Exhibit No.:
Issues: Class Cost-of-Service
Large Volume Rate
Transportation Terms
Witness: Donald Johnstone
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: MGUA & Superior
Bowen Asphalt
Case Number: GR-2009-0355
Date Testimony Prepared: September 28, 2009

Missouri Gas Energy

Case No. GR-2009-0355

Rebuttal Testimony of

Donald Johnstone

On behalf of

Midwest Gas Users' Association
and
Superior Bowen Asphalt Company, L. L. C.

September 2009

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Before the
Missouri Public Service Commission

Missouri Gas Energy

Case No. GR-2009-0355

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For the
Rebuttal Testimony of Donald Johnstone

Before the
Missouri Public Service Commission

Missouri Gas Energy

Case No. GR-2009-0355

Rebuttal Testimony of Donald Johnstone

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A My name is Donald Johnstone, and my address is 384 Black Hawk Drive, Lake Ozark, Missouri.

Q ARE YOU THE SAME DONALD JOHNSTONE THAT PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING?

A Yes, I am.

SUMMARY

Q ON WHAT SUBJECTS HAVE YOU BEEN ASKED TO TESTIFY?

A I will be addressing the class cost of service testimonies that have been submitted on behalf of company, the Staff of the Commission and the Office of Public Council. I will also be offering rebuttal testimony in regard to the positions of these parties regarding the spread of the increase among the customer classes. Another topic to be addressed is design of the large volume rate. Finally, I will be providing rebuttal to the

transportation terms and conditions testimony that has been submitted by MGE and the Staff of the Commission.

Q PLEASE SUMMARIZE YOUR TESTIMONY.

A My testimony may be summarized as follows:

- With respect to the MGE class cost-of-service study, I have determined that several aspects of the study result in an overstatement of the costs attributable to the large volume customer class. Included among those are allocations of rate base and related expense allocations.
- The class cost-of-service study submitted by the Staff of the Commission has used a classification and allocation process that results in costs that are overstated for the large volume class. Among the important allocations that need to be changed are those associated with intangible plant, distribution mains, general plant, cash working capital associated with gas supplies, and many of the expense accounts for which allocations rely on the corresponding rate base allocations.
- The OPC class cost-of-service study has used allocations that overstate the costs to the large volume service as they relate to general plant, the demand component of distribution mains, other rate base and various related expense allocations.
- A class cost-of-service study has been prepared to illustrate the impact of the various approaches on the cost of serving the several customer classes including the large volume class. This study illustrates that the revenues being provided by the large volume customers are above the cost of service. As such, the preliminary recommendation in my direct testimony that the large volume rates receive a revenue-neutral adjustment of $300,000 or such additional amount as might be

illustrated by modifications to the company study is further strengthened with the illustrations in this rebuttal. In fact, a revenue-neutral reduction to the large-volume class of approximately $1.7 million is supported on a cost-of-service basis.

- The MGE proposal to redesign the LV rate is rebutted as being a proposal which contradicts the underlying costs that provide the basis for the rate. Absent a further study, the present rate design should be maintained.
- The terms and conditions of transportation should largely remain intact where there is no need for change - the majority of the proposed changes should be rejected. Changes should be made to the extent necessary to ensure transportation costs are recovered from transportation customers, but should not be made to provide revenues to MGE in the absence of a cost to MGE.

CLASS COST OF SERVICE

Q WHAT IS THE PRIMARY BUSINESS OF MGE AS IT RELATES TO THE CLASS COST OF SERVICE STUDIES?

A MGE is a public utility with an obligation to provide safe and reliable services, including delivery services, on demand to all customers. For the purposes of the class cost of service study, the relevant service is the delivery of gas, either as a part of bundled service or as an unbundled transportation service.

Q WHAT IS THE NATURE OF THE COSTS THAT ARE INCLUDED IN THE CLASS COST-OF-SERVICE STUDIES?

A The costs associated with the delivery of natural gas are virtually all fixed costs. The magnitude of the fixed costs is larger or smaller primarily as function of the number of customers and the design capacity of the delivery system.

Q IS THE DESIGN OF THE DELIVERY SYSTEM IMPACTED BY WEATHER CONDITIONS?

A Yes. The system peak occurs in the winter when the weather is coldest. Thus the amount of capacity that is needed is driven to a very significant extent by demands caused by cold weather.

Q IS THE DESIGN OF THE DELIVERY SYSTEM IMPACTED BY THE NUMBER OF CUSTOMERS?

A Yes. Costs are incurred to connect customers. The facilities near to the customers must have the capacity to accommodate the customers' demands whenever they occur.

Q HOW DO THESE CONSIDERATIONS RELATE TO THE CLASS COST-OF-SERVICE STUDY?

A As the system grows and additional delivery capacity is necessary, capacity must be added. System delivery capacity is added primarily in proportion to the demands that customers place on the system primarily in the winter period, but also to meet the maximum demands of each customer when it comes to customer facilities such as service lines and local distribution.

Of course, it is common knowledge that the delivery system is designed to serve a demand that is far and away the highest in the winter period. As such, it is the demand for natural gas in the winter period that is primarily responsible for many of the capacity-related costs that are incurred by the system.

Q WHY DO YOU TAKE TIME TO ADDRESS THESE BASIC CONCEPTS AS A PART OF YOUR REBUTTAL TESTIMONY?

A It is worth revisiting these basic concepts, because these essential considerations must factor into the apportionment of costs in the context of the class cost-of-service studies, and then again in the design of the rates for each customer class pursuant to the class revenue responsibilities determined in the class cost-of-service studies.

Q ARE ANY OF THE CLASS COST-OF-SERVICE STUDIES AND RATE PROPOSALS COMPLETELY CONSISTENT WITH THESE ESSENTIAL PRINCIPLES?

A No. None of them are. I find deficiencies in the MGE class cost of service study, the Staff study and the OPC study.

Q HOW WILL YOUR REBUTTAL TESTIMONY REGARDING THE CLASS COST-OF-SERVICE STUDIES BE STRUCTURED?

A I have prepared a study derived from modifications to the Staff study for the purpose of illustrating the rebuttal points that I will be addressing. I am using the Staff study primarily for practical reasons. Since many of the presentations and discussions typically proceed with reference to the Staff cost-of-service presentation, it is a vehicle that more easily accommodates the evolving revenue and cost items that are at issue in the proceeding. Of course, so long as there is proper attention to the costs that are input, and to the functionalization, classification and allocation procedures, any of the three studies would provide an adequate framework for analysis, so I do not intend to suggest that the Staff study deserves any particular deference due to any particular ability to reflect cost more accurately than the other studies. Indeed, a

number of the accounts have been analyzed in more detail by MGE's witnesses, and in several instances I have incorporated that additional detail into the Staff study.

Q WHAT REBUTTAL CAN YOU OFFER REGARDING THE RATE BASE ASSOCIATED WITH EACH OF THE CUSTOMER CLASSES?

A Net plant in service constitutes the lion's share of rate base, and within plant in service the largest cost item is distribution mains. MGE has developed and provided reasonable documentation in support of its method which develops a customer component of mains - which is allocated based on the number of customers, and a capacity-related component of mains which is allocated among the classes based on design day capacity. MGE cites with approval the commission Report and Order in GR-2004-0209 that was issued September 21, 2004. The approach is conceptually sound and the Commission has given it favorable consideration once before as to the separation of the cost of mains into a customer and a capacity component.

I support the MGE method for the separation of the investment of distribution mains into the two major components. Of course, some time has passed since the case was filed, there is the data submitted as a part of the Staff filing, and there may be updates as the case progresses. For example, I have taken the number of customers from the Staff studies and reports. (It appears that there may be agreement among the parties as to the level of customers and volumes and the study should be supplemented as that data becomes available.) For the capacity component, MGE developed and used design day capacity requirements for the customer classes. As one part of the Staff's analysis a weather-normalized peak day demand was developed for each customer class. At a conceptual level, for the

purposes of this case the weather normalized peak demands are close enough to the design day capacity used by the company. The Staff approach has the advantage of being based on the volume analysis similar to that which may be subject to agreement among the parties in the near future and therefore may be easily updated. As such, I have used the current Staff measures of winter peak demands for the customer classes, but with the understanding that there will be an update if the issues that were raised during the pre-hearing conference are resolved.

Q IN WHAT WAYS DO YOU DISAGREE WITH THE MGE ALLOCATION OF DISTRIBUTION MAINS IN ITS CLASS COST OF SERVICE STUDY?

A At a conceptual level I agree with the MGE approach. At a practical application level I have adopted similar allocation factors based on data available in the Staff revenue case and the Staff rate design work papers.

Q IN WHAT WAYS DO YOU DISAGREE WITH THE STAFF'S ALLOCATION OF DISTRIBUTION MAINS?

A Staff has provided very little by way of explanation of what it has done to develop the allocation factor. While data requests were submitted by MGUA to Staff within a few days of the filing of the Staff's direct case Staff, at the time of preparation of this testimony Staff had not provided answers. I received a phone call from Staff on or about 5:00 p.m. on Friday, September 25, stating that there had been some miscommunications within the Staff that resulted in a delay of the responses. I respectfully request that I be allowed to supplement this rebuttal to address Staff's allocation of distribution mains. With the information previously provided it is clear

that Staff allocated capacity costs based on usage throughout the year. Thus, a proper focus is not maintained on the primary factor that determines capacity cost, namely the design day capacity requirements of the customer classes.

Q HAVE YOU REVIEWED THE OPC APPROACH TO THE ALLOCATION OF THE COSTS ASSOCIATED WITH DISTRIBUTION MAINS?

A Yes. OPC used the same classification of costs between customer and capacity components that was used by company. Similarly, the number of customers was used to allocate the customer-related cost. However, OPC used an average and peak method to allocate the capacity component. This approach confuses the extent of use of capacity throughout the year with the factor that primarily determines cost, the design day capacity. The result is an increased allocation of cost to the customer classes that have a load factor above the system average and a relatively lesser allocation of costs to the low-load factor customer classes. This produces a lower cost of service for the residential class, which has an extremely weather-sensitive load, and a relatively higher cost for the large-volume class which has a much more diverse mix of customers. Generally speaking the large volume customers have higher load factors than customers in the other customer classes.

Q HOW SHOULD THE COST ASSOCIATED WITH INTANGIBLE PLANT BE ALLOCATED?

A MGE has analyzed the subaccounts within the intangible plant category and determined a customer and capacity component for each. I recommend the MGE approach be adopted.

Q WHAT IS WRONG WITH THE STAFF APPROACH TO THE ALLOCATION OF INTANGIBLE

PLANT?

A Staff did no detailed analysis. Staff merely relied on a composite factor - the overall cost of service revenues. Staff offers no explanation or defense for this approach and as such I recommend this arbitrary approach be rejected.

Q WHAT APPROACH DID THE OPC STUDY FOLLOW IN REGARD TO INTANGIBLE PLANT?

A OPC, like Staff, relied upon the overall cost of service for the allocation and is therefore deficient for the same reasons that the Staff approach is deficient.

Q IS THERE DISPUTE WITH RESPECT TO THE ALLOCATION OF GENERAL PLANT?

A No, not in any direct sense. Each of the cost studies has allocated general plant in proportion to other plant in service and therefore the only differences in the allocation of general plant are indirect and stem from the differences in the underlying allocations. For example, to the extent that Staff and OPC use methods which increase the amount of distribution plant allocated to the large-volume class, that same over-allocation is perpetuated when it comes to the cost of the general plant in service. Consequently, when the more appropriate approach that better reflects cost causation is used for distribution mains, the effect appropriately flows through to general plant as well.

Q ARE THERE SIGNIFICANT INVESTMENTS THAT CONSTITUTE RATE BASE THAT OCCUR IN ADDITION TO THE INVESTMENT IN DISTRIBUTION PLANT, INTANGIBLE PLANT AND GENERAL PLANT?

A Yes. These other items are referred to as "other rate base."

Q DO YOU DISAGREE WITH THE APPROACH FOLLOWED BY ANY OF THE PARTIES IN REGARD TO OTHER RATE BASE?

A. Yes, I do. There are areas in each of the three studies in which the focus on cost causation has been lost, and there are inappropriate amounts of investment that have been allocated to the large volume class.

Q IS THE INVESTMENT IN INVENTORY FOR MATERIALS AND SUPPLIES AN AREA IN WHICH THERE IS DISAGREEMENT?

A Yes.

Q WHAT APPROACH HAS STAFF USED WITH RESPECT TO MATERIALS AND SUPPLIES?

A Staff has allocated material and supplies in proportion to all other costs of service, an allocation factor labeled "C-O-S revenues." A preferable approach is to recognize the relationship of materials and supplies to net plant in service. OPC has used the more accurate net plant approach to the allocation of materials and supplies, as has MGE. That is the approach that I also recommend.

Q HOW SHOULD THE INVESTMENT IN NATURAL GAS SUPPLY INVENTORY BE ALLOCATED?

A It should be allocated in proportion to the amount of natural gas that is necessary to provide service to each of the customer classes. It goes without saying that the amount of gas used will be substantially less and in fact be *de minimus* for the large-volume customer class since they provide their own gas supplies.

Q DID ANY OF THE THREE PARTIES PROPERLY ACCOUNT FOR THE TRANSPORTATION

CUSTOMERS' GAS INVENTORY COST RESPONSIBILITY IN THEIR COST STUDIES?

A No. Staff allocated the cost of gas supply inventory based on overall cost of service revenues. I can see no logical connection between the two. MGE and OPC allocated this cost based on a natural gas inventory factor. This is a step in the right direction, but for the fact that it includes volumes for the LVS class.

Q WHAT ADJUSTMENTS ARE NECESSARY TO DEVELOP A REASONABLE ALLOCATION OF NATURAL GAS INVENTORY INVESTMENT?

A It is necessary and appropriate to give consideration to the fact that the LVS customers transport their own gas. Most transportation customers in most months deliver volumes that are within plus or minus 5 percent of their usage requirements. While the pluses and minuses are small and should average close to zero, it is possible that there will be some use of system gas supplies from time to time, and therefore the LVS customers should bear a reasonable portion of these costs. For the purpose of this allocation I included 2.5 percent of the annual transportation volumes of the large volume class in the development of the allocation factor. While this approach is more likely to overstate the costs for the large volume class rather than to understate the costs, I recommend it as reasonable for the purposes of the current analysis as it will come far closer to realty than the alternatives.

Q IS THERE A PREPAID PENSION ASSET THAT IS A PART OF THE RATE BASE CALCULATION?

A Yes, there is. Pension costs are a function of payroll and should be allocated as such. That is the approach followed by OPC and MGE, and it is the approach I recommend.

Q HOW DID THE STAFF ALLOCATE THIS COST?

A Staff again used the overall cost of service revenue allocator. Staff offers no support for this approach, and I recommend it be rejected in favor of the payroll labor allocation approach that I recommend and that is also used by MGE and OPC.

Q PLEASE SUMMARIZE YOUR REBUTTAL OF THE COST STUDIES IN REGARD TO THE RATE BASE WHICH IS ALLOCATED AMONG THE CUSTOMER CLASSES.

A In determining a reasonable allocation of rate base among the customer classes it is important that the cost-causing factors be given careful consideration. Beyond that, there should be a focus on the underlying considerations which create costs: factors such as payroll in the case of prepaid pension; factors such as volumes supplied where the subject is gas supply inventory. The attached class cost of service study gives these factors due consideration and provides a reasonable allocation of rate base. The impact is a somewhat reduced allocation of rate base for the large-volume class as compared to other studies.

LARGE VOLUME RATE DESIGN

Q WHAT RATE DESIGN DID MGE PROPOSE FOR THE LVS CUSTOMER CLASS?

A MGE proposed a change from the present rate design, which has one declining block and seasonal differentials, to a rate that does not include seasonal differentials.

Q DO YOU CONTINUE TO BE IN OPPOSITION TO THE PROPOSED RATE DESIGN?

A Yes. As stated in my direct testimony, the proposed rate design is not consistent with cost-of-service principles, in that the winter peak is a primary driver of system

distribution capacity costs. The seasonal differential, which captures an important cost causing element of the cost of service, would be eliminated under the proposed MGE design.

Q WHAT WAS THE STAFF POSITION IN REGARD TO THE RATE DESIGN FOR THE LVS CLASS?

A The direct testimony in the Staff rate design report appeared to be in support of the changes proposed by MGE.

Q DO YOU ANTICIPATE ANY CHANGE IN THE STAFF POSITION?

A Yes. By virtue of response to an MGUA data request that was provided by Staff on September 25, it is apparent that Staff will be changing its position.

Q WHAT WAS THE MGUA DATA REQUEST AND THE STAFF RESPONSE?

A MGUA data request No. 90 reads as follows:

> "Please refer to the September 3, 2009 Staff class cost of service report. Is Staff recommending a continuation of the current 'large volume and transportation' current rate design as stated at Page 1, Lines 14-16?"

The Staff response to the data request follows:

> "Answer - the Staff is recommending an equal percentage increase to the non-gas components for LVS customers. Although Staff supports elimination of the seasonal differential of LVS in its report, we believe that Mr. Johnstone's arguments have merit. Staff plans to propose a rate design case be opened to open to examine this, and that the current seasonal differential be continued pending the outcome of that proceeding."

Q DO YOU CONTINUE TO SUPPORT THE USE OF THE PRESENT RATE DESIGN FOR THE

LVS CUSTOMER CLASS?

A Yes, I do.

Q WHAT COMMENT DO YOU HAVE REGARDING THE PROPOSAL FOR A RATE DESIGN PROCEEDING?

A MGUA will reserve its position on a rate design case until the proposal is fully stated and available for review. I again note that for the purposes of the current proceeding MGUA is satisfied with the appropriateness of the current rate design.

TRANSPORTATION TERMS

Q HAS MGE PROPOSED A NUMBER OF CHANGES IN THE TRANSPORTATION TERMS AND CONDITIONS?

A Yes, they have. They have proposed changes relating to the cost of system transportation that is included in cost of gas sold to or bought from transportation customers for balancing cash out purposes. They have proposed adjustments to the index prices at which gas is bought from or sold to transportation customers pursuant to the cash-out provisions. They proposed a change in tolerance levels; periods of daily balancing (PODB); and a number of language changes that are apparently intended to encourage customers to match their supplies with their usage.

Q AS A PRELIMINARY MATTER, IS IT THE INTENT OF YOUR CLIENTS TO PAY COSTS WHICH ARE INCURRED ON THEIR BEHALF WITH RESPECT TO TRANSPORTATION SERVICE?

A Yes, it is their intent to pay their cost based on the allocated costs of the system including, of course, those that are imposed directly by virtue of the transportation services that are being provided to them.

Q IS THE INTENT OF YOUR CLIENTS TO COMPLY WITH THE OPERATIONAL TERMS AND CONDITIONS OF THE TRANSPORTATION TARIFF?

A Yes, it is. It is their intent to be responsible transportation customers and to operate consistently within the requirements of the transportation terms and conditions.

Q WHY THEN ARE YOU OPPOSED TO MANY OF THE PROPOSED CHANGES IN THE TRANSPORTATION TERMS AND CONDITIONS?

A I am opposed because many of the changes would increase the charges to customers where there is no cost basis for the increases. The proposals in such circumstances can only be characterized as punitive penalty provisions, notwithstanding the fact that the customers are operating responsibly and within the terms and conditions of service. Furthermore, MGE proposes changes in the operational terms, even though there have been no demonstrated or documented problems with its operations under the present tariffs. To the extent problems are identified, my client will be perfectly willing to address those problems with MGE in a cooperative spirit to maintain a system that is safe and secure for all customers and under which all customers will pay the costs that they impose upon the system.

Q CAN YOU PLEASE SUMMARIZE THE ISSUES THAT HAVE BEEN RAISED?

A The issues may be summarized as follows:

- MGE and Staff have suggested that transportation customers are receiving credit for upstream MGE transportation that is inappropriate.
- There is a proposal to change the cash-out price to the higher of the current month or the next month when gas is being sold to customers and a similar change in the price to the lower of the current month or the next month when gas is being purchased from the customer.
- There is a proposal to adjust the plus or minus five percent tolerance band.
- There is a proposal to introduce periods of daily balancing.
- There are proposals to change various aspects of the language purportedly to encourage the customers to match their supplies with the usage.
- There is a proposal to require pooling for all customers served by a given supplier.

Q WHAT IS YOUR POSITION WITH RESPECT TO CREDITS FOR UPSTREAM TRANSPORTATION COSTS?

A The primary principle is that transportation customers should be paying costs that are incurred on their behalf, and not paying costs that are not incurred on their behalf. A logical extension of that principle is that customers should not receive a credit for upstream transportation costs of MGE if no credit is forthcoming from the pipeline and no costs are avoided. Together with my attorneys I have participated in discussions of this issue among the parties, and subject to the issue being further clarified, we may not have opposition to this proposal.

Q DO YOUR CLIENTS OPPOSE THE PROPOSED CHANGE IN PRICING TO HIGHER OF CURRENT MONTH OR NEXT MONTH FOR CASH-OUT SALES TO CUSTOMERS AND THE

LOWER OF CURRENT MONTH OR NEXT MONTH FOR CASH-OUT PURCHASES FROM CUSTOMERS?

A My clients oppose this provision.

Q WHY IS THE PROPOSAL OPPOSED?

A It is not designed to recover costs and provide adequate compensation, but is instead designed to create a penalty where there is no need for a penalty.

Q PLEASE EXPLAIN WHY THE PROPOSAL IS NOT CONSISTENT WITH THE PRINCIPLE OF PAYING COSTS ASSOCIATED WITH THE SERVICE PROVIDED.

A The purpose of a cash-out is to eliminate the carrying of any gas balances from one month to the next. In other words, by the design of the mechanism, the costs are always contained within a single month. Consequently, there can be no basis for reaching out of one month into the next inasmuch as the costs associated with the next month will be collected in that month when it arrives.

Q IF THE PROPOSED CHARGES ARE NOT COST-BASED, DOES THAT MAKE THE PROPOSAL A PENALTY?

A Yes. It is a non-cost-based penalty that is imposed on transportation customers, it is arbitrary, and there is no valid reason for imposing such a penalty. By all accounts, the vast majority of customers complies with the tolerance levels of the tariff month in and month out, and do not create operational problems. There is no justification of a cost penalty of this sort.

Q WHAT SORT OF MONTHLY BALANCING COSTS DOES MGE FACE AS IT OPERATES THE

SYSTEM?

A MGE's monthly costs are ** _____
_____
_____
_____
_____**

Q **IS THERE ANY EVIDENCE THAT THE CURRENT MONTHLY BALANCING PROVISIONS ARE IN ANY WAY DEFICIENT?**

A No. To the contrary, there is every indication that the current monthly cash-out provisions are working as intended to encourage customers to maintain a balance of supplies and usage to the maximum practical extent on a monthly basis. There is also every indication that no MGE costs are going unrecovered from transportation customers under the current mechanism.

Q **ARE YOU UNALTERABLY OPPOSED TO ANY CHANGES IN THE MONTHLY CASH-OUT POSITION?**

A I'm opposed to any changes absent a need for change that has been documented and demonstrated. As I stated earlier in this testimony, my clients are committed to working with MGE to maintain a system that operates well for all concerned and that preserves the integrity of the system; however, at this time it appears that the monthly cash-out provisions are working well and there is no need to make changes.

Q **IS THERE ANY REASON TO TIGHTEN THE BALANCING PROVISIONS BEYOND PLUS OR MINUS 5 PERCENT OR TO INCREASE THE PENALTIES WITH RESPECT TO THE**

MONTHLY CASH-OUT?

A No, there is not, for all the reasons explained above with respect to the higher of/lower of pricing proposals.

Q HAS MGE PROPOSED A NEW GAS TRANSPORTATION PROVISION THAT WOULD ALLOW THEM TO DECLARE "PERIODS OF DAILY BALANCING" (PODB)?

A Yes, they have made such a proposal.

Q WHAT IS YOUR RECOMMENDATION WITH RESPECT TO THE PROPOSAL?

A My clients have been in opposition to the proposal, as there has been no demonstration of need for the proposal. Hence it is arbitrary.

Q DO YOUR CLIENTS REMAIN IN OPPOSITION TO THE PROPOSAL?

A At this time, they remain in opposition. I again note, however, that the group continues to be committed to all terms and conditions necessary to maintain the safe and reliable operation of the system. Of course this can and should be accomplished in a manner that reasonably accommodates reasonable operating parameters for both the transportation customers and the company. Therefore, my clients will remain open to discuss any real problems that exist. They have a continuing interest in maintaining reasonable operating flexibility for the transporting customers and minimizing any unnecessary or unduly harsh penalty provisions. One other consideration is that they wish to avoid the possibility of any arbitrary imposition of a provision such as a period of daily balancing. Consequently, it would be important for the company to document and give notice when conditions are such that a period of daily balancing may become, or has become, necessary.

Q THE FINAL AREA OF TERMS AND CONDITIONS PERTAINS TO SEVERAL CHANGES IN TARIFF LANGUAGE DESIGNED TO PROMOTE AN UNDERSTANDING THAT GAS SUPPLIES SHOULD REASONABLY MATCH GAS CONSUMPTION. WHAT IS YOUR POSITION ON SUCH CHANGES?

A My clients are of the opinion that the current tariff reasonably conveys the requirements of the service. With that having been said, the tariff language is obviously very important and particular words ought to be discussed in a framework other than litigation. Their position is that such provisions should be discussed and, only to the extent necessary, brought to the Commission for a decision. However, these changes do not rise to a level that they ought to require litigation.

Q WHAT HAS BEEN THE STAFF POSITION WITH REGARD TO THE MULTITUDE OF CHANGES THAT HAVE BEEN PROPOSED BY MGE IN THE TRANSPORTATION TERMS AND CONDITIONS OF SERVICE?

A It is my understanding that Staff accepted, in its direct testimony, the several proposals of MGE. Consequently, this rebuttal testimony that addresses the MGE proposals should be considered to address the Staff's support for these proposals as well, since Staff did not offer any new arguments or positions not already raised by MGE. We encourage all parties, including Staff, to consider the points raised in various settlement conferences and in the formal record as it reaches its final position on these issues for the purposes of litigating the case.

Q DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

Appendix A
Qualifications of Donald E. Johnstone

Q PLEASE STATE YOUR NAME AND ADDRESS.

A Donald E. Johnstone. My address is 384 Black Hawk Drive, Lake Ozark, MO 65049.

Q PLEASE STATE YOUR OCCUPATION.

A I am President of Competitive Energy Dynamics, L. L. C. and a consultant in the field of public utility regulation.

Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A In 1968, I received a Bachelor of Science Degree in Electrical Engineering from the University of Missouri at Rolla. After graduation, I worked in the customer engineering division of a computer manufacturer. From 1969 to 1973, I was an officer in the Air Force, where most of my work was related to the Aircraft Structural Integrity Program in the areas of data processing, data base design and economic cost analysis. Also in 1973, I received a Master of Business Administration Degree from Oklahoma City University.

From 1973 through 1981, I was employed by a large Midwestern utility and worked in the Power Operations and Corporate Planning Functions. While in the Power Operations Function, I had assignments relating to the peak demand and net output forecasts and load behavior studies which included such factors as weather, conservation and seasonality. I also analyzed the cost of replacement energy associated with forced outages of generation facilities. In the Corporate Planning Function, my assignments included developmental work on a generation expansion

planning program and work on the peak demand and sales forecasts. From 1977 through 1981, I was Supervisor of the Load Forecasting Group where my responsibilities included the Company's sales and peak demand forecasts and the weather normalization of sales.

In 1981, I began consulting, and in 2000, I created the firm Competitive Energy Dynamics, L.L.C. As a part of my twenty-five years of consulting practice, I have participated in the analysis of various electric, gas, water, and sewer utility matters, including the analysis and preparation of cost-of-service studies and rate analyses. In addition to general rate cases, I have participated in electric fuel and gas cost reviews and planning proceedings, policy proceedings, market price surveys, generation capacity evaluations, and assorted matters related to the restructuring of the electric and gas industries. I have also assisted companies in the negotiation of power contracts representing over $1 billion of electricity.

I have testified before the state regulatory commissions of Delaware, Hawaii, Illinois, Iowa, Kansas, Massachusetts, Missouri, Montana, New Hampshire, Ohio, Pennsylvania, Tennessee, Virginia and West Virginia, and the Rate Commission of the Metropolitan St. Louis Sewer District.

BEFORE THE
PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy and Its Tariff Filing to Implement a General Rate Increase for Natural Gas Service	)	Case No. GR-2009-0355

Affidavit of Donald Johnstone

State of Missouri)
) ss
County of Camden)

Donald Johnstone, of lawful age, on his oath states: that he has reviewed the attached written testimony in question and answer form, all to be presented in the above case, that the answers in the attached written testimony were given by him; that he has knowledge of the matters set forth in such answers; that such matters are true to the best of his knowledge, information and belief.

Donald Johnstone

Subscribed and sworn before me this 28th day of September, 2009

Notary Public

ADAM M. CLIFFE
Notary Public-Notary Seal
State of Missouri, St Louis County
Commission # 07111397
My Commission Expires Jul 10, 2011

Rebuttal Class Cost of Service Study
Summary

Missouri Gas Energy
Case No. GR-2009-0355
Test Year Ended December 31, 2008, Updated Through 4/30/09[1]

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME
1	Rate Base	$ 599,727,395	$ 436,354,447	$ 118,549,138	$ 7,241,090	$ 37,582,720
2	Rate of Return per Staff	7.32%	7.32%	7.32%	7.32%	7.32%
3	Return on Rate Base	$ 43,912,040	$ 31,949,873	$ 8,680,168	$ 530,193	$ 2,751,807
4	O&M Expenses	$ 96,815,889	$ 72,684,391	$ 16,775,123	$ 899,833	$ 6,456,541
5	Depreciation Expense	29,276,082	21,961,370	5,105,814	252,591	1,956,307
6	Taxes other than Income	9,884,438	7,284,956	1,773,640	93,343	732,499
7	Income Taxes	18,508,362	13,466,462	3,658,580	223,469	1,159,851
8	Total Expenses	$ 154,484,771	$ 115,397,180	$ 27,313,157	$ 1,469,237	$ 10,305,198
9	Total Cost of Service	$ 198,396,811	$ 147,347,052	$ 35,993,324	$ 1,999,429	$ 13,057,005
10	Less Other Revenues	(4,789,682)	(4,470,049)	(319,633)	-	-
11	Required Margin Revenue	$ 193,607,129	$ 142,877,003	$ 35,673,692	$ 1,999,429	$ 13,057,005
12	Current Margin Revenue	$ 183,013,018	$ 131,062,756	$ 35,889,208	$ 2,122,170	$ 13,938,884
13	Required Increase (Decrease)	$ 10,594,111	$ 11,814,247	$ (215,516)	$ (122,741)	$ (881,879)
14	Percent Increase (Decrease) Required	5.79%	9.01%	-0.60%	-5.78%	-6.33%
15	Equal Percentage Spread of Increase	$ 193,607,129	$ 138,649,612	$ 37,966,734	$ 2,245,016	$ 14,745,767
16	Percent Increase (Decrease)	5.79%	5.79%	5.79%	5.79%	5.79%
17	COS Difference from Equal Percent Return	$ -	$ 4,227,391	$ (2,293,042)	$ (245,587)	$ (1,688,762)

(1) Test year and updated amounts in "Total" column per Staff rate design report for illustration. Use is not an endorsement. Amounts remain subject to change.

DEJ REB Schedule 1
Page 1 of 2

Rebuttal Class Cost of Service Study
Calculation of Return on Rate Base

Missouri Gas Energy
Case No. GR-2009-0355
Test Year Ended December 31, 2008, Updated Through 4/30/09[1]

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME
1	Current Margin Revenue	$ 183,013,018	$ 131,062,756	$ 35,889,208	$ 2,122,170	$ 13,938,884
2	Other Revenues	4,789,682	4,470,049	319,633	-	-
3	Total Current Revenues	$ 187,802,700	$ 135,532,805	$ 36,208,841	$ 2,122,170	$ 13,938,884
4	Less Total Expenses	$ (154,484,771)	$ (115,397,180)	$ (27,313,157)	$ (1,469,237)	$ (10,305,198)
5	Return[2]	$ 33,317,929	$ 20,135,625	$ 8,895,684	$ 652,933	$ 3,633,686
6	Rate Base	$ 599,727,395	$ 436,354,447	$ 118,549,138	$ 7,241,090	$ 37,582,720
7	Return on Rate Base	5.56%	4.61%	7.50%	9.02%	9.67%

(1) Test year and updated amounts in "Total" column per Staff rate design report for illustration. Use is not an endorsement. Amounts remain subject to change.
(2) Return is computed based on income taxes being allocated, not computed, for each class.

Summary of Adjustments to
Staff's Class Cost of Service Study

Missouri Gas Energy
Case No. GR-2009-0355

Adj. No.	Description of Adjustment	DEJ REB Schedule 3 Reference
1	**TEST YEAR NO. OF BILLS ALLOCATION FACTOR**	
	Replace allocation input numbers with test year number of bill data from the workpapers of Staff witnesses Amanda McMellen and Anne Ross.	page 12, line 16
2	**INTANGIBLE PLANT**	
	Classify and allocate per company study	page 12, line 6
3	**DISTRIBUTION MAINS**	
	a) Classify customer and demand portions per company	page 1, lines 7-9
	b) Allocate customer portion per TEST YEAR NO OF BILLS	page 2, lines 7-9
	c) Allocate demand portion per NORMALIZED PEAK DAY DEMAND in Staff Witness Beck's workpapers	page 3, lines 7-9
4	**MEASURE & REG STATIONS; CITY GATE STATIONS**	
	a) Allocate 50% on CCF VOLUMES per Staff study	page 1, lines 10-11
	b) Allocate 50% on NORMALIZED PEAK DAY DEMAND developed from Staff Witness Beck's workpapers	page 2, lines 10-11 page 3, lines 10-11 page 5, lines 19,21 page 6, lines 4,6 page 8, lines 8-9 page 10, lines 12,14, 24, 26
5	**WEIGHTED CUSTOMER ALLOCATION FACTORS**	
	a) Calculate number of customers using the NO. OF BILLS inputs from adjustment 1 above.	page 13, lines 2,4,6,8,10
	b) Replace weights for METERS and REGULATORS with those in company study and recalculate allocation factors	page 13, lines 1,5 page 12, lines 11, 13
	c) Create new allocation factors for WTD CUST: METER INSTALLATIONS and WTD CUST: SERVICES based on weights in company study	page 13, lines 3,7 page 12, lines 12, 14
6	**RATE BASE ADDITION: MATERIALS & SUPPLIES**	
	Allocate on NET PLANT	page 4, line 12
7	**RATE BASE ADDITION: PREPAID PENSION**	
	Allocate on PAYROLL	page 4, line 23
8	**O&M EXPENSE: UNCOLLECTIBLE ACCOUNTS**	
	Allocate per company factor 904CUS	page 6, line 17

GROSS PLANT IN SERVICE | MISSOURI GAS ENERGY | TEST YEAR ENDED DECEMBER 31, 2008, Updated Through 4/30/09 | CASE NO. GR-2009-0355

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS	ALLOCATION BASIS
1	Intangible Plant	$ 30,071,027	$ 25,088,618	$ 4,291,525	$ 80,910	$ 609,974	$ -	CO TOTAL INTANGIBLE PLANT
2	Manufactured Gas Production Plant	-	-	-	-	-	-	PEAK DEMAND LESS INTERRUPTIBLE, TRANSPORT
3	Transmission Plant	-	-	-	-	-	-	ASSIGNED - RES, SGS, LGS BILLS
4	Distribution Plant							
5	374 Land & Land Rights	$ 2,331,922	$ 1,456,897	$ 489,286	$ 38,247	$ 347,491	$ -	DIST'N MAINS
6	375 Structures & Improvements	8,583,960	5,362,936	1,801,095	140,791	1,279,138	-	DIST'N MAINS
7	376 Mains - Customer	$ 147,049,353	$ 128,968,734	$ 17,859,972	$ 85,293	$ 135,353	$ -	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
8	376 Mains - Demand	235,762,072	132,981,308	51,488,680	4,582,300	46,709,784	-	NORMALIZED PEAK DAY DEMAND
9	376 Mains - Total	$ 382,811,425	$ 261,950,043	$ 69,348,652	$ 4,667,593	$ 46,845,138	$ -	
10	378 Measure & Regulate Sta.	$ 12,368,768	$ 6,338,360	$ 2,535,773	$ 232,259	$ 3,262,376	$ -	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
11	379 City Gate Ck Stations	3,411,645	1,748,293	699,436	64,063	899,853	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
12	380 Services	316,610,835	277,189,308	38,385,995	307,327	728,206	-	WTD CUST - SERVICES
13	381 Meters	32,658,905	16,728,872	14,984,378	120,287	825,368	-	WTD CUST - METERS
14	382 Meter Installations	77,160,334	55,196,807	15,287,634	1,569,631	5,106,261	-	WTD CUST - METER INSTALLATION
15	383 House Regulators	12,733,549	8,761,483	3,319,173	152,911	499,982	-	WTD CUST - REGULATORS
16	385 Ind. Meas. & Reg. Sta. Eq.	390,663	-	-	20,369	370,294	-	LV/LGS VOLUMES
17	386 Property on Customer Premises	-	-	-	-	-	-	DIST'N PLANT
18	387 Other Equipment	-	-	-	-	-	-	DIST'N PLANT
19	Total Distribution Plant	$ 849,062,006	$ 634,733,000	$ 146,851,420	$ 7,313,479	$ 60,164,107	$ -	
20	397.1 Communication Equipment	$ 38,190,850	$ 33,393,522	$ 4,775,637	$ 21,690	$ -	$ -	ASSIGNED - RES, SGS, LGS BILLS
21	General Plant	32,714,754	24,456,558	5,658,254	281,792	2,318,151	-	P,T,D PLANT
22	TOTAL GROSS PLANT IN SERVICE	$ 950,038,637	$ 717,671,698	$ 161,576,836	$ 7,697,871	$ 63,092,232	$ -	

ACCUMULATED RESERVE FOR DEPRECIATION | MISSOURI GAS ENERGY | TEST YEAR ENDED DECEMBER 31, 2008, Updated Through 4/30/09 | CASE NO. GR-2009-0355

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS	ALLOCATION BASIS
1	Intangible Plant	$ 22,749,719	$ 18,980,363	$ 3,246,679	$ 61,211	$ 461,466	$ -	CO TOTAL INTANGIBLE PLANT
2	Manufactured Gas Production Plant	-	-	-	-	-	-	PEAK DEMAND LESS INTERRUPTIBLE, TRANSPORT
3	Transmission Plant	-	-	-	-	-	-	ASSIGNED - RES, SGS, LGS BILLS
4	Distribution Plant							
5	374 Land & Land Rights	$ 514,651	$ 321,535	$ 107,985	$ 8,441	$ 76,691	$ -	DIST'N MAINS
6	375 Structures & Improvements	462,654	289,049	97,075	7,588	68,942	-	DIST'N MAINS
7	376 Mains - Customer	$ 49,132,167	$ 43,091,066	$ 5,967,378	$ 28,498	$ 45,224	$ -	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
8	376 Mains - Demand	78,772,883	44,431,748	17,203,411	1,531,039	15,606,685	-	NORMALIZED PEAK DAY DEMAND
9	376 Mains - Total	$ 127,905,050	$ 87,522,814	$ 23,170,789	$ 1,559,537	$ 15,651,909	$ -	
10	378 Measure & Regulate Sta.	$ 4,221,300	$ 2,163,200	$ 865,426	$ 79,267	$ 1,113,407	$ -	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
11	379 City Gate Ck Stations	957,607	490,725	196,323	17,982	252,578	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
12	380 Services	146,085,284	127,896,061	17,711,425	141,802	335,997	-	WTD CUST - SERVICES
13	381 Meters	3,874,062	1,984,411	1,777,476	14,269	97,907	-	WTD CUST - METERS
14	382 Meter Installations	19,901,850	14,236,830	3,943,117	404,853	1,317,050	-	WTD CUST - METER INSTALLATION
15	383 House Regulators	2,903,461	1,997,764	756,827	34,866	114,004	-	WTD CUST - REGULATORS
16	385 Ind. Meas. & Reg. Sta. Eq.	136,769	-	-	7,131	129,638	-	LV/LGS VOLUMES
17	386 Property on Customer Premises	-	-	-	-	-	-	DIST'N PLANT
18	387 Other Equipment	-	-	-	-	-	-	DIST'N PLANT
19	Total Distribution Plant	$ 306,962,688	$ 236,902,389	$ 48,626,441	$ 2,275,736	$ 19,158,123	$ -	
20	397.1 Communication Equipment	$ 17,827,009	$ 15,587,677	$ 2,229,208	$ 10,125	$ -	$ -	ASSIGNED - RES, SGS, LGS BILLS
21	General Plant	8,590,033	6,421,648	1,485,708	73,991	608,685	-	P,T,D PLANT
22	Amortization Reserve	-	-	-	-	-	-	P,T,D PLANT
23	TOTAL DEPRECIATION & AMORTIZATION RESERV	$ 356,129,449	$ 277,892,077	$ 55,588,036	$ 2,421,062	$ 20,228,273	$ -	

NET PLANT IN SERVICE | MISSOURI GAS ENERGY | TEST YEAR ENDED DECEMBER 31, 2008, Updated Through 4/30/09 | CASE NO. GR-2009-0355

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS	ALLOCATION BASIS
1	Intangible Plant	$ 7,321,308	$ 6,108,255	$ 1,044,845	$ 19,699	$ 148,509	$ -	CO TOTAL INTANGIBLE PLANT
2	Manufactured Gas Production Plant	-	-	-	-	-	-	PEAK DEMAND LESS INTERRUPTIBLE, TRANSPORT
3	Transmission Plant	-	-	-	-	-	-	ASSIGNED - RES, SGS, LGS BILLS
4	Distribution Plant							
5	374 Land & Land Rights	$ 1,817,271	$ 1,135,363	$ 381,302	$ 29,806	$ 270,800	$ -	DIST'N MAINS
6	375 Structures & Improvements	8,121,306	5,073,887	1,704,020	133,203	1,210,196	-	DIST'N MAINS
7	376 Mains - Customer	$97,917,186	$85,877,668	$11,892,593	$56,795	$90,129	$0	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
8	376 Mains - Demand	156,989,189	88,549,560	34,285,269	3,051,261	31,103,099	-	NORMALIZED PEAK DAY DEMAND
9	376 Mains - Total	$ 254,906,375	$ 174,427,228	$ 46,177,863	$ 3,108,056	$ 31,193,228	$ -	
10	378 Measure & Regulate Sta.	$ 8,147,468	$ 4,175,160	$ 1,670,346	$ 152,992	$ 2,148,970	$ -	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
11	379 City Gate Ck Stations	2,454,038	1,257,569	503,113	46,082	647,275	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
12	380 Services	170,525,551	149,293,246	20,674,570	165,525	392,209	-	WTD CUST - SERVICES
13	381 Meters	28,784,843	14,744,461	13,206,902	106,019	727,461	-	WTD CUST - METERS
14	382 Meter Installations	57,258,484	40,959,977	11,344,517	1,164,779	3,789,211	-	WTD CUST - METER INSTALLATION
15	383 House Regulators	9,830,088	6,763,719	2,562,346	118,045	385,978	-	WTD CUST - REGULATORS
16	385 Ind. Meas. & Reg. Sta. Eq.	253,894	-	-	13,238	240,656	-	LV/LGS VOLUMES
17	386 Property on Customer Premises	-	-	-	-	-	-	DIST'N PLANT
18	387 Other Equipment	-	-	-	-	-	-	DIST'N PLANT
19	Total Distribution Plant	$ 542,099,318	$ 397,830,611	$ 98,224,979	$ 5,037,743	$ 41,005,985	$ -	
20	397.1 Communication Equipment	$ 20,363,841	$ 17,805,846	$ 2,546,430	$ 11,566	$ -	$ -	ASSIGNED - RES, SGS, LGS BILLS
21	General Plant	24,124,721	18,034,910	4,172,545	207,801	1,709,466	-	P,T,D PLANT
22	Amortization Reserve	-	-	-	-	-	-	P,T,D PLANT
23	TOTAL NET PLANT IN SERVICE	$ 593,909,188	$ 439,779,621	$ 105,988,799	$ 5,276,808	$ 42,863,959	$ -	

OTHER RATE BASE | MISSOURI GAS ENERGY | TEST YEAR ENDED DECEMBER 31, 2008, Updated Through 4/30/09 | CASE NO. GR-2009-0355

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS	ALLOCATION BASIS
1	Cash Working Capital							
2	Cash Vouchers	$ 976,532	$ 720,655	$ 179,934	$ 10,085	$ 65,858	$ -	C-O-S REVENUES
3	Purchased Gas	2,616,119	1,788,427	743,685	70,317	13,690	-	CCF SALES
4	Payroll-Related	1,578,365	1,121,202	308,036	18,066	131,061	-	PAYROLL
5	City Franchise and Sales Taxes	398,622	294,173	73,449	4,117	26,883	-	C-O-S REVENUES
6	PSC Assessment and Legal	-	-	-	-	-	-	C-O-S REVENUES
7	Use Tax?????	(32,591)	(24,051)	(6,005)	(337)	(2,198)	-	C-O-S REVENUES
8	Prepayments	-	-	-	-	-	-	DIST'N PLANT
9	Revenue Related	24,214	17,869	4,462	250	1,633	-	C-O-S REVENUES
10	Property Related	(2,703,253)	(2,020,870)	(467,547)	(23,285)	(191,551)	-	P,T,D PLANT
11	Total Cash Working Capital	$ 2,858,008	$ 1,897,405	$ 836,014	$ 79,213	$ 45,376	$ -	
12	Materials & Supplies	$ 2,939,374	$ 2,176,556	$ 524,560	$ 26,116	$ 212,142	$ -	NET PLANT
13	Prepayments	468,642	345,846	86,351	4,840	31,606	-	C-O-S REVENUES
14	Gas Supply Inventory	100,132,701	67,977,881	28,267,387	2,672,738	1,214,695	-	CCF VOLUMES FOR INVENTORY
15	Net Cost of Removal of Reg. Asset	495,981	370,780	85,784	4,272	35,145	-	P,T,D PLANT
16	Customer Service System - Net		-	-	-	-	-	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
17	Deferred AAO GO-94-234 - SLRP	-	-	-	-	-	-	MAINS/SERVICES
18	Deferred AAO GO-97-301 - SLRP	-	-	-	-	-	-	MAINS/SERVICES
19	Deferred AAO GR-98-140 - SLRP	-	-	-	-	-	-	MAINS/SERVICES
20	Deferred Taxes AAO 2000	-	-	-	-	-	-	P,T,D PLANT
21	Income Tax Offsets	4,916,579	3,640,643	877,411	43,683	354,842	-	NET PLANT
22	Interest Expense Offset	(1,664,633)	(1,232,632)	(297,070)	(14,790)	(120,141)	-	NET PLANT
23	Prepaid Pension Asset	11,346,003	8,059,710	2,214,303	129,864	942,125	-	PAYROLL
24	Customer Deposits	(4,572,625)	(4,267,477)	(305,148)	-	-	-	NUMBER OF RES/SGS BILLS
25	Customer Advances For Construction	(12,773,726)	(9,549,250)	(2,209,308)	(110,028)	(905,140)	-	P,T,D PLANT
26	Deferred Taxes - Allocated and Direct Plant		-	-	-	-	-	P,T,D PLANT
27	Deferred Taxes	(97,196,132)	(71,972,078)	(17,345,583)	(863,575)	(7,014,896)	-	NET PLANT
28	Deferred Taxes & Rate Base Offset - SLRP	(1,131,965)	(872,559)	(174,361)	(8,052)	(76,994)	-	MAINS/SERVICES
29	Total Rate Base Other Than CWC	$ 2,960,199	$ (5,322,579)	$ 11,724,324	$ 1,885,068	$ (5,326,615)	$ -	
30	TOTAL OTHER RATE BASE	$ 5,818,207	$ (3,425,174)	$ 12,560,338	$ 1,964,281	$ (5,281,239)	$ -	
31	TOTAL RATE BASE	$ 599,727,395	$ 436,354,447	$ 118,549,138	$ 7,241,090	$ 37,582,720	$ -	
32	RATE OF RETURN	7.32%	7.32%	7.32%	7.32%	7.32%	7.32%	
33	RETURN ON RATE BASE	$ 43,912,040	$ 31,949,873	$ 8,680,168	$ 530,193	$ 2,751,807	$ -	

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS	ALLOCATION BASIS
1	Transmission Line Purchases							
2	803 Transmission Line Purchases	$ -	$ -	$ -	$ -	$ -	$ -	
3	804 City Gate Purchases	-	-	-	-	-	-	
4	807 Purchased Gas Expenses	-	-	-	-	-	-	
5	812 Gas Used for Other Util. Oper.	-	-	-	-	-	-	
6	Total Other Gas Supply Expenses	$ -						
7	Production	$ -	$ -	$ -	$ -	$ -	$ -	PEAK DEMAND LESS INTERRUPTIBLE, TRANSPORT
8	Production Payroll Adjustment	-	-	-	-	-	-	PEAK DEMAND LESS INTERRUPTIBLE, TRANSPORT
9	Total Production O&M	$ -	$ -	$ -	$ -	$ -	$ -	
10	Underground Storage	-	-	-	-	-	-	WINTER MCF SALES
11	Transmission	$ -	$ -	$ -	$ -	$ -	$ -	ASSIGNED - RES, SGS, LGS BILLS
12	Transmission Payroll Adjustment	-	-	-	-	-	-	ASSIGNED - RES, SGS, LGS BILLS
13	Total Transmission O&M	$ -	$ -	$ -	$ -	$ -	$ -	
14	Distribution Expenses							
15	Operation							
16	870 Supervision & Engineering	$ 679,441	$ 462,349	$ 158,266	$ 8,807	$ 50,019	$ -	DIST'N OPERATION
17	871 Load Dispatch	27,765	18,894	6,467	360	2,044	-	DIST'N OPERATION
18	874 Main & Services	3,124,294	2,408,316	481,247	22,223	212,508	-	MAINS/SERVICES
19	875 Meas & Reg Sta. - General	827,368	423,984	169,622	15,536	218,226	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
20	876 Meas & Reg Sta. - Ind.	(3,764)	-	-	(196)	(3,568)	-	LV/LGS VOLUMES
21	877 Meas & Reg Sta. - City Gate	8,419	4,314	1,726	158	2,221	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
22	878 Meter & House Reg	6,534,966	4,302,537	1,791,206	98,266	342,957	-	METERS/REGS
23	879 Customer Install. - Other	3,146,297	2,501,002	564,403	18,358	62,535	-	METERS/REGS/SERVICES PLANT
24	880 Other Operation Expenses	(857,267)	(583,357)	(199,689)	(11,112)	(63,110)	-	DIST'N OPERATION
25	881 Rents	186,376	126,826	43,414	2,416	13,721	-	DIST'N OPERATION
26	Total Distribution Oper.	$ 13,673,895	$ 9,664,864	$ 3,016,662	$ 154,816	$ 837,553	$ -	

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS	ALLOCATION BASIS
	Distribution Maintenance Expenses							
1	885 Supervision & Engineering	$ 1,212,531	$ 757,914	$ 242,127	$ 19,611	$ 192,879	$ -	DIST'N MAINTENANCE
2	886 Structures & Improvements	115,407	72,137	23,045	1,867	18,358	-	DIST'N MAINTENANCE
3	887 Mains	9,722,969	6,074,546	2,040,083	159,473	1,448,867	-	DIST'N MAINS
4	889 Meas & Reg Stat. - Gen	708,413	363,025	145,235	13,302	186,850	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
5	890 Meas & Reg Sta. - Ind.	252,669	-	-	13,174	239,495	-	LV/LGS VOLUMES
6	891 Meas & Reg Sta.-City Gate	26,703	13,684	5,474	501	7,043	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
7	892 Services	942,508	821,679	111,319	2,406	7,104	-	SERVICE ALLOCATOR
8	893 Meters & House Regs	334,536	220,254	91,695	5,030	17,557	-	METERS/REGS
9	894 Other Equipment Maint.	174,278	108,936	34,801	2,819	27,723	-	DIST'N MAINTENANCE
10	Total Distribution Maint.	$ 13,490,014	$ 8,432,176	$ 2,693,779	$ 218,184	$ 2,145,876	$ -	
11	Other Staff Adjustment	-	-	-	-	-	-	DIST'N O&M
12	Distribution Payroll Adjustment	-	-	-	-	-	-	DIST'N O&M
13	Total Distribution O & M	$ 27,163,909	$ 18,097,040	$ 5,710,442	$ 372,999	$ 2,983,428	$ -	
14	Customer Accounting Expenses	$ 293,113	$ 257,073	$ 35,600	$ 170	$ 270	$ -	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
15	Meter Reading (902)	962,369	838,994	113,665	2,457	7,253	-	DENSITY WEIGHTED CUSTOMERS
16	Other Customer Accting	13,023,214	11,353,645	1,538,168	33,245	98,157	-	WEIGHTED CUSTOMERS - BILLING
17	Uncollectible Accounts (904)	9,843,534	9,030,325	809,566	3,643	-	-	CO UNCOLLECTIBLE ACCOUNTS
18	Customer Accting Adj.	-	-	-	-	-	-	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
19	Total Customer Accounts	$ 24,122,230	$ 21,480,037	$ 2,496,999	$ 39,514	$ 105,680	$ -	
20	Customer Service & Informational Expense	$ 1,181,632	$ 1,030,147	$ 139,562	$ 3,016	$ 8,906	$ -	WEIGHTED CUSTOMERS - BILLING
21	Other Staff Adjustment	-	-	-	-	-	-	WEIGHTED CUSTOMERS - BILLING
22	Customer Service Payroll Adj.	-	-	-	-	-	-	WEIGHTED CUSTOMERS - BILLING
23	Total Cust. Serv. & Info. Expense	$ 1,181,632	$ 1,030,147	$ 139,562	$ 3,016	$ 8,906	$ -	
24	Sales Expenses	$ 1,019,909	$ 752,666	$ 187,927	$ 10,533	$ 68,783	$ -	C-O-S REVENUES
25	Other Staff Adjustment	-	-	-	-	-	-	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
26	Sales Payroll Adjustment	-	-	-	-	-	-	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
27	Total Sales Expense	$ 1,019,909	$ 752,666	$ 187,927	$ 10,533	$ 68,783	$ -	
28	Administrative & General Expenses		$ -	$ -	$ -	$ -	$ -	PAYROLL
29	Payroll Related - 925, 926	$ 23,568,249	$16,741,866	$4,599,614	$269,758	$1,957,010	$0	PAYROLL
30	Property Related - 924	31,359	23,443	5,424	270	2,222	-	P,T,D PLANT
31	Revenue Related - all others	19,552,155	14,428,980	3,602,644	201,920	1,318,611	-	C-O-S REVENUES
32	Interest on Customer Deposits	176,446	130,213	32,512	1,822	11,900	-	C-O-S REVENUES
33	Total A&G Expenses	$ 43,328,209	$ 31,324,501	$ 8,240,194	$ 473,770	$ 3,289,744	$ -	
33	O & M LESS GAS	$ 96,815,889	$ 72,684,391	$ 16,775,123	$ 899,833	$ 6,456,541	$ -	
34	O & M LESS GAS & A&G	$ 53,487,680	$ 41,359,890	$ 8,534,929	$ 426,063	$ 3,166,798	$ -	
35	TOTAL O & M EXPENSE	$ 96,815,889	$ 72,684,391	$ 16,775,123	$ 899,833	$ 6,456,541	$ -	

TAXES | MISSOURI GAS ENERGY | TEST YEAR ENDED DECEMBER 31, 2008, Updated Through 4/30/09 | CASE NO. GR-2009-0355

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS	ALLOCATION BASIS
1	Taxes Other Than Income							
2	Payroll Related	$ 2,528,792	$ 1,796,345	$ 493,523	$ 28,944	$ 209,980	$ -	PAYROLL
3	Property Related	6,970,596	5,211,006	1,205,615	60,042	493,933	-	P,T,D PLANT
4	Revenue Related	85,014	62,738	15,665	878	5,733	-	C-O-S REVENUES
5	Other - GRT	300,036	214,867	58,838	3,479	22,852	-	CURRENT REVENUES
6	Total Taxes Other Than Income	$ 9,884,438	$ 7,284,956	$ 1,773,640	$ 93,343	$ 732,499	$ -	
7	Deferred ITC & Income Taxes	$ 3,000	$ 2,183	$ 593	$ 36	$ 188	$ -	RETURN ON RATE BASE
8	Current Federal and State	13,165,990	9,579,416	2,602,544	158,966	825,064	-	RETURN ON RATE BASE
9	Additional Taxes Required	5,339,372	3,884,863	1,055,443	64,467	334,599	-	RETURN ON RATE BASE
10	Total Income Taxes	$ 18,508,362	$ 13,466,462	$ 3,658,580	$ 223,469	$ 1,159,851	$ -	
11	TOTAL TAXES	$ 28,392,800	$ 20,751,418	$ 5,432,220	$ 316,812	$ 1,892,350	$ -	

DEPRECIATION EXPENSE | MISSOURI GAS ENERGY | TEST YEAR ENDED DECEMBER 31, 2008, Updated Through 4/30/09 | CASE NO. GR-2009-0355

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS	ALLOCATION BASIS
1	Intangible Plant	$ -	$ -	$ -	$ -	$ -	$ -	C-O-S REVENUES
2	Manufactured Gas Production Plant	-	-	-	-	-	-	PEAK DEMAND LESS INTERRUPTIBLE, TRANSPORT
3	Transmission Plant	-	-	-	-	-	-	ASSIGNED - RES, SGS, LGS BILLS
4	Distribution Plant							
5	374 Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	DIST'N MAINS
6	375 Structures & Improvements	127,901	79,908	26,836	2,098	19,059	-	DIST'N MAINS
7	376 Mains	8,268,727	5,165,990	1,734,952	135,621	1,232,164	-	DIST'N MAINS
8	378 Measure & Regulate Sta.	353,747	181,277	72,523	6,643	93,304	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
9	379 City Gate Ck Stations	72,668	37,239	14,898	1,365	19,167	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
10	380 Services	9,909,919	8,676,025	1,201,482	9,619	22,793	-	WTD CUST - SERVICES
11	381 Meters	943,842	483,464	433,048	3,476	23,853	-	WTD CUST - METERS
12	382 Meter Installations	2,206,786	1,578,629	437,226	44,891	146,039	-	WTD CUST - METER INSTALLATION
13	383 House Regulators	-	-	-	-	-	-	WTD CUST - REGULATORS
14	385 Ind. Meas. & Reg. Sta. Eq.	13,009	-	-	678	12,331	-	LV/LGS VOLUMES
15	386 Property on Customer Premises	-	-	-	-	-	-	DIST'N PLANT
16	387 Other Equipment	-	-	-	-	-	-	DIST'N PLANT
17	Total Distribution Plant	$ 21,896,599	$ 16,202,532	$ 3,920,966	$ 204,391	$ 1,568,709	$ -	
18	General Plant	$ 2,005,726	$ 1,499,420	$ 346,905	$ 17,277	$ 142,125	$ -	P,T,D PLANT
19	397.1 Communication Equipment	1,909,543	1,669,677	238,782	1,085	-	-	ASSIGNED - RES, SGS, LGS BILLS
20	Transport Depreciation Clearing/Cost of Removal	-	-	-	-	-	-	P,T,D PLANT
21	Amortization Expense	3,464,214	2,589,741	599,161	29,839	245,472	-	P,T,D PLANT
22	TOTAL DEPRECIATION & AMORTIZATION EXP	$ 29,276,082	$ 21,961,370	$ 5,105,814	$ 252,591	$ 1,956,307	$ -	

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS	ALLOCATION BASIS
1	Interest on Customer Deposits	$ -	$ -	$ -	$ -	$ -	$ -	NUMBER OF RES/SGS BILLS
2	TOTAL OPERATING EXPENSES	$ 154,484,771	$ 115,397,180	$ 27,313,157	$ 1,469,237	$ 10,305,198	$ -	
3	TOTAL RETURN ON RATE BASE	$ 43,912,040	$ 31,949,873	$ 8,680,168	$ 530,193	$ 2,751,807	$ -	
4	TOTAL COST OF SERVICE	$ 198,396,811	$ 147,347,052	$ 35,993,324	$ 1,999,429	$ 13,057,005	$ -	
	OTHER REVENUES							
5	Forfeited Discount/Late Payment	$ -	$ -	$ -	$ -	$ -	$ -	NUMBER OF RES/SGS BILLS
6	Miscellaneous Service Revenues	4,789,682	4,470,049	319,633	-	-	-	NUMBER OF RES/SGS BILLS
7	Rent from Property	-	-	-	-	-	-	C-O-S REVENUES
8	Other Gas Revenues	-	-	-	-	-	-	C-O-S REVENUES
9	Total Other Revenues	$ 4,789,682	$ 4,470,049	$ 319,633	$ -	$ -	$ -	

PAYROLL EXPENSE | MISSOURI GAS ENERGY | TEST YEAR ENDED DECEMBER 31, 2008, Updated Through 4/30/09 | CASE NO. GR-2009-0355

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS	ALLOCATION BASIS
1	Production/Storage Payroll	$ -	$ -	$ -	$ -	$ -	$ -	PEAK DEMAND LESS INTERRUPTIBLE, TRANSPORT
2	Staff Payroll Adjustment	-	-	-	-	-	-	PEAK DEMAND LESS INTERRUPTIBLE, TRANSPORT
3	Total Production Payroll	$ -	$ -	$ -	$ -	$ -	$ -	
4	Transmission Payroll	$ -	$ -	$ -	$ -	$ -	$ -	ASSIGNED - RES, SGS, LGS BILLS
5	Staff Payroll Adjustment	-	-	-	-	-	-	ASSIGNED - RES, SGS, LGS BILLS
6	Total Transmission Payroll	$ -	$ -	$ -	$ -	$ -	$ -	
7	Distribution Payroll							
8	Operation							
9	870 Supervision & Engineering	$ 673,771	$ 458,490	$ 156,946	$ 8,733	$ 49,601	$ -	DIST'N OPERATION
10	871 Load Dispatch	28,695	19,526	6,684	372	2,112	-	DIST'N OPERATION
11	874 Main & Services	567,559	437,494	87,423	4,037	38,604	-	MAINS/SERVICES
12	875 Meas & Reg Sta. - General	532,303	272,778	109,130	9,995	140,400	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
13	876 Meas & Reg Sta. - Ind.	-	-	-	-	-	-	LV/LGS VOLUMES
14	877 Meas & Reg Sta.-City Gate	3,511	1,799	720	66	926	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
15	878 Meter & House Reg	4,602,245	3,030,058	1,261,455	69,204	241,527	-	METERS/REGS
16	879 Customer Install. - Other	2,382,767	1,621,435	555,033	30,885	175,414	-	DIST'N OPERATION
17	880 Other Operation Expenses	1,485,274	1,010,705	345,974	19,252	109,342	-	DIST'N OPERATION
18	881 Rents	-	-	-	-	-	-	DIST'N OPERATION
19	Total Distribution Oper.	$ 10,276,125	$ 6,852,287	$ 2,523,365	$ 142,545	$ 757,928	$ -	
20	Maintenance							
21	885 Supervision & Engineering	$ 1,246,622	$ 779,223	$ 248,934	$ 20,163	$ 198,302	$ -	DIST'N MAINTENANCE
22	886 Structures & Improvements	71,032	44,400	14,184	1,149	11,299	-	DIST'N MAINTENANCE
23	887 Mains	5,825,508	3,639,559	1,222,314	95,548	868,088	-	DIST'N MAINS
24	889 Meas & Reg Stat. - Gen	413,755	212,028	84,826	7,769	109,132	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
25	890 Meas & Reg Sta. - Ind.	153,636	-	-	8,011	145,625	-	LV/LGS VOLUMES
26	891 Meas & Reg Sta.-City Gate	11,345	5,814	2,326	213	2,992	-	50/50 VOLUMES / NORMALIZED PEAK DAY DEMAND
27	892 Services	577,603	503,555	68,221	1,474	4,353	-	SERVICE ALLOCATOR
28	893 Meters & House Regs	227,394	149,713	62,328	3,419	11,934	-	METERS/REGS
29	894 Other Equipment Maint.	40,425	25,268	8,072	654	6,430	-	DIST'N MAINTENANCE
30	Total Distribution Maint.	$ 8,567,320	$ 5,359,560	$ 1,711,204	$ 138,400	$ 1,358,156	$ -	
31	Staff Payroll Adjustment							
32	Total Distribution Payroll	$ 18,843,445	$ 12,211,847	$ 4,234,569	$ 280,945	$ 2,116,083	$ -	

PAYROLL EXPENSE (CONT.) | MISSOURI GAS ENERGY | TEST YEAR ENDED DECEMBER 31, 2008, Updated Through 4/30/09 | CASE NO. GR-2009-0355

LINE NO.	DESCRIPTION	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS	ALLOCATION BASIS
1	901 Customer Accounting Payroll	$ 258,421	$ 226,647	$ 31,387	$ 150	$ 238	$ -	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
2	902 Meter Reading	703,012	612,886	83,033	1,795	5,299	-	DENSITY WEIGHTED CUSTOMERS
3	903 Billing	6,078,268	5,299,037	717,902	15,516	45,812	-	WEIGHTED CUSTOMERS - BILLING
4	905 Other Customer Accounting	-	-	-	-	-	-	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
5	Total Customer Accting Payroll	$ 7,039,701	$ 6,138,570	$ 832,322	$ 17,461	$ 51,349	$ -	
6	908 Customer Service Payroll	$ 170,072	$ 149,161	$ 20,656	$ 99	$ 157	$ -	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
7	Staff Payroll Adjustment	-	-	-	-	-	-	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
8	Total Customer Service Payroll	$ 170,072	$ 149,161	$ 20,656	$ 99	$ 157	$ -	
9	912 Sales Promotion Payroll	$ 271,673	$ 200,488	$ 50,058	$ 2,806	$ 18,322	$ -	C-O-S REVENUES
10	Staff Payroll Adjustment	-	-	-	-	-	-	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS
11	Total Sales Payroll	$ 271,673	$ 200,488	$ 50,058	$ 2,806	$ 18,322	$ -	
12	920 A&G Payroll (including 921 & 925)	$ 5,783,448						
13	TOTAL PAYROLL	$ 32,108,339	$ 18,700,066	$ 5,137,605	$ 301,310	$ 2,185,911	$ -	
14	Return on Rate Base	$ 43,912,040	$ 31,949,873	$ 8,680,168	$ 530,193	$ 2,751,807	$ -	
15	Total Operating Expenses	154,484,771	115,397,180	27,313,157	1,469,237	10,305,198	-	
16	Less Other Revenues	(4,789,682)	(4,470,049)	(319,633)	-	-	-	
17	Total Cost of Service	**$ 193,607,129**	**$ 142,877,003**	**$ 35,673,692**	**$ 1,999,429**	**$ 13,057,005**	**$ -**	

ALLOCATION INPUTS

MISSOURI GAS ENERGY
CASE NO. GR-2009-0355

LINE NO.	ALLOCATION INPUTS	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS
1	PEAK DAY DEMAND LESS INTERRUPTIBLE, TRANSPORT	1	-	-	-	-	-
2	NORMALIZED PEAK DAY DEMAND	7,450,767	4,202,596	1,627,192	144,814	1,476,165	-
3	ASSIGNED - RES, SGS, LGS BILLS	6,153,784	5,380,779	769,510	3,495	-	-
4	WINTER MCF SALES	1	-	-	-	-	-
5	DISTRIBUTION MAINS	1.000	0.625	0.210	0.016	0.149	-
6	CO TOTAL INTANGIBLE PLANT	27,991,344	23,353,514	3,994,727	75,314	567,789	-
7	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS	6,010,022	5,271,053	729,951	3,486	5,532	-
8	CCF VOLUMES	803,105,804	370,110,387	153,903,790	14,551,910	264,539,717	-
9	CCF VOLUMES FOR INVENTORY	545,179,580	370,110,387	153,903,790	14,551,910	6,613,493	-
10	CCF SALES	541,399,247	370,110,387	153,903,790	14,551,910	2,833,160	-
11	WTD CUST. - METERS	857,534	439,254	393,449	3,158	21,672	-
12	WTD CUST - METER INSTALLATIONS	614,039	439,254	121,659	12,491	40,635	-
13	WTD CUST - REGULATORS	638,393	439,254	166,406	7,666	25,066	-
14	WTD CUST - SERVICES	501,725	439,254	60,829	487	1,154	-
15	SERVICES ALLOCATOR	503,847	439,254	59,509	1,286	3,798	-
16	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS	6,159,320	5,380,779	769,510	3,495	5,536	-
17	WTD CUST. - BILLING	503,847	439,254	59,509	1,286	3,798	-
18	DENSITY WEIGHTED CUSTOMERS	503,847	439,254	59,509	1,286	3,798	-
19	ASSIGNED - NO. RES/SGS BILLS	5,765,534	5,380,779	384,755	-	-	-
20	ASSIGNED - LARGE VOLUME & LGS	279,091,627	-	-	14,551,910	264,539,717	-
21	C-O-S REVENUES	193,607,129	142,877,003	35,673,692	1,999,429	13,057,005	-
22	DIST'N PLANT	840,478,046	629,370,064	145,050,325	7,172,688	58,884,969	-
23	P,T,D PLANT	849,062,006	634,733,000	146,851,420	7,313,479	60,164,107	-
24	MAINS/SERVICES	699,422,260	539,139,350	107,734,646	4,974,920	47,573,344	-
25	METERS/REGS	122,552,788	80,687,162	33,591,185	1,842,830	6,431,611	-
26	METERS/REGS/SERVICES PLANT	266,398,966	211,761,404	47,788,336	1,554,367	5,294,859	-
27	DIST'N OPERATION	10,491,283	7,139,151	2,443,801	135,987	772,344	-
28	DIST'N MAINTENANCE	11,987,798	7,493,189	2,393,806	193,887	1,906,916	-
29	DIST'N O&M	22,479,081	14,632,339	4,837,607	329,874	2,679,260	-
30	DIST'N PAYROLL	18,843,445	12,211,847	4,234,569	280,945	2,116,083	-
31	CO UNCOLLECTIBLE ACCOUNTS	9,441,955	8,661,922	776,539	3,494	-	-
32	O&M LESS GAS & A&G	53,487,680	41,359,890	8,534,929	426,063	3,166,798	-
33	NET PLANT	593,909,188	439,779,621	105,988,799	5,276,808	42,863,959	-
34	PAYROLL	26,324,891	18,700,066	5,137,605	301,310	2,185,911	-
35	RATE OF RETURN	7.32%	7.32%	7.32%	7.32%	7.32%	7.32%
36	RETURN ON RATE BASE	43,912,040	31,949,873	8,680,168	530,193	2,751,807	-

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ALLOCATION INPUTS

MISSOURI GAS ENERGY
CASE NO. GR-2009-0355

LINE NO.	ALLOCATION INPUTS	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS
1	CUSTOMER WEIGHTS FOR METERS	-	1.0000	6.4681	10.8723	47.0106	-
2	CUSTOMERS FOR METERS	500,835	439,254	60,829	291	461	-
3	CUSTOMER WEIGHTS FOR METER INSTALLATIONS	-	1.0000	2.0000	42.9985	88.1463	-
4	CUSTOMERS FOR METER INSTALLATIONS	500,835	439,254	60,829	291	461	-
5	CUSTOMER WEIGHTS FOR REGULATORS	-	1.0000	2.7356	26.3896	54.3741	-
6	CUSTOMERS FOR REGULATORS	500,835	439,254	60,829	291	461	-
7	CUSTOMER WEIGHTS FOR SERVICES	-	1.0000	1.0000	1.6765	2.5032	-
8	CUSTOMERS FOR SERVICES	500,835	439,254	60,829	291	461	-
9	DENSITY WEIGHTS FOR METER READING	-	1.0000	0.9783	4.4275	8.2376	-
10	CUSTOMERS FOR METER READING	500,835	439,254	60,829	291	461	-
11	WEIGHTS FOR CUSTOMER BILLING	-	1.0000	0.9783	4.4275	8.2376	-
12	CUSTOMERS FOR CUSTOMER BILLING	500,835	439,254	60,829	291	461	-

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ALLOCATION FACTORS

MISSOURI GAS ENERGY
CASE NO. GR-2009-0355

LINE NO.	ALLOCATION FACTORS	TOTAL	RESIDENTIAL	SMALL GENERAL SERVICE	LARGE GENERAL SERVICE	LARGE VOLUME	UNMETERED GAS LIGHTS
1	PEAK DEMAND LESS INTERRUPTIBLE, TRANSPORT	-	-	-	-	-	-
2	NORMALIZED PEAK DAY DEMAND	1.0000	0.5640	0.2184	0.0194	0.1981	-
3	ASSIGNED - RES, SGS, LGS BILLS	1.0000	0.8744	0.1250	0.0006	-	-
4	WINTER MCF SALES	-	-	-	-	-	-
5	DIST'N MAINS	1.0000	0.6248	0.2098	0.0164	0.1490	-
6	CO TOTAL INTANGIBLE PLANT	1.0000	0.8343	0.1427	0.0027	0.0203	-
7	VOLUMES	1.0000	0.4608	0.1916	0.0181	0.3294	-
8	CCF VOLUMES FOR INVENTORY	1.0000	0.6789	0.2823	0.0267	0.0121	-
9	CCF SALES	1.0000	0.6836	0.2843	0.0269	0.0052	-
10	WTD CUST - METERS	1.0000	0.5122	0.4588	0.0037	0.0253	-
11	WTD CUST - METER INSTALLATION	1.0000	0.7154	0.1981	0.0203	0.0662	-
12	WTD CUST - REGULATORS	1.0000	0.6881	0.2607	0.0120	0.0393	-
13	WTD CUST - SERVICES	1.0000	0.8755	0.1212	0.0010	0.0023	-
14	SERVICE ALLOCATOR	1.0000	0.8718	0.1181	0.0026	0.0075	-
15	TEST YEAR NO OF BILLS LESS UNMETERED GAS LIGHTS	1.0000	0.8770	0.1215	0.0006	0.0009	-
16	WEIGHTED CUSTOMERS - BILLING	1.0000	0.8718	0.1181	0.0026	0.0075	-
17	DENSITY WEIGHTED CUSTOMERS	1.0000	0.8718	0.1181	0.0026	0.0075	-
18	NUMBER OF RES/SGS BILLS	1.0000	0.9333	0.0667	-	-	-
19	LV/LGS VOLUMES	1.0000	-	-	0.0521	0.9479	-
20	C-O-S REVENUES	1.0000	0.7380	0.1843	0.0103	0.0674	-
21	DIST'N PLANT	1.0000	0.7488	0.1726	0.0085	0.0701	-
22	P,T,D PLANT	1.0000	0.7476	0.1730	0.0086	0.0709	-
23	MAINS/SERVICES	1.0000	0.7708	0.1540	0.0071	0.0680	-
24	METERS/REGS	1.0000	0.6584	0.2741	0.0150	0.0525	-
25	METERS/REGS/SERVICES PLANT	1.0000	0.7949	0.1794	0.0058	0.0199	-
26	DIST'N OPERATION	1.0000	0.6805	0.2329	0.0130	0.0736	-
27	DIST'N MAINTENANCE	1.0000	0.6251	0.1997	0.0162	0.1591	-
28	DIST'N O&M	1.0000	0.6509	0.2152	0.0147	0.1192	-
29	DIST'N PAYROLL	1.0000	0.6481	0.2247	0.0149	0.1123	-
30	CO UNCOLLECTIBLE ACCOUNTS	1.0000	0.9174	0.0822	0.0004	-	-
31	O&M LESS GAS & A&G	1.0000	0.7733	0.1596	0.0080	0.0592	-
32	NET PLANT	1.0000	0.7405	0.1785	0.0089	0.0722	-
33	PAYROLL	1.0000	0.7104	0.1952	0.0114	0.0830	-
34	RETURN ON RATE BASE	1.0000	0.7276	0.1977	0.0121	0.0627	-

MISSOURI GAS ENERGY

A division of Southern Union Company

Midwest Gas Users Association

DATA INFORMATION REQUEST RESPONSE

Case Number: GR-2009-0355

Data Request No 0098

Requested From: Mike Noack

Date Requested: 9/11/2009

Information Requested:

Please state the monthly imbalance payments and collections incurred by MGE for its system by upstream pipeline and service area by month for the test year.

Requested By: Stuart Conrad

Information Provided:

Please see attached spreadsheet detailing by month, by upstream pipeline MGE cashouts for test year calendar 2008. MGE does not sort this information by service area.

This information is Highly Confidential.

The information provided in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to promptly notify the requesting party if, during the pendency of Case No. GR-2009-0355 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

Prepared By: Dana Kirkland

Approved by: _____

Director, Pricing and Regulatory Affairs

Date: 9/25/09

Date Response Received: _____

MISSOURI GAS ENERGY

A division of Southern Union Company

Midwest Gas Users Association

DATA INFORMATION REQUEST RESPONSE

Case Number: GR-2009-0355

Data Request No 0093

Requested From: Mike Noack

Date Requested: 9/11/2009

Information Requested:

Please state the monthly imbalance payments and collections incurred by MGE for its system by upstream pipeline and service area by month for the test year.

Requested By: Stuart Conrad

Information Provided:

Please see attached spreadsheet detailing by month, by upstream pipeline MGE cashouts for test year calendar 2008. MGE does not sort this information by service area.

This information is Highly Confidential.

The information provided in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to promptly notify the requesting party if, during the pendency of Case No. GR-2009-0355 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

Prepared By: Dana Kirkland

Approved by: _____

Director, Pricing and Regulatory Affairs

Date: 9/25/09

Date Response Received: _____

NP

GR-2009-0355 DR#98
Pipeline Cashouts CY 2008

Highly Confidential

** Highly Confidential information removed

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