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Before the

TENNESSEE REGULATORY AUTHORITY

IN RE:

PETITION OF CHATTANOOGA GAS COMPANY FOR APPROVAL OF ADJUSTMENT OF ITS RATES AND CHARGES, COMPREHENSIVE RATE DESIGN PROPOSAL, AND REVISED TARIFF

DOCKET NO. 06-00175

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DIRECT TESTIMONY
OF
STEVE BROWN

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October 16, 2006

BEFORE THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE

IN RE:

PETITION OF CHATTANOOGA GAS COMPANY FOR APPROVAL OF ADJUSTMENT OF ITS RATES AND CHARGES, COMPREHENSIVE RATE DESIGN PROPOSAL, AND REVISED TARIFF

DOCKET NO. 06-00175

AFFIDAVIT

I, Steve Brown, Economist, for the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

Steve Brown
STEVE BROWN

Sworn to and subscribed before me
this 16th day of October, 2006.

Erin Knight
NOTARY PUBLIC

My commission expires: Sept. 29, 2007

100573

I. Introduction

Q_1. **Please state your name.**

A_1. Steve Brown.

Q_2. **Where do you work?**

A_2. I work in the Office of the Attorney General.

Q_3. **What is your job title?**

A_3. I have been the Economist in the Consumer Advocate and Protection Division since 1995. A statement of my credentials appears later.

II. Opinion On The Market's Equity Cost And Equity Premium

Q_4. **What is the opinion of the Company's witness, Dr. Morin, on the equity return that should be granted in this case?**

A_4. Dr. Morin's opinion is that an equity return of 11.50% is appropriate.

Q_5. **In your opinion is 11.50% an appropriate return?**

A_5. No. In my opinion 11.50% is not appropriate because it is not based on the current market's overall equity cost of 9% and the current overall equity risk premium of 2% to 4%. His opinion is based on a mistaken conclusion that 12.5% is the current market's overall equity cost. He calculates his market equity risk premium of 7.3% by subtracting his risk free rate of 5.2% from 12.5%: [7.3% = 12.5% - 5.2%].

His 12.5% is calculated from what he considers as the current market's overall dividend growth rate of 10.92% and the current market's overall dividend yield of 1.24%. He adds the two numbers and rounds up to reach 12.5%. His entire analysis rests on the validity of the dividend growth rate. His information on dividends is from Value Line's data published in June 2006. Such data, he says, is current. He describes 10.92% as "an average projected dividend growth rate" based on 1800 "dividend-paying stocks" in the "VLIA 06/2006 Edition)" [Morin Direct, page 28, lines 11-22]. However, in his exhibit RAM-6 page 2 of 2, he describes an 18.5% growth rate as "unsustainable." Thus Dr. Morin's methods raise a question:

- *Is 10.92% a combination of sustainable and unsustainable growth rates from 1800 companies?*

In my opinion the answer is "Yes" because he uses hundreds of unsustainable dividend growth rates in his analysis. This error breaks the continuity between current and past equity costs, despite his assertion:

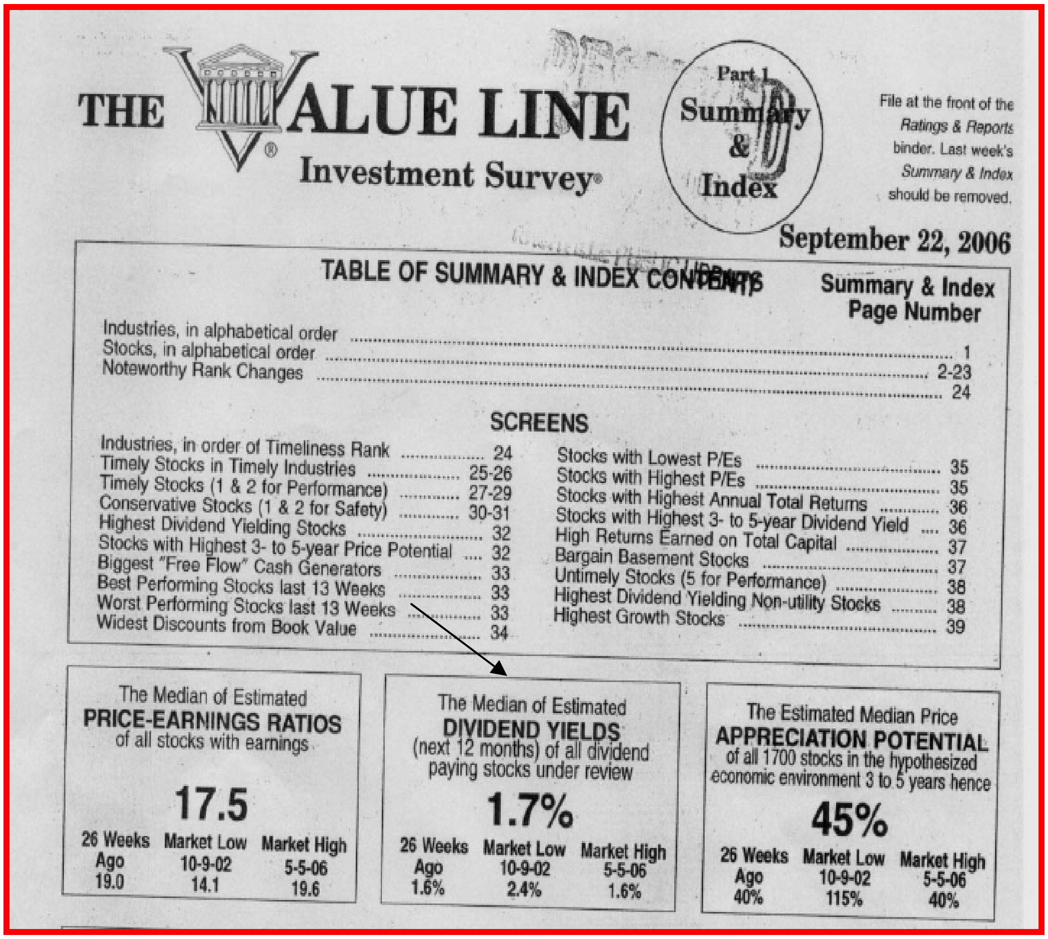
> *"As a check on my market risk premium, I examined a recent 2003 comprehensive article… [for]… the average prospective risk premium… from 1983 to 1998. The average… is 7.2% … very close to my own estimate of 7.3%." [Morin Direct, Page 29, lines 2-13]*

The table below lists growth rates for 4 of the 1800 companies tracked by Value Line. The rates are huge because in 2003 federal law reduced taxes on dividends, causing companies to disgorge equity and release it as dividend payments, which greatly increased growth rates. But such rates are not sustainable. Dr. Morin's 10.92% "average projected" growth is based on unsustainable growth rates.

	$Div/Shr			Growth Rate	
Company	FY2005	FY2004	FY2003	04 to 05	03 to 04
MIcroSoft	3.40	0.16	0.08	1925%	100%
Tyco International	0.31	0.05	0.05	520%	0%
First Data Corp	0.24	0.08	0.08	200%	0%
Intel	0.32	0.16	0.08	100%	100%

Q_6. **How did you reach your opinion that Dr. Morin relies on unsustainable rates?**

A_6. I reached my opinion through two avenues of inquiry. First, I noted Dr. Morin's phrasing that he used Value Line's "average projected dividend growth rate" conflicts with Value Line's practice of projecting median values instead of average values. Value Line's cover sheet to the September 22, 2006 edition, shown below, displays the "Median of Estimated Dividend Yields," not an average.



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.

September 22, 2006

TABLE OF SUMMARY & INDEX CONTENTS

Summary & Index Page Number

SCREENS

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

17.5

26 Weeks Ago	Market Low 10-9-02	Market High 5-5-06
19.0	14.1	19.6

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

1.7%

26 Weeks Ago	Market Low 10-9-02	Market High 5-5-06
1.6%	2.4%	1.6%

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

45%

26 Weeks Ago	Market Low 10-9-02	Market High 5-5-06
40%	115%	40%

Second, I compared data that I had already compiled for the Atmos rate case, Docket 05-00258, with Dr. Morin's discovery reply to CAPD request 27. Dr. Morin was asked to provide in a working Excel file the names of the 1800 companies he relied on and to indicate which companies paid dividends and which did not. The comparison allowed me to determine that Dr. Morin's value of "10.92%" is a median value for dividend growth and that this median growth rate incorporates hundreds of unsustainable growth rates.

Q_7. **What is the significance of a median value of dividend growth and an average value of dividend growth?**

A_7. The significance of the two measures comes into play when there is an unusual pattern in the data such that its average is also unusual. The normal cure for this is to ignore the average and choose the median as a typical representative value of the data. However, if invalid data influences the median value, it is no solution.

For example, consider the dividend growth rates of 3%, 5%, 7%, 9% and 11%. The median value is 7% because two numbers are above it and two are below. The numbers add up to 35% and the average growth rate is 7%, or (35/5).

Now consider the results of Dr. Morin's methods of including unsustainable rates in the data: 18%, 19%, 20% and 21%. There are now nine numbers. The median value is 11% because there are four numbers above it and four numbers below it. The numbers add up to 113% and the average growth rate is 12.55%, or (113/9). The median value of 11% is the lower number, but it is a median drawn from unsustainable rates, and these are not a basis for just and reasonable rates in Tennessee.

Q_8. **How did Dr. Morin reply to CAPD's discovery request 27?**

A_8. Dr. Morin replied by providing 30 pages of text listing the 1800 companies rather than replying with an electronic format that could be analyzed with a computer program.

Q_9. **How did Dr. Morin indicate which companies paid dividends and which did not?**

A_9. In his reply Dr. Morin said that all the companies paid dividends, and he listed the dividend yield for each company.

Q_10. **Did Dr. Morin also provide the dividend growth rate for each company?**

A_10. No. Dr. Morin did not provide the dividend growth rate for each company, just the dividend yield.

Q_11. **Without Dr. Morin's growth data, how did you determine that Dr. Morin's dividend growth rate of 10.92% is based on unsustainable growth rates?**

A_11. The lack of data presented a problem, but based on my experience in the Atmos case, where I gathered data on nearly 6000 companies for five fiscal years, my opinion was that many of the 1800 companies cited by Dr. Morin were likely to be contained within the data I had already collected in May 2006, a month before the publication date cited by Dr. Morin. I separated my companies between those that paid dividends and those that did not. Of the approximately 2200 companies that paid dividends in their most recent fiscal year, I established a match with the 1535 companies displayed in my Schedule 3, a sufficient number to make reliable conclusions about his data. The next page displays a comparison of the nearly 2200 companies in my list with the 1535 I identified in Dr. Morin's list.

	The Data Below Shows The Match Between Dr. Brown's Companies And The Companies Relied On By Dr. Morin		
Categories:	Dr. Brown's Data	Dr. Morin's Comps From Value Line In Dr. Brown's Data	Dr. Morin's Direct Page 28, Lines 12-16 Quoting Results From 1800 Value Line Companies
# Of Companies Paying Divs in Current Fiscal Yr	**2199**	**1535**	**1800**
Market Value (Millions) On May 09, 2006: For Comps Paying Divs In Current FiscalYr	**14,269,261**	**12,692,843**	Not Provided
Div Yield Measure: Median For Companies Paying Divs in Current Fiscal Yr.	**2.02%**	**1.81%**	**1.24%**
Div Yield Measure: Simple Average For Companies Paying Divs in Current Fiscal Yr.	**2.62%**	**2.30%**	Not Provided
# Of Comps Paying Divs In Current Fiscal Yr and Prior Fiscal Yr: (At Least Two Years Required To Calculate An Annual Growth Rate)	**1,994**	**1,430**	Not Provided
Div Growth Measure: Median For Companies Paying Divs in Current Fiscal Yr.	**8.33%**	**9.09%**	**10.92%**
Div Growth Measure: Simple Average	**35.23%**	**33.28%**	Not Provided
Maximum Div Growth Rate: Prior Fiscal Yr to Current Fiscal Yr.	**2500.00%**	**2500.00%**	Not Provided
Minimum Div Growth Rate: Prior Fiscal Yr to Current Fiscal Yr.	**-98.76%**	**-95.24%**	Not Provided
Number Of Growth Rates Between: 100% and 2500%	**164**	**103**	**Not Provided**
Number Of Growth Rates Between: 99.99% and 20.00%	**400**	**303**	**Not Provided**
Number Of Growth Rates Between: 19.99% and 10.00%	**346**	**189**	**Not Provided**
Number Of Growth Rates Between: 9.99% and .01%	**479**	**378**	**Not Provided**
Number Of Growth Rates At: 0%	**404**	**338**	**Not Provided**
Number Of Growth Rates Between: -.01% and -99.99%	**175**	**219**	**Not Provided**

The chart on page 11 of my testimony displays my analysis to remove the influence of the huge dividend growth rates from Dr. Morin’s estimate of the market’s equity cost. I chose the growth rates Dr. Morin lists in his Exhibits RAM-4 to RAM-6 as representative of what he considers as sustainable. In the chart these values are displayed to the right of the phrase “Div Growth Rates” and appear near the top of columns (4) - (6), with column (4) having the broadest range of growth, from 2.5% to 12.5%.

In my opinion a growth rate of 12.5% is not likely to be sustainable, but it is included here to prove that Dr. Morin's dividend growth rate of 10.92%, his risk premium of 7.3%, and his market cost of 12.5% cannot be calculated from any sustainable growth rate in his testimony.

Just like Dr. Morin eliminated one company in his Exhibit RAM-6 because of the unsustainable growth rate, I eliminated companies whose growth rates were outside the range in Dr. Morin’s exhibits.

I then calculated a median and average dividend growth rate and a median and average dividend yield. Like Dr. Morin, I added the dividend growth rate to the dividend yield to reach an equity return for the market as a whole. In the chart these values are displayed to the right of the phrase "DCF Totals = Growth + Yield." I then subtracted his risk free rate of 5.2% from the market return to calculate a market risk premium, just as he did. The results are shown near the bottom of columns (4) to (6).

All six premiums average to 3.45%, less than half of Dr. Morin's risk premium of 7.3%. His premium cannot be derived from sustainable rates. His CAPM and risk premium analyses do not work and are not a basis for just and reasonable rates in Tennessee. In my opinion, the risk premium of 3.85% and the market rate of 9.05% in column (5) are reasonable because they are derived from a sustainable growth range. In addition these results are supported by prominent and recent financial literature which I cite later in my testimony. I use the market rate of 9.05% and the risk premium of 3.85% as benchmarks for reasonability.

Dr. Morin, Exhibit RAM 6 Page 2 of 2: "TECO Eliminated Due To Unsustainable 18.5% [EPS] Growth Rate." His Risk Premium Of 7.3% Is Derived From Value Line's Data Which Contains Hundreds of Unsustainable Dividend Growth Rates. His Risk Premium Is Nearly Twice What It Should Be If Such Rates Were Removed From The Data He Uses.

The Growth Rates In Columns (4) - (6) Below Are From Dr. Morin's Exhibits. A Growth Rate Of 12.5% Is Not Likely To Be Sustainable, But It Is Included Here To Prove That Dr. Morin's Growth Rate Of 10.92% And His Risk Premium Of 7.3% Cannot Be Calculated From Any Growth Rate In His Testimony. Sustainable Growth Rates Are Less Than 10% And Limit The Market's Cost Of Equity To Just Over 9%, A Cost Already Prominent In Recent Financial Literature. Just and Reasonable Rates In Tennessee Must Be Lower Than 9% Because Of Low Risk Enjoyed By AGL Resources Natural-Gas Distribution Monopoly In Chattanooga.

Range #:	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Source In Dr. Morin's RAM Exhibits				RAM - 6	RAM - 5	RAM - 4	
				Dr. Morin's Sustainable Growth Rates			
Div Growth Rates:							
Top and Bottom Values	2500% To 100%	99.99% To 20.00%	19.99% To 12.60%	12.50% To 2.50%	10.50% To 2.0%	7.70% To 2.0%	Dr. Morin's Analysis
Growth Measures:							
Median	211.81%	32.18%	15.00%	6.90%	5.88%	4.90%	10.92%
Simple Average	329.61%	37.90%	15.35%	7.17%	6.23%	4.76%	NA
Yield Measures:							
Median	1.32%	1.32%	1.76%	2.40%	2.48%	2.67%	1.24%
Simple Average	2.06%	1.70%	2.11%	2.68%	2.82%	3.00%	NA
DCF Totals= Growth + Yield							
Total Of Median Values	213.12%	33.50%	16.76%	9.30%	8.36%	7.57%	12.50%
Total Of Simple Average Values	331.66%	39.60%	17.46%	9.85%	9.05%	7.76%	
Dr. Morin's Risk Free Rate: Direct Pg 28 L 21	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%
					Not From Sustainable Rates		
Risk Premium: DCF Totals Minus 5.2%							
Median Values	207.92%	28.30%	11.56%	4.10%	3.16%	2.37%	
Simple Average	326.46%	34.40%	12.26%	4.65%	3.85%	2.56%	7.30%

----------------COMPARE THESE-------- To ----------------------THESE ----------------

The chart confirms that Value Line's 10.92% growth rate is founded on an unsustainable business-response to tax law. Articles linking dividend growth to changes in the law abound on the internet:

- *"the evidence strongly supports the view that higher dividend payouts were in response to the tax law changes" [Remarks of Mark J. Warshawsky, Assistant Secretary for Economic Policy, U.S. Dept. Of The Treasury, "The Role of Tax and Regulatory Policies in Improving Good Corporate Governance." Detroit Economic Club, Oct. 29 2004]*

Dr. Morin's analysis raises the cost of capital in Tennessee beyond market rates and denies Tennessee's ratepayers the economic benefit of the tax law - a reduced cost of capital:


United States Senate

Republican Policy Committee

Jon Kyl, Chairman

347 Russell Senate Office Building
Washington, DC 20510
202-224-2946
http://rpc.senate.gov

October 4, 2004

The Dividend-Tax Cut:
A Success Story with More Potential

The reduction in the dividend-tax rate was designed to reduce the double taxation of corporate profits. In so doing, it was expected to lower the tax burden on individuals who invest in corporate equities, which in turn would reduce the cost of capital for American businesses.

Q_12. **Is the lower cost of equity embodied in any rate decisions by state utility commissions?**

A_12. Yes. According to testimony filed in the Authority's Docket No. 05-00258 the Arkansas utility commission has recently granted returns in the 9% range. A copy of that data is provided below:

State Company Case Identification	Date	Increase Authorized ROR %	ROE %
<u>ARKANSAS</u>			
Arkansas Oklahoma Gas	12/09/05	6.61%	9.70%
Arkansas Western Gas	11/02/05	5.93%	9.70%
Centerpoint Energy Arkansas Gas	09/19/05	5.31%	9.45%

In sum, Dr. Morin follows his CAPM model with his ECAPM model, in substance no different than the CAPM model. From pages 33 to 35 he displays an out-dated "historical risk premium" of 5.6% based on data ending in 2001. That historical approach is followed by his "allowed risk premium" of 5.7%, based on historical regulatory decisions dating back to 1996. None of these costs capture the change in the American tax policy. Dr. Morin should not disregard the very public and open debate on tax reduction and its effect on capital cost.

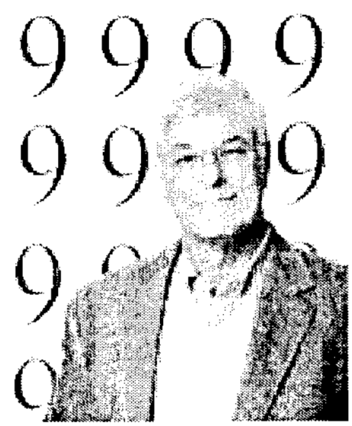
III. The Market Equity Return of 9% and The Risk Premiums of 2%-4% Are Supported By Other Economic Authorities, As Shown

This Article Confirms 9% As The Prospective Market Equity Return

« Bonus Feedback from the Trenches? | Main | AIG To Enable HF Managers To (»

DECEMBER 14, 2005

Ibbotson Dials It Down, No Longer "Mr. Ten Percent"



Roger Ibbotson was one half of the team to make arguably the most impressive market prediction in history. In 1974, along with fellow U Chicagoan Rex Sinquefeld, Ibbotson forecasted that the DJIA, then in the 800s, would reach 9,218 at the end of 1998 and 10,000 by November 1999. These calls were built on the assumption that long-term stock returns would exceed 10% so it's no small news in academic and financial circles that Ibbotson--a devotee of efficient market theory and CAPM--has dialed down this growth rate to 9.27%.

The 9% Prediction [Fortune]

This Article Confirms 9% As The Prospective Market Equity Return Because The Risk Premium Is Declining

9% Forever?

That's economist Roger Ibbotson's forecast for stock market returns. HE'S BEEN RIGHT--very right--in the past. So how come some people think we shouldn't believe him anymore?

By JUSTIN FOX
December 26, 2005

FORTUNE

Top Stories
Airline stocks slammed
Stocks mixed after plot revealed
Intel's worst nightmare
The best revenge is living well(ness)
CNN.com: U.K. terror plot foiled

(FORTUNE Magazine) – In May 1974, in the depths of the worst bear market since the 1930s, two young men at a University of Chicago conference made a brash prediction: The Dow Jones industrial average, floundering in the 800s at the time, would hit 9,218 at the end of 1998 and get to 10,000 by November 1999.

You probably have a good idea how things turned out: At the end of 1998, the Dow was at 9,181, just 37 points off the forecast. It hit 10,000 in March 1999, seven months early. Those two young men in Chicago in 1974 had made one of the most spectacular market calls in history.

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What became of them after that? One, Rex Sinquefield, went on to found a mutual fund company that now manages more than $80 billion. The other, Roger Ibbotson, kept making market forecasts, forecasts of long-run stock and bond returns that have become deeply woven into the fabric of American life. Simply put, if you believe that stocks are fated to return 10% on average over the long haul, Ibbotson is probably the reason why.

It's hard to overestimate the influence of those numbers. The forecasts and historical return data churned out by Ibbotson Associates transformed the pension fund business in the late 1970s and 1980s, leading managers to make an epic shift out of bonds and into stocks. They formed the inescapable backdrop to the 1990s personal investing boom, as brokers, financial planners, and journalists endlessly repeated the Ibbotson mantra of double-digit stock market returns as far as the eye could see. Lately the Ibbotson forecasts have been finding their way into 401(k)s, as Ibbotson and other firms using similar methods build portfolios for those who opt not to build their own. Ibbotson even sells hundreds of thousands of written with Dartmouth's Kenneth French, Fama has argued that the capital asset pricing model, or at least its 1970s corollary that the risk premium is constant, doesn't match the facts. "My own view is that the risk premium has gone down over time basically because we've convinced people that it's there," Fama says. Ibbotson's stock market forecasting model is thus a victim of its own success.

The Risk Premium Is Declining

Ibbotson agrees that Fama has a point, and that he can no longer bank on the historical equity premium to predict future returns. The alternative he has come up with is an estimate based on fundamentals. He takes the 10.31% annual return on stocks from 1925 through the present and strips out the tripling of the market's price/earnings ratio that's occurred since then. "We think of that as a windfall that you shouldn't get again," he says. The drivers of stock returns that remain are dividends, earnings growth, and inflation. Make a forecast of future inflation using current bond yields, assume that dividend and earnings growth history will repeat themselves, and you get a long-run equity-return forecast of 9.27%. When Ibbotson and his company's director of research, Peng Chen, first ran the numbers in 2001, the gap between the new forecast and the one using the equity premium method was more than a percentage point. Because P/Es have dropped since then, the gap has shrunk. But Ibbotson's revised forecasting method doesn't insulate him from criticism any more than the old way. In fact, it invites new criticism.

The most persistent challenger has been Rob Arnott, a Pasadena money manager and editor of the Financial Analysts Journal, who thinks future equity returns could be below 6%. (See "Dueling Market Forecasts" chart.) The big difference between his forecast and Ibbotson's is that Arnott uses the current dividend yield (1.76%) as a starting point, while Ibbotson goes with the much higher long-term average yield (4.23%). Ibbotson believes the historical number provides a better picture of what investors think is ahead. He still relies on the assumption that markets are efficient, so current dividend yields must be low for a reason--his guess is that investors are expecting big growth in earnings (and dividends) in the future. Arnott, whose research has shown that low yields in the past were followed by slow earnings growth, thinks that's balderdash. "One of my biggest beefs with the academic community is the notion that theory is fact," he complains. "When they find evidence that contradicts the theory, instead of saying, 'Wonderful, let's improve the theory,' they throw it out because it conflicts with theory."

This Article Confirms That The Risk Premium Is Declining

The Shrinking Equity Premium

Historical facts and future forecasts.

Jeremy J. Siegel

1

THE JOURNAL OF FINANCE • VOL. LVII, NO. 2 • APRIL 2002

This Article Confirms That When The Equity Risk Premium Is Properly Calculated The Premium Ranges From 2.5% To 4.3% .

The Equity Premium

EUGENE F. FAMA and KENNETH R. FRENCH*

ABSTRACT

We estimate the equity premium using dividend and earnings growth rates to measure the expected rate of capital gain. Our estimates for 1951 to 2000, 2.55 percent and 4.32 percent, are much lower than the equity premium produced by the average stock return, 7.43 percent. Our evidence suggests that the high average return for 1951 to 2000 is due to a decline in discount rates that produces a large unexpected capital gain. Our main conclusion is that the average stock return of the last half-century is a lot higher than expected.

Q_13. **In your opinion what is the significance of your analyses?**

A_13. In my opinion my analyses prove that every return displayed in Dr. Morin's testimony and schedules is an above-market return that cannot be calculated from contemporary economic information.

Regulated monopolies are less risky than the market as a whole. Their allowed return should be less than the market's. This principle is followed by Dr. Morin in the sense that 11.50% is lower than his market cost of 12.5%. Other than maintaining this risk pattern, his returns are far-a-field from prevailing expert opinion on current equity costs and current risk premiums

For example, he justifies his contemporary risk premium of 7.3% by linking to risk premiums he displays in his direct testimony at page 28 lines 16-32. These "DCF Market Risk Premiums" are as high as 9.2% and are from the years 1983 to 1998, a time period that omits the years encompassing economic disruptions and losses that brought about the tax reduction on dividends.

In his direct testimony at page 30 line 5 he displays 11.4% as his estimate of a CAPM equity cost, a cost based on a 7.2% equity premium, an amount that cannot be derived from sustainable growth rates.

In his direct testimony at page 38 lines 1 – 6, he displays his estimate of equity returns from historical "allowed risk premiums" ranging from a minimum of 10.9% to a maximum of 11.9%. These are all tied to the distant past and are well out-of-date costs.

Even his DCF results in his Exhibits RAM-4 and RAM-5 are beyond reasonable. For example, the highest growth rates displayed are for Southern Union, 7.7% in RAM-4 and 10.5% in RAM-5. This company had no cash dividends until January 2006. Thus it is surprising that its projected growth rates top the list rather than being at a median or an average of the sustainable growth rates:

- *"Historically, Southern Union had a policy of reinvesting its earnings in its businesses, rather than paying cash dividends. Since 1994, Southern Union has distributed an annual stock dividend of five percent…On December 21, 2005, Southern Union's board of directors approved the payment of an annual cash dividend of $.40 per share. The cash dividend will replace the Company's historic practice of issuing an annual five percent stock dividend. The dividend is expected to be declared and paid on a quarterly basis beginning at the end of the first quarter of 2006." [Southern Union SEC 10-K for FY 2005, Pages 28-29, Filed 2006/03/16]*

The high and unsubstantiated growth for Southern is a confirmation of the upward bias in analysts forecasts, as noted by economists Eugene Fama and Kenneth R. French in, "The Equity Premium" which was published in the Journal of Finance in mid 2002. The authors wrote:

- *"Moreover, though the issue is controversial... Claus and Thomas find that analysts' forecasts are biased; they tend to be substantially above observed growth rates.... In short, we find no evidence to support a forecast of strong future dividends or earnings growth..." [The Equity Premium by Eugene Fama and Kenneth French in The Journal of Finance, Vol. 67, No. 2, April 2002, p.639, p. 651]*

IV. Comparable Companies And Capital Structure

Q_14. **What purpose do "comparable companies" serve in the regulatory setting of prices?**

A_14. The "comparable companies" principle is a long-standing regulatory tool which has the effect of establishing utility equity costs and ultimately the prices borne by consumers. The principle entails the selection of natural gas companies to stand in as substitutes for CGC or its parent, AGL Resources, so that prices are based on the economic behavior of comparable companies.

Q_15. **What comparable companies has CGC's cost-of-capital witness, Dr. Morin, chosen to use in this case?**

A_15. Dr. Morin has not explicitly identified comparable companies. Instead he displays many different companies in his exhibits, varying the number of companies and their type throughout his exhibits.

For example, exhibit RAM-2 page 1 of 2 lists 15 natural gas companies, while page 2 of 2 lists 20 electric-gas combination companies. Exhibit RAM-4 lists just 12 natural gas companies, but exhibit RAM-5 lists 13 natural gas companies. Exhibit RAM-6 lists 20 electric-gas combination companies, but exhibit RAM-7 lists just 16 electric-gas combination companies. Exhibit RAM-8 lists 13 natural gas companies, but RAM-8 excludes one company that is in exhibit RAM-5 and excludes one company that is in exhibit RAM-4.

Q_16. Of the several companies in Dr. Morin's exhibits, which do you accept as a basis for setting rates in this case?

A_16. Of the several companies listed by Dr. Morin I accept only 10 natural gas companies as the basis to establish rates. The companies are Atmos, LaClede Group, New Jersey Resources, NICOR, Northwest Natural Gas, Peoples, Piedmont, South

Jersey Industries, Southwest Gas, and WGL Holdings. Other than South Jersey Industries, the other companies formed the comparable group in CGC’s last rate case before the Authority. I also include KeySpan Corporation because it was in the comparable group in CGC’s last rate case. About 70% of its revenues stem from natural gas distribution sales, a portion very close to that South Jersey Industries. Thus I employ 11 companies in my comparable group.

I exclude AGL Resources because it is a 100 percent owner of CGC. Because AGL Resources controls CGC, it is reasonable to remove AGL Resources from the group of comparable companies so the group’s capital structure is independent of AGL’s.

I exclude UGI because it is an international energy conglomerate. Less than 30% of its revenues come from natural gas distribution sales in the United States. I exclude Amerigas because it sells only propane gas. I also exclude Amerigas because it is 100% owned by UGI.

I exclude Southern Union because it has no history of cash dividend payments, as I have already mentioned at page 19 of this testimony. Southern Union's projected dividend growth rate of 7.7% in Dr. Morin's exhibit RAM-4, and the projected earnings growth rate of 10.5% in Dr. Morin's exhibit RAM-5 are speculative. Also, Southern is both a pipeline and a distribution company. Its natural gas distribution segment accounts for less than 45% of its revenues and is operating at a loss. Therefore, any dividend growth or earnings growth is likely to come from the company's pipeline and storage segment, not natural gas distribution.

The next page of this testimony displays excerpts from Southern Union's SEC 10-K form for the fiscal year ending 2005 which proves that the company is operating its distribution segment at a loss. Dr. Morin has clearly overlooked this aspect of Southern Union, which drives up the cost of capital in Tennessee.

10-K 1 suform10k_123105.htm SOUTHERN UNION COMPANY FORM 10-K 123105

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2005

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The following table illustrates the results of operations applicable to the Company's Transportation and Storage segment for the periods presented:

Transportation and Storage Segment	Years Ended December 31, 2005	2004 (Unaudited)
Operating revenues	$ 505,233	$ 489,164
Operating expenses	204,711	212,106
Depreciation and amortization	62,171	56,989
Taxes other than on income and revenues	28,196	26,867
Total operating income	210,155	193,202

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The following table illustrates the results of operations applicable to the Company's Distribution segment for the periods presented:

Distribution Segment	Years Ended December 31, 2005	2004 (Unaudited)
Net operating revenue (1)	$ 411,547	$ 402,505
Operating expense, excluding goodwill impairment	201,736	209,200
Depreciation and amortization	63,278	60,849
Goodwill impairment	175,000	-
Taxes other than on income and revenues	14,009	27,082
Total operating income (loss)	(42,476)	105,374

1 Loss

Q_17. In your opinion, which comparable companies form the basis of Dr. Morin's opinion on capital structure?

A_17. In my opinion he has not actually used the comparable company concept, as I said earlier. Thus his opinion on capital structure is predicated to match a preconceived capital structure proposed by AGL. In his direct testimony at page 54 lines 15 - 19 he states:

> **Q. Dr. Morin, what capital structure assumption underlies your recommended return on CGC's common equity capital?**
>
> A. My recommended return on common equity for CGC is predicated on the adoption of the AGL's approximate test year capital structure consisting of 50% common equity capital and 50% long-term debt capital.

Q_18. What is the source of "AGL's approximate test year capital structure?"

A_18. His capital structure's source is Mr. Morley's Exhibit MJM-4, Schedule 2.

Q_19. What does Mr. Morley say regarding "AGL's approximate test year capital structure?"

A_19. Mr. Morley testifies at page 17 lines 3 to 16 that "AGL's approximate test year capital structure" is "based on Dr. Morin's comparable group capital structure" and that this capital structure "is consistent with the actual capital structure of AGLR:"

> **Q. How did the Company determine a 46.38% long-term debt and common equity capital structure?**
>
> A. The 46.38% long-term debt and common equity capital structure is based on Dr. Morin's comparable group capital structure in which the long-term financing portion of the capital structure (long-term debt and common equity) is a 50/50 ratio. When the short-term debt ratio of 7.23% is considered, the remaining portion of the capital structure to be split 50/50 is 92.76%, resulting in a long-term debt and common equity ratio of 46.38%.
>
> **Q. How did the Company determine a 50% long-term debt and 50% common equity capital structure?**
>
> A. Based on an analysis against its peers, Dr. Morin determined that a 50% long-term debt and 50% common equity capital structure is both reasonable and appropriate. Additionally, as is discussed later in my testimony, his recommended capital structure is consistent with the actual capital structure of AGLR.

Q_20. In your opinion have Dr. Morin and Mr. Morley followed reasonable procedures to establish a capital structure?

A_20. No. In my opinion their capital structure represents neither the comparable companies nor AGL's capital structure because both Mr. Morley and Dr. Morin ignore short-term debt.

The next page of this testimony displays three capital structures: Mr. Morley's recommended structure, AGL's verified capital structure, and my capital structures from drawn from the comparable companies' SEC 10-K forms. There are huge differences in Mr. Morley's capital structure and the others. The notion of comparable companies or "peers" is not followed by either Dr. Morin or Mr. Morley. If the Authority chooses not to accept the comparable companies' capital structure as a basis for rates, then in my opinion the next reasonable choice is AGL Resources' verified capital structure, using the same approach the Authority applied in TRA Docket No. 04-00034.

Q_21. Does Mr. Morley's testimony in this docket address or in any way speak to the regulatory principle of comparable companies?

A_21. No. There is nothing in his testimony addressing the issue.

Mr. Morley's recommended structure:

Chattanooga Gas Company
Estimated Consolidated Cost of Capital - Capitalization by Long-Term Component
31-Dec-07

Line No.					
	Proposed Long-term Capitalization Structure:				
1	Long Term Debt	50.00%			
2	Common Equity	50.00%			
3	Capital Structure excluding short-term debt	92.77%			
		Long-Term Capitalization			
		Long-Term Debt		Common Equity	
4	Proposed Capitalization Structure	46.38%	(A)	46.38%	(B)

AGL Resources verified capital structure:

AGL Resources: Fiscal Year Consolidated Capitalization				
Capital Structure Components As Of:	2005: Dec 31	2004: Dec 31	2003: Dec 31	3_Yr Av. Cap Structure
RATIOS:				
Short-Term Debt: Notes Due	14.4%	10.0%	13.4%	12.6%
Short-Term Debt: Current Portion of Long-Term Debt	0.0%	0.0%	3.4%	1.1%
Long-Term Debt	44.4%	48.6%	32.0%	41.7%
Common Equity	41.2%	41.4%	41.4%	41.3%
Trust Preferred Securities	0.0%	0.0%	9.9%	3.3%
Total	100.0%	100.0%	100.0%	100.0%

Capital structure from Dr. Brown's comparable companies' SEC 10-K forms:

Dr. Brown's Comparable Companies - Consolidated Capitalization: AGL Excluded				
Capital Structure Components As Of:	FY 2005	FY 2004	FY 2003	3_Yr Av. Cap Structure
RATIOS:				
Short-Term Debt: Notes Due	10.0%	10.2%	15.6%	11.9%
Short-Term Debt: Current Portion of Long-Term Debt	1.4%	1.2%	0.2%	0.9%
Long-Term Debt	42.3%	42.2%	41.6%	42.1%
Common Equity	46.1%	46.1%	42.2%	44.8%
Preferred	0.2%	0.3%	0.3%	0.2%
Total	100.0%	100.0%	100.0%	100.0%

Q_22. **In your opinion what is the effect of Mr. Morley's capital structure?**

A_22. In my opinion, Mr. Morley's proposed structure overstates the portions of long-term debt and equity used by the comparable-group and by AGL Resources, while understating the portion of short-term debt. His capital structure is unrelated to anything verified by an auditor and unrelated to the principle of comparability, shown by his method of calculating the short-term debt ratio:

> Q. **How did the Company determine a 7.23% short-term debt capital structure?**
>
> A. The Company based its short-term debt capital structure on the average short-term debt of AGLR based on the twelve month daily average short-term debt balances through March 31, 2006. This balance was applied to the long-term debt balance calculated in the determination of the long-term debt costs and the common equity of AGLR as of March 31, 2006, adjusted to exclude the impact of other comprehensive income ("OCI").

Q_23. **In your opinion why did Mr. Morley derive a short-term debt ratio for CGC?**

A_23. In my opinion Mr. Morley derived a short-term debt ratio to fit Dr. Morin's common equity ratio of 50% in his exhibit RAM-8, which does not include the effect of short-term debt.

Q_24. What has Dr. Morin testified to regarding the equity ratio?

A_24. Dr. Morin testifies from page 54 line 21 to page 55 line 1:

Q. Did you examine the reasonableness of the Company's test year capital structure?
A. Yes, I did. I examined the actual capital structures of comparable risk investor-owned natural gas LDCs. As shown on Exhibit RAM-8, the median common equity ratio of comparable risk natural gas LDCs, the same group of companies used earlier

Q_25. Do you agree with Dr. Morin's statement, that he examined "actual" capital structures?

A_25. No, I disagree. It is well-known that Value Line's capital structures do not include short-term debt, as one witness has already testified in TRA Docket 03-00313:

Rebuttal Testimony of Donald A. Murry
Docket No. 03-00313
Page 10 of 13

Danielsen, and Kamerschen, Public Utilities Reports, Inc., Second Edition, March 1988, Pg. 312).

How one determines equity ratios and capital structures depends on how one defines them. As Dr. Brown himself noted, *Value Line* does not include short-term debt in its reported capital structures. This is not unusual as short-term debt is usually not a component of the permanent capital structure.

The capital structures in Dr. Morin's Exhibit RAM-8 do not include short-term debt, but in every SEC 10-K filed since the fiscal year 2003 AGL Resources and the comparable companies, other than Atmos in its 2004 fiscal year, declare short-term debt in their capital structures.

The comparable companies and AGL Resources continue to rely heavily on short-term debt, even in the face of rising short-term interest rates. Any capital structure's equity ratio should be calculated using all forms of debt that comprise total indebtedness.

Q_26. **In your opinion, what is the purpose of calculating equity ratios by including all forms of debt in capital structures?**

A_26. In my opinion the purpose is to keep investors fully informed of a company's financial condition. Careful investment is predicated on full disclosure, which is achieved through verified data via audits. Otherwise the capital structure is misleading. With regard to setting prices for a regulated utility, if short-term debt were left out of capital structure, the prices set through a regulatory proceeding will be higher than needed.

V. The Different Methods To Estimate Equity Cost.

Q_27. What is Dr. Morin's opinion on the number of models that should be used to estimate equity cost?

A_27. Dr. Morin's opinion is that more than one method should be used, and he offers the following quote to support his opinion:

- *"Use more than one model when you can. {Emphasis added by Dr. Brown} Because estimating the opportunity cost of capital is difficult, only a fool throws away useful information. That means you should not use any one model or measure mechanically and exclusively." [Morin Direct, page 17, lines 15 - 20]*

Q_28. Do you agree with this opinion?

A_28. Yes. I agree because it has the caveat "when you can." I use the CAPM model and the DCF model to estimate equity return, but Dr. Morin's flawed risk premiums cause me to reconsider the CAPM. The failure of his CAPM to be meaningful in light of current conditions is consistent with recent financial literature showing the CAPM's very limited value. The next page displays the cover page from a recent article which says of the CAPM: "…the empirical record of the model is poor-poor enough to invalidate the way it is used in applications."

In my opinion the DCF model is a reliable method to produce just and reasonable rates. As Dr. Morin said long ago:

- *"The DCF method is firmly established… [and] is solid conceptually… The DCF model produces a cost of equity predicated on current conditions…the DCF model possesses a built-in compensatory mechanism… investor reactions to changes in expected growth are accompanied by changes in market prices which in turn alter the dividend yield in a direction opposite to that of the revised growth rate. In other words, the impact of any change in conditions on the dual components of the DCF model are at least partially self-correcting." (Morin, R. Utilities' Cost of Capital, Public Utilities Reports, Inc., Arlington VA, 1984, pp. 167-168)*

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The Capital Asset Pricing Model: Theory and Evidence

Eugene F. Fama and Kenneth R. French

The capital asset pricing model (CAPM) of William Sharpe (1964) and John Lintner (1965) marks the birth of asset pricing theory (resulting in a Nobel Prize for Sharpe in 1990). Four decades later, the CAPM is still widely used in applications, such as estimating the cost of capital for firms and evaluating the performance of managed portfolios. It is the centerpiece of MBA investment courses. Indeed, it is often the only asset pricing model taught in these courses.[1]

The attraction of the CAPM is that it offers powerful and intuitively pleasing predictions about how to measure risk and the relation between expected return and risk. Unfortunately, the empirical record of the model is poor—poor enough to invalidate the way it is used in applications. The CAPM's empirical problems may reflect theoretical failings, the result of many simplifying assumptions. But they may also be caused by difficulties in implementing valid tests of the model. For example, the CAPM says that the risk of a stock should be measured relative to a comprehensive "market portfolio" that in principle can include not just traded financial assets, but also consumer durables, real estate and human capital. Even if we take a narrow view of the model and limit its purview to traded financial assets, is it

[1] Although every asset pricing model is a capital asset pricing model, the finance profession reserves the acronym CAPM for the specific model of Sharpe (1964), Lintner (1965) and Black (1972) discussed here. Thus, throughout the paper we refer to the Sharpe-Lintner-Black model as the CAPM.

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legitimate to limit further the market portfolio to U.S. common stocks (a typical choice), or should the market be expanded to include bonds, and other financial assets, perhaps around the world? In the end, we argue that whether the model's problems reflect weaknesses in the theory or in its empirical implementation, the failure of the CAPM in empirical tests implies that most applications of the model are invalid.

We begin by outlining the logic of the CAPM, focusing on its predictions about risk and expected return. We then review the history of empirical work and what it says about shortcomings of the CAPM that pose challenges to be explained by alternative models.

The Logic of the CAPM

The CAPM builds on the model of portfolio choice developed by Harry Markowitz (1959). In Markowitz's model, an investor selects a portfolio at time $t-1$ that produces a stochastic return at t. The model assumes investors are risk averse and, when choosing among portfolios, they care only about the mean and variance of their one-period investment return. As a result, investors choose "mean-variance-efficient" portfolios, in the sense that the portfolios 1) minimize the variance of portfolio return, given expected return, and 2) maximize expected return, given variance. Thus, the Markowitz approach is often called a "mean-variance model."

The portfolio model provides an algebraic condition on asset weights in mean-variance-efficient portfolios. The CAPM turns this algebraic statement into a testable prediction about the relation between risk and expected return by identifying a portfolio that must be efficient if asset prices are to clear the market of all assets.

Sharpe (1964) and Lintner (1965) add two key assumptions to the Markowitz model to identify a portfolio that must be mean-variance-efficient. The first assumption is *complete agreement*: given market clearing asset prices at $t-1$, investors agree on the joint distribution of asset returns from $t-1$ to t. And this distribution is the true one—that is, it is the distribution from which the returns we use to test the model are drawn. The second assumption is that there is *borrowing and lending at a risk-free rate*, which is the same for all investors and does not depend on the amount borrowed or lent.

Figure 1 describes portfolio opportunities and tells the CAPM story. The horizontal axis shows portfolio risk, measured by the standard deviation of portfolio return; the vertical axis shows expected return. The curve *abc*, which is called the minimum variance frontier, traces combinations of expected return and risk for portfolios of risky assets that minimize return variance at different levels of expected return. (These portfolios do not include risk-free borrowing and lending.) The tradeoff between risk and expected return for minimum variance portfolios is apparent. For example, an investor who wants a high expected return, perhaps at point *a*, must accept high volatility. At point *T*, the investor can have an interme-

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VI. The CAPM Model.

Q_29. How do you implement the CAPM model?

A_29. I implement the CAPM model by taking into account the current situation:

- *there is no longer a continuity between past and present equity costs;*
- *the current market return is just above 9%;*
- *the current debt-yield curve is flat at just above 5%, a fact confirmed by Dr. Morin's risk free interest of 5.2% based on a twenty year treasury bond, by Mr. Morley's short-term rate of 5.44%.*
- *short-term investments are less risky than long-term investments because the investor is not long separated from the capital.*

I then apply the CAPM general formula:

$K_e = R_f + (R_m - R_f) * B_e$

In words the equation reads as: K_e, the cost-of-equity, equals R_m, the overall market rate of return, plus the risk premium, $(R_m - R_f)$, which is multiplied by a beta, B_e.

I then apply certain values. I substitute AGL's Long-Term Debt Cost of 6.27% for the first R_f to establish a minimum return. I treat the market return, R_m, as 9.05% per the results in column (5) on page 11 of this testimony. I treat the risk premium, (R_m-R_f), as 3.85%. per the results in column (5) on page 11 of this testimony.

Short-term debt investments are less risky than long-term debt investment because the investor is not long separated from the capital, and has the opportunity to get in and out of the market almost at will, like the equity investor who buys and sells at will. However, I treat the risk free rate as 5.2%, not because I accept it, but because it is virtually no different than the 90 day rates for commercial paper and U.S. Treasury Bills and there would be little improvement in the accuracy of the CAPM result. The next page displays recent data from the Federal Reserve Board.

Federal Reserve Data As Of Oct. 6, 2006			
Name:	Financial commercial paper	U.S. government securities/Treasury bills (secondary market)	U.S. government securities/Treasury constant maturities/Nominal
Maturity	3-month	3-month	20-year
Frequency	Business day	Business day	Business day
Note 1	Annualized 360 days	Annualized 360 days	
mm/dd/yyyy			
08/01/2006	5.32	4.99	5.17
08/02/2006	5.35	4.97	5.14
08/03/2006	5.37	4.98	5.13
08/04/2006	5.34	4.96	5.09
08/07/2006	5.32	4.99	5.09
08/08/2006	5.32	4.97	5.11
08/09/2006	5.29	4.94	5.13
08/10/2006	5.28	4.92	5.15
08/11/2006	5.28	4.94	5.18
08/14/2006	5.28	4.99	5.21
08/15/2006	5.28	4.97	5.13
08/16/2006	5.27	4.94	5.08
08/17/2006	5.26	4.96	5.08
08/18/2006	5.27	4.97	5.05
08/21/2006	5.27	4.98	5.04
08/22/2006	5.28	4.97	5.03
08/23/2006	5.26	4.96	5.03
08/24/2006	5.27	4.96	5.02
08/25/2006	5.26	4.98	5.01
08/28/2006	5.27	4.97	5.01
08/29/2006	5.27	4.94	5.00
08/30/2006	5.26	4.92	4.98
08/31/2006	5.26	4.92	4.95
09/01/2006	5.26	4.89	4.95
09/04/2006	ND	ND	ND
09/05/2006	5.25	4.87	5.01
09/06/2006	5.26	4.84	5.02
09/07/2006	5.26	4.84	5.01
09/08/2006	5.26	4.80	4.99
09/11/2006	5.26	4.81	5.02
09/12/2006	5.26	4.78	4.98
09/13/2006	5.26	4.79	4.97
09/14/2006	5.26	4.82	4.99
09/15/2006	5.26	4.83	5.00
09/18/2006	5.26	4.82	5.01
09/19/2006	5.25	4.82	4.94
09/20/2006	5.25	4.81	4.93
09/21/2006	5.24	4.79	4.86
09/22/2006	5.25	4.80	4.82
09/25/2006	5.23	4.76	4.77
09/26/2006	5.21	4.76	4.79
09/27/2006	5.23	4.76	4.81
09/28/2006	5.22	4.75	4.84
09/29/2006	5.23	4.77	4.84
10/02/2006	5.23	4.76	4.83
10/03/2006	5.23	4.78	4.83
10/04/2006	5.23	4.80	4.79
10/05/2006	5.23	4.81	4.84
Average:	**5.27**	**4.88**	**4.99**

I use betas from the NASDAQ stock exchange. A comparison of those betas and Value Line's appears in the next table:

Comparable Company	Dr. Brown's Betas: NASDAQ	Dr. Morin's Betas: Value Line**	Value Line's Actual Calculated Beta
Atmos Energy	0.250	0.750	0.600
KeySpan	0.410	0.900	0.825
Laclede Group	0.330	0.850	0.750
New Jersey Resources	0.050	0.800	0.675
NICOR	0.700	1.200	1.274
Northwest Natural	0.160	0.750	0.600
Peoples Gas	0.330	0.900	0.825
Piedmont	0.350	0.850	0.750
South Jersey Industries	0.250	0.700	0.525
Southwest Gas	0.290	0.850	0.750
WGL Holdings	0.250	0.800	0.675
Average	0.306	0.850	0.750
Median	0.290	0.850	0.750

**It Is Well Known That Value Line Betas=.35 +(2/3)*Calculated Beta

Thus my CAPM equity rate is:

$$7.46\% = 6.27\% + 3.85\% * .31$$

Q_30. **How does Value Line calculate its betas?**

A_30. According to its internet web site Value Line calculates its betas:

Address http://www.valueline.com/sup_glossb.html

Beta—a relative measure of the historical sensitivity of the stock's price to overall fluctuations in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise (or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is derived from a regression analysis of the relationship between weekly percentage changes in the price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In the case of shorter price histories, a smaller time period is used, but two years is the minimum. The Betas are adjusted for their long-term tendency to converge toward 1.00.

Q_31. How does NASDAQ calculate its betas?

A_31. According to its internet web site NASDAQ calculates its betas:

http://www.nasdaq.com/reference/glossary.stm

A measure of the volatility of a stock relative to the overall market. A beta of less than one indicates lower risk than the market; a beta of more than one indicates higher risk than the market. NASDAQ.com uses the S&P 500 as the underlying index to measure the overall market for beta.

Q_32. In your opinion which institution's beta is appropriate for the CAPM model?

A_32. In my opinion NASDAQ's betas are appropriate. Value Line's betas and Dr. Morin's average beta of .86 are too high, making companies appear to be more risky investments than they are. Several broad considerations support my opinion.

The normal expectation is that natural gas companies are near the bottom of the risk-ladder because they are well protected from economic harm via:

- their pass-through of purchased gas and pipeline costs to consumers via a PGA;

- their allowed rates of return which are after taxes, after employee costs and after other operating costs are paid for by a captive pool of consumers;

- their territorial monopoly which gives them an exclusive right to the sale of natural gas within the territory;

- their ability to sell excess transportation capacity in the interstate transportation market; and

- their ability to seek rate-relief at a time of their own choosing;

These advantages confirm that natural-gas companies are among the least risky investments relative to other companies. But there is an obvious contradiction here: How can a group of companies be so near the bottom of the market's risk-ladder while having a beta of .86, so near so the market's overall risk of 1? The normal expectation is that companies near the bottom of the risk-ladder would have betas well below 1. Value Line's betas are obviously malformed and do not match the substantive risk faced by natural gas distribution monopolies.

Also, NASDAQ's betas flow from the S&P500 index, a broad index that captures stocks on the NASDAQ and the New York Stock Exchanges. In contrast, Value Line's betas flow only from the NYSE, a narrower index.

Dr. Morin's use of Value Line's betas is consistent with his general pattern of overestimating the market's equity cost and equity premium, as well as overestimating the equity ratios of the companies he displays in his exhibit RAM-8

VII. The DCF Model's Results.

Q_33. **In your opinion what model should be applied to determine just and reasonable rates in Tennessee?**

A_33. In my opinion the Discounted Cash Flow (DCF) method, where equity cost is the sum of a dividend yield and dividend growth, is the model that works in this case. The DCF is a reasonable way to estimate the value investors place on a stock. The DCF gives an equity cost based on contemporary data which embodies investors' assessment of the market. The DCF analysis appears on the next page and suggests a reasonable equity return of 8%, which is close to the top of the range, shown on the next page under the column named "Range Of Returns." The DCF is widely used and its inputs, dividend-growth and dividend yields are well tracked by web sites, newspapers, newsletters, and other forms of the popular press. The public availability of the inputs and the ease with which they can be applied explain why the model appears in every rate case and in every jurisdiction.

DCF Calculation Of The Return To The Common Stock Holder

Comparable Company	Fiscal Year - Dividends Per Share of Common Stock: $					Dividend Payout Ratio - In Percent				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Atmos Energy Corporation	1.1600	1.1800	1.2000	1.2200	1.2400	78.91%	81.38%	77.92%	77.22%	72.09%
KeySpan	1.7800	1.7800	1.7800	1.7800	1.8200	112.66%	67.68%	74.48%	62.68%	80.18%
LaClede Group	1.3400	1.3400	1.3400	1.3550	1.3750	83.23%	113.56%	73.63%	74.45%	72.37%
New Jersey Resources	1.1700	1.2000	1.2400	1.3000	1.3600	60.15%	57.42%	52.10%	50.98%	50.18%
NICOR	1.7600	1.8400	1.8600	1.8600	1.8600	65.43%	63.89%	78.15%	109.41%	60.59%
Northwest Natural Gas Company	1.2450	1.2600	1.2700	1.3000	1.3200	66.22%	77.78%	72.16%	69.89%	62.56%
Peoples Energy Corporation	2.0300	2.0700	2.1100	2.1500	2.1750	74.09%	82.47%	73.52%	98.62%	106.10%
South Jersey Industries	0.7400	0.7600	0.7800	0.8200	0.8600	64.60%	61.80%	59.10%	53.30%	50.90%
Piedmont	0.7600	0.7925	0.8225	0.8525	0.9050	75.25%	83.92%	76.80%	67.17%	68.56%
Southwest Gas Corporation	0.8200	0.8200	0.8200	0.8200	0.8200	71.30%	62.12%	72.57%	51.25%	71.93%
WGL Holdings	1.2550	1.2675	1.2775	1.2950	1.3225	71.43%	158.13%	55.43%	65.15%	62.32%

Company	Fiscal Year: Growth Of Dividends From Prior Year				A Trend? Direction	Dividend Growth By Company		Dividend Yield:	Range Of Returns
	2001	2002	2003	2004	2005	-	Average	Median	On 2006, May 17	Dividend Yield + Div. Growth
Atmos Energy Corporation	-	1.72%	1.69%	1.67%	1.64%	Yes - Up	1.68%	1.68%	4.07%	5.75%
KeySpan	-	0.00%	0.00%	0.00%	2.25%	Yes - Up	0.56%	0.00%	4.62%	5.18%
LaClede Group	-	0.00%	0.00%	1.12%	1.48%	Yes - Up	0.65%	0.56%	4.29%	4.94%
New Jersey Resources	-	2.56%	3.33%	4.84%	4.62%	Yes - Up	3.84%	3.97%	3.18%	7.15%
NICOR	-	4.55%	1.09%	0.00%	0.00%	Yes- Down	1.41%	0.54%	4.66%	6.07%
Northwest Natural Gas Company	-	1.20%	0.79%	2.36%	1.54%	Yes- Down	1.47%	1.37%	3.97%	5.44%
Peoples Energy Corporation	-	1.97%	1.93%	1.90%	1.16%	Yes- Down	1.74%	1.91%	6.05%	7.96%
South Jersey Industries		2.70%	2.63%	5.13%	4.88%	Yes - Up	3.84%	3.79%	3.34%	7.18%
Piedmont	-	4.28%	3.79%	3.65%	6.16%	Yes - Up	4.47%	4.03%	3.94%	Highest 8.41%
Southwest Gas Corporation	-	0.00%	0.00%	0.00%	0.00%	None	0.00%	0.00%	2.98%	Lowest 2.98%
WGL Holdings	-	1.00%	0.79%	1.37%	2.12%	Yes - Up	1.32%	1.18%	4.78%	6.10%
Comparables: Average In Year	-	1.82%	1.46%	2.00%	2.35%	....			4.17%	
Comparables: Median In Year	-	1.72%	1.09%	1.67%	1.64%	....			4.07%	

Q_34. **In your opinion, what is the difference between your DCF result and Dr. Morin's DCF results in his exhibits RAM-4 and RAM-5?**

A_34. The difference is primarily in the dividend growth rates, his quarterly-compounding of the equity returns, and his flotation adjustment to the dividend yield.

For example, my average and median dividend yields are 4.17% and 4.07% respectively. In exhibit RAM-4 column (2) Dr. Morin displays an average "current dividend yield" of 3.9%. In exhibit RAM-5 column (2) Dr. Morin displays an average "current dividend yield" 4.1%. There is little difference between our yields.

However, the growth rates are quite different. My return of 8% has an implicit growth rate of about 3.8% to 3.9%, which can be inferred by subtracting the yields from 8%.

Dr. Morin's growth rates are much larger. Exhibit RAM-4 column (3) displays 5.3% as an average of earnings growth rates projected by Zaks. The average includes the growth rates of AGL, Southern Union and UGI. I have already testified that I exclude these companies from the comparable group. When these companies are removed as comparables, the growth rate falls to 4.9%, and the equity cost becomes: 4.9% + 3.9% = 8.8%

Exhibit RAM-5 column (3) displays 5.6% as an average of growth rates (Dr. Morin does not indicate if these are dividend or earnings rates) projected by Value Line. The average includes the growth rates of AGL, Southern Union and UGI. When these companies are removed as comparables, the growth rate falls to 5.3%, and the equity cost becomes: 5.3% + 4.1% = 9.4%

Of the two sources of growth rates employed by Dr. Morin, Value Line has the highest growth rates, consistent with the general pattern of Value Line's upward bias in measurements of risk and equity return. However, the forecasts by Zaks and Value Line far outstrip the normal growth rates of the comparable companies.

Dr. Morin also applies a quarterly compounding and a flotation adjustment while I do not.

For example, in exhibit RAM-4 the average dividend yield of 3.9% is divided by .95 to calculate an expected average yield of 4.1% to reflect a flotation adjustment. Then 4.1% is added to the dividend growth rate of 5.1% to get a total of 9.4%. This number is compounded on a quarterly basis to arrive at 9.6% as the equity cost.

Q_35. **In your opinion is it appropriate to perform the quarterly compounding?**

A_35. No. A firm which pays out dividends on a quarterly basis will provide higher returns than a firm that pays out dividends just once a year. However, he does not mention the flip-side of that argument, namely, that a utility collects money monthly and thus earns its return even faster than it pays its quarterly dividends. Increasing the estimated return to account for quarterly dividend payments is more than offset by returns earned on a monthly basis. Furthermore, Dr. Morin's quarterly compounding was rejected in TRA Docket No. 04-0034 [Final Order, page 55.]

Q_36. **In your opinion is it appropriate to include so-called "flotation costs" in the equity cost?**

A_36. No. I know of no company that books a flotation cost as expense. In Docket 04-00034, the only case Dr. Morin was able cite as support was a 1991 FERC decision allowing only 1/15th of the 5% flotation adjustment he recommends. Furthermore, Dr. Morin's flotation adjustment was rejected in TRA Docket No. 04-0034 [Final Order, page 55.] Dr. Morin's flotation adjustment was also rejected in TPSC Dockets U-83-7226 and U-85-7338.

Also, he does not mention that AGL Resources' stock and the stock of the comparable companies continue to trade well above book value, as shown in the next table. Investors anticipate these companies will earn equity returns greater than the cost of equity. This is one more reason to conclude that Dr. Morin's 11.5% equity cost is much too high.

Comparable Companies: Ratio of Market Values To Book Value

Company	Ticker	FY END	Shrs OutStanding	Common Equity	BkVal/Shr	Price: Last Trading Day Of FY	Mkt/Book
Atmos	ATO	2005/09/30	78,508,000	1,602,422,000	20.41	28.25	138%
NICOR	GAS	2005/12/31	44,200,000	811,300,000	18.36	39.31	214%
KeySpan	KEY	2005/12/31	169,940,000	4,464,100,000	26.27	32.93	125%
LaClede	LG	2005/09/30	21,198,995	366,525,000	17.29	32.49	188%
New Jersey Resources	NJR	2005/09/30	27,546,000	438,052,000	15.90	45.98	289%
Northwest Natural	NWN	2005/12/31	27,564,000	586,931,000	21.29	34.18	161%
Peoples Energy	PGL	2005/09/30	37,977,000	800,154,000	21.07	39.38	187%
Piedmont	PNY	2005/10/31	76,680,000	884,192,000	11.53	23.66	205%
South Jersey Industries	SJI	2005/12/31	28,982,000	391,185,000	13.50	29.14	216%
Southwest Gas	SWX	2005/12/31	39,328,000	751,135,000	19.10	26.40	138%
WGL Holding	WGL	2005/09/30	48,704,000	893,992,000	18.36	32.13	175%
						Average:	185%
						Median:	187%
AGL Resources	ATG	2005/12/31	77,300,000	1,499,000,000	19.39	34.81	180%

1

Investors are paying 80% more than book value for these stocks, and the returns on book value are generally above 7%. Thus investors are requiring a market return (the cost of equity capital to the utility) far below Dr. Morin's 11.5% return.

VIII. The Declining Demand Of Small Customers Is Not A Risk Factor

Q_37. Has Dr. Morin identified certain risks in particular that caused him to choose 11.50% as a rate of return?

A_37. Yes. He has identified "demand risks" as a factor influencing his opinion:

- *" the demand risks faced by CGC are higher than those of other gas utilities…the usage per residential customer declines and continues to decline… the demand for increased gas volumes is virtually non-existent… as a result the Company's demand risks exceed those of the industry." [Morin Direct Page 51, lines 4-18]*

Q_38. Do you agree with his opinion?

A_38. No. I disagree with his opinion. He has overlooked the substantial revenue stream that flows to the Company from its sales of capacity not used by the small customer.

On April 22, 1999 AGL filed comments with Federal Energy Regulatory Commission in FERC dockets RM98-10-000 and RM98-12-000. The comments included an affidavit by Professor Richard J. Pierce, who explained the benefits that low load factor customers, such as the residential class referred to by Dr. Morin, confer on their service provider. Dr. Pierce's reference point was Georgia and Atlanta but his comments apply equally well to Chattanooga Gas and its small customers.

To make this point well understood, I have provided a copy of the cover page of AGL's correspondence to FERC on the next page. Following that, I have quoted from Dr. Pierce's affidavit, selectively substituting the term "CGC" for the word "marketer" to demonstrate the relevance of the issue in this docket before the Authority.

ORIGINAL

LONG ALDRIDGE & NORMAN LLP
ATTORNEYS AT LAW

FILED
OFFICE OF THE SECRETARY
99 APR 22 PM 3:51
FEDERAL ENERGY
REGULATORY COMMISSION

KEVIN M. DOWNEY
202-624-1241

EMAIL ADDRESS
kdowney@lanlaw.com

April 22, 1999

Mr. David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Regulation of Short-Term Natural Gas Transportation Services and Regulation of Interstate Natural Gas Transportation Services, RM98-10-000 and RM98-12-000

Dear Mr. Boergers:

Enclosed for filing with the Commission in the above-captioned proceedings are an original and fourteen copies of the "Comments of Atlanta Gas Light Company." Also enclosed is a 3.5" diskette containing electronic versions of the Comments and the affidavit of Professor Richard J. Pierce, Jr., which is attached as Appendix A to the Comments, in WordPerfect 6.1 format; however, the diskette does not contain the attachments to Professor Pierce's affidavit.

Kindly acknowledge receipt of the enclosures by date-stamping and returning the designated copies to our messenger.

Thank you for your cooperation in this matter.

Sincerely,

Kevin M. Downey

Kevin M. Downey

FERC DOCKETED
APR 22 1999

Enclosures

Dr. Pierce stated in part:

- *Retailing gas to small customers is characterized by high costs per transaction and low benefits per transaction. The high costs have two components: marketing costs and the costs required to contract for an adequate combination of distribution capacity, pipeline capacity, and storage. AGLC concluded that it had little ability to effect the marketing costs, so it concentrated on minimizing the second category of costs. Those costs are extremely high per small customer because most small customers have very low load factors. ...[CGC]... must arrange for capacity that is sufficient to meet its contractual obligations on a peak day, even though it will use only a small fraction of that capacity on most days….*

- *"The capacity ... is essential to provide service to ...[CGC]...s' small customers on peak days. On most days, however,...[CGC]... will have excess capacity that it is free to use to make interruptible sales to large customers. ...[CGC]... is free to use any excess interstate capacity to serve customers outside of [Tennessee] ... as long as the ...[CGC]... has sufficient interstate capacity available to meet the firm requirements of the consumers that it must serve. Because of the extremely low load factor of small customers...[CGC]... can market excess capacity in the secondary interstate capacity market. In an average year, AGLC's small customers use less than one-half of their peak day capacity on all but 22 days per year. Thus, each small customer…. brings with it the additional benefit of enabling ...[CGC]... to make interruptible sales to large customers. This… creates a win-win situation for small and large customers."*

Q_39. **Do you agree with the opinions expressed in the affidavit?**

A_39. I agree with the opinion that "each small customer…brings with it the additional benefit of enabling ...[CGC]" to sell capacity in the interstate market or to interruptible customers.

However, I do not agree that it is a "win-win situation" for consumers. Because all purchased gas costs (which include capacity costs that must be paid to the pipelines) are automatically passed on to Tennessee's consumers via the PGA, there is incentive for the Company or its agent, Sequent, to craft gas-supply plans that build in excess capacity.

For example, there is incentive to select year-round capacity agreements as the principal means of meeting the needs of small customers even though as Dr. Pierce said "small customers use less than one-half of their peak day capacity on all but 22 days per year," a situation in which seasonal contracts would be appropriate.

Sensibly enough from the Company's perspective, there is incentive to extend the life of existing year-round contracts rather than relinquishing or "turning back" the capacity to the pipeline even though pipeline tariffs allow such a reduction without penalty. Part of CGC's gas supply is provided through the Southern Natural Gas Pipeline. In the event the Authority ordered CGC to reduce its transportation capacity, the pipeline's tariff allows CGC to reduce its contract demand without penalty just 90 days after such an order:

Superseding: Second Revised Sheet No. 212G

GENERAL TERMS AND CONDITIONS
(Continued)

39. TRANSPORTATION DEMAND ADJUSTMENT FOR STATE REGULATORY ACTION

(a) If SHIPPER is a local distribution company, or a Hinshaw pipeline under Section 1(c) of the Natural Gas Act, subject to the jurisdiction of a state regulatory agency, and if said state regulatory agency issues a final order that (i) finds SHIPPER'S aggregate firm transportation quantities with all of its pipeline transporters to be excessive when compared to its requirements for firm transportation service necessary to serve all of the loads attached to its distribution system, and (ii) requires SHIPPER to reduce such aggregate firm transportation quantities, SHIPPER may reduce its Transportation Demand under any Service Agreement for firm transportation services between SHIPPER and COMPANY by the amount ordered by said state regulatory agency; provided however, that any such reduction shall be applied first to the Transportation Demand under the Service Agreement for which SHIPPER is paying the lowest transportation rate, calculated on a one hundred percent(100%)load factor basis, and then to the Transportation Demand under the Service Agreement with the shortest remaining contract term. For purposes of determining under which Service Agreement Transporter is paying the lowest rate, any seasonally adjusted contracts shall be considered to be discounted contracts, with such discounted transportation rate to be determined by dividing the annual revenues under the Service Agreement by the product of the maximum monthly Transportation Demand times 12. Such reduction shall become effective ninety (90) days after the date of SHIPPER'S written notice to COMPANY that it has been ordered by the state regulatory agency to reduce its Transportation Demand. SHIPPER'S right to reduce its Transportation Demand as provided in this Section 39 is conditioned upon (i) SHIPPER having provided written notice to COMPANY that its aggregate firm transportation quantities were the subject of a state regulatory proceeding so that COMPANY had a reasonable opportunity to participate in said proceeding, and (ii) SHIPPER having made a good faith effort to defend its aggregate firm transportation quantities in said proceeding.

(b) SHIPPER's right to reduce its Transportation Demand under this Section 39 shall not apply to Service Agreements executed or extended as part of a system expansion or other transaction between COMPANY and SHIPPER where facilities on COMPANY's system are to be constructed, modified or sold after May 20, 2004, in consideration for the contract subscription or extension; provided, however, once the primary term of such Service Agreement or contract extension has expired, Section 39(a) will apply to any future evergreen periods for Service Agreements covered hereunder. Each package of capacity under SHIPPER's firm Service Agreement for which this Section 39(b) exclusion applies will be designated by the COMPANY on the Exhibit B to SHIPPER's Service Agreement

No company-witness acknowledges that CGC can easily shed excess transportation capacity, and no company-witness acknowledges the benefits Dr. Pierce identified in his affidavit to FERC. Apparently none of the benefits are credited against the revenue requirement filed by the Company, even though the revenues from interstate and interruptible sales certainly increase the company's return.

Q_40. **How do you know that sales in the interstate market increase the Company's return?**

A_40. In my opinion this is a reasonable conclusion given what is known about CGC and Sequent.

For example, September 28, 2005 the SEC issued an order captioned "Release No. 35-28038; 70-10304 AGL Resources Inc. Order Authorizing the Acquisition of Nonutility Businesses and Participation in the System Money Pool."

The Order commented on Sequent:

- *"Through various subsidiaries, Sequent, LLC ("Sequent"), an indirect, wholly-owned subsidiary company of AGL, is engaged in the optimization of natural gas assets, gas transportation and storage, producer and peaking services and the wholesale marketing of natural gas. Sequent's asset optimization business focuses on capturing value from idle or underutilized natural gas assets, which are typically amassed by companies via investments in, or contractual rights to, natural gas transportation and storage facilities. Margins are typically created in this business by participating in transactions that balance the needs of varying markets and time horizons."*

Dr. Morin has made a mistaken assessment of CGC's demand risks in light of: Dr. Pierce's statements to FERC; the ease with which CGC can shed pipeline capacity; and the SEC's recognition that Sequent "focuses on capturing value from idle or underutilized natural gas assets."

Furthermore, CGC’s cost-of-service study, which shows the Company making only a 2% return on the residential class, is incomplete because it has not accounted for the benefits that small customers have conferred on CGC and Sequent. Also, the cost-of service study has not identified the “adequate combination of distribution capacity, pipeline capacity, and storage capacity” required to serve consumers. Therefore, my opinion is that the study is not a reasonable guide for allocating costs among rate classes. Thus any rate-change should be distributed evenly across all classes.

This concludes my testimony at this time.

IX. Statement of Credentials and Experience

Q_41. **What experience do you have regarding utilities?**

A_41. In 1995 I began work as an economist in the Consumer Advocate and Protection Division (CAPD) of the Attorney General’s Office. I have also appeared as a witness for CAPD in several cases before the Tennessee Regulatory Authority (TRA). From 1986 to 1995 I was employed by the Iowa Utilities Board as Chief of the Bureau of Energy Efficiency, Auditing and Research, and Utility Specialist and State Liaison Officer to the U.S. Nuclear Regulatory Commission. From 1984 to 1986 I worked for Houston Lighting & Power as Supervisor of Rate Design. From 1982 to 1984 I worked for Arizona Electric Power Cooperative as a Rate Analyst. From 1979 to 1982 I worked for Tri-State Generation and Transmission Association as Power Requirements Supervisor and Rate Specialist. Since 1979 my work spanned many issues including cost of service studies, rate design issues, telecommunications issues and matters related to the disposal of nuclear waste.

Q_42. **What is your educational background?**

A_42. I have an M.S. in Regulatory Economics from the University of Wyoming, an M.A. and Ph.D. in International Relations with a specialty in International Economics from the University of Denver, and a B.A. from Colorado State University.

Q_43. **Dr. Brown, have you authored any articles relating to your profession?**

A_43. Yes, my articles have appeared in Public Utilities Fortnightly.

Q_44. Are you and have you been a member of any professional organizations, Dr. Brown?

A_44. Yes, I am a past member of the NARUC Staff Committee on Management Analysis, a past trustee of and a member of the Board for the Automatic Meter Reading Association, and a current member of the National Association of Business Economists.

Q_45. Have you studied mathematics and statistics as part of your education?

A_45. Yes.

Q_46. Dr. Brown, do you use mathematics and statistics in combination with economics as part of your profession?

A_46. Yes.

Before the

TENNESSEE REGULATORY AUTHORITY

IN RE:

PETITION OF CHATTANOOGA GAS COMPANY FOR APPROVAL OF ADJUSTMENT OF ITS RATES AND CHARGES, COMPREHENSIVE RATE DESIGN PROPOSAL, AND REVISED TARIFF

DOCKET NO. 06-00175

****

EXHIBITS
OF
STEVE BROWN

****

October 16, 2006

Summary Comparable Companies' Capital Structure:

Comparable Companies Group - AGL Excluded: Consolidated Capitalization						
RATIOS -Capital Structure Components As Of:	FY 2005	FY 2004	FY 2003	3 Yr Average	Cost	Weighted Cost
Short-Term Debt: Notes Due	10.0%	10.2%	15.6%	11.9%	5.11%	0.6%
Short-Term Debt: Current Portion of Long-Term Debt	1.4%	1.2%	0.2%	0.9%	6.26%	0.1%
Long-Term Debt	42.3%	42.2%	41.6%	42.2%	6.26%	2.6%
Common Equity	46.1%	46.1%	42.2%	44.8%	8.00%	3.6%
Preferred	0.2%	0.3%	0.3%	0.2%	6.26%	0.0%
Total	100.0%	100.0%	100.0%	100.0%		6.9%

Comparable Companies' Capital Structure: As Stated In Audited SEC 10-K Reports

	Atmos : Consolidated Capitalization			
(In Thousands of $)				
Capital Structure Components As Of:	2005: Sep 30	2004: Sep 30	2003: Sep 30	3_Yr Av. Cap Structure
Short-Term Debt: Notes Due	144,809	0	118,595	87801.3
Short-Term Debt: Current Portion of Long-Term Debt	3,624	5,908	9,345	6292.3
Long-Term Debt	2,183,104	861,311	862,500	1302305.0
Common Equity	1,602,422	1,133,459	857,517	1197799.3
Preferred	0	0	0	0.0
Total	3,933,959	2,000,678	1,847,957	2594198.0
RATIOS:				
Short-Term Debt: Notes Due	3.7%	0.0%	6.4%	3.4%
Short-Term Debt: Current Portion of Long-Term Debt	0.1%	0.3%	0.5%	0.2%
Long-Term Debt	55.5%	43.1%	46.7%	50.2%
Common Equity	40.7%	56.7%	46.4%	46.2%
Preferred	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

Comparable Companies' Capital Structure: As Stated In Audited SEC 10-K Reports

	Peoples Energy Corporation : Consolidated Capitalization			
(In Thousands of $)				
Capital Structure Components As Of:	2005: Sep 30	2004: Sep 30	2003: Sep 30	3_Yr Av. Cap Structure
Short-Term Debt: Notes Due	8,148	55,625	207,949	90,574
Short-Term Debt: Current Portion of Long-Term Debt	0	0	0	0
Long-Term Debt	895,583	897,377	744,345	845,768
Common Equity	800,154	870,083	847,999	839,412
Preferred	0	0	0	0
Total	1,703,885	1,823,085	1,800,293	1,775,754
RATIOS:				
Short-Term Debt: Notes Due	0.5%	3.1%	11.6%	5.1%
Short-Term Debt: Current Portion of Long-Term Debt	0.0%	0.0%	0.0%	0.0%
Long-Term Debt	52.6%	49.2%	41.3%	47.6%
Common Equity	47.0%	47.7%	47.1%	47.3%
Preferred	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

Comparable Companies' Capital Structure: As Stated In Audited SEC 10-K Reports

	NICOR : Consolidated Capitalization			
(In Millions of $)				
Capital Structure Components As Of:	2005: Dec 31	2004: Dec 31	2003: Dec 31	3_Yr Av. Cap Structure
Short-Term Debt: Notes Due	586	490	575	550
Short-Term Debt: Current Portion of Long-Term Debt	0	0	0	0
Long-Term Debt	486	495	497	493
Common Equity	811.3	749	755	772
Preferred	0.6	2	2	1
Total	1,884	1,736	1,828	1,816
RATIOS:				
Short-Term Debt: Notes Due	31.1%	28.2%	31.4%	30.3%
Short-Term Debt: Current Portion of Long-Term Debt	0.0%	0.0%	0.0%	0.0%
Long-Term Debt	25.8%	28.5%	27.2%	27.1%
Common Equity	43.1%	43.2%	41.3%	42.5%
Preferred	0.0%	0.1%	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%

Comparable Companies' Capital Structure: As Stated In Audited SEC 10-K Reports

	New Jersey Resources : Consolidated Capitalization			
(In Millions of $)	1000			
Capital Structure Components As Of:	2005: Sep 30	2004: Sep 30	2003: Sep 30	3_Yr Av. Cap Structure
Short-Term Debt: Notes Due	174	260	185	206
Short-Term Debt: Current Portion of Long-Term Debt	3	28	3	11
Long-Term Debt	317	316	258	297
Common Equity	438	468	419	442
Preferred	0	0	0	0
Total	933	1,071	865	956
RATIOS:				
Short-Term Debt: Notes Due	18.7%	24.2%	21.4%	21.6%
Short-Term Debt: Current Portion of Long-Term Debt	0.3%	2.6%	0.3%	1.2%
Long-Term Debt	34.0%	29.5%	29.8%	31.1%
Common Equity	47.0%	43.7%	48.5%	46.2%
Preferred	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

Comparable Companies' Capital Structure: As Stated In Audited SEC 10-K Reports

	Northwest Natural Gas : Consolidated Capitalization			
(In Thousands of $)				
Capital Structure Components As Of:	2005: Dec 31	2004: Dec 31	2003: Dec 31	3_Yr Av. Cap Structure
Short-Term Debt: Notes Due	126700	102,500	85,200	104,800
Short-Term Debt: Current Portion of Long-Term Debt	8000	15,000	0	7,667
Long-Term Debt	521500	484,027	500,319	501,949
Common Equity	586,931	568,517	506,316	553,921
Preferred	0	0	0	0
Total	1,243,131	1,170,044	1,091,835	1,168,337
RATIOS:				
Short-Term Debt: Notes Due	10.2%	8.8%	7.8%	9.0%
Short-Term Debt: Current Portion of Long-Term Debt	0.6%	1.3%	0.0%	0.7%
Long-Term Debt	42.0%	41.4%	45.8%	43.0%
Common Equity	47.2%	48.6%	46.4%	47.4%
Preferred	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

Comparable Companies' Capital Structure: As Stated In Audited SEC 10-K Reports

	WGL Holdings : Consolidated Capitalization			
(In Thousands of $)				
Capital Structure Components As Of:	2005: Sep 30	2004: Sep 30	2003: Sep 30	3_Yr Av. Cap Structure
Short-Term Debt: Notes Due	40,876	95,634	166,662	101,057
Short-Term Debt: Current Portion of Long-Term Debt	50,122	60,639	12,180	40,980
Long-Term Debt	584,150	590164	636,650	603,655
Common Equity	893,992	853424	818,218	855,211
Preferred	28,173	28173	28,173	28,173
Total	1,597,313	1,628,034	1,661,883	1,629,077
RATIOS:				
Short-Term Debt: Notes Due	2.6%	5.9%	10.0%	6.2%
Short-Term Debt: Current Portion of Long-Term Debt	3.1%	3.7%	0.7%	2.5%
Long-Term Debt	36.6%	36.3%	38.3%	37.1%
Common Equity	56.0%	52.4%	49.2%	52.5%
Preferred	1.8%	1.7%	1.7%	1.7%
Total	100.0%	100.0%	100.0%	100.0%

Comparable Companies' Capital Structure: As Stated In Audited SEC 10-K Reports

	KeySpan Corp : Consolidated Capitalization			
(In Thousands of $)				
Capital Structure Components As Of:	2005: Dec 31	2004: Dec 31	2003: Dec 31	3_Yr Av. Cap Structure
Short-Term Debt: Notes Due	657,600	912,246	481,900	683,915
Short-Term Debt: Current Portion of Long-Term Debt	13,000	16,103	1,471	10,191
Long-Term Debt	3,920,800	4,418,729	5,611,432	4,650,320
Common Equity	4,464,100	3,894,710	3,670,656	4,009,822
Preferred	0	75,000	83,568	52,856
Total	9,055,500	9,316,788	9,849,027	9,407,105
RATIOS:				
Short-Term Debt: Notes Due	7.3%	9.8%	4.9%	7.3%
Short-Term Debt: Current Portion of Long-Term Debt	0.1%	0.2%	0.0%	0.1%
Long-Term Debt	43.3%	47.4%	57.0%	49.4%
Common Equity	49.3%	41.8%	37.3%	42.6%
Preferred	0.0%	0.8%	0.8%	0.6%
Total	100.0%	100.0%	100.0%	100.0%

Comparable Companies' Capital Structure: As Stated In Audited SEC 10-K Reports

	Piedmont: Consolidated Capitalization			
(In Thousands of $)				
Capital Structure Components As Of:	2005: Oct 31	2004: Oct 31	2003: Oct 31	3_Yr Av. Cap Structure
Short-Term Debt: Notes Due	158,500	109,500	555,059	274,353
Short-Term Debt: Current Portion of Long-Term Debt	35,000	0	2,000	12,333
Long-Term Debt	625,000	660,000	460,000	581,667
Common Equity	884,192	854,898	630,195	789,762
Preferred	0	0	0	0
Total	1,702,692	1,624,398	1,647,254	1,658,115
RATIOS:				
Short-Term Debt: Notes Due	9.3%	6.7%	33.7%	16.5%
Short-Term Debt: Current Portion of Long-Term Debt	2.1%	0.0%	0.1%	0.7%
Long-Term Debt	36.7%	40.6%	27.9%	35.1%
Common Equity	51.9%	52.6%	38.3%	47.6%
Preferred	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

Comparable Companies' Capital Structure: As Stated In Audited SEC 10-K Reports

	LaClede Group: Consolidated Capitalization			
(In Thousands of $)				
Capital Structure Components As Of:	2005: Sep 30	2004: Sep 30	2003: Sep 30	3_Yr Av. Cap Structure
Short-Term Debt: Notes Due	70,605	71,380	218,200	120,062
Short-Term Debt: Current Portion of Long-Term Debt	40,061	25,145	0	21,735
Long-Term Debt	340,433	380,336	306,025	342,265
Common Equity	366,525	355,915	299,072	340,504
Preferred	948	1,108	1,258	1,105
Total	818,572	833,884	824,555	825,670
RATIOS:				
Short-Term Debt: Notes Due	8.6%	8.6%	26.5%	14.5%
Short-Term Debt: Current Portion of Long-Term Debt	4.9%	3.0%	0.0%	2.6%
Long-Term Debt	41.6%	45.6%	37.1%	41.5%
Common Equity	44.8%	42.7%	36.3%	41.2%
Preferred	0.1%	0.1%	0.2%	0.1%
Total	100.0%	100.0%	100.0%	100.0%

Comparable Companies' Capital Structure: As Stated In Audited SEC 10-K Reports

	Southwest Gas: Consolidated Capitalization			
(In Thousands of $)				
Capital Structure Components As Of:	2005: Dec 31	2004: Dec 31	2003: Dec 31	3_Yr Av. Cap Structure
Short-Term Debt: Notes Due	24,000	100,000	52,000	58,667
Short-Term Debt: Current Portion of Long-Term Debt	83,215	29,821	6,435	39,824
Long-Term Debt	1,324,898	1,262,936	1,221,164	1,269,666
Common Equity	751,135	705,676	630,467	695,759
Preferred	0	0	0	0
Total	2,183,248	2,098,433	1,910,066	2,063,916
RATIOS:				
Short-Term Debt: Notes Due	1.1%	4.8%	2.7%	2.8%
Short-Term Debt: Current Portion of Long-Term Debt	3.8%	1.4%	0.3%	1.9%
Long-Term Debt	60.7%	60.2%	63.9%	61.5%
Common Equity	34.4%	33.6%	33.0%	33.7%
Preferred	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

Comparable Companies' Capital Structure: As Stated In Audited SEC 10-K Reports

	South Jersey: Consolidated			
(In Thousands of $)				
Capital Structure Components As Of:	2005: Dec 31	2004: Dec 31	2003: Dec 31	3_Yr Av. Cap Structure
Short-Term Debt: Notes Due	147,300	92,300	112,800	117,467
Short-Term Debt: Current Portion of Long-Term Debt	2,364	5,348	5,273	4,328
Long-Term Debt	319,066	328,914	308,781	318,920
Common Equity	391,185	343,363	296,412	343,653
Preferred	0	1,690	1,690	1,127
Total	859,915	771,615	724,956	785,495
RATIOS:				
Short-Term Debt: Notes Due	17.1%	12.0%	15.6%	15.0%
Short-Term Debt: Current Portion of Long-Term Debt	0.3%	0.7%	0.7%	0.6%
Long-Term Debt	37.1%	42.6%	42.6%	40.6%
Common Equity	45.5%	44.5%	40.9%	43.7%
Preferred	0.0%	0.2%	0.2%	0.1%
Total	100.0%	100.0%	100.0%	100.0%

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
1	Stephan	15	2500.00%	1.69
2	Microsoft	244,074	1975.00%	1.5
3	Fidelity National Financial	7,679	1292.41%	2.4
4	Phelps Dodge	20,182	1152.00%	0.89
5	Aldila	189	1125.00%	1.81
6	Frontier Oil	3,634	945.45%	0.28
7	Host Hotels & Resorts	8,270	720.00%	2.33
8	TycoInternational	56,088	700.00%	1.49
9	White Mountains Insurance Grou	5,719	700.00%	1.58
10	Syntel	926	625.00%	1.07
11	Deb Shops	427	622.22%	1.7
12	Placer Sierra Bancshares	383	620.00%	2.42
13	MSC Industrial DirectCo.	3,681	568.97%	1.11
14	Datascope	558	551.43%	0.8
15	Cleveland-Cliffs	2,178	500.00%	1.19
16	California First National	172	475.00%	2.65
17	Franklin Resources	24,146	471.43%	0.5
18	Hector Communications	126	460.00%	1.09
19	Infosys Technologies ADR	22,279	453.85%	0.36
20	Greenbrier Companies	709	433.33%	0.88
21	Park Electrochemical	692	425.00%	1.01
22	Cutter & Buck	126	420.00%	2.32
23	Potlatch	1,136	416.67%	2.55
24	Holly Energy Partners LP	334	406.82%	6.15
25	Westlake Chemical	2,138	400.00%	0.33
26	K-Sea Transportation Partners	190	400.00%	7.27
27	Aspen Insurance Holdings	2,276	400.00%	2.68
28	Montpelier Re Holdings	1,403	389.71%	5.74
29	JB Hunt TransportServices	3,984	380.00%	1.17
30	City Bank	451	367.65%	1.87
31	American Eagle Outfitters	5,053	366.67%	0.93
32	GenTek	281	342.86%	--
33	BJ Services	13,145	325.00%	0.55
34	Acxiom	2,197	325.00%	0.84
35	Thor Industries	2,994	311.11%	0.42
36	Chiquita Brands International	612	300.00%	2.84
37	Hardinge	146	300.00%	0.76
38	Knight Transportation	1,790	300.00%	0.36
39	Big 5 Sporting Goods	435	300.00%	1.3
40	Federal AgriculturalMortgage	323	300.00%	1.47
41	Nucor	18,486	293.62%	0.85
42	Genworth Financial	15,490	285.71%	0.91
43	Compx International	237	284.62%	3.22
44	Bucyrus International A	1,844	283.33%	0.44
45	Span-America Medical	29	280.00%	1.67
46	Sinclair Broadcast Group	709	275.00%	4.37
47	Watson Wyatt Worldwide	1,523	275.00%	0.87
48	Applebee'sInternational	1,772	233.33%	0.89
49	Old Republic International	5,003	227.50%	2.55
50	LCA-Vision	1,172	227.27%	0.72
51	Frontline	2,443	226.04%	25.83
52	WilliamsCompanies	13,867	212.50%	1.33

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
53	Commercial Capital Bancorp	897	211.11%	1.92
54	First Data	36,599	200.00%	0.52
55	Charter Financial	752	190.91%	3.98
56	Nam TaiElectronics	966	175.00%	6.12
57	Alcon	30,845	175.00%	1.36
58	Greenhill & Co	2,164	175.00%	0.59
59	New Plan Excel Realty Trust	2,618	169.70%	5.65
60	Patterson-UTI Energy	5,832	166.67%	0.4
61	Biomet	9,070	166.67%	0.69
62	Southern Copper	15,584	166.53%	9.09
63	NewAlliance Bancshares	1,578	162.50%	1.58
64	GlobalSantaFe	15,306	160.87%	1.34
65	Capital Trust A	496	157.89%	7.13
66	Rocky Mountain Chocolate	92	157.14%	2.13
67	XTO Energy	16,025	155.56%	0.63
68	Acme United	55	150.00%	0.78
69	Peoples Community Bancorp	88	150.00%	3.04
70	Crosstex Energy	1,086	148.53%	2.52
71	Goldcorp	16,150	142.86%	0.57
72	Skyline	328	138.89%	1.85
73	Alliancebernstein Holding LP	5,835	135.29%	4.99
74	Ipsco	5,192	135.00%	0.54
75	Joy Global	8,375	133.33%	0.61
76	MGIC Investment	6,114	130.43%	1.03
77	Freeport-McMoRan Copper & Gold	13,090	127.27%	1.98
78	Synergy Financial Group	174	125.00%	1.35
79	ProCentury	186	125.00%	0.69
80	World Wrestling Entertainment	1,256	125.00%	4.03
81	Gap	15,630	122.22%	1.21
82	RPC	2,029	120.00%	0.63
83	Claire's Stores	3,022	116.67%	1.44
84	Costco Wholesale	26,676	115.00%	0.88
85	Yum Brands	14,798	115.00%	0.88
86	Sun Hydraulics	235	114.29%	1.79
87	Cohen & Steers	923	110.00%	1.74
88	Beazer Homes USA	2,333	107.69%	0.79
89	Range Resources	3,567	100.00%	0.26
90	St. Mary Land &Exploration	2,339	100.00%	0.28
91	Belden CDT	1,368	100.00%	0.67
92	Toro	2,126	100.00%	0.64
93	Nobility Homes	117	100.00%	--
94	Creative Technology	483	100.00%	4.09
95	DryClean USA	15	100.00%	1.95
96	Intel	117,072	100.00%	1.93
97	Aetna	21,436	100.00%	0.05
98	Christopher & Banks	978	100.00%	0.63
99	PSB Holdings	78	100.00%	1.98
100	Assured Guaranty	1,891	100.00%	0.52
101	Erie Indemnity A	3,432	100.00%	2.7
102	Health ManagementAssociates	5,005	100.00%	1.04
103	Birner Dental ManagementServi	40	100.00%	2.56
104	Stewart Information Services	720	97.37%	1.83

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
105	**American International Group**	**171,947**	**96.43%**	**0.92**
106	**MicrochipTechnology**	**7,776**	**90.91%**	**2.06**
107	**United StatesSteel**	**8,337**	**90.00%**	**0.71**
108	**MGP Ingredients**	**486**	**87.50%**	**0.53**
109	**Hudson City Bancorp**	**8,027**	**86.36%**	**2.15**
110	**Supreme Industries**	**94**	**85.71%**	**5.35**
111	**Winnebago Industries**	**956**	**85.00%**	**1.2**
112	**Village Super MarketA**	**193**	**83.87%**	**1.43**
113	**Universal**	**969**	**83.67%**	**4.67**
114	**Tektronix**	**2,963**	**83.33%**	**0.76**
115	**Computer Programs and Systems**	**503**	**83.33%**	**2.76**
116	**Whole Foods Market**	**9,832**	**82.61%**	**0.82**
117	**Pope Resources**	**159**	**81.82%**	**2.65**
118	**Pepsi Bottling Group**	**7,627**	**81.25%**	**1.02**
119	**American Ecology**	**484**	**80.00%**	**2.35**
120	**CBRL Group**	**1,855**	**78.79%**	**1.36**
121	**Chicago Mercantile ExchangeHo**	**16,646**	**76.92%**	**0.45**
122	**Southern Community Financial**	**168**	**75.00%**	**1.3**
123	**Silgan Holdings**	**1,457**	**73.91%**	**1.12**
124	**Provident Financial Holdings**	**203**	**73.33%**	**2.58**
125	**Tsakos Energy Navigation**	**777**	**71.43%**	**5.68**
126	**Building MaterialsHolding**	**1,025**	**71.43%**	**0.96**
127	**First South Bancorp**	**263**	**71.11%**	**2.27**
128	**Oshkosh Truck**	**3,845**	**69.23%**	**0.64**
129	**Terra Nitrogen Company LP**	**372**	**68.57%**	**9**
130	**Qualcomm**	**85,564**	**68.42%**	**0.77**
131	**Valhi**	**2,968**	**66.67%**	**1.63**
132	**CNS**	**342**	**66.67%**	**1.05**
133	**Alico**	**430**	**66.67%**	**1.32**
134	**Packaging Corporation ofAmeri**	**2,318**	**66.67%**	**4.63**
135	**Healthcare Services Group**	**530**	**66.67%**	**1.85**
136	**Capital Corp of the West**	**351**	**63.64%**	**0.72**
137	**Watsco**	**1,815**	**63.16%**	**1.29**
138	**Amrep**	**322**	**60.00%**	**1.37**
139	**Louisiana-Pacific**	**3,029**	**60.00%**	**2.17**
140	**Longview Fibre**	**1,367**	**60.00%**	**1.13**
141	**Steel Dynamics**	**3,006**	**60.00%**	**0.71**
142	**Analog Devices**	**13,060**	**60.00%**	**1.23**
143	**International GameTech**	**13,234**	**60.00%**	**1.32**
144	**KNBT Bancorp**	**572**	**60.00%**	**1.7**
145	**Countrywide Financial**	**24,928**	**59.46%**	**1.46**
146	**AptarGroup**	**1,906**	**59.09%**	**1.53**
147	**State Auto Financial**	**1,440**	**58.82%**	**0.93**
148	**Duke Realty**	**4,871**	**57.84%**	**5.49**
149	**Hasbro**	**3,565**	**57.14%**	**2.02**
150	**Total System Services**	**3,939**	**57.14%**	**1.28**
151	**Manpower**	**6,035**	**56.67%**	**0.73**
152	**Molson Coors Brewing Company**	**4,280**	**56.10%**	**1.97**
153	**Hearst-Argyle Television**	**2,145**	**55.56%**	**1.24**
154	**Robert HalfInternational**	**7,474**	**55.56%**	**0.69**
155	**Fastenal**	**7,378**	**55.00%**	**0.81**
156	**Arrow International**	**1,393**	**54.29%**	**1.99**

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
157	Strayer Education	1,565	53.66%	0.74
158	Clear ChannelCommunications	15,505	53.33%	2.46
159	Wolverine WorldWide	1,320	52.94%	1.15
160	Communications Systems	95	52.63%	2.86
161	Diamond Offshore Drilling	12,356	52.00%	0.57
162	Autoliv	4,968	51.95%	2.3
163	Carnival	41,255	50.94%	2.8
164	Carnival PLC ADR	44,141	50.94%	2.68
165	Devon Energy	27,546	50.00%	0.6
166	Noble Energy	8,353	50.00%	0.52
167	Technical Olympic USA	1,310	50.00%	0.3
168	KB Home	5,531	50.00%	1.61
169	Tribune	8,774	50.00%	2.58
170	Reader's Digest AssociationA	1,328	50.00%	2.96
171	Balchem	273	50.00%	0.29
172	MacDermid	1,067	50.00%	0.73
173	Gulf Island Fabrication	341	50.00%	1.3
174	Molex	7,284	50.00%	0.53
175	Vicor	877	50.00%	1.27
176	Columbia Banking System	542	50.00%	1.54
177	Privatebancorp	956	50.00%	0.46
178	American Express	66,302	50.00%	0.92
179	21st Century Insurance Group	1,367	50.00%	1.29
180	Waste Industries USA	277	50.00%	1.86
181	Hilton Hotels	11,048	50.00%	0.5
182	American Software A	179	50.00%	4.02
183	Legg Mason	14,431	48.65%	0.69
184	Lowe's Companies	50,761	46.67%	0.39
185	Methanex	2,782	46.43%	1.96
186	Reliance Steel and Aluminum	3,231	46.15%	0.36
187	Centex	6,683	45.45%	0.31
188	OMI	1,393	45.45%	1.85
189	Panhandle RoyaltyA	177	44.44%	0.39
190	Republic Services A	5,957	44.44%	1.31
191	Golden West Financial	22,891	44.44%	0.41
192	Boyd Gaming	4,450	43.75%	1.09
193	Courier	537	43.48%	1.11
194	Handleman	173	42.86%	3.7
195	Life Partners Holdings	55	42.86%	3.47
196	National Presto Industries	387	42.74%	1.71
197	Michaels Stores	5,129	42.31%	1.04
198	Northwest Indiana Bancorp	88	41.94%	4.25
199	Sovereign Bancorp	8,123	41.67%	1.1
200	Jefferies Group	3,977	41.67%	0.7
201	Federated Investors B	3,545	41.46%	1.96
202	HCA	17,655	41.46%	1.42
203	Sauer-Danfoss	1,150	41.18%	2.12
204	PAB Bankshares	193	41.18%	2.45
205	PFF Bancorp	828	41.03%	1.84
206	Pall	3,895	40.74%	1.4
207	Mine SafetyAppliances	1,586	40.54%	1.38
208	Renaissance Re Holdings	3,315	40.35%	1.79

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
209	**Utah Medical Products**	**118**	**40.00%**	**2.18**
210	**EnCana**	**45,764**	**40.00%**	**0.64**
211	**Fidelity Southern**	**163**	**40.00%**	**1.74**
212	**BHP Billiton ADR**	**88,282**	**39.39%**	**1.46**
213	**Bank Mutual**	**713**	**38.89%**	**2.43**
214	**Buckle**	**811**	**38.64%**	**1.66**
215	**Macatawa Bank**	**366**	**38.64%**	**1.93**
216	**Teva PharmaceuticalIndustries**	**24,289**	**37.50%**	**0.62**
217	**Merchants Group**	**63**	**37.50%**	**3.26**
218	**CT Communications**	**293**	**37.04%**	**2.55**
219	**Cabot Oil & Gas A**	**2,625**	**36.36%**	**0.34**
220	**Empire Resources**	**407**	**36.36%**	**0.85**
221	**Expeditors International ofWA**	**11,529**	**36.36%**	**0.3**
222	**Safety Insurance Group**	**755**	**36.36%**	**1.33**
223	**Equifax**	**4,883**	**36.36%**	**0.44**
224	**Home Loan Financial**	**26**	**36.07%**	**5.23**
225	**CommercialMetals**	**3,710**	**35.29%**	**0.55**
226	**TJX Companies**	**11,248**	**35.29%**	**1.05**
227	**Health Care Property**	**3,672**	**34.40%**	**6.66**
228	**Applied IndustrialTechnologie**	**1,353**	**34.38%**	**1.55**
229	**McClatchy A**	**2,186**	**34.00%**	**1.53**
230	**Bristol-Myers Squibb**	**49,094**	**33.33%**	**4.64**
231	**Black & Decker**	**7,250**	**33.33%**	**1.39**
232	**HCC Insurance Holdings**	**3,701**	**33.33%**	**0.96**
233	**Newmont Mining**	**25,983**	**33.33%**	**0.77**
234	**Resource America**	**352**	**33.33%**	**1.24**
235	**Greif A**	**1,523**	**33.33%**	**1.59**
236	**GibraltarIndustries**	**930**	**33.33%**	**0.71**
237	**Simpson Manufacturing**	**2,001**	**33.33%**	**0.71**
238	**Pier 1 Imports**	**767**	**33.33%**	**4.82**
239	**Credicorp**	**2,797**	**33.33%**	**3.97**
240	**Station Casinos**	**5,140**	**33.33%**	**1.34**
241	**Corporate ExecutiveBoard**	**4,165**	**33.33%**	**0.58**
242	**Topps**	**365**	**33.33%**	**1.83**
243	**Inter Parfums**	**394**	**33.33%**	**0.85**
244	**Wabtec**	**1,908**	**33.33%**	**0.11**
245	**UTI Worldwide**	**3,229**	**33.33%**	**0.2**
246	**Nordstrom**	**10,504**	**33.33%**	**1.02**
247	**Provident Financial Services**	**1,249**	**33.33%**	**2.01**
248	**Integral Systems**	**311**	**33.33%**	**0.62**
249	**STMicroelectronicsNV**	**15,948**	**33.33%**	**0.73**
250	**Norfolk Southern**	**23,349**	**33.33%**	**1.12**
251	**Wellco Enterprises**	**17**	**33.33%**	**4.53**
252	**American Axle & MfgHoldings**	**927**	**33.33%**	**3.64**
253	**Reinsurance Group ofAmerica**	**2,968**	**33.33%**	**0.74**
254	**Nike B**	**21,258**	**32.35%**	**1.4**
255	**Alberto-Culver**	**4,145**	**32.35%**	**1.04**
256	**LandAmerica Financial Group**	**1,157**	**32.00%**	**1.07**
257	**Beverly Hills Bancorp**	**217**	**31.58%**	**5.42**
258	**ConocoPhillips**	**92,596**	**31.11%**	**1.54**
259	**Holly**	**2,375**	**31.03%**	**0.51**
260	**Peabody Energy**	**18,985**	**30.77%**	**0.35**

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
261	Apache	23,663	30.77%	0.58
262	LSI Industries	347	30.77%	2.96
263	MTS Systems	915	30.77%	0.88
264	Staples	19,412	30.77%	0.9
265	GTechHoldings	4,360	30.77%	0.99
266	Eaton	11,599	30.53%	1.73
267	Energy Transfer Partners	4,769	30.43%	4.91
268	Tiffany	4,833	30.43%	0.99
269	Pulte Homes	9,430	30.00%	0.45
270	Seagate Technology	12,543	30.00%	1.33
271	Aceto	196	30.00%	1.9
272	Carver Bancorp	42	30.00%	1.43
273	Boeing	70,426	29.87%	1.31
274	Ingersoll-Rand A	15,398	29.55%	1.4
275	Severn Bancorp	184	29.41%	1.15
276	Sunoco	10,371	29.31%	1.28
277	CSS Industries	314	29.03%	1.73
278	Kinder Morgan	11,773	28.89%	3.82
279	AnadarkoPetroleum	24,650	28.57%	0.73
280	LinearTechnology	10,761	28.57%	1.49
281	Unity Bancorp	105	28.57%	1.11
282	Vornado Realty Trust	13,369	27.87%	3.5
283	Western GasResources	4,292	27.78%	0.51
284	Alliance Resource Partners LP	1,535	27.42%	4.6
285	FedEx	36,437	27.27%	0.29
286	Northwest Bancorporation	40	27.27%	0.87
287	W Holding Company	1,235	27.27%	2.64
288	Texas Regional Bancshares	1,572	27.27%	1.63
289	Fannie Mae	49,866	27.27%	2.09
290	Exelon	36,965	26.98%	2.94
291	Kenneth ColeProductions	510	26.92%	2.75
292	Cascade Bancorp	485	26.92%	1.3
293	Great Northern Iron Ore	196	26.83%	7.92
294	Valero Energy	40,563	26.67%	0.41
295	First Niagara Financial Group	1,552	26.67%	3.04
296	First PacTrust Bancorp	158	26.19%	1.87
297	StanCorp Financial Group	2,760	26.00%	1.25
298	Nash-Finch	307	25.93%	3.82
299	UnitedTechnologies	67,170	25.71%	1.48
300	First Horizon National	5,292	25.38%	4.4
301	Cameco	15,206	25.00%	0.19
302	EOG Resources	18,106	25.00%	0.28
303	Cadmus Communications	171	25.00%	1.43
304	NL Industries	690	25.00%	6.87
305	SteelTechnologies	289	25.00%	1.52
306	Koss	96	25.00%	1.98
307	L-3 Communications Holdings	10,349	25.00%	0.77
308	MovadoGroup	465	25.00%	1.11
309	Escalade	143	25.00%	--
310	Werner Enterprises	1,611	25.00%	0.84
311	Sunrise Telecom	110	25.00%	--
312	Cardinal Health	28,431	25.00%	0.27

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year

Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
313	Blair	154	25.00%	3.22
314	Middleburg Financial	129	25.00%	2.31
315	Irwin Financial	571	25.00%	2.1
316	UCBH Holdings	1,663	25.00%	0.62
317	Lehman BrothersHoldings	39,863	25.00%	0.66
318	Peapack Gladstone Financial	208	25.00%	2.11
319	Apartment Investment &Managem	4,384	25.00%	7.02
320	Orient-Express Hotels A	1,639	25.00%	0.26
321	Harte-Hanks	2,155	25.00%	0.78
322	Rollins	1,376	25.00%	1.18
323	Aaron Rents	1,339	25.00%	0.21
324	Talx	818	25.00%	0.5
325	DoverMotorsports	222	25.00%	1.01
326	American Physicians Service Gr	41	25.00%	1.74
327	CarpenterTechnology	3,505	24.24%	0.53
328	Carbo Ceramics	1,348	24.14%	0.81
329	Hancock Holding	1,752	24.14%	1.45
330	AmeristarCasinos	1,329	24.00%	1.46
331	Oneok	3,894	23.86%	3.66
332	Advanta	1,096	23.81%	1.53
333	Prudential Financial	39,139	23.81%	1.03
334	RLI	1,280	23.53%	1.38
335	Ross Stores	4,250	23.53%	0.8
336	Adams Resources &Energy	171	23.33%	0.94
337	Bank of the Ozarks	568	23.33%	1.21
338	McGrath RentCorp	713	23.26%	2.08
339	Walter Industries	2,851	23.08%	0.26
340	Perrigo	1,404	23.08%	1.08
341	Foot Locker	3,470	23.08%	1.48
342	Umpqua Holdings	1,173	23.08%	1.46
343	Equity Inns	898	23.08%	4.41
344	RockwellCollins	9,856	23.08%	0.95
345	Weyco Group	244	22.73%	1.4
346	Franklin Electric	1,344	22.58%	0.77
347	John H Harland	1,116	22.22%	1.43
348	Jones Apparel Group	3,955	22.22%	1.74
349	TexasInstruments	53,932	22.22%	0.36
350	Blyth	852	22.22%	2.25
351	Walgreen	41,779	22.22%	0.64
352	VSE	78	22.22%	0.8
353	PNM Resources	1,743	22.22%	3.37
354	Monsanto Company	23,973	22.22%	0.89
355	Fresenius Medical Care AG & Co	8,415	22.22%	2.57
356	McDonald's	45,026	21.82%	1.94
357	PolarisIndustries	1,965	21.74%	2.69
358	Ambassadors Group	576	21.74%	1.13
359	Sierra Bancorp	246	21.62%	1.96
360	Mercantile Bancorp	129	21.62%	0.66
361	Teekay Shipping	2,837	21.57%	1.98
362	National Financial Partners	1,864	21.43%	1.18
363	Home Depot	87,594	21.21%	1.18
364	NewMil Bancorp	162	21.21%	2.11

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
365	Marriott International A	15,742	21.21%	0.58
366	Imation	1,423	21.05%	1.24
367	Florida East Coast Inds A	1,835	21.05%	0.42
368	Willow Grove Bancorp	263	21.05%	2.78
369	Meredith	2,421	20.93%	1.22
370	Pentair	3,785	20.93%	1.53
371	Chicago Rivet &Machine	21	20.83%	3.24
372	Wendy'sInternational	7,154	20.83%	1.07
373	Midsouth Bancorp	147	20.83%	0.83
374	US Bancorp	57,753	20.59%	4.08
375	Sherwin-Williams	6,894	20.59%	1.89
376	Zenith National Insurance	1,578	20.55%	2.47
377	Teche Holding	96	20.51%	2.39
378	Safeco	6,963	20.51%	1.77
379	Air Products andChemicals	15,219	20.19%	2.02
380	Calavo Growers	170	20.00%	3.03
381	Harris	6,223	20.00%	0.7
382	Iamgold	1,474	20.00%	0.65
383	Ryland Group	2,781	20.00%	0.66
384	American Woodmark	573	20.00%	0.36
385	Stanley Furniture	340	20.00%	1.09
386	Praxair	18,076	20.00%	1.45
387	Medicis Pharmaceuticals A	1,854	20.00%	0.38
388	Mylan Laboratories	4,667	20.00%	1.17
389	AmericanVanguard	532	20.00%	0.42
390	First American	3,943	20.00%	1.76
391	Monaco Coach	417	20.00%	1.89
392	Becton Dickinson and Company	15,315	20.00%	1.3
393	EducationalDevelopment	29	20.00%	4.63
394	Target	47,027	20.00%	0.83
395	Abercrombie & Fitch A	5,665	20.00%	1.07
396	Cheviot Financial	118	20.00%	2.08
397	Northwest Bancorp	1,262	20.00%	2.56
398	Cathay General Bancorp	1,947	20.00%	0.98
399	Republic Bancorp MI	839	20.00%	3.95
400	Sterling Bancshares	764	20.00%	1.58
401	Wintrust Financial	1,250	20.00%	0.52
402	Student Loan	4,100	20.00%	2.34
403	Sanders Morris Harris	292	20.00%	1.17
404	Blackrock	9,090	20.00%	0.97
405	Moody's	16,061	20.00%	0.49
406	Sabre Holdings	2,934	20.00%	1.77
407	CDW	4,649	19.44%	0.78
408	Astoria Financial	3,219	19.40%	2.98
409	Inergy LP	941	19.38%	8.05
410	Quanex	1,666	19.35%	1.55
411	Meridian Bioscience	675	19.23%	1.72
412	Atrion	138	19.23%	0.88
413	Federal Realty InvestmentTrus	3,691	19.10%	3.63
414	Pogo Producing	2,945	19.05%	0.59
415	Jefferson Bancshares	92	19.05%	1.75
416	PepsiCo	97,484	18.82%	1.74

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
417	AMCOLInternational	927	18.75%	1.46
418	Flowers Foods	1,807	18.75%	1.44
419	Weyerhaeuser	17,225	18.75%	3.07
420	Maxim IntegratedProducts	10,974	18.75%	1.48
421	UniSource Energy	1,065	18.75%	2.64
422	Merrill Lynch &Company	73,281	18.75%	1.28
423	Archer DanielsMidland	29,565	18.52%	0.88
424	Republic Bancorp KY A	376	18.52%	1.83
425	Marathon Oil	29,656	18.45%	1.86
426	Spartan Motors	185	18.18%	1.59
427	Owens & Minor	1,239	18.18%	1.79
428	Security Bank	329	18.18%	1.21
429	Shore Financial	36	18.18%	1.63
430	Masco	13,563	18.18%	2.63
431	Rockwell Automation	13,422	18.18%	1.32
432	Principal Financial Group	14,839	18.18%	1.25
433	WGNB	127	17.95%	2.53
434	Avon Products	14,754	17.86%	2.13
435	United Parcel ServiceB	90,482	17.86%	1.79
436	Dorchester Minerals LP	738	17.65%	10.6
437	IBERIABANK	573	17.65%	1.78
438	Bear StearnsCompanies	17,032	17.65%	0.82
439	Chesapeake Energy	12,352	17.65%	0.67
440	Cecil Bancorp	30	17.65%	1.18
441	PMI Group	4,122	17.65%	0.45
442	FactSet Research Systems	2,160	17.65%	0.44
443	Frontier Financial	938	17.65%	2.09
444	Merrill Merchants Bancshares	95	17.65%	2.72
445	Constellation Energy Group	9,719	17.54%	2.71
446	Nevada Chemicals	73	17.39%	2.73
447	Rome Bancorp	123	17.39%	2.22
448	Gevity HR	741	17.39%	0.87
449	Illinois ToolWorks	29,791	17.31%	1.27
450	CIT Group	10,871	17.31%	1.36
451	OccidentalPetroleum	43,097	17.27%	1.44
452	Medtronic	58,359	17.24%	0.78
453	PPL	11,468	17.07%	3.44
454	Ambac Financial Group	8,770	17.02%	0.74
455	Penn Virginia Resource Partner	1,192	16.98%	5.23
456	Wachovia	85,465	16.87%	3.74
457	Bunge	7,234	16.67%	1.04
458	Hooker Furniture	274	16.67%	1.53
459	News Corporation	61,196	16.67%	0.65
460	AlleghenyTechnologies	7,834	16.67%	0.44
461	Collins Industries	51	16.67%	2.24
462	Danaher	20,692	16.67%	0.12
463	Beckman Coulter	3,515	16.67%	1.04
464	Partners Trust Financial Group	593	16.67%	2.46
465	First State Bancorporation	439	16.67%	1.25
466	Asta Funding	581	16.67%	0.37
467	MBIA	8,077	16.67%	1.94
468	1st Source	607	16.67%	1.92

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
469	3M Company	66,122	16.67%	2.58
470	Caterpillar	54,434	16.67%	1.32
471	Raymond JamesFinancial	3,541	16.67%	0.93
472	Quest Diagnostics	11,404	16.67%	0.63
473	W.W. Grainger	7,103	16.46%	1.37
474	Johnson & Johnson	173,683	16.36%	1.65
475	Brooke	161	16.36%	5.37
476	Cincinnati Financial	7,741	16.35%	2.8
477	Wm. Wrigley Jr.	11,203	16.22%	1.99
478	Mercury General	3,172	16.22%	3.04
479	Fauquier Bankshares	89	16.07%	2.65
480	Martin Midstream Partners LP	266	16.02%	7.77
481	National Healthcare	542	16.00%	1.38
482	Sempra Energy	11,838	16.00%	2.68
483	North Central Bancshares	58	16.00%	3.09
484	NASB Financial	288	15.86%	2.71
485	Commerce Bancorp NJ	7,331	15.79%	1.2
486	Plumas Bancorp Quincy CA	96	15.79%	1.3
487	Aflac	24,136	15.79%	1.24
488	Colgate-Palmolive	30,957	15.63%	1.95
489	Burlington Northern Santa Fe	31,325	15.63%	1.01
490	Hormel Foods	4,661	15.56%	1.62
491	Rohm and Haas	11,539	15.46%	2.45
492	LockheedMartin	33,135	15.38%	1.5
493	Berry Petroleum	1,528	15.38%	0.8
494	Timken	3,203	15.38%	1.96
495	Wal-Mart Stores	199,110	15.38%	1.35
496	CVS	25,086	15.38%	0.52
497	Freddie Mac	43,487	15.38%	2.67
498	Consolidated-Tomoka Land	351	15.38%	0.55
499	St. Joe	5,507	15.38%	1.21
500	Stride Rite	531	15.00%	1.8
501	Black Box	840	15.00%	0.52
502	Westar Energy	1,850	15.00%	4.53
503	IBT Bancorp (PA)	113	15.00%	4.97
504	TierOne	619	15.00%	0.72
505	Ameris Bancorp	281	14.89%	2.75
506	SLM	22,178	14.86%	1.64
507	Marshall & Ilsley	10,911	14.81%	2.12
508	LSB Financial	43	14.81%	2.35
509	Rayonier	3,218	14.77%	4.47
510	Crosstex Energy LP	736	14.72%	5.79
511	Alfa	1,334	14.71%	2.61
512	ModineManufacturing	938	14.55%	2.82
513	Magellan Midstream PartnersLP	2,287	14.53%	6.54
514	UnionBanCal	10,137	14.39%	2.41
515	Chevron	139,936	14.38%	3.17
516	Ball	4,046	14.29%	1.1
517	Entergy	14,294	14.29%	3.18
518	Harbor Bankshares	18	14.29%	1.89
519	Bairnco	80	14.29%	2.2
520	Church & Dwight Company	2,444	14.29%	0.65

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
521	Donaldson	2,702	14.29%	0.95
522	Capital Bank	191	14.29%	1.48
523	Walt Disney	56,966	14.29%	0.91
524	Zions Bancorporation	8,677	14.29%	1.81
525	McCormick	4,670	14.29%	1.95
526	CCA Industries	74	14.29%	1.77
527	Watts Water Technologies	1,272	14.29%	0.94
528	Cognex	1,315	14.29%	1.24
529	Heartland Express	1,867	14.29%	0.36
530	Casey's General Stores	1,150	14.29%	0.82
531	Investors Financial Services	3,273	14.29%	0.19
532	Allstate	36,983	14.29%	2.33
533	Regis	1,604	14.29%	0.47
534	Fair Isaac	2,488	14.29%	0.27
535	Deere & Company	21,323	14.15%	1.62
536	First Community Bancorp CA	1,192	14.12%	1.93
537	Central Pacific Financial	1,189	14.06%	2.66
538	Anchor Bancorp Wisconsin	632	13.95%	2.21
539	EquitableResources	4,234	13.89%	2.52
540	Apco Argentina	581	13.85%	1.25
541	Cascade Financial	194	13.79%	1.76
542	Mid-State Bancshares	626	13.79%	2.56
543	DENTSPLY International	4,703	13.64%	0.44
544	Green Mountain Power	147	13.64%	3.64
545	First Century Bankshares	47	13.64%	4.04
546	NorthropGrumman	23,922	13.48%	1.58
547	PepsiAmericas	3,100	13.33%	1.67
548	AlbanyInternational	1,317	13.33%	0.88
549	Provident New York Bancorp	562	13.33%	1.54
550	Brown & Brown	4,316	13.33%	0.63
551	Oxford Industries	800	13.33%	1.6
552	First Midwest Bancorp	1,664	13.33%	2.97
553	Huntington Bancshares	5,397	13.33%	3.81
554	TCF Financial	3,670	13.33%	3.31
555	Union Bankshares Corporation	355	13.24%	2.17
556	Potash Corp of Saskatchewan	10,796	13.21%	0.64
557	Furniture Brands International	1,218	13.21%	2.77
558	BancFirst OK	700	13.21%	1.39
559	Martin Marietta Materials	4,755	13.16%	0.98
560	AGL Resources	2,793	13.04%	4.07
561	Pacific Capital Bancorp	1,612	13.04%	2.48
562	Nuveen Investments	3,696	13.04%	1.8
563	Saxon Capital	594	13.04%	18.32
564	Metropolitan Life Insurance	39,482	13.04%	1.01
565	Kraft Foods	53,046	12.99%	2.84
566	First Indiana	426	12.96%	2.71
567	Automatic Data Processing	25,356	12.96%	1.54
568	Chase Corp	58	12.90%	2.43
569	Gentex	2,327	12.90%	2.44
570	First Oak Brook Bancshares	367	12.90%	1.94
571	Selective Insurance Group	1,545	12.86%	1.61
572	Teleflex	2,701	12.79%	1.6

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
573	City Holding	669	12.79%	2.89
574	General Mills	17,765	12.73%	2.7
575	Cubic	815	12.50%	0.95
576	Bemis	3,394	12.50%	3.05
577	Kimberly-Clark	28,029	12.50%	3.03
578	Crane	2,690	12.50%	1.15
579	Vital Signs	674	12.50%	0.56
580	Arkansas Best	1,149	12.50%	1.43
581	Nu Skin Enterprises A	1,130	12.50%	2.3
582	Airgas	2,967	12.50%	0.67
583	Dollar General	5,388	12.50%	1.11
584	Family Dollar Stores	4,152	12.50%	1.51
585	Cullen/Frost Bankers	3,172	12.50%	2.11
586	City National	3,667	12.50%	2.14
587	State Street	22,089	12.50%	1.23
588	AMB Financial	14	12.50%	2.01
589	Delphi Financial Group	1,740	12.50%	0.94
590	Matthews International A	1,162	12.50%	0.53
591	Psychemedics	86	12.50%	2.25
592	State Bancorp	181	12.24%	3.55
593	Commerce Group MA	1,955	12.21%	2.83
594	Plains All American PipelineL	3,331	12.17%	6.02
595	Borders Group	1,544	12.12%	1.61
596	Corn Products International	2,079	12.00%	1.11
597	Coca-Cola	103,405	12.00%	2.64
598	Deltic Timber	716	12.00%	0.5
599	BorgWarner	3,731	12.00%	0.91
600	CBS B	20,598	12.00%	2.25
601	Compass Bancshares	6,837	12.00%	2.69
602	MB Financial	1,035	12.00%	2.01
603	MarkWest Energy Partners	499	11.89%	7.57
604	Bank of America	233,323	11.76%	4.02
605	Pfizer	184,243	11.76%	3.54
606	Sigma-Aldrich	4,655	11.76%	1.15
607	Peoples Bancorporation	84	11.76%	1.48
608	PartnerRe	3,593	11.76%	2.49
609	American Shared Hospital	34	11.76%	2.92
610	Lennar	8,408	11.76%	1.28
611	Idex	2,814	11.63%	1.02
612	Vulcan Materials	8,778	11.54%	1.55
613	Fifth Third Bancorp	22,058	11.45%	3.88
614	IBM	130,447	11.43%	1.11
615	GeneralDynamics	27,172	11.43%	1.32
616	Mellon Financial	15,965	11.43%	2.26
617	Kaman A	568	11.36%	2.37
618	FirstEnergy	17,217	11.33%	3.33
619	Allergan	12,888	11.11%	0.43
620	Valspar	2,991	11.11%	1.58
621	Curtiss-Wright	1,467	11.11%	0.62
622	American Power Conversion	4,220	11.11%	1.95
623	Southwest Water	349	11.11%	1.56
624	Lawson Products	395	11.11%	2.11

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
625	Landry's Restaurants	764	11.11%	0.63
626	Books-A-Million	258	11.11%	1.55
627	Peoples Bancorp of NC	103	11.11%	1.45
628	Broadway Financial	16	11.11%	1.89
629	National Instruments Corp	2,486	11.11%	0.76
630	JohnsonControls	16,582	11.11%	1.32
631	Mattel	6,274	11.11%	3.14
632	C&F Financial	129	11.11%	2.5
633	First Mid Illinois Bancshares	175	11.11%	1.25
634	New Hampshire Thrift Bancshare	68	11.11%	3.15
635	Eastern American Natural GasT	169	10.99%	7.96
636	Community Banks	661	10.94%	2.84
637	Westamerica Bancorporation	1,638	10.91%	2.49
638	Delta and PineLand	1,057	10.87%	2.09
639	Cato A	748	10.87%	2.21
640	Old Second Bancorp	412	10.87%	1.77
641	Diebold	3,079	10.81%	1.91
642	Anheuser-Busch Companies	36,341	10.75%	2.33
643	Procter & Gamble	185,308	10.75%	2.08
644	Hershey Company	12,920	10.71%	1.74
645	HNI	2,709	10.71%	1.29
646	Alaska Pacific Bancshares	14	10.71%	1.57
647	Riverview Bancorp	155	10.71%	2.59
648	HoneywellInternational	35,949	10.67%	2.55
649	Firstbank Corp (MI)	148	10.67%	3.6
650	Bank of Hawaii	2,756	10.57%	2.72
651	Reynolds American	16,743	10.53%	4.07
652	Schlumberger	86,338	10.53%	0.68
653	Cintas	7,099	10.34%	0.86
654	Sunoco Logistics LP	1,091	10.34%	6.63
655	Harrah'sEntertainment	15,123	10.32%	1.82
656	Harleysville National	553	10.29%	3.79
657	Novartis AG ADR	133,264	10.26%	1.58
658	Oil-Dri Corporation ofAmerica	112	10.26%	2.45
659	Northern Trust	12,943	10.26%	1.58
660	Chubb	21,554	10.26%	1.77
661	Protective Life	3,301	10.14%	2.23
662	Bank of New York Company	27,197	10.13%	2.53
663	Nacco Industries	1,379	10.12%	1.23
664	Lancaster Colony	1,358	10.11%	2.57
665	Whitney Holding	2,304	10.11%	2.84
666	McGraw-HillCompanies	19,762	10.00%	1.28
667	SunTrust Banks	28,225	10.00%	3.01
668	First Financial Bankshares	745	10.00%	3.24
669	Oriental Financial Group	314	10.00%	4.62
670	United Community Financial	375	10.00%	2.94
671	Pioneer NaturalResources	5,326	10.00%	0.61
672	Universal ForestProducts	1,456	10.00%	0.15
673	La-Z-Boy	847	10.00%	2.9
674	Raytheon	21,043	10.00%	1.97
675	Cohu	403	10.00%	1.38
676	Ruddick	1,081	10.00%	1.95

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
677	Aramark	6,152	10.00%	0.95
678	Citigroup	250,754	10.00%	3.81
679	Jeffersonville Bancorp NY	92	10.00%	2.51
680	Pennfed Financial Services	234	10.00%	1.17
681	Everest Re Group	6,050	10.00%	0.49
682	TransatlanticHoldings	3,752	10.00%	0.82
683	Enterprise Products PartnersL	9,801	9.93%	7.12
684	First Busey A	440	9.80%	2.94
685	United Auto Group	2,075	9.76%	1.16
686	Lakeland Financial	281	9.76%	2.24
687	ACE	17,524	9.76%	1.75
688	Hilb Rogal & Hobbs Company	1,483	9.76%	1.15
689	Fulton Financial	2,775	9.62%	3.55
690	Lindsay Manufacturing	318	9.52%	1.02
691	Kentucky Bancshares	78	9.52%	3.3
692	HMN Financial	150	9.52%	3.51
693	MAF Bancorp	1,514	9.52%	2.17
694	Midland Company	701	9.52%	0.64
695	Fortune Brands	11,795	9.52%	1.9
696	Kimco Realty	8,503	9.48%	3.65
697	Glacier Bancorp	991	9.43%	2.14
698	M & T Bank	13,274	9.37%	1.57
699	WoodwardGovernor	1,171	9.37%	1.22
700	United-Guardian	47	9.30%	2.34
701	Talbots	1,367	9.30%	2.13
702	Kinder Morgan Energy Partners	7,202	9.25%	7.16
703	FPL Group	15,593	9.23%	3.79
704	Washington Mutual	45,981	9.20%	4.4
705	Spartech	758	9.09%	2.33
706	Sonic Automotive	1,120	9.09%	1.88
707	Hickory Tech Corp	105	9.09%	6.12
708	First Bancorp	913	9.09%	2.75
709	Sound Federal Bancorp	253	9.09%	1.43
710	Progressive	21,178	9.09%	0.11
711	Infinity Property and Casualty	906	9.09%	0.61
712	Ecolab	9,668	9.09%	0.99
713	Interchange Financial Services	452	9.09%	1.71
714	TF Financial	86	9.09%	2.45
715	PolyMedica	899	9.09%	1.63
716	Harsco	3,682	9.09%	1.56
717	BB&T	23,103	8.96%	3.63
718	Webster Financial	2,499	8.89%	2.25
719	Magna InternationalA	7,982	8.82%	1.96
720	Community Bank System	617	8.82%	3.88
721	Baldor Electric	1,118	8.77%	2.05
722	J.M. Smucker	2,368	8.70%	2.69
723	Leggett &Platt	4,888	8.62%	2.53
724	Altria Group	154,080	8.51%	4.41
725	Paychex	15,366	8.51%	1.58
726	BP PLC ADR	273,631	8.50%	3.12
727	York Water	210	8.47%	2.29
728	UGI	2,489	8.33%	3.01

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
729	Peoples Bancorp OH	325	8.33%	2.82
730	Horizon Financial	241	8.33%	2.56
731	Peoples Ohio Financial	40	8.33%	1.31
732	PVF Capital	77	8.33%	2.95
733	River Valley Bancorp	31	8.33%	3.94
734	Berkshire Hills Bancorp	293	8.33%	1.63
735	W.R. Berkley	6,897	8.33%	0.4
736	Associated Banc-Corp	4,584	8.16%	3.29
737	Bank of Granite	257	8.16%	2.87
738	Horizon Bancorp Industries	89	8.16%	1.87
739	Aqua America	2,974	8.11%	1.86
740	Guaranty Bancshares	60	8.11%	1.98
741	Alabama National Bancorporatio	1,207	8.00%	2.03
742	Morgan Stanley	70,424	8.00%	1.8
743	Realty Income	2,005	8.00%	6.29
744	Campbell Soup	13,461	7.94%	2.17
745	Northeast Utilities	3,095	7.94%	3.57
746	People's Bank	4,604	7.94%	2.93
747	Provident Bankshares	1,162	7.92%	3.31
748	Oneida Financial	87	7.89%	3.77
749	Britton & Koontz Capital	43	7.81%	4.24
750	Tootsie Roll Industries	1,642	7.69%	0.98
751	Gannett	13,316	7.69%	2.09
752	Quebecor World	1,452	7.69%	4.79
753	LSB	80	7.69%	3.24
754	Gorman-RuppCompany	289	7.69%	2.25
755	Arctic Cat	400	7.69%	1.09
756	Royal CaribbeanCruises	8,897	7.69%	1.57
757	BellSouth	61,126	7.69%	3.59
758	Citizens South Banking	104	7.69%	2.35
759	Gouverneur Bancorp	31	7.69%	2.19
760	Logansport Financial	16	7.69%	3.27
761	Sandy Spring Bancorp	531	7.69%	2.5
762	Virginia Financial Group	282	7.69%	2.31
763	Simon Property Group	18,374	7.69%	3.75
764	Mercantile Bankshares	4,643	7.61%	2.1
765	ExxonMobil	390,073	7.55%	2.04
766	Wells Fargo	113,877	7.53%	3.17
767	CSX	15,979	7.50%	0.68
768	National City	23,218	7.46%	4.02
769	Mannatech	537	7.41%	2.12
770	Seacoast Banking A	474	7.41%	2.23
771	North Fork Bancorporation	14,011	7.32%	3.15
772	RPMInternational	2,276	7.27%	3.37
773	Buckeye Partners LP	1,593	7.20%	7.12
774	Independent Bank MA	489	7.14%	1.97
775	Wake Forest Bancshares	24	7.14%	2.91
776	Manor Care	3,563	7.14%	1.35
777	Piedmont Natural Gas	1,892	7.06%	3.94
778	UMB Financial	1,458	7.06%	1.45
779	Commerce Bancshares	3,520	7.06%	1.82
780	Plum Creek TimberCompany	6,838	7.04%	5.46

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
781	Simmons First National A	405	7.02%	2.46
782	Timberland Bancorp	109	7.02%	2.12
783	Shenandoah Telecomm	318	6.98%	1.05
784	Arrow Financial	278	6.98%	3.72
785	Capital City Bank Group	607	6.90%	1.92
786	Scana	4,516	6.85%	4.23
787	CFS Bancorp	174	6.82%	3.26
788	Superior IndustriesInternatio	475	6.78%	3.56
789	Arch Coal	7,808	6.67%	0.33
790	Cabot	2,244	6.67%	1.89
791	CPI	174	6.67%	2.85
792	Oakley	1,249	6.67%	0.92
793	South Financial Group	2,094	6.67%	2.41
794	Investors Title	130	6.67%	0.41
795	Ryder System	3,378	6.67%	1.28
796	Waste Management	20,719	6.67%	2.26
797	Carlisle Companies	2,502	6.67%	1.2
798	Fentura Financial	70	6.67%	2.77
799	New York Times A	3,649	6.56%	2.66
800	Dover	10,370	6.45%	1.38
801	Nova Chemicals	2,836	6.45%	1.1
802	Telephone and Data Systems	4,635	6.45%	0.89
803	MBT Financial	278	6.45%	4.24
804	EnergySouth	241	6.41%	2.69
805	Weingarten RealtyInvestors	3,603	6.41%	4.74
806	MFB	41	6.38%	1.72
807	Duke Energy	26,825	6.36%	4.55
808	Regal-Beloit	1,620	6.25%	1.05
809	Adtran	1,954	6.25%	1.49
810	Landauer	427	6.25%	3.83
811	Park National	1,399	6.16%	3.83
812	Peoples Bancorp IN	68	6.15%	3.74
813	Banner	473	6.15%	1.89
814	Renasant	379	6.10%	2.47
815	First Bancorp NC	307	6.06%	3.51
816	Leesport Financial	121	6.06%	2.99
817	Wisconsin Energy	4,745	6.02%	2.3
818	First Financial Service	119	5.97%	2.39
819	SJW	459	5.88%	2.4
820	First Chester County	111	5.88%	2.47
821	Rock-Tenn	598	5.88%	2.39
822	Quixote	186	5.88%	1.83
823	ITT Industries	10,497	5.88%	0.89
824	Washington Trust Bancorp	348	5.88%	2.94
825	American CapitalStrategies	4,049	5.84%	7.04
826	Abbott Laboratories	65,007	5.83%	2.68
827	International Flavors & Fragra	3,267	5.80%	2.09
828	Lincoln Electric Holdings	2,320	5.80%	1.37
829	Synovus Financial	8,687	5.80%	2.77
830	Avista Corporation	1,105	5.77%	2.47
831	Comerica	9,189	5.77%	4.04
832	Washington Post Co	7,765	5.71%	0.97

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
833	Cooper Industries	14,840	5.71%	1.67
834	MDU Resources Group	4,360	5.71%	2.14
835	CCFNB Bancorp	34	5.71%	2.76
836	Energy East	3,550	5.66%	5.05
837	Lincoln Bancorp	97	5.66%	3.11
838	S & T Bancorp	928	5.61%	3.32
839	Lufkin Industries	1,042	5.56%	0.68
840	RoperIndustries	4,281	5.56%	0.49
841	Old National Bancorp	1,373	5.56%	4.01
842	Commercial Bancshares (OH)	31	5.56%	2.77
843	Nationwide Financial Services	6,696	5.56%	1.84
844	Donegal Group B	605	5.56%	1.52
845	Farmers & Merchants Bancorp	4,695	5.56%	1.28
846	Public Storage	10,112	5.56%	2.7
847	Stanley Works	4,330	5.56%	2.4
848	Pinnacle West Capital	3,966	5.46%	5.06
849	Badger Meter	433	5.45%	1.08
850	Taubman Centers	2,179	5.45%	2.98
851	Falconbridge	17,611	5.41%	0.61
852	FNB	252	5.41%	2.46
853	Wilmington Trust	2,990	5.31%	2.91
854	Greater Bay Bancorp	1,456	5.26%	2.08
855	Farmer Bros	342	5.26%	2.07
856	Belo	1,907	5.26%	2.33
857	Myers Industries	619	5.26%	1.2
858	Energen	2,561	5.26%	1.28
859	Tri-State 1st Bank	16	5.26%	2.16
860	1st Independence Financial Gro	34	5.26%	2.2
861	Textron	12,774	5.26%	1.56
862	Trustmark	1,749	5.19%	2.75
863	Citizens Financial Services	65	5.19%	3.49
864	Colonial BancGroup A	3,996	5.17%	2.48
865	Lennox International	2,466	5.13%	1.71
866	CharterMac	991	5.10%	9.23
867	Albemarle	2,320	5.08%	1.38
868	Valero LP	2,413	5.08%	6.93
869	American National Bankshares	125	5.06%	3.72
870	Massbank	142	5.00%	3.27
871	Media General A	976	5.00%	2.15
872	Barnes Group	1,112	5.00%	2.01
873	Monarch Community Bancorp	32	5.00%	1.8
874	Bar Harbor Bankshares	94	5.00%	3.55
875	Bryn Mawr Bank	188	5.00%	2.02
876	FBL Financial Group	978	5.00%	1.36
877	ABM Industries	858	5.00%	2.49
878	Kellogg	18,859	4.95%	2.36
879	Chemical Financial	743	4.95%	3.69
880	Xcel Energy	7,652	4.94%	4.75
881	Great Pee Dee Bancorp	28	4.92%	4.08
882	South Jersey Industries	787	4.88%	3.34
883	ConAgra Foods	12,080	4.85%	4.44
884	KeyCorp	15,145	4.84%	3.67

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
885	National Penn Bancshares	924	4.84%	3.49
886	Landmark Bancorp	62	4.84%	2.44
887	Brady A	1,956	4.76%	1.2
888	Frisch'sRestaurants	128	4.76%	1.75
889	Pamrapo Bancorp	101	4.76%	4.47
890	ILX Resorts	33	4.76%	4.61
891	VF	6,954	4.76%	1.81
892	Questar	6,933	4.71%	1.22
893	Sky Financial Group	2,727	4.71%	3.63
894	Peoples-Sidney Financial	21	4.69%	4.16
895	Murphy Oil	9,623	4.65%	0.9
896	West PharmaceuticalServices	1,210	4.65%	1.33
897	Pacific Energy Partners LP	1,241	4.62%	7.05
898	New Jersey Resources	1,251	4.62%	3.18
899	SonocoProducts	3,055	4.60%	3.1
900	First Financial Holdings	378	4.55%	3.08
901	NSTAR	2,947	4.50%	4.46
902	Susquehanna Bancshares	1,133	4.49%	4.19
903	PACCAR	13,549	4.36%	1.34
904	Pennsylvania REIT	1,503	4.35%	5.81
905	Chittenden	1,301	4.35%	2.76
906	Park Bancorp	38	4.35%	2.18
907	Baker Hughes	30,113	4.35%	0.64
908	Centurytel	4,274	4.35%	0.68
909	First BancTrust	29	4.35%	2.02
910	DuPont De NemoursE.I.	41,987	4.29%	3.38
911	Lincoln National	10,196	4.29%	2.64
912	Southern	24,099	4.23%	4.91
913	ApogeeEnterprises	448	4.17%	1.71
914	Trinity Industries	3,526	4.17%	0.43
915	North Pittsburgh Systems	364	4.17%	3.17
916	Genuine Parts	7,574	4.17%	2.97
917	New York Community Bancorp	4,637	4.17%	5.97
918	AmSouth Bancorporation	9,994	4.12%	3.62
919	BancorpSouth	2,073	4.11%	3
920	Washington Federal	2,093	4.05%	3.57
921	Sara Lee	13,895	4.00%	4.55
922	Clarcor	1,855	4.00%	0.81
923	Haverty Furniture	338	4.00%	1.79
924	Wesbanco	697	4.00%	3.5
925	NB&T Financial Group	68	4.00%	5.02
926	Alliant Energy	3,855	3.96%	3.27
927	Thomson	26,055	3.95%	2.14
928	Suffolk Bancorp	314	3.95%	2.83
929	PPG Industries	11,320	3.91%	2.87
930	Verizon Communications	94,653	3.90%	5.33
931	CohesantTechnologies	37	3.85%	1.11
932	Savannah Bancorp	173	3.85%	1.48
933	Bowl AmericaA	75	3.85%	3.86
934	FirstMerit	1,967	3.77%	4.39
935	Emerson Electric	35,949	3.75%	2.12
936	Hillenbrand Industries	3,156	3.70%	2.21

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
937	Best Buy Co.	27,715	3.70%	0.61
938	First Citizens Banc	108	3.70%	5.46
939	National Fuel Gas	2,969	3.64%	3.41
940	Cass Information Systems	278	3.57%	1.2
941	Hartford Financial Services Gr	27,796	3.54%	1.46
942	Equity One	1,685	3.54%	5.36
943	Vectren	2,075	3.48%	4.72
944	SuperValu	3,958	3.45%	2.2
945	Williams Coal Seam GasRoyalty	183	3.45%	9.64
946	Vector Group	904	3.36%	9.12
947	Omega Financial	398	3.33%	3.88
948	Omnicom Group	16,351	3.33%	1.04
949	Black Hills	1,222	3.23%	3.8
950	Popular	5,596	3.23%	3.3
951	Washington REIT	1,611	3.23%	4.52
952	Speedway MotorSports	1,709	3.23%	0.84
953	AT&T	101,533	3.20%	5.3
954	Nordson	1,914	3.17%	1.19
955	Healthcare Realty Trust	1,654	3.14%	8.15
956	Helmerich & Payne	4,088	3.13%	0.48
957	Dominion Resources	25,804	3.08%	3.76
958	First Commonwealth Financial	947	3.08%	5.18
959	Banta	1,233	3.03%	1.46
960	Briggs & Stratton	1,825	3.03%	2.51
961	First M & F	175	3.00%	2.54
962	Health Care REIT	2,029	2.93%	7.42
963	Wesco Financial	2,855	2.90%	0.36
964	Northeast Bancorp	52	2.86%	1.71
965	NBT Bancorp	768	2.70%	3.54
966	Avery Dennison	6,948	2.68%	2.6
967	Alltel	26,496	2.68%	2.46
968	Parker Hannifin	10,208	2.63%	1.15
969	Progress Energy	10,821	2.61%	5.84
970	Stepan	280	2.60%	2.56
971	United Dominion Realty	3,728	2.59%	4.59
972	BRE Properties	2,796	2.56%	3.9
973	Suburban Propane Partners	891	2.51%	8.41
974	Florida Public Utilities	80	2.50%	3.17
975	Valley National Bancorp	2,978	2.47%	3.41
976	Unitrin	3,307	2.41%	3.77
977	Tennant	507	2.33%	1.69
978	WGL Holdings	1,426	2.33%	4.78
979	ServiceMaster	3,502	2.33%	4.07
980	Thornburg Mortgage	2,960	2.26%	9.91
981	KeySpan	7,007	2.25%	4.62
982	Cedar Fair LP	1,489	2.23%	6.77
983	TC Pipelines LP	575	2.22%	7.27
984	Wyeth	64,516	2.17%	2
985	Bob Evans Farms	1,302	2.13%	2.1
986	Monroe Bancorp	104	2.13%	3.04
987	Wayne Savings Bancshares	50	2.13%	1.58
988	XL Capital	11,914	2.04%	2.9

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
989	First Community Bancshares	349	2.00%	3.33
990	Southeastern Banking	88	2.00%	1.93
991	Shurgard Storage Centers	3,001	1.83%	2.85
992	Otter Tail	873	1.82%	4.1
993	Public Service Enterprise Grou	16,401	1.82%	3.71
994	WPS Resources	2,055	1.82%	4.62
995	Chesapeake Utilities	174	1.79%	4.07
996	Genesis Energy LP	171	1.67%	5.52
997	TrustCo Bank Corporation of NY	853	1.67%	5.67
998	EMC Insurance Group	426	1.67%	2.07
999	Pitney Bowes	9,797	1.64%	3.73
1000	Atmos Energy	2,212	1.64%	4.77
1001	Greene County Bancshares	304	1.64%	1.65
1002	Farmers National Banc	140	1.59%	5.69
1003	West Bancorporation	322	1.59%	3.81
1004	Northwest NaturalGas	985	1.54%	3.97
1005	Bandag	746	1.53%	3.4
1006	Middlesex Water	223	1.52%	3.61
1007	TEPPCO Partners	2,655	1.52%	7.33
1008	Hugoton RoyaltyTrust	1,208	1.49%	11.5
1009	Laclede Group	723	1.47%	4.29
1010	Harleysville Group	915	1.47%	2.42
1011	American Electric Power	13,008	1.43%	4.52
1012	AvalonBay Communities	8,033	1.43%	2.79
1013	National Health Realty	179	1.42%	7.73
1014	Peoples Energy	1,420	1.40%	6.05
1015	ProLogis Trust	12,808	1.37%	3.14
1016	Merck	75,300	1.33%	4.43
1017	First Charter NC	770	1.33%	3.18
1018	Allied Capital	4,212	1.30%	7.81
1019	Connecticut Water Service	210	1.19%	3.35
1020	Brandywine Realty Trust	2,657	1.14%	6.2
1021	American States Water	705	1.12%	2.31
1022	ACNB	117	1.11%	4.05
1023	F.N.B.	943	1.09%	7.38
1024	AmeriGas Partners	1,698	0.91%	7.86
1025	Consolidated Edison	10,556	0.88%	5.53
1026	California Water Service Group	762	0.88%	3.11
1027	Liberty Property Trust	3,953	0.82%	5.73
1028	MGE Energy	628	0.74%	4.58
1029	Equity Residential	12,953	0.58%	4.08
1030	ML Macadamia Orchards LP	42	0.00%	3.57
1031	Barrick Gold	18,763	0.00%	0.71
1032	Agnico-Eagle Mines	3,951	0.00%	0.09
1033	D & E Communications	187	0.00%	3.96
1034	Consol Energy	8,432	0.00%	0.65
1035	Massey EnergyCompany	3,541	0.00%	0.41
1036	Penn Virginia	1,391	0.00%	0.65
1037	Enbridge Energy LP	2,197	0.00%	8.68
1038	El Paso	10,475	0.00%	1.13
1039	Goodrich	5,732	0.00%	1.87
1040	Union Pacific	25,891	0.00%	1.31

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
1041	Ensco International	8,557	0.00%	0.2
1042	Halliburton	42,213	0.00%	0.71
1043	M/I Homes	584	0.00%	0.26
1044	Standard Pacific	2,128	0.00%	0.53
1045	Fluor	8,907	0.00%	0.76
1046	GraniteConstruction	2,008	0.00%	0.92
1047	Chicago Bridge &Iron	2,526	0.00%	0.5
1048	Seaboard	2,024	0.00%	0.2
1049	Pilgrim's Pride	1,734	0.00%	0.3
1050	Tyson Foods A	5,568	0.00%	1.03
1051	Penford	155	0.00%	1.54
1052	Tasty Baking	73	0.00%	2.34
1053	Lance	775	0.00%	2.67
1054	Sensient Technologies	955	0.00%	2.92
1055	Coca-Cola Enterprises	9,430	0.00%	0.93
1056	Coca-Cola Bottling Company Con	440	0.00%	2.13
1057	Direct General	380	0.00%	0.9
1058	Golden Enterprises	36	0.00%	4.22
1059	Russell	607	0.00%	0.87
1060	Superior Uniform Group	93	0.00%	4.32
1061	Phillips-Van Heusen	1,657	0.00%	0.4
1062	Polo Ralph Lauren	6,366	0.00%	0.35
1063	Kellwood	839	0.00%	2.03
1064	Liz Claiborne	4,184	0.00%	0.58
1065	DecoratorIndustries	26	0.00%	1.36
1066	Liberty Homes A	22	0.00%	1.23
1067	Flexsteel Industries	88	0.00%	3.98
1068	Bassett Furniture Industries	220	0.00%	4.77
1069	Kimball International B	607	0.00%	4.33
1070	Steelcase	2,824	0.00%	1.99
1071	BowaterIncorporated	1,483	0.00%	3.22
1072	Glatfelter PH	852	0.00%	2.03
1073	International Paper	18,517	0.00%	3.75
1074	MeadWestvaco	5,381	0.00%	3.35
1075	Schweitzer-MauduitInternation	373	0.00%	2.7
1076	Wausau Paper	770	0.00%	2.48
1077	Dow Jones & Company	3,111	0.00%	2.86
1078	Journal Communications A	847	0.00%	2.2
1079	Lee Enterprises	1,397	0.00%	2.39
1080	Bowne	507	0.00%	1.57
1081	Champion Industries	63	0.00%	3.05
1082	Ennis	501	0.00%	3.14
1083	Standard Register	377	0.00%	7.2
1084	Schawk	487	0.00%	0.67
1085	Arch Chemicals	835	0.00%	2.34
1086	Dow Chemical	41,551	0.00%	3.38
1087	Olin	1,396	0.00%	4.53
1088	Georgia Gulf	1,066	0.00%	1.16
1089	Minerals Technologies	1,177	0.00%	0.35
1090	Chemtura	2,522	0.00%	1.94
1091	Wellman	173	0.00%	4.11
1092	EastmanChemical	4,724	0.00%	3.2

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
1093	Alpharma	1,413	0.00%	0.72
1094	Cambrex	560	0.00%	0.59
1095	Schering-Plough	28,495	0.00%	1.14
1096	Valeant PharmaceuticalsIntern	1,613	0.00%	1.87
1097	OSI RestaurantPartners	3,105	0.00%	1.67
1098	Ferro	836	0.00%	3.19
1099	Lyondell Chemical	6,378	0.00%	3.75
1100	Lubrizol	2,999	0.00%	2.5
1101	Agrium	3,665	0.00%	0.42
1102	CytecIndustries	2,764	0.00%	0.71
1103	ElkCorp	652	0.00%	0.7
1104	Quaker Chemical	205	0.00%	4.39
1105	Cooper Tire & Rubber	789	0.00%	3.49
1106	Newell Rubbermaid	7,631	0.00%	3.19
1107	RotonicsManufacturing	37	0.00%	1.65
1108	Tupperware Brands	1,291	0.00%	4.27
1109	Brown Shoe	1,099	0.00%	0.75
1110	Libbey	211	0.00%	2.61
1111	Ameron International	592	0.00%	1.38
1112	Monarch Cement	119	0.00%	2.71
1113	Ryerson A	806	0.00%	0.74
1114	TitanInternational	384	0.00%	0.11
1115	Texas Industries	1,323	0.00%	0.58
1116	Precision Castparts	9,015	0.00%	0.18
1117	Alcoa	31,900	0.00%	1.87
1118	Alcan	21,386	0.00%	1.5
1119	Tredegar	647	0.00%	1.09
1120	Eastern	80	0.00%	2.6
1121	Lifetime Brands	387	0.00%	0.88
1122	Snap-on	2,406	0.00%	2.66
1123	Paul Mueller	46	0.00%	6.44
1124	Brunswick	3,726	0.00%	1.63
1125	Cummins	5,127	0.00%	1.1
1126	Alamo Group	216	0.00%	1.12
1127	CNH Global NV	4,113	0.00%	1.92
1128	Manitowoc	3,332	0.00%	0.29
1129	SPX	3,382	0.00%	1.92
1130	WSI Industries	9	0.00%	4.76
1131	Kennametal	2,633	0.00%	1.25
1132	CPAC	26	0.00%	6.09
1133	Graham	78	0.00%	0.5
1134	Twin Disc	198	0.00%	1.21
1135	Ampco-Pittsburgh	301	0.00%	1.39
1136	Robbins & Myers	371	0.00%	0.9
1137	Kaydon	1,233	0.00%	1.18
1138	NN	224	0.00%	2.61
1139	Hewlett-Packard	93,677	0.00%	1
1140	Astro-Med	59	0.00%	1.52
1141	Symbol Technologies	3,557	0.00%	0.18
1142	StandexInternational	358	0.00%	3.01
1143	Aon	11,858	0.00%	1.69
1144	TechnologyResearch	33	0.00%	1.11

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
1145	Ametek	3,525	0.00%	0.52
1146	Whirlpool	6,271	0.00%	2.03
1147	Hubbell B	3,113	0.00%	2.67
1148	Harman International Industrie	5,573	0.00%	0.06
1149	Applied Signal Technology	211	0.00%	3.12
1150	Motorola	57,141	0.00%	0.76
1151	AVX	3,277	0.00%	1.1
1152	CTS	527	0.00%	0.86
1153	Meta Financial Group	57	0.00%	2.36
1154	Bel Fuse	373	0.00%	0.65
1155	Woodhead Industries	214	0.00%	2.2
1156	C & D Technologies	192	0.00%	0.8
1157	Standard Motor Products	156	0.00%	4.56
1158	UnitedIndustrial	654	0.00%	0.82
1159	Ford Motor	13,366	0.00%	5.79
1160	General Motors	14,590	0.00%	6.13
1161	ArvinMeritor	1,242	0.00%	2.51
1162	Coachmen Industries	180	0.00%	2.18
1163	Heico	859	0.00%	0.21
1164	Todd Shipyards	177	0.00%	1.25
1165	EDO	547	0.00%	0.57
1166	Garmin	10,569	0.00%	0.57
1167	Kewaunee Scientific	22	0.00%	3.11
1168	Sypris Solutions	169	0.00%	1.37
1169	Analogic	880	0.00%	0.61
1170	Frequency Electronics	114	0.00%	1.61
1171	Keithley Instruments	251	0.00%	1.12
1172	PerkinElmer	2,711	0.00%	1.36
1173	Baxter International	25,245	0.00%	1.57
1174	Invacare	968	0.00%	0.17
1175	Young Innovations	293	0.00%	0.5
1176	Bausch & Lomb	2,411	0.00%	1.06
1177	Cooper Companies	2,431	0.00%	0.11
1178	EastmanKodak	7,324	0.00%	2.07
1179	Allen Organ B	94	0.00%	0.88
1180	Callaway Golf	1,203	0.00%	1.99
1181	Nautilus Group	595	0.00%	3.08
1182	Trans-Lux	8	0.00%	2.41
1183	Providence & Worcester Railroa	76	0.00%	0.96
1184	Alexander & Baldwin	2,208	0.00%	2.02
1185	Tidewater	3,299	0.00%	1.5
1186	Maritrans	310	0.00%	1.73
1187	Overseas Shipholding Group	2,061	0.00%	1.59
1188	Southwest Airlines	13,325	0.00%	0.12
1189	SkyWest	1,505	0.00%	0.53
1190	Ambassadors International	271	0.00%	1.73
1191	GATX	2,423	0.00%	1.83
1192	Brink's Company	3,283	0.00%	0.26
1193	Golden Telecom	1,124	0.00%	2.89
1194	SureWest Communications	328	0.00%	5.23
1195	Global Payments	3,662	0.00%	0.17
1196	LeucadiaNational	6,779	0.00%	0.41

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
1197	Cleco	1,149	0.00%	4.14
1198	CenterPoint Energy	3,851	0.00%	4.16
1199	Duquesne Light Holdings	1,305	0.00%	6.14
1200	DTE Energy Holding	7,187	0.00%	5.28
1201	Empire District Electric	594	0.00%	5.83
1202	Hawaiian Electric Industries	2,489	0.00%	4.78
1203	Idacorp	1,471	0.00%	3.67
1204	OGE Energy Corp	2,846	0.00%	4.39
1205	Puget Energy	2,442	0.00%	4.88
1206	TECO Energy	3,302	0.00%	5.15
1207	UIL Holdings	813	0.00%	5.28
1208	Delta Natural Gas	83	0.00%	4.71
1209	Southwest Gas	1,142	0.00%	2.98
1210	Cascade Natural Gas	235	0.00%	4.63
1211	Nicor	1,843	0.00%	4.66
1212	Ameren	10,137	0.00%	5.27
1213	CH Energy Group	756	0.00%	4.74
1214	DPL	3,436	0.00%	3.7
1215	NiSource	5,916	0.00%	4.4
1216	Pepco Holdings	4,566	0.00%	4.53
1217	Unitil	139	0.00%	4.18
1218	Ikon Office Solutions	1,753	0.00%	1.22
1219	Craftmade International	95	0.00%	2.44
1220	Agilysys	484	0.00%	0.67
1221	Richardson Electronics	122	0.00%	2.3
1222	Schnitzer Steel IndustriesA	1,252	0.00%	0.19
1223	McKesson	14,905	0.00%	0.49
1224	Ashland	4,886	0.00%	1.76
1225	Acuity Brands	1,966	0.00%	1.5
1226	Chemed	1,471	0.00%	0.44
1227	Hawkins	142	0.00%	2.89
1228	World FuelServices	1,218	0.00%	0.3
1229	Bon-Ton Stores	482	0.00%	0.4
1230	Dillard's	2,047	0.00%	0.47
1231	Marcus	577	0.00%	1.43
1232	Fred's	601	0.00%	0.57
1233	Pep Boys	791	0.00%	1.93
1234	Circuit City Stores	5,444	0.00%	0.24
1235	Darden Restaurants	5,709	0.00%	1.1
1236	Ruby Tuesday	1,889	0.00%	0.16
1237	Ferrellgas Partners LP	1,299	0.00%	9.46
1238	Longs Drug Stores	1,754	0.00%	1.26
1239	Omnicare	6,567	0.00%	0.16
1240	OfficeMax	3,119	0.00%	1.42
1241	PetSmart	4,086	0.00%	0.44
1242	Amcore Financial	776	0.00%	2.29
1243	American National Insurance	3,097	0.00%	2.55
1244	Citizens Banking MI	1,147	0.00%	4.38
1245	First Community	53	0.00%	1.15
1246	Farmers Capital Bank	227	0.00%	4.4
1247	First Merchants	464	0.00%	3.92
1248	Hanmi Financial	965	0.00%	1.11

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year

Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
1249	J.P. Morgan Chase & Co.	160,405	0.00%	3.15
1250	Midwest Banc Holdings	490	0.00%	2.19
1251	PNC Financial Services Group	20,967	0.00%	2.98
1252	Summit Bancshares	239	0.00%	1.62
1253	Yardville National Bancorp	397	0.00%	0.99
1254	Columbia Bancorp OR	221	0.00%	1.47
1255	Century Bancorp A	149	0.00%	1.77
1256	East West Bancorp	2,232	0.00%	0.51
1257	First Citizens Bancshares A	2,040	0.00%	0.59
1258	First West Virginia Bancorp	29	0.00%	3.98
1259	German American Bancorp	146	0.00%	4.21
1260	International Bancshares	1,807	0.00%	2.35
1261	Jacksonville Bancorp	28	0.00%	2.17
1262	LNB Bancorp	121	0.00%	4.87
1263	MetroCorp Bancshares	223	0.00%	0.79
1264	Merchants & Manufacturers Banc	127	0.00%	2.17
1265	MidWestOne Financial Group	72	0.00%	3.54
1266	Slade's Ferry Bancorp	73	0.00%	1.96
1267	Taylor Capital Group	443	0.00%	0.6
1268	Ameriana Bancorp	44	0.00%	4.73
1269	Downey Financial	2,071	0.00%	0.57
1270	East Texas Financial Services	17	0.00%	1.33
1271	FLAG Financial	331	0.00%	1.19
1272	HopFed Bancorp	58	0.00%	2.13
1273	Oceanfirst Financial	287	0.00%	3.58
1274	Pocahontas Bancorp	63	0.00%	2.48
1275	Brookline Bancorp	952	0.00%	2.36
1276	Citizens First Bancorp	263	0.00%	1.24
1277	Home Financial Bancorp	7	0.00%	2.67
1278	Laurel Capital Group	55	0.00%	2.9
1279	Net.Bank	315	0.00%	1.31
1280	Southern Missouri Bancorp	33	0.00%	2.53
1281	South Street Financial	27	0.00%	4.34
1282	WVS Financial	40	0.00%	3.88
1283	Capital One Financial	26,163	0.00%	0.13
1284	RR Donnelley & Sons	7,138	0.00%	3.12
1285	Goldman Sachs Group	71,612	0.00%	0.74
1286	SWS Group	494	0.00%	1.79
1287	Waddell & Reed Financial A	1,976	0.00%	2.79
1288	W.P. Stewart & Company	891	0.00%	6.49
1289	AmerUs Group	2,352	0.00%	0.68
1290	Independence Holding Company	312	0.00%	0.25
1291	IPC Holdings	1,656	0.00%	3.12
1292	Kansas City Life Insurance	588	0.00%	2.29
1293	Kentucky Investors	27	0.00%	1.57
1294	Presidential Life	733	0.00%	1.72
1295	The Phoenix Companies	1,659	0.00%	1.15
1296	Torchmark	6,273	0.00%	0.74
1297	Unumprovident	5,483	0.00%	1.72
1298	UnitedHealth Group	62,620	0.00%	0.07
1299	American Financial Group	3,453	0.00%	1.22
1300	Horace Mann Educators	744	0.00%	2.51

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
1301	Loews	20,371	0.00%	0.57
1302	Odyssey Re Holdings	1,668	0.00%	0.52
1303	Nymagic	264	0.00%	0.8
1304	Radian Group	5,292	0.00%	0.16
1305	Great American Financial	952	0.00%	0.5
1306	Crawford & Company B	292	0.00%	3.99
1307	Trizec Properties	3,801	0.00%	3.45
1308	Circor International	507	0.00%	0.48
1309	IHOP	934	0.00%	2.05
1310	Crescent Real EstateEquities	1,947	0.00%	7.95
1311	Mack-Cali Realty	2,850	0.00%	5.72
1312	Equity Office PropertiesTrust	12,784	0.00%	5.57
1313	Universal Health ServicesB	2,652	0.00%	0.61
1314	Winston Hotels	300	0.00%	5.6
1315	Four Seasons Hotel	2,442	0.00%	0.15
1316	Angelica	191	0.00%	2.34
1317	G & K Services A	853	0.00%	0.18
1318	UniFirst	598	0.00%	0.48
1319	Advo	896	0.00%	1.57
1320	Kelly Services A	990	0.00%	1.14
1321	CA	14,780	0.00%	0.71
1322	Reynolds & Reynolds Co	1,833	0.00%	1.53
1323	IMS Health	5,413	0.00%	0.37
1324	Fidelity National Information	2,354	0.00%	0.54
1325	Central Parking	485	0.00%	0.41
1326	Janus Capital Group	4,223	0.00%	0.42
1327	Churchill Downs	537	0.00%	1.27
1328	International SpeedwayA	2,629	0.00%	0.12
1329	Ecology andEnvironment	44	0.00%	3.24
1330	Federated Department Stores	21,732	-1.89%	1.22
1331	Edison International	12,961	-2.86%	2.66
1332	Cherokee	362	-3.15%	5.7
1333	Mobile TeleSystems ADR	13,958	-4.17%	--
1334	Sysco	18,703	-4.92%	2.1
1335	StarTek	269	-5.06%	8.24
1336	Petroleo BrasileiroADR	117,176	-5.20%	2.97
1337	Union Bancshares	72	-6.25%	2.42
1338	WSFS Financial	406	-6.90%	0.5
1339	Great Southern Bancorp	379	-9.09%	2.04
1340	First National Lincoln	166	-9.30%	3.33
1341	Flagstar Bancorp	1,069	-10.00%	5.02
1342	Juniata Valley Financial	105	-10.28%	2
1343	Main Street Banks	612	-10.29%	2.3
1344	Integra Bank	398	-11.11%	2.87
1345	Fresh Del MonteProduce	989	-11.11%	4.78
1346	Santander Bancorp	1,120	-11.32%	2.84
1347	Lone Star Steakhouse	584	-11.36%	2.88
1348	BankAtlantic Bancorp A	959	-11.76%	0.99
1349	Royal Gold	817	-12.50%	0.71
1350	United Security Bancshares	265	-12.90%	1.59
1351	Coastal Financial	258	-13.33%	1.12
1352	Eaton Vance	3,580	-14.29%	1.45

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year

Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
1353	First Keystone	87	-15.07%	4.26
1354	Mocon	51	-15.15%	3.23
1355	Abigail Adams National Bancorp	47	-15.56%	2.71
1356	Corus Bankshares	1,837	-16.00%	2.35
1357	CVB Financial	1,273	-16.13%	2.19
1358	Methode ElectronicsA	384	-16.67%	2.08
1359	Pulaski Financial	143	-16.67%	1.91
1360	LCNB	124	-17.14%	3.04
1361	UnionBancorp	77	-17.95%	2.22
1362	Warwick Valley Telephone	123	-18.37%	3.51
1363	Central Federal	35	-20.00%	4.7
1364	Tandy BrandsAccessories	70	-20.00%	1.05
1365	Reliv' International	176	-20.00%	0.85
1366	Center Financial	386	-20.00%	0.52
1367	West Coast Bancorp OR	425	-20.00%	1.47
1368	Friedman Billings Ramsey Group	1,917	-20.26%	10.84
1369	LSB Bancshares	150	-20.31%	3.94
1370	Camco Financial	107	-20.55%	4.18
1371	Parkvale Financial	160	-21.05%	2.82
1372	First United	132	-22.22%	3.46
1373	Mentor	1,889	-22.35%	1.78
1374	Pathfinder Bancorp	30	-22.50%	3.42
1375	Lakeland Bancorp	306	-23.68%	2.83
1376	SEI Investments	4,519	-24.14%	0.5
1377	Forest City Enterprises A	4,574	-24.14%	0.51
1378	Ingles Markets A	444	-24.24%	4.01
1379	Hospitality Properties Trust	3,110	-24.65%	6.98
1380	Tech/Ops Sevcon	22	-25.00%	1.83
1381	M & F Bancorp	18	-25.00%	1.98
1382	Oppenheimer Holdings	364	-25.00%	1.4
1383	Temple-Inland	5,257	-26.23%	2.19
1384	MarkwestHydrocarbon	276	-27.27%	1.49
1385	Tomkins PLC ADR	4,674	-28.57%	4.36
1386	BarnwellIndustries	190	-28.57%	0.52
1387	Capitol Federal Financial	2,457	-28.83%	6.19
1388	Marsh & McLennan Companies	16,301	-31.31%	2.39
1389	QAD	256	-33.33%	1.33
1390	K-Swiss	981	-33.33%	0.73
1391	St. Paul Travelers Companies	31,664	-33.58%	2.08
1392	Archstone-Smith Trust	10,461	-36.40%	3.72
1393	Financial Institutions	217	-37.50%	1.82
1394	Federal Signal	882	-40.00%	1.45
1395	Sprint Nextel	71,246	-40.00%	0.92
1396	Northern States Financial	86	-43.64%	1.92
1397	Anglogold AshantiADR	14,942	-43.85%	0.74
1398	United Financial	70	-45.78%	4.09
1399	First of Long Island	162	-46.15%	2.03
1400	Weis Markets	1,127	-47.17%	2.74
1401	Annaly MortgageManagement	1,716	-47.47%	5.47
1402	Florida Rock Industries	4,220	-49.56%	1.05
1403	Sanderson Farms	555	-50.00%	1.61
1404	Flamemaster	6	-50.00%	2.67

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
1405	Gray Television	373	-50.00%	1.71
1406	Electronic DataSystems	13,521	-50.00%	0.79
1407	Baldwin & Lyons B	397	-53.66%	2.32
1408	Mid Penn Bancorp	83	-55.56%	3.17
1409	ALLETE	1,443	-55.99%	3.02
1410	Espey Manufacturing & Electron	42	-60.00%	1.83
1411	Citizens Communications	4,437	-60.00%	7.89
1412	Mutual Risk Management	1	-64.29%	--
1413	Limited Brands	10,528	-64.91%	2.37
1414	Kerr-McGee	12,597	-66.67%	0.19
1415	Raven Industries	741	-67.06%	0.82
1416	Graco	3,291	-72.19%	1.24
1417	Cash AmericaInternational	1,013	-72.97%	0.32
1418	TSR	27	-75.51%	7.57
1419	Texas Pacific Land Trust	309	-75.56%	0.46
1420	Cigna	10,742	-75.61%	0.11
1421	RGC Resources	53	-79.15%	4.54
1422	Viad	722	-80.00%	0.51
1423	Merchants Bancshares	149	-80.65%	4.58
1424	Eagle Materials	3,081	-81.40%	0.94
1425	CDI	578	-81.67%	1.55
1426	Ethan Allen Interiors	1,461	-83.68%	1.74
1427	Renaissance Learning	475	-91.34%	1.52
1428	Mueller Industries	1,436	-94.20%	1.17
1429	Gamco Investors	1,163	-94.89%	0.27
1430	Arden Group A	305	-95.24%	0.82
1431	Inco	13,407		0.68
1432	Hanover Insurance Group	2,695		0.52
1433	Horizon Lines	497		1.49
1434	Noble	11,230		0.2
1435	W&T Offshore	2,959		0.26
1436	Rowan Companies	5,048		0.25
1437	Meritage HospitalityGroup	23		1.48
1438	Orleans Homebuilders	376		0.41
1439	Comfort SystemsUSA	602		0.45
1440	J&J Snack Foods	638		0.83
1441	Imperial Sugar	332		0.8
1442	Xerium Technologies	421		5.85
1443	bebe stores	1,556		0.92
1444	Clark	238		1.82
1445	Cascade	515		1.47
1446	Celanese	3,555		0.78
1447	JournalRegister	432		0.56
1448	Multi-Color	198		0.73
1449	Biovail CorporationInternatio	4,312		2.38
1450	CF Industries Holdings	964		0.36
1451	Scotts Miracle-GroCompany	3,026		1.17
1452	Smith International	9,489		0.65
1453	Summa Industries	38		1.85
1454	InsteelIndustries	378		0.67
1455	Dynamic Materials	421		0.83
1456	Applied Materials	29,510		0.83

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
1457	Dade Behring Holdings	3,379		0.37
1458	Printronix	105		1.8
1459	American Standard Companies	9,539		1.44
1460	Plantronics	1,079		0.92
1461	NationalSemiconductor	10,088		0.37
1462	Xilinx	9,826		1.12
1463	Amphenol	5,455		0.22
1464	Technitrol	1,083		1.43
1465	FreightCar America	938		0.13
1466	KLA-Tencor	9,811		1.06
1467	Stryker	17,853		0.25
1468	Charles &Colvard	206		0.37
1469	Yankee CandleCompany	1,233		0.86
1470	Landstar System	2,674		0.23
1471	Arlington Tankers	345		9.86
1472	Diana Shipping	564		15.5
1473	Eagle Bulk Shipping	458		12.26
1474	General Maritime	1,166		14.47
1475	Genco Shipping & Trading	446		11.05
1476	Quintana Maritime	197		5.75
1477	Seaspan	771		5.19
1478	Forward Air	1,259		0.69
1479	PacerInternational	1,309		1.44
1480	Commonwealth Telephone Enterpr	748		5.89
1481	Time Warner	77,671		0.86
1482	Beasley Broadcast GroupA	202		1.72
1483	Citadel Broadcasting	1,181		3.41
1484	Ormat Technologies	1,221		0.32
1485	PG & E	13,903		3.29
1486	Synagro Technologies	299		10
1487	Bluelinx Holdings	470		3.18
1488	Tuesday Morning	775		8.18
1489	Safeway	10,923		0.86
1490	Stein Mart	666		1.56
1491	Finish Line	715		0.69
1492	Ark Restaurants	106		4.75
1493	CKE Restaurants	986		0.98
1494	J. Alexander's	58		1.15
1495	Star Buffet	24		8.08
1496	Barnes & Noble	2,976		1.04
1497	BOK Financial	3,308		0.92
1498	Regions Financial	16,588		3.85
1499	Sterling Financial	1,103		0.57
1500	Rurban Financial	61		1.72
1501	Wilshire Bancorp	520		0.98
1502	BankUnited Financial A	1,134		0.07
1503	Fidelity National Title Group	3,814		2.51
1504	K-Fed Bancorp	194		1.95
1505	SI Financial Group	139		1.19
1506	Advance America Cash Advance	1,261		2.67
1507	Financial Federal	799		1.18
1508	MicroFinancial	52		5.81

Dr. Morin's Companies: 1535 Out Of 1800 In Descending Order By Dividend Growth From Prior Fiscal Year				
Count	Company	Market Value - May 09, 2006 (Millions)	Div Growth From Prior FY	Div Yield May 09, 2006
1509	**Calamos Asset Management A**	**864**		**0.97**
1510	**Macquarie InfrastructureCompa**	**796**		**7.91**
1511	**optionsXpress Holdings**	**2,014**		**0.77**
1512	**Ohio Casualty**	**1,921**		**0.92**
1513	**Jones Lang LaSalle**	**3,158**		**0.59**
1514	**Tesoro**	**4,955**		**0.47**
1515	**HMG/Courtland Properties**	**9**		**--**
1516	**Sonesta International HotelsA**	**81**		**4.94**
1517	**Jackson Hewitt Tax Service**	**1,081**		**0.97**
1518	**Service Corporation Internatio**	**2,401**		**1.27**
1519	**Stewart Enterprises**	**617**		**1.81**
1520	**Catalina Marketing**	**1,376**		**1.09**
1521	**infoUSA B**	**591**		**--**
1522	**BB Holdings**	**305**		
1523	**Administaff**	**1,337**		**0.69**
1524	**United Online**	**792**		**6.91**
1525	**Blackbaud**	**936**		**0.85**
1526	**CAM Commerce Solutions**	**91**		**1.67**
1527	**Arbitron**	**1,141**		**1.06**
1528	**Coinmach Service**	**905**		**4.83**
1529	**Carmike Cinemas**	**311**		**2.99**
1530	**Westwood One**	**788**		**4.68**
1531	**National Home Health Care**	**55**		**3.04**
1532	**Pharmaceutical Product Develop**	**3,977**		**0.07**
1533	**National Research**	**153**		**1.55**
1534	**Maximus**	**742**		**1.25**
1535	**Thomas Group**	**121**		**1.03**