

# FILED

JUL 13 2004

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**Missouri Public  
Service Commission**

**Missouri Gas Energy**  
Case No. GR-2004-0209

Revenue Requirement Reconciliation-Issues to be Heard

Line No.			
1	MGE - Revenue Requirement		43,134,820
2			
3	<b>Rate of Return &amp; Capital Structure</b>		
4	Value of Capital Structure Issue - Staff / Company	(11,172,976)	
5	Value of Difference in Long-Term Debt Rates	(3,704,178)	
6	Value of Difference in Preferred Stock Rates	(94,979)	
6	Capital Structure impact on Interest Expense Deduction	(2,328,336)	
7	Value of Return on Equity	(6,648,525)	
8	<b>Sub-Total Rate of Return and Capital Structure Differences</b>		(23,948,994)
9			
10	<b>Income Statement - Revenue Issues</b>		
11	Customer Growth	(1,617,321)	
12	Weather Normalization	(776,051)	
13	Load Attrition	(1,629,718)	
14	Capacity Release Revenues	(1,340,400)	
15	<b>Sub Total - Revenue Adjustments</b>		(5,363,489)
16			
17	<b>Income Statement - Expense Issues</b>		
18	Bad Debt-Denial of Service	(750,000)	
19	Bad Debt Expense	(2,288,898)	
20	Weatherization Program	(160,000)	
21	Environmental Response Fund	(750,000)	
22	Legislative/Lobbying Payroll Adjustment	(95,265)	
23	Annualize Depreciation Expense	(4,041,361)	
24	Incentive Compensation	(209,513)	
25	Corporate Expenses	(656,246)	
26	<b>Sub Total - Expense Adjustments</b>		(8,951,283)
27			
28	<b>Total Value of All Issues</b>		(38,263,766)
29			
30	Staff Revenue Requirement		4,871,054
31			
32	<b>OPC Issues:</b>		
33	Return on Equity		(86,344)
34	Capital Structure		4,317,224
35			
36	<b>Revenue:</b>		
37	Off System Sales/Capacity Release Revenue		(159,600)
38			
39	<b>Expenses:</b>		
40	Weatherization Program		51,000
41	Efficient Energy Program		126,156
42	Legislative/Lobbying		35,017
43	Low Income		337,000
44	OPC Revenue Requirement		9,154,507

**NOTE:** MGE has requested an additional 25 basis points added to ROR for Management Efficiency. The additional MGE revenue requirement impact: 2,158,612  
This results in an overall revenue requirement for MGE of: 45,293,432

Exhibit No. 842  
Case No(s). GR-2004-0209  
Date 6-21-07 Rptr KF

Attachment A