

Exhibit No.:  
Issue: Revenue Requirement  
Witness: David G. Winter  
Sponsoring Party: MoPSC Staff  
Type of Exhibit: Rebuttal Testimony  
Case No.: GR-2006-0422  
Date Testimony Prepared: November 21, 2006

MISSOURI PUBLIC SERVICE COMMISSION  
UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY  
OF

DAVID G. WINTER

MISSOURI GAS ENERGY

CASE NO. GR-2006-0422

Jefferson City, Missouri  
November 2006

FILED<sup>2</sup>

FEB 07 2007

Missouri Public  
Service Commission

Staff Exhibit No. 113  
Case No(s) GR-2006-0422  
Date 1-11-07 Rptr JW





Rebuttal Testimony of  
David G. Winter

1 changes to areas for which the Staff believes it has reached agreement with MGE.  
2 Schedule 2 provides a detailed listing of all changes made to the Staff's recommended  
3 direct case revenue requirement of \$14,055,244 since the time of that filing.

4 Q. Does this conclude your rebuttal testimony?

5 A. Yes, it does.

Missouri Gas Energy  
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Revenue Requirement

| Line  |                                  | 8.01%<br>Return | 8.12%<br>Return | 8.22%<br>Return |
|-------|----------------------------------|-----------------|-----------------|-----------------|
| (A)   |                                  | (B)             | (C)             | (D)             |
| 1     | Net Orig Cost Rate Base (Sch 2)  | \$ 579,952,906  | \$ 579,952,906  | \$ 579,952,906  |
| 2     | Rate of Return                   | 8.01%           | 8.12%           | 8.22%           |
| ***** |                                  |                 |                 |                 |
| 3     | Net Operating Income Requirement | \$ 46,454,228   | \$ 47,092,176   | \$ 47,672,129   |
| 4     | Net Income Available (Sch 9)     | \$ 37,221,329   | \$ 37,221,329   | \$ 37,221,329   |
| ***** |                                  |                 |                 |                 |
| 5     | Additional NOIBT Needed          | \$ 9,232,899    | \$ 9,870,847    | \$ 10,450,800   |
| ***** |                                  |                 |                 |                 |
| 6     | Income Tax Requirement (Sch 11)  |                 |                 |                 |
| 7     | Required Current Income Tax      | \$ 12,936,519   | \$ 13,334,009   | \$ 13,695,365   |
| 8     | Test Year Current Income Tax     | \$ 7,153,924    | \$ 7,153,924    | \$ 7,153,924    |
| ***** |                                  |                 |                 |                 |
| 9     | Additional Current Tax Required  | \$ 5,782,595    | \$ 6,180,085    | \$ 6,541,441    |
| ***** |                                  |                 |                 |                 |
| 10    | Required Deferred ITC            | \$ 0            | \$ 0            | \$ 0            |
| 11    | Test Year Deferred ITC           | \$ 0            | \$ 0            | \$ 0            |
| ***** |                                  |                 |                 |                 |
| 12    | Additional Deferred ITC Required | \$ 0            | \$ 0            | \$ 0            |
| ***** |                                  |                 |                 |                 |
| 13    | Total Additional Tax Required    | \$ 5,782,595    | \$ 6,180,085    | \$ 6,541,441    |
| ***** |                                  |                 |                 |                 |
| 14    | Gross Revenue Requirement        | \$ 15,015,494   | \$ 16,050,932   | \$ 16,992,241   |
| ***** |                                  |                 |                 |                 |

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Rate Base

| Line Description            |                                     | Amount         |
|-----------------------------|-------------------------------------|----------------|
| (A)                         |                                     | (B)            |
| 1                           | Total Plant in Service (Sch 3)      | \$ 857,469,709 |
| Subtract from Total Plant   |                                     |                |
| 2                           | Depreciation Reserve (Sch 6)        | \$ 296,706,705 |
| 3                           | Net Plant in Service                | \$ 560,763,004 |
| Add to Net Plant in Service |                                     |                |
| 4                           | Cash Working Capital (Sch 8)        | \$ 4,996,390   |
| 5                           | Materials and Supplies              | 1,818,545      |
| 6                           | Prepayments                         | 246,749        |
| 7                           | Alternative Minimum Tax Credit      | 16,191,275     |
| 8                           | Prepaid Pension Asset               | 9,523,173      |
| 9                           | Gas Inventory                       | 96,584,503     |
| 10                          | Net Cost of Removal Reg. Asset      | 507,724        |
| Subtract from Net Plant     |                                     |                |
| 11                          | Federal Tax Offset 4.6918 %         | \$ 524,530     |
| 12                          | State Tax Offset 4.6918 %           | 82,426         |
| 13                          | City Tax Offset 0.0000 %            | 0              |
| 14                          | Interest Expense Offset 12.2043 %   | 3,135,518      |
| 15                          | Customer Advances for Construction  | 14,384,105     |
| 16                          | Customer Deposits                   | 4,072,284      |
| 17                          | Deferred Taxes - TOTAL SLRP         | 3,530,079      |
| 18                          | Deferred Taxes - Non SLRP Plant     | 83,316,574     |
| 19                          | Deferred Taxes - Allocated Plant    | 32,104         |
| 20                          | Deferred Taxes - Other Timing Diffe | 1,600,837      |
| 21                          | Total Rate Base                     | \$ 579,952,906 |

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Total Plant in Service

| Line No          | Acct    | Description                         | Total Company | Total Co Adjustment | Alloc Factor | Jurisdictional Adjustment | Adjusted Jurisdictional |
|------------------|---------|-------------------------------------|---------------|---------------------|--------------|---------------------------|-------------------------|
|                  | (A)     |                                     | (B)           | (C)                 | (D)          | (E)                       | (F)                     |
| Intangible Plant |         |                                     |               |                     |              |                           |                         |
| 1                | 301.000 | Organization                        | \$ 15,600     | \$ 0                | 100.0000     | 0 P-1                     | \$ 15,600               |
| 2                | 302.000 | Franchises & Consents               | 32,096        | 0                   | 100.0000     | 0 P-2                     | 32,096                  |
| 3                | 303.000 | Work Force Automation               | 3,785,364     | 0                   | 100.0000     | 0 P-3                     | 3,785,364               |
| 4                | 303.000 | Corrosion Control Management System | 1,117,800     | 0                   | 100.0000     | 0 P-4                     | 1,117,800               |
| 5                | 303.000 | Landbase Digitized Mapping          | 1,701,543     | 0                   | 100.0000     | 0 P-5                     | 1,701,543               |
| 6                | 303.000 | Premise Data System                 | 985,196       | 0                   | 100.0000     | 0 P-6                     | 985,196                 |
| 7                | 303.000 | AMR Project - Programming           | 469,443       | 0                   | 100.0000     | 0 P-7                     | 469,443                 |
| 8                | 303.000 | Facility Priority Index             | 894,795       | 0                   | 100.0000     | 0 P-8                     | 894,795                 |
| 9                | 303.000 | Geographic Information System       | 1,006,719     | 0                   | 100.0000     | 0 P-9                     | 1,006,719               |
| 10               | 303.000 | Customer Service System             | 3,786,000     | 0                   | 100.0000     | 0 P-10                    | 3,786,000               |
| 11               | 303.000 | CSS Enhancements                    | 7,588,221     | 0                   | 100.0000     | 0 P-11                    | 7,588,221               |
| 12               | 303.000 | Mainframe Software                  | 1,912,642     | 0                   | 100.0000     | 0 P-12                    | 1,912,642               |
| 13               | 303.000 | Website                             | 485,944       | 0                   | 100.0000     | 0 P-13                    | 485,944                 |
| 14               | 303.000 | Stoner Low Pressure Model           | 279,672       | 0                   | 100.0000     | 0 P-14                    | 279,672                 |
| 15               | 303.000 | BASIC                               | 294,516       | 0                   | 100.0000     | 0 P-15                    | 294,516                 |
| 16               | 303.000 | TCS System                          | 189,193       | 0                   | 100.0000     | 0 P-16                    | 189,193                 |
| 17               | 303.000 | GEO Tax Software                    | 79,294        | 0                   | 100.0000     | 0 P-17                    | 79,294                  |
| 18               | 303.000 | Oracle Software                     | 2,415,660     | 0                   | 100.0000     | 0 P-18                    | 2,415,660               |
| 19               | 303.000 | Power Plant Software                | 187,288       | 0                   | 100.0000     | 0 P-19                    | 187,288                 |
| 20               | 303.000 | Virtual Hold Call Center            | 191,000       | 0                   | 100.0000     | 0 P-20                    | 191,000                 |
| 21               | 303.000 | Witness Software                    | 194,706       | 0                   | 100.0000     | 0 P-21                    | 194,706                 |
| 22               | 303.000 | Completed Not Classified            | 31,945        | 0                   | 100.0000     | 0 P-22                    | 31,945                  |
| 23               |         | Total                               | \$ 27,644,637 | \$ 0                |              | \$ 0                      | \$ 27,644,637           |

## Missouri Gas Energy

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## Total Plant in Service

| Line No            | Acct    | Description                         | Total Company  | Total Co Adjustment | Alloc Factor | Jurisdictional Adjustment | Adjusted Jurisdictional |
|--------------------|---------|-------------------------------------|----------------|---------------------|--------------|---------------------------|-------------------------|
| (A)                |         | (B)                                 | (C)            | (D)                 | (E)          | (F)                       |                         |
| Distribution Plant |         |                                     |                |                     |              |                           |                         |
| 24                 | 374.000 | Land                                | \$ 223,517     | \$ 0                | 100.0000     | \$ 0 P-23                 | \$ 223,517              |
| 25                 | 374.200 | Land Rights                         | 1,665,693      | 0                   | 100.0000     | 0 P-24                    | 1,665,693               |
| 26                 | 375.100 | Structures                          | 5,584,958      | 0                   | 100.0000     | 0 P-25                    | 5,584,958               |
| 27                 | 375.200 | Leasehold Improvements              | 0              | 0                   | 100.0000     | 0 P-26                    | 0                       |
| 28                 | 376.000 | Mains                               | 339,884,706    | 0                   | 100.0000     | 0 P-27                    | 339,884,706             |
| 29                 | 378.000 | Meas. & Reg. Sta. Equip - General   | 11,634,249     | 0                   | 100.0000     | 0 P-28                    | 11,634,249              |
| 30                 | 379.000 | Meas. & Reg. Sta. Equip - City Gate | 3,058,251      | 0                   | 100.0000     | 0 P-29                    | 3,058,251               |
| 31                 | 380.000 | Services                            | 294,362,067    | 0                   | 100.0000     | 0 P-30                    | 294,362,067             |
| 32                 | 381.000 | Meters                              | 31,036,775     | 0                   | 100.0000     | 0 P-31                    | 31,036,775              |
| 33                 | 382.000 | Meters Installations                | 68,835,673     | 0                   | 100.0000     | 0 P-32                    | 68,835,673              |
| 34                 | 383.000 | House Regulators                    | 11,558,045     | 0                   | 100.0000     | 0 P-33                    | 11,558,045              |
| 35                 | 385.000 | Electronic Gas Measuring            | 372,505        | 0                   | 100.0000     | 0 P-34                    | 372,505                 |
| 36                 | 387.000 | Other Equipment                     | 0              | 0                   | 100.0000     | 0 P-35                    | 0                       |
| 37                 |         | Total                               | \$ 768,216,439 | \$ 0                |              | \$ 0                      | \$ 768,216,439          |
| General Plant      |         |                                     |                |                     |              |                           |                         |
| 38                 | 389.000 | Land                                | \$ 773,880     | \$ 0                | 100.0000     | \$ 0 P-36                 | \$ 773,880              |
| 39                 | 390.100 | Structures                          | 661,193        | 0                   | 100.0000     | 0 P-37                    | 661,193                 |
| 40                 | 390.200 | Leasehold Improvements              | 1,546,597      | 0                   | 100.0000     | 0 P-38                    | 1,546,597               |
| 41                 | 391.000 | Office Furniture & Equipment        | 6,970,421      | 0                   | 100.0000     | 0 P-39                    | 6,970,421               |
| 42                 | 392.000 | Transportation Equipment            | 5,043,979      | 0                   | 100.0000     | 0 P-40                    | 5,043,979               |
| 43                 | 393.000 | Stores Equipment                    | 538,350        | 0                   | 100.0000     | 0 P-41                    | 538,350                 |
| 44                 | 394.000 | Tools, Shop & Garage Equipment      | 5,154,470      | 0                   | 100.0000     | 0 P-42                    | 5,154,470               |
| 45                 | 395.000 | Laboratory Equipment                | 0              | 0                   | 100.0000     | 0 P-43                    | 0                       |
| 46                 | 396.000 | Power Operated Equipment            | 243,807        | 0                   | 100.0000     | 0 P-44                    | 243,807                 |
| 47                 | 397.100 | Communication Equipment - AMR       | 36,324,861     | 0                   | 100.0000     | 0 P-45                    | 36,324,861              |
| 48                 | 397.200 | Communications Equipment            | 3,289,347      | 0                   | 100.0000     | 0 P-46                    | 3,289,347               |
| 49                 | 398.000 | Miscellaneous Equipment             | 431,485        | 0                   | 100.0000     | 0 P-47                    | 431,485                 |
| 50                 |         | Total                               | \$ 60,978,390  | \$ 0                |              | \$ 0                      | \$ 60,978,390           |



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Total Plant in Service

| Line No                   | Acct    | Description              | Total Company  | Total Co Adjustment | Alloc Factor | Jurisdictional Adjustment | Adjusted Jurisdictional |
|---------------------------|---------|--------------------------|----------------|---------------------|--------------|---------------------------|-------------------------|
|                           | (A)     |                          | (B)            | (C)                 | (D)          | (E)                       | (F)                     |
| General Plant - Allocated |         |                          |                |                     |              |                           |                         |
| 51                        | 390.000 | Leasehold Improvements   | \$ 2,036,684   | \$ (1,623,850)      | 100.0000     | \$ 0 P-49                 | \$ 412,834              |
| 52                        | 391.000 | Office Equipment         | 209,405        |                     | 0 100.0000   | 0 P-50                    | 209,405                 |
| 53                        | 392.000 | Transportation Equipment | 8,004          |                     | 0 100.0000   | 0 P-51                    | 8,004                   |
| 54                        |         | Total                    | \$ 2,254,093   | \$ (1,623,850)      |              | \$ 0                      | \$ 630,243              |
| *****                     |         |                          |                |                     |              |                           |                         |
| 55                        |         | Total Plant In Service   | \$ 859,093,559 | \$ (1,623,850)      |              | \$ 0                      | \$ 857,469,709          |
| *****                     |         |                          |                |                     |              |                           |                         |

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Adjustments to Total Plant

| Adj<br>No Description | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|-----------------------|------------------------|------------------------|
|-----------------------|------------------------|------------------------|

|  |      |                |  |
|--|------|----------------|--|
| *****<br>Leasehold Improvements                                  | P-49 | \$ (1,623,850) |  |
| *****  |      |                |  |
| 1. To remove unused portions of Scranton offices.<br>(Winter)    |      | \$ (1,143,060) |  |
| 2. To remove New York office leasehold improvements.<br>(Winter) |      | \$ (480,790)   |  |

## Missouri Gas Energy

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## Depreciation Expense

| Line No          | Acct    | Description                         | Adjusted Jurisdictional | Depreciation Rate | Depreciation Expense |
|------------------|---------|-------------------------------------|-------------------------|-------------------|----------------------|
|                  | (A)     |                                     | (B)                     | (C)               | (D)                  |
| Intangible Plant |         |                                     |                         |                   |                      |
| 1                | 301.000 | Organization                        | \$ 15,600               | 0.0000            | \$ 0                 |
| 2                | 302.000 | Franchises & Consents               | 32,096                  | 0.0000            | 0                    |
| 3                | 303.000 | Work Force Automation               | 3,785,364               | 0.0000            | 0                    |
| 4                | 303.000 | Corrosion Control Management System | 1,117,800               | 0.0000            | 0                    |
| 5                | 303.000 | Landbase Digitized Mapping          | 1,701,543               | 0.0000            | 0                    |
| 6                | 303.000 | Premise Data System                 | 985,196                 | 0.0000            | 0                    |
| 7                | 303.000 | AMR Project - Programming           | 469,443                 | 0.0000            | 0                    |
| 8                | 303.000 | Facility Priority Index             | 894,795                 | 0.0000            | 0                    |
| 9                | 303.000 | Geographic Information System       | 1,006,719               | 0.0000            | 0                    |
| 10               | 303.000 | Customer Service System             | 3,786,000               | 0.0000            | 0                    |
| 11               | 303.000 | CSS Enhancements                    | 7,588,221               | 0.0000            | 0                    |
| 12               | 303.000 | Mainframe Software                  | 1,912,642               | 0.0000            | 0                    |
| 13               | 303.000 | Website                             | 485,944                 | 0.0000            | 0                    |
| 14               | 303.000 | Stoner Low Pressure Model           | 279,672                 | 0.0000            | 0                    |
| 15               | 303.000 | BASIC                               | 294,516                 | 0.0000            | 0                    |
| 16               | 303.000 | TCS System                          | 189,193                 | 0.0000            | 0                    |
| 17               | 303.000 | GEO Tax Software                    | 79,294                  | 0.0000            | 0                    |
| 18               | 303.000 | Oracle Software                     | 2,415,660               | 0.0000            | 0                    |
| 19               | 303.000 | Power Plant Software                | 187,288                 | 0.0000            | 0                    |
| 20               | 303.000 | Virtual Hold Call Center            | 191,000                 | 0.0000            | 0                    |
| 21               | 303.000 | Witness Software                    | 194,706                 | 0.0000            | 0                    |
| 22               | 303.000 | Completed Not Classified            | 31,945                  | 0.0000            | 0                    |
| 23               |         | Total                               | \$ 27,644,637           |                   | \$ 0                 |

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## Depreciation Expense

| Line No            | Acct    | Description                         | Adjusted Jurisdictional | Depreciation Rate | Depreciation Expense |
|--------------------|---------|-------------------------------------|-------------------------|-------------------|----------------------|
| (A)                |         |                                     | (B)                     | (C)               | (D)                  |
| Distribution Plant |         |                                     |                         |                   |                      |
| 24                 | 374.000 | Land                                | \$ 223,517              | 0.0000            | \$ 0                 |
| 25                 | 374.200 | Land Rights                         | 1,665,693               | 2.0000            | 33,314               |
| 26                 | 375.100 | Structures                          | 5,584,958               | 2.0000            | 111,699              |
| 27                 | 375.200 | Leasehold Improvments               | 0                       | 0.0000            | 0                    |
| 28                 | 376.000 | Mains                               | 339,884,706             | 2.1100            | 7,171,567            |
| 29                 | 378.000 | Meas. & Reg. Sta. Equip - General   | 11,634,249              | 2.4400            | 283,876              |
| 30                 | 379.000 | Meas. & Reg. Sta. Equip - City Gate | 3,058,251               | 2.4400            | 74,621               |
| 31                 | 380.000 | Services                            | 294,362,067             | 3.0500            | 8,978,043            |
| 32                 | 381.000 | Meters                              | 31,036,775              | 2.4600            | 763,505              |
| 33                 | 382.000 | Meters Installations                | 68,835,673              | 2.4400            | 1,679,590            |
| 34                 | 383.000 | House Regulators                    | 11,558,045              | 2.2200            | 256,589              |
| 35                 | 385.000 | Electronic Gas Measuring            | 372,505                 | 2.3300            | 8,679                |
| 36                 | 387.000 | Other Equipment                     | 0                       | 0.0000            | 0                    |
| 37                 |         | Total                               | \$ 768,216,439          |                   | \$ 19,361,483        |
| General Plant      |         |                                     |                         |                   |                      |
| 38                 | 389.000 | Land                                | \$ 773,880              | 0.0000            | \$ 0                 |
| 39                 | 390.100 | Structures                          | 661,193                 | 2.4400            | 16,133               |
| 40                 | 390.200 | Leasehold Improvements              | 1,546,597               | 0.0000            | 0                    |
| 41                 | 391.000 | Office Furniture & Equipment        | 6,970,421               | 9.0900            | 633,611              |
| 42                 | 392.000 | Transportation Equipment            | 5,043,979               | 7.5000            | 378,298              |
| 43                 | 393.000 | Stores Equipment                    | 538,350                 | 3.1300            | 16,850               |
| 44                 | 394.000 | Tools, Shop & Garage Equipment      | 5,154,470               | 3.7000            | 190,715              |
| 45                 | 395.000 | Laboratory Equipment                | 0                       | 0.0000            | 0                    |
| 46                 | 396.000 | Power Operated Equipment            | 243,807                 | 4.4100            | 10,752               |
| 47                 | 397.100 | Communication Equipment - AMR       | 36,324,861              | 5.0000            | 1,816,243            |
| 48                 | 397.200 | Communications Equipment            | 3,289,347               | 4.7600            | 156,573              |
| 49                 | 398.000 | Miscellaneous Equipment             | 431,485                 | 3.8500            | 16,612               |
| 50                 |         | Total                               | \$ 60,978,390           |                   | \$ 3,235,787         |

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Depreciation Expense

| Line No | Acct    | Description                | Adjusted Jurisdictional | Depreciation Rate | Depreciation Expense |
|---------|---------|----------------------------|-------------------------|-------------------|----------------------|
|         | (A)     |                            | (B)                     | (C)               | (D)                  |
|         |         | General Plant - Allocated  |                         |                   |                      |
| 51      | 390.000 | Leasehold Improvements     | \$ 412,834              | 2.0000            | \$ 8,257             |
| 52      | 391.000 | Office Equipment           | 209,405                 | 5.0000            | 10,470               |
| 53      | 392.000 | Transportation Equipment   | 8,004                   | 7.5000            | 600                  |
| 54      |         | Total                      | \$ 630,243              |                   | \$ 19,327            |
| *****   |         |                            |                         |                   |                      |
| 55      |         | Total Depreciation Expense | \$ 857,469,709          |                   | \$ 22,616,597        |
| *****   |         |                            |                         |                   |                      |

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## Depreciation Reserve

| Line No | Acct    | Description                         | Total Company | Total Co Adjustment | Alloc Factor | Jurisdictional Adjustment | Adjusted Jurisdictional |
|---------|---------|-------------------------------------|---------------|---------------------|--------------|---------------------------|-------------------------|
|         | (A)     |                                     | (B)           | (C)                 | (D)          | (E)                       | (F)                     |
|         |         | Intangible Plant                    |               |                     |              |                           |                         |
| 1       | 301.000 | Organization                        | \$ 0          | \$ 0                | 100.0000     | 0 R-1                     | \$ 0                    |
| 2       | 302.000 | Franchises & Consents               | 0             | 0                   | 100.0000     | 0 R-2                     | 0                       |
| 3       | 303.000 | Work Force Automation               | 1,199,426     | 0                   | 100.0000     | 0 R-3                     | 1,199,426               |
| 4       | 303.000 | Corrosion Control Management System | 1,117,800     | 0                   | 100.0000     | 0 R-4                     | 1,117,800               |
| 5       | 303.000 | Landbase Digitized Mapping          | 1,701,543     | 0                   | 100.0000     | 0 R-5                     | 1,701,543               |
| 6       | 303.000 | Premise Data System                 | 985,196       | 0                   | 100.0000     | 0 R-6                     | 985,196                 |
| 7       | 303.000 | AMR Project - Programming           | 251,100       | 0                   | 100.0000     | 0 R-7                     | 251,100                 |
| 8       | 303.000 | Facility Priority Index             | 894,795       | 0                   | 100.0000     | 0 R-8                     | 894,795                 |
| 9       | 303.000 | Geographic Information System       | 914,094       | 0                   | 100.0000     | 0 R-9                     | 914,094                 |
| 10      | 303.000 | Customer Service System             | 3,681,397     | 0                   | 100.0000     | 0 R-10                    | 3,681,397               |
| 11      | 303.000 | CSS Enhancements                    | 4,491,848     | 0                   | 100.0000     | 0 R-11                    | 4,491,848               |
| 12      | 303.000 | Mainframe Software                  | 897,687       | 0                   | 100.0000     | 0 R-12                    | 897,687                 |
| 13      | 303.000 | Website                             | 178,048       | 0                   | 100.0000     | 0 R-13                    | 178,048                 |
| 14      | 303.000 | Stoner Low Pressure Model           | 250,190       | 0                   | 100.0000     | 0 R-14                    | 250,190                 |
| 15      | 303.000 | BASIC                               | 276,484       | 0                   | 100.0000     | 0 R-15                    | 276,484                 |
| 16      | 303.000 | TCS System                          | 135,059       | 0                   | 100.0000     | 0 R-16                    | 135,059                 |
| 17      | 303.000 | GEO Tax Software                    | 56,827        | 0                   | 100.0000     | 0 R-17                    | 56,827                  |
| 18      | 303.000 | Oracle Software                     | 363,687       | 0                   | 100.0000     | 0 R-18                    | 363,687                 |
| 19      | 303.000 | Power plant Software                | 28,093        | 0                   | 100.0000     | 0 R-19                    | 28,093                  |
| 20      | 303.000 | Virtual Hold Call Center            | 41,362        | 0                   | 100.0000     | 0 R-20                    | 41,362                  |
| 21      | 303.000 | Witness Software                    | 76,238        | 0                   | 100.0000     | 0 R-21                    | 76,238                  |
| 22      | 303.000 | Infinium Software                   | 0             | 0                   | 100.0000     | 0 R-22                    | 0                       |
| 23      |         | Total                               | \$ 17,540,874 | \$ 0                |              | \$ 0                      | \$ 17,540,874           |

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Depreciation Reserve

| Line No            | Acct    | Description                         | Total Company  | Total Co Adjustment | Alloc Factor | Jurisdictional Adjustment | Adjusted Jurisdictional |
|--------------------|---------|-------------------------------------|----------------|---------------------|--------------|---------------------------|-------------------------|
|                    | (A)     |                                     | (B)            | (C)                 | (D)          | (E)                       | (F)                     |
| Distribution Plant |         |                                     |                |                     |              |                           |                         |
| 24                 | 374.100 | Land                                | \$ 0           | \$ 0                | 100.0000     | \$ 0 R-23                 | \$ 0                    |
| 25                 | 374.200 | Land Rights                         | 392,428        | 0                   | 100.0000     | 0 R-24                    | 392,428                 |
| 26                 | 375.100 | Structures                          | 441,099        | 0                   | 100.0000     | 0 R-25                    | 441,099                 |
| 27                 | 375.200 | Leasehold Improvements              | 0              | 0                   | 100.0000     | 0 R-26                    | 0                       |
| 28                 | 376.000 | Mains                               | 107,494,347    | 0                   | 100.0000     | 0 R-27                    | 107,494,347             |
| 29                 | 378.000 | Meas. & Reg. Sta. Equip. - General  | 3,530,032      | 0                   | 100.0000     | 0 R-28                    | 3,530,032               |
| 30                 | 379.000 | Meas. & Reg. Sta. Equip - City Gate | 805,646        | 0                   | 100.0000     | 0 R-29                    | 805,646                 |
| 31                 | 380.000 | Services                            | 129,523,389    | 0                   | 100.0000     | 0 R-30                    | 129,523,389             |
| 32                 | 381.000 | Meters                              | 3,213,048      | 0                   | 100.0000     | 0 R-31                    | 3,213,048               |
| 33                 | 382.000 | Meter Installations                 | 14,547,595     | 0                   | 100.0000     | 0 R-32                    | 14,547,595              |
| 34                 | 383.000 | House Regulators                    | 2,203,266      | 0                   | 100.0000     | 0 R-33                    | 2,203,266               |
| 35                 | 385.000 | Electronic Gas Metering             | 101,870        | 0                   | 100.0000     | 0 R-34                    | 101,870                 |
| 36                 | 387.000 | Other Equipment                     | 0              | 0                   | 100.0000     | 0 R-35                    | 0                       |
| 37                 |         | Total                               | \$ 262,252,720 | \$ 0                |              | \$ 0                      | \$ 262,252,720          |
| General Plant      |         |                                     |                |                     |              |                           |                         |
| 38                 | 389.000 | Land & Land Rights                  | \$ 0           | \$ 0                | 100.0000     | \$ 0 R-36                 | \$ 0                    |
| 39                 | 390.000 | Structures                          | 140,442        | 0                   | 100.0000     | 0 R-37                    | 140,442                 |
| 40                 | 390.200 | Leasehold Improvements              | 651,879        | 0                   | 100.0000     | 0 R-38                    | 651,879                 |
| 41                 | 391.000 | Office Furniture & Equipment        | 986,119        | 0                   | 100.0000     | 0 R-39                    | 986,119                 |
| 42                 | 392.000 | Transportation Equipment            | 2,269,393      | 0                   | 100.0000     | 0 R-40                    | 2,269,393               |
| 43                 | 393.000 | Stores Equipment                    | 164,670        | 0                   | 100.0000     | 0 R-41                    | 164,670                 |
| 44                 | 394.000 | Tools, Shop & Garage Equipment      | 1,018,259      | 0                   | 100.0000     | 0 R-42                    | 1,018,259               |
| 45                 | 395.000 | Laboratory Equipment                | 0              | 0                   | 100.0000     | 0 R-43                    | 0                       |
| 46                 | 396.000 | Power Operated Equipment            | (421,553)      | 0                   | 100.0000     | 0 R-44                    | (421,553)               |
| 47                 | 397.100 | Communication Equipment-AMR         | 13,264,576     | 0                   | 100.0000     | 0 R-45                    | 13,264,576              |
| 48                 | 397.100 | Communications Equipment            | (1,541,810)    | 0                   | 100.0000     | 0 R-46                    | (1,541,810)             |
| 49                 | 398.000 | Miscellaneous Equipment             | 287,051        | 0                   | 100.0000     | 0 R-47                    | 287,051                 |
| 50                 |         | Total                               | \$ 16,819,026  | \$ 0                |              | \$ 0                      | \$ 16,819,026           |

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Depreciation Reserve

| Line No | Acct    | Description                | Total Company  | Total Co Adjustment | Alloc Factor | Jurisdictional Adjustment | Adjusted Jurisdictional |
|---------|---------|----------------------------|----------------|---------------------|--------------|---------------------------|-------------------------|
|         | (A)     |                            | (B)            | (C)                 | (D)          | (E)                       | (F)                     |
|         |         | General Plant - Allocated  |                |                     |              |                           |                         |
| 51      | 390.000 | Leasehold Improvements     | \$ 125,089     | \$ (109,131)        | 100.0000     | \$ 0 R-48                 | \$ 15,958               |
| 52      | 391.000 | Furniture & Fixtures       | 73,030         |                     | 0 100.0000   | 0 R-49                    | 73,030                  |
| 53      | 392.000 | Transportation Equipment   | 5,097          |                     | 0 100.0000   | 0 R-50                    | 5,097                   |
| 54      |         | Total                      | \$ 203,216     | \$ (109,131)        |              | \$ 0                      | \$ 94,085               |
| *****   |         |                            |                |                     |              |                           |                         |
| 55      |         | Total Depreciation Reserve | \$ 296,815,836 | \$ (109,131)        |              | \$ 0                      | \$ 296,706,705          |
| *****   |         |                            |                |                     |              |                           |                         |



Missouri Gas Energy

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Adjustments to Depreciation Reserve

| Adj<br>No Description | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|-----------------------|------------------------|------------------------|
|-----------------------|------------------------|------------------------|

|   |      |              |  |
|---|------|--------------|--|
| *****<br>Leasehold Improvements                             | R-48 | \$ (109,131) |  |
| *****   |      |              |  |
| 1. To remove Scranton office reserve.<br>(Winter)           |      | \$ (12,310)  |  |
| 2. To remove New York office leasehold reserve.<br>(Winter) |      | \$ (96,821)  |  |

Missouri Gas Energy

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Cash Working Capital

| Line No                                  | Acct Description                               | Test Year Expenses   | Revenue Lag | Expense Lag | Net Lag (C) - (D) | Factor (Col E/365) | CWC Req (B) x (F)     |
|--|--|----------------------|-------------|-------------|-------------------|--------------------|-----------------------|
|  | (A)  | (B)                  | (C)         | (D)         | (E)               | (F)                | (G)                   |
| <b>Operation and Maintenance Expense</b> |  |                      |             |             |                   |                    |                       |
| 1  | Cash Vouchers                                  | \$ 32,128,229        | 43.0000     | 30.3000     | 12.7000           | 0.034795           | \$ 1,117,902          |
| 2  | Payroll and Employee Withholdings              | 27,657,750           | 43.0000     | 12.3800     | 30.6200           | 0.083890           | 2,320,209             |
| 3  | Vacation Union                                 | 329,043              | 43.0000     | 365.0000    | (322.0000)        | (0.882192)         | (290,279)             |
| 4  | Pension Expense                                | 8,198,546            | 43.0000     | 57.5000     | (14.5000)         | (0.039726)         | (325,695)             |
| 5  | Employee Benefits                              | 6,495,376            | 43.0000     | 39.3500     | 3.6500            | 0.010000           | 64,954                |
| 6  | Purchased Gas Expense                          | 469,859,289          | 43.0000     | 39.5100     | 3.4900            | 0.009562           | 4,492,795             |
| 7  | Purchased Gas Expense (Back Out)               | (469,859,289)        | 43.0000     | 43.0000     | 0.0000            | 0.000000           | 0                     |
| 8  | Bad Debt Expense                               | 8,928,517            | 43.0000     | 43.0000     | 0.0000            | 0.000000           | 0                     |
| 9  | Vacation Nonunion                              | 175,934              | 43.0000     | 182.5000    | (139.5000)        | (0.382192)         | (67,241)              |
| 10                                       | <b>Total Operation and Maintenance Expense</b> | <b>\$ 83,913,395</b> |             |             |                   |                    | <b>\$ 7,312,645</b>   |
| <b>Taxes</b>                             |  |                      |             |             |                   |                    |                       |
| 11                                       | Property Tax                                   | \$ 5,445,369         | 43.0000     | 182.0000    | (139.0000)        | (0.380822)         | \$ (2,073,716)        |
| 12                                       | State Franchise Taxes                          | 246,719              | 43.0000     | (78.0000)   | 121.0000          | 0.331507           | 81,789                |
| 13                                       | Employer Portion of FICA                       | 2,533,772            | 43.0000     | 12.3800     | 30.6200           | 0.083890           | 212,558               |
| 14                                       | Federal and State Unemployment Tax             | 36,400               | 43.0000     | 60.1300     | (17.1300)         | (0.046932)         | (1,708)               |
| 15                                       | Use Tax  | 166,222              | 33.3750     | 61.6300     | (28.2550)         | (0.077411)         | (12,867)              |
| 16                                       | Sales Tax                                      | 9,825,601            | 33.3750     | 33.7900     | (0.4150)          | (0.001137)         | (11,172)              |
| 17                                       | Gross Receipts Tax                             | 40,079,903           | 33.3750     | 38.0300     | (4.6550)          | (0.012753)         | (511,139)             |
| 18                                       | <b>Total Taxes</b>                             | <b>\$ 58,333,986</b> |             |             |                   |                    | <b>\$ (2,316,255)</b> |
| 19                                       | <b>Total Cash Working Capital Req</b>          |                      |             |             |                   |                    | <b>\$ 4,996,390</b>   |

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Income Statement

| Line No                         | Acct    | Description                         | Total Company  | Total Co Adjustment | Alloc Factor | Jurisdictional Adjustment | Adjusted Jurisdictional |
|---------------------------------|---------|-------------------------------------|----------------|---------------------|--------------|---------------------------|-------------------------|
|                                 | (A)     |                                     | (B)            | (C)                 | (D)          | (E)                       | (F)                     |
| Operating Revenues              |         |                                     |                |                     |              |                           |                         |
| 1                               | 480.000 | Residential Revenue                 | \$ 461,309,543 | \$ (349,983,389)    | 100.0000     | \$ 0 S-1                  | \$ 111,326,154          |
| 2                               | 481.100 | Commercial                          | 183,202,124    | (147,101,664)       | 100.0000     | 0 S-2                     | 36,100,460              |
| 3                               | 481.200 | Industrial                          | 9,633,497      | (8,181,995)         | 100.0000     | 0 S-3                     | 1,451,502               |
| 4                               | 483.000 | Sales for Resale                    | 0              | 0                   | 100.0000     | 0 S-4                     | 0                       |
| 5                               | 487.000 | Late Payment Charges                | 487,006        | 0                   | 100.0000     | 0 S-5                     | 487,006                 |
| 6                               | 488.000 | Miscellaneous Service Revenue       | 4,412,846      | 0                   | 100.0000     | 0 S-6                     | 4,412,846               |
| 7                               | 489.000 | Transportation                      | 10,202,282     | 113,931             | 100.0000     | 0 S-7                     | 10,316,213              |
| 8                               | 493.000 | Rent from Property                  | 0              | 0                   | 100.0000     | 0 S-8                     | 0                       |
| 9                               | 495.000 | Other Gas Revenue                   | 498,984        | (566,241)           | 100.0000     | 0 S-9                     | (67,257)                |
| 10                              |         | Total                               | \$ 669,746,282 | \$ (505,719,358)    |              | \$ 0                      | \$ 164,026,924          |
| Operation & Maintenance Expense |         |                                     |                |                     |              |                           |                         |
| 11                              | 805.000 | Other Gas Purchases                 | \$ 469,859,289 | \$ (469,859,289)    | 100.0000     | \$ 0 S-10                 | \$ 0                    |
| 12                              | 807.000 | Purchased Gas Expense               | 0              | 0                   | 100.0000     | 0 S-11                    | 0                       |
| 13                              | 870.000 | Operation, Supervision & Engineer   | 590,699        | 30,056              | 100.0000     | 0 S-12                    | 620,755                 |
| 14                              | 871.000 | Distribution Load Dispatching       | 8,756          | (235)               | 100.0000     | 0 S-13                    | 8,521                   |
| 15                              | 874.000 | Mains & Services Expense            | 3,024,786      | 6,751               | 100.0000     | 0 S-14                    | 3,031,537               |
| 16                              | 874.100 | Mains & Services Expense-Line Locat | 0              | 0                   | 100.0000     | 0 S-15                    | 0                       |
| 17                              | 875.000 | Meas & Reg Station Exp-General      | 682,700        | 26,630              | 100.0000     | 0 S-16                    | 709,330                 |
| 18                              | 876.000 | Meas & Reg Station Exp - Industrial | 7,566          | (398)               | 100.0000     | 0 S-17                    | 7,168                   |
| 19                              | 877.000 | Meas & Reg Station Exp-City Gate    | 4,798          | 196                 | 100.0000     | 0 S-18                    | 4,994                   |
| 20                              | 878.000 | Meter and House Regulator Expense   | 4,291,777      | 154,918             | 100.0000     | 0 S-19                    | 4,446,695               |
| 21                              | 879.000 | Customer Installation Expense       | 2,742,603      | (4,383)             | 100.0000     | 0 S-20                    | 2,738,220               |
| 22                              | 880.000 | Other Expense                       | 1,702,382      | 18,320              | 100.0000     | 0 S-21                    | 1,720,702               |
| 23                              | 881.000 | Rents                               | 96,433         | 0                   | 100.0000     | 0 S-22                    | 96,433                  |
| 24                              | 885.000 | Maint Supervision and Engineering   | 1,075,603      | (27,809)            | 100.0000     | 0 S-23                    | 1,047,794               |
| 25                              | 886.000 | Maint of Structures and Improvement | 53,255         | 1,868               | 100.0000     | 0 S-24                    | 55,123                  |
| 26                              | 887.000 | Maintenance of Mains                | 7,569,448      | 206,821             | 100.0000     | 0 S-25                    | 7,776,269               |
| 27                              | 888.000 | Maint of Compressor Station Equip   | 0              | 0                   | 100.0000     | 0 S-26                    | 0                       |
| 28                              | 889.000 | Maint of Meas and Reg Stat Equip-Ge | 292,800        | 11,055              | 100.0000     | 0 S-27                    | 303,855                 |
| 29                              | 890.000 | Maint of Meas and Reg Stat Equip-In | 269,103        | 11,786              | 100.0000     | 0 S-28                    | 280,889                 |
| 30                              | 891.000 | Maint of Meas & Reg Stat Equip-Cit  | 14,725         | 630                 | 100.0000     | 0 S-29                    | 15,355                  |
| 31                              | 892.000 | Maintenance of Services             | 749,099        | 16,680              | 100.0000     | 0 S-30                    | 765,779                 |
| 32                              | 893.000 | Maint of Meter and House Reg        | 635,602        | 15,503              | 100.0000     | 0 S-31                    | 651,105                 |
| 33                              | 894.000 | Maint of Other Equip                | 124,283        | 7,061               | 100.0000     | 0 S-32                    | 131,344                 |
| 34                              | 901.000 | Supervision - Customer Accounts     | 397,109        | 26,488              | 100.0000     | 0 S-33                    | 423,597                 |
| 35                              | 902.000 | Meter Reading Expense               | 771,014        | 18,944              | 100.0000     | 0 S-34                    | 789,958                 |
| 36                              | 903.000 | Customer Records/Collection Expense | 11,293,811     | 487,233             | 100.0000     | 0 S-35                    | 11,781,044              |

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Income Statement

| Line No                  | Acct    | Description                         | Total Company  | Total Co Adjustment | Alloc Factor | Jurisdictional Adjustment | Adjusted Jurisdictional |
|--------------------------|---------|-------------------------------------|----------------|---------------------|--------------|---------------------------|-------------------------|
|                          | (A)     |                                     | (B)            | (C)                 | (D)          | (E)                       | (F)                     |
| 37                       | 904.000 | Uncollectible Accounts              | 7,108,777      | 1,819,740           | 100.0000     | 0 S-36                    | 8,928,517               |
| 38                       | 905.000 | Misc Customer Accts Expense         | 57,553         | 443                 | 100.0000     | 0 S-37                    | 57,996                  |
| 39                       | 907.000 | Supervision - Customer Service      | 0              | 0                   | 100.0000     | 0 S-38                    | 0                       |
| 40                       | 908.000 | Customer Assistance Expense         | 644,078        | 4,602               | 100.0000     | 0 S-39                    | 648,680                 |
| 41                       | 909.000 | Informational/Instructional Advert  | 58,979         | 0                   | 100.0000     | 0 S-40                    | 58,979                  |
| 42                       | 910.000 | Misc. Customer Service & Info Exp   | 3,543          | 0                   | 100.0000     | 0 S-41                    | 3,543                   |
| 43                       | 911.000 | Supervision - Sales                 | 0              | 0                   | 100.0000     | 0 S-42                    | 0                       |
| 44                       | 912.000 | Demonstrating and Selling Expense   | 96,757         | 2,284               | 100.0000     | 0 S-43                    | 99,041                  |
| 45                       | 913.000 | Advertising Expense                 | 0              | 0                   | 100.0000     | 0 S-44                    | 0                       |
| 46                       | 916.000 | Miscellaneous Sales Expense         | 3,156          | 0                   | 100.0000     | 0 S-45                    | 3,156                   |
| 47                       | 920.000 | Admin & Gen Expense-Salaries        | 6,049,155      | (252,324)           | 100.0000     | 0 S-46                    | 5,796,831               |
| 48                       | 921.000 | Office Supplies and Expense         | 2,562,258      | 196,199             | 100.0000     | 0 S-47                    | 2,758,457               |
| 49                       | 922.000 | Admin & Gen Expense - Construction  | (431,962)      | 0                   | 100.0000     | 0 S-48                    | (431,962)               |
| 50                       | 923.000 | Outside Services                    | 1,733,396      | 2,402,713           | 100.0000     | 0 S-49                    | 4,136,109               |
| 51                       | 924.000 | Property Insurance                  | 72,921         | (15,808)            | 100.0000     | 0 S-50                    | 57,113                  |
| 52                       | 925.000 | Injuries and Damages                | 3,368,391      | (1,268,413)         | 100.0000     | 0 S-51                    | 2,099,978               |
| 53                       | 926.000 | Pension & Benefits                  | 8,838,850      | 9,219,906           | 100.0000     | 0 S-52                    | 18,058,756              |
| 54                       | 928.000 | Regulatory Commission Expense       | 2,264,862      | (594,492)           | 100.0000     | 0 S-53                    | 1,670,370               |
| 55                       | 930.200 | Misc. General Expense               | 155,511        | (36,544)            | 100.0000     | 0 S-54                    | 118,967                 |
| 56                       | 931.000 | Rents                               | 925,286        | (23,977)            | 100.0000     | 0 S-55                    | 901,309                 |
| 57                       | 932.000 | Maint of General Plant              | 1,194,197      | 171,573             | 100.0000     | 0 S-56                    | 1,365,770               |
| 58                       | 431.000 | Interest on Customer Deposits       | 147,252        | 28,066              | 100.0000     | 0 S-57                    | 175,318                 |
| 59                       |         | Total                               | \$ 541,110,601 | \$ (457,197,206)    |              | \$ 0                      | \$ 83,913,395           |
| Depreciation Expense     |         |                                     |                |                     |              |                           |                         |
| 60                       |         | Depreciation Expense                | \$ 23,435,869  | \$ 0                | 100.0000     | \$ (819,272) S-64         | \$ 22,616,597           |
| 61                       |         | Total                               | \$ 23,435,869  | \$ 0                |              | \$ (819,272)              | \$ 22,616,597           |
| Other Operating Expenses |         |                                     |                |                     |              |                           |                         |
| 62                       |         | Amortization of Net Cost of Removal | \$ 0           | \$ 101,545          | 100.0000     | \$ 0 S-58                 | \$ 101,545              |
| 63                       | 404.000 | Amortization Expense                | 2,979,834      | 2,582,503           | 100.0000     | 0 S-59                    | 5,562,337               |
| 64                       | 408.000 | Property Taxes                      | (169,925)      | 5,615,294           | 100.0000     | 0 S-60                    | 5,445,369               |
| 65                       | 408.000 | Payroll Taxes                       | 1,888,435      | 237,357             | 100.0000     | 0 S-61                    | 2,125,792               |
| 66                       | 408.000 | Gross Receipts Tax                  | 40,079,903     | (40,079,903)        | 100.0000     | 0 S-62                    | 0                       |
| 67                       | 408.000 | Missouri Franchise Taxes            | 240,075        | 6,719               | 100.0000     | 0 S-63                    | 246,794                 |
| 68                       | 403.001 | Transportation Depr Clearing        | 0              | (389,050)           | 100.0000     | 0 S-66                    | (389,050)               |
| 69                       | 403.900 | Kansas City Income Taxes Paid       | 0              | 28,892              | 100.0000     | 0 S-67                    | 28,892                  |
| 70                       |         | Total                               | \$ 45,018,322  | \$ (31,896,643)     |              | \$ 0                      | \$ 13,121,679           |

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Income Statement

| Line No               | Acct Description         | Total Company  | Total Co Adjustment | Alloc Factor | Jurisdictional Adjustment | Adjusted Jurisdictional |
|-----------------------|--------------------------|----------------|---------------------|--------------|---------------------------|-------------------------|
| (A)                   |                          | (B)            | (C)                 | (D)          | (E)                       | (F)                     |
| 71                    | Total Operating Expenses | \$ 609,564,792 | \$ (489,093,849)    |              | \$ (819,272)              | \$ 119,651,671          |
| 72                    | Net Income Before Taxes  | \$ 60,181,490  | \$ (16,625,509)     |              | \$ 819,272                | \$ 44,375,253           |
| Current Income Taxes  |                          |                |                     |              |                           |                         |
| 73                    | Current Income Taxes     | \$ 31,177,884  | \$ 0                | 100.0000     | \$ (24,023,960) S-65      | \$ 7,153,924            |
| 74                    | Total                    | \$ 31,177,884  | \$ 0                |              | \$ (24,023,960)           | \$ 7,153,924            |
| Deferred Income Taxes |                          |                |                     |              |                           |                         |
| 75                    | Deferred Income Taxes    | \$ 0           | \$ 0                | 100.0000     | \$ 0                      | \$ 0                    |
| 76                    | Total                    | \$ 0           | \$ 0                |              | \$ 0                      | \$ 0                    |
| 77                    | Total Income Taxes       | \$ 31,177,884  | \$ 0                |              | \$ (24,023,960)           | \$ 7,153,924            |
| 78                    | Net Operating Income     | \$ 29,003,606  | \$ (16,625,509)     |              | \$ 24,843,232             | \$ 37,221,329           |

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Adjustments to Income Statement

-----  
 Adj No Description Total Co Mo Juris  
 Adjustment Adjustment  
 -----

\*\*\*\*\*  
 Residential Revenue S-1 \$ (349,983,389)  
 \*\*\*\*\*

- 1. To annualize customer growth.  
 (Harrison) \$ 168,269
- 2. To normalize weather.  
 (Harrison) \$ 3,507,302
- 3. To remove gross receipts tax.  
 (Harrison) \$ (26,001,385)
- 4. To remove unbilled revenues.  
 (Harrison) \$ (18,231,805)
- 5. To remove PGA revenue.  
 (Harrison) \$ (309,899,330)
- 6. To remove ACA costs.  
 (Harrison) \$ 355,355
- 7. To remove take or pay (TOP) revenues.  
 (Harrison) \$ (165)
- 8. To remove refund/PEPL deferral.  
 (Harrison) \$ 141,421
- 9. To remove work order unpostable cash.  
 (Harrison) \$ (23,051)

\*\*\*\*\*  
 Commercial S-2 \$ (147,101,664)  
 \*\*\*\*\*

- 1. To annualize customer growth SGS.  
 (Harrison) \$ 266,629
- 2. To normalize weather SGS.  
 (Harrison) \$ 1,421,822

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Adjustments to Income Statement

| Adj<br>No  | Description   | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|------------|---|------------------------|------------------------|
| 3.         | To remove gross receipts tax.<br>(Harrison)                                       | \$ (13,785,270)        |                        |
| 4.         | To add rate code 48 for succession gas costs.<br>(Harrison)                       | \$ 565,078             |                        |
| 5.         | To remove PGA revenues.<br>(Harrison)   | \$ (135,560,739)       |                        |
| 6.         | To remove ACA costs.<br>(Harrison)  | \$ 76,509              |                        |
| 7.         | To remove contract demand.<br>(Harrison)  | \$ (66,842)            |                        |
| 8.         | To remove company use gas.<br>(Harrison)  | \$ (68,089)            |                        |
| 9.         | To remove refund/PEPL deferral.<br>(Harrison)                                     | \$ 60,862              |                        |
| 10.        | To adjust revenue for small general service customer rate<br>switching.<br>(Ross) | \$ (11,624)            |                        |
| *****      |   |                        |                        |
| Industrial | S-3   | \$ (8,181,995)         |                        |
| *****      |   |                        |                        |
| 1.         | To annualize customer growth - LGS.<br>(Harrison)                                 | \$ (232,003)           |                        |
| 2.         | To normalize weather - LGS.<br>(Harrison)   | \$ 144,565             |                        |
| 3.         | To remove gross receipts tax.<br>(Harrison)                                       | \$ (76,353)            |                        |
| 4.         | To remove daily balancing not in CSS.<br>(Harrison)                               | \$ (3,933,882)         |                        |

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Adjustments to Income Statement

| Adj No | Description  | Total Co Adjustment | Mo Juris Adjustment |
|--------|--|---------------------|---------------------|
| 5.     | To remove PGA revenue.<br>(Harrison)   | \$ (4,057,090)      |                     |
| 6.     | To remove ACA costs.<br>(Harrison)   | \$ (2,961)          |                     |
| 7.     | To remove contract demand.<br>(Harrison)                                       | \$ (13,793)         |                     |
| 8.     | To remove refund/PEPL deferral.<br>(Harrison)                                  | \$ 1,146            |                     |
| 9.     | To adjust revenue for large general service customer rate switching.<br>(Ross) | \$ (11,624)         |                     |
| *****  |  |                     |                     |
|        | Transportation S-7   | \$ 113,931          |                     |
| *****  |  |                     |                     |
| 1.     | To remove gross receipts tax.<br>(Harrison)                                    | \$ (108,623)        |                     |
| 2.     | To adjust for customer growth.<br>(Ross)                                       | \$ 6,170            |                     |
| 3.     | To adjust revenues for customers switching rate classes.<br>(Ross)             | \$ 63,444           |                     |
| 4.     | To normalize customer usage to reflect normal weather.<br>(Ross)               | \$ 152,940          |                     |
| *****  |  |                     |                     |
|        | Other Gas Revenue S-9  | \$ (566,241)        |                     |
| *****  |  |                     |                     |
| 1.     | To remove gross receipts tax.<br>(Harrison)                                    | \$ (81,999)         |                     |
| 2.     | To remove credit adjustments not in CSS.<br>(Harrison)                         | \$ 195,305          |                     |



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| Adj<br>No | Description  | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|-----------|--|------------------------|------------------------|
| 3.        | To remove ISRS revenue not base rates.<br>(Harrison)                                     | \$ (653,273)           |                        |
| 4.        | To remove gross receipts tax.<br>(Harrison)  | \$ (26,274)            |                        |
| *****     |  |                        |                        |
|           | Other Gas Purchases  | S-10                   | \$ (469,859,289)       |
| *****     |  |                        |                        |
| 1.        | To remove purchased gas expense.<br>(Harrison)   | \$ (469,859,289)       |                        |
| *****     |  |                        |                        |
|           | Operation, Supervision & Engineer  | S-12                   | \$ 30,056              |
| *****     |  |                        |                        |
| 1.        | To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ 34,295              |                        |
| 2.        | To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ (6,462)             |                        |
| 3.        | To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ 2,223               |                        |
| *****     |  |                        |                        |
|           | Distribution Load Dispatching  | S-13                   | \$ (235)               |
| *****     |  |                        |                        |
| 1.        | To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ (141)               |                        |
| 2.        | To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ (94)                |                        |



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| Adj<br>No | Description | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|-----------|-------------|------------------------|------------------------|
|-----------|-------------|------------------------|------------------------|

\*\*\*\*\*  
 Meas & Reg Station Exp - Industrial                    S-17                    \$                    (398)  
 \*\*\*\*\*

- |    |  |    |       |
|----|--|----|-------|
| 1. | To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ | (496) |
| 2. | To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ | (51)  |
| 3. | To adjust for the depreciation and work equipment clearing<br>account.<br>(Bolin)        | \$ | 91    |
| 4. | To adjust for the stores clearing account.<br>(Bolin)                                    | \$ | 58    |

\*\*\*\*\*  
 Meas & Reg Station Exp-City Gate                    S-18                    \$                    196  
 \*\*\*\*\*

- |    |  |    |      |
|----|--|----|------|
| 1. | To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ | 145  |
| 2. | To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ | (37) |
| 3. | To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ | 44   |
| 4. | To adjust for the stores clearing account.<br>(Bolin)                                    | \$ | 44   |

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| Adj<br>No | Description | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|-----------|-------------|------------------------|------------------------|
|-----------|-------------|------------------------|------------------------|

|       |                                   |      |            |
|-------|-----------------------------------|------|------------|
| ***** |                                   |      |            |
|       | Meter and House Regulator Expense | S-19 | \$ 154,918 |
| ***** |                                   |      |            |

- |    |  |    |          |
|----|--|----|----------|
| 1. | To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ | 124,118  |
| 2. | To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ | (35,122) |
| 3. | To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ | 59,819   |
| 4. | To adjust for the stores clearing account.<br>(Bolin)                                    | \$ | 6,103    |

|       |                               |      |            |
|-------|-------------------------------|------|------------|
| ***** |                               |      |            |
|       | Customer Installation Expense | S-20 | \$ (4,383) |
| ***** |                               |      |            |

- |    |  |    |          |
|----|--|----|----------|
| 1. | To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ | (14,774) |
| 2. | To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ | (23,075) |
| 3. | To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ | 32,489   |
| 4. | To adjust for the stores clearing account.<br>(Bolin)                                    | \$ | 977      |

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| Adj<br>No Description   | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|---|------------------------|------------------------|
| *****   |                        |                        |
| Other Expense S-21  | \$ 18,320              |                        |
| *****   |                        |                        |
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ 23,939              |                        |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ (12,243)            |                        |
| 3. To remove miscellaneous expense.<br>(Mapeka)   | \$ (3,398)             |                        |
| 4. To remove miscellaneous dues and donations.<br>(Mapeka)                                  | \$ (105)               |                        |
| 5. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ 7,113               |                        |
| 6. To adjust for the stores clearing account.<br>(Bolin)                                    | \$ 3,014               |                        |
| *****   |                        |                        |
| Maint Supervision and Engineering S-23  | \$ (27,809)            |                        |
| *****   |                        |                        |
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ (17,075)            |                        |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ (11,456)            |                        |
| 3. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ 722                 |                        |



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| Adj<br>No Description   |      | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|---|------|------------------------|------------------------|
| *****   |      |                        |                        |
| Maint of Meas and Reg Stat Equip-Ge   | S-27 | \$ 11,055              |                        |
| *****   |      |                        |                        |
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  |      | \$ 7,410               |                        |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) |      | \$ (2,225)             |                        |
| 3. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      |      | \$ 3,342               |                        |
| 4. To adjust for the stores clearing account.<br>(Bolin)                                    |      | \$ 2,528               |                        |
| *****   |      |                        |                        |
| Maint of Meas and Reg Stat Equip-In   | S-28 | \$ 11,786              |                        |
| *****   |      |                        |                        |
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)  |      | \$ 8,798               |                        |
| 2. To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) |      | \$ (1,989)             |                        |
| 3. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      |      | \$ 2,628               |                        |
| 4. To adjust for the stores clearing account.<br>(Bolin)                                    |      | \$ 2,349               |                        |









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| Adj<br>No Description  | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|--|------------------------|------------------------|
| 3. To adjust postage expense to reflect postage increase.<br>(Mapeka)                  | \$ 81,495              |                        |
| 4. To remove miscellaneous expenses.<br>(Mapeka)                                       | \$ (531)               |                        |
| 5. To remove miscellaneous dues and donations.<br>(Mapeka)                             | \$ (145)               |                        |
| 6. To adjust PMI collections expense to reflect new contract<br>rate.<br>(Bolin)       | \$ 115,340             |                        |
| 7. To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin) | \$ 31,890              |                        |
| 8. To adjust for the stores clearing account.<br>(Bolin)                               | \$ 57                  |                        |
| *****  |                        |                        |
| Uncollectible Accounts S-36  | \$ 1,819,740           |                        |
| *****  |                        |                        |
| 1. To include EWCR AAO.<br>(Harrison)  | \$ 300,444             |                        |
| 2. To normalize bad debt expense.<br>(Harrison)  | \$ 1,519,296           |                        |
| *****  |                        |                        |
| Misc Customer Accts Expense S-37   | \$ 443                 |                        |
| *****  |                        |                        |
| 1. To annualize paryoll at June 30, 2006.<br>(Bolin)                                   | \$ (185)               |                        |
| 2. To remove miscellaneous expenses.<br>(Mapeka)                                       | \$ (39)                |                        |

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| Adj<br>No | Description  | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|-----------|--|------------------------|------------------------|
| 3.        | To remove miscellaneous dues and donations.<br>(Mapeka)                                  | \$ (12)                |                        |
| 4.        | To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)      | \$ 679                 |                        |
| *****     |  |                        |                        |
|           | Customer Assistance Expense S-39   | \$ 4,602               |                        |
| *****     |  |                        |                        |
| 1.        | To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ 6,244               |                        |
| 2.        | To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ (1,642)             |                        |
| *****     |  |                        |                        |
|           | Demonstrating and Selling Expense S-43   | \$ 2,284               |                        |
| *****     |  |                        |                        |
| 1.        | To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ 3,327               |                        |
| 2.        | To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ (1,043)             |                        |
| *****     |  |                        |                        |
|           | Admin & Gen Expense-Salaries S-46  | \$ (252,324)           |                        |
| *****     |  |                        |                        |
| 1.        | To annualize payroll at June 30, 2006.<br>(Bolin)  | \$ 146,049             |                        |
| 2.        | To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin) | \$ (58,096)            |                        |

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| Adj<br>No | Description   | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|-----------|---|------------------------|------------------------|
| 3.        | To remove severance payment.<br>(Bolin)   | \$ (300,000)           |                        |
| 4.        | To remove lobbying costs.<br>(Bolin)  | \$ (17,318)            |                        |
| 5.        | To remove certain expenses of the Customer and Government<br>Relations department.<br>(Bolin) | \$ (22,959)            |                        |
| *****     |   |                        |                        |
|           | Office Supplies and Expense S-47  | \$ 196,199             |                        |
| *****     |   |                        |                        |
| 1.        | To annualize payroll at June 30, 2006.<br>(Bolin)   | \$ (460)               |                        |
| 2.        | To remove a portion of test year incentive compensation and<br>bonus expense.<br>(Bolin)      | \$ (27)                |                        |
| 3.        | To remove miscellaneous expenses.<br>(Mapeka)   | \$ (23,290)            |                        |
| 4.        | To remove miscellaneous dues and donations.<br>(Mapeka)                                       | \$ (2,170)             |                        |
| 5.        | To remove costs for MEDA activities.<br>(Bolin)   | \$ (1,243)             |                        |
| 6.        | To remove certain expenses of the Customer and Government<br>Relations department.<br>(Bolin) | \$ (3,565)             |                        |
| 7.        | To adjust for the transportation and work equipment clearing<br>account.<br>(Bolin)           | \$ 4,949               |                        |
| 8.        | To adjust for the stores clearing account.<br>(Bolin)   | \$ 1,063               |                        |

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| Adj<br>No Description  | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|--|------------------------|------------------------|
| 9. To adjust for office and computer lease expense.<br>(Harrison)                                | \$ 220,942             |                        |
| *****  |                        |                        |
| Outside Services S-49  | \$ 2,402,713           |                        |
| *****  |                        |                        |
| 1. To annualize payroll at June 30, 2006.<br>(Bolin)   | \$ (87)                |                        |
| 2. To include SUG non-employee allocation.<br>(Winter)   | \$ 1,348,041           |                        |
| 3. To adjust Staff's SUG non-employee allocation.<br>(Winter)                                    | \$ (245,533)           |                        |
| 4. To include SUG employee allocation.<br>(Winter)   | \$ 1,953,719           |                        |
| 5. To adjust Staff's SUG employee allocation.<br>(Winter)  | \$ (484,217)           |                        |
| 6. To remove miscellaneous dues and donations.<br>(Mapeka)                                       | \$ (150)               |                        |
| 7. To remove payments to lobbyists.<br>(Bolin)   | \$ (82,386)            |                        |
| 8. To remove certain expenses of the Customer and Government<br>Relations department.<br>(Bolin) | \$ (23)                |                        |
| 9. To adjust for the stores clearing account.<br>(Bolin)   | \$ 46                  |                        |
| 10. To remove non-recurring/non-utility activities.<br>(Bolin)                                   | \$ (86,697)            |                        |

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| Adj<br>No Description | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|-----------------------|------------------------|------------------------|
|-----------------------|------------------------|------------------------|

\*\*\*\*\*  
 Property Insurance S-50 \$ (15,808)  
 \*\*\*\*\*

1. To annualize insurance premiums.  
 (Mapeka) \$ (15,808)

\*\*\*\*\*  
 Injuries and Damages S-51 \$ (1,268,413)  
 \*\*\*\*\*

- 1. To annualize payroll at June 30, 2006.  
 (Bolin) \$ (162)
- 2. To remove a portion of test year incentive compensation and  
 bonus expense.  
 (Bolin) \$ (9)
- 3. To remove December 2005 accrued amount.  
 (Mapeka) \$ (1,500,000)
- 4. To reflect the normalized level of actual injuries and  
 damages claims paid.  
 (Mapeka) \$ 231,180
- 5. To remove miscellaneous dues and donations.  
 (Mapeka) \$ (40)
- 6. To adjust for the stores clearing account.  
 (Bolin) \$ 618

\*\*\*\*\*  
 Pension & Benefits S-52 \$ 9,219,906  
 \*\*\*\*\*

- 1. To remove per book account 926.  
 (Bolin) \$ (8,838,850)
- 2. To normalize cost of dental benefits.  
 (Winter) \$ 321,930

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| Adj<br>No | Description   | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|-----------|---|------------------------|------------------------|
| 3.        | To normalize test year medical costs.<br>(Winter)   | \$ 4,714,994           |                        |
| 4.        | To annualize retirement power benefits through 6/30/06.<br>(Bolin)  | \$ 366,645             |                        |
| 5.        | To annualize Life, AD&D insurance through 6/30/06.<br>(Bolin)   | \$ 118,859             |                        |
| 6.        | To annualize LTD insurance through 6/30/06.<br>(Bolin)  | \$ 138,897             |                        |
| 7.        | To annualize 401(K) costs through 6/30/06.<br>(Bolin)   | \$ 835,877             |                        |
| 8.        | To annualize other miscellaneous employee benefits.<br>(Bolin)  | \$ 50,850              |                        |
| 9.        | To annualize pension expense using a Minimum ERISA<br>contribution.<br>(Harrison)   | \$ 7,059,236           |                        |
| 10.       | To annualize FAS 106 expense.<br>(Harrison)   | \$ 1,262,765           |                        |
| 11.       | To include the amortization of the FAS 106 transition<br>obligation.<br>(Harrison)  | \$ 2,049,393           |                        |
| 12.       | To reflect the amortization of MGE's prepaid pension asset<br>amount (\$7,975,171 at 6/30/06) over 7 years.<br>(Harrison) | \$ 1,139,310           |                        |
| *****     |   |                        |                        |
|           | Regulatory Commission Expense S-53  | \$ (594,492)           |                        |
| *****     |   |                        |                        |
| 1.        | To remove per book charges from Account 928.<br>(Mapeka)  | \$ (2,264,862)         |                        |



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| Adj<br>No Description   | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|---|------------------------|------------------------|
| 2. To include an annualized level of PSC assessment.<br>(Mapeka)  | \$ 1,386,977           |                        |
| 3. To include annualized level of NARUC assessment.<br>(Mapeka)   | \$ 6,198               |                        |
| 4. To include a normalized level of rate case expense.<br>(Mapeka)                                      | \$ 120,707             |                        |
| 5. To include a normalized level of expense for a Commission<br>ordered depreciation study.<br>(Mapeka) | \$ 6,878               |                        |
| 6. To include an annualize regulatory expense.<br>(Mapeka)  | \$ 149,610             |                        |
| *****   |                        |                        |
| Misc. General Expense S-54  | \$ (36,544)            |                        |
| *****   |                        |                        |
| 1. To adjust test year expense to reflect Staff's disallowance<br>of advertising expense.<br>(Mapeka)   | \$ (7,656)             |                        |
| 2. To remove promotional giveaways.<br>(Mapeka)   | \$ (5,254)             |                        |
| 3. To remove miscellaneous dues and donations.<br>(Mapeka)  | \$ (15,006)            |                        |
| 4. To remove costs for MEDA activities.<br>(Bolin)  | \$ (1,800)             |                        |
| 5. To remove certain expenses of the Customer and Government<br>Relations department.<br>(Bolin)        | \$ (6,828)             |                        |

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| Adj<br>No | Description | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|-----------|-------------|------------------------|------------------------|
|-----------|-------------|------------------------|------------------------|

\*\*\*\*\*  
 Rents S-55 \$ (23,977)  
 \*\*\*\*\*

- 1. To include an annualized level of rent received from Broadway Ford for parking lot space. (Harrison) \$ (12,336)
- 2. To adjust for office and computer lease expense. (Harrison) \$ (11,641)

\*\*\*\*\*  
 Maint of General Plant S-56 \$ 171,573  
 \*\*\*\*\*

- 1. To annualize payroll at June 30, 2006. (Bolin) \$ (87)
- 2. To adjust for the stores clearing account. (Bolin) \$ 36
- 3. To adjust for office and computer lease expense. (Harrison) \$ 171,624

\*\*\*\*\*  
 Interest on Customer Deposits S-57 \$ 28,066  
 \*\*\*\*\*

- 1. To adjust test year to reflect an annualized level of customer deposit interest. (Mapeka) \$ 28,066

\*\*\*\*\*  
 Amortization of Net Cost of Removal S-58 \$ 101,545  
 \*\*\*\*\*

- 1. To amortize net cost of removal over 5 years. (Winter) \$ 101,545

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| Adj<br>No Description  |      | Total Co<br>Adjustment | Mo Juris<br>Adjustment |
|--|------|------------------------|------------------------|
| *****  |      |                        |                        |
| Amortization Expense   | S-59 | \$ 2,582,503           |                        |
| *****  |      |                        |                        |
| 1. To annualize amortization expense on intangibles in plant<br>account 303 through 6/30/06.<br>(Mapeka) |      | \$ (622,302)           |                        |
| 2. To amortize SLRP deferrals.<br>(Wandel)   |      | \$ 3,204,805           |                        |
| *****  |      |                        |                        |
| Property Taxes   | S-60 | \$ 5,615,294           |                        |
| *****  |      |                        |                        |
| 1. To remove property tax refunds.<br>(Winter)   |      | \$ 4,759,679           |                        |
| 2. To amortize property tax refunds over 5 years.<br>(Winter)  |      | \$ (1,108,014)         |                        |
| 3. To adjust to reflect an annualized level of property taxes.<br>(Mapeka)                               |      | \$ 1,963,629           |                        |
| *****  |      |                        |                        |
| Payroll Taxes  | S-61 | \$ 237,357             |                        |
| *****  |      |                        |                        |
| 1. To annualize payroll taxes through June 30, 2006.<br>(Bolin)  |      | \$ 237,357             |                        |
| *****  |      |                        |                        |
| Gross Receipts Tax   | S-62 | \$ (40,079,903)        |                        |
| *****  |      |                        |                        |
| 1. To remove gross receipts tax.<br>(Harrison)   |      | \$ (40,079,903)        |                        |

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| Adj No | Description   | Total Co Adjustment | Mo Juris Adjustment |
|--------|---|---------------------|---------------------|
| *****  |   |                     |                     |
|        | Missouri Franchise Taxes  | \$ 6,719            |                     |
|        | S-63  |                     |                     |
| *****  |   |                     |                     |
| 1.     | To annualize state franchise taxes.<br>(Harrison)   | \$ 6,719            |                     |
| *****  |   |                     |                     |
|        | Current Income Taxes  |                     | \$ (24,023,960)     |
|        | S-65  |                     |                     |
| *****  |   |                     |                     |
| 1.     | To annualize current income taxes.<br>(Harrison)  |                     | \$ (24,023,960)     |
| *****  |   |                     |                     |
|        | Transportation Depr Clearing  | \$ (389,050)        |                     |
|        | S-66  |                     |                     |
| *****  |   |                     |                     |
| 1.     | To remove depreciation expense booked to clearing account<br>related to Account 392, Transportation Expense.<br>(Mapeka)    | \$ (378,298)        |                     |
| 2.     | To remove depreciation expense booked to clearing accounts<br>related to Account 396, Power Operated Equipment.<br>(Mapeka) | \$ (10,752)         |                     |
| *****  |   |                     |                     |
|        | Kansas City Income Taxes Paid   | \$ 28,892           |                     |
|        | S-67  |                     |                     |
| *****  |   |                     |                     |
| 1.     | To include a 5 year average of KC income taxes paid.<br>(Harrison)  | \$ 28,892           |                     |

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Income Tax

| Line                               | Test Year                          | 8.01% Return  | 8.12% Return  | 8.22% Return  |               |
|------------------------------------|------------------------------------|---------------|---------------|---------------|---------------|
| (A)                                | (B)                                | (C)           | (D)           | (E)           |               |
| 1                                  | Net Income Before Taxes (Sch 9)    | \$ 44,375,253 | \$ 59,390,747 | \$ 60,426,185 | \$ 61,367,494 |
| *****                              |                                    |               |               |               |               |
| Add to Net Income Before Taxes     |                                    |               |               |               |               |
| 2                                  | Book Depreciation Expense          | \$ 22,616,597 | \$ 22,616,597 | \$ 22,616,597 | \$ 22,616,597 |
| 3                                  | Total                              | \$ 22,616,597 | \$ 22,616,597 | \$ 22,616,597 | \$ 22,616,597 |
| Subtr from Net Income Before Taxes |                                    |               |               |               |               |
| 4                                  | Interest Expense 4.4300 %          | \$ 25,691,914 | \$ 25,691,914 | \$ 25,691,914 | \$ 25,691,914 |
| 5                                  | Depreciation Expense               | 22,616,597    | 22,616,597    | 22,616,597    | 22,616,597    |
| 6                                  | Total                              | \$ 48,308,511 | \$ 48,308,511 | \$ 48,308,511 | \$ 48,308,511 |
| *****                              |                                    |               |               |               |               |
| 7                                  | Net Taxable Income                 | \$ 18,683,339 | \$ 33,698,833 | \$ 34,734,271 | \$ 35,675,580 |
| *****                              |                                    |               |               |               |               |
| Provision for Federal Income Tax   |                                    |               |               |               |               |
| 8                                  | Net Taxable Income                 | \$ 18,683,339 | \$ 33,698,833 | \$ 34,734,271 | \$ 35,675,580 |
| 9                                  | Deduct Missouri Income Tax 100.0 % | \$ 974,605    | \$ 1,756,811  | \$ 1,810,791  | \$ 1,859,864  |
| 10                                 | Deduct City Income Tax             | 0             | 0             | 0             | 0             |
| 11                                 | Federal Taxable Income             | 17,708,734    | 31,942,022    | 32,923,480    | 33,815,716    |
| 12                                 | Total Federal Tax                  | \$ 6,179,319  | \$ 11,179,708 | \$ 11,523,218 | \$ 11,835,501 |
| Provision for Missouri Income Tax  |                                    |               |               |               |               |
| 13                                 | Net Taxable Income                 | \$ 18,683,339 | \$ 33,698,833 | \$ 34,734,271 | \$ 35,675,580 |
| 14                                 | Deduct Federal Income Tax 50.0 %   | \$ 3,089,660  | \$ 5,589,854  | \$ 5,761,609  | \$ 5,917,751  |
| 15                                 | Deduct City Income Tax             | 0             | 0             | 0             | 0             |
| 16                                 | Missouri Taxable Income            | 15,593,680    | 28,108,979    | 28,972,662    | 29,757,830    |
| 17                                 | Total Missouri Tax                 | \$ 974,605    | \$ 1,756,811  | \$ 1,810,791  | \$ 1,859,864  |

Missouri Gas Energy  
Case: GR-06-422R  
Twelve Months Ending December 31, 2005 Updated 6/30/06

Income Tax

| Line                                | Test Year                          | 8.01% Return  | 8.12% Return  | 8.22% Return  |               |
|-------------------------------------|------------------------------------|---------------|---------------|---------------|---------------|
| (A)                                 | (B)                                | (C)           | (D)           | (E)           |               |
| Provision for City Income Tax       |                                    |               |               |               |               |
| 18                                  | Net Taxable Income                 | \$ 18,683,339 | \$ 33,698,833 | \$ 34,734,271 | \$ 35,675,580 |
| 19                                  | Deduct Federal Income Tax          | \$ 6,179,319  | \$ 11,179,708 | \$ 11,523,218 | \$ 11,835,501 |
| 20                                  | Deduct Missouri Income Tax         | 974,605       | 1,756,811     | 1,810,791     | 1,859,864     |
| 21                                  | City Taxable Income                | 11,529,415    | 20,762,314    | 21,400,262    | 21,980,215    |
| 22                                  | Total City Tax                     | \$ 0          | \$ 0          | \$ 0          | \$ 0          |
| Summary of Provision for Income Tax |                                    |               |               |               |               |
| 23                                  | Federal Income Tax                 | \$ 6,179,319  | \$ 11,179,708 | \$ 11,523,218 | \$ 11,835,501 |
| 24                                  | Missouri Income Tax                | 974,605       | 1,756,811     | 1,810,791     | 1,859,864     |
| 25                                  | City Income Tax                    | 0             | 0             | 0             | 0             |
| 26                                  | Total                              | \$ 7,153,924  | \$ 12,936,519 | \$ 13,334,009 | \$ 13,695,365 |
| Deferred Income Taxes               |                                    |               |               |               |               |
| 27                                  | Deferred Investment Tax Credit     | \$ 0          | \$ 0          | \$ 0          | \$ 0          |
| 28                                  | Deferred Repair Allowance          | 0             | 0             | 0             | 0             |
| 29                                  | Deferred Tax Depreciation          | 0             | 0             | 0             | 0             |
| 30                                  | Amort of Deferred Tax Depreciation | 0             | 0             | 0             | 0             |
| 31                                  | Amort of Repair Allowance          | 0             | 0             | 0             | 0             |
| 32                                  | Amort of Deferred ITC              | 0             | 0             | 0             | 0             |
| 33                                  | Deferred Unbilled                  | 0             | 0             | 0             | 0             |
| 34                                  | Total                              | \$ 0          | \$ 0          | \$ 0          | \$ 0          |
| 35                                  | Total Income Tax                   | \$ 7,153,924  | \$ 12,936,519 | \$ 13,334,009 | \$ 13,695,365 |

Missouri Gas Energy  
Case No. GR-2006-0422  
**Revenue Requirement Changes Summary**

| Description   | As-Filed    | Correction | Difference | Impact on Staff's NOI | TOTAL                |
|---|-------------|------------|------------|-----------------------|----------------------|
| <b>Staff's Filed Revenue Requirement</b>                |             |            |            |                       | <b>\$ 14,055,244</b> |
| <b>Rate Base Changes</b>                                |             |            |            |                       |                      |
| Net Cost of Removal                                     | \$ -        | \$ 507,724 | \$507,724  | \$ 57,054             |                      |
| Cash Working Capital                                    | (3,974,574) | 4,996,390  | 8,970,964  | 1,008,081             |                      |
| Total of Rate Base Revenue Requirement Changes          |             |            |            |                       | \$ 1,065,135         |
| <b>Income Statement Changes</b>                         |             |            |            |                       |                      |
| Settlement of Customer Growth Revenue                   | \$ 224,284  | \$ 209,065 |            | \$ (15,219)           |                      |
| Annualized Payroll Expense                              | 27,870,484  | 27,525,813 |            | (344,671)             |                      |
| Adjustment for Transportation & Work Equipment Clearing | -           | 267,711    |            | 267,711               |                      |
| Adjustment for Stores Clearing Account                  | -           | 76,960     |            | 76,960                |                      |
| Correction for Office and Computer Lease                | -           | 380,925    |            | 380,925               |                      |
| Correction of Injuries and Damanges                     | 233,484     | 231,180    |            | (2,304)               |                      |
| Correction of Non-Utility Activities                    | -           | (86,697)   |            | (86,697)              |                      |
| Adjustment of Life, AD&D insurance                      | 106,477     | 118,859    |            | 12,382                |                      |
| Settlement of PMI collectors expense                    | 239,788     | 330,449    |            | 90,661                |                      |
| Settlement of Customer & Government Relations           | (118,815)   | (33,375)   |            | 85,440                |                      |
| Settlement of Incentive Compensation                    | (338,797)   | (302,178)  |            | 36,619                |                      |
| Settlement of Overtime                                  | 1,586,288   | 1,718,225  |            | 131,937               |                      |
| Settlement of 401(K)                                    | 789,522     | 835,877    |            | 46,355                |                      |
| Correction of Depreciation Study Expense                | 1,718       | 6,878      |            | 5,160                 |                      |
| Miscellaneous Regulatory Expense                        | 22,677      | 149,610    |            | 126,933               |                      |
| Settlement of Infinium Software Amortization            | -           | 245,151    |            | 245,151               |                      |
| Amortization Expense                                    | 5,720,641   | 5,317,186  |            | (403,455)             |                      |
| Correction of Payroll taxes                             | 1,978,173   | 2,125,792  |            | 147,619               |                      |
| Franchise Tax   | 240,000     | 240,075    |            | 75                    |                      |
| Net Cost of Removal - Amortization                      | (52,663)    | 101,545    |            | 154,208               |                      |
| Miscellaneous Payroll                                   | 945         | 495        |            | (450)                 |                      |
| Miscellaneous Changes                                   |             |            |            | (24,787)              |                      |
| Total of Income Statement Revenue Requirement Changes   |             |            |            |                       | \$ 930,553           |
| <b>Staff's Rebuttal Revenue Requirement</b>             |             |            |            |                       | <b>\$ 16,050,932</b> |