MINNESOTA DEPARTMENT OF COMMERCE

85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
mn.gov/commerce/
651.539.1500 FAX 651.539.1547
An equal opportunity employer

January 31, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G022/S-13-1169

Dear Dr. Haar:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

In the Matter of the Petition of Greater Minnesota Gas, Inc. (GMG) for Approval of 2014 Capital Structure and Permission to Issue Securities.

The petition was filed on December 23, 2013 by:

Kristine A. Anderson
Corporate Attorney
Greater Minnesota Gas, Inc.
202 South Main Street, P.O. Box 68
Le Sueur, MN 56058

The Department recommends **approval, with modifications**, and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ CRAIG ADDONIZIO
Financial Analyst

CA/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. G022/S-13-1169

I. SUMMARY OF GREATER MINNESOTA GAS, INC.'S PROPOSAL

On December 24, 2013, Greater Minnesota Gas, Inc. (GMG or the Company) filed a petition for approval of its 2014 capital structure and permission to issue securities. The Company is seeking:

- Approval of its proposed 2014 capital structure and total capitalization;
- Approval of its proposed contingency ranges for its equity ratio, short-term debt ratio, and total capitalization;
- Approval to issue securities provided that the Company's capital structure remains within the requested ranges; and
- Approval of its 2014 capital structure to remain valid until the Commission issues a 2015 capital structure order.

II. DETAILS OF GMG'S PROPOSAL

GMG requests approval of its estimated December 31, 2014 capital structure. Table 1 summarizes GMG's actual capital structure as of October 31, 2013, its projected capital structure on December 31, 2014, and the differences between the two.

Table 1
GMG's Projected Capital Structure
December 31, 2014

	Actual October 31, 2013		Projected December 31, 2014		
	Amount	Percent	Amount	Percent	Difference
Common Equity	7,826,394	31.60%	9,674,913	33.50%	1,848,519
Preferred Shares	-	0.00%	-	0.00%	-
Short-Term Debt	1,437,263	5.80%	812,030	2.81%	(625,233)
Long-Term Debt	15,503,853	62.60%	18,394,213	63.69%	2,890,360
Total Capitalization	24,767,510	100.00%	28,881,156	100.00%	4,113,646
Contingency			1,118,844	3.87%	
Total with Contingency			30,000,000	103.87%	

Source: Petition, Attachment 3

GMG's proposed capital structure reflects:

- the net issuance of $2.9 million of long-term debt, including the issuance of $4.2 million of new long-term debt and the retirement of approximately $1.2 million in existing debt;
- GMG's projected net income for 14 months ending December 31, 2014 of $1.8 million; and
- a reduction in short-term debt of $0.6 million.

Specific provisions for which the Company seeks approval include:

- A total capitalization of $28.9 million, excluding the proposed contingency;
- A total capitalization contingency of $1.1 million, or 3.87 percent;
- An equity ratio of 33.50 percent and an equity range of 31.59 percent to 38.61 percent;
- The ability to issue short-term debt not to exceed 10 percent of total capitalization while the 2014 capital structure is in effect; and
- Flexibility to issue long-term debt provided that the Company remains within the equity and short-term debt contingency ranges and does not exceed them for more than 60 days.

III. FILING REQUIREMENTS

Minnesota Rules 7825.1000 – 7825.1500 and the Commission's May 12, 2009 Order in Docket No. E,G999/CI-08-1416 contains the filing requirements for capital structure petitions.

The Department's review indicates that GMG's Petition meets the requirements set forth in Minnesota Rules 7825.1000 – 7825.1500.

Points one and three of the Commission's Order in Docket No. E,G999/CI-08-1416 state, respectively:

> 1. In addition to the information currently provided, the utilities' annual capital structure filings shall include an exhibit providing a general projection of capital needs, projected expenditures, anticipated sources, and anticipated timing, with the understanding that such exhibit is not intended to require dollar-for-dollar on the uses identified in the exhibit or to limit issuances to project-specific financing. The exhibit need not list short-term, recurring security issuances.
>
> 2. Starting with the utilities' next annual capital structure filings, the utilities shall include a report of actual issuances and uses of the funds from the prior year. The report will be for information purposes only and need not cover short-term, recurring security issuances.

With respect to Point one of the Order, GMG stated in its Petition that it plans to issue securities to fund capital expenditures to maintain and reinforce existing plant and invest in new plant to support customer growth. Attachment No. 11 to GMG's Petition contains a summary of GMG's anticipated 2014 capital expenditures, including $240,000 for system replacement and reinforcement, and $4.568 million for customer additions and main extensions. In its response to Department Information Request No. 6, GMG also stated that since filing its Petition, it has identified an additional $300,000 of system reinforcement projects.[1]

With respect to Point three, Attachment No. 9 to GMG's Petition identifies two loans issued during 2013. The first is a five-year loan with an initial principal balance of $4.430 million. The second is a revolving line of credit upon which, at the time of filing, GMG had drawn $1.128 million. Both loans were identified in a June 19, 2013 Compliance Filing in Docket No. G022/S-12-1370 (the 2013 Capital Structure Docket).

---

[1] See Department Attachment No. 1.

IV. DEPARTMENT ANALYSIS

A. GMG'S PROPOSED CAPITAL STRUCTURE

Minn. Stat. §216B.49, subd. 3 states that:

> It is unlawful for any public utility organized under the laws of this state to offer or sell any security or, if organized under the laws of any other state or foreign country, to subject property in this state to an encumbrance for the purpose of securing the payment of any indebtedness unless the security issuance of the public utility is first approved by the commission, either as an individual issuance or as one of multiple possible issuances approved in the course of a periodic proceeding reviewing the utility's proposed sources and uses of capital funds. Approval by the commission must be by formal written order.

Further, Minn. Stat. §216B.49, subd. 4 states in part that:

> If the commission shall find that the proposed security issuance is reasonable and proper and in the public interest and will not be detrimental to the interests of the consumers and patrons affected thereby, the commission shall by written order grant its permission for the proposed public financing.

Based on the above statutes, the Department discusses the reasonableness of GMG's actual and projected capital structures, as well as its request that the Commission allow the issuance of various securities.

B. SUMMARY OF GMG'S CURRENT CAPITAL STRUCTURE AND 2013 FINANCIAL PERFORMANCE

Table 2
Summary of Change in GMG's Capital Structure During 2013

	Actual December 31, 2012		Actual October 31, 2013		
	Amount	Percent	Amount	Percent	Difference
Common Equity	5,859,332	33.74%	7,826,394	31.60%	1,967,062
Preferred Shares	-	0.00%	-	0.00%	-
Short-Term Debt	815,617	4.70%	1,437,263	5.80%	621,646
Long-Term Debt	10,691,441	61.56%	15,503,853	62.60%	4,812,412
Total Capitalization	17,366,390	100.00%	24,767,510	100.00%	7,401,120

Sources: 2012 data from GMG's audited financial statements, provided in response to Department Information Request No. 2. GMG marked its entire response Trade Secret and the Department has not included it as an attachment. However, the Department does not consider the data in the table above to be trade secret. 2013 data from Petition.

Table 2 above summarizes the changes in GMG's capital structure during the first ten months of 2013. The $1.9 million dollar increase in equity results from a combination of $1.3 million in equity injections from Greater Minnesota Synergy, Inc (GMS), and $0.6 million in net income. The increase in short- and long-term debt results from the issuances noted above.

GMG's financial performance thus far in 2013 has been significantly better than the Company's performance in recent prior years. Table 3 below summarizes selected financial metrics from GMG's actual income statements from recent years and its projected 2014 income statement.

Table 3
Summary of GMG's Recent Financial Performance

	Actual					Projected	
	2009	2010	2011	2012	12 Mos. Ended Oct. 31, 2013	2013	2014
Revenue	4,253,337	4,428,630	4,709,776	4,238,639	5,901,380	5,655,877	8,476,268
Cost of Sales	2,732,298	2,476,273	2,428,916	2,040,631	2,671,779	2,126,025	3,841,616
Gross Margin	1,521,039	1,952,357	2,280,860	2,198,008	3,229,601	3,529,852	4,634,652
Gross Margin (%)	35.8%	44.1%	48.4%	51.9%	54.7%	62.4%	54.7%
Operating Income	349,510	679,951	757,666	404,290	1,406,218	1,505,645	2,680,939
Operating Margin	8.2%	15.4%	16.1%	9.5%	23.8%	26.6%	31.6%
Net Income	328,589	174,454	117,278	260,160	859,078	833,490	1,382,580
Net Margin	7.7%	3.9%	2.5%	6.1%	14.6%	14.7%	16.3%

Sources and Notes:
2009-2011 data from the Department's February 22, 2013 Comments in the 2013 Capital Structure Docket.
2012 data from GMG's 2012 audited finanical statements (see note in Table 2)
2013 Actual data from Petition, Attachment No. 6, Part 2. The Department reports Net Income Before Income Taxes for 2013, rather than Net Income, in order to exclude net income related to a tax benefit GMG recorded in December, 2012 that the Company may not receive again in 2013.
2013 Projected data from GMG's Petition in the 2013 Capital Structure Docket.
2014 Projected data from Petition, Attachment No. 5, Part 2.

As shown in the table, GMG's gross margin for the 12 months ended October 31, 2013 is approximately $1.0 million higher than it was for all of 2012, and the Company's net income has increased notably as well. In the 2013 Capital Structure Docket, the Department expressed some concern that GMG's assumed 2013 financial performance was overly optimistic, as the Company's projected revenues, operating margin and net margin were all significantly higher than they had been in recent years. As shown in Table 3, GMG's actual operating and net margins are close to GMG's initial projections. Additionally, the Department notes that GMG's interest coverage ratio (operating income divided by interest expense) increased from 0.7 in 2012 to 3.0 as of October 31, 2013, which is indicative of GMG's improved ability to meet its debt obligations.[2]

In Information Request No. 1, the Department asked GMG to explain the reasons for its improved performance. In its response, GMG stated that normal weather accounted for approximately $0.35 million of the roughly $1.0 million increase in gross margin, and that new customers added during 2013 accounted for approximately $0.5 million of the increase.[3]

---

[2] In 2012, GMG's operating income and interest expense were $404,290 and $571,130, respectively. For the 12 months ended October 31, 2013, the Company's operating income and interest expense were $1,963,810 and 416,101, respectively.

[3] See Department Attachment No. 2.

Additionally, the Company stated that, despite increasing its overall level of debt, it lowered interest expense by securing lower interest rates on its debt.

C. REASONABLENESS OF GMG'S PROPOSED CAPITAL STRUCTURE

The information in Table 1 above is provided again below, for convenience.

Table 4
Summary of GMG's Actual and Proposed Capital Structures

	Actual October 31, 2013		Projected December 31, 2014		
	Amount	Percent	Amount	Percent	Difference
Common Equity	7,826,394	31.60%	9,674,913	33.50%	1,848,519
Preferred Shares	-	0.00%	-	0.00%	-
Short-Term Debt	1,437,263	5.80%	812,030	2.81%	(625,233)
Long-Term Debt	15,503,853	62.60%	18,394,213	63.69%	2,890,360
Total Capitalization	24,767,510	100.00%	28,881,156	100.00%	4,113,646
Contingency			1,118,844	3.87%	
Total with Contingency			30,000,000	103.87%	

Source: Petition, Attachment 3

While the improvement in GMG's 2013 financial performance observed is a positive development, the Department notes that GMG's current and proposed equity ratios are still significantly lower than the average equity ratio of risk-comparable gas utilities. The year-end 2012 average equity ratio of publicly traded gas utilities with bond ratings from BBB- to BBB+ was 60 percent.[4] Thus, as in past capital structure dockets, the Department remains concerned about the financial health of the Company.

GMG's need for funds is driven by its continuing, aggressive, expansion plan. GMG's planned 2014 capital expenditures, the majority of which will go towards system expansion and customer additions, are down from 2013, but still much higher than in 2012 and before.

4 See Department Attachment No. 3. Complete data for 2013 is not yet available.

Table 5
GMG's Capital Expenditures

Year	Capital Expenditures
2009	558,983
2010	493,031
2011	969,911
2012	2,535,540
2013	8,304,102
2014	5,108,000

Note: The amount projected for 2014 includes the $4.8 million identified in Attachment No. 11 to GMG's Petition, as well as the additional $0.3 million identified in GMG's response to Information Request No. 6, noted above.

GMG's property, plant and equipment balance on October 31, 2013 was approximately $23.5 million. Thus, the Company's planned capital expenditures represent an increase of more than 20 percent. While GMG's planned expenditures may prove to be good investments, such an aggressive expansion plan entails risk. As shown in Table 3 above, GMG projects continued improvement in its financial performance during 2014, and the Company's projected equity ratio of 33.50 percent relies on this improvement. If GMG's assumed improvements do not materialize, the Company's equity ratio will fall short of this prediction.

In the 2013 Capital Structure Docket, the intention behind the Department's recommendations was to allow GMG some flexibility to pursue its expansion projects while maintaining a minimum degree of financial integrity. The Department's intention remains unchanged in this Docket. Thus, the Department recommends that the Commission approve GMG's proposed capital structure, as detailed in Table 4 above. However, the Department recommends that the Commission impose additional restrictions on GMG, described below, in order to ensure that GMG's capital structure does not deteriorate.

D. REASONABLENESS OF THE PROPOSED CONTINGENCY RANGES

1. Equity Ratio

In its Petition, the Company requested permission to retain its current equity ratio contingency range of 31.59 percent to 38.61 percent. The Department recommends that the Commission approve this request.

The Department notes that, as was the case in the 2013 Capital Structure Docket, this equity ratio contingency range is more strict than usual. Typically, the Department recommends that the Commission approve an equity range calculated as a window of plus and minus ten percent around the utility's projected end-of-period equity ratio. Using GMG's projected equity ratio of 33.50 percent, this calculation would produce a floor of 30.15 percent, lower than the proposed floor of 31.59 percent. Because GMG's equity ratio as of October 31, 2013 was already at the proposed minimum, the proposed equity ratio contingency range would allow GMG little flexibility to increase its debt load without adding additional equity. Given GMG's current, low equity ratio and the risks inherent in the Company's expansion strategy, the Department concludes that this extra protection is reasonable.

Additionally, the Department notes that the Commission often allows utilities to violate approved ranges for a period of 60 days without Commission notification. In GMG's 2013 Capital Structure Docket, however, the Commission did not grant that extra flexibility to GMG with respect to its equity ratio, and required GMG to maintain an equity ratio of at least 31.59 percent at all times. Given GMG's current, low equity ratio and the risks inherent in the Company's expansion strategy, the Department recommends that the Commission impose this same restriction again in this Docket.

In the 2013 Capital Structure Docket, the Commission required GMG to make monthly compliance filings demonstrating that GMG's equity ratio remained at or above 31.59 percent. The Department recommends that the Commission impose this same requirement on the Company again in this Docket.

2. Short-term Debt

In its Petition, GMG requested a short-term debt contingency cap of ten percent of its total capitalization. The Department considers this request to be reasonable, but emphasizes that GMG's equity ratio must remain at or above 31.59 percent at all times. Given GMG's current equity ratio of 31.60 percent, GMG would have little flexibility to issue short-term debt and as a result, short-term financing needs would have to be met with equity.[5]

3. Long-term Debt

In its Petition, GMG did not request a specific contingency range for its long-term debt ratio. Rather, the Company requested the flexibility to issue long-term debt provided that it remains within its equity and short-term debt contingency ranges and does not exceed them for more than 60 days.

[5] The Department notes that the Company's January 15, 2014 Compliance Filing in the 2013 Capital Structure Docket indicates that the Company's equity ratio rose slightly in November, 2013, which means that GMG would have some ability to issue short-term debt without falling below the proposed minimum equity ratio.

In the 2013 Capital Structure Docket, the Department recommended that the Commission use the Company's equity ratio floor to set the long-term debt limit, and recommends that the Commission do the same in this Docket. In other words, if GMG were to reduce its short-term debt ratio to zero, the maximum long-term debt ratio that would keep the Company within the proposed equity range would be 68.41 percent (equal to 100 percent minus 31.59 percent). The Department recommends that the Commission allow GMG to violate the proposed short-term debt contingency cap of ten percent for up to 60 days, but not the proposed equity ratio floor.

4. Total Capitalization

In its Petition, GMG requested Commission approval of a total capitalization of $28.9 million, with a contingency of $1.1 million, for a maximum capitalization of $30.0 million. The Department notes that the contingency amount of $1.1 million is equal to 3.87 percent of GMG's proposed capitalization, less than half of the 10 percent capitalization contingency approved by the Commission in GMG two most recent capital structure Dockets. The Department concludes that a 10 percent contingency is appropriate to protect the Company from unforeseen capital needs. The Department recommends a total capitalization of $28.9 million (as proposed by the Company) with a 10 percent contingency ($2.9 million) for a total of $31.8 million. The Department reiterates, however, that if GMG uses this total capitalization contingency, it must maintain an equity ratio of at least 31.59 percent.

V. CONCLUSION AND RECOMMENDATIONS

GMG's improved financial performance in 2013 is a positive development, but the Company remains in a difficult financial position. The Department supports GMG's intentions to add profitable, high-volume customers to its system, but as long as the Company continues with its aggressive expansion plan financed in large part with new debt, the Department recommends close scrutiny of GMG's capital structure via monthly compliance filings.

The Department recommends that the Commission:

- Approve GMG's proposed 2014 capital structure;
- Require GMG to file a new securities issuance and capital structure petition by January 1, 2015;
- Approve an equity ratio contingency range of 31.59 percent to 38.61 percent;
- Require that GMG maintain an equity ratio contingency range of at least 31.59 percent at all times;
- Require GMG make monthly compliance filings on or before the 15^{th} of each month containing a balance sheet, income statement, and cash flow statement for the first of the prior two months, demonstrating that its equity ratio is at least 31.59 percent;

- Approve a short-term debt contingency cap of 10 percent (*i.e.*, GMG's short-term debt is not to exceed 10 percent of its total capitalization, including the contingency, for more than 60 days);
- Approve a total capitalization contingency of $2.9 million above the estimated 2014 year-end total capitalization of $28.9 million, for a total capitalization of $31.8 million; and
- Require GMG to provide the following information within 20 days of each non-recurring issuance of securities:
  (1) The specific purposes for individual issuances;
  (2) The type of issuances;
  (3) The timing of issuances;
  (4) The amount of issuances;
  (5) Issuance costs; and
  (6) Interest rates.

/lt

TRADE SECRET data has been excised.
Attachment 1 is TRADE SECRET in its entirety.

State of Minnesota

DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Utility Information Request

Docket Number: G022/S-13-1169 Date of Request: January 8, 2014

Requested From: Kristine A. Anderson, Greater Minnesota Gas Response Due: January 21, 2014

Analyst Requesting Information: Craig Addonizio

Type of Inquiry:

[X]....Financial	[ ]......Rate of Return	[ ]......Rate Design
[ ]......Engineering	[ ]......Forecasting	[ ]......Conservation
[ ]......Cost of Service	[ ]......CIP	[ ]......Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
1	Reference: Overall Financial Performance The Department's initial review of GMG's petition indicates significantly improved financial performance in 2013 relative to prior years. Please provide a general description of GMG's financial performance in 2013 and explain the factors that led to the improvements. Please describe GMG's 2013 experience with existing customers as well as its experience with new customers added during 2013 (*e.g.*, how many were added, when were they added, what was their demand, etc). Please discuss any other relevant factors.

GMG RESPONSE:

The Department is correct in its observation that GMG's financial performance improved significantly, and GMG is pleased that its business strategies have resulted in improved financial performance and, consequently, the ability to continue bringing natural gas service to historically unserved rural areas of Minnesota. Key drivers in GMG's improved year-over-year financial performance are as follows:

- *Normal weather added approximately $350,000 to GMG's January through October gross margin, as prior years have been substantially warmer than normal.*

Response by: Kristine Anderson	List sources of information:
Title: Corporate Attorney	
Department:	
Telephone: 507-665-8657	

- *GMG added a substantial number of customers to its rolls; and, the higher customer count resulted in increased sales that added approximately $500,000 to GMG's gross margin. The table below shows the difference in customer county, by class, between 2012 and 2013.*

	12-Jan	12-Feb	12-Mar	12-Apr	12-May	12-Jun	12-Jul	12-Aug	12-Sep	12-Oct	12-Nov	12-Dec	Annual Change
RS	3843	3827	3815	3812	3944	4026	4178	4253	4258	4302	4318	4323	480
SCS	317	321	323	323	320	321	322	330	334	339	340	341	24
CS	36	36	36	36	36	36	36	35	36	36	36	36	0
MS	12	12	12	12	12	12	12	15	15	20	20	21	9
LS	8	8	8	8	8	8	8	8	8	8	8	8	0
IND	3	3	3	3	3	3	3	3	3	3	3	3	0
AG	47	47	47	47	47	47	47	48	50	50	50	50	3
TRANS	2	2	2	2	2	2	2	2	2	2	2	2	0
TOTAL:	**4268**	**4256**	**4246**	**4243**	**4372**	**4455**	**4608**	**4694**	**4706**	**4760**	**4777**	**4784**	516
	13-Jan	**13-Feb**	**13-Mar**	**13-Apr**	**13-May**	**13-Jun**	**13-Jul**	**13-Aug**	**13-Sep**	**13-Oct**	**13-Nov**	**13-Dec**	
RS	4362	4347	4351	4361	4356	4358	4365	4354	4358	4503	4671	4796	434
SCS	347	349	349	350	348	351	345	347	346	358	375	379	32
CS	36	36	36	36	36	36	36	36	36	36	37	36	0
MS	21	21	21	21	21	21	21	21	21	21	24	24	3
LS	8	8	8	8	8	8	8	8	8	57	60	60	52
IND	3	3	3	3	3	3	3	3	3	5	3	5	2
AG	50	50	50	50	50	50	50	50	50	55	58	61	11
TRANS	2	2	2	2	2	2	2	2	2	2	2	2	0
TOTAL:	**4829**	**4816**	**4820**	**4831**	**4824**	**4829**	**4830**	**4821**	**4824**	**5037**	**5230**	**5363**	534
Change													**Cumulative Change**
RS	519	520	536	549	412	332	187	101	100	201	353	473	914
SCS	30	28	26	27	28	30	23	17	12	19	35	38	56
CS	0	0	0	0	0	0	0	1	0	0	1	0	0
MS	9	9	9	9	9	9	9	6	6	1	4	3	12
LS	0	0	0	0	0	0	0	0	0	49	52	52	52
IND	0	0	0	0	0	0	0	0	0	2	0	2	2
AG	3	3	3	3	3	3	3	2	0	5	8	11	14
TRANS	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL:	561	560	574	588	452	374	222	127	118	277	453	579	1050

- *GMG restructured its debt and, despite increasing its overall debt load, was able to leverage lower interest rates, which resulted in reducing GMG's interest expense by approximately $150,000.*

Response by: Kristine Anderson

Title: Corporate Attorney

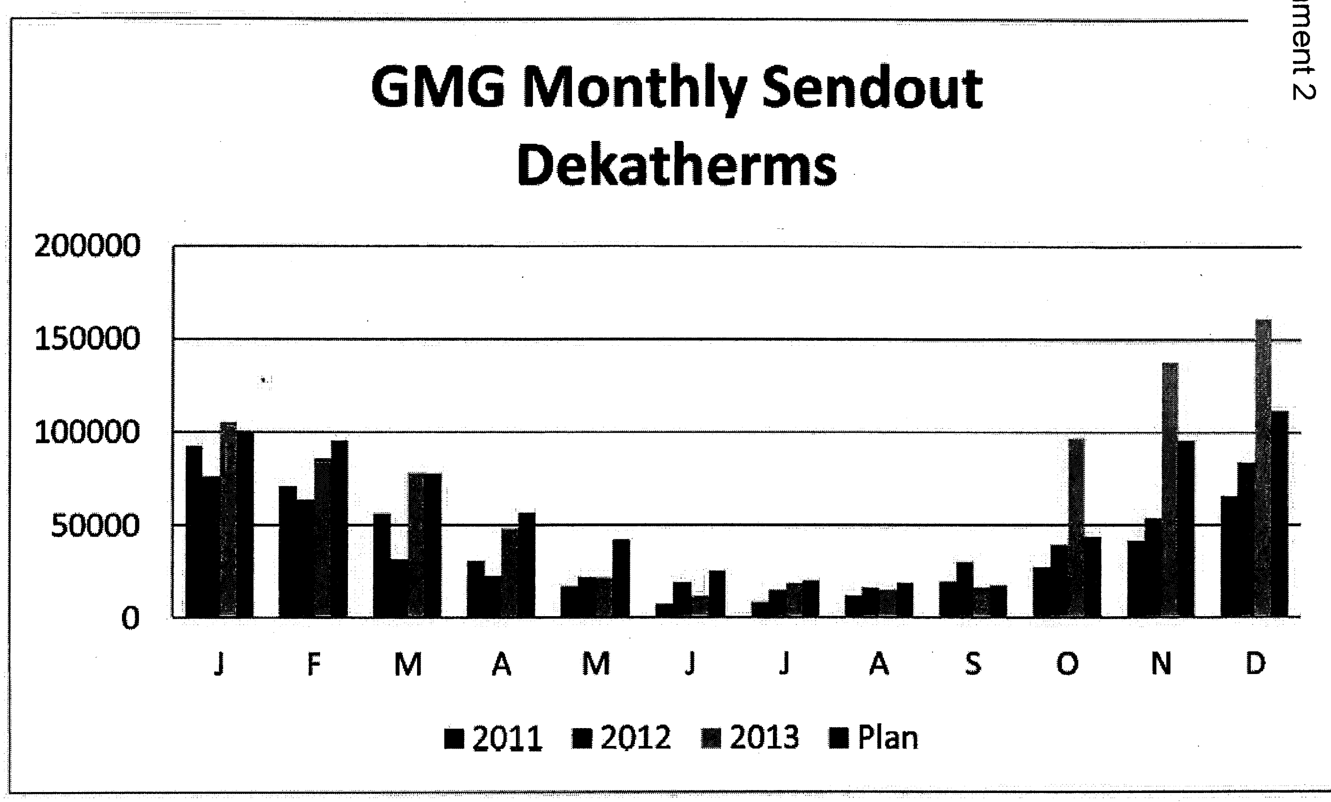
Department:

Telephone: 507-665-8657

List sources of information:

- *All other factors added approximately $24,000 to the Company's 2013 income compared to 2012.*

The graph below depicts GMG's sendout over the last twelve months. Sendout is gas delivered to Company from system pipeline suppliers and closely reflects sales.



The dramatic increase in sendout during the fourth quarter of 2013 is primarily due to the grain drying load in October and November and colder than normal December temperatures.

Response by: Kristine Anderson

List sources of information:

Title: Corporate Attorney

Department:

Telephone: 507-665-8657

2012 Capital Structures of Gas Utilities with Bond Ratings From BBB- to BBB+

	SIC Code	Stock Ticker Symbol	S&P Debt Rating	2012 Debt Ratio	2012 Equity Ratio
AGL RESOURCES INC	4924	GAS	BBB+	49%	51%
ATMOS ENERGY GROUP	4924	ATO	BBB+	45%	55%
ENERGEN CORP	4924	EGN	BBB	29%	71%
NATIONAL FUEL GAS CO	4924	NFG	BBB	34%	66%
SOUTH JERSEY INDUSTRIES INC	4924	SJI	BBB+	45%	55%
Average				40%	60%
Standard Deviation				8%	8%

Source: Compustat (S&P Data Base service) and Standard & Poor's NetAdvantage