

Missouri-American Water Company
Indicated Common Equity Cost Rate Through Use of the
Single Stage Discounted Cash Flow Model for
the Proxy Group of Six AUS Utility Reports Water Companies
and the Proxy Group of Eight AUS Utility Reports Natrual Gas Distribution Companies

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
	Average Dividend Yield (1)	Dividend Growth Component (2)	Adjusted Dividend Yield (3)	Growth Rate (4)	Indicated Common Equity Cost Rate (5)
<u>Proxy Group of Six AUS Utility Reports Water Companies</u>					
American States Water Co.	2.81 %	0.12 %	2.93 %	8.25 %	11.18 %
Aqua America, Inc.	3.07	0.14	3.21	9.10	12.31
California Water Service Group	3.07	0.13	3.20	8.40	11.60
Middlesex Water Company	4.70	0.16	4.86	7.00	11.86
SJW Corporation	2.91	0.15	3.06	10.00	13.06
York Water Company	<u>3.43</u>	<u>0.10</u>	<u>3.53</u>	<u>6.00</u>	<u>9.53</u>
Average	<u>3.33 %</u>	<u>0.13 %</u>	<u>3.47 %</u>	<u>8.13 %</u>	<u>11.59 %</u>
Median	<u>3.07 %</u>	<u>0.14 %</u>	<u>3.21 %</u>	<u>8.33 %</u>	<u>11.73 %</u>
<u>Proxy Group of Eight AUS Utility Reports Gas Distribution Companies</u>					
AGL Resources, Inc.	4.96 %	0.11 %	5.07 %	4.35 %	9.42 %
Atmos Energy Corp.	4.74	0.10	4.84	4.40	9.24
Delta Natural Gas Company	5.02	0.08	5.10	3.00	8.10
Laclede Group, Inc.	4.75	0.08	4.83	3.50	8.33
Northwest Natural Gas Company	3.74	0.09	3.83	4.90	8.73
Piedmont Natural Gas Co., Inc.	4.49	0.14	4.63	6.25	10.88
Southwest Gas Corporation	3.79	0.09	3.88	4.75	8.63
WGL Holdings, Inc.	<u>4.45</u>	<u>0.09</u>	<u>4.54</u>	<u>4.00</u>	<u>8.54</u>
Average	<u>4.49 %</u>	<u>0.10 %</u>	<u>4.59 %</u>	<u>4.39 %</u>	<u>8.98 %</u>
Median	<u>4.62 %</u>	<u>0.09 %</u>	<u>4.73 %</u>	<u>4.38 %</u>	<u>8.68 %</u>

Notes:

- (1) From Schedule PMA-8.
- (2) This reflects a growth rate component equal to one-half the conclusion of growth rate (from Schedule PMA-9) x Column 1 to reflect the periodic payment of dividends (Gordon Model) as opposed to the continuous payment. Thus, for American States Water Co., $2.81\% \times (1/2 \times 8.25\%) = 0.12\%$.
- (3) Column 1 + Column 2.
- (4) From page 1 Schedule PMA-9.
- (5) Column 3 + Column 4.

Missouri-American Water Company
Derivation of Dividend Yield for Use in the
Discounted Cash Flow Model

	Dividend Yield		
	Spot (9/30/2009)(1)	Average of Last 3 Months (2)	Average Dividend Yield (3)
<u>Proxy Group of Six AUS Utility Reports Companies</u>			
American States Water Co.	2.76 %	2.85 %	2.81 %
Aqua America, Inc.	3.06	3.09	3.07
California Water Service Group	3.03	3.11	3.07
Middlesex Water Company	4.72	4.69	4.70
SJW Corporation	2.89	2.94	2.91
York Water Company	<u>3.64</u>	<u>3.23</u>	<u>3.43</u>
Average	<u>3.35 %</u>	<u>3.32 %</u>	<u>3.33 %</u>
Median	<u>3.05 %</u>	<u>3.10 %</u>	<u>3.07 %</u>
<u>Proxy Group of Eight AUS Utility Reports Companies</u>			
AGL Resources Inc.	4.88 %	5.04 %	4.96 %
Atmos Energy Corporation	4.68	4.80	4.74
Delta Natural Gas Company	4.91	5.13	5.02
Laclede Group, Inc.	4.79	4.70	4.75
Northwest Natural Gas Co.	3.79	3.70	3.74
Piedmont Natural Gas Co., Inc.	4.51	4.46	4.49
Southwest Gas Corporation	3.72	3.85	3.79
WGL Holdings, Inc.	<u>4.44</u>	<u>4.45</u>	<u>4.45</u>
Average	<u>4.47 %</u>	<u>4.52 %</u>	<u>4.49 %</u>
Median	<u>4.60 %</u>	<u>4.58 %</u>	<u>4.62 %</u>

Notes: (1)

The spot dividend yield is the current annualized dividend per share divided by the spot market price on 9/30/2009.

(2) The average 3-month dividend yield was computed by relating the indicated annualized dividend rate and market price on the last trading day of each of the Three months ended 9/30/2009.

(3) Equal weight has been given to the 3-month average and spot dividend yield.

Source of Information: S&P Stock Guides
yahoo.finance.com

Missouri-American Water Company
 Current Institutional Holdings and Individual Holdings for
 the Proxy Group of Six AUS Utility Reports Water Companies
 and the Proxy Group of Eight AUS Utility Reports Natrual Gas Distribution Companies

	<u>1</u>	<u>2</u>
	September 30, 2009 Percentage of Institutional Holdings	September 30, 2009 Percentage of Individual Holdings (1)
<u>Proxy Group of Six AUS Utility Reports Water Companies</u>		
American States Water Co.	57.14 %	42.86 %
Aqua America, Inc.	44.68	55.32
California Water Service Group	47.91	52.09
Middlesex Water Company	36.45	63.55
SJW Corporation	47.03	52.97
York Water Company	<u>20.18</u>	<u>79.82</u>
Average	<u>42.23 %</u>	<u>57.77 %</u>
<u>Proxy Group of Eight AUS Utility Reports Gas Distribution Companies</u>		
AGL Resources, Inc.	59.32 %	40.68 %
Atmos Energy Corp.	58.53	41.47
Delta Natural Gas Company	17.54	82.46
Laclede Group, Inc.	47.52	52.48
Northwest Natural Gas Company	58.10	41.90
Piedmont Natural Gas Co., Inc.	46.30	53.70
Southwest Gas Corporation	73.24	26.76
WGL Holdings, Inc.	<u>61.76</u>	<u>38.24</u>
Average	<u>52.79 %</u>	<u>47.21 %</u>

Notes: (1) (1 - column 1).

Source of Information: pro.edgar-online.com, 9/30/09

Missouri-American Water Company
Historical and Projected Growth

	<u>1</u>	<u>2</u>	<u>3</u>	
	Value Line Projected 2006- '08 to 2012-'14 Growth Rate (1)	Reuters Mean Consensus Projected Five Year EPS Growth Rate	No. of Est.	Average Projected Five Year Growth Rate in EPS (2)
	EPS	EPS		
<u>Proxy Group of Six AUS Utility Reports</u>				
<u>Water Companies</u>				
American States Water Co.	9.50 %	7.00 %	[2]	8.25 %
Aqua America, Inc.	10.00	8.20	[6]	9.10
California Water Service Group	9.00	7.80	[4]	8.40
Middlesex Water Company	7.00	NA	[NA]	7.00
SJW Corporation	10.00	NA	[NA]	10.00
York Water Company	<u>6.00</u>	<u>6.00</u>	[1]	<u>6.00</u>
Average	<u>8.58 %</u>	<u>7.25 %</u>		<u>8.13 %</u>
Median	<u>9.25 %</u>	<u>7.40 %</u>		<u>8.33 %</u>
<u>Proxy Group of Eight AUS Utility Reports</u>				
<u>Gas Distribution Companies</u>				
AGL Resources, Inc.	3.50 %	5.20 %	[3]	4.35 %
Atmos Energy Corp.	4.00	4.80	[6]	4.40
Delta Natural Gas Company	3.00	3.00	[1]	3.00
Laclede Group, Inc.	3.50	NA	[NA]	3.50
Northwest Natural Gas Company	5.00	4.80	[2]	4.90
Piedmont Natural Gas Co., Inc.	5.50	7.00	[2]	6.25
Southwest Gas Corporation	4.50	5.00	[3]	4.75
WGL Holdings, Inc.	<u>4.00</u>	<u>4.00</u>	[1]	<u>4.00</u>
Average	<u>4.13 %</u>	<u>4.83 %</u>		<u>4.39 %</u>
Median	<u>4.00 %</u>	<u>4.80 %</u>		<u>4.38 %</u>

NA= Not Available

Notes: (1) As shown on pages 2 through 15 of this Schedule.
(2) Average of Columns 1 and 2.

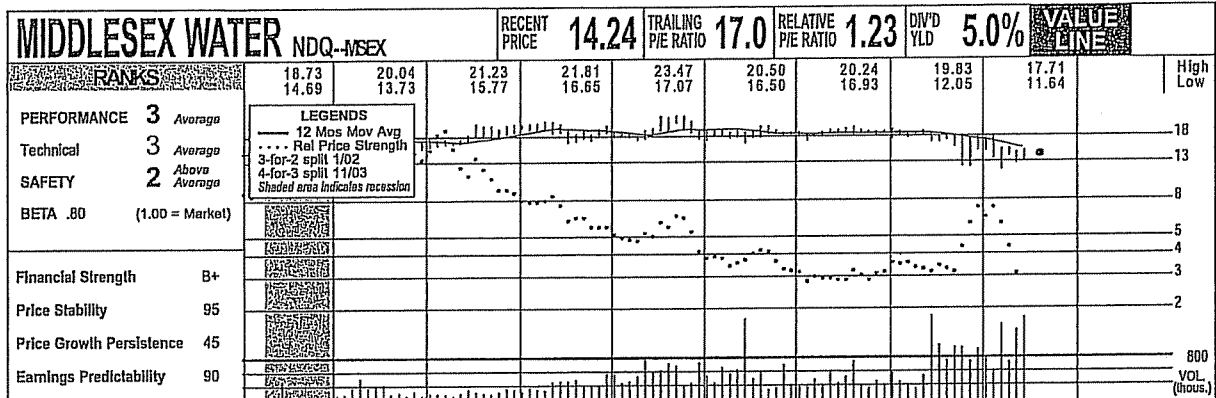
Source of Information: Value Line Investment Survey, July 24, and September 11, 2009
Reuters Company Research (Printed September 29, 2009)

AMER. STATES WATER NYSE-AMR		RECENT PRICE	35.93	P/E RATIO	21.1	(Trailing: 24.0 Median: 22.0)	RELATIVE P/E RATIO	1.40	DIV'D YLD	2.8%	VALUE LINE								
TIMELINESS 3 Lowered 6/5/09	High: 19.5	26.5	25.3	26.4	29.0	29.0	25.8	34.6	43.8	46.1	42.0	36.8	Target Price Range 2012-2013	128					
SAFETY 3 New 2/4/09	Low: 14.1	14.8	16.7	19.0	20.3	21.6	20.8	24.3	30.3	33.6	27.0	29.8		96					
TECHNICAL 3 Raised 7/10/09	LEGENDS --- 1.25 x Dividends p sh divided by Interest Rate Relative Price Strength 3-for-2 split 6/02 Options: No Shaded area: prior recession Latest recession began 12/07												80						
BETA .80 (1.00 = Market)	2012-14 PROJECTIONS Price Gain Return High 65 (+80%) 18% Low 45 (+25%) 9%												64						
Insider Decisions A S O N D J F M A to Buy 0 0 0 0 0 0 0 0 0 0 to Sell 3 0 0 0 0 0 0 0 0 0 Options 3 0 0 1 2 0 0 1 0													48						
Institutional Decisions 3Q2008 4Q2008 1Q2009 to Buy 48 64 55 to Sell 54 52 66 Pfd's (000) 9411 8980 9283													40						
Percent shares traded 12 8													32						
% TOT. RETURN 6/09 THIS STOCK VS. ARITH. INDEX 1 yr. 2.0 -14.0 3 yr. 5.2 -14.4 5 yr. 71.9 5.1													24						
© VALUE LINE PUB., INC. 12-14													16						
1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Revenues per sh	21.75
9.27	10.43	11.03	11.37	11.44	11.02	12.91	12.17	13.06	13.78	13.98	13.61	14.06	15.76	17.49	18.42	18.65	19.20	"Cash Flow" per sh	4.65
1.67	1.68	1.75	1.75	1.85	2.04	2.26	2.20	2.53	2.54	2.08	2.23	2.64	2.89	3.31	3.37	3.50	3.75	Earnings per sh ^A	2.60
1.11	.95	1.03	1.13	1.04	1.08	1.19	1.28	1.35	1.34	.78	1.05	1.32	1.33	1.62	1.55	1.70	1.90	Div'd Dec'd per sh ^B	1.28
.79	.80	.81	.82	.83	.84	.85	.85	.87	.87	.88	.89	.90	.91	.96	1.00	1.04	1.10	Cap'l Spending per sh	4.50
1.90	2.43	2.19	2.40	2.58	3.11	4.30	3.03	3.18	2.68	3.76	5.03	4.24	3.91	2.89	4.45	4.25	4.30	Book Value per sh	22.00
9.95	10.07	10.29	11.01	11.24	11.48	11.82	12.74	13.22	14.05	13.97	15.01	15.72	16.64	17.53	18.80	18.95	18.95	Common Shs Outst'g ^C	20.00
11.71	11.77	11.77	13.33	13.44	13.44	13.44	15.12	15.12	15.18	15.21	16.75	16.80	17.05	17.23	17.30	18.50	18.75	Avg Ann'l P/E Ratio	21.0
13.4	12.8	11.6	12.6	14.5	15.5	17.1	15.9	16.7	18.3	31.9	23.2	21.9	27.7	24.0	22.6	Bold figures are Value Line estimates		Relative P/E Ratio	1.40
.79	.84	.78	.79	.84	.81	.97	1.03	.86	1.00	1.82	1.23	1.17	1.50	1.27	1.37	1.37	1.37	Avg Ann'l Div'd Yield	2.2%
5.3%	6.6%	6.7%	5.8%	5.5%	5.0%	4.2%	4.2%	3.9%	3.5%	3.5%	3.1%	3.1%	2.5%	2.9%	2.5%	2.9%	2.5%	Revenues (\$mill)	435
CAPITAL STRUCTURE as of 3/31/09 Total Debt \$361.5 mill. Due In 5 Yrs \$33.0 mill. LT Debt \$306.5 mill. LT Interest \$21.0 mill. (LT interest earned: 3.6x total interest coverage: 3.4x) (50% of Cap'l)																		360	
Leases, Uncapitalized: Annual rentals \$2.9 mill. Pension Assets-12/08 \$54.2 mill. Oblig. \$94.5 mill. Pfd Stock None.																		36.0	
Common Stock 17,326,742 shs. MARKET CAP: \$625 million (Small Cap)																		36.0	
CURRENT POSITION 2007 2008 3/31/09 (\$ MILL) Cash Assets 1.7 7.3 24.9 Receivables 16.1 14.3 13.6 Inventory (Avg Cst) 1.5 2.1 1.9 Other 43.7 66.9 66.9 Current Assets 63.1 90.6 107.3 Accs Payable 29.1 36.6 35.0 Debt Due 37.8 75.3 65.0 Other 27.4 25.5 40.3 Current Liab. 94.3 137.4 131.3 Fix. Chg. Cov. 314% 293%																		435	
ANNUAL RATES Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 4.5% 5.0% 4.0% "Cash Flow" 5.5% 6.0% 6.5% Earnings 3.5% 5.5% 9.5% Dividends 1.5% 2.0% 5.0% Book Value 4.5% 5.0% 4.0%																		53.0	
QUARTERLY REVENUES (\$ mill.) Full Year Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 2006 64.3 63.0 75.0 66.3 268.6 2007 72.3 79.3 75.8 74.0 301.4 2008 68.9 80.3 85.3 84.2 318.7 2009 79.6 86.4 90.0 89.0 345 2010 82.0 89.0 95.0 94.0 360																		53.0%	
EARNINGS PER SHARE ^A Full Year Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 2006 .35 .36 .32 .30 1.33 2007 .40 .42 .44 .35 1.62 2008 .30 .53 .26 .43 1.55 2009 .28 .46 .50 .46 1.70 2010 .30 .50 .65 .45 1.90																		46.5%	
QUARTERLY DIVIDENDS PAID ^B Full Year Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 2005 .225 .225 .225 .225 .90 2006 .225 .225 .225 .235 .91 2007 .235 .235 .235 .250 .96 2008 .250 .250 .250 .250 1.00 2009 .250 .250																		46.5%	
BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Company, it supplies water to more than 250,000 customers in 75 communities in 10 counties. Service areas include the greater metropolitan areas of Los Angeles and Orange Counties. The company also provides electric utility services to nearly 23,250 customers in the city of Big Bear Lake and in areas of San Bernardino County. Acquired Chaparral City Water of Arizona (10/00). Has roughly 675 employees. Officers & directors own 2.5% of common stock (4/09 Proxy). Chairman: Lloyd Ross, President & CEO: Floyd Wicks, Inc. CA. Addr.: 630 East Foothill Boulevard, San Dimas, CA 91773. Tele.: 909-394-3600. Internet: www.aswater.com.																		46.5%	
American States Water has received some favorable backing from California's regulatory board. The water utility provider posted a 15% top-line gain in the first quarter, benefiting from the California Public Utilities Commission's (CPUC) November decision to implement the water revenue adjustment mechanism, modified cost balancing accounting methodology, and tiered rates laid out in the Water Action Plan. The use of these mechanisms is expected to produce smoother and more predictable growth, while stabilizing costs via removing outside influences, such as weather, on demand. Nevertheless, the benefits were not enough. The water utility provider reported earnings of \$0.28 a share, a couple of pennies off last year's mark. Despite the top-line improvement and a tax benefit, which added roughly \$0.08 to the bottom line, the company was unable to offset higher operating costs specifically those associated with the expansion of its nonregulated business. Construction projects at Fort Bliss and military bases in Virginia cost American \$0.05 a share. We've trimmed our full-year earnings estimate by a dime, to \$1.70 a share ... Operating costs are expected to continue mounting in the months ahead, as aging infrastructure requires heavier investment in order to meet increasingly stringent FDA codes. ... and our 2010 figure by a nickel, to \$1.90. With infrastructures growing older, higher expenses are not a passing fad. The cash-strapped company will have to seek help to make many of the needed improvements, opening up its bottom line to dilution, whether by higher share counts or increased interest rate costs. American recently made a stock offering of 1.15 million shares, netting nearly \$35 million. Even still, similar financing activity will probably be required based on our forecasts. These shares do not stand out for appreciation potential. Infrastructure costs limit their six- to 12-month allure as well as their 3- to 5-year appeal. Nevertheless, the stock may well interest risk-averse investors looking to add a steady stream of income to their portfolios.																		46.5%	
Andre J. Costanza July 24, 2009																		46.5%	
Company's Financial Strength B++ Stock's Price Stability 80 Price Growth Persistence 75 Earnings Predictability 65																		46.5%	
To subscribe call 1-800-833-0046																		46.5%	

(A) Primary earnings. Excludes nonrecurring gains/(losses): '04, 14¢; '05, 25¢; '06, 6¢; '08, (27¢). Next earnings report due early Aug. May not add due to rounding.
 (B) Dividends historically paid in early March, June, September, and December. * Div'd reinvestment plan available.
 (C) In millions, adjusted for splits.
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AQUA AMERICA NYSE-WIR										RECENT PRICE	P/E RATIO 20.6 (Trailing: 23.9 Median: 25.0)					RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE	Target Price Range 2012 2013			
TIMELINESS 3 Lowered 02/26/09	High: 11.5	11.5	12.0	14.8	15.0	16.8	18.5	29.2	29.8	26.6	22.0	21.5										
SAFETY 3 Lowered 01/03/09	Low: 7.2	7.6	6.3	9.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2	16.1										
TECHNICAL 4 Raised 7/10/09																						
BETA .65 (1.00 = Market)	LEGENDS 1.60 x Dividends p sh divided by Interest Rate Relative Price Strength 3-for-2 split 7/96 4-for-3 split 1/98 5-for-4 split 12/00 5-for-4 split 12/01 5-for-4 split 12/03 4-for-3 split 12/05 Options: Yes Shaded area: prior recession Latest recession began 12/07																					
2012-14 PROJECTIONS																						
Price	Gain	Ann'l Total																				
High 40 (+130%)	Return 26%																					
Low 25 (+45%)	73%																					
Insider Decisions																						
A S O N D J F M A																						
to Buy 0																						
Options 0 0 0 0 1 0 1 0 1 0 0 0 0 0 0 0 0 0 0 0																						
to Sell 0 0 0 0 1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0																						
Institutional Decisions																						
to Buy 103	131	130																				
to Sell 108	131	134																				
Mid's (000) 62150	60996	63551																				
Percent 15																						
shares 5																						
traded 10																						
CAPITAL STRUCTURE as of 3/31/09																						
Total Debt \$1338.1 mill. Due In 5 Yrs \$243.9 mill.																						
LT Debt \$1228.2 mill. LT Interest \$65.0 mill.																						
(LT Interest earned: 3.4%; total interest coverage: 3.4x)																						
Pension Assets-12/08 \$112.2 mill. Oblig. \$204.7 mill.																						
Prd Stock None																						
Common Stock 135,649,486 shares as of 4/24/09																						
MARKET CAP: \$2.4 billion (Mid Cap)																						
CURRENT POSITION 2007 2008 3/31/09																						
(MILL)																						
Cash Assets	14.5	14.9	16.7																			
Receivables	82.9	84.5	77.3																			
Inventory (AvgCst)	8.8	9.8	9.4																			
Other	9.3	11.6	11.3																			
Current Assets	115.5	121.0	114.7																			
Accts Payable	45.8	50.0	27.2																			
Debt Due	80.8	87.9	111.9																			
Other	55.6	55.3	52.9																			
Current Liab.	183.2	193.2	192.0																			
Fix. Chg. Cov.	323%	329%	325%																			
ANNUAL RATES Past Past Est'd '06-'08																						
of change (per sh)	10 Yrs.	5 Yrs.	to '12-'14																			
Revenues	8.0%	9.0%	6.5%																			
"Cash Flow"	9.5%	8.0%	7.5%																			
Earnings	7.5%	5.5%	10.0%																			
Dividends	7.0%	8.0%	4.5%																			
Book Value	9.5%	10.0%	6.5%																			
QUARTERLY REVENUES (\$ mill.)																						
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																	
2006	117.9	131.7	147.0	136.9	533.5																	
2007	137.3	150.6	165.5	149.1	602.5																	
2008	139.3	151.0	177.1	159.6	627.0																	
2009	154.5	167	185	173.5	680																	
2010	168	181	195	181	725																	
EARNINGS PER SHARE A																						
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																	
2006	.13	.17	.21	.19	.70																	
2007	.13	.17	.22	.19	.71																	
2008	.11	.17	.26	.19	.73																	
2009	.14	.20	.28	.23	.85																	
2010	.15	.22	.30	.23	.90																	
QUARTERLY DIVIDENDS PAID B =																						
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																	
2005	.098	.098	.098	.107	.40																	
2006	.107	.107	.115	.115	.44																	
2007	.115	.115	.125	.125	.48																	
2008	.125	.125	.125	.135	.51																	
2009	.135	.135																				
BUSINESS: Aqua America, Inc. is the holding company for water and wastewater utilities that serve approximately three million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, and five other states. Divested three of four non-water businesses in '91; telemarketing group in '93; and others. Acquired AquaSource, 7/03; Consumers Water, 4/99; and																						
others. Water supply revenues '08: residential, 60%; commercial, 14%; industrial & other, 26%. Officers and directors own 1.3% of the common stock (4/09 Proxy). Chairman & Chief Executive Officer: Nicholas DeBenedictis. Incorporated: Pennsylvania. Address: 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. Telephone: 610-525-1400. Internet: www.aquaamerica.com.																						
Aqua America has posted good results thus far in 2009. That can be attributed partly to the completion of key rate cases over the past year. An expanded customer base, made possible by acquisitions, has also helped the water provider (although the slowdown in the housing industry and the sale of two operations in 2008 have provided a bit of an offset). At this juncture, share net stands to climb around 16%, to \$0.85, this year. Further expansion in operating margins ought to enable the bottom line to advance another 6%, to \$0.90 a share, in 2010.																						
The company remains an active participant in the ongoing consolidation within the water-service industry. The cost and technical expertise required for compliance with quality standards for drinking water have risen to the point where a number of the many small water suppliers in the United States have been struggling financially. This has resulted in a buyer's market whereby a well-capitalized company, like Aqua America, can enlarge its customer base at relatively low cost. The latest additions to its portfolio include Clarendon Water Company,																						
serving 1,200 residents in Warren County, Pennsylvania; the water and wastewater assets of W.P. Water Company and W.P. Sanitary Company, which serve roughly 550 customers, combined, in Wyoming County and Luzerne County, Pennsylvania; and the Kratzerville Municipal Authority water system, serving roughly 400 residents in Snyder County, Pennsylvania. Even excluding future acquisitions (because of the many uncertainties associated with that strategy), we think Aqua America is capable of registering healthy, annual bottom-line gains over the 2012-2014 horizon.																						
The stock's risk-adjusted, total return possibilities are decent, reflecting the steady (albeit unspectacular) dividend growth we envision for the company going forward. Note, also, the high Price Stability rating and lower-than-market Beta coefficient. Conservative investors may want to take a look here.																						
But for the coming six to 12 months, these shares are ranked to perform only in line with the broader market averages.																						
Frederick L. Harris, III July 24, 2009																						
(A) Primary shares outstanding through '96; diluted thereafter. Excl. nonrec. gains (losses); '93, (11¢); '00, 2¢; '01, 2¢; '02, 5¢; '03, 4¢. Excl. gain from disc. operations: '96, 2¢. Next earnings report due early Aug. (B) Dividends historically paid in early March, June, Sept. & Dec. = Div'd, reinvestment plan available (5% discount). (C) In millions, adjusted for stock splits.																						
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Company's Financial Strength										B+					Stock's Price Stability				95			
Price Growth Persistence										75					Earnings Predictability				100			
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CALIFORNIA WATER NYSE-CWT												RECENT PRICE	P/E RATIO		Trailing: 18.0 Median: 22.0		RELATIVE P/E RATIO	DIV'D YLD		VALUE LINE						
TIMELINESS 3 Lowered 7/3/09		High: 33.8 Low: 20.8		32.0	31.4	28.6	26.9	31.4	37.9	42.1	45.8	45.4	46.6	48.3	Target Price Range 2012 2013 2014		128	95	80	64	48	40	32	24	16	12
SAFETY 3 Lowered 7/27/07		LEGENDS 1.33 x Dividends p sh divided by Interest Rate Relative Price Strength 2-for-1 split 1/98 Options: Yes Shaded area: prior recession Latest recession began 12/07																								
TECHNICAL 4 Raised 7/10/09																										
BETA .80 (1.00 = Market)																										
2012-14 PROJECTIONS																										
Ann'l Total Price Gain Return High 65 (+80%) 18% Low 45 (+2.6%) 9%																										
Insider Decisions																										
Institutional Decisions																										
CAPITAL STRUCTURE as of 3/31/09																										
Total Debt \$342.1 mill. Due In 5 Yrs \$80.0 mill. LT Debt \$287.2 mill. LT Interest \$21.0 mill.																										
(LT Interest earned: 4.6x; total Int. cov: 4.4x)																										
Pension Assets-12/08 \$66.9 mill. Obliq. \$192.9 mill.																										
Pfd Stock None																										
Common Stock 20,744,952 shs. as of 5/1/09																										
MARKET CAP: \$750 million (Small Cap)																										
CURRENT POSITION (\$ MILL)																										
Cash Assets 6.7 13.9 5.3 Other 53.3 65.9 67.0																										
Current Assets 60.0 79.8 72.3																										
Accls Payable 36.7 41.8 38.0																										
Debt Due 2.7 42.8 54.9																										
Other 30.3 35.8 37.2																										
Current Liab. 69.7 123.2 130.1																										
Fix. Chg. Cov. 333% 398% 482%																										
ANNUAL RATES																										
Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14																										
Revenues 2.0% 1.5% 5.5%																										
Cash Flow 2.0% 5.5% 6.8%																										
Earnings -- 7.0% 9.0%																										
Dividends 1.0% 0.5% 2.5%																										
Book Value 4.0% 6.5% 3.0%																										
QUARTERLY REVENUES (\$ mill.) ^E																										
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																					
2006	65.2	81.1	107.8	80.6	334.7																					
2007	71.6	95.8	113.8	85.9	367.1																					
2008	72.9	105.6	131.7	100.1	410.3																					
2009	86.7	115.3	140	108	450																					
2010	90.0	120	145	115	470																					
EARNINGS PER SHARE ^A																										
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																					
2006	.04	.31	.68	.31	1.34																					
2007	.07	.37	.67	.39	1.50																					
2008	.01	.48	1.06	.35	1.90																					
2009	.12	.54	1.05	.39	2.10																					
2010	.13	.56	1.09	.42	2.20																					
QUARTERLY DIVIDENDS PAID ^B																										
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																					
2005	.285	.285	.285	.285	1.14																					
2006	.2875	.2875	.2875	.2875	1.15																					
2007	.290	.290	.290	.290	1.16																					
2008	.293	.293	.293	.293	1.17																					
2009	.295	.295																								
BUSINESS: California Water Service Group provides regulated and nonregulated water service to roughly 463,600 customers in 83 communities in California, Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Acquired Rio Grande Corp; West Hawaii Utilities (9/08). Revenue breakdown: '08: residential, 69%; business, 18%; public authorities, 5%; industrial, 5%; other, 3%. '08 reported depreciation rate: 2.4%. Has roughly 929 employees. Chairman: Robert W. Foy. President & CEO: Peter C. Nelson (4/09 Proxy). Inc.: Delaware. Address: 1720 North First Street, San Jose, California 95112-4598. Telephone: 408-367-8200. Internet: www.calwatergroup.com.																										
Recent changes on the regulatory front are already benefiting California Water Service Group. Late last year, the California Public Utilities Commission (CPUC), which oversees the actions of utilities in the Golden State to ensure fair business practices, implemented some guidelines proposed in the Water Action Plan that essentially create a more business-friendly landscape. The board established a water revenue adjustment mechanism (WRAM), implemented a modified cost-balancing account (MCBA) methodology, and introduced tiered rates. These moves ought to streamline the review process of general rate cases and remove many unexpected costs of doing business due to outside factors, such as weather, beyond the companies' control such. In its first full quarter with such initiatives in place, CWT posted earnings of \$0.12 a share, far better than the penny earned last year. Revenues rose roughly 19% to \$86.6 million, with 83% of the increase coming from rate increases. Growth is likely to slow in the months ahead, however. Despite the more favorable regulatory climate, operating expenses are likely to continue escalating as deteriorating infrastructures and increasingly stringent EPA requirements result in higher maintenance costs. Meanwhile, the debt-riddled company is light on cash, and will probably need to look to outside financiers to make some of the necessary improvements. Thus, the increased interest expense and higher share count are likely to thwart earnings growth heading forward. The stock has lost some appeal since our April review. It has slipped a notch for Timeliness and is now pegged to mirror the broad market for the coming six to 12 months. Its longer-term lure, meanwhile, remains below average, as the aforementioned financing costs are likely to limit shareholder gains out to 2012-2014. It may pique the interest of conservative investors with a penchant for income, though. The company has a long-standing history of delivering steady dividend growth, which is an attractive attribute in times of economic volatility. WRAM and MCBA ought to make for more predictable earnings growth too.																										
Andre J. Costanza																										
July 24, 2009																										
(A) Basic EPS. Excl. nonrecurring gain (loss): '00, (7¢); '01, 4¢; '02, 6¢. Next earnings report due early Aug.		(B) Dividends historically paid in mid-Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available.		(C) Incl. deferred charges. In '08: \$3.9 mill., \$1.9/sh.		(D) In millions, adjusted for split.		(E) Excludes non-reg. rev.		Company's Financial Strength		B++		Stock's Price Stability		80		Price Growth Persistence		70		Earnings Predictability		75		
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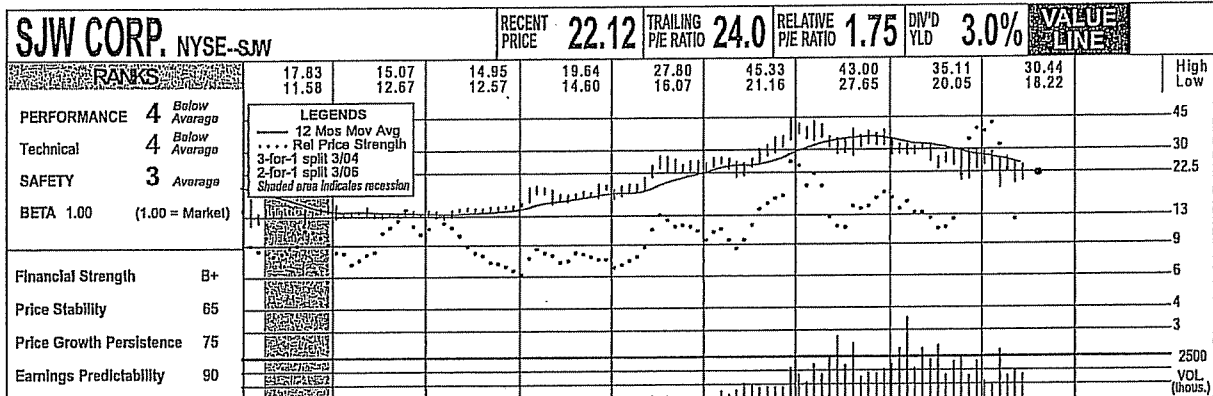
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011
SALES PER SH	5.87	5.98	6.12	6.25	6.44	6.16	6.50	6.79	—	—
"CASH FLOW" PER SH	1.18	1.20	1.15	1.28	1.33	1.33	1.49	1.53	—	—
EARNINGS PER SH	.66	.73	.61	.73	.71	.82	.87	.89	.76 ^{A,B}	.78 ^C /NA
DIV'DS DECL'D PER SH	.62	.63	.65	.66	.67	.68	.69	.70	—	—
CAP'L SPENDING PER SH	1.25	1.59	1.87	2.54	2.18	2.31	1.66	2.12	—	—
BOOK VALUE PER SH	7.11	7.39	7.60	8.38	8.60	9.82	10.05	10.28	—	—
COMMON SHS OUTST'G (MILL)	10.17	10.36	10.48	11.36	11.58	13.17	13.25	13.40	—	—
AVG ANN'L P/E RATIO	24.6	23.5	30.0	26.4	27.4	22.7	21.6	19.8	18.7	18.3/NA
RELATIVE P/E RATIO	1.26	1.28	1.71	1.39	1.45	1.23	1.15	1.19	—	—
AVG ANN'L DIV'D YIELD	3.8%	3.7%	3.5%	3.4%	3.5%	3.7%	3.7%	4.0%	—	—
SALES (\$MILL)	59.6	61.9	64.1	71.0	74.6	81.1	86.1	91.0	—	—
OPERATING MARGIN	47.2%	47.1%	44.0%	44.4%	44.4%	47.4%	47.0%	46.9%	—	—
DEPRECIATION (\$MILL)	5.3	5.0	5.6	6.4	7.2	7.8	8.2	8.5	—	—
NET PROFIT (\$MILL)	7.0	7.8	6.6	8.4	8.5	10.0	11.8	12.2	—	—
INCOME TAX RATE	34.8%	33.3%	32.8%	31.1%	27.6%	33.4%	32.6%	33.2%	—	—
NET PROFIT MARGIN	11.7%	12.5%	10.3%	11.9%	11.4%	12.4%	13.8%	13.4%	—	—
WORKING CAP'L (\$MILL)	d.9	d9.3	d13.3	d11.8	d4.5	2.8	d9.6	d40.9	—	—
LONG-TERM DEBT (\$MILL)	88.1	87.5	97.4	115.3	128.2	130.7	131.6	118.2	—	—
SHR. EQUITY (\$MILL)	76.4	80.6	83.7	99.2	103.6	133.3	137.1	141.2	—	—
RETURN ON TOTAL CAP'L	5.6%	6.0%	5.0%	5.1%	5.0%	5.1%	5.6%	5.8%	—	—
RETURN ON SHR. EQUITY	9.1%	9.6%	7.9%	8.5%	8.2%	7.5%	8.6%	8.6%	—	—
RETAINED TO COM EQ	.5%	1.3%	NMF	.9%	.5%	1.2%	1.8%	1.9%	—	—
ALL DIV'DS TO NET PROF	94%	87%	106%	90%	94%	84%	79%	78%	—	—

^ANo. of analysts changing earn. est. in last 11 days; 0 up, 0 down, consensus 5-year earnings growth 7.0% per year. ^BBased upon 2 analysts' estimates. ^CBased upon 2 analysts' estimates.

ANNUAL RATES				ASSETS (\$mill.)			INDUSTRY: Water Utility					
of change (per share)	5 Yrs.	1 Yr.		2007	2008	3/31/09						
Sales	1.5%	4.5%		2.0	3.3	3.2	BUSINESS: Middlesex Water Company engages in the ownership and operation of regulated water utility systems in New Jersey (NJ) and Delaware, and a regulated wastewater utility in NJ. It offers contract operations services and a service line maintenance program through its nonregulated subsidiary, Utility Service Affiliates, Inc. Its water utility system treats, stores, and distributes water for residential, commercial, industrial, and fire prevention purposes. It also provides water treatment and pumping services to the Township of East Brunswick. Its other NJ subsidiaries offer water and wastewater services to residents in Southampton Township. Its Delaware subsidiaries provide water services to retail customers in New Castle, Kent, and Sussex counties. In July, it was approved to implement a Purchased Water Adjustment Clause, which is a pass-through charge that enables the company to recover the increased unit cost of raw or finished water purchased from external sources. Has 269 employees. Chairman: J. Richard Tompkins. Address: 1500 Ronson Rd, P.O. BOX 1500, Iselin, NJ 08830. Tel.: 732-634-1500. Internet: http://www.middlesexwater.com . M.W.					
"Cash Flow"	4.5%	2.5%		12.8	14.3	13.3						
Earnings	5.5%	2.5%		1.2	1.5	1.5						
Dividends	2.0%	1.5%		1.4	1.5	1.0						
Book Value	6.5%	2.5%		17.4	20.6	19.0						
Fiscal Year	QUARTERLY SALES (\$mill.)		Full Year	Property, Plant & Equip, at cost								
	1Q	2Q	3Q	4Q								
12/31/07	19.0	21.8	24.1	21.2	86.1	398.6				436.8	--	
12/31/08	20.8	23.0	25.7	21.5	91.0	64.7				70.5	--	
12/31/09	20.6					333.9				366.3	371.5	
12/31/10						41.4	53.1	52.9				
	EARNINGS PER SHARE		Full Year	LIABILITIES (\$mill.)								
Fiscal Year	1Q	2Q	3Q	4Q		6.5	5.7	5.0				
12/31/06	.15	.25	.28	.14	.82	9.0	43.9	40.3				
12/31/07	.13	.24	.31	.19	.87	11.5	11.9	12.7				
12/31/08	.15	.26	.35	.13	.89	27.0	61.5	58.0				
12/31/09	.10	.24	.31	.12		LONG-TERM DEBT AND EQUITY as of 3/31/09						
12/31/10						Total Debt \$184.7 mill. Due in 5 Yrs. NA						
Calendar	QUARTERLY DIVIDENDS PAID		Full Year	LT Debt \$124.4 mill. Including Cap. Leases NA (47% of Cap'l)								
	1Q	2Q	3Q	4Q		Leases, Uncapitalized Annual rentals NA						
2006	.17	.17	.17	.173	.68	Pension Liability \$25.5 mill. in '08 vs. \$13.3 mill. in '07						
2007	.173	.173	.173	.175	.69	Pfd Stock None Pfd Div'd Paid None						
2008	.175	.175	.175	.178	.70	Common Stock 13,425,000 shares (53% of Cap'l)						
2009	.178	.178										

INSTITUTIONAL DECISIONS				TOTAL SHAREHOLDER RETURN				
	3Q'08	4Q'08	1Q'09	Dividends plus appreciation as of 6/30/2009				
to Buy	36	35	41	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
to Sell	30	24	27	1.69%	-14.10%	-8.88%	-14.84%	-10.85%
Hid's(000)	5083	4997	4505					

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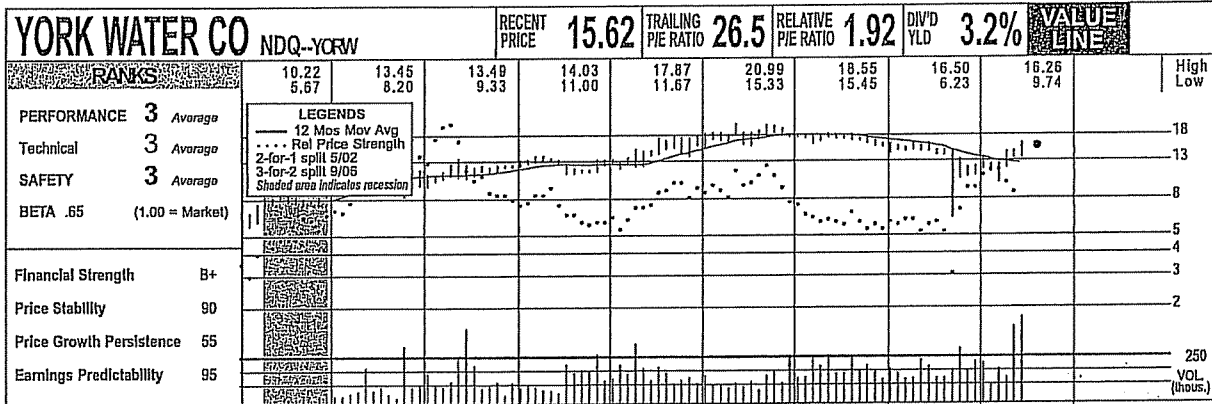


© VALUE LINE PUBLISHING, INC.	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011
SALES PER SH	7.45	7.97	8.20	9.14	9.86	10.35	11.25	12.12	—	—
"CASH FLOW" PER SH	1.49	1.55	1.75	1.89	2.21	2.38	2.30	2.44	—	—
EARNINGS PER SH	.77	.78	.91	.87	1.12	1.19	1.04	1.08	.99 ^{A,B}	1.31 ^C /NA
DIV'D DECL'D PER SH	.43	.46	.49	.51	.53	.57	.61	.65	—	—
CAP'L SPENDING PER SH	2.63	2.06	3.41	2.31	2.83	3.87	6.62	3.79	—	—
BOOK VALUE PER SH	8.17	8.40	9.11	10.11	10.72	12.48	12.90	13.99	—	—
COMMON SHS OUTST'G (MILL)	18.27	18.27	18.27	18.27	18.27	18.28	18.36	18.18	—	—
AVG ANN'L P/E RATIO	18.5	17.3	15.4	19.6	19.7	23.5	33.4	26.2	22.3	16.9/NA
RELATIVE P/E RATIO	.95	.94	.88	1.04	1.04	1.27	1.77	1.58	—	—
AVG ANN'L DIV'D YIELD	3.0%	3.4%	3.5%	3.0%	2.4%	2.0%	1.7%	2.3%	—	—
SALES (\$MILL)	136.1	145.7	149.7	166.9	180.1	189.2	206.6	220.3	—	—
OPERATING MARGIN	64.4%	63.7%	56.0%	56.4%	55.9%	57.0%	41.8%	42.4%	—	—
DEPRECIATION (\$MILL)	13.2	14.0	15.2	18.5	19.7	21.3	22.9	24.0	—	—
NET PROFIT (\$MILL)	14.0	14.2	16.7	16.0	20.7	22.2	19.3	20.2	—	—
INCOME TAX RATE	34.5%	40.4%	36.2%	42.1%	41.6%	40.8%	39.4%	39.5%	—	—
NET PROFIT MARGIN	10.3%	9.8%	11.2%	9.6%	11.5%	11.7%	9.4%	9.2%	—	—
WORKING CAP'L (\$MILL)	d3.8	d4.9	12.0	13.0	10.8	22.2	d1.4	d11.3	—	—
LONG-TERM DEBT (\$MILL)	110.0	110.0	139.6	143.6	145.3	163.6	216.3	216.6	—	—
SHR. EQUITY (\$MILL)	149.4	153.5	166.4	184.7	195.9	228.2	236.9	254.3	—	—
RETURN ON TOTAL CAP'L	6.7%	6.9%	6.9%	6.5%	7.6%	7.0%	5.7%	5.8%	—	—
RETURN ON SHR. EQUITY	9.4%	9.3%	10.0%	8.7%	10.6%	9.7%	8.2%	8.0%	—	—
RETAINED TO COM EQ	4.1%	3.8%	4.7%	3.6%	5.6%	5.2%	3.5%	3.3%	—	—
ALL DIV'DS TO NET PROF	56%	59%	53%	58%	47%	46%	57%	59%	—	—

^ANo. of analysts changing earn. est. in last 11 days: 0 up, 0 down, consensus 5-year earnings growth 10.0% per year. ^BBased upon 2 analysts' estimates. ^CBased upon 2 analysts' estimates.

ANNUAL RATES					ASSETS (\$mill.)			INDUSTRY: Water Utility					
of change (per share)	5 Yrs.	1 Yr.			2007	2008	3/31/09						
Sales	7.5%	7.5%			2.4	3.4	2.4	<p>BUSINESS: SJW Corporation, through its subsidiaries, engages in the production, purchase, storage, purification, distribution, and retail sale of water. The company offers nonregulated water-related services, including water system operations, cash remittances, and maintenance contract services. SJW also owns undeveloped land; a 70% limited partnership interest in 444 West Santa Clara Street, L.P.; and operates commercial buildings in Arizona, California, Connecticut, Florida, Tennessee, and Texas. As of December 31, 2008, SJW provided water service to approximately 226,000 connections that served a population of approximately one million people in the San Jose area. It also provides water service to approximately 8,700 connections that serve approximately 36,000 residents in a service area in the region between San Antonio and Austin, Texas. Has 379 employees. Chairman: Charles J. Toeniskoetter, Inc.: CA. Address: 110 W. Taylor Street, San Jose, CA 95110. Tel.: (408) 279-7800. Internet: http://www.sjwater.com.</p>					
"Cash Flow"	8.5%	6.0%			23.0	24.5	21.7						
Earnings	6.0%	4.0%			.8	.9	1.0						
Dividends	5.5%	6.5%			5.4	3.2	4.3						
Book Value	9.0%	8.5%			31.6	32.0	29.4						
Fiscal Year	QUARTERLY SALES (\$mill.)				Property, Plant & Equip, at cost								
	1Q	2Q	3Q	4Q	Full Year								
12/31/07	39.0	55.1	64.9	47.6	206.6	904.3	958.7						
12/31/08	41.3	60.0	69.5	49.5	220.3	258.8	274.5						
12/31/09	40.0					645.5	684.2				699.6		
12/31/10						90.2	134.7	125.4					
Fiscal Year	EARNINGS PER SHARE				LIABILITIES (\$mill.)								
	1Q	2Q	3Q	4Q	Full Year								
12/31/06	.14	.35	.48	.22	1.19	Accts Payable	9.3	5.8	7.7				
12/31/07	.12	.29	.43	.20	1.04	Debt Due	5.6	19.1	17.4				
12/31/08	.15	.34	.44	.15	1.08	Other	18.1	18.4	15.6				
12/31/09	d.01	.36	.44	.18		Current Liab	33.0	43.3	40.7				
12/31/10						LONG-TERM DEBT AND EQUITY as of 3/31/09							
Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year	Total Debt \$243.8 mill. Due in 5 Yrs. NA							
	1Q	2Q	3Q	4Q		LT Debt \$226.4 mill. Including Cap. Leases NA (48% of Cap'l)							
2006	.141	.141	.141	.141	.56	Leases, Uncapitalized Annual rentals NA							
2007	.151	.151	.151	.151	.60	Pension Liability \$42.3 mill. in '08 vs. \$23.4 mill. in '07							
2008	.161	.161	.161	.161	.64	Pfd Stock None Pfd Div'd Paid None							
2009	.165	.165				Common Stock 18,475,597 shares (52% of Cap'l)							
INSTITUTIONAL DECISIONS					TOTAL SHAREHOLDER RETURN								
	3Q'08 4Q'08 1Q'09				Dividends plus appreciation as of 6/30/2009								
to Buy	35 34 45				3 Mos. 6 Mos. 1 Yr. 3 Yrs. 5 Yrs.								
to Sell	36 39 32				-10.04% -23.14% -11.75% -4.83% 50.09%								
Hld's(000)	8399 8286 8505												

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011
REVENUES PER SH	2.05	2.05	2.17	2.18	2.58	2.56	2.79	2.69	—	—
"CASH FLOW" PER SH	.59	.57	.65	.65	.79	.77	.86	.88	—	—
EARNINGS PER SH	.43	.40	.47	.49	.56	.58	.57	.57	.66 ^{A,B}	.68 ^C /NA
DIV'D DECL'D PER SH	.34	.35	.37	.39	.42	.45	.48	.49	—	—
CAP'L SPENDING PER SH	.75	.66	1.07	2.50	1.69	1.85	1.69	2.17	—	—
BOOK VALUE PER SH	3.79	3.90	4.06	4.65	4.85	5.84	5.97	6.14	—	—
COMMON SHS OUTST'G (MILL)	9.46	9.55	9.63	10.33	10.40	11.20	11.27	11.37	—	—
AVG ANN'L P/E RATIO	17.9	26.9	24.5	25.7	26.3	31.2	30.3	24.6	23.7	23.0/NA
RELATIVE P/E RATIO	.92	1.47	1.40	1.36	1.39	1.68	1.61	1.48	—	—
AVG ANN'L DIV'D YIELD	4.3%	3.3%	3.2%	3.1%	2.9%	2.5%	2.8%	3.5%	—	—
REVENUES (\$MILL)	19.4	19.6	20.9	22.5	26.8	28.7	31.4	32.8	—	—
NET PROFIT (\$MILL)	4.0	3.8	4.4	4.8	5.8	6.1	6.4	6.4	—	—
INCOME TAX RATE	35.8%	34.9%	34.8%	36.7%	36.7%	34.4%	36.5%	36.1%	—	—
AFUDC % TO NET PROFIT	2.2%	3.7%	—	—	—	7.2%	3.6%	10.1%	—	—
LONG-TERM DEBT RATIO	47.7%	46.7%	43.4%	42.5%	44.1%	48.3%	46.5%	54.5%	—	—
COMMON EQUITY RATIO	52.3%	53.3%	56.6%	57.5%	55.9%	51.7%	53.5%	45.5%	—	—
TOTAL CAPITAL (\$MILL)	68.6	69.9	69.0	83.6	90.3	126.5	125.7	153.4	—	—
NET PLANT (\$MILL)	102.3	106.7	116.5	140.0	155.3	174.4	191.6	211.4	—	—
RETURN ON TOTAL CAP'L	7.9%	7.4%	8.5%	7.6%	8.4%	6.2%	6.7%	5.7%	—	—
RETURN ON SHR. EQUITY	11.2%	10.2%	11.4%	10.0%	11.6%	9.3%	9.5%	9.2%	—	—
RETURN ON COM EQUITY	11.2%	10.2%	11.4%	10.0%	11.6%	9.3%	9.5%	9.2%	—	—
RETAINED TO COM EQ	2.5%	1.3%	2.6%	2.1%	3.0%	2.2%	1.7%	1.4%	—	—
ALL DIV'DS TO NET PROF	78%	88%	77%	79%	74%	77%	82%	85%	—	—

^ANo. of analysts changing earn. est. in last 11 days: 0 up, 0 down, consensus 5-year earnings growth 6.0% per year. ^BBased upon 4 analysts' estimates. ^CBased upon 4 analysts' estimates.

ANNUAL RATES				ASSETS (\$mill.)			INDUSTRY: Water Utility				
of change (per share)	5 Yrs.	1 Yr.		2007	2008	3/31/09					
Revenues	5.5%	3.5%		.0	.0	.0	BUSINESS: The York Water Company engages in the impounding, purification, and distribution of water in York County and Adams County, Pennsylvania. The company supplies water for residential, commercial, industrial, and other customers. It has two reservoirs, Lake Williams, which is 700 feet long and 58 feet high, and creates a reservoir covering approximately 165 acres containing about 870 million gallons of water; and Lake Redman, which is 1,000 feet long and 52 feet high and creates a reservoir covering approximately 290 acres containing about 1.3 billion gallons of water. The company also has a 15-mile pipeline from the Susquehanna River to Lake Redman that provides access to an additional supply of water. As of December 31, 2008, the company served approximately 176,000 residential, commercial, industrial, and other customers in 39 municipalities in York County and seven municipalities in Adams County. As of June 29, it was added to the broad-market Russell 3000 Index. Has 110 employees. C.E.O. & President: Jeffrey R. Hines, Inc.: P.A. Address: 130 East Market Street, York, PA 17401. Tel.: (717) 845-3601. Internet: http://www.yorkwater.com . <i>M.W.</i> July 24, 2009				
"Cash Flow"	7.0%	3.5%		5.2	5.9	5.6					
Earnings	6.0%	—		.8	.7	.8					
Dividends	6.0%	3.0%		.8	.7	.9					
Book Value	9.0%	3.0%		6.8	7.3	7.3					
Fiscal Year	QUARTERLY SALES (\$mill.)				LIABILITIES (\$mill.)						
	1Q	2Q	3Q	4Q	Full Year	Accs Payable	Debt Due	Other	Current Liab		
12/31/07	7.4	7.9	8.3	7.8	31.4	3.2	2.0	2.4	2.7		
12/31/08	7.5	7.8	8.6	8.9	32.8	15.0	8.7	2.7	4.1		
12/31/09	8.8					3.2	3.5	4.1	2.4	9.2	
12/31/10						21.4	14.2	9.2			
Fiscal Year	EARNINGS PER SHARE				LONG-TERM DEBT AND EQUITY						
	1Q	2Q	3Q	4Q	Full Year	as of 3/31/09					
12/31/06	.12	.14	.17	.15	.58	Total Debt \$94.5 mill.	Due in 5 Yrs. NA				
12/31/07	.12	.15	.15	.15	.57	LT Debt \$91.8 mill.					
12/31/08	.11	.13	.15	.18	.57	Including Cap. Leases NA					
12/31/09	.13	.16	.19	.18		(57% of Cap'l)					
12/31/10						Leases, Uncapitalized Annual rentals NA					
Cal-endar	QUARTERLY DIVIDENDS PAID				Pension Liability \$9.8 mill. In '08 vs. \$4.0 mill. in '07						
	1Q	2Q	3Q	4Q	Full Year						
2006	.112	.112	.112	.112	.45	Pfd Stock None	Pfd Div'd Paid None				
2007	.118	.118	.118	.118	.47	Common Stock 11,407,184 shares					
2008	.121	.121	.121	.121	.48	(43% of Cap'l)					
2009	.126	.126	.126								

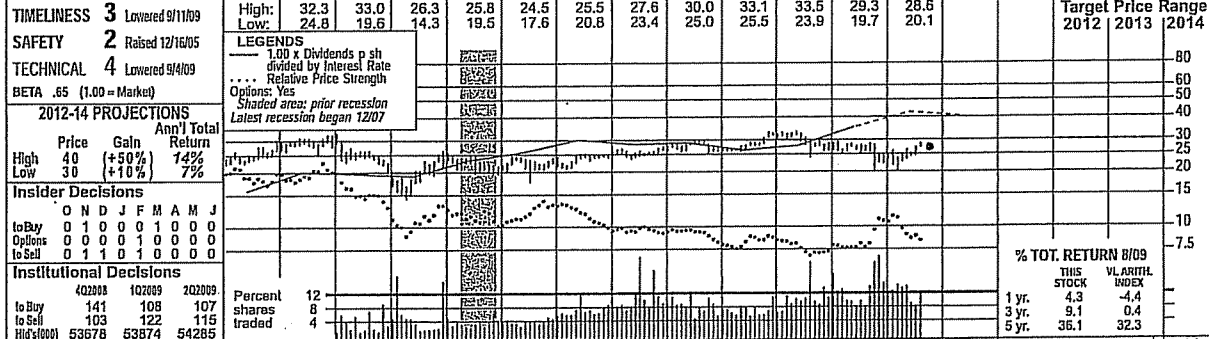
INSTITUTIONAL DECISIONS				TOTAL SHAREHOLDER RETURN				
	3Q'08	4Q'08	1Q'09	Dividends plus appreciation as of 6/30/2009				
to Buy	19	15	17	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
to Sell	12	8	10	25.09%	29.15%	9.33%	5.77%	45.02%
Hld's(000)	1974	1979	1958					

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AGL RESOURCES NYSE-AGL		RECENT PRICE	33.35	P/E RATIO	13.1	(Trailing: 10.9 Median: 14.0)	RELATIVE P/E RATIO	0.81	DIV'D YLD	5.2%	VALUE LINE									
TIMELINESS 3	Lowered 6/12/09	High: 23.4	23.4	23.2	24.5	25.0	29.3	33.7	39.3	40.1	44.7	39.1	35.0	35.0	24.0	Target Price	2012	2013	Range	2014
SAFETY 2	New 7/27/09	Low: 17.7	17.7	15.6	15.5	19.0	17.3	21.9	26.5	32.0	34.4	35.2	24.0	24.0						80
TECHNICAL 5	Lowered 9/11/09	LEGENDS - - - 1.25 x Dividends p sh divided by Interest Rate Relative Price Strength O Options: Yes Shaded area: prior recession Latest recession began 12/07																		
BETA .75	(1.60 = Market)	2012-14 PROJECTIONS Ann'l Total High 55 (+65%) Low 40 (+20%) Return 17% 70%																		
Insider Decisions		O N D J F M A M J to Buy 0 to Sell 0 2 1 0 2 0 0 1 0 0 0 0 0 0 0 0 0 0 0 0 0 to Hold 0 3 1 0 1 0 0 2 0 0 0 0 0 0 0 0 0 0 0 0 0																		
Institutional Decisions		4Q2008 1Q2009 2Q2009 to Buy 107 110 124 to Sell 111 107 96 Mid's(000) 46113 45714 45662 Percent shares traded 18 6																		
CAPITAL STRUCTURE as of 6/30/09		Total Debt \$2093.0 mill. Due In 5 Yrs \$962.0 mill. LT Debt \$1675.0 mill. LT Interest \$90.0 mill. (Total interest coverage: 3.9x) Leases, Uncapitalized Annual rentals \$30.0 mill. Pension Assets-12/08 \$242.0 mill. Oblig. \$442.0 mill. Pfd Stock None Common Stock 77,278,942 shs. as of 7/24/09 MARKET CAP: \$2.6 billion (Mid Cap)																		
CURRENT POSITION (\$MILL.)		2007 2008 6/30/09 Cash Assets 21.0 16.0 12.0 Other 1790.0 2026.0 1304.0 Current Assets 1811.0 2042.0 1316.0 Accls Payable 172.0 202.0 167.0 Debt Due 580.0 666.0 418.0 Other 893.0 915.0 696.0 Current Liab. 1645.0 1983.0 1281.0 Fix. Chg. Cov. 391% 416% 527%																		
ANNUAL RATES of change (per sh)		Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 to '12-'14 Revenues 4.0% 15.5% 2.0% "Cash Flow" 6.0% 6.5% 2.5% Earnings 7.0% 8.5% 3.5% Dividends 4.0% 8.0% 2.5% Book Value 7.0% 10.0% 1.5%																		
QUARTERLY REVENUES (\$mill.)		Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 1044 436 434 707 2621 2007 973 467 369 685 2494 2008 1012 444 539 805 2800 2009 995 377 440 698 2510 2010 1020 450 480 775 2725																		
EARNINGS PER SHARE		Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 1.41 .25 .46 .60 2.72 2007 1.29 .40 .17 .86 2.72 2008 1.16 .30 .28 .97 2.71 2009 1.55 .26 .20 .69 2.70 2010 1.40 .30 .30 .90 2.90																		
QUARTERLY DIVIDENDS PAID		Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 .31 .31 .31 .37 1.30 2006 .37 .37 .37 .37 1.48 2007 .41 .41 .41 .41 1.64 2008 .42 .42 .42 .42 1.68 2009 .43 .43 .43																		
BUSINESS:		AGL Resources Inc. is a public utility holding company. Its distribution subsidiaries include Atlanta Gas Light, Chattanooga Gas, Elizabethtown Gas and Virginia Natural Gas. The utilities have more than 2.2 million customers in Georgia, Virginia, Tennessee, New Jersey, Florida, and Maryland. Engaged in non-regulated natural gas marketing and other allied services. Deregulated subsidiaries: Georgia Natural Gas markets natural gas at retail. Sold Utilipro, 3/01. Acquired Compass Energy Services, 10/07. Franklin Resources owns 7.7% of common stock; off/di., less than 1.0% (3/09 Proxy). Pres. & CEO: John W. Sommerhalder II, Inc.: GA. Addr.: Ten Peachtree Place N.E., Atlanta, GA 30309. Telephone: 404-584-4000. Internet: www.aglresources.com.																		
We do not expect 2009 to be a banner year for AGL Resources. The company reported healthy results in the first quarter. However, performance was less favorable in the recent interim. The Wholesale services business posted an operating loss of \$11 million, while the Retail Energy Operations and Energy Investments units reported lower earnings. On the bright side, the Distribution Operations business posted moderate growth in operating earnings. This was primarily due to higher fees to marketers in Georgia for the storage of natural gas inventory and greater pipeline replacement revenues at Atlanta Gas Light. Overall, revenues and share earnings declined in the June period. Looking forward, comparisons will likely also prove unfavorable for the second half of the year. Thus, we anticipate lower revenues and relatively flat share earnings for full-year 2009. Subsidiary Atlanta Gas Light has announced a system infrastructure investment project. This \$400 million program will be completed over a 10-year period. Infrastructure improvements include upgrading the utility's distribution system and its liquefied natural gas facilities. This project will improve system reliability, increase operational flexibility, and allow Atlanta Gas Light to meet its forecasted growth objectives. Elizabethtown Gas has modified its rate case filing. It had originally requested a \$25 million rate hike, but has since lowered this amount to \$17 million. The proposed increase would become effective at the beginning of 2010. Meanwhile, Atlanta Gas Light has requested to postpone a rate case filing, which had originally been scheduled for November 1st of this year. However, it does plan to file sometime after that (June 1, 2010 at the latest). Virginia Natural Gas and Chattanooga Gas also intend to file rate cases in 2010. We anticipate higher revenues and share earnings at the company by 2012-2014, on better operating conditions. Moreover, AGL has a healthy dividend yield and earns high marks for Safety, Price Stability, and Earnings Predictability. From the present quotation, this issue features decent risk-adjusted total return potential.																				
Company's Financial Strength		B++ Stock's Price Stability 100 Price Growth Persistence 75 Earnings Predictability 90																		
(A) Fiscal year ends December 31st. Ended September 30th prior to 2002. (B) Diluted earnings per share. Excl. nonrecurring gains (losses): '95, (\$0.83); '99, \$0.39; '00, \$0.13; '01, \$0.13; '03, (\$0.07); '08, \$0.13. Next earnings report due late October. (C) Dividends historically paid early March, June, Sept., and Dec. * Div'd reinvest. plan available. (D) Includes intangibles. In 2008: \$418 million, \$5.44/share. (E) In millions.		© 2009, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.																		

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ATMOS ENERGY CORP. NYSE:ATO RECENT PRICE **27.06** P/E RATIO **12.1** (Trailing: 11.9 Median: 16.0) RELATIVE P/E RATIO **0.75** DIV'D YLD **5.0%** **VALUE LINE ONE**



Almos Energy's history dates back to 1906 in the Texas Panhandle. Over the years, through various mergers, it became part of Pioneer Corporation, and, in 1981, Pioneer named its gas distribution division Energas. In 1983, Pioneer organized Energas as a separate subsidiary and distributed the outstanding shares of Energas to Pioneer shareholders. Energas changed its name to Atmos in 1988. Atmos acquired Trans Louisiana Gas in 1986, Western Kentucky Gas Utility in 1987, Greeley Gas in 1993, United Cities Gas in 1997, and others.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	% VALUE LINE PUB., INC. 12-14
Revenues per sh ^A	22.09	26.61	35.36	22.82	54.39	46.50	61.75	75.27	66.03	79.52	54.25	68.45	86.35
"Cash Flow" per sh	2.62	3.01	3.03	3.39	3.23	2.91	3.90	4.26	4.14	4.19	4.40	4.55	4.80
Earnings per sh ^{A, B}	.81	1.03	1.47	1.45	1.71	1.58	1.72	2.00	1.94	2.00	2.10	2.20	2.50
Div'ds Decl'd per sh ^C	1.10	1.14	1.16	1.18	1.20	1.22	1.24	1.26	1.28	1.30	1.32	1.34	1.40
Cap'l Spending per sh	3.53	2.35	2.77	3.17	3.10	3.03	4.14	5.20	4.38	5.20	5.50	5.75	6.60
Book Value per sh	12.09	12.28	14.31	13.75	16.66	18.05	19.90	20.16	22.01	22.60	24.10	24.40	26.90
Common Shs Outst'g ^D	31.25	31.95	40.79	41.65	51.48	62.80	80.54	81.74	89.33	90.81	92.50	93.50	110.00
Avg Ann'l P/E Ratio	33.0	18.9	15.6	15.2	13.4	15.9	16.1	13.5	15.9	13.6	13.6	13.6	14.0
Relative P/E Ratio	4.1%	5.9%	8.0%	8.3%	7.6%	8.4%	8.6%	7.3%	8.4%	8.4%	8.4%	8.4%	.95
Avg Ann'l Div'd Yield	690.2	850.2	1442.3	950.8	2799.9	2920.0	4973.3	6152.4	5898.4	7221.3	5020	6400	9500
Net Profit (\$mill) ^A	25.0	32.2	56.1	59.7	79.5	86.2	135.8	162.3	170.5	180.3	195	205	275
Income Tax Rate	35.0%	36.1%	37.3%	37.1%	37.1%	37.4%	37.7%	37.6%	35.8%	38.4%	35.0%	37.0%	40.5%
Net Profit Margin	3.6%	3.8%	3.9%	6.3%	2.8%	3.0%	2.7%	2.6%	2.9%	2.5%	3.9%	3.2%	3.0%
Long-Term Debt Ratio	50.0%	48.1%	54.3%	53.9%	60.2%	43.2%	57.7%	57.0%	52.0%	50.8%	50.0%	50.5%	49.0%
Common Equity Ratio	50.0%	51.9%	45.7%	46.1%	49.8%	56.8%	42.3%	43.0%	48.0%	49.2%	50.0%	49.5%	51.0%
Total Capital (\$mill)	755.1	755.7	1276.3	1243.7	1721.4	1994.8	3785.5	3828.5	4092.1	4172.3	4430	4580	5800
Net Plant (\$mill)	965.8	982.3	1335.4	1300.3	1516.0	1722.5	3374.4	3629.2	3836.8	4136.9	4365	4575	5850
Return on Total Cap'l	5.1%	6.5%	5.9%	6.8%	6.2%	5.8%	5.3%	6.1%	5.9%	5.9%	6.0%	6.0%	6.0%
Return on Shr. Equity	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.8%	8.7%	8.8%	9.0%	9.0%	9.5%
Return on Com Equity	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.8%	8.7%	8.8%	9.0%	9.0%	9.5%
Retained to Com Eq	NMF	NMF	2.1%	1.9%	2.8%	1.7%	2.3%	3.6%	3.0%	3.1%	3.5%	3.5%	4.0%
All Div'ds to Net Prof	NMF	112%	79%	82%	70%	77%	73%	63%	65%	65%	63%	61%	56%

CAPITAL STRUCTURE as of 6/30/09
Total Debt \$2169.5 mill. Due in 5 Yrs \$1360.0 mill.
LT Debt \$2169.4 mill. LT Interest \$115.0 mill.
(LT Interest earned: 2.9%; total interest coverage: 2.8x)
Leases, Uncapitalized Annual rentals \$18.4 mill.
Pfd Stock None
Pension Assets-9/08 \$34.1 mill.
Oblig. \$337.5 mill.
Common Stock 92,272,478 shs.
as of 7/31/09
MARKET CAP: \$2.5 billion (Mid Cap)

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 of change (per sh)
Revenues 9.5% 14.5% 3.0%
"Cash Flow" 3.5% 5.5% 2.5%
Earnings 2.5% 5.0% 4.0%
Dividends 2.5% 1.5% 1.5%
Book Value 6.5% 7.5% 4.0%

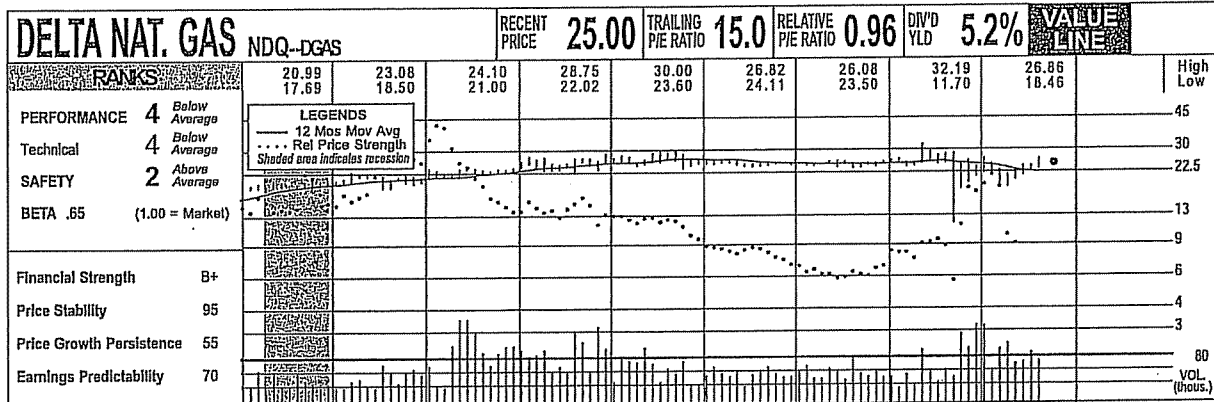
Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2006	2283.8	2033.8	863.2	971.6	6152.4
2007	1602.6	2075.6	1218.2	1002.0	5898.4
2008	1657.5	2484.0	1639.1	1440.7	7221.3
2009	1716.3	1821.4	780.8	701.5	5020
2010	1465	2435	1345	1155	6400

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2006	.88	1.10	d.22	.25	2.00
2007	.97	1.20	d.15	d.05	1.94
2008	.82	1.24	d.07	.02	2.00
2009	.83	1.29	.02	d.04	2.10
2010	.90	1.35	d.04	d.01	2.20

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.31	.31	.31	.315	1.25
2006	.315	.315	.315	.32	1.27
2007	.32	.32	.32	.325	1.29
2008	.325	.325	.325	.33	1.31
2009	.33	.33	.33		

It appears that consolidated share net will advance around 5%, to \$2.10, in fiscal 2009 (which ends September 30th). Assuming further expansion in operating margins, the bottom line may increase at a similar rate, to \$2.20 a share, the following fiscal year.

FINANCES ARE IN ORDER. An acquisition caused a mid-decade rise in the debt ratio. But the company has whittled that figure back to normal, if at the cost of some dilution from stock issuances. A reduced level of uncollectible accounts, owing to lower gas prices, is another plus these days. We believe that more steady, though unexciting, profit growth is in store for the company over the next 3 to 5 years. The utility is one of the country's biggest natural gas-only distributors, currently serving customers across 12 states. What is more, the unregulated segments, especially pipelines, possess healthy overall prospects. Excluding future acquisitions, annual share-net gains may be in the mid-single-digit range over 2012-2014. On a risk-adjusted basis, these good-quality shares offer decent total return potential. The dividend yield is appealing, compared to others in the Value Line Natural Gas Utility universe. Future hikes in the payout, though likely to be gradual, as in previous years, should be well covered by earnings. Meanwhile, the stock is ranked 3 (Average) for Timeliness. Frederick L. Harris, III September 11, 2009



© VALUE LINE PUBLISHING, INC.	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011
SALES PER SH	28.36	22.11	21.59	24.74	26.06	36.01	29.96	34.18	—	—
"CASH FLOW" PER SH	3.08	3.16	2.65	2.65	2.86	2.94	3.19	3.49	—	—
EARNINGS PER SH	1.47	1.45	1.49	1.20	1.55	1.55	1.62	2.08	1.65 ^{A,B}	1.80 ^C /NA
DIV'DS DECL'D PER SH	1.14	1.16	1.18	1.18	1.18	1.20	1.22	1.24	—	—
CAP'L SPENDING PER SH	2.83	3.72	2.90	2.80	1.65	2.39	2.47	1.69	—	—
BOOK VALUE PER SH	13.12	13.51	14.49	15.26	15.73	16.16	16.61	17.48	—	—
COMMON SHS OUTST'G (MILL)	2.50	2.53	3.17	3.20	3.23	3.26	3.28	3.30	—	—
AVG ANN'L P/E RATIO	12.3	14.1	14.5	20.1	16.8	16.9	15.5	12.3	15.2	13.9/NA
RELATIVE P/E RATIO	.63	.77	.83	1.06	.89	.91	.82	.74	—	—
AVG ANN'L DIV'D YIELD	6.3%	5.7%	5.5%	4.9%	4.5%	4.6%	4.9%	4.9%	—	—
SALES (\$MILL)	70.8	55.9	68.4	79.2	84.2	117.3	98.2	112.7	—	—
OPERATING MARGIN	23.2%	29.3%	24.7%	21.2%	21.9%	16.2%	20.4%	19.6%	—	—
DEPRECIATION (\$MILL)	4.0	4.4	4.5	4.7	4.3	4.6	5.2	4.7	—	—
NET PROFIT (\$MILL)	3.6	3.6	3.9	3.8	5.0	5.0	5.3	6.8	—	—
INCOME TAX RATE	38.0%	38.2%	38.0%	38.1%	38.3%	36.6%	37.3%	37.8%	—	—
NET PROFIT MARGIN	5.1%	6.5%	5.8%	4.8%	5.9%	4.3%	5.4%	6.1%	—	—
WORKING CAP'L (\$MILL)	d12.6	d15.3	d.2	d.7	.9	4.6	5.1	8.2	—	—
LONG-TERM DEBT (\$MILL)	49.3	48.6	53.4	53.0	52.7	58.8	58.6	58.3	—	—
SHR. EQUITY (\$MILL)	32.8	34.2	45.9	48.8	50.8	52.6	54.4	57.6	—	—
RETURN ON TOTAL CAP'L	6.7%	6.6%	5.9%	5.6%	6.7%	6.7%	6.3%	7.5%	—	—
RETURN ON SHR. EQUITY	11.1%	10.6%	8.6%	7.9%	9.8%	9.5%	9.7%	11.9%	—	—
RETAINED TO COM EQ	2.5%	2.1%	1.6%	.2%	2.4%	2.1%	2.4%	4.8%	—	—
ALL DIV'DS TO NET PROF	78%	80%	81%	98%	76%	77%	75%	60%	—	—

^ANo. of analysts changing earn. est. in last 29 days: 0 up, 0 down, consensus 5-year earnings growth 3.0% per year. ^BBased upon one analyst's estimate. ^CBased upon one analyst's estimate.

ANNUAL RATES					ASSETS (\$mill.)			INDUSTRY: Natural Gas (Div)		
of change (per share)	5 Yrs.	1 Yr.	1 Yr.		2007	2008	3/31/09			
Sales	7.0%	14.0%	14.0%	Cash Assets	.2	.3	.9	BUSINESS: Delta Natural Gas Company, Inc., through its subsidiaries, engages in the sale, distribution, or transportation of natural gas to approximately 38,000 retail customers on its distribution system in central and southeastern Kentucky. It also owns and operates an underground storage field and transports gas to other pipeline systems. In addition, the company buys gas and resells it to industrial or other large use customers, as well as to customers not on Delta's system. Further, it owns and operates production properties and undeveloped acreage. Delta Natural Gas Company primarily serves residential, commercial, and industrial customers, including 8,000 customers in Nicholasville, 6,000 customers in Corbin, and 4,000 customers in Berea. Has 158 employees. Chairman, C.E.O. & President: Glenn R. Jennings, Inc.: KY. Address: 3617 Lexington Road, Winchester, KY 40391. Tel.: (859) 744-6171. Internet: http://www.deltagas.com .		
"Cash Flow"	1.5%	9.5%	9.5%	Receivables	7.4	11.4	15.3			
Earnings	3.5%	28.5%	28.5%	Inventories (Avg cost)	12.4	15.0	7.5			
Dividends	1.0%	1.5%	1.5%	Other	5.6	7.3	4.8			
Book Value	4.0%	5.0%	5.0%	Current Assets	25.6	34.0	28.5			
Fiscal Year	QUARTERLY SALES (\$mill.)			Property, Plant & Equip, at cost	187.1	192.1	--			
	1Q	2Q	3Q	4Q	Full Year					
06/30/07	13.1	28.4	41.0	15.7	98.2					
06/30/08	12.4	29.3	48.4	22.6	112.7					
06/30/09	18.1	34.0	43.2							
06/30/10										
Fiscal Year	EARNINGS PER SHARE			LIABILITIES (\$mill.)						
	1Q	2Q	3Q	4Q	Full Year					
06/30/06	d.18	.89	1.03	d.19	1.55	Accs Payable	10.3	12.2	4.1	
06/30/07	d.16	.73	1.12	d.07	1.62	Debt Due	5.4	8.0	11.9	
06/30/08	d.25	.75	1.65	d.07	2.08	Other	4.7	5.6	6.9	
06/30/09	.08	.37	1.29			Current Ljeb	20.4	25.8	22.9	
06/30/10										
Calendar	QUARTERLY DIVIDENDS PAID			Full Year	LONG-TERM DEBT AND EQUITY as of 3/31/09					
	1Q	2Q	3Q	4Q						
2006	.30	.30	.305	.305	1.21	Total Debt \$69.6 mill.	Due In 5 Yrs. NA			
2007	.305	.305	.31	.31	1.23	LT Debt \$57.7 mill.				
2008	.31	.31	.32	.32	1.26	Including Cap. Leases NA	(49% of Cap'l)			
2009	.32	.32	.325			Leases, Uncapitalized Annual rentals NA				
INSTITUTIONAL DECISIONS					Pension Liability None in '08 vs. \$1.7 mill. in '07					
	4Q'08	1Q'09	2Q'09		Pfd Stock None					
to Buy	9	8	9		Pfd Div'd Paid None					
to Sell	9	9	9		Common Stock 3,313,275 shares					
Hld's(000)	626	615	568		(51% of Cap'l)					
					TOTAL SHAREHOLDER RETURN					
					Dividends plus appreciation as of 8/31/2009					
					3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.	
					16.14%	23.98%	-1.97%	19.91%	25.72%	

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LACLEDE GROUP NYSE-LG		RECENT PRICE	32.61	P/E RATIO	13.8	(Trailing: 10.9 Median: 15.0)	RELATIVE P/E RATIO	0.86	DIV'D YLD	4.8%	VALUE LINE								
TIMELINESS 3 Lowered 5/22/09	High: 27.9	27.0	24.8	25.5	25.0	30.0	32.5	34.3	37.5	36.0	55.8	48.3	Target Price	Range					
SAFETY 2 Raised 6/20/03	Low: 22.4	20.0	17.5	21.3	19.0	21.8	26.0	26.9	29.1	28.8	31.9	29.3	2012	2013					
TECHNICAL 5 Lowered 9/4/09	LEGENDS --- 1.00 x Dividends p sh divided by Interest Rate ... Relative Price Strength Options: Yes Shaded area: prior recession Latest recession began 12/07																		
BETA .60 (1.00 = Market)	2012-14 PROJECTIONS Price Gain Return High 60 (+8.5%) 19% Low 45 (+4.0%) 12%																		
Insider Decisions O N D J F M A M J to Buy 0 0 0 0 0 0 0 2 1 to Sell 0 0 0 0 0 0 0 0 0 Options 0 0 0 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 1 0																			
Institutional Decisions 4Q2008 1Q2009 2Q2009 to Buy 73 70 71 to Sell 86 81 81 High(Low) 11494 11043 10559 Percent shares traded 7.5 5																			
1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010																			
32.33	33.43	24.79	31.03	34.33	31.04	26.04	29.99	53.08	39.84	54.95	59.59	75.43	93.51	93.40	100.44	88.90	91.30	Revenues per sh	111.55
2.61	2.65	2.55	3.29	3.32	3.02	2.56	2.68	3.00	2.56	3.15	2.79	2.98	3.81	3.87	4.22	4.90	4.50	"Cash Flow" per sh	5.40
1.61	1.42	1.27	1.87	1.84	1.58	1.47	1.37	1.61	1.18	1.82	1.82	1.90	2.37	2.31	2.64	2.95	2.60	Earnings per sh	3.00
1.22	1.22	1.24	1.26	1.30	1.32	1.34	1.34	1.34	1.34	1.34	1.35	1.37	1.40	1.45	1.49	1.53	1.57	Div'ds Decl'd per sh	1.70
2.62	2.50	2.63	2.35	2.44	2.68	2.58	2.77	2.51	2.80	2.67	2.45	2.84	2.97	2.72	2.57	2.55	2.60	Cap'l Spending per sh	3.40
12.19	12.44	13.05	13.72	14.26	14.57	14.96	14.99	15.26	15.07	15.65	16.96	17.31	18.85	19.79	22.12	23.65	23.55	Book Value per sh	28.05
15.59	15.67	17.42	17.56	17.56	17.63	18.88	18.88	18.88	18.96	19.11	20.98	21.17	21.36	21.65	21.99	22.50	23.00	Common Shs Outst'g	26.00
13.5	16.4	15.5	11.9	12.5	15.5	15.8	14.9	14.5	20.0	13.6	15.7	16.2	13.6	14.2	14.3	Bold figures are Value Line estimates	75	Avg Ann'l P/E Ratio	17.5
.80	1.08	1.04	.75	.72	.81	.90	.97	.74	1.09	.78	.83	.86	.73	.75	.89			Relative P/E Ratio	1.15
5.6%	5.3%	6.3%	5.6%	5.6%	5.4%	5.8%	6.6%	5.7%	5.7%	5.4%	4.7%	4.4%	4.3%	4.4%	3.9%			Avg Ann'l Div'd Yield	3.2%
CAPITAL STRUCTURE as of 6/30/09 Total Debt \$522.2 mill. Due in 5 Yrs \$90.0 mill. LT Debt \$389.2 mill. LT Interest \$25.0 mill. (Total interest coverage: 3.0x)																			
Leases, Uncapitalized Annual rentals \$.9 mill. Pension Assets-9/08 \$248.3 mill. Pfd Stock None Common Stock 22,167,303 shs. as of 7/31/09																			
MARKET CAP: \$725 million (Small Cap)																			
CURRENT POSITION (\$ MILL) Cash Assets 52.7 14.9 89.1 Other 414.6 547.0 283.6 Current Assets 467.3 561.9 372.7																			
Accts Payable 108.8 169.6 79.3 Debt Due 251.6 216.1 135.0 Other 115.3 103.5 87.8 Current Liab. 473.7 479.2 300.1 Fix. Chg. Cov. 282% 377% 370%																			
ANNUAL RATES of change (per sh) Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 to '12-'14 Revenues 11.5% 14.0% 2.5% "Cash Flow" 2.0% 6.5% 5.5% Earnings 3.5% 9.5% 3.5% Dividends 1.0% 1.5% 2.5% Book Value 3.5% 5.5% 5.5%																			
QUARTERLY REVENUES (\$ mill.)^A Fiscal Year Ends Dec.31 Mar.31 Jun.30 Sep.30 Full Fiscal Year 2006 689.2 708.8 330.6 269.0 1997.6 2007 539.6 700.8 457.9 323.3 2021.6 2008 504.0 747.7 505.5 451.8 2209.0 2009 674.3 659.1 309.9 356.7 2000 2010 530 570 520 480 2100																			
EARNINGS PER SHARE^{ABF} Fiscal Year Ends Dec.31 Mar.31 Jun.30 Sep.30 Full Fiscal Year 2006 1.23 1.05 .13 d.04 2.37 2007 .89 .97 .43 .03 2.31 2008 .99 1.39 .41 d.14 2.64 2009 1.42 1.40 .31 d.18 2.95 2010 1.03 1.21 .38 d.02 2.60																			
QUARTERLY DIVIDENDS PAID^C Calendar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 .34 .345 .345 .345 1.38 2006 .345 .355 .355 .355 1.41 2007 .365 .365 .365 .365 1.46 2008 .375 .375 .375 .375 1.50 2009 .385 .385 .385																			
BUSINESS: Laclede Group, Inc., is a holding company for Laclede Gas, which distributes natural gas in eastern Missouri, including the city of St. Louis, St. Louis County, and parts of 10 other counties. Has roughly 630,000 customers. Purchased SM&P Utility Resources, 1/02; divested, 3/08. Therms sold and transported in fiscal 2008: 1.08 mill. Revenue mix for regulated operations: residential, 62%; commercial and industrial, 24%; transportation, 1%; other, 13%. Has around 1,807 employees. Officers and directors own approximately 7.2% of common shares (1/09 proxy). Chairman, Chief Executive Officer, and President: Douglas H. Yeager, Incorporated: Missouri. Address: 720 Olive Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.thelacledegroup.com.																			
It appears that Laclede Group will generate record earnings in fiscal 2009, which ends on September 30th. The non-regulated gas marketing unit, Laclede Energy Resources, is enjoying a healthy rise in volumes. That has been brought about by significantly increased pipeline capacity and expanded margins on sales of natural gas (reflecting a drop in natural gas prices). Unfortunately, the utility, Laclede Gas, has not performed up to par of late, stemming partly from a rise in operational expenses. Furthermore, last year's results included certain previously unrecognized tax benefits (which amounted to about \$0.07 a share). Nevertheless, consolidated share net may well advance about 12%, to \$2.95 a share, in fiscal 2009. But fiscal 2010 may be a down year, when measured against the strong profits we anticipate for this year. Moreover, the benefit of sharply lower natural gas prices may not be repeatable. The company's 3- to 5-year prospects look unspectacular. Annual customer growth for the natural gas distribution unit has been only around 1% for some																			
time, and it appears that trend will continue. This is because the service territory, based in eastern Missouri, is in a mature phase. Laclede Energy Resources has promising expansion possibilities, given its proximity to existing and planned pipelines, as well as opportunities from shale development. But that segment has contributed just a small portion to total profits on a historical basis. A major acquisition could help to offset this, but it appears that such plans are not on management's agenda at this juncture. Consequently, annual earnings-per-share growth could range only between 4% and 5% out to 2012-2014. Income-oriented accounts may find the dividend yield modestly appealing. Further increases in the payout will probably be gradual, however. That is largely because of Laclede Gas' unexciting expansion prospects. Total return potential over the 3- to 5-year horizon looks unexciting, based on the stock's current quotation and assuming minimal growth in the distribution. Frederick L. Harris, III September 11, 2009																			
Company's Financial Strength B+ Stock's Price Stability 100 Price Growth Persistence 60 Earnings Predictability 85																			
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(A) Fiscal year ends Sept. 30th.
 (B) Based on average shares outstanding thru '07, then diluted. Excludes nonrecurring loss: '05-'07. Excludes gain from discontinued operations.
 (C) Dividends historically paid in early January, April, July, and October.
 (D) Dividend reinvestment plan available.
 (E) In millions.
 (F) City, egs. may not sum due to rounding or change in shares outstanding.

allows: '08, 94¢. Next earnings report due late Oct. (C) Dividends historically paid in early January, April, July, and October. (D) Dividend reinvestment plan available. (E) In millions. (F) City, egs. may not sum due to rounding or change in shares outstanding.

charges. In '08: \$340.4 mill., \$15.48/sh.
 Company's Financial Strength B+
 Stock's Price Stability 100
 Price Growth Persistence 60
 Earnings Predictability 85
 To subscribe call 1-800-933-0046

N.W. NAT'L GAS NYSE: NWN		RECENT PRICE	PIE RATIO		Trailing: 15.5	RELATIVE PIE RATIO	DIV'D YLD	VALUE LINE																	
		41.94	14.7	(15.5)	16.0	0.91	4.0%																		
TIMELINESS 3 Lowered 7/24/09	High: 30.8	27.9	27.5	26.8	30.7	31.3	34.1	39.6	43.7	52.8	55.2	46.1	Target Price 2012	Range 2013											
SAFETY 1 Raised 3/10/05	Low: 24.3	19.5	17.8	21.7	23.5	24.0	27.5	32.4	32.8	39.8	37.7														
TECHNICAL 4 Lowered 9/4/09	LEGENDS --- 1.10 x Dividends p sh divided by Interest Rate ... Relative Price Strength 3 for 2 split 9/95 Options: Yes Shaded area: prior recession Latest recession began 12/07																								
BETA .60 (1.00 = Market)	2012-14 PROJECTIONS Price Gain Ann'l Total Return High 70 (+65%) 16% Low 55 (+30%) 10%																								
Insider Decisions O N D J F M A M J to Buy 0 0 0 0 0 2 0 0 0 0 to Sell 0 1 0 0 0 0 0 0 0 0 Options 0 2 0 1 0 0 0 1 1										Institutional Decisions 4Q2008 1Q2009 2Q2009 to Buy 82 67 78 to Sell 83 93 89 Hld's (000) 14907 15126 15387					% TOT. RETURN 01/09 THIS STOCK VS. S&P 500 INDEX 1 yr. -10.5 -4.4 3 yr. 21.8 0.4 5 yr. 63.1 32.3										
Insider Decisions 4Q2008 1Q2009 2Q2009 to Buy 82 67 78 to Sell 83 93 89 Hld's (000) 14907 15126 15387										Percent shares traded 15 10 5					© VALUE LINE PUBL., INC. 12-14										
1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUBL., INC.	12-14						
16.15	18.30	16.02	16.88	15.82	16.77	18.17	21.09	25.78	25.07	23.57	25.69	33.01	37.20	39.13	39.16	39.60	41.60	Revenues per sh	48.20						
3.74	3.50	3.41	3.86	3.72	3.24	3.72	3.68	3.86	3.65	3.85	3.92	4.34	4.76	5.41	5.31	5.60	5.85	"Cash Flow" per sh	6.75						
1.74	1.63	1.61	1.97	1.76	1.02	1.70	1.79	1.88	1.82	1.76	1.86	2.11	2.35	2.76	2.57	2.85	2.85	Earnings per sh A	3.45						
1.17	1.17	1.18	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.30	1.32	1.39	1.44	1.52	1.60	1.68	Div'ds Decl'd per sh B	2.00						
3.61	4.23	3.02	3.70	5.07	4.02	4.78	3.46	3.23	3.11	4.90	5.52	3.48	3.56	4.48	3.92	4.50	4.50	Cap'l Spending per sh	4.50						
13.08	13.63	14.55	15.37	16.02	16.59	17.12	17.93	18.56	18.88	19.52	20.84	21.28	22.01	22.52	23.71	24.90	26.10	Book Value per sh	30.50						
19.77	20.13	22.24	22.56	22.86	24.85	25.09	25.23	25.23	25.59	25.94	27.55	27.58	27.24	26.41	26.50	26.50	26.50	Common Shs Outst'g C	28.00						
12.9	13.0	12.9	11.7	14.4	26.7	14.5	12.4	12.9	17.2	15.8	16.7	17.0	15.9	16.7	18.1	18.1	18.1	Avg Ann'l PIE Ratio	18.0						
.76	.85	.86	.73	.83	1.39	.83	.81	.66	.94	.90	.88	.91	.86	.89	1.11	1.11	1.11	Relative P/E Ratio	1.20						
5.2%	5.5%	5.7%	5.2%	4.8%	4.5%	5.0%	5.6%	5.1%	4.5%	4.6%	4.2%	3.7%	3.7%	3.1%	3.3%	3.3%	3.3%	Avg Ann'l Div'd Yield	3.2%						
CAPITAL STRUCTURE as of 6/30/09 Total Debt \$677.6 mill. Due in 5 Yrs \$173.8 mill. LT Debt \$587.0 mill. LT Interest \$37.0 mill.						455.8	532.1	650.3	641.4	611.3	707.6	910.5	1013.2	1033.2	1037.9	1025	1125	1125	1125	Revenues (\$mill)	1350				
(Total interest coverage: 4.0x)						44.9	47.8	50.2	49.8	46.0	50.6	58.1	65.2	74.5	68.5	75.5	75.5	75.5	Net Profit (\$mill)	96.5					
Pension Assets-12/08 \$163 mill. Oblig. \$281 mill. Pfd Stock None						35.4%	35.9%	35.4%	34.9%	33.7%	34.4%	36.0%	36.3%	37.2%	36.9%	37.0%	37.0%	37.0%	37.0%	37.0%	Income Tax Rate	37.0%			
Common Stock 26,513,188 shares as of 7/31/09 MARKET CAP \$1.1 billion (Mid Cap)						9.9%	9.0%	7.7%	6.8%	7.5%	7.1%	6.4%	6.4%	7.2%	6.6%	7.3%	6.7%	6.7%	6.7%	6.7%	6.7%	Long-Term Debt Ratio	47%		
CURRENT POSITION (\$MILL.) Cash Assets 6.1 Other 260.8 Current Assets 274.9 Accts Payable 119.7 Debt Due 148.1 Other 122.1 Current Liab. 389.9 Fx. Chg. Cov. 408%						46.0%	45.1%	43.0%	47.6%	49.7%	46.0%	47.0%	46.3%	46.3%	46.3%	46.3%	46.3%	46.3%	46.3%	46.3%	46.3%	46.3%	Common Equity Ratio	53%	
ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 to '12-'14 of change (per sh) Revenues 9.0% 9.0% 4.0% "Cash Flow" 3.5% 6.5% 4.5% Earnings 5.0% 8.0% 5.0% Dividends 2.0% 3.0% 5.5% Book Value 3.5% 3.5% 5.0%						49.9%	50.9%	53.2%	51.5%	50.3%	54.0%	53.0%	53.7%	53.7%	53.7%	53.7%	53.7%	53.7%	53.7%	53.7%	53.7%	53.7%	Total Capital (\$mill)	1400	
QUARTERLY REVENUES (\$ mill.) Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 390.4 171.0 114.9 336.9 1013.2 2007 394.1 183.2 124.2 331.7 1033.2 2008 387.7 191.3 109.7 349.2 1037.9 2009 437.4 149.4 100 338.2 1025 2010 420 215 125 365 1125						861.5	887.8	880.5	937.3	1006.6	1052.5	1108.4	1116.5	1106.8	1140.4	1180	1225	1225	1225	1225	1225	1225	Net Plant (\$mill)	1900	
EARNINGS PER SHARE A Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 1.40 .07 d.35 1.15 2.35 2007 1.77 .10 d.22 1.11 2.76 2008 1.82 .08 d.38 1.25 2.57 2009 1.72 .12 d.31 1.32 2.85 2010 1.72 .11 d.33 1.35 2.85						895.9	934.0	965.0	995.6	1205.9	1318.4	1373.4	1425.1	1495.9	1549.1	1600	1660	1660	1660	1660	1660	1660	1660	Return on Total Cap'l	8.0%
QUARTERLY DIVIDENDS PAID B Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 .325 .325 .325 .345 1.32 2006 .345 .345 .345 .355 1.39 2007 .355 .355 .355 .375 1.44 2008 .375 .375 .375 .395 1.52 2009 .395 .395 .395						6.8%	6.7%	6.9%	5.9%	5.7%	5.9%	6.5%	7.1%	8.5%	7.7%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	Return on Shr. Equity	11.0%
BUSINESS: Northwest Natural Gas Co. distributes natural gas to 90 communities, 662,000 customers, in Oregon (90% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.5 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system.						9.9%	10.0%	10.2%	8.5%	9.0%	8.9%	9.9%	10.9%	12.5%	10.9%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	Return on Com Equity	11.0%
Northwest Natural's normal-looking first-half results contained some unusual elements. The company shares in either 20% or 10% of the difference between forecast natural gas costs and the actual outlays in Oregon. In this year's first half, very low gas prices led to an \$11 million profit from the cost-sharing mechanism, versus a \$6 million loss in the prior-year period. The profit, however, was partially offset by considerably higher operating and maintenance expenses, due partly to higher pension expense related to the decline in the stock market and bonuses due to the earnings gain. Meanwhile, the recession cost Northwest 3,000 customers in the June period, dropping its year-to-year customer increase to 0.8%.						2.8%	3.1%	3.5%	1.9%	2.6%	2.7%	3.7%	4.5%	6.0%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	Retained to Com Eq	4.5%
Thus, we look for little earnings change through 2010. With natural gas prices likely to rise at least a bit next year, Northwest has opted to share in 10% of the difference between forecast and actual gas costs, likely reducing commodity cost effects. As gas prices are down, however, the company expects that residential rates will drop 15%-20% next year, raising the incentive to convert to gas heat. Moreover,						74%	70%	67%	79%	72%	69%	63%	59%	52%	59%	56%	59%	56%	59%	56%	59%	56%	59%	All Div'ds to Net Prof	58%
the company plans to pare 50 to 100 jobs, adding to the 175 it eliminated in the last two years. Northwest should benefit from a new union contract. Under the new five-year agreement, union members (about 60% of the workforce) received a 2.3% raise but will get just 1% more per year for years two through five, plus up to 2% for inflation. The company gains extra flexibility, and new hires will not be eligible for the defined benefit pension plan.						New projects could significantly boost earnings by the end of our time horizon. Northwest owns 75% of the Gill Ranch, CA gas storage project and will invest about \$160 million in the project; it should contribute to the bottom line by 2011. The proposed Palomar pipeline would bring a second source of gas to the Portland area; its eastern section could come on line by 2013. NWN's investment would be around \$200 million, plus an equal sum if the western half is built.																			
These top-quality shares offer decent total-return potential, suitable for conservative accounts.						Sigourney B. Romaine September 11, 2009																			
(A) Diluted earnings per share. Excludes non-recurring items: '98, \$0.15; '00, \$0.11; '06, (\$0.06); '08, (\$0.03); '10, '09, 6¢. Next earnings report due early November.						(B) Dividends historically paid in mid-February, May, August, and November. * Dividend reinvestment plan available.						(C) In millions, adjusted for stock split.						Company's Financial Strength A Stock's Price Stability 100 Price Growth Persistence 70 Earnings Predictability 90							
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PIEDMONT NAT'L GAS <small>NYSE-PNY</small>		RECENT PRICE 24.24	P/E RATIO 14.8 <small>(Trailing: 15.6 Median: 18.0)</small>	RELATIVE P/E RATIO 0.92	DIV'D YLD 4.5%	VALUE LINE	
TIMELINESS 3 Raised 6/15/07 SAFETY 2 New 7/27/90 TECHNICAL 4 Raised 7/17/09 BETA .65 (1.00 = Market) 2012-14 PROJECTIONS Price 40 (+65%) Low 30 (+2.5%) Gain 17% Return 10%	High: 18.1 18.3 19.7 19.0 19.0 22.0 24.3 25.8 28.4 28.0 35.3 32.0 Low: 13.9 14.3 11.8 14.6 13.7 16.6 19.2 21.3 23.2 22.0 21.7 20.7						Target Price Range 2012 2013 2014 80 60 50 40 30 25 20 15 10 7.5
Insider Decisions O N D J F M A M J to Buy 0 1 0 1 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0 0 Options 0 0 1 1 0 0 0 0 0 0	Institutional Decisions (Q22009) (Q22009) (Q22009) to Buy 112 75 78 to Sell 93 123 96 Held (%) 33160 34611 33567	Percent shares traded 7.5 5 2.5					% TOT. RETURN 8/09 THE STOCK V. ANNH. INDEX 1 yr. -13.5 -4.4 3 yr. 3.2 0.4 5 yr. 34.0 32.3
CAPITAL STRUCTURE as of 4/30/09 Total Debt \$1028.0 mill. Due In 5 Yrs \$150.0 mill. LT Debt \$793.5 mill. LT Interest \$55.5 mill. (LT Interest earned: 4.0x; total interest coverage: 3.7x)		Pension Assets-10/08 \$150.3 mill. Oblig. \$143.5 mill.		Pfd Stock None		Common Stock 72,959,779 shs. as of 6/2/09 MARKET CAP: \$1.8 billion (Mid Cap)	
CURRENT POSITION 2007 2008 4/30/09 (\$MILL) Cash Assets 7.5 7.0 20.7 Other 427.6 593.8 528.0 Current Assets 435.3 600.8 548.7 Accts Payable 143.6 132.3 94.0 Debt Due 195.0 436.5 235.5 Other 75.9 112.7 182.3 Current Liab. 424.5 681.5 511.8 Fix. Chg. Cov. 309% 341% 350%		ANNUAL RATES - Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 7.5% 10.0% 2.5% "Cash Flow" 5.0% 7.0% 3.0% Earnings 4.5% 6.5% 5.5% Dividends 5.0% 4.5% 3.5% Book Value 5.5% 6.0% 4.0%		BUSINESS: Piedmont Natural Gas Company is primarily a regulated natural gas distributor, serving over 935,724 customers in North Carolina, South Carolina, and Tennessee. 2008 revenue mix: residential (39%), commercial (24%), industrial (12%), other (25%). Principal suppliers: Transco and Tennessee Pipeline. Gas costs: 73.5% of revenues. '08 deprec. rate: 3.2%. Estimated plant age: 8.7 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has about 1,833 employees. Officers & directors own about 1.1% of common stock (1/09 proxy). Chairman, CEO, & President Thomas E. Skains, Inc.: NC. Address: 4720 Piedmont Row Drive, Charlotte, NC 28210. Telephone: 704-364-3120. Internet: www.piedmonting.com.			
QUARTERLY REVENUES (\$ mill.) ^A Full Fiscal Year Jan.31 Apr.30 Jul.31 Oct.31 2006 921.4 483.2 237.9 282.2 1924.7 2007 677.2 531.5 224.4 278.2 1711.3 2008 788.5 634.2 354.7 311.7 2089.1 2009 779.6 455.4 372 338 1945 2010 790 470 390 355 2005		EARNINGS PER SHARE A B Full Fiscal Year Jan.31 Apr.30 Jul.31 Oct.31 2006 .94 .57 d.16 d.08 1.27 2007 .94 .69 d.12 d.11 1.40 2008 1.12 .66 d.10 d.18 1.49 2009 1.10 .73 d.10 d.13 1.60 2010 1.12 .75 d.08 d.09 1.70		Piedmont Natural Gas has posted a mixed bag of financial results thus far in 2009. Quarterly sales in the first half declined, year over year, as the weakened economy continued to weigh on both residential and commercial new construction activities. As a result, PNY's regulated utility segment has been experiencing declining customer growth compounded by rising conservation practices at existing accounts. Nonetheless, margins have been widening, thanks largely to lower natural gas costs, which have more than offset the rise in operating expenses. These trends resulted in a 10.6% hike in the April-period bottom line. Meantime, slumping demand has put the brakes on many of the company's capital projects. Management has opted to defer its pipeline infrastructure enhancement plans that were scheduled to serve the new gas-fired power generation markets of North Carolina. Moreover, construction of the liquid natural gas storage facility in Robeson County, NC has also been put off. Current customer growth projections in that region indicate this facility may not be necessary for a few more			
QUARTERLY DIVIDENDS PAID C Full Year Mar.31 Jun.30 Sep.30 Dec.31 2005 .215 .23 .23 .23 .91 2006 .23 .24 .24 .24 .95 2007 .24 .25 .25 .25 .99 2008 .25 .26 .26 .26 1.03 2009 .26 .27 .27		years. As a result, PNY is holding off on construction until 2012, with a potential in-service date of 2015. These moves ought to help the company conserve cash at a time when rising accounts receivable and higher delinquencies are a distinct possibility. Still, we have raised our earnings estimates for this year and next by a nickel. The main culprit for the disappointing 2009 revenues can be attributed to the slumping commodity prices. This trend masks Piedmont's continued customer growth, a figure that should register at about 1%-1.5% this year. Meantime, lower gas costs should continue to offset the margin tightening associated with diminished volumes. Consequently, annual earnings gains should persist. These neutrally ranked shares have some appeal as an income vehicle. Recovery potential for the pull to 2012-2014 is about average for a utility. But the recent dividend hike, and relative stability provided by an ever-increasing customer base, shines a positive light on this good-quality stock. Bryan J. Fong September 11, 2009					
(A) Fiscal year ends October 31st. (B) Diluted earnings. Excl. extraordinary item: '00, '87. Excl. nonrecurring charge: '97, '24. Next earnings report due early Nov. Quarters may not add to total due to change in shares outstanding. (C) Dividends historically paid mid-January, April, July, October.		(D) Div'd reinvest. plan available; 5% discount. (E) Includes deferred charges. In 2008: \$16.3 million, 22¢/share. In millions, adjusted for stock split.		Company's Financial Strength Stock's Price Stability B++ Price Growth Persistence 100 Earnings Predictability 60 90			
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SOUTHWEST GAS NYSE-SWX		RECENT PRICE	23.98	P/E RATIO	13.5	(Trailing: 16.3 Median: 19.0)	RELATIVE P/E RATIO	0.84	DIV'D YLD	4.1%	VALUE LINE							
TIMELINESS	3 Raised 5/23/08	High:	26.9	29.5	23.0	24.7	25.3	23.6	26.2	28.1	39.4	39.9	33.3	26.4	Target Price	2012	2013	2014
SAFETY	3 Lowered 1/4/91	Low:	17.3	20.4	16.9	18.6	18.1	19.3	21.5	23.5	26.0	26.5	21.1	17.1				
TECHNICAL	4 Lowered 7/24/09	LEGENDS - 1.50 x Dividends p sh divided by Interest Rate - Relative Price Strength - Shaded area: prior recession - Latest recession began 12/07																
BETA	.75 (1.00 = Market)	2012-14 PROJECTIONS Price Gain Ann'l Total High 40 (+65%) 17% Low 30 (+25%) 10%																
Insider Decisions		O N D J F M A M J to Buy 1 1 0 0 0 3 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0 1																
Institutional Decisions		4Q2009 1Q2010 2Q2010 to Buy 83 83 85 to Sell 75 71 71 Hi's(\$100) 32362 32059 32802 Percent shares 9 traded 6 3																
CAPITAL STRUCTURE as of 6/30/09		1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 25.68 28.16 23.03 24.08 26.73 30.17 30.24 32.61 42.98 39.68 35.96 40.14 43.59 48.47 50.28 48.53 39.55 41.50 3.24 5.09 2.65 3.00 3.85 4.48 4.45 4.57 4.79 5.07 5.11 5.57 5.20 5.97 6.21 5.76 5.95 6.15 .63 1.22 .10 .25 .77 1.65 1.27 1.21 1.15 1.16 1.13 1.66 1.25 1.98 1.95 1.39 1.75 1.90 .74 .80 .82 .82 .82 .82 .82 .82 .82 .82 .82 .82 .82 .82 .86 .90 1.00 1.00 5.43 6.64 6.79 8.19 6.19 6.40 7.41 7.04 8.17 8.50 7.03 8.23 7.49 8.27 7.96 6.79 5.50 5.95 15.96 16.38 14.55 14.20 14.09 15.67 16.31 16.82 17.27 17.91 18.42 19.18 19.10 21.58 22.98 23.49 25.25 26.05 21.00 21.28 24.47 26.73 27.39 30.41 30.99 31.71 32.49 33.29 34.23 36.79 39.33 41.77 42.81 44.19 45.50 47.00 26.5 14.0 NMF 69.3 24.1 13.2 21.1 16.0 19.0 19.9 19.2 14.3 20.6 15.9 17.3 20.3 1.57 .92 NMF 4.34 1.39 .69 1.20 1.04 .97 1.09 1.09 7.6 1.10 .86 .92 1.22 4.4% 4.7% 5.4% 4.7% 4.4% 3.1% 4.2% 3.8% 3.6% 3.8% 3.5% 3.2% 2.6% 2.6% 3.2%																
CURRENT POSITION (\$MILL.)		2007 2008 6/30/09 Cash Assets 32.0 26.4 26.8 Other 470.5 411.7 232.5 Current Assets 502.5 438.1 259.3 Accts Payable 220.7 191.4 68.0 Debt Due 47.1 62.8 5.1 Other 260.1 255.7 303.0 Current Liab. 527.9 509.9 376.1 Fix. Chg. Cov. 229% 224% 233%																
ANNUAL RATES (per sh)		Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 to '12-'14 Revenues 6.0% 4.5% 1.0% "Cash Flow" 4.5% 3.5% 3.5% Earnings 7.0% 9.0% 4.5% Dividends 0.5% 1.0% 5.0% Book Value 4.5% 5.0% 3.5%																
QUARTERLY REVENUES (\$ mill.)		Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 676.9 430.9 351.8 565.1 2024.7 2007 793.7 426.6 371.5 560.3 2152.1 2008 813.6 447.3 374.4 509.4 2144.7 2009 689.9 387.6 275 447.5 1800 2010 730 410 310 500 1950																
QUARTERLY EARNINGS PER SHARE ^		Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 1.11 .02 d.26 1.11 1.98 2007 1.17 d.01 d.22 1.01 1.95 2008 1.14 d.06 d.38 .71 1.39 2009 1.12 d.01 d.35 .99 1.75 2010 1.15 Nil d.30 1.05 1.90																
QUARTERLY DIVIDENDS PAID ^		Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 .205 .205 .205 .205 .82 2006 .205 .205 .205 .205 .82 2007 .205 .215 .215 .215 .85 2008 .215 .225 .225 .225 .89 2009 .225 .238 .238																
MARKET CAP: \$1.1 billion (Mid Cap)		2007 2008 6/30/09 64% 67% 71% 70% 72% 49% 65% 42%																
BUSINESS: Southwest Gas Corporation is a regulated gas distributor serving approximately 1.8 million customers in sections of Arizona, Nevada, and California. Composed of two business segments: natural gas operations and construction services. 2008 margin mix: residential and small commercial, 88%; large commercial and industrial, 5%; transportation, 9%. Total throughput: 2.4 billion		herms, Solid PrMerit Bank, 7/95. Has 4,732 employees. Off. & Dir. own 2.0% of common stock; T. Rowe Price Associates, Inc., 7.0%; Barclays Global Investors, 6.8%; GAMCO Investors, Inc., 6.4% (3/09 Proxy). Chairman: James J. Kropid. CEO: Jeffrey W. Shaw. Inc.: CA. Address: 5241 Spring Mountain Road, Las Vegas, Nevada 89146. Telephone: 702-876-7237. Internet: www.swgas.com.																
Southwest Gas reported unfavorable top-line performance for the second quarter. The recent recession stymied customer growth and resulted in lower usage. On the bright side, rate relief in Arizona and California (discussed below) supported results. Consequently, the company's share loss of \$0.01 compared favorably with the prior-year tally. Losses are common during the second and third quarters, owing to the seasonal nature of the business. Looking forward, we expect lower revenue and a normal-sized share loss for the third quarter. Earnings comparisons ought to improve in the fourth quarter, assuming a better operating environment and greater cost control. Overall, we anticipate lower revenue and higher share earnings for Southwest in full-year 2009. Bottom-line growth may well continue next year.		seeking an improvement in rate design. Specifically, SWX wants to implement a decoupled rate structure that would allow it more freedom in pursuing customer conservation opportunities. This follows recent prior rate case settlements in California and Arizona. Investors should be mindful of several caveats. Warmer-than-normal temperatures during the winter months can hurt performance at Southwest Gas. In addition, the company will probably incur greater operating costs as it continues to expand, and profitability may suffer if rate relief cannot keep up with rising expenses. The pace of customer growth should pick up in the future. That's assuming economic conditions in Southwest's service areas improve in the coming years. As a result, we anticipate higher revenues and share earnings at the company by 2012-2014. Moreover, income-oriented investors may find the stock's prospects for dividend growth attractive. But from the present quotation, this neutrally ranked equity features about-average total return potential for a utility. Michael Napoli, CPA September 11, 2009																
The company is awaiting a rate case decision from the state of Nevada. Southwest is seeking a \$30.5 million rate increase to compensate it for higher operating costs in that state. The request asks that the new rates take effect at the beginning of November. The company is also		investment and stock purchase plan avail. (C) in millions.																
Company's Financial Strength		B Stock's Price Stability 8 Price Growth Persistence 65 Earnings Predictability 70																

(A) Based on avg. shares outstand. thru '96, then diluted. Excl. nonrec. gains (losses): '93, 8¢; '97, 16¢; '02, (10¢); '05, (11¢); '06, 7¢. Incl. asset writedown: '93, 44¢. Excl. loss from disc. ops.: '95, 75¢. Totals may not sum due to rounding. Next eps. report due early November. (B) Dividends historically paid early March, June, September, December. * Div'd rel-
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WGL HOLDINGS NYSE-WGL		RECENT PRICE	PIE RATIO	(Trailing: 13.1 Median: 15.0)	RELATIVE PIE RATIO	DIV'D YLD	4.4%	VALUE LINE							
TIMELINESS 3 Lowered 6/5/09	High: 30.8	29.4	31.5	30.5	29.5	28.8	31.4	34.8	33.6	35.9	37.1	35.5	Target Price 2012	2013	2014
SAFETY 1 Raised 4/29/3	Low: 23.1	21.0	21.8	25.3	19.3	23.2	26.7	28.8	27.0	29.8	22.4	28.6			
TECHNICAL 5 Lowered 9/11/09	LEGENDS 1.30 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area: prior recession Latest recession began 12/07														
BETA .65 (1.00 = Market)	2012-14 PROJECTIONS Ann'l Total High Price 45 Gain (+3.5%) Return 12% Low 35 (-5%) 0%														
Insider Decisions O N D J F M A M J to Buy 0 0 0 0 0 0 0 0 Options 0 4 0 0 1 0 0 0 to Sell 0 4 0 4 1 0 2 2															
Institutional Decisions 4Q2008 1Q2009 2Q2009 to Buy 94 97 85 to Sell 95 96 98 Hlds(000) 31580 30919 31333 Percent shares traded 12 18 6															
1993-2010 21.55 21.69 19.30 22.19 24.16 23.74 20.92 22.19 29.80 32.63 42.45 42.93 44.94 53.96 53.51 52.65 53.20 54.25 2.25 2.43 2.51 2.93 3.02 2.79 2.74 3.20 3.24 2.63 4.00 3.87 3.97 3.89 3.89 4.34 4.40 4.45 1.31 1.42 1.45 1.85 1.85 1.54 1.47 1.79 1.88 1.14 2.30 1.98 2.13 1.94 2.10 2.44 2.50 2.55 1.09 1.11 1.12 1.14 1.17 1.20 1.22 1.24 1.26 1.27 1.28 1.30 1.32 1.35 1.37 1.41 1.47 1.51 2.43 2.84 2.63 2.85 3.20 3.62 3.42 2.67 2.68 3.34 2.65 2.33 2.32 3.27 3.33 2.70 3.00 3.00 11.04 11.51 11.95 12.79 13.48 13.86 14.72 15.31 18.24 15.78 16.25 16.95 17.80 18.66 19.83 20.99 22.00 23.05 41.50 42.19 42.93 43.70 43.70 43.84 46.47 46.47 48.54 48.56 48.63 48.67 48.65 48.89 49.45 49.92 50.00 50.00 15.6 14.0 12.7 11.5 12.7 17.2 17.3 14.6 14.7 23.1 11.1 14.2 14.7 15.5 15.6 13.7 .92 .92 .85 .72 .73 .89 .99 .95 .75 1.26 6.3 .75 .78 .84 .82 .85 5.3% 5.5% 6.1% 5.4% 5.0% 4.5% 4.0% 4.8% 4.6% 4.0% 5.0% 4.6% 4.2% 4.5% 4.2% 4.2%															
CAPITAL STRUCTURE as of 6/30/09 Total Debt \$728.7 mill. Due in 5 Yrs \$254.5 mill. LT Debt \$624.1 mill. LT Interest \$37.4 mill. (LT interest earned: 5.9x; total interest coverage: 5.2x) Pension Assets-9/08 \$588.2 mill. Preferred Stock \$28.2 mill. Pfd. Div'd \$1.3 mill. Common Stock 50,141,229 shs. as of 7/31/09															
MARKET CAP: \$1.7 billion (Mid Cap) CURRENT POSITION 2007 2008 6/30/09 (\$mill) Cash Assets 4.9 6.2 41.6 Other 568.8 736.1 553.2 Current Assets 573.7 742.3 594.8 Acc'ts Payable 216.9 243.1 202.8 Debt Due 205.4 347.0 104.6 Other 134.8 159.4 202.1 Current Liab. 557.1 748.5 509.5 Fx. Chg. Cov. 432.2 490% 500%															
ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 of change (per sh) to '12-'14 Revenues 8.5% 9.0% 1.5% "Cash Flow" 3.5% 4.0% 2.5% Earnings 2.0% 4.0% 4.0% Dividends 1.5% 1.5% 3.0% Book Value 4.0% 4.5% 4.5%															
QUARTERLY REVENUES (\$mill) A Full Fiscal Year Fiscal Year Ends Dec.31 Mar.31 Jun.30 Sep.30 2006 902.9 1064.5 346.9 323.6 2637.9 2007 732.9 1119.9 467.5 325.7 2646.0 2008 751.6 1020.0 464.7 391.9 2628.2 2009 821.5 1040.9 427.0 370.6 2660 2010 830 1050 445 390 2715															
EARNINGS PER SHARE A, B Full Fiscal Year Fiscal Year Ends Dec.31 Mar.31 Jun.30 Sep.30 2006 .93 1.17 .01 d.15 1.94 2007 .92 1.27 .22 d.31 2.10 2008 .96 1.66 .06 d.24 2.44 2009 1.03 1.65 .11 d.29 2.50 2010 1.04 1.66 .12 d.27 2.55															
QUARTERLY DIVIDENDS PAID C, D Full Year Calendar Mar.31 Jun.30 Sep.30 Dec.31 2005 .325 .333 .333 .333 1.32 2006 .333 .338 .338 .338 1.34 2007 .34 .34 .34 .34 1.36 2008 .34 .36 .36 .36 1.42 2009 .36 .37 .37															
BUSINESS: WGL Holdings, Inc. is the parent of Washington Gas Light, a natural gas distributor in Washington, D.C. and adjacent areas of VA and MD to residential and comm'l users (1,053,032 meters). Hampshire Gas, a federally regulated sub., operates an underground gas-storage facility in WV. Non-regulated subs.: Wash. Gas Energy Svcs. sells and delivers natural gas and provides energy related products in the D.C. metro area; Wash. Gas Energy Sys. designs/installs comm'l heating, ventilating, and air cond. systems. American Century Inv. own 7.1% of common stock; Off.ldr. less than 1% (1/09 proxy). Chmn. & CEO: J.H. DeGraffenreid, Inc. D.C. and VA. Addr.: 1100 H St, N.W., Washington, D.C. 20080. Tel.: 202-624-6410. Internet: www.wglholdings.com.															
WGL Holdings posted a mixed bag of financial results for the off-peak June period. Top-line volumes fell approximately 8% over that time frame. This stemmed from weakness at the regulated utility segment, which has been dealing with lower natural gas consumption and some equipment cost issues. On a brighter note, the retail energy marketing division got a boost to its revenues and earnings contributions from higher natural gas and electricity margins. On the efficiency front, management has been performing well. Operating expenses declined 90 basis points versus the year-ago period. This stemmed from lower labor and benefits expenses. All told, the bottom line advanced nicely.															
We look for the company to register a mid-single-digit earnings hike this year. The decent gains experienced earlier in 2009 will probably be offset by a larger share deficit in the fiscal fourth quarter. Despite the widening margins and solid performance from the retail energy and design build segments, demand at the mainstay regulated utility business may be soft. Also, the September period is historically and seasonally slow for WGL. Nonetheless, considering all that happened in the past year, the company appears to be in solid shape.															
The LNG peaking facility is going to take longer than expected to be completed and put into service. That project will be used to support customer growth and maintain the pressure requirements of the distribution system in Chillum, MD. It was planned to be in service by the 2012-2013 winter heating season, but due to regulatory and legal issues, the following year is more likely.															
These top-quality shares may appeal to income-oriented accounts, as they offer an attractive dividend yield. Typically, too, they proved much less volatile than the broader market during the recent turmoil. This partly stems from WGL's large government business in the DC metro area, which has been less affected by the economic downturn. These benefits are evident in the equity's top-notch Safety rank, and high mark for Price Stability. But appreciation potential is subpar for the pull to 2012-2014.															
Bryan J. Fong September 11, 2009															
(A) Fiscal years end Sept. 30th. (B) Based on diluted shares. Excludes non-recurring losses: '01, (13¢); '02, (34¢); '07, (4¢); discontinued operations: '06, (15¢). Qily eggs. (C) Dividends historically paid early February, May, August, and November. = Dividend reinvestment plan available. (D) Includes deferred charges and Intangibles. '08: \$291.3 million, \$5.81/sh. (E) In millions, adjusted for stock split.															
Company's Financial Strength Stock's Price Stability A Price Growth Persistence 50 Earnings Predictability 80															
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Missouri-American Water Company
Indicated Common Equity Cost Rate
Through Use of a Risk Premium Model
Using an Adjusted Total Market Approach

<u>Line No.</u>		<u>Proxy Group of Six AUS Utility Reports Water Companies</u>	<u>Proxy Group of Eight AUS Utility Reports Gas Distribution Companies</u>
1.	Prospective Yield on Aaa Rated Corporate Bonds (1)	5.53 %	5.53 %
2.	Adjustment to Reflect Yield Spread Between Aaa Rated Corporate Bonds and A Rated Public Utility Bonds	<u>0.53 (2)</u>	<u>0.53 (2)</u>
3.	Adjusted Prospective Yield on A Rated Public Utility Bonds	6.06 %	6.06 %
4.	Adjustment to Reflect Bond Rating Difference of Proxy Group	<u>0.00 (3)</u>	<u>0.29 (4)</u>
5.	Adjusted Prospective Bond Yield	6.06	6.35
6.	Equity Risk Premium (5)	<u>5.06</u>	<u>4.50</u>
7.	Risk Premium Derived Common Equity Cost Rate	<u><u>11.12 %</u></u>	<u><u>10.85 %</u></u>

- Notes:
- (1) Derived in Note (3) on page 6 of this Schedule.
 - (2) The average yield spread of A rated public utility bonds over Aaa rated corporate bonds of 0.53% from page 4 of this Schedule.
 - (3) No adjustment necessary as the average Moody's bond rating of the proxy group of six AUS Utility Reports water companies is A2 as shown on page 2 of this Schedule.
 - (4) Adjustment to reflect the A3 Moody's-Bond Rating of the proxy group of eight AUS Utility Reports natural gas distribution companies as shown on page 2 of this Schedule. The 29 basis point adjustment is derived by taking 1/3 of the spread between Baa and A Public Utility Bonds ($1/3 * 0.88\% = 0.29\%$)
 - (5) From page 5 of this Schedule.

Missouri-American Water Company
Comparison of Bond Ratings, Business Risk and Financial Risk Profiles for
the Proxy Group of Six AUS Utility Reports Water Companies
and the Proxy Group of Eight AUS Utility Reports Natural Gas Distribution Companies

	Moody's		Standard & Poor's		Bond Rating		September 2009		September 2009		September 2009	
	Bond Rating	Numerical Weighting (1)	Bond Rating	Numerical Weighting (1)	Credit Rating	Numerical Weighting (1)	Business Risk Profile (2)	Numerical Weighting (1)	Financial Risk Profile (2)	Numerical Weighting (1)	Financial Risk Profile (2)	Numerical Weighting (1)
Proxy Group of Six AUS Utility Reports Water Companies												
American States Water Company (3)	A2	6.0	A	6.0	A	6.0	Excellent	1.0	Intermediate	1.0	Intermediate	3.0
Aqua America, Inc. (4)	NR	--	AA-	4.0	A+	5.0	Excellent	1.0	Intermediate	1.0	Intermediate	3.0
California Water Services Group (5)	NR	--	AA-	4.0	A+	5.0	Excellent	1.0	Intermediate	1.0	Intermediate	3.0
Middlesex Water Co	NR	--	A	6.0	A-	7.0	Excellent	1.0	Intermediate	1.0	Intermediate	3.0
SJW Corporation (6)	NR	--	NR	--	NR	--	NR	--	NR	--	NR	--
York Water Company (The)	NR	--	A-	7.0	A-	7.0	Excellent	1.0	Intermediate	1.0	Intermediate	3.0
Average	A2	6.0	A+	5.4	A	6.0	Excellent	1.0	Intermediate	1.0	Intermediate	3.0
Proxy Group of Eight AUS Utility Reports Gas Distribution Companies												
AGL Resources Inc (7)	A3	7.0	A-	7.0	A-	7.0	Excellent	1.0	Significant	1.0	Significant	4.0
Atmos Energy Corporation	Baa2	9.0	BBB+	8.0	BBB+	8.0	Excellent	1.0	Significant	1.0	Significant	4.0
Delta Natural Gas Company, Inc.	NR	--	NR	--	NR	--	NR	--	NR	--	NR	--
Laclede Group, Inc. (The) (8)	A2	6.0	A	6.0	A	6.0	Excellent	1.0	Intermediate	1.0	Intermediate	3.0
Northwest Natural Gas Company	A1	5.0	AA-	4.0	AA-	4.0	Excellent	1.0	Intermediate	1.0	Intermediate	3.0
Piedmont Natural Gas Company	A3	7.0	A	6.0	A	6.0	Excellent	1.0	Intermediate	1.0	Intermediate	3.0
Southwest Gas Corp	Baa3	10.0	BBB	9.0	BBB	9.0	Excellent	1.0	Aggressive	1.0	Aggressive	5.0
WGL Holdings, Inc. (9)	A2	6.0	AA-	4.0	AA-	4.0	Excellent	1.0	Intermediate	1.0	Intermediate	3.0
Average	A3	7.1	A	6.3	A	6.0	Excellent	1.0	Significant	1.0	Significant	4.0

Notes:

- (1) From page 3 of this Schedule.
- (2) From Standard & Poor's Issuer Ranking: U.S. Investor-Owned Water Utilities, Strongest to Weakest, September 2, 2009 and U.S. Natural Gas Distribution and Integrated Gas Companies, Strongest to Weakest September 2, 2009.
- (3) Ratings, business risk and financial risk profiles are those of Golden State Water Company
- (4) Ratings, business risk and financial risk profiles are those of Aqua Pennsylvania, Inc.
- (5) Ratings, business risk and financial risk profiles are those of California Water Service Company.
- (6) Ratings, business risk and financial risk profiles are those of San Jose Water Company.
- (7) Ratings, business risk and financial risk profiles are those of Atlanta Gas Light Company.
- (8) Ratings, business risk and financial risk are those of Laclede Gas Company.
- (9) Ratings, business risk and financial risk profiles are those of Washington Gas Light Company.

Source Information: Moody's Investors Service
Standard & Poor's Global Utilities Rating Service

Missouri-American Water Company
Numerical Assignment for
Moody's and Standard & Poor's Bond Ratings,
Standard & Poor's Credit Ratings, and
Standard & Poor's Business and Financial Risk Profiles

<u>Moody's Bond Rating</u>	<u>Numerical Bond Weighting</u>	<u>Standard & Poor's Bond / Credit Rating</u>
Aaa	1	AAA
Aa1	2	AA+
Aa2	3	AA
Aa3	4	AA-
A1	5	A+
A2	6	A
A3	7	A-
Baa1	8	BBB+
Baa2	9	BBB
Baa3	10	BBB-
Ba1	11	BB+
Ba2	12	BB
Ba3	13	BB-

Standard & Poor's

<u>Business Risk Profile</u>	<u>Numerical Weighting</u>	<u>Financial Risk Profile</u>	<u>Numerical Weighting</u>
Excellent	1	Minimal	1
Strong	2	Modest	2
Satisfactory	3	Intermediate	3
Fair	4	Significant	4
Weak	5	Aggressive	5
Vulnerable	6	Highly Leveraged	6

Moody's
Comparison of Interest Rate Trends
for the Three Months Ending August 2009 (1)

Months	Corporate Bonds		Public Utility Bonds		Spread - Corporate v. Public Utility Bonds		Spread - Public Utility Bonds	
	Aaa Rated	Aa Rated	A Rated	Baa Rated	Aa (Pub. Util.) over Aaa (Corp.)	A (Pub. Util.) over Aaa (Corp.)	A over Aa	Baa over A
June-09	5.61	6.13	6.20	7.30 %				
July-09	5.41	5.63	5.97	6.87				
August-09	5.26	5.33	5.71	6.36				
Average of Last 3 Months	<u>5.43 %</u>	<u>5.70 %</u>	<u>5.96 %</u>	<u>6.84 %</u>	<u>0.27 %</u>	<u>0.53 %</u>	<u>0.26 %</u>	<u>0.88 %</u>

Notes: (1) All yields are distributed yields.

Source of Information: Mergent Bond Record, September 2009, Vol. 76, No. 8.

Missouri-American Water Company
Judgment of Equity Risk Premium for
the Proxy Group of Six AUS Utility Reports Water Companies
and the Proxy Group of Eight AUS Utility Reports Natrual Gas Distribution Companies

Line <u>No.</u>		<u>Proxy Group of Six AUS Utility Reports Water Companies</u>	<u>Proxy Group of Eight AUS Utility Reports Gas Distribution Companies</u>
1.	Calculated equity risk premium based on the total market using the beta approach (1)	5.96 %	4.85 %
2.	Mean equity risk premium based on a study using the holding period returns of public utilities with A rated bonds (2)	<u>4.15</u>	<u>4.15</u>
3.	Average equity risk premium	<u><u>5.06</u> %</u>	<u><u>4.50</u> %</u>

Notes: (1) From page 6 of this Schedule.
(2) From page 8 of this Schedule.

Missouri-American Water Company
Derivation of Equity Risk Premium Based on the Total Market Approach
Using the Beta for
the Proxy Group of Six AUS Utility Reports Water Companies
and the Proxy Group of Eight AUS Utility Reports Natrual Gas Distribution Companies

Line No.		<u>Proxy Group of Six AUS Utility Reports Water Companies</u>	<u>Proxy Group of Eight AUS Utility Reports Gas Distribution Companies</u>
1.	Arithmetic mean total return rate on the Standard & Poor's 500 Composite Index - 1926-2008 (1)	11.70 %	11.70 %
2.	Arithmetic mean yield on Aaa and Aa Corporate Bonds 1926-2008 (2)	<u>(6.10)</u>	<u>(6.10)</u>
3.	Historical Equity Risk Premium	<u>5.60 %</u>	<u>5.60 %</u>
4.	Forecasted 3-5 year Total Annual Market Return (3)	14.84 %	14.84 %
5.	Prospective Yield an Aaa Rated Corporate Bonds (4)	<u>(5.53)</u>	<u>(5.53)</u>
6.	Forecasted Equity Risk Premium	<u>9.31 %</u>	<u>9.31 %</u>
7.	Conclusion of Equity Risk Premium (5)	7.46 %	7.46 %
8.	Adjusted Value Line Beta (6)	<u>0.80</u>	<u>0.65</u>
9.	Beta Adjusted Equity Risk Premium	<u>5.96 %</u>	<u>4.85 %</u>

- Notes: (1) From Ibbotson SBBI - 2009 Valuation Yearbook - Market Results for Stocks Bonds Bills and Inflation for 1926-2008, Morningstar, Inc., 2009 Chicago, IL.
(2) From Moody's Industrial Manual and Mergent Bond Record Monthly Update.
(3) From page 3 of Schedule PMA-12.
(4) Average forecast based upon six quarterly estimates of Aaa rated corporate bonds per the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts dated October 1, 2009 (see page 7 of this Schedule). The estimates are detailed below.

Fourth Quarter 2009	5.30 %
First Quarter 2010	5.40
Second Quarter 2010	5.40
Third Quarter 2010	5.60
Fourth Quarter 2010	5.70
First Quarter 2011	<u>5.80</u>
Average	<u>5.53 %</u>

- (5) Average of the Historical Equity Risk Premium of 5.60% from Line No. 3 and the Forecasted Equity Risk Premium of 9.31% from Line No. 6 $((5.60\% + 9.31\%) / 2 = 7.46\%)$.
(6) From page 9 of this Schedule.

2 ■ BLUE CHIP FINANCIAL FORECASTS ■ OCTOBER 1, 2009

Consensus Forecasts Of U.S. Interest Rates And Key Assumptions¹

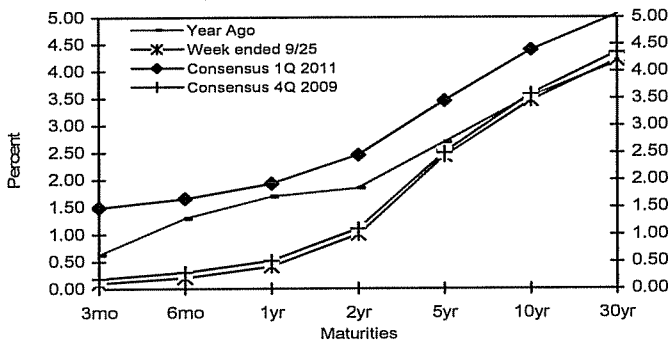
Interest Rates	History								Consensus Forecasts-Quarterly Avg.						
	Average For Week End				Average For Month				Latest Q*	4Q	1Q	2Q	3Q	4Q	1Q
	Sep. 25	Sep. 18	Sep. 11	Sep. 4	Aug.	July	June	3Q 2009	2009	2010	2010	2010	2010	2010	2011
Federal Funds Rate	0.15	0.16	0.15	0.15	0.16	0.16	0.21	0.16	0.2	0.2	0.3	0.6	1.0	1.5	
Prime Rate	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.2	3.2	3.3	3.6	4.1	4.5	
LIBOR, 3-mo.	0.29	0.30	0.31	0.34	0.42	0.52	0.62	0.41	0.5	0.5	0.7	1.0	1.4	1.8	
Commercial Paper, 1-mo.	0.13	0.14	0.13	0.15	0.17	0.18	0.18	0.16	0.2	0.3	0.4	0.7	1.2	1.6	
Treasury bill, 3-mo.	0.10	0.11	0.14	0.14	0.17	0.18	0.18	0.16	0.2	0.3	0.4	0.7	1.1	1.5	
Treasury bill, 6-mo.	0.20	0.20	0.22	0.23	0.27	0.28	0.31	0.25	0.3	0.4	0.6	0.9	1.3	1.7	
Treasury bill, 1 yr.	0.41	0.40	0.40	0.42	0.46	0.48	0.51	0.45	0.5	0.7	0.8	1.2	1.6	1.9	
Treasury note, 2 yr.	1.00	0.98	0.92	0.93	1.12	1.02	1.18	1.04	1.1	1.3	1.5	1.8	2.1	2.5	
Treasury note, 5 yr.	2.44	2.43	2.34	2.33	2.57	2.46	2.71	2.48	2.5	2.7	2.8	3.0	3.2	3.5	
Treasury note, 10 yr.	3.46	3.46	3.41	3.37	3.59	3.56	3.72	3.53	3.6	3.7	3.9	4.1	4.2	4.4	
Treasury note, 30 yr.	4.21	4.24	4.25	4.18	4.37	4.41	4.52	4.34	4.4	4.5	4.6	4.8	4.9	5.1	
Corporate Aaa bond	5.16	5.15	5.18	5.12	5.26	5.41	5.61	5.28	5.3	5.4	5.4	5.6	5.7	5.8	
Corporate Baa bond	6.31	6.36	6.39	6.37	6.58	7.09	7.50	6.67	6.6	6.7	6.7	6.8	6.9	7.0	
State & Local bonds	4.04	4.20	4.33	4.37	4.60	4.72	4.81	4.50	4.5	4.6	4.7	4.8	4.9	5.0	
Home mortgage rate	5.04	5.04	5.07	5.08	5.19	5.22	5.42	5.15	5.2	5.3	5.4	5.6	5.8	5.9	

Key Assumptions	History								Consensus Forecasts-Quarterly					
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q*	4Q	1Q	2Q	3Q	4Q	1Q
	2007	2008	2008	2008	2008	2009	2009	2009	2009	2010	2010	2010	2010	2011
Major Currency Index	73.3	72.0	70.9	73.5	81.3	82.7	79.4	75.4	75.2	75.1	74.6	74.6	74.9	75.2
Real GDP	2.1	-0.7	1.5	-2.7	-5.4	-6.4	-1.0	3.2	2.5	2.5	2.7	2.8	2.8	2.9
GDP Price Index	2.3	1.9	1.8	4.0	0.1	1.9	0.0	1.4	1.2	1.5	1.6	1.7	1.7	2.0
Consumer Price Index	5.8	4.5	4.5	6.2	-8.3	-2.4	1.3	2.7	1.8	1.7	1.6	2.0	2.0	2.1

Forecasts for interest rates and the Federal Reserve's Major Currency Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index and Consumer Price Index are seasonally-adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data for interest rates except LIBOR is from Federal Reserve Release (FRSR) H.15. LIBOR quotes available from *The Wall Street Journal*. Interest rate definitions are the same as those in FRSR H.15. Treasury yields are reported on a constant maturity basis. Historical data for the Fed's Major Currency Index is from FRSR H.10 and G.5. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS).

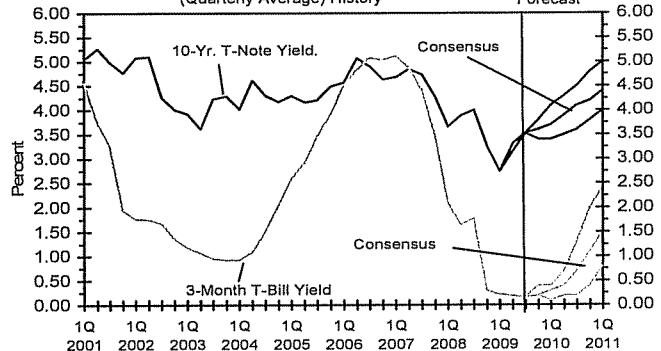
U.S. Treasury Yield Curve

Week ended September 25, 2009 and Year Ago vs. 4Q 2009 and 1Q 2011 Consensus Forecasts



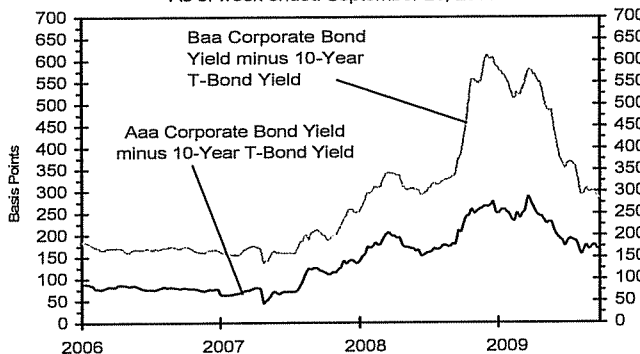
U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield

(Quarterly Average) History Forecast



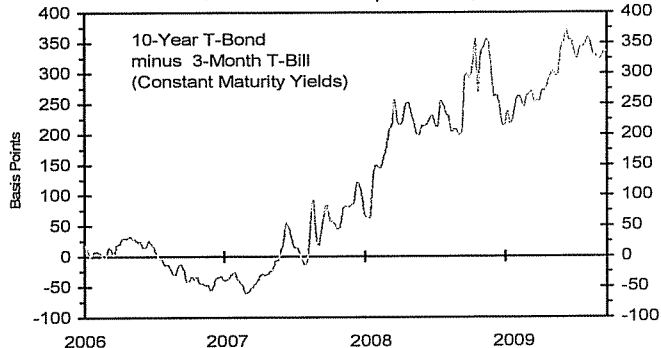
Corporate Bond Spreads

As of week ended September 25, 2009



U.S. Treasury Yield Curve

As of week ended September 25, 2009



Missouri-American Water Company
Derivation of Mean Equity Risk Premium Based on a Study
Using Holding Period Returns of Public Utilities

Line No.		Over A Rated Public Utility Bonds AUS Consultants - Utility Services Study (1)
Time Period		1928-2008
1.	Arithmetic Mean Holding Period Returns (2): Standard & Poor's Public Utility Index	10.74 %
2.	Arithmetic Mean Yield on: Moody's A Rated Public Utility Bonds	<u>(6.59)</u>
3.	Equity Risk Premium	<u><u>4.15 %</u></u>

- Notes: (1) S&P Public Utility Index and Moody's Public Utility Bond Average Annual Yields 1928-2008, (AUS Consultants - Utility Services, 2009).
- (2) Holding period returns are calculated based upon income received (dividends and interest) plus the relative change in the market value of a security over a one-year holding period.

Missouri-American Water Company
Value Line Adjusted Betas for
the Proxy Group of Six AUS Utility Reports Water Companies
and the Proxy Group of Eight AUS Utility Reports Natrual Gas Distribution Companies

	<u>Value Line Adjusted Beta</u>
<u>Proxy Group of Six AUS Utility Reports Water Companies</u>	
American States Water Co.	0.80
Aqua America, Inc.	0.65
California Water Service Group	0.80
Middlesex Water Company	0.80
SJW Corporation	1.00
York Water Company	<u>0.65</u>
Average	<u><u>0.78</u></u>
Median	<u><u>0.80</u></u>
<u>Proxy Group of Eight AUS Utility Reports Gas Distribution Companies</u>	
AGL Resources, Inc.	0.75
Atmos Energy Corp.	0.65
Delta Natural Gas Company	0.65
Laclede Group, Inc.	0.60
Northwest Natural Gas Company	0.60
Piedmont Natural Gas Co., Inc.	0.65
Southwest Gas Corporation	0.75
WGL Holdings, Inc.	<u>0.65</u>
Average	<u><u>0.66</u></u>
Median	<u><u>0.65</u></u>

Source of Information: Value Line Investment Survey, July 24, and September 11, 2009
Standard Edition and Small and Mid-Cap Edition

Missouri-American Water Company
Indicated Common Equity Cost Rate Through Use
of the Capital Asset Pricing Model for the
the Proxy Group of Six AUS Utility Reports Water Companies
and the Proxy Group of Eight AUS Utility Reports Natrual Gas Distribution Companies

<u>Line No.</u>		<u>Proxy Group of Six AUS Utility Reports Water Companies</u>	<u>Proxy Group of Eight AUS Utility Reports Gas Distribution Companies</u>
1.	Traditional Capital Asset Pricing Model (1)	11.37 %	10.12 %
2.	Empirical Capital Asset Pricing Model (1)	<u>11.78 %</u>	<u>10.85 %</u>
3.	Conclusion	<u><u>11.58 %</u></u>	<u><u>10.49 %</u></u>

Notes: (1) From page 2 of this Schedule.

Missouri-American Water Company
Indicated Common Equity Cost Rate Through Use
of the Capital Asset Pricing Model

	1	2	3
	Value Line Adjusted Beta	Company-Specific Risk Premium Based on Market Premium of 8.31% (1)	CAPM Result Including Risk-Free Rate of 4.72% (2)
<u>Traditional Capital Asset Pricing Model (3)</u>			
<u>Proxy Group of Six AUS Utility Reports</u>			
<u>Water Companies</u>			
American States Water Co.	0.80	6.65 %	11.37 %
Aqua America, Inc.	0.65	5.40	10.12
California Water Service Group	0.80	6.65	11.37
Middlesex Water Company	0.80	6.65	11.37
SJW Corporation	1.00	8.31	13.03
York Water Company	<u>0.65</u>	<u>5.40</u>	<u>10.12</u>
Average	<u>0.78</u>	<u>6.51 %</u>	<u>11.23 %</u>
Median	<u>0.80</u>	<u>6.65 %</u>	<u>11.37 %</u>
<u>Proxy Group of Eight AUS Utility</u>			
<u>Reports Gas Distribution Companies</u>			
AGL Resources, Inc.	0.75	6.23 %	10.95 %
Atmos Energy Corp.	0.65	5.40	10.12
Delta Natural Gas Company	0.65	5.40	10.12
Laclede Group, Inc.	0.60	4.99	9.71
Northwest Natural Gas Company	0.60	4.99	9.71
Piedmont Natural Gas Co., Inc.	0.65	5.40	10.12
Southwest Gas Corporation	0.75	6.23	10.95
WGL Holdings, Inc.	<u>0.65</u>	<u>5.40</u>	<u>10.12</u>
Average	<u>0.66</u>	<u>5.51 %</u>	<u>10.23 %</u>
Median	<u>0.65</u>	<u>5.40 %</u>	<u>10.12 %</u>
<u>Empirical Capital Asset Pricing Model (4)</u>			
<u>Proxy Group of Six AUS Utility Reports</u>			
<u>Water Companies</u>			
American States Water Co.	0.80	7.06 %	11.78 %
Aqua America, Inc.	0.65	6.13	10.85
California Water Service Group	0.80	7.06	11.78
Middlesex Water Company	0.80	7.06	11.78
SJW Corporation	1.00	8.31	13.03
York Water Company	<u>0.65</u>	<u>6.13</u>	<u>10.85</u>
Average	<u>0.78</u>	<u>6.96 %</u>	<u>11.68 %</u>
Median	<u>0.80</u>	<u>7.06 %</u>	<u>11.78 %</u>
<u>Proxy Group of Eight AUS Utility</u>			
<u>Reports Gas Distribution Companies</u>			
AGL Resources, Inc.	0.75	6.75 %	11.47 %
Atmos Energy Corp.	0.65	6.13	10.85
Delta Natural Gas Company	0.65	6.13	10.85
Laclede Group, Inc.	0.60	5.82	10.54
Northwest Natural Gas Company	0.60	5.82	10.54
Piedmont Natural Gas Co., Inc.	0.65	6.13	10.85
Southwest Gas Corporation	0.75	6.75	11.47
WGL Holdings, Inc.	<u>0.65</u>	<u>6.13</u>	<u>10.85</u>
Average	<u>0.66</u>	<u>6.21 %</u>	<u>10.93 %</u>
Median	<u>0.65</u>	<u>6.13 %</u>	<u>10.85 %</u>

See page 3 for notes.

Missouri-American Water Company
Development of the Market-Required Rate of Return on Common Equity Using
the Capital Asset Pricing Model for
the Proxy Group of Six AUS Utility Reports Water Companies
and the Proxy Group of Eight AUS Utility Reports Natural Gas Distribution Companies
Adjusted to Reflect a Forecasted Risk-Free Rate and Market Return

Notes:

- (1) For reasons explained in Ms. Ahern's accompanying direct testimony, from the three previous month-end (July 2009 – September 2009), as well as a recently available (October 2, 2009), Value Line Summary & Index, a forecasted 3-5 year total annual market return of 14.84% can be derived by averaging the 3-month and spot forecasted total 3-5 year total appreciation, converting it into an annual market appreciation and adding the Value Line average forecasted annual dividend yield.

The 3-5 year average total market appreciation of 61% produces a four-year average annual return of 12.64% ($(1.61^{0.25}) - 1$). When the average annual forecasted dividend yield of 2.20% is added, a total average market return of 14.84% (2.20% + 12.64%) is derived.

The 3-month and spot forecasted total market return of 14.84% minus the forecasted risk-free rate of 4.72% (developed in Note 2) is 10.12% (14.84% - 4.72%). The Morningstar, Inc. (Ibbotson Associates) calculated market premium of 6.50% for the period 1926-2008 results from a total market return of 11.70% less the average income return on long-term U.S. Government Securities of 5.20% (11.70% - 5.20% = 6.50%). This is then averaged with the 11.70% Value Line market premium resulting in an 8.31% market premium. The 8.31% market premium is then multiplied by the beta in column 1 of page 2 of this Schedule.

- (2) The average forecast based upon six quarterly estimates of 30-year Treasury Note yields per the consensus of nearly 50 economists reported in the Blue Chip Financial Forecasts dated October 1, 2009 (see page 7 of Schedule PMA-11). The estimates are detailed below:

	<u>30-Year Treasury Note Yield</u>
Fourth Quarter 2009	4.40
First Quarter 2010	4.50
Second Quarter 2010	4.60
Third Quarter 2010	4.80
Fourth Quarter 2010	4.90
First Quarter 2011	<u>5.10</u>
Average	<u>4.72%</u>

- (3) The traditional Capital Asset Pricing Model (CAPM) is applied using the following formula:

$$R_S = R_F + \beta (R_M - R_F)$$

Where R_S = Return rate of common stock

R_F = Risk Free Rate

β = Value Line Adjusted Beta

R_M = Return on the market as a whole

- (4) The empirical CAPM is applied using the following formula:

$$R_S = R_F + .25 (R_M - R_F) + .75 \beta (R_M - R_F)$$

Where R_S = Return rate of common stock

R_F = Risk-Free Rate

β = Value Line Adjusted Beta

R_M = Return on the market as a whole

Source of Information: Value Line Summary & Index
Blue Chip Financial Forecasts, October 1, 2009
Value Line Investment Survey, July 24, 2009 and September 11, 2009 Standard Edition and Small and Mid-Cap Edition
Ibbotson SBBI – 2009 Valuation Yearbook – Market Results for Stocks, Bonds, Bills, and Inflation for 1926-2008, Morningstar, Inc., 2009, Chicago,

Missouri-American Water Company
Comparable Earnings Analysis
for a Proxy Group of One Hundred Seventeen Non-Utility Companies Comparable to the
Proxy Group of Six AUS Utility Reports Water Companies (1)

Proxy Group of One Hundred Seventeen Non-Utility Companies Comparable to the Proxy Group of Six AUS Utility Reports Water Companies (1)	VL Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta	Rate of Return on Book Common Equity, Net Worth, or Partner's Capital	
					5-Year Projected (2)	
					5 Year Projection	Student's T Statistic
Affiliated Computer	0.75	0.56	3.2080	0.0714	14.50	(0.21)
Analog Devices	0.90	0.81	3.6726	0.0818	17.00	0.10
Allergan, Inc.	0.90	0.82	3.3584	0.0748	17.50	0.16
Gallagher (Arthur J.)	0.75	0.56	3.1255	0.0696	24.00	0.97
Amgen	0.65	0.42	3.8066	0.0847	16.50	0.04
Aon Corp.	0.70	0.52	3.9021	0.0869	14.50	(0.21)
AVX Corp.	0.95	0.85	3.4217	0.0762	7.00	(1.15)
Bed Bath & Beyond	0.90	0.85	3.7545	0.0836	12.00	(0.52)
Beckman Coulter	0.75	0.62	3.1885	0.0710	12.00	(0.52)
Bio-Rad Labs. A	0.90	0.84	3.8652	0.0860	11.50	(0.59)
BJs Wholesale Club	0.75	0.55	4.0163	0.0894	10.00	(0.77)
BMC Software	0.85	0.73	3.3622	0.0748	21.00	0.60
Brown & Brown	0.70	0.51	3.2448	0.0722	13.00 (3)	(0.40)
Cardinal Health	0.75	0.60	3.3076	0.0736	9.50	(0.84)
Coca-Cola Enterprises	0.90	0.81	3.5117	0.0782	36.00	2.47
Crown Holdings	0.90	0.83	3.4851	0.0776	29.50	1.66
Cephalon Inc.	0.70	0.52	4.0466	0.0901	14.50	(0.21)
Cerner Corp.	0.85	0.71	3.9413	0.0877	11.00	(0.65)
CLARCOR Inc.	0.95	0.85	3.7027	0.0824	11.50	(0.59)
Coherent, Inc.	0.90	0.78	3.8597	0.0859	6.00	(1.27)
Coca-Cola Bottling	0.70	0.47	3.6316	0.0808	19.00	0.35
Columbia Sportswear	0.90	0.77	3.8340	0.0854	12.50	(0.46)
Copart, Inc.	0.95	0.85	3.6280	0.0808	19.50	0.41
Charles River	0.85	0.77	3.7464	0.0834	10.50	(0.71)
Del Monte Foods	0.70	0.53	3.2767	0.0729	10.50	(0.71)
Dionex Corp.	0.90	0.79	3.5366	0.0787	23.50	0.91
DIRECTV Group (The)	0.85	0.77	3.1875	0.0710	30.50	1.79
DaVita Inc.	0.65	0.39	3.1744	0.0707	16.50	0.04
Lauder (Estee)	0.95	0.85	3.3989	0.0757	30.50 (3)	1.79
EarthLink, Inc.	0.70	0.51	4.0490	0.0901	16.00	(0.02)
EMC Corp.	0.90	0.84	3.8370	0.0854	11.00	(0.65)
Energy Transfer	0.85	0.71	3.1256	0.0696	32.50 (3)	2.03
First Niagara Finl Group	0.85	0.73	3.5910	0.0799	7.50	(1.09)
Forest Labs.	0.80	0.63	3.8042	0.0847	9.50	(0.84)
Genzyme Corp.	0.65	0.44	3.7938	0.0845	13.50	(0.34)
Gilead Sciences	0.65	0.40	3.6747	0.0818	33.50	2.16
G&K Services A	0.80	0.69	3.3552	0.0747	8.50	(0.96)
Global Payments	0.85	0.70	3.7010	0.0824	16.00	(0.02)
Gen-Probe	0.85	0.76	4.0290	0.0897	13.50	(0.34)
Haemonetics Corp.	0.65	0.42	3.1695	0.0706	13.50	(0.34)
Hasbro, Inc.	0.80	0.62	3.3402	0.0744	21.00	0.60
HCC Insurance Hldgs.	0.85	0.71	3.1673	0.0705	12.00	(0.52)
Hewlett Associates A	0.75	0.58	3.2548	0.0725	18.00	0.22
Block (H&R)	0.90	0.78	3.7417	0.0833	29.50	1.66
Hospira Inc.	0.70	0.51	3.6472	0.0812	22.50	0.79
Hearstland Express	0.85	0.72	3.9916	0.0889	23.00	0.85
IDEXX Labs.	0.85	0.77	3.2654	0.0727	18.00	0.22
Intuit Inc.	0.90	0.83	3.1749	0.0707	20.00	0.47
Investors Bancorp Inc	0.70	0.51	3.4584	0.0788	5.50	(1.34)
Intl Speedway A	0.90	0.82	3.4301	0.0764	9.00	(0.90)
J&J Snack Foods	0.75	0.57	3.4659	0.0772	11.50	(0.59)
Life Technologies	0.80	0.65	3.7722	0.0840	12.00	(0.52)
Lincare Holdings	0.65	0.41	3.2537	0.0724	25.00	1.10

Missouri-American Water Company
Comparable Earnings Analysis
for a Proxy Group of One Hundred Seventeen Non-Utility Companies Comparable to the
Proxy Group of Six AUS Utility Reports Water Companies (1)

Proxy Group of One Hundred Seventeen Non-Utility Companies Comparable to the Proxy Group of Six AUS Utility Reports Water Companies (1)	VL Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta	Rate of Return on Book Common Equity, Net Worth, or Partner's Capital	
					5 Year Projection	Student's T Statistic
Mattel, Inc.	0.85	0.76	3.8964	0.0867	22.00	0.72
Mathews Intl	0.85	0.72	3.2537	0.0724	15.50	(0.09)
McKesson Corp.	0.80	0.64	3.6895	0.0821	14.00	(0.27)
Medtronic, Inc.	0.75	0.60	3.4569	0.0770	22.00	0.72
Medco Health Solutions	0.70	0.49	3.5992	0.0801	18.50	0.29
Markel Corp.	0.90	0.80	3.2875	0.0732	7.50	(1.09)
Magellan Midstream	0.90	0.83	3.3682	0.0750	22.00	0.72
MAXIMUS Inc.	0.80	0.64	3.3819	0.0753	14.00	(0.27)
National Instruments	0.90	0.81	3.6957	0.0823	15.00 (3)	(0.15)
Annaly Capital Mgmt.	0.80	0.63	3.9643	0.0883	15.00	(0.15)
Novo Nordisk ADR	0.80	0.69	3.1452	0.0700	31.00	1.85
Northwest Bancorp	0.85	0.70	3.2705	0.0728	8.50	(0.96)
New York Community	0.80	0.69	3.6327	0.0809	12.00	(0.52)
Realty Income Corp.	0.90	0.84	3.6316	0.0808	8.00	(1.02)
Owens & Minor	0.70	0.50	3.3588	0.0748	11.50	(0.59)
Oracle Corp.	0.90	0.83	3.1502	0.0701	34.00	2.22
Odyssey Re Hldgs.	0.70	0.52	3.2108	0.0715	5.50	(1.34)
O'Reilly Automotive	0.85	0.72	3.5748	0.0796	10.50	(0.71)
Plains All Amer. Pipe.	0.90	0.79	3.5972	0.0801	12.00	(0.52)
PepsiAmericas Inc.	0.80	0.66	3.4481	0.0768	12.00	(0.52)
Peoples United Finl	0.65	0.40	3.2451	0.0722	5.50	(1.34)
Pepsi Bottling Group	0.90	0.78	3.3408	0.0744	22.00	0.72
Patterson Cos.	0.90	0.80	3.7787	0.0841	13.00	(0.40)
Peets Coffee & Tea	0.80	0.63	3.9190	0.0872	12.00 (3)	(0.52)
PerkinElmer Inc.	0.90	0.79	3.8054	0.0847	10.00	(0.77)
Papa Johns Intl	0.85	0.77	3.9534	0.0880	20.00	0.47
Ruddick Corp.	0.60	0.38	3.5943	0.0800	10.50	(0.71)
Reinsurance Group	0.85	0.76	3.7769	0.0841	17.00	0.10
ResMed Inc.	0.75	0.57	3.9162	0.0872	13.50	(0.34)
Rollins, Inc.	0.80	0.65	3.2083	0.0714	27.00	1.35
Ross Stores	0.85	0.72	3.8069	0.0847	41.00	3.10
Sycamore Networks	0.85	0.77	3.6995	0.0824	1.50	(1.84)
Schulman (A.)	0.90	0.81	4.0352	0.0898	7.50	(1.09)
Sherwin-Williams	0.75	0.55	3.3228	0.0740	26.00	1.22
Silgan Holdings	0.80	0.64	3.1408	0.0699	18.50	0.29
Synopsys, Inc.	0.85	0.72	3.7319	0.0831	13.00	(0.40)
Suburban Propane	0.75	0.62	3.2843	0.0731	50.00	4.22
Stericycle Inc.	0.65	0.47	3.5458	0.0789	17.00	0.10
STERIS Corp.	0.90	0.81	3.6866	0.0821	15.50	(0.09)
St. Jude Medical	0.80	0.68	4.0412	0.0900	17.00	0.10
Constellation Brands	0.85	0.76	3.8445	0.0856	11.00	(0.65)
Stryker Corp.	0.80	0.66	3.3340	0.0742	17.00	0.10
Hanover Insurance	0.85	0.77	3.2090	0.0714	10.50	(0.71)
TEPPCO Partners L.P.	0.90	0.82	3.5151	0.0783	21.00	0.60
Total System Svcs.	0.90	0.80	3.4338	0.0764	16.00	(0.02)
Texas Instruments	0.90	0.81	3.6129	0.0804	15.50	(0.09)
Universal Health Sv. 'B	0.80	0.68	3.6443	0.0811	12.00	(0.52)
Universal Corp.	0.80	0.68	3.8708	0.0862	10.50	(0.71)
Varian Medical Sys.	0.80	0.69	3.8942	0.0867	23.00	0.85
WD-40 Co.	0.75	0.55	3.5149	0.0782	17.50	0.16
Werner Enterprises	0.90	0.82	3.9498	0.0879	17.00	0.10
Weis Markets	0.65	0.46	3.1192	0.0694	8.50	(0.96)
W.P. Carey & Co. LLC	0.90	0.80	3.5415	0.0788	15.00	(0.15)
Watson Pharmac.	0.75	0.58	3.2191	0.0717	10.50	(0.71)
Washington Post	0.80	0.67	3.4859	0.0776	8.00	(1.02)
Berkley (W.R.)	0.75	0.58	3.3727	0.0751	17.00	0.10
West Pharmac. Svcs.	0.80	0.65	3.9376	0.0877	13.50	(0.34)
Watson Wyatt	0.70	0.54	3.3237	0.0740	13.50	(0.34)
World Wrestling Ent.	0.80	0.68	3.3909	0.0755	31.50	1.91
Wolverine World Wide	0.80	0.65	3.9008	0.0868	16.50	0.04
Alleghany Corp.	0.85	0.72	3.2654	0.0727	6.50	(1.21)
Zimmer Holdings	0.95	0.85	3.7669	0.0839	13.00	(0.40)
Alleghany Corp.	0.85	0.72	3.2654	0.0727	6.50	(1.21)
Zimmer Holdings	0.95	0.85	3.7669	0.0839	13.00	(0.40)
Average	0.81	0.68	3.5546	0.0792		
Average for the Proxy Group of Six AUS Utility Reports Water Companies						
	0.77	0.61	3.5871 (4)	0.0799		
Median (5)					14.50%	
Conclusion (6)					13.50%	

See page 4 for notes.

Missouri-American Water Company
Comparable Earnings Analysis
for a Proxy Group of Twenty Five Non-Utility Companies Comparable to the
Proxy Group of Eight AUS Utility Reports Natural Gas Distribution Companies (7)

Rate of Return on Book Common
Equity, Net Worth, or Partner's
Capital

Proxy Group of Twenty Five Non-Utility Companies Comparable to the Proxy Group of Eight AUS Utility Reports Natural Gas Distribution Companies (7)	VL Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta	5 Year Projection	Student's T Statistic
AmerisourceBergen	0.70	0.52	2.7517	0.0613	13.5 %	(0.81)
Automatic Data Proc.	0.70	0.54	2.2331	0.0497	16.0	(0.63)
Baxter Intl Inc.	0.60	0.35	2.4924	0.0555	34.0	0.64
Bard (C.R.)	0.55	0.31	2.4789	0.0552	21.0	(0.28)
Becton, Dickinson	0.65	0.40	2.5881	0.0576	19.0	(0.42)
Church & Dwight	0.60	0.35	2.6247	0.0584	15.5	(0.67)
Colgate-Palmolive	0.55	0.30	2.6663	0.0594	42.0	1.20
Clorox Co.	0.65	0.40	2.3441	0.0522	79.0 (8)	3.81
Campbell Soup	0.60	0.32	2.4069	0.0536	29.5	0.32
Erie Indemnity Co.	0.70	0.53	2.2086	0.0492	21.5	(0.25)
Hormel Foods	0.65	0.43	2.7259	0.0607	16.0	(0.63)
Hershey Co.	0.65	0.47	2.7933	0.0622	42.5	1.24
Intl Flavors & Frag.	0.75	0.58	2.4057	0.0536	24.0	(0.07)
Kraft Foods	0.70	0.48	2.4920	0.0555	10.5	(1.02)
Kinder Morgan Energy	0.75	0.61	2.5204	0.0561	24.5	(0.03)
Coca-Cola	0.60	0.33	2.2256	0.0495	22.5	(0.17)
Laboratory Corp.	0.65	0.42	2.6786	0.0596	20.5	(0.32)
McDonalds Corp.	0.70	0.47	2.4563	0.0547	27.0	0.14
McCormick & Co.	0.55	0.30	2.6807	0.0597	17.5	(0.53)
PepsiCo, Inc.	0.60	0.36	2.2579	0.0503	26.0	0.07
Raytheon Co.	0.75	0.57	2.6400	0.0588	17.0	(0.56)
Sysco Corp.	0.75	0.55	2.6244	0.0584	33.5	0.60
Tootsie Roll Ind.	0.70	0.52	2.5729	0.0573	8.0	(1.20)
Wal-Mart Stores	0.60	0.36	2.3459	0.0522	18.5	(0.46)
Exxon Mobil Corp.	0.75	0.60	2.4733	0.0551	25.5	0.04
Average	<u>0.66</u>	<u>0.44</u>	<u>2.5075</u>	<u>0.0558</u>		
Average for the Proxy Group of Eight AUS Natural Gas Distribution Companies	<u>0.66</u>	<u>0.44</u>	<u>2.4773</u> (8)	<u>0.0551</u>		
Median (5)					<u>21.25%</u>	
Conclusion (6)					<u>21.00%</u>	

See page 4 for notes.

Missouri-American Water Company
Comparable Earnings Analysis

Notes:

(P) = Preliminary

- (1) The criteria for selection of the proxy group of one hundred seventeen non-utility companies was that the non-utility companies be domestic and have a meaningful projected rate of return on book common equity, shareholders' equity, net worth, or partners' capital 2012 – 2014 as reported in Value Line Investment Survey (Standard Edition). The proxy group of one hundred-fifteen non-utility companies was selected based upon the proxy group of six AUS Utility Reports water companies' unadjusted beta range of 0.37 – 0.85 and standard error of the regression range of 3.1143-4.0599. These ranges are based upon plus or minus three standard deviations of the unadjusted beta and standard error of the regression as detailed in Ms. Ahern's direct testimony. Plus or minus three standard deviations captures 99.73% of the distribution of unadjusted betas and standard errors of the regression.
- (2) 2012 - 2014.
- (3) The Student's T-statistic associated with these returns exceeds 1.96 at the 95% level of confidence. Therefore, they have been excluded, as outliers, to arrive at proper mean historical and projected returns as fully explained in Ms. Ahern's testimony.
- (4) The standard deviation of the group of six AUS Utility Reports water companies' standard error of the regression is 0.1576. The standard deviation of the standard error of the regression is calculated as follows:

$$\text{Standard Deviation of the Std. Err. of the Regr.} = \frac{\text{Standard Error of the Regression}}{\sqrt{2N}}$$

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

$$\text{Thus, } 0.1576 = \frac{3.5871}{\sqrt{518}} = \frac{3.5871}{22.7596}$$

- (5) Median five year projected rate of return on book common equity, shareholder's equity, net worth, or partners' capital including returns identified as outliers as outlined in Note (3) above.
- (6) Median of the five year historical and five year projected return on book common equity, shareholder's equity, net worth or partner's capital excluding returns identified as outliers as outlined on Note (3) above.
- (7) The criteria for selection of the proxy group of twenty-five non-utility companies was that the non-utility companies be domestic and have a meaningful rate of return on book common equity, shareholders' equity, net worth, or partners' capital projected 2012 -2014 as reported in Value Line Investment Survey (Standard Edition). The proxy group of twenty-five non-utility companies was selected based upon the proxy group of eight AUS Utility Reports natural gas distribution companies' unadjusted beta range of 0.27 – 0.61 and standard error of the regression range of 2.1508 – 2.8038. These ranges are based upon plus or minus three standard deviations of the unadjusted beta and standard error of the regression as detailed in Ms. Ahern's direct testimony. Plus or minus three standard deviations captures 99.73% of the distribution of unadjusted betas and standard errors of the regression.
- (8) The Student's T-statistic associated with these returns exceeds 2.064 at the 95% level of confidence. Therefore, they have been excluded, as outliers, to arrive at proper mean historical and projected returns as fully explained in Ms. Ahern's testimony.
- (9) The standard deviation of the proxy group of six AUS Utility Reports water companies' standard error of the regression is 0.1088 (2.4773 / 22.7596).

Source of Information: Value Line, Inc., September 15, 2009
Value Line Investment Survey (Standard Edition)

Missouri-American Water Company
Yields on Moody's A and Baa Rated Public Utility Bonds
and Aaa Rated Corporate Bonds Since September 1989

Date	Aaa Corporate Bonds	Moody's A PU Bonds	Moody's Baa PU Bonds	Spraed Between Aaa v A PU Bonds	Spread Between Aaa v Baa PU Bonds	Spread between A and Baa PU Bonds
Sep-89	9.01%	9.58%	9.70%	0.57%	0.69%	0.12%
Oct-89	8.92%	9.54%	9.64%	0.62%	0.72%	0.10%
Nov-89	8.89%	9.51%	9.64%	0.62%	0.75%	0.13%
Dec-89	8.86%	9.44%	9.60%	0.58%	0.74%	0.16%
Jan-90	8.99%	9.56%	9.74%	0.57%	0.75%	0.18%
Feb-90	9.22%	9.76%	9.96%	0.54%	0.74%	0.20%
Mar-90	9.37%	9.85%	10.06%	0.48%	0.69%	0.21%
Apr-90	9.46%	9.92%	10.13%	0.46%	0.67%	0.21%
May-90	9.47%	10.00%	10.16%	0.53%	0.69%	0.16%
Jun-90	9.26%	9.80%	9.96%	0.54%	0.70%	0.16%
Jul-90	9.24%	9.75%	9.92%	0.51%	0.68%	0.17%
Aug-90	9.41%	9.92%	10.12%	0.51%	0.71%	0.20%
Sep-90	9.56%	10.12%	10.32%	0.56%	0.76%	0.20%
Oct-90	9.53%	10.05%	10.28%	0.52%	0.75%	0.23%
Nov-90	9.30%	9.90%	10.12%	0.60%	0.82%	0.22%
Dec-90	9.05%	9.73%	9.96%	0.68%	0.91%	0.23%
Jan-91	9.04%	9.71%	9.96%	0.67%	0.92%	0.25%
Feb-91	8.83%	9.47%	9.68%	0.64%	0.85%	0.21%
Mar-91	8.93%	9.55%	9.74%	0.62%	0.81%	0.19%
Apr-91	8.86%	9.46%	9.64%	0.60%	0.78%	0.18%
May-91	8.86%	9.44%	9.64%	0.58%	0.78%	0.20%
Jun-91	9.01%	9.59%	9.79%	0.58%	0.78%	0.20%
Jul-91	9.00%	9.55%	9.69%	0.55%	0.69%	0.14%
Aug-91	8.75%	9.29%	9.47%	0.54%	0.72%	0.18%
Sep-91	8.61%	9.16%	9.34%	0.55%	0.73%	0.18%
Oct-91	8.55%	9.12%	9.32%	0.57%	0.77%	0.20%
Nov-91	8.48%	9.05%	9.28%	0.57%	0.80%	0.23%
Dec-91	8.31%	8.88%	9.07%	0.57%	0.76%	0.19%
Jan-92	8.20%	8.84%	8.98%	0.64%	0.78%	0.14%
Feb-92	8.29%	8.93%	9.09%	0.64%	0.80%	0.16%
Mar-92	8.35%	8.97%	9.16%	0.62%	0.81%	0.19%
Apr-92	8.33%	8.93%	9.11%	0.60%	0.78%	0.18%
May-92	8.28%	8.87%	9.01%	0.59%	0.73%	0.14%
Jun-92	8.22%	8.78%	8.90%	0.56%	0.68%	0.12%
Jul-92	8.07%	8.57%	8.69%	0.50%	0.62%	0.12%
Aug-92	7.95%	8.44%	8.58%	0.49%	0.63%	0.14%
Sep-92	7.92%	8.40%	8.54%	0.48%	0.62%	0.14%
Oct-92	7.99%	8.54%	8.76%	0.55%	0.77%	0.22%
Nov-92	8.10%	8.63%	8.86%	0.53%	0.76%	0.23%
Dec-92	7.98%	8.43%	8.69%	0.45%	0.71%	0.26%
Jan-93	7.91%	8.27%	8.57%	0.36%	0.66%	0.30%
Feb-93	7.71%	8.04%	8.31%	0.33%	0.60%	0.27%
Mar-93	7.58%	7.90%	8.10%	0.32%	0.52%	0.20%
Apr-93	7.46%	7.81%	8.11%	0.35%	0.65%	0.30%
Apr-93	7.43%	7.86%	8.18%	0.43%	0.75%	0.32%
May-93	7.33%	7.75%	8.05%	0.42%	0.72%	0.30%
Jun-93	7.17%	7.54%	7.93%	0.37%	0.76%	0.39%
Jul-93	6.85%	7.25%	7.59%	0.40%	0.74%	0.34%
Aug-93	6.66%	7.04%	7.35%	0.38%	0.69%	0.31%
Sep-93	6.67%	7.03%	7.27%	0.36%	0.60%	0.24%
Oct-93	6.93%	7.30%	7.69%	0.37%	0.76%	0.39%
Nov-93	6.93%	7.34%	7.73%	0.41%	0.80%	0.39%
Dec-93	6.92%	7.33%	7.66%	0.41%	0.74%	0.33%
Jan-94	7.08%	7.47%	7.76%	0.39%	0.68%	0.29%
Mar-94	7.48%	7.47%	7.76%	-0.01%	0.28%	0.29%
Apr-94	7.88%	7.85%	8.11%	-0.03%	0.23%	0.26%
May-94	7.99%	8.33%	8.61%	0.34%	0.62%	0.28%
Jun-94	7.97%	8.31%	8.64%	0.34%	0.67%	0.33%
Jul-94	8.11%	8.47%	8.80%	0.36%	0.69%	0.33%
Aug-94	8.07%	8.41%	8.74%	0.34%	0.67%	0.33%
Sep-94	8.34%	8.64%	8.98%	0.30%	0.64%	0.34%
Oct-94	8.57%	8.86%	9.24%	0.29%	0.67%	0.38%
Nov-94	8.68%	8.98%	9.35%	0.30%	0.67%	0.37%
Dec-94	8.46%	8.76%	9.16%	0.30%	0.70%	0.40%
Jan-95	8.46%	8.73%	9.15%	0.27%	0.69%	0.42%
Feb-95	8.26%	8.52%	8.93%	0.26%	0.67%	0.41%
Mar-95	8.12%	8.37%	8.78%	0.25%	0.66%	0.41%
Apr-95	8.03%	8.27%	8.67%	0.24%	0.64%	0.40%
May-95	7.65%	7.91%	8.30%	0.26%	0.65%	0.39%
Jun-95	7.30%	7.60%	8.01%	0.30%	0.71%	0.41%
Jul-95	7.41%	7.70%	8.11%	0.29%	0.70%	0.41%
Aug-95	7.57%	7.83%	8.24%	0.26%	0.67%	0.41%
Sep-95	7.32%	7.62%	7.98%	0.30%	0.66%	0.36%
Oct-95	7.12%	7.46%	7.82%	0.34%	0.70%	0.36%
Nov-95	7.02%	7.43%	7.81%	0.41%	0.79%	0.38%
Dec-95	6.82%	7.23%	7.63%	0.41%	0.81%	0.40%
Jan-96	6.81%	7.22%	7.64%	0.41%	0.83%	0.42%
Feb-96	6.99%	7.37%	7.78%	0.38%	0.79%	0.41%
Mar-96	7.35%	7.73%	8.15%	0.38%	0.80%	0.42%
Apr-96	7.50%	7.89%	8.32%	0.39%	0.82%	0.43%
May-96	7.62%	7.98%	8.45%	0.36%	0.83%	0.47%
Jun-96	7.71%	8.06%	8.51%	0.35%	0.80%	0.45%
Jul-96	7.65%	8.02%	8.44%	0.37%	0.79%	0.42%
Aug-96	7.46%	7.84%	8.25%	0.38%	0.79%	0.41%
Sep-96	7.66%	8.01%	8.41%	0.35%	0.75%	0.40%
Oct-96	7.39%	7.77%	8.15%	0.38%	0.76%	0.38%
Nov-96	7.10%	7.49%	7.87%	0.39%	0.77%	0.38%

Missouri-American Water Company
Yields on Moody's A and Baa Rated Public Utility Bonds
and Aaa Rated Corporate Bonds Since September 1989

Date	Aaa Corporate Bonds	Moody's A PU Bonds	Moody's Baa PU Bonds	Spraed Between Aaa v A PU Bonds	Spread Between Aaa v Baa PU Bonds	Spread between A and Baa PU Bonds
Dec-96	7.20%	7.59%	7.98%	0.39%	0.78%	0.39%
Jan-97	7.42%	7.77%	8.18%	0.35%	0.76%	0.41%
Feb-97	7.31%	7.64%	8.02%	0.33%	0.71%	0.38%
Mar-97	7.55%	7.87%	8.26%	0.32%	0.71%	0.39%
Apr-97	7.73%	8.03%	8.42%	0.30%	0.69%	0.39%
May-97	7.58%	7.89%	8.28%	0.31%	0.70%	0.39%
Jun-97	7.41%	7.72%	8.12%	0.31%	0.71%	0.40%
Jul-97	7.14%	7.48%	7.87%	0.34%	0.73%	0.39%
Aug-97	7.22%	7.51%	7.93%	0.29%	0.71%	0.42%
Sep-97	7.15%	7.47%	7.79%	0.32%	0.64%	0.32%
Oct-97	7.00%	7.35%	7.67%	0.35%	0.67%	0.32%
Nov-97	6.87%	7.25%	7.49%	0.38%	0.62%	0.24%
Dec-97	6.76%	7.16%	7.41%	0.40%	0.65%	0.25%
Jan-98	6.61%	7.05%	7.28%	0.44%	0.67%	0.23%
Feb-98	6.67%	7.12%	7.36%	0.45%	0.69%	0.24%
Feb-98	6.72%	7.16%	7.37%	0.44%	0.65%	0.21%
Mar-98	6.69%	7.16%	7.37%	0.47%	0.68%	0.21%
Apr-98	6.69%	7.16%	7.34%	0.47%	0.65%	0.18%
May-98	6.53%	7.03%	7.21%	0.50%	0.68%	0.18%
Jun-98	6.55%	7.03%	7.23%	0.48%	0.68%	0.20%
Jul-98	6.52%	7.00%	7.20%	0.48%	0.68%	0.20%
Aug-98	6.40%	6.93%	7.13%	0.53%	0.73%	0.20%
Oct-98	6.37%	6.96%	7.13%	0.59%	0.76%	0.17%
Nov-98	6.41%	7.03%	7.31%	0.62%	0.90%	0.28%
Dec-98	6.22%	6.91%	7.24%	0.69%	1.02%	0.33%
Jan-99	6.24%	6.97%	7.30%	0.73%	1.06%	0.33%
Feb-99	6.40%	7.09%	7.41%	0.69%	1.01%	0.32%
Mar-99	6.62%	7.26%	7.55%	0.64%	0.93%	0.29%
Apr-99	6.64%	7.22%	7.51%	0.58%	0.87%	0.29%
May-99	6.93%	7.47%	7.74%	0.54%	0.81%	0.27%
Jun-99	7.23%	7.74%	8.03%	0.51%	0.80%	0.29%
Jul-99	7.19%	7.71%	7.97%	0.52%	0.78%	0.26%
Aug-99	7.40%	7.91%	8.16%	0.51%	0.76%	0.25%
Sep-99	7.39%	7.93%	8.19%	0.54%	0.80%	0.26%
Oct-99	7.55%	8.06%	8.32%	0.51%	0.77%	0.26%
Nov-99	7.36%	7.94%	8.12%	0.58%	0.76%	0.18%
Dec-99	7.55%	8.14%	8.28%	0.59%	0.73%	0.14%
Jan-00	7.78%	8.35%	8.40%	0.57%	0.62%	0.05%
Feb-00	7.68%	8.25%	8.33%	0.57%	0.65%	0.08%
Mar-00	7.68%	8.28%	8.40%	0.60%	0.72%	0.12%
Apr-00	7.64%	8.29%	8.40%	0.65%	0.76%	0.11%
May-00	7.99%	8.70%	8.86%	0.71%	0.87%	0.16%
Jun-00	7.67%	8.36%	8.47%	0.69%	0.80%	0.11%
Jul-00	7.65%	8.25%	8.33%	0.60%	0.68%	0.08%
Aug-00	7.55%	8.13%	8.25%	0.58%	0.70%	0.12%
Sep-00	7.62%	8.23%	8.32%	0.61%	0.70%	0.09%
Oct-00	7.55%	8.14%	8.29%	0.59%	0.74%	0.15%
Nov-00	7.45%	8.11%	8.25%	0.66%	0.80%	0.14%
Dec-00	7.21%	7.84%	8.01%	0.63%	0.80%	0.17%
Jan-01	7.15%	7.80%	7.99%	0.65%	0.84%	0.19%
Feb-01	7.10%	7.74%	7.94%	0.64%	0.84%	0.20%
Mar-01	6.98%	7.68%	7.85%	0.70%	0.87%	0.17%
Apr-01	7.20%	7.94%	8.06%	0.74%	0.86%	0.12%
May-01	7.29%	7.99%	8.11%	0.70%	0.82%	0.12%
Jun-01	7.18%	7.85%	8.02%	0.67%	0.84%	0.17%
Jul-01	7.13%	7.78%	8.05%	0.65%	0.92%	0.27%
Aug-01	7.02%	7.59%	7.95%	0.57%	0.93%	0.36%
Sep-01	7.17%	7.75%	8.12%	0.58%	0.95%	0.37%
Oct-01	7.03%	7.63%	8.02%	0.60%	0.99%	0.39%
Nov-01	6.97%	7.57%	7.96%	0.60%	0.99%	0.39%
Dec-01	6.77%	7.83%	8.27%	1.06%	1.50%	0.44%
Jan-02	6.55%	7.66%	8.13%	1.11%	1.58%	0.47%
Feb-02	6.51%	7.54%	8.18%	1.03%	1.67%	0.64%
Mar-02	6.81%	7.76%	8.32%	0.95%	1.51%	0.56%
Apr-02	6.76%	7.57%	8.26%	0.81%	1.50%	0.69%
May-02	6.75%	7.52%	8.33%	0.77%	1.58%	0.81%
Jun-02	6.63%	7.42%	8.26%	0.79%	1.63%	0.84%
Jul-02	6.53%	7.31%	8.07%	0.78%	1.54%	0.76%
Aug-02	6.37%	7.17%	7.74%	0.80%	1.37%	0.57%
Sep-02	6.15%	7.08%	7.62%	0.93%	1.47%	0.54%
Oct-02	6.32%	7.23%	8.00%	0.91%	1.68%	0.77%
Nov-02	6.31%	7.14%	7.76%	0.83%	1.45%	0.62%
Dec-02	6.21%	7.07%	7.61%	0.86%	1.40%	0.54%
Jan-03	6.17%	7.06%	7.47%	0.89%	1.30%	0.41%
Feb-03	5.95%	6.93%	7.17%	0.98%	1.22%	0.24%
Mar-03	5.89%	6.79%	7.05%	0.90%	1.16%	0.26%
Apr-03	5.74%	6.64%	6.94%	0.90%	1.20%	0.30%
May-03	5.22%	6.36%	6.47%	1.14%	1.25%	0.11%
Jun-03	4.97%	6.21%	6.30%	1.24%	1.33%	0.09%
Jul-03	5.49%	6.57%	6.67%	1.08%	1.18%	0.10%
Aug-03	5.88%	6.78%	7.08%	0.90%	1.20%	0.30%
Sep-03	5.72%	6.56%	6.87%	0.84%	1.15%	0.31%
Oct-03	5.70%	6.43%	6.79%	0.73%	1.09%	0.36%
Nov-03	5.65%	6.37%	6.69%	0.72%	1.04%	0.32%
Dec-03	5.62%	6.27%	6.61%	0.65%	0.99%	0.34%
Jan-04	5.54%	6.15%	6.47%	0.61%	0.93%	0.32%

Missouri-American Water Company
Yields on Moody's A and Baa Rated Public Utility Bonds
and Aaa Rated Corporate Bonds Since September 1989

<u>Date</u>	<u>Aaa Corporate Bonds</u>	<u>Moody's A PU Bonds</u>	<u>Moody's Baa PU Bonds</u>	<u>Spraed Between Aaa v A PU Bonds</u>	<u>Spread Between Aaa v Baa PU Bonds</u>	<u>Spread between A and Baa PU Bonds</u>
Feb-04	5.50%	6.15%	6.28%	0.65%	0.78%	0.13%
Mar-04	5.33%	5.97%	6.12%	0.64%	0.79%	0.15%
Apr-04	5.73%	6.35%	6.46%	0.62%	0.73%	0.11%
May-04	6.04%	6.62%	6.75%	0.58%	0.71%	0.13%
Jun-04	6.01%	6.46%	6.84%	0.45%	0.83%	0.38%
Jul-04	5.82%	6.27%	6.67%	0.45%	0.85%	0.40%
Aug-04	5.65%	6.14%	6.45%	0.49%	0.80%	0.31%
Sep-04	5.46%	5.98%	6.27%	0.52%	0.81%	0.29%
Oct-04	5.47%	5.94%	6.17%	0.47%	0.70%	0.23%
Nov-04	5.52%	5.97%	6.16%	0.45%	0.64%	0.19%
Dec-04	5.47%	5.92%	6.10%	0.45%	0.63%	0.18%
Jan-05	5.36%	5.78%	5.95%	0.42%	0.59%	0.17%
Feb-05	5.20%	5.61%	5.76%	0.41%	0.56%	0.15%
Mar-05	5.40%	5.83%	6.01%	0.43%	0.61%	0.18%
Apr-05	5.33%	5.64%	5.95%	0.31%	0.62%	0.31%
May-05	5.15%	5.53%	5.88%	0.38%	0.73%	0.35%
Jun-05	4.96%	5.40%	5.70%	0.44%	0.74%	0.30%
Jul-05	5.06%	5.51%	5.80%	0.45%	0.74%	0.29%
Aug-05	5.09%	5.50%	5.81%	0.41%	0.72%	0.31%
Sep-05	5.13%	5.52%	5.83%	0.39%	0.70%	0.31%
Oct-05	5.35%	5.79%	6.08%	0.44%	0.73%	0.29%
Nov-05	5.42%	5.88%	6.19%	0.46%	0.77%	0.31%
Dec-05	5.37%	5.80%	6.14%	0.43%	0.77%	0.34%
Jan-06	5.29%	5.75%	6.06%	0.46%	0.77%	0.31%
Feb-06	5.35%	5.82%	6.11%	0.47%	0.76%	0.29%
Mar-06	5.53%	5.98%	6.26%	0.45%	0.73%	0.28%
Apr-06	5.84%	6.29%	6.54%	0.45%	0.70%	0.25%
May-06	5.95%	6.42%	6.59%	0.47%	0.64%	0.17%
Jun-06	5.89%	6.40%	6.61%	0.51%	0.72%	0.21%
Jul-06	5.85%	6.37%	6.61%	0.52%	0.76%	0.24%
Aug-06	5.68%	6.20%	6.43%	0.52%	0.75%	0.23%
Sep-06	5.51%	6.00%	6.26%	0.49%	0.75%	0.26%
Oct-06	5.51%	5.98%	6.24%	0.47%	0.73%	0.26%
Nov-06	5.33%	5.80%	6.04%	0.47%	0.71%	0.24%
Dec-06	5.32%	5.81%	6.05%	0.49%	0.73%	0.24%
Jan-07	5.40%	5.96%	6.16%	0.56%	0.76%	0.20%
Feb-07	5.39%	5.90%	6.10%	0.51%	0.71%	0.20%
Mar-07	5.30%	5.85%	6.10%	0.55%	0.80%	0.25%
Apr-07	5.47%	5.97%	6.24%	0.50%	0.77%	0.27%
May-07	5.47%	5.99%	6.23%	0.52%	0.76%	0.24%
Jun-07	5.79%	6.30%	6.54%	0.51%	0.75%	0.24%
Jul-07	5.73%	6.25%	6.49%	0.52%	0.76%	0.24%
Aug-07	5.79%	6.24%	6.51%	0.45%	0.72%	0.27%
Sep-07	5.74%	6.18%	6.45%	0.44%	0.71%	0.27%
Oct-07	5.66%	6.11%	6.36%	0.45%	0.70%	0.25%
Nov-07	5.44%	5.97%	6.27%	0.53%	0.83%	0.30%
Dec-07	5.49%	6.16%	6.51%	0.67%	1.02%	0.35%
Jan-08	5.33%	6.02%	6.35%	0.69%	1.02%	0.33%
Feb-08	5.53%	6.21%	6.60%	0.68%	1.07%	0.39%
Mar-08	5.51%	6.21%	6.68%	0.70%	1.17%	0.47%
Apr-08	5.55%	6.29%	6.81%	0.74%	1.26%	0.52%
May-08	5.57%	6.27%	6.79%	0.70%	1.22%	0.52%
Jun-08	5.68%	6.38%	6.93%	0.70%	1.25%	0.55%
Jul-08	5.67%	6.40%	6.97%	0.73%	1.30%	0.57%
Aug-08	5.64%	6.37%	6.98%	0.73%	1.34%	0.61%
Sep-08	5.65%	6.49%	7.15%	0.84%	1.50%	0.66%
Oct-08	6.28%	7.56%	8.58%	1.28%	2.30%	1.02%
Nov-08	6.12%	7.20%	8.98%	1.08%	2.86%	1.78%
Dec-08	5.05%	6.54%	8.13%	1.49%	3.08%	1.59%
Jan-09	5.05%	6.39%	7.90%	1.34%	2.85%	1.51%
Feb-09	5.27%	6.30%	7.74%	1.03%	2.47%	1.44%
Mar-09	5.50%	6.42%	8.00%	0.92%	2.50%	1.58%
Apr-09	5.39%	6.48%	8.03%	1.09%	2.64%	1.55%
May-09	5.54%	6.49%	7.76%	0.95%	2.22%	1.27%
Jun-09	5.61%	6.20%	7.30%	0.59%	1.69%	1.10%
Jul-09	5.41%	5.97%	6.87%	0.56%	1.46%	0.90%
Aug-09	5.26%	5.71%	6.36%	0.45%	1.10%	0.65%
Average	6.91%	7.47%	7.81%	0.56%	0.90%	0.34%
Median	6.95%	7.48%	7.96%	0.52%	0.76%	0.29%

Source of Information:
S&P Public Utility Index and Moody's Public Utility Bond Average Annual Yields 1928-2009, (AUS Consultants - Utility Services, 2009).