FILED

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Exhibit No.:

Issues:

Revenue Requirement,

Rate Base,

Expenses,

Test Year,

True-up

IRUOSSIM PUBLIC SERVICE COMMISSION

Witness:

Charles B. Hernandez

Sponsoring Party:

Missouri Gas Energy

Case No.:

GR-98-140

#### MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY CASE NO. GR-98-140

DIRECT TESTIMONY OF CHARLES B. HERNANDEZ

Jefferson City, Missouri

November 26, 1997

#### DIRECT TESTIMONY OF CHARLES B. HERNANDEZ

#### CASE NO. GR-98-140

#### November 26, 1997

Q.	WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?
A.	My name is Charles B. Hernandez, and my business address is 3420 Broadway
	Kansas City, Missouri 64111.
Q.	BY WHOM ARE YOU EMPLOYED?
A.	I am employed by Missouri Gas Energy (MGE), a division of Southern Union
-	Company (Company), as Director, Pricing and Regulatory Affairs, responsible for
	regulatory matters in the state of Missouri.
Q.	PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL
	EXPERIENCE.
A.	I received a Bachelor of Science in Business Administration with a major in
	Accountancy from the University of Southern Colorado in 1978. Immediately upon
	graduation, I was employed by the accounting firm of McDonald, Holligan &
	McPherson, Certified Public Accountants, P.C. Since leaving the accounting firm in
	July 1980, I have gained seventeen years of extensive utility experience. From July
	1980 through April 1984, I was employed by the Nevada Public Service Commission
	as an Operations Staff Auditor involved in performing audit and compliance activities
	Д. Д.

#### 1 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE MPSC?

Yes. I testified in MGE's most recent general rate proceeding, Case No. GR-96-285, and was responsible for MGE's restructure of the cost of gas mechanism in Case No. GO-97-409. I have also represented MGE in various formal and informal

5 regulatory forums.

#### 7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to support the revenue requirement requested by MGE. A Revenue Deficiency Summary was previously filed on October 3, 1997 in support of MGE's requested increase of \$27,817,140. The Revenue Deficiency Summary, attached to my testimony as Schedules A through H, is a revised version of the previously filed Revenue Deficiency Summary and reflects a revenue deficiency of \$27,858,850. I am sponsoring most of the proforma adjustments used to develop the proposed revenue requirement. Other MGE witnesses are: F. Jay Cummings, supporting revenue adjustments, rate design and tariff matters; Karen Czaplewski, discussing customer service operations; and Bruce Fairchild, supporting the capital structure and cost of capital shown in Schedule F.

Q. MR. HERNANDEZ, YOU REFERENCED A REVENUE DEFICIENCY
SUMMARY WHICH ACCOMPANIED MGE'S FILING ON OCTOBER 3,
1997. EXPLAIN WHY THERE ARE REVENUE DEFICIENCY SUMMARY
SCHEDULES ATTACHED TO YOUR DIRECT TESTIMONY?

1	A.	Subsequent to the tariff filing, MGE made corrections in certain revenue, billing unit,
2		and expense items included in the revenue deficiency. MGE chose to make those
3		corrections immediately and reflect those in the schedules attached to my direct
4		testimony.
5		
6	Q.	COULD YOU PLEASE DESCRIBE EACH OF THE SUMMARY
7		SCHEDULES ATTACHED TO YOUR TESTIMONY?
8	A.	Yes. Schedule A, Revenue Deficiency, provides a summary of MGE's revenue
9		requirement and current revenue deficiency. As shown on line 11, the total revenue
10		deficiency for MGE based upon a twelve month test period ending May 31, 1997 is
11		\$27,858,850. Schedule A-1 summarizes the unadjusted per books operating income,
12		adjustments to operating income and the as-adjusted operating income. Schedule A-2
13		calculates income tax expense based upon both the per books and as-adjusted levels
14		of operating income.
15		
16		Schedule B, Rate Base, summarizes MGE's rate base on line 14 as \$421,431,755.
17		
18		Schedule C, Plant in Service, sets forth plant in service by FERC Uniform System of
19		Account (USOA) subaccount and summarizes proposed adjustments to plant in

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C, sheet 2 of 2.

service. The details of the adjustments to plant in service are provided on Schedule

1	Schedule D, Accumulated Reserves for Depreciation and Amortization, outlines the
2	test period balances. The test period adjustments are provided on Schedule D, sheet 2
3	of 2. In consideration of the additional depreciation reserve amounts resulting from
4	incremental depreciation expense, MGE has used one-half year of expense to increase
5	the accumulated reserve as shown on Schedule D, 2 of 2.
6	en men para samue anten a arabitat samutik samutik e sahir sakis anak e samuti (1866) e se e e e e e e e e e e
7	Schedule E, Working Capital, lists the elements of working capital included in rate
8	base. Schedule E-1 summarizes Materials and Supplies, Schedule E-2 summarizes
9	Prepayments, and Schedule E-3 quantifies the level of Gas Inventory included as a
. 10	working capital component of rate base.
11	
12	Schedules F, F-1 and F-2 set forth the capital structure and the costs of the various
13	capital components which result in an overall rate of return of 9.858%.
14	
15	Schedule H, sheets 1 through 8, summarizes operating revenues and operating
16	expenses along with the respective adjustments necessary to arrive at a proforma level
17	of operating income. Schedule H-1 through H-26 provide further detail on the
18	amounts adjusted within Schedule H.

- Q. WHAT IS THE TEST PERIOD USED IN THE DETERMINATION OF

  MGE'S REVENUE REQUIREMENT IN THIS DIRECT TESTIMONY?
- A. The test period used in developing Schedule A is the twelve month period ending
   May 31, 1997, adjusted for known and measurable changes.

- 6 Q. SHOULD THIS TEST PERIOD BE USED FOR THIS CASE OR WOULD A
- 7 LATER TEST YEAR REFLECTING MORE CURRENT OPERATING
- 8 RESULTS RECORDED BY MGE BE MORE APPROPRIATE?
- 9 Although I used an initial test period ending May 31, 1997 for purposes of this direct A. 10 testimony, I recommend the use of the twelve months ending September 30, 1997 as 11 the test period for this case. Based upon discovery received from Staff to-date, I assume this will be the Staff's test year. This test period should then be updated 12 13 through December 31, 1997. This test year, as updated, would provide a relatively 14 current time period of actual experience on which to base rates for the future while at 15 the same time allowing the opportunity for the Commission staff and other parties to 16 audit this actual experience. In addition, the Company requests a true-up through 17 June 30, 1998, primarily driven by extraordinary investments related both to the 18 safety program and automatic meter reading implementation.

. 1	Q.	IS MGE REQUESTING A "TRUE-UP" PROCESS?
2	A.	Yes. As in Case No. GR-96-285, MGE was afforded an opportunity to update several
3		significant cost components beyond the close of the test period through a separate
4		true-up audit and hearing. MGE believes this true-up was appropriate in that case and
5		is also necessary in this current case. I recommend the test period be trued-up
6	s Carre	through June 30, 1998 for the following items:
7 8		RATE BASE:
9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26		<ol> <li>Plant in service.</li> <li>Automated Meter Reading.</li> <li>Service Line Replacement Program (SLRP) deferrals.</li> <li>Depreciation reserve.</li> <li>Deferred taxes.</li> <li>Unamortized Deferred Credit from GM-94-40.</li> <li>Related cash working capital effects.</li> <li>INCOME STATEMENT:</li> <li>Revenue for customer growth.</li> <li>Payroll, employee levels and current wage levels.</li> <li>Updated gas prices.</li> <li>Rate case expense.</li> <li>Depreciation and amortization expense.</li> <li>Property taxes.</li> <li>Related income tax effects.</li> </ol>
27	Q.	BEGINNING WITH RATE BASE SHOWN ON SCHEDULE B, COULD YOU
28		PLEASE GENERALLY EXPLAIN THE APPROACH USED AND THE
29		RELATED ADJUSTMENTS?
30	A.	Yes. Generally, there are three types of costs and related approaches considered in
31		developing rate base. The first approach relates to amounts that fluctuate monthly
32		due to many variables. Adjusting any one of these costs at a date specific would not

provide a reasonable basis for determining an appropriate level of on-going cost of service. Specifically, a thirteen month average has been utilized to more accurately reflect the on-going nature of these fluctuating balances. The second approach relates to amounts which are included in rate base in compliance with Commission orders. The SLRP requires significant costs to be incurred which MGE continues to defer pursuant to three separate Accounting Authority Orders (AAOs). Additionally, a deferred credit is included in rate base in accordance with the order in Case No. GM-94-40. Third are actual test period amounts which are adjusted for known and measurable changes that have occurred or will take place prior to rates being placed into effect.

A.

## Q. PLEASE DESCRIBE COSTS WHICH ARE AFFORDED A THIRTEEN MONTH AVERAGE.

The rate base items afforded a thirteen month average are working capital components of material and supplies inventory, prepayments, and natural gas inventory, as well as other rate base deductions of customer deposits and customer advances. Schedules B-2 and B-3 show the monthly amounts related to customer deposits and customer advances, respectively. Schedule E provides a summary of the working capital components with monthly amounts shown on Schedules E-1 through E-3.

1	Q.	COULD YOU PLEASE EXPLAIN THE SLRF:
2	A.	In 1989, the Commission implemented new rules which required systematic upgrades
3		to portions of Missouri utilities' natural gas distribution systems (4 CSR 240-40.030).
4		Promulgation of these rules generally had an impact of substantially increasing gas
5		utilities' construction expenditures, especially for MGE and its predecessor, Western
6	Assistant -	Resources, Inc.
7 %		
8	Q.	HAS THE COMMISSION ALLOWED THE USE OF ANY SPECIAL
9 :		REGULATORY MECHANISMS TO AID UTILITIES IN RECOVERING
10		COSTS ASSOCIATED WITH THEIR SAFETY CONSTRUCTION
11		PROGRAMS?
12	A.	Yes. Given the extraordinary SLRP expenditures, the Commission has approved
13	,	AAOs to allow gas utilities to defer certain SLRP costs between rate cases. These
14		costs are depreciation, property taxes and carrying costs.
15		
16	Q.	COULD YOU PLEASE DISCUSS THE THREE SEPARATE AAOs WHICH
17		HAVE GIVEN RISE TO THE ACCUMULATED DEFERRALS INCLUDED
18		IN RATE BASE AND IDENTIFY THE TIME PERIODS COVERED BY
19		EACH?
20	A.	The three AAOs which allow MGE to defer carrying costs, depreciation and property
21		taxes on safety-related plant investments included in this case for cost recovery. The
-22		first is Case No. GO-92-185 under which costs were deferred for the period from July

1, 1991 through October 15, 1993. The second is Case No. GO-94-234 under which
2 costs were deferred for the period from February 1, 1994 through January 31, 1997.
3 The third is Case No. GO-97-301, the current AAO, under which MGE is recording
4 deferrals from February 1, 1997 through the last date of the Commission's test year,
5 including any update or true-up period, in MGE's current rate case. Schedule B-1,
6 Summary of SLRP Deferrals and Deferred Taxes, provides a summary of the deferral
7 and deferred tax balances relating to each AAO.

8

- 9 Q. FOR CASE NO. GO-92-185, ARE THE AMOUNTS INCLUDED IN RATE
  10 BASE CONSISTENT WITH PREVIOUS TREATMENT BY THIS
  11 COMMISSION?
- 12 A. Yes. The Commission has previously included these deferrals, including carrying costs calculated on a rate of return basis, in rates.

- 15 Q. FOR CASE NO. GO-94-234, ARE THE AMOUNTS INCLUDED

  16 CONSISTENT WITH PREVIOUS TREATMENT BY THIS COMMISSION?
- 17 A. No. MGE does not agree with the rate treatment ordered in Case No. GR-96-285.

  18 The issue of the appropriate carrying cost rate is on appeal in the Court of Appeals,

  19 Western District. Consistent with MGE's position in the appeal, MGE has applie!

  20 the rate of return-based carrying cost rate the Commission authorized in Case No.
- 21 GO-94-234.

1		Additionally, although Case No. GO-94-234 was in effect through January 31, 1997,
2		the last rate case only recognized deferred costs associated with the SLRP investment
3		through October 31, 1996. The costs deferred from November 1, 1996 through
4		January 31, 1997 must in included in this current case.
5		
6	Q	PLEASE DESCRIBE THE COSTS RELATED TO CASE NO. GO-97-301 ?
7	<b>A.</b> `	For deferred costs incurred February 1, 1997 and thereafter, MGE sought and
8		received AAO treatment under Case No. GO-97-301. MGE has utilized its
9		authorized rate of return for the carrying cost associated with deferrals under this
10		case.
11		
12	Q.	WHY IS A RATE OF RETURN-BASED CARRYING COST RATE
13		APPROPRIATE FOR ALL OF THESE SLRP DEFERRALS?
14	A.	A rate of return-based carrying cost rate is appropriate for at least two reasons. One,
15		the carrying costs do not begin to accrue until the investment is placed in service and
16		begins serving customers. Two, only a rate of return based rate can fulfill the purpose
17		of an AAO, which is to eliminate the effects of regulatory lag.
18		
19	Q.	IS MGE REQUESTING CONTINUED ACCOUNTING AUTHORITY
20		TREATMENT FOR SLRP COSTS DEFERRED SUBSEQUENT TO THE
21		RESOLUTION OF THIS CURRENT CASE?

A. Yes. MGE requests an AAO related to the deferral of SLRP costs contemporaneous with the issuance of an order in this case. Case No. GO-97-301 specifically states the period of deferral to which the AAO relates as commencing February 1, 1997 and continuing through the conclusion of MGE's next general rate case, not to exceed three years. Therefore, MGE asks that the Commission, as a part of its order in this rate proceeding, grant continuing authority for MGE to defer depreciation, property taxes and carrying costs associated with the SLRP investment subsequent to the effective date of this rate order.

A.

## 10 Q. PLEASE DESCRIBE THE CALCULATION OF THE DEFERRED CREDIT 11 INCLUDED IN RATE BASE IN ACCORDANCE WITH CASE NO. GM-94-40.

The unamortized deferred credit originated pursuant to the order in Case No. GM-94-40. Under that order, MGE amortizes the total unamortized deferred credit over 10 years. MGE is amortizing \$30 million over 120 months for ratemaking purposes. It is, therefore, appropriate to calculate the credit based on the unamortized amount at the end of any test period or true-up period utilized. In the schedules, the unamortized balance as of June 1998 is utilized.

## Q. PLEASE DESCRIBE THE APPROACH USED TO ADJUST THE ACTUAL TEST PERIOD AMOUNTS INCLUDED IN RATE BASE.

A. This approach involves traditional proforma adjustments considered in developing a revenue requirement to reflect MGE's cost of service when new rates are placed into

effect. These adjustments minimize the effects of what is generally referred to as regulatory lag. The objective is to establish rates prospectively, synchronizing the cost of service with the revenue stream so that MGE in fact has a reasonable opportunity to earn its authorized rate of return. Schedule C, page 1 of 2, summarizes the various categories of plant investment including the direct plant MGE accounts for on its books; completed construction not classified, which are costs incurred pending accounting classification; joint and common plant, accounted for on Southern Union Company's books, a portion of which is allocated to MGE; and total adjustments, representing the summary of proforma amounts MGE expects to incur.

Schedule C, page 2 of 2, Adjustments to Plant to Service, identifies each specific adjustment to plant in service. Adjustment Nos. 1 and 2 relate to the SLRP investment which MGE expects to incur through June 30, 1998 as well as estimated related retirements. Adjustment Nos. 3 and 4 relate to vehicle additions MGE has approved in order to modernize an aging fleet. Adjustment No. 5, non-safety plant additions, relates to significant construction expenditures on plant to be placed in service through December 31, 1997. Adjustment No. 6 reflects improvements to various regional business offices and upgrades to existing telecommunications systems. Adjustment No. 7 removes certain carrying costs during construction that were identified and agreed to in Case No. GR-96-285, and Adjustment No. 8 represents the initial installation phases of the Automated Meter Reading System.

Schedule B-4, Deferred Income Taxes and Schedule D, Accumulated Depreciation and Amortization, are integrally related to the plant in service amounts.

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- Q. PLEASE DESCRIBE THE ADJUSTMENTS WHICH YOU ARE
   SPONSORING TO OPERATING INCOME IN SCHEDULE H.
- Schedule H consists of several pages with pages 1 and 2 summarizing the test year 6 7 per books amounts, adjustments to books and the resulting test year as adjusted by 8 USOA account. The remaining pages show each adjustment by USOA account. 9 MGE witness Cummings sponsors Schedules H-1 and H-2. Schedule H-3 removes 10 purchased gas expense and gross receipts tax expense. These adjustments eliminate 11 expenses which should not be included in determination of cost of service. Purchased 12 gas costs are recovered through the PGA mechanism, while franchise tax expense is 13 recovered through a separate tax adjustment on bills.

- 15 Q. EXPLAIN ADJUSTMENT NO. H-4, PAYROLL EXPENSE.
- 16 A. Total proforma based payroll cost was computed using the employee head count and salaries at the end of September 1997. The salary rates were adjusted for the contractual 1998 union wage increase and for miscellaneous known changes in rates of pay. Proforma overtime payroll was computed by applying the test year overtime ratio to the proforma base payroll computed above. In addition, fiscal year 1998 incentive compensation and commissions and test year miscellaneous pay were added to determine total proforma payroll. The major categories of total proforma payroll

(exempt, non-exempt fixed, non-exempt variable, part time, overtime, commissions, and miscellaneous) were then spread to USOA accounts by major category based on the test year prorata amount incurred in each USOA account. Finally, all categories were totaled by USOA account to determine total proforma payroll by USOA account. The resulting total in the expense USOA accounts is equal to the proforma payroll expense requested on Schedule H-4.

A.

#### 8 Q. DID YOU DEVELOP A PAYROLL EXPENSE RATIO BASED ON THESE

#### CALCULATIONS?

Yes. A payroll expense ratio was determined by dividing total proforma payroll expense by total proforma payroll. The payroll expense ratio was used on Schedules H-5, H-6 and H-7 to compute the expense portion of proforma benefits, payroll tax and injuries and damages, respectively. Payroll ratios were also determined relating to the amounts of payroll spread to the various non-expense clearing accounts. These clearing accounts include the Transportation Work Equipment Clearing Account, the Stores Load Account and the Paid Time Off Account. The payroll ratios related to these clearing accounts were also applied to the benefits, payroll tax, and injuries and damages proforma amounts to determine the proforma amount of each of these items to use on Schedules H-14, H-15 and H-16. These schedules normalize the test year amounts cleared from each of the clearing accounts listed above and are further discussed later in my testimony.

#### Q. EXPLAIN ADJUSTMENT NO. H-5, BENEFITS EXPENSE.

A. Total proforma benefits cost include pensions, life and accidental death & dismemberment (AD&D) insurance, long term disability insurance, medical and dental benefits, FAS 106 post retirement benefit costs, 401K, COLI amortization costs, and test year miscellaneous charges to USOA account 926. Proforma benefits expense was computed by multiplying total proforma benefits costs by the payroll expense ratio discussed previously.

A.

## Q. EXPLAIN THE BASIS FOR CALCULATION OF EACH CATEGORY OF BENEFITS LISTED ABOVE.

The pension and FAS 106 proforma amounts were based on the most recent actuarial studies performed by Southern Union Company's actuaries. For life, AD&D, long term disability, and medical and dental costs, a ratio was developed using MGE's most current costs as a percentage of total salaries. These ratios were applied to the total proforma salaries discussed above to compute the proforma amount of benefit cost for each item. For the 401K calculation, each individual's elected 401K percentage was applied to the individual's total proforma payroll amount. The proforma 401K cost on Schedule H-5 was computed by applying MGE's matching percentages to the result. Lastly, the proforma COLI amount is equal to one-fifth of the final total unamortized COLI cost. Since this represents a non-tax deductible expense, the amortization amount was also reflected as an adjustment to the income tax calculation on Schedule A-2.

- 1 Q. EXPLAIN ADJUSTMENT NO. H-6, PAYROLL TAX EXPENSE.
- 2 A. Adjustment H-6 synchronizes payroll taxes with proforma payroll on Schedule H-4.

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- 4 Q. PLEASE PROVIDE AN EXPLANATION OF ADJUSTMENT NO. H-7.
- 5 A. Adjustment No. H-7 normalizes costs incurred related to various types of insurance
- 6 expense using a three-year average of claims plus the insurance premiums paid during
- 7 the test period. Proforma insurance expense was computed by multiplying total
- 8 proforma insurance costs by the payroll expense ratio discussed previously.

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#### 11 Q. PLEASE EXPLAIN ADJUSTMENT NO. H-8.

- 12 A. Adjustment No. H-8 increases administrative and general costs in order to properly
- assign or allocate costs of joint and common functions to MGE. These functions
- support the on-going operations of MGE and include accounting, gas supply, tax,
- regulatory, shareholder relations, treasury, human resources, legal and information
- 16 technology.

- 18 Q. PLEASE PROVIDE AN EXPLANATION OF ADJUSTMENT NO. H-9.
- 19 A. Adjustment No. H-9 normalizes test period uncollectible accounts expense,
- 20 considering normal volumes and gas costs. In normalizing this expense, MGE has
- eliminated the effect of billing errors on uncollectible accounts. This adjustment
- eliminated only approximately \$90,000, or .023% of total revenues.

#### Q. WHAT IS THE PURPOSE OF ADJUSTMENT NO. H-10?

A. Adjustment No. H-10, Regulatory Commission Expense, reflects an estimated amount of rate case expense, including an increase related to the Commission assessment for the fiscal year beginning July 1, 1997. This adjustment should be

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7 Q. WHAT IS THE PURPOSE OF ADJUSTMENT NO. H-11?

trued-up based upon the ultimate costs of this case.

A. Adjustment No. H-11, Interest on Customer Deposits, synchronizes the test period interest paid on customer deposits held by MGE with the thirteen month average utilized in Schedule B.

- 12 Q. PLEASE CONTINUE WITH YOUR EXPLANATION OF ADJUSTMENTS
  13 NO. H-12 AND H-13.
- 14 Adjustment No. H-12, Depreciation Expense, and H-13, Amortization Expense, Α. 15 annualize the effects of depreciation and amortization expense based upon the test 16 period level of investment. With the exception of two items, MGE is using the rates 17 applied in Case No. GR-96-285. MGE proposes a 15 year life for its new automated meter reading (AMR) and a 20 year life for electronic gas measurement (EGM) 18 19 equipment, based on recommendations from Black & Veatch, depreciation consultants. The respective depreciation and amortization rates are applied to the 20 21 proforma test period plant in service as depicted in Schedule C. Depreciation booked

1	to the t	ransportation,	work	equipment	(TWE)	clearing	account	is	reflected	ir
2	Schedule	: H-14.								

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The SLRP costs are amortized over a 10 year period and are identified in Schedule B.

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- 6 Q. EXPLAIN ADJUSTMENTS NO. 14, 15 AND 16 RELATING TO
- 7 TRANSPORTATION WORK EQUIPMENT (TWE), STORES LOAD AND
- 8 PAID TIME OFF.
- 9 A. These adjustments normalize the amounts included in the test year expense accounts
- relating to dollars charged from clearing accounts.

- 12 Q. PLEASE EXPLAIN THE FUNCTION AND PURPOSE OF CLEARING
- 13 ACCOUNTS.
- 14 A. Clearing accounts are specific accounts required by the USOA. They serve as a
- 15 clearing house for various costs that are incurred for a similar function. For example,
- the TWE account accumulates various costs relating to vehicles and major work
- equipment including payroll, benefits, taxes, and insurance as well as the cost of tires,
- oil, and repairs and depreciation and/or vehicle lease expense. Similarly, the Stores
- 19 Load Accounts accumulates costs relating to managing the inventory and purchasing
- function, and the Paid Time Off account accumulates the payroll and related costs of
- vacations, sick leave, etc. By accumulating varied but related costs into one account,
- 22 these costs can more easily and consistently be charged back to other expense and

capital accounts. On average and over time, the total amounts charged into a clearing account should be equal to the amount charged out to the other accounts.

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## Q. WHY IS IT NECESSARY TO REFLECT ADJUSTMENTS RELATING TO THESE ITEMS IN A RATE CASE?

There are two reasons. First, timing differences routinely occur relating to the amounts charged into and cleared out of clearing accounts. For any given twelve month test year period, the total amounts charged into the clearing account typically do not exactly equal the amounts cleared out. For ratemaking purposes, it is necessary to normalize this process so that test year expense accounts are adjusted to the level that would have existed absent the timing difference. The second reason is that in the ratemaking process, adjustments are made to the direct expense portion of many of the items typically charged into a clearing account. As discussed above, these items include payroll and payroll-related costs such as benefits, payroll taxes, insurance, and in the case of the TWE account, depreciation and lease expense. While the adjustment relating to the direct expense portion of each of these items is accounted for and discussed on other Schedules, Schedules H-14, H-15 and H-16 adjust the portion of these items that are charged into and cleared out of clearing accounts. These adjustments enable test year clearing to be adjusted consistently with the remainder of the case.

#### 1 Q. WHAT IS THE PURPOSE OF ADJUSTMENT NO. H-17?

- 2 A. Adjustment No. H-17, Missouri State Franchise Tax, adjusts the test year Missouri
- 3 State Franchise taxes to the amount reflected in the most recent tax return.

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- 5 Q. PLEASE DISCUSS ADJUSTMENT NO. H-18.
- 6 A. Adjustment No. H-18, Property Tax Expense, synchronizes ad valorem taxes with the
- 7 amount of plant in service reflected in Schedule B.

- 9 Q. PLEASE DESCRIBE ADJUSTMENT NO. H-19.
- 10 A. This adjustment accounts for various costs incurred to upgrade MGE's existing 11 telephone system and to allow for the transfer of calls received at MGE's Kansas 12 City call center to its sister call center in El Paso. The telephone system was in need 13 of improvements for the system to maintain operating integrity of daily activity, in 14 addition to providing more real-time customer information. Simultaneously, due to 15 heavy calling activity resulting from the cold weather, gas costs, and billing issues 16 experienced during the 1996-1997 heating season, MGE has implemented the ability 17 to transfer calls during peak conditions more cost effectively than temporarily 18 transferring workforce to Kansas City or adding call center employees to handle only 19 peak period calling.

#### 1 Q. MR. HERNANDEZ, PLEASE DESCRIBE ADJUSTMENT-NO. H-20.

A. Adjustment No. H-20 adjusts the Experimental Weatherization Program test period level of expense with that level the Commission authorized in Case No. GR-96-285.

Under this Experimental program, MGE will expend \$250,000 annually which includes amounts remitted monthly to the City of Kansas City's Weatherization division and the monthly retained consultant fees associated with the evaluation of the

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Program.

#### 9 Q. PLEASE DESCRIBE ADJUSTMENTS NO. H-21 AND H-22.

A. Adjustment No. H-21, 3420 Broadway Lease Expense, recognizes changes to the lease amounts incurred for the space used by MGE in the 3420 Broadway office building. Adjustment No. H-22, New Business Office - 39th & Main, relates to MGE's new business office, which opened April 1, 1997. MGE witness Czaplewski discusses the positive aspects of this office now available to customers. There are various costs related to maintaining this office, and the adjustment annualizes those costs.

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#### 18 Q. PLEASE DESCRIBE ADJUSTMENT NO. H-23.

A. Adjustment No. H-23, Dues Expense, eliminates certain dues paid to various types of organizations from the test period, thereby reducing administrative and general expenses.

#### 1 Q. PLEASE DESCRIBE ADJUSTMENT NO. H-24.

A. Adjustment No. H-24, Billing Process Enhancement, recognizes the expense MGE has incurred and expects to continue to incur in the near future to evaluate and implement process improvements for accurate billing to its customers. An amortization of two years is proposed due to the on-going benefits produced by these

6 expenditures.

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#### 8 Q. PLEASE DESCRIBE ADJUSTMENT NO. H-25.

Adjustment No. H-25, Meter Reading Costs Reductions, reduces meter reading expense in two ways. First, non-recurring costs incurred last winter (1996-1997) are removed. Second certain meter reading costs that will no longer be incurred once AMR is implemented have been removed. Although not all meter reading costs will be avoided immediately, MGE has taken an aggressive approach to remove these costs while it has conservatively included only a portion of cost of AMR devices in plant in service.

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#### 17 Q. PLEASE DESCRIBE ADJUSTMENT NO. H-26.

A. Adjustment No. H-26, Billing Error Costs, relates to the removal of costs incurred by

MGE stemming from the correction of billing errors made during the 1996-1997

heating season.

- 1 Q. ARE THERE ADJUSTMENTS PROPOSED TO TAXABLE INCOME IN
- 2 THIS PROCEEDING?
- 3 A. Yes. Taxable income, as shown on Schedule A-2, is increased for the non-deductible
- 4 equity portion of the carrying costs included in the amortization of the Service Line
- 5 Replacement Program (SLRP) deferrals and the effects of the non-deductible portion
- of SFAS 106 Corporate Owned Life Insurance (COLI) costs.

- 8 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?
- 9 A. Yes.

A division of Southern Union Company

### REVENUE DEFICIENCY SUMMARY

Twelve Months Ended May 31, 1997

A division of Southern Union Company Twelve Months Ending May 31, 1997

#### Index of Schedules

<u>Schedule</u>	Description
Α	Revenue Deficiency
A-1	Summary Of Revenues & Expenses, Per Books and Adjusted
A-2	Income Tax
В	Rate Base
B-1	Summary of SLRP Deferrals & Deferred Taxes
B-2	Customer Deposits
B-3	Customer Advances
B-4	Deferred Taxes
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H-1 to H-26	Summary and Adjustments by Account

MISSOURI GAS ENERGY A division of Southern Union Company Twelve Months Ending May 31, 1997

#### Revenue Deficiency

Line No.	Description	Ref.	Required Return	Earnings Deficiency	Revenue Deficiency	Net Revenue Deficiency
110.	(a)	(b)	(c)	(d)	(e)	(f)
1	Rate Base	8	\$421,431,755			
2	Rate of Return	F	9.858%			
3	Required Return		\$41,544,742	\$41,544,742		
4	Adjusted Test Year Net Operating Income	A-1	· .	24,931,115		
5	Earnings Deficiency		_	\$16,613,627	\$16,613,627	
6	Multiply by Income Tax Gross-up Factor				1.646789	
7	Revenue Deficiency - Gross of Tax				\$27,359,139	
8	Multiply by Uncollectibles Gross-up Factor				1.021450	
9	Revenue Deficiency before Late Pay Fee	Gross Do	wn		\$27,945,992	\$27,945,992
10	Multiply by Late Pay Fee Gross-down Factor				-	0.996882
11	Net Revenue Deficiency					\$27,858,8 <u>50</u>
11	Met Vessine penciones				-	

A division of Southern Union Company Twelve Months Ending May 31, 1997

#### Summary of Net Operating Income Per Books and Adjusted

Line		Per		As
No.	Description	Books	Adjustments	Adjusted
	(a)	(b)	(c)	(d)
	<u>REVENUES</u>			
1	Operating Base Revenues	\$420,287,649	(\$304,087,794)	\$116,199,855
2	Other Utility Revenues	11,774,144	(4,797,012)	6,977,132
3	Total Operating Revenues	\$432,061,793	(\$308,884,806)	\$123,176,987
	OPERATING EXPENSES			
4	Distribution Expense	\$301,611,137	(\$281,780,624)	\$19,830,513
5	Customer Accounts Expense	18,755,841	292,150	19,047,991
6	Customer Service and Information Expense	560,937	(57,182)	503,755
7	Sales Expense	888,540	94,990	983,530
8	Administrative and General Expense	19,045,699	5,582,201	24,627,900
9 .	Total Operating and Maintenance Expenses	\$340,862,155	(\$275,868,465)	\$64,993,689
10	Depreciation & Amortization Expense	\$16,112,551	\$7,438,893	\$23,551,444
11	Interest on Customer Deposits	632,106	(112,923)	519,183
12	Taxes Other Than Income	34,524,276	(26,775,121)	7,749,155
13	Total Operating Expenses	\$392,131,087	(\$295,317,617)	\$96,813,471
14	Operating Income Before Income Tax	\$39,930,706	(\$13,567,189)	\$26,363,516
15	Less: Income Tax Expense	6,708,940	(5,276,539)	1,432,401
16	Net Operating Income	\$33,221,765	(\$8,290,650)	\$24,931,115

A division of Southern Union Company Twelve Months Ending May 31, 1997

#### Income Tax

Line			Per	As
No.	Description	Reference	Books	Adjusted
	(a)	(b)	(c)	(d)
1	Total Operating Revenues	A-1	\$432,061,793	\$123,176,987
2	Total Operating Expenses	A-1	(392,131,087)	(96,813,471)
3	Net Operating Income	A-1	\$39,930,706	\$26,363,516
4.	Equity Portion of SLRP Deferrals		\$708,664	\$841,266
5	COLI Amortization	-	122,709	122,709
5	Less: Interest on Long Term Debt		(17,464,132)	(17,464,132)
6	Less: Cost of Tax Deductible Preferred Equity		(5,461,756)	(5,461,756)
7	Total Tax Adjustments		(\$22,094,514)	(\$21,961,913)
8	Net Taxable Income		\$17,836,191	\$4,401,604
9	Income Tax		\$7,005,303	\$1,728,764
10	Less: Income Tax Reduction per Case No. GM-94-40		(296,363)	(296,363)
11	Net Income Tax		\$6,708,940	\$1,432,401

A division of Southern Union Company Twelve Months Ending May 31, 1997

#### Rate Base

Line			
No.	Description	Reference	Amount
	(a)	(p)	(c) .
1	Intangible Plant	C	\$9,438,133
2	Distribution Plant	C ·	532,776,979
3	General Plant	C	36,989,181
4	Gross Plant In Service		\$579,204,293
5	Accumulated Depreciation & Amortization	D	(155,657,397
6	Net Plant in Service		\$423,546,896
7	SLRP Deferrals	B-1	\$28,153,321
8	Working Capital	Ε	24,382,911
9	Customer Deposits	B-2	(8,653,055
10	Customer Advances	B-3	(6,499,609
11	Unamortized Deferred Credit per Case No. GM-94-40		(16,750,000
12	Deferred Income Taxes - SLRP	B-1	(8,464,514)
13	Deferred Income Taxes - Other	B-4	(14,284,195)
14	Total Rate Base		\$421,431,755

A division of Southern Union Company Twelve Months Ending May 31, 1997

### Summary of SLRP Deferrals and Deferred Taxes

Line		
No.	Description	Amount
	(a)	(b)
	SLRP Deferrals	
1	Order GO-92-185	\$5,754,900
2	Order GO-94-234	19,050,873
3	Order GO-97-301	3,347,548
4	Total SLRP Deferrals	\$28,153,321
	SLRP Deferred Taxes	•
5	Order GO-92-185	(\$2,717,894)
6	Order GO-94-234	(4,789,529)
7	Order GO-97-301	(957,091)
8	Total SLRP Deferred Taxes	(\$8,464,514)

A division of Southern Union Company Thirteen Months Ending May 31, 1997

#### **Customer Deposits**

Line		
No.	Month	Amount
	(a)	(b)
1	::	(\$7,999,630)
2	Jun-96	(7,973,922)
3	Jul-96	(8,106,744)
4	Aug-96	(8,249,679)
5	Sep-96	(8,384,483)
6	Oct-96	(8,647,847)
7	Nov-96	(8,867,991)
8	Dec-96	(9,010,962)
9	Jan-97	(9,103,815)
10	Feb-97	(9,101,116)
11	Mar-97	(9,074,858)
12	Apr-97	(9,046,024)
13	<b>M</b> ay-97	(8,922,648)
14	13 Month Total	(\$112,489,719)
15	13 Month Average	(\$8,653,055)

A division of Southern Union Company Thirteen Months Ending May 31, 1997

#### **Customer Advances**

Line No.	Month	Amount
	(a)	(b)
1	May-96	(\$5,217,332)
2	Jun-96	(5,647,378)
3	Jul-96	(5,920,468)
4	Aug-96	(6,276,114)
5	Sep-96	(6,365,602)
6	Oct-96	(6,587,471)
7	Nov-96	(6,782,857)
8	Dec-96	(6,820,686)
9	Jan-97	(6,880,527)
10	Feb-97	(6,843,253)
11	Mar-97	(6,977,474)
12	Apr-97	(7,042,738)
13	May-97	(7,133,011)
14	13 Month Total	(\$84,494,911)
15	13 Month Average	(\$6,499,609)

A division of Southern Union Company Twelve Months Ending May 31, 1997

#### Deferred Taxes (Other than SLRP)

Line No.	Description	Amount
	(a)	(b)
1	Deferred Taxes, MGE Direct Plant as of 5/31/97	(\$11,947,899)
2	Deferred Taxes: AMR and New Plant Adds	(730,542)
3	Deferred Taxes, Corporate Plant	(1,605,754)
4	Total Accumulated Deferred Income Taxes (Other than SLRP)	(\$14,284,195)

MISSOURI GAS ENERGY A division of Southern Union Company Twelve Months Ending May 31, 1997

## Plant in Service

Line No.	Description	Direct	Completed Not Classified	Total Direct & Completed	Corporate Allocated	Total Adjustments	Total As Adjusted
	(a)	(g)	(2)	(p)	(e)	S	(b)
	INTANGIBLE PLANT						
-	(301) Organization	\$15,600	0\$	\$15,600	\$0	\$0	\$15,600
N	(302) Franchises	55,749	0	55,749	0	0	55,749
ო	(303) Miscellaneous Intangible	8,575,167	791,617	9,366,784	0	0	9,366,784
4	Total Intangible Plant	\$8,646,516	\$791,617	\$9,438,133	0\$	0\$	\$9,438,133
	DISTRIBUTION PLANT						
S	(374.1) Land	\$167,237	0\$	\$167,237	\$0	0%	\$167,237
φ	(374.2) Land Rights	802,571	7,534	810,105	0	0	810,105
~	(375.1) Structures	5,547,255		5,547,255	0	936,354	6,483,609
80	(375.2) Leasehold Improvements	988,961	0	988,961	0	0	988,961
თ	(376) Mains & Mains - Cast Iron	216,188,574	1,107,868	217,296,442	0	9,531,108	226,827,550
5	(378) Meas. & Reg. Station - General	9,804,893	6,262	9,811,155	0	0	9,811,155
Ξ	(379) Meas. & Reg. Station - City Gate	2,422,582	0	2,422,582	0	0	2,422,582
12	(380) Services	199,246,735	9,436	199,256,171	0	14,302,015	213,558,186
5	(381) Meters	25,505,243	834,820	26,340,062	•	0	26,340,062
4	(382) Meter Installations	36,528,685	4,285	36,532,970	0	0	36,532,970
15	(383) House Regulators	8,600,883	29,128	8,630,011	0	0	8,630,011
16	(385) Electronic Gas Measuring	204,552	0	204,552	0	0	204,552
17	(387) Other Equipment	0	0	0	0	0	0
5	Total Distribution Plant	\$506,008,170	\$1,999,333	\$508,007,502	\$0	\$24,769,477	\$532,775,979
	GENERAL PLANT						
9	(389) Land	\$708,569	\$0	\$708,569	80	20	\$708,559
8	(390.1) Structures	432,224	4,721	436,945	300,439	0	737,384
2	(390.2) Leasehold Improvements	594,295	90,380	684,675	0	225,000	909,675
22	(391) Furniture & Fixtures	3,247,966	25,276	3,273,242	8,412,457	0	11,685,699
23	(392) Transportation Equipment	689,201	0	689,201	45,476	•	734,677
54	(393) Stores Equipment	547,487	0	547,487	0	•	547,487
52	(394) Tools	4,712,836	17,095	4,729,931	0	0	4,729,931
56	(395) Laboratory Equipment	58,441	0	58,441	0	0	58,441
27	(396) Power Operated Equipment	1,472,462	0	1,472,462	o	1,648,463	3,120,925
28	(397) Communication Equipment - AMR	0	0	0	Ō	11,327,528	11,327,528
23	(397) Communication Equipment	1,768,284	199,664	1,967,947	116,294	110,821	2,195,062
30	(398) Miscellaneous Equipment	168,678	0	168,678	65,124	0	233,802
ಕ್ಷ	Total General Plant	\$14,400,443	\$337,136	\$14,737,579	\$8,939,790	\$13,311,812	\$36,989,181
32	Total Original Cost Plant in Service	\$529,055,129	\$3,128,086	\$532,183,214	\$8,939,790	\$38,081,289	\$579,204,293
33	Accumulated Depreciation and Amortization	(154,873,988)	0	(154,873,988)	(2,889,774)	2,106,365	(155,657,397)
8	Net Plant In Service	\$374,181,141	\$3,128,086	\$377,309,226	\$6,050,016	\$40,187,654	\$423,546,896

MISSOURI GAS ENERGY A division of Southern Union Company Twelve Months Ending May 31, 1997

# Adjustments to Plant in Service

		SLRP	SLRP			Non-Safety				
-	-	7/97-6/98	7/97-6/98	Vehicle	Vehicle	Plant	Building	Remove	Automated	
		Additions	Retirements	Additions	Relirements	Additions	Improvements	AFUDC	Moter Reading	Total
2	Description	No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	No. 7	No. 8	Adjustments
	(g)	<b>(</b> a)	ŷ	<del>©</del>	(e)	6)	(5)	£	(9)	0
	INTANGIBLE PLANT									
-	(301) Organization	0\$	\$0	0\$	S.	20	20	0\$	08	Ş
7	(302) Franchises	Φ	o	0	0	0	0		<b>?</b> C	3 -
6	(303) Miscellaneous Intangible	0	0	0	0	0	0	0	0	· c
₹	Total Intangible Plant,	0\$	0\$	0\$	\$0	\$0	\$0	0\$	80	\$0
	DISTRIBUTION PLANT									
ı,	(374 1) Land	20	80	03	20	05	OS	S	Ş	5
80	(374.2) Land Rights	0	0	0	0	0	. •	3	3 0	<b>Q</b> C
^	(375 1) Structures	0	0	0	0	936,354	0	. 0	o c	926 354
<b>a</b> 0	(375.2) Leasehold Improvements	0	0	0	0	0				roc'ace
O	_	8,512,765	(700,000)	0	0	2.064.380	· c	(750.845)	0 6	0 624 408
2	(378) Meas. & Reg. Station - General	0	0	0	0	0				901.100,5
F	(379) Meas, & Reg. Station - Cliy Gate	0	0	0	• •			0 0	<b>o</b> c	
12	(380) Services	16,432,015	(2,130,000)	٥	•			o c	9 6	44 202 644
5	(381) Meters	0		0						510,202,41
4	(382) Meter Installations	0	0	0		0	· c	o c	o c	•
15	(383) House Regulators	0	0	•	•	, ,			9 6	
16	(385) Electronic Gas Metering	0			• •	· c				9 6
17	(387) Other Equipment	0	0	0		• •	· c			<b>5</b> 6
18	Total Distribution Plant	\$24,944,780	(\$2,830,000)	80	\$0	\$3,000,734	\$0	(\$346,037)	OS S	\$24,769,477
•										
19	(389) Land	Ş	9	Ş	Ş	Ş	6	;	;	:
20	_	•	3 0	3 -	<u> </u>	<b>9</b> C	g C	9	g, «	20
21	(390.2) Leasehold Improvements	0	•			•	225,000	0 0	> 0	000 366
22	(391) Fumilure & Fixtures	0	0	0	0	0	0	0 0		000,622
23	_	Q	0	0	0	0	0	0		
24	_	Q	0	0	0	0	0	• •	· c	
52	_	0	0	0	0	0	0	0	• •	
28		0	0	0	0	0	0	٥	0	•
27	•	0	0	1,872,638	(224,175)	0	0	0	0	1.648.463
28	-	0	0	0	0	0	0	0	11.327 528	11 327 528
8	_	0	0	0	0	0	110,821	0	0	110.821
ဗ္ဂ	ල	0	0	0	0	0	0	0	0	0
હ	Total General Ptant	0\$	os	\$1,872,638	(\$224,175)	\$0	\$335,821	0\$	\$11,327,528	\$13,311,812
32	Total Original Cost Plant In Service	\$24,944,780	(\$2,830,000)	\$1,872,638	(\$224,175)	\$3,000,734	\$335,821	(\$346,037)	\$11,327,528	\$38,081,289

A division of Southern Union Company Twelve Months Ending May 31, 1997

#### Accumulated Reserves for Depreciation and Amortization

Line		Test Year		Proforma	Test Year
No.	Description	Direct	Corporate	Adjustments	As Adjusted
	(a)	(b)	(c)	(d)	(e)
	44.4	14 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	5,45,4,4		
1	Intangible Plant Reserve	(\$4,351,541)	\$0	\$0	(\$4,351,541)
2	Distribution Reserve	(150,522,447)	. 0	2,106,365	(148,416,082)
3	Corporate Allocated Reserve	0	(2,889,774)	0	(2,889,774)
4	Total Accumulated Reserves	(\$154,873,988)	(\$2,889,774)	\$2,106,365	(\$155,657,397)

#### MISSOURI GAS ENERGY A division of Southern Union Company Twelve Months Ending May 31, 1997

#### Adjustments to Reserves

				Adj. to Reserve for				
Ema		Adjustments to Plant in Service	Deprec Rates	Add'l Depr. (see note)	SLRP Retirements	TWE Retrements	Salvage on TWE Retirements	Total
No	Description			No. 1	No. 2	No 3	No. 4	Adjustments
	(a) ·	(b)	(c)	(4)	(e)	(f)	(g)	(h)
	DISTRIBUTION PLANT							
1	(374.1) Land	\$0	0.00%	\$0	\$0	\$0	\$0	\$0
2	(374.2) Land Rights	0	Amort.	0	0	0	0	0
3	(375.1) Structures	936,354	2.28%	(10,674)	- 0	0	0	(10,674)
4	(375.2) Leasehold Improvements	0	Amort.	0	0	0	Ó	o
5	(376) Mains & Mains - Cast fron	9,531,108	1.88%	(89,592)	700,000	0	0	610,408
6	(378) Meas, & Reg. Station - General	0	3.00%	0	0	0	0	0
7	(379) Meas. & Reg. Station - City Gate	. 0	2.66%	0	0	0	٥	0
8	(380) Services	14,302,015	5.50%	(393,305)	2,130,000	0	0	1,736,695
9	(381) Meters	0	2.05%	0	0	0	0	0
10	(382) Meter Installations	0	2.05%	0	0	0	0	0
11	(383) House Regulators	0	2.05%	0	0	0	0	0
12	(385) Electronic Gas Metering	0	5.00%	0	0	0	0	0
13	(387) Other Equipment	0	6.33%	0	. 0	0	0	Ó
14	Total Distribution Plant	\$24,769,477		(\$493,571)	\$2.830.000	\$0	\$0	\$2,336,429
	GENERAL PLANT							
15	(389) Land	\$0	0.00%	\$0	\$0	\$0	\$0	\$0
16	(390.1) Structures	0	3.33%	0	0	0	0	0
17	(390.2) Leasehold Improvements	225,000	Amort,	(11,250)	0	0	0	(11,250)
18	(391) Furniture & Fixtures	0	3.06%	0	0	0	0	0
19	(392) Transportation Equipment	0	10.13%	0	0	0	(11,209)	(11,209)
20	(393) Stores Equipment	0	3.33%	0	0	0	0	o
21	(394) Tools	0	4.00%	0	- 0	0	0	0
22	(395) Laboratory Equipment	0	4.00%	0	0	0	0	0
23	(396) Power Operated Equipment	1,648,463	6.25%	(51,514)	0	224,175	0	172,661
24	(397) Communication Equipment - AMR	11,327,528	6.67%	(377,773)	0	. 0	0	(377,773)
25	(397) Communication Equipment	110,821	4.50%	(2,493)	0	0	0	(2,493)
26	(398) Miscellaneous Equipment	0	6.25%	0	0	0	0	0
27	Total General Plant	\$13,311,812		(\$443,030)	\$0	\$224,175	(\$11,209)	(\$230,064)
28	Total Adjustment	\$38,081,289	_	(\$936.601)	\$2.830.000	\$224,175	(\$11,209)	\$2,106,365

Note: Adjustment 1 computed using the 1/2 year convention

A division of Southern Union Company Twelve Months Ending May 31, 1997

#### Summary of Working Capital

Line			
No.	Description	Reference	Amounts
•	(a)	(b)	(c)
1	Materials and Supplies Inventory	E-1	\$2,014,760
2	Prepayments	E-2	753,191
3	Gas Inventory	E-3	21,614,960
4	Total Working Capital		\$24,382,911

A division of Southern Union Company Thirteen Months Ending May 31, 1997

# Materials & Supplies

Line		
No.	Month	Amount
	(a)	(b)
		1.
1	May-96	\$2,178,328
2	Jun-96	2,150,950
3	Jul-96	2,377,012
4	Aug-96	2,010,026
5	Sep-96	2,072,961
6	Oct-96	1,900,098
7	Nov-96	1,957,402
8	Dec-96	1,964,734
9	Jan-97	1,911,325
10	Feb-97	1,919,160
11	Mar-97	1,914,936
12	Apr-97	1,910,479
13	May-97	1,924,464
14	13 Month Total	\$26,191,875
15	13 Month Average	\$2,014,760

A division of Southern Union Company Thirteen Months Ending May 31, 1997

# Prepayments

Line		
No.	Month	Amount
· · · · · · · · · · · · · · · · · · ·	(a)	(b)
1	Mar-96	\$617,881
2	Apr-96	450,509
3	May-96	459,908
4	Jun-96	363,673
5	Jul-96	1,331,244
6	Aug-96	1,161,075
7	Sep-96	1,062,601
8	Oct-96	922,700
9	Nov-96	851,351
10	Dec-96	852,907
11	Jan-97	694,495
12	Feb-97	553,891
13	Mar-97	469,248
		40 704 155
14	13 Month Total	\$9,791,483
15	13 Month Average	\$753,191
	-	

A division of Southern Union Company Thirteen Months Ending May 31, 1997

# Gas Inventory

Line		
No.	Month	Amount
	(a)	(b)
1	May-96	\$6,548,995
2	Jun-96	14,764,081
3	Jul-96	22,784,265
4	Aug-96	32,530,202
5	Sep-96	38,709,635
6	Oct-96	41,328,165
7	Nov-96	40,772,184
8	Dec-96	29,347,900
9	Jan-97	22,478,646
10	Feb-97	12,684,400
11	Mar-97	9,288,853
12	Apr-97	5,794,325
13	May-97	3,962,831
14	13 Month Total	\$280,994,481
15	13 Month Average	\$21,614,960

A division of Southern Union Company Twelve Months Ending May 31, 1997

# Summary of Cost of Capital

Line No.	Description	Reference	Amount	Ratio	Cost Rate	Weighted Composite Rate
	(a)	(b)	(c)	(d)	(e)	(1)
1	Long-Term Debt	F-1	\$377,751,010	0.5095	8.134%	4.144%
2	Preferred Equity	F-2	96,295,457	0.1299	9.982%	1.296%
3	Common Equity	F-2	267,361,667	0.3606	12.25%	4.418%
4	Total		\$741,408,134	1.0000		9.858%

A division of Southern Union Company Twelve Months Ending May 31, 1997

#### Long Term Debt

			Annual	
Line		Outstanding	Interest	Annualized
No.	Description	Debt	Rate	Cost
	(a)	(b)	(c)	(d)
1	7.6% Senior Notes	\$384,515,000	7.60%	\$29,223,140
2	Capital Lease - AMR	11,264,700	6.25%	704,044
3	Capital Lease - IBM	674,486	6.29%	42,425
4	Total Long-Term Debt	\$396,454,186		\$29,969,609
5	Unamortized Debt Costs - 181	(3,876,107)		145,354
6	AMR Debt Costs	(115,000)		23,000
7	Unamortized Costs/Loss/Gain on Reacquired Debt - 189 & 257	(14,712,069)		588,992
8	Net Long Term Debt	\$377,751,010		\$30,726,955
9	Cost of Debt			8.134%
10	Debt as Proportion of Total Capitalization (Line 7, Column B divided by Line 3, Column B, Schedule F)			0.5095
11	Composite Debt Cost Rate			4.1440%

A division of Southern Union Company Twelve Months Ending May 31, 1997

# **Equity Capital**

Line			Annualized	Cost		Composite
No.	Description	8alance	Cost	Rate	Ratio	Cost Rate
	(a)	(b)	(c)	(d)	(e)	(f)
	Preferred Equity					
1	\$100,000,000 of 9.48% Preferred Securities		\$9,480,000	1.1642.464.455	nami sin	
2	Issuance Cost Amortization	_	132,305			
3	Preferred Equity	\$96,295,457	\$9,612,305	9.982%		
4	Preferred Equity as Proportion of Total ***					
	Capitalization (Line 3, Column B divided by			•		
	Line 3, Column B, Schedule F)			_	13.0%	
5	Composite Preferred Cost Rate			_		1.296%
	Common Equity	,				
6	Common Equity	267,361,667				
7	Required Return on Common Equity			12.250%		
8	Common Equity as Proportion of Total	•				
	Capitalization (Line 10, Column B divided by					
	Line 3, Column B, Schedule F)				36.1%	
9	Composite Common Cost Rate			_		4.418%
10	Total Equity Capital	\$363,657,124	·		<u></u>	5.714%

# MISSOURI GAS ENERGY A division of Southern Union Company Twelve Months Ending May 31, 1997

#### Distribution of Revenue and Expense Adjustments by Main

Line	Main		Test Year	Total	Test Year
No	Acct.	Description	Per Book	Adjustments	As Adjusted
	(a)	(b)	(c)	(d)	(e)
	OPERATI.	NG REVENUE			
1	480	Residential	\$288,682,802	(\$206,510,975)	\$82,171,827
2	481.1	Commercial	124,965,286	(96,025,184)	28,940,102
3	481.2	Industrial	3,620,676	(2,376.229)	1,244,447
4	483	Sales for Resale	6,092	(420)	5,672
5	487	Late Payment Charges	1,344,927	336,141	1,681,068
6	488	Miscellaneous Service Revenue	1.667.867	488,872	2,156,739
7	489	Transport	11,826,193	(4,797,012)	7,029,181
8	493	Rent From Property	22,245	0	22,245
9	495	Other Gas Revenue	(74,294)	0	(74,294)
		Total Operating Revenue	\$432,061,793	(\$308,884,806)	\$123,176,987
	0000471	NG & MAINTENANCE EXPENSE			
	Operation				
10	-	Natural Gas Purchases and Expenses	\$282,101,115	(\$282,101,115)	\$0
11	859	Other Joint Expense	3,688	0	3,688
12	870	Operation, Supervision and Engineering	384,746	(21,830)	362,915
13	871	Distribution and Load Dispatching	7,220	0	7,220
14	872	Compressor Station Labor and Expense	251	(0)	251
15	874	Mains and Service Expenses	1,839,926	29,281	1,869,207
16	875	Distributing Regulating Station Expenses	675,234	4,204	679,439
17	876	Measuring and Regulating - Station Expenses	25,996	403	26,399
18	877	Measuring and Regulating - Station Expenses	1,409	27	1,436
19	878	Meter and House Regulator Expenses	4,705,344	114,114	4,819,458
20	879	Customer Installation Expenses	2,648,734	31,138	2,679,871
21	880	Other Expenses	1,555,119	10,475	1,565,594
22	881	Rents	104,241	0	104,241
23	•••	Total Operation Expense	\$294,053,021	(\$281,933,303)	\$12,119,718
	15-1-4	F			
24	maintenar 885	ice Expense  Maintenance Supervision and Engineering	\$171,291	<b>\$</b> 519	\$171,811
25	886	Maintenance of Structures and Improvements	103,053	1,241	104,294
26	887	Maintenance of Mains	6,195,594	127,286	6,322,880
27	889	Maint, of Measuring and Reg. Stat Equip - General	220,628	4,797	225,425
28	890	Maint of Measuring and Regulating Equipment	83,923	1,509	85,432
29	891	Maint, of Measuring and Regulating Equipment	1,887	21	1,908
30	892	Maintenance of Services	230,233	12,036	242,269
31	893	Maintenance of Meters and House Regulators	334,651	763	335,414
32	894	Maintenance of Other Equipment	216,856	4.508	221,364
33	034	Total Maintenance Expenses	\$7,558,116	\$152,679	\$7,710,795
34		Total Distribution Expense	\$301,611,137	(\$281,780,624)	\$19,830,513
	C	A			
35	Gustomer 901	Accounts Expense Supervision	\$400,692	(\$41,965)	\$358,727
36	902	Meter Reading Expense	3,157,912	(718,681)	2,439,231
37	903	Customer Records and Collection Expense	7,181,817	1,300,841	8,482,658
38	904	Uncollectible Accounts	7,993,944	(275,482)	7,718,462
39	905	Miscellaneous Customer Accounts Expense	21,476	27,437	48,913
40	303		\$18,755,841	\$292,150	\$19,047,991
40		Total Customer Accounts Expenses	310,133,041	V232, 133	913,047,351

A division of Southern Union Company Tweive Months Ending May 31, 1997

#### Distribution of Revenue and Expense Adjustments by Main

Line No.	Main Acct	Description	Test Year Per Book	Total Adjustments	Test Year As Adjusted
110	(a)	(b)	(c)	(d)	(e)
	_				
41	Customer 907	r Service and Informational Expense Supervision	\$0	\$0	\$0
42	908	Customer Assistance	455,254	(57, 182)	398,072
43	909	Informational and Instructional Advertising Exp.	99.129	(57, 162)	99,129
44	910	Miscellaneous Customer Accounts Expense	6,553	0	6,553
44	310	Total Cust. Service and Information Exp.	\$560,937	(\$57,182)	\$503,755
		Total Cost Serves and undifficent Exp.	2000,531	(307,102)	3303,733
	Sales and	Advertising Expense			
45	911	Supervision	\$141,940	(\$3,200)	\$138.740
46	912	Demonstrating and Selling Expenses	741,942	98,190	840,132
47	913	Advertising Expenses	568	0	568
48	916	Miscellaneous Sales Expenses	4,091	ō	4,091
49	•	Total Sales and Advertising Expenses	\$888,540	\$94,990	\$983,530
		the control of the second of the control of the con		•	
		ative and General Expense			
50	920	Administrative and General Salaries	\$3,712,659	(\$227,447)	\$3,485,212
51	921	Office Supplies and Expenses	3,324,890	28,221	3,353,111
52	922	Administrative Expenses Transferred	(436,337)	0	(436,337)
53	923	Outside Services Employed	1,596,882	7,558,331	9,155,213
54	924	Property Insurance -	547,116	(547, 116)	0
55	925	Injuries and Damages	1,435,032	(29,913)	1,405,119
56	926	Employee Pensions and Benefits	6,121,690	(1,665,736)	4,455,954
57	927	Franchise Requirements	0	0	0
58	928	Regulatory Commission Expense	1,183,197	444,908	1,628,105
59	930	Miscellaneous General Expenses	405,428	(9,582)	395,846
60	931	Rents	- 836,869	30,031	866,900
61	935	Maintenance of General Plant	318,273	504	318,777
62		Total Administration and General Expense	\$19,045,699	\$5,582,201	\$24,627,900
63		Total O & M Expense	\$340,862,155	(\$275,868,465)	\$64,993,689
64	403	Depreciation	15,273,893	4,615,664	19,889,556
65	404, 405	Amortization	838,658	2,823,229	3,661,888
66	431	Interest on Gustomer Deposits	632,106	(112,923)	519,183
67	408	Payroll Taxes	\$1,709,880	\$43,747	\$1,753,627
68	408	Property Taxes	4,159,531	1,538,131	5,697,662
69	408	Gross Receipts Tax	28,848,353	(28,848,353)	0
70	408	Other Taxes	(193,488)	491,354	297,866
71	408	Taxes Other Than Income	\$34,524,276	(\$26,775,121)	\$7,749,155
72		TOTAL EXPENSES	\$392,131.087	(\$295,317,617)	\$96,813,471
73		OPERATING INCOME BEFORE INCOME TAX	\$39,930,706	(\$13,567,189)	\$26,363,516
74	409,410	Income Taxes	\$5,708,940	(\$5,276,539)	\$1,432,401
75		NET OPERATING INCOME	\$33.221,765	(\$8.290,650)	\$24,931,115

MISSOURI GAS ENERGY A Division of Southern Union Company Twetve Months Ending May 31, 1997

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(275,482)(\$275,482) Uncollectible Expense φ € 8 30 ŝ Common Costs Joint and φ 2 ç ŝ Ť 3 S ŝ ŝ Payroll Taxes 9 H Ξ S ន Payroll Expense Employee Benefits çç İ Ξ (4) (973) (720) 3,055 (14,974) (3) (30,426) (6,908) (\$9,082) (185) (62,488) (\$22,513) (29,904) (1, 133)(18,636) 5,439 (468) (189) € (63) (\$43,379) (\$81,634) (\$71 055) (\$152,689) \$996,379 Ī \$ Distribution of Revenue and Expense Adjustments by Main Normalize & Adj. Test Yoar , Romove Purchase Gas (\$282,101,115) ŝ (\$282,101,115) Cost and GRT ŝ (14.978)336,232 131,133 ဒ္ဓ 485,524 (\$311,483,766) \$2,598,960 \$1,026,780 634,269 Margin 3 (B) S 30 (\$207.537.755) 420 (96,659,453) (2,361,251) Adj. Gt. Rev to Test Year Margin 9 103,053 6,195,594 220,628 83,923 21,476 \$18,755,841 \$0 455,254 99,129 7,220 1,839,926 25,996 1,409 2,648,734 1,555,119 1,887 230,233 334,651 (74,294) 384,746 7,181,817 7,993,944 6,092 22,245 3,688 251 675,234 4,705,344 \$171,291 216,856 \$7,558,116 \$301,611,137 \$400,692 3,157,912 1,667,867 11,826,193 \$432,061,793 \$282,101,115 104.241 \$294,053,021 124,965,286 3,620,676 1,344,927 5288,682,802 Test Year Per Books Û Maint of Measuring and Reg. Stat Equip - Conerat Informational and Instructional Advertising Exp. Maint of Measuring and Regulating Equipment Maint of Measuring and Regulating Equipment Maintenance of Meters and House Regulators Measuring and Regulating - Station Expenses Measuring and Regulating - Station Expenses Maintynance of Structures and Improvements Miscellaneous Customer Accounts Expense Customer Records and Collection Expense Customer Service and Informational Expense Maintenance Supervision and Engineering Distributing Regulating Station Expanses Operation, Supervision and Engineering Compressor Station Labor and Expense Total Customer Accounts Expenses Meter and House Regulator Expenses OPERATING & MAINTENANCE EXPENSE Natural Gas Purchases and Expenses Description Distribution and Load Dispatching ē Maintanance of Other Equipment Total Maintenance Expenses Miscellaneous Service Revenue Customer Installation Expenses **Total Distribution Exponse** Mains and Service Expenses Total Operation Expense Total Operating Revenue **Customer Accounts Expense** Maintanance of Services Meter Reading Expense Uncollectible Accounts Late Payment Charges Maintanance of Mains Customer Assistance Other John Expense Other Gas Revenue OPERATING REVENUE Rent From Property Maintenance Expense Other Expenses Salos for Resale Operation Expense Supervision Supervision Commercial Residential Industrial 908 909 909 910 879 880 881 902 903 904 905 481.2 871 872 874 875 888 886 887 887 8890 890 891 891 893 893 893 CHT. 481.1 859 670 876 877 878 8 483 88 489 493 Ş 3 487

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6,553

Miscellancous Customer Accounts Expense

4 4 4 4

8 2 8 8 8 4 4

# MISSOURI GAS ENERGY A Division of Southern Union Company Twelve Months Ending May 31, 1997

Distribution of Revenue and Expense Adjustments by Main H-1 H-3 H-3

				H-1	nevenue and exp H-2	unon of nevenue and Expense Adjustments by Main H-2	2 I	5.H	Ę	ř	q I	3
					Normalize & Adj.				•		?	È
S G	Man Acd	Description	Test Year Per Books	Adj. Gl. Rev to Tost Year Mardin	Test Year R	Remove Purchase Gas Cost and GRT P	Payrol Expense Employee Boosfie		Toward Toward		Joint and	Uncollectible
	<u>(e)</u>	(q)	(5)	(p)	(0)		(6)		()	(3)	(k)	(l)
ð		Total Cust. Service and Information Exp.	\$560,937	0\$	0\$	\$0	(\$14,974)	05	0\$	\$0	\$0	0\$
		Salos and Advertising Expense				-						
47	911		\$141,940				(\$3,200)					
₽ :	912		741,942			-	\$98,190					
& 2	913	Advertising Exponses Miscellaneurs Sales Expenses	568									
3	}		150,4 CBAB 6.30	09	5		000.00					
;		Portion of the service of the servic	מרכי מיייי	24	2	0.0	384,890	05	3	03	QS ·	8
5	ć	Ą										
8 8	920		\$3,712,659				(\$227,447)	4				
2 2	525	Office Supplies and Expenses	3,324,890									
: 3	6		(150,00,1									
3 %	924		547 116							1000 2000	7,558,331	
22	925		1,435,032			•				(247,116)		
88	926		6,121,690					(1,665,889)		(215,24)		
23	927	Franchise Requirements	0									
8	958		1,183,197									
61	930		405,428									
65	931		836,869									
8	935	Z.	319,273				(86)					
Z		Total Administration and General Expense	\$19,045,699	O\$	OS .	80	(\$227,545)	(\$1,665,889)	0\$	(\$577,029)	\$7,558,331	\$0
		Total O & M Expense	\$340,862,155	\$0	SO	(\$282,101,115)	\$630,269	(\$1,665,889)	20	(\$577,029)	\$7,558,331	(\$275,482)
53	403	3 Depreciation	15,273,893									
28	4	404, 405 Amortization	838,658									
67	431	I Interest on Customer Deposits	632,106									
89	408	Payroll Taxes	\$1 709 880						642 243			
69	408		4,159 531			-			, ,			
2 ;	\$ ¢		28,848,353			(28,848,353)						-
۲ ۶	3 6		(193,488)		·							
7	\$	s laxes Oner I han income	534,524,276	0	0	(28,848,353)	0	0	43,747	0	0	۰.
73		TOTAL EXPENSES	\$392,131,087	0\$	80	(\$310,949,468)	\$630,269	(\$1,685,839)	\$43,747	(\$577,029)	\$7,558,331	(\$275,482)
74		OPERATING INCOME BEFORE INCOME TAX	\$39,930,706	(\$311,483,768)	\$2,598,960	\$310,949,468	(\$630,269)	\$1,665,839	(\$43,747)	\$577,029	(\$7,558,331)	\$275,482
55 %	409,4	409,410 Income Taxes	6,708,940	٠								
3 5		Note: per Door & adjusted income tax contituted on A-2 NET OPERATING INCOME	33,221,765	(\$311,483,766)	\$2,598,960	\$310,949,468	(\$630,269)	\$1,665,839	(\$43,747)	\$577,029	(\$7,558,331)	\$275,482

MISSOURI GAS ENERGY A Division of Southern Union Company Tweive Months Ending May 31, 1997

Test Year Put   Test Year Pu	DECORPTION   DEC					\$ ;	÷ ;	H-12	H-13	H-14	H-15	H-16	H-17	H-18	H-19
Company   Comp	Personnel		Main		Test Year Por Poote	Commission	Customer	Depreciation	Amortization	į	Stores Load	Paid Time Off	State Franchise		Call Center
Comparison   Com	Controller   Con		1 0	Coscional	BOOKS	Expense	Deposits	Expense	Expense	TWE Cleaning	Cleanng	Clearing	Тах	Property Tax	Conversion
	1,540,200		9	(i)	(5)	Ē	€	6	<u>@</u>	Ē	9	(s)	ε	(n)	(A)
	Communication   Case of the Communication   Case of the Communication   Case of the Case		0	DPERATING REVENUE											
Commission   Com	Commence   12,552,256   Commence   12,552,256   Commence   12,552,256   Commence   12,552,256   Commence   12,552,256   Commence   12,552,256   Commence   12,523,256   Comm		480	Residential	\$288,682,802										
State of Newton   State of N	Materials   2,000,078     Late And Person   1,24,97     Late And		481.1	Commisrcial	124,965,286										
State of the control of the contro	State   Common Compose   Common Common Compose   Common Compose   Common Compose   Common Com		481.2	Industral	3,620,676										
Lead Protect Compared   1, 14, 127	1,545,877     Late Prince No. Company (1,524)     Transport (1,5		483	Sales for Resale	6,092										
			487	Late Puyment Charges	1,344,927										
Full Property	File Page		488	Miscellaneous Service Revenue	1,667,867										
Name of the state of the stat	Color Cita Rousine   Cita Cita Cita Cita Cita Cita Cita Cita		489	Transport	11,826,193										
Oper CATTRIC & MANUTED STORM         102.25(3)         90	OPEN TIME LA MONTENARE EXPENSE         (7,234)         50		493	Rent From Property	22.245										
Part	Total Operating Roomans   2502,161773   50 50 50 50 50 50 50 50 50 50 50 50 50		495	Other (Sas Revenue	(74.294)										
Page	Operation of Animal Post Animal Confidence of Expenses         \$222,10,115         \$0.00           Operation of Expenses         \$222,10,115         \$0.00         \$0.00           Operation of Expenses         \$222,10,115         \$0.00         \$0.00         \$0.00           Operation of Expenses of Expenses         \$222,10,115         \$0.00			Total Operating Revenue	\$432,061,793	-	\$0	\$0	\$0	\$0	\$0	\$0	0\$	\$0	SO
Option of Experience         SECON (1) (1) (1) (1) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2	Operation Speaker         SCR (10) 115           Name of Speaker Speaker Speaker         SCR (10) 115           Name of Speaker Speaker Speaker         SCR (10) 115           Name of Speaker Speaker Speakers         SCR (10) 115           Operation Speaker Speakers         SCR (10) 115           Name of Speakers Speakers         SCR (10) 115           Operation Speakers         SCR (10) 115           Adain manufacture Speakers         SCR (10) 115         SCR (10) 115           Name of Speakers         SCR (10) 115         SCR (10) 115         SCR (10) 115           Name of Speakers         SCR (10) 115         SCR (10) 115         SCR (10) 115           Name of Instance Speakers         SCR (10) 115         SCR (10) 115         SCR (10) 115           Name of Instance Speakers         SCR (10) 115         SCR (10) 115         SCR (10) 115           Name of Instance Speakers         SCR (10) 115		o	DPERATING & MAINTENANCE EXPENSE											
Particular of Expension   252 (i) 115   Particular of Expension   252 (i) 115 (i) 115   Particular of Expension   252 (i) 115 (i) 11	National Case Depocation   State   S			Operation Expense											
Operations of Computer and Enginement Annual Enginement and Enginement Annual Enginement	Operation: Separation beginners         3 588 bits         6 0284           Operation: Separation beginners         1 588 bits         2 82 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	9		Natural Gas Purchases and Expenses	\$282,101,115										
Operation of Committee Expenses         98,478         6,624         53           Operation of Committee Expenses         1,520         23         2,72         2,72         2,984         30           Operation and comprehenses         1,523         1,523         2,684         30         1,72         30           Manual and Security Expenses         2,524         2,403         2,403         2,403         1,72         30           Manual and Security Expenses         2,102         3,403         3,403         3,70         1,72         30           Manual and Research Expenses         2,102         3,403         3,403         3,403         3,403         3,403           Operation Expenses         2,102         3,103         3,103         3,103         3,103         3,103           Annual Annual Research Sequence Expenses         2,102         3,103         3,103         3,103         3,103           Operation Expenses         2,103         3,103         3,103         3,103         3,103         3,103           Annual Annual Research Sequence         2,103         3,103         3,103         3,103         3,103         3,103           Annual Research Sequence         3,103         3,103         3,103         3	Description and case (pageaching)   39,74   20   20   20   20   20   20   20   2		859	Other Joint Expense	3,588										
Oppositional programmers         7.200         Control of	Participation Comparison Compar		870	Operation, Supervision and Engineuring	384 748					9		ć			
Comparation         25.3         Comparation         25.3         Comparation         Compara	Controller Separation and Regulating Station Expenses         1,535,43         2,7423         2,544         2,730   1,235           Measuring and Regulating Station Expenses         1,539,44         1,235         2,7423         2,544         1,235           Measuring and Regulating Station Expenses         4,753,44         1,235         4,46         3,7         1,235           Measuring and Regulating Station Expenses         1,543,139         8,0         30         374         1,1         1           Customer Implements Expenses         1,543,139         8,0         80         80         80         80         374         1,1         1           Assistance and Regulating Station Expenses         1,543,139         80		871	Distribution and Load Dispatching	7.220					* 20.0		n S			
Outbuild Population Septimes         1559 56         27,472         2.64         30           Outbuild Population Septimes         15,556         27,472         2.64         30           Measuring and Regulating Septimes         25,556         4,64         27,37         2.64         30           Measuring and Regulating Septimes         25,500 Septimes         25,64,74         20         30         30         30           Measuring and Regulating Septimes         25,64,74         25,64,74         20         50         30         30         30           Onth Sepatimes Septimes         25,850 Septimes         25,64,74         25,04         27,1         20         30           Onth Sepatimes Septimes         25,850 Septimes         25,64,74         20         50         30         20	Name and sequences of performance of perfor		872	Compressor Station Labor and Expense	251							•			
Optionaries places and Department States and Department States and Department States (1724)         6724 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.79 (1724)         7.70 (1724)	Description Required States   September	874	Mains and Service Expenses	1,839,926					27 422	1000	2 6				
Mosauring and Regulation? Station Exponess         25 996         75 99 </td <td>  Measuring and Regulating Expenses   15,556   Measuring and Regulating Expenses   15,556   Measuring and Regulating Expenses   15,554   Measuring and Regul</td> <td></td> <td>675</td> <td>Distributing Regulating Station Expenses</td> <td>675,234</td> <td></td> <td></td> <td>_</td> <td></td> <td>25,12</td> <td>2,004</td> <td>ò d</td> <td></td> <td></td> <td></td>	Measuring and Regulating Expenses   15,556   Measuring and Regulating Expenses   15,556   Measuring and Regulating Expenses   15,554   Measuring and Regul		675	Distributing Regulating Station Expenses	675,234			_		25,12	2,004	ò d			
Maintenance Repaired Expenses   1,003,404   Maintenance Repaired Expenses   1,003,404   Maintenance Repaired Expenses   1,503,404   Maintenance Repaired Expenses   1,503,104   Maintenance Repaired Repaired Repaired Repaired Expenses   1,503,104   Maintenance Repaired Repai	Measure and found Regulating - Station Expenses         1,409         20           Custor of found regulating - Station Expenses         4,705,344         9,048           Custor of found from the station of Expenses         2,648,748         9,048           Custor of found from the station of Expenses         1,505,119         30,917         37,4           Rests         Feets         1,505,119         50         50         50         52,02,22         37,4           Manifesting Expenses         1,507,129         5,504         50         50         50         50,05         37,4           Manifesting Expenses         1,507,202         1,307		876	Measuring and Regulating - Station Expenses	25.996					948	0 e	Ç 87			
Curdament beginnes         2,573, 344         112,541         9,048         2,557, 35           Curdament beginnes         2,603,134         50         50         50         2,577         1,253           Conformet beginnes         10,553,134         50         50         50         50         2,577         1,253           Reversal control beginnes         10,553,134         50         50         50         50         50         50         50           Ability and Pagestrates         10,553,134         50	Customer focuses         2,70,344         192,944         9,048           Customer focuses focuses         2,470,344         9,048         171           Parts         Other Expenses         2,461,734         50         50         50         27,1           Parts         Parts         1,555,112         50         50         50         50         51,1           Abuntenance Expense         Abuntenance Expense         317,1251         50         50         50         50         50         51,055         71           Abuntenance Expense         Abuntenance Expense         31,1251         50 <td></td> <td>677</td> <td>Measuring and Regulating - Station Expenses</td> <td>1,409</td> <td></td> <td></td> <td></td> <td></td> <td>er oc</td> <td>•</td> <td><b>*</b></td> <td></td> <td></td> <td></td>		677	Measuring and Regulating - Station Expenses	1,409					er oc	•	<b>*</b>			
Conditioned in properties         246/12 at 1523 at 15	Cutofront Institution Expenses         1,56,13         711           Cutofront Institution Expenses         1,56,13         711           Rests         Fourt         4,40         77,1           Rests         Fourt         4,40         77,1           Rests         Fourt         5,91         77,1           Maintenance Supervision and Englineing         317,1,291         50,95         77,1           Maintenance Supervision and Englineing         317,1,291         8,10,593         1,387         7,1           Maintenance Supervision and Englineing         3,17,291         3,17,291         4,19,594         1,387         7,1           Maintenance Supervision and Englineing         3,17,291         3,17,291         3,17,291         4,14,1         3,20           Maintenance of Maintenance Supervision and Fourtenance Englineing         1,120         5,00         5,00         1,287         7,14,14           Maintenance of Maintenance Englineing         3,17,512         50         50         50         5,27         7,289           Maintenance of Maintenance Expense         2,10,512         50         50         50         5,27         7,289           Maintenance Expense         2,10,512         3,10,512         3,10,512         3,11,414		878	Meter and House Regulator Expenses	4,705,344					132 944	800	25.47			
Route Expenses         1,102,5119         4,510         374         122           Route Expenses         1,102,511         50         50         50         50         50         50           Automate Expenses         1,102,511         50         50         50         50         50         50           Automate Expenses         1,102,511         50 <t< td=""><td>  Characteristic   Char</td><td></td><td>879</td><td>Custorner Installation Expenses</td><td>2,648,734</td><td></td><td></td><td></td><td></td><td>35,812</td><td>12</td><td>1.523</td><td></td><td></td><td></td></t<>	Characteristic   Char		879	Custorner Installation Expenses	2,648,734					35,812	12	1.523			
Pack	Maintenance Expense   104,241   50   50   50   50   51,055   5		380	Other Expenses	1,555,119					4,540	374	122	•		
Total Operation Expense   Total Operation   Total Op	Maintenance Experises   Statistics   Stati		<b>3</b>	Konts	104,241										
Maintenance Supervision of Mainstand Expenses         \$171,231         \$10,030         \$1,030	Maintenance Expense         \$171,231         \$150,531         \$156,532         \$1,367         \$3           Maintenance Supervision         100,053         1,367         \$1,3			Total Operation Expense	\$294,053,021	\$0	20	\$	os	\$230,529	\$14,095	\$4,822	80	05	SO
Maintenance Separation and Engineering         \$171,291         \$15,264         \$15,664	Maintenance Supervision and Engineering         \$171,291         \$19,1291         \$39,565           Maintenance Supervision and Engineering         6,136,564         1,347         3,34           Maintenance of Maintenance of Maintenance of Maintenance of Savices         220,523         4,817         23           Maint of Measuring and Regulating Equipment         1,887         4,817         23           Maint of Measuring and Regulating Equipment         1,887         2,62         1,562           Maint of Measuring and Regulating Equipment         220,233         50         50         50           Maint of Measuring and Regulating Equipment         220,233         1,562         1,562         1,562           Maint of Measuring and Regulating Equipment         220,233         50         50         50         56,516         5           Maintenance of Merics and House Regulating Equipment         27,684,116         50         50         50         50         56,516         5           Maintenance Expense         5,000 600         50         50         50         56,516         5           Customer Accounts Expense         5,116,11,137         50         50         50         50,414         5         5           Customer Septines         5,116,11,137         50 </td <td></td> <td>~</td> <td>Maintenance Expense</td> <td></td>		~	Maintenance Expense											
Maintenance of Secretaria and Pagalating Equipment   1,1231   1,93,534   1,	Maintenance of Structures and Importance of Structures and Regulators and House Regulators and Controlled House Regulators and House Regulators and House Regulators and Maintenance Expense Customer Records and Informational Expense Supervision Advantising Expense Customer Structure Assistance Supervision Hormational and testractional Advantising Expense Gissa Assistance Structure Records and Informational Expense Fig. 1995    Miscoellanous Customer Accounts Expense Fig. 1995   Miscoellanous Customer Accounts Expense Fig. 1995   Miscoellanous Customer Accounts Expense Fig. 1995   Miscoellanous Customer Accounts Expense Fig. 1995   Miscoellanous Customer Accounts Expense Fig. 1995   Miscoellanous Customer Accounts Expense Fig. 1995   Miscoellanous Customer Accounts Expense Fig. 1995   Miscoellanous Customer Accounts Expense Fig. 1995   Miscoellanous Customer Accounts Expense Fig. 1995   Miscoellanous Customer Accounts Expense Fig. 1995   Miscoellanous Customer Fig. 1995   Miscoellanous Fig. 1			Molecular Consolution and Contraction	*****										
Maintenence of Mains         6,95,344         6,95,344         1,367         3-55           Maintenence of Mains         Cotosa         6,95,344         1,367         3-55         3-55           Maint of Measuring and Regulations         2,05,638         4,877         2,745         1,25         2,23         1,25	Maint of Measuring and Regulating Equipment         6,155,554         1,387         3           Maint of Measuring and Regulating Equipment         1,200,228         4,817         220,228           Maint of Measuring and Regulating Equipment         1,220,223         4,817         220,223           Maint of Measuring and Regulating Equipment         1,220,223         1,222         1,552           Maint of Measuring and Regulating Equipment         2,20,223         1,1222         1,552           Maint of Measuring and Regulating Equipment         2,20,223         1,1222         1,552           Maint of Measuring and Regulating Equipment         2,20,223         1,1222         1,552           Maint on Collection Expense         5,20,223         50         50         50         50,256,16)         5           Total Distribution Expense         5,200,611,137         50         50         50         50,424         204           Customer Accounts Expense         5,147         2,147,63         50,424         204         50,424         204           Miscellandous Casioner Accounts Expense         5,147         5,147         5,147         4,3777         4,3777           Uncollectible Accounts Expense         5,147         5,147         5,144         5,144         5,144 <td< td=""><td></td><td>988</td><td>Maintenance of Structures and Emprovements</td><td>103 1714</td><td></td><td></td><td></td><td></td><td>\$9,565</td><td>1</td><td>\$36</td><td></td><td></td><td></td></td<>		988	Maintenance of Structures and Emprovements	103 1714					\$9,565	1	\$36			
Maint of Messuring and Regulating Equipment         220,528         1,143         1,144	Maint of Measuring and Reg. Stat Equip - General         220 528         17,122         17,129           Maint of Measuring and Regulating Equipment         1,812         1,847         323           Maint of Measuring and Regulating Equipment         1,822         1,552         1,552           Maintenance of Savices         220,233         11,222         1,552         1,552           Maintenance of Meters and House Regulators         220,233         11,275         5         5           Maintenance of Other Equipment         216,856         50         50         50         50         56         56         5           Total Distribution Expense         \$301,811,137         \$0         \$0         \$0         \$0         \$222,836         (\$5,616)         \$           Customer Accounts Expense         \$301,811,137         \$0         \$0         \$0         \$0         \$6,471         \$0           Customer Accounts Expense         \$301,811,137         \$0         \$0         \$0         \$0         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         \$1,414         <		887	Maintenance of Mains	6.195.594					104 623	n 69 t	8 6			
Maint of Measuring and Regulating Equipment         89,922 bit of Measuring and Regulating Equipment         1,987 bit of Measuring and Regulating Equipment         1,988 bit of Measuring and Regulating Equipment         1,988 bit of Measuring Equipment         1,988 bit o	Maint of Measuring and Regulating Equipment         83,923         1,517         2.5           Maint of Measuring and Regulating Equipment         1,987         24         2.5           Maint of Measuring and Regulating Equipment         1,987         1,522         1,522         1,522           Maintenance of Sovides of Sovides         334,651         50         50         50         50         50         50           Maintenance of Meters and House Regulators         1,286         5,55,28116         50		688	Maint, of Measuring and Reg. Stat Equip - General	220 628					770,74	(7,430)	84/7			
Maint of Massuring and Regulating Equipment         1,887         24         1           Maintenance of State and Network	Maint of Measuing and Regulating Equipment Maintenance of Services         1,887         1,222         1,552           Maintenance of Measuring and Regulating Equipment of Maintenance of Measure of Maintenance of Measure and House Regulations         233,651         1,275         5           Maintenance of Measure and House Regulations         216,856         50         50         50         50         526,856         5           Maintenance Expense         \$301,611,137         \$0         \$0         \$0         \$226,836         (155,616)         \$3           Customer Accounts Expense         \$301,611,137         \$0         \$0         \$0         \$456,365         \$8         \$1414         \$1		980	Maint of Measuring and Regulating Equipment	93,923					1,617	575	671			
Maintenance of Services         230,233         11,222         1,552         235           Maintenance of Services         Maintenance of Moles Equipment         1,275         5         203           Maintenance of Moles Equipment         216,556,116         50         50         50         50           Total Maintenance of Moles Equipment         57,556,116         50         50         50         50         50         50           Customer Accounts Expense         Standing Expense         Standing Expense         Standing Expense         515,731         50	Maintenance of Savices         230,233         11,222         1,522         5,522         1,522         5,52         3,52         3,53		891	Maint of Measuring and Requisting Equipment	1.887	-				<u> </u>					
Maintenance of Metors and House Regulators         334,651         1,226         2.03           Maintenance of Metors and House Regulations         216,826         50	Maintenance of Meters and House Regulations         334,651         1,275         1,225		892	Maintenance of Services	230,233					11 222	+ 663	- 466			
Maintenance of Other Equipment         216,856         50	Maintenance of Other Equipment         216,856         50         50         525,836         53           Total Maintenance Expenses         \$301,611,137         \$0         \$0         \$0         \$225,836         \$15,616)         \$3           Customer Accounts Expense         \$301,611,137         \$0         \$0         \$0         \$456,516)         \$3           Customer Accounts Expense         \$400,692         \$0         \$0         \$456,365         \$1474         \$1474         \$141,417         \$141,418		993	Maintenance of Metors and House Regulators	334,651					1 275	3 3 3 1	666			
Total Maintenance Expenses         \$7/568/116         \$0         \$0         \$0         \$225,836         \$(55,616)         \$3.514         \$0         \$0           Customer Accounts Expenses         \$301,611,137         \$0         \$0         \$0         \$426,365         \$84.79         \$83.36         \$0         \$0           Customer Accounts Expense         \$400,692         \$0         \$0         \$426,365         \$64.79         \$63.36         \$0         \$0           Miscellamous Customer Accounts Expense         \$1,11,817         \$1	Total Maintenance Expanses         \$7,558,116         \$0         \$0         \$225,836         \$(56,16)           Total Distribution Expense         \$301,611,137         \$0         \$0         \$0         \$426,365         \$8,479         \$8,479           Customer Accounts Expense         \$400,692         \$157,912         \$1,414		894	Maintenance of Other Equipment	216,856					9061	ר	507			- 1
Total Distribution Expense         \$501,611,137         \$0         \$0         \$446,365         \$84,79         \$81,336         \$0         \$0           Customer Accounts Expense         \$400,692         \$400,692         \$1,414         \$1,229	Customer Accounts Expense         \$301,611,137         \$0         \$0         \$466,365         \$8479         \$9           Customer Accounts Expense         \$400,692         \$400,692         \$14144         \$14144         \$14144         \$14144         \$14144         <			Total Maintenance Expenses	\$7,558,116	20	0\$	\$0	\$0	\$225,836	(\$5,616)	\$3,514	\$0	80	
Customer Accounts Expense         \$1,414           Supervision         \$1,57,912         \$1,414           Supervision         \$1,57,912         \$5,424         \$204         1,229           Melance Records and Colloction Expense         7,981,944         \$43,777         \$229           Uncollectible Accounts Expense         \$1,476         \$0         \$0         \$100,614         \$204         \$1,229           Miscellaneous Customer Accounts Expense         \$1,476         \$0         \$0         \$0         \$100,614         \$204         \$1,552         \$0           Customer Service and Informational Expense         \$0         \$0         \$0         \$100,614         \$204         \$1,552         \$0           Customer Assistance         \$0         \$0         \$0         \$0         \$100,614         \$204         \$1,552         \$0           Customer Assistance         \$0         \$0         \$0         \$0         \$100,614         \$204         \$1,552         \$0           Customer Assistance         \$0         \$0         \$0         \$0         \$0         \$0         \$0           Customer Accounts Expense         \$0         \$0         \$0         \$0         \$0         \$0         \$0         \$0 <t< td=""><td>Customer Accounts Expense         \$400,692         \$1474           Supervision         \$400,692         \$157,912         \$5,424         204           Customer Records and Collection Expense         7,191,917         \$5,424         204           Customer Records and Collection Expense         21,476         43,777         43,777           Uncollectible Accounts Expense         \$18,755,841         \$0         \$0         \$100,614         \$204           Customer Service and Informational Expense         \$18,755,841         \$0         \$0         \$100,614         \$204           Customer Accounts Expense         \$0         \$0         \$0         \$100,614         \$204         \$100,614         \$204           Customer Accounts Expense         \$0         \$0         \$0         \$100,614         \$204         \$100,614         \$204</td><td></td><td></td><td>Total Distribution Expense</td><td>\$301,611,137</td><td>\$0</td><td>\$0</td><td>S<sub>o</sub></td><td>So.</td><td>\$458 365</td><td>\$8.479</td><td>328</td><td>5</td><td>S</td><td>5</td></t<>	Customer Accounts Expense         \$400,692         \$1474           Supervision         \$400,692         \$157,912         \$5,424         204           Customer Records and Collection Expense         7,191,917         \$5,424         204           Customer Records and Collection Expense         21,476         43,777         43,777           Uncollectible Accounts Expense         \$18,755,841         \$0         \$0         \$100,614         \$204           Customer Service and Informational Expense         \$18,755,841         \$0         \$0         \$100,614         \$204           Customer Accounts Expense         \$0         \$0         \$0         \$100,614         \$204         \$100,614         \$204           Customer Accounts Expense         \$0         \$0         \$0         \$100,614         \$204         \$100,614         \$204			Total Distribution Expense	\$301,611,137	\$0	\$0	S <sub>o</sub>	So.	\$458 365	\$8.479	328	5	S	5
Customer Accounts Expense         \$400,692         \$1,414           Meta-Packing Meta-Resolded Resolution Expense         3,157,912         \$400,692           Action Resolution Expense         7,181,817         43,777         323           Customer Recolds and Collection Expense         7,181,817         323         323           Uncollectible Accounts Expenses         \$18,755,841         \$50         \$0         \$100,614         \$204         \$1,552         \$0           Aliscellaneous Customer Accounts Expenses         \$18,755,841         \$50         \$0         \$100,614         \$204         \$1,552         \$0           Customer Service and Informational Expense         \$6         \$0         \$0         \$100,614         \$204         \$1,552         \$0           Customer Service and Informational Expense         \$6         \$0         \$0         \$100,614         \$204         \$1,552         \$0           Customer Service and Informational Adventising Exp         \$6         \$0         \$0         \$0         \$0         \$0         \$0         \$0	Customer Accounts Expense         \$400,692         \$1,414           Supervision         3,157,912         55,424         204           Customer Records and Colloction Expense         7,181,817         43,777         43,777           Uncollectible Accounts         7,993,944         43,777         43,777           Miscellaneous Customer Accounts Expense         21,476         50         \$0         \$100,614         \$204         \$100,614         \$204		•	i											6
Meter Reading Expanse         3.1474         51,414         1.229           Customer Records and Collection Expense         7.181,912         43,777         323           Customer Records and Collection Expense         7.181,755,841         \$0         \$0         \$0         \$100,614         \$204         \$1,229           Miscellaneous Customer Accounts Expenses         \$18,755,841         \$0         \$0         \$0         \$100,614         \$204         \$1,562         \$0           Customer Service and Informational Expense         \$18,755,841         \$0	Meter Reading Expanse   3,1474   204     Customer Records and Collocition Expense   7,191,191     Uncollectible Accounts Expense   7,191,191     Uncollectible Accou			Supervision	6400.602					;					
Customer Residuation         Supervision         Customer Assistance         Customer Assistance         State of s	Customer Records and Collection Expense         7,191,312         20,444         204           Uncollectible Accounts         7,993,944         43,777         43,777           Miscellanoous Customer Accounts Expenses         21,476         50         50         50         50,614         520,4           Customer Service and Informational Expense         50         50         50         50,614         520,4         50           Customer Satisfance Informational and Instructional Advantising Exp.         455,254         99,129         Miscellanoous Customer Accounts Expense         6,553		<b>3</b>	Meter Reading Expanse	2400,032					51,414	;				
Uncollectible Accounts         7,932,947         43,77         323           Miscellaneous Customer Accounts Expense         21,476         50         50         50         50         50         50           Customer Service and Informational Expense         \$0         \$0         \$0         \$0         \$0         \$0         \$0         \$0         \$0           Customer Assistance         \$0         455,254         Informational and instructional Adventising Exp.         99,129         99,129         99,129         99,129         90,129	Uncollectible Accounts  Uncollectible Accounts  Miscellaneous Customer Accounts Expense  Customer Service and informational Expense  Supervision  Customer Assistance  Informational and instructional Advantising Exp.  Miscellaneous Customer Accounts Expense  \$18,755,841  \$50  \$50  \$50  \$50  \$6,553  Miscellaneous Customer Accounts Expense  \$6,553		303	Customer Records and Collection Expense	7 181 817					55,424	204	1.229			
Miscellanoous Customer Accounts Expense         21,476         50	Miscellaneous Customer Accounts Expense         21,476         50         50         504           Toral Customer Accounts Expense         \$18,755,841         \$0         \$0         \$0         \$100,614         \$204           Customer Service and informational Expense         \$0         \$0         \$0         \$100,614         \$204           Supervision         \$0         \$0         \$0         \$0         \$100,614         \$204           Customer Assistance         \$0         \$0         \$0         \$0         \$0         \$10           Informational and instructional Advertising Exp         \$91,29         \$91,29         \$0         \$0         \$0         \$0         \$100,614		8	Uncollectible Accounts	7.993.944					43,77		323			
Total Customer Accounts Expenses         \$18,755,841         \$0         \$0         \$0         \$100,614         \$1,552         \$0         \$0           Customer Service and Informational Expense         \$0	Total Customer Accounts Expenses         \$18,755,941         \$0         \$0         \$100,614         \$204           Customer Service and Informational Expense         \$0         \$100,614         \$204           Supervision         \$0         455,254         455,254           Informational and instructional Advertising Exp.         99,129         99,129           Miscellaneous Customer Accounts Expense         6,553         6,553		905	Miscellaneous Customer Accounts Expense	21,476										
Customer Service and Informational Expense Supervision Customer Assistance Informational and instructional Advertising Exp. 99,129	Customer Service and informational Expense Supervision Customer Assistance Informational and instructional Advertising Exp. Miscellaneous Customer Accounts Expanse			Total Customer Accounts Expenses	\$18,755,841	\$0	\$0	20	\$0	\$100,614	\$204	\$1,552	\$0	S	\$0
Supervision Customer Assistance Informational and instructional Advertising Exp.	Supervision Customer Assistance Informational and instructional Advertising Exp. Miscellaneous Customer Accounts Expense		J	Customer Service and Informational Expense											
Customer Assistance Informational Advantising Exp.	Customer Assistance Informational adventising Exp. Miscellanoous Customer Accounts Expense			Supervision	\$0										
informational and instructional Advantsing Exp.	Informational and Instructional Advantising Exp. Miscelanoous Customer Accounts Expense		908	Customer Assistance	455,254										
	Miscellandous Customer Accounts Expense		8	informational and instructional Advertising Exp.	99,129										

MISSOUR! GAS ENERGY A Division of Southern Union Company Twelve Months Ending May 31, 1997

				Distributic	Distribution of Revenue and Expense Adjustments by Main	id Expense Adjusi	tmonts by Main						
				H-10	Ŧ =	H-12	H-13	H-14	H-15	H-16	H-17	H-18	H-19
_	Main		Jest Year Per	Regulatory Commission	Interest on Customer	Degreciation	Amortization		Slocas Load	, King of the Control	Orașe Granda		
1	Acct.	Description	Books	Expense	i	Expense		TWE Clearing	Clearing	Cleanny	Tax	Proparty Tax	Conversion
	<u>a</u>	(a)	(0)	(m)	<u>(</u> E)	(0)		(b)	(J)	(s)	(2)	(n)	2
		Total Cust Service and Information Exp.	\$560,937	80	80	\$0	\$0	\$0	\$0	80	\$0	0\$	\$0
	Sales	Sales and Advertising Expense											
	911	Supervision	\$141,940										·
		Demonstrating and Selling Expenses	741,942										
	913	Advertising Expenses	999										
	916	Miscellaneous Sales Expenses	4,091										
		Total Sales and Advertising Expanses	\$888,540	\$0	0\$	oş	So	\$0	\$0	\$0	\$0	05	80
	Admi	Administrative and General Exponse							-				
	920	Administrative and General Salanes	\$3,712,659										
	921	Office Supplies and Expenses	3,324,890					23,500	262				
	922	Administrative Expenses Transferred	(436,337)										
	923	Outside Sarvices Employed	1,596,882										
	924	Property Insurance	547,116										
	925	Injunes and Damages	1,435,032									•	
	926	Employee Pensions and Banafits	6,121,690						153				
		Franchise Requirements	0										
	928	Regulatory Commission Expense	1,183,197	444,908									
		Miscellaneous General Expenses	405,428										
		Rents	836,869										127,421
	935	Maintenance of General Plant	318,273					576		56			
		Total Administration and General Expense	\$19,045,699	\$444,908	80	80	80	\$24,076	5415	\$26	\$0	\$0	\$127,421
		Total O & M Expense	\$340,862,155	\$444,908	0\$	\$0	20	\$581,055	\$9,098	\$9,914	80	\$0.	\$127,421
	403 Depr	Depreciation	15,273,893			\$4,615,664							
4	404, 405 Amortization	ritzation	838,658			,	2,823,229						
	431 Intern	Interest on Customer Deposits	632,106		(112,923)								
	408	Payroli Taxos	\$1 709 880										4
	408	Property Taxes	4.159 531									4 630 131	
	408	Gross Receipts Tax	28,848,353									101,000	
		Other Taxes	(193,488)								491.354		-
		Taxes Other Than Income	\$34,524,276	o	0	o	0	0	0	0	491,354	1,538,131	0
	TOT	TOTAL EXPENSES	\$392,131,087	\$444,908	(\$112,923)	\$4,615,664	\$2,823,229	\$581,055	\$9,098	\$9,914	\$491,354	\$1,538,131	\$127,421
	OPE	OPERATING INCOME BEFORE INCOME TAX	907,069,66\$	(\$444,908)	\$112,923	(\$4,615,664)	(\$2,823,229)	(\$581,055)	(\$9,098)	(59.914)	(\$491,354)	(\$1,538,131)	(\$127,421)
75	409,410 Income Taxes	ne Taxes	6,708,940										
	NOTE	Note: per book & adjusted income tax computed on A-2 NET OPERATING INCOME	33,221,765	(\$444,908)	\$112,923	(\$4,615,664)	(\$2,823,229)	(\$581,055)	(\$9,098)	(\$9,914)	(\$491,354)	(\$1,538,131)	(\$127,421)

# MISSOURI GAS ENERGY A Division of Southern Union Company Twelve Months Ending May 31, 1997

Distribution of Revenue and Expense Adjustments by Main

Comparison   Com	Comment					H-20	H:21	end capende Aujusin H-22	Istments by Main H-23	H-24	H-25	н-26		
10   10   10   10   10   10   10   10	Commercial Commercia	Line No.	Main		Tast Year Por Books	Weatherization	Broadway Rent	New Business Office Costs	Dues Exposes	Billing Process	Motor Reading	Billing Error	Total Advantages	Test Year As
Committee   Comm	Comparison of Comparison Control Con		(e)		(c)	(¥)	*	(λ)	(z)	(aa)	(ab)	(oe)	(pc)	(ae)
10   10   10   10   10   10   10   10	A contamination   1,4,6,6,9,19   1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1			OPERATING REVENUE										
11   12   12   12   12   12   12   12	11   11   12   12   13   13   13   13		480		\$288,682,802								(\$206 610 075)	740 474 693
	1, 10, 10, 10, 10, 10, 10, 10, 10, 10,	8	481.1		124,965,286								(96.025.184)	28 940 102
1.   1.   1.   1.   1.   1.   1.   1.	Comparison Chapter   Compari	ಣ	481.2		3,620,676								(2.376.229)	1 244 447
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	Fig.   Particular Coloration   1,14,1422   Particular Coloration   1,14,14422	4	483		6,092					ē			(420)	5,672
1, 10, 10, 11, 10, 10, 11, 11	1, 10, 10, 10, 10, 10, 10, 10, 10, 10,		487		1,344,927								336 141	1,681,068
	Note that the property   122.54   122	g	488		1,667,867								488 972	2 156 739
	Control State Processor   Control State Pr	7	489		11,826,193								(4.797.012)	7 020 181
Owe of the following the following company (a)   Company (b)   Company	Owe of the first content of	æ	493		22,245						10		(312.151.5)	22 245
Comparison Secretaries   Comparison Secretar	Control to Marchine	o,	495	5	(74,294)								O	(74,294)
Control Cont	Control Expenses   Control Exp	5		Total Operating Rovenue	\$432,061,793	\$0	0\$	0\$	\$0	S	0\$	80	(\$308,884,806)	\$123,176,987
Percentage   Per	Authority Capture Ca			OPERATING & MAINTENANCE EXPENSE										
Continued and Continued Services   200,001	10   10   10   10   10   10   10   10			Operation Expense										
200   Control (Capezinian Capezinian Capez	### 500 Contactors, according to the protection of the protection	=	804-80		\$282,101,115								(4282 404 444)	Ş
577   Operation Services Compared Services Com	57   Operation Service Continuence Conti	42	858		3,688								(6) (7) (7)	S3 688
17   Comparison of Comparison Statement Statement of Comparison Statement Stat	17   Chamiltonia of Lead Expenses   7,200		870		384,746								(21 830)	362.915
97.2 Munitarious Expenses         1,92,9,26	5.7   Monta and discontinued and Expenses   1,50,5,0.5   Monta and discontinued and Expenses   1,5,0.5   Monta and and discontinued and Expenses   1,5,0.5   Montavariage and Expenses   1,5,0.5   Montavariage and Expenses   1,5,0.5   Montavariage and Expenses   1,5,0.5   Montavariage and Explaint Expla		871		7,220								(2)	7 220
97.4 Determination Statement Sequences         19.53.45         9.52.43	17   Chartening Regulation Expenses   1,50,50.50.50.50.50.50.50.50.50.50.50.50.50.5		872	-	251								9	251
977 Mostating packing beginners         875.234         40.04           977 Mostating packing beginners         875.234         40.04         40.04           977 Mostating packing beginners         1.400         40.04         40.04         40.04           878 Mostating packing beginners         1.400         40.04         40.04         40.04         40.04           819 Administration beginners         1.400         40.04         40.04         40.04         40.04         40.04           810 Application Experies         1.400         40.04 </td <td>  10   10   10   10   10   10   10   10</td> <td></td> <td>874</td> <td></td> <td>1,839,926</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>29.281</td> <td>1 869 207</td>	10   10   10   10   10   10   10   10		874		1,839,926								29.281	1 869 207
1,000	977 Measuring and Regulatory Static Exponents         25.98         40.00           977 Measuring and Regulatory Static Exponents         1,400         400		875		675,234								4 204	679.439
87 Meter and House and House Stephanic Expenses         1,409         97 Meter and House Regulation Expenses         1,4134         27 months of House Regulation Expenses         1,1134         27 months of House Regulation Expenses         1,1134         27 months of House Regulation Expenses         1,1134<	87 Metabolismy of Republishing Exponence         2,16,426         114,114         2,113           87 Caution Exponence         2,266,734         10,241         90,000         50         50         50         6,15,114           87 Caution Exponence         1,524,114         1,524,11         50         50         50         50         50         6,15,114           88 Maintenance Exponence         Maintenance Exponence         1,524,11         50         50         50         50         50         50         50         50         6,15,124         6,15,124         6,15,124         6,15,124         7,11,138         7,11,13		876		25,996								403	26.399
114114   1	114114   114		877		1,409								27	1,436
1,555,119   1,0475   1,555,119   1,0475   1,555,119   1,0475   1,555,119   1,0475   1,555,119   1,0475   1,555,119   1,0475   1,555,119   1,0475   1,555,119   1,0475   1,04	Control Figures   1,554,194   19,475		878		4,705,344								114,114	4,819,458
Part	Total Operation Experience   1,13,1119   10,135   10,13		F 60		2,648,734								31,138	2,679,871
Total Operation Expense   Total Operation   To	Maintenance Expense   ST94,055,021   SQ 50		98 60		1,555,119								10,475	1,565,594
Maintenance Experted   Maintenance Experted   Maintenance Experted   Maintenance Experted   Maintenance Experted   Maintenance Standarder Control Experted   Maintenance of Control Experted   Maintenance	Maintenance Experse   Maintenance Expense		•	į	120 830 863	Ş	9		S	•			0	104.241
Maintenance Separeta Maintenance of Structures and Improvemental (1955)   Maintenance of Structures and Improvemental (1955)   Maintenance of Structures and Improvemental (1955)   Maintenance of Structures and Improvemental (1967)   Maintenance of Structures and Improvemental (1967)   Maintenance of Structures and Improvemental (1967)   Maintenance of Mees and House Regulators (Structures) (1958)   Maintenance Office (Mees and House Regulators) (1958)	State   Continuent C						3		9	On The	O.E	OS.	(\$281,933,303)	\$12,119,718
885 Maintenance Suppression         \$17,291         \$519           887 Maintenance Suppression         \$17,291         \$1,291           887 Maintenance Suppression         \$195,594         \$195,594           888 Maintenance Suppression         \$195,594         \$195,594           889 Maintenance Maintenance Maintenance Suppression         \$195,594         \$195,594           890 Maintenance Maintenance Maintenance Suppression         \$1,987         \$1,987           891 Maintenance Maintenance Suppression         \$20,233         \$1,506           892 Maintenance Maintenance Suppression         \$20,233         \$1,506           893 Maintenance Of More Suppression         \$20,233         \$20,233           894 Maintenance Of More Suppression         \$20,233         \$20,233           895 Maintenance Maintenance Accounts Expense         \$20,000         \$0         \$0         \$0         \$15,567         \$15,567           894 Maintenance Of More Suppression         \$20,000         \$0         \$0         \$0         \$0         \$15,567         \$15,567         \$15,567         \$15,567         \$15,567         \$15,567         \$15,567         \$15,567         \$15,567         \$15,567         \$15,567         \$15,557         \$15,557         \$15,557         \$15,557         \$15,557         \$15,557 <t< td=""><td>  Sea</td><td></td><td>;</td><td>Main</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Sea		;	Main										
Second monitoring of Situation of Situatio	BEST         Maintenance of Mains         (193,033)         (193,034)		cg :		\$171,291								615\$	\$171,811
Second Performance of America Performance Office Performance Offi	1977-368   1977-368		9 6		103,053								1,241	104,294
Maint of Massaring and Regulative Stage	State   Automatical and Informational Expenses   Automatical and Informational Advortational Expenses   Automatical and Informational and Informational Advortational Expenses   Automatical Advortational Expenses   Au		ò		950,000,000,000,000,000,000,000,000,000,								127,286	6,322,880
State   Maint of Ministration of Sanchess   1,509	Maint of Massaring and Regulatory Experient   1,807   1,509		9 6		620,022 62000								4,797	225,425
Sign	Maintinance of Services   330,233   12,036   12,036   13,046   1	_	891		1.887								605'1	85,432
12,036   1	12,135   12,135   13,145   13,145   13,145   14,135   1		892		55C DCC								1.2	1,908
Post   Maintanance Of Other Equipment   216,896   163   16	National Part Plane   Part Pl	_	893		334 651								12,036	242,269
Total Maintenance Expenses   \$77,556,116   \$50	Total Maintonance Expenses   \$17.558.116   \$10   \$10   \$10   \$10.51679   \$10	_	894		216,856								603.	335,414
Customer Accounts Expense         \$301,611,137         \$50         <	Customer Accounts Expense         \$501,611,137         \$6         \$6         \$6         \$6         \$533,760,624)           901         Supervision         \$400,692         \$400,692         \$400,692         \$411,398         \$411,368         \$4			Total Maintenance Expenses	\$7,558,116	S	S	95	20	05	\$0	\$0	\$152,679	\$7,710,795
Customer Accounts Expense         5400.692           901         Supervision         \$400.692	Customer Accounts Expense         \$400,692         (341,965)         (341,965)         (341,965)         (341,965)         (341,965)         (341,965)         (341,965)         (341,965)         (341,965)         (341,965)         (341,965)         (341,965)         (341,965)         (341,965)         (341,965)         (341,965)         (316,76	35		Total Distribution Expense		\$0	\$0	\$0	\$0	80	80	\$0	(\$231,780,624)	\$19,830,513
901         Supervision         \$400,692         (\$41,965)         (\$41,165)         (\$4	901         Supervision         \$400,692         (\$41,965)         (\$41,965)         (\$41,965)         (\$41,965)         (\$41,965)         (\$41,965)         (\$41,961)         (\$41,961)         (\$41,961)         (\$41,961)         (\$41,961)         (\$41,961)         (\$41,961)         (\$41,961)         (\$41,961)         (\$41,961)         (\$41,961)         (\$41,961)         (\$41,961)         (\$41,161)         (\$41,161)         (\$41,961)         (\$41,961)         (\$41,161)         (\$4			Customer Accounts Expense										
902         Meter Reading Expense         3,157,912         (718,681)	902         Meter Reading Expense         3,137,912         411,139         (753,026)         (753,026)         (718,681)           903         Oustomer Records and Collection Expense         7,181,817         7,181,817         1,300,841         1,300		901		\$400,692								(\$41,965)	\$358,727
903         Customer Records and Collection Exponso         7,181,817         411,139         (150,776)         1,300,841           904         Uncollectible Accounts         7,993,944         27,437         27,437         (275,482)           905         Miscellaneous Customer Accounts Expense         \$18,755,841         \$0         \$27,437         \$0         \$150,776)         \$150,776         \$753,026)         \$753,026)         \$27,437         \$27,437           Customer Service and Informational Expense         \$0         \$45,256,841         \$0         \$27,437         \$0         \$10           907         Supervision         \$65,254         (42,206)         \$62,284         \$62,182         \$0           909         Informational and informational Expense         \$62,28         \$62,182         \$0         \$0           910         Miscellaneous Customer Services         \$62,28         \$62,28         \$62,182         \$0	903         Customer Records and Collection Exponso         7,181,817         411,139         (150,776)         1,300,841           904         Uncol ectibite Accounts         7,939,944         27,437         27,437         27,432           905         Miscallaneous Customer Accounts Expense         \$18,755,841         \$0         \$27,437         \$0         \$1,139         (\$753,026)         \$150,776)         \$7,437           Customer Service and Informational Expense         \$0         \$0         \$27,437         \$0         \$411,139         (\$753,026)         \$150,776)         \$27,437           Customer Service and Informational Expense         \$0         \$0         \$42,208         \$42,208         \$411,139         \$411,139         \$411,139         \$411,139         \$411,130		905		3,157,912						(753 026)		(718 681)	2 439 231
904         Uncollectible Accounts         7,993,944         (275,482)           905         Miscellaneous Customer Accounts Expense         21,476         27,437         50         527,437         50         527,437         57,53,026)         (5150,776)         5792,150           Customer Service and Informational Expense         50         \$0         \$0         \$27,437         \$0         \$411,139         (\$753,026)         (\$150,776)         \$292,150           907         Supervision         \$0         \$0         \$42,208)         \$42,208)         \$57,182         \$0           919         Informational Expense         \$65,23	904         Uncollectible Accounts         7,993,944         (275,482)           905         Miscellaneous Customer Accounts Expense         21,476         50         527,437         50         5411,139         (5753,026)         (5156,776)         5292,150           907         Supervision         Solventional Expense         \$0         455,254         (42,208)         \$0         527,437         \$0         511,139         (5753,026)         (57,182)         \$0           907         Customer Service and Informational Expense         \$0         455,254         (42,208)         \$0         5129         \$0		903		7,181,817					411,139		(150,776)	1 300 841	8 482 658
905 Miscellaneous Customer Accounts Expense         21,476         27,437	905 Miscellaneous Customer Accounts Expense         21,476         27,437	88	ş		7,993,944								(275,482)	7,718,462
Total Customer Accounts Expenses   \$18,755,841   \$0   \$27,437   \$0   \$411,139   (\$753,026)   (\$150,776)   \$5292,150	Total Customer Accounts Expenses   \$18,755,841   \$0   \$27,437   \$0   \$411,139   (\$753,026)   (\$150,776)   \$5292,150   \$27,437   \$0   \$27,437   \$0   \$27,437   \$0   \$27,437   \$0   \$27,437   \$0   \$27,437   \$0   \$27,437   \$0   \$27,437   \$0   \$27,437   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$17,50   \$0   \$0   \$17,50   \$0   \$0   \$0   \$0   \$0   \$0   \$0	_	908		21,476			27,437					27,437	48,913
Customer Service and Informational Expense         \$0           907 Supervision         \$0           908 Customer Assistance         455,254         (42,208)           909 Informational Advertising Exp.         93,129         65,739           910 Miscrellandus Advertising Exp.         93,129         65,53	Customer Service and Informational Expense         \$0           907         Supervision           908         Customer Assistance           909         Informational and instructional Advertising Exp.           99 Informational Expanse         99,129           910         Misculaneous Customer Accounts Expanse         6,553	_		Total Customer Accounts Expenses	\$18,755,841	0\$	\$0	\$27,437	\$0	\$411,139	(\$753,026)	(\$150,776)	\$292,150	\$19,047,991
907         Supervision         \$0           908         Customer Assistance         455,254         (42,208)         (57,132)         (57,1	907         Supervision         \$0           908         Customer Assistance         455,254         (42,208)         (57,192)         (57,192)         (57,192)         (57,192)         (57,192)         (57,192)         (57,192)         (42,208)         (57,192)         (57,1													
90s         *Unstrumer Assistance         455,24         (42,208)         (57,182)	90s         Customer Assistance         455,224         (42,208)         (57,182)         2909         Informational and instructional Advertising Exp.         99,129         0	Ç ;	907		0\$								80	0\$
9-09 Microfilancius de instruction Acquiling EXC 95-125 9-14 Microfilancius Accounte Section 6-6-125 9-15 Microfilancius Accounte Accounte Section 6-6-125 9-15 Microfilancius Accounte Acquiling EXC 9-125 9-15 Microfilancius Acquiling EXC 9-125 9-15 Microfi	9US Informational Advertising Exp. 95,129 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	. ·	9 8		455,254								(57,182)	398,072
	סבס מיינית מער מיינית מער מיינית מער מיינית מער מער מיינית מער		i d		99,128								o	99,129

MISSOURI GAS ENERGY A Division of Southern Union Company Twelve Months Ending May 31, 1997 Distribution of Revenue and Expanse Adjustments by Main H:20 H:21 H:23 H:23

				H-20	H-21	H-22	H-23	H-24	H-25	H-26		
Š Š	Main Acct.	io L. Description	Test Year Per	8		New Business		Billing Process	Meter Reading	Billing Error		Tout Voce ne
	(e)		BOOKS	٤	Broadway Rent	Office Costs	Dues Expense		Cost Reductions		Total Adjustments	Adusted Adusted
;			(c)	€	ž	ŝ	(Z)	(88)	(ab)		(pe)	(ac)
6		Total Cust, Service and Information Exp.	\$560,937	(\$42,208)	S	S S	SS	\$0	\$0	S	(\$57,182)	\$503 755
		Sales and Advertising Expense										
47	911		\$141,940									
8	912	2 Demonstrating and Seiling Expenses	741 942								(83,200)	\$138,740
49	913		999								98,190	840,132
3	916	Mis	4 091								0	999
Ş		Total Sales and Advertising Expenses	\$888.540	Ş	S						٥	4,091
						3		80	S	80	\$94,990	\$983,530
23	920	Administrative and General Expense  O Administrative and General Saladae	4									
g.	5		53,712,659								(5227 447)	£3.485.212
3	26		3,324,890			006'6	(5,441)				28.221	3.353.111
\$2	2		(436,337)									(436 337)
3	200		1,596,882								7.558.331	0.156.243
₹ ₹	20		547,116								(547.116)	2
. 4	3 6		1,435,032								(20 013)	2000
3	200		6,121,690								(4,655,796)	611'605'1
8 8	77.		0								(pc /'cpo's)	4,400,904
3 3	B78		1,183,197								3 (	0
5	055		405,428				(9.582)				444,908	1,628,105
62	931		636,869		(115,390)	18 000	(300.0)				(9,582)	395,846
ខ	935	Ē	318,273								30,031	866,900
2		Total Administration and General Expense	\$19,045,699	S	(\$115,390)	\$27,900	(\$15,023)	\$0	30	Ş	504	318,777
										3	107,300,00	34,027,300
		Total O. &. M. Expense	\$340,862,155	(\$42,208)	(\$115,390)	\$55,337	(\$15,023)	\$411,139	(\$753,026)	(\$150,776)	(\$275,868,465)	\$64,993,689
65	\$	3 Depreciation	15,273,893								\$4615664	C19 889 558
8	404,4	404 405 Amortization	400									000,000,000
!	•		838,858								2,823,229	3,661,888
67	431	1 Interest on Customer Deposits	632,106								:	
89	408	Pavinit Tavas									(112,923)	519,183
9	404		088,607,15								543 747	\$1 753 627
2	408		4,159,531							٠,	1,538,131	5,697,662
۲	408		(193,488)								(28,848,353)	
22	408	Taxe	C34 524 27E		ļ						491,354	297,866
		,		Þ	>	•	0	0	0	0	(26,775,121)	7,749,155
e		TOTAL EXPENSES	\$392,131,087	(\$42,208)	(\$115,390)	\$55,337	(\$15,023)	5411,139	(\$753,026)	(\$150,776)	(\$295,317,617)	596.813.471
7		OPERATING INCOME BEFORE INCOME TAX	\$39,930,706	\$40.00B	2115 300	1200 3397						
					2000	(300,000)	570,016	(5411,139)	\$753,026	\$150,776	(\$13,567,189)	526,363,516
75	409 41	409,410 Income Taxes Note: per book & adjusted income tax computed on A-2	6,708,940			-					(\$5,276,539)	51,432,401
11		net operating income	33,221,765	\$42,208	\$115,390	(\$55,337)	\$15,023	(\$411,139)	\$753,026	\$150.776	(\$8 290 650)	524 931 115

MISSOURI GAS ENERGY A division of Southern Union Company Tweive Months Ending May 31, 1997

Adjust Test Year Revenue per Book to Test Year Margin

				Main Acco	Main Account/Revenue Class	**			
Lise Se		480	481.1	481.2	483	487	489	(488,493,495)	
2	Description	21	22 & 23	25	78	ಜ	88		Total
	(a)	(q)	(0)	( <del>q</del> )	(e)	<b>(</b> )	(6)	(h)	(9)
-	Total Revenue per Book	\$288,682,802	\$124,965,286	\$3,620,676	\$6,092	\$1,344,927	\$11,826,193	\$1,615,818	\$432,061,793
~	Less: GRT Revenue, Unbitted Revenue, PGA Revenue, and Miscellaneous Adjustments	(207,537,755)	(96,659,453)	(2,361,251)	(420)	(91)	(4.928.145)	3,348	(311,483,766)
ю	Test Year Margin	\$81,145,047	\$28,305,833	\$1,259,425	\$5,672	\$1,344,836	\$6,898,048	\$1,619,166	\$120,578,027
							Ŀ		

MISSOURI GAS ENERGY A division of Southern Union Company Twelve Months Ending May 31, 1997

# Test Year Margin Adjustments

				Main A	Main Account/Revenue Class	ass			
Line		480	481.1	481.2	483	487	489	(488,493,495)	
Š	Description	21	22 & 23	25	28	33	38		Total
	(a)	(q)	(၁)	(p)	(e)	€	(6)	E	Θ
-	Test Year Margin	\$81,145,047	\$28,305,833	\$1,259,425	\$5,672	\$1,344,836	\$6,898,048	\$1,619,166	\$120,578,027
8	Annualize Revenue to Current Rates	4,186,591	1,985,986	16,527			318,004		6,507,108
ო	Annualize Customer Charge Proration	(705,314)	(185,492)	(182)		-			(890,988)
ব	Weather Normalize	(2,700,789)	(1,009,381)	114			(78,345)		(3,788,401)
ß	Customer Growth Annualization	246,292	(70,753)	(19,413)			0		156,126
ω	Rate Switching LGS to LVS		(85,421)	(10.950)			41,338		(55,033)
7	Annualize LVS Customers		(11 460)	(4,093)			(19,896)		(35,449)
æ	Load changes of LVS Customers						(130,248)		(130,248)
თ	Annualize Flex Credits						(2,220)		(2,220)
2	Economic Development Discounts						11,006		11,006
-	Late Payment Charge Tariff Adjustment		-			336,232			336,232
12	Proposed Reconnect Fee Increase							485,524	485,524
<u>t</u>	Reclassify Customers from LVS to LGS		10,790	3,019			(8,506)		5,303
4	Total Adjustments	1,026,780	634,269	(14,978)	0	336,232	131,133	485,524	2,598,960
15	As Adjusted Test Year Margin	\$82,171,827	\$28,940,102	\$1,244,447	\$5,672	\$1,681,068	\$7,029,181	\$2,104,690	\$123,176,987

A division of Southern Union Company Twelve Months Ending May 31, 1997

# Remove Purchase Gas Costs and Gross Receipts Tax

Line		
No.	Description	Amount
	(a)	(b)
1	Purchase Gas Costs (Accts. 804-808)	(\$282,101,115)
2	Gross Receipts Tax (Acct. 4081)	(28,848,353)
3	Total Adjustment	(\$310,949,468)

A division of Southern Union Company Twelve Months Ending May 31, 1997

# Payroll Expense

Line	Main Acct.	Proforma Payroll Expense	Payroll Expense Per Book	Adjustment to Test Year
No.		(b)	(c)	(d)
	(a)	(b)	(0)	(4)
1	870	\$311,963	\$341,867	(\$29,904)
2	872	179	180	(1)
3	874	333,495	334,628	(1,133)
4	875	421,731	440,367	(18,636)
5	876	18,449	18,512	(63)
6	877	818	821	(3)
7	878	3,065,116	3,095,542	(30,426)
8	879	2,054,879	2,061,787	(6,908)
9	880	711,389	705,950	5,439
10	885	115,650	124,732	(9,082)
11	886	54,534	54,719	(185)
12	887	3,530,437	3,592,925	(62,488)
13	889	137,957	138,425	(468)
14	890	55,630	55,819	(189)
15	891	1,230	1,234	(4)
16	892	286,243	287,216	(973)
17	893	212,026	212,746	(720)
18	894	104,632	101,577	3,055
19	901	352,203	395,582	(43,379)
20	902	1,547,037	1,569,550	(22,513)
21	903	4,830,889	3,834,510	996,379
22	908	121,230	136,204	(14,974)
23	911	137,894	141,094	(3,200)
24	912	834,565	736,375	98,190
25	920	3,485,202	3,712,649	(227,447)
26	926	4,041	4,041	0
27	930	22,233	22,233	(0)
28	935	28,817	28,915	(98)
29	Total	\$22,780,469	\$22,150,200	\$630,269

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# **Employee Benefits**

Line					
No.	Description			Amount	Amount
	. (a)			(b)	(c)
1	Pension	,		(\$2,293,526)	
2	Life & AD&D Insurance	Lucate Asset	43.5 (43.55.4	71,213	gunt sitt
3	Long Term Disability Insurance		** *	109,793	
4	Medical / Dental Benefit			3,298,896	
5	FAS 106			3,809,280	
6	401K			1,041,960	
7	COLI Amortization			122,709	
8	Other Benefits			188,639	
9	Total Proforma Benefits			\$6,348,964	
10	Payroll Expense Ratio			0.701179	
11	Proforma Benefits Expense			\$4,451,760	\$4,451,760
12	Less Test Year Benefits Expense		•	(\$6,121,690)	
13	Add back payroll charged to Acct. 9260 (already deducted from proforma amoun	its on payroll adjustmen	nt)	4,041	
14	Net Test Year Benefits Expense (not dedu	cted elsewhere)		(\$6,117,649)	(6,117,649)
15	Adjustment to Test Year Expense - Acct. 9	926		<del></del>	(\$1,665,889)

A division of Southern Union Company Twelve Months Ending May 31, 1997

# Payroll Taxes

Line No.	Description	Amount
	(a)	
1	Total Proforma Payroll Taxes	\$2,500,969
2	Payroll Expense Ratio	0.701179
3	Proforma Payroll Tax Expense	\$1,753,627
4	Less Test Year Payroll Tax Expense	(1,709,880)
5	Adjustment to Test Year Expense - Acct. 4081	\$43,747

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#### Insurance

Line						
No.	Description	1995	1996	1997	3 Year Avg.	Amount
	(a)	(b)	(c)	(d)	(e)	(f)
	MGE Claims:					
1	Workers Compensation claims paid	\$528,070	\$592,929	\$580,294	\$567,098	
2	Auto Liability	45,185	56,850	271,113	124,383	
3	General Liability	86,962	88,549	132,394	102,635	
4	Total Proforma Claims	\$660,217	\$738,328	\$983,801	\$794,115	\$794,115
5	Insurance Premiums				_	1,209,822
6	Total Proforma Insurance Cost					\$2,003,937
7	Test Year Payroll Expense Ratio					0.701179
8	Proforma Insurance Expense				_	\$1,405,119
9	Less Test Year Insurance Expense					(1,982,148)
10	Adjustment to Test Year - Accts. 924 and 925					(\$577,029)

A division of Southern Union Company Twelve Months Ending May 31, 1997

#### **Joint and Common Costs**

Line		
No.	Description	Amount
	(a)	(b)
1	Proforma Joint and Common Costs	\$12,190,857
2	MGE Expense Ratio	62%
3	Proforma Joint and Common Expense	\$7,558,331
4	Less Test Year Expense Recorded on MGE's Books .	0
5	Adjustment to Test Year - Acct. 923	\$7,558,331

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# Uncollectible Expense

Line			
No.	Description	Amount	Amount
	(a)	(b)	(c)
1	Test Period As Adjusted Volumes	62,143,994	
	(excluding transportation)	er en	
2	Adjusted Test Year Cost of Gas per MCF	\$3.9323	
3	Adjusted Test Year PGA	\$244,368,828	
4	Test Year Gas Sales Margin	123,176,987	
5	Total As Adjusted Gas Sales Revenue (including PGA)	\$367,545,815	\$367,545,815
6	Uncollectible Expense Ratio	· · · · · · · · · · · · · · · · · · ·	2.1%
7	Proforma Uncollectible Expense		\$7,718,462
8	Less Test Year Uncollectible Expense		(7,993,944)
9	Adjustment to Test Year - Acct. 904	<u></u>	(\$275,482)

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# Regulatory Commission Expense

Line No.	Description	Amount	Amount
110.	(a)	(b)	(c)
1	Proforma, Current Rate Case	\$300,000	
2	Amortization Period (years)	2	
3	Amortization - Current Case	\$150,000	
4	Amortization - Case No. GR96-285	268,596	
5	Total Proforma Rate Case Expense	\$418,596	\$418,596
6	Proforma MPSC Assessment - fiscal 7/1/97-6/31/98	,	1,209,509
7	Total Proforma Regulatory Commission Expense		\$1,628,105
8	Less Test Year Regulatory Commission Expense		(1,183,197)
9	Adjustment to Test Year - Acct. 928		\$444,908

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# **Interest on Customer Deposits**

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
1	Customer Deposits	В	\$8,653,055
2	Interest Rate		6.00%
3	Proforma Interest on Customer Deposits		\$519,183
4	Less Test Year Interest on Customer Deposits		(632,106)
5	Adjustment to Test Year - Acct. 431	:	(\$112,923)

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Depreciation Expense and Adjustments

Line No.	Description	Amount	Rate	Proforma Total Depreciation	Less Depr. Booked to Clearing Accts.	Proforma Depreciation Expense
. 10.	(a)	(b)	(c)	(d)	(e)	(0)
	INTANGIBLE PLANT					
1	(301) Organization	\$15,600	0.00%	\$0	\$0	:
2	(302) Franchises	55,749	0.00%	0	0	
3	(303) Miscellaneous Intangible	9,366,784	(see adj. H-13)	0	0	
4	Total Intangible Plant	\$9,438,133	•	\$0	\$0	
	DISTRIBUTION PLANT			42 A A A A A A A A A A A A A A A A A A A		natiku pigisi.
5	(374.1) Land	\$167,237	0.00%	\$0	\$0	
6	(374.2) Land Rights	810,105	2.17%	17,579	0	17,5
7	(375) Structures	6,483,609	2.28%	147,826	0	147,8
8	(375) Leasehold Improvements	988,961	(see adj. H-13)	0	0	
9	(376) Mains & Mains - Cast Iron	228,827,550	1.88%	4,264,358	0	4,264,3
0	(378) Meas. & Reg. Station - General	9,811,155	3.00%	294,335	0	294,3
1	(379) Meas, & Reg. Station - City Gate	2,422,582	2.66%	64,441	. 0	64,4
2	(380) Services	213,558,186	5.50%	11,745,700	. 0	11,745,7
3	(381) Meters	26,340,062	2.05%	539,971	0	539,9
4	(382) Meter Installations	36,532,970	2.05%	748,926	0	748,9
5	(383) House Regulators	8,630,011	2.05%	176,915	0	176,9
6	(385) Electronic Gas Metering	204,552	5.00%	10,228	0	10,2
7	(387) Other Equipment	00	6.33%	0	00	
8	Total Distribution Plant	\$532,776,979		\$18,010,279	\$0	\$18,010.
	GENERAL PLANT - DIRECT					
9	(389) Land	\$708,569	0.00%	\$0	\$0	
0	(390) Structures	436,945	3.33%	14,550	0	14,5
1	•	909,675	(see adj. H-13)	0	0	
2	(390) Leasehold Impr. (391) Furniture & Fixtures	3,273,242	3.06%	100,161	0	100,
3	•	689,201	10.13%	69,816	(69,816)	
	(392) Transportation Equipment	547,487	3.33%	18,231	0	18,
4	(393) Stores Equipment	4,729,931	4.00%	189,197	0	189,
5	(394) Tools	58,441	4.00%	2,338	0	2,
6	(395) Laboratory Equipment	3,120,925	6.25%	195,058	(195,058)	
7	(396) Power Operated Equipment	11,327,528	6.67%	755,546	0	755,
8	(397) Communication Equipment - AMR	2,078,768	4.50%	93,545	0	93,
9	(397) Communication Equipment - Other	168,678	6.25%	10,542	0	10,
0	(398) Miscellaneous Equipment Total Direct General Plant	\$28,049,391	-	\$1,448,985	(\$264,874)	\$1,184.
	GENERAL PLANT - CORPORATE					
2	(390) Structures	\$300,439	3.33%	\$10,005	<b>\$</b> 0	\$10,
3	(390) Structures (390) Leasehold Impr.	0	(amortized)	0	0	
4	(391) Furniture & Fixtures - Computer Equip	6,029,353	10.00%	602,935	0	602,
5	(391) Furniture & Fixtures - Other	2,383,104	3.06%	72,923	0	72,
6	(392) Transportation Equipment	45,476	10.13%	4,607	(4,607)	
7	(397) Communication Equipment	116,294	4.50%	5,233	0	5,3
8	(398) Miscellaneous Equipment	65,124	6.25%	4,070	0	4,0
9	Total Corporate General Plant	\$8,939,790	•	\$699,773	(\$4,607)	\$695,
0	Total Proforma Plant & Depreciation	\$579,204,293		\$20,159,037	(\$269,481)	\$19,889,
						(\$15,273,
11	Less Test Year Depreciation Expense					F1 215
42	Adjustment to Test Year - Acct. 403					\$4.6

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#### Amortization Expense

Line		Original	Test Year Amortization	Proforma Amortization
No.	Description	Cost Plant	Expense	Expense
	(a)	(b)	(c)	(d)
	MGE Direct Non-SLRP Amortization:		elle te e	
1	(375.2) Leasehold Improvements	\$988,961	\$9,921	\$119,052
2	(390.2) Leasehold Improvements	909,675	9,055	108,664
3	Sub Total	\$1,898,636	\$18,976	\$227,715
4	(303) Misc. Intangible - Corrosion Control Mgmt. System	\$1,117,800	\$9,555	\$114,665
5	(303) Misc. Intangible - Stoner Low Pressure/Intermediate Model	154,584	1,104	13,251
6	(303) Misc. Intangible - Geographic Information System	1,006,719	7,191	86,296
7	(303) Misc. Intangible - Landbase Digitized Mapping	630,073	5,251	63,007
8	(303) Misc. Intangible - Premise Data System	985,196	0	. 0
9	(303) Misc. Intangible - Facility Priority Index	894,795	7,433	89,196
10	(303) Misc. Intangible - Customer Service System	4,577,617	21,035	252,426
11	Sub Total - Acct. 303	\$9,366,784	\$51,570	\$618,840
	SLRP Amortization:		Amort. Period	
12	SLRP Deferrals Subject to Amortization	\$28,153,321	10	\$2,815,332
13	Pro-Forma Amortization Expense		+	\$3,661,888
14	Less Test Year Amortization Expense			(838,658)
15	Adjustment to Test Year - Accts. 404 and 405			\$2.823,229

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# Transportation and Work Equipment Clearing

Line No.	Description		Test Year		Amount
110.	(a)		(ხ)		(c)
1	Test Year Charges into TWE Clearing Account 1841		\$3,277,455		
2	Less Test Year Amounts Cleared Out of Account 1841	_	(3,127,602)		
3	Test Year Amount Under/(Over) Cleared	spir <del>s</del>	\$149,853	gent engaget een e	\$149,853
4	Plus/Minus Adjustments to Test Year Amounts Charged into Ac	ct. 1841:			
•	Troublinia of the second secon	Proforma	Test Year	Adjustment	
5	Depreciation	\$269,481	\$179,159	\$90,321	
6	Lease Costs	1,329,205	668,806	660,399	
7	Payroll	72,508	80,957	(8,449)	
8	Benefits	14,171	37,437	(23,266)	
9	Injuries and Damages	4,473	7,282	(2,809)	
10	Payroli Taxes	5,582	6,430	(848)	
11	Other	2,297,384	2,297,384	0	
12	Total	\$3,992,803	\$3,277,455	\$715,348	715,348
		,			\$865,201
13	Total Adjusted Amount Under/(Over) Cleared			=	3003,2

•	r) Clearing to Main Accounts based on Test Year Clearing:  Main Acct.	Amount	Percentage	Amount
14	870	\$29,043	0.009286	\$8,034
15	874	99,134	0.031696	27,423
16	875	77,003	0.024620	21,301
17	876	1,612	0.000515	446
18	877	106	0.000034	29
19	878	480,579	0.153657	132,944
20	879	129,456	0.041391	35,812
21	880	16,411	0.005247	4,540
22	885	34,576	0.011055	9,565
23	886	4,943	0.001580	1,367
24	887	703,175	0.224829	194,522
25	889	17,413	0.005568	4,817
26	890	5,953	0.001904	1,647
27	891	87	0.000028	24
28	892	40,566	0.012970	11,222
29	893	4,610	0.001474	1,275
30	894	5,046	0.001613	1,396
31	901	5,110	0.001634	1,414
32	902	200,350	0.064059	55,424
33	903	158,247	0.050597	43,777
34	921	84,948	0.027161	23,500
35	935	2,084	0.000666	576
36	Total Adjustment to Test Year Expense	\$2,100,452	0.671584	\$581,05
37	Balance Sheet Accounts	1,027,150	0.328415	284,14
38	Total Test Year Clearing	\$3,127,602	1	\$865,20

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# Stores Load Clearing

(a) (b)  1 Test Year Charges into Stores Account 1630 \$1,896,430 (1,535,846) 2 Less Test Year Amounts Cleared Out of Account 1630 (1,535,846) 3 Test Year Amount Under/(Over) Cleared \$360,584  4 Plus/Minus Adjustments to Test Year Amounts Charged into Acct. 1630:	Line No.	Description		Test Year		Amount
2       Less Test Year Amounts Cleared Out of Account 1630       (1,535,846)         3       Test Year Amount Under/(Over) Cleared       \$360,584         4       Plus/Minus Adjustments to Test Year Amounts Charged into Acct. 1630:       Proforma       Test Year       Adjustment         5       Payroll       \$432,555       \$436,226       (\$3,67         6       Benefits       84,530       148,257       (63,72         7       Injuries and Damages       26,680       29,657       (2,97         8       Payroll Taxes       33,298       36,108       (2,81         9       Other       1,246,182       1,246,182         10       Total       \$1,823,245       \$1,896,430       (\$73,18         11       Total Adjusted Amount Under/(Over) Cleared         Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:	110.					(c)
2       Less Test Year Amounts Cleared Out of Account 1630       (1,535,846)         3       Test Year Amount Under/(Over) Cleared       \$360,584         4       Plus/Minus Adjustments to Test Year Amounts Charged into Acct. 1630:       Proforma       Test Year       Adjustment         5       Payroll       \$432,555       \$436,226       (\$3,67         6       Benefits       84,530       148,257       (63,72         7       Injuries and Damages       26,680       29,657       (2,97         8       Payroll Taxes       33,298       36,108       (2,81         9       Other       1,246,182       1,246,182         10       Total       \$1,823,245       \$1,896,430       (\$73,18         11       Total Adjusted Amount Under/(Over) Cleared         Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:	1	Test Year Charges into Stores Account 1630		\$1 896 430		
Test Year Amount Under/(Over) Cleared   \$360,584	-	•				
Payroll         \$432,555         \$436,226         (\$3,67           6 Benefits         84,530         148,257         (63,72           7 Injuries and Damages         26,680         29,657         (2,97           8 Payroll Taxes         33,298         36,108         (2,81           9 Other         1,246,182         1,246,182           10 Total         \$1,823,245         \$1,896,430         (\$73,18           11 Total Adjusted Amount Under/(Over) Cleared   Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:			-			\$360,584
Payroll         \$432,555         \$436,226         (\$3,67           6 Benefits         84,530         148,257         (63,72           7 Injuries and Damages         26,680         29,657         (2,97           8 Payroll Taxes         33,298         36,108         (2,81           9 Other         1,246,182         1,246,182           10 Total         \$1,823,245         \$1,896,430         (\$73,18           11 Total Adjusted Amount Under/(Over) Cleared   Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:	4	Plus/Minus Adjustments to Test Year Amounts Charged in	ito Acct. 1630:			
6         Benefits         84,530         148,257         (63,72           7         Injuries and Damages         26,680         29,657         (2,97           8         Payroll Taxes         33,298         36,108         (2,81           9         Other         1,246,182         1,246,182           10         Total         \$1,823,245         \$1,896,430         (\$73,18           11         Total Adjusted Amount Under/(Over) Cleared   Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:				Test Year	Adjustment	
6         Benefits         84,530         148,257         (63,72           7         Injuries and Damages         26,680         29,657         (2,97           8         Payroll Taxes         33,298         36,108         (2,81           9         Other         1,246,182         1,246,182           10         Total         \$1,823,245         \$1,896,430         (\$73,18           11         Total Adjusted Amount Under/(Over) Cleared           Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:	5	Payroll	\$432,555	\$436,226	(\$3,671)	
8 Payroll Taxes 33,298 36,108 (2,81 9 Other 1,246,182 1,246,182 10 Total \$1,823,245 \$1,896,430 (\$73,18 11 Total Adjusted Amount Under/(Over) Cleared  Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:	6	•	84,530	148,257	(63,727)	
9 Other 1,246,182 1,246,182 10 Total \$1,823,245 \$1,896,430 (\$73,180	7	Injuries and Damages	26,680	29,657	(2,977)	
Total \$1,823,245 \$1,896,430 (\$73,18)  Total Adjusted Amount Under/(Over) Cleared  Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:	8	Payroll Taxes	33,298	36,108	(2,810)	
Total Adjusted Amount Under/(Over) Cleared  Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:	9	Other	1,246,182	1,246,182	0	
Spread Under/(Over) Clearing to Main Accounts based on Test Year Clearing:	10	Total Hills	\$1,823,245	\$1,896,430	(\$73,185)	(73,185
	11	Total Adjusted Amount Under/(Over) Cleared				\$287,400
					, .	
Main Acct. Amount Percentage		Spread Under/(Over) Clearing to Main Accounts based on				
					Percentage 0.009339	Amount \$2,684

	Main Acct.	Amount	Percentage	Amount
12	874	\$14,343	0.009339	\$2,684
3	875	6,812	0.004435	1,275
4	876	15	0.000010	3
5	878	48,352	0.031482	9,048
6	879	3,801	0.002475	711
7	880	1,998	0.001301	374
8	886	14	0.000009	3
9	887	(40,068)	-0.026089	(7,498)
20	889	1,725	0.001123	323
<u>!</u> 1	892	8,295	0.005401	1,552
22	893	26	0.000017	5
:3	902	1,091	0.000711	204
:4	921	1,401	0.000912	262
!5	926	815	0.000531	153
16	Total Adjustment to Test Year Expense	48,620	0.031657	9,098
7	Balance Sheet Accounts	1,487,226	0.968343	278,301
8	Total Test Year Clearing	1,535,846	1	287,400

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#### Paid Time Off Clearing

Line					
No.	Description		Test Year		Amount
	(a)		(p)	-	(c)
1	Test Year Charges into Paid Time Off Account 1846		\$4,871,194		
2	Less Test Year Amounts Cleared Out of Account 1846		(4,378,407)		
3	Test Year Amount Under/(Over) Cleared	•	\$492,787		\$492,787
		-	643.55		, ,
4	Plus/Minus Adjustments to Test Year Amounts Charged into Ad	cct. 1846:			
		Proforma	Test Year	Adjustment	
5	Payroll	\$3,288,222	\$3,291,240	(\$3,018)	
6	Benefits	642,585	1,056,180	(413,595)	
7	Injuries and Damages	202,821	239,568	(36,747)	
8	Payroll Taxes	253,126	279,254	(26,128)	
9	Other	4,951	4,951	o o	
10	Total	\$4,391,705	\$4,871,194	(\$479,489)	(479,489
	41.5 				
11	Total Adjusted Amount Under/(Over) Cleared				\$13,298
	•				

	Main Acct.	Amount	Percentage	Amount
12	870	\$12,985	0.002966	\$39
13	872	72	0.000016	0
14	874	101,040	0.023077	307
15	875	87,100	0.019893	265
16	876	5,827	0.001331	18
7	877	287	0.000066	
8	878	838,767	0.191569	2,547
9	879	501,333	0.114501	1,523
20	880	40,192	0.009180	122
1	885	11,866	0.002710	36
2	886	18,529	0.004232	56
23	887	905,185	0.206738	2,749
4	889	41,246	0.009420	125
5	890	16,739	0.003823	51
26	891	342	0.000078	1
7	892	77,367	0.017670	235
8	893	66,985	0.015299	203
9	894	18,745	0.004281	57
0	902	404,816	0.092457	1,229
11	903	106,240	0.024265	323
2	935	8,538	0.001950	26
3	Total Adjustment to Test Year Expens	se 3,264,201	0.745522	9,914
4	Balance Sheet Accoun	ts 1,114,207	0.254478	3,384
5	Total Test Year Clearing	ig 4,378,407	1	13,298

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# Missouri State Franchise Tax

Line		
No.	Description	Amount
	(a)	(b)
1	Proforma State Franchise Tax Expense	\$297,866
2	Less Test Year State Franchise Tax Expense	193,488
3	Adjustment to Test Year - Acct. 4081	\$491,354

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# Property Tax Expense

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
1	Proforma Total Plant in Service	С	\$579,204,293
2	Less Intangible Plant	С	(9,438,133)
3	Proforma Plant, excluding Intangible Plant		\$569,766,160
4	Property tax rate		1.000%
5	Proforma Property Tax Expense		\$5,697,662
6	Less Test Year Property Tax Expense		(4,159,531)
. 7	Adjustment to Test Year - Acct. 4081		\$1,538,131

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#### **Call Center Conversion**

Line		
No.	Description	Amount
	(a)	(b)
1	Proforma conversion cost of Call Center	\$127,421
2	Less Test Year Expense	0
3	Adjustment to Test Year - Acct. 931	\$127,421

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# **Experimental Weatherization Program**

Line No.	Description		Amount
	(a)		(b)
1	GR-96-285 Stipulation & Agreement		\$250,000
2	Less Test Year Expense		(292,208)
3	Adjustment to Test Year - Acct. 908	- ·	(\$42,208)

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# 3420 Broadway Lease Expense

	ine Io. Description	Amount	Amount
<u></u>	(a)	(b)	(c)
	Test Year Broadway Lease Expense	\$370,335	
	2 Less Annualized sublease income from Cornerston	e (114,000)	
	3 Less Annualized sublease income from Mercado G	as Services (1,389)	
,	4 Proforma Broadway Lease Expense	\$254,945	\$254,945
i	5 Less Test Year Broadway Lease Expense	· · · · · · · · · · · · · · · · · · ·	(370,335)
(	6 Adjustment to Test Year - Acct. 931		(\$115,390)

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#### New Business Office - 39th & Main

Line No.	Description	Lease Expense Acct. 931	Customer Expense Acct. 905	Office Supplies Acct, 921	Total
**************************************	(a)	(b)	(c)	(d)	(e)
1	Proforma Expenses	\$24,000	\$32,280	\$11,880	\$68,160
2	Less Test Year Expenses	(6,000)	(4,843)	(1,980)	(12,823)
3	Adjustments to Test Year	\$18,000	\$27,437	\$9,900	\$55,337

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# **Dues Expense**

Line		
No.	Description	Amount
	(a)	(b)
1	Remove Certain Expense from Acct. 921	(\$5,441)
2	Remove Certain Expense from Acct. 930.2	(9,582)

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#### Billing Process Enhancement

Line		
No.	Description	Amount
	(a)	(b)
1	Costs Relating to Customer Billing Improvements	\$822,278
2	Amortization Period (years)	2
3	Adjustment to Test Year - Acct. 903	\$411,139

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# Meter Reading Cost Reductions

Total
(b)
(\$227,763)
(525,263)
(\$753,026)

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# **Billing Error Costs**

Line		
No.	Description	Total
	(a)	(b)
1	Remove Billing Error Costs - Acct. 903	(\$150,776)

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