SELECTED INDICATORS OF ECONOMIC ACTIVITY
(1989 = 100)

Year		Gross Domestic Product: Constant Dollars (1)	Gross Domestic Product: Current Dollars (2)	Industrial Production (3)	Implicit Price Index a/ (4)	Consumer Price Index (5)	After-Tax Profits: Billions of Dollars (6)	After-Tax Profits: As Percent of GDP (7)
1989		100.0	100.0	100.0	100.0	100.0	238	4.3%
1990		101.9	105.8	101.0	103.9	105.4	264	4.6%
1991		101.7	109.3	99.4	107.5	109.8	284	4.7%
1992		105.1	115.6	102.2	110.0	113.2	312	4.9%
1993		107.9	121.4	105.6	112.5	116.5	346	5.2%
1994		112.2	129.0	111.1	114.9	119.5	383	5.4%
1995		115.0	134.9	116.4	117.3	122.9	456	6.2%
1996		119.3	142.5	121.6	119.5	126.5	501	6.4%
1997		124.7	151.4	130.4	121.5	129.5	552	6.6%
1998		129.9	159.5	138.1	122.8	131.5	470	5.4%
1999		135.7	169.0	144.0	124.6	134.4	517	5.6%
2000		140.6	179.0	150.1	127.3	138.9	508	5.2%
2001		141.7	184.7	145.0	130.4	142.8	504	5.0%
2002		143.9	190.9	144.8	132.6	145.1	576	5.5%
2003		147.6	199.9	146.6	135.4	148.4	705	6.1%
2004		153.3	213.6	150.2	139.3	152.3	788	7.2%
2005		158.3	227.1	155.2	143.5	157.5	1,119	9.0%
2006		161.8	240.3	158.6	148.5	162.6	1,405	10.7%
2007		165.1	251.8	161.3	152.5	167.2	1,436	10.4%
2008		167.2	260.4	158.5	155.8	173.6	1330.4	0.1
2001	1Q	141.5	182.7	148.0	129.2	141.7	532	5.3%
	2Q	141.9	184.7	146.1	130.2	143.2	537	5.3%
	3Q	141.4	184.8	143.9	130.7	143.4	474	4.7%
	4Q	141.9	186.5	142.0	131.4	143.0	472	4.6%
2002	1Q	142.9	188.4	142.8	131.8	143.5	519	5.0%
	2Q	143.7	190.1	145.0	132.3	145.0	554	5.3%
	3Q	144.5	192.0	145.8	132.8	145.6	590	5.6%
	4Q	144.6	193.1	145.6	133.6	146.1	641	6.1%
2003	1Q	145.0	195.2	146.6	134.6	147.6	625	5.8%
	2Q	146.3	197.5	145.5	135.0	148.1	622	5.7%
	3Q	148.9	202.1	146.5	135.7	148.8	673	6.1%
	4Q	149.9	204.6	147.8	136.5	148.9	739	6.6%
2004	1Q	151.0	208.0	148.8	137.7	150.2	846	7.4%
	2Q	152.3	211.7	149.5	139.0	152.4	893	7.7%
	3Q	153.7	214.8	150.2	139.8	152.9	897	7.6%
	4Q	154.6	217.9	152.4	140.9	153.8	954	8.0%
2005	1Q	155.8	221.6	154.4	142.3	154.8	1,194	9.8%
	2Q	156.8	224.2	155.1	143.0	156.9	1,200	9.8%
	3Q	158.3	228.6	155.0	144.4	158.8	1,150	9.2%
	4Q	158.8	231.5	156.4	145.8	159.6	1,284	10.1%
2006	1Q	160.7	236.3	157.6	147.1	160.4	1,360	10.5%
	2Q	161.7	239.5	158.6	148.1	163.1	1,425	10.9%
	3Q	162.1	241.6	159.4	149.1	164.1	1,443	10.9%
	4Q	162.7	243.8	159.0	149.9	162.7	1,391	10.4%
2007	1Q	162.7	246.4	159.6	151.4	164.3	1,390	10.3%
	2Q	164.6	250.5	160.8	152.2	167.5	1,446	10.5%
	3Q	166.5	254.4	162.3	152.8	167.9	1,446	10.4%
	4Q	166.5	255.8	162.4	153.7	169.1	1,461	10.4%
2008	1Q	166.8	258.0	162.6	154.7	171.0	1,348.0	9.5%
	2Q	168.0	260.6	161.2	155.2	174.8	1,343.2	9.4%
	3Q	167.8	262.8	157.5	156.7	176.8	1,300.1	9.0%
	4Q	166.1	260.1	152.7	156.6	171.8		

Note: Data are based on Chain Weighted Indexes.

Source: U.S. Bureau of Economic Analysis, www.federalreserve.gov

TREND IN INTEREST RATES AND OUTSTANDING BOND YIELDS
(Percent Per Annum)

Year		Prime Rate	3- Month Bills a/	10-Year Bonds	Long-Term Bonds b/	Inflation Indexed 10-Year	Inflation Indexed Long-term Bonds c/	Long-Term Moody's Utility Bonds Aa	Long-Term Moody's Utility Bonds A	Long-Term Moody's Utility Bonds Baa	Moody's Corporate Bonds Aaa
1991		8.38	5.45	7.79	8.09			9.09	9.36	9.55	8.77
1992		6.25	3.51	7.03	7.68			8.55	8.64	8.86	8.14
1993		6.00	3.06	5.85	6.58			7.44	7.59	7.91	7.22
1994		7.25	4.42	7.14	7.41			8.21	8.30	8.63	7.96
1995		8.81	5.63	6.49	6.81			7.77	7.89	8.29	7.59
1996		8.27	5.16	6.47	6.72			7.57	7.75	8.16	7.37
1997		8.46	5.21	6.32	6.57	3.55	3.60	7.54	7.60	7.96	7.26
1998		8.31	4.88	5.21	5.53	3.73	3.73	6.91	7.04	7.27	6.53
1999		8.02	4.83	5.71	5.91	4.00	3.99	7.51	7.62	7.88	7.04
2000		9.27	6.00	5.97	5.88	4.01	4.03	8.06	8.24	8.36	7.62
2001		6.77	3.35	4.99	5.47	3.32	3.32	7.54	7.73	8.02	7.08
2002		4.67	1.62	4.56	5.41	2.81	3.10	7.17	7.35	7.99	6.48
2003		4.10	1.03	4.02	5.03	2.04	2.52	6.35	6.54	6.80	5.60
2004		4.40	1.44	4.27	5.09	1.81	2.19	6.04	6.14	6.39	5.63
2005		6.25	3.30	4.27	4.52	1.80	1.92	5.42	5.62	5.90	5.20
2006		8.02	4.88	4.79	4.87	2.30	2.26	5.83	6.06	6.31	5.57
2007		8.00	4.42	4.58	4.80	2.23	2.29	5.93	6.06	6.33	5.53
2005	Jan	5.25	2.51	4.14	4.62	1.65	1.91	5.57	5.65	5.80	5.21
	Feb	5.50	2.76	4.36	4.71	1.70	1.93	5.69	5.76	5.91	5.28
	Mar	5.75	2.79	4.50	4.76	1.79	1.89	5.79	5.75	6.04	5.40
	Apr	5.75	2.90	4.21	4.53	1.61	1.80	5.43	5.54	5.86	5.21
	May	6.00	2.99	4.00	4.36	1.63	1.76	5.25	5.41	5.75	5.02
	Jun	6.25	3.13	3.94	4.19	1.67	1.76	4.99	5.35	5.65	4.91
	Jul	6.25	3.42	4.28	4.42	1.92	2.00	5.24	5.53	5.82	5.08
	Aug	6.50	3.52	4.02	4.23	1.65	1.82	5.04	5.30	5.61	4.91
	Sep	6.75	3.55	4.34	4.53	1.78	1.91	5.40	5.65	5.95	5.22
	Oct	6.75	3.98	4.57	4.73	2.00	2.09	5.60	5.91	6.20	5.44
	Nov	7.00	3.95	4.49	4.66	2.12	2.13	5.57	5.85	6.18	5.42
	Dec	7.25	4.08	4.39	4.51	2.06	1.98	5.46	5.69	6.03	5.26
2006	Jan	7.50	4.47	4.53	4.69	2.00	1.98	5.59	5.84	6.15	5.39
	Feb	7.50	4.62	4.55	4.51	2.02	1.93	5.49	5.77	6.04	5.31
	Mar	7.75	4.63	4.86	4.90	2.35	2.29	5.87	6.14	6.41	5.67
	Apr	7.75	4.77	5.07	5.17	2.39	2.42	6.12	6.37	6.61	5.95
	May	8.00	4.86	5.12	5.21	2.48	2.46	6.21	6.43	6.62	5.95
	Jun	8.25	5.01	5.15	5.19	2.54	2.52	6.19	6.43	6.67	5.91
	Jul	8.25	5.10	4.99	5.07	2.41	2.37	6.08	6.29	6.52	5.79
	Aug	8.25	5.05	4.74	4.88	2.24	2.19	5.84	6.07	6.31	5.54
	Sep	8.25	4.89	4.64	4.77	2.27	2.22	5.72	5.90	6.18	5.42
	Oct	8.25	5.08	4.61	4.72	2.34	2.24	5.64	5.84	6.09	5.39
	Nov	8.25	5.03	4.46	4.56	2.16	2.10	5.50	5.68	5.93	5.20
	Dec	8.25	5.02	4.71	4.81	2.41	2.36	5.75	5.95	6.18	5.37
2007	Jan	8.25	5.12	4.83	4.93	2.40	2.38	5.83	6.01	6.22	5.48
	Feb	8.25	5.16	4.56	4.68	2.20	2.22	5.61	5.78	6.01	5.25
	Mar	8.25	5.04	4.65	4.84	2.21	2.30	5.80	5.97	6.25	5.43
	Apr	8.25	4.91	4.63	4.81	2.20	2.29	5.77	5.90	6.16	5.40
	May	8.25	4.73	4.90	5.01	2.54	2.52	5.97	6.10	6.35	5.57
	Jun	8.25	4.82	5.03	5.12	2.65	2.62	6.12	6.24	6.46	5.73
	Jul	8.25	4.96	4.78	4.92	2.44	2.41	6.03	6.18	6.46	5.62
	Aug	8.25	4.01	4.54	4.83	2.34	2.40	6.07	6.17	6.45	5.76
	Sep	7.75	3.82	4.59	4.83	2.27	2.28	6.12	6.22	6.45	5.76
	Oct	7.50	3.94	4.48	4.74	2.14	2.20	6.01	6.07	6.36	5.62
	Nov	7.50	3.15	3.97	4.40	1.63	1.91	5.85	6.00	6.34	5.34
	Dec	7.25	3.36	4.04	4.45	1.73	1.99	5.93	6.07	6.43	5.41
2008	Jan	6.00	1.96	3.67	4.35	1.33	1.69	5.90	6.07	6.40	5.38
	Feb	6.00	1.85	3.53	4.41	1.10	1.72	6.04	6.22	6.63	5.55
	Mar	5.25	1.38	3.45	4.30	1.11	1.81	5.94	6.20	6.74	5.48
	Apr	5.00	1.43	3.77	4.49	1.50	1.98	5.92	6.22	6.74	5.51
	May	5.00	1.89	4.06	4.72	1.58	2.13	6.18	6.36	6.93	5.67
	Jun	5.00	1.90	3.99	4.53	1.48	2.07	6.10	6.32	6.87	5.60
	Jul	5.00	1.68	3.99	4.59	1.65	2.14	6.16	6.44	7.03	5.73
	Aug	5.00	1.72	3.83	4.43	1.68	2.17	6.03	6.32	6.94	5.60
	Sep	5.00	0.92	3.85	4.31	2.25	2.62	6.51	6.98	7.69	6.01
	Oct	4.00	0.46	4.01	4.35	3.14	3.43	7.22	8.01	9.28	6.54
	Nov	4.00	0.01	2.93	3.45	2.60	3.15	6.35	7.18	8.72	5.60
	Dec	3.25	0.11	2.25	2.69	2.14	2.43	5.65	6.20	7.76	4.70
2009	Jan	3.25	0.24	2.87	3.58	1.73	2.50	6.26	6.52	7.97	5.32
	Feb	3.25	0.26	3.02	3.71	2.06	2.59	6.12	6.38	7.85	5.43
	Mar	3.25	0.21	2.71	3.56	1.43	2.06	6.14	6.41	8.04	5.39

a/ Rates on new issues.
b/ 30-year constant maturities, 1991-January 2002. Theoretical 30-year yield, February 2002 to January 2006. 30-year constant maturities from February 2006.
c/ Yield on inflation-indexed bonds with a term to maturity over 10-years. 1997-September 2001, Global Financial Data Inc; October 2001-December 2002, Wall Street Journal; January 2003-pres., Federal Reserve.

Note: Monthly data reflect rate in effect at end of month.

Source: www.federalreserve.gov, www.ustreas.gov and Moody's *Credit Perspectives*.

INDIVIDUAL COMPANY RISK DATA FOR
9 SELECTED U.S. LOCAL NATURAL GAS DISTRIBUTION COMPANIES

	Value Line							S & P					
Company	**Safety Rank**	**Earnings Predictability**	**Financial Strength**	**Beta**	**Forecast Return On Average Common Equity 2012-2014 (%)**	**Forecast Common Equity Ratio 2012-2014 (%)**	**Dividend Payout Ratio 2012-2014 (%)**	**Debt Rating**	**Business Risk Profile**	**Financial Profile**	**Moody's Debt Rating**	**Average Common Equity Ratio (Total Capital) 2008Q1-2008Q4 (%)**	**Average Market/Book Ratio 2008 2/**
AGL Resources	2	85	B++	0.75	15.2	55.0	58.8	A-	Excellent	Intermediate	A3	43.1	1.22
Atmos Energy	2	80	B+	0.60	9.5	51.0	56.0	BBB+	Excellent	Aggressive	Baa3	47.4	0.97
New Jersey Resources 1/	1	50	A	0.65	11.4	67.0	49.1	A	Excellent	Intermediate	A1	51.8	1.92
Nicor Inc.	3	75	A	0.75	12.5	74.0	56.4	AA	Excellent	Intermediate	A3	56.8	1.43
Northwest Nat. Gas	1	80	A	0.60	11.6	53.0	58.0	AA-	Excellent	Intermediate	A3	49.0	1.74
Piedmont Natural Gas	2	85	B++	0.65	14.0	53.0	58.1	A	Excellent	Intermediate	A3	46.6	1.97
South Jersey Inds.	2	75	B++	0.65	15.2	59.5	48.4	BBB+	Excellent	Aggressive	Baa1	51.3	1.98
Southwest Gas	3	70	B	0.70	9.0	49.0	50.0	BBB-	Strong	Aggressive	Baa3	45.7	0.83
WGL Holdings Inc.	1	75	A	0.65	10.6	64.5	58.2	AA-	Excellent	Intermediate	A2	54.9	1.50
MEAN	**2**	**75**	**B++**	**0.67**	**12.1**	**58.4**	**54.8**	**A**	**Excellent**	**Intermediate**	**A3**	**49.6**	**1.50**
MEDIAN	**2**	**75**	**B++**	**0.65**	**11.6**	**55.0**	**56.4**	**A**	**Excellent**	**Intermediate**	**A3**	**49.0**	**1.50**

1/ For subsidiary, New Jersey Natural Gas
2/ Average daily closing prices February 26 to March 26, 2009 divided by 2008 year end book value per share.

Source: *Value Line* (Issue 3, March 13, 2009)
Standard & Poor's *Issuer Ranking: U.S. Natural Gas Distributors and Integrated Gas Companies, Strongest to Weakest* (March 10, 2009);
www.moodys.com, company 10-Qs; S&P Research Insight.

HISTORIC VALUE LINE BETAS FOR
9 SELECTED U.S. LOCAL NATURAL GAS DISTRIBUTION UTILITIES

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009Q1
AGL RESOURCES INC	0.75	0.75	0.65	0.65	0.60	0.60	0.75	0.75	0.80	0.90	0.95	0.85	0.75	0.75
ATMOS ENERGY CORP	0.65	0.55	0.55	0.55	0.55	0.55	0.60	0.65	0.70	0.70	0.80	0.85	0.60	0.60
NEW JERSEY RESOURCES	0.65	0.60	0.55	0.55	0.55	0.55	0.65	0.70	0.75	0.75	0.80	0.85	0.65	0.65
NICOR INC	0.70	0.75	0.65	0.60	0.60	0.60	0.85	1.00	1.05	1.10	1.30	1.00	0.75	0.75
NORTHWEST NATURAL GAS	0.45	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.90	0.60	0.60
PIEDMONT NATURAL GAS	0.65	0.60	0.55	0.55	0.60	0.60	0.70	0.70	0.75	0.75	0.80	0.85	0.65	0.65
SOUTH JERSEY INDUSTRIES INC	0.50	0.55	0.50	0.50	0.45	0.45	0.50	0.65	0.55	0.65	0.70	0.85	0.65	0.65
SOUTHWEST GAS	0.65	0.70	0.65	0.60	0.65	0.65	0.70	0.75	0.80	0.80	0.85	0.90	0.70	0.70
WGL HOLDINGS INC	0.70	0.75	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.80	0.85	0.85	0.65	0.65
MEAN	**0.63**	**0.65**	**0.59**	**0.58**	**0.58**	**0.58**	**0.67**	**0.72**	**0.76**	**0.79**	**0.87**	**0.88**	**0.67**	**0.67**
MEDIAN	**0.65**	**0.60**	**0.60**	**0.60**	**0.60**	**0.60**	**0.65**	**0.70**	**0.75**	**0.75**	**0.80**	**0.85**	**0.65**	**0.65**

Source: *Value Line* , 4th Quarter issues and March 2009

DCF COSTS OF EQUITY FOR 9 SELECTED
U.S. LOCAL NATURAL GAS DISTRIBUTION COMPANIES
(BASED ON IBES' EARNINGS GROWTH FORECASTS)
QUARTERLY COMPOUNDING

Company	Annualized Last Paid Dividend (1)	Average Daily Closing Prices Feb. 26-Mar. 26, 2009 (2)	Current Dividend Yield	Average I/B/E/S Long-Term EPS Forecasts 1/ (As of March 19, 2009) (4)	DCF Cost of Equity (5)
AGL Resources	1.72	26.23	6.56	4.3	11.2
Atmos Energy	1.32	21.89	6.03	5.0	11.5
New Jersey Resources	1.24	33.13	3.74	7.0	11.0
Nicor Inc.	1.86	30.79	6.04	2.9	9.4
Northwest Nat. Gas	1.58	41.16	3.84	4.8	8.8
Piedmont Natural Gas	1.04	23.82	4.37	7.1	12.0
South Jersey Inds.	1.19	34.29	3.48	7.0	10.7
Southwest Gas	0.90	19.30	4.66	6.0	11.2
WGL Holdings Inc.	1.42	31.43	4.52	4.0	8.9
Mean	**1.36**	**29.12**	**4.80**	**5.3**	**10.5**
Median	**1.32**	**30.79**	**4.52**	**5.0**	**11.0**

1/ www.yahoo.com

Source: Standard & Poor's Research Insight

Note: WGL announced increase in quarterly dividend to .3675 on March 5; prices from March 5th-March 26th

DCF COSTS OF EQUITY FOR SELECTED
LOCAL NATURAL GAS DISTRIBUTION COMPANIES
(SUSTAINABLE GROWTH AND QUARTERLY COMPOUNDING)

Company	Annualized Last Dividend Paid (1)	Average Daily Closing Prices Feb. 26-Mar. 26, 2009 (2)	Expected Dividend Yield 1/ (3)	Forecast Return on Common Equity (4)	Forecast Earnings Retention Rate (5)	BR Growth 2/ (March 2009) (6)	SV Growth 3/ (March 2009) (7)	Sustainable Growth 4/ (March 2009) (8)	DCF Cost of Equity 5/ (9)
AGL RESOURCES INC	1.72	26.23	7.0	15.2	41.3	6.3	1.10	7.4	14.5
ATMOS ENERGY CORP	1.32	21.89	6.3	9.5	44.0	4.2	0.90	5.1	11.6
NEW JERSEY RESOURCES	1.24	33.13	4.0	11.4	50.9	5.8	0.48	6.3	10.3
NICOR INC	1.86	30.79	6.4	12.5	43.6	5.5	-0.03	5.4	12.3
NORTHWEST NATURAL GAS CO	1.58	41.16	4.0	11.6	42.0	4.9	0.57	5.4	9.6
PIEDMONT NATURAL GAS CO	1.04	23.82	4.6	14.0	41.9	5.8	-0.04	5.8	10.6
SOUTH JERSEY INDUSTRIES INC	1.19	34.29	3.8	15.2	51.6	7.8	1.06	8.9	12.7
SOUTHWEST GAS CORP	0.90	19.30	4.9	9.0	50.0	4.5	0.64	5.2	10.3
WGL HOLDINGS INC	1.42	31.43	4.7	10.6	41.8	4.4	0.01	4.5	9.4
Mean	**1.36**	**29.12**	**5.09**	**12.11**	**45.23**	**5.47**	**0.52**	**6.0**	**11.2**
Median	**1.32**	**30.79**	**4.72**	**11.59**	**43.64**	**5.47**	**0.57**	**5.4**	**10.6**

1/ Expected Dividend Yield = (Col (1) / Col (2)) * (1 + Col (8))
2/ BR Growth = Col (4) * (Col (5) / 100)
3/ SV Growth = Percent expected growth in number of shares of stock * Percent of funds from new equity financing that accrues to existing shareholders [1- B/M].
4/ Col (6) + Col (7)
5/ Expected Dividend Yield Col (3) + Sustainable Growth Col (8)

Note: WGL announced increase in quarterly dividend to .3675 on March 5; prices from March 5th-March 26th

Source: Standard and Poors Research Insight, *Value Line* (March 2009)

DCF COSTS OF EQUITY FOR 9 SELECTED
U.S. LOCAL NATURAL GAS DISTRIBUTION COMPANIES
(THREE-STAGE MODEL)

Company	Annualized Last Paid Dividend (1)	Average Daily Closing Prices Feb. 26-Mar. 26, 2009 (2)	Current Dividend Yield	Stage 1 Years 1-5 I/B/E/S (as of 3/19/09) EPS Forecasts (3)	Stage 2 Years 6-10 Avg. I/B/E/S & GDP Growth 1/ (4)	Stage 3 Terminal Value GDP Growth 1/	DCF Cost of Equity 2/ (5)
AGL Resources	1.72	26.23	6.56	4.3	4.6	5.0	11.7
Atmos Energy	1.32	21.89	6.03	5.0	5.0	5.0	11.5
New Jersey Resources	1.24	33.13	3.74	7.0	6.0	5.0	9.5
Nicor Inc.	1.86	30.79	6.04	2.9	3.9	5.0	10.9
Northwest Nat. Gas	1.58	41.16	3.84	4.8	4.9	5.0	9.0
Piedmont Natural Gas	1.04	23.82	4.37	7.1	6.1	5.0	10.4
South Jersey Inds.	1.19	34.29	3.48	7.5	6.3	5.0	9.2
Southwest Gas	0.90	19.30	4.66	6.0	5.5	5.0	10.4
WGL Holdings Inc.	1.42	31.43	4.52	4.0	4.5	5.0	9.7
Mean	**1.36**	**29.12**	**4.80**	**5.4**	**5.2**	**5.0**	**10.3**
Median	**1.32**	**30.79**	**4.52**	**5.0**	**5.0**	**5.0**	**10.4**

1/ Forecast nominal rate of GDP growth, 2010-19
2/ Internal Rate of Return: I/B/E/S EPS forecast growth rate applies for first 5 years; GDP growth thereafter.

Note: WGL announced increase in quarterly dividend to .3675 on March 5; prices from March 5th-March 26th

Source: Standard & Poor's Research Insight; www.yahoo.com; Blue Chip Economic Indicators (March 2009)

HISTORIC MARKET EQUITY RISK PREMIUMS OVER TREASURY BONDS (Percentages)

	Annual Average Returns		
	S & P 500 Common Stock Index	U.S. Treasury Bonds [1/]	Risk Premium
1926-2008	11.7	5.2	6.5
1947-2008	12.2	6.0	6.2

	Annual Average Returns		
	S&P / Moody's Gas Distribution Stock Index	U.S. Treasury Bonds [1/]	Risk Premium
1947-2008	12.1	6.0	6.1

	Annual Average Returns		
	S&P/Moody's Electric Index Return	U.S. Treasury Bonds [1/]	Risk Premium
1947-2006	10.8	6.0	4.8

[1/] Average of annual income returns for 20-year bond.

Notes:

The S&P/Moody's Gas Distribution Index reflects S&P's Natural Gas Distributors Index from 1947 to 1984, when S&P eliminated its gas distribution index. The 1985-2001 data are for Moody's Gas index. The index was terminated in July 2002. The 2002-2008 returns were estimated using simple averages of the prices and dividends for the utilities that were included in Moody's Gas Index as of the end of 2001. These LDCs include AGL Resources, Keyspan Corp., Laclede Group, Northwest Natural, Peoples Energy and WGL Holdings.

The S&P/Moody's Electric Index reflects S&P's Electric Index from 1947 to 1998 and Moody's Electric Index from 1999 to 2001. The 2002 to 2008 data were estimated using simple average of the prices and dividends for the utilities included in Moody's Electric Index as of the end of 2001. These utilities include American Electric Power, Centerpoint Energy, CH Energy, Cinergy, Consolidated Edison, Constellation, Dominion Resources, DPL, DTE Energy, Duke Energy, Energy East, Exelon, FirstEnergy, IDACORP, Nisource, OGE Energy, Pepco Holdings, PPL, Progress Energy, Public Service Enterprise Grp., Southern Co., Teco and Xcel Energy.

Sources: Standard & Poor's Analysts' Handbook;
Ibbotson Associates, Stocks, Bonds, Bills and Inflation Yearbook 2009;
Mergent Corporate News Reports; Standard & Poor's Research Insight

HISTORIC MARKET EQUITY RISK PREMIUMS OVER MOODY'S A BONDS (Percentages)

	Annual Average Returns		
	S&P / Moody's Gas Distribution Stock Index	Moody's A Bonds	Risk Premium
1947-2008	12.1	7.0	5.1

	Annual Average Returns		
	S&P/Moody's Electric Index Return	Moody's A Bonds	Risk Premium
1947-2008	10.8	7.0	3.8

Notes:

The S&P/Moody's Gas Distribution Index reflects S&P's Natural Gas Distributors Index from 1947 to 1984, when S&P eliminated its gas distribution index. The 1985-2001 data are for Moody's Gas index. The index was terminated in July 2002. The 2002-2008 returns were estimated using simple averages of the prices and dividends for the utilities that were included in Moody's Gas Index as of the end of 2001. These LDCs include AGL Resources, Keyspan Corp., Laclede Group, Northwest Natural, Peoples Energy and WGL Holdings.

The S&P/Moody's Electric Index reflects S&P's Electric Index from 1947 to 1998 and Moody's Electric Index from 1999 to 2001. The 2002 to 2008 data were estimated using simple average of the prices and dividends for the utilities included in Moody's Electric Index as of the end of 2001. These utilities include American Electric Power, Centerpoint Energy, CH Energy, Cinergy, Consolidated Edison, Constellation, Dominion Resources, DPL, DTE Energy, Duke Energy, Energy East, Exelon, FirstEnergy, IDACORP, Nisource, OGE Energy, Pepco Holdings, PPL, Progress Energy, Public Service Enterprise Grp., Southern Co., Teco and Xcel Energy.

Sources: Standard & Poor's Analysts' Handbook;
Ibbotson Associates, Stocks, Bonds, Bills and Inflation Yearbook 2009;
Mergent Corporate News Reports; Standard & Poor's Research Insight

DCF-BASED EQUITY RISK PREMIUM STUDY FOR 9 SELECTED U.S. LOCAL NATURAL GAS DISTRIBUTION COMPANIES

	Expected Dividend Yield	I/B/E/S EPS Growth Forecast	DCF Cost	Moodys Long-Term A-Rated Public Utility Bond Yields	Risk Premium Over Moodys Long-Term A-Rated Public Utility Bonds
Aug-07	4.0	4.8	8.8	6.2	2.7
Sep-07	4.2	4.8	8.9	6.2	2.7
Oct-07	4.1	4.8	8.9	6.1	2.8
Nov-07	4.0	4.9	8.3	6.0	2.3
Dec-07	4.0	4.9	8.4	6.1	2.3
Jan-08	4.2	5.0	8.7	6.1	2.7
Feb-08	4.3	4.9	9.3	6.2	3.1
Mar-08	4.2	5.2	9.3	6.2	3.1
Apr-08	4.2	5.2	9.3	6.2	3.1
May-08	4.0	5.2	9.2	6.4	2.9
Jun-08	4.2	5.3	9.6	6.3	3.3
Jul-08	4.1	5.5	9.7	6.4	3.2
Aug-08	3.8	5.0	9.3	6.3	3.0
Sep-08	3.5	5.0	9.3	7.0	2.3
Oct-08	3.7	5.0	9.4	8.0	1.4
Nov-08	3.7	5.0	9.0	7.2	1.8
Dec-08	3.8	5.0	9.8	6.2	3.6
Jan-09	4.3	5.0	9.7	6.5	3.2
Feb-09	4.9	5.0	10.8	6.4	4.4
Mar-09	4.5	5.0	10.6	6.4	4.2
Average	**4.1**	**5.0**	**9.3**	**6.4**	**2.9**

1/ Dividend Yield is adjusted for I/B/E/S growth

Source: Standard & Poor's Research Insight, I/B/E/S,

BOOK VALUE AND MARKET VALUE CAPITAL STRUCTURES FOR 9 SELECTED U.S. LOCAL NATURAL GAS DISTRIBUTORS

	Book Value Common Equity Ratio (Total Capital)			Market Value Common Equity Ratio (Debt at Par)		
Company	**CAPM[1/]**	**DCF-Based Risk Premium[2/]**	**DCF[3/]**	**CAPM[1/]**	**DCF-Based Risk Premium[2/]**	**DCF[3/]**
AGL RESOURCES INC	41.4%	40.9%	39.4%	54.2%	53.2%	44.3%
ATMOS ENERGY CORP	45.6%	45.8%	45.4%	52.9%	48.4%	44.6%
NEW JERSEY RESOURCES CORP	48.4%	50.6%	51.2%	70.2%	66.1%	66.8%
NICOR INC	46.4%	48.1%	44.0%	63.8%	63.2%	52.9%
NORTHWEST NATURAL GAS CO	47.3%	46.3%	45.3%	64.8%	60.1%	58.9%
PIEDMONT NATURAL GAS CO	47.9%	44.1%	41.9%	67.6%	62.6%	58.6%
SOUTH JERSEY INDUSTRIES INC	46.4%	48.9%	47.5%	68.3%	63.0%	64.1%
SOUTHWEST GAS CORP	38.7%	43.2%	43.5%	46.5%	46.9%	40.6%
WGL HOLDINGS INC	53.2%	52.6%	51.7%	66.4%	62.8%	61.3%
Mean	**46.2%**	**46.7%**	**45.5%**	**61.6%**	**58.5%**	**54.7%**

[1/] Calculation of market value capital structures based on average of monthly closing prices January 2004-December 2008 and book values per share at the end of each year.

[2/] Calculation of market value capital structures based on average of monthly closing prices August 2007 to March 2009 and book values per share at the end of 2007 and 2008.

[3/] Calculation of market value capital structures based on prices used in the DCF analysis and book value per share at the end of 2008.

Source: Research Insight, Company 10-ks

QUANTIFICATION OF IMPACT ON EQUITY RETURN REQUIREMENT FOR DIFFERENCE BETWEEN PROXY SAMPLE MARKET VALUE CAPITAL STRUCTURE AND MIDAMERICAN'S RATEMAKING CAPITAL STRUCTURE BASED ON 10.7% COST OF EQUITY DERIVED FROM THE DCF TEST

Formula for After-Tax Weighted Average Cost of Capital:

$WACC_{AT}$ = (Debt Cost)(1-tax rate)(Debt Ratio) + (Equity Cost)(Equity Ratio)

APPROACH 1:

The after-tax weighted average cost of capital ($WACC_{AT}$) is invariant to changes in the capital structure. The cost of equity increases as leverage (debt ratio) rises, but the $WACC_{AT}$ stays the same.

$WACC_{AT(MV)}$ = $WACC_{AT(RM)}$

Where MV = sample average market value capital structure
RM = ratemaking capital structure

ASSUMPTIONS:

Debt Cost	=	Current Cost of Long Term Debt for A rated utility
	=	6.90%
Equity Cost	=	Cost of Equity
	=	10.70%
Tax Rate	=	38.5%
CEQ $Ratio_{MV}$	=	55.00%
Debt $Ratio_{MV}$	=	45.00%
CEQ $Ratio_{RM}$	=	47.75%
Debt $Ratio_{RM}$	=	52.25%

STEPS:

1. Estimate $WACC_{AT}$ at the sample average market value capital structure (common equity ratio of 55.00%)

$WACC_{AT}$ = (6.90%)(1-.385)(45.00%) + (10.70%)(55.00%)
= 7.79%

2. Estimate Cost of Equity at 47.75% ratemaking common equity ratio with $WACC_{AT}$ unchanged at 7.79%

$WACC_{AT}$ = (Debt Cost)(1-tax rate)(Debt Ratio) + (Equity Cost)(Equity Ratio)
7.79% = (6.90%)(1-.385)(52.3%) + (X)(47.75%)
Cost of Equity at 47.75% Equity Ratio = 11.68%

3. Difference between Equity Return at 55.00% and 47.75% common equity ratios:

11.68% - 10.70% = 0.98% (98 basis points)

APPROACH 2:

After-Tax Cost of Capital Decreases as Debt Ratio increases; Cost of Equity increases

$$WACC_{AT(RM)} = WACC_{AT(MV)} \frac{(1-tD_{RM})}{(1-tD_{MV})}$$

Where RM, MV as before
t = tax rate
D = debt ratio

ASSUMPTIONS:

Debt Cost	=	Current Cost of Long Term Debt for A rated utility
	=	6.90%
Equity Cost	=	Cost of Equity
	=	10.70%
Tax Rate	=	38.5%
CEQ $Ratio_{MV}$	=	55.00%
Debt $Ratio_{MV}$	=	45.00%
CEQ $Ratio_{RM}$	=	47.75%
Debt $Ratio_{RM}$	=	52.25%

STEPS:

1. Estimate $WACC_{AT}$ at the sample average market value capital structure (common equity ratio of 55.0%)

$$WACC_{AT(MV)} = (6.90\%)(1-.385)(45.00\%) + (10.70\%)(55.00\%)$$
$$= 7.79\%$$

2. Estimate $WACC_{AT}$ for MidAmerican (common equity ratio of 47.75%)

$$WACC_{AT(RM)} = WACC_{AT(MV)} \text{ x } (1\text{-t x Debt } Ratio_{RM})/(1\text{-t x Debt } Ratio_{MV})$$

$$WACC_{AT(RML)} = 7.79\% \text{ x } \frac{(1\text{-.385 x } 52.25\%)}{(1\text{-.385 x } 45.0\%)}$$

$$WACC_{AT(RM)} = 7.531\%$$

3. Estimate Cost of Equity at new $WACC_{AT}$ at the ratemaking capital structure:

$$WACC_{AT(RM)} = (\text{Debt Cost})(1\text{-tax rate})(\text{Debt } Ratio_{RM}) + (\text{Equity Cost})(\text{Equity } Ratio_{RM})$$
$$7.531\% = (6.90\%)(1\text{-.385})(52.25\%) + (X)(47.75\%)$$

Cost of Equity at 47.75% Equity Ratio = 11.13%

4. Difference between Equity Return at 55.00% and 47.75% common equity ratios:

11.13% - 10.70% = 0.43% (43 basis points)

Required Equity Return at 55.0% Common Equity Ratio: 10.7%
Required Equity Return at 47.75% Common Equity Ratio: 11.4%

RISK MEASURES AND RETURNS ON EQUITY FOR 81 LOW RISK U.S. INDUSTRIALS

Company Name	S&P Debt Rating	Value Line Safety	Value Line Earnings Predictability	Value Line Financial Strength	Value Line Beta	Equity Ratio (Total Capital) 2006	Equity Ratio (Total Capital) 2007	Return on Average Common Equity 1991-2007	*Value Line* Forecast Return on Average Common Equity 2011-2013
3M CO	AA	1	80	A++	0.75	73%	70%	26.9	31.5
AARON RENTS INC		3	65	B++	0.80	82%	78%	13.1	
ABM INDUSTRIES INC		3	90	B++	0.95	100%	100%	13.4	11.9
ACETO CORP		3	60	B++	0.85	100%	100%	10.1	
ARDEN GROUP INC -CL A		3	65	B++	0.55	98%	99%	15.7	
BOB EVANS FARMS		3	55	B++	0.90	77%	67%	11.4	12.2
BROWN-FORMAN -CL B	A	1	100	A+	0.70	57%	63%	24.0	20.1
CASEYS GENERAL STORES INC		3	70	B	0.75	70%	75%	11.9	12.9
CATO CORP -CL A		3	65	B++	0.95	100%	100%	18.1	18.8
CLARCOR INC		3	100	B++	0.95	97%	97%	17.2	13.7
COCA-COLA ENTERPRISES INC	A	3	5	B	0.90	31%	38%	4.9	12.8
CONAGRA FOODS INC	BBB+	2	75	A	0.65	57%	57%	17.1	16.4
COURIER CORP		3	65	B+	0.95	91%	92%	11.9	
CSS INDUSTRIES INC		3	75	B+	0.95	90%	93%	13.2	
CVS CAREMARK CORP	BBB+	2	95	A	0.80	65%	75%	10.4	11.7
ENNIS INC		3	95	B++	0.95	78%	79%	19.8	
FAMILY DOLLAR STORES		3	90	A	0.60	83%	82%	19.0	15.9
FARMER BROS CO		3	10	B++	0.95	100%	100%	8.2	
FEDEX CORP	BBB+	2	80	B++	0.85	83%	88%	11.7	14.5
FLEXSTEEL INDUSTRIES INC		3	45	B+	0.40	77%	80%	7.8	
FLOWERS FOODS INC	BBB-	3	60	B	0.70	87%	96%	9.4	16.6
FORTUNE BRANDS INC	BBB+	2	85	B++	0.95	45%	56%	13.1	10.3
FRISCH'S RESTAURANTS INC		3	70	B++	0.65	73%	77%	9.5	
G&K SERVICES INC -CL A		3	90	B+	0.85	72%	73%	12.8	7.2
GENERAL DYNAMICS CORP	A	1	100	A++	0.90	78%	81%	24.6	18.0
GENUINE PARTS CO		1	100	A++	0.80	84%	84%	17.9	21.2
HASBRO INC	BBB+	3	40	B++	0.80	75%	62%	10.9	21.0
HAVERTY FURNITURE		3	40	B	0.75	85%	91%	8.9	
HEALTHCARE SERVICES GROUP		3	90	B++	0.75	100%	100%	9.4	
HEARTLAND EXPRESS INC		3	75	B++	0.85	100%	100%	19.8	16.9
HOME DEPOT INC	BBB+	1	75	A++	0.95	68%	57%	19.7	15.1
HORMEL FOODS CORP	A	1	100	A	0.70	84%	82%	16.8	13.5
ILLINOIS TOOL WORKS	AA-	1	100	A++	0.95	86%	80%	18.6	22.2
INTL SPEEDWAY CORP -CL A	BBB+	3	85	B+	0.90	76%	75%	17.1	10.6
KIMBERLY-CLARK CORP	A	1	100	A++	0.55	63%	49%	25.2	35.9
LANCASTER COLONY CORP		1	90	A+	0.75	98%	90%	21.1	19.8
LANCE INC		3	55	B+	0.75	82%	83%	11.6	14.2
LOCKHEED MARTIN CORP	A-	1	90	A++	0.80	61%	69%	14.4	32.6
MATTEL INC	BBB-	3	80	B++	0.85	78%	71%	19.7	29.7
MATTHEWS INTL CORP -CL A		3	100	B+	0.90	73%	72%	19.3	17.3
MCCORMICK & COMPANY INC	A-	2	100	A	0.60	59%	60%	24.8	23.4

RISK MEASURES AND RETURNS ON EQUITY FOR 81 LOW RISK U.S. INDUSTRIALS

Company Name	S&P Debt Rating	Value Line Safety	Value Line Earnings Predictability	Value Line Financial Strength	Value Line Beta	Equity Ratio (Total Capital) 2006	Equity Ratio (Total Capital) 2007	Return on Average Common Equity 1991-2007	*Value Line* Forecast Return on Average Common Equity 2011-2013
MCDONALD'S CORP	A	1	90	A++	0.75	65%	62%	17.9	30.2
MEREDITH CORP		2	80	B++	0.90	55%	64%	18.7	12.9
MOLSON COORS BREWING CO	BBB+	3	NMF	B+	0.55	73%	76%	8.2	9.6
MULTI-COLOR CORP		3	75	B+	0.95	93%	48%	8.1	
NIKE INC -CL B	A+	1	95	A+	0.90	93%	93%	21.2	23.4
NORTHROP GRUMMAN CORP	BBB+	1	85	A+	0.75	79%	80%	10.9	12.4
OMNICOM GROUP	A-	2	100	B++	0.95	56%	57%	24.3	28.3
OTTER TAIL CORP	BBB-	2	75	A	0.90	61%	53%	14.1	9.6
PEPSIAMERICAS INC	A	3	85	B	0.85	49%	46%	11.8	13.5
PEPSICO INC	A+	1	100	A++	0.60	85%	79%	29.4	31.1
PROCTER & GAMBLE CO	AA-	1	100	A++	0.55	62%	65%	26.7	17.9
RAYTHEON CO	A-	1	65	A+	0.70	74%	85%	9.8	14.6
ROLLINS INC		3	90	B++	0.80	100%	99%	23.1	28.0
ROSS STORES INC	BBB+	3	85	A	0.90	86%	87%	25.9	29.2
RUDDICK CORP		3	95	B+	0.60	73%	73%	11.3	11.8
SEABOARD CORP		3	5	B++	0.90	82%	86%	11.8	
SHERWIN-WILLIAMS CO	A-	2	95	A	0.75	69%	65%	19.7	23.9
SMITH (A O) CORP		3	60	B+	0.90	61%	66%	12.2	10.5
SMUCKER (JM) CO		2	90	A	0.65	81%	70%	11.7	11.1
SOUTHWEST AIRLINES	BBB+	3	55	B+	0.90	79%	77%	12.4	9.7
STANDEX INTERNATIONAL CORP		3	70	B+	0.95	63%	55%	16.1	13.9
SYSCO CORP	AA-	1	95	A++	0.65	63%	65%	26.1	37.5
TANDY BRANDS ACCESSORIES INC		3	10	B+	0.65	88%	95%	9.3	
TOOTSIE ROLL INDUSTRIES INC		1	90	A+	0.70	99%	99%	15.1	7.3
UNIFIRST CORP		3	90	B+	0.80	68%	71%	11.3	10.2
UNITED PARCEL SERVICE INC	AA-	1	95	A	0.75	79%	53%	20.5	37.2
UNITED TECHNOLOGIES CORP	A	1	100	A++	0.95	69%	70%	18.1	17.1
UNIVERSAL CORP/VA	BBB-	3	50	B++	0.75	47%	55%	15.5	11.2
VF CORP	A-	2	100	A	0.95	80%	74%	17.0	16.9
VILLAGE SUPER MARKET -CL A		3	90	B++	0.75	82%	86%	7.3	
WALGREEN CO	A+	1	100	A+	0.75	94%	90%	19.0	15.1
WAL-MART STORES INC	AA	1	100	A++	0.60	61%	59%	21.9	18.9
WASHINGTON POST -CL B	A+	1	55	A+	0.85	88%	87%	14.9	7.1
WASTE MANAGEMENT INC	BBB+	2	100	A	0.85	43%	41%	10.8	21.1
WD-40 CO		3	85	B++	0.80	71%	76%	34.8	19.8
WEIS MARKETS INC		1	80	A	0.65	100%	100%	9.7	9.1
WERNER ENTERPRISES INC		3	80	B++	0.90	90%	100%	12.1	12.8
WEYCO GROUP INC		3	80	B++	0.90	93%	100%	14.0	
WILEY (JOHN) & SONS -CL A		3	95	B+	0.90	35%	45%	21.8	19.5
WOLVERINE WORLD WIDE		3	100	A	0.80	96%	98%	11.5	16.8
Mean	**A-**	**2**	**79**	**A**	**0.80**	**77%**	**76%**	**15.9**	**17.8**
Median	**A-**	**3**	**85**	**B++**	**0.80**	**78%**	**77%**	**14.9**	**16.4**
Average of Annual Medians								**15.7**	

Source: Standard and Poor's Research Insight, *Value Line* (www.valueline.com, February 27, 2009 and various issues)