	29,560	
121		Total Distribution Maintenance Expenses	13,475,509	9,155,087	2,462,369	264,715	1,593,338	
122		**Total Operations & Maintenance Exp.**						
123		Customer	18,339,942	13,387,621	3,944,940	262,160	745,221	
124		Demand	9,448,811	5,422,382	2,115,285	188,312	1,722,832	
125		Commodity	121,479	56,384	23,341	2,211	39,543	
126		Total Operations & Maintenance Expenses	27,910,231	18,866,387	6,083,566	452,683	2,507,596	
127		**Customer Accounts Expense**						
128	901	**Supervision**						
129		Customer	257,607	229,096	27,999	237	276	902-904CUS
130		Demand	-	-	-	-	-	
131		Commodity	-	-	-	-	-	
132		Total Supervision	257,607	229,096	27,999	237	276	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
133		**Customer Accounts Exp. (Continued)**						
134	902	**Meter Reading Expenses**						
135		Customer	971,886	850,583	119,758	580	965	CUS
136		Demand	-	-	-	-	-	
137		Commodity	-	-	-	-	-	
138		Total Meter Reading Expenses	971,886	850,583	119,758	580	965	
139	903	**Customer Accounts and Collections**						
140		Customer	13,128,223	11,424,139	1,662,306	17,538	24,241	903CUS
141		Demand	-	-	-	-	-	
142		Commodity	-	-	-	-	-	
143		Total Customer Accounting	13,128,223	11,424,139	1,662,306	17,538	24,241	
144	904	**Uncollectible Accounts**						
145		Customer	9,435,379	8,655,889	775,998	3,491	-	904CUS
146		Demand	-	-	-	-	-	
147		Commodity	-	-	-	-	-	
148		Total Bad Debt Expense	9,435,379	8,655,889	775,998	3,491	-	
149	905	**Miscellaneous Customer Accounts**						
150		Customer	(14,289)	(12,708)	(1,553)	(13)	(15)	902-904CUS
151		Demand	-	-	-	-	-	
152		Commodity	-	-	-	-	-	
153		Total Other Customer Accounts Exp.	(14,289)	(12,708)	(1,553)	(13)	(15)	
154		**Total Customer Accounts Expenses**						
155		Customer	23,778,807	21,146,999	2,584,509	21,833	25,466	
156		Demand	-	-	-	-	-	
157		Commodity	-	-	-	-	-	
158		Total Customer Accounts Expenses	23,778,807	21,146,999	2,584,509	21,833	25,466	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
159		**Customer Service Expenses**						
160	907	**Supervision**						
161		Customer	-	-	-	-	-	
162		Demand	-	-	-	-	-	
163		Commodity	-	-	-	-	-	
164		Total Customer Service Exp,.	-	-	-	-	-	
165	908	**Customer Assistance**						
166		Customer	1,108,662	970,288	136,612	662	1,101	CUS
167		Demand	-	-	-	-	-	
168		Commodity	-	-	-	-	-	
169		Total Advertising Expenses	1,108,662	970,288	136,612	662	1,101	
170	909	**Informational and Instruc. Advertising**						
171		Customer	78,181	68,423	9,634	47	78	CUS
172		Demand	-	-	-	-	-	
173		Commodity	-	-	-	-	-	
174		Total Informational and Instructional Advertising	78,181	68,423	9,634	47	78	
175	910	**Miscellaneous Customer Service Exp.**						
176		Customer	-	-	-	-	-	
177		Demand	-	-	-	-	-	
178		Commodity	-	-	-	-	-	
179		Total Miscellaneous Customer Service Expense	-	-	-	-	-	
180		**Total Customer Service Expenses**						
181		Customer	1,186,843	1,038,711	146,245	709	1,178	
182		Demand	-	-	-	-	-	
183		Commodity	-	-	-	-	-	
184		Total Customer Service Expenses	1,186,843	1,038,711	146,245	709	1,178	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
185		**Sales and Advertising Expenses**						
186	911	**Supervision**						
187		Customer	-	-	-	-	-	
188		Demand	-	-	-	-	-	
189		Commodity	-	-	-	-	-	
190		Total Supervision	-	-	-	-	-	
191	912	**Demonstrating and Selling**						
192		Customer	1,026,962	308,088	205,392	102,696	410,785	912CUS
193		Demand	-	-	-	-	-	
194		Commodity	-	-	-	-	-	
195		Total Demonstrating and Selling	1,026,962	308,088	205,392	102,696	410,785	
196	913	**Advertising Expense**						
197		Customer	4,813	4,212	593	3	5	CUS
198		Demand	-	-	-	-	-	
199		Commodity	-	-	-	-	-	
200		Total Advertising Expense	4,813	4,212	593	3	5	
201	915	**Miscellaneous Sales**						
202		Customer	1,646	498	329	164	655	912-913CUS
203		Demand	-	-	-	-	-	
204		Commodity	-	-	-	-	-	
205		Total Miscellaneous Sales	1,646	498	329	164	655	
206		**Total Sales And Advertising**						
207		Customer	1,033,421	312,799	206,314	102,863	411,445	
208		Demand	-	-	-	-	-	
209		Commodity	-	-	-	-	-	
210		Total Sales And Advertising	1,033,421	312,799	206,314	102,863	411,445	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
211		**Administrative and General Expenses**						
212	920	**Administrative and General Salaries**						
213		Customer	5,694,549	4,659,688	872,767	39,213	122,881	NONAGEXPCUS
214		Demand	1,381,760	792,950	309,332	27,538	251,941	DEM
215		Commodity	10,214	4,741	1,962	186	3,325	COM
216		Total Administrative and General Salaries	7,086,523	5,457,378	1,184,061	66,937	378,147	
217	921	**Office Supplies and Equipment**						
218		Customer	9,385,804	7,680,137	1,438,502	64,631	202,534	NONAGEXPCUS
219		Demand	2,277,428	1,306,946	509,843	45,388	415,251	DEM
220		Commodity	16,834	7,813	3,234	306	5,480	COM
221		Total Office Supplies and Equipment	11,680,066	8,994,897	1,951,580	110,325	623,264	
222	922	**Administrative Expenses Transferred**						
223		Customer	(422,106)	(345,398)	(64,694)	(2,907)	(9,109)	NONAGEXPCUS
224		Demand	(102,422)	(58,777)	(22,929)	(2,041)	(18,675)	DEM
225		Commodity	(757)	(351)	(145)	(14)	(246)	COM
226		Total Administrative Expenses Transferred	(525,286)	(404,526)	(87,768)	(4,962)	(28,030)	
227	923	**Outside Services Employed**						
228		Customer	2,588,275	2,117,912	396,688	17,823	55,852	NONAGEXPCUS
229		Demand	628,035	360,410	140,597	12,517	114,512	DEM
230		Commodity	4,642	2,155	892	84	1,511	COM
231		Outside Services Employed	3,220,952	2,480,476	538,177	30,424	171,874	
232	924	**Property Insurance**						
233		Customer	17,403	14,480	2,642	62	219	TOTPLTCUS
234		Demand	6,897	3,958	1,544	137	1,257	DEM
235		Commodity	-	-	-	-	-	
236		Total Property Insurance	24,300	18,438	4,186	199	1,477	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

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	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
237		**Admin. & General Exp. (Continued)**						
238	925	**Injuries and Damages**						
239		Customer	2,258,489	1,848,058	346,144	15,552	48,735	NONAGEXPCUS
240		Demand	548,014	314,488	122,683	10,922	99,921	DEM
241		Commodity	4,051	1,880	778	74	1,319	COM
242		Total Injuries and Damages	2,810,553	2,164,426	469,605	26,547	149,975	
243	926	**Employee Pensions and Benefits**						
244		Customer	17,850,292	14,606,387	2,735,800	122,917	385,187	NONAGEXPCUS
245		Demand	4,331,303	2,485,602	969,640	86,322	789,740	DEM
246		Commodity	32,016	14,860	6,151	583	10,421	COM
247		Total Employee Pensions and Benefits	22,213,611	17,106,849	3,711,591	209,821	1,185,349	
248	927	**Franchise Requirements**						
249		Customer	-	-	-	-	-	
250		Demand	-	-	-	-	-	
251		Commodity	-	-	-	-	-	
252		Total Franchise Requirements	-	-	-	-	-	
253	928	**Regulatory Commission Expense**						
254		Customer	2,086,143	1,444,427	542,486	46,961	52,270	TOTREVCUS
255		Demand	-	-	-	-	-	
256		Commodity	-	-	-	-	-	
257		Total Regulatory Commission Expense	2,086,143	1,444,427	542,486	46,961	52,270	
258	930	**Miscellaneous General Expense**						
259		Customer	1,734,361	1,419,178	265,814	11,943	37,425	NONAGEXPCUS
260		Demand	420,836	241,505	94,212	8,387	76,732	DEM
261		Commodity	3,111	1,444	598	57	1,013	COM
262		Total Miscellaneous General Expense	2,158,307	1,662,127	360,624	20,387	115,170	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
263		**Admin. & General Exp. (Continued)**						
264	931	**Rents**						
265		Customer	530,217	438,695	82,090	2,058	7,374	DISPLTCUS
266		Demand	229,967	131,971	51,482	4,583	41,931	DEM
267		Commodity	-	-	-	-	-	
268		Total Rents	760,184	570,666	133,572	6,641	49,305	
269	932	**Maintenance of General Plant**						
270		Customer	1,391,105	1,191,215	189,355	2,685	7,851	GENPLTCUS
271		Demand	244,825	140,497	54,808	4,879	44,640	DEM
272		Commodity	-	-	-	-	-	
273		Total Maintenance of General Plant	1,635,930	1,331,712	244,163	7,564	52,490	
274		**Total Administrative & General Expenses**						
275		Customer	43,114,532	35,074,779	6,807,595	320,937	911,221	
276		Demand	9,966,641	5,719,549	2,231,211	198,632	1,817,249	
277		Commodity	70,110	32,541	13,471	1,276	22,821	
278		Total Administrative & General Expenses	53,151,283	40,826,869	9,052,277	520,845	2,751,292	
279		**Depreciation and Amortization Expense**						
280	301	**Organization**						
281		Customer	-	-	-	-	-	
282		Demand	-	-	-	-	-	
283		Commodity	-	-	-	-	-	
284		Total Organization	-	-	-	-	-	
285	302	**Franchises and Consents**						
286		Customer	-	-	-	-	-	
287		Demand	-	-	-	-	-	
288		Commodity	-	-	-	-	-	
289		Total Franchises and Consents	-	-	-	-	-	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
290		**Depr. and Amort. Exp. (Continued)**						
291	303	**Miscellaneous Intangible**						
292		Customer	-	-	-	-	-	
293		Demand	-	-	-	-	-	
294		Commodity	-	-	-	-	-	
295		Total Miscellaneous Intangible	-	-	-	-	-	
296	374	**Land and Land Rights**						
297		Customer	16,565	14,497	2,041	10	16	376-379CUS
298		Demand	28,341	16,264	6,345	565	5,168	DEM
299		Commodity	-	-	-	-	-	
300		Total Land and Land Rights	44,906	30,761	8,386	575	5,184	
301	375	**Structures**						
302		Customer	47,297	41,394	5,828	28	47	376-379CUS
303		Demand	80,921	46,438	18,116	1,613	14,755	DEM
304		Commodity	-	-	-	-	-	
305		Total Structures	128,218	87,832	23,944	1,641	14,802	
306	376	**Mains**						
307		Customer	3,453,628	3,022,573	425,564	2,063	3,429	CUS
308		Demand	5,537,093	3,177,567	1,239,577	110,353	1,009,596	DEM
309		Commodity	-	-	-	-	-	
310		Total Mains	8,990,721	6,200,141	1,665,141	112,415	1,013,024	
311	378	**Meas. & Reg. Station Equip.- General**						
312		Customer	-	-	-	-	-	
313		Demand	350,583	201,189	78,484	6,987	63,923	DEM
314		Commodity	-	-	-	-	-	
315		Total Meas. & Reg. Station Equip. - General	350,583	201,189	78,484	6,987	63,923	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
316		**Depr. and Amort. Exp. (Continued)**						
317	379	**Meas. & Reg. Station Equip.- City Gate**						
318		Customer	-	-	-	-	-	
319		Demand	70,262	40,321	15,729	1,400	12,811	DEM
320		Commodity	-	-	-	-	-	
321		Total Meas. & Reg. Station Equip. - City Gate	70,262	40,321	15,729	1,400	12,811	
322	380	**Services**						
323		Customer	10,655,167	9,307,621	1,310,469	10,648	26,429	SERCUS
324		Demand	-	-	-	-	-	
325		Commodity	-	-	-	-	-	
326		Total Services	10,655,167	9,307,621	1,310,469	10,648	26,429	
327	381	**Meters**						
328		Customer	940,837	477,238	434,609	3,541	25,450	METCUS
329		Demand	-	-	-	-	-	
330		Commodity	-	-	-	-	-	
331		Total Meters	940,837	477,238	434,609	3,541	25,450	
332	382	**Meter Installations**						
333		Customer	2,190,649	1,552,636	437,208	45,556	155,249	METINCUS
334		Demand	-	-	-	-	-	
335		Commodity	-	-	-	-	-	
336		Total Meter Installations	2,190,649	1,552,636	437,208	45,556	155,249	
337	383	**House Regulators**						
338		Customer	307,386	209,841	80,823	3,779	12,943	REGCUS
339		Demand	-	-	-	-	-	
340		Commodity	-	-	-	-	-	
341		House Regulators	307,386	209,841	80,823	3,779	12,943	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

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	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
342		**Depr. and Amort. Exp. (Continued)**						
343	385	**Electronic Gas Measuring**						
344		Customer	12,652	-	-	-	12,652	LVCUS
345		Demand	-	-	-	-	-	
346		Commodity	-	-	-	-	-	
347		Total Electronic Gas Measuring	12,652	-	-	-	12,652	
348	386	**Other Property - Customer Premises**						
349		Customer	-	-	-	-	-	
350		Demand	-	-	-	-	-	
351		Commodity	-	-	-	-	-	
352		Total Other Property - Customer Premises	-	-	-	-	-	
353	387	**Other Equipment**						
354		Customer	-	-	-	-	-	
355		Demand	-	-	-	-	-	
356		Commodity	-	-	-	-	-	
357		Total Other Equipment	-	-	-	-	-	
358	390	**Structures & Improvements**						
359		Customer	110,196	91,174	17,061	428	1,533	DISPLTCUS
360		Demand	47,794	27,428	10,700	953	8,714	DEM
361		Commodity	-	-	-	-	-	
362		Total Structures & Improvements	157,990	118,602	27,761	1,380	10,247	
363	391	**Office Furniture & Equipment**						
364		Customer	529,722	438,285	82,014	2,056	7,367	DISPLTCUS
365		Demand	229,752	131,848	51,434	4,579	41,891	DEM
366		Commodity	-	-	-	-	-	
367		Total Office Furniture & Equipment	759,474	570,133	133,448	6,635	49,259	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

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	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
368		**Depr. and Amort. Exp. (Continued)**						
369	392	**Transportation Equipment**						
370		Customer	-	-	-	-	-	
371		Demand	-	-	-	-	-	
372		Commodity	-	-	-	-	-	
373		Total Transportation Equipment	-	-	-	-	-	
374	393	**Stores Equipment**						
375		Customer	12,367	10,232	1,915	48	172	DISPLTCUS
376		Demand	5,364	3,078	1,201	107	978	DEM
377		Commodity	-	-	-	-	-	
378		Total Stores Equipment	17,731	13,311	3,116	155	1,150	
379	394	**Tools**						
380		Customer	197,961	163,790	30,649	768	2,753	DISPLTCUS
381		Demand	85,860	49,272	19,221	1,711	15,655	DEM
382		Commodity	-	-	-	-	-	
383		Total Tools	283,821	213,063	49,870	2,479	18,408	
384	395	**Laboratory Equipment**						
385		Customer	-	-	-	-	-	
386		Demand	-	-	-	-	-	
387		Commodity	-	-	-	-	-	
388		Total Laboratory Equipment	-	-	-	-	-	
389	396	**Power Operated Equipment**						
390		Customer	-	-	-	-	-	
391		Demand	-	-	-	-	-	
392		Commodity	-	-	-	-	-	
393		Total Power Operated Equipment	-	-	-	-	-	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

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	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
394		**Depr. and Amort. Exp. (Continued)**						
395	397.1	**Communication Equipment -AMR**						
396		Customer	1,913,901	1,676,687	236,070	1,144	-	NONLVCUS
397		Demand	-	-	-	-	-	
398		Commodity	-	-	-	-	-	
399		Total Communication Equipment -AMR	1,913,901	1,676,687	236,070	1,144	-	
400	397.0	**Communication Equipment**						
401		Customer	166,257	137,559	25,741	645	2,312	DISPLTCUS
402		Demand	72,109	41,381	16,143	1,437	13,148	DEM
403		Commodity	-	-	-	-	-	
404		Total Communication Equipment	238,366	178,940	41,883	2,082	15,460	
405	398	**Miscellaneous General Plant**						
406		Customer	12,536	10,735	1,706	24	71	GENPLTCUS
407		Demand	5,437	3,120	1,217	108	991	DEM
408		Commodity	-	-	-	-	-	
409		Total Miscellaneous General Plant	17,973	13,855	2,924	133	1,062	
410		**Amortization - SLRP**						
411		Customer	834,603	729,332	102,686	766	1,819	SLRPCUS
412		Demand	246,575	141,502	55,200	4,914	44,959	DEM
413		Commodity	-	-	-	-	-	
414		Total Amortization - SLRP	1,081,178	870,834	157,887	5,680	46,777	
415		**Amortization - Software (Account 303)**						
416		Customer	1,725,798	1,432,846	263,997	6,365	22,590	CUS
417		Demand	119,362	68,498	26,721	2,379	21,764	DEM
418		Commodity	-	-	-	-	-	
419		Amortization - Software	1,845,160	1,501,345	290,718	8,743	44,353	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

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	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
420		**Depr. and Amort. Exp. (Continued)**						
421		**Amortization - Infinity Software**						
422		Customer	142,020	117,913	21,725	524	1,859	NONINTCUS
423		Demand	57,972	33,268	12,978	1,155	10,570	DEM
424		Commodity	-	-	-	-	-	
425		Total Amortization - Infinity Software	199,992	151,181	34,703	1,679	12,429	
426		**Amortization - Net Cost of Removal**						
427		Customer	121,789	101,334	18,486	434	1,535	TOTPLTCUS
428		Demand	48,263	27,697	10,805	962	8,800	DEM
429		Commodity	-	-	-	-	-	
430		Amortization - Net Cost of Removal	170,052	129,030	29,290	1,396	10,335	
431		**Amortization - Cold Weather Rule**						
432		Customer	-	-	-	-	-	
433		Demand	-	-	-	-	-	
434		Commodity	-	-	-	-	-	
435		Amortization - Cold Weather Rule	-	-	-	-	-	
436		**Total Depreciation and Amort. Expense**						
437		Customer	23,391,329	19,535,688	3,498,589	78,826	278,227	
438		Demand	6,985,690	4,008,873	1,563,872	139,223	1,273,723	
439		Commodity	-	-	-	-	-	
440		Total Depreciation and Amortization Expense	30,377,019	23,544,560	5,062,461	218,048	1,551,950	
441		**Taxes Other Than Income**						
442	4081	**Payroll**						
443		Customer	2,169,450	1,771,194	336,406	15,410	46,440	NTOTIEXPCUS
444		Demand	516,722	296,531	115,677	10,298	94,215	DEM
445		Commodity	3,750	1,740	720	68	1,221	COM
446		Total Payroll Taxes	2,689,921	2,069,465	452,804	25,776	141,876	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
447		**Taxes Other Than Income (Continued)**						
448		**Ad Valorem Taxes**						
449		Customer	6,443,337	5,361,135	978,001	22,968	81,232	TPLTCUS
450		Demand	2,553,395	1,465,315	571,623	50,888	465,569	DEM
451		Commodity	-	-	-	-	-	
452		Total Ad Valorem Taxes	8,996,732	6,826,450	1,549,624	73,857	546,801	
453		**Gross Receipts**						
454		Customer	-	-	-	-	-	
455		Demand	-	-	-	-	-	
456		Commodity	-	-	-	-	-	
457		Total Revenue Related Taxes	-	-	-	-	-	
458		**Other**						
459		Customer	241,982	197,561	37,523	1,719	5,180	NTOTIEXPCUS
460		Demand	57,636	33,075	12,903	1,149	10,509	DEM
461		Commodity	418	194	80	8	136	COM
462		Total Other	300,036	230,830	50,506	2,875	15,825	
463		**Total Taxes Other Than Income**						
464		Customer	8,854,769	7,329,890	1,351,931	40,097	132,852	
465		Demand	3,127,752	1,794,921	700,203	62,335	570,293	
466		Commodity	4,168	1,935	801	76	1,357	
467		Total Taxes Other Than Income	11,986,689	9,126,745	2,052,935	102,508	704,501	
468		**Interest on Customer Deposits**						
469		Customer	146,575	33,285	108,754	4,218	318	INTCUS
470		Demand	-	-	-	-	-	
471		Commodity	-	-	-	-	-	
472		Total Interest on Customer Deposits	146,575	33,285	108,754	4,218	318	

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocated Cost of Service

LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
473		**Required Return**						
474		Customer	30,166,594	24,901,980	4,663,965	122,471	478,178	RBCUS
475		Demand	20,852,189	12,329,050	4,751,515	418,682	3,352,942	RBDEM
476		Commodity	3,103	1,440	596	56	1,010	COM
477		Total Required Return	51,021,886	37,232,471	9,416,076	541,210	3,832,130	
478		**Income Taxes**						
479		Customer	12,034,541	9,934,297	1,860,624	48,858	190,762	RBCUS
480		Demand	8,318,689	4,918,502	1,895,550	167,028	1,337,609	RBDEM
481		Commodity	1,238	575	238	23	403	COM
482		Total Income Taxes	20,354,468	14,853,374	3,756,412	215,908	1,528,775	
483		**Total Cost of Service Before**						
484		**Revenue Credits**						
485		Customer	162,047,352	132,696,048	25,173,465	1,002,971	3,174,868	
486		Demand	58,699,773	34,193,277	13,257,636	1,174,212	10,074,648	
487		Commodity	200,097	92,875	38,447	3,642	65,134	
488		Total Cost of Service Before Revenue Credits	220,947,223	166,982,200	38,469,548	2,180,825	13,314,650	

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocation Factors

Line	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service
	(a)	(b)	(c)	(d)	(e)	(f)
1	**Customer Cost Factors**					
2						
3	Total Customers	500,527	438,055	61,676	299	497
4	**Total Customers Factor (CUS)**	**1.00000**	**0.87519**	**0.12322**	**0.00060**	**0.00099**
5						
6	Services Weighting		1.00000	1.00000	1.67646	2.50319
7	Weighted Customers	501,476	438,055	61,676	501	1,244
8	**Weighted Services Factor (SERCUS)**	**1.00000**	**0.87353**	**0.12299**	**0.00100**	**0.00248**
9						
10	Meters Weighting		1.00000	6.46809	10.87234	47.01064
11	Weighted Customers	863,591	438,055	398,926	3,250	23,360
12	**Weighted Meters Factor (METCUS)**	**1.00000**	**0.50725**	**0.46194**	**0.00376**	**0.02705**
13						
14	Meter Installations Weighting		1.00000	2.00000	42.99854	88.14634
15	Weighted Customers	618,061	438,055	123,352	12,853	43,801
16	**Weighted Meter Installation Factor (METINCUS)**	**1.00000**	**0.70876**	**0.19958**	**0.02080**	**0.07087**
17						
18	Regulators Weighting		1.00000	2.73562	26.38956	54.37409
19	Weighted Customers	641,685	438,055	168,722	7,888	27,019
20	**Weighted Regulators Factor (REGCUS)**	**1.00000**	**0.68266**	**0.26294**	**0.01229**	**0.04211**
21						
22	Meters and Regulators Weighting		1.00000	3.73457	26.75348	63.17702
23	Weighted Customers	707,779	438,055	230,333	7,997	31,394
24	**Weighted Meters & Regulator Factor (METREGCUS)**	**1.00000**	**0.61891**	**0.32543**	**0.01130**	**0.04436**
25						
26	Non-Large Volume Service Customers	500,030	438,055	61,676	299	0
27	**Non-Large Volume Customer Factor (NONLVCUS)**	**1.00000**	**0.87606**	**0.12334**	**0.00060**	**0.00000**

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocation Factors

Line	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service
	(a)	(b)	(c)	(d)	(e)	(f)
28	**Customer Cost Factors (Continued)**					
29						
30	Large Volume Service Customers	497	-	-	-	497
31	**Large Volume Customer Factor (LVCUS)**	**1.00000**	**0.00000**	**0.00000**	**0.00000**	**1.00000**
32						
33	Large General Service and Large Volume Service Customers	796	-	-	299	497
34	**Large Gen. Svc. & Large Vol. Svc. Factor (LGLVCUS)**	**1.00000**	**0.00000**	**0.00000**	**0.37560**	**0.62440**
35						
36	Nonintangible Plant Customer Cost	650,312,534	539,923,074	99,478,930	2,398,294	8,512,235
37	**Nonintangible Plant Factor (NONINTCUS)**	**1.00000**	**0.83025**	**0.15297**	**0.00369**	**0.01309**
38						
39	Distribution Plant Customer Costs	585,896,077	484,762,729	90,710,685	2,273,964	8,148,699
40	**Distribution Plant Factor (DISPLTCUS)**	**1.00000**	**0.82739**	**0.15482**	**0.00388**	**0.01391**
41						
42	General Plant Customer Costs	64,416,457	55,160,346	8,768,245	124,330	363,536
43	**General Plant Factor (GENPLTCUS)**	**1.00000**	**0.85631**	**0.13612**	**0.00193**	**0.00564**
44						
45	Total Revenue (margin plus the cost of gas)	630,860,620	436,802,196	164,050,470	14,201,198	15,806,756
46	**Total Revenue Factor (TOTREVCUS)**	**1.00000**	**0.69239**	**0.26004**	**0.02251**	**0.02506**
47						
48	Total Residential Revenue	436,802,196	436,802,196	-	-	-
49	**Total Residential Revenue Factor (RESREVCUS)**	**1.00000**	**1.00000**	**0.00000**	**0.00000**	**0.00000**
50						
51	Mains Customer Cost Factor	**0.54407**	0.47616	0.06704	0.00032	0.00054
52	Services Customer Cost Factor	**0.45593**	0.39827	0.05607	0.00046	0.00113
53	**Mains & Services Factor (MNSVCCUS)**	**1.00000**	**0.87443**	**0.12312**	**0.00078**	**0.00167**

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocation Factors

Line	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service
	(a)	(b)	(c)	(d)	(e)	(f)
54	**Customer Cost Factors (Continued)**					
55						
56	Customer Deposits	4,559,511	783,188	3,625,119	140,616	10,588
57	**Customer Deposit Factor (DEPCUS)**	**1.00000**	**0.17177**	**0.79507**	**0.03084**	**0.00232**
58						
59	Interest on Customer Deposits	146,575	33,285	108,754	4,218	318
60	**Interest on Customer Deposits Factor (INTCUS)**	**1.00000**	**0.22709**	**0.74197**	**0.02878**	**0.00217**
61						
62	Total Plant Customer Costs	677,338,399	563,574,842	102,809,739	2,414,499	8,539,319
63	**Total Plant Factor (TPLTCUS)**	**1.00000**	**0.83204**	**0.15178**	**0.00356**	**0.01261**
64						
65	Net Plant Customer Costs	413,678,006	339,574,002	66,382,740	1,677,421	6,043,843
66	**Net Plant Factor (NETPLTCUS)**	**1.00000**	**0.82087**	**0.16047**	**0.00405**	**0.01461**
67						
68	Account 376-379 Customer Costs	144,503,282	126,467,503	17,806,019	86,298	143,461
69	**Account 376-379 Factor (376-379CUS)**	**1.00000**	**0.87519**	**0.12322**	**0.00060**	**0.00099**
70						
71	Account 871-879 Customer Costs	11,665,449	8,037,298	2,978,148	138,970	511,034
72	**Account 871-879 Factor (871-879CUS)**	**1.00000**	**0.68898**	**0.25530**	**0.01191**	**0.04381**
73						
74	Account 887-893 Customer Costs	5,223,417	4,262,627	680,169	101,888	178,733
75	**Account 887-893 Factor (887-893CUS)**	**1.00000**	**0.81606**	**0.13022**	**0.01951**	**0.03422**
76						
77	Service Orders, Pay Agreements, and Bills	6,469,096	5,629,387	819,122	8,642	11,945
78	**Account 903 Factor (903CUS)**	**1.00000**	**0.87020**	**0.12662**	**0.00134**	**0.00185**
79						
80	Uncollectibles Expense	9,441,955	8,661,922	776,539	3,494	-
81	**Account 904 Factor (904CUS)**	**1.00000**	**0.91739**	**0.08224**	**0.00037**	**0.00000**

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocation Factors

Line	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service
	(a)	(b)	(c)	(d)	(e)	(f)
82	**Customer Cost Factors (Continued)**					
83						
84	Accounts 902-904 Customer Costs	23,535,489	20,930,611	2,558,062	21,610	25,206
85	**Accounts 902-904 Factor (902-904CUS)**	**1.00000**	**0.88932**	**0.10869**	**0.00092**	**0.00107**
86						
87	Account 912 Customer Costs	1,026,962	308,088	205,392	102,696	410,785
88	**Account 912 Factor (912CUS)**	**1.00000**	**0.30000**	**0.20000**	**0.10000**	**0.40000**
89						
90	Accounts 912 and 913 Customer Costs	1,031,775	312,301	205,985	102,699	410,789
91	**Accounts 912 and 913 Factor (912-913CUS)**	**1.00000**	**0.30268**	**0.19964**	**0.09954**	**0.39814**
92						
93	Non-Admin.& Gen. (Non-TOTI) Op. Exp. Customer Costs (1)	67,730,342	55,421,817	10,380,597	466,390	1,461,537
94	**Non-A&G Op. Exp. Cost Factor (NONAGEXPCUS)**	**1.00000**	**0.81827**	**0.15326**	**0.00689**	**0.02158**
95						
96	Operating Expense Customer Costs (1)	119,699,643	97,826,486	18,540,123	827,424	2,505,611
97	**Operating Expense Factor (OPEXP)**	**1.00000**	**0.81727**	**0.15489**	**0.00691**	**0.02093**
98						
99	Operating Expenses (Non-TOTI) Customer Costs (1)	110,844,874	90,496,596	17,188,192	787,327	2,372,759
100	**Non-TOTI Operating Exp. Factor (NTOTIEXPCUS)**	**1.00000**	**0.81643**	**0.15507**	**0.00710**	**0.02141**
101						
102	Customer-Related SLRP Amortization - Mains	169,161	148,048	20,844	101	168
103	Customer-Related SLRP Amortization - Services	665,441	581,283	81,842	665	1,651
104	Total Customer-Related SLRP Amortization	834,602	729,331	102,686	766	1,819
105	**SLRP Factor (SLRPCUS)**	**1.00000**	**0.87387**	**0.12304**	**0.00092**	**0.00218**
106						
107	Rate Base Customer Costs	357,678,369	295,257,058	55,299,559	1,452,107	5,669,645
108	**Rate Base Customer Factor (RBCUS)**	**1.00000**	**0.82548**	**0.15461**	**0.00406**	**0.01585**

Filed Study Corrected

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Allocation Factors

Line	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service
	(a)	(b)	(c)	(d)	(e)	(f)
109						
110	**Demand Cost Factors**					
111						
112	**Peak Demand Factor (DEM)**	**1.00000**	**0.57387**	**0.22387**	**0.01993**	**0.18233**
113						
114	**Gas Inventory Factor (GSINVDEM)**	**1.00000**	**0.62084**	**0.23467**	**0.02033**	**0.12416**
115						
116	Rate Base Demand Costs	247,239,618	146,182,715	56,337,619	4,964,222	39,755,062
117	**Rate Base Factor (RBDEM)**	**1.00000**	**0.59126**	**0.22787**	**0.02008**	**0.16080**
118						
119	**Commodity Cost Factor**					
120						
121	Annual Distribution Volumes (Ccf)	761,512,128	353,453,768	146,317,231	13,861,038	247,880,092
122	**Commodity Factor (COM)**	**1.00000**	**0.46415**	**0.19214**	**0.01820**	**0.32551**

(1) "Operating Expenses," as used in this study, are the sum of the following expense categories: Operations and Maintenance, Customer Accounts, Customer Service, Sales and Advertising, Administrative and General, Depreciation and Amortization, and Taxes Other Than Income. As noted, certain "Operating Expense" factors necessarily exclude Taxes Other Than Income to avoid circularity, and others exclude Administrative and General Expenses.

MISSOURI GAS ENERGY
Class Cost of Service Study
Twelve Months Ended December 31, 2008
Study Summary

Line	Description	Total	Residential	Small General Service	Large General Service	Large Volume Service (1)
	(a)	(b)	(c)	(d)	(e)	(f)
1	Customer Costs	$162,485,455	$133,226,419	$25,081,822	$1,001,443	$3,175,771
2	Demand Costs	60,088,727	35,037,998	13,579,533	1,202,301	10,268,895
3	Commodity Costs	197,355	91,425	37,693	3,516	64,721
4	Cost of Service Before Revenue Credits	222,771,537	168,355,841	38,699,048	2,207,260	13,509,388
5	Revenues Credited to Cost of Service (1)	4,978,432	3,762,366	864,835	49,327	301,904
6	Cost of Service Net of Revenue Credits	217,793,104	164,593,474	37,834,213	2,157,933	13,207,484
7	Revenue at Present Rates	181,928,402	130,161,294	36,797,805	2,135,873	12,833,430
8	Required Revenue Change	35,864,703	34,432,180	1,036,408	22,060	374,054
9	Required Revenue Change - Corrected Study	32,416,997	32,542,562	277,334	(64,483)	(338,416)
10	Difference from Filed Study Corrected	3,447,706	1,889,618	759,074	86,543	712,470
11	Revenue to Cost Ratios					
12	Current Revenue	0.8390	0.7955	0.9732	0.9900	0.9723
13	Revenue after Required Revenue Change	1.0000	1.0000	1.0000	1.0000	1.0000

(1) Test Year Service Charge Revenue, Other Revenue, and Flex Customer Revenue are used offset to each class' cost of service. Allocation of the revenue credit to each class is based on the class' cost of service relative to the total cost of service.