

REBUTTAL TESTIMONY

of

MICHAEL McNALLY

Finance Department

Financial Analysis Division

Illinois Commerce Commission

Commonwealth Edison Company

Proposed General Increase In Electric Rates

Docket No. 10-0467

December 23, 2010

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1

WITNESS IDENTIFICATION

2 **Q1. Please state your name.**

3 A1. My name is Michael McNally.

4 **Q2. Are you the same Michael McNally who provided direct testimony in this**
5 **proceeding?**

6 A2. Yes.

7 **Q3. Please state the purpose of your rebuttal testimony in this proceeding.**

8 A3. The purpose of my testimony is to respond to the rebuttal testimony of
9 Commonwealth Edison Company (“ComEd” or the “Company”) witnesses Martin
10 G. Fruehe (ComEd Ex. 30.0), Dr. Samuel C. Hadaway (ComEd Ex. 37.0), and
11 Carl H. Seligson (ComEd Ex. 38.0 Rev.).¹

12

RESPONSE TO MR. FRUEHE

13 **Q4. What issues does Mr. Fruehe raise with respect to ComEd’s cost of**
14 **capital?**

15 A4. Mr. Fruehe’s rebuttal testimony regarding ComEd’s cost of capital calculation
16 relates primarily to two issues: (1) an update to the Company’s calculation of
17 ComEd’s credit facility cost, and (2) a disagreement as to the period over which
18 to estimate the average short-term debt balance, the conclusion to which
19 subsequently also affects the balances of long-term debt and common equity.

¹ My decision not to respond to any particular argument contained in the Company’s various rebuttal testimonies should not be construed as my agreement with that argument.

20 **Q5. Do you accept Mr. Fruehe's updated credit facility fee calculation?**

21 A5. Although I do not necessarily agree with his exact calculation of the cost of
22 ComEd's credit facility, his proposal does not change my cost of capital estimate.
23 Therefore, in order to limit the issues in this proceeding, I will accept his
24 calculation of ComEd's credit facility costs.

25 **Q6. Do you agree with Mr. Fruehe's proposal to estimate the balance of short-**
26 **term debt using end-of-month balances for the 13 months ending March**
27 **2010?**

28 A6. No. Mr. Fruehe contends that measuring the balance of short-term debt over a
29 period centered on March 31, 2010 is incongruent with the March 31, 2010
30 measurement date for the other capital structure components and, instead
31 proposes to measure the balance of short-term debt over a period ending on
32 March 31, 2010. The use of a period *ending* March 31, 2010 is no more
33 congruent with the March 31, 2010 measurement date for the other capital
34 structure components than the use of period *centered* on March 31, 2010; in fact,
35 it worsens the alignment.

36 **Q7. Can you explain why aligning the *midpoint* of a 13-month measurement**
37 **period with the measurement date of the long-term capital structure**
38 **components is superior to aligning the *endpoint* of a 13-month**
39 **measurement period with the measurement date of the long-term capital**
40 **structure components, as Mr. Fruehe proposes?**

41 A7. Yes. As Table 1 below shows, a 13-month measurement period centered on the
42 measurement date of the long-term capital structure components minimizes the
43 total number of months separating the short-term debt observation dates from

44 the long-term capital measurement date. If the short-term debt measurement
 45 period is centered on March 31, 2010, the total misalignment is 42 months. In
 46 contrast, if the short-term debt measurement period ends March 31, 2010, as Mr.
 47 Fruehe now proposes, the total misalignment is 78 months.

Table 1

Observation Date of Short-term Debt Balance	Number of months from March 2010 long-term capital balance measurement date	
	Staff Method	Company Method
March 2009		12
April 2009		11
May 2009		10
June 2009		9
July 2009		8
August 2009		7
September 2009	6	6
October 2009	5	5
November 2009	4	4
December 2009	3	3
January 2010	2	2
February 2010	1	1
March 2010	0	0
April 2010	1	
May 2010	2	
June 2010	3	
July 2010	4	
August 2010	5	
September 2010	6	
Total Misalignment	42	78

48 **Q8. Has Staff's approach been accepted previously by the Commission?**

49 A8. Yes. In fact, Staff has consistently used, and the Commission has consistently
 50 adopted, this approach for several years. Thus, not only would adopting the
 51 approach Mr. Fruehe now proposes worsen the alignment of the short-term debt
 52 measurement period with the measurement date for the other capital structure
 53 components, it would encourage parties to arbitrarily propose whichever method
 54 produces the results they may desire, enabling the manipulation of the cost of
 55 capital.

56 **Q9. Do you accept Mr. Fruehe's proposed change to the balances of long-term**
57 **debt and common equity?**

58 A9. Those calculations would be acceptable if the Commission were to adopt Mr.
59 Fruehe's proposed change to the measurement period for short-term debt.
60 However, if, consistent with its previous decisions, the Commission adopts Staff's
61 approach to measuring the balance of short-term debt, which it should, the
62 calculations presented in my direct testimony for the balances of long-term debt
63 and common equity should be used.

64 **Q10. How does using Mr. Fruehe's short-term debt measurement period affect**
65 **ComEd's cost of capital?**

66 A10. All else equal, using Mr. Fruehe's proposed short-term debt measurement period
67 in my cost of capital calculation would cause the Company's overall cost of
68 capital to increase by 3 basis points.

69 **RESPONSE TO DR. HADAWAY**

70 **Q11. Please evaluate Dr. Hadaway's rebuttal testimony.**

71 A11. Dr. Hadaway's rebuttal testimony presented no arguments that justify his
72 recommendation or undermine my original position regarding the Company's
73 cost of common equity. In my judgment, the investor-required rate of return on
74 common equity for ComEd equals 10.00%.²

² Before consideration of the Company's proposed straight fixed/variable rate design.

75 **Q12. Dr. Hadaway suggests that New Jersey Resources and South Jersey**
76 **Industries should be removed from your sample.³ Do you agree?**

77 A12. No. Dr. Hadaway states that those two companies are “not at all comparable to
78 ComEd” because they are smaller and receive a greater proportion of their
79 revenues from non-regulated activities. Dr. Hadaway’s hyperbole aside, neither
80 of those factors indicates that New Jersey Resources or South Jersey Industries
81 is not comparable to ComEd in terms of *risk*, which is the critical factor in
82 selecting sample companies, since the required rate of return is a function of risk.
83 First, there is no theoretical or empirical basis for the suggestion that a utility’s
84 size and its risk are correlated, as the Commission has concluded numerous
85 times in rejecting size-based risk adjustments in prior cases.

86 Second, that a firm may earn a higher proportion of its revenues from non-
87 regulated operations does not preclude it from being similar in risk to another.
88 The percentage of revenues from regulated operations is merely a crude proxy
89 for operating risk. It does not measure operating risk directly; it does not even
90 consider financial risk; and it in no way establishes that companies that do not
91 meet that criterion are not similar in risk to the target utility. That is, the regulated
92 revenues criterion serves merely as a limited affirmation of the companies that
93 meet that criterion as representative of the target company, not a repudiation of
94 other companies. In fact, the percentage of revenues from regulated operations
95 is a relatively poor proxy for operating risk. Use of that criterion is based on the
96 assumption that two companies operating in the same business category will
97 have similar levels of operating risk. That is not an unreasonable assumption,
98 but requires a determination of a company’s primary line of business. Revenues

³ IAWC Ex. 8.00R1, p. 2.

99 can be misleading in that regard. For example, a company operating segment
100 that is based on large sales volumes (\$1 mil) but extremely low margins (2%)
101 would produce very little income (\$20,000), while a different operating segment
102 of that same company that employs a business model with lower sales (\$0.7 mil)
103 but much higher margins (30%) would be much more profitable (\$210,000).⁴
104 Although revenues would suggest that the former segment is the company's
105 primary line of business, it is clear from their respective incomes that the latter
106 segment is, in fact, the company's primary line of business. Thus, a company's
107 primary line of business is better determined by where its capital is primarily
108 invested or the primary source of its income than by which segment produces the
109 highest revenues. On that basis, it is clear that the primary line of business for
110 both New Jersey Resources and South Jersey Industries is regulated utility
111 operations. While New Jersey Resources generated only 36% of its revenues
112 from regulated operations, those regulated operations provided 64% of its
113 operating income and 60% of its net income.⁵ Further, 75% of New Jersey
114 Resources's assets are utility assets, with an even higher level of its capital
115 expenditures (96%) directed toward utility operations. Likewise, South Jersey
116 Industries generated only 57% of its revenues from regulated operations, but
117 76% of its operating income and 67.5% of its net income from regulated
118 operations.⁶ Consistently, 76% of South Jersey Industries's assets are utility
119 assets, with an even higher level of its property additions (91%) serving utility
120 operations. Further, revenues are a function of price, and electricity and natural
121 gas prices are subject to volatility. Because most utilities can pass through

⁴ Hawaiian Electric Industries, which is included in Dr. Hadaway's sample, provides a concrete example of this. Hawaiian Electric Industries includes among its subsidiaries a bank segment, which only generates approximately 12% of Hawaiian Electric Industries's revenues, but accounts for 26% of its net income and 55% of its assets. (Hawaiian Electric Industries, 2009 Annual Report to Shareholders)

⁵ New Jersey Resources Corp., 2010 Annual Report.

⁶ South Jersey Industries, 2009 Annual Report to Shareholders.

122 commodity expense at cost to their customers, the proportion of revenues from
123 regulated operations can change significantly for any given company without
124 changing its proportion of operating income from regulated operations. All of the
125 above notwithstanding, S&P explicitly identifies regulated subsidiary New Jersey
126 Natural Gas as “the principal subsidiary” of New Jersey Resources, while South
127 Jersey Industries unambiguously states, “South Jersey Gas, our regulated utility,
128 continues as SJI’s primary business line and net income source.”⁷

129 In addition, it is inappropriate to “cherry-pick” companies for removal from a
130 sample without consideration of the overall risk of the sample. To do so
131 undermines the purpose of using a sample and invites gamesmanship, as it is
132 not difficult for any party to rationalize the removal of a company whose inclusion
133 in a sample contributes toward an outcome less favorable to that party. The
134 purpose of using a sample is to determine the central tendency of a variety of
135 companies similar in risk to the target company to mitigate measurement error in
136 any single observation. While sample selection criteria is used to develop a
137 sample of companies similar in risk to the target, finding a sample of companies
138 that all share the target company’s precise level of risk is problematic; indeed,
139 measuring risk with such a high degree of accuracy is impossible. Thus, for any
140 sample, some members will be slightly lower in risk, while others will be slightly
141 higher in risk. For example, in contrast to New Jersey Resources and South
142 Jersey Industries, Southern Union Company appears to be higher in risk than
143 ComEd based on its credit rating, equity ratio, and factor scores.⁸ Consistently,

⁷ Standard and Poor’s, *New Jersey Natural Gas Co.*, July 20, 2010, p. 2; South Jersey Industries, 2009 Annual Report to Shareholders, p. 4.

⁸ “Factor scores” refers to the 4 principal components derived from the companies’ financial and operating ratios that I used to select the companies in my Comparable Sample. (ICC Staff Exhibit 5.0, p. 11)

144 its removal would decrease the Comparable Sample's cost of common equity by
145 19 basis points. Nonetheless, like New Jersey Resources and South Jersey
146 Industries, Southern Union Company should not be removed from my
147 Comparable Sample on the basis of its individual risk without consideration of the
148 effect on the overall risk of the sample.

149 In fact, to remove New Jersey Resources and South Jersey Industries, as Dr.
150 Hadaway proposes, would make my Comparable Sample, as a whole, less
151 representative of ComEd. My analysis, which directly compared the
152 comprehensive risks of my sample companies to that of ComEd through an
153 analysis of their operating and financial ratios, indicates that my sample is quite
154 comparable in risk to ComEd.⁹ Moreover, of the 12 companies in my sample,
155 including seven Dr. Hadaway also included in his sample, New Jersey
156 Resources and South Jersey Industries were the first and third most similar in
157 risk to ComEd, based on their financial ratios, which reflect the utility and non-
158 utility businesses in which they engage. Thus, removing those companies would
159 not improve my sample as a proxy for ComEd, but impair it. This is confirmed by
160 the average factor scores for the Comparable Sample, each of which is farther
161 from ComEd's corresponding score when New Jersey Resources and South
162 Jersey Industries are removed. Likewise, the average Standard & Poor's
163 business profile of the sample becomes less like that of ComEd when those
164 companies are removed.

165 Finally, Dr. Hadaway's argument regarding size is disingenuous, as 14 of his 35
166 sample companies are smaller than New Jersey Resources, and 2 are smaller

⁹ Prior to consideration of the minor reduction in the Comparable Sample's risk due to de-coupling, for which I proposed an upward adjustment of 8 basis points to the cost of common equity.

167 than South Jersey Industries, in terms of operating revenues.¹⁰ Furthermore,
168 despite his implication that the equity ratios and credit ratings of New Jersey
169 Resources and South Jersey Industries render them incomparable to ComEd, he
170 includes Nicor, Inc. in his sample, which according to ComEd Exhibit 11.1 has a
171 67.6% equity ratio and an AA S&P credit rating.^{11, 12} His sample also includes 3
172 other companies with equity ratios greater than 55% and 2 other companies with
173 S&P credit ratings in the AA range.¹³

174 **Q13. Dr. Hadaway argues that your analysis of the sustainability of the**
175 **company-specific growth rates for his and your samples is a misplaced**
176 **“back-door effort to re-impose the ‘b times r’ sustainable growth**
177 **argument.”¹⁴ Is he correct?**

178 A13. No. Dr. Hadaway’s criticism is based entirely on two critical misconceptions.
179 First, his argument is based on the incorrect premise that I employed a “b times
180 r” calculation that “assumes that a firm’s growth come only from its retention of
181 earnings (‘b’) multiplied by its return on equity (‘r’).” In actuality, I employed what
182 is commonly referred to as a “br + sv” sustainable growth model, based on data

¹⁰ See Attachment 20.1. (AUS Utility Report, included among work papers in ComEd Ex. 37.0 WP-3)

¹¹ Citing Value Line, Dr. Hadaway asserts that New Jersey Resources and South Jersey Industries have common equity ratios above 60%. (ComEd Ex. 37.0, p. 13) However, Value Line neither includes short-term debt nor excludes goodwill in the calculation of the common equity ratio, which renders its common equity ratio estimates a poor standard for comparison to ComEd’s capital structure, which includes short-term debt and excludes goodwill. In contrast, according to the S&P *Utility Compustat* database, the four-quarter average common equity ratios (including short-term debt and excluding goodwill) for New Jersey Resources and South Jersey Industries were 54.31% and 50.84%, respectively, as of the end of the second quarter 2010. The corresponding common equity ratio for Nicor, Inc. was 57.20%.

¹² The AUS Utility Report provided with Dr. Hadaway’s rebuttal testimony work papers (ComEd Ex. 37.0 WP-3) indicates that New Jersey Resources’s and South Jersey Industries’s common equity ratios are 52.0% and 49.5%, respectively. That document also reports a common equity ratio of 64.3% for Nicor, Inc.

¹³ ComEd Ex. 11.1.

¹⁴ ComEd Ex. 37.0, pp. 17-19.

183 published by Value Line.^{15, 16} Thus, my calculation considered growth from both
 184 retained earnings and external sources. Dr. Hadaway’s criticism fails to consider
 185 that key point. Consequently, all of the calculations he presents in this regard
 186 reflect his misconception and suffer from the very defect that he incorrectly
 187 alleges of my analysis. Furthermore, his calculations are mathematically
 188 incorrect, as they violate the mathematical order of operations.¹⁷ For these
 189 reasons, his calculations do not provide proper comparisons to my analysis. For
 190 example, Dr. Hadaway claims that the 18.35% average implied return on equity
 191 (“ROE”) I calculated for his utility sample, using Value Line data and the growth
 192 rates he employed, is mathematically incorrect.¹⁸ He is wrong. The reason his
 193 attempted reversal of that calculation produced an implied growth rate of 7.0%,
 194 instead of the 5.59% I calculated, is because of the two aforementioned errors.
 195 Specifically, had he extracted individual “b times r” growth rates for each
 196 company from the company-specific ROEs and retention rates, and then
 197 averaged the results, he would have obtained an average internal growth rate of
 198 6.10%. Further, if he had also factored in the external growth (i.e., the “sv”

¹⁵ The “sv” component represents external growth that results from raising new common equity that increases earnings per share.

¹⁶ ICC Staff Exhibit 5.0, p. 16.

¹⁷ To calculate the average growth rate for the companies in the sample, one must first obtain the individual company growth rates from the company-specific data. Only then can those growth rates be averaged across the sample. Dr. Hadaway reversed that order by first averaging all the ‘b’ inputs and all the ‘r’ inputs and then multiplying the results, producing an amalgamation of data that does not represent the average growth of the sample companies. For example, consider two companies selling widgets:

	Units sold		Price per unit		Sales (\$)
Company A	1,000	x	\$10	=	\$10,000
Company B	500	x	\$15	=	\$7,500
Average	750		\$12.50		\$8,750

The average sales for the two companies would be \$8,750 ($(\$10,000 + \$7,500) \div 2 = \$8,750$). Dr. Hadaway’s approach would incorrectly suggest the average sales for the two companies would be \$9,375 ($750 \times \$12.50 = \$9,375$). The problem with that calculation is that the use of a \$12.50 average price per unit fails to weight the average to account for the fact that twice as many widgets were sold at Company A’s price than at Company B’s price. Instead, a weighted average price per unit of approximately \$11.67 should be used.

¹⁸ ComEd Ex. 37.0, p. 18, footnote 5.

199 component), that would have brought his average growth rate down to the same
 200 5.59% I calculated.

201 Second, I am not attempting to “re-impose” the sustainable growth method, as I
 202 am not recommending that method be used directly in the estimation of the cost
 203 of common equity. Table 2 below presents the Zacks growth rates I employed
 204 and the “br + sv” growth rates for each company in my Comparable Sample.¹⁹

Table 2

Company	Zacks growth	br + sv growth
AGL RESOURCES INC	4.00%	5.12%
CENTERPOINT ENERGY INC	6.00%	5.94%
CONSOLIDATED EDISON INC	4.48%	2.53%
DTE ENERGY CO	5.00%	3.98%
EDISON INTERNATIONAL	5.00%	5.41%
ENERGY CORP	3.00%	6.33%
NEW JERSEY RESOURCES CORP	4.00%	6.45%
NEXTERA ENERGY INC	6.40%	6.23%
PG&E CORP	6.75%	5.85%
SOUTH JERSEY INDUSTRIES INC	6.50%	3.97%
SOUTHERN UNION CO	10.00%	5.88%
TECO ENERGY INC	5.25%	5.15%
Average	5.53	5.24%

205 Since we cannot observe investor expectations of long-term dividend growth, we
 206 must use a proxy. Both analyst growth rates, which I used in my cost of common
 207 equity analysis, and “br + sv” growth rates are examples of such proxies.

208 Although the “br + sv” growth formula is theoretically valid, I prefer to use analyst
 209 growth rates because the estimation of the additional variables in the former (i.e.,
 210 b, r, s, and v) would likely increase measurement error. Nevertheless, the “br +
 211 sv” formula provides insight as to what level of growth is sustainable because it

¹⁹ The “br + sv” growth rate is the growth rate embedded in the Value Line ROE, derived from ROE, retention rate, and other data published by Value Line.

212 can be used to estimate the expected rate of return on new common equity
213 investment for a given growth rate, which is necessary for assessing sustainable
214 growth on a company-specific basis. Thus, I used the “br + sv” formula to test
215 the sustainability of the growth rates Dr. Hadaway employs. As I am not
216 attempting to estimate the cost of common equity from “br + sv” growth rates in
217 this proceeding, I do not expect that analysis to produce implied ROEs precisely
218 in line with the costs of common equity recommended in this proceeding;²⁰ I do,
219 however, expect those implied ROEs to be generally consistent with those
220 recommendations if the growth rates are sustainable.

221 **Q14. Dr. Hadaway presents a counter example using the “b times r” approach**
222 **that produces an ROE for your Comparable Sample of 8.99%. He**
223 **concludes that the 8.99% ROE he calculated is inconsistent with your**
224 **10.0% cost of common equity recommendation and that that illustrates a**
225 **flaw in your approach to testing sustainable growth. Do you agree with his**
226 **conclusions?**

227 A14. No. His calculation suffers from the same two defects noted above that affect all
228 of his “b times r” calculations. Table 3 below presents the corrected DCF results
229 for my Comparable Sample using the “br + sv” growth rates derived from Value
230 Line data, as previously presented in Table 2, along with the DCF results for my
231 Comparable Sample using Zacks growth rates.

²⁰ Furthermore, the expected rate of return on new common equity investment “r” and the investor-required rate of return on their common equity investment are not identical concepts. The former can include both projects that are expected to earn more than the *required* rate of return and those that are expected to earn less than the *required* rate of return.

Table 3

Company	“br + sv” DCF	Zacks DCF
AGL RESOURCES INC	10.15%	8.97%
CENTERPOINT ENERGY INC	11.47%	11.53%
CONSOLIDATED EDISON INC	7.68%	9.74%
DTE ENERGY CO	9.01%	10.07%
EDISON INTERNATIONAL	9.35%	8.93%
ENTERGY CORP	10.98%	7.51%
NEW JERSEY RESOURCES CORP	10.37%	7.80%
NEXTERA ENERGY INC	10.24%	10.41%
PG&E CORP	10.23%	11.17%
SOUTH JERSEY INDUSTRIES INC	6.91%	9.54%
SOUTHERN UNION CO	8.61%	12.87%
TECO ENERGY INC	10.24%	10.34%
Average	9.60%	9.91%

232 It is not surprising that the DCF results based on the “br + sv” growth rates
 233 embedded in the Value Line ROEs for my sample companies are slightly lower
 234 on average than the corresponding DCF results based on Zacks growth rates;
 235 after all, that is one reason I concluded that the sustainability of the Zacks growth
 236 rates for my sample is questionable.

237 **RESPONSE TO MR. SELIGSON**

238 **Q15. In defense of his comparable earnings model, Mr. Seligson argues that**
 239 **“any method can be criticized.”²¹ Is that a reasonable defense?**

240 A15. No. His response suggests that all criticisms, and by implication all models, are
 241 equal. They are not. While all models have weaknesses and are subject to
 242 judgment in implementation, only some, such as his comparable earnings model,
 243 are fundamentally and fatally flawed. One such flaw in his comparable earnings
 244 model is that the historical earned accounting returns that form the basis of that

²¹ ComEd Ex. 38.0, p. 4.

245 approach can be significantly distorted by accounting practices, which renders its
246 results unreliable. Contrary to the implication of Mr. Seligson's response, this is
247 not at all similar to the potential manipulation of a valid market-based model by
248 an analyst. First, differences in accounting returns can be the result of perfectly
249 valid and legal accounting policies, while the manipulation or misapplication of
250 valid models by an analyst is inappropriate and can, and should, be exposed in
251 the course of a proceeding. Second, his comparable earnings approach cannot
252 be used as a valid cost of common equity model, even if applied with the utmost
253 of conscientiousness, since the sample companies' actual 2009 earned returns
254 would have been equal to the investor required rates of return only by sheer
255 chance. That is, the comparable earnings model is invalid *because* its results
256 can be distorted by legitimate accounting practices, whereas the DCF and CAPM
257 models are theoretically valid financial models *despite* the possibility of
258 manipulation by unscrupulous analysts. Accordingly, the Commission has
259 consistently rejected the use of the comparable earnings model in estimating the
260 cost of common equity.

261 **Q16. Does this conclude your prepared rebuttal testimony?**

262 A16. Yes, it does.

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This publication covers all companies which have common stock available for public trading with the exception of a few companies which are omitted because of the small percentage in the hands of the public or the small size of the company.

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ELECTRIC COMPANIES

		<u>DIVIDEND YIELD</u>	<u>PRICE EARNINGS MULTIPLE</u>
YEAR	2000	5.4	13.6
YEAR	2001	4.5	14.0
YEAR	2002	5.0	14.8
YEAR	2003	5.0	15.4
YEAR	2004	4.4	18.4
YEAR	2005	4.1	20.9
YEAR	2006	3.8	20.8
YEAR	2007	3.4	18.5
YEAR	2008	3.9	16.1
YEAR	2009	4.8	14.1
YEAR TO DATE	2010	4.3	16.6
DECEMBER	2009	4.4	17.6
JANUARY	2010	4.2	18.4
FEBRUARY	2010	4.2	18.4
MARCH	2010	4.5	17.4
APRIL	2010	4.3	17.8
MAY	2010	4.3	16.9
JUNE	2010	4.3	14.9
JULY	2010	4.4	14.7
AUGUST	2010	4.4	14.7
SEPTEMBER	2010	4.4	13.6
OCTOBER	2010	4.3	17.2
NOVEMBER	2010	4.1	18.2

COMBINED ELECTRIC &
 GAS DISTRIBUTION
 COMPANIES

		<u>DIVIDEND YIELD</u>	<u>PRICE EARNINGS MULTIPLE</u>
YEAR	2000	5.0	16.1
YEAR	2001	4.1	15.3
YEAR	2002	4.9	14.9
YEAR	2003	3.8	15.3
YEAR	2004	3.4	17.1
YEAR	2005	3.3	18.9
YEAR	2006	3.2	18.7
YEAR	2007	3.3	18.3
YEAR	2008	4.0	15.7
YEAR	2009	5.2	12.8
YEAR TO DATE	2010	4.5	15.8
DECEMBER	2009	4.8	14.2
JANUARY	2010	4.5	15.0
FEBRUARY	2010	4.4	15.3
MARCH	2010	4.7	14.7
APRIL	2010	4.7	14.9
MAY	2010	4.5	15.3
JUNE	2010	4.6	16.2
JULY	2010	4.6	16.0
AUGUST	2010	4.6	16.3
SEPTEMBER	2010	4.5	15.4
OCTOBER	2010	4.5	16.9
NOVEMBER	2010	4.3	17.9

NATURAL GAS
 DISTRIBUTION
 TRANSM. & INTEGRATED
 COMPANIES

		<u>DIVIDEND YIELD</u>	<u>PRICE EARNINGS MULTIPLE</u>
YEAR	2000	4.3	19.0
YEAR	2001	4.1	16.6
YEAR	2002	4.3	17.3
YEAR	2003	4.0	16.2
YEAR	2004	3.3	17.0
YEAR	2005	3.1	19.8
YEAR	2006	3.1	17.2
YEAR	2007	2.9	19.5
YEAR	2008	13.1	17.4
YEAR	2009	3.8	14.4
YEAR TO DATE	2010	3.2	18.7
DECEMBER	2009	3.4	19.3
JANUARY	2010	3.3	21.9
FEBRUARY	2010	3.2	22.5
MARCH	2010	3.3	19.4
APRIL	2010	3.2	20.0
MAY	2010	3.1	20.3
JUNE	2010	3.2	17.6
JULY	2010	3.2	17.8
AUGUST	2010	3.3	16.7
SEPTEMBER	2010	3.3	16.1
OCTOBER	2010	3.2	16.3
NOVEMBER	2010	3.2	17.4

TELEPHONE COMPANIES

		DIVIDEND YIELD	PRICE EARNINGS MULTIPLE
YEAR	2000	0.9	27.9
YEAR	2001	0.9	26.3
YEAR	2002	1.4	21.1
YEAR	2003	1.7	21.6
YEAR	2004	2.3	21.5
YEAR	2005	2.6	22.5
YEAR	2006	2.6	21.1
YEAR	2007	2.7	20.1
YEAR	2008	4.4	14.3
YEAR	2009	6.0	14.6
YEAR TO DATE	2010	5.2	22.2
DECEMBER	2009	6.1	19.0
JANUARY	2010	5.7	19.0
FEBRUARY	2010	4.6	19.1
MARCH	2010	5.0	18.4
APRIL	2010	5.6	14.6
MAY	2010	5.5	15.9
JUNE	2010	5.6	21.9
JULY	2010	5.5	17.3
AUGUST	2010	5.6	16.8
SEPTEMBER	2010	4.9	25.7
OCTOBER	2010	5.0	37.0
NOVEMBER	2010	4.6	38.3

SMALL
 TELEPHONE
 COMPANIES

		DIVIDEND YIELD	PRICE EARNINGS MULTIPLE
YEAR	2000	2.4	24.4
YEAR	2001	2.8	20.0
YEAR	2002	2.6	20.1
YEAR	2003	2.8	21.7
YEAR	2004	2.6	19.3
YEAR	2005	3.5	17.2
YEAR	2006	3.8	21.6
YEAR	2007	4.5	20.4
YEAR	2008	8.3	16.1
YEAR	2009	7.5	18.4
YEAR TO DATE	2010	4.6	15.5
DECEMBER	2009	5.1	15.6
JANUARY	2010	4.9	16.1
FEBRUARY	2010	4.6	17.1
MARCH	2010	2.9	15.8
APRIL	2010	4.6	15.1
MAY	2010	4.4	16.4
JUNE	2010	4.7	16.0
JULY	2010	5.0	15.1
AUGUST	2010	5.0	14.7
SEPTEMBER	2010	4.9	13.6
OCTOBER	2010	4.7	14.7
NOVEMBER	2010	4.5	15.4

WATER COMPANIES

		DIVIDEND YIELD	PRICE EARNINGS MULTIPLE
YEAR	2000	3.5	21.4
YEAR	2001	3.4	21.4
YEAR	2002	3.1	22.2
YEAR	2003	3.2	23.2
YEAR	2004	3.1	27.9
YEAR	2005	2.8	28.7
YEAR	2006	2.8	30.9
YEAR	2007	2.8	28.1
YEAR	2008	3.1	23.1
YEAR	2009	3.5	21.3
YEAR TO DATE	2010	3.4	24.0
DECEMBER	2009	3.6	20.8
JANUARY	2010	3.5	20.8
FEBRUARY	2010	3.6	20.2
MARCH	2010	3.6	20.2
APRIL	2010	3.4	23.6
MAY	2010	3.3	29.0
JUNE	2010	3.3	29.0
JULY	2010	3.4	25.6
AUGUST	2010	3.4	26.1
SEPTEMBER	2010	3.5	22.0
OCTOBER	2010	3.6	22.8
NOVEMBER	2010	3.3	24.2

ELECTRIC

COMPANY	PER SHARE		
	LATEST 12 MONTHS EARNINGS AVAILABLE	EARNINGS	CURRENT ANNUAL DIVIDEND
Allegheny Energy, Inc. (NYSE-AYE)	6/10	2.32	0.60
American Electric Power Co. (NYSE-AEP)	6/10	2.42	1.68
Central Vermont Public Serv. Corp. (NYSE-CV)	6/10	1.15	0.92
Cleco Corporation (NYSE-CNL)	6/10	4.26	1.00
DPL Inc. (NYSE-DPL)	6/10	2.16	1.21
Edison International (NYSE-EIX)	6/10	3.63	1.26
El Paso Electric Company (ASE-EE)	6/10	1.70	0.00
FirstEnergy Corporation (NYSE-FE)	6/10	2.93	2.20
Great Plains Energy Incorporated (NYSE-GXP)	6/10	1.30	0.83
Hawaiian Electric Industries, Inc. (NYSE-HE)	6/10	1.12	1.24
IDACORP, Inc. (NYSE-IDA)	6/10	2.81	1.20
Maine & Maritimes Corporation (ASE-MAM)	6/10	-0.16	0.20
Nextra Energy (NYSE-NEE)	6/10	4.53	2.00
OGE Energy Corp. (NYSE-OGE)	6/10	2.78	1.45
Otter Tail Corporation (NDQ-OTTR)	6/10	0.25	1.19
Pinnacle West Capital Corp. (NYSE-PNW)	6/10	2.55	2.10
PNM Resources, Inc. (NYSE-PNM)	6/10	0.50	0.50
Portland General Electric (NYSE-POR)	6/10	1.21	1.04
PPL Corporation (NYSE-PPL)	6/10	1.90	1.40
Progress Energy Inc. (NYSE-PGN)	6/10	2.72	2.48
Southern Company (NYSE-SO)	6/10	2.50	1.82
UIL Holdings Corporation (NYSE-UIL)	6/10	1.79	1.73
Westar Energy, Inc. (NYSE-WR)	6/10	1.47	1.24
AVERAGE			

COMPANIES

DATA (\$)		PERCENT (%)					DIV/ BOOK (2)	PRICE EARN MULT
BOOK VALUE (1)	STOCK PRICE 10/20/10	COMMON SHARES O/S MILL	DIV PAYOUT	DIV YIELD	MKT/ BOOK			
19.48	25.15	169.7	26	2.4	129.0	3.1	10.8	
27.68	36.82	479.4	69	4.6	133.0	6.1	15.2	
19.50	20.78	12.4	80	4.4	107.0	4.7	18.1	
21.09	31.16	60.5	23	3.2	148.0	4.7	7.3	
9.78	27.51	118.9	56	4.4	281.0	12.4	12.7	
31.25	35.98	325.8	35	3.5	115.0	4.0	9.9	
17.10	24.64	43.5	0	0.0	144.0	NM	14.5	
29.00	39.67	304.8	75	5.5	137.0	7.6	13.5	
20.75	18.92	135.6	64	4.4	91.0	4.0	14.6	
15.67	22.74	93.6	111	5.5	145.0	7.9	20.3	
29.69	36.84	48.2	43	3.3	124.0	4.0	13.1	
27.21	44.70	1.7	NM	0.4	164.0	0.7	NM	
32.53	56.03	415.8	44	3.6	172.0	6.1	12.4	
21.55	43.68	97.4	52	3.3	203.0	6.7	15.7	
17.82	21.38	35.9	NM	5.6	120.0	6.7	85.5	
32.03	42.37	108.6	82	5.0	132.0	6.6	16.6	
21.15	12.12	86.7	100	4.1	57.0	2.4	24.2	
20.67	21.00	75.3	86	5.0	102.0	5.0	17.4	
16.46	27.88	482.2	74	5.0	169.0	8.5	14.7	
33.96	44.94	293.0	91	5.5	132.0	7.3	16.5	
19.55	38.01	830.7	73	4.8	194.0	9.3	15.2	
19.25	28.65	30.0	97	6.0	149.0	9.0	16.0	
20.74	25.14	110.7	84	4.9	121.0	6.0	17.1	
			65	4.1	142.1	6.0	18.2	

ELECTRIC

COMPANY	TOTAL	%	NET	NET
	REV	REG	PLANT	PLANT
	\$ MILL	ELEC	\$ MILL	PER \$
	(1)	REV		(1)
Allegheny Energy, Inc. (NYSE-AYE)	3,649.4	88	8,991.9	2.46
American Electric Power Co. (NYSE-AEP)	13,758.0	95	34,718.0	2.52
Central Vermont Public Serv. Corp. (NYSE-CV)	339.7	99	358.6	1.06
Cleco Corporation (NYSE-CNL)	981.8	94	2,749.4	2.80
DPL Inc. (NYSE-DPL)	1,709.4	98	2,891.5	1.69
Edison International (NYSE-EIX)	12,266.0	81	23,044.0	1.88
El Paso Electric Company (ASE-EE)	849.5	59	1,824.7	2.15
FirstEnergy Corporation (NYSE-FE)	12,789.0	80	19,550.0	1.53
Great Plains Energy Incorporated (NYSE-GXP)	2,124.2	100	6,784.8	3.19
Hawaiian Electric Industries, Inc. (NYSE-HE)	2,514.6	89	3,106.8	1.24
IDACORP, Inc. (NYSE-IDA)	1,072.3	100	3,016.2	2.81
Maine & Maritimes Corporation (ASE-MAM)	35.1	92	71.8	2.04
Nextra Energy (NYSE-NEE)	15,341.0	71	37,578.0	2.45
OGE Energy Corp. (NYSE-OGE)	3,382.0	69	6,056.9	1.79
Otter Tail Corporation (NDQ-OTTR)	1,047.8	31	1,099.8	1.05
Pinnacle West Capital Corp. (NYSE-PNW)	3,285.1	90	9,306.9	2.83
PNM Resources, Inc. (NYSE-PNM)	1,650.0	100	3,384.5	2.05
Portland General Electric (NYSE-POR)	1,794.0	98	4,052.0	2.26
PPL Corporation (NYSE-PPL)	8,068.0	35	13,048.0	1.62
Progress Energy Inc. (NYSE-PGN)	10,038.0	100	20,512.0	2.04
Southern Company (NYSE-SO)	16,556.2	97	40,630.5	2.45
UIL Holdings Corporation (NYSE-UIL)	888.1	100	1,206.6	1.36
Westar Energy, Inc. (NYSE-WR)	1,923.7	98	5,780.1	3.00
AVERAGE				

COMPANIES

S&P BOND RATING	MOODY'S BOND RATING	COMMON EQUITY RATIO (3)	% RETURNON BOOK VALUE		REGULATION	
			COMMON EQUITY (4)	TOTAL CAPITAL	ALLOWED ROE	ORDER DATE
BBB+	Baa1	41.1	12.4	9.4	10.37	-
BBB	Baa2	41.3	8.9	6.9	10.66	-
NR	Baa1	55.6	5.9	5.9	10.71	01/08
BBB	Baa2	47.8	22.0	13.8	10.70	10/09
A	Aa3	46.4	23.0	12.9	11.00	12/05
BBB+	A1	44.8	12.1	8.4	10.66	-
BBB	Baa2	46.3	10.2	7.9	11.25	-
BBB	Baa1	36.9	10.0	7.2	10.67	-
BBB	A3	41.8	6.4	5.7	10.45	-
BBB	Baa2	46.2	7.2	5.9	10.82	-
A-	A2	49.8	9.7	7.4	10.18	05/09
NR	NR	63.9	NM	0.6	10.20	07/06
A	Aa3	40.1	14.4	8.7	10.50	03/10
BBB+	Baa1	45.3	13.5	8.8	10.13	-
BBB-/BB+	Baa2	55.2	1.3	3.6	10.59	-
BBB-	Baa2	47.9	7.9	6.8	11.00	12/09
BBB-/BB+	Baa2	47.2	2.6	4.6	10.38	-
A-	A3	46.2	5.9	6.1	10.80	01/07
A-	A3	45.7	7.6	6.1	9.57	-
A-	A1/A2	44.4	8.0	6.9	12.00	-
A	A2/A3	42.9	13.3	8.0	11.93	-
NR	Baa2	43.0	9.5	7.2	8.75	02/09
BBB+	Baa1	42.6	7.8	6.6	10.20	12/05
		46	10.0	7.2	10.59	

COMBINATION ELECTRIC

& GAS COMPANIES

COMPANY	PER SHARE		
	LATEST 12 MONTHS EARNINGS AVAILABLE	EARNINGS	CURRENT ANNUAL DIVIDEND
AES Corporation (NYSE-AES)	6/10	0.65	0.00
ALLETE, Inc. (NYSE-ALE)	6/10	2.30	1.76
Alliant Energy Corporation (NYSE-LNT)	6/10	0.91	1.58
Ameren Corporation (NYSE-AEE)	6/10	2.41	1.54
Avista Corporation (NYSE-AVA)	6/10	1.52	1.00
Black Hills Corporation (NYSE-BKH)	6/10	1.38	1.44
CenterPoint Energy (NYSE-CNP)	6/10	1.04	0.78
CH Energy Group, Inc. (NYSE-CHG)	6/10	3.07	2.16
CMS Energy Corporation (NYSE-CMS)	6/10	0.66	0.60
Consolidated Edison, Inc. (NYSE-ED)	6/10	3.38	2.38
Constellation Energy Group, Inc. (NYSE-CEG)	6/10	24.08	0.96
Dominion Resources, Inc. (NYSE-D)	6/10	4.25	1.83
DTE Energy Company (NYSE-DTE)	6/10	3.54	2.24
Duke Energy Corporation (NYSE-DUK)	6/10	0.52	0.98
Empire District Electric Co. (NYSE-EDE)	6/10	1.04	1.28
Entergy Corporation (NYSE-ETR)	6/10	6.31	3.32
Exelon Corporation (NYSE-EXC)	6/10	3.82	2.10
Integrus Energy Group (NYSE-TEG)	6/10	2.62	2.72
MDU Resources Group, Inc. (NYSE-MDU)	6/10	1.38	0.63
MGE Energy, Inc. (NDQ-MGEE)	6/10	2.25	1.50
NiSource Inc. (NYSE-NI)	6/10	1.08	0.92
Northeast Utilities (NYSE-NU)	6/10	1.75	1.02
Northwestern Corporation (NYSE-NWE)	6/10	2.33	1.36
NSTAR (NYSE-NST)	6/10	3.44	1.60
NV Energy (NYSE-NVE)	6/10	0.95	0.44
Pepco Holdings, Inc. (NYSE-POM)	6/10	0.66	1.08
PG&E Corporation (NYSE-PCG)	6/10	3.07	1.82
Public Service Enterprise Group (NYSE-PEG)	6/10	3.06	1.37
SCANA Corporation (NYSE-SCG)	6/10	2.91	1.90
SEMPRA Energy (NYSE-SRE)	6/10	3.73	1.56
TECO Energy, Inc. (NYSE-TE)	6/10	1.07	0.82
UniSource Energy Corporation (NYSE-UNS)	6/10	2.91	1.56
Unitil Corporation (ASE-UTL)	6/10	0.45	1.38
Vectren Corporation (NYSE-VVC)	6/10	1.71	1.36
Wisconsin Energy Corporation (NYSE-WEC)	6/10	3.35	1.60
Xcel Energy Inc. (NYSE-XEL)	6/10	1.51	1.01
AVERAGE			

DATA (\$)			PERCENT (%)				
BOOK VALUE (1)	STOCK PRICE 10/20/10	COMMON SHARES O/S MILL	DIV PAYOUT	DIV YIELD	MKT/ BOOK	DIV/ BOOK (2)	PRICE EARN MULT
8.41	12.25	795.5	0	0.0	146.0	NM	18.8
26.97	37.66	35.7	77	4.7	140.0	6.5	16.4
25.08	36.72	110.8	174	4.3	146.0	6.3	40.4
33.42	29.18	239.1	64	5.3	87.0	4.6	12.1
19.62	21.70	55.4	66	4.6	111.0	5.1	14.3
27.61	32.97	39.2	104	4.4	119.0	5.2	23.9
7.26	16.39	421.5	75	4.8	226.0	10.7	15.8
34.40	47.17	15.8	70	4.6	137.0	6.3	15.4
10.82	18.67	228.3	91	3.2	173.0	5.5	28.3
37.52	49.11	282.3	70	4.8	131.0	6.3	14.5
45.61	32.28	202.0	4	3.0	71.0	2.1	1.3
20.62	44.70	589.1	43	4.1	217.0	8.9	10.5
38.85	47.28	168.8	63	4.7	122.0	5.8	13.4
16.03	17.79	1,318.0	188	5.5	111.0	6.1	34.2
15.60	20.89	41.4	123	6.1	134.0	8.2	20.1
46.78	77.11	187.5	53	4.3	165.0	7.1	12.2
19.95	44.28	661.0	55	4.7	222.0	10.5	11.6
38.11	53.48	76.8	104	5.1	140.0	7.1	20.4
13.89	21.01	188.1	46	3.0	151.0	4.6	15.2
22.09	41.14	23.1	67	3.6	186.0	6.8	18.3
17.62	17.85	277.8	85	5.2	101.0	5.2	16.5
20.78	30.90	176.1	59	3.3	149.0	4.9	17.7
20.33	29.52	39.7	58	4.6	145.0	6.7	12.7
18.27	40.36	103.6	47	4.0	221.0	8.8	11.7
13.66	13.19	235.1	46	3.3	97.0	3.2	13.9
18.86	19.64	223.9	164	5.5	104.0	5.7	29.8
27.87	47.50	390.1	59	3.8	170.0	6.5	15.5
18.04	33.56	506.0	45	4.1	186.0	7.6	11.0
27.99	41.69	126.6	65	4.6	149.0	6.8	14.3
36.33	53.79	248.0	42	2.9	148.0	4.3	14.4
9.96	17.77	214.6	77	4.6	178.0	8.2	16.6
21.34	34.27	36.2	54	4.6	161.0	7.3	11.8
17.20	22.97	10.9	NM	6.0	134.0	8.0	51.0
17.48	27.08	81.2	80	5.0	155.0	7.8	15.8
31.72	59.56	116.9	48	2.7	188.0	5.0	17.8
16.08	23.90	459.6	67	4.2	149.0	6.3	15.8
			72	4.3	149.2	6.5	17.9

COMBINED ELECTRIC/COMBINATION ELECTRIC & GAS AVERAGES

69 4.2 145.6 6.3 18.1

COMBINATION ELECTRIC

COMPANY	TOTAL REV \$ MILL (1)	% REG REV	NET PLANT \$ MILL	NET PLANT PER \$ REV (1)
AES Corporation (NYSE-AES)	15,379.0	53	24,086.0	1.57
ALLETE, Inc. (NYSE-ALE)	839.6	102	1,671.7	1.99
Alliant Energy Corporation (NYSE-LNT)	3,373.5	92	6,424.1	1.90
Ameren Corporation (NYSE-AEE)	7,110.0	81	17,747.0	2.50
Avista Corporation (NYSE-AVA)	1,535.1	91	2,642.9	1.72
Black Hills Corporation (NYSE-BKH)	1,287.9	86	2,288.6	1.78
CenterPoint Energy (NYSE-CNP)	8,654.0	72	11,217.0	1.30
CH Energy Group, Inc. (NYSE-CHG)	857.3	81	1,028.9	1.20
CMS Energy Corporation (NYSE-CMS)	6,178.0	95	9,804.0	1.59
Consolidated Edison, Inc. (NYSE-ED)	13,242.0	79	23,075.0	1.74
Constellation Energy Group, Inc. (NYSE-CEG)	14,327.8	24	8,986.3	0.63
Dominion Resources, Inc. (NYSE-D)	14,404.0	55	25,458.0	1.77
DTE Energy Company (NYSE-DTE)	8,316.0	99	12,771.0	1.54
Duke Energy Corporation (NYSE-DUK)	13,387.0	72	39,060.0	2.92
Empire District Electric Co. (NYSE-EDE)	503.3	99	1,495.6	2.97
Entergy Corporation (NYSE-ETR)	11,058.0	76	23,491.7	2.12
Exelon Corporation (NYSE-EXC)	17,314.0	57	28,030.0	1.62
Integrus Energy Group (NYSE-TEG)	5,789.6	47	4,932.7	0.85
MDU Resources Group, Inc. (NYSE-MDU)	3,865.7	29	4,085.0	1.06
MGE Energy, Inc. (NDQ-MGEE)	513.8	99	950.8	1.85
NiSource Inc. (NYSE-NI)	6,098.9	79	10,800.0	1.77
Northeast Utilities (NYSE-NU)	5,072.4	99	9,142.3	1.80
Northwestern Corporation (NYSE-NWE)	1,113.5	NM	2,033.9	1.83
NSTAR (NYSE-NST)	2,817.1	102	4,628.0	1.64
NV Energy (NYSE-NVE)	3,494.2	100	8,841.9	2.53
Pepco Holdings, Inc. (NYSE-POM)	8,669.0	57	7,442.0	0.86
PG&E Corporation (NYSE-PCG)	13,481.0	100	29,983.0	2.22
Public Service Enterprise Group (NYSE-PEG)	12,059.0	65	15,957.0	1.32
SCANA Corporation (NYSE-SCG)	4,382.0	61	9,277.0	2.12
SEMPRA Energy (NYSE-SRE)	8,851.0	76	18,924.0	2.14
TECO Energy, Inc. (NYSE-TE)	2,620.0	NM	5,782.7	2.21
UniSource Energy Corporation (NYSE-UNS)	1,400.5	101	2,882.1	2.06
Unitil Corporation (ASE-UTL)	344.3	99	456.6	1.33
Vectren Corporation (NYSE-VVC)	2,060.9	76	2,917.4	1.42
Wisconsin Energy Corporation (NYSE-WEC)	4,036.0	100	9,290.0	2.30
Xcel Energy Inc. (NYSE-XEL)	10,047.9	99	19,074.2	1.90
AVERAGE				

COMBINED ELECTRIC/COMBINATION ELECTRIC & GAS AVERAGES

& GAS COMPANIES

S&P BOND RATING	MOODY'S BOND RATING	COMMON EQUITY RATIO (3)	% RETURN ON BOOK VALUE		REGULATION	
			COMMON EQUITY (4)	TOTAL CAPITAL	ALLOWED ROE	ORDER DATE
BBB	A3	22.0	8.4	5.2	NM	06/96
A-	Baa1	57.1	8.4	7.0	10.74	04/09
A-/BBB+	A2/A3	48.5	3.6	4.8	10.41	-
BBB-	Baa2	49.3	7.4	6.7	9.93	-
BBB+	Baa1	46.9	8.0	7.0	10.33	-
BBB+	A3	47.0	4.9	6.4	10.71	-
BBB+	Baa2	14.5	15.6	5.0	10.12	-
A	A3	51.5	9.1	7.4	10.00	06/09
BBB+	A3	26.0	10.1	7.2	10.85	-
A-	A3/Baa1	48.5	9.3	7.4	10.11	-
BBB+	Baa2	67.1	75.7	41.6	11.00	-
A	Baa1/Baa2	37.8	21.8	10.7	9.98	-
A/A-	A2	50.7	9.2	8.5	11.00	-
A-	A2	53.0	3.2	3.8	10.63	-
BBB+	A3	39.7	6.6	5.1	10.80	-
A-/BBB+	Baa1	42.3	13.9	9.0	10.80	-
A-	A2/A3	51.5	20.0	13.0	10.30	-
A-/BBB+	A3	54.3	6.9	6.5	10.52	-
NR	Baa1	62.0	10.2	8.2	10.88	-
AA-	Aa2	57.6	10.4	7.6	10.40	12/07
BBB-	Baa2	41.5	6.2	5.9	11.32	-
BBB	A3	42.4	8.6	6.7	9.72	-
NR	NR	43.7	10.8	8.7	11.11	-
AA-/A+	A1	26.8	19.7	8.8	12.50	-
NR	NR	36.4	7.1	6.2	10.67	-
A	A3	40.9	3.5	3.2	10.26	-
BBB+	A3	47.4	11.4	8.5	11.35	03/07
A-	A2	47.7	17.7	10.8	10.30	-
A-	A3	42.1	10.6	7.4	10.67	-
A+	Aa3	49.8	10.6	7.8	11.46	-
BBB	Baa1	38.1	11.1	8.4	11.00	-
BBB+	NR	28.7	15.4	8.4	10.00	-
NR	NR	37.2	2.6	4.3	9.93	-
A-	A3	44.9	9.9	7.8	10.43	-
A-	A1	42.6	11.0	6.7	10.55	-
A	A2	44.6	9.6	7.7	10.72	-
		44	11.9	8.2	10.61	
		45	10.9	7.7	10.60	

NATURAL GAS DISTRIBUTION

& INTEGRATED NAT. GAS COMPANIES

COMPANY	PER SHARE		
	LATEST 12 MONTHS EARNINGS AVAILABLE	EARNINGS	CURRENT ANNUAL DIVIDEND
AGL Resources Inc. (NYSE-AGL)	6/10	2.97	1.76
Atmos Energy Corporation (NYSE-ATO)	6/10	2.26	1.34
Chesapeake Utilities Corporation (NYSE-CPK)	6/10	2.61	1.32
Delta Natural Gas Company (NDQ-DGAS)	6/10	1.70	1.36
El Paso Corporation (NYSE-EP)	6/10	1.18	0.04
Energen Corporation (NYSE-EGN)	6/10	4.36	0.52
EQT Corporation (NYSE-EQT)	6/10	1.29	0.88
Gas Natural, Inc. (NDQ-EGAS)	6/10	1.65	0.18
Laclede Group, Inc. (NYSE-LG)	6/10	2.55	1.58
National Fuel Gas Company (NYSE-NFG)	6/10	2.55	1.38
New Jersey Resources Corp. (NYSE-NJR)	6/10	1.21	1.36
NICOR Inc. (NYSE-GAS)	6/10	3.37	1.86
Northwest Natural Gas Co. (NYSE-NWN)	6/10	1.77	1.66
ONEOK, Inc. (NYSE-OKE)	6/10	3.15	1.84
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	7/10	2.01	1.12
Questar Corporation (NYSE-STR)	6/10	2.81	0.56
RGC Resources, Inc. (NDQ-RGCO)	6/10	2.09	1.32
South Jersey Industries, Inc. (NYSE-SJI)	6/10	2.05	1.32
Southern Union Company (NYSE-SUG)	6/10	1.74	0.60
Southwest Gas Corporation (NYSE-SWX)	6/10	2.25	1.00
UGI Corporation (NYSE-UGI)	6/10	2.88	1.00
WGL Holdings, Inc. (NYSE-WGL)	6/10	2.25	1.51
Williams Companies, Inc. (NYSE-WMB)	6/10	0.53	0.50
AVERAGE			

DATA (\$)							
BOOK VALUE (1)	STOCK PRICE 10/20/10	COMMON SHARES O/S MILL	PERCENT (2)			DIV/ BOOK (2)	PRICE EARN MULT
			DIV PAYOUT	DIV YIELD	MKT/ BOOK		
23.21	39.09	78.0	59	4.5	168.0	7.6	13.2
24.25	29.30	93.1	59	4.6	121.0	5.5	13.0
23.46	38.16	9.5	51	3.5	163.0	5.6	14.6
18.22	30.22	3.3	80	4.5	166.0	7.5	17.8
4.23	13.14	704.0	3	0.3	311.0	0.9	11.1
30.46	45.29	71.7	12	1.1	149.0	1.7	10.4
20.16	38.00	149.1	68	2.3	188.0	4.4	29.5
9.08	11.45	6.1	11	1.6	126.0	2.0	6.9
23.86	35.36	22.3	62	4.5	148.0	6.6	13.9
19.94	54.30	82.0	54	2.5	272.0	6.9	21.3
17.49	40.78	41.3	112	3.3	233.0	7.8	33.7
23.91	48.00	45.5	55	3.9	201.0	7.8	14.2
25.99	50.37	26.6	94	3.3	194.0	6.4	28.5
22.43	49.20	106.4	58	3.7	219.0	8.2	15.6
13.71	29.50	72.1	56	3.8	215.0	8.2	14.7
5.53	17.20	175.6	20	3.3	311.0	10.1	6.1
21.03	31.04	2.3	63	4.3	148.0	6.3	14.9
18.56	50.51	29.9	64	2.6	272.0	7.1	24.6
19.63	24.73	125.7	34	2.4	126.0	3.1	14.2
25.10	34.80	45.4	44	2.9	139.0	4.0	15.5
14.99	29.50	115.4	35	3.4	197.0	6.7	10.2
22.22	38.70	50.7	67	3.9	174.0	6.8	17.2
12.33	21.38	619.0	94	2.3	173.0	4.1	40.3
			55	3.2	191.9	5.9	17.4

NATURAL GAS DISTRIBUTION

COMPANY	TOTAL	%	NET	NET
	REV \$ MILL (1)	REG GAS REV	PLANT \$ MILL	PLANT PER \$ REV (1)
AGL Resources Inc. (NYSE-AGL)	2,307.0	62	4,301.0	1.86
Atmos Energy Corporation (NYSE-ATO)	4,545.6	68	4,523.2	1.00
Chesapeake Utilities Corporation (NYSE-CPK)	356.8	59	438.9	1.23
Delta Natural Gas Company (NDQ-DGAS)	76.4	64	130.5	1.71
El Paso Corporation (NYSE-EP)	4,593.0	60	19,031.0	4.14
Energen Corporation (NYSE-EGN)	1,652.5	24	3,111.3	1.88
EQT Corporation (NYSE-EQT)	1,256.5	90	5,541.4	4.41
Gas Natural, Inc. (NDQ-EGAS)	79.3	88	71.7	0.90
Laclede Group, Inc. (NYSE-LG)	1,712.1	57	859.0	0.50
National Fuel Gas Company (NYSE-NFG)	1,907.7	54	3,166.4	1.66
New Jersey Resources Corp. (NYSE-NJR)	2,400.7	38	1,071.0	0.45
NICOR Inc. (NYSE-GAS)	2,712.2	81	2,960.0	1.09
Northwest Natural Gas Co. (NYSE-NWN)	371.4	100	1,772.1	4.77
ONEOK, Inc. (NYSE-OKE)	12,825.3	16	7,847.3	0.61
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	1,581.0	100	2,399.7	1.52
Questar Corporation (NYSE-STR)	2,690.9	34	2,766.5	1.03
RGC Resources, Inc. (NDQ-RGCO)	73.9	98	79.0	1.07
South Jersey Industries, Inc. (NYSE-SJI)	829.7	53	1,103.7	1.33
Southern Union Company (NYSE-SUG)	2,374.2	60	5,637.9	2.37
Southwest Gas Corporation (NYSE-SWX)	1,870.9	85	3,039.5	1.62
UGI Corporation (NYSE-UGI)	6,182.2	19	2,875.5	0.47
WGL Holdings, Inc. (NYSE-WGL)	2,608.2	51	2,277.0	0.87
Williams Companies, Inc. (NYSE-WMB)	9,106.0	65	18,831.0	2.07
AVERAGE				

& INTEGRATED NAT. GAS COMPANIES

S&P BOND RATING	MOODY'S BOND RATING	COMMON EQUITY RATIO (3)	% RETURN ON BOOK VALUE		REGULATION	
			COMMON EQUITY (4)	TOTAL CAPITAL	ALLOWED ROE	ORDER DATE
A-	A3	44.4	13.0	8.5	10.49	-
BBB+	Baa2	49.0	9.6	7.9	11.71	-
NR	NR	62.3	13.5	11.1	10.50	-
NR	NR	49.5	9.4	8.0	NM	12/99
B+/B	Baa3	15.7	32.7	10.3	NM	11/02
BBB	A1	76.9	13.3	13.1	13.40	06/02
BBB	NR	60.7	6.8	6.9	11.00	-
NR	NR	57.0	19.0	13.8	12.63	-
A	A2	37.2	10.7	5.6	NM	10/05
BBB	Baa1	56.7	12.9	10.7	9.50	-
A+	NR	52.0	6.9	4.9	10.30	10/08
AA	Aa3	64.3	14.7	11.3	10.17	03/09
A+	A1	48.2	7.0	6.4	10.20	-
BBB	Baa2	26.8	14.8	7.3	10.50	-
A	A3	52.0	15.2	10.0	10.60	-
A	A3	45.2	22.6	15.6	10.00	08/08
NR	NR	63.0	16.0	12.5	9.85	-
A	A2	49.5	11.2	7.6	10.00	07/04
BBB-	Baa3	40.8	9.2	7.1	10.03	-
BBB	Baa2	51.4	17.9	16.5	10.20	-
NR	A3	42.6	19.0	16.0	NM	-
AA-	A2	55.6	10.2	7.6	10.20	-
BBB-	Baa2	43.4	3.8	5.1	NM	-
		51	13.5	9.7	10.63	