

6	Cleco Corp	12.3%
7	DPL Inc.	11.0%
8	Empire Dist. Elec.	11.0%
9	Entergy Corp.	11.0%
10	Hawaiian Elec.	10.8%
11	PNM Resources	10.3%
12	Pinnacle West Capital	10.3%
13	Puget Energy, Inc.	10.3%
14	Unisource Energy	10.7%
	AVERAGE	10.81%

Source: AUS Utility Reports 6/2006

Q. Is Mr. Hill's recommended ROE consistent with the average authorized ROE of the natural gas utilities in Mr. Hill's "comparable" group?

A. No. Mr. Hill's recommended ROE for PSE is below the authorized ROE of each natural gas utility in Mr. Hill's "comparable" group and far below the average authorized ROE for the same group of 11.04%:

	Company	Authorized ROE
1	AGL Resources	10.6%
2	Atmos Energy	11.9%
3	Cascade Nat Gas	11.8%
4	Laclede Group	--
5	New Jersey Resources	11.5%
6	Nicor	10.5%
7	Northwest Nat Gas	10.2%
8	Peoples Energy	11.2%
9	Piedmont Nat Gas	--
10	South Jersey Industries	11.8 10.0%
11	Southwest Gas	10.3%
12	WGL Holdings	10.6%
	AVERAGE	11.04 10.86%

Source: AUS Utility Reports 6/2006

In short, Mr. Hill's recommended ROE is (i) outside the mainstream of authorized ROEs of electric and natural gas utilities over the past two years and (ii) outside