



# Energy Analysis

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## 2007-2009 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 2007 through 2009. 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 84 utilities were examined in 2009, 80 companies were studied for 2008, and 75 utilities were included in the 2007 sample.<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 41 percent of the natural gas consumed in 2009, 45 percent in 2008, and 38 percent in 2007.<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 20.8 Tcf in 2009, 21.3 Tcf in 2008, and 21.2 Tcf in 2007, 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, 2009 was one percent warmer than normal, 2008 was 5.0 percent warmer than normal, and 2007 was 6.0 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 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>2007</b>	<b>2008</b>	<b>2009</b>
<b>All Companies</b>	<b>75 Firms</b>	<b>80 Firms</b>	<b>84 Firms</b>
Number of gas customers	603,262	667,784	618,915
Annual therms delivered ('000)	1,097,065	1,202,873	1,012,540
Annual therms delivered per account	1,986	1,967	1,953
Therms delivered per \$1,000 of gas plant	872	867	805
Density of system <sup>2</sup>	61.5	63.2	60.4
Firm sales <sup>3</sup>	90.5%	91.0%	91.7%
<b>Gas utilities</b>	<b>49 Firms</b>	<b>53 Firms</b>	<b>55 Firms</b>
Number of gas customers	607,585	696,409	666,319
Annual therms delivered ('000)	1,171,511	1,315,188	1,117,346
Annual therms delivered per account	2,066	2,053	2,065
Therms delivered per \$1,000 of gas plant	935	875	809
Density of system <sup>2</sup>	56.3	59.8	57.4
Firm sales <sup>3</sup>	90.0%	91.4%	92.9%
<b>Comb. Gas &amp; Electric Utilities<sup>1</sup></b>	<b>17 Firms</b>	<b>18 Firms</b>	<b>19 Firms</b>
Number of gas customers	822,650	832,612	726,681
Annual therms delivered ('000)	1,343,882	1,365,387	1,141,571
Annual therms delivered per account	2,042	2,004	1,958
Therms delivered per \$1,000 of gas plant	783	936	860
Density of system <sup>2</sup>	73.0	72.9	68.8
Firm sales <sup>3</sup>	97.7%	94.9%	92.1%
<b>Municipal Utilities</b>	<b>9 Firms</b>	<b>9 Firms</b>	<b>10 Firms</b>
Number of gas customers	165,326	169,560	153,436
Annual therms delivered ('000)	225,537	216,436	190,946
Annual therms delivered per account	1,443	1,389	1,327
Therms delivered per \$1,000 of gas plant	692	686	680
Density of system <sup>2</sup>	67.1	65.5	60.5
Firm sales <sup>3</sup>	79.9%	79.7%	84.3%

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**

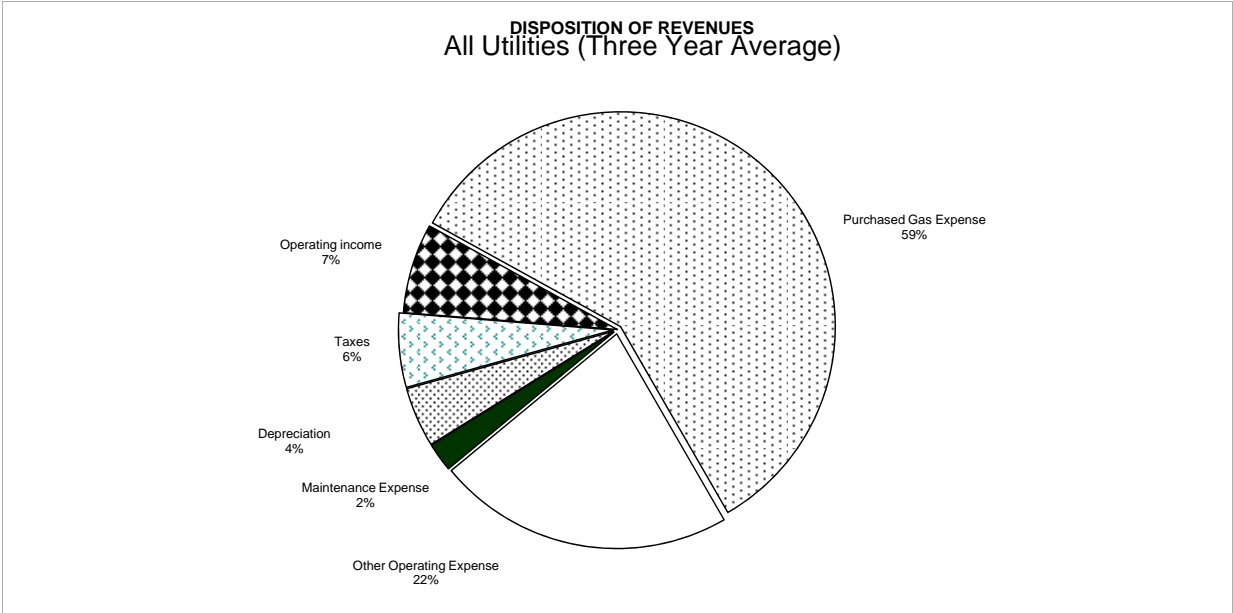
**Annual Average Values per Group  
Data Based on Segment Averages**

	2007	2008	2009
<b>All Companies</b>			
Operating revenue ('000)	\$828,250	\$946,631	\$726,574
Per customer	\$1,614	\$1,681	\$1,422
Per therm	\$0.9261	\$0.9967	\$0.885
Gross sales margin (Rev. less Pur. Gas, '000)	\$295,193	\$343,844	\$313,078
Per customer	\$557	\$525	\$547
Per therm	\$0.327	\$0.315	\$0.353
Collection period (days)	38.4	39.7	34.4
<b>Gas Utilities</b>			
Operating revenue ('000)	\$819,306	\$973,956	\$770,404
Per customer	\$1,573	\$1,696	\$1,446
Per therm	\$0.8720	\$0.9644	\$0.868
Gross sales margin (Rev. less Pur. Gas, '000)	\$295,975	\$ 365,875	\$333,363
Per customer	\$527	\$541	\$563
Per therm	\$0.323	\$0.309	\$0.353
Collection period (days)	42.3	43.3	36.3
<b>Comb. Gas &amp; Electric Utilities<sup>1</sup></b>			
Operating revenue ('000)	\$1,156,512	\$1,198,645	\$867,960
Per customer	\$1,686	\$1,614	\$1,356
Per therm	\$0.9427	\$0.9467	\$0.822
Gross sales margin (Rev. less Pur. Gas, '000)	\$410,994	\$ 409,477	\$376,983
Per customer	\$691	\$502	\$543
Per therm	\$0.353	\$0.305	\$0.343
Collection period (days)	32.1	30.9	31.7
<b>Municipal Utilities</b>			
Operating revenue ('000)	\$256,897	\$281,687	\$216,875
Per customer	\$1,702	\$1,733	\$1,417
Per therm	\$1.1892	\$1.1049	\$1.101
Gross sales margin (Rev. less Pur. Gas, '000)	\$71,693	\$ 82,839	\$80,090
Per customer	\$420	\$477	\$469
Per therm	\$0.302	\$0.369	\$0.371
Collection period (days)	29.6	26.4	29.2

Source: AGA

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

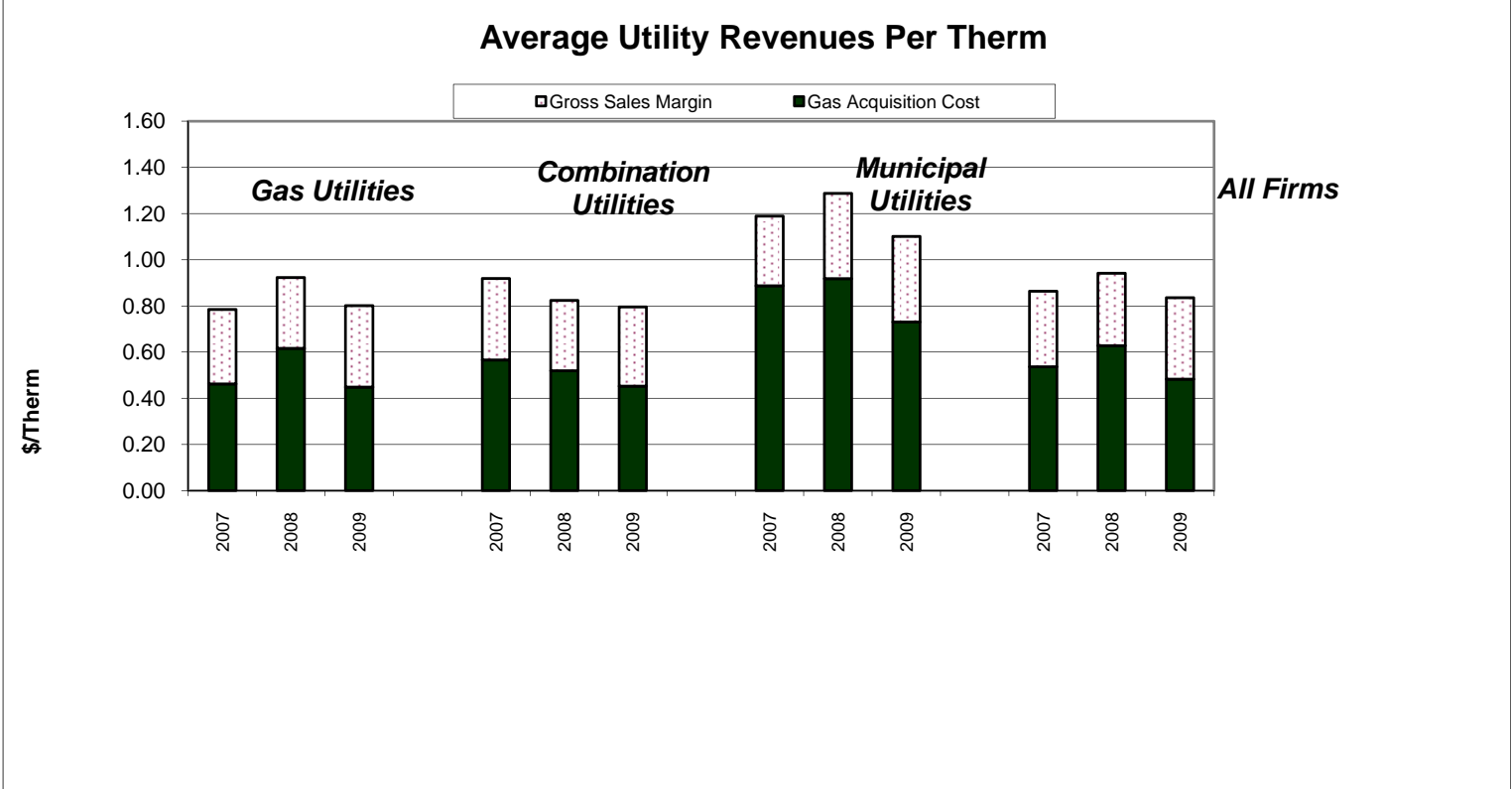
**FIGURE 1**



**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>		
	2007	2008	2009	2007	2008	2009
<b>VALUES PER THERM</b>						
Gas-only revenues	\$0.8720	\$0.9644	\$0.8683	\$0.9427	\$0.9467	\$0.8216
Purchased-gas expense	\$0.4620	\$0.5949	\$0.4484	\$0.5657	\$0.5187	\$0.4522
Gross sales margin	\$0.3228	\$0.3085	\$0.3526	\$0.3530	\$0.3053	\$0.3433
Total production costs <sup>2</sup>	\$0.5492	\$0.6398	\$0.5157	\$0.5898	\$0.6414	\$0.4783
Storage & LNG	0.0064	0.0110	0.0056	0.0017	0.0016	0.0015
Transmission	0.0099	0.0094	0.0100	0.0180	0.0100	0.0104
Distribution	0.0441	0.0435	0.0473	0.0385	0.0381	0.0447
Customer accounts	0.0315	0.0325	0.0336	0.0270	0.0299	0.0302
Customer svc. & info.	0.0034	0.0024	0.0035	0.0107	0.0121	0.0113
Sales	0.0038	0.0018	0.0019	0.0027	0.0026	0.0023
<u>Admin. &amp; general</u>	<u>0.0583</u>	<u>0.0601</u>	<u>0.0674</u>	<u>0.0505</u>	<u>0.0536</u>	<u>0.0634</u>
Total O&M	\$0.7066	\$0.7995	\$0.6848	\$0.7388	0.7892	\$0.6420
<b>SAME-SIZE ANALYSIS</b>						
Gas-only revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Purchased-gas expense	53.0%	61.7%	51.6%	60.0%	54.8%	55.0%
Gross sales margin	37.0%	32.0%	40.6%	37.4%	32.3%	41.8%
Total production costs <sup>2</sup>	63.0%	66.3%	59.4%	62.6%	67.7%	58.2%
Storage & LNG	0.7%	1.1%	0.6%	0.2%	0.2%	0.2%
Transmission	1.1%	1.0%	1.2%	1.9%	1.1%	1.3%
Distribution	5.1%	4.5%	5.4%	4.1%	4.0%	5.4%
Customer accounts	3.6%	3.4%	3.9%	2.9%	3.2%	3.7%
Customer svc. & info.	0.4%	0.2%	0.4%	1.1%	1.3%	1.4%
Sales	0.4%	0.2%	0.2%	0.3%	0.3%	0.3%
<u>Admin. &amp; general</u>	<u>6.7%</u>	<u>6.2%</u>	<u>7.8%</u>	<u>5.4%</u>	<u>5.7%</u>	<u>7.7%</u>
Total O&M	81.0%	82.9%	78.9%	78.4%	83.4%	78.1%

Source: AGA, USR.

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

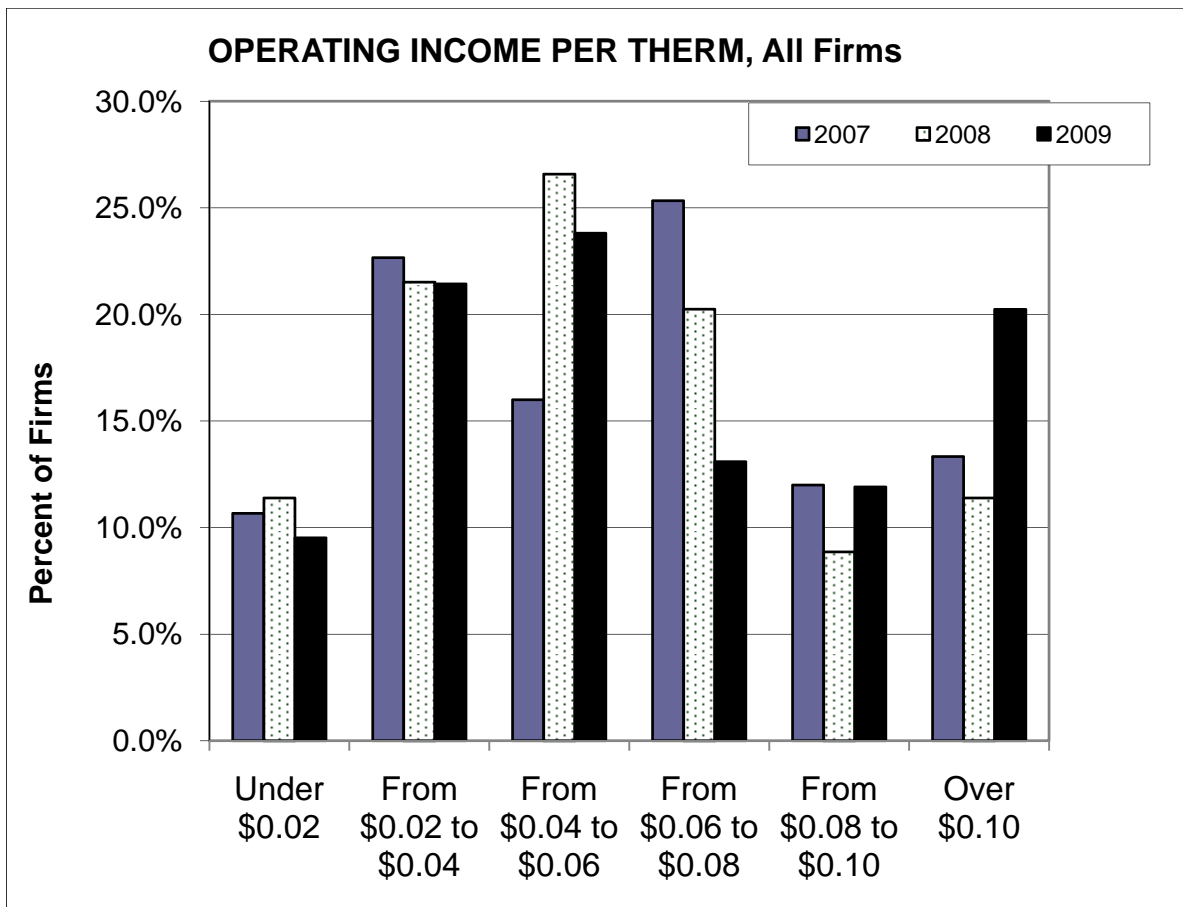
<sup>2</sup> Purchased-gas expense is subsumed within total production costs.

**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>		
	2007	2008	2009	2007	2008	2009
Operating revenue, \$000	\$819,306	\$973,956	\$770,404	\$1,156,512	\$1,198,645	\$867,960
Total O&M, \$000	\$655,071	\$816,171	592,154	\$928,261	\$983,298	\$671,765
Operating income, \$000	\$69,481	\$47,142	74,450	\$91,534	\$82,349	\$73,546
<b>Percent of Revenue</b>						
Total O&M	81.0%	82.9%	76.9%	78.4%	83.4%	77.4%
Operating income	7.4%	5.5%	9.7%	9.1%	6.6%	8.5%
<b>Per Therm</b>						
Revenue	\$0.872	\$0.964	\$0.868	\$0.943	\$0.947	\$0.822
Total O&M	0.707	0.800	\$0.685	0.739	0.789	\$0.642
Operating income	0.065	0.053	\$0.078	0.086	0.062	\$0.074
<b>Per Customer</b>						
Revenue	\$1,573	\$1,696	\$1,446	\$1,686	\$1,614	\$1,356
Total O&M	1,296	1,438	\$1,156	1,257	1,349	\$1,065
Operating income	112	81	\$115	191	106	\$121
<b>Per Dollar of Gas Plant</b>						
Revenue	\$0.691	\$0.714	\$0.567	\$0.641	\$0.704	\$0.548
Total O&M	0.574	0.609	\$0.457	0.514	0.592	\$0.432
Operating income	0.047	0.036	\$0.043	0.051	0.043	\$0.048
<b>Per Mile of Main<sup>2</sup></b>						
Revenue	\$91,910	\$102,099	\$83,814	\$120,680	\$114,796	\$93,956
Total O&M	74,643	86,133	\$66,117	90,567	92,928	\$71,414
Operating income	7,052	5,043	\$7,012	13,000	8,546	\$9,020

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.

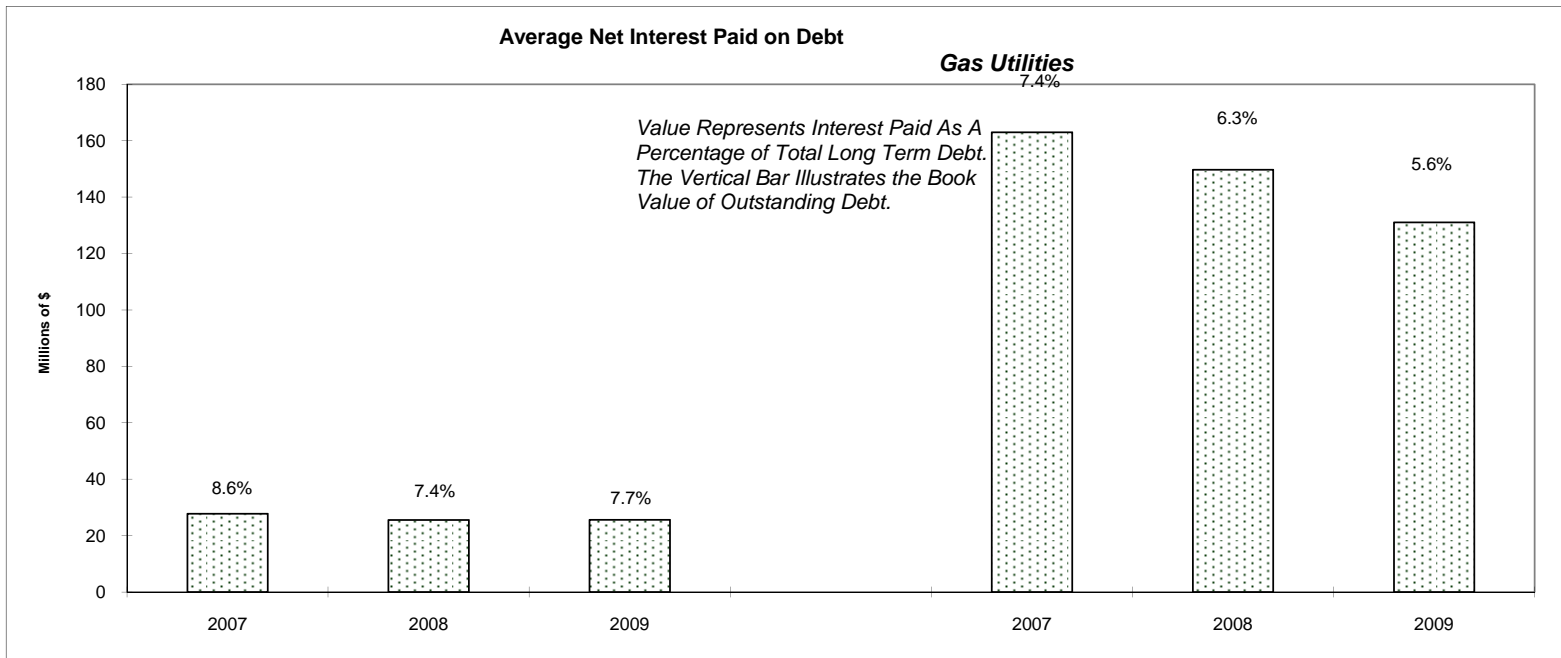
The total cost of capital for a utility reflects that of both debt and equity financing.<sup>7</sup> Table 5 shows summary descriptors of capital costs for utilities by industry segment.

<b>TABLE 5</b>			
<b>UTILITY DEBT AND DEBT COVERAGE</b>			
<b>AVERAGE VALUES</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Gas utilities</b>			
Total LT Debt to Total Assets	20.7%	21.1%	21.5%
LT Debt to Total Capitalization	36.5%	39.9%	38.9%
EBITDA Interest Coverage	7.6x	7.3x	8.4x
<b>Combination Utilities<sup>1</sup></b>			
Total LT Debt to Total Assets	29.6%	27.0%	30.0%
LT Debt to Total Capitalization	49.2%	45.8%	46.7%
EBITDA Interest Coverage	6.6x	6.3x	7.3x

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

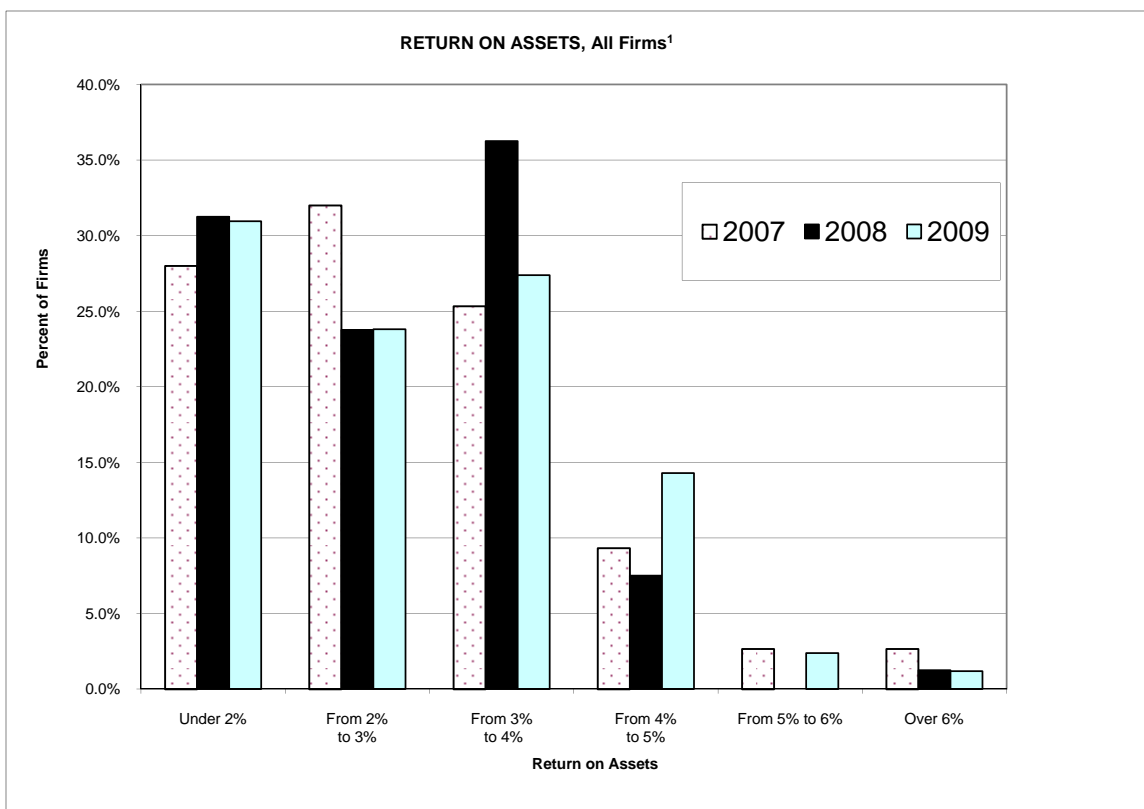
commodity sales and stabilized electric base-load operations attributable to base-load (i.e., not weather-driven) sales.

#### 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>2007</b>	<b>2008</b>	<b>2009</b>
<b>Gas Utilities</b>			
Asset Turnover	0.75X	0.74X	0.61X
Financial Leverage	63.9%	66.8%	65.7%
Equity Multiplier	3.12x	3.75x	4.14x
Profit Margin	5.4%	3.7%	5.5%
ROA <sup>2</sup>	2.7%	2.5%	2.9%
ROE <sup>2</sup>	8.0%	9.1%	9.3%
Current Ratio	1.01	0.95	1.10
Current Assets/Total Assets	22.8%	24.7%	20.9%
<b>Combination Utilities<sup>1</sup></b>			
Asset Turnover	0.49X	0.48X	0.44X
Financial Leverage	68.8%	65.6%	66.4%
Equity Multiplier	3.47x	3.45x	3.24x
Profit Margin	7.4%	6.0%	6.8%
ROA <sup>2</sup>	3.2%	2.5%	2.7%
ROE <sup>2</sup>	11.0%	8.7%	8.7%
Current Ratio	1.04	1.02	1.38
Current Assets/Total Assets	12.7%	12.5%	12.3%

Source: AGA, USR.

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

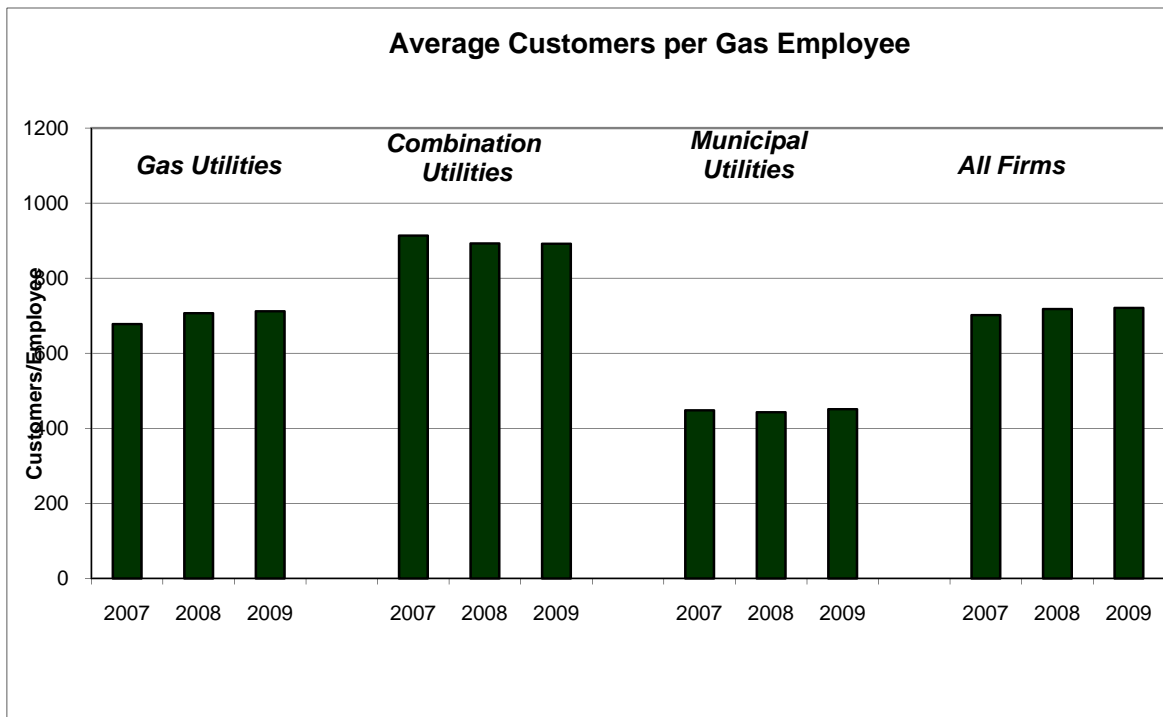
<sup>2</sup> When referring to combined gas and electric operations, the balance sheet items (i.e., total end-of-year assets) refer to the total firm, which could include non-utility assets, gas transmission assets and "other" utility assets (e.g., water), while income statement items (i.e., total revenues)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

	2007	2008	2009	3-Year Average
<b>All Firms</b>				
Number of employees at year-end	777	899	812	829
Total salaries and wages	\$69,970	\$69,133	\$72,636	\$70,580
Total benefits and pensions	\$18,593	\$17,573	\$24,027	\$20,064
Total salaries, benefits, and pensions	\$88,563	\$86,706	\$96,663	\$90,644
Ratio of total benefits to total compensation	20.1%	20.9%	25.6%	22.2%
Therms sold per employee				
Customers per employee	1,367,211 702	1,403,340 718	1,406,038 721	1,392,196 714
<b>Gas Utilities</b>				
Number of employees at year-end	772	912	870	851
Total salaries and wages	\$67,316	\$66,719	\$71,257	\$68,431
Total benefits and pensions	\$16,313	\$15,597	\$19,179	\$17,030
Total salaries, benefits, and pensions	\$83,629	\$82,316	\$90,436	\$85,460
Ratio of total benefits to total compensation	17.7%	19.0%	20.5%	19.1%
Therms sold per employee	1,342,685	1,366,498	1,378,221	1,362,468
Customers per employee	678	707	712	699
<b>Combination Utilities<sup>1</sup></b>				
Number of employees at year-end	999	1,142	888	1,010
Total salaries and wages	\$87,761	\$86,110	\$85,866	\$86,579
Total benefits and pensions	\$23,473	\$24,434	\$43,756	\$30,554
Total salaries, benefits, and pensions	\$111,233	\$110,544	\$129,622	\$117,133
Ratio of total benefits to total compensation	21.2%	23.0%	37.2%	27.1%
Therms sold per employee	1,816,327	1,901,061	1,908,317	1,875,235
Customers per employee	914	893	892	900
<b>Municipal Utilities</b>				
Number of employees at year-end	383	387	349	373
Total salaries and wages	\$52,538	\$51,165	\$56,077	\$53,260
Total benefits and pensions	\$23,124	\$16,949	\$16,383	\$18,819
Total salaries, benefits, and pensions	\$75,662	\$68,114	\$72,460	\$72,079
Ratio of total benefits to total compensation	32.6%	29.6%	34.4%	32.2%
Therms sold per employee	672,269	651,786	627,281	650,445
Customers per employee	448	443	451	447

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**  $(6,2)/\text{miles of main}$ 

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 customer**  $(4,12)/[(20,15)+(20,18)]$ 

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**  $[(2,1) - (4,5)]/[(20,15)+(20,18)]$ 

Defined as revenue, less total production 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**  $[(2,1) - (4,5)]/[(20,15)+(20,18)]$ 

Defined as revenue, less total production 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) 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 (4,5)/(20,15)**

Total production 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.).

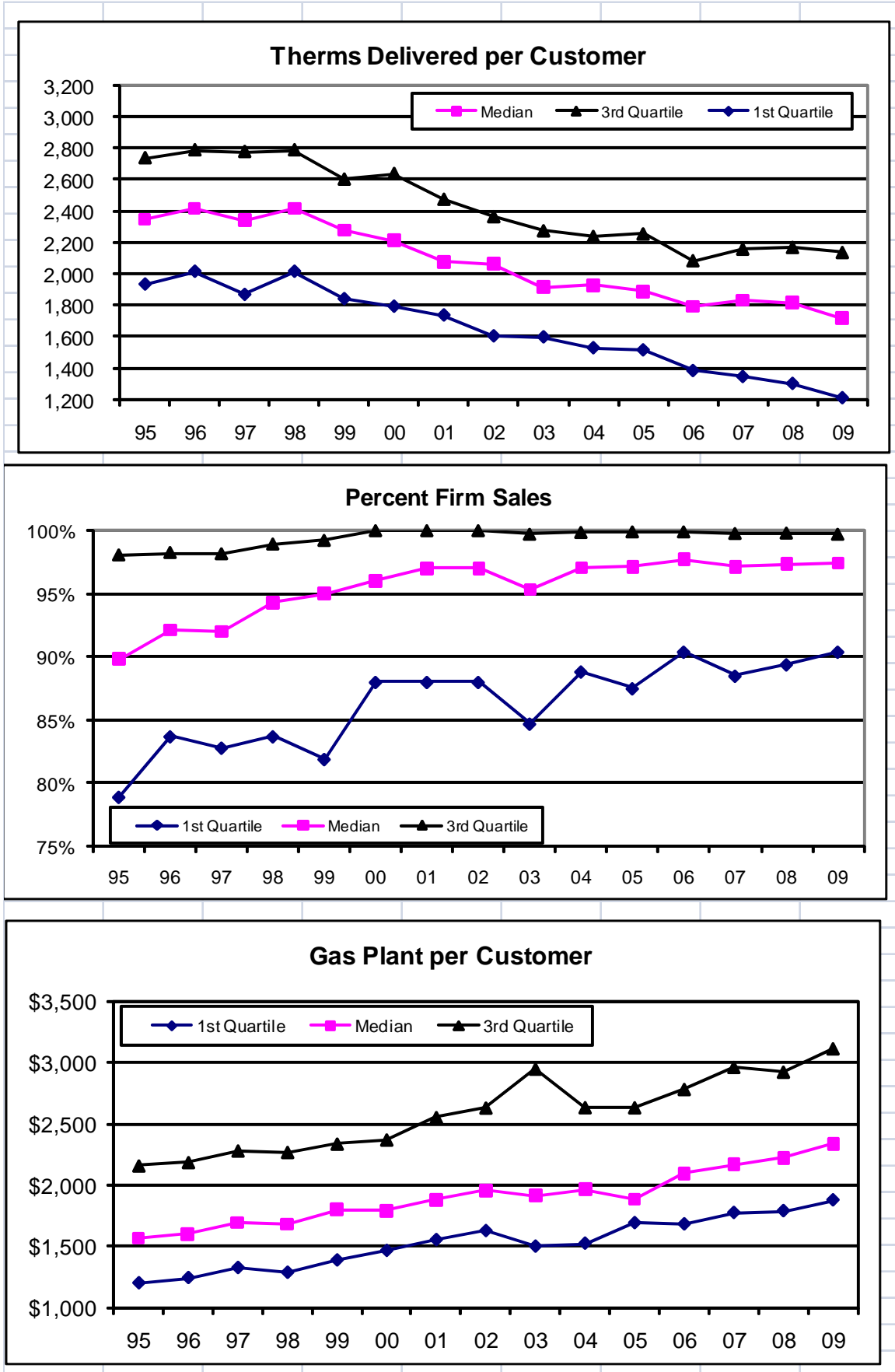
**ASSET TURNOVER:** Influenced by revenue and composition/age of gas plant.

**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.

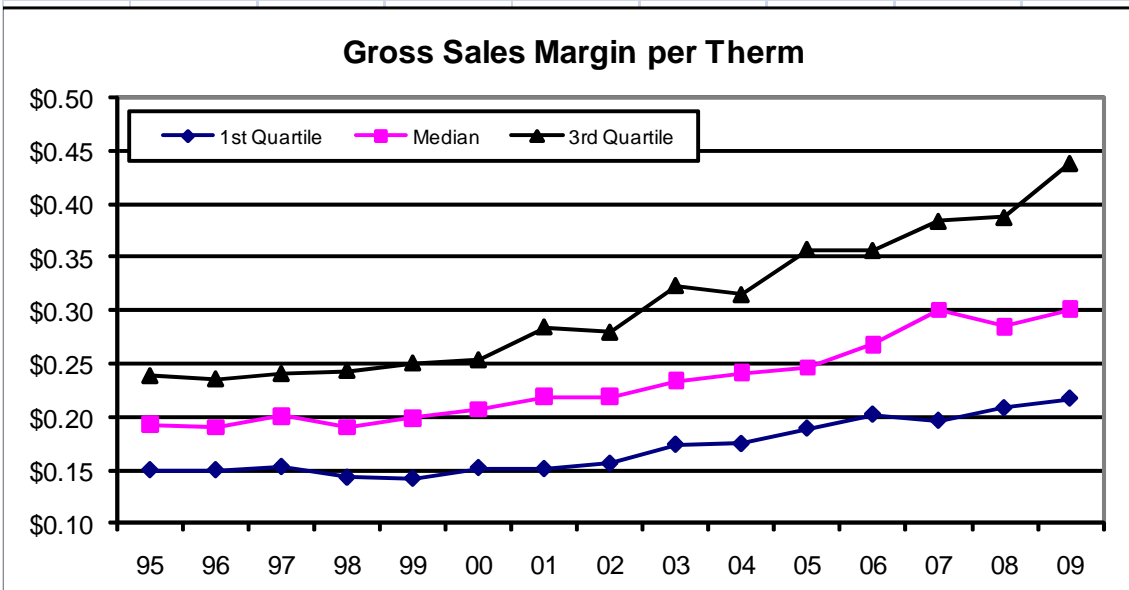
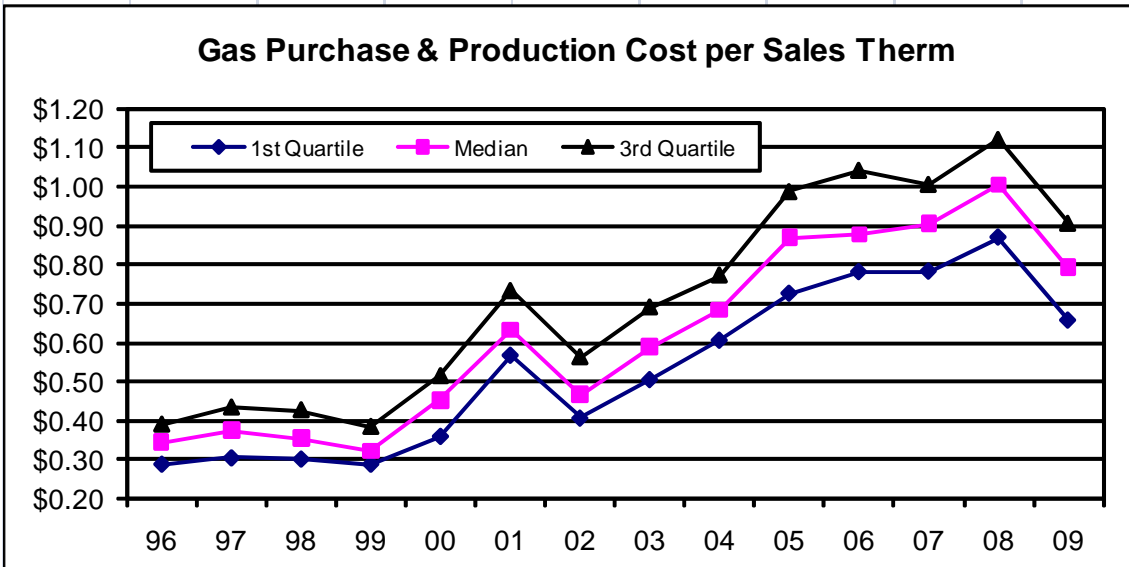
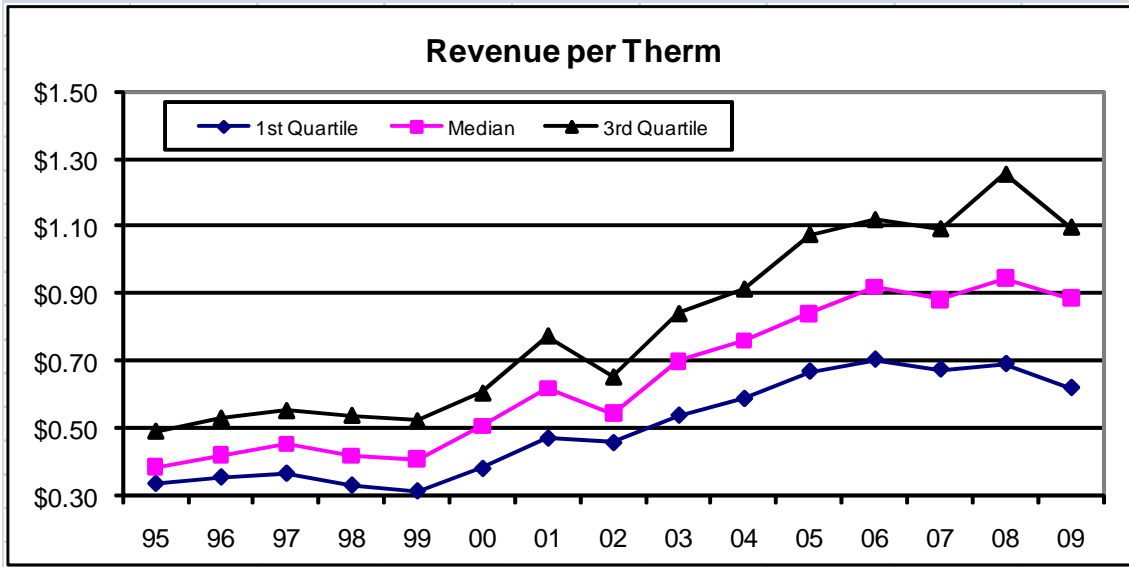
**NOTE:** Recent results of metrics involving miles of main are not comparable for years prior to 2004 because of changes in the definition of miles of main changed (no longer includes services) and in the data source (now derived from the US Department of Transportation, Office of Pipeline Safety database).

Appendix 2: Multi-year Charts for All Companies



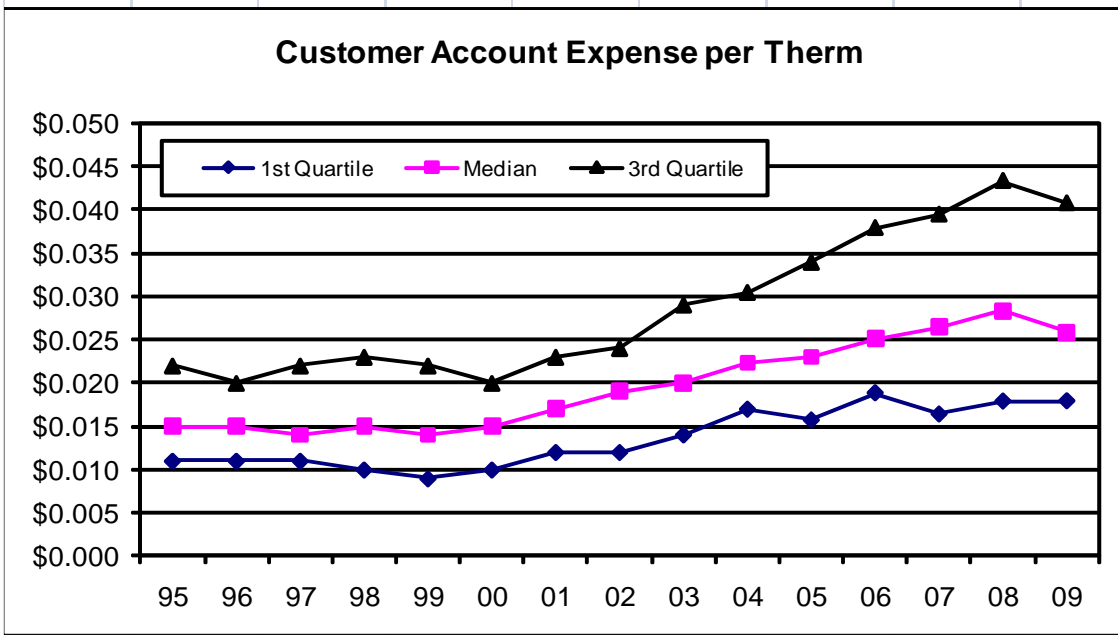
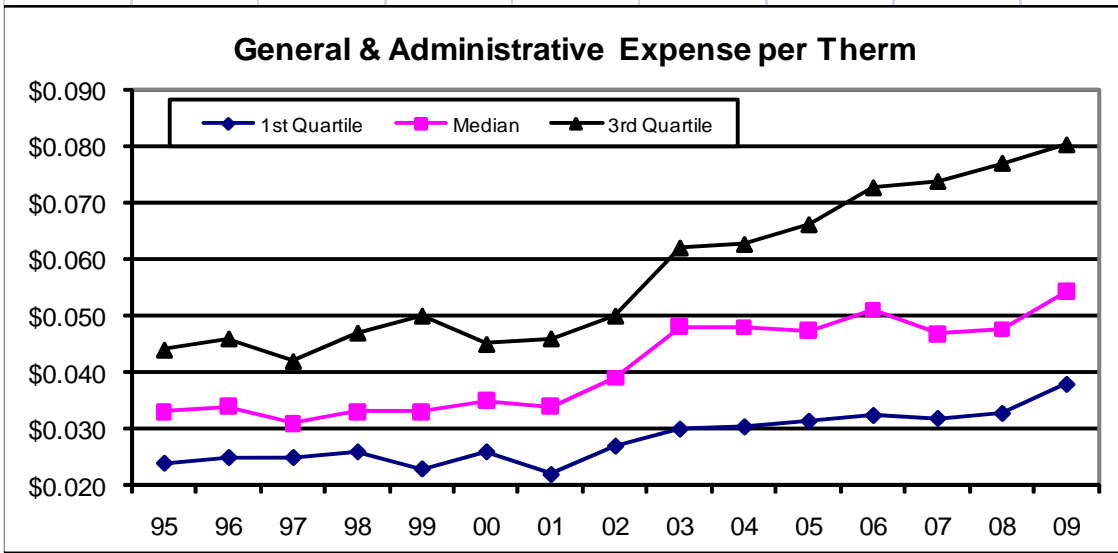
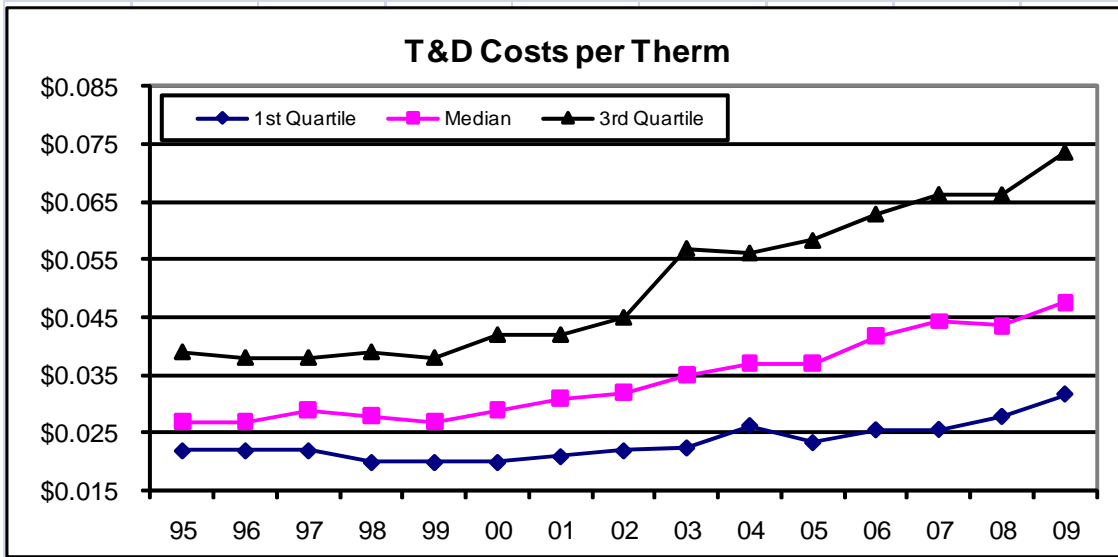
**Note:** Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



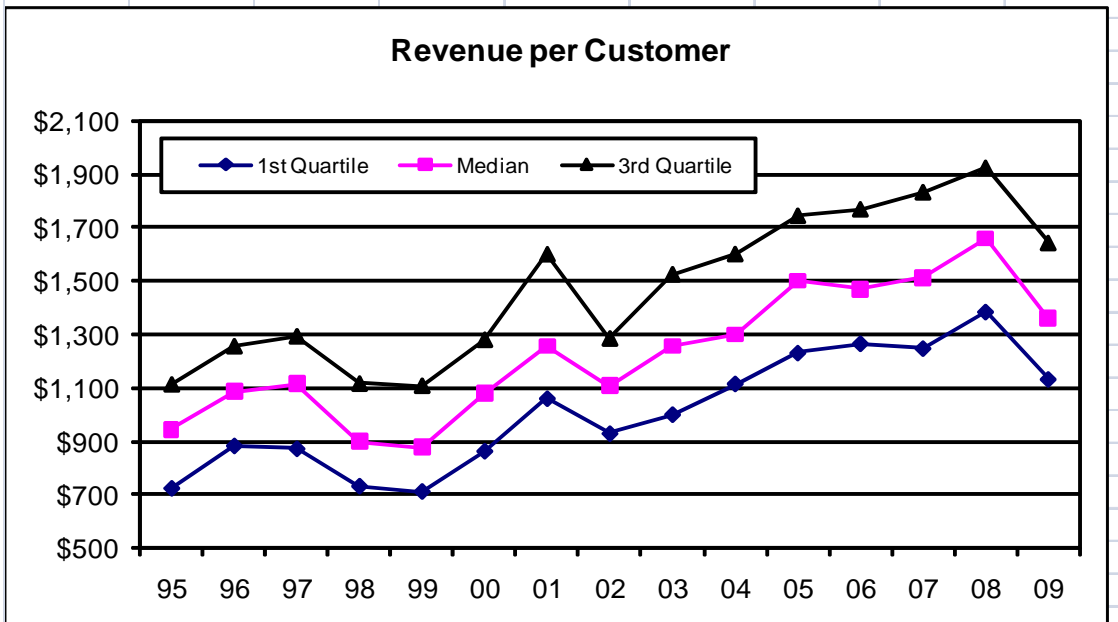
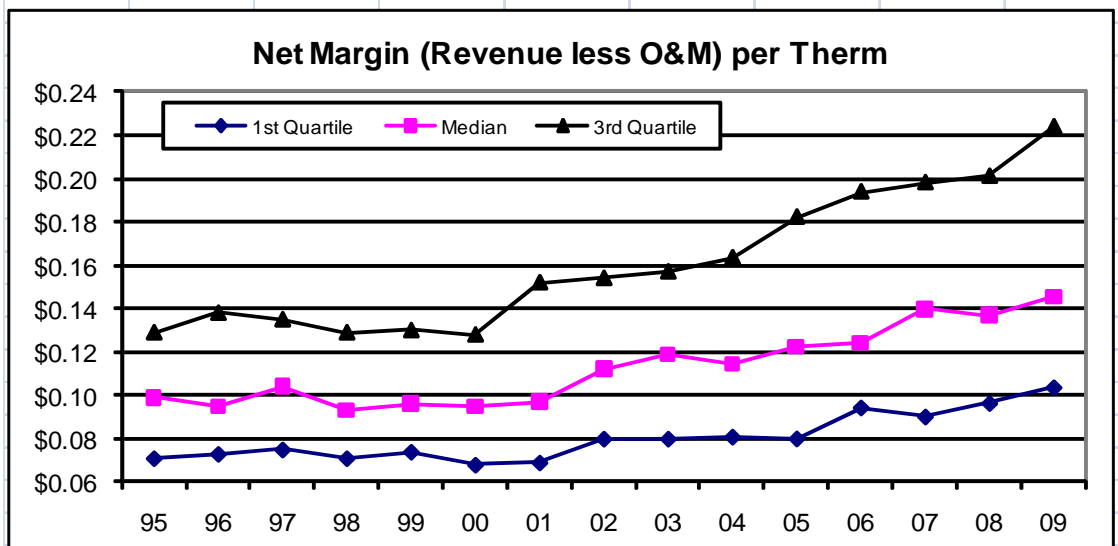
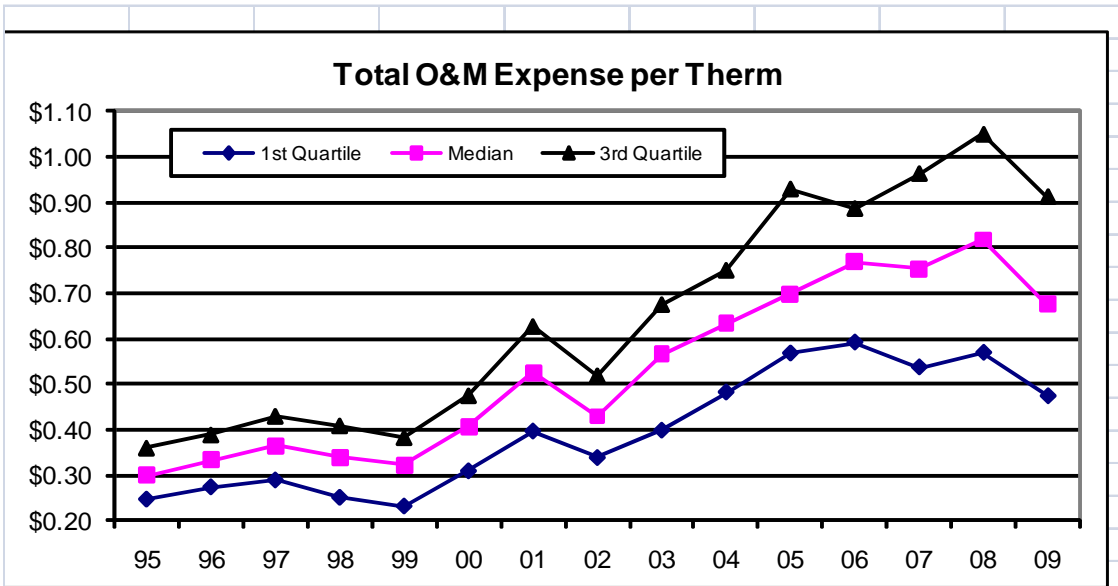
Note: Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



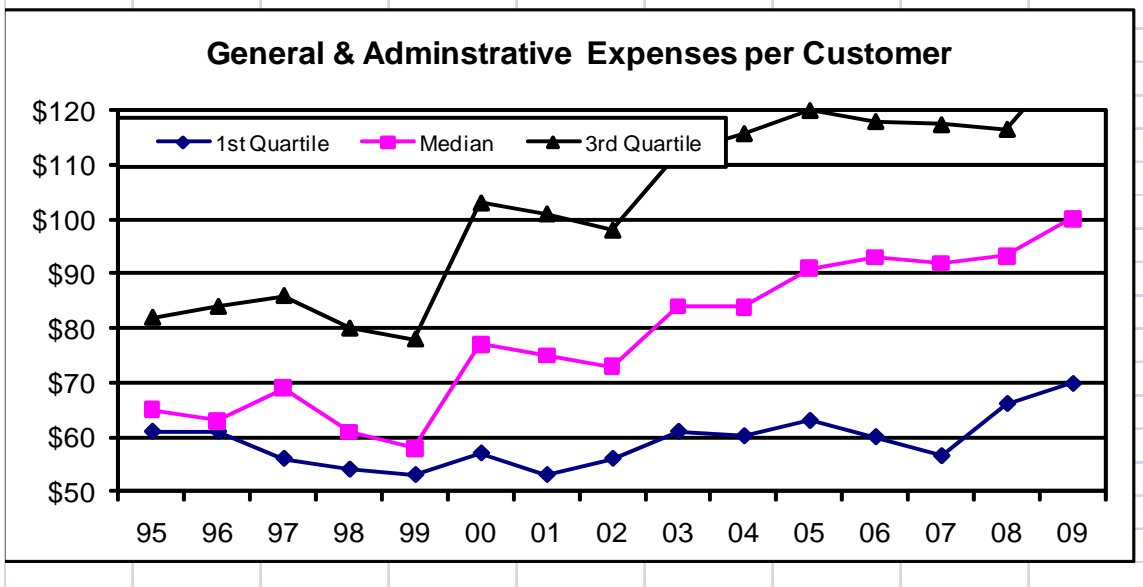
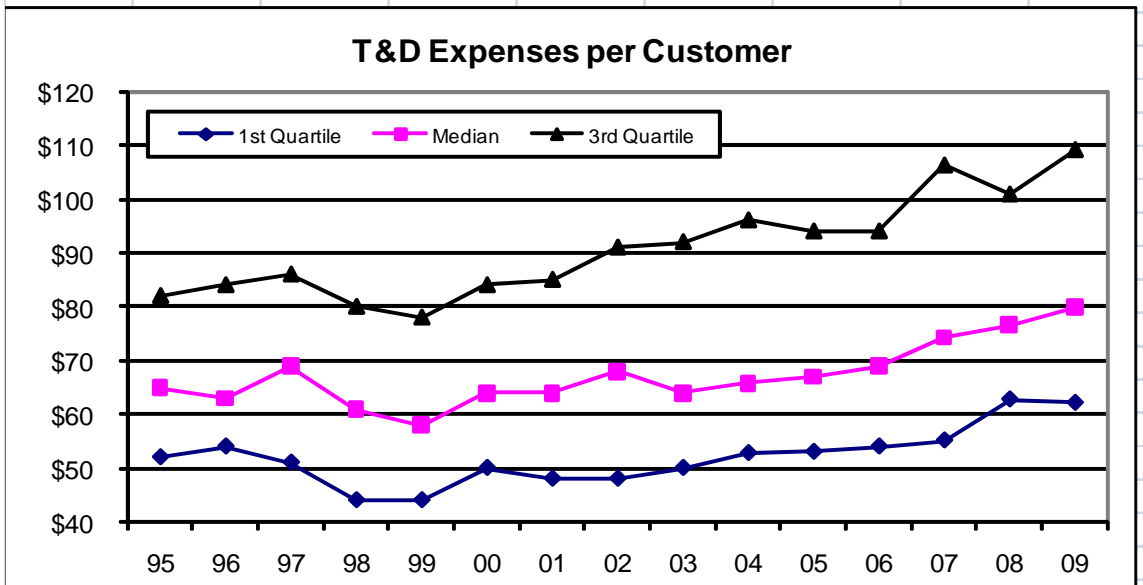
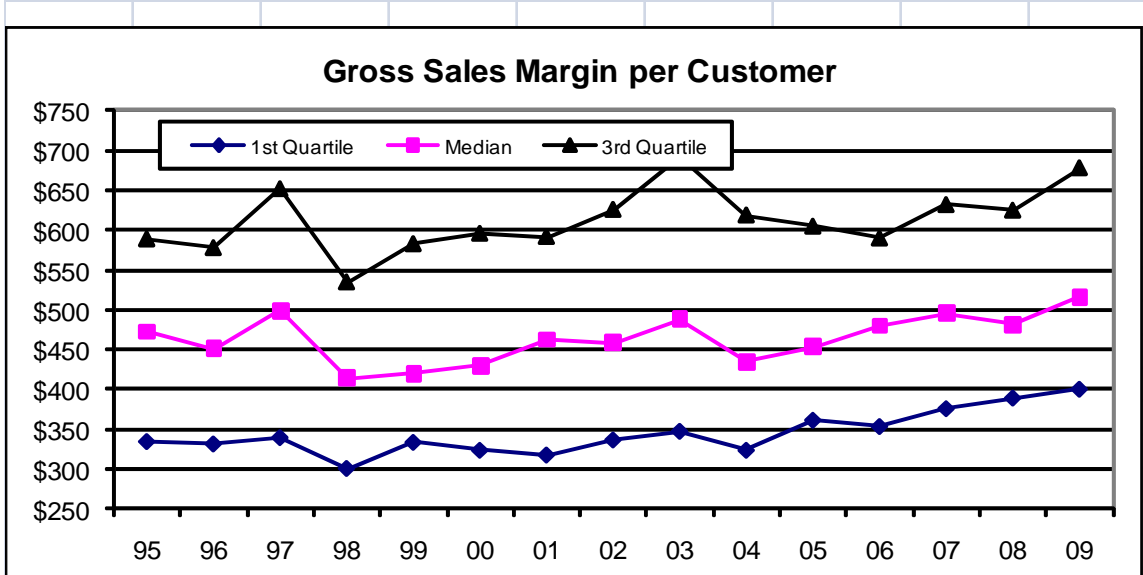
Note: Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



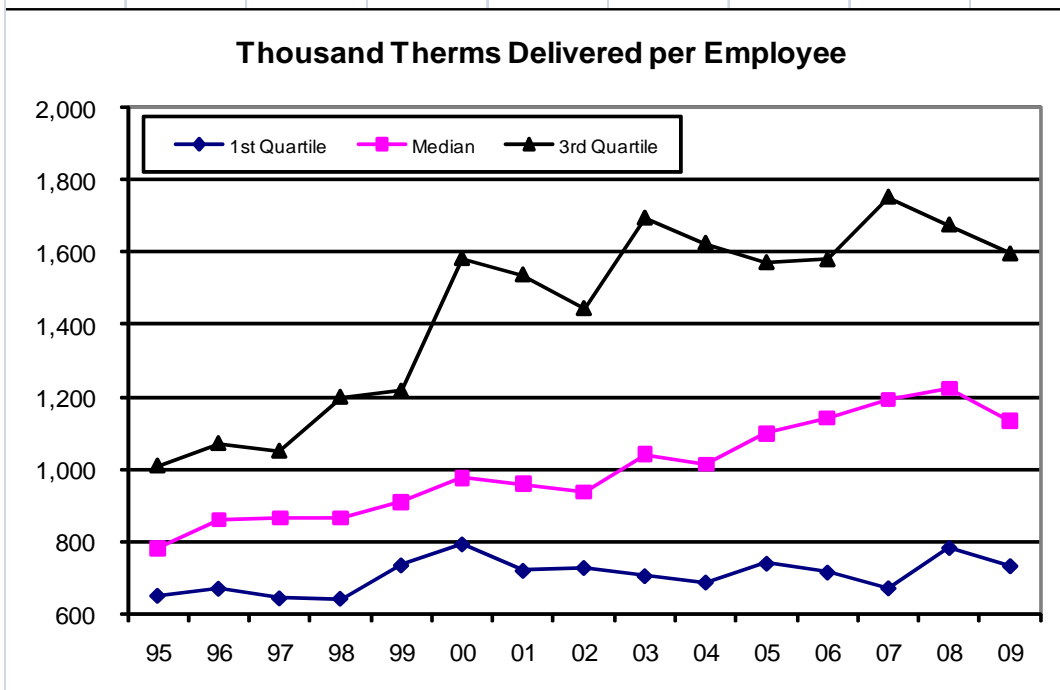
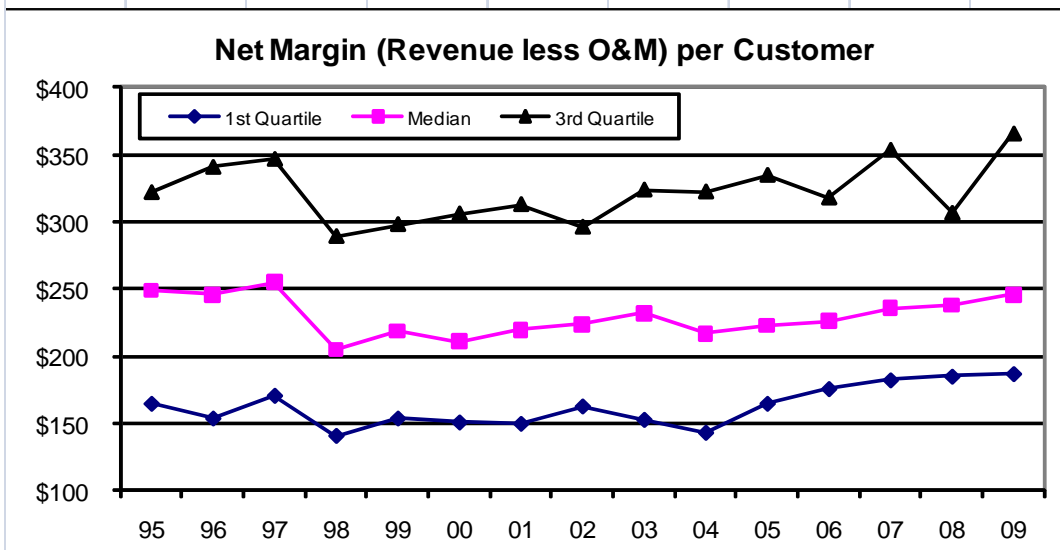
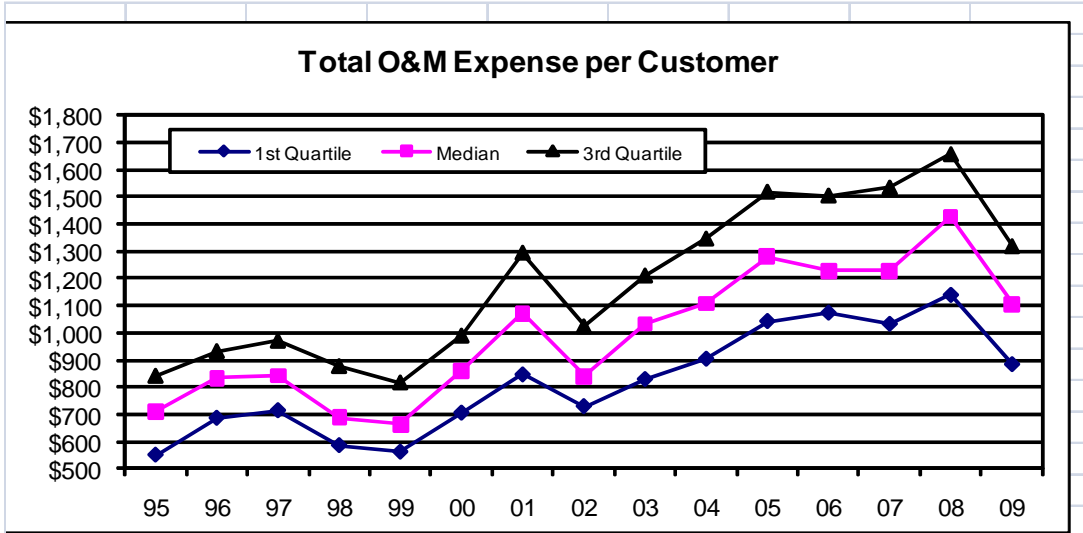
Note: Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



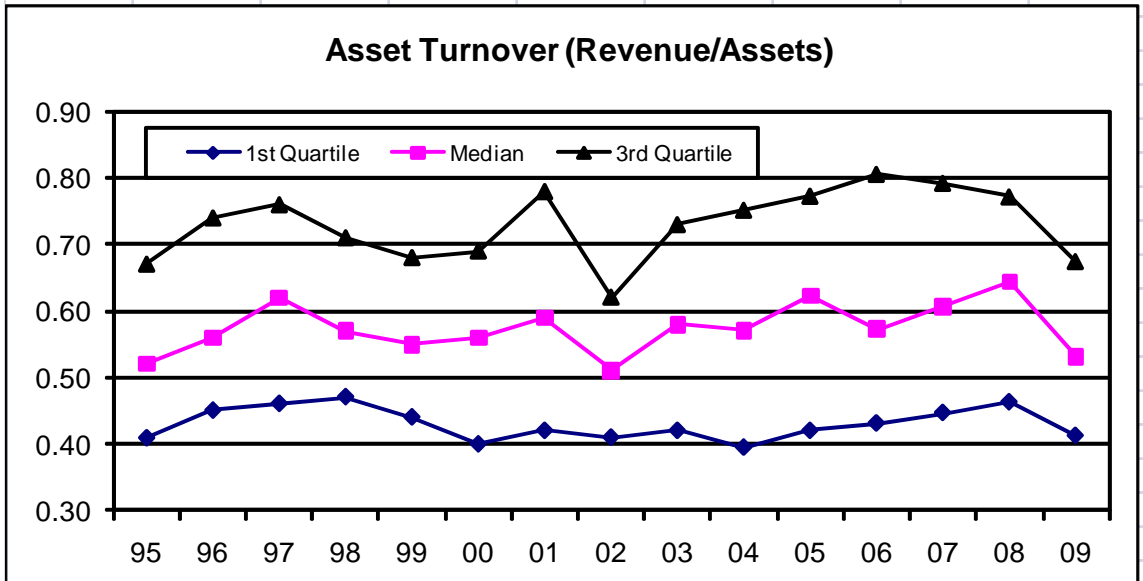
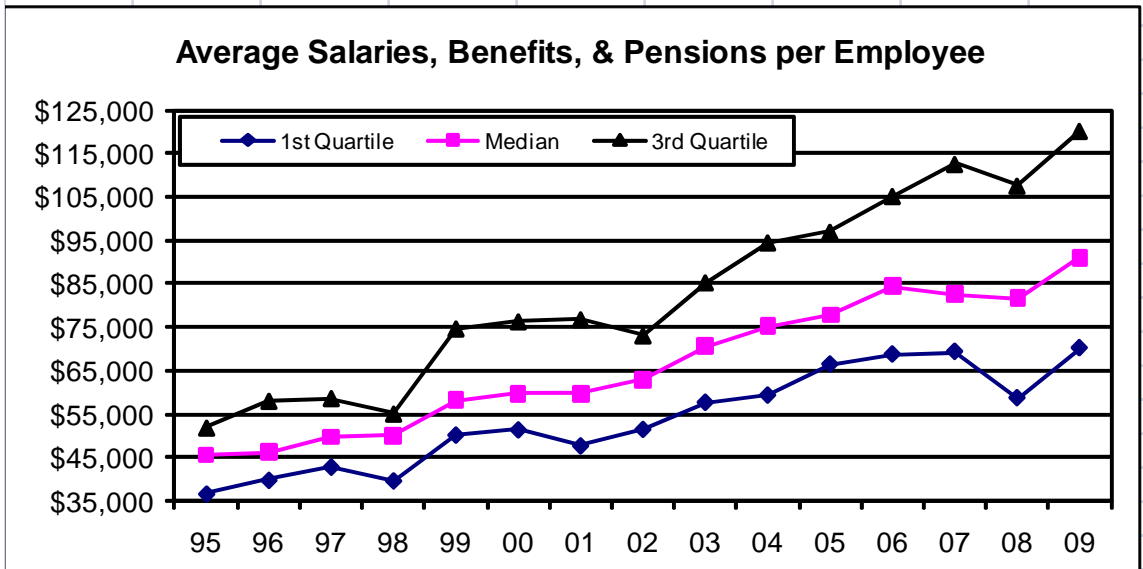
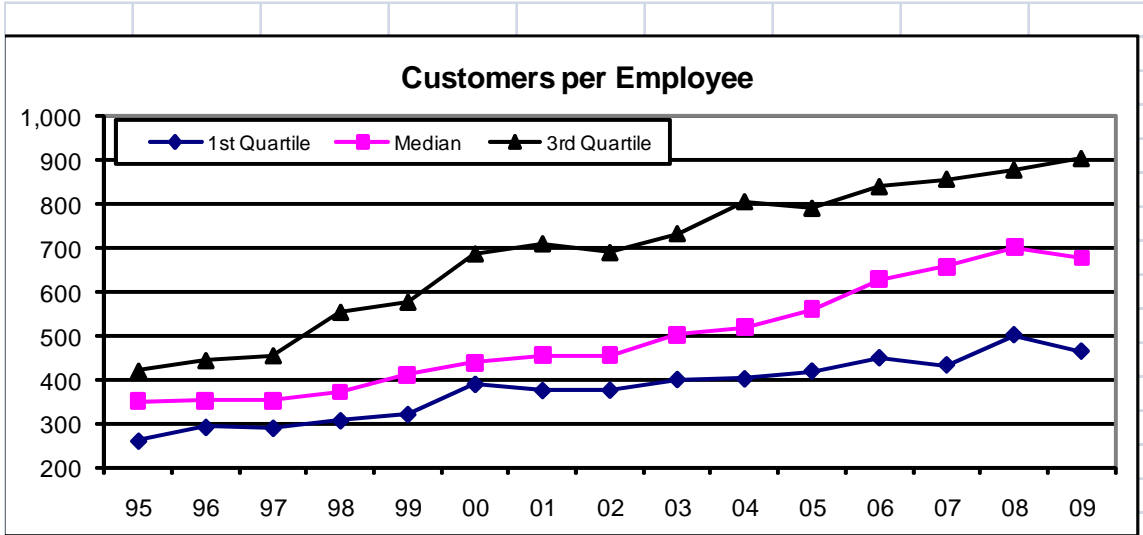
Note: Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



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

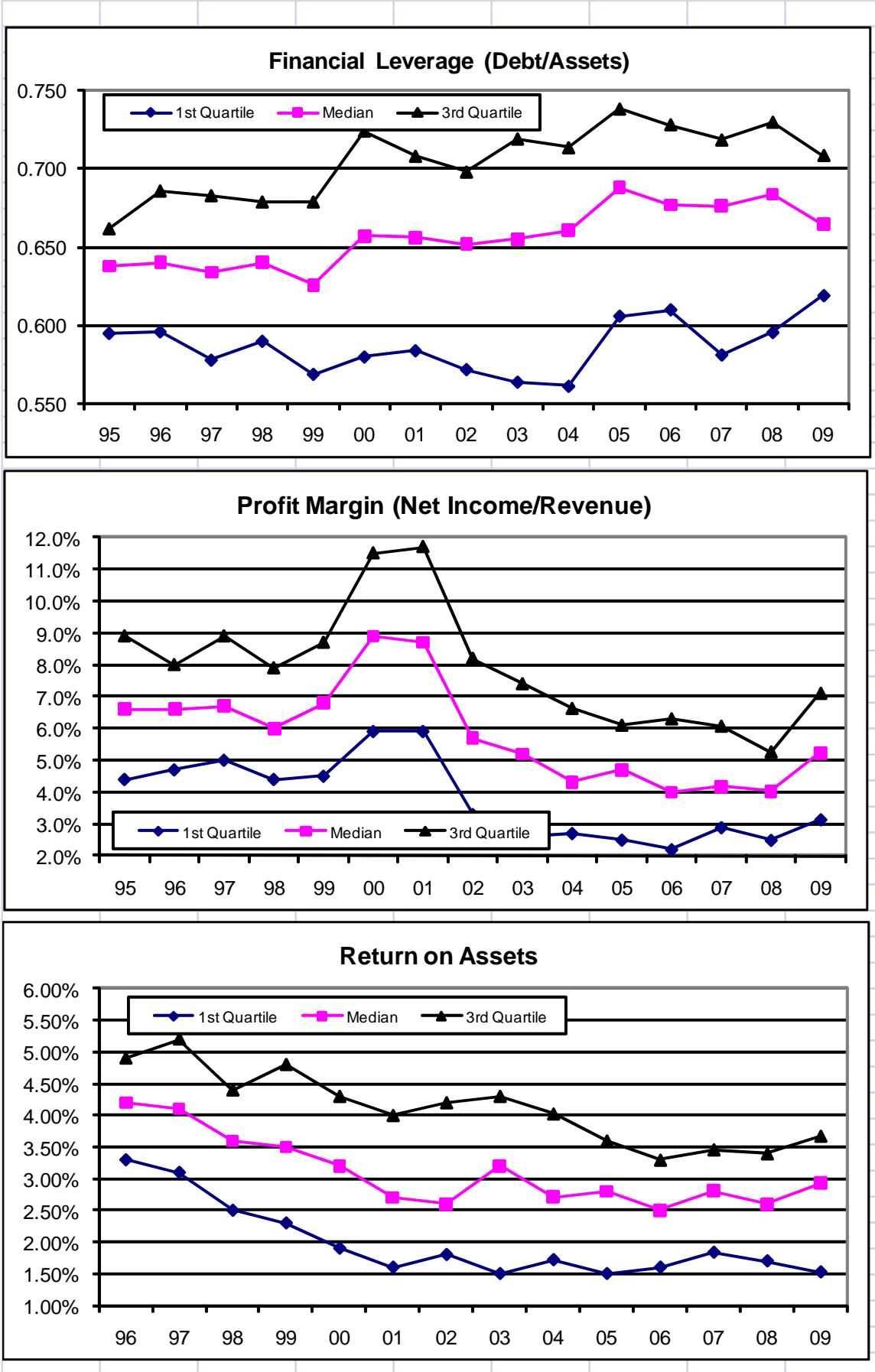
Appendix 2: Multi-year Charts for All Companies



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

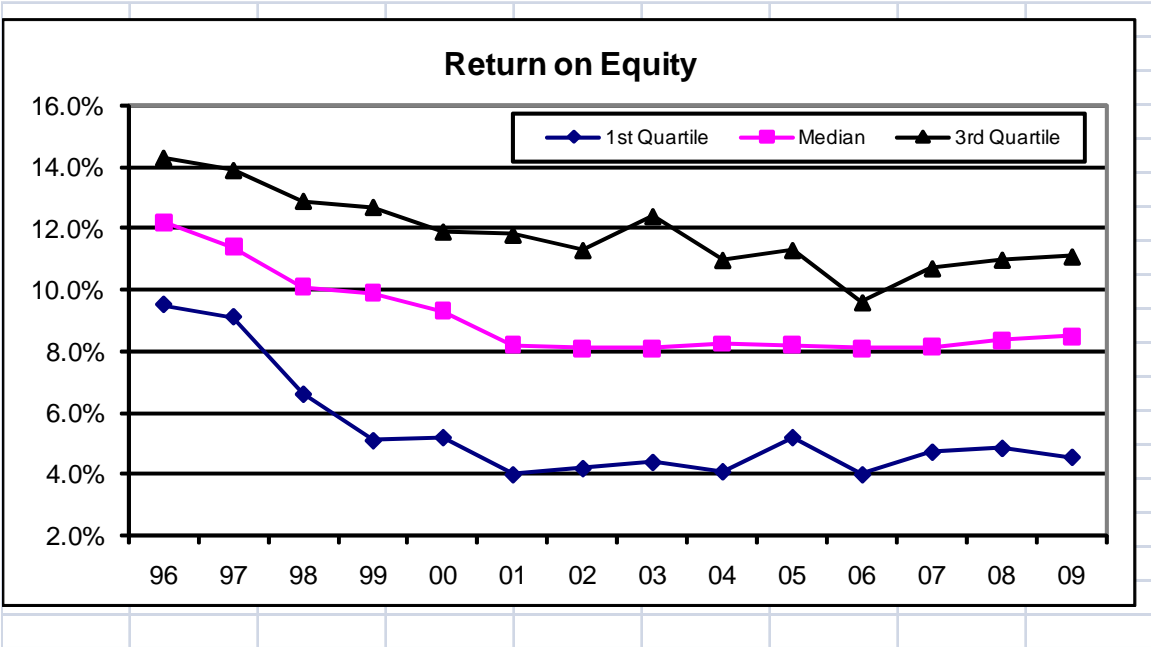


Appendix 2: Multi-year Charts for All Companies



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**

2009 Data, 84 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)	207,793	656,530	1,456,436	1,117,346	251,830	1,116,341	1,856,175	1,141,571	41,031	138,752	304,948	190,946	134,076	517,738	1,381,830	1,012,540
Total Sales Volume (000)	71,410	338,400	821,331	594,159	156,025	565,298	868,049	738,182	38,835	133,814	299,242	175,342	78,495	333,969	762,253	576,877
Transportation Volume (000)	22,327	201,852	634,396	523,186	26,479	210,243	711,775	403,389	-	297	8,090	15,604	1,240	152,870	581,363	435,663
Gas customers	80,291	334,438	865,729	666,319	126,172	561,052	794,487	726,681	41,707	97,921	204,048	153,436	65,676	314,855	759,297	618,915
Miles of main in use	2,241	5,846	13,851	10,963	2,761	7,615	11,842	9,997	1,432	2,346	2,938	2,270	2,144	4,836	12,111	9,710
Density (meters/mile of main)	40.9	50.3	64.7	57.4	45.2	54.5	70.3	68.8	31.1	55.5	75.4	60.5	41.1	51.2	65.7	60.4
<b>THERM VOLUME BY CUSTOMER CLASS (000) 2/</b>																
Residential heating	32,445	213,790	543,467	378,753	81,555	363,450	461,866	446,317	14,808	56,869	163,471	102,113	32,463	208,986	470,638	361,102
Residential non-heating	-	-	1,664	3,013	-	-	6,635	19,676	-	-	323	1,951	-	-	2,224	6,656
Commercial, firm	24,425	90,194	197,615	154,763	57,710	141,483	227,336	203,811	10,931	45,085	80,908	47,303	27,465	89,741	194,265	153,064
Commercial, interruptible	-	-	76	7,203	-	-	2,758	4,994	-	1,995	6,435	5,353	-	-	1,083	6,483
Industrial, firm	48	2,929	15,290	19,524	-	1,700	24,018	22,738	-	2,812	5,841	5,921	-	2,910	16,253	18,632
Industrial, interruptible	-	-	769	6,558	-	-	3,925	3,969	201	6,050	15,602	9,220	-	-	2,606	6,289
Electric utility generation, firm	-	-	-	475	-	-	-	-	-	-	-	375	-	-	-	355
Electric utility generation, interup.	-	-	-	7,987	-	-	-	-	-	-	-	487	-	-	-	5,288
Non-utility generation, firm	-	-	-	2,067	-	-	-	-	-	-	-	-	-	-	-	1,354
Non-utility generation, interup.	-	-	-	29	-	-	-	1,326	-	-	-	41	-	-	-	323
NGV	-	-	-	1,942	-	-	-	10,405	-	-	-	-	-	-	-	3,625
Municipal & public	-	-	2	3,990	-	-	-	100	-	-	1,488	1,897	-	-	1	2,861
Interdepartmental	-	-	-	-	-	60	670	17,251	-	-	34	61	-	-	-	3,909
Other	-	-	-	7,855	-	-	-	7,597	-	-	-	621	-	-	-	6,936

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)**

2009 Data, 84 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	70,801	255,532	603,570	529,505	111,601	429,817	610,024	619,501	37,945	70,714	186,597	134,428	54,672	254,183	582,506	502,828
Residential non-heating	-	-	5,946	19,092	-	-	20,374	41,986	-	-	1,220	7,285	-	-	6,181	22,865
Commercial, firm	5,707	22,272	52,099	38,135	12,567	33,306	54,491	53,353	3,670	9,787	16,099	11,073	6,481	22,358	48,586	38,355
Commercial, interruptible	-	-	1	206	-	-	21	49	-	-	12	6	-	-	4	147
Industrial, firm	6	99	482	1,017	-	51	990	933	-	47	240	177	-	73	563	898
Industrial, interruptible	-	-	4	29	-	-	17	94	3	14	22	18	-	-	14	42
Electric utility generation, firm	-	-	-	1	-	-	-	-	-	-	-	0	-	-	-	0
Electric utility generation, interup.	-	-	-	1	-	-	-	-	-	-	-	0	-	-	-	1
Non-utility generation, firm	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	0
Non-utility generation, interup.	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	0
NGV	-	-	-	6	-	-	-	3	-	-	-	-	-	-	-	5
Municipal & public	-	-	-	315	-	-	-	149	-	-	21	422	-	-	1	290
Interdepartmental	-	-	-	-	-	-	2	8	-	-	14	11	-	-	-	3
Other	-	-	-	12	-	-	-	21	-	-	-	1	-	-	-	13

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

2009 Data, 84 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	121,605	475,992	1,069,996	770,404	183,390	741,281	1,143,426	867,960	46,172	177,762	243,548	216,875	115,910	475,695	1,054,853	726,574
Operating expense	112,076	382,096	858,726	575,107	147,481	557,000	835,717	647,582	38,388	141,720	216,043	181,874	92,964	367,310	828,286	544,687
Maintenance expense	2,005	10,981	24,475	17,047	4,351	17,200	27,185	24,183	781	2,987	9,045	6,345	2,019	9,982	24,322	17,387
Total O&M	114,742	393,077	881,151	592,154	151,982	580,000	860,868	671,765	38,525	148,781	220,844	188,219	94,854	377,525	854,441	562,074
Depreciation	6,179	20,973	50,237	43,740	8,106	34,803	84,962	55,538	2,895	6,911	10,944	9,137	5,917	20,536	49,460	42,289
Depletion	-	-	-	155	-	-	109	1,779	-	-	-	-	-	-	-	504
Amortization	-	20	2,433	2,063	-	-	4,810	3,193	-	-	-	30	-	-	2,341	2,077
Prop. loss charged to operations	-	-	-	194	-	-	-	187	-	-	-	-	-	-	-	169
Total taxes	6,404	24,698	80,076	57,648	8,486	42,836	61,180	61,951	12	2,950	6,382	4,191	5,242	21,525	68,071	52,257
Other operating income	-	-	-	356	-	-	-	(0)	-	-	-	790	-	-	-	327
Total operating income	7,672	43,604	98,963	74,450	10,363	38,047	101,239	73,546	3,582	10,801	14,830	15,299	7,589	30,882	88,980	67,204
<b>BALANCE SHEET</b>																
Gas plant	241,243	968,270	1,829,837	1,499,105	274,008	1,260,575	2,121,258	1,744,572	100,675	257,110	389,092	380,089	228,012	886,814	1,761,791	1,421,411
Common plant	-	-	-	8,182	57,878	239,095	507,987	527,024	-	-	47,226	46,171	-	-	1,531	130,062
Other plant	-	-	-	14	-	-	2,785	134,999	-	9,106	650,343	397,448	-	-	-	77,860
Total plant in service 1/2/	241,243	968,270	1,829,837	1,507,788	1,271,512	6,536,809	9,563,204	8,336,741	104,092	737,188	1,625,289	1,097,717	275,504	1,218,443	3,097,528	3,003,614
Accumulated depreciation 1/	91,624	336,090	690,597	565,157	449,800	2,379,430	3,746,756	3,234,599	42,917	168,239	653,042	402,015	84,299	432,123	932,594	1,149,538
Construction work-in-progress 1/	1,644	8,865	24,466	26,773	42,095	117,524	389,376	344,028	2,190	23,306	72,925	55,243	2,619	12,791	58,145	101,922
Net utility plant 1/	149,534	615,449	1,171,887	969,377	1,009,551	3,598,052	6,527,729	5,469,764	63,931	575,098	1,062,240	752,527	182,712	761,224	1,955,883	1,961,506
Gas storage (non-current) 1/	-	-	201	4,937	-	-	620	3,789	-	-	-	11,707	-	-	44	5,483
Customer accts. Receivable 1/	6,482	32,528	96,550	83,139	40,633	118,976	305,599	355,297	4,970	10,624	83,466	44,385	7,098	43,714	125,601	140,085
Total current & accrued assets 1/	28,417	185,725	376,535	280,080	137,871	490,703	1,232,752	954,927	33,271	77,394	366,548	218,213	46,991	209,261	513,586	425,359
Total deferred debits 1/	9,995	68,436	399,322	256,813	151,415	977,366	2,284,476	1,727,513	8	4,194	123,391	129,694	12,834	118,742	510,414	574,338
Total assets 1/	226,885	1,084,666	1,941,865	1,545,324	1,514,657	4,742,347	10,167,859	8,363,220	97,119	685,120	1,620,138	1,123,282	306,706	1,180,059	3,235,167	3,037,224
Common stock 1/	3	10,300	62,238	88,655	9,104	291,459	673,889	443,615	-	-	-	209	-	8,890	103,043	158,414
Retained earnings 1/	16,610	75,877	279,153	186,623	200,552	389,306	792,509	1,065,095	81,767	203,493	716,258	490,882	23,358	151,366	410,255	421,546
Total common stock equity 1/	56,910	317,803	640,204	459,703	423,981	1,462,465	2,917,171	2,495,839	81,767	203,493	720,327	492,915	84,911	400,813	973,022	924,211
Total long-term (LT) debt 1/	21,081	205,405	409,746	334,515	538,949	1,119,867	2,686,489	2,333,058	22,895	137,613	891,261	496,080	50,964	272,966	869,681	805,800
Total capitalization 1/2/	100,147	502,135	1,082,236	798,329	1,099,958	2,513,864	5,570,391	4,874,774	89,813	620,866	1,393,453	992,709	157,459	717,122	1,667,270	1,743,522
Total non-current other liabilities 1/	-	764	33,988	50,526	-	16,749	150,819	404,467	-	35	1,486	13,334	-	1,306	33,814	126,156
Current & accrued liabilities 1/	48,446	171,867	452,249	318,953	85,075	452,291	1,031,380	868,992	7,206	59,135	160,886	107,879	48,517	173,155	601,398	418,239
Total deferred credits 1/	25,382	143,240	417,533	338,453	286,772	1,519,159	3,270,536	1,958,173	-	489	7,220	6,798	15,223	144,750	617,168	665,336
Total capitalization & liabilities 1/2/	226,885	1,084,666	1,941,865	1,545,324	1,514,657	4,742,347	10,167,859	8,363,220	97,119	685,120	1,620,138	1,123,282	306,706	1,180,059	3,235,167	3,037,224

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

2009 Data, 84 Utilities Reporting						
Stratified by Type of Company			Gas Utilities	Combination Utilities		Municipal Utilities
			55 firms	19 firms		10 firms
<b>GAS-ONLY INCOME STATEMENT - Based on average values</b>						
Operating revenue			100.0	100.0		100.0
Operating expense			76.6	75.5		84.8
Maintenance expense			2.2	2.6		2.9
Total O&M			78.9	78.1		87.6
Depreciation			5.2	5.7		4.4
Depletion			0.0	0.3		-
Amortization			0.3	0.3		0.1
Prop. loss charged to operations			0.0	0.0		-
Total taxes			6.6	6.5		2.1
Other operating income			0.1	(0.0)		0.2
Total operating income			9.0	9.0		5.8
<b>BALANCE SHEET - Based on average values</b>						
Gas plant			97.0	20.9		33.8
Common plant			0.5	6.3		4.1
Other plant			0.0	1.6		35.4
Total plant in service	1/2/		97.6	99.7		97.7
Accumulated depreciation	1/		36.6	38.7		35.8
Construction work-in-progress	1/		1.7	4.1		4.9
Net utility plant	1/		62.7	65.4		67.0
Gas storage (non-current)	1/		0.3	0.0		1.0
Customer accts. receivable	1/		5.4	4.2		4.0
Total current & accrued assets	1/		18.1	11.4		19.4
Total deferred debits	1/		16.6	20.7		11.5
Total assets	1/		100.0	100.0		100.0
<b>LIABILITIES AND EQUITY</b>						
Common stock	1/		5.7	5.3		0.0
Retained earnings	1/		12.1	12.7		43.7
Total common stock equity	1/		29.7	29.8		43.9
Total long-term (LT) debt	1/		21.6	27.9		44.2
Total capitalization	1/3/		51.7	58.3		88.4
Total non-current other liabilities	1/		3.3	4.8		1.2
Current & accrued liabilities	1/		20.6	10.4		9.6
Total deferred credits	1/		21.9	23.4		0.6
Total capitalization & liabilities	1/3/		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**

2009 Data, 84 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	\$0.618 0	\$0.861 1	\$1.0450	\$0.8683	\$0.5310	\$0.6949	\$1.0299	\$0.8216	\$0.963 1	\$1.0228	\$1.2070	\$1.1011	\$0.620 6	\$0.866 8	\$1.097 9	\$0.8854
Operating expense	\$0.462 6	\$0.635 0	\$0.8139	\$0.6653	\$0.3757	\$0.5392	\$0.7501	\$0.6205	\$0.790 7	\$0.9253	\$1.0390	\$0.9334	\$0.456 2	\$0.657 4	\$0.865 2	\$0.6871
Maintenance expense	\$0.008 7	\$0.018 7	\$0.0265	\$0.0195	\$0.0098	\$0.0180	\$0.0246	\$0.0215	\$0.015 4	\$0.0263	\$0.0483	\$0.0316	\$0.009 1	\$0.019 1	\$0.027 9	\$0.0214
Total O&M	\$0.477 7	\$0.645 8	\$0.8366	\$0.6848	\$0.3868	\$0.5574	\$0.7660	\$0.6420	\$0.816 6	\$0.9446	\$1.0906	\$0.9650	\$0.474 3	\$0.676 7	\$0.912 8	\$0.7085
Depreciation	\$0.029 8	\$0.037 7	\$0.0504	\$0.0456	\$0.0315	\$0.0368	\$0.0628	\$0.0468	\$0.024 6	\$0.0464	\$0.0734	\$0.0489	\$0.029 0	\$0.037 4	\$0.055 8	\$0.0463
Depletion	\$0.000 0	\$0.000 0	\$0.0000	\$0.0001	\$0.0000	\$0.0000	\$0.0002	\$0.0025	\$0.000 0	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.000 0	\$0.000 0	\$0.0006
Amortization	\$0.000 0	\$0.000 0	\$0.0023	\$0.0025	\$0.0000	\$0.0000	\$0.0033	\$0.0028	\$0.000 0	\$0.0000	\$0.0000	\$0.0010	\$0.000 0	\$0.000 0	\$0.002 2	\$0.0024
Prop. loss charged to operations	\$0.000 0	\$0.000 0	\$0.0000	\$0.0001	\$0.0000	\$0.0000	\$0.0000	\$0.0004	\$0.000 0	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.000 0	\$0.000 0	\$0.0001
Total taxes	\$0.031 3	\$0.049 6	\$0.0746	\$0.0571	\$0.0252	\$0.0407	\$0.0773	\$0.0530	\$0.000 7	\$0.0129	\$0.0450	\$0.0228	\$0.027 3	\$0.044 3	\$0.071 7	\$0.0521
Other operating income	\$0.000 0	\$0.000 0	\$0.0000	\$0.0006	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.0000	\$0.0000	\$0.0023	\$0.000 0	\$0.000 0	\$0.000 0	\$0.0007
Total operating income	\$0.033 1	\$0.054 7	\$0.0840	\$0.0781	\$0.0381	\$0.0518	\$0.1000	\$0.0741	\$0.046 8	\$0.0674	\$0.1000	\$0.0635	\$0.034 2	\$0.054 3	\$0.094 2	\$0.0755

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

2009 Data, 84 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	\$1,159	\$1,391	\$1,659	\$1,446	\$1,060	\$1,298	\$1,601	\$1,356	\$1,172	\$1,300	\$1,573	\$1,417	\$1,133	\$1,360	\$1,643	\$1,422
Operating expense	\$865	\$1,090	\$1,316	\$1,125	\$824	\$1,023	\$1,140	\$1,032	\$1,019	\$1,160	\$1,299	\$1,197	\$871	\$1,087	\$1,282	\$1,112
Maintenance expense	\$17	\$30	\$41	\$31	\$21	\$28	\$46	\$33	\$21	\$37	\$60	\$43	\$18	\$30	\$44	\$33
Total O&M	\$892	\$1,108	\$1,355	\$1,156	\$848	\$1,067	\$1,179	\$1,065	\$1,054	\$1,184	\$1,356	\$1,240	\$884	\$1,105	\$1,318	\$1,145
Depreciation	\$53	\$65	\$92	\$74	\$59	\$67	\$87	\$76	\$37	\$55	\$82	\$61	\$53	\$65	\$92	\$73
Depletion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1
Amortization	\$0	\$0	\$4	\$4	\$0	\$0	\$5	\$5	\$0	\$0	\$0	\$1	\$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	\$54	\$80	\$116	\$98	\$52	\$70	\$100	\$86	\$1	\$16	\$52	\$28	\$48	\$72	\$111	\$87
Other operating income	\$0	\$0	\$0	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$0	\$0	\$0	\$1
Total operating income	\$70	\$97	\$153	\$115	\$83	\$88	\$165	\$121	\$59	\$93	\$132	\$87	\$71	\$96	\$149	\$113

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

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

2009 Data, 84 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	\$0.459 3	\$0.543 0	\$0.6525	\$0.5672	\$0.4497	\$0.513 4	\$0.6249	\$0.548 0	\$0.482 4	\$0.615 4	\$0.8676	\$0.6907	\$0.4606	\$0.545 9	\$0.6553	\$0.577 6
Operating expense	\$0.331 8	\$0.421 1	\$0.5332	\$0.4446	\$0.3296	\$0.389 1	\$0.4976	\$0.419 5	\$0.397 1	\$0.509 8	\$0.7464	\$0.5996	\$0.3342	\$0.420 3	\$0.5439	\$0.457 4
Maintenance expense	\$0.007 2	\$0.010 7	\$0.0159	\$0.0124	\$0.0094	\$0.011 1	\$0.0159	\$0.012 3	\$0.011 0	\$0.016 4	\$0.0280	\$0.0223	\$0.0080	\$0.011 7	\$0.0168	\$0.013 6
Total O&M	\$0.347 4	\$0.439 8	\$0.5431	\$0.4569	\$0.3408	\$0.404 2	\$0.5135	\$0.431 8	\$0.403 7	\$0.536 5	\$0.7753	\$0.6220	\$0.3519	\$0.430 9	\$0.5700	\$0.470 9
Depreciation	\$0.021 8	\$0.027 0	\$0.0320	\$0.0278	\$0.0235	\$0.027 8	\$0.0355	\$0.032 1	\$0.023 5	\$0.026 3	\$0.0290	\$0.0262	\$0.0230	\$0.027 4	\$0.0323	\$0.028 6
Depletion	\$0.000 0	\$0.000 0	\$0.0000	\$0.0001	\$0.0000	\$0.000 0	\$0.0003	\$0.001 0	\$0.000 0	\$0.000 0	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.0000	\$0.000 3
Amortization	\$0.000 0	\$0.000 0	\$0.0020	\$0.0013	\$0.0000	\$0.000 0	\$0.0030	\$0.001 6	\$0.000 0	\$0.000 0	\$0.0000	\$0.0004	\$0.0000	\$0.000 0	\$0.0021	\$0.001 3
Prop. loss charged to operations	\$0.000 0	\$0.000 0	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.0000	\$0.000 1	\$0.000 0	\$0.000 0	\$0.0000	\$0.0000	\$0.0000	\$0.000 0	\$0.0000	\$0.000 1
Total taxes	\$0.020 6	\$0.036 3	\$0.0508	\$0.0381	\$0.0238	\$0.030 4	\$0.0424	\$0.033 2	\$0.000 8	\$0.007 1	\$0.0223	\$0.0117	\$0.0202	\$0.030 3	\$0.0462	\$0.033 9
Other operating income	\$0.000 0	\$0.000 0	\$0.0000	\$0.0007	\$0.0000	\$0.000 0	\$0.0000	\$0.000 0	\$0.000 0	\$0.000 0	\$0.0000	\$0.0020	\$0.0000	\$0.000 0	\$0.0000	\$0.000 7
Total operating income	\$0.030 7	\$0.044 5	\$0.0529	\$0.0429	\$0.0344	\$0.042 3	\$0.0529	\$0.048 2	\$0.036 2	\$0.039 8	\$0.0436	\$0.0304	\$0.0324	\$0.042 4	\$0.0513	\$0.042 6

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

2009 Data, 84 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	\$45,17 6	\$65,17 3	\$97,262	\$83,814	\$52,76 7	\$85,330	\$112,379	\$93,95 6	\$35,47 6	\$83,23 0	\$100,811	\$89,122	\$47,921	\$68,74 4	\$101,093	\$86,77 5
Operating expense	\$35,77 1	\$49,63 1	\$79,232	\$64,192	\$41,66 3	\$67,383	\$83,820	\$68,84 2	\$29,25 3	\$70,80 6	\$89,570	\$74,747	\$37,107	\$53,97 8	\$81,265	\$66,52 8
Maintenance expense	\$841	\$1,202	\$2,314	\$1,925	\$1,161	\$1,594	\$3,627	\$2,572	\$1,196	\$1,726	\$3,396	\$2,760	\$884	\$1,299	\$2,815	\$2,174
Total O&M	\$37,11 4	\$52,08 3	\$80,821	\$66,117	\$42,87 1	\$69,131	\$87,558	\$71,41 4	\$30,75 3	\$73,43 2	\$91,466	\$77,507	\$38,248	\$55,74 5	\$83,577	\$68,70 2
Depreciation	\$2,181	\$3,215	\$4,847	\$4,082	\$3,969	\$4,945	\$6,229	\$5,334	\$1,982	\$2,584	\$3,344	\$3,652	\$2,267	\$3,757	\$5,119	\$4,317
Depletion	\$0	\$0	\$0	\$33	\$0	\$0	\$30	\$117	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$48
Amortization	\$0	\$3	\$231	\$267	\$0	\$0	\$732	\$313	\$0	\$0	\$0	\$23	\$0	\$0	\$242	\$248
Prop. loss charged to operations	\$0	\$0	\$0	\$5	\$0	\$0	\$0	\$27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10
Total taxes	\$2,547	\$3,798	\$6,343	\$6,297	\$4,123	\$4,821	\$7,946	\$7,731	\$16	\$1,500	\$2,368	\$1,537	\$2,387	\$3,798	\$5,647	\$6,052
Other operating income	\$0	\$0	\$0	\$77	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$270	\$0	\$0	\$0	\$83
Total operating income	\$2,980	\$4,775	\$7,105	\$7,012	\$4,152	\$7,171	\$12,714	\$9,020	\$2,525	\$4,602	\$7,117	\$6,403	\$3,362	\$4,949	\$8,358	\$7,398



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

2009 Data, 84 Utilities Reporting Stratified by Type of Company	Gas Utilities 55 firms				Combination Utilities 19 firms				Municipal Utilities 10 firms				All Companies 84 firms			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
Therms delivered (avg.) per acct.	1,165	1,805	2,163	2,065	1,469	1,718	2,345	1,958	1,165	1,296	1,523	1,327	1,209	1,717	2,135	1,953
Therms per \$1,000 of gas plant	541	706	1,020	809	476	756	1,010	860	426	650	923	680	522	715	1,007	805
Value of gas plant per customer	\$1,904	\$2,455	\$3,133	\$2,729	\$1,967	\$2,159	\$3,211	\$2,517	\$1,603	\$2,042	\$2,993	\$2,280	\$1,880	\$2,338	\$3,120	\$2,627
%Sales firm (not interruptible)	92.3%	98.6%	99.8%	92.9%	88.6%	96.9%	99.7%	92.1%	75.0%	88.3%	93.4%	84.3%	90.4%	97.4%	99.7%	91.7%
Collection period (days) 1/	19.0	27.6	41.2	36.3	24.3	27.3	44.6	31.7	20.4	29.7	44.4	29.2	20.4	28.0	44.5	34.4
Gas O&M expense as pct. of revenue	74.4%	79.6%	84.3%	79.1%	73.2%	80.4%	83.3%	78.0%	83.8%	85.3%	88.6%	88.0%	75.1%	81.1%	85.0%	79.9%
Gas operating income as pct. of revenue	5.7%	8.2%	10.5%	8.1%	6.7%	7.4%	10.7%	8.9%	4.9%	6.1%	8.8%	5.6%	5.7%	7.7%	10.3%	8.0%
Gas operating revenue per customer	\$1,159	\$1,391	\$1,659	\$1,446	\$1,060	\$1,298	\$1,601	\$1,356	\$1,172	\$1,300	\$1,573	\$1,417	\$1,133	\$1,360	\$1,643	\$1,422
Gas O&M expense per customer	\$892	\$1,108	\$1,355	\$1,156	\$848	\$1,067	\$1,179	\$1,065	\$1,054	\$1,184	\$1,356	\$1,240	\$884	\$1,105	\$1,318	\$1,145
Gas operating income per customer	\$70	\$97	\$153	\$115	\$83	\$88	\$165	\$121	\$59	\$93	\$132	\$87	\$71	\$96	\$149	\$113
Gas revenue per dollar of gas plant	\$0.459	\$0.543	\$0.653	\$0.567	\$0.450	\$0.513	\$0.625	\$0.548	\$0.482	\$0.615	\$0.868	\$0.691	\$0.461	\$0.546	\$0.655	\$0.578
Gas O&M expense per dollar of gas plant	\$0.347	\$0.440	\$0.543	\$0.457	\$0.341	\$0.404	\$0.514	\$0.432	\$0.404	\$0.537	\$0.775	\$0.622	\$0.352	\$0.431	\$0.570	\$0.471
Gas operating income per \$ of gas plant	\$0.031	\$0.044	\$0.053	\$0.043	\$0.034	\$0.042	\$0.053	\$0.048	\$0.036	\$0.040	\$0.044	\$0.030	\$0.032	\$0.042	\$0.051	\$0.043
Gas revenue per mile of pipe 2/	\$48,637	\$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/	\$38,031	\$52,232	\$81,220	\$66,117	\$41,116	\$64,056	\$78,903	\$71,414	\$30,753	\$73,432	\$91,466	\$77,507	\$38,248	\$55,745	\$83,577	\$68,702
Gas operating income per mile of pipe 2/	\$3,413	\$4,930	\$7,139	\$7,012	\$3,644	\$5,573	\$9,386	\$9,020	\$2,525	\$4,602	\$7,117	\$6,403	\$3,362	\$4,949	\$8,358	\$7,398
Long-term debt - total assets ratio 1/	16.8%	22.7%	27.8%	21.5%	25.3%	28.2%	32.3%	30.0%	12.9%	31.8%	54.7%	33.7%	18.6%	24.3%	31.6%	24.9%
Long-term debt - total capitalization ratio 1/3/	33.4%	44.1%	48.3%	38.9%	43.7%	48.6%	50.1%	46.7%	14.0%	34.5%	59.9%	37.4%	33.4%	44.7%	49.7%	40.5%
Net interest - long-term debt ratio 1/	5.3%	6.9%	8.1%	7.4%	4.9%	6.0%	6.8%	6.4%	4.4%	4.9%	5.9%	4.6%	5.2%	6.6%	7.9%	6.8%
EBITDA interest coverage 1/	5.0x	6.2x	9.2x	8.4x	5.4x	6.1x	8.8x	7.3x	3.3x	5.1x	6.9x	6.9x	5.1x	6.2x	9.2x	8.0x
Return on assets	1.8%	3.0%	3.9%	2.9%	1.8%	2.9%	3.5%	2.7%	0.3%	1.4%	2.4%	1.5%	1.5%	2.9%	3.7%	2.7%
Gross sales margin per therm 4/	\$0.212	\$0.317	\$0.435	\$0.353	\$0.219	\$0.274	\$0.389	\$0.343	\$0.230	\$0.287	\$0.488	\$0.371	\$0.217	\$0.301	\$0.438	\$0.353
Gross sales margin per customer 4/	\$402	\$538	\$693	\$563	\$430	\$483	\$631	\$543	\$350	\$418	\$503	\$469	\$401	\$516	\$678	\$547

**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	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Gas-only revenues	\$0.8720	\$0.9644	\$0.8683	\$0.9427	\$0.9467	\$0.8216	\$1.1892	\$1.2870	\$1.1011	\$0.9261	\$0.9967	\$0.8854
Purchased-gas expense	\$0.4620	\$0.6158	\$0.4484	\$0.5657	\$0.5187	\$0.4522	\$0.8867	\$0.9178	\$0.7299	\$0.5365	\$0.6279	\$0.4828
Gross sales margin	\$0.3228	\$0.3072	\$0.3526	\$0.3530	\$0.3053	\$0.3433	\$0.3025	\$0.3692	\$0.3712	\$0.3272	\$0.3137	\$0.3527
Total production costs <sup>1</sup>	\$0.5492	\$0.6573	\$0.5157	\$0.5898	\$0.6414	\$0.4783	\$0.8867	\$0.9178	\$0.7299	\$0.5989	\$0.6830	\$0.5327
Storage & LNG	0.0064	0.0062	0.0056	0.0017	0.0016	0.0015	0.0023	0.0137	0.0248	0.0049	0.0060	0.0069
Transmission	0.0099	0.0094	0.0100	0.0180	0.0100	0.0104	0.0012	0.0014	0.0023	0.0107	0.0087	0.0092
Distribution	0.0441	0.0435	0.0473	0.0385	0.0381	0.0447	0.0652	0.0650	0.0627	0.0453	0.0447	0.0485
Customer accounts	0.0315	0.0325	0.0336	0.0270	0.0299	0.0302	0.0368	0.0379	0.0415	0.0311	0.0325	0.0337
Customer svc. & info.	0.0034	0.0024	0.0035	0.0107	0.0121	0.0113	0.0069	0.0203	0.0109	0.0055	0.0066	0.0061
Sales	0.0038	0.0018	0.0019	0.0027	0.0026	0.0023	0.0016	0.0074	0.0084	0.0033	0.0026	0.0028
Admin. & general	0.0583	0.0601	0.0674	0.0505	0.0536	0.0634	0.0724	0.0705	0.0845	0.0582	0.0598	0.0686
Total O&M	0.7066	0.8132	0.6848	0.7388	0.7892	0.6420	1.0729	1.1339	0.9650	0.7579	0.8439	0.7085
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	53.0%	63.8%	51.6%	60.0%	54.8%	55.0%	74.6%	71.3%	66.3%	57.9%	63.0%	54.5%
Gross sales margin	37.0%	31.8%	40.6%	37.4%	32.3%	41.8%	25.4%	28.7%	33.7%	35.3%	31.5%	39.8%
Total production costs <sup>1</sup>	63.0%	68.2%	59.4%	62.6%	67.7%	58.2%	74.6%	71.3%	66.3%	64.7%	68.5%	60.2%
Storage & LNG	0.7%	0.6%	0.6%	0.2%	0.2%	0.2%	0.2%	1.1%	2.3%	0.5%	0.6%	0.8%
Transmission	1.1%	1.0%	1.2%	1.9%	1.1%	1.3%	0.1%	0.1%	0.2%	1.2%	0.9%	1.0%
Distribution	5.1%	4.5%	5.4%	4.1%	4.0%	5.4%	5.5%	5.0%	5.7%	4.9%	4.5%	5.5%
Customer accounts	3.6%	3.4%	3.9%	2.9%	3.2%	3.7%	3.1%	2.9%	3.8%	3.4%	3.3%	3.8%
Customer svc. & info.	0.4%	0.2%	0.4%	1.1%	1.3%	1.4%	0.6%	1.6%	1.0%	0.6%	0.7%	0.7%
Sales	0.4%	0.2%	0.2%	0.3%	0.3%	0.3%	0.1%	0.6%	0.8%	0.4%	0.3%	0.3%
Admin. & general	6.7%	6.2%	7.8%	5.4%	5.7%	7.7%	6.1%	5.5%	7.7%	6.3%	6.0%	7.7%
Total O&M	81.0%	84.3%	78.9%	78.4%	83.4%	78.1%	90.2%	88.1%	87.6%	81.8%	84.7%	80.0%
VALUES PER CUSTOMER												
Gas-only revenues	\$ 1,553	\$ 1,696	\$ 1,391	\$ 1,686	\$ 1,614	\$ 1,298	\$ 1,702	\$ 1,733	\$ 1,300	\$ 1,614	\$ 1,681	\$ 1,360
Purchased-gas expense	\$ 822	\$ 1,071	\$ 755	\$ 986	\$ 955	\$ 812	\$ 1,282	\$ 1,256	\$ 948	\$ 925	\$ 1,065	\$ 790
Gross sales margin	\$ 527	\$ 524	\$ 538	\$ 691	\$ 502	\$ 483	\$ 420	\$ 477	\$ 418	\$ 557	\$ 514	\$ 516
Total production costs <sup>1</sup>	\$ 1,026	\$ 1,172	\$ 847	\$ 994	\$ 1,112	\$ 812	\$ 1,282	\$ 1,256	\$ 948	\$ 1,057	\$ 1,168	\$ 857
Storage & LNG	\$ 11	\$ 10	\$ -	\$ 3	\$ 3	\$ 0	\$ 3	\$ 20	\$ 2	\$ 8	\$ 10	\$ 0
Transmission	\$ 16	\$ 15	\$ 4	\$ 46	\$ 10	\$ 2	\$ 1	\$ 2	\$ -	\$ 21	\$ 12	\$ 2
Distribution	\$ 67	\$ 72	\$ 70	\$ 63	\$ 64	\$ 65	\$ 92	\$ 83	\$ 83	\$ 70	\$ 72	\$ 72
Customer accounts	\$ 49	\$ 56	\$ 43	\$ 44	\$ 50	\$ 45	\$ 52	\$ 47	\$ 45	\$ 49	\$ 54	\$ 45
Customer svc. & info.	\$ 6	\$ 5	\$ 2	\$ 15	\$ 17	\$ 16	\$ 9	\$ 22	\$ 3	\$ 8	\$ 9	\$ 4
Sales	\$ 8	\$ 4	\$ 1	\$ 4	\$ 4	\$ 1	\$ 2	\$ 7	\$ 1	\$ 6	\$ 4	\$ 1
Admin. & general	\$ 99	\$ 106	\$ 103	\$ 88	\$ 89	\$ 100	\$ 99	\$ 83	\$ 92	\$ 98	\$ 100	\$ 100
Total O&M	\$ 1,282	\$ 1,440	\$ 1,108	\$ 1,257	\$ 1,621	\$ 658	\$ 1,542	\$ 1,520	\$ 1,184	\$ 1,317	\$ 1,428	\$ 1,105

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

**APPENDIX 5: WAGES & BENEFITS  
2009 Data, 84 Utilities Reporting**

	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	55 firms				19 firms				10 firms				84 firms			
	LQ	MED	UQ	AVG.	LQ	MED	UQ	AVG.	LQ	MED	UQ	AVG.	LQ	MED	UQ	AVG.
Average number of employees	182	507	1,205	899	166	557	1,013	908	58	145	414	348	150	490	1,148	835
Number of Employees at year-end	175	507	1,233	870	169	556	933	888	57	143	416	349	151	489	1,124	812
O&M wages ('000)	\$8,306	\$27,325	\$63,786	\$47,941	\$8,361	\$34,000	\$50,858	\$36,997	\$1,455	\$3,049	\$24,785	\$24,791	\$4,730	\$26,366	\$55,589	\$42,709
Construction wages ('000)	\$1,160	\$4,951	\$15,377	\$12,627	\$987	\$5,952	\$16,576	\$13,861	\$0	\$319	\$3,810	\$3,257	\$412	\$4,642	\$15,019	\$11,790
Total pensions ('000)	\$534	\$9,672	\$24,890	\$18,463	\$4,983	\$17,598	\$31,749	\$31,205	\$630	\$2,435	\$6,587	\$11,247	\$870	\$9,970	\$26,643	\$20,486
PER YEAR END EMPLOYEE:																
Total salary & wages	\$57,612	\$65,333	\$80,821	\$71,257	\$70,662	\$84,573	\$95,969	\$85,866	\$39,070	\$48,223	\$67,687	\$56,077	\$56,380	\$67,687	\$86,143	\$72,636
Tot. benefits & pension	\$9,928	\$22,019	\$27,715	\$19,179	\$24,751	\$33,122	\$56,703	\$43,756	\$4,356	\$16,228	\$21,780	\$16,383	\$14,941	\$22,606	\$29,474	\$24,027
Total salary, benefits, and pension	\$70,482	\$86,416	\$107,130	\$90,436	\$108,689	\$121,446	\$129,505	\$129,622	\$51,336	\$64,451	\$97,264	\$72,460	\$70,148	\$91,000	\$120,247	\$96,663
Ratio: avg. benefits to avg. compensation	15%	24%	31%	21%	24%	26%	43%	37%	15%	30%	42%	34%	18%	25%	33%	26%
Therms delivered per year-end employee	758,327	1,190,961	1,528,830	1,378,221	752,931	1,200,399	2,176,928	1,908,317	336,811	613,569	717,714	627,281	731,528	1,133,024	1,596,269	1,406,038
Customers per year-end employee	503	704	835	712	561	889	1,169	892	425	446	514	451	464	677	904	721

**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>	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Asset Turnover	0.70X	0.70X	0.57X	0.45X	0.44X	0.41X	0.51X	0.56X	0.51X	0.61X	0.64X	0.53X
Financial Leverage	68.0%	68.9%	66.7%	68.9%	70.5%	69.4%	52.7%	51.9%	45.0%	67.6%	68.6%	66.5%
Debt/Equity Ratio	70.3%	84.4%	78.9%	104.9%	95.4%	94.8%	63.3%	72.5%	53.3%	79.2%	85.5%	80.9%
Equity Multiplier	3.14	3.26	3.11	3.56	3.74	3.26	1.95	1.91	1.69	3.14	3.23	3.06
Profit Margin	4.0%	3.6%	5.2%	5.9%	5.6%	6.5%	4.2%	4.1%	3.7%	4.2%	4.1%	5.2%
ROA	2.8%	2.8%	3.0%	2.9%	2.5%	2.9%	1.6%	2.0%	1.4%	2.8%	2.6%	2.9%
ROE	8.1%	9.1%	9.6%	10.0%	8.6%	8.3%	3.1%	3.9%	2.9%	8.1%	8.4%	8.5%
Current Ratio	0.89	0.89	0.91	0.95	0.94	1.34	3.37	2.41	1.94	0.96	0.92	1.06
Current Assets/Total Assets	20.4%	23.1%	18.4%	11.8%	10.4%	11.2%	27.8%	25.5%	21.6%	19.6%	21.2%	17.8%

<i>Based on Segment Averages</i>	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Asset Turnover	0.75X	0.74X	0.61X	0.49X	0.48X	0.44X	0.48X	0.51X	0.66X	0.66X	0.66X	0.58X
Financial Leverage	63.9%	66.8%	65.7%	68.8%	65.6%	66.4%	48.7%	49.9%	46.3%	63.9%	66.8%	65.7%
Debt/Equity Ratio	68.8%	86.2%	79.3%	102.4%	96.7%	96.9%	108.2%	123.6%	109.6%	81.2%	92.8%	86.9%
Equity Multiplier	3.12	3.75	4.14	3.47	3.45	3.24	2.57	2.65	2.38	3.13	3.56	3.73
Profit Margin	5.4%	3.7%	5.5%	7.4%	6.3%	6.8%	3.5%	0.5%	3.9%	5.6%	3.9%	5.6%
ROA	2.7%	2.5%	2.9%	3.2%	2.7%	2.7%	1.5%	1.3%	1.5%	2.7%	2.4%	2.7%
ROE	8.0%	9.1%	9.3%	11.0%	8.9%	8.7%	2.7%	1.7%	2.7%	8.0%	8.2%	8.4%
Current Ratio	1.01	0.95	1.10	1.04	1.02	1.38	2.78	2.61	2.59	1.23	1.15	1.34
Current Assets/Total Assets	22.8%	24.7%	20.9%	12.7%	12.5%	12.3%	27.1%	24.2%	23.2%	21.0%	21.9%	19.2%

## 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		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Operating revenue	\$ 0.8720	\$ 0.9644	\$ 0.8683	\$ 0.9427	\$ 0.9467	\$ 0.8216	\$ 1.1892	\$ 1.2870	\$ 1.1011	\$ 0.9261	\$ 0.9967	\$ 0.8854
Operating expense	\$ 0.6880	\$ 0.7940	\$ 0.6653	\$ 0.7213	\$ 0.7685	\$ 0.6205	\$ 1.0425	\$ 1.1049	\$ 0.9334	\$ 0.7381	\$ 0.8232	\$ 0.6871
Maintenance expense	\$ 0.0186	\$ 0.0192	\$ 0.0195	\$ 0.0175	\$ 0.0207	\$ 0.0215	\$ 0.0304	\$ 0.0290	\$ 0.0316	\$ 0.0198	\$ 0.0206	\$ 0.0214
Total O&M	\$ 0.7066	\$ 0.8132	\$ 0.6848	\$ 0.7388	\$ 0.7892	\$ 0.6420	\$ 1.0729	\$ 1.1339	\$ 0.9650	\$ 0.7579	\$ 0.8439	\$ 0.7085
Depreciation	\$ 0.0424	\$ 0.0400	\$ 0.0456	\$ 0.0453	\$ 0.0388	\$ 0.0468	\$ 0.0483	\$ 0.0499	\$ 0.0489	\$ 0.0438	\$ 0.0409	\$ 0.0463
Depletion	\$ 0.0001	\$ 0.0001	\$ 0.0001	\$ 0.0008	\$ 0.0010	\$ 0.0025	\$ -	\$ -	\$ -	\$ 0.0003	\$ 0.0003	\$ 0.0006
Amortization	\$ 0.0022	\$ 0.0025	\$ 0.0025	\$ 0.0037	\$ 0.0047	\$ 0.0028	\$ -	\$ -	\$ 0.0010	\$ 0.0023	\$ 0.0027	\$ 0.0024
Prop. loss charged to operations	\$ 0.0003	\$ 0.0001	\$ 0.0001	\$ 0.0000	\$ 0.0000	\$ 0.0004	\$ -	\$ -	\$ -	\$ 0.0002	\$ 0.0000	\$ 0.0001
Total taxes	\$ 0.0554	\$ 0.0544	\$ 0.0571	\$ 0.0680	\$ 0.0507	\$ 0.0530	\$ 0.0178	\$ 0.0279	\$ 0.0228	\$ 0.0538	\$ 0.0506	\$ 0.0521
Other operating income	\$ 0.0004	\$ 0.0008	\$ 0.0006	\$ -	\$ (0.0001)	\$ 0.0000	\$ 0.0041	\$ 0.0008	\$ 0.0023	\$ 0.0008	\$ 0.0006	\$ 0.0007
Total operating income	\$ 0.0649	\$ 0.0542	\$ 0.0781	\$ 0.0861	\$ 0.0623	\$ 0.0741	\$ 0.0501	\$ 0.0753	\$ 0.0635	\$ 0.0680	\$ 0.0584	\$ 0.0755

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		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Operating revenue	\$ 1,573	\$ 1,696	\$ 1,446	\$ 1,686	\$ 1,614	\$ 1,356	\$ 1,702	\$ 1,733	\$ 1,417	\$ 1,614	\$ 1,681	\$ 1,422
Operating expense	\$ 1,267	\$ 1,408	\$ 1,125	\$ 1,226	\$ 1,314	\$ 1,032	\$ 1,498	\$ 1,481	\$ 1,197	\$ 1,285	\$ 1,395	\$ 1,112
Maintenance expense	\$ 30	\$ 32	\$ 31	\$ 31	\$ 35	\$ 33	\$ 44	\$ 39	\$ 43	\$ 32	\$ 34	\$ 33
Total O&M	\$ 1,296	\$ 1,440	\$ 1,156	\$ 1,257	\$ 1,349	\$ 1,065	\$ 1,542	\$ 1,520	\$ 1,240	\$ 1,317	\$ 1,428	\$ 1,145
Depreciation	\$ 70	\$ 70	\$ 74	\$ 88	\$ 66	\$ 76	\$ 67	\$ 63	\$ 61	\$ 74	\$ 68	\$ 73
Depletion	\$ 0	\$ 0	\$ 0	\$ 1	\$ 1	\$ 3	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 1
Amortization	\$ 4	\$ 4	\$ 4	\$ 6	\$ 7	\$ 5	\$ -	\$ -	\$ 1	\$ 4	\$ 4	\$ 4
Prop. loss charged to operations	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 0
Total taxes	\$ 90	\$ 99	\$ 98	\$ 143	\$ 86	\$ 86	\$ 25	\$ 34	\$ 28	\$ 94	\$ 89	\$ 87
Other operating income	\$ 1	\$ 2	\$ 2	\$ -	\$ (0)	\$ -	\$ 8	\$ 1	\$ 4	\$ 2	\$ 1	\$ 1
Total operating income	\$ 112	\$ 82	\$ 115	\$ 191	\$ 106	\$ 121	\$ 69	\$ 116	\$ 87	\$ 124	\$ 91	\$ 113

**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		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Operating revenue	\$ 0.6907	\$ 0.7141	\$ 0.5672	\$ 0.6410	\$ 0.7041	\$ 0.5480	\$ 0.7681	\$ 0.8159	\$ 0.6907	\$ 0.6887	\$ 0.7233	\$ 0.5776
Operating expense	\$ 0.5606	\$ 0.5939	\$ 0.4446	\$ 0.5018	\$ 0.5758	\$ 0.4195	\$ 0.6885	\$ 0.7028	\$ 0.5996	\$ 0.5626	\$ 0.6021	\$ 0.4574
Maintenance expense	\$ 0.0137	\$ 0.0142	\$ 0.0124	\$ 0.0118	\$ 0.0158	\$ 0.0123	\$ 0.0187	\$ 0.0175	\$ 0.0223	\$ 0.0139	\$ 0.0149	\$ 0.0136
Total O&M	\$ 0.5743	\$ 0.6081	\$ 0.4569	\$ 0.5136	\$ 0.5915	\$ 0.4318	\$ 0.7072	\$ 0.7203	\$ 0.6220	\$ 0.5765	\$ 0.6170	\$ 0.4709
Depreciation	\$ 0.0292	\$ 0.0284	\$ 0.0278	\$ 0.0299	\$ 0.0283	\$ 0.0321	\$ 0.0269	\$ 0.0266	\$ 0.0262	\$ 0.0291	\$ 0.0282	\$ 0.0286
Depletion	\$ 0.0001	\$ 0.0001	\$ 0.0001	\$ 0.0005	\$ 0.0004	\$ 0.0010	\$ -	\$ -	\$ -	\$ 0.0002	\$ 0.0001	\$ 0.0003
Amortization	\$ 0.0016	\$ 0.0015	\$ 0.0013	\$ 0.0024	\$ 0.0038	\$ 0.0016	\$ -	\$ -	\$ 0.0004	\$ 0.0016	\$ 0.0018	\$ 0.0013
Prop. loss charged to operations	\$ 0.0002	\$ 0.0000	\$ 0.0000	\$ 0.0000	\$ 0.0000	\$ 0.0001	\$ -	\$ -	\$ -	\$ 0.0002	\$ 0.0000	\$ 0.0001
Total taxes	\$ 0.0384	\$ 0.0402	\$ 0.0381	\$ 0.0435	\$ 0.0369	\$ 0.0332	\$ 0.0107	\$ 0.0145	\$ 0.0117	\$ 0.0363	\$ 0.0365	\$ 0.0339
Other operating income	\$ 0.0008	\$ 0.0008	\$ 0.0007	\$ -	\$ (0.0001)	\$ 0.0000	\$ 0.0046	\$ 0.0008	\$ 0.0020	\$ 0.0010	\$ 0.0006	\$ 0.0007
Total operating income	\$ 0.0468	\$ 0.0357	\$ 0.0429	\$ 0.0512	\$ 0.0433	\$ 0.0482	\$ 0.0233	\$ 0.0545	\$ 0.0304	\$ 0.0450	\$ 0.0395	\$ 0.0426

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		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Operating revenue	\$ 91,910	\$ 102,099	\$ 83,814	\$ 120,680	\$ 114,796	\$ 93,956	\$112,209	\$ 113,044	\$ 89,122	\$ 100,988	\$ 106,239	\$ 86,775
Operating expense	\$ 72,887	\$ 83,874	\$ 64,192	\$ 88,137	\$ 90,247	\$ 68,842	\$ 99,054	\$ 96,960	\$ 74,747	\$ 79,573	\$ 86,817	\$ 66,528
Maintenance expense	\$ 1,756	\$ 2,012	\$ 1,925	\$ 2,430	\$ 2,681	\$ 2,572	\$ 2,908	\$ 2,727	\$ 2,760	\$ 2,051	\$ 2,246	\$ 2,174
Total O&M	\$ 74,643	\$ 85,887	\$ 66,117	\$ 90,567	\$ 92,928	\$ 71,414	\$101,962	\$ 99,687	\$ 77,507	\$ 81,624	\$ 89,063	\$ 68,702
Depreciation	\$ 3,896	\$ 4,130	\$ 4,082	\$ 6,004	\$ 4,916	\$ 5,334	\$ 4,234	\$ 3,974	\$ 3,652	\$ 4,422	\$ 4,291	\$ 4,317
Depletion	\$ 46	\$ 36	\$ 33	\$ 66	\$ 63	\$ 117	\$ -	\$ -	\$ -	\$ 45	\$ 38	\$ 48
Amortization	\$ 305	\$ 292	\$ 267	\$ 317	\$ 378	\$ 313	\$ -	\$ -	\$ 23	\$ 271	\$ 278	\$ 248
Prop. loss charged to operations	\$ 14	\$ 7	\$ 5	\$ 0	\$ 0	\$ 27	\$ -	\$ -	\$ -	\$ 9	\$ 5	\$ 10
Total taxes	\$ 5,953	\$ 6,686	\$ 6,297	\$ 10,726	\$ 7,965	\$ 7,731	\$ 1,536	\$ 1,791	\$ 1,537	\$ 6,512	\$ 6,420	\$ 6,052
Other operating income	\$ 71	\$ 78	\$ 77	\$ -	\$ (7)	\$ (0)	\$ 420	\$ 72	\$ 270	\$ 97	\$ 58	\$ 83
Total operating income	\$ 7,052	\$ 5,062	\$ 7,012	\$ 13,000	\$ 8,546	\$ 9,020	\$ 4,477	\$ 7,592	\$ 6,403	\$ 8,106	\$ 6,144	\$ 7,398

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

Stratified by Type of Company

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies						
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009				
Therms delivered (avg.) per acct.		2,066	2,053	2,065		2,042	2,004	1,958		1,443	1,389	1,327		1,986	1,967	1,953
Therms per \$1,000 of gas plant		935	875	809		783	936	860		693	686	680		872	867	805
Value of gas plant per customer		\$ 2,461	\$ 2,522	\$ 2,729		\$ 3,036	\$ 2,359	\$ 2,517		\$ 2,433	\$ 2,329	\$ 2,280		\$ 2,588	\$ 2,463	\$ 2,627
%Sales firm (not interruptible)		90%	91%	93%		98%	95%	92%		80%	80%	84%		91%	91%	92%
Collection period (days)	1/	42.3	43.3	36.3		32.1	30.9	31.7		29.6	36.4	29.2		38.4	39.7	34.4
Gas O&M expense as pct. of revenue		82%	84%	79%		77%	83%	78%		91%	88%	88%		82%	84%	80%
Gas oper. income as pct. of revenue		7%	5%	8%		10%	6%	9%		4%	6%	6%		7%	6%	8%
Gas operating revenue per customer		\$ 1,573	\$ 1,696	\$ 1,446		\$ 1,686	\$ 1,614	\$ 1,356		\$ 1,702	\$ 1,733	\$ 1,417		\$ 1,614	\$ 1,681	\$ 1,422
Gas O&M expense per customer		\$ 1,296	\$ 1,440	\$ 1,156		\$ 1,257	\$ 1,349	\$ 1,065		\$ 1,542	\$ 1,520	\$ 1,240		\$ 1,317	\$ 1,428	\$ 1,145
Gas operating income per customer		\$ 112	\$ 82	\$ 115		\$ 191	\$ 106	\$ 121		\$ 69	\$ 116	\$ 87		\$ 124	\$ 91	\$ 113
Gas revenue per dollar of gas plant		\$ 0.6907	\$ 0.7141	\$ 0.5672		\$ 0.6410	\$ 0.7041	\$ 0.5480		\$ 0.7681	\$ 0.8159	\$ 0.6907		\$ 0.6887	\$ 0.7233	\$ 0.5776
Gas O&M expense per \$ of gas plant		\$ 0.5743	\$ 0.6081	\$ 0.4569		\$ 0.5136	\$ 0.5915	\$ 0.4318		\$ 0.7072	\$ 0.7203	\$ 0.6220		\$ 0.5765	\$ 0.6170	\$ 0.4709
Gas oper. income per \$ of gas plant		\$ 0.0468	\$ 0.0357	\$ 0.0429		\$ 0.0512	\$ 0.0433	\$ 0.0482		\$ 0.0233	\$ 0.0545	\$ 0.0304		\$ 0.0450	\$ 0.0395	\$ 0.0426
Gas revenue per mile of pipe	2/	\$ 91,910	\$ 102,099	\$ 102,099		\$ 120,680	\$ 114,796	\$ 114,796		\$ 112,209	\$ 113,044	\$ 113,044		\$ 100,988	\$ 106,239	\$ 106,239
Gas O&M expense per mile of pipe	2/	\$ 74,643	\$ 85,887	\$ 66,117		\$ 90,567	\$ 92,928	\$ 71,414		\$ 101,962	\$ 99,687	\$ 77,507		\$ 81,624	\$ 89,063	\$ 68,702
Gas oper. income per mile of pipe	2/	\$ 7,052	\$ 5,062	\$ 7,012		\$ 13,000	\$ 8,546	\$ 9,020		\$ 4,477	\$ 7,592	\$ 6,403		\$ 8,106	\$ 6,144	\$ 7,398
LT debt - total assets ratio	1/	20.7%	21.1%	21.5%		29.6%	27.0%	30.0%		31.7%	36.4%	33.7%		24.1%	24.2%	24.9%
LT debt - total capitalization ratio	1/3/	36.5%	40.0%	38.9%		49.2%	45.8%	46.7%		37.6%	42.7%	37.4%		39.5%	41.6%	40.5%
Net interest - long-term debt ratio	1/	10.1%	7.3%	7.4%		7.2%	6.3%	6.4%		4.7%	4.5%	4.6%		8.7%	6.7%	6.8%
EBITDA interest coverage	1/	7.6x	8.9x	8.4x		6.6x	7.0x	7.3x		6.0x	5.8x	6.9x		7.2x	8.1x	8.0x
Return on assets		2.7%	2.5%	2.9%		3.2%	2.5%	2.7%		1.5%	1.3%	1.5%		2.7%	2.4%	2.7%

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		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Average number of employees	761	876	899	1,011	1,133	908	382	384	348	772	872	835
Number of Employees at year-end	772	912	870	999	1,142	888	383	387	349	777	899	812
O&M wages ('000)	\$40,340	\$48,608	\$47,941	\$62,967	\$72,194	\$36,997	\$20,086	\$20,534	\$24,791	\$43,038	\$50,207	\$42,709
Construction wages ('000)	\$10,206	\$11,336	\$12,627	\$20,886	\$23,241	\$13,861	\$2,727	\$2,631	\$3,257	\$11,729	\$12,774	\$11,790
Total pensions ('000)	\$14,229	\$14,830	\$18,463	\$21,389	\$25,872	\$31,205	\$14,193	\$12,656	\$11,247	\$15,848	\$16,844	\$20,486
PER EMPLOYEE(1/):												
Total salary & wages	\$67,316	\$66,719	\$71,257	\$87,761	\$86,110	\$85,866	\$52,538	\$51,165	\$56,077	\$69,970	\$69,133	\$72,636
Tot. benefits & pension	\$16,313	\$15,597	\$19,179	\$23,473	\$24,434	\$43,756	\$23,124	\$16,949	\$16,383	\$18,593	\$17,573	\$24,027
Total salary, benefits, and pension	\$83,629	\$82,316	\$90,436	\$111,233	\$110,544	\$129,622	\$75,662	\$68,114	\$72,460	\$88,563	\$86,706	\$96,663
Ratio: avg. benefits to avg. compensation	17.7%	19.0%	20.5%	21.2%	23.0%	37.2%	32.6%	29.6%	34.4%	20.1%	20.9%	25.6%
Therms sold per year-end employee	1,342,685	1,366,498	1,378,221	1,816,327	1,901,061	1,908,317	672,269	651,976	627,281	1,367,211	1,403,340	1,406,038
Customers per year-end employee	678	707	712	914	893	892	448	443	451	702	718	721

1/ year-end employees



## APPENDIX 9: Companies Studied

GAS IOUs	Years Reported			GAS IOUs (cont.)	Years Reported		
	2007	2008	2009		2007	2008	2009
AGL Resources	X	X	X	Southeastern Natural Gas Co	X	X	
Aquila Networks	X			Southern California Gas		X	X
Arkansas Oklahoma Gas Corp	X		X	Southwest Gas Corporation	X	X	X
Arkansas Western Gas Company	X			Southwestern Virginia Gas Co.	X	X	X
Atmos Energy Corporation	X	X	X	Texas Gas Service		X	X
Bay State Gas Company		X	X	Union Oil & Gas Co.	X	X	X
Berkshire Gas Company	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	X				
Citizens Gas & Coke Utility		X	X	<b>COMBINATION IOUs</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Colorado Natural Gas			X	Avista Corp	X	X	X
Columbia Gas of Kentucky		X	X	Baltimore Gas & Electric Co.	X	X	X
Columbia Gas of Maryland		X	X	Black Hills Corporation		X	X
Columbia Gas of Ohio	X	X	X	Central Hudson Gas & Electric Corp.	X	X	X
Columbia Gas of Pennsylvania		X	X	Cheyenne Light, Fuel, & Power	X	X	X
Columbia Gas of Virginia		X	X	Consolidated Edison of New York	X	X	X
Corning Natural Gas Corp	X	X	X	Consumers Energy	X	X	X
Delta Natural Gas Company	X	X	X	Florida Public Utilities Company	X	X	X
Dominion Peoples	X	X		Gainesville Regional Utilities		X	X
Dominion East Ohio Gas Company	X	X	X	National Grid - Niagara Mohawk			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	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	
Intermountain Gas Company	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	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	X	WE Energies	X	X	X
Laclede Gas Company	X	X	X				
Michigan Consolidated Gas Co	X	X	X				
Mobile Gas Service Corporation	X	X	X	<b>MUNICIPALS</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Mountaineer Gas	X	X	X	Clearfield Ohio Holdings			X
Mt. Carmel Public Utility			X	Colorado Springs Utilities	X	X	X
National Fuel Gas Company	X	X	X	Knoxville Utilities Board	X	X	X
National Grid - Rhode Island			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
Northern Indiana Fuel And Light	X	X	X	Okaloosa County Gas District		X	X
Northwest Natural Gas Company	X	X	X	Owatonna Public Utilities	X	X	X
NSTAR Gas	X	X	X	Philadelphia Gas Works	X	X	X
Ohio Gas Company	X	X	X	Richmond Dept. of Pub. Util., City of	X	X	X
Oklahoma Natural Gas	X	X	X	Westfield Gas and Electric Light Dpt	X		
Peoples Gas System, Inc.	X	X	X				
Peoples Natural Gas			X				
Piedmont Natural Gas Company	X	X	X				
Questar Gas Company	X	X	X				
Semco Energy (S.E. Michigan)	X	X	X				