

MIDWEST ENERGY, INC.

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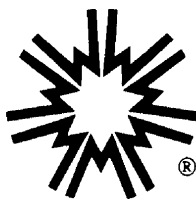
Direct Testimony In Order of Appearance

Earnest Lehman – President & General Manager, Midwest Energy, Inc.

William Edwards – Director of Regulatory Affairs, National Rural Utilities Cooperative Finance Corporation (CFC) on behalf of Midwest Energy, Inc.

Thomas Meis – Vice President of Finance, Midwest Energy, Inc.

Michael Volker – Manager of Pricing and Market Research, Midwest Energy, Inc.



Midwest Energy, Inc.

March 24, 2006

HAND DELIVERY

Susan Duffy
Executive Director
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

**Re: In the Matter of the Application of Midwest Energy, Inc. for Approval to
Make Certain Changes in its Charges for Gas Service**

Dear Ms. Duffy:

Please accept for filing the original and nine (9) copies of **Midwest Energy, Inc.'s Application** and supporting schedules in the above matter. We are also submitting an electronic version of the same, pursuant to K.A.R. 82-1-231(c)(3).

Please file-stamp the extra copy of the letter and Application and then return them to me in the self-addressed, stamped envelope. Thank you for your assistance and attention to this matter.

Sincerely,

Patrick Parke
Vice President Customer Service

Cc:

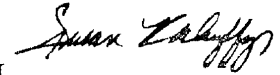
Don Low
Susan Cunningham, Esq.
Frank Caro, Esq.

Encl.

1330 Canterbury Road
P.O. Box 898
Hays, Kansas 67601-0898
(785) 625-3437
1-800-222-3121
Fax (785) 625-1494
www.mwenergy.com

STATE CORPORATION COMMISSION

MAR 24 2006

 Docket
Room

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

**In the Matter of the Application of Midwest)
Energy, Inc. for Approval to Make Certain) Docket No.: 06-MDWG-1027 RTS
Changes in its Charges for Gas Service)**

APPLICATION

Midwest Energy, Inc. ("Midwest Energy" or "Applicant") hereby files this Application with the State Corporation Commission of the State of Kansas ("Commission" or "KCC") for the purpose of making changes to Midwest Energy's charges for gas service in accordance with K.S.A. 66-117 and K.A.R. 82-1-231. Midwest Energy respectfully requests that the proposed rate changes become effective in accordance with this statute and regulation, and in support of such request, Midwest Energy states the following:

1. Midwest Energy is a customer-owned Kansas corporation, in good standing, that operates on a not-for-profit cooperative basis. Its principal place of business is located at 1330 Canterbury Drive, Hays, Kansas 67601.

2. Applicant is a public utility under the provisions of K.S.A. Chapter 66-1,200(a), as amended. Applicant holds appropriate certificates to transact the business of a natural gas public utility in the State of Kansas, and by virtue of said certificates, is engaged in the transmission, distribution, and sale of natural gas for domestic, agricultural,

commercial, irrigation, oil field, industrial, and interdepartmental uses in the State of Kansas.

3. Pleadings, notices, orders and other correspondence and communications regarding this Application should be sent to:

Patrick Parke
Vice President Customer Service
Midwest Energy, Inc.
1330 Canterbury Road, Box 898
Hays, Kansas 67601-0898
(785) 625-1405
Fax: (785) 650-2561
patparke@mwenergy.com

and

Frank A. Caro, Jr.
Polsinelli Shalton Welte Suelthaus PC
6201 College Blvd., Suite 500
Overland Park, KS 66211
(913) 451-8788
Fax: (913) 451-6205
fcaro@pswslaw.com

4. Applicant purchases all of the natural gas which it sells under Kansas jurisdictional sales tariffs from various natural gas marketing companies or directly from pipeline companies. Applicant purchases transportation services from the intrastate pipeline of Kansas Gas Service ("KGS") under its Kansas jurisdictional service for resale tariff, interstate transportation services from Kinder Morgan Interstate Gas Transmission Pipeline ("KMIGT"), Colorado Interstate Gas Pipeline ("CIG"), Natural Gas Pipeline of America ("NGPL"), Panhandle Eastern Pipeline ("PEPL"), and Southern Star Central Gas Pipeline ("SSC") under existing Federal Energy Regulatory Commission rate schedules, and from

various gathering systems. Applicant purchases storage services from KGS, CIG, Salt Plains Storage, Inc. (“SPS”), and KMIGT. Applicant takes delivery of all gas for sales and transportation at various points on the pipelines of KGS, KMIGT, CIG, NGPL, PEPL, SSC, and the gathering systems.

5. Midwest Energy served approximately 41,900 residential, commercial, irrigation, agricultural and industrial natural gas customers in central and western Kansas pursuant to certificates of convenience and necessity issued by the Commission at year-end 2005. It also owns and operates an electrical transmission and distribution system and provides electric service to approximately 46,000 Kansas customers.

6. In order to provide for the current requirements for natural gas in the areas served by Midwest Energy, Applicant has a gross gas plant investment in Kansas of \$58,157,000 as of December 31, 2005.

7. The Applicant’s Kansas jurisdictional gas rates were last revised in February, 2003 in Docket No. 02-MDWG-922-RTS, based upon a test year ending December 31, 2001. Several factors make the filing of this rate application necessary at this time.

8. Since the filing of Midwest Energy’s last rate case, costs of operating and maintaining a safe, reliable gas distribution system have increased significantly. Additionally, record-setting natural gas prices have spurred competition and increased conservation by customers. The result has been declining margins for Applicant's gas operations. Although Applicant has aggressively managed expenses, it is apparent that this change in business conditions brought about by cost increases and high natural gas prices will be permanent. In addition, Applicant continues to address safety and system reliability-

related main and service/yard line replacements and make prudent investments to enhance the operating efficiency of its gas distribution system, resulting in the proposed rate base increases. This Application reflects these requests for revenue and rate base adjustments.

9. As part of this application, Midwest Energy is proposing a normalized volume rider (“NVR”). Adoption of the NVR will ensure that delivery revenues (i.e., gross margins) are recovered in a manner consistent with the basis of rate design in the test year. The NVR will reduce the disincentive to pursue energy efficiency programs created by volumetric recovery of costs.

10. Presently effective rates do not produce sufficient revenues to cover the reasonable cost of Applicant's continued ability to render reasonably sufficient and efficient service. The existing retail natural gas rates of Applicant are unjust and unreasonable in that its jurisdictional earnings are deficient. Said rates produced an overall rate of return on rate base of 0.2035 percent during the pro forma test year. Applicant must have increased revenues. Applicant must earn a reasonable return on its property dedicated to public service in order to acquire necessary capital at reasonable rates, carry out necessary new construction, provide adequate supplies of gas, and continue to render the quality of service that the public requires. The present return to Applicant is not just and reasonable.

11. The schedules filed with this Application establish a gross revenue deficiency of \$3,420,142 based upon normalized operating results for the 12 months ending December 31, 2005, adjusted for known and measurable changes in revenues, operating and maintenance expenses, cost of capital and taxes, and other adjustments referred to herein.

Therefore, this request represents a rate increase of approximately 6.7 percent based on test year revenue of approximately \$50,998,000.

12. Midwest Energy is also requesting a minimum return on equity of 13.51 percent based upon a capital structure of 39.5 percent equity in this rate Application. The proposed return on equity (“ROE”) is described in the direct testimony of Midwest Energy witness William Edwards.

13. The adjustment in rates sought herein is required in order to permit Applicant to render efficient and sufficient service, and to protect its financial integrity. It is in the public interest that Applicant be permitted to recover net margins of revenues in excess of expenses which are adequate and sufficient (1) to permit the continuation of efficient and sufficient service, (2) to provide for debt service and enable Applicant to make the required interest and principal payments on its indebtedness, and (3) to permit Applicant to borrow necessary funds, all of which are required in order to maintain, replace, improve and expand its gas system in the State of Kansas. Said increase does not reflect excessive costs. Said increase is cost justified and does not reflect future inflationary expectations.

14. The proposed revenues in this Application are just and reasonable, and necessary to assure continuing, adequate, efficient and reliable utility service, and to maintain the financial integrity of Midwest Energy.

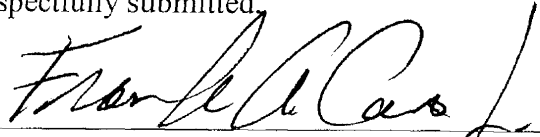
15. The testimony of four witnesses, and schedules required by K.A.R. 82-1-231, are filed in support of this Application. The names of the witnesses and the subject of each witness’ testimony are as follows:

<u>Witness</u>	<u>Subject Matter</u>
Earnest Lehman	Overview and Policy
William Edwards	Return on Equity
Thomas Meis	Revenue Requirement
Michael Volker	Cost of Service, Rate Design and Tariffs

16. The information set forth in the foregoing paragraphs and the exhibits and schedules set forth in Sections 1 through 18, attached hereto and made a part hereof, are submitted in accordance with the provisions of Rule 82-1-231 of the Rules of Practice and Procedure of this Commission.

WHEREFORE, Midwest Energy respectfully requests the Commission to: approve the proposed rate schedules and tariffs for gas service, which are attached in Section 18, and Order that they become effective as proposed; withdraw and cancel certain Midwest Energy natural gas rate schedules and supplemental riders presently effective in the State of Kansas as described in the testimony of Michael Volker, and to substitute therefore and place in effect the proposed rate schedules; and grant such other and further relief as it deems just and reasonable to fulfill this Application.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Frank A. Caro, Jr.", written over a horizontal line.

FRANK A. CARO, JR. (#11678)
Polsinelli Shalton Welte Suelthaus, P.C.
6201 College Boulevard, Suite 500
Overland Park, Kansas 66211
(913) 451-8788
(913) 451-6205 Fax
Fcaro@pswslaw.com

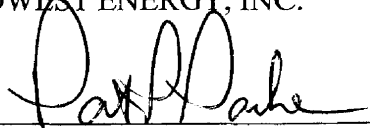
ATTORNEY FOR MIDWEST ENERGY, INC.

VERIFICATION

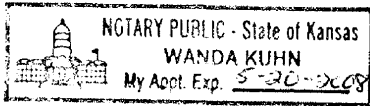
STATE OF KANSAS)
) ss.
COUNTY OF ELLIS)

I, Patrick Parke, being duly sworn, on oath state that I am Vice President Customer Service for Midwest Energy, Inc., that I have read the foregoing Application of Midwest Energy for Approval to Make Certain Changes in its Charges for Gas Service, and know the contents thereof, and that the facts set forth therein are true and correct to the best of my knowledge and belief.

MIDWEST ENERGY, INC.

By: 
Patrick Parke
Vice President Customer Service

The foregoing Application was subscribed and sworn to before me this 2nd day of March, 2006.




Notary Public

My Commission Expires:

5-20-2008

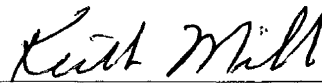
MIDWEST ENERGY, INC.

CERTIFICATE OF SECRETARY

I, Keith Miller, do hereby certify that I am the Secretary of Midwest Energy, Inc. The following is a true and correct copy of excerpts from the minutes of a meeting of the Board of Directors of Midwest Energy, Inc. held February 27, 2006, as they appear in the Minutes Book of Midwest Energy, Inc., said resolution adopted thereat. The meeting was duly and regularly called in accordance with the Bylaws of Midwest Energy, Inc. and said resolution has not been modified or rescinded:

RESOLVED, That the President and Staff of Midwest Energy, Inc. be authorized and directed to prepare and file with the State Corporation Commission of Kansas an application to increase natural gas revenues by an amount sufficient to accomplish the Company's construction plans, achieve an equity ratio of forty (40) percent of total assets within five (5) years, and rotate patronage capital on a twenty (20) year cycle.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation this twenty-seventh day of February, 2006.



Keith Miller, Secretary

Proposed Gas Rate Increase By Class

Rate Class	Current Revenue	Proposed Revenue	Proposed Increase	Overall % Increase	Current Delivery Rev.	Proposed Delivery Rev.	Delivery Increase	Delivery % Increase
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Sales Classes								
Residential	\$32,281,158	\$34,511,576	\$2,230,418	6.9%	\$6,845,817	\$9,076,233	\$2,230,416	32.6%
Commercial	\$7,874,178	\$8,426,621	\$552,443	7.0%	\$1,387,096	\$1,939,540	\$552,444	39.8%
Oil Field	\$1,831,655	\$1,904,107	\$72,452	4.0%	\$193,673	\$266,125	\$72,452	37.4%
Irrigation	\$4,131,374	\$4,178,415	\$47,041	1.1%	\$616,276	\$663,317	\$47,041	7.6%
Grain Drying	\$53,609	\$57,588	\$3,979	7.4%	\$14,238	\$18,217	\$3,979	27.9%
Industrial	\$204,186	\$216,979	\$12,793	6.3%	\$22,268	\$35,061	\$12,793	57.5%
Sales Total	\$46,376,160	\$49,295,286	\$2,919,126	6.3%	\$9,079,368	\$11,998,493	\$2,919,125	32.2%

Rate Class	Current Revenue	Proposed Revenue	Proposed Increase	Overall % Increase	Current Revenue	Proposed Revenue	Increase	Delivery % Increase
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Transportation Classes								
Commercial	\$1,489,621	\$1,534,095	\$44,474	3.0%	\$1,489,469	\$1,533,942	\$44,473	3.0%
Oil Field	\$17,702	\$26,476	\$8,774	49.6%	\$17,700	\$26,474	\$8,774	49.6%
Irrigation	\$2,520,533	\$2,950,288	\$429,755	17.1%	\$2,520,275	\$2,950,029	\$429,754	17.1%
Grain Drying	\$59,342	\$62,591	\$3,249	5.5%	\$59,336	\$62,584	\$3,248	5.5%
Industrial	\$21,242	\$27,324	\$6,082	28.6%	\$21,240	\$27,322	\$6,082	28.6%
Livestock	\$194,566	\$200,647	\$6,081	3.1%	\$194,546	\$200,627	\$6,081	3.1%
Contracts	\$311,711	\$311,711	\$0	0.0%	\$311,679	\$311,679	\$0	0.0%
FCIP	\$7,332	\$9,211	\$1,879	25.6%	\$7,331	\$9,210	\$1,879	25.6%
Transport Total	\$4,622,049	\$5,122,343	\$500,294	10.8%	\$4,621,576	\$5,121,867	\$500,291	10.8%
Company Total	\$50,998,209	\$54,417,629	\$3,419,420	6.7%	\$13,700,944	\$17,120,360	\$3,419,416	25.0%

Proposed Gas Rate Increase Per Customer

Rate Class (A)	Increase (B)	Customers (C)	Per Customer Per Year (D)	Per Customer Per Month (E)
Sales Classes				
Residential	\$2,230,418	32,674	\$68.26	\$5.69
Commercial	\$552,443	4,341	\$127.26	\$10.61
Oil Field	\$72,452	168	\$431.26	\$35.94
Irrigation	\$47,041	561	\$83.85	\$6.99
Grain Drying	\$3,979	60	\$66.32	\$5.53
Industrial	\$12,793	5	\$2,558.60	\$213.22
Sales Total	\$2,919,126	37,809		
Transportation Classes				
Commercial	\$44,474	1,420	\$31.32	\$2.61
Oil Field	\$8,774	10	\$877.40	\$73.12
Irrigation	\$429,755	1,895	\$226.78	\$18.90
Grain Drying	\$3,249	57	\$57.00	\$4.75
Industrial	\$6,082	3	\$2,027.33	\$168.94
Livestock	\$6,081	20	\$304.05	\$25.34
Contracts	\$0	274	\$0.00	\$0.00
FCIP	\$1,879	11	\$170.82	\$14.23
Transport Total	\$500,294	3,690		
Company Total	\$3,419,420	41,499		

THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 8

SCHEDULE Index

MIDWEST ENERGY, INC.
(Name of Issuing Utility)

Replacing Schedule Index Sheet 1

Company Wide
(Territory to which schedule is applicable)

which was filed April 27, 1998

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 2 Sheets

INDEX OF COMMUNITIES SERVED BY K SYSTEM

Agra	Herndon	Norton
Albert	Hill City	Oakley
Almena	Holcomb	Oberlin
Atwood	Horace	Palco
Bird City	Hoxie	Park
Bogue	Ingalls	Phillipsburg
Brewster	Kensington	Plainville
Cedar	Kirwin	Quinter
Colby	Lakin	Rexford
Collyer	Leoti	Rush Center
Damar	Logan	St. Francis
Deerfield	Long Island	Scott City
Dighton	Marienthal	Selden
Edson	McDonald	Selkirk
Gaylord	Menlo	Shallow Water
Gem	Modoc	Sharon Springs
Glade	Monument	Speed
Grainfield	Munjor	Stockton
Grinnell	Natoma	Tribune
Healy	Norcatour	Zurich

INDEX OF COMMUNITIES SERVED BY M SYSTEM

Ellis	Ogallah
Hays	WaKeeney
Hudson	

INDEX OF COMMUNITIES SERVED BY T SYSTEM

Dorrance
Wilson

Commission File Number _____

Issued _____
Month Day Year

Effective January 22, 2003
Month Day Year

By Gene Argo Signature of Officer President Title

02-MDWG-922-RTS
Noted & Filed
Kansas Corporation Commission
January 22, 2003
/s/ Thomas A. Day

THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 9

SCHEDULE Index

MIDWEST ENERGY, INC.

(Name of Issuing Utility)

Replacing Schedule Index Sheet 2

Company Wide

(Territory to which schedule is applicable)

which was filed April 27, 1998

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 2 of 2 Sheets

TERRITORY DEFINITIONS

K System - Territory served by KN Energy prior to March 31, 1998 plus areas adjacent to the original K System for which Midwest Energy subsequently received or will receive certificates to serve.

M System - Territory served by Midwest Energy prior to the acquisitions of territory from KN Energy and Twin County Gas Company, plus areas previously served by the City of Hudson. The M System also includes areas previously served by Producers Gas Equities and Rural Gas Equities. The M System shall also include areas adjacent to the original M System or its components for which Midwest Energy subsequently receives certificates to serve.

T System - Territory served by Twin County Gas Company prior to October 23, 1997. The T System shall also include areas adjacent to the original T System for which Midwest Energy subsequently receives certificates to serve.

Commission File Number _____

Issued	Month	Day	Year
Effective	January	22	2003
By	Month	Day	Year
Gene Argo			
Signature of Officer	Title		
	President		

02-MDUG-922-RTS *DN*
 Noted & Filed
 Kansas Corporation Commission
 January 22, 2003
 /s/ Thomas A. Day

Summary of Reasons for Filing the Application

- 1. To generate sufficient revenues to cover operating expenses and debt service.**
- 2. To provide capital for system replacements and improvements.**
- 3. To generate margins sufficient to achieve Board-approved equity goals:**
 - a. Achieve an equity ratio equal to 40 percent of total assets (equivalent to 46.09 percent of capitalization)**
 - b. Reach the target equity ratio in five years**
 - c. Rotate patronage capital on a 20-year cycle**



MIDWEST ENERGY, INC.

1330 CANTERBURY RD. P.O. BOX 858, HAYS, KANSAS 67601
785-625-3437 or 1-800-222-3121

NEWS FROM MIDWEST ENERGY, INC.

For Immediate Release
March 27, 2006

For More Information Contact:
Bob Helm – 785-625-3437

Midwest Energy Files for Gas Rate Increase

Midwest Energy filed a request with the Kansas Corporation Commission on March 24 to increase its natural gas delivery charges. This is the cooperative's first change in its gas delivery rates since early 2003, and only its second increase since 1995. If approved, natural gas revenue would increase \$3.42 million, or 6.7 percent compared to the 2005 test year.

President and General Manager Earnie Lehman cited several reasons for the increase including on-going replacement of aging pipelines, increasing material costs and declining sales.

"The good news is that our customer-owners are continuing to improve the efficiency of the space and water heating systems in their homes. The bad news is that sharp increases in the market cost for gas have reduced the consumption of natural gas by both homeowners and farmers. But regardless of how much gas is flowing through the pipes, Midwest Energy has an obligation to continue regular maintenance and replacements to keep ahead of safety standards."

Lehman continued by noting sharp increases in the costs of materials used in constructing and maintaining Midwest Energy's gas distribution system. "The cost of our most commonly used plastic pipe has increased 58 percent since our last rate case, and steel pipe is up 80 percent. These costs are important because much of Midwest Energy's system is old and in need of replacement."

Midwest Energy's request affects only the delivery portion of the cooperative's gas revenue. Changes in wholesale gas costs are reflected monthly through a purchased gas cost adjustment to the bill. Wholesale gas costs make up nearly three-fourths of the total gas bill. If approved in full, delivery charges would increase 25 percent. A residential bill would increase \$5.69 per month on average. Midwest Energy presently has the lowest delivery rates in Kansas for residential and general service (commercial) customers.

The Kansas Corporation Commission will have 240 days to consider and rule on the request. Midwest Energy, a customer-owned utility, serves nearly 42,000 gas customers in 34 counties. Midwest Energy also provides service to 46,000 electric customers whose rates are not affected by this filing.

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SUMMARY OF RATE BASE, OPERATING REVENUES AND EXPENSES

Line #	Description	[1]	[2]	[3]	[4]	[5]	[6]
		Reference			PRO FORMA AT		
		Function	Section	Schedule	Present Rates	Increase	Proposed Rates
<u>RATE BASE</u>							
1	Utility Plant		4	1	\$ 58,157,181		\$ 58,157,181
2	Accumulated Depreciation		5	1	(23,799,542)		(23,799,542)
3	Net Plant in service	L 1 + L 2			34,357,639	-	34,357,639
4	Working Capital		6	1	5,343,327		5,343,327
5	Investment in NRUCFC		3	3	1,578,731		1,578,731
6	Customer Advances for Construction				-	-	-
	TOTAL RATE BASE	Sum L 3 to L 6			<u>\$ 41,279,697</u>	<u>\$ -</u>	<u>\$ 41,279,697</u>
<u>OPERATING REVENUES AND EXPENSES</u>							
8	Operating Revenues		9	1	\$ 50,998,211	\$ 3,420,142	\$ 54,418,353
9	Operating Expenses		9	1	(50,914,202)		(50,914,202)
10	Net Operating Margins	L 8 + L 9			84,009	3,420,142	3,504,151
11	RATE OF RETURN	L 10 / L 7			<u>0.2035%</u>		<u>8.4888%</u>
<u>REVENUE INCREASE REQUIRED</u>							
12	Rate of Return at Present Rates	Line 11, Col 4			0.2035%		
13	Rate of Return Required		7	1	<u>8.4888%</u>		
14	Change in ROR	Line 13 - Line 12			<u>8.28529%</u>		
15	Change in Operating Income	Line 14 * Line 7			<u>\$ 3,420,142</u>		
16	TIMES INTEREST EARNED				<u>0.40</u>		<u>2.81</u>

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

CUSTOMER ADVANCES FOR CONSTRUCTION

		[1]	[2]	[3]	[4]
Line #	Description	Reference			Amount
#	Description	Function	Section	Schedule	Amount
<u>CUSTOMER ADVANCES</u>					
1	Electric Department	Estimated			255.455
2	Gas Department (252)	Estimated			
3	TOTAL				\$ 255,455

SOURCE:
 General Ledger and Sub-ledger --- A/C 252

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

INVESTMENT IN NRUCFC

Line #	Description	[1]	[2]	[3]	[4]	[5]
		Function	Section	Schedule	Percent	Amount
1	Required Investment at 12/31/05		7	8		<u>\$ 9,284,917</u>
2	Regulated Portion		7	1	87.42%	\$ 8,116,869
Allocation to Departments:						
3	Electric Department	Plant Alloc	12	1	80.55%	\$ 6,538,138
4	Gas Department	Plant Alloc	12	1	19.45%	1,578,731
5	Other				0.00%	-
6	TOTAL				<u>100.00%</u>	<u>\$ 8,116,869</u>

SOURCE:

TOTAL UTILITY PLANT

Line #	Description	[1] Schedule	[2] Total Recorded 12/31/2005	[3] Adjustments	[4] Total As Adjusted 12/31/2005
1	INTANGIBLE PLANT	Sec. 4, Sch. 2	\$ 1,915	\$ -	\$ 1,915
2	PRODUCTION PLANT	Sec. 4, Sch. 2	-	-	-
3	STORAGE PLANT	Sec. 4, Sch. 2	-	-	-
4	TRANSMISSION PLANT	Sec. 4, Sch. 2	1,064,490	-	1,064,490
5	DISTRIBUTION PLANT	Sec. 4, Sch. 2	48,919,719	-	48,919,719
6	GENERAL PLANT	Sec. 4, Sch. 2	5,570,560	-	5,570,560
7	SUB-TOTAL PLANT-IN-SERVICE	Sum (L 1 to L 6)	55,556,684	-	55,556,684
8	COMMON PLANT	Sec. 4, Sch. 3.	2,259,030	-	2,259,030
9	COMPLETED CONSTRUCTION NOT CLASSIFIED	G/L a/c # 106	35,007	-	35,007
10	PLANT-IN-SERVICE		57,850,721	-	57,850,721
11	CONSTRUCTION WORK IN PROGRESS	G/L a/c # 107 & 108	306,460	-	306,460
12	OTHER		-	-	-
13	TOTAL UTILITY PLANT	Sum (L 7 to L 11)	\$ 58,157,181	\$ -	\$ 58,157,181

Note: This schedule excludes a/c #114

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

SUMMARY PLANT IN SERVICE
 2002 to 2005

Line #	Description	Account Number	[1]	[2]	[3]	[4]	[5]	[6]	[7]
			Recorded Balances at December 31,					Finney County Contribution	Test Year Balance
			2002	2003	2004	2005			[5] + [6]
<u>INTANGIBLE PLANT</u>									
1	Organization	301	\$ 1,915	\$ 1,915	\$ 1,915	\$ 1,915	\$ -	\$ -	\$ 1,915
2	Franchise & Consent	302	6,249	6,249	-	-	-	-	-
3	Miscellaneous Intangible Plant	303	-	-	-	-	-	-	-
4	TOTAL INTANGIBLE	Sum L 1 to L 3	8,164	8,164	1,915	1,915	-	-	1,915
<u>PRODUCTION PLANT</u>									
5	Land and land rights	304/325	-	-	-	-	-	-	-
6	Structures, Improvements & Equipment	305-337	-	-	-	-	-	-	-
7	Unsuccessful Exploration & Development	338	-	-	-	-	-	-	-
8			-	-	-	-	-	-	-
9	Other Equipment	320	-	-	-	-	-	-	-
10			-	-	-	-	-	-	-
11	TOTAL PRODUCTION PLANT	Sum L 5 to L 10	-	-	-	-	-	-	-
<u>STORAGE PLANT</u>									
12	Land and land rights		-	-	-	-	-	-	-
13	Structures, Improvements & Equipment		-	-	-	-	-	-	-
14	Purification Equipment		-	-	-	-	-	-	-
15	Other Equipment		-	-	-	-	-	-	-
16			-	-	-	-	-	-	-
17			-	-	-	-	-	-	-
18			-	-	-	-	-	-	-
19	STORAGE EQUIPMENT	Sum L 12 to L 18	-	-	-	-	-	-	-
20	TOTAL PRODUCTION PLANT	(L 11 + L 19)	-	-	-	-	-	-	-
<u>TRANSMISSION PLANT</u>									
21	Land and land rights	365	6,441	6,441	6,441	6,441	-	-	6,441
22	Structures, Improvements & Equipment	366	13,730	13,730	13,730	13,730	-	-	13,730
23	Mains	367	755,945	758,127	758,127	759,340	-	-	759,340
24	Measuring and regulating station	369	284,979	284,979	284,979	284,979	-	-	284,979
25	Other Equipment	371	-	-	-	-	-	-	-
26			-	-	-	-	-	-	-
27			-	-	-	-	-	-	-
28	TOTAL TRANSMISSION PLANT	Sum L 21 to L 27	1,061,095	1,063,277	1,063,277	1,064,490	-	-	1,064,490

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SUMMARY PLANT IN SERVICE
2002 to 2005

Line #	Description	Account Number	[1]	[2]	[3]	[4]	[5]	[6]	[7]
			Recorded Balances at December 31,					Finney County Contribution	Gross Distribution Plant with Finney County Contributions [5] + [6]
			2002	2003	2004	2005			
DISTRIBUTION PLANT									
29	Land and land rights	374	\$ 407,770	\$ 480,680	\$ 513,775	\$ 527,041	\$ 37,801	\$ 564,842	
30	Structures, Improvements & Equipment	375	374,509	377,409	377,409	385,306	27,635	412,941	
31	Mains	376	22,509,923	23,454,973	24,126,395	25,457,626	1,825,884	27,283,510	
32	Mains--Deep Well	376.1	464,281	507,448	534,818	555,395	39,834	595,229	
33	Measure and regulating station equip--General	378	1,003,024	1,064,539	1,073,132	1,134,104	81,341	1,215,445	
34	Measure and regulating station equip--City Gate	379	4,559	4,559	4,559	4,559	327	4,886	
35	Services	380	8,320,409	9,007,106	9,401,804	10,092,378	723,850	10,816,228	
36	Meters	381	5,996,646	5,607,357	5,671,823	5,510,739	395,244	5,905,983	
37	Meter installations	382	1,898,782	1,907,616	1,928,195	1,955,957	140,286	2,096,243	
38	House regulators	383	2,715,132	2,939,762	3,030,668	3,169,542	227,327	3,396,869	
39	Station equipment	385	115,779	115,779	115,779	115,779	8,304	124,083	
40	Installation on customer premises	386	4,706	4,706	4,706	4,706	338	5,044	
41	Other equipment	387	6,587	6,587	6,587	6,587	472	7,059	
			-	-	-	-	-	-	
42	TOTAL DISTRIBUTION PLANT	Sum L 29 to L 46	\$ 43,822,107	\$ 45,478,521	\$ 46,789,650	\$ 48,919,719	\$ 3,508,643	\$ 52,428,362	
GENERAL PLANT									
43	Land and land rights	389	13,560	13,560	13,560	16,060		16,060	
44	Structures, Improvements & Equipment	390	207,069	241,514	263,959	277,646		277,646	
45	Office furniture and equipment	391	326,883	330,952	336,275	338,175		338,175	
46	Transportation equipment	392	1,626,393	1,806,701	1,991,684	2,091,519		2,091,519	
47	Store equipment	393	5,892	6,506	7,197	7,197		7,197	
48	Tools, shop and garage equipment	394	1,415,692	1,484,135	1,548,862	1,657,146		1,657,146	
49	Laboratory equipment	395	185,269	226,972	252,872	272,876		272,876	
50	Power operated equipment	396	635,207	700,682	816,856	864,858		864,858	
51	Electric communications equipment	397	8,120	36,566	36,566	36,566		36,566	
52	Miscellaneous equipment	398	8,517	8,517	8,517	8,517		8,517	
53	Other tangible property	399	-	-	-	-		-	
54	TOTAL GENERAL	Sum L 48 to L 58	4,432,602	4,856,105	5,276,348	5,570,560	-	5,570,560	
55	SUB-TOTAL (L 4 + L11 + L 20 + L 28 L 42 + L 54)		49,323,968	51,406,067	53,131,190	55,556,684		55,556,684	
56	COMMON PLANT		2,245,277	2,016,416	2,126,214	2,259,030		2,259,030	
57	CONSTRUCTION WORK IN PROGRESS	107 & 108	392,952	887,771	1,354,410	306,460		306,460	
58	UNCLASSIFIED CONSTRUCTION	106	(2,570)	(106,010)	168,960	35,007		35,007	
59	TOTAL PLANT IN SERVICE	Sum L59 to L62	\$ 51,959,627	\$ 54,204,244	\$ 56,780,774	\$ 58,157,181	\$ -	\$ 58,157,181	

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005
TOTAL COMPANY COMMON PLANT---ALLOCATED
2002 to 2005

Line #	Description	Account Number	Recorded Balances at December 31,					Pro Forma Adjustment	Test Year Balance (\$)+(6)
			2002	2003	2004	2005	2005		
TOTAL COMMON PLANT									
1	Land and land rights	118-89	\$ 629,038	\$ 629,038	\$ 629,038	\$ 629,038	\$ 629,038	\$ 629,038	
2	Structures, improvements & Equipment	118-90	4,303,024	4,335,344	4,510,567	4,642,277	4,642,277	4,642,277	
3	Office furniture and equipment	118-91	4,203,801	4,732,875	4,968,518	5,034,269	5,034,269	5,034,269	
4	Completed Construction not Classified	106-00	130,716	14,586	10,621	28,692	28,692	28,692	
5	Communications equipment	118-97	2,078,933	2,369,744	2,462,401	3,120,346	3,120,346	3,120,346	
6	TOTAL COMMON PLANT	Sum L 1 to L 5	\$ 11,345,512	\$ 12,081,587	\$ 12,581,145	\$ 13,454,622	\$ 13,454,622	\$ 13,454,622	
ALLOCATION FACTORS									
7	Electric Operations	Sec. 12, Sch 1	80.21%	83.31%	83.10%	83.21%	83.21%	83.21%	
8	Gas Operations	Sec. 12, Sch 1	19.79%	16.69%	16.90%	16.79%	16.79%	16.79%	
9	Other	Sec. 12, Sch 1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
10	TOTAL ALLOCATION		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
TOTAL COMMON PLANT--ELECTRIC									
11	Land and land rights	L 1 * L 7	\$ 504,551	\$ 524,052	\$ 522,731	\$ 523,423	\$ 523,423	\$ 523,423	
12	Structures, Improvements & Equipment	L 2 * L 7	3,451,456	3,611,775	3,748,281	3,862,839	3,862,839	3,862,839	
13	Office furniture and equipment	L 3 * L 7	3,371,869	3,942,958	4,128,838	4,189,015	4,189,015	4,189,015	
14	Completed Construction not Classified	L 4 * L 7	104,847	12,152	8,826	23,875	23,875	23,875	
15	Communications equipment	L 5 * L 7	1,667,512	1,974,234	2,046,255	2,596,440	2,596,440	2,596,440	
16	TOTAL COMMON PLANT TO ELECTRIC	Sum L 11 to L 15	\$ 9,100,235	\$ 10,065,171	\$ 10,454,931	\$ 11,195,592	\$ 11,195,592	\$ 11,195,592	
TOTAL COMMON PLANT--GAS									
17	Land and land rights	L 1 * L 8	\$ 124,487	\$ 104,986	\$ 106,307	\$ 105,615	\$ 105,615	\$ 105,615	
18	Structures, Improvements & Equipment	L 2 * L 8	851,568	723,569	762,286	779,438	779,438	779,438	
19	Office furniture and equipment	L 3 * L 8	831,932	789,917	839,680	845,254	845,254	845,254	
20	Completed Construction not Classified	L 4 * L 8	25,869	2,434	1,795	4,817	4,817	4,817	
21	Communications equipment	L 5 * L 8	411,421	395,510	416,146	523,906	523,906	523,906	
22	TOTAL COMMON PLANT TO GAS	Sum L 17 to L 21	\$ 2,245,277	\$ 2,016,416	\$ 2,126,214	\$ 2,259,030	\$ 2,259,030	\$ 2,259,030	

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 5
SCHEDULE 1
Page 1 of 1

ACCUMULATED DEPRECIATION AND AMORTIZATION –TEST YEAR SUMMARY

Line #	Description	[1] Schedule	[2] Total Recorded 12/31/2005	[3] Adjustments	[4] Total As Adjusted 12/31/2005
1	INTANGIBLE PLANT		\$ -	\$ -	\$ -
2	PRODUCTION PLANT		-	-	-
3	TRANSMISSION PLANT		925,642	-	925,642
4	DISTRIBUTION PLANT		19,118,950	-	19,118,950
4	GENERAL PLANT		2,508,885	-	2,508,885
5	OTHER		-	-	-
6	SUB TOTAL	Sum L 1 to L 5	22,553,477	-	22,553,477
	<u>ALLOCATED COMMON PLANT</u>				
7	–OTHER UTILITY PLANT		1,246,065	0	1,246,065
8	–TRANSPORTATION		-	0	-
9	TOTAL ACCUMULATED DEPRECIATION	Sum L 6 to L 8	23,799,542	-	23,799,542
10	ACCUMULATED AMORTIZATION (KN Acq Adj)		7,176,837	-	7,176,837
11	TOT ACC DEPR AND AMORT		<u>\$ 30,976,379</u>	<u>\$ -</u>	<u>\$ 30,976,379</u>

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 5
SCHEDULE 2
Page 1 of 1

ACCUMULATED DEPRECIATION AND AMORTIZATION --TEST YEAR SUMMARY
2002 to 2005

Line #	Description	[1] Account Number	[2] [3] [4] [5] Recorded Balances at December 31,			
			2002	2003	2004	2005
1	INTANGIBLE PLANT		\$ -	\$ -	\$ -	\$ -
2	PRODUCTION PLANT		-	-	-	-
3	TRANSMISSION PLANT	108.5	892,073	904,428	915,033	925,642
4	DISTRIBUTION PLANT	108.6	19,030,451	18,818,097	19,040,868	19,118,950
5	GENERAL PLANT	108.70-108.9	2,326,857	2,180,701	2,347,593	2,508,885
6	SUB TOTAL	Sum L 1 to L 5	22,249,381	21,903,226	22,303,494	22,553,477
<u>ALLOCATED COMMON PLANT</u>						
7	--OTHER UTILITY PLANT	119-70 x 16.79%	704,178	1,073,039	1,231,456	1,246,065
8	--TRANSPORTATION		-	-	-	-
9	TOTAL ACCUMULATED DEPRECIATION	Sum L 6 to L 8	22,953,559	22,976,265	23,534,950	23,799,542
10	ACCUMULATED AMORTIZATION (KN)		4,266,894	5,209,461	6,245,361	7,176,837
11	TOT ACC DEPR AND AMORT		<u>\$ 27,220,453</u>	<u>\$ 28,185,726</u>	<u>\$ 29,780,311</u>	<u>\$ 30,976,379</u>

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 6
 SCHEDULE 1
 Page 1 of 1

SUMMARY OF WORKING CAPITAL

Line #	Description	[1]	[2]	[3]	[4]	[5] [6] [7]		
		Section 6 Schedule	Method	Account Number	Total Company Recorded 2005	Working Capital Distributed To		
						Electric	Gas	Other
WORKING CAPITAL REQUIREMENT								
1	Fuel stocks--Gas	2	13-Month Avg	164.3	2,979,084		2,979,084	-
2	Wholesale gas	3	13-Month Avg	154.3	12,708	12,708		
3	Wholesale diesel fuel	3	13-Month Avg	154.4/5	18,494	18,257	237	
4	Wholesale oil	3	13-Month Avg	154.6	504	504		
5	Sub-total	Sum L 1 to L 6			3,010,790	31,469	2,979,321	-
6	Materials & Supplies	4	13-Month Avg	154.1	2,284,879	1,907,687	377,192	-
7	Prepaid Insurance	5	13-Month Avg	165.1	250,813	155,354	95,459	-
8	Prepaid Workers' Compensation	5	13-Month Avg	165.1	206,734	137,540	69,194	-
9	Other		N/A		-	-	-	-
10	Cash Working Capital Calculation	6	1/8 Calculation	O & M	1,328,479	-	1,328,479	-
11	Purchased Gas Working Capital	7	Lag/Lead		1,151,748	-	1,151,748	-
12	TOTAL WORKING CAPITAL REQUIREMENT	Sum L 7 to L 12			8,233,443	2,232,050	6,001,393	-
WORKING CAPITAL PROVIDED								
13	Customer Deposits	8	13-Month Avg	235	(545,185)	(318,465)	(226,720)	
14	Accrued Property Taxes	9	13-Month Avg	236.1	(3,114,415)	(2,683,069)	(431,346)	-
15	TOTAL WORKING CAPITAL PROVIDED	L 15 + L 16			(3,659,600)	(3,001,534)	(658,066)	-
16	NET WORKING CAPITAL REQUIREMENT	L 14 + L 17			\$ 4,573,843	\$ (769,484)	\$ 5,343,327	\$ -
17	WORKING CAPITAL TO RATE BASE	L 18				\$ (769,484)	\$ 5,343,327	\$ -
WORKING CAPITAL TO COST OF SERVICE								
18	Factor to Include in Service Study	"1" = Yes / "0" = No				0	1	0
19	Plant Allocation Factor	6 + L 7 + L 13 + L 14				\$ -	\$ (185,415)	\$ -
20	Total O & M Allocation Factor	L 9 + L 10				-	1,328,479	-
21	Payroll Allocation Factor	L 8				-	69,194	-
22	Commodity Allocation Factor	L 5 + L 11				-	4,131,069	-
23	WORKING CAPITAL TO COST OF SERVICE	L 18 to L 22				\$ -	\$ 5,343,327	\$ -

MIDWEST ENERGY, INC
 GAS DEP'T
 TEST YEAR ENDED DECEMBER 31, 2005

SECTION 6
 SCHEDULE 2
 Page 1 of 1

FUEL STOCKS—GAS

Line #	Description	[1]	[2]	[3]
		FUEL STOCKS STORED—A/C 164.3		
		Gas Stored Underground	Prepaid Stored	TOTAL [1] + [2]
1	December, 2004	\$ 3,149,437	\$ -	\$ 3,149,437
2	January, 2005	3,149,407		3,149,407
3	February	2,638,335		2,638,335
4	March	2,860,379		2,860,379
5	April	2,834,323		2,834,323
6	May	2,706,523		2,706,523
7	June	2,698,612		2,698,612
8	July	2,926,521		2,926,521
9	August	2,689,797		2,689,797
10	September	2,789,244		2,789,244
11	October	3,365,608		3,365,608
12	November	3,566,547		3,566,547
13	December, 2005	3,353,361		3,353,361
				-
14	TOTAL	<u>\$ 38,728,094</u>	<u>\$ -</u>	<u>\$38,728,094</u>
15	13-Month Average	<u>\$ 2,979,084</u>	<u>\$ -</u>	<u>\$ 2,979,084</u>

To Sch. 1

To Sch. 1

SOURCE:

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

WHOLESALE FUELS

		[1]	[2]	[3]	[4]	[5]
		WHOLESALE GAS AND OIL				
Line #	Description	A/C 154.3 Wholesale Gas	A/C 154.4 Backhoe Diesel Fuel	A/C 154.5 Diesel Fuel	A/C 154.6 Wholesale Oil	Other
1	December, 2004	\$ 9,038	\$ 164	\$ 12,507	\$ 354	
2	January, 2005	11,629	115	14,903	195	
3	February	9,030	76	10,285	1,159	
4	March	11,901	25	16,861	1,095	
5	April	14,106	213	22,346	988	
6	May	10,824	146	15,535	849	
7	June	13,634	420	20,031	663	
8	July	16,477	415	24,974	400	
9	August	12,086	298	14,990	305	
10	September	12,904	241	17,041	197	
11	October	15,667	102	26,085	148	
12	November	12,316	485	17,697	104	
13	December, 2005	15,593	375	24,082	96	
14	TOTAL	<u>\$ 165,205</u>	<u>\$ 3,075</u>	<u>\$ 237,337</u>	<u>\$ 6,553</u>	
15	13-Month Average	<u>\$ 12,708</u>	237	18,257	<u>\$ 504</u>	
16	Combine		(237)	237		
17			<u>\$ -</u>	<u>\$ 18,494</u>		
		To Sch. 1		To Sch. 1	To Sch. 1	

SOURCE:

MIDWEST ENERGY, INC
 GAS DEP'T
 TEST YEAR ENDED DECEMBER 31, 2005

SECTION 6
 SCHEDULE 4
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MATERIALS & SUPPLIES

Line #	Description	[1]	[2]	[3]	[4]
		MATERIALS AND SUPPLIES—A/C 154.1			
		ELECTRIC	GAS	OTHER	TOTAL
		Sum [1] to [3]			
1	December, 2004	\$ 1,748,686	\$ 341,720	\$ -	\$ 2,090,406
2	January, 2005	1,771,816	326,085		2,097,901
3	February	1,791,014	344,008		2,135,022
4	March	1,769,232	348,817		2,118,049
5	April	1,744,821	355,692		2,100,513
6	May	1,821,227	423,955		2,245,182
7	June	1,782,541	414,752		2,197,293
8	July	1,919,541	411,138		2,330,679
9	August	1,886,734	417,642		2,304,376
10	September	2,021,777	401,395		2,423,172
11	October	2,102,112	367,601		2,469,713
12	November	2,172,919	381,717		2,554,636
13	December, 2005	2,267,517	368,978		2,636,495
					-
14	TOTAL	<u>\$24,799,937</u>	<u>\$ 4,903,500</u>	<u>\$ -</u>	<u>\$29,703,437</u>
15	13-Month Average	<u>\$ 1,907,687</u>	<u>\$ 377,192</u>	<u>\$ -</u>	<u>\$ 2,284,880</u>
		To Sch. 1	To Sch. 1	To Sch. 1	

SOURCE:

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

SECTION 6
 SCHEDULE 5
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PREPAID INSURANCE

Line #	Description	[1]		[2]		[3]		[4]	
		PREPAID INSURANCE -- A/C 165.1		PREPAID INSURANCE -- A/C 165.1		PREPAID INSURANCE -- A/C 165.1		PREPAID INSURANCE -- A/C 165.1	
		GENERAL INSURANCE		GENERAL INSURANCE		WORKERS' COMPENSATION		WORKERS' COMPENSATION	
		Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount
1	December, 2004		\$ 229,365				\$ 358,048		
2	January, 2005		183,491				341,168		
3	February		137,619				320,541		
4	March		91,746				289,596		
5	April		45,873				262,946		
6	May		-				240,629		
7	June		505,307				218,445		
8	July		459,370				172,867		
9	August		413,434				150,875		
10	September		367,496				114,917		
11	October		321,559				93,059		
12	November		275,622				72,127		
13	December, 2005		229,685				52,329		
14	TOTAL		<u>\$ 3,260,567</u>				<u>\$ 2,687,547</u>		
15	13-Month Average		<u>\$ 250,813</u>				<u>\$ 206,734</u>		
ALLOCATION FACTORS									
16	Electric	61.94%	\$ 155,354	66.53%	\$ 137,540				
17	Gas	38.06%	95,459	33.47%	69,194				
18	Other	0.00%	-	0.00%	-				
19	Total Allocated	<u>100.00%</u>	<u>\$ 250,813</u>	<u>100.00%</u>	<u>\$ 206,734</u>				

MIDWEST ENERGY, INC
 GAS DEP'T
 TEST YEAR ENDED DECEMBER 31, 2005

PREPAID INSURANCE

Line #	Description	[1]	[2]	[3]	[4]
		ELECTRIC	GAS	PREPAID INSURANCE -- A/C 165.1	
				TOTAL	
1	Workers' Compensation--July 2005	\$ 14,351	\$ 7,219	\$ 21,570	
2	Percent of Line 1	66.53%	33.47%		
Workers' Compensation Allocated based on Direct Labor					
<u>GENERAL</u>					
3	All Risk Blanket	\$ 10,033	\$ 2,441		
4	DOM	1,512	1,400		
5	Vehicles	6,906	5,455		
6	Supplemental Travel	-	-		
7	Bodily Injury	2,271	1,867		
8	Property Damage	5,300	4,356		
9	Excess Liability	2,284	1,877		
10	Sub-Total General	\$ 28,306	\$ 17,396	\$ 45,702	
11	Percent Allocation	61.94%	38.06%		

In order to allocate the balance in acct. 165.1 between electric and gas, we looked at how we are allocating the amortized amount each month. We picked one month, July 2005.

**MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005**

SECTION 6
SCHEDULE 6
Page 1 of 1

CASH WORKING CAPITAL

Line #	Description	[1] Reference	[2] As Recorded	[3] Pro Forma Adjusted	[4] Adjustment and Elimination	[5] Adjusted Total Sum [2] to [4]
1	Production		\$36,987,031	\$37,249,920	\$ (37,249,920)	\$ -
2	Other gas production expense		120,427	130,133		130,133
3	Transmission expense		57,066	60,732		60,732
4	Distribution expense		4,613,705	4,883,294		4,883,294
5	Customer accounts expense		2,307,551	2,426,237		2,426,237
6	Customer services expense		360,334	384,451		384,451
7	Sales expense		1,271	1,367		1,367
8	Administrative and general		2,722,830	2,741,619		2,741,619
9	Depreciation		2,299,274	2,337,398	(2,337,398)	-
10	Taxes—Other than income		696,872	696,872	(696,872)	-
11	Other		31,681	2,179	(2,179)	-
12						
13	TOTAL		<u>\$50,198,042</u>	<u>\$50,914,202</u>	<u>\$ (40,286,369)</u>	\$10,627,833
14	Working capital factor					<u>12.50%</u>
15	Working Capital					<u>\$ 1,328,479</u>

SOURCE: Section 9 Schedule 1

To Sch. 1

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

PURCHASED GAS WORKING CAPITAL

MIDWEST ENERGY LEAD LAG STUDY

Revenue and Commodity Expense Lag

Line #	Billing Cycle A	Meter Read Date		Read Days D=C-B	Average Read Days E=1/2D	Midpoint F=365/12/2	Weighted Midpoint of Service Period G=E+F	Bill Date H	Bill Gen Lag I=H-C	Collection or Payment Lag K	Total Lag Days L=G+I+K	Gas Revenue M	Weighted Lag Days N
		Start B	End C										
Revenue Lag													(Pg. 2)
1	1	16	6	20	10	15.2	25.2	8.4	2.4	23.0	50.6	6,928,012	8.83
2	2	30	15	15	7.5	15.2	22.7	16.3	1.3	23.0	47.0	4,803,390	5.68
3	3	3	15	12	6	15.2	21.2	22.4	7.4	23.0	51.6	4,724,701	6.14
4	4	27	24	27	13.5	15.2	28.7	27.5	3.5	23.0	55.2	4,837,908	6.73
5	6	23	30	7	3.5	15.2	18.7	9.1	9.1	23.0	50.8	290,938	0.37
6	7	3	10	7	3.5	15.2	18.7	17.1	7.1	23.0	48.8	6,873,215	8.45
7	8	9	17	8	4	15.2	19.2	23.3	6.3	23.0	48.5	5,936,229	7.25
8	9	15	23	8	4	15.2	19.2	28.3	5.3	23.0	47.5	5,312,869	6.36
9	*Exclude Cycle 5 because it contains no commodity revenue (all transport)											39,707,261	49.8

Commodity Expense Lag

(Pg. 3)

10	Kansas Gas Service					15.2	15.2			25.5	40.7	274,200	0.3
11	Southern Star					15.2	15.2			18.3	33.5	814,423	0.8
12	Kinder Morgan					15.2	15.2			22.9	38.1	3,896,081	4.5
13	BP Energy					15.2	15.2			21.7	36.9	8,021,001	9.0
14	Tenaska					15.2	15.2			24.7	39.9	2,611,860	3.2
15	Oneok					15.2	15.2			24.7	39.9	14,021,200	17.1
16	Select Natural Gas					15.2	15.2			23.3	38.5	1,588,594	1.9
17	Colorado Interstate					15.2	15.2			22.8	38.0	236,822	0.3
18	Salt Plains					15.2	15.2			26.1	41.3	87,227	0.1
19	Natural Gas Pipeline					15.2	15.2			19.2	34.4	14,594	0.0
20	Wasatch					15.2	15.2			23.0	38.2	182,149	0.2
21	Other					15.2	15.2			20.0	35.2	981,219	1.1
22												32,729,369	38.6

23	Revenue Lag	49.8
24	Expense Lag	38.6
25	Net Lag (Lead)	11.3

26 % of 365 Days 3.08%

27 Purchased Gas Cost 37,337,920

28 Purchased Gas Working Capital 1,151,748

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

PURCHASED GAS WORKING CAPITAL

MIDWEST ENERGY LEAD LAG STUDY

COLLECTION OR PAYMENT LAG

Line No.	Description	[1] Reference Or Factor	[2] Gas A/R Balance End of Month	[3] Total Monthly Revenue
1	December, 2004		\$ 3,305,226	
2	January, 2005		\$ 4,967,055	7,030,119
3	February		\$ 5,691,414	6,639,013
4	March		\$ 4,434,801	4,869,075
5	April		\$ 4,103,310	4,172,156
6	May		\$ 3,141,680	3,098,374
7	June		\$ 2,389,224	2,633,121
8	July		\$ 1,833,505	2,222,272
9	August		\$ 1,430,560	3,744,933
10	September		\$ 2,314,763	3,548,810
11	October		\$ 1,221,274	2,285,483
12	November		\$ 1,862,608	3,286,047
13	December, 2005		\$ 5,142,216	7,533,753
14	Average A/R Balance		<u>\$ 3,218,280</u>	
15	Total Revenue			<u>51,063,156</u>
16	A/R Turnover	(L15/L14)	15.87	
17	Days of Receivables	365/L16	23.00	

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 6
 SCHEDULE 7
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PURCHASED GAS WORKING CAPITAL

MIDWEST ENERGY LEAD LAG STUDY

COLLECTION OR PAYMENT LAG

Line #		JAN	FEB	MAR	APR	MAY	JUN	JUL
1	Kansas Gas Service****	\$ 26,589	\$ 28,943	\$ 24,109	\$ 24,480	\$ 22,219	\$ 21,018	\$ 20,156
2	Payment Clearing Date	28	24	22	26	24	24	33
3	Southern Star	\$ 72,005	\$ 72,482	\$ 64,828	\$ 71,468	\$ 68,821	\$ 67,725	\$ 63,934
4	Payment Clearing Date	21	18	18	18	20	17	21
5	Kinder Morgan	\$ 369,357	\$ 302,345	\$ 297,410	\$ 296,811	\$ 293,660	\$ 292,561	\$ 348,848
6	Payment Clearing Date	24	22	21	22	23	23	25
7	BP Energy	\$ 1,117,688	\$ 1,273,437	\$ 1,124,834	\$ 339,618	\$ 506,808	\$ 421,284	\$ 340,507
8	Payment Clearing Date	25	25	25	15	25	24	15
9	Tenaska Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257,830
10	Payment Clearing Date	-	-	-	-	-	-	25
11	Oneok	\$ 2,035,340	\$ 2,024,737	\$ 1,742,362	\$ 1,183,762	\$ 629,472	\$ 596,176	\$ 588,473
12	Payment Clearing Date	25	25	25	25	25	24	25
13	Select Natural Gas	\$ 363,434	\$ 25,532	\$ 308,631	\$ 175,434	\$ 211,281	\$ 200,802	\$ 53,788
14	Payment Clearing Date	25	4	25	25	25	28	25
15	Colorado Interstate	\$ 23,945	\$ 23,768	\$ 23,447	\$ 21,982	\$ 19,952	\$ 18,108	\$ 15,218
16	Payment Clearing Date	24	22	21	22	23	23	25
17	Salt Plains	\$ 8,616	\$ 9,245	\$ 8,200	\$ -	\$ -	\$ -	\$ 13,864
18	Payment Clearing Date	25	25	28	-	-	-	25
19	Natural Gas Pipeline	\$ 2,007	\$ 3,453	\$ 911	\$ 1,825	\$ 1,747	\$ -	\$ 179
20	Payment Clearing Date	19	18	21	19	18	-	20
21	Wasatch	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Payment Clearing Date	-	-	-	-	-	-	-
23	Other (Imbalance Sales)	\$ 41,504	\$ 288,615	\$ 7,670	\$ 383,174	\$ 286,477	\$ 93,287	\$ 107,562
24	Payment Clearing Date	20	20	20	20	20	20	20
25	Total	\$ 4,060,486	\$ 4,052,557	\$ 3,602,402	\$ 2,498,553	\$ 2,040,437	\$ 1,710,961	\$ 1,810,358

	AUG	SEP	OCT	NOV	DEC	TOTAL
1 Kansas Gas Service****	\$ 23,254	\$ 22,546	\$ 19,212	\$ 19,522	\$ 22,151	\$ 274,200
2 Payment Clearing Date	33	16	25	27	24	25.5
3 Southern Star	\$ 65,235	\$ 65,860	\$ 65,379	\$ 67,834	\$ 68,851	\$ 814,423
4 Payment Clearing Date	18	19	17	17	16	18.3
5 Kinder Morgan	\$ 325,443	\$ 332,538	\$ 340,091	\$ 344,743	\$ 352,273	\$ 3,896,081
6 Payment Clearing Date	22	23	24	23	23	22.9
7 BP Energy	\$ 405,036	\$ 403,854	\$ 320,821	\$ 587,018	\$ 1,180,097	\$ 8,021,001
8 Payment Clearing Date	25	26	25	14	16	21.7
9 Tenaska Marketing	\$ 196,695	\$ 452,581	\$ 310,862	\$ 512,779	\$ 881,113	\$ 2,611,860
10 Payment Clearing Date	25	23	25	23	27	24.7
11 Oneok	\$ 917,747	\$ 816,571	\$ 876,648	\$ 1,054,231	\$ 1,555,681	\$ 14,021,200
12 Payment Clearing Date	25	26	25	23	23	24.7
13 Select Natural Gas	\$ 45,930	\$ 45,797	\$ 53,507	\$ 104,457	\$ -	\$ 1,588,594
14 Payment Clearing Date	25	26	25	23	-	23.3
15 Colorado Interstate	\$ 15,328	\$ 15,176	\$ 18,087	\$ 20,530	\$ 21,281	\$ 236,822
16 Payment Clearing Date	22	23	24	21	23	22.8
17 Salt Plains	\$ 8,625	\$ 9,078	\$ 10,000	\$ 8,625	\$ 10,974	\$ 87,227
18 Payment Clearing Date	25	26	31	23	27	26.1
19 Natural Gas Pipeline	\$ 401	\$ 673	\$ 429	\$ -	\$ 2,969	\$ 14,594
20 Payment Clearing Date	18	20	19	-	20	19.2
21 Wasatch	\$ -	\$ -	\$ -	\$ -	\$ 182,149	\$ 182,149
22 Payment Clearing Date	-	-	-	-	23	23.0
23 Other (Imbalance Sales)	\$ 404,282	\$ (424,930)	\$ (69,455)	\$ (69,599)	\$ (67,367)	\$ 981,219
24 Payment Clearing Date	20	20	20	20	20	20.0
25 Total	\$ 2,407,977	\$ 1,739,743	\$ 1,945,581	\$ 2,650,141	\$ 4,210,173	\$ 32,729,369

****Kansas Gas Service was paid by check. 4 days was added to the check date to allow for bank clearing time.

MIDWEST ENERGY, INC
 GAS DEP'T
 TEST YEAR ENDED DECEMBER 31, 2005

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 SCHEDULE 8
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CUSTOMER DEPOSITS

Line #	Description	[1]	[2]	[3]
		CUSTOMER DEPOSITS—A/C 235		
		<u>ELECTRIC</u>	<u>GAS</u>	<u>TOTAL</u> [1]+[2]
1	December, 2004	\$ 287,524	\$ 227,855	\$ 515,379
2	January, 2005	288,531	230,128	518,659
3	February	297,460	229,127	526,587
4	March	297,328	229,883	527,211
5	April	293,667	222,115	515,782
6	May	294,396	221,909	516,305
7	June	291,479	224,478	515,957
8	July	311,840	219,650	531,490
9	August	325,633	221,147	546,780
10	September	340,540	222,316	562,856
11	October	352,330	223,334	575,664
12	November	372,056	235,482	607,538
13	December, 2005	387,257	239,930	627,187
14	TOTAL	<u>\$ 4,140,041</u>	<u>\$ 2,947,354</u>	<u>\$ 7,087,395</u>
15	13-Month Average	<u>\$ 318,465</u>	<u>\$ 226,720</u>	<u>\$ 545,184</u>
		To Sch. 1	To Sch. 1	

SOURCE: General Ledger

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

ACCRUED PROPERTY TAXES

Line #	Description	[1] A/C 236.1 Accrued Property Taxes [a]	[2] Electric	[3] Gas	[4] Other	[5] TOTAL Sum [2] to [4]
1	December, 2004	\$ 2,304,998				
2	January, 2005	2,712,838				
3	February	3,120,678				
4	March	3,552,422				
5	April	3,966,799				
6	May	1,937,217				
7	June	2,353,025				
8	July	2,768,833				
9	August	3,184,641				
10	September	3,600,449				
11	October	4,016,257				
12	November	4,453,227				
13	December, 2005	2,516,010				
14	TOTAL	<u>\$40,487,394</u>				
15	13-Month Average	<u>\$ 3,114,415</u>				
16	Allocation Factors (Section 12, Sched. 2)		<u>86.15%</u>	<u>13.85%</u>	<u>0.00%</u>	
17	Distribution of Accrued Property Taxes		<u>\$2,683,069</u>	<u>\$ 431,346</u>	<u>\$ -</u>	
18	TOTAL					<u>\$ 3,114,415</u>

SOURCE:
 [a] General Ledger

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 7
SCHEDULE 1
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CAPITAL STRUCTURE AND COST OF CAPITAL

Line #	Description	[1] Reference	[2] Balance 12/31/2004	[3] Balance 12/31/2005	[4] Percent	[5] Cost Rate	[6] Weighted Cost
<u>EQUITY</u>							
1	Patronage Capital		\$ 73,371,658	\$ 80,533,943	34.85%		
2	Other Equities		3,023,360	5,240,902	2.27%		
3	Margins		8,585,992	5,531,506	2.39%		
4	Total Equity		<u>84,981,010</u>	<u>91,306,351</u>	<u>39.51%</u>	13.5087%	5.3378%
<u>LONG-TERM DEBT</u>							
5	NRUCFC		149,051,661	139,757,533	60.48%	5.2100%	3.1510%
6	Other L-T Debt		148,911	-	0.00%	0.0000%	0.0000%
7	Total Long Term Debt		<u>149,200,572</u>	<u>139,757,533</u>	<u>60.48%</u>		
8	TOTAL CAPITAL		<u>\$ 234,181,582</u>	<u>\$ 231,063,884</u>	<u>100.00%</u>		<u>8.4888%</u>

REGULATED DEBT ALLOCATION FACTOR

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Non-regulated L-T Debt	20,910,847	17,239,932	18,655,604	17,581,587
Regulated Debt	<u>96,792,936</u>	<u>127,633,446</u>	<u>130,396,057</u>	<u>122,175,946</u>
Total L-T Debt	117,703,783	144,873,378	149,051,661	139,757,533
Regulated Debt Percentage	82.23%	88.10%	87.48%	87.42%

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

EQUITY RETURN REQUIREMENT

Line #	Description	[1] Reference	[2] Amount	[3] Amount	[4] Amount	[5] Total
1	Growth Rate	g	5.22%			
2	Current Equity Level	weA	39.51%			
3	Target Equity Level	We	46.09%			
4	Time to reach Target Equity %	t	5			
5	Capital Credits Rotation	n	20			
6	$Ke = g + (1/n) + \{ (1+g) * [(We/weA)^{(1/t)} - 1] \}$					
7	g	Line 1	0.0522			
8	+ 1/n	Line 5 +	0.0500			
9	Sub-total	Line 7 + Line 8				0.1022
10	1+g	Line 1	1.0522		1.0522	
11	We/weA	Line 3 / Line 2	1.1664			
12	1/t	Line 4 ^	0.2000			
13	Sub-total	Line 11 ^ Line 12		1.0313		
14	-1			(1.0000)		
15		Line 13 + Line 14			0.0313	
16		Line 10 * Line 15 *				0.0329
17		Line 9+ Line 16				13.51%

NET PLANT		ANNUAL GROWTH	
Before Acq	After K Acq	1996-2001	1996-2010
Sch 7, Pg 2	Sch 7, Pg 2 or Col 4 * Pr Yr		

GROWTH RATE

18	2010		44,555,274	4.82%	
19	2009		42,504,556	4.96%	
20	2008		40,496,929	5.25%	
21	2007		38,477,352	5.07%	
22	2006		36,622,145	6.00%	
23	2005		34,550,245	3.42%	
24	2004		33,409,135	6.35%	
25	2003		31,415,197	10.86%	
26	2002		28,337,659	25.02%	
27	2001		22,667,320	-4.36%	-4.36%
28	2000		23,700,157	4.39%	4.39%
29	1999		22,703,510	19.96%	19.96%
30	1998	5,058,315	18,925,442	24.12%	24.12%
31	1997	4,075,373		21.45% *	21.45%
32	1996	3,355,479		0.76%	0.76%
33	1995	3,330,088			
34	Projected Growth Rate				5.22%
35	Historical growth 2001 - 2005			13.11%	8.26%
36	Historical growth 1996 - 2005				11.20%

TARGET EQUITY LEVEL

		Current %	Target %
37	Equity	91,306,351	
38	Total Capital	231,063,884	39.52%
39	Total Assets	266,230,828	34.30%

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

DETAIL OF LONG-TERM DEBT OBLIGATIONS

Line #	Description	[1] Stated Interest Rate	[2] Net Interest Rate	[3] Balance 12/31/2005	[4] Annualized Interest Expense	[5] Weighted Cost
<u>LONG-TERM DEBT</u>						
1	NRUCFC	4.850%	4.488%	\$ 3,649,659	\$ 163,797	
2	NRUCFC	5.200%	4.838%	2,900,000	140,302	
3	NRUCFC	5.300%	4.938%	11,313,090	558,640	
4	NRUCFC	5.550%	5.188%	3,155,000	163,681	
5	NRUCFC	5.600%	5.238%	1,910,570	100,076	
6	NRUCFC	5.700%	5.338%	7,220,903	385,452	
7	NRUCFC	5.850%	5.488%	7,865,994	431,686	
8	NRUCFC	5.900%	5.538%	21,062,788	1,166,457	
9	NRUCFC	6.050%	5.688%	16,819,535	956,695	
10	NRUCFC	6.150%	5.788%	28,502,598	1,649,730	
11	NRUCFC (Variable Rate)	6.250%	5.888%	6,259,458	368,557	
12	NRUCFC	6.850%	6.488%	1,122,449	72,824	
13	NRUCFC	6.900%	6.538%	8,979,592	587,086	
14	NRUCFC	6.950%	6.588%	4,840,000	318,859	
15	NRUCFC	7.000%	6.638%	6,424,897	426,485	
16	NRUCFC	7.050%	6.688%	3,400,000	227,392	
17	NRUCFC	7.100%	6.738%	4,331,000	291,823	
18	Total NRUCFC			139,757,533	8,009,542	5.731%
<u>LONG-TERM DEBT COST OFFSETS</u>						
19	Discount on RUS Buyout				(735,111)	
	Sub-Total			139,757,533	\$ 7,274,431	5.210%
20	Other L-T Debt			-	-	
21						
22	TOTAL			\$ 139,757,533	\$ 7,274,431	5.210%
23						

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 7
SCHEDULE 4
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TIER AND DSC COVERAGE REQUIREMENTS

Line #	Description	[1] Reference	[2] Actual As Adjusted	[3] Minimum Requirements	[4] Requested Coverage
1	TIER =	$\frac{A+B}{B}$			
2	A = Margins		\$ (855,037)	\$ 333,162	\$ 2,565,104
3	B = Interest Expense	Sect 7 Sched 3	1,414,877	1,414,877	1,414,877
4	Total	Line 2 + Line 3	<u>\$ 559,839</u>	<u>\$ 1,748,039</u>	<u>\$ 3,979,981</u>
5	TIER--Calculation	Line 4 / Line 3	<u>0.40</u>	<u>1.24</u>	<u>2.81</u>
<u>DEBT SERVICE COVERAGE (DSC)</u>					
6	DSC =	$\frac{A+B+C}{D}$			
7	A = Margins	Line 2	\$ (855,037)	\$ 333,162	\$ 2,565,104
8	B = Interest Expense	Line 3	1,414,877	1,414,877	1,414,877
9	C = Depreciation and Amortization	Sec 10, Sch 1, P 2	2,337,398	2,337,398	2,337,398
10	Total	Line 7 + 8 + 9	<u>\$ 2,897,237</u>	<u>\$ 4,085,436</u>	<u>\$ 6,317,379</u>
11	D = Required Principal and Interest Exp.	Sec 7, Sch 5, L12	<u>\$ 3,026,249</u>	<u>\$ 3,026,249</u>	<u>\$ 3,026,249</u>
12	DSC--Calculation	Line 10 / Line 11	<u>0.96</u>	<u>1.35</u>	<u>2.09</u>

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

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SCHEDULE 5
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PRO FORMA INTEREST AND DEBT SERVICE REQUIREMENTS

	[1]	[2]	[3]	[4]	[5]	
Line #	Description	Reference	Electric	Gas	Other	Total
<u>DEBT SERVICE COVERAGE</u>						
1	Annualized Interest on Adjusted LTD at 12/01	Sec 7, Sch 3				\$ 7,274,431
2	Add back non-cash discount on RUS buyout	Sec 7, Sch 3				735,111
3	Total annualized interest (cash)	Line 1 + Line 2				\$ 8,009,542
4	Regulated annualized interest (cash)	Sec 7, Sch 1			87.42%	7,001,937
5	2005 Principal Payments (Regulated)	Sec 7, Sch 7				\$ 8,557,185
6	Pro Forma Debt Service	Line 4 + Line 5				<u>\$ 15,559,122</u>
<u>PRO FORMA INTEREST ADJUSTMENT</u>						
7	Regulated annualized interest (cash)	Line 4	\$ 5,640,060	\$ 1,361,877	\$ -	\$ 7,001,937
8	Recorded Regulated Interest Expense	Acct. 427	<u>5,007,326</u>	<u>2,112,937</u>	-	<u>7,120,263</u>
9	Interest Expense Adjustment	Line 7 - Line 8	632,734	(751,060)	-	<u>\$ (118,326)</u>
<u>ALLOCATED DEBT SERVICE</u>						
10	Annualized Interest (cash)	Line 4 * Line 13	\$ 5,640,060	\$ 1,361,877	\$ -	\$ 7,001,937
11	Principal Payments	Line 5 * Line 13	<u>6,892,813</u>	<u>1,664,373</u>	-	<u>8,557,185</u>
12	TOTAL	Line 10 + Line 11	<u>\$ 12,532,873</u>	<u>\$ 3,026,249</u>	<u>\$ -</u>	<u>\$ 15,559,122</u>
13	Allocation Factor For Interest & Principal (Gross Plant Allocation Factor)	Sec 12, Sch 1	<u>80.55%</u>	<u>19.45%</u>	<u>0.00%</u>	<u>100.00%</u>

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 7
SCHEDULE 6
Page 1 of 1

GAS HISTORICAL DEBT SERVICE COVERAGE

Line #	Description	2002	2003	2004	2005
1	Net Margins - Gas	\$ (1,038,440)	\$ 2,235,549	\$ 1,869,409	\$ (1,133,061)
2	Depreciation - Gas	2,458,531	2,339,663	2,281,879	2,299,274
3	L-T Interest Expense - Gas	921,135	1,168,159	1,460,611	1,896,848
4	Total (1+2+3)	\$ 2,341,226	\$ 5,743,371	\$ 5,611,899	\$ 3,063,061
5	DEBT SERVICE				
6	Interest Expense Allocated to Gas	921,135	1,168,159	1,460,611	1,896,848
7	RUS Discount Allocated to Gas	145,478	122,690	124,234	123,425
8	Interest Paid Allocated to Gas	1,066,613	1,290,849	1,584,845	2,020,273
9	Principal Paid	\$ 6,473,540	\$ 7,035,031	\$ 8,682,041	\$ 9,294,128
	Regulated Principal Paid	5,323,473	6,197,862	7,595,379	8,124,921
10	Electric	4,269,958	5,163,439	6,311,760	6,760,747
11	Gas	1,053,515	1,034,423	1,283,619	1,364,174
12	Other	-	-	-	-
13	Total (10+11+12)	\$ 5,323,473	\$ 6,197,862	\$ 7,595,379	\$ 8,124,921
14					
15	Total Debt Service - Gas	2,120,129	2,325,272	2,868,464	3,384,447
16					
17	Total Gas Debt Service Coverage	1.10	2.47	1.96	0.91

MIDWEST ENERGY, INC
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ANALYSIS OF LONG-TERM DEBT AND INTEREST PAYMENTS

Line #	Description	[1]	Adjusted Debt Balance At 12/31/2005	[2]	[3]	[4]
		Rates		Principal Payments	Interest Payments	Total
Payments Scheduled for 2006						
						[3] + [4]
<u>LONG TERM DEBT</u>						
1	NRUCFC	4.488%	\$ 3,649,659	\$ 409,363	\$ 154,611	\$ 563,974
2	NRUCFC	4.838%	2,900,000	-	140,302	140,302
3	NRUCFC	4.938%	11,313,090	158,728	554,721	713,449
4	NRUCFC	5.188%	3,155,000	-	163,681	163,681
5	NRUCFC	5.238%	1,910,570	25,389	99,411	124,800
6	NRUCFC	5.338%	7,220,903	1,112,527	355,758	1,468,285
7	NRUCFC	5.488%	7,865,994	97,077	429,022	526,099
8	NRUCFC	5.538%	21,062,788	2,620,115	1,093,906	3,714,021
9	NRUCFC	5.688%	16,819,535	245,241	949,720	1,194,961
10	NRUCFC	5.788%	28,502,598	2,644,744	1,573,191	4,217,935
11	NRUCFC	5.888%	6,259,458	98,359	365,661	464,020
12	NRUCFC	6.488%	1,122,449	-	72,824	72,824
13	NRUCFC	6.538%	8,979,592	-	587,086	587,086
14	NRUCFC	6.588%	4,840,000	2,327,000	242,208	2,569,208
15	NRUCFC	6.638%	6,424,897	50,054	424,823	474,877
16	NRUCFC	6.688%	3,400,000	-	227,392	227,392
17	NRUCFC	6.738%	4,331,000	-	291,823	291,823
18	TOTAL		139,757,533	9,788,597	7,726,140	17,514,737
	Other Long-Term Debt		-	-	-	-
	Non-Regulated Debt	12.58%	17,581,587	1,231,412	971,953	2,203,365
	Regulated Debt	87.42%	122,175,946	8,557,185	6,754,187	15,311,372
<u>ALLOCATION</u>						
<u>NRUCFC Allocation (Includes Discounts)</u>						
19	Electric	80.55%		\$ 6,892,813	\$ 5,440,497	\$ 12,333,310
20	Gas	19.45%		1,664,373	1,313,689	2,978,062
21	Other	0.00%		-	-	-
22	Total	100.00%		8,557,185	6,754,187	15,311,372
<u>Other Long Term Debt</u>						
23	Electric	80.55%		-	-	-
24	Gas	19.45%		-	-	-
25	Other	0		-	-	-
26	Total	100.00%		-	-	-
<u>Total Long Term Debt</u>						
27	Electric			6,892,813	5,440,497	12,333,310
28	Gas			1,664,373	1,313,689	2,978,062
29	Other			-	-	-
30	Total			\$ 8,557,185	\$ 6,754,187	\$ 15,311,372

MIDWEST ENERGY, INC
GAS DEPT
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INVESTMENTS---NATIONAL RURAL UTILITIES, CFC

Line #	Description	[1] Reference	[2] Amount	[3] Interest Rate	[4] Annual Income [2] * [3]
<u>PRO FORMA INTEREST INCOME</u>					
1	Investment in NRUCFC		\$ 2,166,451	0.00%	-
2	Investment in NRUCFC		305,398	3.80%	11,605
3	Investment in NRUCFC		122,758	5.60%	6,874
4	Investment in NRUCFC		2,400,000	3.00%	72,000
5	Investment in NRUCFC		2,032,106	5.00%	101,605
6	Patronage Capital Certificates on NRUCFC		2,258,204	0.00%	-
7	Total Pro Forma Calculation	Sum L 1 to L 4	<u>\$ 9,284,917</u>		<u>\$ 192,084</u>
8	Regulated Portion	87.42%	8,116,869		\$ 167,920
<u>ALLOCATION OF INTEREST INCOME</u>					
9	Allocation Factors (Plant Allocator)	Sec 12, Sch 1		Electric 80.55%	Gas 19.45%
10	Allocated Pro Forma Amount	Line 7 * Line 8	\$ 167,920	\$ 135,259	\$ 32,660
11	Recorded Interest Income-Capital Term Certificates For Year 2005		195,526	157,528	37,998
12	Pro Forma Adjustment	Line 9 - Line 10	<u>\$ (27,606)</u>	<u>\$ (22,269)</u>	<u>\$ (5,338)</u>

MIDWEST ENERGY, INC
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BALANCE SHEETS---TOTAL COMPANY
 2002 to 2005

Line #	Description	[1]	[2]	[3]	[4]
#	Description	2002	2003	2004	2005
<u>UTILITY PLANT</u>					
1	Electric Plant	\$ 199,236,030	\$ 255,185,271	\$ 263,462,729	\$ 273,301,884
2	Gas Plant	49,323,967	51,406,065	53,131,186	55,556,680
3	Other Utility Plant	11,214,796	12,067,001	12,570,525	13,425,930
4	Total Plant In Service	<u>259,774,793</u>	<u>318,658,337</u>	<u>329,164,440</u>	<u>342,284,294</u>
5	Construction Work In Progress	2,717,747	6,081,586	6,847,969	4,093,295
6	Plant Acquisition Adjustment	13,803,419	27,065,114	27,436,442	27,451,826
7	Total Utility Plant	<u>276,295,959</u>	<u>351,805,037</u>	<u>363,448,851</u>	<u>373,829,415</u>
8	Accumulated Provision for Deprec. & Amort.	<u>(116,039,530)</u>	<u>(152,547,652)</u>	<u>(161,618,700)</u>	<u>(168,169,779)</u>
9	Net Utility Plant	<u>160,256,429</u>	<u>199,257,385</u>	<u>201,830,151</u>	<u>205,659,636</u>
<u>OTHER PROPERTY INVESTMENTS</u>					
10	Non-utility Property	45,607	44,473	-	-
11	Investment-Patronage Capital	2,651,476	2,715,013	2,843,661	2,845,435
12	Investments-non-general Funds	5,886,197	7,216,836	7,388,591	7,144,619
13	Other Investments	10,608,298	18,139,873	16,433,070	17,695,659
14	Total Other Property and Investments	<u>19,191,578</u>	<u>28,116,195</u>	<u>26,665,322</u>	<u>27,685,713</u>
<u>CURRENT AND ACCRUED ASSETS</u>					
15	Cash	441,670	1,467,202	596,993	1,019,808
16	Temporary Cash Investments	-	-	-	-
17	Notes Receivable	3,981,919	241,540	279,388	43
18	Accounts Receivable (Less provision for uncollectible accounts)	14,500,025	16,653,763	20,536,811	24,724,906
19	Receivables from Associated Companies	32,071	35,136	11,947	-
20	Materials and Supplies	4,072,467	5,481,208	5,433,616	5,602,001
21	Prepayments	278,102	626,021	713,746	413,896
22	Other Current and Accrued Assets	99,249	49,797	1,043,940	911,038
23	Total Current and Accrued Assets	<u>23,405,503</u>	<u>24,554,667</u>	<u>28,616,441</u>	<u>32,671,692</u>
<u>DEFERRED DEBITS</u>					
24	Miscellaneous Deferred Debit	1,952,870	1,596,936	924,597	846,850
25	Deferred Acquisition Costs	311,901	2,878	-	-
26	Clearing Accounts	37,621	24,887	22,221	26,622
27	Unrecovered Purchased Gas Costs	817,453	527,944	1,198,344	(659,685)
28	Unamortized Loss on Reacquired Debt	-	-	-	-
29	Total Deferred Debits	<u>3,119,845</u>	<u>2,152,645</u>	<u>2,145,162</u>	<u>213,787</u>
30	TOTAL ASSETS AND OTHER DEBITS	<u>\$ 205,973,355</u>	<u>\$ 254,080,892</u>	<u>\$ 259,257,076</u>	<u>\$ 266,230,828</u>

Utility Plant in row 3 includes common plant.

MIDWEST ENERGY, INC
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BALANCE SHEETS---TOTAL COMPANY
 2002 to 2005

Line #	Description	[1]	[2]	[3]	[4]
		2002	2003	2004	2005
<u>PATRONAGE CAPITAL & MARGINS</u>					
31	Patronage Capital	\$ 51,133,123	\$ 62,788,440	\$ 73,371,658	\$ 80,533,943
32	Operating Margins	6,266,361	5,571,307	7,105,165	3,346,470
32	Non Operating Margins	7,205,832	8,873,953	1,480,827	2,185,036
33	Special Equity Items	-	-	-	-
34	Other Margins and Capital Items	2,082,961	3,295,028	3,023,360	5,240,902
35	Total Patronage Capital & Margins	<u>66,688,277</u>	<u>80,528,728</u>	<u>84,981,010</u>	<u>91,306,351</u>
<u>LONG TERM DEBT</u>					
36	REA Debt Outstanding	-	-	-	-
37	Notes Payable - NRUCFC	117,703,783	144,873,378	149,051,661	139,757,533
38	Other Long-term Debt	1,091,821	165,905	148,911	-
39	Total Long-term Debt	<u>118,795,604</u>	<u>145,039,283</u>	<u>149,200,572</u>	<u>139,757,533</u>
<u>CURRENT & ACCRUED LIABILITIES</u>					
40	Notes Payable	3,000,000	9,800,000	6,000,000	14,500,000
41	Accounts Payable	7,422,268	8,232,637	9,572,170	11,605,835
42	Customer Deposits	447,722	516,157	515,379	627,187
43	Taxes Accrued	1,908,733	1,983,878	2,301,894	2,522,217
44	Interest Accrued	481,569	639,162	656,047	693,162
45	Taxes Collections Payable (Sales & Franchise)	276,931	275,576	318,482	442,904
46	Gas Line Surcharge	154,859	160,647	158,696	156,404
47	Miscellaneous Current & Accrued Liabilities	1,027,871	1,481,649	1,447,074	1,484,355
48	Total Current & Accrued Liabilities	<u>14,719,953</u>	<u>23,089,706</u>	<u>20,969,742</u>	<u>32,032,064</u>
<u>OTHER DEFERRED CREDITS</u>					
49	Customer Advances for Construction	135,408	163,039	184,721	255,455
50	REA Discounts on Buy-out	5,145,782	4,410,672	3,675,560	2,940,448
51	Unamortized Gain on Reacquired Debt	-	-	-	-
52	Other Deferred Credits	488,331	849,464	245,471	(61,023)
53	Total Other Deferred Credits	<u>5,769,521</u>	<u>5,423,175</u>	<u>4,105,752</u>	<u>3,134,880</u>
54	TOTAL LIABILITIES & OTHER CREDITS	<u>\$ 205,973,355</u>	<u>\$ 254,080,892</u>	<u>\$ 259,257,076</u>	<u>\$ 266,230,828</u>

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

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 SCHEDULE 2
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STATEMENT OF OPERATING MARGINS
 2002 to 2005

	[1]	[2]	[3]	[4]	
Line #	Description	2002	2003	2004	2005
<u>PATRONAGE CAPITAL & MARGINS</u>					
1	Balance At Beginning of Year	\$ 53,555,903	\$ 66,688,277	\$ 80,528,728	\$ 84,981,010
2	Operating Margins	6,266,361	5,571,307	7,105,165	3,346,470
3	Non-Operating Margins	7,205,832	8,873,953	1,480,827	2,185,036
4	Adjustments to Other Margins	-	-	-	-
5	Retired During Year	(339,819)	(1,006,193)	(3,213,059)	(857,832)
6	Balance At End of Year	66,688,277	80,127,344	85,901,661	89,654,684
7	Change in OCI		401,384	(920,651)	1,651,667
		<u>\$ 66,688,277</u>	<u>\$ 80,528,728</u>	<u>\$ 84,981,010</u>	<u>\$ 91,306,351</u>

MIDWEST ENERGY, INC
GAS DEP'T
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 8
 SCHEDULE 3
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OPERATING INCOME
 2002 to 2005

	[1]	[2]	[3]	[4]	
Line #	Description	2002	2003	2004	2005
OPERATING REVENUES					
1	Residential	\$ 21,661,265	\$ 26,136,132	\$ 26,037,619	\$ 30,351,181
2	Commercial	7,521,499	8,751,975	8,193,487	9,296,995
3	Industrial	135,044	130,323	120,629	189,155
4	Irrigation	3,498,063	3,000,547	3,062,682	4,073,312
5	Interdepartmental	53,385	54,837	19,833	36,310
6	Unbilled Gas Revenues	1,049,326	267,702	1,254,455	1,828,062
7	Transportation Revenue	4,872,379	5,579,194	5,359,273	4,751,592
8	Forfeited Discounts/Other Revenues	176,408	265,843	256,104	228,480
9	Total Operating Revenues	<u>38,967,369</u>	<u>44,186,553</u>	<u>44,304,082</u>	<u>50,755,088</u>
OPERATING EXPENSES					
Production Expenses:					
10	---Purchased Gas	26,505,821	30,599,770	29,302,685	36,617,441
11	---Other Purchased Gas Expense (scheduling)	96,136	98,465	138,641	120,427
12	---Net Gas To/From Storage	831,997	(1,703,308)	51,615	(26,453)
13	---Gas used for Other Utility	(20,726)	(25,294)	(27,907)	(34,972)
14	---Other (hedging)	-	-	283,300	431,015
15	Total Production Expense	<u>27,413,228</u>	<u>28,969,633</u>	<u>29,748,334</u>	<u>37,107,458</u>
Transmission Expenses:					
16	---Operations	43,563	16,219	23,670	35,602
17	---Maintenance	16,980	15,050	18,735	21,464
18	Total Transmission Expense	<u>60,543</u>	<u>31,269</u>	<u>42,405</u>	<u>57,066</u>
Distribution Expenses					
19	---Operations	3,672,735	3,512,109	3,481,357	3,638,866
20	---Maintenance	864,179	965,038	929,115	974,839
21	Total Distribution Expenses	<u>4,536,914</u>	<u>4,477,147</u>	<u>4,410,472</u>	<u>4,613,705</u>
22	Customer Accounts Expenses	2,043,765	2,013,526	1,880,808	2,307,551
23	Customer Service & Information Expense	457,869	478,743	589,274	360,334
24	Sales Expense	15,416	26,447	4,306	1,271
25	Administrative & General Expense	2,099,785	2,725,100	2,667,249	2,722,830
26	Total Operating Expenses	<u>36,627,520</u>	<u>38,721,865</u>	<u>39,342,848</u>	<u>47,170,215</u>
27	Depreciation & Amortization Expense	2,458,531	2,339,663	2,281,879	2,299,274
28	Taxes-Other Than Income	920,027	892,433	808,895	696,872
29	Donations	38,799	37,297	38,442	69,679
30	CTC Interest Income	(39,068)	(40,254)	(37,391)	(37,998)
31	Total Expenses	<u>40,005,809</u>	<u>41,951,004</u>	<u>42,434,673</u>	<u>50,198,042</u>
32	NET OPERATING INCOME (Line 8 - Line 28)	<u>\$ (1,038,440)</u>	<u>\$ 2,235,549</u>	<u>\$ 1,869,409</u>	<u>\$ 557,046</u>

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MIDWEST ENERGY, INC
GAS DEPT
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 SCHEDULE 4
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OPERATING REVENUES
 2002 to 2005

Line #	Description	[1] Reference/ Account Number	[2] 2002	[3] 2003	[4] 2004	[5] 2005
<u>SALES OF COMMODITY</u>						
1	Residential	480	\$ 21,661,265	\$ 26,136,132	\$ 26,037,619	\$ 30,351,181
2	Commercial	481.1	7,521,499	8,751,975	8,193,487	9,296,995
3	Industrial	481.2	135,044	130,323	120,629	189,155
4	Irrigation	483	3,498,063	3,000,547	3,062,682	4,073,312
5	Interdepartmental	484	53,385	54,837	19,833	36,310
6	Unbilled Gas Revenues	486	1,049,326	267,702	1,254,455	1,828,062
7	Forfeited Discounts	487	138,353	153,904	152,019	161,695
8	Total Commodity Sales	Sum L 1 to L 7	<u>\$ 34,056,935</u>	<u>\$ 38,495,420</u>	<u>\$ 38,840,724</u>	<u>\$ 45,936,710</u>
<u>OTHER OPERATING REVENUES</u>						
9	Transportation Revenue	489	<u>4,872,379</u>	<u>5,579,194</u>	<u>5,359,273</u>	<u>4,751,592</u>
10	Miscellaneous Service Revenues	488	9,457	11,353	9,529	11,368
11	Rentals	493	525	-	27	-
12	Other Revenues	495	28,073	100,586	94,529	55,417
13	Total Other Revenues	Sum L 9 to L 13	<u>38,055</u>	<u>111,939</u>	<u>104,085</u>	<u>66,785</u>
14	TOTAL REVENUES	L7 + L8 + L14	<u>\$ 38,967,369</u>	<u>\$ 44,186,553</u>	<u>\$ 44,304,082</u>	<u>\$ 50,755,088</u>

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

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 SCHEDULE 5
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OPERATING EXPENSES
 2002 to 2005

		[1]	[2]	[3]	[4]	[5]
Line #	Description	Account Number	2002	2003	2004	2005
<u>PRODUCTION EXPENSES</u>						
1	Natural Gas Transmission Line Purchases	803,804,805	\$ 26,505,821	\$ 30,599,770	\$ 29,302,685	\$ 36,617,441
2	Net Gas From Storage	808	831,997	(1,703,308)	51,815	(26,453)
3	Other Gas Expense	807	96,136	98,465	138,641	120,427
4	Gas Used for Other Utility Operations	812	(20,726)	(25,294)	(27,907)	(34,972)
5	Other (hedging)		-	-	283,300	431,015
6	Other--Maintenance		-	-	-	-
7	Total Production Expenses	Sum L 1 to L 6	<u>27,413,228</u>	<u>28,969,633</u>	<u>29,748,334</u>	<u>37,107,458</u>
<u>TRANSMISSION EXPENSES</u>						
Operations:						
8	--Supervision and Engineering	850	680	323	2,056	9,784
9	--Mains Expense	856	21,400	(930)	4,116	1,019
10	--Measuring and Regulating Station Equipment	857	21,483	16,826	17,498	24,735
11	--Rents	860	-	-	-	64
12	Total Operations	Sum L 8 to L 11	<u>43,563</u>	<u>16,219</u>	<u>23,670</u>	<u>35,602</u>
Maintenance:						
13	--Supervision and Engineering		-	-	-	-
14	--Structures and Improvements		-	-	-	-
15	--Mains	863	13,834	7,902	12,454	17,918
16	--Measuring and Regulating Station Equipment	865	3,053	7,083	5,737	3,508
17	--Maintenance Other Equipment	867	93	65	544	38
18	Total Maintenance	Sum L 13 to L 17	<u>16,980</u>	<u>15,050</u>	<u>18,735</u>	<u>21,464</u>
19	TOTAL TRANSMISSION	L 12 + L 18	<u>60,543</u>	<u>31,269</u>	<u>42,405</u>	<u>57,066</u>
<u>DISTRIBUTION EXPENSE</u>						
Operations:						
20	--Supervision and Engineering	870	374,844	348,273	338,217	341,614
21	--Distribution Load Dispatching	871	61,774	4,900	4,913	6,752
22	--Mains Expense	874	1,463,085	1,622,212	1,656,634	1,626,237
23	--Measuring and Regulating Station Equipment	875 & 876	314,165	241,745	226,859	261,599
24	--Meter Regulating Expense	878	271,968	324,700	291,071	386,900
25	--Customer Installation Expenses	879	275,877	258,035	245,594	258,211
26	--Other Expenses	880	900,190	707,561	717,319	756,803
27	--Rents	881	10,832	4,683	750	750
28	Total Operations	Sum L 20 to L 27	<u>3,672,735</u>	<u>3,512,109</u>	<u>3,481,357</u>	<u>3,638,866</u>

MIDWEST ENERGY, INC
GAS DEPT
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 SCHEDULE 5
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OPERATING EXPENSES
 2002 to 2005

	[1]	[2]	[3]	[4]	[5]	
Line #	Description	Account Number	2002	2003	2004	2005
<u>DISTRIBUTION EXPENSES (Con't)</u>						
Maintenance:						
29	--Supervision and Engineering	885	\$ 83,630	\$ 71,377	\$ 60,341	\$ 57,943
30	---Structures and Improvements	886	44,957	51,508	50,868	64,765
31	---Mains	887	302,665	306,747	263,337	258,630
32	---Measuring and Regulating Station Expenses	889	159,167	155,599	186,340	212,332
33	---Services	892	14,215	32,614	45,753	60,461
34	---Meters and Regulators	893	218,178	307,932	308,480	314,178
35	---Other Equipment	895	41,367	39,261	13,996	6,530
36	Total Maintenance Expenses	Sum L 29 to L 36	864,179	965,038	929,115	974,839
37	TOTAL DISTRIBUTION EXPENSE	L 28 + L 36	4,536,914	4,477,147	4,410,472	4,613,705
<u>CUSTOMER ACCOUNTS EXPENSE</u>						
38	Supervision	901	46,227	68,766	75,867	78,124
39	Meter Reading	902	730,026	762,488	779,021	811,686
40	Customer Records & Collection Expense	903	1,210,224	963,855	787,310	1,102,215
41	Uncollectible Accounts	904	52,970	177,176	158,138	312,109
42	Miscellaneous Customer Accounts Expense	905	4,318	41,241	100,472	3,417
43	TOTAL CUSTOMER ACCOUNTS EXPENSE	Sum L 38 to L 42	2,043,765	2,013,526	1,880,808	2,307,551
<u>CUSTOMER SERVICE & INFORMATION</u>						
44	Supervision	907	20,411	17,359	40,288	34,492
45	Customer Assistance	908	386,000	439,048	512,626	282,758
46	Information & Instructions	909	42,273	14,804	25,972	28,163
47	Miscellaneous Customer Service & Information	910	9,185	7,532	10,388	14,921
48	TOTAL CUSTOMER SERVICE & INFO	Sum L 44 to L 47	457,869	478,743	589,274	360,334
<u>SALES EXPENSE</u>						
49	Supervision	911	7,887	6,874	2,334	572
50	Demonstration & Selling	912	7,525	19,384	1,972	699
51	Advertising Expense	913	4	189	-	-
52	TOTAL SALES EXPENSE	Sum L 49 to L 51	15,416	26,447	4,306	1,271

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 8
 SCHEDULE 5
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OPERATING EXPENSES
 2002 to 2005

	[1]	[2]	[3]	[4]	[5]	
Line #	Description	Account Number	2002	2003	2004	2005
ADMINISTRATIVE & GENERAL EXPENSE						
Operations:						
53	---Administrative and General Salaries	920.0	\$ 824,779	\$ 1,239,389	\$ 1,115,513	\$ 1,134,408
54	---Office Supplies and Expense	921.0	321,090	418,224	510,794	466,448
55	---Outside Services Employed	923.0	122,187	101,895	72,799	58,264
56	---Property Insurance	924.0	5,874	9,930	14,318	23,146
57	---Injuries and Damages (including insurance)	925.0	18,984	(20,365)	37,948	102,384
58	---Employees Pensions & Benefits--Pensions		-	-	-	-
59	---Employees Pensions & Benefits--Benefits		-	-	-	-
60	---Employees Pensions & Benefits--Training	926.0	38,478	46,579	46,218	47,043
61	---Regulatory Commission Expense	928.0	68,817	202,629	267,254	283,523
62	---General Advertising Expense	930.1	6,895	22,801	82,913	94,863
63	---Miscellaneous General Expense	930.0	504,578	353,555	269,356	212,996
64	---Rents	931.0	5,393	5,348	6,771	6,890
65	---Transportation Expense		-	-	-	-
66	Total Operating Administrative Expense	Sum L 53 to L 65	<u>1,917,075</u>	<u>2,379,985</u>	<u>2,423,884</u>	<u>2,429,965</u>
Maintenance:						
67	---Maintenance of General Plant	935	<u>182,710</u>	<u>345,115</u>	<u>243,365</u>	<u>292,865</u>
68	TOTAL ADMINISTRATIVE & GENERAL	L 66 + L 67	<u>2,099,785</u>	<u>2,725,100</u>	<u>2,667,249</u>	<u>2,722,830</u>
69	TOTAL OPERATIONS AND MAINTENANCE (L 7 + L 19 + L 37 + L 43 + L 48 + L 52 + L 68)		<u>\$ 36,627,520</u>	<u>\$ 38,721,865</u>	<u>\$ 39,342,848</u>	<u>\$ 47,170,215</u>

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 8
 SCHEDULE 6
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AVERAGE REVENUE / UNIT OF SALES
 2002 to 2005

		[1]	[2]	[3]	[4]	[5]
Line #	Description	Account Number	2002	2003	2004	2005
<u>UNITS OF SALES - MMBTU</u>						
1	Residential		29,098,241	27,254,618	25,719,355	24,784,698
2	Commercial		11,921,506	10,542,826	9,271,257	8,228,275
3	Industrial		222,011	175,912	141,534	301,166
4	Irrigation		7,175,834	4,681,831	4,541,039	5,142,496
5	Interdepartmental		96,751	80,011	23,766	39,302
6	Unbilled Gas Revenues		-	-	-	-
7	Forfeited Discounts		-	-	-	-
8	Total Commodity Sales	Sum L 1 to L 7	48,514,343	42,735,198	39,696,951	38,495,937
9	Transportation for Others		80,792,650	67,954,256	67,260,832	61,354,461
10	TOTAL UNIT SALES	L 8 + L 9	129,306,993	110,689,454	106,957,783	99,850,398
<u>REVENUES</u>						
11	Residential		\$ 21,661,265	\$ 26,136,132	\$ 26,037,619	\$ 30,351,181
12	Commercial		7,521,499	8,751,975	8,193,487	9,296,995
13	Industrial		135,044	130,323	120,629	189,155
14	Irrigation		3,498,063	3,000,547	3,062,682	4,073,312
15	Interdepartmental		53,385	54,837	19,833	36,310
16	Unbilled Gas Revenues		1,049,326	267,702	1,254,455	1,828,062
17	Forfeited Discounts		138,353	153,904	152,019	161,695
18	Total Commodity Sales	Sum L 11 to L 17	34,056,935	38,495,420	38,840,724	45,936,710
19	Transportation for Others		4,872,379	5,579,194	5,359,273	4,751,592
20	TOTAL UNIT SALES	L 17 + L 19	\$ 38,929,314	\$ 44,074,614	\$ 44,199,997	\$ 50,688,303
<u>AVERAGE REVENUE PER UNIT OF SALES</u>						
21	Residential		\$ 0.74	\$ 0.96	\$ 1.01	\$ 1.22
22	Commercial	L 10 / L 1	0.63	0.83	0.88	1.13
23	Industrial	L 11 / L 2	0.49	0.64	0.67	0.79
24	Irrigation	L 12 / L 3	0.55	0.69	0.83	0.92
25	Interdepartmental	L 13 / L 4				
26	Unbilled Gas Revenues	L 14 / L 5				
27	Forfeited Discounts	L 15 / L 6				
28	Total Commodity Sales		0.80	1.03	1.11	1.32
29	Transportation for Others	L 17 / L 8	0.06	0.08	0.08	0.08
30	TOTAL UNIT SALES	L 18 / L 9	\$ 0.30	\$ 0.40	\$ 0.41	\$ 0.51

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 8
 SCHEDULE 7
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AVERAGE NUMBER OF CUSTOMERS
 2002 to 2005

		[1]	[2]	[3]	[4]	[5]
Line #	Description	Account Number	2002	2003	2004	2005
<u>NUMBER OF CUSTOMERS</u>						
1	Residential		33,203	33,026	32,832	32,726
2	Commercial		4,769	4,645	4,537	4,514
3	Industrial		76	72	74	69
4	Irrigation		593	526	514	548
5	Interdepartmental		257	258	251	252
6	Unbilled Gas Revenues		-	-	-	-
7	Forfeited Discounts		-	-	-	-
8	Total Sales to Ultimate Customers	Sum L 1 to L 6	38,900	38,527	38,207	38,109
9	Transportation for Others		4,028	4,118	3,960	3,788
10	TOTAL UNIT SALES	L 7 + L 8	42,927	42,645	42,167	41,896
<u>REVENUES</u>						
11	Residential		\$ 21,661,265	\$ 26,136,132	\$ 26,037,619	\$ 30,351,181
12	Commercial		7,521,499.0	8,751,975.0	8,193,487.0	9,296,995.0
13	Industrial		135,044.0	130,323.0	120,629.0	189,155.0
14	Irrigation		3,498,063.0	3,000,547.0	3,062,682.0	4,073,312.0
15	Interdepartmental		53,385.0	54,837.0	19,833.0	36,310.1
16	Unbilled Gas Revenues		1,049,326.0	267,702.0	1,254,455.0	1,828,062.0
17	Forfeited Discounts		138,353.0	153,904.0	152,019.0	161,695.0
18	Total Sales to Ultimate Customers	Sum L 10 to L 15	34,056,935	38,495,420	38,840,724	45,936,710
19	Transportation for Others		4,872,379	5,579,194	5,359,273	4,751,592
20	TOTAL REVENUES	L 16 + L 17	\$ 38,929,314	\$ 44,074,614	\$ 44,199,997	\$ 50,688,303
<u>AVERAGE REVENUE PER CUSTOMER</u>						
21	Residential	L 10 / L 1	\$ 652.38	\$ 791.39	\$ 793.06	\$ 927.42
22	Commercial	L 11 / L 2	\$ 1,577.03	\$ 1,884.04	\$ 1,806.13	\$ 2,059.44
23	Industrial	L 12 / L 3	\$ 1,773.01	\$ 1,805.86	\$ 1,628.29	\$ 2,758.03
24	Irrigation	L 13 / L 4	\$ 5,896.44	\$ 5,708.98	\$ 5,963.36	\$ 7,438.71
25	Interdepartmental	L 14 / L 5	\$ 207.52	\$ 212.27	\$ 79.07	\$ 144.28
26	Unbilled Gas Revenues	L 15 / L 6				
27	Forfeited Discounts					
28	Total Sales to Ultimate Customers	L 15 / L 6	875.51	999.18	1016.59	1205.42
29	Sales for Resale	L 17 / L 8	1209.75	1354.72	1353.21	1254.52
30	REVENUE PER UNIT OF SALES	L 18 / L 9	\$ 906.87	\$ 1,033.51	\$ 1,048.21	\$ 1,209.86

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

AVERAGE MAINT EXP / UNIT OF SALES
 2002 to 2005

		[1]	[2]	[3]	[4]	[5]
Line #	Description	Account Number	2002	2003	2004	2005
<u>TOTAL UNIT SALES</u>						
1	Sales in MMBtu		<u>129,306,993</u>	<u>110,689,454</u>	<u>106,957,783</u>	<u>99,850,398</u>
<u>MAINTENANCE EXPENSES</u>						
2	Production		\$ -	\$ -	\$ -	\$ -
3	Transmission		16,980	15,050	18,735	21,464
4	Distribution		864,179	965,038	929,115	974,839
5	General Plant		182,710	345,115	243,365	292,865
6	TOTAL MAINTENANCE EXPENSE		<u>\$ 1,063,869</u>	<u>\$ 1,325,203</u>	<u>\$ 1,191,215</u>	<u>\$ 1,289,168</u>
<u>MAINTENANCE EXPENSES PER UNIT OF SALES</u>						
7	Production	L 2 / L 1	\$ -	\$ -	\$ -	\$ -
8	Transmission	L 3 / L 1	0.0001	0.0001	0.0002	0.0002
9	Distribution	L 4 / L 1	0.0067	0.0087	0.0087	0.0098
10	General Plant	L 5 / L 1	0.0014	0.0031	0.0023	0.0029
11	TOTAL MAINTENANCE EXPENSE	L 6 / L 1	<u>\$ 0.0082</u>	<u>\$ 0.0120</u>	<u>\$ 0.0111</u>	<u>\$ 0.0129</u>

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 8
 SCHEDULE 9
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SALARIES AND WAGES
 2002 to 2005

	[1]	[2]	[3]	[4]	[5]	
Line #	Description	Account Number	2002	2003	2004	2005
<u>OPERATIONS</u>						
1	Production		\$ 55,531	\$ 62,355	\$ 83,465	\$ 73,022
2	Transmission		20,626	12,860	14,044	16,610
3	Distribution		1,485,193	1,547,018	1,461,974	1,677,937
4	Customer Accounts		848,344	830,060	746,760	892,868
5	Customer Service and Information Expense		175,921	268,078	332,922	181,429
6	Sales Expense		8,116	14,268	2,333	724
7	Administrative & General		508,823	678,887	707,577	694,944
8	Total Operations	Sum L 1 to L 7	<u>3,102,554</u>	<u>3,413,526</u>	<u>3,349,075</u>	<u>3,537,534</u>
<u>MAINTENANCE</u>						
9	Transmission		2,907	4,671	197,663	10,969
10	Distribution		338,160	335,205	346,166	350,174
11	Administrative & General		37,616	113,275	72,522	90,944
12	Total Maintenance	Sum L 9 to L 11	<u>378,683</u>	<u>453,151</u>	<u>616,351</u>	<u>452,087</u>
13	Total Direct Payroll	L 8 + L 12	3,481,237	3,866,677	3,965,426	3,989,621
14	CONSTRUCTION		508,223	537,709	511,401	494,237
15	PLANT REMOVAL		22,623	17,127	23,107	26,701
16	DEFERRED ACCOUNTS		-	-	-	-
17	OTHER		-	-	-	-
<u>PAYROLL CHARGED TO CLEARING ACCOUNTS</u>						
18	Operation & Maintenance		1,023,974	1,005,295	1,021,069	895,956
19	Construction		149,489	139,799	131,682	107,284
20	Plant Removal		6,654	4,453	5,950	5,665
21	Other		-	-	-	-
22	TOTAL UTILITY PAYROLL	Sum L 13 to L 21	<u>5,192,200</u>	<u>5,571,060</u>	<u>5,658,635</u>	<u>5,519,464</u>
<u>OTHER UTILITY SERVICE</u>						
23	Electric		5,780,399	6,718,980	7,294,847	7,954,280
24	Non-Regulated Activities		798,954	495,882	426,634	684,072
25	TOTAL PAYROLL	Sum L 22 to L 24	<u>\$ 11,771,553</u>	<u>\$ 12,785,922</u>	<u>\$ 13,380,116</u>	<u>\$ 14,157,816</u>

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 9
SCHEDULE 1
Page 1 of 1

SUMMARY OF NET MARGINS AS RECORDED,
AS ADJUSTED AND REFLECTING PROPOSED INCREASE

Line #	Description	[1] As Recorded And Allocated	[2] As Adjusted And Allocated	[3] As Adjusted And Allocated With Proposed Increase
OPERATING REVENUES				
1	Sales of gas	\$ 45,775,018	\$ 46,364,280	\$ 49,473,630
2	Forfeited Discounts	161,095	-	-
3	Transportation Revenue	4,565,512	4,309,897	4,598,936
4	Other	66,785	12,376	13,206
	Finney County	186,080	311,678	332,581
5	Total Operating Revenues	<u>50,755,088</u>	<u>50,998,211</u>	<u>54,418,353</u>
OPERATING EXPENSES				
6	Natural gas production	36,987,031	37,249,920	37,249,920
7	Other gas production expense	120,427	130,133	130,133
8	Transmission	57,066	60,732	60,732
9	Distribution	4,813,705	4,883,294	4,883,294
10	Customer accounts	2,307,551	2,426,237	2,426,237
11	Customer service and information	360,334	384,451	384,451
12	Sales	1,271	1,367	1,367
13	Administrative and general	2,722,830	2,741,619	2,741,619
14	Depreciation & Amortization	2,299,274	2,337,398	2,337,398
15	Taxes other than income taxes	606,872	606,872	606,872
16	Other Operating (Income) Expense	31,681	2,179	2,179
17	Total operating expenses	<u>50,198,042</u>	<u>50,914,202</u>	<u>50,914,202</u>
18	Net operating margins (L 4 - L 15)	557,046	84,009	3,504,151
19	Other Income	209,814	209,814	209,814
20	Other deductions	<u>(1,899,921)</u>	<u>(1,148,861)</u>	<u>(1,148,861)</u>
21	Net margins (loss)	<u>\$ (1,133,081)</u>	<u>\$ (855,037)</u>	<u>\$ 2,565,104</u>

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MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 9
SCHEDULE 2
Page 1 of 1

STATEMENT OF NET MARGINS AS RECORDED,
AS ADJUSTED AND REFLECTING PROPOSED INCREASE

Line #	Description	[1] As Recorded And Allocated	[2] Adjustments increase (Decrease)	[3] As Adjusted And Allocated	[4] Proposed Increase	[5] As Adjusted And Allocated With Proposed Increase
OPERATING REVENUES						
1	Residential	\$ 30,351,181	\$ 1,928,888	\$ 32,277,847	\$ 2,164,880	\$ 34,442,527
2	Commercial	9,298,895	454,301	9,751,298	653,980	10,405,257
3	Industrial	189,165	15,011	204,165	13,692	217,858
4	Irrigation	4,073,312	57,839	4,130,950	277,038	4,407,988
5	Interdepartmental	38,310	(38,310)	-	-	-
6	Unbilled Gas Revenues	1,828,082	(1,828,082)	-	-	-
7	Forfeited Discounts	161,895	(161,895)	-	-	-
8	Transportation Revenue	4,585,512	(255,815)	4,309,897	289,039	4,598,936
9	Finney County	188,080	125,598	311,678	20,902	332,581
	Other	88,785	(54,409)	12,376	830	13,208
10	Total Operating Revenues	\$ 50,755,088	243,123	50,998,211	3,420,142	54,418,353
OPERATING EXPENSES						
11	Natural gas production	36,987,031	282,889	37,249,920		37,249,920
12	Other gas production expense	120,427	9,708	130,133		130,133
13	Transmission	57,068	3,668	60,732		60,732
14	Distribution	4,613,705	269,589	4,883,294		4,883,294
15	Customer accounts	2,307,551	118,888	2,426,237		2,426,237
16	Customer service and information	360,334	24,117	384,451		384,451
17	Sales	1,271	98	1,367		1,367
18	Administrative and general	2,722,830	18,789	2,741,619		2,741,619
19	Depreciation & Amortization	2,299,274	38,124	2,337,398		2,337,398
20	Taxes other than income taxes	698,872	-	698,872		698,872
21	Other Operating (Income) Expense	31,881	(29,502)	2,179		2,179
22	Total operating expenses	50,198,042	716,180	50,914,202	-	50,914,202
23	Net operating margins (L 4 - L 15)	557,046	(473,036)	84,009	3,420,142	3,504,151
24	Other income	209,814		209,814		209,814
25	Other deductions	(1,899,921)	751,080	(1,148,841)		(1,148,841)
26	Net margins (loss)	\$ (1,133,081)	\$ 278,024	\$ (855,037)	\$ 3,420,142	\$ 2,565,104

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005
SUMMARY OF PRO FORMA ADJUSTMENTS

SECTION 9
SCHEDULE 3
Page 1 of 1

Line #	Description	[1]	[2]	[3]	[4]	[5] Adjustments					[6]	[7]	[8]	[9]	[10]	[11]	[12]
		As Recorded And Allocated	#s 1-8 Revenue Adjustments	#s 9-10 Gas Cost Adjustments	#17 Salaries & Wages Sec 9 Sch 6	#18 Depreciation Sec 10 Sch 1	#19 (A&B) Misc. Amortization Sec 9 Sch 7	#20 Employee Benefits Sec 9 Sch 8	#21 Interest Income Sec 7 Sch 8	#22 Interest Expense Sec 7 Sch 6	#23 Charitable Donations Sec 9 Sch 9	Total Adjustments	TOTAL Adjusted				
OPERATING REVENUES																	
1	Residential	\$ 30,351,181	\$ 1,928,688													\$ 1,928,688	\$ 32,277,847
2	Commercial	9,298,995	454,301													454,301	9,751,296
3	Industrial	189,165	15,011													15,011	204,165
4	Irrigation	4,073,312	57,639													57,639	4,130,950
5	Interdepartmental	36,310	(36,310)													(36,310)	-
6	Unbilled Gas Revenues	1,828,082	(1,828,082)													(1,828,082)	-
7	Forfeited Discounts	161,695	(161,695)													(161,695)	-
8	Transportation Revenue	4,565,512	(255,615)													(255,615)	4,309,897
9	Finney County Revenue	186,080	125,598													125,598	311,678
10	Miscellaneous Service Revenues	11,368															11,368
11	Rentals	-															-
12	Other Revenues	55,417	(54,409)													(54,409)	1,008
13	Total Operating Revenues	\$ 50,755,088	\$ 243,123	-	-	-	-	-	-	-	-	-	-	-	-	243,123	\$ 50,998,211
OPERATING EXPENSES																	
14	Natural gas production	\$ 36,987,031		\$ 262,889												\$ 262,889	\$ 37,249,920
15	Other gas production expense	120,427			\$ 6,369					3,338						9,706	130,133
16	Transmission	57,066			2,405					1,261						3,666	60,732
17	Distribution	4,613,705			176,892					92,697						269,589	4,883,294
18	Customer accounts	2,307,551			77,876					40,810						118,686	2,426,237
19	Customer service and information	360,334			15,824					8,292						24,117	384,451
20	Sales	1,271			63					33						96	1,367
21	Administrative and general	2,722,830			68,545					35,920						18,789	2,741,619
22	Depreciation & Amortization	2,299,274				38,124				(85,677)						38,124	2,337,398
23	Taxes other than income taxes	696,872															696,872
24	Other Operating (Income) Expense	31,681									5,338					(34,840)	2,179
25	Total operating expenses	\$ 50,198,042	\$ -	\$ 262,889	\$ 347,975	\$ 38,124	\$ (85,677)	\$ 182,350	\$ 5,338	\$ -						(34,840)	\$ 50,914,202
26	Net operating margins (L 4 - L 15)	\$ 557,046	\$ 243,123	\$ (262,889)	\$ (347,975)	\$ (38,124)	\$ 85,677	\$ (182,350)	\$ (5,338)	\$ -						34,840	\$ (473,036)
27	Other income	209,814															-
28	Other deductions	(1,899,921)												751,060		751,060	(1,148,861)
29	Net margins (loss)	\$ (1,133,061)	\$ 243,123	\$ (262,889)	\$ (347,975)	\$ (38,124)	\$ 85,677	\$ (182,350)	\$ (5,338)	\$ 751,060	\$ 34,840					\$ 278,024	(855,037)

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005
REVENUE AND COST OF GAS ADJUSTMENTS

Line #	REVENUES Description	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
		As Recorded And Allocated	#1 Revenue Annualization	#2 Weather Normalization	#3 Removing Interdepartment	#4 Removing Unbilled	#5 Removing Forfeited Disc.	#6 Full Year FC Special Contract	#7 Removing BH Revenue	#8 Customer Growth	Total Revenue Adjustments	TOTAL Adjusted	
OPERATING REVENUES													
1	Residential	\$ 30,351,181	\$ 505,010	\$ 1,473,021	\$ -					\$ (51,384)		\$ 1,928,066	\$ 32,277,847
2	Commercial	9,298,995	171,143	479,979	-					(198,820)		454,301	9,751,298
3	Industrial	189,155	780	(5,013)	-					19,243		15,011	204,165
4	Irrigation	4,073,312	3,940	(69,713)	-					123,411		57,639	4,130,950
5	Interdepartmental	36,310			(36,310)					-		(36,310)	-
6	Unbilled Gas Revenues	1,828,062				(1,828,062)						(1,828,062)	-
7	Forfeited Discounts	161,695					(161,695)					(161,695)	-
8	Transportation Revenue	4,565,512	4,619	(15,191)	-			(120,908)		(124,135)		(255,615)	4,309,897
9	Special Contracts	186,080	1,654	1,076	-			120,908		1,981		125,598	311,678
10	Miscellaneous Service Revenues	11,368											11,368
11	Rentals	-											-
12	Other Revenues	65,417							(54,409)			(54,409)	1,008
13	Total Operating Revenues	\$ 50,755,088	\$ 687,145	\$ 1,864,159	\$ (36,310)	\$ (1,828,062)	\$ (161,695)	\$ -	\$ (54,409)	\$ (227,705)	\$ -	\$ 243,123	\$ 50,998,211
GAS COSTS													
			#9	#10	#11	#12	#13	#14	#15	#16		Total	TOTAL
	Gas Costs	Removing	Removing	Annualization	Weather	Customer	Removing	Gas Scheduling				Gas Costs	TOTAL
	As Recorded	Bunker Hill	Line Loss	of Gas	Normalization	Growth	Unbilled	Labor				Adjustments	Adjusted
	and Allocated	Gas Costs	Penalty	Costs	Adjustment	Gas Cost	Gas Cost	Adjustment					
21	Residential	\$ 23,733,775	\$ (29,647)	\$ (87,093)	\$ 549,727	\$ 1,305,349	\$ (40,081)					\$ 1,998,255	\$ 25,432,030
22	Commercial	7,790,543	(19,821)	(58,226)	179,714	434,290	(170,210)					365,747	8,159,290
23	Industrial	168,591	-	-	777	(4,622)	17,150					13,305	181,897
24	Irrigation	3,468,013	-	-	4,168	(62,647)	105,141					48,662	3,514,674
25	Total Allocated Pass Through Costs	\$ 35,160,923	\$ (49,468)	\$ (145,318)	\$ 734,385	\$ 1,672,371	\$ (88,000)	\$ -	\$ -	\$ -		\$ 2,123,999	\$ 37,284,892
28	Unbilled Wholesale Gas Costs	\$ 1,861,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,861,080)	\$ -	\$ -	\$ -	\$ (1,861,080)	\$ -
29	Total Pass Through Gas Costs	\$ 37,022,003	\$ (49,468)	\$ (145,318)	\$ 734,385	\$ 1,672,371	\$ (88,000)	\$ (1,861,080)	\$ -	\$ -	\$ -	\$ 262,889	\$ 37,284,892
31	Gas Scheduling - 807	\$ 120,428						\$ -	\$ 9,706			\$ 9,706	130,134
32	Gas Used for Other Utility Oper - 812	(34,974)										\$ -	(34,974)
33	Total Non-Allocated Gas Costs	\$ 85,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,706	\$ -	\$ -	\$ 9,706	\$ 95,160
35	Total Gas Costs	\$ 37,107,457	\$ (49,468)	\$ (145,318)	\$ 734,385	\$ 1,672,371	\$ (88,000)	\$ (1,861,080)	\$ 9,706	\$ -	\$ -	\$ 272,595	\$ 37,380,052

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

COST OF GAS ADJUSTMENTS BY RATE SCHEDULE

Line #	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
	Gas Costs As Recorded and Allocated	Removing Bunker Hill Gas Costs	Removing Line Loss Penalty	Annualization of Gas Costs	Weather Normalization Adjustment	Customer Growth Gas Cost	Removing Unbilled Gas Cost	Gas Scheduling Labor Adjustment	Other		Total Gas Costs Adjustments	TOTAL Adjusted
1												
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33												

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

ADJUSTMENT--SALARIES AND WAGES
 ADJUSTMENT #17

Line #	Description	Account Number	[1] Recorded	[2]	[3] Adjustments	[4] Adjusted Payroll	[5] Total Annualized Payroll	[6] Adjustment
OPERATIONS								
1	Production	800-826	89,420			89,420	95,789	6,369
2	Storage	840-842	-			-	-	-
3	Transmission	850-880	20,340			20,340	21,789	1,449
4	Distribution	870-881	2,054,754			2,054,754	2,201,104	146,350
5	Customer Accounts	901-905	1,093,381			1,093,381	1,171,257	77,876
6	Customer service and information	907-910	222,173			222,173	237,997	15,824
7	Sales	911-916	887			887	950	63
8	Administration and general	920-931	851,009			851,009	911,622	60,613
9	Total Operations		<u>4,331,964</u>		<u>-</u>	<u>4,331,964</u>	<u>4,640,508</u>	<u>308,544</u>
MAINTENANCE								
10	Production	830-837	-			-	-	-
11	Storage	843	-			-	-	-
12	Transmission	861-867	13,432			13,432	14,389	957
13	Distribution	885-894	428,813			428,813	459,355	30,542
14	Administration and general	935	111,368			111,368	119,300	7,932
15	Total Maintenance		<u>553,613</u>		<u>-</u>	<u>553,613</u>	<u>593,044</u>	<u>39,431</u>
16	Total Direct Payroll		4,885,577		-	4,885,577	\$ 5,233,552	\$ 347,975
OTHER								
17	Construction	107	601,621			601,621		
18	Plant Removal	108	32,366			32,366		
19	TOTAL PAYROLL--GAS		5,519,464		\$ -	\$ 5,519,464		
20	OTHER SERVICES							
21	ELECTRIC		7,954,280					
22	NON-REGULATED ACTIVITIES		<u>684,072</u>					
	TOTAL COMPANY PAYROLL		<u>\$ 14,157,816</u>					7.123%

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

SECTION 9
 SCHEDULE 6
 Page 2 of 2

ADJUSTMENT---SALARIES AND WAGES
 ADJUSTMENT # 17

Line #	Description	[1] Reference Or Function	[2] Amount	[3] Amount	[4] Annualized Amounts	[5] Amounts	[6] Amounts	[7] Pro Forma Total Payroll
1	Test Year Gas Payroll	Page 1			6,519,464			
2	Current Payroll Increase Percent	Need to Support			3.50%			
3	Current Payroll Increase Amount	L1 * L2				193,181		
4	Current Gas Payroll	L1 + L3					6,712,645	
5	Pro Forma Payroll Increase Percent	Need to Support				3.50%		
6	Pro Forma Payroll Increase Amount	L4 * L9					199,943	
7	TOTAL PRO FORMA GAS PAYROLL	L4 + L10						\$ 5,912,588
8	Recorded Gas Payroll	L1						\$ 6,519,464
9	Percent Increase In Payroll	(L7 - L8) / L8						7.123%
10	Gas Payroll Charged to Expense in Test Year	Page 1						\$ 4,885,577
11	Pro Forma Gas Payroll Charged to Expense	(1 + L 13) * L 14						\$ 5,233,552

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

SECTION 9
 SCHEDULE 7
 Page 1 of 2

ADJUSTMENT--MISC. AMORTIZATION
 Adjustment # 19A

Line #	Description	Reference	Amount	Amount	Sub-Total	Total
A. RATE CASE COSTS						
PREPARATION						
1	Expended in 2005		\$ 600			
2	Expended in 2006					
3	Total Recorded at Filing Date			600		
2006 Estimated to Complete						
4	---Legal			15,000		
5	---Other			5,000		
6	---Other			5,000		
7	---Travel & Per Diem			5,000		
8	---Other Expenditures			5,000		
9	---Other Costs					
10	TOTAL COSTS TO FILING			30,000		
DISCOVERY						
11	---Regulatory Support			15,000		
12	---Legal			15		
13	---Other			5,000		
14	---Other			5,000		
15	TOTAL COSTS TO HEARING			25,015		
HEARING AND BRIEFING						
16	---Regulatory Support			10		
17	---Cost of Capital			2,000		
18	---Legal			20		
19	---Other			5,000		
20	---Other			5,000		
21	TOTAL COSTS FOR HEARING & BRIEFING			12,030		
22	TOTAL COSTS					\$ 67,645
22	Total Amortization in Years	3				\$ 22,548
PRIOR RATE CASE AMORTIZATION INCLUDED IN TEST YEAR GAS A&G						
AMORTIZATION TO						
23	ELECTRIC		0.00%			\$ 161,500
24	GAS		100.00%			\$ (136,051)

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

ADJUSTMENT---MISC. AMORTIZATION
Adjustment #10B
[1] [2]

Line #	Description	Reference	Amount
B. H2S CONVERSION COSTS			
1	Total H2S Conversion Costs	10B	143,079
<u>Carrying Cost Calculation:</u>			
2	Average Balance of Conversion Costs	L 1 / 2	71,840
3	Cost of Capital Approved in Last Rate Case		7.03%
4	Carrying Costs	L2 x L3 x L6	16,444
5	Total Conversion Costs with Carrying Costs	L1 + L5	160,123
6	Amortization Period (years)		3
7	Annual Amortization		53,374
8	Total Adjustment 10A + 10B =		(85,077)

MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005

SECTION 9
 SCHEDULE 8
 Page 1 of 1

ADJUSTMENT---EMPLOYEE BENEFITS & PAYROLL TAXES

Line #	Description	Adjustment #20				
		[1] Reference	[2] Amount	[3] Amount	[4] Sub-Total	[5] Total
<u>EMPLOYEE BENEFITS</u>						
<u>2005 Amount</u>						
1	Medical		\$ 2,441,895			
2	Pension		<u>1,448,559</u>			
3	TOTAL			\$ 3,890,454		
<u>2004 Amount</u>						
4	Medical		2,113,638			
5	Pension		<u>1,325,528</u>			
6	TOTAL			3,439,166		
7	Proforma Benefits Increase			\$ 451,288		
8	Payroll Percent Allocated to Gas Expense	9-5, pg 1		34.51%		
9	GAS EXPENSE PROFORMA BENEFITS INCREASE				155,730	
<u>PAYROLL TAXES</u>						
8	Proforma Payroll Adjustment to Gas Expense	9-5, pg 1	347,975			
9	FICA	7.65%			28,620	
10	TOTAL PROFORMA BENEFITS & TAXES				<u>\$ 182,350</u>	

DISTRIBUTION

<u>OPERATIONS</u>		<u>PAYROLL</u>			
8	Production	800-837	\$ 89,420		\$ 3,338
9	Storage	840-843	-		\$ -
10	Transmission	850-867	33,772		\$ 1,261
11	Distribution	870-894	2,483,567		\$ 92,697
12	Customer Accounts	901-905	1,093,381		\$ 40,810
13	Customer service and information	907-910	222,173		\$ 8,292
14	Sales	911-918	887		\$ 33
15	Administration and general	920-935	<u>962,377</u>		\$ 35,920
16	Total Operation & Maintenance		4,865,577		182,350

MIDWEST ENERGY, INC
 GAS DEPT
 TEST YEAR ENDED DECEMBER 31, 2005

ADJUSTMENT--CHARITABLE DONATIONS
 Adjustment #23

Line #	Description	Reference	Amount
		[1]	[2]
1	2005 Recorded Amount	428	89,079
2	50% Disallowance		(34,840)
3	Recoverable Donation Expense		34,840

MIDWEST ENERGY, INC
 GAS DEP'T
 TEST YEAR ENDED DECEMBER 31, 2005

DEPRECIATION EXPENSE ANNUALIZATION

Line #	Description	[1] Account Number	[2] Plant Balance At 12/31/2001	[3] Adjustments and/or Plant Reclassification	[4] Adjusted Plant Balance [2] + [3]	[5] Annualized Depreciation Rate	[6] Pro Forma Annualized Depreciation Expense [4] * [5]	[7] Recorded Depreciation Expense	[8] Pro Forma Adjustment [6] - [7]
INTANGIBLE PLANT									
1	Organization	301	\$ 1,915		\$ 1,915		\$ -		
2	Franchise & Consent	302	-		-		-		
3	Miscellaneous Intangible Plant	303	-		-		-		
4	TOTAL INTANGIBLE	Sum L 1 to L 3	1,915	-	1,915	-	-		-
PRODUCTION PLANT									
5									
TRANSMISSION PLANT									
6	Land & Land Rights	365	6,441		6,441	-	-		
7	Structures & Improvements	366	13,730		13,730	0.0025	34		
8	Mains	367	759,340		759,340	0.0056	4,252		
9	Measuring & Regulating Equipment	369	284,979		284,979	0.0222	6,327		
10	Total Transmission Plant	Sum L 6 to L 9	1,064,490	-	1,064,490		10,613	10,610	3
DISTRIBUTION PLANT									
11	Land and land rights	374	527,041		527,041		-		
12	Structures, Improvements & Equipment	375	385,306		385,306	0.0461	17,763		
13	Mains	376	26,013,021		26,013,021	0.0104	270,535		
14	Measure and regulating station equip--General	378	1,134,104		1,134,104	0.0361	40,941		
15	Measure and regulating station equip--City Gate	379	4,559		4,559	0.0651	297		
16	Services	380	10,092,378		10,092,378	0.0320	322,956		
17	Meters	381	5,510,739		5,510,739	0.0519	286,007		
18	Meter installations	382	1,955,957		1,955,957	0.0290	56,723		
19	House regulators	383	3,169,542		3,169,542	0.0476	150,870		
20	Station equipment	385	115,779		115,779	0.0428	4,955		
21	Installation on customer premises	386	4,706		4,706	0.0312	147		
22	Other equipment	387	6,587		6,587	0.0323	213		
23	0	0	-		-		-		
24	TOTAL DISTRIBUTION PLANT	Sum L 11 to L 23	48,919,719	-	48,919,719		1,151,407	1,141,764	9,643

MIDWEST ENERGY, INC
GAS DEP'T
TEST YEAR ENDED DECEMBER 31, 2005

DEPRECIATION EXPENSE ANNUALIZATION
Adjustment #15

Line #	Description	[1] Account Number	[2] Plant Balance At 12/31/2001	[3] Adjustments and/or Plant Reclassification	[4] Adjusted Plant Balance [2] + [3]	[5] Annualized Depreciation Rate	[6] Pro Forma Annualized Depreciation Expense [4] * [5]	[7] Recorded Depreciation Expense	[8] Pro Forma Adjustment [6] - [7]
GENERAL PLANT									
25	Land and land rights	389	16,060		16,060		-		
26	Structures, Improvements & Equipment	390	277,646		277,646	0.0197	5,470		
27	Office furniture and equipment	391	338,175		338,175	0.3471	117,381		
28	Transportation equipment	392	2,091,519		2,091,519	0.1651	-		
29	Store equipment	393	7,197		7,197	0.0390	281		
30	Tools, shop and garage equipment	394	1,657,146		1,657,146	(0.0026)	(4,360)		
31	Laboratory equipment	395	272,876		272,876	0.0249	6,795		
32	Power operated equipment	396	864,858		864,858	0.0521	11,265		
33	Electric communications equipment	397	36,566		36,566	0.0913	3,338		
34	Miscellaneous equipment	398	8,517		8,517	0.0992	845		
35	Other tangible property	399	-		-		-		
36	Total General Plant	Sum L 25 to L 35	<u>5,570,560</u>	<u>-</u>	<u>5,570,560</u>		<u>141,015</u>	<u>52,850</u>	<u>88,165</u>
COMMON PLANT									
37	Land and land rights	389	105,615		105,615		-		
38	Structures, Improvements & Equipment	390	779,438		779,438	0.0267	20,811		
39	Office furniture and equipment	391	845,254		845,254	0.0618	52,237		
40	Completed Construction not Classified	391.1	4,817		4,817	0.1430	689		
41	Communications equipment	397	523,906		523,906	0.0799	41,860		
42	TOTAL COMMON PLANT TO GAS	Sum L 37 to L 41	<u>2,259,030</u>	<u>-</u>	<u>2,259,030</u>		<u>115,597</u>	<u>164,675</u>	<u>(49,078)</u>
43	TOTAL RATE BASE PLANT IN SERVICE (L 4 + L 5 + L 24 + L 36 + L 42)		<u>\$ 57,815,714</u>	<u>\$ -</u>	<u>\$ 57,815,714</u>		<u>\$ 1,418,632</u>	<u>\$ 1,369,899</u>	<u>\$ 48,733</u>
44	ACQUISITION PREMIUM	114	<u>\$ 13,781,496</u>	<u>0</u>	<u>\$ 13,781,496</u>		<u>\$ 918,766</u>	<u>929,375</u>	<u>(10,609)</u>
45	TOTAL PLANT IN SERVICE		<u>\$ 71,597,210</u>	<u>\$ -</u>	<u>\$ 71,597,210</u>		<u>\$ 2,337,398</u>	<u>\$ 2,299,274</u>	<u>\$ 38,124</u>

COMMON PLANT DEPRECIATION & ACQUISITION ADJUSTMENT AMORTIZATION

Line #	Description	[1] Account Number	[2] Plant Balance At 12/31/2005	[3] Adjustments and/or Plant Reclassification	[4] Adjusted Plant Balance [2] + [3]	[5] Annualized Depreciation Rate	[6] Pro Forma Annualized Depreciation Expense [4] * [5]	[7] Recorded Depreciation Expense	[8] Pro Forma Adjustment [6] - [7]
1	Land and land rights		\$ 105,615	\$ -	\$ 105,615	-	\$ -		
2	Structures, Improvements & Equipment		779,438	-	779,438	0.0267	20,811		
3	Office furniture and equipment		845,254	-	845,254	0.0618	52,237		
4	Completed Construction not Classified		4,817	-	4,817	0.1430	689		
5	Communications equipment		523,906	-	523,906	0.0799	41,860		
6	Other		-	-	-	-	-		
7	TOTAL COMMON PLANT TO GAS	Sum L 1 to L 6	\$ 2,259,030	\$ -	\$ 2,259,030		\$ 115,597	\$ 184,675	\$ (49,078)

ACQUISITION ADJUSTMENT

8	Gas Plant Purchased From KN Energy		\$ 13,781,496	-	13,781,496	0.06666667	918,766		
9	Other		-	-	-	0.06666667	-		
10	TOTAL AMORTIZATION	Sum L 1 to L 6	\$ 13,781,496	\$ -	\$ 13,781,496		\$ 918,766	\$ 929,375	\$ (10,609)

**MIDWEST ENERGY, INC
GAS DEPT
TEST YEAR ENDED DECEMBER 31, 2005**

TAXES OTHER THAN INCOME TAXES

Line #	Description	[1] Account Number	[2] Recorded Balance 12/31/2005	[3] Pro Forma Adjustments	[4] Adjusted Tax Expense 12/31/2005
1	Property Taxes	408.1	\$ 696,872		\$ 696,872
2	Social Security	408.3	426,929		426,929
3	Federal Unemployment Insurance	408.2	6,877		6,877
4	State Unemployment Insurance	408.4	11,570		11,570
4	Other		-		-
5	Payroll Taxes Allocated	408.5	(445,376)		(445,376)
6	Total	Sum L 1 to L 5	<u>\$ 696,872</u>	<u>\$ -</u>	<u>\$ 696,872</u>