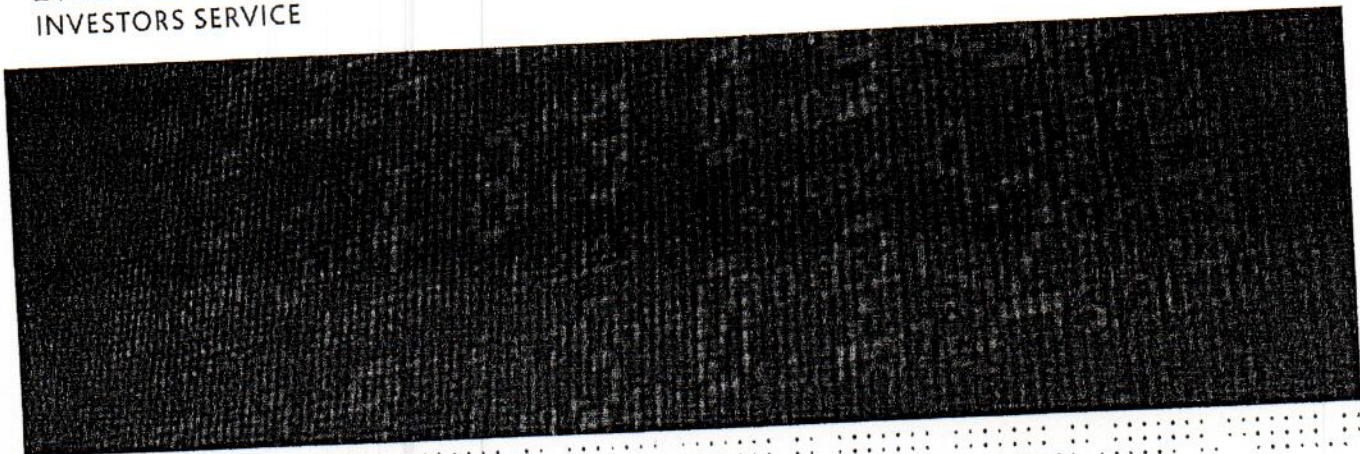

MOODY'S
INVESTORS SERVICE



Electric & Gas Utilities
Assessing Their Credit Quality and Outlook

North American Power Credit Organization Conference

Mihoko Manabe, CFA, Vice President/Senior Credit Officer

January 18, 2013

Factor 4: Financial Strength/Liquidity (40%)

Factor 4: Financial Strength and Liquidity				
Weighting: 40%				
	Aa	A	Baa	Ba
Liquidity (10%)	Financially robust under virtually all scenarios with little to no need for external funding, superior access to the capital markets, and very strong liquidity.	Financially strong under most scenarios with some reliance on external funding, solid access to the capital markets, and strong liquidity.	Some reliance on external funding and liquidity is more likely to be affected by external events, good access to the capital markets, and adequate liquidity under most scenarios.	Weak liquidity with more susceptibility to external shocks or unexpected events. Significant reliance on debt funding (Bank financing may be secured and there may be limited headroom under covenants.
CFO pre-WC + Interest/Interest (7.5%)	6.0x - 8.0x	4.5x - 6.0x	2.7x - 4.5x	1.5x - 2.7x
CFO pre-WC/Debt (7.5%)	30% - 40%	22% - 30%	13% - 22%	5% - 13%
CFO pre-WC - Dividends/Debt (7.5%)	25% - 35%	17% - 25%	9% - 17%	0% - 9%
Debt/Capitalization (7.5%)	25% - 35%	35% - 45%	45% - 55%	55% - 65%

Peer Group	Northwest	Arizona	El Paso	Southwestern
	Natural	Public Service		
Rating/Outlook	A3/Negative	Baa1	Baa1	Baa2
Liquidity	Baa	Baa	Ba	Baa
CFO pre-WC + Interest/Interest	4.5x	5.1x	4.5x	3.9x
CFO pre-WC/Adj Debt	18%	26%	22%	18%
CFO pre-WC - Dividends/Adj Debt	13%	20%	16%	13%
Adj Debt/Capitalization	48%	40%	39%	50%

Source: Moodys.com, mid-range of Moody's most recent published 12-18 month forward view