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WILSON, HUTCHINSON & POTEAT

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To: Anita Mitchell	From: Randy Hutchinson
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F A X T R A N S M I T T A L

TO: Mr. Hutchinson
FAX #: (270) 926-9394
FROM: Dr. Murry
DATE: July 3, 2007
RE: Atmos Kentucky
PAGES: 7, including cover sheet

Case No. 2006-60464
Exhibits to Dr Murry's
- Rebuttal Testimony

Atmos Energy Corporation
 Attorney General Witness J. Randall Woolridge Proxy Group

Summary of Financial Statistics

Company	Woolridge Reported S&P Bond Rating	Corrected S&P Bond Rating	Pre-Tax Interest Coverage	Common Equity Ratio	Return on Equity	Market to Book Ratio
AGL Resources	A-	A-	5.0	42.0%	13.6%	195
Laclede Group, Inc.	A	A	3.1	58.0%	10.3%	153
New Jersey Resources	AA-	A+	6.0	51.0%	12.4%	210
Nicor	AA	AA	4.0	51.0%	15.2%	242
Northwest Natural Gas Company	AA-	AA-	3.4	48.0%	10.7%	203
Piedmont Natural Gas, Inc.	A	A	4.0	47.0%	11.0%	225
South Jersey Industries	A	BBB+	5.4	44.0%	17.3%	238
Southwest Gas	BBB-	BBB-	2.4	41.0%	10.1%	171
WGL Holdings, Inc	AA-	AA-	4.2	51.0%	9.9%	160
Mean			4.2	48.1%	12.3%	200
Median			4.0	48.0%	11.0%	203
Atmos Energy	BBB	BBB	2.8	45.0%	8.9%	146

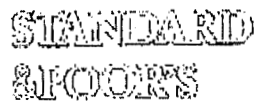
Sources: Exhibit_(JRW-2) Page 1 of 2 of the Direct Testimony of Dr. Woolridge
www2.standardandpoors.com

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Ratings

New Jersey Natural Gas Co.

Search By

Organization Ratings

Description	Rating	Rating Date	CreditWatch Date
Credit Rating	A+/Negative/A-1	Sep 03, 2003	
Commercial Paper	--/--/A-1	Mar 29, 1979	
Preferred Stock	A/--/--	Sep 03, 2003	

1 Additional Matches [More...](#)

Issue Ratings

Instrument	Class	Maturity Date	Rating	Rating Date	CreditWatch Date
3(A)3 CP prog			A-1	Mar 29, 1979	
US\$10.3 mil natural gas fac rfdg rev bnds (New Jersey Natural Gas Co Proj) Non-AMT ser 2005A due 08/01/2023		Aug 01, 2023	AAA/Stable	Oct 27, 2005	
US\$10.3 mil 5.375% nat gas fac rfdg rev bnds ser 1993A due 08/01/2023	SER A	Aug 01, 2023	AA-	Sep 03, 2003	

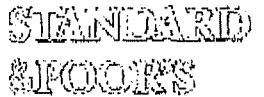
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Ratings

South Jersey Gas Co.

Search By

Organization Ratings

Description	Rating	Rating Date	Credit Watch Date
<u>Credit Rating</u>	BBB+/Stable	Jun 03, 1993	
<u>Commercial Paper</u>	--/--/NR	Nov 28, 1990	
<u>Preferred Stock</u>	BBB-/--/--	Feb 23, 1999	

1 Additional Matches [More...](#)

Issue Ratings

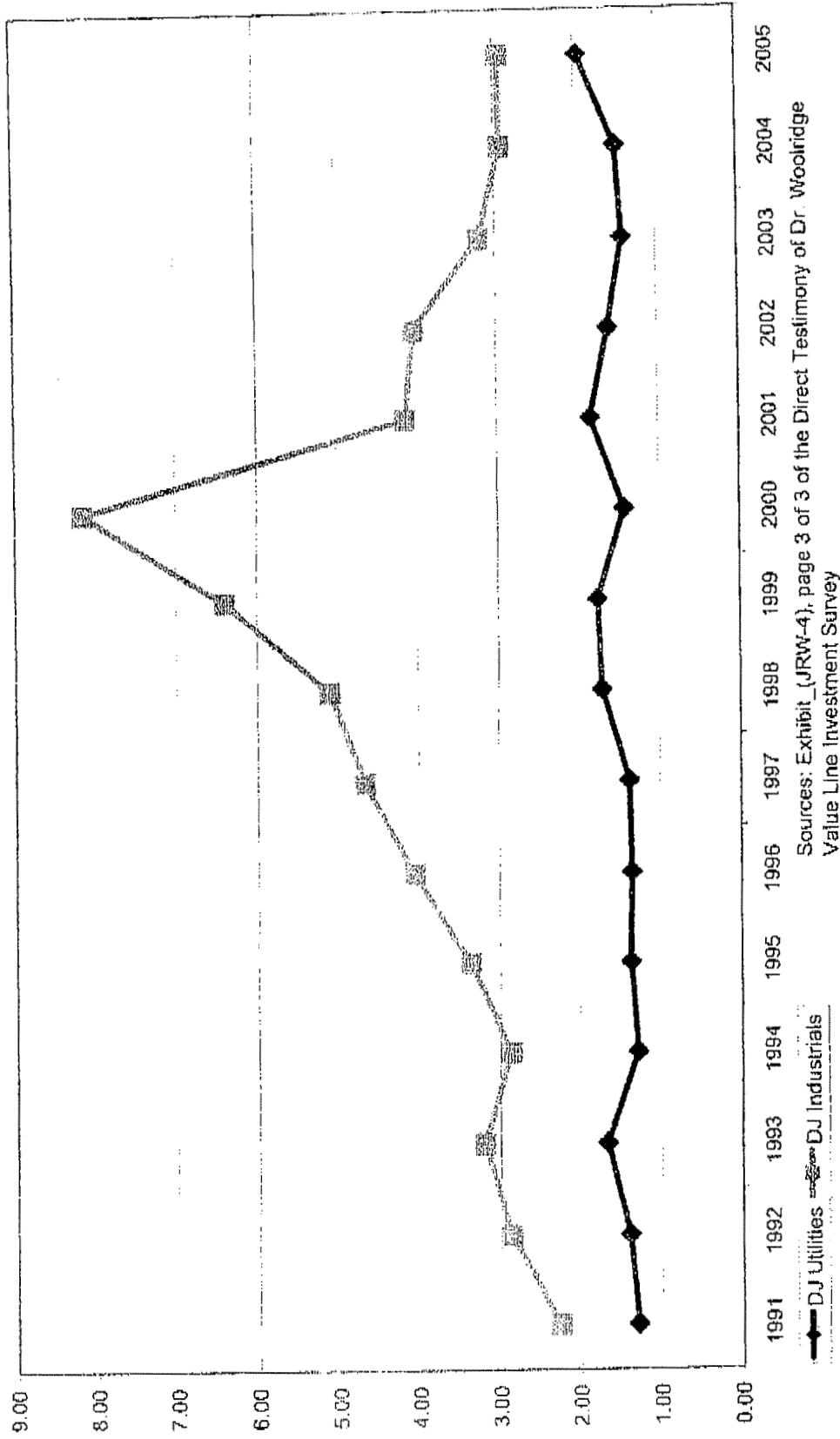
Instrument	Class	Maturity Date	Rating	Rating Date	Credit Watch Date
US\$10 mil secured med-term nts ser A 2000-1 due 08/01/2018		Aug 01, 2018	AAA	Jul 11, 2000	
US\$10 mil 6.5% secd med-term nts ser A 2001-3 due 07/31/2016		Jul 31, 2016	AAA	Sep 28, 2001	
US\$15 mil 6.57% secd med-term nts ser A 2001-2 due 07/15/2011		Jul 15, 2011	AAA	Jul 26, 2001	

3 Additional Matches [More...](#)

Program Ratings

Instrument	Rating	Rating Date	Credit Watch Date
US\$150 mil Sr Secd med-term note prog ser C Registered--07/22/2005: sr secd	A	Aug 01, 2005	

Comparison of Market to Book Ratios Dow Jones Utilities to Dow Jones Industrials



Sources: Exhibit (JRW-4), page 3 of the Direct Testimony of Dr. Woolridge
Value Line Investment Survey

For Treasury bills, the expected return over a given time horizon is equal to the expected return on a Treasury bond of a similar horizon, less the expected horizon premium of bonds over bills. This premium is estimated by the historical average of the difference of the income return on bonds and the return on bills. From Table 9-1, this is 1.6 percent. Subtracting this from the riskless rate gives us an expected return on bills of 3.3 percent. Of course, this forecast typically differs from the current yield on a Treasury bill, since a portfolio of Treasury bills is rolled over (the proceeds of maturing bills are invested in new bills, at yields not yet known) during the time horizon described.

Standard Deviations

Standard deviations are estimated from historical data as described in Chapter 6. Since there is no evidence of a major change in the variability of returns on large company stocks, we use the entire period 1926-2006 to estimate the standard deviation of these asset classes. For bonds and bills, we use the period 1970-2006. The use of this more recent period reflects the fact that the volatility of bonds has increased over time.

Table 9-1
Building Blocks for Expected Return Construction

	Value (in percent)
Yields (Riskless Rates)¹	
Long-Term (20-year) U.S. Treasury Coupon Bond Yield	4.9
Intermediate-Term (5-year) U.S. Treasury Coupon Note Yield	4.6
Short-Term (30-day) U.S. Treasury Bill Yield	4.8
Fixed Income Risk Premia²	
Expected default premium: long-term corporate bond total returns minus long-term government bond total returns	0.2
Expected long-term horizon premium: long-term government bond income returns minus U.S. Treasury bill total returns*	1.6
Expected intermediate-term horizon premium: intermediate-term government bond income returns minus U.S. Treasury bill total returns*	1.1
Equity Risk Premia³	
Long-horizon expected equity risk premium: large company stock total returns minus long-term government bond income returns	7.1
Intermediate-horizon expected equity risk premium: large company stock total returns minus intermediate-term government bond income returns	7.6
Short-horizon expected equity risk premium: large company stock total returns minus U.S. Treasury bill total returns*	8.6
Small Stock Premium: small company stock total return minus large company stock total return	5.0

1 As of December 31, 2006. Maturities are approximate.

2 Expected risk premia for fixed income are based on the differences of historical arithmetic mean returns from 1970-2006.

3 Expected risk premia for equities are based on the differences of historical arithmetic mean returns from 1926-2006.

*For U.S. Treasury bills, the income return and total return are the same.

Atmos Energy Corporation

Attorney General Witness J. Randall Woolridge

CAPM Size Premium

Company	Market Capitalization in Millions	CAPM Size Premium
AGL Resources	\$3,100	0.97%
Laclede Group	\$650	1.76%
New Jersey Resources	\$1,400	1.76%
NICOR	\$2,000	0.97%
Northwest Natural Gas	\$1,200	1.76%
Piedmont Natural Gas	\$1,900	1.76%
South Jersey Industries	\$1,000	1.76%
Southwest Gas	\$1,500	1.76%
WGL Holdings	\$1,500	1.76%
Group Averages	\$1,583	1.58%
Atmos Energy	\$2,800	0.97%

Source:

Morning Star's SBBI Valuation Edition 2007 Yearbook