

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

MoGas Pipeline LLC

Docket No. RP09-

EXHIBITS OF
FRANKLIN D. KNIGHT

June 30, 2009

MoGas Pipeline LLC
Capital Structure and Return

	<u>Ratio</u>	<u>Cost</u>	Weighted Cost <u>AfterTax</u>
Long-term Debt	46.60%	7.24%	3.37%
Common Equity	<u>53.40%</u>	14.34%	<u>7.66%</u>
Total	100.00%		11.03%

Proxy Group Percent Natural Gas Pipeline

	Total Income (Millions)	Pipeline Income (Millions)	Pipeline Income Percent	S&P Credit Rating	Value Line Safety Rating	Line Beta
Boardwalk Pipeline Partners	346.6	346.6	100.00%	BBB-	3	0.90
El Paso Pipeline Partners	77.1	77.1	100.00%	NR	3	NMF
Enbridge Energy Partners	587.9	245.2	41.71%	BBB		
Energy Transfer Partners	1117.6	1009.4	90.32%	NR	2	0.80
Enterprise Products Partners	2057.5	599.4	29.13%	BBB-	3	0.90
Southern Union Company	611.6	404.8	66.19%	BBB-	3	1.00
Spectra Energy Partners	99.9	61.5	61.56%	NR		
TC Pipelines L.P.	137.6	137.6	100.00%	NR		
Williams Pipeline Partners	51.9	50.4	97.11%	NR		

Source: Company 2008 10-K's, S&P Reports, Value Line June 12, 2009

COST OF COMMON EQUITY
DCF DERIVED RANGE of RETURNS

<u>Proxy Companies</u>	<u>Ticker</u> <u>Symbol</u>	<u>Yield</u>	<u>Thomson</u>	<u>GDP</u> <u>Growth</u> <u>Estimate</u>	<u>2/3 and 1/3</u> <u>Weighted</u> <u>Growth</u>	<u>Adjusted</u> <u>Dividend</u> <u>Yield</u>	<u>Yield</u> <u>Plus</u> <u>Growth</u>
			<u>Five Year</u> <u>Growth</u> <u>Estimate</u>				
Boardwalk Pipeline Partners	BWP	9.32%	6.00%	2.38%	4.79%	9.54%	14.34%
El Paso Pipeline Partners	EPB	7.22%	7.50%	2.38%	5.79%	7.43%	13.22%
Enbridge Energy Partners	EEP	13.01%	2.50%	2.38%	2.46%	13.17%	15.63%
Energy Transfer Partners	ETP	9.98%	5.33%	2.38%	4.35%	10.19%	14.54%
Enterprise Products Ptrs	EPD	9.64%	6.67%	2.38%	5.24%	9.90%	15.14%
Southern Union	SUG	4.24%	10.00%	4.77%	8.26%	4.42%	12.67%
Spectra Energy Partners	SEP	6.93%	4.50%	2.38%	3.79%	7.06%	10.85%
TC Pipelines LP	TCLP	10.71%	4.00%	2.38%	3.46%	10.90%	14.36%
Williams Pipeline Partners	WMZ	7.88%	6.00%	2.38%	4.79%	8.07%	12.86%
Average		8.88%	5.81%	2.68%	4.77%	9.08%	13.73%

Zone of Reasonableness

Range	10.85%	To	15.63%
Mean		13.73%	
Median		14.34%	
Midpoint		13.24%	

DCF Return Calculation

<u>Company</u>	<u>Dividend</u>	<u>Thomson</u>		<u>2/3 + 1/3</u>	<u>Adjusted</u>	<u>Yield</u>
		<u>Financial</u>	<u>GDP</u>			
	<u>Yield</u>	<u>Growth</u>	<u>Growth</u>	<u>Weighted</u>	<u>Dividend</u>	<u>Plus</u>
		<u>Estimate</u>	<u>Estimate</u>	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>
Boardwalk Pipeline Partner:	9.32%	6.00%	2.38%	4.79%	9.54%	14.34%

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Annual</u>	<u>Dividend</u>
			<u>Price</u>	<u>Dividend</u>	<u>Yield</u>
			<u>(P)</u>	<u>(D)</u>	<u>(D/P)</u>
May-09	\$21.85	\$20.00	\$20.93	\$1.94	9.27%
April-09	\$23.67	\$19.43	\$21.55	\$1.94	9.00%
March-09	\$23.67	\$19.15	\$21.41	\$1.92	8.97%
February-09	\$23.40	\$19.15	\$21.28	\$1.92	9.02%
January-09	\$22.05	\$17.82	\$19.94	\$1.90	9.53%
December-08	\$20.67	\$16.86	\$18.77	\$1.90	10.13%

Average Dividend Yield 9.32%

Source: Yahoo Finance

DCF Return Calculation

<u>Company</u>	<u>Dividend</u>	<u>Thomson</u>	<u>GDP</u>	<u>2/3 + 1/3</u>	<u>Adjusted</u>	<u>Yield</u>
	<u>Yield</u>	<u>Financial</u>	<u>Growth</u>	<u>Weighted</u>	<u>Dividend</u>	<u>Plus</u>
		<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>
El Paso Pipeline Partner:	7.22%	7.50%	2.38%	5.79%	7.43%	13.22%

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Annual</u>	<u>Dividend</u>
			<u>Price</u>	<u>Dividend</u>	<u>Yield</u>
May-09	\$19.50	\$18.70	\$19.10	\$1.30	6.81%
April-09	\$19.80	\$16.92	\$18.36	\$1.30	7.08%
March-09	\$20.00	\$16.20	\$18.10	\$1.30	7.18%
February-09	\$18.82	\$16.08	\$17.45	\$1.28	7.34%
January-09	\$18.25	\$14.91	\$16.58	\$1.20	7.24%
December-08	\$17.60	\$13.75	\$15.68	\$1.20	7.66%

Average Dividend Yield 7.22%

Source : Yahoo Finance

DCF Return Calculation

<u>Company</u>	<u>Dividend</u>	<u>Thomson</u>		<u>2/3 + 1/3</u>	<u>Adjusted</u>	<u>Yield</u>
		<u>Financial</u>	<u>GDP</u>			
		<u>Growth</u>	<u>Growth</u>			
	<u>Yield</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Weighted</u>	<u>Dividend</u>	<u>Plus</u>
				<u>Growth</u>	<u>Yield</u>	<u>Growth</u>
Enbridge Energy Partners	13.01%	2.50%	2.38%	2.46%	13.17%	15.63%

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Annual</u>	<u>Dividend</u>
			<u>Price</u>	<u>Dividend</u>	<u>Yield</u>
			<u>(P)</u>	<u>(D)</u>	<u>(D/P)</u>
May-09	\$40.60	\$34.39	\$37.50	\$3.96	10.56%
April-09	\$37.79	\$29.72	\$33.76	\$3.96	11.73%
March-09	\$31.99	\$24.71	\$28.35	\$3.96	13.97%
February-09	\$32.00	\$25.51	\$28.76	\$3.96	13.77%
January-09	\$33.50	\$25.45	\$29.48	\$3.96	13.44%
December-08	\$30.40	\$23.89	\$27.15	\$3.96	14.59%

Average Dividend Yield 13.01%

Source: Yahoo Finance

DCF Return Calculation

<u>Company</u>	<u>Dividend</u> <u>Yield</u>	<u>Thomson</u> <u>Financial</u> <u>Growth</u> <u>Estimate</u>	<u>GDP</u> <u>Growth</u> <u>Estimate</u>	<u>2/3 + 1/3</u> <u>Weighted</u> <u>Growth</u>	<u>Adjusted</u> <u>Dividend</u> <u>Yield</u>	<u>Yield</u> <u>Plus</u> <u>Growth</u>
Energy Transfer Partners	9.98%	5.33%	2.38%	4.35%	10.19%	14.54%

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Average</u> <u>Price</u> <u>(P)</u>	<u>Annual</u> <u>Dividend</u> <u>(D)</u>	<u>Dividend</u> <u>Yield</u> <u>(D/P)</u>
May-09	\$42.42	\$37.81	\$40.12	\$3.58	8.91%
April-09	\$40.90	\$36.50	\$38.70	\$3.58	9.24%
March-09	\$37.42	\$31.90	\$34.66	\$3.58	10.32%
February-09	\$37.00	\$30.72	\$33.86	\$3.58	10.56%
January-09	\$38.69	\$32.51	\$35.60	\$3.58	10.04%
December-08	\$36.25	\$30.05	\$33.15	\$3.58	10.79%

Average Dividend Yield 9.98%

Source: Yahoo Finance

DCF Return Calculation

<u>Company</u>	<u>Dividend</u>	<u>Thomson</u>	<u>GDP</u>	<u>2/3 + 1/3</u>	<u>Adjusted</u>	<u>Yield</u>
	<u>Yield</u>	<u>Financial</u>	<u>Growth</u>	<u>Weighted</u>	<u>Dividend</u>	<u>Plus</u>
		<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>
Enterprise Products Prtrs	9.64%	6.67%	2.38%	5.24%	9.90%	15.14%

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Annual</u>	<u>Dividend</u>
			<u>Price</u>	<u>Dividend</u>	<u>Yield</u>
May-09	\$26.00	\$23.56	\$24.78	\$2.15	8.68%
April-09	\$24.95	\$21.10	\$23.03	\$2.15	9.35%
March-09	\$22.73	\$17.71	\$20.22	\$2.09	10.35%
February-09	\$23.56	\$19.27	\$21.42	\$2.09	9.77%
January-09	\$24.20	\$20.54	\$22.37	\$2.09	9.35%
December-08	\$22.18	\$18.19	\$20.19	\$2.09	10.36%

Average Dividend Yield 9.64%

Source: Yahoo Finance

DCF Return Calculation

<u>Company</u>	<u>Dividend</u> <u>Yield</u>	<u>Thomson</u> <u>Financial</u> <u>Growth</u>	<u>GDP</u> <u>Growth</u> <u>Estimate</u>	<u>2/3 + 1/3</u> <u>Weighted</u> <u>Growth</u>	<u>Adjusted</u> <u>Dividend</u> <u>Yield</u>	<u>Yield</u> <u>Plus</u> <u>Growth</u>
Southern Union	4.24%	10.00%	4.77%	8.26%	4.42%	12.67%

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Average</u> <u>Price</u>	<u>Annual</u> <u>Dividend</u>	<u>Dividend</u> <u>Yield</u>
May-09	\$17.82	\$15.35	\$16.59	\$0.60	3.62%
April-09	\$16.53	\$14.69	\$15.61	\$0.60	3.84%
March-09	\$16.22	\$12.27	\$14.25	\$0.60	4.21%
February-09	\$14.44	\$11.59	\$13.02	\$0.60	4.61%
January-09	\$15.08	\$12.21	\$13.65	\$0.60	4.40%
December-08	\$13.63	\$11.51	\$12.57	\$0.60	4.77%

Average Dividend Yield 4.24%

Source : Yahoo Finance

DCF Return Calculation

<u>Company</u>	<u>Dividend</u> <u>Yield</u>	<u>Thomson</u> <u>Financial</u> <u>Growth</u>	<u>GDP</u> <u>Growth</u> <u>Estimate</u>	<u>2/3 + 1/3</u> <u>Weighted</u> <u>Growth</u>	<u>Adjusted</u> <u>Dividend</u> <u>Yield</u>	<u>Yield</u> <u>Plus</u> <u>Growth</u>
Spectra Energy Partners	6.93%	4.50%	2.38%	3.79%	7.06%	10.85%

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Average</u> <u>Price</u>	<u>Annual</u> <u>Dividend</u>	<u>Dividend</u> <u>Yield</u>
May-09	\$23.55	\$20.65	\$22.10	\$1.48	6.70%
April-09	\$23.00	\$20.74	\$21.87	\$1.44	6.58%
March-09	\$22.78	\$19.32	\$21.05	\$1.44	6.84%
February-09	\$22.49	\$18.77	\$20.63	\$1.44	6.98%
January-09	\$21.50	\$19.00	\$20.25	\$1.40	6.91%
December-08	\$20.49	\$16.59	\$18.54	\$1.40	7.55%

Average Dividend Yield 6.93%

Source : Yahoo Finance

DCF Return Calculation

<u>Company</u>	<u>Dividend</u>	<u>Thomson</u>	<u>GDP</u>	<u>2/3 + 1/3</u>	<u>Adjusted</u>	<u>Yield</u>
	<u>Yield</u>	<u>Financial</u>	<u>Growth</u>	<u>Weighted</u>	<u>Dividend</u>	<u>Plus</u>
		<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>
TC Pipelines LP	10.71%	4.00%	2.38%	3.46%	10.90%	14.36%

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Annual</u>	<u>Dividend</u>
			<u>Price</u>	<u>Dividend</u>	<u>Yield</u>
May-09	\$34.69	\$29.44	\$32.07	\$2.82	8.79%
April-09	\$32.44	\$27.06	\$29.75	\$2.82	9.48%
March-09	\$30.72	\$23.43	\$27.08	\$2.82	10.42%
February-09	\$26.54	\$22.75	\$24.65	\$2.82	11.44%
January-09	\$26.78	\$23.26	\$25.02	\$2.82	11.27%
December-08	\$23.78	\$20.00	\$21.89	\$2.82	12.88%

Average Dividend Yield 10.71%

Source: Yahoo Finance

DCF Return Calculation

	<u>Thomson</u>	<u>GDP</u>	<u>2/3 + 1/3</u>	<u>Adjusted</u>	<u>Yield</u>
<u>Company</u>	<u>Dividend</u>	<u>Financial</u>	<u>Growth</u>	<u>Weighted</u>	<u>Dividend</u>
	<u>Yield</u>	<u>Growth</u>	<u>Estimate</u>	<u>Growth</u>	<u>Plus</u>
Williams Pipeline Partne	7.88%	6.00%	2.38%	4.79%	8.07%
					12.86%

	<u>Average</u>	<u>Annual</u>	<u>Dividend</u>
<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Price</u>
May-09	\$19.51	\$18.23	\$18.87
April-09	\$19.32	\$15.64	\$17.48
March-09	\$17.58	\$14.76	\$16.17
February-09	\$16.70	\$14.30	\$15.50
January-09	\$16.50	\$14.06	\$15.28
December-08	\$14.71	\$12.60	\$13.66

Average Dividend Yield 7.88%

Source : Yahoo Finance

Long-term U.S. Gross Domestic Product (GDP) Growth Estimates

Source	Year Beginning	Nominal GDP (\$Billion)	Year Ending	Nominal GDP (\$Billion)	Annual GDP Growth (%)
EIA ¹	2013	\$ 16,615	2030	\$ 37,683	4.93%
SSA ²	2013	\$ 18,418	2065	\$191,872	4.61%
Average:					4.77%

Notes

¹ Energy Information Administration Annual Energy Outlook 2009 with Projections to 2030 (April 2009), Table 20 Macroeconomic Indicators. Nominal GDP=(Real GDP)*(GDP Chain-Type Price Index).

² Social Security Administration: The 2008 OASDI Trustees Report, Table VI.F4.-- OASDI and HI Annual and Summarized Income, Cost, and Balance as a Percentage of GDP, Calendar Years 2008-85, Intermediate Assumptions. Note:

http://www.ssa.gov/OACT/TR/TR08/VI_OASDHI_GDP.html#138766