



# Energy Analysis

EA 2009-4

December 18, 2009

## 2006-2008 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 2006 through 2008. Additional information, some of which is company specific, 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 United States. For this analysis, a total of 80 companies were studied for 2008, 75 utilities were included in the 2007 sample, and 65 utilities were examined for 2006.<sup>1</sup> They are located across the United States, and each company has a unique combination of scale, load profile, and climatic attributes. In aggregate, the firms included in this study accounted for 45 percent of the natural gas consumed in 2008, 38 percent in 2007, and 38 percent in 2006.<sup>2</sup> *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 most companies in this analysis. These companies earn returns that accrue to their investors. State-

<sup>1</sup> This set number was determined after eliminating member companies for whom data was either incomplete or not provided. 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.

<sup>2</sup> Natural gas distributed for end-use consumption totaled 21.3 Tcf in 2008, 21.2 Tcf in 2007, and 19.9 Tcf in 2006, U.S. Department of Energy / Energy Information Administration, *Natural Gas Monthly*.

level public utility commissions regulate their operations, finance, and capital investment activities.

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.<sup>3</sup>

*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, type of sales by customer class, number of customers served, and various employment profile statistics. Data for miles of mains came from the U.S. Department of Transportation, Office of Pipeline Safety.

*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 United States as a whole, 2008 was 5.0 percent warmer than normal, 2007 was 6.0 percent warmer than normal, and 2006 was 11.6 percent warmer than normal.<sup>4</sup> The deviation between actual heating degree days (HDDs) versus 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 covers only 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 varied over time. Finally, specific company participation in the data collection changes 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 facilitate annual comparisons.

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<sup>3</sup> 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.

<sup>4</sup> Source: AGA *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 and electric utilities, and municipally owned gas utilities.<sup>5</sup> 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.<sup>6</sup> 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 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.
- *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

<sup>5</sup> See Glossary in Appendix 1 for a definition of these categories.

<sup>6</sup> Appendix 3a financial statements are in thousands of dollars.

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 (ROA) as well as return on common equity. Since ROA measures the returns attributable to operations (prior to finance costs), ROA is 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. 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 a whole. This is especially true of the average number of customers.

<b>TABLE 1</b>			
<b>UTILITY PROFILES</b>			
<b>STATISTICAL SUMMARY, BY INDUSTRY SEGMENT</b>			
<b>DATA BASED ON SEGMENT AVERAGES</b>			
	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>All Companies</b>	<b>65 Firms</b>	<b>75 Firms</b>	<b>80 Firms</b>
Number of gas customers	651,589	603,262	667,784
Annual therms delivered ('000)	1,176,501	1,097,065	1,202,873
Annual therms delivered per account	1,889	1,986	1,967
Therms delivered per \$1,000 of gas plant	927	872	867
Density of system <sup>2</sup>	62.2	61.5	63.2
Firm sales <sup>3</sup>	90.8%	90.5%	91.0%
<b>Gas utilities</b>	<b>45 Firms</b>	<b>49 Firms</b>	<b>53 Firms</b>
Number of gas customers	636,301	607,585	696,409
Annual therms delivered ('000)	1,190,433	1,171,511	1,315,188
Annual therms delivered per account	1,988	2,066	2,053
Therms delivered per \$1,000 of gas plant	902	935	875
Density of system <sup>2</sup>	61.2	56.3	59.8
Firm sales <sup>3</sup>	89.3%	90.0%	91.4%
<b>Comb. Gas &amp; Electric Utilities<sup>1</sup></b>	<b>14 Firms</b>	<b>17 Firms</b>	<b>18 Firms</b>
Number of gas customers	883,591	822,650	832,612
Annual therms delivered ('000)	1,514,532	1,343,882	1,365,387
Annual therms delivered per account	1,831	2,042	2,004
Therms delivered per \$1,000 of gas plant	1,104	783	936
Density of system <sup>2</sup>	59.9	73.0	72.9
Firm sales <sup>3</sup>	98.1%	97.7%	94.9%
<b>Municipal Utilities</b>	<b>6 Firms</b>	<b>9 Firms</b>	<b>9 Firms</b>
Number of gas customers	224,910	165,326	169,560
Annual therms delivered ('000)	283,269	225,537	216,436
Annual therms delivered per account	1,286	1,443	1,389
Therms delivered per \$1,000 of gas plant	697	692	686
Density of system <sup>2</sup>	74.7	67.1	65.5
Firm sales <sup>3</sup>	85.3%	79.9%	79.7%

Source: AGA, USR and US Department of Transportation, Office of Pipeline Safety.

<sup>1</sup> Data for "Combination Gas & Electric Utilities is from gas operations only.

<sup>2</sup> "Density" refers to the number of customers per mile of pipe in service.

<sup>3</sup> "Firm Sales" is 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

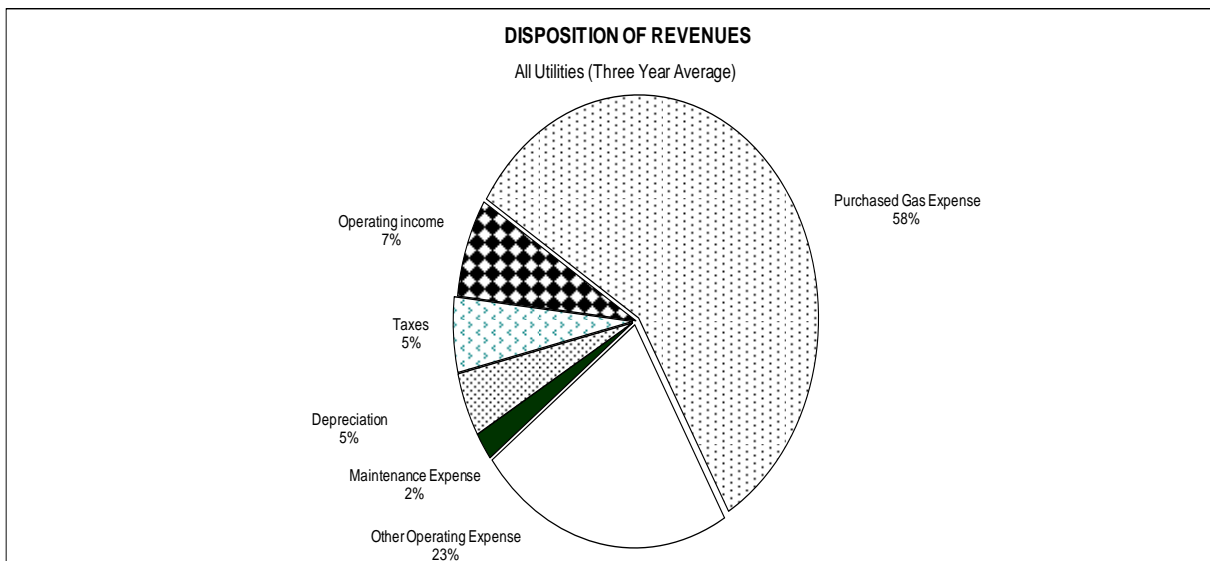
Annual Average Values per Group  
Data Based on Segment Averages

	2006	2007	2008
<b>All Companies</b>			
Operating revenue ('000)	\$875,061	\$828,250	\$946,631
Per customer	\$1,535	\$1,614	\$1,681
Per therm	\$0.9203	\$0.9261	\$0.9967
Gross sales margin (Rev. less Pur. Gas, '000)	\$295,334	\$295,193	\$343,844
Per customer	\$493	\$557	\$525
Per therm	\$0.312	\$0.327	\$0.315
Collection period (days)	34.2	38.4	39.7
<b>Gas Utilities</b>			
Operating revenue ('000)	\$861,251	\$819,306	\$973,956
Per customer	\$1,560	\$1,573	\$1,696
Per therm	\$0.8925	\$0.8720	\$0.9644
Gross sales margin (Rev. less Pur. Gas, '000)	\$292,027	\$295,975	\$ 365,875
Per customer	\$515	\$527	\$541
Per therm	\$0.319	\$0.323	\$0.309
Collection period (days)	36.3	42.3	43.3
<b>Comb. Gas &amp; Electric Utilities<sup>1</sup></b>			
Operating revenue ('000)	\$1,149,842	\$1,156,512	\$1,198,645
Per customer	\$1,492	\$1,686	\$1,614
Per therm	\$0.9173	\$0.9427	\$0.9467
Gross sales margin (Rev. less Pur. Gas, '000)	\$388,364	\$410,994	\$ 409,477
Per customer	\$470	\$691	\$502
Per therm	\$0.290	\$0.353	\$0.305
Collection period (days)	27.8	32.1	30.9
<b>Municipal Utilities</b>			
Operating revenue ('000)	\$337,475	\$256,897	\$281,687
Per customer	\$1,453	\$1,702	\$1,733
Per therm	\$1.1365	\$1.1892	\$1.1049
Gross sales margin (Rev. less Pur. Gas, '000)	\$103,063	\$71,693	\$ 82,839
Per customer	\$381	\$420	\$477
Per therm	\$0.303	\$0.302	\$0.369
Collection period (days)	33.5	29.6	26.4

Source: AGA

<sup>1</sup> Figures for gas operations only.

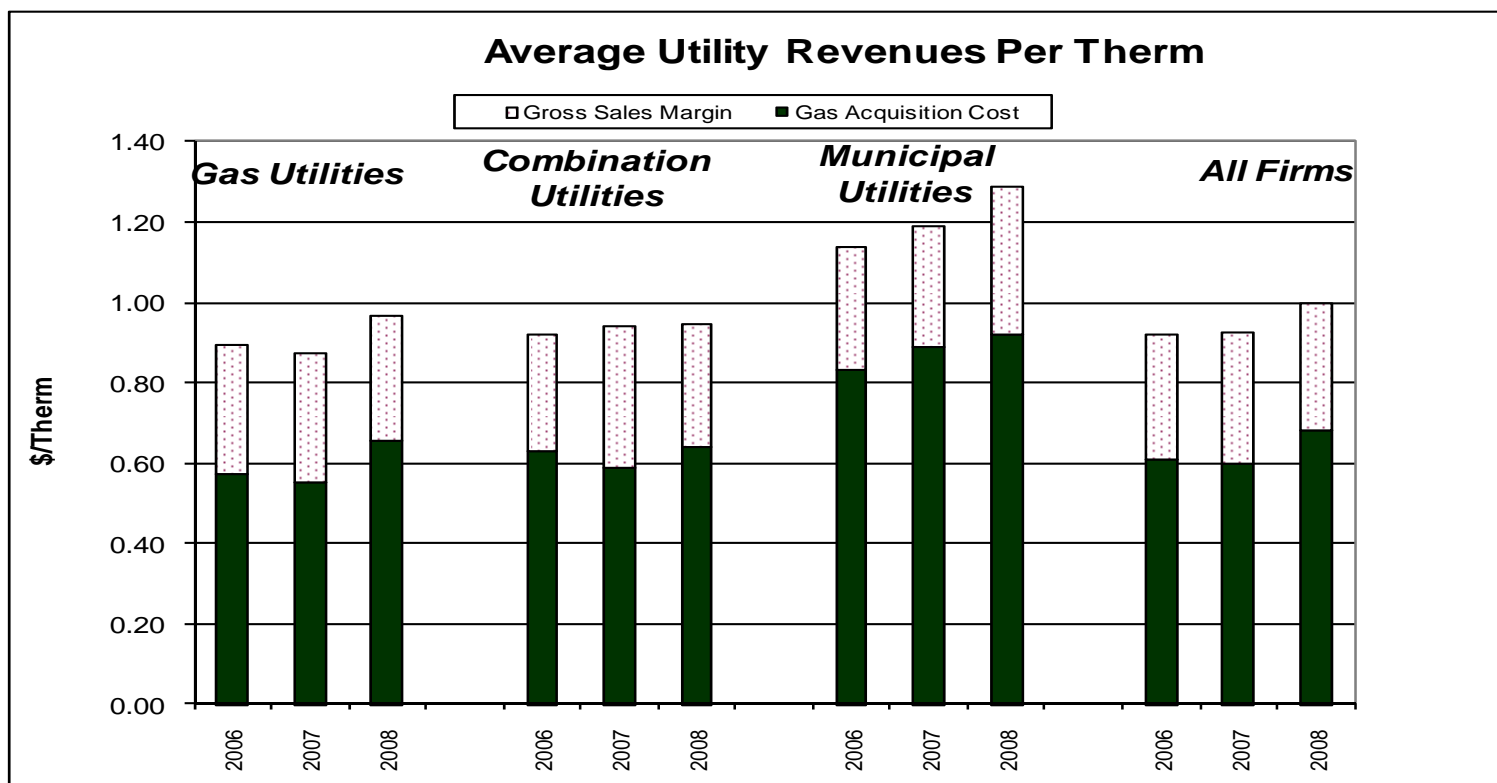
**FIGURE 1**



**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**

**UTILITY O&M DETAIL ANALYSIS**

	GAS UTILITIES			COMBO UTILITIES <sup>1</sup>		
	2006	2007	2008	2006	2007	2008
<b>VALUES PER THERM</b>						
Gas-only revenues	\$0.8925	\$0.8720	\$0.9644	\$0.9173	\$0.9427	\$0.9467
Purchased-gas expense	\$0.4771	\$0.4620	\$0.5949	\$0.5576	\$0.5657	\$0.5187
Gross sales margin	\$0.3194	\$0.3228	\$0.3085	\$0.2903	\$0.3530	\$0.3053
Total production costs <sup>2</sup>	\$0.5730	\$0.5492	\$0.6398	\$0.6271	\$0.5898	\$0.6414
Storage & LNG	0.0059	0.0064	0.0110	0.0016	0.0017	0.0016
Transmission	0.0089	0.0099	0.0094	0.0054	0.0180	0.0100
Distribution	0.0437	0.0441	0.0435	0.0374	0.0385	0.0381
Customer accounts	0.0309	0.0315	0.0325	0.0271	0.0270	0.0299
Customer svc. & info.	0.0039	0.0034	0.0024	0.0092	0.0107	0.0121
Sales	0.0030	0.0038	0.0018	0.0031	0.0027	0.0026
<u>Admin. &amp; general</u>	<u>0.0624</u>	<u>0.0583</u>	<u>0.0601</u>	<u>0.0458</u>	<u>0.0505</u>	<u>0.0536</u>
Total O&M	\$0.7316	\$0.7066	\$0.7995	\$0.7567	\$0.7388	0.7892
<b>SAME-SIZE ANALYSIS</b>						
Gas-only revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Purchased-gas expense	53.5%	53.0%	61.7%	60.8%	60.0%	54.8%
Gross sales margin	35.8%	37.0%	32.0%	31.6%	37.4%	32.3%
Total production costs <sup>2</sup>	64.2%	63.0%	66.3%	68.4%	62.6%	67.7%
Storage & LNG	0.7%	0.7%	1.1%	0.2%	0.2%	0.2%
Transmission	1.0%	1.1%	1.0%	0.6%	1.9%	1.1%
Distribution	4.9%	5.1%	4.5%	4.1%	4.1%	4.0%
Customer accounts	3.5%	3.6%	3.4%	3.0%	2.9%	3.2%
Customer svc. & info.	0.4%	0.4%	0.2%	1.0%	1.1%	1.3%
Sales	0.3%	0.4%	0.2%	0.3%	0.3%	0.3%
<u>Admin. &amp; general</u>	<u>7.0%</u>	<u>6.7%</u>	<u>6.2%</u>	<u>5.0%</u>	<u>5.4%</u>	<u>5.7%</u>
Total O&M	82.0%	81.0%	82.9%	82.5%	78.4%	83.4%

Source: AGA, USR.

<sup>1</sup> Figures for gas operations only.

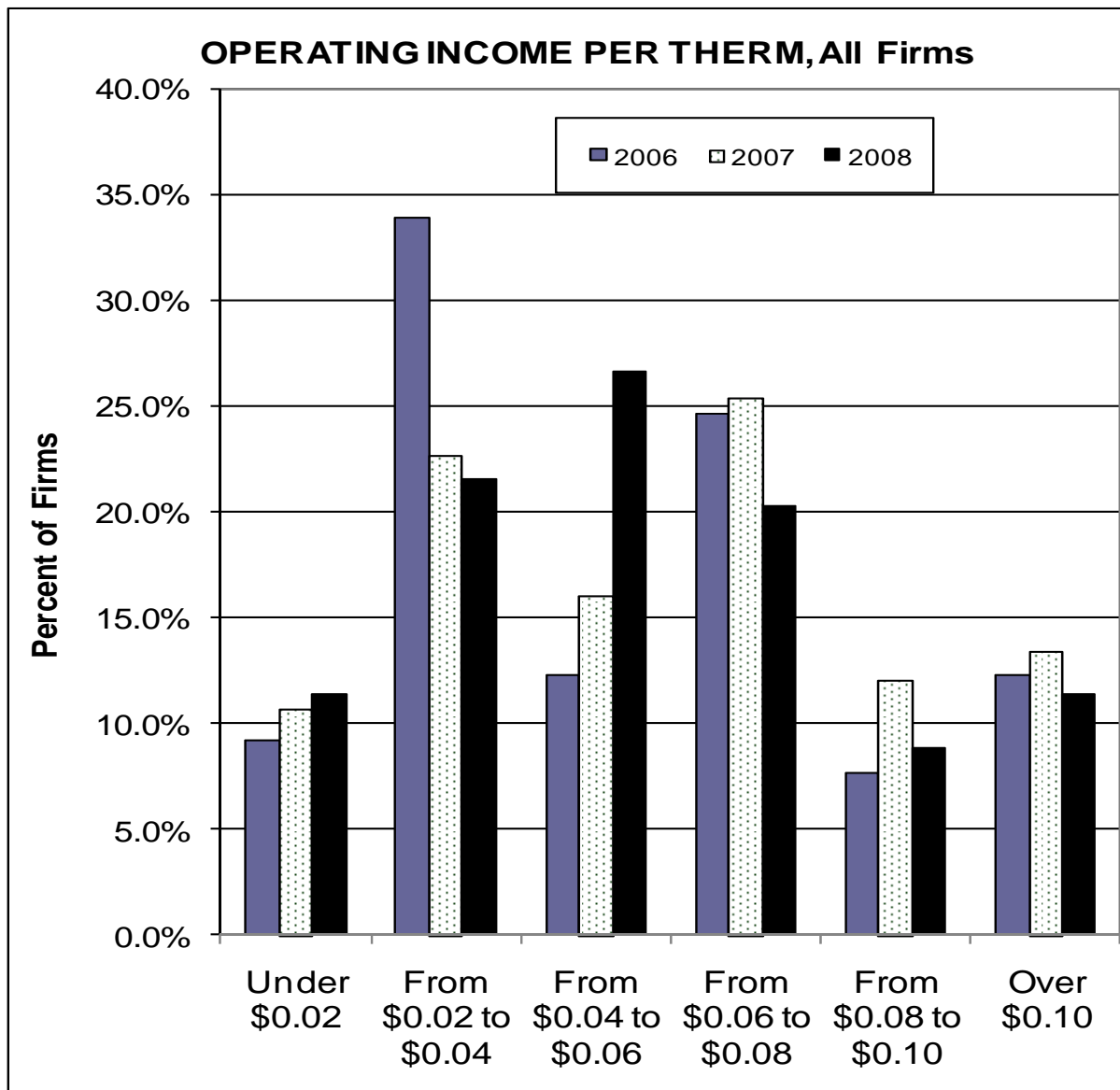
<sup>2</sup> Purchased-gas expense is subsumed within total production costs.

**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 <sup>1</sup>		
	2006	2007	2008	2006	2007	2008
Operating revenue, \$000	\$861,251	\$819,306	\$973,956	\$1,149,842	\$1,156,512	\$1,198,645
Total O&M, \$000	\$707,894	\$655,071	\$816,171	\$953,324	\$928,261	\$983,298
Operating income, \$000	\$57,926	\$69,481	\$47,142	\$73,445	\$91,534	\$82,349
<b>Percent of Revenue</b>						
Total O&M	82.6%	81.0%	82.9%	82.5%	78.4%	83.4%
Operating income	6.9%	7.4%	5.5%	7.0%	9.1%	6.6%
<b>Per Therm</b>						
Revenue	\$0.893	\$0.872	\$0.964	\$0.917	\$0.943	\$0.947
Total O&M	0.732	0.707	0.800	0.757	0.739	0.789
Operating income	0.065	0.065	0.053	0.064	0.086	0.062
<b>Per Customer</b>						
Revenue	\$1,560	\$1,573	\$1,696	\$1,492	\$1,686	\$1,614
Total O&M	1,299	1,296	1,438	1,232	1,257	1,349
Operating income	106	112	81	106	191	106
<b>Per Dollar of Gas Plant</b>						
Revenue	\$0.683	\$0.691	\$0.714	\$0.754	\$0.641	\$0.704
Total O&M	0.575	0.574	0.609	0.623	0.514	0.592
Operating income	0.042	0.047	0.036	0.053	0.051	0.043
<b>Per Mile of Main<sup>2</sup></b>						
Revenue	\$100,146	\$91,910	\$102,099	\$88,404	\$120,680	\$114,796
Total O&M	82,735	74,643	86,133	73,110	90,567	92,928
Operating income	6,918	7,052	5,043	6,324	13,000	8,546

Source: AGA, USR.

<sup>1</sup> Figures for gas operations only.<sup>2</sup> Miles of main only.

## IV-E. DEBT ANALYSIS

Historically, utilities have operated in a regulated environment. Therefore, debt instruments and their management have been 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.

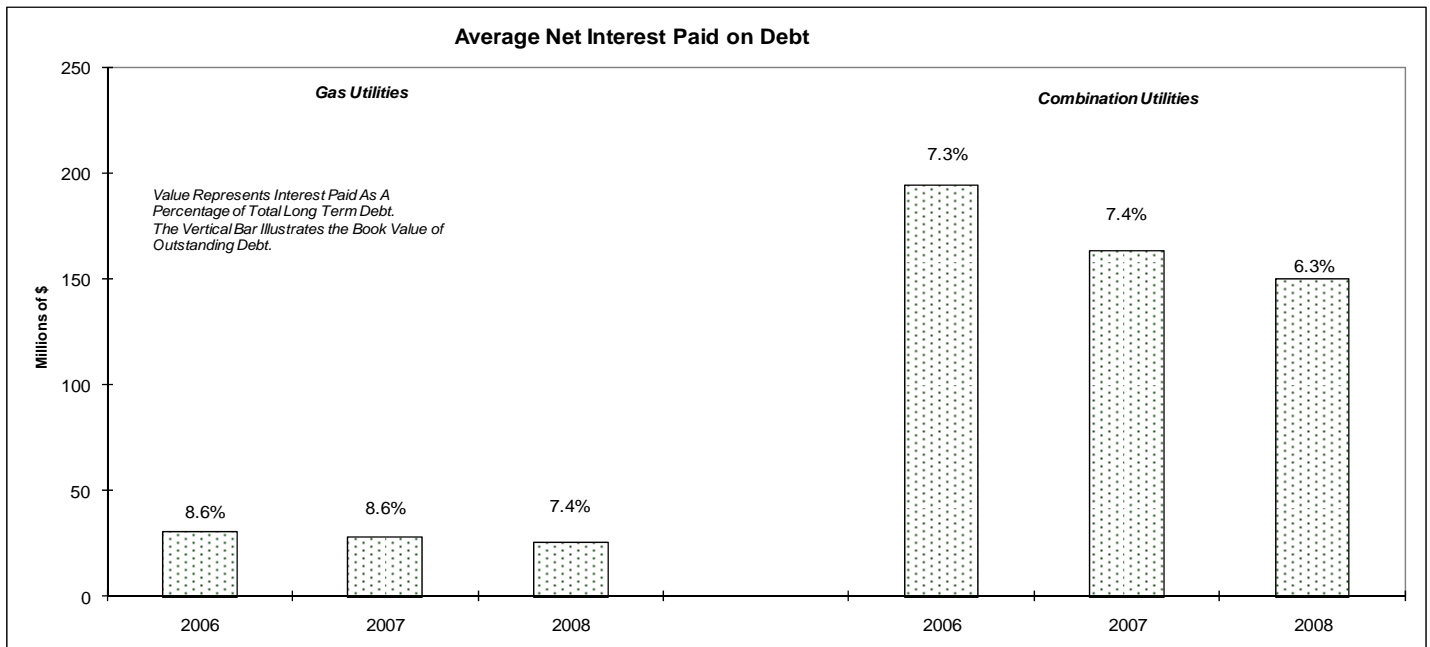
The total cost of capital for a utility reflects that of both debt and equity financing.<sup>7</sup> Table 5 shows summary descriptors of capital costs for utilities by industry segment.

<b>TABLE 5</b>			
<b>UTILITY DEBT AND DEBT COVERAGE</b>			
<b>AVERAGE VALUES</b>			
	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Gas utilities</b>			
Total LT Debt to Total Assets	23.2%	20.7%	21.1%
LT Debt to Total Capitalization	40.9%	36.5%	39.9%
EBITDA Interest Coverage	5.9x	7.6x	7.3x
<b>Combination Utilities<sup>1</sup></b>			
Total LT Debt to Total Assets	33.0%	29.6%	27.0%
LT Debt to Total Capitalization	52.9%	49.2%	45.8%
EBITDA Interest Coverage	5.5x	6.6x	6.3x

Source: AGA, USR.

<sup>1</sup> Figures represent combined gas and electric operations.

**FIGURE 4**



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

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

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 combined-commodity financial performance. The combination utilities feature a diversity of

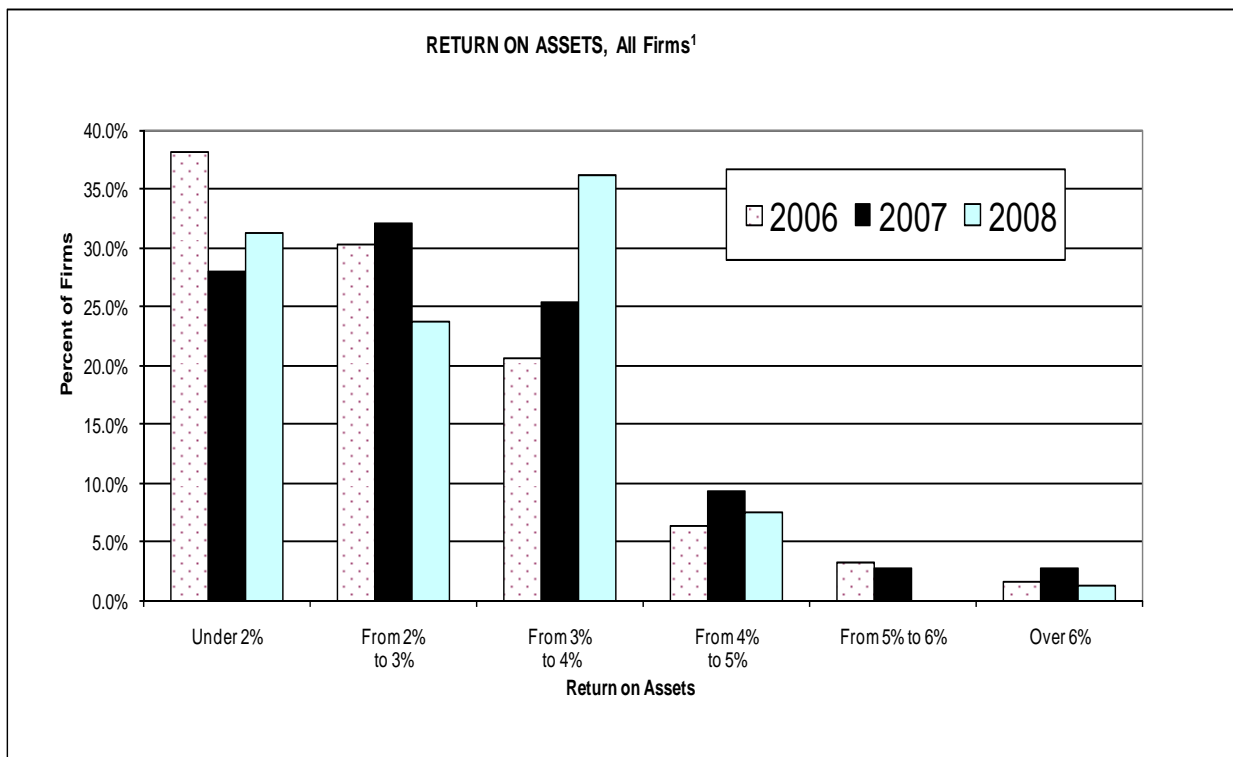
commodity sales and stabilized electric base-load operations attributable to base-load (i.e., not weather-driven) sales.

#### 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**



<sup>1</sup> 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.

<b>TABLE 6</b>			
<b>UTILITY PROFITABILITY INDICATORS</b>			
<b>AVERAGE VALUES</b>			
	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Gas Utilities</b>			
Asset Turnover	0.73X	0.75X	0.74X
Financial Leverage	65.1%	63.9%	66.8%
Equity Multiplier	3.21x	3.12x	3.75x
Profit Margin	4.6%	5.4%	3.7%
ROA <sup>2</sup>	2.2%	2.7%	2.5%
ROE <sup>2</sup>	5.9%	8.0%	9.1%
Current Ratio	0.93	1.01	0.95
Current Assets/Total Assets	20.4%	22.8%	24.7%
<b>Combination Utilities<sup>1</sup></b>			
Asset Turnover	0.44X	0.49X	0.48X
Financial Leverage	69.4%	68.8%	65.6%
Equity Multiplier	3.51x	3.47x	3.45x
Profit Margin	5.8%	7.4%	6.0%
ROA <sup>2</sup>	2.4%	3.2%	2.5%
ROE <sup>2</sup>	8.1%	11.0%	8.7%
Current Ratio	1.11	1.04	1.02
Current Assets/Total Assets	11.8%	12.7%	12.5%

Source: AGA, USR.

<sup>1</sup> Figures represent combined gas and electric operations.

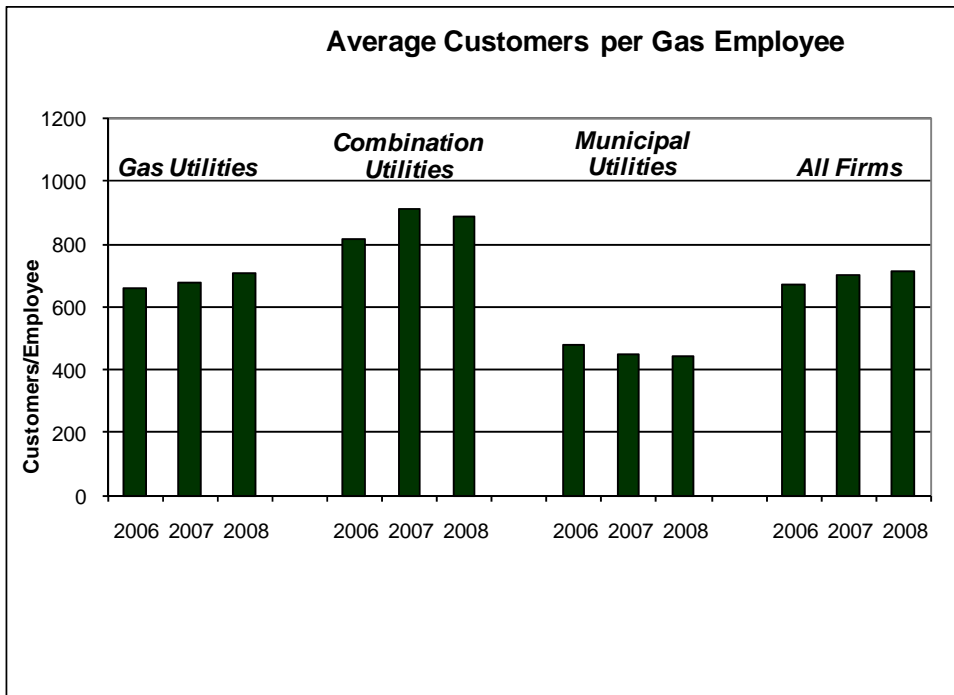
<sup>2</sup> When referring to combined gas and electric operations, the balance sheet items (i.e., total end-of-year assets) refer to the total firm, which could include non-utility assets, gas transmission assets and "other" utility assets (e.g., water), while income statement items (i.e., total revenues) 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**

	2006	2007	2008	3-Year Average
<b>All Firms</b>				
Number of employees at year-end	937	777	899	971
Total salaries and wages	\$69,479	\$69,970	\$69,133	\$69,527
Total benefits and pensions	\$19,481	\$18,593	\$17,573	\$18,549
Total salaries, benefits, and pensions	\$88,960	\$88,563	\$86,706	\$88,076
Ratio of total benefits to total compensation	23.2%	20.1%	20.9%	21.4%
Therms sold per employee	1,246,786	1,367,211	1,403,340	1,339,112
Customers per employee	676	702	718	698
<b>Gas Utilities</b>				
Number of employees at year-end	903	772	912	863
Total salaries and wages	\$68,764	\$67,316	\$66,719	\$67,600
Total benefits and pensions	\$17,883	\$16,313	\$15,597	\$16,598
Total salaries, benefits, and pensions	\$86,647	\$83,629	\$82,316	\$84,197
Ratio of total benefits to total compensation	21.6%	17.7%	19.0%	19.4%
Therms sold per employee	1,276,154	1,342,685	1,366,498	1,328,446
Customers per employee	664	678	707	683
<b>Combination Utilities<sup>1</sup></b>				
Number of employees at year-end	1,241	999	1,142	1,127
Total salaries and wages	\$66,324	\$87,761	\$86,110	\$82,379
Total benefits and pensions	\$24,092	\$23,473	\$24,434	\$23,999
Total salaries, benefits, and pensions	\$97,358	\$111,233	\$110,544	\$106,379
Ratio of total benefits to total compensation	25.7%	21.2%	23.0%	23.3%
Therms sold per employee	1,454,451	1,816,327	1,901,061	1,722,946
Customers per employee	818	914	893	875
<b>Municipal Utilities</b>				
Number of employees at year-end	481	383	387	447
Total salaries and wages	\$66,681	\$52,538	\$51,165	\$56,795
Total benefits and pensions	\$22,475	\$23,124	\$16,949	\$20,849
Total salaries, benefits, and pensions	\$89,156	\$75,662	\$68,114	\$77,644
Ratio of total benefits to total compensation	31.4%	32.6%	29.6%	31.2%
Therms sold per employee	616,088	672,269	651,786	646,778
Customers per employee	481	448	443	457

Source: AGA, USR.

<sup>1</sup> Figures for gas operations only.

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## 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. and gen. expense (4,12)**

The overhead cost associated with office activities. Examples of such expenses include stationery, 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 and 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 and 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 and information expense per therm (4,10)/[(20,15+20,18)]**

Customer service and 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 that, 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 that 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)**

A 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)**

A 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.

**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 that 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 mains (from U.S. Dept. of Transportation).

**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- versus 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.

**Interest coverage**  $[(2,18 + 2,4 + 2,6 + 2,8) \text{ divided by } (2,24)]$

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.

**Long-term debt** (6,50)

Financial instruments that become due on a date at least one 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<sup>nd</sup> quartile). See "quartile."

**Meter**

(See "customer")

**Miles of Main**

Length of utility system's distribution mains (excludes transmission and service lines) as reported by utilities to the US Department of Transportation, Office of Pipeline Safety.

**Municipal utility**

A type of gas distribution company that 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 that analyzes a set of values that are sequenced by order of magnitude. Any set of ordered values can be divided into four quartiles. The first quartile is the observation reached after counting off the first 25 percent of the sequenced values (counting from the lowest value). 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 as a percentage of its aggregate total. The same-size income statement sets revenues at 100.0 and all 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**  $[(20,15)+(20,18)]/\text{Miles of Main}$ 

Total customers (both sales and transportation) divided by total miles of mains (from the U.S. Dept. of Transportation). A ratio that 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 "Median."

### **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 as 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 (predominantly higher-consuming customer population yields larger results).

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

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

**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 versus 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 ADMINISTRATIVE 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 and those 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.).

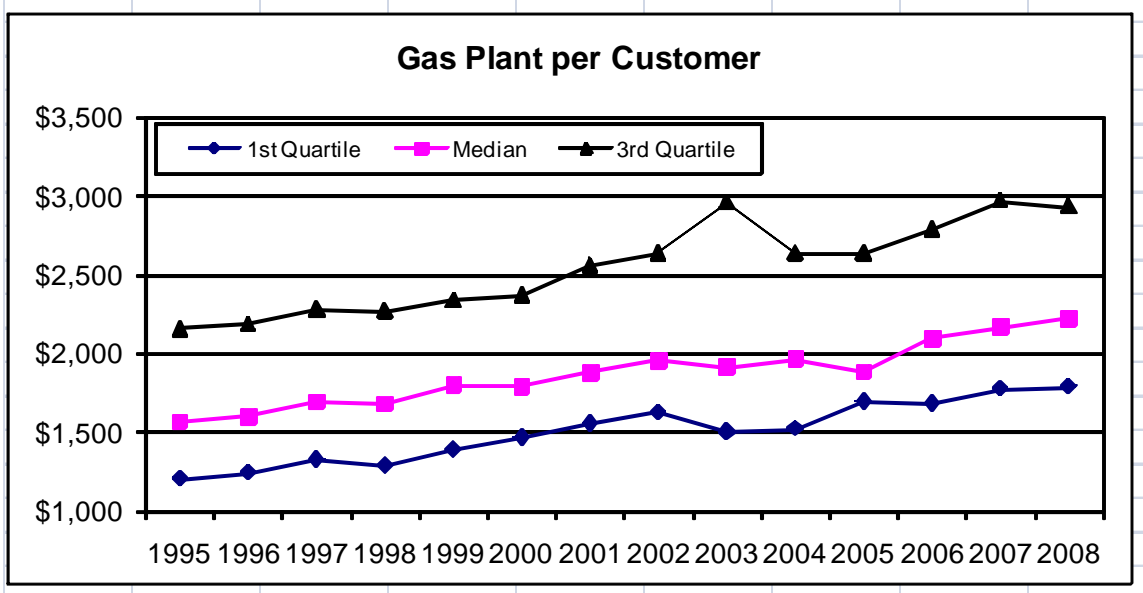
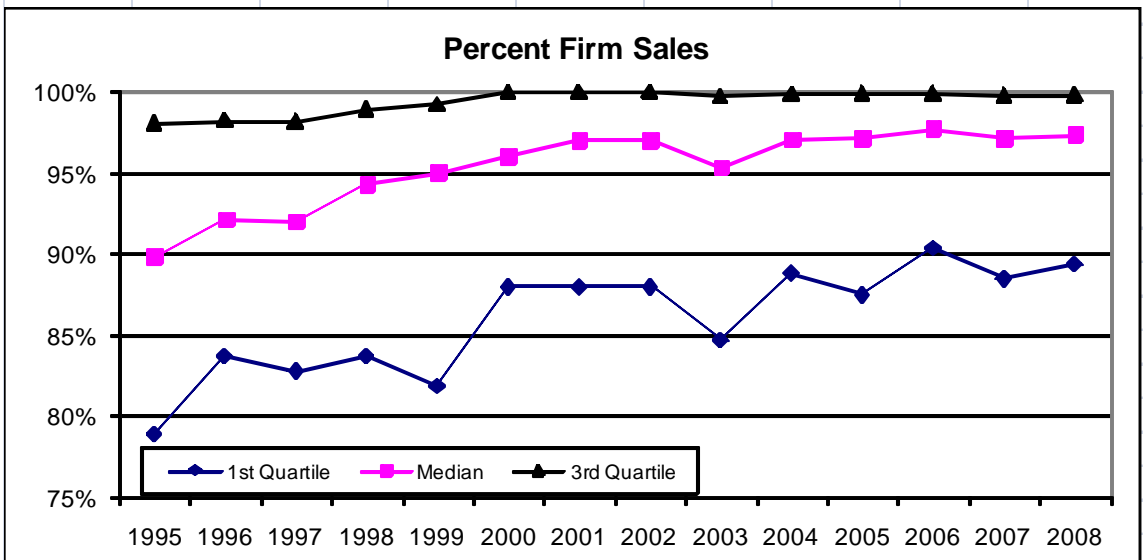
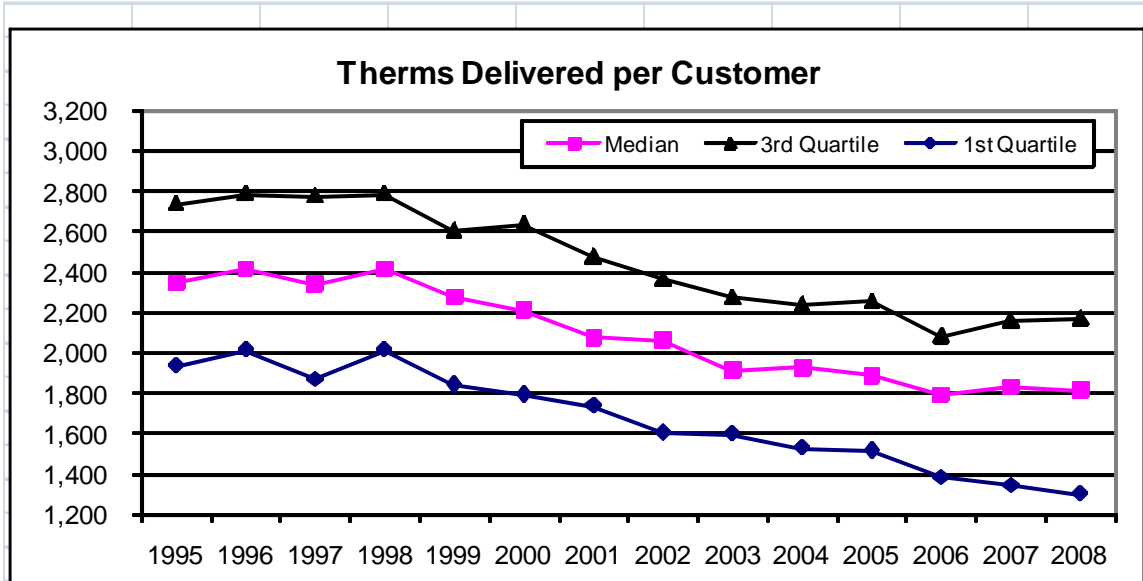
**ASSET TURNOVER:** Influenced by revenue and composition/age of gas plant.

**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.

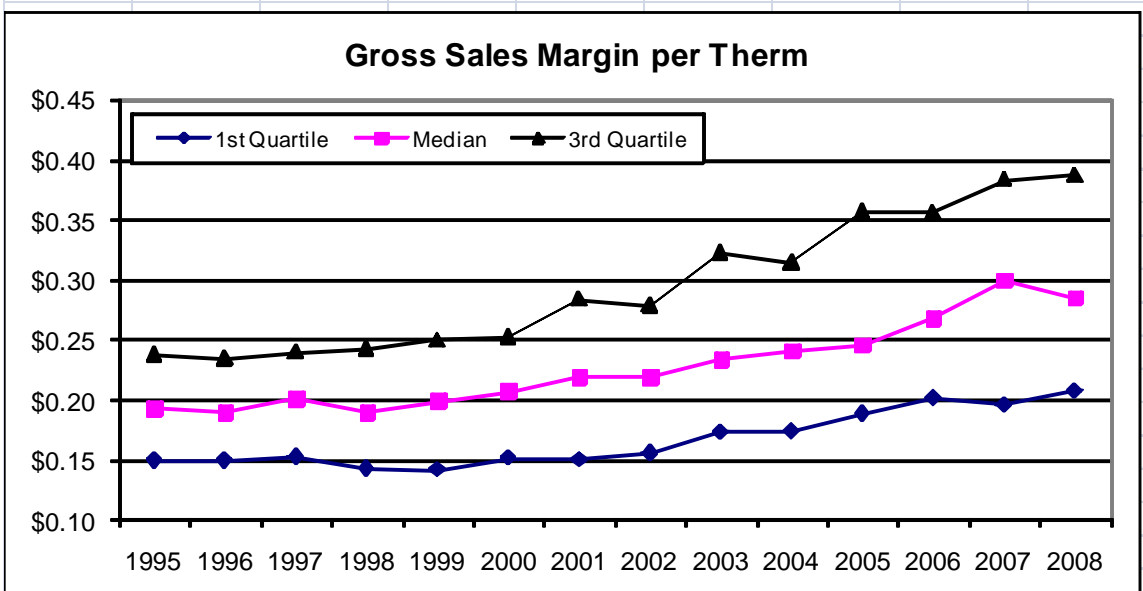
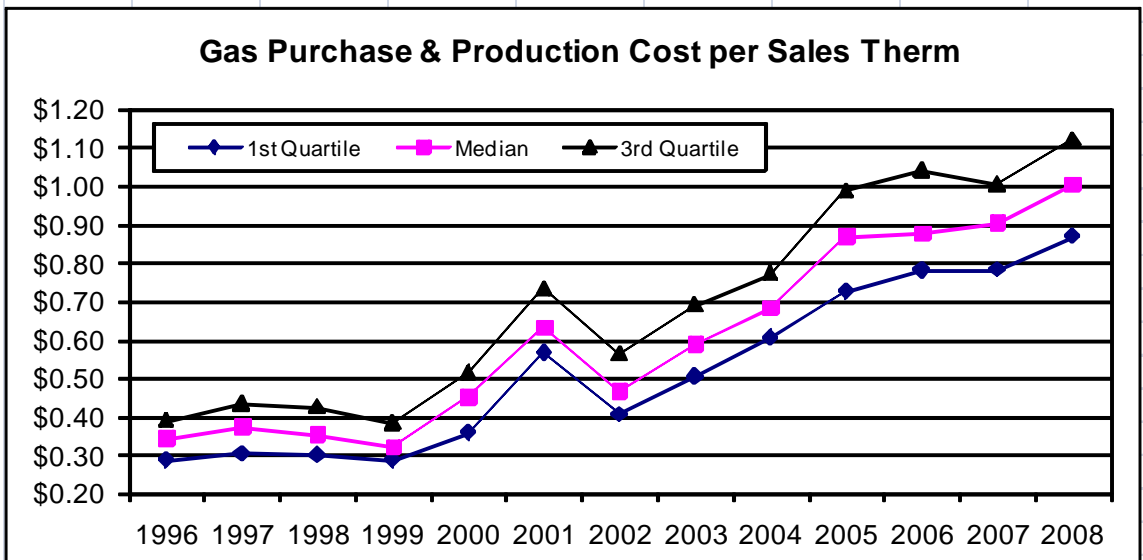
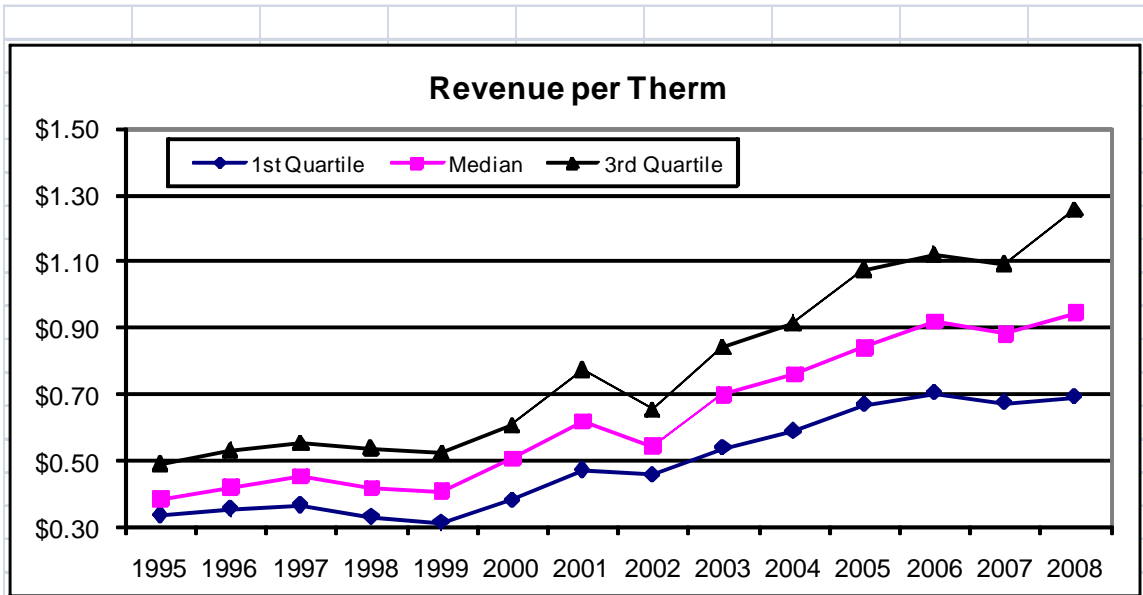
**NOTE:** Recent results of metrics involving miles of main are not comparable for years prior to 2004 because of changes in the definition of miles of main changed (no longer includes services) and in the data source (now derived from the US Department of Transportation, Office of Pipeline Safety database).

Appendix 2: Multi-year Charts for All Companies



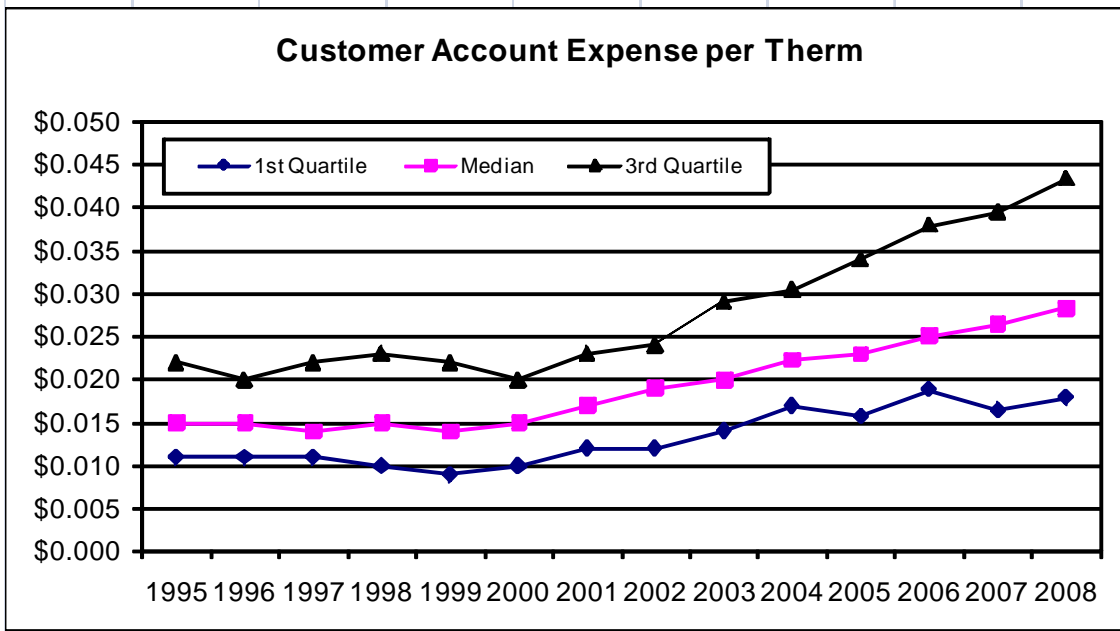
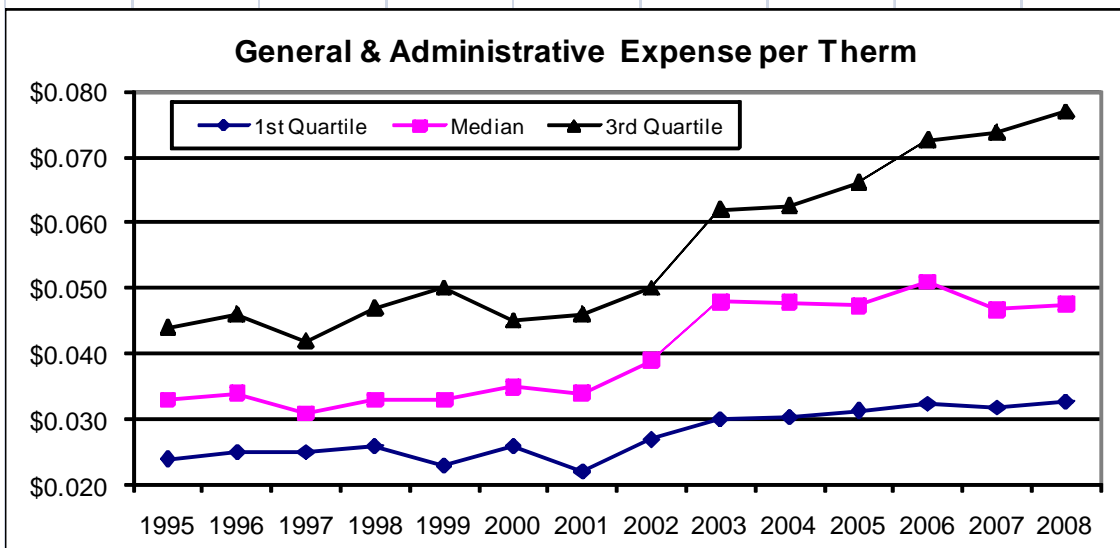
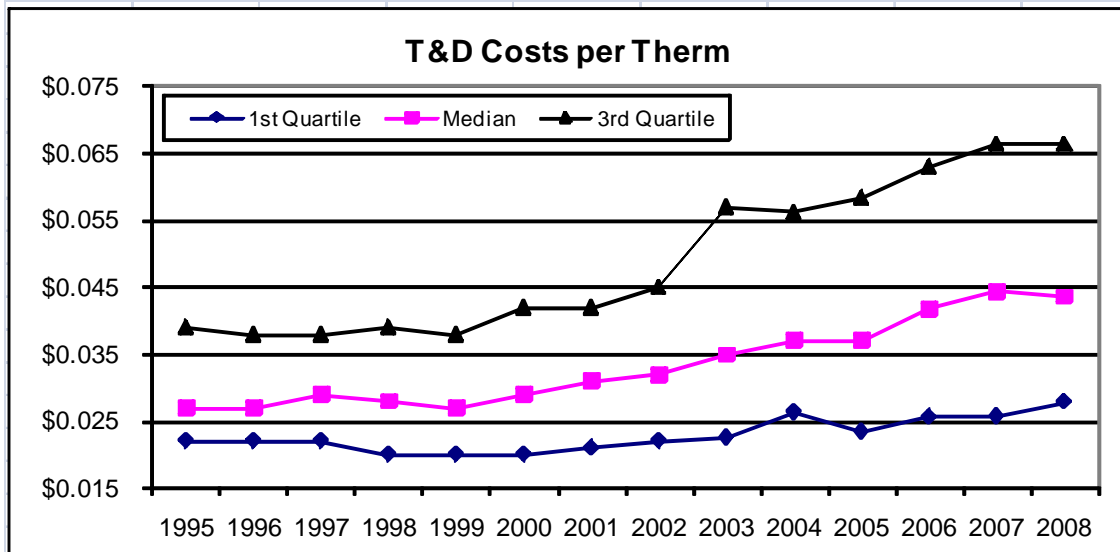
**Note:** Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



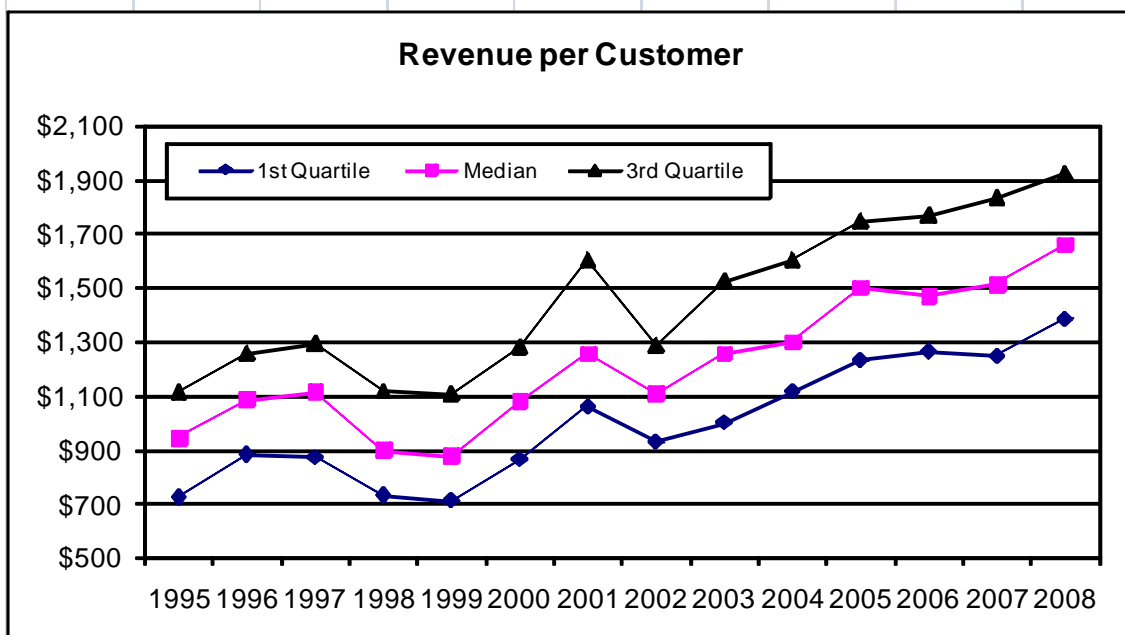
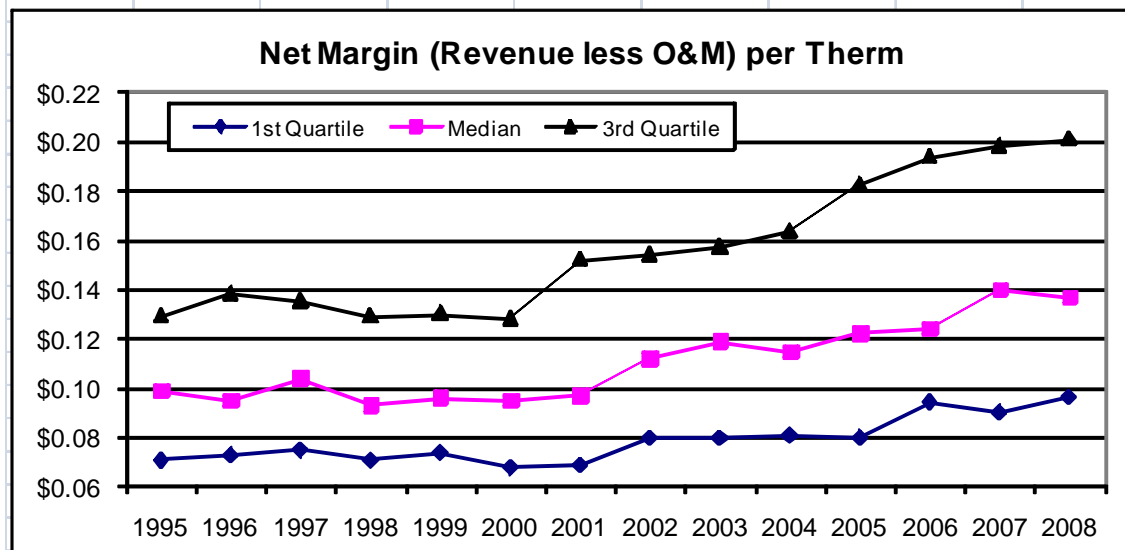
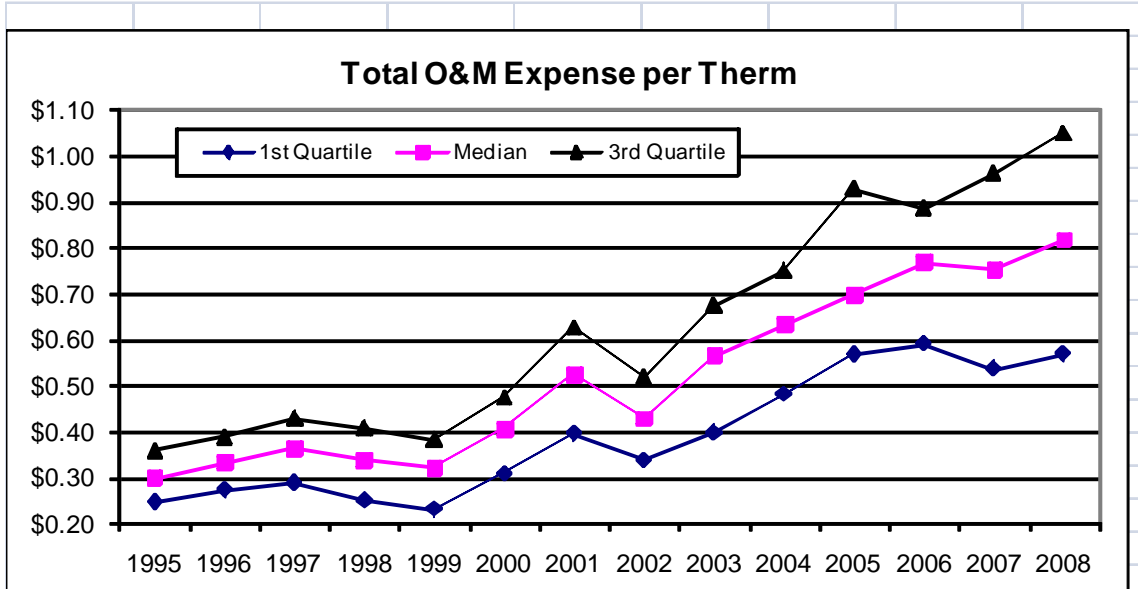
**Note:** Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



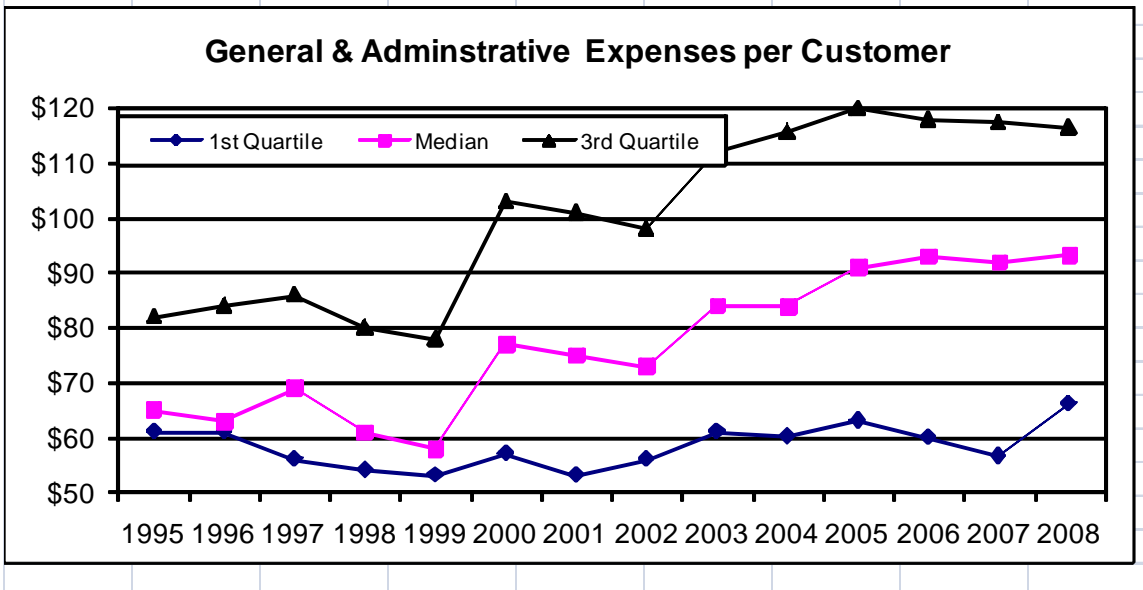
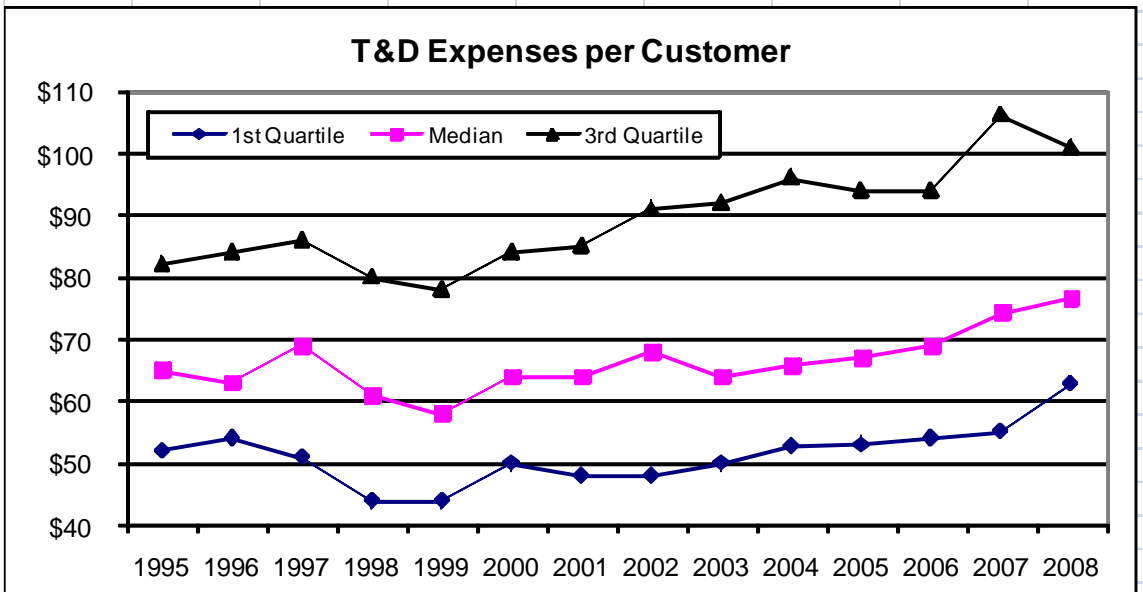
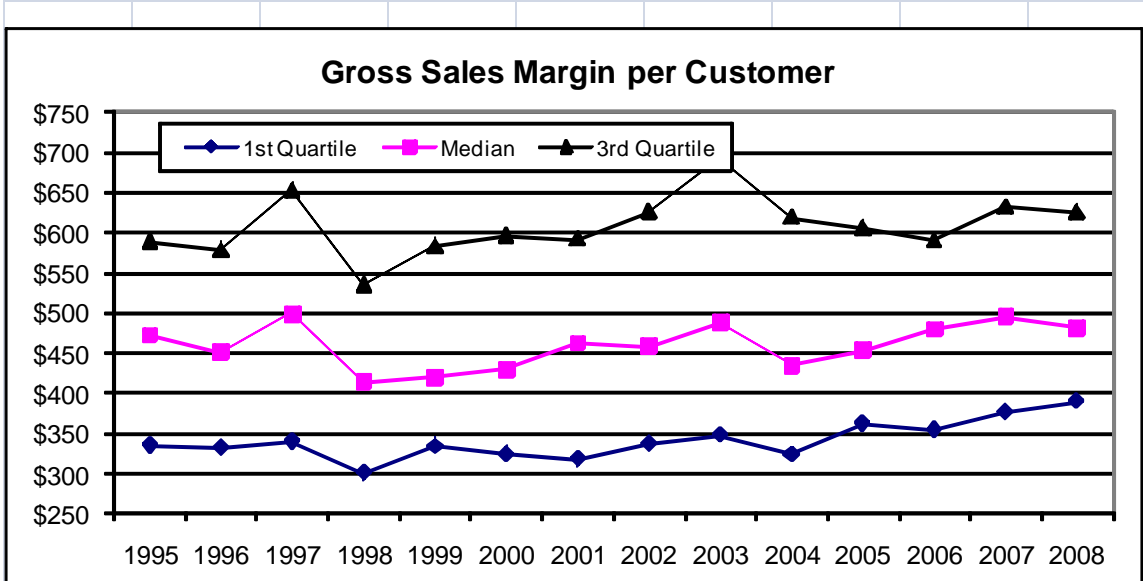
**Note:** Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



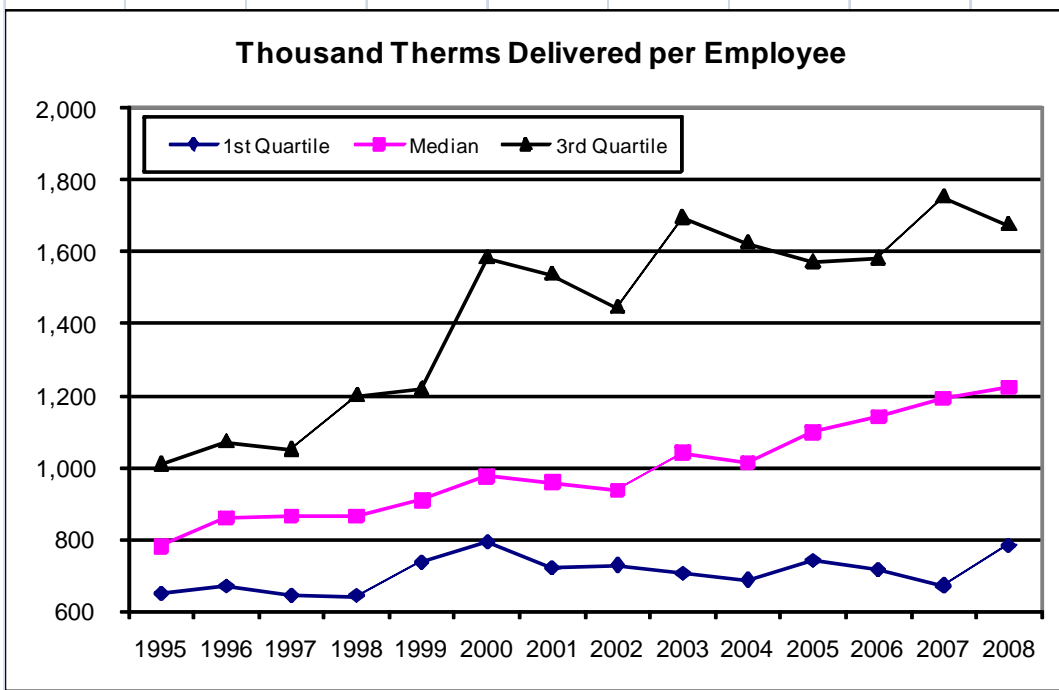
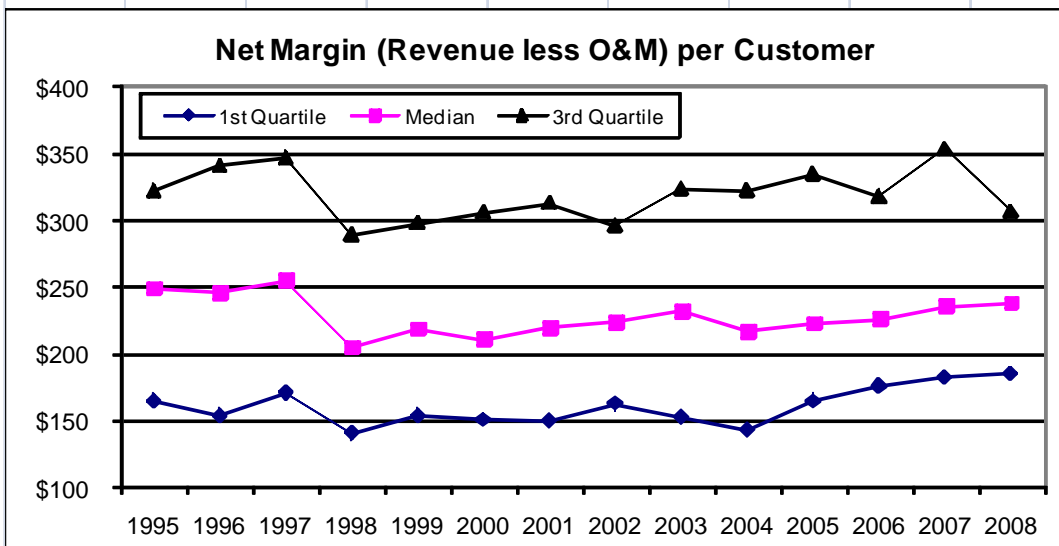
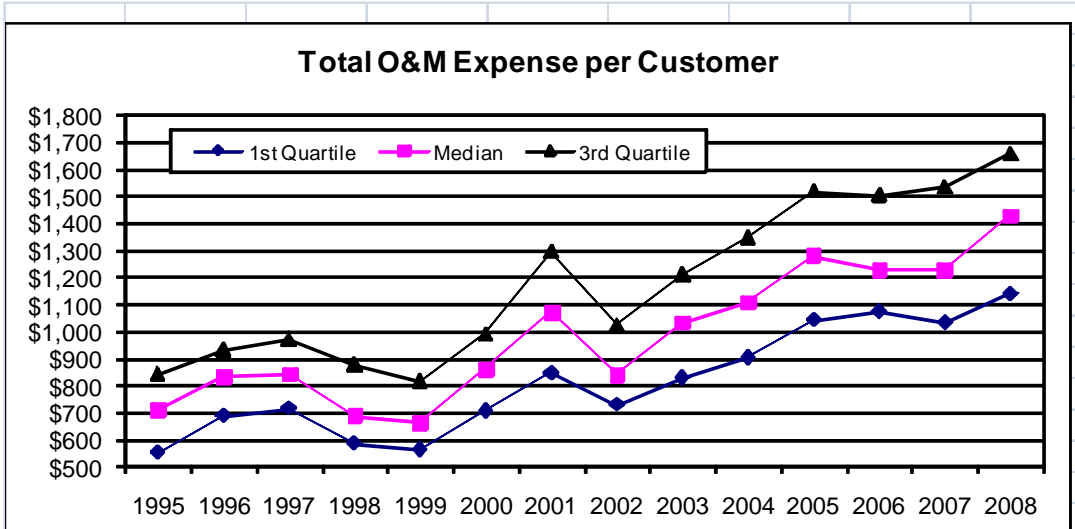
Note: Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



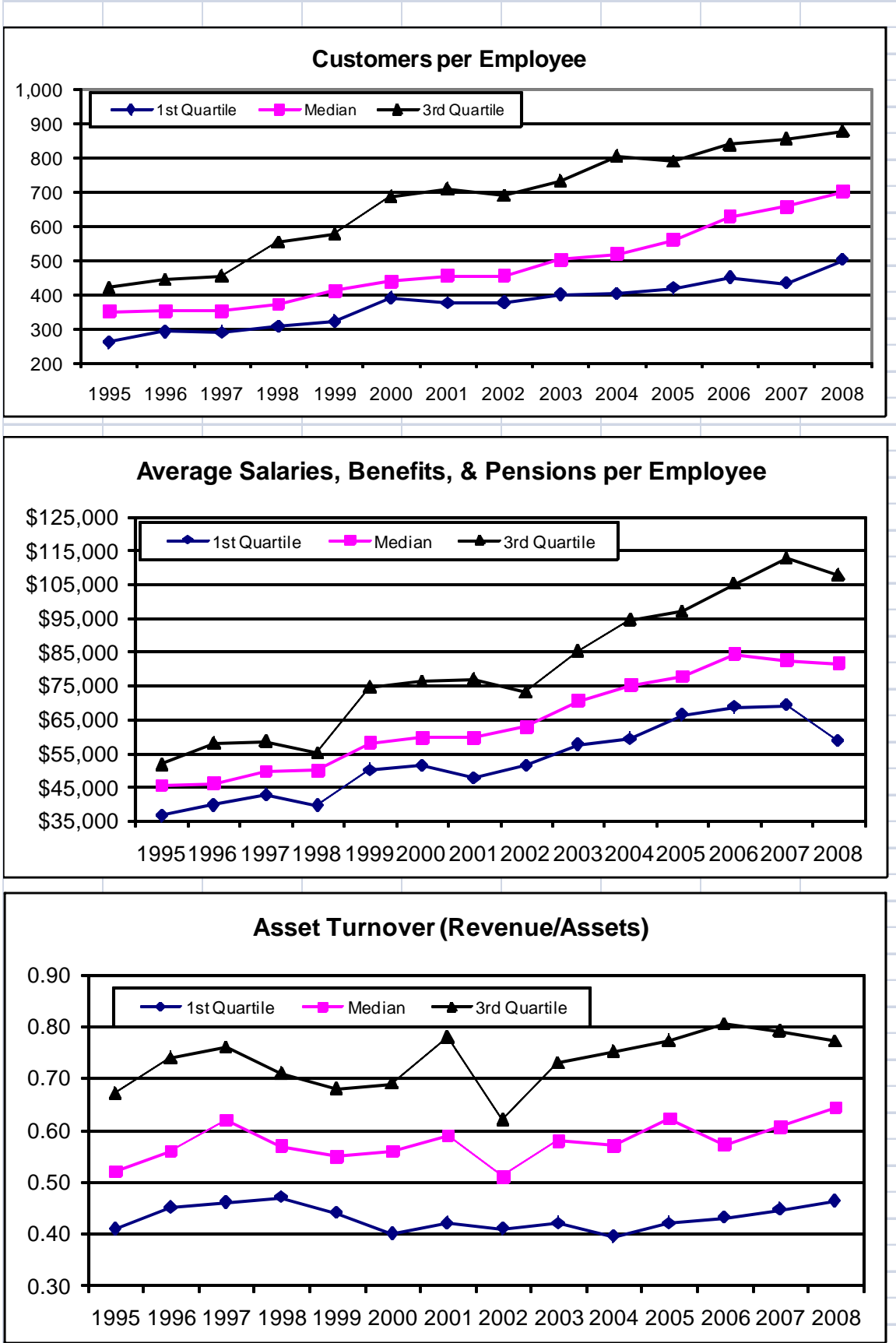
Note: Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



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

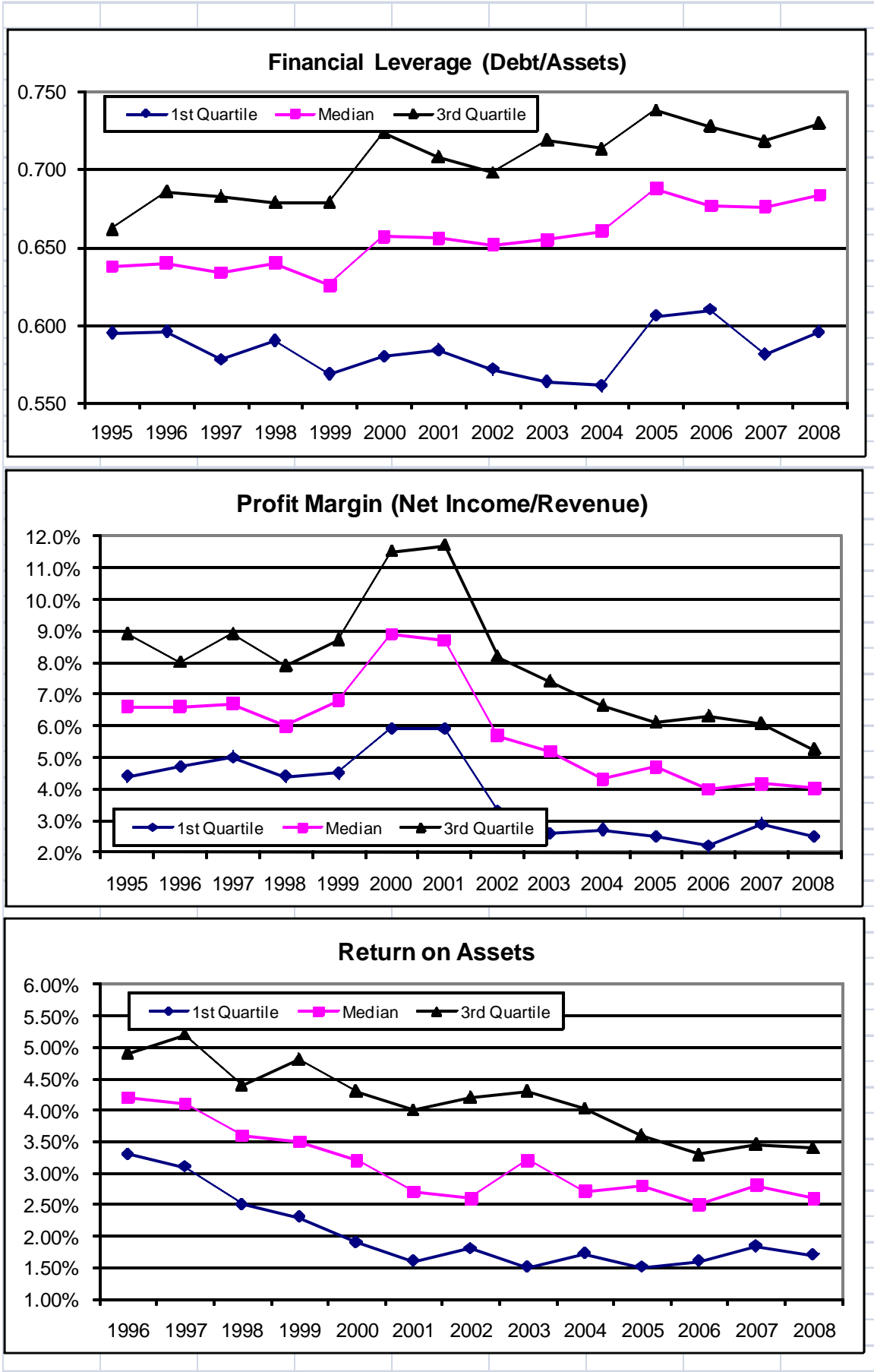
Appendix 2: Multi-year Charts for All Companies



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

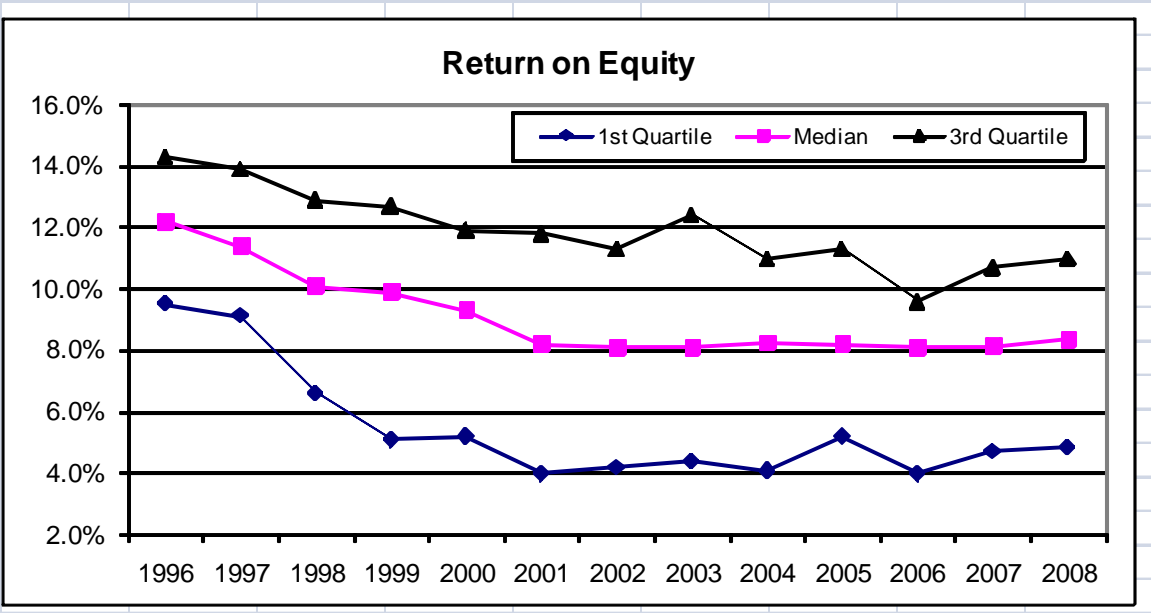


Appendix 2: Multi-year Charts for All Companies



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

Appendix 2: Multi-year Charts for All Companies



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

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

2008 Data, 80 Utilities Reporting Stratified by Type of Company	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
<b>SYSTEM PROFILE 1/</b>																
Total Therms delivered (000)	230,349	793,560	1,581,539	1,315,188	302,529	1,152,767	2,521,199	1,365,387	70,319	165,398	345,010	216,436	157,000	634,649	1,590,209	1,202,873
Total Sales Volume (000)	121,460	460,161	816,610	642,572	174,121	648,495	1,281,054	868,031	69,737	152,823	345,010	198,149	104,345	430,128	820,813	643,303
Transportation Volume (000)	30,873	229,157	662,114	672,615	51,179	393,514	824,062	497,356	-	582	12,575	18,287	2,563	181,535	626,310	559,570
Gas customers	108,448	412,450	881,555	696,409	160,743	606,737	997,373	832,612	54,150	107,817	207,265	169,560	91,879	384,744	837,370	667,784
Miles of main in use	2,553	6,662	14,465	11,389	3,367	7,823	14,027	10,879	1,834	2,347	3,024	2,420	2,302	6,243	13,134	10,265
Density (meters/mile of main)	44.1	52.6	65.6	59.8	45.1	54.5	88.8	72.1	37.3	58.8	78.7	65.5	44.7	53.5	67.2	63.2
<b>THERM VOLUME BY CUSTOMER CLASS (000) 2/</b>																
Residential heating	74,377	238,239	570,000	409,120	109,449	363,132	574,649	533,079	26,371	57,238	182,940	112,900	47,945	237,096	527,825	403,686
Residential non-heating	-	-	990	3,115	-	-	8,493	15,210	-	-	360	2,139	-	-	1,431	5,727
Commercial, firm	34,020	102,028	205,250	165,190	58,706	177,534	374,372	243,745	11,767	51,994	83,120	53,695	33,068	103,739	209,268	170,322
Commercial, interruptible	-	-	244	7,911	-	-	2,491	4,962	-	5,023	7,366	6,610	-	-	2,098	7,101
Industrial, firm	156	3,428	17,579	21,843	214	6,572	38,068	28,886	-	4,554	6,450	6,778	86	4,177	20,987	21,733
Industrial, interruptible	-	-	1,133	7,244	-	-	3,694	3,946	120	7,634	17,910	10,973	-	-	3,685	6,921
Electric utility generation, firm	-	-	-	773	-	-	-	10,220	-	-	-	737	-	-	-	2,894
Electric utility generation, interup.	-	-	-	7,058	-	-	-	-	-	-	-	1,698	-	-	-	4,867
Non-utility generation, firm	-	-	-	2,087	-	-	-	10	-	-	-	-	-	-	-	1,385
Non-utility generation, interup.	-	-	-	33	-	-	-	-	-	-	-	124	-	-	-	36
NGV	-	-	-	1,901	-	-	-	30	-	-	-	-	-	-	-	1,266
Municipal & public	-	-	10	5,067	-	-	-	9,020	-	-	1,930	2,046	-	-	61	5,617
Interdepartmental	-	-	-	-	-	-	204	18,619	-	-	53	(201)	-	-	-	4,167
Other	-	-	-	11,230	-	-	-	305	-	-	-	650	-	-	-	7,582

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.

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

**APPENDIX 3a: GAS UTILITY SYSTEM PROFILES AND DELIVERY VOLUMES (Cont'd)**

**NUMBER OF CUSTOMERS BY CUSTOMER CLASS (000)**

2008 Data, 80 Utilities Reporting	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
Stratified by Type of Company	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
Residential heating	88,490	305,063	608,001	552,199	130,423	458,074	752,770	708,191	47,619	77,442	189,085	147,229	73,783	286,973	594,992	541,739
Residential non-heating	-	-	3,631	25,259	-	-	27,359	54,800	-	-	1,678	8,500	-	-	4,295	30,020
Commercial, firm	8,848	24,257	53,356	40,678	14,890	41,691	79,148	56,545	6,186	10,584	16,363	11,547	8,628	24,105	53,377	40,971
Commercial, interruptible	-	-	3	198	-	-	13	47	-	11	21	565	-	-	10	205
Industrial, firm	7	158	631	1,101	1	93	2,059	1,338	-	65	307	1,094	2	105	676	1,154
Industrial, interruptible	-	-	6	33	-	-	15	94	1	14	23	18	-	-	15	45
Electric utility generation, firm	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	1
Electric utility generation, interup.	-	-	-	1	-	-	-	-	-	-	-	0	-	-	-	1
Non-utility generation, firm	-	-	-	0	-	-	-	0	-	-	-	-	-	-	-	0
Non-utility generation, interup.	-	-	-	0	-	-	-	-	-	-	-	0	-	-	-	0
NGV	-	-	-	7	-	-	-	4	-	-	-	-	-	-	-	5
Municipal & public	-	-	-	329	-	-	6	255	-	-	26	581	-	-	3	341
Interdepartmental	-	-	-	-	-	-	1	3	-	-	15	12	-	-	-	2
Other	-	-	-	19	-	-	-	5	-	-	-	1	-	-	-	14

**APPENDIX 3b: GAS UTILITY FINANCIAL STATEMENTS (000\$)**

2008 Data, 80 Utilities Reporting Stratified by Type of Company	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
<b>GAS-ONLY INCOME STATEMENT</b>																
Operating revenue	190,455	666,419	1,520,339	973,956	311,467	922,870	1,575,188	1,198,645	89,971	223,363	348,247	281,687	159,734	671,339	1,257,691	946,631
Operating expense	172,109	575,896	1,073,295	797,795	258,489	766,057	1,143,556	962,275	79,549	179,611	310,093	244,649	151,267	569,737	1,022,743	772,574
Maintenance expense	2,176	11,967	25,827	18,376	4,652	17,925	23,620	21,023	1,332	3,388	9,683	6,467	2,497	10,781	22,831	17,632
Total O&M	173,953	587,863	1,101,843	816,171	264,710	788,372	1,196,561	983,298	80,019	190,625	318,763	251,116	156,155	580,646	1,033,734	790,206
Depreciation	6,691	32,435	48,874	44,447	8,231	36,478	85,099	58,758	4,365	7,392	10,743	10,073	6,046	27,202	49,752	43,800
Depletion	-	-	-	195	-	-	333	1,696	-	-	-	-	-	-	-	511
Amortization	-	24	2,464	2,379	-	1,291	2,769	2,579	-	-	-	-	-	-	2,052	2,157
Prop. loss charged to operations	-	-	-	174	-	-	-	0	-	-	-	-	-	-	-	115
Total taxes	11,712	27,361	86,230	63,448	10,020	43,979	93,590	69,965	-	5,325	5,719	4,623	5,965	23,768	83,083	58,297
Other operating income	-	-	-	308	-	-	-	(101)	-	-	-	381	-	-	-	224
Total operating income	7,772	40,567	85,624	47,142	19,299	37,543	109,358	82,349	4,142	11,791	16,767	15,876	7,411	30,430	86,098	51,546
<b>BALANCE SHEET</b>																
Gas plant	271,693	1,043,521	1,932,021	1,504,040	367,828	1,423,322	2,365,462	1,896,315	158,581	250,150	381,465	405,628	247,484	943,194	1,946,936	1,468,730
Common plant	-	-	-	-	57,236	194,384	501,743	512,952	-	-	117,587	124,506	-	-	1,503	129,421
Other plant	-	-	-	100	-	-	2,503	132,739	-	-	415,230	350,464	-	-	-	69,360
Total plant in service 1/2/	271,693	1,043,521	1,932,021	1,504,140	1,485,735	6,748,373	9,597,358	8,450,346	158,581	1,155,342	1,685,506	1,175,367	358,837	1,245,055	3,075,052	3,030,049
Accumulated depreciation 1/	98,825	405,977	724,266	584,117	444,241	2,366,040	4,281,152	3,417,903	50,620	254,215	683,665	420,830	97,738	456,096	971,580	1,203,349
Construction work-in-progress 1/	2,781	12,088	29,277	28,203	33,324	177,940	289,623	345,935	1,425	30,703	76,446	54,601	3,837	15,041	70,486	102,663
Net utility plant 1/	156,009	623,335	1,246,016	949,992	1,054,926	3,683,449	6,207,546	5,399,318	109,094	916,285	1,069,055	810,896	195,957	874,980	1,963,449	1,935,442
Gas storage (non-current) 1/	-	-	-	4,467	-	-	-	3,623	-	-	-	20,254	-	-	-	6,053
Customer accts. Receivable 1/	11,967	67,216	132,179	113,212	52,382	167,384	350,010	341,407	7,258	18,881	78,305	55,234	12,723	73,471	165,152	158,033
Total current & accrued assets 1/	61,830	240,803	592,656	350,100	174,863	583,527	1,438,161	1,019,546	45,500	128,580	480,229	255,539	66,261	258,330	601,206	490,088
Total deferred debits 1/	12,934	81,565	352,532	262,318	288,093	1,083,694	2,933,343	2,090,220	43	8,103	44,301	131,085	17,686	113,773	616,988	658,832
Total assets 1/	297,249	1,105,395	2,120,520	1,589,885	1,591,146	5,584,743	9,856,221	8,862,088	154,594	1,128,935	1,854,830	1,233,085	367,890	1,266,388	3,281,428	3,185,991
Common stock 1/	1	10,300	65,305	89,613	66,811	460,811	859,375	577,630	-	-	-	-	-	11,328	184,866	189,335
Retained earnings 1/	14,552	76,107	240,982	168,939	249,709	383,641	1,215,588	1,100,176	122,678	252,305	804,507	486,642	35,032	141,500	383,309	414,209
Total common stock equity 1/	75,381	308,247	615,772	438,599	532,398	1,566,015	2,977,146	2,500,285	122,678	255,476	804,507	504,030	115,863	368,439	1,023,417	909,840
Total long-term (LT) debt 1/	22,897	235,423	421,880	346,985	545,216	1,539,942	2,850,965	2,359,675	36,984	191,845	963,756	521,617	60,511	295,063	872,162	819,486
Total capitalization 1/2/	165,538	490,462	977,069	792,185	1,148,814	3,213,730	5,316,418	4,900,847	144,504	996,352	1,455,411	1,029,555	233,603	751,086	1,710,077	1,743,338
Total non-current other liabilities 1/	-	725	40,364	49,426	47	35,977	204,936	569,324	26	944	11,404	34,766	-	1,739	61,378	164,754
Current & accrued liabilities 1/	75,564	269,377	498,962	409,326	202,298	755,391	1,551,264	1,128,536	9,147	100,575	199,553	144,418	71,275	289,391	721,859	541,346
Total deferred credits 1/	27,432	127,390	338,486	305,718	249,814	1,259,005	3,298,220	1,868,448	-	7,336	14,717	19,003	20,522	136,108	544,160	625,076
Total capitalization & liabilities 1/2/	297,249	1,105,395	2,120,520	1,589,885	1,591,146	5,584,743	9,856,221	8,862,088	154,594	1,128,935	1,854,830	1,233,085	367,890	1,266,388	3,281,428	3,185,991

1/ Figures for combination utilities are necessarily based on combined gas and electric operations. Some 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**

2008 Data, 80 Utilities Reporting						
Stratified by Type of Company			Gas Utilities	Combination Utilities	Municipal Utilities	All Companies
			53 firms	18 firms	9 firms	80 firms
<b>GAS-ONLY INCOME STATEMENT - Based on average values</b>						
Operating revenue			100.0	100.0	100.0	100.0
Operating expense			80.9	81.2	85.9	81.7
Maintenance expense			2.0	2.2	2.3	2.1
Total O&M			82.9	83.4	88.1	83.8
Depreciation			4.1	4.1	3.9	4.1
Depletion			0.0	0.1	-	0.0
Amortization			0.3	0.5	-	0.3
Prop. loss charged to operations			0.0	0.0	-	0.0
Total taxes			5.6	5.4	2.2	5.1
Other operating income			0.1	(0.0)	0.1	0.0
Total operating income			5.5	6.6	5.9	5.8
<b>BALANCE SHEET - Based on average values</b>						
Gas plant			94.6	21.4	32.9	46.1
Common plant			-	5.8	10.1	4.1
Other plant			0.0	1.5	28.4	2.2
Total plant in service	1/2/		94.6	95.4	95.3	95.1
Accumulated depreciation	1/		36.7	38.6	34.1	37.8
Construction work-in-progress	1/		1.8	3.9	4.4	3.2
Net utility plant	1/		59.8	60.9	65.8	60.7
Gas storage (non-current)	1/		0.3	0.0	1.6	0.2
Customer accts. receivable	1/		7.1	3.9	4.5	5.0
Total current & accrued assets	1/		22.0	11.5	20.7	15.4
Total deferred debits	1/		16.5	23.6	10.6	20.7
Total assets	1/		100.0	100.0	100.0	100.0
Common stock	1/		5.6	6.5	-	5.9
Retained earnings	1/		10.6	12.4	39.5	13.0
Total common stock equity	1/		27.6	28.2	40.9	28.6
Total long-term (LT) debt	1/		21.8	26.6	42.3	25.7
Total capitalization	1/3/		49.8	55.3	83.5	54.7
Total non-current other liabilities	1/		3.1	6.4	2.8	5.2
Current & accrued liabilities	1/		25.7	12.7	11.7	17.0
Total deferred credits	1/		19.2	21.1	1.5	19.6
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. Some 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.

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

**GAS-ONLY INCOME STATEMENT - Per Annual Therm Delivered**

2008 Data, 80 Utilities Reporting	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
Operating revenue	\$0.654 9	\$0.932 8	\$1.2073	\$0.9644	\$0.5707	\$0.8381	\$1.0395	\$0.9467	\$1.094 5	\$1.2795	\$1.4146	\$1.2870	\$0.691 1	\$0.945 6	\$1.255 3	\$0.9967
Operating expense	\$0.563 1	\$0.777 9	\$0.9909	\$0.7804	\$0.4593	\$0.6757	\$0.8337	\$0.7685	\$0.947 6	\$1.0859	\$1.1841	\$1.1049	\$0.558 8	\$0.807 9	\$1.027 9	\$0.8146
Maintenance expense	\$0.009 5	\$0.017 9	\$0.0234	\$0.0192	\$0.0084	\$0.0160	\$0.0244	\$0.0207	\$0.018 8	\$0.0251	\$0.0408	\$0.0290	\$0.009 7	\$0.018 4	\$0.025 1	\$0.0206
Total O&M	\$0.576 5	\$0.800 0	\$1.0146	\$0.7995	\$0.4818	\$0.6887	\$0.8566	\$0.7892	\$0.972 6	\$1.1379	\$1.2029	\$1.1339	\$0.569 3	\$0.818 3	\$1.049 3	\$0.8352
Depreciation	\$0.028 1	\$0.037 6	\$0.0443	\$0.0400	\$0.0269	\$0.0341	\$0.0415	\$0.0388	\$0.023 7	\$0.0621	\$0.0708	\$0.0499	\$0.026 6	\$0.035 2	\$0.052 2	\$0.0409
Depletion	\$0.000 0	\$0.000 0	\$0.0000	\$0.0001	\$0.0000	\$0.0000	\$0.0003	\$0.0010	\$0.000 0	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.000 0	\$0.000 0	\$0.0003
Amortization	\$0.000 0	\$0.000 0	\$0.0032	\$0.0025	\$0.0000	\$0.0011	\$0.0037	\$0.0047	\$0.000 0	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.000 0	\$0.002 6	\$0.0027
Prop. loss charged to operations	\$0.000 0	\$0.000 0	\$0.0000	\$0.0001	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.000 0	\$0.000 0	\$0.0000
Total taxes	\$0.031 2	\$0.044 5	\$0.0701	\$0.0544	\$0.0225	\$0.0374	\$0.0829	\$0.0507	\$0.000 0	\$0.0154	\$0.0502	\$0.0279	\$0.027 7	\$0.042 5	\$0.069 3	\$0.0506
Other operating income	\$0.000 0	\$0.000 0	\$0.0000	\$0.0006	\$0.0000	\$0.0000	\$0.0000	-\$0.0001	\$0.000 0	\$0.0000	\$0.0000	\$0.0008	\$0.000 0	\$0.000 0	\$0.000 0	\$0.0005
Total operating income	\$0.033 0	\$0.049 2	\$0.0686	\$0.0528	\$0.0337	\$0.0527	\$0.0709	\$0.0623	\$0.048 6	\$0.0795	\$0.1081	\$0.0753	\$0.033 0	\$0.050 2	\$0.072 8	\$0.0575

**GAS-ONLY INCOME STATEMENT - Per Average Annual Customer Served**

2008 Data, 80 Utilities Reporting	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
Operating revenue	\$1,359	\$1,674	\$1,944	\$1,696	\$1,411	\$1,618	\$1,728	\$1,614	\$1,640	\$1,680	\$1,813	\$1,733	\$1,386	\$1,660	\$1,924	\$1,681
Operating expense	\$1,070	\$1,405	\$1,727	\$1,406	\$1,128	\$1,260	\$1,448	\$1,314	\$1,442	\$1,469	\$1,496	\$1,481	\$1,107	\$1,389	\$1,623	\$1,393
Maintenance expense	\$19	\$28	\$40	\$32	\$20	\$23	\$42	\$35	\$24	\$36	\$42	\$39	\$19	\$27	\$41	\$34
Total O&M	\$1,090	\$1,435	\$1,748	\$1,438	\$1,156	\$1,284	\$1,487	\$1,349	\$1,473	\$1,502	\$1,538	\$1,520	\$1,140	\$1,427	\$1,656	\$1,427
Depreciation	\$49	\$63	\$90	\$70	\$52	\$63	\$78	\$66	\$39	\$62	\$81	\$63	\$49	\$63	\$86	\$68
Depletion	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amortization	\$0	\$0	\$4	\$4	\$0	\$3	\$7	\$7	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4
Prop. loss charged to operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total taxes	\$58	\$83	\$130	\$99	\$58	\$69	\$96	\$86	\$0	\$26	\$65	\$34	\$55	\$74	\$116	\$89
Other operating income	\$0	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$0	\$0	\$0	\$1
Total operating income	\$60	\$89	\$130	\$81	\$78	\$87	\$107	\$106	\$81	\$103	\$127	\$116	\$63	\$88	\$128	\$90

**APPENDIX 3d: GAS UTILITY INCOME STATEMENTS – Per Cost Driver (cont’d)**

**GAS-ONLY INCOME STATEMENT - Per Dollar of Gas Plant**

2008 Data, 80 Utilities Reporting	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
Operating revenue	\$0.579 2	\$0.697 0	\$0.8056	\$0.7141	\$0.5865	\$0.706 9	\$0.8306	\$0.704 1	\$0.585 5	\$0.651 3	\$0.9693	\$0.8159	\$0.5821	\$0.695 9	\$0.8298	\$0.723 3
Operating expense	\$0.448 8	\$0.576 6	\$0.6740	\$0.5947	\$0.4431	\$0.595 6	\$0.6768	\$0.575 8	\$0.501 6	\$0.536 0	\$0.8956	\$0.7028	\$0.4589	\$0.581 8	\$0.6821	\$0.602 7
Maintenance expense	\$0.007 7	\$0.011 8	\$0.0167	\$0.0142	\$0.0090	\$0.010 6	\$0.0173	\$0.015 8	\$0.012 5	\$0.017 0	\$0.0241	\$0.0175	\$0.0082	\$0.011 9	\$0.0186	\$0.014 9
Total O&M	\$0.467 8	\$0.585 3	\$0.6885	\$0.6090	\$0.4852	\$0.607 8	\$0.6934	\$0.591 5	\$0.504 6	\$0.544 6	\$0.9091	\$0.7203	\$0.4849	\$0.587 8	\$0.6994	\$0.617 7
Depreciation	\$0.024 2	\$0.027 3	\$0.0330	\$0.0284	\$0.0226	\$0.028 7	\$0.0342	\$0.028 3	\$0.023 5	\$0.027 0	\$0.0282	\$0.0266	\$0.0235	\$0.027 5	\$0.0330	\$0.028 2
Depletion	\$0.000 0	\$0.000 0	\$0.0000	\$0.0001	\$0.0000	\$0.000 0	\$0.0004	\$0.000 4	\$0.000 0	\$0.000 0	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.0000	\$0.000 1
Amortization	\$0.000 0	\$0.000 0	\$0.0019	\$0.0015	\$0.0000	\$0.001 2	\$0.0035	\$0.003 8	\$0.000 0	\$0.000 0	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.0020	\$0.001 8
Prop. loss charged to operations	\$0.000 0	\$0.000 0	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.0000	\$0.000 0	\$0.000 0	\$0.000 0	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.0000	\$0.000 0
Total taxes	\$0.025 7	\$0.036 6	\$0.0533	\$0.0402	\$0.0253	\$0.032 4	\$0.0488	\$0.036 9	\$0.000 0	\$0.014 8	\$0.0233	\$0.0145	\$0.0232	\$0.032 2	\$0.0504	\$0.036 5
Other operating income	\$0.000 0	\$0.000 0	\$0.0000	\$0.0007	\$0.0000	\$0.000 0	\$0.0000	-\$0.0001	\$0.000 0	\$0.000 0	\$0.0000	\$0.0008	\$0.0000	\$0.000 0	\$0.0000	\$0.000 5
Total operating income	\$0.034 2	\$0.043 4	\$0.0499	\$0.0355	\$0.0379	\$0.042 8	\$0.0513	\$0.043 3	\$0.035 2	\$0.036 7	\$0.0489	\$0.0545	\$0.0350	\$0.042 7	\$0.0502	\$0.039 5

**GAS-ONLY INCOME STATEMENT - Per Mile of Distribution Pipe**

2008 Data, 80 Utilities Reporting	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
Operating revenue	\$60,885	\$81,707	\$116,772	\$102,099	\$68,576	\$98,570	\$119,305	\$114,796	\$67,560	\$108,780	\$129,840	\$113,044	\$61,276	\$86,477	\$118,490	\$106,239
Operating expense	\$48,128	\$69,694	\$101,188	\$84,103	\$58,655	\$72,413	\$102,228	\$90,247	\$55,608	\$95,648	\$103,289	\$96,960	\$50,254	\$72,413	\$102,845	\$87,004
Maintenance expense	\$903	\$1,454	\$2,357	\$2,011	\$1,126	\$1,437	\$3,014	\$2,681	\$1,064	\$2,013	\$3,292	\$2,727	\$982	\$1,475	\$2,668	\$2,245
Total O&M	\$48,865	\$70,260	\$104,080	\$86,133	\$59,272	\$74,199	\$105,010	\$92,928	\$56,491	\$97,661	\$106,021	\$99,687	\$50,940	\$74,199	\$105,258	\$89,265
Depreciation	\$2,377	\$3,574	\$5,223	\$4,130	\$2,116	\$4,480	\$5,337	\$4,916	\$2,469	\$2,573	\$3,573	\$3,974	\$2,351	\$3,599	\$5,251	\$4,291
Depletion	\$0	\$0	\$0	\$36	\$0	\$0	\$36	\$63	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$38
Amortization	\$0	\$3	\$206	\$292	\$0	\$139	\$448	\$378	\$0	\$0	\$0	\$0	\$0	\$0	\$250	\$278
Prop. loss charged to operations	\$0	\$0	\$0	\$7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5
Total taxes	\$2,922	\$4,405	\$6,562	\$6,686	\$2,956	\$3,883	\$6,099	\$7,965	\$0	\$2,022	\$2,433	\$1,791	\$2,551	\$3,897	\$6,180	\$6,420
Other operating income	\$0	\$0	\$0	\$66	\$0	\$0	\$0	-\$7	\$0	\$0	\$0	\$72	\$0	\$0	\$0	\$50
Total operating income	\$2,864	\$5,181	\$6,662	\$5,043	\$3,103	\$5,456	\$9,255	\$8,546	\$1,662	\$5,721	\$7,467	\$7,592	\$2,836	\$5,244	\$7,932	\$6,146



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

2008 Data, 80 Utilities Reporting Stratified by Type of Company	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	53 firms				18 firms				9 firms				80 firms			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
Therms delivered (avg.) per acct.	1,301	1,884	2,214	2,053	1,492	1,801	2,396	2,004	1,260	1,342	1,534	1,389	1,300	1,817	2,167	1,967
Therms per \$1,000 of gas plant	582	765	1,124	875	538	813	1,118	936	434	453	993	686	548	800	1,110	867
Value of gas plant per customer	\$1,857	\$2,371	\$2,878	\$2,522	\$1,885	\$2,064	\$2,958	\$2,359	\$1,733	\$2,116	\$2,929	\$2,329	\$1,791	\$2,225	\$2,929	\$2,463
%Sales firm (not interruptible)	90.4%	98.0%	99.8%	91.4%	92.8%	98.1%	99.9%	94.9%	70.7%	85.3%	87.5%	79.7%	89.4%	97.3%	99.8%	91.0%
Collection period (days) 1/	25.4	33.0	55.9	43.3	26.7	29.9	37.9	30.9	29.9	32.7	37.8	36.4	26.0	32.5	47.5	39.7
Gas O&M expense as pct. of revenue	80.4%	84.3%	86.7%	83.8%	82.7%	85.1%	86.6%	83.3%	85.3%	88.9%	90.9%	88.5%	81.3%	85.0%	87.8%	84.2%
Gas operating income as pct. of revenue	4.1%	6.0%	7.6%	5.2%	4.9%	5.8%	8.8%	6.4%	4.8%	6.1%	7.0%	5.8%	4.5%	6.0%	7.6%	5.6%
Gas operating revenue per customer	\$1,359	\$1,674	\$1,944	\$1,696	\$1,411	\$1,618	\$1,728	\$1,614	\$1,640	\$1,680	\$1,813	\$1,733	\$1,386	\$1,660	\$1,924	\$1,681
Gas O&M expense per customer	\$1,090	\$1,435	\$1,748	\$1,438	\$1,156	\$1,284	\$1,487	\$1,349	\$1,473	\$1,502	\$1,538	\$1,520	\$1,140	\$1,427	\$1,656	\$1,427
Gas operating income per customer	\$60	\$89	\$130	\$81	\$78	\$87	\$107	\$106	\$81	\$103	\$127	\$116	\$63	\$88	\$128	\$90
Gas revenue per dollar of gas plant	\$0.579	\$0.697	\$0.806	\$0.714	\$0.586	\$0.707	\$0.831	\$0.704	\$0.586	\$0.651	\$0.969	\$0.816	\$0.582	\$0.696	\$0.830	\$0.723
Gas O&M expense per dollar of gas plant	\$0.468	\$0.585	\$0.689	\$0.609	\$0.485	\$0.608	\$0.693	\$0.592	\$0.505	\$0.545	\$0.909	\$0.720	\$0.485	\$0.588	\$0.699	\$0.618
Gas operating income per \$ of gas plant	\$0.034	\$0.043	\$0.050	\$0.036	\$0.038	\$0.043	\$0.051	\$0.043	\$0.035	\$0.037	\$0.049	\$0.054	\$0.035	\$0.043	\$0.050	\$0.039
Gas revenue per mile of pipe 2/	\$60,885	\$81,707	\$116,772	\$102,099	\$68,576	\$98,570	\$119,305	\$114,796	\$67,560	\$108,780	\$129,840	\$113,044	\$61,276	\$86,477	\$118,490	\$106,239
Gas O&M expense per mile of pipe 2/	\$49,790	\$70,529	\$104,882	\$88,737	\$59,272	\$74,199	\$105,010	\$92,928	\$56,491	\$97,661	\$106,021	\$99,687	\$51,030	\$74,731	\$105,733	\$90,940
Gas operating income per mile of pipe 2/	\$2,864	\$5,181	\$6,662	\$5,043	\$3,103	\$5,456	\$9,255	\$8,546	\$1,662	\$5,721	\$7,467	\$7,592	\$2,836	\$5,244	\$7,932	\$6,146
Long-term debt - total assets ratio 1/	16.4%	22.4%	26.5%	21.1%	22.2%	26.1%	30.8%	27.0%	17.0%	39.1%	51.8%	36.4%	18.2%	23.5%	30.2%	24.2%
Long-term debt - total capitalization ratio 1/3/	32.6%	45.8%	49.5%	39.9%	42.4%	48.5%	52.5%	45.8%	19.3%	42.0%	60.8%	42.7%	35.4%	46.0%	52.1%	41.5%
Net interest - long-term debt ratio 1/	6.6%	7.3%	8.7%	7.3%	6.0%	6.5%	7.0%	6.3%	4.6%	4.9%	5.3%	4.5%	5.6%	6.9%	7.8%	6.7%
EBITDA interest coverage 1/	5.0x	6.3x	8.5x	8.9x	5.2x	6.3x	7.8x	7.0x	2.3x	4.0x	6.4x	5.8x	4.8x	6.1x	8.2x	8.2x
Return on assets	1.9%	2.8%	3.5%	2.5%	1.8%	2.5%	3.4%	2.5%	1.2%	2.0%	3.1%	1.3%	1.7%	2.6%	3.4%	2.4%
Gross sales margin per therm 4/	\$0.215	\$0.299	\$0.386	\$0.309	\$0.189	\$0.246	\$0.392	\$0.305	\$0.270	\$0.285	\$0.484	\$0.369	\$0.208	\$0.285	\$0.387	\$0.315
Gross sales margin per customer 4/	\$397	\$541	\$634	\$541	\$398	\$444	\$634	\$502	\$367	\$469	\$598	\$477	\$390	\$482	\$625	\$525

**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 from US Department of Transportation.

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

4/ Gross sales margin = operating revenues less total production costs

**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**

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
VALUES PER THERM	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Gas-only revenues	\$0.8925	\$0.8720	\$0.9644	\$0.9173	\$0.9427	\$0.9467	\$1.1365	\$1.1892	\$1.2870	\$0.9203	\$0.9261	\$0.9967
Purchased-gas expense	\$0.4771	\$0.4620	\$0.5949	\$0.5576	\$0.5657	\$0.5187	\$0.8325	\$0.8867	\$0.9178	\$0.5272	\$0.5365	\$0.6143
Gross sales margin	\$0.3194	\$0.3228	\$0.3085	\$0.2903	\$0.3530	\$0.3053	\$0.3031	\$0.3025	\$0.3692	\$0.3116	\$0.3272	\$0.3147
Total production costs <sup>1</sup>	\$0.5730	\$0.5492	\$0.6398	\$0.6271	\$0.5898	\$0.6414	\$0.8334	\$0.8867	\$0.9178	\$0.6087	\$0.5989	\$0.6718
Storage & LNG	0.0059	0.0064	0.0110	0.0016	0.0017	0.0016	0.0023	0.0023	0.0137	0.0046	0.0049	0.0092
Transmission	0.0089	0.0099	0.0094	0.0054	0.0180	0.0100	0.0018	0.0012	0.0014	0.0075	0.0107	0.0087
Distribution	0.0437	0.0441	0.0435	0.0374	0.0385	0.0381	0.0552	0.0652	0.0650	0.0434	0.0453	0.0447
Customer accounts	0.0309	0.0315	0.0325	0.0271	0.0270	0.0299	0.0348	0.0368	0.0379	0.0304	0.0311	0.0325
Customer svc. & info.	0.0039	0.0034	0.0024	0.0092	0.0107	0.0121	0.0088	0.0069	0.0203	0.0055	0.0055	0.0066
Sales	0.0030	0.0038	0.0018	0.0031	0.0027	0.0026	0.0010	0.0016	0.0074	0.0028	0.0033	0.0026
Admin. & general	0.0624	0.0583	0.0601	0.0458	0.0505	0.0536	0.0694	0.0724	0.0705	0.0595	0.0582	0.0598
Total O&M	0.7316	0.7066	0.7995	0.7567	0.7388	0.7892	1.0066	1.0729	1.1339	0.7624	0.7579	0.8352
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	53.5%	53.0%	61.7%	60.8%	60.0%	54.8%	73.3%	74.6%	71.3%	57.3%	57.9%	61.6%
Gross sales margin	35.8%	37.0%	32.0%	31.6%	37.4%	32.3%	26.7%	25.4%	28.7%	33.9%	35.3%	31.6%
Total production costs <sup>1</sup>	64.2%	63.0%	66.3%	68.4%	62.6%	67.7%	73.3%	74.6%	71.3%	66.1%	64.7%	67.4%
Storage & LNG	0.7%	0.7%	1.1%	0.2%	0.2%	0.2%	0.2%	0.2%	1.1%	0.5%	0.5%	0.9%
Transmission	1.0%	1.1%	1.0%	0.6%	1.9%	1.1%	0.2%	0.1%	0.1%	0.8%	1.2%	0.9%
Distribution	4.9%	5.1%	4.5%	4.1%	4.1%	4.0%	4.9%	5.5%	5.0%	4.7%	4.9%	4.5%
Customer accounts	3.5%	3.6%	3.4%	3.0%	2.9%	3.2%	3.1%	3.1%	2.9%	3.3%	3.4%	3.3%
Customer svc. & info.	0.4%	0.4%	0.2%	1.0%	1.1%	1.3%	0.8%	0.6%	1.6%	0.6%	0.6%	0.7%
Sales	0.3%	0.4%	0.2%	0.3%	0.3%	0.3%	0.1%	0.1%	0.6%	0.3%	0.4%	0.3%
Admin. & general	7.0%	6.7%	6.2%	5.0%	5.4%	5.7%	6.1%	6.1%	5.5%	6.5%	6.3%	6.0%
Total O&M	82.0%	81.0%	82.9%	82.5%	78.4%	83.4%	88.6%	90.2%	88.1%	82.8%	81.8%	83.8%
VALUES PER CUSTOMER												
Gas-only revenues	\$1,560	\$1,553	\$1,696	\$1,492	\$1,686	\$1,614	\$1,453	\$1,702	\$1,733	\$1,535	\$1,614	\$1,681
Purchased-gas expense	\$819	\$822	\$1,047	\$891	\$986	\$955	\$1,071	\$1,282	\$1,256	\$858	\$925	\$1,050
Gross sales margin	\$515	\$527	\$541	\$470	\$691	\$502	\$381	\$420	\$477	\$493	\$557	\$525
Total production costs <sup>1</sup>	\$1,044	\$1,026	\$1,153	\$1,022	\$994	\$1,112	\$1,072	\$1,282	\$1,256	\$1,042	\$1,057	\$1,155
Storage & LNG	\$9	\$11	\$26	\$3	\$3	\$3	\$3	\$3	\$20	\$7	\$8	\$20
Transmission	\$13	\$16	\$15	\$9	\$46	\$10	\$2	\$1	\$2	\$11	\$21	\$12
Distribution	\$67	\$67	\$72	\$58	\$63	\$64	\$70	\$92	\$83	\$65	\$70	\$72
Customer accounts	\$48	\$49	\$56	\$47	\$44	\$50	\$43	\$52	\$47	\$47	\$49	\$54
Customer svc. & info.	\$6	\$6	\$5	\$14	\$15	\$17	\$11	\$9	\$22	\$8	\$8	\$9
Sales	\$5	\$8	\$4	\$4	\$4	\$4	\$1	\$2	\$7	\$5	\$6	\$4
Admin. & general	\$106	\$99	\$106	\$76	\$88	\$89	\$86	\$99	\$83	\$98	\$98	\$100
Total O&M	\$1,299	\$1,282	\$1,438	\$1,232	\$1,257	\$1,621	\$1,290	\$1,542	\$1,520	\$1,284	\$1,317	\$1,427

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

**APPENDIX 5: WAGES & BENEFITS  
2008 Data, 80 Utilities Reporting**

	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	53 firms				18 firms				9 firms				80 firms			
	LQ	MED	UQ	AVG.	LQ	MED	UQ	AVG.	LQ	MED	UQ	AVG.	LQ	MED	UQ	AVG.
Average number of employees	164	494	1,185	876	195	670	1,572	1,133	135	169	467	384	147	509	1,193	872
Number of Employees at year-end	183	578	1,196	912	213	690	1,565	1,142	135	169	464	387	168	546	1,236	899
O&M wages ('000)	\$8,032	\$28,266	\$71,429	\$48,608	\$9,385	\$44,926	\$80,345	\$72,194	\$2,068	\$5,691	\$25,326	\$20,534	\$6,827	\$30,046	\$68,670	\$50,207
Construction wages ('000)	\$298	\$5,018	\$14,422	\$11,336	\$5,196	\$14,647	\$25,594	\$23,241	\$0	\$636	\$3,719	\$2,631	\$737	\$5,544	\$16,793	\$12,774
Total pensions ('000)	\$624	\$8,011	\$20,690	\$14,830	\$6,811	\$17,045	\$25,431	\$25,872	\$1,186	\$2,729	\$8,288	\$12,656	\$1,097	\$8,255	\$20,763	\$16,844
PER YEAR END EMPLOYEE:																
Total salary & wages	\$52,081	\$61,218	\$76,750	\$66,719	\$66,008	\$85,128	\$96,003	\$86,110	\$39,390	\$52,121	\$62,974	\$51,165	\$52,081	\$62,554	\$81,783	\$69,133
Tot. benefits & pension	\$8,785	\$15,402	\$22,977	\$15,597	\$14,832	\$24,345	\$31,018	\$24,434	\$7,251	\$14,817	\$22,149	\$16,949	\$11,275	\$18,160	\$24,731	\$17,573
Total salary, benefits, and pension	\$55,898	\$78,824	\$95,470	\$82,316	\$85,375	\$110,240	\$121,091	\$110,544	\$53,580	\$61,259	\$97,736	\$68,114	\$58,759	\$81,754	\$107,654	\$86,706
Ratio: avg. benefits to avg. compensation	12%	19%	26%	19%	19%	23%	24%	23%	16%	29%	43%	30%	16%	21%	26%	21%
Therms delivered per year-end employee	955,194	1,212,257	1,676,024	1,366,498	1,213,125	1,629,237	1,861,673	1,901,061	459,463	694,535	772,601	651,976	782,525	1,223,324	1,676,024	1,403,340
Customers per year-end employee	513	702	869	707	649	876	1,029	893	376	474	515	443	501	701	878	718

**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**

<i>Based on Segment Medians</i>	<b>Gas Utilities</b>			<b>Combination Utilities</b>			<b>Municipal Utilities</b>			<b>All Companies</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Asset Turnover	0.75X	0.70X	0.70X	0.41X	0.45X	0.44X	0.46X	0.51X	0.56X	0.57X	0.61X	0.64X
Financial Leverage	67.1%	68.0%	68.9%	69.8%	68.9%	70.5%	45.3%	52.7%	51.9%	67.7%	67.6%	68.4%
Debt/Equity Ratio	78.9%	70.3%	84.4%	110.4%	104.9%	95.4%	73.1%	63.3%	72.5%	84.0%	79.2%	85.5%
Equity Multiplier	3.12	3.14	3.26	3.33	3.56	3.74	2.19	1.95	1.91	3.15	3.14	3.23
Profit Margin	3.4%	4.0%	3.6%	6.1%	5.9%	5.3%	5.0%	4.2%	4.1%	4.0%	4.2%	4.0%
ROA	2.5%	2.8%	2.8%	2.7%	2.9%	2.5%	1.9%	1.6%	2.0%	2.5%	2.8%	2.6%
ROE	7.8%	8.1%	9.1%	8.4%	10.0%	8.6%	3.4%	3.1%	3.9%	8.1%	8.1%	8.4%
Current Ratio	0.82	0.89	0.89	1.00	0.95	0.94	2.75	3.37	2.41	0.92	0.96	0.92
Current Assets/Total Assets	19.0%	20.4%	23.1%	11.6%	11.8%	10.4%	23.7%	27.8%	25.5%	18.0%	19.6%	21.2%

<i>Based on Segment Averages</i>	<b>Gas Utilities</b>			<b>Combination Utilities</b>			<b>Municipal Utilities</b>			<b>All Companies</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Asset Turnover	0.73X	0.75X	0.74X	0.44X	0.49X	0.48X	0.43X	0.48X	0.51X	0.64X	0.66X	0.66X
Financial Leverage	65.1%	63.9%	66.8%	69.4%	68.8%	65.6%	48.1%	48.7%	49.9%	65.1%	63.9%	66.8%
Debt/Equity Ratio	82.6%	68.8%	86.1%	114.5%	102.4%	96.7%	123.2%	108.2%	123.6%	92.9%	81.2%	92.7%
Equity Multiplier	3.21	3.12	3.75	3.51	3.47	3.45	2.68	2.57	2.65	3.22	3.13	3.55
Profit Margin	4.6%	5.4%	3.7%	5.8%	7.4%	6.0%	2.1%	3.5%	0.5%	4.6%	5.6%	3.8%
ROA	2.2%	2.7%	2.5%	2.4%	3.2%	2.5%	1.4%	1.5%	1.3%	2.2%	2.7%	2.4%
ROE	5.9%	8.0%	9.1%	8.1%	11.0%	8.7%	4.8%	2.7%	1.7%	6.2%	8.0%	8.2%
Current Ratio	0.93	1.01	0.95	1.11	1.04	1.02	2.73	2.78	2.61	1.14	1.23	1.15
Current Assets/Total Assets	20.4%	22.8%	24.7%	11.8%	12.7%	12.5%	25.2%	27.1%	24.2%	19.1%	21.0%	21.9%

## APPENDIX 7a: GAS UTILITY INCOME STATEMENTS

Based on Segment Averages

### GAS-ONLY INCOME STATEMENT - Per Annual Therm Delivered

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Operating revenue	\$ 0.8925	\$ 0.8720	\$ 0.9644	\$ 0.9173	\$ 0.9427	\$ 0.9467	\$ 1.1365	\$ 1.1892	\$ 1.2870	\$ 0.9203	\$ 0.9261	\$ 0.9967
Operating expense	\$ 0.7139	\$ 0.6880	\$ 0.7804	\$ 0.7404	\$ 0.7213	\$ 0.7685	\$ 0.9861	\$ 1.0425	\$ 1.1049	\$ 0.7447	\$ 0.7381	\$ 0.8146
Maintenance expense	\$ 0.0177	\$ 0.0186	\$ 0.0192	\$ 0.0164	\$ 0.0175	\$ 0.0207	\$ 0.0204	\$ 0.0304	\$ 0.0290	\$ 0.0177	\$ 0.0198	\$ 0.0206
Total O&M	\$ 0.7316	\$ 0.7066	\$ 0.7995	\$ 0.7567	\$ 0.7388	\$ 0.7892	\$ 1.0066	\$ 1.0729	\$ 1.1339	\$ 0.7624	\$ 0.7579	\$ 0.8352
Depreciation	\$ 0.0433	\$ 0.0424	\$ 0.0400	\$ 0.0390	\$ 0.0453	\$ 0.0388	\$ 0.0453	\$ 0.0483	\$ 0.0499	\$ 0.0425	\$ 0.0438	\$ 0.0409
Depletion	\$ 0.0002	\$ 0.0001	\$ 0.0001	\$ 0.0008	\$ 0.0008	\$ 0.0010	\$ -	\$ -	\$ -	\$ 0.0003	\$ 0.0003	\$ 0.0003
Amortization	\$ 0.0029	\$ 0.0022	\$ 0.0025	\$ 0.0048	\$ 0.0037	\$ 0.0047	\$ -	\$ -	\$ -	\$ 0.0030	\$ 0.0023	\$ 0.0027
Prop. loss charged to operations	\$ 0.0001	\$ 0.0003	\$ 0.0001	\$ 0.0004	\$ 0.0000	\$ 0.0000	\$ -	\$ -	\$ -	\$ 0.0001	\$ 0.0002	\$ 0.0000
Total taxes	\$ 0.0494	\$ 0.0554	\$ 0.0544	\$ 0.0517	\$ 0.0680	\$ 0.0507	\$ 0.0198	\$ 0.0178	\$ 0.0279	\$ 0.0471	\$ 0.0538	\$ 0.0506
Other operating income	\$ (0.0002)	\$ 0.0004	\$ 0.0006	\$ (0.0011)	\$ -	\$ (0.0001)	\$ 0.0033	\$ 0.0041	\$ 0.0008	\$ (0.0001)	\$ 0.0008	\$ 0.0005
Total operating income	\$ 0.0650	\$ 0.0649	\$ 0.0528	\$ 0.0640	\$ 0.0861	\$ 0.0623	\$ 0.0648	\$ 0.0501	\$ 0.0753	\$ 0.0648	\$ 0.0680	\$ 0.0575

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

### GAS-ONLY INCOME STATEMENT - Per Average Customer Served

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Operating revenue	\$ 1,560	\$ 1,573	\$ 1,696	\$ 1,492	\$ 1,686	\$ 1,614	\$ 1,453	\$ 1,702	\$ 1,733	\$ 1,535	\$ 1,614	\$ 1,681
Operating expense	\$ 1,271	\$ 1,267	\$ 1,406	\$ 1,207	\$ 1,226	\$ 1,314	\$ 1,264	\$ 1,498	\$ 1,481	\$ 1,257	\$ 1,285	\$ 1,393
Maintenance expense	\$ 27	\$ 30	\$ 32	\$ 26	\$ 31	\$ 35	\$ 26	\$ 44	\$ 39	\$ 27	\$ 32	\$ 34
Total O&M	\$ 1,299	\$ 1,296	\$ 1,438	\$ 1,232	\$ 1,257	\$ 1,349	\$ 1,290	\$ 1,542	\$ 1,520	\$ 1,284	\$ 1,317	\$ 1,427
Depreciation	\$ 69	\$ 70	\$ 70	\$ 62	\$ 88	\$ 66	\$ 58	\$ 67	\$ 63	\$ 66	\$ 74	\$ 68
Depletion	\$ 0	\$ 0	\$ 0	\$ 1	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ 1	\$ 0	\$ 0
Amortization	\$ 5	\$ 4	\$ 4	\$ 9	\$ 6	\$ 7	\$ -	\$ -	\$ -	\$ 6	\$ 4	\$ 4
Prop. loss charged to operations	\$ 0	\$ 1	\$ 0	\$ 1	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 0
Total taxes	\$ 80	\$ 90	\$ 99	\$ 80	\$ 143	\$ 86	\$ 26	\$ 25	\$ 34	\$ 75	\$ 94	\$ 89
Other operating income	\$ (1)	\$ 1	\$ 1	\$ (0)	\$ -	\$ (0)	\$ 4	\$ 8	\$ 1	\$ (1)	\$ 2	\$ 1
Total operating income	\$ 106	\$ 112	\$ 81	\$ 106	\$ 191	\$ 106	\$ 79	\$ 69	\$ 116	\$ 104	\$ 124	\$ 90

**APPENDIX 7a: GAS UTILITY INCOME STATEMENTS – Per Cost Driver (cont'd)**  
**Based on Segment Averages**

**GAS-ONLY INCOME STATEMENT - Per Dollar of Gas Plant**

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Operating revenue	\$ 0.6834	\$ 0.6907	\$ 0.7141	\$ 0.7544	\$ 0.6410	\$ 0.7041	\$ 0.7481	\$ 0.7681	\$ 0.8159	\$ 0.7047	\$ 0.6887	\$ 0.7233
Operating expense	\$ 0.5627	\$ 0.5606	\$ 0.5947	\$ 0.6115	\$ 0.5018	\$ 0.5758	\$ 0.6579	\$ 0.6885	\$ 0.7028	\$ 0.5820	\$ 0.5626	\$ 0.6027
Maintenance expense	\$ 0.0122	\$ 0.0137	\$ 0.0142	\$ 0.0114	\$ 0.0118	\$ 0.0158	\$ 0.0141	\$ 0.0187	\$ 0.0175	\$ 0.0122	\$ 0.0139	\$ 0.0149
Total O&M	\$ 0.5749	\$ 0.5743	\$ 0.6090	\$ 0.6229	\$ 0.5136	\$ 0.5915	\$ 0.6720	\$ 0.7072	\$ 0.7203	\$ 0.5942	\$ 0.5765	\$ 0.6177
Depreciation	\$ 0.0294	\$ 0.0292	\$ 0.0284	\$ 0.0287	\$ 0.0299	\$ 0.0283	\$ 0.0271	\$ 0.0269	\$ 0.0266	\$ 0.0290	\$ 0.0291	\$ 0.0282
Depletion	\$ 0.0002	\$ 0.0001	\$ 0.0001	\$ 0.0006	\$ 0.0005	\$ 0.0004	\$ -	\$ -	\$ -	\$ 0.0002	\$ 0.0002	\$ 0.0001
Amortization	\$ 0.0021	\$ 0.0016	\$ 0.0015	\$ 0.0084	\$ 0.0024	\$ 0.0038	\$ -	\$ -	\$ -	\$ 0.0033	\$ 0.0016	\$ 0.0018
Prop. loss charged to operations	\$ 0.0000	\$ 0.0002	\$ 0.0000	\$ 0.0003	\$ 0.0000	\$ 0.0000	\$ -	\$ -	\$ -	\$ 0.0001	\$ 0.0002	\$ 0.0000
Total taxes	\$ 0.0351	\$ 0.0384	\$ 0.0402	\$ 0.0402	\$ 0.0435	\$ 0.0369	\$ 0.0133	\$ 0.0107	\$ 0.0145	\$ 0.0342	\$ 0.0363	\$ 0.0365
Other operating income	\$ (0.0007)	\$ 0.0008	\$ 0.0007	\$ 0.0031	\$ -	\$ (0.0001)	\$ 0.0017	\$ 0.0046	\$ 0.0008	\$ 0.0003	\$ 0.0010	\$ 0.0005
Total operating income	\$ 0.0417	\$ 0.0468	\$ 0.0355	\$ 0.0533	\$ 0.0512	\$ 0.0433	\$ 0.0357	\$ 0.0233	\$ 0.0545	\$ 0.0436	\$ 0.0450	\$ 0.0395

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

**GAS-ONLY INCOME STATEMENT - Per Mile of Distribution Pipe**

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Operating revenue	\$ 100,146	\$ 91,910	\$102,099	\$ 88,404	\$ 120,680	\$114,796	\$111,728	\$ 112,209	\$ 113,044	\$ 98,640	\$ 100,988	\$ 106,239
Operating expense	\$ 80,938	\$ 72,887	\$ 84,103	\$ 71,538	\$ 88,137	\$ 90,247	\$ 95,129	\$ 99,054	\$ 96,960	\$ 80,201	\$ 79,573	\$ 87,004
Maintenance expense	\$ 1,797	\$ 1,756	\$ 2,011	\$ 1,573	\$ 2,430	\$ 2,681	\$ 2,276	\$ 2,908	\$ 2,727	\$ 1,793	\$ 2,051	\$ 2,245
Total O&M	\$ 82,735	\$ 74,643	\$ 86,133	\$ 73,110	\$ 90,567	\$ 92,928	\$ 97,405	\$ 101,962	\$ 99,687	\$ 81,993	\$ 81,624	\$ 89,265
Depreciation	\$ 4,065	\$ 3,896	\$ 4,130	\$ 3,857	\$ 6,004	\$ 4,916	\$ 4,083	\$ 4,234	\$ 3,974	\$ 4,021	\$ 4,422	\$ 4,291
Depletion	\$ 68	\$ 46	\$ 36	\$ 96	\$ 66	\$ 63	\$ -	\$ -	\$ -	\$ 68	\$ 45	\$ 38
Amortization	\$ 391	\$ 305	\$ 292	\$ 411	\$ 317	\$ 378	\$ -	\$ -	\$ -	\$ 359	\$ 271	\$ 278
Prop. loss charged to operations	\$ 14	\$ 14	\$ 7	\$ 67	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ 25	\$ 9	\$ 5
Total taxes	\$ 5,953	\$ 5,953	\$ 6,686	\$ 4,540	\$ 10,726	\$ 7,965	\$ 1,644	\$ 1,536	\$ 1,791	\$ 5,229	\$ 6,512	\$ 6,420
Other operating income	\$ (66)	\$ 71	\$ 66	\$ (212)	\$ -	\$ (7)	\$ 559	\$ 420	\$ 72	\$ (39)	\$ 97	\$ 50
Total operating income	\$ 6,918	\$ 7,052	\$ 5,043	\$ 6,324	\$ 13,000	\$ 8,546	\$ 8,596	\$ 4,477	\$ 7,592	\$ 6,946	\$ 8,106	\$ 6,146

**APPENDIX 7b: GAS UTILITY FINANCIAL RATIOS**  
Based on Segment Averages

Stratified by Type of Company

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Therms delivered (avg.) per acct.	1,988	2,066	2,053	1,831	2,042	2,004	1,286	1,443	1,389	1,889	1,986	1,967
Therms per \$1,000 of gas plant	902	935	875	1,104	783	936	697	693	686	927	872	867
Value of gas plant per customer	\$ 2,417	\$ 2,461	\$ 2,522	\$ 2,146	\$ 3,036	\$ 2,359	\$ 2,113	\$ 2,433	\$ 2,329	\$ 2,330	\$ 2,588	\$ 2,463
%Sales firm (not interruptible)	89%	90%	91%	98%	98%	95%	85%	80%	80%	91%	91%	91%
Collection period (days)	1/ 36.3	42.3	43.3	27.8	32.1	30.9	33.5	29.6	36.4	34.2	38.4	39.7
Gas O&M expense as pct. of revenue	83%	82%	84%	82%	77%	83%	89%	91%	88%	83%	82%	84%
Gas oper. income as pct. of revenue	7%	7%	5%	7%	10%	6%	5%	4%	6%	7%	7%	6%
Gas operating revenue per customer	\$ 1,560	\$ 1,573	\$ 1,696	\$ 1,492	\$ 1,686	\$ 1,614	\$ 1,453	\$ 1,702	\$ 1,733	\$ 1,535	\$ 1,614	\$ 1,681
Gas O&M expense per customer	\$ 1,299	\$ 1,296	\$ 1,438	\$ 1,232	\$ 1,257	\$ 1,349	\$ 1,290	\$ 1,542	\$ 1,520	\$ 1,284	\$ 1,317	\$ 1,427
Gas operating income per customer	\$ 106	\$ 112	\$ 81	\$ 106	\$ 191	\$ 106	\$ 79	\$ 69	\$ 116	\$ 104	\$ 124	\$ 90
Gas revenue per dollar of gas plant	\$ 0.6834	\$ 0.6907	\$ 0.7141	\$ 0.7544	\$ 0.6410	\$ 0.7041	\$ 0.7481	\$ 0.7681	\$ 0.8159	\$ 0.7047	\$ 0.6887	\$ 0.7233
Gas O&M expense per \$ of gas plant	\$ 0.5749	\$ 0.5743	\$ 0.6090	\$ 0.6229	\$ 0.5136	\$ 0.5915	\$ 0.6720	\$ 0.7072	\$ 0.7203	\$ 0.5942	\$ 0.5765	\$ 0.6177
Gas oper. income per \$ of gas plant	\$ 0.0417	\$ 0.0468	\$ 0.0355	\$ 0.0533	\$ 0.0512	\$ 0.0433	\$ 0.0357	\$ 0.0233	\$ 0.0545	\$ 0.0436	\$ 0.0450	\$ 0.0395
Gas revenue per mile of pipe	2/ \$ 100,146	\$ 91,910	\$ 102,099	\$ 88,404	\$ 120,680	\$ 114,796	\$ 111,728	\$ 112,209	\$ 113,044	\$ 98,640	\$ 100,988	\$ 106,239
Gas O&M expense per mile of pipe	2/ \$ 82,735	\$ 74,643	\$ 88,737	\$ 73,110	\$ 90,567	\$ 92,928	\$ 97,405	\$ 101,962	\$ 99,687	\$ 81,993	\$ 81,624	\$ 90,940
Gas oper. income per mile of pipe	2/ \$ 6,918	\$ 7,052	\$ 5,043	\$ 6,324	\$ 13,000	\$ 8,546	\$ 8,596	\$ 4,477	\$ 7,592	\$ 6,946	\$ 8,106	\$ 6,146
LT debt - total assets ratio	1/ 23.2%	20.7%	21.1%	33.0%	29.6%	27.0%	36.3%	31.7%	36.4%	26.5%	24.1%	24.2%
LT debt - total capitalization ratio	1/3 / 40.9%	36.5%	39.9%	52.9%	49.2%	45.8%	43.2%	37.6%	42.7%	43.7%	39.5%	41.5%
Net interest - long-term debt ratio	1/ 9.7%	10.1%	7.3%	6.6%	7.2%	6.3%	4.3%	4.7%	4.5%	8.5%	8.7%	6.7%
EBITDA interest coverage	1/ 5.9x	7.6x	8.9x	5.5x	6.6x	7.0x	6.1x	6.0x	5.8x	5.8x	7.2x	8.2x
Return on assets	2.2%	2.7%	2.5%	2.4%	3.2%	2.5%	1.4%	1.5%	1.3%	2.2%	2.7%	2.4%

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

2/ Miles of distribution pipes and services combined. Starting in 2004, services are excluded from the pipe calculation

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 WAGES AND BENEFITS

Based on Segment Averages

Stratified by Type of Company

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Average number of employees	900	761	876	1,268	1,011	1,133	578	382	384	940	772	872
Number of Employees at year-end	903	772	912	1,241	999	1,142	572	383	387	937	777	899
O&M wages ('000)	\$46,370	\$40,340	\$48,608	\$66,324	\$62,967	\$72,194	\$36,641	\$20,086	\$20,534	\$49,448	\$43,038	\$50,207
Construction wages ('000)	\$10,701	\$10,206	\$11,336	\$21,392	\$20,886	\$23,241	\$2,492	\$2,727	\$2,631	\$12,108	\$11,729	\$12,774
Total pensions ('000)	\$17,220	\$14,229	\$14,830	\$26,009	\$21,389	\$25,872	\$13,552	\$14,193	\$12,656	\$18,626	\$15,848	\$16,844
PER EMPLOYEE(1/):												
Total salary & wages	\$68,764	\$67,316	\$66,719	\$73,266	\$87,761	\$86,110	\$66,681	\$52,538	\$51,165	\$69,479	\$69,970	\$69,133
Tot. benefits & pension	\$17,883	\$16,313	\$15,597	\$24,092	\$23,473	\$24,434	\$22,475	\$23,124	\$16,949	\$19,481	\$18,593	\$17,573
Total salary, benefits, and pension	\$86,647	\$83,629	\$82,316	\$97,358	\$111,233	\$110,544	\$89,156	\$75,662	\$68,114	\$88,960	\$88,563	\$86,706
Ratio: avg. benefits to avg. compensation	21.6%	17.7%	19.0%	25.7%	21.2%	23.0%	31.4%	32.6%	29.6%	23.2%	20.1%	20.9%
Therms sold per year-end employee	1,276,154	1,342,685	1,366,498	1,454,451	1,816,327	1,901,061	616,088	672,269	651,976	1,246,786	1,367,211	1,403,340
Customers per year-end employee	664	678	707	818	914	893	481	448	443	676	702	718

1/ year-end employees



## APPENDIX 9: Companies Studied

GAS IOUs	Years Reported			GAS IOUs (cont.)	Years Reported		
	2006	2007	2008		2006	2007	2008
AGL Resources	X	X	X	Southeastern Natural Gas Co		X	X
Aquila Networks	X	X		Southern California Gas			X
Arkansas Oklahoma Gas Corp	X	X		Southwest Gas Corporation	X	X	X
Arkansas Western Gas Company	X	X		Southwestern Virginia Gas Co.	X	X	X
Atmos Energy Corporation	X	X	X	Texas Gas Service			X
Bay State Gas Company			X	Union Oil & Gas Co.	X	X	X
Berkshire Gas Company	X	X		Vermont Gas	X	X	X
Centerpointe Energy - Minnesota Gas Co	X	X	X	Washington Gas Light Company	X	X	X
Centerpointe Energy - Southern Gas - Arkla	X	X	X	Yankee Gas Services Company	X	X	X
Centerpointe Energy - Southern Gas - Entex	X	X	X				
Chesapeake Utilities Corp		X	X	<b>COMBINATION IOUs</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Citizens Gas & Coke Utility			X	Ameren Corp.	X		
Columbia Gas of Kentucky			X	Avista Corp	X	X	X
Columbia Gas of Maryland			X	Baltimore Gas & Electric Co.	X	X	X
Columbia Gas of Ohio		X	X	Black Hills Corporation			X
Columbia Gas of Pennsylvania			X	Central Hudson Gas & Electric Corp.	X	X	X
Columbia Gas of Virginia			X	Cheyenne Light, Fuel, & Power		X	X
Corning Natural Gas Corp	X	X	X	Consolidated Edison of New York		X	X
Delta Natural Gas Company	X	X	X	Consumers Energy	X	X	X
Dominion Peoples	X	X	X	Florida Public Utilities Company	X	X	X
Dominion East Ohio Gas Company	X	X	X	Gainesville Regional Utilities	X		X
Enstar Natural Gas Company	X	X	X	New York State Electric and Gas Corp		X	
Equitable Resources, Inc.	X	X	X	NiSource (NIPSCO)		X	X
Hope Gas, Inc.	X	X	X	Pacific Gas & Electric	X	X	X
Illinois Gas Company	X	X	X	PECO Energy Company (consolidated)	X	X	X
Indiana Gas Company, Inc.	X	X	X	Public Service Enterprises	X	X	X
Intermountain Gas Company	X	X		Puget Sound Energy	X	X	X
Kansas Gas Service			X	Rochester Gas and Electric Corp		X	
KeySpan Energy Delivery - NYC	X	X	X	San Diego Gas & Electric			X
KeySpan Energy Delivery New England	X	X	X	Southern Indiana Gas & Elec Co	X	X	X
KeySpan Gas East - LILCO	X	X	X	UGI Utilities, Inc.	X	X	X
Kokomo Gas and Fuel Company		X	X	WE Energies	X	X	X
Laclede Gas Company	X	X	X				
Michigan Consolidated Gas Co	X	X	X	<b>MUNICIPALS</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Mobile Gas Service Corporation	X	X	X	Colorado Springs Utilities	X	X	X
Mountaineer Gas		X	X	Knoxville Utilities Board	X	X	X
National Fuel Gas Company	X	X	X	Memphis Light, Gas & Water Div	X	X	X
New Jersey Natural Gas Company	X	X	X	Metropolitan Util Dist-Omaha	X	X	X
Nicor Gas And Sub Companies	X	X	X	Middle Tenn Nat Gas Util Dist	X	X	X
North Shore Gas Company	X			Okaloosa County Gas District			X
Northern Indiana Fuel And Light		X	X	Owatonna Public Utilities		X	X
Northwest Natural Gas Company	X	X	X	Philadelphia Gas Works	X	X	X
NSTAR Gas	X	X	X	Richmond Dept. of Pub. Util., City of		X	X
Ohio Gas Company	X	X	X	Westfield Gas and Electric Light Dpt		X	
Oklahoma Natural Gas	X	X	X				
Peoples Gas Light & Coke Company	X						
Peoples Gas System, Inc.	X	X	X				
Piedmont Natural Gas Company	X	X	X				
Questar Gas Company	X	X	X				
Semco Energy (S.E. Michigan)	X	X	X				