

**MISSOURI PUBLIC SERVICE COMMISSION**

**STAFF REPORT**

**COST OF SERVICE**

**REVENUE REQUIREMENT**

**APPENDIX 2**

**Support for Staff  
Cost of  
Capital Recommendations**

**VEOLIA ENERGY KANSAS CITY, INC**

**CASE NO. HR-2014-0066**

*Jefferson City, Missouri  
May 2014*

**VEOLIA ENERGY KANSAS CITY, INC.**  
**CASE NO. HR-2014-0066**

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Federal Reserve Discount Rate Changes and Federal Reserve Funds Rate Changes

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

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

\* Staff began tracking the Federal Funds Rate.

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

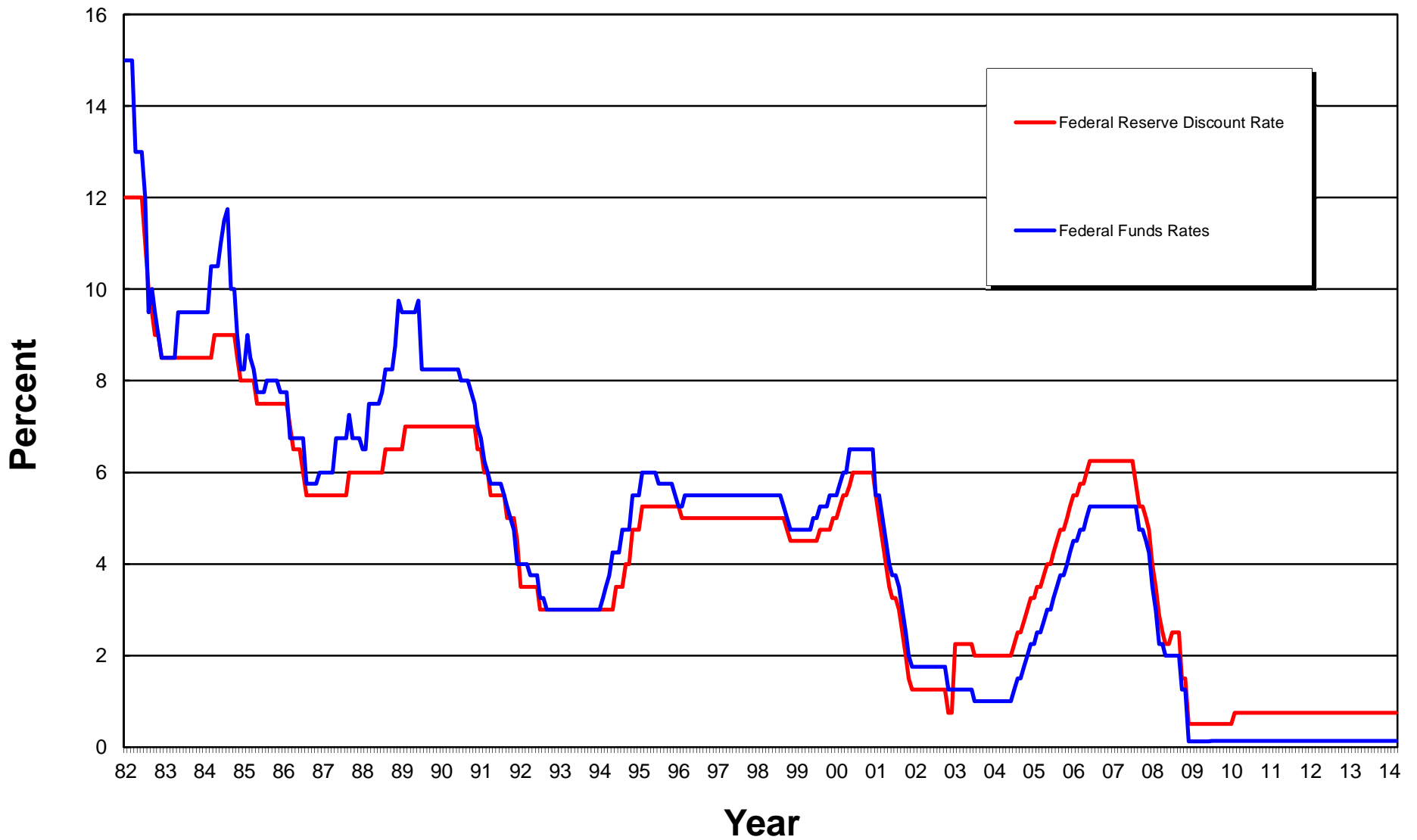
Source:

Federal Reserve Discount rate  
 Federal Reserve Funds rate

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

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

Federal Reserve Discount Rates and Federal Funds Rates  
1982 - 2014



**VEOLIA ENERGY KANSAS CITY, INC.**  
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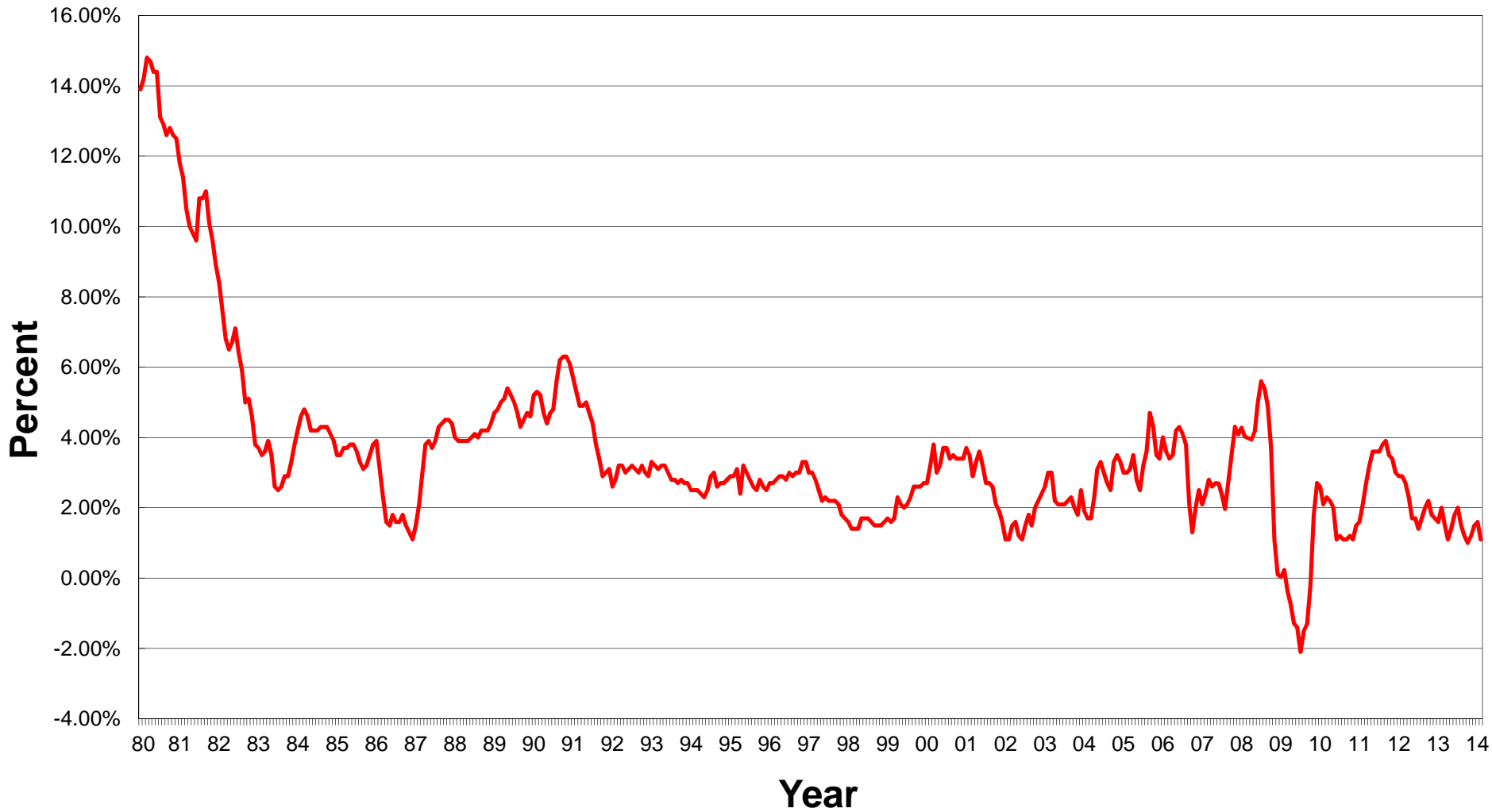
**Rate of Inflation**

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

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

VEOLIA ENERGY KANSAS CITY, INC.  
CASE NO. HR-2014-0066

Rate of Inflation  
1980 - 2014



**VEOLIA ENERGY KANSAS CITY, INC.**  
**CASE NO. HR-2014-0066**

**Average Yields on AA, A and BBB Public Utility Bonds**

Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
Jan 1980	12.12	Jan 1984	13.40	Jan 1988	10.75	Jan 1992	8.67	Jan 1996	7.20	Jan 2000	8.22	Jan 2004	6.23	Jan 2008	6.08	Jan 2012	4.97
Feb	13.48	Feb	13.50	Feb	10.11	Feb	8.77	Feb	7.37	Feb	8.10	Feb	6.17	Feb	6.28	Feb	4.99
Mar	14.33	Mar	14.03	Mar	10.11	Mar	8.84	Mar	7.72	Mar	8.14	Mar	6.01	Mar	6.29	Mar	5.13
Apr	13.50	Apr	14.30	Apr	10.53	Apr	8.79	Apr	7.88	Apr	8.14	Apr	6.38	Apr	6.36	Apr	5.05
May	12.17	May	14.95	May	10.75	May	8.72	May	7.99	May	8.55	May	6.68	May	6.38	May	4.84
Jun	11.87	Jun	15.16	Jun	10.71	Jun	8.64	Jun	8.07	Jun	8.22	Jun	6.53	Jun	6.50	Jun	4.67
Jul	12.12	Jul	14.92	Jul	10.96	Jul	8.46	Jul	8.02	Jul	8.17	Jul	6.34	Jul	6.50	Jul	4.56
Aug	12.82	Aug	14.29	Aug	11.09	Aug	8.34	Aug	7.84	Aug	8.05	Aug	6.18	Aug	6.48	Aug	4.71
Sep	13.29	Sep	14.04	Sep	10.56	Sep	8.32	Sep	8.01	Sep	8.16	Sep	6.01	Sep	6.59	Sep	4.75
Oct	13.53	Oct	13.68	Oct	9.92	Oct	8.44	Oct	7.76	Oct	8.08	Oct	5.95	Oct	7.70	Oct	4.69
Nov	14.07	Nov	13.15	Nov	9.89	Nov	8.53	Nov	7.48	Nov	8.03	Nov	5.97	Nov	7.80	Nov	4.53
Dec	14.48	Dec	12.96	Dec	10.02	Dec	8.36	Dec	7.58	Dec	7.79	Dec	5.93	Dec	6.87	Dec	4.28
Jan 1981	14.22	Jan 1985	12.88	Jan 1989	10.02	Jan 1993	8.23	Jan 1997	7.79	Jan 2001	7.76	Jan 2005	5.80	Jan 2009	6.77	Jan 2013	4.45
Feb	14.84	Feb	13.00	Feb	10.02	Feb	8.00	Feb	7.68	Feb	7.69	Feb	5.64	Feb	6.72	Feb	4.49
Mar	14.86	Mar	13.66	Mar	10.16	Mar	7.85	Mar	7.92	Mar	7.59	Mar	5.86	Mar	6.85	Mar	4.45
Apr	15.32	Apr	13.42	Apr	10.14	Apr	7.76	Apr	8.08	Apr	7.81	Apr	5.72	Apr	6.90	Apr	4.19
May	15.84	May	12.89	May	9.92	May	7.78	May	7.94	May	7.88	May	5.60	May	6.83	May	4.36
Jun	15.27	Jun	11.91	Jun	9.49	Jun	7.68	Jun	7.77	Jun	7.75	Jun	5.39	June	6.54	Jun	4.70
Jul	15.87	Jul	11.88	Jul	9.34	Jul	7.53	Jul	7.52	Jul	7.71	Jul	5.50	July	6.15	Jul	4.90
Aug	16.33	Aug	11.93	Aug	9.37	Aug	7.21	Aug	7.57	Aug	7.57	Aug	5.51	Aug	5.80	Aug	5.00
Sep	16.89	Sep	11.95	Sep	9.43	Sep	7.01	Sep	7.50	Sep	7.73	Sep	5.54	Sep	5.60	Sep	5.05
Oct	16.76	Oct	11.84	Oct	9.37	Oct	6.99	Oct	7.37	Oct	7.64	Oct	5.79	Oct	5.64	Oct	4.94
Nov	15.50	Nov	11.33	Nov	9.33	Nov	7.30	Nov	7.24	Nov	7.61	Nov	5.88	Nov	5.71	Nov	5.04
Dec	15.77	Dec	10.82	Dec	9.31	Dec	7.33	Dec	7.16	Dec	7.86	Dec	5.83	Dec	5.86	Dec	5.09
Jan 1982	16.73	Jan 1986	10.66	Jan 1990	9.44	Jan 1994	7.31	Jan 1998	7.03	Jan 2002	7.69	Jan 2006	5.77	Jan 2010	5.83	Jan 2014	4.91
Feb	16.72	Feb	10.16	Feb	9.66	Feb	7.44	Feb	7.09	Feb	7.62	Feb	5.83	Feb	5.94	Feb	4.79
Mar	16.07	Mar	9.33	Mar	9.75	Mar	7.83	Mar	7.13	Mar	7.83	Mar	5.98	Mar	5.90	Mar	4.74
Apr	15.82	Apr	9.02	Apr	9.87	Apr	8.20	Apr	7.12	Apr	7.74	Apr	6.28	Apr	5.87		
May	15.60	May	9.52	May	9.89	May	8.32	May	7.11	May	7.76	May	6.39	May	5.59		
Jun	16.18	Jun	9.51	Jun	9.69	Jun	8.31	Jun	6.99	Jun	7.67	June	6.39	June	5.62		
Jul	16.04	Jul	9.19	Jul	9.66	Jul	8.47	Jul	6.99	Jul	7.54	July	6.37	July	5.41		
Aug	15.22	Aug	9.15	Aug	9.84	Aug	8.41	Aug	6.96	Aug	7.34	Aug	6.20	Aug	5.10		
Sep	14.56	Sep	9.42	Sep	10.01	Sep	8.65	Sep	6.88	Sep	7.23	Sep	6.03	Sep	5.10		
Oct	13.88	Oct	9.39	Oct	9.94	Oct	8.88	Oct	6.88	Oct	7.43	Oct	6.01	Oct	5.20		
Nov	13.58	Nov	9.15	Nov	9.76	Nov	9.00	Nov	6.96	Nov	7.31	Nov	5.82	Nov	5.45		
Dec	13.55	Dec	8.96	Dec	9.57	Dec	8.79	Dec	6.84	Dec	7.20	Dec	5.83	Dec	5.61		
Jan 1983	13.46	Jan 1987	8.77	Jan 1991	9.56	Jan 1995	8.77	Jan 1999	6.87	Jan 2003	7.13	Jan 2007	5.96	Jan 2011	5.69		
Feb	13.60	Feb	8.81	Feb	9.31	Feb	8.56	Feb	7.00	Feb	6.92	Feb	5.91	Feb	5.82		
Mar	13.28	Mar	8.75	Mar	9.39	Mar	8.41	Mar	7.18	Mar	6.80	Mar	5.87	Mar	5.74		
Apr	13.03	Apr	9.30	Apr	9.30	Apr	8.30	Apr	7.16	Apr	6.68	Apr	6.01	Apr	5.76		
May	13.00	May	9.82	May	9.29	May	7.93	May	7.42	May	6.35	May	6.03	May	5.57		
Jun	13.17	Jun	9.87	Jun	9.44	Jun	7.62	Jun	7.70	Jun	6.21	June	6.34	June	5.52		
Jul	13.28	Jul	10.01	Jul	9.40	Jul	7.73	Jul	7.66	Jul	6.54	July	6.28	July	5.61		
Aug	13.50	Aug	10.33	Aug	9.16	Aug	7.86	Aug	7.86	Aug	6.78	Aug	6.28	Aug	5.26		
Sep	13.35	Sep	11.00	Sep	9.03	Sep	7.62	Sep	7.87	Sep	6.58	Sep	6.24	Sep	5.01		
Oct	13.19	Oct	11.32	Oct	8.99	Oct	7.46	Oct	8.02	Oct	6.50	Oct	6.17	Oct	5.11		
Nov	13.33	Nov	10.82	Nov	8.93	Nov	7.40	Nov	7.86	Nov	6.44	Nov	6.04	Nov	5.00		
Dec	13.48	Dec	10.99	Dec	8.76	Dec	7.21	Dec	8.04	Dec	6.36	Dec	6.23	Dec	4.96		

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

VEOLIA ENERGY KANSAS CITY, INC.  
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Average Yields on Thirty-Year U.S. Treasury Bonds

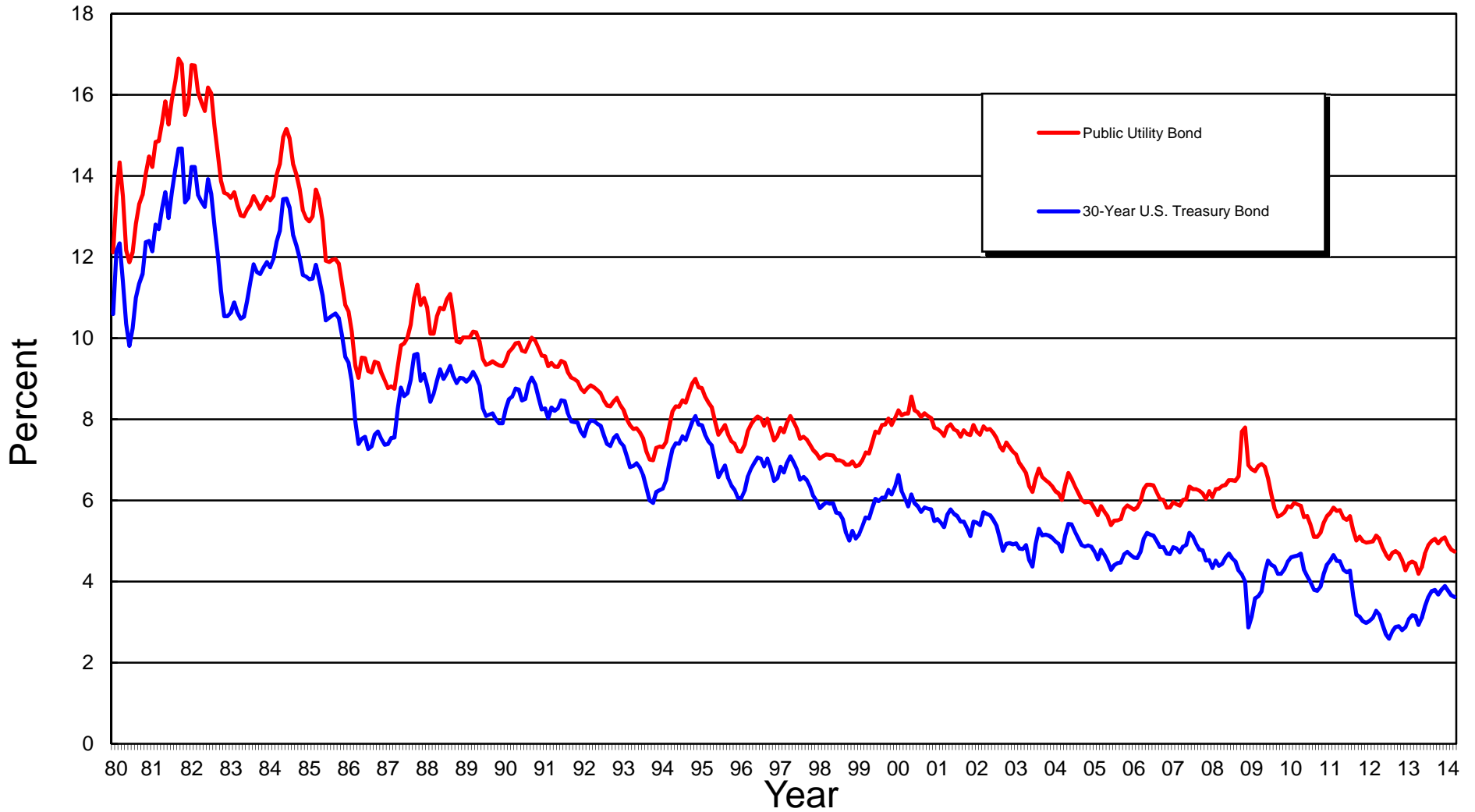
Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
Jan 1980	10.60	Jan 1984	11.75	Jan 1988	8.83	Jan 1992	7.58	Jan 1996	6.05	Jan 2000	6.63	Jan 2004	4.99	Jan 2008	4.33	Jan 2012	3.03
Feb	12.13	Feb	11.95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

Sources:  
<http://finance.yahoo.com/q/hp?s=^TYX>  
<http://research.stlouisfed.org/fred2/data/GS30.txt>

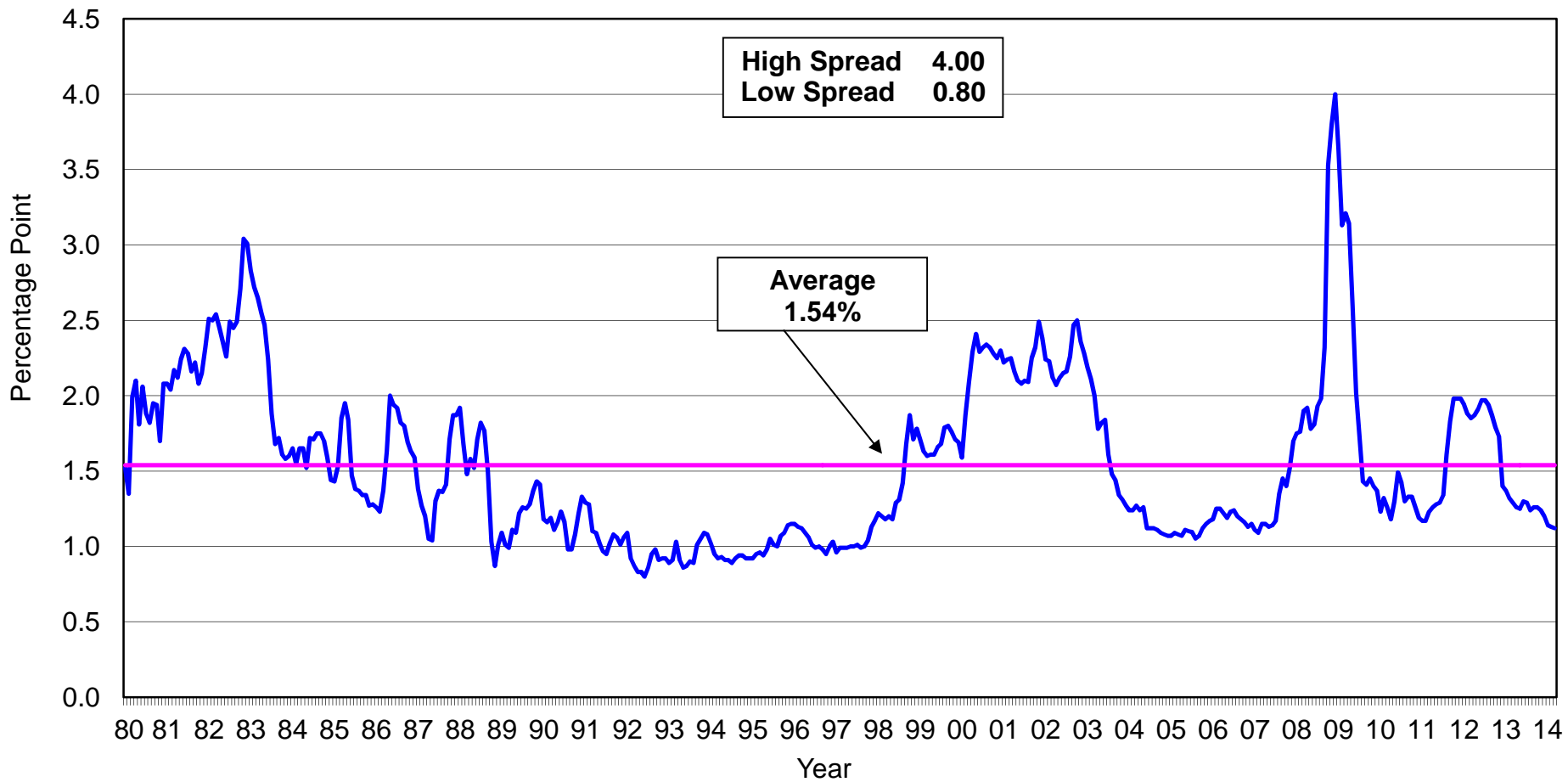


VEOLIA ENERGY KANSAS CITY, INC.  
CASE NO. HR-2014-0066

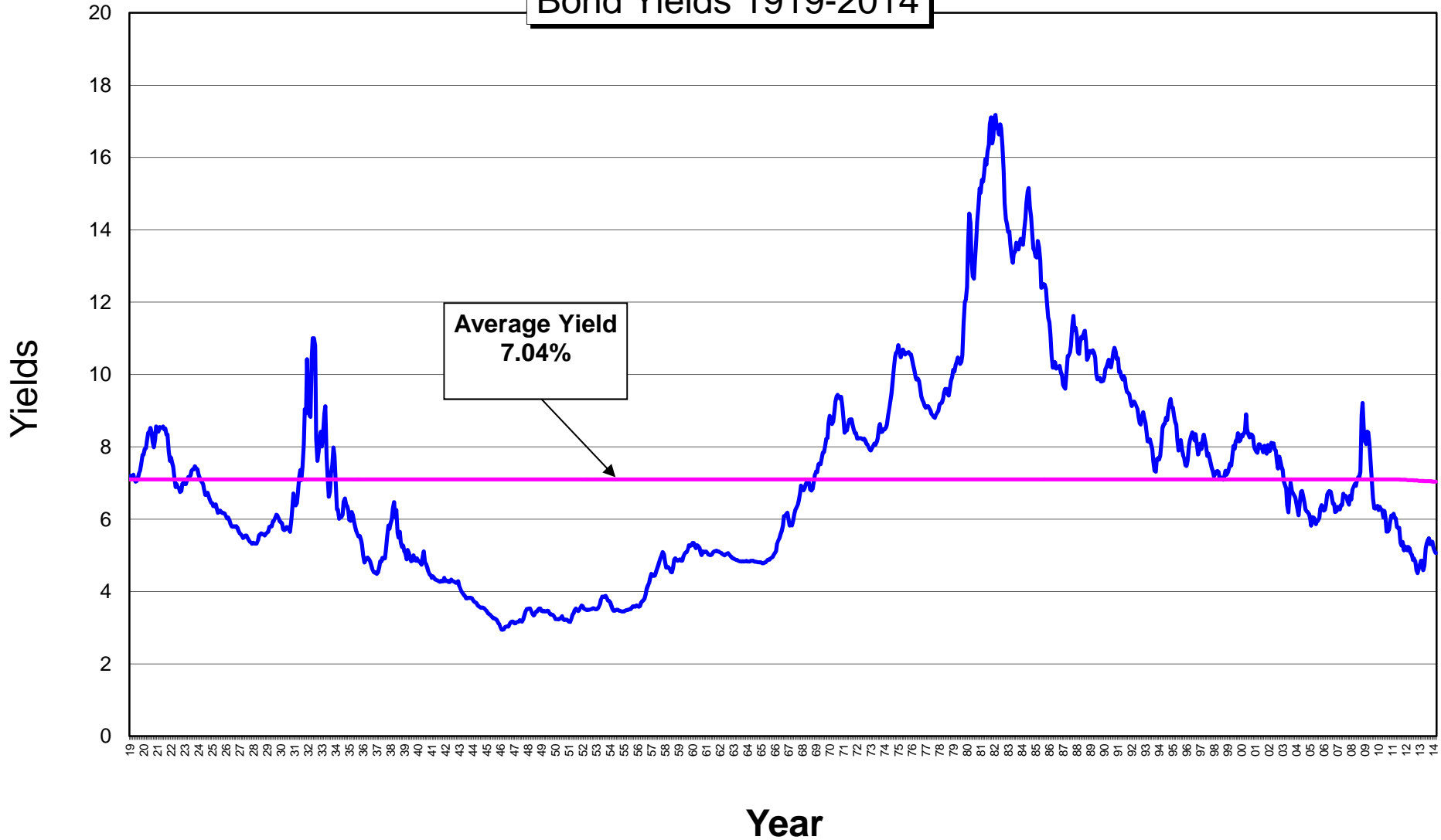
**Average Yields on Public Utility Bonds and  
Thirty-Year U.S. Treasury Bonds (1980 - 2014)**



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



Moody's Baa Corporate  
Bond Yields 1919-2014



**VEOLIA ENERGY KANSAS CITY, INC.**  
**CASE NO. HR-2014-0066**

**Criteria for Selecting Comparable Natural Gas Distribution Companies**

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

Sources: Column 1,2,3,4,5 and 6 = SNL Financial  
Column 7 = Standard & Poor's RatingsDirect

**VEOLIA ENERGY KANSAS CITY, INC.  
CASE NO. HR-2014-0066**

**Eight Comparable Natural Gas Distribution Companies  
For Veolia Energy Kansas City, Inc.**

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

**VEOLIA ENERGY KANSAS CITY, INC.**  
**CASE NO. HR-2014-0066**

**Capital Structures of Proxy Group for  
2013 Fiscal Year**

Capital Components	AGL	Atmos	Laclede Group	NJR Corporation	NW Natural Gas	Piedmont	Southwest Gas	WGL Holdings
Common Equity	\$3,676,000 <sup>2</sup>	\$2,661,314	\$1,066,388	\$887,384	\$751,872	\$1,188,596	\$1,412,395	\$1,302,718 <sup>2</sup>
Preferred Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-Term Debt	\$3,813,000 <sup>1</sup>	\$2,455,671 <sup>1</sup>	\$912,712 <sup>1</sup>	\$581,529 <sup>1</sup>	\$742,452 <sup>1</sup>	\$1,274,857 <sup>1</sup>	\$1,392,432 <sup>1</sup>	\$591,067 <sup>1</sup>
Short-Term Debt	\$1,171,000	\$367,984	\$74,000	\$365,600	\$188,200	\$400,000	\$0	\$373,100
<b>Total</b>	<b>\$8,660,000</b>	<b>\$5,484,969</b>	<b>\$2,053,100</b>	<b>\$1,834,513</b>	<b>\$1,682,524</b>	<b>\$2,863,453</b>	<b>\$2,804,827</b>	<b>\$2,266,885</b>

Capital Structure	AGL	Atmos	Laclede Group	NJR Corporation	NW Natural Gas	Piedmont	Southwest Gas	WGL Holdings	Average
Common Equity	42.45%	48.52%	51.94%	48.37%	44.69%	41.51%	50.36%	57.47%	48.16%
Preferred Stock	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Long-Term Debt	44.03%	44.77%	44.46%	31.70%	44.13%	44.52%	49.64%	26.07%	41.17%
Short-Term Debt	13.52%	6.71%	3.60%	19.93%	11.19%	13.97%	0.00%	16.46%	10.67%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Sources: SNL Financial and 2013 Form 10-K - SEC filings.

Notes: 1 - Long-term debt including current maturities.

2 - Includes non-controlling interest

**VEOLIA ENERGY KANSAS CITY, INC.**  
**CASE NO. HR-2014-0066**

**AGL Resources, Inc. Stated Cost of Long-Term Debt**  
**for Fiscal Year Ended December 31, 2013**

<u>Long-Term Debt - Net of Current</u>	<u>Weighted Average</u> <u>Interest Rate</u>	<u>Amount Outstanding</u> <u>(In Millions)</u>
Senior Notes	5.00%	\$ 2,825
First mortgage bonds	5.60%	\$ 500
Gas Facility Revenue Bonds	1.00%	\$ 200
Medium-term notes	7.80%	\$ 181
<b>Total</b>		<b>\$ 3,706</b>

**Cost of Long-Term Debt<sup>1</sup>**                      5.00%

Source: AGL Resources Form 10-K for 2013

Notes: 1- Cost of long-term debt only include debt with interest rates that are available/provided.

**VEOLIA ENERGY KANSAS CITY, INC.**  
**CASE NO. HR-2014-0066**

**Atmos Energy Corporation Stated Cost of Long-Term Debt**  
**for Fiscal Year Ended September 30, 2013**

Long-Term Debt:	<u>Interest Rate</u>	<u>Amount Outstanding</u> <i>(In Thousands)</i>	<u>Interest Expense</u>
Unsecured Senior Notes, Due 2014	4.950%	\$ 500,000	\$ 24,750
Unsecured Senior Notes, Due 2017	6.350%	\$ 250,000	\$ 15,875
Unsecured Senior Notes, Due 2019	8.500%	\$ 450,000	\$ 38,250
Unsecured Senior Notes, Due 2034	5.950%	\$ 200,000	\$ 11,900
Unsecured Senior Notes, Due 2041	5.500%	\$ 400,000	\$ 22,000
Unsecured Senior Notes, Due 2034	4.150%	\$ 500,000	\$ 20,750
Medium Term Notes:			
Series A 1995-1, 6.67%, Due 2025	6.67%	\$ 10,000	\$ 667
Unsecured 6.75% Debentures, Due 2028	6.75%	\$ 150,000	\$ 10,125
Less:			
Original Issue Discount		<u>\$ (4,329)</u>	
Total Amount Outstanding		<u><u>\$ 2,455,671</u></u>	<u><u>\$ 144,317</u></u>
 Cost of Long-Term Debt <sup>1</sup>	 <b>5.88%</b>		

Source: Atmos Energy Corporation Form 10-K for September 30, 2013.

Notes: 1- Cost of long-term debt only include debt with interest rates that are available/provided.



VEOLIA ENERGY KANSAS CITY, INC.  
CASE NO. HR-2014-0066

**The Laclede Group, Inc. Stated Cost of Long-Term Debt  
for Fiscal Year Ended September 30, 2013**

Bonds and Unsecured Notes Series:	Interest Rate	Amount Outstanding <i>(in thousands)</i>	Interest Expense
3.31% Series Due December 15, 2022	3.31%	\$25,000	\$828
3.00% Series Due March 15, 2023	3.00%	\$55,000	\$1,650
3.40% Series Due March 15, 2028	3.40%	\$45,000	\$1,530
5.50% Series Due May 1, 2019	5.50%	\$50,000	\$2,750
7.00% Series Due June 1, 2029	7.00%	\$25,000	\$1,750
7.90% Series Due September 15, 2030	7.90%	\$30,000	\$2,370
6.00% Series Due May 1, 2034	6.00%	\$100,000	\$6,000
6.15% Series Due June 1, 2036	6.15%	\$55,000	\$3,383
6.35% Series Due october 15, 2038	6.35%	\$80,000	\$5,080
2.00% Series Due August 2018	2.00%	\$100,000	\$2,000
3.40% Series Due August 2023	3.40%	\$250,000	\$8,500
4.625% Series due August 2043	4.63%	\$100,000	\$4,625
Unamortized Premium, Discount and Expense		-\$2,288	
<b>Total</b>		<b><u>\$912,712</u></b>	<b><u>\$40,465</u></b>

Cost of Long-Term Debt<sup>1</sup> **4.43%**

Source: Laclede Group, September 30, 2013, SEC 10-K filing

Notes: 1- Cost of long-term debt only include debt with interest rates that are available/provided.

**New Jersey Resources, Corp. Stated Cost of Long-Term Debt  
for Fiscal Year Ended September 30, 2013**

Long-Term Debt	Interest Rate	Amount Outstanding (In Thousands)	Interest Expense
First Mortgage Bonds:			
5.00% Series HH, Due December 1, 2038	5.00%	\$ 12,000	\$ 600
4.50% Series II, Due August 1, 2023	4.50%	\$ 10,300	\$ 464
4.60% Series JJ, Due August 1, 2024	4.60%	\$ 10,500	\$ 483
4.90% Series KK, Due October 1, 2040	4.90%	\$ 15,000	\$ 735
5.60% Series LL, Due May 15, 2018	5.60%	\$ 125,000	\$ 7,000
3.15% Series PP, Due April 15, 2028	3.15%	\$ 50,000	\$ 1,575
4.77% Unsecured Senior Notes Due March 15, 2014	4.77%	\$ 60,000	\$ 2,862
6.05% Unsecured Senior Notes Due Sept. 24, 2017	6.05%	\$ 50,000	\$ 3,025
1.94% Unsecured Senior Notes Due Sept. 17, 2015	1.94%	\$ 25,000	\$ 485
2.51% Unsecured Senior Notes Due Sept. 17, 2018	2.51%	\$ 25,000	\$ 628
3.25% Unsecured Senior Notes Due Sept. 17, 2022	3.25%	\$ 50,000	\$ 1,625
Total Amount Outstanding		<b>\$ 432,800</b>	<b>\$ 19,481</b>
 Cost of Long-Term Debt <sup>1</sup>	 <b>4.50%</b>		

Source: New Jersey Resources Corporation. Form 10-K for September 30, 2013.

Notes: 1- Cost of long-term debt only include debt with interest rates that are available/provided.

VEOLIA ENERGY KANSAS CITY, INC.  
CASE NO. HR-2014-0066

Northwest Natural Gas Company Stated Cost of Long-Term Debt  
for Fiscal Year Ended December 31, 2013

Long-term debt		Interest Rate	Amount Outstanding (In Thousands)	Interest Expense
<b>First Mortgage Bonds:</b>				
8.260%	Series B, Due 2014	8.260%	\$ 10,000	\$ 826
3.950%	Series B, Due 2014	3.950%	\$ 50,000	\$ 1,975
4.700%	Series B, Due 2015	4.700%	\$ 40,000	\$ 1,880
5.150%	Series B, Due 2016	5.150%	\$ 25,000	\$ 1,288
7.000%	Series B, Due 2017	7.000%	\$ 40,000	\$ 2,800
6.600%	Series B, Due 2018	6.600%	\$ 22,000	\$ 1,452
8.310%	Series A, Due 2019	8.310%	\$ 10,000	\$ 831
7.630%	Series B, Due 2019	7.630%	\$ 20,000	\$ 1,526
5.370%	Series B, Due 2020	5.370%	\$ 75,000	\$ 4,028
9.050%	Series A, Due 2021	9.050%	\$ 10,000	\$ 905
3.176%	Series B, Due 2021	3.176%	\$ 50,000	\$ 1,588
3.542%	Series B, Due 2023	3.542%	\$ 50,000	\$ 1,771
5.620%	Series B, Due 2023	5.620%	\$ 40,000	\$ 2,248
7.720%	Series B, Due 2025	7.720%	\$ 20,000	\$ 1,544
6.520%	Series B, Due 2025	6.520%	\$ 10,000	\$ 652
7.050%	Series B, Due 2026	7.050%	\$ 20,000	\$ 1,410
7.000%	Series B, Due 2027	7.000%	\$ 20,000	\$ 1,400
6.650%	Series B, Due 2027	6.650%	\$ 19,700	\$ 1,310
6.650%	Series B, Due 2028	6.650%	\$ 10,000	\$ 665
7.740%	Series B, Due 2030	7.740%	\$ 20,000	\$ 1,548
7.850%	Series B, Due 2030	7.850%	\$ 10,000	\$ 785
5.820%	Series B, Due 2032	5.820%	\$ 30,000	\$ 1,746
5.660%	Series B, Due 2033	5.660%	\$ 40,000	\$ 2,264
5.250%	Series B, Due 2035	5.250%	\$ 10,000	\$ 525
4.000%	Series due 2042	4.000%	\$ 50,000	\$ 2,000
<b>Subsidiary Senior Secured Debt:</b>				
	Gill Ranch debt due 2016	7.750%	\$ 20,000	\$ 1,550
	Gill Ranch debt due 2016	7.000%	\$ 20,000	\$ 1,400
	<b>Total Amount Outstanding</b>		<b>\$ 741,700</b>	<b>\$ 41,916</b>
<b>Cost of Long-Term Debt<sup>1</sup></b>		<b>5.65%</b>		

Source: Northwest Natural Gas Company Form 10-K for December 31, 2013.

Notes: 1- Cost of long-term debt only include debt with interest rates that are available/provided.

**Piedmont Natural Gas Company, Inc. Stated Cost of Long-Term Debt  
for Fiscal Year Ended October 31, 2013**

Long-Term Debt		Interest Rate	Amount Outstanding (In Thousands)	Interest Expense
Senior Notes				
2.920%	Due 2016	2.920%	\$ 40,000	\$ 1,168
8.510%	Due 2017	8.51%	\$ 35,000	\$ 2,979
4.240%	Due 2021	4.240%	\$ 160,000	\$ 6,784
3.470%	Due 2027	3.470%	\$ 100,000	\$ 3,470
3.570%	Due 2027	3.570%	\$ 200,000	\$ 7,140
4.650%	Due 2043	4.650%	\$ 300,000	\$ 13,950
Medium-Term Notes				\$ -
5.000%	Due 2013	5.00%	\$ 100,000	\$ 5,000
6.870%	Due 2023	6.87%	\$ 45,000	\$ 3,092
8.450%	Due 2024	8.45%	\$ 40,000	\$ 3,380
7.400%	Due 2025	7.40%	\$ 55,000	\$ 4,070
7.500%	Due 2026	7.50%	\$ 40,000	\$ 3,000
7.950%	Due 2029	7.95%	\$ 60,000	\$ 4,770
6.000%	Due 2033	6.00%	\$ 100,000	\$ 6,000
Less:				
Discount on issuance of notes			\$ (143)	
Total Amount Outstanding			<u>\$ 1,274,857</u>	<u>\$ 64,802</u>

Cost of Long-Term Debt<sup>1</sup> **5.08%**

Source: Piedmont Natural Gas Company, Inc. Form 10-K for October 31, 2013.

Notes: 1- Cost of long-term debt only include debt with interest rates that are available/provided.

VEOLIA ENERGY KANSAS CITY, INC.  
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**Southwest Gas Corp. Stated Cost of Long-Term Debt  
for Fiscal Year Ended December 31, 2013**

Long-Term Debt	Interest Rate	Amount Outstanding <i>(In Thousands)</i>	Interest Expense
Notes:			
4.450% Due 2020	4.450%	\$ 125,000	\$ 5,563
6.100% Due 2041	6.100%	\$ 125,000	\$ 7,625
3.875% Due 2022	3.875%	\$ 250,000	\$ 9,688
4.875% Due 2043	4.875%	\$ 250,000	\$ 12,188
8.000% Due 2026	8.000%	\$ 75,000	\$ 6,000
Medium-Term Notes:			
7.590% Due 2017	7.590%	\$ 25,000	\$ 1,898
7.780% Due 2022	7.780%	\$ 25,000	\$ 1,945
7.920% Due 2027	7.920%	\$ 25,000	\$ 1,980
6.760% Due 2027	6.760%	\$ 7,500	\$ 507
Fixed-rate bonds:			
5.250% Due 2038	5.250%	\$ 20,000	\$ 1,050
5.250% Due 2034	5.250%	\$ 65,000	\$ 3,413
5.000% Due 2033	5.000%	\$ 31,200	\$ 1,560
4.850% Due 2035	4.850%	\$ 100,000	\$ 4,850
4.750% Due 2036	4.750%	\$ 24,855	\$ 1,181
Less:			
Unamortized discount		<u>\$ (8,336)</u>	
Total Amount Outstanding		<u><u>\$ 1,140,219</u></u>	<u><u>\$ 59,445</u></u>
 Cost of Long-Term Debt <sup>1</sup>	 <b>5.21%</b>		

Source: Southwest Gas Corp 2013 Form-10K.

Notes: 1- Cost of long-term debt only include debt with interest rates that are available/provided.

VEOLIA ENERGY KANSAS CITY, INC.  
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**WGL Holdings, Inc. Stated Cost of Long-Term Debt  
for Fiscal Year Ended September 30, 2013**

Long-Term Debt	Interest Rate	Amount Outstanding (In Thousands)	Interest Expense
Unsecured Medium-Term Notes			
5.025% 4.88% to 5.17%, Due 2014	5.025%	\$ 67,000	\$ 3,367
4.830% Due 2015	4.830%	\$ 20,000	\$ 966
5.170% Due 2016	5.170%	\$ 25,000	\$ 1,293
7.460% Due 2019	7.460%	\$ 50,000	\$ 3,730
4.760% Due 2020	4.760%	\$ 50,000	\$ 2,380
6.650% Due 2023	6.650%	\$ 20,000	\$ 1,330
5.440% Due 2025	5.440%	\$ 40,500	\$ 2,203
6.610% 6.40% to 6.82%, Due 2027	6.610%	\$ 125,000	\$ 8,263
6.710% 6.57% to 6.85%, Due 2028	6.710%	\$ 52,000	\$ 3,489
7.500% Due 2030	7.500%	\$ 8,500	\$ 638
5.740% 5.70% to 5.78%, Due 2036	5.740%	\$ 50,000	\$ 2,870
5.210% Due 2040	5.21%	\$ 75,000	\$ 3,908
Less:			
Unamortized discount		\$ (30)	
Total Amount Outstanding		<u>\$ 582,970</u>	<u>\$ 37,120</u>
Cost of Long-Term Debt <sup>1</sup>	<b>6.37%</b>		

Source: WGL Holdings, Inc.'s 2013 Form 10-K.

Notes: 1- Cost of long-term debt only include debt with interest rates that are available/provided.

VEOLIA ENERGY KANSAS CITY, INC.  
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**Stated Cost of Long-Term Debt for the Natural Gas Proxy Group  
as of Most Recent Fiscal Year End**

<u>Company Name</u>	<u>Stated Cost of Long-Term Debt</u>
AGL Resources, Inc.	5.00%
Atmos Energy Corp.	5.88%
Laclede Group	4.43%
NJR Corporation	4.50%
Northwest Natural Gas	5.65%
Piedmont Natural Gas Company, Inc.	5.08%
Southwest Gas Corp	5.21%
WGL Holdings, Inc.	6.37%
<b>Average</b>	<b><u>5.27%</u></b>

Stated Cost of Long-Term Debt **5.27%**

**VEOLIA ENERGY KANSAS CITY, INC.  
CASE NO. HR-2014-0066**

**Dividends Per Share  
for the Eight Comparable Natural Gas Distribution Companies**

Company Name	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
AGL Resources, Inc.	1.08	1.08	1.11	1.15	1.30	1.48	1.64	1.68	1.72	1.76	2.26	1.38	1.88	<b>1.94</b>	<b>2.01</b>	<b>2.13</b>
Atmos Energy Corporation	1.16	1.18	1.20	1.22	1.24	1.26	1.28	1.30	1.32	1.34	1.36	1.38	1.40	<b>1.48</b>	<b>1.55</b>	<b>1.65</b>
Laclede Group Inc.	1.34	1.34	1.34	1.36	1.38	1.41	1.46	1.50	1.54	1.58	1.62	1.66	1.70	<b>1.76</b>	<b>1.83</b>	<b>1.91</b>
New Jersey Resources Corp.	0.78	0.80	0.83	0.87	0.91	0.96	1.01	1.11	1.24	1.36	1.44	1.54	1.62	<b>1.71</b>	<b>1.80</b>	<b>1.93</b>
Northwest Natural Gas Co.	1.25	1.26	1.27	1.30	1.32	1.39	1.44	1.52	1.60	1.68	1.75	1.79	1.83	<b>1.85</b>	<b>1.91</b>	<b>NA</b>
Piedmont Natural Gas Co.	0.76	0.79	0.82	0.85	0.91	0.95	0.99	1.03	1.07	1.11	1.15	1.19	1.23	<b>1.27</b>	<b>1.32</b>	<b>1.37</b>
Southwest Gas	0.82	0.82	0.82	0.82	0.82	1.03	0.86	0.90	0.95	1.00	1.06	1.18	1.32	<b>1.36</b>	<b>1.46</b>	<b>1.57</b>
WGL Holdings, Inc.	1.26	1.27	1.28	1.30	1.32	1.35	1.37	1.41	1.46	1.50	1.54	1.59	1.66	<b>1.75</b>	<b>1.83</b>	<b>1.97</b>

	<u>10-Year Historical</u>	<u>5-Year Historical</u>	<u>3-Year Projected</u>
AGL Resources, Inc.	5.38%	2.83%	4.25%
Atmos Energy Corporation	1.58%	1.52%	5.69%
Laclede Group Inc.	2.16%	2.65%	3.87%
New Jersey Resources Corp.	6.68%	8.35%	6.01%
Northwest Natural Gas Co.	3.58%	4.28%	NA
Piedmont Natural Gas Co.	4.16%	3.75%	3.53%
Southwest Gas	3.77%	5.03%	5.95%
WGL Holdings, Inc.	2.34%	3.06%	5.78%
<b>Average</b>	<b>3.71%</b>	<b>3.93%</b>	<b>5.01%</b>

Source: SNL Financial



**VEOLIA ENERGY KANSAS CITY, INC.**

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**Earnings Per Share  
for the Eight Comparable Natural Gas Distribution Companies**

Company Name	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
AGL Resources, Inc.	1.62	1.82	2.13	2.28	2.48	2.72	2.72	2.84	2.88	3.00	2.12	2.31	2.64	<b>3.18</b>	<b>3.08</b>	<b>3.10</b>
Atmos Energy Corporation	1.47	1.45	1.71	1.58	1.72	1.82	1.92	1.99	2.07	2.12	2.07	2.10	2.50	<b>2.76</b>	<b>2.93</b>	<b>3.19</b>
Laclede Group Inc.	1.61	1.18	1.82	1.82	1.90	2.30	2.12	2.63	2.89	2.43	2.86	2.79	2.02	<b>2.93</b>	<b>3.10</b>	<b>3.24</b>
New Jersey Resources Corp.	1.33	1.39	1.59	1.70	1.81	5.27	1.55	2.59	0.64	2.82	2.44	2.23	2.75	<b>3.43</b>	<b>3.03</b>	<b>2.98</b>
Northwest Natural Gas Co.	1.88	1.62	1.76	1.86	2.11	2.29	2.76	2.61	2.83	2.73	2.36	2.18	2.24	<b>2.31</b>	<b>2.40</b>	<b>2.50</b>
Piedmont Natural Gas Co.	1.01	0.94	1.11	1.27	1.32	1.28	1.40	1.49	1.67	1.96	1.57	1.66	1.78	<b>1.84</b>	<b>1.90</b>	<b>2.00</b>
Southwest Gas	1.15	1.32	1.13	1.60	1.14	2.05	1.95	1.39	1.94	2.27	2.43	2.86	3.11	<b>3.11</b>	<b>3.23</b>	<b>3.40</b>
WGL Holdings, Inc.	1.75	0.80	2.30	1.98	2.16	1.94	2.19	2.33	2.39	2.16	2.28	2.71	1.55	<b>2.29</b>	<b>2.40</b>	<b>2.66</b>

	<u>10-Year Historical</u>	<u>5-Year Historical</u>	<u>3-Year Projected</u>
AGL Resources, Inc.	2.41%	-3.11%	5.50%
Atmos Energy Corporation	3.72%	3.08%	8.47%
Laclede Group Inc.	5.22%	1.70%	17.02%
New Jersey Resources Corp.	5.58%	-4.64%	2.71%
Northwest Natural Gas Co.	2.57%	-2.41%	NA
Piedmont Natural Gas Co.	5.05%	3.74%	4.00%
Southwest Gas	8.84%	9.28%	3.02%
WGL Holdings, Inc.	<u>3.03%</u>	<u>0.25%</u>	<u>19.72%</u>
Average	4.55%	0.99%	8.64%

Source: SNL Financial

**VEOLIA ENERGY KANSAS CITY, INC.**

**CASE NO. HR-2014-0066**

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

Company Name	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
AGL Resources, Inc.	12.19	12.52	14.65	18.06	19.27	20.71	21.74	21.48	22.97	23.24	28.35	28.96	30.54	NA	NA	NA
Atmos Energy Corporation	14.31	13.75	16.66	18.05	19.90	20.16	22.01	22.60	23.52	24.16	24.98	26.14	28.47	<b>32.81</b>	<b>32.98</b>	NA
Laclede Group Inc.	15.26	15.10	15.67	16.96	17.31	18.85	19.79	22.12	23.32	24.02	25.56	26.69	32.00	<b>33.11</b>	<b>34.30</b>	<b>35.74</b>
New Jersey Resources Corp.	8.67	8.87	10.19	11.22	10.52	14.74	15.50	17.31	16.59	17.62	18.74	19.55	21.15	<b>24.34</b>	<b>24.60</b>	NA
Northwest Natural Gas Co.	18.56	18.85	19.52	20.64	21.28	21.97	22.52	23.71	24.88	25.99	26.62	27.11	27.77	<b>30.29</b>	<b>31.91</b>	<b>29.60</b>
Piedmont Natural Gas Co.	8.63	8.91	9.36	11.15	11.53	11.70	11.84	12.11	12.67	13.35	13.79	14.21	15.62	<b>17.04</b>	<b>18.63</b>	<b>18.94</b>
Southwest Gas	17.27	17.91	18.42	19.18	19.10	21.58	22.98	23.49	24.44	25.60	26.68	28.39	25.28	<b>32.25</b>	<b>34.03</b>	<b>35.86</b>
WGL Holdings, Inc.	16.24	15.78	16.83	17.54	18.36	18.86	19.89	20.99	21.89	22.63	23.41	24.60	30.51	<b>26.14</b>	<b>28.62</b>	NA

	<u>10-Year Historical</u>	<u>5-Year Historical</u>	<u>3-Year Projected</u>
AGL Resources, Inc.	8.36%	6.56%	NA
Atmos Energy Corporation	5.93%	4.21%	NA
Laclede Group Inc.	6.23%	6.76%	3.76%
New Jersey Resources Corp.	7.92%	4.57%	NA
Northwest Natural Gas Co.	3.65%	3.62%	2.15%
Piedmont Natural Gas Co.	4.95%	4.12%	6.64%
Southwest Gas	4.13%	3.38%	12.36%
WGL Holdings, Inc.	<u>4.86%</u>	<u>5.62%</u>	<u>NA</u>
Average	5.76%	4.85%	6.23%

Source: SNL Financial

**VEOLIA ENERGY KANSAS CITY, INC.**

**CASE NO. HR-2014-0066**

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

Company Name	(1)	(2)	(3)
	10-Year Historical Growth Rate (DPS, EPS and BVPS)	5-Year Historical Growth Rate (DPS, EPS and BVPS)	Projected 5-Year Consensus EPS Growth (Mean)
AGL Resources, Inc.	5.38%	2.10%	1.10%
Atmos Energy Corporation	3.74%	2.94%	6.90%
Laclede Group Inc.	4.54%	3.70%	4.80%
New Jersey Resources Corp.	6.73%	2.76%	3.50%
Northwest Natural Gas Co.	3.27%	1.83%	3.50%
Piedmont Natural Gas Co.	4.72%	3.87%	3.70%
Southwest Gas	5.58%	5.90%	2.60%
WGL Holdings, Inc.	3.41%	2.98%	5.00%
	<b><u>4.67%</u></b>	<b><u>3.26%</u></b>	<b><u>3.89%</u></b>

Sources: Columns 1 & 2 = Average of 10-Year and 5-Year Annual Compound Growth Rates from Schedule 9-4.

Column 3 = FactSet through SNL Financial.

VEOLIA ENERGY KANSAS CITY, INC.  
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**Long-Term Gas Proxy Group**  
**DPS, EPS, BVPS & GDP**  
**10-Year Compound Growth Rate Averages (1968-2013)**

<u>DPS</u>		<u>EPS</u>		<u>BVPS</u>		<u>Average</u>	<u>GDP</u>	
Years	10 yr compound growth rate avgs	Years	10 yr compound growth rate avgs	Years	10 yr compound growth rate avgs	DPS, EPS and BVPS	Years	10 yr compound growth rate avgs
1968-70 to 1978-80	3.82%	1968-70 to 1978-80	5.16%	1968-70 to 1978-80	4.59%	4.52%	1969 - 1979	9.96%
1969-71 to 1979-81	4.13%	1969-71 to 1979-81	5.07%	1969-71 to 1979-81	4.62%	4.61%	1970-1980	10.31%
1970-72 to 1980-82	4.69%	1970-72 to 1980-82	4.75%	1970-72 to 1980-82	4.51%	4.65%	1971-1981	10.32%
1971-73 to 1981-83	5.10%	1971-73 to 1981-83	4.10%	1971-73 to 1981-83	4.30%	4.50%	1972-1982	10.15%
1972-74 to 1982-84	5.50%	1972-74 to 1982-84	5.20%	1972-74 to 1982-84	4.11%	4.94%	1973-1983	9.98%
1973-75 to 1983-85	5.98%	1973-75 to 1983-85	5.87%	1973-75 to 1983-85	4.08%	5.31%	1974-1984	9.93%
1974-76 to 1984-86	6.51%	1974-76 to 1984-86	5.91%	1974-76 to 1984-86	4.11%	5.51%	1975-1985	9.76%
1975-77 to 1985-87	6.91%	1975-77 to 1985-87	5.28%	1975-77 to 1985-87	4.15%	5.44%	1976-1986	9.34%
1976-78 to 1986-88	6.99%	1976-78 to 1986-88	5.37%	1976-78 to 1986-88	4.24%	5.54%	1977-1987	8.82%
1977-79 to 1987-89	7.06%	1977-79 to 1987-89	5.07%	1977-79 to 1987-89	4.23%	5.45%	1978-1988	8.35%
1978-80 to 1988-90	6.79%	1978-80 to 1988-90	3.85%	1978-80 to 1988-90	4.16%	4.93%	1979-1989	7.96%
1979-81 to 1989-91	6.37%	1979-81 to 1989-91	2.39%	1979-81 to 1989-91	3.81%	4.19%	1980-1990	7.42%
1980-82 to 1990-92	5.72%	1980-82 to 1990-92	2.16%	1980-82 to 1990-92	3.66%	3.85%	1981-1991	7.10%
1981-83 to 1991-93	5.23%	1981-83 to 1991-93	2.86%	1981-83 to 1991-93	3.63%	3.91%	1982-1992	6.75%
1982-84 to 1992-94	5.04%	1982-84 to 1992-94	2.59%	1982-84 to 1992-94	3.98%	3.87%	1983-1993	6.52%
1983-85 to 1993-95	4.40%	1983-85 to 1993-95	2.36%	1983-85 to 1993-95	3.93%	3.56%	1984-1994	6.15%
1984-86 to 1994-96	3.75%	1984-86 to 1994-96	2.94%	1984-86 to 1994-96	3.91%	3.53%	1985-1995	5.92%
1985-87 to 1995-97	3.39%	1985-87 to 1995-97	3.94%	1985-87 to 1995-97	3.92%	3.75%	1986-1996	5.85%
1986-88 to 1996-98	3.02%	1986-88 to 1996-98	3.42%	1986-88 to 1996-98	3.61%	3.35%	1987-1997	5.78%
1987-89 to 1997-99	2.71%	1987-89 to 1997-99	2.29%	1987-89 to 1997-99	3.25%	2.75%	1988-1998	5.66%
1988-90 to 1998-00	2.44%	1988-90 to 1998-00	2.69%	1988-90 to 1998-00	3.16%	2.77%	1989-1999	5.57%
1989-91 to 1999-01	2.19%	1989-91 to 1999-01	4.07%	1989-91 to 1999-01	3.46%	3.24%	1990-2000	5.55%
1990-92 to 2000-02	2.07%	1990-92 to 2000-02	4.74%	1990-92 to 2000-02	3.67%	3.49%	1991-2001	5.49%
1991-93 to 2001-03	2.01%	1991-93 to 2001-03	4.89%	1991-93 to 2001-03	4.03%	3.64%	1992-2002	5.39%
1992-94 to 2002-04	2.05%	1992-94 to 2002-04	4.40%	1992-94 to 2002-04	4.48%	3.64%	1993-2003	5.31%
1993-95 to 2003-05	2.19%	1993-95 to 2003-05	5.00%	1993-95 to 2003-05	4.98%	4.06%	1994-2004	5.37%
1994-96 to 2004-06	2.42%	1994-96 to 2004-06	5.00%	1994-96 to 2004-06	5.41%	4.27%	1995-2005	5.45%
1995-97 to 2005-07	2.66%	1995-97 to 2005-07	4.84%	1995-97 to 2005-07	5.69%	4.40%	1996-2006	5.45%
1996-98 to 2006-08	2.91%	1996-98 to 2006-08	5.35%	1996-98 to 2006-08	5.98%	4.75%	1997-2007	5.26%
1997-99 to 2007-09	3.18%	1997-99 to 2007-09	6.29%	1997-99 to 2007-09	6.18%	5.22%	1998-2008	4.77%
1998-00 to 2008-10	3.47%	1998-00 to 2008-10	6.38%	1998-00 to 2008-10	6.23%	5.36%	1999-2009	4.26%
1999-01 to 2009-11	3.78%	1999-01 to 2009-11	6.28%	1999-01 to 2009-11	6.25%	5.43%	2000-2010	3.92%
2000-02 to 2010-12	4.02%	2000-02 to 2010-12	5.30%	2000-02 to 2010-12	6.29%	5.20%	2001-2011	3.89%
2001-03 to 2011-13	4.24%	2001-03 to 2011-13	4.59%	2001-03 to 2011-13	6.27%	5.03%	2002-2012	3.91%
<b>Average</b>	<b>4.20%</b>	<b>Average</b>	<b>4.42%</b>	<b>Average</b>	<b>4.50%</b>		<b>Average</b>	<b>6.81%</b>
<b>Average of 10-year Rolling Averages EPS, DPS and BVPS</b>			<b>4.37%</b>					

Source: Value Line Investment Survey for Years 1968-2012 and SNL Financial for Year 2013

VEOLIA ENERGY KANSAS CITY, INC.  
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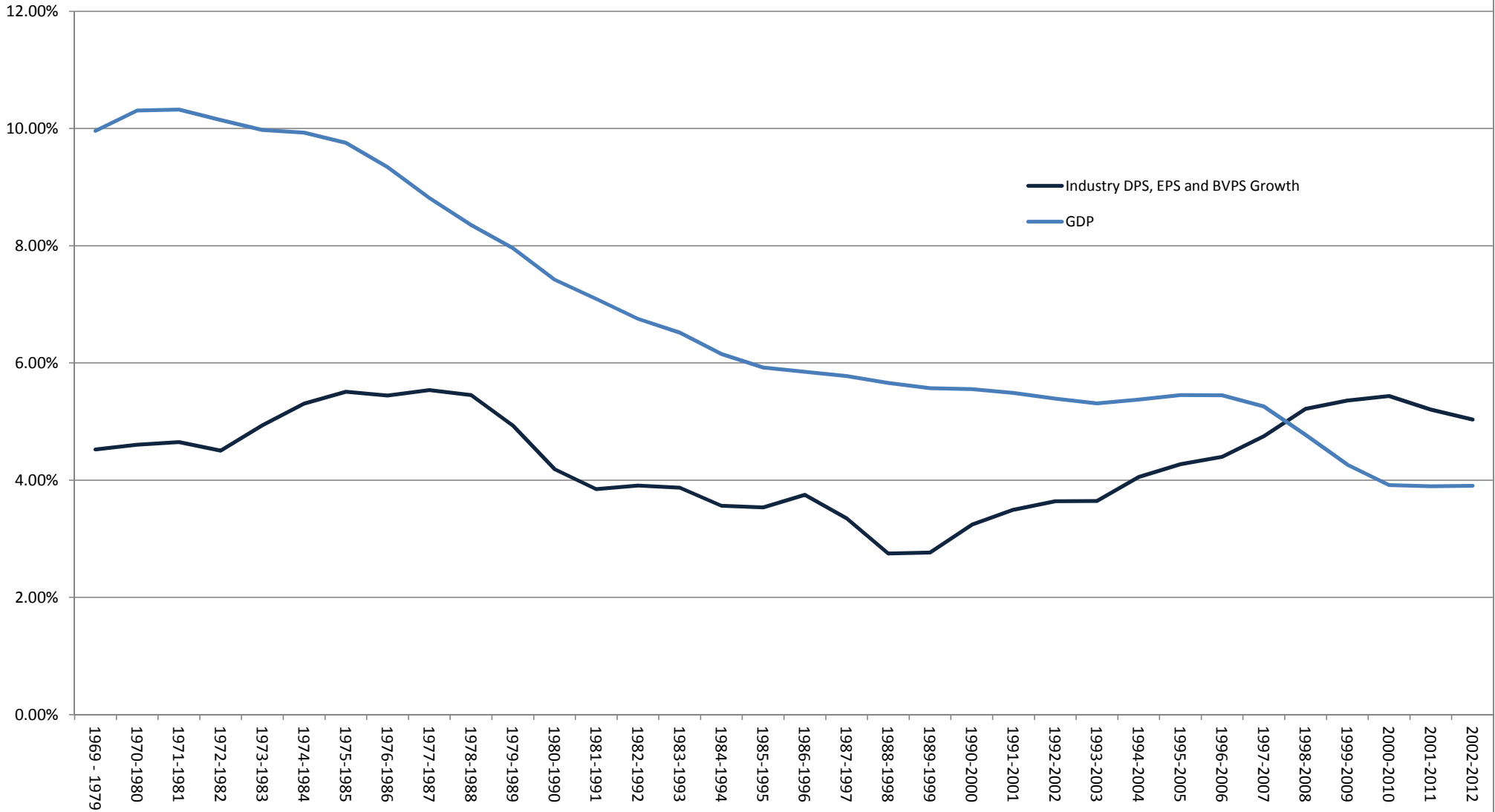
**Long-Term Gas Proxy Group Excluding Atmos  
DPS, EPS, BVPS & GDP  
10-Year Compound Growth Rate Averages (1968-2013)**

<u>DPS</u>	<u>EPS</u>	<u>BVPS</u>	<u>Average</u>	<u>GDP</u>				
10 yr compound	10 yr compound	10 yr compound	DPS, EPS and	10 yr compound				
growth rate avgs	growth rate avgs	growth rate avgs	BVPS	growth rate avgs				
Years	Years	Years	Years	Years				
1968-70 to 1978-80	3.82%	1968-70 to 1978-80	5.16%	1968-70 to 1978-80	4.59%	4.52%	1969 - 1979	9.96%
1969-71 to 1979-81	4.13%	1969-71 to 1979-81	5.07%	1969-71 to 1979-81	4.62%	4.61%	1970-1980	10.31%
1970-72 to 1980-82	4.69%	1970-72 to 1980-82	4.75%	1970-72 to 1980-82	4.51%	4.65%	1971-1981	10.32%
1971-73 to 1981-83	5.10%	1971-73 to 1981-83	4.10%	1971-73 to 1981-83	4.30%	4.50%	1972-1982	10.15%
1972-74 to 1982-84	5.50%	1972-74 to 1982-84	5.20%	1972-74 to 1982-84	4.11%	4.94%	1973-1983	9.98%
1973-75 to 1983-85	5.98%	1973-75 to 1983-85	5.87%	1973-75 to 1983-85	4.08%	5.31%	1974-1984	9.93%
1974-76 to 1984-86	6.51%	1974-76 to 1984-86	5.91%	1974-76 to 1984-86	4.11%	5.51%	1975-1985	9.76%
1975-77 to 1985-87	6.91%	1975-77 to 1985-87	5.28%	1975-77 to 1985-87	4.15%	5.44%	1976-1986	9.34%
1976-78 to 1986-88	6.99%	1976-78 to 1986-88	5.37%	1976-78 to 1986-88	4.24%	5.54%	1977-1987	8.82%
1977-79 to 1987-89	7.06%	1977-79 to 1987-89	5.07%	1977-79 to 1987-89	4.23%	5.45%	1978-1988	8.35%
1978-80 to 1988-90	6.79%	1978-80 to 1988-90	3.85%	1978-80 to 1988-90	4.16%	4.93%	1979-1989	7.96%
1979-81 to 1989-91	6.37%	1979-81 to 1989-91	2.39%	1979-81 to 1989-91	3.81%	4.19%	1980-1990	7.42%
1980-82 to 1990-92	5.72%	1980-82 to 1990-92	2.16%	1980-82 to 1990-92	3.66%	3.85%	1981-1991	7.10%
1981-83 to 1991-93	5.23%	1981-83 to 1991-93	2.86%	1981-83 to 1991-93	3.63%	3.91%	1982-1992	6.75%
1982-84 to 1992-94	5.04%	1982-84 to 1992-94	2.59%	1982-84 to 1992-94	3.98%	3.87%	1983-1993	6.52%
1983-85 to 1993-95	4.40%	1983-85 to 1993-95	2.36%	1983-85 to 1993-95	3.93%	3.56%	1984-1994	6.15%
1984-86 to 1994-96	3.75%	1984-86 to 1994-96	2.94%	1984-86 to 1994-96	3.91%	3.53%	1985-1995	5.92%
1985-87 to 1995-97	3.25%	1985-87 to 1995-97	3.93%	1985-87 to 1995-97	3.80%	3.66%	1986-1996	5.85%
1986-88 to 1996-98	2.85%	1986-88 to 1996-98	3.30%	1986-88 to 1996-98	3.49%	3.21%	1987-1997	5.78%
1987-89 to 1997-99	2.49%	1987-89 to 1997-99	2.34%	1987-89 to 1997-99	3.14%	2.65%	1988-1998	5.66%
1988-90 to 1998-00	2.19%	1988-90 to 1998-00	2.48%	1988-90 to 1998-00	3.09%	2.59%	1989-1999	5.57%
1989-91 to 1999-01	1.95%	1989-91 to 1999-01	4.34%	1989-91 to 1999-01	3.38%	3.22%	1990-2000	5.55%
1990-92 to 2000-02	1.83%	1990-92 to 2000-02	4.88%	1990-92 to 2000-02	3.59%	3.43%	1991-2001	5.49%
1991-93 to 2001-03	1.78%	1991-93 to 2001-03	4.93%	1991-93 to 2001-03	3.91%	3.54%	1992-2002	5.39%
1992-94 to 2002-04	1.86%	1992-94 to 2002-04	4.54%	1992-94 to 2002-04	4.35%	3.58%	1993-2003	5.31%
1993-95 to 2003-05	2.04%	1993-95 to 2003-05	5.14%	1993-95 to 2003-05	4.79%	3.99%	1994-2004	5.37%
1994-96 to 2004-06	2.33%	1994-96 to 2004-06	5.28%	1994-96 to 2004-06	5.24%	4.28%	1995-2005	5.45%
1995-97 to 2005-07	2.66%	1995-97 to 2005-07	5.06%	1995-97 to 2005-07	5.52%	4.41%	1996-2006	5.45%
1996-98 to 2006-08	2.99%	1996-98 to 2006-08	5.78%	1996-98 to 2006-08	5.89%	4.88%	1997-2007	5.26%
1997-99 to 2007-09	3.33%	1997-99 to 2007-09	6.62%	1997-99 to 2007-09	6.10%	5.35%	1998-2008	4.77%
1998-00 to 2008-10	3.70%	1998-00 to 2008-10	7.03%	1998-00 to 2008-10	6.16%	5.63%	1999-2009	4.26%
1999-01 to 2009-11	4.07%	1999-01 to 2009-11	6.21%	1999-01 to 2009-11	6.21%	5.50%	2000-2010	3.92%
2000-02 to 2010-12	4.36%	2000-02 to 2010-12	5.83%	2000-02 to 2010-12	6.27%	5.49%	2001-2011	3.89%
2001-03 to 2011-13	4.62%	2001-03 to 2011-13	4.67%	2001-03 to 2011-13	6.32%	5.20%	2002-2012	3.91%
<b>Average</b>	<b>4.18%</b>	<b>Average</b>	<b>4.51%</b>	<b>Average</b>	<b>4.45%</b>		<b>Average</b>	<b>6.81%</b>
<b>Average of 10-year Rolling Averages EPS, DPS and BVPS</b>			<b>4.38%</b>					

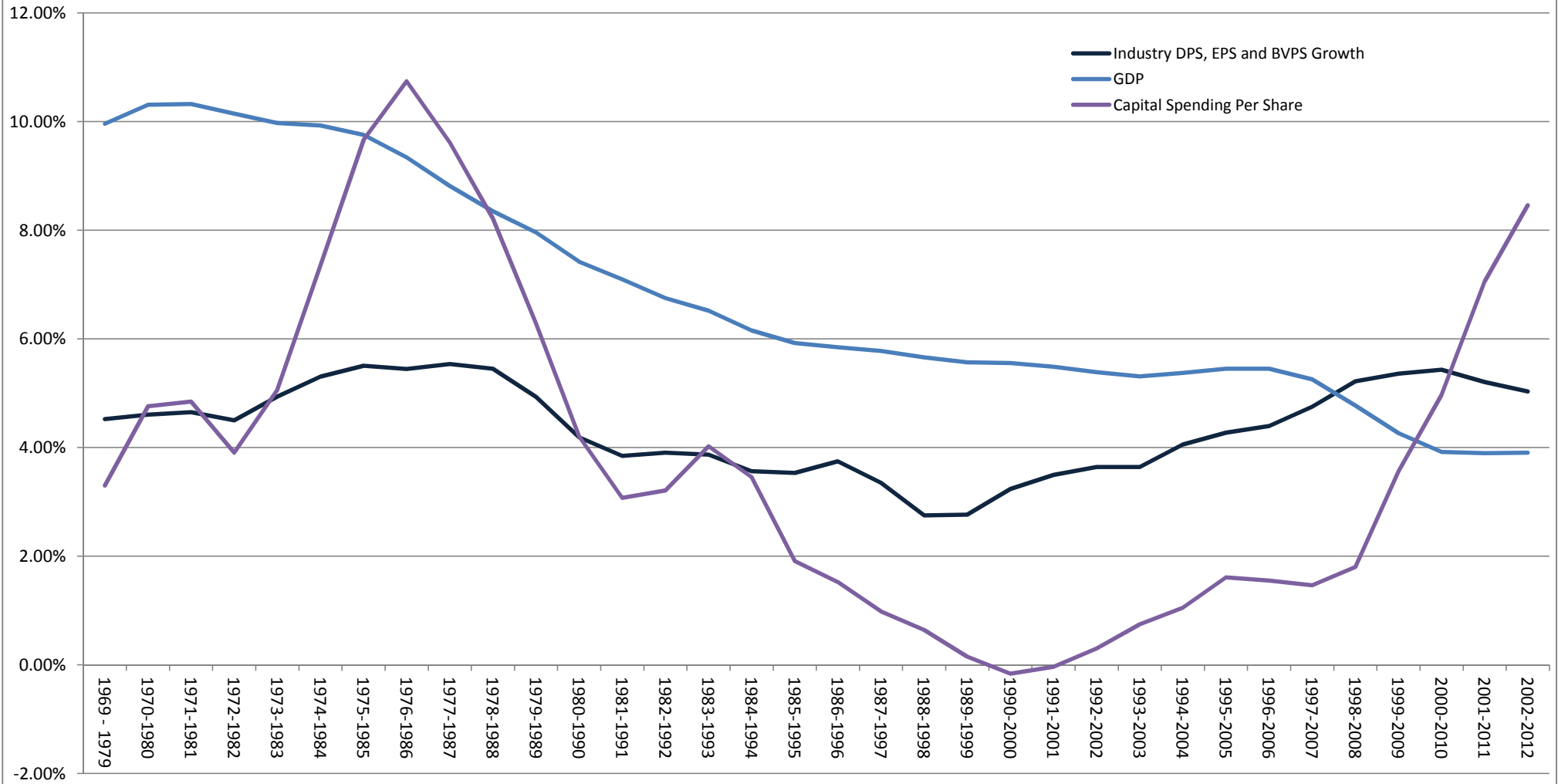
Source: Value Line Investment Survey for Years 1968-2012 and SNL Financial for Year 2013

VEOLIA ENERGY KANSAS CITY, INC.  
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Average DPS, EPS and BVPS Growth  
for Gas Industry  
Compared to GDP Growth



**Average DPS, EPS and BVPS Growth  
& Capital Spending Per Share for Gas Industry  
Compared to GDP Growth**



**VEOLIA ENERGY KANSAS CITY, INC.  
CASE NO. HR-2014-0066**

**Average High / Low Stock Price for January 2014 through March 2014  
for the Eight Comparable Natural Gas Distribution Companies**

Company Name	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	-- January 2014 --		-- February 2014 --		--March 2014--		Average
	High Stock Price	Low Stock Price	High Stock Price	Low Stock Price	High Stock Price	Low Stock Price	High/Low Stock Price (1/14 - 3/14)
AGL Resources, Inc.	48.20	45.17	47.95	45.30	49.84	46.65	47.19
Atmos Energy Corp.	48.38	44.16	48.06	44.26	47.21	44.84	46.15
Laclede Group Inc.	46.49	44.12	46.28	43.95	47.48	45.02	45.56
New Jersey Resources Corp.	46.89	44.51	45.82	43.75	50.47	44.17	45.94
Northwest Natural Gas Co.	42.95	40.83	43.04	40.05	44.09	41.58	42.09
Piedmont Natural Gas Co.	33.39	32.14	33.99	32.12	35.78	33.23	33.44
Southwest Gas Corp.	56.01	53.05	54.98	51.45	55.18	52.42	53.85
WGL Holdings, Inc.	40.07	37.51	40.50	35.35	40.72	38.36	38.75

Notes:

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



**Expected Annual Dividend for the Eight Comparable Natural Gas Distribution Companies**

Institution Name	FactSet Mean Dividend per Share Est		FactSet Mean Dividend per Share Estimate (Reported)	FactSet Number of Dividend per	
	2014Y	2015Y		2014Y	2015Y
AGL Resources Inc.	1.94	2.02		4	4
Atmos Energy Corporation	1.48	1.55		5	5
Laclede Group, Inc. (The)	1.76	1.83		5	5
New Jersey Resources Corporation	1.71	1.80		3	3
Northwest Natural Gas Company	1.85	1.91		2	2
Piedmont Natural Gas Company, Inc.	1.27	1.32		6	6
Southwest Gas Corporation	1.35	1.45		4	4
WGL Holdings, Inc.	1.74	1.82		4	4

Company Name	Expected Annual Dividend
AGL Resources, Inc.	\$1.96
Atmos Energy Corp.	\$1.51
Laclede Group Inc.	\$1.80
New Jersey Resources Corp.	\$1.75
Northwest Natural Gas Co.	\$1.86
Piedmont Natural Gas Co.	\$1.29
Southwest Gas Corp.	\$1.37
WGL Holdings, Inc.	\$1.78
<b>Average</b>	

Source: SNL Financial

**VEOLIA ENERGY KANSAS CITY, INC.**  
**CASE NO. HR-2014-0066**

**Discounted Cash Flow (DCF) Estimated Costs of Common Equity  
for the Eight Comparable Natural Gas Distribution Companies,**

	(1)	(2)	(3)
Company Name	Expected Annual Dividend	Average High/Low Stock Price	Projected Dividend Yield
AGL Resources, Inc.	\$1.96	\$47.19	4.15%
Atmos Energy Corp.	\$1.51	\$46.15	3.28%
Laclede Group Inc.	\$1.80	\$45.56	3.94%
New Jersey Resources Corp.	\$1.75	\$45.94	3.81%
Northwest Natural Gas Co.	\$1.86	\$42.09	4.43%
Piedmont Natural Gas Co.	\$1.29	\$33.44	3.86%
Southwest Gas Corp.	\$1.37	\$53.85	2.55%
WGL Holdings, Inc.	\$1.78	\$38.75	4.60%
<b>Average</b>			<b><u>3.83%</u></b>

<i><u>Note: Rounded to 10 basis points</u></i>	<b>Proposed Dividend Yield:</b>	<b>3.80%</b>
	<b>Proposed Range of Growth:</b>	<b>4.00% - 5.00%</b>
	<b>Estimated Proxy Cost of Common Equity:</b>	<b>7.80% - 8.80%</b>
	<b>Credit rating differential<sup>2</sup></b>	<b>0.70%</b>
	<b>Recommended Cost of Common Equity Midpoint</b>	<b>8.50% 9.50% 9.00%</b>

Notes:

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

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

Sources: Column 1 = Schedule 11.

Column 2 = Schedule 10.

**VEOLIA ENERGY KANSAS CITY, INC.**  
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**Capital Asset Pricing Model (CAPM) Costs of Common Equity Estimates  
for the Eight Comparable Natural Gas Distribution Companies  
Based on Historical Return Differences Between Common Stocks and Long-Term U.S. Treasuries**

	(1)	(2)	(3)	(4)	(5)	(6)
			Arithmetic Average Market Risk Premium (1926-2013)	Geometric Average Market Risk Premium (1926-2013)	Arithmetic CAPM Cost of Common Equity (1926-2013)	Geometric CAPM Cost of Common Equity (1926-2013)
Company Name	Risk Free Rate	Beta				
AGL Resources, Inc.	3.68%	0.83	6.20%	4.64%	8.84%	7.55%
Atmos Energy Corp.	3.68%	0.83	6.20%	4.64%	8.80%	7.51%
Laclede Group Inc.	3.68%	0.73	6.20%	4.64%	8.22%	7.08%
New Jersey Resources Corp.	3.68%	0.79	6.20%	4.64%	8.59%	7.36%
Northwest Natural Gas Co.	3.68%	0.75	6.20%	4.64%	8.35%	7.17%
Piedmont Natural Gas Co.	3.68%	0.80	6.20%	4.64%	8.64%	7.39%
Southwest Gas Corp.	3.68%	0.86	6.20%	4.64%	9.01%	7.67%
WGL Holdings, Inc.	3.68%	0.75	6.20%	4.64%	8.30%	7.14%
<b>Average</b>		<b>0.79</b>			<b>8.59%</b>	<b>7.36%</b>

Sources:

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

Column 2 = Beta is a measure of the movement and relative risk of an individual stock to the market as a whole. Staff calculated the unadjusted Beta for each company using an Excel spreadsheet designed specifically to be used with the SNL database market and financial information, then adjusted each Beta using the Blume adjustment formula as used by Value Line: Adjusted Beta = 0.35 + 0.67 \* Unadjusted Beta

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

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

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

$R_A$  = Arithmetic Return Average  
 $R_g$  = Geometric Return Average  
 $\sigma$  = standard deviation of equity returns

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

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

**VEOLIA ENERGY KANSAS CITY, INC.**  
**CASE NO. HR-2014-0066**

**Weighted Cost of Capital**  
**for Veolia Energy Kansas City, Inc.**

Capital Component	Percentage of Capital	Embedded Cost	Weighted Cost of Capital Using Common Equity Return of:		
			<b>8.50%</b>	<b>9.00%</b>	<b>9.50%</b>
Common Stock Equity	48.00%	-----	4.08%	4.32%	4.56%
Long-Term Debt	52.00%	5.27%	2.74%	2.74%	2.74%
	<b>100.00%</b>		<b>6.82%</b>	<b>7.06%</b>	<b>7.30%</b>

Notes: See Schedule 7 for the capital structure ratios