WYOMING DEPARTMENT OF REVENUE
MINERAL TAX DIVISION

CAPITALIZATION RATE STUDY

MODIFIED NETBACK RATE OF RETURN

2010

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CAPITALIZATION RATE STUDY

MODIFIED NETBACK RATE OF RETURN

INTRODUCTION

The capitalization rate applied to income is a means of estimating market value for properties. This capitalization rate reflects the relationship between one year's income or an annual average of several years' income and the corresponding capital value. This market value estimated by capitalizing an income is one indicator of what a willing buyer and a willing seller may consider a fair return on their investment in the open market.

The primary components of the capitalization rate are Debt, Preferred (if applicable), and Common Equity. The following data have been assembled to determine a rate of return for the Modified Netback valuation method.

The Mineral Tax Division develops its capitalization rates in accordance with WY Title 39-14-203(b)(6)(E) and WY Title 39-14-201. As such, the capitalization rate used for all producers utilizing the Modified Netback method of valuation is derived from a calculation consisting of the highest ten producers of natural gas in the State of Wyoming.

SOURCES OF INFORMATION AND DATA

Source data used to compute the capitalization rates for the largest ten natural gas producers (top ten producers) was acquired from various sources:

1) Mergent Bond Record (January 2010 issue) and Standard & Poor's Record (2010) provided bond ratings for the companies. In addition, the 2008 annual Debt Rates and Preferred Rates by industry grouping came from the same source.

2) Value Line provided statistical information. The data from Value Line included Betas, 2009 projected Annual Rates of Change in Earnings, Dividends, Book Value and Annual Total Return. Value Line also provided data for the calculation of the risk free (RF) rates; the specific weekly rates are detailed in Exhibit C of this report.

3) The required return on market (RM) came from the MorningStar, Inc. 2010 Year Book, "Basic Series: Summary of Statistics of Annual Returns--1926 to 2009", and is based on the Arithmetic Mean return realized on common stocks. This information source also supplied data used to develop the risk premium (RP) and firm size and adjustments.

4) The Wall Street Journal for January 4, 2010, was the source for stock prices for individual companies, as required in the Discounted Cash Flow Model and the Direct Capitalization Rates.

5) The Public Utility Financing Tracker provided the data for computing flotation costs.

CAPITAL STRUCTURE

For appraisal purposes, capital structure has three components: long-term debt, preferred stock and net worth (or common equity or, simply, equity). It differs from financial structure, which includes other, primarily, short-term sources of capital, such as payables and operating loans. There are two primary methods of computing capital structure for appraisals - book structure and market structure. Book structure uses the relationships of the book values (i.e., accounting values) of debt, preferred and equity. Market structure uses the market values of these components. The appropriate capital structure to use in a capitalization rate study for the modified netback rate of return is the market structure of the publicly traded companies (often the parent holding companies) because it reflects the structure which a typical purchaser would probably use to acquire the operating assets of a subject company. To compute market capital structure, we used the book value of debt and preferred securities (since there usually are no material differences between book and market value for these securities), as reported in Value Line. We computed the market value of common equity by multiplying the shares outstanding by the recent price, also as reported in Value Line. The average market capital structure for the companies in the study population is as follows:

	DEBT	PREFERRED	EQUITY
Top 10 Producers	17%	0%	83%

Table 1. Capital Structure

These percentages will later be used to compute the cost of capital for the industry.

COST OF DEBT AND PREFERRED

The cost of debt and preferred used to compute values for individual companies reflect the Mineral Tax Divisions determination of the risk for the industry as a whole. We believe a spot rate (such as the year-end rate) may result in a one-time irregularity. Therefore, we used an average of the annual high and low rates, as reported by Mergent Bond Record & Standard and Poor's, adjusted for flotation cost, as shown in the table below. The rates for debt and preferred are calculated using a weighted average of the top ten producers as required by WY Title 39-14-201(a)(xxxiii).

	DEBT	PREFERRED
Top 10 Producers	6.16%	6.73%

Table 2: Debt and Preferred Rates

COST OF EQUITY

The current cost of equity capital should be based on data taken from the capital markets for the top ten producers. Equity rates should reflect the representative cost of equity financing for a given industry type as of the appraisal date. There is no single commonly accepted method for making this estimate. However, there are three generally accepted methods which can be used in conjunction with each other. These include (1) the Discounted Cash Flow (DCF) model, (2) Capital Asset Pricing Model (CAPM), and (3) Risk Premium (RP) model.

The Discounted Cash Flow Model (DCF): This model measures the rate of return requirements of industrial stock (equity) as demonstrated by investors in the market. The basic theory of DCF is that the prices paid for a share of stock reflect the investors' discounted present values of future expected earnings/anticipated cash flows for both dividends and stock appreciation. The basic formula appears in the box to the right. The D_1 variable comes from the dividend declared per share Value Line has projected for 2009. P_0 is the average of the annual high and low prices of the stocks of the companies in our study. The growth factor in the model was computed using a weighted average of the growth indicators: Earnings, 1/6; Book Value, 2/6; and Dividends, 3/6. The Department looks at three computations of the DCF to determine the relative propriety of the indicator: 1) a DCF model that reduces the impact of any company for whom the projected dividend or any of the growth factors is "Nil" or "NMF" per Value Line; 2) a DCF model which adjusts for the "Nil" and "NMF" items; and 3) a DCF model calculated on the average dividends, growth factors, and stock prices of the companies in the study group. Application of this model resulted in the equity rate shown in Table 3.

$$K_E = \frac{D_1}{P_0} + G$$

where:

K_E = Cost of Capital

D_1 = Projected Dividend

P_0 = Current Stock Price

G = Growth

Capital Asset Pricing Model (CAPM): CAPM uses the concept that value is composed of a "safe rate" plus an add-on for equity risk. The market risk premium is defined as the difference between the expected rate of return in a given investment and the "risk-free rate" on government Treasury Bonds. This definition is based upon the premise that an informed investor expects to earn a greater return on his equity capital investment than he would receive from an alternative investment in risk free government bonds. Theoretically, the greater the investor's perceived risk in investment, the greater the risk premium. However, in the CAPM, the risk premium for the overall market must be adjusted by a market risk measure, "Beta", for the companies under review. The basic formula appears in the box at the right. Various versions of the CAPM take into account the different equity perceptions that prevail in the oil and gas industry, i.e. Long-Term, Intermediate, Short-Term and Corporate. Application of this formula to the various risk groups resulted in the use of the rate presented in Table 3.

$$K_E = R_F + B(R_M - R_F)$$

where:

K_E = Cost of Capital

R_F = Risk Free Rate

B = Beta

R_M = Return on the Market

Risk Premium Model (RP): This model assumes that the rate of return required by equity investors depends upon: (1) the risk-free rate of return or what investors could obtain by investing in Treasury Bonds, which have an assured rate of return guaranteed by the U.S. Government, and (2) some risk premium, or an amount of compensation above the risk-free rate required to induce investors to invest their money in a risky stock. The formula appears in the box on the right. Various versions of the Risk Premium consider the different equity percaptions that prevail in the oil and gas industry, i.e. Long-Term, Intermediate, Short-Term and Corporate.

$$K_E = R_F + R_P$$

where:

K_E = Cost of Capital

R_F = Risk Free Rate

R_P = Risk Premium

As a matter of form, the Department calculates Long-Term, Intermediate, Short-Term and

Corporate rates for both the CAPM and RP models. We then determine which rate is most appropriate for the top ten producers. The two primary considerations are the nature the operating assets and the term of debt instruments for companies within the industry. Generally speaking, the major assets of oil and gas companies have useful lives in excess of twenty years. Further, these oil and gas companies often issue debt with maturities in excess of twenty years. For these reasons, we consider the long-term rate, as shown in the table below, to be the most appropriate for the ten oil and gas companies used as a basis for the rate of return calculation.

	DCF	CAPM	RP
Top 10 Producers	9.37%	10.69%	10.59%

Table 3: Equity Rates

CONCLUSION REGARDING THE EQUITY RATE

For the cost of equity, rates from the CAPM, RP model and the traditional DCF models were given consideration for the ten oil and gas companies. The resulting equity capitalization rate, adjusted for flotation cost for the top ten producers is **10.56%**.

FLOTATION COST ADJUSTMENTS

The costs of the various types of capital determined in the previous sections of this report consider only secondary market rates, the rates of return to be earned by the holders of the securities. These rates do not reflect any adjustment for primary costs, those costs a company incurs to raise capital initially. When a company issues new securities, it incurs legal, underwriting and accounting expenses. These expenses are known as "flotation" costs. They reduce the amount of actual proceeds the company receives from the issuance of the securities. As a result the effective required rates of return for the different types of securities are somewhat higher than the secondary rates indicate. Flotation costs are expressed as a percentage of the proceeds of the issue. To determine the true cost of capital the secondary rates must be adjusted for the flotation costs.

The objective of the flotation cost adjustment is to determine the effective rate of return for a security based on the net proceeds from the security issue. To calculate the real required rate of return for the two basic types of securities (debt and equity), we use the formulas in the box to the right. (Note: the term "equity" applies to both common and preferred stock issues.)

For Debt:

$$K_A = \frac{K_B}{1-(FC \times (1-TR))}$$

For Equity (Common and Preferred):

$$K_A = \frac{K_B}{1-FC}$$

where:

K_A = Adjusted Cost of Capital

K_B = Unadjusted (Base) Cost of Capital

FC = Flotation Cost as a Percentage

TR = Income Tax Rate (38%)

The formula for the debt rate requires some explanation. The reason for the income tax rate adjustment lies in the nature of flotation costs for debt issues. Under income tax law such costs are amortized and deducted to determine taxable income; however, they are not deductible to determine net operating income.

Thus, the flotation cost has to be adjusted to recognize the difference between the tax treatment and the appraisal treatment of the flotation costs. There is no similar adjustment to the flotation costs for equity issues because they are not deductible for income tax purposes; the financial statements of the issuer simply reflect the net proceeds of the issue. The Department uses an income tax rate of 38% to incorporate the maximum federal corporate income tax rate of 35% plus an allowance of three percentage points for an average effective state corporate income tax rate.

OVERALL WEIGHTED AVERAGE COST OF CAPITAL

The Mineral Tax Division computed an overall weighted average cost of capital using the band of investment method. The basic formula appears in the box at the right. The resulting capitalization rate (also known as the discount rate) will be applied to the appropriate income stream to determine indicators of the current market value for the top ten producers. The results of this band of investment analysis for the cost of capital appear in Exhibit A.

$$K = (D \times D_R) + (P \times P_R) + (E \times E_R)$$

where:

K = Weighted Average Cost of Capital

D = Percent of Debt in Capital Structure

D_R = Cost of Debt (Debt Rate)

P = Percent of Preferred in Capital Structure

P_R = Cost of Preferred (Preferred Rate)

E = Percent of Equity in Capital Structure

E_R = Cost of Equity (Equity Rate)

DIRECT CAPITALIZATION

Direct capitalization is a valuation technique which takes a single year's income (or some other common unit of comparison) divided by a rate (or multiplied by a factor) to derive an estimate of value. This technique is often used in real estate appraisal to determine an overall or total valuation of the property. Income, whether potential gross income, effective gross income, or net operating income, is divided by the sales prices for comparable properties and the resulting ratio is then divided into the same level of income for the subject property to determine an overall valuation estimate.

This approach is not limited to various levels of income. The same concepts are used in the sales comparison approach, where various units of comparison are divided into the sales prices of comparable properties. The resulting rates (ratios) are then divided into the comparable units for the subject property to calculate an overall value.

The same procedures can be applied to ten producers. However, because direct capitalization is a comparable sales technique, it requires a higher level of comparability between the subject property (company) and the comparables than is required for yield capitalization. The process is one of identifying units of comparison, dividing such units by the sales price and applying the resulting average factor to the subject property (company). In the Direct Capitalization Study the goal is to develop value estimates for three distinct components system value: equity, preferred, and debt. This is a similar concept to the use of the Band of Investment method of rate development.

The Capitalization Rate Study lists six units of comparison for equity value from the December 2009, issue of The Value Line Investment Survey for the ten producers. All six units are shown on a per share basis for each individual company within the industry. The price per share used to compute the ratios is the same average of the 52-week highs and lows of the publicly traded prices for the preceding calendar year use in the DCF model. The resulting ratios appear in the table below. They are then divided into the appropriate figures for the subject company to obtain the estimate of value for the equity portion of the company.

	RATE
Revenue (Sales) per Share	93.82%
"Cash Flow" per Share	18.28%
Earnings per Share	7.28%
Dividends Declared per Share	3.58%
Capital Spending/Gross Equipment per Share	19.37%
Book Value per Share	70.36%

Table 4. Direct Capitalization Rates

It is important to emphasize that the developed value represents the value of the equity portion of the company, not the value of the item capitalized. This is because the basis for all the ratios is price per share of the common stock (or equity) of the company. After developing the equity value, the value of the preferred stock and the long-term debt must be derived directly from the market.

The market value of the preferred stock (if applicable) is obtained by dividing the preferred dividends paid by the subject company by the market preferred yield rate. This rate is found within the Capitalization Rate Study on page 2. The market value of the long-term debt is likewise found by dividing the long-term interest expense by the debt yield rate. Finally, the three portions (equity, preferred stock, and long-term debt) are added together to develop an estimate of the total value for the company.

The final step in calculating the Direct Capitalization indicator of value is to determine the market value for the operating property. It uses a factor developed in the stock and debt approach to remove non-operating property from the value of the company. Ratios that are generally utilized are the asset influence (operating assets divided by total assets), the income influence (operating income divided by total income), or an average of the two. The value of the non-operating property is thus excluded from the total valuation to determine the final value for the operating property by the Direct Capitalization approach.

EXHIBIT A

WEIGHTED AVERAGE COST OF CAPITAL

Production Year 2010

Rate of Return on Investment

Type of Capital	Cost of Capital	Flotation Cost	Adjusted Cost of Capital	x	Percent of Structure	=	Weighted Average Cost of Capital
Debt	6.09%	1.18%	6.16%		17%		1.0472%
Preferred	6.60%	1.90%	6.73%		0%		0.0000%
Equity	10.22%	3.27%	10.56%		83%		8.7648%
			Modified Netback Rate of Return				9.8120%

EXHIBIT B

STANDARD AND POOR'S

YIELD AVERAGES
MERGENT BOND RECORD
2009 for 2010 Appraisals

Period	Public Utility Bonds					Corporate Bonds					Preferred Stock			
	Aaa *	Aa	A	Baa	Average	Aaa	Aa	A	Baa	Average	Aa **	A	Baa	Average
1st Quarter														
January	NA	6.01%	6.39%	7.90%	6.77%	5.05%	5.84%	6.46%	8.14%	6.37%	NA	6.39%	7.14%	6.77%
February	NA	6.11%	6.30%	7.74%	6.72%	5.27%	6.02%	6.47%	8.08%	6.46%	NA	6.48%	7.25%	6.87%
March	NA	6.14%	6.42%	8.00%	6.85%	5.50%	6.11%	6.66%	8.42%	6.67%	NA	6.32%	7.42%	6.87%
2nd Quarter														
April	NA	6.20%	6.48%	8.03%	6.90%	5.39%	6.17%	6.70%	8.39%	6.66%	NA	6.21%	7.40%	6.81%
May	NA	6.23%	6.49%	7.76%	6.83%	5.54%	6.24%	6.67%	8.06%	6.63%	NA	6.20%	7.23%	6.72%
June	NA	6.13%	6.20%	7.30%	6.54%	5.61%	6.12%	6.39%	7.50%	6.41%	NA	6.19%	7.02%	6.61%
3rd Quarter														
July	NA	5.63%	5.97%	6.87%	6.16%	5.41%	5.71%	6.09%	7.09%	6.08%	NA	6.19%	6.88%	6.54%
August	NA	5.33%	5.71%	6.36%	5.80%	5.26%	5.45%	5.78%	6.58%	5.77%	NA	6.12%	6.81%	6.47%
September	NA	5.15%	5.53%	6.12%	5.60%	5.13%	5.21%	5.56%	6.31%	5.55%	NA	6.05%	6.73%	6.39%
4th Quarter														
October	NA	5.23%	5.55%	6.14%	5.64%	5.15%	5.24%	5.57%	6.29%	5.56%	NA	5.99%	6.72%	6.36%
November	NA	5.33%	5.64%	6.18%	5.72%	5.19%	5.29%	5.64%	6.32%	5.61%	NA	5.98%	6.71%	6.35%
December	NA	5.52%	5.79%	6.26%	5.86%	5.26%	5.44%	5.77%	6.37%	5.71%	NA	5.93%	6.56%	6.25%
Annual High	NA	6.23%	6.49%	8.03%	6.90%	5.61%	6.24%	6.70%	8.42%	6.67%		6.48%	7.42%	6.87%
Annual Low	NA	5.15%	5.53%	6.12%	5.60%	5.05%	5.21%	5.56%	6.29%	5.55%		5.93%	6.56%	6.25%
Average High/Low	NA*	5.69%	6.01%	7.08%	6.25%	5.33%	5.73%	6.13%	7.36%	6.11%	NA **	6.21%	6.99%	6.56%

* Aaa Mergent bond rating was discontinued in 2001.
** Aa Mergent bond rating was discontinued, in 2003, because of lack of "high grade" preferred stock issues.

20 Year Treasury Bond Yields Constant Maturity - Bloomberg
Source: Bloomberg Financial Services for Calendar Year 2009

Month	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-
January	5.06	6.20	6.20	6.20	6.20	6.44	6.54	7.70	7.90	8.78	12.17	14.12	14.71
February	5.19	6.07	6.07	6.07	6.37	6.53	6.68	7.72	7.89	8.85	12.39	13.46	13.73
March	5.16	5.70	5.70	5.70	6.17	6.20	6.22	7.51	7.55	8.49	11.64	11.88	12.04
April	5.36	5.86	5.86	5.86	6.24	6.46	6.56	7.79	7.82	8.68	10.91	11.04	11.15
May	5.53	6.13	6.13	6.13	6.18	6.23	6.32	7.59	7.63	8.51	9.93	10.05	10.12
June	5.51	5.66	5.66	5.66	5.82	5.85	6.16	6.92	7.19	8.05	9.65	9.81	9.89
July	5.26	5.28	5.28	5.28	5.48	5.70	6.23	6.71	6.97	7.70	9.32	9.53	9.64
August	5.05	5.13	5.13	5.13	5.22	5.34	5.78	6.26	6.26	7.30	8.65	8.71	8.75
September	4.95	4.99	4.99	4.99	5.05	5.21	5.53	5.94	6.05	6.96	8.20	8.29	8.37
October	5.03	5.18	5.18	5.18	5.19	5.28	5.67	6.05	6.08	6.88	8.01	8.18	8.21
November	5.04	5.06	5.06	5.06	5.09	5.28	5.60	5.94	5.98	6.82	8.12	8.25	8.32
December	5.25	5.60	5.60	5.60	5.62	5.71	5.97	6.23	6.27	7.12	8.08	8.09	8.35
Annual High	5.53	6.20	6.20	6.20	6.37	6.53	6.68	7.79	7.90	8.85	12.39	14.12	14.71
Annual Low	4.95	4.99	4.99	4.99	5.05	5.21	5.53	5.94	5.98	6.82	8.01	8.09	8.21
Avg. High/Low	5.24	5.60	5.60	5.60	5.71	5.87	6.11	6.87	6.94	7.84	10.20	11.11	11.46

Month	B+	B	B-
January	14.91	16.43	16.99
February	15.14	16.27	17.08
March	13.92	15.28	16.06
April	12.91	14.42	15.14
May	11.70	13.31	13.98
June	11.45	13.04	13.33
July	11.32	12.11	12.16
August	9.92	10.76	11.19
September	9.19	9.87	10.65
October	8.55	9.51	10.31
November	8.87	9.75	10.65
December	8.72	9.74	10.22
Annual High	15.14	16.43	17.08
Annual Low	8.55	9.51	10.22
Avg. High/Low	11.85	12.97	13.65

EXHIBIT C

RISK FREE RATES

Risk Free Rate for
2010 Capitalization Rates

Production Year 2010

Long Term Risk Free Rate:	3.99%	Source: 2009 Federal Reserve Bulletin monthly 20 year Treasury Bond yields with constant maturity
Intermediate Risk Free Rate:	2.18%	Source: 2009 weekly Value Line Investment Survey Selection & Opinion reports, "Selected Yields" Section, average of the annual high and low for the weekly 5 year US Treasury Securities yield rates
Short Term Risk Free Rate:	0.14%	Source: 2009 weekly Value Line Investment Survey Selection & Opinion reports, "Selected Yields" Section, average of the annual high and low for the weekly 3 month US Treasury Securities yield rates
Corporate Risk Free Rate:	5.39%	Source: 2009 weekly Value Line Investment Survey Selection & Opinion reports, "Market Monitor" Section, average of the annual high and low for the weekly Mergent Aaa Corporate bond yield
Prime Lending Rate:	3.25%	Source: Wall Street Journal, January 4, 2010 edition, "Money Rates" section

EXHIBIT D

MORNINGSTAR INC. DATA

Morningstar Inc.

SBBI 2009 Yearbook

(Market Results for 1926 - 2008)

Production Year 2010

Series		Geometric Mean	Arithmetic Mean	Standard Deviation
Large Company Stocks	Total Return	9.80%	11.80%	20.50%
Small Company Stocks	Total Return	11.90%	16.60%	32.80%
Long-Term Corporate Bonds	Total Return	5.90%	6.20%	8.30%
Long-Term Government Bonds	Total Return	5.40%	5.80%	9.60%
	Income Return	5.10%	5.20%	2.70%
Intermediate-Term Government Bonds	Total Return	5.30%	5.50%	5.70%
	Income Return	4.70%	4.70%	2.90%
U.S. Treasury Bills	Total Return	3.70%	3.70%	3.10%
Inflation		3.00%	3.10%	4.20%

	Long Term Equity Risk Premium	Intermediate Equity Risk Premium	Short Term Equity Risk Premium	Corporate Equity Risk Premium
RP Rate Calculation (Rated Companies) *(Using Arithmetic Means)*				
Base:				
Total return on Large Company Stocks	11.80%	11.80%	11.80%	11.80%
Risk Free Rates:				
Income Return on Long-Term Government Bonds	5.20%			
Income Return Intermediate-Term Government Bonds		4.70%		
Total Return on U.S. Treasury Bills			3.70%	
Total Return on Long-Term Corporate Bonds				6.20%
Equity Risk Premiums	6.60%	7.10%	8.10%	5.60%

EXHIBIT E

LIBRARY OF RATINGS

State of Wyoming - Department of Revenue

Capitalization Rate Study

Production Year 2010

	COMPANY DATA												
12/31/2009	Capital Structure							Value Line Data					
Company Name	Mergent Bond Record	Standard & Poors Bond Guide	Value Line Source	% of Debt	% of Preferred Stock	% of Common Equity	Type of Operations *(pure or diversified)*	Projected Dividend Per Share (2009)	Earnings Growth Rate	Dividends Growth Rate	Book Value Growth Rate	Beta	Wall Street Journal Common Stock Price
(A)	*(B)*	*(C)*	*(D)*	*(E)*	*(F)*	*(G)*	*(H)*	*(I)*	*(J)*	*(K)*	*(L)*	*(M)*	*(N)*
Encana Corporation		BBB+	Issue 3 11/12/09	16%	0%	84%	Diversified	$1.60	NMF	NMF	NMF	1.25	$26.40
ExxonMobil Corp		AAA	Issue 3 11/12/09	2%	0%	98%	Diversified	$1.66	3.5%	5.0%	10.0%	0.75	$72.30
Anadarko Petroleum Corp.		BBB-	Issue 12 11/13/09	30%	0%	70%	Diversified	$0.36	-1.0%	Nil	9.5%	1.20	$50.13
Questar Corp.		NR	Issue 3 11/12/09	23%	0%	77%	Diversified	$0.51	3.5%	3.5%	6.5%	1.20	$34.16
BP plc		AA	Issue 3 11/12/09	13%	0%	87%	Diversified	$3.36	4.5%	6.0%	9.0%	1.00	$46.85
Ultra Petroleum		NR	Issue 12 11/13/09	9%	0%	91%	Diversified	Nil	15.5%	Nil	25.5%	1.15	$43.62
Royal Dutch Shell plc		AA	Issue 3 11/12/09	14%	0%	86%	Diversified	$3.36	Nil	5.0%	8.5%	1.05	$51.01
Williams Companies		BBB-	Issue 3 11/12/09	41%	0%	59%	Diversified	$0.44	9.0%	9.0%	9.0%	1.30	$15.53
Devon Energy Corp.		BBB+	Issue 3 11/12/09	16%	0%	84%	Diversified	$0.64	4.0%	7.5%	6.5%	1.25	$56.80
Chevron Corp.		AA	Issue 3 11/12/09	6%	0%	94%	Diversified	$2.66	5.0%	5.0%	6.5%		$67.97
Mean				17%	0%	83%		$1.46	4.9%	4.6%	10.1%	1.13	$46.47
Median				15%	0%	85%		$1.60	4.3%	5.0%	9.0%	1.20	$48.49
Minimum				2%	0%	59%		$0.36	-1.0%	3.5%	6.5%	0.75	$15.53
Maximum				41%	0%	98%		$3.36	15.5%	9.0%	25.5%	1.30	$72.30

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	INDUSTRY DATA								RISK PREMIUM MODEL			
12/31/2009												
Company Name	Long-Term Risk Free Rate	Long-Term Equity Risk Premium	Intermediate Risk Free Rate	Intermediate Equity Risk Premium	Short-Term Risk Free Rate	Short-Term Equity Risk Premium	Corp. Risk Free Rate	Corp. Equity Risk Premium	Long-Term Risk Premium	Intermediate Risk Premium	Short-Term Risk Premium	Corporate Risk Premium
(A)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	(W)	(X)	(Y)	(Z)
Encana Corporation	3.99%	6.60%	2.18%	7.10%	0.14%	8.10%	5.39%	5.60%	10.59%	9.28%	8.24%	10.99%
ExxonMobil Corp	3.99%	6.60%	2.18%	7.10%	0.14%	8.10%	5.39%	5.60%	10.59%	9.28%	8.24%	10.99%
Anadarko Petroleum Corp.	3.99%	6.60%	2.18%	7.10%	0.14%	8.10%	5.39%	5.60%	10.59%	9.28%	8.24%	10.99%
Questar Corp.	3.99%	6.60%	2.18%	7.10%	0.14%	8.10%	5.39%	5.60%	10.59%	9.28%	8.24%	10.99%
BP plc	3.99%	6.60%	2.18%	7.10%	0.14%	8.10%	5.39%	5.60%	10.59%	9.28%	8.24%	10.99%
Ultra Petroleum	3.99%	6.60%	2.18%	7.10%	0.14%	8.10%	5.39%	5.60%	10.59%	9.28%	8.24%	10.99%
Royal Dutch Shell plc	3.99%	6.60%	2.18%	7.10%	0.14%	8.10%	5.39%	5.60%	10.59%	9.28%	8.24%	10.99%
Williams Companies	3.99%	6.60%	2.18%	7.10%	0.14%	8.10%	5.39%	5.60%	10.59%	9.28%	8.24%	10.99%
Devon Energy Corp.	3.99%	6.60%	2.18%	7.10%	0.14%	8.10%	5.39%	5.60%	10.59%	9.28%	8.24%	10.99%
Chevron Corp.	3.99%	6.60%	2.18%	7.10%	0.14%	8.10%	5.39%	5.60%	10.59%	9.28%	8.24%	10.99%
Mean												
Median												
Minimum												
Maximum												

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	COMPANY FINANCIAL CALCULATIONS								
12/31/2009	Capital Asset Pricing Model				Discounted Cash Flow				
Company Name	Long-Term CAPM	Intermediate CAPM	Short-Term CAPM	Corporate CAPM	Traditional Model	Treating "Nil" as Zero	Based on Library Averages	Value Line Page Number	Exchange & Ticker
(A)	(AA)	(AB)	(AC)	(AD)	(AE)	(AF)	(AG)	(AI)	(AJ)
Encana Corporation	12.24%	11.06%	10.27%	12.39%	NMF	NMF	NMF	417	NYSE-ECA
ExxonMobil Corp	8.94%	7.51%	6.22%	9.59%	8.21%	8.71%	6.42%	401	NYSE-XOM
Anadarko Petroleum Corp.	11.91%	10.70%	9.86%	12.11%	NMF	3.72%	3.00%	2378	NYSE-APC
Questar Corp.	11.91%	10.70%	9.86%	12.11%	5.99%	5.99%	4.50%	440	NYSE-STR
BP plc	10.59%	9.28%	8.24%	10.99%	13.42%	13.92%	6.75%	398	NYSE-BP
Ultra Petroleum	11.58%	10.35%	9.46%	11.83%	NMF	11.08%	11.08%	2387	NYSE-UPL
Royal Dutch Shell plc	10.92%	9.64%	8.65%	11.27%	NMF	11.92%	5.33%	410	NYSE-RDSA
Williams Companies	12.57%	11.41%	10.67%	12.67%	11.83%	11.83%	9.00%	533	NYSE-COP
Devon Energy Corp.	12.24%	11.06%	10.27%	12.39%	6.54%	7.71%	6.58%	430	NYSE-DVN
Chevron Corp.	3.99%	2.18%	0.14%	5.39%	9.41%	9.41%	5.50%	399	NYSE-CVX
Mean	10.69%	9.39%	8.36%	11.07%	9.24%	9.37%	6.46%		
Median	11.75%	10.52%	9.66%	11.97%	8.81%	9.41%	6.42%		
Minimum	3.99%	2.18%	0.14%	5.39%	5.99%	3.72%	3.00%		
Maximum	12.57%	11.41%	10.67%	12.67%	13.42%	13.92%	11.08%		

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	DIRECT CAPITALIZATION ANALYSIS											
12/31/2009	Computed Equity Ratios						Value Line Direct Capitalization Data					
Company Name	Revenue (Sales) Per Share	Cash Flow Per Share	Earnings Per Share	Dividends Declared Per Share	Capital Spending Per Share	Book Value Per Share	Revenue (Sales) Per Share	Cash Flow Per Share	Earnings Per Share	Dividends Declared Per Share	Capital Spending Per Share	Book Value Per Share
(A)	(AK)	(AL)	(AM)	(AN)	(AO)	(AP)	(AQ)	(AR)	(AS)	(AT)	(AU)	(AV)
Encana Corporation	88.07%	32.20%	14.58%	6.06%	31.25%	78.22%	$23.25	$8.50	$3.85	$1.60	$8.25	$20.65
ExxonMobil Corp	80.92%	8.99%	5.39%	2.30%	6.57%	32.99%	$58.50	$6.50	$3.90	$1.66	$4.75	$23.85
Anadarko Petroleum Corp.	36.91%	13.07%	0.70%	0.72%	17.96%	84.39%	$18.50	$6.55	$0.35	$0.36	$9.00	$42.30
Questar Corp.	47.87%	19.32%	7.76%	1.49%	22.84%	56.21%	$16.35	$6.60	$2.65	$0.51	$7.80	$19.20
BP plc	161.90%	18.78%	10.46%	7.17%	13.34%	70.12%	$75.85	$8.80	$4.90	$3.36	$6.25	$32.85
Ultra Petroleum	n/a	n/a	4.13%	n/a	n/a	n/a	$5.05	$3.15	$1.80	Nil	$4.95	$9.00
Royal Dutch Shell plc	177.34%	18.33%	9.41%	6.59%	19.12%	89.60%	$90.45	$9.35	$4.80	$3.36	$9.75	$45.70
Williams Companies	91.76%	22.54%	5.80%	2.83%	26.72%	95.94%	$14.25	$3.50	$0.90	$0.44	$4.15	$14.90
Devon Energy Corp.	34.51%	15.14%	6.16%	1.13%	20.25%	59.86%	$19.60	$8.60	$3.50	$0.64	$11.50	$34.00
Chevron Corp.	125.13%	16.11%	8.39%	3.91%	16.33%	65.91%	$85.05	$10.95	$5.70	$2.66	$11.10	$44.80
Mean	93.82%	18.28%	7.28%	3.58%	19.37%	70.36%	$40.69	$7.25	$3.24	$1.46	$7.75	$28.73
Median	88.07%	18.33%	6.96%	2.83%	19.12%	70.12%	$21.43	$7.55	$3.68	$1.60	$8.03	$28.35
Minimum	34.51%	8.99%	0.70%	0.72%	6.57%	32.99%	$5.05	$3.15	$0.35	$0.36	$4.15	$9.00
Maximum	177.34%	32.20%	14.58%	7.17%	31.25%	95.94%	$90.45	$10.95	$5.70	$3.36	$11.50	$45.70

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12/31/2009	Capitalization Weighting							Capitalization							
Company Name	Factor	Weighted Earning Growth Rate	Factor	Weighted Dividend Growth Rate	Factor	Weighted Book Value Growth Rate	Weighted Cap. Rate	Disc. Cash Flow	Long Term Debt	Risk Premium	Total	Weighted Disc. Cash Flow	Weighted Long Term Debt	Weighted Risk Premium	Total
(A)	(AW)	(AX)	(AY)	(AZ)	(BA)	(BB)	(BC)	(BD)	(BE)	(BF)	(BG)	(BH)	(BI)	(BJ)	(BK)
Encana Corporation	1	0.0%	3	0.0%	2	0.0%	NMF	33.00%	33.00%	34.00%	100%	3.09%	3.53%	3.60%	10.22%
ExxonMobil Corp	1	3.5%	3	15.0%	2	20.0%	6.4%	66.00%	34.00%	0.00%	100%	6.18%	3.63%	0.00%	9.82%
Anadarko Petroleum Corp.	1	-1.0%	3	0.0%	2	19.0%	3.0%	34.00%	66.00%	0.00%	100%	3.18%	7.05%	0.00%	10.24%
Questar Corp.	1	3.5%	3	10.5%	2	13.0%	4.5%	0.00%	33.00%	67.00%	100%	0.00%	3.53%	7.10%	10.62%
BP plc	1	4.5%	3	18.0%	2	18.0%	6.8%	33.00%	0.00%	67.00%	100%	3.09%	0.00%	7.10%	10.19%
Ultra Petroleum	1	15.5%	3	0.0%	2	51.0%	11.1%	66.00%	0.00%	34.00%	100%	6.18%	0.00%	3.60%	9.78%
Royal Dutch Shell plc	1	0.0%	3	15.0%	2	17.0%	5.3%	0.00%	66.00%	34.00%	100%	0.00%	7.05%	3.60%	10.66%
Williams Companies	1	9.0%	3	27.0%	2	18.0%	9.0%								
Devon Energy Corp.	1	4.0%	3	22.5%	2	13.0%	6.6%								
Chevron Corp.	1	5.0%	3	15.0%	2	13.0%	5.5%								
Mean															
Median															
Minimum															
Maximum															
														AVERAGE	10.22%

DCF	Long Term CAPM	Risk Premium
9.37%	10.69%	10.59%

LONG TERM DEBT *(20 Year Treasury Bond Yields)*

AAA	AA+	AA	A	A-	BBB+	BBB-	Weighted Avg.Hi&Lo
5.24%	5.60%	5.60%	5.87%	6.11%	6.87%	7.84%	6.09%

PREFFERED *(Mergents Bond Record)*

A	Baa	
6.21%	6.99%	6.60%

EXHIBIT F

FLOTATION COST DATA

FLOTATION COST ANALYSIS 2010
DEBT ISSUES - PUBLIC OFFERINGS 2005 to 2009

Company	Issue	Type of Utility	Year Issued	Amount Offered ($000)	Price to Public (%)	Under-Writers' Commission (%)	Estimated Expenses ($000)	Flotation Cost Amount ($000)	Flotation ($000)	Flotation Cost Per Cent (%)	Weighted Average (%)
MISSISSIPPI POWER	SR. NOTES, SERIES G	ELEC	2005	30,000	99.499	0.875	220	482.50	483	1.63%	0.001%
CASCADE NATURAL GAS	INSURED QUARTERLY NOTES	GAS	2005	30,000	100.000	3.150	935	1,880.00	1,880	6.69%	0.002%
ALABAMA GAS CORP	NOTES	GAS	2005	40,000	100.000	3.150	225	1,485.00	1,485	3.86%	0.002%
ALABAMA GAS CORP	NOTES	GAS	2005	40,000	100.000	0.650	250	510.00	510	1.29%	0.001%
INTERSTATE POWER & LIGHT COL	SR.NOTES	ELEC	2005	50,000	99.414	0.875	110	547.50	548	1.11%	0.001%
WESTERN MASS. ELECTRIC CO	SR NOTES, SER C	ELEC	2005	50,000	99.971	0.650	185	510.00	510	1.03%	0.001%
PUBLIC SERVICE CO. OF NH	1ST MORT BONDS, SERIES M	ELEC	2005	50,000	99.769	0.875	217	654.50	655	1.33%	0.001%
GULF POWER	SR NOTES, SER. L	ELEC	2005	60,000	99.556	0.875	230	755.00	755	1.27%	0.001%
ALABAMA GAS CORP	NOTES	GAS	2005	80,000	100.000	0.600	220	700.00	700	0.88%	0.001%
SOUTH CAROLINA ELECTRIC & GAS	1ST MORT BONDS	ELEC	2005	100,000	98.179	0.875	150	1,025.00	1,025	1.04%	0.001%
CONSOLIDATED EDISON CO. OF NY	DEBT, SER 2005B	ELEC	2005	125,000	99.415	0.875	200	1,293.75	1,294	1.05%	0.001%
INDIANA MICHIGAN POWER CO.	SR NOTES, SER G	ELEC	2005	125,000	99.859	0.650	250	1,062.50	1,063	0.86%	0.001%
CMS ENERGY CORP	SR. NOTES	ELEC	2005	125,000	100.000	1.750	180	2,367.50	2,368	1.93%	0.003%
CONSUMERS ENERGY CO.	1ST MORT BONDS	ELEC	2005	150,000	99.604	0.750	200	1,325.00	1,325	0.89%	0.001%
SOUTHWESTERN ELECTRIC POWER	SR. NOTES SER D	ELEC	2005	150,000	99.913	0.650	200	1,175.00	1,175	0.79%	0.001%
CLECO POWER LLC	NOTES	ELEC	2005	150,000	99.243	0.875	200	1,512.50	1,513	1.02%	0.002%
CONSUMERS ENERGY CO.	1ST MORT BONDS	ELEC	2005	175,000	99.807	0.875	150	1,681.25	1,681	0.97%	0.002%
CONSUMERS ENERGY CO.	1ST MORT BOND	ELEC	2005	250,000	99.560	0.675	200	1,887.50	1,888	0.76%	0.002%
ALABAMA POWER CO.	SR. NOTES, SER DD	ELEC	2005	250,000	100.000	0.875	310	2,497.50	2,498	1.01%	0.003%
NORTHERN STATES POWER	1ST MORT BONDS	ELEC	2005	250,000	99.806	0.875	NA	2,187.50	2,188	0.88%	0.002%
DETROIT EDISON CO.	SR. NOTES, SER. C	ELEC	2005	250,000	99.404	0.875	250	2,437.50	2,438	0.98%	0.003%
SOUTHERN COMP. CAPITAL FUNDIN	SR. NOTES, SER C	ELEC	2005	250,000	100.000	0.650	315	1,940.00	1,940	0.78%	0.002%
CONSUMERS ENERGY CO.	1ST MORT BOND	ELEC	2005	300,000	99.604	0.750	200	2,450.00	2,450	0.82%	0.003%
PACIFICORP	1ST MORT BONDS	ELEC	2005	300,000	99.640	0.875	300	2,925.00	2,925	0.98%	0.003%
CONSOLIDATED EDISON CO. OF NY	DEBT, SER 2005A	ELEC	2005	350,000	99.659	0.875	35	3,097.50	3,098	0.89%	0.003%
SOUTHERN CALIFORNIA EDISON CO	1ST & REF MORT BONDS, SER 2005E	ELEC	2005	350,000	99.952	0.875	340	3,402.50	3,403	0.98%	0.004%
CONSOLIDATED EDISON CO. OF NY	DEBT, SER 2005C	ELEC	2005	350,000	99.770	0.650	350	2,625.00	2,625	0.76%	0.003%
PROGRESS ENERGY CAROLINAS, IN	1ST MORT BONDS	ELEC	2005	400,000	99.658	0.650	635	3,235.00	3,235	0.82%	0.004%
QWEST	CONVERTIBLE SR. NOTES	TELE	2005	1,100,000	100.000	2.500	NA	27,500.00	27,500	2.56%	0.030%
NORTHWEST NATURAL GAS CO.	SEC MED-TERM NOTES SER. B	GAS	2006	25,000	100.000	0.625	NA	156.25	156	0.63%	0.000%
CENTRAL HUDSON GAS & ELEC COR	MED-TERM SER. E	ELEC	2006	27,000	100.000	0.750	NA	202.50	203	0.76%	0.000%
CENTRAL HUDSON GAS & ELEC COR	5.764% Due 17 November 2031	ELEC	2006	27,000	100.000	0.750	NA	202.50	203	0.76%	0.000%
MADISON GAS & ELECTRIC CO.	5.25 % MED TERM NOTES	ELEC	2006	30,000	99.727	0.650	70	265.00	265	0.89%	0.000%
LACLEDE GAS CO.	1ST MORT BANKDS.	GAS	2006	55,000	99.852	0.875	95	576.25	576	1.06%	0.001%
AMEREN CIPS	SEN SEC NOTES.	ELEC	2006	61,061	99.449	0.875	250	784.28	784	1.30%	0.001%
VECTRON	SR. NOTES	ELEC	2006	75,000	99.799	0.650	NA	487.50	488	0.65%	0.001%
VECTRON	SR. NOTES	ELEC	2006	75,000	99.779	0.875	NA	656.25	656	0.88%	0.001%
ALABAMA POWER	SERIES EE SR. INSURED QUARTLY I	ELEC	2006	100,000	100.000	3.150	295	3,445.00	3,445	3.57%	0.004%
ALABAMA POWER	SERIES GG SR. NOTES	ELEC	2006	100,000	100.000	3.150	650	3,800.00	3,800	3.95%	0.004%
GULF POWER	SER.M, SR. NOTES	ELEC	2006	110,000	99.978	0.650	245	960.00	960	0.88%	0.001%
OKLAHOMA GAS & ELEC. CO	SR. NOTES	ELEC	2006	110,000	99.674	0.650	NA	715.00	715	0.65%	0.001%
OKLAHOMA GAS & ELEC. CO	SR. NOTES	ELEC	2006	110,000	99.588	0.875	NA	962.50	963	0.88%	0.001%
COMED	1ST MORT BONDS SER. 104	ELEC	2006	115,000	102.045	0.650	250	997.50	998	0.87%	0.001%
SCE&G	1ST MORT BONDS	ELEC	2006	125,000	99.663	0.875	150	1,243.75	1,244	1.00%	0.001%
WISCONSIN PUBLIC SERVICE CORP	SR. NOTES	ELEC	2006	125,000	99.421	0.875	NA	1,093.75	1,094	0.88%	0.001%

ALABAMA POWER	SERIES JJ SR. NOTES	ELEC	2006	150,000	100.000	3.150	450	5,175.00	5,175	3.57%	0.006%
ARIZONA PUBLIC SERVICE CO.	NOTES	ELEC	2006	150,000	99.849	0.875	NA	1,312.50	1,313	0.88%	0.001%
AVISTA CORP	1ST MORT BONDS	ELEC	2006	150,000	99.852	0.875	500	1,812.50	1,813	1.22%	0.002%
PPL ENERGY SUPPLY LLC	SR. NOTES	ELEC	2006	150,000	99.446	0.650	200	1,175.00	1,175	0.79%	0.001%
PUBLIC SERVIC CO. OF OKLAHOMA	SR. NOTES, SER F	ELEC	2006	150,000	99.862	0.650	225	1,200.00	1,200	0.81%	0.001%
AGI CAPITAL RESOURCES	SR. NOTES	GAS	2006	175,000	99.856	0.650	NA	1,137.50	1,138	0.65%	0.001%
ALABAMA POWER	SERIES FF SR. NOTES	ELEC	2006	200,000	99.769	0.650	280	1,580.00	1,580	0.80%	0.002%
ALABAMA POWER	SERIES II SR. NOTES	ELEC	2006	200,000	100.000	3.150	430	6,730.00	6,730	3.48%	0.008%
BOSTON EDISON CO.	DEBENTURES	ELEC	2006	200,000	98.943	0.875	192	1,942.00	1,942	0.98%	0.002%
SOUTHERN POWER	SERIES E SR. NOTES	ELEC	2006	200,000	100.000	0.875	290	2,040.00	2,040	1.03%	0.002%
SOUTHWESTERN PUBLIC SERVICE C	SER.E SR NOTES	ELEC	2006	200,000	99.880	0.650	NA	1,300.00	1,300	0.65%	0.001%
APPALICAN POWER	SR NOTES, SERIES N	ELEC	2006	250,000	99.697	0.875	200	2,387.50	2,388	0.96%	0.003%
ARIZONA PUBLIC SERVICE CO.	NOTES	ELEC	2006	250,000	99.458	0.650	NA	1,625.00	1,625	0.65%	0.002%
CON ED OF NY	DEBENTURES SER 2006 D	ELEC	2006	250,000	99.716	0.650	NA	1,625.00	1,625	0.65%	0.002%
CON ED OF NY	DEBENTURES SER 2006 E	ELEC	2006	250,000	99.715	0.875	NA	2,187.50	2,188	0.88%	0.002%
DETROIT EDISON CO.	SER. A SR. NOTES	ELEC	2006	250,000	99.946	0.875	250	2,437.50	2,438	0.98%	0.003%
ENERGY EAST CORP	NOTES	ELEC	2006	250,000	99.114	0.875	200	2,387.50	2,388	0.96%	0.003%
OHIO EDISON	SR. NOTES	ELEC	2006	250,000	99.987	0.875	NA	2,187.50	2,188	0.88%	0.002%
PPL ENERGY SUPPLY LLC	SR. NOTES	ELEC	2006	250,000	25.000	0.788	200	2,168.75	2,169	0.88%	0.002%
PSE&G	SEC MED TERM NOTES SER. D	ELEC	2006	250,000	99.576	0.750	NA	1,875.00	1,875	0.76%	0.002%
PUGET SOUND ENERGY	SR. NOTES	ELEC	2006	250,000	100.000	0.875	242	2,429.50	2,430	0.98%	0.003%
SANDIEGO GAS & ELECTRIC CO.	1ST MORT BONDS, SER.DDD	ELEC	2006	250,000	99.553	0.875	250	2,437.50	2,438	0.98%	0.003%
SOUTHWESTERN PUBLIC SERVICE C	SER. F SR. NOTES	ELEC	2006	250,000	99.231	0.875	NA	2,187.50	2,188	0.88%	0.002%
TAMPA ELECTRIC CO.	NOTES	ELEC	2006	250,000	99.375	0.875	265	2,452.10	2,452	0.99%	0.003%
DTE ENERGY CO	2006 SERIES B SR. NOTES	ELEC	2006	300,000	99.940	0.650	250	2,200.00	2,200	0.74%	0.002%
ILLUMINATING COMPANY	SR NOTES	ELEC	2006	300,000	99.472	0.875	658	3,283.00	3,283	1.11%	0.004%
PEPCO ENERGY CO.	1ST AND REF MORT BONDS	ELEC	2006	300,000	99.693	0.875	400	3,025.00	3,025	1.02%	0.003%
PPL ENERGY SUPPLY LLC	SR. NOTES	ELEC	2006	300,000	99.861	0.650	250	2,200.00	2,200	0.74%	0.002%
PPL ENERGY SUPPLY LLC	SR. NOTES	ELEC	2006	300,000	98.848	0.875	250	2,875.00	2,875	0.97%	0.003%
PUGET SOUND ENERGY	SR. NOTES	ELEC	2006	300,000	100.000	0.875	250	2,875.00	2,875	0.97%	0.003%
TOLEDO EDISON	SR NOTES	ELEC	2006	300,000	99.850	0.875	775	3,400.00	3,400	1.15%	0.004%
WISCONSIN ELECTRIC & POWER CO	DEBENTURES	ELEC	2006	300,000	99.923	0.875	400	3,025.00	3,025	1.02%	0.003%
WPS RESOURCES CORP	JR. SUB NOTES	ELEC	2006	300,000	99.978	1.000	NA	3,000.00	3,000	1.01%	0.003%
XCEL ENERGY	SR. NOTES	ELEC	2006	300,000	99.262	0.875	600	3,225.00	3,225	1.09%	0.004%
CON ED	1ST MORT BONDS, SERIES 103	ELEC	2006	325,000	99.371	0.875	1,500	4,343.75	4,344	1.35%	0.005%
PSI ENERGY, INC	DEBENTURES	ELEC	2006	325,000	99.954	0.650	150	2,262.50	2,263	0.70%	0.002%
TIME WARNER TELECOM	2.375% CONV SR. DEBT.	TELE	2006	325,000	100.000	2.500	NA	8,125.00	8,125	2.56%	0.009%
FPL GROUP CAPITAL ELECTRIC	SER. A ENHANCED JR. SUB DEBT	ELEC	2006	350,000	25.000	0.788	400	3,156.25	3,156	0.91%	0.003%
FPL GROUP CAPITAL ELECTRIC	SER. B ENHANCED JR. SUB DEBT	ELEC	2006	350,000	99.872	1.250	400	4,775.00	4,775	1.38%	0.005%
OHIO EDISON	SR. NOTES	ELEC	2006	350,000	99.628	0.650	NA	2,275.00	2,275	0.65%	0.002%
OHIO POWER	SR NOTES, SER. K	ELEC	2006	350,000	99.647	0.650	360	2,635.00	2,635	0.76%	0.003%
SOUTHERN CA. EDISON CO.	1ST AND REF MORT BONDS, SER 20	ELEC	2006	350,000	99.755	0.875	NA	3,062.50	3,063	0.88%	0.003%
CON ED OF NY	DEBENTURES SER 2006 B	ELEC	2006	400,000	99.811	0.875	350	3,850.00	3,850	0.97%	0.004%
FLORIDA POWER & LIGHT CO.	1ST MORT BONDS	ELEC	2006	400,000	99.288	0.875	1,700	5,200.00	5,200	1.32%	0.006%
INDIANA MICHIGAN POWER CO.	SERIS H. SR. NOTES	ELEC	2006	400,000	99.432	0.875	250	3,750.00	3,750	0.95%	0.004%
NORTHERN STATES POWER CO.	1ST MORT BONDS	ELEC	2006	400,000	99.649	0.875	1,300	4,800.00	4,800	1.21%	0.005%
SOUTHERN CA. EDISON CO.	1ST AND REF MORT BONDS, SER 20	ELEC	2006	400,000	99.456	0.875	500	4,000.00	4,000	1.01%	0.004%
VIRGINIA ELECTRIC & POWER CO.	SER. A SR. NOTES	ELEC	2006	450,000	99.740	0.650	NA	2,925.00	2,925	0.65%	0.003%
VERIZON COMMUNCATIONS, INC	NOTES	TELE	2006	500,000	93.535	0.875	NA	4,375.00	4,375	0.88%	0.005%
VIRGINIA ELECTRIC & POWER CO.	SER. B SR. NOTES	ELEC	2006	550,000	99.792	0.875	NA	4,812.50	4,813	0.88%	0.005%
AT&T, INC	6.80% NOTES DUE 2036	TELE	2006	600,000	99.608	0.875	525	5,775.00	5,775	0.97%	0.006%
SOUTHERN UNION CO.	2006 SERIES A FR. SUB NOTES	GAS	2006	600,000	99.644	1.500	300	9,300.00	9,300	1.57%	0.010%

VERIZON COMMUNCATIONS, INC	NOTES	TELE	2006	1,250,000	99.199	0.450	NA	5,625.00	5,625	0.45%	0.006%
SPRINT/NEXTEL CORP	6.0% NOTES DUE 2016	TELE	2006	2,000,000	99.618	0.450	640	9,640.00	9,640	0.48%	0.010%
NRG ENERGY	SR. NOTES	ELEC	2006	3,600,000	100.000	1.875	1,750	69,250.00	69,250	1.96%	0.076%
GEORGIA POWER	SER.2007A	ELEC	2007	250,000	99.559	0.875	310	2,497.50	2,498	1.01%	0.003%
GEORGIA POWER	SER.2007B	ELEC	2007	450,000	99.784	0.650	350	3,275.00	3,275	0.73%	0.004%
GEORGIA POWER	SER. 2007D	ELEC	2007	300,000	100.000	3.150	1,550	11,000.00	11,000	3.81%	0.012%
GEORGIA POWER	SER 2007E	ELEC	2007	250,000	100.000	3.150	1,460	9,335.00	9,335	3.88%	0.010%
GEORGIA POWER	SER 2007F	ELEC	2007	100,000	100.000	3.150	261	3,411.00	3,411	3.53%	0.004%
GREAT PLAINES ENERGY INC	NOTES	ELEC	2007	100,000	99.484	0.650	500	1,150.00	1,150	1.16%	0.001%
GULF POWER	SER 2007A	ELEC	2007	85,000	99.954	0.650	235	787.50	788	0.94%	0.001%
IDAHO POWER CO	1ST MORT BONDS	ELEC	2007	140,000	99.801	0.750	NA	1,050.00	1,050	0.76%	0.001%
IDAHO POWER CO	1ST MORT BONDS	ELEC	2007	100,000	99.732	0.750	NA	750.00	750	0.76%	0.001%
ALABAMA POWER	SER 2007B	ELEC	2007	250,000	100.000	3.150	615	8,490.00	8,490	3.52%	0.009%
ALABAMA POWER	SER 2007A	ELEC	2007	200,000	99.660	0.650	300	1,600.00	1,600	0.81%	0.002%
CENTERPOINT ENERGY RESOUCES C	SR. NOTES	ELEC	2007	250,000	98.995	0.875	NA	2,187.50	2,188	0.88%	0.002%
CENTERPOINT ENERGY RESOUCES C	SR. NOTES	ELEC	2007	250,000	99.658	0.650	NA	1,625.00	1,625	0.65%	0.002%
CLEVELAND ILLUMINATING COMPA	SR. NOTES	ELEC	2007	250,000	99.841	0.650	645	2,270.00	2,270	0.92%	0.002%
CENTERPOINT ENERGY RESOUCES C	SR. NOTES	ELEC	2007	250,000	99.741	0.650	533	2,158.00	2,158	0.87%	0.002%
CENTERPOINT ENERGY RESOUCES C	SR. NOTES	ELEC	2007	150,000	99.531	0.875	460	1,772.50	1,773	1.20%	0.002%
APPALACIAN POWER	SR. NOTES, SER P	ELEC	2007	250,000	99.975	0.875	230	2,417.50	2,418	0.98%	0.003%
FLORIDA GROUP CAPITAL	SER C JR. SUB DEBT	ELEC	2007	400,000	99.840	1.000	400	4,400.00	4,400	1.11%	0.005%
FLORIDA GROUP CAPITAL	SER D JR. SUB DEBT	ELEC	2007	250,000	99.775	1.000	400	2,900.00	2,900	1.17%	0.003%
FLORIDA GROUP CAPITAL	SER E JR. SUB DEBT	ELEC	2007	350,000	25.000	0.788	400	3,156.25	3,156	0.91%	0.003%
FLORIDA POWER AND LIGHT CO	1ST MORT BONDS	ELEC	2007	300,000	99.972	0.650	1,600	3,550.00	3,550	1.20%	0.004%
PROGRESS ENERGY FLORIDA, INC	1ST MORT BONDS	ELEC	2007	250,000	99.731	0.650	NA	1,625.00	1,625	0.65%	0.002%
PROGRESS ENERGY FLORIDA, INC	1ST MORT BONDS	ELEC	2007	500,000	99.868	0.875	NA	4,375.00	4,375	0.88%	0.005%
EXELON GENRATING	SR. NOTES	ELEC	2007	700,000	99.756	0.650	400	4,950.00	4,950	0.71%	0.005%
FLORIDA POWER AND LIGHT CO	1ST MORT BONDS	ELEC	2007	300,000	99.800	0.875	1,600	4,225.00	4,225	1.43%	0.005%
VIRGINIA ELECTRIC & POWER CO.	SERIES B SR. NOTES	ELEC	2007	600,000	99.612	0.650	200	4,100.00	4,100	0.69%	0.004%
VIRGINIA ELECTRIC & POWER CO.	SERIES A SR. NOTES	ELEC	2007	600,000	99.724	0.875	200	5,450.00	5,450	0.92%	0.006%
COMMONWEATH EDISON	1ST MORT BONDS, SER 106	ELEC	2007	425,000	99.718	0.650	1,400	4,162.50	4,163	0.99%	0.005%
ALABAMA POWER	SER 2007C	ELEC	2007	200,000	100.000	3.200	1,220	7,620.00	7,620	3.96%	0.009%
COMMONWEATH EDISON	1ST MORT BONDS, SER 103	ELEC	2007	300,000	100.000	4.145	NA	12,435.00	12,435	4.32%	0.014%
CONNECTICUT LIGHT & POWER CO.	1ST AND REF 2007A	ELEC	2007	150,000	99.715	0.650	NA	975.00	975	0.65%	0.001%
CONNECTICUT LIGHT & POWER CO.	1ST AND REF 2007B	ELEC	2007	150,000	99.032	0.875	NA	1,312.50	1,313	0.88%	0.001%
CONNECTICUT LIGHT & POWER CO.	1ST AND REF 2007A	ELEC	2007	100,000	99.764	0.650	NA	650.00	650	0.65%	0.001%
CONNECTICUT LIGHT & POWER CO.	1ST AND REF 2007B	ELEC	2007	100,000	99.765	0.875	NA	875.00	875	0.88%	0.001%
DOMINION RESOURCES	SER. NOTES SER. A	ELEC	2007	350,000	99.719	0.650	150	2,425.00	2,425	0.70%	0.003%
DUKE ENERGY CAROLINA	SR. NOTES	ELEC	2007	500,000	99.987	0.875	625	5,000.00	5,000	1.01%	0.005%
EMPIRE DISTRICT ELECTRIC COMP	1ST MORT BONDS	ELEC	2007	80,000	99.789	0.875	300	1,000.00	1,000	1.27%	0.001%
WESTERN MASS ELECT CO.	SR. NOTES, SER. D	ELEC	2007	40,000	99.527	0.875	215	565.00	565	1.43%	0.001%
KANSAS CITY POWER & LIGHT CO.	NOTES	ELEC	2007	250,000	99.832	0.650	500	2,125.00	2,125	0.86%	0.002%
MID AMERICA ENERGY	SR NOTES	ELEC	2007	250,000	99.787	0.176	NA	438.75	439	0.18%	0.000%
MISSISSIPPI POWER	SER 2007A	ELEC	2007	35,000	100.000	0.650	225	452.50	453	1.31%	0.000%
NEVADA POWER CO	GEN & REF MORT NOTES, SER R	ELEC	2007	350,000	99.973	1.250	NA	4,375.00	4,375	1.27%	0.005%
NSTAR	DEBT	ELEC	2007	300,000	99.563	0.650	420	2,370.00	2,370	0.80%	0.003%
POTOMAC ELECTRIC POWER CO.	SR.NOTES	ELEC	2007	250,000	99.751	0.875	200	2,387.50	2,388	0.96%	0.003%
PPL CAP FUNDING	SER A JR SUB NOTES	ELEC	2007	500,000	99.766	1.250	525	6,775.00	6,775	1.37%	0.007%
PPL CAP FUNDING	SR. NOTES	ELEC	2007	100,000	25.000	0.788	200	987.50	988	1.00%	0.001%
PPL ELECT UTILITIES	SR SEC BONDS SER. A	ELEC	2007	250,000	99.973	0.875	350	2,537.50	2,538	1.03%	0.003%
PUDGET SOUND ENERGY	SER A ENHANCED JR. SUB	ELEC	2007	250,000	100.000	1.500	400	4,150.00	4,150	1.69%	0.005%
SOUTHWESTERN ELECTRIC POWER	SR NOTES, SER E	ELEC	2007	250,000	99.711	0.650	250	1,875.00	1,875	0.76%	0.002%

SOUTHWESTERN ELECTRIC POWER	SR. NOTES, SER F	ELEC	2007	300,000	99.636	0.650	235	2,185.00	2,185	0.73%	0.002%
TAMPA ELECTRIC CO	NOTES	ELEC	2007	250,000	99.433	0.875	290	2,477.50	2,478	1.00%	0.003%
AMEREN UE	SR SEC BONDS SER. A	ELEC	2007	425,000	99.912	0.650	250	3,012.50	3,013	0.71%	0.003%
ALABAMA GAS CORP	NOTES	GAS	2007	45,000	100.000	0.875	200	593.75	594	1.34%	0.001%
ATMOS ENERGY CORP	SR. NOTES	GAS	2007	250,000	99.729	0.650	300	1,925.00	1,925	0.78%	0.002%
VERIZON COMM INC	NOTES	TELE	2007	750,000	99.303	0.450	NA	3,375.00	3,375	0.45%	0.004%
VERIZON COMM INC	NOTES	TELE	2007	750,000	99.171	0.875	NA	6,562.50	6,563	0.88%	0.007%
AT&T INC	GLOBAL NOTES	TELE	2007	2,000,000	99.559	0.875	NA	17,500.00	17,500	0.88%	0.019%
AT&T INC	GLOBAL NOTES	TELE	2007	2,000,000	99.568	0.875	NA	17,500.00	17,500	0.88%	0.019%
AT&T INC	SR NOTES	TELE	2007	1,150,000	100.000	3.150	NA	36,225.00	36,225	3.25%	0.040%
CLECO POWER LLC	2008 SR SEC. STORM REC BONDS, A	ELEC	2008	113,000	99.938	0.450		508.50	509	0.45%	0.001%
CLECO POWER LLC	2008 SR SEC. STORM REC BONDS, A	ELEC	2008	676,000	99.858	0.450		3,042.00	3,042	0.45%	0.003%
PPL ENERGY SUPPLY, LLC	SR. NOTES	ELEC	2008	400,000	99.661	0.650	300	2,900.00	2,900	0.73%	0.003%
AMERICAN ELECTRIC POWER CO.	JR. SUBORDANTE DEBT	ELEC	2008	275,000	25.000	0.788	8,663	10,828.13	10,828	4.10%	0.012%
MID AMERICA ENERGY CO	SR. NOTES	ELEC	2008	350,000	99.657	0.650	350	2,625.00	2,625	0.76%	0.003%
APPALACHIAN POWER CO.	SR. NOTES, SER. Q	ELEC	2008	500,000	99.340	0.875	NA	4,375.00	4,375	0.88%	0.005%
AMEREN U.E.	SR. SEC NOTES	ELEC	2008	250,000	99.698	0.650	250	1,875.00	1,875	0.76%	0.002%
DOMINION VA POWER	SER A SR NOTES	ELEC	2008	600,000	99.775	0.650	200	4,100.00	4,100	0.69%	0.004%
EL PASO ELECTRIC CO.	SR. NOTES	ELEC	2008	150,000	99.146	0.875	501	1,813.90	1,814	1.22%	0.002%
ALABAMA POWER CO.	SER. 2008 A SR. NOTES	ELEC	2008	300,000	99.741	0.875	330	2,955.00	2,955	0.99%	0.003%
TAMPA ELECTRIC CO.	NOTES	ELEC	2008	150,000	100.000	0.650	337	1,312.00	1,312	0.88%	0.001%
EMPIRE DISTRICT ELEC. CO.	1ST MORT BONDS	ELEC	2008	90,000	99.944	0.650	300	885.00	885	0.99%	0.001%
CONNECTICUT LIGHT & POWER	1ST AND REF MORT BONDS	ELEC	2008	300,000	99.757	0.650	399	2,349.29	2,349	0.79%	0.003%
CLECO POWER LLC	6.65% NOTES	ELEC	2008	250,000	99.643	0.650	200	1,825.00	1,825	0.74%	0.002%
SOUTHWESTERN ELECTRIC POWER	SR. NOTES, SER G	ELEC	2008	400,000	99.870	0.650	250	2,850.00	2,850	0.72%	0.003%
AMEREN U.E.	SR SEC NOTES	ELEC	2008	450,000	99.707	0.650	250	3,175.00	3,175	0.71%	0.003%
CONSTELLATION ENERGY GROUP	Series A Junior Subordinated Debentures	ELEC	2008	450,000	25.000	0.788	500	4,043.75	4,044	0.91%	0.004%
SOUTHERN CA EDISON	1ST AND REF MORT BONDS	ELEC	2008	400,000	99.432	0.650	650	3,250.00	3,250	0.82%	0.004%
DOMINION VA POWER	SER B SR NOTES	ELEC	2008	700,000	99.995	0.875	150	6,275.00	6,275	0.90%	0.007%
ATLANTIC CITY ELEC CO.	1ST MORT BONDS	ELEC	2008	250,000	99.541	0.650	200	1,825.00	1,825	0.74%	0.002%
DOMINION RESOURCES, INC	SER. D SR. NOTES	ELEC	2008	600,000	99.972	0.600	150	3,750.00	3,750	0.63%	0.004%
VECTREN UTILITY HOLDINGS, INC	SR. MONTHLY NOTES	GAS	2008	125,000	100.000	3.150	325	4,262.50	4,263	3.53%	0.005%
QUESTAR GAS CO.	NOTES DUE 2018	GAS	2008	50,000	99.400	0.650		325.00	325	0.65%	0.000%
QUESTAR GAS CO.	NOTES DUE 2038	GAS	2008	100,000	99.930	0.875		875.00	875	0.88%	0.001%
LACLEDE GAS CO	1ST MORT BONDS, SER. 6.35%	GAS	2008	80,000	100.000	3.150	150	2,670.00	2,670	3.45%	0.003%
WASHINGTON GAS LIGHT	MED-TERM NOTES SER. H	GAS	2008	50,000	100.000	1.250	NA	625.00	625	1.27%	0.001%
AT&T, INC	GLOBAL NOTES	TELE	2008	250,000	99.780	0.450	235	1,360.00	1,360	0.55%	0.001%
AT&T, INC	GLOBAL NOTES	TELE	2008	750,000	97.713	0.875	7,153	13,715.50	13,716	1.86%	0.015%
PACIFIC CORP	1ST MORT	ELEC	2009	350,000	99.345	0.650		2,275.00	2,275	0.65%	0.002%
PACIFIC CORP	1ST MORT	ELEC	2009	650,000	99.050	0.875		5,688	5,688	0	0.006%
PROGRESS ENERGY OF CAROLINAS,	1ST MORT BONDS	ELEC	2009	600,000	99.908	0.650	700.000	4,600	4,600	0	0.005%
INDIANA MICHIGAN POWER	SR NOTES, SER I	ELEC	2009	475,000	99.326	0.650	350	3,438	3,438	0.007	0.004%
METROPOLITON EDISON	SR. NOTES	ELEC	2009	300,000	100.000	0.650	485.000	2,435	2,435	0	0.003%
JERSEY CENTRAL POWER & LIGHT C	SR. NOTES	ELEC	2009	300,000	99.872	0.650	488.000	2,438	2,438	0	0.003%
APS	NOTES	ELEC	2009	500,000	99.945	0.650	NA	3,250	3,250	0.007	0.004%
GEORGIA POWER	SER 2009A, SR. NOTE	ELEC	2009	500,000	99.628	0.875	415.000	4,790	4,790	0	0.005%
CONNECTICUT LIGHT & POWER CO.	1ST AND REFUNDING, SER A	ELEC	2009	250,000	99.601	0.650	370.000	1,995	1,995	0	0.002%
NEVADA PWER CO	GEN. & REF. MORT NOTES, SER. U	ELEC	2009	500,000	99.917	0.650	500	3,750	3,750	0.008	0.004%
ALABAMA POWER	SR. NOTES, SER 2009A	ELEC	2009	500,000	99.808	0.875	420.000	4,795	4,795	0	0.005%
CONSUMERS ENERGY CO	1ST MORT BONDS	ELEC	2009	500,000	99.952	0.650	300.000	3,550	3,550	0	0.004%
FPL GROUP CAPITAL	DEBT	ELEC	2009	500,000	99.957	0.650	400	3,650	3,650	0.007	0.004%
MISSISSIPPI POWER	SR. NOTES, SER 2009A	ELEC	2009	125,000	99.306	0.650	265.000	1,078	1,078	0	0.001%

PACIFIC GAS & ELEC CO.	SR. NOTES	ELEC	2009	550,000	98.761	0.875	425.000	5,238	5,238	0	0.006%
APPALACHIAN POWER CO	SR. NOTES SER R	ELEC	2009	350,000	99.551	0.650	350	2,625	2,625	0.008	0.003%
OUTH CAROLINA ELECTRIC AND G	1ST MORT BONDS	ELEC	2009	175,000	99.584	0.875	365.000	1,896	1,896	0	0.002%
FLORDA POWER & LIGHT	1ST MORT BONDS	ELEC	2009	500,000	99.927	0.875	NA	4,375	4,375	0	0.005%
FPL GROUP CAPITAL	SER. F, DEBENTURES	ELEC	2009	350,000	25.000	0.788	11025	13,781	13,781	0.041	0.015%
AMEREN UE	SR. SEC NOTES	ELEC	2009	350,000	99.667	0.875	250.000	3,313	3,313	0	0.004%
SOUTHERN CALIFORNIA EDISON	1ST AND REF MORT BOND, SER 2009	ELEC	2009	500,000	99.181	0.875	1100.000	5,475	5,475	0	0.006%
DUKE ENTERGY INDIANA	1ST MORT BONDS, SER MMM	ELEC	2009	450,000	99.708	0.875	300	4,238	4,238	0.010	0.005%
DUKE POWER, OHIO	1ST MORT BONDS	ELEC	2009	450,000	99.960	0.650	325.000	3,250	3,250	0	0.004%
KANSAS CITY POWER & LIGHT CO.	MORT BONDS, SER 2009A	ELEC	2009	400,000	99.892	0.650	1300.000	3,900	3,900	0	0.004%
CONSOLIDATED EDISON CO. OF NY	DEBENTURES, SER 2009B	ELEC	2009	475,000	99.854	0.650	750	3,838	3,838	0.008	0.004%
THE EMPIRE DISTRICT ELECT. CO	1ST MORT BONDS	ELEC	2009	750,000	100.000	2.750	300.000	20,925	20,925	0	0.023%
IDAHO POWER	1ST MORT BONDS	ELEC	2009	100,000	99.815	0.625	NA	625	625	0	0.001%
PORTLAND GENERAL ELECTRIC CO	1ST MORTGAGE	ELEC	2009	300,000	99.926	0.650	400	2,350	2,350	0.008	0.003%
TOLEDO EDISON	SR SEC NOTES	ELEC	2009	300,000	99.803	0.662	488.000	2,474	2,474	0	0.003%
SAN DIEGO GAS & ELEC CO	1ST MORT BONDS, SER GGG	ELEC	2009	300,000	99.540	0.875	250.000	2,875	2,875	0	0.003%
ENTERGY TEXAS	MORT BONDS	ELEC	2009	150,000	100.000	3.150	150	4,875	4,875	0.034	0.005%
PP&L ELECTRIC UTILITY CORP	1ST MORTGAGE BONDS	ELEC	2009	300,000	99.398	0.875	350.000	2,975	2,975	0	0.003%
PUBLIC SERVICE CO. OF CO	1ST MORT BONDS, SER NO 20	ELEC	2009	400,000	99.460	0.650	1166.000	3,766	3,766	0	0.004%
NRG ENERGY	SR NOTES	ELEC	2009	700,000	98.348	1.500	300	10,800	10,800	0.016	0.012%
VIRGINIA ELEC& POWER CO	SR NOTES, SER A	ELEC	2009	350,000	99.805	0.650	150.000	2,425	2,425	0	0.003%
CMS ENERGY CORP	SR. NOTES	ELEC	2009	300,000	98.374	1.500	350.000	4,850	4,850	0	0.005%
CMS ENERGY CORP	CONVERTIBLE SR. NOTES	ELEC	2009	150,000	100.000	2.750	400	4,525	4,525	0.031	0.005%
ENTERGY MISSISSIPPI	1STMORT BONDS	ELEC	2009	150,000	99.936	0.650	442.000	1,417	1,417	0	0.002%
DOMINION RESOURCES INC	ENHSNCED JR. SUB NOTES	ELEC	2009	625,000	25.000	0.788	250.000	5,172	5,172	0	0.006%
INTERSTATE POWER & LIGHT CO	SR. DEBT	ELEC	2009	300,000	99.368	0.875	260	2,885	2,885	0.010	0.003%
WISCONSIN POWER & LIGHT	DEBENTURES	ELEC	2009	250,000	99.385	0.650	260.000	1,885	1,885	0	0.002%
DOMINION RESOURCES INC	SR. NOTES	ELEC	2009	500,000	99.869	0.650	150.000	3,400	3,400	0	0.004%
THE ILLUMINATING CO	1ST MORT BONDS	ELEC	2009	300,000	99.466	0.750	567	2,817	2,817	0.009	0.003%
DUKE ENERGY	SR. NOTES	ELEC	2009	500,000	99.623	0.650	2250.000	5,500	5,500	0	0.006%
PEN ELECTRIC	SR. NOTES	ELEC	2009	250,000	99.648	0.650		1,625	1,625	0	0.002%
PEN ELECTRIC	SR. NOTES	ELEC	2009	250,000	99.785	0.875		2,188	2,188	0.009	0.002%
PUDGET SOUND ENERGY	SR. NOTES	ELEC	2009	350,000	100.000	0.875	350.000	3,413	3,413	0	0.004%
AVISTA	1ST MORT BONDS	ELEC	2009	250,000	99.770	0.675	650.000	2,338	2,338	0	0.003%
OHIO POWER CO	SR NOTES, SERIES N	ELEC	2009	500,000	99.587	0.675	350	3,725	3,725	0.008	0.004%
ENTERGY GULF STATES LOUISIANN	1ST MORT BONDS	ELEC	2009	300,000	99.920	0.750	425.000	2,675	2,675	0	0.003%
BLACK HILLS POWER	1ST MORT BONDS, SER AF	ELEC	2009	180,000	99.831	0.875	340.000	1,915	1,915	0	0.002%
CLECO POWER LLC	NOTES	ELEC	2009	145,000	96.806	0.875	300	1,569	1,569	0.011	0.002%
NORTHERN STATES POWER CO	1ST MORT BONDS	ELEC	2009	300,000	99.810	0.875	1200.000	3,825	3,825	0	0.004%
PUBLIC SERVICE OF OKLAHOMA	SR NOTES, SER H	ELEC	2009	250,000	99.717	0.650	250.000	1,875	1,875	0	0.002%
PACIFIC GAS & ELEC CO.	SR. NOTES	ELEC	2009	550,000	98.579	0.875	425	5,238	5,238	0.010	0.006%
AMERICAN ENERGY GENERATING	SR NOTES, SER I	ELEC	2009	250,000	99.746	0.650	300.000	1,925	1,925	0	0.002%
NSTAR	DEBENTURES	ELEC	2009	350,000	99.167	0.650	530.000	2,805	2,805	0	0.003%
DUKE ENERGY CAROLINAS	1ST AND REFUNDING MORTGAGE	ELEC	2009	750,000	99.579	0.875	425	6,988	6,988	0.009	0.008%
PROGRESSIVE ENERGY INC	SR NOTES	ELEC	2009	350,000	99.809	0.650		2,275	2,275	0	0.002%
PROGRESSIVE ENERGY INC	SR. NOTES	ELEC	2009	600,000	99.914	0.875		5,250	5,250	0	0.006%
SCANA CORP	SER A ENHANCED JR. SUB NOTES	ELEC	2009	150,000	25.000	0.788	360	1,541	1,541	0.010	0.002%
PUBLIC SERVICE ELECTRIC & GAS C	SEC MED. TERM NOTE, SER. G	ELEC	2009	250,000	99.679	0.750	NA	1,875	1,875	0	0.002%
IDAHO POWER	1ST MORT BONDS	ELEC	2009	130,000	99.819	0.625	NA	813	813	0	0.001%
NISOURCE FINANCIAL CORP	NOTES	ELEC	2009	500,000	99.569	0.675	150	3,525	3,525	0.007	0.004%
CONSOLDIATED EDISON OF NY	DEBENTURES, SER 2009C	ELEC	2009	600,000	99.622	0.875	600.000	5,850	5,850	0	0.006%
SOUTH CAROLINA ELECTRIC AND G	1ST MORT BONDS	ELEC	2009	150,000	99.214	0.875	350.000	1,663	1,663	0	0.002%

GEORGIA POWER	SER 2009B, SR. NOTE	ELEC	2009	500,000	99.744	0.650	425	3,675	3,675	0.007	0.004%
WISCONSIN ELECT POWER CO	DEBT	ELEC	2009	250,000	99.678	0.650	350.000	1,975	1,975	0	0.002%
PUBLIC SERVICE COMPANY OF NEW	1ST MORT BOND, SER P	ELEC	2009	150,000	99.613	0.650	325.000	1,300	1,300	0	0.001%
NORTHWEST NATURAL GAS CO.	SEC-MED TERM NOTES, SER. B	GAS	2009	75,000	100.000	0.625	NA	469	469	0.006	0.001%
ATMOS ENERGY	SR. NOTES	GAS	2009	450,000	99.813	0.650	575.000	3,500	3,500	0	0.004%
NATIONAL FUEL GAS CO	NOTES	GAS	2009	250,000	99.762	0.650	600.000	2,225	2,225	0	0.002%
AGL CAPITAL CORP	SR. NOTES	GAS	2009	300,000	99.783	0.650	225	2,175	2,175	0.007	0.002%
SEMPRA ENERGY	NOTES	GAS	2009	750,000	99.159	0.875	250.000	6,813	6,813	0	0.007%
AT&T	GLOBAL NOTES	TELE	2009	250,000	99.689	0.450		1,125	1,125	0	0.001%
AT&T	GLOBAL NOTES	TELE	2009	250,000	99.437	0.750		1,875	1,875	0.008	0.002%
AT&T	GLOBAL NOTES	TELE	2009	1,662,170	99.891	6.000	152.000	99,882	99,882	0	0.115%
VERIZON COMMUNICATION	NOTES	TELE	2009	1,750,000	98.518	0.450		7,875	7,875	0	0.009%
VERIZON COMMUNICATION	NOTES	TELE	2009	1,000,000	98.288	0.750		7,500	7,500	0.008	0.008%
CENTURY LINK	SR. NOTES, SER P	TELE	2009	400,000	99.955	0.875		3,500	3,500	0	0.004%
CENTURY LINK	SR. NOTES, SER Q	TELE	2009	250,000	99.891	0.650		1,625	1,625	0	0.002%
Flotation Cost All Comp.				**92,701,231**						**1.16%**	1.1849%

FLOTATION COST ANALYSIS 2010

Preferred Stock Issues 2005 to 2009

Company	Type of Utility	Year Issued	Amount Offered $000	Price to Public $	Underwriter Commission Per Share $/SH	Underwriter Commission % of Price	Estimated Expenses $000	Flotation Cost Cost $000	Flotation Cost Flotation Cost %	Weighted Avg
GULF POWER	ELEC	2005	55,000	100.000	1.750	1.7500	230	1,193	2.22%	0.07%
SO. CALIFORNIA EDISON CO.	ELEC	2005	200,000	100.000	1.750	1.7500	365	3,865	1.97%	0.22%
SO. CALIFORNIA EDISON CO.	ELEC	2005	400,000	100.000	1.250	1.2500	560	5,560	1.41%	0.31%
ALABAMA POWER	ELEC	2006	150,000	25.000	0.438	1.7500	260	2,885	1.96%	0.16%
ENTERGY ARKANSAS	ELEC	2006	75,000	25.000	0.500	2.0000	240	1,740	2.38%	0.10%
PPL ENECTRIC UTILITES	ELEC	2006	250,000	25.000	0.500	2.0000	300	5,300	2.17%	0.30%
SO. CAL EDISON CO.	ELEC	2006	200,000	100.000	1.750	1.7500	375	3,875	1.98%	0.22%
ALABAMA POWER	ELEC	2007	50,000	25.000	0.438	1.7500	225	1,100	2.25%	0.06%
ALABAMA POWER	ELEC	2007	150,000	25.000	0.438	1.7500	250	2,875	1.95%	0.16%
GEORGIA POWER	ELEC	2007	225,000	100.000	1.750	1.7500	280	4,218	1.91%	0.24%
GULF POWER	ELEC	2007	45,000	100.000	1.750	1.7500	230	1,018	2.31%	0.06%
										0.00%
										0.00%
										0.00%
										0.00%
										0.00%
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										0.00%
										0.00%
										0.00%
										0.00%
										0.00%
FLOTATION COST ALL COMPANIES		11	1,800,000					Avg	2.05%	1.90%

FLOTATION COST ANALYSIS 2010
COMMON STOCK ISSUES - PUBLIC OFFERINGS - 2005 to 2009

Company	Type of Utility	Year Issued	Number of Shares (000)	Amount Offered ($000)	Underwriter Commission Per Share ($)	Underwriter Commission % of Price (%)	EARNINGS PER SHARE	Flotation Cost $000	Flotation Cost Per Cent %	Flotation Cost Wtd Avg %
CINERGY	ELEC	2005	849	42,445	1.500	3.000	3.660	2,023	4.85%	0.04%
CINERGY	ELEC	2005	3,399	169,950	1.500	3.000	3.660	5,849	3.46%	0.10%
NORTHEAST UTILITIES	ELEC	2005	20,000	381,800	0.620	3.248	0.910	12,740	3.34%	0.22%
PINNACLE WEST	ELEC	2005	5,300	222,600	1.365	3.250	1.080	7,485	3.37%	0.13%
PUDGET ENERGY	ELEC	2005	15,000	312,000	0.130	0.625	1.000	2,250	0.72%	0.04%
WPS RESOURCE CORP	ELEC	2005	1,900	102,030	1.745	3.250	3.720	3,316	3.25%	0.06%
ALASKA COMM SYSTEM	TELE	2005	8,824	75,004	0.425	5.000	-0.390	3,750	5.00%	0.06%
AVISTA CORP	ELEC	2006	2,750	68,888	0.480	1.916	0.920	1,620	2.36%	0.03%
CLECO CORP	ELEC	2006	6,000	142,500	0.890	3.747	3.530	5,340	3.75%	0.09%
EMPIRE DISTRICT ELECTRIC CO.	ELEC	2006	3,200	64,800	0.860	4.247	0.920	3,002	4.65%	0.05%
CHESAPEAKE UTILITY CORP	GAS	2006	600	18,060	1.125	3.738	1.790	900	5.05%	0.02%
ATLANTIC TELEPHONE NETWORK, INC	TELE	2006	2,400	45,600	1.045	5.500	1.090	3,158	7.03%	0.06%
ENERGY EAST CORP	ELEC	2007	9,000	218,250	0.728	3.000	1.770	6,713	3.08%	0.12%
VECTRON CORP	GAS	2007	4,600	130,318	0.990	3.495	1.440	4,554	3.49%	0.08%
EMPIRE DISTR ELECTRIC COMP	ELEC	2007	3,000	69,000	0.997	4.335	1.380	3,241	4.71%	0.06%
ITC HOLDING CORP	ELEC	2008	5,583	291,669	2.131	4.079	0.920	12,798	4.40%	0.22%
ITC HOLDING CORP	ELEC	2008	4,000	40,000	0.100	0.010	NA	440	1.10%	0.01%
OTTERTAIL CORP	ELEC	2008	4,500	135,000	1.088	3.625	1.780	4,934	3.66%	0.08%
IDACORP	ELEC	2008	3,000	85,215	0.284	0.010	NA	942	1.11%	0.02%
AMEREN	ELEC	2009	19,000	479,750	0.758	3.000	2.880	14,843	3.10%	0.26%
CLEAN ENERGY	GAS	2009	8,200	68,060	0.498	6.000	-0.980	4,484	6.63%	0.08%
GREAT PLAINS ENERGY INC	ELEC	2009	10,000	140,000	0.490	3.500	1.510	5,200	3.72%	0.09%
PORTLAND GENERAL ELECTRIC CORP	ELEC	2009	10,850	152,985	0.494	3.500	NA	5,729	3.75%	0.10%
PROGRESSIVE ENERGY	ELEC	2009	12,500	468,750	1.125	3.000	NA	14,363	3.07%	0.25%
NORTHEAST UTILITES	ELEC	2009	16,500	333,300	0.657	3.250	0.830	11,167	3.35%	0.19%
AMERICAN ELECTRIC POWER CO., INC	ELEC	2009	60,000	1,470,000	0.735	3.000	3.430	44,500	3.03%	0.77%
UIL HOLDINGS CORP	ELEC	2009	4,000	84,000	1.050	5.000	3.120	4,525	5.41%	0.08%
Flotation Cost All Companies		27		5,811,973				Average	3.72%	3.27%