

Exhibit No.:  
Issues: Updated Revenue  
Requirement  
Witness: Michael R. Noack  
Sponsoring Party: Missouri Gas Energy  
Case No.: GR-2009-0355  
Date Prepared: June 19, 2009

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-2009-0355

**FILED<sup>2</sup>**

NOV 09 2009

**Missouri Public  
Service Commission**

UPDATED TEST YEAR DIRECT TESTIMONY OF

MICHAEL R. NOACK

Jefferson City, Missouri

June 19, 2009

*MGE* Exhibit No. 31  
Case No(s) GR-2009-0355  
Date 10-26-09 Rptr YF

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

**CASE NO. GR-2009-0355**

**June 19, 2009**

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

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

4  
5    **Q.    ARE YOU THE SAME MICHAEL R. NOACK WHO FILED DIRECT TESTIMONY IN THIS**  
6           **PROCEEDING BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION**  
7           **(COMMISSION) ON BEHALF OF MISSOURI GAS ENERGY (MGE) ON APRIL 2, 2009?**

8    A.    Yes.

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

11   A.    In its Order Establishing Procedural Schedule issued on May 27, 2009, the Commission  
12        required MGE to update its revenue requirement to reflect the test year updated for known  
13        and measurable items through April 30, 2009. The purpose of this testimony is to present the  
14        revenue requirement prepared by MGE on the basis of the twelve-month period ending  
15        December 31, 2008, updated for known and measurable items through April 30, 2009.

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

19   A.    The revenue deficiency schedules attached to this testimony update the revenue deficiency  
20        schedules attached to my original direct testimony filed April 2, 2009. The revenue deficiency  
21        summary attached to this testimony is based on the twelve-month period ending December  
22        31, 2008 updated for known and measurable changes through April 30, 2009.

23

1     **Q.     IN UPDATING THE TEST PERIOD FOR KNOWN AND MEASURABLE CHANGES**  
2     **THROUGH APRIL 30, 2009, WAS IT NECESSARY TO ADD ANY SCHEDULES?**

3     A.     No, but there are two corrections to the original filed direct testimony that need to be made.  
4     The first correction is on page 25, line 22 where the word "more" should be "less". The  
5     second correction of the testimony is on page 15 at line 6 where the words "in Kansas" should  
6     follow the word storage. The proposed tariff sheet Nos. 14 and 16, while referred to in my  
7     direct testimony, were inadvertently omitted from the testimony filing. Accordingly, those tariff  
8     sheets are attached to this testimony as Update Schedule MRN\_2.

9  
10    **Q.     DOES MGE PROPOSE TO TAKE ANY OTHER ACTION IN REGARD TO THE KANSAS**  
11    **PROPERTY TAX?**

12    A.     Yes. Because of the new legislation passed in Kansas regarding the taxation of the gas held  
13    in storage, MGE will be filing a request for an Accounting Authority Order for the property  
14    taxes assessed on gas held in storage in Kansas.

15  
16    **Q.     DOES MGE CONTINUE TO BELIEVE THAT A TRUE-UP AUDIT IS NECESSARY AND**  
17    **APPROPRIATE?**

18    A.     Yes.

19  
20    **Q.     WHY?**

21    A.     MGE continues to believe that a true-up audit is necessary and appropriate in this proceeding  
22    for several reasons. First, MGE has budgeted approximately \$12,000,000, of capital  
23    investment that it plans to place in service between June 30, 2009 and September 30, 2009.  
24    This investment represents approximately \$1,700,000, of additional annual revenue  
25    requirement.

26    Second, MGE plans to hire approximately 39 additional employees during the summer of  
27    2009. This includes 25 outside plant personnel that would add approximately \$1,500,000 to  
28    the Company's annual revenue requirement. MGE also plans to hire at least 4 customer

1 service representatives during the summer of 2009 to fill current vacancies in time to be  
2 trained for the 2009/2010 winter season. This would add approximately \$240,000 to the  
3 annual MGE revenue requirement.  
4 Lastly, to the extent the Commission uses a capital structure based on the Company's actual  
5 debt and equity (without conceding the appropriateness of such an approach), because MGE  
6 expects the equity ratio to increase during the true-up period resulting in a higher revenue  
7 requirement, MGE would want that structure to reflect the Company's most current  
8 percentages. Using the true-up mechanism to recognize known and measurable changes  
9 such as those listed above is the best way to mitigate regulatory lag in this proceeding.  
10 Without a true-up, by the time rates go into effect (February 28, 2010 based on the operation  
11 of law date) MGE will already be experiencing a shortfall from the authorized rate of return  
12 simply by not having the plant increases and expense increases since April 2009 included in  
13 rates.

14

15 **Q. DOES THIS CONCLUDE YOUR UPDATED TEST YEAR DIRECT TESTIMONY?**

16 **A. Yes.**

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's  
Tariff Sheets Designed to Increase Rates  
for Gas Service in the Company's Missouri  
Service Area.

)  
) Case No. GR-2009-0355  
)  
)

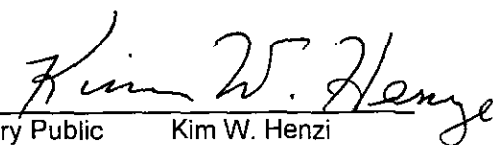
AFFIDAVIT OF MICHAEL R. NOACK

STATE OF MISSOURI            )  
                                      )  
COUNTY OF JACKSON        )           ss.

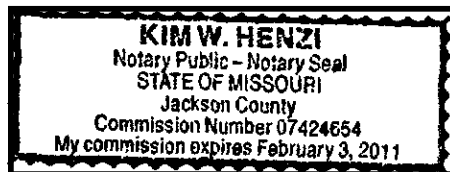
Michael R. Noack, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Updated Test Year Direct Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Updated Test Year Direct Testimony were given by him;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

  
MICHAEL R. NOACK

Subscribed and sworn to before me this 18<sup>th</sup> day of June, 2009.

  
Notary Public           Kim W. Henzi

My Commission Expires: February 3, 2011



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

**Index of Schedules**

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**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Test Year Ending December 31, 2008 Updated through April 30, 2009  
**Revenue Deficiency**

Line No.	Description (a)	Ref. (b)	Required Return (c)	Earnings Deficiency (d)	Net Revenue Deficiency (e)
1	Rate Base	B	\$622,892,583		
2	Rate of Return	F	<u>8.434%</u>		
3	<b>Required Return</b>		<u><b>\$52,534,760</b></u>	\$52,534,760	
4	Adjusted Test Year Net Operating Income	A-1		<u>29,868,368</u>	
5	<b>Earnings Deficiency</b>			<u><b>\$22,666,392</b></u>	\$22,666,392
6	Multiply by Income Tax Gross-up Factor				<u>1.62308</u>
7	<b>Net Revenue Deficiency</b>				<u><u><b>\$36,789,344</b></u></u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Test Year Ending December 31, 2008 Updated through April 30, 2009  
**Summary of Net Operating Income**  
**Per Books and Adjusted**

Line No.	Description (a)	Per Books (b)	Adjustments (c)	As Adjusted (d)
<b><u>REVENUES</u></b>				
1	Operating Base Revenues	\$732,145,245	(\$551,694,538)	\$180,450,706
2	Other Utility Revenues	6,456,128		6,456,128
3	Total Operating Revenues	<u>\$738,601,373</u>	<u>(\$551,694,538)</u>	<u>\$186,906,835</u>
<b><u>OPERATING EXPENSES</u></b>				
4	Distribution Expense	\$529,514,357	(\$501,516,137)	\$27,998,220
5	Customer Accounts Expense	21,173,183	3,021,752	24,194,935
6	Customer Service and Information Expense	1,183,469	1,966	1,185,435
7	Sales Expense	1,028,158	3,011	1,031,169
8	Administrative and General Expense	51,904,046	1,092,420	52,996,466
9	Total Operating and Maintenance Expenses	<u>\$604,803,213</u>	<u>(\$497,396,987)</u>	<u>\$107,406,226</u>
10	Depreciation & Amortization Expense	\$26,971,271	\$3,672,552	\$30,643,823
11	Interest on Customer Deposits	161,519	(14,928)	146,591
12	Taxes Other Than Income	53,762,684	(41,755,912)	12,006,772
13	Total Operating Expenses	<u>\$685,698,687</u>	<u>(\$535,495,276)</u>	<u>\$150,203,411</u>
14	Operating Income Before Income Tax	\$52,902,686	(\$16,199,262)	\$36,703,423
15	Less: Income Tax Expense	22,022,840	(15,187,785)	6,835,055
16	Net Operating Income	<u>\$30,879,846</u>	<u>(\$1,011,477)</u>	<u>\$29,868,368</u>



**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Test Year Ending December 31, 2008 Updated through April 30, 2009  
**Income Tax**

Line No.	Description (a)	Reference (b)	As Adjusted (d)
1	Total Operating Revenues	A-1	\$188,906,835
2	Total Operating Expenses	A-1	(150,203,411)
3	Net Operating Income	A-1	<u>\$38,703,423</u>
4	Equity Portion of SLRP Deferrals		\$0
5	Less: Interest on Long Term Debt		(18,898,561)
6	Total Tax Adjustments		<u>(\$18,898,561)</u>
7	Net Taxable Income		<u>\$17,804,862</u>
8	Income Tax		<u>\$6,835,055</u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Test Year Ending December 31, 2008 Updated through April 30, 2009  
**Rate Base**

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
1	Intangible Plant	C	\$30,071,028
2	Distribution Plant	C	849,062,006
3	General Plant	C	76,377,275
4	Gross Plant In Service		<u>\$955,510,309</u>
5	Accumulated Depreciation & Amortization	D	<u>(351,298,035)</u>
6	Net Plant in Service		\$604,212,274
7	Working Capital	E	128,595,963
8	Net Cost of Removal Balance		552,665
9	Customer Deposits	B-2	(4,572,625)
10	Customer Advances - Thirteen Month Average	B-3	(12,773,726)
11	Deferred Income Taxes - SLRP	B-1	(1,139,496)
12	Deferred Income Taxes - Other ( Net of AMT)	B-4	<u>(91,982,473)</u>
13	Total Rate Base		<u><u>\$622,892,583</u></u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
**SLRP Deferrals and Deferred Taxes**  
Test Year Ending December 31, 2008 Updated through April 30, 2009

Line No.	Description	Gross Deferral	Accumulated Amortization	Amount
	(a)	(b)	(c)	(d)
<u>SLRP Deferrals</u>				
1	Order GO-92-185 (Deferred Balance @ 5/31/98)	\$0	(0)	\$0
2	Order GO-94-234 (Deferred Balance @ 5/31/98)	0	(0)	0
3	Order GO-97-301 (Deferred Balance @ 5/31/98)	0	0	(0)
4	Order GR-98-140	9,182,136	7,116,155	2,065,981
5	Order GR-2001-282	1,629,639	746,918	882,721
6	Total SLRP Deferrals	<u>\$10,811,775</u>	<u>\$7,863,072</u>	<u>\$2,948,703</u>
7	Annual Amortization	<u>\$1,081,178</u>		
<u>SLRP Deferred Taxes</u>				
8	Order GO-92-185			0
9	Order GO-94-234			0
10	Order GO-97-301			0
11	Order GR-98-140			(798,378)
12	Order GR-2001-292			(341,118)
13	Total SLRP Deferred Taxes			<u>(\$1,139,496)</u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Thirteen Months Ending April 30, 2009

**Customer Deposits**

Line No.	Month	Residential Amount	Commercial & Industrial	Total Amount
			Amount	
	(a)	(b)	(c)	(d)
1	Apr-08	(799,345)	(3,795,560)	(4,594,905)
2	May-08	(779,288)	(3,778,542)	(4,557,831)
3	Jun-08	(754,253)	(3,771,453)	(4,525,705)
4	Jul-08	(743,377)	(3,796,964)	(4,540,341)
5	Aug-08	(738,566)	(3,808,411)	(4,546,977)
6	Sep-08	(731,797)	(3,813,742)	(4,545,538)
7	Oct-08	(737,517)	(3,827,786)	(4,565,303)
8	Nov-08	(731,427)	(3,827,032)	(4,558,459)
9	Dec-08	(737,673)	(3,864,570)	(4,602,243)
10	Jan-09	(749,084)	(3,895,725)	(4,644,810)
11	Feb-09	(756,346)	(3,853,468)	(4,609,814)
12	Mar-09	(766,336)	(3,812,591)	(4,578,927)
13	Apr-09	<u>(764,298)</u>	<u>(3,808,981)</u>	<u>(4,573,279)</u>
14	13 Month Total	<u>(\$9,789,305)</u>	<u>(\$49,654,825)</u>	<u>(\$59,444,131)</u>
15	13 Month Average	<u>(\$753,023)</u>	<u>(\$3,819,602)</u>	<u>(\$4,572,625)</u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Thirteen Months Ending April 30, 2009

**Customer Advances**

Line No.	Month	Amount
	(a)	(b)
1	Apr-08	(13,633,849)
2	May-08	(13,354,019)
3	Jun-08	(13,285,504)
4	Jul-08	(13,053,857)
5	Aug-08	(12,953,206)
6	Sep-08	(12,963,050)
7	Oct-08	(12,828,284)
8	Nov-08	(12,740,058)
9	Dec-08	(12,617,246)
10	Jan-09	(12,337,566)
11	Feb-09	(12,331,139)
12	Mar-09	(12,078,586)
13	Apr-09	<u>(11,882,070)</u>
14	13 Month Total	<u><u>(\$166,058,435)</u></u>
15	13 Month Average	<u><u>(\$12,773,726)</u></u>

**MISSOURI GAS ENERGY**  
*A Division of Southern Union Company*  
Test Year Ending December 31, 2008 Updated through April 30, 2009

**Deferred Taxes (Other than SLRP)**

Line No.	Description (a)	Amount (b)
1	Deferred Taxes, MGE Direct Plant as of 4/30/09	(\$91,769,376)
2	Deferred Taxes, Corporate Plant	<u>(213,096)</u>
3	Total Accumulated Deferred Income Taxes (Other than SLRP)	<u><u>(\$91,982,473)</u></u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
**Plant in Service**  
Test Year Ending December 31, 2008 Updated through April 30, 2009

Line No.	Description	Direct	Completed Not Classified	Total Direct & Completed	Corporate Allocated	Total Adjustments	Total As Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>INTANGIBLE PLANT</b>							
1	(301) Organization	\$15,600	\$0	\$15,600	\$0	\$0	\$15,600
2	(302) Franchises	13,823	0	13,823	0	0	13,823
3	(303) Miscellaneous Intangible	29,961,921	79,684	30,041,605	0	0	30,041,605
4	Total Intangible Plant	\$29,991,344	\$79,684	\$30,071,028	\$0	\$0	\$30,071,028
<b>DISTRIBUTION PLANT</b>							
5	(374.1) Land	\$150,610	\$0	\$150,610	\$0	\$0	\$150,610
6	(374.2) Land Rights	2,148,602	32,710	2,181,312	0	0	2,181,312
7	(375.1) Structures	8,568,891	15,069	8,583,960	0	0	8,583,960
8	(375.2) Leasehold Improvements	0	0	0	0	0	0
9	(376) Mains	380,896,494	1,914,931	382,811,425	0	0	382,811,425
10	(378) Meas. & Reg. Station - General	12,343,426	25,342	12,368,768	0	0	12,368,768
11	(379) Meas. & Reg. Station - City Gate	3,411,645	0	3,411,645	0	0	3,411,645
12	(380) Services	324,943,673	17,586	324,961,259	0	(8,350,424)	316,610,835
13	(381) Meters	32,658,905	0.00	32,658,905	0	0	32,658,905
14	(382) Meter Installations	77,125,156	35,178	77,160,334	0	0	77,160,334
15	(383) House Regulators	12,733,549	0	12,733,549	0	0	12,733,549
16	(385) Electronic Gas Measuring	380,104	10,559	390,663	0	0	390,663
17	(387) Other Equipment	0	0	0	0	0	0
18	Total Distribution Plant	\$855,361,055	\$2,051,375	\$857,412,430	\$0	(\$8,350,424)	\$849,062,006
<b>GENERAL PLANT</b>							
19	(389) Land	\$1,104,164	\$0	\$1,104,164	\$0	\$0	\$1,104,164
20	(390.1) Structures	727,399	0	727,399	0	0	727,399
21	(390.2) Leasehold Improvements	1,884,544	0	1,884,544	4,436	0	1,888,980
22	(391) Furniture & Fixtures	8,108,682	7,552	8,116,234	934,199	0	9,050,433
23	(392.1) Transportation Eq - Cars and Small Trucks	0	0	0	0	6,251,827	6,251,827
24	(392.2) Transportation Eq - Heavy Trucks	6,478,732	0	6,478,732	0	456,374	6,935,106
25	(393) Stores Equipment	530,991	15,044	546,035	0	127,230	673,265
26	(394) Tools	5,391,276	86,341	5,477,617	0	0	5,477,617
27	(395) Laboratory Equipment	0	0	0	0	0	0
28	(396) Power Operated Equipment	130,439	0	130,439	0	1,628,800	1,759,239
29	(397.1) Communication Equipment - AMR	38,190,850	0	38,190,850	0	0	38,190,850
30	(397.0) Communication Equipment	3,828,004	22,045	3,850,049	0	0	3,850,049
31	(398) Miscellaneous Equipment	468,342	0	468,342	0	0	468,346
32	Total General Plant	\$66,843,423	\$130,982	\$66,974,405	\$938,635	\$8,464,231	\$76,377,275
33	Total Original Cost Plant in Service	\$952,195,822	\$2,262,041	\$954,457,863	\$938,635	\$113,807	\$955,510,309
34	Accumulated Depreciation and Amortization	(355,141,090)	0	(355,141,090)	0	3,843,055	(351,298,035)
35	Net Plant In Service	\$597,054,732	\$2,262,041	\$599,316,773	\$938,635	\$3,956,862	\$604,212,274

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
**Plant in Service**  
Test Year Ending December 31, 2008 Updated through April 30, 2009

Line No.	Description	Retire Inactive Services No. 1	Switch Fleet from Lease to Purchase No. 2	Truck Assoc with the Apprentice Program No. 3	Total Adjustments
	(a)	(b)	(c)	(d)	(e)
<u>INTANGIBLE PLANT</u>					
1	(301) Organization				
2	(302) Franchises				
3	(303) Miscellaneous Intangible				0
4	Total Intangible Plant	\$0	\$0		\$0
<u>DISTRIBUTION PLANT</u>					
5	(374.1) Land				
6	(374.2) Land Rights				
7	(375.1) Structures				
8	(375.2) Leasehold Improvements				
9	(376) Mains & Mains - Cast Iron				
10	(378) Meas. & Reg. Station - General				
11	(379) Meas. & Reg. Station - City Gate				
12	(380) Services	(8,350,424)			(8,350,424)
13	(381) Meters				
14	(382) Meter Installations				
15	(383) House Regulators				
16	(385) Electronic Gas Metering				
17	(387) Other Equipment				
18	Total Distribution Plant	(\$8,350,424)	\$0		(\$8,350,424)
<u>GENERAL PLANT</u>					
19	(389) Land				
20	(390.1) Structures				
21	(390.2) Leasehold Improvements				
22	(391) Furniture & Fixtures				
23	(392.1) Transportation Equipment		5,883,827	368,000	6,251,827
24	(392.2) Transportation Equipment		456,374		456,374
25	(393) Stores Equipment		127,230		127,230
26	(394) Tools				
27	(395) Laboratory Equipment				
28	(396) Power Operated Equipment		1,628,800		1,628,800
29	(397) Communication Equipment - AMR				
30	(397) Communication Equipment				
31	(398) Miscellaneous Equipment				
32	Total General Plant	\$0	\$8,096,231	\$368,000	\$8,464,231
33	Total Original Cost Plant in Service	(\$8,350,424)	\$8,096,231	\$368,000	\$113,807



**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
**Accumulated Reserves for Depreciation and Amortization**  
**Test Year Ending December 31, 2008 Updated through April 30, 2009**

Line No.	Description (a)	Test Year Direct (b)	Corporate (c)	Proforma Adjustments (d)	Test Year As Adjusted (e)
1	Intangible Plant Reserve	(\$23,089,550)	\$0	\$0	(\$23,089,550)
2	Distribution & General Plant Reserve	<u>(331,675,603)</u>	<u>(375,937)</u>	<u>3,843,055</u>	<u>(328,208,485)</u>
3	Total Accumulated Reserves	<u>(\$354,765,154)</u>	<u>(\$375,937)</u>	<u>\$3,843,055</u>	<u>(\$351,298,035)</u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
**Accumulated Reserves for Depreciation and Amortization**  
**Test Year Ending December 31, 2008 Updated through April 30, 2009**

Line No.	Description	Adjustments to Plant in Service	Deprec. Rates	Retire Inactive Services No. 1	Switch Fleet from Lease to Purchase No. 2	Total Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)
<b>INTANGIBLE PLANT</b>						
1	(301) Organization					
2	(302) Franchises					
3	(303) Miscellaneous Intangible	\$0				\$0
4	Total Intangible Plant	\$0			\$0	\$0
<b>DISTRIBUTION PLANT</b>						
5	(374.1) Land		0.00%			
6	(374.2) Land Rights		Amort.			
7	(375.1) Structures		1.49%			
8	(375.2) Leasehold Improvements		Amort.			
9	(376) Mains & Mains - Cast Iron		2.39%			
10	(378) Meas. & Reg. Station - General		2.86%			
11	(379) Meas. & Reg. Station - City Gate		2.13%			
12	(380) Services	(8,350,424)	3.38%	8,350,424		8,350,424
13	(381) Meters		2.89%			
14	(382) Meter Installations		2.86%			
15	(383) House Regulators		2.44%			
16	(385) Electronic Gas Metering		3.33%			
17	(387) Other Equipment		6.25%			
18	Total Distribution Plant	(\$8,350,424)		\$8,350,424		\$8,350,424
<b>GENERAL PLANT</b>						
19	(389) Land		0.00%			
20	(390.1) Structures		2.00%			
21	(390.2) Leasehold Improvements		Amort.			
22	(391) Furniture & Fixtures		8.06%			
23	(392.1) Transportation Equipment	5,883,827	13.33%		(3,438,401)	(3,438,401)
24	(392.2) Transportation Equipment	456,374			(238,970)	(238,970)
25	(393) Stores Equipment	127,230	2.70%		(53,534)	(53,534)
26	(394) Tools		5.30%			
27	(395) Laboratory Equipment		6.00%			
28	(396) Power Operated Equipment	1,628,800	6.25%		(776,464)	(776,464)
29	(397) Communication Equipment - AMR		5.00%			
30	(397) Communication Equipment		6.25%			
31	(398) Miscellaneous Equipment		3.85%			
32	Total General Plant	\$8,096,231		\$0	(\$4,507,369)	(\$4,507,369)
33	Total Adjustment	(\$254,193)		\$8,350,424	(\$4,507,369)	\$3,843,055

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Test Year Ending December 31, 2008 Updated through April 30, 2009  
**Working Capital**

Line No.	Description (a)	Reference (b)	Amounts (c)
1	Materials and Supplies Inventory	E-1	\$2,939,374
2	Prepayments - Thirteen Month Average	E-2	468,642
3	Gas Inventory - Volumes and Price	E-3	100,132,700
4	Cash Working Capital	E-4	19,958,953
5	Prepaid Pension	E-5	<u>5,096,294</u>
6	Total Working Capital		<u><u>\$128,595,963</u></u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Thirteen Months Ending April 30, 2009  
**Materials & Supplies**

Line No.	Month	Amount
	(a)	(b)
1	Apr-08	2,491,086
2	May-08	2,458,090
3	Jun-08	2,775,338
4	Jul-08	2,779,149
5	Aug-08	2,824,236
6	Sep-08	3,078,912
7	Oct-08	2,987,921
8	Nov-08	2,992,531
9	Dec-08	3,134,851
10	Jan-09	3,133,653
11	Feb-09	3,157,210
12	Mar-09	3,245,394
13	Apr-09	<u>3,153,495</u>
14	13 Month Total	<u><u>\$38,211,865</u></u>
15	13 Month Average	<u><u>\$2,939,374</u></u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Thirteen Months Ending April 30, 2009  
**Prepayments**

Line		
No.	Month	Amount
	(a)	(b)
1	Apr-08	298,017
2	May-08	189,563
3	Jun-08	83,659
4	Jul-08	211,810
5	Aug-08	228,657
6	Sep-08	1,062,145
7	Oct-08	873,885
8	Nov-08	819,944
9	Dec-08	651,285
10	Jan-09	553,891
11	Feb-09	447,111
12	Mar-09	428,689
13	Apr-09	<u>243,689</u>
14	13 Month Total	<u><u>\$6,092,343</u></u>
15	13 Month Average	<u><u>\$468,642</u></u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
Thirteen Months Ending April 30, 2009  
**Gas Inventory**

Line No.	Month (a)	Dollars (b)
1	Apr-08	22,681,888
2	May-08	60,581,880
3	Jun-08	96,404,831
4	Jul-08	139,168,010
5	Aug-08	157,685,159
6	Sep-08	162,676,030
7	Oct-08	160,415,607
8	Nov-08	145,992,320
9	Dec-08	113,531,199
10	Jan-09	82,548,949
11	Feb-09	62,161,879
12	Mar-09	49,946,074
13	Apr-09	47,931,271
14	13 Month Average	<u>\$100,132,700</u>

**Missouri Gas Energy**  
**A Division of Southern Union Gas Company**  
**Test Year Ended December 31, 2008 Updated through April 30, 2009**

Summary of Cash Working Capital						
		[ 1 ]	[ 2 ]	[ 3 ]	[ 4 ]	[ 5 ]
Line #	Description	Reference	Test Year Expenses	Number of Payment (Lead) / Lag Days	Weighted Dollar Days	Totals
					[ 2 ] * [ 3 ]	
<u>WORKING CAPITAL REQUIREMENT</u>						
1	REVENUE LAG DAYS	Page 2				48.57
2	EXPENSE LAG DAYS	Page 3				
3	Payroll & FICA Expense	H-4, H-6	\$ 36,004,835	11.00	\$ 396,053,185	
4	Pension & Benefits	H-5	16,136,179	18.31	295,426,003	
5	Commodity Purchased	H-3	502,616,530	34.23	17,204,563,822	
6	Other Expenses	L 22 - L 3 to L 5	42,623,505	45.49	1,938,943,242	
7	Total	Sum (L 3 to L 5)	<u>\$ 597,381,049</u>		<u>\$ 19,834,986,252</u>	
8	O & M Expense Payment Lag Days	L7, C 4 / C 2				33.20
9	Net Revenue (Lead) Lag Days	L 1 - L 8				15.37
10	Operating Expenses Per Day	L 7, C 2 / 365				<u>\$ 1,636,660</u>
11	Working Capital for O & M Expense	L 9 * L 10				\$25,150,162
12	Interest Payments	Page 6				(1,752,123)
13	Preferred Dividend Payments	Page 7				0
14	Gross Receipt Tax	Page 8				(1,492,674)
15	Property Tax	Page 8				(3,515,453)
16	Federal & State Income Taxes	Page 9				206,409
17	Other Taxes	Page 9				1,362,632
18	Total Working Capital	Sum (L 11 to L 16)				<u>\$ 19,958,953</u>
19	Pro Forma O & M Expense		\$ 610,022,755			
	Less:					
20	Uncollectible Expense		9,844,618			
21	Other Non-Cash		2,797,088			
22	Sub-Total	Sum L18 to L20	<u>12,641,706</u>			
23	Pro Forma Cash O&M Expense	L 18 - L 21	<u>\$ 597,381,049</u>			

The page number reference in column (B) is to Schedule RLO-1 included in Mr. O'Brien's Testimony

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
**Prepaid Pension**  
Test Year Ending December 31, 2008 Updated through April 30, 2009

Line		
No.	Year Ended	Balance
	(a)	(b)
1	Unamortized Portion of Prepaid Pension Assets	<u>\$5,096,294</u>



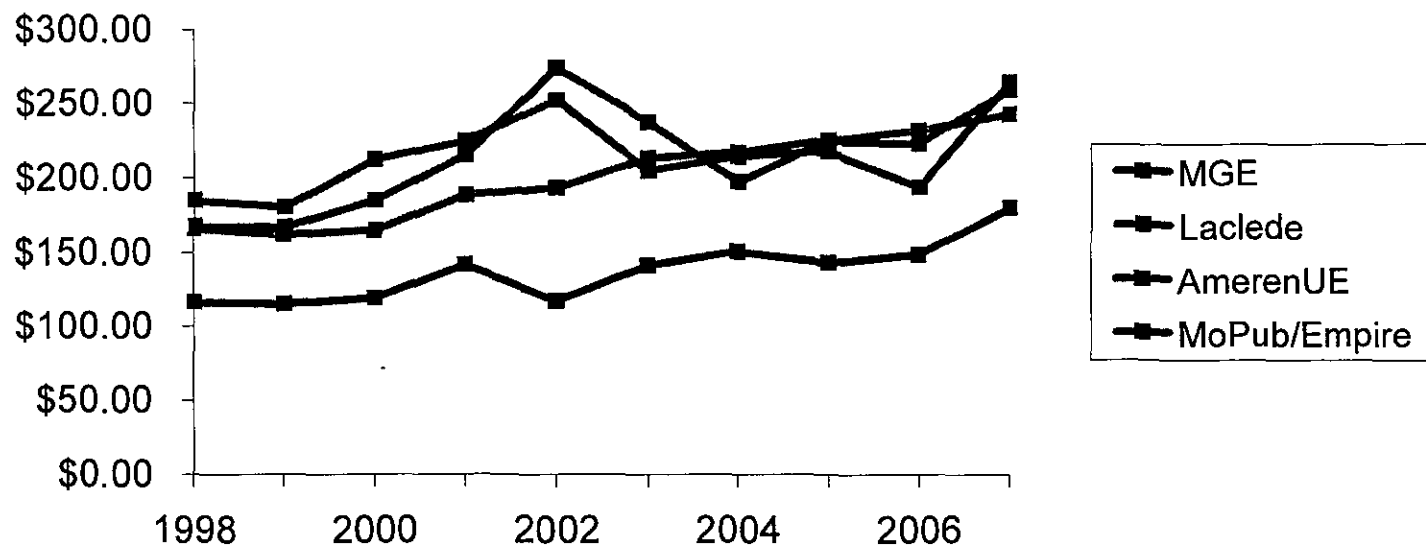
**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
**Summary of Cost of Capital**

Line No.	Description	Ratio	Cost Rate	Weighted Composite Rate
	(a)	(b)	(c)	(d)
1	Long-Term Debt	41.060%	6.080%	2.496%
2	Short-Term Debt	10.940%	4.920%	0.538%
3	Preferred Stock	0.000%	0.000%	0.000%
4	Common Equity	<u>48.000%</u>	11.250%	<u>5.400%</u>
5	Total	<u>100.000%</u>		<u>8.434%</u>

**Missouri Gas Energy  
Comparison of FERC Form 2 Information  
Expense Per Customer**

	<b>MGE</b>	<b>Laclede</b>	<b>AmerenUE</b>	<b>MoPub/Empire</b>
1998	\$116.85	\$166.35	\$167.82	\$185.21
1999	\$115.37	\$162.00	\$167.01	\$180.30
2000	\$119.18	\$164.89	\$184.86	\$212.23
2001	\$141.59	\$188.43	\$215.26	\$224.42
2002	\$117.35	\$193.29	\$274.22	\$252.15
2003	\$141.04	\$212.95	\$237.04	\$204.56
2004	\$150.58	\$216.96	\$197.07	\$214.26
2005	\$142.95	\$225.02	\$224.90	\$217.56
2006	\$148.69	\$231.59	\$222.73	\$193.78
2007	\$179.68	\$242.51	\$259.47	\$264.49

### Missouri Gas Energy Comparison of FERC Form 2 Information Expense Per Customer

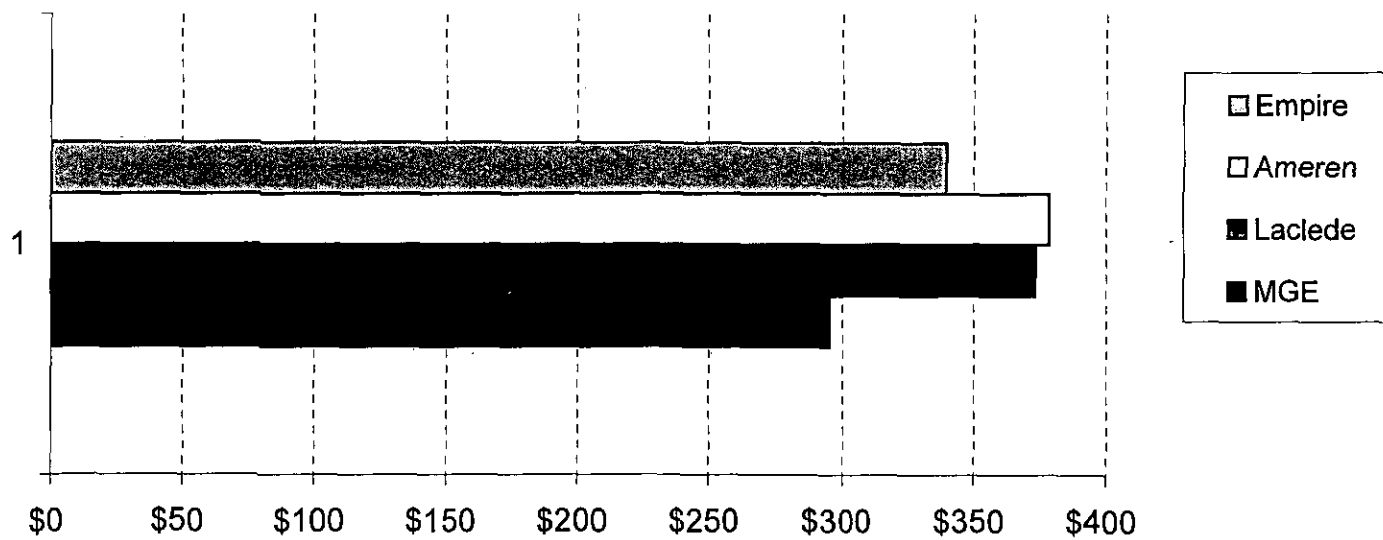


**COMPARISON OF MISSOURI LDCS  
AVERAGE ANNUAL RESIDENTIAL BILL  
(EXCLUDING PGA AND TAXES)**

	<b>Normal Usage (Ccf)</b>	<b>MGE</b>	<b>Laclede</b>	<b>Ameren</b>	<b>Empire</b>
January	175.34	\$24.62	\$42.19	\$57.24	\$57.49
February	154.28	24.62	42.19	52.17	51.73
March	116.81	24.62	42.19	43.14	41.47
April	73.88	24.62	42.19	32.80	29.72
May	32.14	24.62	22.12	22.74	18.30
June	23.16	24.62	20.35	20.58	15.84
July	16.94	24.62	19.05	19.08	14.14
August	15.16	24.62	18.67	18.65	13.65
September	16.65	24.62	18.98	19.01	14.06
October	26.51	24.62	21.05	21.39	16.76
November	57.03	24.62	42.19	28.74	25.11
December	<u>116.29</u>	<u>24.62</u>	<u>42.19</u>	<u>43.01</u>	<u>41.33</u>
 Average Annual Residential Bill	 <u>824.18</u>	 <u>\$295.44</u>	 <u>\$373.33</u>	 <u>\$378.55</u>	 <u>\$339.58</u>
 Tariff Effective Date	 <u>4/3/2007</u>	 <u>8/1/2007</u>	 <u>4/1/2007</u>	 <u>9/8/2007</u>	

Source: AGA Rate Service  
Missouri Public Service Commission

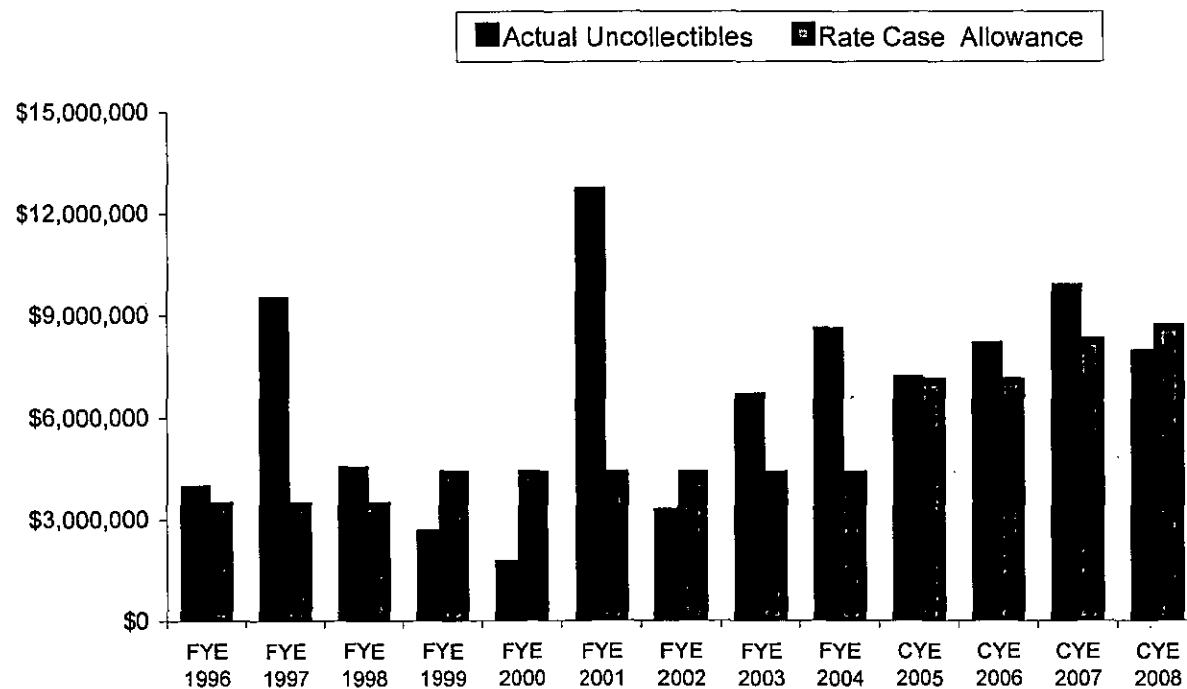
**Missouri Gas Energy  
Average Annual Residential Bill  
(Excluding PGA and Taxes)**



**MISSOURI GAS ENERGY  
COMPARISON OF ACTUAL UNCOLLECTIBLES  
AND UNCOLLECTIBLES INCLUDED IN RATES**

	<u>Actual Uncollectibles</u>	<u>Rate Case Allowance</u>	<u>Difference</u>
FYE 1996	\$ 3,906,455	\$ 3,409,662	\$ (496,793)
FYE 1997	9,442,692	3,409,662	(6,033,030)
FYE 1998	4,469,856	3,409,662	(1,060,194)
FYE 1999	2,584,998	4,325,000	1,740,002
FYE 2000	1,696,606	4,325,000	2,628,394
FYE 2001	12,653,781	4,325,000	(8,328,781)
FYE 2002	3,211,390	4,323,292	1,111,902
FYE 2003	6,602,056	4,323,292	(2,278,764)
FYE 2004	8,537,318	4,323,292	(4,214,026)
CYE 2005	7,108,777	7,042,000	(66,777)
CYE 2006	8,106,922	7,042,000	(1,064,922)
CYE 2007	9,819,563	8,231,555	(1,588,008)
CYE 2008	<u>7,866,016</u>	<u>8,628,073</u>	<u>762,057</u>
Total	<u>\$ 86,006,430</u>	<u>\$ 67,117,490</u>	<u>\$ (18,888,940)</u>
Cumulative difference between actual and rate case allowance		<u>\$ (18,888,940)</u>	
Average difference between actual and rate case allowance per year		<u>\$ (1,452,995)</u>	

# **Missouri Gas Energy Actual Uncollectibles Versus Uncollectibles Included in Rates**

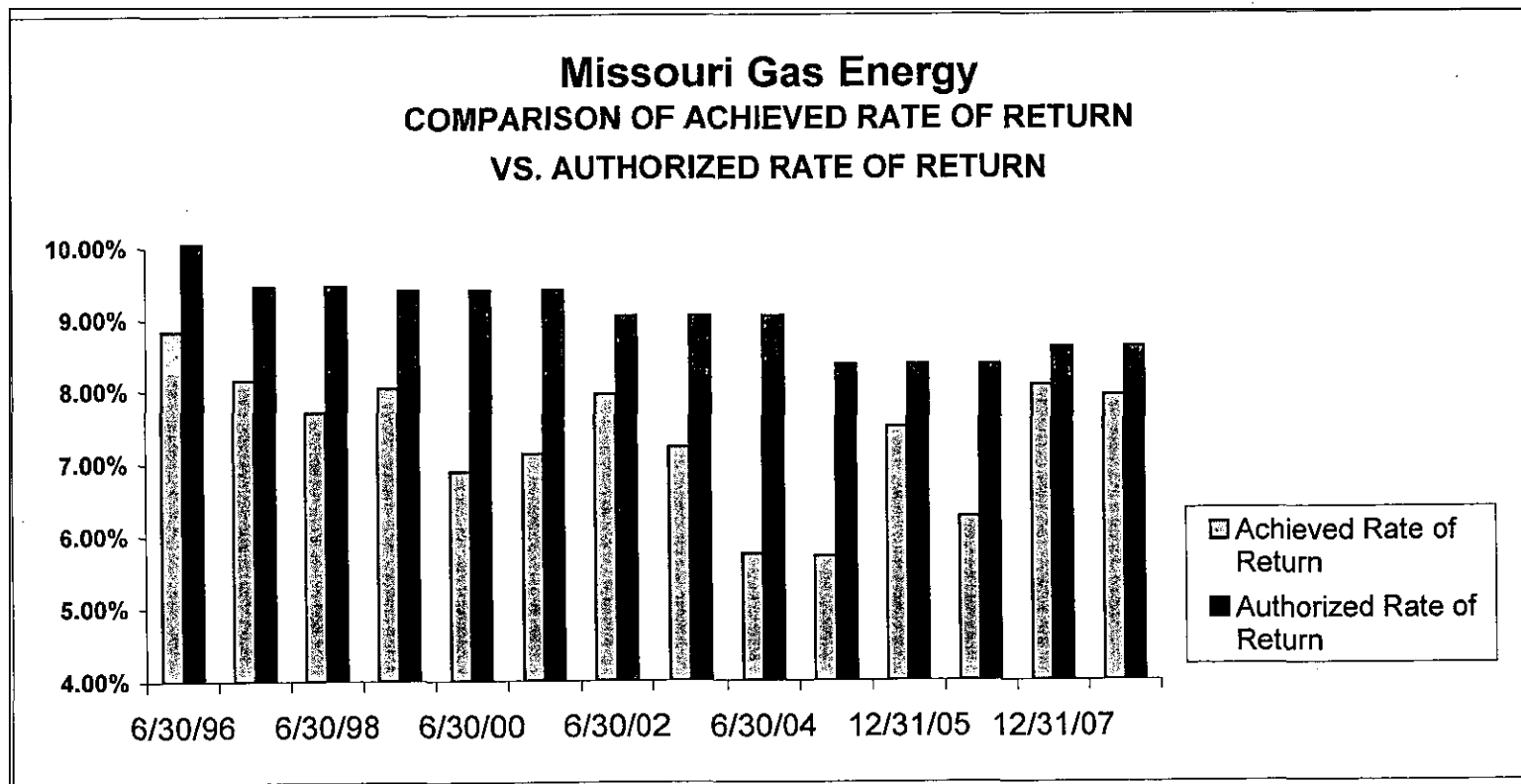


**COMPARISON OF ACHIEVED RATE OF RETURN  
VS. AUTHORIZED RATE OF RETURN**

Description	6/30/1996 (000)	6/30/1997 (000)	6/30/1998 (000)	6/30/1999 (000)	6/30/2000 (000)	6/30/2001 (000)	6/30/2002 (000)	6/30/2003 (000)	6/30/2004 (000)	6/30/2005 (000)	12/31/2005 (000)	12/31/2006 (000)	12/31/2007 (000)	12/31/2008 (000)
Net Sales Margin	\$ 119,106	\$ 121,390	\$ 123,759	\$ 130,859	\$ 125,088	\$ 141,971	\$ 136,311	\$ 144,483	\$ 142,799	\$ 154,167	\$ 159,807	\$ 151,710	\$ 190,818	\$ 191,726
Operating Expenses excluding Uncollectible Expense	(50,688)	(48,037)	(47,390)	(49,273)	(49,638)	(51,176)	(46,683)	(53,967)	(61,294)	(70,534)	(83,995)	(65,551)	(79,974)	(83,688)
Uncollectible Expense	(3,906)	(9,443)	(4,470)	(2,585)	(1,697)	(12,854)	(3,211)	(6,602)	(8,537)	(10,212)	(7,108)	(8,107)	(9,820)	(7,866)
Corporate Allocated Expenses Per Rate Case	(5,612)	(5,612)	(5,991)	(5,991)	(5,991)	(5,991)	(6,935)	(6,935)	(6,935)	(1,762)	(1,762)	(1,762)	(2,370)	(2,572)
Taxes Other than Income Taxes	(8,406)	(5,730)	(7,084)	(7,341)	(8,267)	(9,283)	(10,759)	(9,983)	(10,097)	(11,115)	(10,108)	(8,523)	(9,077)	(9,504)
Depreciation & Amortization	(14,806)	(16,344)	(19,131)	(21,740)	(22,439)	(22,986)	(20,015)	(22,691)	(23,787)	(26,400)	(26,416)	(27,201)	(26,870)	(26,971)
Income Taxes	(6,843)	(5,732)	(6,763)	(7,999)	(4,872)	(5,821)	(8,553)	(6,449)	(1,814)	(3,368)	(9,523)	(5,432)	(13,744)	(13,202)
Total Operating Expenses	88,281	90,898	90,829	94,929	93,004	107,891	96,166	106,627	112,264	123,391	118,913	116,576	141,855	143,803
Net Operating Income	\$ 30,845	\$ 30,492	\$ 32,930	\$ 35,930	\$ 32,084	\$ 34,080	\$ 40,145	\$ 37,856	\$ 30,535	\$ 30,776	\$ 40,894	\$ 35,134	\$ 48,783	\$ 47,923
Net plant from most recent rate case	\$ 359,290	\$ 359,290	\$ 431,152	\$ 431,152	\$ 431,152	\$ 431,152	\$ 503,192	\$ 503,192	\$ 503,192	\$ 531,291	\$ 531,291	\$ 531,291	\$ 568,503	\$ 568,503
Net Plant Balance at x/xx/xx	360,288	384,986	440,251	460,145	478,784	491,271	505,412	525,495	532,473	547,463	554,457	570,262	583,202	588,668
Increase in plant since most recent rate case	\$ 998	\$ 25,696	\$ 9,099	\$ 28,993	\$ 47,642	\$ 60,119	\$ 2,220	\$ 22,303	\$ 29,281	\$ 16,172	\$ 23,166	\$ 38,971	\$ 14,699	\$ 20,165
Total rate base from most recent case updated for annual plant increases	\$ 349,040	\$ 373,738	\$ 427,318	\$ 447,212	\$ 465,861	\$ 478,338	\$ 504,650	\$ 524,733	\$ 531,711	\$ 538,944	\$ 545,938	\$ 561,743	\$ 604,447	\$ 604,955
Achieved Rate of Return	8.84%	8.16%	7.71%	8.03%	6.89%	7.12%	7.95%	7.21%	5.74%	5.71%	7.49%	6.25%	8.07%	7.92%
Authorized Rate of Return	10.54%	9.46%	9.46%	9.40%	9.40%	9.40%	9.03%	9.03%	9.03%	6.36%	8.36%	8.36%	8.60%	8.80%
Date Rates Went into Effect	1-Feb-94	1-Feb-97		2-Sep-98			6-Aug-01	6-Aug-01	6-Aug-01	1-Oct-04	1-Oct-04	1-Oct-04	1-Apr-07	1-Apr-07
Return Deficiency	-1.70%	-1.30%	-1.75%	-1.37%	-2.51%	-2.28%	-1.08%	-1.82%	-3.29%	-2.65%	-0.87%	-2.11%	-0.53%	-0.68%
Earnings Deficiency	\$ (5,944)	\$ (4,864)	\$ (7,494)	\$ (6,108)	\$ (11,707)	\$ (10,883)	\$ (5,425)	\$ (9,528)	\$ (17,479)	\$ (14,279)	\$ (4,747)	\$ (11,828)	\$ (3,219)	\$ (4,103)
Revenue Deficiency	\$ (9,682)	\$ (7,923)	\$ (12,207)	\$ (9,950)	\$ (19,070)	\$ (17,726)	\$ (8,837)	\$ (15,520)	\$ (28,471)	\$ (23,260)	\$ (7,732)	\$ (19,266)	\$ (5,244)	\$ (6,883)
Cumulative Earnings Deficiency														\$ (117,608)
Cumulative Revenue Deficiency														\$ (191,571)

(1) - excludes property tax refunds for the years 2002-2004





**MISSOURI GAS ENERGY**  
**A Division of Southern Union Company**  
 Test Year Ending December 31, 2008 Updated through April 30, 2009

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

Line No.	Main Acct. (a)	Description (b)	Test Year Per Book (c)	Total Adjustments (d)	Test Year As Adjusted (e)
<b>OPERATING REVENUE</b>					
1	480	Residential	\$505,927,343	(\$375,766,049)	\$130,161,294
2	481.1	Commercial	206,472,781	(169,674,976)	36,797,805
3	481.2	Industrial	8,794,246	(6,658,373)	2,135,873
4	483	Sales for Resale	0	0	0
5	487	Late Payment Charges	445,846	(194,920)	250,926
6	488	Miscellaneous Service Revenue	4,383,636	0	4,383,636
7	489	Transport	10,950,874	2,071,502	13,022,375
8	493	Rent From Property	0	0	0
9	495	Other Gas Revenue	1,626,646	(1,471,721)	154,925
10		Total Operating Revenue	<u>\$738,601,373</u>	<u>(\$551,694,538)</u>	<u>\$186,906,835</u>
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>					
<b>Operation Expense</b>					
11	805	Other Gas Purchases	\$502,616,530	(\$502,616,530)	\$0
12	807	Purchased Gas Expense	0	0	0
13	859	Other Joint Expense	0	0	0
14	870	Operation, Supervision and Engineering	697,941	(7,589)	690,352
15	871	Distribution and Load Dispatching	27,353	820	28,173
16	872	Compressor Station Labor and Expense	0	0	0
17	874	Mains and Service Expenses	3,113,677	12,156	3,125,833
18	875	Distributing Regulating Station Expenses	813,434	2,983	816,417
19	876	Measuring and Regulating - Station Expenses	(3,349)	415	(2,934)
20	877	Measuring and Regulating - Station Expenses	9,159	(844)	8,315
21	878	Meter and House Regulator Expenses	6,422,653	39,169	6,461,822
22	879	Customer Installation Expenses	3,143,640	53,524	3,197,164
23	880	Other Expenses	(867,405)	867,684	279
24	881	Rents	186,376	0	186,376
25		Total Operation Expense	<u>\$516,160,009</u>	<u>(\$501,648,211)</u>	<u>\$14,511,798</u>
<b>Maintenance Expense</b>					
26	885	Maintenance Supervision and Engineering	\$1,216,206	\$43,052	\$1,259,258
27	886	Maintenance of Structures and Improvements	113,741	(260)	113,481
28	887	Maintenance of Mains	9,609,573	69,795	9,679,368
29	889	Maint. of Measuring and Reg. Stat Equip - General	699,627	4,291	703,918
30	890	Maint. of Measuring and Regulating Equipment	251,595	(154)	251,441
31	891	Maint. of Measuring and Regulating Equipment	25,916	556	26,472
32	892	Maintenance of Services	935,672	9,384	945,056
33	893	Maintenance of Meters and House Regulators	329,361	4,707	334,068
34	894	Maintenance of Other Equipment	172,657	704	173,361
35		Total Maintenance Expenses	<u>\$13,354,348</u>	<u>\$132,074</u>	<u>\$13,486,422</u>
36		Total Distribution Expense	<u>\$529,514,357</u>	<u>(\$501,516,137)</u>	<u>\$27,998,220</u>
<b>Customer Accounts Expense</b>					
37	901	Supervision	\$262,744	(\$7,278)	\$255,466
38	902	Meter Reading Expense	943,699	8,151	951,850
39	903	Customer Records and Collection Expense	12,057,003	1,043,737	13,100,740
40	904	Uncollectible Accounts	7,866,016	1,978,602	9,844,618
41	905	Miscellaneous Customer Accounts Expense	43,721	(1,461)	42,260
42		Total Customer Accounts Expenses	<u>\$21,173,183</u>	<u>\$3,021,752</u>	<u>\$24,194,935</u>
<b>Customer Service and Informational Expense</b>					
43	907	Supervision	\$0	\$0	\$0
44	908	Customer Assistance	1,105,288	1,966	1,107,254
45	909	Informational and Instructional Advertising Exp.	78,181	0	78,181
46	910	Miscellaneous Customer Accounts Expense	0	0	0
47		Total Cust. Service and Information Exp.	<u>\$1,183,469</u>	<u>\$1,966</u>	<u>\$1,185,435</u>
<b>Sales and Advertising Expense</b>					
48	911	Supervision	\$0	\$0	\$0

**MISSOURI GAS ENERGY**  
**A Division of Southern Union Company**  
Test Year Ending December 31, 2008 Updated through April 30, 2009

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

Line No.	Main Acct.	Description	Test Year Per Book	Total Adjustments	Test Year As Adjusted
	(a)	(b)	(c)	(d)	(e)
49	912	Demonstrating and Selling Expenses	1,021,699	3,011	1,024,710
50	913	Advertising Expenses	4,813	0	4,813
51	916	Miscellaneous Sales Expenses	1,646	0	1,646
52		Total Sales and Advertising Expenses	<u>\$1,028,158</u>	<u>\$3,011</u>	<u>\$1,031,169</u>
<b>Administrative and General Expense</b>					
53	920	Administrative and General Salaries	\$6,996,018	\$28,430	\$7,024,448
54	921	Office Supplies and Expenses	11,539,458	128,878	11,668,336
55	922	Administrative Expenses Transferred	(525,286)	0	(525,286)
56	923	Outside Services Employed	8,677,170	(5,328,218)	3,348,952
57	924	Property Insurance	24,300	0	24,300
58	925	Injuries and Damages	1,414,653	1,399,244	2,813,897
59	926	Employee Pensions and Benefits	16,375,933	5,528,543	21,904,476
60	927	Franchise Requirements	0	0	0
61	928	Regulatory Commission Expense	2,584,881	(401,913)	2,182,968
62	930	Miscellaneous General Expenses	2,158,307	0	2,158,307
63	931	Rents	1,022,728	(262,544)	760,184
64	932	Maintenance of General Plant	1,635,884	0	1,635,884
65		Total Administration and General Expense	<u>\$51,904,046</u>	<u>\$1,092,420</u>	<u>\$52,996,466</u>
66		Total O & M Expense	<u>\$604,803,213</u>	<u>(\$497,396,987)</u>	<u>\$107,406,226</u>
67	403	Depreciation	25,018,077	2,161,532	27,179,609
68	404, 405	Amortization	1,953,194	1,511,020	3,464,214
69	431	Interest on Customer Deposits	161,519	(14,928)	146,591
70	408	Payroll Taxes	2,238,216	394,673	2,632,889
71	408	Property Taxes	6,965,658	2,108,189	9,073,846
72	408	Gross Receipts Tax	44,258,774	(44,258,774)	0
73	408	Other Taxes	300,036	0	300,036
74	408	Taxes Other Than Income	<u>\$53,762,684</u>	<u>(\$41,755,912)</u>	<u>\$12,006,772</u>
75		TOTAL EXPENSES	<u>\$685,698,687</u>	<u>(\$535,495,276)</u>	<u>\$150,203,411</u>
76		OPERATING INCOME BEFORE INCOME TAX	<u>\$52,902,686</u>	<u>(\$16,199,262)</u>	<u>\$36,703,423</u>
77	409,410	Income Taxes	\$22,022,840	(\$15,187,785)	\$6,835,055
78		NET OPERATING INCOME	<u>\$30,879,846</u>	<u>(\$1,011,477)</u>	<u>\$29,868,368</u>

MISSOURI GAS ENERGY  
A Division of Southern Union Company  
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Distribution of Revenue and Expense Adjustments by Account No.

		H-1	H-2	H-3	H-4	H-5	H-6	H-7	H-8	H-9	H-10	H-11		
Line No.	Main Acct.	Description	Test Year Per Books	Adj. GL Rev to Test Year Margin	Normalize & Adj. Test Year Margin	Remove Purch., Gas Cost and GRT	Payroll Expense	Employee Benefits	Payroll Taxes	Insurance	Joint and Common Costs	Uncollectible Expense	Regulatory Commission Expense	Interest on Customer Deposits
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
OPERATING REVENUE														
1	480	Residential	505,927,343.49	(\$375,824,194)	\$58,144									
2	481.1	Commercial	206,472,781.08	(163,281,754)	(6,393,222)									
3	481.2	Industrial	8,794,246.37	(6,387,030)	(271,343)									
4	483	Sales for Resale	0		0									
5	487	Late Payment Charges	445,846	(194,920)	0									
6	488	Miscellaneous Service Revenue	4,383,636		0									
7	489	Transport	10,950,874	(112,422)	2,183,923									
8	493	Rent From Property	0	0										
9	495	Other Gas Revenue	1,626,646	(1,471,721)										
10		Total Operating Revenue	\$738,601,373	(\$547,272,040)	(\$4,422,498)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING & MAINTENANCE EXPENSE														
Operation Expense														
11	805	Other Gas Purchases	\$502,616,530			(\$502,616,530)								
12	807	Purchased Gas Expense	0											
13	859	Other Joint Expense	0											
14	870	Operation, Supervision and Engineering	697,941				11,573							
15	871	Distribution and Load Dispatching	27,353				1,474							
16	872	Compressor Station Labor and Expense	0				0							
17	874	Mains and Service Expenses	3,113,677				36,033							
18	875	Distributing Regulating Station Expenses	813,434				34,108							
19	876	Measuring and Regulating - Station Expenses	(3,349)				415							
20	877	Measuring and Regulating - Station Expenses	9,159				(622)							
21	878	Meter and House Regulator Expenses	6,422,653				297,892							
22	879	Customer Installation Expenses	3,143,640				174,419							
23	880	Other Expenses	(867,405)				927,781							
24	881	Rents	186,376											
25		Total Operation Expense	\$516,160,009	\$0	\$0	(\$502,616,530)	\$1,485,073	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance Expense														
26	885	Maintenance Supervision and Engineering	\$1,216,206				\$72,929							
27	886	Maintenance of Structures and Improvements	113,741				4,055							
28	887	Maintenance of Mains	9,609,573				385,558							
29	889	Maint. of Measuring and Reg. Stat Equip - General	699,627				26,354							
30	890	Maint. of Measuring and Regulating Equipment	251,595				7,487							
31	891	Maint. of Measuring and Regulating Equipment	25,916				1,170							
32	892	Maintenance of Services	935,672				40,457							
33	893	Maintenance of Meters and House Regulators	329,361				13,369							
34	894	Maintenance of Other Equipment	172,657				3,045							
35		Total Maintenance Expenses	\$13,354,348	\$0	\$0	\$0	\$554,424	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36		Total Distribution Expense	\$529,514,357	\$0	\$0	(\$502,616,530)	\$2,039,497	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Customer Accounts Expense														
37	901	Supervision	\$262,744				(\$1,342)							
38	902	Meter Reading Expense	943,699				45,447							
39	903	Customer Records and Collection Expense	12,057,003				329,007							
40	904	Uncollectible Accounts	7,866,016									1,978,602		
41	905	Miscellaneous Customer Accounts Expense	43,721				(252)							
42		Total Customer Accounts Expenses	\$21,173,183	\$0	\$0	\$0	\$372,860	\$0	\$0	\$0	\$0	\$1,978,602	\$0	\$0

MISSOURI GAS ENERGY  
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Distribution of Revenue and Expense Adjustments by Account No.

			H-1	H-2	H-3	H-4	H-5	H-6	H-7	H-8	H-9	H-10	H-11	
Line No.	Main Acct.	Description	Test Year Per Books	Adj. GL Rev to Test Year Margin	Normalize & Adj. Test Year Margin	Remove Purch.. Gas Cost and GRT	Payroll Expense	Employee Benefits	Payroll Taxes	Insurance	Joint and Common Costs	Uncollectible Expense	Regulatory Commission Expense	Interest on Customer Deposits
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
Customer Service and Informational Expense														
43	907	Supervision	\$0											
44	908	Customer Assistance	1,105,288				5,872							
45	909	Informational and Instructional Advertising Exp.	78,181											
46	910	Miscellaneous Customer Accounts Expense	0											
47		Total Cust. Service and Information Exp.	\$1,183,469	\$0	\$0	\$0	\$5,872	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales and Advertising Expense														
48	911	Supervision	\$0				\$0							
49	912	Demonstrating and Selling Expenses	1,021,699				9,251							
50	913	Advertising Expenses	4,813											
51	916	Miscellaneous Sales Expenses	1,646											
52		Total Sales and Advertising Expenses	\$1,028,158	\$0	\$0	\$0	\$9,251	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative and General Expense														
53	920	Administrative and General Salaries	\$6,998,018				\$160,830							
54	921	Office Supplies and Expenses	11,539,458				425							
55	922	Administrative Expenses Transferred	(525,286)											
56	923	Outside Services Employed	8,677,170				0				(5,378,856)			
57	924	Property Insurance	24,300							0				
58	925	Injuries and Damages	1,414,653				(173)			1,399,491				
59	926	Employee Pensions and Benefits	16,375,933					5,528,543						
60	927	Franchise Requirements	0											
61	928	Regulatory Commission Expense	2,584,881										(401,913)	
62	930	Miscellaneous General Expenses	2,159,307											
63	931	Rents	1,022,728											
64	932	Maintenance of General Plant	1,635,684				0							
65		Total Administration and General Expense	\$51,904,046	\$0	\$0	\$0	\$161,082	\$5,528,543	\$0	\$1,399,491	(\$5,378,856)	\$0	(\$401,913)	\$0
66		Total O & M Expense	\$604,803,213	\$0	\$0	(\$502,616,530)	\$2,588,562	\$5,528,543	\$0	\$1,399,491	(\$5,378,856)	\$1,978,602	(\$401,913)	\$0
67	403	Depreciation	\$25,018,077											
68	404, 405	Amortization	1,953,194											
69	431	Interest on Customer Deposits	161,519											(14,928)
70	408	Payroll Taxes (1***)	2,238,216						394,673					
71	408	Property Taxes (2***)	6,965,658											
72	408	Gross Receipts Tax (3300 + 4000)	44,258,774			(44,258,774)								
73	408	Other Taxes (41**)	300,036											
74	408	Taxes Other Than Income	\$53,762,684	\$0	\$0	(\$44,258,774)	\$0	\$0	\$394,673	\$0	\$0	\$0	\$0	\$0
75		TOTAL EXPENSES	\$685,698,687	\$0	\$0	(\$546,875,304)	\$2,588,562	\$5,528,543	\$394,673	\$1,399,491	(\$5,378,856)	\$1,978,602	(\$401,913)	(\$14,928)
78		OPERATING INCOME BEFORE INCOME TAX	\$52,902,686	(\$547,272,040)	(\$4,422,498)	\$546,875,304	(\$2,588,562)	(\$5,528,543)	(\$394,673)	(\$1,399,491)	\$5,378,856	(\$1,978,602)	\$401,913	\$14,928
77	409, 410	Income Taxes	22,022,840											
78		NET OPERATING INCOME	\$30,879,846	(\$547,272,040)	(\$4,422,498)	\$546,875,304	(\$2,588,562)	(\$5,528,543)	(\$394,673)	(\$1,399,491)	\$5,378,856	(\$1,978,602)	\$401,913	\$14,928

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

MISSOURI GAS ENERGY  
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Distribution of Revenue and Expense Adjustments by Account No.

			H-12	H-13	H-14	H-15	H-16	H-17	H-18	H-19	H-20	H-21			
Line No.	Main Acct.	Description	Test Year Per Books	Depreciation Expense	Amortization Expense	TWE Clearing	Property Tax	Postage Increase	Office & Computer Lease Expense	Incentive Compensation & Bonuses	Customer Collection Costs	Remove Non-utility Activities	Weather & Conservation	Income Tax Adjustment	Total Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
OPERATING REVENUE															
1	480	Residential	505,927,343.49												(\$375,766,049)
2	481.1	Commercial	206,472,781.08												(169,674,976)
3	481.2	Industrial	8,794,246.37												(6,658,373)
4	483	Sales for Resale	0												0
5	487	Late Payment Charges	445,846												(194,920)
6	488	Miscellaneous Service Revenue	4,383,636												0
7	489	Transport	10,950,874												2,071,502
8	493	Rent From Property	0												0
9	495	Other Gas Revenue	1,626,646												(1,471,721)
10		Total Operating Revenue	\$738,601,373	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$551,694,538)
OPERATING & MAINTENANCE EXPENSE															
Operation Expense															
11	805	Other Gas Purchases	\$502,616,530												(\$502,616,530)
12	807	Purchased Gas Expense	0												0
13	859	Other Joint Expense	0												0
14	870	Operation, Supervision and Engineering	697,941			(3,697)				(15,465)					(7,589)
15	871	Distribution and Load Dispatching	27,353			0				(654)					820
16	872	Compressor Station Labor and Expense	0			0				0					0
17	874	Mains and Service Expenses	3,113,677			(12,799)				(13,078)					12,156
18	875	Distributing Regulating Station Expenses	813,434			(18,985)				(12,140)					2,983
19	876	Measuring and Regulating - Station Expenses	(3,349)			0				0					415
20	877	Measuring and Regulating - Station Expenses	9,159			(142)				(80)					(844)
21	878	Meter and House Regulator Expenses	6,422,653			(153,512)				(105,211)					39,169
22	879	Customer Installation Expenses	3,143,640			(64,704)				(58,191)					53,524
23	880	Other Expenses	(867,405)			(6,755)				(53,342)					867,684
24	881	Rents	186,376												0
25		Total Operation Expense	\$516,160,009	\$0	\$0	(\$260,594)	\$0	\$0	\$0	(\$256,160)	\$0	\$0	\$0	\$0	(\$501,646,211)
Maintenance Expense															
26	885	Maintenance Supervision and Engineering	\$1,216,206			(\$782)				(\$29,095)					\$43,052
27	886	Maintenance of Structures and Improvements	113,741			(2,702)				(1,613)					(260)
28	887	Maintenance of Mains	9,609,573			(181,741)				(134,022)					69,795
29	889	Maint. of Measuring and Reg. Stat Equip - General	699,627			(12,585)				(9,478)					4,291
30	890	Maint. of Measuring and Regulating Equipment	251,595			(4,124)				(3,517)					(154)
31	891	Maint. of Measuring and Regulating Equipment	25,916			(356)				(258)					556
32	892	Maintenance of Services	935,672			(17,634)				(13,439)					9,384
33	893	Maintenance of Meters and House Regulators	329,361			(3,484)				(5,178)					4,707
34	894	Maintenance of Other Equipment	172,657			(1,422)				(919)					704
35		Total Maintenance Expenses	\$13,354,348	\$0	\$0	(\$224,830)	\$0	\$0	\$0	(\$197,520)	\$0	\$0	\$0	\$0	\$132,074
36		Total Distribution Expense	\$529,514,357	\$0	\$0	(\$485,424)	\$0	\$0	\$0	(\$453,680)	\$0	\$0	\$0	\$0	(\$501,516,137)
Customer Accounts Expense															
37	901	Supervision	\$262,744			0				(\$5,936)					(\$7,278)
38	902	Meter Reading Expense	943,699			(21,260)				(18,036)					8,151
39	903	Customer Records and Collection Expense	12,057,003			(51,621)		104,685		(139,315)	800,982				1,043,737
40	904	Uncollectible Accounts	7,886,016												1,978,602
41	905	Miscellaneous Customer Accounts Expense	43,721			(1,209)									(1,461)
42		Total Customer Accounts Expenses	\$21,173,183	\$0	\$0	(\$74,090)	\$0	\$104,685	\$0	(\$161,287)	\$800,982	\$0	\$0	\$0	\$3,021,752

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Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Books	H-12 Depreciation Expense	H-13 Amortization Expense	H-14 TWE Clearing	H-15 Property Tax	H-16 Postage Increase	H-17 Office & Computer Lease Expense	H-18 Incentive Compensation & Bonuses	H-19 Customer Collection Costs	H-20 Remove Non-utility Activities	H-21 Weather & Conservation	Income Tax Adjustment	Total Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
<b>Customer Service and Informational Expense</b>															
43	907	Supervision	\$0												\$0
44	908	Customer Assistance	1,105,288							(3,906)			0		1,966
45	909	Informational and Instructional Advertising Exp.	78,181												0
46	910	Miscellaneous Customer Accounts Expense	0												0
47		Total Cust. Service and Information Exp.	\$1,183,469	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,906)	\$0	\$0	\$0	\$0	\$1,966
<b>Sales and Advertising Expense</b>															
48	911	Supervision	\$0							\$0					\$0
49	912	Demonstrating and Selling Expenses	1,021,699							(6,240)					3,011
50	913	Advertising Expenses	4,813												0
51	916	Miscellaneous Sales Expenses	1,646												0
52		Total Sales and Advertising Expenses	\$1,028,158	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,240)	\$0	\$0	\$0	\$0	\$3,011
<b>Administrative and General Expense</b>															
53	920	Administrative and General Salaries	\$6,996,018							(\$132,400)					\$28,430
54	921	Office Supplies and Expenses	11,539,458			(11,590)			140,223	(180)					128,878
55	922	Administrative Expenses Transferred	(525,286)												0
56	923	Outside Services Employed	8,677,170									50,638			(5,328,218)
57	924	Property Insurance	24,300												0
58	925	Injuries and Damages	1,414,653							(74)					1,399,244
59	926	Employee Pensions and Benefits	16,375,933												5,528,543
60	927	Franchise Requirements	0												0
61	928	Regulatory Commission Expense	2,584,881												(401,913)
62	930	Miscellaneous General Expenses	2,158,307												0
63	931	Rents	1,022,728						(262,544)						(262,544)
64	932	Maintenance of General Plant	1,635,884						0	0					0
65		Total Administration and General Expense	\$51,904,045	\$0	\$0	(\$11,590)	\$0	\$0	(\$122,321)	(\$132,654)	\$0	\$50,638	\$0	\$0	\$1,092,420
66		<b>Total O &amp; M Expense</b>	<b>\$604,803,213</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$571,104)</b>	<b>\$0</b>	<b>\$104,685</b>	<b>(\$122,321)</b>	<b>(\$757,766)</b>	<b>\$800,982</b>	<b>\$50,638</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$497,396,987)</b>
67	403	Depreciation	\$25,018,077	\$2,161,532											\$2,161,532
68	404, 405	Amortization	1,953,194		1,511,020										1,511,020
69	431	Interest on Customer Deposits	161,519												(14,928)
70	408	Payroll Taxes (1****)	2,238,216												394,673
71	408	Property Taxes (2****)	6,965,658				2,108,189	0							2,108,189
72	408	Gross Receipts Tax (3300 + 4000)	44,258,774												(44,258,774)
73	408	Other Taxes (41**)	300,036												0
74	408	Taxes Other Than Income	\$53,762,684	\$0	\$0	\$0	\$2,108,189	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$41,755,912)
75		<b>TOTAL EXPENSES</b>	<b>\$685,698,687</b>	<b>\$2,161,532</b>	<b>\$1,511,020</b>	<b>(\$571,104)</b>	<b>\$2,108,189</b>	<b>\$104,685</b>	<b>(\$122,321)</b>	<b>(\$757,766)</b>	<b>\$800,982</b>	<b>\$50,638</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$535,495,276)</b>
76		<b>OPERATING INCOME BEFORE INCOME TAX</b>	<b>\$52,902,686</b>	<b>(\$2,161,532)</b>	<b>(\$1,511,020)</b>	<b>\$571,104</b>	<b>(\$2,108,189)</b>	<b>(\$104,685)</b>	<b>\$122,321</b>	<b>\$757,766</b>	<b>(\$800,982)</b>	<b>(\$50,638)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$16,199,262)</b>
77	409,410	Income Taxes	22,022,840											(15,187,785)	(15,187,785)
78		NET OPERATING INCOME	\$30,879,846	(\$2,161,532)	(\$1,511,020)	\$571,104	(\$2,108,189)	(\$104,685)	\$122,321	\$757,766	(\$800,982)	(\$50,638)	\$0	\$15,187,785	(\$1,011,477)

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

MISSOURI GAS ENERGY  
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Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Books	Test Year As Adjusted
(a)		(b)	(c)	(aa)
<b>OPERATING REVENUE</b>				
1	480	Residential	505,927,343.49	\$130,161,294
2	481.1	Commercial	206,472,781.08	36,797,805
3	481.2	Industrial	8,794,246.37	2,135,873
4	483	Sales for Resale	0	0
5	487	Late Payment Charges	445,846	250,926
6	488	Miscellaneous Service Revenue	4,383,636	4,383,636
7	489	Transport	10,950,874	13,022,375
8	493	Rent From Property	0	0
9	495	Other Gas Revenue	1,626,646	154,925
10		Total Operating Revenue	\$738,601,373	\$186,906,835
<b>OPERATING &amp; MAINTENANCE EXPENSE</b>				
<b>Operation Expense</b>				
11	805	Other Gas Purchases	\$502,616,530	\$0
12	807	Purchased Gas Expense	0	0
13	859	Other Joint Expense	0	0
14	870	Operation, Supervision and Engineering	687,941	680,352
15	871	Distribution and Load Dispatching	27,353	28,173
16	872	Compressor Station Labor and Expense	0	0
17	874	Mains and Service Expenses	3,113,677	3,125,833
18	875	Distributing Regulating Station Expenses	813,434	816,417
19	876	Measuring and Regulating - Station Expenses	(3,349)	(2,934)
20	877	Measuring and Regulating - Station Expenses	9,159	8,315
21	878	Meter and House Regulator Expenses	6,422,653	6,461,822
22	879	Customer Installation Expenses	3,143,640	3,197,164
23	880	Other Expenses	(867,405)	279
24	881	Rents	186,376	186,376
25		Total Operation Expense	\$516,160,009	\$14,511,798
<b>Maintenance Expense</b>				
26	885	Maintenance Supervision and Engineering	\$1,216,206	\$1,259,258
27	886	Maintenance of Structures and Improvements	113,741	113,481
28	887	Maintenance of Mains	9,609,573	9,679,366
29	889	Maint. of Measuring and Reg. Stat Equip - General	699,627	703,918
30	890	Maint. of Measuring and Regulating Equipment	251,595	251,441
31	891	Maint. of Measuring and Regulating Equipment	25,916	28,472
32	892	Maintenance of Services	935,672	945,056
33	893	Maintenance of Meters and House Regulators	329,361	334,068
34	894	Maintenance of Other Equipment	172,657	173,361
35		Total Maintenance Expenses	\$13,354,348	\$13,486,422
36		Total Distribution Expense	\$529,514,357	\$27,998,220
<b>Customer Accounts Expense</b>				
37	901	Supervision	\$262,744	\$255,468
38	902	Meter Reading Expense	943,699	951,850
39	903	Customer Records and Collection Expense	12,057,003	13,100,740
40	904	Uncollectible Accounts	7,866,016	9,844,618
41	905	Miscellaneous Customer Accounts Expense	43,721	42,260
42		Total Customer Accounts Expenses	\$21,173,183	\$24,194,935



MISSOURI GAS ENERGY  
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Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	Test Year Per Books	Test Year As Adjusted
(a)	(b)	(c)	(aa)	
<b>Customer Service and Informational Expense</b>				
43	907	Supervision	\$0	\$0
44	908	Customer Assistance	1,105,288	1,107,254
45	909	Informational and Instructional Advertising Exp.	78,181	78,181
46	910	Miscellaneous Customer Accounts Expense	0	0
47		Total Cust. Service and Information Exp.	\$1,183,469	\$1,185,435
<b>Sales and Advertising Expense</b>				
48	911	Supervision	\$0	\$0
49	912	Demonstrating and Selling Expenses	1,021,699	1,024,710
50	913	Advertising Expenses	4,813	4,813
51	916	Miscellaneous Sales Expenses	1,646	1,646
52		Total Sales and Advertising Expenses	\$1,028,158	\$1,031,169
<b>Administrative and General Expense</b>				
53	920	Administrative and General Salaries	\$8,996,018	\$7,024,448
54	921	Office Supplies and Expenses	11,539,458	11,868,336
55	922	Administrative Expenses Transferred	(525,286)	(525,286)
56	923	Outside Services Employed	8,677,170	3,348,952
57	924	Property Insurance	24,300	24,300
58	925	Injuries and Damages	1,414,053	2,813,097
59	926	Employee Pensions and Benefits	16,375,933	21,904,476
60	927	Franchise Requirements	0	0
61	928	Regulatory Commission Expense	2,584,881	2,182,968
62	930	Miscellaneous General Expenses	2,158,307	2,158,307
63	931	Rents	1,022,728	760,184
64	932	Maintenance of General Plant	1,635,884	1,635,884
65		Total Administration and General Expense	\$51,904,046	\$52,996,466
66		<b>Total O &amp; M Expense</b>	<b>\$604,803,213</b>	<b>\$107,406,226</b>
67	403	Depreciation	\$25,018,077	\$27,179,609
68	404, 405	Amortization	1,953,194	\$3,464,214
69	431	Interest on Customer Deposits	161,519	146,591
70	408	Payroll Taxes (1***)	2,238,216	2,632,889
71	408	Property Taxes (2***)	8,965,658	9,073,846
72	408	Gross Receipts Tax (3300 + 4000)	44,258,774	0
73	408	Other Taxes (41**)	300,036	300,036
74	408	Taxes Other Than Income	\$53,762,684	\$12,006,772
75		<b>TOTAL EXPENSES</b>	<b>\$685,698,687</b>	<b>\$150,203,411</b>
76		<b>OPERATING INCOME BEFORE INCOME TAX</b>	<b>\$52,602,686</b>	<b>\$36,703,423</b>
77	409, 410	Income Taxes	22,022,840	6,835,055
78		NET OPERATING INCOME	\$30,579,846	\$29,868,368

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

**MISSOURI GAS ENERGY**  
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**Test Year Margin Revenue**

Line No.	Description	Main Account/Revenue Class					Total
		480	481.1	481.2	483, 489	487, 488, 493, 495	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Total Revenue per Book	505,927,343	206,472,781	8,794,246	10,950,874	6,456,128	738,601,373
2	Less: GRT Revenue, Unbilled Revenue, PGA Revenue, and Miscellaneous Adjustments	(375,824,194)	(163,281,754)	(6,387,030)	(112,422)	(1,666,642)	(547,272,041)
3	Test Year Margin 12/31/08	130,103,150	43,191,027	2,407,216	10,838,452	4,789,486	191,329,331

**MISSOURI GAS ENERGY**  
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**Revenue Adjustments**

Line No.	Description (a)	Main Account/Revenue Class					Total (g)
		Residential Gas Sales 480 21 (b)	Commercial Gas Sales 481.1 22 & 23 (c)	Industrial Gas Sales 481.2 25 (d)	Transportation Revenues 489, 483 38, 28 (e)	Service Charges and Other 487, 488, 493, 495 : (f)	
1	Test Year Margin	\$130,103,150	\$43,191,027	\$2,407,216	\$10,838,452	\$4,789,486	\$191,329,331
2	Weather Normalize	0	(921,211)	(62,305)	(30,850)	0	(1,014,366)
3	Customer Growth Annualization	58,144	(5,472,012)	(209,038)	2,214,774	0	(3,408,131)
4	Total Adjustments	58,144	(6,393,222)	(271,343)	2,183,923	0	(4,422,498)
5	As Adjusted Test Year Margin 4/30/09	\$130,161,294	\$36,797,805	\$2,135,873	\$13,022,375	\$4,789,486	\$186,906,834

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

Line No.	Description	Amount
	(a)	(b)
1	Purchase Gas Costs (Acct. 805)	(\$502,616,530)
2	Gross Receipts Tax (Acct. 4081)	(44,258,774)
3	Total Adjustment	<u>(\$546,875,304)</u>

**MISSOURI GAS ENERGY**  
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**Payroll Adjustment**

Line No.	Main Acct.	Proforma Payroll Expense	Payroll Expense Per Book	Adjustment to Test Year
	(a)	(b)	(c)	(d)
1	870	\$681,087	\$669,514	\$11,573
2	871	\$28,794	27,320	1,474
3	872	\$0	0	0
4	874	\$575,940	537,907	38,033
5	875	\$534,628	500,520	34,108
6	876	\$0	(415)	415
7	877	\$3,511	4,133	(622)
8	878	\$4,633,468	4,335,576	297,892
9	879	\$2,474,654	2,300,235	174,419
10	880	\$2,349,174	1,421,393	927,781
11	885	\$1,281,357	1,208,428	72,929
12	886	\$71,040	66,985	4,055
13	887	\$5,902,296	5,516,738	385,558
14	889	\$417,431	391,077	26,354
15	890	\$154,878	147,391	7,487.00
16	891	\$11,347	10,177	1,170
17	892	\$591,860	551,403	40,457
18	893	\$228,048	214,679	13,369
19	894	\$40,493	37,448	3,045
20	901	\$261,402	262,744	(1,342)
21	902	\$706,216	660,769	45,447
22	903	\$6,135,431	5,806,424	329,007
23	905	\$0	252	(252)
24	908	\$172,034	166,162	5,872
25	911	\$0	0	0
26	912	\$274,807	265,556	9,251
27	920	\$5,830,868	5,670,038	160,830
28	921	\$7,928	7,503	425
29	923	\$0	0	0
30	925	\$3,254	3,427	(173)
31	932	\$0	0	0
32	Total	<u>\$33,371,946</u>	<u>\$30,783,384</u>	<u>\$2,588,562</u>

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**Employee Benefits**

Line No.	Description (a)	Amount (b)	Amount (c)
1	Pension	\$10,530,919	
2	Retirement Power	525,667	
3	Life & AD&D Insurance	113,974	
4	Long Term Disability Insurance	238,050	
5	Medical / Dental Benefit	7,575,150	
6	FAS 106 - Accrual	880,091	
7	FAS 106 - Amortization of	2,664,792	
8	401K	1,466,387	
9	Other Misc Benefits	66,120	
10	Total Proforma Benefits	\$24,061,150	
11	Payroll Expense Ratio	0.7890495	
12		<u>18,985,439</u>	
13	Add amortization of prepaid pensions (amortized over a 6 year period)	<u>2,919,037</u>	
14	Proforma Benefits Expense	<u>\$21,904,476</u>	
15	Less Test Year Benefits Expense	<u>(\$16,375,933)</u>	
16	Adjustment to Test Year Expense - Acct. 926		<u>\$5,528,543</u>

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**Payroll Taxes**

Line No.	Description (a)	Amount (b)
1	Total Proforma Payroll Taxes	\$3,307,490
2	Payroll Taxes on Incentive Compensation Adjustment	<u>29,295</u>
3	Total Proforma Payroll Taxes	\$3,336,785
4	Payroll Expense Ratio	0.789049539
5	Proforma Payroll Tax Expense	<u>\$2,632,889</u>
6	Less Test Year Payroll Tax Expense	<u>(2,238,216)</u>
7	Adjustment to Test Year Expense - Acct. 4081	<u><u>394,673.21</u></u>

**MISSOURI GAS ENERGY**  
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**Insurance / Injuries & Damages**

Line No.	Description	2006	2007	2008	3 Year Avg.	925 Amount	924 Amount	Total Amount
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	MGE Claims:							
1	Workers Compensation claims paid	\$1,203,692	\$1,442,108	\$922,561	\$1,189,453			
2	Auto & General Liability	1,079,868	786,569	355,624	740,687			
3	Total Proforma Claims	<u>\$2,283,560</u>	<u>\$2,228,677</u>	<u>\$1,278,185</u>	<u>\$1,930,140</u>	\$1,930,140		\$1,930,140
4	Other costs not related to claims or premiums					\$87,088		
5	Insurance Premiums - 924						24,300	24,300
6	Insurance Premiums - 925					<u>1,549,270</u>		<u>1,549,270</u>
7	Total Proforma Insurance Cost					\$3,566,498	\$24,300	\$3,503,710
8	Test Year Payroll Expense Ratio					0.789050	1.000000	
9	Proforma Insurance Expense					<u>\$2,814,144</u>	<u>\$24,300</u>	<u>\$2,838,444</u>
10	Less Test Year Insurance Expense					(1,414,653)	(24,300)	(1,438,953)
11	Adjustment to Test Year - Accts. 924 and 925					<u>\$1,399,491</u>	<u>\$0</u>	<u>\$1,399,491</u>



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**Corporate Allocation**

Line No.	Description (a)	Amount (b)
1	Proforma Joint and Common Costs	\$7,337,592
2	Expense Capital Ratio	71.6033%
3	Proforma Joint and Common Expense	<u>\$5,253,961</u>
4	Less Test Year Expense Recorded on MGE's Books	<u>10,632,817</u>
5	Adjustment to Test Year - Acct. 923	<u><u>(\$5,378,856)</u></u>

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**Uncollectible Expense**

Line No.	Description	Amount	Amount
	(a)	(b)	(c)
1	Twelve Months Ended April 30, 2006	9,698,430	
2	Twelve Months Ended April 30, 2007	9,057,665	
3	Twelve Months Ended April 30, 2008	<u>10,777,759</u>	
4	Three Year Average		\$9,844,618
5	Less Test Year Uncollectible Expense		(7,866,016)
6	Adjustment to Test Year - Acct. 904		<u><u>\$1,978,602</u></u>

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

Line No.	Description	Amount (b)	Amount (c)
1	Estimate of current rate case expense	<u>\$777,688</u>	
2	Annual Amortization (3 years)		\$259,229
3	Normalized level of expense for depreciation study		\$6,878
4	NARUC Assessment		5,018
5	Other Regulatory Commission Expenses		201,815
6	Estimated MPSC Assessment - fiscal 7/1/09-6/30/10		<u>1,710,028</u>
7	Total Proforma Regulatory Commission Expense		\$2,182,968
8	Less Test Year Regulatory Commission Expense		(2,584,881)
9	Adjustment to Test Year - Acct. 928		<u>(\$401,913)</u>

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

Line No.	Description (a)	Reference (b)	Residential (c)	Commercial & Industrial (d)	Amount (e)
1	Customer Deposits	B-2	\$753,023	\$3,819,602	\$4,572,625
2	Interest Rate		4.25%	3.00%	
3	Proforma Interest on Customer Deposits		<u>\$32,003</u>	<u>\$114,588</u>	<u>\$146,591</u>
4	Less Test Year Interest on Customer Deposits				<u>(161,519)</u>
5	Adjustment to Test Year - Acct. 431				<u><u>(\$14,928)</u></u>

MISSOURI GAS ENERGY  
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Depreciation Expense

Line No.	Description (a)	Amount (b)	Current Depreciation Rate (c)	Annualized Depreciation (d)	Proposed Rate (e)	Proforma Total Depreciation (f)	Less Depr. Capitalized To Clearing Accts. (g)	Proforma Depreciation Expense (h)
<b>INTANGIBLE PLANT</b>								
1	(301) Organization	\$15,600	0.00%	\$0	0.00%	\$0	\$0	\$0
2	(302) Franchises	13,823	0.00%	0	0.00%	0	0	0
3	(303) Miscellaneous Intangible	30,041,605	(see adj. H-13)	0	(see adj. H-13)	0	0	0
4	Total Intangible Plant	\$30,071,028		\$0		\$0	\$0	\$0
<b>DISTRIBUTION PLANT</b>								
5	(374.1) Land	\$150,610	0.00%	\$0	0.00%	\$0	\$0	\$0
6	(374.2) Land Rights	2,181,312	2.09%	45,589	2.09%	45,589	0	45,589
7	(375.1) Structures	8,583,960	1.49%	127,901	1.49%	127,901	0	127,901
8	(375.2) Leasehold Improvements	0	(see adj. H-13)	0	(see adj. H-13)	0	0	0
9	(376) Mains & Mains - Cast Iron	382,811,425	2.16%	8,268,727	2.39%	9,149,193	0	9,149,193
10	(378) Meas. & Reg. Station - General	12,368,768	2.86%	353,747	2.86%	353,747	0	353,747
11	(379) Meas. & Reg. Station - City Gate	3,411,645	0.02	72,668	2.13%	72,668	0	72,668
12	(380) Services	316,610,835	3.13%	9,909,919	3.38%	10,701,446	0	10,701,446
13	(381) Meters	32,658,905	2.89%	943,842	2.89%	943,842	0	943,842
14	(382) Meter Installations	77,160,334	2.86%	2,206,786	2.86%	2,206,786	0	2,206,786
15	(383) House Regulators	12,733,549	2.44%	310,699	2.44%	310,699	0	310,699
16	(385) Electronic Gas Metering	390,663	3.33%	13,009	3.33%	13,009	0	13,009
17	(387) Other Equipment	0	4.60%	0	6.25%	0	0	0
18	Total Distribution Plant	\$849,062,006		\$22,252,887		\$23,924,880	\$0	\$23,924,880
<b>GENERAL PLANT - DIRECT</b>								
19	(389) Land	\$1,104,164	0.00%	\$0	0.00%	\$0	\$0	\$0
20	(390.1) Structures	727,399	2.00%	14,548	2.00%	14,548	0	14,548
21	(390.2) Leasehold Impr.	1,884,544	(see adj. H-13)	0	(see adj. H-13)	0	0	0
22	(391) Furniture & Fixtures	8,116,234	8.06%	654,168	8.06%	654,168	0	654,168
23	(392.1) Transportation Eq - Cars and Small Trucks	6,251,827	7.83%	489,518	13.33%	833,369	0	833,369
24	(392.2) Transportation Eq - Heavy Trucks	6,935,106	7.83%	543,019	7.62%	528,455	0	528,455
25	(393) Stores Equipment	673,265	2.70%	18,178	2.70%	18,178	0	18,178
26	(394) Tools	5,477,617	5.30%	290,314	5.30%	290,314	0	290,314
27	(395) Laboratory Equipment	0	6.00%	0	6.00%	0	0	0
28	(396) Power Operated Equipment	1,759,239	6.25%	109,952	6.25%	109,952	0	109,952
29	(397.1) Communication Equipment - AMR	38,190,850	5.00%	1,909,543	5.00%	1,909,543	0	1,909,543
30	(397.0) Communication Equipment - Other	3,850,049	6.25%	240,628	6.25%	240,628	0	240,628
31	(398) Miscellaneous Equipment	468,346	3.85%	18,031	3.85%	18,031	0	18,031
32	Total Direct General Plant	\$75,438,640		\$4,287,899		\$4,617,186	\$0	\$4,617,186
<b>GENERAL PLANT - CORPORATE</b>								
33	(390) Structures	\$0		\$0		\$0	\$0	\$0
34	(390) Leasehold Impr.	4,436	2.50%	111	2.50%	\$111	0	111
35	(391) Furniture & Fixtures	934,199	11.69%	109,208	11.69%	\$109,208	0	109,208
36	(392) Transportation Equipment	0	"	0		\$0	0	0
37	(397) Communication Equipment	0		0		0	0	0
38	(398) Miscellaneous Equipment	0		0		0	0	0
39	Total Corporate General Plant	\$938,635		\$109,319		\$109,319	\$0	\$109,319
40	Total Proforma Plant & Depreciation	\$955,510,308		\$26,650,105		\$26,651,385	\$0	\$26,651,385
41	Less Depreciation clearing							(\$1,471,776)
42	Less Test Year Depreciation Expense							(\$25,018,077)
43	Adjustment to Test Year - Acct. 403							\$2,161,532

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**Amortization Expense**

Line No.	Description	Original Cost Plant	Monthly Test Year Amortization Expense	Proforma Amortization Expense
	(a)	(b)	(c)	(d)
<u>MGE Direct Non-SLRP Amortization:</u>				
1	(375.2) Leasehold Improvements	\$0	\$0	\$0
2	(390.2) Leasehold Improvements	1,884,544	11,963	143,559
3	Sub Total	<u>\$1,884,544</u>	<u>\$11,963</u>	<u>\$143,559</u>
4	(303) Misc. Intangible - Work Force Automation (1000)	\$3,785,364 x	21,024	\$252,287
5	(303) Misc. Intangible - ADP Software	311,930 x	3,670	44,037
6	(303) Misc. Intangible - Corrosion Control Mgmt System (4000)	1,117,800 x	0	0
7	(303) Misc. Intangible - Landbase Digitized Mapping (4500)	1,701,543 x	0	0
8	(303) Misc. Intangible - Premise Data System (5000)	985,196 x	0	0
9	(303) Misc. Intangible - AMR Project - Programming (5500)	472,455 x	2,784	33,408
10	(303) Misc. Intangible - Facility Priority Index (6000)	894,795 x	0	0
11	(303) Misc. Intangible - Geographic Information System (6500)	1,006,719 x	0	0
12	(303) Misc. Intangible - Customer Service System (7000)	3,786,000 x	0	0
13	(303) Misc. Intangible - CSS Enhancements (7100)	7,894,021 x	65,784	789,402
14	(303) Misc. Intangible - Mainframe Software (7200)	3,705,793 x	30,218	362,611
15	(303) Misc. Intangible - Website (7600)	485,944 x	4,051	48,615
16	(303) Misc. Intangible - Stoner Low Pressure/Intermediate Model (8000)	279,672 x	0	0
17	(303) Misc. Intangible - BASIC (8500)	294,516 x	0	0
18	(303) Misc. Intangible - TCS System (9000)	189,193 x	1,592	19,108
19	(303) Misc. Intangible - GEO Tax Software (9500)	79,294 x	661	7,929
20	(303) Misc. Intangible - Oracle Software	2,415,660 x	20,117	241,409
21	(303) Misc. Intangible - Power Plant Software	187,288 x	1,561	18,729
22	(303) Misc. Intangible - Virtual Hold Call Center	196,570 x	1,661	19,928
23	(303) Misc. Intangible - Witness Software (9600)	251,851 x	2,664	31,972
24	Sub Total - Acct. 303	<u>\$30,041,604</u>	<u>\$155,786</u>	<u>\$1,869,433</u>
<u>Amortization of Infinium Software:</u>				
25	Unamortized balance of replaced software	\$999,954	Mo Amort Amt 16,666	\$199,992
<u>SLRP Amortization:</u>				
26	SLRP Deferrals Subject to Amortization	\$10,811,775	Amort Period 10	\$1,081,178
<u>Cost of Removal Amortization</u>				
27	Net Cost of Removal Balance	\$552,665	Mo Amort Amt 14,171	\$170,052
29	Pro-Forma Amortization Expense			\$3,464,214
30	Less Test Year Amortization Expense			(1,953,194)
31	Adjustment to Test Year - Accts. 404 and 405			<u>\$1,511,020</u>

**MISSOURI GAS ENERGY**  
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**Transportation and Work Equipment Clearing**

Line No.	Description	Proforma	Test Year	Adjustment	Amount
	(a)	(b)	(c)	(d)	(e)
1	Total per books depreciation cleared				(451,816)
2	Total proforma depreciation subject to clearing adjusted for fleet costs				1,471,776
3	Elimination of fleet lease expense				(1,730,995)
4	Total adjustment to fleet related costs				<u>(711,035)</u>

Spread Clearing to Main Accounts based on Test Year Clearing:

	Main Acct.	Percentage	Amount
5	8700	0.52%	(3,697)
6	8710	0.00%	0
7	8720	0.00%	0
8	8740	1.80%	(12,799)
9	8750	2.67%	(18,985)
10	8760	0.00%	0
11	8770	0.02%	(142)
12	8780	21.59%	(153,512)
13	8790	9.10%	(64,704)
14	8800	0.95%	(6,755)
15	8850	0.11%	(782)
16	8860	0.38%	(2,702)
17	8870	25.56%	(181,741)
18	8890	1.77%	(12,585)
19	8900	0.58%	(4,124)
20	8910	0.05%	(356)
21	8920	2.48%	(17,634)
22	8930	0.49%	(3,484)
23	8940	0.20%	(1,422)
24	9010	0.00%	0
25	9020	2.99%	(21,260)
26	9030	7.26%	(51,621)
27	9050	0.17%	(1,209)
28	9080	0.00%	0
29	9110	0.00%	0
30	9120	0.00%	0
31	9200	0.00%	0
32	9210	1.63%	(11,590)
33	9230	0.00%	0
34	9250	0.00%	0
35	9320	0.00%	0
36	<u>TOTAL EXPENSE</u>	<u>80.32%</u>	<u>(571,104)</u>
37	<u>TOTAL NON-EXPENSE</u>	<u>19.68%</u>	<u>(139,932)</u>
38	<u>TOTAL</u>	<u>100.00%</u>	<u>(\$711,036)</u>

**MISSOURI GAS ENERGY**  
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**Property Tax Expense**

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
	Proforma Total Plant in Service excluding Corporate		
1	Allocated Plant	C	\$954,571,674
2	Less Intangible Plant	C	<u>(30,071,028)</u>
3	Proforma Plant, excluding Intangible Plant		\$924,500,647
4	Property tax rate		<u>0.79717%</u>
5	Proforma Property Tax Expense		\$7,369,846
6	Estimated Kansas Property Tax Expense		1,704,000
7	Less Test Year Property Tax Expense		<u>6,965,658</u>
8	Adjustment to Test Year - Acct. 4081		<u><u>\$2,108,189</u></u>



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**Postage Increase**

Line No.	Description (a)	Amount (b)
<u><b>Average Postage cost per item</b></u>		
1	2008	\$ 0.3244
2	2009- with postage increase	\$ 0.3382
3	Average Increase in Postage Cost per Item	<u>\$ 0.0138</u>
4	Number of mail pieces in 2008	<u>7,585,840</u>
5	Total increase	<u>\$ 104,685</u>

**MISSOURI GAS ENERGY**  
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**Broadway Rent Expense**

Line No.	Description (a)	Amount (b)
	<b>OFFICE LEASE</b>	
1	Proforma Broadway rent - Rent	\$516,814
2	Proforma Broadway Taxes	119,030
3	Less: Proforma rent from subleases	<u>(437,570)</u>
4	Total proforma rent expense - Acct. 931	198,274
5	Actual rent expense - Acct. 931	<u>460,818</u>
6	Adjustment to Acct. 931	<u><u>(\$262,544)</u></u>
7	Net proforma Broadway building utility costs	\$230,854
8	Less: Actual Broadway building utility costs	<u>188,129</u>
9	Adjustment to Test Year - Acct. 921.00014	<u><u>\$42,725</u></u>
10	Net proforma Broadway supplies expense	\$34,942
11	Actual Broadway supplies expense	<u>25,387</u>
12	Adjustment to Test Year - Acct. 921.00017	<u><u>\$9,555</u></u>
13	Net proforma Broadway building maintenance expense	\$400,550
14	Actual Broadway building maintenance expense	<u>312,607</u>
15	Adjustment to Test Year - Acct. 9210.0014	<u><u>\$87,943</u></u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
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**Incentive Compensation and Bonuses**

Line No.	Description	Incentive Compensation	Holiday Bonuses	Work Performance Bonuses	Total
	(a)	(b)	(c)	(d)	(e)
1	2008 Incentive and Bonus Payments	\$1,275,200	\$51,215	\$8,550	\$1,334,965
2	Non Financial Based Incentives	<u>366,060</u>	<u>0</u>	<u>8,550</u>	<u>374,610</u>
3	Adjustment	<u>(\$909,140)</u>	<u>(\$51,215)</u>	<u>\$0</u>	<u>(960,355)</u>
4	Expense Ratio				<u>0.789049539</u>
5	Amount Charged to Expense				<u>(\$757,766)</u>

**MISSOURI GAS ENERGY**  
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**Customer Collection Costs**

Line No.	Description (a)	Total (b)
1	Number of credit card payments estimated	<u>228,852</u>
2	Fee per payment to credit card company	<u>\$3.50</u>
3	Total expense to Company	\$800,982
4	Per books	<u>0</u>
5	Adjustment	<u>\$800,982</u>

**MISSOURI GAS ENERGY**  
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**Other Expense Adjustments**

Line No.	Description (a)	Total (b)
1	Other expense adjustments	<u>\$50,638</u>

**MISSOURI GAS ENERGY**  
A Division of Southern Union Company  
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**Weatherization & Conservation**

Line No.	Description (a)	Amount (b)
1	Weatherization Program	\$750,000
2	Natural Gas Conservation	<u>750,000</u>
3	Total	1,500,000
4	Per Books	<u>1,500,000</u>
5	Adjustment	<u><u>\$0</u></u>

Missouri Gas Energy,  
a Division of Southern Union Company  
Name of Issuing Corporation

For: All Missouri Service Areas  
Community, Town or City

PURCHASED GAS COST ADJUSTMENT  
PGA

I. APPLICABILITY

The Purchased Gas Cost Adjustment (PGA) applies to all sales and transportation services provided under all natural gas rate schedules and contracts, including sales to transportation customers. Any increase or decrease in any PGA factor, including the Actual Cost Adjustment (ACA) factor, resulting from the application of this tariff, shall be applied pro rata to customers' bills for service rendered on and after the effective date of the change. Bills which contain multiple PGA rate changes, including the ACA component of such rate changes, during a customer's billing period shall be prorated between the old and new rates in proportion to the number of days in the customer's billing period that such rates were in effect.

A. Contents of PGA

1. The purchased gas cost adjustment price shall be the sum of the following items:

Current Cost of Gas (CCG) - A per Ccf factor to reflect the current estimate of the annualized cost of various natural gas services purchased by the Company, including but not limited to firm and interruptible gas supply, gathering, processing and treating services, firm and interruptible transportation service, storage services, including property taxes on gas held in storage in Kansas, gas price volatility mitigation instruments, including but not limited to financial instruments and any service which bundles or aggregates these various services. Also included would be any related FERC regulatory costs. Such factor shall also reflect any "PGA Filing Adjustment Factor" (FAF) as defined in this Section.

Actual Cost Adjustment (ACA) - A per Ccf factor to reflect the annual reconciliation of actual purchased gas and pipeline service costs with the actual recovery of such costs through the application of this Purchased Gas Adjustment Clause. Revised ACA factors shall be filed with the PGA Filing to be effective in November of each year.

Refund - A per Ccf factor to reflect refunds received by the Company in connection with purchased gas and/or pipeline services.

DATE OF ISSUE: April 2, 2009  
month day year

DATE EFFECTIVE: May 2, 2009  
month day year

ISSUED BY: Michael R. Noack Director, Pricing and Regulatory Affairs  
Missouri Gas Energy, Kansas City, Missouri 64111

Missouri Gas Energy,  
a Division of Southern Union Company  
Name of Issuing Corporation

For: All Missouri Service Areas  
Community, Town or City

**PURCHASED GAS COST ADJUSTMENT**  
**PGA**

**II. CALCULATION OF THE CURRENT COST OF GAS (CCG)**

For the purpose of the computations herein, "commodity-related" shall mean gas costs relating to gas supply commodity charges, variable transportation charges, storage withdrawals, property taxes on gas held in storage in Kansas, gas purchased under fixed price contracts, other FERC-authorized variable charges excluding any amounts for FERC authorized Take-or-Pay (TOP) or Transition Cost (TC) charges, FERC regulatory costs, and the Company's cost of gas price volatility mitigation instruments, including but not limited to financial instruments, except for call options for which only cost reductions expected to be realized during the months covered by the Company's PGA filing shall be reflected.

"Demand related" shall mean fixed (non-volumetric) costs relating to gas supply demand charges, charges for performance or surety bonds or letters of credit as required in gas supply contracts, fixed transportation charges, fixed storage charges and other FERC-authorized fixed charges excluding any amounts for FERC authorized Take-or-Pay (TOP) or Transition Cost (TC) charges.

A per unit  $\phi$ /Ccf shall be determined by dividing the sum of "Commodity Related" costs and "Demand Related" costs by estimated annual sales as set forth in Section VIII of this schedule.

**III. CALCULATION OF THE ACTUAL COST ADJUSTMENT (ACA)**

The Company shall establish and maintain a Deferred Purchased Gas Cost - Actual Cost Adjustment Account (ACA) which shall be credited with any over-recovery resulting from the operation of the Company's PGA procedure or debited for any under-recovery resulting from same. Such over- or under-recovery shall be determined by a monthly comparison of the actual total cost of gas and the cost recovery for the same month.

The "cost of gas" for a particular month will be calculated by using the as billed cost of gas shown on the books and records of the Company, but exclusive of refunds and fixed TOP charges and TC charges.

The "cost recovery" for a particular month shall be determined by calculating the product of the volumes billed during the month and the sum of that month's regular Purchased Gas Cost as adjusted by the FAF and the prior year "Actual Cost Adjustment" (ACA), as hereinafter defined. To this total, shall be added the demand related purchased gas costs billed directly to customers. The fixed TOP recovery factor, the fixed TC recovery factor and the refund factor shall be excluded from this calculation.

DATE OF ISSUE: April 2, 2009  
month day year

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month day year

ISSUED BY: Michael R. Noack Director, Pricing and Regulatory Affairs  
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