

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF DELTA NATURAL)
GAS CO., INC. FOR AN ADJUSTMENT)
OF GAS RATES)


Case No. 2007-00089

ATTORNEY GENERAL'S RESPONSES TO
DISCOVERY REQUESTS OF DELTA NATURAL GAS CO.

Comes now the Attorney General of the Commonwealth of Kentucky, by
and through his Office of Rate Intervention, and states as follows for his
responses to the discovery requests of Delta Natural Gas Co.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL



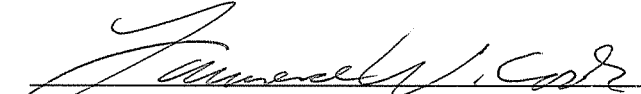
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Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to:

Hon. Robert M. Watt, III
Attorney At Law
STOLL KEENON OGDEN, PLLC
300 W. Vine St.
Ste. 2100
Lexington, KY 40507-1801

all on this 13th day of September, 2007.


Assistant Attorney General

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
Information to the Attorney General
Case No. 2007-00089**

WITNESS RESPONSIBLE:

Michael J. Majoros

Question 1: Please provide working versions of all electronic spreadsheets used to prepare exhibits to Mr. Majoros's testimony or used to develop his testimony relating to depreciation.

RESPONSE: See attached CD.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
Information to the Attorney General
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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 2: For the regulatory proceedings listed in Appendix B of Mr. Majoros's testimony, indicate those for which he submitted testimony in support of his client's overall revenue requirement position.

RESPONSE: To Mr. Majoros's recollection, the cases listed below are the ones where he testified on revenue requirement.

1983	Connecticut	810911	Woodlake Water Co.
1984	Idaho	U-1000-70	Mt. States Tel. & Telegraph
1986	Maryland	7754	Chesapeake Utilities Corp.
1986	Maryland	7953	Southern Md. Electric Corp.
1995	Delaware	94-149	Wilm. Suburban Water Corp.
2001	North Dakota	PU-400-00-521	Northern States Power/Xcel Energy
2002	Wisconsin	2055-TR-102	CenturyTel
2002	Wisconsin	5846-TR-102	TelUSA
2002	North Dakota	PU-399-02-183	Montana Dakota Utilities
2002	Kentucky	2002-00145	Columbia Gas
2003	Pennsylvania	R-00027975	The York Water Co.
2004	Kentucky	2003-00434	Kentucky Utilities
2006	West Virginia	06-0960-E-42T, 06-1426-E-D	Allegheny Power
2007	Kentucky	2007-00143	Kentucky American Water Co.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 3: Please provide copies of testimony listed in Appendix B in which Mr. Majoros submitted testimony during the period 2003 through 2007 in support of his client's overall revenue requirement position.

RESPONSE: See attached CD.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 4: Please provide copies of Mr. Majoros's testimony in the following dockets:

- (a) West Virginia Docket Nos. 05-1120-G-30C, 06-0441-G-PC, etc in Hope Gas, Inc. and Equitable Resources, Inc.;
- (b) Kansas Docket No. 06-KGSG-1209-RTS in Kansas Gas Service;
- (c) New Jersey Docket No. GR03080683 in South Jersey Gas Company;
- (d) Kansas Docket No. 03-ATMG-1036-RTS in Atmos Energy;
- (e) New Jersey Docket No. GR02040245 in Elizabeth Gas Company.

RESPONSE: See attached CD.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 5: Please provide a detailed description of all education or formal training that Mr. Majoros received in statistics or related areas.

RESPONSE: Mr. Majoros recalls taking a statistics class in undergraduate school, at the University of Baltimore. Mr. Majoros also took a statistics class at George Washington University several years ago.

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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 6: Does the Geometric Mean Turnover Method ("GMT") provide any information on the type of dispersion curve that best fits the plant data?

RESPONSE: No.

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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 7: Does the GMT provide any information regarding how well a particular dispersion curve statistically fits the plant data?

RESPONSE: No.

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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 8: Does the GMT provide any statistical measure concerning how well a particular service life fits the plant data? If so, provide a detailed description of the goodness-of-fit statistic produced by the GMT and provide the goodness-of-fit statistics for each service life estimated by Mr. Majoros for Delta.

RESPONSE: No.

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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 9: Is it Mr. Majoros's position that GMT is superior to the SPR approach for determining the type of dispersion curve?

- (a) If the GMT is superior to the SPR approach, explain in detail why the GMT method is a better approach.
- (b) If the GMT is not superior to the SPR approach, then explain in detail why Mr. Majoros did not use the SPR approach in this proceeding.

RESPONSE:

- a. The GMT approach does not provide information on dispersion curves. Mr. Majoros believes the approach is useful because it provides a good impression of the sufficiency of the data for statistical analysis, it provides an excellent basis for detecting trends and understanding potential causes of abnormal activity and it is useful in providing an overall life estimate, which can be used on its own or as corroboration of the results of other more sophisticated life studies such as the retirement rate method. Mr. Majoros does not have an opinion as to whether the GMT approach is better or worse than the SPR approach.
- b. See page 10 of Mr. Majoros's testimony. Mr. Majoros specifically did not utilize his **proprietary** software to analyze Delta's plant lives because he is not willing to provide a copy of it to Mr. Seelye, a competitor.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 10: Is it correct that the GMT method assumes uniform retirement dispersion? If not, what dispersion is assumed in the GMT?

RESPONSE: Turnover methods, such as the GMT method, assume a symmetrical retirement dispersion, in essence a straight line.

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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 11: If it is correct that the GMT method assumes uniform retirement dispersion, then how accurate is the GMT method when a particular type of property does not have a uniform retirement dispersion? How is such accuracy measured?

RESPONSE: The GMT method may be accurate when a particular type of property does not have a uniform retirement dispersion. Mr. Majoros has not measured such accuracy.

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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 12: Is it appropriate to use a GMT method when a particular type of property does not have a uniform retirement dispersion? Provide a detailed explanation in support of the answer.

RESPONSE: Mr. Majoros uses the GMT method on a regular basis. His use of the method is explained in his testimony. A complete response to the question will require a special study which Mr. Majoros has not conducted. However, Delta's witness is free to use the studies in Mr. Majoros's Exhibits to determine the answer.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 13: Provide a detailed explanation for why a SPR model will indicate a different service life for different dispersion curves?

RESPONSE: Mr. Majoros did not use an SPR model.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Michael J. Majoros

Question 14: Will the service life estimated by the GMT equal or nearly equal the service life estimated by the best fitting SPR curve. If not, provide a detailed explanation for why the service lives would be different.

RESPONSE: Delta's witness has his own SPR model and appears to also have conducted his own GMT studies. Mr. Majoros has not conducted the study required to respond to this question.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
Information to the Attorney General
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WITNESS RESPONSIBLE:

Charles W. King

Question 15: Provide working versions of all electronic spreadsheets used
to prepare the exhibits to Mr. King's testimony.

RESPONSE: See attached CD.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Charles W. King

Question 16: For the state regulatory proceedings listed in Appendix A of Mr. King's testimony, indicate those for which he submitted testimony regarding cost of service studies.

RESPONSE: Mr. King has not kept a record of the topics of all of his testimonies. However, all testimonies in the 1970s and 1980s that were submitted on behalf of the retail industry or individual retailers dealt with rate design or cost of service studies. In addition, the following recent testimonies addressed these topics:

Client	Case No.	Utility	Date
Attorney General of Kentucky	2002-145	Columbia Gas of Kentucky	Filed August 8, 2002
Attorney General of Kentucky	2006-00646	Atmos Energy Corp.	Filed April 27, 2007
Attorney General of Kentucky	2007-00008	Columbia Gas of Kentucky	Filed June 12, 2007
Michigan Attorney General	U-11495	Detroit Edison Company	December 8, 1999
Michigan Attorney General	U-13808	Detroit Edison Company	Dec 12, 2003
Michigan Attorney General	U-14399	Detroit Edison Company	July 29, 2005
Michigan Attorney General	U-14428	Detroit Edison Company	September 7, 2005
North Dakota Public Service Commission	PU-399-02-183	Montana-Dakota Utilities (Gas)	October 7, 2002
North Dakota Public Service Commission	PU-399-03-296	Montana-Dakota Utilities (Electric)	Filed October 15, 2007
North Dakota Public Service Commission	PU-04-97	Montana-Dakota Utilities (Gas)	Filed July 6, 2004

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:
Charles W. King

Question 17: Provide copies of testimony listed in Appendix A in which Mr. King submitted testimony during the period 2000 through 2007 concerning gas or electric cost of service studies.

RESPONSE: See attached CD.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:
Charles W. King

Question 18: Provide copies of Mr. King's testimony in the following cases:

- (i) Georgia Case No. 18638-U in Atlanta Gas Light Company;
- (ii) Georgia Case No. 14311-U in Atlanta Gas Light Company;
- (iii) Georgia Case No. 20298-U in Atmos Energy Corp.

RESPONSE: See attached CD.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

Question 19: Please refer to page 8, lines 5-6, of Dr. Woolridge's testimony. Please state in detail the authority for Dr. Woolridge's "assessment" that tax law changes reduce corporate equity cost rates by 100 points. Please provide any studies that Dr. Woolridge has performed to quantify the magnitude of this impact.

RESPONSE: See document entitled 'The Impact of the 2003 Tax Legislation On the Cost of Equity Capital' on the attached CD.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

- Question 20: On page 10, line 4 of Dr. Woolridge's testimony, he uses the term "comparable in risk".
- a. Please define this term as he uses it in his testimony.
 - b. Please explain the analysis that he used to determine that two utilities are "comparable in risk".
 - c. Exhibit JRW-2 contains six variables. Please explain how Dr. Woolridge weighted these variables in determining "comparability".
 - d. How different can utilities be with respect to each of these measures and still be comparable?

- RESPONSE:
- (a) In this context, "comparable in risk" means companies that have similar risk attributes, the most important of which is being in the same general line of business.
 - (b) As noted above, the most important attribute is being in the same general line of business. The risk study performed by Dr. Woolridge is in Exhibit JRW-2.
 - (c) Dr. Woolridge applied no specific weighting scheme.
 - (d) Dr. Woolridge does not understand this question. Some words appear to be missing.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

Question 21: On pages 3 through 7 Dr. Woolridge makes the case that equity risk premiums for utilities have been decreasing recently. Please explain how this statement is consistent with the increase in ROE for Dow Jones Utilities since 2004 that is reported in Exhibit JRW-4, page 3.

RESPONSE: The ROE for the Dow Jones Utilities is the earned return on equity which is not the required rate of return on equity by investors.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 22: Please provide the data that was used to develop the graph
shown in Exhibit JRW-4, page 3.

RESPONSE: The data is provided in the attached file 'Utilities Data
2006.xls.'

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 23: On page 16, line 19, Dr. Woolridge states that "The indicators in Exhibit JRW-4, coupled with the overall decrease in interest rates, suggest that capital costs for the Dow Jones Utilities have decreased over the past decade."

a. Please explain how this statement is consistent with the increase in ROE since 2003 reported for Dow Jones utilities in JRW-4, page 3.

b. Did Dr. Woolridge perform a regression analysis to determine the trend in ROE over the last decade. If yes, please provide it. If no, what is the basis for the statement cited above.

RESPONSE: (a) Dr. Woolridge is discussing the long term results, not just the results since 2003.

 (b) No.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 24: Is pre-tax interest coverage a ratio that is commonly reviewed by lenders? If the answer is no, please explain why not.

RESPONSE: Yes.

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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

Question 25: What is the purpose of calculating a mean return on equity
for the panel in Exhibit JRW-2, page 1?

RESPONSE: To determine the average current earned return on common
equity.

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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

Question 26: Please describe in words what the mean return on equity shows in Exhibit JRW-2, page 1 and how it can be used as a descriptive statistic.

RESPONSE: It shows the average current earned return on common equity. The mean is a descriptive statistic of central tendency.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

Question 27: Would the mean return on equity earned by the panel reported in Exhibit JRW-2, page 1 be a good measure of what natural gas distribution companies of similar risk are earning in the market? If not, please explain why not.

RESPONSE: It shows the average current earned return on common equity for the twelve natural gas companies. It does indicate what return they are currently earning on common equity.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

Question 28: Did Dr. Woolridge examine Delta's risk in comparison with the risk for the companies in his panel? If not, please explain why he did not examine Delta's risk relative to the rest of his panel. If the answer is in the affirmative, please provide the results of his analysis and all supporting workpapers.

RESPONSE: Dr. Woolridge evaluated Delta's risk relative to the group on page 2 of Exhibit JRW-2.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 29: Are the beta coefficients that Dr. Woolridge reports in Exhibit JRW-2, page 2 a measure of risk that is commonly used in finance? Based on beta coefficients, how different could beta coefficients be for two companies while still considering them of comparable risk? Please cite any studies that Dr. Woolridge has performed or literature on which he relies in answering this question.

RESPONSE: Yes. Dr. Woolridge does not understand the second part of the question.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

- Question 30: On page 17, beginning on line 16, Dr. Woolridge states that "Financial risk results from incurring fixed obligations in the form of debt in financing its assets."
- a. Would Delta's higher level of debt than any other utility in his panel result in higher financial risk than any other utility in the panel? If the response is in the negative, please explain the answer.
 - b. Please provide any studies that Dr. Woolridge has done to quantify this risk.

RESPONSE:

- (a) Yes, in a general sense.
- (b) Dr. Woolridge did not perform any studies.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

- Question 31: On page 18, beginning on line 5, Dr. Woolridge states that "Exhibit JRW-5 provides an assessment of investment risk for 100 industries as measured by beta, which according to modern capital market theory is the only relevant measure of investment risk that need be of concern for investors."
- a. Is beta the only relevant measure of investment risk that need be of concern for investors? Please explain the answer.
 - b. If beta is the only relevant measure of investment risk, at what betas do two investments have "comparable risks"? (See statement on page 18 that "This return to the stockholder should be commensurate with returns on investments in other enterprises having comparable risks.")
 - c. With regard to Exhibit JRW-5, how small of a differential between betas is necessary for Dr. Woolridge to consider two industries as having the same risk? How large of a differential between betas is necessary for him to consider two industries as having different risks? Please provide citations to authorities to support the answer.

- RESPONSE:
- (a) As noted, beta is the only relevant measure of risk according to modern capital market theory. However, betas are measured with error, and so estimated betas may not accurately measure systematic risk. Therefore, in Dr. Woolridge's opinion, other measures of risk should be reviewed.
 - (b) See response to (a).
 - (c) See response to (a). Since betas are measured with error, it is difficult to determine the appropriate differential.

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

Question 32: Provide the raw data used to perform the three regression analyses for electric, gas and water utilities reported on pages 14 and 15 of Dr. Woolridge's testimony and the printouts describing the results of these regression analyses.

RESPONSE: The requested data and regression results are provided in the attached file 'Value Line Utility ROE - Market-to-Book Graphs.xls.'

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge
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- Question 33: With regard to the regression analyses on pages 14 and 15:
- (a) Do any of the utilities in the regression analyses on pages 14 and 15 have a market-to-book ratio less than 1.0?
 - (b) Please provide the cost of equity (the variable K on page 14) for the companies included in the regression analyses on pages 14 and 15.
 - (c) Explain how Dr. Woolridge's regression analyses confirm that the market-to-book ratio is greater, equal to or less than 1.0 depending on whether the earned return on equity is greater, equal to or less than the company's cost of capital. How did the variable K enter into his analyses?
 - (d) Is there a single cost of capital K at any one point in time or is K different for each individual company?
 - (e) Would the 9% return on equity that Dr. Woolridge is recommending apply just to Delta or would this be the appropriate cost of capital K for all natural gas distribution companies?
 - (f) In the results reported in the graph on page 14, please explain how companies with a lower estimated ROE can have a market-to-book ratio that is higher than companies with a lower market-to-book ratio.
 - (g) On page 16 Dr. Woolridge states that the regression analysis "demonstrates the strong positive relationship between ROEs and market-to-book ratios for public utilities." Does this positive relationship verify the relationship that he claims on page 14 that the market-to-book ratio is greater, equal to or less than 1.0 depending on whether the earned return on equity is greater, equal to or less than the company's cost of capital? If yes, please explain in detail how it demonstrates this.
 - (h) Please identify any company, regardless of whether it is a utility, that has a market value less than or equal to its book value.

RESPONSE: (a) No.
(b) K is not estimated in the analysis.

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- (c) That proposition is not tested in the graphs. The graphs simply show the relationship between return on equity and market-to-book ratios.
- (d) See response to (c).
- (e) No. It may be higher or lower depending on risk.
- (f) The variables are measured with error, and so that may cause it. Also, there may be risk differences.
- (g) No.
- (h) Value Line lists 769 companies with M/L less than 1.0. The list is provided in the attached file 'MBlessthanone.txt.'

Company Name	Ticker Symbol	Price	To Book	Value
1st Independence Finl Group	FIFG	0.81		
3CI Complete Compliance Corp	TCCC	0.14		
Abatix Corp	ABIX	0.96		
Abitibi-Consolidated	ABY	0.39		
Ableauctions.com Inc	AAC	0.96		
Accredited Home Lenders Hldg	LEND	0.38		
ACS Motion Control Ltd	ACSEF	0.91		
ActiveCore Technologies Inc	ATVE	0.08		
ADCARE Health Systems Inc	ADK	0.96		
AETerna Zentaris Inc	AEZ.TO	0.86		
Affirmative Ins. Hldgs	AFFM	0.95		
Aftersoft Group Inc	ASFG	0.46		
Agricore United	AU.TO	0.78		
AHPC Holdings Inc	GLOV	0.11		
AirNet Systems Inc	ANS	0.79		
Alaska Pacific Bancshares Inc	AKPB	0.98		
All Amer Semiconductor	SEMIQ	0.01		
Allegro Biodiesel Corporation	ABDS	0.70		
Alliance Bancorp Inc of PA	ALLB	0.91		
Alliance Semiconductor	ALSC	0.45		
Allied Defense Group Inc	ADG	0.57		
Allied First Bancorp Inc.	AFBA	0.84		
Alloy Inc.	ALOY	0.66		
Alpha Technologies Grp.	AHAG	0.00		
Altex Ind	ALTIX	0.73		
Ambase Corp	ABCP	0.82		
Amer. Claims Evaluation	AMCE	0.71		
Amer. Locker Group	ALGI	0.45		
Amer. Nat'l Ins.	ANAT	0.95		
Ameriana Bancorp	ASBI	0.82		
American Energy Production Inc	AMEP	0.35		
American Federal Savings Bank	ABKD	0.93		
American Technologies Grp Inc	ATGR	0.55		
American Telecom Services Inc	TES	0.76		
American Vantage Companies	AVCS	0.85		
American Water Star Inc	AMWS	0.06		
AmericasBank Corp	AMAB	0.80		
AmeriServ Finl Inc	ASRV	0.89		
Ames National Corp	ATLO	0.59		
AML Communications Inc	AMLJ	1.00		
Anacomp Inc Del	ANCPA	0.86		
Analysts Int'l	ANLY	0.73		
Analytical Surveys	ANLT	0.15		
AngelCiti Entertainmet Inc.	AGCI	0.88		
APA Enterprises Inc.	APAT	0.88		
Argo Group International	AGIID	0.84		
Argonaut Technologies Inc	AGNT	0.02		
Arlington Hospitality Inc	HOST	0.00		
Armano Foods of Distinction	AMNF	0.43		
Armstrong Holdings	ACKH	0.98		
Arotech Corporation	ARTX	0.68		
Arrow Magnolia Intl	ARWM	0.75		
Arrow Resources Development	ARWD	0.43		
ASA INTL LTD	ASAL	0.57		
Ascon Corp	ASCD	0.16		
Ashworth Inc.	ASHW	0.86		
Asia Pacific wire & Cable Corp	AWRCF	0.68		
Aspen Insurance Hldgs Ltd	AHL	0.91		
Atari Inc	ATAR	0.45		
Audiovox 'A'	VOXX	0.56		
Authentidate Hldg Corp	ADAT	0.82		
Auto Data Network Inc	ADNW	0.25		

Avalon Hldgs Corp	AWX	0.92	
Avatar Holdings AVTR	0.98		
B+H Ocean Carriers	BHO	0.86	
Badger Paper Mills Inc.	BPMI	0.00	
Bakers Footwear Group inc	BKRS		0.63
Bancinsurance Corp	BCIS	1.00	
BankAtlantic Bancorp Inc.	BBX		0.92
BankUnited Finl Corp	BKUNA	0.83	
Bassett Furniture	BSET	0.62	
Beazer Homes USA	BZH	0.24	
Bell Microproducts	BELM	0.96	
Bennet Environmental Inc	BEVFF		0.20
Berkeley Technology Ltd	BKLYY	0.21	
Berkshire Bancorp Inc	BERK	0.34	
Berkshire Hills Bancorp Inc	BHLB		1.00
Beverly Hills Bancorp Inc	BHBC		0.74
BFC Financial Corp	BFF	0.54	
BFC Financial Corp.	BFCFB	0.57	
BGI Inc BGII	0.34		
Bio-Life Labs Inc	BLFE	0.60	
Birks & Mayors Inc	BMJ	0.93	
BKF Capital Group Inc	BKFG	0.70	
Blonder Tongue Labs Inc	BDR	0.39	
Blue River Bancshares Inc	BRBI		0.98
Bluegreen Corp.	BXG	0.72	
Bodisen Biotech Inc	BBCZ	0.34	
Bogen Communications Intl	BOGN		0.78
Bombay Co.	BBAO	0.16	
Bonso Electronics Intl Inc	BNSO		0.39
Boss Holdings Inc	BSHI	0.52	
Boston Comm Group	BCGI	0.75	
Bowlin Travel Centers Inc.	BWTL		0.70
Brigham Exploration Co	BEXP	0.93	
Broadway Finl Corp	BYFC	0.96	
Brunswick Bancorp	BRBW	0.83	
BUCA Inc	BUCA	0.63	
Buckhead Amer Corp	BUCK	0.18	
BUCS Financial Corp	BUCS	0.82	
Building Materials	BLG	0.73	
Burke Mills Inc	BMLS	0.10	
Cadus Pharm Corp	KDUS	0.93	
Cagle's Inc.	CGL/A	0.99	
Cal-Bay Int'l Inc.	CBAY	0.00	
Calais Resources Inc	CAAUF	0.22	
CalAmp Corp.	CAMP	0.56	
California First Natl Bancorp	CFNB		0.81
Callon Pete Co	CPE	0.89	
CallWave Inc	CALL	0.93	
Calton Inc.	CTON	0.35	
Canfor Corporation	CFP.TO	0.87	
Capco Energy Inc	CGYN	0.21	
CapitalSouth Bancorp	CAPB	0.96	
Caraustar Inds.	CSAR	0.64	
Cardiac Science Corporation	CSCX		0.98
CardioDynamics Intl Corp	CDIC		0.80
CareGuide Inc.	CGDE	0.48	
Carrier Access Corp	CACS	0.97	
Carver Bancorp Inc	CARV	0.79	
Cascades Inc.	CAS.TO	0.74	
Castleguard Energy Inc.	MOAT	0.80	
Catalina Lighting	CALA	0.68	
Catalyst Paper Corporation	CTL.TO		0.53
Catalytica Energy Sys Inc	CESI		0.70

Catapult Communications Corp	CATT	0.79	
Catuity Inc	CTTY	0.06	
CBT Financial Corp	CBTC	0.95	
CCSB Financial Corp	CCFC	0.93	
CDG Investments Inc	CDGEF	0.66	
CDSS Wind Down Inc	CWDW	0.01	
Celestica Inc.	CLS	0.66	
Cell Tech Intl Inc	EFLI	0.31	
Centennial Bank Holdings Inc.	CBHI	0.64	
Centerline Holding Co	CHC	0.24	
Centex Corp.	CTX	0.65	
Central Federal Corp	CFBK	0.94	
Centurion Gold Holdings Inc	CGHI	0.01	
Certified Services Inc.	CSRV	0.00	
Chad Therapeutics	CTU	1.00	
Chai-Na-Tai Corp	CCCFF	0.09	
Champps Entertainment Inc	CMPP	0.93	
Cheetah Oil & Gas Ltd	COGL	0.78	
Chesapeake Corp.	CSK	0.76	
Chicago Rivet & Mach Co	CVR	0.92	
China Huaren Organic Products	CHRN	0.04	
China Stationery and Office	CSOF	0.56	
China World Trade Corporation	CWTD	0.73	
Chiquita Brands Int'l	CQB	0.74	
ChoiceOne Financial Services	COFS	0.91	
Chromcraft Revington	CRC	0.45	
Circuit City Stores	CC	0.90	
Cirmaker Technology Corp	CRKT	0.16	
Citadel Broadcasting Corp	CDL	0.41	
Citizens Bancshares Corp /GA/	CZBS	0.72	
Citizens Finl	CNFL	0.50	
Citizens First Bancorp Inc	CTZN	0.88	
Citizens Republic	CRBC	0.84	
Coach Industries Inc	CIGI	0.04	
Coachmen Ind.	COA	0.66	
Coast Financial Hldgs	CFHI	0.28	
Cobra Electronics	COBR	0.59	
Collins & Aikman Corp.	CKCRQ	0.00	
Color Imaging Inc	CIIG	0.59	
Columbia Commercial Bancorp	CLBC	0.96	
CombiMatrix Corp	CBMXD	0.92	
Comdisco Holding Company Inc	CDCO	0.77	
Community Central Bank	CCBD	0.97	
Community Shores Bank Corporat	CSHB	0.93	
Computer Horizons	CHRZ	0.29	
Comstock Homebuilding Comp.	CHCI	0.27	
Concord Camera	LENS	0.30	
Conolog Corp	CNLG	0.46	
Conseco Inc	CNO	0.71	
Consolidated Energy Inc.	CEIW	0.26	
Cont'l Materials Corp	CUO	0.81	
Continental Resources Inc	CLR	0.44	
Contintl Info Sys Corp New	CISC	0.01	
Converium Holding AG	CHR	0.75	
Copernic Inc	CNIC	0.92	
Corgi International Ltd	CRGI	0.23	
Corus Bankshares Inc	CORS	0.86	
Cost Plus Inc.	CPWM	0.30	
Countrywide Financial	CFC	0.75	
Covenant Transport Inc	CVTI	0.51	
Cowen Group Inc.	COWN	0.88	
Cridentia Corp.	CRDT	0.86	
Creative Technology Ltd.	CREAF	0.80	

Crossroads Systems Inc	CRDS	0.77	
Crown Andersen	CRAN	0.05	
Crown Financial Holdings Inc	CFGI	0.16	
CTD Holdings Inc	CTDH	0.84	
Cunningham Lindsey Group	LIN.TO	0.62	
Curon Medical Inc	CRNM	0.19	
Cyanotech Corp.	CYAN	0.72	
Cybrdi Inc	CYDI	0.52	
Cygne Designs Inc.	CYDS	0.69	
Cytogen Corp.	CYTO	0.98	
DAG Media Inc	DAGM	0.66	
DataLogic Int'l Inc.	DLGI	0.16	
Dearborn Bancorp Inc	DEAR	0.80	
Dectron Internationale Inc.	DECTF	0.84	
Delphax Technologies Inc	DLPX	0.78	
Delta Financial Corp	DFC	0.82	
Delta Galil Industries Ltd	DELT	0.57	
Delta Woodside Inds.	DLWI	0.00	
Diedrich Coffee Inc	DDRX	0.82	
Digital Music Group Inc	DMGI	0.70	
Dillard's Inc.	DDS	0.65	
Directed Electronics Inc	DEIX	0.98	
Distinctive Devices Inc	DDVS	0.13	
Distributed Energy Systems	DESC	0.81	
Ditech Networks Inc	DITC	0.78	
Dixie Group	DXYN	0.98	
Doman Industries Ltd.	DOM/A.TO	0.04	
Dominion Homes Inc	DHOM	0.09	
Donnkenny Inc.	DNKYQ	0.00	
Dot Hill Systems Corp	HILL	0.94	
Dragon Pharmaceuticals Inc	DRUG	0.67	
Drucker Inc	DKIN	0.37	
DSG Int'l Ltd.	DSGIF	0.51	
DT Inds.	DTIIQ	0.00	
DualStar Technologies Corp	DSTR	0.01	
Duncan Energy Partners L.P.	DEP	0.70	
Dyna Group Int'l Inc.	DGIX	0.97	
Dynabazaar Inc	FAIM	0.61	
Dyntek Inc	DYNK	0.22	
E Z EM Inc	EZMB	0.76	
EACO Corporation	EACO	0.59	
Eagle Exploration Co	EGXP	0.31	
Elamex S.A.De C.V. CL I	ELAMF	0.50	
Electro Energy Inc	EEEEI	0.67	
Electrohome Ltd.	ELLH.TO	0.95	
Elxsi Corporation	ELXS	0.84	
EmergenSys Corp	EMGS	0.05	
Empire Financial Hldg Co.	EFH	0.75	
Empyrean Holdings Inc	EMPY	0.84	
Emtec Inc.	ETEC	0.68	
EMVELCO Corporation	EMVL	0.39	
Endovasc Inc	EVSC	0.64	
Enerchem Int'l Inc	ECH.TO	0.76	
Energytec Inc.	EYTC	0.18	
EnerNorth Industries Inc	ENYN	0.01	
Enesco Group	ENCZQ	0.00	
Entertainment Distribution	EDCI	0.81	
Entrada Networks Inc	ESAN	0.02	
Entrx Corp	ENTX	0.50	
eNucleus Inc	ENUI	0.15	
Envoy Capital Group Inc	ECG.TO	0.80	
Eos International Inc	EOSI	0.10	
Epic Data Int'l Inc.	EKD.TO	0.79	

ePlus inc	PLUS	0.51	
Equifin Inc	EQUI	0.02	
Escola Group Inc.	ESCL	0.54	
Esprit Exploration Ltd.	EEE.TO	0.31	
Eternal Technologies Group	ETLT	0.54	
EVCi Career Colleges Hld C	EVCID	0.57	
Ever-Glory Int'l Group Inc	EGLY	0.64	
ExpressJet Holdings Inc.	XJT	0.71	
Factory Card & Party Outlet	FCPO	0.79	
Fairchild Corp. FA		0.63	
Federal Screw Works	FSCR	0.27	
Federal Trust Corp	FDT	0.82	
Fellows Energy Ltd	FLWE	0.95	
FFD Finl Corp	FFDF	0.96	
FiberTower Corporation	FTWR	0.85	
Financial Inds Corp.	FNIN	0.97	
Finish Line (The)	FINL	0.56	
Finlay Enterprises Inc	FNLY	0.27	
First Albany Cos.	FACT	0.47	
First Aviation Svcs	FAVS	0.68	
First Bancorp of Indiana Inc	FBEI	0.84	
First Bankshares Inc	FBSI	0.95	
First Business Fin'l Svcs	FBIZ	1.00	
First Community Corp /SC/	FCCO	0.79	
First Federal of Northern MI	FFNM	0.63	
First Franklin Corp.	FFHS	0.89	
First Invs Finl Svcs Grp Inc	FIFS	0.93	
First Keystone Finl Inc	FKFS	0.83	
First Mariner Bancorp	FMAR	0.75	
First Niles Financial Inc.	FNFI	0.92	
First Place Finl Corp	FPFC	0.98	
First Republic Corp Of America	FRPC	0.63	
Firstmark Corp	FIRM	0.86	
Fischer Imaging Corp.	FIMG	0.04	
Flagstar Bancorp	FBC	0.98	
Flexsteel Inds	FLXS	0.87	
FNB United Corp	FNBN	0.85	
Forward Inds Inc	FORD	0.86	
Fountain Power Boat	FPB	1.00	
Franklin Bank Corp	FBTX	0.80	
Franklin Credit Mgmt Corp	FCMC	0.74	
Fremont Gen'l	FMT	0.32	
Friedman Billings	FBR	0.69	
Frontier Airs Inc New	FRNT	1.00	
FSI Int'l	FSII	0.82	
Furniture Brands	FBN	0.58	
Galaxy Energy Corp	GAX	1.00	
Gander Mountain Co.	GMTN	0.78	
GB Holdings Inc.	GBHD	0.31	
GB&T Bancshares Inc	GBTB	0.80	
Gendis Inc.	GDS.TO	0.90	
Gene Logic Inc	GLGC	0.59	
Genesis Microchip Inc	GNSS	0.92	
Genworth Fin'l	GNW	0.96	
Gibraltar Packaging Group Inc.	PACK	0.58	
Global Access Corporation	GAXC	0.54	
Global Diversified Industries	GDVI	0.26	
Global e-Point Inc	GEPT	0.69	
Global Energy Group Inc.	GENG	0.23	
Global Entnmt Hldgs/Equities	GAMT	0.39	
Global Payment Tech	GPTX	0.26	
Global Power Equipment Group	GEGQQ	0.63	
Global-Tech Appliances Inc	GAI	0.43	

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GlobalNet Corp	GLBT	0.00		
Globe Bancorp Inc	GLBP		0.86	
Globix Corporation (OLD)			GBIXQ	0.01
Globus International Resources			GBIR	0.03
Golfsmith Intl Hldgs	GOLF		0.84	
Gottschalks	GOT	0.48		
Grand Toys Intl Inc	GRIN		0.18	
Great Lakes Bancorp Inc	GLK		0.93	
GS Financial Corp.	GSLA		0.81	
GSI Technology Inc	GSIT		0.91	
Habersham Bancorp Inc	HABC		0.90	
Hancock Fabrics	HKFIQ	0.48		
Handleman Co.	HDL	0.28		
Hanover Cap Mtg Hldgs	HCM		0.30	
Hartmarx Corp.	HMX	0.99		
Hartville Group Inc	HTVL		0.27	
Harvey Electronics Inc	HRVE		0.34	
Hastings Entmt Inc	HAST		0.83	
Haverty Furniture	HVT		0.84	
Haverty Furniture Companies In	HVT/A			0.83
Head N V	HED	0.62		
Headwaters Inc.	HW	0.84		
Health Mgmt. Assoc.	HMA		0.65	
HealthTech Inc.	HETC		0.07	
HealthTronics Inc	HTRN		0.67	
Hendrx Corp	HDRX	0.28		
Herley Inds.	HRLY	0.97		
High Country Bancorp Inc			HCBC	0.98
Hines Horticulture Inc	HORT		0.66	
Hitachi Ltd. ADR	HIT		0.99	
HKN Inc	HKN	0.96		
Hollis-Eden Pharmaceuticals			HEPH	0.76
Homasote Co	HMTC	0.30		
Home City Financial Corp.			HCFL	0.88
Home Finl Bancorp	HWEN		0.97	
HomeBanc Corp	HMBN	0.01		
Horton D.R.	DHI	0.70		
House of Brussels Chocolates			HBSL	0.03
Hovnanian Enterpr. 'A'	HOV		0.42	
Hudson Holding Corporation			HDHL	0.96
Hurray! Holding Co. Ltd.			HRAY	0.73
HYUNDAI MOTOR CO	HYMLF		0.00	
I.C. Isaacs & Co.	ISAC		0.74	
ILX Resorts Inc	ILX	0.80		
Imperial Capital Bancorp Inc			IMP	0.73
Impreso Inc	ZCOM	0.84		
IMPSAT Fiber Networks Inc			IMPTQ	0.00
Independence Fed Savings Bank			IFSB	0.78
Indian Village Bancorp Inc			IDVB	0.83
Infinity Energy Resources			IFNY	0.84
InFocus Corp.	INFS	0.70		
InfoNow Corp.	INOW	0.27		
InfoSonics Corp	IFON	0.86		
InfoSpace Inc.	INSP	0.62		
InfoTech USA Inc	IFTH		0.41	
InfraSource Services	IFS		0.00	
Inhibitex Inc	INHX	0.76		
Innotrac Corp	INOC	0.64		
Innovex Inc.	INVX	0.51		
Int'l. Card Establishment Inc			ICRD	0.77
Integrated Elect. Svcs	IESRQ		0.11	
Integrity Bancshres Inc	ITYC		0.80	
Intellectual Technology Inc	ITTI			0.80

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Interactive Brokers Group Inc	IBKR		0.37	
International Coal Group Inc	ICO		0.97	
International Forest Products	IFP/A.TO			0.74
International Textile Group	ITXN		0.72	
Intertape Polymer Group Inc.	ITP		0.46	
Ironstone Group Inc	IRNS		0.61	
Irwin Financial Corp	IFC		0.59	
Island Pacific Inc	IPIN		0.34	
iVoice Inc	IVOI	0.03		
iVow Inc	IVOW	0.02		
Jaco Electrs Inc	JACO		0.35	
Jefferson Bancshares Inc	JFBI			0.98
JLM Couture Inc	JLMC	0.52		
Johnson Outdoors	JOUT		0.96	
Jones Apparel Group	JNY		0.94	
Journal Register	JRC		0.61	
Jupitermedia Corp.	JUPM		0.98	
Kaiser Group Holdings Inc.	KGHI			0.76
Kansas City Life Ins	KCLI		0.77	
KB Home	KBH	0.75		
Kellwood Co.	KWD	0.77		
Kent Finl Svs Inc	KENT		0.83	
Kent Int'l Holdings Inc	KNTH		0.88	
Kentucky Investors Inc	KINV		0.78	
Kindred Healthcare Inc	KND		0.77	
Kirkland's Inc.	KIRK	0.49		
Kirlin Hldg Corp	KILN		0.09	
KMG America Corp.	KMA		0.43	
Knox Nursery Inc	KNUR		0.46	
Komag Inc	KOMG	0.58		
Komunik Corporation	KOM.TO		0.52	
Kore Holdings Inc	KORH		0.04	
Kupper Parker Commun	KPCG		0.01	
L A M Pharmaceutical Corp	LAMP			0.55
LaBranche & Co Inc	LAB		0.39	
Lanbo Fin'l Invest Company Gr	LNBO			0.14
Lancer Orthodontics Inc	LANZ		0.53	
LandAmerica Finl Group	LFG		0.59	
Large Scale Biology Corp	LSBC			0.07
Laser Master International Inc	LMTI		0.32	
Lazare Kaplan International In	LKI			0.62
Leadis Technology Inc.	LDIS		0.82	
Lecroy Corp	LCRY	0.73		
Lee Enterprises	LEE	0.79		
Legacy Bancorp Inc	LEGC			0.98
Lennar Corp.	LEN	0.76		
Lenox Group Inc.	LNX		0.52	
Levitt Corporation	LEV		0.12	
Liberate Technologies Inc	LBTE			0.27
Liberty Homes Inc	LIBHB		0.44	
Liberty Homes Inc.	LIBHA		0.39	
LifePoint Inc.	LFPI	0.00		
Lincoln Bancorp Ind	LNCB		0.85	
Linktone Ltd	LTON	0.72		
Lithia Motors	LAD	0.69		
Logansport Finl Corp	LOGN			0.78
Longport Inc	LPTI	0.51		
Lottery & Wagering Solutions	LWSL			0.12
Louisiana-Pacific	LPX		0.92	
LQ Corp Inc	LQCI	0.71		
Lydall Inc.	LDL	0.96		
M&F Bancorp Inc	MFBP	0.67		
M.D.C. Holdings	MDC	0.90		

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M/I Homes	MHO	0.37		
Mace Security Intl	MACE		0.57	
MacReport.net	MRPT	0.78		
Magellan Petroleum Corp.			MPET	0.92
Magic Lantern Group Inc	GMLI		0.00	
Magna Entertainment Corp			MECA	0.53
Major Automotive Cos Inc.			MJRC	0.72
MarineMax Inc.	HZO	0.94		
McClatchy Co.	MNI	0.59		
McGraw-Hill Ryerson Ltd.			MHR.TO	0.95
McRae Ind Inc	MRINA	0.90		
Med-Design Corp	MEDC	0.65		
Media General 'A'	MEG		0.70	
Medwave Inc	MDWV	0.33		
Megatech Corporation	MGTC		0.59	
Mendocino Brewing Inc	MENB		0.83	
MER Telemgmt	MTSL	0.85		
Mercury Air Group Inc.	MYAG		0.95	
Merge Technologies	MRGE		0.71	
Meridian Holdings Inc	MRDH		0.20	
Meridian Resource Corp	TMR		0.67	
Meritage Homes Corp	MTH		0.43	
Merix Corp	MERX	0.88		
Mesa Air Group	MESA	0.70		
Metro One Telecommunications			INFO	0.61
MGIC Investment	MTG	0.56		
MI Developments Inc	MIM		0.90	
Michelex Corp	MLXO	0.23		
Michigan Heritage Bancorp Inc			MHBC	0.88
Microforum Inc.	MCF.TO	0.21		
Microwave Filter Co Inc	MFCO		0.86	
MidwestOne Financial Group			OSKY	1.00
MILASTAR CORP	MILAA	0.86		
Million Dlr Saloon	MLDS		0.47	
Miracor Diagnostics Inc	MRDG		0.02	
ML Macadamia Orchards LP			NUT	0.74
Mobilepro Corp	MOBL	0.23		
Modtech Hldgs Inc.	MODT		0.36	
Monarch Community Bancorp Inc			MCBF	0.78
Monarch Services Inc	MAHI		0.56	
Monument Resources Inc	MNMN		0.66	
Motive Inc	MOTV	0.42		
MPW Industrial Svcs	MPWG		0.77	
MutualFirst Financial Inc			MFSF	0.97
Nanometrics Inc	NANO	0.79		
Nat'l Western Life	NWLIA		0.96	
National Atlantic Hldgs. Corp	NAHC		0.71	
National Energy Group Inc.	NEGI		0.60	
National Equip Svcs Inc	NEQSQ		0.01	
Natl RV Holdings	NVH		0.17	
Natural Health Trends Corp			BHIP	0.91
Nature Vision Inc.	NRVN		0.65	
Neptune Society Inc/FL	NPTI		0.97	
NetBank Inc	NTBK	0.00		
NetList Inc	NLST	0.77		
New Century Equity	NCEH		0.91	
New Horizons Worldwide	NEWH		0.34	
NewMarket Technology Inc			NMKT	0.87
NewStar Financial Inc.	NEWS		0.98	
Newtek Business Services			NEWT	0.65
Next Inc	NXTI	0.48		
NextMart Inc	NXMR	0.47		
Niagara Corp	NGCN	0.82		

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Northeast Ind Bancorp Inc	NIDB		0.83	
Novoste Corp	NOVT	0.97		
Nutrition Mgmt Svcs Co.	NMSCA	0.24		
Nyer Med Group Inc	NYER	0.86		
NYMAGIC Inc.	NYM	0.94		
O'Charleys Inc.	CHUX	0.96		
Oakridge Holdings Inc	OKRG	0.38		
Occulogix Inc	OCCX	0.62		
Ocean Resources Inc	OCRI	0.03		
Odd Job Stores	ODDJ	0.12		
Oglebay Norton Co.	OGLEQ	0.00		
Ohio Art Co	OART	0.84		
Old Republic	ORI	0.96		
On Track Innovations Ltd	OTIV		0.94	
OneCap	ONEA	0.26		
Openwave Systems	OPWV	0.80		
Oppenheimer Holdings Inc	OPY		0.97	
OPT Sciences Corp	OPST	0.93		
Optical Cable Corp	OCCF	0.93		
Optical Communication Prods	OCPI		0.95	
Optimal Group	OPMR	0.58		
Orbitz worldwide Inc	OWW		0.79	
Orleans Homebuilders Inc	OHB		0.41	
OrthoLogic Corp.	OLGC	0.90		
Overland Storage Inc.	OVRL	0.28		
P&F Industries	PFIN	0.79		
P.A.M. Transport Svcs	PTSI	1.00		
Pac-West Telecomm Inc	PACW	0.01		
Pacific Northern Gas Ltd.	PNG.TO		0.88	
Pacific Premier Bancorp	PPBI	0.98		
PainCare Holdings Inc	PRZ	0.13		
Paradise Inc	PARF	0.60		
ParaFin Corp	PFNO	0.36		
Parlux Fragrances	PARL	0.63		
Paulson Capital	PLCC	0.84		
PDI Inc.	PDII	0.97		
PECO II Inc	PIII	0.64		
Pegasus Wireless Corp.	PGSW	0.04		
Penn Treaty American	PTA	0.49		
Peoples Bancorp	PFDC	0.95		
Peoples Community Bancorp Inc	PCBI		0.86	
Petrominerals Corp	PTRO	0.18		
PFF Bancorp Inc	PFB	1.00		
PharmAthene Inc	PIP	0.79		
Pharmos Corp.	PARS	0.94		
Phoenix (The) Cos.	PNX	0.69		
Phoenix Footwear Group Inc	PXG		0.77	
Phoenix Gold Intl Inc	PGLD	0.01		
Phone 1Globalwide Inc	PHGW	0.65		
Photon Dynamics	PHTN	0.94		
Photronics Inc.	PLAB	0.85		
Pipeline Data Inc	PPDA	0.93		
Piper Jaffray Co Inc	PJC	0.93		
Planar Systems Inc	PLNR	0.67		
PlanetOut Inc	LGBT	0.48		
PlanGraphics Inc	PGRA	0.78		
PLATO Learning	TUTR	0.72		
Plug Power Inc	PLUG	0.80		
PMA Cap Corp	PMACA	0.76		
PMI Group	PMI	0.73		
Point 360	PTSX	0.54		
Point Therapeutics Inc	POTP	0.21		
Polydex Pharmaceuticals Ltd	POLXF		0.59	

Pomeroy IT Solutions	PMRY	0.50	
POP3 Media Corporation	POPT	0.03	
Pope & Talbot	PTBT	0.04	
PPT Vision Inc.	PPTV	0.58	
Precision Auto Care Inc	PACI	0.59	
Premium Standard Farms Inc	PORK	0.83	
President Casinos Inc.	PREZQ	0.79	
Presidential Life	PLFE	0.77	
Prime Air Inc	PMAR	0.01	
Prime Holdings & Investments	PHIV	0.91	
Productivity Technologies Co	PRAC	0.08	
Proliance International Inc	PLI	0.44	
Prosoft Learning Corp	POSQO	0.00	
Provena Foods	PZA	0.39	
PSI Technologies Holdings Inc	PSIT	0.54	
Pulte Homes	PHM	0.62	
PVC Container	PVCO	0.91	
QCR Holdings Inc	QCRH	0.94	
Quaker Fabric	QFAB	0.00	
Quanta Capital Holdings Ltd	QNTA	0.77	
Quebecor world	IQW	0.84	
Quipp Inc	QUIP	0.83	
Radcom Ltd	RDCM	0.73	
Radian Group Inc	RDN	0.34	
Radio One 'D'	ROIAK	0.36	
RADVA Corp	RDVA	0.56	
Randgold & Exploration Co	RANGY	0.26	
RCN Corporation	RCNI	0.87	
Red Lion Hotels Corp	RLH	0.94	
Redhook Ale Brewery	HOOK	0.95	
Regal One Corporation	RONE	0.69	
Regent Communications Inc	RGCI	0.47	
Reliability Inc.	REAL	0.34	
Renasant Fin'l Partners Ltd	REN.TO	0.79	
Restore Medical Inc	REST	0.92	
REX Stores Corp	RSC	0.88	
Rexhall Industries	REXL	0.23	
Richardson Elec.	RELL	0.94	
Ridley Inc.	RCL.TO	0.79	
River City Bank	RCBK	0.98	
Riviera Tool	RIVT	0.13	
Rocky Brands Inc	RCKY	0.49	
Rotech Healthcare Inc	ROHI	0.90	
RS Group of Companies Inc	RSGC	0.00	
RTW Inc	RTWI	0.79	
Rudolph Technologies Inc	RTEC	0.92	
Ryland Group	RYL	0.76	
S&K Famous Brands	SKFB	0.49	
S.R. Telecom Inc	SRX.TO	0.15	
Sagemark Companies Ltd	SKCO	0.75	
Salem Communications Corp	SALM	0.98	
Sanfilippo John B.	JBSS	0.56	
Sanmina-SCI Corp.	SANM	0.49	
Scheid Vineyards	SVIN	0.88	
Scores Holding Company Inc.	SCRH	0.21	
Scott's Liquid Gold Inc	SLGD	0.74	
SCPIE Holdings Inc	SKP	0.94	
SEA CONTAINERS LTD 'B'	SCR/B	0.56	
Sea Containers Ltd. 'A'	SCR/A	0.56	
Seaena Inc	SEAI	0.50	
Secured Services Inc	SSVC	0.03	
Security Bank Corp/US	SBKC	0.86	
SED Intl Hldgs	SECX	0.25	

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Selectica Inc	SLTC	0.73		
Semotus Solutions Inc	DLK		0.36	
SendTec Inc	SNDN	0.39		
Sento Corp	SNTD	0.33		
Servidyne Inc	SERV	0.94		
SETO Holdings Inc	SETO		0.54	
Sharper Image	SHRP	0.58		
Shell's Seafood Rest. Inc.	SHLL			0.63
Sherwood Brands Inc	SHDB		0.48	
Shoe Pavillion	SHOE	0.66		
ShoLodge Inc.	LODG	0.34		
Shopsmith Inc	SSMH	0.38		
Sigmatel Inc	SGTL	0.70		
Sigmatron Int'l Inc.	SGMA		0.76	
Silicon Storage	SSTI	0.82		
Silverado Financial Inc	SLVO		0.15	
Skilled Healthcare Group Inc	SKH			0.92
SLS Int'l Inc	SLSZ	0.34		
Sobieski Bancorp Inc	SOBI		0.04	
Solitron Devices Inc.	SODI		0.81	
Source Interlink Cos	SORC		0.48	
South Street Finl Corp	SSFC		0.86	
Southern Banc Inc	SRNN		0.66	
SouthFirst Bancshares Inc.	SZBI			0.66
Spanish Broadcasting Sys. Inc.	SBSA			0.75
Spansion Inc.	SPSN	0.66		
Sparton Corp.	SPA	0.61		
Spectrum Brands Inc.	SPC		0.58	
Speedus.Com Inc	SPDE	0.67		
Speizman Industries Inc	SPZN		0.00	
Sport-Haley Inc	SPOR	0.69		
SRI/Surgical Express Inc	STRC			0.79
Standard Motor Prod.	SMP		0.86	
Standard Pacific Corp.	SPF		0.34	
Starrett (L.S.)	SCX	0.62		
Stephan Co	TSC	0.76		
Stewart Info Svcs	STC		0.80	
Storage Computer Corp	SOSO		0.03	
Strasbaugh Inc	STRB	0.06		
Strategic Distr Inc 'B'	STRD		0.72	
Strategic Rare Earth Metals	SREH			0.04
Stratos Int'l Inc	STLW		1.00	
Summit Environmental Corp Inc	SEVT			0.46
Sun American Bancorp	SAMB		0.77	
Sun Motor Int'l Inc	SNMO		0.86	
Sunair Services Corp.	SNR		0.72	
Suntron Corp	SUNN	0.70		
Superior Inds. Int'l	SUP		0.94	
Sypris Solutions	SYPR		0.72	
T.J.T. Inc	AXLE	0.63		
TAG Oil Ltd	TAGOF	0.36		
Taitron Components	TAIT		0.47	
Tandy Brands Access.	TBAC		0.71	
Teamstaff Inc	TSTF	0.83		
Technest Holdings Inc	TCNH		0.50	
Technology Solutions	TSCC		0.75	
Tecumseh Products 'A'	TECUA		0.40	
Tejas Inc	TEJS	0.76		
Tembec Inc.	TBC.TO	0.10		
Terayon Communications	TERN		0.00	
The Coast Distrib. Sys.	CRV		0.82	
The Goldfarb Corporation	GDFH.TO			0.64
The Goldfield Corp	GV		0.91	

The Rowe Companies	ROWC	0.00	
Threshold Pharmaceuticals Inc	THLD	0.86	
Tikro Technologies Ltd	TIKRF	0.92	
TMSF Holdings Inc	TMFZ	0.22	
Toll Brothers	TOL	0.94	
Tollgrade Communic.	TLGD	0.89	
Top Tankers Inc	TOPT	0.98	
TOR Minerals International	TORM	0.64	
TOUSA Inc.	TOA	0.21	
Track Data Corp	TRAC	0.95	
Trans Lux Corp.	TLX	0.34	
Trans World Entertain	TWMC	0.37	
TransNet Corp	TRNT	0.67	
Transtech Inds Inc.	TRTI	0.22	
Triad Guaranty Inc.	TGIC	0.42	
Tripath Technology Inc	TRPH	0.19	
TRM Corp.	TRMM	0.63	
Trump Entertainment Resorts	TRMP	0.38	
TRX Inc	TRXI	0.97	
Tufco Technologies	TFCO	0.97	
Turner Valley Oil & Gas Inc	TVOG	0.56	
Turnstone Systems Inc	TSTN	0.76	
TVI Corp.	TVIN	0.36	
TVIA Inc	TVIA	0.11	
Tweeter Home Entertainment Grp	TWTRQ	0.01	
U S Neurosurgical Inc	USNU	0.40	
U.S. Energy Sys Inc	USEY	0.28	
Unifi Inc.	UFI	0.32	
Unimark Group Inc	UNMG	0.44	
United Community Finl Corp	UCFC	0.80	
United PanAm Fin Corp	UPFC	0.85	
United Retail Group	URGI	0.94	
Universal Automotive Inds	UVSLQ	0.00	
Universal Food and Beverage C	UFBV	0.02	
Urologix Inc	ULGX	0.79	
UTG Inc	UTGN	0.87	
UTStarcom Inc.	UTSI	0.42	
Verilink Corp	VRLKQ	0.00	
VIA NET.WORKS Inc	VNWI	0.00	
Vishay Intertechnology	VSH	0.77	
Vitesse Semiconductor	VTSS	0.87	
Voyager Learning Company	VLCY	0.84	
VTEX Energy Inc	VXEN	0.26	
Vulcan Int'l	VULC	0.92	
Washington Savings Bank	FSB	0.89	
Waxman Industries. Inc.	WXMN	0.42	
Web Press Corp.	WEBP	0.53	
WebFinancial Corporation	WEFN	0.98	
Wecast Industries Inc	WCSTF	0.50	
West Fraser Timber Co.	WFT.TO	0.75	
Westaim Corp	WED.TO	0.40	
westell Techn. 'A'	WSTL	0.88	
Western Pwr & Equip Corp	WPEC	0.41	
westwood One	WON	0.99	
wheeling-Pittsburgh Corp	WPSC	0.95	
White River Capital Inc	RVR	0.78	
WHX Corp	WXCP	0.71	
wilsons Leather Experts	WLSN	0.90	
winland Electronics	WEX	0.82	
winmill & Co Inc	WNMLA	0.81	
wireless Facilities Inc.	WFII	0.85	
wolverine Tube Inc.	WLVT	0.21	
womens Golf Unlimited Inc	WGLF	0.03	

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World Gaming plc	WGMGY		0.00	
World Health Alternatives Inc	WHAIQ		0.00	
WQN Inc	WQNI	0.05		
XETA Corp.	XETA	0.81		
Yi Wan Group	YIWA	0.08		
YM Biosciences Inc	YMI		0.96	
YRC worldwide	YRCW	0.76		
Z-Axis Corporation	ZXIS		0.90	
Zapata Corp.	ZAP	0.83		
Zoolink Corp.	ZLNK	0.41		
Zoom Technologies	ZOOM		0.65	
Zunicom Inc	ZNCM	0.42		

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 34: With regard to Exhibit JRW-2, page 2:

- (a) Does a lower estimated beta value indicate lower investment risk for a utility? If the response is in the negative, please explain the response.
- (b) Do low safety ratings, low financial strength ratings, low stock price stability ratings and low earnings predictability have an impact on estimated betas for the two utilities with lower estimated betas than Delta? Please explain the answer.

RESPONSE: (a) Yes, to the extent that it is accurately measured.
(b) The other risk measures do indicate that these two utilities are riskier than Delta.

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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

Question 35: How different can market-to-book ratios be and still be
"comparable"?

RESPONSE: Dr. Woolridge has not specifically studied this issue. But it
would seem that market-to-book ratios within .2 +/- are
similar.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

- Question 36: Confirm or deny that Delta's projected earnings per share growth rate is the lowest in your entire panel of natural gas distribution utilities as shown in Exhibit JRW-6, page 5.
- (a) Could Delta's low earnings per share growth rate shown in Exhibit JRW-6, page 5 be due to the low levels of return on equity allowed by the Commission in prior rate cases? If the response is in the negative, please explain the response.
 - (b) Could Delta's low earnings per share growth rate shown in Exhibit JRW-6, page 5 be due to the fact that Delta has not earned its allowed rate of return in the last ten years? If the response is in the negative, please explain the response.
 - (c) Why did Dr. Woolridge use an average growth rate for the panel if Delta's earnings per share growth rate as projected by analysts is the lowest of any of the natural gas distribution companies in your panel as shown in Exhibit JRW-6, page 5?

RESPONSE: Yes.

- (a) No, because page 5 shows projected EPS growth rate, not historic.
- (b) No, because page 5 shows projected EPS growth rate, not historic.
- (c) Dr. Woolridge is estimating a DCF equity cost rate for the entire group, not just for Delta.

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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

Question 37: With regard to Dr. Woolridge's calculation of estimated return on equity using CAPM in Exhibit JRW-6, why did he use a beta of 0.78 when Delta has an estimated beta that is so much lower than the average?

RESPONSE: Dr. Woolridge is estimating a CAPM equity cost rate for the entire group, not just for Delta.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 38: Based on Exhibit JRW-6, page 2, does Delta's estimated beta of 0.50 compared to the mean and median betas of 0.70 and 0.78 respectively indicate that Delta is less risky than the average natural gas distribution utility? If yes, how much less risky is Delta? If no, please explain the answer.

RESPONSE: The betas indicate that Delta is less risky. These results suggest that Delta's stock is approximately 25% less volatile than the average of the group.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 39: Would Dr. Woolridge agree with the following characterization of the discounted cash flow methodology: "Investors adjust the price they are willing to pay for the stock until the sum of the dividend yield and the annual rate of expected future growth in dividends equals the rate of return they expect from other investments of comparable risk. The DCF test thus determines what the investing community requires from the company in terms of present and future dividends relative to the current market price." If the response is in the negative, please explain why he disagrees.

RESPONSE: In a general sense, Dr. Woolridge agrees with the statement as a characterization of the discounted cash flow methodology.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 40: Please provide the raw data and the analysis that Dr.
Woolridge used to calculate the monthly dividend yields
reported on page JRW-6 page 2 in electronic form.

RESPONSE: The data is provided in the attached file 'JRW-62.xls.'

Exhibit JRW-6

Delta Natural Gas Company, Inc.
Monthly Dividend Yields
March-August 2007

Twelve-Company Natural Gas Distribution Group

Company	Mar	Apr	May	Jun	July	Aug	Mean
AGL Resources	3.9%	4.1%	3.8%	3.8%	4.0%	4.0%	3.9%
Atmos Energy	3.9%	4.0%	4.0%	4.0%	4.2%	4.2%	4.1%
Delta Natural Gas Company	4.9%	4.9%	4.9%	4.8%	4.7%	4.9%	4.9%
Energy West	3.8%	3.8%	4.1%	4.0%	4.0%	4.1%	4.0%
Energy South, Inc.	2.3%	2.3%	2.2%	2.1%	2.0%	2.0%	2.2%
Laclede Group, Inc.	4.6%	4.9%	4.7%	4.6%	4.5%	4.5%	4.6%
New Jersey Resourcues	3.1%	3.1%	3.0%	2.7%	2.9%	3.0%	3.0%
Northwest Natural Gas Company	3.3%	3.2%	3.1%	2.8%	2.9%	3.1%	3.1%
Piedmont Natural Gas, Inc.	3.6%	3.8%	3.8%	3.7%	3.7%	4.0%	3.8%
RGC Resources, Inc.	4.6%	4.4%	4.4%	4.3%	4.2%	4.4%	4.4%
South Jersey Industries	2.8%	2.7%	2.6%	2.5%	2.7%	2.8%	2.7%
WGL Holdings, Inc.	4.2%	4.4%	4.2%	3.9%	4.1%	4.2%	4.2%
Mean	3.8%	3.8%	3.7%	3.6%	3.7%	3.8%	3.7%

Data Source: AUS Utility Reports, monthly issues.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 41: In Exhibit JRW-7, page 3, Dr. Woolridge takes the average of geometric and arithmetic means. What is the resulting statistic called? Please provide a citation to authority that describes what this statistic measures and how it is properly used.

RESPONSE: Dr. Woolridge is attempting to provide a measure of central tendency regarding investment performance. As noted in the testimony, there are many issues with the use of historical data and the appropriate measure of central tendency. As a result, he has employed both the arithmetic and geometric mean returns.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 42: In JRW-7, Dr. Woolridge uses a mean in some places (for example ex ante risk premium) and a median in others (for example beta and stock returns). Please explain why he is not consistent in using either the mean or the median.

RESPONSE: Dr. Woolridge has used both the mean and the median as measures of central tendency. If outliers are a significant problem in a data series, Dr. Woolridge is more likely to use the median.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

- Question 43: On page 10 of his testimony, Dr. Woolridge states that "The results suggest that Delta is comparable in risk to the average of the group."
- (a) Please define what he means by comparable in risk to the average of the group.
 - (b) How is this comparability quantified or measured?
 - (c) Please provide any studies or analyses that he has done to quantify Delta's comparability to the average of the group.
 - (d) Based on Exhibit JRW-3, what impact would a level of equity that is lower and a level of debt that is higher than any other member of the panel have with regard to Delta's risk relative to other natural gas distribution utilities in his panel?
 - (e) Would a level of debt that is higher than any other natural gas distribution company in the panel have any impact on Delta's earned return on equity? Please explain the answer in detail.
 - (f) What impact would such a high percentage of short term debt have on Delta's risk relative to other natural gas distribution utilities his panel?

- RESPONSE:
- (a) Mr. Blake selected the companies for analysis. Dr. Woolridge's risk study, using the six Value Line risk metrics in Exhibit JRW-2, shows that Delta and the group are similar in risk.
 - (b) The six risk measures in Exhibit JRW-2.
 - (c) See Exhibit JRW-2.
 - (d) Lower equity and/or higher debt would suggest a higher level of financial risk.
 - (e) It is impossible to say whether higher debt would impact the earned return on equity.
 - (f) Natural gas distribution companies tend to use short-term debt on a seasonal basis. All else equal, higher levels of debt indicate higher financial risk.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 44: On page 10 of Dr. Woolridge's testimony, he states that "Nonetheless, I am making an adjustment to my equity cost rate to reflect the higher degree of financial risk of Delta."
a. How did he quantify how much riskier Delta was than other members of the panel? Please provide any analysis that he performed in reaching this conclusion.
b. How did he quantify the adjustment to the estimated equity cost rate that was appropriate to compensate for Delta's higher risk? Please provide any analysis that he performed in determining this adjustment.

RESPONSE: (a) Dr. Woolridge did not quantify how much riskier Delta is relative to the group.
 (b) See page 52, lines 4-12, of Dr. Woolridge's testimony.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

- Question 45: On page 11 Dr. Woolridge states that "The cost of common equity capital is the expected return on a firm's common stock that the marginal investor would deem sufficient to compensate for risk and the time value of money. In equilibrium, the expected and required rates of return on a company's common stock are equal."
- a. In this statement, is the value of stock to which he is referring measured in market prices, in real prices or at book value? Does it matter or is the statement true for all three?
 - b. Please cite any periods of time since 1926 when he regards the market to have been in equilibrium and when this statement would hold true. Would data from years when the market was in equilibrium provide a better test for his hypothesis than years when the market was not in equilibrium?

RESPONSE: (a) Market prices.
 (b) The statement reflects general market equilibrium conditions which presumably the market reaches on a daily basis as it digests new information.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

- Question 46: On pages 20 through 23 Dr. Woolridge derives the formula that he uses for his DCF calculations.
- a. Please identify what role a company's book value plays in this derivation.
 - b. Can the book value per share for a company be calculated from data available from Value Line?
 - c. Could an estimate of the return on equity be calculated using the book value per share in the DCF model rather than the market value per share?
 - d. Why did he use the market value per share of the stock in estimating the return on equity rather than the book value when his estimated return on equity will be applied to the Delta's rate base measured at book value in determining Delta's return?

- RESPONSE:
- (a) In the overall development of the DCF model, earnings that are not paid out in the form of dividends are retained and provide for future growth in dividends.
 - (b) Yes.
 - (c) Yes.
 - (d) The DCF model is used almost universally in regulatory settings to estimate the required rate of return on common equity. This equity cost rate is then used in computing the overall cost of capital. This is well known in the investment community and therefore is reflected in the market prices of public utility stocks. These market prices, in turn, reflect the expected return requirements of investors as measured by the DCF model.

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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

Question 47: On page 25 Dr. Woolridge states that "an equity cost rate times a future, yet to be achieved rate base, results in an inflated dividend yield and growth rate." To which "yet to be achieved rate base" is he referring?

RESPONSE: This reflects any adjustments that are made to a historic rate base.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

- Question 48: Are ex ante equity risk premiums directly observable in the market?
- a. If yes, which data sources can be used to measure them?
 - b. If no, how can the measures of ex ante equity risk premiums derived from the various theories reported in JRW-7, page 3 be verified using actual data?
 - c. Based on the data in JRW-3, page 3, what would the ex post equity risk premium be for Dow Jones utilities for 2006?

RESPONSE: (a) No.

 (b) Ex ante equity risk premiums are the equity risk premiums which would be expected at any point in time. Ex ante equity risk premiums are usually estimated using (a) models of expected return applied to the overall market (such as a DCF model applied to the S&P 500), or (b) the use of surveys (such as the CFO Survey).

 (c) In that schedule, no equity risk premium is being computed.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 49: On page 52 Dr. Woolridge states that "Delta's lower common equity ratio suggests that the Company is exposed to a higher degree of financial risk" and he recommends a 30 basis point premium for Delta relative to the group.

- a. Please provide any analysis or study that indicates that a full bond rating differential would be sufficient to compensate for Delta's lower common equity ratio.
- b. If the leverage adjustment that he used is not based on an analysis or study, how did he determine that the magnitude of this adjustment was appropriate?
- c. Please provide any studies or analyses that he has done to quantify the relationship between utility return on equity and an appropriate leverage adjustment for the utility.

RESPONSE: a. Dr. Woolridge has performed a risk analysis of Delta relative to Mr. Blake's group in Exhibit JRW-2. Whereas this analysis, using Value Line risk indicators, suggests that Delta is relatively comparable to the group in terms of risk, Dr. Woolridge has elected to provide a 30 basis points to reflect the higher financial risk of Delta relative to the group.

- b. See response to (a). The magnitude reflects Dr. Woolridge's opinion.
- c. Dr. Woolridge has not performed any such studies.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 50: On page 59, Mr. Woolridge states that "Using the historical relationship between stock and bond returns to measure an ex ante equity risk premium is erroneous and overstates the true market equity risk premium."
a. Please identify the data source that he used for the "true" market equity risk premium.
b. What makes one equity risk premium "true" and another not true?

RESPONSE: a. The "true" equity risk premium is not directly observable in the market but is estimated using alternative methodologies as explained in Dr. Woolridge's testimony. Nonetheless, the many empirical issues with using equity risk premiums based on historical stock and bond returns, which are discussed in Dr. Woolridge's testimony, indicate that historical risk premiums are in excess of the "true" equity risk premium.
b. See response to (a).

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 51: On page 64, Dr. Woolridge states that "The equity risk premium is based on expectations of the future."
a. Please identify the market conditions that he assumes for the next ten years on which his ex ante risk premium is based.
b. Is his estimates of ex ante risk premium sensitive to any of these assumptions about future market conditions?
c. Explain how future expectations are directly observable and measured.

RESPONSE: a. The only explicit assumptions used by Dr. Woolridge in developing an estimate of the ex ante equity risk premium are reflected in his discussion of the 'Building Blocks.' Otherwise, the surveys of CFOs and Financial Forecasters reflect the presumed market conditions of the participants.
b. See response to (a). In addition, market conditions can change over time and result in changing expectations. Otherwise, factors like current and expected interest rates and inflation, economic growth, and the like are based on current market conditions.
c. Surveys and forecasts would appear to be the most direct method to observe and measure future expectations.

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WITNESS RESPONSIBLE:

Dr. J. Randall Woolridge

Question 52: Is it Dr. Woolridge's position that risk premiums will never return to historical levels? If you respond in the negative, please identify when risk premiums might return to historical levels. What conditions would have to occur for risk premiums to return to historical levels?

RESPONSE: No. As discussed at length in Dr. Woolridge's testimony, there are numerous empirical issues with using historical returns to compute an expected equity risk premium. Hence, it is Dr. Woolridge's opinion that historical returns will overstate expected equity risk premiums and therefore he does not believe that risk premiums will return to historical levels.

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 53: On page 68 Dr. Woolridge states that "A review of the Ibbotson document indicates that these companies have betas that are larger than the betas of gas distribution companies." Please provide a copy of the report on which this statement is based.

RESPONSE: The requested document is attached as 'Ibbotson 2007 Size deciles.pdf.'

Table 7-6
Size-Decile Portfolios of the NYSE/AMEX/NASDAQ:
 Long-Term Returns in Excess of CAPM
 from 1926 to 2006

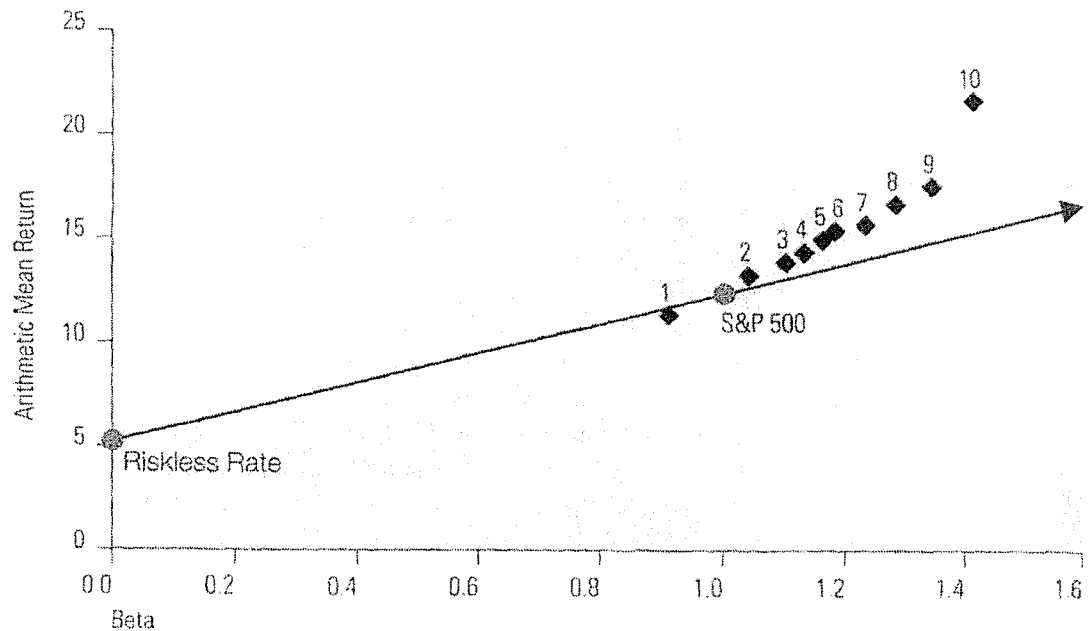
Decile	Beta*	Arithmetic Mean Return	Actual Return in Excess of Riskless Rate**	CAPM Return in Excess of Riskless Rate†	Size Premium (Return) Excess of CAPM
1-Largest	0.91	11.35%	6.13%	6.49%	-0.36%
2	1.04	13.25%	8.04%	7.39%	0.65%
3	1.10	13.85%	8.64%	7.82%	0.81%
4	1.13	14.28%	9.07%	8.04%	1.03%
5	1.16	14.92%	9.71%	8.26%	1.45%
6	1.18	15.33%	10.11%	8.45%	1.67%
7	1.23	15.63%	10.42%	8.80%	1.62%
8	1.28	16.61%	11.39%	9.12%	2.28%
9	1.34	17.48%	12.27%	9.57%	2.70%
10-Smallest	1.41	21.57%	16.36%	10.09%	6.27%
Mid-Cap, 3-5	1.12	14.15%	8.94%	7.97%	0.97%
Low-Cap, 6-8	1.22	15.67%	10.46%	8.70%	1.76%
Micro-Cap, 9-10	1.36	18.77%	13.56%	9.68%	3.88%

*Betas are estimated from monthly returns in excess of the 30-day U.S. Treasury bill total return, January 1926–December 2006

**Historical riskless rate measured by the 81-year arithmetic mean income return component of 20-year government bonds (5.21)

†Calculated in the context of the CAPM by multiplying the equity risk premium by beta. The equity risk premium is estimated by the arithmetic mean total return of the S&P 500 (12.34 percent) minus the arithmetic mean income return component of 20-year government bonds (5.21 percent) from 1926–2006

Graph 7-2
Security Market Line Versus Size-Decile Portfolios of the NYSE/AMEX/NASDAQ:
 from 1926 to 2006



Source: Center for Research in Security Prices, University of Chicago (decile data)

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WITNESS RESPONSIBLE:
Dr. J. Randall Woolridge

Question 54: In Dr. Woolridge's testimony, he based his recommendation on DCF and CAPM calculations for your panel. Did he perform a DCF calculation and a CAPM calculation for Delta on a stand-alone basis to see how delta compared to the panel?

- a. If the response is in the negative, please explain why he did not perform a separate analysis for Delta.
- b. If the response is in the affirmative, please provide the results of the analysis and all workpapers.

RESPONSE: a. No. Dr. Woolridge believes that it is most appropriate to use a group of companies to estimate an equity cost rate because of potential data problems and measurement error when using just one company.

- b. See response to (a).

**Attorney General's Responses to Delta Natural Gas Co.'s Requests for
Information to the Attorney General
Case No. 2007-00089**

WITNESS RESPONSIBLE:

Robert J. Henkes

Question 55: Please provide copies of all studies, analyses, and testimony prepared by Dr. Henkes that addresses or relates to mechanisms or tariffs identical or similar to Delta's proposed CRS tariff.

RESPONSE: Mr. Henkes filed testimony on the subject of a proposed CRS tariff in the recently completed Atmos Energy Corporation rate case, Case No. 2006-00464. This testimony can be found at the web site of the Kentucky Public Service Commission, (<http://psc.ky.gov/pschome.htm>), or by accessing the following URL:

http://psc.ky.gov/psscscf/2006%20cases/2006-00464/AG_TestimonyRobertJHenkes_042707.pdf