

## CUB-CCSAO Exhibit 3.01

# CUB/CCSAO Cost of Capital

## Thomas DCF Modifications

DCF Results from CUB/CCSAO 1.0	9.94%
Quarterly Adjustment	0.15%
Total	10.09%
Risk Adjustment	-0.23%
Total Adjusted Cost of Capital	9.86%

## S&P RATINGS for Comparable Companies

	<u>Credit Rating</u>
CGC	BBB+
KSE	A
GAS	AA
NWN	A+
PNY	A
SWX	BBB-

## Cost of Capital (December 31, 2005 Measurement Date)

	<u>Amount (\$000)</u>	<u>%</u>	<u>Cost</u>	<u>Weighted</u>
Short Term Debt	177,608	13.38%	2.58%	0.35%
Long-term Debt	500,376	37.69%	6.72%	2.53%
NR Preferred Stock	1,401	0.11%	4.77%	0.01%
Common Equity	648,156	48.82%	9.86%	4.81%
	1,327,541			7.697%

ST Debt Balance and cost is from Staff Exhibit 5.1

LT Debt, NR PS, and Common Equity Balances from Nicor Gas Exhibit 20.1

LT Debt and NR PS cost is from Nicor Gas Exhibit 20.1