

ORIGINAL

**FLORIDA DIVISION OF  
CHESAPEAKE UTILITIES CORPORATION**

Docket No. 000108-GU

Financial Exhibits  
to Accompany  
the Direct Testimony  
of

Paul R. Moul, Managing Consultant  
P. Moul & Associates, Inc.

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FLORIDA DIVISION OF  
CHESAPEAKE UTILITIES CORPORATION  
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**Florida Division of Chesapeake Utilities Corporation**  
**Rate of Return Based Upon Investor-Provided Capital**  
**For the Projected Period Ended December 31, 2001**

<u>Type of Capital</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Long-Term Debt	33.95%	7.52%	2.55%
Short-Term Debt	11.28%	6.03%	0.68%
Common Equity	<u>54.77%</u>	12.00%	<u>6.57%</u>
Total	<u>100.00%</u>		<u>9.80%</u>

Indicated levels of fixed charge coverage assuming that the Company could actually achieve its rate of return

Pre-tax coverage of interest expense based upon a 35.0000% federal income tax rate ( 13.34% ÷ 3.23% )	4.13 x
Post-tax coverage of interest expense ( 9.80% ÷ 3.23% )	3.03 x

**Florida Division of Chesapeake Utilities Corporation**  
**Capitalization and Financial Statistics**  
**1994-1998, Inclusive**

	1998	1997	1996	1995	1994	
	(Thousands of Dollars)					
<b>Amount of Capital Employed</b>						
Total Permanent Capital	\$11,216	\$10,495	\$9,861	\$9,000	\$8,218	
Short-Term Debt	0	0	0	0	0	
Total Capital Employed	\$11,216	\$10,495	\$9,861	\$9,000	\$8,218	
<b>Indicated Average Capital Cost Rates (1)</b>						
Long Term Debt						5 Year Average
<b>Dividend Payout Ratio</b>	110.5%	116.0%	75.4%	80.8%	66.3%	89.8%
<b>Capital Structure Ratios</b>						
<b>Based on Total Permanent Capital:</b>						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Common Equity	100.0%	100.0%	100.0%	100.1%	100.0%	100.0%
	100.0%	100.0%	100.0%	100.1%	100.0%	100.0%
<b>Based on Total Capital:</b>						
Total Debt, Including Short Term	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Common Equity	100.0%	100.0%	99.9%	100.0%	100.0%	100.0%
	100.0%	100.0%	99.9%	100.0%	100.0%	100.0%
<b>Rate of Return on Average Book Common Equity</b>	6.7%	6.2%	9.1%	9.1%	10.7%	8.4%
<b>Operating Ratios (2)</b>	89.0%	91.8%	90.8%	89.5%	88.6%	89.9%
<b>Coverages-Including All AFC (3)</b>						
Before Income Taxes: All Interest Charges	3.2 x	2.8 x	3.8 x	3.2 x	3.8 x	3.4 x
After Income Taxes: All Interest Charges	2.3	2.1	2.7	2.3	2.7	2.4
Overall Coverage: All Interest + Pfd. Div.	2.3	2.1	2.7	2.3	2.7	2.4
<b>Coverages-Excluding All AFC</b>						
Before Income Taxes: All Interest Charges	3.2 x	2.8 x	3.8 x	3.2 x	3.6 x	3.3 x
After Income Taxes: All Interest Charges	2.3	2.1	2.7	2.3	2.6	2.4
Overall Coverage: All Interest + Pfd. Div.	2.3	2.1	2.7	2.3	2.6	2.4
<b>Quality of Earnings</b>						
AFC/Income Available for Common Equity	0.0 %	0.0 %	0.0 %	0.0 %	6.8 %	1.4 %
Effective Income Tax Rate	39.3	39.9	40.0	41.0	38.6	39.8
Internal Cash Generation/Gross Construction (4)	85.6	73.7	163.6	78.9	23.1	85.0
Gross Cash Flow/ Permanent Capital (5)	21.8	17.5	25.8	25.0	16.4	21.3
Gross Cash Flow/ Avg. Total Debt(6)	N/A	N/A	N/A	N/A	N/A	N/A
Gross Cash Flow Interest Coverage(7)	5.5 x	4.2 x	6.0 x	4.8 x	3.7 x	4.8 x
Common Dividend Coverage (8)	3.1	2.5	3.9	3.6	2.4	3.1

See Page 2 for Notes.

Florida Division of  
Chesapeake Utilities Corporation  
Capitalization and Financial Statistics  
1994-1998, Inclusive

Notes:

- (1) Computed by relating actual long-term debt interest expense booked to average of beginning and ending long-term debt reported to be outstanding.
- (2) Total operating expenses, maintenance, depreciation and taxes other than income as a percentage of operating revenues.
- (3) Coverage calculations represent the number of times available earnings, including AFC (allowance for funds used during construction), as reported in its entirety cover fixed charges.
- (4) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally generated funds from operations and after payment of all cash dividends.
- (5) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less AFC) as a percentage of Permanent Capital (long-term debt, current maturities and preferred, preference and common equity).
- (6) Gross Cash Flow (as defined in Note 5) as a percentage of average total debt.
- (7) Gross Cash Flow (as defined in Note 5) plus interest charges, divided by interest charges.
- (8) Common dividend coverage is the relationship of internally generated funds from operations after payment of preferred stock dividends to common dividends paid.

Source of Information: Company Annual Reports

**Barometer Group of Seven Gas Distribution Companies**  
**Capitalization and Financial Statistics (1)**  
**1994-1998, Inclusive**

	1998	1997	1996	1995	1994	
	(Thousands of Dollars)					
<b>Amount of Capital Employed</b>						
Total Permanent Capital	\$635,454	\$588,901	\$468,773	\$435,803	\$405,565	
Short-Term Debt	\$62,828	\$70,933	\$56,385	\$19,557	\$27,285	
Total-Capital Employed	<u>\$698,282</u>	<u>\$659,834</u>	<u>\$525,158</u>	<u>\$455,360</u>	<u>\$432,851</u>	
<b>Indicated Average Capital Cost Rates (2)</b>						
Long Term Debt	4.7%	4.5%	4.7%	4.7%	4.9%	
<b>Financial Ratios-Market Based</b>						
Earnings/Price Ratio	6.2%	6.8%	8.4%	6.8%	7.5%	<b>5 Year Average</b> 7.1%
Market/Average Book	188.8%	180.4%	168.8%	153.5%	163.8%	171.1%
Dividend Yield	4.2%	4.5%	4.9%	5.4%	5.9%	5.0%
Dividend Payout Ratio	70.1%	69.4%	60.0%	100.1%	80.0%	75.9%
<b>Capital Structure Ratios</b>						
<b>Based on Total Permanent Capital:</b>						
Long-Term Debt	49.1%	49.8%	49.0%	49.7%	49.4%	49.4%
Preferred Stock	1.2%	1.1%	1.0%	1.0%	1.0%	1.1%
Common Equity	<u>49.7%</u>	<u>49.1%</u>	<u>50.0%</u>	<u>49.3%</u>	<u>49.6%</u>	<u>49.5%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Based on Total Capital:</b>						
Total Debt, Including Short Term	54.1%	55.3%	55.3%	52.4%	52.1%	53.8%
Preferred Stock	1.1%	1.1%	0.9%	1.0%	0.9%	1.0%
Common Equity	<u>44.8%</u>	<u>43.6%</u>	<u>43.9%</u>	<u>46.7%</u>	<u>47.0%</u>	<u>45.2%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Rate of Return on Average Book Common Equity</b>						
	12.0%	12.2%	13.8%	10.3%	11.8%	12.0%
<b>Operating Ratios (3)</b>						
	87.1%	87.3%	86.5%	87.8%	89.3%	87.6%
<b>Coverages-Including All AFC (4)</b>						
Before Income Taxes: All Interest Charges	3.1 x	3.0 x	3.5 x	2.9 x	2.9 x	3.1 x
After Income Taxes: All Interest Charges	2.4	2.3	2.6	2.2	2.3	2.4
Overall Coverage: All Interest + Pfd. Div.	2.3	2.3	2.5	2.2	2.3	2.3
<b>Coverages-Excluding All AFC</b>						
Before Income Taxes: All Interest Charges	3.1 x	3.0 x	3.4 x	2.8 x	2.9 x	3.0 x
After Income Taxes: All Interest Charges	2.4	2.3	2.6	2.2	2.2	2.4
Overall Coverage: All Interest + Pfd. Div.	2.3	2.3	2.5	2.2	2.2	2.3
<b>Quality of Earnings</b>						
AFC/Income Available for Common Equity	0.6 %	1.3 %	1.6 %	2.2 %	7.5 %	2.6 %
Effective Income Tax Rate	30.3	32.3	34.1	32.7	31.3	32.1
Internal Cash Generation/Gross Construction (5)	82.5	65.3	76.4	82.8	47.7	66.9
Gross Cash Flow/ Permanent Capital (6)	12.9	12.5	15.2	13.2	11.7	13.1
Gross Cash Flow/ Avg. Total Debt(7)	22.3	22.5	26.7	25.3	22.3	23.8
Gross Cash Flow Interest Coverage(8)	4.2 x	4.0 x	4.6 x	4.1 x	3.7 x	4.1 x
Common Dividend Coverage (9)	3.5	3.6	4.0	3.3	2.7	3.4

See Page 2 for Notes.

Barometer Group of Seven Gas Distribution  
Capitalization and Financial Statistics  
1994-1998, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Computed by relating actual long-term interest expense booked to average beginning and ending long-term debt reported to be outstanding.
- (3) Total operating expenses, maintenance, depreciation and taxes other than income as a percentage of operating revenues.
- (4) Coverage calculations represent the number of times available earnings, including AFC (allowance for funds used during construction) as reported in its entirety cover fixed charges.
- (5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations and after payment of all cash dividends.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFC) as a percentage of Permanent Capital (long-term debt, current maturities and preferred, preference and common equity).
- (7) Gross Cash Flow (as defined in Note 6) as a percentage of average total debt.
- (8) Gross Cash Flow (as defined in Note 6) plus interest charges, divided by interest charges.
- (9) Common dividend coverage is the relationship of internally-generated funds from operations and after payment of preferred stock dividends to common dividends.

Basis of Selection

The Barometer Group of Seven Gas Distribution companies includes all the companies in the Value Line Investment Survey, Natural Gas Distribution Industry that are in the Southeastern or South Central Region and are not involved in reported major merger or acquisition activity.

	<u>Corporate Credit Rating</u>		<u>Common Stock Traded</u>	<u>S&amp;P Common Stock Ranking</u>	<u>Market Sensitivity Statistics</u>		<u>Business Profile</u>
	<u>Moody's</u>	<u>S&amp;P</u>			<u>Beta</u>	<u>R<sup>2</sup></u>	
<u>Barometer Group of Seven Gas Distribution Companies</u>							
AGL Resources, Inc. (2)	-	A-	NYSE	B+	0.64	0.09	4
Atmos Energy Group (2)	A3	A-	NYSE	B+	0.47	0.01	3
Chesapeake Utilities	-	-	NYSE	B+	0.42	0.00	-
Energen Corp. (2)	A1	A+	NYSE	A	0.63	0.05	2
Energy South, Inc. (2)	-	-	NASD	NR	0.33	0.02	-
NUI Corporation	Baa1	BBB	NYSE	B	0.51	0.01	3
Piedmont Natural Gas (2)	<u>A2</u>	<u>A</u>	NYSE	<u>A-</u>	<u>0.52</u>	<u>0.01</u>	<u>3</u>
	<u>A3</u>	<u>A-</u>		<u>A-</u>	<u>0.50</u>	<u>0.03</u>	<u>3</u>

- Notes: (1) Ratings are a subsidiary composite.  
(2) Ratings are those of an operating subsidiary

Source of Information: Company Annual Reports to Shareholders  
Standard & Poor's Utility Compustat II  
Moody's Public Utility Manual and Bond Surveys  
S&P Bond Guides, CreditWeek  
S&P Stock Guides  
Merrill Lynch Security Risk Evaluation, January 2000

**S&P Public Utilities  
Capitalization and Financial Statistics (1)  
1994-1998, Inclusive**

	1998	1997	1996	1995	1994	
	(Thousands of Dollars)					
<b>Amount of Capital Employed</b>						
Total Permanent Capital	\$9,373,431	\$8,876,008	\$7,679,532	\$7,460,061	\$7,184,987	
Short-Term Debt	491,920	415,918	285,250	291,309	263,207	
Total Capital Employed	<u>\$9,865,351</u>	<u>\$9,291,926</u>	<u>\$7,964,782</u>	<u>\$7,751,370</u>	<u>\$7,448,194</u>	
<b>Indicated Average Capital Cost Rates (2)</b>						
Long Term Debt	6.9%	6.8%	7.3%	7.3%	6.8%	
<b>Financial Ratios-Market Based</b>						<b>5 Year Average</b>
Earnings/Price Ratio	4.6%	4.9%	7.5%	7.2%	7.8%	6.4%
Market/Average Book	197.4%	177.0%	168.7%	151.8%	150.4%	169.0%
Dividend Yield	4.2%	4.8%	4.9%	5.5%	5.8%	5.0%
Dividend Payout Ratio	37.6%	76.9%	65.5%	71.5%	78.0%	65.9%
<b>Capital Structure Ratios</b>						
<b>Based on Total Permanent Capital:</b>						
Long-Term Debt	49.9%	49.6%	48.3%	48.4%	47.8%	48.8%
Preferred Stock	5.8%	4.9%	4.6%	5.6%	5.7%	5.3%
Common Equity	<u>44.3%</u>	<u>45.5%</u>	<u>47.2%</u>	<u>46.0%</u>	<u>46.6%</u>	<u>45.9%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Based on Total Capital:</b>						
Total Debt, Including Short Term	52.7%	52.3%	50.5%	50.5%	50.0%	51.2%
Preferred Stock	5.5%	4.7%	4.4%	5.3%	5.5%	5.1%
Common Equity	<u>41.8%</u>	<u>43.0%</u>	<u>45.1%</u>	<u>44.1%</u>	<u>44.5%</u>	<u>43.7%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Rate of Return on Average Book Common Equity</b>	8.8%	9.0%	12.4%	11.0%	11.6%	10.5%
<b>Operating Ratios (3)</b>	83.6%	82.1%	79.5%	78.1%	79.4%	80.5%
<b>Coverages-Including All AFC (4)</b>						
Before Income Taxes: All Interest Charges	3.0 x	3.2 x	3.5 x	3.2 x	3.7 x	3.3 x
After Income Taxes: All Interest Charges	2.3	2.4	2.6	2.4	2.7	2.5
Overall Coverage: All Interest + Pfd. Div.	2.1	2.2	2.4	2.2	2.5	2.3
<b>Coverages-Excluding All AFC</b>						
Before Income Taxes: All Interest Charges	2.9 x	3.2 x	3.5 x	3.1 x	3.6 x	3.3 x
After Income Taxes: All Interest Charges	2.3	2.4	2.6	2.3	2.7	2.4
Overall Coverage: All Interest + Pfd. Div.	2.1	2.2	2.4	2.1	2.5	2.3
<b>Quality of Earnings</b>						
AFC/Income Available for Common Equity	1.6 %	4.9 %	3.2 %	3.4 %	4.8 %	3.6 %
Effective Income Tax Rate	34.0	48.3	36.5	35.1	34.7	37.7
Internal Cash Generation/Gross Construction (5)	108.4	119.8	138.9	117.0	145.6	125.9
Gross Cash Flow/ Permanent Capital (6)	11.9	11.8	13.5	12.2	12.8	12.4
Gross Cash Flow/ Avg. Total Debt(7)	23.1	23.6	26.7	23.4	269.0	73.2
Gross Cash Flow Interest Coverage(8)	4.2 x	4.2 x	4.6 x	4.2 x	4.9 x	4.4 x
Common Dividend Coverage (9)	4.1	3.6	3.9	3.7	3.3	3.7

See Page 2 for Notes.



Standard & Poor's Public Utilities  
Capitalization and Financial Statistics  
1994-1998, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Computed by relating actual long-term debt interest booked to average of beginning and ending long-term debt reported to be outstanding.
- (3) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
- (4) Coverage calculations represent the number of times available earnings, including AFC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (5) Internal cash generation/gross construction is the percentage of capital additions to utility plant, provided by internally-generated funds from operations, excluding all AFC, and after payment of all cash dividends divided by gross contribution expenditures.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFC) as a percent of preference and common equity).
- (7) Gross Cash Flow (as defined in Note 6) as a percentage of average total debt.
- (8) Gross Cash Flow (as defined in Note 6) plus interest charges, divided by interest charges.
- (9) Common dividend coverage is the relationship of internally-generated funds from operations, excluding all AFC, and after payment of preferred stock dividends to common dividends paid.

Source of Information: Annual Reports to Shareholders  
Standard & Poor's Utility Compustat

Standard & Poor's Public Utilities  
Capitalization and Financial Statistics  
December 31, 1998

	<u>Corporate Credit Rating</u>		<u>Common Stock Traded</u>	<u>S&amp;P Common Stock Ranking</u>	<u>Market Sensitivity Statistics</u>	
	<u>Moody's</u>	<u>S&amp;P</u>			<u>Adjusted Beta</u>	<u>R<sup>2</sup></u>
<u>Electric Companies</u>						
American Electric Power Co., Inc. (1)	A3	A-	NYSE	B+	0.40	0.01
Ameren Corp.(2)	Aa3	AA-	NYSE	A-	0.47	0.01
Constellation Energy Group	A1	A+	NYSE	B+	0.51	0.02
Carolina Power & Light Company	A2	A	NYSE	A-	0.49	0.01
Central & South West Corp. (1)	A1	A+	NYSE	B+	0.47	0.01
CINergy Corporation (1)	A3	A-	NYSE	B	0.38	0.02
Consolidated Edison Co.	A1	A+	NYSE	A	0.46	0.00
DTE Energy Company	A3	BBB+	NYSE	A-	0.42	0.01
Dominion Resources, Inc. (1)	A2	A	NYSE	B	0.49	0.02
Duke Power Company	Aa3	A+	NYSE	A-	0.39	0.01
Edison International (1)	A1	A+	NYSE	B	0.59	0.03
Entergy Corp. (1)	Baa2	BBB	NYSE	B	0.53	0.01
FPL Group, Inc. (1)	Aa3	AA-	NYSE	B	0.35	0.02
FirstEnergy Corporation (2)	Ba1	BB+	NYSE	B	0.55	0.04
GPU, Inc. (1)	Baa1	A	NYSE	B+	0.57	0.04
New Century Energy (1)	A2	A-	NYSE	NR	0.37	0.02
Niagara Mohawk Power Corp.	Baa3	BBB-	NYSE	B	0.59	0.02
Northern States Power Company (2)	Aa3	AA-	NYSE	A-	0.52	0.03
PG&E Corporation	A1	A+	NYSE	B	0.47	0.00
Pacificorp (2)	A2	A	NYSE	B	N/A	N/A
PECO Energy Company (1)	Baa1	A-	NYSE	B	0.47	0.01
PP&L Resources (1)	A3	A-	NYSE	B+	0.51	0.01
Public Service Enterprise Group (1)	A3	A-	NYSE	B+	0.46	0.00
Reliant Energy (1)	A3	A	NYSE	B+	0.48	0.01
Southern Company (1)	A1	A+	NYSE	A-	0.41	0.01
Texas Utilities Company (1)	A3	A	NYSE	B	0.36	0.02
Unicom Corporation (1)	<u>Baa2</u>	<u>BBB</u>	NYSE	B	<u>0.45</u>	<u>0.01</u>
Average	<u>A2</u>	<u>A</u>		<u>B+</u>	<u>0.47</u>	<u>0.02</u>
<u>Power Producers</u>						
AES Corporation	Baa3	-	NYSE	<u>B</u>	<u>1.53</u>	<u>0.27</u>

Standard & Poor's Public Utilities  
Capitalization and Financial Statistics  
December 31, 1998

	<u>Corporate Credit Rating</u>		<u>Common Stock Traded</u>	<u>S&amp;P Common Stock Ranking</u>	<u>Market Sensitivity Statistics</u>	
	<u>Moody's</u>	<u>S&amp;P</u>			<u>Adjusted Beta</u>	<u>R<sup>2</sup></u>
<u>Natural Gas Companies</u>						
Coastal Corporation (2)	Baa3	BBB+	NYSE	B	0.83	0.15
Columbia Energy Group	Baa1	BBB+	NYSE	B-	0.70	0.11
Consolidated Natural Gas Co.	A2	AA-	NYSE	B+	0.82	0.16
Eastern Enterprises (1)	A3	A	NYSE	B	0.59	0.05
Enron Corporation (3)	Baa2	BBB+	NYSE	A-	0.90	0.19
NICOR, Inc. (1)	Aa1	AA	NYSE	A-	0.50	0.04
ONEOK, Inc.	A2	A	NYSE	A-	0.73	0.08
Sempra (1)	A1	A+	NYSE	NR	0.54	0.04
Peoples Energy Corp. (1)	Aa3	AA-	NYSE	B+	0.61	0.09
Sonat, Inc. (1)	A2	A-	NYSE	B+	N/A	N/A
Williams Company (2)	<u>Baa2</u>	<u>BBB</u>	NYSE	<u>B+</u>	<u>0.84</u>	<u>0.13</u>
Average	<u>A2</u>	<u>A</u>		<u>B+</u>	<u>0.71</u>	<u>0.10</u>
Average for S&P Utilities	<u>A2</u>	<u>A</u>		<u>B+</u>	<u>0.56</u>	<u>0.05</u>
<u>Indexes:</u>						
S&P Public Utilities					0.52	0.08
S&P Industrials					0.98	0.97
S&P Composite					1.00	1.00

Notes: (1) Composite rating for subsidiaries of holding companies.  
 (2) Composite rating for parent company as well as subsidiaries.  
 (3) Parent Company rating.

Source of Information: Moody's Public Utility Manual and Bond Survey  
 Standard & Poor's Stock and Bond Guide  
 Merrill Lynch Security Risk Evaluation, January 2000

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE CALCULATING A 13 MONTH AVERAGE COST OF CAPITAL FOR THE PROJECTED TEST YEAR

TYPE OF DATA SHOWN:  
PROJECTED TEST YEAR 12/31/01  
WITNESS: WILLIAMS

COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORP.

DOCKET NO.: 000108-GU

ADJUSTMENTS								
LINE NO.	DESCRIPTION	PER BOOKS	SPECIFIC	PRO RATA	ADJUSTED	RATIO	COST RATE	WEIGHTED COST
1	COMMON EQUITY	11,822,978	(1,533,682)	0	10,289,296	48.26%	12.00%	5.79%
2	LONG TERM DEBT	0	6,377,973	0	6,377,973	29.91%	7.52%	2.25%
3	SHORT TERM DEBT	0	2,119,103	0	2,119,103	9.94%	6.03%	0.60%
4	CUSTOMER DEPOSITS	789,257	0	0	789,257	3.70%	6.44%	0.24%
5	DEFERRED TAXES	1,392,213	0	0	1,392,213	6.53%	0.00%	0.00%
6	FLEX RATE LIABILITY	0	46,880	0	46,880	0.22%	6.30%	0.01%
7	TAX CREDIT	306,978	0	0	306,978	1.44%	0.00%	0.00%
8	TOTAL	14,311,426	7,010,274	0	21,321,700	100.00%		8.89%

Exhibit No. PRM-1  
 Schedule 5  
 Page 1 of 2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION, PROVIDE ANALYSIS, AS SPECIFIED, OF EACH OUTSTANDING  
 ISSUE OF LONG-TERM DEBT, ON A 13 MONTH AVERAGE BASIS, FOR THE  
 PROJECTED TEST YEAR.

TYPE OF DATA SHOWN:  
 PROJECTED TEST YEAR DATA: 12/31/01  
 WITNESS: WILLIAMS

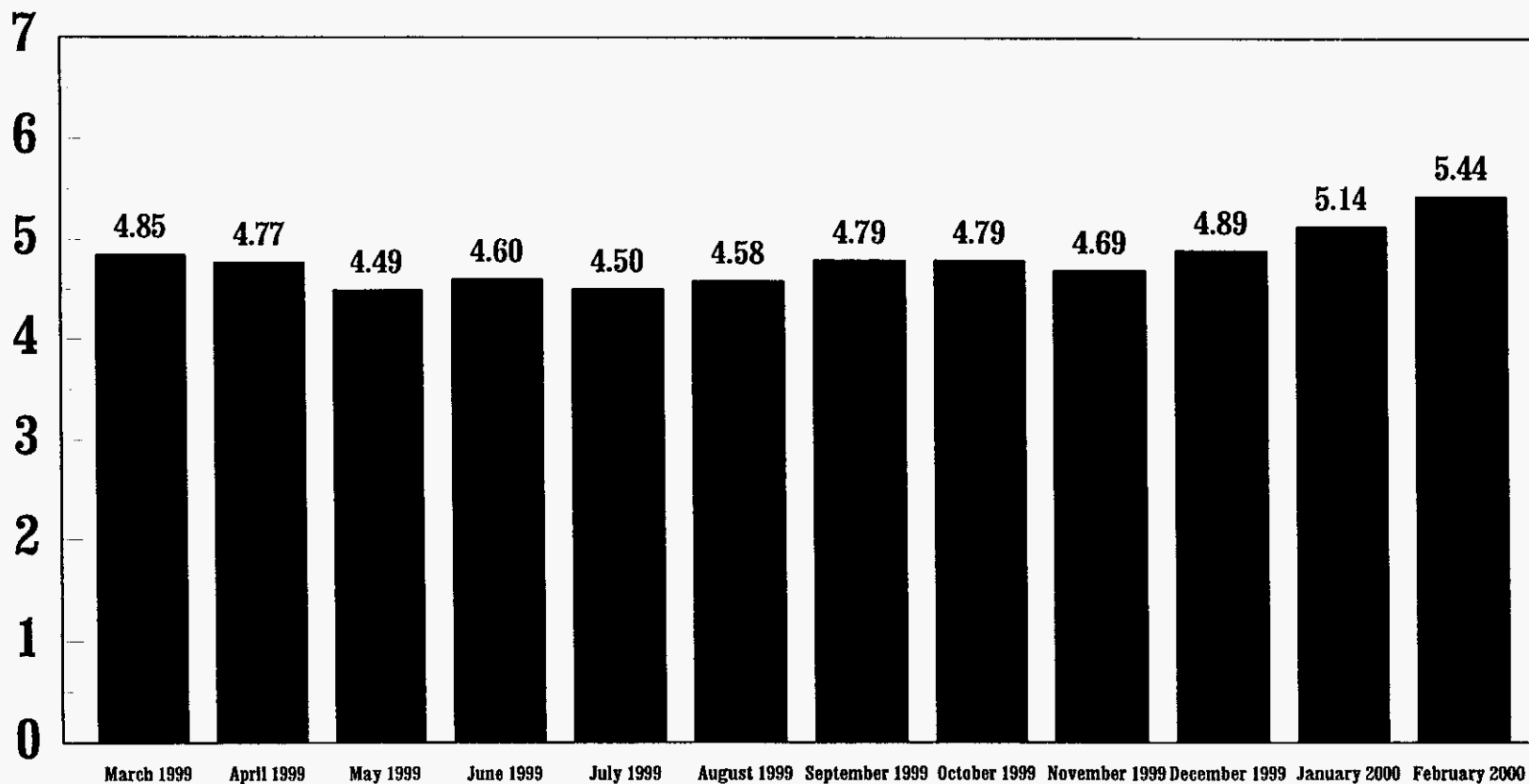
COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORP

DOCKET NO.: 000108-GU

LINE NO.	ISSUE (1)	ISSUE DATE (2)	MATURITY DATE (3)	PRINCIPAL OUTSTANDING 12/31/01 (4)	(PREMIUM) DISCOUNT (5)	ISSUING EXPENSE (6)	NET (5)+(6) (7)	LIFE (YEARS) (8)	AMORTIZATION (7)/(8) (9)	INTEREST (10)	ANNUAL TOTAL COST (9)+(10) (11)
1	CHESAPEAKE SERIES 1 - 9.37%	12/22/89	12/15/04	\$2,268,000		\$12,307	\$12,307	2.9167	\$4,219	\$212,512	\$216,731
2	CHESAPEAKE DEBENTURES - 8.25%	2/24/89	3/1/14	\$3,614,000		\$184,850	\$184,850	12.1667	\$13,533	298,155	\$311,688
3	CHESAPEAKE SENIOR NOTE - 7.97%	2/9/93	2/1/08	\$7,000,000		\$71,285	\$71,285	6.0833	\$11,718	557,900	\$569,618
4	CHESAPEAKE SENIOR NOTE 2 - 6.91	10/2/95	10/1/10	\$8,181,818		\$140,536	\$140,536	8.7500	\$16,061	565,364	\$581,425
5	CHESAPEAKE SENIOR NOTE 3 - 6.85	12/15/97	1/1/12	\$10,000,000		\$77,121	\$77,121	10.0000	\$7,712	685,000	\$692,712
6											
7											
8											
9											
10											
11											
12											
13											
14											
15											
16	TOTAL			\$31,063,818	\$0	\$465,899	\$465,899		\$53,244	\$2,318,930	\$2,372,174
17	UNAMORTIZED PREMIUM, DISCOUNT, AND ISSUE EXPENSE			\$465,899							
18	NET			\$31,529,717							
19	EMBEDDED COST OF LONG-TERM DEBT (11)/(4)			7.52%							

**Barometer Group of Seven Gas Distribution Companies**  
**Monthly Dividend Yields**  
**for the Twelve Months Ended February 2000**

Percent (%)

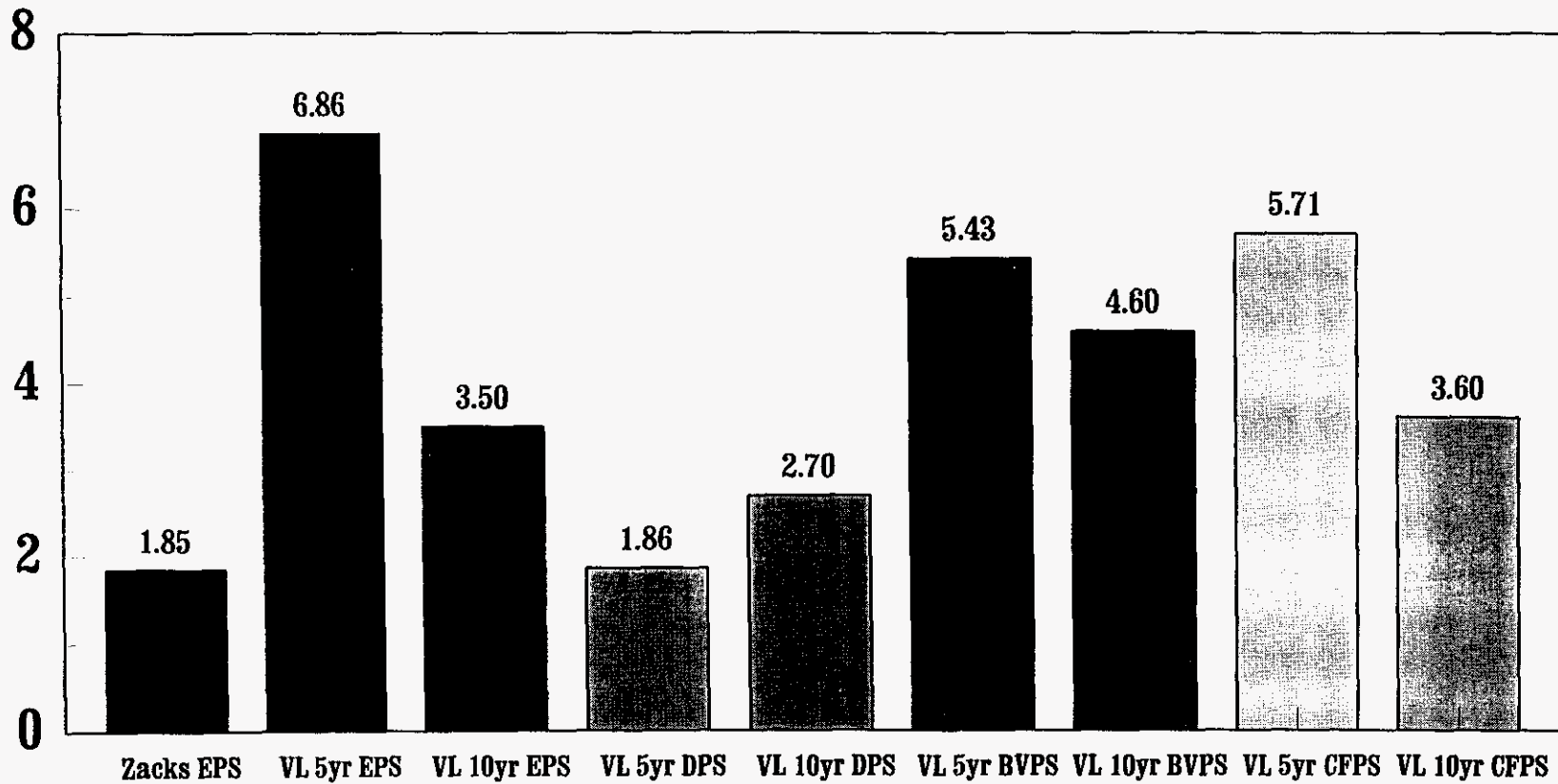


**Dividend Yields**

# Barometer Group of Seven Gas Distribution Companies

## Historical Growth Rates

Percent (%)



### Growth Rates

EPS= Earnings Per Share, DPS= Dividends per Share,  
BVPS= Book Value Per Share, CFPS= Cash Flow Per Share

**Historic Internal Growth Rates  
For the Years 1994-1998**

<b>Barometer Group of Seven Gas Distribution Companies</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>	<b>1994</b>	<b>Five-Year Average</b>	<b>Five-Year Average Excluding Negatives</b>
<b>AGL Resources, Inc.</b>							
Earnings Rate on Book Common Equity	12.6%	12.7%	13.2%	4.9%	11.6%		
Dividend Rate on Book Common Equity	9.6%	10.0%	10.2%	10.1%	10.3%		
Internal Growth Rate	3.0%	2.7%	3.0%	-5.2%	1.3%	0.9%	2.5%
<b>Atmos Energy Corporation</b>							
Earnings Rate on Book Common Equity	15.8%	9.5%	14.5%	12.3%	10.2%		
Dividend Rate on Book Common Equity	9.1%	10.6%	9.2%	9.2%	8.7%		
Internal Growth Rate	6.7%	-1.0%	5.3%	3.0%	1.4%	3.1%	4.1%
<b>Chesapeake Utilities Corporation</b>							
Earnings Rate on Book Common Equity	9.9%	12.4%	16.6%	18.2%	12.4%		
Dividend Rate on Book Common Equity	9.3%	9.5%	8.4%	8.4%	8.9%		
Internal Growth Rate	0.7%	2.9%	8.1%	9.8%	3.5%	5.0%	5.0%
<b>Energen Corp</b>							
Earnings Rate on Book Common Equity	11.5%	11.8%	11.9%	11.3%	15.5%		
Dividend Rate on Book Common Equity	5.8%	6.3%	7.1%	7.2%	7.6%		
Internal Growth Rate	5.7%	5.6%	4.8%	4.1%	7.8%	5.6%	5.6%
<b>EnergySouth</b>							
Earnings Rate on Book Common Equity	14.6%	15.4%	18.1%	9.0%	12.6%		
Dividend Rate on Book Common Equity	7.1%	7.1%	7.4%	7.6%	7.5%		
Internal Growth Rate	7.5%	8.3%	10.7%	1.4%	5.1%	6.6%	6.6%
<b>NUI Corp.</b>							
Earnings Rate on Book Common Equity	5.6%	9.9%	9.3%	3.9%	8.1%		
Dividend Rate on Book Common Equity	5.6%	5.3%	5.4%	5.8%	10.4%		
Internal Growth Rate	0.0%	4.6%	3.9%	-2.0%	-2.3%	0.8%	2.8%
<b>Piedmont Natural Gas Co</b>							
Earnings Rate on Book Common Equity	13.7%	13.4%	13.1%	12.3%	12.1%		
Dividend Rate on Book Common Equity	8.9%	8.9%	9.0%	9.3%	9.2%		
Internal Growth Rate	4.9%	4.5%	4.1%	3.0%	2.9%	3.9%	3.9%
<b>Average</b>							
Earnings Rate on Book Common Equity	12.0%	12.2%	13.8%	10.3%	11.8%	12.0%	
Dividend Rate on Book Common Equity	7.9%	8.2%	8.1%	8.2%	9.0%	8.3%	
Internal Growth Rate	4.1%	3.9%	5.7%	2.0%	2.8%	3.7%	4.4%

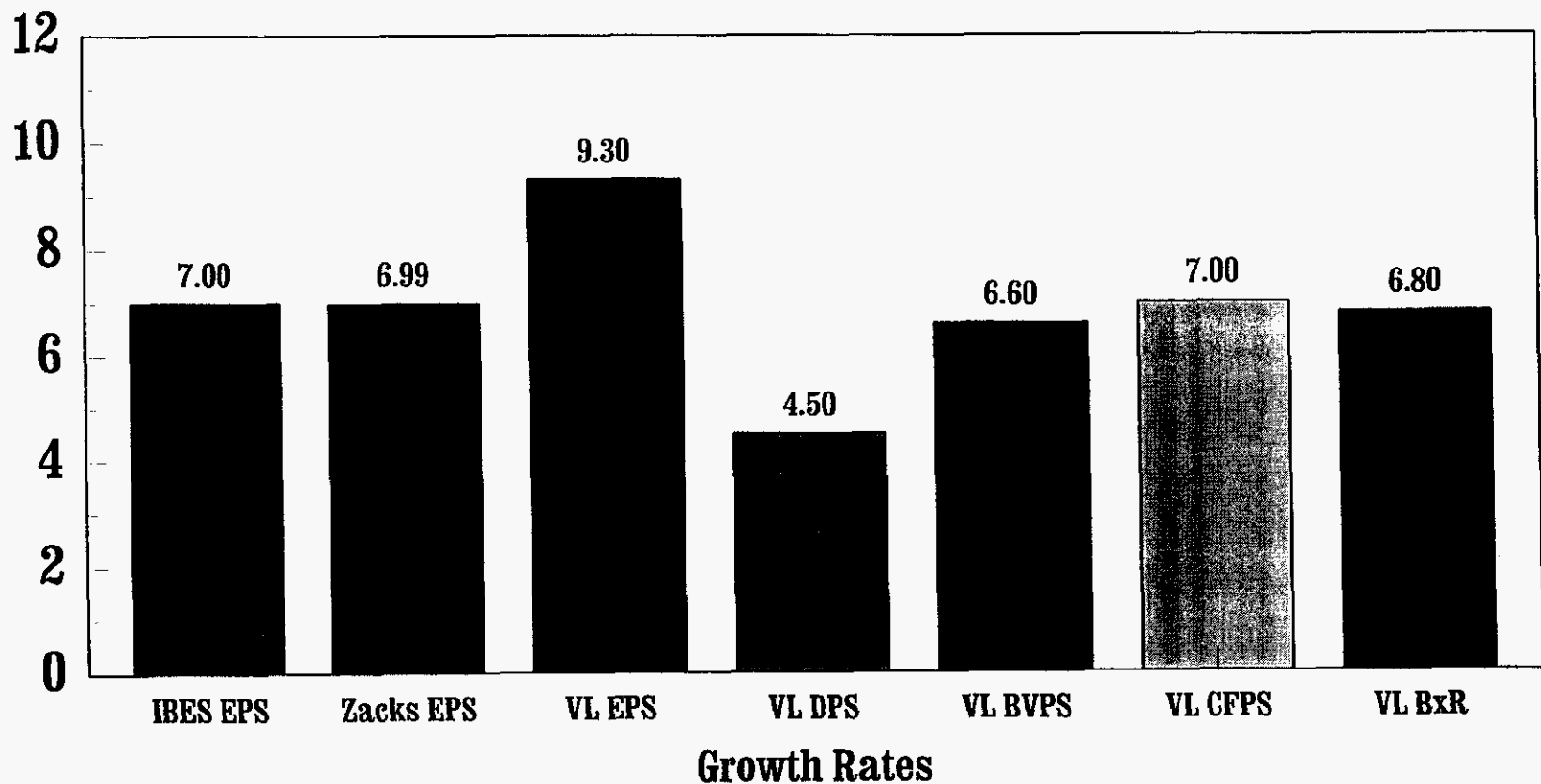
Source of Information : Company Annual Reports



# Barometer Group of Seven Gas Distribution Companies

## Analysts' Five-Year Projected Growth Rates

Percent (%)

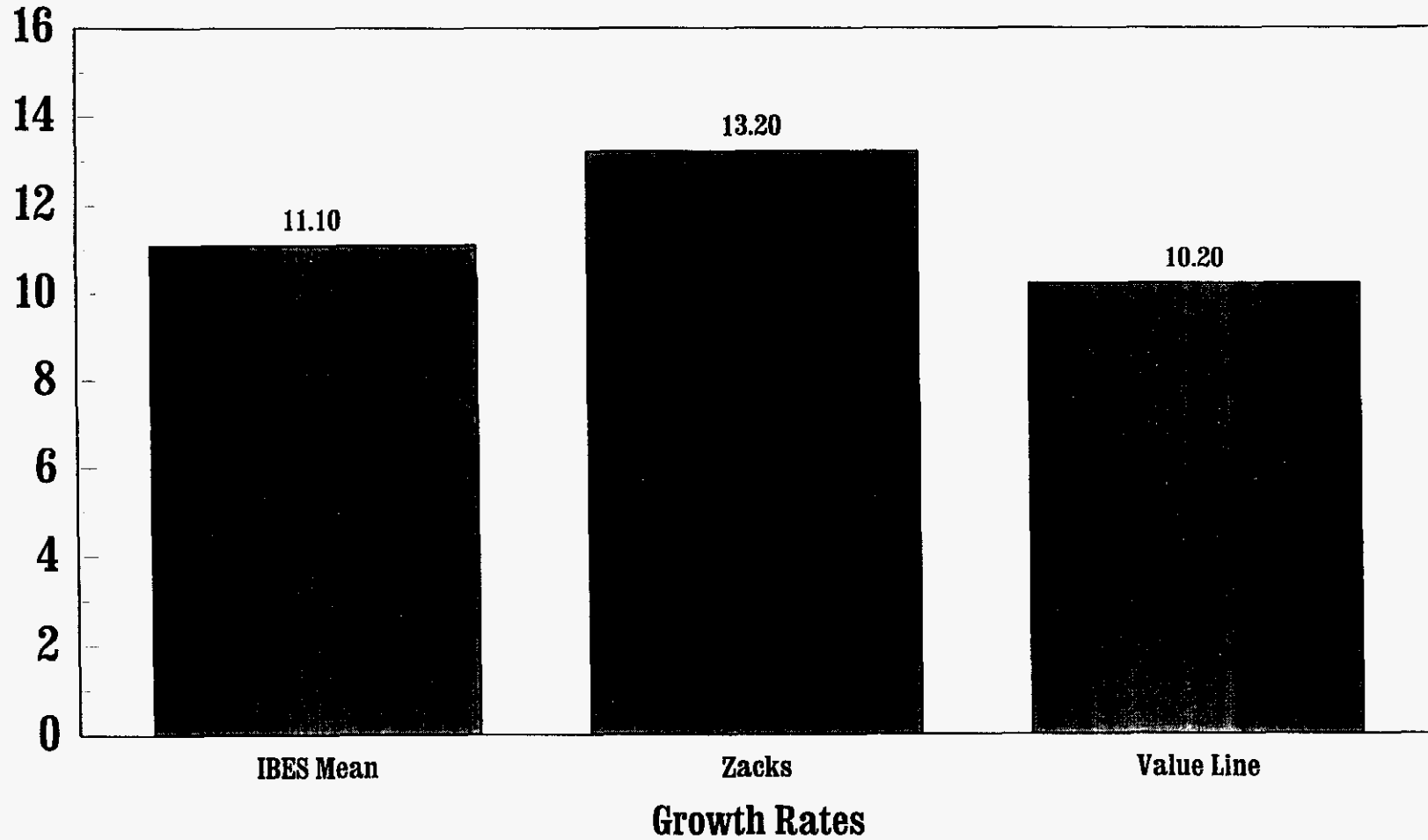


EPS= Earnings Per Share, DPS= Dividends Per Share,  
BVPS= Book Value Per Share, CFPS= Cash Flow Per Share  
BxR= % Retained to Common Equity

# Barometer Group of Seven Gas Distribution Companies

## Analysts' Projected Short-Run Earnings Growth Rates

Percent (%)



Natural Gas Industry  
 Analysis of Public Offerings of Common Stock  
Years 1994-1998, and to Date

	<u>Southeastern Michigan Gas Enterprises</u>	<u>Connecticut Energy Corporation</u>	<u>Mobile Gas Service Corporation</u>
Date of Offering	1-19-94	3-3-94	9-14-94
No. of shares Offered	650,000	900,000	400,000
Dollar amt. of offering	\$13,325,000	\$18,113,000	\$8,800,000
Price to public	\$20.500	\$20.125	\$22.000
Underwriter's discounts and commission	<u>0.800</u>	<u>0.750</u>	<u>1.100</u>
Gross Proceeds	19.700	19.375	20.900
Estimated company issuance expenses	<u>0.077</u>	<u>0.156</u>	<u>0.438</u>
Net proceeds to company per share	<u>\$19.623</u>	<u>\$19.219</u>	<u>\$20.462</u>
Net proceeds to company	\$12,754,950	\$17,297,100	\$8,184,800
Underwriter's discount as a percent of offering price	3.9%	3.7%	5.0%
Issuance expense as a percent of offering price	<u>0.4</u>	<u>0.8</u>	<u>2.0</u>
Total issuance and selling expense as a percent of offering price	<u>4.3%</u>	<u>4.5%</u>	<u>7.0%</u>

Source of Information: Public Utility Financial Tracker  
 Offering Prospectus

Natural Gas Industry  
Analysis of Public Offerings of Common Stock  
Years 1994-1998, and to Date

	<u>Northwest Natural Gas Company</u>	<u>MCN Corporation</u>	<u>Piedmont Natural Gas Company</u>	<u>Laclede Gas Company</u>	<u>United Cities Gas Company</u>	<u>Atlanta Gas Light Company</u>	<u>WICOR</u>
Date of Offering	2-15-95	3-14-95	3-20-95	5-15-95	6-8-95	6-12-95	11-9-95
No. of shares Offered	1,000,000	2,100,000	1,500,000	1,550,000	1,200,000	1,300,000	1,100,000
Dollar amt. of offering	\$29,800,000	\$89,375,000	\$30,000,000	\$29,450,000	\$17,400,000	\$43,712,500	\$35,062,500
Price to public	\$29.750	\$17.875	\$20.000	\$19.000	\$14.500	\$33.625	\$31.875
Underwriter's discounts and commission	<u>1.015</u>	<u>0.650</u>	<u>0.780</u>	<u>0.780</u>	<u>0.570</u>	<u>1.030</u>	<u>1.085</u>
Gross Proceeds	28.735	17.225	19.220	18.220	13.930	32.595	30.790
Estimated company issuance expenses	<u>0.150</u>	<u>0.048</u>	<u>0.078</u>	<u>.099</u>	<u>0.050</u>	<u>0.088</u>	<u>0.159</u>
Net proceeds to company per share	<u>\$28.585</u>	<u>\$17.177</u>	<u>\$19.142</u>	<u>\$18.121</u>	<u>\$13.880</u>	<u>\$32.507</u>	<u>\$30.631</u>
Net proceeds to company	\$28,585,000	\$36,071,700	\$28,713,000	\$28,087,550	\$16,656,000	\$42,259,100	\$33,694,100
Underwriter's discount as a percent of offering price	3.4%	3.6%	3.9%	4.1%	3.9%	3.1%	3.4%
Issuance expense as a percent of offering price	<u>0.5</u>	<u>0.3</u>	<u>0.4</u>	<u>0.5</u>	<u>0.3</u>	<u>0.3</u>	<u>0.5</u>
Total issuance and selling expense as a percent of offering price	<u>3.9%</u>	<u>3.9%</u>	<u>4.3%</u>	<u>4.6%</u>	<u>4.2%</u>	<u>3.4%</u>	<u>3.9%</u>

Source of Information: Public Utility Financial Tracker  
Offering Prospectus

Natural Gas Industry  
 Analysis of Public Offerings of Common Stock  
Years 1994-1998, and to Date

	<u>Connecticut Natural Gas Company</u>	<u>Delta Natural Gas Company</u>	<u>KN Energy</u>	<u>Cascade Natural Gas Company</u>
Date of Offering	6-5-96	7-15-96	7-31-96	8-13-96
No. of shares Offered	640,000	350,000	3,100,000	1,350,000
Dollar amt. of offering	\$14,880,000	\$5,600,000	\$99,975,000	\$20,588,000
Price to public	\$23.250	\$16.000	\$32.250	\$15.250
Underwriter's discounts and commission	<u>0.880</u>	<u>0.720</u>	<u>1.090</u>	<u>0.685</u>
Gross Proceeds	\$22.370	\$15.280	\$31.160	\$14.565
Estimated company issuance expenses	<u>0.119</u>	<u>0.214</u>	<u>0.145</u>	<u>0.111</u>
Net proceeds to company per share	<u>\$22.251</u>	<u>\$15.060</u>	<u>\$31.015</u>	<u>\$14.454</u>
Net proceeds to company	\$14,240,640	\$5,273,100	\$96,146,500	\$19,512,900
Underwriter's discount as a percent of offering price	3.8%	4.5%	3.4%	4.5%
Issuance expense as a percent of offering price	<u>0.5</u>	<u>1.3</u>	<u>0.4</u>	<u>0.7</u>
Total issuance and selling expense as a percent of offering price	<u>4.3%</u>	<u>5.8%</u>	<u>3.8%</u>	<u>5.2%</u>

Source of Information: Public Utility Financial Tracker  
 Offering Prospectus

Natural Gas Industry  
 Analysis of Public Offerings of Common Stock  
Years 1994-1998, and to Date

	<u>Fall River Energen Corporation</u>	<u>Connecticut Gas Company</u>	<u>Energy Corporation</u>
Date of Offering	9-18-97	10-30-97	11-12-97
No. of shares Offered	1,200,000	340,000	900,000
Dollar amt. of offering	\$42,600,000	\$4,505,000	\$21,825,000
Price to public	\$35.500	\$13.250	\$24.250
Underwriter's discounts and commission	<u>1.240</u>	<u>0.760</u>	<u>0.845</u>
Gross Proceeds	34.260	12.490	23.405
Estimated company issuance expenses	<u>0.104</u>	<u>0.429</u>	<u>0.234</u>
Net proceeds to company per share	<u>\$34.156</u>	<u>\$12.061</u>	<u>\$23.171</u>
Net proceeds to company	\$40,987,200	\$4,100,740	\$20,853,900
Underwriter's discount as a percent of offering price	3.5%	5.7%	3.5%
Issuance expense as a percent of offering price	<u>0.3</u>	<u>3.2</u>	<u>1.0</u>
Total issuance and selling expense as a percent of offering price	<u>3.8%</u>	<u>8.9%</u>	<u>4.5%</u>

Source of Information: Public Utility Financial Tracker  
 Offering Prospectus

Natural Gas Industry  
 Analysis of Public Offerings of Common Stock  
Years 1994-1998, and to Date

	<u>Roanoke Gas Company</u>	<u>KN Energy</u>	<u>Enron Corporation</u>	<u>Washington Gas Light Company</u>
Date of Offering	2-22-98	3-4-98	5-5-98	11-12-98
No. of shares Offered	166,000	11,000,000	15,000,000	2,000,000
Dollar amt. of offering	\$3,300,000	\$572,000,000	\$750,000,000	\$50,125,000
Price to public	\$20.000	\$52.000	\$50.000	\$25.063
Underwriter's discounts and commission	<u>0.850</u>	<u>2.030</u>	<u>1.500</u>	<u>0.840</u>
Gross Proceeds	\$19.150	\$49.970	\$48.500	\$24.223
Estimated company issuance expenses	<u>0.482</u>	<u>0.068</u>	<u>0.034</u>	<u>0.134</u>
Net proceeds to company per share	<u>\$18.668</u>	<u>\$49.902</u>	<u>\$48.466</u>	<u>\$24.089</u>
Net proceeds to company	\$3,098,888	\$548,922,000	\$726,990,000	\$48,178,000
Underwriter's discount as a percent of offering price	4.3%	3.9%	3.0%	3.4%
Issuance expense as a percent of offering price	<u>2.4</u>	<u>0.1</u>	<u>0.1</u>	<u>0.5</u>
Total issuance and selling expense as a percent of offering price	<u>6.7%</u>	<u>4.0%</u>	<u>3.1%</u>	<u>3.9%</u>

Source of Information: Public Utility Financial Tracker  
 Offering Prospectus

Natural Gas Industry  
Underwriters' Discount and Company Issuance Expense as a  
Percent of Offering Price for Offerings of Common Stock  
1994-1998, and to date

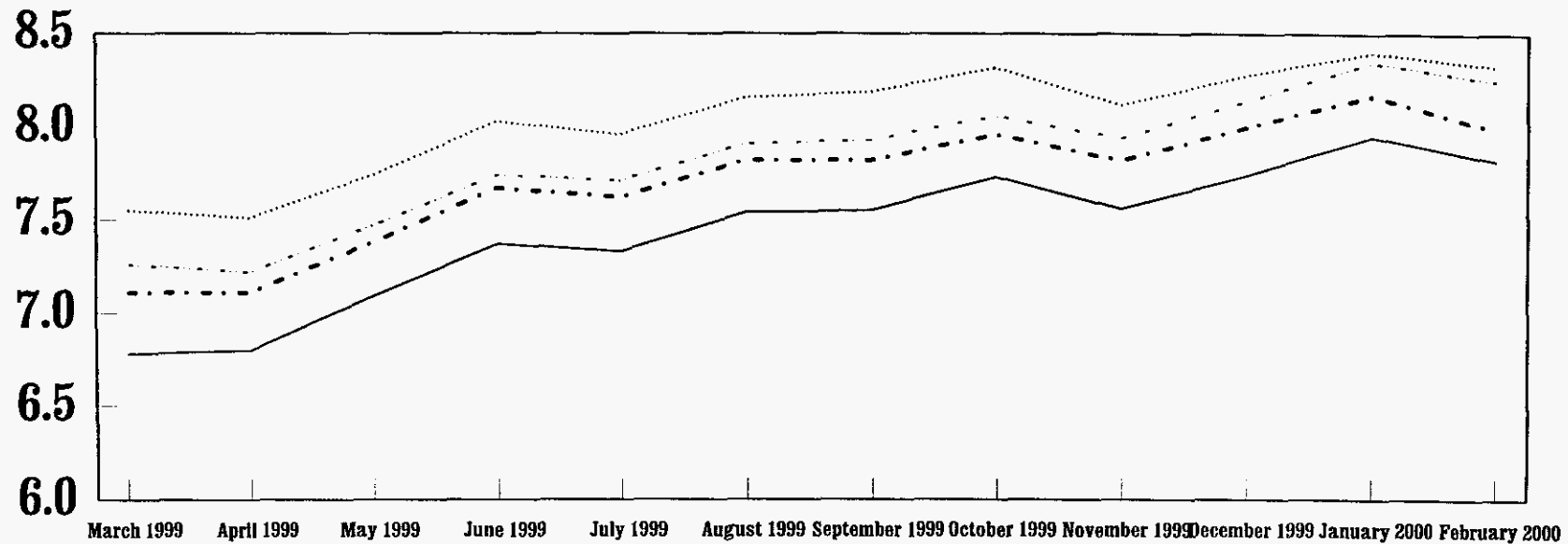
<u>Percentage of Offering Prices Represented by:</u>	<u>Offering Up to \$20 million</u>	<u>Offering Over \$20 million</u>	<u>All Issues</u>
Underwriters' Discount as a Percent of Offering Price	4.4%	3.6%	3.9%
Company Issuance Expense as a Percent of Offering Price	<u>1.4</u>	<u>0.4</u>	<u>0.8</u>
Total Issuance and Selling Expense	<u>5.8%</u>	<u>4.0%</u>	<u>4.7%</u>

Source of Information: Public Utility Financial Tracker  
Offering Prospectus

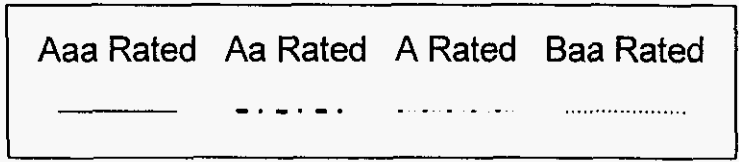


## Interest Rate Trends for Public Utility Bonds

Percent (%)



### Bond Yields



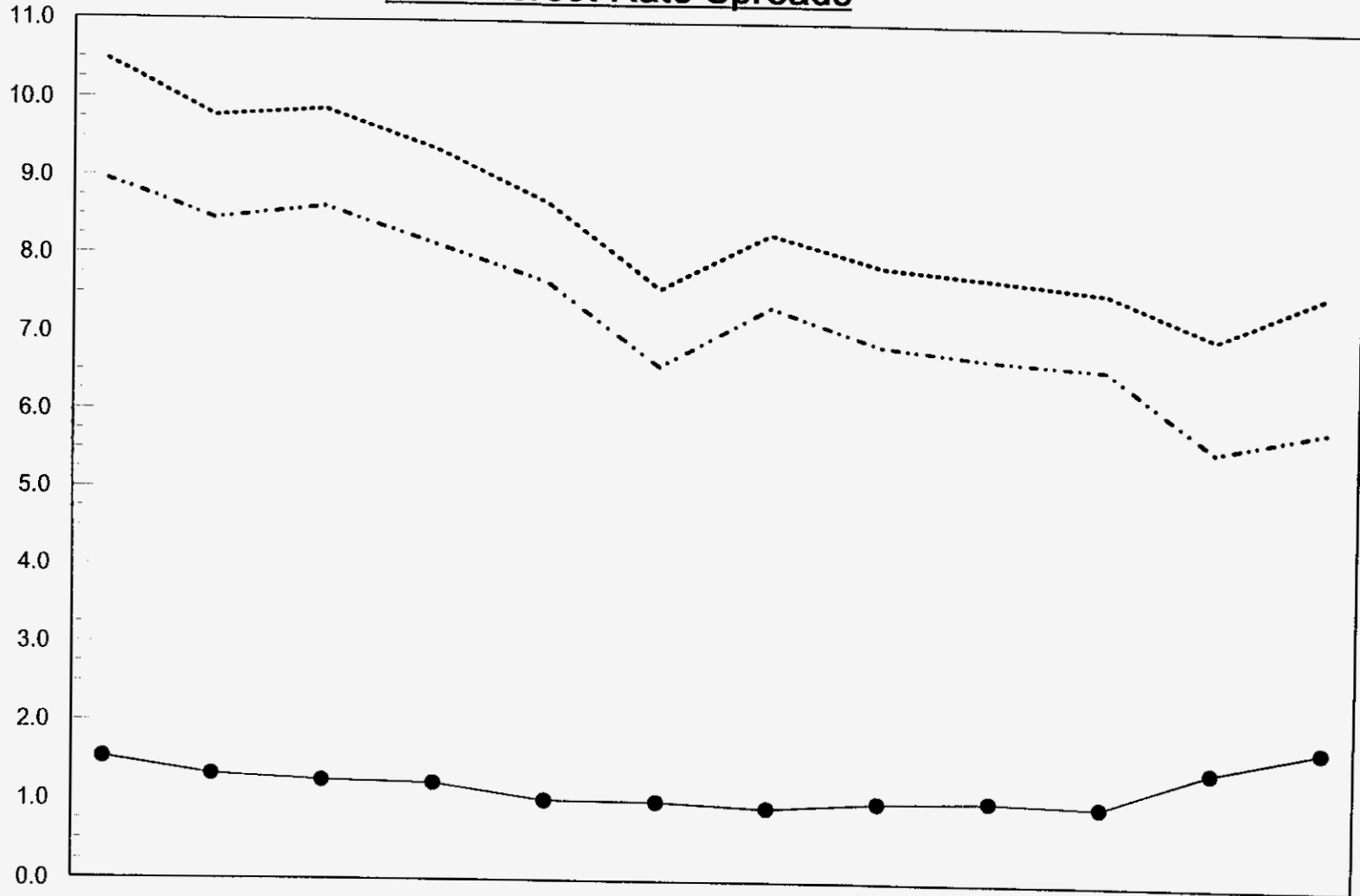
**Interest Rate Trends for Investor-Owned Public Utility Bonds  
 Yearly for 1995-1999  
 and the Twelve Months Ended February 2000**

<u>Years</u>	<u>Aaa Rated</u>	<u>Aa Rated</u>	<u>A Rated</u>	<u>Baa Rated</u>	<u>Average</u>
1995	7.68%	7.77%	7.89%	8.29%	7.92%
1996	7.48%	7.57%	7.75%	8.16%	7.74%
1997	7.43%	7.54%	7.60%	7.95%	7.63%
1998	6.77%	6.91%	7.04%	7.26%	7.00%
1999	7.21%	7.51%	7.62%	7.88%	7.55%
<b><u>Months</u></b>					
March 1999	6.78%	7.11%	7.26%	7.55%	7.18%
April 1999	6.80%	7.11%	7.22%	7.51%	7.16%
May 1999	7.09%	7.38%	7.47%	7.74%	7.42%
June 1999	7.37%	7.67%	7.74%	8.03%	7.70%
July 1999	7.33%	7.62%	7.71%	7.96%	7.66%
August 1999	7.54%	7.82%	7.91%	8.16%	7.86%
September 1999	7.55%	7.82%	7.93%	8.19%	7.87%
October 1999	7.73%	7.96%	8.06%	8.32%	8.02%
November 1999	7.56%	7.82%	7.94%	8.12%	7.86%
December 1999	7.74%	8.00%	8.14%	8.28%	8.04%
January 2000	7.95%	8.17%	8.35%	8.40%	8.22%
February 2000	<u>7.82%</u>	<u>7.99%</u>	<u>8.25%</u>	<u>8.33%</u>	<u>8.10%</u>
<b>Twelve-Month Average</b>	<u>7.44%</u>	<u>7.71%</u>	<u>7.83%</u>	<u>8.05%</u>	<u>7.76%</u>

Source of Information : Moody's Investors Services, Inc. (Public Utility Manuals and Bond Surveys)

Yields on  
A-rated Public Utility Bonds & 30-year Treasury Bonds  
and Interest Rate Spreads

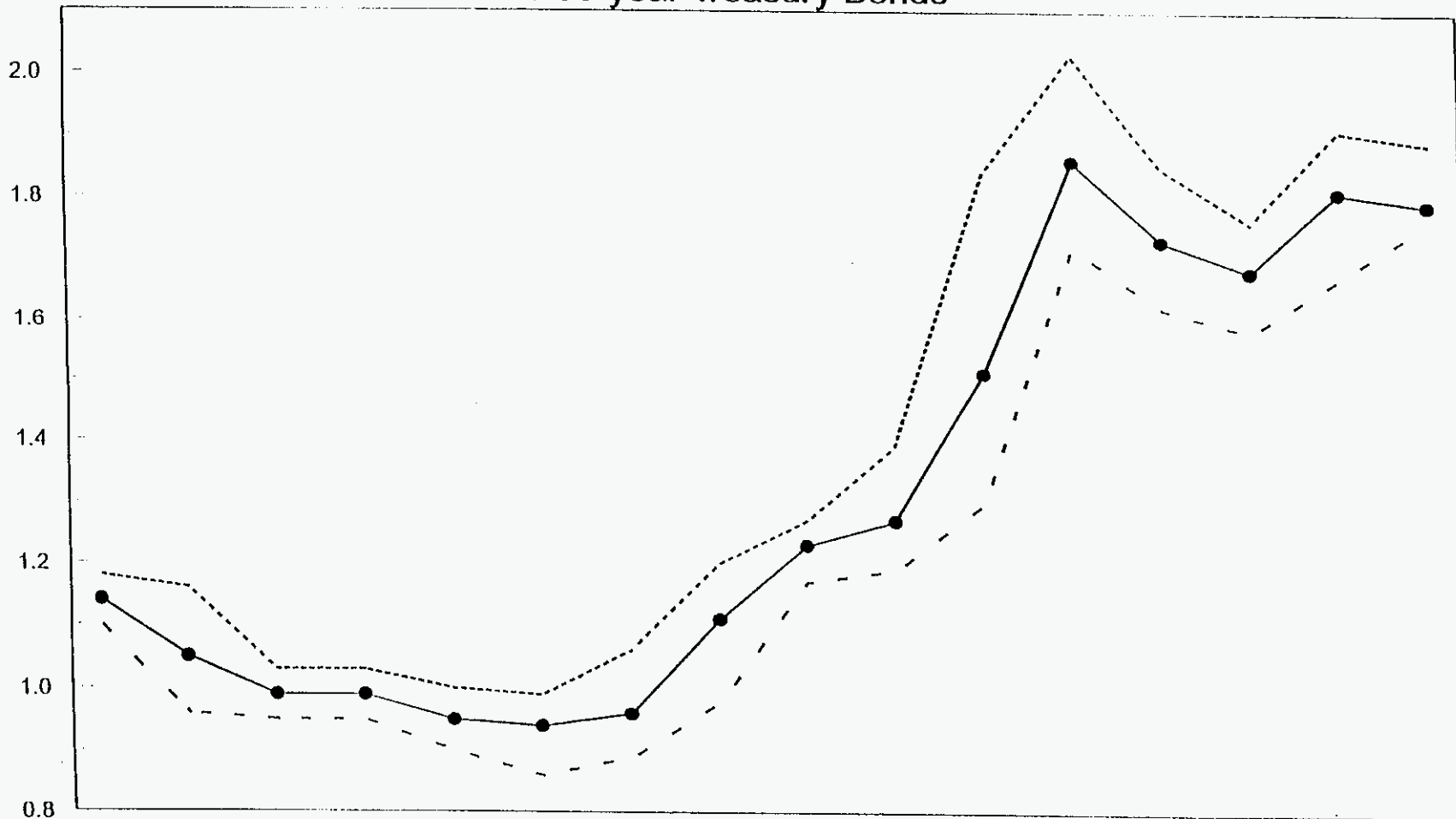
Percent



	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
A rated Pub. Util. ---	10.49	9.77	9.86	9.36	8.68	7.59	8.30	7.89	7.75	7.60	7.04	7.63
30-year Treasury - · -	8.96	8.45	8.61	8.14	7.67	6.59	7.37	6.88	6.71	6.61	5.58	5.87
Spread ●	1.53	1.32	1.25	1.22	1.01	1.00	0.93	1.01	1.04	0.99	1.46	1.75

## Interest Rate Spreads A-rated Public Utility Bonds over 30-year Treasury Bonds

Percentage Points



	Mar-96	Jun-96	Sep-96	Dec-96	Mar-97	Jun-97	Sep-97	Dec-97	Mar-98	Jun-98	Sep-98	Dec-98	Mar-99	Jun-99	Sep-99	Dec-99
High--	1.18	1.16	1.03	1.03	1.00	0.99	1.06	1.20	1.27	1.39	1.84	2.03	1.85	1.76	1.91	1.89
Avg ●	1.14	1.05	0.99	0.99	0.95	0.94	0.96	1.11	1.23	1.27	1.51	1.86	1.73	1.68	1.81	1.79
Low -	1.10	0.96	0.95	0.95	0.90	0.86	0.89	0.98	1.17	1.19	1.30	1.72	1.62	1.58	1.67	1.76

Spreads are calculated daily, with the average covering an entire quarter

11.02%  
 8.87%  
 5.56%  
 5.43%

S&P Composite Index and S&P Public Utility Index  
 Long-Term Corporate and Public Utility Bonds  
 Yearly Total Returns  
 1928-1999

Year	S & P Composite Index	S & P Public Utility Index	Long Term Corporate Bonds	Public Utility Bonds
1928	43.61%	57.47%	2.84%	3.08%
1929	-8.42%	11.02%	3.27%	2.34%
1930	-24.90%	-21.96%	7.98%	4.74%
1931	-43.34%	-35.90%	-1.85%	-11.11%
1932	-3.19%	-0.54%	10.82%	7.25%
1933	53.99%	-21.87%	10.38%	-3.82%
1934	-1.44%	-20.41%	13.84%	22.61%
1935	47.67%	76.63%	9.61%	16.03%
1936	33.92%	20.69%	6.74%	8.30%
1937	-35.03%	-37.04%	2.75%	-4.05%
1938	31.12%	22.45%	6.13%	8.11%
1939	-0.41%	11.26%	3.97%	6.76%
1940	-9.79%	-17.15%	3.39%	4.45%
1941	-11.59%	-31.57%	2.73%	2.15%
1942	20.34%	15.39%	2.60%	3.81%
1943	25.50%	46.07%	2.83%	7.04%
1944	19.75%	18.03%	4.73%	3.29%
1945	36.44%	53.33%	4.08%	5.92%
1946	-8.07%	1.26%	1.72%	2.98%
1947	5.71%	-13.16%	-2.34%	-2.19%
1948	5.50%	4.01%	4.14%	2.65%
1949	18.79%	31.39%	3.31%	7.16%
1950	31.71%	3.25%	2.12%	2.01%
1951	24.02%	18.63%	-2.69%	-2.77%
1952	18.37%	19.25%	3.52%	2.99%
1953	-0.99%	7.85%	3.41%	2.08%
1954	52.62%	24.72%	5.39%	7.57%
1955	31.56%	11.26%	0.48%	0.12%
1956	6.56%	5.06%	-6.81%	-6.25%
1957	-10.78%	6.36%	8.71%	3.58%
1958	43.36%	40.70%	-2.22%	0.18%
1959	11.96%	7.49%	-0.97%	-2.29%
1960	0.47%	20.26%	9.07%	9.01%
1961	26.89%	29.33%	4.82%	4.65%
1962	-8.73%	-2.44%	7.95%	6.55%
1963	22.80%	12.36%	2.19%	3.44%
1964	16.48%	15.91%	4.77%	4.94%
1965	12.45%	4.67%	-0.46%	0.50%
1966	-10.06%	-4.48%	0.20%	-3.45%
1967	23.98%	-0.63%	-4.95%	-3.63%
1968	11.06%	10.32%	2.57%	1.87%
1969	-8.50%	-15.42%	-8.09%	-6.66%
1970	4.01%	16.56%	18.37%	15.90%
1971	14.31%	2.41%	11.01%	11.59%
1972	18.98%	8.15%	7.26%	7.19%
1973	-14.66%	-18.07%	1.14%	2.42%
1974	-26.47%	-21.55%	-3.06%	-5.28%
1975	37.20%	44.49%	14.64%	15.50%
1976	23.84%	31.81%	18.65%	19.04%
1977	-7.18%	8.64%	1.71%	5.22%
1978	6.56%	-3.71%	-0.07%	-0.98%
1979	18.44%	13.53%	-4.18%	-2.75%
1980	32.42%	15.08%	-2.76%	-0.23%
1981	-4.91%	11.74%	-1.24%	4.27%
1982	21.41%	25.52%	-2.56%	33.52%
1983	22.51%	20.01%	6.26%	10.33%
1984	5.27%	28.04%	15.36%	14.82%
1985	32.16%	33.05%	30.09%	26.48%
1986	18.47%	28.53%	19.55%	18.16%
1987	5.23%	-2.92%	-0.27%	3.02%
1988	16.81%	18.27%	10.70%	10.19%
1989	31.49%	47.90%	16.23%	15.61%
1990	-3.17%	-2.57%	6.78%	8.13%
1991	30.55%	14.61%	19.89%	19.25%
1992	7.67%	8.10%	9.39%	8.65%
1993	9.99%	14.41%	13.19%	10.59%
1994	1.31%	-7.94%	-5.76%	-4.72%
1995	37.43%	42.15%	27.20%	22.81%
1996	23.07%	3.14%	1.40%	3.04%
1997	33.36%	24.69%	12.95%	11.39%
1998	28.58%	14.82%	10.76%	9.44%
1999	21.04%	-8.85%	-7.45%	-1.69%
<b>Geometric Mean</b>	11.02%	8.87%	5.56%	5.43%
<b>Arithmetic Mean</b>	12.97%	11.01%	5.90%	5.73%
<b>Standard Deviation</b>	20.22%	21.68%	8.83%	8.21%
<b>Median</b>	16.65%	11.26%	3.75%	4.36%

**Tabulation of Risk Rate Differentials for  
 S&P Public Utility Index and Public Utility Bonds  
 For the Years 1928-1999, 1952-1999, 1974-1999 and 1979-1999**

<u>Total Returns</u>	<u>Range</u>			<u>Point</u>	<u>Average of the Midpoint of Range and Point Estimate</u>
	<u>Geometric Mean</u>	<u>Median</u>	<u>Midpoint</u>	<u>Estimate Arithmetic Mean</u>	
<b><u>1928-1999</u></b>					
S&P Public Utility Index	8.87%	11.26%		11.01%	
Public Utility Bonds	<u>5.43%</u>	<u>4.36%</u>		<u>5.73%</u>	
Risk Differential	<u>3.44%</u>	<u>6.90%</u>	<u>5.17%</u>	<u>5.28%</u>	<u>5.23%</u>
<b><u>1952-1999</u></b>					
S&P Public Utility Index	11.43%	12.05%		12.53%	
Public Utility Bonds	<u>6.24%</u>	<u>4.80%</u>		<u>6.59%</u>	
Risk Differential	<u>5.19%</u>	<u>7.25%</u>	<u>6.22%</u>	<u>5.94%</u>	<u>6.08%</u>
<b><u>1974-1999</u></b>					
S&P Public Utility Index	14.10%	14.72%		15.38%	
Public Utility Bonds	<u>9.34%</u>	<u>9.82%</u>		<u>9.76%</u>	
Risk Differential	<u>4.76%</u>	<u>4.90%</u>	<u>4.83%</u>	<u>5.62%</u>	<u>5.23%</u>
<b><u>1979-1999</u></b>					
S&P Public Utility Index	15.26%	14.82%		16.20%	
Public Utility Bonds	<u>10.08%</u>	<u>10.19%</u>		<u>10.49%</u>	
Risk Differential	<u>5.18%</u>	<u>4.63%</u>	<u>4.91%</u>	<u>5.71%</u>	<u>5.31%</u>

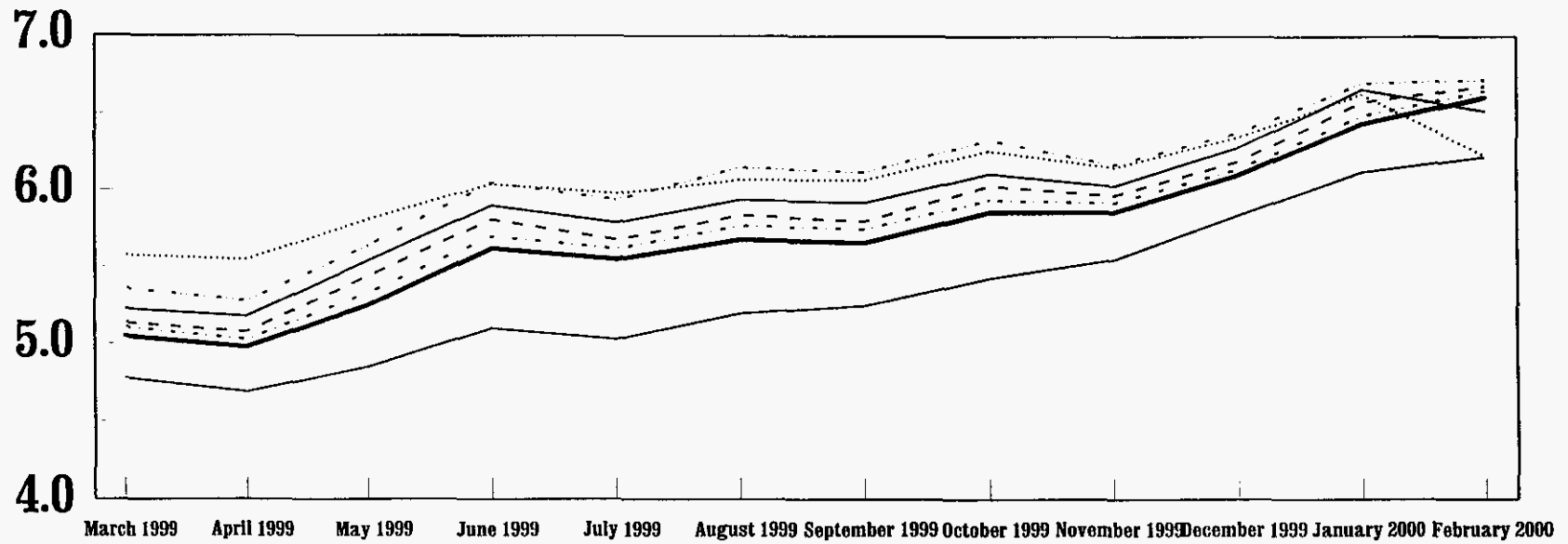
**Merrill Lynch and Value Line  
Adjusted Betas for  
the Barometer Group of Seven Gas Distribution Companies**

	<u>Merrill Lynch Adjusted Beta</u>	<u>Value Line Adjusted Beta</u>	<u>Average Adjusted Beta</u>
<b><u>Barometer Group of Seven Gas Companies</u></b>			
AGL Resources	0.64	0.65	0.65
Atmos Energy Group	0.47	0.55	0.51
Chesapeake Utilities	0.42	0.40	0.41
Energen Corp	0.63	0.75	0.69
EnergySouth Inc.	0.33	0.50	0.42
NUI Corporation	0.51	0.70	0.61
Piedmont Natural Gas	<u>0.52</u>	<u>0.55</u>	<u>0.54</u>
Average	<u>0.50</u>	<u>0.59</u>	<u>0.55</u>

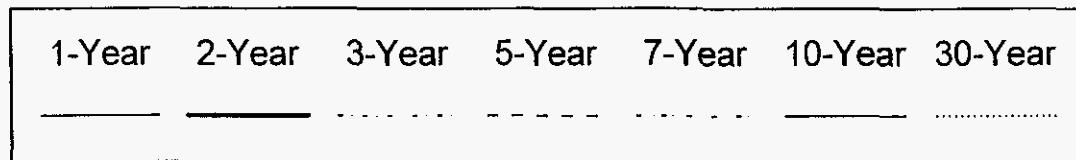
Source of Information: Merrill Lynch Security Price Index, January 2000  
Value Line Investment Survey, December 24, 1999

## Interest Rate Trends for Treasury Constant Maturities

Percent (%)



### Bond Yields





**Interest Rate Trends for Treasury Constant Maturities  
 Yearly for 1995-1999  
 and the Twelve Months Ended February 2000**

<u>Years</u>	<u>1-Year</u>	<u>2-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>7-Year</u>	<u>10-Year</u>	<u>30-Year</u>
1995	5.95%	6.16%	6.26%	6.39%	6.50%	6.58%	6.88%
1996	5.51%	5.84%	5.99%	6.18%	6.34%	6.44%	6.70%
1997	5.63%	5.99%	6.10%	6.22%	6.32%	6.35%	6.61%
1998	5.05%	5.13%	5.14%	5.15%	5.28%	5.26%	5.58%
1999	5.08%	5.43%	5.49%	5.54%	5.78%	5.64%	5.87%
<b><u>Months</u></b>							
March 1999	4.78%	5.05%	5.11%	5.14%	5.36%	5.23%	5.58%
April 1999	4.69%	4.98%	5.03%	5.08%	5.28%	5.18%	5.55%
May 1999	4.85%	5.25%	5.33%	5.44%	5.64%	5.54%	5.81%
June 1999	5.10%	5.62%	5.70%	5.81%	6.05%	5.90%	6.04%
July 1999	5.03%	5.55%	5.62%	5.68%	5.94%	5.79%	5.98%
August 1999	5.20%	5.68%	5.77%	5.84%	6.15%	5.94%	6.07%
September 1999	5.25%	5.66%	5.75%	5.80%	6.12%	5.92%	6.07%
October 1999	5.43%	5.86%	5.94%	6.03%	6.33%	6.11%	6.26%
November 1999	5.55%	5.86%	5.92%	5.97%	6.17%	6.03%	6.15%
December 1999	5.84%	6.10%	6.14%	6.19%	6.38%	6.28%	6.35%
January 2000	6.12%	6.44%	6.49%	6.58%	6.70%	6.66%	6.63%
February 2000	6.22%	6.61%	6.65%	6.68%	6.72%	6.52%	6.23%
<b>Twelve-Month Average</b>	<u>5.34%</u>	<u>5.72%</u>	<u>5.79%</u>	<u>5.85%</u>	<u>6.07%</u>	<u>5.93%</u>	<u>6.06%</u>

Source of Information : Federal Reserve Statistical Release

Measures of the Risk Free Rate  
Using Blue Chip Financial Forecasts

The forecast Treasury yields per the consensus of nearly 50 economists reported in the Blue Chip Financial Forecasts dated March 1, 2000.

	<u>Treasury Note Yield</u> <u>10-Year</u>	<u>Treasury Bond Yield</u> <u>30-Year</u>
First Quarter 2000	6.6%	6.4%
Second Quarter 2000	6.6	6.4
Third Quarter 2000	6.6	6.4
Fourth Quarter 2000	6.5	6.3
First Quarter 2001	6.4	6.3
Second Quarter 2001	6.4	6.2

Source of Information: Blue Chip Financial Forecasts, March 1, 2000.

**THE VALUE LINE**  
 Investment Survey®

Part 1  
**Summary & Index**

File at the front of the Ratings & Reports binder. Last week's Summary & Index should be removed.

March 10, 2000

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The Median of Estimated **PRICE-EARNINGS RATIOS** of all stocks with earnings

**12.9**

26 Weeks Ago	Market Low 10-28-87	Market High 4-22-98
15.7	10.6	19.7

The Median of Estimated **DIVIDEND YIELDS** (next 12 months) of all dividend paying stocks under review

**2.4%**

26 Weeks Ago	Market Low 10-28-87	Market High 4-22-98
1.9%	3.7%	1.6%

The Estimated Median Price **APPRECIATION POTENTIAL** of all 1700 stocks in the hypothesized economic environment 3 to 5 years hence

**95%**

26 Weeks Ago	Market Low 10-28-87	Market High 4-22-98
65%	120%	35%

**ANALYSES OF INDUSTRIES IN ALPHABETICAL ORDER WITH PAGE NUMBER**  
 Numeral in parenthesis after the industry is rank for probable performance (next 12 months).

PAGE		PAGE		PAGE		PAGE	
Advertising (4) .....	1854	Drugstore (80) .....	807	Internet (5) .....	2213	Retail Building Supply (13) .....	883
Aerospace/Defense (71) .....	551	Educational Services (22) .....	1584	Investment Co. (68) .....	969	Retail (Special Lines) (16) .....	1669
Air Transport (83) .....	1148, 261	Electrical Equipment (35) .....	1001	Investment Co. (Foreign) (14) .....	375	Retail Store (41) .....	1640
Aluminum (-) .....	1219	Electric Util. (Central) (87) .....	701	Machinery (53) .....	1301	Securities Brokerage (8) .....	1407
Apparel (52) .....	1611	*Electric Utility (East) (85) .....	155	Manuf. Housing/Rec Veh (82) .....	1549	Semiconductor (2) .....	1052
*Auto & Truck (37) .....	101	Electric Utility (West) (79) .....	1736	Maritime (39) .....	294	Semiconductor Cap Equip (1) .....	1079
Auto Parts (OEM) (50) .....	813	Electronics (3) .....	1019	Medical Services (30) .....	642	Shoe (42) .....	1660
*Auto Parts (Replacement) (88) .....	111	Entertainment (57) .....	1793	*Medical Supplies (21) .....	188	Steel (General) (48) .....	584
Bank (77) .....	2101	Environmental (89) .....	358	Metal Fabricating (47) .....	569	Steel (Integrated) (54) .....	1394
Bank (Canadian) (44) .....	1570	Financial Svcs. (Div.) (33) .....	1757, 2133	Metals & Mining (Div.) (12) .....	1219	Telecom. Equipment (7) .....	771
Bank (Midwest) (72) .....	625	Food Processing (78) .....	1461	Natural Gas (Distrib.) (70) .....	463	Telecom. Services (28) .....	733
Beverage (Alcoholic) (24) .....	1530	Food Wholesalers (17) .....	1523	Natural Gas/Diversified (32) .....	443	Textile (55) .....	1627
Beverage (Soft Drink) (62) .....	1539	Foreign Electron/Entertn (29) .....	1557	Newspaper (46) .....	1836	Tyrit (76) .....	1161
Building Materials (73) .....	851	Foreign Telecom. (6) .....	791	Office Equip & Supplies (67) .....	1118	*Tire & Rubber (86) .....	117
Cable TV (31) .....	840	Furn./Home Furnishings (49) .....	899	Oilfield Services/Equip. (45) .....	1874	Tobacco (84) .....	1760, 1577
Canadian Energy (25) .....	429	Gold/Silver Mining (43) .....	1209	Packaging & Container (64) .....	938	Toiletries/Cosmetics (69) .....	831
Cement & Aggregates (38) .....	891	Grocery (74) .....	1508	Paper & Forest Products (36) .....	911	Trucking/Transp. Leasing (23) .....	275
Chemical (Basic) (65) .....	1231	Healthcare Information (81) .....	673	Petroleum (Integrated) (51) .....	401	Water Utility (91) .....	1400
Chemical (Diversified) (59) .....	1896	*Home Appliance (66) .....	123	Petroleum (Producing) (18) .....	1861		
Chemical (Specialty) (50) .....	488	Homequiding (26) .....	868	*Precision Instrument (15) .....	130		
Computer & Peripherals (10) .....	1086	Hotel/Gaming (27) .....	1807	Publishing (34) .....	1822		
Computer Software & Svcs (9) .....	2168	Household Products (20) .....	952	Railroad (19) .....	300		
Copper (-) .....	1220	Industrial Services (61) .....		R.E.I.T. (56) .....	1180		
Diversified Co. (63) .....	1351	Insurance (Life) (75) .....	1196	Recreation (40) .....	1771		
Drug (11) .....	1240	Insurance(Prop/Casualty) (90) .....	1757, 597	Restaurant (58) .....	309		

\*Reviewed in this week's edition.

In three parts: This is Part 1, the Summary & Index. Part 2 is Selection & Opinion. Part 3 is Ratings & Reports. Volume LV, No. 27.  
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Table 2-1

Basic Series:  
Summary Statistics of  
Annual Total Returns

Exhibit No. PRM-1  
Schedule 12  
Page 6 of 6

From 1926 to 1999

Series	Geometric Mean	Arithmetic Mean	Standard Deviation	Distribution
Large Company Stocks	11.3%	13.3%	20.1%	
Small Company Stocks	12.6	17.6	33.6	
Long-Term Corporate Bonds	5.6	5.9	8.7	
Long-Term Government	5.1	5.5	9.3	
Intermediate-Term Government	5.2	5.4	5.8	
U.S. Treasury Bills	3.8	3.8	3.2	
Inflation	3.1	3.2	4.5	

\* The 1933 Small Company Stock Total Return was 142.9 percent.

**Comparable Earnings Approach for  
Barometer Group of Seven Gas Distribution Companies  
All Value Line Non-Utility Companies with Timeliness of 3, 4 and 5,  
Safety Ranking of 2, and 3, Financial Strength of B+ and B++,  
Price Stability 80 to 100, Beta's of .40 to .75  
and Technical Rank of 2, 3 or 4**

<u>Company Name</u>	<u>Industry Name</u>	<u>Time- liness Rank</u>	<u>Safety Rank</u>	<u>Financial Strength</u>	<u>Price Stability</u>	<u>Beta</u>	<u>Technical Rank</u>
Alberto Culver 'B'	COSMETIC	3	2	B++	90	0.75	3
Alexander & Baldwin	MARITIME	3	3	B+	80	0.7	3
Ameron Int'l	BUILDING	3	3	B+	90	0.65	3
Archer Daniels Mid'd	FOODPROC	4	3	B+	85	0.75	4
Baldor Electric	ELECEQ	4	2	B++	90	0.65	3
Bandag Inc.	TIRE	4	2	B++	90	0.75	4
Block Drug 'A'	DRUG	4	3	B+	80	0.6	3
Burlington Resources	OILPROD	3	3	B++	80	0.75	4
Cincinnati Financial	INSRPTY	4	2	B++	80	0.75	4
Curtiss-Wright	MACHINE	3	2	B++	90	0.65	3
Dean Foods	FOODPROC	3	3	B+	85	0.7	3
Franklin Electric	ELECEQ	3	3	B+	80	0.5	3
Gen'l Mills	FOODPROC	4	2	B++	100	0.65	3
Int'l Aluminum	BUILDING	4	2	B+	100	0.55	4
Liberty Corp.	INSLIFE	4	3	B+	95	0.75	3
Markel Corp.	INSRPTY	5	2	B++	95	0.7	4
McCormick & Co.	FOODPROC	3	2	B++	90	0.6	3
NCH Corp.	CHEMSPEC	3	2	B++	95	0.6	4
National Presto Ind.	APPLIANC	4	2	B+	100	0.55	3
Phillips Petroleum	OILINTEG	4	3	B+	90	0.75	3
RLI Corp.	INSRPTY	4	3	B+	90	0.7	3
Selective Ins. Group	INSRPTY	4	3	B+	85	0.65	3
Smucker (J.M.) 'A'	FOODPROC	3	3	B++	80	0.7	3
Tennant Co.	MACHINE	4	2	B++	85	0.55	3
Transatlantic Hldgs.	INSRPTY	4	2	B++	100	0.7	3
Unitrin Inc.	FINSVCS	4	2	B++	95	0.75	3
Universal Foods	FOODPROC	3	2	B++	90	0.7	3
West Pharmac. Svcs.	MEDSUPPL	5	3	B+	95	0.5	3
Averages		<u>3.7</u>	<u>2.5</u>	<u>B++</u>	<u>89.5</u>	<u>0.66</u>	<u>3.3</u>
Barometer Group	- Range	<u>3 to 5</u>	<u>2 to 3</u>	<u>B+ to B++</u>	<u>80 to 100</u>	<u>.40 to .75</u>	<u>2 to 4</u>

Source of Information: Value Line Investment Survey for Windows, February 2000

**Comparable Earnings Approach  
Five Year Average Historical Earned Returns  
for the Years 1994-1998 and  
Projected 3-5 Year Returns**

<u>Company Name</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>Average</u>	<u>Projected 3-5 Year Return</u>
Alberto Culver 'B'	13.5%	14.2%	14.8%	15.2%	15.6%	14.7%	13.0%
Alexander & Baldwin	11.8%	6.1%	9.1%	9.6%	8.6%	9.0%	14.0%
Ameron Int'l	7.2%	9.3%	10.6%	12.7%	9.7%	9.9%	10.0%
Archer Daniels Midl'd	9.6%	13.6%	11.3%	9.2%	6.8%	10.1%	8.5%
Baldor Electric	14.3%	15.3%	17.6%	16.6%	16.9%	16.1%	16.5%
Bandag Inc.	21.7%	24.3%	19.9%	16.4%	12.7%	19.0%	12.5%
Block Drug 'A'	9.0%	8.4%	10.2%	8.0%	7.5%	8.6%	8.5%
Burlington Resources	6.0%	1.1%	10.9%	11.9%	2.8%	6.5%	14.5%
Cincinnati Financial	10.4%	8.5%	7.0%	6.3%	4.3%	7.3%	7.0%
Curtiss-Wright	12.3%	10.6%	8.8%	12.6%	12.7%	11.4%	11.5%
Dean Foods	13.5%	13.7%	9.5%	15.3%	14.2%	13.2%	18.5%
Franklin Electric	28.8%	19.2%	21.5%	25.0%	27.1%	24.3%	20.0%
Gen'l Mills	33.5%	NMF	NMF	96.0%	NMF	64.8%	NMF
Int'l Aluminum	7.1%	11.9%	6.5%	5.9%	8.0%	7.9%	10.5%
Liberty Corp.	10.5%	9.6%	10.3%	10.5%	9.8%	10.1%	10.5%
Markel Corp.	13.4%	16.2%	13.0%	9.8%	10.0%	12.5%	6.5%
McCormick & Co.	21.9%	18.8%	18.5%	5.0%	27.2%	18.3%	37.5%
NCH Corp.	11.3%	12.1%	11.5%	9.6%	11.6%	11.2%	10.5%
National Presto Ind.	8.8%	7.7%	6.0%	6.8%	7.8%	7.4%	9.0%
Phillips Petroleum	12.4%	16.5%	18.2%	16.7%	8.0%	14.4%	17.5%
RLI Corp.	NMF	5.0%	12.8%	11.3%	9.6%	9.7%	10.5%
Selective Ins. Group	11.6%	12.1%	11.7%	12.3%	8.8%	11.3%	10.5%
Smucker (J.M.) 'A'	14.1%	10.7%	10.6%	12.0%	11.6%	11.8%	14.5%
Tennant Co.	16.4%	17.2%	16.3%	18.1%	19.3%	17.5%	17.0%
Transatlantic Hldgs.	13.3%	13.3%	13.6%	13.7%	15.4%	13.9%	12.0%
Unitrin Inc.	8.4%	9.9%	9.0%	9.9%	8.4%	9.1%	9.5%
Universal Foods	17.9%	15.7%	17.4%	17.0%	17.9%	17.2%	18.5%
West Pharmac. Svcs.	12.0%	11.3%	12.5%	13.1%	16.3%	13.0%	17.0%
<b>Average</b>						<u>14.3%</u>	<u>13.1%</u>
<b>Median</b>						<u>11.6%</u>	<u>11.8%</u>

Source of Information: Value Line Investment Survey for Windows, February 2000  
Value Line Investment Survey (Various Editions)