

PENNICHUCK WATER WORKS, INC.

RATE OF RETURN

EXHIBIT

SCHEDULES 1 to 20

TO ACCOMPANY THE

DIRECT TESTIMONY OF HAROLD WALKER, III

JUNE 2008

Prepared by:
GANNETT FLEMING, INC.
VALUATION AND RATE DIVISION



Valley Forge, Pennsylvania

Pennichuck Water Works, Inc.
Cost of Capital and Fair Rate of Return
Pro Forma at 12/31/07

<u>Type of Capital</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Debt	57.8 %	5.30 %	3.06 %
Common Equity	<u>42.2</u>	11.25	<u>4.75</u>
Overall Cost of Capital	<u>100.0</u> %		<u>7.81</u> %
Before Income Tax Interest Coverage (Based on effective income tax rate of 39.61%.)			<u>3.6</u> x
Debt / Total Capital			<u>57.8</u> %
Gross Cash Flow Interest Coverage (From page 2 of this Schedule)			<u>3.7</u> x
Gross Cash Flow / Total Debt (From page 2 of this Schedule)			<u>14.2</u> %
Net Cash Flow / Capital Expenditures (From page 2 of this Schedule)			<u>55.0</u> %

Pennichuck Water Works, Inc.
Funds Flow Ratio Test of Recommended
Cost of Capital and Fair Rate of Return
Pro Forma at 12/31/07

Line <u>No.</u>		Cash Flow (\$ 000's)	Funds Flow Ratios
1 .	Rate Base Value	\$100,673	
2 .	Weighted Traditional Debt Component	3.06 %	
3 .	Weighted Traditional Equity Components	4.75 %	
4 .	Net Income (ln 1 x ln 3)	\$4,782	
	Expenses Not Requiring Cash Outlays:		
5 .	Depreciation	2,632	
6 .	Amortization	49	
7 .	Deferred Income Taxes + ITC	827	
8 .	Loss on Property	<u>0</u>	
9 .	Gross Cash Flow	8,290	
10 .	Less:		
	Preferred Stock Dividends	0	
	Common Dividends(1)	<u>2,869</u>	
11 .	Net Cash Flow	<u><u>\$5,421</u></u>	
12 .	Interest Charges (ln 1 x ln 2)	<u><u>\$3,081</u></u>	
13 .	Gross Construction(2)	<u><u>\$9,865</u></u>	
14 .	Rate Base Related Debt(3)	<u><u>\$58,189</u></u>	
15 .	Funds From Operations Interest Coverage		
16 .	((ln 9 + ln 12) / ln 12)		<u>3.7</u> x
17 .	Funds From Operations / Total Debt		
18 .	(ln 9 / ln 14)		<u>14.2</u> %
19 .	Net Cash Flow / Capital Expenditures		
20 .	(ln 11 / ln 13)		<u>55.0</u> %

Notes: (1) The Company had a dividend payout of about 60% in 2006 and 2007.
(2) Average estimated construction for 2008 - 2010.
(3) The debt ratio (from page 1) times the rate base claim (ln 1).

Pennichuck Water Works, Inc.
Common Equity Cost Rate Summary

	<u>Water Group Followed by Analysts</u>		
	<u>DCF(1)</u>	<u>CAPM(2)</u>	<u>RP(3)</u>
Common Equity Cost Rate Range	11.6 %	14.4 %	11.2 %
Investment Risk Adjustment (4)	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>
Adjusted Common Equity Cost Rate Range Applicable to Pennichuck Water Works, Inc.	<u>11.65</u>	<u>14.45</u>	<u>11.25</u>
Recommended Common Equity Cost Rate for Pennichuck Water Works, Inc. (5)	<u>11.25 %</u>		
Check of Reasonableness of Common Equity Cost Rate (6)	11.5 % to 11.9 %		

Notes: (1) From Schedule 14 and explained in the Direct Testimony.

(2) From Schedule 19 and explained in the Direct Testimony.

(3) From Schedule 20 and explained in the Direct Testimony.

(4) As explained in the Direct Testimony.

(5) As explained in the Direct Testimony, the recommendation is only applicable to a conventional common equity ratio of 42.2%.

(6) See page 2 of Schedule 16.

Pennichuck Water Works, Inc.
Capitalization and Capitalization Ratios
At December 31, 2007 and Pro Forma at December 31, 2007

	Actual at 12/31/07		
	<u>Capital</u>	Ratios Excluding <u>Short-term Debt</u>	Ratios Including <u>Short-term Debt</u>
Long-Term Debt	<u>\$58,164,687</u>	59.1 %	59.1 %
Common Equity:			
Common Stock	30,000		
Additional Paid In Capital	27,056,141		
Retained Earnings	<u>13,172,313</u>		
Total Common Equity	<u>40,258,454</u>	<u>40.9</u>	40.9
Total Permanent Capital	98,423,141		
Short-Term Debt	<u>0</u>		<u>0.0</u>
Total Capital	<u>\$98,423,141</u>		<u>100.0</u> %
	Pro Forma at 12/31/07		
	<u>Capital</u>	Ratios Excluding <u>Short-term Debt</u>	Ratios Including <u>Short-term Debt</u>
Long-Term Debt	<u>58,164,687</u>	57.8 %	57.8 %
Common Equity:			
Common Stock	30,000		
Additional Paid In Capital	29,306,141		
Retained Earnings	<u>13,172,313</u>		
Total Common Equity	<u>42,508,454</u>	<u>42.2</u>	42.2
Total Permanent Capital	100,673,141	<u>100.0</u> %	
Short-Term Debt	<u>0</u>		<u>0.0</u>
Total Capital	<u>\$100,673,141</u>		<u>100.0</u> %

Capital Structure Ratios for the
The Water Group Followed by Analysts
For 2007 and Estimated for 2012

	<u>12/31/2007</u>	Est.(1) <u>2012</u>
<u>Water Group Followed by Analysts</u>		
Long-term Debt	48.4 %	47.3 %
Preferred Stock	0.1	0.1
Common Equity	<u>51.5</u>	<u>52.6</u>
Total	<u>100.0</u> %	<u>100.0</u> %

Notes: (1) Project by Value Line for the period 2011 to 2013.

Source of Information: Value Line Investment Survey, 4/25/08
S&P and Quarterly Reports

Pennichuck Water Works, Inc.
Calculation of Embedded Cost of Long-term Debt
Actual At December 31, 2007 and Pro Foma at December 31, 2007

<u>Holder</u>	<u>Term</u>	<u>Maturity</u>	<u>Rate</u>	<u>Outstanding Balance</u>	<u>Annual Interest</u>	<u>Annual Amortization</u>	<u>All In Annual Cost</u>	<u>Effective Rate</u>
Actual At December 31, 2007:								
American United Life	25	3/1/21	7.40%	7,600,000	562,400	6,600	569,000	7.49%
American United Life	5	3/4/10	5.00%	5,000,000	250,000	16,348	266,348	5.33%
BFA of NH (2005 series A)	30	10/1/35	4.70%	11,788,531	569,875	24,114	593,989	5.04%
BFA of NH (2005 series B)	29	10/1/35	3.85%	6,000,000	231,000	6,651	237,651	3.96%
BFA of NH (2005 series BC-1)	28	10/1/35	4.45%	15,000,000	667,500	31,656	699,156	4.66%
BFA of NH (series A)	30	1/1/35	4.70%	1,830,000	86,010	8,679	94,689	5.17%
BFA of NH (series B)	25	1/1/30	4.60%	2,345,000	107,870	11,161	119,031	5.08%
BFA of NH (series C)	20	1/1/25	4.50%	1,205,000	54,225	5,570	59,795	4.96%
BFA of NH	25	5/1/22	6.30%	4,000,000	252,000	8,819	260,819	6.52%
State of NH	20	4/1/22	3.80%	317,062	12,048	282	12,330	3.89%
WTP - SRF	20	7/1/29	1.00%	3,000,000	30,000	-	30,000	1.00%
Twin Ridge SRF	10	4/1/13	2.315%	79,094	1,831	593	2,424	3.06%
Totals - Actual At December 31, 2007:				58,164,687	2,824,759	120,472	2,945,232	5.06%
Pro Foma Adjustments at December 31, 2007:								
BFA of NH (2005 series BC-1)	28	10/1/35	4.45%	(15,000,000)	(667,500)	-	(667,500)	4.45%
BC - 3 Note	10	3/4/10	5.00%	7,500,000	375,000	11,200	386,200	5.15%
BC - 4 Note	27	10/1/35	5.375%	7,500,000	403,125	14,778	417,903	5.57%
Totals - Pro Foma at December 31, 2007				58,164,687	2,935,384	146,450	3,081,835	5.30%

Pennichuck Water Works, Inc.
Five Year Analysis
2003 - 2007 (1)

<u>Ln #</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	Average <u>Ann. Chg(%)</u>	
	(Millions of \$)						
	Investor Provided Capital(\$)						
1	Permanent Capital	98.423	81.545	72.386	40.861	39.984	28.2
2	Short-Term Debt	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	
3	Total Capital	<u>98.423</u>	<u>81.545</u>	<u>72.386</u>	<u>40.861</u>	<u>39.984</u>	28.2
4	Total Revenue(\$)	21.548	17.099	16.952	15.685	15.050	9.8
5	Construction(\$)	10.503	16.867	8.652	5.002	4.771	33.8
6	Effective Income Tax Rate(%)	35.1	38.5	43.1	38.2	37.9	
						Five Year <u>Average</u>	Average Central <u>Values(9)</u>
						38.6	38.2
	Capitalization Ratios(%)						
7	Long-Term Debt	59.1	51.0	49.0	50.1	52.1	52.3
8	Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0
9	Common Equity	<u>40.9</u>	<u>49.0</u>	<u>51.0</u>	<u>49.9</u>	<u>47.9</u>	47.7
	Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	48.9
10	Total Debt	59.1	51.0	49.0	50.1	52.1	52.3
11	Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0
12	Common Equity	<u>40.9</u>	<u>49.0</u>	<u>51.0</u>	<u>49.9</u>	<u>47.9</u>	47.7
	Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	48.9
	Rates on Average Capital(2)(%)						
13	Total Debt	4.0	4.3	6.2	7.9	7.8	6.0
14	Long-Term Debt	4.0	4.3	6.2	7.9	7.8	6.0
15	Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0
	Coverage - Including AFC(3)(x)						
16	PreTax Interest	4.1	2.7	2.5	2.4	2.1	2.8
17	PreTax Interest + Pref. Div	4.1	2.7	2.5	2.4	2.1	2.8
18	PostTax Interest + Pref. Div	3.0	2.0	1.8	1.9	1.7	2.1
	Coverage - Excluding AFC(3)(x)						
19	PreTax Interest	3.9	2.1	2.3	2.4	2.1	2.6
20	PreTax Interest + Pref. Div	3.9	2.1	2.3	2.4	2.1	2.6
21	PostTax Interest + Pref. Div	2.8	1.4	1.7	1.8	1.7	1.9
22	GCF / Interest Coverage(4)(x)	5.2	3.1	4.3	3.6	3.3	3.9
23	Coverage of Common Dividends(5)(x)	4.5	2.6	0.0	0.0	4.1	2.2
24	Construction / Avg. Tot. Capital(%)	11.7	21.9	15.3	12.4	12.0	14.7
25	NCF / Construction(6)(%)	62.2	12.8	66.6	86.0	60.6	57.6
26	AFC / Income for Common Stock	11.0	57.2	19.2	4.6	0.0	18.4
27	GCF / Avg. Tot. Debt(7)(%)	16.9	9.2	20.6	20.8	18.2	17.1
28	GCF / Permanent Capital(8)(%)	8.6	4.3	8.0	10.5	9.6	8.2

See page 6 of this Schedule for notes.

Pennichuck Water Works, Inc.
Five Year Analysis
2003-2007

Notes:

- (1) Based upon the financials as originally reported.
- (2) Computed by relating total debt interest, long-term debt interest and preferred dividend expense to average of beginning and ending balance of the respective capital outstanding.
- (3) The coverage calculations, both including and excluding AFC, represent the number of times available earnings cover the various fixed charges. It should be noted that the pretax coverage including preferred dividends has been grossed up for the income tax paid on the preferred dividends.
- (4) GCF or gross cash flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less AFC), plus interest charges, divided by interest charges.
- (5) GCF (see note 4) less all preferred dividends which cover common dividends.
- (6) The percent of GCF (see note 4) less all cash dividends which cover gross construction expenditures.
- (7) GCF (see note 4) as a percentage of Permanent Capital (long-term debt, current maturities and preferred, preference and common equity).
- (8) GCF (see note 4) as a percentage of average total debt.
- (9) Average of the second, third and fourth quintile values.

Source of Information: Annual Reports

Water Group Followed by Analysts
Five Year Analysis
2003 - 2007 (1)

<u>Ln #</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	Average <u>Ann. Chg(%)</u>	
	(Millions of \$)						
	Investor Provided Capital(\$)						
1	Permanent Capital	643.076	581.085	520.074	483.137	425.738	10.9
2	Short-Term Debt	<u>20.977</u>	<u>30.506</u>	<u>32.082</u>	<u>30.626</u>	<u>32.403</u>	
3	Total Capital	664.053	611.591	552.156	513.763	458.141	9.8
4	Total Revenue(\$)	254.122	232.311	215.583	200.366	176.703	9.6
5	Construction(\$)	85.293	88.510	75.375	67.282	58.734	10.1
6	Effective Income Tax Rate(%)	31.2	38.4	39.9	39.3	37.8	
						37.3	Average Central Values(9) 38.4
	Book Capitalization Ratios(%)						
7	Long-Term Debt	48.4	48.0	49.0	48.9	50.4	49.0
8	Preferred Stock	0.1	0.1	0.1	0.1	0.1	0.1
9	Common Equity	<u>51.5</u>	<u>51.9</u>	<u>50.9</u>	<u>50.9</u>	<u>49.5</u>	50.9
	Total	100.0	100.0	100.0	100.0	100.0	50.9
10	Total Debt	50.2	49.8	51.8	52.1	53.6	51.5
11	Preferred Stock	0.1	0.1	0.1	0.1	0.1	0.1
12	Common Equity	<u>49.7</u>	<u>50.1</u>	<u>48.1</u>	<u>47.8</u>	<u>46.3</u>	48.4
	Total	100.0	100.0	100.0	100.0	100.0	48.1
	Rates on Average Capital(2)(%)						
13	Total Debt	6.5	6.7	6.5	6.5	6.4	6.5
14	Long-Term Debt	6.9	7.0	7.9	8.1	7.6	7.5
15	Preferred Stock	4.8	4.8	4.8	4.7	40.8	12.0
	Coverage - Including AFC(3)(x)						
16	PreTax Interest	3.3	3.5	3.4	3.1	3.1	3.3
17	PreTax Interest + Pref. Div	3.3	3.5	3.4	3.1	3.1	3.3
18	PostTax Interest + Pref. Div	2.4	2.5	2.4	2.3	2.3	2.4
	Coverage - Excluding AFC(3)(x)						
19	PreTax Interest	3.2	3.4	3.3	3.1	3.0	3.2
20	PreTax Interest + Pref. Div	3.2	3.4	3.3	3.0	3.0	3.2
21	PostTax Interest + Pref. Div	2.3	2.5	2.4	2.2	2.2	2.3
22	GCF / Interest Coverage(4)(x)	3.7	4.1	4.0	4.0	3.8	3.9
23	Coverage of Common Dividends(5)(x)	2.9	3.8	3.7	3.7	3.6	3.5
24	Construction / Avg. Tot. Capital(%)	15.0	16.5	14.4	16.5	14.8	15.4
25	NCF / Construction(6)(%)	43.9	44.8	49.5	49.5	45.6	46.7
26	AFC / Income for Common Stock	3.8	4.9	6.3	6.5	4.9	5.3
27	GCF / Avg. Tot. Debt(7)(%)	17.3	20.8	19.7	19.6	18.0	19.1
28	GCF / Permanent Capital(8)(%)	9.1	10.6	10.6	10.7	10.1	10.2

See page 2 of this Schedule for notes.

Water Group Followed by Analysts
Five Year Analysis
2003-2007

Notes:

- (1) Average of the achieved results for each individual company based upon the financials as originally reported.
- (2) Computed by relating total debt interest, long-term debt interest and preferred dividend expense to average of beginning and ending balance of the respective capital outstanding.
- (3) The coverage calculations, both including and excluding AFC, represent the number of times available earnings cover the various fixed charges. It should be noted that the pretax coverage including preferred dividends has been grossed up for the income tax paid on the preferred dividends.
- (4) GCF or gross cash flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less AFC), plus interest charges, divided by interest charges.
- (5) GCF (see note 4) less all preferred dividends which cover common dividends.
- (6) The percent of GCF (see note 4) less all cash dividends which cover gross construction expenditures.
- (7) GCF (see note 4) as a percentage of Permanent Capital (long-term debt, current maturities and preferred, preference and common equity).
- (8) GCF (see note 4) as a percentage of average total debt.
- (9) Average of the second, third and fourth quintile values.

Source of Information: Standard & Poor's and Annual Reports

S&P Utilities
Five Year Analysis
2003 - 2007 (1)

<u>Ln #</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	Average <u>Ann. Chg(%)</u>	
	(Millions of \$)						
	Investor Provided Capital(\$)						
1	Permanent Capital	17,587.874	19,603.808	17,129.450	17,550.801	17,219.866	0.9
2	Short-Term Debt	<u>1,491.453</u>	<u>1,539.579</u>	<u>1,530.319</u>	<u>1,200.958</u>	<u>1,314.051</u>	
3	Total Capital	19,079.327	21,143.387	18,659.769	18,751.759	18,533.917	1.1
4	Total Revenue(\$)	12,405.320	12,058.688	11,815.914	11,237.167	10,749.282	3.7
5	Construction(\$)	2,157.606	2,039.561	1,623.931	1,398.993	1,462.919	10.8
6	Effective Income Tax Rate(%)	34.1	33.5	32.1	29.2	30.6	Five Year <u>Average</u> 31.9
	Book Capitalization Ratios(%)						Average Central Values(9) 32.1
7	Long-Term Debt	51.3	51.5	54.2	55.0	58.0	54.0
8	Preferred Stock	0.9	0.9	1.0	0.9	1.0	0.9
9	Common Equity	<u>47.9</u>	<u>47.7</u>	<u>44.9</u>	<u>44.1</u>	<u>41.0</u>	45.1
	Total	100.0	100.0	100.0	100.0	100.0	44.9
10	Total Debt	55.0	55.0	57.9	58.0	61.0	57.4
11	Preferred Stock	0.8	0.8	0.9	0.9	0.9	0.9
12	Common Equity	<u>44.2</u>	<u>44.2</u>	<u>41.2</u>	<u>41.1</u>	<u>38.1</u>	41.8
	Total	100.0	100.0	100.0	100.0	100.0	41.2
	Rates on Average Capital(2)(%)						
13	Total Debt	6.7	6.8	6.4	6.6	6.5	6.6
14	Long-Term Debt	5.8	6.0	6.2	6.4	6.4	6.2
15	Preferred Stock	4.4	4.4	6.6	4.9	6.0	5.3
	Coverage - Including AFC(3)(x)						
16	PreTax Interest	3.9	3.3	3.2	3.1	2.4	3.2
17	PreTax Interest + Pref. Div	3.8	3.3	3.1	3.1	2.3	3.1
18	PostTax Interest + Pref. Div	2.9	2.5	2.4	2.4	1.9	2.4
	Coverage - Excluding AFC(3)(x)						
19	PreTax Interest	3.8	3.3	3.1	3.1	2.3	3.1
20	PreTax Interest + Pref. Div	3.8	3.2	3.1	3.1	2.3	3.1
21	PostTax Interest + Pref. Div	2.8	2.4	2.4	2.4	1.9	2.4
22	GCF / Interest Coverage(4)(x)	4.7	4.3	4.2	4.5	3.7	4.3
23	Coverage of Common Dividends(5)(x)	4.3	3.9	4.1	4.3	4.7	4.3
24	Construction / Avg. Tot. Capital(%)	11.8	10.5	9.0	7.8	8.1	9.4
25	NCF / Construction(6)(%)	87.4	86.7	100.2	138.2	88.8	100.2
26	AFC / Income for Common Stock	1.1	3.8	2.3	2.8	1.6	2.3
27	GCF / Avg. Tot. Debt(7)(%)	23.8	21.6	20.0	23.7	16.2	21.1
28	GCF / Permanent Capital(8)(%)	13.7	12.6	12.0	14.4	10.9	12.7

See page 2 of this Schedule for notes.

S&P Public Utilities
Five Year Analysis
2003-2007

Notes:

- (1) Market value weighted achieved results for each individual company based upon the financials as originally reported.
- (2) Computed by relating total debt interest, long-term debt interest and preferred dividend expense to average of beginning and ending balance of the respective capital outstanding.
- (3) The coverage calculations, both including and excluding AFC, represent the number of times available earnings cover the various fixed charges. It should be noted that the pretax coverage including preferred dividends has been grossed up for the income tax paid on the preferred dividends.
- (4) GCF or gross cash flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less AFC), plus interest charges, divided by interest charges.
- (5) GCF (see note 4) less all preferred dividends which cover common dividends.
- (6) The percent of GCF (see note 4) less all cash dividends which cover gross construction expenditures.
- (7) GCF (see note 4) as a percentage of Permanent Capital (long-term debt, current maturities and preferred, preference and common equity).
- (8) GCF (see note 4) as a percentage of average total debt.
- (9) Average of the second, third and fourth quintile values.

Source of Information: Standard & Poor's, Moody's and Annual Reports

Risk Measures for the Common Stock of the
The Water Group Followed by Analysts and the S&P Utilities

	Recent S&P Issuer Credit Rating	Stock Exchange for Company	Recent S&P Common Stock Ranking	Value Line Beta	Recent Market Value (Mill \$)	Recent S&P Market Size Index	Market Quartile	Market Quartile Name
<u>Water Group Followed by Analysts</u>								
American States Water Co	A	New York Stock Exchange	Average (B+)	1.00	603.850	S&P SmallCap 600	4	Mico-Cap
Aqua America Inc	A+	New York Stock Exchange	High (A)	0.95	2,462.709	S&P MidCap 400	2	Mid-Cap
Artesian Resources	-	NASDAQ/ NMS/ OTC Bul Brd	Above Average (A-)	-	137.935	NOT in a S&P Index	4	Mico-Cap
California Water Service Gp	A+	New York Stock Exchange	Average (B+)	1.10	801.709	NOT in a S&P Index	3	Low-Cap
SJW Corp	-	New York Stock Exchange	Above Average (A-)	-	552.747	NOT in a S&P Index	4	Mico-Cap
Southwest Water Co	-	NASDAQ/ NMS/ OTC Bul Brd	Average (B+)	1.00	272.206	NOT in a S&P Index	4	Mico-Cap
York Water Co	A-	NASDAQ/ NMS/ OTC Bul Brd	-	-	178.888	NOT in a S&P Index	4	Mico-Cap
Average	<u>A</u>		<u>Above Average (A-)</u>	<u>1.01</u>	<u>552.747</u>	<u>NOT in a S&P Index</u>	<u>4</u>	<u>Mico-Cap</u>
<u>S&P Public Utilities</u>								
AES Corp	BB-	New York Stock Exchange	Below Average (B)	1.20	11,653.369	S&P 500	1	Large-Cap
Allegheny Energy Inc	BBB-	New York Stock Exchange	Below Average (B)	1.15	9,016.449	S&P 500	2	Mid-Cap
Ameren Corp	BBB-	New York Stock Exchange	Above Average (A-)	0.80	9,467.947	S&P 500	1	Large-Cap
American Electric Power	BBB	New York Stock Exchange	Below Average (B)	0.85	17,898.951	S&P 500	1	Large-Cap
CenterPoint Energy Inc	BBB	New York Stock Exchange	Below Average (B)	0.95	4,988.614	S&P 500	2	Mid-Cap
CMS Energy Corp	BBB-	New York Stock Exchange	Lowest (C)	1.05	3,284.174	S&P 500	2	Mid-Cap
Consolidated Edison Inc	A-	New York Stock Exchange	Average (B+)	0.75	11,340.784	S&P 500	1	Large-Cap
Constellation Energy Grp Inc	BBB+	New York Stock Exchange	Average (B+)	0.90	15,061.267	S&P 500	1	Large-Cap
Dominion Resources Inc	A-	New York Stock Exchange	Average (B+)	0.80	25,045.836	S&P 500	1	Large-Cap
DTE Energy Co	BBB	New York Stock Exchange	Below Average (B)	0.80	6,576.536	S&P 500	2	Mid-Cap
Duke Energy Corp	A-	New York Stock Exchange	Below Average (B)	-	23,134.777	S&P 500	1	Large-Cap
Dynegy Inc	B	New York Stock Exchange	Lowest (C)	1.25	4,314.146	S&P 500	2	Mid-Cap
Edison International	BBB-	New York Stock Exchange	Below Average (B)	0.90	16,996.830	S&P 500	1	Large-Cap
Entergy Corp	BBB	New York Stock Exchange	Above Average (A-)	0.85	22,092.861	S&P 500	1	Large-Cap
Exelon Corp	BBB+	New York Stock Exchange	Average (B+)	0.85	56,075.137	S&P 500	1	Large-Cap
FirstEnergy Corp	BBB	New York Stock Exchange	Above Average (A-)	0.80	23,057.719	S&P 500	1	Large-Cap
FPL Group Inc	A	New York Stock Exchange	Above Average (A-)	0.80	27,054.275	S&P 500	1	Large-Cap
Integrus Energy Group Inc	A-	New York Stock Exchange	Above Average (A-)	0.85	3,659.945	S&P 500	2	Mid-Cap
NICOR Inc	AA	New York Stock Exchange	Below Average (B)	1.30	1,774.435	S&P 500	3	Low-Cap
NiSource Inc	BBB-	New York Stock Exchange	Below Average (B)	0.90	4,907.768	S&P 500	2	Mid-Cap
PG&E Corp	BBB	New York Stock Exchange	Below Average (B)	0.90	5,009.949	S&P 500	2	Mid-Cap
PG&E Corp	BBB	New York Stock Exchange	Below Average (B)	0.90	5,009.949	S&P 500	2	Mid-Cap
Pinnacle West Capital	BBB-	New York Stock Exchange	Average (B+)	0.80	3,415.043	S&P 500	2	Mid-Cap
PPL Corp	BBB	New York Stock Exchange	Average (B+)	0.90	17,895.949	S&P 500	1	Large-Cap
Progress Energy Inc	BBB+	New York Stock Exchange	Below Average (B)	0.80	10,925.084	S&P 500	1	Large-Cap
Public Service Entrp	BBB	New York Stock Exchange	Average (B+)	0.90	22,326.303	S&P 500	1	Large-Cap
Questar Corp	-	New York Stock Exchange	High (A)	1.05	10,742.728	S&P 500	1	Large-Cap
Sempra Energy	BBB+	New York Stock Exchange	Average (B+)	0.95	14,894.689	S&P 500	1	Large-Cap
Southern Co	A	New York Stock Exchange	Above Average (A-)	0.70	28,578.641	S&P 500	1	Large-Cap
TECO Energy Inc	BBB-	New York Stock Exchange	Below Average (B)	0.95	3,376.749	S&P 500	2	Mid-Cap
Xcel Energy Inc	BBB+	New York Stock Exchange	Below Average (B)	0.80	8,954.546	S&P 500	2	Mid-Cap
Average	<u>BBB</u>		<u>Average (B+)</u>	<u>0.91</u>	<u>13,823.595</u>	<u>S&P 500</u>	<u>1</u>	<u>Large-Cap</u>

Comparative Ratios
For Pennichuck Water Works, Inc.,
The Water Group Followed by Analysts
S&P Utilities, and S&P 500
For the Years 2003-2007(1)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>Five Year Average</u>
<u>Return on Common Equity(2)</u>						
Pennichuck Water Works, Inc.	10.1	4.5	5.1	7.1	6.0	6.6
Water Group Followed by Analysts	9.0	10.2	9.9	9.3	9.6	9.6
S&P Utilities	15.3	12.5	12.8	14.3	14.0	13.8
S&P 500	14.0	17.2	16.4	15.0	14.2	15.4
<u>Market/Book Multiple(3)</u>						
Water Group Followed by Analysts	2.5	2.7	2.5	2.2	2.2	2.4
S&P Utilities	2.6	2.3	2.3	1.9	2.1	2.2
S&P 500	2.8	2.8	2.8	2.9	2.8	2.8
<u>Earnings/Price Ratio(4)</u>						
Water Group Followed by Analysts	3.7	3.9	4.1	4.3	4.6	4.1
S&P Utilities	6.1	5.7	5.8	7.7	6.2	6.3
S&P 500	5.0	6.3	5.9	5.1	5.2	5.5
<u>Dividend Payout Ratio(5)</u>						
Pennichuck Water Works, Inc.	46.4	80.0	0.0	0.0	81.9	41.7
Water Group Followed by Analysts	69.2	62.7	62.0	69.0	71.9	67.0
S&P Utilities	47.6	59.1	61.3	58.0	33.3	51.9
S&P 500	37.3	29.9	31.1	33.2	35.3	33.4
<u>Dividend Yield(6)</u>						
Water Group Followed by Analysts	2.4	2.3	2.5	2.9	3.1	2.6
S&P Utilities	2.9	3.3	3.5	3.8	4.3	3.6
S&P 500	1.9	1.9	1.8	1.7	1.8	1.8

See next page for Notes.

Comparative Ratios For
Pennichuck Water Works, Inc., Water Group Followed by Analysts,
The S&P Utilities, and S&P 500
for the Years 2003-2007 (1)

Notes:

- (1) The average of achieved results for the companies in each group. The information for the S&P Public Utilities is market weighted. The information for the S&P 500 is based upon per share information adjusted to price index level.
- (2) Rate of Return on Average Book Common Equity - income available for common equity divided by average beginning and ending year's balance of book common equity.
- (3) Market/Book Ratio - average of yearly high-low market price divided by the average of beginning and ending year's book value per share.
- (4) Earnings/Price Ratio - reported earnings per share yearly divided by the average of yearly high-low market price.
- (5) Dividend Payout Ratio is computed by dividing the yearly reported dividends paid by the yearly income available for common equity.
- (6) Dividend Yield - yearly dividend per share divided by the average yearly high-low market price.

Source of Information: Standard & Poor's and Annual Reports

Capital Intensity and Capital Recovery
 For Pennichuck Water Works, Inc.,
 The Water Group Followed by Analysts, and S&P Utilities
For the Year 2007

	<u>Capital Intensity</u>	<u>Rate of Capital Recovery</u>	<u>Capital Recovery Years</u>
Pennichuck Water Works, Inc.	\$6.59	2.34%	42.7
Water Group Followed by Analysts	\$4.79	2.22%	47.7
S&P Utilities	\$2.36	3.71%	28.5

Relative Size of
Pennichuck Water Works, Inc.,
Versus the Water Group Followed by Analysts
For the Year 2007

	<u>Pennichuck Water Works, Inc.</u>	<u>Water Group Followed by Analysts</u>	<u>Water Group Followed by Analysts Vs. Pennichuck Water Works, Inc.</u>
Total Capitalization (000's)	\$98,423	\$664,053	6.7 x
Total Operating Revenues (000's)	\$21,548	\$254,122	11.8 x
Number of Customers	25,923	315,257	12.2 x

Institutional Holdings, Insider Holdings and Percentage of Shares Traded Annually for the
The Water Group Followed by Analysts and the S&P Utilities

	Water Group Followed by <u>Analysts</u>	S&P <u>Public Utilities</u>
Percentage of common shares held by insiders (1)	11.0%	2.4%
Percentage of common shares held by institutions (2)	40.4%	66.7%
Percentage Of Common Shares Traded In 2006	84%	132%
Percentage Of Common Shares Traded In 2007	133%	176%
Average Number Of Months For All Common Shares To Turnover (3)	16.8	8.9

Notes: (1) An insider is a director or an officer who has a policy-making role or a person who is directly or indirectly the beneficial owner of more than 10% of a certain company's stock. An insider may be either an individual or a corporation. Insiders are required to disclose their purchase/sale transactions to the SEC in which a change in beneficial ownership has occurred. The filings must be submitted before the end of the second business day following the day on which the transaction had been executed.

(2) Institutional holders are those investment managers having a fair market value of equity assets under management of \$100 million or more. Certain banks, insurance companies, investment advisers, investment companies, foundations and pension funds are included in this category.

(3) Based on average turnover (shares traded) over the past five years.

Bond and Credit Ratings for
Pennichuck Water Works, Inc. and
The Water Group Followed by Analysts

	S&P Credit Rating	<u>S&P Business Position</u>	
Pennichuck Water Works, Inc.	<u>Baa3</u> *	<u>NA</u>	<u>NA</u>
Pennichuck Water Works, Inc. - (Insured Rating for the \$50 Million Water Revenue Bonds, 2005 Series)	<u>Aaa</u> **	<u>NA</u>	<u>NA</u>
<u>Water Group Followed by Analysts</u>			
American States Water Co	A-	3 - Above Average	3
Aqua America Inc ***	A+	2 - Well-above-average	2
Artesian Resources	-	-	-
California Water Service Gp	A+	3 - Above Average	3
SJW Corp	-	-	-
Southwest Water Co	-	-	-
York Water Co	A-	2 - Well-above-average	2
Average	<u>A</u>	<u>2 - Well-above-average</u>	<u>2.5</u>

* - Baa3 rating shown is a Moody's rating. Equivalent to a S&P rating of BBB-.

** - An insured Aaa rating shown is a Moody's rating. Equivalent to an insured rating of AAA by S&P.

*** - The A+ bond rating and the "Business Position" is that for Aqua Pennsylvania, Inc.

Comparison of Standard & Poor's Measures of Financial Risk
For Pennichuck Water Works, Inc., and
The Water Group Followed by Analysts(1)

Trend in Standard & Poor's Measures of
Financial Risk (Five-Year Average 2003-07)

	<u>Pennichuck Water Works, Inc.</u>	<u>Water Group Followed by Analysts</u>
PreTax Interest Coverage(2)(x)	2.6 x	3.2 x
Total Debt/Total Capital(%)	52.3 %	51.5 %
GCF / Interest Coverage(3)(x)	3.9 x	3.9 x
GCF / Average Total Debt(4)(%)	17.1 %	19.1 %
NCF / Construction(5)(%)	57.6 %	46.7 %

Spot in Standard & Poor's Measures of
Financial Risk (For the Year 2007)

	<u>Pennichuck Water Works, Inc.</u>	<u>Water Group Followed by Analysts</u>
PreTax Interest Coverage(2)(x)	3.9 x	3.2 x
Total Debt/Total Capital(%)	59.1 %	50.2 %
GCF / Interest Coverage(3)(x)	5.2 x	3.7 x
GCF / Average Total Debt(4)(%)	16.9 %	17.3 %
NCF / Construction(5)(%)	62.2 %	43.9 %

See the next page for notes.

Comparison of Standard & Poor's Measures of Financial Risk
Pennichuck Water Works, Inc. and
The Water Group Followed by Analysts

Notes:

- (1) Average of the achieved results for each individual company based upon the financials as originally reported.
- (2) Represents the number of times available earnings, excluding AFC, cover all interest charges.
- (3) GCF or gross cash flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less AFC), plus interest charges, divided by interest charges.
- (4) GCF (see note 3) as a percentage of average total debt.
- (5) The percent of GCF (see note 3) less all cash dividends which cover gross construction expenditures.

Source of Information: Standard & Poor's and Annual Reports

Distribution of Bond and Credit Ratings for
All Companies Contained in S&P's *Compustat* Database (1)

Number of Companies In Each Grouping	S&P Bond and Credit Ratings				Range of Reported Permanent Capital By Groupings (Million \$)		
	Average	Median	Maximum	Minimum	Smallest	Median	Largest
100	B	B	A	Default	-25,767.000	144.145	238.252
100	B+	B+	A	Default	238.408	314.620	389.913
100	BB-	B+	AA-	CCC+	391.292	491.081	572.836
100	BB	BB-	AA	CCC-	574.640	662.030	737.548
100	BB	BB-	A+	Default	738.500	806.418	889.198
100	BB	BB	AA-	CCC	889.654	1,030.922	1,131.888
100	BB+	BB+	AA	B-	1,134.954	1,253.162	1,375.000
100	BBB-	BBB-	AA-	CCC	1,375.268	1,513.956	1,650.138
100	BB+	BBB-	A+	B-	1,650.600	1,796.650	1,975.909
100	BBB-	BBB	AA+	CCC	1,977.029	2,205.570	2,449.933
100	BBB-	BBB-	AA	B-	2,454.209	2,793.254	3,098.000
100	BBB-	BBB-	AA	B-	3,103.788	3,439.692	3,859.822
100	BBB	BBB	AA	B-	3,875.768	4,304.522	4,944.000
100	BBB	BBB	AAA	CCC+	4,957.412	5,667.446	6,565.171
100	BBB	BBB	AA	B	6,589.707	7,327.000	8,629.033
100	BBB+	BBB+	AAA	B+	8,664.300	9,936.627	11,958.765
100	BBB+	A-	AA+	CCC+	11,961.330	14,838.400	18,986.775
100	A	A-	AAA	B	19,207.000	24,096.250	39,888.000
80	A+	A+	AAA	B	39,975.699	86,015.500	488,400.000
Total	1,880						

Number of Companies In Each Grouping	Range of Reported Permanent Capital By Groupings (Million \$)			Distribution of S&P Bond and Credit Ratings By Size Grouping								
	Smallest	Median	Largest	AAA	AA	A	BBB	BB	B	CCC	CC	Default
100	-25,767.000	144.145	238.252	0%	0%	6%	2%	9%	57%	18%	1%	7%
100	238.408	314.620	389.913	0%	0%	1%	7%	24%	61%	6%	0%	1%
100	391.292	491.081	572.836	0%	2%	7%	8%	29%	52%	2%	0%	0%
100	574.640	662.030	737.548	0%	1%	6%	16%	35%	39%	3%	0%	0%
100	738.500	806.418	889.198	0%	0%	7%	22%	45%	24%	1%	0%	1%
100	889.654	1,030.922	1,131.888	0%	1%	5%	29%	39%	23%	3%	0%	0%
100	1,134.954	1,253.162	1,375.000	0%	3%	10%	29%	42%	16%	0%	0%	0%
100	1,375.268	1,513.956	1,650.138	0%	2%	14%	40%	28%	13%	3%	0%	0%
100	1,650.600	1,796.650	1,975.909	0%	0%	10%	47%	29%	14%	0%	0%	0%
100	1,977.029	2,205.570	2,449.933	0%	2%	15%	51%	21%	10%	1%	0%	0%
100	2,454.209	2,793.254	3,098.000	0%	1%	18%	49%	24%	8%	0%	0%	0%
100	3,103.788	3,439.692	3,859.822	0%	2%	20%	40%	27%	11%	0%	0%	0%
100	3,875.768	4,304.522	4,944.000	0%	3%	22%	45%	20%	10%	0%	0%	0%
100	4,957.412	5,667.446	6,565.171	2%	1%	23%	41%	23%	9%	1%	0%	0%
100	6,589.707	7,327.000	8,629.033	0%	4%	28%	47%	14%	7%	0%	0%	0%
100	8,664.300	9,936.627	11,958.765	1%	5%	27%	49%	16%	2%	0%	0%	0%
100	11,961.330	14,838.400	18,986.775	0%	8%	43%	38%	9%	1%	1%	0%	0%
100	19,207.000	24,096.250	39,888.000	5%	13%	51%	26%	3%	2%	0%	0%	0%
80	39,975.699	86,015.500	488,400.000	10%	35%	40%	10%	1%	4%	0%	0%	0%
1,880												

Note: (1) Includes all companies contained in S&P's *Compustat* North American Database that have a S&P bond or credit ratings and reported permanent capital for the year 2005. Companies were sorted based on amount of reported permanent capital and then separated into groups of 100 companies from smallest to largest.

Interest Rate Trends for
Investor-Owned Public Utility Bonds
Yearly for 2002-2006, Monthly for the Years 2007 and 2008

<u>Years</u>	<u>Aaa Rated</u>	<u>Aa Rated</u>	<u>A Rated</u>	<u>Baa Rated</u>
2002	NA	7.19	7.37	8.02
2003	NA	6.40	6.58	6.84
2004	NA	6.04	6.16	6.40
2005	NA	5.44	5.65	5.93
2006	NA	5.83	6.07	6.32
Average	NA	6.18	6.37	6.70
Jan 2007	NA	5.78	5.98	6.16
Feb 2007	NA	5.73	5.90	6.10
Mar 2007	NA	5.66	5.85	6.10
Apr 2007	NA	5.83	5.97	6.24
May 2007	NA	5.86	5.99	6.23
Jun 2007	NA	6.18	6.30	6.54
Jul 2007	NA	6.10	6.25	6.49
Aug 2007	NA	6.11	6.24	6.51
Sep 2007	NA	6.10	6.18	6.45
Oct 2007	NA	6.04	6.11	6.36
Nov 2007	NA	5.87	5.97	6.27
Dec 2007	NA	6.03	6.16	6.51
Avg 2007	NA	5.94	6.08	6.33
Jan 2008	NA	5.87	6.02	6.35
Feb 2008	NA	6.04	6.21	6.60
Mar 2008	NA	5.99	6.21	6.68
Apr 2008	NA	5.99	6.29	6.82
May 2008 <i>E</i>	NA	6.01	6.27	6.77

Source of Information: MERGENT BOND RECORD

Credit Risk Spreads of
Investor-Owned Public Utility Bonds
Yearly for 2002-2006, Monthly for the Years 2007 and 2008

<u>Years</u>		Aa Over <u>Aaa</u>	A Over <u>Aa</u>	Baa Over <u>A</u>	Baa Over <u>Aaa</u>
	2002	NA	0.18	0.65	NA
	2003	NA	0.19	0.26	NA
	2004	NA	0.12	0.23	NA
	2005	NA	0.21	0.28	NA
	2006	NA	0.24	0.25	NA
Average		NA	0.18	0.33	NA
Jan	2007	NA	0.20	0.18	NA
Feb	2007	NA	0.17	0.20	NA
Mar	2007	NA	0.19	0.25	NA
Apr	2007	NA	0.14	0.27	NA
May	2007	NA	0.13	0.24	NA
Jun	2007	NA	0.12	0.24	NA
Jul	2007	NA	0.15	0.24	NA
Aug	2007	NA	0.13	0.27	NA
Sep	2007	NA	0.08	0.27	NA
Oct	2007	NA	0.07	0.25	NA
Nov	2007	NA	0.10	0.30	NA
Dec	2007	NA	0.13	0.35	NA
Avg	2007	NA	0.13	0.26	NA
Jan	2008	NA	0.15	0.33	NA
Feb	2008	NA	0.17	0.39	NA
Mar	2008	NA	0.22	0.47	NA
Apr	2008	NA	0.30	0.53	NA
May	2008 <i>E</i>	NA	0.26	0.50	NA

Source of Information: MERGENT BOND RECORD

Interest Rate Trends
Of Long-Term Treasury Constant
Yearly for 2002-2006, Monthly for the Years 2007 and 2008

<u>Years</u>		<u>10-Year T-Bond</u>	<u>20-Year T-Bond</u>	<u>30-Year T-Bond</u>	<u>Long-term T-Bond Yield</u>
2002		4.61	5.43	5.45	5.16
2003		4.02	4.96	NA	4.49
2004		4.27	5.05	NA	4.66
2005		4.20	4.69	NA	4.45
2006		4.79	4.99	NA	4.99
Average		4.38	5.02	5.45	4.75
Jan	2007	4.76	4.95	4.85	4.90
Feb	2007	4.72	4.93	4.82	4.88
Mar	2007	4.56	4.81	4.72	4.77
Apr	2007	4.69	4.95	4.87	4.91
May	2007	4.75	4.98	4.90	4.94
Jun	2007	5.10	5.29	5.20	5.25
Jul	2007	5.00	5.19	5.11	5.15
Aug	2007	4.67	5.00	4.93	4.97
Sep	2007	4.52	4.84	4.79	4.82
Oct	2007	4.53	4.83	4.77	4.80
Nov	2007	4.15	4.56	4.52	4.54
Dec	2007	4.10	4.57	4.53	4.55
Avg	2007	4.63	4.91	4.83	4.87
Jan	2008	3.74	4.35	4.33	4.34
Feb	2008	3.74	4.49	4.52	4.51
Mar	2008	3.51	4.36	4.39	4.38
Apr	2008	3.68	4.44	4.44	4.44
May	2008 <i>E</i>	3.88	4.60	4.60	4.60

Source of Information: Federal Reserve Bulletin

Spread in Average Long-Term Bond Yields
Versus Public Utility Bond Yields
Yearly for 2002-2006, Monthly for the Years 2007 and 2008

<u>Spread in Average Long-Term T-Bond Yields Versus Public Utility Bonds:</u>					
	<u>Years</u>	<u>Aaa Rated</u>	<u>Aa Rated</u>	<u>A Rated</u>	<u>Baa Rated</u>
	2002	NA	2.03	2.21	2.86
	2003	NA	1.91	2.09	2.35
	2004	NA	1.38	1.50	1.74
	2005	NA	1.00	1.20	1.48
	2006	NA	0.84	1.08	1.33
	Average	NA	1.43	1.62	1.95
Jan	2007	NA	0.88	1.08	1.26
Feb	2007	NA	0.86	1.03	1.23
Mar	2007	NA	0.90	1.09	1.34
Apr	2007	NA	0.92	1.06	1.33
May	2007	NA	0.92	1.05	1.29
Jun	2007	NA	0.94	1.06	1.30
Jul	2007	NA	0.95	1.10	1.34
Aug	2007	NA	1.15	1.28	1.55
Sep	2007	NA	1.29	1.37	1.64
Oct	2007	NA	1.24	1.31	1.56
Nov	2007	NA	1.33	1.43	1.73
Dec	2007	NA	1.48	1.61	1.96
Avg	2007	NA	1.07	1.21	1.46
Jan	2008	NA	1.53	1.68	2.01
Feb	2008	NA	1.54	1.71	2.10
Mar	2008	NA	1.62	1.84	2.31
Apr	2008	NA	1.55	1.85	2.38
May	2008 <i>E</i>	NA	1.41	1.67	2.17

Comment: Derived from the information on pages 1 and 3 of this Schedule.

Interest Rate Trends for
Federal Funds Rate and Prime Rate
Yearly for 2002-2006, Monthly for the Years 2007 and 2008

<u>Years</u>		<u>Fed Funds Rate</u>	<u>Prime Rate</u>
	2002	1.67	4.68
	2003	1.13	4.12
	2004	1.35	4.34
	2005	2.39	5.37
	2006	4.96	7.96
Average		2.30	5.29
Jan	2007	5.25	8.25
Feb	2007	5.26	8.25
Mar	2007	5.26	8.25
Apr	2007	5.25	8.25
May	2007	5.25	8.25
Jun	2007	5.25	8.25
Jul	2007	5.26	8.25
Aug	2007	5.02	8.25
Sep	2007	4.94	8.03
Oct	2007	4.76	7.74
Nov	2007	4.49	7.50
Dec	2007	4.24	7.33
Avg	2007	5.02	8.05
Jan	2008	3.94	6.98
Feb	2008	2.98	6.00
Mar	2008	2.61	5.66
Apr	2008	2.28	5.24
May	2008 <i>E</i>	1.98	5.00

Source of Information: Federal Reserve Bulletin

Blue Chip Financial Forecasts - June 1, 2008

	Second Quarter <u>2008</u>		Third Quarter <u>2008</u>		Fourth Quarter <u>2008</u>		First Quarter <u>2009</u>		Second Quarter <u>2009</u>		Five Quarter <u>Average</u>	
<u>Prime Rate</u>												
Top Ten Average	5.1	%	5.0	%	5.1	%	5.5	%	6.0	%	5.3	%
Group Average	5.1		5.0		5.0		5.1		5.3		5.1	
Bottom Ten Average	5.0		4.9		4.8		4.7		4.8		4.8	
<u>Three-Month Treasury Bills</u>												
Top Ten Average	1.8		2.0		2.1		2.4		2.9		2.2	
Group Average	1.6		1.7		1.7		1.9		2.2		1.8	
Bottom Ten Average	1.4		1.3		1.3		1.4		1.5		1.4	
<u>Ten Year Treasury Notes</u>												
Top Ten Average	3.9		4.1		4.4		4.6		4.7		4.3	
Group Average	3.8		3.9		3.9		4.1		4.2		4.0	
Bottom Ten Average	3.6		3.6		3.5		3.6		3.7		3.6	
<u>Thirty Year Treasury Bonds</u>												
Top Ten Average	4.6		4.8		4.9		5.1		5.2		4.9	
Group Average	4.5		4.5		4.6		4.7		4.8		4.6	
Bottom Ten Average	4.3		4.2		4.1		4.2		4.3		4.2	
<u>Aaa-Rated Corporate Bonds</u>												
Top Ten Average	5.7		5.9		6.0		6.1		6.3		6.0	
Group Average	5.5		5.6		5.6		5.6		5.8		5.6	
Bottom Ten Average	5.3		5.2		5.1		5.2		5.2		5.2	
<u>Baa-Rated Corporate Bonds</u>												
Top Ten Average	7.0		7.2		7.3		7.5		7.6		7.3	
Group Average	6.9		6.9		6.9		6.9		7.0		6.9	
Bottom Ten Average	6.6		6.6		6.4		6.3		6.3		6.4	

Derived Public Utility Bond Yield Forecasts Based on Aaa and Baa Corporate YieldsAa-Rated Public Utility Bonds

Top Ten Average	6.2	6.4	6.5	6.7	6.8	6.5
Group Average	6.1	6.1	6.1	6.1	6.3	6.1
Bottom Ten Average	5.8	5.8	5.6	5.6	5.6	5.7

A-Rated Public Utility Bonds

Top Ten Average	6.4	6.6	6.7	6.8	7.0	6.7
Group Average	6.2	6.3	6.3	6.3	6.4	6.3
Bottom Ten Average	6.0	5.9	5.8	5.8	5.8	5.9

Baa-Rated Public Utility Bonds

Top Ten Average	6.7	6.9	7.0	7.2	7.3	7.0
Group Average	6.6	6.6	6.6	6.6	6.8	6.6
Bottom Ten Average	6.3	6.3	6.1	6.1	6.1	6.2

Settled Yields on Treasury Bond
Future Contracts
Traded on the Chicago Board of Trade
at the Close of June 02, 2008

<u>Delivery Date</u>	<u>Treasury Bonds (CBOT)</u>
Jun-08	4.819 %
Sep-08	4.886
Dec-08	4.958
Mar-09	5.049
Jun-09	<u>5.117</u>
Average	<u>4.853 %</u>

Source of Information: Chicago Board of Trade

Market Value Discounted Cash Flow for
The Water Group Followed by Analysts

	Water Group Followed by <u>Analysts</u>
Dividend Yield(1)	2.7 %
Growth in Dividends(2)	<u>0.1</u>
Adjusted Dividend Yield	2.8
Stock Appreciation(3)	<u>8.2</u>
Market Value DCF Cost Rate	<u><u>11.0 %</u></u>

- Notes: (1) Developed on page 2 of this Schedule.
(2) Equal to one-half the assumed growth in value.
(3) As explained in the direct testimony, the growth in value
is supported by the information shown on Schedules 15 and 16.

Market Value Dividend Yield for
the Water Group Followed by Analysts
for the Twelve Months Ended April 2008

	Recent Dividend <u>Yields(1)</u>	Longer Term Dividend <u>Yields(2)</u>	Average <u>Yields</u>
<u>Water Group Followed by Analysts</u>			
American States Water Co	2.7 %	2.6 %	
Aqua America Inc	2.7	2.3	
Artesian Resources	3.8	3.6	
California Water Service Gp	3.0	3.0	
SJW Corp	2.2	1.9	
Southwest Water Co	2.1	1.9	
York Water Co	<u>3.1</u>	<u>2.9</u>	
Average	<u>2.8 %</u>	<u>2.6 %</u>	<u>2.7 %</u>

- Notes: (1) Computed by annualizing the current quarterly dividend per share and relating it to the monthly high-low average price per share of common stock for April 2008.
- (2) Computed by annualizing the current quarterly dividend per share and relating it to the monthly high-low average price per share of common stock for the twelve months ended April 2008.

Source of Information: Standard & Poor's

Development of Long Term Projected Growth in Value
Based Upon Growth Over The Next Five Years
For the Water Group Followed by Analysts

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
	Analysts' Projected Growth in EPS			Other Projected Growth			
	First Call EPS <u>Growth</u>	ZACK's EPS <u>Growth</u>	Value Line EPS <u>Growth</u>	Value Line DPS <u>Growth</u>	Value Line Cash Flow <u>Growth</u>	Average EPS <u>Growth</u>	Average All <u>Growth</u>
<u>Water Group Followed by Analysts</u>							
American States Water Co	7.6 %	10.0 %	10.0 %	5.0 %	8.0 %	9.2 %	8.1 %
Aqua America Inc	9.2	9.8	7.5	9.5	7.0	8.8	8.6
Artesian Resources	5.0	5.0	-	-	-	5.0	5.0
California Water Service Gp	8.6	8.0	9.5	1.0	6.0	8.7	6.6
SJW Corp	10.0	10.0	-	-	-	10.0	10.0
Southwest Water Co	6.0	8.5	14.0	7.5	11.0	9.5	9.4
York Water Co	<u>8.0</u>	<u>11.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9.8</u>	<u>9.8</u>
Average	<u>7.8 %</u>	<u>9.0 %</u>	<u>10.3 %</u>	<u>5.8 %</u>	<u>8.0 %</u>	<u>8.7 %</u>	<u>8.2 %</u>

Source of Information: Value Line Investment Survey, 4/25/08
FirstCall 6/02/08; and
Zacks Investment Research 6/02/08

Recent Payout Ratios,
ROEs, P-E Multiples, Market/Book Multiples, and Market Value
For the Water Group Followed by Analysts

	Current Dividend <u>Payout</u>	Current Return on <u>Equity</u>	PE <u>Mult</u>	Market to Book <u>Mult</u>	Current Market Value (Mill \$)
Pennichuck Corp	<u>78</u>	<u>13.0</u>	<u>16.5</u>	<u>2.15</u>	<u>97.909</u>
<u>Water Group Followed by Analysts</u>					
American States Water Co	59	9.6	22.9	2.05	603.850
Aqua America Inc	67	9.6	26.3	2.57	2,462.709
Artesian Resources	71	7.5	21.3	1.61	137.935
California Water Service Gp	77	7.8	26.9	2.04	801.709
SJW Corp	57	8.5	27.3	2.22	552.747
Southwest Water Co	-112	-3.0	@NM	1.70	272.206
York Water Co	<u>83</u>	<u>9.7</u>	<u>27.9</u>	<u>2.51</u>	<u>178.888</u>
Average	<u>43</u>	<u>7.1</u>	<u>25.4</u>	<u>2.10</u>	<u>715.720</u>
Avg VL Cos.	<u>23</u>	<u>6.0</u>			
Average Exclud. Southwest Water	<u>69</u>	<u>8.8</u>			
Avg VL Cos. Exclud. Southwest Water	<u>68</u>	<u>9.0</u>			

Source of Information: Quarterly Reports, Standard & Poor's and Value Line

Value Line Projected ROE Based on Year-End and Average,
Dividend Payout Ratio, and Common Equity Ratio for
The Water Group Followed by Analysts for 2011-2013

	Value Line Projected <u>ROE</u>	Projected Average ROE <u>(1)</u>	Value Line Projected Dividend <u>Payout</u>	Value Line Projected Common Equity <u>Ratio</u>
<u>Water Group Followed by Analysts</u>				
American States Water Co	13.5 %	13.8 %	49.0 %	50.0 %
Aqua America Inc	11.5	11.8	66.4	49.0
Artesian Resources	--	--	--	--
California Water Service Gp	11.5	11.8	49.4	51.5
SJW Corp	--	--	--	--
Southwest Water Co	9.5	10.3	42.9	60.0
York Water Co	--	--	--	--
Average	<u>11.5</u> %	<u>11.9</u> %	<u>51.9</u> %	<u>52.6</u> %

Notes: (1) Value Line ROE, which is a year-end ROE, is converted to average ROE by the factor derived from the following formula: $2((1+g)/(2+g))$, where "g" is the rate of growth in common equity.

Source of Information: Value Line Investment Survey, 4/25/08

Illustration of the
Effect of Market-To-Book Ratio on Market Return

<u>Ln #</u>	<u>Situation 1</u>	<u>Situation 2</u>	<u>Situation 3</u>
1 M/B Ratio	50%	100%	200%
2 Market Purchase Price	\$25.00	\$50.00	\$100.00
3 Book Value	\$50.00	\$50.00	\$50.00
4 DCF Return	10.0%	10.0%	10.0%
5 DCF Dollar Return	\$5.00	\$5.00	\$5.00
6 Dividend Yield	5.0%	5.0%	5.0%
7 DPS	\$1.25	\$2.50	\$5.00
8 Dollar Growth in Value	\$3.75	\$2.50	\$0.00
9 Market Sale Price	\$28.75	\$52.50	\$100.00
10 Total Market Return	20.0%	10.0%	5.0%

"The simple numerical illustration....demonstrates the impact of market-to-book ratios on the DCF market return....The DCF cost rate of 10%, made up of a 5% dividend yield and a 5% growth rate, is applied to the book value rate base of \$50 to produce \$5.00 of earnings. Of the \$5.00 of earnings, the full \$5.00 are required for dividends to produce a dividend yield of 5.0% on a stock price of \$100.00, and no dollars are available for growth. The investor's return is therefore only 5% versus his required return of 10%. A DCF cost rate of 10%, which implies \$10.00 of earnings, translates to only \$5.00 of earnings on book value, or a 5% return.....Therefore, the DCF cost rate understates the investor's required return when stock prices are well above book, as is the case presently."

The above illustration is taken from Roger A Morin, Regulatory Finance - Utilities' Cost of Capital, Public Utility Reports, Inc., 1994, pp. 236-237.

Differences in Book Value and Market Values for the
Water Group Followed by Analysts

	Recent Book Value Capitalization Ratios (12/31/07)	Recent Market Value Capitalization Ratios	Average Book Value of Common Equity (Millions)	Average Market Value of Common Equity (Millions)	Difference in Market Value and Book Value Common Equity
<u>Water Group Followed by Analysts:</u>					
Long Term Debt	48.4 %	31.1 %			
Preferred Stock	0.1	0.0			
Common Equity	<u>51.5</u>	<u>68.9</u>	<u>\$316.030</u>	<u>\$715.720</u>	<u>\$399.691</u>
Total	<u>100.0 %</u>	<u>100.0 %</u>			

Financial Risk Adjustment Using the "Hamada Model"

Water Group Followed by Analysts

Line No.	<u>Market Value @ (12/31/07)</u>				
	<u>DEBT</u> (D)	<u>PREF</u> (P)	<u>CE</u> (E)	<u>TAX</u> (t)	<u>BETA</u> (BI)
1 .					
2 .	31.1%	0.0%	68.9%	39.600%	1.01
3 .	$BI = BU (1 + (1-t)D/E + P/E)$				
4 .	1-t =	0.6040			
5 .	D/E =	0.4514			
6 .	P/E =	0.0000			
7 .	BI =	BU *	1.2726		
8 .	BU =	0.79			

Water Group Followed by Analysts

<u>Book Value @ (12/31/07)</u>				
	<u>DEBT</u> (D)	<u>PREF</u> (P)	<u>CE</u> (E)	<u>TAX</u> (t)
9 .				
10 .				
11 .	48.40%	0.10%	51.50%	39.600%
12 .	$BI = BU (1 + (1-t)D/E + P/E)$			
13 .	1-t =	0.6040		
14 .	D/E =	0.9398		
15 .	P/E =	0.0019		
16 .	BI =	BU *	1.5696	
17 .	BI =	1.25		

Cost Adjustment Based on Risk Premium

18 .	Barometer Group's Beta	=	<u>1.01</u>
19 .	Beta difference	=	0.24
20 .	Risk premium	=	<u>4.2</u>
21 .	Risk adjustment	=	<u>1.0</u>

Market Value CAPM for
The Water Group Followed by Analysts

Water Group
Followed by
Analysts

Estimation Based Upon Historical Information

Market Premium(1)	7.1 %
x Beta(2)	<u>1.01</u>
Risk Adjusted Market Premium	7.2
Size Adjustment Premium(2)	1.9
Plus Risk Free Rate(1)	<u>4.7</u>
Market Value CAPM Cost Rate	<u><u>13.8 %</u></u>

Estimation Based Upon Projected Information

Market Premium(1)	8.7 %
x Beta(2)	<u>1.01</u>
Risk Adjusted Market Premium	8.8
Size Adjustment Premium(2)	1.9
Plus Risk Free Rate(1)	<u>4.7</u>
Market Value CAPM Cost Rate	<u><u>15.4 %</u></u>

Notes: (1) Developed on page 2 of this Schedule.
(2) Developed on page 4 of this Schedule.

Development of Market Premiums for Use in a CAPM Model

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
Value Line Summary & Index Month End Edition	Forecasted Market Dividend Yield	Stock Price Appreciation Next 3-5 Years	Annual Price Appreciation(1)	Annual Total Return(1)	Midpoint Market Return(2)	Average Market Return(3)	CAPM Projected Market Return(6)
June-07	1.6 %	35 %	7.8 %	9.4 %			
July-07	1.6	35	7.8	9.4			
August-07	1.8	45	9.7	11.5			
September-07	1.7	45	9.7	11.4			
October-07	1.8	40	8.8	10.6			
November-07	1.9	55	11.6	13.5			
December-07	2.0	55	11.6	13.6			
January-08	2.2	70	14.2	16.4			
February-08	2.1	70	14.2	16.3			
March-08	2.1	75	15.0	17.1			
April-08	2.1	75	15.0	17.1			
May-08	2.1	65	13.3	15.4			
					<u>13.3</u> %	<u>13.5</u> %	13.4 %
					Less Risk Free Rate(4)		<u>4.7</u>
					Estimated Market Premium Based Upon Projected Information (1)		<u>8.7</u> %
					Estimated Market Premium Based Upon Historical Information (5)		<u>7.1</u> %

See next page of this Schedule for Notes.

CAPM
The Water Group Followed by Analysts

- Notes: (1) A projected market premium is based upon the projected market return rate derived from the Value Line Summary and Index for the various dates shown. For example, Value Line projects (May-08) that the market will appreciate in price 65% over the next three to five years. Using a four-year midpoint estimate, Value Line's appreciation potential equates to 13.3% annually ($[1.65]^{.25}$). Additionally, Value Line estimates the market will have a dividend yield of 2.1%. Combining the market dividend yield of 2.1% with the market appreciation results in a projected market return rate of 15.4% (13.3% + 2.1%).
- (2) Mid point of the month-end total market returns in Column E.
- (3) Average 12-month total market return in Column E.
- (4) As discussed in the direct testimony, the risk-free rate is 4.7%.
- (5) The historical market premium is based upon studies conducted by Ibbotson Associates concerning asset returns. Ibbotson Associates' asset return studies are the most noted asset return rate studies available today. The results are widely disseminated throughout the investment public. Ibbotson Associates' long-term common stock total market return is 12.3% which, when reduced by the long-term historic risk-free rate of 5.2% results in a market premium of 7.1% (12.3% - 5.2%).

Recent Market Values and
Beta Adjusted Ibbotson Associates Size Premiums
For the Water Group Followed by Analysts

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
	Recent Market <u>Value</u> (Mill \$)	Market Quartile <u>Name</u>	Market <u>Quartile</u>	Quartile Size <u>Premium</u>	Quartile <u>Beta</u>	Value Line <u>Beta</u>	Beta <u>Ratio</u>	Beta Adjusted Quartile Size <u>Premium</u>
<u>Water Group Followed by Analysts</u>								
American States Water Co	\$603.850	Mico-Cap	4	3.65	1.36	1.00	74%	2.7
Aqua America Inc	2,462.709	Mid-Cap	2	0.92	1.12	0.95	85%	0.8
Artesian Resources	137.935	Mico-Cap	4	3.65	1.36	NA	NA	-
California Water Service Gp	801.709	Low-Cap	3	1.65	1.22	1.10	90%	1.5
SJW Corp	552.747	Mico-Cap	4	3.65	1.36	NA	NA	-
Southwest Water Co	272.206	Mico-Cap	4	3.65	1.36	1.00	74%	2.7
York Water Co	178.888	<u>Mico-Cap</u>	<u>4</u>	<u>3.65</u>	<u>1.36</u>	NA	NA	-
Average		<u>Mico-Cap</u>	<u>4</u>	<u>3.65</u>	<u>1.41</u>	<u>1.01</u>	<u>81%</u>	<u>1.9</u>

Source of Information: Stocks, Bonds, Bills, and Inflation, 2008 Yearbook and Value Line

Market Value Risk Premium
For the Water Group Followed by Analysts

	Water Group Followed by <u>Analysts</u>
Prospective Public Utility Bond Yields(1)	6.1 %
Estimated Risk Premium(2)	<u>4.5</u>
Market Value Risk Premium Indicated Cost Rate	<u><u>10.6</u></u> %

Notes: (1) Based upon the current and prospective long-term debt cost rates, it is reasonable to expect that if the comparable group (i.e., Water Group) issued new long-term bonds, it would both be priced to yield about 6.2% based upon a credit profiles of A for the Water Group.

(2) A 4.5% risk premium is concluded for the Group after reviewing the tabulation of risk spreads shown on pages 2, 3 and 4 of this Schedule.

Development of the Project Risk Premium

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>
Value Line Summary & Index Month End Edition	Forecasted Market Dividend Yield	Stock Price Appreciation Next 3-5 Years	Annual Price Appreciation	Forecasted Annual Total Return	Less: Yield of Moody's A Rated Industrial Bonds	Forecasted Equity Premium	Estimated Risk Adjustment	Forecasted Risk Premium
June-07	1.6 %	35 %	7.8 %	9.4 %	6.36 %	3.0 %	90 %	2.7 %
July-07	1.6	35	7.8	9.4	6.34	3.1	90	2.8
August-07	1.8	45	9.7	11.5	6.35	5.2	90	4.6
September-07	1.7	45	9.7	11.4	6.28	5.1	90	4.6
October-07	1.8	40	8.8	10.6	6.14	4.5	90	4.0
November-07	1.9	55	11.6	13.5	5.97	7.5	90	6.8
December-07	2.0	55	11.6	13.6	6.22	7.4	90	6.6
January-08	2.2	70	14.2	16.4	6.10	10.3	90	9.3
February-08	2.1	70	14.2	16.3	6.30	10.0	90	9.0
March-08	2.1	75	15.0	17.1	6.27	10.8	90	9.7
April-08	2.1	75	15.0	17.1	6.31	10.8	90	9.7
May-08	2.1	65	13.3	15.4	6.37	9.0	90	8.1
Midpoint of data				13.3		6.9		6.2 %
Twelve Month Average				13.5		7.2		6.5 %

Annual Total Returns and Risk Premiums of
S&P Public Utility Stocks and Bonds
for the Years 1988-2007, 1978-2007, 1968-2007, 1958-2007, 1948-2007, 1938-2007 and 1928-2007

<u>Periods</u>	<u>Public Utility Stock</u>	<u>L-Term T-Bonds</u>	<u>Public Utility Bonds</u>					
			<u>AAA</u>	<u>AAA & AA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	
<u>Average Annual Rates of Return</u>								
1988 to 2007	0.1345	0.0989	0.1104	0.1052	0.1057	0.1030	0.1166	
1978 to 2007	0.1461	0.1023	0.1079	0.1065	0.1078	0.1069	0.1176	
1968 to 2007	0.1273	0.0877	0.0930	0.0944	0.0955	0.0962	0.1056	
1958 to 2007	0.1265	0.0720	0.0747	0.0781	0.0790	0.0802	0.0886	
1948 to 2007	0.1274	0.0616	0.0633	0.0673	0.0682	0.0689	0.0761	
1938 to 2007	0.1233	0.0573	0.0584	0.0626	0.0637	0.0661	0.0754	
1928 to 2007	0.1113	0.0553	0.0594	0.0632	0.0644	0.0667	0.0754	
<u>Average Risk Premiums</u>								
1988 to 2007		0.0356	0.0241	0.0293	0.0288	0.0315	0.0179	
1978 to 2007		0.0438	0.0382	0.0396	0.0383	0.0392	0.0285	
1968 to 2007		0.0396	0.0344	0.0330	0.0318	0.0312	0.0218	
1958 to 2007		0.0545	0.0518	0.0484	0.0475	0.0463	0.0379	
1948 to 2007		0.0658	0.0642	0.0601	0.0592	0.0585	0.0513	
1938 to 2007		0.0660	0.0649	0.0607	0.0596	0.0573	0.0479	
1928 to 2007		0.0561	0.0519	0.0481	0.0469	0.0447	0.0360	

Annual Total Returns, Annual Income Returns and Risk Premiums of
S&P Public Utility Stocks and Bonds
for the Years 1988-2007, 1978-2007, 1968-2007, 1958-2007, 1948-2007, 1938-2007 and 1928-2007

Periods			Annual Total Returns Public Utility Stock	L-Term T-Bonds	Annual Income Returns				
					Public Utility Bonds				
					AAA	AAA & AA	AA	A	BBB
Average Rates of Return									
1988 to 2007	0.1345	0.0649	0.0810	0.0762	0.0765	0.0780	0.0809		
1978 to 2007	0.1461	0.0787	0.0950	0.0895	0.0902	0.0924	0.0962		
1968 to 2007	0.1273	0.0764	0.0901	0.0870	0.0878	0.0901	0.0940		
1958 to 2007	0.1265	0.0695	0.0800	0.0787	0.0794	0.0815	0.0851		
1948 to 2007	0.1274	0.0624	0.0708	0.0707	0.0714	0.0734	0.0768		
1938 to 2007	0.1233	0.0568	0.0640	0.0646	0.0652	0.0674	0.0711		
1928 to 2007	0.1113	0.0536	0.0609	0.0619	0.0627	0.0653	0.0699		
Average Risk Premiums									
1988 to 2007		0.0696	0.0535	0.0583	0.0580	0.0565	0.0536		
1978 to 2007		0.0674	0.0511	0.0566	0.0560	0.0537	0.0499		
1968 to 2007		0.0509	0.0372	0.0404	0.0396	0.0372	0.0333		
1958 to 2007		0.0570	0.0465	0.0478	0.0471	0.0449	0.0414		
1948 to 2007		0.0650	0.0566	0.0567	0.0560	0.0540	0.0506		
1938 to 2007		0.0665	0.0593	0.0587	0.0581	0.0560	0.0522		
1928 to 2007		0.0577	0.0505	0.0494	0.0486	0.0460	0.0414		

Annual Total Returns of
S&P Public Utility Stocks and Bonds
for the Years 1928-2007

Years	Annual Total Returns						
	Public Utility Stocks	L-Term T-Bonds	Public Utility Bonds				
			AAA	AAA & AA	AA	A	BBB
1928	0.5431	-0.0030	0.0370	0.0388	0.0406	0.0372	0.0392
1929	0.1376	0.0410	0.0209	0.0193	0.0178	0.0163	-0.0076
1930	-0.2149	0.0509	0.0917	0.0892	0.0869	0.0820	0.0378
1931	-0.3193	-0.0782	0.0058	-0.0059	-0.0171	-0.0608	-0.1089
1932	-0.0724	0.1736	0.1073	0.1037	0.1003	0.0685	0.0570
1933	-0.2170	0.0090	0.0142	-0.0145	-0.0401	-0.0686	-0.0601
1934	-0.1743	0.0962	0.1712	0.2000	0.2272	0.3264	0.4593
1935	0.6914	0.0610	0.1053	0.1243	0.1427	0.1760	0.2885
1936	0.2357	0.0691	0.0783	0.0916	0.1046	0.1079	0.1078
1937	-0.3337	-0.0091	0.0290	0.0323	0.0357	0.0272	-0.0626
1938	0.1020	0.0662	0.0720	0.0773	0.0825	0.0884	0.1505
1939	0.1538	0.0692	0.0435	0.0473	0.0510	0.0851	0.0923
1940	-0.1643	0.0910	0.0480	0.0506	0.0532	0.0949	0.1359
1941	-0.3050	0.0234	0.0255	0.0291	0.0327	0.0428	0.0681
1942	0.1079	-0.0735	0.0261	0.0287	0.0313	0.0314	0.0590
1943	0.4750	0.0228	0.0312	0.0346	0.0380	0.0405	0.0564
1944	0.1879	0.0268	0.0343	0.0353	0.0362	0.0303	0.0459
1945	0.5665	0.1075	0.0298	0.0349	0.0383	0.0683	0.0805
1946	-0.0130	-0.0006	0.0233	0.0238	0.0242	0.0267	0.0377
1947	-0.1236	-0.0165	-0.0139	-0.0187	-0.0234	-0.0213	-0.0105
1948	0.0451	0.0202	0.0287	0.0317	0.0347	0.0225	0.0073
1949	0.3074	0.0760	0.0718	0.0746	0.0773	0.0892	0.0757
1950	0.0152	-0.0034	0.0126	0.0131	0.0135	0.0107	0.0233
1951	0.2075	-0.0541	-0.0393	-0.0393	-0.0393	-0.0468	-0.0268
1952	0.1947	0.0101	0.0373	0.0390	0.0407	0.0442	0.0399
1953	0.0918	0.0062	0.0078	0.0063	0.0048	0.0107	0.0037
1954	0.2269	0.0676	0.0668	0.0701	0.0733	0.0745	0.0909
1955	0.1357	-0.0264	-0.0107	-0.0127	-0.0147	-0.0100	0.0146
1956	0.0416	-0.0484	-0.0703	-0.0703	-0.0703	-0.0714	-0.0816
1957	0.0541	0.0472	0.0246	0.0229	0.0213	0.0054	-0.0131
1958	0.3827	-0.0439	-0.0081	-0.0032	0.0017	0.0123	0.0339
1959	0.0958	-0.0320	-0.0231	-0.0234	-0.0237	-0.0120	-0.0102
1960	0.1680	0.1106	0.0764	0.0735	0.0705	0.0791	0.0994
1961	0.3646	0.0135	0.0432	0.0448	0.0464	0.0502	0.0442
1962	-0.0519	0.0650	0.0831	0.0829	0.0828	0.0852	0.0891
1963	0.1261	-0.0022	0.0171	0.0202	0.0232	0.0294	0.0329
1964	0.1685	0.0439	0.0394	0.0391	0.0387	0.0409	0.0396
1965	0.0489	-0.0064	-0.0010	-0.0014	-0.0018	-0.0044	0.0050
1966	-0.0504	0.0085	-0.0501	-0.0509	-0.0518	-0.0602	-0.0990
1967	-0.0216	-0.0650	-0.0525	-0.0539	-0.0553	-0.0592	-0.0271
1968	0.1419	0.0149	0.0268	0.0224	0.0181	0.0286	0.0243
1969	-0.1769	-0.0640	-0.0792	-0.0839	-0.0885	-0.0960	-0.0892
1970	0.1494	0.1537	0.0970	0.0978	0.0987	0.0952	0.0761
1971	0.0050	0.0999	0.1168	0.1241	0.1313	0.1510	0.1681
1972	0.1464	0.0661	0.0912	0.0980	0.1047	0.1103	0.1387
1973	-0.2106	-0.0893	0.0158	0.0138	0.0118	0.0156	0.0150
1974	-0.2135	0.0092	-0.0315	-0.0360	-0.0405	-0.0683	-0.1033
1975	0.4364	0.0465	0.0915	0.0863	0.0813	0.0872	0.0940
1976	0.3245	0.1955	0.1976	0.2017	0.2058	0.2475	0.2806
1977	0.1076	0.0074	0.0459	0.0545	0.0629	0.0683	0.0903
1978	-0.0174	-0.0189	-0.0083	-0.0055	-0.0027	-0.0026	0.0000
1979	0.1221	-0.0289	-0.0424	-0.0509	-0.0590	-0.0655	-0.0823
1980	0.1275	-0.0804	-0.0782	-0.0778	-0.0773	-0.0702	-0.0649
1981	0.1464	0.0472	0.0616	0.0674	0.0730	0.0416	0.0674
1982	0.2292	0.4323	0.3294	0.3750	0.3942	0.3708	0.3808
1983	0.2372	-0.0049	0.0721	0.0691	0.0763	0.1406	0.1347
1984	0.2219	0.1611	0.1770	0.1796	0.1768	0.1783	0.2075
1985	0.3232	0.3143	0.3473	0.3276	0.3259	0.3143	0.3098
1986	0.3575	0.3692	0.2994	0.2720	0.2698	0.2835	0.2933
1987	-0.0544	-0.1013	-0.1132	-0.0637	-0.0566	-0.0435	-0.0505
1988	0.1849	0.1026	0.2027	0.1615	0.1594	0.1643	0.1919
1989	0.4351	0.2176	0.1770	0.1743	0.1715	0.1692	0.1781
1990	0.0069	0.0482	0.0685	0.0689	0.0722	0.0738	0.0728
1991	0.0931	0.1472	0.1813	0.1647	0.1624	0.1715	0.1878
1992	0.1183	0.1093	0.1264	0.1312	0.1324	0.1355	0.1315
1993	0.1661	0.2162	0.1926	0.2126	0.2190	0.1429	0.1590
1994	-0.0825	-0.1075	-0.0802	-0.0656	-0.0657	0.0065	-0.0351
1995	0.3772	0.3268	0.2860	0.3074	0.3089	0.2164	0.2442
1996	0.0550	0.0020	0.0279	0.0211	0.0214	0.0279	0.0415
1997	0.1959	0.1454	0.1181	0.1157	0.1169	0.1238	0.1496
1998	0.1896	0.1786	0.1431	0.0365	0.0289	0.1074	0.0981
1999	-0.0998	-0.1062	-0.0792	-0.0275	-0.0237	-0.0921	0.0489
2000	0.5475	0.1922	0.1076	0.1150	0.1146	0.1101	0.1771
2001	-0.2877	0.0596	0.0734	0.0788	0.0873	0.0780	0.2497
2002	-0.2934	0.1362		0.1851	0.1851	0.2461	0.1113
2003	0.2509	0.0488		0.1678	0.1678	0.1529	0.0694
2004	0.2763	0.0861		0.1162	0.1162	0.0782	0.0660
2005	0.2151	0.0520		0.0869	0.0869	0.0732	0.0609
2006	0.2323	0.0421		0.0486	0.0486	0.0596	0.0651
2007	0.1096	0.0814		0.0043	0.0043	0.0143	0.0648

Annual Total Returns of S&P Public Utility Stocks
And Annual Income Returns of Bonds
for the Years 1928-2007

Years	Annual Total Returns		Income Returns				
	Public Utility Stocks	L-Term T-Bonds	Public Utility Bonds				
			AAA	AAA & AA	AA	A	BBB
1928	0.5431	0.0329	0.0451	0.0460	0.0470	0.0499	0.0541
1929	0.1376	0.0361	0.0468	0.0479	0.0490	0.0522	0.0578
1930	-0.2149	0.0332	0.0458	0.0470	0.0482	0.0514	0.0591
1931	-0.3193	0.0338	0.0434	0.0449	0.0463	0.0511	0.0635
1932	-0.0724	0.0350	0.0474	0.0504	0.0535	0.0640	0.0815
1933	-0.2170	0.0315	0.0436	0.0468	0.0499	0.0604	0.0833
1934	-0.1743	0.0306	0.0402	0.0436	0.0471	0.0559	0.0713
1935	0.6914	0.0278	0.0351	0.0376	0.0402	0.0466	0.0544
1936	0.2357	0.0273	0.0324	0.0343	0.0362	0.0415	0.0465
1937	-0.3337	0.0275	0.0320	0.0334	0.0347	0.0395	0.0486
1938	0.1020	0.0263	0.0303	0.0316	0.0329	0.0392	0.0510
1939	0.1538	0.0239	0.0286	0.0296	0.0305	0.0360	0.0448
1940	-0.1643	0.0224	0.0277	0.0285	0.0293	0.0331	0.0410
1941	-0.3050	0.0197	0.0269	0.0276	0.0283	0.0304	0.0366
1942	0.1079	0.0239	0.0272	0.0279	0.0287	0.0305	0.0358
1943	0.4750	0.0246	0.0264	0.0269	0.0273	0.0296	0.0338
1944	0.1879	0.0248	0.0265	0.0268	0.0272	0.0294	0.0333
1945	0.5665	0.0229	0.0256	0.0261	0.0266	0.0285	0.0318
1946	-0.0130	0.0208	0.0250	0.0254	0.0257	0.0268	0.0293
1947	-0.1236	0.0215	0.0257	0.0261	0.0264	0.0273	0.0297
1948	0.0451	0.0240	0.0282	0.0287	0.0292	0.0301	0.0327
1949	0.3074	0.0223	0.0270	0.0274	0.0277	0.0291	0.0324
1950	0.0152	0.0216	0.0262	0.0264	0.0267	0.0276	0.0312
1951	0.2075	0.0244	0.0285	0.0288	0.0291	0.0307	0.0334
1952	0.1947	0.0265	0.0300	0.0303	0.0305	0.0324	0.0351
1953	0.0918	0.0300	0.0325	0.0328	0.0331	0.0347	0.0371
1954	0.2269	0.0266	0.0296	0.0298	0.0301	0.0317	0.0348
1955	0.1357	0.0287	0.0307	0.0309	0.0311	0.0324	0.0341
1956	0.0416	0.0310	0.0335	0.0337	0.0340	0.0357	0.0374
1957	0.0541	0.0355	0.0397	0.0400	0.0403	0.0428	0.0452
1958	0.3827	0.0344	0.0384	0.0386	0.0389	0.0414	0.0447
1959	0.0958	0.0409	0.0445	0.0448	0.0451	0.0470	0.0494
1960	0.1680	0.0409	0.0450	0.0453	0.0455	0.0473	0.0489
1961	0.3646	0.0391	0.0442	0.0445	0.0449	0.0462	0.0476
1962	-0.0519	0.0401	0.0434	0.0437	0.0439	0.0450	0.0466
1963	0.1261	0.0403	0.0427	0.0429	0.0431	0.0437	0.0456
1964	0.1685	0.0419	0.0441	0.0442	0.0443	0.0450	0.0466
1965	0.0489	0.0424	0.0448	0.0450	0.0451	0.0458	0.0475
1966	-0.0504	0.0475	0.0513	0.0515	0.0518	0.0531	0.0552
1967	-0.0216	0.0494	0.0553	0.0556	0.0559	0.0576	0.0605
1968	0.1419	0.0543	0.0621	0.0627	0.0633	0.0651	0.0684
1969	-0.1769	0.0624	0.0706	0.0716	0.0725	0.0743	0.0778
1970	0.1494	0.0692	0.0822	0.0833	0.0844	0.0870	0.0913
1971	0.0050	0.0614	0.0766	0.0777	0.0789	0.0825	0.0868
1972	0.1464	0.0601	0.0744	0.0751	0.0758	0.0778	0.0815
1973	-0.2106	0.0701	0.0762	0.0767	0.0773	0.0789	0.0812
1974	-0.2135	0.0800	0.0849	0.0861	0.0873	0.0899	0.0929
1975	0.4364	0.0817	0.0894	0.0912	0.0929	0.0978	0.1057
1976	0.3245	0.0794	0.0864	0.0880	0.0895	0.0928	0.0987
1977	0.1076	0.0765	0.0814	0.0829	0.0845	0.0859	0.0896
1978	-0.0174	0.0840	0.0877	0.0888	0.0900	0.0917	0.0947
1979	0.1221	0.0921	0.0962	0.0978	0.0995	0.1017	0.1064
1980	0.1275	0.1115	0.1182	0.1211	0.1241	0.1271	0.1352
1981	0.1464	0.1349	0.1427	0.1458	0.1489	0.1529	0.1616
1982	0.2292	0.1309	0.1439	0.1448	0.1464	0.1532	0.1610
1983	0.2372	0.1115	0.1247	0.1229	0.1237	0.1298	0.1350
1984	0.2219	0.1247	0.1297	0.1339	0.1341	0.1374	0.1434
1985	0.3232	0.1104	0.1187	0.1179	0.1189	0.1228	0.1270
1986	0.3575	0.0802	0.0908	0.0930	0.0940	0.0973	0.1015
1987	-0.0544	0.0843	0.0934	0.0946	0.0953	0.0985	0.1027
1988	0.1849	0.0897	0.1013	0.1009	0.1014	0.1040	0.1083
1989	0.4351	0.0854	0.0938	0.0949	0.0955	0.0980	0.1001
1990	0.0069	0.0858	0.0943	0.0959	0.0964	0.0985	0.1009
1991	0.0931	0.0818	0.0891	0.0915	0.0921	0.0943	0.0961
1992	0.1183	0.0769	0.0822	0.0860	0.0869	0.0887	0.0897
1993	0.1661	0.0671	0.0737	0.0776	0.0780	0.0805	0.0816
1994	-0.0825	0.0730	0.0794	0.0799	0.0802	0.0826	0.0868
1995	0.3772	0.0708	0.0781	0.0774	0.0776	0.0813	0.0857
1996	0.0550	0.0672	0.0745	0.0742	0.0745	0.0762	0.0805
1997	0.1959	0.0670	0.0746	0.0743	0.0746	0.0747	0.0782
1998	0.1896	0.0572	0.0682	0.0674	0.0677	0.0687	0.0710
1999	-0.0998	0.0592	0.0710	0.0740	0.0748	0.0743	0.0766
2000	0.5475	0.0607	0.0790	0.0817	0.0821	0.0830	0.0839
2001	-0.2877	0.0557	0.0747	0.0777	0.0780	0.0787	0.0810
2002	-0.2934	0.0542		0.0730	0.0730	0.0754	0.0818
2003	0.2509	0.0496		0.0646	0.0646	0.0623	0.0673
2004	0.2763	0.0505		0.0608	0.0608	0.0617	0.0641
2005	0.2151	0.0465		0.0546	0.0546	0.0566	0.0592
2006	0.2323	0.0499		0.0583	0.0583	0.0607	0.0632
2007	0.1096	0.0493		0.0591	0.0591	0.0605	0.0629