

Jonathan A. Lesser

With almost twenty years of industry and government experience, Dr. Lesser has addressed major economic and regulatory policy issues associated with electric utility industry structure, operations, and decision strategies, as well as broad energy market and environmental policy issues. He has advanced skills in economic, econometric, and statistical analysis, decision analysis and stochastic modeling for capital investments, risk management and strategy development, and benefit-cost analysis. Dr. Lesser has provided testimony and served as an expert witness in gas and electric utility rate cases, industry restructuring, and in civil litigation. He is a frequent speaker at national conferences on energy planning, investment, and regulatory policy issues.

PROFESSIONAL EMPLOYMENT

1998 – Present	Navigant Consulting Inc. Senior Managing Economist
1993 – 1998	Green Mountain Power Corporation Manager, Economic Analysis Senior Economist
1996 – 1998	University of Vermont - School of Business Administration Lecturer
1986 – 1993	The Washington State Energy Office Energy Policy Specialist
1991 – 1993	Saint Martin's College - College of Business and Economics Adjunct Associate Professor
1984 – 1986	Pacific Northwest Utilities Conference Committee Energy Economist
1983 – 1984	Idaho Power Company Economic Analyst

Resource Strategy / Decision and Risk Analysis

Performed numerous strategy analyses to value assets, such as nuclear power facilities, cogeneration plants, etc. Developed decision and real options pricing models to determine appropriate conditional investment strategies for utilities, including early shutdown of nuclear plants. Developed advanced approaches to evaluate distribution utility repair vs. replace strategies. Developed and reviewed least-cost integrated resource plans for electric utilities. Worked closely with Electric Power Research Institute staff to develop innovative new decision and economic analysis models for distribution planning investment analysis, and has overseen distributed utility planning studies for several electric utilities. For several large utility clients, performed decision analysis studies to estimate nuclear plant economic values and associated stranded costs, and provide expert testimony on the results. Conducted extensive decision/economic analyses on generating resources and contracts, including unit shutdown/repair studies.

Expert Testimony

Within the energy industry, prepared expert testimony on issues including prudence and used-and-usefulness of utility investments; cost of capital for electric and gas utilities; natural gas supplies and pipeline depreciation rates; electric industry restructuring and nuclear power plant valuation; and market power.

Commercial litigation experience includes: economic impacts of shopping mall development; economic impacts of commercial labeling laws; pension benefits valuation; statistical studies to determine value of unpaid hospital charges; and commercial damages estimation.

Environmental Policy

Published research and testified about the use of environmental externality “adders” in electric utility rate cases and other regulatory docket in the State of Vermont. Performed analysis of energy and environmental policy issues affecting the state of Washington and provided staff analysis for Washington members of the Northwest Power Planning Council. Prepared and presented testimony to legislative committees on major energy and environmental policy issues, including impacts of gasoline taxes and changes in vehicle registration fee practices. Assisted in negotiations for hydroelectric plant re-licensing. Assessed development potential of cogeneration resources at state-owned facilities. Prepared estimates of regional economic impacts of specific energy-related programs and policies. Wrote and served as principal investigator for research proposals to federal agencies, including the U.S. Department of Energy and the U.S. Environmental Protection Agency.

Forecasting

Developed econometric forecasts of residential, commercial, and industrial electricity demand. Developed and tested new forecasting techniques for peak load forecasting. Maintained and refined regional end-use forecasting models. Evaluated regional natural gas resource supply forecasts for accuracy.

Regulatory Policy

Evaluated performance-based regulation regimes for distribution companies and full-service utilities, including studies of the relative merits of revenue-based and price-based PBR, adjustment factor development and measurement, and implementation issues. Active participant in electric restructuring policy development, including stranded cost estimation and allocation, design of new regulatory policies for restructured utilities, especially distribution utilities, design of performance based regulation structures for distribution utilities, and environmental policy issues related to electricity generation and consumption.

Teaching

Taught undergraduate and graduate courses in environmental economics, money and banking, and the legal environment of business.

EDUCATION

- University of Washington, Ph.D., Economics, 1989
Fields of specialization: Microeconomics
Econometrics and Statistics
Industrial Organization and Antitrust.
- University of Washington, M.A., Economics, 1982
- University of New Mexico, B.S., Mathematics and Economics, 1980 (with honors)

PROFESSIONAL ASSOCIATIONS

- Society of Utility and Regulatory Financial Analysts
- American Economic Association
- International Association for Energy Economics

OTHER PROFESSIONAL ACTIVITIES

- Reviewer, Journal of Regulatory Economics
- Reviewer, The Energy Journal
- Reviewer, Northwest Journal of Business and Economics
- Reviewer, Contemporary Economic Policy

PROFESSIONAL PUBLICATIONS

- J. Lesser, "The Economic Used-and Useful Test: Its Origins and Implications for a Restructured Electric Industry," Energy Law Journal 23 (November 2002), pp. 349-381.
- J. Lesser, "Welcome to the New Era of Resource Planning: Why Restructuring May Lead to More Complex Regulation, Not Less," The Electricity Journal 15 (July 2002), pp. 20-28.
- J. Lesser and C. Feinstein, "Identifying Applications for Distributed Generation: Hype vs. Hope," Public Utilities Fortnightly 140 (June 1, 2002), pp. 20-28.
- J. Lesser, et al., "Utility Resource Planning: The Need for a New Approach," Public Utilities Fortnightly 140 (January 15, 2002), pp. 24-27.
- J. Lesser, "Distribution Utilities: Forgotten Orphans of Electric Restructuring?" Public Utilities Fortnightly 137 (March 1, 1999), pp. 50-55.
- J. Lesser, "Regulating Distribution Utilities in a Restructured World," The Electricity Journal 12 (January/February 1999), pp.40-48.
- J. Lesser and C. Feinstein, "Electric Utility Restructuring, Regulation of Distribution Utilities, and the Fallacy of "Avoided Cost" Rules." Journal of Regulatory Economics 15 (January 1999), pp.93-110.
- C. Feinstein and J. Lesser, "Defining Distributed Utility Planning," The Energy Journal, Special Issue, Distributed Resources: Toward a New Paradigm. 1998, pp. 41-62.
- J. Lesser and R. Zerbe, "A Practitioner's Guide to Benefit-Cost Analysis," in F. Thompson (ed.) Handbook of Public Finance. New York: Rowan and Allenheld, 1998, pp. 221-268.
- J. Lesser, "Is it How Much or Who Pays? A Response to Rothkopf," The Electricity Journal 10 (December 1997):17-22.
- J. Lesser, D. Dodds, and R. Zerbe, Environmental Economics and Policy, Reading: MA: Addison Wesley Longman, 1997.
- J. Lesser and M. Ainspan, "Using Markets to Value Stranded Costs," The Electricity Journal 9 (October 1996):66-74.
- J. Lesser, "Distributed Resources as a Competitive Opportunity: The Small Utility Perspective," Proceedings, First Annual Conference on Distributed Resources, Electric Power Research Institute, Kansas City, MO, July 1995.
- J. Lesser, "Economic Analysis of Distributed Resources: An Introduction," Proceedings, First Annual Conference on Distributed Resources, Electric Power Research Institute, Kansas City, MO, July 1995.
- J. Lesser and R. Zerbe, "What Can Economic Analysis Contribute to the Sustainability Debate?" Contemporary Policy Issues 13 (July 1995): 88-100.
- J. Lesser and R. Zerbe, "The Discount Rate for Environmental Projects," Journal of Policy Analysis and Management 13 (Winter 1994):140-156.

- D. Dodds and J. Lesser, "Can Utility Commissions Improve on Environmental Regulations?" Land Economics 70 (February 1994): 63-76.
- J. Lesser, "Estimating the Economic Impacts of Geothermal Resource Development," Geothermics 12 (Winter 1994): 52-69.
- J. Lesser and M. Ainspan, "Retail Wheeling: Deja vu All Over Again?" The Electricity Journal 7 (April 1994): 33-49.
- J. Lesser, "An Economically Rational Approach to Least-Cost Planning: Comment," The Electricity Journal 4 (October 1991).
- J. Lesser, "Economic Impacts of Geothermal Development in Whatcom County, Washington," Report to the Bonneville Power Administration, Portland, OR, July 1992.
- J. Lesser, "Economic Impacts of Geothermal Development in Skamania County, Washington," Report to the Bonneville Power Administration, Portland, OR, July 1992.
- J. Lesser and J. Weber, "Energy Efficiency in New Zealand: Issues and Appropriate Institutions for the Electricity Sector," Report to the New Zealand Ministry of the Environment, June 1992.
- J. Lesser, "Application of Stochastic Dominance Tests to Utility Resource Planning Under Uncertainty," Energy 14 (December 1990):949-961.
- J. Lesser, "Resale of the Columbia River Treaty Downstream Power Benefits: One Road From Here to There," Natural Resources Journal 30 (July 1990):609-628.
- J. Lesser, "Long-Term Utility Planning Under Uncertainty: A New Approach," Paper presented for the Electric Power Research Institute: Innovations in Pricing and Planning, May 1990.
- J. Lesser, "Centralized vs. Decentralized Resource Acquisition: Implications for Bidding Strategies," Public Utilities Fortnightly, June 21, 1990.
- J. Lesser, "Most Value - The Right Measure for the Wrong Market?" The Electricity Journal 2 (December 1989):47-51.
- J. Lesser, and J. Weber, "The 65 M.P.H. Speed Limit and the Demand for Gasoline: A Case Study for the State of Washington," Energy Systems and Policy 13 (July 1989):191-203.
- J. Lesser, "The Economics of Preference Power," Research in Law and Economics 12 (1989):131-151.
- J. Lesser, et al., "Global Warming: Implications for Energy Policy," Washington State Energy Office, Energy Policy and Planning Research Series, July 1989.
- J. Lesser, "Canadian - U.S. Power Production and the Columbia River Treaty: Implications for Northwest Electricity Supply," Washington State Energy Office, Energy Policy and Planning Research Series, March 1989.

PREPARED TESTIMONY

Energy Related Litigation

Arkansas Public Service Commission, In the Matter of the Application of Arkansas Oklahoma Gas Corporation for a General Change in Rates and Tariffs, Docket No. 02-24-U, February 12, 2002. [Cost of capital.]

Vermont Public Service Board, Tariff Filing of Citizens Communications Company requesting a rate increase in the amount of 40.02% to take effect December 15, 2001, Docket No. 6596, May 2002. [Economic used-and-useful test, environmental costs.]

Before the Vermont Senate Energy and Natural Resources Committee, Prepared Testimony of Dr. Jonathan Lesser on Senate Bill 264, January 31, 2002. [Cost of renewable generation.]

Federal Energy Regulatory Commission. Re: Dynegy LNG Production Terminal, LP, Docket No. CP01-423-000, September 2001. [Market Power].

Federal Energy Regulatory Commission. Re: Kansas Pipeline Corporation, Docket No. RP99-485-000, April 2000. [Testimony on natural gas supply analysis and pipeline depreciation analysis.]

Vermont Public Service Board, In the Matter of Green Mountain Power Corporation requesting a 12.93% Rate Increase to take effect January 22, 1999, Docket No. 6107, Montpelier, VT, January 1998. [Appropriate discount rate, treatment of environmental costs, and the treatment of risk and uncertainty].

Connecticut Dept. of Public Utility Control, Application of the United Illuminating Company for Recovery of Stranded Costs, Docket No. 99-03-04, Hartford, CT., May 1999. [Decision analysis models for stranded cost estimation].

Vermont Public Service Board, Investigation into the Department of Public Service's Proposed Energy Efficiency Utility, Docket No. 5980, Montpelier, VT, January 1998. [Distributed Utility Planning, Environmental Externalities].

Vermont Public Service Board, Tariff Filing of Green Mountain Power Corporation requesting a 16.7% Rate Increase to take effect 7/31/97, Docket No. 5983, Montpelier, VT, January 1998. [Distributed Utility Planning, Avoided Costs].

Rebuttal Testimony, Vermont Public Service Board, Tariff Filing of Green Mountain Power Corporation requesting a 16.7% Rate Increase to take effect 7/31/97, Docket No. 5983, Montpelier, VT, December 1997. [Valuation of HQ Contract].

Commercial Litigation

Lyubner v. Sizzling Platters, Inc., September 2002. [Econometric analysis of damage claim based on sales impacts associated with advertising.]

John C. Lincoln Hospital v. Maricopa County, September 2002. [Statistical analysis to determine value of class of unpaid hospital claims.]

Sombody v. Somebody, June 2002. [Pension benefits valuation.]

Nat'l. Association of Electric Manufacturers v. Sorrell, et al. September 1999. [Costs of labeling fluorescent lamps, impacts of labeling laws on the demand for electricity.]

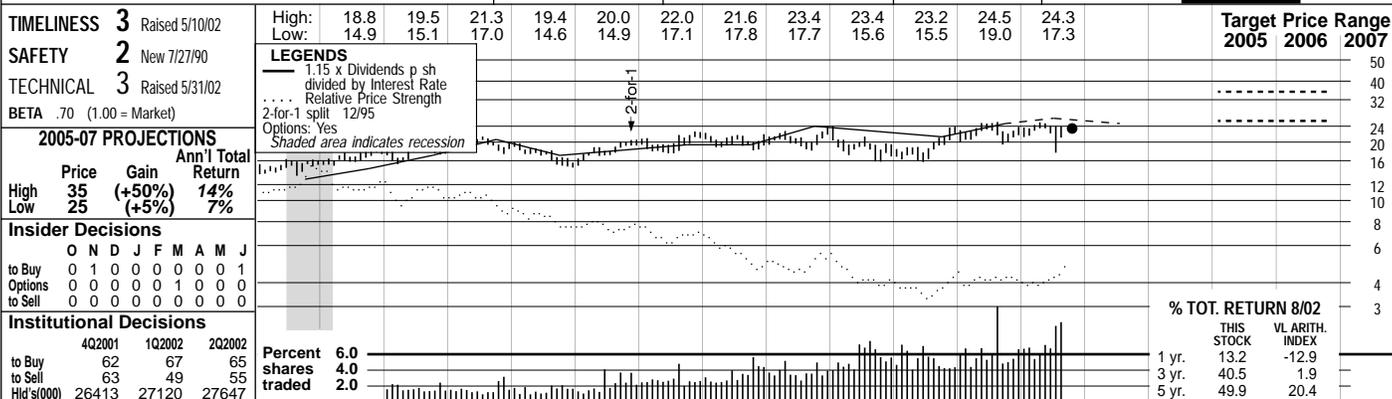
Comparables Information

Stock Symbol	Company	Publicly Held?	SIC Code Classification	Listed in Value Line	Total Capitalization 2002MRQ (Million\$)	Market Capitalization 2002MRQ (Million\$)	Dividends Steady or increasing since 1997?	Revenues Last Full Fiscal Year (Million\$)	Percent Utility Revenues?	Fixed Charge Coverage Ratio 2001 (%)	Earnings Estimates by Zacks & I/B/E/S?	LT Debt Rating (Moody's / S&P)	S&P Corporate Credit Rating	Date of Value Line Report
ATG	AGL Resources	Yes	4924	Yes	\$2,125	\$1,279	Yes	\$1,049	100%	241%	Yes	Baa2/A-	A-	9/20/2002
ATO	ATMOS Energy	Yes	4924	Yes	\$1,368	\$918	Yes	\$1,442	96%	356%	Yes	A3/A-	A-	9/20/2002
CGC	Cascade Natural Gas	Yes	4924	Yes	\$292	\$221	Yes	\$336	100%	352%	Yes	Baa1/BBB+	BBB+	9/20/2002
LG	Laclede Group	Yes	4924	Yes	\$696	\$472	Yes	\$1,002	93%	253%	Yes	A3/A+	A+	9/20/2002
GAS	NICOR	Yes	4924	Yes	\$1,317	\$1,270	Yes	\$2,544	83%	510%	Yes	--/AA	AA	9/20/2002
NWN	Northwest Natural Gas	Yes	4924	Yes	\$987	\$751	Yes	\$650	100%	285%	Yes	A2/A	A	9/20/2002
PGL	Peoples Energy	Yes	4924	Yes	\$1,764	\$1,217	Yes	\$2,270	81%	259%	Yes	A3/A-	AA-	9/20/2002
PNY	Piedmont Natural Gas	Yes	4924	Yes	\$1,121	\$1,190	Yes	\$1,108	100%	307%	Yes	A2/A	A	9/20/2002
WGL	WGL Holdings	Yes	4924	Yes	\$1,535	\$1,188	Yes	\$1,447	75%	381%	Yes	--/AA-	AA-	9/20/2002

Data Sources: *Value Line Investment Survey*, *Bloomberg Financial Analysis*
Moody's, *Standard & Poors*, *Individual Company 10-K, Annual and Quarterly Reports*.

Exhibit 7.3

Value Line Investment Survey, Individual Company Reports.



Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Value Line Pub, Inc.	05-07
Revenues per sh ^A	27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	19.04	40.20	41.25	Revenues per sh ^A	46.25
"Cash Flow" per sh	1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	3.31	3.30	3.50	"Cash Flow" per sh	3.95
Earnings per sh ^{A,B}	.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	1.50	1.70	1.80	Earnings per sh ^{A,B}	2.10
Div'ds Decl'd per sh ^C	.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	1.08	1.08	1.08	Div'ds Decl'd per sh ^C	1.08
Cap'l Spending per sh	3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	2.83	3.05	3.00	Cap'l Spending per sh	2.85
Book Value per sh	7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	12.19	12.95	13.85	Book Value per sh	17.15
Common Shs Outst'g ^D	36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	55.10	56.00	57.00	Common Shs Outst'g ^D	60.00
Avg Ann'l P/E Ratio	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	14.6	14.9	15.0	Avg Ann'l P/E Ratio	15.0
Relative P/E Ratio	.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.72	1.22	.88	.77	1.00	1.00	Relative P/E Ratio	1.00
Avg Ann'l Div'd Yield	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%	4.9%	4.9%	4.9%	Avg Ann'l Div'd Yield	3.4%

Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Value Line Pub, Inc.	05-07
Revenues (\$mill) ^A	994.6	1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	1068.6	607.4	1049.3	2240	2350	Revenues (\$mill) ^A	2775						
Net Profit (\$mill)	55.4	57.5	63.2	74.3	75.6	76.6	80.6	52.1	71.1	82.3	95.0	105	Net Profit (\$mill)	125						
Income Tax Rate	31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	33.1%	34.3%	36.0%	34.0%	34.0%	Income Tax Rate	34.0%						
Net Profit Margin	5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	4.9%	11.7%	7.8%	4.2%	4.4%	Net Profit Margin	4.6%						
Long-Term Debt Ratio	40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	45.3%	45.9%	61.3%	60.0%	58.0%	Long-Term Debt Ratio	55.0%						
Common Equity Ratio	58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	49.2%	48.3%	38.7%	40.0%	42.0%	Common Equity Ratio	45.0%						
Total Capital (\$mill)	812.7	925.7	1131.5	1170.3	1201.3	1356.4	1388.4	1345.8	1286.2	1736.3	1815	1880	Total Capital (\$mill)	22805						
Net Plant (\$mill)	1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	1598.9	1637.5	2058.9	2230	2400	Net Plant (\$mill)	2910						
Return on Total Cap'l	9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	5.7%	7.4%	6.5%	5.5%	6.0%	Return on Total Cap'l	6.0%						
Return on Shr. Equity	11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	7.1%	10.2%	12.3%	13.0%	13.0%	Return on Shr. Equity	12.5%						
Return on Com Equity	11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	12.3%	7.9%	11.5%	12.3%	13.0%	13.0%	Return on Com Equity	12.5%						
Retained to Com Eq	1.0%	.4%	3.0%	4.6%	3.8%	3.2%	4.4%	NMF	3.2%	4.2%	4.5%	5.5%	Retained to Com Eq	6.0%						
All Div'ds to Net Prof	91%	96%	75%	66%	71%	74%	64%	101%	72%	65%	65%	59%	All Div'ds to Net Prof	51%						

Year	2000	2001	6/30/02
Cash Assets	2.0	2.8	4.3
Other	97.7	214.6	377.3
Current Assets	99.7	217.4	381.6
Accts Payable	34.0	82.4	50.7
Debt Due	161.2	348.4	48.0
Other	89.6	155.8	741.8
Current Liab.	284.8	586.6	840.5
Fix. Chg. Cov.	239%	241%	245%

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.8 million customers in Georgia, primarily Atlanta, and in southern Tennessee. Also engaged in nonregulated natural gas marketing and other, allied services. Also wholesales and retails propane. Nonregulated subsidiaries: Georgia Natural Gas Services markets natural gas at retail. Acquired Virginia Natural Gas, 10/00. Sold Utilipro, 3/01. Has about 1,938 employees. Officers/directors own less than 1.0% of outstanding common shares. (12/01 Proxy). President & CEO: Paula Rospot. Incorporated: Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet: www.aglresources.com.

Year	1999	2000	2001	2002	2003
Revenues	994.6	1130.3	1199.9	1063.0	1220.2
"Cash Flow"	1.52	1.84	1.90	1.93	2.04
Earnings	0.83	1.02	1.13	0.95	1.01
Dividends	0.70	0.80	0.88	0.94	0.98
Book Value	7.59	7.89	8.72	8.83	8.97

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1999	323.9	375.1	185.9	183.7	1068.6
2000	182.3	160.1	131.8	133.2	607.4
2001	294.8	350.6	175.7	228.2	1049.3
2002	492.9	570.1	575	602	2240
2003	545	590	600	615	2350

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1999	.28	.42	.12	.09	.91
2000	.30	.41	.26	.32	1.29
2001	.41	.83	.17	.09	1.50
2002	.89	.22	.15	.44	1.70
2003	.90	.25	.15	.50	1.80

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1998	.27	.27	.27	.27	1.08
1999	.27	.27	.27	.27	1.08
2000	.27	.27	.27	.27	1.08
2001	.27	.27	.27	.27	1.08
2002	.27	.27	.27	.27	1.08

Cost efficiencies in AGL Resources' utilities are driving earnings results. The company reported a profit of \$0.22 a share in the second quarter, a 29% advance from the year-earlier period. This comes despite a settlement for an annual base rate decrease of \$10 million from AGL's Georgia public utility, AGLC, that became effective on May 1st. Too, AGLC has experienced a decline in customer accounts over the past year. Nonetheless, AGL managed to achieve year-over-year earnings growth from its gas distribution businesses through lower operation, maintenance, and depreciation expenses. The company has reduced headcount by 230 since last year, trimmed bad debt expense at its Tennessee and Virginia gas utility subsidiaries, and cut depreciation expense as a direct result of AGLC's new performance-based rate plan. Moreover, AGL Resources intends to take additional cost-cutting measures before yearend.

The nonregulated businesses are operating at a net loss. Performance at Sequent, the company's trading and risk management unit, declined, despite increased transactions flow, because of low price volatility, as well as higher operating expenses. Meanwhile, the telecommunications unit, AGL Networks, remains unprofitable. AGL's energy marketing joint venture with Dynegy and Piedmont, SouthStar, did turn a profit, however, as a result of lower wholesale natural gas costs relative to retail prices.

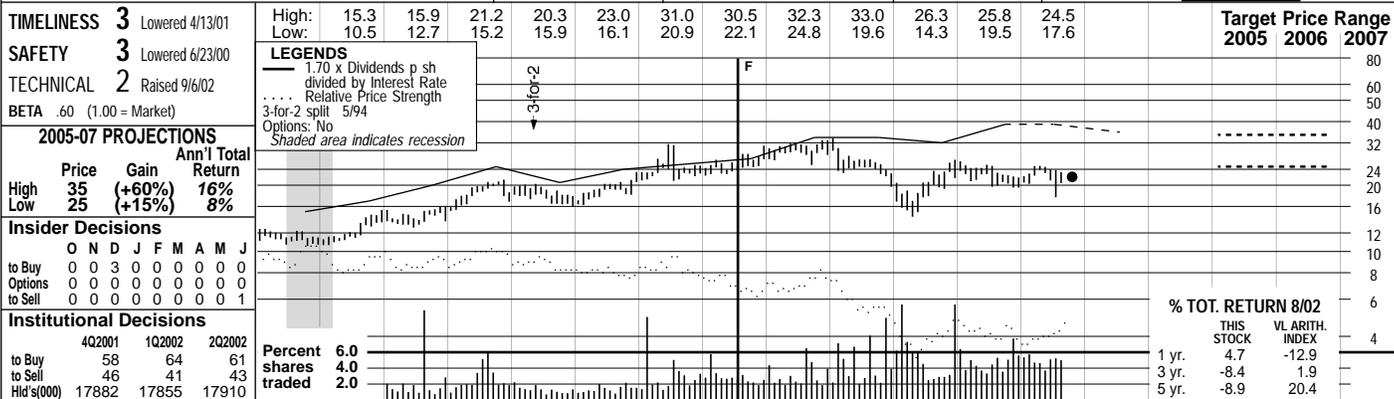
AGL is taking a "contrarian" approach to its nonutility activities. It began to build AGL Networks when the telecommunications industry fell on hard times and companies in bankruptcy were forced to sell assets. Now, it is enhancing the Sequent unit at a time when energy traders have come under duress. That's because AGL believes that these businesses hold considerable untapped profit potential.

These shares remain a good selection for income investors. The company generates over 90% of earnings from utility operations, while its nonregulated businesses hold opportunity for higher profits. Also, AGL has expressed commitment to maintaining its dividend, and the stock retains excellent price stability.

Michael P. Maloney September 20, 2002

ATMOS ENERGY CORP. NYSE-ATO

RECENT PRICE **22.13** P/E RATIO **13.9** (Trailing: 15.8 Median: 16.0) RELATIVE P/E RATIO **0.85** DIV'D YLD **5.4%** **VALUE LINE**



ATMOS ENERGY'S history dates back to 1906 in the Texas Panhandle. Over the years, through various mergers, it became part of Pioneer Corporation, and, in 1981, Pioneer named its gas distribution division Energas. In 1983, Pioneer organized Energas as a separate subsidiary and distributed the outstanding shares of Energas to Pioneer shareholders. Energas changed its name to Atmos in 1988. Atmos acquired Trans Louisiana Gas in 1986, Western Kentucky Gas Utility in 1987, Greeley Gas in 1993, United Cities Gas in 1997, and others.

CAPITAL STRUCTURE as of 6/30/02
 Total Debt \$741.7 mill. Due in 5 Yrs \$300.0 mill.
 LT Debt \$675.8 mill. LT Interest \$40.0 mill.
 (LT interest earned: 3.4x; total interest coverage: 2.9x) (52% of Cap'l)
 Leases, Uncapitalized Annual rentals \$9.1 mill.
 Pfd Stock None
 Common Stock 41,519,759 shs. (48% of Cap'l)

MARKET CAP: \$925 million (Small Cap)

CURRENT POSITION	2000	2001	6/30/02
Cash Assets	7.4	15.3	7.0
Other	193.2	409.0	265.2
Current Assets	200.6	424.3	272.2
Accts Payable	73.0	84.5	144.5
Debt Due	267.6	221.9	65.9
Other	41.9	204.6	140.8
Current Liab.	382.5	511.0	351.2
Fix. Chg. Cov.	260%	356%	260%

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '99-'01 of change (per sh)
Revenues	-2.5%	-1.5%	5.5%
"Cash Flow"	1.5%	3.0%	8.0%
Earnings	2.0%	-2.0%	10.0%
Dividends	4.0%	4.5%	2.5%
Book Value	4.0%	4.5%	3.5%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) ^A				Full Fiscal Year
	Dec.31	Mar.31	Jun.30	Sep.30	
1999	210.2	261.4	109.6	109.0	690.2
2000	224.5	314.2	152.4	159.1	850.2
2001	442.8	675.1	164.3	160.1	1442.3
2002	271.3	379.5	161.8	157.4	970
2003	360	510	190	190	1250

Fiscal Year Ends	EARNINGS PER SHARE ^{A B}				Full Fiscal Year
	Dec.31	Mar.31	Jun.30	Sep.30	
1999	.50	1.01	d.17	d.53	.81
2000	.46	.94	d.14	d.23	1.03
2001	.70	1.13	d.08	d.19	1.47
2002	.50	1.01	.08	d.14	1.45
2003	.55	1.10	d.01	d.09	1.55

Calendar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
1998	.265	.265	.265	.275	1.07
1999	.275	.275	.275	.285	1.11
2000	.285	.285	.285	.29	1.15
2001	.29	.29	.29	.295	1.17
2002	.295	.295	.295		

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB., INC. 05-07
Revenues per sh ^A	32.46	31.94	32.67	28.08	30.19	30.59	27.90	22.09	26.61	35.36	23.10	28.75	39.00
"Cash Flow" per sh	2.63	2.39	2.19	2.55	2.80	2.85	3.38	2.62	3.01	3.03	3.35	3.60	4.55
Earnings per sh ^{A B}	.97	1.19	.97	1.22	1.51	1.34	1.84	.81	1.03	1.47	1.45	1.55	2.05
Div'ds Decl'd per sh ^C	.83	.86	.88	.92	.96	1.01	1.06	1.10	1.14	1.16	1.18	1.20	1.30
Cap'l Spending per sh	3.18	2.67	3.29	4.05	4.84	4.13	4.44	3.53	2.36	2.77	3.05	3.45	4.30
Book Value per sh	9.17	9.64	9.78	10.20	10.75	11.04	12.21	12.09	12.28	14.31	15.25	15.30	16.00
Common Shs Outst'g ^D	10.48	14.38	15.30	15.52	16.02	29.64	30.40	31.25	31.95	40.79	42.00	43.50	50.00
Avg Ann'l P/E Ratio	14.2	14.7	19.2	15.0	15.1	17.9	15.4	33.0	18.9	15.6	15.0	15.0	15.0
Relative P/E Ratio	.86	.87	1.26	1.00	.95	1.03	.80	1.88	1.23	.82	0.85	0.85	1.00
Avg Ann'l Div'd Yield	6.0%	4.9%	4.7%	5.0%	4.2%	4.2%	3.7%	4.1%	5.9%	5.1%	4.2%	4.2%	4.2%
Revenues (\$mill) ^A	340.1	459.4	499.8	435.8	483.7	906.8	848.2	690.2	850.2	1442.3	970	1250	1950
Net Profit (\$mill)	10.0	17.0	14.7	18.8	23.9	39.2	55.3	25.0	32.2	56.1	60.0	70.0	100
Income Tax Rate	32.7%	37.7%	35.5%	33.8%	35.7%	37.5%	36.5%	35.0%	36.1%	37.3%	37.0%	37.0%	37.0%
Net Profit Margin	2.9%	3.7%	2.9%	4.3%	5.0%	4.3%	6.5%	3.6%	3.8%	3.9%	6.2%	5.6%	5.1%
Long-Term Debt Ratio	49.7%	43.3%	48.0%	45.3%	41.5%	48.1%	51.8%	50.0%	48.1%	54.3%	52.0%	51.0%	50.0%
Common Equity Ratio	50.3%	56.7%	52.0%	54.7%	58.5%	51.9%	48.2%	50.0%	51.9%	45.7%	48.0%	49.0%	50.0%
Total Capital (\$mill)	190.8	244.6	287.9	289.6	294.6	630.2	769.7	755.1	755.7	1276.3	1320	1365	1600
Net Plant (\$mill)	219.4	299.3	327.4	363.3	413.6	849.1	917.9	965.8	982.3	1335.4	1390	1440	1780
Return on Total Cap'l	7.9%	9.2%	7.2%	8.9%	10.6%	8.3%	9.0%	5.1%	6.5%	5.9%	6.0%	6.5%	7.5%
Return on Shr. Equity	10.4%	12.3%	9.8%	11.9%	13.9%	12.0%	14.9%	6.6%	8.2%	9.6%	9.5%	10.0%	13.0%
Return on Com Equity	10.4%	12.3%	9.8%	11.9%	13.9%	12.0%	14.9%	6.6%	8.2%	9.6%	9.5%	10.0%	13.0%
Retained to Com Eq	1.6%	5.6%	1.3%	2.9%	5.1%	3.9%	6.3%	NMF	NMF	2.1%	2.0%	2.5%	5.0%
All Div'ds to Net Prof	85%	54%	86%	76%	64%	67%	58%	NMF	NMF	79%	81%	77%	63%

BUSINESS: Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas through five regulated natural gas utility divisions: Energas Co. in West Texas (316,000 customers), Western Kentucky Gas Co. (180,000), Atmos Energy Louisiana (359,000), Greeley Gas (204,000), and United Cities Gas (309,000). Combined 2001 sales volumes: 157 MMcf. Breakdown:

Atmos Energy is completing a lackluster fiscal 2002 (ends September 30th). This can be attributed largely to warmer temperatures and an increase in diluted shares outstanding. But the nonutility businesses have generated good results, stemming primarily from solid margins related to inventory sales and settled financial contracts, new industrial and municipal customers, plus favorable margins realized from acquisitions completed last year. All things considered, the company's earnings per share will probably be flat to modestly lower for fiscal 2002.

We remain optimistic about the company's 3- to 5-year prospects, nonetheless. One positive is that its utility operations are well diversified geographically, if perhaps not as efficient being spread out. Nevertheless, the future mainly looks bright for Atmos' nonregulated units (such as Woodward Marketing, which provides natural gas services for local distribution companies and municipalities). Another strength is management's ability to successfully integrate acquired firms, though future purchases have been excluded from our figures due to the many uncertainties

associated with that strategy. In the current configuration, the bottom line could well advance, on average, around 10% annually out to mid-decade. **It appears that Atmos' acquisition of Mississippi Valley Gas Company (MVG) will close this calendar year,** as regulatory approvals have been granted by six of the seven states required. This move would make the company the largest natural gas utility in Mississippi, with more than 260,000 customers. What's more, we figure that MVG would add a couple of cents to share net in the first year and be increasingly accretive to the bottom line thereafter. (Our estimates and projections will reflect the transaction when it is completed.) **The main attraction of this equity is the dividend yield.** And our favorable projections for Atmos indicate that additional hikes in the payout are likely. One positive attribute that has favored the stock lately is its high Price Stability. **But these shares are ranked to perform only in line with the year-ahead market.**

Frederick L. Harris, III September 20, 2002

(A) Fiscal year ends Sept. 30th. (B) Diluted shrs. Excl. nonrec. items: '97, d53c; '99, d23c; '00, 12c. Next egs. rpt. due late Oct. (C) Next div. meeting mid-Nov. Goes ex late Nov. Div'd pmt. dates: early March, June, Sept., and Dec. ■ Div. reinvestment plan. (3% discount) † Direct stock purchase plan avail. (D) In millions, adjusted for stock splits. (E) Years prior to 1994 are not comparable due to acquisition using pooling of interest method. (F) ATO completed United Cities merger 7/97. (G) Qtrs don't add due to change in shrs out.

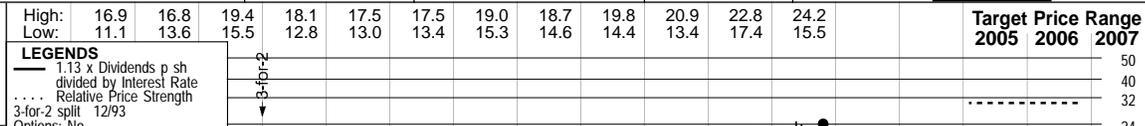
Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	15
Earnings Predictability	50

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CASCADE NAT'L GAS NYSE-CGC

RECENT PRICE **23.50** P/E RATIO **19.7** (Trailing: 19.4 Median: 18.0) RELATIVE P/E RATIO **1.20** DIV'D YLD **4.1%** **VALUE LINE**

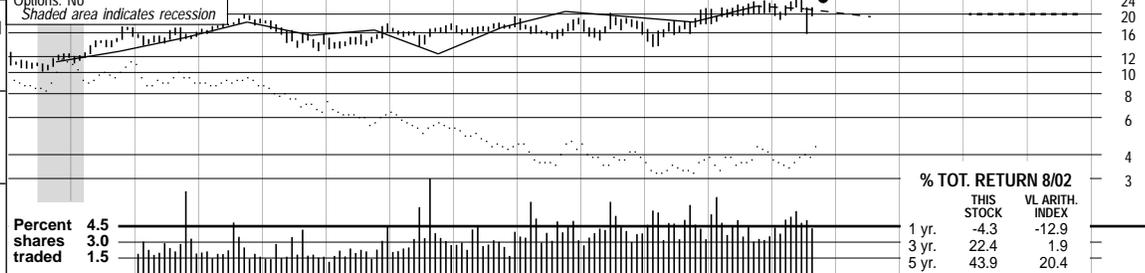
TIMELINESS 4 Raised 8/16/02
SAFETY 3 New 7/27/90
TECHNICAL 2 Raised 9/20/02
BETA .65 (1.00 = Market)



2005-07 PROJECTIONS
 Price High 30 Low 20
 Gain (+30%) (-15%)
 Ann'l Total Return 9% Nil

Insider Decisions
 O N D J F M A M J
 to Buy 0 0 1 2 4 0 6 3 0
 Options 0 0 0 0 0 0 0 0 0
 to Sell 0 0 0 0 0 1 1 0 0

Institutional Decisions
 4Q2001 1Q2002 2Q2002
 to Buy 34 30 44
 to Sell 36 38 26
 Hlds(000) 4745 4588 5176



Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Value Line Pub, Inc.	05-07
Revenues per sh ^A	25.06	24.07	24.51	26.87	24.45	23.27	20.03	21.88	21.59	19.98	11.84	17.85	17.17	18.89	21.90	30.40	28.95	30.30	36.70	36.70
"Cash Flow" per sh	1.14	1.56	1.97	2.47	2.36	2.29	1.66	2.04	1.71	2.07	1.22	1.92	2.06	2.40	2.60	2.72	2.50	2.75	3.25	3.25
Earnings per sh ^{AB}	.16	.64	.84	1.29	1.26	1.14	.63	1.05	.60	.80	.39	.93	.84	1.24	1.39	1.47	1.15	1.35	1.70	1.70
Div'ds Decl'd per sh ^C	.85	.85	.85	.85	.87	.90	.93	.94	.96	.96	.72	.96	.96	.96	.96	.96	.96	.96	.98	.98
Cap'l Spending per sh	2.02	1.43	1.62	1.99	2.50	2.97	4.64	3.85	3.06	4.12	2.42	2.66	2.32	1.81	1.65	2.16	2.05	2.25	3.35	3.35
Book Value per sh ^D	7.60	7.45	7.46	7.96	8.33	8.63	9.09	9.96	9.81	9.76	10.09	10.16	10.07	10.36	10.79	11.01	11.25	11.70	12.45	12.45
Common Shs Outst'g ^E	5.84	6.36	6.43	6.49	6.56	6.63	7.61	8.57	8.91	9.14	10.79	10.97	11.05	11.05	11.05	11.05	11.05	11.05	12.00	12.00
Avg Ann'l P/E Ratio	NMF 16.0	11.7	8.6	8.9	12.2	23.7	16.6	25.7	18.2	40.0	17.6	19.4	13.7	11.7	13.4	13.4	13.4	13.4	14.5	14.5
Relative P/E Ratio	NMF 1.07	.97	.65	.66	.78	1.44	.98	1.69	1.22	2.51	1.01	1.01	.78	.76	.70	.70	.70	.70	.95	.95
Avg Ann'l Div'd Yield	7.7%	8.3%	8.7%	7.7%	7.8%	6.4%	6.2%	5.4%	6.2%	6.6%	4.6%	5.9%	5.9%	5.7%	5.9%	4.9%	4.9%	4.9%	4.0%	4.0%

CAPITAL STRUCTURE as of 6/30/02
 Total Debt \$165.0 mill. Due in 5 Yrs \$75.0 mill.
 LT Debt \$165.0 mill. LT Interest \$11.0 mill.
 (LT interest earned: 3.6x; total interest coverage: 3.4x)

Pension Liability None

Pfd Stock None

Common Stock 11,045,095 shs. as of 7/31/02
MARKET CAP: \$250 million (Small Cap)

Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Value Line Pub, Inc.	05-07
Revenues (\$mill) ^A	152.5	187.5	192.4	182.7	127.7	195.8	189.7	208.6	241.9	335.8	320	335	440	440	440	440	440	440	440	440
Net Profit (\$mill)	4.8	8.9	5.8	7.7	4.2	10.6	9.8	14.2	15.4	16.2	13.0	15.5	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Income Tax Rate	36.8%	37.0%	37.8%	36.8%	34.8%	37.1%	37.4%	36.5%	37.1%	35.0%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%
Net Profit Margin	3.2%	4.7%	3.0%	4.2%	3.3%	5.4%	5.2%	6.8%	6.4%	4.8%	4.1%	4.6%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Long-Term Debt Ratio	49.2%	48.3%	51.3%	51.4%	46.8%	50.6%	48.4%	50.9%	51.2%	50.7%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%
Common Equity Ratio	45.6%	47.3%	44.8%	45.0%	50.0%	46.5%	48.7%	46.6%	48.8%	49.3%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%
Total Capital (\$mill)	151.8	180.2	194.9	198.5	217.8	239.4	228.5	245.6	244.2	246.6	295	300	350	350	350	350	350	350	350	350
Return on Total Cap'l	5.2%	6.6%	4.9%	5.9%	3.4%	6.2%	6.1%	7.5%	8.1%	8.5%	6.0%	7.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Return on Shr. Equity	6.3%	9.5%	6.1%	8.0%	3.6%	9.0%	8.3%	11.7%	12.9%	13.3%	10.5%	12.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Return on Com Equity	6.1%	9.7%	5.9%	8.1%	3.5%	9.1%	8.3%	12.0%	12.9%	13.3%	10.5%	12.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Retained to Com Eq	NMF 1.6%	NMF	NMF	NMF	NMF	7%	NMF	2.7%	4.0%	4.6%	2.0%	3.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
All Div'ds to Net Prof	NMF 84%	NMF	NMF	NMF	NMF	93%	108%	78%	69%	65%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%

CURRENT POSITION^A (\$MILL)

Item	2000	2001	6/30/02
Cash Assets	2.1	4	17.0
Other	33.8	31.5	31.6
Current Assets	35.9	31.9	48.6
Accts Payable	14.7	13.5	12.6
Debt Due	15.7	40.0	-
Other	17.1	18.9	20.3
Current Liab.	33.3	72.4	32.9
Fix. Chg. Cov.	320%	352%	340%

BUSINESS: Cascade Natural Gas Corporation distributes natural gas to over 190,000 customers in Washington and Oregon. In 2001, total throughput was 160.7 billion cu. ft. Core customers: residential, commercial, firm industrial, interruptible (64% of oper. margin, 15% of gas deliveries); non-core: industrial, transportation service (36%, 85%). Serves pulp & paper, plywood, chem. fertilizers, oil refining, & food process. inds. Main connecting pipeline: Northwest Pipeline Corp. '01 deprec. rate: 2.8%. Est'd plant age: 12 yrs. Has around 440 employees. Officers and directors own 1.8% of com. (12/01 proxy). Chairman, President, and CEO: W. Brian Matsuyama, Inc.: WA. Address: 222 Fairview Ave. North, Seattle, WA 98109. Tel.: 206-624-3900. Internet: www.cngc.com.

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ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '99-'01 to '05-'07

Item	Past 10 Yrs.	Past 5 Yrs.	Est'd '99-'01 to '05-'07
Revenues	-5%	6.0%	7.5%
"Cash Flow"	1.0%	9.0%	4.0%
Earnings	1.0%	18.0%	7.0%
Dividends	1.0%	2.0%	.5%
Book Value	2.5%	1.5%	2.5%

Cascade Natural Gas Corporation is en route to a disappointing year. (Fiscal 2002 ends September 30th.) Consumption from residential and commercial customers has been lower, partly reflecting warmer winter temperatures and conservation efforts that followed last year's West Coast energy crisis. To add more fuel to the fire, demand from electric generation customers has been weak, as above-normal precipitation, plus prolonged runoff from spring snowmelt, have created an abundance of hydropower. Since it appears that Cascade's situation has not changed much in the fourth quarter, share net could decline between 20% and 25% this year.

prices for this fuel source are at reasonable levels). These factors could enable earnings per share to increase between 5% and 10% annually for the coming 3- to 5-year period.

QUARTERLY REVENUES (\$ mill.)^A

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1999	62.9	71.1	42.9	31.7	208.6
2000	73.8	88.8	41.6	37.7	241.9
2001	105.0	124.7	64.1	42.0	335.8
2002	102.8	122.3	56.8	38.1	320
2003	105	120	65.0	45.0	335

But the company stands to generate much-improved results out to mid-decade. Customer growth has been healthy over the years, thanks to a generally favorable economic environment in the Pacific Northwest, and we expect this trend to continue. A significant portion of the new accounts may be attributable to conversions from alternative forms of energy, given natural gas' environmental advantages (and assuming that

But a couple of matters concern us. As Cascade continues to expand the gas distribution operations to meet growing customer demand, substantial capital expenditures will likely be required (which may ultimately pressure earnings). Furthermore, the company's share income fluctuates considerably as a result of swings in service-area temperatures, due to the absence of weather-normalization adjustment mechanisms in utility rate structures. (Our estimates and projections assume normal weather conditions, however.)

EARNINGS PER SHARE^{A B}

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1999	.60	.74	.05	d.15	1.24
2000	.69	.89	-	d.19	1.39
2001	.76	.81	.05	d.15	1.47
2002	.56	.86	d.06	d.21	1.15
2003	.61	.85	.05	d.16	1.35

The stock offers a decent dividend yield. But future increases in the payout will probably be limited, as the company utilizes cash flow to expand the gas distribution system to accommodate customer growth. For the coming year, these shares are ranked to trail the broader market averages.

QUARTERLY DIVIDENDS PAID^C

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1998	.24	.24	.24	.24	.96
1999	.24	.24	.24	.24	.96
2000	.24	.24	.24	.24	.96
2001	.24	.24	.24	.24	.96
2002	.24	.24	.24	.24	.96

Frederick L. Harris, III September 20, 2002

(A) Cal. yr. thru. 12/95. Changed to 9/30 fiscal yr. in '96. (B) Primary yrs. thru. '97, then diluted. Excl. nonrec. gns. (losses): '91, 19¢; '93, 3¢; '96, (11¢); '98, (2¢); '99, (1¢); '01, 9¢; '02, (16¢). Nxt. egs. rpt. due late Oct. (C) Nxt. div'd mtg. late Sept. Nxt. ex date mid-Oct. Div'd. pmt. dates: the middle of Feb., May, Aug., Nov. ■Div'd reinvest. plan avail. (D) Incl. deferred chrgs. In '01: \$37.1 mill., \$3.34/sh. (E) In mill., adj. for stk. split.

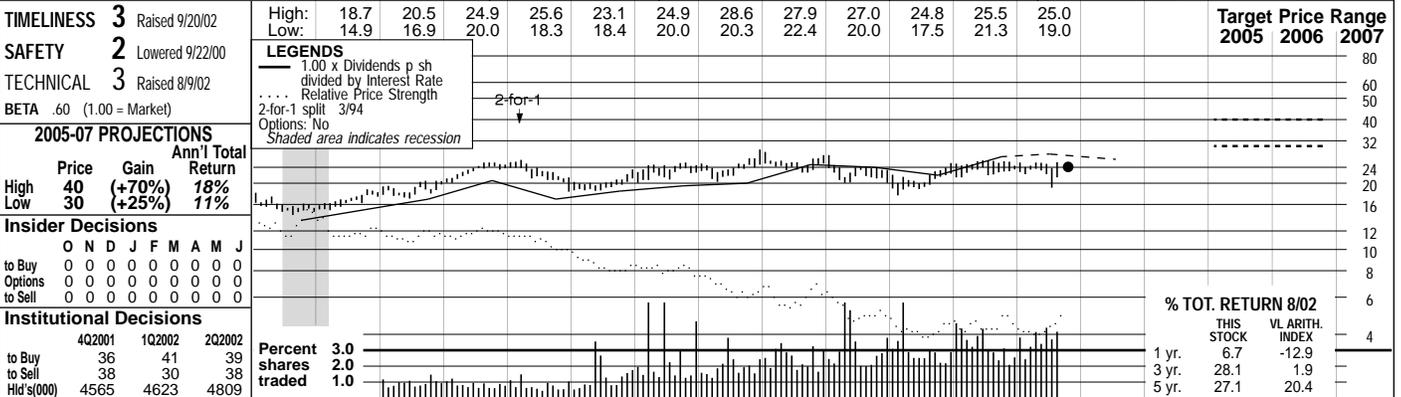
Company's Financial Strength	B
Stock's Price Stability	95
Price Growth Persistence	25
Earnings Predictability	70

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LACLEDE GROUP NYSE-LG

RECENT PRICE **23.75** P/E RATIO **15.4** (Trailing: 20.0 Median: 15.0) RELATIVE P/E RATIO **0.94** DIV'D YLD **5.6%** VALUE LINE



1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB., INC. 05-07	
34.89	28.38	30.82	31.57	30.21	28.10	26.83	32.33	33.43	24.79	31.03	34.33	31.04	26.04	29.99	53.08	39.70	42.35	Revenues per sh	48.75
2.95	2.44	2.51	2.47	2.13	2.37	2.32	2.81	2.65	2.55	3.29	3.32	3.02	2.56	2.68	3.00	2.40	2.90	"Cash Flow" per sh	3.70
1.87	1.44	1.57	1.45	1.08	1.28	1.17	1.61	1.42	1.27	1.87	1.84	1.58	1.47	1.37	1.61	1.20	1.65	Earnings per sh ^{A B}	2.40
.95	1.06	1.10	1.15	1.18	1.20	1.20	1.22	1.22	1.24	1.26	1.30	1.32	1.34	1.34	1.34	1.34	1.34	Div'ds Decl'd per sh ^C	1.65
1.56	1.53	1.92	1.82	1.87	2.46	2.87	2.62	2.50	2.63	2.35	2.44	2.68	2.58	2.77	2.51	2.20	2.20	Cap'l Spending per sh	2.30
10.54	10.98	11.44	11.74	11.75	11.83	11.79	12.19	12.44	13.05	13.72	14.26	14.57	14.96	14.99	15.26	15.70	16.00	Book Value per sh ^D	18.00
15.74	15.74	15.68	15.59	15.59	15.59	15.59	15.59	15.67	17.42	17.56	17.56	17.63	18.88	18.88	18.88	18.88	18.88	Common Shs Outst'g ^E	18.88
8.8	11.0	9.2	10.3	14.6	12.5	15.8	13.5	16.4	15.5	11.9	12.5	15.5	15.8	14.9	14.5	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.0
.60	.74	.76	.78	1.08	.80	.96	.80	1.08	1.04	.75	.72	.81	.90	.97	.75			Relative P/E Ratio	.95
5.8%	6.7%	7.6%	7.7%	7.5%	7.5%	6.5%	5.6%	5.3%	6.3%	5.6%	5.6%	5.4%	5.8%	6.6%	5.7%			Avg Ann'l Div'd Yield	5.5%

CAPITAL STRUCTURE as of 6/30/02				418.2	504.0	523.9	431.9	544.8	602.8	547.2	491.6	566.1	1002.1	750	800	Revenues (\$mill)	920
Total Debt \$330.0 mill. Due in 5 Yrs \$70.5 mill.				18.3	25.2	22.2	20.9	32.8	32.5	27.9	26.9	26.0	30.5	22.5	30.5	Net Profit (\$mill)	45.0
LT Debt \$259.5 mill. LT Interest \$20.8 mill.				31.2%	37.3%	36.0%	32.1%	35.9%	36.1%	35.6%	35.5%	35.2%	32.7%	35.0%	35.0%	Income Tax Rate	35.0%
(Total interest coverage: 2.1x) (46.8% of Cap'l)				4.4%	5.0%	4.2%	4.8%	6.0%	5.4%	5.1%	5.5%	4.6%	3.0%	3.0%	3.8%	Net Profit Margin	4.9%
Leases, Uncapitalized none				44.1%	46.3%	43.9%	40.2%	42.5%	38.0%	40.9%	41.8%	45.2%	49.6%	46.5%	46.5%	Long-Term Debt Ratio	49.5%
Pension Liability None				55.3%	53.1%	55.5%	59.3%	57.1%	61.6%	58.6%	57.8%	54.5%	50.2%	53.0%	53.0%	Common Equity Ratio	51.0%
Pfd Stock \$1.3 mill. Pfd Div'd \$.07 mill.				332.4	357.6	351.1	383.5	422.2	406.8	438.0	488.6	519.2	574.1	560	570	Total Capital (\$mill)	670
(2% of Cap'l)				367.3	390.8	411.7	434.3	452.2	467.6	490.6	519.4	575.4	602.5	645	685	Net Plant (\$mill)	815
Common Stock 18,877,987 shs. (53.0% of Cap'l)				7.6%	9.1%	8.1%	7.1%	9.4%	9.7%	8.1%	7.1%	6.7%	6.9%	6.0%	7.5%	Return on Total Cap'l	9.5%
MARKET CAP: \$450 million (Small Cap)				9.8%	13.1%	11.3%	9.1%	13.5%	12.9%	10.8%	9.5%	9.1%	10.5%	7.5%	10.5%	Return on Shr. Equity	15.0%
CURRENT POSITION (SMILL.)				9.9%	13.2%	11.3%	9.2%	13.6%	12.9%	10.8%	9.5%	9.1%	10.5%	7.5%	10.5%	Return on Com Equity	15.0%
2000 2001 6/30/02				NMF	3.3%	1.6%	.4%	4.5%	3.9%	1.8%	1.0%	.2%	1.8%	NMF	2.0%	Retained to Com Eq	4.5%
Cash Assets 4.2 3.2 14.6				103%	75%	86%	96%	67%	70%	83%	89%	98%	83%	112%	76%	All Div'ds to Net Prof	69%
Other 188.4 187.3 152.4				BUSINESS: Laclede Group, Inc., is a holding company for Laclede Gas, which distributes natural gas in eastern Missouri (population, 2 million), including the city of St. Louis, St. Louis County, and parts of 8 other counties. Had 633,000 customers at 9/01. Purchased SM&P for \$43 million (1/02). Therms sold and transported in fiscal '01: 1.119 mill. Revenue mix: residential, 67%; commercial and industrial, 27%; transportation, 2%; other, 4%. Purchased gas obtained from various suppliers accounts for 59% of revenues. Has about 2,000 empls.; 9,715 common stockholders. Off. & dir. own 6.48% of common shs. (1/02 Proxy). Chrm., CEO, and Pres.: D.H. Yaeger, Inc.: MO. Address: 720 Olive Street, St. Louis, MO 63101. Tel.: 314-342-0500. Internet: www.lacledegas.com.													
Current Assets 192.6 190.5 166.9																	
Accts Payable 45.7 32.1 42.5																	
Debt Due 127.0 117.1 113.3																	
Other 58.4 68.5 93.5																	
Current Liab. 231.1 217.7 249.3																	
Fix. Chg. Cov. 262% 253% 255%																	

Laclede's share earnings for fiscal 2002 (years end September 30th) will be down from fiscal 2001. The winter of 2002 was one of the warmest on record, leading to soft sales of natural gas for residential and commercial heating purposes. With its natural gas unit accounting for 90% of total revenues, Laclede is vulnerable to such temperature fluctuations. Also, Laclede's Gas Supply Incentive Plan, which contributed approximately \$0.20 to 2001 share earnings, was allowed to expire by state regulators. The company is appealing, but the outcome of the judicial review is unclear.

Assuming a return to normal temperatures, earnings should recover in 2003. Laclede reached a settlement with regulatory staff for a \$14 million rate increase, and is now waiting for approval from the state commission. As yet, it remains unclear how much of the addition will be offset by rising operating costs. LG is also seeking a weather-mitigation clause to alleviate earnings fluctuations resulting from abnormally cold or warm winters. However, the issue is contentious, and is unlikely to be resolved soon.

In January, 2002, the company acquired SM&P for \$43 million. The new unit, one of the nation's largest underground marking and locating services, has earnings that are counter-cyclical to Laclede's core business. This should create a more even distribution of earnings and revenues, easing the losses typical in the second half of LG's fiscal year. The company hopes to eventually increase unregulated business to 20% of revenues, which should add a growth component, but will also increase the risk associated with the stock. Management continues to look for other potential acquisitions, but Laclede will most likely work to assimilate SM&P before deciding on further transactions.

Laclede shares aren't very appealing at the current time. The stock is an average choice for year-ahead relative performance and its 3- to 5-year appreciation potential is subpar. In addition, the yield, though above average, is from a dividend that probably wasn't covered in fiscal 2002. Even so, the company's move toward unregulated enterprises may provide it with more of a fillip than we foresee.

Michael P. Gorman September 20, 2002

ANNUAL RATES		Past 10 Yrs.	Past 5 Yrs.	Est'd '99-'01 to '05-'07
of change (per sh)		-5%	-1.0%	5.0%
Revenues		1.5%	.5%	5.0%
"Cash Flow"		1.0%	.5%	8.5%
Earnings		1.5%	1.5%	3.5%
Dividends		2.5%	3.5%	3.0%
Book Value				

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1999	153.5	211.9	70.4	55.8	491.6
2000	151.4	238.3	95.3	81.1	566.1
2001	345.1	442.7	122.9	91.4	1002.1
2002	194.6	287.5	147.3	120.6	750
2003	225	295	150	130	800

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1999	.47	1.11	.01	d.12	1.47
2000	.51	1.03	.02	d.19	1.37
2001	.98	1.10	d.20	d.27	1.61
2002	.41	1.10	d.04	d.27	1.20
2003	.75	1.10	d.01	d.19	1.65

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1998	.33	.33	.33	.33	1.32
1999	.335	.335	.335	.335	1.34
2000	.335	.335	.335	.335	1.34
2001	.335	.335	.335	.335	1.34
2002	.335	.335	.335		

(A) Fiscal year ends Sept. 30th. (B) Based on average shares outstanding thru '97, then diluted. Next earnings report due late October. (C) Next div'd meeting in late Nov. Goes ex in early Dec. Dividend payment dates: about the 1st of January, April, July, October. ■ Dividend reinvestment plan available. (D) Incl. deferred charges. In '01: \$182.8 mill., \$9.68/sh. (E) In millions.

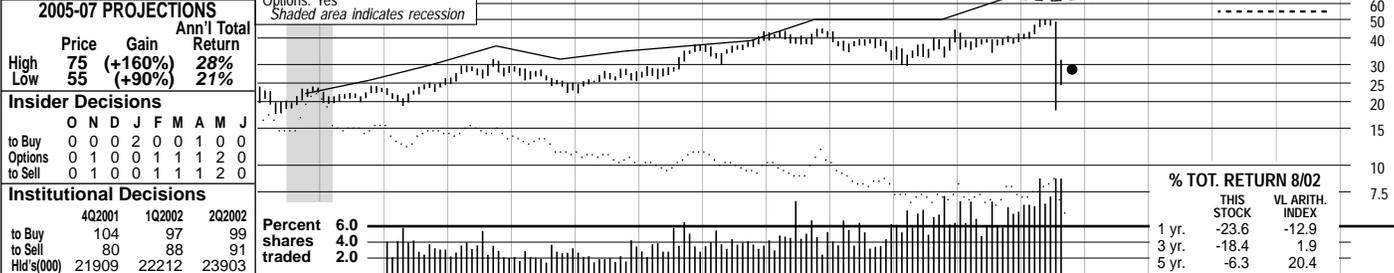
Company's Financial Strength B++
Stock's Price Stability 100
Price Growth Persistence 15
Earnings Predictability 65

NICOR, INC. NYSE-GAS

RECENT PRICE **28.70** P/E RATIO **10.6** (Trailing: 10.1 Median: 13.0) RELATIVE P/E RATIO **0.65** DIV'D YLD **6.4%** VALUE LINE

TIMELINESS 5 Lowered 9/13/02	High: 23.7 25.8 31.6 29.3 28.5 37.1 42.9 44.4 42.9 43.9 42.4 49.0	Target Price Range 2005 2006 2007
SAFETY 2 Lowered 9/20/02	Low: 19.4 19.0 24.1 21.9 21.8 25.4 30.0 37.1 31.2 29.4 34.0 18.1	
TECHNICAL 3 Raised 8/2/02		
BETA .80 (1.00 = Market)		

LEGENDS
 1.80 x Dividends p sh divided by Interest Rate
 Relative Price Strength
 2-for-1 split 4/93
 Options: Yes
 Shaded area indicates recession



Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB, INC. 05-07	
Price	30.48	24.25	25.46	27.37	26.52	26.46	28.90	31.02	31.23	29.42	37.39	41.33	30.84	34.45	50.52	56.41	41.50	47.15	Revenues per sh	72.10
Gain	3.15	3.03	3.72	3.79	3.86	3.92	4.14	3.80	4.11	4.19	4.97	5.29	5.59	6.16	6.31	6.20	6.60	“Cash Flow” per sh	8.15	
Return	1.48	1.34	1.74	1.99	1.93	1.86	1.92	1.97	2.07	1.96	2.42	2.55	2.31	2.57	2.94	3.01	2.65	3.00	Earnings per sh ^A	4.25
Ann'l Total	.90	.90	.94	1.00	1.06	1.12	1.18	1.22	1.25	1.28	1.32	1.40	1.48	1.54	1.66	1.74	1.84	1.94	Div'ds Decl'd per sh ^B	2.24
High	2.33	2.44	2.98	2.53	3.00	3.65	3.12	2.62	3.34	3.12	2.42	2.34	2.87	3.28	3.48	3.44	4.00	4.00	Cap'l Spending per sh	4.65
Low	8.86	9.30	10.09	11.05	11.67	12.28	12.76	13.05	13.26	13.67	14.74	15.43	15.97	16.80	15.56	16.13	16.60	16.85	Book Value per sh	18.70
Options to Buy	59.29	59.19	59.28	59.24	57.93	57.30	55.77	53.96	51.54	50.30	49.49	48.22	47.51	46.89	45.49	44.40	44.00	44.00	Common Shs Outst'g ^C	43.00
Options to Sell	9.2	10.2	8.4	9.2	10.7	11.5	11.6	14.1	12.5	13.1	12.5	14.2	17.6	14.6	11.9	12.8	12.8	12.8	Avg Ann'l P/E Ratio	15.0
Hld's(000)	.62	.68	.70	.70	.79	.73	.70	.83	.82	.88	.78	.82	.92	.83	.77	.66	.66	.66	Relative P/E Ratio	1.00
Percent shares traded	6.6%	6.6%	6.4%	5.5%	5.1%	5.2%	5.3%	4.4%	4.8%	5.0%	4.4%	3.9%	3.6%	4.1%	4.7%	4.5%	4.7%	4.5%	Avg Ann'l Div'd Yield	3.5%

Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB, INC. 05-07
Total Debt \$588.9 mill. Due in 5 Yrs \$375.0 mill. LT Debt \$395.9 mill. LT Interest \$28.0 mill. (Total interest coverage: 4.8x)	1611.6	1673.9	1609.4	1480.1	1850.7	1992.6	1465.1	1615.2	2298.1	2544.1	1825	2075	Revenues (\$mill)	3100					
Pension Liability None	108.3	109.4	109.5	99.8	121.2	124.3	111.1	121.9	136.4	136.0	120	135	Net Profit (\$mill)	180					
Pfd Stock \$6.1 mill. Pfd Div'd \$3.3 mill.	31.3%	33.1%	31.8%	35.3%	35.8%	35.0%	34.4%	34.7%	34.8%	33.5%	35.0%	35.0%	Income Tax Rate	35.0%					
Common Stock 43,996,043 shares (as of 8/8/02) MARKET CAP: \$1.3 billion (Mid Cap)	6.7%	6.5%	6.8%	6.7%	6.5%	6.2%	7.6%	7.5%	5.9%	5.3%	6.5%	6.4%	Net Profit Margin	5.9%					
CURRENT POSITION (SMILL.)	36.4%	38.9%	39.8%	40.2%	41.3%	42.3%	42.1%	35.5%	32.7%	37.8%	35.0%	32.7%	Long-Term Debt Ratio	30.0%					
Cash Assets	62.1%	59.7%	59.3%	59.0%	58.1%	57.2%	57.4%	64.0%	66.7%	61.7%	64.5%	67.5%	Common Equity Ratio	69.5%					
Other	1146.1	1179.5	1151.7	1165.2	1255.1	1300.6	1322.6	1230.1	1061.2	1180.1	1130	1100	Total Capital (\$mill)	1160					
Current Assets	1762.7	1656.2	1717.0	1779.3	1771.9	1735.8	1731.8	1735.2	1729.6	1768.6	1765	1780	Net Plant (\$mill)	1820					
Accts Payable	11.4%	10.8%	11.0%	10.1%	11.1%	11.1%	9.9%	10.9%	13.7%	13.4%	12.5%	13.4%	Return on Total Cap'l	17.0%					
Debt Due	14.9%	15.2%	15.8%	14.3%	16.4%	16.6%	14.5%	15.4%	19.1%	18.5%	16.5%	18.0%	Return on Shr. Equity	22.0%					
Other	15.1%	15.4%	15.9%	14.4%	16.6%	16.7%	14.6%	15.4%	19.2%	18.5%	16.5%	18.0%	Return on Com Equity	22.5%					
Current Liab.	5.8%	5.9%	6.2%	5.0%	7.6%	7.6%	5.4%	6.2%	8.5%	7.8%	5.5%	6.5%	Retained to Com Eq	10.5%					
Fix. Chg. Cov.	62%	62%	61%	65%	54%	55%	63%	60%	56%	58%	67%	63%	All Div'ds to Net Prof	54%					

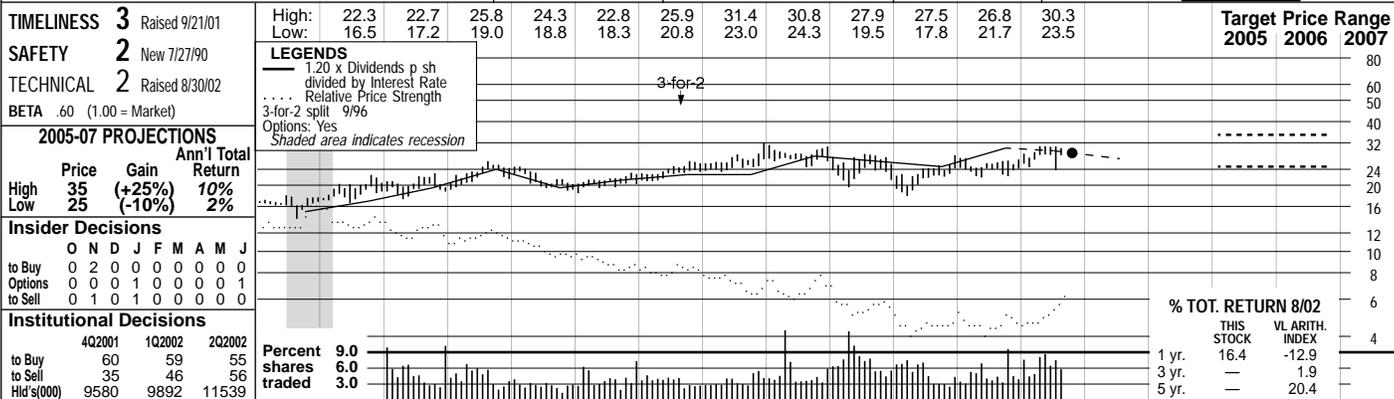
BUSINESS: Nicor Inc. is a holding company for Nicor Gas. Serves about 2 million customers in northern and western Illinois. '00 gas delivered: 525.9 bcf, incl. 262.3 bcf from transportation. '00 gas sales (263.6 bcf): residential, 83.1%; commercial, 14.6%; industrial, 2.3%. Principal supplying pipelines: Natural Gas Pipeline, Midwestern Gas, and Northern Natural. Current operations incl. Tropical Shipping subsidiary. Divested inland barging, 7/86; contract drilling, 9/86; oil and gas E&P, 6/93. Has about 3,300 employees, 28,000 stockholders. Off. and dir. own about 1.6% of common (3/02 Proxy). Chrmn., Pres. & CEO: Thomas L. Fisher. Inc.: IL. Address: 1844 Ferry Road, Naperville, IL 60563-9600. Telephone: 630-305-9500. Internet: www.nicor.com.

Nicor's full-year profits will fall short of previous expectations. The utility cited two reasons for the projected shortfall: accounting irregularities at its retail marketing joint venture, Nicor Energy, and a reversal of earnings contributions from its performance-based rate (PBR) program. The PBR program estimates total gas supply costs relative to a market index benchmark. Regarding the accounting issues, **Nicor took a pre-tax charge of \$9.3 million** to account for unrecorded liabilities and an incorrect estimate of accrued unbilled revenues at Nicor Energy. The company is reviewing the subsidiary's business practices, but has not yet determined if additional charges will be necessary. In the second matter, the Illinois Commerce Commission is investigating whether or not Nicor acted improperly with respect to its PBR program. Consequently, the company reversed \$2.9 million (pretax) of first-quarter earnings derived from the program, and is not figuring any contributions going forward. Furthermore, while Nicor's CEO and CFO have certified 2001 financials, they have not yet been able to do so for 2002 quarters since new auditors, Deloitte & Touche, have not completed their audit. **We have reduced our 2002 earnings target by \$0.55 a share, to \$2.65.** Note that this excludes an expected third-quarter one-time gain of \$0.30 a share associated with a recovery of mercury-related costs. **Nicor shares are ranked 5 (Lowest) for Timeliness.** The stock has lost about 40% of its value since news of the investigation hit, and will likely remain in check in the near term while the ICC mounts its investigation. Substantial uncertainties still exist, especially given that visibility to a resolution is quite low, and could materially impact earnings further. That raises concerns about the possibility of a dividend reduction, although the company has indicated its intention to continue making dividend payments. Currently, the payout remains well covered — even with profits reduced. As it stands, Nicor shares offer above average returns over the 3- to 5-year pull, but we advise investors to wait this one out until recent problems are resolved. *Edward Plank* *September 20, 2002*

(A) Based on primary earnings thru '96, then diluted. Excl. nonrecurring gains (losses): '89, 7c; '97, 6c; '98, 11c; '99, 5c; '00, (\$1.96); '01, 16c. Excl. items from discontinued ops.: '93, 4c; '96, 30c. Next egs. report due mid-Oct.	(B) Next div'd meeting mid-Dec. Goes ex late Sept. Approx. div'd payment dates: February 1, May 1, August 1, November 1.	(C) In millions, adjusted for stock split.	(D) Quarters don't add due to change in shares outstanding.	Company's Financial Strength	A
				Stock's Price Stability	90
				Price Growth Persistence	45
				Earnings Predictability	95

N.W. NAT'L GAS NYSE:NWN

RECENT PRICE **28.34** P/E RATIO **15.2** (Trailing: 12.8 Median: 13.0) RELATIVE P/E RATIO **0.93** DIV'D YLD **4.5%** VALUE LINE



Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB., INC. 05-07	
Price	20.59	19.69	17.39	15.22	17.02	16.74	14.10	18.15	18.30	16.02	16.86	15.82	16.77	18.17	21.09	25.78	27.65	28.75	Revenues per sh	37.25
Gain	2.27	2.38	2.79	2.85	3.22	2.57	--	3.74	3.50	3.41	3.86	3.72	3.24	3.72	3.68	3.86	3.95	4.40	"Cash Flow" per sh	4.75
Return	1.16	1.20	1.33	1.58	1.62	.67	.74	1.74	1.63	1.61	1.97	1.76	1.02	1.70	1.79	1.88	1.85	2.20	Earnings per sh ^A	2.60
Options	1.02	1.04	1.05	1.07	1.10	1.13	1.15	1.17	1.17	1.18	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	Div'ds Decl'd per sh ^B	1.35
to Buy	2.19	2.17	2.82	3.36	3.85	3.58	3.73	3.61	4.23	3.02	3.70	5.07	4.02	4.78	3.46	3.23	3.15	3.30	Cap'l Spending per sh	3.50
Options	10.44	10.92	11.25	12.04	12.61	12.23	12.41	13.08	13.63	14.55	15.37	16.02	16.59	17.12	17.93	18.56	19.20	20.15	Book Value per sh ^C	23.50
to Sell	15.29	15.69	15.96	17.14	17.41	17.68	19.46	19.77	20.13	22.24	22.56	22.86	24.85	25.09	25.23	25.23	25.50	25.50	Common Shs Outst'g ^D	25.50
to Buy	12.3	11.8	10.2	9.8	10.2	28.1	27.0	12.9	13.0	12.9	11.7	14.4	26.7	14.5	12.4	12.9	12.4	12.9	Avg Ann'l P/E Ratio	11.5
Options	.83	.79	.85	.74	.76	1.79	1.64	.76	.85	.86	.73	.83	1.39	.83	.81	.66	.81	.66	Relative P/E Ratio	.75
to Sell	7.1%	7.3%	7.7%	6.9%	6.7%	5.9%	5.7%	5.2%	5.5%	5.7%	5.2%	4.8%	4.5%	5.0%	5.6%	5.1%	5.1%	5.1%	Avg Ann'l Div'd Yield	4.7%

Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB., INC. 05-07
Capital Structure	274.4	358.7	368.3	356.3	380.3	361.8	416.7	455.8	532.1	650.3	705	740	Revenues (\$mill)	950					
LT Debt	15.8	37.7	35.5	38.1	46.8	43.1	27.3	44.9	47.8	50.2	49.5	59.0	Net Profit (\$mill)	70.0					
Income Tax Rate	30.6%	37.0%	36.6%	36.8%	36.9%	32.9%	31.0%	35.4%	35.9%	35.4%	36.0%	36.0%	Income Tax Rate	35.0%					
Net Profit Margin	5.8%	10.5%	9.6%	10.7%	12.3%	11.9%	6.6%	9.9%	9.0%	7.7%	7.7%	8.0%	Net Profit Margin	7.4%					
Long-Term Debt Ratio	46.1%	47.5%	47.9%	43.5%	41.4%	46.0%	45.0%	46.0%	45.1%	43.0%	45.0%	44.5%	Long-Term Debt Ratio	45.0%					
Common Equity Ratio	43.9%	45.0%	45.1%	50.3%	52.8%	49.0%	50.6%	49.9%	50.9%	53.2%	51.5%	52.0%	Common Equity Ratio	52.0%					
Total Capital (\$mill)	550.3	575.2	607.7	643.3	657.4	748.0	815.6	861.5	887.8	880.5	950	985	Total Capital (\$mill)	1150					
Net Plant (\$mill)	575.0	606.9	654.3	697.2	745.3	827.5	894.7	895.9	934.0	965.0	990	1035	Net Plant (\$mill)	1200					
Return on Total Cap'l	5.0%	8.5%	7.6%	7.7%	8.9%	7.4%	5.0%	6.8%	6.7%	6.9%	7.0%	7.5%	Return on Total Cap'l	7.5%					
Return on Shr. Equity	5.3%	12.5%	11.2%	10.5%	12.1%	10.7%	6.1%	9.7%	9.8%	10.0%	9.5%	11.0%	Return on Shr. Equity	11.0%					
Return on Com Equity	5.5%	13.2%	11.8%	10.9%	12.7%	11.0%	6.0%	9.9%	10.0%	10.2%	9.5%	11.0%	Return on Com Equity	11.5%					
Retained to Com Eq	NMF	4.4%	3.3%	3.0%	5.0%	3.6%	NMF	2.8%	3.1%	3.5%	3.0%	4.5%	Retained to Com Eq	5.5%					
All Div'ds to Net Prof	NMF	70%	74%	74%	63%	70%	118%	74%	70%	67%	70%	59%	All Div'ds to Net Prof	53%					

Item	2000	2001	6/30/02
Cash Assets	11.3	10.4	34.5
Other	176.1	199.9	94.8
Current Assets	187.4	210.3	129.3
Accts Payable	110.7	70.7	48.6
Debt Due	76.3	148.3	50.0
Other	34.4	54.6	30.4
Current Liab.	221.4	273.6	129.0
Fix. Chg. Cov.	255%	285%	320%

Item	Past 10 Yrs	Past 5 Yrs	Est'd '99-'01 to '05-'07
Revenues	3.0%	5.0%	9.5%
"Cash Flow"	2.5%	1.0%	4.0%
Earnings	3.5%	0.5%	6.5%
Dividends	1.0%	1.0%	1.5%
Book Value	4.0%	4.0%	4.5%

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1999	171.1	98.0	59.9	126.8	455.8
2000	186.6	86.1	61.2	198.2	532.1
2001	217.3	114.7	78.4	239.9	650.3
2002	278.6	101.9	82.0	242.5	705
2003	285	110	88.0	257	740

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1999	.93	.40	d.17	.54	1.70
2000	1.20	.07	d.22	.74	1.79
2001	.99	.17	d.22	.94	1.88
2002	1.32	d.14	d.25	.92	1.85
2003	1.33	.13	d.24	.98	2.20

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1998	.305	.305	.305	.305	1.22
1999	.305	.305	.305	.310	1.23
2000	.31	.31	.31	.31	1.24
2001	.31	.31	.31	.315	1.25
2002	.315	.315	.315		

Northwest Natural is doing well, but it had to write off the cost of ending its PGE merger pact. Management was eager to complete the \$2.7 billion acquisition of Portland General Electric. It envisioned the two local utilities operating as a dynamic duo, distributing gas and power in metro Portland, OR and its environs. At first, bankrupt Enron had agreed to sell its PGE subsidiary in 2001 to raise cash. Last spring, though, the former energy trader was having second thoughts, believing PGE might fit in well as a core business of a reorganized Enron. Under the bankruptcy rules, NW Natural had to go along with Enron's decision to cancel the merger. For the June quarter, the severed deal required the gas company to charge off the associated costs, \$0.32 a share, spoiling an otherwise nicely profitable period for the utility and its more leniently regulated gas-storage service.

Net earnings should resume their climb in 2003. NW Natural is gaining an increasing share of its regional space-heating market in the Pacific Northwest—thanks to rising electricity costs. Today, the gas company, with only 40% of the

market, connects nearly all of the new construction to its mains. Moreover, it is winning many residential conversions to gas heat, which require little new investment in plant. This year, the weak regional economy has slowed construction activity. Still, the customer base is growing by more than 3% a year, a healthy pace. The utility is also increasing sales to high-volume power-generation customers and is selling more storage service to pipelines. Assuming NW Natural doesn't renew its costly courtship of PGE, the growth of gas-service sales, along with regulatory incentives, should add moderately to operating earnings, allowing directors to keep the dividend rising slowly. This good-quality stock, offering an appealing yield, may be held for assured income, though it doesn't promise to be a performance equity.

Finances are good. The aborted merger deal should let NW Natural resume stock buybacks to bolster share earnings. Added borrowings shouldn't be needed for this purpose. The weak economy has forced the utility to raise its bad-debt reserve, but not to an alarming level.

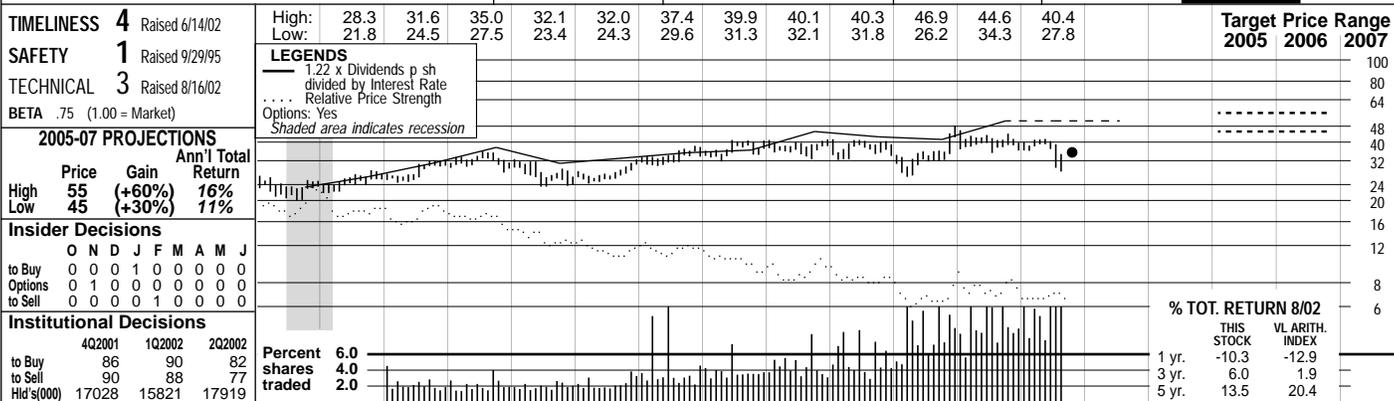
Gerald Holtzman September 20, 2002

(A) Diluted earnings per share. Excludes non-recurring gain: '87, \$0.27; '98, \$0.15; '00, \$0.11. Next earnings report due late Oct. (B) Next dividend meeting about early Oct. (C) Includes intangibles. At 12/31/01: \$6.83/sh. (D) In millions, adjusted for stock split.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	15
Earnings Predictability	65

PEOPLES ENERGY NYSE-PGL

RECENT PRICE **34.67** P/E RATIO **12.6** (Trailing: 12.4 Median: 13.0) RELATIVE P/E RATIO **0.77** DIV'D YLD **6.0%** VALUE LINE



1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB., INC.	05-07
46.20	36.13	34.29	36.42	35.63	33.69	31.54	36.09	36.70	29.60	34.29	36.34	32.28	33.66	40.16	64.13	40.55	48.55	Revenues per sh ^A	67.95
3.65	3.04	3.75	3.92	3.74	3.73	3.67	3.85	3.99	3.68	4.98	4.92	4.44	4.74	5.58	5.84	5.70	5.95	"Cash Flow" per sh	7.95
2.27	1.66	2.31	2.39	2.07	2.05	2.06	2.11	2.13	1.78	2.96	2.81	2.25	2.39	2.71	3.16	2.75	2.80	Earnings per sh ^B	3.90
1.29	1.41	1.50	1.58	1.65	1.71	1.76	1.78	1.80	1.80	1.82	1.87	1.91	1.95	2.00	2.04	2.08	2.12	Div'ds Decl'd per sh ^C	2.24
2.78	2.83	2.66	4.15	3.15	3.10	3.40	3.77	2.50	2.75	2.45	2.55	4.05	6.45	7.02	7.52	6.20	5.80	Cap'l Spending per sh	7.80
14.02	14.27	15.09	16.20	16.61	16.95	17.72	18.02	18.39	18.38	19.49	20.43	21.03	21.66	22.02	22.75	24.65	26.95	Book Value per sh ^D	35.30
32.43	32.51	32.57	32.62	32.70	32.76	34.77	34.88	34.87	34.91	34.96	35.07	35.26	35.49	35.30	35.40	35.50	34.50	Common Shs Outst'g ^E	32.00
9.0	13.0	7.8	7.9	11.2	11.8	13.1	15.0	13.3	14.7	10.7	12.7	16.2	15.5	12.1	13.9	13.5	13.5	Avg Ann'l P/E Ratio	13.0
.61	.87	.65	.60	.83	.75	.79	.89	.87	.98	.67	.73	.84	.88	.79	.73	.73	.73	Relative P/E Ratio	.85
6.3%	6.5%	8.3%	8.4%	7.1%	7.0%	6.5%	5.6%	6.3%	6.9%	5.7%	5.2%	5.2%	5.3%	6.1%	5.2%	5.2%	5.2%	Avg Ann'l Div'd Yield	4.4%

CAPITAL STRUCTURE as of 6/30/02					1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB., INC.	05-07				
Total Debt \$946.0 mill. Due in 5 Yrs \$510.0 mill.					1096.8	1258.9	1279.5	1033.4	1198.7	1274.4	1138.1	1194.4	1417.5	2270.2	1440	1675	Revenues (\$mill) ^A	2175
LT Debt \$644.0 mill. LT Interest \$57.0 mill. (Total interest coverage: 4.7x)					71.6	74.1	74.4	62.2	103.4	98.4	79.4	84.8	96.1	111.7	100	95.0	Net Profit (\$mill)	125
Pension Liability None					31.9%	33.6%	30.1%	34.4%	37.6%	36.4%	36.2%	35.9%	34.1%	35.4%	36.0%	36.0%	Income Tax Rate	36.0%
Pfd Stock None					6.5%	5.9%	5.8%	6.0%	8.6%	7.7%	7.0%	7.1%	6.8%	4.9%	6.9%	5.7%	Net Profit Margin	5.7%
Common Stock 35,459,006 shs. (outstanding at 7/31/02)					43.8%	45.7%	49.4%	49.2%	43.6%	42.4%	41.1%	40.4%	35.1%	44.4%	40.5%	39.5%	Long-Term Debt Ratio	29.5%
MARKET CAP: \$1.2 billion (Mid Cap)					55.1%	54.3%	50.6%	50.8%	56.4%	57.6%	58.9%	59.6%	64.9%	55.5%	59.5%	60.5%	Common Equity Ratio	70.5%
CURRENT POSITION 2000 2001 6/30/02 (\$MILL.)					1118.7	1156.5	1267.5	1263.6	1208.3	1243.5	1258.0	1290.5	1196.7	1449.8	1475	1530	Total Capital (\$mill)	1605
Cash Assets					1243.6	1318.0	1341.9	1373.1	1381.1	1402.2	1446.7	1519.8	1645.3	1753.9	1860	1975	Net Plant (\$mill)	2305
Other					8.4%	8.1%	7.8%	7.0%	10.3%	9.5%	7.8%	8.0%	9.5%	10.2%	8.5%	8.5%	Return on Total Cap'l	10.0%
Current Assets					11.4%	11.8%	11.6%	9.7%	15.2%	13.7%	10.7%	11.0%	12.4%	13.9%	11.5%	10.0%	Return on Shr. Equity	11.0%
Accts Payable					11.4%	11.7%	11.6%	9.7%	15.2%	13.7%	10.7%	11.0%	12.4%	13.9%	11.5%	10.0%	Return on Com Equity	11.0%
Debt Due					1.9%	1.9%	1.9%	NMF	5.9%	4.7%	1.7%	2.1%	3.4%	5.0%	3.0%	2.5%	Retained to Com Eq	4.5%
Other					84%	84%	84%	101%	61%	66%	84%	81%	73%	64%	74%	77%	All Div'ds to Net Prof	57%
Current Liab.					BUSINESS: Peoples Energy Corporation distributes natural gas via its utility subsidiaries, Peoples Gas Light & Coke Co. (approx. 847,000 customers at 9/30/01) and North Shore Gas Co. (153,000), in Chicago and northeastern Illinois. Fiscal 2001 volume: 240 bill. cu. ft.: residential, 49%; commercial, 8%; industrial, 2%; transport, 41%. Main supplier is Natural Gas Pipeline Co. of America. Purchased gas costs and revenue taxes accounted for 63% of gas revs. in fiscal '01. 2001 deprec. rate: 3.5%. Est'd plant age: 10 yrs. Has 2,994 employees, 25,040 shrlhds. Directors own 1% of common (1/02 Proxy). Chairman and CEO: Richard E. Terry. Pres.: Thomas M. Patrick. Inc.: Illinois. Address: 130 East Randolph Drive, Chicago, IL 60601. Tel.: 312-240-4000. Internet: www.pecorp.com.													
Fix. Chg. Cov.					The Illinois Commerce Commission is reviewing certain gas purchasing practices made by Peoples Energy last year. While this is a typical annual review, the ICC is specifically looking to determine whether or not Peoples Gas (PGL's primary subsidiary) overcharged customers in a series of off-system transactions with Enron North America. Off-systems gas sales are a normal part of operations, particularly when the utility has excess gas supply, and, depending on market conditions, can often result in negative margins upon resale. Management expressed confidence that the contract was prudent and that gas was purchased at market, or below market, rates. However, separately, Peoples discovered a single occurrence in which a demand charge was improperly documented. The utility has already brought this to the ICC's attention, and agreed that the approximate \$240,000 should be refunded to customers. But management has found no other improprieties. Furthermore, it should be noted that the review conducted last year revealed no irregularities. Meanwhile, colder weather is sup-													

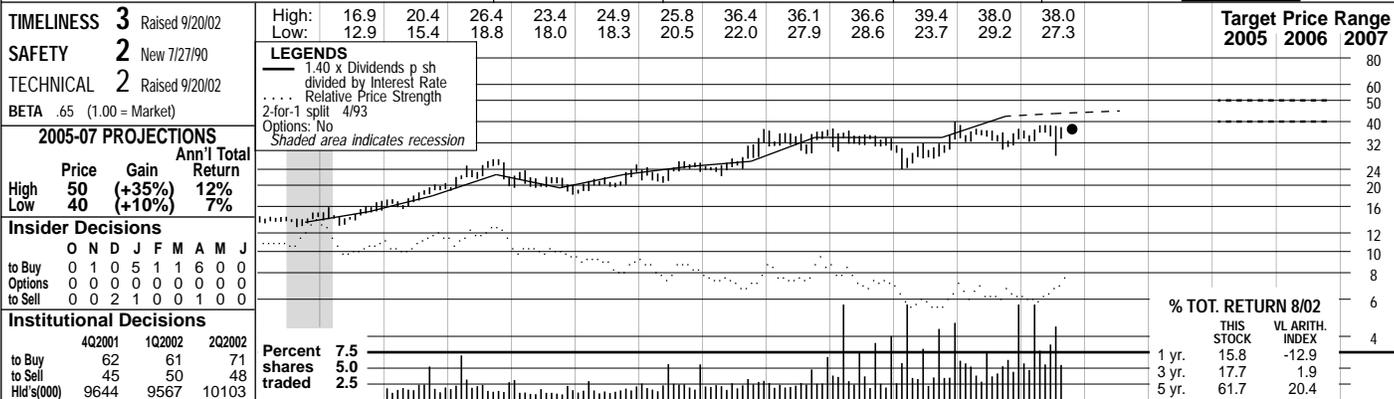
ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '99-'01 to '05-'07	QUARTERLY REVENUES (\$ mill.) ^A		Full Fiscal Year		
of change (per sh)				Dec.31	Mar.31	Jun.30	Sep.30	
Revenues	-	0.5%	6.5%	310.3	494.1	218.9	171.1	1194.4
"Cash Flow"	2.5%	5.0%	7.5%	411.7	525.5	261.2	219.1	1417.5
Earnings	1.0%	4.0%	7.5%	717.0	1073.8	318.5	160.9	2270.2
Dividends	2.0%	1.5%	2.0%	377.5	522.8	347.1	192.6	1440
Book Value	3.0%	3.5%	9.0%	405	680	370	220	1675

Fiscal Year Ends	EARNINGS PER SHARE ^{A B}				Full Fiscal Year
	Dec.31	Mar.31	Jun.30	Sep.30	
1999	.66	1.64	.20	d.11	2.39
2000	.83	1.62	.31	d.05	2.71
2001	1.03	1.76	.33	.04	3.16
2002	.87	1.55	.33	Nil	2.75
2003	.88	1.55	.33	.04	2.80

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
1998	.47	.48	.48	.48	1.91
1999	.48	.49	.49	.49	1.95
2000	.49	.50	.50	.50	1.99
2001	.51	.51	.51	.51	2.04
2002	.52	.52	.52		

porting operations. Excluding a \$0.29 after-tax charge to increase the reserve for uncollectibles, Peoples matched its year-ago third-quarter performance of \$0.33 a share (years end in September). That was due to weather that was 28% colder than last year and 10% colder than normal. **But unregulated businesses have slipped.** The Power Generation segment's results continue to be affected by interest expenses associated with bond financing for Elwood Energy. Too, the Midstream Services business has struggled with lower results from enovate (the former partnership with Enron). All told, we are maintaining our share-net estimate for fiscal 2002, but are calling for essentially flat results in 2003 based on a decrease in pension credits and reduced earnings expectations for the Oil and Gas segment. **Income-oriented investors may find these untimely shares appealing.** Given the state of investor confidence, though, we believe PGL stock will remain pressured until the ICC concludes its investigation. As such, we suggest waiting on the sidelines for the time being. *Edward Plank* September 20, 2002

(A) Fiscal year ends Sept. 30th.	(C) Next dividend meeting mid-Nov. Goes ex mid-Dec. Dividend payment dates: about 15th of Jan., Apr., July, Oct. ■ Dividend reinvestment plan available.	(D) Includes deferred charges. In '01: \$45.9, \$1.29/sh.	(E) In millions.	Company's Financial Strength	A
(B) Basic earnings per share. Excludes acc'tg gains/(losses): '89, \$0.30; '99, \$0.22; '00, (\$0.27). Next earnings report due late Oct.				Stock's Price Stability	100
				Price Growth Persistence	25
				Earnings Predictability	70



Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Value Line Pub, Inc.	05-07
Price	24.01	23.04	19.62	20.25	18.84	16.64	17.83	21.14	21.65	17.52	23.18	25.69	24.90	21.94	26.02	34.13	24.85	27.30	Revenues per sh ^A	35.15
Gain	1.31	1.74	1.75	1.92	1.94	1.56	2.15	2.28	2.26	2.51	2.98	3.25	3.44	3.39	3.54	3.62	3.65	4.05	"Cash Flow" per sh	4.85
Return	.77	1.10	1.19	1.21	1.22	.89	1.40	1.45	1.35	1.45	1.67	1.85	1.96	1.86	2.01	2.02	1.95	2.25	Earnings per sh ^B	2.85
Options	.60	.65	.72	.79	.83	.87	.91	.95	1.01	1.09	1.15	1.21	1.28	1.36	1.44	1.52	1.60	1.68	Div'ds Decl'd per sh ^C	1.82
to Buy	2.39	2.85	3.74	3.11	3.24	2.75	2.81	3.16	3.90	3.44	3.27	3.05	2.96	3.15	3.30	2.57	2.25	2.85	Cap'l Spending per sh	3.55
to Sell	6.99	7.49	8.25	8.73	9.15	9.65	10.27	10.90	11.36	12.31	13.07	13.90	14.91	15.71	16.52	17.26	19.40	20.30	Book Value per sh ^D	23.55
Hld's(000)	17.40	17.87	20.33	20.78	21.43	24.73	25.80	26.15	26.58	28.84	29.55	30.19	30.74	31.30	31.91	32.46	33.00	33.50	Common Shs Outst'g ^E	35.00
to Buy	12.1	10.2	9.1	10.3	11.3	16.3	12.3	15.4	15.7	13.8	13.9	13.6	16.3	17.7	14.3	16.7	16.7	16.7	Avg Ann'l P/E Ratio	15.5
to Sell	.82	.68	.76	.78	.84	1.04	.75	.91	1.03	.92	.87	.78	.85	1.01	.93	.86	.86	.86	Relative P/E Ratio	1.05
Hld's(000)	6.4%	5.8%	6.7%	6.3%	6.0%	6.0%	5.3%	4.3%	4.8%	5.4%	4.9%	4.8%	4.0%	4.1%	5.0%	4.5%	4.5%	4.5%	Avg Ann'l Div'd Yield	4.1%

Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Value Line Pub, Inc.	05-07
Total Debt	459.9	552.8	575.4	505.2	685.1	775.5	765.3	686.5	830.4	1107.9	820	915	Revenues (\$mill) ^A	1230						
LT Debt	35.3	37.5	35.5	40.3	48.6	55.2	60.3	58.2	64.0	65.5	65.0	75.0	Net Profit (\$mill)	100.0						
LT Interest	35.0%	38.4%	37.6%	38.7%	38.9%	39.1%	39.2%	39.7%	34.7%	34.6%	35.0%	35.0%	Income Tax Rate	35.0%						
Interest earned	7.7%	6.8%	6.2%	8.0%	7.1%	7.1%	7.9%	8.5%	7.7%	5.9%	7.8%	8.2%	Net Profit Margin	8.1%						
Coverage	46.6%	49.4%	50.9%	50.4%	50.3%	47.6%	46.2%	46.2%	46.1%	47.6%	44.5%	42.5%	Long-Term Debt Ratio	37.5%						
	53.4%	50.6%	49.1%	49.6%	49.7%	52.4%	55.3%	53.8%	53.9%	52.4%	55.5%	57.5%	Common Equity Ratio	62.5%						
	496.2	563.0	615.0	716.0	777.1	800.8	829.3	914.7	978.4	1069.4	1150	1180	Total Capital (\$mill)	1325						
	592.8	654.5	734.9	801.3	862.0	941.7	990.6	1047.0	1072.0	1114.7	1150	1190	Net Plant (\$mill)	1310						
	9.1%	8.6%	7.7%	7.5%	8.2%	8.9%	9.2%	8.1%	8.3%	7.9%	7.5%	7.9%	Return on Total Cap'l	9.0%						
	13.3%	13.2%	11.8%	11.4%	12.6%	13.1%	13.2%	11.8%	12.1%	11.7%	10.0%	11.0%	Return on Shr. Equity	12.0%						
	13.3%	13.2%	11.8%	11.4%	12.6%	13.1%	13.2%	11.8%	12.1%	11.7%	10.0%	11.0%	Return on Com Equity	12.0%						
	4.6%	4.4%	2.8%	2.7%	3.9%	4.6%	4.7%	3.3%	3.5%	3.0%	2.0%	3.0%	Retained to Com Eq	4.5%						
	66%	67%	76%	76%	69%	65%	65%	72%	71%	75%	81%	75%	All Div'ds to Net Prof	64%						

Item	2000	2001	4/30/02
Cash Assets	8.7	5.6	73.5
Other	275.5	169.7	111.8
Current Assets	284.2	175.3	185.3
Accts Payable	87.6	41.1	51.7
Debt Due	131.5	34.0	2.0
Other	77.9	74.1	64.6
Current Liab.	297.0	149.2	118.3
Fix. Chg. Cov.	378%	307%	290%

Item	Past 10 Yrs	Past 5 Yrs	Est'd '99-'01 to '05-'07
Revenues	4.0%	5.5%	4.5%
"Cash Flow"	7.0%	6.5%	5.5%
Earnings	6.0%	5.5%	6.5%
Dividends	5.5%	6.0%	4.0%
Book Value	6.0%	6.0%	6.0%

Fiscal Year Ends	Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
1999	255.7	239.2	96.7	94.9	686.5
2000	268.6	283.0	131.2	147.6	830.4
2001	467.6	408.0	121.8	110.5	1107.9
2002	288.8	293.9	127.9	109.4	820
2003	330	350	120	115	915

Fiscal Year Ends	Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
1999	1.31	1.11	d.26	d.28	1.86
2000	1.40	1.18	d.32	d.25	2.01
2001	1.56	1.23	d.37	d.40	2.02
2002	1.26	1.27	d.27	d.31	1.95
2003	1.55	1.30	d.32	d.28	2.25

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1998	.305	.325	.325	.325	1.28
1999	.325	.345	.345	.345	1.36
2000	.345	.365	.365	.365	1.44
2001	.365	.385	.385	.385	1.52
2002	.40	.40	.40		

Piedmont Natural Gas posted a smaller share loss in the July quarter than we had anticipated. The utility's bottom-line results improved \$0.10 a share over last year, and bested our estimate by \$0.05 a share. The improvement is attributable to decreased operating expenses and increased contributions from non-utility activities, namely the Georgia-based SouthStar Energy gas-marketing venture. Indeed, operations and maintenance expenses declined 6% from the third quarter of 2001 (years end in October). Furthermore, greater industrial and power generation deliveries boosted system throughput by 12% over the third quarter of fiscal 2001. Impressively, Piedmont achieved the stronger performance in the face of weather that was 17% warmer than the prior year.

Customer growth remains strong. Although down from traditional levels, likely due to the sluggish economy, Piedmont continues to add new customers at nearly a 4% annual clip, which is well above the national average.

We are maintaining our share-earnings estimates for this year and

age: 8.7 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has about 1,657 employees, 18,665 shldrs of record. Chrmn: John H. Maxheim. CEO & Pres.: Ware F. Schiefer. Inc: North Carolina. Address: 1915 Rexford Road, P.O. Box 33068 Charlotte, NC 28233. Telephone: 704-364-3120. Internet: www.piedmontng.com.

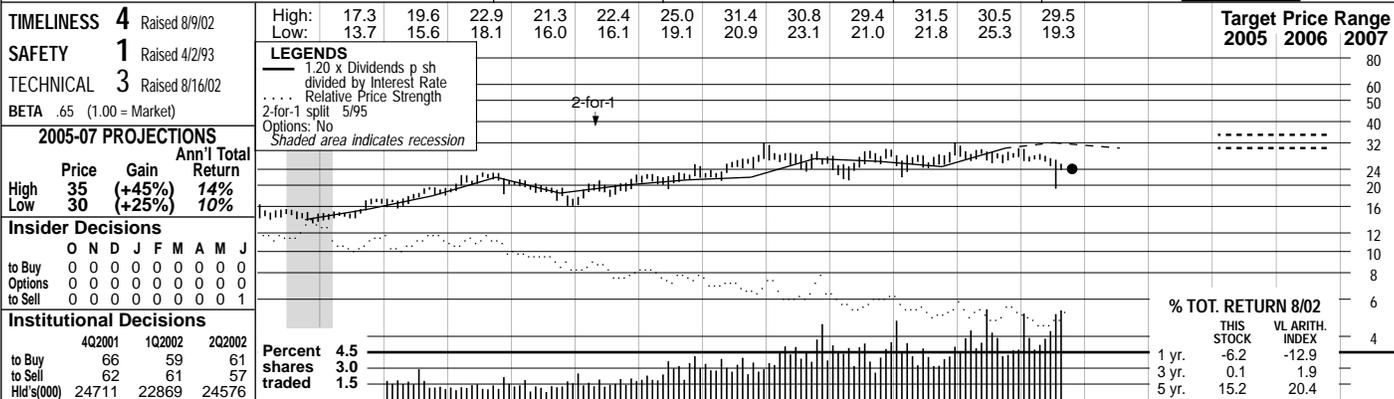
next. However, our expectations for fiscal 2003 could change upon resolution of the pending rate increases in North Carolina and South Carolina. Piedmont filed for rate relief of \$28 million and \$15.3 million in those two states, respectively, to recoup expenses for upgrading of the gas systems. **The company has partnered with Dominion Resources to build a \$97 million natural gas pipeline.** The 280-mile Greenbrier Pipeline will create links between the Mid-Atlantic/Southeast regions and Canadian and Mid-continent gas supplies. It would also establish connections with the Gulf of Mexico and Gulf Coast regions. The pipeline, of which Piedmont will own 33%, is expected begin service in 2005.

This issue is appropriate for conservative, income-oriented accounts. True, these utility shares are only an average choice for Timeliness. Nonetheless, the dividend yield remains strong. Moreover, dividend growth will likely continue at a healthy clip. Risk-averse investors ought to also take notice of the equity's above average Safety rank, too.

Edward Plank *September 20, 2002*

(A) Fiscal year ends October 31st. (B) Diluted earnings. Excl. extraordinary item: '00, 16¢. Excl. non-recurring charge: '97, 4¢. Next egs. report due early December. (C) Next div'd mtg late Nov. Goes ex mid-Dec. Approx. dividend payment. dates: 15th of Jan., April, July, Oct. (D) Incl. def'd chrgs. In '01: \$4.1 mill., 13¢/sh. (E) In millions, adj. for stock split. (F) Qtrs. may not add to total due to change in shares outstanding.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	45
Earnings Predictability	85



2005-07 PROJECTIONS	Price	Gain	Ann'l Total Return
High	35	(+45%)	14%
Low	30	(+25%)	10%

Insider Decisions	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	1

Institutional Decisions	4Q2001	1Q2002	2Q2002
to Buy	66	59	61
to Sell	62	61	57
Hlds(000)	24711	22869	24576

Percent shares traded	4.5	3.0	1.5
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1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB., INC. 05-07	
21.62	20.17	18.17	19.52	18.75	17.50	18.37	21.55	21.69	19.30	22.19	24.16	23.74	20.92	22.19	29.80	20.10	25.75	Revenues per sh ^A	36.10
1.97	2.03	1.90	2.03	2.17	2.04	2.17	2.25	2.43	2.51	2.93	3.02	2.79	2.74	3.20	3.24	2.75	3.45	"Cash Flow" per sh	4.45
1.15	1.14	1.26	1.22	1.26	1.14	1.27	1.31	1.42	1.45	1.85	1.85	1.54	1.47	1.79	1.88	1.20	1.80	Earnings per sh ^B	2.45
.88	.90	.94	.97	1.01	1.05	1.07	1.09	1.11	1.12	1.14	1.17	1.20	1.22	1.24	1.26	1.27	1.28	Div'ds Decl'd per sh ^C	1.30
1.77	2.32	2.79	3.00	2.38	2.05	2.17	2.43	2.84	2.63	2.85	3.20	3.62	3.42	2.67	2.68	4.55	4.55	Cap'l Spending per sh	4.10
9.12	9.40	9.96	9.86	10.17	9.63	10.66	11.04	11.51	11.95	12.79	13.48	13.86	14.72	15.31	16.24	16.90	17.40	Book Value per sh ^D	20.15
33.39	33.91	38.42	38.70	39.23	39.89	40.62	41.50	42.19	42.93	43.70	43.70	43.84	46.47	46.47	48.54	48.50	48.50	Common Shs Outst'g ^E	48.50
11.5	11.0	9.6	10.6	11.7	12.8	13.6	15.6	14.0	12.7	11.5	12.7	17.2	17.3	14.6	14.7	14.7	14.7	Avg Ann'l P/E Ratio	13.0
.78	.74	.80	.80	.87	.82	.82	.92	.92	.85	.72	.73	.89	.99	.95	.95	.76	.76	Relative P/E Ratio	.85
6.7%	7.2%	7.8%	7.5%	6.9%	7.2%	6.2%	5.3%	5.6%	6.1%	5.4%	5.0%	4.5%	4.8%	4.8%	4.6%	4.6%	4.6%	Avg Ann'l Div'd Yield	4.1%

CAPITAL STRUCTURE as of 6/30/02	2000	2001	2002	2003
Total Debt 702.0 mill. Due in 5 Yrs 450.0 mill.	746.2	894.3	914.9	828.7
LT Debt \$629.6 mill. LT Interest \$45.0 mill. (Total interest coverage: 4.0x)	52.2	55.1	60.5	62.9
Pension Liability None	37.6%	38.6%	38.1%	37.4%
Preferred Stock \$28.2 mill. Pfd Div'd \$1.3 mill.	7.0%	6.2%	6.6%	7.6%
Common Stock 48,564,667 shs. as 7/31/02	38.9%	41.7%	40.0%	37.8%
MARKET CAP: \$1.2 billion (Mid Cap)	57.3%	54.9%	56.7%	58.9%
	756.1	834.3	856.3	870.6
	864.5	921.1	995.0	1056.1
	8.6%	8.1%	8.7%	8.7%
	11.3%	11.3%	11.8%	11.6%
	11.7%	11.7%	12.2%	12.0%
	1.9%	2.2%	2.6%	2.8%
	84%	81%	79%	77%

WGL Holdings' core utility business is experiencing good customer growth. During the June period, the company's distribution customer base increased nearly 4% to 934,000 units, from the third quarter (fiscal year ends September 30th) of 2001. The increase of 35,000-plus new customers over the past year represents one of the strongest growth periods in WGL's history.

But utility earnings have not followed suit. Last winter's heating season, when the company generates the bulk of its profits, was one the warmest on record. Also, most of the rise in the customer base has been offset by higher operating and maintenance expenses, including higher outside consulting fees, increases in pension and post-retirement benefits, and higher depreciation expense.

WGL has been active on the rate front, after going more than seven years without filing for an adjustment. The company hopes to have higher customer rates in effect in Maryland, Virginia, and Washington, D.C. by November. WGL had sought a \$31.4 million increase in Maryland, but has since settled for \$9.25 million. The rate filings in Virginia and Washington, D.C. are still pending.

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '99-'01 to '05-'07
Revenues	1.5%	1.5%	7.0%
"Cash Flow"	3.5%	4.0%	6.5%
Earnings	2.5%	3.0%	6.0%
Dividends	2.5%	2.0%	1.0%
Book Value	4.0%	5.0%	4.5%

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1999	297.3	393.0	150.7	131.1	972.1
2000	310.5	392.3	171.6	156.7	1031.1
2001	540.3	605.2	182.4	118.6	1446.5
2002	266.7	379.4	163.7	165.2	975
2003	425	475	175	175	1250

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1999	.55	1.39	d.15	d.32	1.47
2000	.85	1.39	d.12	d.33	1.79
2001	1.08	1.33	d.15	d.38	1.88
2002	.66	1.09	d.14	d.41	1.20
2003	.90	1.25	d.05	d.30	1.80

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1998	.295	.30	.30	.30	1.20
1999	.30	.305	.305	.305	1.22
2000	.305	.31	.31	.31	1.24
2001	.31	.315	.315	.315	1.26
2002	.315	.318	.318		

(A) Beginning 1989, fiscal years end Sept. 30th. (B) Based on diluted shares. Excludes nonrecurring gain (losses): '01, (\$0.13). Next earnings report due late Oct. (C) Next dividend meeting in early Dec. Goes ex in early Oct. Approximate dividend payment dates: February 1, May 1, August 1, November 1. (D) Dividend reinvestment plan available. (E) Includes deferred charges and intangibles. '01: \$137.2 million, \$2.83/sh. (F) In millions, adjusted for stock split.

Company's Financial Strength A
Stock's Price Stability 100
Price Growth Persistence 35
Earnings Predictability 60

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Michael P. Maloney September 20, 2002

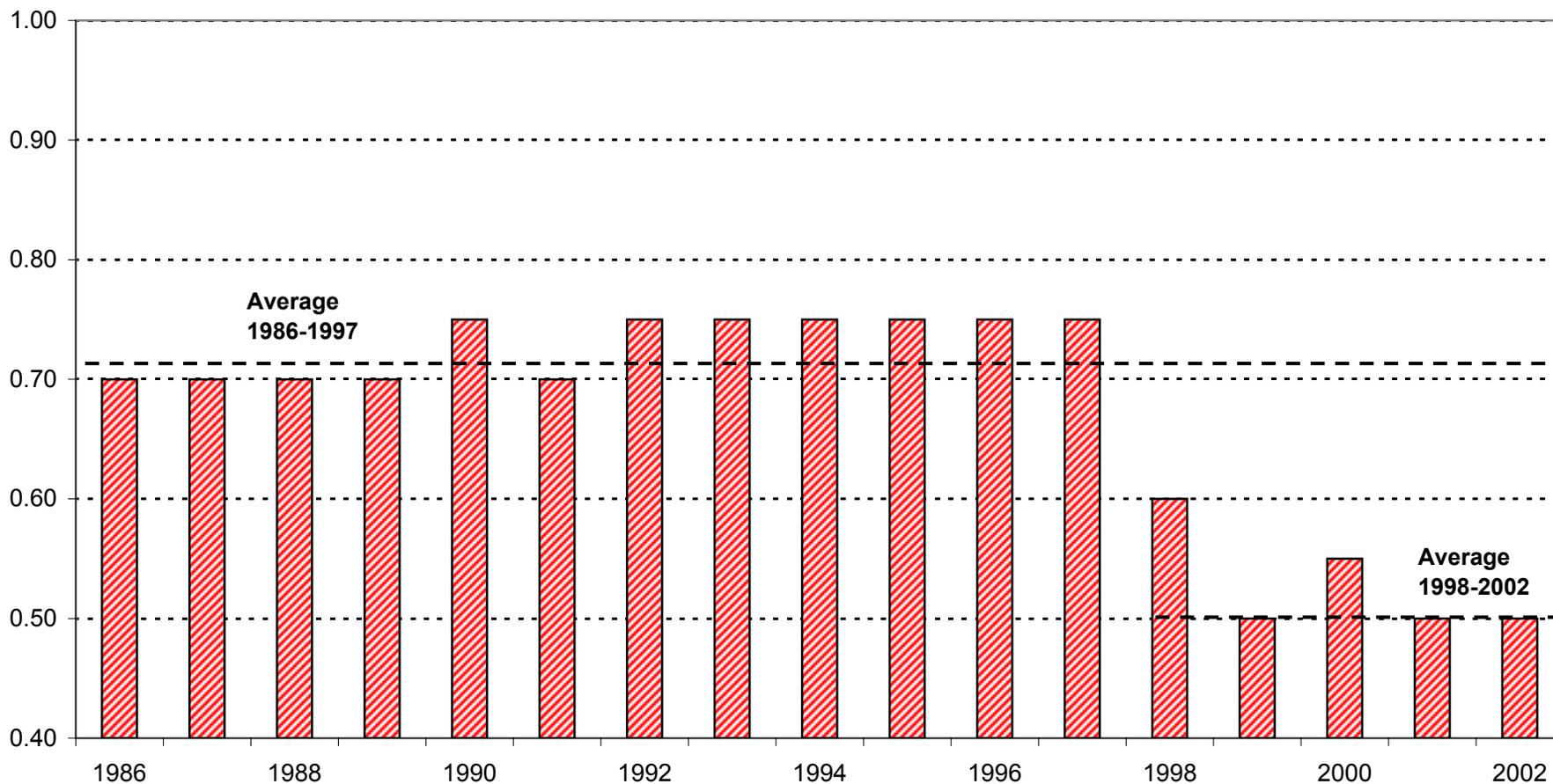
**HISTORIC VALUE LINE BETA VALUES
FOR GAS/ELECTRIC UTILITY COMPANIES**

Year	COMPANY					Consolidated
	Alliant Energy	Cinergy Corp	FPL Group	Energy East	Edison	
1986	0.70	0.70	0.75	0.65	0.70	
1987	0.75	0.80	0.70	0.65	0.70	
1988	0.60	0.75	0.75	0.70	0.70	
1989	0.60	0.75	0.75	0.75	0.70	
1990	0.60	0.75	0.70	0.75	0.75	
1991	0.60	0.70	0.65	0.70	0.70	
1992	0.65	0.65	0.65	0.75	0.75	
1993	0.60	0.65	0.60	0.70	0.75	
1994	0.75	0.70	0.65	0.75	0.75	
1995	0.75	0.80	0.75	0.75	0.75	
1996	0.75	0.85	0.80	0.75	0.75	
1997	0.70	0.85	0.75	0.85	0.75	
1998	n/a	0.60	0.55	0.70	0.60	
1999	n/a	0.55	0.50	0.60	0.50	
2000	0.55	0.60	0.45	0.60	0.55	
2001	0.55	0.55	0.45	0.60	0.50	
2002	0.55	0.55	0.55	0.65	0.50	
Average 1986-1997	0.67	0.75	0.71	0.73	0.73	
Average 1998-2002	0.55	0.57	0.50	0.63	0.53	
Pct Change	-18.0%	-23.6%	-29.4%	-13.6%	-27.3%	
1986-97 Stdev	6.9%	6.9%	6.0%	5.4%	2.6%	
T-value	2.61	3.42	4.93	2.51	10.61	
Significance Level	0.989	0.998	1.000	0.988	1.000	

Source: Value Line Investment Survey, Annual December Index

Note: Value Line did not publish a beta for Alliant 1998-1999

End of Year Beta Values Consolidated Edison Corp



Source: 1986-2001: Value Line Investment Survey, Annual December Index
2002: Value Line Investment Survey, September 6, 2002

Derivation of Equation 7(b), Modified Quarterly Dividend Model

We begin with equation (2),

$$P_0 = \sum_{t=1}^{\infty} D_{t-1}(1+g)^t / (1+k)^t, \quad (2')$$

Now, at this level of abstraction, we have said nothing about the periodicity of g or k . So, consider a quarterly model, where we define the average quarterly growth rate, g' and the required quarterly return on equity, k' . Similarly, we replace the annual dividend payment, D_t , with its quarterly equivalent, d_t . Then, similar to equation (4), equation (3') can be simplified to:

$$P_0 = d_1 / (k' - g'). \quad (3')$$

Solving for k' , we have:

$$k' = d_1 / P_0 + g'. \quad (4')$$

Equation (4') provides a general solution for the required quarterly return on equity, k' , based on a simplifying that dividends increase each quarter at the rate g' . The equivalent annual return on equity, k , will be

$$k = (1 + k')^4 - 1 \quad (4'')$$

As an example, suppose that the current annual dividend, D_0 , equals \$1.00 and that dividends are expected to increase at an annual rate of 5.0 percent. The current stock price is \$20.00.

The equivalent quarterly growth rate, g' , equals $(1 + 0.05)^{1/4} - 1$, or 1.227%. Since we must decide on the appropriate quarterly dividend, we make the simplifying assumption

that $d_1 = \$0.25$.¹ Then, using equation (5'), $k' = (\$0.25 / \$20.00) + .01227 = 2.48\%$. Finally, using equation (5''), we have $k = (1 + 0.0248)^4 - 1 = 10.28\%$.

A comparison of this value for the required return on equity with the quarterly calculations is shown in the table below.

Methodology	Calculated Return on Equity (ROE)
$k = (1 + k')^4 - 1$	10.28%
$k = [d_1(1+k)^{3/4} + d_2(1+k)^{2/4} + d_3(1+k)^{1/4} + d_4]/P_0 + g$ [Morin]	10.29%

As the table shows, the simplified quarterly value shown in equation (5'') very closely approximates the "true" iterative derivation presented in Morin.²

¹ In actuality, we can derive the series of four quarterly dividend payments such that they total to \$1.00 for the year. The initial dividend payment would equal approximately \$0.245, while the fourth quarterly payment would equal approximately \$0.255. We are then left with the question of the appropriate dividend payment to substitute into equation (5').

² R. Morin, Regulatory Finance: Utilities' Cost of Capital, Public Utilities Reports, 1994, at 184. (Note further that the "Useful Approximation" presented by Morin in his Appendix 7-A, at 198, is incorrect.)

5-YEAR EARNINGS PER SHARE GROWTH RATE FORECASTS

Company	Zack's		I/B/E/S		Average Zack's, I/B/E/S
	Mean EPS Growth Rate (%)	Number of Broker Estimates	Mean EPS Growth Rate (%)	Number of Broker Estimates	
AGL Resources	11.42%	6	7.13%	8	9.28%
ATMOS Energy	6.33%	6	7.71%	7	7.02%
Cascade Natural Gas	5.00%	3	4.00%	1	4.50%
Laclede Group	4.25%	2	3.00%	1	3.63%
NICOR	5.73%	7	6.00%	6	5.87%
Northwest Natural Gas	6.06%	4	5.30%	4	5.68%
Peoples Energy	5.83%	6	5.75%	8	5.79%
Piedmont Natural Gas	4.67%	3	4.50%	4	4.59%
<u>WGL Holdings</u>	<u>3.65%</u>	6	<u>4.40%</u>	5	<u>4.03%</u>
Average	5.88%		5.31%		5.60%

Source: www.myzacks.com, www.thompsonfn.com

Zacks Detailed Analyst Estimates for: AGL RESOURCES
Ticker Symbol: ATG | Cusip: 001204106 | Fiscal Year End: December
Updated: 09/24/02

Broker	Recommendation	Fiscal Year EPS Estimates		Quarter EPS Estimates		5 year Growth Est(%)	Estimate Date
		12/02	12/03	09/02	12/02		
Insttn'l Broker	2.0 Moderate Buy	1.69	1.80	0.11	0.47	7.00	08/30/02
National Broker	1.0 Strong Buy	1.68	1.78	-	-	7.00	07/31/02

30 Day Consensus

Low Estimate							
*Mean / Consensus Estimate							
High Estimate							
Number of Estimates		0	0	0	0	0	
Indicated P/E for stock price on 09/20/02 OF \$21.85:		n/a	n/a				

120 Day Consensus (All Estimates)

Low Estimate		1.65	1.75	0.11	0.47	7.00	
*Mean / Consensus Estimate							
High Estimate		1.70	1.85	0.22	0.47	30.00	
Number of Estimates		7	7	5	3	6	
Indicated P/E for stock price on 09/20/02 OF \$21.85:		12.99	12.12				

Total Number of Reporting Brokers: 7

Zacks Detailed Analyst Estimates for: **ATMOS ENERGY CP**

Ticker Symbol: **ATO** | Cusip: **049560105** | Fiscal Year End: **September**

Updated: **09/24/02**

Broker	Recommendation	Fiscal Year EPS Estimates		Quarter EPS Estimates		5 year Growth Est(%)	Estimate Date
		09/02	09/03	09/02	12/02		
Regional Broker	3.0 Hold	1.41	1.57	-0.18	-	5.00	08/30/02
National Broker	3.0 Hold	1.51	1.53	-0.07	-	-	08/20/02
Regional Broker	6.0 N/A	1.44	-	-	-	-	08/14/02
Insttn'l Broker	3.0 Hold	1.45	1.65	-	-	-	08/02/02
National Broker	1.0 Strong Buy	1.43	1.70	-	-	5.00	07/31/02

30 Day Consensus

Low Estimate						
*Mean / Consensus Estimate						
High Estimate						
Number of Estimates	0	0	0	0	0	
Indicated P/E for stock price on 09/20/02 OF \$21.15:	n/a	n/a				

120 Day Consensus (All Estimates)

Low Estimate	1.40	1.53	-0.18		5.00	
*Mean / Consensus Estimate	1.44	1.62	-0.11		6.330	
High Estimate	1.51	1.70	-0.07		10.00	
Number of Estimates	9	8	4	0	6	
Indicated P/E for stock price on 09/20/02 OF \$21.15:	14.68	13.07				

Total Number of Reporting Brokers: 9

Zacks Detailed Analyst Estimates for: **CASCADE NAT GAS**

Ticker Symbol: **CGC** | Cusip: **147339105** | Fiscal Year End: **September**

Updated: **09/24/02**

Broker	Recommendation	Fiscal Year EPS Estimates		Quarter EPS Estimates		5 year Growth Est(%)	Estimate Date
		09/02	09/03	09/02	12/02		
National Broker	3.0 Hold	1.04	1.40	-	-	5.00	07/31/02
Regional Broker	3.0 Hold	0.98	1.33	-	-	4.00	07/18/02

30 Day Consensus

Low Estimate							
*Mean / Consensus Estimate							
High Estimate							
Number of Estimates		0	0	0	0	0	
Indicated P/E for stock price on 09/20/02 OF \$20.30:		n/a	n/a				

120 Day Consensus (All Estimates)

Low Estimate		0.98	1.30			4.00	
*Mean / Consensus Estimate		1.06	1.34			5.000	
High Estimate		1.15	1.40			6.00	
Number of Estimates		3	3	0	0	3	
Indicated P/E for stock price on 09/20/02 OF \$20.30:		19.21	15.11				

Total Number of Reporting Brokers: 3

Zacks Detailed Analyst Estimates for: **LACLEDE GRP INC**

Ticker Symbol: **LG** | Cusip: **505597104** | Fiscal Year End: **September**

Updated: **09/24/02**

Broker	Recommendation	Fiscal Year EPS Estimates		Quarter EPS Estimates		5 year Growth Est(%)	Estimate Date
		09/02	09/03	09/02	12/02		
National Broker	1.0 Strong Buy	1.21	1.77	-	-	4.00	07/31/02

30 Day Consensus

Low Estimate							
*Mean / Consensus Estimate							
High Estimate							
Number of Estimates		0	0	0	0	0	
Indicated P/E for stock price on 09/20/02 OF \$22.45:		n/a	n/a				

120 Day Consensus (All Estimates)

Low Estimate		1.20	1.77			4.00	
*Mean / Consensus Estimate		1.21	1.79			4.250	
High Estimate		1.21	1.80			4.50	
Number of Estimates		2	2	0	0	2	
Indicated P/E for stock price on 09/20/02 OF \$22.45:		18.63	12.58				

Total Number of Reporting Brokers: 2

Zacks Detailed Analyst Estimates for: NICOR INC
Ticker Symbol: GAS | Cusip: 654086107 | Fiscal Year End: December
Updated: 09/24/02

Broker	Recommendation	Fiscal Year EPS Estimates		Quarter EPS Estimates		5 year Growth Est(%)	Estimate Date
		12/02	12/03	09/02	12/02		
Regional Broker	3.0 Hold	2.75	3.45	0.45	1.04	6.00	09/13/02
National Broker	3.0 Hold	2.65	2.78	-	-	3.50	08/23/02
Regional Broker	6.0 N/A	3.03	-	0.75	-	-	08/14/02
National Broker	3.0 Hold	2.60	2.80	0.35	0.97	-	08/12/02
National Broker	3.0 Hold	-	3.35	-	-	6.00	07/31/02

30 Day Consensus

Low Estimate							
*Mean / Consensus Estimate							
High Estimate							
Number of Estimates		0	0	0	0	0	
Indicated P/E for stock price on 09/20/02 OF \$28.29:		n/a	n/a				

120 Day Consensus (All Estimates)

Low Estimate		2.50	2.65	0.35	0.87	3.50	
*Mean / Consensus Estimate							
High Estimate		3.03	3.45	0.75	1.04	7.00	
Number of Estimates		9	8	4	3	7	
Indicated P/E for stock price on 09/20/02 OF \$28.29:		10.60	9.52				

Total Number of Reporting Brokers: 10

Zacks Detailed Analyst Estimates for: **NORTHWEST NAT G**

Ticker Symbol: **NWN** | Cusip: **667655104** | Fiscal Year End: **December**

Updated: **09/24/02**

Broker	Recommendation	Fiscal Year EPS Estimates		Quarter EPS Estimates		5 year Growth Est(%)	Estimate Date
		12/02	12/03	09/02	12/02		
Regional Broker	3.0 Hold	2.01	2.10	-0.30	0.79	5.00	08/29/02
Insttn'l Broker	3.0 Hold	1.90	2.00	-	-	-	08/02/02
National Broker	1.0 Strong Buy	1.90	1.99	-	-	5.00	07/31/02
Regional Broker	3.0 Hold	1.97	1.99	-	-	4.25	07/24/02

30 Day Consensus

Low Estimate	2.01		-0.30	0.79		
*Mean / Consensus Estimate	2.01		-0.30	0.79		
High Estimate	2.01		-0.30	0.79		
Number of Estimates	1	0	1	1	0	
Indicated P/E for stock price on 09/20/02 OF \$27.85:	13.86	0.00				

120 Day Consensus (All Estimates)

Low Estimate	1.90	1.99	-0.30	0.79	4.25	
*Mean / Consensus Estimate	1.94	2.02	-0.30	0.79	6.060	
High Estimate	2.01	2.10	-0.30	0.79	10.00	
Number of Estimates	5	5	1	1	4	
Indicated P/E for stock price on 09/20/02 OF \$27.85:	14.39	13.81				

Total Number of Reporting Brokers: 5

Zacks Detailed Analyst Estimates for: **PEOPL ENERGY CP**

Ticker Symbol: **PGL** | Cusip: **711030106** | Fiscal Year End: **September**

Updated: **09/24/02**

Broker	Recommendation	Fiscal Year EPS Estimates		Quarter EPS Estimates		5 year Growth Est(%)	Estimate Date
		09/02	09/03	09/02	12/02		
Insttn'l Broker	2.0 Moderate Buy	2.75	2.75	0.01	-	7.00	08/30/02
National Broker	3.0 Hold	2.79	2.80	0.04	-	1.00	08/23/02
National Broker	1.0 Strong Buy	-	2.70	-	-	6.00	07/31/02
Regional Broker	6.0 N/A	2.75	2.75	-	-	-	07/26/02

30 Day Consensus

Low Estimate							
*Mean / Consensus Estimate							
High Estimate							
Number of Estimates		0	0	0	0	0	
Indicated P/E for stock price on 09/20/02 OF \$33.39:		n/a	n/a				

120 Day Consensus (All Estimates)

Low Estimate		2.75	2.70	0.00		1.00	
*Mean / Consensus Estimate		2.77	2.76	0.02		5.830	
High Estimate		2.80	2.80	0.04		8.00	
Number of Estimates		7	8	4	0	6	
Indicated P/E for stock price on 09/20/02 OF \$33.39:		12.07	12.11				

Total Number of Reporting Brokers: 9

Zacks Detailed Analyst Estimates for: **PIEDMONT NAT GA**

Ticker Symbol: **PNY** | Cusip: **720186105** | Fiscal Year End: **October**

Updated: **09/24/02**

Broker	Recommendation	Fiscal Year EPS Estimates		Quarter EPS Estimates		5 year Growth Est(%)	Estimate Date
		10/02	10/03	10/02	01/03		
National Broker	1.0 Strong Buy	1.95	2.25	-	-	5.00	07/31/02

30 Day Consensus

Low Estimate							
*Mean / Consensus Estimate							
High Estimate							
Number of Estimates		0	0	0	0	0	
Indicated P/E for stock price on 09/20/02 OF \$34.30:		n/a	n/a				

120 Day Consensus (All Estimates)

Low Estimate		1.90	2.25	-0.30	1.53	4.00	
*Mean / Consensus Estimate							
High Estimate		1.95	2.30	-0.30	1.53	5.00	
Number of Estimates		4	4	1	1	3	
Indicated P/E for stock price on 09/20/02 OF \$34.30:		17.75	15.16				

Total Number of Reporting Brokers: 4

Zacks Detailed Analyst Estimates for: WGL HLDGS INC
Ticker Symbol: WGL | Cusip: 92924F106 | Fiscal Year End: September
Updated: 09/24/02

Broker	Recommendation	Fiscal Year EPS Estimates		Quarter EPS Estimates		5 year Growth Est(%)	Estimate Date
		09/02	09/03	09/02	12/02		
Regional Broker	3.0 Hold	1.41	1.88	-0.35	0.80	4.00	09/09/02
National Broker	3.0 Hold	1.20	1.79	-0.41	-	2.00	08/06/02
Insttn'l Broker	3.0 Hold	1.15	1.90	-	-	-	08/02/02
Regional Broker	6.0 N/A	1.27	1.60	-0.43	-	-	08/01/02

30 Day Consensus

Low Estimate		1.88				
*Mean / Consensus Estimate		1.88				
High Estimate		1.88				
Number of Estimates		0	1	0	0	0
Indicated P/E for stock price on 09/20/02 OF \$23.67:		n/a	n/a			

120 Day Consensus (All Estimates)

Low Estimate	1.10	1.60	-0.45	0.80	1.90
*Mean / Consensus Estimate	1.22	1.82	-0.39	0.80	3.650
High Estimate	1.41	1.95	-0.31	0.80	5.00
Number of Estimates	9	9	5	1	6
Indicated P/E for stock price on 09/20/02 OF \$23.67:	19.40	12.97			

Total Number of Reporting Brokers: 9

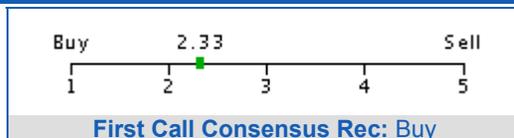
I/B/E/S Earnings Estimates

AGL RESOURCES INC (ATG)

Sector: Public Utilities

Industry: Gas Utilities

Last Updated: October 05, 2002



The Analyst Company Sentiment is NEUTRAL

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Consensus EPS Estimates

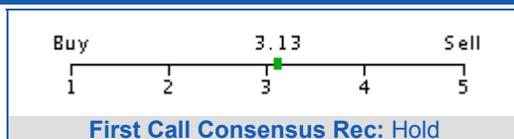
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Sep 02	5	0.12	0.15	0.10	0.12
Q2	Dec 02	4	0.47	0.48	0.47	0.47
Q3	Mar 03	2	0.92	0.92	0.92	0.92
Q4	Jun 03	2	0.22	0.22	0.21	0.22
FY1	Dec 02	8	1.68	1.70	1.65	1.69
FY2	Dec 03	8	1.80	1.85	1.75	1.80
LTG	-	8	7.00	10.00	3.00	7.50

ATMOS ENERGY CORPORATION (ATO)

Sector: Public Utilities

Industry: Gas Utilities

Last Updated: October 05, 2002



The Analyst Company Sentiment is NEGATIVE

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Consensus EPS Estimates

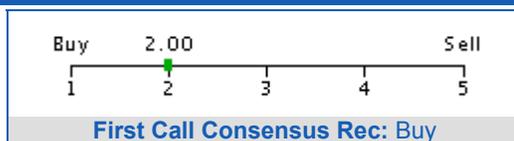
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Sep 02	4	-0.15	-0.07	-0.25	-0.13
Q2	Dec 02	1	0.62	0.62	0.62	0.62
Q3	Mar 03	1	1.16	1.16	1.16	1.16
Q4	Jun 03	1	0.00	0.00	0.00	0.00
FY1	Sep 02	6	1.45	1.51	1.41	1.45
FY2	Sep 03	7	1.58	1.70	1.51	1.55
LTG	-	7	7.71	13.00	5.00	6.00

CASCADE NATURAL GAS (CGC)

Sector: Public Utilities

Industry: Gas Utilities

Last Updated: October 05, 2002



The Analyst Company Sentiment is NEGATIVE

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Consensus EPS Estimates

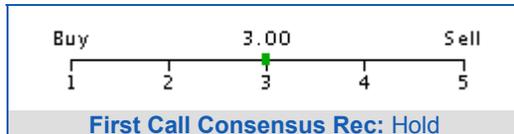
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Sep 02	1	-0.22	-0.22	-0.22	-0.22
Q2	Dec 02	1	0.65	0.65	0.65	0.65
Q3	Mar 03	1	0.85	0.85	0.85	0.85
Q4	Jun 03	1	0.00	0.00	0.00	0.00
FY1	Sep 02	1	1.15	1.15	1.15	1.15
FY2	Sep 03	1	1.30	1.30	1.30	1.30
LTG	-	1	4.00	4.00	4.00	4.00

LACLEDE GROUP INC (LG)

Sector: Public Utilities

Industry: Gas Utilities

Last Updated: October 05, 2002



The Analyst Company Sentiment is NEGATIVE

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

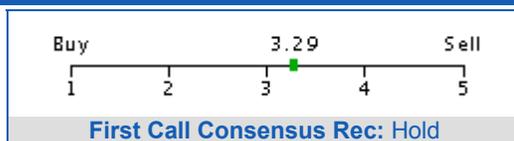
Consensus EPS Estimates

Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Sep 02	1	-0.26	-0.26	-0.26	-0.26
Q2	Dec 02	1	0.90	0.90	0.90	0.90
Q3	Mar 03	1	1.20	1.20	1.20	1.20
Q4	Jun 03	1	-0.05	-0.05	-0.05	-0.05
FY1	Sep 02	1	1.20	1.20	1.20	1.20
FY2	Sep 03	1	1.80	1.80	1.80	1.80
LTG	-	1	3.00	3.00	3.00	3.00

NICOR INC (GAS)

Sector: Public Utilities
Industry: Gas Utilities

Last Updated: October 05, 2002



The Analyst Company Sentiment is NEUTRAL

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

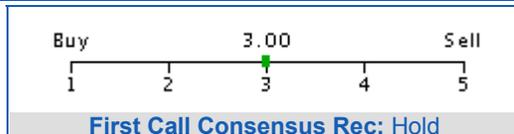
Consensus EPS Estimates

Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Sep 02	4	0.40	0.45	0.35	0.40
Q2	Dec 02	4	0.93	1.04	0.82	0.92
Q3	Mar 03	2	0.91	0.93	0.88	0.91
Q4	Jun 03	2	0.43	0.44	0.42	0.43
FY1	Dec 02	8	2.63	2.75	2.50	2.65
FY2	Dec 03	7	2.92	3.45	2.65	2.80
LTG	-	6	5.50	7.00	4.00	5.50

NORTHWEST NAT GAS CO (NWN)

Sector: Public Utilities
Industry: Gas Utilities

Last Updated: October 05, 2002



The Analyst Company Sentiment is NEGATIVE

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

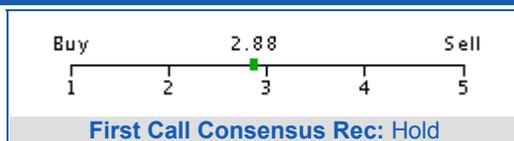
Consensus EPS Estimates

Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Sep 02	1	-0.30	-0.30	-0.30	-0.30
Q2	Dec 02	1	0.70	0.70	0.70	0.70
Q3	Mar 03	1	1.25	1.25	1.25	1.25
Q4	Jun 03	1	0.20	0.20	0.20	0.20
FY1	Dec 02	2	1.90	1.90	1.90	1.90
FY2	Dec 03	2	2.00	2.00	2.00	2.00
LTG	-	4	5.30	8.00	4.00	4.60

PEOPLES ENERGY CORPORATION (PGL)

Sector: Public Utilities
Industry: Gas Utilities

Last Updated: October 05, 2002



The Analyst Company Sentiment is NEGATIVE

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company

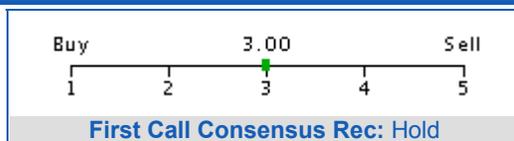
Consensus EPS Estimates

Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Sep 02	5	0.02	0.04	0.00	0.03
Q2	Dec 02	2	0.88	0.88	0.87	0.88
Q3	Mar 03	2	1.54	1.57	1.50	1.54
Q4	Jun 03	2	0.34	0.34	0.33	0.34
FY1	Sep 02	7	2.75	2.80	2.70	2.75
FY2	Sep 03	7	2.76	2.90	2.50	2.80
LTG	-	8	5.50	7.00	3.50	5.25

PIEDMONT NATURAL GAS CO (PNY)

Sector: Public Utilities
Industry: Gas Utilities

Last Updated: October 05, 2002



The Analyst Company Sentiment is POSITIVE

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Consensus EPS Estimates

Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Oct 02	2	-0.32	-0.30	-0.33	-0.32
Q2	Jan 03	1	1.53	1.53	1.53	1.53
Q3	Apr 03	1	1.32	1.32	1.32	1.32
Q4	Jul 03	1	-0.30	-0.30	-0.30	-0.30
FY1	Oct 02	3	1.93	1.95	1.90	1.93
FY2	Oct 03	3	2.27	2.30	2.25	2.25
LTG	-	4	4.50	5.00	4.00	4.50

WGL HOLDING INC (WGL)

Sector: Public Utilities

Industry: Gas Utilities

First Call Consensus Rec: Hold

Last Updated: October 05, 2002

The Analyst Company Sentiment is POSITIVE

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Sep 02	3	-0.44	-0.41	-0.46	-0.46
Q2	Dec 02	2	0.79	0.80	0.78	0.79
Q3	Mar 03	2	1.39	1.40	1.38	1.39
Q4	Jun 03	2	-0.08	-0.05	-0.10	-0.08
FY1	Sep 02	8	1.20	1.30	1.15	1.20
FY2	Sep 03	8	1.82	1.95	1.60	1.83
LTG	-	5	4.40	5.00	4.00	4.00

DCF Model Estimates

COMPANY	Previous 30 Days'		Annual Dividend Yield	Annual EPS Growth%	Quarterly EPS Growth%	Quarterly DCF COE Estimate
	Dividend FY2002 (1)	Average Stock Price (2)				
AGL Resources	\$1.08	\$22.55	4.79%	9.21%	2.23%	14.54%
ATMOS Energy	\$1.18	\$21.60	5.46%	7.02%	1.71%	12.99%
Cascade Natural Gas	\$0.96	\$20.20	4.75%	4.50%	1.11%	9.56%
Laclede Group	\$1.34	\$23.69	5.66%	3.63%	0.89%	9.61%
NICOR	\$1.84	\$31.77	5.79%	5.62%	1.38%	11.87%
Northwest Natural Gas	\$1.26	\$20.07	6.28%	5.68%	1.39%	12.47%
Peoples Energy	\$2.08	\$33.30	6.25%	5.67%	1.39%	12.42%
Piedmont Natural Gas	\$1.60	\$35.47	4.51%	4.59%	1.13%	9.38%
<u>WGL Holdings</u>	\$1.27	\$24.09	<u>5.27%</u>	<u>4.03%</u>	<u>0.99%</u>	<u>9.62%</u>
AVERAGE			5.42%	5.55%	1.36%	11.38%
						Median
						11.87%

Notes:

- (1) Source: Value Line Investment Survey, Individual Company Reports, September 20, 2002
- (2) Source: Exhibit__JAL-6, Schedule 2
- (3) Source: Exhibit__JAL-5, Schedule 1

Stock Price Data
(Prices through September 30, 2002)

Company	Last Trading Day	Average of Previous 5 trading days	Average of Previous 10 trading days	Average of Previous 20 trading days	Average of Previous 30 trading days	Average of Previous 60 trading days
AGL Resources	\$22.09	\$22.20	\$22.20	\$22.55	\$22.55	\$21.86
ATMOS Energy	\$21.50	\$21.46	\$21.38	\$21.60	\$21.59	\$21.23
Cascade Natural Gas	\$19.70	\$19.68	\$19.86	\$20.22	\$20.17	\$19.58
Laclede Group	\$23.30	\$23.91	\$23.29	\$23.50	\$23.69	\$22.75
NICOR	\$32.90	\$32.31	\$31.97	\$31.86	\$31.81	\$30.53
Northwest Natural Gas	\$21.60	\$20.50	\$20.21	\$20.13	\$20.14	\$28.00
Peoples Energy	\$33.69	\$33.66	\$33.73	\$33.80	\$33.38	\$32.78
Piedmont Natural Gas	\$35.47	\$35.27	\$34.89	\$35.24	\$35.47	\$34.24
WGL Holdings	\$23.91	\$23.78	\$23.66	\$23.86	\$24.07	\$23.82

ICC STAFF DCF METHODOLOGY CALCULATION

As of: 10/01/02

Current Quarterly Dividends

	D _{0,1}	D _{0,2}	D _{0,3}	D _{0,4}	Next Scheduled Dividend Payment Date	Stock Closing Price (09/30/02)	Elapsed Time "x" (Years)	Staff Derived COE (10/01/02)	JAL Derived COE (based on 09/30/02 closing price)
<u>Gas Distribution Companies</u>									
AGL Resources	\$0.270	\$0.270	\$0.270	\$0.270	12/01/02	\$22.09	0.167	14.90%	14.54%
ATMOS Energy	\$0.295	\$0.295	\$0.295	\$0.295	11/22/02	\$21.35	0.142	13.31%	12.99%
Cascade Natural Gas	\$0.240	\$0.240	\$0.240	\$0.240	11/15/02	\$19.35	0.122	9.94%	9.56%
Laclede Group	\$0.335	\$0.335	\$0.335	\$0.335	01/01/03	\$24.35	0.250	9.53%	9.61%
NICOR	\$0.440	\$0.440	\$0.460	\$0.460	11/01/02	\$32.65	0.083	11.80%	11.87%
Northwest Natural Gas	\$0.315	\$0.315	\$0.315	\$0.315	11/15/02	\$21.28	0.122	12.32%	12.47%
Peoples Energy	\$0.510	\$0.520	\$0.520	\$0.520	10/15/02	\$33.63	0.039	12.64%	12.42%
Piedmont Natural Gas	\$0.385	\$0.400	\$0.400	\$0.400	10/15/02	\$35.40	0.039	9.52%	9.38%
<u>WGL Holdings</u>	<u>\$0.315</u>	<u>\$0.315</u>	<u>\$0.318</u>	<u>\$0.318</u>	11/01/02	\$23.86	<u>0.083</u>	<u>9.83%</u>	<u>9.62%</u>
AVERAGE								11.53%	11.38%
Median								11.80%	11.87%

CAPM Estimates

COMPANY	Value Line Published Beta (1)	Date of Value Line Report	Risk-Free Rate (2)	$R_m - R_f$ (3)	Estimated COE
AGL Resources	0.70	9/20/2002	5.38%	8.47%	11.31%
ATMOS Energy	0.60	9/20/2002	5.38%	8.47%	10.46%
Cascade Natural Gas	0.65	9/20/2002	5.38%	8.47%	10.88%
Laclede Group	0.60	9/20/2002	5.38%	8.47%	10.46%
NICOR	0.80	9/20/2002	5.38%	8.47%	12.15%
Northwest Natural Gas	0.60	9/20/2002	5.38%	8.47%	10.46%
Peoples Energy	0.75	9/20/2002	5.38%	8.47%	11.73%
Piedmont Natural Gas	0.65	9/20/2002	5.38%	8.47%	10.88%
<u>WGL Holdings</u>	<u>0.65</u>	9/20/2002	5.38%	8.47%	<u>10.88%</u>
AVERAGE	0.67				11.02%
	Median:				10.88%

Notes:

- (1) See Exhibit 7.3
- (2) See Schedule 2
- (3) See Schedule 3

Blue Chip Financial Forecast Data

Consensus Forecast Projections

	<u>Q4-2002</u>	<u>Q1-2003</u>	<u>Q2-2003</u>	<u>Q3-2003</u>	<u>Q4-2003</u>	<u>Q1-2004</u>	<u>6Qtr Avg</u>
<u>Treasury Bill Rates</u>							
3-month	1.7%	1.8%	2.0%	2.4%	2.9%	3.1%	2.32%
6-month	1.7%	1.9%	2.2%	2.6%	3.0%	3.2%	2.43%
1-year	1.9%	2.1%	2.4%	2.8%	3.1%	3.4%	2.62%
<u>Treasury Notes</u>							
2-year	2.2%	2.4%	2.8%	3.2%	3.6%	3.8%	3.00%
5-year	3.2%	3.5%	3.8%	4.2%	4.4%	4.6%	3.95%
10-year	4.1%	4.4%	4.6%	4.9%	5.1%	5.2%	4.72%
Treasury Bonds							
Long-Term Average	4.9%	5.1%	5.3%	5.5%	5.7%	5.8%	5.38%
Real GDP Growth	2.7%	3.2%	3.5%	3.6%	3.6%	3.4%	3.33%
GDP Price Index	1.6%	1.8%	1.8%	1.9%	1.9%	2.0%	1.83%
Nominal GDP growth	4.3%	5.1%	5.4%	5.6%	5.6%	5.5%	5.23%
<u>Corporate Bonds</u>							
Corporate Aaa Bonds	6.3%	6.4%	6.5%	6.7%	6.9%	7.0%	6.63%
Corporate Baa Bonds	7.4%	7.5%	7.6%	7.8%	7.9%	8.0%	7.70%

Source: Blue Chip Financial Forecasts, Volume 21(10), October 1, 2002

CALCULATION OF MARKET RISK PREMIUM

Historic Market ($R_m - R_f$) Premium

Mean Total Rate of Return S&P 500 (1926-2001)	12.65%	(1)
<i>less</i>		
Mean Total Return on Long-Term Government Bonds	5.51%	(2)
<i>equals</i>		
Historical (1926-2001) Market Risk Premium	7.15%	

(1) Source: *Ibbotson S&P 500 Yearbook, Appendix A*

(2) Source: *Ibbotson S&P 500 Yearbook, Appendix A*

Forecast Market ($R_m - R_f$) Premium

Forecast 3-5 year Annual Average Market Return	15.17%	(3)
<i>less</i>		
Forecast Return on Long-Term Government Bonds	5.38%	(4)
<i>equals</i>		
Forecast Market Risk Risk Premium	9.79%	

(3) See Schedule 4

(4) Source: *Blue Chip Financial Forecasts, October 1, 2002. Six-quarter average*

Average of Historic and Forecast Equity Risk Premia	8.47%	
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Value Line Weekly Estimated Stock Appreciation Potential

Date	The Median of Estimated Dividend Yields (next 12 months) of all dividend paying stocks under review.	The Estimated Median Price Appreciation Potential of all 1700 stocks in the hypothesized economic environment 3 to 5 years hence	Weekly Average Composite Return	Rolling 6- Week Avg.**	Rolling 12- week Avg.
1/4/2002	1.80%	60%	11.66%		
1/11/2002	1.80%	60%	11.66%		
1/18/2002	1.80%	55%	10.96%		
1/25/2002	1.90%	60%	11.76%		
2/1/2002	1.80%	60%	11.66%		
2/8/2002	1.80%	60%	11.66%	11.56%	
2/15/2002	1.80%	65%	12.33%	11.67%	
2/22/2002	1.80%	60%	11.66%	11.67%	
3/1/2002	1.80%	60%	11.66%	11.79%	
3/8/2002	1.80%	65%	12.33%	11.88%	
3/15/2002	1.70%	60%	11.56%	11.87%	
3/22/2002	1.70%	60%	11.56%	11.85%	
3/29/2002	1.60%	55%	10.76%	11.59%	11.63%
4/5/2002	1.60%	60%	11.46%	11.55%	11.61%
4/12/2002	1.60%	55%	10.76%	11.40%	11.59%
4/19/2002	1.60%	55%	10.76%	11.14%	11.51%
4/26/2002	1.60%	55%	10.76%	11.01%	11.44%
5/3/2002	1.60%	55%	10.76%	10.88%	11.36%
5/10/2002	1.60%	60%	11.46%	10.99%	11.29%
5/17/2002	1.60%	55%	10.76%	10.88%	11.21%
5/24/2002	1.60%	55%	10.76%	10.88%	11.14%
5/31/2002	1.60%	60%	11.46%	10.99%	11.07%
6/7/2002	1.70%	60%	11.56%	11.13%	11.07%
6/14/2002	1.70%	65%	12.23%	11.37%	11.12%
6/21/2002	1.70%	65%	12.23%	11.50%	11.25%
6/28/2002	1.70%	65%	12.23%	11.75%	11.31%
7/5/2002	1.80%	70%	13.00%	12.12%	11.50%
7/12/2002	1.80%	75%	13.64%	12.48%	11.74%
7/19/2002	1.90%	80%	14.37%	12.95%	12.04%
7/26/2002	1.90%	85%	14.99%	13.41%	12.39%
8/2/2002	2.00%	95%	16.29%	14.09%	12.79%
8/9/2002	2.00%	90%	15.70%	14.67%	13.21%
8/16/2002	2.00%	95%	16.29%	15.21%	13.67%
8/23/2002	2.00%	90%	15.70%	15.56%	14.02%
8/30/2002	2.00%	80%	14.47%	15.57%	14.26%
9/6/2002	2.00%	85%	15.09%	15.59%	14.50%
9/13/2002	2.00%	85%	15.09%	15.39%	14.74%
9/20/2002	1.90%	85%	14.99%	15.27%	14.97%
9/27/2002	2.00%	90%	15.70%	15.17%	15.19%

** - corresponds to 30 trading days.

Common Equity Calculation Using Risk Premium Model

(1)	Prospective Yield on Baa Corporate Bonds		7.70%	(1)
(2)	Prospective Yield on Aaa Corporate Bonds		6.63%	(2)
(3)	Spread Aaa - Baa Corporate Bonds (basis points)		107	
(4)	Average Bond Rating of Proxy Group		A-JA3	(3)
(5)	Net weighting factor (%)		75%	(4)
(6)	Adjustment to Reflect Bond Rating Difference of Proxy Groups of Utilities (Basis points) = (5)*(3) <i>(based on spread (3) and weighted average bond rating)</i>		71	
(7)	Adjusted Prospective Bond Yield	= (6) + (2)	7.34%	
(8)	Beta-Adjusted Equity Risk Premium		5.03%	(5)
(9)	Risk Premium Derived Cost of Common Equity	= (7) + (8)	12.38%	

Notes:

- (1) Source: Exhibit 7.8, Schedule 2
- (2) Source: Exhibit 7.8, Schedule 2
- (3) See Schedule 2
- (4) Equals Weighted Average Bond Rating / 8
- (5) See Schedule 3

Calculation of Overall Bond Rating for Comparables Group

Company	Bond Rating (1)	Weight (2)	LT Debt (3)	Weight*Debt
AGL Resources**	Baa2/A-	7	\$1,018	\$7,123
ATMOS Energy	A3/A-	6	\$676	\$4,055
Cascade Natural Gas	Baa1/BBB+	7	\$165	\$1,155
Laclede Group**	A3/A+	5	\$260	\$1,298
NICOR	Aa2/AA	6	\$396	\$2,375
Northwest Natural Gas	A2/A	5	\$416	\$2,081
Peoples Energy	A3/A-	6	\$644	\$3,864
Piedmont Natural Gas	A2/A	5	\$509	\$2,545
<u>WGL Holdings</u>	Aa3/AA-	<u>6</u>	\$630	\$3,778
Simple Average Rating		5.9		
Weighted Average Rating				6.0

Note: For companies denoted with an "**", Moody's and S&P ratings are not equivalent, and an "average" rating is used.

Sources:

- (1) Source: Excel Historical Wizard, Bloomberg (Moody's and Standard & Poor's ratings)
- (2) Value Line Investment Survey, Individual Company Reports, September 20, 2002
- (3) Individual Company 10-K Reports

<u>Bond Rating</u>	<u>Weight</u>
Aaa	0
Aa1	1
Aa2	2
Aa3	3
A1	4
A2	5
A3	6
Baa1	7
Baa2	8
Baa3	9

CALCULATION OF EQUITY RISK PREMIUM

Step 1: Historic Equity Risk Premium

Mean Total Rate of Return S&P 500 (1926-2001)	12.65%	(1)
<i>less</i>		
Mean Total Return on Salomon Bros. L-T High Grade Corp. Bond Index	6.09%	(2)
<i>equals</i>		
Historical (1926-2001) Equity Risk Premium	6.56%	

(1) Source: *Ibbotson S&P 500 Yearbook, Appendix A*

(2) Source: *Ibbotson S&P 500 Yearbook, Appendix A*

Step 2: Forecast Equity Risk Premium

Forecast 3-5 year Annual Average Market Return	15.17%	(3)
<i>less</i>		
Prospective yield on Aaa rated Corp. Bonds	6.63%	(4)
<i>equals</i>		
Forecast Equity Risk Premium	8.54%	

(3) Source: *Exhibit 7.8, Schedule 4*

(4) Source: *Exhibit 7.8, Schedule 2*

Step 3: Determine Average Risk-Adjusted Equity Risk Premium

Average of Historic and Forecast Equity Risk Premia	7.55%	
<i>multiplied by</i>		
Average Adjusted Value Line Beta	0.67	(5)

(5) Source: *Value Line Investment Survey, Individual Company Reports, September 20, 2002 (Reproduced as Exhibit 7*

<i>equals</i>		
Beta Adjusted Equity Risk Premium	5.03%	