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Issue: Class Cost of Service Study
Witness: F. Jay Cummings
Sponsoring Party: Missouri Gas Energy
Case No.: GR-2009-_____
Date Testimony Prepared: April 2, 2009

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-2009-_____

DIRECT TESTIMONY OF

F. JAY CUMMINGS

Jefferson City, Missouri

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DIRECT TESTIMONY OF F. JAY CUMMINGS

CASE NO. GR-2009-_____

APRIL 2, 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. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am a Senior Economist with Ruhter & Reynolds, Inc., Consulting Economists.

Q. PLEASE SUMMARIZE YOUR EDUCATION AND EXPERIENCE.

A. I have a B.A. degree with a major in economics from Colgate University and a Ph.D. in economics from the University of Virginia. For the past seven years, I have provided regulatory support services to the energy industry, primarily the natural gas sector, as a Senior Economist with Ruhter & Reynolds (September 2005 - present), as an Executive Consultant with R. J. Covington Consulting, LLC (March 2003 - August 2005), and as a Principal with Navigant Consulting, Inc. (October 2001 - February 2003). Prior to joining Navigant Consulting, I was employed by Southern Union Company ("Southern Union"). I joined Southern Union in 1991 as Southern Union Gas' Director of Rates and Regulatory Affairs and became Vice President later that year. When my regulatory responsibilities for Southern Union expanded to include its Missouri properties in 1994, I became Vice President, Pricing and Economic Analysis, a position I held until leaving Southern

Union in 2001. I was responsible for Southern Union's regulatory matters pertaining to its gas distribution properties in all of the states in which it operated.

Prior to joining Southern Union, I was employed by the Arizona Corporation Commission, the state's utility regulatory agency, in the Utilities Division as Chief, Economics and Rates Section (1985); Chief, Economics and Research Section (1985 - 1988); and Assistant Director (1988 - 1991). From 1973 through 1985, I was on the economics faculties of George Mason University (1973 - 1975) and the University of Texas at Dallas (1975 - 1985). My teaching and research focused on applied microeconomic analyses, which resulted in professional journal publications and conference and seminar presentations. I have submitted testimony in regulatory proceedings in Arizona, Arkansas, Massachusetts, Missouri, Oklahoma, Texas, and Washington.

1. PURPOSE AND SUMMARY OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I have been retained by Missouri Gas Energy ("MGE" or "Company") to prepare and support the results of a class cost of service study consistent with the Company's revenue requirement in its general rate case filing with the Missouri Public Service Commission ("Commission").

Q. HAVE YOU PREVIOUSLY PREPARED ANY CLASS COST OF SERVICE STUDIES?

A. Yes. I have prepared a number of class cost of service studies since 1991 on behalf of CenterPoint Energy Arkansas Gas, Missouri Gas Energy, Southern Union Gas Company, and Texas Gas Service Company for various service areas in which these utilities operate.

Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.

A. To meet MGE's revenue requirement and the cost to serve each customer class, a substantial increase in current Residential ("RES") revenue is required, a relatively small Small General Service ("SGS") revenue increase is needed, and relatively small Large General Service ("LGS") and Large Volume Service ("LVS") revenue decreases are indicated. The cost of service study based on MGE's revenue requirement, explained in the remainder of my testimony, is summarized in Schedule FJC-1 as supported by Schedule FJC-2 through Schedule FJC-7.

2. PURPOSE AND STRUCTURE OF A COST OF SERVICE STUDY

Q. WHAT IS A CLASS COST OF SERVICE STUDY?

A. As the term is used in this testimony, a class cost of service study fully allocates a company's revenue requirement to each customer class. The company's operating expenses, depreciation, taxes, and required return that are combined to determine its cost of service, or revenue requirement, are distributed to each customer class based

on cost causation principles. This type of study is frequently termed a fully-allocated cost of service study.

Q. WHY IS A FULLY-ALLOCATED COST OF SERVICE STUDY OFTEN PREPARED TO ACCOMPANY A GENERAL RATE CASE FILING?

A. Cost of service study results provide a useful guide or starting point in distributing a company's overall revenue requirement to its customer classes because equity considerations suggest that each customer class should pay the cost to the serve the class. Other factors may also be considered in developing class revenue allocation recommendations and resulting class rate designs. Company witness Russell Feingold provides testimony on MGE's recommended class revenue allocation and rate design.

Q. PLEASE DESCRIBE THE STEPS INVOLVED IN PREPARING A COST OF SERVICE STUDY.

A. There are three steps involved in preparing a cost of service study: functionalization, classification, and allocation. In the functionalization step, elements of the cost of service are broken down according to the functions that they perform. For a gas utility, production and storage, transmission, and distribution are the functions generally used in the functionalization stage of the study.

The production and storage function includes the costs of gas wells, gas field lines, and gas processing plants. Transmission costs involve the cost of facilities and related expenses associated with delivering gas from production and storage areas

to city gates, or the points at which the gas enters a utility's distribution system. Distribution costs refer to costs and expenses associated with delivering gas from city gates to end use customers and providing associated services such as meter reading, billing, and customer service.

Q. PLEASE EXPLAIN THE CLASSIFICATION STEP IN THE COST OF SERVICE STUDY.

A. This step of the cost of service study classifies each of the functionalized components of the cost of service. Typically-used cost classifications are customer-related, demand-related, commodity-related, and revenue-related costs.[1]

Customer costs are those costs that vary with the number of customers or customer locations served, whether or not any gas is used. Examples include the cost of a meter at a customer's premises and the portion of the cost of distribution mains associated with reaching customer locations. These costs are not dependent on the amount of gas used over the course of the year or at peak periods, but rather are incurred to provide customer access to gas service.

Demand costs are defined as those costs that depend on the maximum delivery requirements of the gas system, or the maximum "demand" placed on the system. Examples include the portion of the cost of mains associated with sizing the mains

[1] In the MGE cost of service study, a separate "revenue-related" classification category is not used. Rather, revenue-related cost of service elements as classified as customer-related. Then, in the allocation stage of the study, a separate customer allocation factor based on relative class revenues is developed and applied to these "revenue-related" elements. This approach achieves the same end result as using a "revenue-related" classification category in the classification step and allocating the revenue-related classified costs to classes based on relative customer counts in the allocation step of the study.

to meet peak loads and the cost of city gate measuring and regulating station equipment.

Commodity costs are defined as those costs that vary with the amount of gas that customers use. Purchased gas expenses and odorant expenses are examples of commodity-related costs.

Revenue-related costs are those costs that vary directly with the utility's gross revenue. Sales and other revenue-related taxes are examples of revenue-related expenses.

Q. DOES EACH OF THE COST OF SERVICE ELEMENTS FALL INTO A SINGLE CLASSIFICATION CATEGORY?

A. No. A number of cost of service elements involve more than one classification category. Several examples illustrate the need for and use of mixed classifications. The investment in mains is driven by the requirement to reach various customer locations and the need to meet the resulting load that these customers place on the system during peak periods. The investment in mains and associated expenses, thus, have both customer-related and demand-related components.

As a second example, Mains and Services Expense (Account 874) is a distribution operating expense related to activities associated with both mains and services. This expense is classified based on the classification of the combination of the

investment in mains and services, thus involving both customer-related and demand-related components.

Third, various capital and expense components support multiple elements of the cost of service and are classified based on a composite of the applicable elements. For example, Maintenance Supervision and Engineering Expense (Account 885) is incurred to support of a variety of maintenance activities. This expense is classified based on the composite classification of the maintenance expenses associated with mains, measuring and regulating station equipment, services, meters, and house regulators, *i.e.*, maintenance Accounts 887 through 893.

Q. PLEASE EXPLAIN THE ALLOCATION STEP IN THE COST OF SERVICE STUDY.

A. Each of the classified rate base and cost of service components is fully assigned to customer classes in the allocation step of the cost of service study. Typically customer classes are defined according to the rate schedule categories in the utility's tariff. Customer-related costs are distributed to customer classes based on relative customer locations or bill counts. Demand costs are assigned to classes based on relative class contributions to peak volumes. Commodity costs are distributed to classes based on each class' annual volumes relative to total annual volumes. Revenue-related costs are assigned to customer classes based on relative annual revenues.

After functionalizing each of the cost of service components, classifying the functionalized components, and allocating the classified components, the revenue requirement is entirely distributed to each of the customer classes. Comparing each class' allocated revenue requirement to the revenue, as adjusted, derived from the class during the test year shows whether a class' revenue falls short of or exceeds the revenue level required to meet the class' cost of service. By increasing the revenue for each class that has deficient revenue and reducing the revenue for each class that has excess revenue relative to the class' cost of service, each class' resulting rate of return will match the overall, required rate of return for the service area.

3. THE MGE COST OF SERVICE STUDY – FUNCTIONALIZATION

Q. PLEASE EXPLAIN THE FUNCTIONALIZATION STEP IN THE COST OF SERVICE STUDY PREPARED FOR THIS PROCEEDING.

A. The Company's cost of service elements are functionalized entirely as distribution. MGE's only production costs relate to purchased gas expenses. Purchased gas expenses are not included in the determination of the Company's revenue requirement because these costs are separately recovered through the provisions of the MGE's Cost of Gas Clause. MGE does not have any transmission plant or expenses. Thus, the entire cost of service in this case involves only the distribution function.

4. THE MGE COST OF SERVICE STUDY – CLASSIFICATION

Q. PLEASE EXPLAIN THE ORGANIZATION OF YOUR DISCUSSION OF THE CLASSIFICATION STEP OF THE STUDY.

A. I will begin with an explanation of the classification of rate base items, starting with the individual plant accounts and concluding with other rate base items. I then will explain the classification of the cost of service components. These components involve Distribution Operations Expenses, Distribution Maintenance Expenses, Customer Accounts Expenses, Customer Service Expenses, Sales and Advertising Expenses, Administrative and General Expenses, Depreciation and Amortization Expense, Taxes Other Than Income, Income Taxes, and Required Return.

4.1. PLANT-IN-SERVICE ACCOUNTS

Q. PLEASE EXPLAIN THE CLASSIFICATION OF THE MAJOR PLANT-IN-SERVICE ACCOUNTS.

A. There is a conceptual similarity in the classification of five major plant categories -- Distribution Mains (Account 376), Services (Account 380), Meters (Account 381), Meter Installations (Account 382), and House Regulators (Account 383). These plant items comprise approximately 97 percent of total distribution plant and 86 percent of total plant-in-service. As a gas distribution utility builds its system of mains to reach its customers, its mains must be constructed simply to reach customers regardless of the amount of gas that they use, *i.e.*, the customer-related component of the investment, while the sizing of the mains depends on the expected

usage of the customers during peak periods, *i.e.*, the demand-related component of the investment. Similarly, a "minimum" size meter, regulator, and service must be installed at each customer's location in order to make service available to the customer, *i.e.*, the pure customer-related cost. The sizing of services, meters, and regulators may vary across customer classes to meet typical class load requirements. As a result, the customer-related portion of the investment in mains and the investment in services, meters, meter installations, and regulators is not simply related to customer counts. As explained in Section 4.1.2, weighted customer factors are developed for meters, meter installations, regulators, and services to account for facility sizing considerations across customer classes.

4.1.1 THE CLASSIFICATION OF MAINS

Q. HOW IS THE MAINS INVESTMENT SPLIT BETWEEN THE CUSTOMER COST COMPONENT AND THE DEMAND COST COMPONENT?

A. A separate study provides the basis for splitting these costs between the customer component and the demand component. Two types of studies are typically used to derive the split between customer costs and demand costs. The first is known as a minimum system study. The second is labeled zero-intercept analyses.

In a minimum system study, the cost of the footage of mains actually in place is calculated as if all of these mains were of a selected minimum size. This minimum system cost is considered the customer-related cost. The customer-related

percentage of the mains investment is the ratio of the cost of the minimum system to the cost of the system of mains in place, based on actual footage and main sizes.

In zero-intercept analyses, rather than basing the customer cost component on a selected minimum pipe size, the customer cost component is derived from the results of regression analyses in which the relationship between the cost per foot of mains in the system and the size of the mains is statistically determined. The estimated cost of a zero-inch main is determined by using a zero value for the size variable(s) in the selected regression equation. Multiplying this estimated zero-inch cost per foot by the actual number of feet in the system yields the cost of the statistically-based zero-inch mains system. The customer-related percentage of the mains investment is the ratio of the cost of the zero-inch mains system to the cost of the system of mains in place, based on actual footage and main sizes.

The customer-related percentage of mains determined in either a minimum system study or zero-intercept analyses is used to classify the booked mains investment. Multiplying the percentage by the booked mains investment yields the customer cost portion of the investment. The difference between the total booked investment and the customer cost portion is considered the demand cost component of the investment. This difference, or the investment above that required to reach customer locations, is associated with the investment related to installing mains of various sizes to meet customer demands.

Q. WHICH APPROACH DO YOU USE TO SPLIT THE MAINS INVESTMENT BETWEEN CUSTOMER-RELATED AND DEMAND-RELATED COMPONENTS?

A. I have prepared and will discuss the results of both minimum system studies and zero intercept analyses. I use the results of my zero-intercept analyses in the MGE cost of service study. The Commission endorsed the zero-intercept methodology in MGE's 2004 general rate case, the last MGE case in which the Commission addressed the mains classification issue. In its Report and Order in this case (Docket No. GR-2004-0209), the Commission concluded:

> The zero-intercept method used by MGE recognizes that when a main is built to reach a customer, a certain portion of the cost of the main will be incurred no matter how much gas the customer uses. Thus the cost of a zero inch main would be the customer-related portion of the cost of the main. The extra cost derived from installing larger mains, mains that are large enough to meet peak demand, would be the demand-related portion of the cost of the main ... Public Counsel's method, by treating all mains costs as demand related, ignores the fact that unless mains are constructed, at a cost, customers would not have access to the gas distribution system... MGE's zero-intercept method recognizes the different nature of these costs and is a preferable method.[2]

Clearly, the Commission has determined that a portion of the mains investment should be classified as customer-related and a portion of the investment should be classified as demand-related. Both zero-intercept and minimum system methodologies are consistent with this determination.[3]

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[2] Missouri Public Service Commission, *Report and Order,* Case No. GR-2004-0209, issued September 24, 2004, pages 50, 51, and 52.

[3] In accepting the zero-intercept mains classification method in Case No. GR-2004-0209, the Commission was not presented with recommendations that required a choice between the use of minimum system studies and zero-intercept analyses. The Commission did, however, reject a methodology that does not classify any portion of the mains investment as customer-related.

Q. PLEASE DESCRIBE THE DATA USED IN YOUR ANALYSES TO CLASSIFY THE MAINS INVESTMENT.

A. In preparing the analyses, cost data for the various sizes and compositions of mains must be assembled. One source of data is historical, per books information. While this data is readily available, its use may produce unreasonable or unstable results. Unless the vintages of pipe are relatively uniform across pipe sizes, the zero-intercept statistical analyses of the relationship between pipe cost and size is questionable, at best, in using per books data.[4] In the case of MGE's booked cost analyses, for example, the statistically-determined cost per foot of a zero-inch plastic pipe is more than five times greater than the cost per foot for a zero-inch steel pipe. This counter-intuitive result is due to the fact that the average vintage of plastic pipe is 1995, while the average vintage for steel is 1963.[5] Simply put, an original cost data series does not provide a consistent basis on which to perform analyses to classify distribution mains.

Two alternative cost bases can be used to resolve these historical cost problems. One alternative is to use current engineering cost data based on today's pipe costs, loadings, and installation costs of various sizes and compositions of pipe. While such data does require certain judgments, especially since some main types may no

[4] Use of historical cost data can also produce unusual results in minimum system studies. For example, if the booked cost of a selected minimum size main is heavily influenced by recently constructed facilities, while a somewhat larger size main is of an much older and less costly vintage, the calculated customer-portion of the mains investment may seem unreasonably high. And, if a second analyst chose the somewhat larger size, older vintage main as the minimum pipe size, the resulting customer-related portion of the mains investment would be vastly lower.

[5] Average vintage is the footage-weighted average of the year of installation for each pipe composition.

longer be installed, it does offer a consistent data series that lends itself to the type of statistical analyses required to conduct a zero-intercept study.

Alternatively, booked cost data can be adjusted with the Handy-Whitman Index of Public Utility Construction Costs ("Handy-Whitman") for each pipe composition. While Handy-Whitman indices provide a reasonable method for adjusting cost data that is not comparable due to age distribution differences, it does not remove anomalies, if any, in the underlying data resulting from unusually high cost or low cost installations. The influence of any such unusual installations, however, diminishes for pipe sizes that have greater installed footage that was installed over a number of years. My mains classification studies in this case are based on Handy-Whitman adjusted cost data.

Q. PLEASE EXPLAIN THE RESULTS OF YOUR ZERO-INTERCEPT ANALYSES.

A. I examined the relationship between the current installed cost per foot and pipe size based on separate regression analyses for each pipe composition and based on single regression analyses in which variables are included to isolate pipe composition effects. As expected, the best statistical fit explaining the cost-size relationship is not linear. In other words, the cost per foot does not vary proportionately with pipe size across all pipe sizes. Among the regressions tested, the best fit regression is the one that contains statistically-significant explanatory

variables, *i.e.*, each variable significant with at least a 99 percent confidence level, and the highest explanatory power.[6]

The ratio of the cost of a zero-inch system with footages installed to the cost of the system as configured is 38.41 percent. In other words, the customer-related portion of mains is 38.41 percent, and the demand-related portion is 61.59 percent.[7] This classification of mains is used in the cost of service study.

If a minimum system approach based on Handy-Whitman adjusted costs were used to classify distribution mains, the customer-related portion of mains would range

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[6] Both quadratic and logarithmic-linear regression forms are tested. A quadratic regression is of the form: Cost Per Foot = a + b Size + c Size^2. The logarithmic-linear regression is of the form: ln(Cost Per Foot) = a + b Size or ln(Cost Per Foot) = a + b Size + c Size^2, where ln is the natural logarithm of the parenthesized variable. In this form, the estimated cost of the zero-inch pipe, *i.e.*, zero Size, is e^a, where e ≈ 2.7182818284. When Size is zero, ln(Cost Per Foot) = a and Cost per foot = e^a as demonstrated below:

ln(Cost Per Foot) = a when Size = 0
ln(Cost Per Foot) = a ln(e) because ln(e)=1
ln(Cost Per Foot) = ln(e^a)
Cost Per Foot = e^a

In the quadratic form, Cost per Foot = a when Size is zero.

The term "explanatory power," as used here, reflects the portion of the variation in cost per foot explained by the variables in the regression. This measure, called the coefficient of determination or R^2, is the ratio of the variation in cost per foot explained by the regression divided by the total variation in cost per foot. The R^2 ranges from zero to one, with values closer to one indicating greater explanatory power of the regression.

[7] The best fit regression has the form: ln(Cost Per Foot) = a + b Size + c Size^2 + d Steel + e Plastic, where d has values of one and zero for steel pipe and for other pipe compositions, respectively, and e has values of one and zero for plastic pipe and for other pipe compositions, respectively. This regression results in the 38.41 percent customer factor. The R^2 for this regression is 0.92.

Separate regression analyses for each pipe composition were also conducted. The best-fit regressions were also logarithmic-linear forms with R^2's of 0.83, 0.91, and 0.94 for the plastic, cast iron, and steel regression equations, respectively. The resulting customer factor is 41.32 percent based on these regression results. This customer factor could be reasonably used in the study.

Although not suggested as the basis for the mains classification factor, zero-intercept analyses using booked, or original cost, data were also prepared. The best fit regressions, having R^2's of 0.78, 0.78, and 0.83 and all variables significant with at least a 90 percent confidence level, result in a customer factor using the best-fit regressions of 38.20 percent. The conceptual difficulty in using original cost data in such analyses is explained earlier in the section of my testimony

from 44.92 percent to 48.93 percent, depending on the minimum size pipe selections.

4.1.2 THE CLASSIFICATION OF REMAINING PLANT ACCOUNTS

Q. PLEASE EXPLAIN THE CLASSIFICATION OF METERS, METER INSTALLATIONS, HOUSE REGULATORS, AND SERVICES.

A. Each of these plant items is required to provide access to gas service at the customer's premises. As a result, these plant items are classified as customer-related. Much like mains, however, the sizing of the facilities for specific customers is related to customer load requirements. Larger meters, services, and house regulators are required to serve larger customers. The consequences of those sizes are recognized in the allocation step of the cost of service study through the development of weighted customer allocation factors that are applied to these accounts. The weighted factors capture the sizing differences among facility installations for various customer classes based on the current costs of these facilities installed to serve the average customer in each class.

Q. PLEASE EXPLAIN THE CLASSIFICATION OF THE REMAINING DISTRIBUTION PLANT ACCOUNTS.

A. The classification of Account 376 and Accounts 380 through 383 is explained above. Measuring and Regulating Station Equipment-General (Account 378) and Measuring and Regulating Station Equipment-City Gate (Account 379) are

classified as demand-related. Electronic Gas Measuring (Account 385) is classified as customer-related, but is assigned only to the LVS class in the allocation step of the study. The remaining distribution plant accounts are Land and Land Rights (Account 374) and Structures and Improvements (Account 375). Because the assets in these accounts are used to support other distribution plant that requires land and improvements, these plant items are classified based on the combined classification of Mains (Accounts 376) and Measuring and Regulating Station Equipment (Accounts 378 and 379).

Q. PLEASE EXPLAIN THE CLASSIFICATION OF GENERAL PLANT AND INTANGIBLE PLANT.

A. General Plant (Account 389 through Account 398), other than Communications Equipment-AMR (Account 397.1), is classified based on the classification of total distribution plant. Account 397.1 is classified as customer-related, but is allocated to all classes other than the LVS class in the allocation step of the study.

Intangible plant consists of Accounts 301 through 303. Organization (Account 301) and Franchises and Consents (Account 303) are classified based on total non-intangible plant. The remaining intangible plant account, *i.e.*, Miscellaneous Intangible (Account 303), consists of computer software. Those software items that are entirely customer-related are classified as customer costs, while the remaining software items are classified based on total non-intangible plant.

4.2 DEPRECIATION RESERVE AND WORKING CAPITAL

Q. YOU HAVE EXPLAINED THE CLASSIFICATION OF THE PLANT-IN-SERVICE ACCOUNTS. HOW IS THE DEPRECIATION RESERVE ASSOCIATED WITH THESE PLANT ACCOUNTS CLASSIFIED?

A. The depreciation reserve for individual plant accounts is classified in the same manner as the classification of the corresponding plant accounts. For example, the reserve for distribution mains is split between customer and demand classifications in the same portion as the split for plant Account 376 (Mains). The Corporate reserve is classified based on total general plant, and Retirement Work in Progress Not Classified is classified based on total non-intangible plant.

Q. PLEASE EXPLAIN THE CLASSIFICATION OF OTHER RATE BASE ITEMS.

A. Customer Deposits are classified as customer-related and, in the allocation step, residential deposits are directly assigned to the RES class with the remainder allocated to other classes based on non-residential deposits held by the Company. Customer Advances are classified based on the combined classification of the mains and services accounts.

Accumulated Deferred Income Taxes-SLRP is classified based on the relative mains and services plant totals underlying the SLRP deferrals. Accumulated Deferred Income Taxes-Other, Net Cost of Removal, and Materials and Supplies are classified based on the classification of total plant. Gas Inventory is classified

as demand-related. Prepayments and Cash Working Capital are classified based on the classification of total operating expenses.

4.3 DISTRIBUTION OPERATIONS AND MAINTENANCE EXPENSES

Q. WHAT ACCOUNTS COMPRISE DISTRIBUTION OPERATIONS AND MAINTENANCE EXPENSES?

A. Distribution Operations Expenses consist of Account 870 through Account 881. Distribution Maintenance Expenses consist of Account 885 through Account 894.

Q. PLEASE EXPLAIN THE CLASSIFICATION OF THE DISTRIBUTION OPERATIONS AND MAINTENANCE EXPENSE ACCOUNTS.

A. The classification of a number of these accounts parallel the classification of related plant accounts or combinations of related plant accounts, after first removing odorant expense where applicable. Odorant expense, which is separately classified as commodity-related, was recorded in several operations and maintenance accounts during the test year.[8] The parallel classification of operations and expense accounts and corresponding plant accounts is shown below:

Acct.	Description	Corresponding Plant
874	Mains & Services Expenses	Mains (376) and Services (380) combined
875	Distribution Reg. Station Expense	Measuring & Reg. Station Exp.-General (378)

[8] During the test year, more than one-half of the odorant expense was recorded in maintenance expense Account 889, with the remainder booked in operations expense Accounts 875, 880, and 881. Odorant expense included in these accounts is removed prior to application of the classification factors discussed below.

Acct.	Description	Corresponding Plant
877	Measuring & Reg. Station Exp.- City Gate	Measuring & Reg. Station Exp.- City Gate (379)
878	Meter & House Regulator Exp.	Meters (381) and Regulators (383 and 385) combined
887	Maintenance of Mains	Distribution Mains (376)
889	Main. of Measuring & Reg. Station Exp.- General	Measuring & Reg. Station Exp.- General (378)
891	Main. of Measuring & Reg. Station Exp.- City Gate	Measuring & Reg. Station Exp.- City Gate (379)
892	Maintenance of Services	Services (380)
893	Mains of Meters & House Regulators	Meters (381) and House Regulators (383) combined

Load Dispatch (Account 871) is classified as a commodity cost. Operations expense Account 876 (Measuring and Regulating Station Equipment - Industrial) and maintenance expense Account 890 (Maintenance of Measuring and Regulating Station Equipment – Industrial) are classified as customer-related and are allocated to the LGS and LVS classes in the allocation step of the study. Customer Installation Expenses (Account 879) are classified as customer-related.

The remaining operations expense accounts – Operation Supervision and Engineering (Account 870), Other Expenses (Account 880), and Rents (Account 881) – are classified based on the total of all other distribution operations expense accounts, *i.e.*, Account 871 through Account 879. The remaining maintenance expense accounts – Maintenance Supervision and Engineering (Account 885), Maintenance of Structures and Improvements (Account 886), and Maintenance of Other Equipment (Account 894) – are classified based on the total of all other distribution maintenance expense accounts, *i.e.*, Account 887 through Account 893.

4.4 CUSTOMER ACCOUNTS, CUSTOMER SERVICE, AND SALES AND ADVERTISING EXPENSES

Q. PLEASE EXPLAIN THE CLASSIFICATION OF CUSTOMER ACCOUNTS.

A. Supervision (Account 901), Meter Reading (Account 902), Customer Records and Collection (Account 903), Uncollectibles Accounts (Account 904), and Miscellaneous Customer Accounts (Account 905) are classified as customer-related. As explained in Section 5, simple customer counts are not used to allocate Account 903 and 904, an approach that also requires development of a separate allocation factor for Accounts 901 and 905 based on the allocation of the combination of Accounts 902 through 904 in the allocation step of the study.

Q. PLEASE EXPLAIN THE CLASSIFICATION OF CUSTOMER SERVICE EXPENSES AND SALES AND ADVERTISING EXPENSES.

A. Customer Service Expenses – Customer Assistance (Account 908) and Informational and Instructional Advertising (Account 909) – are classified as customer-related costs. Sales and Advertising Expenses, comprised of Demonstrating and Selling (Account 912), Advertising (Account 913), and Miscellaneous Sales Promotion (Account 916), are also categorized as customer costs. As explained in Section 5, simple customer counts are not used to allocate Account 912, an approach that also requires development of a separate allocation factor for Miscellaneous Sales (Account 915) based on the combined allocation of Accounts 912 and 913.

4.5 ADMINISTRATIVE AND GENERAL AND DEPRECIATION AND AMORTIZATION EXPENSES

Q. PLEASE EXPLAIN THE CLASSIFICATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

A. Administrative and General Expenses consist of Account 920 through Account 932. The following accounts are categorized based on the classification of Operating Expenses Other Than Administrative and General Expenses (excluding Taxes Other Than Income):

Account No.	Description
920	Administrative and General Salaries
921	Office Supplies and Expenses
922	Administrative Expenses Transferred
923	Outside Services Employed
925	Injuries and Damages
926	Employee Pensions and Benefits
930	Miscellaneous General Expenses

Property Insurance (Account 924) is classified based on the total plant classification. Regulatory Commission Expense (Account 928) is classified as customer-related and allocated based on relative class revenues in the allocation step of the study. Rents (Account 931) are classified based on the total distribution plant classification, and Maintenance of General Plant (Account 932) follows the classification of general plant.

Q. PLEASE EXPLAIN THE DEPRECIATION AND AMORTIZATION EXPENSE CLASSIFICATION.

A. Each of the Depreciation and Amortization Expense components is classified in the same manner as the corresponding plant account that is being depreciated. Amortization-SRLP is classified based on the relative mains and services plant totals underlying the SLRP deferrals being amortized. Amortization – Software (Account 303) is classified in the same manner as the classification of plant Account 303. Amortization – Infinity Software is classified based on total non-intangible plant. Amortization-Net Cost of Removal is classified based on the total plant, consistent with the treatment of the Net Cost of Removal included as an Other Rate Base Item.

4.6 TAXES, INTEREST ON CUSTOMER DEPOSITS, AND REQUIRED RETURN

Q. PLEASE DESCRIBE HOW TAXES OTHER THAN INCOME ARE CLASSIFIED.

A. Payroll Taxes and Other are classified in the same manner as Operating Expenses, exclusive of Taxes Other Than Income, *i.e.*, the sum of Distribution Operations and Maintenance, Customer Accounts, Customer Services, Sales and Advertising, Administrative and General Expenses, and Depreciation and Amortization Expense. Ad Valorem taxes are classified based on total plant.

Q. HOW IS INTEREST ON CUSTOMER DEPOSITS CLASSIFIED?

A. Interest on Customer Deposits is classified as customer-related and, in the allocation step, residential deposit interest is directly assigned to the RES class with the remainder allocated to other classes based on non-residential deposits held by the Company.

Q. HOW ARE INCOME TAXES AND THE REQUIRED RETURN CLASSIFIED?

A. Income Taxes are classified based on total rate base. The Required Return, or the required rate of return multiplied by rate base, also reflects the classification of rate base.

5. THE MGE COST OF SERVICE STUDY – CLASS ALLOCATION

5.1 CUSTOMER COST ALLOCATION FACTORS

Q. PLEASE EXPLAIN HOW THE CUSTOMER-RELATED PORTION OF THE VARIOUS RATE BASE COMPONENTS IS ALLOCATED TO THE CUSTOMER CLASSES.

A. Detail on the class allocations of customer-related costs of the rate base components is shown in Schedule FJC-5. The allocation of the rate base components to customer classes ultimately affects the allocated cost of service because both the required return and income tax components of the cost of service are allocated to classes based on the allocation of rate base.

The customer-related portion of plant Account 303 (Miscellaneous Intangible), plant Account 376 (Mains), and the plant reserve for Mains are allocated based on relative customer counts. Plant Account 385 (Electronic Gas Metering) and the associated plant reserve are assigned to the LVS class, and Account 397.1 (Communications Equipment-AMR) and the associated plant reserve are allocated to all customers except the LVS class. Several rate base accounts are allocated based on weighted customer counts, as explained earlier in my testimony. These accounts are plant Accounts 380 (Services), 381 (Meters), 382 (Meter Installations), and 383 (House Regulators) and the associated plant reserve for each account.

Consistent with the classification of corresponding rate base components, a number of the customer-related rate base elements are allocated based on the composite of the customer-related components of several other elements. Composite factors are developed for Total Non-Intangible Plant, Total Distribution Plant, Total Plant, Distribution Plant Accounts 376 through 379, Distribution Plant Accounts 376 and 380, the depreciation reserve for applicable plant account combinations, Accumulated Deferred Income Taxes – SLRP, and Operating Expenses. The Customer Deposit factor reflects direct assignment of residential deposits to the RES class with the remainder allocated to other classes based on non-residential deposits held by MGE.

Q. PLEASE EXPLAIN HOW THE CUSTOMER-RELATED PORTION OF THE VARIOUS COST OF SERVICE ELEMENTS ARE ALLOCATED TO THE CUSTOMER CLASSES.

A. Details on the class allocations of the customer-related costs of the cost of service elements is shown in Schedule FJC-6. Relative customer counts for the RES, SGS, LGS, and LVS classes are applied to the customer-related portion of Maintenance of Mains (Account 887), Meter Reading Expense (Account 902), Customer Assistance (Account 908), and Informational and Instructional Advertising (Account 909), and Advertising Expense (Account 913), the depreciation expense related to Account 376 (Mains), and Amortization – Software (Account 303).

Other elements are allocated based on relative counts in one or more of the customer classes, *i.e.*, operations expense Account 876 (Measuring and Regulating Station Equipment – Industrial) and maintenance expense Account 890 (Measuring and Regulating Station Equipment – Industrial) based on LGS and LVS customers, depreciation expense for Account 385 (Electronic Gas Measurement) based on LVS customers, depreciation expense for Account 397.1 (Communications Equipment-AMR) based on customers in all classes expect the LVS class.

Other expense accounts are based on weighted customer counts, as explained earlier in my testimony. These accounts are Mains and Services Expense (Account 874), Meters and House Regulators Expense (Account 878), Customer Installation Expense (Account 879), Maintenance of Services (Account 892), Maintenance of

Meters and House Regulators (Account 893), and the associated depreciation expenses for each underlying plant account.

Consistent with the classification of a number of cost of service elements, many of which correspond to the treatment of various rate base elements, the customer-related cost of the following cost of service elements involve composites of the customer-related portions of other accounts: Supervision and Engineering (Account 870); Other Expenses (Account 880); Rents (Account 881); Maintenance Supervision and Engineering (Account 885); Maintenance of Structures and Improvements (Account 886); Maintenance of Other Equipment (Account 894), Customer Assistance Supervision (Account 901), Miscellaneous Customer Accounts (Account 905), Miscellaneous Sales (Account 915), Administrative and General Expenses other than Regulatory Commission Expense (Accounts 920-932 other than Account 928); depreciation expense for Land and Land Rights (Account 374), Structures and Improvements (Account 375), and General Plant accounts (Accounts 390-398); Amortization – SLRP; Amortization - Infinity Software, Amortization - Net Cost of Removal; Taxes Other than Income (Account 408); Required Return; and Income Taxes.

Q. PLEASE EXPLAIN HOW CUSTOMER-RELATED COSTS ASSOCIATED WITH THE REMAINING COST OF SERVICE ELEMENTS ARE ALLOCATED TO CUSTOMER CLASSES.

A. Customer Accounts and Collections Expense (Account 903) is allocated based on the average of customer counts, the test year number of service orders, and the test

year number of pay agreements by class. Uncollectible Accounts Expense (Account 904) is allocated based on net write-offs by class over of the last three years.

Demonstrating and Selling (Account 912) expense is allocated to customer classes based on the Company's estimate of the percentage of time the sales group devotes to each customer class. Interest on Customer Deposits is allocated to classes based on direct assignment to the RES class with the remainder allocated to other classes based on non-residential deposits held by the Company. Account 928 (Regulatory Commission Expense) is allocated to customer classes based on relative total revenues, *i.e.*, total margin plus cost of gas.

5.2 DEMAND AND COMMODITY COST ALLOCATION FACTORS

Q. PLEASE EXPLAIN THE DEVELOPMENT OF THE DEMAND ALLOCATION FACTORS.

A. Demand-related costs are generally allocated to classes based on relative contributions to MGE's system peak. The exceptions are the Gas Inventory Factor the Rate Base Factor.

Q. PLEASE EXPLAIN THE GAS INVENTORY DEMAND FACTOR.

A. Gas Inventory is included in rate base as a 13-month average of the cost of gas held in storage. The Gas Inventory Demand Factor is based on each class' incremental winter month usage above its average non-winter month usage. This factor serves

as a proxy for the class' relative contribution to the need for holding gas inventories.

Q. WHY IS A SEPARATE RATE BASE FACTOR NEEDED?

A. The Rate Base Factor is used to allocate the Required Return and Income Taxes to customer classes. A separate allocation factor is needed because two demand allocation factors, *i.e.*, the Peak Demand Factor and Gas Inventory Demand Factor, are used to allocate the demand costs of various rate base items.

Q. PLEASE EXPLAIN THE PEAK ALLOCATION FACTOR.

A. The peak demand allocation should reflect the contributions of customer classes to the Company's system peak because demand costs are incurred to serve loads on the peak day. Design day weather is used to calculate the Peak Factor. Design day weather conditions are used both in sizing of facilities, such as mains, to meet peak day consumption and in the Company's gas capacity decisions. MGE's design day is based on 80.4 heating degree days ("HDDs") in Kansas City and 75.5 HDDs in Joplin, based on Springfield weather.[9] To calculate peak day usage for each class, deliveries by class are estimated using the regression equation results that are used to adjust test year revenue for abnormal weather in this case for each rate class and geographic district, along with customers counts in January.

[9] Missouri Gas Energy, "Demand/Capacity Analysis," November 30, 2007, p. B-2.

Q. WHY DID YOU NOT CALCULATE THE PEAK FACTOR BASED ON RECENT, HISTORICAL WEATHER CONDITIONS?

A. Recent weather conditions do not necessarily reflect weather conditions that were considered in facility sizing decisions made a number of years ago for plant that remains in service today. In addition, the resulting Peak Factor may change substantially from one rate case to the next as weather conditions change in the intervening years even though peak cost responsibilities should not materially change over the short-term.

For example, it could be suggested that using peak deliveries in the past several years should be the basis for calculation of the Peak Factor. Review of the weather conditions on the five-highest delivery days in each of the last three winters, *i.e.*, a total of 15 daily deliveries, shows that the coldest day in Kansas City had 61 HDDs, and the coldest day in Joplin, based on Springfield weather, had 47 HDDs. One must, however, consider that (1) in the period from 1971 through 2000, there were 83 days in Kansas City with more than 61 HDDs and 256 days in Joplin with more than 47 HDDs, and (2) much of the Company's plant-in-service was installed between 1971 and 2000 and in earlier periods. This plant was certainly sized to meet peak loads expected to be incurred with weather that was much colder than 61 HDDs in Kansas City and 47 HDDs in Joplin. More than 42 percent of the footage of distribution mains, the largest plant-in-service account, was installed between 1971 and 2000, and more than 85 percent of the footage was installed before 2000. Ignoring the weather conditions in these time periods clearly produces a Peak Factor that is not related to the basis on which facility sizing decisions were made.

Furthermore, if weather next year happens to be extremely cold or extremely warm, the calculated Peak Factor in MGE's next rate case based on recent weather conditions could change substantially and lead to significant shifts in the allocation of demand-related costs among customer classes. These shifts result solely from including one more winter in the calculation of the Peak Factor, but the shifts do not reflect demand cost causation changes.

Q. PLEASE EXPLAIN THE COMMODITY ALLOCATION FACTOR.

A. A class' commodity allocation factor is its share of test year adjusted volumes for all customer classes.

6. THE MGE COST OF SERVICE STUDY RESULTS

Q. PLEASE DESCRIBE THE RESULTS OF THE COST OF SERVICE STUDY.

A. The cost of service study results are provided in Schedule FJC-1 through Schedule FJC-7. Schedule FJC-1 provides a summary of the results. Line 4 shows each class' cost of service, or revenue requirement, based on the classification and allocation methodology described above. Lines 1 through 3 provide the customer-related, demand-related, and commodity-related costs that total to cost of service for each class on Line 4.

To determine how much revenue must be recovered through recurring monthly charges from each class to meet the cost of service, service charge revenue, other utility revenue, and flex contract revenue is deducted from the cost of service. The

total of these other revenue sources is credited to customer classes based on each class' cost of service relative to the total cost of service. The resulting revenue credits are shown on line 5. Line 6 shows the cost of service net of these revenue credits. The study-indicated required revenue change for each class shown on line 8 is the difference between each class' cost of service after the revenue credits (line 6) and test year adjusted revenue (line 7).

Lines 9 through 11 provide revenue-to-cost ratios. A revenue-to-cost ratio of one indicates that a class' revenue matches the cost to serve the class. A ratio of less than one indicates that a class' revenue falls short of the cost to serve the class, and a ratio greater than one indicates that class revenue exceeds the cost to serve the class. At current revenues, the revenue-to-cost ratio of less than one for the system [line 10, column (b)] indicates that an overall revenue increase is required. The RES class is currently paying far less than its cost of service [line 10, columns (c)], the SGS class is paying slightly less than its cost of service at current revenue [line 10, column (d)], and the LGS and LVS classes are currently paying slightly more than the cost to serve these classes [line 10, columns (e) and (f)]. Line 11 demonstrates that each class pays its cost of service if the revenue changes shown on line 8 are assigned to each class.

Q. PLEASE EXPLAIN SCHEDULE FJC-2 THROUGH SCHEDULE FJC-4.

A. Schedule FJC-2 provides detail on the classification of individual plant accounts and other rate base items. Schedule FJC-3 shows the classification of the individual components of the cost of service, or revenue requirement. Schedule FJC-4

provides calculations of the classification factors used in Schedule FJC-2 and Schedule FJC-3.

Q. PLEASE EXPLAIN SCHEDULE FJC-5 THROUGH SCHEDULE FJC-7.

A. The allocation of each of the classified components of rate base to customer classes is provided in Schedule FJC-5. The allocation of each of the classified components of the cost of service to customer classes is shown in Schedule FJC-6. The components of the allocated cost of service before revenue credits shown on lines 485 through 488 of Schedule FJC-6 are carried forward to lines 1 through 4 of the Cost of Service Study Summary (Schedule FJC-1). Schedule FJC-7 develops the customer, demand, and commodity allocation factors applied in the allocation of the rate base (Schedule FJC-5) and the cost of service (Schedule FJC-6) components.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

. 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-___

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 Direct Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

F. Jay Cummings
F. JAY CUMMINGS

Subscribed and sworn to before me this 1st day of April, 2009.

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

Susan R. Landis
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	Small General Service	Large General Service	Large Volume Service
	(a)	(b)	(c)	(d)	(e)	(f)
1	Customer Costs	$162,047,352	$132,458,406	$25,345,560	$1,037,272	$3,206,114
2	Demand Costs	58,699,773	34,193,277	13,257,636	1,174,212	10,074,648
3	Commodity Costs	200,097	91,000	37,671	3,569	67,858
4	Cost of Service Before Revenue Credits	220,947,223	166,742,683	38,640,867	2,215,053	13,348,620
5	Revenues Credited to Cost of Service (1)	4,980,112	3,758,351	870,959	49,927	300,876
6	Cost of Service Net of Revenue Credits	215,967,110	162,984,331	37,769,909	2,165,126	13,047,744
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	32,308,444	444,792	(31,027)	(305,212)
9	Revenue to Cost Ratios					
10	Current Revenue	0.8533	0.8062	0.9885	1.0140	1.0229
11	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.

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
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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

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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
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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**

MISSOURI GAS ENERGY
Class Cost of Service Study
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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**

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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**

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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**

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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**

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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**

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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	9,171	1,717	45	145	NONINTCUS
4		Demand	4,522	2,595	1,012	90	825	DEM
5		Commodity	-	-	-	-	-	
6		Total Organization	15,600	11,766	2,729	135	969	
7	302	**Franchises and Consents**						
8		Customer	9,816	8,126	1,522	40	128	NONINTCUS
9		Demand	4,007	2,299	897	80	731	DEM
10		Commodity	-	-	-	-	-	
11		Total Franchises and Consents	13,823	10,425	2,419	120	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	23,651,717	3,330,852	16,213	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	25,353,514	3,994,727	75,314	567,789	
22		**Distribution Plant**						
23	374	**Land and Land Rights**						
24		Customer	848,128	424,275	371,320	52,280	253	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	1,257,007	696,171	81,200	264,834	

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	1,587,931	1,389,738	195,668	948	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	4,704,596	2,605,557	303,906	991,194	
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	

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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	-	-	-	-	-	

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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	483,254,567	91,976,092	2,519,510	8,145,908	
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	629,084,159	148,864,594	7,583,972	54,479,758	
91		**General Plant**						
92	389	**Land & Land Rights**						
93		Customer	770,138	635,219	120,899	3,312	10,707	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	826,907	195,677	9,969	71,612	
97	390	**Structures & Improvements**						
98		Customer	1,816,930	1,498,627	285,228	7,813	25,261	DISPLTCUS
99		Demand	788,043	452,234	176,418	15,705	143,686	DEM
100		Commodity	-	-	-	-	-	
101		Total Structures & Improvements	2,604,973	1,950,861	461,646	23,519	168,948	

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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	5,178,813	985,665	27,000	87,296	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	6,741,600	1,595,312	81,274	583,834	
108	392	**Transportation Equipment**						
109		Customer	8,866,672	7,313,344	1,391,922	38,129	123,276	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	9,520,259	2,252,846	114,772	824,471	
113	393	**Stores Equipment**						
114		Customer	458,051	377,806	71,906	1,970	6,368	DISPLTCUS
115		Demand	198,667	114,009	44,475	3,959	36,224	DEM
116		Commodity	-	-	-	-	-	
117		Total Stores Equipment	656,718	491,815	116,382	5,929	42,592	
118	394	**Tools**						
119		Customer	3,735,117	3,080,772	586,352	16,062	51,931	DISPLTCUS
120		Demand	1,620,005	929,671	362,667	32,286	295,381	DEM
121		Commodity	-	-	-	-	-	
122		Total Tools	5,355,121	4,010,443	949,019	48,348	347,311	
123	395	**Laboratory Equipment**						
124		Customer	-	-	-	-	-	
125		Demand	-	-	-	-	-	
126		Commodity	-	-	-	-	-	
127		Total Laboratory Equipment	-	-	-	-	-	

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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)	(f)
128		**General Plant (Continued)**						
129	396	**Power Operated Equipment**						
130		Customer	1,227,042	1,012,080	192,626	5,277	17,060	DISPLTCUS
131		Demand	532,196	305,411	119,142	10,607	97,037	DEM
132		Commodity	-	-	-	-	-	
133		Total Power Operated Equipment	1,759,239	1,317,491	311,767	15,883	114,097	
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	2,194,089	417,593	11,439	36,984	DISPLTCUS
141		Demand	1,153,748	662,101	258,287	22,994	210,367	DEM
142		Commodity	-	-	-	-	-	
143		Total Communications Equi9ment	3,813,854	2,856,190	675,880	34,433	247,351	
144	398	**Miscellaneous General Plant**						
145		Customer	325,615	268,571	51,116	1,400	4,527	DISPLTCUS
146		Demand	141,226	81,046	31,616	2,815	25,750	DEM
147		Commodity	-	-	-	-	-	
148		Total Miscellaneous General Plant	466,841	349,617	82,732	4,215	30,277	
149		**Total General Plant**						
150		Customer	64,416,457	55,093,063	8,824,698	135,285	363,411	
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	61,598,924	11,362,651	361,224	2,430,492	

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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	561,999,347	104,131,642	2,671,008	8,536,403	
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	716,036,597	164,221,972	8,020,511	57,478,039	
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)	(16,509,013)	(3,091,165)	(81,412)	(260,947)	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)	(17,762,136)	(3,580,012)	(124,931)	(659,097)	
175	374	**Land and Land Rights**						
176		Customer	(184,322)	(92,207)	(80,698)	(11,362)	(55)	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)	(273,182)	(151,297)	(17,647)	(57,556)	

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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)	(84,358)	(73,829)	(10,395)	(50)	376-379CUS
183		Demand	(288,517)	(165,571)	(64,590)	(5,750)	(52,606)	DEM
184		Commodity	-	-	-	-	-	
185		Total Structures	(457,150)	(249,929)	(138,419)	(16,145)	(52,657)	
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)	

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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	-	-	-	-	-	

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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)	(653,686)	(124,414)	(3,408)	(11,019)	DISPLTCUS
245		Demand	(343,736)	(197,260)	(76,952)	(6,851)	(62,675)	DEM
246		Commodity	-	-	-	-	-	
247		Total Structures & Improvements	(1,136,262)	(850,945)	(201,365)	(10,259)	(73,693)	
248	391	**Office Furniture & Equipment**						
249		Customer	(1,579,447)	(1,302,748)	(247,947)	(6,792)	(21,960)	DISPLTCUS
250		Demand	(685,042)	(393,124)	(153,359)	(13,653)	(124,906)	DEM
251		Commodity	-	-	-	-	-	
252		Total Office Furniture & Equipment	(2,264,489)	(1,695,872)	(401,306)	(20,445)	(146,865)	
253	392	**Transportation Equipment**						
254		Customer	(4,810,491)	(3,967,754)	(755,168)	(20,686)	(66,882)	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)	(5,165,086)	(1,222,250)	(62,268)	(447,305)	

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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)	(81,323)	(15,478)	(424)	(1,371)	DISPLTCUS
261		Demand	(42,763)	(24,541)	(9,573)	(852)	(7,797)	DEM
262		Commodity	-	-	-	-	-	
263		Total Stores Equipment	(141,360)	(105,864)	(25,051)	(1,276)	(9,168)	
264	394	**Tools**						
265		Customer	(694,845)	(573,117)	(109,079)	(2,988)	(9,661)	DISPLTCUS
266		Demand	(301,370)	(172,947)	(67,467)	(6,006)	(54,950)	DEM
267		Commodity	-	-	-	-	-	
268		Total Tools	(996,215)	(746,064)	(176,546)	(8,994)	(64,610)	
269	395	**Laboratory Equipment**						
270		Customer	-	-	-	-	-	
271		Demand	-	-	-	-	-	
272		Commodity	-	-	-	-	-	
273		Total Laboratory Equipment	-	-	-	-	-	
274	396	**Power Operated Equipment**						
275		Customer	(209,360)	(172,682)	(32,866)	(900)	(2,911)	DISPLTCUS
276		Demand	(90,804)	(52,110)	(20,328)	(1,810)	(16,557)	DEM
277		Commodity	-	-	-	-	-	
278		Total Power Operated Equipment	(300,164)	(224,792)	(53,194)	(2,710)	(19,467)	
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)	-	

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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	632,723	120,424	3,299	10,665	DISPLTCUS
287		Demand	332,714	190,934	74,484	6,631	60,665	DEM
288		Commodity	-	-	-	-	-	
289		Total Communication Equipment	1,099,825	823,658	194,908	9,930	71,330	
290	398	**Miscellaneous General Plant**						
291		Customer	(225,773)	(186,220)	(35,443)	(971)	(3,139)	DISPLTCUS
292		Demand	(97,923)	(56,195)	(21,922)	(1,952)	(17,855)	DEM
293		Commodity	-	-	-	-	-	
294		Total Miscellaneous General Plant	(323,695)	(242,415)	(57,364)	(2,922)	(20,994)	
295		**Corporate**						
296		Customer	(319,676)	(263,673)	(50,184)	(1,375)	(4,445)	DISPLTCUS
297		Demand	(56,261)	(32,286)	(12,595)	(1,121)	(10,258)	DEM
298		Commodity	-	-	-	-	-	
299		Total Corporate	(375,937)	(295,959)	(62,779)	(2,496)	(14,703)	
300		**Retirement Work in Progress Not Classified**						
301		Customer	72,911	60,138	11,446	314	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	77,217	18,108	907	6,440	
305		**Total Depreciation and Amortization Reserve**						
306		Customer	(263,660,393)	(223,799,879)	(36,595,613)	(769,797)	(2,495,104)	
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)	(274,360,926)	(56,319,608)	(2,525,713)	(18,559,662)	

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	338,199,467	67,536,029	1,901,211	6,041,299	
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	441,675,671	107,902,364	5,494,798	38,918,377	
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)	(53,769,314)	(9,962,800)	(255,549)	(816,721)	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)	(68,506,835)	(15,711,945)	(767,363)	(5,499,214)	

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	328,412	60,851	1,561	4,988	TPLTCUS
339		Demand	156,854	90,014	35,115	3,126	28,600	DEM
340		Commodity	-	-	-	-	-	
341		Total Net Cost of Removal	552,665	418,425	95,965	4,687	33,588	
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	1,307,115	242,192	6,212	19,854	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	1,665,379	381,952	18,654	133,684	
352		**Prepayments**						
353		Customer	5,071,195	4,140,670	787,566	35,499	107,460	OPEXPCUS
354		Demand	1,207,862	693,155	270,402	24,072	220,233	DEM
355		Commodity	8,765	3,986	1,650	156	2,973	COM
356		Total Prepayments	6,287,823	4,837,811	1,059,618	59,727	330,666	
357		**Cash Working Capital**						
358		Customer	16,214,962	13,239,642	2,518,214	113,506	343,601	OPEXPCUS
359		Demand	3,862,096	2,216,338	864,599	76,970	704,188	DEM
360		Commodity	28,027	12,746	5,276	500	9,504	COM
361		Total Cash Working Capital	20,105,085	15,468,726	3,388,089	190,976	1,057,293	

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	294,012,526	56,339,016	1,653,967	5,672,861	
365		Demand	247,239,618	146,182,715	56,337,619	4,964,222	39,755,062	
366		Commodity	36,792	16,732	6,927	656	12,477	
367		Total Rate Base	$604,954,779	$440,211,973	$112,683,561	$6,618,845	$45,440,399	

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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	677	280	27	505	COM
6		Total Supervision & Engineering	700,270	471,110	175,669	9,118	44,374	
7	871	**Distribution Load Dispatch**						
8		Customer	-	-	-	-	-	
9		Demand	-	-	-	-	-	
10		Commodity	28,778	13,088	5,418	513	9,759	COM
11		Total Distribution Load Dispatch	28,778	13,088	5,418	513	9,759	
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	

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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	6	COM
52		Total Other Expenses (w/o Odorant)	7,780	5,234	1,952	101	493	

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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	175	73	7	131	COM
58		Total Rents (without Odorant)	181,288	121,962	45,478	2,361	11,488	
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	13,947	5,774	547	10,400	
63		Total Distribution Operations Expenses	14,434,722	9,711,012	3,621,078	187,956	914,675	
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	3,912	1,620	153	2,917	COM
69		Total Maintenance Super. and Engineering	1,276,587	867,134	233,059	25,187	151,206	
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	346	143	14	258	COM
74		Total Maintenance Structures and Improvements	112,770	76,600	20,588	2,225	13,357	
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	

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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	36,510	15,114	1,432	27,225	COM
90		Total Odorization Expense	80,280	36,510	15,114	1,432	27,225	
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
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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	62,667	11,927	327	1,056	DISPLTCUS
114		Demand	96,134	55,168	21,521	1,916	17,528	DEM
115		Commodity	1,168	531	220	21	396	COM
116		Total Other Equipment	173,279	118,367	33,668	2,263	18,981	
117		**Total Distribution Maintenance Exp.**						
118		Customer	5,908,583	4,822,429	771,422	114,097	200,634	
119		Demand	7,476,116	4,290,313	1,673,662	148,997	1,363,144	
120		Commodity	90,811	41,299	17,096	1,620	30,796	
121		Total Distribution Maintenance Expenses	13,475,509	9,154,041	2,462,180	264,714	1,594,574	
122		**Total Operations & Maintenance Exp.**						
123		Customer	18,339,942	13,387,425	3,945,104	262,192	745,221	
124		Demand	9,448,811	5,422,382	2,115,285	188,312	1,722,832	
125		Commodity	121,479	55,246	22,870	2,167	41,196	
126		Total Operations & Maintenance Expenses	27,910,231	18,865,053	6,083,259	452,670	2,509,249	
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	

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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	

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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	

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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	

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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	4,657,033	874,995	39,645	122,876	NONAGEXPCUS
214		Demand	1,381,760	792,950	309,332	27,538	251,941	DEM
215		Commodity	10,214	4,645	1,923	182	3,464	COM
216		Total Administrative and General Salaries	7,086,523	5,454,628	1,186,249	67,365	378,281	
217	921	**Office Supplies and Equipment**						
218		Customer	9,385,804	7,675,761	1,442,174	65,343	202,526	NONAGEXPCUS
219		Demand	2,277,428	1,306,946	509,843	45,388	415,251	DEM
220		Commodity	16,834	7,656	3,169	300	5,709	COM
221		Total Office Supplies and Equipment	11,680,066	8,990,363	1,955,186	111,032	623,486	
222	922	**Administrative Expenses Transferred**						
223		Customer	(422,106)	(345,201)	(64,859)	(2,939)	(9,108)	NONAGEXPCUS
224		Demand	(102,422)	(58,777)	(22,929)	(2,041)	(18,675)	DEM
225		Commodity	(757)	(344)	(143)	(14)	(257)	COM
226		Total Administrative Expenses Transferred	(525,286)	(404,322)	(87,930)	(4,993)	(28,040)	
227	923	**Outside Services Employed**						
228		Customer	2,588,275	2,116,705	397,701	18,019	55,850	NONAGEXPCUS
229		Demand	628,035	360,410	140,597	12,517	114,512	DEM
230		Commodity	4,642	2,111	874	83	1,574	COM
231		Outside Services Employed	3,220,952	2,479,226	539,172	30,619	171,935	
232	924	**Property Insurance**						
233		Customer	17,403	14,440	2,676	69	219	TOTPLTCUS
234		Demand	6,897	3,958	1,544	137	1,257	DEM
235		Commodity	-	-	-	-	-	
236		Total Property Insurance	24,300	18,398	4,219	206	1,477	

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LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
237		**Admin. & General Exp. (Continued)**						
238	925	**Injuries and Damages**						
239		Customer	2,258,489	1,847,005	347,028	15,723	48,733	NONAGEXPCUS
240		Demand	548,014	314,488	122,683	10,922	99,921	DEM
241		Commodity	4,051	1,842	763	72	1,374	COM
242		Total Injuries and Damages	2,810,553	2,163,335	470,473	26,717	150,028	
243	926	**Employee Pensions and Benefits**						
244		Customer	17,850,292	14,598,065	2,742,783	124,272	385,172	NONAGEXPCUS
245		Demand	4,331,303	2,485,602	969,640	86,322	789,740	DEM
246		Commodity	32,016	14,560	6,027	571	10,857	COM
247		Total Employee Pensions and Benefits	22,213,611	17,098,227	3,718,450	211,164	1,185,769	
248	927	**Franchise Requirements**						
249		Customer	-	-	-	-	-	
250		Demand	-	-	-	-	-	
251		Commodity	-	-	-	-	-	
252		Total Franchise Requirements	-	-	-	-	-	
253	928	**Regulatory Commission Expense**						
254		Customer	2,086,143	1,422,884	534,395	46,260	82,604	TOTREVCUS
255		Demand	-	-	-	-	-	
256		Commodity	-	-	-	-	-	
257		Total Regulatory Commission Expense	2,086,143	1,422,884	534,395	46,260	82,604	
258	930	**Miscellaneous General Expense**						
259		Customer	1,734,361	1,418,369	266,493	12,074	37,424	NONAGEXPCUS
260		Demand	420,836	241,505	94,212	8,387	76,732	DEM
261		Commodity	3,111	1,415	586	55	1,055	COM
262		Total Miscellaneous General Expense	2,158,307	1,661,289	361,290	20,517	115,211	

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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	437,330	83,235	2,280	7,372	DISPLTCUS
266		Demand	229,967	131,971	51,482	4,583	41,931	DEM
267		Commodity	-	-	-	-	-	
268		Total Rents	760,184	569,301	134,718	6,863	49,302	
269	932	**Maintenance of General Plant**						
270		Customer	1,391,105	1,189,762	190,574	2,922	7,848	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	1,330,259	245,382	7,801	52,488	
274		**Total Administrative & General Expenses**						
275		Customer	43,114,532	35,032,154	6,817,194	323,669	941,516	
276		Demand	9,966,641	5,719,549	2,231,211	198,632	1,817,249	
277		Commodity	70,110	31,884	13,199	1,250	23,776	
278		Total Administrative & General Expenses	53,151,283	40,783,587	9,061,604	523,551	2,782,541	
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	-	-	-	-	-	

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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	8,287	7,252	1,021	5	376-379CUS
298		Demand	28,341	16,264	6,345	565	5,168	DEM
299		Commodity	-	-	-	-	-	
300		Total Land and Land Rights	44,906	24,551	13,597	1,586	5,172	
301	375	**Structures**						
302		Customer	47,297	23,660	20,707	2,915	14	376-379CUS
303		Demand	80,921	46,438	18,116	1,613	14,755	DEM
304		Commodity	-	-	-	-	-	
305		Total Structures	128,218	70,098	38,823	4,528	14,769	
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	

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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	

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LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(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	90,891	17,299	474	1,532	DISPLTCUS
360		Demand	47,794	27,428	10,700	953	8,714	DEM
361		Commodity	-	-	-	-	-	
362		Total Structures & Improvements	157,990	118,318	27,999	1,426	10,247	
363	391	**Office Furniture & Equipment**						
364		Customer	529,722	436,921	83,158	2,278	7,365	DISPLTCUS
365		Demand	229,752	131,848	51,434	4,579	41,891	DEM
366		Commodity	-	-	-	-	-	
367		Total Office Furniture & Equipment	759,474	568,769	134,592	6,857	49,256	

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LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(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	10,201	1,941	53	172	DISPLTCUS
376		Demand	5,364	3,078	1,201	107	978	DEM
377		Commodity	-	-	-	-	-	
378		Total Stores Equipment	17,731	13,279	3,142	160	1,150	
379	394	**Tools**						
380		Customer	197,961	163,281	31,077	851	2,752	DISPLTCUS
381		Demand	85,860	49,272	19,221	1,711	15,655	DEM
382		Commodity	-	-	-	-	-	
383		Total Tools	283,821	212,553	50,298	2,562	18,407	
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	-	-	-	-	-	

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LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(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	137,131	26,100	715	2,312	DISPLTCUS
402		Demand	72,109	41,381	16,143	1,437	13,148	DEM
403		Commodity	-	-	-	-	-	
404		Total Communication Equipment	238,366	178,512	42,243	2,152	15,459	
405	398	**Miscellaneous General Plant**						
406		Customer	12,536	10,721	1,717	26	71	GENPLTCUS
407		Demand	5,437	3,120	1,217	108	991	DEM
408		Commodity	-	-	-	-	-	
409		Total Miscellaneous General Plant	17,973	13,842	2,935	135	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	1,428,665	267,505	7,045	22,582	CUS
417		Demand	119,362	68,498	26,721	2,379	21,764	DEM
418		Commodity	-	-	-	-	-	
419		Amortization - Software	1,845,160	1,497,164	294,226	9,424	44,346	

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LINE	ACCT.	DESCRIPTION	Total	Residential	Small General Service	Large General Service	Large Volume Service	Allocation Factor
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)
420		**Depr. and Amort. Exp. (Continued)**						
421		**Amortization - Infinity Software**						
422		Customer	142,020	117,569	22,014	580	1,858	NONINTCUS
423		Demand	57,972	33,268	12,978	1,155	10,570	DEM
424		Commodity	-	-	-	-	-	
425		Total Amortization - Infinity Software	199,992	150,837	34,992	1,735	12,428	
426		**Amortization - Net Cost of Removal**						
427		Customer	121,789	101,050	18,723	480	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	128,747	29,528	1,442	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	19,504,305	3,524,920	83,935	278,169	
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	23,513,178	5,088,792	223,158	1,551,892	
441		**Taxes Other Than Income**						
442	4081	**Payroll**						
443		Customer	2,169,450	1,769,742	337,113	15,564	47,031	NTOTIEXPCUS
444		Demand	516,722	296,531	115,677	10,298	94,215	DEM
445		Commodity	3,750	1,705	706	67	1,272	COM
446		Total Payroll Taxes	2,689,921	2,067,978	453,496	25,929	142,518	

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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	5,346,148	990,576	25,409	81,204	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	6,811,463	1,562,199	76,297	546,773	
453		**Gross Receipts**						
454		Customer	-	-	-	-	-	
455		Demand	-	-	-	-	-	
456		Commodity	-	-	-	-	-	
457		Total Revenue Related Taxes	-	-	-	-	-	
458		**Other**						
459		Customer	241,982	197,399	37,602	1,736	5,246	NTOTIEXPCUS
460		Demand	57,636	33,075	12,903	1,149	10,509	DEM
461		Commodity	418	190	79	7	142	COM
462		Total Other	300,036	230,664	50,583	2,892	15,897	
463		**Total Taxes Other Than Income**						
464		Customer	8,854,769	7,313,289	1,365,291	42,708	133,482	
465		Demand	3,127,752	1,794,921	700,203	62,335	570,293	
466		Commodity	4,168	1,896	785	74	1,413	
467		Total Taxes Other Than Income	11,986,689	9,110,105	2,066,279	105,118	705,188	
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	

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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	24,797,016	4,751,633	139,496	478,449	RBCUS
475		Demand	20,852,189	12,329,050	4,751,515	418,682	3,352,942	RBDEM
476		Commodity	3,103	1,411	584	55	1,052	COM
477		Total Required Return	51,021,886	37,127,478	9,503,732	558,233	3,832,443	
478		**Income Taxes**						
479		Customer	12,034,541	9,892,423	1,895,597	55,650	190,871	RBCUS
480		Demand	8,318,689	4,918,502	1,895,550	167,028	1,337,609	RBDEM
481		Commodity	1,238	563	233	22	420	COM
482		Total Income Taxes	20,354,468	14,811,488	3,791,381	222,699	1,528,900	
483		**Total Cost of Service Before**						
484		**Revenue Credits**						
485		Customer	162,047,352	132,458,406	25,345,560	1,037,272	3,206,114	
486		Demand	58,699,773	34,193,277	13,257,636	1,174,212	10,074,648	
487		Commodity	200,097	91,000	37,671	3,569	67,858	
488		Total Cost of Service Before Revenue Credits	220,947,223	166,742,683	38,640,867	2,215,053	13,348,620	

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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**

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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	538,347,630	100,800,790	2,654,795	8,509,319
37	**Nonintangible Plant Factor (NONINTCUS)**	**1.00000**	**0.82783**	**0.15500**	**0.00408**	**0.01308**
38						
39	Distribution Plant Customer Costs	585,896,077	483,254,567	91,976,092	2,519,510	8,145,908
40	**Distribution Plant Factor (DISPLTCUS)**	**1.00000**	**0.82481**	**0.15698**	**0.00430**	**0.01390**
41						
42	General Plant Customer Costs	64,416,457	55,093,063	8,824,698	135,285	363,411
43	**General Plant Factor (GENPLTCUS)**	**1.00000**	**0.85526**	**0.13699**	**0.00210**	**0.00564**
44						
45	Total Revenue (margin plus the cost of gas)	640,411,866	436,802,196	164,050,470	14,201,198	25,358,001
46	**Total Revenue Factor (TOTREVCUS)**	**1.00000**	**0.68206**	**0.25616**	**0.02218**	**0.03960**
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**

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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	561,999,347	104,131,642	2,671,008	8,536,403
63	**Total Plant Factor (TPLTCUS)**	**1.00000**	**0.82972**	**0.15374**	**0.00394**	**0.01260**
64						
65	Net Plant Customer Costs	413,678,006	338,199,467	67,536,029	1,901,211	6,041,299
66	**Net Plant Factor (NETPLTCUS)**	**1.00000**	**0.81754**	**0.16326**	**0.00460**	**0.01460**
67						
68	Account 376-379 Customer Costs	288,863,102	144,503,282	126,467,503	17,806,019	86,298
69	**Account 376-379 Factor (376-379CUS)**	**1.00000**	**0.50025**	**0.43781**	**0.06164**	**0.00030**
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**

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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	55,390,239	10,407,092	471,531	1,461,479
94	**Non-A&G Op. Exp. Cost Factor (NONAGEXPCUS)**	**1.00000**	**0.81781**	**0.15365**	**0.00696**	**0.02158**
95						
96	Operating Expense Customer Costs (1)	119,699,643	97,735,681	18,589,576	837,908	2,536,477
97	**Operating Expense Factor (OPEXP)**	**1.00000**	**0.81651**	**0.15530**	**0.00700**	**0.02119**
98						
99	Operating Expenses (Non-TOTI) Customer Costs (1)	110,844,874	90,422,393	17,224,286	795,200	2,402,995
100	**Non-TOTI Operating Exp. Factor (NTOTIEXPCUS)**	**1.00000**	**0.81576**	**0.15539**	**0.00717**	**0.02168**
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	294,012,526	56,339,016	1,653,967	5,672,861
108	**Rate Base Customer Factor (RBCUS)**	**1.00000**	**0.82200**	**0.15751**	**0.00462**	**0.01586**

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	(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)	777,199,448	353,453,768	146,317,231	13,861,038	263,567,412
122	**Commodity Factor (COM)**	**1.00000**	**0.45478**	**0.18826**	**0.01783**	**0.33912**

(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.