

EXHIBIT 48

MISSOURI GAS ENERGY
A Division of Southern Union Company

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MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Revenue Deficiency

Line No.	Description	Ref.	Required Return	Earnings Deficiency	Net Revenue Deficiency
	(a)	(b)	(c)	(d)	(e)
1	Rate Base	B	\$531,779,761		
2	Rate of Return	F	9.334%		
3	Required Return		<u>\$49,636,323</u>	\$49,636,323	
4	Adjusted Test Year Net Operating Income	A-1		<u>27,973,323</u>	
5	Earnings Deficiency			<u>\$21,663,000</u>	\$21,663,000
6	Multiply by Income Tax Gross-up Factor				<u>1.623080</u>
7	Net Revenue Deficiency - Gross of Tax				<u>\$35,160,782</u>
8	Multiply by Uncollectibles Gross-up Factor				<u>1.01422441</u>
9	Revenue Deficiency before Late Pay Fee Gross Down				<u>\$35,660,924</u>
10	Multiply by Late Pay Fee Gross-down Factor				<u>0.999227</u>
11	Net Revenue Deficiency				<u>\$35,633,357</u>
12	Rate of Return Efficiency Adjustment				<u>\$2,186,804</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Summary of Net Operating Income
Per Books and Adjusted

Line No.	Description (a)	Per Books (b)	Adjustments (c)	As Adjusted (d)
<u>REVENUES</u>				
1	Operating Base Revenues	\$486,795,087	(\$351,482,865)	\$135,312,222
2	Other Utility Revenues	8,302,684	107,876	8,410,560
3	Total Operating Revenues	<u>\$495,097,771</u>	<u>(\$351,374,990)</u>	<u>\$143,722,781</u>
<u>OPERATING EXPENSES</u>				
4	Distribution Expense	\$343,360,642	(\$321,351,566)	\$22,009,076
5	Customer Accounts Expense	17,519,501	1,227,509	18,747,010
6	Customer Service and Information Expense	476,630	162,547	639,177
7	Sales Expense	245,559	6,009	251,568
8	Administrative and General Expense	<u>20,946,520</u>	<u>9,135,546</u>	<u>30,082,066</u>
9	Total Operating and Maintenance Expenses	<u>\$382,548,852</u>	<u>(\$310,819,956)</u>	<u>\$71,728,896</u>
10	Depreciation & Amortization Expense	\$22,691,101	\$4,476,184	\$27,167,285
11	Interest on Customer Deposits	218,822	(81,567)	137,255
12	Taxes Other Than Income	<u>40,041,548</u>	<u>(29,364,354)</u>	<u>10,677,194</u>
13	Total Operating Expenses	<u>\$445,500,323</u>	<u>(\$335,789,693)</u>	<u>\$109,710,630</u>
14	Operating Income Before Income Tax	\$49,597,448	(\$15,585,297)	\$34,012,151
15	Less: Income Tax Expense	11,455,461	(5,416,633)	6,038,828
16	Net Operating Income	<u>\$38,141,987</u>	<u>(\$10,168,664)</u>	<u>\$27,973,323</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Income Tax

Line No.	Description (a)	Reference (b)	Per Books (c)	As Adjusted (d)
1	Total Operating Revenues	A-1	\$495,097,771	\$143,722,781
2	Total Operating Expenses	A-1	(445,500,323)	(109,710,830)
3	Net Operating Income	A-1	<u>\$49,597,448</u>	<u>\$34,012,151</u>
4	Equity Portion of SLRP Deferrals		\$1,315,662	\$0
5	Less: Interest on Long Term Debt		(21,074,636)	(18,282,588)
6	Total Tax Adjustments		<u>(\$19,758,974)</u>	<u>(\$18,282,588)</u>
7	Net Taxable Income		<u>\$29,838,474</u>	<u>\$15,729,563</u>
8	Income Tax		\$11,455,461	\$6,038,828
9	Less: Income Tax Reduction per Case No. GM-94-40		<u>0</u>	<u>0</u>
10	Net Income Tax		<u>\$11,455,461</u>	<u>\$6,038,828</u>

SCHEDULE B

MISSOURI GAS ENERGY

A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Rate Base

Line No.	Description (a)	Reference (b)	Amount (c)
1	Intangible Plant	C	\$32,422,123
2	Distribution Plant	C	701,827,671
3	General Plant	C	55,488,973
4	Gross Plant In Service		<u>\$789,738,767</u>
5	Accumulated Depreciation & Amortization	D	<u>(257,842,487)</u>
6	Net Plant in Service		\$531,896,280
7	SLRP Deferrals	B-1	\$0
8	Working Capital	E	71,587,229
9	Alternative Minimum Tax Credit		12,782,852
10	Customer Deposits	B-2	(3,619,432)
11	Customer Advances - Thirteen Month Average	B-3	(10,575,798)
12	Unamortized Deferred Credit per Case No. GM-94-40		0
13	Deferred Income Taxes - SLRP	B-1	(5,930,866)
14	Deferred Income Taxes - Other	B-4	(64,360,504)
15	ECWR Deferrals	B-5	<u>0</u>
16	Total Rate Base		<u><u>\$531,779,761</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003

SLRP Deferrals and Deferred Taxes Updated Through December 31, 2003

Line No.	Description (a)	Gross Deferral (b)	Accumulated Amortization (c)	Amount (d)
<u>SLRP Deferrals</u>				
1	Order GO-92-185 (Deferred Balance @ 5/31/98)	\$5,776,280	5,776,280	\$0
2	Order GO-94-234 (Deferred Balance @ 5/31/98)	12,399,117	12,399,117	0
3	Order GO-97-301 (Deferred Balance @ 5/31/98)	3,060,876	3,060,876	0
4	Order GR-98-140	9,182,136	9,182,136	0
5	Order GR-2001-282	839,904	0	0
6	Total SLRP Deferrals	<u>\$31,258,313</u>	<u>\$30,418,409</u>	<u>\$0</u>
 <u>SLRP Deferred Taxes</u>				
7	Order GO-92-185			0
8	Order GO-94-234			2,171,895
9	Order GO-97-301			552,001
10	Order GR-98-140			2,690,861
11	Order GR-2001-292			516,109
12	Total SLRP Deferred Taxes			<u>\$5,930,866</u>

MISSOURI GAS ENERGY

A Division of Southern Union Company
 Thirteen Months Ending June 30, 2003

Customer Deposits Updated through December 31, 2003

Line No.	Month	Commercial &		Total Amount
		Residential Amount	Industrial Amount	
	(a)	(b)	(c)	(d)
1	Dec-02	(\$1,534,317)	(\$2,111,623)	(\$3,645,940)
2	Jan-03	(1,544,250)	(2,124,060)	(3,668,310)
3	Feb-03	(1,530,320)	(2,151,447)	(3,681,767)
4	Mar-03	(1,522,115)	(2,140,489)	(3,662,604)
5	Apr-03	(1,506,298)	(2,125,956)	(3,632,254)
6	May-03	(1,463,678)	(2,124,531)	(3,588,209)
7	Jun-03	(1,417,912)	(2,153,752)	(3,571,664)
8	Jul-03	(1,401,151)	(2,174,196)	(3,575,348)
9	Aug-03	(1,365,340)	(2,198,304)	(3,563,644)
10	Sep-03	(1,357,012)	(2,212,457)	(3,569,469)
11	Oct-03	(1,342,133)	(2,248,184)	(3,590,317)
12	Nov-03	(1,318,844)	(2,287,965)	(3,606,809)
13	Dec-03	<u>(1,333,389)</u>	<u>(2,362,887)</u>	<u>(3,696,276)</u>
14	13 Month Total	<u>(\$18,636,759)</u>	<u>(\$28,415,851)</u>	<u>(\$47,052,610)</u>
15	13 Month Average	<u>(\$1,433,597)</u>	<u>(\$2,185,835)</u>	<u>(\$3,619,432)</u>

SCHEDULE B-3

MISSOURI GAS ENERGY

A Division of Southern Union Company

Thirteen Months Ending June 30, 2003

Customer Advances Updated through December 31, 2003

Line No.	Month (a)	Amount (b)
1	Dec-02	(\$10,382,694)
2	Jan-03	(10,408,714)
3	Feb-03	(10,381,355)
4	Mar-03	(10,419,364)
5	Apr-03	(10,431,656)
6	May-03	(10,611,023)
7	Jun-03	(10,564,904)
8	Jul-03	(10,549,375)
9	Aug-03	(10,566,872)
10	Sep-03	(10,525,281)
11	Oct-03	(10,852,291)
12	Nov-03	(10,930,960)
13	Dec-03	<u>(10,860,888)</u>
14	13 Month Total	<u><u>(\$137,485,377)</u></u>
15	13 Month Average	<u><u>(\$10,575,798)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003

Deferred Taxes (Other than SLRP) Updated through December 31, 2003

Line No.	Description (a)	Amount (b)
1	Deferred Taxes, MGE Direct Plant as of 6/30/03	(\$64,360,504)
2	Deferred Taxes, Corporate Plant	<u>0</u>
3	Total Accumulated Deferred Income Taxes (Other than SLRP)	<u><u>(\$64,360,504)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Plant in Service

Line No.	Description	Direct	Completed Not Classified	Total Direct & Completed	Corporate Allocated	Total Adjustments	Total As Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
INTANGIBLE PLANT							
1	(301) Organization	\$15,600	\$0	\$15,600	\$0	\$0	\$15,600
2	(302) Franchises	34,630	0	34,630	0	0	34,630
3	(303) Miscellaneous Intangible	32,371,893	0	32,371,893	0	0	32,371,893
4	Total Intangible Plant	\$32,422,123	\$0	\$32,422,123	\$0	\$0	\$32,422,123
DISTRIBUTION PLANT							
5	(374.1) Land	\$240,448	\$0	\$240,448	\$0	\$0	\$240,448
6	(374.2) Land Rights	1,374,600	0	1,374,600	0	0	1,374,600
7	(375.1) Structures	6,065,252	221	6,065,473	0	0	6,065,473
8	(375.2) Leasehold Improvements	0	0	0	0	0	0
9	(376) Mains	307,070,687	3,073,090	310,143,777	0	0	310,143,777
10	(378) Meas. & Reg. Station - General	11,150,728	11,479	11,162,207	0	0	11,162,207
11	(379) Meas. & Reg. Station - City Gate	3,211,758	0	3,211,758	0	0	3,211,758
12	(380) Services	272,942,883	1,060,774	274,003,657	0	(3,912,754)	270,090,903
13	(381) Meters	29,203,779	3,889	29,207,668	0	0	29,207,668
14	(382) Meter Installations	59,140,845	335,971	59,476,816	0	0	59,476,816
15	(383) House Regulators	10,485,234	42,930	10,508,164	0	0	10,508,164
16	(385) Electronic Gas Measuring	345,857	0	345,857	0	0	345,857
17	(387) Other Equipment	0	0	0	0	0	0
18	Total Distribution Plant	\$701,212,071	\$4,528,354	\$705,740,425	\$0	(\$3,912,754)	\$701,827,671
GENERAL PLANT							
19	(389) Land	\$468,315	\$0	\$468,315	\$0	\$0	\$468,315
20	(390.1) Structures	535,053	64,149	599,202	111,679	0	710,881
21	(390.2) Leasehold Improvements	1,389,409	0	1,389,409	0	0	1,389,409
22	(391) Furniture & Fixtures	5,422,630	386,888	5,809,518	83,465	(1,014,662)	4,878,321
23	(392) Transportation Equipment	4,589,780	0	4,589,780	25,107	0	4,614,887
24	(393) Stores Equipment	541,448	0	541,448	0	0	541,448
25	(394) Tools	4,796,124	15,796	4,811,920	0	0	4,811,920
26	(395) Laboratory Equipment	0	0	0	0	0	0
27	(396) Power Operated Equipment	330,903	0	330,903	0	0	330,903
28	(397.1) Communication Equipment - AMR	34,571,357	143,923	34,715,280	0	0	34,715,280
29	(397.0) Communication Equipment	2,831,250	0	2,831,250	0	0	2,831,250
30	(398) Miscellaneous Equipment	196,359	0	196,359	0	0	196,359
31	Total General Plant	\$55,672,628	\$610,756	\$56,283,384	\$220,251	(\$1,014,662)	\$55,488,973
32	Total Original Cost Plant in Service	\$789,306,822	\$5,139,110	\$794,445,932	\$220,251	(\$4,927,416)	\$789,738,767
33	Accumulated Depreciation and Amortization	(261,547,198)	0	(261,547,198)	(38,547)	3,743,258	(257,842,487)
34	Net Plant in Service	\$527,759,624	\$5,139,110	\$532,898,734	\$181,704	(\$1,184,158)	\$531,896,280

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Plant in Service

Line No.	Description	Retire Inactive Services No. 1	Texas Related CSS Enhancements No. 2	Total Adjustments
	(a)	(b)	(c)	(d)
INTANGIBLE PLANT				
1	(301) Organization	\$0	\$0	\$0
2	(302) Franchises	0	0	0
3	(303) Miscellaneous Intangible	0	0	0
4	Total Intangible Plant	\$0	\$0	\$0
DISTRIBUTION PLANT				
5	(374.1) Land	\$0	\$0	\$0
6	(374.2) Land Rights	0	0	0
7	(375.1) Structures	0	0	0
8	(375.2) Leasehold Improvements	0	0	0
9	(376) Mains & Mains - Cast Iron	0	0	0
10	(378) Meas. & Reg. Station - General	0	0	0
11	(379) Meas. & Reg. Station - City Gate	0	0	0
12	(380) Services	(3,912,754)	0	(3,912,754)
13	(381) Meters	0	0	0
14	(382) Meter Installations	0	0	0
15	(383) House Regulators	0	0	0
16	(385) Electronic Gas Metering	0	0	0
17	(387) Other Equipment	0	0	0
18	Total Distribution Plant	(\$3,912,754)	\$0	(\$3,912,754)
GENERAL PLANT				
19	(389) Land	\$0	\$0	\$0
20	(390.1) Structures	0	0	0
21	(390.2) Leasehold Improvements	0	0	0
22	(391) Furniture & Fixtures	0	(1,014,662)	(1,014,662)
23	(392) Transportation Equipment	0	0	0
24	(393) Stores Equipment	0	0	0
25	(394) Tools	0	0	0
26	(395) Laboratory Equipment	0	0	0
27	(396) Power Operated Equipment	0	0	0
28	(397) Communication Equipment - AMR	0	0	0
29	(397) Communication Equipment	0	0	0
30	(398) Miscellaneous Equipment	0	0	0
31	Total General Plant	\$0	(\$1,014,662)	(\$1,014,662)
32	Total Original Cost Plant In Service	(\$3,912,754)	(\$1,014,662)	(\$4,927,416)

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Accumulated Reserves for Depreciation and Amortization

Line No.	Description (a)	Test Year Direct (b)	Corporate (c)	Proforma Adjustments (d)	Test Year As Adjusted (e)
1	Intangible Plant Reserve	(\$17,166,356)	\$0	\$0	(\$17,166,356)
2	Distribution Reserve	(244,380,842)	(38,547)	3,743,258	(240,676,131)
3	Total Accumulated Reserves	<u>(\$261,547,198)</u>	<u>(\$38,547)</u>	<u>\$3,743,258</u>	<u>(\$257,842,487)</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Accumulated Reserves for Depreciation and Amortization

Line No.	Description	Adjustments to Plant in Service	Deprec. Rates	Retire Inactive Meters No. 1	Texas Related CSS Enhancements No.2	Remove Debit Balances No. 3	Total Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>DISTRIBUTION PLANT</u>							
1	(374.1) Land	\$0	0.00%				\$0
2	(374.2) Land Rights	0	Amort.				0
3	(375.1) Structures	0	1.65%				0
4	(375.2) Leasehold Improvements	0	Amort.				0
5	(376) Mains & Mains - Cast Iron	0	2.27%				0
6	(378) Meas. & Reg. Station - General	0	2.86%				0
7	(379) Meas. & Reg. Station - City Gate	0	2.13%				0
8	(380) Services	(3,912,754)	2.70%	3,912,754			3,912,754
9	(381) Meters	0	2.86%				0
10	(382) Meter Installations	0	2.86%				0
11	(383) House Regulators	0	2.44%				0
12	(385) Electronic Gas Metering	0	3.33%				0
13	(387) Other Equipment	0	4.60%				0
14	Total Distribution Plant	<u>(\$3,912,754)</u>		<u>\$3,912,754</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,912,754</u>
<u>GENERAL PLANT</u>							
15	(389) Land	\$0	0.00%				\$0
16	(390.1) Structures	0	2.00%				0
17	(390.2) Leasehold Improvements	0	Amort.				0
18	(391) Furniture & Fixtures	(1,014,662)	8.06%		658,973	(828,469)	(169,496)
19	(392) Transportation Equipment	0	8.70%				0
20	(393) Stores Equipment	0	2.70%				0
21	(394) Tools	0	5.30%				0
22	(395) Laboratory Equipment	0	6.00%				0
23	(396) Power Operated Equipment	0	8.33%			0	0
24	(397) Communication Equipment - AMR	0	5.00%			0	0
25	(397) Communication Equipment	0	6.25%			0	0
26	(398) Miscellaneous Equipment	0	3.85%				0
27	Total General Plant	<u>(\$1,014,662)</u>		<u>\$0</u>	<u>\$658,973</u>	<u>(\$828,469)</u>	<u>(\$169,496)</u>
28	Total Adjustment	<u>(\$4,927,416)</u>		<u>\$3,912,754</u>	<u>\$658,973</u>	<u>(\$828,469)</u>	<u>\$3,743,258</u>

0

SCHEDULE E

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Working Capital

Line No.	Description (a)	Reference (b)	Amounts (c)
1	Materials and Supplies Inventory	E-1	\$2,579,461
2	Prepayments - Thirteen Month Average	E-2	278,938
3	Gas Inventory - Volumes and Price	E-3	59,495,887
4	Cash Working Capital	E-4	(42,238)
5	Prepaid Pension	E-5	<u>9,275,181</u>
6	Total Working Capital		<u><u>\$71,587,229</u></u>

SCHEDULE E-1

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending June 30, 2003
Updated Through December 31, 2003
Materials & Supplies

Line No.	Month (a)	Amount (b)
1	Dec-02	\$2,253,129
2	Jan-03	2,225,868
3	Feb-03	2,379,866
4	Mar-03	2,611,569
5	Apr-03	2,709,731
6	May-03	2,653,665
7	Jun-03	2,439,502
8	Jul-03	2,688,682
9	Aug-03	2,509,144
10	Sep-03	2,812,460
11	Oct-03	2,878,848
12	Nov-03	2,668,219
13	Dec-03	2,702,305
14	13 Month Total	<u>\$33,532,988</u>
15	13 Month Average	<u>\$2,579,461</u>

SCHEDULE E-2

MISSOURI GAS ENERGY
A Division of Southern Union Company
Thirteen Months Ending June 30, 2003
Updated Through December 31, 2003
Prepayments

Line No.	Month (a)	Amount (b)
1	Dec-02	532,890
2	Jan-03	416,994
3	Feb-03	517,005
4	Mar-03	331,282
5	Apr-03	331,313
6	May-03	210,091
7	Jun-03	160,988
8	Jul-03	789,001
9	Aug-03	1,174,049
10	Sep-03	1,160,825
11	Oct-03	977,317
12	Nov-03	951,685
13	Dec-03	<u>839,369</u>
14	13 Month Total	<u>\$8,392,808</u>
15	13 Month Average	<u>\$278,938</u>

SCHEDULE E-3

MISSOURI GAS ENERGY

A Division of Southern Union Company

Thirteen Months Ending June 30, 2003

Updated Through December 31, 2003

Gas Inventory

Line No.	Month (a)	Volumes (b)
1	Jan-03	6,199,269
2	Feb-03	1,604,779
3	Mar-03	1,793,568
4	Apr-03	4,843,104
5	May-03	9,205,812
6	Jun-03	12,451,375
7	Jul-03	13,914,784
8	Aug-03	15,189,442
9	Sep-03	16,457,594
10	Oct-03	17,460,027
11	Nov-03	14,562,734
12	Dec-03	<u>12,013,048</u>
13	13 Month Average	10,474,628
14	Current Injection Prices	<u>\$5.680</u>
15	Inventory Value	<u><u>\$59,495,887</u></u>

SCHEDULE E-4

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Cash Working Capital

Line No.	Description	Test Year Expenses	Revenue Lag	Expense Lead	Net Lag (C-D)	Factor (E/365)	CWC Requirement (B*F)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>Operation & Maintenance Expense</u>							
1	Cash Vouchers	\$33,298,972	43.0000	28.0000	15.0000	0.0411	\$1,368,451
2	Bad Debt Expense	7,042,476	43.0000	43.0000	-	-	0
3	Net Payroll Expense	17,079,089	43.0000	12.5000	30.5000	0.0836	1,427,157
4	Fica Withheld	2,598,665	43.0000	9.6000	33.4000	0.0915	237,796
5	Federal Income Tax Withheld	2,985,421	43.0000	15.5900	27.4100	0.0751	224,193
6	State Income Tax Withheld	974,745	43.0000	48.7600	(5.7600)	(0.0158)	(15,382)
7	City Tax Withheld	140,668	43.0000	20.2200	22.7800	0.0624	8,779
8	Resident State Tax Withheld	0	43.0000	30.7271	12.2729	0.0336	0
9	Vacation Expense - Nonunion	396,108	43.0000	182.5000	(139.5000)	(0.3822)	(151,389)
10	Vacation Expense - Union	801,316	43.0000	388.1500	(345.1500)	(0.9456)	(757,738)
11	Sick Leave	506,411	43.0000	68.6400	(25.6400)	(0.0702)	(35,574)
12	Pensions	0	43.0000	43.0000	-	-	0
13	Medical Expense	0	43.0000	-	43.0000	0.1178	0
14	Purchased Gas	355,036,581	43.0000	38.8800	4.1200	0.0113	4,007,536
15	Building Rents and Leases	1,266,093	43.0000	(14.6500)	57.6500	0.1579	199,973
16	Total Operation & Maintenance Expense	<u>422,126,544</u>					<u>6,513,802</u>
<u>Taxes</u>							
17	Property Taxes	8,523,776	43.0000	182.0000	(139.0000)	(0.3808)	(3,246,041)
18	Franchise Taxes	193,682	43.0000	59.4100	(16.4100)	(0.0450)	(8,708)
19	Gross Receipts Taxes	28,799,163	33.3750	59.4100	(26.0350)	(0.0713)	(2,054,209)
20	Employer Portion of FICA	2,598,665	43.0000	9.6000	33.4000	0.0915	237,796
21	Federal and State Unemployment	37,110	43.0000	87.8200	(44.8200)	(0.1228)	(4,557)
22	Use Taxes	1,496	33.3750	76.1200	(42.7450)	(0.1171)	(175)
23	Sales Taxes	8,064,405	33.3750	24.9700	8.4050	0.0230	185,702
24	Total Taxes	<u>48,218,297</u>					<u>(4,890,191)</u>
25	Total Cash Working Capital Requirement						1,623,611
26	Estimated Interest Expense Offset	18,282,585	43.0000	75.6000	(32.6000)	(0.0893)	(1,632,635)
27	Estimated Income Tax Offset	6,038,828	43.0000	45.0000	(2.0000)	(0.0055)	(33,214)
28	Net Cash Working Capital						<u>(\$42,238)</u>

SCHEDULE E-5

MISSOURI GAS ENERGY

A Division of Southern Union Company
Twelve Months Ending June 30, 2003

Deferred Pension Updated through December 31, 2003

Line No.	Year Ended (a)	Balance (b)
1	December 31, 2003	<u>\$9,279,181</u>

SCHEDULE F

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003

Summary of Cost of Capital Updated through 12/31/03

Line No.	Description (a)	Reference (b)	Ratio (c)	Cost Rate (d)	Weighted Composite Rate (e)
1	Long-Term Debt	F-1	47.16%	7.29%	3.438%
2	Preferred Equity	F-2	10.75%	7.86%	0.845%
3	Common Equity	F-2	42.09%	12.00%	<u>5.051%</u>
4	Total		<u>100.00%</u>		<u>9.334%</u>

SCHEDULE F-1

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003

Long Term Debt Updated through December 31, 2003

Line No.	Description (a)	Outstanding 12/31/03 (b)	Ann Int Rate (c)	Annual Interest (d)
1	7.6% Senior notes	359,765,000	7.600%	27,342,000
2	8.25% Senior notes	300,000,000	8.250%	24,750,000
3	Term note	161,086,956	2.205%	3,552,000
4	Bank Debt	0	2.375%	0
5	5.75% Equity Units	125,000,000	5.750%	7,188,000
6	9.34% Mortgage bonds	15,000,000	9.340%	1,401,000
7	9.44% Mortgage (FR)	6,500,000	9.440%	614,000
8	7.99% Mortgage (FR)	7,000,000	7.990%	559,000
9	7.24% Mortgage (FR)	6,000,000	7.240%	434,000
10	Mortgage bonds (PR) M	1,363,000	10.250%	140,000
11	Mortgage bonds (PR) N	10,000,000	9.630%	963,000
12	Mortgage bonds (PR) O	11,875,000	8.460%	1,005,000
13	Mortgage bonds (PR) P	12,500,000	8.090%	1,011,000
14	Mortgage bonds (PR) R	15,000,000	7.500%	1,125,000
15	Mortgage bonds (PR) S	14,464,000	6.820%	986,000
16	Mortgage bonds (PR) T	13,802,000	6.500%	897,000
17	Other	0	7.000%	0
18	Total long term debt	1,059,355,956		71,967,000
19	Unamort debt costs-181	(16,443,534)		2,455,932
20	Unamortized debt costs - 189	(16,317,491)		667,368
21	Unamortized gain - 257	2,096,133		(104,372)
22	Net long term debt	<u>\$1,028,691,064</u>		<u>\$74,985,928</u>
26	EFFECTIVE INTEREST RATE		7.2895%	
27	(b) This is a floating rate lease; however, the interest rate was fixed with an interest rate swap at 5.79%			

SCHEDULE F-2

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003

Equity Capital Updated through December 31, 2003

Line No.	Description (a)	Cost Rate (b)	Ratio (c)	Composite Cost Rate (d)
Preferred Equity				
1	\$230,000,000 of 7.55% Preferred Stock			
2	Issuance Cost Amortization			
3	Preferred Equity	7.860%		
	Preferred Equity as Proportion of Total			
4	Capitalization		<u>10.75%</u>	
5	Composite Preferred Cost Rate			<u>0.845%</u>
Common Equity				
6	Common Equity			
7	Required Return on Common Equity	12.000%		
	Common Equity as Proportion of Total			
8	Capitalization		<u>42.1%</u>	
9	Composite Common Cost Rate			<u>5.051%</u>
10	Total Equity Capital			<u><u>5.896%</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003

Distribution of Revenue and Expense Adjustments by Account No.
Updated through December 31, 2003

Line No.	Main Acct.	Description	Test Year Per Book	Total Adjustments	Test Year As Adjusted
	(a)	(b)	(c)	(d)	(e)
OPERATING REVENUE					
1	480	Residential	\$340,727,514	(\$242,727,107)	\$98,000,407
2	481.1	Commercial	138,675,790	(106,389,188)	32,286,602
3	481.2	Industrial	3,930,121	(2,549,814)	1,380,307
4	483	Sales for Resale	0	(113,664)	(113,664)
5	487	Late Payment Charges	1,148,304	(55,895)	1,092,409
6	488	Miscellaneous Service Revenue	2,313,358	352,803	2,666,161
7	489	Transport	8,439,483	107,876	8,547,359
8	493	Rent From Property	0	0	0
9	495	Other Gas Revenue	(136,799)	0	(136,799)
10		Total Operating Revenue	<u>\$495,097,771</u>	<u>(\$351,374,990)</u>	<u>\$143,722,781</u>
OPERATING & MAINTENANCE EXPENSE					
Operation Expense					
11	805	Other Gas Purchases	\$321,980,474	(\$321,980,474)	\$0
12	807	Purchased Gas Expense	38,000	(38,000)	0
13	859	Other Joint Expense	0	0	0
14	870	Operation, Supervision and Engineering	506,443	21,119	527,562
15	871	Distribution and Load Dispatching	13,427	62	13,489
16	872	Compressor Station Labor and Expense	0	0	0
17	874	Mains and Service Expenses	2,571,135	11,895	2,583,030
18	875	Distributing Regulating Station Expenses	644,338	18,013	662,351
19	876	Measuring and Regulating - Station Expenses	5,310	(563)	4,747
20	877	Measuring and Regulating - Station Expenses	4,050	369	4,419
21	878	Meter and House Regulator Expenses	4,258,435	125,391	4,383,826
22	879	Customer Installation Expenses	2,248,341	77,678	2,326,019
23	880	Other Expenses	1,107,496	48,265	1,155,761
24	881	Rents	68,814	0	68,814
25		Total Operation Expense	<u>\$333,447,263</u>	<u>(\$321,716,245)</u>	<u>\$11,731,018</u>
Maintenance Expense					
26	885	Maintenance Supervision and Engineering	\$780,481	\$124,797	\$905,278
27	886	Maintenance of Structures and Improvements	139,484	4,002	143,486
28	887	Maintenance of Mains	6,748,357	178,859	6,927,216
29	889	Maint. of Measuring and Reg. Stat Equip - General	211,527	5,126	216,653
30	890	Maint. of Measuring and Regulating Equipment	310,825	8,401	319,226
31	891	Maint. of Measuring and Regulating Equipment	80,971	298	81,269
32	892	Maintenance of Services	557,520	17,088	574,608
33	893	Maintenance of Meters and House Regulators	856,716	24,416	881,132
34	894	Maintenance of Other Equipment	227,498	1,692	229,190
35		Total Maintenance Expenses	<u>\$9,913,379</u>	<u>\$364,679</u>	<u>\$10,278,058</u>
36		Total Distribution Expense	<u>\$343,360,642</u>	<u>(\$321,351,566)</u>	<u>\$22,009,076</u>
Customer Accounts Expense					
37	901	Supervision	\$578,740	\$15,016	\$593,756
38	902	Meter Reading Expense	630,162	24,234	654,396
39	903	Customer Records and Collection Expense	9,623,169	747,839	10,371,008
40	904	Uncollectible Accounts	6,602,056	440,420	7,042,476
41	905	Miscellaneous Customer Accounts Expense	85,374	0	85,374
42		Total Customer Accounts Expenses	<u>\$17,519,501</u>	<u>\$1,227,509</u>	<u>\$18,747,010</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003

Distribution of Revenue and Expense Adjustments by Account No.
Updated through December 31, 2003

Line No.	Main Acct.	Description	Test Year Per Book	Total Adjustments	Test Year As Adjusted
	(a)	(b)	(c)	(d)	(e)
Customer Service and Informational Expense					
43	907	Supervision	\$0	\$0	\$0
44	908	Customer Assistance	422,120	162,547	584,667
45	909	Informational and Instructional Advertising Exp.	43,018	0	43,018
46	910	Miscellaneous Customer Accounts Expense	11,492	0	11,492
47		Total Cust. Service and Information Exp.	<u>\$476,630</u>	<u>\$162,547</u>	<u>\$639,177</u>
Sales and Advertising Expense					
48	911	Supervision	\$0	\$0	\$0
49	912	Demonstrating and Selling Expenses	243,883	6,009	249,892
50	913	Advertising Expenses	0	0	0
51	916	Miscellaneous Sales Expenses	1,676	0	1,676
52		Total Sales and Advertising Expenses	<u>\$245,559</u>	<u>\$6,009</u>	<u>\$251,568</u>
Administrative and General Expense					
53	920	Administrative and General Salaries	\$3,718,333	\$1,207,954	\$4,926,287
54	921	Office Supplies and Expenses	3,221,659	1,260,938	4,482,597
55	922	Administrative Expenses Transferred	(165,936)	(1,318,332)	(1,484,268)
56	923	Outside Services Employed	2,013,943	2,678,223	4,692,166
57	924	Property Insurance	164,136	0	164,136
58	925	Injuries and Damages	1,515,813	693,190	2,209,003
59	926	Employee Pensions and Benefits	7,769,789	3,736,632	11,506,421
60	927	Franchise Requirements	0	0	0
61	928	Regulatory Commission Expense	1,854,587	(37,532)	1,817,055
62	930	Miscellaneous General Expenses	(279,283)	491,062	211,779
63	931	Rents	956,683	309,410	1,266,093
64	932	Maintenance of General Plant	176,796	114,001	290,797
65		Total Administration and General Expense	<u>\$20,946,520</u>	<u>\$9,135,546</u>	<u>\$30,082,066</u>
66		Total O & M Expense	<u>\$382,548,852</u>	<u>(\$310,819,956)</u>	<u>\$71,728,896</u>
67	403	Depreciation	20,289,660	733,805	21,023,465
68	404, 405	Amortization	2,401,441	3,742,379	6,143,820
69	431	Interest on Customer Deposits	218,822	(81,567)	137,255
70	408	Payroll Taxes	1,593,999	365,737	1,959,736
71	408	Property Taxes	8,280,724	243,052	8,523,776
72	408	Gross Receipts Tax	30,058,800	(30,058,800)	0
73	408	Other Taxes	108,025	85,657	193,682
74	408	Taxes Other Than Income	<u>\$40,041,548</u>	<u>(\$29,364,354)</u>	<u>\$10,677,194</u>
75		TOTAL EXPENSES	<u>\$445,500,323</u>	<u>(\$335,789,693)</u>	<u>\$109,710,630</u>
76		OPERATING INCOME BEFORE INCOME TAX	<u>\$49,597,448</u>	<u>(\$15,585,297)</u>	<u>\$34,012,151</u>
77	409,410	Income Taxes	\$11,455,461	(\$5,416,633)	\$6,038,828
78		NET OPERATING INCOME	<u>\$38,141,987</u>	<u>(\$10,168,664)</u>	<u>\$27,973,323</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated through December 31, 2003
Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	(a)	(b)	(c)	H-1 Adj. GL Rev to Test Year Margin	H-2 Normalize & Adj. Test Year Margin	H-3 Remove Purch. Cost and GRT	H-4 Payroll Expense	H-5 Employees Benefits	H-6 Payroll Taxes	H-7 Insurance	H-8 Joint and Common Costs	H-9 Uncollectible Expense	H-10 Regulatory Commission Expense	H-11 Interest on Customer Deposits
					(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
OPERATING REVENUE															
1	480		Residential	\$340,727,514	(\$242,269,140)	(\$457,957)									
2	481.1		Commercial	138,675,790	(106,422,670)	33,482									
3	481.2		Industrial	3,930,121	(2,549,814)	0									
4	483		Sales for Resale	0	(113,684)	0									
5	487		Late Payment Charges	1,146,304	(55,895)	0									
6	488		Miscellaneous Service Revenue	2,313,358		352,803									
7	489		Transport	8,439,483		107,876									
8	493		Rent From Property	0											
9	495		Other Gas Revenue	(136,799)											
10			Total Operating Revenue	\$495,087,771	(\$351,411,183)	\$36,193	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING & MAINTENANCE EXPENSE															
			Operation Expense	\$321,980,474											
11	805		Other Gas Purchases	36,000											
12	807		Purchased Gas Expense	0											
13	859		Other Joint Expense	506,443								18,984			
14	870		Operation, Supervision and Engineering	13,427								24			
15	871		Distribution and Load Dispatching	0								0			
16	872		Compressor Station Labor and Expense	2,571,135								10,811			
17	874		Mains and Service Expenses	644,338								16,104			
18	875		Distributing Regulating Station Expenses	5,310								(576)			
19	876		Measuring and Regulating - Station Expenses	4,050								356			
20	877		Measuring and Regulating - Station Expenses	4,258,435								113,027			
21	878		Meter and House Regulator Expenses	2,248,341								70,476			
22	879		Customer Installation Expenses	1,107,496								45,233			
23	880		Other Expenses	69,814											
24	881		Rents	\$339,447,269	\$0	\$0	(\$321,980,474)	\$274,439	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25			Total Operation Expense												
Maintenance Expense															
26	885		Maintenance Supervision and Engineering	\$780,481								\$121,036			
27	886		Maintenance of Structures and Improvements	139,464								3,815			
28	887		Maintenance of Mains	6,748,357								161,984			
29	889		Maint. of Measuring and Reg. Stat Equip - General	211,527								4,530			
30	890		Maint. of Measuring and Regulating Equipment	310,825								7,503			
31	891		Maint. of Measuring and Regulating Equipment	80,971								225			
32	892		Maintenance of Services	557,520								15,586			
33	893		Maintenance of Meters and House Regulators	556,716								21,990			
34	894		Maintenance of Other Equipment	227,495								1,502			
35			Total Maintenance Expenses	\$9,913,379	\$0	\$0	\$0	\$337,971	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36			Total Distribution Expense	\$343,360,642	\$0	\$0	(\$321,980,474)	\$612,410	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Customer Accounts Expense															
37	901		Supervision	\$578,740								\$13,267			
38	902		Meter Reading Expense	630,162								22,283			
39	903		Customer Records and Collection Expense	9,823,169								532,532			
40	904		Uncollectible Accounts	6,602,056											
41	905		Miscellaneous Customer Accounts Expense	85,374											
42			Total Customer Accounts Expenses	\$17,519,501	\$0	\$0	\$0	\$568,082	\$0	\$0	\$0	\$0	\$440,420	\$0	\$0

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated through December 31, 2003
Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	(a)	(b)	(c)	H-1 Adj. OL Rev to Test Year Margin	H-2 Normalize & Margin	H-3 Remove Purch. Cost and GRT	H-4 Payroll Expense	H-5 Employee Benefits	H-6 Payroll Taxes	H-7 Insurance	H-8 Joint and Common Costs	H-9 Uncollectible Expense	H-10 Regulatory Commission Expense	H-11 Interest on Customer Deposits
43	907	Customer Service and Informational Expense														
44	908	Supervision	\$0													
45	909	Customer Assistance	422,120						2,219							
46	910	Informational and Instructional Advertising Exp.	43,018													
47		Miscellaneous Customer Accounts Expense	11,492													
		Total Cust. Service and Informational Exp.	\$476,630			\$0	\$0	\$0	\$2,219	\$0	\$0	\$0	\$0	\$0	\$0	\$0
48	911	Sales and Advertising Expense														
49	912	Supervision	\$0													
50	913	Demonstrating and Selling Expenses	243,883						5,113							
51	916	Advertising Expenses	0													
52		Miscellaneous Sales Expenses	1,676													
		Total Sales and Advertising Expenses	\$245,559			\$0	\$0	\$0	\$5,113	\$0	\$0	\$0	\$0	\$0	\$0	\$0
53	920	Administrative and General Expense														
54	921	Administrative and General Salaries	\$3,718,333						\$1,189,072							
55	922	Office Supplies and Expenses	3,221,859						735							
56	923	Administrative Expenses Transferred	(165,936)										2,418,245			
57	924	Outside Services Employed	2,013,943										0			
58	925	Property Insurance	164,136										694,049			
59	926	Injuries and Damages	1,515,613													
60	927	Employee Pensions and Benefits	7,769,789						(865)	3,736,632						
61	928	Franchise Requirements	0													
62	930	Regulatory Commission Expense	1,854,587													
63	931	Miscellaneous General Expenses	(279,283)													
64	932	Rent	956,683													
65		Maintenance of General Plant	175,796						0							
		Total Administration and General Expense	\$20,946,520			\$0	\$0	\$0	\$1,189,942	\$3,736,632	\$0	\$694,049	\$2,418,245	\$0	\$37,532	\$0
66		Total O & M Expense	\$382,548,852			\$0	\$0	(\$321,980,474)	\$2,376,766	\$3,736,632	\$0	\$694,049	\$2,418,245	\$440,420	\$37,532	\$0
67	403	Depreciation	\$20,269,660													
68	404, 405	Amortization	2,401,441													
69	431	Interest on Customer Deposits	218,822													(81,567)
70	408	Payroll Taxes (1***)	1,693,989								355,737					
71	408	Property Taxes (2***)	8,280,724													
72	408	Gross Receipts Tax (3300 + 4000)	30,058,800				(30,058,800)									
73	408	Other Taxes (41**)	108,025													
74	408	Taxes Other Than Income	\$40,041,548			\$0	\$0	(\$30,058,800)	\$0	\$0	\$355,737	\$0	\$0	\$0	\$0	\$0
75		TOTAL EXPENSES	\$445,500,323			\$0	\$0	(\$352,039,274)	\$2,376,766	\$3,736,632	\$355,737	\$694,049	\$2,418,245	\$440,420	\$37,532	(\$81,567)
76		OPERATING INCOME BEFORE INCOME TAX	\$49,697,449			(\$351,411,183)	\$36,193	\$352,039,274	(\$2,376,766)	(\$3,736,632)	(\$355,737)	(\$694,049)	(\$2,418,245)	(\$440,420)	\$37,532	\$81,567
77	409,410	Income Taxes	11,455,461													
78		NET OPERATING INCOME	\$38,141,987			(\$351,411,183)	\$36,193	\$352,039,274	(\$2,376,766)	(\$3,736,632)	(\$355,737)	(\$694,049)	(\$2,418,245)	(\$440,420)	\$37,532	\$81,567

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

Line No.	Main Acct.	Description (b)	Test Year Per Books (c)	H-12	H-13	H-14	H-15	H-16	H-17	H-18	H-19	H-20	H-21	H-22	H-23
				Depreciation Expense (o)	Amortization Expense (p)	TWE Clearing (q)	Stores Load Clearing (r)	Paid Time Off Clearing (s)	State Franchise Tax (t)	Property Tax (u)	Gas Supply (v)	Office Lease Expense (w)	Dues Expense (x)	Compensation & Bonuses (y)	Collection Costs (z)
OPERATING REVENUE															
1	480	Residential	\$340,727,514												
2	481.1	Commercial	138,675,790												
3	481.2	Industrial	3,930,121												
4	483	Sales for Resale	0												
5	487	Late Payment Charges	1,148,304												
6	488	Miscellaneous Service Revenue	2,313,358												
7	489	Transport	8,439,483												
8	493	Rent From Property	0												
9	495	Other Gas Revenue	(136,799)												
10		Total Operating Revenue	\$495,097,771	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPERATING & MAINTENANCE EXPENSE															
Operation Expense															
11	805	Other Gas Purchases	\$321,980,474												
12	807	Purchased Gas Expense	36,000												
13	859	Other Joint Expense	0											2,135	
14	870	Operation, Supervision and Engineering	506,443											38	
15	871	Distribution and Load Dispatching	13,427											0	
16	872	Compressor Station Labor and Expense	0											1,064	
17	874	Mains and Service Expenses	2,571,135											1,908	
18	875	Distributing Regulating Station Expenses	644,338											13	
19	876	Measuring and Regulating - Station Expenses	5,310											13	
20	877	Measuring and Regulating - Station Expenses	4,060											13	
21	878	Meter and House Regulator Expenses	4,258,435											12,364	
22	879	Customer Installation Expenses	2,248,341											7,202	
23	880	Other Expenses	1,107,498											3,032	
24	881	Rents	69,814												
25		Total Operation Expense	\$333,447,263	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,780	\$0
Maintenance Expense															
26	885	Maintenance Supervision and Engineering	\$780,481											\$3,761	
27	886	Maintenance of Structures and Improvements	139,484											387	
28	887	Maintenance of Mains	6,748,357											16,875	
29	889	Maint. of Measuring and Reg. Stat Equip - General	211,527											596	
30	890	Maint. of Measuring and Regulating Equipment	310,825											888	
31	891	Maint. of Measuring and Regulating Equipment	80,971											73	
32	892	Maintenance of Services	557,520											1,502	
33	893	Maintenance of Meters and House Regulators	856,716											2,426	
34	894	Maintenance of Other Equipment	227,498											190	
35		Total Maintenance Expenses	\$9,913,379	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26,708	\$0
36		Total Distribution Expense	\$343,360,642	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$54,498	\$0
Customer Accounts Expense															
37	901	Supervision	\$578,740											\$1,749	
38	902	Meter Reading Expense	630,162											1,951	
39	903	Customer Records and Collection Expense	9,623,169											20,099	195,208
40	904	Uncollectible Accounts	6,602,056												
41	905	Miscellaneous Customer Accounts Expense	85,374												
42		Total Customer Accounts Expenses	\$17,519,501	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,789	\$195,208

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated through December 31, 2003
Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)
		Customer Service and Informational Expense																										
43	907	Supervision			\$0																							
44	908	Customer Assistance			422,120																							
45	909	Informational and Instructional Advertising Exp.			43,018																							
46	910	Miscellaneous Customer Accounts Expense			11,492																							
47		Total Cust. Service and Informational Exp.			\$476,630																							
		Sales and Advertising Expense																										
48	911	Supervision			\$0																							
49	912	Demonstrating and Selling Expenses			243,883																							
50	913	Advertising Expenses			0																							
51	916	Miscellaneous Sales Expenses			1,676																							
52		Total Sales and Advertising Expenses			\$245,559																							
		Administrative and General Expense																										
53	920	Administrative and General Salaries			\$3,718,333																							
54	921	Office Supplies and Expenses			3,221,659																							
55	922	Administrative Expenses Transferred			(165,936)																							
56	923	Outside Services Employed			2,013,943																							
57	924	Property Insurance			164,136																							
58	925	Injuries and Damages			1,515,813																							
59	926	Employee Pensions and Benefits			7,769,789																							
60	927	Franchise Requirements			0																							
61	928	Regulatory Commission Expense			1,854,587																							
62	930	Miscellaneous General Expenses			(279,293)																							
63	931	Rents			956,683																							
64	932	Maintenance of General Plant			175,798																							
65		Total Administration and General Expense			\$20,946,520																							
66		Total O & M Expense			\$382,548,852																							
67	403	Depreciation			\$20,289,680																							
68	404, 405	Amortization			2,401,441																							
69	431	Interest on Customer Deposits			216,822																							
70	408	Payroll Taxes (1****)			1,583,998																							
71	408	Property Taxes (2****)			8,260,724																							
72	408	Gross Receipts Tax (3300 + 4000)			30,058,800																							
73	408	Other Taxes (41**)			108,025																							
74	408	Taxes Other Than Income			\$40,041,548																							
75		TOTAL EXPENSES			\$445,500,323																							
76		OPERATING INCOME BEFORE INCOME TAX			\$49,557,448																							
77	409, 410	Income Taxes			11,455,461																							
78		NET OPERATING INCOME			\$38,101,987																							

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

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated through December 31, 2003
Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description (b)	Test Year Per Books (c)	H-24 Shared Services Expense (aa)	H-25 Remove Non-Utility Activities (ab)	H-26 Outside Services (ac)	H-27 Weatherization Fund (ad)	H-28 Environmental Response Fund (ae)	H-29 Information Technology Expenses (af)	Income Tax Adjustment (ag)	Total Adjustments (ah)	Test Year As Adjusted (ai)
OPERATING REVENUE												
1	480	Residential	\$340,727,514								(\$242,727,107)	\$98,000,407
2	481.1	Commercial	138,675,790								(106,389,186)	32,286,602
3	481.2	Industrial	3,930,121								(2,549,914)	1,380,307
4	483	Sales for Resale	0								(113,564)	(113,564)
5	487	Late Payment Charges	1,148,304								(55,895)	1,092,409
6	488	Miscellaneous Service Revenue	2,313,356								352,803	2,666,161
7	489	Transport	8,439,483								107,876	8,547,359
8	493	Rent From Property	0								0	0
9	495	Other Gas Revenue	(138,799)								0	(138,799)
10		Total Operating Revenue	\$495,097,771	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$351,374,950)	\$143,722,781
OPERATING & MAINTENANCE EXPENSE												
Operation Expenses												
11.	805	Other Gas Purchases	\$321,980,474								(\$321,980,474)	\$0
12	807	Purchased Gas Expense	38,000								(38,000)	0
13	859	Other Joint Expense	0								0	0
14	870	Operation, Supervision and Engineering	505,443								21,119	527,562
15	871	Distribution and Load Dispatching	13,427								52	13,489
16	872	Compressor Station Labor and Expense	0								0	0
17	874	Mains and Service Expenses	2,571,135								11,895	2,583,030
18	875	Distributing Regulating Station Expenses	644,338								18,013	662,351
19	876	Measuring and Regulating - Station Expenses	5,310								(863)	4,447
20	877	Measuring and Regulating - Station Expenses	4,050								389	4,419
21	878	Meter and House Regulator Expenses	4,258,435								125,391	4,383,826
22	879	Customer Installation Expenses	2,248,341								77,678	2,326,019
23	880	Other Expenses	1,107,496								48,265	1,155,761
24		Rents	69,814								0	69,814
25		Total Operation Expense	\$333,447,263	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$321,716,245)	\$11,731,018
Maintenance Expense												
26	885	Maintenance Supervision and Engineering	\$780,481								\$124,797	\$905,278
27	886	Maintenance of Structures and Improvements	139,484								4,002	143,486
28	887	Maintenance of Mains	6,748,357								178,859	6,927,216
29	889	Maint. of Measuring and Reg. Stat Equip - General	211,527								5,126	216,653
30	890	Maint. of Measuring and Regulating Equipment	310,825								8,401	319,226
31	891	Maint. of Measuring and Regulating Equipment	80,971								288	81,269
32	892	Maintenance of Services	557,520								17,088	574,608
33	893	Maintenance of Meters and House Regulators	858,716								24,416	883,132
34	894	Maintenance of Other Equipment	227,488								1,692	229,190
35		Total Maintenance Expenses	\$9,913,379	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$384,878	\$10,278,058
36		Total Distribution Expense	\$343,360,642	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$321,351,569)	\$22,009,076
Customer Accounts Expense												
37	901	Supervision	\$578,740								\$15,016	\$593,756
38	902	Meter Reading Expense	630,162								24,234	654,396
39	903	Customer Records and Collection Expense	9,623,168								747,839	10,371,008
40	904	Uncollectible Accounts	6,602,056								440,420	7,042,478
41	905	Miscellaneous Customer Accounts Expense	85,374								0	85,374
42		Total Customer Accounts Expenses	\$17,579,501	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,227,509	\$18,747,010

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated through December 31, 2003
Distribution of Revenue and Expense Adjustments by Account No.

Line No.	Main Acct.	Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
43	907	Customer Service and Informational Expense									
44	908	Supervision	\$0								\$0
45	909	Customer Assistance	422,120							182,547	584,667
46	910	Informational and Instructional Advertising Exp.	43,018							0	43,018
47	911	Miscellaneous Customer Accounts Expense	11,482							0	11,482
		Total Cust. Service and Informational Exp.	\$476,630	\$0	\$0	\$0	\$0	\$0	\$0	\$182,547	\$659,177
48	912	Sales and Advertising Expense									
49	913	Supervision	\$0								\$0
50	914	Demonstrating and Selling Expenses	243,883							6,009	249,892
51	915	Advertising Expenses	0							0	0
52	916	Miscellaneous Sales Expenses	1,676							0	1,676
		Total Sales and Advertising Expenses	\$245,559	\$0	\$0	\$0	\$0	\$0	\$0	\$6,009	\$251,568
53	920	Administrative and General Expense									
54	921	Administrative and General Salaries	\$3,716,333							\$1,207,954	\$4,924,287
55	922	Office Supplies and Expenses	3,221,659							1,260,938	4,482,597
56	923	Administrative Expenses Transferred	(185,936)							(1,318,332)	(1,484,268)
57	924	Outside Services Employed	2,013,343							2,678,223	4,691,566
58	925	Property Insurance	164,136							0	164,136
59	926	Injuries and Damages	1,515,813							683,190	2,200,003
60	927	Employee Pensions and Benefits	7,769,789							3,736,632	11,506,421
61	928	Franchise Requirements	0							0	0
62	930	Regulatory Commission Expense	1,854,587							(37,532)	1,817,055
63	931	Miscellaneous General Expenses	(279,283)							491,062	211,779
64	932	Rents	656,663							309,410	1,266,073
65		Maintenance of General Plant	178,795							114,001	292,797
		Total Administration and General Expense	\$20,946,520	(\$577,145)	\$35,415	\$0	\$750,000	\$1,608,343	\$0	\$8,135,546	\$30,082,056
66		Total O & M Expense	\$382,548,852	(\$787,270)	\$35,415	\$160,000	\$750,000	\$1,608,343	\$0	(\$310,819,956)	\$71,728,896
67	403	Depreciation	\$20,289,660							\$733,805	\$21,023,465
68	404, 405	Amortization	2,401,441							3,742,379	\$6,143,820
69	431	Interest on Customer Deposits	218,822							(81,567)	137,255
70	408	Payroll Taxes (****)	1,593,999							365,737	1,959,736
71	408	Property Taxes (****)	8,280,724							243,062	8,523,776
72	408	Gross Receipts Tax (3300 + 4000)	30,058,800							(30,058,800)	0
73	408	Other Taxes (41**)	108,025							85,657	193,682
74	408	Taxes Other Than Income	\$40,041,548	\$0	\$0	\$0	\$0	\$0	\$0	\$29,364,364	\$10,677,194
75		TOTAL EXPENSES	\$445,500,323	(\$787,270)	\$35,415	\$160,000	\$750,000	\$1,608,343	\$0	(\$335,789,683)	\$109,710,630
76		OPERATING INCOME BEFORE INCOME TAX	\$49,597,448	\$787,270	\$577,145	(\$35,415)	(\$160,000)	(\$1,608,343)	\$0	(\$15,585,297)	\$34,012,151
77	409, 410	Income Taxes	11,455,461							(5,416,633)	6,038,828
78		NET OPERATING INCOME	\$38,141,987	\$787,270	\$577,145	(\$35,415)	(\$160,000)	(\$1,608,343)	\$0	(\$10,168,664)	\$27,973,323

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

MISSOURI GAS ENERGY

A Division of Southern Union Company
 Twelve Months Ending June 30, 2003
 Updated Through December 31, 2003

Adjust Test Year Revenue per Book to Test Year Margin

Line No.	Description (a)	Main Account/Revenue Class					Total (g)
		480	481.1	481.2	483, 489	487, 488, 493, 495	
		21	22 & 23	25	28, 38		
	(b)	(c)	(d)	(e)	(f)		
1	Total Revenue per Book	340,727,514	138,675,790	3,930,121	8,439,483	3,324,863	495,097,771
2	Less: GRT Revenue, Unbilled Revenue, PGA Revenue, and Miscellaneous Adjustments	(242,269,140)	(106,422,670)	(2,549,814)	(113,664)	(55,895)	(351,411,183)
3	Test Year Margin	98,458,374	32,253,120	1,380,307	8,325,819	3,268,968	143,686,588

MISSOURI GAS ENERGY

A Division of Southern Union Company

Twelve Months Ending June 30, 2003

Updated Through December 31, 2003

Test Year Margin Adjustments

Line No.	Description	Main Account/Revenue Class					
		Residential Gas Sales	Commercial Gas Sales	Industrial Gas Sales	Transportation Revenues	Service Charges and Other	
	(a)	(b)	(c)	(d)	(e)	(f)	Total (g)
1	Test Year Margin	\$98,458,374	\$32,253,120	\$1,380,307	\$8,325,819	\$3,268,968	\$143,686,568
2	Weather Normalize	(503,585)	(347,617)		(24,512)	0	(875,714)
3	Customer Growth Annualization	462,002	713,209				1,175,211
	Experimental Low Income Program	(416,384)					(416,384)
4	Apartment/Rental Unit Reclassification	0	0				0
5	Load Attrition	0	0				0
6	Annualize Flex Credits				36,237		36,237
7	Economic Development Discounts				2,834		2,834
8	General Service - Large Volume Switching		(332,110)		93,317		(238,793)
9	Service Charge Changes					352,803	352,803
10	Total Adjustments	(457,967)	33,482	0	107,876	352,803	36,193
11	As Adjusted Test Year Margin	\$98,000,407	\$32,286,602	\$1,380,307	\$8,433,695	\$3,621,771	\$143,722,781
							143,722,379

SCHEDULE H-3

MISSOURI GAS ENERGY

A Division of Southern Union Company

Twelve Months Ending June 30, 2003

Updated Through December 31, 2003

Remove Purchase Gas Costs and Gross Receipts Tax

Line No.	Description (a)	Amount (b)
1	Purchase Gas Costs (Acct. 805)	(\$321,980,474)
2	Gross Receipts Tax (Acct. 4081)	(30,058,800)
3	Total Adjustment	<u>(\$352,039,274)</u>

SCHEDULE H-4

MISSOURI GAS ENERGY

A Division of Southern Union Company

Twelve Months Ending June 30, 2003

Updated Through December 31, 2003

Payroll Expense Updated through December 31, 2003

Line No.	Main Acct.	Proforma Payroll Expense	Payroll Expense Per Book	Adjustment to Test Year
	(a)	(b)	(c)	(d)
1	870	\$549,280	\$530,296	\$18,984
2	871	\$9,750	9,726	24
3	872	\$0	0	0
4	874	\$279,003	268,192	10,811
5	875	\$491,196	475,092	16,104
6	876	\$3,250	3,826	(576)
7	877	\$3,250	2,894	356
8	878	\$3,180,991	3,067,964	113,027
9	879	\$1,852,954	1,782,478	70,476
10	880	\$780,082	734,849	45,233
11	885	\$967,704	846,668	121,036
12	886	\$99,694	96,079	3,615
13	887	\$4,341,692	4,179,708	161,984
14	889	\$153,305	148,775	4,530
15	890	\$230,924	223,421	7,503
16	891	\$18,710	18,485	225
17	892	\$386,562	370,976	15,586
18	893	\$624,218	602,228	21,990
19	894	\$48,867	47,365	1,502
20	901	\$450,089	436,822	13,267
21	902	\$502,017	479,734	22,283
22	903	\$5,171,240	4,638,708	532,532
23	905	\$0	0	0
24	908	\$84,339	82,120	2,219
25	911	\$0	0	0
26	912	\$230,472	225,359	5,113
27	920	\$4,858,100	3,669,028	1,189,072
28	921	\$5,599	4,864	735
29	925	\$1,625	2,490	(865)
30	932	\$0	0	0
31	Total	\$25,324,913	\$22,948,147	\$2,376,766

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Employee Benefits Updated through December 31, 2003

Line No.	Description (a)	Amount (b)	Amount (c)
1	Pension	\$0	
2	Retirement Power	521,551	
3	Life & AD&D Insurance	187,746	
4	Long Term Disability Insurance	170,256	
5	Medical / Dental Benefit	7,583,284	
6	FAS 106 - Accrual	1,150,000	
7	FAS 106 - Amortization of	2,664,792	
8	401K	1,064,048	
9	Supplemental Retirement	60,447	
10	Other Benefits	97,931	
11	Total Proforma Benefits	\$13,500,055	
12	Payroll Expense Ratio	<u>0.754132</u>	
		<u>10,180,823</u>	
	Add amortization of prepaid pensions (amortized over a		
13	6 year period)	<u>1,325,597</u>	
14	Proforma Benefits Expense	<u>\$11,506,421</u>	
15	Less Test Year Benefits Expense	<u>(\$7,769,789)</u>	
16	Adjustment to Test Year Expense - Acct. 926		<u>\$3,736,632</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Payroll Taxes

Line No.	Description (a)	Amount (b)
1	Total Proforma Payroll Taxes	\$2,588,606
2	Payroll Taxes on Incentive Compensation Adjustment	<u>10,059</u>
5	Total Proforma Payroll Taxes	\$2,598,665
6	Payroll Expense Ratio	0.754132
7	Proforma Payroll Tax Expense	<u>\$1,959,736</u>
8	Less Test Year Payroll Tax Expense	<u>(1,593,999)</u>
9	Adjustment to Test Year Expense - Acct. 4081	<u><u>\$365,737</u></u>

MISSOURI GAS ENERGY

A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Insurance - Accounts 924 & 925

Line	No.	Description (a)	2001 (b)	2002 (c)	2003 (d)	3 Year Avg. (e)	925 Amount (f)	924 Amount (g)	Total Amount (h)
		MGE Claims:							
	1	Workers Compensation claims paid	\$977,730	\$827,769	\$693,178	\$832,892			
	2	Auto & General Liability	903,757	326,462	522,462	584,227			
	3	Total Proforma Claims	<u>\$1,881,487</u>	<u>\$1,154,231</u>	<u>\$1,215,640</u>	<u>\$1,417,119</u>	\$1,417,119	164,136	\$1,417,119
	4	Insurance Premiums - 924					1,515,813		164,136
	5	Insurance Premiums - 925						1,515,813	1,515,813
	6	Total Proforma Insurance Cost					\$2,932,932	\$164,136	\$3,097,068
	7	Test Year Payroll Expense Ratio					0.753465	1.000000	
	8	Proforma Insurance Expense					<u>\$2,209,862</u>	<u>\$164,136</u>	<u>\$2,373,998</u>
	9	Less Test Year Insurance Expense					(1,515,813)	(164,136)	(1,679,949)
	10	Adjustment to Test Year - Accts. 924 and 925					<u>\$694,049</u>	<u>\$0</u>	<u>\$694,049</u>

SCHEDULE H-8

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Corporate Allocated Costs

Line No.	Description (a)	Amount (b)
1	Proforma Joint and Common Costs	\$2,925,061
2	Expense Capital Ratio	<u>82.6733%</u>
3	Proforma Joint and Common Expense	<u>\$2,418,245</u>
4	Less Test Year Expense Recorded on MGE's Books	<u>0</u>
5	Adjustment to Test Year - Acct. 923	<u><u>\$2,418,245</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Uncollectible Expense

Line No.	Description	Amount	Amount
	(a)	(b)	(c)
1	YE Ended December 31, 2000 Charge Offs	\$2,531,756	
2	YE Ended December 31, 2001 Charge Offs	14,666,837	
3	YE Ended December 31, 2002 Charge Offs	5,544,382	
4	YE Ended December 31, 2003 Charge Offs	<u>5,426,928</u>	
5	ThreeYear Average		\$7,042,476
6	Estimated Denial of Service Cost		\$0
7	Less Test Year Uncollectible Expense		(6,602,056)
8	Adjustment to Test Year - Acct. 904		<u><u>\$440,420</u></u>

SCHEDULE H-10

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Regulatory Commission Expense

Line No.	Description	Amount (b)	Amount (c)
	(a)		
1	Proforma, Current Rate Case	\$600,000	
2	Normalization Period (years)	<u>3</u>	
3	Normalization - Current Case		\$200,000
4	Normalized level of expense for depreciation study (Note 1)		\$7,444
5	Proforma NARUC Assessment - fiscal 7/1/03-6/30/04		6,198
6	Other Regulatory Commission Expenses		183,823
7	Proforma MPSC Assessment - fiscal 7/1/03-6/30/04		<u>1,419,590</u>
8	Total Proforma Regulatory Commission Expense		\$1,817,055
9	Less Test Year Regulatory Commission Expense		(1,854,587)
10	Adjustment to Test Year - Acct. 928		<u><u>(\$37,532)</u></u>

Note 1:

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

	Other Regulatory Commission Expenses	
14	2001	285,778
15	2002	263,239
16	2003	<u>218,878</u>
17	3 Year Average	<u><u>255,965</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Interest on Customer Deposits

Line No.	Description (a)	Reference (b)	Residential (c)	Commercial & Industrial (d)	Amount (e)
1	Customer Deposits	B-2	\$1,433,597	\$2,185,835	\$3,619,432
2	Interest Rate		5.00%	3.00%	3.79%
3	Proforma Interest on Customer Deposits		<u>\$71,680</u>	<u>\$65,575</u>	<u>\$137,255</u>
4	Less Test Year Interest on Customer Deposits				<u>(218,822)</u>
5	Adjustment to Test Year - Acct. 431				<u><u>(\$81,567)</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Depreciation Expense

Line No.	Description	Amount	Settled Rate GR-2001-282	Annualized Depreciation	Proposed Rate	Proforma Total Depreciation	Less Depr. Capitalized To Clearing Accts.	Proforma Depreciation Expense
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
INTANGIBLE PLANT								
1	(301) Organization	\$15,600	0.00%	\$0	0.00%	\$0	\$0	\$0
2	(302) Franchises	34,630	0.00%	0	0.00%	0	0	0
3	(303) Miscellaneous Intangible	<u>32,371,893</u>	(see adj. H-13)	<u>0</u>	(see adj. H-13)	<u>0</u>	<u>0</u>	<u>0</u>
4	Total Intangible Plant	<u>\$32,422,123</u>		<u>\$0</u>		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
DISTRIBUTION PLANT								
5	(374.1) Land	\$240,448	0.00%	\$0	0.00%	\$0	\$0	\$0
6	(374.2) Land Rights	1,374,600	2.09%	28,729	2.09%	28,729	0	28,729
7	(375.1) Structures	6,065,473	1.65%	100,080	1.65%	100,080	0	100,080
8	(375.2) Leasehold Improvements	0	(see adj. H-13)	0	(see adj. H-13)	0	0	0
9	(376) Mains & Mains - Cast Iron	310,143,777	2.27%	7,040,264	2.27%	7,040,264	0	7,040,264
10	(378) Meas. & Reg. Station - General	11,162,207	2.86%	319,239	2.86%	319,239	0	319,239
11	(379) Meas. & Reg. Station - City Gate	3,211,768	2.13%	68,410	2.13%	68,410	0	68,410
12	(380) Services	270,090,903	2.70%	7,292,454	2.70%	7,292,454	0	7,292,454
13	(381) Meters	29,207,668	2.86%	835,339	2.86%	835,339	0	835,339
14	(382) Meter Installations	59,478,818	2.86%	1,701,037	2.86%	1,701,037	0	1,701,037
15	(383) House Regulators	10,508,164	2.44%	258,399	2.44%	258,399	0	258,399
16	(385) Electronic Gas Metering	345,857	3.33%	11,517	3.33%	11,517	0	11,517
17	(387) Other Equipment	<u>0</u>	4.60%	<u>0</u>	4.60%	<u>0</u>	<u>0</u>	<u>0</u>
18	Total Distribution Plant	<u>\$701,827,671</u>		<u>\$17,653,468</u>		<u>\$17,653,468</u>	<u>\$0</u>	<u>\$17,653,468</u>
GENERAL PLANT - DIRECT								
19	(389) Land	\$488,315	0.00%	\$0	0.00%	\$0	\$0	\$0
20	(390.1) Structures	599,202	2.00%	11,984	2.00%	11,984	0	11,984
21	(390.2) Leasehold Impr.	1,389,408	(see adj. H-13)	0	(see adj. H-13)	0	0	0
22	(391) Furniture & Fixtures	4,794,856	8.06%	386,465	8.06%	386,465	0	386,465
23	(392) Transportation Equipment	4,689,780	8.70%	399,311	8.70%	399,311	(399,311)	0
24	(393) Stores Equipment	541,448	2.70%	14,619	2.70%	14,619	0	14,619
25	(394) Tools	4,811,820	5.30%	255,032	5.30%	255,032	0	255,032
26	(395) Laboratory Equipment	0	6.00%	0	6.00%	0	0	0
27	(396) Power Operated Equipment	330,903	8.33%	27,564	8.33%	27,564	(27,564)	0
28	(397.1) Communication Equipment - AMR	34,715,280	5.00%	1,735,764	5.00%	1,735,764	0	1,735,764
29	(397.0) Communication Equipment - Other	2,831,250	6.25%	176,953	6.25%	176,953	0	176,953
30	(398) Miscellaneous Equipment	<u>196,359</u>	3.85%	<u>7,560</u>	3.85%	<u>7,560</u>	<u>0</u>	<u>7,560</u>
31	Total Direct General Plant	<u>\$55,268,722</u>		<u>\$3,015,252</u>		<u>\$3,015,252</u>	<u>(\$426,875)</u>	<u>\$2,588,377</u>
GENERAL PLANT - CORPORATE								
32	(390) Structures	\$111,679	2.00%	\$2,234	2.00%	\$2,234	\$0	\$2,234
33	(390) Leasehold Impr.	0	(amortized)	0	(amortized)	0	0	0
34	(391) Furniture & Fixtures	83,465	10.00%	8,347	10.00%	8,347	0	8,347
35	(392) Transportation Equipment	25,107	10.00%	2,511	10.00%	2,511	(2,511)	0
36	(397) Communication Equipment	0	6.25%	0	6.25%	0	0	0
37	(398) Miscellaneous Equipment	<u>0</u>	3.85%	<u>0</u>	3.85%	<u>0</u>	<u>0</u>	<u>0</u>
38	Total Corporate General Plant	<u>\$220,251</u>		<u>\$13,092</u>		<u>\$13,092</u>	<u>(\$2,511)</u>	<u>\$10,581</u>
39	Total Proforma Plant & Depreciation	<u>\$789,738,767</u>		<u>\$20,681,812</u>		<u>\$20,681,812</u>	<u>(\$429,386)</u>	<u>\$20,252,426</u>
40	Less Depreciation Charged to Clearing A/Cs			(426,875)		(426,875)		
41	Less Test Year Depreciation Expense			(\$20,289,660)		(\$20,681,812)		(\$20,289,660)
42	Cost of Removal/ Net Salvage			\$771,039				\$771,039
43	Adjustment to Test Year - Acct. 403			\$736,316		(\$426,875)		\$733,805

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
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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	1,380,409	6,020	72,240
3	Sub Total	<u>\$1,380,409</u>	<u>\$6,020</u>	<u>\$72,240</u>
4	(303) Misc. Intangible - Work Force Automation (1000)	\$3,785,364	21,030	\$252,358
5	(303) Misc. Intangible - MGE Share of Corporate Plant (1100)	0	0	0
6	(303) Misc. Intangible - Corrosion Control Mgmt System (4000)	1,117,800	9,555	114,665
7	(303) Misc. Intangible - Landbase Digitized Mapping (4500)	1,701,543	16,432	197,190
8	(303) Misc. Intangible - Premise Data System (5000)	985,196	0	0
9	(303) Misc. Intangible - AMR Project - Programming (5500)	469,443	2,762	33,148
10	(303) Misc. Intangible - Facility Priority Index (6000)	894,795	7,465	89,583
11	(303) Misc. Intangible - Geographic Information System (6500)	1,006,719	7,191	86,296
12	(303) Misc. Intangible - Customer Service System (7000)	3,786,000	21,035	252,426
13	(303) Misc. Intangible - CSS Enhancements (7100)	8,360,981	69,675	836,098
14	(303) Misc. Intangible - Mainframe Software (7200)	1,912,642	15,939	191,264
15	(303) Misc. Intangible - Infinium Enhancement (7300)	6,774,073	56,451	677,407
16	(303) Misc. Intangible - Licensing Office Pro2000 (7500)	54,012	450	5,401
17	(303) Misc. Intangible - Website (7600)	485,944	4,051	48,615
18	(303) Misc. Intangible - Stoner Low Pressure/Intermediate Model (8000)	279,672	2,431	29,166
19	(303) Misc. Intangible - BASIC (8500)	294,516	3,005	36,063
20	(303) Misc. Intangible - TCS System (9000)	189,193	1,592	19,106
21	(303) Misc. Intangible - GEO Tax Software (9500)	79,294	661	7,929
22	(303) Misc. Intangible - Witness Software (9600)	194,706	1,623	19,471
23	Sub Total - Acct. 303	<u>\$32,371,891</u>	<u>\$241,349</u>	<u>\$2,896,186</u>
<u>SLRP Amortization:</u>				
24	SLRP Deferrals Subject to Amortization	<u>\$31,753,941</u>	<u>10</u>	<u>\$3,175,394</u>
25	ECWR Deferrals Subject to Amortization	<u>\$0</u>	<u>1.5</u>	<u>\$0</u>
26	Amortize Debit Accumulated Depreciation Reserve Balances	<u>\$0</u>	<u>5</u>	<u>\$0</u>
27	Pro-Forma Amortization Expense			\$6,143,820
28	Less Test Year Amortization Expense			<u>(2,401,441)</u>
29	Adjustment to Test Year - Accts. 404 and 405			<u>\$3,742,379</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Transportation and Work Equipment Clearing

Line No.	Description	Proforma	Test Year	Adjustment	Amount
	(a)	(b)	(c)	(d)	(e)
1	Test Year Charges into TWE Clearing Account 1841		\$4,161,299		
2	Less Test Year Amounts Cleared Out of Account 1841		(4,161,299)		
3	Test Year Amount Under/(Over) Cleared		<u>\$0</u>		\$0
4	Plus/Minus Adjustments to Test Year Amounts Charged into Acct. 1841:				
		Proforma	Test Year	Adjustment	
5	Depreciation	\$429,386	\$412,860	\$16,526	
6	Lease Costs	1,621,908	1,706,188	(84,281)	
7	Other	2,042,250	2,042,250	0	
8	Total	<u>\$4,093,544</u>	<u>\$4,161,299</u>	<u>(\$67,755)</u>	(67,755)
9	Adjustment to Settle Issue				<u>67,755</u>
10	Total Adjusted Amount Under/(Over) Cleared				<u>\$0</u>

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

	Main Acct.	Amount	Percentage	Amount
11	870	\$3,891	0.000887	\$0
12	871	2,813	0.000676	0
13	872	0	0.000000	0
14	874	62,654	0.015056	0
15	875	103,000	0.024752	0
16	876	1,092	0.000262	0
17	877	767	0.000184	0
18	878	708,314	0.170215	0
19	879	349,981	0.084104	0
20	880	77,305	0.018577	0
21	885	139	0.000033	0
22	886	22,963	0.005518	0
23	887	900,541	0.216409	0
24	889	23,083	0.005547	0
25	890	31,601	0.007594	0
26	891	3,296	0.000792	0
27	892	74,052	0.017795	0
28	893	151,470	0.036400	0
29	894	7,722	0.001856	0
30	902	108,773	0.026139	0
31	903	272,832	0.065564	0
32	912	6,439	0.001547	0
33	921	60,165	0.014458	0
34	Total Adjustment to Test Year Expense	\$2,972,694	0.714365	\$0
35	Balance Sheet Accounts	1,188,605	0.285633	0
36	Total Test Year Clearing	<u>\$4,161,299</u>	<u>0.999998</u>	<u>\$0</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Stores Clearing

Line No.	Description	Proforma	Test Year	Adjustment	Amount
	(a)	(b)	(c)	(d)	(e)
1	Test Year Charges into Stores Account 1630		\$2,177,149		
2	Less Test Year Amounts Cleared Out of Account 1630		(2,029,708)		
3	Test Year Amount Under/(Over) Cleared		<u>\$147,441</u>		\$147,441
4	Plus/Minus Adjustments to Test Year Amounts Charged into Acct. 1630:				
		Proforma	Test Year	Adjustment	
5	Other	2,177,149	2,177,149	0	
6	Total	<u>\$2,177,149</u>	<u>\$2,177,149</u>	<u>\$0</u>	0
7	Adjustment to Settle Issue				(147,441)
8	Total Adjusted Amount Under/(Over) Cleared				<u>\$0</u>

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

	Main Acct.	Amount	Percentage	Amount
9	874	\$7,213	0.003554	\$0
10	875	6,346	0.003127	0
11	876	0	0.000000	0
12	877	11	0.000005	0
13	878	57,109	0.028142	0
14	879	2,419	0.001192	0
15	880	7,443	0.003668	0
16	885	0	0.000000	0
17	886	433	0.000214	0
18	887	118,954	0.058617	0
19	889	4,168	0.002054	0
20	890	10,047	0.004951	0
21	891	11,184	0.005511	0
22	892	21,952	0.010817	0
23	893	12,494	0.006157	0
24	894	37,406	0.018433	0
25	902	50	0.000025	0
26	905	0	0.000000	0
27	921	9,028	0.004449	0
28	925	6,208	0.003059	0
29	Total Adjustment to Test Year Expense	312,464	0.153975	0
30	Balance Sheet Accounts	1,716,868	0.846026	0
31	Total Test Year Clearing	<u>2,029,332</u>	<u>1.000001</u>	<u>0</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Paid Time Off Clearing

Line No.	Description	Proforma	Test Year	Adjustment	Amount
	(a)	(b)	(c)	(d)	(e)
1	Test Year Charges into Paid Time Off Account 1846		\$4,581,937		
2	Less Test Year Amounts Cleared Out of Account 1846		(4,513,168)		
3	Test Year Amount Under/(Over) Cleared		<u>\$68,768</u>		\$68,768
4	Plus/Minus Adjustments to Test Year Amounts Charged into Acct. 1846:				
		Proforma	Test Year	Adjustment	
5	Other	4,581,937	4,581,937	0	
6	Total	<u>\$4,581,937</u>	<u>\$4,581,937</u>	<u>\$0</u>	0
7	Adjustment to Settle Issue				(68,768)
8	Total Adjusted Amount Under/(Over) Cleared				<u>\$0</u>

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

	Main Acct.	Amount	Percentage	Amount
9	870	\$4,520	0.001001	0
10	871	2,753	0.000610	0
11	872	0	0.000000	0
12	874	70,421	0.015603	0
13	875	118,841	0.026332	0
14	876	1,020	0.000226	0
15	877	883	0.000196	0
16	878	803,479	0.178030	0
17	879	393,085	0.087097	0
18	880	49,061	0.010871	0
19	885	749	0.000166	0
20	886	27,041	0.005991	0
21	887	1,005,986	0.222900	0
22	889	25,820	0.005721	0
23	890	33,887	0.007508	0
24	891	4,136	0.000916	0
25	892	82,126	0.018197	0
26	893	165,440	0.036657	0
27	894	9,515	0.002108	0
28	902	118,622	0.026284	0
29	903	304,405	0.067448	0
30	Total Adjustment to Test Year Expense	3,221,789	0.713862	0
31	Balance Sheet Accounts	1,291,378	0.286136	0
32	Total Test Year Clearing	<u>4,513,167</u>	<u>0.999998</u>	<u>0</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Missouri State Franchise Tax

Line No.	Description (a)	Amount (b)
1	Proforma State Franchise Tax Expense	\$193,682
2	Less Test Year State Franchise Tax Expense	<u>(108,025)</u>
3	Adjustment to Test Year - Acct. 4081	<u><u>\$85,657</u></u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Property Tax Expense

Line No.	Description (a)	Reference (b)	Amount (c)
1	Proforma Total Plant in Service excluding Corporate Allocated Plant	C	\$789,738,767
2	Less Intangible Plant	C	<u>(32,422,123)</u>
3	Proforma Plant, excluding Intangible Plant		\$757,316,644
4	Property tax rate		<u>1.11913%</u>
5	Proforma Property Tax Expense		\$8,523,776
6	Less Test Year Property Tax Expense		<u>(8,280,724)</u>
7	Adjustment to Test Year - Acct. 4081		<u><u>\$243,052</u></u>

MISSOURI GAS ENERGY

A Division of Southern Union Company

Twelve Months Ending June 30, 2003

Updated Through December 31, 2003

Gas Supply Expenses

Line			
No.	Description	Account Number	Amount
	(a)	(b)	(c)
1	Pro Forma Gas Supply Expenses		\$257,551
2	Actual Test Year Gas Supply Expenses		<u>\$121,198</u>
3	Adjustment	921	<u>\$136,353</u>
	Reclassification of \$38,000 paid to Planalytics and recorded in A/C 807.4 Other		
4	Gas Purchases - Gas Hedging Software	807	<u>(\$38,000)</u>
5	Total Adjustment		<u>\$98,353</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Office Lease Expense

Line No.	Description (a)	Amount (b)
1	Net Proforma Broadway and PBO Office Lease Expense	\$404,067
2	Less Test Year Broadway and PBO Office Lease Expense	<u>(393,779)</u>
3	Adjustment to Test Year - Acct. 931	<u>\$10,288</u>
4	Net Proforma Broadway Utilities, Outside Services & Supplies Expense	\$373,201
5	Less Test Year Broadway Utilities, Outside Services & Supplies Expense	<u>(382,024)</u>
6	Adjustment to Test Year - Acct. 921	<u>(\$8,823)</u>
7	Net Proforma Broadway Maintenance Expense	\$23,686
8	Less Test Year Broadway Maintenance Expense	<u>(22,624)</u>
9	Adjustment to Test Year - Acct. 932	<u>(\$10,861)</u>

SCHEDULE H-21

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Dues Expense

Line No.	Description	Amount
	(a)	(b)
1	Remove Certain Expense from Acct. 930.2	<u>(\$40,000)</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Incentive Compensation and Bonuses

Line No.	Description	Incentive Compensation	Bonuses	Gas Supply & IT Bonuses	Total
	(a)	(b)	(c)	(d)	(e)
1	2001 Incentive and Bonus Payments	\$0	\$168,875	\$159,055	\$327,930
2	2002 Incentive and Bonus Payments	122,402	159,504	191,353	473,259
3	2003 Incentive and Bonus Payments	<u>143,586</u>	<u>98,193</u>	<u>74,260</u>	316,039
4	Three-Year Average	<u>\$88,663</u>	<u>\$142,191</u>	<u>\$141,556</u>	\$372,410
5	Test Year Incentive and Bonus Payments				<u>(241,779)</u>
6	Adjustment				130,631
7	Expense Ratio				<u>0.7541</u>
8	Amount Charged to Expense				<u>\$98,509</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Customer Collection Costs

Line No.	Description (a)	Total (b)
	<u>Proforma Charges</u>	
1	Brazen Software, Inc.	586,123
	<u>Actual Charges</u>	
2	Brazen Software, Inc.	390,915
3	Adjustment	<u>\$195,208</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Shared Services Expense

Line No.	Description (a)	Account Number (b)	Total (c)
1	Shared Services Accrual FY 6/30/03	922.0	<u>(\$1,318,332)</u>
3	Net payments received from Oneok	930.2	<u>531,062</u>
5	Total Net Adjustment		<u>(\$787,270)</u>

SCHEDULE H-25

MISSOURI GAS ENERGY

A Division of Southern Union Company

Twelve Months Ending June 30, 2003

Updated Through December 31, 2003

Non-recurring / Non-Utility Activity

Line No.	Description (a)	Total (b)
1	Remove non-utility activity from account 9230	<u>(\$577,145)</u>

SCHEDULE H-26

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Outside Services - Tax Services

Line No.	Description (a)	Total (b)
1	Sales, use and franchise tax compliance (12 months at \$3,000 per month)	\$36,000
2	Property tax compliance (two payments of \$17,500 per year)	<u>35,000</u>
3	Total proforma costs	\$71,000
4	Actual test year costs	<u>\$35,585</u>
5	Adjustment	<u><u>\$35,415</u></u>

SCHEDULE H-27

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Weatherization

Line No.	Description (a)	Amount (b)
1	Increase Weatherization to \$500,000	<u>\$160,000</u>

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Environmental Response Fund

Line No.	Description (a)	Amount (b)
1	Environmental Response Fund	<u>\$750,000</u>

Environmental Response Fund:

An Environmental Response Fund shall be established to create a mechanism to fund the recovery of "Environmental Response Costs" as defined below.

reasonable and prudently incurred costs associated with evaluation, remedial and clean-up obligations of Missouri Gas Energy arising out of utility-related ownership and/or operation of manufactured gas plants and sites associated with the operation and disposal activities from such gas plants. In addition to the actual remedial and clean-up costs, "Environmental Response Costs" also include costs of acquiring property associated with the clean up of such sites as well as litigation costs, claims, judgments, expenditures made in efforts to obtain insurance reimbursements, and settlements—including the costs of obtaining such settlements—associated with such sites. The Company will use best efforts to satisfy its obligation to minimize the Environmental Response Costs charged to the fund consistent with applicable regulatory requirements and sound environmental policies and to minimize litigation costs

the annual target amount of approximately \$750,000 (the current amount reflected in rates for such costs). The actual amount of the credit shall be based on the actual billed revenues produced by the discrete rate element included in the first block per-unit delivery charge of all customer classes. Any cash expenditures shall be charged to the fund as long as the costs that are incurred or previously deferred are Environmental Response Costs, as defined above.

the Parties with copies) on a Highly Confidential basis providing a summary and accounting of all costs incurred during such year which have been applied to the fund. A separate account shall be maintained on the Company's books for accruals and expenditures for environmental response costs. Each of the Parties retain their right to review and challenge any costs that they believe do not fall within the definition of "Environmental Response Costs", as defined in subparagraph (a) above.

of this Agreement, all parties reserve their rights to take any position they deem appropriate regarding (i) the level of funding to be permitted in rates on a prospective basis to recover costs charged to the fund as of the date of such case, and/or (ii) whether the fund should continue as designed for the recovery of prospective costs.

SCHEDULE H-29

MISSOURI GAS ENERGY
A Division of Southern Union Company
Twelve Months Ending June 30, 2003
Updated Through December 31, 2003
Information Technology Expenses

Line No.	Description (a)	Total (b)	Account Number (c)
1	IT Costs previously charged to Corporate summarized by typecode:		
2	330 - Training	\$6,012	921
3	335 - Mileage	850	921
4	340 - Travel	27,306	921
5	341 - Meals and Entertainment	3,983	921
6	436 - Professional fees - other	16,667	921
7	440 - System software	389,030	921
8	442 - Other software - maintenance	84,273	921
9	444 - Maintenance of hardware	(1,971)	921
10	446 - Equipment leases	49,147	921
11	450 - Maintenance of hardware	22,963	921
12	452 - Other software - maintenance	138,890	921
13	455 - Data processing supplies	13,144	921
14	490 - Communications / Telephone expenses	355,913	921
15	520 - Business forms	16,594	921
16	522 - Office Supplies	7,692	921
17	650 - Postage and freight	2,156	921
18	Total Account 921	<u>1,132,650</u>	
19	436 - Professional fees - other	2,218	923
20	439 - Subcontract labor and other outside services	49,491	923
21	Total Account 923	<u>51,708</u>	
22	390 - Other Employee related expenses	0	926
23	Total Account 926	<u>0</u>	
24	446 - Equipment leases	298,489	931
25	450 - Maintenance of hardware	387	931
26	452 - Other software - maintenance	246	931
27	Total Account 931	<u>299,122</u>	
28	444 - Maintenance of hardware	124,862	932
29	Total Account 932	<u>124,862</u>	
30	Total Adjustment	<u>\$1,608,343</u>	