

MISSOURI PUBLIC SERVICE COMMISSION

STAFF REPORT

COST OF SERVICE

REVENUE REQUIREMENT

APPENDIX 2

**Support for Staff
Cost of
Capital Recommendations**

PSC Exhibit No. 15
Date 9 8 14 Reporter SJP
File No. _____

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES**

CASE NO. GR-2014-0152

*Jefferson City, Missouri
June 2014*

NP

*** Denotes Proprietary Information ***

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AN ANALYSIS OF THE COST OF CAPITAL

FOR

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES**

CASE NO. GR-2014-0152

SCHEDULES

BY

ZEPHANIA MAREVANGEPO

UTILITY SERVICES DEPARTMENT

REGULATORY REVIEW DIVISION

MISSOURI PUBLIC SERVICE COMMISSION

JUNE 2014

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

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LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
 d/b/a LIBERTY UTILITIES
 CASE NO. GR-2014-0151

Federal Reserve Discount Rates Changes and Federal Reserve Funds Rates Changes

Date	Federal Reserve Discount Rate	Federal Reserve Funds Rate
01/01/83	8.50%	
12/31/83	8.50%	
04/09/84	9.00%	
11/21/84	8.50%	
12/24/84	8.00%	
05/20/85	7.50%	
03/07/86	7.00%	
04/21/86	6.50%	
07/11/86	6.00%	
08/21/86	5.50%	
09/04/87	6.00%	
08/09/88	6.50%	
02/24/89	7.00%	
07/13/90		8.00% *
10/29/90		7.75%
11/13/90		7.50%
12/07/90		7.25%
12/18/90		7.00%
12/19/90	6.50%	
01/09/91		6.75%
02/01/91	6.00%	6.25%
03/08/91		6.00%
04/30/91	5.50%	5.75%
08/06/91		5.50%
09/13/91	5.00%	5.25%
10/31/91		5.00%
11/06/91	4.50%	4.75%
12/06/91		4.50%
12/20/91	3.50%	4.00%
04/09/92		3.75%
07/02/92	3.00%	3.25%
09/04/92		3.00%
01/01/93		
12/31/93	No Changes	No Changes
02/04/94		3.25%
03/22/94		3.50%
04/18/94		3.75%
05/17/94	3.50%	4.25%
08/16/94	4.00%	4.75%
11/15/94	4.75%	5.50%
02/01/95	5.25%	6.00%
07/06/95		5.75%
12/19/95		5.50%
01/31/96	5.00%	5.25%
03/25/97		5.50%
12/12/97	5.00%	
01/09/98	5.00%	
03/06/98	5.00%	
09/29/98		5.25%
10/15/98	4.75%	5.00%
11/17/98	4.50%	4.75%

Date	Federal Reserve Discount Rate	Federal Reserve Funds Rate
06/30/99	4.50%	5.00%
08/24/99	4.75%	5.25%
11/16/99	5.00%	5.50%
02/02/00	5.25%	5.75%
03/21/00	5.50%	6.00%
05/19/00	6.00%	6.50%
01/03/01	5.75%	6.00%
01/04/01	5.50%	6.00%
01/31/01	5.00%	5.50%
03/20/01	4.50%	5.00%
04/18/01	4.00%	4.50%
05/15/01	3.50%	4.00%
06/27/01	3.25%	3.75%
08/21/01	3.00%	3.50%
09/17/01	2.50%	3.00%
10/02/01	2.00%	2.50%
11/06/01	1.50%	2.00%
12/11/01	1.25%	1.75%
11/06/02	0.75%	1.25%
01/09/03	2.25%**	1.25%
06/25/03	2.00%	1.00%
06/30/04	2.25%	1.25%
08/10/04	2.50%	1.50%
09/21/04	2.75%	1.75%
11/10/04	3.00%	2.00%
12/14/04	3.25%	2.25%
02/02/05	3.50%	2.50%
03/22/05	3.75%	2.75%
05/03/05	4.00%	3.00%
06/30/05	4.25%	3.25%
08/09/05	4.50%	3.50%
09/20/05	4.75%	3.75%
11/01/05	5.00%	4.00%
12/13/05	5.25%	4.25%
01/31/06	5.50%	4.50%
03/28/06	5.75%	4.75%
05/10/06	6.00%	5.00%
06/29/06	6.25%	5.25%
08/17/07	5.75%	5.25%
09/18/07	5.25%	4.75%
10/31/07	5.00%	4.50%
12/11/07	4.75%	4.25%
01/22/08	4.00%	3.50%
01/30/08	3.50%	3.00%
03/16/08	3.25%	
03/18/08	2.50%	2.25%
04/30/08	2.25%	2.00%
10/08/08	1.75%	1.50%
10/28/08	1.25%	1.00%
11/29/08	1.50%	1.25%
12/30/08	0.50%	0% - 2.5%
02/19/10	0.75%	0% - 2.5%

* Staff began tracking the Federal Funds Rate

**Revised discount window program begins Reflects rate on primary credit This revised discount window policy results in incomparability of the discount rates after January 9, 2003 to discount rates before January 9, 2003

Source:

Federal Reserve Discount rate

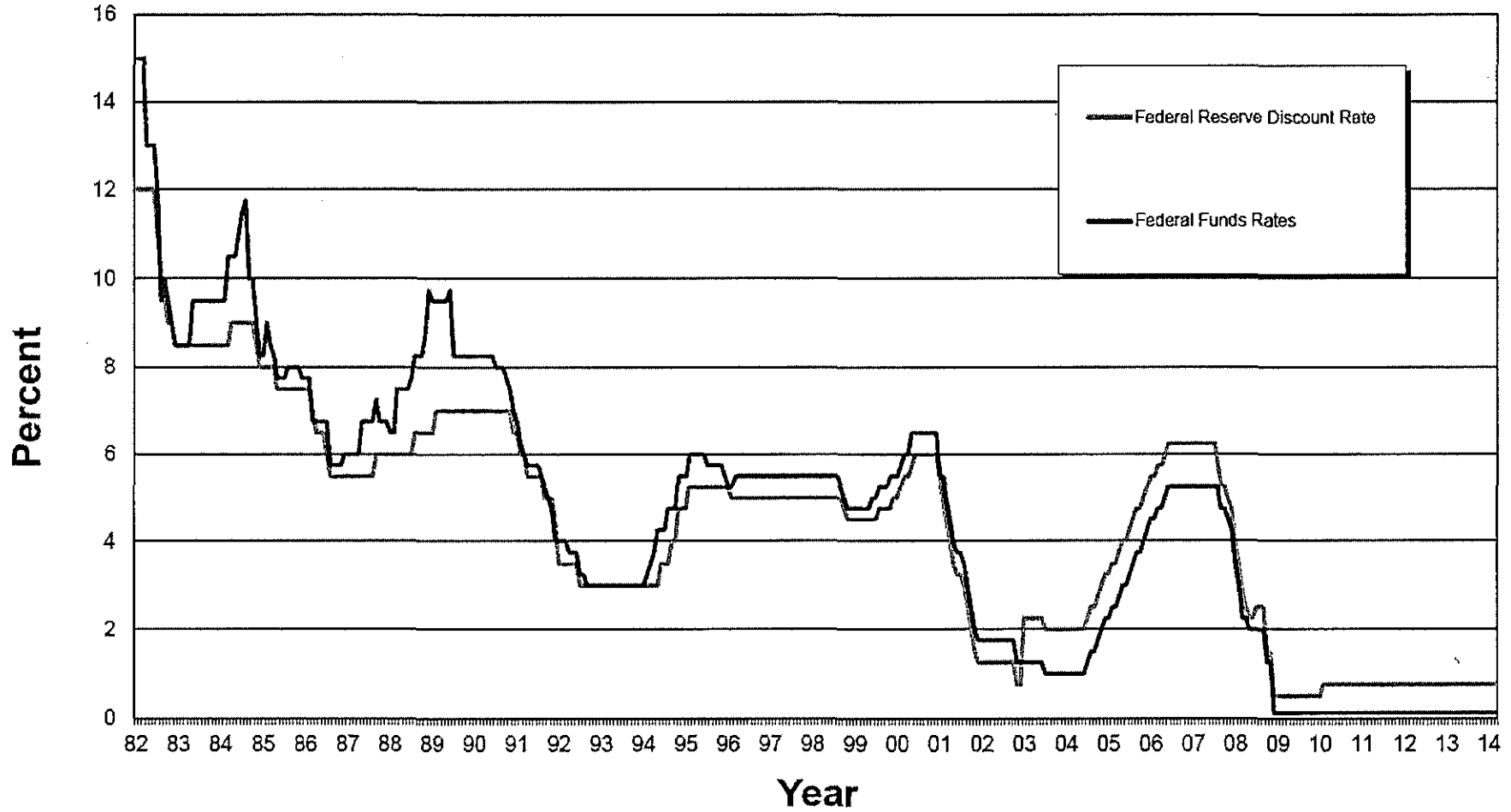
<http://www.newyorkfed.org/markets/statistics/dlyrates/fedrate.html>

Federal Reserve Funds rate

<http://www.newyorkfed.org/markets/statistics/dlyrates/fedrate.html>

Note: Interest rates as of December 31 for each year are underlined

Federal Reserve Discount Rates and Federal Funds Rates
1982 - 2014



LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. d/b/a LIBERTY UTILITIES
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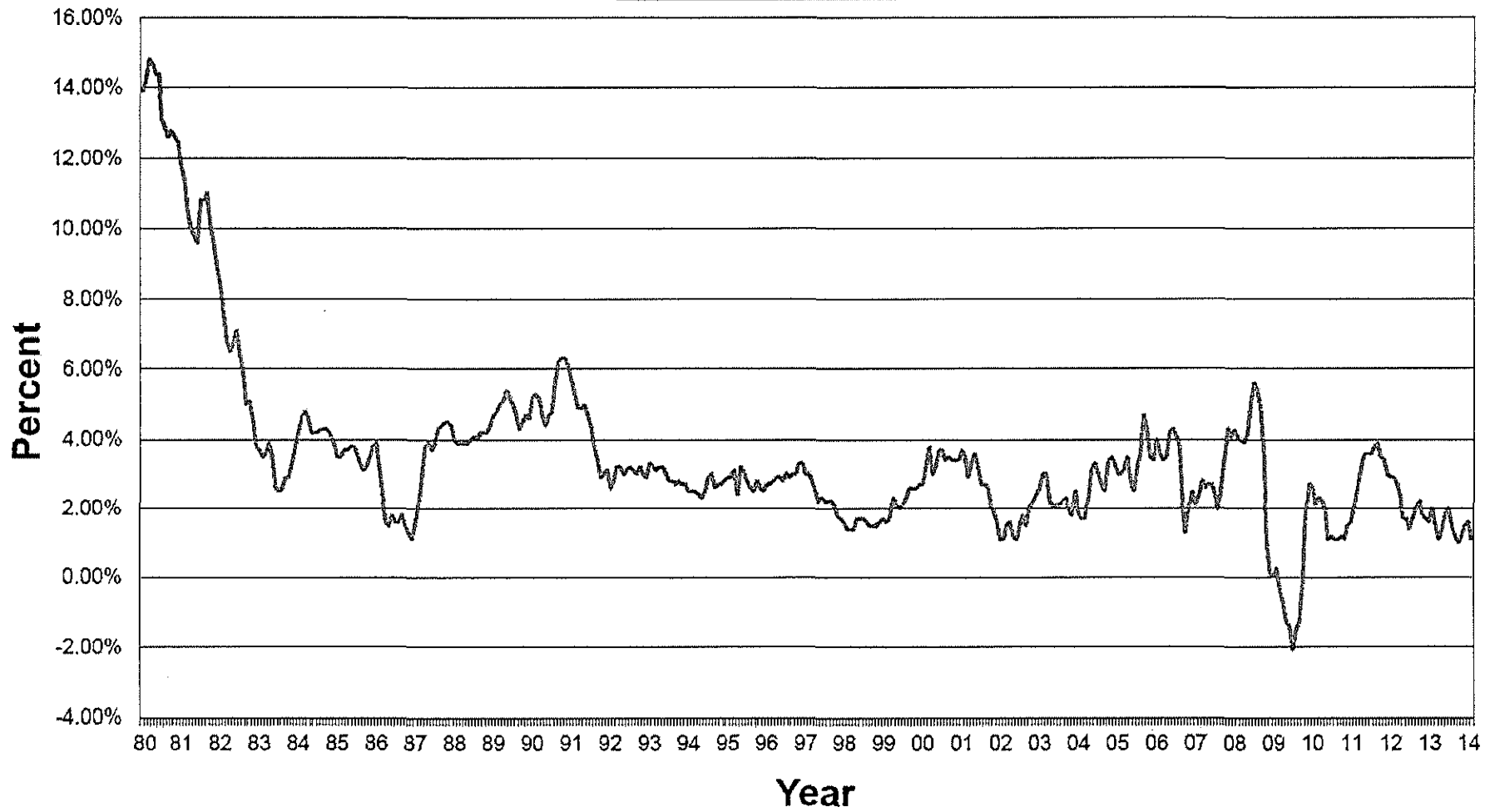
Rate of Inflation

Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
Jan 1980	13.90	Jan 1984	4.20	Jan 1988	4.00	Jan 1992	2.60	Jan 1996	2.70	Jan 2000	2.70	Jan 2004	1.90	Jan 2008	4.30	Jan 2012	2.90		
Feb	14.20	Feb	4.60	Feb	3.90	Feb	2.80	Feb	2.70	Feb	3.20	Feb	1.70	Feb	4.00	Feb	2.90		
Mar	14.80	Mar	4.80	Mar	3.90	Mar	3.20	Mar	2.80	Mar	3.70	Mar	1.70	Mar	4.00	Mar	2.70		
Apr	14.70	Apr	4.60	Apr	3.90	Apr	3.20	Apr	2.90	Apr	3.00	Apr	2.30	Apr	3.90	Apr	2.30		
May	14.40	May	4.20	May	3.90	May	3.00	May	2.90	May	3.20	May	3.10	May	4.20	May	1.70		
Jun	14.40	Jun	4.20	Jun	4.00	Jun	3.10	Jun	2.80	Jun	3.70	Jun	3.30	Jun	5.00	Jun	1.70		
Jul	13.10	Jul	4.20	Jul	4.10	Jul	3.20	Jul	3.00	Jul	3.70	Jul	3.00	Jul	5.60	Jul	1.40		
Aug	12.90	Aug	4.30	Aug	4.00	Aug	3.10	Aug	2.90	Aug	3.40	Aug	2.70	Aug	5.40	Aug	1.70		
Sep	12.60	Sep	4.30	Sep	4.20	Sep	3.00	Sep	3.00	Sep	3.50	Sep	2.50	Sep	4.90	Sep	2.00		
Oct	12.80	Oct	4.30	Oct	4.20	Oct	3.20	Oct	3.00	Oct	3.40	Oct	3.30	Oct	3.70	Oct	2.20		
Nov	12.60	Nov	4.10	Nov	4.20	Nov	3.00	Nov	3.30	Nov	3.40	Nov	3.50	Nov	1.10	Nov	1.80		
Dec	12.50	Dec	3.90	Dec	4.40	Dec	2.90	Dec	3.30	Dec	3.40	Dec	3.30	Dec	0.10	Dec	1.70		
Jan 1981	11.80	Jan 1985	3.50	Jan 1989	4.70	Jan 1993	3.30	Jan 1997	3.00	Jan 2001	3.70	Jan 2005	3.00	Jan 2009	0.00	Jan 2013	1.60		
Feb	11.40	Feb	3.50	Feb	4.80	Feb	3.20	Feb	3.00	Feb	3.50	Feb	3.00	Feb	0.20	Feb	2.00		
Mar	10.50	Mar	3.70	Mar	5.00	Mar	3.10	Mar	2.80	Mar	2.90	Mar	3.10	Mar	-0.40	Mar	1.50		
Apr	10.00	Apr	3.70	Apr	5.10	Apr	3.20	Apr	2.50	Apr	3.30	Apr	3.50	Apr	-0.70	Apr	1.10		
May	9.80	May	3.80	May	5.40	May	3.20	May	2.20	May	3.60	May	2.80	May	-1.28	May	1.40		
Jun	9.60	Jun	3.80	Jun	5.20	Jun	3.00	Jun	2.30	Jun	3.20	Jun	2.50	Jun	-1.40	Jun	1.80		
Jul	10.80	Jul	3.60	Jul	5.00	Jul	2.80	Jul	2.20	Jul	2.70	Jul	3.20	Jul	-2.10	Jul	2.00		
Aug	10.80	Aug	3.30	Aug	4.70	Aug	2.80	Aug	2.20	Aug	2.70	Aug	3.60	Aug	-1.50	Aug	1.50		
Sep	11.00	Sep	3.10	Sep	4.30	Sep	2.70	Sep	2.20	Sep	2.60	Sep	4.70	Sep	-1.30	Sept	1.20		
Oct	10.10	Oct	3.20	Oct	4.50	Oct	2.80	Oct	2.10	Oct	2.10	Oct	4.30	Oct	-0.20	Oct	1.00		
Nov	9.60	Nov	3.50	Nov	4.70	Nov	2.70	Nov	1.80	Nov	1.90	Nov	3.50	Nov	1.80	Nov	1.20		
Dec	8.90	Dec	3.80	Dec	4.60	Dec	2.70	Dec	1.70	Dec	1.60	Dec	3.40	Dec	2.70	Dec	1.50		
Jan 1982	8.40	Jan 1986	3.90	Jan 1990	5.20	Jan 1994	2.50	Jan 1998	1.60	Jan 2002	1.10	Jan 2006	4.00	Jan 2010	2.60	Jan 2014	1.60		
Feb	7.60	Feb	3.10	Feb	5.30	Feb	2.50	Feb	1.40	Feb	1.10	Feb	3.60	Feb	2.10	Feb	1.10		
Mar	6.80	Mar	2.30	Mar	5.20	Mar	2.50	Mar	1.40	Mar	1.50	Mar	3.40	Mar	2.30				
Apr	6.50	Apr	1.60	Apr	4.70	Apr	2.40	Apr	1.40	Apr	1.60	Apr	3.50	Apr	2.20				
May	6.70	May	1.50	May	4.40	May	2.30	May	1.70	May	1.20	May	4.20	May	2.00				
Jun	7.10	Jun	1.80	Jun	4.70	Jun	2.50	Jun	1.70	Jun	1.10	June	4.30	Jun	1.10				
Jul	6.40	Jul	1.60	Jul	4.80	Jul	2.90	Jul	1.70	Jul	1.50	July	4.10	Jul	1.20				
Aug	5.90	Aug	1.60	Aug	5.60	Aug	3.00	Aug	1.60	Aug	1.80	Aug	3.80	Aug	1.10				
Sep	5.00	Sep	1.80	Sep	6.20	Sep	2.60	Sep	1.50	Sep	1.50	Sep	2.10	Sep	1.10				
Oct	5.10	Oct	1.50	Oct	6.30	Oct	2.70	Oct	1.50	Oct	2.00	Oct	1.30	Oct	1.20				
Nov	4.60	Nov	1.30	Nov	6.30	Nov	2.70	Nov	1.50	Nov	2.20	Nov	2.00	Nov	1.10				
Dec	3.80	Dec	1.10	Dec	6.10	Dec	2.80	Dec	1.60	Dec	2.40	Dec	2.50	Dec	1.50				
Jan 1983	3.70	Jan 1987	1.50	Jan 1991	5.70	Jan 1995	2.90	Jan 1999	1.70	Jan 2003	2.60	Jan 2007	2.10	Jan 2011	1.60				
Feb	3.50	Feb	2.10	Feb	5.30	Feb	2.90	Feb	1.60	Feb	3.00	Feb	2.40	Feb	2.10				
Mar	3.60	Mar	3.00	Mar	4.90	Mar	3.10	Mar	1.70	Mar	3.00	Mar	2.80	Mar	2.70				
Apr	3.90	Apr	3.80	Apr	4.90	Apr	2.40	Apr	2.30	Apr	2.20	Apr	2.60	Apr	3.20				
May	3.50	May	3.90	May	5.00	May	3.20	May	2.10	May	2.10	May	2.70	May	3.60				
Jun	2.60	Jun	3.70	Jun	4.70	Jun	3.00	Jun	2.00	Jun	2.10	Jun	2.70	Jun	3.60				
Jul	2.50	Jul	3.90	Jul	4.40	Jul	2.80	Jul	2.10	Jul	2.10	Jul	2.40	Jul	3.60				
Aug	2.60	Aug	4.30	Aug	3.80	Aug	2.60	Aug	2.30	Aug	2.20	Aug	2.00	Aug	3.80				
Sep	2.90	Sep	4.40	Sep	3.40	Sep	2.50	Sep	2.60	Sep	2.30	Sep	2.80	Sep	3.90				
Oct	2.90	Oct	4.50	Oct	2.90	Oct	2.80	Oct	2.60	Oct	2.00	Oct	3.50	Oct	3.50				
Nov	3.30	Nov	4.50	Nov	3.00	Nov	2.60	Nov	2.60	Nov	1.80	Nov	4.30	Nov	3.40				
Dec	3.80	Dec	4.40	Dec	3.10	Dec	2.50	Dec	2.70	Dec	1.90	Dec	4.10	Dec	3.00				

Source: U S Dept of Labor, Bureau of Labor Statistics, Consumer Price Index - All Urban Consumers, Change for 12-Month Period, Bureau of Labor Statistics, http://www.bls.gov/schedule/archives/cpi_nr.htm

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

Rate of Inflation
1980 - 2014



LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. d/b/a LIBERTY UTILITIES
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Average Yields on AA, A and BBB Public Utility Bonds

Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
Jan 1980	12 12	Jan 1984	13 40	Jan 1988	10 75	Jan 1992	8 67	Jan 1995	7 20	Jan 2000	8 22	Jan 2004	6 23	Jan 2008	6 08	Jan 2012	4 97
Feb	13 48	Feb	13 50	Feb	10 11	Feb	8 77	Feb	7 37	Feb	8 10	Feb	6 17	Feb	6 28	Feb	4 99
Mar	14 33	Mar	14 03	Mar	10 11	Mar	8 84	Mar	7 72	Mar	8 14	Mar	6 01	Mar	6 29	Mar	5 13
Apr	13 50	Apr	14 30	Apr	10 53	Apr	8 79	Apr	7 88	Apr	8 14	Apr	6 38	Apr	6 36	Apr	5 05
May	12 17	May	14 95	May	10 75	May	8 72	May	7 99	May	8 55	May	6 68	May	6 38	May	4 84
Jun	11 87	Jun	15 16	Jun	10 71	Jun	8 64	Jun	8 07	Jun	8 22	Jun	6 53	Jun	6 50	Jun	4 67
Jul	12 12	Jul	14 92	Jul	10 96	Jul	8 46	Jul	8 02	Jul	8 17	Jul	6 34	Jul	6 50	Jul	4 56
Aug	12 82	Aug	14 29	Aug	11 09	Aug	8 34	Aug	7 84	Aug	8 05	Aug	6 18	Aug	6 48	Aug	4 71
Sep	13 29	Sep	14 04	Sep	10 56	Sep	8 32	Sep	8 01	Sep	8 16	Sep	6 01	Sep	6 59	Sep	4 75
Oct	13 53	Oct	13 68	Oct	9 92	Oct	8 44	Oct	7 76	Oct	8 08	Oct	5 95	Oct	7 70	Oct	4 69
Nov	14 07	Nov	13 15	Nov	9 89	Nov	8 53	Nov	7 48	Nov	8 03	Nov	5 97	Nov	7 80	Nov	4 53
Dec	14 48	Dec	12 96	Dec	10 02	Dec	8 36	Dec	7 58	Dec	7 79	Dec	5 93	Dec	6 87	Dec	4 28
Jan 1981	14 22	Jan 1985	12 88	Jan 1989	10 02	Jan 1993	8 23	Jan 1997	7 79	Jan 2001	7 76	Jan 2005	5 80	Jan 2009	6 77	Jan 2013	4 45
Feb	14 84	Feb	13 00	Feb	10 02	Feb	8 00	Feb	7 68	Feb	7 69	Feb	5 64	Feb	6 72	Feb	4 49
Mar	14 86	Mar	13 66	Mar	10 16	Mar	7 85	Mar	7 92	Mar	7 59	Mar	5 86	Mar	6 85	Mar	4 45
Apr	15 32	Apr	13 42	Apr	10 14	Apr	7 76	Apr	8 08	Apr	7 81	Apr	5 72	Apr	6 90	Apr	4 19
May	15 84	May	12 89	May	9 92	May	7 78	May	7 94	May	7 88	May	5 60	May	6 83	May	4 36
Jun	15 27	Jun	11 91	Jun	9 49	Jun	7 68	Jun	7 77	Jun	7 75	Jun	5 39	June	6 54	Jun	4 70
Jul	15 87	Jul	11 88	Jul	9 34	Jul	7 53	Jul	7 52	Jul	7 71	Jul	5 50	July	6 15	Jul	4 90
Aug	16 33	Aug	11 93	Aug	9 37	Aug	7 21	Aug	7 57	Aug	7 57	Aug	5 51	Aug	5 80	Aug	5 00
Sep	16 89	Sep	11 95	Sep	9 43	Sep	7 01	Sep	7 50	Sep	7 73	Sep	5 54	Sep	5 60	Sep	5 05
Oct	16 76	Oct	11 84	Oct	9 37	Oct	6 99	Oct	7 37	Oct	7 64	Oct	5 79	Oct	5 64	Oct	4 94
Nov	15 50	Nov	11 33	Nov	9 33	Nov	7 30	Nov	7 24	Nov	7 61	Nov	5 88	Nov	5 71	Nov	5 04
Dec	15 77	Dec	10 82	Dec	9 31	Dec	7 33	Dec	7 16	Dec	7 86	Dec	5 83	Dec	5 86	Dec	5 09
Jan 1982	16 73	Jan 1986	10 66	Jan 1990	9 44	Jan 1994	7 31	Jan 1998	7 03	Jan 2002	7 69	Jan 2006	5 77	Jan 2010	5 83	Jan 2014	4 91
Feb	16 72	Feb	10 16	Feb	9 66	Feb	7 44	Feb	7 09	Feb	7 62	Feb	5 83	Feb	5 94	Feb	4 79
Mar	16 07	Mar	9 33	Mar	9 75	Mar	7 83	Mar	7 13	Mar	7 83	Mar	5 98	Mar	5 90	Mar	4 74
Apr	15 82	Apr	9 02	Apr	9 87	Apr	8 20	Apr	7 12	Apr	7 74	Apr	6 28	Apr	5 87		
May	15 60	May	9 52	May	9 89	May	8 32	May	7 11	May	7 76	May	6 39	May	5 59		
Jun	16 18	Jun	9 51	Jun	9 69	Jun	8 31	Jun	6 99	Jun	7 67	June	6 39	June	5 62		
Jul	16 04	Jul	9 19	Jul	9 66	Jul	8 47	Jul	6 99	Jul	7 54	July	6 37	July	5 41		
Aug	15 22	Aug	9 15	Aug	9 84	Aug	8 41	Aug	6 96	Aug	7 34	Aug	6 20	Aug	5 10		
Sep	14 56	Sep	9 42	Sep	10 01	Sep	8 65	Sep	6 88	Sep	7 23	Sep	6 03	Sep	5 10		
Oct	13 88	Oct	9 39	Oct	9 94	Oct	8 88	Oct	6 88	Oct	7 43	Oct	6 01	Oct	5 20		
Nov	13 58	Nov	9 15	Nov	9 76	Nov	9 00	Nov	6 96	Nov	7 31	Nov	5 82	Nov	5 45		
Dec	13 55	Dec	8 96	Dec	9 57	Dec	8 79	Dec	6 84	Dec	7 20	Dec	5 83	Dec	5 61		
Jan 1983	13 46	Jan 1987	8 77	Jan 1991	9 56	Jan 1995	8 77	Jan 1999	6 87	Jan 2003	7 13	Jan 2007	5 96	Jan 2011	5 69		
Feb	13 60	Feb	8 81	Feb	9 31	Feb	8 56	Feb	7 00	Feb	6 92	Feb	5 91	Feb	5 82		
Mar	13 28	Mar	8 75	Mar	9 39	Mar	8 41	Mar	7 18	Mar	6 80	Mar	5 87	Mar	5 74		
Apr	13 03	Apr	9 30	Apr	9 30	Apr	8 30	Apr	7 16	Apr	6 68	Apr	6 01	Apr	5 76		
May	13 00	May	9 82	May	9 29	May	7 93	May	7 42	May	6 35	May	6 03	May	5 57		
Jun	13 17	Jun	9 87	Jun	9 44	Jun	7 62	Jun	7 70	Jun	6 21	June	6 34	June	5 52		
Jul	13 28	Jul	10 01	Jul	9 40	Jul	7 73	Jul	7 66	Jul	6 54	July	6 28	July	5 61		
Aug	13 50	Aug	10 33	Aug	9 16	Aug	7 86	Aug	7 86	Aug	6 78	Aug	6 28	Aug	5 26		
Sep	13 35	Sep	11 00	Sep	9 03	Sep	7 62	Sep	7 87	Sep	6 58	Sep	6 24	Sep	5 01		
Oct	13 19	Oct	11 32	Oct	8 99	Oct	7 46	Oct	8 02	Oct	6 50	Oct	6 17	Oct	5 11		
Nov	13 33	Nov	10 82	Nov	8 93	Nov	7 40	Nov	7 86	Nov	6 44	Nov	6 04	Nov	5 00		
Dec	13 48	Dec	10 99	Dec	8 76	Dec	7 21	Dec	8 04	Dec	6 36	Dec	6 23	Dec	4 96		

Source:

Mergent Bond Record (through November 2010); BondsOnline (December 2010 to present)

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

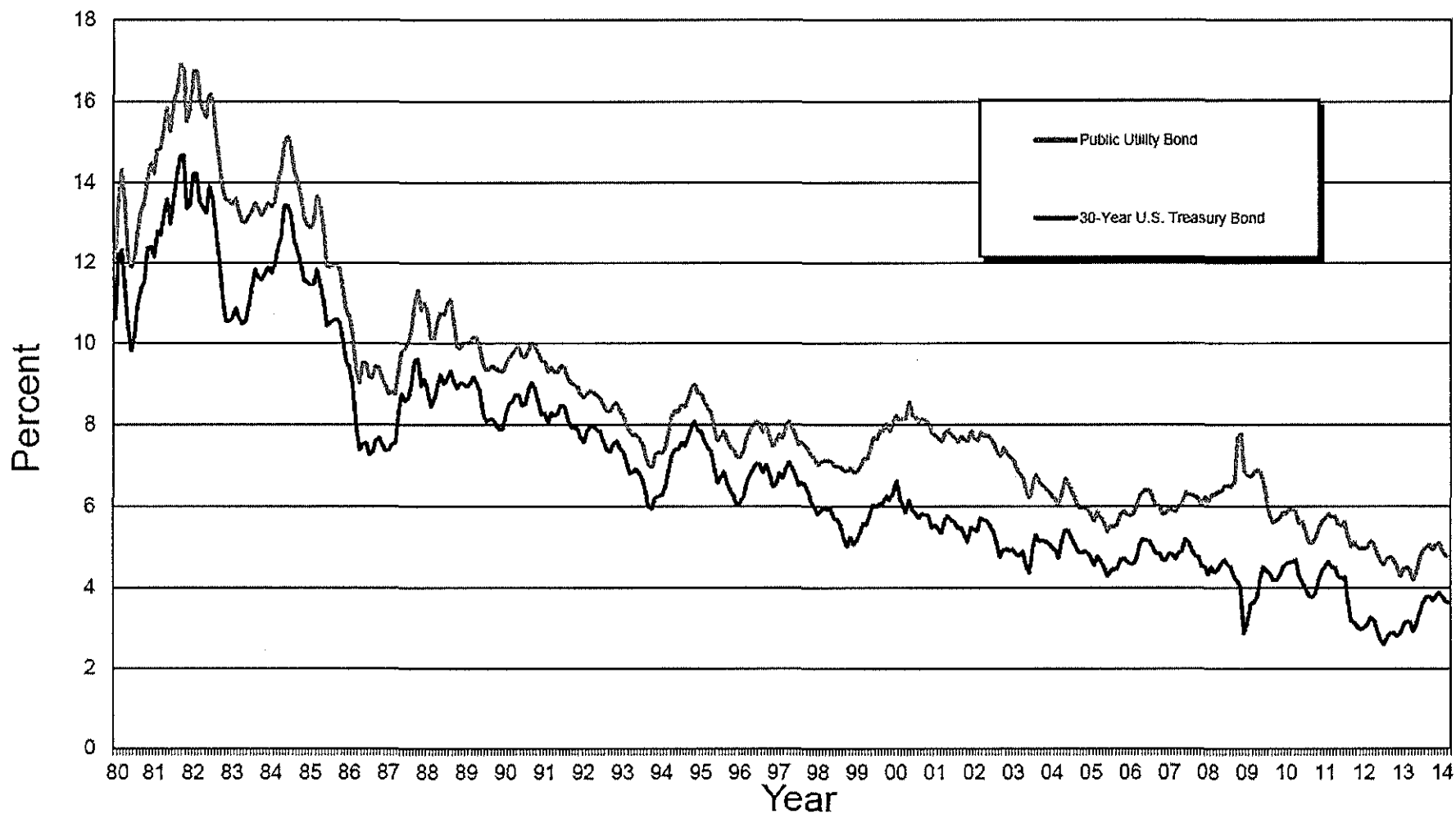
Average Yields on Thirty-Year U.S. Treasury Bonds

Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
Jan 1980	10.60	Jan 1984	11.75	Jan 1988	8.83	Jan 1992	7.58	Jan 1996	6.05	Jan 2000	6.63	Jan 2004	4.99	Jan 2008	4.33	Jan 2012	3.03
Feb	12.13	Feb	11.95	Feb	8.43	Feb	7.85	Feb	6.24	Feb	6.23	Feb	4.93	Feb	4.52	Feb	3.11
Mar	12.34	Mar	12.38	Mar	8.63	Mar	7.97	Mar	6.60	Mar	6.05	Mar	4.74	Mar	4.39	Mar	3.28
Apr	11.40	Apr	12.65	Apr	8.95	Apr	7.96	Apr	6.79	Apr	5.85	Apr	5.14	Apr	4.44	Apr	3.18
May	10.36	May	13.43	May	9.23	May	7.89	May	6.93	May	6.15	May	5.42	May	4.60	May	2.93
Jun	9.81	Jun	13.44	Jun	9.00	Jun	7.84	Jun	7.06	Jun	5.93	Jun	5.41	Jun	4.69	Jun	2.70
Jul	10.24	Jul	13.21	Jul	9.14	Jul	7.60	Jul	7.03	Jul	5.85	Jul	5.22	Jul	4.57	Jul	2.59
Aug	11.00	Aug	12.54	Aug	9.32	Aug	7.39	Aug	6.84	Aug	5.72	Aug	5.06	Aug	4.50	Aug	2.77
Sep	11.34	Sep	12.29	Sep	9.06	Sep	7.34	Sep	7.03	Sep	5.83	Sep	4.90	Sep	4.27	Sep	2.88
Oct	11.59	Oct	11.98	Oct	8.89	Oct	7.53	Oct	6.81	Oct	5.80	Oct	4.86	Oct	4.17	Oct	2.90
Nov	12.37	Nov	11.56	Nov	9.02	Nov	7.61	Nov	6.48	Nov	5.78	Nov	4.89	Nov	4.00	Nov	2.80
Dec	12.40	Dec	11.52	Dec	9.01	Dec	7.44	Dec	6.55	Dec	5.49	Dec	4.86	Dec	2.87	Dec	2.88
Jan 1981	12.14	Jan 1985	11.45	Jan 1989	8.93	Jan 1993	7.34	Jan 1997	6.83	Jan 2001	5.54	Jan 2005	4.73	Jan 2009	3.13	Jan 2013	3.08
Feb	12.80	Feb	11.47	Feb	9.01	Feb	7.09	Feb	6.69	Feb	5.45	Feb	4.55	Feb	3.59	Feb	3.17
Mar	12.69	Mar	11.81	Mar	9.17	Mar	6.82	Mar	6.93	Mar	5.34	Mar	4.78	Mar	3.64	Mar	3.16
Apr	13.20	Apr	11.47	Apr	9.03	Apr	6.85	Apr	7.09	Apr	5.65	Apr	4.65	Apr	3.76	Apr	2.93
May	13.60	May	11.05	May	8.83	May	6.92	May	6.94	May	5.78	May	4.49	May	4.23	May	3.11
Jun	12.96	Jun	10.44	Jun	8.27	Jun	6.81	Jun	6.77	Jun	5.67	Jun	4.29	Jun	4.52	Jun	3.40
Jul	13.59	Jul	10.50	Jul	8.08	Jul	6.63	Jul	6.51	Jul	5.61	Jul	4.41	Jul	4.41	Jul	3.61
Aug	14.17	Aug	10.56	Aug	8.12	Aug	6.32	Aug	6.58	Aug	5.48	Aug	4.46	Aug	4.37	Aug	3.76
Sep	14.67	Sep	10.61	Sep	8.15	Sep	6.00	Sep	6.50	Sep	5.48	Sep	4.47	Sep	4.19	Sep	3.79
Oct	14.68	Oct	10.50	Oct	8.00	Oct	5.94	Oct	6.33	Oct	5.32	Oct	4.67	Oct	4.19	Oct	3.68
Nov	13.35	Nov	10.06	Nov	7.90	Nov	6.21	Nov	6.11	Nov	5.12	Nov	4.57	Nov	4.31	Nov	3.80
Dec	13.45	Dec	9.54	Dec	7.90	Dec	6.25	Dec	5.99	Dec	5.48	Dec	4.66	Dec	4.49	Dec	3.89
Jan 1982	14.22	Jan 1986	9.40	Jan 1990	8.26	Jan 1994	6.29	Jan 1998	5.81	Jan 2002	5.44	Jan 2006	4.59	Jan 2010	4.60	Jan 2014	3.77
Feb	14.22	Feb	8.93	Feb	8.50	Feb	6.49	Feb	5.89	Feb	5.39	Feb	4.58	Feb	4.62	Feb	3.66
Mar	13.53	Mar	7.96	Mar	8.56	Mar	6.91	Mar	5.95	Mar	5.71	Mar	4.73	Mar	4.64	Mar	3.62
Apr	13.37	Apr	7.39	Apr	8.76	Apr	7.27	Apr	5.92	Apr	5.67	Apr	5.06	Apr	4.69		
May	13.24	May	7.52	May	8.73	May	7.41	May	5.93	May	5.64	May	5.20	May	4.29		
Jun	13.92	Jun	7.57	Jun	8.46	Jun	7.40	Jun	5.70	Jun	5.52	Jun	5.16	Jun	4.13		
Jul	13.55	Jul	7.27	Jul	8.50	Jul	7.58	Jul	5.68	Jul	5.38	Jul	5.13	Jul	3.99		
Aug	12.77	Aug	7.33	Aug	8.86	Aug	7.49	Aug	5.54	Aug	5.08	Aug	5.00	Aug	3.80		
Sep	12.07	Sep	7.62	Sep	9.03	Sep	7.71	Sep	5.20	Sep	4.76	Sep	4.85	Sep	3.77		
Oct	11.17	Oct	7.70	Oct	8.86	Oct	7.94	Oct	5.01	Oct	4.93	Oct	4.85	Oct	3.87		
Nov	10.54	Nov	7.52	Nov	8.54	Nov	8.08	Nov	5.25	Nov	4.95	Nov	4.69	Nov	4.19		
Dec	10.54	Dec	7.37	Dec	8.24	Dec	7.87	Dec	5.06	Dec	4.92	Dec	4.68	Dec	4.42		
Jan 1983	10.63	Jan 1987	7.39	Jan 1991	8.27	Jan 1995	7.85	Jan 1999	5.16	Jan 2003	4.94	Jan 2007	4.85	Jan 2011	4.52		
Feb	10.88	Feb	7.54	Feb	8.03	Feb	7.61	Feb	5.37	Feb	4.81	Feb	4.82	Feb	4.65		
Mar	10.63	Mar	7.55	Mar	8.29	Mar	7.45	Mar	5.58	Mar	4.80	Mar	4.72	Mar	4.51		
Apr	10.48	Apr	8.25	Apr	8.21	Apr	7.36	Apr	5.55	Apr	4.90	Apr	4.86	Apr	4.50		
May	10.53	May	8.78	May	8.27	May	6.95	May	5.81	May	4.53	May	4.90	May	4.29		
Jun	10.93	Jun	8.57	Jun	8.47	Jun	6.57	Jun	6.04	Jun	4.37	Jun	5.20	Jun	4.23		
Jul	11.40	Jul	8.64	Jul	8.45	Jul	6.72	Jul	5.98	Jul	4.93	Jul	5.11	Jul	4.27		
Aug	11.82	Aug	8.97	Aug	8.14	Aug	6.86	Aug	6.07	Aug	5.30	Aug	4.93	Aug	3.65		
Sep	11.63	Sep	9.59	Sep	7.95	Sep	6.55	Sep	6.07	Sep	5.14	Sep	4.79	Sep	3.18		
Oct	11.58	Oct	9.61	Oct	7.93	Oct	6.37	Oct	6.26	Oct	5.16	Oct	4.77	Oct	3.13		
Nov	11.75	Nov	8.95	Nov	7.92	Nov	6.26	Nov	6.15	Nov	5.13	Nov	4.52	Nov	3.02		
Dec	11.88	Dec	9.12	Dec	7.70	Dec	6.06	Dec	6.35	Dec	5.08	Dec	4.53	Dec	2.98		

Source:
<http://finance.yahoo.com/q/1p?s=^TYX>
<http://research.stlouisfed.org/fred2/data/GSS30.txt>

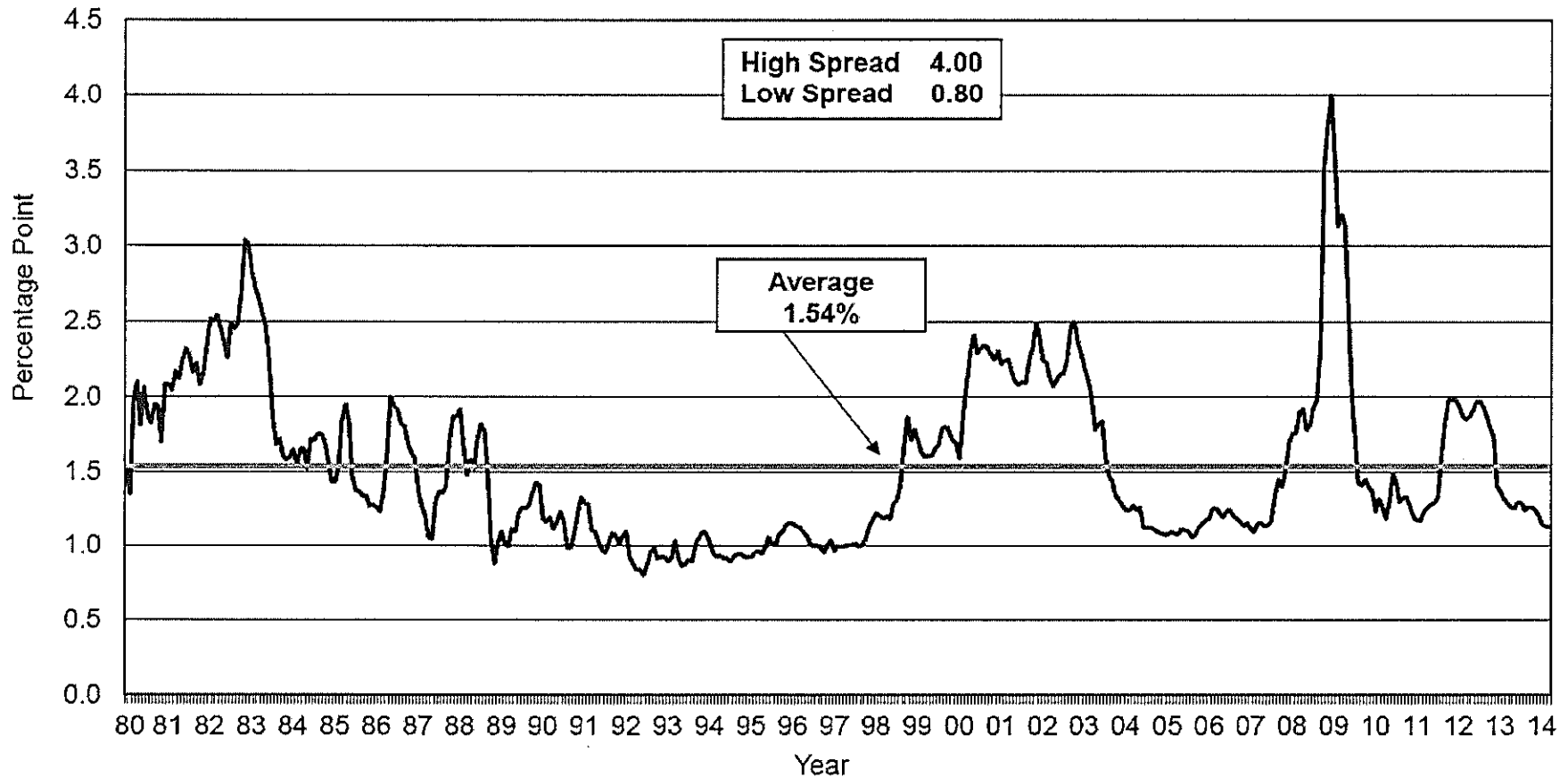
LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

Average Yields on Public Utility Bonds and
Thirty-Year U.S. Treasury Bonds (1980 - 2014)

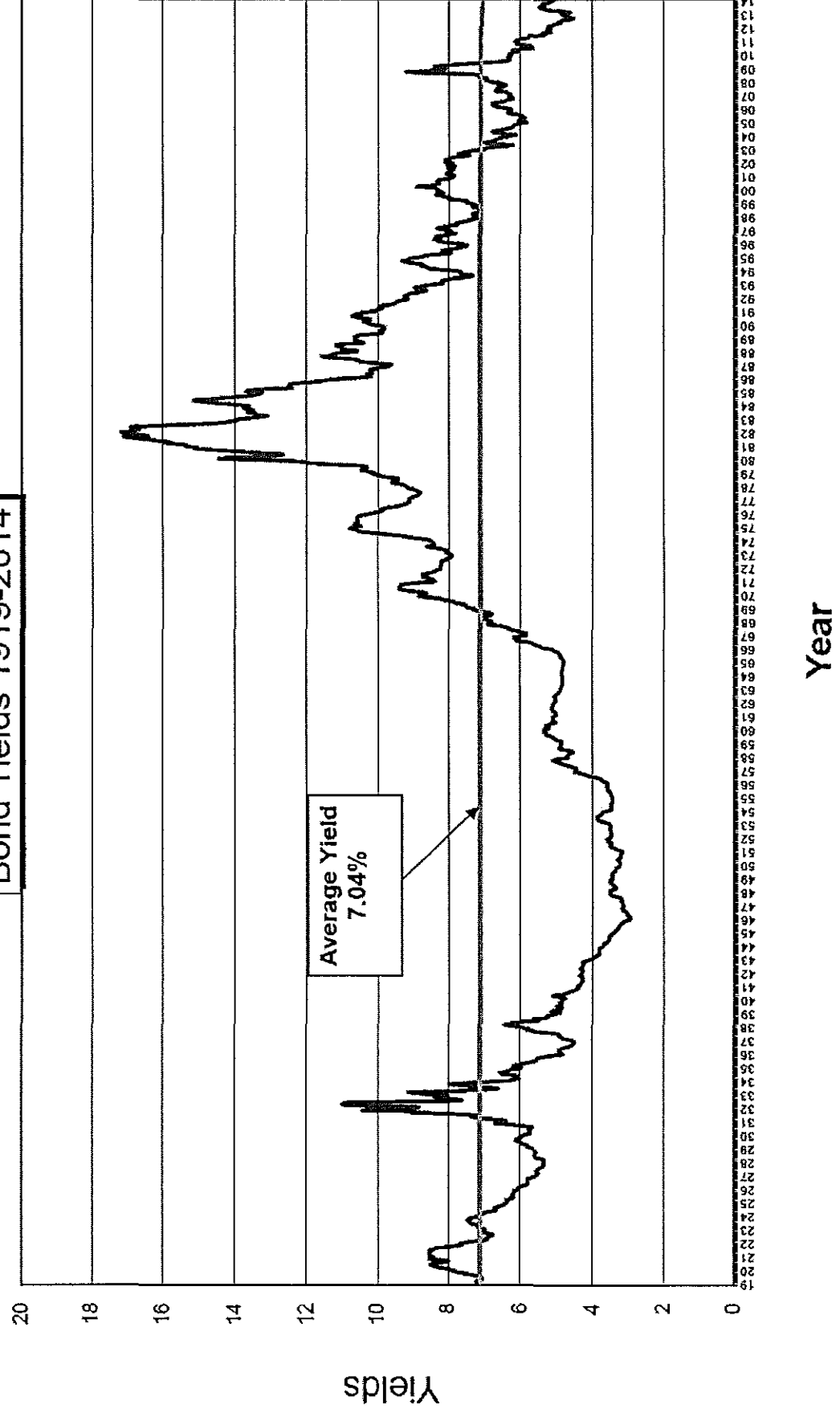


LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

Monthly Spreads Between Public Utility Bond Yields and
Thirty-Year U.S. Treasury Bond Yields (1980 - 2014)



Moody's Baa Corporate
Bond Yields 1919-2014



LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

Algonquin Power & Utilities Consolidated Capital Structure as of September 30, 2013		
<i>(in dollars)</i>	Dollar Amount	Percentage of Capital
Capital Components		
Common Equity	\$1,422,085,000	56.57%
Long-Term Debt <i>(Long-Term Debt including current portion)</i>	\$1,091,975,000	43.43%
Total	<u><u>\$2,514,060,000</u></u>	<u><u>100.00%</u></u>

Source: Algonquin Power & Utilities Corp., 2013 Third quarter report, Interim Consolidated Balance Sheets-page 52

Liberty Utilities Company Consolidated Capital Structure as of September 30, 2013		
<i>(in dollars)</i>	Dollar Amount	Percentage of Capital
Capital Components		
Common Equity	*	*
Long-Term Debt	*	*
Total	<u><u>*</u></u>	<u><u>*</u></u>

Source: Liberty Utilities Company Interim Consolidated Balance Sheet as of September 30, 2013.

Liberty Midstates Capital Structure as of September 30, 2013		
<i>(in dollars)</i>	Dollar Amount	Percentage of Capital
Capital Components		
Common Equity	*	*
Long-Term Debt	*	*
Total	<u><u>*</u></u>	<u><u>*</u></u>

Source: GR-2014-0152: Company Workpapers-Schedule COS-9

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

Proposed Ratemaking Capital Structure
for Liberty Midstates

<u>Capital Component</u>		<u>Percentage of Capital</u>
Common Stock Equity	*	*
Long-Term Debt	*	*
Total Capitalization	*	*

Source: Schedule 6-1: Liberty Utilities Company Capital Structure as of
September 30, 2013.

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

Criteria for Selecting Comparable Natural Gas Distribution Companies

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Stock Publicly Traded	At least 65% Operating Income Distribution	At least 65% of Assets Distribution	At least 2 analysts in last 90 days and Current Projected L-T EPS Growth Available	Positive 5-year Historical CAGR in DPS	At Least Investment Grade Credit Rating	Comparable Company Met All Criteria
Natural Gas Utility Companies							
AGL Resources, Inc.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Atmos Energy Corporation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Corning Natural Gas Holding Corp.	Yes	NA					
Delta Natural Gas Company, Inc.	Yes	Yes	Yes	No			
Energen Corporation	Yes	No					
EQT Corporation	Yes	No					
Gas Natural Inc.	Yes	Yes	Yes	No			
Laclede Group Inc.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
National Fuel Gas Company	Yes	No					
New Jersey Resources Corp.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Northwest Natural Gas Company	Yes	Yes	Yes	Yes	Yes	Yes	Yes
ONE Gas Inc.	Yes	NA					
ONEOK, Inc.	Yes	No					
Piedmont Natural Gas Company, Inc.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Questar Corporations	Yes	No					
RGC Resources Inc.	Yes	NA					
South Jersey Industries, Inc.	Yes	Yes	Yes	No			
Southern Union Company	No						
Southwest Gas Corporation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
WGL Holdings, Inc.	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Source: Column 1,2,3,4,5 6, and 7 = SNL Financial

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

Eight Comparable Natural Gas Distribution Companies
For Summit Natural Gas of Missouri

Number	Ticker Symbol	Company Name	Bond Rating
1	GAS	AGL Resources, Inc.	BBB+
2	ATO	Atmos Energy Corporation.	A-
3	LG	Laclede Group Inc.	A-
4	NJR	New Jersey Resources Corporation	A
5	NWN	Northwest Natural Gas	A+
6	PNY	Piedmont Natural Gas Company, Inc.	A
7	SWX	Southwest Gas Corporation	A-
8	WGL	WGL Holdings, Inc.	A+
		Average	A

Source: S&P

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

Dividends Per Share
for the Eight Comparable Natural Gas Distribution Companies

Company Name	Dividends Per Share															
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
AGL Resources, Inc.	1.08	1.08	1.11	1.15	1.30	1.48	1.64	1.68	1.72	1.76	2.26	1.38	1.88	1.94	2.01	2.13
Atmos Energy Corporation	1.16	1.18	1.20	1.22	1.24	1.26	1.28	1.30	1.32	1.34	1.36	1.38	1.40	1.48	1.55	1.64
Laclede Group Inc.	1.34	1.34	1.34	1.36	1.38	1.41	1.46	1.50	1.54	1.58	1.62	1.66	1.70	1.77	1.83	1.94
New Jersey Resources Corp.	0.78	0.80	0.83	0.87	0.91	0.96	1.01	1.11	1.24	1.36	1.44	1.54	1.62	1.71	1.80	1.90
Northwest Natural Gas Co.	1.25	1.26	1.27	1.30	1.32	1.39	1.44	1.52	1.60	1.68	1.75	1.79	1.83	1.85	1.92	NA
Piedmont Natural Gas Co.	0.76	0.79	0.82	0.85	0.91	0.95	0.99	1.03	1.07	1.11	1.15	1.19	1.23	1.27	1.32	1.36
Southwest Gas	0.82	0.82	0.82	0.82	0.82	1.03	0.86	0.90	0.95	1.00	1.06	1.18	1.32	1.37	1.48	1.48
WGL Holdings, Inc.	1.26	1.27	1.28	1.30	1.32	1.35	1.37	1.41	1.46	1.50	1.54	1.59	1.66	1.75	1.83	1.97

	<u>10-Year Historical</u>	<u>5-Year Historical</u>	<u>3-Year Projected</u>
AGL Resources, Inc.	5.38%	2.83%	4.25%
Atmos Energy Corporation	1.58%	1.52%	5.41%
Laclede Group Inc.	2.16%	2.65%	4.50%
New Jersey Resources Corp.	6.68%	8.35%	5.46%
Northwest Natural Gas Co.	3.58%	4.28%	NA
Piedmont Natural Gas Co.	4.16%	3.75%	3.51%
Southwest Gas	3.77%	5.03%	3.81%
WGL Holdings, Inc.	2.34%	3.06%	5.78%
Average	3.71%	3.93%	4.67%

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

Earnings Per Share
for the Eight Comparable Natural Gas Distribution Companies

Company Name	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
AGL Resources, Inc.	1.62	1.82	2.13	2.28	2.48	2.72	2.72	2.84	2.88	3.00	2.12	2.31	2.64	3.33	3.08	3.10
Atmos Energy Corporation	1.47	1.45	1.71	1.58	1.72	1.82	1.92	1.99	2.07	2.12	2.07	2.10	2.50	2.80	2.90	3.07
Laclede Group Inc.	1.61	1.18	1.82	1.82	1.90	2.30	2.12	2.63	2.89	2.43	2.86	2.79	2.02	3.04	3.16	3.20
New Jersey Resources Corp.	1.33	1.39	1.59	1.70	1.81	5.27	1.55	2.59	0.64	2.82	2.44	2.23	2.75	3.95	3.03	3.00
Northwest Natural Gas Co.	1.88	1.62	1.76	1.86	2.11	2.29	2.76	2.61	2.83	2.73	2.36	2.18	2.24	2.28	2.38	2.50
Piedmont Natural Gas Co.	1.01	0.94	1.11	1.27	1.32	1.28	1.40	1.49	1.67	1.96	1.57	1.66	1.78	1.85	1.90	2.00
Southwest Gas	1.15	1.32	1.13	1.60	1.14	2.05	1.95	1.39	1.94	2.27	2.43	2.86	3.11	2.99	3.15	3.29
WGL Holdings, Inc.	1.75	0.80	2.30	1.98	2.16	1.94	2.19	2.33	2.39	2.16	2.28	2.71	1.55	2.36	2.42	2.66

	<u>10-Year Historical</u>	<u>5-Year Historical</u>	<u>3-Year Projected</u>
AGL Resources, Inc.	2.41%	-3.11%	5.50%
Atmos Energy Corporation	3.72%	3.08%	7.08%
Laclede Group Inc.	5.22%	1.70%	16.57%
New Jersey Resources Corp.	5.58%	-4.64%	2.94%
Northwest Natural Gas Co.	2.57%	-2.41%	NA
Piedmont Natural Gas Co.	5.05%	3.74%	3.87%
Southwest Gas	8.84%	9.28%	1.89%
WGL Holdings, Inc.	3.03%	0.25%	19.72%
Average	4.55%	0.99%	8.23%

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

Book Value Per Share
for the Eight Comparable Natural Gas Distribution Companies

Company Name	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
AGL Resources, Inc.	12.19	12.52	14.65	18.06	19.27	20.71	21.74	21.48	22.97	23.24	28.35	28.96	30.54	NA	NA	NA
Atmos Energy Corporation	14.31	13.75	16.66	18.05	19.90	20.16	22.01	22.60	23.52	24.16	24.98	26.14	28.47	32.81	32.98	NA
Laclede Group Inc.	15.26	15.10	15.67	16.96	17.31	18.85	19.79	22.12	23.32	24.02	25.56	26.69	32.00	33.11	34.30	35.74
New Jersey Resources Corp.	8.67	8.87	10.19	11.22	10.52	14.74	15.50	17.31	16.59	17.62	18.74	19.55	21.15	24.34	24.60	NA
Northwest Natural Gas Co.	18.56	18.85	19.52	20.64	21.28	21.97	22.52	23.71	24.88	25.99	26.62	27.11	27.77	30.29	31.91	29.60
Piedmont Natural Gas Co.	8.63	8.91	9.36	11.15	11.53	11.70	11.84	12.11	12.67	13.35	13.79	14.21	15.62	17.04	18.63	18.94
Southwest Gas	17.27	17.91	18.42	19.18	19.10	21.58	22.98	23.49	24.44	25.60	26.68	28.39	30.51	32.25	34.03	35.86
WGL Holdings, Inc.	16.24	15.78	16.83	17.54	18.36	18.86	19.89	20.99	21.89	22.63	23.41	24.60	24.62	26.14	28.62	NA

	<u>10-Year Historical</u>	<u>5-Year Historical</u>	<u>3-Year Projected</u>
AGL Resources, Inc.	8.36%	6.56%	NA
Atmos Energy Corporation	5.93%	4.21%	NA
Laclede Group Inc.	6.23%	6.76%	3.76%
New Jersey Resources Corp.	7.92%	4.57%	NA
Northwest Natural Gas Co.	3.65%	3.62%	2.15%
Piedmont Natural Gas Co.	4.95%	4.12%	6.64%
Southwest Gas	4.79%	4.69%	5.53%
WGL Holdings, Inc.	4.05%	3.99%	NA
Average	5.74%	4.81%	4.52%

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

**Historical and Projected Growth Rates for the
Eight Comparable Natural Gas Distribution Companies**

Company Name	(1)	(2)	(3)
	10-Year Historical Growth Rate (DPS, EPS and BVPS)	5-Year Historical Growth Rate (DPS, EPS and BVPS)	Projected 5-Year EPS Growth FactSet (Mean)
AGL Resources, Inc.	5.38%	2.10%	1.75%
Atmos Energy Corporation	3.74%	2.94%	6.90%
Laclede Group Inc.	4.54%	3.70%	4.78%
New Jersey Resources Corp.	6.73%	2.76%	3.60%
Northwest Natural Gas Co.	3.27%	1.83%	3.50%
Piedmont Natural Gas Co.	4.72%	3.87%	3.67%
Southwest Gas	5.80%	6.34%	2.55%
WGL Holdings, Inc.	3.14%	2.43%	4.95%
	<u>4.67%</u>	<u>3.25%</u>	<u>3.96%</u>

Sources: Column 1 = Average of 10-Year Compound Annual Growth Rates from Schedules 9-1 through 9-3.

Column 2 = Average of 10-Year Compound Annual Growth Rates from Schedules 9-1 through 9-3.

Column 3 = SNL Financial

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152

Long-Term Gas Proxy Group
DPS, EPS, BVPS & GDP
10-Year Compound Growth Rate Averages (1968-2013)

<u>DPS</u>		<u>EPS</u>		<u>BVPS</u>		<u>Average</u>	<u>GDP</u>	
<u>Years</u>	<u>10 yr compound growth rate avgs</u>	<u>Years</u>	<u>10 yr compound growth rate avgs</u>	<u>Years</u>	<u>10 yr compound growth rate avgs</u>	<u>DPS, EPS and BVPS</u>	<u>Years</u>	<u>10 yr compound growth rate avgs</u>
1968-70 to 1978-80	3.82%	1968-70 to 1978-80	5.16%	1968-70 to 1978-80	4.59%	4.52%	1968-70 to 1978-80	9.96%
1969-71 to 1979-81	4.13%	1969-71 to 1979-81	5.07%	1969-71 to 1979-81	4.62%	4.61%	1969-71 to 1979-81	10.31%
1970-72 to 1980-82	4.69%	1970-72 to 1980-82	4.75%	1970-72 to 1980-82	4.51%	4.65%	1970-72 to 1980-82	10.32%
1971-73 to 1981-83	5.10%	1971-73 to 1981-83	4.10%	1971-73 to 1981-83	4.30%	4.50%	1971-73 to 1981-83	10.15%
1972-74 to 1982-84	5.50%	1972-74 to 1982-84	5.20%	1972-74 to 1982-84	4.11%	4.94%	1972-74 to 1982-84	9.98%
1973-75 to 1983-85	5.98%	1973-75 to 1983-85	5.87%	1973-75 to 1983-85	4.08%	5.31%	1973-75 to 1983-85	9.93%
1974-76 to 1984-86	6.31%	1974-76 to 1984-86	5.91%	1974-76 to 1984-86	3.96%	5.39%	1974-76 to 1984-86	9.76%
1975-77 to 1985-87	6.80%	1975-77 to 1985-87	5.28%	1975-77 to 1985-87	4.02%	5.37%	1975-77 to 1985-87	9.34%
1976-78 to 1986-88	7.00%	1976-78 to 1986-88	5.37%	1976-78 to 1986-88	4.27%	5.55%	1976-78 to 1986-88	8.82%
1977-79 to 1987-89	7.21%	1977-79 to 1987-89	5.07%	1977-79 to 1987-89	4.44%	5.57%	1977-79 to 1987-89	8.35%
1978-80 to 1988-90	7.07%	1978-80 to 1988-90	3.85%	1978-80 to 1988-90	4.39%	5.11%	1978-80 to 1988-90	7.96%
1979-81 to 1989-91	6.75%	1979-81 to 1989-91	2.39%	1979-81 to 1989-91	4.05%	4.39%	1979-81 to 1989-91	7.42%
1980-82 to 1990-92	6.13%	1980-82 to 1990-92	2.16%	1980-82 to 1990-92	3.91%	4.07%	1980-82 to 1990-92	7.10%
1981-83 to 1991-93	5.63%	1981-83 to 1991-93	2.86%	1981-83 to 1991-93	3.94%	4.15%	1981-83 to 1991-93	6.75%
1982-84 to 1992-94	5.04%	1982-84 to 1992-94	2.59%	1982-84 to 1992-94	3.98%	3.87%	1982-84 to 1992-94	6.52%
1983-85 to 1993-95	4.40%	1983-85 to 1993-95	2.36%	1983-85 to 1993-95	3.93%	3.56%	1983-85 to 1993-95	6.15%
1984-86 to 1994-96	3.75%	1984-86 to 1994-96	2.94%	1984-86 to 1994-96	3.91%	3.53%	1984-86 to 1994-96	5.92%
1985-87 to 1995-97	3.39%	1985-87 to 1995-97	3.94%	1985-87 to 1995-97	3.92%	3.75%	1985-87 to 1995-97	5.85%
1986-88 to 1996-98	3.02%	1986-88 to 1996-98	3.44%	1986-88 to 1996-98	3.61%	3.36%	1986-88 to 1996-98	5.78%
1987-89 to 1997-99	2.71%	1987-89 to 1997-99	2.29%	1987-89 to 1997-99	3.25%	2.75%	1987-89 to 1997-99	5.66%
1988-90 to 1998-00	2.44%	1988-90 to 1998-00	2.27%	1988-90 to 1998-00	3.16%	2.63%	1988-90 to 1998-00	5.57%
1989-91 to 1999-01	2.19%	1989-91 to 1999-01	4.07%	1989-91 to 1999-01	3.46%	3.24%	1989-91 to 1999-01	5.55%
1990-92 to 2000-02	2.07%	1990-92 to 2000-02	4.73%	1990-92 to 2000-02	3.67%	3.49%	1990-92 to 2000-02	5.49%
1991-93 to 2001-03	2.01%	1991-93 to 2001-03	4.89%	1991-93 to 2001-03	4.03%	3.64%	1991-93 to 2001-03	5.39%
1992-94 to 2002-04	2.05%	1992-94 to 2002-04	4.50%	1992-94 to 2002-04	4.48%	3.68%	1992-94 to 2002-04	5.31%
1993-95 to 2003-05	2.19%	1993-95 to 2003-05	5.00%	1993-95 to 2003-05	4.98%	4.06%	1993-95 to 2003-05	5.37%
1994-96 to 2004-06	2.42%	1994-96 to 2004-06	5.08%	1994-96 to 2004-06	5.41%	4.30%	1994-96 to 2004-06	5.45%
1995-97 to 2005-07	2.66%	1995-97 to 2005-07	4.84%	1995-97 to 2005-07	5.69%	4.40%	1995-97 to 2005-07	5.45%
1996-98 to 2006-08	2.91%	1996-98 to 2006-08	5.35%	1996-98 to 2006-08	5.98%	4.75%	1996-98 to 2006-08	5.26%
1997-99 to 2007-09	3.18%	1997-99 to 2007-09	6.29%	1997-99 to 2007-09	6.18%	5.22%	1997-99 to 2007-09	4.77%
1998-00 to 2008-10	3.47%	1998-00 to 2008-10	6.81%	1998-00 to 2008-10	6.23%	5.50%	1998-00 to 2008-10	4.26%
1999-01 to 2009-11	3.78%	1999-01 to 2009-11	6.28%	1999-01 to 2009-11	6.25%	5.43%	1999-01 to 2009-11	3.92%
2000-02 to 2010-12	4.02%	2000-02 to 2010-12	5.75%	2000-02 to 2010-12	6.29%	5.35%	2000-02 to 2010-12	3.89%
2001-03 to 2011-13	4.24%	2001-03 to 2011-13	4.59%	2001-03 to 2011-13	6.27%	5.03%	2001-03 to 2011-13	3.91%
Average	4.24%	Average	4.44%	Average	4.53%		Average	6.81%
Average of 10-year Rolling Averages EPS, DPS and BVPS			4.40%					

Source: Value Line Investment Survey and SNL Financial

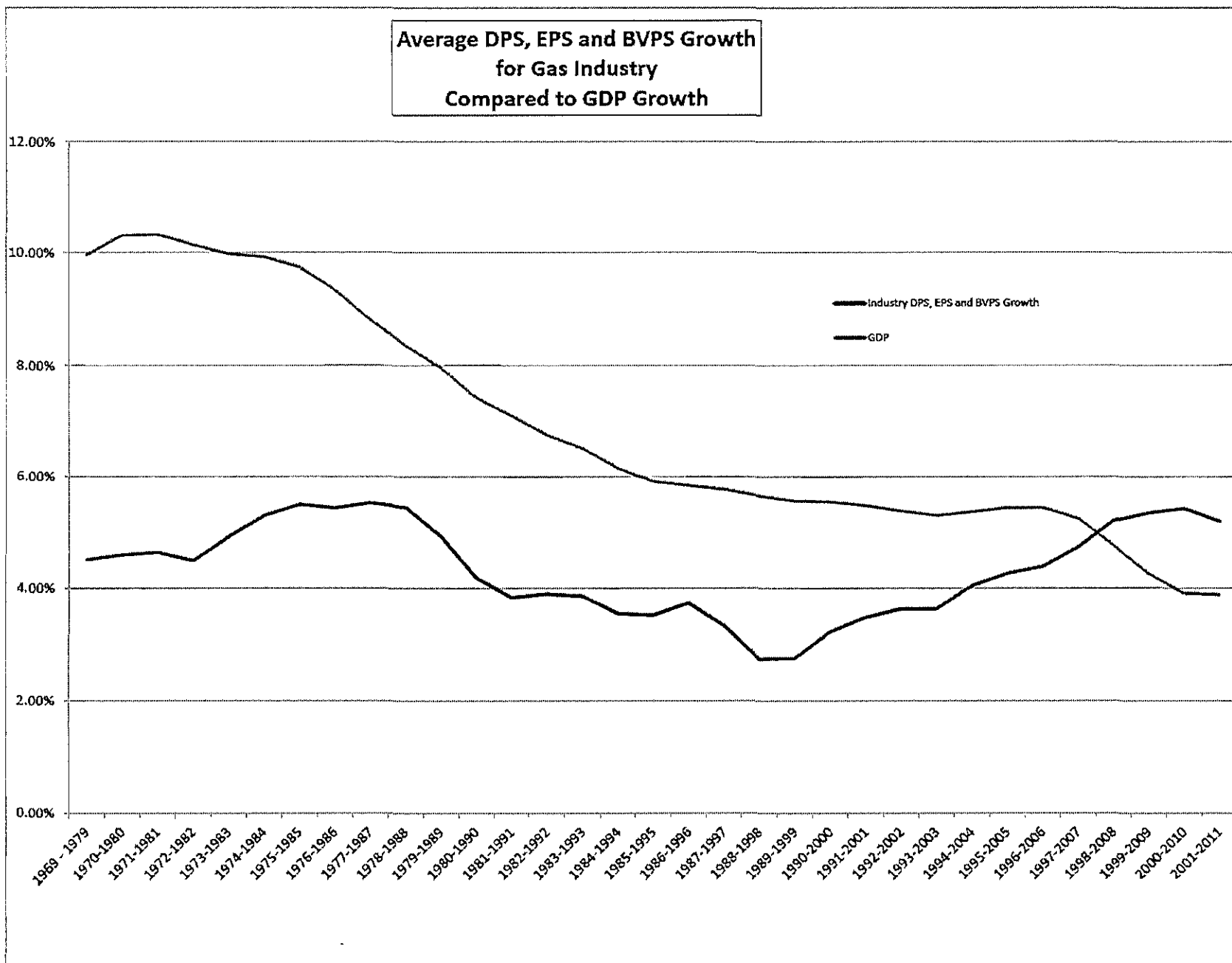
LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a **LIBERTY UTILITIES**
CASE NO. GR-2014-0152

Long-Term Gas Proxy Group Excluding Atmos
DPS, EPS, BVPS & GDP
10-Year Compound Growth Rate Averages (1968-2013)

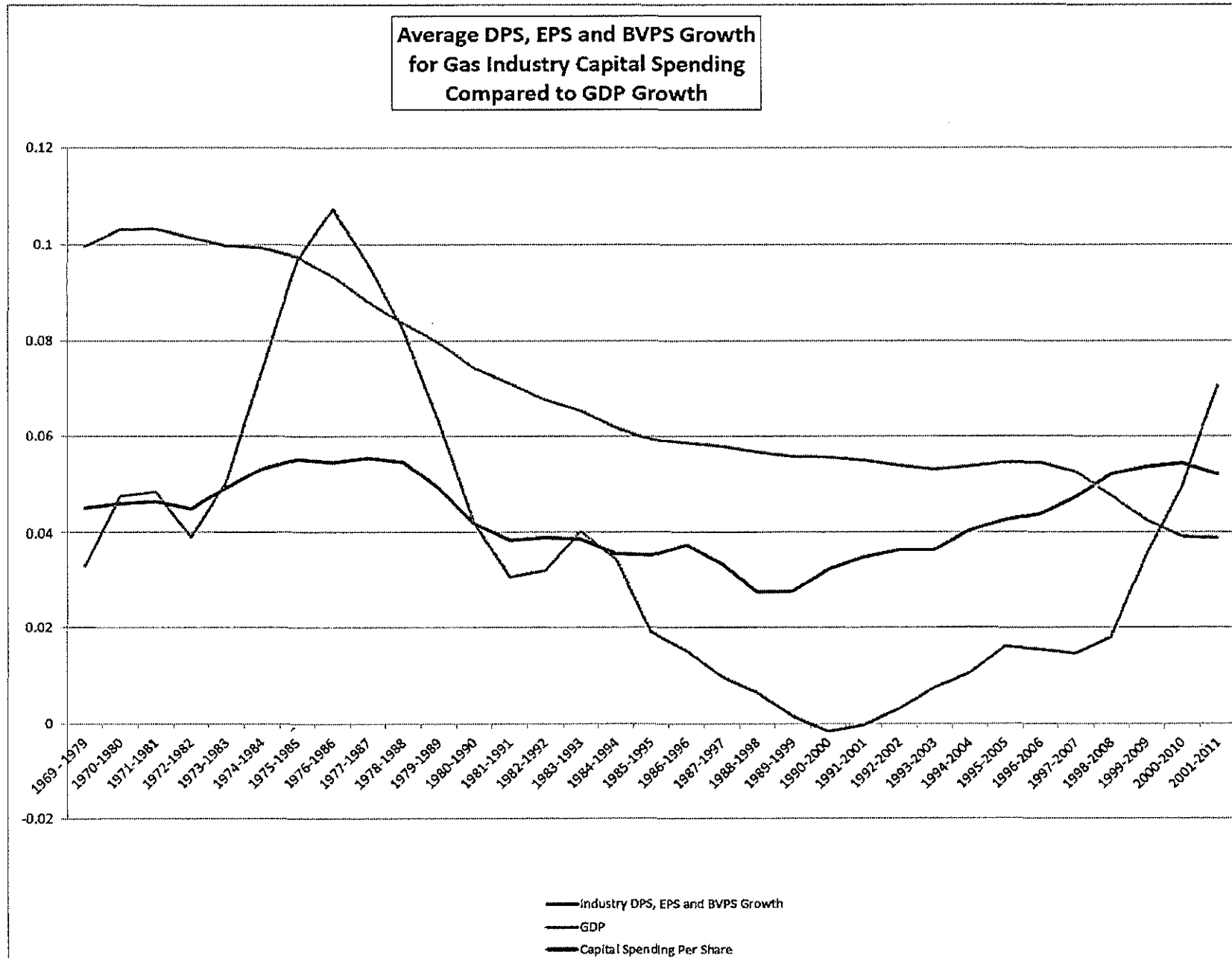
<u>DPS</u>		<u>EPS</u>		<u>BVPS</u>		<u>Average</u>	<u>GDP</u>	
Years	10 yr compound growth rate avgs	Years	10 yr compound growth rate avgs	Years	10 yr compound growth rate avgs	DPS, EPS and BVPS	Years	10 yr compound growth rate avgs
1968-70 to 1978-80	3.82%	1968-70 to 1978-80	5.16%	1968-70 to 1978-80	4.59%	4.52%	1968-70 to 1978-80	9.96%
1969-71 to 1979-81	4.13%	1969-71 to 1979-81	5.07%	1969-71 to 1979-81	4.62%	4.61%	1969-71 to 1979-81	10.31%
1970-72 to 1980-82	4.69%	1970-72 to 1980-82	4.75%	1970-72 to 1980-82	4.51%	4.65%	1970-72 to 1980-82	10.32%
1971-73 to 1981-83	5.10%	1971-73 to 1981-83	4.10%	1971-73 to 1981-83	4.30%	4.50%	1971-73 to 1981-83	10.15%
1972-74 to 1982-84	5.50%	1972-74 to 1982-84	5.20%	1972-74 to 1982-84	4.11%	4.94%	1972-74 to 1982-84	9.98%
1973-75 to 1983-85	5.98%	1973-75 to 1983-85	5.87%	1973-75 to 1983-85	4.08%	5.31%	1973-75 to 1983-85	9.93%
1974-76 to 1984-86	6.31%	1974-76 to 1984-86	5.91%	1974-76 to 1984-86	3.96%	5.39%	1974-76 to 1984-86	9.76%
1975-77 to 1985-87	6.80%	1975-77 to 1985-87	5.28%	1975-77 to 1985-87	4.02%	5.37%	1975-77 to 1985-87	9.34%
1976-78 to 1986-88	7.00%	1976-78 to 1986-88	5.37%	1976-78 to 1986-88	4.27%	5.55%	1976-78 to 1986-88	8.82%
1977-79 to 1987-89	7.21%	1977-79 to 1987-89	5.07%	1977-79 to 1987-89	4.44%	5.57%	1977-79 to 1987-89	8.35%
1978-80 to 1988-90	7.07%	1978-80 to 1988-90	3.85%	1978-80 to 1988-90	4.39%	5.11%	1978-80 to 1988-90	7.96%
1979-81 to 1989-91	6.75%	1979-81 to 1989-91	2.39%	1979-81 to 1989-91	4.05%	4.39%	1979-81 to 1989-91	7.42%
1980-82 to 1990-92	6.13%	1980-82 to 1990-92	2.16%	1980-82 to 1990-92	3.91%	4.07%	1980-82 to 1990-92	7.10%
1981-83 to 1991-93	5.63%	1981-83 to 1991-93	2.86%	1981-83 to 1991-93	3.94%	4.15%	1981-83 to 1991-93	6.75%
1982-84 to 1992-94	5.04%	1982-84 to 1992-94	2.59%	1982-84 to 1992-94	3.98%	3.87%	1982-84 to 1992-94	6.52%
1983-85 to 1993-95	4.40%	1983-85 to 1993-95	2.36%	1983-85 to 1993-95	3.93%	3.56%	1983-85 to 1993-95	6.15%
1984-86 to 1994-96	3.75%	1984-86 to 1994-96	2.94%	1984-86 to 1994-96	3.91%	3.53%	1984-86 to 1994-96	5.92%
1985-87 to 1995-97	3.25%	1985-87 to 1995-97	3.93%	1985-87 to 1995-97	3.80%	3.66%	1985-87 to 1995-97	5.85%
1986-88 to 1996-98	2.85%	1986-88 to 1996-98	3.30%	1986-88 to 1996-98	3.49%	3.21%	1986-88 to 1996-98	5.78%
1987-89 to 1997-99	2.49%	1987-89 to 1997-99	2.34%	1987-89 to 1997-99	3.14%	2.65%	1987-89 to 1997-99	5.66%
1988-90 to 1998-00	2.19%	1988-90 to 1998-00	2.48%	1988-90 to 1998-00	3.09%	2.59%	1988-90 to 1998-00	5.57%
1989-91 to 1999-01	1.95%	1989-91 to 1999-01	4.34%	1989-91 to 1999-01	3.38%	3.22%	1989-91 to 1999-01	5.55%
1990-92 to 2000-02	1.83%	1990-92 to 2000-02	4.88%	1990-92 to 2000-02	3.59%	3.43%	1990-92 to 2000-02	5.49%
1991-93 to 2001-03	1.78%	1991-93 to 2001-03	4.93%	1991-93 to 2001-03	3.91%	3.54%	1991-93 to 2001-03	5.39%
1992-94 to 2002-04	1.86%	1992-94 to 2002-04	4.54%	1992-94 to 2002-04	4.35%	3.58%	1992-94 to 2002-04	5.31%
1993-95 to 2003-05	2.04%	1993-95 to 2003-05	5.14%	1993-95 to 2003-05	4.79%	3.99%	1993-95 to 2003-05	5.37%
1994-96 to 2004-06	2.33%	1994-96 to 2004-06	5.28%	1994-96 to 2004-06	5.24%	4.28%	1994-96 to 2004-06	5.45%
1995-97 to 2005-07	2.66%	1995-97 to 2005-07	5.06%	1995-97 to 2005-07	5.52%	4.41%	1995-97 to 2005-07	5.45%
1996-98 to 2006-08	2.99%	1996-98 to 2006-08	5.78%	1996-98 to 2006-08	5.89%	4.88%	1996-98 to 2006-08	5.26%
1997-99 to 2007-09	3.33%	1997-99 to 2007-09	6.62%	1997-99 to 2007-09	6.10%	5.35%	1997-99 to 2007-09	4.77%
1998-00 to 2008-10	3.70%	1998-00 to 2008-10	7.03%	1998-00 to 2008-10	6.16%	5.63%	1998-00 to 2008-10	4.26%
1999-01 to 2009-11	4.07%	1999-01 to 2009-11	6.21%	1999-01 to 2009-11	6.21%	5.50%	1999-01 to 2009-11	3.92%
2000-02 to 2010-12	4.36%	2000-02 to 2010-12	5.83%	2000-02 to 2010-12	6.27%	5.49%	2000-02 to 2010-12	3.89%
2001-03 to 2011-13	4.62%	2001-03 to 2011-13	4.67%	2001-03 to 2011-13	6.32%	5.20%	2001-03 to 2011-13	3.91%
Average	4.22%	Average	4.51%	Average	4.48%		Average	6.81%
Average of 10-year Rolling Averages EPS, DPS and BVPS			4.40%					

Source: Value Line Investment Survey and SNL Financial

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152



LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
CASE NO. GR-2014-0152



LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
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Average High / Low Stock Price for January 2014 through March 2014
for the Eight Comparable Natural Gas Distribution Companies

Company Name	-1	-2	(3)	(4)	(5)	(6)	(7)
	-- February 2014 --		--March 2014--		--April 2014--		Average
	High Stock Price	Low Stock Price	High Stock Price	Low Stock Price	High Stock Price	Low Stock Price	High/Low Stock Price (2/14 - 4/14)
AGL Resources, Inc.	47.95	45.30	49.84	46.65	54.07	48.29	48.68
Atmos Energy Corp.	48.06	44.26	47.21	44.84	51.82	46.42	47.10
Laclede Group Inc.	46.28	43.95	47.48	45.02	47.47	44.75	45.83
New Jersey Resources Corp.	45.82	43.75	50.47	44.17	50.32	47.70	47.04
Northwest Natural Gas Co.	43.04	40.05	44.09	41.58	45.05	43.60	42.90
Piedmont Natural Gas Co.	33.99	32.12	35.78	33.23	36.55	35.07	34.46
Southwest Gas Corp.	54.98	51.45	55.18	52.42	55.69	52.21	53.66
WGL Holdings, Inc.	40.50	35.35	40.72	38.36	40.45	38.28	38.94

Notes:

Column 7 = [(Column 1 + Column 2 + Column 3 + Column 4 + Column 5 + Column 6) / 6].

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
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Expected Annual Dividend for the Eight Comparable Natural Gas Distribution Companies

	FactSet Mean DPS 2014Y	FactSet Mean DPS 2015Y
AGL Resources Inc.	1.94	2.02
Atmos Energy Corporation	1.48	1.55
Laclede Group, Inc. (The)	1.76	1.83
New Jersey Resources Corporation	1.71	1.80
Northwest Natural Gas Company	1.85	1.91
Piedmont Natural Gas Company, Inc.	1.27	1.32
Southwest Gas Corporation	1.35	1.45
WGL Holdings, Inc.	1.74	1.82

Company Name	Expected Annual Dividend
AGL Resources, Inc.	\$1.97
Atmos Energy Corp.	\$1.52
Laclede Group Inc.	\$1.80
New Jersey Resources Corp.	\$1.76
Northwest Natural Gas Co.	\$1.87
Piedmont Natural Gas Co.	\$1.29
Southwest Gas Corp.	\$1.38
WGL Holdings, Inc.	\$1.79
Average	

Source: SNL Financial

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
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**Discounted Cash Flow (DCF) Estimated Costs of Common Equity
for the Eight Comparable Natural Gas Distribution Companies,**

	(1)	(2)	(3)
Company Name	Expected Annual ¹ Dividend	Average High/Low Stock Price	Projected Dividend Yield
AGL Resources, Inc.	\$1.97	\$48.68	4.04%
Atmos Energy Corp.	\$1.52	\$47.10	3.23%
Laclede Group Inc.	\$1.80	\$45.83	3.93%
New Jersey Resources Corp.	\$1.76	\$47.04	3.74%
Northwest Natural Gas Co.	\$1.87	\$42.90	4.36%
Piedmont Natural Gas Co.	\$1.29	\$34.46	3.76%
Southwest Gas Corp.	\$1.38	\$53.66	2.57%
WGL Holdings, Inc.	\$1.79	\$38.94	4.59%
Average			<u><u>3.78%</u></u>
 <i>Note: Rounded to 10 basis points</i>			
Proposed Dividend Yield:			3.80%
Proposed Range of Growth:			4.00% - 5.00%
Estimated Proxy Cost of Common Equity:			7.80% - 8.80%
Adjustment			0.38%
Cost of Common Equity			8.18% 9.18%
Recommended Cost of Common Equity Midpoint			8.20% 9.20% 8.70%

Notes:

1 = Expected Annual Dividend based on weighted average of each companies 2014 fiscal year and 2015 fiscal year FactSet projected dividends per share according to SNL Financial.

2 = Three month average (February - April 2014) of differences between 'A' - rated 'BBB+' - rated 30-year bonds from Reuters Corporate Spreads for Utilities - BondsOnline data.

Sources: Column 1 = Schedule 10.
Column 2 = Schedule 9.

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
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Capital Asset Pricing Model (CAPM) Costs of Common Equity Estimates
Based on Historical Return Differences Between Common Stocks and Long-Term U.S. Treasuries
for the Eight Comparable Natural Gas Distribution Companies

	(1)	(2)	(3)	(4)	(5)	(6)
			Arithmetic Average Market Risk Premium (1926-2013)	Geometric Average Market Risk Premium (1926-2013)	Arithmetic CAPM Cost of Common Equity (1926-2013)	Geometric CAPM Cost of Common Equity (1926-2013)
Company Name	Risk Free Rate	Beta				
AGL Resources, Inc	3.60%	0.83	6.20%	4.64%	8.72%	7.43%
Atmos Energy Corp	3.60%	0.83	6.20%	4.64%	8.72%	7.43%
Laclede Group Inc	3.60%	0.75	6.20%	4.64%	8.26%	7.09%
New Jersey Resources Corp	3.60%	0.81	6.20%	4.64%	8.59%	7.33%
Northwest Natural Gas Co	3.60%	0.76	6.20%	4.64%	8.30%	7.12%
Piedmont Natural Gas Co	3.60%	0.78	6.20%	4.64%	8.40%	7.19%
Southwest Gas Corp	3.60%	0.89	6.20%	4.64%	9.09%	7.71%
WGL Holdings, Inc	3.60%	0.77	6.20%	4.64%	8.34%	7.15%
Average		0.80			8.55%	7.31%

Sources:

Column 1 = The appropriate yield is equal to the average 30-year U.S. Treasury Bond yield for February, March and April 2014, which was obtained from the St. Louis Federal Reserve website at <http://research.stlouisfed.org/fred2/series/GS30/22>

Column 2 = Beta is a measure of the movement and relative risk of an individual stock to the market as a whole. Staff calculated the unadjusted Beta for each company using SNL Financial's Beta generator, then adjusted each Beta using the Blume adjustment formula as stated in Ibbotson SBB's 2010 Valuation Yearbook:
 Prospective Beta = 0.371 + 0.635 * Historical Beta

Column 3 = The Market Risk Premium represents the expected return from holding the entire market portfolio less the expected return from holding a risk free investment. The appropriate Market Risk Premium for the period 1926 - 2013 was determined to be 6.20% based on an arithmetic average as calculated in Duff & Phelps 2014 Valuation Handbook: A Guide to the Cost of Capital.

Column 4 = The Market Risk Premium represents the expected return from holding the entire market portfolio less the expected return from holding a risk free investment. The appropriate Market Risk Premium for the period 1926 - 2013 was determined to be 4.64% based on a geometric average calculated by using the arithmetic average as calculated in Duff & Phelps 2014 Valuation Handbook: A Guide to the Cost of Capital.

$$R_A = R_f + (\sigma^2/2)$$

R_A = Arithmetic Return Average
 R_f = Geometric Return Average
 σ = standard deviation of equity returns

Column 5 = (Column 1 + (Column 2 * Column 3))

Column 6 = (Column 1 + (Column 2 * Column 4))

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES
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**Weighted Average Cost of Capital
for Liberty Midstates**

Capital Component	Percentage of Capital	Embedded Cost	Weighted Cost of Capital Using Common Equity Return of:		
			8.20%	8.70%	9.20%
Common Stock Equity	*				*
Long-Term Debt	*				*
	*				*