

ORIGINAL	
N.H.P.U.C. Case No.	DW12-085
Exhibit No.	13
Witness	D Parcell
<small>DO NOT REMOVE FROM FILE</small>	

Exhibit ___(DCP-1)
Schedule 1

**AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.
TOTAL COST OF CAPITAL**

Item	Percent 1/	Cost	Weighted Cost
Short-Term Debt	0.00%		0.00%
Long-Term Debt	58.73%	6.04% 2/	3.55%
Preferred Stock	0.01%	6.00% 1/	0.00%
Common Equity	41.26%	6.10% 8.30% 9.50%	2.52% 3.42% 3.92%
Total	100.00%		6.06% 6.97% 7.47%

1/ As of December 31, 2011, as shown in company filing.

2/ Total cost of debt as of December 31, 2011, as reflected in response to Request No.: Hampton 3-1.

ECONOMIC INDICATORS

Year	Real GDP* Growth	Industrial Production Growth	Unemployment Rate	Consumer Price Index	Producer Price Index
1975 - 1982 Cycle					
1975	-1.1%	-8.9%	8.5%	7.0%	6.6%
1976	5.4%	10.8%	7.7%	4.8%	3.7%
1977	5.5%	5.9%	7.0%	6.8%	6.9%
1978	5.0%	5.7%	6.0%	9.0%	9.2%
1979	2.8%	4.4%	5.8%	13.3%	12.8%
1980	-0.2%	-1.9%	7.0%	12.4%	11.8%
1981	1.8%	1.9%	7.5%	8.9%	7.1%
1982	-2.1%	-4.4%	9.5%	3.8%	3.6%
1983 - 1991 Cycle					
1983	4.0%	3.7%	9.5%	3.8%	0.6%
1984	6.8%	9.3%	7.5%	3.9%	1.7%
1985	3.7%	1.7%	7.2%	3.8%	1.8%
1986	3.1%	0.9%	7.0%	1.1%	-2.3%
1987	2.9%	4.9%	6.2%	4.4%	2.2%
1988	3.8%	4.5%	5.5%	4.4%	4.0%
1989	3.5%	1.8%	5.3%	4.6%	4.9%
1990	1.8%	-0.2%	5.6%	6.1%	5.7%
1991	-0.5%	-2.0%	6.8%	3.1%	-0.1%
1992 - 2001 Cycle					
1992	3.0%	3.1%	7.5%	2.9%	1.6%
1993	2.7%	3.4%	6.9%	2.7%	0.2%
1994	4.0%	5.5%	6.1%	2.7%	1.7%
1995	3.7%	4.8%	5.6%	2.5%	2.3%
1996	4.5%	4.3%	5.4%	3.3%	2.8%
1997	4.5%	7.3%	4.9%	1.7%	-1.2%
1998	4.2%	5.8%	4.5%	1.6%	0.0%
1999	3.7%	4.5%	4.2%	2.7%	2.9%
2000	4.1%	4.0%	4.0%	3.4%	3.6%
2001	1.1%	-3.4%	4.7%	1.6%	-1.6%
2002 - 2009 Cycle					
2002	1.8%	0.2%	5.8%	2.4%	1.2%
2003	2.5%	1.2%	6.0%	1.9%	4.0%
2004	3.5%	2.3%	5.5%	3.3%	4.2%
2005	3.1%	3.3%	5.1%	3.4%	5.4%
2006	2.7%	2.2%	4.6%	2.5%	1.1%
2007	1.9%	2.5%	4.6%	4.1%	6.2%
2008	-0.3%	-3.5%	5.8%	0.1%	-0.9%
2009	-3.5%	-11.4%	9.3%	2.7%	4.3%
Current Cycle					
2010	2.4%	5.4%	9.6%	1.5%	3.8%
2011	1.8%	4.1%	8.9%	3.0%	4.7%

*GDP=Gross Domestic Product

Source: Council of Economic Advisors, Economic Indicators, various issues.

ECONOMIC INDICATORS

Year	Real GDP* Growth	Industrial Production Growth	Unemployment Rate	Consumer Price Index	Producer Price Index
2002					
1st Qtr.	2.7%	-3.8%	5.6%	2.8%	4.4%
2nd Qtr.	2.2%	-1.2%	5.9%	0.9%	-2.0%
3rd Qtr.	2.4%	0.8%	5.8%	2.4%	1.2%
4th Qtr.	0.2%	1.4%	5.9%	1.6%	0.4%
2003					
1st Qtr.	1.2%	1.1%	5.8%	4.8%	5.6%
2nd Qtr.	3.5%	-0.9%	6.2%	0.0%	-0.5%
3rd Qtr.	7.5%	-0.9%	6.1%	3.2%	3.2%
4th Qtr.	2.7%	1.5%	5.9%	-0.3%	2.8%
2004					
1st Qtr.	3.0%	2.8%	5.6%	5.2%	5.2%
2nd Qtr.	3.5%	4.9%	5.6%	4.4%	4.4%
3rd Qtr.	3.6%	4.6%	5.4%	0.8%	0.8%
4th Qtr.	2.5%	4.3%	5.4%	3.6%	7.2%
2005					
1st Qtr.	4.1%	3.8%	5.3%	4.4%	5.6%
2nd Qtr.	1.7%	3.0%	5.1%	1.6%	-0.4%
3rd Qtr.	3.1%	2.7%	5.0%	8.8%	14.0%
4th Qtr.	2.1%	2.9%	4.9%	-2.0%	4.0%
2006					
1st Qtr.	5.4%	3.4%	4.7%	4.8%	-0.2%
2nd Qtr.	1.4%	4.5%	4.6%	4.8%	5.6%
3rd Qtr.	0.1%	5.2%	4.7%	0.4%	-4.4%
4th Qtr.	3.0%	3.5%	4.5%	0.0%	3.6%
2007					
1st Qtr.	0.9%	2.5%	4.5%	4.8%	6.4%
2nd Qtr.	3.2%	1.6%	4.5%	5.2%	6.8%
3rd Qtr.	2.3%	1.8%	4.6%	1.2%	1.2%
4th Qtr.	2.9%	1.7%	4.8%	6.4%	10.8%
2008					
1st Qtr.	-1.8%	1.9%	4.9%	2.8%	9.6%
2nd Qtr.	1.3%	0.2%	5.3%	7.6%	14.0%
3rd Qtr.	-3.7%	-3.0%	6.0%	2.8%	-0.4%
4th Qtr.	-8.9%	6.0%	6.9%	-13.2%	-28.4%
2009					
1st Qtr.	-5.3%	-11.6%	8.1%	2.4%	-0.4%
2nd Qtr.	-0.3%	-12.9%	9.3%	3.2%	9.2%
3rd Qtr.	1.4%	-9.3%	9.6%	2.0%	-0.8%
4th Qtr.	4.0%	-4.5%	10.0%	2.5%	8.8%
2010					
1st Qtr.	2.3%	2.7%	9.7%	0.9%	6.5%
2nd Qtr.	2.2%	6.5%	9.7%	-1.2%	-2.4%
3rd Qtr.	2.6%	6.9%	9.6%	2.8%	4.0%
4th Qtr.	2.4%	6.2%	9.6%	2.8%	9.2%
2011					
1st Qtr.	0.1%	5.4%	9.0%	4.8%	9.6%
2nd Qtr.	2.5%	3.6%	9.0%	3.2%	3.6%
3rd Qtr.	1.3%	3.3%	9.1%	2.4%	6.4%
4th Qtr.	4.1%	4.0%	8.7%	0.4%	-1.2%
2012					
1st Qtr.	2.0%	4.5%	8.3%	3.6%	2.4%
2nd Qtr.	1.3%	4.8%	8.2%	-1.2%	-4.4%
3rd Qtr.	2.0%	3.2%	8.1%	4.8%	12.4%

*GDP=Gross Domestic Product

Source: Council of Economic Advisors, Economic Indicators, various issues.

INTEREST RATES

Year	Prime Rate	US Treasury T Bills 3 Month	US Treasury T Bonds 10 Year	Utility Bonds Aaa	Utility Bonds Aa	Utility Bonds A	Utility Bonds Baa
1975 - 1982 Cycle							
1975	7.86%	5.84%	7.99%	9.03%	9.44%	10.09%	10.96%
1976	6.84%	4.99%	7.61%	8.63%	8.92%	9.29%	9.82%
1977	6.83%	5.27%	7.42%	8.19%	8.43%	8.61%	9.06%
1978	9.06%	7.22%	8.41%	8.87%	9.10%	9.29%	9.62%
1979	12.67%	10.04%	9.44%	9.86%	10.22%	10.49%	10.96%
1980	15.27%	11.51%	11.46%	12.30%	13.00%	13.34%	13.95%
1981	18.89%	14.03%	13.93%	14.64%	15.30%	15.95%	16.60%
1982	14.86%	10.69%	13.00%	14.22%	14.79%	15.86%	16.45%
1983 - 1991 Cycle							
1983	10.79%	8.63%	11.10%	12.52%	12.83%	13.66%	14.20%
1984	12.04%	9.58%	12.44%	12.72%	13.66%	14.03%	14.53%
1985	9.93%	7.48%	10.62%	11.68%	12.06%	12.47%	12.96%
1986	8.33%	5.98%	7.68%	8.92%	9.30%	9.58%	10.00%
1987	8.21%	5.82%	8.39%	9.52%	9.77%	10.10%	10.53%
1988	9.32%	6.69%	8.85%	10.05%	10.26%	10.49%	11.00%
1989	10.87%	8.12%	8.49%	9.32%	9.56%	9.77%	9.97%
1990	10.01%	7.51%	8.55%	9.45%	9.65%	9.86%	10.06%
1991	8.46%	5.42%	7.86%	8.85%	9.09%	9.36%	9.55%
1992 - 2001 Cycle							
1992	6.25%	3.45%	7.01%	8.19%	8.55%	8.69%	8.86%
1993	6.00%	3.02%	5.87%	7.29%	7.44%	7.59%	7.91%
1994	7.15%	4.29%	7.09%	8.07%	8.21%	8.31%	8.63%
1995	8.83%	5.51%	6.57%	7.68%	7.77%	7.89%	8.29%
1996	8.27%	5.02%	6.44%	7.48%	7.57%	7.75%	8.16%
1997	8.44%	5.07%	6.35%	7.43%	7.54%	7.60%	7.95%
1998	8.35%	4.81%	5.26%	6.77%	6.91%	7.04%	7.26%
1999	8.00%	4.66%	5.65%	7.21%	7.51%	7.62%	7.88%
2000	9.23%	5.85%	6.03%	7.88%	8.06%	8.24%	8.36%
2001	6.91%	3.44%	5.02%	7.47%	7.59%	7.78%	8.02%
2002 - 2009 Cycle							
2002	4.67%	1.62%	4.61%	[1] 7.19%	7.37%	8.02%	
2003	4.12%	1.01%	4.01%	6.40%	6.58%	6.84%	
2004	4.34%	1.38%	4.27%	6.04%	6.16%	6.40%	
2005	6.19%	3.16%	4.29%	5.44%	5.65%	5.93%	
2006	7.96%	4.73%	4.80%	5.84%	6.07%	6.32%	
2007	8.05%	4.41%	4.63%	5.94%	6.07%	6.33%	
2008	5.09%	1.48%	3.66%	6.18%	6.53%	7.25%	
2009	3.25%	0.16%	3.26%	5.75%	6.04%	7.06%	
Current Cycle							
2010	3.25%	0.14%	3.22%		5.24%	5.46%	5.96%
2011	3.25%	0.06%	2.78%		4.78%	5.04%	5.57%

[1] Note: Moody's has not published Aaa utility bond yields since 2001.

Sources: Council of Economic Advisors, Economic Indicators; Moody's Bond Record; Federal Reserve Bulletin; various issues.

INTEREST RATES

	Prime Rate	US Treasury T Bills 3 Month	US Treasury T Bonds 10 Year	Utility Bonds Aaa	Utility Bonds Aa [1]	Utility Bonds A	Utility Bonds Baa
2007							
Jan	8.25%	4.96%	4.76%		5.78%	5.96%	6.16%
Feb	8.25%	5.02%	4.72%		5.73%	5.90%	6.10%
Mar	8.25%	4.97%	4.56%		5.66%	5.85%	6.10%
Apr	8.25%	4.88%	4.69%		5.83%	5.97%	6.24%
May	8.25%	4.77%	4.75%		5.86%	5.99%	6.23%
June	8.25%	4.63%	5.10%		6.18%	6.30%	6.54%
July	8.25%	4.84%	5.00%		6.11%	6.25%	6.49%
Aug	8.25%	4.34%	4.67%		6.11%	6.24%	6.51%
Sept	7.75%	4.01%	4.52%		6.10%	6.18%	6.45%
Oct	7.50%	3.97%	4.53%		6.04%	6.11%	6.36%
Nov	7.50%	3.49%	4.15%		5.87%	5.97%	6.27%
Dec	7.25%	3.08%	4.10%		6.03%	6.16%	6.51%
2008							
Jan	6.00%	2.86%	3.74%		5.87%	6.02%	6.35%
Feb	6.00%	2.21%	3.74%		6.04%	6.21%	6.60%
Mar	5.25%	1.38%	3.51%		5.99%	6.21%	6.68%
Apr	5.00%	1.32%	3.68%		5.99%	6.29%	6.82%
May	5.00%	1.71%	3.88%		6.07%	6.27%	6.79%
June	5.00%	1.90%	4.10%		6.19%	6.38%	6.93%
July	5.00%	1.72%	4.01%		6.13%	6.40%	6.97%
Aug	5.00%	1.79%	3.89%		6.09%	6.37%	6.98%
Sept	5.00%	1.46%	3.69%		6.13%	6.49%	7.15%
Oct	4.00%	0.84%	3.81%		6.95%	7.56%	8.58%
Nov	4.00%	0.30%	3.53%		6.83%	7.60%	8.98%
Dec	3.25%	0.04%	2.42%		5.93%	6.54%	8.13%
2009							
Jan	3.25%	0.12%	2.52%		6.01%	6.39%	7.90%
Feb	3.25%	0.31%	2.87%		6.11%	6.30%	7.74%
Mar	3.25%	0.25%	2.82%		6.14%	6.42%	8.00%
Apr	3.25%	0.17%	2.93%		6.20%	6.48%	8.03%
May	3.25%	0.15%	3.29%		6.23%	6.49%	7.76%
June	3.25%	0.17%	3.72%		6.13%	6.20%	7.30%
July	3.25%	0.19%	3.56%		5.63%	5.97%	6.87%
Aug	3.25%	0.18%	3.59%		5.33%	5.71%	6.36%
Sept	3.25%	0.13%	3.40%		5.15%	5.53%	6.12%
Oct	3.25%	0.08%	3.39%		5.23%	5.55%	6.14%
Nov	3.25%	0.05%	3.40%		5.33%	5.64%	6.18%
Dec	3.25%	0.07%	3.59%		5.52%	5.79%	6.26%
2010							
Jan	3.25%	0.06%	3.73%		5.55%	5.77%	6.16%
Feb	3.25%	0.10%	3.69%		5.69%	5.87%	6.25%
Mar	3.25%	0.15%	3.73%		5.64%	5.84%	6.22%
Apr	3.25%	0.15%	3.85%		5.62%	5.81%	6.19%
May	3.25%	0.16%	3.42%		5.29%	5.50%	5.97%
June	3.25%	0.12%	3.20%		5.22%	5.46%	6.18%
July	3.25%	0.16%	3.01%		4.99%	5.26%	5.98%
Aug	3.25%	0.15%	2.70%		4.75%	5.01%	5.55%
Sept	3.25%	0.15%	2.65%		4.74%	5.01%	5.53%
Oct	3.25%	0.13%	2.54%		4.89%	5.10%	5.62%
Nov	3.25%	0.13%	2.76%		5.12%	5.37%	5.85%
Dec	3.25%	0.15%	3.29%		5.32%	5.56%	6.04%
2011							
Jan	3.25%	0.15%	3.39%		5.29%	5.57%	6.06%
Feb	3.25%	0.14%	3.58%		5.42%	5.68%	6.10%
Mar	3.25%	0.11%	3.41%		5.33%	5.56%	5.97%
Apr	3.25%	0.06%	3.46%		5.32%	5.55%	5.98%
May	3.25%	0.04%	3.17%		5.08%	5.32%	5.74%
June	3.25%	0.04%	3.00%		5.04%	5.26%	5.67%
July	3.25%	0.03%	3.00%		5.05%	5.27%	5.70%
Aug	3.25%	0.05%	2.30%		4.44%	4.69%	5.22%
Sept	3.25%	0.02%	1.98%		4.24%	4.48%	5.11%
Oct	3.25%	0.02%	2.15%		4.21%	4.52%	5.24%
Nov	3.25%	0.01%	2.01%		3.92%	4.25%	4.93%
Dec	3.25%	0.02%	1.98%		4.00%	4.33%	5.07%
2012							
Jan	3.25%	0.02%	1.97%		4.03%	4.34%	5.06%
Feb	3.25%	0.08%	1.97%		4.02%	4.36%	5.02%
Mar	3.25%	0.09%	2.17%		4.16%	4.48%	5.13%
Apr	3.25%	0.08%	2.05%		4.10%	4.40%	5.11%
May	3.25%	0.09%	1.80%		3.92%	4.20%	4.97%
June	3.25%	0.09%	1.62%		3.79%	4.08%	4.91%
July	3.25%	0.10%	1.53%		3.58%	3.93%	4.85%
Aug	3.25%	0.11%	1.68%		3.65%	4.00%	4.88%
Sept	3.25%	0.10%	1.72%		3.69%	4.02%	4.81%
Oct	3.25%	0.10%	1.75%		3.68%	3.91%	4.54%
Nov	3.25%	0.09%	1.65%		3.60%	3.84%	4.42%

[1] Note: Moody's has not published Aaa utility bond yields since 2001.

Sources: Council of Economic Advisors, Economic Indicators; Moody's Bond Record; Federal Reserve Bulletin; various issues.

STOCK PRICE INDICATORS

	S&P Composite [1]	NASDAQ Composite [1]	DJIA	S&P D/P	S&P E/P
1975 - 1982 Cycle					
1975			802.49	4.31%	9.15%
1976			974.92	3.77%	8.90%
1977			894.63	4.62%	10.79%
1978			820.23	5.28%	12.03%
1979			844.40	5.47%	13.46%
1980			891.41	5.26%	12.66%
1981			932.92	5.20%	11.96%
1982			884.36	5.81%	11.60%
1983 - 1991 Cycle					
1983			1,190.34	4.40%	8.03%
1984			1,178.48	4.64%	10.02%
1985			1,328.23	4.25%	8.12%
1986			1,792.76	3.49%	6.09%
1987			2,275.99	3.08%	5.48%
1988	[1]	[1]	2,060.82	3.64%	8.01%
1989	322.84		2,508.91	3.45%	7.41%
1990	334.59		2,678.94	3.61%	6.47%
1991	376.18	491.69	2,929.33	3.24%	4.79%
1992 - 2001 Cycle					
1992	415.74	\$599.26	3,284.29	2.99%	4.22%
1993	451.21	715.16	3,522.06	2.78%	4.46%
1994	460.42	751.65	3,793.77	2.82%	5.83%
1995	541.72	925.19	4,493.76	2.56%	6.09%
1996	670.50	1,164.96	5,742.89	2.19%	5.24%
1997	873.43	1,469.49	7,441.15	1.77%	4.57%
1998	1,085.50	1,794.91	8,625.52	1.49%	3.46%
1999	1,327.33	2,728.15	10,464.88	1.25%	3.17%
2000	1,427.22	2,783.67	10,734.90	1.15%	3.63%
2001	1,194.18	2,035.00	10,189.13	1.32%	2.95%
2002 - 2009 Cycle					
2002	993.94	1,539.73	9,226.43	1.61%	2.92%
2003	965.23	1,647.17	8,993.59	1.77%	3.84%
2004	1,130.65	1,986.53	10,317.39	1.72%	4.89%
2005	1,207.23	2,099.32	10,547.67	1.83%	5.36%
2006	1,310.46	2,263.41	11,408.67	1.87%	5.78%
2007	1,477.19	2,578.47	13,169.98	1.86%	5.29%
2008	1,220.04	2,161.65	11,252.62	2.37%	3.54%
2009	948.05	1,845.38	8,876.15	2.40%	1.86%
Current Cycle					
2010	1,139.97	2,349.89	10,662.80	1.98%	6.04%
2011	1,268.89	2,680.42	11,966.36	2.05%	6.77%

[1] Note: this source did not publish the S&P Composite prior to 1988 and the NASDAQ Composite prior to 1991.

Source: Council of Economic Advisors, Economic Indicators, various issues.

STOCK PRICE INDICATORS

	S&P Composite	NASDAQ Composite	DJIA	S&P D/P	S&P E/P
2004					
1st Qtr.	1,133.29	2,041.95	10,488.43	1.64%	4.62%
2nd Qtr.	1,122.87	1,984.13	10,289.04	1.71%	4.92%
3rd Qtr.	1,104.15	1,872.90	10,129.85	1.79%	5.18%
4th Qtr.	1,162.07	2,050.22	10,362.25	1.75%	4.83%
2005					
1st Qtr.	1,191.98	2,056.01	10,648.48	1.77%	5.11%
2nd Qtr.	1,181.65	2,012.24	10,382.35	1.85%	5.32%
3rd Qtr.	1,225.91	2,144.61	10,532.24	1.83%	5.42%
4th Qtr.	1,262.07	2,246.09	10,827.79	1.86%	5.60%
2006					
1st Qtr.	1,283.04	2,287.97	10,996.04	1.85%	5.61%
2nd Qtr.	1,281.77	2,240.46	11,188.84	1.90%	5.86%
3rd Qtr.	1,288.40	2,141.97	11,274.49	1.91%	5.88%
4th Qtr.	1,389.48	2,390.26	12,175.30	1.81%	5.75%
2007					
1st Qtr.	1,425.30	2,444.85	12,470.97	1.84%	5.85%
2nd Qtr.	1,496.43	2,552.37	13,214.26	1.82%	5.65%
3rd Qtr.	1,490.81	2,609.68	13,488.43	1.86%	5.15%
4th Qtr.	1,494.09	2,701.59	13,502.95	1.91%	4.51%
2008					
1st Qtr.	1,350.19	2,332.91	12,383.86	2.11%	4.55%
2nd Qtr.	1,371.65	2,426.26	12,508.59	2.10%	4.05%
3rd Qtr.	1,251.94	2,290.87	11,322.40	2.29%	3.94%
4th Qtr.	909.80	1,599.64	8,795.61	2.98%	1.65%
2009					
1st Qtr.	809.31	1,485.14	7,774.06	3.00%	0.86%
2nd Qtr.	892.23	1,731.41	8,327.83	2.45%	0.82%
3rd Qtr.	996.68	1,985.25	9,229.93	2.16%	1.19%
4th Qtr.	1,088.70	2,162.33	10,172.78	1.99%	4.57%
2010					
1st Qtr.	1,121.60	2,274.88	10,454.42	1.94%	5.21%
2nd Qtr.	1,135.25	2,343.40	10,570.54	1.97%	6.51%
3rd Qtr.	1,096.39	2,237.97	10,390.24	2.09%	6.30%
4th Qtr.	1,204.00	2,534.62	11,236.02	1.95%	6.15%
2011					
1st Qtr.	1,302.74	2,741.01	12,024.62	1.85%	6.13%
2nd Qtr.	1,319.04	2,766.64	12,370.73	1.97%	6.35%
3rd Qtr.	1,237.12	2,613.11	11,671.47	2.15%	7.69%
4th Qtr.	1,225.65	2,600.91	11,798.65	2.25%	6.91%
2012					
1st Qtr.	1,347.44	2,902.90	12,839.80	2.12%	6.29%
2nd Qtr.	1,350.39	2,928.62	12,765.58	2.30%	6.45%
3rd Qtr.	1,402.21	3,029.86	13,118.72	2.27%	

Source: Council of Economic Advisors, Economic Indicators, various issues.

**AQUARION WATER COMPANY OF NEW HAMPSHIRE
CAPITAL STRUCTURE RATIOS
2007 - 2012**

Year	Common Equity	Preferred Stock	Long Term Debt	Short Term Debt
2007	\$8,513,453 44.1% 48.9%	\$2,800 0.0% 0.0%	\$8,900,000 46.1% 51.1%	\$1,900,000 9.8% 10.9%
2008	\$8,749,931 40.2% 49.6%	\$2,800 0.0% 0.0%	\$8,900,000 40.9% 50.4%	\$4,100,000 18.8% 23.2%
2009	\$8,554,295 39.1% 49.0%	\$2,300 0.0% 0.0%	\$8,900,000 40.7% 51.0%	\$4,400,000 20.1% 25.2%
2010	\$8,681,827 40.0% 40.0%	\$2,300 0.0% 0.0%	\$13,000,000 60.0% 60.0%	\$0 0.0% 0.0%
2011	\$9,065,300 41.3% 41.3%	\$2,300 0.0% 0.0%	\$12,900,000 58.7% 58.7%	\$0 0.0% 0.0%

Source: Response to Request No.: Hampton 3-6.

**PROXY UTILITIES
COMMON EQUITY RATIOS**

Company	2007	2008	2009	2010	2011
Value Line Water Group					
American States Water Co.	50%	54%	54%	51%	54%
American Water Works			43%	42%	42%
Aqua America, Inc.	43%	44%	43%	42%	44%
Artesian Resources	48%	45%	46%	41%	48%
California Water Service Group	57%	55%	52%	46%	46%
Connecticut Water Service, Inc.	50%	53%	54%	45%	43%
Middlesex Water	48%	50%	44%	52%	52%
SJW Corporation	52%	52%	50%	46%	43%
York Water Company	48%	45%	53%	52%	53%
Average	50%	50%	49%	46%	47%

Source: AUS Utility Reports, various issues

**SELECTION OF NATURAL GAS COMPANIES
AS SECONDARY PROXY GROUP**

Company	Percent Reg Gas Revenues	S&P Bond Rating	Moody's Bond Rating	Common Equity Ratio	Value Line Safety
Value Line Natural Gas Utility Group					
AGL Resources	68%	A+	Aa3	40.3%	1
Atmos Energy	62%	BBB+	Baa2	46.6%	2
Laclede Group	56%	A	A2	55.3%	2
New Jersey Resources	30%	A+	Aa3	52.0%	1
NiSource	71%	BBB-	Baa2	38.6%	3
Northwest Natural Gas	56%	A+	A1	46.5%	1
Piedmont Natural Gas	100%	A	A3	47.6%	2
South Jersey Industries	58%	A	A2	45.5%	2
Southwest Gas	74%	BBB	Baa2	49.5%	3
WGL Holdings	45%	A+	A2	58.1%	1

Companies selected in secondary proxy group if:

Percent Regulated Gas Revenues are 50% or above;

Common Equity Ratios are 40% or above

Bold indicates why certain companies were not selected as proxy companies.

Note: Figures as of year-end 2011.

Sources: AUS Utility Reports, Value Line.

**PROXY UTILITIES
DIVIDEND YIELD**

Company	Quarterly DPS	DPS	October - December, 2012			Yield
			High	Low	Average	
Value Line Water Group						
American States Water Co.	\$0.355	\$1.42	\$48.13	\$40.64	\$44.39	3.2%
American Water Works	\$0.250	\$1.00	\$38.50	\$35.95	\$37.23	2.7%
Aqua America, Inc.	\$0.175	\$0.70	\$25.94	\$24.15	\$25.05	2.8%
Artesian Resources Corp.	\$0.203	\$0.81	\$24.40	\$19.78	\$22.09	3.7%
California Water Service Group	\$0.158	\$0.63	\$18.90	\$16.84	\$17.87	3.5%
Connecticut Water Service, Inc.	\$0.242	\$0.97	\$32.24	\$28.36	\$30.30	3.2%
Middlesex Water	\$0.188	\$0.75	\$19.59	\$17.48	\$18.54	4.1%
SJW Corporation	\$0.178	\$0.71	\$26.94	\$22.56	\$24.75	2.9%
York Water Company	\$0.138	\$0.55	\$18.49	\$16.75	\$17.62	3.1%
Average						3.2%
Natural Gas Distribution Secondary Proxy Group						
AGL Resources	0.460	\$1.84	\$41.71	\$36.90	\$39.31	4.7%
Atmos Energy	0.350	\$1.40	\$36.88	\$32.94	\$34.91	4.0%
Laclede Group	0.425	\$1.70	\$44.04	\$37.35	\$40.70	4.2%
Northwest Natural Gas	0.445	\$1.78	\$50.80	\$41.01	\$45.91	3.9%
Piedmont Natural Gas	0.300	\$1.20	\$32.68	\$28.51	\$30.60	3.9%
South Jersey Industries	0.443	\$1.77	\$53.47	\$45.81	\$49.64	3.6%
Southwest Gas	0.295	\$1.18	\$44.83	\$39.01	\$41.92	2.8%
Average						3.9%

Source: Yahoo! Finance.

**PROXY UTILITIES
RETENTION GROWTH RATES**

Company	2007	2008	2009	2010	2011	Average	2012	2013	'15-'17	Average
Value Line Water Group										
American States Water Co.	3.9%	3.1%	3.2%	5.8%	5.2%	4.2%	5.0%	5.0%	5.0%	5.0%
American Water Works		3.0%	1.8%	2.8%	3.5%	2.8%	4.5%	4.5%	4.0%	4.3%
Aqua America, Inc.	3.2%	2.8%	2.7%	3.7%	4.6%	3.4%	4.0%	4.5%	5.0%	4.5%
Artesian Resources Corp.	2.1%	1.4%	2.1%	2.0%	0.5%	1.6%				
California Water Service Group	1.8%	3.8%	3.8%	3.0%	2.3%	2.9%	3.0%	3.5%	4.5%	3.7%
Connecticut Water Service, Inc.	1.6%	1.9%	2.3%	1.6%	1.4%	1.8%				
Middlesex Water	1.8%	2.0%	0.1%	2.1%	1.1%	1.4%	1.0%	2.0%	3.0%	2.0%
SJW Corporation	3.5%	3.3%	1.2%	1.2%	3.1%	2.5%	2.0%	2.5%	3.0%	2.5%
York Water Company	1.7%	1.4%	1.9%	2.7%	2.5%	2.0%				
Average						2.5%				3.7%
Natural Gas Distribution Secondary Proxy Group										
AGL Resources	5.3%	5.1%	5.3%	5.6%	0.7%	4.4%	3.0%	4.0%	6.5%	4.5%
Atmos Energy	3.0%	3.1%	2.7%	3.5%	3.3%	3.1%	3.0%	3.5%	3.5%	3.3%
Laclede Group	4.3%	5.2%	5.9%	3.6%	4.9%	4.8%	4.3%	4.0%	4.5%	4.3%
Northwest Natural Gas	6.0%	4.5%	5.0%	4.0%	2.4%	4.4%	2.5%	3.0%	4.0%	3.2%
Piedmont Natural Gas	3.5%	3.9%	4.8%	3.3%	3.1%	3.7%	3.0%	3.5%	3.5%	3.3%
South Jersey Industries	6.7%	6.7%	6.4%	7.1%	6.7%	6.7%	6.5%	5.5%	7.5%	6.5%
Southwest Gas	4.8%	2.1%	4.1%	5.1%	5.3%	4.3%	5.5%	5.0%	6.0%	5.5%
Average						4.5%				4.4%

Source: Value Line Investment Survey.

**PROXY UTILITIES
PER SHARE GROWTH RATES**

Company	5-Year Historic Growth Rates				Est'd '09-'11 to '15-'17 Growth Rates			
	EPS	DPS	BVPS	Average	EPS	DPS	BVPS	Average
Value Line Water Group								
American States Water Co.	11.5%	2.5%	5.0%	6.3%	5.5%	7.5%	4.0%	5.7%
American Water Works					8.0%	6.5%	2.0%	5.5%
Aqua America, Inc.	4.5%	8.0%	7.0%	6.5%	7.0%	5.0%	4.0%	5.3%
Artesian Resouces Corp.	2.5%	5.0%	5.5%	4.3%				
California Water Service Group	5.0%	1.0%	5.0%	3.7%	6.0%	3.0%	3.5%	4.2%
Connecticut Water Service, Inc.	4.0%	1.5%	3.0%	2.8%				
Middlesex Water	4.5%	1.5%	5.5%	3.8%	7.0%	1.5%	3.5%	4.0%
SJW Corporation	-3.0%	5.0%	4.5%	2.2%	6.5%	3.0%	3.5%	4.3%
York Water Company	5.0%	4.0%	7.0%	5.3%				
Average				4.4%	4.8%			
Natural Gas Distribution Secondary Proxy Group								
AGL Resources	4.5%	7.5%	5.5%	5.8%	6.0%	1.5%	5.0%	4.2%
Atmos Energy	4.0%	1.5%	4.5%	3.3%	4.0%	1.5%	6.0%	3.8%
Laclede Group	6.0%	2.5%	6.5%	5.0%	3.0%	2.5%	4.5%	3.3%
Northwest Natural Gas	4.5%	4.5%	4.0%	4.3%	3.0%	2.5%	1.0%	2.2%
Piedmont Natural Gas	4.5%	4.0%	3.0%	3.8%	2.5%	3.5%	1.5%	2.5%
South Jersey Industries	7.0%	9.5%	7.0%	7.8%	9.0%	9.0%	6.0%	8.0%
Southwest Gas	6.5%	4.0%	5.0%	5.2%	9.0%	8.0%	6.0%	7.7%
Average				5.0%	4.5%			

Source: Value Line Investment Survey.

**PROXY UTILITIES
DCF COST RATES**

Company	Adjusted Yield	Historic Retention Growth	Prospective Retention Growth	Historic Per Share Growth	Prospective Per Share Growth	First Call EPS Growth	Average Growth	DCF Rates
Value Line Water Group								
American States Water Co.	3.3%	4.2%	5.0%	6.3%	5.7%	4.0%	5.0%	8.3%
American Water Works	2.8%	2.8%	4.3%		5.5%	8.5%	5.3%	8.0%
Aqua America, Inc.	2.9%	3.4%	4.5%	6.5%	5.3%	7.3%	5.4%	8.3%
Artesian Resouces Corp.	3.7%	1.6%		4.3%		4.0%	3.3%	7.1%
California Water Service Group	3.6%	2.9%	3.7%	3.7%	4.2%	5.0%	3.9%	7.5%
Connecticut Water Service, Inc.	3.3%	1.8%		2.8%		6.1%	3.6%	6.8%
Middlesex Water	4.1%	1.4%	2.0%	3.8%	4.0%	2.7%	2.8%	6.9%
SJW Corporation	2.9%	2.5%	2.5%	2.2%	4.3%	14.0%	5.1%	8.0%
York Water Company	3.2%	2.0%		5.3%		4.9%	4.1%	7.3%
Mean	3.3%	2.5%	3.7%	4.4%	4.8%	6.3%	4.3%	7.6%
Median	3.3%	2.5%	4.0%	4.1%	4.8%	5.0%	4.1%	7.5%
Composite-Mean		5.8%	7.0%	7.7%	8.1%	9.6%	7.6%	
Composite-Median		5.7%	7.3%	7.3%	8.1%	8.3%	7.3%	
Natural Gas Distribution Secondary Proxy Group								
AGL Resources	4.8%	4.4%	4.5%	5.8%	4.2%	neg	4.7%	9.5%
Atmos Energy	4.1%	3.1%	3.3%	3.3%	3.8%	6.0%	3.9%	8.0%
Laclede Group	4.3%	4.8%	4.3%	5.0%	3.3%	5.3%	4.5%	8.8%
Northwest Natural Gas	3.9%	4.4%	3.2%	4.3%	2.2%	4.5%	3.7%	7.7%
Piedmont Natural Gas	4.0%	3.7%	3.3%	3.8%	2.5%	5.4%	3.7%	7.7%
South Jersey Industries	3.7%	6.7%	6.5%	7.8%	8.0%	6.0%	7.0%	10.7%
Southwest Gas	2.9%	4.3%	5.5%	5.2%	7.7%	4.1%	5.3%	8.2%
Mean	4.0%	4.5%	4.4%	5.0%	4.5%	5.2%	4.7%	8.7%
Median	4.0%	4.4%	4.3%	5.0%	3.8%	5.3%	4.5%	8.2%
Composite-Mean		8.4%	8.3%	9.0%	8.5%	9.2%	8.7%	
Composite-Median		8.4%	8.3%	9.0%	7.8%	9.3%	8.5%	

Note: Negative average growth rates excluded from above DCF analyses.

**STANDARD & POOR'S 500 COMPOSITE
20-YEAR U.S. TREASURY BOND YIELDS
RISK PREMIUMS**

Year	EPS	BVPS	ROE	20-Year T- Bond	Risk Premium
1977		\$79.07			
1978	\$12.33	\$85.35	15.00%	7.90%	7.10%
1979	\$14.86	\$94.27	16.55%	8.86%	7.69%
1980	\$14.82	\$102.48	15.06%	9.97%	5.09%
1981	\$15.36	\$109.43	14.50%	11.55%	2.95%
1982	\$12.64	\$112.46	11.39%	13.50%	-2.11%
1983	\$14.03	\$116.93	12.23%	10.38%	1.85%
1984	\$16.64	\$122.47	13.90%	11.74%	2.16%
1985	\$14.61	\$125.20	11.80%	11.25%	0.55%
1986	\$14.48	\$126.82	11.49%	8.98%	2.51%
1987	\$17.50	\$134.04	13.42%	7.92%	5.50%
1988	\$23.75	\$141.32	17.25%	8.97%	8.28%
1989	\$22.87	\$147.26	15.85%	8.81%	7.04%
1990	\$21.73	\$153.01	14.47%	8.19%	6.28%
1991	\$16.29	\$158.85	10.45%	8.22%	2.23%
1992	\$18.86	\$149.74	12.22%	7.26%	4.96%
1993	\$21.89	\$180.88	13.24%	7.17%	6.07%
1994	\$30.60	\$193.06	16.37%	6.59%	9.78%
1995	\$33.96	\$215.51	16.62%	7.60%	9.02%
1996	\$38.73	\$237.08	17.11%	6.18%	10.93%
1997	\$39.72	\$249.52	16.33%	6.64%	9.69%
1998	\$37.71	\$266.40	14.62%	5.83%	8.79%
1999	\$48.17	\$290.68	17.29%	5.57%	11.72%
2000	\$50.00	\$325.80	16.22%	6.50%	9.72%
2001	\$24.70	\$338.37	7.44%	5.53%	1.91%
2002	\$27.59	\$321.72	8.36%	5.59%	2.77%
2003	\$48.73	\$367.17	14.15%	4.80%	9.35%
2004	\$58.55	\$414.75	14.98%	5.02%	9.96%
2005	\$69.93	\$453.06	16.12%	4.69%	11.43%
2006	\$81.51	\$504.39	17.03%	4.68%	12.35%
2007	\$66.17	\$529.59	12.80%	4.86%	7.94%
2008	\$14.88	\$451.37	3.03%	4.45%	-1.42%
2009	\$50.97	\$513.58	10.56%	3.47%	7.09%
2010	\$77.35	\$579.14	14.16%	4.25%	9.91%
2011	\$86.58	\$613.14	14.52%	3.81%	10.71%
Average			13.78%	7.26%	6.46%

Sources: Standard & Poor's Analysts' Handbook and Morningstar 2011 Yearbook.

**PROXY UTILITIES
CAPM COST RATES**

Company	Risk-Free Rate	Beta	Risk Premium	CAPM Rates
Value Line Water Group				
American States Water Co.	2.46%	0.70	5.43%	6.3%
American Water Works	2.46%	0.65	5.43%	6.0%
Aqua America, Inc.	2.46%	0.60	5.43%	5.7%
Artesian Resources Corp.	2.46%	0.55	5.43%	5.4%
California Water Service Group	2.46%	0.65	5.43%	6.0%
Connecticut Water Service, Inc.	2.46%	0.75	5.43%	6.5%
Middlesex Water	2.46%	0.70	5.43%	6.3%
SJW Corporation	2.46%	0.85	5.43%	7.1%
York Water Company	2.46%	0.65	5.43%	6.0%
Mean				6.1%
Median				6.0%
Natural Gas Distribution Secondary Proxy Group				
AGL Resources	2.46%	0.75	5.43%	6.5%
Atmos Energy	2.46%	0.70	5.43%	6.3%
Laclede Group	2.46%	0.55	5.43%	5.4%
Northwest Natural Gas	2.46%	0.55	5.43%	5.4%
Piedmont Natural Gas	2.46%	0.65	5.43%	6.0%
South Jersey Industries	2.46%	0.65	5.43%	6.0%
Southwest Gas	2.46%	0.75	5.43%	6.5%
Mean				6.0%
Median				6.0%

Sources: Value Line Investment Survey, Standard & Poor's Analysts' Handbook, Morningstar 2011 Yearbook and Federal Reserve Statistical Release H15.

Yields on 2-Year U.S. Treasury Bonds:

Oct., 2012	2.51%
Nov., 2012	2.39%
Dec., 2012	2.47%
Average	2.46%

**PROXY UTILITIES
RATES OF RETURN ON AVERAGE COMMON EQUITY**

Company	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	1992-2001	2002-2010	2012	2013	2015-2017	
Value Line Water Group																										
American States Water Co.	14.0%	11.7%	9.5%	10.0%	10.0%	9.4%	9.5%	10.2%	9.6%	10.5%	9.6%	5.6%	8.0%	10.4%	8.2%	9.3%	8.3%	8.6%	7.5%	11.7%	10.4%	8.7%	10.5%	11.0%	12.0%	
American Water Works	10.9%	11.3%	10.8%	11.3%	10.4%	10.5%	10.7%	9.5%	9.5%	9.7%									9.6%	15.8%	10.5%		8.5%	8.5%	9.0%	
Aqua America, Inc.	11.0%	11.4%	11.2%	12.0%	11.8%	12.5%	14.2%	13.8%	13.0%	14.0%	13.9%	12.3%	11.4%	11.5%	11.0%	10.0%	9.8%	9.8%	11.0%	11.8%	12.5%	11.3%	11.0%	11.5%	12.5%	
Artesian Resources Corp.							9.8%	9.7%	8.1%	9.4%	9.6%	7.4%	7.6%	8.9%	10.2%	8.5%	7.2%	7.9%	8.5%	6.5%		8.2%				
California Water Service Group	10.4%	12.6%	10.6%	10.0%	12.6%	14.5%	11.0%	11.4%	10.3%	7.5%	9.6%	8.7%	9.8%	9.3%	7.6%	4.9%	5.2%	12.3%	9.2%	8.5%	11.1%	8.5%	8.5%	9.0%	10.5%	
Connecticut Water Service, Inc.	12.1%	12.5%	12.6%	12.7%	12.4%	12.3%	12.2%	12.4%	11.8%	13.3%	11.6%	11.2%	11.4%	12.0%	7.5%	8.9%	5.2%	13.9%	8.1%	9.7%	12.4%	10.0%				
Middlesex Water	11.7%	12.6%	12.1%	12.0%	10.3%	11.2%	10.7%	10.2%	6.5%	9.0%	9.8%	8.2%	8.3%	8.4%	8.6%	8.8%	9.4%	7.2%	8.5%	7.6%	10.6%	8.5%	7.5%	8.0%	9.0%	
SJW Corporation	11.8%	11.8%	9.6%	10.8%	16.2%	12.0%	11.6%	11.1%	9.6%	9.5%	9.4%	9.8%	11.3%	11.5%	18.2%	8.3%	10.8%	9.1%	7.4%	8.0%	11.4%	10.4%	7.0%	7.5%	7.0%	
York Water Company	11.9%	12.6%	11.7%	10.7%	11.1%	10.9%	10.3%	10.3%	11.9%	11.5%	16.7%	11.7%	12.2%	11.8%	10.5%	9.7%	9.1%	9.8%	10.1%	9.7%	11.3%	11.1%				
Mean	11.7%	12.1%	11.0%	11.2%	11.9%	11.7%	11.1%	11.0%	10.0%	10.5%	11.3%	9.4%	10.0%	10.5%	10.2%	8.6%	8.1%	9.8%	8.9%	9.9%	11.3%	9.6%	8.8%	9.3%	10.0%	
Median	11.8%	12.2%	11.0%	11.1%	11.5%	11.6%	10.7%	10.3%	9.6%	9.7%	9.7%	9.3%	10.6%	11.0%	9.4%	8.9%	8.7%	9.5%	8.5%	9.7%	10.9%	9.5%	8.5%	8.8%	9.8%	
Natural Gas Distribution Secondary Proxy Group																										
AGL Resources	11.8%	11.0%	11.6%	13.1%	13.2%	12.7%	12.6%	7.9%	11.2%	12.7%	14.7%	15.3%	13.9%	13.3%	13.6%	12.8%	12.5%	13.0%	13.0%	8.2%	11.8%	13.0%	3.0%	4.5%	5.5%	
Atmos Energy	10.7%	12.7%	10.0%	12.2%	14.4%	12.3%	15.8%	6.7%	8.5%	11.1%	10.3%	11.2%	9.1%	9.1%	10.0%	9.2%	9.0%	8.5%	9.1%	9.2%	11.4%	9.5%	8.0%	8.0%	8.0%	
Laclede Group	9.9%	13.4%	11.5%	10.0%	14.0%	13.2%	11.0%	10.0%	9.1%	10.6%	7.8%	11.8%	11.2%	11.1%	13.1%	12.0%	12.6%	12.9%	10.3%	11.5%	11.3%	11.4%	10.6%	9.5%	10.0%	
Northwest Natural Gas	6.0%	13.7%	12.2%	11.4%	13.2%	11.2%	6.3%	10.1%	10.2%	10.3%	8.7%	9.2%	9.3%	10.1%	10.9%	12.4%	11.1%	11.6%	10.7%	9.1%	10.5%	10.3%	8.5%	9.0%	11.5%	
Piedmont Natural Gas	14.1%	13.8%	12.2%	12.3%	13.2%	13.8%	13.6%	12.1%	12.5%	12.0%	10.8%	12.2%	12.4%	11.6%	11.0%	11.8%	12.4%	13.5%	11.9%	11.6%	13.0%	11.9%	11.5%	12.0%	12.5%	
South Jersey Industries	11.8%	11.0%	8.5%	11.4%	11.1%	11.9%	10.1%	15.6%	15.4%	15.3%	14.0%	13.1%	13.4%	13.2%	17.2%	13.3%	13.5%	13.4%	14.5%	14.5%	12.2%	14.0%	14.0%	13.0%	16.0%	
Southwest Gas	5.1%	3.9%	7.5%	0.6%	1.7%	5.4%	10.4%	7.5%	7.3%	6.7%	6.6%	6.2%	8.8%	6.5%	9.7%	8.8%	6.0%	8.1%	9.1%	9.3%	5.6%	7.9%	9.5%	9.5%	10.5%	
Mean	9.9%	11.4%	10.5%	10.1%	11.5%	11.5%	11.4%	10.0%	10.6%	11.2%	10.4%	11.3%	11.2%	10.7%	12.2%	11.5%	11.0%	11.6%	11.2%	10.5%	10.8%	11.2%	9.3%	9.4%	10.6%	
Median	10.7%	12.7%	11.5%	11.4%	13.2%	12.3%	11.0%	10.0%	10.2%	11.1%	10.3%	11.8%	11.2%	11.1%	11.0%	12.0%	12.4%	12.9%	10.7%	9.3%	11.4%	11.3%	9.5%	9.5%	10.5%	

Sources: Water utilities data taken from AUS Utility Reports; natural gas utility calculations made from data contained in Value Line Investment Survey.

**PROXY UTILITIES
MARKET TO BOOK RATIOS**

Company	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	1992-2001	2002-2010
Value Line Water Group																						
American States Water Co.	142%	156%	124%	120%	134%	137%	148%	177%	168%	182%	176%	176%	181%	230%	205%	209%	181%	171%	184%	162%	149%	188%
American Water Works	129%	140%	132%	142%	156%	178%	199%	172%	143%	248%								89%	116%	138%	164%	
Aqua America, Inc.	140%	158%	151%	124%	189%	237%	313%	287%	302%	365%	304%	280%	307%	436%	332%	259%	261%	204%	254%	243%	227%	288%
Artesian Resources Corp.							156%	168%	149%	183%	159%	207%	198%	215%	198%	150%	136%	142%	151%	131%		169%
California Water Service Group	147%	172%	157%	140%	160%	191%	207%	202%	186%	201%	199%	189%	218%	264%	223%	219%	211%	179%	175%	163%	176%	204%
Connecticut Water Service, Inc.	162%	180%	154%	149%	156%	168%	193%	218%	226%	304%	275%	266%	233%	216%	211%	199%	178%	180%	192%	204%	191%	215%
Middlesex Water	111%	184%	169%	150%	150%	164%	176%	218%	222%	248%	225%	265%	214%	214%	178%	184%	140%	161%	161%	160%	179%	190%
SJW Corporation	113%	124%	117%	106%	113%	133%	137%	193%	195%	162%	155%	193%	175%	240%	307%	236%	180%	168%	179%	166%	139%	200%
York Water Company	169%	174%	87%	197%	195%	226%	198%	174%	154%	284%	277%	335%	275%	367%	309%	266%	188%	211%	226%	234%	186%	269%
Mean	139%	161%	136%	141%	157%	179%	192%	201%	194%	242%	221%	239%	225%	273%	245%	215%	184%	167%	182%	178%	176%	215%
Median	141%	165%	142%	141%	156%	173%	193%	193%	186%	248%	212%	236%	216%	235%	217%	214%	181%	171%	179%	163%	174%	202%
Natural Gas Distribution Secondary Proxy Group																						
AGL Resources	181%	195%	169%	172%	189%	183%	183%	169%	168%	184%	171%	188%	184%	191%	186%	188%	146%	138%	161%	150%	179%	170%
Atmos Energy	158%	194%	186%	196%	248%	241%	246%	216%	167%	170%	150%	152%	147%	145%	146%	136%	110%	109%	121%	130%	202%	135%
Laclede Group	158%	187%	178%	163%	168%	175%	174%	159%	141%	155%	145%	169%	179%	179%	184%	168%	209%	171%	145%	153%	166%	170%
Northwest Natural Gas	162%	176%	161%	146%	156%	173%	169%	141%	129%	133%	145%	144%	153%	172%	177%	208%	201%	173%	181%	168%	155%	172%
Piedmont Natural Gas	180%	214%	186%	182%	183%	217%	222%	213%	195%	199%	186%	211%	212%	208%	221%	210%	237%	213%	208%	223%	199%	213%
South Jersey Industries	154%	175%	141%	142%	146%	178%	209%	202%	196%	205%	185%	170%	195%	221%	209%	231%	196%	205%	245%	254%	175%	211%
Southwest Gas	81%	100%	103%	103%	121%	129%	139%	147%	120%	127%	123%	118%	127%	135%	161%	149%	117%	97%	127%	144%	117%	130%
Mean	153%	177%	161%	158%	173%	185%	192%	178%	159%	168%	158%	165%	171%	179%	183%	184%	174%	158%	170%	175%	170%	172%
Median	158%	187%	169%	163%	168%	178%	183%	169%	167%	170%	150%	169%	179%	179%	184%	188%	196%	171%	161%	153%	171%	173%

Sources: Water utilities data taken from AUS Utility Reports; natural gas utility calculations made from data contained in Value Line Investment Survey.

**STANDARD & POOR'S 500 COMPOSITE
 RETURNS AND MARKET-TO-BOOK RATIOS
 1992 - 2011**

Year	Return On Average Equity	Market-To- Book Ratio
1992	12.2%	271%
1993	13.2%	272%
1994	16.4%	246%
1995	16.6%	264%
1996	17.1%	299%
1997	16.3%	354%
1998	14.6%	421%
1999	17.3%	481%
2000	16.2%	453%
2001	7.5%	353%
2002	8.4%	296%
2003	14.2%	278%
2004	15.0%	291%
2005	16.1%	278%
2006	17.0%	277%
2007	12.8%	284%
2008	3.3%	224%
2009	10.6%	187%
2010	14.2%	208%
2011	14.6%	208%
Averages:		
1992-2001	14.7%	341%
2002-2011	12.6%	253%

Source: Standard & Poor's Analyst's Handbook, 2012 edition.

RISK INDICATORS

Group	Value Line Safety	Value Line Beta	Value Line Financial	S & P Stock Rank
S&P's Composite	2.6	1.05	B++	B+
Value Line Water Group	2.4	0.68	B+	A-

Sources: Value Line Investment Survey, Standard & Poor's Stock Guide.

Definitions:

Safety rankings are in a range of 1 to 5, with 1 representing the highest safety or lowest risk.

Beta reflects the variability of a particular stock, relative to the market as a whole. A stock with a beta of 1.0 moves in concert with the market, a stock with a beta below 1.0 is less variable than the market, and a stock with a beta above 1.0 is more variable than the market.

Financial strengths range from C to A++, with the latter representing the highest level.

Common stock rankings range from D to A+, with the latter representing the highest level.

1)

RISK INDICATORS

Company	Value Line Safety	Value Line Beta	Value Line Financial Strength		S & P Stock Rank	
Value Line Water Group						
American States Water Co.	2	0.70	A	4.00	A-	3.67
American Water Works	3	0.65	B	3.00	NR	
Aqua America, Inc.	2	0.60	B++	3.67	A	4.00
Artesian Resources Corp.	2	0.55	B+	3.33	A-	3.67
California Water Service Group	3	0.65	B+	3.33	A-	3.67
Connecticut Water Service, Inc.	3	0.75	B+	3.33	B+	3.33
Middlesex Water	2	0.70	B+	3.33	A-	3.67
SJW Corporation	3	0.85	B+	3.33	B+	3.33
York Water Company	2	0.65	B++	3.67	A	4.00
Average	2.4	0.68	B+	3.44	A-	3.67

Sources: Standard & Poor's Stock Guide and Value Line Investment Survey.

1)

**AQUARION WATER CO. OF NEW HAMPSHIRE
RATING AGENCY RATIOS**

Item	Percent	Cost Rate	Weighted Cost	Pre-Tax Cost
Short-Term Debt	0.00%	0.00%	0.00%	0.00%
Long-Term Debt	58.73%	6.04%	3.55%	3.55%
Preferred Stock	0.01%	6.00%	0.00%	0.00%
Common Equity	<u>41.26%</u>	8.30%	<u>3.42%</u>	<u>5.71%</u> (1)
Total Capital	100.00%		6.97%	9.26%

(1) Post-tax weighted cost divided by .60 (composite tax factor)

Pre-tax coverage = $9.26\% / (3.55\%) = 2.61$

Standard & Poor's Utility Benchmark Ratios:

	A	BBB
Pre-tax coverage (X) Business Position:		
3	2.8x - 3.4x	1.8x - 2.8x
Total Debt to Total Capital (%) Business Position		
3	50% - 55%	55% - 65%

Note: Standard & Poor's no longer employs the pre-tax coverage ratios as one of its qualitative ratings criteria. The above-cited S&P benchmark ratios reflect the 1999 criteria reported by S&P.

BACKGROUND AND EXPERIENCE PROFILE
DAVID C. PARCELL, MBA, CRRA
PRESIDENT/SENIOR ECONOMIST

EDUCATION

1985	M.B.A., Virginia Commonwealth University
1970	M.A., Economics, Virginia Polytechnic Institute and State University, (Virginia Tech)
1969	B.A., Economics, Virginia Polytechnic Institute and State University, (Virginia Tech)

POSITIONS

2007-Present	President, Technical Associates, Inc.
1995-2007	Executive Vice President and Senior Economist, Technical Associates, Inc.
1993-1995	Vice President and Senior Economist, C. W. Amos of Virginia
1972-1993	Vice President and Senior Economist, Technical Associates, Inc.
1969-1972	Research Economist, Technical Associates, Inc.
1968-1969	Research Associate, Department of Economics, Virginia Polytechnic Institute and State University

ACADEMIC HONORS

Omicron Delta Epsilon - Honor Society in Economics
Beta Gamma Sigma - National Scholastic Honor Society of Business Administration
Alpha Iota Delta - National Decision Sciences Honorary Society
Phi Kappa Phi - Scholastic Honor Society

PROFESSIONAL DESIGNATIONS

Certified Rate of Return Analyst - Founding Member

RELEVANT EXPERIENCE

Financial Economics -- Advised and assisted many Virginia banks and savings and loan associations on organizational and regulatory matters. Testified approximately 25 times before the Virginia State Corporation Commission and the Regional Administrator of National Banks on matters related to branching and organization for banks, savings and loan associations, and consumer finance companies. Advised financial institutions on interest rate structure and loan maturity. Testified before Virginia State Corporation Commission on maximum rates for consumer finance companies.

Testified before several committees and subcommittees of Virginia General Assembly on numerous banking matters.

Clients have included First National Bank of Rocky Mount, Patrick Henry National Bank, Peoples Bank of Danville, Blue Ridge Bank, Bank of Essex, and Signet Bank.

Published articles in law reviews and other periodicals on structure and regulation of banking/financial services industry.

Utility Economics -- Performed numerous financial studies of regulated public utilities. Testified in over 300 cases before some thirty state and federal regulatory agencies.

Prepared numerous rate of return studies incorporating cost of equity determination based on DCF, CAPM, comparable earnings and other models. Developed procedures for identifying differential risk characteristics by nuclear construction and other factors.

Conducted studies with respect to cost of service and indexing for determining utility rates, the development of annual review procedures for regulatory control of utilities, fuel and power plant cost recovery adjustment clauses, power supply agreements among affiliates, utility franchise fees, and use of short-term debt in capital structure.

Presented expert testimony before federal regulatory agencies Federal Energy Regulatory Commission, Federal Power Commission, and National Energy Board (Canada), state regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Maine, Maryland, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, Ontario (Canada), Pennsylvania, South Carolina, Texas, Utah, Vermont, Virginia, West Virginia, Washington, Wisconsin, and Yukon Territory (Canada).

Published articles in law reviews and other periodicals on the theory and purpose of regulation and other regulatory subjects.

Clients served include state regulatory agencies in Alaska, Arizona, Delaware, Missouri, North Carolina, Ontario (Canada), and Virginia; consumer advocates and attorneys general in Alabama, Arizona, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Maryland, Nevada, New Mexico, Ohio, Oklahoma, Pennsylvania, South Carolina, Texas, Utah, Vermont, Virginia, and West Virginia; federal agencies including Defense Communications Agency, the Department of Energy, Department of the Navy, and General Services Administration; and various organizations such as Bath Iron Works, Illinois Citizens' Utility Board, Illinois Governor's Office of Consumer Services, Illinois Small Business Utility Advocate, Wisconsin's Environmental Decade, Wisconsin's Citizens Utility Board, and Old Dominion Electric Cooperative.

Insurance Economics -- Conducted analyses of the relationship between the investment income earned by insurance companies on their portfolios and the premiums charged for insurance. Analyzed impact of diversification on financial strength of Blue Cross/Blue Shield Plans in Virginia.

Conducted studies of profitability and cost of capital for property/casualty insurance industry. Evaluated risk of and required return on surplus for various lines of insurance business.

Presented expert testimony before Virginia State Corporation Commission concerning cost of capital and expected gains from investment portfolio. Testified before insurance bureaus of Maine, New Jersey, North Carolina, Rhode Island, South Carolina and Vermont concerning cost of equity for insurance companies.

Prepared cost of capital and investment income return analyses for numerous insurance companies concerning several lines of insurance business. Analyses used by Virginia Bureau of Insurance for purposes of setting rates.

Special Studies -- Conducted analyses which evaluated the financial and economic implications of legislative and administrative changes. Subject matter of analyses include returnable bottles, retail beer sales, wine sales regulations, taxi-cab taxation, and bank regulation. Testified before several Virginia General Assembly subcommittees.

Testified before Virginia ABC Commission concerning economic impact of mixed beverage license.

Clients include Virginia Beer Wholesalers, Wine Institute, Virginia Retail Merchants Association, and Virginia Taxicab Association.

Franchise, Merger & Anti-Trust Economics -- Conducted studies on competitive impact on market structures due to joint ventures, mergers, franchising and other business restructuring. Analyzed the costs and benefits to parties involved in mergers. Testified in federal courts and before banking and other regulatory bodies concerning the structure and performance of markets, as well as on the impact of restrictive practices.

Clients served include Dominion Bankshares, asphalt contractors, and law firms.

Transportation Economics -- Conducted cost of capital studies to assess profitability of oil pipelines, trucks, taxicabs and railroads. Analyses have been presented before the Federal Energy Regulatory Commission and Alaska Pipeline Commission in rate proceedings. Served as a consultant to the Rail Services Planning Office on the reorganization of rail services in the U.S.

Economic Loss Analyses -- Testified in federal courts, state courts, and other adjudicative forums regarding the economic loss sustained through personal and business injury whether due to bodily harm, discrimination, non-performance, or anticompetitive practices. Testified on economic loss to a commercial bank resulting from publication of adverse information concerning solvency. Testimony has been presented on behalf of private individuals and

business firms.

MEMBERSHIPS

American Economic Association
Virginia Association of Economists
Richmond Society of Financial Analysts
Financial Analysts Federation
Society of Utility and Regulatory Financial Analysts
 Board of Directors 1992-2000
 Secretary/Treasurer 1994-1998
 President 1998-2000

RESEARCH ACTIVITY

Books and Major Research Reports

"Stock Price As An Indicator of Performance," Master of Arts Thesis, Virginia Tech, 1970

"Revision of the Property and Casualty Insurance Ratemaking Process Under Prior Approval in the Commonwealth of Virginia," prepared for the Bureau of Insurance of the Virginia State Corporation Commission, with Charles Schotta and Michael J. Ileo, 1971

"An analysis of the Virginia Consumer Finance Industry to Determine the Need for Restructuring the Rate and Size Ceilings on Small Loans in Virginia and the Process by which They are Governed," prepared for the Virginia Consumer Finance Association, with Michael J. Ileo, 1973

State Banks and the State Corporation Commission: A Historical Review, Technical Associates, Inc., 1974

"A Study of the Implications of the Sale of Wine by the Virginia Department of Alcoholic Beverage Control", prepared for the Virginia Wine Wholesalers Association, Virginia Retail Merchants Association, Virginia Food Dealers Association, Virginia Association of Chain Drugstores, Southland Corporation, and the Wine Institute, 1983.

"Performance and Diversification of the Blue Cross/Blue Shield Plans in Virginia: An Operational Review", prepared for the Bureau of Insurance of the Virginia State Corporation Commission, with Michael J. Ileo and Alexander F. Skirpan, 1988.

The Cost of Capital - A Practitioners' Guide, Society of Utility and Regulatory Financial Analysts, 1997 (previous editions in 1991, 1992, 1993, 1994, and 1995).

Papers Presented and Articles Published

"The Differential Effect of Bank Structure on the Transmission of Open Market Operations," Western Economic Association Meeting, with Charles Schotta, 1971

"The Economic Objectives of Regulation: The Trend in Virginia," (with Michael J. Ileo), William and Mary Law Review, Vol. 14, No. 2, 1973

"Evolution of the Virginia Banking Structure, 1962-1974: The Effects of the Buck-Holland Bill", (with Michael J. Ileo), William and Mary Law Review, Vol. 16, No. 3, 1975

"Banking Structure and Statewide Branching: The Potential for Virginia", William and Mary Law Review, Vol. 18, No. 1, 1976

"Bank Expansion and Electronic Banking: Virginia Banking Structure Changes Past, Present, and Future," William and Mary Business Review," Vol. 1, No. 2, 1976

"Electronic Banking - Wave of the Future?" (with James R. Marchand), Journal of Management and Business Consulting, Vol. 1, No. 1, 1976

"The Pricing of Electricity" (with James R. Marchand), Journal of Management and Business Consulting, Vol. 1, No. 2, 1976

"The Public Interest - Bank and Savings and Loan Expansion in Virginia" (with Richard D. Rogers), University of Richmond Law Review, Vol. 11, No. 3, 1977

"When Is It In the 'Public Interest' to Authorize a New Bank?", University of Richmond Law Review, Vol. 13, No. 3, 1979

"Banking Deregulation and Its Implications on the Virginia Banking Structure," William and Mary Business Review, Vol. 5, No. 1, 1983

"The Impact of Reciprocal Interstate Banking Statutes on The Performance of Virginia Bank Stocks", with William B. Harrison, Virginia Social Science Journal, Vol. 23, 1988

"The Financial Performance of New Banks in Virginia", Virginia Social Science Journal, Vol. 24, 1989

"Identifying and Managing Community Bank Performance After Deregulation", with William B. Harrison, Journal of Managerial Issues, Vol. II, No. 2, Summer 1990

"The Flotation Cost Adjustment To Utility Cost of Common Equity - Theory, Measurement and Implementation," presented at Twenty-Fifth Financial Forum, National

Society of Rate of Return Analysts, Philadelphia, Pennsylvania, April 28, 1993.

Biography of Myon Edison Bristow, Dictionary of Virginia Biography, Volume 2, 2001.