

1           MR. FEATHERSTONE: This is Cary. Would  
2           this be an item that could be thought of as,  
3           to use your term, ring fencing? And by that  
4           I mean if you need to have \$250 million of  
5           working capital, it seems like you could  
6           pledge \$250 million of assets to accomplish  
7           that, but because of your current financial  
8           stress that you have to pledge in excess of  
9           that amount by 1.67. So it would seem that  
10          this is an item that relates to the  
11          non-regulated operations impacting the  
12          regulated operations. If I'm missing  
13          something ...

14          MR. EMPSON: I don't know if I can agree  
15          with that, Cary. To me, I liken it more to  
16          going out for a mortgage on my house.  
17          Typically, if I have a 300,000-dollar house,  
18          they won't loan me \$300,000 to pay off -- or  
19          to borrow on my home. They do something less  
20          than that.

21          In this case what they did was set up a  
22          collateral ratio to give themselves some  
23          cushion, and they have a lower collateral  
24          ratio when you're dealing with utility  
25          property because they believe the value is

1 closer than they did on the non-utility  
2 property. So to me, it is more  
3 representative of what the lenders would  
4 typically require for a cushion on the  
5 collateral value in case they would have to  
6 liquidate.

7 MR. DOBSON: That's exactly right, Jon.  
8 That's exactly what the market is right now  
9 for utility type collateral.

10 MR. WILLIAMS: This is Nathan Williams.  
11 I want to go back to Rick and the 170 million  
12 and the 250 million-dollar figures. The  
13 difference of 80 million, and you attributed  
14 part of that to the difference in the credit  
15 rating and also to natural -- to gas prices.  
16 Can you do any quantification as to those  
17 aspects and in particular the credit change?

18 I'm not going to tie you down to some  
19 tight figure. I'm just wanting to get some  
20 ballpark idea.

21 MR. EMPSON: Beth is looking it up on  
22 her computer right now to see if she can find  
23 it.

24 MR. DOBSON: I would say this without  
25 actually saying a number. The gas price