

**MISSOURI PUBLIC SERVICE COMMISSION**

**STAFF REPORT  
COST OF SERVICE  
APPENDICES**

**VEOLIA ENERY KANSAS CITY, INC**

**CASE NO. HR-2011-0241**

*Jefferson City, Missouri  
August 2011*

# **MISSOURI PUBLIC SERVICE COMMISSION**

## **STAFF REPORT COST OF SERVICE**

### **APPENDIX 1 Staff Credentials**

**VEOLIA ENERY KANSAS CITY, INC**

**CASE NO. HR-2011-0241**

# **APPENDIX 1**

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**Daniel I. Beck, P.E.**

Supervisor of the Engineering Analysis Section of the Energy Department  
Utility Operations Division

Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

I graduated with a Bachelor of Science Degree in Industrial Engineering from the University of Missouri at Columbia. Upon graduation, I was employed by the Navy Plant Representative Office in St. Louis, Missouri as an Industrial Engineer. I began my employment with the Missouri Public Service Commission (Commission) in November, 1987, in the Research and Planning Department of the Utility Division (later renamed the Economic Analysis Department of the Policy and Planning Division) where my duties consisted of weather normalization, load forecasting, integrated resource planning, cost-of-service and rate design. In December, 1997, I was transferred to the Tariffs/Rate Design Section of the Commission's Gas Department where my duties include weather normalization, annualization, tariff review, cost-of-service and rate design. Since June 2001, I have been in the Engineering Analysis Section of the Energy Department, which was created by combining the Gas and Electric Departments. I became the Supervisor of the Engineering Analysis Section, Energy Department, Utility Operations Division in November 2005.

I am a Registered Professional Engineer in the State of Missouri. My registration number is E-26953.

**List of Cases in which prepared testimony was presented by:  
DANIEL I. BECK**

<b><u>Company Name</u></b>	<b><u>Case No.</u></b>
Union Electric Company	EO-87-175
The Empire District Electric Company	EO-91-74
Missouri Public Service	ER-93-37
St. Joseph Power & Light Company	ER-93-41
The Empire District Electric Company	ER-94-174
Union Electric Company	EM-96-149
Laclede Gas Company	GR-96-193
Missouri Gas Energy	GR-96-285
Kansas City Power & Light Company	ET-97-113
Associated Natural Gas Company	GR-97-272
Union Electric Company	GR-97-393
Missouri Gas Energy	GR-98-140
Missouri Gas Energy	GT-98-237
Ozark Natural Gas Company, Inc.	GA-98-227
Laclede Gas Company	GR-98-374
St. Joseph Power & Light Company	GR-99-246
Laclede Gas Company	GR-99-315
Utilicorp United Inc. & St. Joseph Light & Power Co.	EM-2000-292
Union Electric Company d/b/a AmerenUE	GR-2000-512
Missouri Gas Energy	GR-2001-292
Laclede Gas Company	GR-2001-629
Union Electric Company d/b/a AmerenUE	GT-2002-70
Laclede Gas Company	GR-2001-629
Laclede Gas Company	GR-2002-356
Union Electric Company d/b/a AmerenUE	GR-2003-0517
Missouri Gas Energy	GR-2004-0209
Atmos Energy Corporation	GR-2006-0387
Missouri Gas Energy	GR-2006-0422
Union Electric Company d/b/a AmerenUE	GR-2007-0003
The Empire District Electric Company	EO-2007-0029/EE-2007-0030
Laclede Gas Company	GR-2007-0208
The Empire District Electric Company	EO-2008-0043
Missouri Gas Utility, Inc.	GR-2008-0060
The Empire District Electric Company	ER-2008-0093

<b><u>Company Name</u></b>	<b><u>Case No.</u></b>
Trigen Kansas City Energy Corporation	HR-2008-0300
Union Electric Company d/b/a AmerenUE	ER-2008-0318
Kansas City Power & Light Company	ER-2009-0089
KCP&L Greater Missouri Operations Company	ER-2009-0090
Missouri Gas Energy	GR-2009-0355
The Empire District Gas Company	GR-2009-0434
Union Electric Company d/b/a AmerenUE	ER-2010-0036
Laclede Gas Company	GR-2010-0171
Atmos Energy Corporation	GR-2010-0192
Kansas City Power & Light Company	ER-2010-0355
KCP&L Greater Missouri Operations Company	ER-2010-0356
Union Electric Company d/b/a Ameren Missouri	GR-2010-0363

## **Kim Cox**

### EDUCATION

Bachelor of Science

Central Missouri State University, Warrensburg, MO – May 1996

### PROFESSIONAL EXPERIENCE

I am currently employed as a Rate and Tariff Examiner III for the Missouri Public Service Commission (Commission). I began my employment with the Commission on July 13, 2009. Before coming to the Commission I was in the regulatory field for ten years where I held the position of a Quality Assurance Analyst.

Since starting with the Commission I have completed the Consumer Affairs Training held by NARUC and Economics of Efficiency and Demand Response. I have assisted with gathering data from the Local Distribution Companies for the Demand Side Management study performed by Kema.

I have provided a Staff Recommendation on the following:

- Missouri Gas Utility Certificate of Convenience and Necessity case GA-2010-0012;
- Missouri Gas Utility Certificate of Convenience and Necessity, case GA-2010-0189;
- Laclede Gas Company Winter Season PGA, case GR-2010-0138;
- Union Electric d/b/a Ameren UE Winter PGA, case GR-2009-0337;
- The Empire District Gas Company's Winter Season PGA, case GR-2011-0108.

I have provided written testimony on the following:

- Weather-Normalized Sales and Coincident-Peak-Day Demand for The Empire District Gas Company, Case No. GR-2009-0434;
- Weather-Normalized Sales, Coincident-Peak-Day Demand and Blocks for Laclede Gas, Case No. GR-2010-0171;
- Weather-Normalized Sales, Coincident-Peak-Day Demand and Blocks for AmerenUE, Case No. GR-2010-0363;
- Weather-Normalized Sales for Southern Missouri Natural Gas, Case No. GR-2010-0347;
- Weather-Normalized Sales and Coincident-Peak-Day Demand for Atmos, Case No. GR-2010-0192.

# CARY G. FEATHERSTONE

## SUMMARY OF RATE CASE INVOLVEMENT

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony/Issue</u>	<u>Case</u>
1980	ER-80-53	St. Joseph Light & Power Company (electric rate increase)	Direct	Stipulated
1980	OR-80-54	St. Joseph Light & Power Company (transit rate increase)	Direct	Stipulated
1980	HR-80-55	St. Joseph Light & Power Company (industrial steam rate increase)	Direct	Stipulated
1980	GR-80-173	The Gas Service Company (natural gas rate increase)	Direct	Stipulated
1980	GR-80-249  Coordinated	Rich Hill-Hume Gas Company (natural gas rate increase)	No Testimony filed- revenues & rate base	Stipulated
1980	TR-80-235	United Telephone Company of Missouri (telephone rate increase)	Direct- construction work in progress Rebuttal	Contested
1981	ER-81-42	Kansas City Power & Light Company (electric rate increase)	Direct-payroll & payroll related benefits; cash working capital Rebuttal	Contested
1981	TR-81-208	Southwestern Bell Telephone Company (telephone rate increase)	Direct-cash working capital; construction work in progress; income taxes-flow-through Rebuttal Surrebuttal	Contested
1981	TR-81-302	United Telephone Company of Missouri (telephone rate increase)	Direct- construction work in progress	Stipulated



<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
1981	TO-82-3	Investigation of Equal Life Group and Remaining Life Depreciation Rates (telephone-- depreciation case)	Direct- construction work in progress	Contested
1982	ER-82-66 and HR-82-67	Kansas City Power & Light Company (electric & district steam heating rate increase)	Direct- fuel & purchased power; fuel inventories Rebuttal Surrebuttal	Contested
1982	TR-82-199	Southwestern Bell Telephone Company (telephone rate increase)	Direct- revenues & directory advertising	Contested
1983	EO-83-9	Investigation and Audit of Forecasted Fuel Expense of Kansas City Power & Light Company (electric-- forecasted fuel true-up)	Direct	Contested
1983	ER-83-49	Kansas City Power & Light Company (electric rate increase)	Direct- fuel & fuel inventories Rebuttal Surrebuttal	Contested
1983	TR-83-253	Southwestern Bell Telephone Company (telephone rate increase - ATT Divestiture Case)	Direct- revenues & directory advertising	Contested
1984	EO-84-4	Investigation and Audit of Forecasted Fuel Expense of Kansas City Power & Light Company (electric-- forecasted fuel true-up)	Direct	Contested
1985	ER-85-128 and EO-85-185  Coordinated	Kansas City Power & Light Company (electric rate increase- Wolf Creek Nuclear Generating Unit Case)	Direct- fuel inventories; coordinated construction audit	Contested
1987	HO-86-139  Coordinated	Kansas City Power & Light Company (district steam heating-- discontinuance of public utility and rate increase)	Direct- policy testimony on abandonment of steam service Rebuttal Surrebuttal	Contested

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
1988	TC-89-14  Coordinated Directory	Southwestern Bell Telephone Company (telephone-- rate complaint case)	Direct- directory advertising Surrebuttal	Contested
1989	TR-89-182 and TC-90-75	GTE North, Incorporated (telephone rate increase)	Direct- directory advertising Rebuttal Surrebuttal	Contested Decided Feb 9, 1990
1990	GR-90-50  Coordinated	Kansas Power & Light - Gas Service Division (natural gas rate increase)	Direct- prudency review of natural gas explosions	Stipulated
1990	ER-90-101  Coordinated	UtiliCorp United Inc., Missouri Public Service Division (electric rate increase- Sibley Generating Station Life Extension Case)	Direct- Corporate Costs and Merger & Acquisition Costs Surrebuttal	Contested
1990	GR-90-198  Coordinated	UtiliCorp United, Inc., Missouri Public Service Division (natural gas rate increase)	Direct- Corporate Costs and Merger & Acquisition Costs	Stipulated
1990	GR-90-152	Associated Natural Gas Company (natural gas rate increase)	Rebuttal- acquisition adjustment; merger costs/savings	Stipulated
1991	EM-91-213	Kansas Power & Light - Gas Service Division (natural gas-- acquisition/merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Contested
1991	EO-91-358 and EO-91-360  Coordinated	UtiliCorp United Inc., Missouri Public Service Division (electric-- accounting authority orders)	Rebuttal- plant construction cost deferral recovery; purchased power cost recovery deferral	Contested

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
1991	GO-91-359  Coordinated	UtiliCorp United Inc., Missouri Public Service Division (natural gas-- accounting authority order)	Memorandum Recommendation- Service Line Replacement Program cost recovery deferral	Stipulated
1993	TC-93-224 and TO-93-192  Coordinated Directory	Southwestern Bell Telephone Company (telephone-- rate complaint case)	Direct- directory advertising Rebuttal Surrebuttal	Contested
1993	TR-93-181	United Telephone Company of Missouri (telephone rate increase)	Direct- directory advertising Surrebuttal	Contested
1993	GM-94-40	Western Resources, Inc. and Southern Union Company (natural gas-- sale of Missouri property)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Stipulated
1994	GM-94-252  Coordinated	UtiliCorp United Inc., acquisition of Missouri Gas Company and Missouri Pipeline Company (natural gas--acquisition case)	Rebuttal- acquisition of assets case	Contested
1994	GA-94-325  Coordinated	UtiliCorp United Inc., expansion of natural gas to City of Rolla, MO (natural gas-- certificate case)	Rebuttal- natural gas expansion	Contested
1995	GR-95-160  Coordinated	United Cities Gas Company (natural gas rate increase)	Direct- affiliated transactions; plant	Contested
1995	ER-95-279  Coordinated	Empire District Electric Company (electric rate increase)	Direct- fuel & purchased power; fuel inventories	Stipulated
1996	GA-96-130	UtiliCorp United, Inc./Missouri Pipeline Company (natural gas-- certificate case)	Rebuttal- natural gas expansion	Contested

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
1996	EM-96-149  Coordinated	Union Electric Company merger with CIPSCO Incorporated (electric and natural gas- acquisition/merger case)	Rebuttal- acquisition adjustment; merger costs/savings	Stipulated
1996	GR-96-285  Coordinated	Missouri Gas Energy Division of Southern Union Company (natural gas rate increase)	Direct- merger savings recovery; property taxes Rebuttal Surrebuttal	Contested
1996	ER-97-82	Empire District Electric Company (electric-- interim rate increase case)	Rebuttal- fuel & purchased power	Contested
1997	GA-97-132	UtiliCorp United Inc./Missouri Public Service Company (natural gas—certificate case)	Rebuttal- natural gas expansion	Contested
1997	GA-97-133	Missouri Gas Company (natural gas—certificate case)	Rebuttal- natural gas expansion	Contested
1997	EC-97-362 and EO-97-144	UtiliCorp United Inc./Missouri Public Service (electric rate complaint case)	Direct- - fuel & purchased power; fuel inventories Verified Statement	Contested Commission Denied Motion
1997	ER-97-394 and EC-98-126  Coordinated	UtiliCorp United Inc./Missouri Public Service (electric rate increase and rate complaint case)	Direct- fuel & purchased power; fuel inventories; re-organizational costs Rebuttal Surrebuttal	Contested
1997	EM-97-395	UtiliCorp United Inc./Missouri Public Service (electric-application to spin-off generating assets to EWG subsidiary)	Rebuttal- plant assets & purchased power agreements	Withdrawn

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
1998	GR-98-140  Coordinated	Missouri Gas Energy Division of Southern Union Company (natural gas rate increase)	Testimony in Support of Stipulation And Agreement	Contested
1999	EM-97-515  Coordinated	Kansas City Power & Light Company merger with Western Resources, Inc. (electric acquisition/ merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Stipulated (Merger eventually terminated)
2000	EM-2000-292  Coordinated	UtiliCorp United Inc. merger with St. Joseph Light & Power Company (electric, natural gas and industrial steam acquisition/ merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Contested (Merger closed)
2000	EM-2000-369  Coordinated	UtiliCorp United Inc. merger with Empire District Electric Company (electric acquisition/ merger case)	Rebuttal- acquisition adjustment; merger costs/savings tracking	Contested (Merger eventually terminated)
2001	ER-2001-299  Coordinated	Empire District Electric Company (electric rate increase)	Direct- income taxes; cost of removal; plant construction costs; fuel- interim energy charge Surrebuttal True-Up Direct	Contested
2001	ER-2001-672 and EC-2002-265  Coordinated	UtiliCorp United Inc./Missouri Public Service Company (electric rate increase)	Verified Statement Direct- capacity purchased power agreement; plant recovery Rebuttal Surrebuttal	Stipulated
2002	ER-2002-424  Coordinated	Empire District Electric Company (electric rate increase)	Direct- fuel-interim energy charge Surrebuttal	Stipulated

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
2003	ER-2004-0034 and HR-2004-0024 (Consolidated)  Coordinated	Aquila, Inc., (formerly UtiliCorp United Inc) d/b/a Aquila Networks-MPS and Aquila Networks-L&P (electric & industrial steam rate increases)	Direct- acquisition adjustment; merger savings tracking Rebuttal Surrebuttal	Stipulated
2004	GR-2004-0072  Coordinated	Aquila, Inc., d/b/a Aquila Networks-MPS and Aquila Networks-L&P (natural gas rate increase)	Direct- acquisition adjustment; merger savings tracking  Rebuttal	Stipulated
2005	HC-2005-0331  Coordinated	Trigen Kansas City Energy [Jackson County Complaint relocation of plant for Sprint Arena] (steam complaint case)	Cross examination- relocation of plant assets	Contested
2005	EO-2005-0156  Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS (electric- South Harper Generating Station asset valuation case)	Rebuttal- plant valuation Surrebuttal	Stipulated
2005	ER-2005-0436  Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS and Aquila Networks- L&P (electric rate increase)	Direct- interim energy charge; fuel; plant construction; capacity planning Rebuttal Surrebuttal	Stipulated
2005	HR-2005-0450  Coordinated	Aquila, Inc., d/b/a Aquila Networks- L&P (industrial steam rate increase)	Direct	Stipulated
2006	ER-2006-0314  Coordinated	Kansas City Power & Light Company (electric rate increase)	Direct-construction audits Rebuttal- allocations Surrebuttal- allocations	Contested

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
2006	WR-2006-0425  Coordinated	Algonquin Water Resources (water & sewer rate increases)	Rebuttal- unrecorded plant; contributions in aid of construction Surrebuttal unrecorded plant; contributions in aid of construction	Contested
2007	ER-2007-0004  Coordinated	Aquila, Inc., d/b/a Aquila Networks- MPS and Aquila Networks- L&P (electric rate increase)	Direct-fuel clause, fuel, capacity planning Rebuttal Surrebuttal	Contested
2007	HO-2007-0419  Coordinated	Trigen Kansas City Energy [sale of coal purchase contract] (steam)	Recommendation Memorandum	Stipulated
2007	HR-2007-0028, HR- 2007-0399 and HR- 2008-0340  HC-2010-0235	Aquila, Inc., d/b/a Aquila Networks- L&P [Industrial Steam Fuel Clause Review] (industrial steam fuel clause review)		Pending
2008	HR-2008-0300    Coordinated	Trigen Kansas City Energy (steam rate increase)	Direct - sponsor Utility Services portion of the Cost of Service Report, overview of rate case, plant review and plant additions, fuel and income taxes	Stipulated

<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
2009	ER-2009-089  Coordinated	Kansas City Power & Light Company (electric rate increase)	Direct- sponsor Utility Services Cost of Service Report, Additional Amortizations and Iatan 1 construction Rebuttal- allocations Surrebuttal- allocations	Stipulated
2009	ER-2009-090  Coordinated	KCPL Greater Missouri Operations Company (former Aquila, Inc. Missouri electric properties) (electric rate increase)	Direct- sponsor Utility Services Cost of Service Report Surrebuttal- capacity planning	Stipulated
2009	HR-2009-092  Coordinated	KCPL Greater Missouri Operations Company (former Aquila, Inc. Missouri electric properties) (industrial steam rate increase)	Direct- sponsor Utility Services Cost of Service Report	Stipulated
2010	SR-2010-0110 and WR-2010-0111  Coordinated	Lake Region Water and Sewer Company (water & sewer rate increase)	Direct- sponsor Utility Services Cost of Service Report Surrebuttal True-up Direct Reports to Commission	Contested



<b><u>Year</u></b>	<b><u>Case No.</u></b>	<b><u>Utility</u></b>	<b><u>Type of Testimony/Issue</u></b>	<b><u>Case</u></b>
2010	ER-2010-0355  Coordinated	Kansas City Power & Light Company  (electric rate increase)	Direct- sponsor Utility Services Cost of Service Report, Additional Amortizations Rebuttal- allocations Surrebuttal- allocations True-up Direct True-up Rebuttal	Contested
2010	ER-2010-0356  Coordinated	KCP&L Greater Missouri Operations Company (electric rate increase)  (electric rate increase)	Direct- sponsor Utility Services Cost of Service Report Rebuttal- capacity planning Surrebuttal- capacity planning and Hawthorn 5 costs True-up Direct True-up Rebuttal	Contested
2011	WO-2011-0328  Coordinated	Algonquin Water Resources of Missouri dba Liberty Water Company acquisition of Noel Water Company  (water sale case)	Recommendation Memorandum	Pending

## CASES SUPERVISED AND ASSISTED:

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony</u>	<u>Case Disposition</u>
1986	TR-86-14  Coordinated	ALLTEL Missouri, Inc. (telephone rate increase)		Stipulated
1986	TR-86-55  Coordinated	Continental Telephone Company of Missouri (telephone rate increase)		Stipulated
1986	TR-86-63  Coordinated	Webster County Telephone Company (telephone rate increase)		Stipulated
1986	GR-86-76  Coordinated	KPL-Gas Service Company (natural gas rate increase)		Withdrawn
1986	TR-86-117  Coordinated	United Telephone Company of Missouri (telephone rate increase)	Withdrawn prior to filing	Withdrawn
1988	GR-88-115  Coordinated	St. Joseph Light & Power Company (natural gas rate increase)	Deposition	Stipulated
1988	HR-88-116	St. Joseph Light & Power Company (industrial steam rate increase)	Deposition	Stipulated
1994	ER-94-194	Empire District Electric Company (electric rate increase)		
2003	QW-2003-016 QS-2003-015	Tandy County (water & sewer informal rate increase)	Recommendation Memorandum	Stipulated
2004	HM-2004-0618  Coordinated	Trigen- Kansas City Energy purchase by Thermal North America (steam - sale of assets)		Stipulated

<u>Year</u>	<u>Case No.</u>	<u>Utility</u>	<u>Type of Testimony</u>	<u>Case Disposition</u>
2005	GM-2005-0136  Coordinated	Partnership interest of DTE Enterprises, Inc. and DTE Ozark, Inc in Southern Gas Company purchase by Sendero SMGC LP (natural gas -- sale of assets)	Recommendation Memorandum	Stipulated
2005	WO-2005-0206  Coordinated	Silverleaf sale to Algonquin (water & sewer- sale of assets)		Stipulated
2006	WR-2006-0250	Hickory Hills (water & sewer- informal rate increase)	Recommendation Memorandum	Contested
2006	HA-2006-0294  Coordinated	Trigen Kansas City Energy (steam- expansion of service area)	Recommendation Memorandum & Testimony	Contested
2007	SR-2008-0080 QS-2007-0008	Timber Creek (sewer- informal rate increase)	Recommendation Memorandum	Stipulated
2008	QW-2008-0003	Spokane Highlands Water Company (water- informal rate increase)	Recommendation Memorandum	Stipulated
2009	WR-2010-0139 SR-2010-0140	Valley Woods Water Company	Recommendation Memorandum	Stipulated
2009	EO-2010-0060	KCPL Greater Missouri Operations Blue Springs service center sale	Recommendation Memorandum	Withdrawn
2010	EO-2010-0211	KCPL Greater Missouri Operations Liberty service center sale	Recommendation Memorandum	Stipulated
2010	WR-2010-0202	Stockton Water Company	Recommendation Memorandum	Stipulated
2010	SA-2010-0219	Canyon Treatment Company Certificate of Convenience and Necessity Case	Recommendation Memorandum	Pending
2010	SR-2010-0320	Timber Creek Sewer Company	Coordinated Case	Contested

**Educational and Employment Background and Credentials**  
**of**  
**Sean M. Furey**

I am currently employed as a Utility Regulatory Auditor I for the Missouri Public Service Commission (Commission). I was employed by the Commission in October 2010. I earned a Bachelor of Science degree in Business Administration in May 2010.

As a Utility Regulatory Auditor I, I perform rate audits and prepare miscellaneous filings as ordered by the Commission. In addition, I review all exhibits and testimony on assigned issues, develop accounting adjustments and issue positions which are supported by workpapers and written testimony. For cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Cases I have been assigned are shown in the following table:

<b>Case/Tracking Number</b>	<b>Company Name - Issue</b>
HR-2011-0241	Veolia Energy Kansas City
GO-2011-0269	Missouri Gas Energy - Infrastructure Service Replacement Surcharge (ISRS).

**Educational and Employment Background and Credentials**  
**of**  
**Patricia A. Gaskins**

I am currently employed as a Utility Regulatory Auditor I for the Missouri Public Service Commission (Commission). I was employed by the Commission in October 2010. Previously, I was employed by the Missouri Department of Social Services as an auditor. In that capacity I was responsible for auditing the cost reports of Missouri Hospitals for an accurate dispersment of State and Federal Medicaid dollars, preparing monthly reports detailing the issuance of those dollars, and reconciling the Medicaid fund after each month's dispersment. I earned a Bachelor of Science degree in Business Administration with majors in Accounting, Finance, and Management from Columbia College.

As a Utility Regulatory Auditor I, I perform rate audits and prepare miscellaneous filings as ordered by the Commission. In addition, I review all exhibits and testimony on assigned issues, develop accounting adjustments and issue positions which are supported by workpapers and written testimony. For cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Cases I have been assigned are shown in the following table:

<b>Case/Tracking Number</b>	<b>Company Name - Issue</b>
GO-2011-0269	Missouri Gas Energy
HR-2011-0241	Veolia Energy Kansas City

**Educational and Employment Background and Credentials**  
**of**  
**Karen K. Lyons**

I am currently employed as a Utility Regulatory Auditor IV for the Missouri Public Service Commission (Commission). I was employed by the Commission in April 2007. Previously, I was employed by AT&T as a Regulatory Complaint Manager from December 1999 to February 2007. In that capacity I was responsible for addressing consumer and business complaints filed with various state and federal regulatory agencies. I earned a Bachelor of Science degree in Management Accounting and a Masters in Business Administration from Park University.

As a Utility Regulatory Auditor IV I perform rate audits and prepare miscellaneous filings as ordered by the Commission. In addition, I review all exhibits and testimony on assigned issues, develop accounting adjustments and issue positions which are supported by workpapers and written testimony. For cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Cases I have been assigned are shown in the following table:

<b>Case/Tracking Number</b>	<b>Company Name - Issue</b>
QW-2008-0003	Spokane Highlands Water Company
GO-2008-0113	Missouri Gas Energy - Infrastructure Service Replacement Surcharge (ISRS).
ER-2008-0089	Kansas City Power & Light
ER-2008-0090 and HR-2008-0092	KCP&L Greater Missouri Operations
GR-2009-0355	Missouri Gas Energy
SR-2010-0110 and WR-2010-0111	Lake Region Water and Sewer
WR-2010-0139 and SR-2010-0140	Valley Woods Water Company
WR-2010-0202	Stockton Water Company
SA-2010-0219	Canyon Treatment Facility
ER-2010-0355	Kansas City Power & Light
ER-2010-0356	KCP&L Greater Missouri Operations
HR-2011-0241	Veolia Energy Kansas City, Inc.

## **ZEPHANIA MAREVANGEPO**

### **Educational and Employment Background and Credentials**

I am currently employed as a Utility Regulatory Auditor II for the Missouri Public Service Commission (Commission). I accepted the position of Utility Regulatory Auditor I in December 2008.

I earned a Bachelor of Science degree in Business Administration with an emphasis in Accounting and Financial Services from Columbia College in July 2007. I earned a Masters in Business Administration with an emphasis in Accounting from Lincoln University in May 2009. My accounting and financial services degrees required an understanding of financial concepts, including the cost of capital.

On June 21, 2010, I was awarded the Certified Rate of Return Analyst (CRRA) professional designation by the Society of Utility and Regulatory Financial Analysts (SURFA). This designation is awarded based upon experience and successful completion of a written examination, which I completed during my attendance at a SURFA conference in April 2008.

I have developed rate of return recommendations for numerous small water and sewer rate cases and have assisted as needed in small water and sewer certificate cases.

### **SUMMARY OF CASE PARTICIPATION**

<b>Date Filed</b>	<b>Issue</b>	<b>Case Number</b>	<b>Exhibit</b>	<b>Case Name</b>
11/08/2010	Rate of Return	GR-2010-0363	Cost of Service Report	Union Electric Company d/b/a AmerenUE
07/20/2010	Rate of Return	GR-2010-0171	Surrebuttal	Laclede Gas Company

<b>Date Filed</b>	<b>Issue</b>	<b>Case Number</b>	<b>Exhibit</b>	<b>Case Name</b>
06/24/2010	Rate of Return	GR-2010-0171	Rebuttal	Laclede Gas Company
06/04/2010	Rate of Return/ Cost of Capital	GR-2010-0192	Cost of Service Report	Atmos Energy Corporation
05/24/2010	Rate of Return/ Cost of Capital	GR-2010-0171	Cost of Service Report	Laclede Gas Company
03/16/2010	Finance Case	GR-2009-0450	Rebuttal	Laclede Gas Company
02/23/2010	Finance Case	GR-2009-0450	Direct	Laclede Gas Company



## **Bret G. Prenger**

### **Education and Employment Background and Credentials**

I am currently employed as a Utility Regulatory Auditor III for the Missouri Public Service Commission (Commission). I began my employment with the Commission on June 2, 2008. I earned a Bachelor of Science in Accounting from Missouri State University, in Springfield, MO in May 2008. In earning this degree I completed numerous core Accounting and business classes. I look forward to earning my Masters in Business Administration in the near future.

As a Utility Regulatory Auditor, I perform rate audits and prepare miscellaneous filings as ordered by the Commission. In addition, I review all exhibits and testimony on my assigned issues, develop adjustments and issue positions which I then support by work papers and written testimony. For those cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Other cases I have been assigned to or participated are:

<b>Case Number</b>	<b>Company Name - Issue</b>
HR-201-0241	Veolia Energy Corporation (Veolia)
ER-2010-0356	KCP&L-Greater Missouri Operations Company- (GMO)
ER-2010-0355	Kansas City Power and Light Company-Electric
SR-2010-0320	Timber Creek Sewer Company
WR-2010-0202	Stockton Hills Water Company
WR-2010-0111	Lake Region Water and Sewer Company (LRWS)
SR-2010-0110	Lake Region Water and Sewer Company (LRWS)
GR-2009-0355	Missouri Gas Energy (MGE), a Division of Southern Union (Electric)
HR-2009-0092	KCP&L Greater Missouri Operations Company (GMO) - L&P (Steam)

<b>Case Number</b>	<b>Company Name - Issue</b>
ER-2009-0090	KCP&L Greater Missouri Operations Company (GMO) - MPS and L&P (Electric)
ER-2009-0089	Kansas City Power & Light Company – Direct Report-Material and Supplies, Prepayments, Advertising and Rate Case Expenses
GO-2009-0009	Missouri Gas Energy (MGE) – Infrastructure Service Replacement Surcharge (ISRS)
SR-2008-0389	West 16 <sup>th</sup> Sewer Company
SR-2008-0388	WPC Sewer Company

## **David Williams**

### **Education and Employment Background and Credentials**

Since July of 2008 I have been employed as a Utility Engineering Specialist for the Missouri Public Service Commission (Commission). From 2000 through 2008 I was employed by the Missouri Department of Economic Development Information Technology section, developing software and database applications. From 1967 until 2000 I was employed by the University of Missouri in engineering, research and information technology capacities.

I received a Master of Science degree in Industrial Engineering from the University of Missouri - Columbia in 1967, and undergraduate degrees in engineering and business management in 1965.

My current duties for the Commission include valuation analysis of utility assets, including depreciation studies.

I have worked on the cases indicated below.

<b>Company</b>	<b>Case Number</b>
Ameren Missouri	GR-2010-0363
AmerenUE Decommissioning	EO-2006-0098
Aqua Missouri (Development)	SC-2010-0150
Aqua Missouri (Development)	SR-2010-0023
Aqua Missouri, Inc.	SC-2010-0152
Aqua Missouri, Inc.	WC-2010-0151
Aqua Missouri, Inc. (CU)	SR-2010-0026
Aqua Missouri, Inc. (CU)	WR-2010-0027
Aqua Missouri, Inc. (RU)	WC-2010-0153
Aqua Missouri, Inc. (RU)	WR-2010-0025
AquaSource Development	SO-2011-0169

<b>Company</b>	<b>Case Number</b>
Braden Park Village	WA-2011-0260
Citizens Telephone Company	IO-2009-0032
Empire District Electric	ER-2010-0130
Empire District Gas	GR-2009-0434
Hickory Hills Water & Sewer	SR-2009-0154
Hickory Hills Water & Sewer	WR-2009-0151
House Springs Sewer	SR-2011-0274
KCP&L Greater Missouri Op.	HR-2009-0092
Laclede Gas	GR-2010-0171
Lake Region Water & Sewer	SR-2010-0110
Lake Region Water & Sewer	WR-2010-0111
Mid-Missouri Telephone	IU-2010-0164
Missouri Gas Energy	GE-2010-0030
Missouri Gas Utility	GM-2011-0354
Missouri Utilities	SR-2009-0153
Missouri Utilities	WR-2009-0150
Missouri-American	SO-2011-0214
Missouri-American	WO-2011-0168
Missouri-American	WO-2011-0213
Missouri-American	WR-2011-0337
Missouri-American	SR-2011-0338

<b>Company</b>	<b>Case Number</b>
Osage Water	SR-2009-0152
Osage Water	WR-2009-0149
Seges Partners Mobile Home Park	SR-2011-0133
Southern Missouri Natural Gas	GM-2011-0354
Suburban Water and Sewer	WR-2009-0197
Swiss Villa Utilities	WO-2007-0410
TBJ Sewer Systems	SR-2011-0182
US Water Lexington	WM-2011-0030
Veolia Energy Kansas City	HR-2011-0241
Whiteside Hidden Acres	SA-2009-0262
Whiteside Hidden Acres	WA-2009-0261
Whiteside Hidden Acres	WR-2011-0024
Woodland Acres	WA-2009-0031
Working Group	SW-2011-0103

## **SEOUNG JOUN WON**

### **Education and Employment Background and Credentials**

I am currently employed as a Regulatory Economist III in the Economic Analysis Section, Energy Department, Utility Operation Division of the Missouri Public Service Commission (Commission). I have been employed at the Missouri Public Service Commission since May 2010.

I received my Bachelor of Arts, Master of Arts, and Doctor of Philosophy in Mathematics from Yonsei University in Seoul, South Korea, and earned my Doctor of Philosophy in Economics from the University of Missouri - Columbia. In addition, I passed several certificate examinations for Finance Specialist in South Korea such as Enterprise Resource Planning Consultant, Financial Risk Management, Derivatives Consultant, and Financial Planner.

Prior to joining the Commission, I taught both undergraduate and graduate level mathematics in the Korean Air Force Academy and Yonsei University for 13 years. I served as the director of the Education and Technology Research Center in NeoEdu for 5 years.

My duties in the Commission include managing weather data, calculating normal weather, and analyzing revenues and rate designs.

#### **List of Previous Testimony Filed**

<b>CASE NO.</b>	<b>COMPANY ISSUE</b>
ER-2010-0355	Kansas City Power & Light Company
ER-2010-0356	KCP&L Greater Missouri Operations Company
GR-2010-0363	Ameren Missouri Gas
ER-2011-0004	Empire District Electric Company
ER-2011-0028	Union Electric Company d/b/a Ameren Missouri

# **MISSOURI PUBLIC SERVICE COMMISSION**

## **STAFF REPORT COST OF SERVICE**

### **APPENDIX 2**

#### **Support for Staff Cost of Capital Recommendations**

**VEOLIA ENERY KANSAS CITY, INC**

**CASE NO. HR-2011-0241**

**AN ANALYSIS OF THE COST OF CAPITAL**

**FOR**

**VEOLIA ENERGY KANSAS CITY, INC.**

**CASE NO. HR-2011-0241**

**SCHEDULES**

**BY**

**ZEPHANIA MAREVANGEPO**

**UTILITY SERVICES DIVISION**

**MISSOURI PUBLIC SERVICE COMMISSION**

**AUGUST 2011**



## List of Schedules

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2-2	Graph of Federal Reserve Discount Rates and Federal Funds Rates
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11-1	Average High / Low Stock Price for April through June 2011 for the Seven Comparable Natural Gas Distribution Companies
11-2	Discounted Cash Flow (DCF) Estimated Costs of Common Equity for the Seven Comparable Natural Gas Distribution Companies
12	Capital Asset Pricing Model (CAPM) Costs of Common Equity Estimates Based on Historical Return Differences Between Common Stocks and Long-Term U.S. Treasuries for the Seven Comparable Natural Gas Distribution Companies
13	Weighted Cost of Capital for Veolia Energy Kansas City, Inc.

**Federal Reserve Discount Rate Changes and Federal Reserve Funds Rate Changes**

Date	Federal Reserve Discount Rate	Federal Reserve Funds Rate	Date	Federal Reserve Discount Rate	Federal Reserve Funds Rate
01/01/83	8.50%		06/30/99	4.50%	5.00%
12/31/83	8.50%		08/24/99	4.75%	5.25%
04/09/84	9.00%		11/16/99	5.00%	5.50%
11/21/84	8.50%		02/02/00	5.25%	5.75%
12/24/84	8.00%		03/21/00	5.50%	6.00%
05/20/85	7.50%		05/19/00	6.00%	6.50%
03/07/86	7.00%		01/03/01	5.75%	6.00%
04/21/86	6.50%		01/04/01	5.50%	6.00%
07/11/86	6.00%		01/31/01	5.00%	5.50%
08/21/86	5.50%		03/20/01	4.50%	5.00%
09/04/87	6.00%		04/18/01	4.00%	4.50%
08/09/88	6.50%		05/15/01	3.50%	4.00%
02/24/89	7.00%		06/27/01	3.25%	3.75%
07/13/90		8.00% *	08/21/01	3.00%	3.50%
10/29/90		7.75%	09/17/01	2.50%	3.00%
11/13/90		7.50%	10/02/01	2.00%	2.50%
12/07/90		7.25%	11/06/01	1.50%	2.00%
12/18/90		7.00%	12/11/01	1.25%	1.75%
12/19/90	6.50%		11/06/02	0.75%	1.25%
01/09/91		6.75%	01/09/03	2.25%	1.25% **
02/01/91	6.00%	6.25%	06/25/03	2.00%	1.00%
03/08/91		6.00%	06/30/04	2.25%	1.25%
04/30/91	5.50%	5.75%	08/10/04	2.50%	1.50%
08/06/91		5.50%	09/21/04	2.75%	1.75%
09/13/91	5.00%	5.25%	11/10/04	3.00%	2.00%
10/31/91		5.00%	12/14/04	3.25%	2.25%
11/06/91	4.50%	4.75%	02/02/05	3.50%	2.50%
12/06/91		4.50%	03/22/05	3.75%	2.75%
12/20/91	3.50%	4.00%	05/03/05	4.00%	3.00%
04/09/92		3.75%	06/30/05	4.25%	3.25%
07/02/92	3.00%	3.25%	08/09/05	4.50%	3.50%
09/04/92		3.00%	09/20/05	4.75%	3.75%
01/01/93			11/01/05	5.00%	4.00%
12/31/93	No Changes	No Changes	12/13/05	5.25%	4.25%
02/04/94		3.25%	01/31/06	5.50%	4.50%
03/22/94		3.50%	03/28/06	5.75%	4.75%
04/18/94		3.75%	05/10/06	6.00%	5.00%
05/17/94	3.50%	4.25%	06/29/06	6.25%	5.25%
08/16/94	4.00%	4.75%	08/17/07	5.75%	5.25%
11/15/94	4.75%	5.50%	09/18/07	5.25%	4.75%
02/01/95	5.25%	6.00%	10/31/07	5.00%	4.50%
07/06/95		5.75%	12/11/07	4.75%	4.25%
12/19/95		5.50%	01/22/08	4.00%	3.50%
01/31/96	5.00%	5.25%	01/30/08	3.50%	3.00%
03/25/97		5.50%	03/16/08	3.25%	
12/12/97	5.00%		03/18/08	2.50%	2.25%
01/09/98	5.00%		04/30/08	2.25%	2.00%
03/06/98	5.00%		10/08/08	1.75%	1.50%
09/29/98		5.25%	10/28/08	1.25%	1.00%
10/15/98	4.75%	5.00%	12/30/08	0.50%	0% - .25%
11/17/98	4.50%	4.75%	02/19/10	0.75%	

\* Staff began tracking the Federal Funds Rate.

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

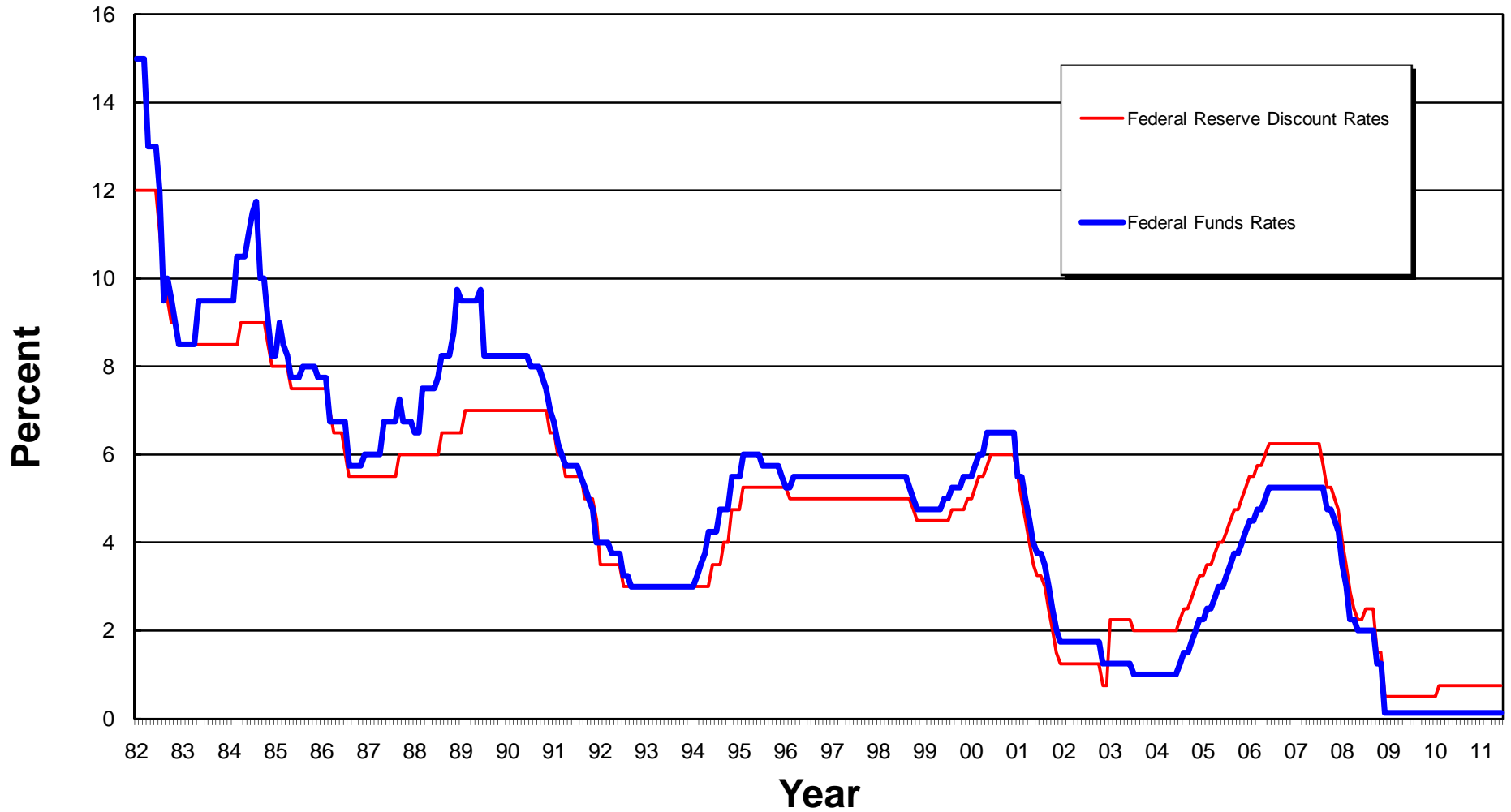
Source:

Federal Reserve Discount rate <http://www.newyorkfed.org/markets/statistics/dlyrates/fedrate.htm>

Federal Reserve Funds rate <http://www.newyorkfed.org/markets/statistics/dlyrates/fedrate.html>

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

## Federal Reserve Discount Rates and Federal Funds Rates 1982 - 2011

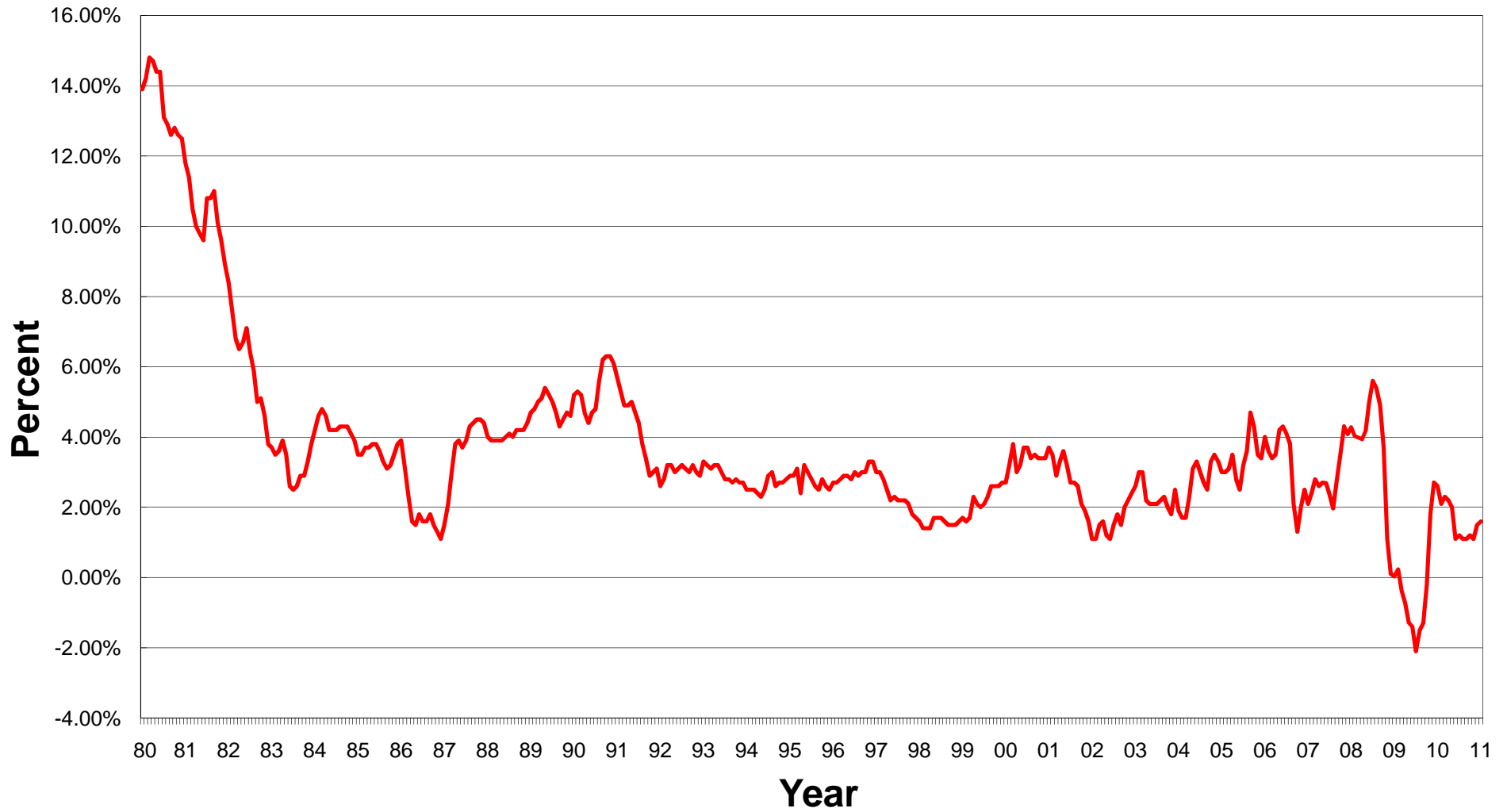


**Rate of Inflation**

Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
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
Feb	14.20	Feb	4.60	Feb	3.90	Feb	2.80	Feb	2.70	Feb	3.20	Feb	1.70	Feb	4.00
Mar	14.80	Mar	4.80	Mar	3.90	Mar	3.20	Mar	2.80	Mar	3.70	Mar	1.70	Mar	4.00
Apr	14.70	Apr	4.60	Apr	3.90	Apr	3.20	Apr	2.90	Apr	3.00	Apr	2.30	Apr	3.90
May	14.40	May	4.20	May	3.90	May	3.00	May	2.90	May	3.20	May	3.10	May	4.20
Jun	14.40	Jun	4.20	Jun	4.00	Jun	3.10	Jun	2.80	Jun	3.70	Jun	3.30	Jun	5.00
Jul	13.10	Jul	4.20	Jul	4.10	Jul	3.20	Jul	3.00	Jul	3.70	Jul	3.00	Jul	5.60
Aug	12.90	Aug	4.30	Aug	4.00	Aug	3.10	Aug	2.90	Aug	3.40	Aug	2.70	Aug	5.40
Sep	12.60	Sep	4.30	Sep	4.20	Sep	3.00	Sep	3.00	Sep	3.50	Sep	2.50	Sep	4.90
Oct	12.80	Oct	4.30	Oct	4.20	Oct	3.20	Oct	3.00	Oct	3.40	Oct	3.30	Oct	3.70
Nov	12.60	Nov	4.10	Nov	4.20	Nov	3.00	Nov	3.30	Nov	3.40	Nov	3.50	Nov	1.10
Dec	12.50	Dec	3.90	Dec	4.40	Dec	2.90	Dec	3.30	Dec	3.40	Dec	3.30	Dec	0.10
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
Feb	11.40	Feb	3.50	Feb	4.80	Feb	3.20	Feb	3.00	Feb	3.50	Feb	3.00	Feb	0.20
Mar	10.50	Mar	3.70	Mar	5.00	Mar	3.10	Mar	2.80	Mar	2.90	Mar	3.10	Mar	-0.40
Apr	10.00	Apr	3.70	Apr	5.10	Apr	3.20	Apr	2.50	Apr	3.30	Apr	3.50	Apr	-0.70
May	9.80	May	3.80	May	5.40	May	3.20	May	2.20	May	3.60	May	2.80	May	-1.28
Jun	9.60	Jun	3.80	Jun	5.20	Jun	3.00	Jun	2.30	Jun	3.20	Jun	2.50	Jun	-1.40
Jul	10.80	Jul	3.60	Jul	5.00	Jul	2.80	Jul	2.20	Jul	2.70	Jul	3.20	Jul	-2.10
Aug	10.80	Aug	3.30	Aug	4.70	Aug	2.80	Aug	2.20	Aug	2.70	Aug	3.60	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
Oct	10.10	Oct	3.20	Oct	4.50	Oct	2.80	Oct	2.10	Oct	2.10	Oct	4.30	Oct	-0.20
Nov	9.60	Nov	3.50	Nov	4.70	Nov	2.70	Nov	1.80	Nov	1.90	Nov	3.50	Nov	1.80
Dec	8.90	Dec	3.80	Dec	4.60	Dec	2.70	Dec	1.70	Dec	1.60	Dec	3.40	Dec	2.70
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
Feb	7.60	Feb	3.10	Feb	5.30	Feb	2.50	Feb	1.40	Feb	1.10	Feb	3.60	Feb	2.10
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		
Jul	2.50	Jul	3.90	Jul	4.40	Jul	2.80	Jul	2.10	Jul	2.10	Jul	2.40		
Aug	2.60	Aug	4.30	Aug	3.80	Aug	2.60	Aug	2.30	Aug	2.20	Aug	2.00		
Sep	2.90	Sep	4.40	Sep	3.40	Sep	2.50	Sep	2.60	Sep	2.30	Sep	2.80		
Oct	2.90	Oct	4.50	Oct	2.90	Oct	2.80	Oct	2.60	Oct	2.00	Oct	3.50		
Nov	3.30	Nov	4.50	Nov	3.00	Nov	2.60	Nov	2.60	Nov	1.80	Nov	4.30		
Dec	3.80	Dec	4.40	Dec	3.10	Dec	2.50	Dec	2.70	Dec	1.90	Dec	4.10		

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)

**Rate of Inflation**  
1980 - 2011



**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 (%)
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
Feb	13.48	Feb	13.50	Feb	10.11	Feb	8.77	Feb	7.37	Feb	8.10	Feb	6.17	Feb	6.28
Mar	14.33	Mar	14.03	Mar	10.11	Mar	8.84	Mar	7.72	Mar	8.14	Mar	6.01	Mar	6.29
Apr	13.50	Apr	14.30	Apr	10.53	Apr	8.79	Apr	7.88	Apr	8.14	Apr	6.38	Apr	6.36
May	12.17	May	14.95	May	10.75	May	8.72	May	7.99	May	8.55	May	6.68	May	6.38
Jun	11.87	Jun	15.16	Jun	10.71	Jun	8.64	Jun	8.07	Jun	8.22	Jun	6.53	Jun	6.50
Jul	12.12	Jul	14.92	Jul	10.96	Jul	8.46	Jul	8.02	Jul	8.17	Jul	6.34	Jul	6.50
Aug	12.82	Aug	14.29	Aug	11.09	Aug	8.34	Aug	7.84	Aug	8.05	Aug	6.18	Aug	6.48
Sep	13.29	Sep	14.04	Sep	10.56	Sep	8.32	Sep	8.01	Sep	8.16	Sep	6.01	Sep	6.59
Oct	13.53	Oct	13.68	Oct	9.92	Oct	8.44	Oct	7.76	Oct	8.08	Oct	5.95	Oct	7.70
Nov	14.07	Nov	13.15	Nov	9.89	Nov	8.53	Nov	7.48	Nov	8.03	Nov	5.97	Nov	7.80
Dec	14.48	Dec	12.96	Dec	10.02	Dec	8.36	Dec	7.58	Dec	7.79	Dec	5.93	Dec	6.87
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
Feb	14.84	Feb	13.00	Feb	10.02	Feb	8.00	Feb	7.68	Feb	7.69	Feb	5.64	Feb	6.72
Mar	14.86	Mar	13.66	Mar	10.16	Mar	7.85	Mar	7.92	Mar	7.59	Mar	5.86	Mar	6.85
Apr	15.32	Apr	13.42	Apr	10.14	Apr	7.76	Apr	8.08	Apr	7.81	Apr	5.72	Apr	6.90
May	15.84	May	12.89	May	9.92	May	7.78	May	7.94	May	7.88	May	5.60	May	6.83
Jun	15.27	Jun	11.91	Jun	9.49	Jun	7.68	Jun	7.77	Jun	7.75	Jun	5.39	June	6.54
Jul	15.87	Jul	11.88	Jul	9.34	Jul	7.53	Jul	7.52	Jul	7.71	Jul	5.50	July	6.15
Aug	16.33	Aug	11.93	Aug	9.37	Aug	7.21	Aug	7.57	Aug	7.57	Aug	5.51	Aug	5.80
Sep	16.89	Sep	11.95	Sep	9.43	Sep	7.01	Sep	7.50	Sep	7.73	Sep	5.54	Sep	5.60
Oct	16.76	Oct	11.84	Oct	9.37	Oct	6.99	Oct	7.37	Oct	7.64	Oct	5.79	Oct	5.64
Nov	15.50	Nov	11.33	Nov	9.33	Nov	7.30	Nov	7.24	Nov	7.61	Nov	5.88	Nov	5.71
Dec	15.77	Dec	10.82	Dec	9.31	Dec	7.33	Dec	7.16	Dec	7.86	Dec	5.83	Dec	5.86
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
Feb	16.72	Feb	10.16	Feb	9.66	Feb	7.44	Feb	7.09	Feb	7.62	Feb	5.83	Feb	5.94
Mar	16.07	Mar	9.33	Mar	9.75	Mar	7.83	Mar	7.13	Mar	7.83	Mar	5.98	Mar	5.90
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		
Aug	13.50	Aug	10.33	Aug	9.16	Aug	7.86	Aug	7.86	Aug	6.78	Aug	6.28		
Sep	13.35	Sep	11.00	Sep	9.03	Sep	7.62	Sep	7.87	Sep	6.58	Sep	6.24		
Oct	13.19	Oct	11.32	Oct	8.99	Oct	7.46	Oct	8.02	Oct	6.50	Oct	6.17		
Nov	13.33	Nov	10.82	Nov	8.93	Nov	7.40	Nov	7.86	Nov	6.44	Nov	6.04		
Dec	13.48	Dec	10.99	Dec	8.76	Dec	7.21	Dec	8.04	Dec	6.36	Dec	6.23		

Source: Mergent Bond Record (through November 2010); BondsOnline (December 2010 to June 2011)

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

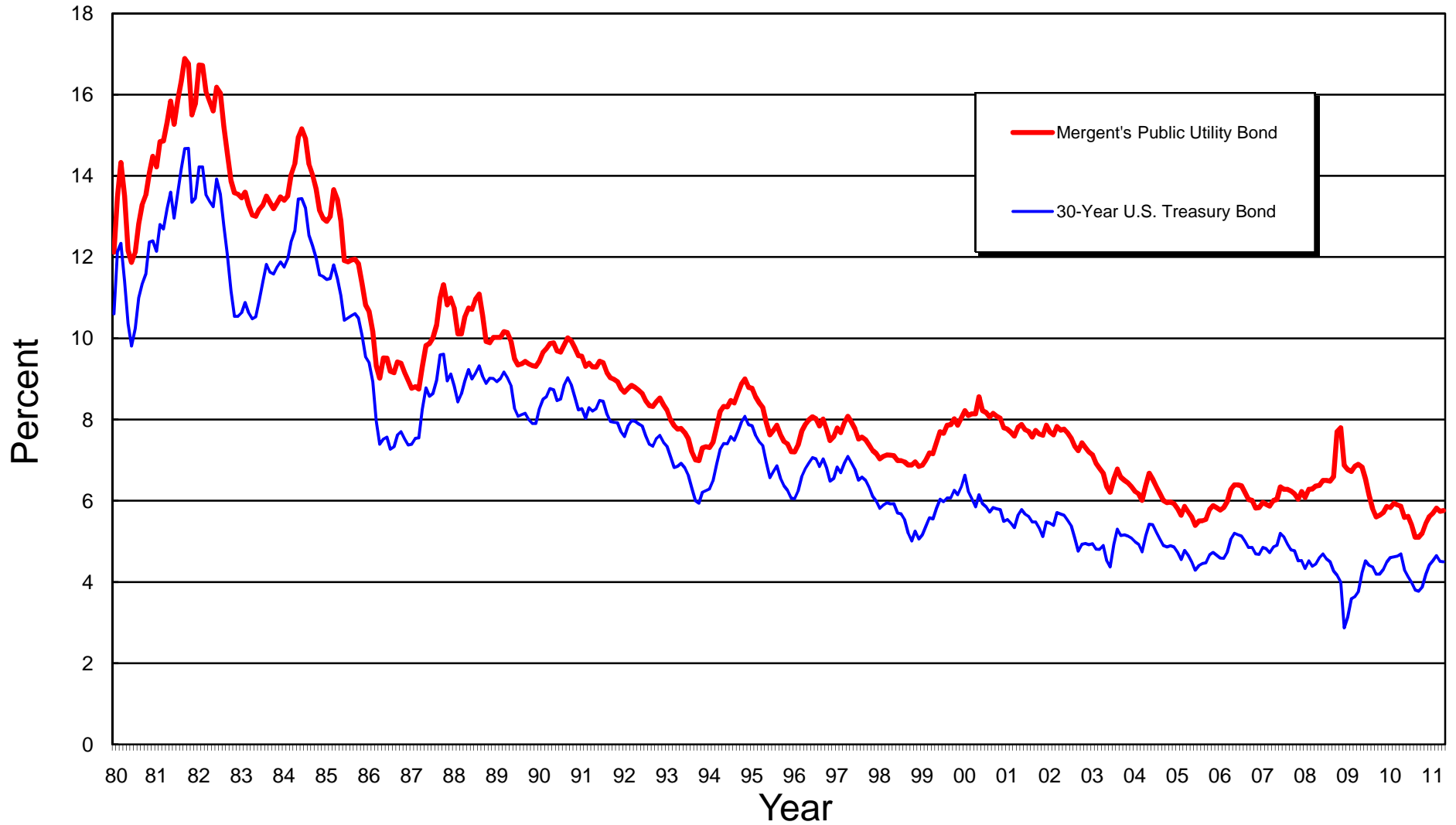
Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
Jan 1980	10.60	Jan 1984	11.75	Jan 1988	8.83	Jan 1992	7.58	Jan 1996	6.05	Jan 2000	6.63	Jan 2004	4.99	Jan 2008	4.33
Feb	12.13	Feb	11.95	Feb	8.43	Feb	7.85	Feb	6.24	Feb	6.23	Feb	4.93	Feb	4.52
Mar	12.34	Mar	12.38	Mar	8.63	Mar	7.97	Mar	6.60	Mar	6.05	Mar	4.74	Mar	4.39
Apr	11.40	Apr	12.65	Apr	8.95	Apr	7.96	Apr	6.79	Apr	5.85	Apr	5.14	Apr	4.44
May	10.36	May	13.43	May	9.23	May	7.89	May	6.93	May	6.15	May	5.42	May	4.60
Jun	9.81	Jun	13.44	Jun	9.00	Jun	7.84	Jun	7.06	Jun	5.93	Jun	5.41	Jun	4.69
Jul	10.24	Jul	13.21	Jul	9.14	Jul	7.60	Jul	7.03	Jul	5.85	Jul	5.22	Jul	4.57
Aug	11.00	Aug	12.54	Aug	9.32	Aug	7.39	Aug	6.84	Aug	5.72	Aug	5.06	Aug	4.50
Sep	11.34	Sep	12.29	Sep	9.06	Sep	7.34	Sep	7.03	Sep	5.83	Sep	4.90	Sep	4.27
Oct	11.59	Oct	11.98	Oct	8.89	Oct	7.53	Oct	6.81	Oct	5.80	Oct	4.86	Oct	4.17
Nov	12.37	Nov	11.56	Nov	9.02	Nov	7.61	Nov	6.48	Nov	5.78	Nov	4.89	Nov	4.00
Dec	12.40	Dec	11.52	Dec	9.01	Dec	7.44	Dec	6.55	Dec	5.49	Dec	4.86	Dec	2.87
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
Feb	12.80	Feb	11.47	Feb	9.01	Feb	7.09	Feb	6.69	Feb	5.45	Feb	4.55	Feb	3.59
Mar	12.69	Mar	11.81	Mar	9.17	Mar	6.82	Mar	6.93	Mar	5.34	Mar	4.78	Mar	3.64
Apr	13.20	Apr	11.47	Apr	9.03	Apr	6.85	Apr	7.09	Apr	5.65	Apr	4.65	Apr	3.76
May	13.60	May	11.05	May	8.83	May	6.92	May	6.94	May	5.78	May	4.49	May	4.23
Jun	12.96	Jun	10.44	Jun	8.27	Jun	6.81	Jun	6.77	Jun	5.67	Jun	4.29	Jun	4.52
Jul	13.59	Jul	10.50	Jul	8.08	Jul	6.63	Jul	6.51	Jul	5.61	Jul	4.41	July	4.41
Aug	14.17	Aug	10.56	Aug	8.12	Aug	6.32	Aug	6.58	Aug	5.48	Aug	4.46	Aug	4.37
Sep	14.67	Sep	10.61	Sep	8.15	Sep	6.00	Sep	6.50	Sep	5.48	Sep	4.47	Sep	4.19
Oct	14.68	Oct	10.50	Oct	8.00	Oct	5.94	Oct	6.33	Oct	5.32	Oct	4.67	Oct	4.19
Nov	13.35	Nov	10.06	Nov	7.90	Nov	6.21	Nov	6.11	Nov	5.12	Nov	4.73	Nov	4.31
Dec	13.45	Dec	9.54	Dec	7.90	Dec	6.25	Dec	5.99	Dec	5.48	Dec	4.66	Dec	4.49
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
Feb	14.22	Feb	8.93	Feb	8.50	Feb	6.49	Feb	5.89	Feb	5.39	Feb	4.58	Feb	4.62
Mar	13.53	Mar	7.96	Mar	8.56	Mar	6.91	Mar	5.95	Mar	5.71	Mar	4.73	Mar	4.64
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	July	5.13	July	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	July	5.11		
Aug	11.82	Aug	8.97	Aug	8.14	Aug	6.86	Aug	6.07	Aug	5.30	Aug	4.93		
Sep	11.63	Sep	9.59	Sep	7.95	Sep	6.55	Sep	6.07	Sep	5.14	Sep	4.79		
Oct	11.58	Oct	9.61	Oct	7.93	Oct	6.37	Oct	6.26	Oct	5.16	Oct	4.77		
Nov	11.75	Nov	8.95	Nov	7.92	Nov	6.26	Nov	6.15	Nov	5.13	Nov	4.52		
Dec	11.88	Dec	9.12	Dec	7.70	Dec	6.06	Dec	6.35	Dec	5.08	Dec	4.53		

Sources:

<http://finance.yahoo.com/q/hp?s=^TYX>

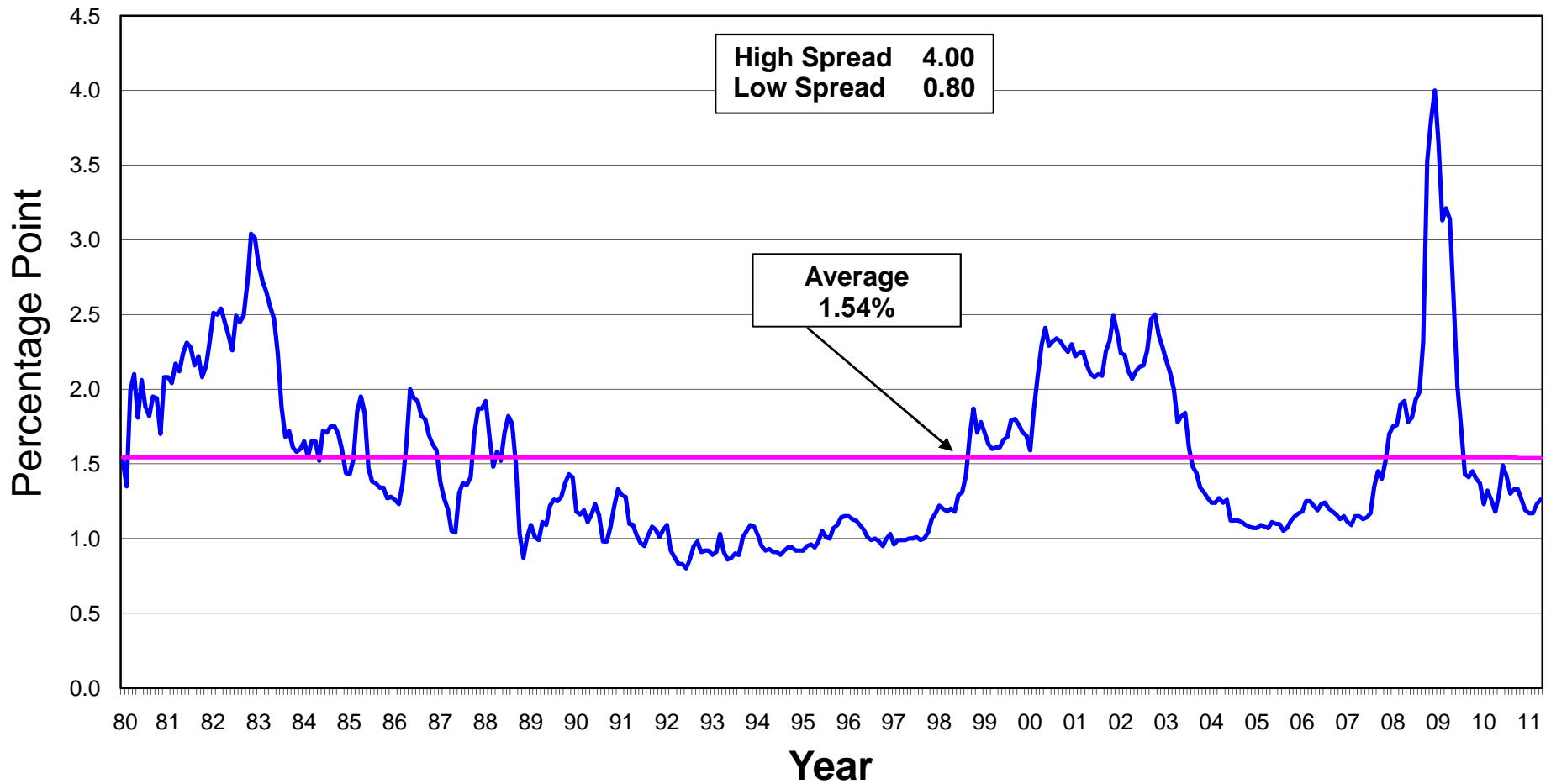
<http://research.stlouisfed.org/fred2/data/GS30.txt>

**Average Yields on Mergent's Public Utility Bonds and  
Thirty-Year U.S. Treasury Bonds (1980 - 2011)**





# Monthly Spreads Between Yields on Mergent's Public Utility Bonds and Thirty-Year U.S. Treasury Bonds (1980 - 2011)



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

1	2	3	4	5	6	7	8
	Stock Publicly Traded	Information Printed In Value Line	10-Year Value Line Historical Growth Available	No Reduced Dividend Since 2008	Projected Growth Available from Value Line and Reuters	At Least Investment Grade Credit Rating	<b>Comparable Company Met All Criteria</b>
Natural Gas Distribution Companies							
<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>
DeltaNatural Gas Company, Inc.	Yes	Yes	Yes	Yes	No		
Gas Natural Inc.	Yes	Yes	Yes	No			
Laclede Group	Yes	Yes	Yes	Yes	No		
<b>New Jersey Resources Corporation</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>
<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>
RGC Resources, Inc.	Yes	Yes	Yes	Yes	No		
<b>South Jersey Industries, Inc.</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 = Edward Jones' Natural Gas Industry Summary, June 30, 2011.  
Columns 2, 3, 4 and 5 = The Value Line Investment Survey: Ratings & Reports, June 10, 2011.  
Column 7 = Standard & Poor's Ratings Direct

**Seven Comparable Natural Gas Distribution Companies  
for Veolia Energy Kansas City, Inc.**

	Ticker		Bond
Number	Symbol	Company Name	Rating
1	ATG	AGL Resources, Inc.	BBB+
2	ATO	Atmos Energy Corp.	BBB+
3	NJR	New Jersey Resources Corporation	A
4	NWN	Northwest Natural Gas	A+
5	PNY	Piedmont Natural Gas Company, Inc.	A
6	SJI	South Jersey Industries, Inc.	BBB+
7	WGL	WGL Holdings, Inc.	AA-
	<b>Average</b>		<b>A</b>
		<b>Veolia Environment</b>	<b>BBB+</b>

Source: S&P Ratings Direct

**Capital Structures of Proxy Group for  
2010 Fiscal Year**

Capital Components	AGL	Atmos	NJR Corporation	NW Natural Gas	Piedmont	South Jersey	WGL Holdings
Common Equity	\$1,836,000	\$2,178,348	\$725,483	\$693,101	\$964,941	\$570,097	\$1,153,395
Preferred Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$28,173
Long-Term Debt	\$1,973,000 <sup>1</sup>	\$2,169,682	\$428,015 <sup>1</sup>	\$601,700 <sup>1</sup>	\$731,922 <sup>1</sup>	\$451,400 <sup>1</sup>	\$622,973 <sup>1</sup>
Short-Term Debt	\$732,000	\$126,100	\$147,600	\$257,435	\$242,000	\$250,687	\$100,417
Total	<u>\$4,541,000</u>	<u>\$4,474,130</u>	<u>\$1,301,098</u>	<u>\$1,552,236</u>	<u>\$1,938,863</u>	<u>\$1,272,184</u>	<u>\$1,904,958</u>

Capital Structure	AGL	Atmos	NJR Corporation	NW Natural Gas	Piedmont	South Jersey	WGL Holdings	Average
Common Equity	40.43%	48.69%	55.76%	44.65%	49.77%	44.81%	60.55%	49.24%
Preferred Stock	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.48%	0.21%
Long-Term Debt	43.45%	48.49%	32.90%	38.76%	37.75%	35.48%	32.70%	38.51%
Short-Term Debt	16.12%	2.82%	11.34%	16.58%	12.48%	19.71%	5.27%	12.05%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Sources: 2010 Annual Reports and Form 10-K - SEC filings.

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

**AGL Resources, Inc. Stated Cost of Long-Term Debt  
for Fiscal Year Ended December 31, 2010**

Long-Term Debt - Net of Current	Weighted Average Interest Rate	Amount Outstanding <i>(In Millions)</i>
Senior Notes	5.50%	\$ 1,275
Gas Facility Revenue Bonds	1.30%	\$ 200
Medium-term notes	7.80%	\$ 196
<b>Total</b>		<b>\$ 1,671</b>

**Cost of Long-Term Debt<sup>1</sup>** 5.27%

Source: AGL Resources Form 10-K for 2010

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

**Atmos Energy Corporation Stated Cost of Long-Term Debt  
for Fiscal Year Ended September 30, 2010**

Long-Term Debt:			Interest Rate	Amount Outstanding (In Thousands)	Interest Expense
Unsecured	7.375%	Senior Notes, Due May 2011	7.375%	\$ 350,000	\$ 25,813
Unsecured	10.000%	Senior Notes, Due December 2011	10.000%	\$ 2,303	\$ 230
Unsecured	5.125%	Senior Notes, Due 2013	5.125%	\$ 250,000	\$ 12,813
Unsecured	4.950%	Senior Notes, Due 2014	4.950%	\$ 500,000	\$ 24,750
Unsecured	6.350%	Senior Notes, Due 2017	6.350%	\$ 250,000	\$ 15,875
Unsecured	8.500%	Senior Notes, Due 2019	8.500%	\$ 450,000	\$ 38,250
Unsecured	5.950%	Senior Notes, Due 2034	5.950%	\$ 200,000	\$ 11,900
Medium Term Notes:					
Series A 1995-2, 6.27%, Due 2010			6.27%	\$ 10,000	\$ 627
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				\$ (3,014)	
<b>Total Amount Outstanding</b>				<b>\$ 2,169,289</b>	<b>\$ 141,049</b>

**Cost of Long-Term Debt<sup>1</sup>** **6.50%**

Source: Atmos Energy Corporation Form 10-K for September 30, 2010.

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

**NJR Corporation Stated Cost of Long-Term Debt  
for Fiscal Year Ended September 30, 2010**

Long-Term Debt	Interest Rate	Amount Outstanding (In Thousands)	Interest Expense
First Mortgage Bonds:			
6.88% Series CC, Due October 1, 2010	6.88%	\$ 20,000	\$ 1,376
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
4.77% Unsecured Senior Notes	4.77%	\$ 60,000	\$ 2,862
6.05% Unsecured Senior Notes	6.05%	\$ 50,000	\$ 3,025
<b>Total Amount Outstanding</b>		<b>\$ 302,800</b>	<b>\$ 16,545</b>
<b>Cost of Long-Term Debt<sup>1</sup></b>	<b>5.46%</b>		

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

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

**Northwest Natural Gas Company Stated Cost of Long-Term Debt  
for Fiscal Year Ended December 31, 2010**

Long-term debt	Interest Rate	Amount Outstanding (In Thousands)	Interest Expense
First Mortgage Bonds:			
6.665% Series B, Due 2011	6.665%	\$ 10,000	\$ 667
7.130% Series B, Due 2012	7.130%	\$ 40,000	\$ 2,852
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
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
<b>Total Amount Outstanding</b>		<b>\$ 521,700</b>	<b>\$ 32,591</b>

**Cost of Long-Term Debt<sup>1</sup> 6.25%**

Source: Northwest Natural Gas Company Form 10-K for December 31, 2010.

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, 2010**

Long-Term Debt	Interest Rate	Amount Outstanding (In Thousands)	Interest Expense
Senior Notes			
8.510% Due 2017	8.51%	\$ 35,000	\$ 2,979
Insured Quarterly Notes:			
6.250% Due 2036	6.25%	\$ 196,922	\$ 12,308
Medium-Term Notes			
6.550% Due 2011	6.55%	\$ 60,000	\$ 3,930
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
<b>Total Amount Outstanding</b>		<b>\$ 731,922</b>	<b>\$ 48,528</b>

**Cost of Long-Term Debt<sup>1</sup> 6.63%**

Source: Piedmont Natural Gas Company, Inc. Form 10-K for October 31, 2010.

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

**South Jersey Industries Stated Cost of Long-Term Debt  
for Fiscal Year Ended December 31, 2010**

Long-Term Debt	Interest Rate	Amount Outstanding (In Thousands)	Interest Expense
First Mortgage Bonds: (B)			
6.740% Due 2011	6.740%	\$ 10,000	\$ 674
6.570% Due 2011	6.570%	\$ 15,000	\$ 986
4.460% Due 2013	4.460%	\$ 10,500	\$ 468
5.027% Due 2013	5.027%	\$ 14,500	\$ 729
4.520% Due 2014	4.520%	\$ 11,000	\$ 497
5.115% Due 2014	5.115%	\$ 10,000	\$ 512
5.387% Due 2015	5.387%	\$ 10,000	\$ 539
5.437% Due 2016	5.437%	\$ 10,000	\$ 544
4.600% Due 2016	4.600%	\$ 17,000	\$ 782
4.657% Due 2017	4.657%	\$ 15,000	\$ 699
7.970% Due 2018	7.970%	\$ 10,000	\$ 797
7.125% Due 2018	7.125%	\$ 20,000	\$ 1,425
5.587% Due 2019	5.587%	\$ 10,000	\$ 559
3.630% Due 2025	3.630%	\$ 10,000	\$ 363
4.840% Due 2026	4.840%	\$ 15,000	\$ 726
4.930% Due 2026	4.930%	\$ 45,000	\$ 2,219
4.030% Due 2027	4.030%	\$ 45,000	\$ 1,814
7.700% Due 2027	7.700%	\$ 35,000	\$ 2,695
5.550% Due 2033	5.550%	\$ 32,000	\$ 1,776
6.213% Due 2034	6.213%	\$ 10,000	\$ 621
5.450% Due 2035	5.450%	\$ 10,000	\$ 545
<b>Total Amount Outstanding</b>		<b>\$ 365,000</b>	<b>\$ 19,967</b>

**Cost of Long-Term Debt<sup>1</sup> 5.47%**

Source: South Jersey Industries 2010 Form-10K.

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

**WGL Holdings, Inc. Stated Cost of Long-Term Debt  
for Fiscal Year Ended September 30, 2010**

Long-Term Debt		Interest Rate	Amount Outstanding (In Thousands)	Interest Expense
Unsecured Medium-Term Notes				
6.640%	Due 2011	6.640%	\$ 30,000	\$ 1,992
5.975%	5.90% to 6.05%, Due 2012	5.975%	\$ 77,000	\$ 4,601
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
Other Long-Term Debt			\$ 8,012	
Less:				
Unamortized discount			\$ (39)	
<b>Total Amount Outstanding</b>			<b>\$ 622,973</b>	<b>\$ 37,120</b>
<b>Cost of Long-Term Debt<sup>1</sup></b>		<b>5.96%</b>		

Source: WGL Holdings, Inc.'s 2010 Form 10-K.

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

**Stated Cost of Long-Term Debt for the Natural Gas Proxy Group  
as of Most Recent Fiscal Year End**

Company Name	Stated Cost of Long-Term Debt
AGL Resources, Inc.	5.27%
Atmos Energy Corp.	6.50%
NJR Corporation	5.46%
Northwest Natural Gas	6.25%
Piedmont Natural Gas Company, Inc.	6.63%
South Jersey Industries, Inc.	5.47%
WGL Holdings, Inc.	5.96%
<b>Average</b>	<b>5.93%</b>

Stated Cost of Long-Term Debt      **5.93%**

**Ten-Year Dividends Per Share, Earnings Per Share & Book Value Per Share Growth Rates  
for the Seven Comparable Natural Gas Distribution Companies**

----- 10-Year Annual Compound Growth Rates -----				
<u>Company Name</u>	<u>DPS</u>	<u>EPS</u>	<u>BVPS</u>	<u>Average of 10 Year Annual Compound Growth Rates</u>
AGL Resources, Inc.	5.00%	9.00%	7.00%	7.00%
Atmos Energy Corporation	2.00%	5.00%	6.50%	4.50%
New Jersey Resources Corp.	5.00%	8.50%	8.50%	7.33%
Northwest Natural Gas Co.	2.00%	6.00%	3.50%	3.83%
Piedmont Natural Gas Co.	4.50%	5.00%	5.00%	4.83%
South Jersey Industries, Inc.	5.50%	10.50%	10.50%	8.83%
WGL Holdings, Inc.	<u>2.00%</u>	<u>4.00%</u>	<u>4.00%</u>	<u>3.33%</u>
<b>Average</b>	<b><u>3.71%</u></b>	<b><u>6.86%</u></b>	<b><u>6.43%</u></b>	<b><u>5.67%</u></b>

Source: The Value Line Investment Survey: Ratings & Reports, June 10, 2011.

**Five-Year Dividends Per Share, Earnings Per Share & Book Value Per Share Growth Rates  
for the Seven Comparable Natural Gas Distribution Companies**

----- 5-Year Annual Compound Growth Rates -----				
<u>Company Name</u>	<u>DPS</u>	<u>EPS</u>	<u>BVPS</u>	<u>Average of 5 Year Annual Compound Growth Rates</u>
AGL Resources, Inc.	7.50%	4.50%	5.50%	5.83%
Atmos Energy Corporation	1.50%	4.00%	5.00%	3.50%
New Jersey Resources Corp.	7.50%	8.50%	10.00%	8.67%
Northwest Natural Gas Co.	3.50%	9.50%	4.00%	5.67%
Piedmont Natural Gas Co.	4.50%	5.00%	3.50%	4.33%
South Jersey Industries, Inc.	8.50%	9.50%	8.00%	8.67%
WGL Holdings, Inc.	2.50%	2.50%	5.00%	3.33%
<b>Average</b>	<b><u>5.07%</u></b>	<b><u>6.21%</u></b>	<b><u>5.86%</u></b>	<b><u>5.71%</u></b>

Source: The Value Line Investment Survey: Ratings & Reports, June 10, 2011.

**Five-Year Projected Dividends Per Share, Earnings Per Share & Book Value Per Share Growth Rates  
for the Seven Comparable Natural Gas Distribution Utility Companies**

**----- 5-Year Projected Compound Growth Rates -----**

<u>Company Name</u>	<u>DPS</u>	<u>EPS</u>	<u>BVPS</u>	<u>5 Year Annual Compound Growth Rates</u>
AGL Resources, Inc.	3.00%	5.00%	6.00%	4.67%
Atmos Energy Corporation	2.00%	5.00%	4.50%	3.83%
New Jersey Resources Corporation	4.50%	4.00%	6.00%	4.83%
Northwest Natural Gas	3.50%	4.50%	6.50%	4.83%
Piedmont Natural Gas Company, Inc.	3.50%	3.00%	3.00%	3.17%
South Jersey Industries, Inc.	8.50%	9.00%	6.50%	8.00%
WGL Holdings, Inc.	2.50%	1.50%	3.50%	2.50%
<b>Average</b>	<b><u>3.93%</u></b>	<b><u>4.57%</u></b>	<b><u>5.14%</u></b>	<b><u>4.55%</u></b>

Source: The Value Line Investment Survey: Ratings & Reports, June 10, 2011.

### Historical and Projected Growth Rates for the Seven Comparable Natural Gas Distribution Companies

Company Name	1 Historical 10-Year Average Growth Rate (DPS, EPS and BVPS)	2 Historical 5-Year Average Growth Rate (DPS, EPS and BVPS)	3 Projected Growth Rate (DPS, EPS and BVPS)	4 Projected 5-Year EPS Growth Reuters (Mean)	5 Projected 3-5 Year EPS Growth Value Line
AGL Resources, Inc.	7.00%	5.83%	4.67%	5.17%	5.00%
Atmos Energy Corporation	4.50%	3.50%	3.83%	3.88%	5.00%
New Jersey Resources Corporation	7.33%	8.67%	4.83%	3.04%	4.00%
Northwest Natural Gas	3.83%	5.67%	4.83%	3.88%	4.50%
Piedmont Natural Gas Company, Inc.	4.83%	4.33%	3.17%	4.38%	3.00%
South Jersey Industries, Inc.	8.83%	8.67%	8.00%	7.00%	9.00%
WGL Holdings, Inc.	3.33%	3.33%	2.50%	3.67%	1.50%
	<b>5.67%</b>	<b>5.71%</b>	<b>4.55%</b>	<b>4.43%</b>	<b>4.57%</b>
<b>Proposed range of growth</b>				<b>4.00%-5.00%</b>	

Sources:

Column 1 = Schedule 10 - 1

Column 2 = Schedule 10 - 2

Column 3 = Schedule 10 - 3

Column 4 = Reuters Website, July 05, 2011

Column 5 = The Value Line Investment Survey: Ratings and Reports, June 10, 2011.



**Average High / Low Stock Price for April through June 2011  
for the Seven Comparable Natural Gas Distribution Companies**

	1	2	3	4	5	6	7
	-- April 2011 --		-- May 2011 --		-- June 2011 --		Average
	High	Low	High	Low	High	Low	High/Low
Company Name	Stock	Stock	Stock	Stock	Stock	Stock	Stock
	Price	Price	Price	Price	Price	Price	Price
							(04/11 - 06/11)
AGL Resources, Inc.	\$41.610	\$38.580	\$42.340	\$39.800	\$41.090	\$38.750	<b>\$40.362</b>
Atmos Energy Corp.	\$34.940	\$32.760	\$35.080	\$32.640	\$33.430	\$31.230	<b>\$33.347</b>
New Jersey Resources Corp.	\$44.100	\$41.220	\$46.290	\$42.800	\$46.040	\$42.590	<b>\$43.840</b>
Northwest Natural Gas Co.	\$46.370	\$44.080	\$46.400	\$44.250	\$45.320	\$43.570	<b>\$44.998</b>
Piedmont Natural Gas Co.	\$32.000	\$29.000	\$31.980	\$30.370	\$31.500	\$28.800	<b>\$30.608</b>
South Jersey Industries, Inc.	\$58.030	\$54.050	\$57.530	\$53.690	\$56.040	\$50.640	<b>\$54.997</b>
WGL Holdings, Inc.	\$39.680	\$36.930	\$39.740	\$37.100	\$39.240	\$37.000	<b>\$38.282</b>

Notes:

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

Source:

Yahoo finance website

<http://finance.yahoo.com/q/hp?s=WGL&a=03&b=1&c=2011&d=05&e=30&f=2011&g=m>

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

	1	2	3
Company Name	Expected Annual Dividend <sup>1</sup>	Average High/Low Stock Price	Projected Dividend Yield
AGL Resources, Inc.	\$1.82	\$40.362	4.51%
Atmos Energy Corp.	\$1.37	\$33.347	4.11%
New Jersey Resources Corp.	\$1.46	\$43.840	3.33%
Northwest Natural Gas Co.	\$1.76	\$44.998	3.91%
Piedmont Natural Gas Co.	\$1.17	\$30.608	3.82%
South Jersey Industries, Inc.	\$1.54	\$54.997	2.80%
WGL Holdings, Inc.	\$1.57	\$38.282	4.10%
<b>Average</b>			<b><u>3.80%</u></b>
<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>0.43%</b>
<b>Recommended Cost of Common Equity</b>			<b><u>8.23%</u>   <u>9.23%</u></b>
<b>Midpoint</b>			<b>8.25%   9.25% 8.75%</b>

Notes:

1 = Estimated Dividends Declared per share based on 50% weight given to 2011 and 50% to 2012.

2 = Three month average (April - June 2011) of differences between 'A' - rated 'BBB' - rated 30-year bonds from Reuters Corporate Spreads for Utilities - BondsOnline data.

Sources:

Column 1 = The Value Line Investment Survey: Ratings and Reports, June 10, 2011.

Column 2 = Schedule 11-1.

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

	1	2	3	4	5	6
			Arithmetic Average Market Risk Premium (1926-2010)	Geometric Average Market Risk Premium (1926-2010)	Arithmetic CAPM Cost of Common Equity (1926-2010)	Geometric CAPM Cost of Common Equity (1926-2010)
Company Name	Risk Free Rate	Company's Value Line Beta				
AGL Resources, Inc.	4.34%	0.75	6.00%	4.40%	8.84%	7.64%
Atmos Energy Corp.	4.34%	0.70	6.00%	4.40%	8.54%	7.42%
New Jersey Resources Corp.	4.34%	0.65	6.00%	4.40%	8.24%	7.20%
Northwest Natural Gas Co.	4.34%	0.60	6.00%	4.40%	7.94%	6.98%
Piedmont Natural Gas Co.	4.34%	0.65	6.00%	4.40%	8.24%	7.20%
South Jersey Industries, Inc.	4.34%	0.65	6.00%	4.40%	8.24%	7.20%
WGL Holdings, Inc.	4.34%	0.65	6.00%	4.40%	8.24%	7.20%
<b>Average</b>		<b>0.66</b>			<b>8.33%</b>	<b>7.26%</b>

Sources:

Column 1 = The appropriate yield is equal to the average 30-year U.S. Treasury Bond yield for April, May and June 2011 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 as reported by the Value Line Investment Survey: Ratings & Reports, June 10, 2011.

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 - 2010 was determined to be 6.00% based on an arithmetic average as calculated in Ibbotson Associates, Inc.'s Stocks, Bonds, Bills, and Inflation: 2011 Yearbook.

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 - 2010 was determined to be 4.40% based on ageometric average as calculated in Ibbotson Associates, Inc.'s Stocks, Bonds, Bills, and Inflation: 2011 Yearbook.

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

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

**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>8.25%</b>	<b>8.75%</b>	<b>9.25%</b>
Common Equity	49.00%	-----	4.04%	4.29%	4.53%
Long-Term Debt	<u>51.00%</u>	5.93%	<u>3.03%</u>	<u>3.03%</u>	<u>3.03%</u>
	<b><u>100.00%</u></b>		<b><u>7.07%</u></b>	<b><u>7.31%</u></b>	<b><u>7.56%</u></b>

Sources: Schedule 7