

Exhibit No.:

*Issues: Accounting Schedules; Plant
in Service, Depreciation
Expense & Depreciation
Reserve; Advertising
Expense; Dues and
Donations; Injuries and
Damages; Property Taxes;
Regulatory Expense*

Witness: Lesley R. Preston

Sponsoring Party: MoPSC Staff

Type of Exhibit: Direct Testimony

Case No.: GR-2004-0209

Date Testimony Prepared: April 15, 2004

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

LESLEY R. PRESTON

MISSOURI GAS ENERGY

CASE NO. GR-2004-0209

Jefferson City, Missouri

April 2004

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

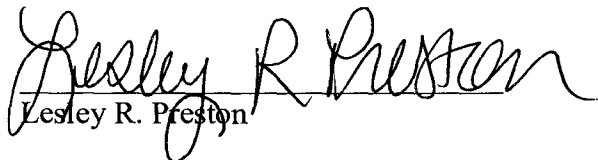
In the Matter of Missouri Gas Energy's)
Tariffs to Implement a General Rate)
Increase for Natural Gas Service)

Case No. GR-2004-0209

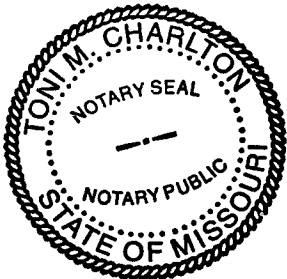
AFFIDAVIT OF LESLEY R. PRESTON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Lesley R. Preston, being of lawful age, on her oath states: that she has participated in the preparation of the following direct testimony in question and answer form, consisting of 14 pages to be presented in the above case; that the answers in the following direct testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.


Lesley R. Preston

Subscribed and sworn to before me this 14th day of April 2004.





TONI M. CHARLTON
NOTARY PUBLIC STATE OF MISSOURI
COUNTY OF COLE
My Commission Expires December 28, 2004

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LESLEY R. PRESTON
MISSOURI GAS ENERGY
CASE NO. GR-2004-0209

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1 **DIRECT TESTIMONY**
2 **OF**
3 **LESLEY R. PRESTON**
4 **MISSOURI GAS ENERGY**
5 **CASE NO. GR-2004-0209**

6 Q. Please state your name and business address.

7 A. Lesley R. Preston, 615 East 13th Street, Room G8, Kansas City, MO 64106.

8 Q. By whom are you employed and in what capacity?

9 A. I am a Regulatory Auditor for the Missouri Public Service Commission
10 (Commission or PSC).

11 **BACKGROUND OF WITNESS**

12 Q. Please describe your educational background and experience.

13 A. I am currently pursuing a Masters of Science in Accounting from the
14 University of Missouri-Kansas City. I graduated from Truman State University in Kirksville,
15 Missouri, in May of 2002, with Bachelor of Science degrees in Accounting and Business
16 Administration, with an emphasis in Finance. I commenced employment with the
17 Commission in September 2002.

18 Q. Have you previously filed testimony before this Commission?

19 A. Yes, I filed testimony in Case Nos. ER-2004-0034 and GR-2004-0072, the
20 most recent rate filings by Aquila, Inc. The areas I was responsible for include maintenance
21 expense, cash working capital and other rate base items such as customer deposits, customer
22 advances, materials and supplies, and prepayments.

1 Q. Have you worked on any other cases since your employment with the
2 Commission?

3 A. Yes. I was assigned to a small informal water and sewer case for Taney
4 County Utilities (Tracking Nos. QW-2003-0016, QS-2003-0015 and Case No.
5 WR-2004-0500). I also worked on a Raytown Water Company case (Tracking No.
6 QW-2003-0023), filed under the Commission's informal small water procedures.

7 Q. What has been the nature of your duties while employed by the Commission?

8 A. I am responsible for assisting in the audits and examinations of the books and
9 records of utility companies operating within the state of Missouri.

10 Q. What knowledge, skills, experience, training or education do you have in these
11 areas of which you are testifying as an expert witness?

12 A. Since commencing employment with the Commission, I have attended various
13 in-house training seminars designed for continuing education and training on regulatory issues
14 and I have received a certificate of training from the National Association of Regulatory
15 Utility Commissions in seminars it has sponsored concerning electric utility cost of service
16 and regulation. I have reviewed in-house training materials to ensure consistency of the
17 Staff's method and procedures. I worked on three small water and sewer cases, which has
18 provided a strong basis in the ratemaking process and an in-depth understanding on certain
19 issues. I have also worked closely with senior auditors and supervisors, whom possess
20 extensive regulatory knowledge. I have reviewed the Company's testimony, workpapers and
21 responses to data requests in this case, as well as the testimony and workpapers of the
22 Company's most previous case to gain an understanding of the issues I am addressing.

PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to describe certain proposed accounting adjustments made to the Missouri Gas Energy's (MGE or Company) financial records in relation to its rate increase application, docketed as Case No. GR-2004-0209.

Q. Please identify any adjustments that you are sponsoring.

A. I am sponsoring the following Income Statement adjustments:

Advertising Expense: S-54.1;

Depreciation Expense: S-64, S-67.1, S-67.2;

Amortization Expense: S-59.1;

Dues and Donations: S-21.4, S-37.2, S-43.4, S-47.7, S-54.6;

Injuries and Damages: S-51.1, S-51.2;

Property Taxes: S-60.1;

Regulatory Expense: S-53.1, S-53.3, S-53.4, S-53.5;

Rate Case Expense: S-53.2;

and Miscellaneous Expenses: S-21.2, S-37.1, S-43.2, S-47.5, and S-54.5.

I am sponsoring the following Plant in Service Adjustments: P-22.1, P-23.1, P-23.2, P-25.1, P-25.2, P-26.1, P-26.2, P-27.1, P-28.1, P-28.2, P-28.3, P-29.1, P-29.2, P-30.1, P-30.2, P-31.1, P-31.2, P-32.1, P-35.1, P-35.2, P-36.1, P-37.1, P-37.2, P-37.3, P-38.1, P-39.1, P-40.1, P-40.2, P-42.1, P-43.1, P-43.2, P-44.1 and P-45.1.

I am sponsoring the following Depreciation Reserve Adjustments: R-3.1, R-4.1, R-6.1, R-7.1, R-8.1, R-9.1, R-10.1, R-11.1, R-12.1, R-13.1, R-14.1, R-15.1, R-16.1, R-17.1, R-18.1, R-19.1, R-20.1, R-22.1, R-23.1, R-25.1, R-26.1, R-27.1, R-28.1, R-28.2, R-29.1, R-30.1,

1 R-31.1, R-32.1, R-35.1, R-36.1, R-37.1, R-37.2, R-37.3, R-38.1, R-39.1, R-40.1, R-42.1,
2 R-43.1, R-44.1 and R-45.1.

3 Q. What Accounting Schedules are you sponsoring in this case?

4 A. I am sponsoring: Schedule 2—Rate Base; Schedule 3—Plant in Service;
5 Schedule 4—Adjustments to Plant in Service; Schedule 5—Depreciation Expense;
6 Schedule 6—Depreciation Reserve; and Schedule 7—Adjustments to Depreciation Reserve.

7 **ACCOUNTING SCHEDULES**

8 Q. Please describe Accounting Schedule 2, Rate Base.

9 A. This Accounting Schedule takes the adjusted jurisdictional plant in service
10 balance from Accounting Schedule 3, Total Plant in Service, and deducts adjusted
11 jurisdictional depreciation reserve from Accounting Schedule 6, Depreciation Reserve, to
12 compute the net plant in service. Added to net plant in service on this Accounting Schedule
13 are Missouri jurisdictional amounts for materials and supplies, and prepayments. Rate base
14 deductions include amounts for cash working capital including the federal tax offset, state tax
15 offset and interest expense offset associated with cash working capital. Rate base deductions
16 also include customer advances, customer deposits, and reserve for deferred income taxes.
17 The mathematical total of these items is the Rate Base amount that is incorporated in the
18 Gross Revenue Requirement recommendation shown on Accounting Schedule 1, Revenue
19 Requirement.

20 Q. Please describe the items that are added to net plant in service in determining
21 rate base.

22 A. The Staff's calculation of materials, supplies and prepayments is also discussed
23 in the direct testimony of Staff Auditing witness Dana E. Eaves.

1 Q. Please describe the items that are deducted from net plant in service in
2 determining rate base.

3 A. The Staff's calculation of customer advances and customer deposits are
4 discussed in the direct testimony of Staff witness Eaves. The Staff's calculations of the
5 reserve for deferred income taxes and the unamortized investment tax credit are discussed in
6 the direct testimony of Staff Auditing witness Paul R. Harrison. The cash working capital, as
7 well as the federal, state and city tax offsets and the interest expense offset, are discussed in
8 the direct testimony of Staff witness Eaves.

9 Q. Please explain Accounting Schedule 3.

10 A. Accounting Schedule 3, Total Plant in Service, lists in Column B total plant
11 balances as of June 30, 2003. The plant adjustments are listed in Column C. Column D lists
12 the Missouri jurisdictional plant allocation factors. Column F contains the Missouri adjusted
13 jurisdictional plant in service balances.

14 Q. Please explain Accounting Schedule 4.

15 A. Accounting Schedule 4, Adjustments to Total Plant, details the Staff's
16 individual adjustments to total plant in service, which are listed in Column C of Accounting
17 Schedule 3.

18 Q. Please explain Accounting Schedule 5.

19 A. Accounting Schedule 5, Depreciation Expense, lists in Column B the Missouri
20 adjusted jurisdictional plant in service balances from Accounting Schedule 3, Column F.
21 Column C contains the depreciation rates proposed by Staff witness Jolie Mathis of the
22 Engineering and Management Services Department. The rates in Column C are then applied

1 to the plant balances in Column B to determine the annualized level of depreciation expense
2 that appears in Column D.

3 Q. Please explain Accounting Schedule 6.

4 A. Accounting Schedule 6, Depreciation Reserve, lists in Column B total
5 depreciation reserve balances as of June 30, 2003. Column D lists the Missouri jurisdictional
6 depreciation reserve allocation factors. Column E lists the Staff's Missouri jurisdictional
7 depreciation reserve adjustments and Column F contains the Missouri adjusted jurisdictional
8 depreciation reserve balances.

9 Q. Please explain Accounting Schedule 7.

10 A. Accounting Schedule 7, Adjustments to Depreciation Reserve, details the
11 Staff's individual adjustments to total depreciation reserve, which are listed in Column C of
12 Accounting Schedule 6.

13 **PLANT IN SERVICE, DEPRECIATION EXPENSE & DEPRECIATION RESERVE**

14 Q. Please describe the plant in service and depreciation reserve balances included
15 in Accounting Schedules 3 and 6.

16 A. The plant in service and depreciation reserve balances shown in Column B of
17 Schedules 3 and 6, respectively, are the June 30, 2003 balances for MGE.

18 Q. Would you please explain Plant Adjustment Nos. P-22.1, P-23.1, P-25.1,
19 P-26.1, P-27.1, P-28.1, P-29.1, P-30.1, P-31.1, P-32.1, P-35.1, P-36.1, P-37.1, P-38.1, P-39.1,
20 P-40.1, P-42.1, P-43.1, P-44.1 and P-45.1?

21 A. Yes. These adjustments were made to update plant to the December 31, 2003
22 balances. December 31, 2003 is the end of the Staff's test year update period.

1 Q. Would you please explain Plant Adjustment Nos. P-23.2, P-25.2, P-26.2,
2 P-28.2, P-29.2, P-30.2, P-31.2, P-35.2, P-37.2, P-40.2 and P-43.2?

3 A. Yes. These adjustments were made to include the plant in service that has
4 been completed and in-service as of the end of the update period, but is not yet included in the
5 Plant in Service account.

6 Q. Please explain Plant Adjustment No. P-28.3.

7 A. This adjustment retires inactive services.

8 Q. Please explain Plant Adjustment No. P-37.3.

9 A. This adjustment removes Customer Service System (CSS) enhancements that
10 were related only to the Texas operations.

11 Q. Would you please explain Reserve Adjustment Nos. R-3.1, R-4.1, R-6.1,
12 R-7.1, R-8.1, R-9.1, R-10.1, R-11.1, R-12.1, R-13.1, R-14.1, R-15.1, R-16.1, R-17.1, R-18.1,
13 R-19.1, R-20.1, R-22.1, R-23.1, R-25.1, R-26.1, R-27.1, R-28.1, R-29.1, R-30.1, R-31.1,
14 R-32.1, R-35.1, R-36.1, R-37.1, R-38.1, R-39.1, R-40.1, R-42.1, R-43.1, R-44.1 and R-45.1?

15 A. Yes. These adjustments were made to reflect the December 31, 2003 reserve
16 balances.

17 Q. Would you please explain Reserve Adjustment No. R-28.2?

18 A. Yes. These adjustments were made to eliminate the reserve associated with the
19 inactive services.

20 Q. Please explain Reserve Adjustment No. R-37.2 and R-37.3.

21 A. Reserve Adjustment R-37.2 removes the reserve associated with the Texas
22 only CSS enhancements. Adjustment R-37.3 adjusts reserve to include depreciation
23 incorrectly charge to an expense account.

1 Q. Please describe Income Statement Adjustment No. S-64.

2 A. This adjustment annualizes depreciation expense based on December 31, 2003,
3 levels of plant in service and the Staff's proposed depreciation rates, as discussed by Staff
4 witness Mathis.

5 Q. Please describe Adjustments No. S-67.1 and S-67.2.

6 A. These adjustments remove depreciation expense charged to clearing accounts.

7 Q. Please describe Adjustment No. S-59.1.

8 A. This adjustment annualizes amortization expense based on intangible plant and
9 leasehold improvement levels at December 31, 2003.

10 **ADVERTISING EXPENSE**

11 Q. Please explain Income Statement Adjustment No. S-54.1.

12 A. These adjustments restate the test year advertising levels to reflect allowable
13 expense.

14 Q. Please explain the history of such adjustments before the Commission.

15 A. As part of Re: Kansas City Power and Light Company, 28 MO P.S.C. (N.S.)
16 228 (1986) (KCPL), the Commission adopted an approach which classifies advertisements
17 into five categories and provides separate rate treatment for each category. The five
18 categories of advertisements recognized by the Commission for purposes of this approach are:

- 19 1. General: advertising that is useful in the provision of adequate service;
20 2. Safety: advertising that conveys the ways to use the Company's service
21 safely and to avoid accidents;

1 3. Promotional: advertising that encourages or promotes the use of the
2 particular commodity the utility is selling;

3 4. Institutional: advertising that seeks to improve or retain the Company's
4 public image;

5 5. Political: advertising which is associated with political issues.

6 The Commission adopted these categories of advertisements because it believed that a
7 utility's revenue requirement should: 1) always include the reasonable and necessary cost of
8 general and safety advertisements; 2) never include the cost of institutional or political
9 advertisements; and 3) include the cost of promotional advertisements only to the extent that
10 the utility can provide cost-justification for the advertisement (KCPL, pp. 269-271).

11 Q. What examination has the Staff performed in regard to the Company's
12 advertising expense?

13 A. The Staff performed an ad-by-ad review of advertisements booked to type code
14 610 during the test year. The Staff, while mindful of the classification already performed by
15 the Company, conducted an independent evaluation for each advertisement and reclassified
16 each advertisement as necessary.

17 Q. What standard did the Staff use to evaluate the Company's advertising expense
18 in this case and to develop the adjustments?

19 A. The Staff utilized the standards as initially established in the KCPL case
20 identified above, and utilized in subsequent cases, to determine the test year level of
21 advertising expense for the general, safety, institutional, promotional and political categories
22 of advertising. The Staff proposes to disallow advertisements that are institutional,

1 promotional, unrelated to the natural gas industry or ask for charitable donations. The Staff
2 allowed all general and safety-related advertisements to the extent that they were related to
3 the natural gas industry and beneficial to Missouri natural gas ratepayers.

4 Q. How did the Staff treat these advertisements for rate purposes?

5 A. The Staff allowed all general and safety-related advertisements to the extent
6 that they were related to the natural gas industry and beneficial to Missouri natural gas
7 ratepayers. The Staff disallowed all advertisements identified by the Company as safety or
8 general, but which the Staff believes are in fact institutional, promotional, or unrelated to the
9 natural gas industry, as well as advertisements that could not be identified by the Staff. The
10 Staff has also disallowed advertisements that were classified as “giveaways” from the cost of
11 service. “Giveaways,” such as calendars, jar openers and sewing kits, are typically a
12 promotional or institutional in nature, and the Staff considers them to be a form of advertising.
13 Schedule 1 of this direct testimony includes a copy of each advertisement that the Staff has
14 disallowed, with the exception of those advertisements, which were classified as “giveaways.”

15 Q. Did the Company provide the Staff with any advertisements of a political
16 nature?

17 A. No. The Company did not submit to the Staff any advertisements of a political
18 nature.

19 **DUES AND DONATIONS**

20 Q. Please explain Adjustment Nos. S-21.4, S-37.2, S-43.4, S-47.7 and S-54.6.

21 A. These adjustments decrease test year expenses relating to various dues the
22 Company has included in its cost of service. Examples of dues excluded from the case are

1 dues paid to the Missouri Energy Development Association (MEDA) and Rotary, Optimist
2 and Lions clubs.

3 Consistent with the Commission's decision in Case No. GR-77-33, Laclede Gas
4 Company, the Staff excluded these dues from the cost of service because they: 1) are not
5 necessary for the provision of safe and adequate service, 2) do not provide any direct benefit
6 to ratepayers; and 3) including such expenditures in rates places the ratepayer in the position
7 of being an involuntary donor to the organization in question.

8 **INJURIES AND DAMAGES**

9 Q. Please describe Adjustment Nos. S-51.1 and S-51.2.

10 A. Adjustment No. S-51.1 removes all test year expenses from Federal Energy
11 Regulatory Commission (FERC) Account 925, Injuries & Damages, and Adjustment No. S-
12 51.2 adds back the normalized level of injuries and damages claims expense. The normalized
13 level of injuries and damages expense is reflected by a three-year average of actual claims
14 payments. Insurance is an additional component of expense for Account 925 that will be
15 addressed by Staff Auditing witness Charles R. Hyneman.

16 Q. Why has the Staff used a three-year average of actual payments?

17 A. Actual payments for injuries and damages have been fluctuating in the past
18 few years. The Staff believes that a three-year average will smooth out the effect of these
19 fluctuations.

20 Q. Please define the three-year period used by the Staff.

21 A. The three-year period is the time period from January 1, 2001, to
22 December 31, 2003.

PROPERTY TAXES

Q. Please explain Adjustment No. S-60.1.

A. This adjustment annualizes property tax expense for MGE.

Q. How did the Staff compute property tax expense in this case?

A. The Staff examined the actual amounts of property tax payments made by MGE for 2000, 2001 and 2002. I developed a relationship of actual property tax payments to the level of property at January 1 for each of those years. The relationship was applied to the plant in service balance at the end of the test year update period, December 31, 2003, to calculate an annualized property tax amount in this case.

Q. How are property taxes paid?

A. The state and local taxing authorities determine the annual property tax payment through an assessment of utilities' real property. This assessment is made based upon the utilities' property balances on January 1 of each year. The taxing authorities also determine a property tax rate that is applied to the assessed values to compute the property tax amount billed to utilities.

Q. When are property taxes paid by the utility?

A. The property taxes are paid to the state and local taxing authorities at the end of each year, generally by December 31st.

Q. Are all property taxes charged to expense?

A. No. Although the majority of property taxes are expensed, a portion of property taxes relate to construction activity as of the assessment date of January of each year. The property taxes that relate to construction activities are capitalized.

REGULATORY EXPENSE

Q. Please explain Adjustment No. S-53.1.

A. Adjustment No. S-53.1 removes all test year expenses from FERC account 928, Regulatory Commission Expense. The Staff has proposed separate adjustments to add back normalized and annualized costs to Account 928 (Adjustment Nos. S-53.2, S-53.3, S-53.4 and S-53.5). The Company books costs such as the PSC assessment and rate case expenses to this account.

Q. Please explain Adjustment No. S-53.5.

A. This adjustment normalizes a Commission ordered depreciation study over five years.

Q. Please explain Adjustment No. S-53.4

A. Adjustment No. S-53.4 annualizes the National Association of Regulatory Utility Commissions assessment.

Q. Please explain Adjustment No. S-53.3.

A. This adjustment annualizes the PSC assessment expense based on the July 1, 2003 Commission assessment.

Q. Please describe Adjustment No. S-53.2.

A. This adjustment normalizes rate case expense over a three-year period.

Q. How was the rate case expense adjusted for Case No. GR-2004-0209?

A. The total amount of actual rate case expense incurred of \$142,392, as of March 29, 2004, is being allowed at this time. Any additional cost that is a reasonably incurred rate case expense will be considered for inclusion later in the case. Some rate case costs, such as consulting fees, employee travel expenditures and legal representation, are directly associated with the length of the case through the prehearing and hearing process.

1 The Staff will work with the Company to establish an ongoing normalized level of rate case
2 expense for inclusion in rates.

3 **MISCELLANEOUS EXPENSES**

4 Q. Please explain Adjustment Nos. S-21.2, S-37.1, S-43.2, S-47.5 and S-54.5.

5 A. These adjustments remove from the cost of service expenses associated with
6 costs such as a Company picnic, meals and luncheons, entertainment tickets and private
7 limousine service. These costs provide no benefit to the ratepayer and are excluded because
8 they are not necessary to the provision of service.

9 Q. Does this conclude your direct testimony?

10 A. Yes, it does.

MISSOURI GAS ENERGY 2

0
SPRINGTIME IN THE MIDWEST MEANS BASEBALL AND SPRING FLOWERS
FOR MANY OF US. IT'S ALSO A GREAT TIME TO ENJOY THE OUTDOORS
WITH FAMILY AND FRIENDS WHILE BARBEQUING OUTSIDE ON A
NATURAL GAS GRILL. SPRINGTIME CAN BRING SEVERE WEATHER, TOO.
TO LEARN ABOUT SEVERE WEATHER SAFETY, VISIT THE AMERICAN RED
CROSS WEBSITE AT WWW.KCRFDCROSS.ORG. FOR BARBEQUE TIPS -
WELL, IN THIS PART OF THE COUNTRY ARGUEING OVER WHO HAS THE
BEST CAN BE STORMY TOO SO WE DECLINE GIVING OUR OPINION.
30
BROUGHT TO YOU BY MISSOURI GAS ENERGY - SAFE, CLEAN, RELIABLE
- THAT'S NATURAL GAS.

60
Producer:

Scott Mason

Completion Date:

4/26/02

Talent:

Scott Mason

Music: EX

Outdanc

TOTAL P.20

Schedule 1-1

KMBZ/LINDA HAWLEY
MISSOURI GAS ENERGY
NUMBER 2 (:30's)

0
ALONG WITH COLD WEATHER, WINTER CAN BRING WITH IT SNOW AND
ICE. THROUGH IT ALL, YOU CAN DEPEND THE EMPLOYEES AT MISSOURI
GAS ENERGY TO DELIVER SAFE, CLEAN, RELIABLE NATURAL GAS TO
YOUR HOUSE, DAY AND NIGHT. NOT ONLY WILL NATURAL GAS BE
THERE WHEN YOU NEED IT TO COOK OR HEAT YOUR HOME, THE US
DEPARTMENT OF ENERGY SAYS THAT NATURAL GAS IS YOUR BEST
ENERGY VALUE. SAFE, CLEAN, RELIABLE—THAT'S NATURAL GAS.

30
OK

60
Producer: _____ Completion Date: _____
Talent: _____ Music/FX: _____

RADIO 'TEAR SHEET' PROCEDURE
FORM AT BOTTOM OF SHEET INDICATES WHICH COPY RAN.

(417) 235-6041

1569 N. CENTRAL

MONETT MO 65708

CLIENT: MISSOURI GAS ENERGY

ACCOUNT NUMBER: 271

SCRIPT: A START: 11/24/2002 STOP: 11/28/2002 LENGTH: 30
PRODUCT NAME:

*
*
1 * MISSOURI GAS ENERGY
* :30
2 * 11/24/02 TO 11/28/02
*
3 * AT THIS THANKSGIVING TIME, THE EMPLOYEES OF MISSOURI GAS ENERGY
* WISH YOU AN ABUNDANCE OF THE PRECIOUS THINGS IN LIFE: HEALTH,
4 * HAPPINESS, AND ENDURING FRIENDSHIPS. MISSOURI GAS ENERGY WOULD
* LIKE TO TAKE THIS SPECIAL OPPORTUNITY TO LET YOU KNOW WE
5 * APPRECIATE HAVING YOU AS OUR CUSTOMER, AND LOOK FORWARD TO
* SERVING YOU IN THE FUTURE. HAPPY THANKSGIVING FROM YOUR FRIENDS
6 * AT MISSOURI GAS ENERGY.
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STATION DOCUMENTATION STATEMENT APPROVED BY THE CO-OPERATIVE ADVERTISING
COMMITTEE OF THE ASSOCIATION OF NATIONAL ADVERTISERS

This announcement was broadcast 15 time[s], as entered in the station's
program log. The times this announcement was broadcast were billed to this
station's client on our invoice, as follows:

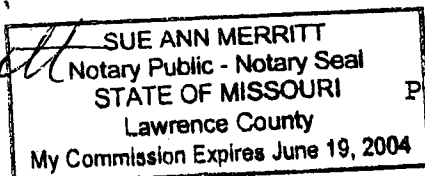
15 SPOTS AT A RATE OF \$ 6.00

TOTAL: \$ 90.00

GRAND TOTAL: \$ 90.00

Sue Ann Merritt
(Notarize above)

-Station Official



Patricia W. Wodlinger
PATRICIA W. WODLINGER

RADIO 'TEAR SHEET' PROCEDURE
FORM AT BOTTOM OF SHEET INDICATES WHICH COPY RAN.

(417) 235-6041

1569 N. CENTRAL

MONETT MO 65708

CLIENT: MISSOURI GAS ENERGY

ACCOUNT NUMBER: 271

SCRIPT: B START: 12/31/2002 STOP: 12/31/2002 LENGTH: 30
PRODUCT NAME:

*
*
1 * MISSOURI GAS ENERGY
* :30
2 * 12/31/02 TO 01/04/03
*
3 * THE EMPLOYEES OF MISSOURI GAS ENERGY HOPE YOUR HOLIDAY SEASON HAS
* BEEN THE BEST EVER, AND THAT YOUR SPECIAL HOLIDAY FEELINGS WILL
4 * LINGER THE WHOLE YEAR THROUGH. EACH NEW YEAR BRINGS NEW
* OPPORTUNITIES FOR US ALL, AND WE HOPE THE BRIGHT NEW YEAR
5 * STRETCHING OUT IN FRONT OF YOU IS FILLED WITH HAPPINESS AND GOOD
* HEALTH FOR YOU AND YOUR FAMILY. HAPPY NEW YEAR FROM MISSOURI GAS
6 * ENERGY!
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STATION DOCUMENTATION STATEMENT APPROVED BY THE CO-OPERATIVE ADVERTISING
COMMITTEE OF THE ASSOCIATION OF NATIONAL ADVERTISERS

This announcement was broadcast 3 time[s], as entered in the station's program log. The times this announcement was broadcast were billed to this station's client on our invoice, as follows:

3 SPOTS AT A RATE OF \$ 6.00	TOTAL: \$	18.00
	GRAND TOTAL: \$	18.00

SUE ANN MERRITT
Notary Public - Notary Seal
STATE OF MISSOURI
Lawrence County

My Commission Expires June 19, 2004

Patricia W. Wodlinger

PATRICIA W. WODLINGER

(Notarize above)

-Station Official

RADIO 'TEAR SHEET' PROCEDURE
FORM AT BOTTOM OF SHEET INDICATES WHICH COPY RAN.

(417) 235-6041

1569 N. CENTRAL

MONETT MO 65708

CLIENT: MISSOURI GAS ENERGY

ACCOUNT NUMBER: 271

SCRIPT: A START: 11/24/2002 STOP: 11/28/2002 LENGTH: 30
PRODUCT NAME:

*
*
1 * MISSOURI GAS ENERGY
* :30
2 * 11/24/02 TO 11/28/02
*
3 * AT THIS THANKSGIVING TIME, THE EMPLOYEES OF MISSOURI GAS ENERGY
* WISH YOU AN ABUNDANCE OF THE PRECIOUS THINGS IN LIFE: HEALTH,
4 * HAPPINESS, AND ENDURING FRIENDSHIPS. MISSOURI GAS ENERGY WOULD
* LIKE TO TAKE THIS SPECIAL OPPORTUNITY TO LET YOU KNOW WE
5 * APPRECIATE HAVING YOU AS OUR CUSTOMER, AND LOOK FORWARD TO
* SERVING YOU IN THE FUTURE. HAPPY THANKSGIVING FROM YOUR FRIENDS
6 * AT MISSOURI GAS ENERGY.
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STATION DOCUMENTATION STATEMENT APPROVED BY THE CO-OPERATIVE ADVERTISING
COMMITTEE OF THE ASSOCIATION OF NATIONAL ADVERTISERS

This announcement was broadcast 15 time[s], as entered in the station's
program log. The times this announcement was broadcast were billed to this
station's client on our invoice, as follows:

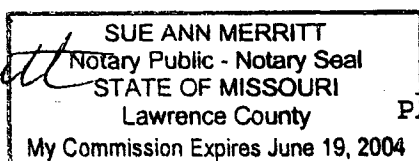
15 SPOTS AT A RATE OF \$ 6.00

TOTAL: \$ 90.00

GRAND TOTAL: \$ 90.00

Sue Ann Merritt
(Notarize above)

-Station Official



Patricia W. Wodlinger
PATRICIA W. WODLINGER

(417) 235-6041

1569 N. CENTRAL

MONETT MO 65708

CLIENT: MISSOURI GAS ENERGY

ACCOUNT NUMBER: 271

SCRIPT: B START: 12/31/2002 STOP: 12/31/2002 LENGTH: 30
PRODUCT NAME:

*
*
1 * MISSOURI GAS ENERGY
* :30
2 * 12/31/02 TO 01/04/03
*
3 * THE EMPLOYEES OF MISSOURI GAS ENERGY HOPE YOUR HOLIDAY SEASON HAS
* BEEN THE BEST EVER, AND THAT YOUR SPECIAL HOLIDAY FEELINGS WILL
4 * LINGER THE WHOLE YEAR THROUGH. EACH NEW YEAR BRINGS NEW
* OPPORTUNITIES FOR US ALL, AND WE HOPE THE BRIGHT NEW YEAR
5 * STRETCHING OUT IN FRONT OF YOU IS FILLED WITH HAPPINESS AND GOOD
* HEALTH FOR YOU AND YOUR FAMILY. HAPPY NEW YEAR FROM MISSOURI GAS
6 * ENERGY!
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STATION DOCUMENTATION STATEMENT APPROVED BY THE CO-OPERATIVE ADVERTISING
COMMITTEE OF THE ASSOCIATION OF NATIONAL ADVERTISERS
This announcement was broadcast 3 time[s], as entered in the station's
program log. The times this announcement was broadcast were billed to this
station's client on our invoice, as follows:

3 SPOTS AT A RATE OF \$ 6.00

TOTAL: \$ 18.00

GRAND TOTAL: \$ 18.00

SUE ANN MERRITT
Notary Public - Notary Seal
STATE OF MISSOURI
Lawrence County

My Commission Expires June 19, 2004

PATRICIA W. WODLINGER

(Notarize above)

-Station Official



96 FM
KKBL
ALL HIT MUSIC

Monett
Communications,
Inc.

KRMO AM 990/
KKBL 96 FM
1569 North Central
Monett, MO 65708
(417) 235-6041
FAX (417) 235-6388

OCTOBER 28, 2002

TO: PAM LEVETZOW MISSOURI GAS ENERGY
REG: 816-360-5571 FAX: 816-360-5541

FROM: EDNA STRICKLIN KRMO.AM-KKBL.FM
REG: 1-800-928-5253 FAX: 417-235-6388

REGARDING 2002 HOLIDAY GREETINGS ON KRMO-KKBL:
THANKSGIVING: NOVEMBER 24-28, 2002
CHRISTMAS: DECEMBER 15-24, 2002
NEW YEARS: DECEMBER 31-JANUARY 4, 2002

RECEIVE 30, 30-SECOND MESSAGES FOR EACH HOLIDAY
RUNNING 3 TIMES PER DAY ON EACH STATION AT A TOTAL COST
OF \$180.00 PER HOLIDAY. FOR ALL THREE HOLIDAYS THE TOTAL
INVESTMENT IS: \$540.00 BILLED \$180, NOVEMBER; \$180,
DECEMBER; \$180, JANUARY.

AD COPY FOR EACH HOLIDAY AS FOLLOWS:

THANKSGIVING:

AT THIS THANKSGIVING TIME, THE EMPLOYEES OF MISSOURI GAS
ENERGY WISH YOU AN ABUNDANCE OF THE PRECIOUS THINGS IN
LIFE, HEALTH, HAPPINESS, AND ENDURING FRIENDSHIPS.
MISSOURI GAS ENERGY WOULD LIKE TO TAKE THIS SPECIAL
OPPORTUNITY TO LET YOU KNOW WE APPRECIATE HAVING YOU AS
OUR CUSTOMER, AND WE LOOK FORWARD TO SERVING YOU IN
THE FUTURE. HAPPY THANKSGIVING FROM YOUR FRIENDS AT
MISSOURI GAS ENERGY.

*Done this advertisement
for several years
Same cost as
last year.*



96 FM
KKBL
ALL HIT MUSIC

CHRISTMAS:

CHURCH BELLS RING! CAROLERS SING! THERE'S CHRISTMAS IN THE AIR! THE EMPLOYEES OF MISSOURI GAS ENERGY SEND SEASON'S GREETINGS TO ALL THEIR CUSTOMERS AND FRIENDS THROUGHOUT THE AREA, ESPECIALLY THE CHILDREN. SHARE A CHILD'S HOLIDAY LAUGHTER, AND CAPTURE THAT SPECIAL CHRISTMAS JOY NOW AND THROUGHOUT THE YEAR. HAPPY HOLIDAYS FROM MISSOURI GAS ENERGY!

NEW YEARS:

THE EMPLOYEES OF MISSOURI GAS ENERGY HOPE YOUR HOLIDAY SEASON HAS BEEN THE BEST EVER, AND THAT YOUR SPECIAL HOLIDAY FEELINGS WILL LINGER THE WHOLE YEAR THROUGH. EACH NEW YEAR BRINGS NEW OPPORTUNITIES FOR US ALL, AND WE HOPE THE BRIGHT NEW YEAR STRETCHING OUT IN FRONT OF YOU IS FILLED WITH HAPPINESS AND GOOD HEALTH FOR YOU AND YOUR FAMILY. HAPPY NEW YEAR FROM MISSOURI GAS ENERGY!

MRS. LEVETZOW,

PLEASE LET ME KNOW IF MISSOURI GAS ENERGY WILL PARTICIPATE AGAIN THIS YEAR. MY HOURS ARE 8 TO 5, MONDAY THRU FRIDAY. THANK YOU FOR YOUR CONSIDERATION.

SINCERELY,

Edna Stricklin

EDNA STRICKLIN

MARKETING CONSULTANT

KRMO.AM-KKBL.FM RADIO, MONETT MO

Monett
Communications,
Inc.

KRMO AM 990/
KKBL 96 FM
1569 North Central
Monett, MO 65708
(417) 235-6041
FAX (417) 235-6388

Advertisement - 7' X 10' wall sign
on outfield wall at stadium.

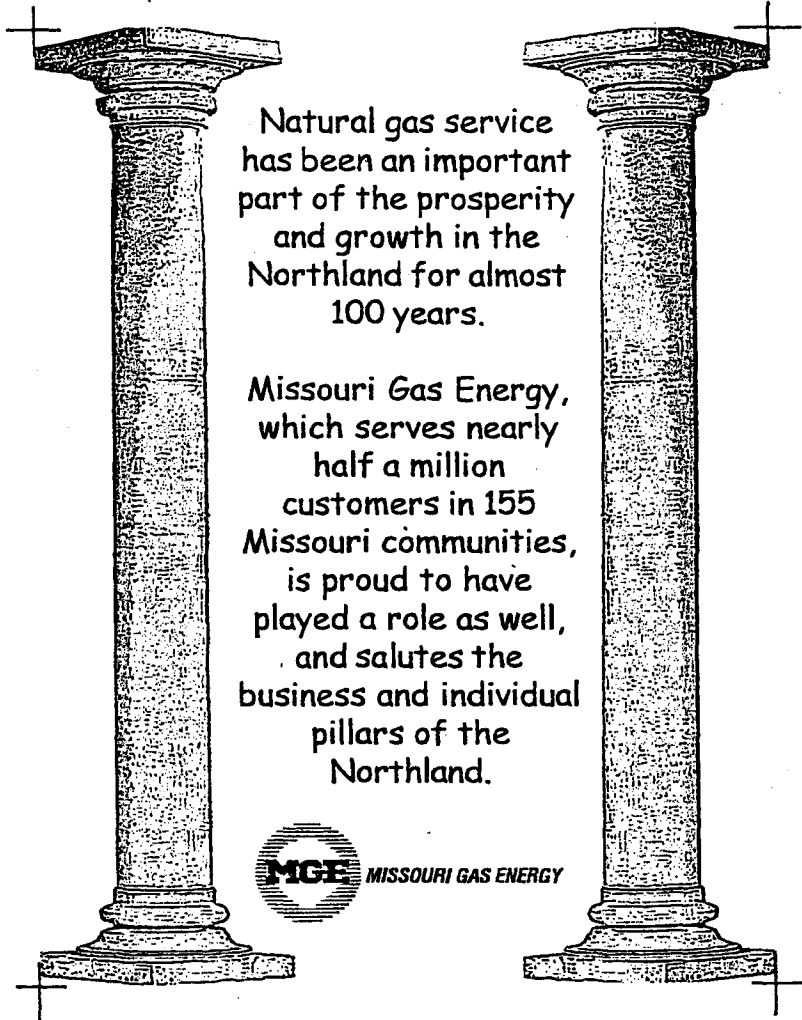


MISSOURI GAS ENERGY

Safe ... Clean ... Reliable
-- That's Natural Gas

Proud to provide energy for the St. Joseph area

townsend Communications
Advertisement placed in
the Dispatch Tribune news-
paper to promote businesses.

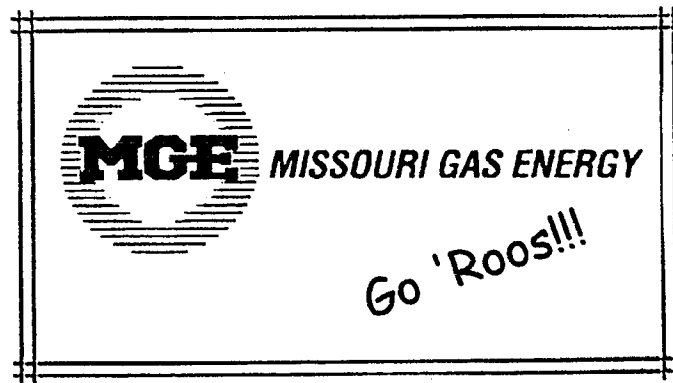


Natural gas service
has been an important
part of the prosperity
and growth in the
Northland for almost
100 years.

Missouri Gas Energy,
which serves nearly
half a million
customers in 155
Missouri communities,
is proud to have
played a role as well,
and salutes the
business and individual
pillars of the
Northland.



University Sports Publication
Advertisement for UMKC
basketball yearbook.



The Examiner Newspaper
Guide to Independence
publication advertisement

“Can you name the
LOWEST COST,
safest and cleanest
energy source IN
KANSAS CITY?”



Believe it or not, the answer is still natural gas. For over a century, natural gas has been your most reliable, environmentally friendly, affordable, convenient and most cost-effective energy source. When trying to build your home, remember that natural gas does more than simply keep you warm. It's the difference in natural gas ranges and your old stove. See the difference in a natural gas light. Feel the difference in a hot water heater. See the difference in a natural gas furnace. Compare the difference in natural gas for all your energy needs. Call your local gas utility for more information at 816.268.5643.

For a gas inspection,
call 816.268.5643 or
www.heraldoil.com

2010

no GAS
52712
6/29

AN ACTIVE, CARING COMMUNITY

Alzheimer's Center of Excellence
Alzheimer's Adult Day Care & Respite
Skilled Nursing - Rosewood Health Center
Licensed Residential Care - White Oak Living Center
Independent Living - Forest View Retirement Center

Independence 816-254-3500 www.thegroves.com

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Community of Christ