

**Cost of Capital Study**  
2009 Assessment Year

**Industry: Natural Gas Distribution**

|  |              | Reference           |
|--|--------------|---------------------|
| <b>Equity:</b>                           |              |                     |
| <b>Yield Capitalization</b>              |              | Page                |
| CAPM (Ex Ante)                           | <b>6.74%</b> | 5                   |
| CAPM (Ex Post)                           | <b>8.10%</b> | 6                   |
| <b>Dividend Growth Models</b>            |              |                     |
| Value Line, based on Dividends Growth    | <b>8.25%</b> | 8                   |
| Value Line, based on Earnings Growth     | <b>9.00%</b> | 9                   |
| Yield Equity Component                   | <b>9.00%</b> |                     |
| <b>Debt:</b>                             |              |                     |
| <b>Debt Rate</b>                         | <b>7.00%</b> | 10                  |
| <b>Industry Market Capital Structure</b> |              |                     |
| Equity                                   | 65% x 9.00%  | = 3                 |
| Debt                                     | 35% x 7.00%  | = 3                 |
| Marginal Tax Rate                        | 38%          |                     |
|  | (1-.38) =    |                     |
|  | <b>5.85%</b> |                     |
|  | <b>1.52%</b> |                     |
| <b>Weighted Average Cost of Capital:</b> |              | <b><u>7.37%</u></b> |

## Support for Guideline Companies

### Natural Gas Distribution 2009 Assessment Year

| Industry Overall        |        |             |             |              |                |                         |
|-------------------------|--------|-------------|-------------|--------------|----------------|-------------------------|
| Company Name            | Ticker | Beta        | P/E Ratio   | Div'd Yield  | Long Term Debt | Pref Stock<br>Com Stock |
| AGL Resources           | atg    | 0.75        | 9.2         | 6.7%         | 50.3%          | 49.7%                   |
| Atmos Energy Corp       | ato    | 0.60        | 9.6         | 6.6%         | 50.8%          | 49.2%                   |
| Laclede Group           | lg     | 0.65        | 13.4        | 4.1%         | 44.4%          | 55.6%                   |
| New Jersey Resources    | njr    | 0.65        | 12.9        | 3.8%         | 38.5%          | 61.5%                   |
| Nicor Inc               | gas    | 0.75        | 11.4        | 6.4%         | 31.5%          | 68.5%                   |
| NW Natural Gas          | nwn    | 0.60        | 14.3        | 4.2%         | 44.9%          | 55.1%                   |
| Piedmont Natural Gas    | pny    | 0.65        | 14.0        | 4.6%         | 47.2%          | 52.8%                   |
| South Jersey Industries | sjj    | 0.65        | 13.8        | 3.6%         | 39.2%          | 60.8%                   |
| Southwest Gas           | swx    | 0.70        | 13.9        | 5.2%         | 55.3%          | 44.7%                   |
| UGI Corp                | ugi    | 0.70        | 10.3        | 3.4%         | 58.4%          | 41.6%                   |
| WGL Holdings            | wgl    | 0.65        | 11.6        | 5.0%         | 35.9%          | 64.1%                   |
| <b>Mean</b>             |        | <b>0.67</b> | <b>12.2</b> | <b>4.87%</b> | <b>45%</b>     | <b>55%</b>              |

source: Value Line March 13, 2009

**Support for Capital Structure  
(based on Market Value)  
Natural Gas Distribution  
2009 Assessment Year**

| Industry Overall        |        |                      |                  |                       |              |                          |             |                        |              |                 |                       |              |                              |
|-------------------------|--------|----------------------|------------------|-----------------------|--------------|--------------------------|-------------|------------------------|--------------|-----------------|-----------------------|--------------|------------------------------|
| Company Name            | Ticker | \$Stock\$<br>Average | Common<br>Shares | Common<br>\$ Stock \$ | %            | Preferred<br>\$ Stock \$ | %           | Book Val<br>\$LT Debts | %            | Mkt:Bk<br>Ratio | Mkt Val<br>\$LT Debts | %            | \$ Total \$<br>Debt & Equity |
| AGL Resources           | atg    | 28.555               | 76,902,777       | 2,195,958,797         | 58.5%        |                          | 0.0%        | 1,675,000,000          | 44.6%        | 92.9%           | 1,555,520,696         | 41.5%        | 3,751,479,493                |
| Atmos Energy Corp       | ato    | 23.728               | 91,634,602       | 2,174,336,381         | 58.8%        |                          | 0.0%        | 1,719,900,000          | 46.5%        | 88.5%           | 1,521,893,983         | 41.2%        | 3,696,230,364                |
| Laclede Group           | lg     | 47.835               | 22,135,185       | 1,058,836,574         | 73.4%        | 500,000                  | 0.0%        | 389,200,000            | 27.0%        | 98.3%           | 382,741,163           | 26.5%        | 1,442,077,738                |
| New Jersey Resources    | njr    | 34.708               | 42,318,558       | 1,468,806,617         | 77.4%        |                          | 0.0%        | 460,700,000            | 24.3%        | 92.9%           | 427,837,842           | 22.6%        | 1,896,644,459                |
| Nicor Inc               | gas    | 39.627               | 45,198,311       | 1,791,058,404         | 81.1%        | 600,000                  | 0.0%        | 448,000,000            | 20.3%        | 92.9%           | 416,043,744           | 18.8%        | 2,207,702,148                |
| NW Natural Gas          | nwn    | 46.615               | 26,500,000       | 1,235,297,500         | 71.7%        |                          | 0.0%        | 512,000,000            | 29.7%        | 95.4%           | 488,509,614           | 28.3%        | 1,723,807,114                |
| Piedmont Natural Gas    | pny    | 31.298               | 73,260,672       | 2,292,875,882         | 74.5%        |                          | 0.0%        | 794,300,000            | 25.8%        | 98.7%           | 784,149,394           | 25.5%        | 3,077,025,276                |
| South Jersey Industries | sjj    | 34.685               | 29,738,256       | 1,031,471,409         | 76.9%        |                          | 0.0%        | 332,800,000            | 24.8%        | 92.9%           | 309,061,067           | 23.1%        | 1,340,532,477                |
| Southwest Gas           | swx    | 24.788               | 44,436,610       | 1,101,509,501         | 46.2%        |                          | 0.0%        | 1,285,500,000          | 53.9%        | 99.7%           | 1,282,227,818         | 53.8%        | 2,383,737,319                |
| UGI Corp                | ugi    | 22.847               | 108,012,824      | 2,467,732,986         | 56.3%        |                          | 0.0%        | 2,090,500,000          | 47.7%        | 91.6%           | 1,915,587,420         | 43.7%        | 4,383,320,406                |
| WGL Holdings            | wgl    | 31.373               | 50,124,429       | 1,572,570,419         | 71.1%        | 28,200,000               | 1.3%        | 657,700,000            | 29.7%        | 92.9%           | 610,785,649           | 27.6%        | 2,211,556,068                |
| <b>Mean:</b>            |        |                      |                  |                       | <b>67.8%</b> |                          | <b>0.1%</b> |                        | <b>34.0%</b> |                 |                       | <b>32.1%</b> |                              |
| <b>Weighted Mean:</b>   |        |                      |                  | 18,390,454,471        | <b>65.4%</b> | 29,300,000               | <b>0.1%</b> | 10,365,600,000         | <b>36.9%</b> |                 | 9,694,358,390         | <b>34.5%</b> | 28,114,112,861               |
| <b>Median:</b>          |        |                      |                  |                       | <b>71.7%</b> |                          | <b>0.0%</b> |                        | <b>29.7%</b> |                 |                       | <b>27.6%</b> |                              |
| <b>Estimated:</b>       |        |                      |                  |                       | <b>65%</b>   |                          | <b>0%</b>   |                        |              |                 |                       | <b>35%</b>   | <b>100%</b>                  |

**Support for Market Multiples  
Natural Gas Distribution  
2009 Assessment Year**

| Industry Overall        |        |                      |        |             |              |             |          |              |               |             |
|-------------------------|--------|----------------------|--------|-------------|--------------|-------------|----------|--------------|---------------|-------------|
| Company Name            | Ticker | \$Stock\$<br>Average | Rev's  | Multiple    | Cash<br>Flow | Multiple    | Earnings | Multiple     | Book<br>Value | Multiple    |
| AGL Resources           | atg    | 28.555               | 36.41  | 0.78        | 4.68         | 6.10        | 2.71     | 10.54        | 21.48         | 1.33        |
| Atmos Energy Corp       | ato    | 23.728               | 79.52  | 0.30        | 4.19         | 5.66        | 2.00     | 11.86        | 22.60         | 1.05        |
| Laclede Group           | lg     | 47.835               | 100.44 | 0.48        | 4.22         | 11.34       | 2.64     | 18.12        | 22.12         | 2.16        |
| New Jersey Resources    | njr    | 34.708               | 90.74  | 0.38        | 3.62         | 9.59        | 2.70     | 12.85        | 17.28         | 2.01        |
| Nicor Inc               | gas    | 39.627               | 83.68  | 0.47        | 6.85         | 5.78        | 2.63     | 15.07        | 21.55         | 1.84        |
| NW Natural Gas          | nwn    | 46.615               | 39.17  | 1.19        | 5.29         | 8.81        | 2.58     | 18.07        | 23.70         | 1.97        |
| Piedmont Natural Gas    | pry    | 31.298               | 28.52  | 1.10        | 2.77         | 11.30       | 1.49     | 21.01        | 12.11         | 2.58        |
| South Jersey Industries | sjj    | 34.685               | 32.36  | 1.07        | 3.27         | 10.61       | 2.27     | 15.28        | 17.33         | 2.00        |
| Southwest Gas           | swx    | 24.788               | 48.53  | 0.51        | 5.75         | 4.31        | 1.39     | 17.83        | 23.48         | 1.06        |
| UGI Corp                | ugi    | 22.847               | 61.90  | 0.37        | 3.72         | 6.14        | 1.99     | 11.48        | 13.20         | 1.73        |
| WGL Holdings            | wgl    | 31.373               | 52.65  | 0.60        | 4.34         | 7.23        | 2.44     | 12.86        | 20.99         | 1.49        |
| <b>Mean:</b>            |        |                      |        | <b>0.66</b> |              | <b>7.90</b> |          | <b>15.00</b> |               | <b>1.75</b> |
| <b>Median:</b>          |        |                      |        | <b>0.51</b> |              | <b>7.23</b> |          | <b>15.07</b> |               | <b>1.84</b> |
| <b>Weighted Mean:</b>   |        | 366.06               | 653.92 | <b>0.56</b> | 48.70        | <b>7.52</b> | 24.84    | <b>14.74</b> | 215.84        | <b>1.70</b> |
| <b>Estimated:</b>       |        |                      |        | <b>0.60</b> |              | <b>7.50</b> |          | <b>15.00</b> |               | <b>1.70</b> |

source: Value Line Investment Survey and finance.yahoo.com

Note: Average Stock Price = 4th 1/4 High/Low common stock price averages

Note: Units per share comparisons

## Support for Yield Capitalization Equity Component Capital Asset Pricing Model

### Natural Gas Distribution

### 2009 Assessment Year

### Ex Post

$$K_e = R_f + B (R_m - R_f)$$

|                            |                |      |              |
|----------------------------|----------------|------|--------------|
| <b>Ke = Cost of Equity</b> |                |      | <b>6.74%</b> |
|                            |                |      | to page 1    |
| Rf =                       | risk free rate | 3.0% |              |
| Rp =                       | risk premium   | 4.4% |              |
| B =                        | Beta           | 0.85 | page 7       |

|   |      |                                   |              |
|---|------|-----------------------------------|--------------|
| <b>Rp = Risk Premium</b>                                  |      |                                   | <b>4.40%</b> |
|   |      |                                   | to above     |
| <b>2009 Ibbotson Risk Premia Over Time Report, page 4</b> |      |                                   |              |
| Ibbotson, SBBI, Large Co.                                 |      | 9.6% Geometric Rm                 |              |
|   | less | 5.2% Average Historical Rf Return |              |

|  |              |       |                      |
|--|--------------|-------|----------------------|
| <b>Rf = Risk Free Rate</b>   |              |       | <b>3.00%</b>         |
|  |              |       | to above             |
| <b>2009 Ibbotson Risk Premia Over Time Report, page 5</b>  |              |       |                      |
| Long Term (20 years) US Treasury Bond Yield  |              | 3.0%  |                      |
| <b>Value Line Investment Survey, Selected Yields January 9, 2009, page 3757</b>  |              |       |                      |
| US Treasury Securities year end data   |              |       |                      |
|  | 30 year      | 2.56% |                      |
|  | 30 year Zero | 2.42% |                      |
| <b>Federal Reserve Statistical Release (<a href="http://www.federalreserve.gov/Releases/H15/Current/">http://www.federalreserve.gov/Releases/H15/Current/</a>)</b> |              |       |                      |
| January 5, 2009 as of 12-31-08   |              |       |                      |
| Treasury Constant Maturities   |              |       |                      |
|  | 20 year      | 3.05% |                      |
|  | 20 year TIPS | 2.36% |                      |
|  |              | 0.69% | Inflation Indication |

## Support for Yield Capitalization Equity Component Capital Asset Pricing Model

### Natural Gas Distribution

#### 2009 Assessment Year

#### Ex Ante

$$K_e = R_f + B (R_p)$$

|                            |              |
|----------------------------|--------------|
| <b>Ke = Cost of Equity</b> | <b>8.10%</b> |
|                            | to page 1    |
| Rm = rate of return        | 9.0%         |
| Rf = risk free rate        | 3.0%         |
| Rp = risk premium          | 6.0%         |
| B = Beta                   | 0.85         |
|                            | page 7       |

|   |   |
|---|---|
| <b>Rp = Risk Premium</b>  | <b>6.00%</b>  |
|   | to above  |
| <b>Shannon Pratt and Roger Grabowski</b>  | 3.5 - 6%  |
| Cost of Capital, Applications and Examples, Third Edition, 2008, Page 113   |   |
| <b>Dr. Aswath Damodaran</b>   | 6.43%   |
| <a href="http://pages.stern.nyu.edu/~adamodar/">http://pages.stern.nyu.edu/~adamodar/</a><br>2008 Implied Premium |   |
| <b>Ibbotson</b>   | 5.7%  |
| 2009 Risk Premia Over Time Report, Page 5<br>Long-horizon expected ERP (supply side)                              |   |
| <b>John Graham and Campbell Harvey</b>  | 4.12%   |
| The Equity Risk Premium in January 2008:  | 3.46%   |
| Evidence from the Global CEO Outlook Survey   | 2.39 - 4.65%  |
|   | November 2008<br>10 year average<br>10 year average range |

|  |                      |
|--|----------------------|
| <b>Rf = Risk Free Rate</b>   | <b>3.00%</b>         |
|  | to above             |
| <b>2009 Ibbotson Risk Premia Over Time Report page 5</b>   |                      |
| Long Term (20 years) US Treasury Bond Yield  | 3.0%                 |
| <b>Value Line Investment Survey, Selected Yields January 9, 2009, page 3757</b>  |                      |
| US Treasury Securities year end data   |                      |
| 30 year  | 2.56%                |
| 30 year Zero   | 2.42%                |
| <b>Federal Reserve Statistical Release (<a href="http://www.federalreserve.gov/Releases/H15/Current/">http://www.federalreserve.gov/Releases/H15/Current/</a>)</b> |                      |
| January 5, 2009 as of 12-31-08   |                      |
| Treasury Constant Maturities   |                      |
| 20 year  | 3.05%                |
| 20 year TIPS   | 2.36%                |
|  | 0.69%                |
|  | Inflation Indication |

**Beta Calculation for CAPM  
Natural Gas Distribution  
2009 Assessment Year**

|                             |                             |                  |
|-----------------------------|-----------------------------|------------------|
| <b>Beta =</b>               |                             |                  |
| <b>Industry Overall</b>     |                             | <b>ValueLine</b> |
| AGL Resources atg           |                             | 0.75             |
| Atmos Energy Corp ato       |                             | 0.60             |
| Laclede Group lg            |                             | 0.65             |
| New Jersey Resources njr    |                             | 0.65             |
| Nicor Inc gas               |                             | 0.75             |
| NW Natural Gas nwn          |                             | 0.60             |
| Piedmont Natural Gas pny    |                             | 0.65             |
| South Jersey Industries sji |                             | 0.65             |
| Southwest Gas swx           |                             | 0.70             |
| UGI Corp ugi                |                             | 0.70             |
| WGL Holdings wgl            |                             | 0.65             |
|                             | <b>Mean:</b>                | <b>0.67</b>      |
|                             | <b>Median:</b>              | <b>0.65</b>      |
|                             | <b>Previous Year's Beta</b> | <b>0.85</b>      |

**Support for Yield Capitalization Equity Component  
Natural Gas Distribution  
2009 Assessment Year**

**Dividend Growth Model**

(based on Value Line Dividends Growth)

$$K_e = D_1 / P_o + G$$

**where:**

- Ke** = Cost of Equity
- D1** = Expected Dividends
- Po** = Current Price
- G** = Sustainable Growth

| Industry Overall        |        |                  |                        |                        |                     |                       |
|-------------------------|--------|------------------|------------------------|------------------------|---------------------|-----------------------|
| Company Name            | Ticker | Stock Price (Po) | Expected Dividend (D1) | Dividend Yield (D1/P0) | Dividend Growth (G) | Ke                    |
| AGL Resources           | atg    | 28.555           | 1.72                   | 6.02%                  | 2.50%               | 8.52%                 |
| Atmos Energy Corp       | ato    | 23.728           | 1.32                   | 5.56%                  | 1.50%               | 7.06%                 |
| Laclede Group           | lg     | 47.835           | 1.53                   | 3.20%                  | 2.50%               | 5.70%                 |
| New Jersey Resources    | njr    | 34.708           | 1.24                   | 3.57%                  | 5.50%               | 9.07%                 |
| Nicor Inc               | gas    | 39.627           | 1.86                   | 4.69%                  | nil                 | nmf                   |
| NW Natural Gas          | nwn    | 46.615           | 1.58                   | 3.39%                  | 5.50%               | 8.89%                 |
| Piedmont Natural Gas    | pny    | 31.298           | 1.05                   | 3.35%                  | 3.50%               | 6.85%                 |
| South Jersey Industries | sjj    | 34.685           | 1.20                   | 3.46%                  | 7.00%               | 10.46%                |
| Southwest Gas           | swx    | 24.788           | 0.95                   | 3.83%                  | 5.00%               | 8.83%                 |
| UGI Corp                | ugi    | 22.847           | 0.80                   | 3.50%                  | 4.50%               | 8.00%                 |
| WGL Holdings            | wgl    | 31.373           | 1.45                   | 4.62%                  | 2.50%               | 7.12%                 |
| <b>Mean:</b>            |        |                  |                        |                        |                     | <b>8.05%</b>          |
| <b>Median:</b>          |        |                  |                        |                        |                     | <b>8.26%</b>          |
| <b>Range:</b>           |        |                  |                        |                        |                     | <b>5.70% - 10.46%</b> |
| <b>Estimated:</b>       |        |                  |                        |                        |                     | <b>8.25%</b>          |

source: Value Line March 13, 2009 and finance.yahoo.com

Note: Stock Price = 4th 1/4 High / Low average

**Support for Yield Capitalization Equity Component  
Natural Gas Distribution  
2009 Assessment Year**

**Dividend Growth Model**

(based on Value Line Earnings Growth)

$$K_e = D_1 / P_0 + G$$

where:

- Ke** = Cost of Equity
- D1** = Expected Dividends
- Po** = Current Price
- G** = Sustainable Growth

| Industry Overall        |        |                  |                        |                        |                     |                       |
|-------------------------|--------|------------------|------------------------|------------------------|---------------------|-----------------------|
| Company Name            | Ticker | Stock Price (Po) | Expected Dividend (D1) | Dividend Yield (D1/P0) | Earnings Growth (G) | Ke                    |
| AGL Resources           | atg    | 28.555           | 1.72                   | 6.02%                  | 3.00%               | 9.02%                 |
| Atmos Energy Corp       | ato    | 23.728           | 1.32                   | 5.56%                  | 4.00%               | 9.56%                 |
| Laclede Group           | lg     | 47.835           | 1.53                   | 3.20%                  | 3.50%               | 6.70%                 |
| New Jersey Resources    | njr    | 34.708           | 1.24                   | 3.57%                  | 5.50%               | 9.07%                 |
| Nicor Inc               | gas    | 39.627           | 1.86                   | 4.69%                  | 2.50%               | 7.19%                 |
| NW Natural Gas          | nwn    | 46.615           | 1.58                   | 3.39%                  | 7.00%               | 10.39%                |
| Piedmont Natural Gas    | pnv    | 31.298           | 1.05                   | 3.35%                  | 7.50%               | 10.85%                |
| South Jersey Industries | sjj    | 34.685           | 1.20                   | 3.46%                  | 5.50%               | 8.96%                 |
| Southwest Gas           | swx    | 24.788           | 0.95                   | 3.83%                  | 4.50%               | 8.33%                 |
| UGI Corp                | ugi    | 22.847           | 0.80                   | 3.50%                  | 6.50%               | 10.00%                |
| WGL Holdings            | wgl    | 31.373           | 1.45                   | 4.62%                  | 4.00%               | 8.62%                 |
| <b>Mean:</b>            |        |                  |                        |                        |                     | <b>8.97%</b>          |
| <b>Median:</b>          |        |                  |                        |                        |                     | <b>9.02%</b>          |
| <b>Range:</b>           |        |                  |                        |                        |                     | <b>6.70% - 10.85%</b> |
| <b>Estimated:</b>       |        |                  |                        |                        |                     | <b>9.00%</b>          |

source: Value Line March 13, 2009 and finance.yahoo.com

Note: Stock Price = 4th 1/4 High / Low average

**Support for Debt Rating and Debt Yield Rate**  
**Natural Gas Distribution**  
 2009 Assessment Year

| Industry Overall                   |        | ----- Ratings ----- |          |
|------------------------------------|--------|---------------------|----------|
| Company                            | Ticker | Mergent's           | S&P      |
| AGL Resources                      | atg    |                     | A-       |
| Atmos Energy Corp                  | ato    |                     | BBB+     |
| Laclede Group                      | lg     | A3                  | A        |
| New Jersey Resources               | njr    |                     | A        |
| Nicor Inc                          | gas    |                     | AA       |
| NW Natural Gas                     | nwn    |                     | AA-      |
| Piedmont Natural Gas               | pnv    | A3                  | A        |
| South Jersey Industries            | sjj    | Baa1                | BBB+     |
| Southwest Gas                      | swx    | Baa1                | BBB-     |
| UGI Corp                           | ugi    | A3                  |          |
| WGL Holdings                       | wgl    |                     | AA-      |
| <b>Overall Average Debt Rating</b> |        | <b>A</b>            | <b>A</b> |

Mergent's Bond Record, Jan 2009, pg 264

| Corporate      | Aaa          | Aa           | A            | Baa          |
|----------------|--------------|--------------|--------------|--------------|
| October        | 6.28%        | 6.79%        | 7.58%        | 8.88%        |
| November       | 6.12%        | 6.73%        | 7.68%        | 9.21%        |
| December       | 5.06%        | 5.81%        | 6.70%        | 8.45%        |
| <b>Average</b> | <b>5.82%</b> | <b>6.44%</b> | <b>7.32%</b> | <b>8.85%</b> |

| Public Utilities | Aaa | Aa           | A            | Baa          |
|------------------|-----|--------------|--------------|--------------|
| October          |     | 6.95%        | 7.56%        | 8.58%        |
| November         |     | 6.83%        | 7.60%        | 8.98%        |
| December         |     | 5.93%        | 6.54%        | 8.13%        |
| <b>Average</b>   |     | <b>6.57%</b> | <b>7.23%</b> | <b>8.56%</b> |

| Industrials    | Aaa          | Aa           | A            | Baa          |
|----------------|--------------|--------------|--------------|--------------|
| October        | 6.28%        | 6.63%        | 7.60%        | 9.17%        |
| November       | 6.12%        | 6.63%        | 7.76%        | 9.44%        |
| December       | 5.06%        | 5.68%        | 6.85%        | 8.76%        |
| <b>Average</b> | <b>5.82%</b> | <b>6.31%</b> | <b>7.40%</b> | <b>9.12%</b> |

| DEBT YIELD RATE |
|-----------------|
| 7.00%           |

**Support for Equity Component of Direct Capitalization Rates  
Natural Gas Distribution  
2009 Assessment Year**

| <b>Industry Overall</b> |                       |                              |                 |              |                  |              |                  |              |                  |              |  |
|-------------------------|-----------------------|------------------------------|-----------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|--|
| <b>Company Name</b>     | <b>Ticker</b>         | <b>\$Stock\$<br/>Average</b> | <b>Actual</b>   |              | <b>Projected</b> |              | <b>Actual</b>    |              | <b>Projected</b> |              |  |
|                         |                       |                              | <b>Earnings</b> | <b>Ratio</b> | <b>Earnings</b>  | <b>Ratio</b> | <b>Cash Flow</b> | <b>Ratio</b> | <b>Cash Flow</b> | <b>Ratio</b> |  |
| AGL Resources           | atg                   | 28.555                       | 2.71            | 9.5%         | 2.70             | 9.5%         | 4.68             | 16.4%        | 4.70             | 16.5%        |  |
| Atmos Energy Corp       | ato                   | 23.728                       | 2.00            | 8.4%         | 2.10             | 8.9%         | 4.19             | 17.7%        | 4.35             | 18.3%        |  |
| Laclede Group           | lg                    | 47.835                       | 2.64            | 5.5%         | 2.85             | 6.0%         | 4.22             | 8.8%         | 4.65             | 9.7%         |  |
| New Jersey Resources    | njr                   | 34.708                       | 2.70            | 7.8%         | 2.50             | 7.2%         | 3.62             | 10.4%        | 3.40             | 9.8%         |  |
| Nicor Inc               | gas                   | 39.627                       | 2.25            | 5.7%         | 2.50             | 6.3%         | 6.85             | 17.3%        | 6.50             | 16.4%        |  |
| NW Natural Gas          | nwn                   | 46.615                       | 2.58            | 5.5%         | 2.75             | 5.9%         | 5.29             | 11.3%        | 5.60             | 12.0%        |  |
| Piedmont Natural Gas    | pny                   | 31.298                       | 1.49            | 4.8%         | 1.60             | 5.1%         | 2.77             | 8.9%         | 2.85             | 9.1%         |  |
| South Jersey Industries | sjj                   | 34.685                       | 2.27            | 6.5%         | 2.45             | 7.1%         | 3.27             | 9.4%         | 3.50             | 10.1%        |  |
| Southwest Gas           | swx                   | 24.788                       | 1.39            | 5.6%         | 1.50             | 6.1%         | 5.75             | 23.2%        | 6.05             | 24.4%        |  |
| UGI Corp                | ugi                   | 22.847                       | 1.99            | 8.7%         | 2.20             | 9.6%         | 3.72             | 16.3%        | 3.95             | 17.3%        |  |
| WGL Holdings            | wgl                   | 31.373                       | 2.33            | 7.4%         | 2.50             | 8.0%         | 4.34             | 13.8%        | 4.40             | 14.0%        |  |
|                         | <b>Mean:</b>          |                              |                 | <b>6.9%</b>  |                  | <b>7.2%</b>  |                  | <b>14.0%</b> |                  | <b>14.3%</b> |  |
|                         | <b>Median:</b>        |                              |                 | <b>6.5%</b>  |                  | <b>7.1%</b>  |                  | <b>13.8%</b> |                  | <b>14.0%</b> |  |
|                         | <b>Weighted Mean:</b> | <b>366.059</b>               | <b>24.350</b>   | <b>6.7%</b>  | <b>25.650</b>    | <b>7.0%</b>  | <b>48.700</b>    | <b>13.3%</b> | <b>49.950</b>    | <b>13.6%</b> |  |
|                         | <b>Estimated:</b>     |                              |                 | <b>6.7%</b>  |                  | <b>7.0%</b>  |                  | <b>13.5%</b> |                  | <b>13.5%</b> |  |

source: Value Line March 13, 2009 and finance.yahoo.com



Washington State Department of Revenue

AGL Resources atg

| Date      | Open   | High   | Low    | Close  | Volume | Adj Close |                             |
|-----------|--------|--------|--------|--------|--------|-----------|-----------------------------|
| 01-Dec-08 | 29.260 | 31.390 | 26.900 | 31.350 | 555300 | 31.350    | <b>Q4 Average<br/>28.56</b> |
| 03-Nov-08 | 30.730 | 31.000 | 25.950 | 30.110 | 605000 | 30.110    |                             |
| 01-Oct-08 | 31.210 | 32.070 | 24.020 | 30.400 | 933100 | 29.960    |                             |

Atmos Energy Corp ato

| Date      | Open   | High   | Low    | Close  | Volume  | Adj Close |                             |
|-----------|--------|--------|--------|--------|---------|-----------|-----------------------------|
| 01-Dec-08 | 24.600 | 24.970 | 21.980 | 23.700 | 637900  | 23.700    | <b>Q4 Average<br/>23.73</b> |
| 03-Nov-08 | 23.860 | 25.230 | 22.260 | 24.930 | 1103800 | 24.930    |                             |
| 01-Oct-08 | 26.310 | 28.250 | 19.680 | 24.270 | 821700  | 23.930    |                             |

Laclede Group Inc lg

| Date      | Open   | High   | Low    | Close  | Volume | Adj Close |                             |
|-----------|--------|--------|--------|--------|--------|-----------|-----------------------------|
| 01-Dec-08 | 51.400 | 52.170 | 43.080 | 46.840 | 310600 | 46.840    | <b>Q4 Average<br/>47.84</b> |
| 03-Nov-08 | 52.640 | 55.810 | 47.920 | 52.680 | 267600 | 52.260    |                             |
| 01-Oct-08 | 47.990 | 54.480 | 33.550 | 52.320 | 323700 | 51.910    |                             |

New Jersey Resources njr

| Date      | Open   | High   | Low    | Close  | Volume | Adj Close |                             |
|-----------|--------|--------|--------|--------|--------|-----------|-----------------------------|
| 01-Dec-08 | 39.110 | 40.220 | 34.910 | 39.350 | 571500 | 39.350    | <b>Q4 Average<br/>34.71</b> |
| 03-Nov-08 | 36.580 | 40.180 | 33.240 | 40.160 | 520700 | 39.820    |                             |
| 01-Oct-08 | 35.770 | 37.800 | 21.900 | 37.240 | 460900 | 36.930    |                             |

Nicor Inc gas

| Date       | Open  | High  | Low   | Close | Volume  | Adj Close |                             |
|------------|-------|-------|-------|-------|---------|-----------|-----------------------------|
| 12/01/2008 | 39.14 | 39.5  | 32.53 | 34.74 | 723400  | 34.74     | <b>Q4 Average<br/>39.63</b> |
| 11/03/2008 | 44.1  | 47.6  | 34.46 | 40.78 | 703700  | 40.22     |                             |
| 10/01/2008 | 44.1  | 48.42 | 35.25 | 46.21 | 1080400 | 45.58     |                             |

NW Natural Gas nwn

| Date      | Open   | High   | Low    | Close  | Volume | Adj Close |                             |
|-----------|--------|--------|--------|--------|--------|-----------|-----------------------------|
| 01-Dec-08 | 48.780 | 49.260 | 42.130 | 44.230 | 239100 | 44.230    | <b>Q4 Average<br/>46.62</b> |
| 03-Nov-08 | 50.980 | 52.390 | 45.590 | 49.950 | 249500 | 49.950    |                             |
| 01-Oct-08 | 52.240 | 53.710 | 36.610 | 50.880 | 267900 | 50.880    |                             |

Washington State Department of Revenue

Piedmont Natural Gas pny

| Date      | Open   | High   | Low    | Close  | Volume | Adj Close |                   |
|-----------|--------|--------|--------|--------|--------|-----------|-------------------|
| Date      | Open   | High   | Low    | Close  | Volume | Adj Close | <b>Q4 Average</b> |
| 01-Dec-08 | 31.870 | 32.940 | 29.210 | 31.670 | 597200 | 31.670    | <b>31.30</b>      |
| 03-Nov-08 | 32.880 | 34.190 | 28.850 | 33.600 | 618000 | 33.320    |                   |
| 01-Oct-08 | 31.640 | 33.960 | 20.520 | 32.920 | 758000 | 32.650    |                   |

South Jersey Industries sjj

| Date      | Open   | High   | Low    | Close  | Volume | Adj Close |                   |
|-----------|--------|--------|--------|--------|--------|-----------|-------------------|
| Date      | Open   | High   | Low    | Close  | Volume | Adj Close | <b>Q4 Average</b> |
| 01-Dec-08 | 38.060 | 40.580 | 33.580 | 39.850 | 279600 | 39.850    | <b>34.69</b>      |
| 03-Nov-08 | 34.050 | 39.000 | 32.420 | 39.000 | 245100 | 38.680    |                   |
| 01-Oct-08 | 35.360 | 37.340 | 25.190 | 34.070 | 260200 | 33.790    |                   |

Southern Union sug

| Date      | Open   | High   | Low    | Close  | Volume  | Adj Close |                   |
|-----------|--------|--------|--------|--------|---------|-----------|-------------------|
| Date      | Open   | High   | Low    | Close  | Volume  | Adj Close | <b>Q4 Average</b> |
| 01-Dec-08 | 13.250 | 13.630 | 11.510 | 13.040 | 1616800 | 13.040    | <b>14.44</b>      |
| 03-Nov-08 | 17.230 | 17.850 | 10.600 | 13.740 | 1953400 | 13.580    |                   |
| 01-Oct-08 | 20.390 | 20.690 | 12.370 | 17.220 | 1557600 | 17.020    |                   |

Southwest Gas Corp swx

| Date      | Open   | High   | Low    | Close  | Volume | Adj Close |                   |
|-----------|--------|--------|--------|--------|--------|-----------|-------------------|
| Date      | Open   | High   | Low    | Close  | Volume | Adj Close | <b>Q4 Average</b> |
| 01-Dec-08 | 24.710 | 25.800 | 22.740 | 25.220 | 352400 | 25.220    | <b>24.79</b>      |
| 03-Nov-08 | 25.980 | 26.840 | 21.110 | 25.900 | 348500 | 25.900    |                   |
| 01-Oct-08 | 30.020 | 30.780 | 21.460 | 26.120 | 414000 | 25.870    |                   |

UGI Corp ugi

| Date      | Open   | High   | Low    | Close  | Volume  | Adj Close |                   |
|-----------|--------|--------|--------|--------|---------|-----------|-------------------|
| Date      | Open   | High   | Low    | Close  | Volume  | Adj Close | <b>Q4 Average</b> |
| 01-Dec-08 | 22.810 | 24.500 | 21.300 | 24.420 | 798200  | 24.420    | <b>22.85</b>      |
| 03-Nov-08 | 23.780 | 24.480 | 21.430 | 23.360 | 798100  | 23.170    |                   |
| 01-Oct-08 | 25.800 | 26.680 | 18.690 | 23.870 | 1363800 | 23.670    |                   |

WGL Holdings wgl

| Date      | Open   | High   | Low    | Close  | Volume | Adj Close |                   |
|-----------|--------|--------|--------|--------|--------|-----------|-------------------|
| Date      | Open   | High   | Low    | Close  | Volume | Adj Close | <b>Q4 Average</b> |
| 01-Dec-08 | 35.240 | 35.520 | 30.260 | 32.690 | 755800 | 32.690    | <b>31.37</b>      |
| 03-Nov-08 | 32.170 | 37.080 | 29.210 | 36.100 | 639800 | 36.100    |                   |
| 01-Oct-08 | 32.260 | 33.770 | 22.400 | 32.190 | 770400 | 32.190    |                   |

Washington State Department of Revenue

(instructions: any data entered on this page will flow to the applicable worksheets)

**Industry:** Natural Gas Distribution  
**Assessment Year:** 2009 Assessment Year

| Guideline Companies:    |        | Stock Price<br>(4th 1/4 average) | Revenues<br>Per Share | Cash Flow<br>Per Share | Earnings<br>Per Share | Dividends<br>Per Share |
|-------------------------|--------|----------------------------------|-----------------------|------------------------|-----------------------|------------------------|
| Name                    | Ticker |                                  |                       |                        |                       |                        |
| AGL Resources           | atg    | 28.56                            | 36.41                 | 4.68                   | 2.71                  | 1.68                   |
| Atmos Energy Corp       | ato    | 23.73                            | 79.52                 | 4.19                   | 2.00                  | 1.30                   |
| Laclede Group           | lg     | 47.84                            | 100.44                | 4.22                   | 2.64                  | 1.49                   |
| New Jersey Resources    | njr    | 34.71                            | 90.74                 | 3.62                   | 2.70                  | 1.11                   |
| Nicor Inc               | gas    | 39.63                            | 83.68                 | 6.85                   | 2.63                  | 1.86                   |
| NW Natural Gas          | nwn    | 46.62                            | 39.17                 | 5.29                   | 2.58                  | 1.52                   |
| Piedmont Natural Gas    | pnv    | 31.30                            | 28.52                 | 2.77                   | 1.49                  | 1.03                   |
| South Jersey Industries | sjj    | 34.69                            | 32.36                 | 3.27                   | 2.27                  | 1.11                   |
| Southwest Gas           | swx    | 24.79                            | 48.53                 | 5.75                   | 1.39                  | 0.90                   |
| UGI Corp                | ugi    | 22.85                            | 61.90                 | 3.72                   | 1.99                  | 0.76                   |
| WGL Holdings            | wgl    | 31.37                            | 52.65                 | 4.34                   | 2.44                  | 1.41                   |