

Exhibit No.:
Issue: Rate of Return/Capital Structure
Witness: Robert B. Hevert
Sponsoring Party: Liberty Utilities
Case No.: GR-2014-0152
Date Testimony Prepared: February 6, 2014

FILED
September 22, 2014
Data Center
Missouri Public
Service Commission

MISSOURI PUBLIC SERVICE COMMISSION

Case No. GR-2014-0152

DIRECT TESTIMONY

OF

ROBERT B. HEVERT

SUSSEX ECONOMIC ADVISORS, LLC

Submitted on Behalf Of

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

February 6, 2014

Liberty Exhibit No. 5
Date 9/8/14 Reporter SJP
File No. _____

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	PURPOSE AND OVERVIEW OF TESTIMONY	2
III.	REGULATORY GUIDELINES AND FINANCIAL CONSIDERATIONS.....	5
IV.	PROXY GROUP SELECTION.....	6
V.	COST OF EQUITY ESTIMATION	9
	Quarterly Growth DCF Model.....	10
	Constant Growth DCF Model.....	17
	Multi-Stage DCF Model	19
	Discounted Cash Flow Model Results.....	24
	CAPM Analysis	25
	Bond Yield Plus Risk Premium Approach	31
VI.	BUSINESS RISKS AND OTHER CONSIDERATIONS.....	34
	Small Size Premium.....	34
	Flotation Costs	36
VII.	CAPITAL MARKET ENVIRONMENT	38
VIII.	CAPITAL STRUCTURE	44
IX.	COST OF DEBT.....	46
X.	CONCLUSIONS AND RECOMMENDATION	46

1 also hold the Chartered Financial Analyst designation.

2 **Q. Please describe your experience in the energy and utility industries.**

3 A. I have worked in regulated industries for over twenty five years, having served as an
4 executive and manager with consulting firms, a financial officer of a publicly-traded
5 natural gas utility (at the time, Bay State Gas Company), and an analyst at a
6 telecommunications utility. In my role as a consultant, I have advised numerous energy
7 and utility clients on a wide range of financial and economic issues, including corporate
8 and asset-based transactions, asset and enterprise valuation, transaction due diligence,
9 and strategic matters. As an expert witness, I have provided testimony in approximately
10 100 proceedings regarding various financial and regulatory matters before numerous state
11 utility regulatory agencies and the Federal Energy Regulatory Commission. A summary
12 of my professional and educational background, including a list of my testimony in prior
13 proceedings, is included in Attachment A to my Direct Testimony.

14 **II. PURPOSE AND OVERVIEW OF TESTIMONY**

15 **Q. What is the purpose of your Direct Testimony?**

16 A. The purpose of my Direct Testimony is to present evidence and provide a
17 recommendation regarding the Company's return on equity ("ROE") and capital
18 structure.¹ My analyses and conclusions are supported by the data presented in Schedule
19 RBH-1 through Schedule RBH-11, which have been prepared by me or under my
20 direction. Accordingly, I also sponsor Schedule COS-9, Capital Structure and Cost of
21 Capital, as noted by Company witness James Fallert.

¹ Throughout my Direct Testimony, I interchangeably use the terms "ROE" and "Cost of Equity."

1 **Q. What are your conclusions regarding the appropriate Cost of Equity, capital**
2 **structure and cost of debt for the Company?**

3 A. My analyses indicate that the Company's Cost of Equity currently is in the range of 10.00
4 percent to 10.50 percent. Based on the quantitative and qualitative analyses discussed
5 throughout my Direct Testimony, I recommend that the Commission authorize the
6 Company the opportunity to earn an ROE of 10.50 percent.

7 As to the Company's capital structure, which includes 58.34 percent common
8 equity and 41.66 percent long-term debt, I note that it is consistent with those in place at
9 comparable operating utility companies. In light of the ongoing need to access capital
10 markets, and seeing that it is consistent with similarly situated utility companies, I
11 conclude that the Company's capital structure is reasonable and appropriate.

12 Lastly, I note that the Company's 4.78 percent cost of debt is consistent with,
13 although lower than, the debt cost rates authorized for natural gas utilities during calendar
14 year 2013. As such, I conclude that the Company's cost of debt is reasonable and
15 appropriate.

16 **Q. Please provide a brief overview of the analyses that led to your ROE**
17 **recommendation.**

18 A. Because all models are subject to various assumptions and constraints, equity analysts
19 and investors tend use multiple methods to develop their return requirements. I therefore
20 relied on three widely-accepted approaches to develop my ROE recommendation: (1) the
21 Discounted Cash Flow ("DCF") model, including the Quarterly Growth, Constant
22 Growth, and Multi-Stage forms; (2) the Capital Asset Pricing Model ("CAPM"); and (3)
23 the Bond Yield Plus Risk Premium approach.

1 My recommendation also takes into consideration the Company's risk profile, in
2 particular its relatively small size, and the direct costs associated with equity issuances.
3 Although I did not make explicit adjustments to my ROE estimates for those factors, I did
4 take them into consideration in determining the range in which the Company's Cost of
5 Equity likely falls.

6 **Q. How is the remainder of your Direct Testimony organized?**

7 A. The remainder of my Direct Testimony is organized as follows:

- 8 • Section III – Discusses the regulatory guidelines and financial considerations
9 pertinent to the development of the cost of capital;
- 10 • Section IV – Explains my selection of the proxy group used to develop my
11 analytical results;
- 12 • Section V – Explains my analyses and the analytical bases for my ROE
13 recommendation;
- 14 • Section VI – Provides a discussion of specific business risks and other
15 considerations that have a direct bearing on the Company's Cost of Equity;
- 16 • Section VII – Highlights the current capital market conditions and their effect on
17 the Company's Cost of Equity;
- 18 • Section VIII – Addresses the reasonableness of the Company's capital structure;
- 19 • Section IX – Briefly discusses the Company's cost of debt; and
- 20 • Section X – Summarizes my conclusions and recommendations.

1 **III. REGULATORY GUIDELINES AND FINANCIAL CONSIDERATIONS**

2 **Q. Please provide a brief summary of the guidelines established by the United States**
3 **Supreme Court (the “Court”) for the purpose of determining the ROE.**

4 A. The Supreme Court established the guiding principles for establishing a fair return for
5 capital in two cases: (1) *Bluefield Water Works and Improvement Co. v. Public Service*
6 *Comm’n of West Virginia (Bluefield)*; and (2) *Federal Power Comm’n v. Hope Natural*
7 *Gas Co. (Hope)*. In those cases, the Court recognized that the fair rate of return on equity
8 should be: (1) comparable to returns investors expect to earn on other investments of
9 similar risk; (2) sufficient to assure confidence in the company’s financial integrity; and
10 (3) adequate to maintain and support the company’s credit and to attract capital.

11 **Q. Does Missouri precedent provide similar guidance?**

12 A. Yes, the Commission cited the *Hope* and *Bluefield* decisions at some length and
13 acknowledged its authority and responsibility to set “just and reasonable” rates for public
14 utility service, stating that:

15 A “just and reasonable” rate is one that is fair to both the utility and its
16 customers; it is no more than is sufficient to “keep public utility plants
17 in proper repair for effective public service, [and] ...to insure to the
18 investors a reasonable return upon funds invested.”²

19 Based on those standards, the authorized ROE should provide the Company with
20 the opportunity to earn a fair and reasonable return and should enable efficient access to
21 external capital under a variety of market conditions.

22 **Q. Why is it important for a utility to be allowed the opportunity to earn a return**

² *In the Matter of Missouri Gas Energy and its Tariff Filing to Implement a General Rate Increase for Natural Gas Service*, Report and Order, Missouri Public Service Commission, Case No. GR-2009-0355, February 10, 2010, at 7.

1 **adequate to attract equity capital at reasonable terms?**

2 A. A return that is adequate to attract capital at reasonable terms enables the utility to
3 provide service while maintaining its financial integrity. In keeping with the *Hope* and
4 *Bluefield* standards, that return should be commensurate with the returns expected
5 elsewhere in the market for investments of equivalent risk. The consequence of the
6 Commission's order in this case, therefore, should be to provide Liberty Utilities with the
7 opportunity to earn a return on equity that is: (1) adequate to attract capital at reasonable
8 terms; (2) sufficient to ensure its financial integrity; and (3) commensurate with returns
9 on investments in enterprises having corresponding risks. To the extent Liberty Utilities
10 is provided a reasonable opportunity to earn its market-based Cost of Equity, neither
11 customers nor shareholders should be disadvantaged. In fact, a return that is adequate to
12 attract capital at reasonable terms enables Liberty Utilities to provide safe, reliable
13 natural gas utility service while maintaining its financial integrity.

14 **IV. PROXY GROUP SELECTION**

15 **Q. As a preliminary matter, why is it necessary to select a group of proxy companies to**
16 **determine the Cost of Equity for the Company?**

17 A. Since the ROE is a market-based concept, and Liberty Utilities is not a publicly traded
18 entity, it is necessary to establish a group of comparable publicly-traded companies to
19 serve as its "proxy." Even if Liberty Utilities were a publicly traded entity, short-term
20 events could bias its market value during a given period of time. A significant benefit of
21 using a proxy group is that it serves to moderate the effects of anomalous, temporary
22 events associated with any one company.

1 **Q. Does the selection of a proxy group suggest that analytical results will be tightly**
2 **clustered around average (i.e., mean) results?**

3 A. No. For example, the Constant Growth DCF approach, defines the Cost of Equity as the
4 sum of the expected dividend yield and projected long-term growth. Despite the care
5 taken to ensure risk comparability, market expectations with respect to future risks and
6 growth opportunities will vary from company to company. Therefore, even within a
7 group of similarly situated companies, it is common for analytical results to reflect a
8 seemingly wide range. Consequently, at issue is how to estimate a Company's ROE from
9 within that range. That determination necessarily must consider a wide range of both
10 empirical and qualitative information.

11 **Q. Please provide a summary profile of Liberty Utilities.**

12 A. Liberty Utilities, which is an indirect wholly owned subsidiary of Algonquin Power &
13 Utilities Corp., provides natural gas distribution service to approximately 82,000
14 customers in Missouri, Illinois, and Iowa³

15 **Q. How did you select the companies included in your proxy group?**

16 A. I began with the universe of companies that Value Line classifies as Electric or Natural
17 Gas Utilities, which includes a group of 58 domestic U.S. utilities, and applied the
18 following screening criteria:

- 19
- I excluded companies that do not consistently pay quarterly cash dividends;
 - All of the companies in my proxy group have been covered by at least two utility
- 21 industry equity analysts;

³ Source: Algonquin Power & Utilities Corp, 2012 Annual Report, December 31, 2012, at 18.

- All of the companies in my proxy group have investment grade senior unsecured bond and/or corporate credit ratings from Standard & Poor's ("S&P")⁴;
- To ensure that my proxy group represents natural gas distribution operations, I included companies with at least 60.00 percent of consolidated net operating income derived from regulated natural gas utility operations; and
- I eliminated companies currently known to be party to a merger, or other significant transaction.

Q. What companies met those screening criteria?

A. The criteria discussed above resulted in a proxy group of the following nine companies:

Table 1: Proxy Group Screening Results

Company	Ticker
AGL Resources	GAS
Atmos Energy	ATO
Laclede Group	LG
New Jersey Resources	NJR
Northwest Natural Gas	NWN
Piedmont Natural Gas	PNY
South Jersey Industries	SJI
Southwest Gas	SWX
Washington Gas Light	WGL

Q. Do you believe that a proxy group of nine companies is sufficiently large?

A. Yes. The analyses performed in estimating the ROE are more likely to be representative of the subject utility's Cost of Equity to the extent that the chosen proxy companies are

⁴ The Company's ultimate parent, Algonquin Power & Utilities Corp., along with Liberty Utilities Co., was upgraded from BBB- to BBB by Standard and Poor's on October 11, 2013

1 fundamentally comparable to the subject utility. Because all analysts use some form of
2 screening process to arrive at a proxy group, the group, by definition, is not randomly
3 drawn from a larger population. Consequently, there is no reason to place more reliance
4 on the quantitative results of a larger proxy group simply by virtue of the resulting larger
5 number of observations.

6 Moreover, because I am using market-based data, my analytical results will not
7 necessarily be tightly clustered around a central point. Results that may be somewhat
8 dispersed, however, do not suggest that the screening approach is inappropriate or the
9 results less meaningful. In my view, including companies whose fundamental
10 comparability is tenuous at best simply for the purpose of expanding the number of
11 observations does not add relevant information to the analysis.

12 **V. COST OF EQUITY ESTIMATION**

13 **Q. Please briefly discuss the ROE in the context of the regulated rate of return.**

14 A. Regulated utilities primarily use common stock and long-term debt to finance their
15 capital investments. The overall rate of return (“ROR”) weighs the costs of the
16 individual sources of capital by their respective book values. While the cost of debt can
17 be directly observed, the Cost of Equity is market-based and, therefore, must be estimated
18 based on observable market information.

19 **Q. How is the required ROE determined?**

20 A. I estimated the ROE using analyses based on market data to quantify a range of investor
21 expectations of required equity returns. By their very nature, quantitative models
22 produce a range of results from which the market required ROE must be estimated. As

1 discussed throughout my Direct Testimony, that estimation must be based on a
2 comprehensive review of relevant data and information, and does not necessarily lend
3 itself to a strict mathematical solution. Consequently, the key consideration in
4 determining the ROE is to ensure that the overall analysis reasonably reflects investors'
5 view of the financial markets in general and the subject company (in the context of the
6 proxy companies) in particular.

7 ***Quarterly Growth DCF Model***

8 **Q. Are DCF models widely used in regulatory proceedings?**

9 A. Yes. In my experience, the DCF model is widely recognized in regulatory proceedings,
10 as well as in financial literature. Nonetheless, neither the DCF nor any other model
11 should be applied without considerable judgment in the selection of data and the
12 interpretation of results.

13 **Q. Please describe the DCF approach.**

14 A. The DCF approach is based on the theory that a stock's current price represents the
15 present value of all expected future cash flows. In its simplest form, the DCF model
16 expresses the Cost of Equity as the sum of the expected dividend yield and long-term
17 growth rate, and is expressed as follows:

18
$$P = \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \dots + \frac{D_\infty}{(1+k)^\infty} \quad \text{Equation [1]}$$

19 where P represents the current stock price, $D_1 \dots D_\infty$ represent expected future dividends,
20 and k is the discount rate, or required ROE. Equation [1] is a standard present value
21 calculation that can be simplified and rearranged into the familiar form:

22
$$k = \frac{D_0 (1+g)}{P} + g \quad \text{Equation [2]}$$

1 Equation [2] often is referred to as the “Constant Growth DCF” model, in which the first
2 term is the expected dividend yield and the second term is the expected long-term annual
3 growth rate.

4 In essence, the DCF model assumes that the total return received by investors
5 includes the dividend yield, and the rate of growth. As explained below, under the
6 model’s assumptions, the rate of growth equals the rate of capital appreciation. That is,
7 the model assumes that the investor’s return is the sum of the dividend yield and the
8 increase in the stock price. However, most dividend-paying companies, including
9 utilities, pay dividends on a quarterly (as opposed to an annual) basis. The yield
10 component of the Quarterly Growth DCF model, therefore, accounts for the quarterly
11 payment of dividends. Thus, the Quarterly Growth DCF model incorporates investors’
12 expectation of the quarterly payment of dividends, and the associated quarterly
13 compounding of those dividends as they are reinvested at investors’ required ROE. As
14 noted by Dr. Roger Morin:

15 Clearly, given that dividends are paid quarterly and that the observed
16 stock price reflects the quarterly nature of dividend payments, the
17 market-required return must recognize quarterly compounding, for the
18 investor receives dividend checks and reinvests the proceeds on a
19 quarterly schedule ... The annual DCF model inherently understates
20 the investors’ true return because it assumes all cash flows received by
21 investors are paid annually.⁵

22 **Q. How is the dividend yield component of the Quarterly Growth DCF model**
23 **calculated?**

24 **A.** The dividend yield is calculated such that it incorporates the time value of money

⁵ Roger A. Morin, New Regulatory Finance, Public Utility Reports, Inc., 2006 at 344.

1 associated with quarterly compounding. To do so, the D component of the Constant
2 Growth DCF model is replaced with the following equation:

$$3 \quad D = d_1(1+k)^{75} + d_2(1+k)^{50} + d_3(1+k)^{25} + d_4(1+k)^0 \quad \text{Equation [3]}$$

4 where:

5 d_1, d_2, d_3, d_4 = expected quarterly dividends over the coming year

6 k = the required Return on Equity

7 Due to the fact that the required ROE (k) is a variable in the dividend calculation, the
8 Quarterly Growth DCF model is solved in an iterative fashion.

9 **Q. What market data did you use to calculate the dividend yield in your Quarterly**
10 **Growth DCF model?**

11 A. To calculate the expected dividends over the coming year for the proxy companies (*i.e.*,
12 d_1, d_2, d_3 , and d_4), I obtained the last four paid quarterly dividends for each company,
13 and multiplied them by one plus the growth rate (*i.e.*, $1 + g$). For the P_0 component of
14 the dividends yield, I obtained the closing stock prices over the 30-, 90-, and 180-trading
15 days ended December 31, 2013 for each company in the proxy group.

16 **Q. Why did you use three averaging periods to calculate an average stock price?**

17 A. I did so to ensure that the model's results are not skewed by anomalous events that may
18 affect stock prices on any given trading day. At the same time, the averaging period
19 should be reasonably representative of expected capital market conditions over the long
20 term. In my view, using 30-, 90-, and 180-day averaging periods reasonably balances
21 those concerns.

1 **Q. Is it important to select appropriate measures of long-term growth in applying the**
2 **DCF model?**

3 A. Yes. In its Constant Growth form, the DCF model (*i.e.*, as presented in Equation [2]
4 above) assumes a single growth estimate in perpetuity. The same assumption is made in
5 the Quarterly Growth DCF model. Accordingly, in order to reduce the long-term growth
6 rate to a single measure, one must assume a fixed payout ratio, and the same constant
7 growth rate for earnings per share (“EPS”), dividends per share, and book value per
8 share. Since dividend growth can only be sustained by earnings growth, the model
9 should incorporate a variety of measures of long-term earnings growth. That can be
10 accomplished by averaging those measures of long-term growth that tend to be least
11 influenced by capital allocation decisions that companies may make in response to near-
12 term changes in the business environment. Since such decisions may directly affect near-
13 term dividend payout ratios, estimates of earnings growth are more indicative of long-
14 term investor expectations than are dividend growth estimates. Therefore, for the
15 purposes of the Quarterly Growth DCF model, growth in EPS represents the appropriate
16 measure of long-term growth.

17 **Q. Please summarize the findings of academic research on the appropriate measure for**
18 **estimating equity returns using the DCF model.**

19 A. The relationship between various growth rates and stock valuation metrics has been the
20 subject of much academic research.⁶ As noted over 40 years ago by Charles Phillips
21 in The Economics of Regulation:

⁶ See, for example, Harris, Robert, *Using Analysts' Growth Forecasts to Estimate Shareholder Required Rate of Return*, Financial Management, Spring 1986.

1 For many years, it was thought that investors bought utility stocks
2 largely on the basis of dividends. More recently, however, studies
3 indicate that the market is valuing utility stocks with reference to total
4 per share earnings, so that the earnings-price ratio has assumed
5 increased emphasis in rate cases.⁷

6 Philips' conclusion continues to hold true. Subsequent academic research has
7 clearly and consistently indicated that measures of earnings and cash flow are strongly
8 related to returns, and that analysts' forecasts of growth are superior to other measures of
9 growth in predicting stock prices.⁸ For example, Vander Weide and Carleton state that,
10 "[our] results...are consistent with the hypothesis that investors use analysts' forecasts,
11 rather than historically oriented growth calculations, in making stock buy-and-sell
12 decisions."⁹ Other research specifically notes the importance of analysts' growth
13 estimates in determining the Cost of Equity, and in the valuation of equity securities. Dr.
14 Robert Harris noted that "a growing body of knowledge shows that analysts' earnings
15 forecast are indeed reflected in stock prices." Citing Cragg and Malkiel, Dr. Harris notes
16 that those authors "found that the evaluations of companies that analysts make are the
17 sorts of ones on which market valuation is based."¹⁰ Similarly, Brigham, Shome and
18 Vinson noted that "evidence in the current literature indicates that (i) analysts' forecasts
19 are superior to forecasts based solely on time series data; and (ii) investors do rely on

7 Charles F. Phillips, Jr., The Economics of Regulation, Revised Edition, 1969, Richard D. Irwin, Inc., at 285.

8 See, for example, Christofi, Christofi, Lori and Moliver, *Evaluating Common Stocks Using Value Line's Projected Cash Flows and Implied Growth Rate*, Journal of Investing (Spring 1999); Harris and Marston, *Estimating Shareholder Risk Premia Using Analysts' Growth Forecasts*, Financial Management, 21 (Summer 1992); and Vander Weide and Carleton, *Investor Growth Expectations: Analysts vs. History*, The Journal of Portfolio Management, Spring 1988.

9 Vander Weide and Carleton, *Investor Growth Expectations: Analysts vs. History*, The Journal of Portfolio Management, Spring 1988.

10 Robert S. Harris, *Using Analysts' Growth Forecasts to Estimate Shareholder Required Rate of Return*, Financial Management, Spring 1986.

1 analysts' forecasts."¹¹

2 To that point, the research of Carleton and Vander Weide demonstrates that
3 earnings growth projections have a statistically significant relationship to stock valuation
4 levels, while dividend growth rates do not.¹² Those findings suggest that investors form
5 their investment decisions based on expectations of growth in earnings, not dividends.
6 Consequently, earnings growth not dividend growth is the appropriate estimate for the
7 purpose of the Constant Growth DCF model.

8 **Q. Please describe the Retention Growth estimate as applied in your Quarterly Growth**
9 **DCF model.**

10 A. The Retention Growth model, which is a generally recognized and widely taught method
11 of estimating long-term growth, is an alternative approach to the use of analysts' earnings
12 growth estimates. In essence, the model is premised on the proposition that a firm's
13 growth is a function of its expected earnings, and the extent to which it retains earnings to
14 invest in the enterprise. In its simplest form, the model represents long-term growth as
15 the product of the retention ratio (*i.e.*, the percentage of earnings not paid out as
16 dividends (referred to below as "b") and the expected return on book equity (referred to
17 below as "r")). Thus, the simple "b x r" form of the model projects growth as a function
18 of internally generated funds. That form of the model is limiting, however, in that it does
19 not provide for growth funded from external equity.

20 The "br + sv" form of the Retention Growth estimate used in my DCF analysis is

¹¹ Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, Financial Management, Spring 1985.

¹² See Vander Weide and Carleton, *Investor Growth Expectations: Analysts vs. History*, The Journal of Portfolio Management, Spring 1988.

1 meant to reflect growth from both internally generated funds (*i.e.*, the “br” term) and
2 from issuances of equity (*i.e.*, the “sv” term). The first term, which is the product of the
3 retention ratio (*i.e.*, “b”, or the portion of net income not paid in dividends) and the
4 expected Return on Equity (*i.e.*, “r”) represents the portion of net income that is “plowed
5 back” into the Company as a means of funding growth. The “sv” term is represented as:

$$\left(\frac{m}{b} - 1\right) \times \text{Growth rate in Common Shares} \quad \text{Equation [4]}$$

7 where $\frac{m}{b}$ is the Market-to-Book ratio.

8 In this form, the “sv” term reflects an element of growth as the product of (a) the
9 growth in shares outstanding, and (b) that portion of the market-to-book ratio that
10 exceeds unity. As shown in Schedule RBH-4, all of the components of the Retention
11 Growth model can be derived from data provided by Value Line.

12 **Q. How did you calculate the high and low DCF results?**

13 A. I calculated the proxy group mean high DCF results by using the maximum EPS growth
14 rate as reported by Value Line, Zacks, First Call, and the Retention Growth estimate for
15 each proxy group company in combination with the dividend yield for each of the proxy
16 companies. The proxy group mean high results then reflect the average of the maximum
17 DCF results for the proxy group as a whole. I used a similar approach to calculate the
18 proxy group mean low results using instead the minimum of the Value Line, Zacks, First
19 Call and the Retention Growth estimate for each proxy group company.

20 **Q. What are the results of your Quarterly Growth DCF analysis?**

21 A. My Quarterly Growth DCF results are summarized in Table 2, below (*see* also Schedule
22 RBH-1).

Table 2: Quarterly Growth DCF Results¹³

	<i>Mean Low</i>	<i>Mean</i>	<i>Mean High</i>
30-Day Average	8.05%	9.29%	10.76%
90-Day Average	8.05%	9.28%	10.76%
180-Day Average	8.03%	9.26%	10.74%

Constant Growth DCF Model

Q. What assumptions are required for the Constant Growth DCF model?

A. The Constant Growth DCF model assumes: (1) a constant average annual growth rate for earnings and dividends; (2) a stable dividend payout ratio; (3) a constant price-to-earnings multiple; and (4) a discount rate greater than the expected growth rate. Under those assumptions, dividends, earnings, book value, and the stock price all grow at the same, constant rate.

Q. What market data did you use to calculate the dividend yield component of your DCF model?

A. The dividend yield is based on the proxy companies' current annualized dividend, and average closing stock prices over the 30-, 90-, and 180-trading day periods as of December 31, 2013.

Q. Did you make any adjustments to the dividend yield to account for periodic growth in dividends?

A. Yes. Since utilities increase their quarterly dividends at different times throughout the year, it is reasonable to assume that dividend increases will be evenly distributed over

¹³ DCF results presented in Table 2 are unadjusted (*i.e.*, prior to any adjustment for flotation costs).

1 calendar quarters. Given that assumption, it is appropriate to calculate the expected
2 dividend yield by applying one-half of the long-term growth rate to the current dividend
3 yield.¹⁴ That adjustment ensures that the expected dividend yield is representative of the
4 coming twelve-month period, and does not overstate the dividends to be paid during that
5 time.

6 **Q. What growth rates did you use in your Constant Growth DCF model analysis?**

7 A. I used the same projected EPS growth rates as well as the Retention Growth estimate
8 applied in my Quarterly Growth DCF model analysis.

9 **Q. Please summarize your inputs to the Constant Growth DCF model.**

10 A. I used the following inputs for the price and dividend terms:

- 11 1. The average daily closing prices for the 30-, 90-, and 180-trading days
12 ended December 31, 2013, for the term P_0 ; and
- 13 2. The annualized dividend per share as of December 31, 2013, for the term
14 D_0 .

15 I then calculated my DCF results using each of the following growth terms:

- 16 1. The Zacks consensus long-term earnings growth estimates;
- 17 2. The First Call consensus long-term earnings growth estimates;
- 18 3. The Value Line long-term earnings growth estimates; and
- 19 4. An estimate of Retention Growth.

20 **Q. What are the results of your Constant Growth DCF analysis?**

21 A. My Constant Growth DCF results are summarized in Table 3, below (*see* also Schedule

¹⁴ See Schedule-RBH-2

1 RBH-2).

2 **Table 3: Constant Growth DCF Results¹⁵**

	<i>Mean Low</i>	<i>Mean</i>	<i>Mean High</i>
30-Day Average	7.93%	9.12%	10.55%
90-Day Average	7.92%	9.12%	10.55%
180-Day Average	7.90%	9.10%	10.53%

3
4 ***Multi-Stage DCF Model***

5 **Q. What other forms of the DCF model have you used?**

6 A. In order to address certain limiting assumptions underlying the Constant Growth form of
7 the DCF model, I also considered the Multi-Stage (three-stage) DCF Model. The Multi-
8 Stage model, which is an extension of the Constant Growth form, enables the analyst to
9 specify growth rates over three distinct stages. As with the Constant Growth form of the
10 DCF model, the Multi-Stage form defines the Cost of Equity as the discount rate that sets
11 the current price equal to the discounted value of future cash flows. Unlike the Constant
12 Growth form, however, the Multi-Stage model must be solved in an iterative fashion.

13 **Q. Please generally describe the structure of your Multi-Stage model.**

14 A. As noted above, the model sets the subject company's stock price equal to the present
15 value of future cash flows received over three "stages". In the first two stages, "cash
16 flows" are defined as projected dividends. In the third stage, "cash flows" equal both
17 dividends and the expected price at which the stock will be sold at the end of the period
18 (*i.e.*, the "terminal price"). I calculated the terminal price based on the Gordon model,

¹⁵ DCF results presented in Table 3 are unadjusted (*i.e.*, prior to any adjustment for flotation costs).

1 which defines the price as the expected dividend divided by the difference between the
 2 Cost of Equity (*i.e.*, the discount rate) and the long-term expected growth rate. In
 3 essence, the terminal price is defined by the present value of the remaining “cash flows”
 4 in perpetuity. In each of the three stages, the dividend is the product of the projected
 5 earnings per share and the expected dividend payout ratio. A summary description of the
 6 model is provided in Table 4 (below).

7
 8 **Table 4: Multi-Stage DCF Structure**

Stage	0	1	2	3
Cash Flow Component	Initial Stock Price	Expected Dividend	Expected Dividend	Expected Dividend + Terminal Value
Inputs	Stock Price Earnings Per Share (EPS) Dividends Per Share (DPS)	Expected EPS Expected DPS	Expected EPS Expected DPS	Expected EPS Expected DPS Terminal Value
Assumptions	30-, 90-, and 180-day average stock price	EPS Growth Rate Payout Ratio	Growth Rate Change Payout Ratio Change	Long-term Growth Rate Long-term Payout Ratio

9
 10 **Q. What are the analytical benefits of your three-stage model?**

11 A. The principal benefits relate to the flexibility provided by the model’s formulation. Since
 12 the model provides the ability to specify near, intermediate and long-term growth rates,
 13 for example, it avoids the sometimes limiting assumption that the subject company will
 14 grow at the same, constant rate in perpetuity. In addition, by calculating the dividend as
 15 the product of earnings and the payout ratio, the model enables analysts to reflect
 16 assumptions regarding the timing and extent of changes in the payout ratio to reflect, for

1 example, increases or decreases in expected capital spending, or transition from current
2 payout levels to long-term expected levels. In that regard, because the model relies on
3 multiple sources of earnings growth rate assumptions, it is not limited to a single source,
4 such as Value Line, for all inputs, and mitigates the potential bias associated with relying
5 on a single source of growth estimates.¹⁶

6 The model also enables the analyst to assess the reasonableness of the inputs and
7 results by reference to certain market-based metrics. For example, the stock price
8 estimate can be divided by the expected earnings per share in the final year to calculate
9 an average Price to Earnings (“P/E”) ratio. Similarly, the terminal P/E ratio can be
10 divided by the terminal growth rate to develop a Price to Earnings Growth (“PEG”) ratio.
11 To the extent that either the projected P/E or PEG ratios are inconsistent with either
12 historical or expected levels, it may indicate incorrect or inconsistent assumptions within
13 the balance of the model.

14 **Q. Please summarize your inputs to the Multi-Stage DCF model.**

15 A. I applied the Multi-Stage model to the proxy group described earlier in my Direct
16 Testimony. My assumptions with respect to the various model inputs are described in
17 Table 5 (below).

¹⁶ See, for example, Harris and Marston, *Estimating Shareholder Risk Premia Using Analysts’ Growth Forecasts*, Financial Management, 21 (Summer 1992).

1

Table 5: Multi-Stage DCF Model Assumptions

Stage	Initial	First	Transition	Terminal
Stock Price	30-, 90-, and 180-day average stock price as of December 31, 2013			
Earnings Growth	2012 actual EPS escalated by Period 1 growth rate	EPS growth as average of (1) Value Line; (2) Zacks; (3) First Call; (4) Retention Growth rates	Transition to Long-term GDP growth	Long-term GDP growth
Payout Ratio	Value Line company-specific	Value Line company-specific	Transition to long-term industry payout ratio	Long-term expected payout ratio
Terminal Value				Expected dividend in final year divided by solved Cost of Equity less long-term growth rate

2

3 **Q. How did you calculate the long-term GDP growth rate?**

4 A. The long-term growth rate of 5.71 percent is based on the real GDP growth rate of 3.29
 5 percent from 1929 through 2012,¹⁷ and an inflation rate of 2.35 percent.¹⁸ The GDP
 6 growth rate is calculated as the compound growth rate in the chain-weighted GDP for the
 7 period from 1929 through 2012. The rate of inflation of 2.35 percent is a compound
 8 annual forward rate starting in ten years (*i.e.*, 2024, which is the beginning of the terminal

¹⁷ See Bureau of Economic Analysis, December 5, 2013 update.

¹⁸ See Board of Governors of the Federal Reserve System, Table H.15 Selected Interest Rates.

1 period) and is based on the 30-day average projected inflation based on the spread
2 between yields on long-term nominal Treasury Securities and long-term Treasury
3 Inflation Protected Securities, known as the “TIPS spread”.

4 In essence, my real GDP growth rate projection is based on the assumption that
5 absent specific knowledge to the contrary, it is reasonable to assume that over time, real
6 GDP growth will revert to its long-term mean. Moreover, since estimating the Cost of
7 Equity is a market-based exercise, it is important to reflect the sentiments and
8 expectations of investors to the extent possible. In that important respect, the TIPS
9 spread represents the collective views of investors regarding long-term inflation
10 expectations. Equally important, by using forward yields we are able to infer the level of
11 long-term inflation expected by investors as of the terminal period of the Multi-Stage
12 model (that is, ten years in the future).

13 **Q. What were your specific assumptions with respect to the payout ratio?**

14 A. As noted in Table 5, for the first two periods, I relied on the first year and long-term
15 projected payout ratios reported by Value Line¹⁹ for each of the proxy companies. I then
16 assumed that by the end of the second period (*i.e.*, the end of year 10), the payout ratio
17 will converge to the industry expected ratio of 69.45 percent.²⁰ Table 6 (below; *see also*
18 Schedule RBH-3) presents the Multi-Stage DCF analysis results. Using the Gordon
19 model to calculate the terminal stock price, the Multi-Stage DCF analysis produces a
20 range of results from 9.56 percent to 10.36 percent.

¹⁹ As reported in the Value Line Investment Survey as “All Div’ds to Net Prof.”
²⁰ Source: Bloomberg Professional

1

Table 6: Multi-Stage DCF Model Results²¹

	<i>Low</i>	<i>Mean</i>	<i>High</i>
30-Day Average	9.58%	9.92%	10.36%
90-Day Average	9.58%	9.91%	10.36%
180-Day Average	9.56%	9.89%	10.34%

2

3 ***Discounted Cash Flow Model Results***

4 **Q. Please summarize the results of your DCF analyses.**

5 A. Table 7 (below) (*see* also Schedule RBH-1, Schedule RBH-2 and Schedule RBH-3)
6 presents the results of the Quarterly Growth, Constant Growth and Multi-Stage DCF
7 analyses. Setting aside the low results, the Quarterly Growth DCF produces a range of
8 results from 9.26 percent to 10.76 percent and the Constant Growth DCF model produces
9 a range of results from 9.10 percent to 10.55 percent. The Multi-Stage DCF analysis
10 produces a range of results from 9.5658 percent to 10.36 percent.

²¹ DCF results presented in Table 6 are unadjusted (*i.e.*, prior to any adjustment for flotation costs).

Table 7: Summary of DCF Model Results²²

	<i>Mean Low</i>	<i>Mean</i>	<i>Mean High</i>
<i>Quarterly Growth DCF Results</i>			
30-Day Average	8.05%	9.29%	10.76%
90-Day Average	8.05%	9.28%	10.76%
180-Day Average	8.03%	9.26%	10.74%
<i>Constant Growth DCF Results</i>			
30-Day Average	7.93%	9.12%	10.55%
90-Day Average	7.92%	9.12%	10.55%
180-Day Average	7.90%	9.10%	10.53%
<i>Multi-Stage DCF Results</i>			
30-Day Average	9.58%	9.92%	10.36%
90-Day Average	9.58%	9.91%	10.36%
180-Day Average	9.56%	9.89%	10.34%

Q. Did you undertake any additional analyses to support your recommendation?

A. Yes. As noted earlier, I also applied the CAPM and Risk Premium approaches.

CAPM Analysis

Q. Please briefly describe the general form of the CAPM analysis.

A. The CAPM analysis is a risk premium method that estimates the Cost of Equity for a given security as a function of a risk-free return plus a risk premium (to compensate investors for the non-diversifiable or “systematic” risk of that security). As shown in Equation [5], the CAPM is defined by four components, each of which theoretically must be a forward-looking estimate:

²² DCF results presented in Table 7 are unadjusted (*i.e.*, prior to any adjustment for flotation costs).

1
$$k = r_f + \beta(r_m - r_f) \quad \text{Equation [5]}$$

2 where:

3 k = the required market ROE for a security;

4 β = the Beta coefficient of that security;

5 r_f = the risk-free rate of return; and

6 r_m = the required return on the market as a whole.

7 In Equation [5], the term $(r_m - r_f)$ represents the Market Risk Premium.²³

8 According to the theory underlying the CAPM, since unsystematic risk can be diversified
9 away by adding securities to their investment portfolio, investors should be concerned
10 only with systematic or non-diversifiable risk. Non-diversifiable risk is measured by the
11 Beta coefficient, which is defined as:

12
$$\beta_j = \frac{\sigma_j}{\sigma_m} \times \rho_{j,m} \quad \text{Equation [6]}$$

13 Where σ_j is the standard deviation of returns for company “j,” σ_m is the standard
14 deviation of returns for the broad market (as measured, for example, by the S&P 500
15 Index), and $\rho_{j,m}$ is the correlation of returns in between company j and the broad market.
16 The Beta coefficient therefore represents both relative volatility (*i.e.*, the standard
17 deviation) of returns, and the correlation in returns between the subject company and the
18 overall market.

19 Intuitively, higher Beta coefficients indicate that the subject company’s returns
20 have been relatively volatile, and have moved in tandem with the overall market.
21 Consequently, if a company has a Beta coefficient of 1.00, it is as risky as the market and

²³ The Market Risk Premium is defined as the incremental return of the market over the risk-free rate.

1 does not provide any diversification benefit.

2 **Q. Has the CAPM been affected by recent economic conditions?**

3 A. Yes, for example, the risk-free rate, " r_f ", in the CAPM formula is represented by the
4 yield on long-term U.S. Treasury securities. During periods of increased equity market
5 volatility investors tend to allocate their capital to low-risk securities such as Treasury
6 bonds, thereby bidding down the yield on those securities. In addition, since the 2008
7 Lehman Brothers bankruptcy filing, the Federal Reserve has focused on maintaining low
8 long-term interest rates. However, the capital markets continue to change, by some
9 measures quite significantly; as discussed later in my Direct Testimony, the 30-year
10 Treasury yield increased by 113 basis points from May through December 2013.

11 **Q. With those observations in mind, what assumptions did you include in your CAPM**
12 **analysis?**

13 A. Since utility assets represent long-term investments, I used two different measures of the
14 risk-free rate: (1) the current 30-day average yield on 30-year Treasury bonds (*i.e.*, 3.87
15 percent); and (2) the projected 30-year Treasury yield (*i.e.*, 4.15 percent).

16 **Q. Why have you relied upon the 30-year Treasury yield for your CAPM analysis?**

17 A. In determining the security most relevant to the application of the CAPM, it is important
18 to select the term (or maturity) that best matches the life of the underlying investment.
19 Natural gas utilities typically are long-duration investments and as such, the 30-year
20 Treasury yield is more suitable for the purpose of calculating the Cost of Equity.

21 **Q. What Market Risk Premium did you use in your CAPM analysis?**

22 A. For the reasons discussed above, I did not use a historical average; rather, I developed
23 forward-looking (*ex-ante*) estimates of the Market Risk Premium.

1 **Q. Please describe your *ex-ante* approach to estimating the Market Risk Premium.**

2 A. The approach is based on the market required return, less the current 30-year Treasury
3 yield. To estimate the market required return, I calculated the market capitalization
4 weighted average ROE based on the Constant Growth DCF model. To do so, I relied on
5 data from two sources: (1) Bloomberg; and (2) Value Line. With respect to Bloomberg-
6 derived growth estimates, I calculated the expected dividend yield (using the same one-
7 half growth rate assumption described earlier), and combined that amount with the
8 projected earnings growth rate to arrive at the market capitalization weighted average
9 DCF result. I performed that calculation for each of the S&P 500 companies for which
10 Bloomberg provided consensus growth rates. I then subtracted the current 30-year
11 Treasury yield from that amount to arrive at the market DCF-derived *ex-ante* market risk
12 premium estimate. In the case of Value Line, I performed the same calculation, again
13 using all companies for which five-year earnings growth rates were available. The results
14 of those calculations are provided in Schedule RBH-5.

15 **Q. How did you apply your expected Market Risk Premium and risk-free rate**
16 **estimates?**

17 A. I relied on the *ex-ante* Market Risk Premia discussed above, together with the current and
18 near-term projected 30-year Treasury yields as inputs to my CAPM analyses.

19 **Q. What Beta coefficient did you use in your CAPM model?**

20 A. With respect to the Beta coefficient, I considered two methods of calculation. My first
21 approach simply employs the average reported Beta coefficient from Bloomberg and
22 Value Line for each of the proxy companies. While both of those services adjust their
23 calculated (or “raw”) Beta coefficients to reflect the tendency of the Beta coefficient to

1 regress to the market mean of 1.00, Value Line calculates the Beta coefficient over a five-
2 year period, while Bloomberg's calculation is based on two years of data. I also
3 calculated Beta coefficients over a more recent time period to provide a more current
4 view as to investors' perspectives with respect to the systematic risk represented by the
5 proxy companies.

6 **Q. Please describe how you calculated the mean adjusted Beta coefficient for your**
7 **proxy group.**

8 A. As shown in Equation [6], the Beta coefficient is calculated as the ratio of the standard
9 deviation of returns for the subject company and the market, respectively, multiplied by
10 the correlation of returns between the two. I therefore calculated the "raw" Beta
11 coefficient for each member of the proxy group, based on Equation [6], and adjusted
12 those raw Beta coefficients to address the tendency to regress toward the market Beta
13 coefficient of unity. For the purpose of that calculation, I used weekly returns, and
14 calculated the standard deviation and correlations over the eighteen month period ended
15 December 31, 2013. Averaging those results produces an adjusted Beta coefficient of
16 0.851.

17 **Q. How and why did you adjust the raw Beta Coefficient?**

18 A. I adjusted my raw Beta coefficient consistent with the methodology used by Bloomberg,
19 which multiplies the raw Beta coefficient by 0.67, and adds 0.33 to that product. The
20 purpose of that adjustment is to reflect the results of substantial academic research
21 indicating that, over time, raw Beta coefficients tend to regress to the market mean of

1 1.00.²⁴

2 **Q. Please explain why you relied on a eighteen-month estimate of the proxy group**
3 **mean adjusted Beta Coefficient.**

4 A. As discussed above, the Market Risk Premium tends to change over time. In my view,
5 the use of Beta Coefficients calculated over shorter periods is consistent with the notion
6 that market conditions, and the risk premium required by investors in response to those
7 conditions, also may change over shorter periods. In any case, by relying on both Value
8 Line and Bloomberg, my CAPM analysis reflects Beta Coefficients calculated over
9 longer periods, as well.²⁵

10 **Q. What are the results of your CAPM analysis?**

11 A. As shown in Table 8, the CAPM analyses suggest an ROE range of 10.21 percent to
12 12.78 percent (*see* also Schedule RBH-7).

²⁴ The regression tendency of Beta coefficients to converge to 1.0 over time is well known and widely discussed in financial literature. (*See, e.g.,* Blume, Marshall E., *On the Assessment of Risk*, The Journal of Finance, Vol. 26, No. 1, March 1971, at 1-10).

²⁵ *See* Schedule RBH-6

Table 8: Summary of CAPM Results

	<i>Bloomberg Derived Market Risk Premium</i>	<i>Value Line Derived Market Risk Premium</i>
<i>Average Calculated Beta Coefficient</i>		
Current 30-Year Treasury (3.87%)	12.50%	11.40%
Near Term Projected 30-Year Treasury (4.15%)	12.78%	11.68%
<i>Average Bloomberg Beta Coefficient</i>		
Current 30-Year Treasury (3.87%)	11.96%	10.93%
Near Term Projected 30-Year Treasury (4.15%)	12.24%	11.21%
<i>Average Value Line Beta Coefficient</i>		
Current 30-Year Treasury (3.87%)	11.14%	10.21%
Near Term Projected 30-Year Treasury (4.15%)	11.42%	10.49%

Bond Yield Plus Risk Premium Approach

Q. Please generally describe the Bond Yield Plus Risk Premium approach.

A. This approach is based on the basic financial tenet that, since equity investors bear the residual risk associated with ownership and therefore require a premium over the return they would have earned as a bondholder. That is, since returns to equity holders are more risky than returns to bondholders, equity investors must be compensated for bearing that risk. Risk premium approaches, therefore, estimate the Cost of Equity as the sum of the equity risk premium and the yield on a particular class of bonds. As noted in my discussion of the CAPM, since the equity risk premium is not directly observable, it typically is estimated using a variety of approaches, some of which incorporate *ex-ante*, or forward-looking estimates of the Cost of Equity, and others that consider historical, or *ex-post*, estimates. An alternative approach is to use actual authorized returns for natural

1 gas utilities to estimate the Equity Risk Premium.

2 **Q. Please explain how you performed your Bond Yield Plus Risk Premium analysis.**

3 A. As suggested above, I first defined the Risk Premium as the difference between the
4 authorized ROE and the then-prevailing level of long-term (i.e., 30-year) Treasury yield.
5 I then gathered data for over 985 natural gas rate proceedings between January, 1980 and
6 December 31, 2013. In addition to the authorized ROE, I also calculated the average
7 period between the filing of the case and the date of the final order (the “lag period”). In
8 order to reflect the prevailing level of interest rates during the pendency of the
9 proceedings, I calculated the average 30-year Treasury yield over the average lag period
10 (approximately 187 days).

11 Because the data cover a number of economic cycles, the analysis also may be
12 used to assess the stability of the Equity Risk Premium. Prior research, for example, has
13 shown that the Equity Risk Premium is inversely related to the level of interest rates.
14 That analysis is particularly relevant given the relatively low, but increasing level of
15 current Treasury yields.

16 **Q. How did you model the relationship between interest rates and the Equity Risk
17 Premium?**

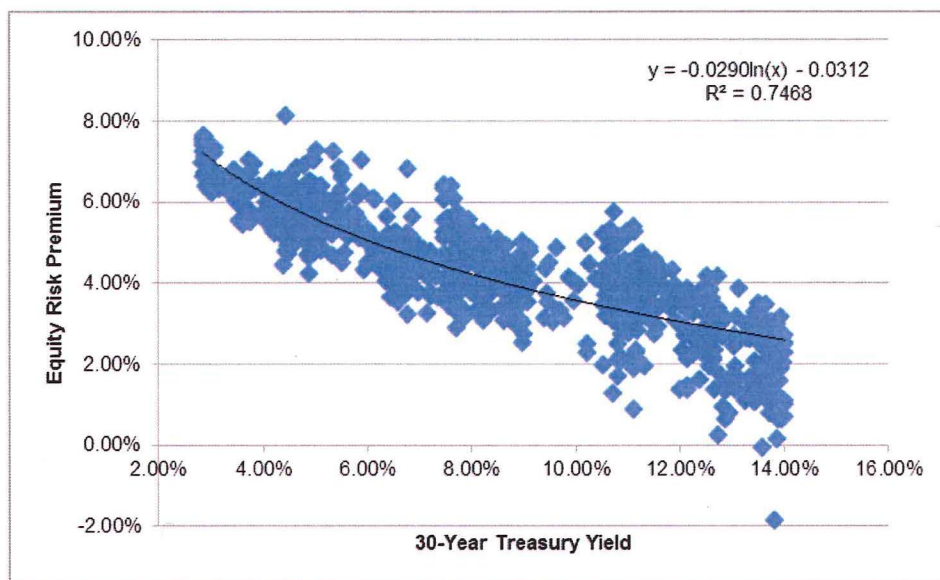
18 A. The basic method used was regression analysis, in which the observed Equity Risk
19 Premium is the dependent variable, and the average 30-year Treasury yield is the
20 independent variable. Relative to the long-term historical average, the analytical period
21 includes interest rates and authorized ROEs that are quite high during one period (i.e., the
22 1980s) and that are quite low during another (i.e., the post-Lehman bankruptcy period).
23 To account for that variability, I used the semi-log regression, in which the Equity Risk

1 Premium is expressed as a function of the natural log of the 30-year Treasury yield:

2
$$RP = \alpha + \beta(\text{LN}(T_{30})) \text{ Equation [7]}$$

3 As shown on Chart 1 (below), the semi-log form is useful when measuring an
4 absolute change in the dependent variable (in this case, the Risk Premium) relative to a
5 proportional change in the independent variable (the 30-year Treasury yield).

6 **Chart 1: Equity Risk Premium**



As Chart 1 illustrates, over time there has been a statistically significant, negative relationship between the 30-year Treasury yield and the Equity Risk Premium. Consequently, simply applying the long-term average Equity Risk Premium of 4.44 percent would significantly understate the Cost of Equity and produce results well below any reasonable estimate. Based on the regression coefficients in Chart 1, however, the implied ROE is between 10.19% percent and 10.69% percent (see Schedule RBH-8 and Table 9, below).

1 diversification across customers, energy sources, and geography. These obstacles imply
2 a higher investor return.”²⁷

3 **Q. How does Liberty Utilities compare in size to the proxy companies?**

4 A. Liberty Utilities is significantly smaller than the proxy group, both in terms of number of
5 customers and annual revenues. Schedule RBH-9 estimates the implied market
6 capitalization for Liberty Utilities (*i.e.*, the implied market capitalization if Liberty
7 Utilities were a stand-alone, publicly traded entity). That is, because Liberty Utilities is
8 not a separately traded entity, an estimated stand-alone market capitalization for Liberty
9 Utilities must be calculated. The implied market capitalization of Liberty Utilities is
10 calculated by applying the median market-to-book ratio for the proxy group of 1.60 to the
11 Company’s implied total common equity of approximately \$51 million.²⁸ The implied
12 market capitalization based on that calculation is \$82 million, which is only 4.01 percent
13 of the proxy group median of \$2.04 billion.

14 **Q. Have you also considered Liberty Utilities’ comparatively small size in your
15 estimated Cost of Equity?**

16 A. Yes. While I have quantified the small size effect, rather than proposing a specific
17 premium, I have considered the small size of Liberty Utilities in my assessment of
18 business risks in order to determine where, within a reasonable range of returns, Liberty
19 Utilities’ required ROE appropriately falls. In that regard, Liberty Utilities’
20 comparatively small size further supports my conclusion that an ROE at the upper end of
21 my recommended range is reasonable.

²⁷ Michael Annin, *Equity and the Small-Stock Effect*, Public Utilities Fortnightly, October 15, 1995.

²⁸ Equity value of Liberty Utilities is estimated from proposed rate base and its capital structure.

1 **Q. How did you estimate the size premium for Liberty Utilities?**

2 A. In its *Risk Premia Over Time Report: 2013*, Morningstar Inc. (“Morningstar”) presents its
3 calculation of the size premium for deciles of market capitalizations relative to the S&P
4 500 Index. An additional estimate of the size premium associated with Liberty Utilities,
5 therefore, is the difference in the Morningstar size risk premiums for the proxy group
6 median market capitalization relative to the implied market capitalization for Liberty
7 Utilities.

8 As shown on Schedule RBH-9, based on recent market data, the median market
9 capitalization of the proxy group was approximately \$2.04 billion, which corresponds to
10 the fifth decile of Morningstar’s market capitalization data. Based on the Morningstar
11 analysis, that decile has a size premium of 1.70 percent (or 170 basis points). The
12 implied market capitalization for Liberty Utilities is approximately \$82 million, which
13 falls within the tenth decile and corresponds to a size premium of 6.03 percent (or 603
14 basis points). The difference between those size premiums is 433 basis points (4.33
15 percent).

16
17 ***Flotation Costs***

18 **Q. What are flotation costs?**

19 A. Flotation costs are the costs associated with the sale of new issues of common stock.
20 These include out-of-pocket expenditures for preparation, filing, underwriting, and other
21 costs of issuance.

1 **Q. Are flotation costs part of the utility's invested costs or part of the utility's**
2 **expenses?**

3 A. Flotation costs are part of capital costs, which are properly reflected on the balance sheet
4 under "paid in capital" rather than current expenses on the income statement. Flotation
5 costs are incurred over time, just as investments in rate base or debt issuance costs. As a
6 result, the great majority of flotation costs are incurred prior to the test year, but remain
7 part of the cost structure during the test year and beyond.

8 **Q. How did you calculate the flotation cost recovery adjustment?**

9 A. I modified the DCF calculation to provide a dividend yield that would reimburse
10 investors for issuance costs. My flotation cost adjustment recognizes the costs of issuing
11 equity that were incurred by Liberty Utilities' parent company Algonquin Power and
12 Utilities and the proxy companies in their most recent two issuances. As shown in
13 Schedule RBH-10, an adjustment of 0.15 percent (*i.e.*, 15 basis points) reasonably
14 represents flotation costs for the Company.

15 **Q. Are you proposing to adjust your recommended ROE by 15 basis points to reflect**
16 **the effect of flotation costs on Liberty Utilities' ROE?**

17 A. No. Rather, I have considered the effect of flotation costs, in addition to the Company's
18 other business risks, in determining where the Company's ROE falls within the range of
19 results.

20

1 **VII. CAPITAL MARKET ENVIRONMENT**

2 **Q. Do economic conditions influence the required cost of capital and required return**
3 **on common equity?**

4 A. Yes. As discussed in Section V, the models used to estimate the Cost of Equity are
5 meant to reflect, and therefore are influenced by, current and expected capital market
6 conditions. The required cost of capital, including the ROE, is a function of prevailing
7 and expected economic and capital market conditions. As to the analyses used to
8 estimate the Cost of Equity, it is important to assess the reasonableness of any financial
9 model's results in the context of observable market data. To the extent that certain ROE
10 estimates are incompatible with such data or inconsistent with basic financial principles,
11 it is appropriate to consider whether alternative estimation techniques are likely to
12 provide more meaningful and reliable results.

13 **Q. Please summarize the effect of recent Federal Reserve policies on interest rates and**
14 **the cost of capital.**

15 A. Beginning 2008, the Federal Reserve proceeded on a steady path of initiatives intended to
16 lower long-term Treasury yields.²⁹ The Federal Reserve policy actions "were designed to
17 put downward pressure on longer-term interest rates by having the Federal Reserve take
18 onto its balance sheet some of the duration and prepayment risks that would otherwise
19 have been borne by private investors."³⁰ Under that policy, "Securities held outright" on
20 the Federal Reserve's balance sheet increased from approximately \$489 billion at the

²⁹ See Federal Reserve Press Release dated June 19, 2013.

³⁰ Federal Reserve Bank of New York, *Domestic Open Market Operations During 2012*, April 2013, at 29.

1 beginning of October 2008 to \$3.76 trillion by the end of December 2013.³¹ To put that
2 increase in context, the securities held by the Federal Reserve represented approximately
3 3.29 percent of Gross Domestic Product (“GDP”) at the end of September 2008, and had
4 risen to approximately 22.26 percent of GDP in 2013.³²

5 **Q. Is the Federal Reserve expected to maintain these policies?**

6 A. The extent to which the Federal Reserve will maintain its policy action depends on its
7 view of “the likely efficacy and costs” of its Quantitative Easing program.³³ Although
8 the Federal Reserve began “tapering” its asset purchases in December 2013, the future
9 pace of such reductions is not on a “preset course”.³⁴ Nonetheless, the steady increase in
10 interest rates since May 2013 suggests that investors have begun to focus on timing and
11 extent of further reductions in monthly asset purchases by the Federal Reserve. As such,
12 significant uncertainties remain in the market today and going forward. The uncertainty
13 surrounding the timing of the Federal Reserve’s future policy decisions, including the
14 unwinding of stimulus programs, represents a risk to investors that, in my view, should
15 be reflected in the Company’s authorized ROE.

16 **Q. Have capital market conditions changed over the past year?**

17 A. Yes. There is little question that both current and expected long-term interest rates have
18 increased over the past year, in particular over the latter half of 2013. As Chart 2
19 indicates, the 30-year Treasury yield rose by 113 basis points from May through

31 Source: Federal Reserve Schedule H.4.1. “Securities held outright” include U.S. Treasury securities, Federal agency debt securities, and mortgage-backed securities.

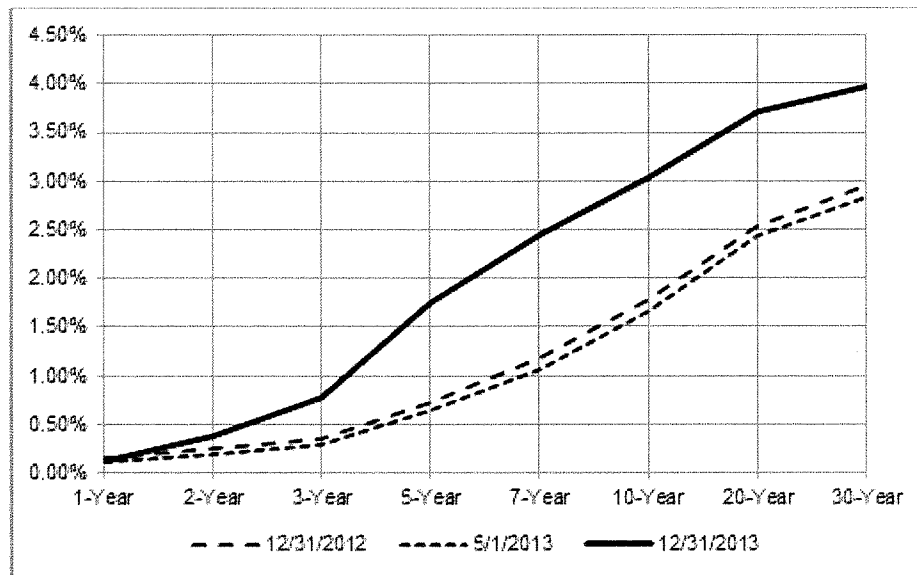
32 Sources: Federal Reserve Schedule H.4.1; Bureau of Economic Analysis, 2013 data as of the third calendar quarter.

33 Federal Reserve Bank Press Release, July 31, 2013.

34 Minutes of the Federal Open Market Committee December 17–18, 2013, at 10.

1 December, 2013.

2 **Chart 2: Treasury Yield Curve³⁵**

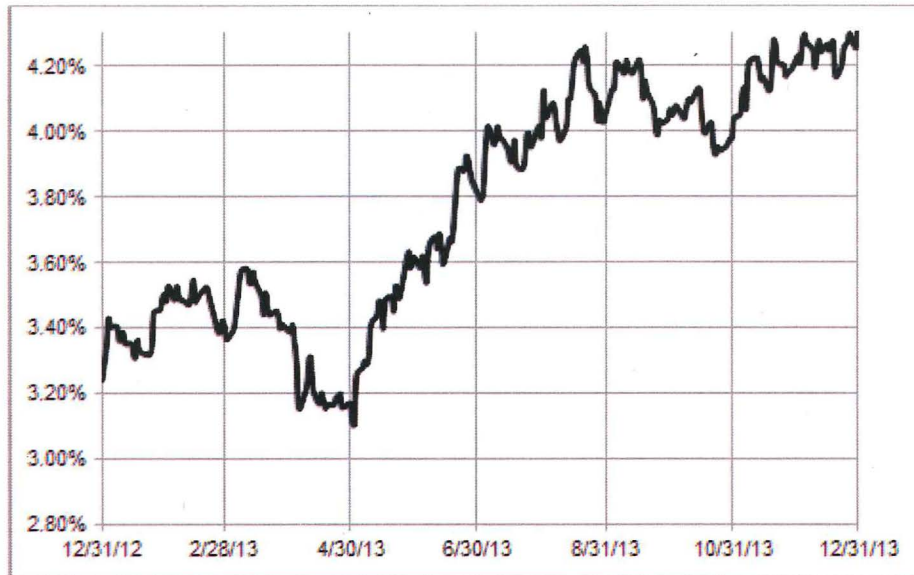


3
4 Based on the slope of the yield curve for each trading day over the year ended
5 December 31, 2013, I calculated the forward 27-year Treasury yield expected three years
6 hence. I performed that calculation based on the “expectations” theory, which states that
7 (for example) the current 30-year Treasury yield equals the combination of the current
8 three-year Treasury yield, and the 27-year Treasury yield expected in three years. That
9 is, an investor would be indifferent to (1) holding a 30-year Treasury to maturity, or (2)
10 holding a three-year Treasury to maturity, then a Treasury bond with 27-years remaining
11 to maturity (*see*, Chart 3, below).

³⁵ Source: Federal Reserve Board Schedule H.15.

1

Chart 3: Forward 27-Year Treasury Yields³⁶



2

3 **Q. How does the recent rise in interest rates compare to analyst projections?**

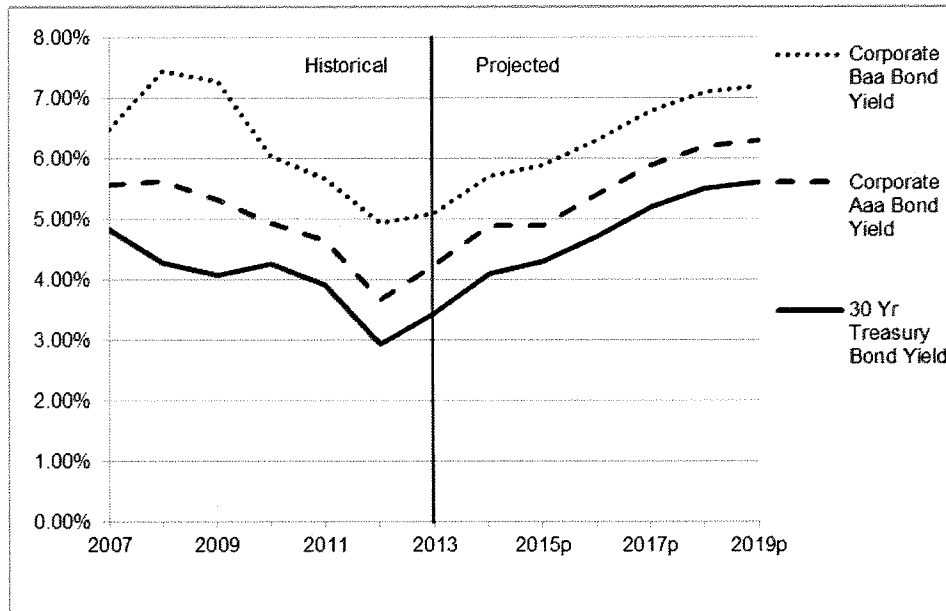
4 A. The recent rise in interest rates is consistent with analyst projections, which indicate
5 further increase in both the near and long-term. As Chart 4 (below) demonstrates,
6 interest rates are expected to rise from the historically low levels observed in 2012 and
7 mid-2013.

³⁶

Source: Federal Reserve Board Schedule H.15.

1

Chart 4: Historical and Projected Interest Rates³⁷



2

3

4 **Q. Have you considered any additional data to assess the effect of changing market**
5 **conditions on Cost of Equity analyses?**

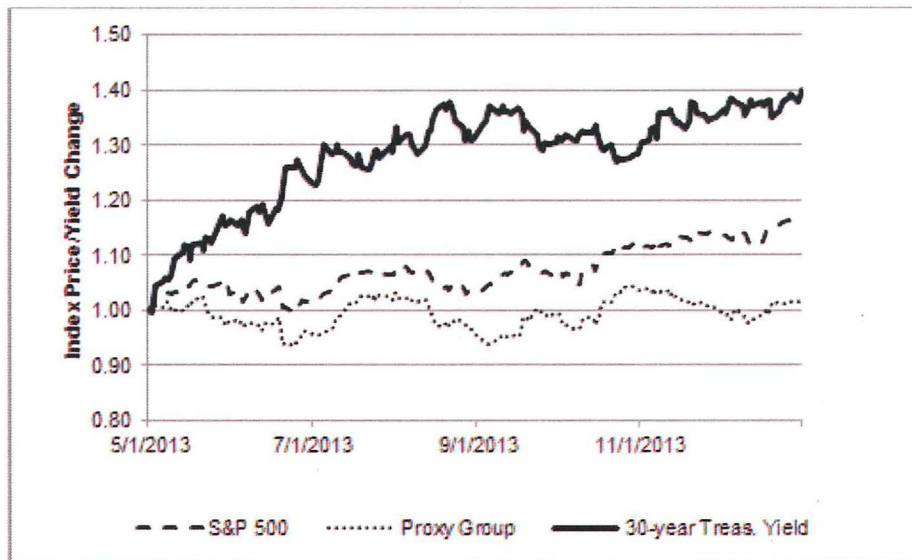
6 A. Yes, I have. As discussed in Section V, it is important to assess model results in the
7 context of prevailing market conditions. As noted above, for example, during the second
8 half of 2013 interest rates significantly increased. As would be expected, as interest rates
9 increased, the proxy companies' stock underperformed the broader market. In fact, while
10 the 30-year Treasury yield increased by 113 basis points from May through December
11 2013, the overall market (as measured by the S&P 500) increased by approximately
12 16.79 percent, while the market value of the companies in my proxy group increased by

³⁷

Sources: Federal Reserve Board Schedule H.15.; Blue Chip Financial Forecasts, Vol. 32, No. 12, December 1, 2013, at 14; Blue Chip Financial Forecasts, Vol. 33, No. 1, January 1, 2014, at 2.

1 less than 2.00 percent (*see* Chart 5, below).³⁸

2 **Chart 5: Proxy Group Relative Performance³⁹**



3
4 It also is important to recognize that the policy of reducing asset purchases under
5 the Federal Reserve's Quantitative Easing program is related to expectations of improved
6 conditions and sustained growth in the overall economy.⁴⁰ From that perspective, we
7 would expect to see higher growth estimates for companies in the overall economy,
8 including the utility sector. Since companies such as Liberty Utilities continue to invest
9 in their rate base, and given that utilities provide a vital service to other industry sectors,
10 it also would not be surprising to see an increase in expected utility growth rates.

³⁸ I note the Florida Public Service Commission recently addressed the risk of rising interest rates in its Order in Tampa Electric Company's rate case which approved a mechanism wherein the authorized ROE will increase by 25 basis points if the six-month average of the 30-year Treasury yield is at least 75 basis points above the level of the 30-year Treasury yield at the time of the order. See, Order No. PSC-13-044.-FOF-EI (Docket No. 130040-EI, Tampa Electric Company), at Exhibit A, page 4.

³⁹ Source: SNL Financial. The proxy group relative performance is calculated as an index.

⁴⁰ See, Minutes of the Federal Open Market Committee December 17-18, 2013, at 10.

1 **Q. What conclusions do you draw from your analyses of capital market conditions?**

2 A. From an analytical perspective, it is important that the inputs and assumptions used to
3 arrive at an ROE recommendation, including assessments of capital market conditions,
4 are consistent with the recommendation itself. While I appreciate that all analyses
5 require an element of judgment, the application of that judgment must be made in the
6 context of the quantitative and qualitative information available to the analyst and the
7 capital market environment in which the analyses were undertaken. Because the
8 application of financial models and interpretation of their results often is the subject of
9 differences among analysts in regulatory proceedings, I believe that it is important to
10 review and consider a variety of data points; doing so enables us to put in context both
11 quantitative analyses and the associated recommendations.

12 **VIII. CAPITAL STRUCTURE**

13 **Q. What is the Company's capital structure?**

14 A. The Company's capital structure consists of 58.34 percent common equity and 41.66
15 percent long-term debt. In practice, the capital structure should enable the Company to
16 maintain or enhance its financial integrity, thereby enabling access to capital at
17 competitive rates under a variety of economic and financial market conditions. As
18 discussed below, it therefore is important to consider the capital structure in light of
19 industry practice and investor requirements.

20 **Q. How does the capital structure affect the Cost of Equity?**

21 A. The capital structure relates to financial risk, which is a function of the percentage of debt
22 relative to equity (that relationship is often referred to as "financial leverage"). As the

1 percentage of debt in the capital structure increases, so do the fixed obligations for the
2 repayment of that debt and, therefore, the risk that cash flows may not be sufficient to
3 meet those obligations on a timely basis. Consequently, as the degree of financial
4 leverage increases, the risk of financial distress (*i.e.*, financial risk) also increases. Since
5 the capital structure can affect the subject company's overall level of risk, it is an
6 important consideration in establishing a just and reasonable rate of return.

7 **Q. Please now describe your analysis of the Company's capital structure relative to**
8 **industry practice.**

9 A. As a measure of industry practice, I calculated the average capital structure for each of
10 the proxy companies over the last eight fiscal quarters. As shown in Schedule RBH-11,
11 the proxy group average capital structure over that period includes 56.40 percent equity
12 and 43.60 percent long-term debt; the average equity ratios (on a company-specific basis)
13 range from 48.69 percent to 68.42 percent. Based on that review, it is apparent that the
14 Company's capital structure is consistent with those in place at the proxy companies.

15 **Q. What is the basis for using average capital components rather than a point-in-time**
16 **measurement?**

17 A. Measuring the capital components at a particular point in time can skew the capital
18 structure by the specific circumstances of a particular period. Therefore, it is more
19 appropriate to normalize the relative relationship between the capital components over a
20 period of time.

21 **Q. What is your conclusion regarding an appropriate capital structure for Liberty**
22 **Utilities?**

23 A. Considering the proxy company average equity ratio of 56.40 percent, I believe that

1 Liberty Utilities' 58.34 percent common equity ratio is appropriate.

2 **IX. COST OF DEBT**

3 **Q. What is the Company's cost of debt?**

4 A. As shown in COS – 9, the Company's cost of debt of is 4.78 percent.

5 **Q. Have you assessed the Company's cost of debt relative to other natural gas utilities?**

6 A. Yes, I calculated the embedded cost of debt for all authorized returns from January 1,
7 2013 through December 31, 2013. The mean embedded cost of debt over that period was
8 5.06 percent; the median was 5.13 percent. Based on that review, I believe the
9 Company's 4.78 percent cost of debt is reasonable and appropriate.

10 **X. CONCLUSIONS AND RECOMMENDATION**

11 **Q. What is your conclusion regarding the Company's Cost of Equity?**

12 A. As discussed earlier in my Direct Testimony, I have performed several analyses to
13 estimate the Company's Cost of Equity, and have considered several market-wide and
14 Company-specific issues. In light of those considerations, I believe that a rate of return
15 on common equity in the range of 10.00 percent to 10.50 percent represents the range of
16 equity investors' required rate of return for investment in natural gas utilities similar to
17 Liberty Utilities in today's capital markets. Within that range, it is my view that an ROE
18 of 10.50 percent is reasonable and appropriate.

19 As discussed earlier in my testimony, my recommendation reflects analytical
20 results based on a proxy group of natural gas utilities. My recommendation also takes
21 into consideration the Company's risk profile, including its relatively small size and, as
22 noted in the Direct Testimony of Mr. Christopher D. Krygier, its declining residential

1 customer base. My recommendation also considers the direct costs associated with
2 equity issuances, although I do not make a specific adjustment for those costs.

3 I also conclude that the Company's capital structure, which consists of 58.34
4 percent common equity and 41.66 percent debt, is consistent with industry practice and,
5 therefore, is reasonable and appropriate. Lastly, I conclude that the Company's 4.78
6 percent cost of debt, which is consistent with (albeit lower than) the cost of debt reflected
7 in the overall rate of return for gas utilities during calendar year 2013, also is reasonable
8 and appropriate.

1

Table 10: Summary of Analytical Results

Quarterly DCF	<i>Low</i>	<i>Mean</i>	<i>High</i>
30-Day Average	8.05%	9.29%	10.76%
90-Day Average	8.05%	9.28%	10.76%
180-Day Average	8.03%	9.26%	10.74%
Constant Growth DCF	<i>Low</i>	<i>Mean</i>	<i>High</i>
30-Day Average	7.93%	9.12%	10.55%
90-Day Average	7.92%	9.12%	10.55%
180-Day Average	7.90%	9.10%	10.53%
Multi-Stage DCF	<i>Low</i>	<i>Mean</i>	<i>High</i>
30-Day Average	9.58%	9.92%	10.36%
90-Day Average	9.58%	9.91%	10.36%
180-Day Average	9.56%	9.89%	10.34%
CAPM Results		<i>Bloomberg Derived Market Risk Premium</i>	<i>Value Line Derived Market Risk Premium</i>
<i>Average Calculated Beta Coefficient</i>			
Current 30-Year Treasury (3.87%)		12.50%	11.40%
Near Term Projected 30-Year Treasury (4.15%)		12.78%	11.68%
<i>Average Bloomberg Beta Coefficient</i>			
Current 30-Year Treasury (3.87%)		11.96%	10.93%
Near Term Projected 30-Year Treasury (4.15%)		12.24%	11.21%
<i>Average Value Line Beta Coefficient</i>			
Current 30-Year Treasury (3.87%)		11.14%	10.21%
Near Term Projected 30-Year Treasury (4.15%)		11.42%	10.49%
	<i>Low</i>	<i>Mid</i>	<i>High</i>
Bond Yield Plus Risk Premium	10.19%	10.27%	10.69%
Flotation Cost	0.15%		

2

- 1 **Q.** Does this conclude your Direct Testimony?
- 2 **A.** Yes, it does.

Robert B. Hevert, CFA
Managing Partner
Sussex Economic Advisors, LLC

Mr. Hevert is an economic and financial consultant with broad experience in regulated industries. He has an extensive background in the areas of corporate finance, corporate strategic planning, energy market assessment, mergers, and acquisitions, asset-based transactions, feasibility and due diligence analyses, and providing expert testimony in litigated proceedings. Mr. Hevert has significant management experience with both operating and professional services companies.

REPRESENTATIVE PROJECT EXPERIENCE

Litigation Support and Expert Testimony

Provided expert testimony and support of litigation in various regulatory proceedings on a variety of energy and economic issues including: cost of capital for ratemaking purposes; the proposed transfer of power purchase agreements; procurement of residual service electric supply; the legal separation of generation assets; merger-related synergies; assessment of economic damages; and specific financing transactions. Services provided include collaborating with counsel, business and technical staff to develop litigation strategies, preparing and reviewing discovery and briefing materials, preparing presentation materials and participating in technical sessions with regulators and intervenors.

Financial and Economic Advisory Services

Retained by numerous leading energy companies and financial institutions throughout North America to provide services relating to the strategic evaluation, acquisition, sale or development of a variety of regulated and non-regulated enterprises. Specific services have included: developing strategic and financial analyses and managing multi-faceted due diligence reviews of proposed corporate M&A counter-parties; developing, screening and recommending potential M&A transactions and facilitating discussions between senior utility executives regarding transaction strategy and structure; performing valuation analyses and financial due diligence reviews of electric generation projects, retail marketing companies, and wholesale trading entities in support of significant M&A transactions.

Specific divestiture-related services have included advising both buy and sell-side clients in transactions for physical and contractual electric generation resources. Sell-side services have included: development and implementation of key aspects of asset divestiture programs such as marketing, offering memorandum development, development of transaction terms and conditions, bid process management, bid evaluation, negotiations, and regulatory approval process. Buy-side services have included comprehensive asset screening, selection, valuation and due diligence reviews. Both buy and sell-side services have included the use of sophisticated asset valuation techniques, and the development and delivery of fairness opinions.

Specific corporate finance experience while a Vice President with Bay State Gas included: negotiation, placement and closing of both private and public long-term debt, preferred and common equity; structured and project financing; corporate cash management; financial analysis, planning and forecasting; and various aspects of investor relations.

Regulatory Analysis and Ratemaking

On behalf of electric, natural gas and combination utilities throughout North America, provided services relating to energy industry restructuring including merchant function exit, residual energy supply obligations, and stranded cost assessment and recovery. Specific services provided include: performing strategic review and development of merchant function exit strategies including analysis of provider of last resort obligations in both electric and gas markets; and developing value optimizing strategies for physical generation assets.

Energy Market Assessment

Retained by numerous leading energy companies and financial institutions nationwide to manage or provide assessments of regional energy markets throughout the U.S. and Canada. Such assessments have included development of electric and natural gas price forecasts, analysis of generation project entry and exit scenarios, assessment of natural gas and electric transmission infrastructure, market structure and regulatory situation analysis, and assessment of competitive position. Market assessment engagements typically have been used as integral elements of business unit or asset-specific strategic plans or valuation analyses.

Resource Procurement, Contracting and Analysis

Assisted various clients in evaluating alternatives for acquiring fuel and power supplies, including the development and negotiation of energy contracts and tolling agreements. Assignments also have included developing generation resource optimization strategies. Provided advice and analyses of transition service power supply contracts in the context of both physical and contractual generation resource divestiture transactions.

Business Strategy and Operations

Retained by numerous leading North American energy companies and financial institutions nationwide to provide services relating to the development of strategic plans and planning processes for both regulated and non-regulated enterprises. Specific services provided include: developing and implementing electric generation strategies and business process redesign initiatives; developing market entry strategies for retail and wholesale businesses including assessment of asset-based marketing and trading strategies; and facilitating executive level strategic planning retreats. As Vice President, of Bay State was responsible for the company's strategic planning and business development processes, played an integral role in developing the company's non-regulated marketing affiliate, EnergyUSA, and managed the company's non-regulated investments, partnerships and strategic alliances.

PROFESSIONAL HISTORY

Sussex Economic Advisors, LLC (2012 – Present)

Managing Partner

Concentric Energy Advisors, Inc. (2002 – 2012)

President

Navigant Consulting, Inc. (1997 – 2001)

Managing Director (2000 – 2001)

Director (1998 – 2000)

Vice President, REED Consulting Group (1997 – 1998)

Bay State Gas Company (now Columbia Gas Company of Massachusetts) (1987 – 1997)

Vice President and Assistant Treasurer

Boston College (1986 – 1987)

Financial Analyst

General Telephone Company of the South (1984 – 1986)

Revenue Requirements Analyst

EDUCATION

M.B.A., University of Massachusetts at Amherst, 1984

B.S., University of Delaware, 1982

DESIGNATIONS AND PROFESSIONAL AFFILIATIONS

Chartered Financial Analyst, 1991
Association for Investment Management and Research
Boston Security Analyst Society

PUBLICATIONS/PRESENTATIONS

Has made numerous presentations throughout the United States and Canada on several topics, including:

- Generation Asset Valuation and the Use of Real Options
 - Retail and Wholesale Market Entry Strategies
 - The Use Strategic Alliances in Restructured Energy Markets
 - Gas Supply and Pipeline Infrastructure in the Northeast Energy Markets
 - Nuclear Asset Valuation and the Divestiture Process
-

AVAILABLE UPON REQUEST

Extensive client and project listings, and specific references.

Attachment A
Testimony Listing of Robert B. Hevert

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Arizona Corporation Commission				
Southwest Gas Corporation	11/10	Southwest Gas Corporation	Docket No. G-01551A-10-0458	Return on Equity
Arkansas Public Service Commission				
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkansas Gas	01/07	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkansas Gas	Docket No. 06-161-U	Return on Equity
California Public Utilities Commission				
Southwest Gas Corporation	12/12	Southwest Gas Corporation	Docket No. A-12-12-024	Return on Equity
Colorado Public Utilities Commission				
Xcel Energy, Inc.	12/12	Public Service Company of Colorado	Docket No. 12AL-1268G	Return on Equity (gas)
Xcel Energy, Inc.	11/11	Public Service Company of Colorado	Docket No. 11AL-947E	Return on Equity (electric)
Xcel Energy, Inc.	12/10	Public Service Company of Colorado	Docket No. 10AL-963G	Return on Equity (electric)
Atmos Energy Corporation	07/09	Atmos Energy Colorado-Kansas Division	Docket No. 09AL-507G	Return on Equity (gas)
Xcel Energy, Inc.	12/06	Public Service Company of Colorado	Docket No. 06S-656G	Return on Equity (gas)
Xcel Energy, Inc.	04/06	Public Service Company of Colorado	Docket No. 06S-234EG	Return on Equity (electric)
Xcel Energy, Inc.	08/05	Public Service Company of Colorado	Docket No. 05S-369ST	Return on Equity (steam)
Xcel Energy, Inc.	05/05	Public Service Company of Colorado	Docket No. 05S-246G	Return on Equity (gas)
Connecticut Public Utilities Regulatory Authority				
Southern Connecticut Gas Company	09/08	Southern Connecticut Gas Company	Docket No. 08-08-17	Return on Equity
Southern Connecticut Gas Company	12/07	Southern Connecticut Gas Company	Docket No. 05-03-17PH02	Return on Equity
Connecticut Natural Gas Corporation	12/07	Connecticut Natural Gas Corporation	Docket No. 06-03-04PH02	Return on Equity
Delaware Public Service Commission				
Delmarva Power & Light Company	03/13	Delmarva Power & Light Company	Case No. 13-115	Return on Equity

Attachment A
 Testimony Listing of Robert B. Hevert

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Delmarva Power & Light Company	12/12	Delmarva Power & Light Company	Case No. 12-546	Return on Equity
Delmarva Power & Light Company	03/12	Delmarva Power & Light Company	Case No. 11-528	Return on Equity
District of Columbia Public Service Commission				
Potomac Electric Power Company	03/13	Potomac Electric Power Company	Formal Case No. FC1103-2013-E	Return on Equity
Potomac Electric Power Company	07/11	Potomac Electric Power Company	Formal Case No. FC1087	Return on Equity
Federal Energy Regulatory Commission				
Public Service Company of New Mexico	12/12	Public Service Company of New Mexico	Docket No. ER13-685-000	Return on Equity
Public Service Company of New Mexico	10/10	Public Service Company of New Mexico	Docket No. ER11-1915-000	Return on Equity
Portland Natural Gas Transmission System	05/10	Portland Natural Gas Transmission System	Docket No. RP10-729-000	Return on Equity
Florida Gas Transmission Company, LLC	10/09	Florida Gas Transmission Company, LLC	Docket No. RP10-21-000	Return on Equity
Maritimes and Northeast Pipeline, LLC	07/09	Maritimes and Northeast Pipeline, LLC	Docket No. RP09-809-000	Return on Equity
Spectra Energy	02/08	Saltville Gas Storage	Docket No. RP08-257-000	Return on Equity
Panhandle Energy Pipelines	08/07	Panhandle Energy Pipelines	Docket No. PL07-2-000	Response to draft policy statement regarding inclusion of MLPs in proxy groups for determination of gas pipeline ROEs
Southwest Gas Storage Company	08/07	Southwest Gas Storage Company	Docket No. RP07-541-000	Return on Equity
Southwest Gas Storage Company	06/07	Southwest Gas Storage Company	Docket No. RP07-34-000	Return on Equity
Sea Robin Pipeline LLC	06/07	Sea Robin Pipeline LLC	Docket No. RP07-513-000	Return on Equity
Transwestern Pipeline Company	09/06	Transwestern Pipeline Company	Docket No. RP06-614-000	Return on Equity
GPU International and Aquila	11/00	GPU International	Docket No. EC01-24-000	Market Power Study

Attachment A
 Testimony Listing of Robert B. Hevert

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Florida Public Service Commission				
Tampa Electric Company	04/13	Tampa Electric Company	Docket No. 130040-EI	Return on Equity
Georgia Public Service Commission				
Atlanta Gas Light Company	05/10	Atlanta Gas Light Company	Docket No. 31647-U	Return on Equity
Hawaii Public Utilities Commission				
Hawaiian Electric Light Company	08/12	Hawaiian Electric Light Company	Docket No. 2012-0099	Return on Equity
Illinois Commerce Commission				
Ameren Illinois Company d/b/a Ameren Illinois	01/13	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 13-0192	Return on Equity
Ameren Illinois Company d/b/a Ameren Illinois	02/11	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 11-0279	Return on Equity (electric)
Ameren Illinois Company d/b/a Ameren Illinois	02/11	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 11-0282	Return on Equity (gas)
Indiana Utility Regulatory Commission				
Northern Indiana Public Service Company	05/09	Northern Indiana Public Service Company	Cause No. 43894	
Maine Public Utilities Commission				
Central Maine Power Company	06/11	Central Maine Power Company	Docket No. 2010-327	Response to Bench Analysis provided by Commission Staff relating to the Company's credit and collections processes
Maryland Public Service Commission				
Potomac Electric Power Company	12/13	Potomac Electric Power Company	Case No. 9336	Return on Equity
Delmarva Power & Light Company	03/13	Delmarva Power & Light Company	Case No. 9317	Return on Equity
Potomac Electric Power Company	11/12	Potomac Electric Power Company	Case No. 9311	Return on Equity
Potomac Electric Power Company	12/11	Potomac Electric Power Company	Case No. 9286	Return on Equity
Delmarva Power & Light Company	12/11	Delmarva Power & Light Company	Case No. 9285	Return on Equity
Delmarva Power & Light Company	12/10	Delmarva Power & Light Company	Case No. 9249	Return on Equity

Attachment A
Testimony Listing of Robert B. Hevert

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Massachusetts Department of Public Utilities				
Unitil Corporation	07/13	Fitchburg Gas and Electric Light Company	DPU 13-90	Return on Equity
Bay State Gas Company d/b/a Columbia Gas of Massachusetts	04/12	Bay State Gas Company d/b/a Columbia Gas of Massachusetts	DPU 12-25	Capital Cost Recovery
National Grid	08/09	Massachusetts Electric Company d/b/a National Grid	DPU 09-39	Revenue Decoupling and Return on Equity
National Grid	08/09	Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid	DPU 09-38	Return on Equity – Solar Generation
Bay State Gas Company	04/09	Bay State Gas Company	DPU 09-30	Return on Equity
NSTAR Electric	09/04	NSTAR Electric	DTE 04-85	Divestiture of Power Purchase Agreement
NSTAR Electric	08/04	NSTAR Electric	DTE 04-78	Divestiture of Power Purchase Agreement
NSTAR Electric	07/04	NSTAR Electric	DTE 04-68	Divestiture of Power Purchase Agreement
NSTAR Electric	07/04	NSTAR Electric	DTE 04-61	Divestiture of Power Purchase Agreement
NSTAR Electric	06/04	NSTAR Electric	DTE 04-60	Divestiture of Power Purchase Agreement
Unitil Corporation	01/04	Fitchburg Gas and Electric	DTE 03-52	Integrated Resource Plan; Gas Demand Forecast
Bay State Gas Company	01/93	Bay State Gas Company	DPU 93-14	Divestiture of Shelf Registration
Bay State Gas Company	01/91	Bay State Gas Company	DPU 91-25	Divestiture of Shelf Registration
Minnesota Public Utilities Commission				
Xcel Energy, Inc.	11/13	Northern States Power Company	Docket No. E002/GR-13-868	Return on Equity

Attachment A
Testimony Listing of Robert B. Hevert

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas	08/13	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas	Docket No. G-008/GR-13-316	Return on Equity
Xcel Energy, Inc.	11/12	Northern States Power Company	Docket No. E002/GR-12-961	Return on Equity
Otter Tail Power Corporation	04/10	Otter Tail Power Company	Docket No. E-017/GR-10-239	Return on Equity
Minnesota Power a division of ALLETE, Inc.	11/09	Minnesota Power	Docket No. E-015/GR-09-1151	Return on Equity
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas	11/08	CenterPoint Energy Minnesota Gas	Docket No. G-008/GR-08-1075	Return on Equity
Otter Tail Power Corporation	10/07	Otter Tail Power Company	Docket No. E-017/GR-07-1178	Return on Equity
Xcel Energy, Inc.	11/05	Northern States Power Company - Minnesota	Docket No. E-002/GR-05-1428	Return on Equity (electric)
Xcel Energy, Inc.	09/04	Northern States Power Company - Minnesota	Docket No. G-002/GR-04-1511	Return on Equity (gas)
CenterPoint Energy Resources Corp.		CenterPoint Energy Minnesota Gas	Docket No. E008/GR-13-316	
Mississippi Public Service Commission				
CenterPoint Energy Resources, Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Mississippi Gas	07/09	CenterPoint Energy Mississippi Gas	Docket No. 09-UN-334	Return on Equity
Missouri Public Service Commission				
Laclede Gas Company	12/12	Laclede Gas Company	Case No. GR-2013-0171	Return on Equity
Union Electric Company d/b/a Ameren Missouri	02/12	Union Electric Company d/b/a Ameren Missouri	Case No. ER-2012-0166	Return on Equity (electric)
Union Electric Company d/b/a AmerenUE	09/10	Union Electric Company d/b/a AmerenUE	Case No. ER-2011-0028	Return on Equity (electric)

Attachment A
Testimony Listing of Robert B. Hevert

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Union Electric Company d/b/a AmerenUE	06/10	Union Electric Company d/b/a AmerenUE	Case No. GR-2010-0363	Return on Equity (gas)
Montana Public Service Commission				
Northwestern Corporation	09/12	Northwestern Corporation d/b/a Northwestern Energy	Docket No. D2012.9.94	Return on Equity (gas)
Nevada Public Utilities Commission				
Southwest Gas Corporation	04/12	Southwest Gas Corporation	Docket No. 12-04005	Return on Equity (gas)
Nevada Power Company	06/11	Nevada Power Company	Docket No. 11-06006	Return on Equity (electric)
New Hampshire Public Utilities Commission				
Liberty Utilities d/b/a Granite State Electric Company	03/13	Liberty Utilities d/b/a Granite State Electric Company	Docket No. DE 13-063	Return on Equity
EnergyNorth Natural Gas d/b/a National Grid NH	02/10	EnergyNorth Natural Gas d/b/a National Grid NH	Docket No. DG 10-017	Return on Equity
Unitil Energy Systems, Inc. ("Unitil"), EnergyNorth Natural Gas, Inc. d/b/a National Grid NH, Granite State Electric Company d/b/a National Grid, and Northern Utilities, Inc. – New Hampshire Division	08/08	Unitil Energy Systems, Inc. ("Unitil"), EnergyNorth Natural Gas, Inc. d/b/a National Grid NH, Granite State Electric Company d/b/a National Grid, and Northern Utilities, Inc. – New Hampshire Division	Docket No. DG 07-072	Carrying Charge Rate on Cash Working Capital
New Jersey Board of Public Utilities				
Orange and Rockland Utilities	11/13	Rockland Electric Company	Docket No. ER13111135	Return on Equity
Atlantic City Electric Company	12/12	Atlantic City Electric Company	Docket No. ER12121071	Return on Equity
Atlantic City Electric Company	08/11	Atlantic City Electric Company	Docket No. ER11080469	Return on Equity
Pepco Holdings, Inc.	09/06	Atlantic City Electric Company	Docket No. EM06090638	Divestiture and Valuation of Electric Generating Assets
Pepco Holdings, Inc.	12/05	Atlantic City Electric Company	Docket No. EM05121058	Market Value of Electric Generation Assets; Auction

Attachment A
Testimony Listing of Robert B. Hevert

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Conectiv	06/03	Atlantic City Electric Company	Docket No. EO03020091	Market Value of Electric Generation Assets; Auction Process
New Mexico Public Regulation Commission				
Southwestern Public Service Company	02/11	Southwestern Public Service Company	Case No. 10-00395-UT	Return on Equity (electric)
Public Service Company of New Mexico	06/10	Public Service Company of New Mexico	Case No. 10-00086-UT	Return on Equity (electric)
Public Service Company of New Mexico	09/08	Public Service Company of New Mexico	Case No. 08-00273-UT	Return on Equity (electric)
Xcel Energy, Inc.	07/07	Southwestern Public Service Company	Case No. 07-00319-UT	Return on Equity (electric)
New York State Public Service Commission				
Consolidated Edison Company of New York, Inc.	01/13	Consolidated Edison Company of New York, Inc.	Case No. 13-E-0030	Return on Equity (electric)
Niagara Mohawk Corporation d/b/a National Grid for Electric Service	04/12	Niagara Mohawk Corporation d/b/a National Grid for Electric Service	Case No. 12-E-0201	Return on Equity (electric)
Niagara Mohawk Corporation d/b/a National Grid for Gas Service	04/12	Niagara Mohawk Corporation d/b/a National Grid for Gas Service	Case No. 12-G-0202	Return on Equity (gas)
Orange and Rockland Utilities, Inc.	07/11	Orange and Rockland Utilities, Inc.	Case No. 11-E-0408	Return on Equity (electric)
Orange and Rockland Utilities, Inc.	07/10	Orange and Rockland Utilities, Inc.	Case No. 10-E-0362	Return on Equity (electric)
Consolidated Edison Company of New York, Inc.	11/09	Consolidated Edison Company of New York, Inc.	Case No. 09-G-0795	Return on Equity (gas)
Consolidated Edison Company of New York, Inc.	11/09	Consolidated Edison Company of New York, Inc.	Case No. 09-S-0794	Return on Equity (steam)
Niagara Mohawk Power Corporation	07/01	Niagara Mohawk Power Corporation	Case No. 01-E-1046	Power Purchase and Sale Agreement; Standard Offer Service Agreement

Attachment A
Testimony Listing of Robert B. Hevert

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
North Carolina Utilities Commission				
Duke Energy Carolinas, LLC	02/13	Duke Energy Carolinas, LLC	Docket No. E-7, Sub 1026	Return on Equity
Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.	10/12	Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.	Docket No. E-2, Sub 1023	Return on Equity
Virginia Electric and Power Company d/b/a Dominion North Carolina Power	03/12	Virginia Electric and Power Company d/b/a Dominion North Carolina Power	Docket No. E-22, Sub 479	Return on Equity (electric)
Duke Energy Carolinas, LLC	07/11	Duke Energy Carolinas, LLC	Docket No. E-7, Sub 989	Return on Equity (electric)
North Dakota Public Service Commission				
Otter Tail Power Company	11/08	Otter Tail Power Company	Docket No. 08-862	Return on Equity (electric)
Oklahoma Corporation Commission				
Oklahoma Gas & Electric Company	07/11	Oklahoma Gas & Electric Company	Cause No. PUD201100087	Return on Equity
CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Oklahoma Gas	03/09	CenterPoint Energy Oklahoma Gas	Cause No. PUD200900055	Return on Equity
Rhode Island Public Utilities Commission				
The Narragansett Electric Company d/b/a National Grid	04/12	The Narragansett Electric Company d/b/a National Grid	Docket No. 4323	Return on Equity (electric & gas)
National Grid RI – Gas	08/08	National Grid RI – Gas	Docket No. 3943	Revenue Decoupling and Return on Equity
South Carolina Public Service Commission				
Duke Energy Carolinas, LLC	03/13	Duke Energy Carolinas, LLC	Docket No. 2013-59-E	Return on Equity
South Carolina Electric & Gas	06/12	South Carolina Electric & Gas	Docket No. 2012-218-E	Return on Equity
Duke Energy Carolinas, LLC	08/11	Duke Energy Carolinas, LLC	Docket No. 2011-271-E	Return on Equity
South Carolina Electric & Gas	03/10	South Carolina Electric & Gas	Docket No. 2009-489-E	Return on Equity

Attachment A
Testimony Listing of Robert B. Hevert

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
South Dakota Public Utilities Commission				
Otter Tail Power Company	08/10	Otter Tail Power Company	Docket No. EL10-011	Return on Equity (electric)
Northern States Power Company	06/09	South Dakota Division of Northern States Power	Docket No. EL09-009	Return on Equity (electric)
Otter Tail Power Company	10/08	Otter Tail Power Company	Docket No. EL08-030	Return on Equity (electric)
Texas Public Utility Commission				
Sharyland Utilities, L.P.	05/13	Sharyland Utilities, L.P.	Docket No. 41474	Return on Equity
Wind Energy Texas Transmission, LLC	08/12	Wind Energy Texas Transmission, LLC	Docket No. 40606	Return on Equity
Southwestern Electric Power Company	07/12	Southwestern Electric Power Company	Docket No. 40443	Return on Equity
Oncor Electric Delivery Company, LLC	01/11	Oncor Electric Delivery Company, LLC	Docket No. 38929	Return on Equity
Texas-New Mexico Power Company	08/10	Texas-New Mexico Power Company	Docket No. 38480	Return on Equity (electric)
CenterPoint Energy Houston Electric LLC	06/10	CenterPoint Energy Houston Electric LLC	Docket No. 38339	Return on Equity
Xcel Energy, Inc.	05/10	Southwestern Public Service Company	Docket No. 38147	Return on Equity (electric)
Texas-New Mexico Power Company	08/08	Texas-New Mexico Power Company	Docket No. 36025	Return on Equity (electric)
Xcel Energy, Inc.	05/06	Southwestern Public Service Company	Docket No. 32766	Return on Equity (electric)
Texas Railroad Commission				
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas	07/12	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas	GUD 10182	Return on Equity
Atmos Energy Corporation – West Texas Division	06/12	Atmos Energy Corporation – West Texas Division	GUD 10175	Return on Equity
Atmos Energy Corporation – Mid-Texas Division	06/12	Atmos Energy Corporation – Mid-Texas Division	GUD 10171	Return on Equity

Attachment A
Testimony Listing of Robert B. Hevert

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas	12/10	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas	GUD 10038	Return on Equity
Atmos Pipeline - Texas	09/10	Atmos Pipeline - Texas	GUD 10000	Return on Equity
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas	07/09	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas	GUD 9902	Return on Equity
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Texas Gas	03/08	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Texas Gas	GUD 9791	Return on Equity
Utah Public Service Commission				
Questar Gas Company	12/07	Questar Gas Company	Docket No. 07-057-13	Return on Equity
Vermont Public Service Board				
Central Vermont Public Service Corporation; Green Mountain Power	02/12	Central Vermont Public Service Corporation; Green Mountain Power	Docket No. 7770	Merger Policy
Central Vermont Public Service Corporation	12/10	Central Vermont Public Service Corporation	Docket No. 7627	Return on Equity (electric)
Green Mountain Power	04/06	Green Mountain Power	Docket Nos. 7175 and 7176	Return on Equity (electric)
Vermont Gas Systems, Inc.	12/05	Vermont Gas Systems	Docket Nos. 7109 and 7160	Return on Equity (gas)
Virginia State Corporation Commission				
Virginia Electric and Power Company	03/13	Virginia Electric and Power Company	Case No. PUE-2013-00020	Return on Equity
Virginia Natural Gas, Inc.	02/11	Virginia Natural Gas, Inc.	Case No. PUE-2010-00142	Capital Structure
Columbia Gas Of Virginia, Inc.	06/06	Columbia Gas Of Virginia, Inc.	Case No. PUE-2005-00098	Merger Synergies
Dominion Resources	10/01	Virginia Electric and Power Company	Case No. PUE000584	Corporate Structure and Electric Generation Strategy

Quarterly Discounted Cash Flow Model
30 Day Average Stock Price

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	[16]	[17]
Company	Ticker	Dividend 1	Dividend 2	Dividend 3	Dividend 4	Expected Dividend 1	Expected Dividend 2	Expected Dividend 3	Expected Dividend 4	Stock Price	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Sustainable Growth Rate	Average Earnings Growth	Low ROE	Mean ROE	High ROE
AGL Resources Inc.	GAS	\$0.47	\$0.47	\$0.47	\$0.47	\$0.50	\$0.50	\$0.50	\$0.50	\$46.44	5.00%	NA	8.00%	4.66%	5.89%	9.04%	10.34%	12.57%
Atmos Energy Corporation	ATO	\$0.35	\$0.35	\$0.35	\$0.37	\$0.37	\$0.37	\$0.37	\$0.40	\$44.74	6.50%	7.75%	7.50%	6.30%	7.01%	9.80%	10.54%	11.31%
Laclede Group, Inc. (The)	LG	\$0.43	\$0.43	\$0.43	\$0.44	\$0.45	\$0.45	\$0.45	\$0.46	\$45.67	4.30%	4.90%	6.00%	4.82%	5.00%	8.34%	9.08%	10.13%
New Jersey Resources Corporation	NJR	\$0.40	\$0.40	\$0.42	\$0.42	\$0.42	\$0.42	\$0.44	\$0.44	\$45.15	4.00%	2.50%	5.50%	7.16%	4.79%	6.31%	8.72%	11.21%
Northwest Natural Gas Company	NWN	\$0.46	\$0.46	\$0.46	\$0.46	\$0.47	\$0.47	\$0.47	\$0.48	\$42.38	4.00%	4.00%	4.50%	4.46%	4.24%	8.62%	8.87%	9.15%
Piedmont Natural Gas Company, Inc.	PNY	\$0.31	\$0.31	\$0.31	\$0.31	\$0.32	\$0.32	\$0.32	\$0.32	\$32.82	5.00%	4.00%	4.00%	3.64%	4.16%	7.66%	8.21%	9.10%
South Jersey Industries, Inc.	SJI	\$0.44	\$0.44	\$0.44	\$0.47	\$0.47	\$0.47	\$0.47	\$0.51	\$55.64	6.00%	6.00%	7.50%	9.66%	7.29%	9.55%	10.90%	13.38%
Southwest Gas Corporation	SWX	\$0.33	\$0.33	\$0.33	\$0.33	\$0.35	\$0.35	\$0.35	\$0.35	\$53.38	3.40%	2.55%	8.00%	8.00%	5.49%	5.13%	8.18%	10.78%
WGL Holdings, Inc.	WGL	\$0.42	\$0.42	\$0.42	\$0.42	\$0.44	\$0.44	\$0.44	\$0.44	\$39.40	4.60%	4.60%	3.50%	3.89%	4.15%	8.04%	8.73%	9.21%
Mean											4.76%	4.54%	6.06%	5.84%	5.34%	8.05%	9.29%	10.76%
Flotation Costs																0.15%	0.15%	0.15%
Mean (including Flotation Costs)																8.21%	9.44%	10.91%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service

[3] Source: Bloomberg Professional Service

[4] Source: Bloomberg Professional Service

[5] Equals Col. [1] x (1 + Col. [14])

[6] Equals Col. [2] x (1 + Col. [14])

[7] Equals Col. [3] x (1 + Col. [14])

[8] Equals Col. [4] x (1 + Col. [14])

[9] Source: Bloomberg Professional Service, equals indicated number of trading day average as of December 31, 2013

[10] Source: Zacks

[11] Source: Yahoo! Finance

[12] Source: Value Line

[13] Schedule RBH-4

[14] Equals Average (Cols. [10], [11], [12], [13])

[15] Implied Low DCF

[16] Implied Mean DCF

[17] Implied High DCF

Quarterly Discounted Cash Flow Model
90 Day Average Stock Price

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	[16]	[17]	
Company	Ticker	Dividend 1	Dividend 2	Dividend 3	Dividend 4	Expected Dividend 1	Expected Dividend 2	Expected Dividend 3	Expected Dividend 4	Stock Price	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Sustainable Growth Rate	Average Earnings Growth	Low ROE	Mean ROE	High ROE
AGL Resources Inc.	GAS	\$0.47	\$0.47	\$0.47	\$0.47	\$0.50	\$0.50	\$0.50	\$0.50	\$46.07	5.00%	NA	8.00%	4.66%	5.89%	9.08%	10.37%	12.61%
Atmos Energy Corporation	ATO	\$0.35	\$0.35	\$0.35	\$0.37	\$0.37	\$0.37	\$0.37	\$0.40	\$43.26	6.50%	7.75%	7.50%	6.30%	7.01%	9.92%	10.66%	11.43%
Laclede Group, Inc. (The)	LG	\$0.43	\$0.43	\$0.43	\$0.44	\$0.45	\$0.45	\$0.45	\$0.46	\$45.49	4.30%	4.90%	6.00%	4.82%	5.00%	8.35%	9.09%	10.14%
New Jersey Resources Corporation	NJR	\$0.40	\$0.40	\$0.42	\$0.42	\$0.42	\$0.42	\$0.44	\$0.44	\$44.52	4.00%	2.50%	5.50%	7.16%	4.79%	6.36%	8.77%	11.27%
Northwest Natural Gas Company	NWN	\$0.46	\$0.46	\$0.46	\$0.46	\$0.47	\$0.47	\$0.47	\$0.48	\$42.14	4.00%	4.00%	4.50%	4.46%	4.24%	8.65%	8.90%	9.18%
Piedmont Natural Gas Company, Inc.	PNY	\$0.31	\$0.31	\$0.31	\$0.31	\$0.32	\$0.32	\$0.32	\$0.32	\$32.93	5.00%	4.00%	4.00%	3.64%	4.16%	7.65%	8.20%	9.09%
South Jersey Industries, Inc.	SJI	\$0.44	\$0.44	\$0.44	\$0.47	\$0.47	\$0.47	\$0.47	\$0.51	\$57.35	6.00%	6.00%	7.50%	9.66%	7.29%	9.44%	10.79%	13.27%
Southwest Gas Corporation	SWX	\$0.33	\$0.33	\$0.33	\$0.33	\$0.35	\$0.35	\$0.35	\$0.35	\$51.42	3.40%	2.55%	8.00%	8.00%	5.49%	5.23%	8.28%	10.89%
WGL Holdings, Inc.	WGL	\$0.42	\$0.42	\$0.42	\$0.42	\$0.44	\$0.44	\$0.44	\$0.44	\$41.66	4.60%	4.60%	3.50%	3.89%	4.15%	7.79%	8.48%	8.96%
Mean											4.76%	4.54%	6.06%	5.84%	5.34%	8.05%	9.28%	10.76%
Flotation Costs																0.15%	0.15%	0.15%
Mean (including Flotation Costs)																8.20%	9.44%	10.91%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service

[3] Source: Bloomberg Professional Service

[4] Source: Bloomberg Professional Service

[5] Equals Col. [1] x (1 + Col. [14])

[6] Equals Col. [2] x (1 + Col. [14])

[7] Equals Col. [3] x (1 + Col. [14])

[8] Equals Col. [4] x (1 + Col. [14])

[9] Source: Bloomberg Professional Service, equals indicated number of trading day average as of December 31, 2013

[10] Source: Zacks

[11] Source: Yahoo! Finance

[12] Source: Value Line

[13] Schedule RBH-4

[14] Equals Average (Cols. [10], [11], [12], [13])

[15] Implied Low DCF

[16] Implied Mean DCF

[17] Implied High DCF

Quarterly Discounted Cash Flow Model
180 Day Average Stock Price

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	[16]	[17]	
Company	Ticker	Dividend 1	Dividend 2	Dividend 3	Dividend 4	Expected Dividend 1	Expected Dividend 2	Expected Dividend 3	Expected Dividend 4	Stock Price	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Sustainable Growth Rate	Average Earnings Growth	Low ROE	Mean ROE	High ROE
AGL Resources Inc.	GAS	\$0.47	\$0.47	\$0.47	\$0.47	\$0.50	\$0.50	\$0.50	\$0.50	\$45.00	5.00%	NA	8.00%	4.66%	5.89%	9.18%	10.48%	12.72%
Atmos Energy Corporation	ATO	\$0.35	\$0.35	\$0.35	\$0.37	\$0.37	\$0.37	\$0.37	\$0.40	\$43.02	6.50%	7.75%	7.50%	6.30%	7.01%	9.94%	10.68%	11.45%
Laclede Group, Inc. (The)	LG	\$0.43	\$0.43	\$0.43	\$0.44	\$0.45	\$0.45	\$0.45	\$0.46	\$45.73	4.30%	4.90%	6.00%	4.82%	5.00%	8.33%	9.07%	10.12%
New Jersey Resources Corporation	NJR	\$0.40	\$0.40	\$0.42	\$0.42	\$0.42	\$0.42	\$0.44	\$0.44	\$44.64	4.00%	2.50%	5.50%	7.16%	4.79%	6.35%	8.76%	11.26%
Northwest Natural Gas Company	NWN	\$0.46	\$0.46	\$0.46	\$0.46	\$0.47	\$0.47	\$0.47	\$0.48	\$42.87	4.00%	4.00%	4.50%	4.46%	4.24%	8.57%	8.82%	9.10%
Piedmont Natural Gas Company, Inc.	PNY	\$0.31	\$0.31	\$0.31	\$0.31	\$0.32	\$0.32	\$0.32	\$0.32	\$33.51	5.00%	4.00%	4.00%	3.64%	4.16%	7.58%	8.13%	9.01%
South Jersey Industries, Inc.	SJI	\$0.44	\$0.44	\$0.44	\$0.47	\$0.47	\$0.47	\$0.47	\$0.51	\$58.34	6.00%	6.00%	7.50%	9.66%	7.29%	9.38%	10.73%	13.21%
Southwest Gas Corporation	SWX	\$0.33	\$0.33	\$0.33	\$0.33	\$0.35	\$0.35	\$0.35	\$0.35	\$50.15	3.40%	2.55%	8.00%	8.00%	5.49%	5.30%	8.35%	10.96%
WGL Holdings, Inc.	WGL	\$0.42	\$0.42	\$0.42	\$0.42	\$0.44	\$0.44	\$0.44	\$0.44	\$42.98	4.60%	4.60%	3.50%	3.89%	4.15%	7.66%	8.34%	8.82%
Mean											4.76%	4.54%	6.06%	5.84%	5.34%	8.03%	9.26%	10.74%
Flotation Costs																0.15%	0.15%	0.15%
Mean (including Flotation Costs)																8.18%	9.42%	10.89%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service

[3] Source: Bloomberg Professional Service

[4] Source: Bloomberg Professional Service

[5] Equals Col. [1] x (1 + Col. [14])

[6] Equals Col. [2] x (1 + Col. [14])

[7] Equals Col. [3] x (1 + Col. [14])

[8] Equals Col. [4] x (1 + Col. [14])

[9] Source: Bloomberg Professional Service, equals indicated number of trading day average as of December 31, 2013

[10] Source: Zacks

[11] Source: Yahoo! Finance

[12] Source: Value Line

[13] Schedule RBH-4

[14] Equals Average (Cols. [10], [11], [12], [13])

[15] Implied Low DCF

[16] Implied Mean DCF

[17] Implied High DCF

Constant Growth Discounted Cash Flow Model
30 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Sustainable Growth Estimate	Average Earnings Growth	Low ROE	Mean ROE	High ROE
AGL Resources Inc.	GAS	\$1.88	\$46.44	4.05%	4.17%	5.00%	NA	8.00%	4.66%	5.89%	8.81%	10.05%	12.21%
Atmos Energy Corporation	ATO	\$1.48	\$44.74	3.31%	3.42%	6.50%	7.75%	7.50%	6.30%	7.01%	9.72%	10.44%	11.19%
Laclede Group, Inc. (The)	LG	\$1.76	\$45.67	3.85%	3.95%	4.30%	4.90%	6.00%	4.82%	5.00%	8.24%	8.95%	9.97%
New Jersey Resources Corporation	NJR	\$1.68	\$45.15	3.72%	3.81%	4.00%	2.50%	5.50%	7.16%	4.79%	6.27%	8.60%	11.02%
Northwest Natural Gas Company	NWN	\$1.84	\$42.38	4.34%	4.43%	4.00%	4.00%	4.50%	4.46%	4.24%	8.43%	8.67%	8.94%
Piedmont Natural Gas Company, Inc.	PNY	\$1.24	\$32.82	3.78%	3.86%	5.00%	4.00%	4.00%	3.64%	4.16%	7.48%	8.02%	8.87%
South Jersey Industries, Inc.	SJI	\$1.89	\$55.64	3.40%	3.52%	6.00%	6.00%	7.50%	9.66%	7.29%	9.50%	10.81%	13.22%
Southwest Gas Corporation	SWX	\$1.32	\$53.38	2.47%	2.54%	3.40%	2.55%	8.00%	8.00%	5.49%	5.05%	8.03%	10.58%
WGL Holdings, Inc.	WGL	\$1.68	\$39.40	4.26%	4.35%	4.60%	4.60%	3.50%	3.89%	4.15%	7.84%	8.50%	8.96%
Mean				3.69%	3.78%	4.76%	4.54%	6.06%	5.84%	5.34%	7.93%	9.12%	10.55%
Flotation Costs											0.15%	0.15%	0.15%
Mean (including Flotation Costs)											8.08%	9.27%	10.70%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service, equals indicated number of trading day average as of December 31, 2013

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [9])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Source: Schedule RBH-4

[9] Equals Average([5], [6], [7], [8])

[10] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7], [8])) + Minimum([5], [6], [7], [8])

[11] Equals [4] + [9]

[12] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7], [8])) + Maximum([5], [6], [7], [8])

Constant Growth Discounted Cash Flow Model
90 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Sustainable Growth Estimate	Average Earnings Growth	Low ROE	Mean ROE	High ROE
AGL Resources Inc.	GAS	\$1.88	\$46.07	4.08%	4.20%	5.00%	NA	8.00%	4.66%	5.89%	8.84%	10.09%	12.24%
Atmos Energy Corporation	ATO	\$1.48	\$43.26	3.42%	3.54%	6.50%	7.75%	7.50%	6.30%	7.01%	9.83%	10.55%	11.30%
Laclede Group, Inc. (The)	LG	\$1.76	\$45.49	3.87%	3.97%	4.30%	4.90%	6.00%	4.82%	5.00%	8.25%	8.97%	9.98%
New Jersey Resources Corporation	NJR	\$1.68	\$44.52	3.77%	3.86%	4.00%	2.50%	5.50%	7.16%	4.79%	6.32%	8.65%	11.07%
Northwest Natural Gas Company	NWN	\$1.84	\$42.14	4.37%	4.46%	4.00%	4.00%	4.50%	4.46%	4.24%	8.45%	8.70%	8.97%
Piedmont Natural Gas Company, Inc.	PNY	\$1.24	\$32.93	3.77%	3.84%	5.00%	4.00%	4.00%	3.64%	4.16%	7.47%	8.00%	8.86%
South Jersey Industries, Inc.	SJI	\$1.89	\$57.35	3.30%	3.42%	6.00%	6.00%	7.50%	9.66%	7.29%	9.39%	10.71%	13.12%
Southwest Gas Corporation	SWX	\$1.32	\$51.42	2.57%	2.64%	3.40%	2.55%	8.00%	8.00%	5.49%	5.15%	8.13%	10.67%
WGL Holdings, Inc.	WGL	\$1.68	\$41.66	4.03%	4.12%	4.60%	4.60%	3.50%	3.89%	4.15%	7.60%	8.26%	8.73%
Mean				3.69%	3.78%	4.76%	4.54%	6.06%	5.84%	5.34%	7.92%	9.12%	10.55%
Flotation Costs											0.15%	0.15%	0.15%
Mean (including Flotation Costs)											8.08%	9.27%	10.70%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service, equals indicated number of trading day average as of December 31, 2013

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [9])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Source: Schedule RBH-4

[9] Equals Average([5], [6], [7], [8])

[10] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7], [8])) + Minimum([5], [6], [7], [8])

[11] Equals [4] + [9]

[12] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7], [8])) + Maximum([5], [6], [7], [8])

Constant Growth Discounted Cash Flow Model
180 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Sustainable Growth Estimate	Average Earnings Growth	Low ROE	Mean ROE	High ROE
AGL Resources Inc.	GAS	\$1.88	\$45.00	4.18%	4.30%	5.00%	NA	8.00%	4.66%	5.89%	8.94%	10.19%	12.34%
Atmos Energy Corporation	ATO	\$1.48	\$43.02	3.44%	3.56%	6.50%	7.75%	7.50%	6.30%	7.01%	9.85%	10.57%	11.32%
Laclede Group, Inc. (The)	LG	\$1.76	\$45.73	3.85%	3.95%	4.30%	4.90%	6.00%	4.82%	5.00%	8.23%	8.95%	9.96%
New Jersey Resources Corporation	NJR	\$1.68	\$44.64	3.76%	3.85%	4.00%	2.50%	5.50%	7.16%	4.79%	6.31%	8.64%	11.06%
Northwest Natural Gas Company	NWN	\$1.84	\$42.87	4.29%	4.38%	4.00%	4.00%	4.50%	4.46%	4.24%	8.38%	8.62%	8.89%
Piedmont Natural Gas Company, Inc.	PNY	\$1.24	\$33.51	3.70%	3.78%	5.00%	4.00%	4.00%	3.64%	4.16%	7.40%	7.94%	8.79%
South Jersey Industries, Inc.	SJI	\$1.89	\$58.34	3.24%	3.36%	6.00%	6.00%	7.50%	9.66%	7.29%	9.34%	10.65%	13.06%
Southwest Gas Corporation	SWX	\$1.32	\$50.15	2.63%	2.70%	3.40%	2.55%	8.00%	8.00%	5.49%	5.22%	8.19%	10.74%
WGL Holdings, Inc.	WGL	\$1.68	\$42.98	3.91%	3.99%	4.60%	4.60%	3.50%	3.89%	4.15%	7.48%	8.14%	8.60%
Mean				3.67%	3.76%	4.76%	4.54%	6.06%	5.84%	5.34%	7.90%	9.10%	10.53%
Flotation Costs											0.15%	0.15%	0.15%
Mean (including Flotation Costs)											8.06%	9.25%	10.68%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service, equals indicated number of trading day average as of December 31, 2013

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [9])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Source: Schedule RBH-4

[9] Equals Average([5], [6], [7], [8])

[10] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7], [8])) + Minimum([5], [6], [7], [8])

[11] Equals [4] + [9]

[12] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7], [8])) + Maximum([5], [6], [7], [8])

Multi-Stage Growth Discounted Cash Flow Model
30 Day Average Stock Price
Average Growth Rate Estimate in First Stage

Inputs	Stock	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]
		Price	Growth Rate Estimates				Long-Term Growth	Payout Ratio			Iterative Solution		Terminal	Terminal	
			Zacks	First Call	Line	Retention		2013	2017	2024	Proof	IRR			P/E Ratio
AGL Resources Inc.	GAS	\$46.44	5.00%	NA	8.00%	4.68%	5.89%	5.71%	70.00%	60.00%	69.45%	\$0.00	9.73%	18.28	3.20
Almos Energy Corp.	ATO	\$44.74	6.50%	7.75%	7.50%	6.30%	7.01%	5.71%	56.00%	52.00%	69.45%	(\$0.00)	9.68%	18.50	3.24
Laclede Group	LG	\$45.67	4.30%	4.90%	6.00%	4.82%	5.00%	5.71%	85.00%	52.00%	69.45%	(\$0.00)	10.30%	16.02	2.80
New Jersey Resources	NJR	\$45.15	4.00%	2.50%	5.50%	7.16%	4.79%	5.71%	58.00%	48.00%	69.45%	(\$0.00)	9.98%	17.21	3.01
Northwest Natural Gas	NWN	\$42.38	4.00%	4.00%	4.50%	4.46%	4.24%	5.71%	85.00%	63.00%	69.45%	\$0.00	9.53%	19.25	3.37
Piedmont Natural Gas	PNY	\$32.82	5.00%	4.00%	4.00%	3.64%	4.16%	5.71%	68.00%	68.00%	69.45%	(\$0.00)	9.36%	20.15	3.53
South Jersey Industries	SJI	\$55.64	6.00%	6.00%	7.50%	9.66%	7.29%	5.71%	65.00%	57.00%	69.45%	(\$0.00)	10.48%	15.39	2.69
Southwest Gas Corp.	SWX	\$53.38	3.40%	2.55%	8.00%	8.00%	5.49%	5.71%	40.00%	41.00%	69.45%	(\$0.00)	9.60%	18.90	3.31
WGL Holdings, Inc.	WGL	\$39.40	4.60%	4.60%	3.50%	3.89%	4.15%	5.71%	72.00%	62.00%	69.45%	(\$0.00)	10.59%	15.07	2.64
												MEAN	9.92%		
												MAX	10.59%		
												MIN	9.36%		

Projected Annual Earnings per Share

Company	Ticker	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
AGL Resources Inc.	GAS	\$2.32	\$2.46	\$2.60	\$2.75	\$2.92	\$3.09	\$3.27	\$3.46	\$3.66	\$3.88	\$4.10	\$4.34	\$4.58	\$4.84	\$5.12	\$5.41	\$5.72
Almos Energy Corp.	ATO	\$2.10	\$2.25	\$2.40	\$2.57	\$2.75	\$2.95	\$3.15	\$3.37	\$3.59	\$3.82	\$4.05	\$4.29	\$4.54	\$4.80	\$5.07	\$5.36	\$5.67
Laclede Group	LG	\$2.79	\$2.93	\$3.08	\$3.23	\$3.39	\$3.56	\$3.74	\$3.93	\$4.14	\$4.36	\$4.60	\$4.86	\$5.13	\$5.43	\$5.74	\$6.06	\$6.41
New Jersey Resources	NJR	\$2.71	\$2.84	\$2.98	\$3.12	\$3.27	\$3.42	\$3.59	\$3.77	\$3.96	\$4.17	\$4.39	\$4.63	\$4.90	\$5.18	\$5.48	\$5.79	\$6.12
Northwest Natural Gas	NWN	\$2.22	\$2.31	\$2.41	\$2.51	\$2.62	\$2.73	\$2.85	\$2.98	\$3.12	\$3.27	\$3.44	\$3.63	\$3.84	\$4.06	\$4.29	\$4.53	\$4.79
Piedmont Natural Gas	PNY	\$1.66	\$1.73	\$1.80	\$1.88	\$1.95	\$2.04	\$2.12	\$2.21	\$2.32	\$2.43	\$2.56	\$2.70	\$2.85	\$3.01	\$3.19	\$3.37	\$3.56
South Jersey Industries	SJI	\$3.03	\$3.25	\$3.49	\$3.74	\$4.02	\$4.31	\$4.62	\$4.95	\$5.28	\$5.62	\$5.98	\$6.33	\$6.69	\$7.08	\$7.48	\$7.91	\$8.36
Southwest Gas Corp.	SWX	\$2.86	\$3.02	\$3.18	\$3.36	\$3.54	\$3.74	\$3.94	\$4.16	\$4.39	\$4.64	\$4.90	\$5.18	\$5.47	\$5.78	\$6.11	\$6.46	\$6.83
WGL Holdings, Inc.	WGL	\$2.68	\$2.79	\$2.91	\$3.03	\$3.15	\$3.28	\$3.42	\$3.57	\$3.74	\$3.92	\$4.13	\$4.35	\$4.60	\$4.86	\$5.14	\$5.43	\$5.74

Projected Annual Dividend Payout Ratio

Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
AGL Resources Inc.	GAS	70.00%	67.50%	65.00%	62.50%	60.00%	61.35%	62.70%	64.05%	65.40%	66.75%	68.10%	69.45%	69.45%	69.45%	69.45%	69.45%
Almos Energy Corp.	ATO	56.00%	55.00%	54.00%	53.00%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%
Laclede Group	LG	85.00%	76.75%	68.50%	60.25%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%
New Jersey Resources	NJR	58.00%	55.50%	53.00%	50.50%	48.00%	51.06%	54.13%	57.19%	60.26%	63.32%	66.39%	69.45%	69.45%	69.45%	69.45%	69.45%
Northwest Natural Gas	NWN	85.00%	79.50%	74.00%	68.50%	63.00%	63.92%	64.84%	65.76%	66.69%	67.61%	68.53%	69.45%	69.45%	69.45%	69.45%	69.45%
Piedmont Natural Gas	PNY	68.00%	68.00%	68.00%	68.00%	68.00%	68.21%	68.41%	68.62%	68.83%	69.04%	69.24%	69.45%	69.45%	69.45%	69.45%	69.45%
South Jersey Industries	SJI	65.00%	63.00%	61.00%	59.00%	57.00%	58.78%	60.58%	62.34%	64.11%	65.89%	67.67%	69.45%	69.45%	69.45%	69.45%	69.45%
Southwest Gas Corp.	SWX	40.00%	40.25%	40.50%	40.75%	41.00%	45.06%	49.13%	53.19%	57.26%	61.32%	65.39%	69.45%	69.45%	69.45%	69.45%	69.45%
WGL Holdings, Inc.	WGL	72.00%	69.50%	67.00%	64.50%	62.00%	63.06%	64.13%	65.19%	66.26%	67.32%	68.39%	69.45%	69.45%	69.45%	69.45%	69.45%

Projected Annual Cash Flows

Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal
AGL Resources Inc.	GAS	\$1.72	\$1.76	\$1.79	\$1.82	\$1.85	\$2.01	\$2.17	\$2.35	\$2.53	\$2.74	\$2.95	\$3.18	\$3.36	\$3.56	\$3.76	\$3.97	\$104.61
Almos Energy Corp.	ATO	\$1.26	\$1.32	\$1.39	\$1.46	\$1.53	\$1.72	\$1.92	\$2.14	\$2.37	\$2.61	\$2.87	\$3.15	\$3.33	\$3.52	\$3.72	\$3.94	\$104.85
Laclede Group	LG	\$2.49	\$2.36	\$2.21	\$2.04	\$1.85	\$2.04	\$2.24	\$2.46	\$2.70	\$2.96	\$3.25	\$3.56	\$3.77	\$3.98	\$4.21	\$4.45	\$102.66
New Jersey Resources	NJR	\$1.65	\$1.65	\$1.65	\$1.65	\$1.64	\$1.83	\$2.04	\$2.26	\$2.51	\$2.78	\$3.08	\$3.40	\$3.60	\$3.80	\$4.02	\$4.25	\$105.31
Northwest Natural Gas	NWN	\$1.97	\$1.92	\$1.86	\$1.80	\$1.72	\$1.82	\$1.93	\$2.05	\$2.18	\$2.33	\$2.49	\$2.67	\$2.82	\$2.98	\$3.15	\$3.33	\$92.25
Piedmont Natural Gas	PNY	\$1.18	\$1.22	\$1.28	\$1.33	\$1.38	\$1.45	\$1.51	\$1.59	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.34	\$2.47	\$71.74
South Jersey Industries	SJI	\$2.11	\$2.20	\$2.28	\$2.37	\$2.46	\$2.72	\$3.00	\$3.29	\$3.61	\$3.94	\$4.29	\$4.65	\$4.92	\$5.20	\$5.49	\$5.81	\$128.65
Southwest Gas Corp.	SWX	\$1.21	\$1.28	\$1.36	\$1.44	\$1.53	\$1.78	\$2.04	\$2.34	\$2.65	\$3.00	\$3.38	\$3.80	\$4.02	\$4.25	\$4.49	\$4.75	\$129.12
WGL Holdings, Inc.	WGL	\$2.01	\$2.02	\$2.03	\$2.03	\$2.04	\$2.16	\$2.29	\$2.44	\$2.60	\$2.78	\$2.97	\$3.19	\$3.38	\$3.57	\$3.77	\$3.99	\$68.54

Projected Annual Data Investor Cash Flows

Company	Ticker	Initial	12/31/13	12/31/14	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28
AGL Resources Inc.	GAS	(\$46.44)	\$0.00	\$1.77	\$1.79	\$1.82	\$1.85	\$2.01	\$2.17	\$2.35	\$2.53	\$2.74	\$2.95	\$3.18	\$3.36	\$3.56	\$3.76	\$3.97	\$108.58
Almos Energy Corp.	ATO	(\$44.74)	\$0.00	\$1.30	\$1.39	\$1.46	\$1.53	\$1.72	\$1.92	\$2.14	\$2.37	\$2.61	\$2.87	\$3.15	\$3.33	\$3.52	\$3.72	\$3.94	\$108.79
Laclede Group	LG	(\$45.67)	\$0.00	\$2.55	\$2.21	\$2.04	\$1.85	\$2.04	\$2.24	\$2.46	\$2.70	\$2.96	\$3.25	\$3.56	\$3.77	\$3.98	\$4.21	\$4.45	\$107.11
New Jersey Resources	NJR	(\$45.15)	\$0.00	\$1.69	\$1.65	\$1.65	\$1.64	\$1.83	\$2.04	\$2.26	\$2.51	\$2.78	\$3.08	\$3.40	\$3.60	\$3.80	\$4.02	\$4.25	\$109.56
Northwest Natural Gas	NWN	(\$42.38)	\$0.00	\$2.01	\$1.86	\$1.80	\$1.72	\$1.82	\$1.93	\$2.05	\$2.18	\$2.33	\$2.49	\$2.67	\$2.82	\$2.98	\$3.15	\$3.33	\$95.58
Piedmont Natural Gas	PNY	(\$32.82)	\$0.00	\$1.20	\$1.28	\$1.33	\$1.38	\$1.45	\$1.51	\$1.59	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.34	\$2.47	\$74.22
South Jersey Industries	SJI	(\$55.64)	\$0.00	\$2.19	\$2.28	\$2.37	\$2.46	\$2.72	\$3.00	\$3.29	\$3.61	\$3.94	\$4.29	\$4.65	\$4.92	\$5.20	\$5.49	\$5.81	\$134.46
Southwest Gas Corp.	SWX	(\$53.38)	\$0.00	\$1.24	\$1.36	\$1.44	\$1.53	\$1.78	\$2.04	\$2.34	\$2.65	\$3.00	\$3.38	\$3.80	\$4.02	\$4.25	\$4.49	\$4.75	\$133.87
WGL Holdings, Inc.	WGL	(\$39.40)	\$0.00	\$2.05	\$2.03	\$2.03	\$2.04	\$2.16	\$2.29	\$2.44	\$2.60	\$2.78	\$2.97	\$3.19	\$3.38	\$3.57	\$3.77	\$3.99	\$90.53

Multi-Stage Growth Discounted Cash Flow Model
30 Day Average Stock Price
Low Growth Rate Estimate in First Stage

Inputs	[1] Stock	[2]	[3] Growth Rate Estimates				[6]	[7]	[8]	[9] Payout Ratio			[11] Iterative Solution	[12] Terminal	[13]	[14]			
			Price	Zacks	First Call	Value Line				Retention Growth	Low Growth	Long-Term Growth					2013	2017	2024
AGL Resources Inc.	GAS	\$46.44	5.00%	NA	8.00%	4.66%	4.66%	5.71%	70.00%	60.00%	69.45%	(\$0.00)	9.99%	19.99	3.50				
Atmos Energy Corp.	ATO	\$44.74	6.50%	7.75%	7.50%	6.30%	6.30%	5.71%	56.00%	52.00%	69.45%	(\$0.00)	9.49%	19.45	3.40				
Laclede Group	LG	\$45.87	4.30%	4.90%	6.00%	4.82%	4.30%	5.71%	85.00%	52.00%	69.45%	\$0.00	10.07%	16.85	2.95				
New Jersey Resources	NJR	\$45.15	4.00%	2.50%	5.50%	7.16%	2.50%	5.71%	58.00%	48.00%	69.45%	\$0.00	9.32%	20.33	3.56				
Northwest Natural Gas	NWN	\$42.38	4.00%	4.00%	4.50%	4.46%	4.00%	5.71%	85.00%	63.00%	69.45%	\$0.00	9.46%	19.59	3.43				
Piedmont Natural Gas	PNY	\$32.82	5.00%	4.00%	4.00%	3.64%	3.64%	5.71%	68.00%	68.00%	69.45%	\$0.00	9.22%	20.96	3.67				
South Jersey Industries	SJI	\$55.64	6.00%	6.00%	7.50%	9.66%	6.00%	5.71%	65.00%	57.00%	69.45%	\$0.00	10.07%	16.85	2.95				
Southwest Gas Corp.	SWX	\$53.38	3.40%	2.55%	8.00%	8.00%	2.55%	5.71%	40.00%	41.00%	69.45%	\$0.00	8.86%	23.37	4.09				
WGL Holdings, Inc.	WGL	\$39.40	4.60%	4.60%	3.50%	3.89%	3.50%	5.71%	72.00%	62.00%	69.45%	\$0.00	10.36%	15.80	2.77				
												MEAN	9.58%						
												MAX	10.36%						
												MIN	8.86%						
Projected Annual Earnings per Share		[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]	[31]	
Company	Ticker	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
AGL Resources Inc.	GAS	\$2.32	\$2.43	\$2.54	\$2.66	\$2.78	\$2.91	\$3.05	\$3.20	\$3.36	\$3.53	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$5.18	
Atmos Energy Corp.	ATO	\$2.10	\$2.23	\$2.37	\$2.52	\$2.68	\$2.85	\$3.03	\$3.22	\$3.41	\$3.62	\$3.83	\$4.06	\$4.29	\$4.53	\$4.79	\$5.07	\$5.36	
Laclede Group	LG	\$2.79	\$2.91	\$3.04	\$3.17	\$3.30	\$3.44	\$3.59	\$3.75	\$3.93	\$4.13	\$4.35	\$4.59	\$4.85	\$5.12	\$5.42	\$5.73	\$6.05	
New Jersey Resources	NJR	\$2.71	\$2.78	\$2.85	\$2.92	\$2.99	\$3.07	\$3.14	\$3.24	\$3.35	\$3.49	\$3.65	\$3.84	\$4.06	\$4.29	\$4.54	\$4.80	\$5.07	
Northwest Natural Gas	NWN	\$2.22	\$2.31	\$2.40	\$2.50	\$2.60	\$2.70	\$2.81	\$2.93	\$3.06	\$3.21	\$3.38	\$3.56	\$3.76	\$3.98	\$4.21	\$4.45	\$4.70	
Piedmont Natural Gas	PNY	\$1.66	\$1.72	\$1.78	\$1.85	\$1.91	\$1.98	\$2.06	\$2.14	\$2.23	\$2.34	\$2.45	\$2.58	\$2.73	\$2.89	\$3.05	\$3.23	\$3.41	
South Jersey Industries	SJI	\$3.03	\$3.21	\$3.40	\$3.61	\$3.83	\$4.05	\$4.30	\$4.55	\$4.82	\$5.11	\$5.40	\$5.71	\$6.04	\$6.38	\$6.75	\$7.13	\$7.54	
Southwest Gas Corp.	SWX	\$2.86	\$2.93	\$3.01	\$3.08	\$3.16	\$3.24	\$3.33	\$3.43	\$3.55	\$3.70	\$3.87	\$4.07	\$4.30	\$4.55	\$4.81	\$5.09	\$5.38	
WGL Holdings, Inc.	WGL	\$2.68	\$2.77	\$2.87	\$2.97	\$3.08	\$3.18	\$3.29	\$3.42	\$3.57	\$3.73	\$3.92	\$4.13	\$4.36	\$4.61	\$4.87	\$5.15	\$5.45	
Projected Annual Dividend Payout Ratio		[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]	[47]		
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
AGL Resources Inc.	GAS	70.00%	67.50%	65.00%	62.50%	60.00%	61.35%	62.70%	64.05%	65.40%	66.75%	68.10%	69.45%	69.45%	69.45%	69.45%	69.45%		
Atmos Energy Corp.	ATO	56.00%	55.00%	54.00%	53.00%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
Laclede Group	LG	85.00%	76.75%	68.50%	60.25%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
New Jersey Resources	NJR	58.00%	55.50%	53.00%	50.50%	48.00%	51.06%	54.13%	57.19%	60.26%	63.32%	66.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Northwest Natural Gas	NWN	85.00%	79.50%	74.00%	68.50%	63.00%	63.92%	64.84%	65.76%	66.69%	67.61%	68.53%	69.45%	69.45%	69.45%	69.45%	69.45%		
Piedmont Natural Gas	PNY	68.00%	68.00%	68.00%	68.00%	68.00%	68.21%	68.41%	68.62%	68.83%	69.04%	69.24%	69.45%	69.45%	69.45%	69.45%	69.45%		
South Jersey Industries	SJI	65.00%	63.00%	61.00%	59.00%	57.00%	58.78%	60.56%	62.34%	64.11%	65.89%	67.67%	69.45%	69.45%	69.45%	69.45%	69.45%		
Southwest Gas Corp.	SWX	40.00%	40.25%	40.50%	40.75%	41.00%	45.08%	49.13%	53.19%	57.26%	61.32%	65.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
WGL Holdings, Inc.	WGL	72.00%	69.50%	67.00%	64.50%	62.00%	63.06%	64.13%	65.19%	66.26%	67.32%	68.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Projected Annual Cash Flows		[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]	[64]	
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal Value	
AGL Resources Inc.	GAS	\$1.70	\$1.72	\$1.73	\$1.74	\$1.75	\$1.87	\$2.00	\$2.15	\$2.31	\$2.48	\$2.67	\$2.88	\$3.05	\$3.22	\$3.41	\$3.60	\$103.62	
Atmos Energy Corp.	ATO	\$1.25	\$1.31	\$1.36	\$1.42	\$1.48	\$1.65	\$1.83	\$2.03	\$2.24	\$2.47	\$2.72	\$2.98	\$3.15	\$3.33	\$3.52	\$3.72	\$104.19	
Laclede Group	LG	\$2.47	\$2.53	\$2.57	\$2.61	\$2.65	\$2.81	\$3.00	\$3.21	\$3.44	\$3.69	\$3.95	\$4.23	\$4.51	\$4.80	\$5.10	\$5.41	\$102.00	
New Jersey Resources	NJR	\$1.61	\$1.58	\$1.55	\$1.51	\$1.47	\$1.60	\$1.75	\$1.92	\$2.10	\$2.31	\$2.55	\$2.82	\$3.10	\$3.38	\$3.66	\$3.95	\$103.13	
Northwest Natural Gas	NWN	\$1.98	\$1.91	\$1.85	\$1.78	\$1.70	\$1.80	\$1.90	\$2.01	\$2.14	\$2.28	\$2.44	\$2.61	\$2.76	\$2.92	\$3.09	\$3.26	\$92.10	
Piedmont Natural Gas	PNY	\$1.17	\$1.21	\$1.26	\$1.30	\$1.35	\$1.40	\$1.46	\$1.53	\$1.61	\$1.69	\$1.79	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$71.51	
South Jersey Industries	SJI	\$2.09	\$2.14	\$2.20	\$2.26	\$2.31	\$2.53	\$2.76	\$3.01	\$3.27	\$3.56	\$3.87	\$4.19	\$4.43	\$4.69	\$4.96	\$5.24	\$127.07	
Southwest Gas Corp.	SWX	\$1.17	\$1.21	\$1.25	\$1.29	\$1.33	\$1.50	\$1.68	\$1.89	\$2.12	\$2.37	\$2.66	\$2.99	\$3.16	\$3.34	\$3.53	\$3.73	\$125.63	
WGL Holdings, Inc.	WGL	\$2.00	\$2.00	\$1.99	\$1.98	\$1.97	\$2.08	\$2.19	\$2.33	\$2.47	\$2.64	\$2.82	\$3.03	\$3.20	\$3.39	\$3.58	\$3.78	\$86.06	
Projected Annual Data Investor Cash Flows		[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]	[82]
Company	Ticker	Initial	12/31/13	12/31/14	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28
AGL Resources Inc.	GAS	(\$46.44)	\$0.00	\$1.74	\$1.73	\$1.74	\$1.75	\$1.87	\$2.00	\$2.15	\$2.31	\$2.48	\$2.67	\$2.88	\$3.05	\$3.22	\$3.41	\$3.60	\$107.23
Atmos Energy Corp.	ATO	(\$44.74)	\$0.00	\$1.29	\$1.36	\$1.42	\$1.48	\$1.65	\$1.83	\$2.03	\$2.24	\$2.47	\$2.72	\$2.98	\$3.15	\$3.33	\$3.52	\$3.72	\$107.91
Laclede Group	LG	(\$45.87)	\$0.00	\$2.53	\$2.57	\$2.61	\$2.65	\$2.81	\$3.00	\$3.21	\$3.44	\$3.69	\$3.95	\$4.23	\$4.51	\$4.80	\$5.10	\$106.20	
New Jersey Resources	NJR	(\$45.15)	\$0.00	\$1.63	\$1.55	\$1.51	\$1.47	\$1.60	\$1.75	\$1.92	\$2.10	\$2.31	\$2.55	\$2.82	\$3.10	\$3.38	\$3.66	\$3.95	\$106.66
Northwest Natural Gas	NWN	(\$42.38)	\$0.00	\$2.00	\$1.95	\$1.78	\$1.70	\$1.80	\$1.90	\$2.01	\$2.14	\$2.28	\$2.44	\$2.61	\$2.76	\$2.92	\$3.09	\$3.26	\$95.37
Piedmont Natural Gas	PNY	(\$32.82)	\$0.00	\$1.19	\$1.26	\$1.30	\$1.35	\$1.40	\$1.46	\$1.53	\$1.61	\$1.69	\$1.79	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$73.88
South Jersey Industries	SJI	(\$55.64)	\$0.00	\$2.15	\$2.20	\$2.26	\$2.31	\$2.53	\$2.76	\$3.01	\$3.27	\$3.56	\$3.87	\$4.19	\$4.43	\$4.69	\$4.96	\$132.30	
Southwest Gas Corp.	SWX	(\$53.38)	\$0.00	\$1.19	\$1.25	\$1.29	\$1.33	\$1.50	\$1.68	\$1.89	\$2.12	\$2.37	\$2.66	\$2.99	\$3.16	\$3.34	\$3.53	\$3.73	\$129.36
WGL Holdings, Inc.	WGL	(\$39.40)	\$0.00	\$2.03	\$1.99	\$1.98	\$1.97	\$2.08	\$2.19	\$2.33	\$2.47	\$2.64	\$2.82	\$3.03	\$3.20	\$3.39	\$3.58	\$3.78	\$89.84

Multi-Stage Growth Discounted Cash Flow Model
30 Day Average Stock Price
High Growth Rate Estimate in First Stage

Inputs	[1] Stock	[3] Growth Rate Estimates						[7] Long-Term Growth	[9] Payout Ratio			[11] Iterative Solution	[12] Terminal	[13] Terminal	[14] Terminal				
		Price	Zacks	First Call	Value Line	Retention	High Growth		2013	2017	2024					Proof	IRR	PI/E Ratio	PEG Ratio
AGL Resources Inc.	GAS	\$46.44	5.00%	NA	8.00%	4.66%	8.00%	5.71%	70.00%	60.00%	69.45%	\$0.00	10.38%	15.74	2.76				
Atmos Energy Corp.	ATO	\$44.74	6.50%	7.75%	7.50%	6.30%	7.75%	5.71%	56.00%	52.00%	69.45%	\$0.00	9.89%	17.57	3.08				
Laclede Group	LG	\$45.67	4.30%	4.90%	6.00%	4.82%	6.00%	5.71%	85.00%	52.00%	69.45%	\$0.00	10.63%	14.93	2.61				
New Jersey Resources	NJR	\$45.15	4.00%	2.50%	5.50%	7.16%	7.16%	5.71%	58.00%	48.00%	69.45%	(\$0.00)	10.74%	14.60	2.55				
Northwest Natural Gas	NWN	\$42.38	4.00%	4.00%	4.50%	4.46%	4.50%	5.71%	85.00%	63.00%	69.45%	\$0.00	9.60%	18.88	3.30				
Piedmont Natural Gas	PNY	\$32.82	5.00%	4.00%	4.00%	3.64%	5.00%	5.71%	68.00%	68.00%	69.45%	(\$0.00)	9.59%	18.92	3.31				
South Jersey Industries	SJI	\$55.64	6.00%	6.00%	7.50%	9.66%	9.66%	5.71%	65.00%	57.00%	69.45%	(\$0.00)	11.32%	13.11	2.29				
Southwest Gas Corp.	SWX	\$53.38	3.40%	2.55%	8.00%	8.00%	8.00%	5.71%	40.00%	41.00%	69.45%	(\$0.00)	10.33%	15.90	2.78				
WGL Holdings, Inc.	WGL	\$39.40	4.60%	4.60%	3.50%	3.89%	4.60%	5.71%	72.00%	62.00%	69.45%	\$0.00	10.75%	14.58	2.55				
													MEAN	10.36%					
													MAX	11.32%					
													MIN	9.59%					
Projected Annual Earnings per Share																			
Company	Ticker	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
AGL Resources Inc.	GAS	\$2.32	\$2.51	\$2.71	\$2.92	\$3.16	\$3.41	\$3.68	\$3.96	\$4.25	\$4.54	\$4.83	\$5.13	\$5.42	\$5.73	\$6.06	\$6.41	\$6.77	
Atmos Energy Corp.	ATO	\$2.10	\$2.26	\$2.44	\$2.63	\$2.83	\$3.05	\$3.29	\$3.53	\$3.78	\$4.03	\$4.29	\$4.55	\$4.81	\$5.09	\$5.38	\$5.68	\$6.01	
Laclede Group	LG	\$2.79	\$2.96	\$3.13	\$3.32	\$3.52	\$3.73	\$3.96	\$4.19	\$4.44	\$4.70	\$4.97	\$5.26	\$5.56	\$5.88	\$6.21	\$6.57	\$6.95	
New Jersey Resources	NJR	\$2.71	\$2.90	\$3.11	\$3.34	\$3.57	\$3.83	\$4.10	\$4.39	\$4.68	\$4.98	\$5.29	\$5.61	\$5.93	\$6.27	\$6.62	\$7.00	\$7.40	
Northwest Natural Gas	NWN	\$2.22	\$2.32	\$2.42	\$2.53	\$2.65	\$2.77	\$2.89	\$3.03	\$3.18	\$3.34	\$3.51	\$3.71	\$3.92	\$4.14	\$4.38	\$4.63	\$4.90	
Piedmont Natural Gas	PNY	\$1.66	\$1.74	\$1.83	\$1.92	\$2.02	\$2.12	\$2.22	\$2.34	\$2.46	\$2.59	\$2.73	\$2.89	\$3.05	\$3.23	\$3.41	\$3.61	\$3.81	
South Jersey Industries	SJI	\$3.03	\$3.32	\$3.64	\$4.00	\$4.38	\$4.81	\$5.27	\$5.74	\$6.22	\$6.70	\$7.17	\$7.63	\$8.07	\$8.53	\$9.01	\$9.53	\$10.07	
Southwest Gas Corp.	SWX	\$2.86	\$3.09	\$3.34	\$3.60	\$3.89	\$4.20	\$4.54	\$4.89	\$5.24	\$5.60	\$5.96	\$6.32	\$6.69	\$7.07	\$7.47	\$7.90	\$8.35	
WGL Holdings, Inc.	WGL	\$2.68	\$2.80	\$2.93	\$3.07	\$3.21	\$3.36	\$3.51	\$3.68	\$3.86	\$4.06	\$4.28	\$4.51	\$4.77	\$5.04	\$5.33	\$5.64	\$5.96	
Projected Annual Dividend Payout Ratio																			
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
AGL Resources Inc.	GAS	70.00%	67.50%	65.00%	62.50%	60.00%	61.35%	62.70%	64.05%	65.40%	66.75%	68.10%	69.45%	69.45%	69.45%	69.45%	69.45%		
Atmos Energy Corp.	ATO	56.00%	55.00%	54.00%	53.00%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
Laclede Group	LG	85.00%	76.75%	68.50%	60.25%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
New Jersey Resources	NJR	58.00%	55.50%	53.00%	50.50%	48.00%	51.06%	54.13%	57.19%	60.26%	63.32%	66.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Northwest Natural Gas	NWN	85.00%	79.50%	74.00%	68.50%	63.00%	63.92%	64.84%	65.76%	66.69%	67.61%	68.53%	69.45%	69.45%	69.45%	69.45%	69.45%		
Piedmont Natural Gas	PNY	68.00%	68.00%	68.00%	68.00%	68.00%	68.21%	68.41%	68.62%	68.83%	69.04%	69.24%	69.45%	69.45%	69.45%	69.45%	69.45%		
South Jersey Industries	SJI	65.00%	63.00%	61.00%	59.00%	57.00%	58.78%	60.56%	62.34%	64.11%	65.89%	67.67%	69.45%	69.45%	69.45%	69.45%	69.45%		
Southwest Gas Corp.	SWX	40.00%	40.25%	40.50%	40.75%	41.00%	45.08%	49.13%	53.19%	57.26%	61.32%	65.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
WGL Holdings, Inc.	WGL	72.00%	69.50%	67.00%	64.50%	62.00%	63.06%	64.13%	65.19%	66.26%	67.32%	68.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Projected Annual Cash Flows																			
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal Value	
AGL Resources Inc.	GAS	\$1.75	\$1.83	\$1.90	\$1.97	\$2.05	\$2.26	\$2.48	\$2.72	\$2.97	\$3.23	\$3.49	\$3.77	\$3.98	\$4.21	\$4.45	\$4.70	\$106.58	
Atmos Energy Corp.	ATO	\$1.27	\$1.34	\$1.42	\$1.50	\$1.59	\$1.79	\$2.01	\$2.25	\$2.50	\$2.77	\$3.05	\$3.34	\$3.53	\$3.73	\$3.95	\$4.17	\$105.59	
Laclede Group	LG	\$2.51	\$2.41	\$2.28	\$2.12	\$1.94	\$2.16	\$2.39	\$2.64	\$2.91	\$3.21	\$3.52	\$3.86	\$4.08	\$4.32	\$4.56	\$4.82	\$103.68	
New Jersey Resources	NJR	\$1.68	\$1.73	\$1.77	\$1.80	\$1.84	\$2.10	\$2.38	\$2.68	\$3.00	\$3.35	\$3.72	\$4.12	\$4.35	\$4.60	\$4.86	\$5.14	\$108.03	
Northwest Natural Gas	NWN	\$1.97	\$1.93	\$1.87	\$1.81	\$1.74	\$1.65	\$1.96	\$2.09	\$2.23	\$2.38	\$2.54	\$2.72	\$2.88	\$3.04	\$3.22	\$3.40	\$92.42	
Piedmont Natural Gas	PNY	\$1.19	\$1.24	\$1.31	\$1.37	\$1.44	\$1.52	\$1.60	\$1.69	\$1.78	\$1.89	\$2.00	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$72.15	
South Jersey Industries	SJI	\$2.16	\$2.30	\$2.44	\$2.59	\$2.74	\$3.10	\$3.48	\$3.88	\$4.30	\$4.73	\$5.16	\$5.60	\$5.92	\$6.26	\$6.62	\$7.00	\$132.03	
Southwest Gas Corp.	SWX	\$1.24	\$1.34	\$1.46	\$1.59	\$1.72	\$2.05	\$2.40	\$2.79	\$3.21	\$3.66	\$4.14	\$4.64	\$4.91	\$5.19	\$5.49	\$5.80	\$132.79	
WGL Holdings, Inc.	WGL	\$2.02	\$2.04	\$2.05	\$2.07	\$2.08	\$2.21	\$2.36	\$2.52	\$2.69	\$2.88	\$3.09	\$3.31	\$3.50	\$3.70	\$3.91	\$4.14	\$66.90	
Projected Annual Data Investor Cash Flows																			
Company	Ticker	Initial	12/31/13	12/31/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28
AGL Resources Inc.	GAS	(\$46.44)	\$0.00	\$1.82	\$1.90	\$1.97	\$2.05	\$2.26	\$2.48	\$2.72	\$2.97	\$3.23	\$3.49	\$3.77	\$3.98	\$4.21	\$4.45	\$4.70	\$111.28
Atmos Energy Corp.	ATO	(\$44.74)	\$0.00	\$1.32	\$1.42	\$1.50	\$1.59	\$1.79	\$2.01	\$2.25	\$2.50	\$2.77	\$3.05	\$3.34	\$3.53	\$3.73	\$3.95	\$4.17	\$109.76
Laclede Group	LG	(\$45.67)	\$0.00	\$2.59	\$2.28	\$2.12	\$1.94	\$2.16	\$2.39	\$2.64	\$2.91	\$3.21	\$3.52	\$3.86	\$4.08	\$4.32	\$4.56	\$4.82	\$108.50
New Jersey Resources	NJR	(\$45.15)	\$0.00	\$1.74	\$1.77	\$1.80	\$1.84	\$2.10	\$2.38	\$2.68	\$3.00	\$3.35	\$3.72	\$4.12	\$4.35	\$4.60	\$4.86	\$5.14	\$113.17
Northwest Natural Gas	NWN	(\$42.38)	\$0.00	\$2.02	\$1.87	\$1.81	\$1.74	\$1.65	\$1.96	\$2.09	\$2.23	\$2.38	\$2.54	\$2.72	\$2.88	\$3.04	\$3.22	\$3.40	\$95.82
Piedmont Natural Gas	PNY	(\$32.82)	\$0.00	\$1.21	\$1.31	\$1.37	\$1.44	\$1.52	\$1.60	\$1.69	\$1.78	\$1.89	\$2.00	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$74.80
South Jersey Industries	SJI	(\$55.64)	\$0.00	\$2.26	\$2.44	\$2.59	\$2.74	\$3.10	\$3.48	\$3.88	\$4.30	\$4.73	\$5.16	\$5.60	\$5.92	\$6.26	\$6.62	\$139.02	
Southwest Gas Corp.	SWX	(\$53.38)	\$0.00	\$1.28	\$1.46	\$1.59	\$1.72	\$2.05	\$2.40	\$2.79	\$3.21	\$3.66	\$4.14	\$4.64	\$4.91	\$5.19	\$5.49	\$5.80	\$138.59
WGL Holdings, Inc.	WGL	(\$39.40)	\$0.00	\$2.06	\$2.05	\$2.07	\$2.08	\$2.21	\$2.36	\$2.52	\$2.69	\$2.88	\$3.09	\$3.31	\$3.50	\$3.70	\$3.91	\$4.14	\$91.04

Multi-Stage Growth Discounted Cash Flow Model
 90 Day Average Stock Price
 Average Growth Rate Estimate in First Stage

Inputs	[1] Stock	[2]	[4] Growth Rate Estimates				[5] Value Retention	[6] Long-Term Average	[7] Payout Ratio			[10] Iterative Solution	[11] Terminal	[12] Terminal				
			Zacks	First Call	Line	Growth			2013	2017	2024							
Company	Ticker	Price										Proof	IRR	P/E Ratio	PEG Ratio			
AGL Resources Inc.	GAS	\$46.07	5.00%	NA	8.00%	4.66%	5.89%	5.71%	70.00%	60.00%	69.45%	\$0.00	9.76%	18.13	3.17			
Atmos Energy Corp.	ATO	\$43.26	6.50%	7.75%	7.50%	6.30%	7.01%	5.71%	56.00%	52.00%	69.45%	(\$0.00)	9.81%	17.91	3.13			
Laclede Group	LG	\$45.49	4.30%	4.90%	6.00%	4.82%	5.00%	5.71%	85.00%	52.00%	69.45%	(\$0.00)	10.31%	15.96	2.79			
New Jersey Resources	NJR	\$44.52	4.00%	2.50%	5.50%	7.16%	4.79%	5.71%	58.00%	48.00%	69.45%	(\$0.00)	10.04%	16.98	2.97			
Northwest Natural Gas	NWN	\$42.14	4.00%	4.00%	4.50%	4.48%	4.24%	5.71%	85.00%	63.00%	69.45%	\$0.00	9.55%	19.13	3.35			
Piedmont Natural Gas	PNY	\$32.93	5.00%	4.00%	4.00%	3.84%	4.16%	5.71%	68.00%	68.00%	69.45%	(\$0.00)	9.34%	20.22	3.54			
South Jersey Industries	SJI	\$57.35	6.00%	6.00%	7.50%	9.66%	7.29%	5.71%	65.00%	57.00%	69.45%	(\$0.00)	10.35%	15.85	2.77			
Southwest Gas Corp.	SWX	\$51.42	3.40%	2.55%	8.00%	8.00%	5.49%	5.71%	40.00%	41.00%	69.45%	(\$0.00)	9.74%	18.25	3.19			
WGL Holdings, Inc.	WGL	\$41.66	4.80%	4.60%	3.50%	3.89%	4.15%	5.71%	72.00%	62.00%	69.45%	(\$0.00)	10.32%	15.95	2.79			
												MEAN	9.91%					
												MAX	10.35%					
												MIN	9.34%					
Projected Annual Earnings per Share																		
Company	Ticker	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
AGL Resources Inc.	GAS	\$2.32	\$2.46	\$2.60	\$2.75	\$2.92	\$3.09	\$3.27	\$3.46	\$3.66	\$3.88	\$4.10	\$4.34	\$4.58	\$4.84	\$5.12	\$5.41	\$5.72
Atmos Energy Corp.	ATO	\$2.10	\$2.25	\$2.40	\$2.57	\$2.75	\$2.95	\$3.15	\$3.37	\$3.59	\$3.82	\$4.05	\$4.29	\$4.54	\$4.80	\$5.07	\$5.36	\$5.67
Laclede Group	LG	\$2.79	\$2.93	\$3.08	\$3.23	\$3.39	\$3.56	\$3.74	\$3.93	\$4.14	\$4.36	\$4.60	\$4.86	\$5.13	\$5.43	\$5.74	\$6.06	\$6.41
New Jersey Resources	NJR	\$2.71	\$2.84	\$2.98	\$3.12	\$3.27	\$3.42	\$3.59	\$3.77	\$3.96	\$4.17	\$4.39	\$4.63	\$4.90	\$5.18	\$5.48	\$5.79	\$6.12
Northwest Natural Gas	NWN	\$2.22	\$2.31	\$2.41	\$2.51	\$2.62	\$2.73	\$2.85	\$2.98	\$3.12	\$3.27	\$3.44	\$3.63	\$3.84	\$4.06	\$4.29	\$4.53	\$4.79
Piedmont Natural Gas	PNY	\$1.66	\$1.73	\$1.80	\$1.88	\$1.95	\$2.04	\$2.12	\$2.21	\$2.32	\$2.43	\$2.56	\$2.70	\$2.85	\$3.01	\$3.19	\$3.37	\$3.56
South Jersey Industries	SJI	\$3.03	\$3.25	\$3.49	\$3.74	\$4.02	\$4.31	\$4.62	\$4.95	\$5.28	\$5.62	\$5.98	\$6.33	\$6.69	\$7.08	\$7.48	\$7.91	\$8.36
Southwest Gas Corp.	SWX	\$2.98	\$3.02	\$3.18	\$3.36	\$3.54	\$3.74	\$3.94	\$4.16	\$4.39	\$4.64	\$4.90	\$5.18	\$5.47	\$5.78	\$6.11	\$6.46	\$6.83
WGL Holdings, Inc.	WGL	\$2.68	\$2.79	\$2.91	\$3.03	\$3.15	\$3.28	\$3.42	\$3.57	\$3.74	\$3.92	\$4.13	\$4.35	\$4.60	\$4.86	\$5.14	\$5.43	\$5.74
Projected Annual Dividend Payout Ratio																		
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
AGL Resources Inc.	GAS	70.00%	67.50%	65.00%	62.50%	60.00%	61.35%	62.70%	64.05%	65.40%	66.75%	68.10%	69.45%	69.45%	69.45%	69.45%	69.45%	
Atmos Energy Corp.	ATO	56.00%	55.00%	54.00%	53.00%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%	
Laclede Group	LG	85.00%	76.75%	68.50%	60.25%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%	
New Jersey Resources	NJR	58.00%	55.50%	53.00%	50.50%	48.00%	51.06%	54.13%	57.19%	60.26%	63.32%	66.39%	69.45%	69.45%	69.45%	69.45%	69.45%	
Northwest Natural Gas	NWN	85.00%	79.50%	74.00%	68.50%	63.00%	63.92%	64.84%	65.76%	66.69%	67.61%	68.53%	69.45%	69.45%	69.45%	69.45%	69.45%	
Piedmont Natural Gas	PNY	68.00%	68.00%	68.00%	68.00%	68.00%	68.21%	68.41%	68.62%	68.83%	69.04%	69.24%	69.45%	69.45%	69.45%	69.45%	69.45%	
South Jersey Industries	SJI	65.00%	63.00%	61.00%	59.00%	57.00%	58.78%	60.56%	62.34%	64.11%	65.89%	67.67%	69.45%	69.45%	69.45%	69.45%	69.45%	
Southwest Gas Corp.	SWX	40.00%	40.25%	40.50%	40.75%	41.00%	45.06%	49.13%	53.19%	57.26%	61.32%	65.39%	69.45%	69.45%	69.45%	69.45%	69.45%	
WGL Holdings, Inc.	WGL	72.00%	69.50%	67.00%	64.50%	62.00%	63.06%	64.13%	65.19%	66.26%	67.32%	68.39%	69.45%	69.45%	69.45%	69.45%	69.45%	
Projected Annual Cash Flows																		
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal Value
AGL Resources Inc.	GAS	\$1.72	\$1.76	\$1.79	\$1.82	\$1.85	\$2.01	\$2.17	\$2.35	\$2.53	\$2.74	\$2.95	\$3.18	\$3.36	\$3.56	\$3.76	\$3.97	\$103.77
Atmos Energy Corp.	ATO	\$1.26	\$1.32	\$1.39	\$1.46	\$1.53	\$1.72	\$1.92	\$2.14	\$2.37	\$2.61	\$2.87	\$3.15	\$3.33	\$3.52	\$3.72	\$3.94	\$101.52
Laclede Group	LG	\$2.49	\$2.36	\$2.21	\$2.04	\$1.85	\$2.04	\$2.24	\$2.46	\$2.70	\$2.96	\$3.25	\$3.56	\$3.77	\$3.98	\$4.21	\$4.45	\$102.27
New Jersey Resources	NJR	\$1.65	\$1.65	\$1.65	\$1.65	\$1.64	\$1.83	\$2.04	\$2.26	\$2.51	\$2.78	\$3.08	\$3.40	\$3.60	\$3.80	\$4.02	\$4.25	\$103.88
Northwest Natural Gas	NWN	\$1.97	\$1.92	\$1.86	\$1.80	\$1.72	\$1.92	\$1.93	\$2.05	\$2.18	\$2.33	\$2.49	\$2.67	\$2.82	\$2.98	\$3.15	\$3.33	\$91.71
Piedmont Natural Gas	PNY	\$1.18	\$1.22	\$1.28	\$1.33	\$1.38	\$1.45	\$1.51	\$1.59	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.34	\$2.47	\$72.01
South Jersey Industries	SJI	\$2.11	\$2.20	\$2.28	\$2.37	\$2.46	\$2.72	\$3.00	\$3.29	\$3.61	\$3.94	\$4.29	\$4.65	\$4.92	\$5.20	\$5.49	\$5.81	\$132.50
Southwest Gas Corp.	SWX	\$1.21	\$1.28	\$1.36	\$1.44	\$1.53	\$1.78	\$2.04	\$2.34	\$2.65	\$3.00	\$3.38	\$3.80	\$4.02	\$4.25	\$4.49	\$4.75	\$124.68
WGL Holdings, Inc.	WGL	\$2.01	\$2.02	\$2.03	\$2.04	\$2.16	\$2.29	\$2.44	\$2.60	\$2.78	\$2.97	\$3.19	\$3.38	\$3.57	\$3.77	\$3.99	\$4.21	\$91.61
Projected Annual Data Investor Cash Flows																		
Company	Ticker	Initial Outflow	12/31/13	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28
AGL Resources Inc.	GAS	(\$46.07)	\$0.00	\$1.77	\$1.79	\$1.82	\$1.85	\$2.01	\$2.17	\$2.35	\$2.53	\$2.74	\$2.95	\$3.18	\$3.36	\$3.56	\$3.76	\$107.74
Atmos Energy Corp.	ATO	(\$43.26)	\$0.00	\$1.30	\$1.39	\$1.46	\$1.53	\$1.72	\$1.92	\$2.14	\$2.37	\$2.61	\$2.87	\$3.15	\$3.33	\$3.52	\$3.72	\$105.46
Laclede Group	LG	(\$45.49)	\$0.00	\$2.55	\$2.21	\$2.04	\$1.85	\$2.04	\$2.24	\$2.46	\$2.70	\$2.96	\$3.25	\$3.56	\$3.77	\$3.98	\$4.21	\$106.72
New Jersey Resources	NJR	(\$44.52)	\$0.00	\$1.69	\$1.65	\$1.65	\$1.64	\$1.83	\$2.04	\$2.26	\$2.51	\$2.78	\$3.08	\$3.40	\$3.60	\$3.80	\$4.02	\$108.13
Northwest Natural Gas	NWN	(\$42.14)	\$0.00	\$2.01	\$1.86	\$1.80	\$1.72	\$1.92	\$1.93	\$2.05	\$2.18	\$2.33	\$2.49	\$2.67	\$2.82	\$2.98	\$3.15	\$95.04
Piedmont Natural Gas	PNY	(\$32.93)	\$0.00	\$1.20	\$1.28	\$1.33	\$1.38	\$1.45	\$1.51	\$1.59	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.34	\$74.48
South Jersey Industries	SJI	(\$57.35)	\$0.00	\$2.19	\$2.28	\$2.37	\$2.46	\$2.72	\$3.00	\$3.29	\$3.61	\$3.94	\$4.29	\$4.65	\$4.92	\$5.20	\$5.49	\$138.31
Southwest Gas Corp.	SWX	(\$51.42)	\$0.00	\$1.24	\$1.36	\$1.44	\$1.53	\$1.78	\$2.04	\$2.34	\$2.65	\$3.00	\$3.38	\$3.80	\$4.02	\$4.25	\$4.49	\$129.43
WGL Holdings, Inc.	WGL	(\$41.66)	\$0.00	\$2.05	\$2.03	\$2.03	\$2.04	\$2.16	\$2.29	\$2.44	\$2.60	\$2.78	\$2.97	\$3.19	\$3.38	\$3.57	\$3.77	\$95.60

Multi-Stage Growth Discounted Cash Flow Model
 90 Day Average Stock Price
 Low Growth Rate Estimate in First Stage

Inputs	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]					
	Stock		Growth Rate Estimates						Payout Ratio			Iterative Solution	Terminal	Terminal					
Company	Ticker	Price	Zacks	First Call	Value Line	Retention Growth	Low Growth	Long-Term Growth	2013	2017	2024	Proof	IRR	P/E Ratio	PEG Ratio				
AGL Resources Inc.	GAS	\$46.07	5.00%	NA	8.00%	4.66%	4.66%	5.71%	70.00%	60.00%	69.45%	(\$0.00)	9.42%	19.82	3.47				
Atmos Energy Corp.	ATO	\$43.26	6.50%	7.75%	7.50%	6.30%	6.30%	5.71%	56.00%	52.00%	69.45%	(\$0.00)	9.61%	18.83	3.30				
Laclede Group	LG	\$45.49	4.30%	4.90%	6.00%	4.82%	4.30%	5.71%	85.00%	52.00%	69.45%	\$0.00	10.09%	16.78	2.94				
New Jersey Resources	NJR	\$44.52	4.00%	2.50%	5.50%	7.16%	2.50%	5.71%	58.00%	48.00%	69.45%	\$0.00	9.38%	20.05	3.51				
Northwest Natural Gas	NWN	\$42.14	4.00%	4.00%	4.50%	4.46%	4.00%	5.71%	85.00%	63.00%	69.45%	\$0.00	9.48%	19.48	3.41				
Piedmont Natural Gas	PNY	\$32.93	5.00%	4.00%	4.00%	3.64%	3.64%	5.71%	68.00%	68.00%	69.45%	\$0.00	9.20%	21.03	3.68				
South Jersey Industries	SJI	\$57.35	6.00%	8.00%	7.50%	9.66%	6.00%	5.71%	65.00%	57.00%	69.45%	\$0.00	9.94%	17.36	3.04				
Southwest Gas Corp.	SWX	\$51.42	3.40%	2.55%	8.00%	8.00%	2.55%	5.71%	40.00%	41.00%	69.45%	\$0.00	8.97%	22.55	3.95				
WGL Holdings, Inc.	WGL	\$41.66	4.60%	4.60%	3.50%	3.89%	3.50%	5.71%	72.00%	62.00%	69.45%	\$0.00	10.10%	16.73	2.93				
												MEAN	9.58%						
												MAX	10.10%						
												MIN	8.97%						
Projected Annual Earnings per Share		[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]	[31]	
Company	Ticker	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
AGL Resources Inc.	GAS	\$2.32	\$2.43	\$2.54	\$2.66	\$2.78	\$2.91	\$3.05	\$3.20	\$3.36	\$3.53	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$5.18	
Atmos Energy Corp.	ATO	\$2.10	\$2.23	\$2.37	\$2.52	\$2.68	\$2.85	\$3.03	\$3.22	\$3.41	\$3.62	\$3.83	\$4.06	\$4.29	\$4.53	\$4.79	\$5.07	\$5.36	
Laclede Group	LG	\$2.79	\$2.91	\$3.04	\$3.17	\$3.30	\$3.44	\$3.59	\$3.75	\$3.93	\$4.13	\$4.35	\$4.59	\$4.85	\$5.12	\$5.42	\$5.73	\$6.05	
New Jersey Resources	NJR	\$2.71	\$2.78	\$2.85	\$2.92	\$2.99	\$3.07	\$3.14	\$3.24	\$3.35	\$3.49	\$3.65	\$3.84	\$4.06	\$4.29	\$4.54	\$4.80	\$5.07	
Northwest Natural Gas	NWN	\$2.22	\$2.31	\$2.40	\$2.50	\$2.60	\$2.70	\$2.81	\$2.93	\$3.06	\$3.21	\$3.38	\$3.56	\$3.76	\$3.98	\$4.21	\$4.45	\$4.70	
Piedmont Natural Gas	PNY	\$1.66	\$1.72	\$1.78	\$1.85	\$1.91	\$1.98	\$2.06	\$2.14	\$2.23	\$2.34	\$2.45	\$2.59	\$2.73	\$2.89	\$3.05	\$3.23	\$3.41	
South Jersey Industries	SJI	\$3.03	\$3.21	\$3.40	\$3.61	\$3.83	\$4.05	\$4.30	\$4.55	\$4.82	\$5.11	\$5.40	\$5.71	\$6.04	\$6.38	\$6.75	\$7.13	\$7.54	
Southwest Gas Corp.	SWX	\$2.88	\$2.93	\$3.01	\$3.08	\$3.16	\$3.24	\$3.33	\$3.43	\$3.55	\$3.70	\$3.87	\$4.07	\$4.30	\$4.55	\$4.81	\$5.09	\$5.39	
WGL Holdings, Inc.	WGL	\$2.68	\$2.77	\$2.87	\$2.97	\$3.08	\$3.18	\$3.29	\$3.42	\$3.57	\$3.73	\$3.92	\$4.13	\$4.36	\$4.61	\$4.87	\$5.15	\$5.45	
Projected Annual Dividend Payout Ratio		[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]	[47]		
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
AGL Resources Inc.	GAS	70.00%	67.50%	65.00%	62.50%	60.00%	61.35%	62.70%	64.05%	65.40%	66.75%	68.10%	69.45%	69.45%	69.45%	69.45%	69.45%		
Atmos Energy Corp.	ATO	56.00%	55.00%	54.00%	53.00%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
Laclede Group	LG	85.00%	76.75%	68.50%	60.25%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
New Jersey Resources	NJR	58.00%	55.50%	53.00%	50.50%	48.00%	51.06%	54.13%	57.19%	60.26%	63.32%	66.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Northwest Natural Gas	NWN	85.00%	79.50%	74.00%	68.50%	63.00%	63.92%	64.84%	65.76%	66.69%	67.61%	68.53%	69.45%	69.45%	69.45%	69.45%	69.45%		
Piedmont Natural Gas	PNY	68.00%	68.00%	68.00%	68.00%	68.00%	68.21%	68.41%	68.62%	68.83%	69.04%	69.24%	69.45%	69.45%	69.45%	69.45%	69.45%		
South Jersey Industries	SJI	65.00%	63.00%	61.00%	59.00%	57.00%	58.78%	60.56%	62.34%	64.11%	65.89%	67.67%	69.45%	69.45%	69.45%	69.45%	69.45%		
Southwest Gas Corp.	SWX	40.00%	40.25%	40.50%	40.75%	41.00%	45.08%	49.13%	53.19%	57.26%	61.32%	65.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
WGL Holdings, Inc.	WGL	72.00%	69.50%	67.00%	64.50%	62.00%	63.06%	64.13%	65.19%	66.26%	67.32%	68.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Projected Annual Cash Flows		[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]	[64]	
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal Value	
AGL Resources Inc.	GAS	\$1.70	\$1.72	\$1.73	\$1.74	\$1.75	\$1.87	\$2.00	\$2.15	\$2.31	\$2.48	\$2.67	\$2.88	\$3.05	\$3.22	\$3.41	\$3.60	\$102.79	
Atmos Energy Corp.	ATO	\$1.25	\$1.31	\$1.36	\$1.42	\$1.48	\$1.65	\$1.83	\$2.03	\$2.24	\$2.47	\$2.72	\$2.98	\$3.15	\$3.33	\$3.52	\$3.72	\$100.85	
Laclede Group	LG	\$2.47	\$2.33	\$2.17	\$1.99	\$1.79	\$1.96	\$2.14	\$2.34	\$2.56	\$2.80	\$3.07	\$3.37	\$3.56	\$3.76	\$3.98	\$4.20	\$101.60	
New Jersey Resources	NJR	\$1.61	\$1.58	\$1.55	\$1.51	\$1.47	\$1.60	\$1.75	\$1.92	\$2.10	\$2.31	\$2.55	\$2.82	\$2.98	\$3.15	\$3.33	\$3.52	\$101.71	
Northwest Natural Gas	NWN	\$1.96	\$1.91	\$1.85	\$1.78	\$1.70	\$1.80	\$1.90	\$2.01	\$2.14	\$2.28	\$2.44	\$2.61	\$2.76	\$2.92	\$3.09	\$3.26	\$91.56	
Piedmont Natural Gas	PNY	\$1.17	\$1.21	\$1.26	\$1.30	\$1.35	\$1.40	\$1.46	\$1.53	\$1.61	\$1.69	\$1.79	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$71.77	
South Jersey Industries	SJI	\$2.09	\$2.14	\$2.20	\$2.26	\$2.31	\$2.53	\$2.76	\$3.01	\$3.27	\$3.56	\$3.87	\$4.19	\$4.43	\$4.69	\$4.96	\$5.24	\$130.91	
Southwest Gas Corp.	SWX	\$1.17	\$1.21	\$1.25	\$1.29	\$1.33	\$1.50	\$1.68	\$1.89	\$2.12	\$2.37	\$2.66	\$2.99	\$3.16	\$3.34	\$3.53	\$3.73	\$121.21	
WGL Holdings, Inc.	WGL	\$2.00	\$2.00	\$1.99	\$1.98	\$1.97	\$2.08	\$2.19	\$2.33	\$2.47	\$2.64	\$2.82	\$3.03	\$3.20	\$3.39	\$3.58	\$3.78	\$91.13	
Projected Annual Data Investor Cash Flows		[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]	[82]
Company	Ticker	Initial Outflow	12/31/13	12/31/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28
AGL Resources Inc.	GAS	(\$46.07)	\$0.00	\$1.74	\$1.73	\$1.74	\$1.75	\$1.87	\$2.00	\$2.15	\$2.31	\$2.48	\$2.67	\$2.88	\$3.05	\$3.22	\$3.41	\$3.60	\$106.39
Atmos Energy Corp.	ATO	(\$43.26)	\$0.00	\$1.29	\$1.36	\$1.42	\$1.48	\$1.65	\$1.83	\$2.03	\$2.24	\$2.47	\$2.72	\$2.98	\$3.15	\$3.33	\$3.52	\$3.72	\$104.57
Laclede Group	LG	(\$45.49)	\$0.00	\$2.53	\$2.17	\$1.99	\$1.79	\$1.96	\$2.14	\$2.34	\$2.56	\$2.80	\$3.07	\$3.37	\$3.56	\$3.76	\$3.98	\$4.20	\$105.80
New Jersey Resources	NJR	(\$44.52)	\$0.00	\$1.63	\$1.55	\$1.51	\$1.47	\$1.60	\$1.75	\$1.92	\$2.10	\$2.31	\$2.55	\$2.82	\$2.98	\$3.15	\$3.33	\$3.52	\$105.24
Northwest Natural Gas	NWN	(\$42.14)	\$0.00	\$2.00	\$1.85	\$1.78	\$1.70	\$1.80	\$1.90	\$2.01	\$2.14	\$2.28	\$2.44	\$2.61	\$2.76	\$2.92	\$3.09	\$3.26	\$94.82
Piedmont Natural Gas	PNY	(\$32.93)	\$0.00	\$1.19	\$1.26	\$1.30	\$1.35	\$1.40	\$1.46	\$1.53	\$1.61	\$1.69	\$1.79	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$74.14
South Jersey Industries	SJI	(\$57.35)	\$0.00	\$2.15	\$2.20	\$2.26	\$2.31	\$2.53	\$2.76	\$3.01	\$3.27	\$3.56	\$3.87	\$4.19	\$4.43	\$4.69	\$4.96	\$5.24	\$136.15
Southwest Gas Corp.	SWX	(\$51.42)	\$0.00	\$1.19	\$1.25	\$1.29	\$1.33	\$1.50	\$1.68	\$1.89	\$2.12	\$2.37	\$2.66	\$2.99	\$3.16	\$3.34	\$3.53	\$3.73	\$124.94
WGL Holdings, Inc.	WGL	(\$41.66)	\$0.00	\$2.03	\$1.99	\$1.98	\$1.97	\$2.08	\$2.19	\$2.33	\$2.47	\$2.64	\$2.82	\$3.03	\$3.20	\$3.39	\$3.58	\$3.78	\$94.91

Multi-Stage Growth Discounted Cash Flow Model
 90 Day Average Stock Price
 High Growth Rate Estimate in First Stage

Inputs	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]					
	Stock		Growth Rate Estimates						Payout Ratio			Iterative Solution	Terminal	Terminal					
Company	Ticker	Price	Zacks	First Call	Value Line	Retention Growth	High Growth	Long-Term Growth	2013	2017	2024	Proof	IRR	P/E Ratio	PEG Ratio				
AGL Resources Inc.	GAS	\$48.07	5.00%	NA	8.00%	4.66%	8.00%	5.71%	70.00%	60.00%	69.45%	\$0.00	10.41%	15.62	2.73				
Atmos Energy Corp.	ATO	\$43.26	6.50%	7.75%	7.50%	6.30%	7.75%	5.71%	56.00%	52.00%	69.45%	\$0.00	10.03%	17.02	2.98				
Laclede Group	LG	\$45.49	4.30%	4.90%	6.00%	4.82%	6.00%	5.71%	85.00%	52.00%	69.45%	(\$0.00)	10.65%	14.87	2.60				
New Jersey Resources	NJR	\$44.52	4.00%	2.50%	5.50%	7.16%	7.16%	5.71%	58.00%	48.00%	69.45%	(\$0.00)	10.81%	14.40	2.52				
Northwest Natural Gas	NWN	\$42.14	4.00%	4.00%	4.50%	4.46%	4.50%	5.71%	85.00%	63.00%	69.45%	\$0.00	9.63%	18.77	3.28				
Piedmont Natural Gas	PNY	\$32.93	5.00%	4.00%	4.00%	3.64%	5.00%	5.71%	68.00%	68.00%	69.45%	\$0.00	9.58%	18.99	3.32				
South Jersey Industries	SJI	\$57.35	6.00%	6.00%	7.50%	9.66%	9.66%	5.71%	65.00%	57.00%	69.45%	(\$0.00)	11.16%	13.49	2.36				
Southwest Gas Corp.	SWX	\$51.42	3.40%	2.55%	8.00%	8.00%	8.00%	5.71%	40.00%	41.00%	69.45%	(\$0.00)	10.49%	15.37	2.89				
WGL Holdings, Inc.	WGL	\$41.66	4.80%	4.80%	3.50%	3.89%	4.60%	5.71%	72.00%	62.00%	69.45%	\$0.00	10.47%	15.44	2.70				
												MEAN	10.38%						
												MAX	11.16%						
												MIN	9.58%						
Projected Annual Earnings per Share		[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]	[31]	
Company	Ticker	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
AGL Resources Inc.	GAS	\$2.32	\$2.51	\$2.71	\$2.92	\$3.16	\$3.41	\$3.68	\$3.96	\$4.25	\$4.54	\$4.83	\$5.13	\$5.42	\$5.73	\$6.06	\$6.41	\$6.77	
Atmos Energy Corp.	ATO	\$2.10	\$2.26	\$2.44	\$2.63	\$2.83	\$3.05	\$3.29	\$3.53	\$3.78	\$4.03	\$4.29	\$4.55	\$4.81	\$5.09	\$5.38	\$5.68	\$6.01	
Laclede Group	LG	\$2.79	\$2.96	\$3.13	\$3.32	\$3.52	\$3.73	\$3.96	\$4.19	\$4.44	\$4.70	\$4.97	\$5.26	\$5.56	\$5.88	\$6.21	\$6.57	\$6.95	
New Jersey Resources	NJR	\$2.71	\$2.90	\$3.11	\$3.34	\$3.57	\$3.83	\$4.10	\$4.39	\$4.68	\$4.98	\$5.29	\$5.61	\$5.93	\$6.27	\$6.62	\$7.00	\$7.40	
Northwest Natural Gas	NWN	\$2.22	\$2.32	\$2.42	\$2.53	\$2.65	\$2.77	\$2.89	\$3.03	\$3.18	\$3.34	\$3.51	\$3.71	\$3.92	\$4.14	\$4.38	\$4.63	\$4.90	
Piedmont Natural Gas	PNY	\$1.66	\$1.74	\$1.83	\$1.92	\$2.02	\$2.12	\$2.22	\$2.34	\$2.46	\$2.59	\$2.73	\$2.89	\$3.05	\$3.23	\$3.41	\$3.61	\$3.81	
South Jersey Industries	SJI	\$3.03	\$3.32	\$3.64	\$4.00	\$4.38	\$4.81	\$5.27	\$5.74	\$6.22	\$6.70	\$7.17	\$7.63	\$8.07	\$8.53	\$9.01	\$9.53	\$10.07	
Southwest Gas Corp.	SWX	\$2.86	\$3.09	\$3.34	\$3.60	\$3.89	\$4.20	\$4.54	\$4.89	\$5.24	\$5.60	\$5.96	\$6.32	\$6.69	\$7.07	\$7.47	\$7.90	\$8.35	
WGL Holdings, Inc.	WGL	\$2.68	\$2.80	\$2.93	\$3.07	\$3.21	\$3.36	\$3.51	\$3.68	\$3.86	\$4.06	\$4.28	\$4.51	\$4.77	\$5.04	\$5.33	\$5.64	\$5.98	
Projected Annual Dividend Payout Ratio		[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]	[47]		
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
AGL Resources Inc.	GAS	70.00%	67.50%	65.00%	62.50%	60.00%	61.35%	62.70%	64.05%	65.40%	66.75%	68.10%	69.45%	69.45%	69.45%	69.45%	69.45%		
Atmos Energy Corp.	ATO	56.00%	55.00%	54.00%	53.00%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
Laclede Group	LG	85.00%	78.75%	68.50%	60.25%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
New Jersey Resources	NJR	58.00%	55.50%	53.00%	50.50%	48.00%	51.08%	54.13%	57.19%	60.26%	63.32%	66.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Northwest Natural Gas	NWN	85.00%	79.50%	74.00%	68.50%	63.00%	63.92%	64.84%	65.76%	66.69%	67.61%	68.53%	69.45%	69.45%	69.45%	69.45%	69.45%		
Piedmont Natural Gas	PNY	68.00%	68.00%	68.00%	68.00%	68.00%	68.21%	68.41%	68.62%	68.83%	69.04%	69.24%	69.45%	69.45%	69.45%	69.45%	69.45%		
South Jersey Industries	SJI	65.00%	63.00%	61.00%	59.00%	57.00%	58.78%	60.58%	62.34%	64.11%	65.89%	67.67%	69.45%	69.45%	69.45%	69.45%	69.45%		
Southwest Gas Corp.	SWX	40.00%	40.25%	40.50%	40.75%	41.00%	45.08%	49.13%	53.19%	57.26%	61.32%	65.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
WGL Holdings, Inc.	WGL	72.00%	69.50%	67.00%	64.50%	62.00%	63.08%	64.13%	65.19%	66.28%	67.32%	68.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Projected Annual Cash Flows		[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]	[64]	
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal Value	
AGL Resources Inc.	GAS	\$1.75	\$1.83	\$1.90	\$1.97	\$2.05	\$2.26	\$2.48	\$2.72	\$2.97	\$3.23	\$3.49	\$3.77	\$3.98	\$4.21	\$4.45	\$4.70	\$105.74	
Atmos Energy Corp.	ATO	\$1.27	\$1.34	\$1.42	\$1.50	\$1.59	\$1.79	\$2.01	\$2.25	\$2.50	\$2.77	\$3.05	\$3.34	\$3.53	\$3.73	\$3.95	\$4.17	\$102.25	
Laclede Group	LG	\$2.51	\$2.41	\$2.28	\$2.12	\$1.94	\$2.16	\$2.39	\$2.64	\$2.91	\$3.21	\$3.52	\$3.86	\$4.08	\$4.32	\$4.56	\$4.82	\$103.28	
New Jersey Resources	NJR	\$1.66	\$1.73	\$1.77	\$1.80	\$1.84	\$2.10	\$2.38	\$2.68	\$3.00	\$3.35	\$3.72	\$4.12	\$4.35	\$4.60	\$4.86	\$5.14	\$106.60	
Northwest Natural Gas	NWN	\$1.97	\$1.93	\$1.87	\$1.81	\$1.74	\$1.85	\$1.96	\$2.09	\$2.23	\$2.38	\$2.54	\$2.72	\$2.88	\$3.04	\$3.22	\$3.40	\$91.88	
Piedmont Natural Gas	PNY	\$1.19	\$1.24	\$1.31	\$1.37	\$1.44	\$1.52	\$1.60	\$1.69	\$1.78	\$1.89	\$2.00	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$72.41	
South Jersey Industries	SJI	\$2.16	\$2.30	\$2.44	\$2.59	\$2.74	\$3.10	\$3.48	\$3.88	\$4.30	\$4.73	\$5.16	\$5.60	\$5.92	\$6.26	\$6.62	\$7.00	\$135.90	
Southwest Gas Corp.	SWX	\$1.24	\$1.34	\$1.46	\$1.59	\$1.72	\$2.05	\$2.40	\$2.79	\$3.21	\$3.66	\$4.14	\$4.64	\$4.91	\$5.19	\$5.49	\$5.80	\$128.32	
WGL Holdings, Inc.	WGL	\$2.02	\$2.04	\$2.05	\$2.07	\$2.08	\$2.21	\$2.36	\$2.52	\$2.69	\$2.88	\$3.09	\$3.31	\$3.50	\$3.70	\$3.91	\$4.14	\$91.97	
Projected Annual Data Investor Cash Flows		[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]	[82]
Company	Ticker	Initial Outflow	12/31/13	12/31/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28
AGL Resources Inc.	GAS	(\$46.07)	\$0.00	\$1.82	\$1.90	\$1.97	\$2.05	\$2.26	\$2.48	\$2.72	\$2.97	\$3.23	\$3.49	\$3.77	\$3.98	\$4.21	\$4.45	\$4.70	\$110.44
Atmos Energy Corp.	ATO	(\$43.26)	\$0.00	\$1.32	\$1.42	\$1.50	\$1.59	\$1.79	\$2.01	\$2.25	\$2.50	\$2.77	\$3.05	\$3.34	\$3.53	\$3.73	\$3.95	\$4.17	\$106.42
Laclede Group	LG	(\$45.49)	\$0.00	\$2.59	\$2.28	\$2.12	\$1.94	\$2.16	\$2.39	\$2.64	\$2.91	\$3.21	\$3.52	\$3.86	\$4.08	\$4.32	\$4.56	\$4.82	\$108.11
New Jersey Resources	NJR	(\$44.52)	\$0.00	\$1.74	\$1.77	\$1.80	\$1.84	\$2.10	\$2.38	\$2.68	\$3.00	\$3.35	\$3.72	\$4.12	\$4.35	\$4.60	\$4.86	\$5.14	\$111.74
Northwest Natural Gas	NWN	(\$42.14)	\$0.00	\$2.02	\$1.87	\$1.81	\$1.74	\$1.85	\$1.96	\$2.09	\$2.23	\$2.38	\$2.54	\$2.72	\$2.88	\$3.04	\$3.22	\$3.40	\$95.28
Piedmont Natural Gas	PNY	(\$32.93)	\$0.00	\$1.21	\$1.31	\$1.37	\$1.44	\$1.52	\$1.60	\$1.69	\$1.78	\$1.89	\$2.00	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$75.06
South Jersey Industries	SJI	(\$57.35)	\$0.00	\$2.26	\$2.44	\$2.59	\$2.74	\$3.10	\$3.48	\$3.88	\$4.30	\$4.73	\$5.16	\$5.60	\$5.92	\$6.26	\$6.62	\$7.00	\$142.89
Southwest Gas Corp.	SWX	(\$51.42)	\$0.00	\$1.28	\$1.46	\$1.59	\$1.72	\$2.05	\$2.40	\$2.79	\$3.21	\$3.66	\$4.14	\$4.64	\$4.91	\$5.19	\$5.49	\$5.80	\$134.12
WGL Holdings, Inc.	WGL	(\$41.66)	\$0.00	\$2.06	\$2.05	\$2.07	\$2.08	\$2.21	\$2.36	\$2.52	\$2.69	\$2.88	\$3.09	\$3.31	\$3.50	\$3.70	\$3.91	\$4.14	\$96.11

Multi-Stage Growth Discounted Cash Flow Model
180 Day Average Stock Price
Average Growth Rate Estimate in First Stage

Inputs	[1]	[2]	[3] Growth Rate Estimates				[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]			
			Stock	Value	Retention	Long-Term											Payout Ratio	Iterative Solution	Terminal
Company	Ticker	Price	Zacks	First Call	Line	Growth	Average	2013	2017	2024	Proof	IRR	P/E Ratio	PEG Ratio	Terminal				
AGL Resources Inc.	GAS	\$45.00	5.00%	NA	8.00%	4.66%	5.89%	5.71%	70.00%	60.00%	69.45%	\$0.00	9.86%	17.71	3.10				
Atmos Energy Corp.	ATO	\$43.02	6.50%	7.75%	7.50%	6.30%	7.01%	5.71%	56.00%	52.00%	69.45%	(\$0.00)	9.83%	17.81	3.12				
Laclede Group	LG	\$45.73	4.30%	4.90%	6.00%	4.82%	5.00%	5.71%	85.00%	52.00%	69.45%	(\$0.00)	10.29%	16.04	2.81				
New Jersey Resources	NJR	\$44.64	4.00%	2.50%	5.50%	7.16%	4.79%	5.71%	58.00%	48.00%	69.45%	(\$0.00)	10.03%	17.02	2.98				
Northwest Natural Gas	NWN	\$42.87	4.00%	4.00%	4.50%	4.46%	4.24%	5.71%	85.00%	63.00%	69.45%	\$0.00	9.48%	16.47	3.41				
Piedmont Natural Gas	PNY	\$33.51	5.00%	4.00%	4.00%	3.64%	4.16%	5.71%	68.00%	68.00%	69.45%	(\$0.00)	9.28%	20.58	3.60				
South Jersey Industries	SJI	\$58.34	6.00%	6.00%	7.50%	9.66%	7.29%	5.71%	65.00%	57.00%	69.45%	(\$0.00)	10.27%	16.12	2.82				
Southwest Gas Corp.	SWX	\$50.15	3.40%	2.55%	8.00%	8.00%	5.49%	5.71%	40.00%	41.00%	69.45%	(\$0.00)	9.83%	17.83	3.12				
WGL Holdings, Inc.	WGL	\$42.98	4.60%	4.60%	3.50%	3.89%	4.15%	5.71%	72.00%	62.00%	69.45%	(\$0.00)	10.17%	16.47	2.88				
													MEAN	9.89%					
													MAX	10.29%					
													MIN	9.28%					
Projected Annual Earnings per Share																			
Company	Ticker	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
AGL Resources Inc.	GAS	\$2.32	\$2.46	\$2.60	\$2.75	\$2.92	\$3.09	\$3.27	\$3.46	\$3.66	\$3.88	\$4.10	\$4.34	\$4.58	\$4.84	\$5.12	\$5.41	\$5.72	
Atmos Energy Corp.	ATO	\$2.10	\$2.25	\$2.40	\$2.57	\$2.75	\$2.95	\$3.15	\$3.37	\$3.59	\$3.82	\$4.05	\$4.29	\$4.54	\$4.80	\$5.07	\$5.36	\$5.67	
Laclede Group	LG	\$2.79	\$2.93	\$3.08	\$3.23	\$3.39	\$3.56	\$3.74	\$3.93	\$4.14	\$4.36	\$4.60	\$4.86	\$5.13	\$5.43	\$5.74	\$6.08	\$6.41	
New Jersey Resources	NJR	\$2.71	\$2.84	\$2.98	\$3.12	\$3.27	\$3.42	\$3.59	\$3.77	\$3.96	\$4.17	\$4.39	\$4.63	\$4.90	\$5.18	\$5.48	\$5.79	\$6.12	
Northwest Natural Gas	NWN	\$2.22	\$2.31	\$2.41	\$2.51	\$2.62	\$2.73	\$2.85	\$2.98	\$3.12	\$3.27	\$3.44	\$3.63	\$3.84	\$4.06	\$4.29	\$4.53	\$4.79	
Piedmont Natural Gas	PNY	\$1.66	\$1.73	\$1.80	\$1.88	\$1.95	\$2.04	\$2.12	\$2.21	\$2.32	\$2.43	\$2.56	\$2.70	\$2.85	\$3.01	\$3.19	\$3.37	\$3.56	
South Jersey Industries	SJI	\$3.03	\$3.25	\$3.49	\$3.74	\$4.02	\$4.31	\$4.62	\$4.95	\$5.28	\$5.62	\$5.98	\$6.33	\$6.69	\$7.08	\$7.48	\$7.91	\$8.36	
Southwest Gas Corp.	SWX	\$2.86	\$3.02	\$3.18	\$3.36	\$3.54	\$3.74	\$3.94	\$4.16	\$4.39	\$4.64	\$4.90	\$5.18	\$5.47	\$5.78	\$6.11	\$6.46	\$6.83	
WGL Holdings, Inc.	WGL	\$2.88	\$2.79	\$2.91	\$3.03	\$3.15	\$3.28	\$3.42	\$3.57	\$3.74	\$3.92	\$4.13	\$4.35	\$4.60	\$4.86	\$5.14	\$5.43	\$5.74	
Projected Annual Dividend Payout Ratio																			
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
AGL Resources Inc.	GAS	70.00%	67.50%	65.00%	62.50%	60.00%	61.35%	62.70%	64.05%	65.40%	66.75%	68.10%	69.45%	69.45%	69.45%	69.45%	69.45%		
Atmos Energy Corp.	ATO	56.00%	55.00%	54.00%	53.00%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
Laclede Group	LG	85.00%	78.75%	68.50%	60.25%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
New Jersey Resources	NJR	58.00%	55.50%	53.00%	50.50%	48.00%	51.06%	54.13%	57.19%	60.26%	63.32%	66.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Northwest Natural Gas	NWN	85.00%	79.50%	74.00%	68.50%	63.00%	63.92%	64.84%	65.76%	66.69%	67.61%	68.53%	69.45%	69.45%	69.45%	69.45%	69.45%		
Piedmont Natural Gas	PNY	68.00%	68.00%	68.00%	68.00%	68.00%	68.21%	68.41%	68.62%	68.83%	69.04%	69.24%	69.45%	69.45%	69.45%	69.45%	69.45%		
South Jersey Industries	SJI	65.00%	63.00%	61.00%	59.00%	57.00%	58.78%	60.56%	62.34%	64.11%	65.89%	67.67%	69.45%	69.45%	69.45%	69.45%	69.45%		
Southwest Gas Corp.	SWX	40.00%	40.25%	40.50%	40.75%	41.00%	45.06%	49.13%	53.19%	57.26%	61.32%	65.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
WGL Holdings, Inc.	WGL	72.00%	69.50%	67.00%	64.50%	62.00%	63.06%	64.13%	65.19%	66.26%	67.32%	68.38%	69.45%	69.45%	69.45%	69.45%	69.45%		
Projected Annual Cash Flows																			
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal Value	
AGL Resources Inc.	GAS	\$1.72	\$1.76	\$1.79	\$1.82	\$1.85	\$2.01	\$2.17	\$2.35	\$2.53	\$2.74	\$2.95	\$3.18	\$3.36	\$3.56	\$3.76	\$3.97	\$101.37	
Atmos Energy Corp.	ATO	\$1.26	\$1.32	\$1.39	\$1.46	\$1.53	\$1.72	\$1.92	\$2.14	\$2.37	\$2.61	\$2.87	\$3.15	\$3.33	\$3.52	\$3.72	\$3.94	\$100.97	
Laclede Group	LG	\$2.49	\$2.36	\$2.21	\$2.04	\$1.85	\$2.04	\$2.24	\$2.46	\$2.70	\$2.96	\$3.25	\$3.56	\$3.77	\$3.98	\$4.21	\$4.45	\$102.79	
New Jersey Resources	NJR	\$1.65	\$1.65	\$1.65	\$1.65	\$1.64	\$1.83	\$2.04	\$2.28	\$2.51	\$2.78	\$3.08	\$3.40	\$3.80	\$3.80	\$4.02	\$4.25	\$104.15	
Northwest Natural Gas	NWN	\$1.97	\$1.92	\$1.86	\$1.80	\$1.72	\$1.82	\$1.93	\$2.05	\$2.18	\$2.33	\$2.49	\$2.67	\$2.82	\$2.98	\$3.15	\$3.33	\$93.34	
Piedmont Natural Gas	PNY	\$1.18	\$1.22	\$1.28	\$1.33	\$1.38	\$1.45	\$1.51	\$1.59	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.34	\$2.47	\$73.29	
South Jersey Industries	SJI	\$2.11	\$2.20	\$2.28	\$2.37	\$2.46	\$2.72	\$3.00	\$3.29	\$3.61	\$3.94	\$4.29	\$4.65	\$4.92	\$5.20	\$5.49	\$5.81	\$134.74	
Southwest Gas Corp.	SWX	\$1.21	\$1.28	\$1.36	\$1.44	\$1.53	\$1.78	\$2.04	\$2.34	\$2.65	\$3.00	\$3.38	\$3.80	\$4.02	\$4.25	\$4.49	\$4.75	\$121.81	
WGL Holdings, Inc.	WGL	\$2.01	\$2.02	\$2.03	\$2.03	\$2.04	\$2.16	\$2.29	\$2.44	\$2.60	\$2.78	\$2.97	\$3.19	\$3.38	\$3.57	\$3.77	\$3.99	\$94.58	
Projected Annual Data Investor Cash Flows																			
Company	Ticker	Initial Outflow	12/31/13	12/31/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28
AGL Resources Inc.	GAS	(\$45.00)	\$0.00	\$1.77	\$1.79	\$1.82	\$1.85	\$2.01	\$2.17	\$2.35	\$2.53	\$2.74	\$2.95	\$3.18	\$3.36	\$3.56	\$3.76	\$3.97	\$105.34
Atmos Energy Corp.	ATO	(\$43.02)	\$0.00	\$1.30	\$1.39	\$1.46	\$1.53	\$1.72	\$1.92	\$2.14	\$2.37	\$2.61	\$2.87	\$3.15	\$3.33	\$3.52	\$3.72	\$3.94	\$104.90
Laclede Group	LG	(\$45.73)	\$0.00	\$2.55	\$2.21	\$2.04	\$1.85	\$2.04	\$2.24	\$2.46	\$2.70	\$2.96	\$3.25	\$3.56	\$3.77	\$3.98	\$4.21	\$4.45	\$107.24
New Jersey Resources	NJR	(\$44.64)	\$0.00	\$1.69	\$1.65	\$1.65	\$1.64	\$1.83	\$2.04	\$2.28	\$2.51	\$2.78	\$3.08	\$3.40	\$3.80	\$4.02	\$4.25	\$4.49	\$108.40
Northwest Natural Gas	NWN	(\$42.87)	\$0.00	\$2.01	\$1.86	\$1.80	\$1.72	\$1.82	\$1.93	\$2.05	\$2.18	\$2.33	\$2.49	\$2.67	\$2.82	\$2.98	\$3.15	\$3.33	\$96.67
Piedmont Natural Gas	PNY	(\$33.51)	\$0.00	\$1.20	\$1.28	\$1.33	\$1.38	\$1.45	\$1.51	\$1.59	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.34	\$2.47	\$75.76
South Jersey Industries	SJI	(\$58.34)	\$0.00	\$2.19	\$2.28	\$2.37	\$2.46	\$2.72	\$3.00	\$3.29	\$3.61	\$3.94	\$4.29	\$4.65	\$4.92	\$5.20	\$5.49	\$140.55	
Southwest Gas Corp.	SWX	(\$50.15)	\$0.00	\$1.24	\$1.36	\$1.44	\$1.53	\$1.78	\$2.04	\$2.34	\$2.65	\$3.00	\$3.38	\$3.80	\$4.02	\$4.25	\$4.49	\$126.56	
WGL Holdings, Inc.	WGL	(\$42.98)	\$0.00	\$2.05	\$2.03	\$2.03	\$2.04	\$2.16	\$2.29	\$2.44	\$2.60	\$2.78	\$2.97	\$3.19	\$3.38	\$3.57	\$3.77	\$98.57	

Multi-Stage Growth Discounted Cash Flow Model
 180 Day Average Stock Price
 Low Growth Rate Estimate in First Stage

Inputs	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]					
	Stock		Growth Rate Estimates						Payout Ratio			Iterative Solution			Terminal				
Company	Ticker	Price	Zacks	First Call	Value Line	Retention	Low Growth	Long-Term	2013	2017	2024	Proof	IRR	P/E Ratio	PEG Ratio				
AGL Resources Inc.	GAS	\$45.00	5.00%	NA	8.00%	4.66%	4.66%	5.71%	70.00%	60.00%	69.45%	\$0.00	9.51%	19.36	3.39				
Atmos Energy Corp.	ATO	\$43.02	6.50%	7.75%	7.50%	6.30%	6.30%	5.71%	56.00%	52.00%	69.45%	(\$0.00)	9.63%	18.73	3.28				
Laclede Group	LG	\$45.73	4.30%	4.90%	6.00%	4.82%	4.30%	5.71%	85.00%	52.00%	69.45%	\$0.00	10.07%	16.87	2.95				
New Jersey Resources	NJR	\$44.64	4.00%	5.50%	5.50%	7.16%	2.50%	5.71%	58.00%	48.00%	69.45%	\$0.00	9.37%	20.10	3.52				
Northwest Natural Gas	NWN	\$42.87	4.00%	4.00%	4.50%	4.48%	4.00%	5.71%	85.00%	63.00%	69.45%	\$0.00	9.42%	19.83	3.47				
Piedmont Natural Gas	PNY	\$33.51	5.00%	4.00%	4.00%	3.64%	3.64%	5.71%	68.00%	68.00%	69.45%	\$0.00	9.14%	21.41	3.75				
South Jersey Industries	SJI	\$58.34	6.00%	6.00%	7.50%	9.66%	6.00%	5.71%	85.00%	57.00%	69.45%	\$0.00	9.87%	17.65	3.09				
Southwest Gas Corp.	SWX	\$50.15	3.40%	2.55%	8.00%	8.00%	2.55%	5.71%	40.00%	41.00%	69.45%	\$0.00	9.05%	22.01	3.85				
WGL Holdings, Inc.	WGL	\$42.98	4.80%	4.60%	3.50%	3.89%	3.50%	5.71%	72.00%	62.00%	69.45%	\$0.00	9.96%	17.27	3.02				
												MEAN	9.59%						
												MAX	10.07%						
												MIN	9.05%						
Projected Annual Earnings per Share		[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]	[31]	
Company	Ticker	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
AGL Resources Inc.	GAS	\$2.32	\$2.43	\$2.54	\$2.66	\$2.78	\$2.91	\$3.05	\$3.20	\$3.36	\$3.53	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$5.18	
Atmos Energy Corp.	ATO	\$2.10	\$2.23	\$2.37	\$2.52	\$2.68	\$2.85	\$3.03	\$3.22	\$3.41	\$3.62	\$3.83	\$4.06	\$4.29	\$4.53	\$4.79	\$5.07	\$5.36	
Laclede Group	LG	\$2.79	\$2.91	\$3.04	\$3.17	\$3.30	\$3.44	\$3.59	\$3.75	\$3.93	\$4.13	\$4.35	\$4.59	\$4.85	\$5.12	\$5.42	\$5.73	\$6.05	
New Jersey Resources	NJR	\$2.71	\$2.78	\$2.85	\$2.92	\$2.99	\$3.07	\$3.14	\$3.24	\$3.35	\$3.49	\$3.65	\$3.84	\$4.06	\$4.29	\$4.54	\$4.80	\$5.07	
Northwest Natural Gas	NWN	\$2.22	\$2.31	\$2.40	\$2.50	\$2.60	\$2.70	\$2.81	\$2.93	\$3.08	\$3.21	\$3.38	\$3.56	\$3.76	\$3.98	\$4.21	\$4.45	\$4.70	
Piedmont Natural Gas	PNY	\$1.66	\$1.72	\$1.78	\$1.85	\$1.91	\$1.98	\$2.06	\$2.14	\$2.23	\$2.34	\$2.45	\$2.58	\$2.73	\$2.89	\$3.05	\$3.23	\$3.41	
South Jersey Industries	SJI	\$3.03	\$3.21	\$3.40	\$3.61	\$3.83	\$4.05	\$4.30	\$4.55	\$4.82	\$5.11	\$5.40	\$5.71	\$6.04	\$6.38	\$6.75	\$7.13	\$7.54	
Southwest Gas Corp.	SWX	\$2.86	\$2.93	\$3.01	\$3.08	\$3.16	\$3.24	\$3.33	\$3.43	\$3.55	\$3.70	\$3.87	\$4.07	\$4.30	\$4.55	\$4.81	\$5.09	\$5.38	
WGL Holdings, Inc.	WGL	\$2.68	\$2.77	\$2.87	\$2.97	\$3.08	\$3.18	\$3.29	\$3.42	\$3.57	\$3.73	\$3.92	\$4.13	\$4.36	\$4.61	\$4.87	\$5.15	\$5.45	
Projected Annual Dividend Payout Ratio		[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]	[47]		
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
AGL Resources Inc.	GAS	70.00%	67.50%	65.00%	62.50%	60.00%	61.35%	62.70%	64.05%	65.40%	66.75%	68.10%	69.45%	69.45%	69.45%	69.45%	69.45%		
Atmos Energy Corp.	ATO	56.00%	55.00%	54.00%	53.00%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
Laclede Group	LG	85.00%	76.75%	68.50%	60.25%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
New Jersey Resources	NJR	58.00%	55.50%	53.00%	50.50%	48.00%	51.06%	54.13%	57.19%	60.26%	63.32%	66.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Northwest Natural Gas	NWN	85.00%	79.50%	74.00%	68.50%	63.00%	63.92%	64.84%	65.76%	66.69%	67.61%	68.53%	69.45%	69.45%	69.45%	69.45%	69.45%		
Piedmont Natural Gas	PNY	68.00%	68.00%	68.00%	68.00%	68.00%	68.21%	68.41%	68.62%	68.83%	69.04%	69.24%	69.45%	69.45%	69.45%	69.45%	69.45%		
South Jersey Industries	SJI	65.00%	63.00%	61.00%	59.00%	57.00%	58.78%	60.56%	62.34%	64.11%	65.89%	67.67%	69.45%	69.45%	69.45%	69.45%	69.45%		
Southwest Gas Corp.	SWX	40.00%	40.25%	40.50%	40.75%	41.00%	45.06%	49.13%	53.19%	57.26%	61.32%	65.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
WGL Holdings, Inc.	WGL	72.00%	69.50%	67.00%	64.50%	62.00%	63.08%	64.13%	65.19%	66.28%	67.32%	68.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Projected Annual Cash Flows		[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]	[64]	
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal Value	
AGL Resources Inc.	GAS	\$1.70	\$1.72	\$1.73	\$1.74	\$1.75	\$1.87	\$2.00	\$2.15	\$2.31	\$2.48	\$2.67	\$2.88	\$3.05	\$3.22	\$3.41	\$3.60	\$100.39	
Atmos Energy Corp.	ATO	\$1.25	\$1.31	\$1.36	\$1.42	\$1.48	\$1.65	\$1.83	\$2.03	\$2.24	\$2.47	\$2.72	\$2.98	\$3.15	\$3.33	\$3.52	\$3.72	\$100.30	
Laclede Group	LG	\$2.47	\$2.33	\$2.17	\$1.99	\$1.79	\$1.96	\$2.14	\$2.34	\$2.56	\$2.80	\$3.07	\$3.37	\$3.66	\$3.95	\$4.24	\$4.53	\$102.12	
New Jersey Resources	NJR	\$1.61	\$1.58	\$1.55	\$1.51	\$1.47	\$1.60	\$1.75	\$1.92	\$2.10	\$2.31	\$2.55	\$2.82	\$3.15	\$3.53	\$3.92	\$4.32	\$101.98	
Northwest Natural Gas	NWN	\$1.96	\$1.91	\$1.85	\$1.78	\$1.70	\$1.80	\$1.90	\$2.01	\$2.14	\$2.28	\$2.44	\$2.61	\$2.78	\$2.92	\$3.09	\$3.26	\$93.19	
Piedmont Natural Gas	PNY	\$1.17	\$1.21	\$1.26	\$1.30	\$1.35	\$1.40	\$1.48	\$1.53	\$1.61	\$1.69	\$1.79	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$73.08	
South Jersey Industries	SJI	\$2.09	\$2.14	\$2.20	\$2.26	\$2.31	\$2.53	\$2.76	\$3.01	\$3.27	\$3.56	\$3.87	\$4.19	\$4.43	\$4.69	\$4.96	\$5.24	\$133.14	
Southwest Gas Corp.	SWX	\$1.17	\$1.21	\$1.25	\$1.29	\$1.33	\$1.50	\$1.68	\$1.89	\$2.12	\$2.37	\$2.66	\$2.99	\$3.16	\$3.34	\$3.53	\$3.73	\$118.35	
WGL Holdings, Inc.	WGL	\$2.00	\$2.00	\$1.99	\$1.98	\$1.97	\$2.08	\$2.19	\$2.33	\$2.47	\$2.64	\$2.82	\$3.03	\$3.20	\$3.39	\$3.58	\$3.78	\$94.09	
Projected Annual Data Investor Cash Flows		[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]	[82]
Company	Ticker	Initial Outflow	12/31/13	12/31/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28
AGL Resources Inc.	GAS	(\$45.00)	\$0.00	\$1.74	\$1.73	\$1.74	\$1.75	\$1.87	\$2.00	\$2.15	\$2.31	\$2.48	\$2.67	\$2.88	\$3.05	\$3.22	\$3.41	\$3.60	\$103.99
Atmos Energy Corp.	ATO	(\$43.02)	\$0.00	\$1.29	\$1.36	\$1.42	\$1.48	\$1.65	\$1.83	\$2.03	\$2.24	\$2.47	\$2.72	\$2.98	\$3.15	\$3.33	\$3.52	\$3.72	\$104.02
Laclede Group	LG	(\$45.73)	\$0.00	\$2.53	\$2.17	\$1.99	\$1.79	\$1.96	\$2.14	\$2.34	\$2.56	\$2.80	\$3.07	\$3.37	\$3.66	\$3.95	\$4.24	\$4.53	\$106.33
New Jersey Resources	NJR	(\$44.64)	\$0.00	\$1.63	\$1.55	\$1.51	\$1.47	\$1.60	\$1.75	\$1.92	\$2.10	\$2.31	\$2.55	\$2.82	\$3.15	\$3.53	\$3.92	\$4.32	\$105.51
Northwest Natural Gas	NWN	(\$42.87)	\$0.00	\$2.00	\$1.85	\$1.78	\$1.70	\$1.80	\$1.90	\$2.01	\$2.14	\$2.28	\$2.44	\$2.61	\$2.78	\$2.92	\$3.09	\$3.26	\$96.46
Piedmont Natural Gas	PNY	(\$33.51)	\$0.00	\$1.19	\$1.26	\$1.30	\$1.35	\$1.40	\$1.48	\$1.53	\$1.61	\$1.69	\$1.79	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$75.43
South Jersey Industries	SJI	(\$58.34)	\$0.00	\$2.15	\$2.20	\$2.26	\$2.31	\$2.53	\$2.76	\$3.01	\$3.27	\$3.56	\$3.87	\$4.19	\$4.43	\$4.69	\$4.96	\$5.24	\$138.38
Southwest Gas Corp.	SWX	(\$50.15)	\$0.00	\$1.19	\$1.25	\$1.29	\$1.33	\$1.50	\$1.68	\$1.89	\$2.12	\$2.37	\$2.66	\$2.99	\$3.16	\$3.34	\$3.53	\$3.73	\$122.09
WGL Holdings, Inc.	WGL	(\$42.98)	\$0.00	\$2.03	\$1.99	\$1.98	\$1.97	\$2.08	\$2.19	\$2.33	\$2.47	\$2.64	\$2.82	\$3.03	\$3.20	\$3.39	\$3.58	\$3.78	\$97.87

Multi-Stage Growth Discounted Cash Flow Model
180 Day Average Stock Price
High Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]				
		Stock	Growth Rate Estimates				Payout Ratio				Iterative Solution								
Company	Ticker	Price	Zacks	First Call	Value Line	Retention Growth	High Growth	Long-Term Growth	2013	2017	2024	Proof	IRR	P/E Ratio	Terminal PEG Ratio				
AGL Resources Inc.	GAS	\$45.00	5.00%	NA	8.00%	4.66%	8.00%	5.71%	70.00%	60.00%	69.45%	\$0.00	10.52%	15.26	2.67				
Atmos Energy Corp.	ATO	\$43.02	6.90%	7.75%	7.50%	6.30%	7.75%	5.71%	56.00%	52.00%	69.45%	\$0.00	10.05%	16.92	2.96				
Laclede Group	LG	\$45.73	4.30%	4.90%	6.00%	4.82%	6.00%	5.71%	85.00%	52.00%	69.45%	(\$0.00)	10.63%	14.95	2.62				
New Jersey Resources	NJR	\$44.64	4.00%	2.50%	5.50%	7.16%	7.16%	5.71%	58.00%	48.00%	69.45%	(\$0.00)	10.80%	14.44	2.53				
Northwest Natural Gas	NWN	\$42.87	4.00%	4.00%	4.50%	4.46%	4.50%	5.71%	85.00%	63.00%	69.45%	\$0.00	9.56%	19.10	3.34				
Piedmont Natural Gas	PNY	\$33.51	5.00%	4.00%	4.00%	3.64%	5.00%	5.71%	68.00%	68.00%	69.45%	\$0.00	9.51%	19.33	3.38				
South Jersey Industries	SJI	\$58.34	6.00%	6.00%	7.50%	9.66%	9.66%	5.71%	65.00%	57.00%	69.45%	(\$0.00)	11.07%	13.71	2.40				
Southwest Gas Corp.	SWX	\$50.15	3.40%	2.55%	8.00%	8.00%	8.00%	5.71%	40.00%	41.00%	69.45%	(\$0.00)	10.60%	15.02	2.63				
WGL Holdings, Inc.	WGL	\$42.98	4.60%	4.60%	3.50%	3.89%	4.60%	5.71%	72.00%	62.00%	69.45%	\$0.00	10.32%	15.93	2.79				
												MEAN	10.34%						
												MAX	11.07%						
												MIN	9.51%						
Projected Annual Earnings per Share																			
Company	Ticker	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
AGL Resources Inc.	GAS	\$2.32	\$2.51	\$2.71	\$2.92	\$3.16	\$3.41	\$3.68	\$3.96	\$4.25	\$4.54	\$4.83	\$5.13	\$5.42	\$5.73	\$6.06	\$6.41	\$6.77	
Atmos Energy Corp.	ATO	\$2.10	\$2.26	\$2.44	\$2.63	\$2.83	\$3.05	\$3.29	\$3.53	\$3.78	\$4.03	\$4.29	\$4.55	\$4.81	\$5.09	\$5.38	\$5.68	\$6.01	
Laclede Group	LG	\$2.79	\$2.96	\$3.13	\$3.32	\$3.52	\$3.73	\$3.96	\$4.19	\$4.44	\$4.70	\$4.97	\$5.26	\$5.56	\$5.88	\$6.21	\$6.57	\$6.95	
New Jersey Resources	NJR	\$2.71	\$2.90	\$3.11	\$3.34	\$3.57	\$3.83	\$4.10	\$4.39	\$4.68	\$4.98	\$5.29	\$5.61	\$5.93	\$6.27	\$6.62	\$7.00	\$7.40	
Northwest Natural Gas	NWN	\$2.22	\$2.32	\$2.42	\$2.53	\$2.65	\$2.77	\$2.89	\$3.03	\$3.18	\$3.34	\$3.51	\$3.71	\$3.92	\$4.14	\$4.38	\$4.63	\$4.90	
Piedmont Natural Gas	PNY	\$1.66	\$1.74	\$1.83	\$1.92	\$2.02	\$2.12	\$2.22	\$2.34	\$2.46	\$2.59	\$2.73	\$2.89	\$3.05	\$3.23	\$3.41	\$3.61	\$3.81	
South Jersey Industries	SJI	\$3.03	\$3.32	\$3.64	\$4.00	\$4.38	\$4.81	\$5.27	\$5.74	\$6.22	\$6.70	\$7.17	\$7.63	\$8.07	\$8.53	\$9.01	\$9.53	\$10.07	
Southwest Gas Corp.	SWX	\$2.86	\$3.09	\$3.34	\$3.60	\$3.89	\$4.20	\$4.54	\$4.89	\$5.24	\$5.60	\$5.96	\$6.32	\$6.69	\$7.07	\$7.47	\$7.90	\$8.35	
WGL Holdings, Inc.	WGL	\$2.68	\$2.80	\$2.93	\$3.07	\$3.21	\$3.36	\$3.51	\$3.66	\$3.86	\$4.06	\$4.28	\$4.51	\$4.77	\$5.04	\$5.33	\$5.64	\$5.98	
Projected Annual Dividend Payout Ratio																			
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
AGL Resources Inc.	GAS	70.00%	67.50%	65.00%	62.50%	60.00%	61.35%	62.70%	64.05%	65.40%	66.75%	68.10%	69.45%	69.45%	69.45%	69.45%	69.45%		
Atmos Energy Corp.	ATO	56.00%	55.00%	54.00%	53.00%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
Laclede Group	LG	85.00%	76.75%	68.50%	60.25%	52.00%	54.49%	56.99%	59.48%	61.97%	64.46%	66.96%	69.45%	69.45%	69.45%	69.45%	69.45%		
New Jersey Resources	NJR	58.00%	55.50%	53.00%	50.50%	48.00%	51.06%	54.13%	57.19%	60.26%	63.32%	66.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Northwest Natural Gas	NWN	85.00%	79.50%	74.00%	68.50%	63.00%	63.92%	64.84%	65.76%	66.69%	67.61%	68.53%	69.45%	69.45%	69.45%	69.45%	69.45%		
Piedmont Natural Gas	PNY	68.00%	68.00%	68.00%	68.00%	68.00%	68.21%	68.41%	68.62%	68.83%	69.04%	69.24%	69.45%	69.45%	69.45%	69.45%	69.45%		
South Jersey Industries	SJI	85.00%	83.00%	81.00%	79.00%	77.00%	78.78%	80.56%	82.34%	84.11%	85.89%	87.67%	89.45%	89.45%	89.45%	89.45%	89.45%		
Southwest Gas Corp.	SWX	40.00%	40.25%	40.50%	40.75%	41.00%	45.06%	49.13%	53.19%	57.26%	61.32%	65.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
WGL Holdings, Inc.	WGL	72.00%	69.50%	67.00%	64.50%	62.00%	63.06%	64.13%	65.19%	66.26%	67.32%	68.39%	69.45%	69.45%	69.45%	69.45%	69.45%		
Projected Annual Cash Flows																			
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal Value	
AGL Resources Inc.	GAS	\$1.75	\$1.83	\$1.90	\$1.97	\$2.05	\$2.26	\$2.48	\$2.72	\$2.97	\$3.23	\$3.49	\$3.77	\$3.98	\$4.21	\$4.45	\$4.70	\$103.33	
Atmos Energy Corp.	ATO	\$1.27	\$1.34	\$1.42	\$1.50	\$1.59	\$1.79	\$2.01	\$2.25	\$2.50	\$2.77	\$3.05	\$3.34	\$3.53	\$3.73	\$3.95	\$4.17	\$101.70	
Laclede Group	LG	\$2.51	\$2.41	\$2.28	\$2.12	\$1.94	\$2.16	\$2.39	\$2.64	\$2.91	\$3.21	\$3.52	\$3.86	\$4.08	\$4.32	\$4.56	\$4.82	\$103.81	
New Jersey Resources	NJR	\$1.88	\$1.73	\$1.77	\$1.80	\$1.84	\$2.10	\$2.38	\$2.68	\$3.00	\$3.35	\$3.72	\$4.12	\$4.35	\$4.60	\$4.86	\$5.14	\$108.87	
Northwest Natural Gas	NWN	\$1.97	\$1.93	\$1.87	\$1.81	\$1.74	\$1.85	\$1.98	\$2.09	\$2.23	\$2.38	\$2.54	\$2.72	\$2.88	\$3.04	\$3.22	\$3.40	\$93.51	
Piedmont Natural Gas	PNY	\$1.19	\$1.24	\$1.31	\$1.37	\$1.44	\$1.52	\$1.60	\$1.69	\$1.78	\$1.89	\$2.00	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$73.70	
South Jersey Industries	SJI	\$2.16	\$2.30	\$2.44	\$2.59	\$2.74	\$3.10	\$3.48	\$3.88	\$4.30	\$4.73	\$5.16	\$5.60	\$5.92	\$6.26	\$6.62	\$7.00	\$138.15	
Southwest Gas Corp.	SWX	\$1.24	\$1.34	\$1.46	\$1.59	\$1.72	\$2.05	\$2.40	\$2.79	\$3.21	\$3.66	\$4.14	\$4.64	\$4.91	\$5.19	\$5.49	\$5.80	\$125.43	
WGL Holdings, Inc.	WGL	\$2.02	\$2.04	\$2.05	\$2.07	\$2.08	\$2.21	\$2.36	\$2.52	\$2.69	\$2.88	\$3.09	\$3.31	\$3.50	\$3.70	\$3.91	\$4.14	\$94.94	
Projected Annual Data Investor Cash Flows																			
Company	Ticker	Initial Outflow	12/31/13	12/31/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28
AGL Resources Inc.	GAS	(\$45.00)	\$0.00	\$1.82	\$1.90	\$1.97	\$2.05	\$2.26	\$2.48	\$2.72	\$2.97	\$3.23	\$3.49	\$3.77	\$3.98	\$4.21	\$4.45	\$4.70	\$108.03
Atmos Energy Corp.	ATO	(\$43.02)	\$0.00	\$1.32	\$1.42	\$1.50	\$1.59	\$1.79	\$2.01	\$2.25	\$2.50	\$2.77	\$3.05	\$3.34	\$3.53	\$3.73	\$3.95	\$4.17	\$105.87
Laclede Group	LG	(\$45.73)	\$0.00	\$2.59	\$2.28	\$2.12	\$1.94	\$2.16	\$2.39	\$2.64	\$2.91	\$3.21	\$3.52	\$3.86	\$4.08	\$4.32	\$4.56	\$4.82	\$108.63
New Jersey Resources	NJR	(\$44.64)	\$0.00	\$1.74	\$1.77	\$1.80	\$1.84	\$2.10	\$2.38	\$2.68	\$3.00	\$3.35	\$3.72	\$4.12	\$4.35	\$4.60	\$4.86	\$5.14	\$112.01
Northwest Natural Gas	NWN	(\$42.87)	\$0.00	\$2.02	\$1.87	\$1.81	\$1.74	\$1.85	\$1.98	\$2.09	\$2.23	\$2.38	\$2.54	\$2.72	\$2.88	\$3.04	\$3.22	\$3.40	\$96.91
Piedmont Natural Gas	PNY	(\$33.51)	\$0.00	\$1.21	\$1.31	\$1.37	\$1.44	\$1.52	\$1.60	\$1.69	\$1.78	\$1.89	\$2.00	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$76.34
South Jersey Industries	SJI	(\$58.34)	\$0.00	\$2.26	\$2.44	\$2.59	\$2.74	\$3.10	\$3.48	\$3.88	\$4.30	\$4.73	\$5.16	\$5.60	\$5.92	\$6.26	\$6.62	\$7.00	\$145.14
Southwest Gas Corp.	SWX	(\$50.15)	\$0.00	\$1.28	\$1.46	\$1.59	\$1.72	\$2.05	\$2.40	\$2.79	\$3.21	\$3.66	\$4.14	\$4.64	\$4.91	\$5.19	\$5.49	\$5.80	\$131.23
WGL Holdings, Inc.	WGL	(\$42.98)	\$0.00	\$2.06	\$2.05	\$2.07	\$2.08	\$2.21	\$2.36	\$2.52	\$2.69	\$2.88	\$3.09	\$3.31	\$3.50	\$3.70	\$3.91	\$4.14	\$99.08

Multi-Stage DCF Notes:

- [1] Source: Bloomberg; based on 30-, 90-, and 180-day historical average
 [2] Source: Zacks
 [3] Source: Yahoo! Finance
 [4] Source: Value Line
 [5] Source: Schedule RBH-4
 [6] Equals average Columns [2], [3], [4], [5]
 [7] Source: Federal Reserve, Bureau of Economic Analysis
 [8] Source: Value Line
 [9] Source: Value Line
 [10] Source: Bloomberg Professional
 [11] Equals Column [1] + Column [65]
 [12] Equals result of Excel Solver function; goal: Column [11] equals \$0.00
 [13] Equals Column [64] / Column [31]
 [14] Equals Column [13] / (Column [7] x 100)
 [15] Source: Value Line
 [16] Equals Column [15] x (1 + Column [6])
 [17] Equals Column [16] x (1 + Column [6])
 [18] Equals Column [17] x (1 + Column [6])
 [19] Equals Column [18] x (1 + Column [6])
 [20] Equals Column [19] x (1 + Column [6])
 [21] Equals Column [20] x (1 + Column [6])
 [22] Equals (1 + (Column [6] + (((Column [7] - Column [6]) / (2023 - 2018 + 1)) x (2019 - 2018)))) x Column [21]
 [23] Equals (1 + (Column [6] + (((Column [7] - Column [6]) / (2023 - 2018 + 1)) x (2020 - 2018)))) x Column [22]
 [24] Equals (1 + (Column [6] + (((Column [7] - Column [6]) / (2023 - 2018 + 1)) x (2021 - 2018)))) x Column [23]
 [25] Equals (1 + (Column [6] + (((Column [7] - Column [6]) / (2023 - 2018 + 1)) x (2022 - 2018)))) x Column [24]
 [26] Equals (1 + (Column [6] + (((Column [7] - Column [6]) / (2023 - 2018 + 1)) x (2023 - 2018)))) x Column [25]
 [27] Equals Column [26] x (1 + Column [7])
 [28] Equals Column [27] x (1 + Column [7])
 [29] Equals Column [28] x (1 + Column [7])
 [30] Equals Column [29] x (1 + Column [7])
 [31] Equals Column [30] x (1 + Column [7])
 [32] Equals Column [6]
 [33] Equals Column [32] + ((Column [36] - Column [32]) / 4)
 [34] Equals Column [33] + ((Column [36] - Column [32]) / 4)
 [35] Equals Column [34] + ((Column [36] - Column [32]) / 4)
 [36] Equals Column [6]
 [37] Equals Column [36] + ((Column [43] - Column [36]) / 7)
 [38] Equals Column [37] + ((Column [43] - Column [36]) / 7)
 [39] Equals Column [38] + ((Column [43] - Column [36]) / 7)
 [40] Equals Column [39] + ((Column [43] - Column [36]) / 7)
 [41] Equals Column [40] + ((Column [43] - Column [36]) / 7)
 [42] Equals Column [41] + ((Column [43] - Column [36]) / 7)
 [43] Equals Column [10]
 [44] Equals Column [10]
 [45] Equals Column [10]
 [46] Equals Column [10]
 [47] Equals Column [10]
 [48] Equals Column [16] x Column [32]
 [49] Equals Column [17] x Column [33]
 [50] Equals Column [18] x Column [34]
 [51] Equals Column [19] x Column [35]
 [52] Equals Column [20] x Column [36]
 [53] Equals Column [21] x Column [37]
 [54] Equals Column [22] x Column [38]
 [55] Equals Column [23] x Column [39]
 [56] Equals Column [24] x Column [40]
 [57] Equals Column [25] x Column [41]
 [58] Equals Column [26] x Column [42]
 [59] Equals Column [27] x Column [43]
 [60] Equals Column [28] x Column [44]
 [61] Equals Column [29] x Column [45]
 [62] Equals Column [30] x Column [46]
 [63] Equals Column [31] x Column [47]
 [64] Equals (Column [63] x (1 + Column [7])) / (Column [12] - Column [7])
 [65] Equals negative net present value; discount rate equals Column [12], cash flows equal Column [67] through Column [82]
 [66] Equals \$0.00
 [67] Equals (12/31/2013 - 12/31/2013) / 365 x Column [48]
 [68] Equals Column [48] x (1 + (0.5 x Column [6]))
 [69] Equals Column [50]
 [70] Equals Column [51]
 [71] Equals Column [52]
 [72] Equals Column [53]
 [73] Equals Column [54]
 [74] Equals Column [55]
 [75] Equals Column [56]
 [76] Equals Column [57]
 [77] Equals Column [58]
 [78] Equals Column [59]
 [79] Equals Column [60]
 [80] Equals Column [61]
 [81] Equals Column [62]
 [82] Equals Column [63] + [64]

Retention Growth Estimate

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	[16]	[17]	[18]	
Company	Ticker	Projected Earnings per share 2016-18	Projected Dividend Declared per share 2016-18	Retention Ratio (B)	Projected Book Value per Share 2016-18	Return on Book Value (R)	B x R	Projected Common Shares Outstanding 2014	Projected Common Shares Outstanding 2016-18	Common Shares Growth Rate	2013 High Price	2013 Low Price	2013 price midpoint	Projected Book Value per Share 2013	Market/Book Ratio	"S"	"V"	S x V	BR + SV
AGL Resources Inc.	GAS	3.90	2.32	40.51%	37.20	10.48%	4.25%	120.00	125.00	1.36%	\$ 49.30	\$ 38.90	\$ 44.10	33.75	1.31	1.77%	23.47%	0.42%	4.66%
Atmos Energy Corporation	ATO	3.30	1.70	48.48%	34.65	9.52%	4.62%	92.00	103.00	3.80%	\$ 47.40	\$ 34.90	\$ 41.15	28.50	1.44	5.48%	30.74%	1.69%	6.30%
Laclede Group, Inc. (The)	LG	3.85	2.00	48.05%	38.95	9.88%	4.75%	32.00	33.00	1.02%	\$ 48.50	\$ 37.40	\$ 42.95	40.32	1.07	1.09%	6.12%	0.07%	4.82%
New Jersey Resources Corporation	NJR	3.55	1.72	51.55%	25.55	13.89%	7.16%	40.00	40.00	0.00%	\$ 47.60	\$ 39.10	\$ 43.35	20.00	2.17	0.00%	53.86%	0.00%	7.15%
Northwest Natural Gas Company	NWN	3.20	2.00	37.50%	31.65	10.11%	3.79%	27.00	28.00	1.21%	\$ 46.60	\$ 40.00	\$ 43.30	27.90	1.55	1.87%	35.57%	0.67%	4.46%
Piedmont Natural Gas Company, Inc.	PNY	2.05	1.39	32.20%	18.15	11.29%	3.64%	76.00	76.00	0.00%	\$ 35.50	\$ 30.90	\$ 33.20	15.75	2.11	0.00%	52.56%	0.00%	3.64%
South Jersey Industries, Inc.	SJI	4.40	2.45	44.32%	30.55	14.40%	6.38%	33.50	36.00	2.40%	\$ 62.30	\$ 50.50	\$ 56.40	23.85	2.36	5.68%	57.71%	3.28%	9.66%
Southwest Gas Corporation	SWX	4.00	1.64	59.00%	35.00	11.43%	6.74%	47.00	50.00	2.06%	\$ 55.00	\$ 42.00	\$ 48.50	30.10	1.61	3.32%	37.94%	1.26%	6.00%
WGL Holdings, Inc.	WGL	2.95	1.63	37.97%	28.80	10.24%	3.89%	52.00	52.00	0.00%	\$ 47.00	\$ 38.30	\$ 42.65	24.85	1.73	0.00%	42.20%	0.00%	3.89%
			Average:	44.40%															

- Notes:
- [1] Source: Value Line
 - [2] Source: Value Line
 - [3] Equals 1 - [2] / [1]
 - [4] Source: Value Line
 - [5] Equals [1] / [4]
 - [6] Equals [3] x [5]
 - [7] Source: Value Line
 - [8] Source: Value Line
 - [9] Equals ([8] / [7]) ^ 0.33 - 1
 - [10] Source: Value Line
 - [11] Source: Value Line
 - [12] Equals Average ([10], [11])
 - [13] Source: Value Line
 - [14] Equals [12] / [13]
 - [15] Equals [9] x [14]
 - [16] Equals 1 - (1 / [14])
 - [17] Equals [15] x [16]
 - [18] Equals [6] + [17]

Ex-Ante Market Risk Premium
Market DCF Method Based - Bloomberg

[1]	[2]	[3]
S&P 500	Current 30-Year	
Est. Required	Treasury (30-day	Implied Market
Market Return	average)	Risk Premium
14.01%	3.87%	10.14%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	18,869.95	0.11%	0.82%	10.77%	11.63%	0.0129%
ALCOA INC	AA	11,209.43	0.07%	1.15%	5.00%	6.17%	0.0041%
APPLE INC	AAPL	498,913.72	2.93%	2.29%	19.14%	21.65%	0.6344%
ABBVIE INC	ABBV	82,470.28	0.48%	3.09%	1.50%	4.61%	0.0223%
AMERISOURCEBERGEN CORP	ABC	16,070.04	0.09%	1.35%	12.72%	14.16%	0.0134%
ABBOTT LABORATORIES	ABT	59,203.45	0.35%	1.46%	11.57%	13.11%	0.0456%
ACE LTD	ACE	35,118.85	0.21%	1.98%	8.70%	10.76%	0.0222%
ACCENTURE PLC-CL A	ACN	55,176.40	0.32%	2.27%	11.67%	14.07%	0.0456%
ACTAVIS PLC	ACT	29,138.83	0.17%	0.00%	16.87%	16.87%	0.0289%
ADOBE SYSTEMS INC	ADBE	29,593.33	0.17%	0.00%	11.50%	11.50%	0.0200%
ANALOG DEVICES INC	ADI	15,406.06	0.09%	2.92%	11.67%	14.76%	0.0134%
ARCHER-DANIELS-MIDLAND CO	ADM	28,417.73	0.17%	1.72%	8.33%	10.13%	0.0169%
AUTOMATIC DATA PROCESSING	ADP	38,456.26	0.23%	2.26%	9.80%	12.17%	0.0275%
ALLIANCE DATA SYSTEMS CORP	ADS	12,674.55	0.07%	0.00%	13.83%	13.83%	0.0103%
AUTODESK INC	ADSK	11,088.50	0.07%	0.00%	11.60%	11.60%	0.0076%
ADT CORP/THE	ADT	8,050.39	0.05%	1.50%	9.00%	10.57%	0.0050%
AMEREN CORPORATION	AEE	8,698.45	0.05%	4.46%	4.50%	9.06%	0.0046%
AMERICAN ELECTRIC POWER	AEP	22,849.05	0.13%	4.15%	4.69%	8.94%	0.0120%
AES CORP	AES	10,460.96	0.06%	1.13%	7.20%	8.37%	0.0051%
AETNA INC	AET	25,181.10	0.15%	1.06%	10.96%	12.08%	0.0179%
AFLAC INC	AFL	30,995.00	0.18%	2.14%	15.00%	17.30%	0.0315%
ALLERGAN INC	AGN	32,649.23	0.19%	0.18%	13.50%	13.69%	0.0263%
AMERICAN INTERNATIONAL GROUP	AIG	75,457.75	0.44%	0.34%	11.00%	11.36%	0.0503%
APARTMENT INVT & MGMT CO -A	AIV	3,783.61	0.02%	3.73%	9.68%	13.59%	0.0030%
ASSURANT INC	AIZ	4,805.14	0.03%	1.45%	9.00%	10.52%	0.0030%
AKAMAI TECHNOLOGIES INC	AKAM	8,379.70	0.05%	0.00%	14.80%	14.80%	0.0073%
ALLSTATE CORP	ALL	24,643.69	0.14%	1.84%	9.05%	10.98%	0.0159%
ALLEGION PLC	ALLE	4,215.48	N/A	0.00%	NA	N/A	N/A
ALTERA CORP	ALTR	10,288.96	0.06%	1.50%	11.36%	12.95%	0.0078%
ALEXION PHARMACEUTICALS INC	ALXN	25,732.80	0.15%	0.00%	29.13%	29.13%	0.0440%
APPLIED MATERIALS INC	AMAT	21,049.13	0.12%	2.24%	9.67%	12.02%	0.0149%
AMETEK INC	AME	12,793.28	0.08%	0.48%	15.00%	15.51%	0.0117%
AMGEN INC	AMGN	86,256.95	0.51%	1.65%	9.19%	10.91%	0.0553%
AMERIPRISE FINANCIAL INC	AMP	22,249.62	0.13%	1.76%	19.00%	20.93%	0.0274%
AMERICAN TOWER CORP	AMT	31,381.77	0.18%	1.39%	18.96%	20.48%	0.0378%
AMAZON.COM INC	AMZN	181,029.07	1.06%	0.00%	37.14%	37.14%	0.3950%
AUTONATION INC	AN	6,084.52	0.04%	0.00%	25.81%	25.81%	0.0092%
AON PLC	AON	25,092.35	0.15%	0.82%	10.00%	10.86%	0.0160%
APACHE CORP	APA	34,274.43	0.20%	0.97%	10.00%	11.01%	0.0222%
ANADARKO PETROLEUM CORP	APC	39,702.73	0.23%	0.63%	7.00%	7.65%	0.0178%
AIR PRODUCTS & CHEMICALS INC	APD	23,637.52	0.14%	2.63%	8.43%	11.17%	0.0155%
AMPHENOL CORP-CL A	APH	13,946.15	0.08%	0.63%	15.00%	15.68%	0.0128%
AIRGAS INC	ARG	8,216.15	0.05%	1.68%	12.22%	14.00%	0.0068%
ALLEGHENY TECHNOLOGIES INC	ATI	3,816.09	0.02%	2.04%	15.00%	17.19%	0.0039%
AVALONBAY COMMUNITIES INC	AVB	15,344.51	0.09%	3.61%	11.53%	15.35%	0.0138%
AVON PRODUCTS INC	AVP	7,387.09	0.04%	1.41%	12.86%	14.36%	0.0062%
AVERY DENNISON CORP	AVY	4,825.96	0.03%	2.25%	7.00%	9.33%	0.0026%
AMERICAN EXPRESS CO	AXP	97,432.08	0.57%	0.98%	11.40%	12.43%	0.0712%
AUTOZONE INC	AZO	16,076.25	0.09%	0.00%	12.51%	12.51%	0.0118%
BOEING CO/THE	BA	102,656.06	0.60%	1.40%	11.50%	12.98%	0.0783%
BANK OF AMERICA CORP	BAC	170,114.17	1.00%	0.25%	8.17%	8.43%	0.0842%
BAXTER INTERNATIONAL INC	BAX	37,663.21	0.22%	2.66%	10.50%	13.30%	0.0294%
BED BATH & BEYOND INC	BBBY	17,237.62	0.10%	0.00%	13.56%	13.56%	0.0137%
BB&T CORP	BBT	26,152.72	0.15%	2.48%	6.40%	8.96%	0.0138%
BEST BUY CO INC	BBY	13,996.01	0.08%	1.67%	10.45%	12.21%	0.0100%
CR BARD INC	BCR	10,301.77	0.06%	0.61%	10.80%	11.44%	0.0069%
BECTON DICKINSON AND CO	BDX	21,197.81	0.12%	1.92%	8.61%	10.61%	0.0132%
BEAM INC	BEAM	10,961.51	0.06%	1.34%	10.22%	11.63%	0.0075%
FRANKLIN RESOURCES INC	BEN	36,027.05	0.21%	0.94%	13.41%	14.41%	0.0305%
BROWN-FORMAN CORP-CLASS B	BF/B	15,887.34	0.09%	1.46%	11.54%	13.08%	0.0122%
BAKER HUGHES INC	BHI	24,488.22	0.14%	1.09%	17.90%	19.08%	0.0275%
BIOGEN IDEC INC	BIIB	65,804.20	0.39%	0.00%	21.06%	21.06%	0.0814%
BANK OF NEW YORK MELLON CORP	BK	40,003.01	0.24%	1.67%	10.70%	12.45%	0.0293%
BLACKROCK INC	BLK	53,087.63	0.31%	2.14%	14.07%	16.36%	0.0510%
BALL CORP	BLL	7,455.86	0.04%	1.01%	11.67%	12.73%	0.0056%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
BEMIS COMPANY	BMS	4,217.48	0.02%	2.56%	6.00%	8.64%	0.0021%
BRISTOL-MYERS SQUIBB CO	BMJ	87,299.70	0.51%	2.64%	13.20%	16.02%	0.0822%
BROADCOM CORP-CL A	BRCM	16,579.92	0.10%	1.51%	12.03%	13.63%	0.0133%
BERKSHIRE HATHAWAY INC-CL B	BRK/B	291,522.75	N/A	0.00%	NA	N/A	N/A
BOSTON SCIENTIFIC CORP	BSX	15,982.60	0.09%	0.00%	9.66%	9.66%	0.0091%
PEABODY ENERGY CORP	BTU	5,321.07	0.03%	1.74%	12.00%	13.84%	0.0043%
BORGWARNER INC	BWA	12,622.56	0.07%	0.37%	16.15%	16.55%	0.0123%
BOSTON PROPERTIES INC	BXP	15,326.10	0.09%	2.63%	4.85%	7.53%	0.0068%
CITIGROUP INC	C	158,110.33	0.93%	0.08%	8.00%	8.08%	0.0751%
CA INC	CA	15,027.44	0.09%	3.01%	6.67%	9.78%	0.0086%
CONAGRA FOODS INC	CAG	14,176.11	0.08%	2.97%	8.80%	11.90%	0.0099%
CARDINAL HEALTH INC	CAH	22,643.31	0.13%	1.80%	11.00%	12.90%	0.0172%
CAMERON INTERNATIONAL CORP	CAM	14,127.14	0.08%	0.00%	14.00%	14.00%	0.0116%
CATERPILLAR INC	CAT	57,170.22	0.34%	2.31%	4.88%	7.24%	0.0243%
CHUBB CORP	CB	24,141.26	0.14%	1.83%	9.67%	11.58%	0.0164%
CBRE GROUP INC - A	CBG	8,748.79	0.05%	0.00%	13.50%	13.50%	0.0069%
CBS CORP-CLASS B NON VOTING	CBS	37,894.56	0.22%	0.78%	13.39%	14.22%	0.0317%
COCA-COLA ENTERPRISES	CCE	11,312.62	0.07%	1.84%	10.05%	11.98%	0.0080%
CROWN CASTLE INTL CORP	CCI	24,223.45	0.14%	0.00%	18.00%	18.00%	0.0256%
CARNIVAL CORP	CCL	32,402.19	0.19%	2.65%	16.14%	19.00%	0.0362%
CELGENE CORP	CELG	69,911.71	0.41%	0.00%	23.36%	23.36%	0.0959%
GERNER CORP	CERN	18,941.25	0.11%	0.00%	18.00%	18.00%	0.0200%
CF INDUSTRIES HOLDINGS INC	CF	13,509.74	0.08%	0.98%	9.00%	10.03%	0.0080%
CAREFUSION CORP	CFN	8,360.59	0.05%	0.00%	11.50%	11.50%	0.0056%
CHESAPEAKE ENERGY CORP	CHK	18,077.37	0.11%	1.23%	44.90%	46.40%	0.0493%
C.H. ROBINSON WORLDWIDE INC	CHRW	8,832.74	0.05%	2.37%	13.00%	15.52%	0.0081%
CIGNA CORP	CI	24,139.06	0.14%	0.04%	11.33%	11.38%	0.0161%
CINCINNATI FINANCIAL CORP	CINF	8,511.01	N/A	3.19%	NA	N/A	N/A
COLGATE-PALMOLIVE CO	CL	59,853.17	0.35%	2.10%	9.31%	11.51%	0.0405%
CLIFFS NATURAL RESOURCES INC	CLF	3,979.70	0.02%	2.41%	5.00%	7.47%	0.0017%
CLOROX COMPANY	CLX	11,794.68	0.07%	3.08%	8.15%	11.36%	0.0079%
COMERICA INC	CMA	8,664.48	0.05%	1.44%	6.84%	8.32%	0.0042%
COMCAST CORP-CLASS A	CMCSA	133,461.17	0.78%	1.52%	18.72%	20.38%	0.1598%
CME GROUP INC	CME	26,073.43	0.15%	2.42%	14.63%	17.22%	0.0264%
CHIPOTLE MEXICAN GRILL INC	CMG	16,361.85	0.10%	0.00%	20.79%	20.79%	0.0200%
CUMMINS INC	CMI	26,073.60	0.15%	1.53%	9.81%	11.41%	0.0175%
CMS ENERGY CORP	CMS	7,120.64	0.04%	3.83%	6.00%	9.94%	0.0042%
CENTERPOINT ENERGY INC	CNP	9,845.86	0.06%	3.61%	5.00%	8.70%	0.0050%
CONSOL ENERGY INC	CNX	8,729.55	0.05%	1.15%	12.00%	13.22%	0.0068%
CAPITAL ONE FINANCIAL CORP	COF	44,734.90	0.26%	1.22%	9.75%	11.03%	0.0290%
CABOT OIL & GAS CORP	COG	16,447.98	0.10%	0.19%	35.00%	35.23%	0.0340%
COACH INC	COH	15,829.32	0.09%	2.38%	11.12%	13.63%	0.0127%
ROCKWELL COLLINS INC	COL	9,944.45	0.06%	1.70%	7.97%	9.75%	0.0057%
CONOCOPHILLIPS	COP	86,785.99	0.51%	3.81%	7.50%	11.45%	0.0584%
COSTCO WHOLESALE CORP	COST	52,258.81	0.31%	1.08%	12.08%	13.22%	0.0406%
COVIDIEN PLC	COV	30,500.98	0.18%	1.98%	8.68%	10.75%	0.0193%
CAMPBELL SOUP CO	CPB	13,405.73	0.08%	2.91%	5.46%	8.45%	0.0067%
SALESFORCE.COM INC	CRM	33,002.19	0.19%	0.00%	28.50%	28.50%	0.0553%
COMPUTER SCIENCES CORP	CSC	8,234.97	0.05%	1.43%	8.00%	9.49%	0.0046%
CISCO SYSTEMS INC	CSCO	118,267.18	0.69%	2.68%	10.13%	12.94%	0.0899%
CSX CORP	CSX	29,011.36	0.17%	2.07%	11.50%	13.69%	0.0233%
CINTAS CORP	CTAS	7,103.43	0.04%	1.30%	11.05%	12.42%	0.0052%
CENTURYLINK INC	CTL	18,778.32	0.11%	6.80%	-0.11%	6.69%	0.0074%
COGNIZANT TECH SOLUTIONS-A	CTSH	29,983.51	0.18%	0.00%	16.39%	16.39%	0.0289%
CITRIX SYSTEMS INC	CTXS	11,558.48	0.07%	0.00%	15.26%	15.26%	0.0104%
CABLEVISION SYSTEMS-NY GRP-A	CVC	4,660.74	0.03%	3.45%	16.31%	20.04%	0.0055%
CVS CAREMARK CORP	CVS	84,115.26	0.49%	1.22%	13.86%	15.16%	0.0749%
CHEVRON CORP	CVX	239,819.67	1.41%	3.11%	4.87%	8.06%	0.1135%
DOMINION RESOURCES INC/VA	D	37,188.51	0.22%	3.51%	5.15%	8.75%	0.0191%
DELTA AIR LINES INC	DAL	23,989.51	0.14%	0.43%	15.91%	16.37%	0.0231%
DU PONT (E.I.) DE NEMOURS	DD	59,650.29	0.35%	2.77%	6.86%	9.72%	0.0341%
DEERE & CO	DE	33,963.12	0.20%	2.25%	7.40%	9.73%	0.0194%
DISCOVER FINANCIAL SERVICES	DFS	26,531.36	0.16%	1.34%	11.00%	12.41%	0.0193%
DOLLAR GENERAL CORP	DG	19,577.20	0.12%	0.00%	14.68%	14.68%	0.0169%
QUEST DIAGNOSTICS INC	DGX	7,749.80	0.05%	2.28%	10.78%	13.18%	0.0060%
DR HORTON INC	DHI	7,091.96	0.04%	0.64%	5.64%	6.29%	0.0026%
DANAHER CORP	DHR	53,663.47	0.32%	0.13%	13.00%	13.14%	0.0414%
WALT DISNEY CO/THE	DIS	133,799.27	0.79%	1.09%	11.90%	13.05%	0.1026%
DISCOVERY COMMUNICATIONS-A	DISCA	31,798.38	0.19%	0.00%	19.20%	19.20%	0.0359%
DELPHI AUTOMOTIVE PLC	DLPH	18,309.19	0.11%	1.15%	13.86%	15.09%	0.0162%
DOLLAR TREE INC	DLTR	11,748.99	0.07%	0.00%	16.68%	16.68%	0.0115%
DUN & BRADSTREET CORP	DNB	4,688.00	N/A	1.30%	NA	N/A	N/A
DENBURY RESOURCES INC	DNR	6,010.03	N/A	0.00%	NA	N/A	N/A
DIAMOND OFFSHORE DRILLING	DO	7,954.22	0.05%	6.12%	18.00%	24.68%	0.0115%
DOVER CORP	DOV	16,350.00	0.10%	1.51%	13.50%	15.11%	0.0145%
DOW CHEMICAL CO/THE	DOW	53,584.42	0.31%	2.94%	5.50%	8.52%	0.0268%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
DR PEPPER SNAPPLE GROUP INC	DPS	9,622.84	0.06%	3.14%	6.85%	10.09%	0.0057%
DARDEN RESTAURANTS INC	DRI	7,046.77	0.04%	4.18%	7.40%	11.74%	0.0049%
DTE ENERGY COMPANY	DTE	11,635.03	0.07%	3.94%	5.13%	9.18%	0.0063%
DIRECTV	DTV	36,150.41	0.21%	0.00%	14.21%	14.21%	0.0302%
DUKE ENERGY CORP	DUK	48,664.58	0.29%	4.50%	4.20%	8.80%	0.0252%
DAVITA HEALTHCARE PARTNERS I	DVA	13,665.98	0.08%	0.00%	12.92%	12.92%	0.0104%
DEVON ENERGY CORPORATION	DVN	25,033.96	0.15%	1.41%	5.00%	6.44%	0.0095%
ELECTRONIC ARTS INC	EA	7,017.08	0.04%	0.00%	15.00%	15.00%	0.0062%
EBAY INC	EBAY	70,685.04	0.42%	0.00%	14.77%	14.77%	0.0613%
ECOLAB INC	ECL	31,407.43	0.18%	0.89%	13.20%	14.15%	0.0261%
CONSOLIDATED EDISON INC	ED	15,982.91	0.09%	4.51%	2.73%	7.29%	0.0068%
EQUIFAX INC	EFX	8,364.66	0.05%	1.28%	12.00%	13.36%	0.0066%
EDISON INTERNATIONAL	EIX	15,065.51	0.09%	2.93%	4.43%	7.42%	0.0066%
ESTEE LAUDER COMPANIES-CL A	EL	28,832.69	0.17%	1.09%	12.05%	13.21%	0.0224%
EMC CORP/MA	EMC	51,672.53	0.30%	0.93%	13.00%	13.99%	0.0425%
EASTMAN CHEMICAL CO	EMN	12,370.58	0.07%	1.42%	7.50%	8.97%	0.0065%
EMERSON ELECTRIC CO	EMR	49,005.55	0.29%	2.48%	8.75%	11.34%	0.0327%
EOG RESOURCES INC	EOG	45,783.32	0.27%	0.44%	12.57%	13.03%	0.0350%
EQUITY RESIDENTIAL	EQR	18,734.15	0.11%	3.55%	6.82%	10.49%	0.0115%
EQT CORP	EQT	13,546.38	0.08%	0.14%	30.00%	30.16%	0.0240%
EXPRESS SCRIPTS HOLDING CO	ESRX	56,398.36	0.33%	0.00%	14.92%	14.92%	0.0494%
ENSCO PLC-CL A	ESV	13,400.51	0.08%	3.72%	18.00%	22.05%	0.0174%
E*TRADE FINANCIAL CORP	ETFC	5,643.44	0.03%	0.00%	40.00%	40.00%	0.0133%
EATON CORP PLC	ETN	35,755.76	0.21%	2.23%	10.80%	13.15%	0.0276%
ENTERGY CORP	ETR	11,209.15	0.07%	5.28%	-1.89%	3.35%	0.0022%
EDWARDS LIFESCIENCES CORP	EW	7,147.53	0.04%	0.00%	14.89%	14.89%	0.0063%
EXELON CORP	EXC	23,530.58	0.14%	5.29%	0.19%	5.48%	0.0076%
EXPEDITORS INTL WASH INC	EXPD	9,047.59	0.05%	1.36%	11.40%	12.83%	0.0068%
EXPEDIA INC	EXPE	9,021.40	0.05%	0.78%	13.13%	13.96%	0.0074%
FORD MOTOR CO	F	60,547.10	0.36%	2.61%	7.89%	10.59%	0.0377%
FASTENAL CO	FAST	13,943.91	0.08%	1.70%	17.07%	18.91%	0.0155%
FACEBOOK INC-A	FB	138,771.84	0.82%	0.00%	30.85%	30.85%	0.2515%
FREEMONT-MCMORAN COPPER	FCX	39,159.21	0.23%	4.97%	7.00%	12.14%	0.0279%
FAMILY DOLLAR STORES	FDO	7,499.11	0.04%	1.68%	11.02%	12.79%	0.0056%
FEDEX CORP	FDX	44,795.38	0.26%	0.42%	13.11%	13.56%	0.0357%
FIRSTENERGY CORP	FE	13,638.47	0.08%	6.75%	2.87%	9.71%	0.0078%
F5 NETWORKS INC	FFIV	6,949.08	0.04%	0.00%	17.00%	17.00%	0.0069%
FIDELITY NATIONAL INFORMATIO	FIS	15,610.22	0.09%	1.61%	11.75%	13.46%	0.0123%
FISERV INC	FISV	15,125.50	0.09%	0.00%	11.50%	11.50%	0.0102%
FIFTH THIRD BANCORP	FITB	18,592.52	0.11%	2.23%	8.77%	11.10%	0.0121%
FLIR SYSTEMS INC	FLIR	4,188.74	0.02%	1.22%	12.50%	13.79%	0.0034%
FLUOR CORP	FLR	13,035.53	0.08%	0.75%	13.40%	14.20%	0.0109%
FLOWSERVE CORP	FLS	10,872.97	0.06%	0.71%	14.33%	15.09%	0.0096%
FMC CORP	FMC	9,992.87	0.06%	0.89%	10.50%	11.43%	0.0067%
FOSSIL GROUP INC	FOSL	6,583.70	0.04%	0.00%	16.05%	16.05%	0.0062%
TWENTY-FIRST CENTURY FOX-A	FOXA	80,481.65	0.47%	0.67%	15.33%	16.05%	0.0759%
FOREST LABORATORIES INC	FRX	16,089.07	0.09%	0.00%	47.15%	47.15%	0.0446%
FIRST SOLAR INC	FSLR	5,445.34	0.03%	0.00%	0.00%	0.00%	0.0000%
FMC TECHNOLOGIES INC	FTI	12,335.73	0.07%	0.00%	18.00%	18.00%	0.0130%
FRONTIER COMMUNICATIONS CORP	FTR	4,627.90	0.03%	8.64%	10.75%	19.85%	0.0054%
AGL RESOURCES INC	GAS	5,535.55	0.03%	4.00%	5.50%	9.61%	0.0031%
GANNETT CO	GCI	6,713.75	0.04%	2.72%	4.50%	7.28%	0.0029%
GENERAL DYNAMICS CORP	GD	33,613.80	0.20%	2.26%	8.00%	10.35%	0.0204%
GENERAL ELECTRIC CO	GE	279,745.25	1.64%	2.79%	9.25%	12.17%	0.2000%
GENERAL GROWTH PROPERTIES	GGP	18,287.39	0.11%	2.53%	8.84%	11.48%	0.0123%
GRAHAM HOLDINGS CO-CLASS B	GHC	4,880.55	N/A	0.00%	NA	N/A	N/A
GILEAD SCIENCES INC	GILD	114,679.18	0.67%	0.00%	34.55%	34.55%	0.2328%
GENERAL MILLS INC	GIS	30,877.08	0.18%	3.07%	8.33%	11.53%	0.0209%
CORNING INC	GLW	25,644.42	0.15%	2.21%	11.67%	14.00%	0.0211%
GENERAL MOTORS CO	GM	56,253.44	0.33%	0.00%	12.67%	12.67%	0.0419%
GAMESTOP CORP-CLASS A	GME	5,608.71	0.03%	2.40%	15.30%	17.89%	0.0059%
GENWORTH FINANCIAL INC-CL A	GNW	7,631.37	0.04%	0.00%	5.00%	5.00%	0.0022%
GOOGLE INC-CL A	GOOG	371,658.88	2.18%	0.00%	18.01%	18.01%	0.3933%
GENUINE PARTS CO	GPC	12,714.40	0.07%	2.60%	8.33%	11.03%	0.0082%
GAP INC/THE	GPS	17,640.22	0.10%	1.62%	12.93%	14.65%	0.0152%
GARMIN LTD	GRMN	8,814.26	0.05%	3.99%	3.94%	8.01%	0.0041%
GOLDMAN SACHS GROUP INC	GS	83,687.24	0.49%	1.17%	6.52%	7.72%	0.0380%
GOODYEAR TIRE & RUBBER CO	GT	5,834.18	0.03%	0.28%	24.04%	24.36%	0.0083%
WW GRAINGER INC	GWV	17,675.69	0.10%	1.39%	13.98%	15.46%	0.0161%
HALLIBURTON CO	HAL	42,945.70	0.25%	1.02%	18.14%	19.25%	0.0486%
HARMAN INTERNATIONAL	HAR	5,498.63	0.03%	0.64%	15.00%	15.69%	0.0051%
HASBRO INC	HAS	7,150.78	0.04%	2.75%	9.00%	11.87%	0.0050%
HUNTINGTON BANCSHARES INC	HBAN	8,022.80	0.05%	1.97%	5.25%	7.27%	0.0034%
HUDSON CITY BANCORP INC	HCBK	4,972.42	N/A	2.04%	NA	N/A	N/A
HEALTH CARE REIT INC	HCN	15,446.77	0.09%	5.72%	4.83%	10.69%	0.0097%
HCP INC	HCP	16,562.66	0.10%	5.79%	4.53%	10.45%	0.0102%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
HOME DEPOT INC	HD	115,953.41	0.68%	1.91%	17.04%	19.11%	0.1302%
HESS CORP	HES	27,884.38	0.16%	0.87%	4.31%	5.19%	0.0085%
HARTFORD FINANCIAL SVCS GRP	HIG	16,054.76	0.09%	1.36%	9.50%	10.92%	0.0103%
HARLEY-DAVIDSON INC	HOG	15,201.17	0.09%	1.22%	12.25%	13.54%	0.0121%
HONEYWELL INTERNATIONAL INC	HON	71,256.13	0.42%	1.83%	10.50%	12.43%	0.0520%
STARWOOD HOTELS & RESORTS	HOT	15,190.72	0.09%	1.70%	10.73%	12.52%	0.0112%
HELMERICH & PAYNE	HP	9,028.94	0.05%	2.32%	8.00%	10.41%	0.0055%
HEWLETT-PACKARD CO	HPQ	53,006.74	0.31%	2.14%	3.15%	5.32%	0.0166%
H&R BLOCK INC	HRB	7,972.01	0.05%	2.75%	12.33%	15.25%	0.0071%
HORMEL FOODS CORP	HRL	11,830.83	0.07%	1.68%	11.00%	12.77%	0.0089%
HARRIS CORP	HRS	7,362.57	0.04%	2.44%	3.00%	5.48%	0.0024%
HOSPIRA INC	HSP	6,804.20	0.04%	0.00%	10.31%	10.31%	0.0041%
HOST HOTELS & RESORTS INC	HST	14,596.26	0.09%	2.29%	10.35%	12.76%	0.0109%
HERSHEY CO/THE	HSY	21,430.30	0.13%	1.85%	8.88%	10.81%	0.0136%
HUMANA INC	HUM	16,118.32	0.09%	1.02%	11.00%	12.08%	0.0114%
INTL BUSINESS MACHINES CORP	IBM	201,979.77	1.19%	1.98%	9.33%	11.41%	0.1354%
INTERCONTINENTALEXCHANGE GRO	ICE	25,708.49	0.15%	0.29%	21.80%	22.13%	0.0334%
INTL FLAVORS & FRAGRANCES	IFF	7,037.85	0.04%	1.68%	6.50%	8.23%	0.0034%
INTL GAME TECHNOLOGY	IGT	4,694.40	0.03%	2.24%	14.00%	16.40%	0.0045%
INTEL CORP	INTC	127,108.47	0.75%	3.57%	8.64%	12.37%	0.0924%
INTUIT INC	INTU	21,589.01	0.13%	0.97%	12.82%	13.86%	0.0176%
INTERNATIONAL PAPER CO	IP	21,799.65	0.13%	2.58%	8.67%	11.36%	0.0145%
INTERPUBLIC GROUP OF COS INC	IPG	7,607.82	0.04%	1.70%	6.17%	7.92%	0.0035%
INGERSOLL-RAND PLC	IR	17,737.49	0.10%	1.36%	11.20%	12.64%	0.0132%
IRON MOUNTAIN INC	IRM	5,814.94	0.03%	3.55%	13.50%	17.29%	0.0059%
INTUITIVE SURGICAL INC	ISRG	14,459.82	0.08%	0.00%	13.54%	13.54%	0.0115%
ILLINOIS TOOL WORKS	ITW	37,149.23	0.22%	1.73%	9.58%	11.39%	0.0249%
INVESCO LTD	IVZ	16,016.62	0.09%	2.46%	13.43%	16.05%	0.0151%
JABIL CIRCUIT INC	JBL	3,447.72	0.02%	1.92%	11.00%	13.03%	0.0026%
JOHNSON CONTROLS INC	JCI	34,448.65	0.20%	1.68%	15.17%	16.97%	0.0343%
JACOBS ENGINEERING GROUP INC	JEC	8,443.30	0.05%	0.95%	13.93%	14.94%	0.0074%
JOHNSON & JOHNSON	JNJ	257,738.40	1.51%	2.85%	6.90%	9.85%	0.1491%
JUNIPER NETWORKS INC	JNPR	11,367.65	0.07%	0.00%	11.14%	11.14%	0.0074%
JOY GLOBAL INC	JOY	5,829.10	0.03%	1.24%	2.57%	3.83%	0.0013%
JPMORGAN CHASE & CO	JPM	219,123.14	1.29%	2.47%	6.82%	9.37%	0.1207%
NORDSTROM INC	JWN	11,999.75	0.07%	1.78%	11.40%	13.28%	0.0094%
KELLOGG CO	K	22,130.25	0.13%	2.93%	7.00%	10.03%	0.0130%
KEYCORP	KEY	11,997.47	0.07%	1.64%	5.00%	6.69%	0.0047%
KIMCO REALTY CORP	KIM	8,128.25	0.05%	4.27%	4.69%	9.06%	0.0043%
CLA-TENCOR CORPORATION	KLAC	10,608.90	0.06%	2.72%	16.07%	19.01%	0.0118%
KIMBERLY-CLARK CORP	KMB	39,870.75	0.23%	3.05%	7.65%	10.82%	0.0253%
KINDER MORGAN INC	KMI	37,435.61	0.22%	4.45%	45.00%	50.45%	0.1109%
CARMAX INC	KMX	10,468.19	0.06%	0.00%	13.26%	13.26%	0.0082%
COCA-COLA CO/THE	KO	180,125.49	1.06%	2.72%	7.42%	10.24%	0.1084%
MICHAEL KORS HOLDINGS LTD	KORS	16,803.40	0.10%	0.00%	25.65%	25.65%	0.0253%
KROGER CO	KR	20,320.14	0.12%	1.49%	9.26%	10.82%	0.0129%
KRAFT FOODS GROUP INC	KRFT	31,962.60	0.19%	3.80%	9.00%	12.97%	0.0244%
KOHL'S CORP	KSS	12,302.34	0.07%	2.26%	8.35%	10.71%	0.0077%
KANSAS CITY SOUTHERN	KSU	13,501.74	0.08%	0.68%	16.50%	17.23%	0.0137%
LOEWS CORP	L	18,591.49	N/A	0.52%	NA	N/A	N/A
L BRANDS INC	LB	18,064.22	0.11%	1.93%	11.58%	13.61%	0.0144%
LEGGETT & PLATT INC	LEG	4,352.13	0.03%	3.80%	15.00%	19.08%	0.0049%
LENNAR CORP-A	LEN	7,461.46	0.04%	0.34%	4.67%	5.02%	0.0022%
LABORATORY CRP OF AMER HLDGS	LH	8,005.84	0.05%	0.00%	11.56%	11.56%	0.0054%
LIFE TECHNOLOGIES CORP	LIFE	13,100.39	0.08%	0.00%	10.35%	10.35%	0.0080%
L-3 COMMUNICATIONS HOLDINGS	LLL	9,405.82	0.06%	2.07%	2.35%	4.44%	0.0025%
LINEAR TECHNOLOGY CORP	LLTC	10,563.08	0.06%	2.33%	10.70%	13.16%	0.0082%
ELI LILLY & CO	LLY	57,481.66	0.34%	3.84%	-0.85%	2.97%	0.0100%
LEGG MASON INC	LM	5,195.66	0.03%	1.20%	54.83%	56.36%	0.0172%
LOCKHEED MARTIN CORP	LMT	47,258.13	0.28%	3.24%	6.88%	10.23%	0.0284%
LINCOLN NATIONAL CORP	LNC	13,321.99	0.08%	0.96%	10.00%	11.00%	0.0086%
LORILLARD INC	LO	18,646.60	0.11%	4.35%	11.36%	15.96%	0.0175%
LOWE'S COS INC	LOW	52,029.98	0.31%	1.41%	17.23%	18.77%	0.0574%
LAM RESEARCH CORP	LRCX	8,761.04	0.05%	0.00%	22.45%	22.45%	0.0116%
LSI CORP	LSI	6,002.47	0.04%	0.38%	15.33%	15.74%	0.0056%
LEUCADIA NATIONAL CORP	LUK	10,378.39	N/A	0.00%	NA	N/A	N/A
SOUTHWEST AIRLINES CO	LUV	13,202.85	0.08%	0.75%	24.38%	25.22%	0.0196%
LYONDELLBASELL INDU-CL A	LYB	43,900.45	0.26%	2.31%	8.25%	10.65%	0.0275%
MACY'S INC	M	19,798.54	0.12%	1.82%	11.88%	13.80%	0.0161%
MASTERCARD INC-CLASS A	MA	100,229.99	0.59%	0.23%	19.44%	19.69%	0.1160%
MACERICH CO/THE	MAC	8,246.89	0.05%	4.05%	5.19%	9.34%	0.0045%
MARRIOTT INTERNATIONAL -CL A	MAR	14,665.40	0.09%	1.26%	12.93%	14.26%	0.0123%
MASCO CORP	MAS	8,167.87	0.05%	1.33%	19.00%	20.46%	0.0098%
MATTEL INC	MAT	16,065.48	0.09%	3.03%	9.00%	12.17%	0.0115%
MCDONALD'S CORP	MCD	96,328.87	0.57%	3.23%	8.97%	12.34%	0.0698%
MICROCHIP TECHNOLOGY INC	MCHP	8,821.44	0.05%	3.12%	10.00%	13.27%	0.0069%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
MCKESSON CORP	MCK	36,659.57	0.22%	0.54%	13.13%	13.71%	0.0295%
MOODY'S CORP	MCO	16,590.20	0.10%	1.18%	13.50%	14.76%	0.0144%
MONDELEZ INTERNATIONAL INC-A	MDLZ	61,365.03	0.36%	1.54%	12.19%	13.82%	0.0498%
MEDTRONIC INC	MDT	57,105.63	0.34%	1.97%	7.94%	9.99%	0.0335%
METLIFE INC	MET	59,561.74	0.35%	1.92%	8.00%	9.99%	0.0350%
MCGRAW HILL FINANCIAL INC	MHFI	20,800.15	0.12%	1.46%	10.00%	11.53%	0.0141%
MOHAWK INDUSTRIES INC	MHK	10,839.26	0.06%	0.00%	23.50%	23.50%	0.0150%
MEAD JOHNSON NUTRITION CO	MJN	16,659.73	0.10%	1.64%	10.86%	12.59%	0.0123%
MCCORMICK & CO-NON VTG SHRS	MKC	9,043.04	N/A	1.98%	NA	N/A	N/A
MARSH & MCLENNAN COS	MMC	26,346.72	0.15%	2.01%	12.00%	14.13%	0.0219%
3M CO	MMM	92,435.36	0.54%	1.83%	11.53%	13.47%	0.0732%
MONSTER BEVERAGE CORP	MNST	11,361.54	0.07%	0.00%	12.83%	12.83%	0.0086%
ALTRIA GROUP INC	MO	76,388.06	0.45%	4.83%	7.69%	12.71%	0.0570%
MONSANTO CO	MON	61,338.98	0.36%	1.40%	13.60%	15.10%	0.0544%
MOSAIC CO/THE	MOS	20,234.08	0.12%	2.11%	7.67%	9.85%	0.0117%
MARATHON PETROLEUM CORP	MPC	27,498.79	0.16%	1.67%	8.41%	10.15%	0.0164%
MERCK & CO. INC.	MRK	145,336.74	0.85%	3.46%	2.25%	5.75%	0.0491%
MARATHON OIL CORP	MRO	24,584.22	0.14%	2.03%	15.35%	17.54%	0.0253%
MORGAN STANLEY	MS	60,784.25	0.36%	0.64%	12.21%	12.89%	0.0460%
MICROSOFT CORP	MSFT	310,293.98	1.82%	2.82%	8.29%	11.23%	0.2048%
MOTOROLA SOLUTIONS INC	MSI	17,336.33	0.10%	1.61%	7.00%	8.66%	0.0088%
M & T BANK CORP	MTB	15,123.52	0.09%	2.41%	13.00%	15.57%	0.0138%
MICRON TECHNOLOGY INC	MU	22,883.17	0.13%	0.00%	12.84%	12.84%	0.0173%
MURPHY OIL CORP	MUR	12,060.38	0.07%	1.95%	13.00%	15.08%	0.0107%
MEADWESTVACO CORP	MWV	6,576.21	0.04%	2.70%	10.00%	12.84%	0.0050%
MYLAN INC	MYL	16,432.22	0.10%	0.00%	11.70%	11.70%	0.0113%
NOBLE ENERGY INC	NBL	24,215.27	0.14%	0.82%	12.58%	13.45%	0.0191%
NABORS INDUSTRIES LTD	NBR	5,041.44	0.03%	0.63%	3.85%	4.48%	0.0013%
NASDAQ OMX GROUP/THE	NDAQ	6,667.85	0.04%	1.31%	12.77%	14.16%	0.0055%
NOBLE CORP PLC	NE	9,515.44	0.06%	2.19%	13.67%	16.01%	0.0089%
NEXTERA ENERGY INC	NEE	36,999.09	0.22%	3.10%	5.98%	9.18%	0.0200%
NEWMONT MINING CORP	NEM	11,916.26	0.07%	4.77%	2.00%	6.82%	0.0048%
NETFLIX INC	NFLX	21,593.54	0.13%	0.00%	28.33%	28.33%	0.0359%
NEWFIELD EXPLORATION CO	NFX	3,345.91	0.02%	0.00%	11.50%	11.50%	0.0023%
NISOURCE INC	NI	10,235.34	0.06%	3.01%	4.00%	7.08%	0.0043%
NIKE INC -CL B	NKE	69,741.13	0.41%	1.16%	12.76%	13.99%	0.0573%
NIELSEN HOLDINGS NV	NLSN	17,291.02	0.10%	1.53%	11.25%	12.87%	0.0131%
NORTHROP GRUMMAN CORP	NOC	25,355.76	0.15%	2.06%	8.00%	10.14%	0.0151%
NATIONAL OILWELL VARCO INC	NOV	34,325.07	0.20%	1.08%	11.30%	12.44%	0.0251%
NRG ENERGY INC	NRG	9,272.34	N/A	1.63%	NA	N/A	N/A
NORFOLK SOUTHERN CORP	NSC	28,478.44	0.17%	2.22%	14.25%	16.63%	0.0278%
NETAPP INC	NTAP	13,844.04	0.08%	1.56%	14.00%	15.67%	0.0127%
NORTHERN TRUST CORP	NTRS	14,788.33	0.09%	1.99%	11.12%	13.21%	0.0115%
NORTHEAST UTILITIES	NU	13,274.91	0.08%	3.48%	7.00%	10.61%	0.0083%
NUCOR CORP	NUE	16,865.19	0.10%	2.77%	7.33%	10.21%	0.0101%
VIDIA CORP	NVDA	9,011.29	0.05%	1.96%	9.25%	11.30%	0.0060%
NEWELL RUBBERMAID INC	NWL	9,265.07	0.05%	1.89%	10.03%	12.01%	0.0065%
NEWS CORP - CLASS A	NWSA	10,452.52	0.06%	0.43%	6.00%	6.44%	0.0040%
OWENS-ILLINOIS INC	OI	5,842.45	0.03%	0.00%	9.54%	9.54%	0.0033%
ONEOK INC	OKE	12,736.14	0.07%	2.40%	11.00%	13.53%	0.0101%
OMNICOM GROUP	OMC	19,168.24	0.11%	2.02%	7.80%	9.89%	0.0111%
ORACLE CORP	ORCL	170,047.03	1.00%	1.26%	11.00%	12.33%	0.1232%
O'REILLY AUTOMOTIVE INC	ORLY	13,815.76	0.08%	0.00%	19.00%	19.00%	0.0154%
OCCIDENTAL PETROLEUM CORP	OXY	76,390.30	0.45%	2.60%	7.25%	9.94%	0.0446%
PAYCHEX INC	PAYX	16,440.54	0.10%	3.06%	9.33%	12.54%	0.0121%
PEOPLE'S UNITED FINANCIAL	PBCT	4,817.86	0.03%	4.29%	6.50%	10.93%	0.0031%
PITNEY BOWES INC	PBI	4,704.41	0.03%	4.01%	8.50%	12.69%	0.0035%
PACCAR INC	PCAR	20,767.49	0.12%	2.45%	10.25%	12.83%	0.0157%
P G & E CORP	PCG	18,070.66	0.11%	4.53%	3.44%	8.05%	0.0085%
PLUM CREEK TIMBER CO	PCL	8,252.85	0.05%	3.70%	5.00%	8.79%	0.0043%
PRICELINE.COM INC	PCLN	59,212.67	0.35%	0.00%	20.00%	20.00%	0.0696%
PRECISION CASTPARTS CORP	PCP	38,957.69	0.23%	0.04%	11.87%	11.91%	0.0273%
PATTERSON COS INC	PDCO	4,304.69	0.03%	1.59%	9.33%	11.00%	0.0028%
PUBLIC SERVICE ENTERPRISE GP	PEG	16,091.45	0.09%	4.53%	1.31%	5.86%	0.0055%
PEPSICO INC	PEP	126,307.26	0.74%	2.72%	7.78%	10.60%	0.0787%
PETSMART INC	PETM	7,542.21	0.04%	0.68%	13.98%	14.71%	0.0065%
PFIZER INC	PFE	196,765.31	1.16%	3.15%	5.02%	8.25%	0.0953%
PRINCIPAL FINANCIAL GROUP	PFG	14,385.88	0.08%	2.00%	11.50%	13.61%	0.0115%
PROCTER & GAMBLE CO/THE	PG	219,442.77	1.29%	3.06%	9.18%	12.39%	0.1597%
PROGRESSIVE CORP	PGR	16,295.90	0.10%	2.92%	7.67%	10.70%	0.0102%
PARKER HANNIFIN CORP	PH	19,072.34	0.11%	1.45%	9.75%	11.27%	0.0126%
PULTEGROUP INC	PHM	7,730.10	0.05%	0.56%	28.95%	29.60%	0.0134%
PERKINELMER INC	PKI	4,612.59	0.03%	0.68%	11.00%	11.72%	0.0032%
PROLOGIS INC	PLD	18,437.81	0.11%	3.03%	8.26%	11.41%	0.0124%
PALL CORP	PLL	9,408.31	0.06%	1.22%	12.04%	13.33%	0.0074%
PHILIP MORRIS INTERNATIONAL	PM	138,331.03	0.81%	4.13%	8.98%	13.30%	0.1081%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
PNC FINANCIAL SERVICES GROUP	PNC	41,025.52	0.24%	2.23%	5.02%	7.31%	0.0176%
PENTAIR LTD-REGISTERED	PNR	15,438.41	0.09%	1.24%	15.50%	16.83%	0.0153%
PINNACLE WEST CAPITAL	PNW	5,808.17	0.03%	4.20%	4.52%	8.81%	0.0030%
PEPCO HOLDINGS INC	POM	4,750.37	0.03%	5.68%	4.86%	10.68%	0.0030%
PPG INDUSTRIES INC	PPG	26,936.01	0.16%	1.27%	8.23%	9.56%	0.0151%
PPL CORPORATION	PPL	18,850.77	0.11%	4.91%	5.00%	10.03%	0.0111%
PERRIGO CO PLC	PRGO	20,359.97	0.12%	0.23%	15.65%	15.90%	0.0190%
PRUDENTIAL FINANCIAL INC	PRU	42,160.78	0.25%	1.80%	11.00%	12.90%	0.0320%
PUBLIC STORAGE	PSA	25,810.03	0.15%	3.43%	5.79%	9.32%	0.0141%
PHILLIPS 66	PSX	46,278.22	0.27%	1.71%	7.50%	9.28%	0.0252%
PVH CORP	PVH	11,131.66	0.07%	0.13%	13.67%	13.81%	0.0090%
QUANTA SERVICES INC	PWR	6,696.57	0.04%	0.00%	22.55%	22.55%	0.0089%
PRAXAIR INC	PX	38,217.20	0.22%	1.85%	10.63%	12.57%	0.0282%
PIONEER NATURAL RESOURCES CO	PXD	25,089.14	0.15%	0.04%	19.92%	19.96%	0.0294%
QUALCOMM INC	QCOM	123,835.63	0.73%	1.92%	14.50%	16.56%	0.1205%
QEP RESOURCES INC	QEP	5,489.59	0.03%	0.26%	15.00%	15.28%	0.0049%
RYDER SYSTEM INC	R	3,852.98	0.02%	1.75%	10.40%	12.24%	0.0028%
REYNOLDS AMERICAN INC	RAI	26,709.23	0.16%	5.06%	7.97%	13.24%	0.0208%
ROWAN COMPANIES PLC-A	RDC	4,361.94	0.03%	0.00%	23.00%	23.00%	0.0059%
REGENERON PHARMACEUTICALS	REGN	27,123.73	0.16%	0.00%	28.46%	28.46%	0.0454%
REGIONS FINANCIAL CORP	RF	13,692.87	0.08%	1.01%	7.00%	8.04%	0.0065%
ROBERT HALF INTL INC	RHI	5,785.04	0.03%	1.52%	12.50%	14.12%	0.0048%
RED HAT INC	RHT	10,503.95	0.06%	0.00%	16.00%	16.00%	0.0099%
TRANSOCEAN LTD	RIG	17,845.63	0.10%	3.93%	18.00%	22.29%	0.0234%
RALPH LAUREN CORP	RL	16,066.05	0.09%	0.98%	12.81%	13.85%	0.0131%
ROCKWELL AUTOMATION INC	ROK	16,252.67	0.10%	1.90%	10.63%	12.63%	0.0121%
ROPER INDUSTRIES INC	ROP	13,708.69	0.08%	0.55%	15.00%	15.59%	0.0126%
ROSS STORES INC	ROST	16,142.29	0.09%	0.88%	12.20%	13.13%	0.0125%
RANGE RESOURCES CORP	RRC	13,756.83	0.08%	0.19%	27.00%	27.22%	0.0220%
REPUBLIC SERVICES INC	RSG	11,929.93	0.07%	2.77%	1.65%	4.44%	0.0031%
RAYTHEON COMPANY	RTN	28,643.86	0.17%	2.41%	9.25%	11.77%	0.0198%
STARBUCKS CORP	SBUX	58,271.07	0.34%	1.38%	18.22%	19.73%	0.0675%
SCANA CORP	SCG	6,569.26	0.04%	4.34%	6.00%	10.47%	0.0040%
SCHWAB (CHARLES) CORP	SCHW	33,416.51	0.20%	0.93%	19.29%	20.31%	0.0399%
SPECTRA ENERGY CORP	SE	23,705.98	0.14%	3.47%	5.50%	9.07%	0.0126%
SEALED AIR CORP	SEE	6,665.91	0.04%	1.48%	7.00%	8.54%	0.0033%
SHERWIN-WILLIAMS CO/THE	SHW	18,539.89	0.11%	1.09%	14.50%	15.67%	0.0171%
SIGMA-ALDRICH	SIAL	11,171.99	0.07%	0.93%	6.54%	7.51%	0.0049%
JM SMUCKER CO/THE	SJM	10,793.49	0.06%	2.24%	8.00%	10.33%	0.0066%
SCHLUMBERGER LTD	SLB	118,354.74	0.70%	1.37%	16.53%	18.02%	0.1253%
SLM CORP	SLM	11,451.93	N/A	2.29%	NA	N/A	N/A
SNAP-ON INC	SNA	6,355.19	0.04%	0.00%	10.00%	10.00%	0.0037%
SANDISK CORP	SNDK	15,762.71	0.09%	0.59%	20.76%	21.41%	0.0198%
SCRIPPS NETWORKS INTER-CL A	SNI	12,503.95	0.07%	0.70%	12.58%	13.32%	0.0098%
SOUTHERN CO/THE	SO	36,098.46	0.21%	4.93%	4.50%	9.54%	0.0202%
SIMON PROPERTY GROUP INC	SPG	47,421.09	0.28%	3.05%	7.13%	10.28%	0.0287%
STAPLES INC	SPLS	10,432.67	0.06%	3.04%	7.24%	10.39%	0.0064%
STERICYCLE INC	SRCL	9,867.84	0.06%	0.00%	16.14%	16.14%	0.0094%
SEMPRA ENERGY	SRE	21,756.48	0.13%	2.84%	7.00%	9.94%	0.0127%
SUNTRUST BANKS INC	STI	19,711.74	0.12%	0.95%	14.25%	15.27%	0.0177%
ST JUDE MEDICAL INC	STJ	18,054.48	0.11%	1.60%	10.30%	11.98%	0.0127%
STATE STREET CORP	STT	32,253.42	0.19%	1.41%	12.20%	13.70%	0.0260%
SEAGATE TECHNOLOGY	STX	18,091.11	0.11%	2.96%	6.52%	9.58%	0.0102%
CONSTELLATION BRANDS INC-A	STZ	13,181.38	0.08%	0.00%	23.41%	23.41%	0.0181%
STANLEY BLACK & DECKER INC	SWK	14,238.90	0.08%	2.46%	10.40%	12.99%	0.0109%
SOUTHWESTERN ENERGY CO	SWN	13,855.53	N/A	0.00%	NA	N/A	N/A
SAFEWAY INC	SWY	7,868.79	0.05%	2.22%	13.48%	15.84%	0.0073%
STRYKER CORP	SYK	28,241.41	0.17%	1.42%	8.71%	10.20%	0.0169%
SYMANTEC CORP	SYMC	16,287.14	0.10%	2.84%	7.27%	10.22%	0.0098%
SYSCO CORP	SY	21,035.68	0.12%	3.20%	8.50%	11.84%	0.0146%
AT&T INC	T	185,750.40	1.09%	5.14%	5.53%	10.81%	0.1180%
MOLSON COORS BREWING CO -B	TAP	10,107.39	0.06%	2.36%	4.82%	7.23%	0.0043%
TERADATA CORP	TDC	7,429.21	0.04%	0.00%	14.50%	14.50%	0.0063%
TECO ENERGY INC	TE	3,748.45	0.02%	5.11%	4.50%	9.72%	0.0021%
INTEGRYS ENERGY GROUP INC	TEG	4,331.15	0.03%	5.01%	5.00%	10.14%	0.0026%
TE CONNECTIVITY LTD	TEL	22,406.43	0.13%	1.84%	15.00%	16.98%	0.0223%
TARGET CORP	TGT	40,327.20	0.24%	2.41%	11.14%	13.68%	0.0324%
TENET HEALTHCARE CORP	THC	4,210.19	0.02%	0.00%	10.33%	10.33%	0.0026%
TIFFANY & CO	TIF	11,978.92	0.07%	1.44%	14.17%	15.71%	0.0111%
TJX COMPANIES INC	TJX	45,552.29	0.27%	0.87%	11.47%	12.39%	0.0332%
TORCHMARK CORP	TMK	7,015.66	0.04%	0.85%	8.50%	9.39%	0.0039%
THERMO FISHER SCIENTIFIC INC	TMO	39,739.56	0.23%	0.55%	8.73%	9.30%	0.0217%
TRIPADVISOR INC	TRIP	11,534.05	0.07%	0.00%	20.75%	20.75%	0.0141%
T ROWE PRICE GROUP INC	TROW	21,670.64	0.13%	1.83%	13.04%	14.99%	0.0191%
TRAVELERS COS INC/THE	TRV	32,959.05	0.19%	2.18%	8.28%	10.54%	0.0204%
TYSON FOODS INC-CL A	TSN	11,462.88	0.07%	0.80%	8.33%	9.17%	0.0062%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
TESORO CORP	TSO	7,757.42	0.05%	1.52%	9.14%	10.73%	0.0049%
TOTAL SYSTEM SERVICES INC	TSS	6,253.28	0.04%	1.15%	12.00%	13.22%	0.0049%
TIME WARNER CABLE	TWC	37,970.57	0.22%	1.93%	12.05%	14.10%	0.0315%
TIME WARNER INC	TWX	62,597.75	0.37%	1.66%	10.07%	11.81%	0.0434%
TEXAS INSTRUMENTS INC	TXN	47,350.80	0.28%	2.44%	9.67%	12.23%	0.0340%
TEXTRON INC	TXT	10,276.05	0.06%	0.22%	9.25%	9.47%	0.0057%
TYCO INTERNATIONAL LTD	TYC	19,063.45	0.11%	1.66%	12.00%	13.76%	0.0154%
UNITEDHEALTH GROUP INC	UNH	75,678.01	0.44%	1.38%	10.55%	11.99%	0.0533%
UNUM GROUP	UNM	9,067.55	0.05%	1.59%	9.50%	11.16%	0.0059%
UNION PACIFIC CORP	UNP	77,407.77	0.45%	1.74%	12.60%	14.45%	0.0657%
UNITED PARCEL SERVICE-CL B	UPS	96,934.60	0.57%	2.38%	10.44%	12.94%	0.0737%
URBAN OUTFITTERS INC	URBN	5,639.01	0.03%	0.00%	17.61%	17.61%	0.0058%
US BANCORP	USB	73,070.46	0.43%	2.22%	7.00%	9.30%	0.0399%
UNITED TECHNOLOGIES CORP	UTX	103,494.07	0.61%	1.97%	12.37%	14.47%	0.0880%
VISA INC-CLASS A SHARES	V	140,352.27	0.82%	0.73%	18.71%	19.52%	0.1609%
VARIAN MEDICAL SYSTEMS INC	VAR	8,214.39	0.05%	0.00%	10.00%	10.00%	0.0048%
VF CORP	VFC	27,576.29	0.16%	1.44%	12.13%	13.66%	0.0221%
VIACOM INC-CLASS B	VIAB	38,743.78	0.23%	1.44%	8.90%	10.40%	0.0237%
VALERO ENERGY CORP	VLO	27,199.33	0.16%	1.68%	9.21%	10.97%	0.0175%
VULCAN MATERIALS CO	VMC	7,627.78	0.04%	0.07%	8.75%	8.82%	0.0040%
VORNADO REALTY TRUST	VNO	16,622.97	0.10%	3.19%	5.60%	8.88%	0.0087%
VERISIGN INC	VRSN	8,166.95	0.05%	0.00%	12.33%	12.33%	0.0059%
VERTEX PHARMACEUTICALS INC	VRTX	17,305.02	0.10%	0.00%	26.78%	26.78%	0.0272%
VENTAS INC	VTR	16,765.55	0.10%	4.72%	4.49%	9.31%	0.0092%
VERIZON COMMUNICATIONS INC	VZ	140,340.26	0.82%	4.26%	7.02%	11.42%	0.0942%
WALGREEN CO	WAG	54,169.26	0.32%	2.25%	13.33%	15.73%	0.0501%
WATERS CORP	WAT	8,459.40	0.05%	0.00%	10.83%	10.83%	0.0054%
WESTERN DIGITAL CORP	WDC	19,638.03	0.12%	1.29%	5.00%	6.33%	0.0073%
WISCONSIN ENERGY CORP	WEC	9,316.75	0.05%	3.53%	5.00%	8.62%	0.0047%
WELLS FARGO & CO	WFC	237,568.70	1.40%	2.55%	9.94%	12.62%	0.1761%
WHOLE FOODS MARKET INC	WFM	21,338.41	0.13%	1.36%	17.09%	18.57%	0.0233%
WHIRLPOOL CORP	WHR	12,276.60	0.07%	1.57%	29.85%	31.66%	0.0228%
WINDSTREAM HOLDINGS INC	WIN	4,792.43	0.03%	12.44%	0.50%	12.97%	0.0037%
WELLPOINT INC	WLP	27,139.97	0.16%	1.57%	11.17%	12.82%	0.0204%
WASTE MANAGEMENT INC	WM	20,921.01	0.12%	3.27%	5.10%	8.46%	0.0104%
WILLIAMS COS INC	WMB	26,387.17	0.16%	3.73%	15.90%	19.92%	0.0309%
WAL-MART STORES INC	WMT	255,237.73	1.50%	2.37%	9.10%	11.58%	0.1736%
WPX ENERGY INC	WPX	4,032.24	N/A	0.00%	NA	N/A	N/A
WESTERN UNION CO	WU	9,515.29	0.06%	2.94%	10.29%	13.37%	0.0075%
WEYERHAEUSER CO	WY	18,374.28	0.11%	2.60%	5.00%	7.66%	0.0083%
WYNDHAM WORLDWIDE CORP	WYN	9,610.13	N/A	1.57%	NA	N/A	N/A
WYNN RESORTS LTD	WYNN	19,869.94	0.12%	2.04%	11.00%	13.15%	0.0153%
UNITED STATES STEEL CORP	X	4,392.09	0.03%	0.66%	6.00%	6.68%	0.0017%
XCEL ENERGY INC	XEL	13,839.35	0.08%	4.00%	5.00%	9.10%	0.0074%
XL GROUP PLC	XL	8,967.92	0.05%	1.74%	12.50%	14.35%	0.0076%
XILINX INC	XLNX	12,527.56	0.07%	2.14%	12.14%	14.41%	0.0106%
EXXON MOBIL CORP	XOM	438,380.36	2.58%	2.46%	19.78%	22.47%	0.5788%
DENTSPLY INTERNATIONAL INC	XRAY	6,835.90	0.04%	0.51%	10.18%	10.72%	0.0043%
XEROX CORP	XRX	14,711.82	0.09%	1.92%	10.00%	12.02%	0.0104%
XYLEM INC	XYL	6,353.77	0.04%	1.36%	7.15%	8.56%	0.0032%
YAHOO! INC	YHOO	40,775.51	0.24%	0.00%	11.81%	11.81%	0.0283%
YUM! BRANDS INC	YUM	33,520.03	0.20%	1.80%	11.22%	13.12%	0.0258%
ZIONS BANCORPORATION	ZION	5,525.53	0.03%	0.43%	7.67%	8.12%	0.0026%
ZIMMER HOLDINGS INC	ZMH	15,755.89	0.09%	0.70%	10.18%	10.91%	0.0101%
ZOETIS INC	ZTS	16,125.22	0.09%	0.81%	13.54%	14.40%	0.0136%
Total Market Capitalization:		17,021,448.85					14.01%

Notes:

[1] Equals sum of Col. [9]

[2] Source: Bloomberg Professional

[3] Equals [1] - [2]

[4] Source: Bloomberg Professional

[5] Equals weight in S&P 500 based on market capitalization

[6] Source: Bloomberg Professional

[7] Source: Bloomberg Professional

[8] Equals ([6] x (1 + (0.5 x [7]))) + [7]

[9] Equals Col. [5] x Col. [8]

Ex-Ante Market Risk Premium
Market DCF Method Based - Value Line

[1]	[2]	[3]
S&P 500	Current 30-Year	
Est. Required	Treasury (30-day	Implied Market
Market Return	average)	Risk Premium
12.72%	3.87%	8.85%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	19,007.25	0.11%	0.92%	7.00%	7.95%	0.01%
ALCOA INC	AA	11,155.95	0.07%	1.15%	16.00%	17.24%	0.01%
APPLE INC	AAPL	512,270.50	3.00%	2.16%	14.50%	16.82%	0.51%
ABBVIE INC	ABBV	84,148.12	0.49%	3.02%	0.00%	3.02%	0.01%
AMERISOURCEBERGEN CORP	ABC	16,224.89	0.10%	1.34%	13.50%	14.93%	0.01%
ABBOTT LABORATORIES	ABT	59,296.19	0.35%	2.30%	-5.50%	-3.26%	-0.01%
ACE LTD	ACE	34,921.69	0.20%	2.45%	9.50%	12.07%	0.02%
ACCENTURE PLC-CL A	ACN	52,054.26	0.31%	2.26%	8.00%	10.35%	0.03%
ACTAVIS PLC	ACT	22,128.17	0.13%	0.00%	14.00%	14.00%	0.02%
ADOBE SYSTEMS INC	ADBE	29,897.60	0.18%	0.00%	6.00%	6.00%	0.01%
ANALOG DEVICES INC	ADI	15,782.42	0.09%	2.68%	11.50%	14.33%	0.01%
ARCHER-DANIELS-MIDLAND CO	ADM	28,720.39	0.17%	2.20%	6.00%	8.27%	0.01%
AUTOMATIC DATA PROCESSING	ADP	38,905.35	0.23%	2.38%	9.00%	11.49%	0.03%
ALLIANCE DATA SYSTEMS CORP	ADS	12,424.43	0.07%	0.00%	16.50%	16.50%	0.01%
AUTODESK INC	ADSK	11,142.38	0.07%	0.00%	8.00%	8.00%	0.01%
ADT CORP/THE	ADT	8,555.64	0.05%	1.22%	0.00%	1.22%	0.00%
AMEREN CORPORATION	AEE	8,721.47	0.05%	4.45%	-0.50%	3.94%	0.00%
AMERICAN ELECTRIC POWER	AEP	22,618.47	0.13%	4.35%	5.50%	9.97%	0.01%
AES CORP	AES	10,732.86	0.06%	1.38%	22.00%	23.53%	0.01%
AETNA INC	AET	25,103.92	0.15%	1.32%	11.00%	12.39%	0.02%
AFLAC INC	AFL	31,253.80	0.18%	2.21%	8.50%	10.80%	0.02%
ALLERGAN INC	AGN	32,656.34	0.19%	0.18%	12.50%	12.69%	0.02%
AMERICAN INTERNATIONAL GROUP	AIG	75,089.49	0.44%	0.78%	0.00%	0.78%	0.00%
APARTMENT INVT & MGMT CO -A	AIV	-	0.00%	3.71%	0.00%	3.71%	0.00%
ASSURANT INC	AIZ	4,860.32	0.03%	1.51%	7.50%	9.07%	0.00%
AKAMAI TECHNOLOGIES INC	AKAM	8,452.84	0.05%	0.00%	14.50%	14.50%	0.01%
ALLSTATE CORP	ALL	24,519.12	0.14%	1.86%	15.50%	17.50%	0.03%
ALLEGION PLC	ALLE	N/A	N/A	N/A	N/A	N/A	N/A
ALTERA CORP	ALTR	10,333.16	0.06%	1.87%	3.00%	4.90%	0.00%
ALEXION PHARMACEUTICALS INC	ALXN	26,054.75	0.15%	0.00%	26.50%	26.50%	0.04%
APPLIED MATERIALS INC	AMAT	20,997.76	0.12%	2.47%	19.00%	21.70%	0.03%
AMETEK INC	AME	12,866.67	0.08%	0.46%	10.50%	10.98%	0.01%
AMGEN INC	AMGN	86,238.88	0.51%	2.13%	10.00%	12.24%	0.06%
AMERIPRISE FINANCIAL INC	AMP	22,220.15	0.13%	1.83%	13.00%	14.95%	0.02%
AMERICAN TOWER CORP	AMT	31,105.06	0.18%	1.62%	20.50%	22.29%	0.04%
AMAZON.COM INC	AMZN	185,210.60	1.09%	0.00%	48.00%	48.00%	0.52%
AUTONATION INC	AN	6,176.48	0.04%	0.00%	16.00%	16.00%	0.01%
AON PLC	AON	25,128.48	0.15%	0.84%	15.50%	16.41%	0.02%
APACHE CORP	APA	34,862.25	0.20%	0.93%	8.00%	8.97%	0.02%
ANADARKO PETROLEUM CORP	APC	39,360.30	0.23%	0.92%	74.50%	75.76%	0.17%
AIR PRODUCTS & CHEMICALS INC	APD	23,828.25	0.14%	2.50%	9.00%	11.61%	0.02%
AMPHENOL CORP-CL A	APH	13,971.94	0.08%	0.91%	8.50%	9.45%	0.01%
AIRGAS INC	ARG	8,168.48	0.05%	1.92%	14.00%	16.05%	0.01%
ALLEGHENY TECHNOLOGIES INC	ATI	3,783.49	0.02%	2.06%	14.50%	16.71%	0.00%
AVALONBAY COMMUNITIES INC	AVB	-	0.00%	3.78%	0.00%	3.78%	0.00%
AVON PRODUCTS INC	AVP	7,530.23	0.04%	1.38%	16.00%	17.49%	0.01%
AVERY DENNISON CORP	AVY	4,924.45	0.03%	2.35%	10.00%	12.47%	0.00%
AMERICAN EXPRESS CO	AXP	95,586.00	0.56%	1.10%	9.00%	10.15%	0.06%
AUTOZONE INC	AZO	16,070.32	0.09%	0.00%	15.00%	15.00%	0.01%
BOEING CO/THE	BA	103,966.60	0.61%	2.11%	11.00%	13.23%	0.08%
BANK OF AMERICA CORP	BAC	167,193.40	0.98%	0.26%	0.00%	0.26%	0.00%
BAXTER INTERNATIONAL INC	BAX	37,644.16	0.22%	2.83%	8.50%	11.45%	0.03%
BED BATH & BEYOND INC	BBBY	16,760.79	0.10%	0.00%	10.50%	10.50%	0.01%
BB&T CORP	BBT	26,194.98	0.15%	2.69%	11.00%	13.84%	0.02%
BEST BUY CO INC	BBY	14,181.95	0.08%	1.73%	2.50%	4.25%	0.00%
CR BARD INC	BCR	10,417.01	0.06%	0.63%	8.50%	9.16%	0.01%
BECTON DICKINSON AND CO	BDX	21,382.74	0.13%	1.98%	8.50%	10.56%	0.01%
BEAM INC	BEAM	10,954.97	0.06%	1.34%	11.50%	12.92%	0.01%
FRANKLIN RESOURCES INC	BEN	36,350.30	0.21%	0.84%	10.50%	11.38%	0.02%
BROWN-FORMAN CORP-CLASS B	BF/B	16,030.16	0.09%	1.55%	8.50%	10.12%	0.01%
BAKER HUGHES INC	BHI	24,191.22	0.14%	1.10%	13.00%	14.17%	0.02%
BIOGEN IDEC INC	BIIB	66,455.89	0.39%	0.00%	12.50%	12.50%	0.05%
BANK OF NEW YORK MELLON CORP	BK	39,692.88	0.23%	1.74%	10.00%	11.83%	0.03%
BLACKROCK INC	BLK	53,430.85	0.31%	2.13%	8.00%	10.22%	0.03%
BALL CORP	BLL	7,448.60	0.04%	1.01%	8.50%	9.55%	0.00%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
BEMIS COMPANY	BMS	4,178.77	0.02%	2.66%	8.00%	10.77%	0.00%
BRISTOL-MYERS SQUIBB CO	BMJ	88,254.65	0.52%	2.69%	10.00%	12.82%	0.07%
BROADCOM CORP-CL A	BRCM	16,574.24	0.10%	1.65%	3.00%	4.67%	0.00%
BERKSHIRE HATHAWAY INC-CL B	BRK/B	-	0.00%	0.00%	0.00%	0.00%	0.00%
BOSTON SCIENTIFIC CORP	BSX	16,293.63	0.10%	0.00%	11.00%	11.00%	0.01%
PEABODY ENERGY CORP	BTU	5,029.07	0.03%	1.82%	9.00%	10.90%	0.00%
BORGWARNER INC	BWA	12,686.25	0.07%	0.90%	14.00%	14.96%	0.01%
BOSTON PROPERTIES INC	BXP	-	0.00%	2.58%	0.00%	2.58%	0.00%
CITIGROUP INC	C	158,777.50	0.93%	1.05%	14.00%	15.12%	0.14%
CA INC	CA	14,949.24	0.09%	2.99%	5.50%	8.57%	0.01%
CONAGRA FOODS INC	CAG	14,099.20	0.08%	2.99%	11.00%	14.15%	0.01%
CARDINAL HEALTH INC	CAH	23,010.68	0.13%	1.88%	12.00%	13.99%	0.02%
CAMERON INTERNATIONAL CORP	CAM	14,182.94	0.08%	0.00%	16.00%	16.00%	0.01%
CATERPILLAR INC	CAT	58,003.75	0.34%	2.63%	6.00%	8.71%	0.03%
CHUBB CORP	CB	24,123.55	0.14%	1.84%	8.00%	9.91%	0.01%
CBRE GROUP INC - A	CBG	8,621.34	0.05%	0.00%	10.50%	10.50%	0.01%
CBS CORP-CLASS B NON VOTING	CBS	37,863.00	0.22%	0.76%	13.00%	13.81%	0.03%
COCA-COLA ENTERPRISES	CCE	11,304.81	0.07%	1.98%	9.50%	11.57%	0.01%
CROWN CASTLE INTL CORP	CCI	21,069.39	0.12%	1.93%	27.00%	29.19%	0.04%
CARNIVAL CORP	CCL	30,683.04	0.18%	2.53%	5.00%	7.59%	0.01%
CELGENE CORP	CELG	69,787.17	0.41%	0.00%	13.50%	13.50%	0.06%
CERNER CORP	CERN	19,103.49	0.11%	0.00%	15.50%	15.50%	0.02%
CF INDUSTRIES HOLDINGS INC	CF	13,332.71	0.08%	1.72%	9.50%	11.30%	0.01%
CAREFUSION CORP	CFN	8,429.88	0.05%	0.00%	13.50%	13.50%	0.01%
CHESAPEAKE ENERGY CORP	CHK	17,967.55	0.11%	1.26%	7.00%	8.30%	0.01%
C.H. ROBINSON WORLDWIDE INC	CHRW	8,712.72	0.05%	2.45%	8.00%	10.55%	0.01%
CIGNA CORP	CI	24,041.16	0.14%	0.05%	10.50%	10.55%	0.01%
CINCINNATI FINANCIAL CORP	CINF	8,590.32	0.05%	3.21%	13.50%	16.93%	0.01%
COLGATE-PALMOLIVE CO	CL	59,981.23	0.35%	2.24%	10.00%	12.35%	0.04%
CLIFFS NATURAL RESOURCES INC	CLF	3,829.63	0.02%	2.40%	-4.00%	-1.65%	0.00%
CLOROX COMPANY	CLX	11,956.64	0.07%	3.24%	12.50%	15.94%	0.01%
COMERICA INC	CMA	8,727.59	0.05%	1.43%	12.50%	14.02%	0.01%
COMCAST CORP-CLASS A	CMCSA	134,720.70	0.79%	1.51%	11.00%	12.59%	0.10%
CME GROUP INC	CME	26,635.27	0.16%	2.25%	7.00%	9.33%	0.01%
CHIPOTLE MEXICAN GRILL INC	CMG	16,563.53	0.10%	0.00%	18.00%	18.00%	0.02%
CUMMINS INC	CMI	26,026.09	0.15%	1.79%	10.50%	12.38%	0.02%
CMS ENERGY CORP	CMS	7,091.56	0.04%	4.05%	5.50%	9.66%	0.00%
CENTERPOINT ENERGY INC	CNP	9,888.73	0.06%	3.68%	6.00%	9.79%	0.01%
CONSOL ENERGY INC	CNX	8,665.23	0.05%	1.32%	9.00%	10.38%	0.01%
CAPITAL ONE FINANCIAL CORP	COF	44,184.93	0.26%	1.58%	4.00%	5.61%	0.01%
CABOT OIL & GAS CORP	COG	16,239.54	0.10%	0.21%	29.50%	29.74%	0.03%
COACH INC	COH	158,635.30	0.93%	2.39%	8.50%	10.99%	0.10%
ROCKWELL COLLINS INC	COL	10,002.80	0.06%	1.62%	7.50%	9.18%	0.01%
CONOCOPHILLIPS	COP	85,989.63	0.50%	3.93%	3.50%	7.50%	0.04%
COSTCO WHOLESALE CORP	COST	52,164.22	0.31%	1.05%	11.50%	12.61%	0.04%
COVIDIEN PLC	COV	31,150.62	0.18%	1.90%	6.00%	7.96%	0.01%
CAMPBELL SOUP CO	CPB	13,445.48	0.08%	2.92%	6.00%	9.01%	0.01%
SALESFORCE.COM INC	CRM	33,074.55	0.19%	0.00%	0.00%	0.00%	0.00%
COMPUTER SCIENCES CORP	CSC	8,200.90	0.05%	1.44%	7.00%	8.49%	0.00%
CISCO SYSTEMS INC	CSCO	116,651.80	0.68%	3.12%	7.50%	10.74%	0.07%
CSX CORP	CSX	28,818.75	0.17%	2.11%	10.00%	12.22%	0.02%
CINTAS CORP	CTAS	7,175.42	0.04%	1.30%	9.50%	10.86%	0.00%
CENTURYLINK INC	CTL	18,902.88	0.11%	6.78%	8.00%	15.05%	0.02%
COGNIZANT TECH SOLUTIONS-A	CTSH	30,067.57	0.18%	0.00%	20.00%	20.00%	0.04%
CITRIX SYSTEMS INC	CTXS	11,465.90	0.07%	0.00%	13.50%	13.50%	0.01%
CABLEVISION SYSTEMS-NY GRP-A	CVC	4,743.38	0.03%	3.39%	11.00%	14.58%	0.00%
CVS CAREMARK CORP	CVS	85,821.12	0.50%	1.54%	11.50%	13.13%	0.07%
CHEVRON CORP	CVX	240,031.20	1.41%	3.21%	5.50%	8.80%	0.12%
DOMINION RESOURCES INC/VA	D	37,397.42	0.22%	3.68%	5.00%	8.77%	0.02%
DELTA AIR LINES INC	DAL	23,725.88	0.14%	0.86%	12.50%	13.41%	0.02%
DU PONT (E.I.) DE NEMOURS	DD	59,500.00	0.35%	2.86%	8.00%	10.97%	0.04%
DEERE & CO	DE	34,884.84	0.20%	2.24%	7.50%	9.82%	0.02%
DISCOVER FINANCIAL SERVICES	DFS	26,142.10	0.15%	1.47%	8.50%	10.03%	0.02%
DOLLAR GENERAL CORP	DG	19,513.14	0.11%	0.00%	16.00%	16.00%	0.02%
QUEST DIAGNOSTICS INC	DGX	7,832.27	0.05%	2.23%	7.00%	9.31%	0.00%
DR HORTON INC	DHI	6,901.29	0.04%	0.70%	29.00%	29.80%	0.01%
DANAHER CORP	DHR	53,628.55	0.31%	0.13%	12.00%	12.14%	0.04%
WALT DISNEY CO/THE	DIS	134,316.00	0.79%	1.15%	11.50%	12.72%	0.10%
DISCOVERY COMMUNICATIONS-A	DISCA	21,751.67	0.13%	0.00%	15.00%	15.00%	0.02%
DELPHI AUTOMOTIVE PLC	DLPH	18,500.21	0.11%	1.13%	0.00%	1.13%	0.00%
DOLLAR TREE INC	DLTR	11,774.30	0.07%	0.00%	15.50%	15.50%	0.01%
DUN & BRADSTREET CORP	DNB	4,705.89	0.03%	1.30%	9.00%	10.36%	0.00%
DENBURY RESOURCES INC	DNR	5,992.86	0.04%	0.00%	13.50%	13.50%	0.00%
DIAMOND OFFSHORE DRILLING	DO	7,776.23	0.05%	6.26%	6.50%	12.96%	0.01%
DOVER CORP	DOV	16,375.48	0.10%	1.56%	11.00%	12.65%	0.01%
DOW CHEMICAL CO/THE	DOW	54,240.18	0.32%	3.12%	13.00%	16.32%	0.05%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
DR PEPPER SNAPPLE GROUP INC	DPS	9,781.31	0.06%	3.21%	7.50%	10.83%	0.01%
DARDEN RESTAURANTS INC	DRI	7,092.45	0.04%	4.05%	11.00%	15.27%	0.01%
DTE ENERGY COMPANY	DTE	11,696.89	0.07%	4.07%	5.00%	9.17%	0.01%
DIRECTV	DTV	35,774.12	0.21%	0.00%	16.50%	16.50%	0.03%
DUKE ENERGY CORP	DUK	48,551.62	0.28%	4.58%	4.00%	8.67%	0.02%
DAVITA HEALTHCARE PARTNERS I	DVA	13,481.21	0.08%	0.00%	14.00%	14.00%	0.01%
DEVON ENERGY CORPORATION	DVN	24,814.72	0.15%	1.44%	7.50%	8.99%	0.01%
ELECTRONIC ARTS INC	EA	7,314.03	0.04%	0.00%	15.50%	15.50%	0.01%
EBAY INC	EBAY	69,953.64	0.41%	0.00%	14.50%	14.50%	0.06%
ECOLAB INC	ECL	31,546.00	0.19%	1.05%	13.00%	14.12%	0.03%
CONSOLIDATED EDISON INC	ED	16,108.11	0.09%	4.55%	2.50%	7.11%	0.01%
EQUIFAX INC	EFX	8,404.16	0.05%	1.27%	11.00%	12.34%	0.01%
EDISON INTERNATIONAL	EIX	15,039.44	0.09%	3.08%	1.50%	4.60%	0.00%
ESTEE LAUDER COMPANIES-CL A	EL	28,955.77	0.17%	1.07%	12.00%	13.13%	0.02%
EMC CORP/MA	EMC	51,487.31	0.30%	1.60%	11.50%	13.19%	0.04%
EASTMAN CHEMICAL CO	EMN	12,151.04	0.07%	1.77%	13.00%	14.89%	0.01%
EMERSON ELECTRIC CO	EMR	50,179.62	0.29%	2.45%	8.00%	10.55%	0.03%
EOG RESOURCES INC	EOG	45,855.85	0.27%	0.46%	24.00%	24.52%	0.07%
EQUITY RESIDENTIAL	EQR	-	0.00%	5.02%	0.00%	5.02%	0.00%
EQT CORP	EQT	13,608.15	0.08%	0.13%	17.00%	17.14%	0.01%
EXPRESS SCRIPTS HOLDING CO	ESRX	56,511.18	0.33%	0.00%	13.50%	13.50%	0.04%
ENSCO PLC-CL A	ESV	13,064.79	0.08%	5.36%	17.00%	22.82%	0.02%
E*TRADE FINANCIAL CORP	ETFC	5,587.18	0.03%	0.00%	0.00%	0.00%	0.00%
EATON CORP PLC	ETN	36,337.21	0.21%	2.19%	9.50%	11.79%	0.03%
ENTERGY CORP	ETR	11,120.88	0.07%	5.32%	-3.50%	1.73%	0.00%
EDWARDS LIFSCIENCES CORP	EW	7,153.67	0.04%	0.00%	15.50%	15.50%	0.01%
EXELON CORP	EXC	23,299.19	0.14%	4.56%	-5.50%	-1.07%	0.00%
EXPEDITORS INTL WASH INC	EXPD	8,964.00	0.05%	1.38%	7.00%	8.43%	0.00%
EXPEDIA INC	EXPE	9,109.34	0.05%	0.87%	7.00%	7.90%	0.00%
FORD MOTOR CO	F	60,468.20	0.35%	2.61%	10.00%	12.74%	0.05%
FASTENAL CO	FAST	13,985.45	0.08%	2.12%	15.00%	17.28%	0.01%
FACEBOOK INC-A	FB	140,861.20	0.83%	0.00%	0.00%	0.00%	0.00%
FREEMPORT-MCMORAN COPPER	FCX	38,370.21	0.23%	3.54%	7.50%	11.17%	0.03%
FAMILY DOLLAR STORES	FDO	7,469.19	0.04%	1.60%	10.00%	11.68%	0.01%
FEDEX CORP	FDX	44,742.27	0.26%	0.42%	9.00%	9.44%	0.02%
FIRSTENERGY CORP	FE	13,412.19	0.08%	6.86%	3.50%	10.48%	0.01%
F5 NETWORKS INC	FFIV	6,991.07	0.04%	0.00%	13.50%	13.50%	0.01%
FIDELITY NATIONAL INFORMATIO	FIS	15,329.33	0.09%	1.67%	10.00%	11.75%	0.01%
FISERV INC	FISV	15,226.37	0.09%	0.00%	10.00%	10.00%	0.01%
FIFTH THIRD BANCORP	FITB	18,663.09	0.11%	2.42%	11.00%	13.55%	0.01%
FLIR SYSTEMS INC	FLIR	4,201.87	0.02%	1.35%	6.50%	7.89%	0.00%
FLUOR CORP	FLR	13,057.61	0.08%	0.80%	12.00%	12.85%	0.01%
FLOWSERVE CORP	FLS	10,652.65	0.06%	0.73%	11.50%	12.27%	0.01%
FMC CORP	FMC	10,048.78	0.06%	0.82%	12.50%	13.37%	0.01%
FOSSIL GROUP INC	FOSL	6,766.12	0.04%	0.00%	14.50%	14.50%	0.01%
TWENTY-FIRST CENTURY FOX-A	FOXA	80,194.35	0.47%	0.77%	11.00%	11.81%	0.06%
FOREST LABORATORIES INC	FRX	15,909.46	0.09%	0.00%	-5.00%	-5.00%	0.00%
FIRST SOLAR INC	FSLR	5,536.71	0.03%	0.00%	-3.50%	-3.50%	0.00%
FMC TECHNOLOGIES INC	FTI	12,372.31	0.07%	0.00%	20.50%	20.50%	0.01%
FRONTIER COMMUNICATIONS CORP	FTR	4,697.73	0.03%	8.51%	9.50%	18.41%	0.01%
AGL RESOURCES INC	GAS	5,598.01	0.03%	3.99%	8.00%	12.15%	0.00%
GANNETT CO	GCI	6,679.54	0.04%	2.76%	4.00%	6.82%	0.00%
GENERAL DYNAMICS CORP	GD	33,131.12	0.19%	2.36%	3.50%	5.90%	0.01%
GENERAL ELECTRIC CO	GE	281,566.40	1.65%	3.16%	12.00%	15.35%	0.25%
GENERAL GROWTH PROPERTIES	GGP	-	0.00%	2.77%	0.00%	2.77%	0.00%
GRAHAM HOLDINGS CO-CLASS B	GHC	4,873.35	0.03%	1.49%	5.00%	6.53%	0.00%
GILEAD SCIENCES INC	GILD	115,358.90	0.68%	0.00%	9.50%	9.50%	0.06%
GENERAL MILLS INC	GIS	31,132.08	0.18%	3.08%	7.00%	10.19%	0.02%
CORNING INC	GLW	25,655.31	0.15%	2.26%	2.50%	4.79%	0.01%
GENERAL MOTORS CO	GM	58,128.00	0.34%	0.00%	11.00%	11.00%	0.04%
GAMESTOP CORP-CLASS A	GME	5,851.83	0.03%	2.42%	10.00%	12.54%	0.00%
GENWORTH FINANCIAL INC-CL A	GNW	7,691.58	0.05%	0.00%	28.00%	28.00%	0.01%
GOOGLE INC-CL A	GOOG	373,407.10	2.19%	0.00%	13.50%	13.50%	0.30%
GENUINE PARTS CO	GPC	12,816.26	0.08%	2.59%	10.00%	12.72%	0.01%
GAP INC/THE	GPS	17,497.53	0.10%	2.05%	12.50%	14.68%	0.02%
GARMIN LTD	GRMN	8,999.69	0.05%	4.23%	1.50%	5.76%	0.00%
GOLDMAN SACHS GROUP INC	GS	80,902.33	0.47%	1.25%	13.00%	14.33%	0.07%
GOODYEAR TIRE & RUBBER CO	GT	5,794.67	0.03%	0.85%	19.00%	19.93%	0.01%
WW GRAINGER INC	GWV	17,728.96	0.10%	1.46%	15.00%	16.57%	0.02%
HALLIBURTON CO	HAL	43,374.87	0.25%	1.17%	11.50%	12.74%	0.03%
HARMAN INTERNATIONAL	HAR	5,777.94	0.03%	1.42%	15.50%	17.03%	0.01%
HASBRO INC	HAS	7,032.08	0.04%	2.95%	7.00%	10.05%	0.00%
HUNTINGTON BANCSHARES INC	HBAN	8,010.89	0.05%	2.07%	10.50%	12.68%	0.01%
HUDSON CITY BANCORP INC	HCBK	4,660.85	0.03%	1.71%	68.00%	70.29%	0.02%
HEALTH CARE REIT INC	HCN	-	0.00%	5.99%	94.50%	103.32%	0.00%
HCP INC	HCP	-	0.00%	5.98%	0.00%	5.98%	0.00%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
HOME DEPOT INC	HD	114,822.40	0.67%	1.91%	15.00%	17.05%	0.11%
HESS CORP	HES	28,001.40	0.16%	1.21%	3.50%	4.73%	0.01%
HARTFORD FINANCIAL SVCS GRP	HIG	16,401.39	0.10%	1.64%	13.50%	15.25%	0.01%
HARLEY-DAVIDSON INC	HOG	15,371.29	0.09%	1.21%	16.00%	17.31%	0.02%
HONEYWELL INTERNATIONAL INC	HON	71,483.63	0.42%	1.98%	11.00%	13.09%	0.05%
STARWOOD HOTELS & RESORTS	HOT	15,271.62	0.09%	1.70%	14.00%	15.82%	0.01%
HELMERICH & PAYNE	HP	8,850.67	0.05%	3.01%	12.50%	15.70%	0.01%
HEWLETT-PACKARD CO	HPQ	54,609.99	0.32%	2.16%	58.50%	61.29%	0.20%
H&R BLOCK INC	HRB	7,930.89	0.05%	3.11%	9.00%	12.25%	0.01%
HORMEL FOODS CORP	HRL	11,837.54	0.07%	1.79%	10.00%	11.88%	0.01%
HARRIS CORP	HRS	7,438.11	0.04%	2.50%	1.00%	3.51%	0.00%
HOSPIRA INC	HSP	6,840.06	0.04%	0.00%	4.50%	4.50%	0.00%
HOST HOTELS & RESORTS INC	HST	-	0.00%	2.68%	0.00%	2.68%	0.00%
HERSHEY CO/THE	HSY	21,566.63	0.13%	2.01%	12.00%	14.13%	0.02%
HUMANA INC	HUM	16,141.67	0.09%	1.04%	9.00%	10.09%	0.01%
INTL BUSINESS MACHINES CORP	IBM	201,263.00	1.18%	2.13%	7.50%	9.71%	0.11%
INTERCONTINENTALEXCHANGE GRO	ICE	16,388.92	0.10%	0.00%	9.00%	9.00%	0.01%
INTL FLAVORS & FRAGRANCES	IFF	7,026.88	0.04%	1.85%	9.00%	10.93%	0.00%
INTL GAME TECHNOLOGY	IGT	4,527.05	0.03%	2.49%	13.50%	16.16%	0.00%
INTEL CORP	INTC	127,806.10	0.75%	3.50%	7.50%	11.13%	0.08%
INTUIT INC	INTU	21,736.62	0.13%	1.00%	11.00%	12.06%	0.02%
INTERNATIONAL PAPER CO	IP	21,956.12	0.13%	2.84%	12.00%	15.01%	0.02%
INTERPUBLIC GROUP OF COS INC	IPG	7,213.46	0.04%	1.79%	13.50%	15.41%	0.01%
INGERSOLL-RAND PLC	IR	17,656.89	0.10%	1.37%	12.50%	13.96%	0.01%
IRON MOUNTAIN INC	IRM	5,849.18	0.03%	3.53%	3.50%	7.09%	0.00%
INTUITIVE SURGICAL INC	ISRG	14,279.12	0.08%	0.00%	10.50%	10.50%	0.01%
ILLINOIS TOOL WORKS	ITW	37,153.60	0.22%	2.01%	10.50%	12.62%	0.03%
INVESCO LTD	IVZ	16,198.96	0.09%	2.46%	17.00%	19.67%	0.02%
JABIL CIRCUIT INC	JBL	3,403.00	0.02%	1.91%	-1.00%	0.90%	0.00%
JOHNSON CONTROLS INC	JCI	34,933.16	0.20%	1.72%	10.50%	12.31%	0.03%
JACOBS ENGINEERING GROUP INC	JEC	8,139.24	0.05%	0.00%	13.00%	13.00%	0.01%
JOHNSON & JOHNSON	JNJ	261,023.80	1.53%	2.85%	7.00%	9.95%	0.15%
JUNIPER NETWORKS INC	JNPR	11,055.79	0.06%	0.00%	12.50%	12.50%	0.01%
JOY GLOBAL INC	JOY	6,030.16	0.04%	1.23%	3.50%	4.75%	0.00%
JPMORGAN CHASE & CO	JPM	218,757.00	1.28%	2.72%	8.00%	10.83%	0.14%
NORDSTROM INC	JWN	11,903.05	0.07%	2.05%	10.00%	12.15%	0.01%
KELLOGG CO	K	21,980.64	0.13%	3.03%	7.50%	10.64%	0.01%
KEYCORP	KEY	12,066.71	0.07%	1.79%	8.50%	10.37%	0.01%
KIMCO REALTY CORP	KIM	-	0.00%	4.44%	0.00%	4.44%	0.00%
CLA-TENCOR CORPORATION	KLAC	10,685.53	0.06%	2.81%	7.50%	10.42%	0.01%
KIMBERLY-CLARK CORP	KMB	40,116.68	0.24%	3.09%	9.50%	12.74%	0.03%
KINDER MORGAN INC	KMI	36,990.06	0.22%	4.59%	0.00%	4.59%	0.01%
CARMAX INC	KMX	10,601.43	0.06%	0.00%	9.50%	9.50%	0.01%
COCA-COLA CO/THE	KO	178,803.80	1.05%	2.99%	8.00%	11.11%	0.12%
MICHAEL KORS HOLDINGS LTD	KORS	16,445.52	0.10%	0.00%	29.00%	29.00%	0.03%
KROGER CO	KR	20,482.90	0.12%	1.71%	10.50%	12.30%	0.01%
KRAFT FOODS GROUP INC	KRFT	31,956.61	0.19%	3.92%	0.00%	3.92%	0.01%
KOHL'S CORP	KSS	11,917.66	0.07%	2.68%	8.00%	10.79%	0.01%
KANSAS CITY SOUTHERN	KSU	13,629.42	0.08%	0.70%	16.50%	17.26%	0.01%
LOEWS CORP	L	18,595.15	0.11%	0.52%	13.00%	13.55%	0.01%
L BRANDS INC	LB	17,945.20	0.11%	1.94%	9.50%	11.53%	0.01%
LEGGETT & PLATT INC	LEG	4,377.54	0.03%	3.87%	14.50%	18.65%	0.00%
LENNAR CORP-A	LEN	7,633.01	0.04%	0.41%	38.50%	38.99%	0.02%
LABORATORY CRP OF AMER HLDGS	LH	7,963.46	0.05%	0.00%	7.00%	7.00%	0.00%
LIFE TECHNOLOGIES CORP	LIFE	13,086.40	0.08%	0.00%	8.50%	8.50%	0.01%
L-3 COMMUNICATIONS HOLDINGS	LLL	9,539.61	0.06%	2.05%	3.50%	5.59%	0.00%
LINEAR TECHNOLOGY CORP	LLTC	10,599.53	0.06%	2.34%	7.00%	9.42%	0.01%
ELI LILLY & CO	LLY	55,079.39	0.32%	3.84%	-4.50%	-0.75%	0.00%
LEGG MASON INC	LM	5,303.42	0.03%	1.19%	14.00%	15.27%	0.00%
LOCKHEED MARTIN CORP	LMT	47,822.29	0.28%	3.66%	5.00%	8.75%	0.02%
LINCOLN NATIONAL CORP	LNC	13,628.67	0.08%	1.23%	7.50%	8.78%	0.01%
LORILLARD INC	LO	18,604.98	0.11%	4.36%	12.00%	16.62%	0.02%
LOWE'S COS INC	LOW	51,481.50	0.30%	1.47%	15.50%	17.08%	0.05%
LAM RESEARCH CORP	LRCX	8,811.63	0.05%	0.00%	15.50%	15.50%	0.01%
LSI CORP	LSI	5,968.98	0.04%	1.09%	31.00%	32.26%	0.01%
LEUCADIA NATIONAL CORP	LUK	N/A	N/A	N/A	N/A	N/A	N/A
SOUTHWEST AIRLINES CO	LUV	13,188.91	0.08%	0.85%	15.50%	16.42%	0.01%
LYONDELLBASELL INDU-CL A	LYB	44,189.91	0.26%	2.52%	11.50%	14.16%	0.04%
MACY'S INC	M	19,466.85	0.11%	1.99%	12.50%	14.61%	0.02%
MASTERCARD INC-CLASS A	MA	98,934.57	0.58%	0.54%	15.00%	15.58%	0.09%
MACERICH CO/THE	MAC	-	0.00%	4.17%	0.00%	4.17%	0.00%
MARRIOTT INTERNATIONAL -CL A	MAR	14,692.57	0.09%	1.39%	14.00%	15.49%	0.01%
MASCO CORP	MAS	7,896.44	0.05%	1.33%	53.00%	54.68%	0.03%
MATTEL INC	MAT	15,766.10	0.09%	3.11%	9.50%	12.76%	0.01%
MCDONALD'S CORP	MCD	96,358.70	0.57%	3.35%	8.00%	11.48%	0.06%
MICROCHIP TECHNOLOGY INC	MCHP	8,797.35	0.05%	3.20%	9.00%	12.34%	0.01%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
MCKESSON CORP	MCK	37,068.30	0.22%	0.60%	14.00%	14.64%	0.03%
MOODY'S CORP	MCO	16,708.97	0.10%	1.44%	12.50%	14.03%	0.01%
MONDELEZ INTERNATIONAL INC-A	MDLZ	61,224.71	0.36%	1.60%	4.50%	6.14%	0.02%
MEDTRONIC INC	MDT	57,375.18	0.34%	2.02%	6.00%	8.08%	0.03%
METLIFE INC	MET	60,548.04	0.36%	2.07%	8.00%	10.15%	0.04%
MCGRAW HILL FINANCIAL INC	MHFI	20,903.05	0.12%	1.45%	0.00%	1.45%	0.00%
MOHAWK INDUSTRIES INC	MHK	10,627.07	0.06%	0.00%	21.50%	21.50%	0.01%
MEAD JOHNSON NUTRITION CO	MJN	16,836.70	0.10%	1.63%	11.00%	12.72%	0.01%
MCCORMICK & CO-NON VTG SHRS	MKC	9,104.85	0.05%	2.15%	9.00%	11.25%	0.01%
MARSH & MCLENNAN COS	MMC	26,436.51	0.16%	2.07%	13.00%	15.20%	0.02%
3M CO	MMM	93,106.38	0.55%	2.47%	7.50%	10.06%	0.05%
MONSTER BEVERAGE CORP	MNST	11,309.87	0.07%	0.00%	13.50%	13.50%	0.01%
ALTRIA GROUP INC	MO	76,423.50	0.45%	5.02%	11.00%	16.30%	0.07%
MONSANTO CO	MON	61,002.33	0.36%	1.49%	12.00%	13.58%	0.05%
MOSAIC CO/THE	MOS	19,994.85	0.12%	2.45%	11.00%	13.58%	0.02%
MARATHON PETROLEUM CORP	MPC	27,130.62	0.16%	1.90%	0.00%	1.90%	0.00%
MERCK & CO. INC.	MRK	145,511.20	0.85%	3.54%	2.00%	5.58%	0.05%
MARATHON OIL CORP	MRO	24,554.88	0.14%	2.15%	0.00%	2.15%	0.00%
MORGAN STANLEY	MS	60,749.18	0.36%	0.64%	23.50%	24.22%	0.09%
MICROSOFT CORP	MSFT	312,474.30	1.83%	2.99%	8.50%	11.62%	0.21%
MOTOROLA SOLUTIONS INC	MSI	17,380.27	0.10%	1.85%	12.00%	13.96%	0.01%
M & T BANK CORP	MTB	15,097.54	0.09%	2.42%	7.00%	9.50%	0.01%
MICRON TECHNOLOGY INC	MU	22,867.33	0.13%	0.00%	94.00%	94.00%	0.13%
MURPHY OIL CORP	MUR	11,989.29	0.07%	1.95%	12.50%	14.57%	0.01%
MEADWESTVACO CORP	MWV	6,522.95	0.04%	2.73%	10.00%	12.87%	0.00%
MYLAN INC	MYL	16,388.37	0.10%	0.00%	12.00%	12.00%	0.01%
NOBLE ENERGY INC	NBL	24,429.95	0.14%	0.82%	17.00%	17.89%	0.03%
NABORS INDUSTRIES LTD	NBR	4,837.02	0.03%	0.98%	16.50%	17.56%	0.00%
NASDAQ OMX GROUP/THE	NDAQ	6,692.85	0.04%	1.30%	7.50%	8.85%	0.00%
NOBLE CORP PLC	NE	9,258.80	0.05%	2.74%	19.50%	22.51%	0.01%
NEXTERA ENERGY INC	NEE	36,431.30	0.21%	3.33%	5.50%	8.92%	0.02%
NEWMONT MINING CORP	NEM	11,615.31	0.07%	3.43%	-16.50%	-13.35%	-0.01%
NETFLIX INC	NFLX	22,335.74	0.13%	0.00%	19.00%	19.00%	0.02%
NEWFIELD EXPLORATION CO	NFX	3,203.91	0.02%	0.00%	-1.50%	-1.50%	0.00%
NISOURCE INC	NI	10,167.49	0.06%	3.08%	10.50%	13.74%	0.01%
NIKE INC -CL B	NKE	69,510.91	0.41%	1.23%	13.50%	14.81%	0.06%
NIELSEN HOLDINGS NV	NLSN	17,347.03	0.10%	1.74%	0.00%	1.74%	0.00%
NORTHROP GRUMMAN CORP	NOC	25,805.73	0.15%	2.12%	4.50%	6.67%	0.01%
NATIONAL OILWELL VARCO INC	NOV	33,691.43	0.20%	1.32%	11.50%	12.90%	0.03%
NRG ENERGY INC	NRG	9,208.35	0.05%	1.69%	5.00%	6.73%	0.00%
NORFOLK SOUTHERN CORP	NSC	28,688.47	0.17%	2.24%	9.50%	11.85%	0.02%
NETAPP INC	NTAP	13,777.96	0.08%	1.49%	11.00%	12.57%	0.01%
NORTHERN TRUST CORP	NTRS	14,747.64	0.09%	2.01%	8.00%	10.09%	0.01%
NORTHEAST UTILITIES	NU	13,300.62	0.08%	3.65%	8.00%	11.80%	0.01%
NUCOR CORP	NUE	17,072.02	0.10%	2.80%	26.00%	29.16%	0.03%
NVIDIA CORP	NVDA	8,908.94	0.05%	2.17%	7.00%	9.25%	0.00%
NEWELL RUBBERMAID INC	NWL	9,262.20	0.05%	1.86%	13.50%	15.49%	0.01%
NEWS CORP - CLASS A	NWSA	N/A	N/A	N/A	N/A	N/A	N/A
OWENS-ILLINOIS INC	OI	5,840.67	0.03%	0.00%	8.50%	8.50%	0.00%
ONEOK INC	OKE	12,397.01	0.07%	2.83%	12.00%	15.00%	0.01%
OMNICOM GROUP	OMC	18,720.37	0.11%	2.20%	11.50%	13.83%	0.02%
ORACLE CORP	ORCL	169,831.20	1.00%	1.27%	9.00%	10.33%	0.10%
O'REILLY AUTOMOTIVE INC	ORLY	13,957.95	0.08%	0.00%	13.50%	13.50%	0.01%
OCCIDENTAL PETROLEUM CORP	OXY	75,793.73	0.44%	2.98%	7.00%	10.08%	0.04%
PAYCHEX INC	PAYX	16,622.63	0.10%	3.18%	7.50%	10.80%	0.01%
PEOPLE'S UNITED FINANCIAL	PBCT	4,600.41	0.03%	4.35%	17.50%	22.23%	0.01%
PITNEY BOWES INC	PBI	4,798.57	0.03%	3.16%	-0.50%	2.65%	0.00%
PACCAR INC	PCAR	20,792.75	0.12%	1.36%	13.50%	14.95%	0.02%
P G & E CORP	PCG	18,194.81	0.11%	4.49%	2.50%	7.05%	0.01%
PLUM CREEK TIMBER CO	PCL	7,537.12	0.04%	3.81%	11.50%	15.53%	0.01%
PRICELINE.COM INC	PCLN	60,753.75	0.36%	0.00%	24.00%	24.00%	0.09%
PRECISION CASTPARTS CORP	PCP	39,330.97	0.23%	0.04%	13.50%	13.54%	0.03%
PATTERSON COS INC	PDCO	4,132.71	0.02%	1.71%	11.00%	12.80%	0.00%
PUBLIC SERVICE ENTERPRISE GP	PEG	16,106.61	0.09%	4.59%	-0.50%	4.08%	0.00%
PEPSICO INC	PEP	126,725.60	0.74%	2.78%	8.50%	11.40%	0.08%
PETSMART INC	PETM	7,600.08	0.04%	1.08%	14.00%	15.16%	0.01%
PFIZER INC	PFE	197,996.70	1.16%	3.40%	12.00%	15.60%	0.18%
PRINCIPAL FINANCIAL GROUP	PFG	14,565.68	0.09%	2.10%	9.50%	11.70%	0.01%
PROCTER & GAMBLE CO/THE	PG	222,242.50	1.30%	2.95%	9.00%	12.08%	0.16%
PROGRESSIVE CORP	PGR	16,241.89	0.10%	1.03%	15.50%	16.61%	0.02%
PARKER HANNIFIN CORP	PH	19,084.17	0.11%	1.41%	8.50%	9.97%	0.01%
PULTEGROUP INC	PHM	7,653.50	0.04%	1.00%	0.00%	1.00%	0.00%
PERKINELMER INC	PKI	4,616.65	0.03%	0.68%	10.00%	10.71%	0.00%
PROLOGIS INC	PLD	-	0.00%	3.26%	0.00%	3.26%	0.00%
PALL CORP	PLL	9,471.44	0.06%	1.29%	10.50%	11.86%	0.01%
PHILIP MORRIS INTERNATIONAL	PM	138,138.90	0.81%	4.37%	9.00%	13.57%	0.11%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
PNC FINANCIAL SERVICES GROUP	PNC	41,102.32	0.24%	2.28%	7.00%	9.36%	0.02%
PENTAIR LTD-REGISTERED	PNR	15,426.38	0.09%	1.29%	17.50%	18.90%	0.02%
PINNACLE WEST CAPITAL	PNW	5,832.33	0.03%	4.28%	5.00%	9.39%	0.00%
PEPCO HOLDINGS INC	POM	4,732.06	0.03%	5.70%	6.00%	11.87%	0.00%
PPG INDUSTRIES INC	PPG	26,711.50	0.16%	1.30%	11.00%	12.37%	0.02%
PPL CORPORATION	PPL	18,749.61	0.11%	5.01%	0.00%	5.01%	0.01%
PERRIGO CO PLC	PRGO	14,349.63	0.08%	0.24%	12.50%	12.76%	0.01%
PRUDENTIAL FINANCIAL INC	PRU	42,878.27	0.25%	2.29%	10.50%	12.91%	0.03%
PUBLIC STORAGE	PSA	-	0.00%	3.71%	0.00%	3.71%	0.00%
PHILLIPS 66	PSX	45,037.14	0.26%	2.08%	0.00%	2.08%	0.01%
PVH CORP	PVH	11,012.20	0.06%	0.11%	13.50%	13.62%	0.01%
QUANTA SERVICES INC	PWR	6,687.61	0.04%	0.00%	20.50%	20.50%	0.01%
PRAXAIR INC	PX	38,140.62	0.22%	2.07%	11.00%	13.18%	0.03%
PIONEER NATURAL RESOURCES CO	PXD	25,836.44	0.15%	0.04%	23.00%	23.04%	0.03%
QUALCOMM INC	QCOM	126,532.60	0.74%	1.91%	11.50%	13.52%	0.10%
QEP RESOURCES INC	QEP	5,462.69	0.03%	0.39%	12.00%	12.41%	0.00%
RYDER SYSTEM INC	R	3,855.07	0.02%	1.86%	14.50%	16.49%	0.00%
REYNOLDS AMERICAN INC	RAI	26,770.02	0.16%	5.09%	9.50%	14.83%	0.02%
ROWAN COMPANIES PLC-A	RDC	4,245.18	0.02%	0.00%	23.00%	23.00%	0.01%
REGENERON PHARMACEUTICALS	REGN	27,369.69	0.16%	0.00%	0.00%	0.00%	0.00%
REGIONS FINANCIAL CORP	RF	13,614.64	0.08%	1.22%	71.00%	72.65%	0.06%
ROBERT HALF INTL INC	RHI	5,714.11	0.03%	1.57%	19.50%	21.22%	0.01%
RED HAT INC	RHT	10,587.25	0.06%	0.00%	13.00%	13.00%	0.01%
TRANSOCEAN LTD	RIG	17,368.13	0.10%	4.65%	13.50%	18.46%	0.02%
RALPH LAUREN CORP	RL	15,907.69	0.09%	1.02%	9.50%	10.57%	0.01%
ROCKWELL AUTOMATION INC	ROK	16,363.81	0.10%	1.97%	6.50%	8.53%	0.01%
ROPER INDUSTRIES INC	ROP	13,714.57	0.08%	0.58%	14.00%	14.62%	0.01%
ROSS STORES INC	ROST	16,011.17	0.09%	1.03%	12.00%	13.09%	0.01%
RANGE RESOURCES CORP	RRC	13,360.93	0.08%	0.19%	36.00%	36.22%	0.03%
REPUBLIC SERVICES INC	RSG	12,121.20	0.07%	3.15%	10.00%	13.31%	0.01%
RAYTHEON COMPANY	RTN	29,078.17	0.17%	2.42%	4.50%	6.97%	0.01%
STARBUCKS CORP	SBUX	59,246.77	0.35%	1.32%	19.50%	20.95%	0.07%
SCANA CORP	SCG	6,596.41	0.04%	4.42%	4.50%	9.02%	0.00%
SCHWAB (CHARLES) CORP	SCHW	33,145.89	0.19%	0.93%	11.50%	12.48%	0.02%
SPECTRA ENERGY CORP	SE	23,337.46	0.14%	3.91%	4.50%	8.50%	0.01%
SEALED AIR CORP	SEE	6,661.19	0.04%	1.53%	15.00%	16.64%	0.01%
SHERWIN-WILLIAMS CO/THE	SHW	18,366.10	0.11%	1.26%	16.50%	17.86%	0.02%
SIGMA-ALDRICH	SIAL	11,029.52	0.06%	0.93%	8.50%	9.47%	0.01%
JM SMUCKER CO/THE	SJM	10,828.16	0.06%	2.28%	8.50%	10.88%	0.01%
SCHLUMBERGER LTD	SLB	117,722.50	0.69%	1.49%	15.00%	16.60%	0.11%
SLM CORP	SLM	11,800.65	0.07%	2.61%	8.50%	11.22%	0.01%
SNAP-ON INC	SNA	6,331.05	0.04%	1.62%	9.50%	11.20%	0.00%
SANDISK CORP	SNDK	15,923.06	0.09%	1.28%	9.50%	10.84%	0.01%
SCRIPPS NETWORKS INTER-CL A	SNI	12,402.48	0.07%	0.71%	9.00%	9.74%	0.01%
SOUTHERN CO/THE	SO	35,930.91	0.21%	5.10%	3.00%	8.18%	0.02%
SIMON PROPERTY GROUP INC	SPG	-	0.00%	3.24%	0.00%	3.24%	0.00%
STAPLES INC	SPLS	10,392.71	0.06%	3.02%	3.00%	6.07%	0.00%
STERICYCLE INC	SRCL	9,881.14	0.06%	0.00%	12.00%	12.00%	0.01%
SEMPRA ENERGY	SRE	21,838.32	0.13%	2.92%	4.50%	7.49%	0.01%
SUNTRUST BANKS INC	STI	19,596.86	0.11%	1.09%	26.00%	27.23%	0.03%
ST JUDE MEDICAL INC	STJ	18,129.85	0.11%	1.59%	9.50%	11.17%	0.01%
STATE STREET CORP	STT	32,095.60	0.19%	1.54%	10.50%	12.12%	0.02%
SEAGATE TECHNOLOGY	STX	20,098.01	0.12%	3.07%	7.00%	10.18%	0.01%
CONSTELLATION BRANDS INC-A	STZ	13,272.38	0.08%	0.00%	16.00%	16.00%	0.01%
STANLEY BLACK & DECKER INC	SWK	12,578.79	0.07%	2.47%	11.50%	14.11%	0.01%
SOUTHWESTERN ENERGY CO	SWN	13,915.50	0.08%	0.00%	11.50%	11.50%	0.01%
SAFEWAY INC	SWY	7,825.99	0.05%	2.69%	6.50%	9.28%	0.00%
STRYKER CORP	SYK	28,528.93	0.17%	1.62%	7.00%	8.68%	0.01%
SYMANTEC CORP	SYMC	15,973.91	0.09%	2.61%	15.00%	17.81%	0.02%
SYSCO CORP	SY	21,231.71	0.12%	3.18%	10.50%	13.85%	0.02%
AT&T INC	T	185,653.40	1.09%	5.23%	7.00%	12.41%	0.14%
MOLSON COORS BREWING CO -B	TAP	10,180.68	0.06%	2.31%	7.50%	9.90%	0.01%
TERADATA CORP	TDC	7,302.35	0.04%	0.00%	13.00%	13.00%	0.01%
TECO ENERGY INC	TE	3,707.14	0.02%	5.16%	3.00%	8.24%	0.00%
INTEGRYS ENERGY GROUP INC	TEG	4,315.70	0.03%	5.00%	4.50%	9.61%	0.00%
TE CONNECTIVITY LTD	TEL	22,594.48	0.13%	1.83%	8.00%	9.90%	0.01%
TARGET CORP	TGT	39,472.30	0.23%	2.82%	9.50%	12.45%	0.03%
TENET HEALTHCARE CORP	THC	4,049.94	0.02%	0.00%	29.00%	29.00%	0.01%
TIFFANY & CO	TIF	11,648.53	0.07%	1.54%	11.50%	13.13%	0.01%
TJX COMPANIES INC	TJX	45,267.75	0.27%	0.91%	13.50%	14.47%	0.04%
TORCHMARK CORP	TMK	7,126.91	0.04%	0.87%	7.50%	8.40%	0.00%
THERMO FISHER SCIENTIFIC INC	TMO	39,847.94	0.23%	0.54%	10.50%	11.07%	0.03%
TRIPADVISOR INC	TRIP	11,860.17	0.07%	0.00%	0.00%	0.00%	0.00%
T ROWE PRICE GROUP INC	TROW	21,806.29	0.13%	1.93%	12.50%	14.55%	0.02%
TRAVELERS COS INC/THE	TRV	32,772.64	0.19%	2.22%	9.50%	11.83%	0.02%
TYSON FOODS INC-CL A	TSN	11,728.63	0.07%	0.90%	9.50%	10.44%	0.01%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
TESORO CORP	TSO	7,871.41	0.05%	1.71%	18.00%	19.86%	0.01%
TOTAL SYSTEM SERVICES INC	TSS	6,335.86	0.04%	1.20%	8.00%	9.25%	0.00%
TIME WARNER CABLE	TWC	37,719.05	0.22%	2.03%	11.50%	13.65%	0.03%
TIME WARNER INC	TWX	63,630.00	0.37%	1.64%	12.00%	13.74%	0.05%
TEXAS INSTRUMENTS INC	TXN	47,712.00	0.28%	2.75%	4.00%	6.81%	0.02%
TEXTRON INC	TXT	10,174.77	0.06%	0.33%	16.00%	16.36%	0.01%
TYCO INTERNATIONAL LTD	TYC	18,766.44	0.11%	1.77%	0.00%	1.77%	0.00%
UNITEDHEALTH GROUP INC	UNH	74,700.30	0.44%	1.50%	10.00%	11.58%	0.05%
UNUM GROUP	UNM	9,181.65	0.05%	1.65%	6.50%	8.20%	0.00%
UNION PACIFIC CORP	UNP	76,684.84	0.45%	1.90%	12.00%	14.01%	0.06%
UNITED PARCEL SERVICE-CL B	UPS	97,343.10	0.57%	2.37%	7.50%	9.96%	0.06%
URBAN OUTFITTERS INC	URBN	5,530.25	0.03%	0.00%	14.50%	14.50%	0.00%
US BANCORP	USB	74,232.63	0.44%	2.32%	8.00%	10.41%	0.05%
UNITED TECHNOLOGIES CORP	UTX	103,402.20	0.61%	2.09%	10.50%	12.70%	0.08%
VISA INC-CLASS A SHARES	V	173,297.40	1.02%	0.73%	18.50%	19.30%	0.20%
VARIAN MEDICAL SYSTEMS INC	VAR	8,269.50	0.05%	0.00%	7.00%	7.00%	0.00%
VF CORP	VFC	27,266.78	0.16%	1.69%	13.00%	14.80%	0.02%
VIACOM INC-CLASS B	VIAB	41,048.69	0.24%	1.40%	13.50%	14.99%	0.04%
VALERO ENERGY CORP	VLO	26,409.64	0.15%	1.85%	17.00%	19.01%	0.03%
VULCAN MATERIALS CO	VMC	7,574.46	0.04%	0.07%	0.00%	0.07%	0.00%
VORNADO REALTY TRUST	VNO	16,686.55	0.10%	3.27%	7.00%	10.38%	0.01%
VERISIGN INC	VRSN	8,215.19	0.05%	0.00%	20.50%	20.50%	0.01%
VERTEX PHARMACEUTICALS INC	VRTX	17,241.43	0.10%	0.00%	0.00%	0.00%	0.00%
VENTAS INC	VTR	-	0.00%	5.07%	0.00%	5.07%	0.00%
VERIZON COMMUNICATIONS INC	VZ	140,740.90	0.83%	4.31%	9.50%	14.01%	0.12%
WALGREEN CO	WAG	54,498.32	0.32%	2.19%	9.50%	11.79%	0.04%
WATERS CORP	WAT	8,459.13	0.05%	0.00%	7.50%	7.50%	0.00%
WESTERN DIGITAL CORP	WDC	19,606.88	0.11%	1.44%	8.00%	9.50%	0.01%
WISCONSIN ENERGY CORP	WEC	9,337.11	0.05%	3.79%	7.00%	10.92%	0.01%
WELLS FARGO & CO	WFC	240,165.90	1.41%	2.64%	8.00%	10.75%	0.15%
WHOLE FOODS MARKET INC	WFM	21,474.26	0.13%	0.83%	19.00%	19.91%	0.03%
WHIRLPOOL CORP	WHR	12,466.20	0.07%	1.58%	9.00%	10.65%	0.01%
WINDSTREAM HOLDINGS INC	WIN	5,019.16	0.03%	11.88%	8.50%	20.88%	0.01%
WELLPOINT INC	WLP	27,293.72	0.16%	1.63%	7.50%	9.19%	0.01%
WASTE MANAGEMENT INC	WM	21,104.62	0.12%	3.36%	6.50%	9.97%	0.01%
WILLIAMS COS INC	WMB	26,111.09	0.15%	4.58%	7.00%	11.74%	0.02%
WAL-MART STORES INC	WMT	254,140.40	1.49%	2.55%	7.50%	10.15%	0.15%
WPX ENERGY INC	WPX	4,074.21	0.02%	0.00%	0.00%	0.00%	0.00%
WESTERN UNION CO	WU	9,513.03	0.06%	2.90%	5.00%	7.97%	0.00%
WEYERHAEUSER CO	WY	18,252.14	0.11%	2.81%	22.00%	25.12%	0.03%
WYNDHAM WORLDWIDE CORP	WYN	9,516.00	0.06%	1.59%	13.50%	15.20%	0.01%
WYNN RESORTS LTD	WYNN	19,234.86	0.11%	2.09%	14.00%	16.24%	0.02%
UNITED STATES STEEL CORP	X	4,257.29	0.02%	0.68%	0.00%	0.68%	0.00%
XCEL ENERGY INC	XEL	13,848.91	0.08%	4.10%	4.50%	8.69%	0.01%
XL GROUP PLC	XL	9,468.22	0.06%	1.77%	17.00%	18.92%	0.01%
XILINX INC	XLNX	12,122.64	0.07%	2.21%	8.00%	10.30%	0.01%
EXXON MOBIL CORP	XOM	440,782.90	2.58%	2.56%	6.50%	9.14%	0.24%
DENTSPLY INTERNATIONAL INC	XRAY	6,903.81	0.04%	0.52%	9.00%	9.54%	0.00%
XEROX CORP	XRX	15,056.52	0.09%	2.04%	6.00%	8.10%	0.01%
XYLEM INC	XYL	6,400.31	0.04%	1.36%	0.00%	1.36%	0.00%
YAHOO! INC	YHOO	41,180.85	0.24%	0.00%	10.00%	10.00%	0.02%
YUM! BRANDS INC	YUM	32,978.95	0.19%	2.00%	9.50%	11.60%	0.02%
ZIONS BANCORPORATION	ZION	5,508.46	0.03%	0.54%	0.00%	0.54%	0.00%
ZIMMER HOLDINGS INC	ZMH	15,929.81	0.09%	0.92%	10.00%	10.97%	0.01%
ZOETIS INC	ZTS	16,295.19	0.10%	0.89%	0.00%	0.89%	0.00%
Total Market Capitalization:		17,051,688.39					12.72%

Notes:

[1] Equals sum of Col. [9]

[2] Source: Bloomberg Professional

[3] Equals [1] - [2]

[4] Source: Value Line

[5] Equals weight in S&P 500 based on market capitalization

[6] Source: Value Line

[7] Source: Value Line

[8] Equals (([6] x (1 + (0.5 x [7]))) + [7])

[9] Equals Col. [5] x Col. [8]

Bloomberg, Value Line, and Calculated Beta Coefficients

Company	Ticker	[1]	[2]	[3]
		Bloomberg	Value Line	Calculated
AGL Resources Inc.	GAS	0.853	0.75	0.806
Atmos Energy Corporation	ATO	0.825	0.80	0.976
Laclede Group, Inc. (The)	LG	0.662	0.65	0.717
New Jersey Resources Corporation	NJR	0.876	0.70	0.937
Northwest Natural Gas Company	NWN	0.742	0.65	0.764
Piedmont Natural Gas Company, Inc.	PNY	0.879	0.75	0.908
South Jersey Industries, Inc.	SJI	0.761	0.70	0.864
Southwest Gas Corporation	SWX	0.828	0.80	0.879
WGL Holdings, Inc.	WGL	0.756	0.65	0.806
Mean		0.798	0.717	0.851

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Value Line

[3] Source: Bloomberg Professional Service; Beta coefficients calculated over 18-months based on weekly returns

Capital Asset Pricing Model Results
Bloomberg and Value Line Derived Market Risk Premium

	[1]	[2]	[3]	[4]	[5]	[6]
	Risk-Free Rate	Average Beta Coefficient	Bloomberg Market DCF Derived	Value Line Market DCF Derived	CAPM Result	
					Bloomberg Market DCF Derived	Value Line Market DCF Derived
PROXY GROUP 18-MONTH BETA COEFFICIENT						
Current 30-Year Treasury (30-day average) [7]	3.87%	0.851	10.14%	8.85%	12.50%	11.40%
Near-Term Projected 30-Year Treasury [8]	4.15%	0.851	10.14%	8.85%	12.78%	11.68%
Mean					12.64%	11.54%
PROXY GROUP BLOOMBERG BETA COEFFICIENT						
Current 30-Year Treasury (30-day average) [7]	3.87%	0.798	10.14%	8.85%	11.96%	10.93%
Near-Term Projected 30-Year Treasury [8]	4.15%	0.798	10.14%	8.85%	12.24%	11.21%
Mean					12.10%	11.07%
PROXY GROUP VALUE LINE AVERAGE BETA COEFFICIENT						
Current 30-Year Treasury (30-day average) [7]	3.87%	0.717	10.14%	8.85%	11.14%	10.21%
Near-Term Projected 30-Year Treasury [8]	4.15%	0.717	10.14%	8.85%	11.42%	10.49%
Mean					11.28%	10.35%

Notes:

[1] See Notes [7] and [8]

[2] Source: Schedule RBH-6

[3] Source: Schedule RBH-5

[4] Source: Schedule RBH-5

[5] Equals Col. [1] + (Col. [2] x Col. [3])

[6] Equals Col. [1] + (Col. [2] x Col. [4])

[7] Source: Bloomberg Professional

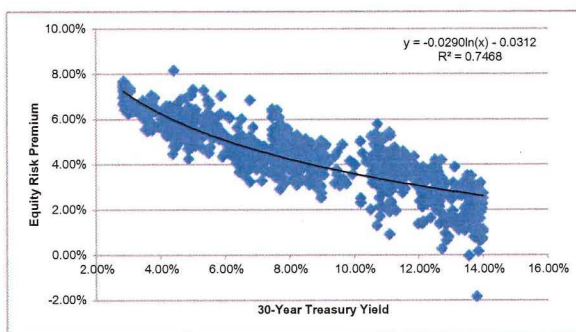
[8] Source: Blue Chip Financial Forecasts, Vol. 33, No. 1, January 1, 2014, at 2

Bond Yield Plus Risk Premium

	[1] Constant	[2] Slope	[3] 30-Year Treasury Yield	[4] Risk Premium	[5] Return on Equity
Current	-3.12%	-2.90%	3.87%	6.32%	10.19%
Near Term Projected	-3.12%	-2.90%	4.15%	6.12%	10.27%
Long-Term Projected	-3.12%	-2.90%	5.25%	5.44%	10.69%

Notes:

- [1] Constant of regression equation
- [2] Slope of regression equation
- [3] Source: Current = Bloomberg Professional
- [3] Near Term Projected = Blue Chip Financial Forecasts, Vol. 33, No. 1, January 1, 2014, at 2,
- [4] Long Term Projected = Blue Chip Financial Forecasts, Vol. 32, No. 12, December 1, 2013, at 14
- [5] Equals [3] + [4]
- [6] Source: SNL Financial
- [7] Source: SNL Financial
- [8] Source: Bloomberg Professional, equals 187-trading day average (i.e. lag period) as of December 31, 2013
- [9] Equals [7] - [8]



[6] Date of Natural Gas Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
1/3/1980	12.55%	9.39%	3.16%
1/4/1980	13.75%	9.40%	4.35%
1/14/1980	13.20%	9.44%	3.76%
1/18/1980	14.00%	9.47%	4.53%
1/31/1980	12.61%	9.56%	3.05%
2/8/1980	14.50%	9.63%	4.87%
2/14/1980	13.00%	9.67%	3.33%
2/15/1980	13.00%	9.69%	3.31%
2/29/1980	14.00%	9.86%	4.14%
3/5/1980	14.00%	9.91%	4.09%
3/7/1980	13.50%	9.95%	3.55%
3/14/1980	14.00%	10.04%	3.96%
3/27/1980	12.69%	10.20%	2.49%
4/1/1980	14.75%	10.26%	4.49%
4/29/1980	12.50%	10.51%	1.99%
5/7/1980	14.27%	10.56%	3.71%
5/8/1980	13.75%	10.56%	3.19%
5/19/1980	15.50%	10.62%	4.88%
5/27/1980	14.60%	10.65%	3.95%
5/29/1980	16.00%	10.67%	5.33%
6/10/1980	13.78%	10.71%	3.07%
6/25/1980	14.25%	10.74%	3.51%
7/9/1980	14.51%	10.77%	3.74%
7/17/1980	12.90%	10.79%	2.11%
7/18/1980	13.80%	10.79%	3.01%
7/22/1980	14.10%	10.79%	3.31%
7/23/1980	14.19%	10.79%	3.40%
8/1/1980	12.50%	10.80%	1.70%
8/11/1980	14.85%	10.81%	4.04%
8/21/1980	13.03%	10.84%	2.19%
8/28/1980	13.61%	10.87%	2.74%
8/28/1980	14.00%	10.87%	3.13%
9/4/1980	14.00%	10.90%	3.10%
9/24/1980	15.00%	10.98%	4.02%
10/9/1980	14.50%	11.05%	3.45%
10/9/1980	14.50%	11.05%	3.45%
10/24/1980	14.00%	11.09%	2.91%
10/27/1980	15.20%	11.10%	4.10%
10/27/1980	15.20%	11.10%	4.10%
10/28/1980	12.00%	11.10%	0.90%
10/28/1980	13.00%	11.10%	1.90%
10/31/1980	14.50%	11.12%	3.38%
11/4/1980	15.00%	11.12%	3.88%

[6] Date of Natural Gas Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
11/6/1980	14.35%	11.13%	3.22%
11/10/1980	13.25%	11.14%	2.11%
11/17/1980	15.50%	11.15%	4.35%
11/19/1980	13.50%	11.14%	2.36%
12/5/1980	14.60%	11.13%	3.47%
12/8/1980	16.40%	11.13%	5.27%
12/12/1980	15.45%	11.15%	4.30%
12/17/1980	14.20%	11.16%	3.04%
12/17/1980	14.40%	11.16%	3.24%
12/18/1980	14.00%	11.16%	2.84%
12/22/1980	13.45%	11.16%	2.29%
12/26/1980	14.00%	11.15%	2.85%
12/30/1980	14.50%	11.14%	3.36%
12/31/1980	14.56%	11.14%	3.42%
1/7/1981	14.30%	11.13%	3.17%
1/12/1981	14.95%	11.14%	3.81%
1/26/1981	15.25%	11.20%	4.05%
1/30/1981	13.25%	11.23%	2.02%
2/1/1981	14.50%	11.33%	3.17%
2/20/1981	14.50%	11.40%	3.10%
3/12/1981	15.65%	11.60%	4.05%
3/25/1981	15.30%	11.74%	3.56%
4/1/1981	15.30%	11.82%	3.48%
4/9/1981	15.00%	11.91%	3.09%
4/29/1981	13.50%	12.12%	1.38%
4/29/1981	14.25%	12.12%	2.13%
4/30/1981	13.60%	12.14%	1.46%
4/30/1981	15.00%	12.14%	2.86%
5/21/1981	14.00%	12.37%	1.63%
6/3/1981	14.67%	12.46%	2.21%
6/22/1981	16.00%	12.57%	3.43%
6/25/1981	14.75%	12.60%	2.15%
7/2/1981	14.00%	12.64%	1.36%
7/10/1981	16.00%	12.69%	3.31%
7/14/1981	16.90%	12.71%	4.19%
7/21/1981	15.78%	12.78%	3.00%
7/27/1981	13.77%	12.82%	0.95%
7/27/1981	15.50%	12.82%	2.68%
7/31/1981	13.50%	12.86%	0.64%
7/31/1981	14.20%	12.86%	1.34%
8/12/1981	13.72%	12.93%	0.79%
8/12/1981	13.72%	12.93%	0.79%
8/12/1981	14.41%	12.93%	1.48%
8/25/1981	15.45%	13.02%	2.43%
8/27/1981	14.43%	13.04%	1.39%
8/28/1981	15.00%	13.05%	1.95%
9/23/1981	14.34%	13.24%	1.10%
9/24/1981	16.25%	13.26%	2.99%
9/29/1981	14.50%	13.31%	1.19%
9/30/1981	15.94%	13.32%	2.62%
10/2/1981	14.80%	13.36%	1.44%
10/12/1981	16.25%	13.43%	2.82%
10/20/1981	15.25%	13.50%	1.75%
10/20/1981	16.50%	13.50%	3.00%
10/20/1981	17.00%	13.50%	3.50%
10/23/1981	15.50%	13.54%	1.96%
10/26/1981	13.50%	13.56%	-0.06%
10/29/1981	16.50%	13.60%	2.90%
11/4/1981	15.33%	13.62%	1.71%
11/6/1981	15.17%	13.64%	1.53%
11/12/1981	15.00%	13.65%	1.35%
11/25/1981	15.25%	13.66%	1.59%
11/25/1981	16.10%	13.66%	2.44%
11/25/1981	16.10%	13.66%	2.44%
11/30/1981	16.75%	13.66%	3.09%
12/1/1981	15.70%	13.66%	2.04%
12/1/1981	16.00%	13.66%	2.34%
12/15/1981	15.81%	13.69%	2.12%
12/17/1981	14.75%	13.70%	1.05%
12/22/1981	15.70%	13.72%	1.98%
12/22/1981	16.00%	13.72%	2.28%
12/30/1981	16.00%	13.74%	2.26%
12/30/1981	16.25%	13.74%	2.51%
1/4/1982	15.50%	13.75%	1.75%
1/14/1982	11.95%	13.80%	-1.85%
1/25/1982	16.25%	13.84%	2.41%
1/27/1982	16.84%	13.85%	2.99%
1/31/1982	14.00%	13.86%	0.14%
2/2/1982	16.24%	13.86%	2.38%
2/8/1982	15.50%	13.87%	1.63%
2/9/1982	14.95%	13.88%	1.07%
2/9/1982	15.75%	13.88%	1.87%
2/11/1982	16.00%	13.89%	2.11%
3/1/1982	15.96%	13.91%	2.05%
3/8/1982	17.10%	13.92%	3.18%
3/26/1982	16.00%	13.97%	2.03%

[6] Date of Natural Gas Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
3/31/1982	16.25%	13.98%	2.27%
4/1/1982	16.50%	13.98%	2.52%
4/6/1982	15.00%	13.99%	1.01%
4/9/1982	16.50%	13.99%	2.51%
4/12/1982	15.10%	13.99%	1.11%
4/12/1982	16.70%	13.99%	2.71%
4/18/1982	14.70%	13.99%	0.71%
4/27/1982	15.00%	13.97%	1.03%
5/10/1982	14.57%	13.94%	0.63%
5/14/1982	15.80%	13.92%	1.88%
5/20/1982	15.82%	13.91%	1.91%
5/21/1982	15.50%	13.90%	1.60%
5/25/1982	16.25%	13.90%	2.35%
6/2/1982	14.50%	13.87%	0.63%
6/7/1982	16.00%	13.85%	2.15%
6/23/1982	15.50%	13.81%	1.69%
6/25/1982	16.50%	13.81%	2.69%
7/1/1982	15.55%	13.79%	1.76%
7/1/1982	16.00%	13.79%	2.21%
7/2/1982	15.10%	13.79%	1.31%
7/13/1982	16.80%	13.75%	3.05%
7/22/1982	14.50%	13.71%	0.79%
7/28/1982	16.10%	13.68%	2.42%
7/30/1982	14.82%	13.66%	1.16%
8/4/1982	15.58%	13.64%	1.94%
8/6/1982	16.50%	13.63%	2.87%
8/11/1982	17.11%	13.62%	3.49%
8/25/1982	16.00%	13.59%	2.41%
8/30/1982	16.25%	13.58%	2.67%
9/3/1982	15.50%	13.57%	1.93%
9/9/1982	16.04%	13.55%	2.49%
9/15/1982	16.04%	13.52%	2.52%
9/17/1982	15.25%	13.51%	1.74%
9/29/1982	14.50%	13.43%	1.07%
9/30/1982	14.74%	13.42%	1.32%
9/30/1982	15.50%	13.42%	2.08%
9/30/1982	16.50%	13.42%	3.08%
9/30/1982	16.70%	13.42%	3.28%
10/1/1982	16.50%	13.41%	3.09%
10/8/1982	15.00%	13.33%	1.67%
10/15/1982	15.90%	13.26%	2.64%
10/19/1982	15.90%	13.22%	2.68%
10/27/1982	17.00%	13.12%	3.88%
10/28/1982	14.75%	13.11%	1.64%
11/2/1982	16.25%	13.07%	3.18%
11/4/1982	15.75%	13.03%	2.72%
11/5/1982	14.73%	13.01%	1.72%
11/17/1982	16.00%	12.86%	3.14%
11/23/1982	15.50%	12.79%	2.71%
11/24/1982	14.50%	12.77%	1.73%
11/24/1982	16.02%	12.77%	3.25%
11/30/1982	12.98%	12.72%	0.26%
11/30/1982	15.50%	12.72%	2.78%
11/30/1982	15.50%	12.72%	2.78%
11/30/1982	15.65%	12.72%	2.93%
11/30/1982	16.00%	12.72%	3.28%
11/30/1982	16.10%	12.72%	3.38%
12/3/1982	15.33%	12.68%	2.65%
12/8/1982	15.75%	12.63%	3.12%
12/13/1982	16.00%	12.58%	3.42%
12/14/1982	16.40%	12.57%	3.83%
12/17/1982	16.25%	12.52%	3.73%
12/20/1982	15.00%	12.51%	2.49%
12/21/1982	15.70%	12.49%	3.21%
12/28/1982	15.25%	12.42%	2.83%
12/28/1982	15.25%	12.42%	2.83%
12/29/1982	16.25%	12.41%	3.84%
12/29/1982	16.25%	12.41%	3.84%
1/11/1983	15.90%	12.26%	3.64%
1/12/1983	15.50%	12.24%	3.26%
1/18/1983	15.00%	12.18%	2.82%
1/24/1983	15.50%	12.13%	3.37%
1/24/1983	16.00%	12.13%	3.87%
1/28/1983	14.90%	12.08%	2.82%
1/31/1983	15.00%	12.07%	2.93%
2/10/1983	15.00%	11.97%	3.03%
2/25/1983	15.70%	11.84%	3.86%
3/2/1983	15.25%	11.79%	3.46%
3/16/1983	16.00%	11.62%	4.38%
3/21/1983	14.96%	11.57%	3.39%
3/23/1983	15.40%	11.53%	3.87%
3/23/1983	16.10%	11.53%	4.57%
3/24/1983	15.00%	11.51%	3.49%
4/12/1983	13.25%	11.30%	1.95%
4/29/1983	15.05%	11.09%	3.96%
5/3/1983	15.40%	11.06%	4.34%

[6] Date of Natural Gas Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
5/9/1983	15.50%	11.00%	4.50%
5/19/1983	14.85%	10.90%	3.95%
5/31/1983	14.00%	10.84%	3.16%
6/2/1983	14.50%	10.82%	3.68%
6/7/1983	14.50%	10.80%	3.70%
6/9/1983	14.85%	10.79%	4.06%
6/20/1983	14.15%	10.74%	3.41%
6/20/1983	16.50%	10.74%	5.76%
6/27/1983	14.50%	10.71%	3.79%
6/30/1983	14.80%	10.70%	4.10%
6/30/1983	15.90%	10.70%	5.20%
7/1/1983	14.80%	10.70%	4.10%
7/5/1983	15.00%	10.69%	4.31%
7/8/1983	15.50%	10.69%	4.81%
7/19/1983	15.00%	10.70%	4.30%
7/19/1983	15.10%	10.70%	4.40%
8/18/1983	15.30%	10.81%	4.49%
8/19/1983	15.79%	10.82%	4.97%
8/29/1983	16.00%	10.85%	5.15%
8/31/1983	14.75%	10.87%	3.88%
8/31/1983	15.25%	10.87%	4.38%
9/8/1983	14.75%	10.89%	3.86%
9/16/1983	15.51%	10.93%	4.58%
9/26/1983	14.50%	10.96%	3.54%
9/28/1983	14.25%	10.97%	3.28%
9/30/1983	16.15%	10.98%	5.17%
9/30/1983	16.25%	10.98%	5.27%
10/1/1983	16.25%	10.98%	5.27%
10/13/1983	15.52%	11.02%	4.50%
10/19/1983	15.20%	11.04%	4.16%
10/26/1983	14.75%	11.06%	3.69%
10/27/1983	14.88%	11.07%	3.81%
10/27/1983	15.33%	11.07%	4.26%
11/9/1983	14.82%	11.10%	3.72%
11/9/1983	16.51%	11.10%	5.41%
11/9/1983	16.51%	11.10%	5.41%
12/1/1983	14.50%	11.17%	3.33%
12/8/1983	15.90%	11.20%	4.70%
12/9/1983	15.30%	11.21%	4.09%
12/12/1983	14.50%	11.22%	3.28%
12/12/1983	15.50%	11.22%	4.28%
12/20/1983	15.40%	11.26%	4.14%
12/20/1983	16.00%	11.26%	4.74%
12/22/1983	15.75%	11.27%	4.48%
12/29/1983	15.00%	11.30%	3.70%
12/30/1983	15.00%	11.30%	3.70%
1/10/1984	15.90%	11.34%	4.56%
1/13/1984	15.50%	11.36%	4.14%
1/18/1984	15.53%	11.38%	4.15%
1/26/1984	15.90%	11.42%	4.48%
2/14/1984	14.25%	11.51%	2.74%
2/28/1984	14.50%	11.58%	2.92%
3/20/1984	16.00%	11.70%	4.30%
3/23/1984	15.50%	11.72%	3.78%
4/9/1984	15.20%	11.81%	3.39%
4/18/1984	16.20%	11.86%	4.34%
4/27/1984	15.85%	11.90%	3.95%
5/15/1984	13.35%	11.99%	1.36%
5/16/1984	15.00%	12.00%	3.00%
5/22/1984	14.40%	12.04%	2.36%
6/13/1984	15.50%	12.18%	3.32%
7/10/1984	16.00%	12.37%	3.63%
8/7/1984	16.69%	12.51%	4.18%
8/9/1984	15.33%	12.51%	2.82%
8/17/1984	14.82%	12.54%	2.28%
8/21/1984	14.64%	12.54%	2.10%
8/27/1984	14.52%	12.56%	1.96%
8/28/1984	14.75%	12.57%	2.18%
8/30/1984	15.60%	12.58%	3.02%
9/12/1984	15.60%	12.60%	3.00%
9/12/1984	15.90%	12.60%	3.30%
9/25/1984	16.25%	12.61%	3.64%
10/2/1984	14.80%	12.62%	2.18%
10/9/1984	14.75%	12.63%	2.12%
10/10/1984	15.50%	12.63%	2.87%
10/18/1984	15.00%	12.65%	2.35%
10/24/1984	15.50%	12.65%	2.85%
11/7/1984	15.00%	12.64%	2.36%
11/20/1984	15.92%	12.63%	3.29%
11/30/1984	15.50%	12.60%	2.90%
12/18/1984	15.00%	12.55%	2.45%
12/20/1984	15.00%	12.54%	2.46%
12/28/1984	15.75%	12.51%	3.24%
12/28/1984	16.25%	12.51%	3.74%
1/2/1985	16.00%	12.50%	3.50%
1/31/1985	14.75%	12.37%	2.38%

[6] Date of Natural Gas Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
2/7/1985	14.85%	12.33%	2.52%
2/15/1985	15.00%	12.27%	2.73%
2/20/1985	14.50%	12.25%	2.25%
2/22/1985	14.86%	12.25%	2.61%
3/14/1985	15.50%	12.16%	3.34%
3/28/1985	14.80%	12.08%	2.72%
4/9/1985	15.50%	12.02%	3.48%
4/16/1985	15.70%	11.96%	3.74%
6/10/1985	15.75%	11.58%	4.17%
6/26/1985	14.82%	11.46%	3.36%
7/9/1985	15.00%	11.38%	3.62%
7/26/1985	14.50%	11.26%	3.24%
8/29/1985	14.50%	11.11%	3.39%
8/30/1985	14.38%	11.11%	3.27%
9/12/1985	15.25%	11.07%	4.18%
9/23/1985	15.30%	11.03%	4.27%
9/25/1985	14.50%	11.02%	3.48%
9/26/1985	13.80%	11.02%	2.78%
9/26/1985	14.50%	11.02%	3.48%
10/25/1985	15.25%	10.91%	4.34%
11/8/1985	12.94%	10.85%	2.09%
11/20/1985	14.90%	10.81%	4.09%
11/25/1985	13.30%	10.79%	2.51%
12/6/1985	12.00%	10.71%	1.29%
12/11/1985	14.90%	10.68%	4.22%
12/20/1985	14.88%	10.59%	4.29%
12/20/1985	15.00%	10.59%	4.41%
12/20/1985	15.00%	10.59%	4.41%
12/30/1985	15.75%	10.53%	5.22%
12/31/1985	14.00%	10.51%	3.49%
12/31/1985	14.50%	10.51%	3.99%
1/17/1986	14.50%	10.38%	4.12%
2/11/1986	12.50%	10.20%	2.30%
2/12/1986	15.20%	10.19%	5.01%
3/11/1986	14.00%	9.98%	4.02%
4/2/1986	12.90%	9.76%	3.14%
4/28/1986	13.01%	9.47%	3.54%
5/21/1986	13.25%	9.18%	4.07%
5/28/1986	14.00%	9.12%	4.88%
5/29/1986	13.90%	9.10%	4.80%
6/2/1986	13.00%	9.08%	3.92%
6/11/1986	14.00%	8.97%	5.03%
6/13/1986	13.55%	8.94%	4.61%
6/27/1986	11.88%	8.77%	3.11%
7/14/1986	12.60%	8.59%	4.01%
7/30/1986	13.30%	8.38%	4.92%
8/14/1986	13.50%	8.22%	5.28%
9/5/1986	13.30%	8.02%	5.28%
9/23/1986	12.75%	7.91%	4.84%
10/30/1986	13.00%	7.67%	5.33%
10/31/1986	13.75%	7.66%	6.09%
11/10/1986	14.00%	7.61%	6.39%
11/19/1986	13.75%	7.56%	6.19%
11/25/1986	13.15%	7.54%	5.61%
12/22/1986	13.80%	7.47%	6.33%
12/30/1986	13.90%	7.47%	6.43%
1/20/1987	12.75%	7.47%	5.28%
1/23/1987	13.55%	7.47%	6.08%
1/27/1987	12.16%	7.47%	4.69%
2/13/1987	12.60%	7.47%	5.13%
2/24/1987	12.00%	7.47%	4.53%
3/30/1987	12.20%	7.46%	4.74%
3/31/1987	13.00%	7.47%	5.53%
5/5/1987	12.85%	7.60%	5.25%
5/28/1987	13.50%	7.73%	5.77%
6/15/1987	13.20%	7.80%	5.40%
6/30/1987	12.60%	7.85%	4.75%
7/10/1987	12.90%	7.88%	5.02%
7/27/1987	13.50%	7.93%	5.57%
8/25/1987	11.40%	8.09%	3.31%
9/18/1987	13.00%	8.27%	4.73%
10/20/1987	12.60%	8.55%	4.05%
10/20/1987	12.98%	8.55%	4.43%
11/12/1987	12.75%	8.68%	4.07%
11/13/1987	12.75%	8.68%	4.07%
11/24/1987	12.50%	8.73%	3.77%
12/8/1987	12.50%	8.81%	3.69%
12/22/1987	12.00%	8.90%	3.10%
12/31/1987	12.85%	8.94%	3.91%
12/31/1987	13.25%	8.94%	4.31%
1/15/1988	13.15%	8.99%	4.16%
1/20/1988	12.75%	8.99%	3.76%
1/29/1988	13.20%	8.99%	4.21%
2/4/1988	12.60%	8.99%	3.61%
3/23/1988	13.00%	8.95%	4.05%
5/27/1988	13.18%	9.02%	4.16%

[6] Date of Natural Gas Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
6/14/1988	13.50%	9.00%	4.50%
6/17/1988	11.72%	8.99%	2.73%
6/24/1988	11.50%	8.97%	2.53%
7/1/1988	12.75%	8.95%	3.80%
7/8/1988	12.00%	8.93%	3.07%
7/18/1988	12.00%	8.91%	3.09%
7/20/1988	13.40%	8.90%	4.50%
8/8/1988	12.74%	8.90%	3.84%
9/20/1988	12.90%	8.93%	3.97%
9/26/1988	12.40%	8.93%	3.47%
9/27/1988	13.65%	8.93%	4.72%
9/30/1988	13.25%	8.94%	4.31%
10/13/1988	13.10%	8.93%	4.17%
10/21/1988	12.80%	8.94%	3.88%
10/25/1988	13.25%	8.94%	4.31%
10/26/1988	13.50%	8.94%	4.56%
10/27/1988	12.95%	8.94%	4.01%
10/28/1988	13.00%	8.95%	4.05%
11/15/1988	12.00%	8.98%	3.02%
11/29/1988	12.75%	9.01%	3.74%
12/19/1988	13.00%	9.05%	3.95%
12/21/1988	12.90%	9.05%	3.85%
12/22/1988	13.50%	9.05%	4.45%
1/26/1989	12.60%	9.06%	3.54%
1/27/1989	13.00%	9.06%	3.94%
2/8/1989	13.37%	9.05%	4.32%
3/8/1989	13.00%	9.04%	3.96%
5/4/1989	13.00%	9.04%	3.96%
6/8/1989	13.50%	8.96%	4.54%
7/19/1989	11.80%	8.84%	2.96%
7/25/1989	12.80%	8.82%	3.98%
7/31/1989	13.00%	8.81%	4.19%
8/14/1989	12.50%	8.76%	3.74%
8/22/1989	12.80%	8.73%	4.07%
8/23/1989	12.90%	8.72%	4.18%
9/21/1989	12.10%	8.62%	3.48%
10/6/1989	13.00%	8.58%	4.42%
10/17/1989	12.41%	8.54%	3.87%
10/18/1989	13.25%	8.54%	4.71%
10/20/1989	12.90%	8.53%	4.37%
10/31/1989	13.60%	8.50%	5.10%
11/3/1989	12.93%	8.48%	4.45%
11/5/1989	13.20%	8.48%	4.72%
11/9/1989	12.60%	8.45%	4.15%
11/9/1989	13.00%	8.45%	4.55%
11/28/1989	12.75%	8.37%	4.38%
12/7/1989	13.25%	8.32%	4.93%
12/15/1989	13.00%	8.28%	4.72%
12/20/1989	12.90%	8.26%	4.64%
12/21/1989	12.80%	8.25%	4.55%
12/21/1989	12.90%	8.25%	4.65%
12/27/1989	12.50%	8.23%	4.27%
1/9/1990	13.00%	8.19%	4.81%
1/18/1990	12.50%	8.16%	4.34%
1/26/1990	12.10%	8.14%	3.96%
3/21/1990	12.80%	8.15%	4.65%
3/28/1990	13.00%	8.16%	4.84%
4/5/1990	12.20%	8.17%	4.03%
4/12/1990	13.25%	8.19%	5.06%
4/30/1990	12.45%	8.24%	4.21%
5/31/1990	12.40%	8.31%	4.09%
6/15/1990	13.20%	8.33%	4.87%
6/27/1990	12.90%	8.34%	4.56%
6/29/1990	13.25%	8.35%	4.90%
7/6/1990	12.10%	8.36%	3.74%
7/19/1990	11.70%	8.38%	3.32%
8/31/1990	12.50%	8.53%	3.97%
8/31/1990	12.50%	8.53%	3.97%
9/13/1990	12.50%	8.58%	3.92%
9/18/1990	12.75%	8.60%	4.15%
9/20/1990	12.50%	8.61%	3.89%
10/2/1990	13.00%	8.65%	4.35%
10/17/1990	11.90%	8.68%	3.22%
10/31/1990	12.95%	8.70%	4.25%
11/9/1990	13.25%	8.70%	4.55%
11/19/1990	13.00%	8.70%	4.30%
11/21/1990	12.10%	8.70%	3.40%
11/21/1990	12.50%	8.70%	3.80%
11/28/1990	12.75%	8.70%	4.05%
11/29/1990	12.75%	8.70%	4.05%
12/18/1990	13.10%	8.68%	4.42%
12/20/1990	12.50%	8.67%	3.83%
12/21/1990	12.50%	8.67%	3.83%
12/21/1990	13.00%	8.67%	4.33%
12/21/1990	13.60%	8.67%	4.93%
1/3/1991	13.02%	8.66%	4.36%

[6] Date of Natural Gas Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
1/16/1991	13.25%	8.63%	4.62%
1/25/1991	11.70%	8.61%	3.09%
2/15/1991	12.70%	8.56%	4.14%
2/15/1991	12.80%	8.56%	4.24%
4/3/1991	13.00%	8.51%	4.49%
4/30/1991	12.45%	8.48%	3.97%
4/30/1991	13.00%	8.48%	4.52%
6/25/1991	11.70%	8.34%	3.36%
6/28/1991	12.50%	8.34%	4.16%
7/1/1991	11.70%	8.34%	3.36%
7/19/1991	12.10%	8.31%	3.79%
7/19/1991	12.30%	8.31%	3.99%
7/22/1991	12.90%	8.30%	4.60%
8/15/1991	12.25%	8.28%	3.97%
8/29/1991	13.30%	8.26%	5.04%
9/27/1991	12.50%	8.23%	4.27%
9/30/1991	12.40%	8.23%	4.17%
10/3/1991	11.30%	8.22%	3.08%
10/9/1991	11.70%	8.21%	3.49%
10/15/1991	13.40%	8.20%	5.20%
11/1/1991	12.90%	8.20%	4.70%
11/8/1991	12.75%	8.20%	4.55%
11/26/1991	11.60%	8.18%	3.42%
11/26/1991	12.00%	8.18%	3.82%
11/27/1991	12.70%	8.18%	4.52%
12/6/1991	12.70%	8.16%	4.54%
12/10/1991	11.75%	8.15%	3.60%
12/19/1991	12.60%	8.14%	4.46%
12/19/1991	12.80%	8.14%	4.66%
12/30/1991	12.10%	8.11%	3.99%
1/22/1992	12.84%	8.05%	4.79%
1/31/1992	12.00%	8.03%	3.97%
2/20/1992	13.00%	8.00%	5.00%
2/27/1992	11.75%	7.98%	3.77%
3/18/1992	12.50%	7.94%	4.56%
5/15/1992	12.75%	7.86%	4.89%
6/24/1992	12.20%	7.85%	4.35%
6/29/1992	11.00%	7.85%	3.15%
7/14/1992	12.00%	7.83%	4.17%
7/22/1992	11.20%	7.82%	3.38%
8/10/1992	12.10%	7.79%	4.31%
8/26/1992	12.43%	7.75%	4.68%
9/30/1992	11.60%	7.72%	3.88%
10/6/1992	12.25%	7.72%	4.53%
10/13/1992	12.75%	7.71%	5.04%
10/23/1992	11.65%	7.71%	3.94%
10/28/1992	12.25%	7.71%	4.54%
10/29/1992	12.75%	7.70%	5.05%
10/30/1992	11.40%	7.70%	3.70%
11/9/1992	10.60%	7.70%	2.90%
11/25/1992	11.00%	7.68%	3.32%
11/25/1992	12.00%	7.68%	4.32%
12/3/1992	11.85%	7.66%	4.19%
12/16/1992	11.90%	7.64%	4.26%
12/22/1992	12.30%	7.62%	4.68%
12/22/1992	12.40%	7.62%	4.78%
12/30/1992	12.00%	7.61%	4.39%
12/31/1992	12.00%	7.61%	4.39%
1/12/1993	12.00%	7.59%	4.41%
1/12/1993	12.00%	7.59%	4.41%
2/2/1993	11.40%	7.53%	3.87%
2/22/1993	11.60%	7.48%	4.12%
4/23/1993	11.75%	7.27%	4.48%
5/3/1993	11.50%	7.25%	4.25%
5/3/1993	11.75%	7.25%	4.50%
6/3/1993	12.00%	7.20%	4.80%
6/7/1993	11.50%	7.20%	4.30%
6/22/1993	11.75%	7.16%	4.59%
7/21/1993	11.78%	7.06%	4.72%
7/21/1993	11.90%	7.06%	4.84%
7/23/1993	11.50%	7.05%	4.45%
7/29/1993	11.50%	7.03%	4.47%
8/12/1993	10.75%	6.97%	3.78%
8/24/1993	11.50%	6.92%	4.58%
8/31/1993	11.90%	6.88%	5.02%
9/1/1993	11.25%	6.87%	4.38%
9/1/1993	11.47%	6.87%	4.60%
9/27/1993	10.50%	6.74%	3.76%
9/29/1993	11.00%	6.72%	4.28%
9/30/1993	11.60%	6.72%	4.88%
10/8/1993	11.50%	6.67%	4.83%
10/14/1993	11.20%	6.65%	4.55%
10/15/1993	11.75%	6.64%	5.11%
10/25/1993	11.55%	6.60%	4.95%
10/28/1993	11.50%	6.58%	4.92%
10/29/1993	10.10%	6.57%	3.53%

[6] Date of Natural Gas Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
10/29/1993	10.20%	6.57%	3.63%
10/29/1993	11.25%	6.57%	4.68%
11/2/1993	10.80%	6.56%	4.24%
11/12/1993	11.80%	6.53%	5.27%
11/23/1993	12.50%	6.51%	5.99%
11/26/1993	11.00%	6.50%	4.50%
12/1/1993	11.45%	6.49%	4.96%
12/16/1993	10.60%	6.45%	4.15%
12/16/1993	11.20%	6.45%	4.75%
12/21/1993	11.30%	6.44%	4.86%
12/22/1993	11.00%	6.44%	4.56%
12/23/1993	10.10%	6.44%	3.66%
1/5/1994	11.50%	6.41%	5.09%
1/10/1994	11.00%	6.40%	4.60%
1/25/1994	12.00%	6.37%	5.63%
2/2/1994	10.40%	6.35%	4.05%
2/9/1994	10.70%	6.34%	4.36%
4/6/1994	11.24%	6.35%	4.89%
4/25/1994	11.00%	6.39%	4.61%
6/16/1994	10.50%	6.63%	3.87%
6/23/1994	10.60%	6.67%	3.93%
7/19/1994	10.70%	6.83%	3.87%
9/29/1994	10.90%	7.20%	3.70%
9/29/1994	11.00%	7.20%	3.80%
10/7/1994	11.87%	7.26%	4.61%
10/18/1994	11.50%	7.32%	4.18%
10/18/1994	11.50%	7.32%	4.18%
10/24/1994	11.00%	7.35%	3.65%
11/22/1994	12.12%	7.52%	4.60%
11/29/1994	11.30%	7.55%	3.75%
12/1/1994	11.00%	7.56%	3.44%
12/8/1994	11.50%	7.59%	3.91%
12/8/1994	11.70%	7.59%	4.11%
12/12/1994	11.82%	7.60%	4.22%
12/14/1994	11.50%	7.61%	3.89%
12/19/1994	11.50%	7.62%	3.88%
4/19/1995	11.00%	7.72%	3.28%
9/11/1995	11.30%	7.16%	4.14%
9/15/1995	10.40%	7.13%	3.27%
9/29/1995	11.50%	7.06%	4.44%
10/13/1995	10.76%	6.98%	3.78%
11/7/1995	12.50%	6.86%	5.64%
11/8/1995	11.10%	6.85%	4.25%
11/8/1995	11.30%	6.85%	4.45%
11/17/1995	10.90%	6.81%	4.09%
11/20/1995	11.40%	6.80%	4.60%
11/27/1995	13.60%	6.77%	6.83%
12/14/1995	11.30%	6.68%	4.62%
12/20/1995	11.60%	6.65%	4.95%
1/31/1996	11.30%	6.45%	4.85%
3/11/1996	11.60%	6.40%	5.20%
4/3/1996	11.13%	6.41%	4.72%
4/15/1996	10.50%	6.41%	4.09%
4/17/1996	10.77%	6.40%	4.37%
4/26/1996	10.60%	6.40%	4.20%
5/10/1996	11.00%	6.40%	4.60%
5/13/1996	11.25%	6.41%	4.84%
7/3/1996	11.25%	6.49%	4.76%
7/22/1996	11.25%	6.54%	4.71%
10/3/1996	10.00%	6.77%	3.23%
10/29/1996	11.30%	6.84%	4.46%
11/26/1996	11.30%	6.86%	4.44%
11/27/1996	11.30%	6.86%	4.44%
11/29/1996	11.00%	6.86%	4.14%
12/12/1996	11.96%	6.85%	5.11%
12/17/1996	11.50%	6.85%	4.65%
1/22/1997	11.30%	6.83%	4.47%
1/27/1997	11.25%	6.83%	4.42%
1/31/1997	11.25%	6.83%	4.42%
2/13/1997	11.00%	6.82%	4.18%
2/13/1997	11.80%	6.82%	4.98%
2/20/1997	11.80%	6.81%	4.99%
3/27/1997	10.75%	6.79%	3.96%
4/29/1997	11.70%	6.81%	4.89%
7/17/1997	12.00%	6.77%	5.23%
10/29/1997	10.75%	6.70%	4.05%
10/31/1997	11.25%	6.70%	4.55%
12/24/1997	10.75%	6.53%	4.22%
4/28/1998	10.90%	6.11%	4.79%
4/30/1998	12.20%	6.10%	6.10%
6/30/1998	11.00%	5.94%	5.06%
8/26/1998	10.93%	5.82%	5.11%
9/3/1998	11.40%	5.80%	5.60%
9/15/1998	11.90%	5.77%	6.13%
10/7/1998	11.06%	5.70%	5.36%
10/30/1998	11.40%	5.63%	5.77%

[6] Date of Natural Gas Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
12/10/1998	12.20%	5.52%	6.68%
12/17/1998	12.10%	5.49%	6.61%
2/19/1999	11.15%	5.32%	5.83%
3/1/1999	10.65%	5.31%	5.34%
3/1/1999	10.65%	5.31%	5.34%
6/8/1999	11.25%	5.35%	5.90%
11/12/1999	10.25%	5.92%	4.33%
12/14/1999	10.50%	5.99%	4.51%
1/28/2000	10.71%	6.16%	4.55%
2/17/2000	10.60%	6.20%	4.40%
5/25/2000	10.80%	6.19%	4.61%
6/19/2000	11.05%	6.18%	4.87%
6/22/2000	11.25%	6.18%	5.07%
7/17/2000	11.06%	6.15%	4.91%
7/20/2000	12.20%	6.14%	6.06%
8/11/2000	11.00%	6.11%	4.89%
9/27/2000	11.25%	6.00%	5.25%
9/29/2000	11.16%	6.00%	5.16%
10/5/2000	11.30%	5.98%	5.32%
11/28/2000	12.90%	5.87%	7.03%
11/30/2000	12.10%	5.86%	6.24%
2/5/2001	11.50%	5.75%	5.75%
3/15/2001	11.25%	5.66%	5.59%
5/8/2001	10.75%	5.61%	5.14%
10/24/2001	10.30%	5.54%	4.76%
10/24/2001	11.00%	5.54%	5.46%
1/9/2002	10.00%	5.50%	4.50%
1/30/2002	11.00%	5.47%	5.53%
1/31/2002	11.00%	5.47%	5.53%
4/17/2002	11.50%	5.44%	6.06%
4/29/2002	11.00%	5.45%	5.55%
6/11/2002	11.77%	5.48%	6.29%
6/20/2002	12.30%	5.48%	6.82%
8/28/2002	11.00%	5.49%	5.51%
9/11/2002	11.20%	5.45%	5.75%
9/12/2002	12.30%	5.45%	6.85%
10/28/2002	11.30%	5.35%	5.95%
10/30/2002	10.60%	5.34%	5.26%
11/1/2002	12.60%	5.34%	7.26%
11/7/2002	11.40%	5.33%	6.07%
11/8/2002	10.75%	5.33%	5.42%
11/20/2002	10.00%	5.30%	4.70%
11/20/2002	10.50%	5.30%	5.20%
12/4/2002	10.75%	5.27%	5.48%
12/30/2002	11.20%	5.19%	6.01%
1/6/2003	11.25%	5.16%	6.09%
2/28/2003	12.30%	5.01%	7.29%
3/7/2003	9.96%	4.99%	4.97%
3/12/2003	11.40%	4.97%	6.43%
3/20/2003	12.00%	4.95%	7.05%
4/3/2003	12.00%	4.92%	7.08%
5/2/2003	11.40%	4.88%	6.52%
5/15/2003	11.05%	4.87%	6.18%
6/26/2003	11.00%	4.80%	6.20%
7/1/2003	11.00%	4.80%	6.20%
7/29/2003	11.71%	4.78%	6.93%
8/22/2003	10.20%	4.81%	5.39%
9/17/2003	9.90%	4.85%	5.05%
9/25/2003	10.25%	4.85%	5.40%
10/17/2003	10.54%	4.87%	5.67%
10/22/2003	10.46%	4.87%	5.59%
10/22/2003	10.71%	4.87%	5.84%
10/30/2003	11.00%	4.88%	6.12%
10/31/2003	10.20%	4.88%	5.32%
10/31/2003	10.75%	4.88%	5.87%
11/10/2003	10.60%	4.89%	5.71%
12/9/2003	10.50%	4.93%	5.57%
12/18/2003	10.50%	4.94%	5.56%
12/19/2003	12.00%	4.94%	7.06%
12/19/2003	12.00%	4.94%	7.06%
1/13/2004	10.25%	4.95%	5.30%
1/13/2004	12.00%	4.95%	7.05%
2/9/2004	11.25%	4.98%	6.27%
3/16/2004	10.90%	5.05%	5.85%
3/16/2004	10.90%	5.05%	5.85%
5/25/2004	10.00%	5.06%	4.94%
6/2/2004	11.22%	5.07%	6.15%
6/30/2004	10.50%	5.10%	5.40%
7/8/2004	10.00%	5.10%	4.90%
7/22/2004	10.25%	5.10%	5.15%
8/26/2004	10.50%	5.10%	5.40%
8/26/2004	10.50%	5.10%	5.40%
9/9/2004	10.40%	5.10%	5.30%
9/21/2004	10.50%	5.09%	5.41%
9/27/2004	10.30%	5.09%	5.21%
9/27/2004	10.50%	5.09%	5.41%

[6] Date of Natural Gas Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
10/20/2004	10.20%	5.08%	5.12%
11/30/2004	10.60%	5.08%	5.52%
12/8/2004	9.90%	5.09%	4.81%
12/21/2004	11.50%	5.09%	6.41%
12/22/2004	11.50%	5.09%	6.41%
12/28/2004	10.25%	5.09%	5.16%
2/18/2005	10.30%	4.95%	5.35%
3/29/2005	11.00%	4.86%	6.14%
4/13/2005	10.60%	4.84%	5.76%
4/28/2005	11.00%	4.80%	6.20%
5/17/2005	10.00%	4.77%	5.23%
6/8/2005	10.18%	4.71%	5.47%
6/10/2005	10.90%	4.71%	6.19%
7/6/2005	10.50%	4.65%	5.85%
7/19/2005	11.50%	4.63%	6.87%
8/11/2005	10.40%	4.60%	5.80%
9/19/2005	9.45%	4.53%	4.92%
9/30/2005	10.51%	4.52%	5.99%
10/4/2005	9.90%	4.52%	5.38%
10/4/2005	10.75%	4.52%	6.23%
10/14/2005	10.40%	4.52%	5.88%
10/31/2005	10.25%	4.53%	5.72%
11/2/2005	9.70%	4.53%	5.17%
11/30/2005	10.00%	4.53%	5.47%
12/9/2005	9.70%	4.53%	5.17%
12/12/2005	11.00%	4.53%	6.47%
12/20/2005	10.13%	4.53%	5.60%
12/21/2005	10.40%	4.52%	5.88%
12/21/2005	11.00%	4.52%	6.48%
12/22/2005	10.20%	4.52%	5.68%
12/22/2005	11.00%	4.52%	6.48%
12/28/2005	10.00%	4.52%	5.48%
1/5/2006	11.00%	4.52%	6.48%
1/25/2006	11.20%	4.52%	6.68%
1/25/2006	11.20%	4.52%	6.68%
2/3/2006	10.50%	4.52%	5.98%
2/15/2006	9.50%	4.53%	4.97%
4/26/2006	10.60%	4.65%	5.95%
7/24/2006	9.60%	4.87%	4.73%
7/24/2006	10.00%	4.87%	5.13%
9/20/2006	11.00%	4.93%	6.07%
9/26/2006	10.75%	4.93%	5.82%
10/20/2006	9.80%	4.96%	4.84%
11/2/2006	9.71%	4.97%	4.74%
11/9/2006	10.00%	4.97%	5.03%
11/21/2006	11.00%	4.98%	6.02%
12/5/2006	10.20%	4.97%	5.23%
1/5/2007	10.40%	4.95%	5.45%
1/9/2007	11.00%	4.94%	6.06%
1/11/2007	10.90%	4.94%	5.96%
1/19/2007	10.80%	4.93%	5.87%
1/26/2007	10.00%	4.92%	5.08%
2/8/2007	10.40%	4.91%	5.49%
3/14/2007	10.10%	4.86%	5.24%
3/20/2007	10.25%	4.84%	5.41%
3/21/2007	11.35%	4.84%	6.51%
3/22/2007	10.50%	4.84%	5.66%
3/29/2007	10.00%	4.83%	5.17%
6/13/2007	10.75%	4.81%	5.94%
6/29/2007	9.53%	4.84%	4.69%
6/29/2007	10.10%	4.84%	5.26%
7/3/2007	10.25%	4.85%	5.40%
7/13/2007	9.50%	4.86%	4.64%
7/24/2007	10.40%	4.87%	5.53%
8/1/2007	10.15%	4.88%	5.27%
8/29/2007	10.50%	4.91%	5.59%
9/10/2007	9.71%	4.91%	4.80%
9/19/2007	10.00%	4.91%	5.09%
9/25/2007	9.70%	4.92%	4.78%
10/8/2007	10.48%	4.92%	5.56%
10/19/2007	10.50%	4.91%	5.59%
10/25/2007	9.65%	4.91%	4.74%
11/15/2007	10.00%	4.89%	5.11%
11/20/2007	9.90%	4.89%	5.01%
11/27/2007	10.00%	4.88%	5.12%
11/29/2007	10.90%	4.88%	6.02%
12/14/2007	10.80%	4.87%	5.93%
12/18/2007	10.40%	4.86%	5.54%
12/19/2007	9.80%	4.86%	4.94%
12/19/2007	9.80%	4.86%	4.94%
12/19/2007	10.20%	4.86%	5.34%
12/21/2007	9.10%	4.86%	4.24%
1/8/2008	10.75%	4.83%	5.92%
1/17/2008	10.75%	4.81%	5.94%
1/17/2008	10.75%	4.81%	5.94%
2/5/2008	9.99%	4.78%	5.21%

[6] Date of Natural Gas Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
2/5/2008	10.19%	4.78%	5.41%
2/13/2008	10.20%	4.76%	5.44%
3/31/2008	10.00%	4.63%	5.37%
5/28/2008	10.50%	4.53%	5.97%
6/24/2008	10.00%	4.52%	5.48%
6/27/2008	10.00%	4.52%	5.48%
7/31/2008	10.70%	4.50%	6.20%
7/31/2008	10.82%	4.50%	6.32%
8/27/2008	10.25%	4.50%	5.75%
9/2/2008	10.25%	4.50%	5.75%
9/19/2008	10.70%	4.48%	6.22%
9/24/2008	10.68%	4.48%	6.20%
9/24/2008	10.68%	4.48%	6.20%
9/24/2008	10.68%	4.48%	6.20%
9/30/2008	10.20%	4.48%	5.72%
10/3/2008	10.30%	4.48%	5.82%
10/8/2008	10.15%	4.47%	5.68%
10/20/2008	10.06%	4.47%	5.59%
10/24/2008	10.60%	4.46%	6.14%
10/24/2008	10.60%	4.46%	6.14%
11/21/2008	10.50%	4.42%	6.08%
11/21/2008	10.50%	4.42%	6.08%
11/21/2008	10.50%	4.42%	6.08%
11/24/2008	10.50%	4.41%	6.09%
12/3/2008	10.39%	4.37%	6.02%
12/24/2008	10.00%	4.26%	5.74%
12/26/2008	10.10%	4.24%	5.86%
12/29/2008	10.20%	4.23%	5.97%
1/13/2009	10.45%	4.14%	6.31%
2/2/2009	10.05%	4.04%	6.01%
3/9/2009	10.30%	3.89%	6.41%
3/25/2009	10.17%	3.84%	6.34%
4/2/2009	10.75%	3.81%	6.94%
5/5/2009	10.75%	3.71%	7.04%
5/15/2009	10.20%	3.70%	6.50%
5/29/2009	9.54%	3.70%	5.84%
6/3/2009	10.10%	3.71%	6.39%
6/22/2009	10.00%	3.73%	6.27%
6/29/2009	10.21%	3.74%	6.47%
6/30/2009	9.31%	3.74%	5.57%
7/17/2009	9.26%	3.75%	5.51%
7/17/2009	10.50%	3.75%	6.75%
10/16/2009	10.40%	4.09%	6.31%
10/26/2009	10.10%	4.11%	5.99%
10/28/2009	10.15%	4.12%	6.03%
10/28/2009	10.15%	4.12%	6.03%
10/30/2009	9.95%	4.12%	5.83%
11/20/2009	9.45%	4.18%	5.27%
12/14/2009	10.50%	4.24%	6.26%
12/16/2009	10.75%	4.25%	6.50%
12/17/2009	10.30%	4.26%	6.04%
12/18/2009	10.40%	4.26%	6.14%
12/18/2009	10.40%	4.26%	6.14%
12/18/2009	10.50%	4.26%	6.24%
12/22/2009	10.20%	4.27%	5.93%
12/22/2009	10.40%	4.27%	6.13%
12/28/2009	10.85%	4.29%	6.56%
12/29/2009	10.38%	4.30%	6.08%
1/11/2010	10.24%	4.34%	5.90%
1/21/2010	10.23%	4.37%	5.86%
1/21/2010	10.33%	4.37%	5.96%
1/26/2010	10.40%	4.37%	6.03%
2/10/2010	10.00%	4.39%	5.61%
2/23/2010	10.50%	4.40%	6.10%
3/9/2010	9.60%	4.40%	5.20%
3/24/2010	10.13%	4.42%	5.71%
3/31/2010	10.70%	4.43%	6.27%
4/1/2010	9.50%	4.43%	5.07%
4/2/2010	10.10%	4.44%	5.66%
4/8/2010	10.35%	4.44%	5.91%
4/29/2010	9.19%	4.46%	4.73%
4/29/2010	9.40%	4.46%	4.94%
4/29/2010	9.40%	4.46%	4.94%
5/17/2010	10.55%	4.46%	6.09%
5/24/2010	10.05%	4.46%	5.59%
6/3/2010	11.00%	4.46%	6.54%
6/16/2010	10.00%	4.46%	5.54%
6/18/2010	10.30%	4.46%	5.84%
8/9/2010	12.55%	4.41%	8.14%
8/17/2010	10.10%	4.40%	5.70%
9/16/2010	9.60%	4.31%	5.29%
9/16/2010	10.00%	4.31%	5.69%
9/16/2010	10.00%	4.31%	5.69%
9/16/2010	10.30%	4.31%	5.99%
10/21/2010	10.40%	4.20%	6.20%
11/2/2010	9.75%	4.17%	5.58%

[6] Date of Natural Gas Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
11/2/2010	9.75%	4.17%	5.58%
11/3/2010	10.75%	4.17%	6.58%
11/19/2010	10.20%	4.15%	6.05%
12/1/2010	10.00%	4.13%	5.87%
12/6/2010	9.56%	4.12%	5.44%
12/6/2010	10.09%	4.12%	5.97%
12/9/2010	10.25%	4.12%	6.13%
12/14/2010	10.33%	4.11%	6.22%
12/17/2010	10.10%	4.11%	5.99%
12/20/2010	10.10%	4.11%	5.99%
12/23/2010	9.92%	4.10%	5.82%
1/6/2011	10.35%	4.09%	6.26%
1/12/2011	10.30%	4.09%	6.21%
1/13/2011	10.30%	4.09%	6.21%
3/10/2011	10.10%	4.16%	5.94%
3/31/2011	9.45%	4.20%	5.25%
4/18/2011	10.05%	4.23%	5.82%
4/21/2011	10.00%	4.24%	5.76%
5/26/2011	10.50%	4.32%	6.18%
6/21/2011	10.00%	4.36%	5.64%
6/29/2011	8.83%	4.38%	4.45%
8/1/2011	9.20%	4.41%	4.79%
9/1/2011	10.10%	4.33%	5.77%
11/14/2011	9.60%	3.93%	5.67%
12/13/2011	9.50%	3.76%	5.74%
12/20/2011	10.00%	3.72%	6.28%
12/22/2011	10.40%	3.70%	6.70%
1/10/2012	9.06%	3.59%	5.47%
1/10/2012	9.45%	3.59%	5.86%
1/10/2012	9.45%	3.59%	5.86%
1/23/2012	10.20%	3.53%	6.67%
1/31/2012	10.00%	3.49%	6.51%
4/24/2012	9.50%	3.16%	6.34%
4/24/2012	9.75%	3.16%	6.59%
5/7/2012	9.80%	3.13%	6.67%
5/22/2012	9.60%	3.10%	6.50%
5/24/2012	9.70%	3.09%	6.61%
6/7/2012	10.30%	3.06%	7.24%
6/15/2012	10.40%	3.05%	7.35%
6/18/2012	9.60%	3.05%	6.55%
7/2/2012	9.75%	3.04%	6.71%
10/24/2012	10.30%	2.92%	7.38%
10/26/2012	9.50%	2.92%	6.58%
10/31/2012	9.30%	2.92%	6.38%
10/31/2012	9.90%	2.92%	6.98%
10/31/2012	10.00%	2.92%	7.08%
11/1/2012	9.45%	2.92%	6.53%
11/8/2012	10.10%	2.91%	7.19%
11/9/2012	10.30%	2.91%	7.39%
11/26/2012	10.00%	2.89%	7.11%
11/28/2012	10.40%	2.88%	7.52%
11/28/2012	10.50%	2.88%	7.62%
12/4/2012	10.00%	2.87%	7.13%
12/4/2012	10.50%	2.87%	7.63%
12/14/2012	10.40%	2.85%	7.55%
12/20/2012	9.50%	2.84%	6.66%
12/20/2012	10.10%	2.84%	7.26%
12/20/2012	10.25%	2.84%	7.41%
12/20/2012	10.30%	2.84%	7.46%
12/20/2012	10.40%	2.84%	7.56%
12/20/2012	10.50%	2.84%	7.66%
12/26/2012	9.80%	2.83%	6.97%
2/22/2013	9.60%	2.86%	6.74%
3/14/2013	9.30%	2.89%	6.41%
3/27/2013	9.80%	2.91%	6.89%
4/23/2013	9.80%	2.95%	6.85%
5/10/2013	9.25%	2.96%	6.29%
6/13/2013	9.40%	3.01%	6.39%
6/18/2013	9.28%	3.02%	6.26%
6/18/2013	9.28%	3.02%	6.26%
6/25/2013	9.80%	3.04%	6.76%
9/23/2013	9.60%	3.33%	6.27%
11/6/2013	10.20%	3.42%	6.78%
11/13/2013	9.84%	3.44%	6.40%
11/14/2013	10.25%	3.44%	6.81%
11/22/2013	9.50%	3.47%	6.03%
12/5/2013	10.20%	3.49%	6.71%
12/13/2013	9.60%	3.52%	6.08%
12/16/2013	9.70%	3.52%	6.18%
12/17/2013	10.00%	3.53%	6.47%
12/18/2013	9.08%	3.53%	5.55%
12/23/2013	9.72%	3.54%	6.18%
		Average	4.44%
		Count	985

Small Size Premium

	[1]	[2]		
	Customers (Mil)	(\$Bil)		
Liberty Utilities (Midstates Natural Gas) Corp. Equity	0.082	\$0.051		
Median Market to Book for Comp Group		1.60		
Liberty Utilities Implied Market Cap		\$0.082		

Company Name	Ticker	[3] Customers (Mil)	[4] Market Cap (\$Bil)	[5] Market to Book Ratio
AGL Resources Inc.	GAS	4.46	\$5.52	1.56
Atmos Energy Corporation	ATO	3.13	\$4.07	1.57
Laclede Group, Inc.	LG	0.63	\$1.49	1.43
New Jersey Resources Corporation	NJR	0.50	\$1.89	2.14
Northwest Natural Gas Company	NWN	0.68	\$1.14	1.57
Piedmont Natural Gas Company, Inc.	PNY	0.98	\$2.49	2.10
South Jersey Industries, Inc.	SJI	0.35	\$1.79	2.35
Southwest Gas Corporation	SWX	1.86	\$2.47	1.82
WGL Holdings, Inc.	WGL	1.09	\$2.04	1.60
Median		0.98	\$2.04	1.60
Mean		1.52	\$2.55	1.79

Market Capitalization (\$Mil) [6]				
Decile	Low	High	Size Premium	
2	\$ 7,747.951	\$ 17,541.302	0.76%	
3	\$ 4,250.360	\$ 7,686.611	0.92%	
4	\$ 2,772.831	\$ 4,227.668	1.14%	
5	\$ 1,912.240	\$ 2,759.391	1.70%	
6	\$ 1,346.619	\$ 1,909.051	1.72%	
7	\$ 822.077	\$ 1,346.528	1.73%	
8	\$ 514.459	\$ 818.065	2.46%	
9	\$ 254.604	\$ 514.209	2.70%	
10	\$ 1.139	\$ 253.761	6.03%	

Notes:

[1] Algonquin Power & Utilities Annual Report December 31, 2012, p. 15 (includes Missouri, Illinois, and Iowa)

[2] Requested Rate Base x Equity Ratio

[3] Source: SNL Financial

[4] Source: Bloomberg, 30-day average

[5] Source: Bloomberg, 30-day average

[6] Source: Ibbotson Associates, 2013 Ibbotson SBBI Risk Premia Over Time Report

Flotation Cost Adjustment

Two most recent open market common stock issuances per company, if available

Company	Date	Shares Issued	Offering Price	Underwriting Discount	Offering Expense	Net Proceeds Per Share	Total Flotation Costs	Gross Equity Issue Before Costs	Net Proceeds	Flotation Cost Percentage
Algonquin Power & Utilities Corporation	10/13/2011	16,869,000	\$5.68	\$0.2300	\$1,106,191	\$5.45	\$4,986,061	\$95,846,284	\$90,860,223	5.202%
Algonquin Power & Utilities Corporation	11/16/2009	6,877,000	\$3.17	\$0.1600	\$473,657	\$3.01	\$1,573,977	\$21,824,160	\$20,250,183	7.212%
AGL Resources Inc.	11/19/2004	11,040,000	\$31.01	\$0.9300	\$400,000	\$30.04	\$10,667,200	\$342,350,400	\$331,683,200	3.116%
AGL Resources Inc.	2/11/2003	6,440,000	\$22.00	\$0.7700	\$250,000	\$21.19	\$5,208,800	\$141,680,000	\$136,471,200	3.676%
Atmos Energy Corporation	12/7/2006	6,325,000	\$31.50	\$1.1025	\$400,000	\$30.33	\$7,373,313	\$199,237,500	\$191,864,188	3.701%
Atmos Energy Corporation	10/21/2004	16,100,000	\$24.75	\$0.9900	\$400,000	\$23.74	\$16,339,000	\$398,475,000	\$382,136,000	4.100%
Laclede Group, Inc. (The)	5/23/2013	10,005,000	\$44.50	\$1.7244	\$1,000,000	\$42.68	\$18,252,372	\$445,222,500	\$426,970,128	4.100%
Laclede Group, Inc. (The)	5/25/2004	1,725,000	\$26.80	\$0.8710	\$100,000	\$25.87	\$1,602,475	\$46,230,000	\$44,627,525	3.466%
Northwest Natural Gas Company	3/30/2004	1,290,000	\$31.00	\$1.0100	\$175,000	\$29.85	\$1,477,900	\$39,990,000	\$38,512,100	3.696%
Piedmont Natural Gas Company, Inc.	1/30/2013	4,000,000	\$32.00	\$1.1200	\$350,000	\$30.79	\$4,830,000	\$128,000,000	\$123,170,000	3.773%
Piedmont Natural Gas Company, Inc.	1/20/2004	4,887,500	\$42.50	\$1.4900	\$350,000	\$40.94	\$7,632,375	\$207,718,750	\$200,086,375	3.674%
WGL Holdings, Inc.	6/20/2001	2,058,500	\$26.73	\$0.8950	\$56,218	\$25.81	\$1,898,576	\$55,023,705	\$53,125,130	3.450%
Mean							\$6,820,171	\$176,799,858		

WEIGHTED AVERAGE FLOTATION COSTS: 3.858%

Constant Growth Discounted Cash Flow Model Adjusted for Flotation Costs - 30 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]		[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield Current	Adjusted for Flot. Costs	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Retention Growth	Average Earnings Growth	DCF k(e)	Flotation Adjusted DCF k(e)	
AGL Resources Inc.	GAS	\$1.88	\$46.44	4.05%	4.17%	4.33%	5.00%	NA	8.00%	4.66%	5.89%	10.05%	10.22%	
Atmos Energy Corporation	ATO	\$1.48	\$44.74	3.31%	3.42%	3.56%	6.50%	7.75%	7.50%	6.30%	7.01%	10.44%	10.57%	
Laclede Group, Inc. (The)	LG	\$1.76	\$45.67	3.85%	3.95%	4.11%	4.30%	4.90%	6.00%	4.82%	5.00%	8.95%	9.11%	
New Jersey Resources Corporation	NJR	\$1.68	\$45.15	3.72%	3.81%	3.96%	4.00%	2.50%	5.50%	7.16%	4.79%	8.60%	8.75%	
Northwest Natural Gas Company	NWN	\$1.84	\$42.38	4.34%	4.43%	4.61%	4.00%	4.00%	4.50%	4.46%	4.24%	8.67%	8.85%	
Piedmont Natural Gas Company, Inc.	PNY	\$1.24	\$32.82	3.78%	3.86%	4.01%	5.00%	4.00%	4.00%	3.64%	4.16%	8.02%	8.17%	
South Jersey Industries, Inc.	SJI	\$1.89	\$55.64	3.40%	3.52%	3.66%	6.00%	6.00%	7.50%	9.66%	7.29%	10.81%	10.95%	
Southwest Gas Corporation	SWX	\$1.32	\$53.38	2.47%	2.54%	2.64%	3.40%	2.55%	8.00%	8.00%	5.49%	8.03%	8.13%	
WGL Holdings, Inc.	WGL	\$1.68	\$39.40	4.26%	4.35%	4.53%	4.60%	4.60%	3.50%	3.89%	4.15%	8.50%	8.67%	
PROXY GROUP MEAN				3.69%	3.78%	3.94%						9.12%	9.27%	

DCF Result Adjusted For Flotation Costs: 9.27%
 DCF Result Unadjusted For Flotation Costs: 9.12%
 Difference (Flotation Cost Adjustment): 0.15% [12]

Notes:

The proxy group DCF result is adjusted for flotation costs by dividing each company's expected dividend yield by (1 - flotation cost). The flotation cost adjustment is derived as the difference between the unadjusted DCF result and the DCF result adjusted for flotation costs.

Stock issuances for Algonquin Power & Utilities Corporation were provided in Canadian Dollars, and converted to US Dollars by SNL Financial. Overallotment reflects shares exercised.

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [10])

[5] Equals [4] / (1 - 0.0386)

[6] Source: Zacks

[7] Source: Yahoo! Finance

[8] Source: Value Line

[9] Source: Schedule RBH-4

[10] Equals Average([6], [7], [8], [9])

[11] Equals [4] + [10]

[12] Equals [5] + [10]

[13] Equals average [12] - average [11]

Proxy Group Capital Structure

Company	Ticker	% Common Equity								
		2013Q3	2013Q2	2013Q1	2012Q4	2012Q3	2012Q2	2012Q1	2011Q4	Average
AGL Resources Inc.	GAS	48.02%	48.10%	49.83%	49.00%	48.74%	48.90%	48.82%	48.11%	48.69%
Atmos Energy Corporation	ATO	51.23%	51.25%	50.88%	55.34%	54.66%	51.63%	51.69%	50.69%	52.17%
Laclede Group, Inc. (The)	LG	53.40%	69.94%	57.94%	63.00%	62.26%	62.63%	62.78%	61.79%	61.72%
New Jersey Resources Corporation	NJR	60.41%	60.42%	62.60%	61.57%	60.43%	65.72%	66.34%	65.11%	62.82%
Northwest Natural Gas Company	NWN	49.61%	51.97%	52.24%	51.30%	52.68%	53.38%	53.67%	51.06%	51.99%
Piedmont Natural Gas Company, Inc.	PNY	55.41%	55.80%	52.99%	51.30%	51.73%	52.20%	60.41%	59.63%	54.93%
South Jersey Industries, Inc.	SJI	55.74%	55.16%	55.39%	54.03%	54.06%	55.41%	61.03%	59.41%	56.28%
Southwest Gas Corporation	SWX	51.34%	52.09%	52.36%	49.84%	50.10%	51.19%	48.19%	49.45%	50.57%
WGL Holdings, Inc.	WGL	68.32%	69.52%	69.90%	68.81%	68.30%	68.55%	67.90%	66.09%	68.42%
Mean		54.83%	57.14%	56.01%	56.02%	55.88%	56.62%	57.87%	56.81%	56.40%

Company	Ticker	% Long-Term Debt								
		2013Q3	2013Q2	2013Q1	2012Q4	2012Q3	2012Q2	2012Q1	2011Q4	Average
AGL Resources Inc.	GAS	51.98%	51.90%	50.17%	51.00%	51.26%	51.10%	51.18%	51.89%	51.31%
Atmos Energy Corporation	ATO	48.77%	48.75%	49.12%	44.66%	45.34%	48.37%	48.31%	49.31%	47.83%
Laclede Group, Inc. (The)	LG	46.60%	30.06%	42.06%	37.00%	37.74%	37.37%	37.22%	38.21%	38.28%
New Jersey Resources Corporation	NJR	39.59%	39.58%	37.40%	38.43%	39.57%	34.28%	33.66%	34.89%	37.18%
Northwest Natural Gas Company	NWN	50.39%	48.03%	47.76%	48.70%	47.32%	46.62%	46.33%	48.94%	48.01%
Piedmont Natural Gas Company, Inc.	PNY	44.59%	44.20%	47.01%	48.70%	48.27%	47.80%	39.59%	40.37%	45.07%
South Jersey Industries, Inc.	SJI	44.26%	44.84%	44.61%	45.97%	45.94%	44.59%	38.97%	40.59%	43.72%
Southwest Gas Corporation	SWX	48.66%	47.91%	47.64%	50.16%	49.90%	48.81%	51.81%	50.55%	49.43%
WGL Holdings, Inc.	WGL	31.68%	30.48%	30.10%	31.19%	31.70%	31.45%	32.10%	33.91%	31.58%
Mean		45.17%	42.86%	43.99%	43.98%	44.12%	43.38%	42.13%	43.19%	43.60%

Source: SNL Financial

