American Gas Association

Energy Analysis

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# 2001-2003 PERFORMANCE BENCHMARKS FOR NATURAL GAS UTILITIES

## I. INTRODUCTION

Summary data of gas utility financial profiles and performance appear in this Energy Analysis. The intent is to provide industry participants and observers with relative measures of financial returns and operational efficiencies of natural gas distribution companies. For this study, the American Gas Association (AGA) collected data from its members. The data source for these benchmarking metrics is the Uniform Statistical Report (USR), which is administered annually by AGA on behalf of its member companies. Results are presented for the years 2001 through 2003. Additional information, including company specific information, is included in an attachment to this analysis and available only to AGA member companies.

For study purposes, the gas utility industry is segmented into distinct groups: investor-owned gas-only utilities, investor-owned combination gas and electric utilities, and municipally owned gas utilities. Summary results are segmented in this sample accordingly. Comprehensive details are provided in the appendices.

## II. BACKGROUND

*THE NATURAL GAS DISTRIBUTION INDUSTRY.* Approximately 1,400 utilities distribute natural gas to end-use consumers in the U.S. For this analysis, a total of 78 companies were studied for 2003, 77 firms were included in the 2002 sample and the 2001 sample comprised 72 firms.[1] They are located across the continental U.S., and each company has a unique combination of scale, load profile, and climatic attributes. In aggregate, the firms included in this study accounted for 31 percent of natural gas consumed in 2003, 33 percent in 2002 and 28 percent of natural gas consumed in 2001.[2] *Given this sample size, any inferences about the sample's depiction of the entire industry are accordingly limited.*

Many AGA member companies are gas-only investor-owned utilities, as are the majority of the companies in this analysis. These companies earn returns that accrue to their investors. State-level public utility commissions regulate much of their operations, finance, and capital investment activities.

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1 This set number was determined after eliminating member companies for whom data was either incomplete or not provided at all. Firms with zero net income are excluded from the analysis. This is not a scientific sample in that sample stratification by segment type does not reflect population stratification. See Appendix 9 for list of companies included.

2 Natural gas distributed for end-use consumption totaled 20.2 Tcf in 2003, 21.2 Tcf in 2002, and 20.5 Tcf in 2001. U.S. Department of Energy / Energy Information Administration, *Natural Gas Monthly*.

Combination utilities have the franchise rights to transport and sell both gas and electric power commodities. These are also investor-owned firms with financial obligations to shareholders. Like the gas-only investor-owned firms, these companies are subject to various state and federal regulations.

Municipal utilities are publicly owned by the citizens of the jurisdictions that the utilities serve. Local governments enjoy tax-free bond-issuing capabilities, usually at interest rates lower than can be obtained by investor-owned utilities. Ultimately, such debt is usually collateralized by these utilities' abilities to secure tax revenue to back up debt commitments. What an investor-owned utility would pay out in dividends accrues instead to the municipal company's citizen-shareholders in the form of lower rates. Municipal utility regulation is performed primarily by local governments as opposed to state-level commissions.[3]

*DESCRIPTION OF DATA SOURCES.* Financial data about AGA member companies are drawn from the Uniform Statistical Report (USR). Member company staff prepares these standardized forms annually for collection by AGA, but companies may choose to withhold any or all of the requested data. Some of the USR duplicates the information found in audited end-of-year financial statements, but the USR requests additional information, such as heating degree-day profiles, miles of pipe in service, type of sales by customer class, number of customers served, and various employment profile statistics.

*DATA LIMITATIONS.* Since the data used for this analysis are annual figures only, a few inferential limitations should be noted. First, a single year's data for gas distribution operations are influenced by weather patterns for that year. For the U.S. as a whole, 2003 was 2.5 percent warmer than normal, 2002 was 2.1 percent warmer than normal, and 2001 was 7.7 percent warmer than normal.[4] The deviation between actual heating degree days (HDDs) vs. historic normals will vary by location. This in turn suggests that utility benchmarks may slightly overstate or understate overall utility financial performance or efficiency of operations when impacted by weather.

Another limitation is that the ability to perform trend analysis is somewhat limited. While three years worth of data are presented here, comparison of actual values (total revenues for example) from year to year can be distorted by changes in sample size. Also, variances in weather can affect these trends. Finally, the data set is limited to three years and this limits the ability to compare longer-term trends.

Sample size and composition must also be considered as a potential limitation. The industry segment sample sizes used in this study are not consistently proportional to their respective populations. Additionally, the sample size—measured both in number of companies, and more importantly as percentage of total gas deliveries—has declined over time. Finally, specific company participation in the data collection varies significantly from year to year. **This makes annual comparisons of absolute values, such as total number of therms sold, difficult and any resulting conclusions suspect.** However, the purpose of ratio analysis is to address this problem and facilitates annual comparisons.

One final consideration is the increased prevalence of transportation services to gas utilities. Transportation customers represent about five percent of total customers, yet these customers account for more than one-third of total gas delivered. A growing percentage of transportation volumes impacts metrics based on total gas revenue.

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[3] Note that relatively few financial profiles were available for the municipal segment. The operations data used here considers only gas activities. The financial profiles of gas-only and combination municipal utilities are blended together for summary purposes.

[4] Source: A.G.A. *Gas Facts*, Table 6-16.

## III. BENCHMARKING METRICS

Benchmarking metrics created for this study take several forms. Typical accounting ratios based on income statements and balance sheets serve as financial performance indicators. Financial statements are also recast in "same-size" formats, which present line items in percentage terms. Other benchmarks describe numbers of employees, meters, and volumes of gas throughput. All AGA data are summarized so that no individual company statistics are revealed. Additionally, summaries are created which divide the industry into type-of-company segments. These include gas utilities, combination gas & electric utilities, and municipally owned gas utilities.[5] Appendix 2 is a series of charts that display the range of observations for selected benchmarking metrics. Appendix 9 shows the list of companies that were included in this analysis.

- *Utility Operating Profiles - Absolute Values (Section IV-A and Appendix 3a)*. System profiles are summarized here by type of company. This data includes information on gas volumes delivered as well as the number of customers by class.

- *Financial Statements - Absolute Values (Section IV-B and Appendix 3b).* Income statement and balance sheet data are summarized here by type of company.[6] Income statement amounts are expressed in absolute dollars in Appendix 3b. Note that these items represent gas operations only.

- *Financial Statements - Same-Size Analysis (Appendix 3c).* The financial statement data shown in absolute values are re-cast in percentage terms for a same-size analysis. Income statement line items are in percentages relative to operating revenue while balance sheet items are expressed as a percentage of total assets. This shows the disposition of a firm's revenue and composition of its asset base without respect to the size of an individual firm.

- *Financial Statements - Per Cost Driver (Section IV-B and Appendix 3d)*. Income statements are shown in several formats: per therm delivered, per customer served, per dollar value of gas plant in service, and per mile of main and service pipe in operation.

- *Financial Ratios (Section IV-D and Appendix 3e)*. These are conventional financial analysis tools, and they compare a company's financial status to other firms or types of firms. Ratios are calculated from group totals or weighted averages (explanations are provided in the Glossary, Appendix 1).

- *O&M Detail Analysis (Section IV-C and Appendix 4).* These cost elements represent major gas delivery activities, starting with purchase or production and continuing sequentially through transmission, distribution, customer service, sales activities, and administrative and general (A&G) accounting. These results are also arrayed by type of company. Benchmarks for these data are created by expressing each line item on a basis of annual costs per therm delivered. See Table 3 for more detail.

- *Debt Analysis - Ratios (Section IV-E).* Data are presented to highlight various measures of debt. These include debt as a percent of capitalization and interest coverage ratios. The data in this section necessarily include both gas and electric operations.

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5 See *Glossary* in Appendix 1 for a definition of these categories.

6 Appendix 3a financial statements are in thousands of dollars.

- *Wages and benefits: Ratios and Same-Size Analysis (Section IV-G and Appendix 5).* Data about utility employment and benefits profiles are included. These measures are intended to illustrate the norms for staffing levels and expenses as they vary by type of firm. Benchmark measures include:

    - Total salaries and wages per employee
    - Total benefits and pensions per employee
    - Ratio of total benefits to total compensation
    - Annual therm throughput per employee
    - Average annual customers served per employee

- *Profitability (Section IV-F and Appendix 6).* Profitability is expressed here in terms of return on assets as well as return on common equity. Since ROA measures the returns attributable to operations (prior to finance costs), ROA in used to describe the relative economic efficiency of natural gas distribution by industry segment. This section will examine selected cost drivers-- numbers of therms sold, of customers served, dollars of gas plant utilized, and miles of pipe in service-- to evaluate each in terms of its impact on ROA. Additionally, return on equity indicates the rate of return that a firm earns on its equity base. This section will present ROE for each of the various segments, as well as decompose this measure to gain a better understanding as to what is driving changes in ROE. See Table 6 for more detail.

## IV. BENCHMARK DISCUSSION

### IV-A. OVERVIEW

Benchmark summaries are presented here in order of accounting process: revenues are discussed first, followed by O&M costs, operating income, debt management, capitalized income values, and profitability. Finally, wage and benefit profiles are discussed. Table 1 summarizes the scope and scale of the companies studied. It is important to emphasize that the following data are meant to illustrate the typical company studied in this sample and absolute values should not be extrapolated to the industry as whole. This is especially true of the average number of customers.

**TABLE 1**

**UTILITY PROFILES**

**STATISTICAL SUMMARY, BY INDUSTRY SEGMENT**
**DATA BASED ON SEGMENT AVERAGES**

| | 2001 | 2002 | 2003 |
|---|---|---|---|
| **All Companies** | **72 Firms** | **77 Firms** | **78 Firms** |
| No. of gas customers | 383,590 | 446,491 | 430,290 |
| Annual therms delivered ('000) | 819,144 | 902,301 | 815,478 |
| Annual therms delivered per account | 2,349 | 2,299 | 2,058 |
| Therms delivered per $1000 of gas plant | 1,196 | 1,103 | 1,045 |
| Density of system[2] | 33.8 | 32.8 | 35.9 |
| Firm sales[3] | 91.4% | 90.0% | 88.8% |
| **Gas utilities** | **49 Firms** | **50 Firms** | **54 Firms** |
| No. of gas customers | 422,895 | 474,707 | 481,136 |
| Annual therms delivered ('000) | 889,539 | 980,257 | 925,143 |
| Annual therms delivered per account | 2,484 | 2,494 | 2,185 |
| Therms delivered per $1000 of gas plant | 1,228 | 1,142 | 1,075 |
| Density of system[2] | 34.7 | 32.8 | 35.3 |
| Firm sales[3] | 91.8% | 90.2% | 88.7% |
| **Comb. Gas & Electric Utilities[1]** | **14 Firms** | **18 Firms** | **14 Firms** |
| No. of gas customers | 429,044 | 539,183 | 403,687 |
| Annual therms delivered ('000) | 969,919 | 1,040,800 | 810,969 |
| Annual therms delivered per account | 2,041 | 1,927 | 2,130 |
| Therms delivered per $1000 of gas plant | 1,149 | 1,084 | 1,030 |
| Density of system[2] | 34.9 | 35.4 | 35.5 |
| Firm sales[3] | 96.0% | 94.8% | 95.6% |
| **Municipal Utilities** | **9 Firms** | **9 Firms** | **10 Firms** |
| No. of gas customers | 98,886 | 104,356 | 192,963 |
| Annual therms delivered ('000) | 201,343 | 192,212 | 229,600 |
| Annual therms delivered per account | 2,089 | 1,954 | 1,594 |
| Therms delivered per $1000 of gas plant | 1,093 | 1,082 | 906 |
| Density of system[2] | 26.8 | 27.9 | 40.1 |
| Firm sales[3] | 82.5% | 79.3% | 79.8 |

Source: A.G.A., USR.

[1] Figures for gas operations only.

[2] "Density" refers to the number of customers per mile of pipe (mains and services combined) in service.

[3] Expressed as a percentage of total annual therm volume delivered.

## IV-B. REVENUE PERFORMANCE

Figure 1 shows the allocation of average revenue for the three years studied. Table 2 summarizes average industry revenue performance by segment. Weather patterns impacted revenues per customer, while changing gas costs impacted both revenues per customer and per therm.

**TABLE 2**

**UTILITY REVENUE PERFORMANCE**

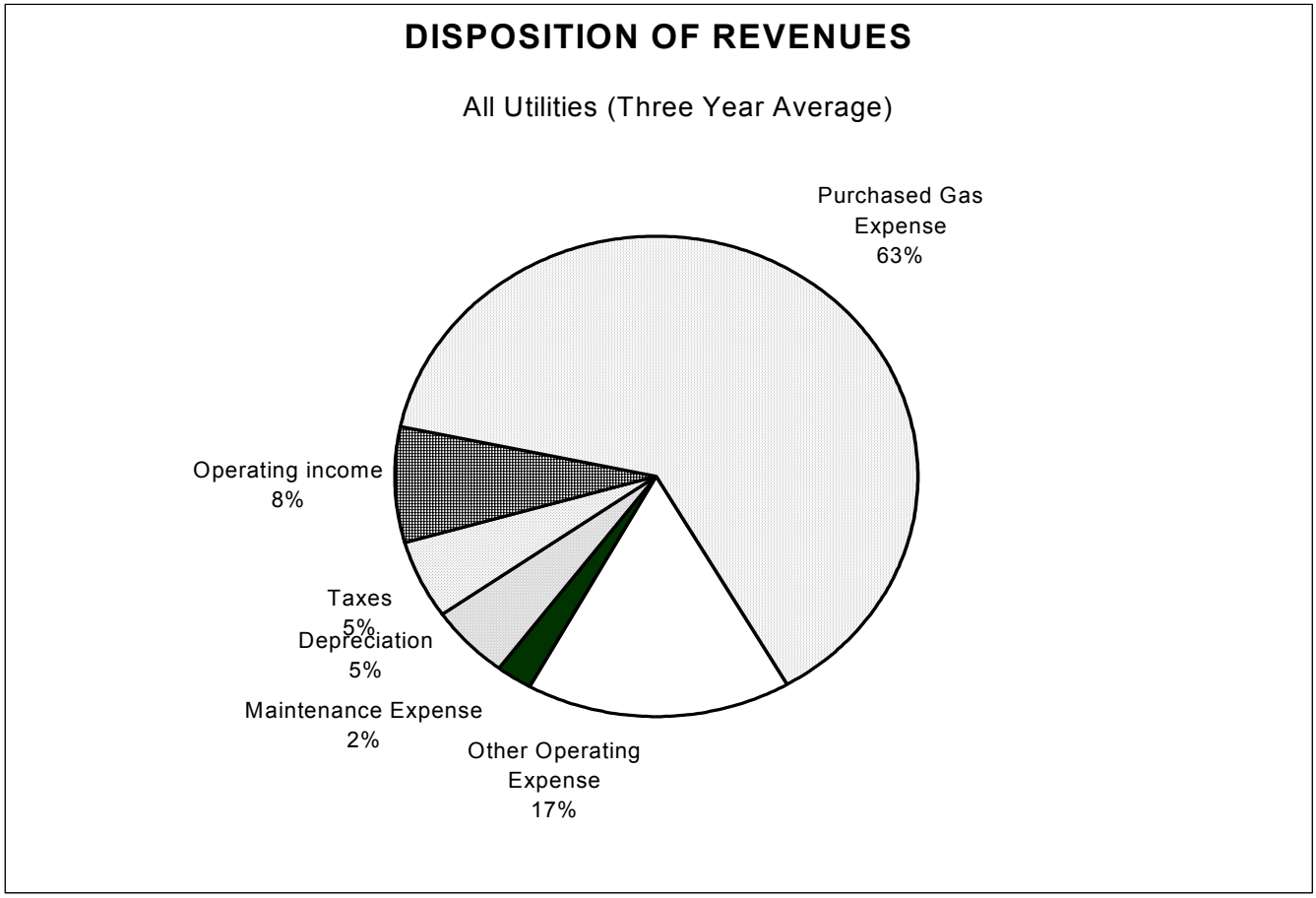
**Annual Average Values per Group**
**Data Based on Segment Averages**

| | 2001 | 2002 | 2003 |
|---|---|---|---|
| **All Companies** | | | |
| Operating revenue ('000) | $465,510 | $452,923 | $498,770 |
| Per customer | $1,339 | $1,145 | $1,284 |
| Per therm | $0.6292 | $0.5569 | $0.7045 |
| Gross sales margin (Rev. – Pur. Gas, '000) | $163,083 | $208,909 | $229,408 |
| Per customer | $510 | $545 | $588 |
| Per therm | $0.230 | $0.251 | $0.319 |
| Collection period (days) | 32.1 | 40.6 | 39.2 |
| **Gas Utilities** | | | |
| Operating revenue ('000) | $526,976 | $485,782 | $561,704 |
| Per customer | $1,349 | $1,170 | $1,282 |
| Per therm | $0.6067 | $0.5303 | $0.6672 |
| Gross sales margin (Rev. – Pur. Gas, '000) | $186,987 | $231,848 | $276,019 |
| Per customer | $519 | $573 | $650 |
| Per therm | $0.225 | $0.251 | $0.334 |
| Collection period (days) | 30.9 | 43.4 | 40.8 |
| **Comb. Gas & Electric Utilities**[1] | | | |
| Operating revenue ('000) | $468,497 | $538,082 | $474,331 |
| Per customer | $1,220 | $1,074 | $1,014 |
| Per therm | $0.6303 | $0.5935 | $0.7453 |
| Gross sales margin (Rev. – Pur. Gas, '000) | $159,366 | $230,583 | $166,810 |
| Per customer | $445 | $451 | $451 |
| Per therm | $0.232 | $0.245 | $0.258 |
| Collection period (days) | 33.7 | 28.9 | 26.8 |
| **Municipal Utilities** | | | |
| Operating revenue ('000) | $126,216 | $100,057 | $193,138 |
| Per customer | $1,469 | $1,147 | $1,279 |
| Per therm | $0.7502 | $0.6312 | $0.8488 |
| Gross sales margin (Rev. – Pur. Gas, '000) | $38,362 | $38,123 | $65,346 |
| Per customer | $558 | $573 | $439 |
| Per therm | $0.256 | $0.242 | $0.325 |
| Collection period (days) | 35.8 | 47.8 | 48.2 |

Source: A.G.A.

[1] Figures for gas operations only.

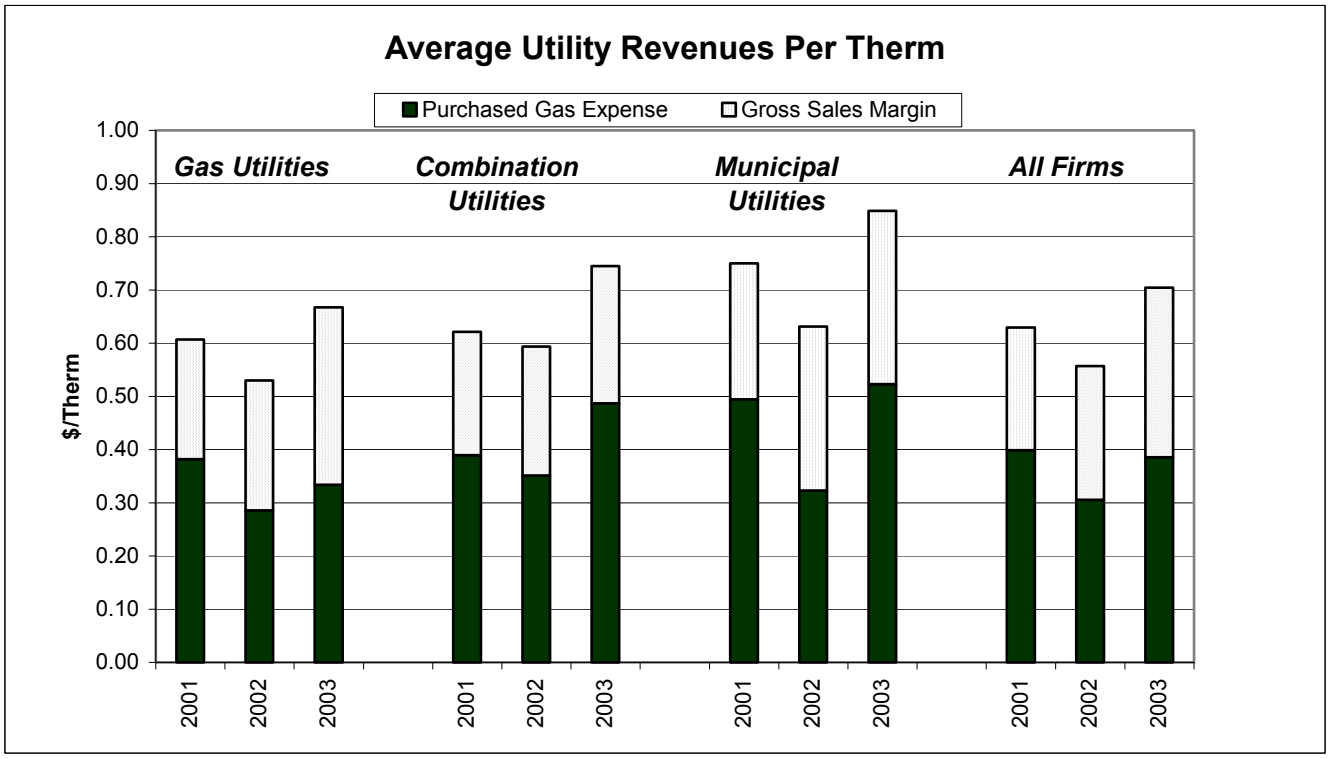
**FIGURE 1**




IV-C. O&M ANALYSIS

Operations and maintenance (O&M) expenses are those costs specifically attributable to current-year gas distribution activity. These are cost items that are incurred within an annual time period (as opposed to costs amortized over a period of years as is the case with finance costs and depreciation). A presentation of O&M costs on a per-therm basis will facilitate a comparison of cost efficiencies attained by the various industry segments. Table 3 shows average O&M expense detail for the years studied for the combination and gas utility segments.

## FIGURE 2




Source: AGA, USR.

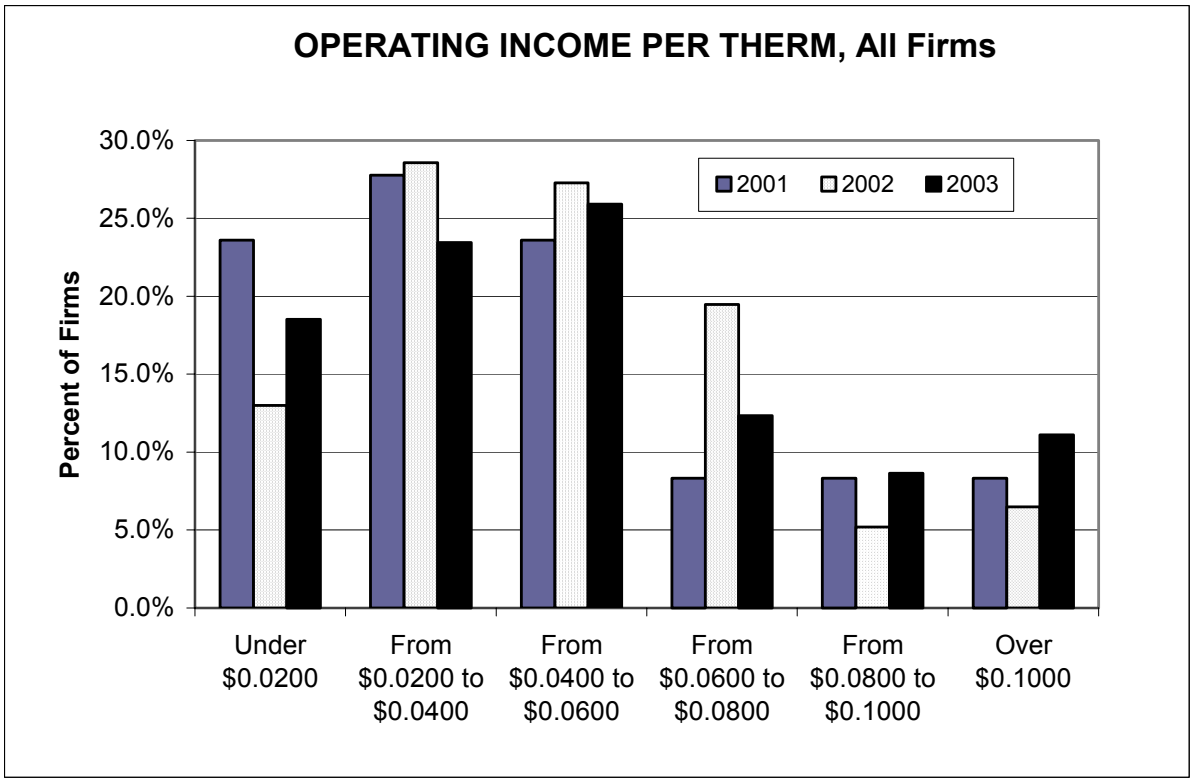
| TABLE 3<br>UTILITY O&M DETAIL ANALYSIS | GAS UTILITIES | | | COMBO UTILITIES[1] | | |
|---|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 |
| **VALUES PER THERM** | | | | | | |
| Gas-only revenues | $0.6067 | $0.5303 | $0.6672 | $0.6303 | $0.5935 | $0.7453 |
| Purchased-gas expense | 0.3816 | 0.2857 | 0.3336 | 0.3984 | 0.2857 | 0.4868 |
| Gross sales margin | 0.2251 | 0.2446 | 0.3336 | 0.2318 | 0.2446 | 0.2584 |
| Total production costs[2] | $0.4044 | $0.3044 | $0.3963 | $0.3954 | $0.3556 | $0.4795 |
| Storage & LNG | 0.0021 | 0.0042 | 0.0040 | 0.0024 | 0.0016 | 0.0012 |
| Transmission | 0.0022 | 0.0050 | 0.0071 | 0.0019 | 0.0046 | 0.0025 |
| Distribution | 0.0271 | 0.0309 | 0.0371 | 0.0346 | 0.0321 | 0.0364 |
| Customer accounts | 0.0181 | 0.0191 | 0.0247 | 0.0191 | 0.0211 | 0.0215 |
| Customer svc. & info. | 0.0021 | 0.0020 | 0.0022 | 0.0036 | 0.0047 | 0.0058 |
| Sales | 0.0025 | 0.0023 | 0.0024 | 0.0021 | 0.0020 | 0.0030 |
| Admin. & general | 0.0372 | 0.0458 | 0.0533 | 0.0360 | 0.0401 | 0.0463 |
| Total O&M | 0.4958 | 0.4136 | 0.5271 | 0.4951 | 0.4618 | 0.5963 |
| **SAME-SIZE ANALYSIS** | | | | | | |
| Gas-only revenues | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Purchased-gas expense | 62.9% | 53.9% | 50.0% | 63.2% | 59.2% | 65.3% |
| Gross sales margin | 37.1% | 46.1% | 50.0% | 36.8% | 40.8% | 34.7% |
| Total production costs[2] | 66.7% | 57.4% | 59.4% | 62.7% | 59.9% | 64.3% |
| Storage & LNG | 0.3% | 0.8% | 0.6% | 0.4% | 0.3% | 0.2% |
| Transmission | 0.4% | 0.9% | 1.1% | 0.3% | 0.8% | 0.3% |
| Distribution | 4.5% | 5.8% | 5.6% | 5.5% | 5.4% | 4.9% |
| Customer accounts | 3.0% | 3.6% | 3.7% | 3.0% | 3.6% | 2.9% |
| Customer svc. & info. | 0.4% | 0.4% | 0.3% | 0.6% | 0.8% | 0.8% |
| Sales | 0.4% | 0.4% | 0.4% | 0.3% | 0.3% | 0.4% |
| Admin. & general | 6.1% | 8.6% | 8.0% | 5.7% | 6.8% | 6.2% |
| Total O&M | 81.7% | 78.0% | 79.0% | 78.6% | 77.8% | 80.0% |

Source: AGA, USR.
[1] Figures for gas operations only.
[2] Purchased-gas expense is subsumed within total production costs.
NOTE: Figures do not sum precisely due to independent rounding.

IV-D. INCOME ANALYSIS

Operating income, by accounting definition, represents revenues net of operations expenses. Operating income does not net out capital cost-related expenses such as interest and amortization. A summary of operating income, then, allows a comparison of efficiency in gas distribution. Figure 3 shows the dispersion of individual companies' operating income per-therm. Table 4 shows average operating income results by type of firm.

**FIGURE 3**




Source: AGA, USR.

**TABLE 4**

**UTILITY INCOME STATEMENT HIGHLIGHTS**

**AVERAGE VALUES PER GROUP, GAS OPERATIONS ONLY**

| | GAS UTILITIES | | | COMBO UTILITIES[1] | | |
|---|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 |
| Operating revenue, $000 | $526,976 | $485,782 | $561,704 | $468,497 | $535,082 | $474,331 |
| Total O&M, $000 | 422,250 | 367,001 | $442,872 | 368,734 | 412,640 | $370,023 |
| Operating income, $000 | 39,802 | 44,830 | $45,676 | 37,325 | 53,524 | $42,474 |
| **Percent of Revenue** | | | | | | |
| Total O&M | 81.7% | 78.0% | 79.0% | 78.6% | 77.8% | 80.0% |
| Operating income | 7.5% | 8.7% | 8.3% | 8.6% | 9.2% | 8.7% |
| **Per Therm** | | | | | | |
| Revenue | $0.607 | $0.530 | $0.667 | $0.630 | $0.594 | $0.745 |
| Total O&M | 0.496 | 0.500 | 0.527 | 0.495 | 0.462 | 0.596 |
| Operating income | 0.044 | 0.046 | 0.056 | 0.062 | 0.055 | 0.065 |
| **Per Customer** | | | | | | |
| Revenue | $1,349 | $1,170 | $1,282 | $1,220 | $1,074 | $1,292 |
| Total O&M | 1,100 | 921 | 1,029 | 963 | 823 | 1,027 |
| Operating income | 97 | 91 | 100 | 115 | 106 | 116 |
| **Per Dollar of Gas Plant** | | | | | | |
| Revenue | $0.670 | $0.537 | $0.628 | $0.631 | $0.541 | $0.652 |
| Total O&M | 0.553 | 0.425 | 0.510 | 0.506 | 0.421 | 0.530 |
| Operating income | 0.045 | 0.042 | 0.045 | 0.054 | 0.049 | 0.051 |
| **Per Mile of Pipe[2]** | | | | | | |
| Revenue | $47,349 | $37,471 | $47,272 | $42,325 | $37,646 | $45,741 |
| Total O&M | 38,233 | 28,973 | 37,641 | 33,277 | 29,033 | 36,259 |
| Operating income | 3,603 | 3,182 | 3,776 | 4,026 | 3,594 | 4,199 |

Source: AGA, USR.
[1] Figures for gas operations only.
[2] Miles of main and services combined.

## IV-E. DEBT ANALYSIS

Debt instruments and their management are prominent items on the utilities' financial agendas. Debt has traditionally represented a large share of utility capitalization. This is due to the historically regulated environment in which utilities have operated. The presence of regulatory oversight, from an investor's perspective, suggests less risk, more stable cash flow, and generally better debt ratings and interest coverage from cash flow. Historically, this made the utility industries attractive to bond investors. As for utilities, the containment of interest and other debt-related carrying costs can have a decisive impact on the overall profitability of operations.

The total cost of capital for a utility reflects the cost of both debt and equity financing.[7] Table 5 shows summary descriptors of capital costs for utilities by industry segment.

**TABLE 5**

**UTILITY DEBT AND DEBT COVERAGE**

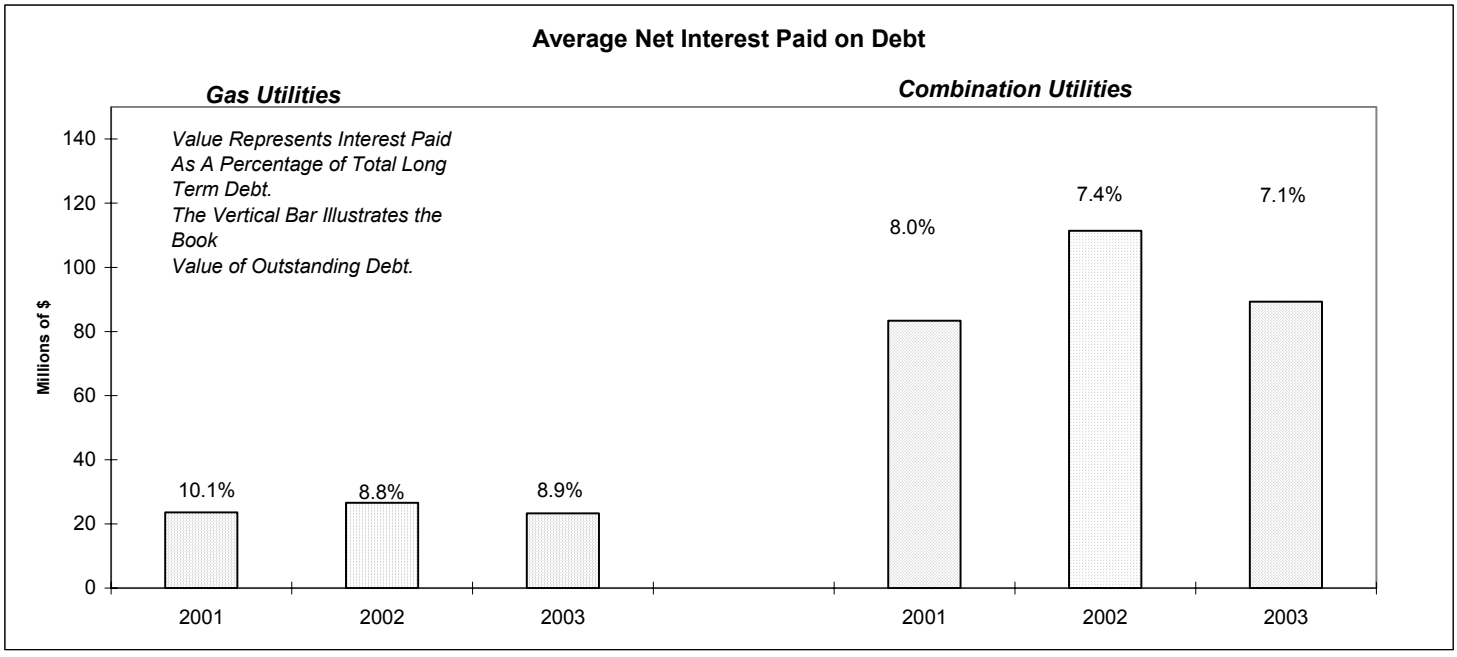
**AVERAGE VALUES**

| | 2001 | 2002 | 2003 |
|---|---|---|---|
| **Gas utilities** | | | |
| Total LT Debt to Total Assets | 23.7% | 23.4% | 22.1% |
| LT Debt to Total Capitalization | 39.2% | 37.7% | 37.2% |
| EBITDA Interest Coverage | 6.5x | 7.2x | 9.7x |
| **Combination Utilities**[1] | | | |
| Total LT Debt to Total Assets | 31.4% | 32.8% | 32.8% |
| LT Debt to Total Capitalization | 51.3% | 53.0% | 51.1% |
| EBITDA Interest Coverage | 6.0x | 5.3x | 5.6x |

Source: AGA, USR.

[1] Figures represent combined gas and electric operations.

## FIGURE 4




Note: Combination utility figures represent combined gas and electric operations.

Note again that the discussion of combination utility debt and capital structure cannot be limited to gas operations. Therefore, this portion of the analysis necessarily considers

[7] For combination utilities, such measures necessarily reflect combined gas and electric financials. Some municipal utilities in this study have similar combined activity financing.

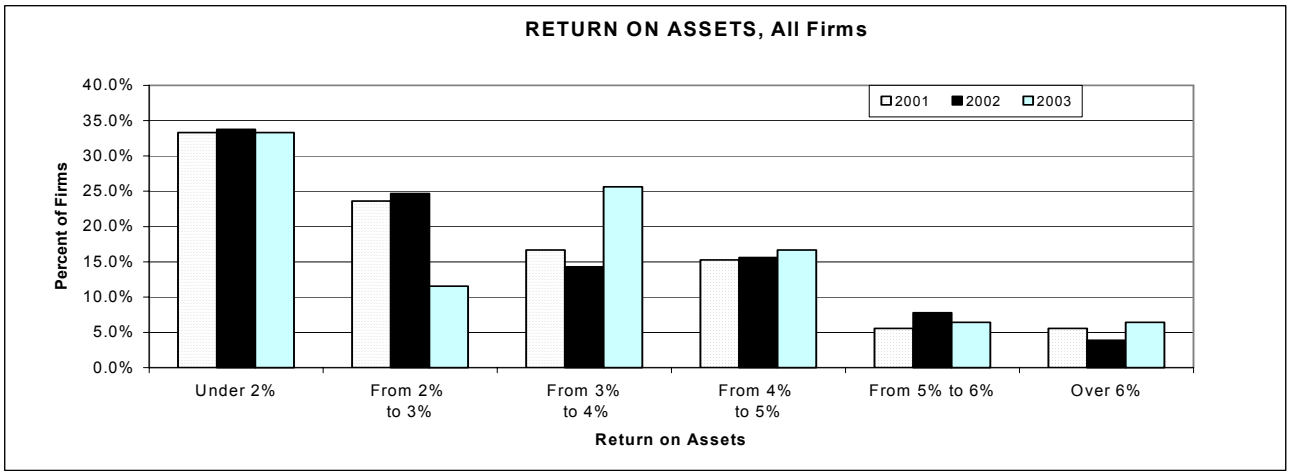
combined-commodity financial performance. The combination utilities feature a diversity of commodity sales and stabilized electric base-load operations attributable to base-load (i.e., not weather-driven) sales.

IV-F. PROFITABILITY ANALYSIS

For this study, profitability is expressed in terms of return on assets (ROA), which relates net income to the value of the asset base that generated that income. Stated differently, ROA measures how well a company's assets "work" to generate income from operations. As such, ROA is convenient for comparing the operating results across companies within an industry.

Figure 5 shows the dispersion of individual company ROA results. Table 6 shows profitability measures for both gas and combination utilities for the years studied.

**FIGURE 5**




When referring to combined gas and electric operations, the balance sheet items (i.e. total end-of-year assets) refer to the total firm, which could include non-utility assets, gas transmission assets and "other" utility assets (e.g. water), while income statement items (i.e. total revenues) refer to only gas and electric utility distribution operations combined. As a result, these ratios may differ from other reports that consolidate income statement items for the total firm.

While ROA is typically measured as the ratio of net income to assets, it can also be expressed as asset turnover multiplied by profit margin. Asset turnover measures a firm's ability to generate sales from its fixed asset base. The second component of ROA is profit margin, or return on sales. This measures the operating profit per dollar of sales.

**TABLE 6**

**UTILITY PROFITABILITY INDICATORS**

**AVERAGE VALUES**

| | 2001 | 2002 | 2003 |
|---|---|---|---|
| **Gas Utilities** | | | |
| Asset Turnover | 0.70X | 0.57X | 0.66X |
| Financial Leverage | 63.1% | 62.2% | 63.1% |
| Equity Multiplier | 3.04x | 3.00x | 3.09x |
| Profit Margin | 4.3% | 5.0% | 5.6% |
| ROA[2] | 2.5% | 2.0% | 2.8% |
| ROE[2] | 7.1% | 6.6% | 7.6% |
| Current Ratio | 0.88 | 0.94 | 0.92 |
| Current Assets/Total Assets | 19.0% | 19.5 | 21.0% |
| **Combination Utilities**[1] | | | |
| Asset Turnover | 0.48X | 0.48X | 0.47X |
| Financial Leverage | 69.8% | 69.7% | 68.4% |
| Equity Multiplier | 5.57x | 4.34x | 3.81x |
| Profit Margin | 6.2% | 5.6% | 7.1% |
| ROA[2] | 3.1% | 2.7% | 3.4% |
| ROE[2] | 18.9% | 12.8% | 13.7% |
| Current Ratio | 1.48 | 1.24 | 1.48 |
| Current Assets/Total Assets | 16.4% | 13.6% | 13.5% |

Source: AGA, USR.

[1] Figures represent combined gas and electric operations.

[2] When referring to combined gas and electric operations, the balance sheet items (i.e. total end-of-year assets) refer to the total firm, which could include non-utility assets, gas transmission assets and "other" utility assets (e.g. water), while income statement items (i.e. total revenues) refer to only gas and electric utility distribution operations combined. As a result, these ratios may differ from other reports that consolidate income statement items for the total firm.

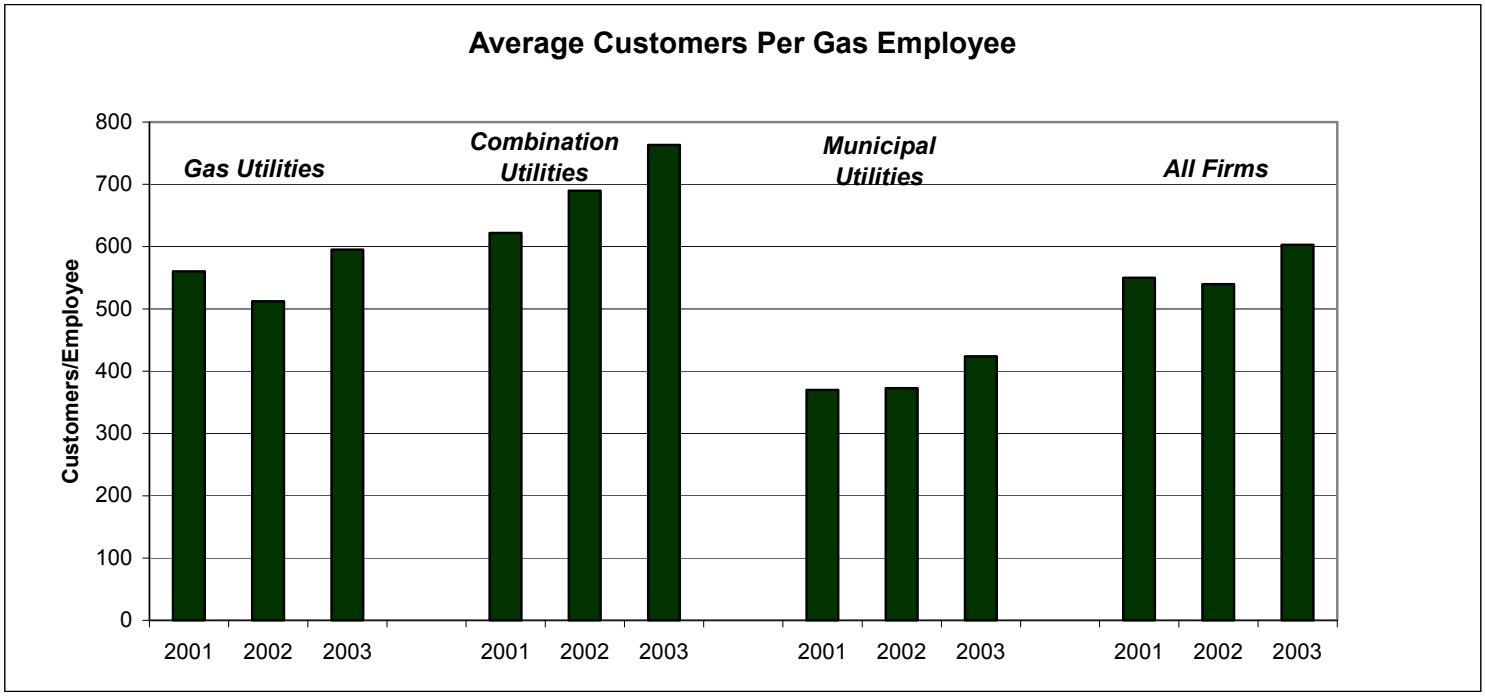
Another measure of profitability is return on common equity (ROE). This differs from ROA in that it takes into account the impact of a firm's capital structure on its profitability. The capital structure of a firm can be examined in many different ways. ROE can be expressed as ROA multiplied by the equity multiplier. The equity multiplier (shown in Table 6) measures a firm's assets relative to its common stock equity. An increase in a firm's level debt financing (an increase in liabilities) will cause a reduction in stockholders equity. This will cause the equity multiplier to rise and thereby increase total ROE. The rise in ROE compensates equity holders for the increased risk they must bear as the firm increases its level of debt.

## IV-G. LABOR PRODUCTIVITY AND WAGE ANALYSIS

Current industry interest in restructuring, efficiency, and cost effectiveness often calls attention to staffing and wage profiles. Figure 6 and Table 7 summarize wage and benefit

values by industry segment.

**FIGURE 6**




Source: AGA, USR.

**TABLE 7**

**UTILITY WAGES AND BENEFITS**

**AVERAGE VALUES PER EMPLOYEE AT YEAR-END**

| | 2001 | 2002 | 2003 | 3 Year Average |
|---|---|---|---|---|
| ***All Firms*** | | | | |
| Number of employees at year-end | 653 | 808 | 672 | 711 |
| Total salaries and wages | $54,124 | $54,074 | $58,289 | $55,495 |
| Total benefits and pensions | $8,726 | $9,103 | $14,445 | $10,758 |
| Total salaries, benefits, and pensions | $62,850 | $63,177 | $72,734 | $66,253 |
| Ratio of total benefits to total compensation | 13.1% | 12.7% | 19.9% | 15.2% |
| Therms sold per employee | 1,268,620 | 1,166,682 | 1,226,357 | 1,220,553 |
| Customers per employee | 550 | 540 | 603 | 564 |
| ***Gas Utilities*** | | | | |
| Number of employees at year-end | 709 | 888 | 766 | 787 |
| Total salaries and wages | $52,888 | $54,541 | $58,184 | $55,204 |
| Total benefits and pensions | $8,590 | $9,334 | $14,257 | $10,727 |
| Total salaries, benefits, and pensions | $61,478 | $63,875 | $72,441 | $65,931 |
| Ratio of total benefits to total compensation | 13.3% | 11.4% | 18.6% | 14.4% |
| Therms sold per employee | 1,326,518 | 1,182,241 | 1,239,068 | 1,249,276 |
| Customers per employee | 560 | 512 | 595 | 556 |
| ***Combination Utilities***[1] | | | | |
| Number of employees at year-end | 732 | 840 | 472 | 681 |
| Total salaries and wages | $63,228 | $59,021 | $67,692 | $63,263 |
| Total benefits and pensions | $9,591 | $7,817 | $16,131 | $11,179 |
| Total salaries, benefits, and pensions | $72,818 | $66,838 | $83,823 | $74,493 |
| Ratio of total benefits to total compensation | 9.6% | 11.1% | 18.9% | 13.3% |
| Therms sold per employee | 1,378,511 | 1,329,237 | 1,554,590 | 1,420,779 |
| Customers per employee | 622 | 690 | 763 | 692 |
| **Municipal Utilities** | | | | |
| Number of employees at year-end | 220 | 250 | 408 | 293 |
| Total salaries and wages | $45,299 | $40,084 | $45,323 | $43,568 |
| Total benefits and pensions | $7,994 | $10,583 | $13,120 | $10,565 |
| Total salaries, benefits, and pensions | $53,292 | $50,667 | $58,443 | $54,134 |
| Ratio of total benefits to total compensation | 18.7% | 25.5% | 29.6% | 24.6% |
| Therms sold per employee | 743,399 | 705,632 | 677,386 | 708,806 |
| Customers per employee | 370 | 373 | 424 | 389 |

Source: AGA, USR.

[1] Figures for gas operations only.

# APPENDIX1: GLOSSARY

**NOTE:** Immediately below some glossary items are references to the USR data field(s) which are the source for that item. The specific field reference is in the format (x,y) where x is the schedule and y is the line item on that schedule. For example, [ (6,21) divided by (2,1 / 365) ] refers to Schedule VI, 21 divided by the result of Schedule II, line 1 divided by 365.

**Absolute values; absolute dollars**
These numbers show the sum of the actual reported data of those companies responding to the survey.

**Admin. & gen. Expense** (4,12)
The overhead cost associated with office activities. Examples of such expenses include stationary, telephone service, office cleaning, heat and power, etc.

**Asset turnover** (2,1)/(6,36)
A ratio which expresses sales revenue as a percentage of assets on-hand over corresponding accounting periods (usually one year). This ratio can be interpreted as the relative degree to which a company's assets "work" to generate sales revenue.

**Assets** (6,36)
The total accounting value of a company's productive resources at a point in time (as on a balance sheet).

**Average salaries, benefits, & pensions per employee** [(13,6)+(13,10)]/(13,2)
Total compensation to employees (wages, benefits, etc.) divided by number of employees.

**Capitalization** (6,51)
The structure of a firm's long-term financing. "Capitalization" refers to the combination of debt and equity, which (in addition to retained earnings) is the monetary equivalent of the firm's assets.

**Collection period (days)** (6,21)/ [(2,1)/365]
An accounting measure that indicates the efficiency of revenue collections. This measure expresses an accounts receivable total in terms of the number of days of normal revenue collections that would be accumulated to make a sum equivalent to the accounts receivable balance.

**Combination gas & electric company**
A business entity that distributes both gas and electricity to customers within a franchise territory.

**Common equity** (6,42)
The total value of wealth given by investors to a company in return for ownership of shares (common stock) of that company's assets and retained earnings.

**Current Ratio** (6,29)/(6,61)
Current assets divided by current liabilities. An indication of a company's ability to meet short-term debt obligations; the higher the ratio, the more liquid the company is.

**Customer**
An entity which enters into an account with a utility in order to receive natural gas for heating, power, feedstock, and other uses. For current purposes, an individual gas meter functionally represents each customer account. As such the terms "customer," "meter," and "account" are used interchangeably in this study.

**Customers per employee** [20,15)+(20,18)]/(8,2)
Total customers (including both sales and transportation) divided by total employees**.**

**Customer accounts expense** (4,9)
The expense attributable to serving a customer. For utility operations, this includes metering, billing, and fixed charges incurred by customer hook-ups. Includes FERC System of Accounts 901 (Supervision),

902 (Meter reading expenses), 903 (Customer records and collection expenses), 904 (Uncollectable accounts), and 905 (Misc. customer accounts expenses).

**Customer accounts expense per therm** (4,9)/[(20,15+20,18)]
Customer accounts expense divided by total therms (including both sales and transportation volumes)

**Customer service & information** (4,10)
The expense attributable to all customer assistance and information operations. Bill remediation, bill inserts, and other communication with existing customers is included in this category. Includes FERC System of Accounts 907 (Supervision), 908 (Customer assistance expenses), 909 (Informational and instructional advertising expenses), and 910 (Misc. customer and informational expense).

**Customer service & information expense per therm** (4,10)/[(20,15+20,18)]
Customer service & information expense divided by total therms (including both sales and transportation volumes)

**Debt** 6,50 + 6,54 + 6,61
The summed monetary value of a company's short- and long-term obligations to repay money that it has borrowed from lenders.

**Depreciation** (2,4)
The operating expense which, as an accounting mechanism,. represents the predetermined annual write-down of a durable capital asset. Depreciation, as an accounting item, impacts net income and taxes. It is not a cash expenditure, but is an annual recognition of long-lived asset costs which are spread over the years that these assets are expected to be in operation.

**Distribution expense** (4,8)
The operating expense which represents the cost of moving natural gas from a utility's city gate to all the meters along the franchise's system of gas mains. Includes FERC System of Accounts 871 (Distribution load dispatching), 872 Compressor station labor and expenses), 873 (Compressor station fuel and power (Major only), 874 (Mains and service expenses), 875 (Measuring and regulating station expenses 0 General), 876 (Measuring and regulating station expenses – Industrial), 877 (Measuring and regulating station expenses – City Gate Check Stations), 878 (Meter and house regulator expenses), 879 (Customer Installation expenses), 880 (Other expenses), 881 ((Rents), 885 (Maintenance supervision and engineering), 886 (Maintenance of structure and improvements), 887 (Maintenance of mains), 888 (Maintenance of mains), 888 (Maintenance of compressor station equipment), 889 (Maintenance of measuring and regulating stations equipment – General 890 (Maintenance of measuring and regulating station equipment – Industrial), 891 (Maintenance of measuring and regulating station equipment – City Gate Check Stations), 892 (Maintenance of services), 893 (Maintenance of meters and house regulators), and 894 (Maintenance of other equipment).

**EBIT** (2,18)+(2,8)
An measure which describes, for an accounting period, the total company income net of operations expense, but not yet net of interest and tax expenses. This measure facilitates comparisons of companies' economic output after operations, capital depletion, and depreciation conventions.

**EBITDA** (2,18)+(2,6)+(2,8)
An measure which describes, for an accounting period, the total company income net of operations expense, but not yet net of interest, tax, depreciation, and amortization expenses. This measure facilitates comparisons of companies' economic output from operations.

**EDITDA interest coverage** [(2,18 + 2,4 + 2,6 + 2,8) divided by (2,24)]
The comparison of a company's financial returns to its interest payment obligations, for a specific accounting period. "EBITDA" is an income statement result; specifically, it means "earnings before interest, taxes, depreciation, and amortization." This ratio indicates the company's relative ability to generate the cash flow necessary to meet its interest payment obligations.

**Equity multiplier** (4,36)/(4,42)
Total assets divided by total common stock equity. Used as a measure of corporate profitability.

**Fuel** (4,1)
Includes FERC System of Accounts 501, 518 and 547.

**Field**
An element of database structure which holds the recorded values for a specific attribute of interest common to all observations. See also *Uniform Statistical Report (USR)*

**Financial leverage** [(6,50)+(6,54) )+(6,61) )+(6,67)]/(6,36)
Total debt divided by total assets. Measures the employment of funds obtained at a fixed cost.

**Firm, percent** ((20,1+20,2+20,3+20,5+20,7+20,9)/20,15)
Total sales volumes of gas sold under the firm tariff divided by total sales volumes.

**Gas plant** (6,2)
The undepreciated capital facilities directly related to gas distribution. See also "total plant in service."

**Gas plant per customer** (6,2)/[(20,15)+(20,18)]
Gas plant divided by total customers (including both sales and transportation).

**Gas plant per mile of main** (6,2)/(26,10)
Gas plant divided by total miles of pipelines, mains, and services.

**Gas utility**
A franchised gas distribution company, the equity value of which is held by shareholders in the form of stock. The earnings of such a company are distributed wholly or in part to shareholders in the form of dividends. Any earnings not distributed are retained by the company on its balance sheet.

**General & administrative costs per therm** (4,12)/[(20,15)+(20,18)]
Expenses incurred by the utility not specifically assignable to operations or sales, such as overhead, general office, personnel, etc., divided by total customers (both sales and transportation).

**General & administrative costs per therm** (4,12)/[(20,15)+(20,18)]
Expenses incurred by the utility not specifically assignable to operations or sales, such as overhead, general office, personnel, etc., divided by total therms (both sales and transportation volumes).

**Gross sales margin per customer or Gross margin per customer** [(2,1) - (4,2)]/[(20,15)+(20,18)]
Defined as revenue, less purchased gas costs, divided by total customers, both sales and transportation. An accounting measure that describes the per-unit dollar value that remains after the acquisition cost of the unit is subtracted from the retail revenue received for that unit.

**Gross sales margin per therm or Gross margin per therm** [(2,1) - (4,2)]/[(20,15)+(20.18)]
Defined as revenue, less purchased gas costs, divided by total delivered therms. An accounting measure that describes the per-unit dollar value that remains after the acquisition cost of the unit is subtracted from the retail revenue received for that unit. Includes both sales and transportation volumes.

**Heating Degree Days (HDD)**
A measure of the coldness of the weather experienced, based on the extent to which the daily mean temperature falls below a reference temperature, usually 65 degrees F.

**Implied long-term (LT) debt cost** (2,24 )/(6,50)
A proxy measure of the interest rate paid by utilities for long-term borrowing (obligations over one year). Data as collected on the USR did not request a breakout of short- vs. long-term interest obligations. Therefore, a strict calculation of cost of long term debt (annual interest paid on long-term obligations divided by total long-term debt) was not possible. The implied cost relates net interest costs (interest of all types) to long-term debt. The result permits some distortion of true long-term debt costs,

**Long-term debt** (6,50)
Financial instruments which become due on a date at least on year beyond the current accounting period. These include the mortgages and bonds, which represents a company's capital borrowings. By issuing debt, the company has an obligation to repay its lenders the amount borrowed plus regular increments of interest.

**Lower quartile (LQ)**
A statistical measure that describes a data value that is halfway between the median and the lowest value in the data set. Technically defined as the "first quartile." See "quartile" and "median."

**Mean (Arithmetic – See Weighted Average)**
An average value; i.e. a single calculated value which is representative of a set of values. The mean is calculated by summing a set of observation values, then dividing that total by the number of observations that were used.

**Median (MED)**
A statistical measure describing the "middle position" for a sequence of observations, or the 50-percent position in a sequence of ordered observations ($2^{nd}$ quartile). See "quartile."

**Meter**
(See "customer")

**Municipal utility**
A type of gas distribution company which is owned by a local government entity and run on behalf of that entity's citizenry. Whereas investor-owned utilities usually pay out dividends to shareholders, the municipal utility's dividends accrue to the citizens in the form of a lower cost for energy.

**Net margin per customer** [(2,1)-(4,13)]/[(20,15)+(20,18)]
Operating revenues less total O&M, with the result divided by total customers (includes both sales and transportation).

**Net margin per therm** [(2,1)-(4,13)]/[(20,15)+(20,18)]
Operating revenues less total O&M, with the result divided by total therms (includes both sales and transportation volumes).

**Net worth**
The residual value of a company's assets after deducting liabilities.

**Operations and maintenance (O&M) (**20,13)
These are accounting summaries of expenditures attributable to company operations. Most importantly, these are expenses over which management has direction. These are distinct from (i.e. do not include) expenses imposed from outside of operations such as interest payments and amortization.

**Observation**
A single event for which an activity is recorded or measured. For a measurable event the unique record for any observation is that observation's value. For example, if the variable of interest is annual therms sold," then "1,000,000" may be the value of this variable for the single observation "ABC Company."

**Operating income** (2,11)
The financial outcome of a company that represents revenues earned less the expenses attributable to operations, including depreciation, amortization, and taxes (but not expenses such as interest payments, amortization, etc.).

**Operating revenue**
See revenue.

**Other Production Expenses** (4,4)
Includes FERC System of Accounts 805 (Other gas purchases and purchase gas adjustments), 806 (Exchange gas), 812 (Gas used for the utility operations), and 813 (Other gas supply expense).

**Profit margin** (2,29)/(2,1)
Net income available for common stockholders divided by total operating revenues (including electric for combination companies, since net income is not segmented by operational division).

**Purchased gas expense** (4,3)
The utility expenditure for the gas it buys on the market from producers, transmission companies, marketers, and other sources. Includes FERC System of Accounts 800 (wellhead purchases), 801 (field line purchases), 802 (plant outlet purchases), 803 (transmission line purchases), 804 (city gate purchases) LESS 804.1 (LNG), and 807 (Purchased or expense).

**Purchased gas cost per therm** (4,3)/(20,15)
Purchased gas expense divided by total sales volumes

**Quartile**
A statistical tool which analyzes a set of values that are sequenced by order of magnitude. Any set of ordered values can be divided into four quartiles. The observation reached after counting off the first 25 percent of the sequenced values (counting from the lowest value), is the first quartile. The second quartile is the observation at the 50 percent position in the sequence; the third quartile is at the 75 percent position; and the fourth quartile is at the 100 percent position, which is also the highest value for the entire data set.

**Return On Assets (ROA)** (2,29)/(6,36)
A financial ratio that expresses net income as a percentage of assets. This ratio measures how well a company uses its assets to generate operating income.

**Return On Equity (ROE)** (2,29)/(6,42)
A financial ratio that expresses net income as a percentage of total common stock equity. This ratio measures how well investors in a firm are doing relative to other investments.

**Revenue** (2,1)
The receipts from utility operations and sales of gas, excluding non-utility and other income, before expenses are considered.

**Revenue per customer** (2,1)/[(20,15)+(20,18)]
Operating revenues divided by total meters, including transportation customers.

**Revenue per therm** (2,1)/[(20,15)+(20,18)]
Operating revenues divided by total therms, including transportation volumes.

**Sales expense** (4,11)
The cost of sales administration, including commissions overhead, materials, etc. Includes FERC System of Accounts 911 (Supervision), 912 (Demonstrating and selling expenses), 913 (Advertising expenses), and 916 (Misc. sales expenses.

**Same-size financial statement**
This is an alternative method of displaying income statement and balance sheet summaries. It is intended to facilitate comparisons across company types. As opposed to displaying absolute dollar values, the same-size statement presents each line item is a percentage of its aggregate total. The same-size income statement sets revenues at 100.0 and al other items are a percent of that total. The same-size balance sheet similarly sets total assets (as well as total liabilities and owners' equity) to 100.0.

**System density** [(20,15)+(20,18)]/(20,10)
Total customers (both sales and transportation) divided by total miles of pipeline, mains, and services. A ratio which describes the degree to which meters are "packed" onto a distribution system.

**Tax expense** (2,8)
The amount representing the utility's obligation to pay taxes, including sale, gross receipts, income, and property taxes. This total includes pass-through taxes collected by the utility on behalf of local government jurisdictions.

**Therm**
A unit of measurement for energy, equivalent to 100,000 British thermal units.

**Therms per customer** [(20,15)+(20,18)]/[(20,15)+(20,18)]
Total therms (both sales and transportation) divided by total customers (both sales and transportation).

**Therms delivered per employee** [(20,15)+(20,18)]/(8,2)
Total therms (both sales and transportation) divided by total employees

**Total benefits** (13,10)
The annual compensation accruing to utility employees in the form of pensions, health care, insurance, and other non-payroll items.

**Total compensation** (13,6 + 13,10)
The total annual compensation accruing to utility employees, both as payroll and non-payroll compensation as well as benefits.

**Total Production Expense** (4,5)
Combination of fuel (4,1), purchased gas (4,3), and other production expenses (4,4)

**Total O&M per customer** (4,13)/[(20,15)+(20,18)]
All operations and maintenance expenses divided by total customers (includes both sales and transportation).

**Total O&M per therm** (4,13)/[(20,15)+(20,18)]
All operations and maintenance expenses divided by total therms (includes both sales and transportation volumes).

**Total plant in service** (6,5)
The total value of utility plant as shown on the balance sheet. In the case of combination utilities, this will include gas and electric plant used for the purpose of power distribution.

**Transmission** (4,7)
The cost to a utility for moving natural gas purchases from its source to its city gate. Includes FERC System of Accounts 850 (Operations, supervision and engineering), 851 (System control and load dispatching), 852 (Communication system expenses), 853 (Compressor station labor and expenses), 854 (Gas for compressor station fuel), 855 (Other fuel and power for compressor stations), 856 (Main expenses), 857 (Measuring and regulating station expenses), 858 (Transmission and compression of gas by others), 859 (Other expenses), 860 (Rents), 861 (Maintenance supervision and engineering), 862 (Maintenance of structures and improvements), 863 (Maintenance of mains), 864 (Maintenance of compressor station equipment), 865 (Maintenance of measuring and regulating station equipment), 866 (Maintenance of communication equipment), 867 (Maintenance of other equipment), and 870 (Operation supervision and engineering).

**Transmission and distribution costs per customer** [(4,7)+(4,8)]/[ (20,15)+(20,18)]
Cost of transporting gas to the customer, divided by total customers (both sales and transportation).

**Transmission and distribution costs per therm** [(4,7+4,8)/(20,15+20,18)]
Cost of transporting gas to the customer, divided by total therms (both sales and transportation).

**Uniform Statistical Report (USR)**
The standardized reporting form used by the American Gas Association to collect financial and operating information from its individual member companies. The USR data is the source for information presented in this study.

**Upper quartile (UQ)**
A statistical measure, which describes a data value that, is halfway between the median and the highest value in the data set. Technically defined as the "third quartile." See "Quartile" and "meridian."

**Value**
In statistics, a "value" is the recorded measurement for an individual observation. For example, if the variable of interest is "annual therms sold," then "1,000,000" may be the value of this variable for the single observation "ABC Company."

**Variable**
An attribute, more or less common to a set of observations, which is subject to measurement. For example, if the variable of interest is "annual therms sold," then "1,000,000" may be the value of this variable for the single observation "ABC Company."

**Weighted average**
A statistical measure for describing the mean or "central tendency" of a set of numeric observations. Weighted averages are used in this study to provide benchmark ratios per group or per industry segment. For these benchmark ratios and arithmetic (simple) average would be the mean value of the ratios calculated individually for each company. Instead, the weighted average ratio has a its numerator the sum of observations for that variable divided by the sum of observations for the denominator variable. For example, the density of distribution system metric for gas utilities relates the sum of all gas utility meters divided by the sum of all gas utility miles of pipe.

## APPENDIX 2: MULTI-YEAR CHARTS FOR ALL COMPANIES

Explanation of factors influencing results:

REVENUE: Impacted by weather, rate design, customer growth, the economy, allowed rates of return, taxes, depreciation expense, total O&M expense, and subsidiary operations.

REVENUE PER CUSTOMER: Determined by revenue and customer base (predominately higher-consuming customer population yields larger results).

REVENUE PER THERM: Determined by revenue and customer base (predominately smaller-consuming customer base yields larger results).

THERMS DELIVERED PER CUSTOMER: Influenced by weather and customer base (predominately higher-consuming customer population yields larger results).

SYSTEM DENSITY: Higher population density (urban areas) leads to higher system densities.

GAS PLANT PER MILE OF MAIN: Higher system densities usually translate into higher values for this. Also impacted by gas plant characteristics (e.g., utility-owned storage, age of system, etc.)

PERCENT FIRM SALES: Determined by customer base. Utilities with predominantly residential and small commercial customers tend to have higher values here. Large customers switching from sales to transportation tariffs also influence results.

PURCHASED GAS COST PER SALES THERM: Impacted by proximity to supplies (closer leads to lower transportation costs), interstate pipeline access (more competition leads to lower costs), volumes purchased (economies of scale), and purchasing strategies (spot vs. contracts, storage refill, hedging, etc.).

GROSS SALES MARGIN: Influenced by revenue, O&M, and company size (economies of scale).

TRANSMISSION AND DISTRIBUTION COST PER THERM/CUSTOMER: Determined by age of system, throughput, customer base, system density, and size of company (economies of scale).

CUSTOMER ACCOUNT EXPENSE PER THERM: Impacted by customer base (concentration of smaller customers leads to higher costs per therm), types of administrative (e.g. billing) systems, and throughput.

CUSTOMER SERVICE AND INFORMATION EXPENSE PER THERM: Influenced by types of administrative systems (e.g. database software and hardware), customer base, and throughput.

SALES EXPENSE PER THERM: Determined by level of marketing effort put forth by company and throughput.

GENERAL AND ADMINSTRATIVE EXPENSE PER THERM/CUSTOMER: Impacted by employee base/compensation, overhead expenses, customer base, and throughput.

TOTAL OPERATION AND MAINTENANCE EXPENSE PER THERM/CUSTOMER: Combination of purchased gas expense, other production costs, T&D, customer accounts, service, & information expenses, sales, and G&A. See those factors for explanation.

NET MARGIN PER THERM/CUSTOMER: Influenced by allowed rates of return, taxes, depreciation, weather, customer base, and throughput.

AVERAGE SALARIES, BENEFITS, AND PENSIONS PER EMPLOYEE: Impacted by union contracts, experience/tenure of average employee, age of employees and retirees, local economic competition for employees, proportion of upper management relative to employee base (higher for companies

outsourcing significant workload), and special offers to employees (early retirement, severance packages due to downsizing, etc.).

CUSTOMERS PER EMPLOYEE: Determined by the customer base (companies with predominately small-use customers tend to have a higher value) as well as the employee base (more efficient companies as well as companies outsourcing significant workload tend to have a higher value).

THERMS DELIVERED PER EMPLOYEE: Primarily determined by the customer base (companies with predominately large-use customers tend to have a higher value).

GAS PLANT PER CUSTOMER: Influenced by the customer base (companies with predominately large-use customers tend to have a higher value).

RETURN ON ASSETS: Impacted by allowed rate of return, weather, sales growth, subsidiary performance, and one-time charges (e.g. asset reevaluation, merger expense, etc.).

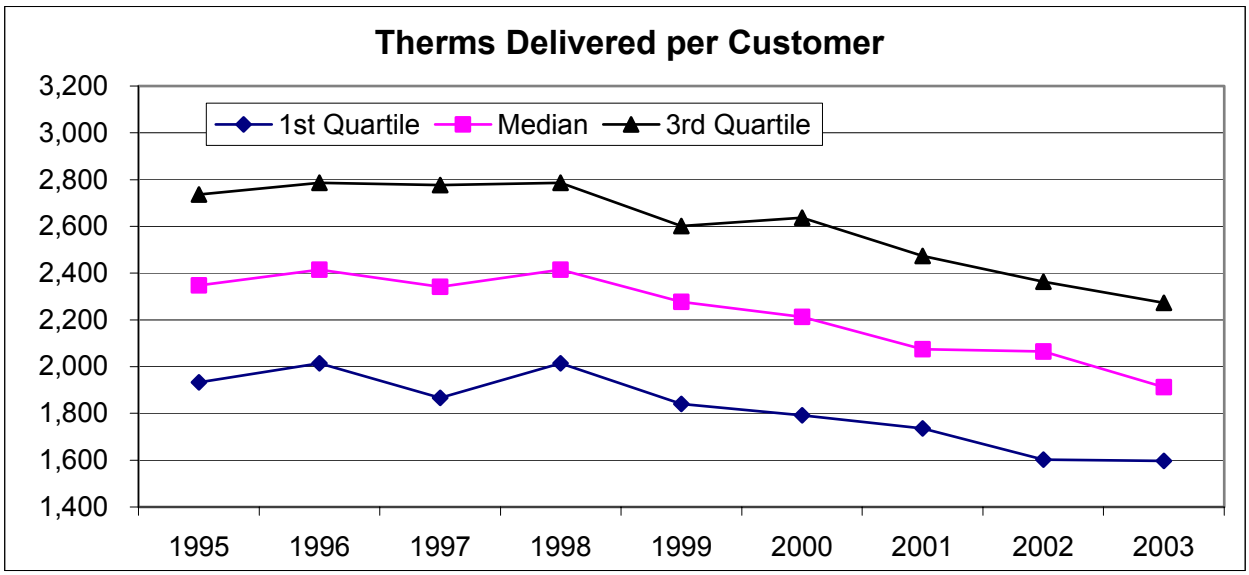
RETURN ON EQUITY: Impacted by allowed rate of return, weather, sales growth, subsidiary performance, and one-time charges (e.g. asset reevaluation, merger expense, etc.).

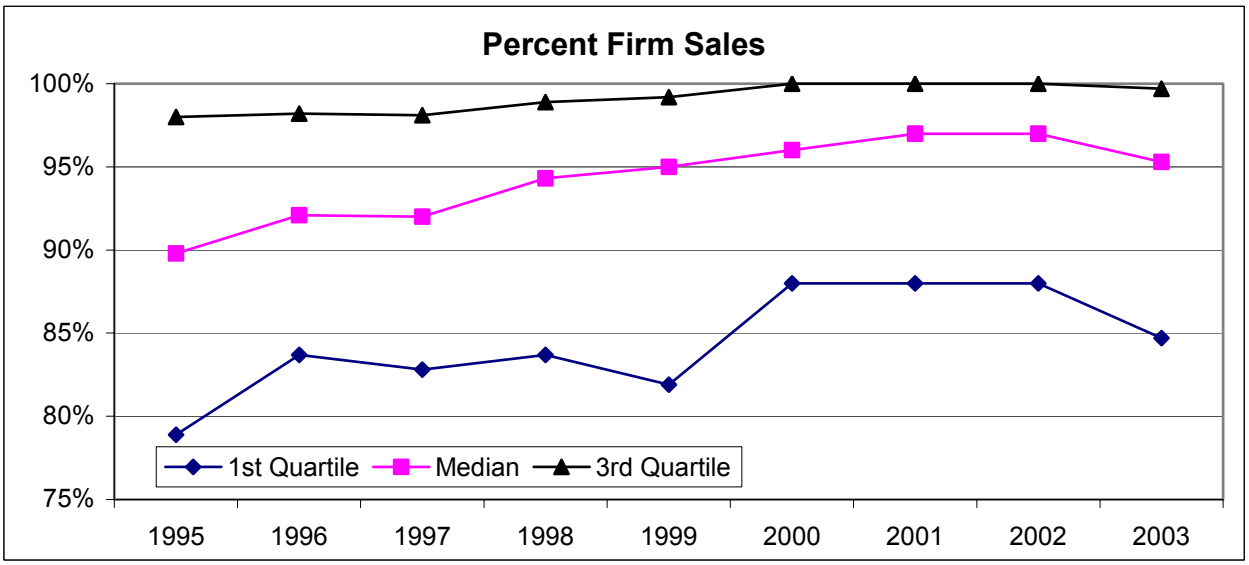
ASSET TURNOVER: Influenced by revenue and composition/age of gas plant.

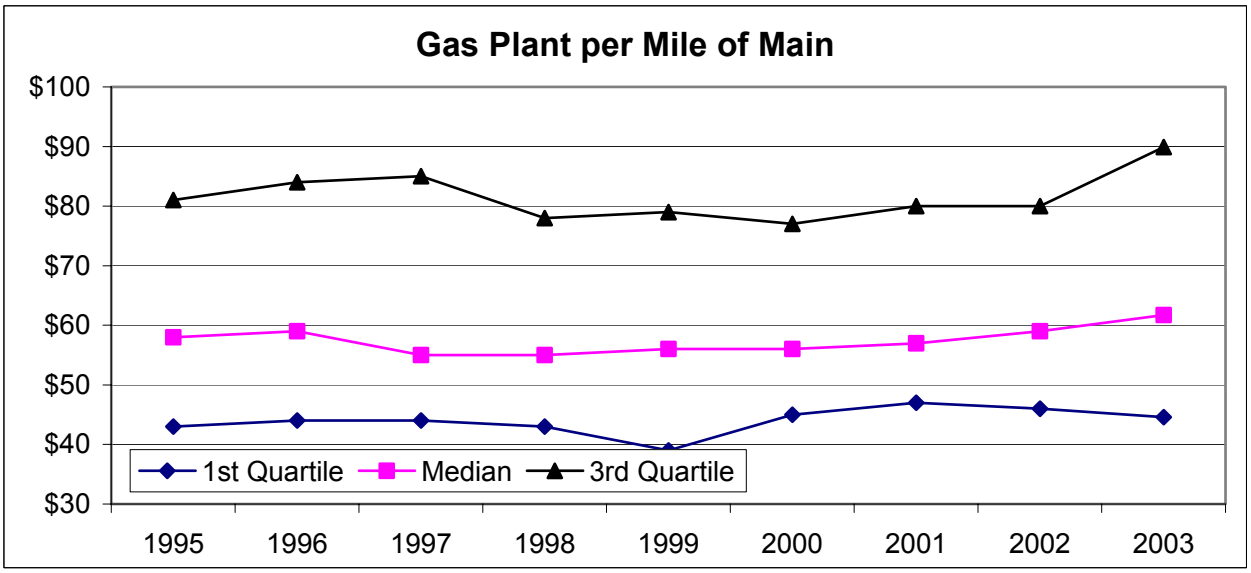
PROFIT MARGIN: Impacted by allowed rate of return, income taxes, interest expense, and weather.

FINANCIAL LEVERAGE: Influenced by the proportion of debt and the amount of gas plant for a company.

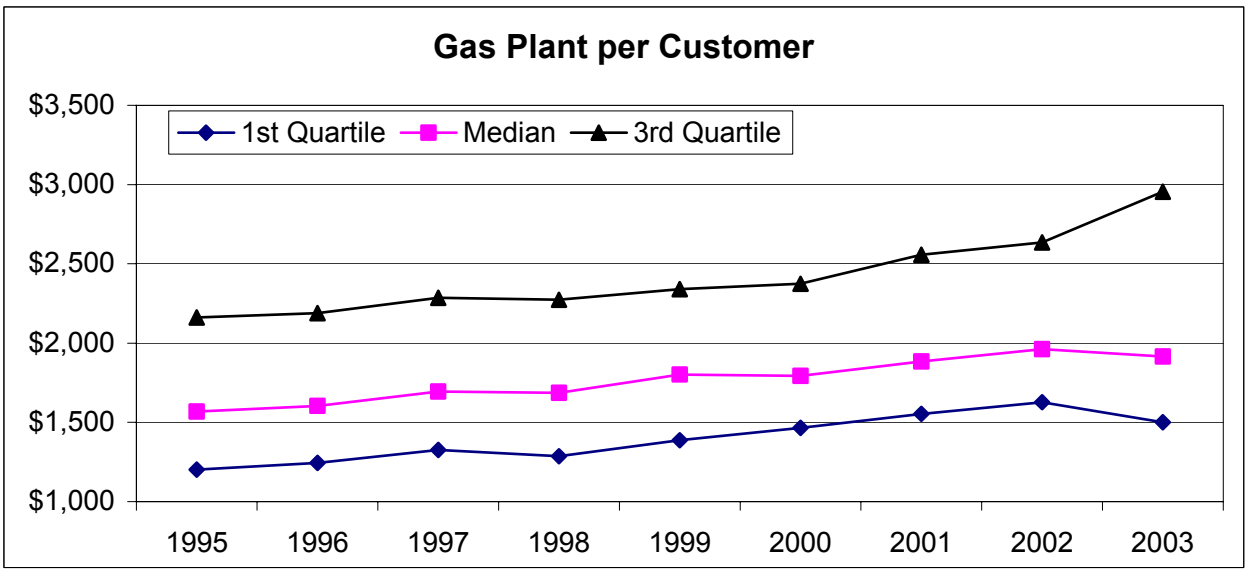
Appendix 2: Multi-year Charts for All Companies

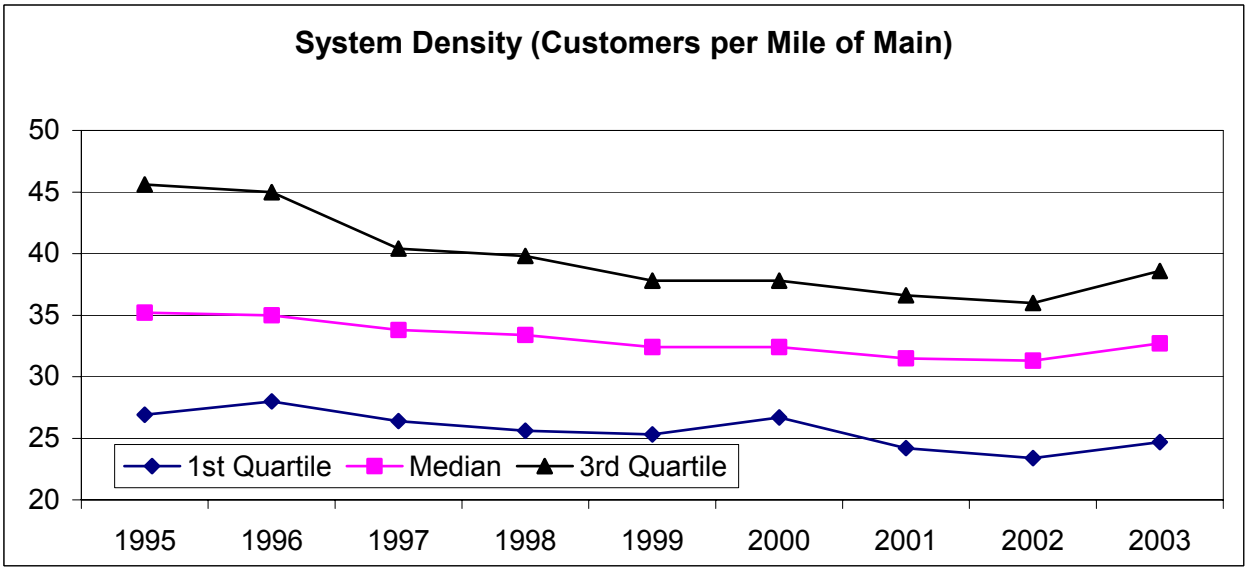


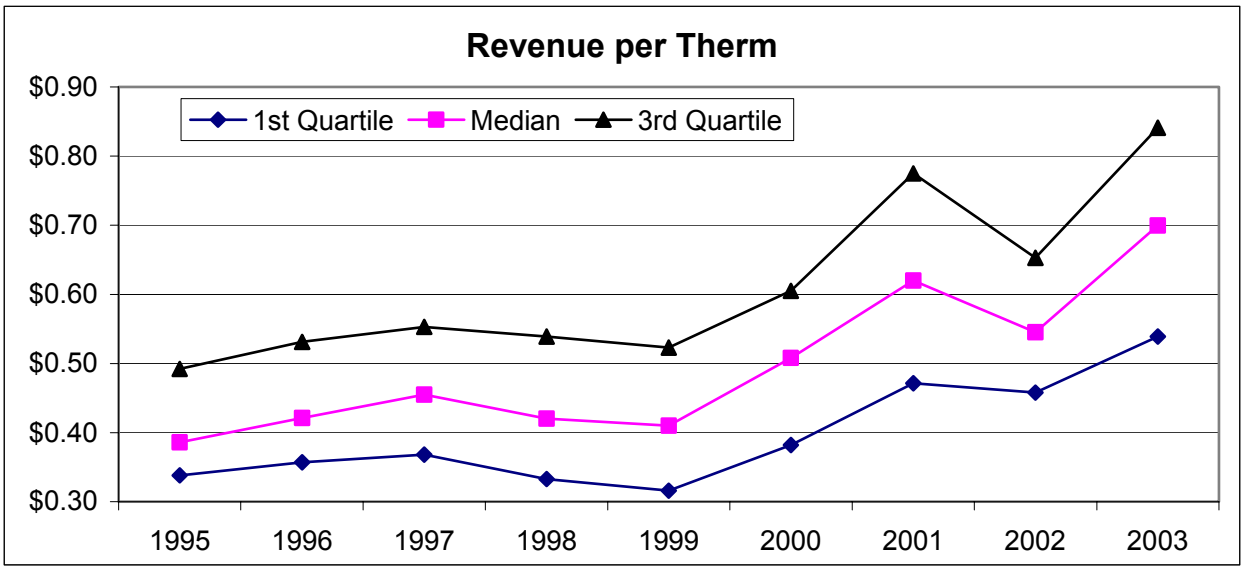



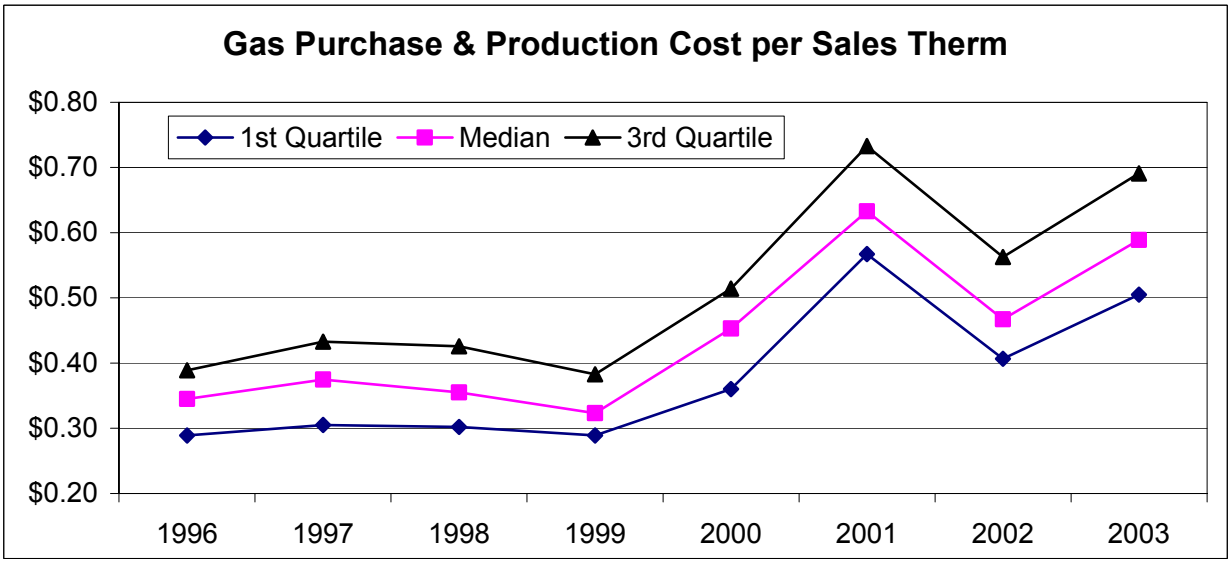

Note: Sample size and individual company participation vary by year, impairing trend analysis

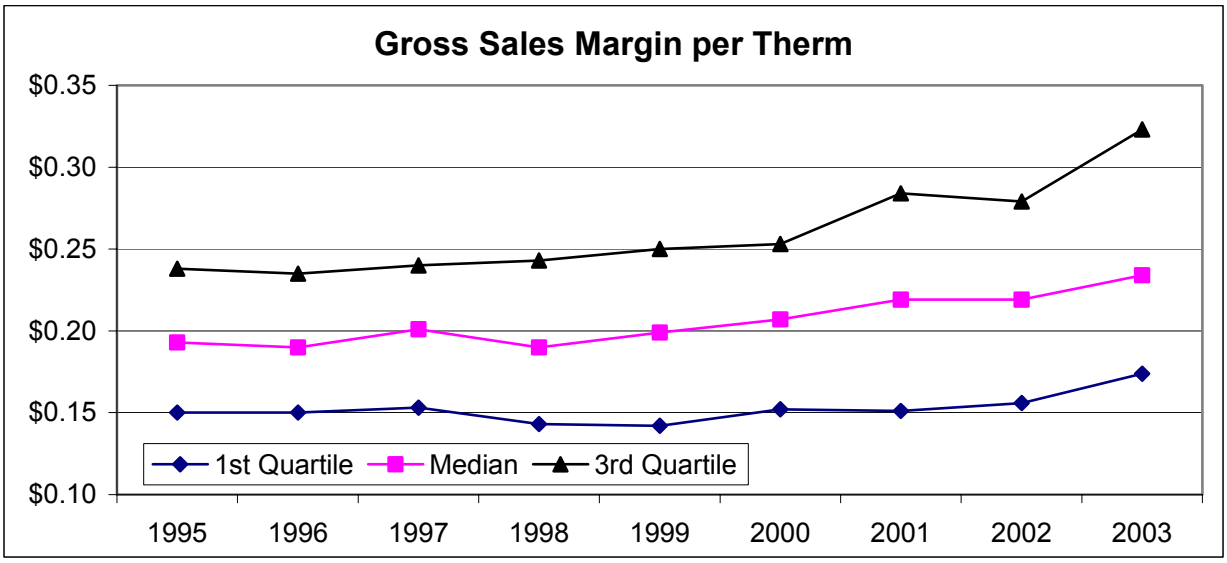


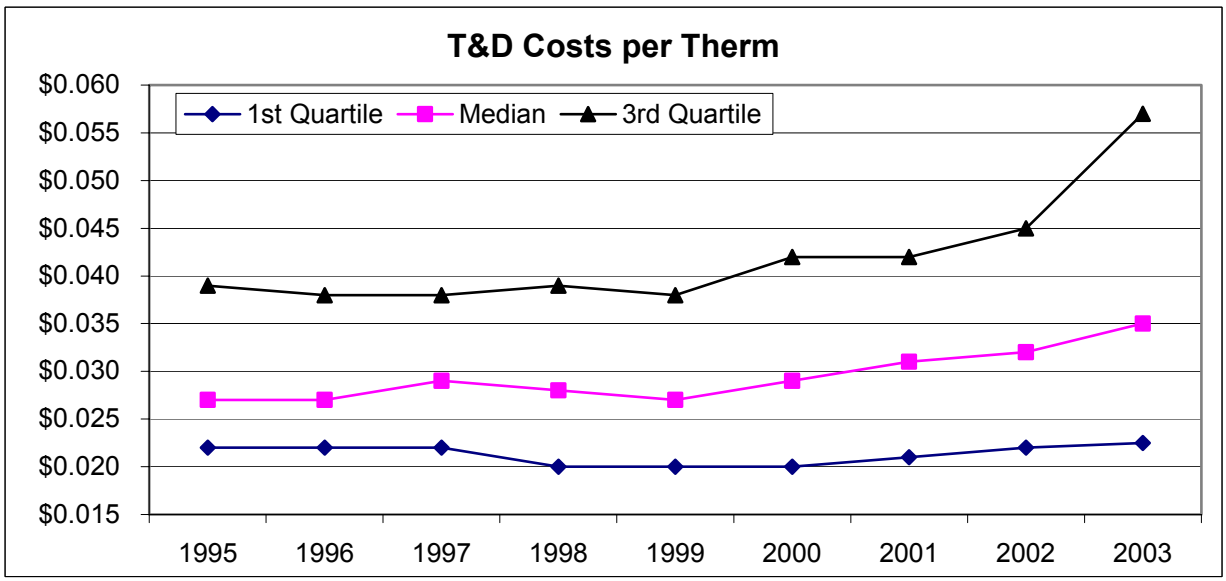



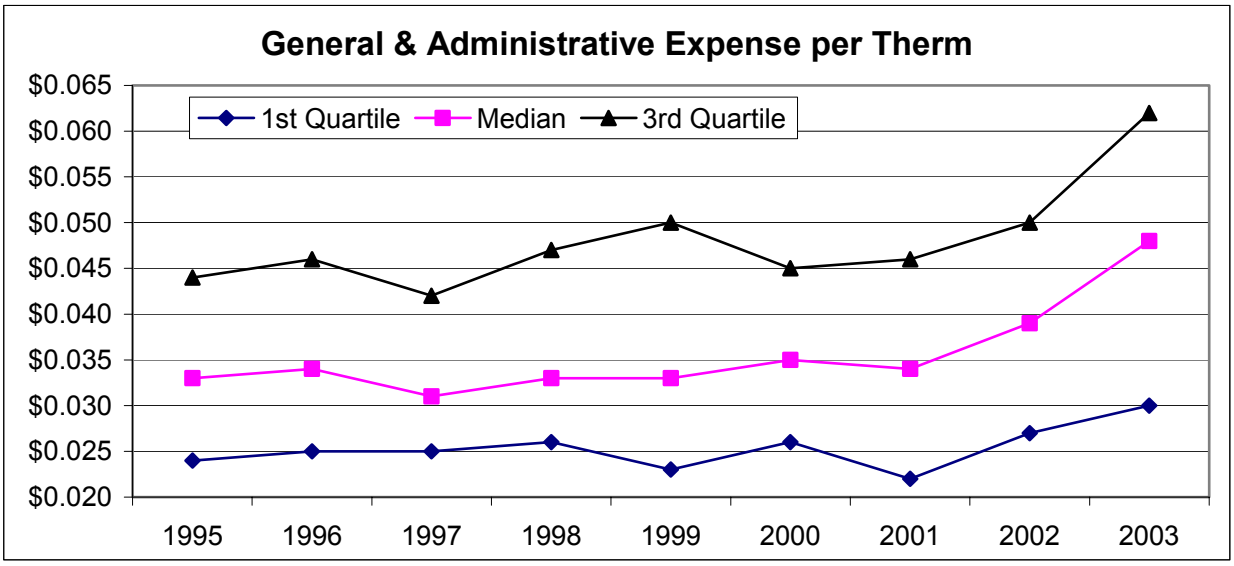

Note: Sample size and individual company participation vary by year, impairing trend analysis

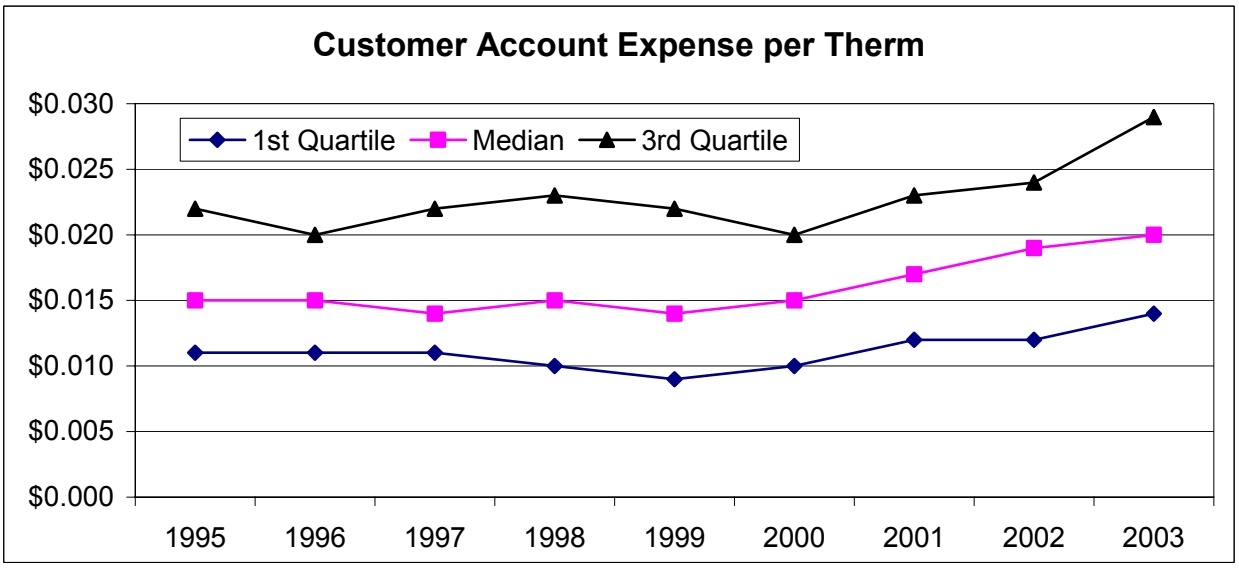


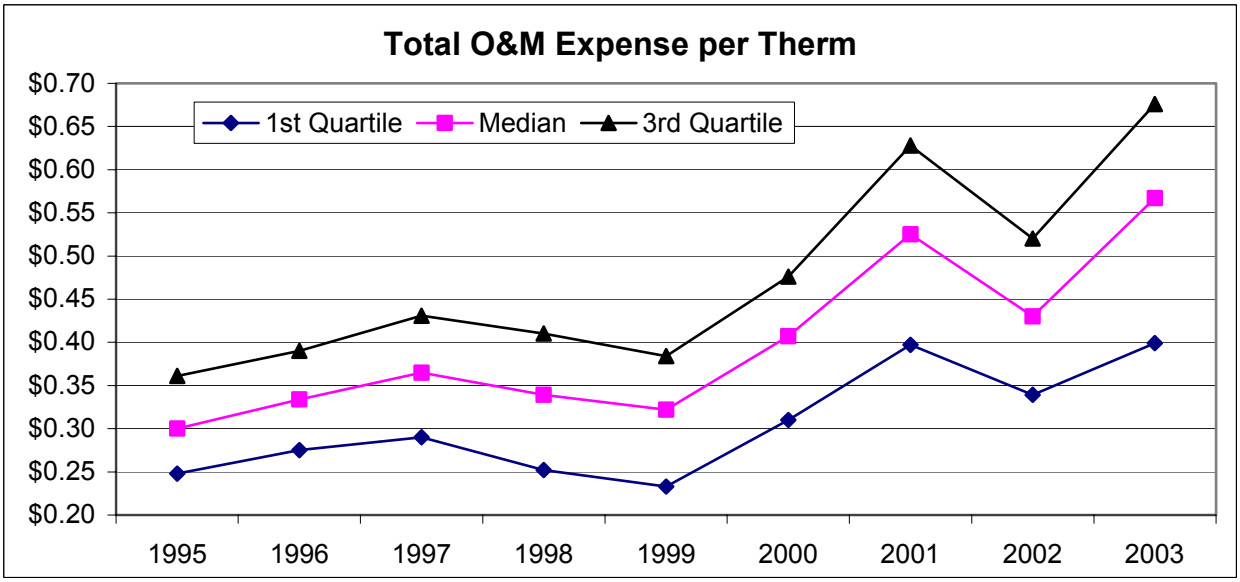



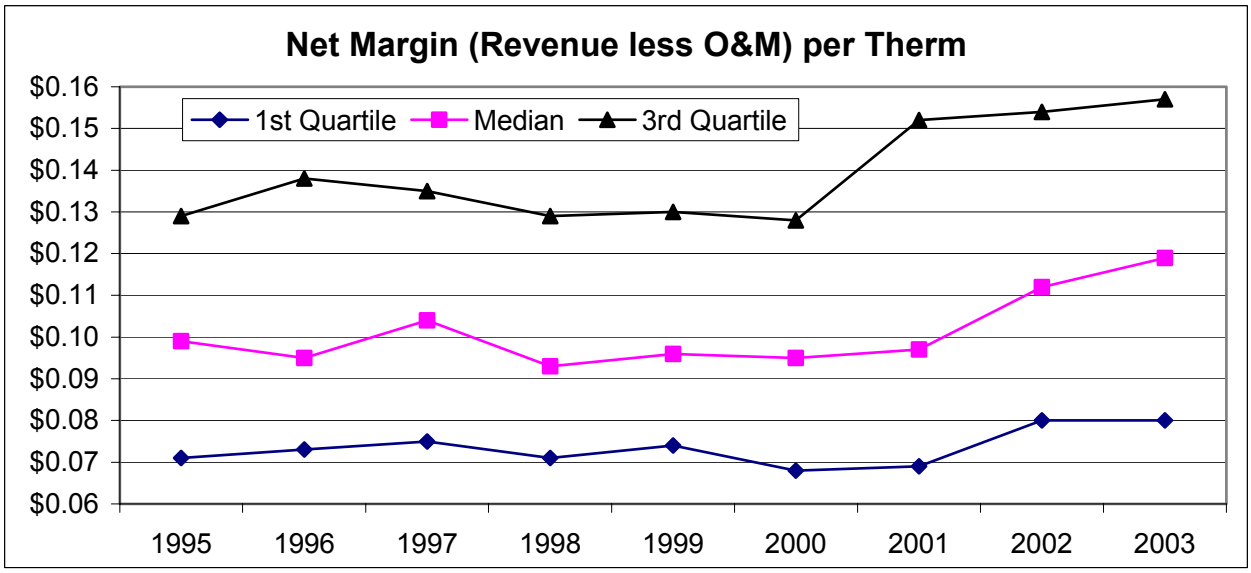

Note: Sample size and individual company participation vary by year, impairing trend analysis

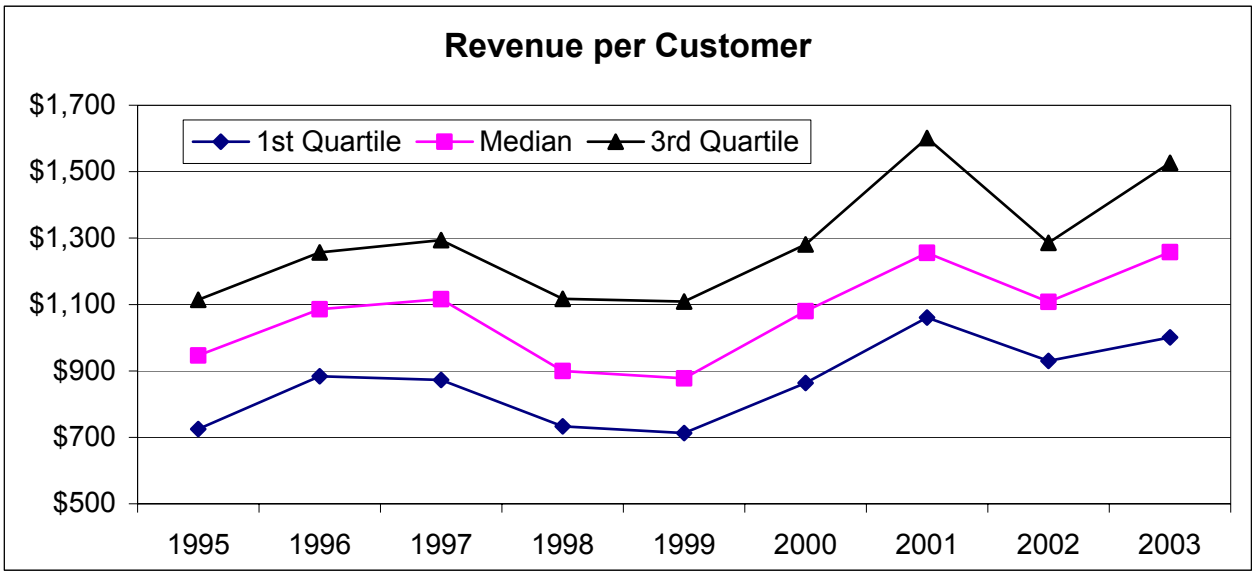


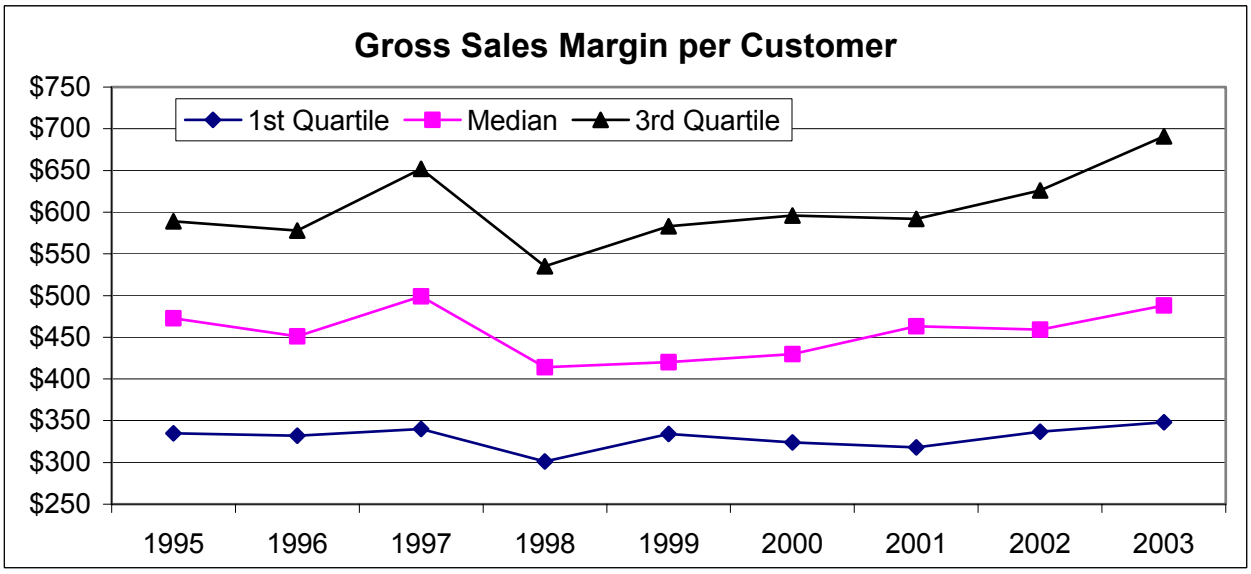



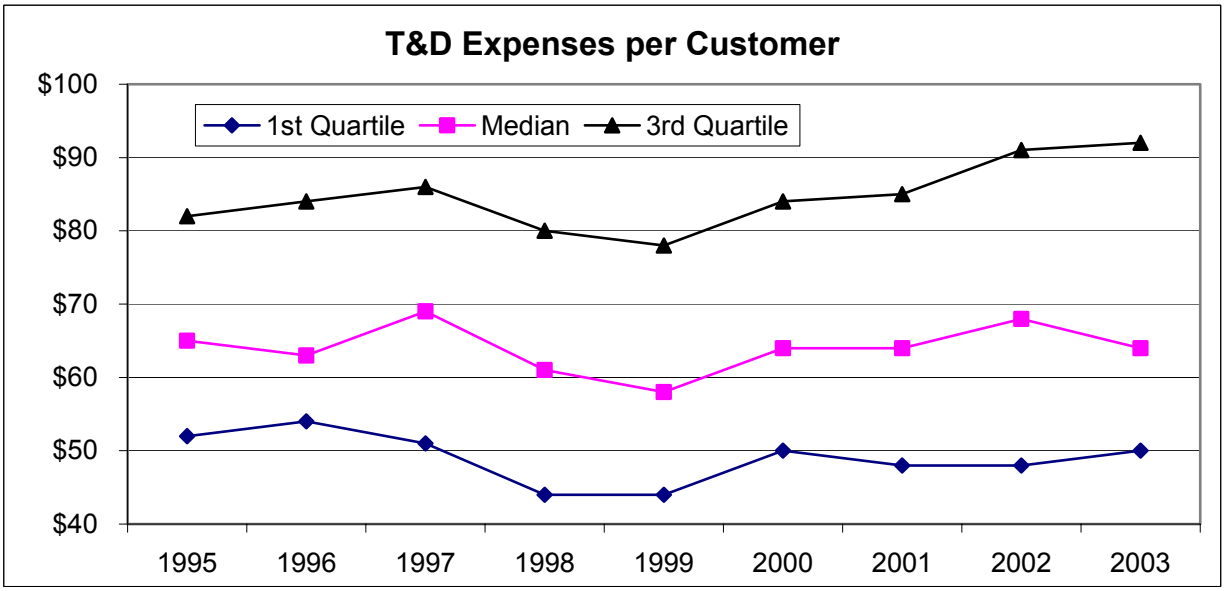

Note: Sample size and individual company participation vary by year, impairing trend analysis

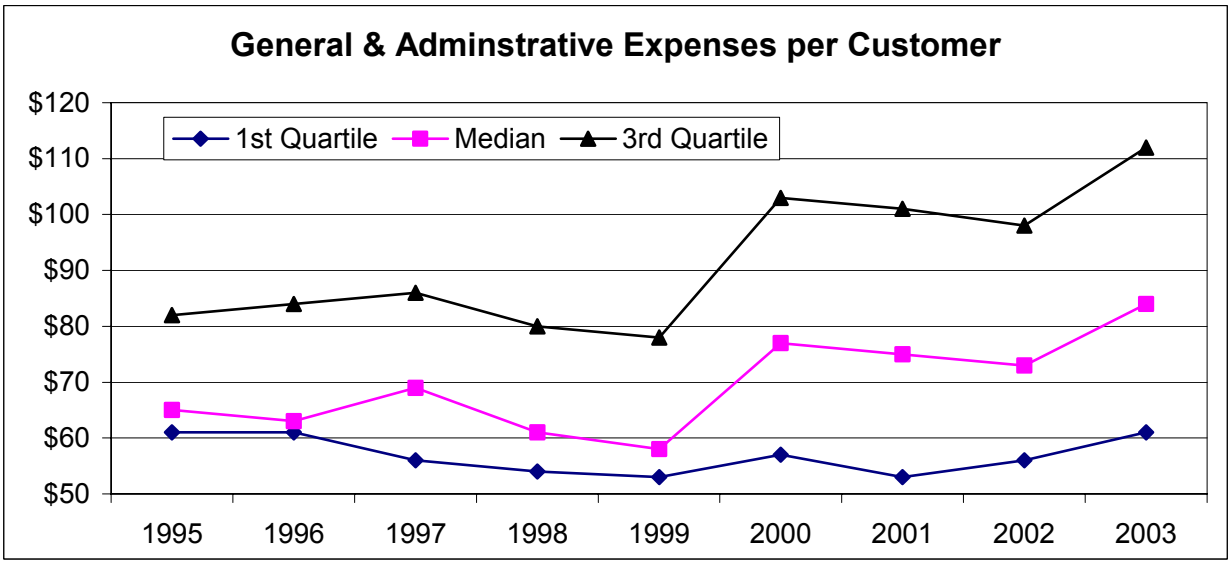


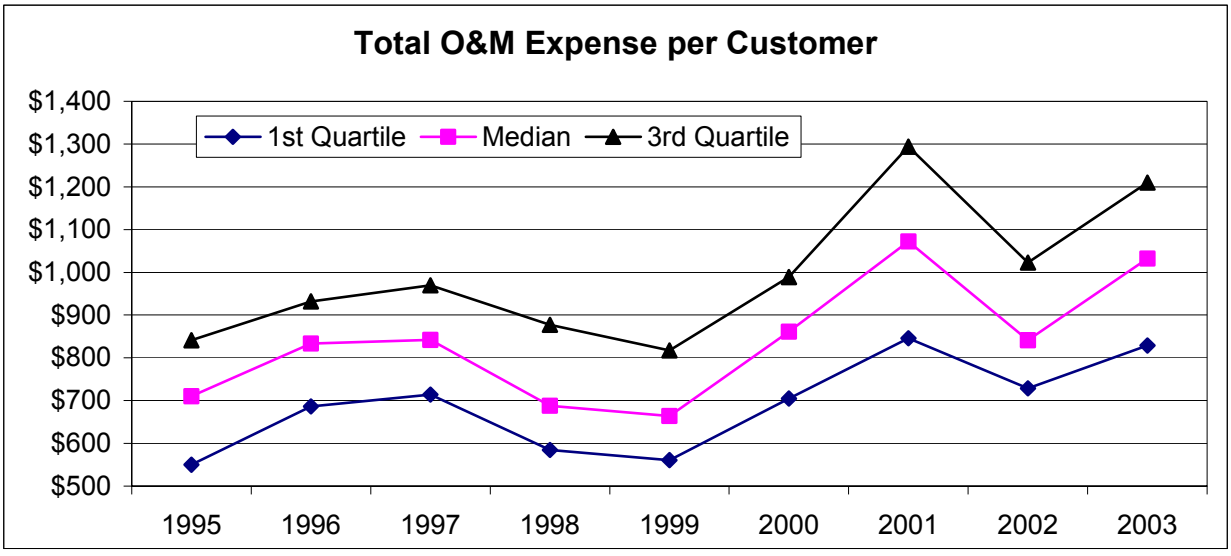



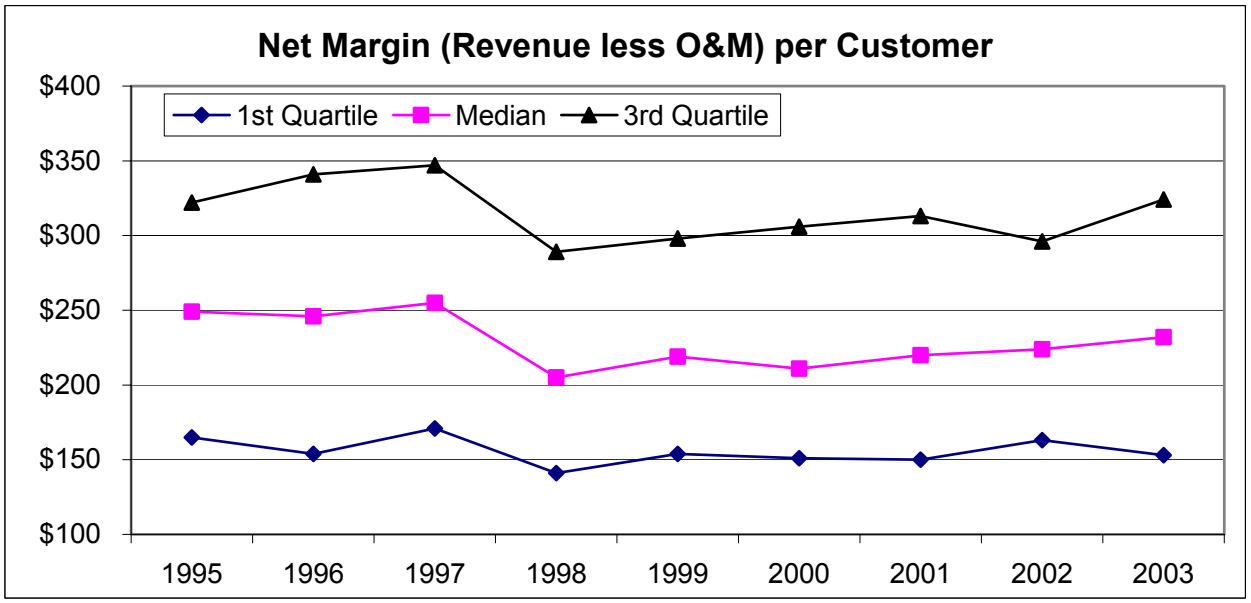

Note: Sample size and individual company participation vary by year, impairing trend analysis

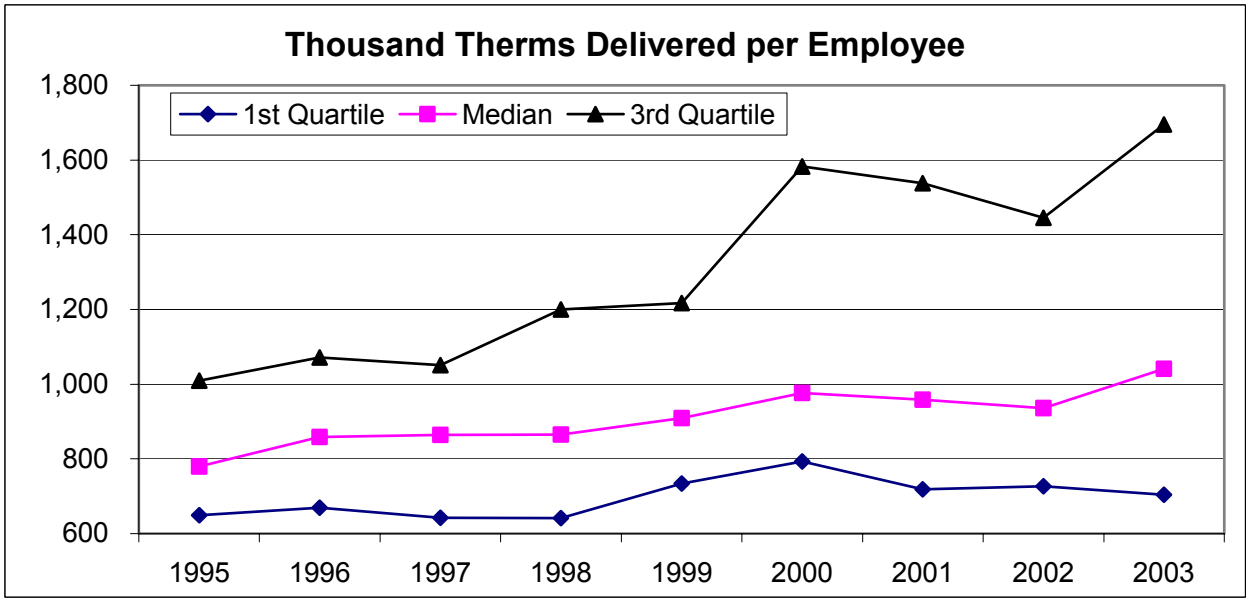


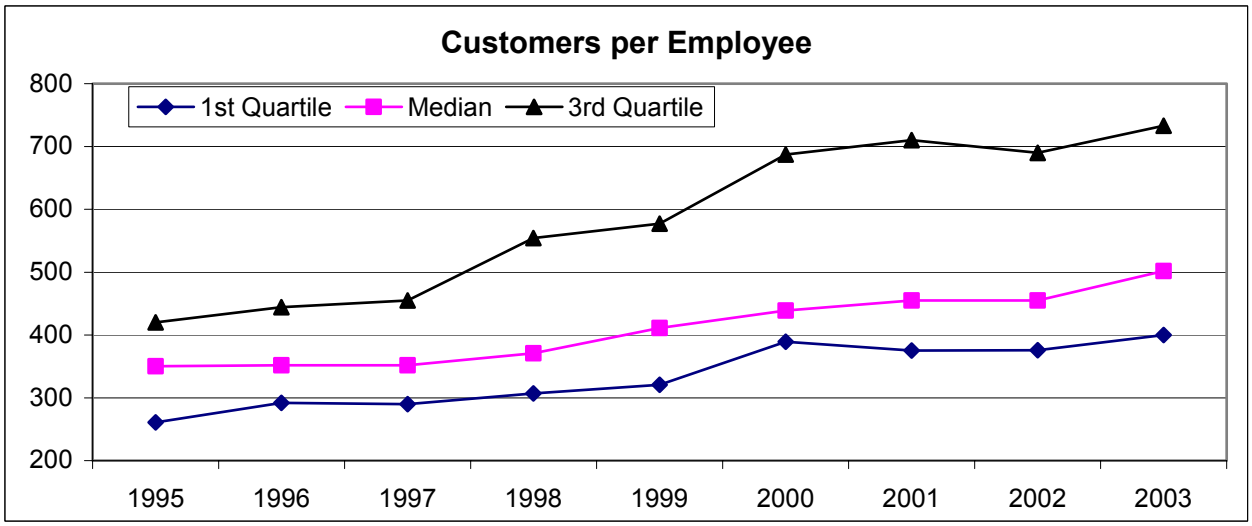



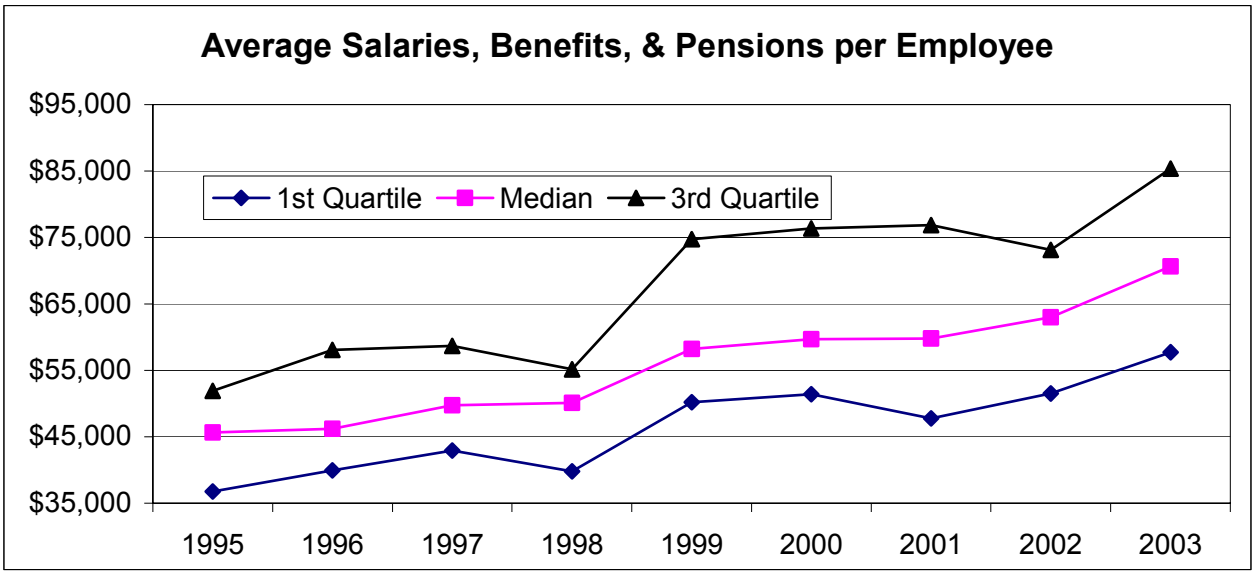

Note: Sample size and individual company participation vary by year, impairing trend analysis

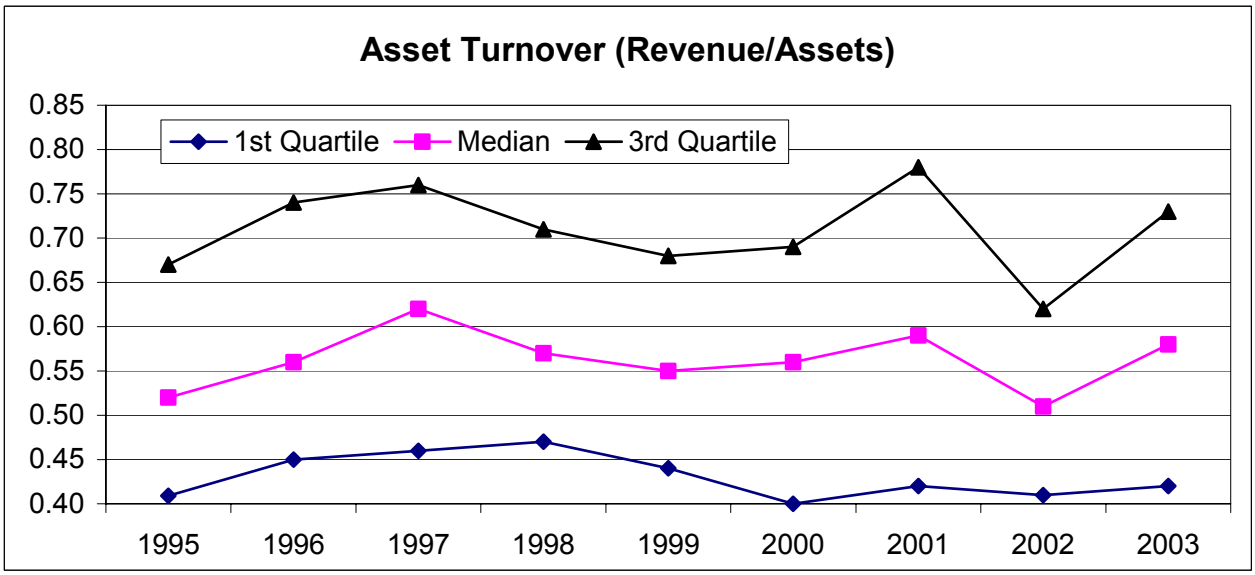


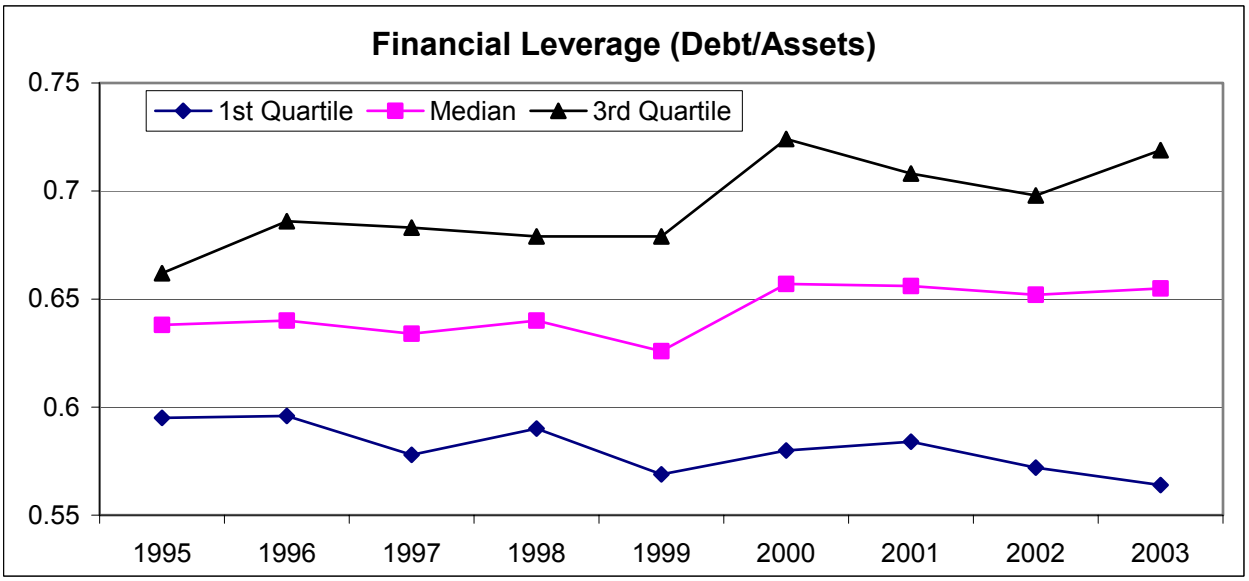



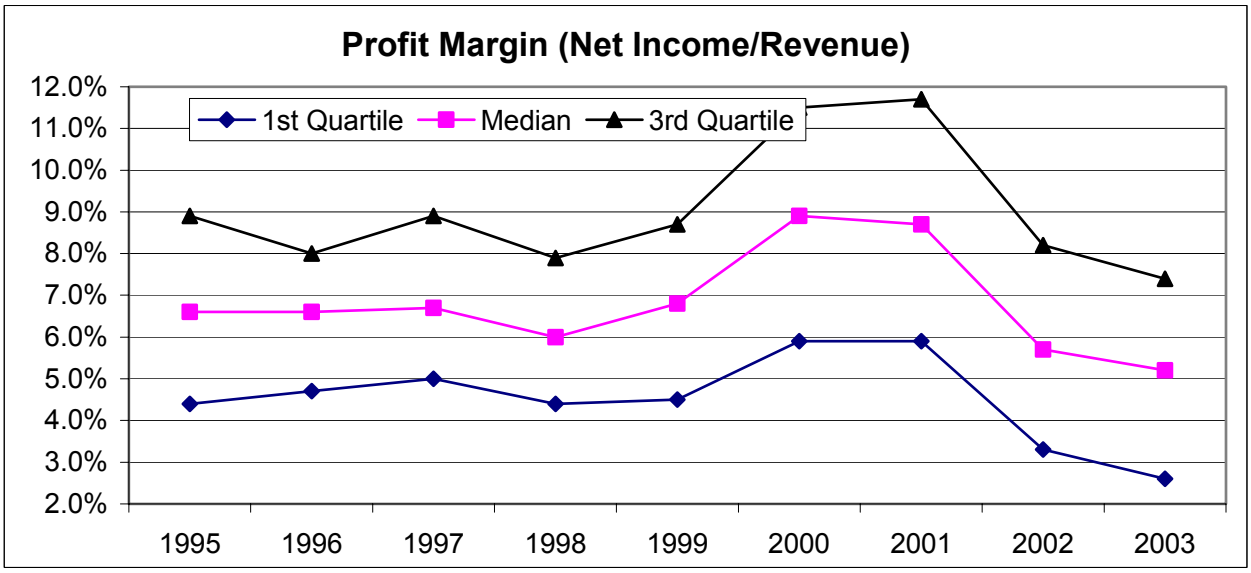

Note: Sample size and individual company participation vary by year, impairing trend analysis

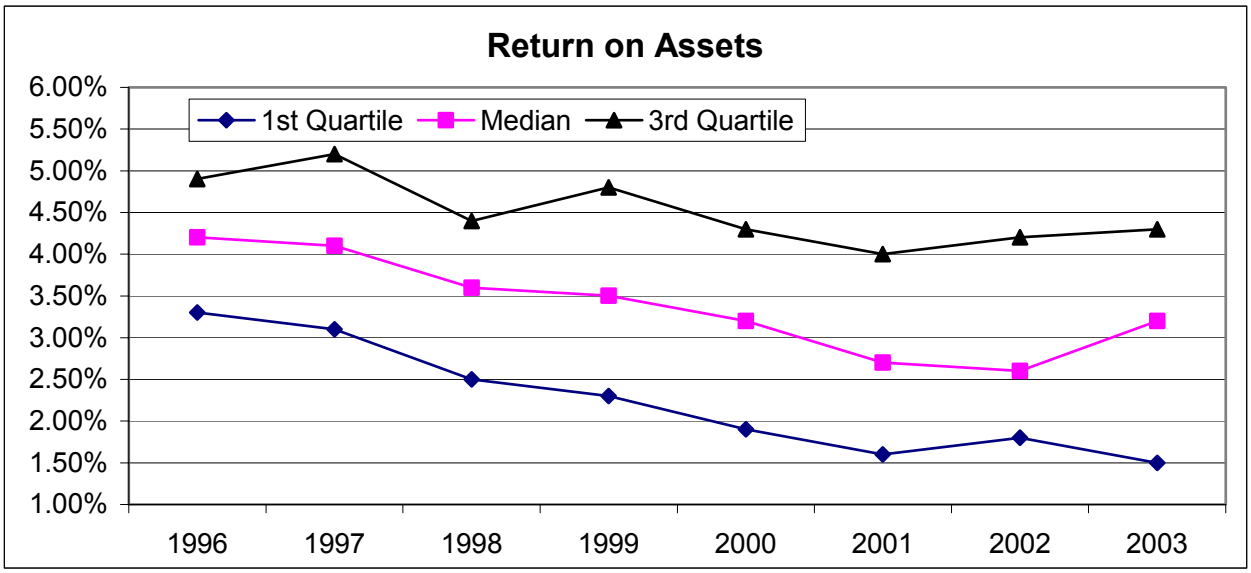


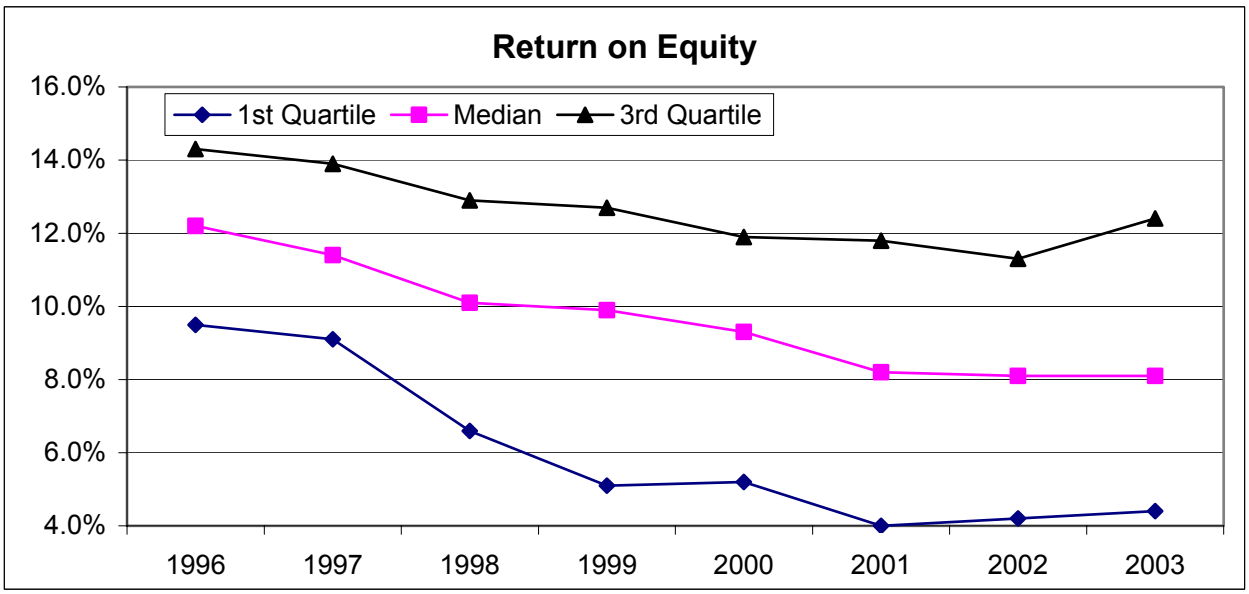




Note: Sample size and individual company participation vary by year, impairing trend analysis


Profit Margin (Net Income/Revenue)
1st Quartile
Median
3rd Quartile
12.0%
11.0%
10.0%
9.0%
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1995
1996
1997
1998
1999
2000
2001
2002
2003


Return on Assets
1st Quartile
Median
3rd Quartile
6.00%
5.50%
5.00%
4.50%
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
1996
1997
1998
1999
2000
2001
2002
2003


Return on Equity
1st Quartile
Median
3rd Quartile
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
1996
1997
1998
1999
2000
2001
2002
2003

**APPENDIX 3a: GAS UTILITY SYSTEM PROFILES AND DELIVERY VOLUMES**

| 2003 Data, 78 Utilities Reporting | | Gas Utilities | | | | Combination Utilities | | | | Municipal Utilities | | | | All Companies | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Stratified by Type of Company | | 54 firms | | | | 14 firms | | | | 10 firms | | | | 78 firms | | | |
| | Units | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG |
| **SYSTEM PROFILE 1/** | | | | | | | | | | | | | | | | | |
| Total Therms delivered | THOUS. | 137,445 | 558,674 | 1,542,630 | 925,143 | 168,785 | 434,615 | 1,046,708 | 810,968 | 43,473 | 161,998 | 318,257 | 229,600 | 115,335 | 519,240 | 1,208,338 | 815,478 |
| Total Sales Volume | THOUS. | 62,111 | 426,089 | 880,733 | 579,688 | 129,228 | 351,940 | 696,447 | 479,618 | 43,463 | 151,361 | 313,035 | 206,223 | 69,581 | 338,807 | 815,872 | 513,847 |
| Transportation Volume | THOUS. | 11,287 | 100,975 | 406,765 | 345,455 | 6,015 | 116,970 | 431,961 | 331,350 | - | 19 | 11,561 | 23,377 | 728 | 74,855 | 376,094 | 301,631 |
| Gas customers | -- | 51,247 | 268,839 | 737,369 | 481,136 | 114,433 | 293,130 | 499,341 | 403,687 | 38,338 | 91,742 | 185,501 | 192,963 | 54,505 | 256,089 | 685,036 | 430,290 |
| Miles of main & services in use | -- | 2,435 | 7,037 | 21,357 | 14,410 | 2,773 | 9,391 | 13,049 | 10,753 | 3,528 | 4,898 | 5,821 | 8,418 | 2,523 | 6,084 | 18,780 | 12,985 |
| Density (meters/mile of distrib. system) | -- | 23.7 | 30.6 | 39.3 | 35.3 | 29.8 | 35.6 | 38.2 | 35.5 | 24.4 | 32.8 | 36.8 | 40.1 | 24.7 | 32.7 | 38.6 | 35.9 |
| **THERM VOLUME BY CUSTOMER CLASS 2/** | | | | | | | | | | | | | | | | | |
| Residential heating | THOUS. | 31,030 | 229,375 | 573,325 | 356,218 | 76,335 | 207,281 | 399,076 | 290,129 | 16,061 | 66,456 | 165,968 | 116,386 | 31,030 | 198,421 | 479,850 | 313,608 |
| Residential non-heating | THOUS. | - | 9 | 2,090 | 4,230 | - | - | 6,635 | 3,892 | - | - | 210 | 2,127 | - | - | 1,533 | 3,900 |
| Commercial, firm | THOUS. | 17,892 | 85,448 | 217,520 | 138,140 | 44,483 | 123,958 | 203,800 | 156,087 | 10,803 | 38,063 | 89,631 | 56,802 | 18,674 | 84,754 | 210,745 | 130,934 |
| Commercial, interruptible | THOUS. | - | - | 561 | 5,545 | - | - | 3,222 | 4,854 | - | 884 | 8,750 | 6,359 | - | - | 2,052 | 5,526 |
| Industrial, firm | THOUS. | 795 | 7,305 | 29,020 | 28,816 | - | 1,235 | 9,028 | 4,441 | 91 | 2,756 | 8,494 | 6,825 | 378 | 4,500 | 18,735 | 21,621 |
| Industrial, interruptible | THOUS. | - | - | 6,170 | 18,247 | - | 52 | 1,912 | 18,792 | 2,508 | 12,377 | 16,611 | 11,365 | - | 92 | 7,703 | 17,463 |
| Electric utility generation, firm | THOUS. | - | - | - | 1,026 | - | - | - | 97 | - | - | - | 166 | - | - | - | 749 |
| Electric utility generation, interup. | THOUS. | - | - | - | 6,609 | - | - | - | 980 | - | - | - | 1,552 | - | - | - | 4,950 |
| Non-utility generation, firm | THOUS. | - | - | - | 1,514 | - | - | - | - | - | - | - | - | - | - | - | 1,048 |
| Non-utility generation, interup. | THOUS. | - | - | - | 393 | - | - | - | - | - | - | - | 204 | - | - | - | 298 |
| NGV | THOUS. | - | - | - | 117 | - | - | - | 37 | - | - | - | 356 | - | - | - | 133 |
| Municipal & public | THOUS. | - | - | 208 | 5,122 | - | - | - | 221 | - | - | 294 | 2,547 | - | - | 208 | 3,912 |
| Interdepartmental | THOUS. | - | - | - | 536 | - | - | 53 | 82 | - | 23 | 365 | 1,535 | - | - | - | 583 |
| Other | THOUS. | - | - | - | 13,174 | - | - | - | 6 | - | - | - | - | - | - | - | 9,121 |
| **NUMBER OF CUSTOMERS BY CUSTOMER CLASS** | | | | | | | | | | | | | | | | | |
| Residential heating | | 44,101 | 234,391 | 599,482 | 375,502 | 102,730 | 237,251 | 439,088 | 351,257 | 35,116 | 81,868 | 168,904 | 133,988 | 48,205 | 206,687 | 499,434 | 340,187 |
| Residential non-heating | | - | 128 | 8,714 | 25,336 | - | - | 35,149 | 19,097 | - | - | 1,265 | 47,669 | - | - | 7,151 | 27,080 |
| Commercial, firm | | 4,750 | 20,717 | 45,821 | 30,333 | 8,828 | 20,789 | 37,025 | 31,670 | 3,110 | 9,489 | 15,045 | 10,659 | 4,750 | 18,063 | 39,320 | 28,050 |
| Commercial, interruptible | | - | - | 6 | 169 | - | - | 18 | 217 | - | - | 19 | 9 | - | - | 11 | 157 |
| Industrial, firm | | 12 | 160 | 761 | 848 | - | 122 | 598 | 459 | 2 | 24 | 81 | 95 | 6 | 80 | 639 | 682 |
| Industrial, interruptible | | - | - | 20 | 102 | - | 2 | 27 | 181 | 3 | 18 | 39 | 26 | - | 2 | 28 | 107 |
| Electric utility generation, firm | | - | - | - | 1 | - | - | - | 0 | - | - | - | 0 | - | - | - | 1 |
| Electric utility generation, interup. | | - | - | - | 1 | - | - | - | 0 | - | - | - | 0 | - | - | - | 1 |
| Non-utility generation, firm | | - | - | - | 0 | - | - | - | - | - | - | - | - | - | - | - | 0 |
| Non-utility generation, interup. | | - | - | - | 0 | - | - | - | - | - | - | - | 0 | - | - | - | 0 |
| NGV | | - | - | - | 4 | - | - | - | 4 | - | - | - | 21 | - | - | - | 6 |
| Municipal & public | | - | - | 5 | 310 | - | - | - | 17 | - | - | 18 | 487 | - | - | 3 | 280 |
| Interdepartmental | | - | - | - | 0 | - | - | 1 | 3 | - | - | 6 | 4 | - | - | - | 1 |
| Other | | - | - | - | 3 | - | - | - | - | - | - | - | - | - | - | - | 2 |

1/ Includes transportation only customers

2/ Quartile figures for each column do not sum. The quartile arrangements do not yield the same sequence of firms for each variable.

For example, the firm which provides the median figure for "total O&M" is not the same as the firm that provides the median figure for "total operating income."

Key: LQ = Lower Quartile, MED = Median, UQ = Upper Quartile, AVG = Average

**APPENDIX 3b: GAS UTILITY FINANCIAL STATEMENTS**

| 2003 Data, 78 Utilities Reporting | | | Gas Utilities | | | | Combination Utilities | | | | Municipal Utilities | | | | All Companies | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Stratified by Type of Company | | | 54 firms | | | | 14 firms | | | | 10 firms | | | | 78 firms | | | |
| | | Units | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG |
| **GAS-ONLY INCOME STATEMENT** | | | | | | | | | | | | | | | | | | |
| Operating revenue | | $THOUS | 75,721 | 402,312 | 895,588 | 561,704 | 133,136 | 371,328 | 706,335 | 474,331 | 40,230 | 122,745 | 213,844 | 193,138 | 75,721 | 348,077 | 752,528 | 498,770 |
| Operating expense | | $THOUS | 56,184 | 299,818 | 621,291 | 432,236 | 102,412 | 282,808 | 537,076 | 360,938 | 24,827 | 107,936 | 191,512 | 161,289 | 57,468 | 281,181 | 601,939 | 384,702 |
| Maintenance expense | | $THOUS | 1,011 | 5,004 | 15,751 | 10,636 | 1,743 | 7,466 | 14,529 | 9,084 | 765 | 2,163 | 8,681 | 6,185 | 1,080 | 4,781 | 13,069 | 9,787 |
| Total O&M | | $THOUS | 58,048 | 310,721 | 625,651 | 442,872 | 104,154 | 291,935 | 550,009 | 370,023 | 55,754 | 137,019 | 216,731 | 186,083 | 66,047 | 287,136 | 619,347 | 399,612 |
| Depreciation | | $THOUS | 4,672 | 17,586 | 42,808 | 29,980 | 6,127 | 16,503 | 36,468 | 21,858 | 2,185 | 5,145 | 8,063 | 7,549 | 4,576 | 15,098 | 37,344 | 25,646 |
| Depletion | | $THOUS | - | - | - | 404 | - | - | 1,023 | 1,238 | - | - | - | - | - | - | - | 502 |
| Amortization | | $THOUS | - | - | 1,003 | 1,480 | - | 4 | 517 | 3,547 | - | - | - | 412 | - | - | 551 | 1,714 |
| Prop. loss charged to operations | | $THOUS | - | - | - | 15 | - | - | - | - | - | - | - | - | - | - | - | 11 |
| Total taxes | | $THOUS | 3,250 | 22,667 | 60,112 | 41,277 | 5,477 | 23,091 | 42,878 | 35,194 | - | 1,880 | 6,071 | 3,798 | 3,091 | 14,719 | 49,094 | 35,380 |
| Other operating income | | $THOUS | - | - | - | 957 | - | - | - | 771 | - | - | 309 | 612 | - | - | - | 879 |
| Total operating income | | $THOUS | 6,116 | 25,329 | 76,016 | 45,676 | 7,846 | 17,618 | 73,002 | 42,472 | 1,174 | 6,137 | 12,528 | 13,906 | 5,142 | 19,483 | 71,553 | 41,028 |
| **BALANCE SHEET** | | | | | | | | | | | | | | | | | | |
| Gas plant | | $THOUS | 175,839 | 671,690 | 1,398,218 | 973,174 | 203,002 | 627,508 | 1,301,927 | 764,918 | 74,983 | 183,832 | 290,785 | 305,022 | 171,272 | 499,487 | 1,343,159 | 850,134 |
| Common plant | | $THOUS | - | - | - | 11,292 | 6,905 | 44,731 | 187,268 | 145,201 | - | - | 48,980 | 87,950 | - | - | - | 45,155 |
| Other plant | | $THOUS | - | - | - | - | - | - | 105 | 2,091 | - | - | 289,962 | 202,982 | - | - | - | 26,399 |
| Total plant in service | 1/2/ | $THOUS | 200,079 | 741,438 | 1,398,218 | 1,082,424 | 920,233 | 1,886,745 | 4,471,020 | 3,491,202 | 82,722 | 431,528 | 1,305,034 | 820,669 | 200,079 | 856,279 | 1,898,086 | 1,481,210 |
| Accumulated depreciation | 1/ | $THOUS | 67,537 | 278,900 | 570,572 | 420,357 | 314,719 | 578,224 | 1,619,114 | 1,274,824 | 29,697 | 127,345 | 480,092 | 283,984 | 67,537 | 297,831 | 688,259 | 556,239 |
| Construction work-in-progress | 1/ | $THOUS | 949 | 5,616 | 20,101 | 17,017 | 35,572 | 53,765 | 128,363 | 114,057 | 769 | 16,604 | 61,426 | 38,736 | 1,583 | 13,226 | 39,986 | 37,219 |
| Net utility plant | 1/ | $THOUS | 115,923 | 493,092 | 935,069 | 680,754 | 617,719 | 1,577,998 | 3,002,843 | 2,336,873 | 54,218 | 320,806 | 896,096 | 577,230 | 133,651 | 508,671 | 1,313,675 | 964,734 |
| Gas storage (non-current) | 1/ | $THOUS | - | - | 336 | 2,992 | - | - | - | 426 | - | - | - | 8,407 | - | - | - | 3,225 |
| Customer accts. receivable | 1/ | $THOUS | 7,609 | 38,802 | 81,962 | 68,399 | 38,989 | 53,258 | 182,099 | 105,742 | 5,017 | 23,900 | 66,896 | 41,497 | 8,344 | 41,698 | 96,003 | 71,653 |
| Total current & accrued assets | 1/ | $THOUS | 23,927 | 139,008 | 291,990 | 188,804 | 105,189 | 223,280 | 564,517 | 390,225 | 29,162 | 82,510 | 338,311 | 176,503 | 35,076 | 147,064 | 317,166 | 223,379 |
| Total deferred debits | 1/ | $THOUS | 3,788 | 44,242 | 174,130 | 144,657 | 65,905 | 238,221 | 612,782 | 733,996 | 699 | 9,179 | 38,238 | 164,922 | 5,224 | 47,783 | 222,345 | 253,033 |
| Total assets | 1/ | $THOUS | 151,151 | 753,337 | 1,403,853 | 1,082,793 | 925,092 | 2,199,298 | 4,325,482 | 3,550,862 | 83,680 | 470,603 | 1,368,991 | 948,738 | 174,341 | 890,416 | 2,239,965 | 1,508,593 |
| Common stock | 1/ | $THOUS | 0 | 2,971 | 57,682 | 72,464 | 4 | 11,932 | 117,271 | 274,277 | - | - | - | - | - | 1,571 | 57,682 | 99,397 |
| Retained earnings | 1/ | $THOUS | 8,844 | 70,094 | 206,034 | 125,501 | 17,759 | 100,624 | 382,938 | 292,228 | 61,495 | 162,162 | 538,648 | 387,607 | 12,483 | 86,367 | 235,929 | 189,030 |
| Total common stock equity | 1/ | $THOUS | 59,762 | 248,531 | 508,147 | 339,869 | 262,120 | 676,208 | 897,758 | 944,261 | 61,495 | 162,162 | 566,113 | 399,904 | 69,225 | 262,776 | 630,399 | 456,046 |
| Total long-term (LT) debt | 1/ | $THOUS | 35,894 | 125,440 | 369,568 | 260,871 | 231,842 | 507,859 | 1,517,139 | 1,264,493 | 12,067 | 58,800 | 849,167 | 418,965 | 43,102 | 186,670 | 509,507 | 461,276 |
| Total capitalization | 1/3/ | $THOUS | 97,952 | 370,653 | 821,980 | 610,329 | 512,531 | 1,293,902 | 2,952,584 | 2,251,242 | 73,562 | 423,081 | 1,094,397 | 821,540 | 122,954 | 460,015 | 1,147,991 | 931,930 |
| Total non-current other liabilities | 1/ | $THOUS | - | 245 | 19,364 | 20,957 | 4,634 | 26,439 | 63,181 | 58,289 | - | 1,048 | 15,003 | 10,779 | - | 1,726 | 23,219 | 26,352 |
| Current & accrued liabilities | 1/ | $THOUS | 22,585 | 169,245 | 380,194 | 266,516 | 88,216 | 176,795 | 509,503 | 367,171 | 8,232 | 41,776 | 96,868 | 89,974 | 22,093 | 156,847 | 360,374 | 261,949 |
| Total deferred credits | 1/ | $THOUS | 16,599 | 88,351 | 264,138 | 181,980 | 165,434 | 487,388 | 787,746 | 780,927 | 68 | 4,794 | 22,162 | 14,293 | 16,599 | 88,351 | 350,877 | 267,985 |
| Total capitalization & liabilities | 1/3/ | $THOUS | 151,151 | 753,337 | 1,403,853 | 1,082,793 | 925,092 | 2,199,298 | 4,325,482 | 3,550,862 | 83,680 | 470,603 | 1,368,991 | 948,738 | 174,341 | 890,416 | 2,239,965 | 1,508,593 |

1/ Figures for combination utilities are necessarily based on combined gas and electric operations. Four Municipal utilities are also combined utilities.

2/ Reflects gas and non-gas assets, also includes regulatory assets.

3/ Total capitalization figure in this display includes preferred stock.

Key: LQ = Lower Quartile, MED = Median, UQ = Upper Quartile, AVG = Average

**APPENDIX 3c: GAS UTILITY SAME-SIZE FINANCIAL STATEMENTS**

2003 Data, 78 Utilities Reporting

| Stratified by Type of Company | | Gas Utilities 54 firms | Combination Utilities 14 firms | Municipal Utilities 10 firms | All Companies 78 firms |
|---|---|---|---|---|---|
| **GAS-ONLY INCOME STATEMENT - Based on average values** | | | | | |
| Operating revenue | | 100.0 | 100.0 | 100.0 | 100.0 |
| Operating expense | | 76.7 | 78.1 | 75.7 | 76.8 |
| Maintenance expense | | 2.3 | 1.9 | 3.2 | 2.4 |
| Total O&M | | 79.0 | 80.0 | 78.9 | 79.2 |
| Depreciation | | 5.5 | 4.5 | 4.3 | 5.1 |
| Depletion | | 0.0 | 0.2 | - | 0.1 |
| Amortization | | 0.1 | 0.4 | 0.1 | 0.2 |
| Prop. loss charged to operations | | 0.0 | - | - | 0.0 |
| Total taxes | | 7.1 | 6.2 | 1.4 | 6.0 |
| Other operating income | | 0.1 | 0.2 | 0.0 | 0.1 |
| Total operating income | | 8.3 | 8.7 | 15.3 | 9.5 |
| | | | | | |
| **BALANCE SHEET - Based on average values** | | | | | |
| Gas plant | | 89.9 | 21.5 | 32.2 | 56.4 |
| Common plant | | 1.0 | 4.1 | 9.3 | 3.0 |
| Other plant | | - | 0.1 | 21.4 | 1.7 |
| Total plant in service | 1/2/ | 100.0 | 98.3 | 86.5 | 98.2 |
| Accumulated depreciation | 1/ | 38.8 | 35.9 | 29.9 | 36.9 |
| Construction work-in-progress | 1/ | 1.6 | 3.2 | 4.1 | 2.5 |
| Net utility plant | 1/ | 62.9 | 65.8 | 60.8 | 63.9 |
| Gas storage (non-current) | 1/ | 0.3 | 0.0 | 0.9 | 0.2 |
| Customer accts. receivable | 1/ | 6.3 | 3.0 | 4.4 | 4.7 |
| Total current & accrued assets | 1/ | 17.4 | 11.0 | 18.6 | 14.8 |
| Total deferred debits | 1/ | 13.4 | 20.7 | 17.4 | 16.8 |
| Total assets | 1/ | 100.0 | 100.0 | 100.0 | 100.0 |
| | | | | | |
| Common stock | 1/ | 6.7 | 7.7 | - | 6.6 |
| Retained earnings | 1/ | 11.6 | 8.2 | 40.9 | 12.5 |
| Total common stock equity | 1/ | 31.4 | 26.6 | 42.2 | 30.2 |
| Total long-term (LT) debt | 1/ | 24.1 | 35.6 | 44.2 | 30.6 |
| Total capitalization | 1/3/ | 56.4 | 63.4 | 86.6 | 61.8 |
| Total non-current other liabilities | 1/ | 1.9 | 1.6 | 1.1 | 1.7 |
| Current & accrued liabilities | 1/ | 24.6 | 10.3 | 9.5 | 17.4 |
| Total deferred credits | 1/ | 16.8 | 22.0 | 1.5 | 17.8 |
| Total capitalization & liabilities | 1/3/ | 100.0 | 100.0 | 100.0 | 100.0 |

1/ Figures for combination utilities are necessarily based on combined gas and electric operations. Four municipal utilities are also combined gas-electric utilities.

2/ Reflects gas and non-gas assets, also includes regulatory assets.

3/ Total capitalization figure in this display includes preferred stock.

**APPENDIX 3d: GAS UTILITY INCOME STATEMENTS - Per Cost Driver**

| 2003 Data, 78 Utilities Reporting | | Gas Utilities | | | | Combination Utilities | | | | Municipal Utilities | | | | All Companies | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Stratified by Type of Company | | 54 firms | | | | 14 firms | | | | 10 firms | | | | 78 firms | | | |
| | Units | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG |
| **GAS-ONLY INCOME STATEMENT - Per Annual Therms Delivered** | | | | | | | | | | | | | | | | | |
| Operating revenue | $/THERM | $ 0.4950 | $ 0.6957 | $ 0.7870 | $ 0.6672 | $ 0.5454 | $ 0.6894 | $ 0.9042 | $ 0.7453 | $ 0.6880 | $ 0.8487 | $ 0.9307 | $ 0.8488 | $ 0.5391 | $ 0.6996 | $ 0.8411 | $ 0.7045 |
| Operating expense | $/THERM | $ 0.3838 | $ 0.5336 | $ 0.6389 | $ 0.5118 | $ 0.4207 | $ 0.5542 | $ 0.6868 | $ 0.5819 | $ 0.5632 | $ 0.6363 | $ 0.7451 | $ 0.6427 | $ 0.3893 | $ 0.5563 | $ 0.6495 | $ 0.5411 |
| Maintenance expense | $/THERM | $ 0.0062 | $ 0.0106 | $ 0.0180 | $ 0.0154 | $ 0.0088 | $ 0.0145 | $ 0.0179 | $ 0.0144 | $ 0.0103 | $ 0.0177 | $ 0.0401 | $ 0.0270 | $ 0.0071 | $ 0.0120 | $ 0.0185 | $ 0.0167 |
| Total O&M | $/THERM | $ 0.3891 | $ 0.5540 | $ 0.6600 | $ 0.5271 | $ 0.4347 | $ 0.5664 | $ 0.7045 | $ 0.5963 | $ 0.5820 | $ 0.6511 | $ 0.7653 | $ 0.6697 | $ 0.3991 | $ 0.5667 | $ 0.6759 | $ 0.5578 |
| Depreciation | $/THERM | $ 0.0239 | $ 0.0292 | $ 0.0426 | $ 0.0364 | $ 0.0207 | $ 0.0322 | $ 0.0440 | $ 0.0333 | $ 0.0198 | $ 0.0434 | $ 0.0493 | $ 0.0362 | $ 0.0226 | $ 0.0298 | $ 0.0451 | $ 0.0358 |
| Depletion | $/THERM | $ - | $ - | $ - | $ 0.0002 | $ - | $ - | $ 0.0013 | $ 0.0017 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 0.0005 |
| Amortization | $/THERM | $ - | $ - | $ 0.0012 | $ 0.0006 | $ - | $ 0.0000 | $ 0.0030 | $ 0.0033 | $ - | $ - | $ - | $ 0.0006 | $ - | $ - | $ 0.0012 | $ 0.0011 |
| Prop. loss charged to operations | $/THERM | $ - | $ - | $ - | $ 0.0000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 0.0000 |
| Total taxes | $/THERM | $ 0.0223 | $ 0.0380 | $ 0.0547 | $ 0.0471 | $ 0.0204 | $ 0.0383 | $ 0.0593 | $ 0.0459 | $ - | $ 0.0057 | $ 0.0228 | $ 0.0122 | $ 0.0179 | $ 0.0358 | $ 0.0535 | $ 0.0424 |
| Other operating income | $/THERM | $ - | $ - | $ - | $ 0.0007 | $ - | $ - | $ - | $ 0.0013 | $ - | $ - | $ 0.0043 | $ 0.0003 | $ - | $ - | $ - | $ 0.0008 |
| Total operating income | $/THERM | $ 0.0256 | $ 0.0466 | $ 0.0632 | $ 0.0557 | $ 0.0314 | $ 0.0486 | $ 0.0739 | $ 0.0647 | $ 0.0130 | $ 0.0546 | $ 0.0846 | $ 0.1302 | $ 0.0249 | $ 0.0468 | $ 0.0687 | $ 0.0668 |

| | Units | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GAS-ONLY INCOME STATEMENT - Per Average Annual Customers Served** | | | | | | | | | | | | | | | | | |
| Operating revenue | $/CUSTOMER | $ 1,034 | $ 1,252 | $ 1,526 | $ 1,282 | $ 949 | $ 1,266 | $ 1,409 | $ 1,292 | $ 995 | $ 1,224 | $ 1,595 | $ 1,279 | $ 1,001 | $ 1,258 | $ 1,526 | $ 1,284 |
| Operating expense | $/CUSTOMER | $ 815 | $ 1,006 | $ 1,209 | $ 1,003 | $ 830 | $ 1,016 | $ 1,124 | $ 1,001 | $ 857 | $ 1,035 | $ 1,262 | $ 1,014 | $ 811 | $ 1,009 | $ 1,171 | $ 1,004 |
| Maintenance expense | $/CUSTOMER | $ 14 | $ 22 | $ 33 | $ 26 | $ 16 | $ 23 | $ 33 | $ 25 | $ 17 | $ 31 | $ 56 | $ 43 | $ 15 | $ 23 | $ 33 | $ 28 |
| Total O&M | $/CUSTOMER | $ 839 | $ 1,018 | $ 1,225 | $ 1,029 | $ 847 | $ 1,043 | $ 1,142 | $ 1,027 | $ 875 | $ 1,057 | $ 1,345 | $ 1,057 | $ 829 | $ 1,032 | $ 1,210 | $ 1,032 |
| Depreciation | $/CUSTOMER | $ 47 | $ 59 | $ 77 | $ 65 | $ 46 | $ 53 | $ 70 | $ 57 | $ 34 | $ 46 | $ 68 | $ 52 | $ 45 | $ 57 | $ 75 | $ 62 |
| Depletion | $/CUSTOMER | $ - | $ - | $ - | $ 0 | $ - | $ - | $ 4 | $ 2 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 1 |
| Amortization | $/CUSTOMER | $ - | $ - | $ 2 | $ 2 | $ - | $ 0 | $ 5 | $ 8 | $ - | $ - | $ - | $ 0 | $ - | $ - | $ 2 | $ 3 |
| Prop. loss charged to operations | $/CUSTOMER | $ - | $ - | $ - | $ 0 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 0 |
| Total taxes | $/CUSTOMER | $ 46 | $ 77 | $ 118 | $ 85 | $ 41 | $ 75 | $ 106 | $ 82 | $ - | $ 4 | $ 41 | $ 20 | $ 41 | $ 65 | $ 111 | $ 76 |
| Other operating income | $/CUSTOMER | $ - | $ - | $ - | $ 2 | $ - | $ - | $ - | $ 3 | $ - | $ - | $ 3 | $ 2 | $ - | $ - | $ - | $ 2 |
| Total operating income | $/CUSTOMER | $ 61 | $ 96 | $ 129 | $ 100 | $ 54 | $ 82 | $ 146 | $ 116 | $ 22 | $ 92 | $ 126 | $ 149 | $ 56 | $ 91 | $ 133 | $ 109 |

| | Units | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GAS-ONLY INCOME STATEMENT - Per Dollar of Gas Plant** | | | | | | | | | | | | | | | | | |
| Operating revenue | per $GAS PLAN | $ 0.5045 | $ 0.6210 | $ 0.7418 | $ 0.6275 | $ 0.5774 | $ 0.6460 | $ 0.7249 | $ 0.6522 | $ 0.5631 | $ 0.6024 | $ 0.7782 | $ 0.6842 | $ 0.5276 | $ 0.6225 | $ 0.7471 | $ 0.6392 |
| Operating expense | per $GAS PLAN | $ 0.3918 | $ 0.5068 | $ 0.5989 | $ 0.4967 | $ 0.4365 | $ 0.5015 | $ 0.6164 | $ 0.5181 | $ 0.4426 | $ 0.5048 | $ 0.7371 | $ 0.5465 | $ 0.4080 | $ 0.5026 | $ 0.6354 | $ 0.5069 |
| Maintenance expense | per $GAS PLAN | $ 0.0069 | $ 0.0099 | $ 0.0158 | $ 0.0131 | $ 0.0098 | $ 0.0123 | $ 0.0152 | $ 0.0123 | $ 0.0098 | $ 0.0208 | $ 0.0312 | $ 0.0207 | $ 0.0073 | $ 0.0116 | $ 0.0173 | $ 0.0139 |
| Total O&M | per $GAS PLAN | $ 0.4041 | $ 0.5202 | $ 0.6289 | $ 0.5098 | $ 0.4511 | $ 0.5159 | $ 0.6265 | $ 0.5303 | $ 0.4570 | $ 0.5362 | $ 0.7543 | $ 0.5672 | $ 0.4227 | $ 0.5196 | $ 0.6580 | $ 0.5208 |
| Depreciation | per $GAS PLAN | $ 0.0267 | $ 0.0296 | $ 0.0336 | $ 0.0302 | $ 0.0240 | $ 0.0295 | $ 0.0317 | $ 0.0289 | $ 0.0237 | $ 0.0278 | $ 0.0288 | $ 0.0266 | $ 0.0264 | $ 0.0291 | $ 0.0329 | $ 0.0295 |
| Depletion | per $GAS PLAN | $ - | $ - | $ - | $ 0.0002 | $ - | $ - | $ 0.0009 | $ 0.0011 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 0.0003 |
| Amortization | per $GAS PLAN | $ - | $ - | $ 0.0015 | $ 0.0011 | $ - | $ 0.0000 | $ 0.0024 | $ 0.0023 | $ - | $ - | $ - | $ 0.0003 | $ - | $ - | $ 0.0015 | $ 0.0012 |
| Prop. loss charged to operations | per $GAS PLAN | $ - | $ - | $ - | $ 0.0000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 0.0000 |
| Total taxes | per $GAS PLAN | $ 0.0260 | $ 0.0376 | $ 0.0553 | $ 0.0412 | $ 0.0217 | $ 0.0382 | $ 0.0594 | $ 0.0381 | $ - | $ 0.0028 | $ 0.0196 | $ 0.0100 | $ 0.0190 | $ 0.0348 | $ 0.0543 | $ 0.0366 |
| Other operating income | per $GAS PLAN | $ - | $ - | $ - | $ 0.0008 | $ - | $ - | $ - | $ 0.0016 | $ - | $ - | $ 0.0021 | $ 0.0003 | $ - | $ - | $ - | $ 0.0009 |
| Total operating income | per $GAS PLAN | $ 0.0329 | $ 0.0463 | $ 0.0573 | $ 0.0450 | $ 0.0339 | $ 0.0468 | $ 0.0696 | $ 0.0513 | $ 0.0108 | $ 0.0457 | $ 0.0571 | $ 0.0801 | $ 0.0327 | $ 0.0463 | $ 0.0594 | $ 0.0507 |

| | Units | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG | LQ | MED | UQ | AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GAS-ONLY INCOME STATEMENT - Per Mile of Distribution Pipe & Svcs.** | | | | | | | | | | | | | | | | | |
| Operating revenue | per mile of pipe | $ 25,555 | $ 35,866 | $ 52,552 | $ 47,272 | $ 33,120 | $ 41,869 | $ 55,980 | $ 45,741 | $ 29,693 | $ 43,932 | $ 55,179 | $ 46,094 | $ 26,945 | $ 39,746 | $ 55,067 | $ 46,846 |
| Operating expense | per mile of pipe | $ 19,445 | $ 29,249 | $ 42,326 | $ 36,702 | $ 25,922 | $ 33,770 | $ 42,529 | $ 35,375 | $ 24,630 | $ 38,024 | $ 48,177 | $ 39,262 | $ 21,290 | $ 31,857 | $ 43,149 | $ 36,792 |
| Maintenance expense | per mile of pipe | $ 363 | $ 666 | $ 1,156 | $ 940 | $ 511 | $ 606 | $ 1,272 | $ 884 | $ 460 | $ 1,181 | $ 2,678 | $ 1,740 | $ 421 | $ 662 | $ 1,226 | $ 1,032 |
| Total O&M | per mile of pipe | $ 20,114 | $ 29,698 | $ 42,786 | $ 37,641 | $ 26,519 | $ 34,251 | $ 43,889 | $ 36,259 | $ 25,090 | $ 40,060 | $ 50,000 | $ 41,002 | $ 21,837 | $ 32,770 | $ 44,013 | $ 37,824 |
| Depreciation | per mile of pipe | $ 1,243 | $ 1,791 | $ 2,583 | $ 2,299 | $ 1,628 | $ 1,844 | $ 2,591 | $ 2,017 | $ 1,071 | $ 1,369 | $ 2,246 | $ 1,763 | $ 1,243 | $ 1,748 | $ 2,583 | $ 2,180 |
| Depletion | per mile of pipe | $ - | $ - | $ - | $ 28 | $ - | $ - | $ 102 | $ 86 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 35 |
| Amortization | per mile of pipe | $ - | $ - | $ 58 | $ 79 | $ - | $ 0 | $ 164 | $ 291 | $ - | $ - | $ - | $ 68 | $ - | $ - | $ 64 | $ 116 |
| Prop. loss charged to operations | per mile of pipe | $ - | $ - | $ - | $ 3 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 2 |
| Total taxes | per mile of pipe | $ 1,192 | $ 1,998 | $ 4,722 | $ 3,445 | $ 1,773 | $ 2,346 | $ 3,299 | $ 2,889 | $ - | $ 364 | $ 1,385 | $ 711 | $ 1,120 | $ 1,868 | $ 3,811 | $ 2,995 |
| Other operating income | per mile of pipe | $ - | $ - | $ - | $ 91 | $ - | $ - | $ - | $ 76 | $ - | $ - | $ 303 | $ 238 | $ - | $ - | $ - | $ 107 |
| Total operating income | per mile of pipe | $ 1,830 | $ 2,623 | $ 4,492 | $ 3,776 | $ 1,691 | $ 2,683 | $ 5,706 | $ 4,199 | $ 668 | $ 1,071 | $ 3,385 | $ 2,550 | $ 1,471 | $ 2,623 | $ 4,809 | $ 3,695 |

Key: LQ = Lower Quartile, MED = Median, UQ = Upper Quartile, AVG = Average

NOTE: Quartile figures for each column do not sum. The quartile arrangements do not yield the same sequence of firms for each variable. For example, the firm which provides the median figure for "total O&M" is not the same as the firm that provides the median figure for "total operating income."

**APPENDIX 3e: GAS UTILITY FINANCIAL RATIOS**

| 2003 Data, 78 Utilities Reporting<br>Stratified by Type of Company | | Units | Gas IOUs<br>54 firms<br>LQ | MED | UQ | AVG | Combination IOUs<br>14 firms<br>LQ | MED | UQ | AVG | Municipal LDCs<br>10 firms<br>LQ | MED | UQ | AVG | All Companies<br>78 firms<br>LQ | MED | UQ | AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Therms delivered (avg.) per acct. | | -- | 1,621 | 2,038 | 2,336 | 2,185 | 1,339 | 1,960 | 2,130 | 1,902 | 1,412 | 1,654 | 1,810 | 1,594 | 1,597 | 1,913 | 2,273 | 2,058 |
| Therms per $1,000 of gas plant | | -- | 766 | 980 | 1,290 | 1,075 | 653 | 914 | 1,417 | 1,030 | 571 | 673 | 1,228 | 906 | 680 | 964 | 1,290 | 1,045 |
| Value of gas plant per customer | | -- | $ 1,602 | $ 1,946 | $ 2,589 | $ 2,184 | $ 1,470 | $ 1,713 | $ 2,520 | $ 2,053 | $ 1,467 | $ 1,694 | $ 2,415 | $ 1,941 | $ 1,501 | $ 1,915 | $ 2,594 | $ 2,129 |
| %Sales firm (not interruptible) | | -- | 87.1% | 95.3% | 99.9% | 88.7% | 95.7% | 98.0% | 99.9% | 95.6% | 70.3% | 82.0% | 90.3% | 79.8% | 84.7% | 95.3% | 99.7% | 88.8% |
| Collection period (days) | 1/ | -- | 23.1 | 34.3 | 51.9 | 40.8 | 24.3 | 28.3 | 29.8 | 26.8 | 34.7 | 45.0 | 58.5 | 48.2 | 24.6 | 31.8 | 51.4 | 39.2 |
| Gas O&M expense as pct. of revenue | | -- | 73.9% | 80.9% | 85.7% | 79.4% | 76.9% | 79.4% | 85.1% | 80.8% | 85.2% | 90.5% | 94.0% | 89.4% | 76.7% | 81.8% | 86.2% | 80.8% |
| Gas operating income as pct. of revenue | | -- | 5.1% | 7.6% | 10.2% | 8.1% | 5.1% | 7.2% | 11.4% | 8.2% | 1.6% | 6.1% | 9.1% | 4.9% | 4.9% | 7.5% | 10.4% | 7.8% |
| Gas operating revenue per customer | | -- | $ 1,034 | $ 1,252 | $ 1,526 | $ 1,282 | $ 949 | $ 1,266 | $ 1,409 | $ 1,292 | $ 995 | $ 1,224 | $ 1,595 | $ 1,279 | $ 1,001 | $ 1,258 | $ 1,526 | $ 1,284 |
| Gas O&M expense per customer | | -- | $ 839 | $ 1,018 | $ 1,225 | $ 1,029 | $ 847 | $ 1,043 | $ 1,142 | $ 1,027 | $ 1,026 | $ 1,072 | $ 1,417 | $ 1,174 | $ 836 | $ 1,039 | $ 1,216 | $ 1,046 |
| Gas operating income per customer | | -- | $ 61 | $ 96 | $ 129 | $ 100 | $ 54 | $ 82 | $ 146 | $ 116 | $ 22 | $ 92 | $ 126 | $ 149 | $ 56 | $ 91 | $ 133 | $ 109 |
| Gas revenue per dollar of gas plant | | -- | $ 0.505 | $ 0.621 | $ 0.742 | $ 0.627 | $ 0.577 | $ 0.646 | $ 0.725 | $ 0.652 | $ 0.563 | $ 0.602 | $ 0.778 | $ 0.684 | $ 0.528 | $ 0.623 | $ 0.747 | $ 0.639 |
| Gas O&M expense per dollar of gas plant | | -- | $ 0.404 | $ 0.520 | $ 0.629 | $ 0.510 | $ 0.451 | $ 0.516 | $ 0.626 | $ 0.530 | $ 0.481 | $ 0.591 | $ 0.772 | $ 0.630 | $ 0.423 | $ 0.521 | $ 0.660 | $ 0.528 |
| Gas operating income per $ of gas plant | | -- | $ 0.033 | $ 0.046 | $ 0.057 | $ 0.045 | $ 0.034 | $ 0.047 | $ 0.070 | $ 0.051 | $ 0.011 | $ 0.046 | $ 0.057 | $ 0.080 | $ 0.033 | $ 0.046 | $ 0.059 | $ 0.051 |
| Gas revenue per mile of pipe | 2/ | -- | $ 25,555 | $ 35,866 | $ 52,552 | $ 47,272 | $ 33,120 | $ 41,869 | $ 55,980 | $ 45,741 | $ 29,693 | $ 43,932 | $ 55,179 | $ 46,094 | $ 26,945 | $ 39,746 | $ 55,067 | $ 46,846 |
| Gas O&M expense per mile of pipe | 2/ | -- | $ 20,114 | $ 29,698 | $ 42,786 | $ 37,641 | $ 26,519 | $ 34,251 | $ 43,889 | $ 36,259 | $ 29,492 | $ 40,607 | $ 52,691 | $ 45,557 | $ 22,497 | $ 33,003 | $ 44,157 | $ 38,315 |
| Gas operating income per mile of pipe | 2/ | -- | $ 1,830 | $ 2,623 | $ 4,492 | $ 3,776 | $ 1,691 | $ 2,683 | $ 5,706 | $ 4,199 | $ 668 | $ 1,071 | $ 3,385 | $ 2,550 | $ 1,471 | $ 2,623 | $ 4,809 | $ 3,695 |
| Long-term debt - total assets ratio | 1/ | -- | 14.2% | 23.0% | 31.3% | 22.1% | 29.4% | 32.9% | 37.7% | 32.8% | 14.3% | 40.3% | 48.8% | 34.0% | 15.8% | 25.2% | 33.4% | 25.6% |
| Long-term debt - total capitalization ratio | 1/3/ | -- | 27.0% | 41.6% | 48.8% | 37.2% | 45.9% | 49.3% | 54.9% | 51.1% | 15.6% | 46.3% | 57.2% | 43.3% | 28.4% | 43.7% | 51.1% | 40.5% |
| Net interest - long-term debt ratio | 1/ | -- | 7.3% | 8.5% | 11.5% | 9.6% | 6.7% | 7.9% | 8.3% | 8.1% | 3.1% | 4.9% | 5.7% | 4.1% | 6.4% | 8.1% | 9.7% | 8.5% |
| EBITDA interest coverage | 1/ | -- | 4.2x | 6.4x | 11.4x | 9.7x | 4.9x | 6.0x | 7.0x | 5.6x | 2.5x | 6.9x | 11.3x | 7.6x | 4.1x | 6.3x | 8.7x | 8.7x |
| Return on assets | | -- | 1.6% | 3.1% | 4.3% | 2.8% | 2.1% | 3.5% | 4.5% | 3.4% | 0.4% | 1.6% | 3.5% | 2.0% | 1.5% | 3.2% | 4.3% | 2.8% |
| Gross sales margin per therm | 4/ | | $ 0.210 | $ 0.262 | $ 0.346 | $ 0.334 | $ 0.157 | $ 0.231 | $ 0.380 | $ 0.258 | $ 0.147 | $ 0.253 | $ 0.402 | $ 0.325 | $ 0.181 | $ 0.257 | $ 0.351 | $ 0.319 |
| Gross sales margin per customer | 4/ | | $ 376 | $ 520 | $ 718 | $ 650 | $ 315 | $ 383 | $ 534 | $ 451 | $ 312 | $ 360 | $ 567 | $ 439 | $ 348 | $ 488 | $ 691 | $ 588 |

Key: LQ = Lower Quartile, MED = Median, UQ = Upper Quartile, AVG = Average

1/ Figures for combination utilities are necessarily based on combined gas and electric operations. Four municipal utilities are also combined gas-electric utilities.

2/ Miles of distribution pipes and services combined.

3/ Total capitalization figure in this display includes preferred stock.

4/ Gross sales margin = operating revenues less purchased gas expense

NOTE: Some ratios are not always normally distributed. Therefore, average ratio values may be subject to distortion by a few observations that are outliers.

**APPENDIX 4: GAS UTILITY O&M Detail**

Based on Segment Averages

| VALUES PER THERM | Gas Utilites | | | Combination Utilites | | | Municipal Utilities | | | All Companies | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 |
| Gas-only revenues | $0.6067 | $0.5303 | $0.6672 | $0.6303 | $0.5935 | $0.7453 | $0.7502 | $0.6312 | $0.8488 | $0.6292 | $0.5569 | $0.7045 |
| Purchased-gas expense | 0.3816 | 0.2857 | 0.3336 | 0.3984 | 0.3513 | 0.4868 | 0.4944 | 0.3230 | 0.5234 | 0.3990 | 0.3054 | 0.3854 |
| Gross sales margin | 0.2251 | 0.2446 | 0.3336 | 0.2318 | 0.2422 | 0.2584 | 0.2558 | 0.3083 | 0.3255 | 0.2303 | 0.2515 | 0.3190 |
| Total production costs[1] | $0.4044 | $0.3044 | $0.3963 | $0.3954 | $0.3556 | $0.4795 | $0.5526 | $0.4086 | $0.5310 | $0.4212 | $0.3286 | $0.4285 |
| Storage & LNG | 0.0021 | 0.0042 | 0.0040 | 0.0024 | 0.0016 | 0.0012 | 0.0072 | 0.0108 | 0.0086 | 0.0028 | 0.0044 | 0.0041 |
| Transmission | 0.0022 | 0.0050 | 0.0071 | 0.0019 | 0.0046 | 0.0025 | 0.0003 | 0.0015 | 0.0010 | 0.0019 | 0.0045 | 0.0055 |
| Distribution | 0.0271 | 0.0309 | 0.0371 | 0.0346 | 0.0321 | 0.0364 | 0.0492 | 0.0503 | 0.0504 | 0.0314 | 0.0334 | 0.0387 |
| Customer accounts | 0.0181 | 0.0191 | 0.0247 | 0.0191 | 0.0211 | 0.0215 | 0.0174 | 0.0147 | 0.0291 | 0.0182 | 0.0190 | 0.0247 |
| Customer svc. & info. | 0.0021 | 0.0020 | 0.0022 | 0.0036 | 0.0047 | 0.0058 | 0.0083 | 0.0128 | 0.0114 | 0.0032 | 0.0039 | 0.0040 |
| Sales | 0.0025 | 0.0023 | 0.0024 | 0.0021 | 0.0020 | 0.0030 | 0.0013 | 0.0019 | 0.0030 | 0.0023 | 0.0022 | 0.0026 |
| Admin. & general | 0.0372 | 0.0458 | 0.0533 | 0.0360 | 0.0401 | 0.0463 | 0.0379 | 0.0380 | 0.0352 | 0.0371 | 0.0436 | 0.0497 |
| Total O&M | 0.4958 | 0.4136 | 0.5271 | 0.4951 | 0.4618 | 0.5963 | 0.6742 | 0.5387 | 0.6697 | 0.5180 | 0.4395 | 0.5578 |
| PERCENT OF REVENUE | | | | | | | | | | | | |
| Gas-only revenues | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Purchased-gas expense | 62.9% | 53.9% | 50.0% | 63.2% | 59.2% | 65.3% | 65.9% | 51.2% | 61.7% | 63.4% | 54.8% | 54.7% |
| Gross sales margin | 37.1% | 46.1% | 50.0% | 36.8% | 40.8% | 34.7% | 34.1% | 48.8% | 38.3% | 36.6% | 45.2% | 45.3% |
| Total production costs[1] | 66.7% | 57.4% | 59.4% | 62.7% | 59.9% | 64.3% | 73.7% | 64.7% | 62.6% | 66.9% | 59.0% | 60.8% |
| Storage & LNG | 0.3% | 0.8% | 0.6% | 0.4% | 0.3% | 0.2% | 1.0% | 1.7% | 1.0% | 0.4% | 0.8% | 0.6% |
| Transmission | 0.4% | 0.9% | 1.1% | 0.3% | 0.8% | 0.3% | 0.0% | 0.2% | 0.1% | 0.3% | 0.8% | 0.8% |
| Distribution | 4.5% | 5.8% | 5.6% | 5.5% | 5.4% | 4.9% | 6.6% | 8.0% | 5.9% | 5.0% | 6.0% | 5.5% |
| Customer accounts | 3.0% | 3.6% | 3.7% | 3.0% | 3.6% | 2.9% | 2.3% | 2.3% | 3.4% | 2.9% | 3.4% | 3.5% |
| Customer svc. & info. | 0.4% | 0.4% | 0.3% | 0.6% | 0.8% | 0.8% | 1.1% | 2.0% | 1.3% | 0.5% | 0.7% | 0.6% |
| Sales | 0.4% | 0.4% | 0.4% | 0.3% | 0.3% | 0.4% | 0.2% | 0.3% | 0.4% | 0.4% | 0.4% | 0.4% |
| Admin. & general | 6.1% | 8.6% | 8.0% | 5.7% | 6.8% | 6.2% | 5.1% | 6.0% | 4.1% | 5.9% | 7.8% | 7.1% |
| Total O&M | 81.7% | 78.0% | 79.0% | 78.6% | 77.8% | 80.0% | 89.9% | 85.3% | 78.9% | 82.3% | 78.9% | 79.2% |
| VALUES PER CUSTOMER | | | | | | | | | | | | |
| Gas-only revenues | $ 1,349 | $ 1,170 | $ 1,282 | $ 1,220 | $ 1,074 | $ 1,292 | $ 1,469 | $ 1,147 | $ 1,279 | $ 1,339 | $ 1,145 | $ 1,284 |
| Purchased-gas expense | $ 829 | $ 597 | $ 632 | $ 775 | $ 623 | $ 841 | $ 911 | $ 574 | $ 840 | $ 829 | $ 600 | $ 696 |
| Gross sales margin | $ 519 | $ 573 | $ 650 | $ 445 | $ 451 | $ 451 | $ 558 | $ 573 | $ 439 | $ 510 | $ 545 | $ 588 |
| Total production costs[1] | $ 900 | $ 670 | $ 794 | $ 769 | $ 632 | $ 824 | $ 1,087 | $ 754 | $ 854 | $ 898 | $ 671 | $ 807 |
| Storage & LNG | $ 5 | $ 9 | $ 8 | $ 5 | $ 3 | $ 2 | $ 17 | $ 18 | $ 16 | $ 6 | $ 9 | $ 8 |
| Transmission | $ 6 | $ 12 | $ 11 | $ 4 | $ 7 | $ 5 | $ 1 | $ 3 | $ 1 | $ 5 | $ 10 | $ 9 |
| Distribution | $ 57 | $ 64 | $ 65 | $ 67 | $ 58 | $ 61 | $ 92 | $ 89 | $ 77 | $ 63 | $ 66 | $ 66 |
| Customer accounts | $ 38 | $ 40 | $ 43 | $ 38 | $ 37 | $ 38 | $ 33 | $ 28 | $ 32 | $ 38 | $ 38 | $ 41 |
| Customer svc. & info. | $ 6 | $ 6 | $ 5 | $ 7 | $ 8 | $ 9 | $ 15 | $ 20 | $ 18 | $ 7 | $ 8 | $ 7 |
| Sales | $ 6 | $ 5 | $ 5 | $ 4 | $ 3 | $ 4 | $ 3 | $ 5 | $ 7 | $ 5 | $ 5 | $ 5 |
| Admin. & general | $ 81 | $ 115 | $ 99 | $ 70 | $ 75 | $ 83 | $ 74 | $ 68 | $ 50 | $ 78 | $ 100 | $ 90 |
| Total O&M | $ 1,100 | $ 921 | $ 1,029 | $ 963 | $ 823 | $ 1,027 | $ 1,324 | $ 986 | $ 1,057 | $ 1,101 | $ 906 | $ 1,032 |

1/ Purchased cost expense is subsumed within total production costs. NOTE: Figures may not add precisely due to independent rounding

## APPENDIX 5: WAGES & BENEFITS

| 2003 Data, 78 Utilities Reporting | Gas Utilities | | | | Combination Utilities | | | | Municipal Utilities | | | | All Companies | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Stratified by Type of Company | *54 firms* | | | | *14 firms* | | | | *10 firms* | | | | *78 firms* | | | |
| | **LQ** | **MED** | **UQ** | **AVG.** | **LQ** | **MED** | **UQ** | **AVG.** | **LQ** | **MED** | **UQ** | **AVG.** | **LQ** | **MED** | **UQ** | **AVG.** |
| Average number of employees | 117 | 434 | 1,181 | 672 | 151 | 262 | 660 | 435 | 24 | 145 | 450 | 386 | 107 | 347 | 774 | 597 |
| Number of Employees at year-end | 186 | 499 | 1,254 | 766 | 150 | 404 | 671 | 472 | 143 | 177 | 441 | 408 | 157 | 441 | 947 | 672 |
| O&M wages ('000) | 6,906 | 26,389 | 57,015 | 34,824 | 5,045 | 13,750 | 31,000 | 21,730 | 1,280 | 1,772 | 20,534 | 18,392 | 5,067 | 20,534 | 46,735 | 30,583 |
| Construction wages ('000) | 424 | 3,973 | 8,910 | 7,295 | 1,277 | 3,483 | 14,866 | 6,867 | - | - | 362 | 836 | 230 | 2,678 | 8,007 | 6,445 |
| Total pensions ('000) | 258 | 4,266 | 20,070 | 11,102 | 192 | 2,962 | 8,714 | 6,953 | 356 | 2,010 | 8,399 | 6,615 | 232 | 3,452 | 17,316 | 9,844 |
| PER YEAR END EMPLOYEE: | | | | | | | | | | | | | | | | |
| Total salary & wages | 46,570 | 56,304 | 66,855 | 58,184 | 51,063 | 66,080 | 82,399 | 67,692 | 34,748 | 50,144 | 56,749 | 45,323 | 46,636 | 56,447 | 69,044 | 58,289 |
| Tot. benefits & pension | 6,250 | 14,534 | 20,123 | 14,257 | 1,525 | 12,987 | 27,228 | 16,131 | 11,288 | 14,056 | 16,182 | 13,120 | 6,085 | 14,409 | 19,786 | 14,445 |
| Total salary, benefits, and pension | 56,682 | 70,672 | 84,374 | 72,441 | 61,808 | 82,399 | 104,417 | 83,823 | 48,075 | 65,465 | 75,356 | 58,443 | 57,712 | 70,672 | 85,365 | 72,734 |
| Ratio: avg. benefits to avg. compensation | 13% | 22% | 27% | 19% | 11% | 20% | 29% | 19% | 21% | 25% | 34% | 30% | 13% | 22% | 27% | 20% |
| Therms delivered per year-end employee | 691,657 | 1,094,134 | 1,637,688 | 1,239,068 | 826,334 | 1,044,892 | 1,892,366 | 1,554,590 | 504,469 | 746,327 | 752,107 | 677,386 | 704,435 | 999,046 | 1,623,725 | 1,226,357 |
| Customers per year-end employee | 394 | 520 | 742 | 595 | 469 | 646 | 931 | 763 | 400 | 435 | 470 | 424 | 400 | 502 | 733 | 603 |

NOTE: Some ratios are not always normally distributed. Therefore, average ratio values may be subject to distortion by a few observations that are outliers.

Key: LQ = Lower Quartile, MED = Median, UQ = Upper Quartile, AVG = Average

**APPENDIX 6: Gas Utility Financial Performance**

| ***Based on Segment Medians*** | **Gas Utilities** | | | **Combination Utilities** | | | **Municipal Utilities** | | | **All Companies** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 |
| Asset Turnover | 0.70X | 0.55X | 0.68X | 0.49X | 0.46X | 0.48X | 0.59X | 0.44X | 0.48X | 0.59X | 0.51X | 0.58X |
| Financial Leverage | 65.5% | 63.3% | 65.8% | 68.3% | 67.9% | 66.8% | 45.9% | 49.2% | 51.3% | 65.6% | 65.2% | 65.5% |
| Debt/Equity Ratio | 72.8% | 74.1% | 71.7% | 106.5% | 107.0% | 104.4% | 30.5% | 28.9% | 76.9% | 78.9% | 85.2% | 79.0% |
| Equity Multiplier | 2.89 | 2.76 | 3.00 | 3.47 | 3.30 | 3.30 | 1.85 | 1.97 | 1.99 | 2.96 | 3.01 | 2.97 |
| Profit Margin | 3.3% | 5.4% | 4.7% | 7.3% | 5.5% | 7.2% | 5.3% | 7.1% | 5.3% | 3.6% | 5.7% | 5.2% |
| ROA | 2.5% | 2.6% | 3.1% | 3.4% | 2.8% | 3.5% | 2.7% | 2.7% | 1.6% | 2.7% | 2.6% | 3.2% |
| ROE | 7.6% | 8.3% | 8.7% | 11.3% | 10.5% | 11.2% | 5.1% | 5.6% | 4.4% | 8.2% | 8.1% | 8.1% |
| Current Ratio | 0.79 | 0.85 | 0.86 | 0.93 | 0.99 | 1.12 | 3.69 | 3.99 | 3.10 | 0.84 | 0.91 | 0.98 |
| Current Assets/Total Assets | 17.2% | 16.8% | 19.4% | 15.3% | 13.9% | 12.9% | 22.7% | 26.8% | 24.5% | 17.1% | 16.0% | 17.9% |

| ***Based on Segment Averages*** | ***Gas Utilities*** | | | **Combination Utilities** | | | **Municipal Utilities** | | | **All Companies** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 |
| Asset Turnover | 0.70X | 0.57X | 0.66X | 0.48X | 0.48X | 0.47X | 0.51X | 0.42X | 0.46X | 0.64X | 0.53X | 0.60X |
| Financial Leverage | 63.1% | 62.2% | 63.1% | 69.8% | 69.7% | 68.4% | 41.6% | 41.8% | 51.3% | 63.1% | 62.2% | 63.1% |
| Debt/Equity Ratio | 75.5% | 74.7% | 74.4% | 219.5% | 153.6% | 135.5% | 83.6% | 68.4% | 104.9% | 104.5% | 92.4% | 89.3% |
| Equity Multiplier | 3.04 | 3.00 | 3.09 | 5.73 | 4.34 | 3.81 | 2.24 | 1.96 | 2.46 | 3.46 | 3.19 | 3.15 |
| Profit Margin | 4.3% | 5.0% | 5.6% | 6.2% | 5.6% | 7.1% | 6.4% | 7.9% | 4.1% | 5.0% | 5.5% | 5.6% |
| ROA | 2.5% | 2.0% | 2.8% | 3.1% | 2.7% | 3.4% | 3.1% | 2.8% | 2.0% | 2.7% | 2.3% | 2.8% |
| ROE | 7.1% | 6.6% | 7.6% | 18.9% | 12.8% | 13.7% | 6.2% | 5.3% | 3.6% | 9.3% | 7.9% | 8.2% |
| Current Ratio | 0.88 | 0.94 | 0.92 | 1.48 | 1.24 | 1.48 | 3.30 | 3.97 | 2.87 | 1.30 | 1.36 | 1.27 |
| Current Assets/Total Assets | 19.0% | 19.5% | 21.0% | 16.4% | 13.6% | 13.5% | 24.6% | 27.3% | 24.2% | 19.2% | 19.0% | 20.0% |

**APPENDIX 7a: GAS UTILITY INCOME STATEMENTS - Per Cost Driver**

Based on Segment Average

| | | Gas Utilities | | | Combination Utilities | | | Municipal Utilities | | | All Companies | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Units | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 |
| **GAS-ONLY INCOME STATEMENT - Per Annual Therms Delivered** | | | | | | | | | | | | | |
| Operating revenue | $/THERM | $ 0.6067 | $ 0.5303 | $ 0.6672 | $ 0.6303 | $ 0.5935 | $ 0.7453 | $ 0.7502 | $ 0.6312 | $ 0.8488 | $ 0.6292 | $ 0.5569 | $ 0.7045 |
| Operating expense | $/THERM | $ 0.4841 | $ 0.4013 | $ 0.5118 | $ 0.4813 | $ 0.4494 | $ 0.5819 | $ 0.6514 | $ 0.5137 | $ 0.6427 | $ 0.5045 | $ 0.4257 | $ 0.5411 |
| Maintenance expense | $/THERM | $ 0.0118 | $ 0.0123 | $ 0.0154 | $ 0.0138 | $ 0.0124 | $ 0.0144 | $ 0.0229 | $ 0.0250 | $ 0.0270 | $ 0.0135 | $ 0.0138 | $ 0.0167 |
| Total O&M | $/THERM | $ 0.4958 | $ 0.4136 | $ 0.5271 | $ 0.4951 | $ 0.4618 | $ 0.5963 | $ 0.6742 | $ 0.5387 | $ 0.6697 | $ 0.5180 | $ 0.4395 | $ 0.5578 |
| Depreciation | $/THERM | $ 0.0304 | $ 0.0323 | $ 0.0364 | $ 0.0290 | $ 0.0313 | $ 0.0333 | $ 0.0209 | $ 0.0314 | $ 0.0362 | $ 0.0290 | $ 0.0319 | $ 0.0358 |
| Depletion | $/THERM | $ 0.0000 | $ 0.0003 | $ 0.0002 | $ 0.0000 | $ 0.0008 | $ 0.0017 | $ - | $ - | $ - | $ 0.0000 | $ 0.0004 | $ 0.0005 |
| Amortization | $/THERM | $ 0.0014 | $ 0.0011 | $ 0.0006 | $ 0.0026 | $ 0.0028 | $ 0.0033 | $ - | $ - | $ 0.0006 | $ 0.0014 | $ 0.0014 | $ 0.0011 |
| Prop. loss charged to operations | $/THERM | $ (0.0000) | $ 0.0000 | $ 0.0000 | $ - | $ 0.0002 | $ - | $ - | $ - | $ - | $ (0.0000) | $ 0.0001 | $ 0.0000 |
| Total taxes | $/THERM | $ 0.0351 | $ 0.0371 | $ 0.0471 | $ 0.0413 | $ 0.0421 | $ 0.0459 | $ 0.0150 | $ 0.0122 | $ 0.0122 | $ 0.0338 | $ 0.0353 | $ 0.0424 |
| Other operating income | $/THERM | $ 0.0002 | $ (0.0009) | $ 0.0007 | $ 0.0000 | $ 0.0019 | $ 0.0013 | $ 0.0056 | $ 0.0041 | $ 0.0003 | $ 0.0008 | $ 0.0004 | $ 0.0008 |
| Total operating income | $/THERM | $ 0.0440 | $ 0.0459 | $ 0.0557 | $ 0.0622 | $ 0.0546 | $ 0.0647 | $ 0.0401 | $ 0.0489 | $ 0.1302 | $ 0.0470 | $ 0.0483 | $ 0.0668 |

NOTE: "$0.0000" indicates a value which, on a per-therm basis, is too small to be expressed within four significant digits.

| | Units | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GAS-ONLY INCOME STATEMENT - Per Average Annual Customers Served** | | | | | | | | | | | | | |
| Operating revenue | $/CUSTOMER | $ 1,349 | $ 1,170 | $ 1,282 | $ 1,220 | $ 1,074 | $ 1,292 | $ 1,469 | $ 1,147 | $ 1,279 | $ 1,339 | $ 1,145 | $ 1,284 |
| Operating expense | $/CUSTOMER | $ 1,075 | $ 895 | $ 1,003 | $ 936 | $ 800 | $ 1,001 | $ 1,280 | $ 942 | $ 1,014 | $ 1,074 | $ 878 | $ 1,004 |
| Maintenance expense | $/CUSTOMER | $ 25 | $ 26 | $ 26 | $ 28 | $ 23 | $ 25 | $ 44 | $ 44 | $ 43 | $ 28 | $ 27 | $ 28 |
| Total O&M | $/CUSTOMER | $ 1,100 | $ 921 | $ 1,029 | $ 963 | $ 823 | $ 1,027 | $ 1,324 | $ 986 | $ 1,057 | $ 1,101 | $ 906 | $ 1,032 |
| Depreciation | $/CUSTOMER | $ 68 | $ 71 | $ 65 | $ 57 | $ 57 | $ 57 | $ 39 | $ 55 | $ 52 | $ 62 | $ 66 | $ 62 |
| Depletion | $/CUSTOMER | $ 0 | $ 1 | $ 0 | $ 0 | $ 1 | $ 2 | $ - | $ - | $ - | $ 0 | $ 1 | $ 1 |
| Amortization | $/CUSTOMER | $ 3 | $ 2 | $ 2 | $ 5 | $ 6 | $ 8 | $ - | $ - | $ 0 | $ 3 | $ 3 | $ 3 |
| Prop. loss charged to operations | $/CUSTOMER | $ (0) | $ 0 | $ 0 | $ - | $ 1 | $ - | $ - | $ - | $ - | $ (0) | $ 0 | $ 0 |
| Total taxes | $/CUSTOMER | $ 80 | $ 84 | $ 85 | $ 81 | $ 80 | $ 82 | $ 28 | $ 20 | $ 20 | $ 74 | $ 76 | $ 76 |
| Other operating income | $/CUSTOMER | $ 1 | $ (2) | $ 2 | $ 0 | $ 3 | $ 3 | $ 11 | $ 10 | $ 2 | $ 2 | $ 1 | $ 2 |
| Total operating income | $/CUSTOMER | $ 97 | $ 91 | $ 100 | $ 115 | $ 106 | $ 116 | $ 78 | $ 86 | $ 149 | $ 98 | $ 94 | $ 109 |

| | Units | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GAS-ONLY INCOME STATEMENT - Per Dollar of Gas Plant** | | | | | | | | | | | | | |
| Operating revenue | per $GAS PLANT | $ 0.6698 | $ 0.5365 | $ 0.6275 | $ 0.6311 | $ 0.5407 | $ 0.6522 | $ 0.7511 | $ 0.6016 | $ 0.6842 | $ 0.6724 | $ 0.5451 | $ 0.6392 |
| Operating expense | per $GAS PLANT | $ 0.5404 | $ 0.4125 | $ 0.4967 | $ 0.4921 | $ 0.4102 | $ 0.5181 | $ 0.6660 | $ 0.4943 | $ 0.5465 | $ 0.5467 | $ 0.4215 | $ 0.5069 |
| Maintenance expense | per $GAS PLANT | $ 0.0124 | $ 0.0121 | $ 0.0131 | $ 0.0142 | $ 0.0112 | $ 0.0123 | $ 0.0207 | $ 0.0222 | $ 0.0207 | $ 0.0138 | $ 0.0131 | $ 0.0139 |
| Total O&M | per $GAS PLANT | $ 0.5528 | $ 0.4246 | $ 0.5098 | $ 0.5063 | $ 0.4214 | $ 0.5303 | $ 0.6867 | $ 0.5165 | $ 0.5672 | $ 0.5605 | $ 0.4346 | $ 0.5208 |
| Depreciation | per $GAS PLANT | $ 0.0310 | $ 0.0307 | $ 0.0302 | $ 0.0299 | $ 0.0289 | $ 0.0289 | $ 0.0146 | $ 0.0269 | $ 0.0266 | $ 0.0287 | $ 0.0298 | $ 0.0295 |
| Depletion | per $GAS PLANT | $ 0.0000 | $ 0.0003 | $ 0.0002 | $ 0.0000 | $ 0.0009 | $ 0.0011 | $ - | $ - | $ - | $ 0.0000 | $ 0.0004 | $ 0.0003 |
| Amortization | per $GAS PLANT | $ 0.0012 | $ 0.0010 | $ 0.0011 | $ 0.0024 | $ 0.0025 | $ 0.0023 | $ - | $ - | $ 0.0003 | $ 0.0013 | $ 0.0012 | $ 0.0012 |
| Prop. loss charged to operations | per $GAS PLANT | $ (0.0000) | $ 0.0000 | $ 0.0000 | $ - | $ 0.0002 | $ - | $ - | $ - | $ - | $ (0.0000) | $ 0.0001 | $ 0.0000 |
| Total taxes | per $GAS PLANT | $ 0.0400 | $ 0.0381 | $ 0.0412 | $ 0.0386 | $ 0.0377 | $ 0.0381 | $ 0.0164 | $ 0.0104 | $ 0.0100 | $ 0.0368 | $ 0.0348 | $ 0.0366 |
| Other operating income | per $GAS PLANT | $ 0.0002 | $ (0.0012) | $ 0.0008 | $ 0.0000 | $ 0.0021 | $ 0.0016 | $ 0.0060 | $ 0.0050 | $ 0.0003 | $ 0.0009 | $ 0.0003 | $ 0.0009 |
| Total operating income | per $GAS PLANT | $ 0.0447 | $ 0.0418 | $ 0.0450 | $ 0.0539 | $ 0.0491 | $ 0.0513 | $ 0.0333 | $ 0.0477 | $ 0.0801 | $ 0.0451 | $ 0.0442 | $ 0.0507 |

NOTE: "$0.0000" indicates a value which, on a per $gas plant basis, is too small to be expressed within four significant digits.

**APPENDIX 7a: GAS UTILITY INCOME STATEMENTS - Per Cost Driver (cont'd)**

| | Units | Gas Utilities 2001 | Gas Utilities 2002 | Gas Utilities 2003 | Combination Utilities 2001 | Combination Utilities 2002 | Combination Utilities 2003 | Municipal Utilities 2001 | Municipal Utilities 2002 | Municipal Utilities 2003 | All Companies 2001 | All Companies 2002 | All Companies 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GAS-ONLY INCOME STATEMENT - Per Mile of Distribution Pipe & Svcs.** | | | | | | | | | | | | | |
| Operating revenue | per mile of pipe | $ 47,349 | $ 37,471 | $ 47,272 | $ 42,325 | $ 37,646 | $ 45,741 | $ 38,764 | $ 32,010 | $ 46,094 | $ 45,299 | $ 36,864 | $ 46,846 |
| Operating expense | per mile of pipe | $ 37,308 | $ 28,095 | $ 36,702 | $ 32,319 | $ 28,271 | $ 35,375 | $ 34,183 | $ 25,757 | $ 39,262 | $ 35,947 | $ 27,858 | $ 36,792 |
| Maintenance expense | per mile of pipe | $ 926 | $ 878 | $ 940 | $ 958 | $ 762 | $ 884 | $ 1,268 | $ 1,140 | $ 1,740 | $ 975 | $ 883 | $ 1,032 |
| Total O&M | per mile of pipe | $ 38,233 | $ 28,973 | $ 37,641 | $ 33,277 | $ 29,033 | $ 36,259 | $ 35,451 | $ 26,896 | $ 41,002 | $ 36,922 | $ 28,741 | $ 37,824 |
| Depreciation | per mile of pipe | $ 2,365 | $ 2,217 | $ 2,299 | $ 1,951 | $ 1,991 | $ 2,017 | $ 974 | $ 1,407 | $ 1,763 | $ 2,111 | $ 2,071 | $ 2,180 |
| Depletion | per mile of pipe | $ 2 | $ 34 | $ 28 | $ 0 | $ 50 | $ 86 | $ - | $ - | $ - | $ 1 | $ 34 | $ 35 |
| Amortization | per mile of pipe | $ 79 | $ 71 | $ 79 | $ 190 | $ 263 | $ 291 | $ - | $ 6 | $ 68 | $ 90 | $ 106 | $ 116 |
| Prop. loss charged to operations | per mile of pipe | $ (0) | $ 5 | $ 3 | $ - | $ 26 | $ - | $ - | $ - | $ - | $ (0) | $ 9 | $ 2 |
| Total taxes | per mile of pipe | $ 3,067 | $ 2,989 | $ 3,445 | $ 2,881 | $ 2,689 | $ 2,889 | $ 827 | $ 1,017 | $ 711 | $ 2,751 | $ 2,688 | $ 2,995 |
| Other operating income | per mile of pipe | $ 15 | $ (56) | $ 91 | $ 0 | $ 112 | $ 76 | $ 337 | $ 180 | $ 238 | $ 53 | $ 10 | $ 107 |
| Total operating income | per mile of pipe | $ 3,603 | $ 3,182 | $ 3,776 | $ 4,026 | $ 3,594 | $ 4,199 | $ 1,512 | $ 2,684 | $ 2,550 | $ 3,424 | $ 3,215 | $ 3,695 |

**APPENDIX 7b: GAS UTILITY FINANCIAL RATIOS**

Based on Segment Average
Stratified by Type of Company

| | | Gas Utilities 2001 | Gas Utilities 2002 | Gas Utilities 2003 | Combination Utilities 2001 | Combination Utilities 2002 | Combination Utilities 2003 | Municipal Utilities 2001 | Municipal Utilities 2002 | Municipal Utilities 2003 | All Companies 2001 | All Companies 2002 | All Companies 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Therms delivered (avg.) per acct. | | 2,484 | 2,494 | 2,185 | 2,041 | 1,927 | 1,902 | 2,089 | 1,954 | 1,594 | 2,349 | 2,299 | 2,058 |
| Therms per $1,000 of gas plant | | 1,228 | 1,142 | 1,075 | 1,149 | 1,008 | 1,030 | 1,093 | 1,082 | 906 | 1,196 | 1,103 | 1,045 |
| Value of gas plant per customer | | $ 2,199 | $ 2,374 | $ 2,184 | $ 1,996 | $ 2,019 | $ 2,053 | $ 2,065 | $ 2,008 | $ 1,941 | $ 2,142 | $ 2,249 | $ 2,129 |
| %Sales firm (not interruptible) | | 92% | 90% | 89% | 96% | 95% | 96% | 83% | 79% | 80% | 91% | 90% | 89% |
| Collection period (days) | 1/ | 30.9 | 43.4 | 40.8 | 33.7 | 28.9 | 26.8 | 35.8 | 47.8 | 48.2 | 32.1 | 40.6 | 39.2 |
| Gas O&M expense as pct. of revenue | | 81% | 77% | 79% | 80% | 77% | 81% | 90% | 86% | 89% | 82% | 78% | 81% |
| Gas oper. income as pct. of revenue | | 8% | 9% | 8% | 9% | 9% | 8% | 5% | 8% | 5% | 7% | 9% | 8% |
| Gas operating revenue per customer | | $ 1,349 | $ 1,170 | $ 1,282 | $ 1,220 | $ 1,074 | $ 1,292 | $ 1,469 | $ 1,147 | $ 1,279 | $ 1,339 | $ 1,145 | $ 1,284 |
| Gas O&M expense per customer | | $ 1,100 | $ 921 | $ 1,029 | $ 963 | $ 823 | $ 1,027 | $ 1,324 | $ 986 | $ 1,174 | $ 1,101 | $ 906 | $ 1,046 |
| Gas operating income per customer | | $ 97 | $ 91 | $ 100 | $ 115 | $ 106 | $ 116 | $ 78 | $ 86 | $ 149 | $ 98 | $ 94 | $ 109 |
| Gas revenue per dollar of gas plant | | $ 0.6698 | $ 0.5365 | $ 0.6275 | $ 0.6311 | $ 0.5407 | $ 0.6522 | $ 0.7511 | $ 0.6016 | $ 0.6842 | $ 0.6724 | $ 0.5451 | $ 0.6392 |
| Gas O&M expense per $ of gas plant | | $ 0.5528 | $ 0.4246 | $ 0.5098 | $ 0.5063 | $ 0.4214 | $ 0.5303 | $ 0.6867 | $ 0.5165 | $ 0.6302 | $ 0.5605 | $ 0.4346 | $ 0.5276 |
| Gas oper. income per $ of gas plant | | $ 0.0447 | $ 0.0418 | $ 0.0450 | $ 0.0539 | $ 0.0491 | $ 0.0513 | $ 0.0333 | $ 0.0477 | $ 0.0801 | $ 0.0451 | $ 0.0442 | $ 0.0507 |
| Gas revenue per mile of pipe | 2/ | $ 47,349 | $ 37,471 | $ 47,272 | $ 42,325 | $ 38,158 | $ 45,741 | $ 38,764 | $ 31,140 | $ 46,094 | $ 45,299 | $ 36,892 | $ 46,846 |
| Gas O&M expense per mile of pipe | 2/ | $ 38,233 | $ 28,973 | $ 37,641 | $ 33,277 | $ 29,331 | $ 36,259 | $ 35,451 | $ 26,879 | $ 45,557 | $ 36,922 | $ 28,812 | $ 38,315 |
| Gas oper. income per mile of pipe | 2/ | $ 3,603 | $ 3,182 | $ 3,776 | $ 4,026 | $ 3,748 | $ 4,199 | $ 1,512 | $ 2,222 | $ 2,550 | $ 3,424 | $ 3,202 | $ 3,695 |
| LT debt - total assets ratio | 1/ | 23.7% | 23.4% | 22.1% | 31.4% | 32.8% | 32.8% | 28.9% | 28.3% | 34.0% | 25.9% | 26.1% | 25.6% |
| LT debt - total capitalization ratio | 1/3/ | 39.2% | 37.7% | 37.2% | 51.3% | 53.0% | 51.1% | 35.0% | 32.0% | 43.3% | 41.0% | 40.6% | 40.5% |
| Net interest - long-term debt ratio | 1/ | 11.9% | 9.3% | 9.6% | 8.3% | 8.1% | 8.1% | 5.1% | 11.1% | 4.1% | 10.3% | 9.2% | 8.5% |
| EBITDA interest coverage | 1/ | 6.5x | 7.2x | 9.7x | 6.0x | 5.3x | 5.6x | 19.1x | 14.9x | 7.6x | 7.9x | 7.6x | 8.7x |
| Return on assets | | 2.5% | 2.0% | 2.8% | 3.1% | 2.7% | 3.4% | 3.1% | 2.8% | 2.0% | 2.7% | 2.3% | 2.8% |

1/ Figures for combination utilities are necessarily based on combined gas and electric operations.
2/ Miles of distribution pipes and services combined.
3/ Total capitalization figure in this display includes preferred stock.
NOTE: Some ratios are not always normally distributed. Therefore, average ratio values may be subject to distortion by a few observations that are outliers.

**APPENDIX 8: GAS UTILITY WAGE AND BENEFITS**

Based on Segment Average

| Stratified by Type of Company | Gas Utilities | | | Combination Utilities | | | Municipal Utilities | | | All Companies | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 |
| Average number of employees | 523 | 781 | 672 | 714 | 772 | 435 | 193 | 220 | 386 | 522 | 719 | 597 |
| Number of Employees at year-end | 709 | 888 | 766 | 732 | 840 | 472 | 220 | 250 | 408 | 653 | 808 | 672 |
| O&M wages ('000) | $ 29,388 | $ 37,332 | $ 34,824 | $ 31,648 | $ 34,620 | $ 21,730 | $ 7,856 | $ 8,315 | $ 18,392 | $ 27,167 | $ 33,586 | $ 30,583 |
| Construction wages ('000) | $ 6,102 | $ 8,272 | $ 7,295 | $ 9,643 | $ 12,769 | $ 6,867 | $ 869 | $ 896 | $ 836 | $ 6,186 | $ 8,564 | $ 6,445 |
| Total pensions ('000) | $ 4,680 | $ 7,824 | $ 11,102 | $ 7,276 | $ 6,469 | $ 6,953 | $ 2,160 | $ 2,949 | $ 6,615 | $ 4,906 | $ 6,979 | $ 9,844 |
| PER EMPLOYEE(1/): | | | | | | | | | | | | |
| Total salary & wages | $ 52,888 | $ 54,541 | $ 58,184 | $ 63,228 | $ 59,021 | $ 67,692 | $ 45,299 | $ 40,084 | $ 45,323 | $ 54,124 | $ 54,074 | $ 58,289 |
| Tot. benefits & pension | $ 8,590 | $ 9,334 | $ 14,257 | $ 9,591 | $ 7,817 | $ 16,131 | $ 7,994 | $ 10,583 | $ 13,120 | $ 8,726 | $ 9,103 | $ 14,445 |
| Total salary, benefits, and pension | $ 61,478 | $ 63,875 | $ 72,441 | $ 72,818 | $ 66,838 | $ 83,823 | $ 53,292 | $ 50,667 | $ 58,443 | $ 62,850 | $ 63,177 | $ 72,734 |
| Ratio: avg. benefits to avg. compensation | 13.3% | 11.4% | 18.6% | 9.6% | 11.1% | 18.9% | 18.7% | 25.5% | 29.6% | 13.1% | 12.7% | 19.9% |
| Therms sold per year-end employee | 1,326,518 | 1,182,241 | 1,239,068 | 1,378,511 | 1,329,237 | 1,554,590 | 743,399 | 705,632 | 677,386 | 1,268,620 | 1,166,682 | 1,226,357 |
| Customers per year-end employee | 560 | 512 | 595 | 622 | 690 | 763 | 370 | 373 | 424 | 550 | 540 | 603 |

1/ year-end employees

**APPENDIX 9: COMPANIES STUDIED**

Consolidations are limited to LDC business units.

| GAS IOUs | Years Reported 2001 | 2002 | 2003 |
|---|---|---|---|
| AGL Resources | | X | X |
| Arkansas Oklahoma Gas Corp | X | X | X |
| Arkansas Western Gas Company | X | X | X |
| Arkla, Inc. | X | X | X |
| Atmos Energy Corporation | X | X | X |
| Berkshire Gas Company | X | X | X |
| Boston Gas Company | X | | |
| Cascade Natural Gas Corp | X | | |
| Chesapeake Utilities Corp | X | X | X |
| Citizens Gas & Coke Utility | | X | X |
| Citizens Gas Fuel Company | | X | X |
| City Gas Company - WI | | | X |
| City Gas Company of Florida, a Division of NUI | | | X |
| Colonial Gas Company | X | | |
| Corning Natural Gas Corp | X | X | X |
| Delta Natural Gas Company | X | X | X |
| Dominion Peoples | X | X | X |
| East Ohio Gas Company | X | X | X |
| EnergyNorth Natural Gas | X | | |
| Enstar Natural Gas Company | X | X | X |
| Entex, A Div. Of Noram Energy Corp. | X | X | X |
| Equitable Resources, Inc. | X | X | X |
| Essex County Gas Company | X | | |
| Hope Gas, Inc. | X | X | X |
| Illinois Gas Company | X | X | X |
| Indiana Gas Company, Inc. | X | X | X |
| Intermountain Gas Company | | X | X |
| KeySpan Energy Delivery - NYC | X | X | X |
| KeySpan Energy Delivery New England | | X | X |
| Laclede Gas Company | X | X | X |
| Michigan Consolidated Gas Co | | X | X |
| Michigan Gas Utilities | X | | X |
| Minnegasco | X | X | X |
| Mississippi Valley Gas Company | X | | |
| Missouri Public Service | X | | X |
| Mobile Gas Service Corporation | X | X | X |
| National Fuel Gas Company (consolidated) | | X | X |
| New Jersey Natural Gas Company | X | X | X |
| Nicor Gas And Sub Companies | X | X | X |
| North Carolina Nat Gas Corp | X | X | |
| North Shore Gas Company | X | X | X |
| Northern Indiana Fuel And Light | X | X | X |
| Northwest Natural Gas Company | X | X | X |
| NSTAR Gas | | X | X |
| NUI - Elizabethtown Gas Company | X | X | X |
| Ohio Gas Company | X | X | X |
| Ohio Valley Gas Corporation | X | X | X |
| Ohio Valley Gas Inc. | X | X | X |
| ONEOK, Inc. | | | X |
| Peoples Gas Light & Coke Company | X | X | X |
| Peoples Gas System, Inc. | X | X | X |
| Peoples Natural Gas Company (Omaha) | X | | X |
| Piedmont Natural Gas Company | X | X | X |
| Puget Sound Energy | X | X | X |
| Questar Gas Company | X | X | X |
| Semco Energy (S.E. Michigan) | X | X | X |
| South Jersey Gas Company | X | X | |

| GAS IOUs (cont.) | Years Reported 2001 | 2002 | 2003 |
|---|---|---|---|
| Southwest Gas Corporation | X | X | X |
| Southwestern Virginia Gas Co. | X | X | X |
| Union Oil & Gas Co. | | | X |
| Washington Gas Light Company | X | X | X |
| Wisconsin Gas Company | | X | |
| Yankee Gas Services Company | | X | X |

| COMBINATION IOUs | 2001 | 2002 | 2003 |
|---|---|---|---|
| Ameren Corp. | | X | X |
| Avista Corp | | X | X |
| Baltimore Gas & Electric Co. | X | X | X |
| Central Hudson Gas & Electric Corp. | X | X | X |
| Consumers Energy | X | X | |
| Florida Public Utilities Company | X | X | X |
| KeySpan Gas East - LILCO | X | X | X |
| Louisville Gas & Electric Co. | X | | |
| Madison Gas & Electric Company | X | X | X |
| New York State Electric & Gas Co. | X | X | |
| PECO Energy Company (consolidated) | X | X | X |
| PNM Gas Service | | X | |
| Public Service Company of Colorado | | X | X |
| Public Service Enterprises | | X | |
| Rochester Gas & Electric Corp | X | X | |
| Sierra Pacific Power Co | | X | X |
| Southern Indiana Gas & Elec Co | X | X | X |
| St. Joseph Light & Power | X | | X |
| TXU | X | X | X |
| UGI Utilities, Inc. | X | X | X |

| MUNICIPALS | 2001 | 2002 | 2003 |
|---|---|---|---|
| Colorado Springs Utilities | X | X | X |
| Knoxville Utilities Board | X | X | X |
| Memphis Light, Gas & Water Div | X | X | X |
| Metropolitan Util Dist-Omaha | X | X | X |
| Middle Tenn Nat Gas Util Dist | X | X | X |
| Okaloosa County Gas District | | | X |
| Owatonna Public Utilities | X | X | X |
| Philadelphia Gas Works | | | X |
| Richmond Dept. of Pub. Util., City of | X | X | X |
| Southeast Alabama Gas Dist | X | X | |
| Westfield Gas & Electric Light | X | X | X |