

ILLINOIS-AMERICAN WATER COMPANY

Schedules to Accompany

the Direct Testimony

of

Paul R. Moul, Managing Consultant
P. Moul & Associates, Inc.

Concerning

Rate of Return

Illinois-American Water Company
Index of Schedules

	<u>Exhibit Schedule</u>
Summary Cost of Equity Recommendation	1
Illinois-American Water Company - Combined Historical Capitalization and Financial Statistics	2
Value Line Expanded Water Group Historical Capitalization and Financial Statistics	3
Public Utility Group Historical Capitalization and Financial Statistics	4
Standard & Poor's Public Utility Companies Historical Capitalization and Financial Statistics	5
Historical Dividend Yields	6
Historical Growth Rate Indicators	7
Projected Growth Rate Indicators	8
Interest Rate Trends	9
Long-Term, Year-by-Year Total Returns for the S&P Composite Index, S&P Public Utility Index, and Long-Term Corporate Bonds and Public Utility Bonds	10
Component Inputs for the Cost of Equity Using the Capital Market Pricing Model	11
Comparable Earnings Approach	12
Comparative Results of Cost of Equity Methods/Models	13

Illinois-American Water Company
Requested Overall Rate of Return
Rate Year Average December 31, 2001

<u>Type of Capital</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Long-Term Debt	54.60%	6.97%	3.81%
Preferred Stock	0.20%	6.25%	0.01%
JDITC	0.72%	8.88%	0.06%
State ITC	0.31%	8.88%	0.03%
Common Equity	<u>44.17%</u>	11.25%	<u>4.97%</u>
Total	<u>100.00%</u>		<u>8.88%</u>

Indicated levels of fixed charge coverage assuming that the Company could actually achieve its overall cost of capital:

Pre-tax coverage of interest expense based upon a 35.0000% federal income tax rate (11.61% ÷ 3.81%)	3.05 x
Post-tax coverage of interest expense (8.88% ÷ 3.81%)	2.33 x
Overall coverage of interest expense and preferred stock dividends (8.88% ÷ 3.82%)	2.32 x

**Illinois-American Water Company Combined
Capitalization and Financial Statistics
1994-1998, Inclusive**

	1998	1997	1996	1995	1994	
	Thousands (000's)					
Amount of Capital Employed						
Total Permanent Capital	\$259,599	\$222,913	\$218,506	\$273,175	\$256,293	
Short-Term Debt	1,074	21,011	2,710	7,879	5,820	
Total-Capital Employed	\$260,673	\$243,924	\$221,216	\$281,054	\$262,113	
Indicated Average Capital Cost Rates (1)						
Long Term Debt	7.4%	7.3%	7.3%	8.8%	8.9%	
						5 Year Average
Dividend Payout Ratio	74.4%	66.1%	67.7%	79.3%	76.7%	72.8%
Capital Structure Ratios						
Based on Total Permanent Capital:						
Long-Term Debt	47.6%	49.9%	50.9%	59.3%	57.6%	53.1%
Preferred Stock	0.3%	0.4%	0.5%	3.7%	3.9%	1.8%
Common Equity	52.1%	49.7%	48.6%	37.0%	38.5%	45.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Based on Total Capital:						
Total Debt, Including Short Term	47.9%	54.2%	51.5%	60.4%	58.6%	54.5%
Preferred Stock	0.3%	0.4%	0.5%	3.6%	3.8%	1.7%
Common Equity	51.8%	45.4%	48.0%	36.0%	37.6%	43.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Rate of Return on Average Book Common Equity	13.4%	12.4%	12.4%	12.1%	12.6%	12.6%
Operating Ratios (2)	64.9%	67.9%	68.4%	61.8%	61.7%	64.9%
Coverages-Including All AFC (3)						
Before Income Taxes: All Interest Charges	3.9 x	3.5 x	3.5 x	2.6 x	2.6 x	3.2 x
After Income Taxes: All Interest Charges	2.8	2.6	2.6	1.9	2.0	2.4
Overall Coverage: All Interest + Pfd. Div.	2.8	2.6	2.6	1.8	1.9	2.3
Coverages-Excluding All AFC						
Before Income Taxes: All Interest Charges	3.9 x	3.4 x	3.5 x	2.5 x	2.5 x	3.2 x
After Income Taxes: All Interest Charges	2.8	2.5	2.6	1.9	1.9	2.3
Overall Coverage: All Interest + Pfd. Div.	2.8	2.5	2.5	1.8	1.8	2.3
Quality of Earnings						
AFC/Income Available for Common Equity	1.3 %	5.1 %	0.9 %	2.1 %	9.7 %	3.8 %
Effective Income Tax Rate	36.6	36.0	36.0	40.1	38.5	37.4
Internal Cash Generation/Gross Construction (4)	56.2	41.9	56.7	36.9	53.3	49.0
Gross Cash Flow/ Permanent Capital (5)	11.7	11.5	11.3	8.0	8.3	10.2
Gross Cash Flow/ Avg. Total Debt(6)	23.6	20.9	22.2	13.5	13.9	18.8
Gross Cash Flow Interest Coverage(7)	4.3 x	4.0 x	4.0 x	2.6 x	2.6 x	3.5 x
Common Dividend Coverage (8)	2.5	2.9	2.8	2.2	2.2	2.5

See Page 2 for Notes.

Illinois-American Water Company - Combined
Capitalization and Financial Statistics
1994-1998, Inclusive

Notes:

Results represents the combined results of Illinois-American Water Company, United Water Illinois and Northern Illinois Water Company.

- (1) Computed by relating actual long-term debt interest expense booked to average of beginning and ending long-term debt reported to be outstanding.
- (2) Total operating expenses, maintenance, depreciation and taxes other than income as a percentage of operating revenues.
- (3) Coverage calculations represent the number of times available earnings, including AFC (allowance for funds used during construction), as reported in its entirety cover fixed charges.
- (4) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally generated funds from operations and after payment of all cash dividends.
- (5) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less AFC) as a percentage of Permanent Capital (long-term debt, current maturities and preferred, preference and common equity).
- (6) Gross Cash Flow (as defined in Note 5) as a percentage of average total debt.
- (7) Gross Cash Flow (as defined in Note 5) plus interest charges, divided by interest charges.
- (8) Common dividend coverage is the relationship of internally generated funds from operations after payment of preferred stock dividends to common dividends paid.

Source of Information: Company Annual Reports

Value Line Extended Water Group
Capitalization and Financial Statistics (1)
1994-1998, Inclusive

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	
			(Thousands of Dollars)			
Amount of Capital Employed						
Total Permanent Capital	\$702,297	\$632,541	\$606,800	\$500,616	\$467,156	
Short-Term Debt	\$23,617	\$29,010	\$26,035	\$24,916	\$16,875	
Total Capital Employed	\$725,914	\$661,551	\$632,835	\$525,533	\$484,031	
Indicated Average Capital Cost Rates (2)						
Long Term Debt	7.2%	6.9%	7.0%	7.1%	7.5%	
Financial Ratios-Market Based						
Earnings/Price Ratio	6.0%	6.7%	7.6%	7.7%	7.1%	<u>5 Year Average</u> 7.0%
Market/Average Book	187.6%	167.9%	149.9%	133.2%	139.1%	155.5%
Dividend Yield	4.0%	4.4%	5.8%	5.7%	5.4%	5.1%
Dividend Payout Ratio	67.0%	66.6%	70.5%	73.7%	77.8%	71.1%
Capital Structure Ratios						
Based on Total Permanent Capital:						
Long-Term Debt	50.7%	49.8%	53.0%	51.0%	50.0%	50.9%
Preferred Stock	1.4%	1.8%	1.5%	1.8%	2.1%	1.7%
Common Equity	47.9%	48.4%	45.4%	47.2%	47.9%	47.4%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Based on Total Capital:						
Total Debt, Including Short Term	53.4%	52.6%	54.2%	53.0%	51.7%	53.0%
Preferred Stock	1.4%	1.8%	1.5%	1.8%	2.1%	1.7%
Common Equity	45.2%	45.6%	44.3%	45.2%	46.2%	45.3%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Rate of Return on Average Book Common Equity						
	10.8%	11.2%	10.5%	10.4%	10.1%	10.6%
Operating Ratios (3)						
	71.5%	71.6%	72.2%	72.6%	72.9%	72.2%
Coverages-Including All AFC (4)						
Before Income Taxes: All Interest Charges	3.1 x	3.2 x	3.1 x	3.1 x	3.0 x	3.1 x
After Income Taxes: All Interest Charges	2.3	2.4	2.3	2.2	2.2	2.3
Overall Coverage: All Interest + Pfd. Div.	2.2	2.3	2.2	2.2	2.1	2.2
Coverages-Excluding All AFC						
Before Income Taxes: All Interest Charges	3.0 x	3.2 x	3.1 x	3.0 x	3.0 x	3.1 x
After Income Taxes: All Interest Charges	2.2	2.3	2.2	2.2	2.2	2.2
Overall Coverage: All Interest + Pfd. Div.	2.2	2.3	2.2	2.1	2.1	2.2
Quality of Earnings						
AFC/Income Available for Common Equity	10.5 %	5.9 %	4.9 %	6.2 %	3.9 %	6.3 %
Effective Income Tax Rate	37.4	38.3	39.8	39.9	40.7	39.2
Internal Cash Generation/Gross Construction (5)	48.0	47.6	53.2	49.4	56.8	51.0
Gross Cash Flow/ Permanent Capital (6)	8.7	8.8	8.5	9.0	9.2	8.8
Gross Cash Flow/ Avg. Total Debt(7)	16.4	16.0	16.6	17.4	17.8	16.8
Gross Cash Flow Interest Coverage(8)	3.2 x	3.2 x	3.3 x	3.3 x	3.3 x	3.3 x
Common Dividend Coverage (9)	2.6	2.5	2.9	2.9	2.9	2.8

See Page 2 for Notes.

Value Line Extended Water Group
 Capitalization and Financial Statistics
1994-1998, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Computed by relating actual long-term interest expense booked to average beginning and ending long-term debt reported to be outstanding.
- (3) Total operating expenses, maintenance, depreciation and taxes other than income as a percentage of operating revenues.
- (4) Coverage calculations represent the number of times available earnings, including AFC (allowance for funds used during construction) as reported in its entirety cover fixed charges.
- (5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations and after payment of all cash dividends.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFC) as a percentage of Permanent Capital (long-term debt, current maturities and preferred, preference and common equity).
- (7) Gross Cash Flow (as defined in Note 6) as a percentage of average total debt.
- (8) Gross Cash Flow (as defined in Note 6) plus interest charges, divided by interest charges.
- (9) Common dividend coverage is the relationship of internally-generated funds from operations and after payment of preferred stock dividends to common dividends.

	<u>Corporate Credit Rating</u>		<u>Common Stock Traded</u>	<u>S&P Common Stock Ranking</u>	<u>Market Sensitivity Statistics</u>		<u>Business Profile</u>
	<u>Moody's</u>	<u>S&P</u>			<u>Beta</u>	<u>R²</u>	
<u>Value Line Extended Water Group</u>							
American Water Works (1)	-	A-	NYSE	A	0.61	0.03	3
American States Water Company (2)	-	A+	NYSE	B+	0.66	0.06	3
California Water Service	-	AA-	NYSE	A-	0.65	0.05	3
Connecticut Water Service Corp.	-	-	NDQ	A-	0.33	0.02	-
Middlesex Water Company	-	A	NDQ	-	0.37	0.02	3
Philadelphia Suburban Corp. (2)	-	A+	NYSE	A-	0.23	0.01	2
Southwest Water Company	-	-	NDQ	<u>B</u>	<u>0.10</u>	<u>0.00</u>	<u>-</u>
	<u>-</u>	<u>A+</u>		<u>A-</u>	<u>0.42</u>	<u>0.03</u>	<u>2.8</u>

- Notes: (1) Ratings are a subsidiary composite.
 (2) Ratings are those of operating subsidiaries

Source of Information: Company Annual Reports to Shareholders
 Moody's Public Utility Manual and Bond Surveys
 S&P Utilities & Perspectives
 S&P Stock Guides
 Merrill Lynch Security Risk Evaluation, January 2000

Selected Comparison Factors for
 Illinois-American Water Company,
 the Value Line Extended Water Group
and the Public Utility Group

	<u>Illinois- American Water Company</u>	<u>Value Line Extended Water Group</u>	<u>Public Utility Group</u>
(i) Stock Traded	N/A	NYSE, NSQ	NYSE, NSQ
(ii) Credit quality rating	NAIC "1"	A+	A
(iii) Total Capital in thousands (1998)	\$260,673	\$725,914	\$1,246,818
(iv) Net Plant/Revenues (1998)	3.16×	3.29×	1.85×

Source of Information: Annual Financial Reports

**Public Utility Group
Capitalization and Financial Statistics (1)
1994-1998, Inclusive**

	<u>1998</u>	<u>1997</u>	<u>1996</u> (Thousands of Dollars)	<u>1995</u>	<u>1994</u>	
Amount of Capital Employed						
Total Permanent Capital	\$1,165,993	\$1,068,275	\$965,987	\$869,178	\$836,569	
Short-Term Debt	\$80,824	\$105,599	\$94,439	\$71,356	\$65,054	
Total-Capital Employed	<u>\$1,246,818</u>	<u>\$1,173,873</u>	<u>\$1,060,426</u>	<u>\$940,535</u>	<u>\$901,623</u>	
Indicated Average Capital Cost Rates (2)						
Long Term Debt	7.6%	7.4%	7.9%	8.0%	8.0%	
Financial Ratios-Market Based						
Earnings/Price Ratio	5.7%	6.3%	5.7%	6.9%	6.9%	<u>5 Year Average</u> 6.3%
Market/Average Book	219.5%	210.6%	192.0%	167.2%	172.9%	192.4%
Dividend Yield	4.1%	4.3%	4.6%	5.2%	5.1%	4.7%
Dividend Payout Ratio	74.4%	70.3%	37.3%	77.8%	75.7%	67.1%
Capital Structure Ratios						
Based on Total Permanent Capital:						
Long-Term Debt	50.0%	50.6%	48.7%	48.9%	49.4%	49.5%
Preferred Stock	0.8%	1.0%	1.1%	1.3%	1.5%	1.1%
Common Equity	<u>49.2%</u>	<u>48.4%</u>	<u>50.2%</u>	<u>49.9%</u>	<u>49.1%</u>	<u>49.4%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Based on Total Capital:						
Total Debt, including Short Term	54.7%	56.2%	55.1%	53.8%	53.9%	54.7%
Preferred Stock	0.7%	0.9%	0.9%	1.2%	1.4%	1.0%
Common Equity	<u>44.6%</u>	<u>42.9%</u>	<u>44.0%</u>	<u>45.0%</u>	<u>44.7%</u>	<u>44.2%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>99.9%</u>
Rate of Return on Average Book Common Equity	12.3%	13.3%	10.9%	11.4%	11.6%	11.9%
Operating Ratios (3)	80.6%	82.1%	81.4%	82.1%	83.7%	82.0%
Coverages-Including All AFC (4)						
Before Income Taxes: All Interest Charges	3.4 x	3.4 x	3.4 x	3.0 x	3.2 x	3.3 x
After Income Taxes: All Interest Charges	2.5	2.6	2.4	2.3	2.4	2.4
Overall Coverage: All Interest + Pfd. Div.	2.5	2.5	2.4	2.3	2.3	2.4
Coverages-Excluding All AFC						
Before Income Taxes: All Interest Charges	3.3 x	3.4 x	3.4 x	3.0 x	3.1 x	3.3 x
After Income Taxes: All Interest Charges	2.5	2.6	2.4	2.3	2.4	2.4
Overall Coverage: All Interest + Pfd. Div.	2.5	2.5	2.4	2.2	2.3	2.4
Quality of Earnings						
AFC/Income Available for Common Equity	5.6 %	3.2 %	3.3 %	4.7 %	2.7 %	3.9 %
Effective Income Tax Rate	36.6	35.6	-6.2	35.9	35.5	27.5
Internal Cash Generation/Gross Construction (5)	77.7	89.1	76.1	62.9	56.9	72.6
Gross Cash Flow/ Permanent Capital (6)	12.5	12.8	12.0	12.1	10.8	12.1
Gross Cash Flow/ Avg. Total Debt(7)	22.0	22.5	21.3	21.2	18.8	21.2
Gross Cash Flow Interest Coverage(8)	4.2 x	4.1 x	3.9 x	3.8 x	3.6 x	3.9 x
Common Dividend Coverage (9)	3.1	3.1	2.8	2.9	2.7	2.9

See Page 2 for Notes.

Public Utility Group
 Capitalization and Financial Statistics
 1994-1998, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Computed by relating actual long-term interest expense booked to average beginning and ending long-term debt reported to be outstanding.
- (3) Total operating expenses, maintenance, depreciation and taxes other than income as a percentage of operating revenues.
- (4) Coverage calculations represent the number of times available earnings, including AFC (allowance for funds used during construction) as reported in its entirety cover fixed charges.
- (5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations and after payment of all cash dividends.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFC) as a percentage of Permanent Capital (long-term debt, current maturities and preferred, preference and common equity).
- (7) Gross Cash Flow (as defined in Note 6) as a percentage of average total debt.
- (8) Gross Cash Flow (as defined in Note 6) plus interest charges, divided by interest charges.
- (9) Common dividend coverage is the relationship of internally-generated funds from operations and after payment of preferred stock dividends to common dividends.

	Corporate		Common Stock Ranking	Market			Business
	Credit Rating			S&P Stock Beta	Sensitivity		
	Moody's	S&P			R ²	Profile	
<u>Public Utility Group</u>							
American Water Works (1)	-	A-	NYSE	A	0.61	0.03	3
Atmos Energy Corp.	-	A-	NYSE	B+	0.47	0.01	3
Laclede Gas Company	-	AA-	NYSE	B	0.47	0.01	3
NICOR, Inc. (2)	-	AA	NYSE	A-	0.50	0.04	2
Peoples Energy Corp. (2)	-	AA-	NYSE	B+	0.61	0.09	3
Philadelphia Suburban Corp. (2)	-	A+	NYSE	A-	0.23	0.01	2
SEMCO Energy, Inc.	-	<u>BBB</u>	NDQ	<u>B+</u>	<u>0.77</u>	<u>0.17</u>	<u>3</u>
	-	<u>A</u>		<u>B+</u>	<u>0.52</u>	<u>0.05</u>	<u>2.7</u>

- Notes: (1) Ratings are a subsidiary composite.
 (2) Ratings are those of operating subsidiaries

Source of Information: Company Annual Reports to Shareholders
 Moody's Public Utility Manual and Bond Surveys
 S&P Utilities & Perspectives
 S&P Stock Guides
 Merrill Lynch Security Risk Evaluation, January 2000

S&P Public Utilities
Capitalization and Financial Statistics (1)
1994-1998, Inclusive

	1998	1997	1996	1995	1994	
	(Thousands of Dollars)					
Amount of Capital Employed						
Total Permanent Capital	\$9,373,431	\$8,876,008	\$7,679,532	\$7,460,061	\$7,184,987	
Short-Term Debt	491,920	415,918	285,250	291,309	263,207	
Total Capital Employed	<u>\$9,865,351</u>	<u>\$9,291,926</u>	<u>\$7,964,782</u>	<u>\$7,751,370</u>	<u>\$7,448,194</u>	
Indicated Average Capital Cost Rates (2)						
Long Term Debt	6.9%	6.8%	7.3%	7.3%	6.8%	
Financial Ratios-Market Based						
Earnings/Price Ratio	4.6%	4.9%	7.5%	7.2%	7.8%	<u>5 Year Average</u> 6.4%
Market/Average Book	197.4%	177.0%	168.7%	151.8%	150.4%	169.0%
Dividend Yield	4.2%	4.8%	4.9%	5.5%	5.8%	5.0%
Dividend Payout Ratio	37.6%	76.9%	65.5%	71.5%	78.0%	65.9%
Capital Structure Ratios						
Based on Total Permanent Capital:						
Long-Term Debt	49.9%	49.6%	48.3%	48.4%	47.8%	48.8%
Preferred Stock	5.8%	4.9%	4.6%	5.6%	5.7%	5.3%
Common Equity	<u>44.3%</u>	<u>45.5%</u>	<u>47.2%</u>	<u>46.0%</u>	<u>46.6%</u>	<u>45.9%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Based on Total Capital:						
Total Debt, Including Short Term	52.7%	52.3%	50.5%	50.5%	50.0%	51.2%
Preferred Stock	5.5%	4.7%	4.4%	5.3%	5.5%	5.1%
Common Equity	<u>41.8%</u>	<u>43.0%</u>	<u>45.1%</u>	<u>44.1%</u>	<u>44.5%</u>	<u>43.7%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Rate of Return on Average Book Common Equity						
	8.8%	9.0%	12.4%	11.0%	11.6%	10.5%
Operating Ratios (3)						
	83.6%	82.1%	79.5%	78.1%	79.4%	80.5%
Coverages-Including All AFC (4)						
Before Income Taxes: All Interest Charges	3.0 x	3.2 x	3.5 x	3.2 x	3.7 x	3.3 x
After Income Taxes: All Interest Charges	2.3	2.4	2.6	2.4	2.7	2.5
Overall Coverage: All Interest + Pfd. Div.	2.1	2.2	2.4	2.2	2.5	2.3
Coverages-Excluding All AFC						
Before Income Taxes: All Interest Charges	2.9 x	3.2 x	3.5 x	3.1 x	3.6 x	3.3 x
After Income Taxes: All Interest Charges	2.3	2.4	2.6	2.3	2.7	2.4
Overall Coverage: All Interest + Pfd. Div.	2.1	2.2	2.4	2.1	2.5	2.3
Quality of Earnings						
AFC/Income Available for Common Equity	1.6 %	4.9 %	3.2 %	3.4 %	4.8 %	3.6 %
Effective Income Tax Rate	34.0	48.3	36.5	35.1	34.7	37.7
Internal Cash Generation/Gross Construction (5)	108.4	119.8	138.9	117.0	145.6	125.9
Gross Cash Flow/ Permanent Capital (6)	11.9	11.8	13.5	12.2	12.8	12.4
Gross Cash Flow/ Avg. Total Debt(7)	23.1	23.6	26.7	23.4	269.0	73.2
Gross Cash Flow Interest Coverage(8)	4.2 x	4.2 x	4.6 x	4.2 x	4.9 x	4.4 x
Common Dividend Coverage (9)	4.1	3.6	3.9	3.7	3.3	3.7

See Page 2 for Notes.

Standard & Poor's Public Utilities
Capitalization and Financial Statistics
1994-1998, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Computed by relating actual long-term debt interest booked to average of beginning and ending long-term debt reported to be outstanding.
- (3) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
- (4) Coverage calculations represent the number of times available earnings, including AFC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (5) Internal cash generation/gross construction is the percentage of capital additions to utility plant, provided by internally-generated funds from operations, excluding all AFC, and after payment of all cash dividends divided by gross contribution expenditures.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFC) as a percent of preference and common equity).
- (7) Gross Cash Flow (as defined in Note 6) as a percentage of average total debt.
- (8) Gross Cash Flow (as defined in Note 6) plus interest charges, divided by interest charges.
- (9) Common dividend coverage is the relationship of internally-generated funds from operations, excluding all AFC, and after payment of preferred stock dividends to common dividends paid.

Source of Information: Annual Reports to Shareholders
Standard & Poor's Utility Compustat

Standard & Poor's Public Utilities
Capitalization and Financial Statistics
December 31, 1998

	<u>Corporate</u>		<u>Common</u>	<u>S&P</u>	<u>Market</u>	
	<u>Credit Rating</u>	<u>Stock</u>			<u>Common</u>	<u>Sensitivity</u>
	<u>Moody's</u>	<u>S&P</u>	<u>Traded</u>	<u>Stock</u>	<u>Adjusted</u>	<u>Beta</u> <u>R²</u>
				<u>Ranking</u>		
<u>Electric Companies</u>						
American Electric Power Co., Inc. (1)	A3	A-	NYSE	B+	0.40	0.01
Ameren Corp.(2)	Aa3	AA-	NYSE	A-	0.47	0.01
Constellation Energy Group	A1	A+	NYSE	B+	0.51	0.02
Carolina Power & Light Company	A2	A	NYSE	A-	0.49	0.01
Central & South West Corp. (1)	A1	A+	NYSE	B+	0.47	0.01
CINergy Corporation (1)	A3	A-	NYSE	B	0.38	0.02
Consolidated Edison Co.	A1	A+	NYSE	A	0.46	0.00
DTE Energy Company	A3	BBB+	NYSE	A-	0.42	0.01
Dominion Resources, Inc. (1)	A2	A	NYSE	B	0.49	0.02
Duke Power Company	Aa3	A+	NYSE	A-	0.39	0.01
Edison International (1)	A1	A+	NYSE	B	0.59	0.03
Energy Corp. (1)	Baa2	BBB	NYSE	B	0.53	0.01
FPL Group, Inc. (1)	Aa3	AA-	NYSE	B	0.35	0.02
FirstEnergy Corporation (2)	Ba1	BB+	NYSE	B	0.55	0.04
GPU, Inc. (1)	Baa1	A	NYSE	B+	0.57	0.04
New Century Energy (1)	A2	A-	NYSE	NR	0.37	0.02
Niagara Mohawk Power Corp.	Baa3	BBB-	NYSE	B	0.59	0.02
Northern States Power Company (2)	Aa3	AA-	NYSE	A-	0.52	0.03
PG&E Corporation	A1	A+	NYSE	B	0.47	0.00
Pacificorp (2)	A2	A	NYSE	B	N/A	N/A
PECO Energy Company (1)	Baa1	A-	NYSE	B	0.47	0.01
PP&L Resources (1)	A3	A-	NYSE	B+	0.51	0.01
Public Service Enterprise						
Group (1)	A3	A-	NYSE	B+	0.46	0.00
Reliant Energy (1)	A3	A	NYSE	B+	0.48	0.01
Southern Company (1)	A1	A+	NYSE	A-	0.41	0.01
Texas Utilities Company (1)	A3	A	NYSE	B	0.36	0.02
Unicom Corporation (1)	<u>Baa2</u>	<u>BBB</u>	NYSE	B	<u>0.45</u>	<u>0.01</u>
Average	<u>A2</u>	<u>A</u>		<u>B+</u>	<u>0.47</u>	<u>0.02</u>
<u>Power Producers</u>						
AES Corporation	Baa3	-	NYSE	B	<u>1.53</u>	<u>0.27</u>

Standard & Poor's Public Utilities
Capitalization and Financial Statistics
December 31, 1998

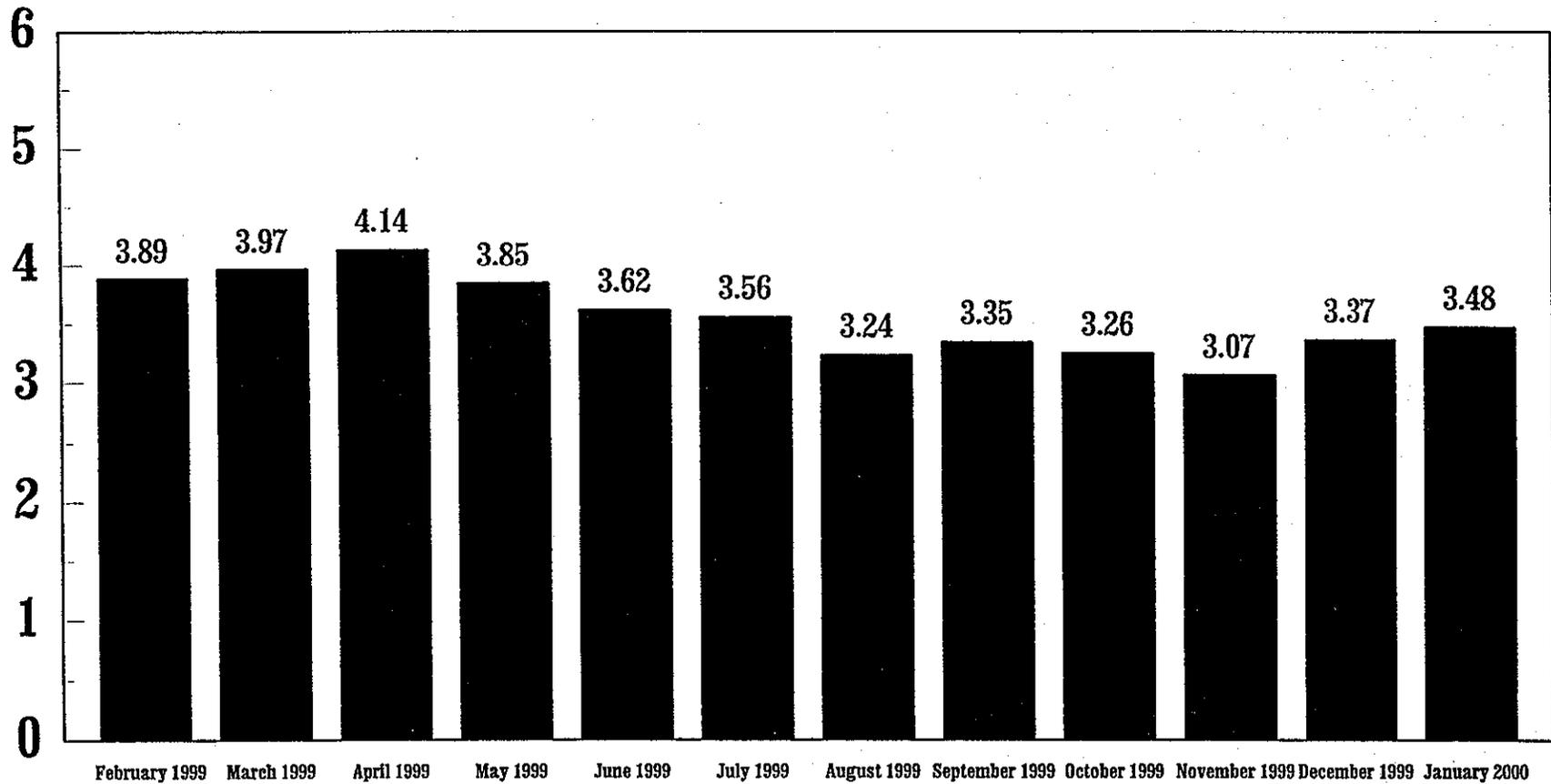
	Corporate Credit Rating		Common Stock Traded	S&P Common Stock Ranking	Market Sensitivity Statistics	
	Moody's	S&P			Adjusted Beta	R ²
<u>Natural Gas Companies</u>						
Coastal Corporation (2)	Baa3	BBB+	NYSE	B	0.83	0.15
Columbia Energy Group	Baa1	BBB+	NYSE	B-	0.70	0.11
Consolidated Natural Gas Co.	A2	AA-	NYSE	B+	0.82	0.16
Eastern Enterprises (1)	A3	A	NYSE	B	0.59	0.05
Enron Corporation (3)	Baa2	BBB+	NYSE	A-	0.90	0.19
NICOR, Inc. (1)	Aa1	AA	NYSE	A-	0.50	0.04
ONEOK, Inc.	A2	A	NYSE	A-	0.73	0.08
Sempra (1)	A1	A+	NYSE	NR	0.54	0.04
Peoples Energy Corp. (1)	Aa3	AA-	NYSE	B+	0.61	0.09
Sonaf, Inc. (1)	A2	A-	NYSE	B+	N/A	N/A
Williams Company (2)	<u>Baa2</u>	<u>BBB</u>	NYSE	<u>B+</u>	<u>0.84</u>	<u>0.13</u>
Average	<u>A2</u>	<u>A</u>		<u>B+</u>	<u>0.71</u>	<u>0.10</u>
Average for S&P Utilities	<u>A2</u>	<u>A</u>		<u>B+</u>	<u>0.56</u>	<u>0.05</u>
Indexes:						
S&P Public Utilities					0.52	0.08
S&P Industrials				0.98	0.97	
S&P Composite					1.00	1.00

Notes: (1) Composite rating for subsidiaries of holding companies.
 (2) Composite rating for parent company as well as subsidiaries.
 (3) Parent Company rating.

Source of Information: Moody's Public Utility Manual and Bond Survey
 Standard & Poor's Stock and Bond Guide
 Merrill Lynch Security Risk Evaluation, January 2000

Value Line Extended Water Group
Monthly Dividend Yields
for the Twelve Months Ended January 2000

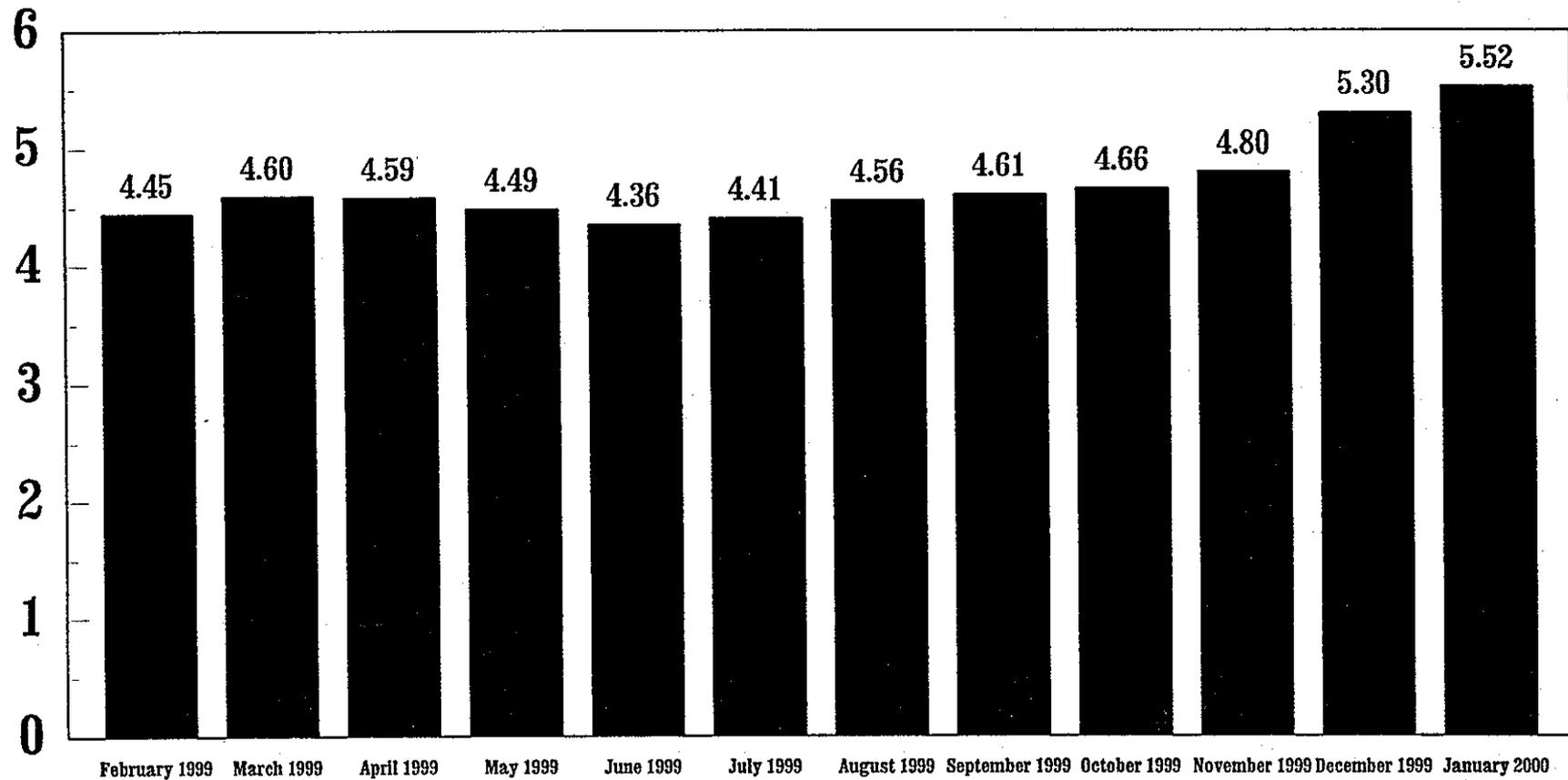
Percent (%)



Dividend Yields

Public Utility Group
Monthly Dividend Yields
for the Twelve Months Ended January 2000

Percent (%)

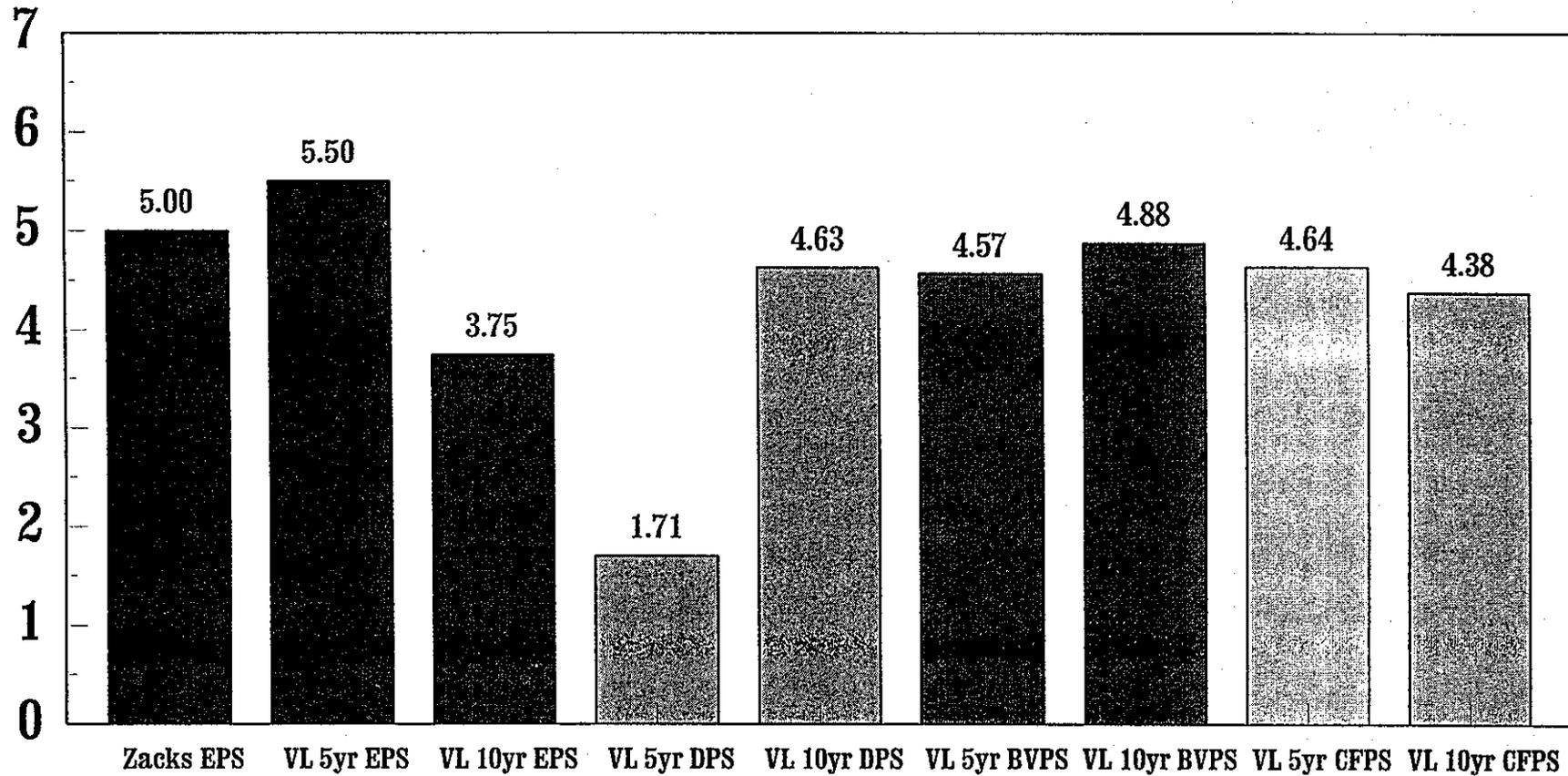


Dividend Yields

Value Line Extended Water Group

Historical Growth Rates

Percent (%)



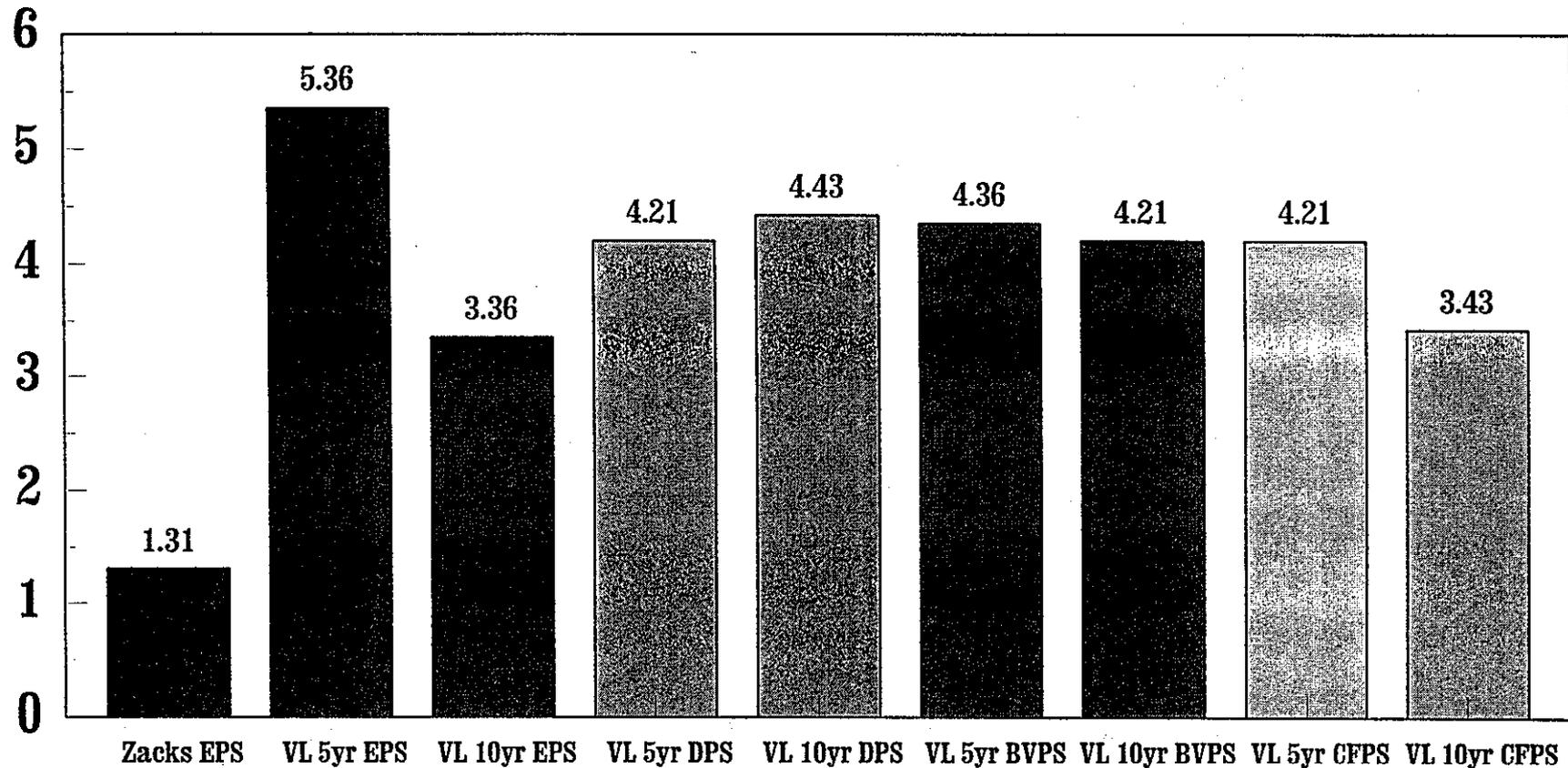
Growth Rates

EPS= Earnings Per Share, DPS= Dividends per Share,
BVPS= Book Value Per Share, CFPS= Cash Flow Per Share

Public Utility Group

Historical Growth Rates

Percent (%)



Growth Rates

EPS= Earnings Per Share, DPS= Dividends per Share,
BVPS= Book Value Per Share, CFPS= Cash Flow Per Share

Historic Internal Growth Rates
 For the Years 1994-1998

Value Line Extended Water Group	1998	1997	1996	1995	1994	Five-Year Average	Five-Year Average Excluding Negatives
American Water Works Inc							
Earnings Rate on Book Common Equity	10.7%	10.5%	10.4%	11.3%	10.8%		
Dividend Rate on Book Common Equity	5.5%	5.5%	5.5%	5.5%	5.0%		
Internal Growth Rate	5.1%	5.0%	4.9%	5.9%	5.8%	5.4%	5.4%
American States Water Company							
Earnings Rate on Book Common Equity	9.5%	9.4%	10.0%	10.0%	9.5%		
Dividend Rate on Book Common Equity	7.4%	7.5%	7.2%	7.9%	8.0%		
Internal Growth Rate	2.1%	1.9%	2.8%	2.2%	1.6%	2.1%	2.1%
California Water Service Co							
Earnings Rate on Book Common Equity	11.0%	14.5%	12.6%	10.0%	10.6%		
Dividend Rate on Book Common Equity	8.1%	8.4%	8.7%	8.8%	8.6%		
Internal Growth Rate	2.8%	6.2%	3.9%	1.2%	2.0%	3.2%	3.2%
Connecticut Water Svc Inc							
Earnings Rate on Book Common Equity	12.2%	12.3%	12.4%	12.7%	12.6%		
Dividend Rate on Book Common Equity	9.3%	9.4%	9.6%	9.8%	10.0%		
Internal Growth Rate	2.9%	2.8%	2.8%	2.9%	2.6%	2.8%	2.8%
Middlesex Water Co							
Earnings Rate on Book Common Equity	10.5%	11.2%	10.3%	12.0%	12.1%		
Dividend Rate on Book Common Equity	8.5%	9.5%	9.5%	9.6%	9.6%		
Internal Growth Rate	2.1%	1.7%	0.8%	2.4%	2.5%	1.9%	1.9%
Philadelphia Suburban Corp							
Earnings Rate on Book Common Equity	13.5%	12.4%	11.7%	12.0%	11.2%		
Dividend Rate on Book Common Equity	8.7%	8.7%	8.8%	9.0%	9.0%		
Internal Growth Rate	4.9%	3.7%	3.0%	3.0%	2.1%	3.3%	3.3%
Southwest Water Co							
Earnings Rate on Book Common Equity	8.1%	8.3%	6.4%	5.0%	3.7%		
Dividend Rate on Book Common Equity	3.6%	3.7%	3.6%	3.4%	3.5%		
Internal Growth Rate	4.4%	4.6%	2.9%	1.5%	0.2%	2.7%	2.7%
Average							
Earnings Rate on Book Common Equity	10.8%	11.2%	10.5%	10.4%	10.1%	10.6%	
Dividend Rate on Book Common Equity	<u>7.3%</u>	<u>7.5%</u>	<u>7.5%</u>	<u>7.7%</u>	<u>7.7%</u>	<u>7.5%</u>	
Internal Growth Rate	<u>3.5%</u>	<u>3.7%</u>	<u>3.0%</u>	<u>2.7%</u>	<u>2.4%</u>	<u>3.1%</u>	<u>3.1%</u>

Source of Information : Company Annual Reports

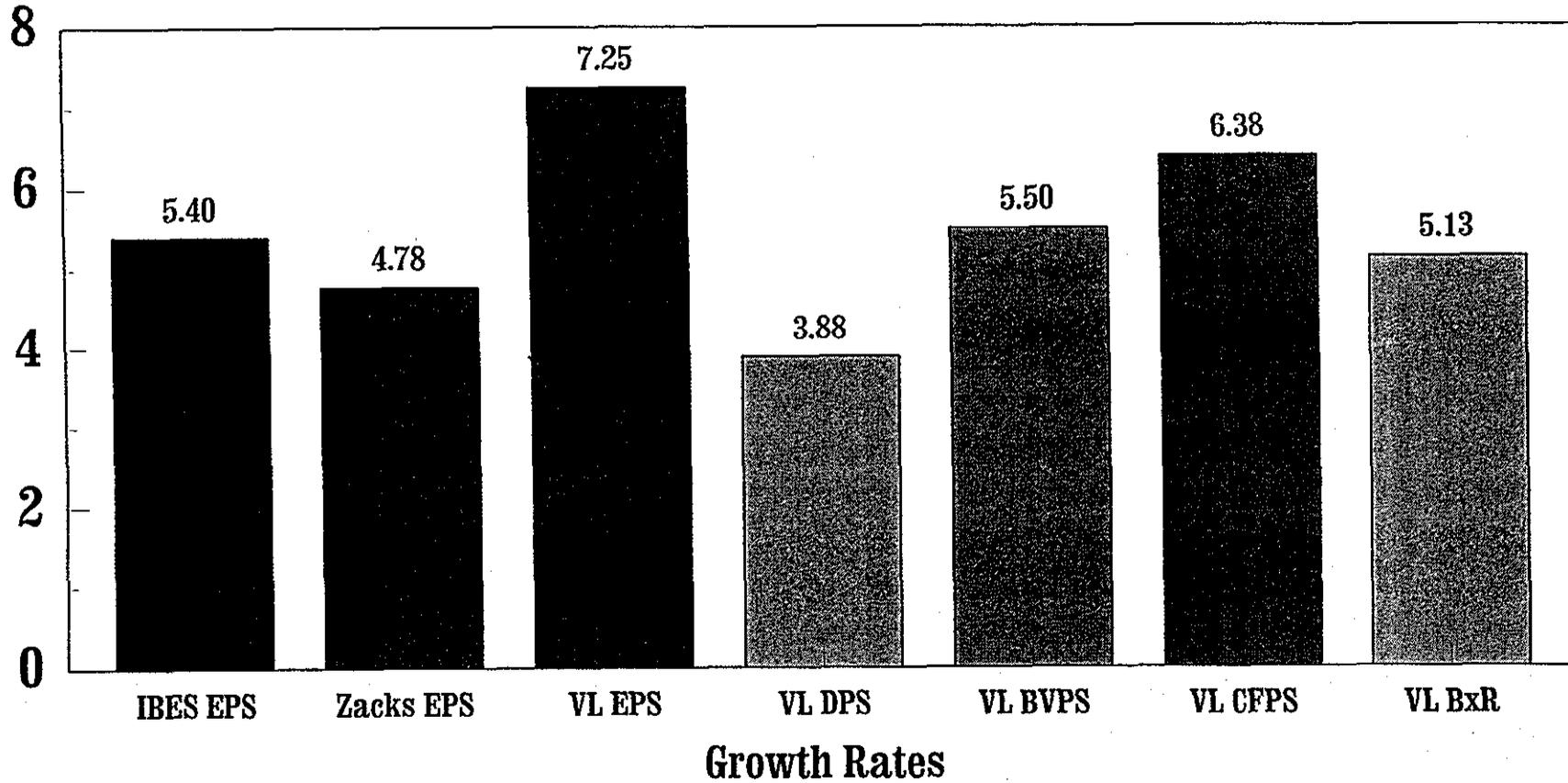
Historic Internal Growth Rates
For the Years 1994-1998

Public Utility Group	1998	1997	1996	1995	1994	Five-Year Average	Five-Year Average Excluding Negatives
American Water Works Inc							
Earnings Rate on Book Common Equity	10.7%	10.5%	10.4%	11.3%	10.8%		
Dividend Rate on Book Common Equity	5.5%	5.5%	5.5%	5.5%	5.0%		
Internal Growth Rate	5.1%	5.0%	4.9%	5.9%	5.8%	5.4%	5.4%
Atmos Energy Corporation							
Earnings Rate on Book Common Equity	15.8%	9.5%	14.5%	12.3%	10.2%		
Dividend Rate on Book Common Equity	9.1%	10.6%	9.2%	9.2%	8.7%		
Internal Growth Rate	6.7%	-1.0%	5.3%	3.0%	1.4%	3.1%	4.1%
Laclede Gas Co							
Earnings Rate on Book Common Equity	11.0%	13.2%	14.0%	9.9%	11.5%		
Dividend Rate on Book Common Equity	9.2%	9.3%	9.4%	9.7%	9.9%		
Internal Growth Rate	1.8%	3.9%	4.5%	0.1%	1.6%	2.4%	2.4%
Nicor Inc							
Earnings Rate on Book Common Equity	15.4%	17.3%	19.2%	14.5%	15.7%		
Dividend Rate on Book Common Equity	9.4%	9.2%	9.3%	9.4%	9.5%		
Internal Growth Rate	6.1%	8.1%	9.9%	5.1%	6.2%	7.1%	7.1%
Peoples Energy Corp							
Earnings Rate on Book Common Equity	10.9%	14.1%	15.6%	9.7%	11.7%		
Dividend Rate on Book Common Equity	9.2%	9.4%	9.7%	9.8%	9.9%		
Internal Growth Rate	1.7%	4.7%	6.0%	-0.1%	1.9%	2.8%	3.5%
Philadelphia Suburban Corp							
Earnings Rate on Book Common Equity	13.5%	12.4%	11.7%	12.0%	11.2%		
Dividend Rate on Book Common Equity	8.7%	8.7%	8.8%	9.0%	9.0%		
Internal Growth Rate	4.9%	3.7%	3.0%	3.0%	2.1%	3.3%	3.3%
SEMCO							
Earnings Rate on Book Common Equity	8.9%	16.1%	-9.0%	10.4%	10.4%		
Dividend Rate on Book Common Equity	10.4%	11.1%	9.7%	8.5%	9.0%		
Internal Growth Rate	-1.6%	5.1%	-18.6%	1.9%	1.4%	-2.4%	2.8%
Average							
Earnings Rate on Book Common Equity	12.3%	13.3%	10.9%	11.4%	11.6%	11.9%	
Dividend Rate on Book Common Equity	8.8%	9.1%	8.8%	8.7%	8.7%	8.8%	
Internal Growth Rate	3.5%	4.2%	2.1%	2.7%	2.9%	3.1%	4.1%

Source of Information : Company Annual Reports

Value Line Extended Water Group Analysts' Five-Year Projected Growth Rates

Percent (%)

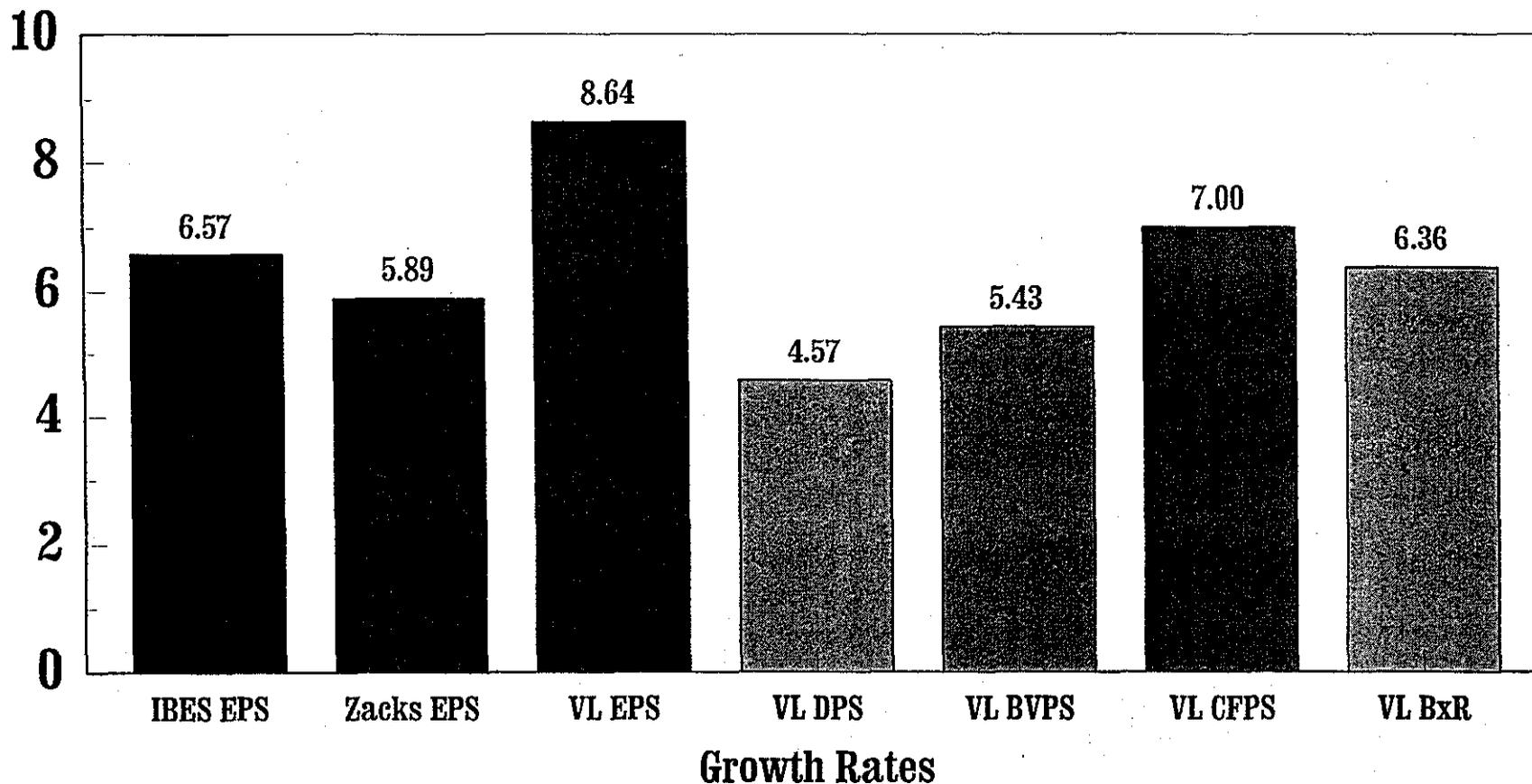


EPS= Earnings Per Share, DPS= Dividends Per Share,
BVPS= Book Value Per Share, CFPS= Cash Flow Per Share
BxR= % Retained to Common Equity

Public Utility Group

Analysts' Five-Year Projected Growth Rates

Percent (%)



EPS= Earnings Per Share, DPS= Dividends Per Share,
BVPS= Book Value Per Share, CFPS= Cash Flow Per Share
BxR= % Retained to Common Equity