

Corporate Pipeline Group
Capitalization and Financial Statistics ⁽¹⁾
2001-2005, Inclusive

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	
			(Millions of Dollars)			
Amount of Capital Employed						
Permanent Capital	\$ 9,199.7	\$ 8,328.7	\$ 9,388.4	\$ 10,151.8	\$ 9,585.0	
Short-Term Debt	\$ 178.4	\$ 87.9	\$ 101.8	\$ 507.4	\$ 776.4	
Total Capital	<u>\$ 9,378.1</u>	<u>\$ 8,416.6</u>	<u>\$ 9,490.2</u>	<u>\$ 10,659.2</u>	<u>\$ 10,361.4</u>	
Market-Based Financial Ratios						<u>Average</u>
Price-Earnings Multiple	21 x	25 x	14 x	14 x	21 x	19 x
Market/Book Ratio	345.8%	231.3%	175.9%	186.9%	268.5%	241.7%
Cash Yield	2.2%	2.5%	2.5%	2.9%	2.0%	2.4%
Payout Ratio	38.9%	33.9%	38.0%	36.0%	46.4%	38.6%
Capital Structure Ratios						
Based on Permanent Capital:						
Long-Term Debt	52.9%	51.5%	56.4%	54.7%	50.4%	53.2%
Preferred Stock/Minority Interest	2.6%	3.2%	3.1%	5.1%	5.6%	3.9%
Common Equity ⁽²⁾	<u>44.6%</u>	<u>45.3%</u>	<u>40.5%</u>	<u>40.3%</u>	<u>44.1%</u>	<u>42.9%</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>
Based on Total Capital:						
Total Debt incl. Short Term	55.2%	53.9%	58.5%	56.9%	57.0%	56.3%
Preferred Stock/Minority Interest	2.5%	3.2%	3.0%	5.0%	5.2%	3.8%
Common Equity ⁽²⁾	<u>42.3%</u>	<u>42.9%</u>	<u>38.5%</u>	<u>38.2%</u>	<u>37.8%</u>	<u>39.9%</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>
Rate of Return on Book Common Equity ⁽²⁾	9.0%	9.7%	9.4%	5.6%	11.8%	9.1%
Operating Ratio ⁽³⁾	83.0%	79.6%	80.1%	82.3%	82.9%	81.6%
Coverage incl. AFUDC ⁽⁴⁾						
Pre-tax: All Interest Charges	5.04 x	4.54 x	3.67 x	2.93 x	3.42 x	3.92 x
Post-tax: All Interest Charges	3.51 x	3.31 x	2.71 x	2.26 x	2.49 x	2.86 x
Overall Coverage: All Int. & Pfd. Div.	3.51 x	3.31 x	2.71 x	2.25 x	2.49 x	2.85 x
Coverage excl. AFUDC ⁽⁴⁾						
Pre-tax: All Interest Charges	5.03 x	4.54 x	3.66 x	2.92 x	3.40 x	3.91 x
Post-tax: All Interest Charges	3.50 x	3.30 x	2.71 x	2.25 x	2.47 x	2.85 x
Overall Coverage: All Int. & Pfd. Div.	3.50 x	3.30 x	2.70 x	2.24 x	2.47 x	2.84 x
Quality of Earnings & Cash Flow						
AFUDC/Income Avail. for Common Equity	-1.7%	-1.2%	-1.3%	0.5%	0.9%	-0.6%
Effective Income Tax Rate	36.8%	31.8%	44.9%	32.1%	44.3%	38.0%
Internal Cash Generation/Construction ⁽⁵⁾	106.1%	177.6%	161.2%	115.4%	134.5%	139.0%
Gross Cash Flow/ Avg. Total Debt ⁽⁶⁾	26.4%	31.7%	24.1%	19.7%	22.6%	24.9%
Gross Cash Flow Interest Coverage ⁽⁷⁾	5.44 x	6.22 x	4.95 x	4.25 x	4.65 x	5.10 x
Common Dividend Coverage ⁽⁸⁾	5.70 x	11.47 x	8.23 x	6.51 x	8.61 x	8.10 x

See Page 2 for Notes.

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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) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account.
- (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, both including and excluding AFUDC (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 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 AFUDC) as a percentage of average total debt.
- (7) Gross Cash Flow 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.

Basis of Selection

The group consists of the surviving companies used by the Commission in its rate case decision in Docket No. RP00-107-000 (104 FERC ¶ 61,036) that have traded stock and are currently paying a dividend.

Ticker	Company	Corporate Credit Ratings		Stock Traded	S&P Stock Ranking	Value Line Beta
		Moody's	S&P			
EP	El Paso Corp.	B1	B	NYSE	NR	2.10
EQT	Equitable Resources	A2	A-	NYSE	A-	0.85
KMI	Kinder Morgan Inc.	Baa2	BBB	NYSE	B	0.95
NFG	National Fuel Gas	Baa1	BBB+	NYSE	B+	0.85
STR	Questar Corp.	A2	A-	NYSE	A-	0.90
WMB	Williams Companies	Ba2	BB-	NYSE	B	2.70
Average		<u>Baa2</u>	<u>BBB</u>		<u>B+</u>	<u>1.39</u>

Note: Ratings are those of pipeline subsidiaries

Source of Information: Utility COMPUSTAT