

NOTICE OF CONFIDENTIALITY:

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

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RE: IN THE MATTER OF ADVICE	)	
LETTER NO. 1672-ELECTRIC FILED BY	)	
PUBLIC SERVICE COMPANY OF	)	PROCEEDING NO. 14AL-0660E
COLORADO TO REVISE ITS COLORADO	)	
PUC NO. 7-ELECTRIC TARIFF TO	)	
IMPLEMENT A GENERAL RATE	)	
SCHEDULE ADJUSTMENT AND OTHER	)	
OTHER CHANGES EFFECTIVE	)	
JULY 18, 2014.	)	

IN THE MATTER OF THE APPLICATION OF	)	
PUBLIC SERVICE COMPANY OF	)	
COLORADO FOR APPROVAL OF ITS	)	PROCEEDING NO. 14A-0680E
ARAPAHOE DECOMMISSIONING AND	)	
DISMANTLING PLAN.	)	

REBUTTAL TESTIMONY AND ATTACHMENTS OF ROBERT B. HEVERT

ON

BEHALF OF

PUBLIC SERVICE COMPANY OF COLORADO

December 17, 2014

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

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SUMMARY OF REBUTTAL TESTIMONY OF ROBERT B. HEVERT

Mr. Robert B. Hevert is Managing Partner of Sussex Economic Advisors, LLC ("Sussex") and has previously submitted Direct Testimony and Attachments in this proceeding.

In his Rebuttal Testimony, Mr. Hevert responds to the Answer Testimonies of Dr. Scott England on behalf of the Staff of the Colorado Public Utilities Commission ("Staff"), Mr. Ronald Fernandez on behalf of the Colorado Office of Consumer Counsel ("OCC"), Mr. Kevin O'Donnell on behalf of the Colorado Healthcare Electric Coordinating Council ("CHECC"), Mr. Richard Baudino on behalf of Climax Molybdenum Company and CF&I Steel, LP ("CLIMAX"), Mr. Michael P. Gorman on behalf of Federal Executive Agencies and Colorado Energy Consumers ("FEA-CEC"), and Mr. Steve

Chriss on behalf of Wal-mart Stores, Inc. and Sam's West, Inc. (referred to herein, collectively, as the "Opposing ROE Witnesses"). His Rebuttal Testimony also provides a series of updated calculations and analytical results with respect to the Company's Cost of Equity.¹ The purpose of the updates is to present Mr. Hevert's analyses on a basis that is consistent with that of the Opposing ROE Witnesses so that the Commission can make a direct comparison of the results of the respective ROE witnesses.

Based on the more recent data contained in his updated analyses, Mr. Hevert has modified his ROE recommendation to 10.25 percent. While the range of results indicated by his update continues to support his original 10.35 percent recommended return, he has moderated his recommended ROE to 10.25 percent in recognition of the small reduction in the updated range produced by his analyses.

Responding to the Opposing ROE Witnesses, Mr. Hevert first shows that the 8.70 to 9.30 percent range of ROE recommendations made by these witnesses, are all well below the range of recently authorized returns (9.50 percent to 10.95 percent) for vertically integrated electric utilities such as Public Service. They are also all substantially below the ROEs recently authorized by this Commission for two Colorado natural gas utilities (9.72 percent) and below the 9.83 percent ROE recently authorized for Black Hills' electric utility. Mr. Hevert concludes that when measured against these meaningful benchmarks, only his recommended return is within the range of recently

¹ See Attachment Nos. RBH-11 through RBH-16.

authorized returns around the country for utilities whose businesses are similar to Public Service's electric business and with which the Company competes for capital.

Mr. Hevert also shows that one of central factors explaining the difference between the results of his analyses and those of the Opposing ROE Witnesses is the inclusion by some of those witnesses of utilities that are principally transmission and distribution ("T&D") utilities. Historical data confirms that T&D utilities are generally viewed as lower risk by the investment community because they do not bear the risks associated with owning and operating generating facilities. As such when these Company's are included in the Opposing ROE Witnesses proxy groups they tend to reduce the results of their ROE analyses. For example, if the only change made to Staff witness, Dr. England's DCF analyses is to exclude from his proxy group T&D utilities and one additional utility that recently became involved in a merger, the mean results of his Constant Growth and Multi-Stage DCF analyses increase from 9.11 to 9.98 percent and 9.59 to 10.05 percent, respectively. If one makes the further adjustment to include the effect of flotation costs (0.14 percent, or 14 basis points), Dr. England's results are very close to Mr. Hevert's moderated 10.25 ROE recommendation.

Mr. Hevert then refutes claims by the Opposing ROE Witnesses that the Company's CACJA rider reduces the Company's risk and justifies a lower ROE relative to recently authorized returns. Mr. Hevert explains that the relevant analytical issue is whether the cost recovery mechanisms available to Public Service are so risk mitigating relative to mechanisms in place at the proxy companies that investors would knowingly and measurably reduce their return requirements for Public Service. When viewed from this perspective, it is clear that approval of the CACJA rider does not mitigate Public

Service's risk relative to the other vertically integrated electric utilities that make up Mr. Hevert's or the other witnesses' proxy groups. Indeed of the total of 40 utilities included in the various proxy groups presented by Mr. Hevert and the Opposing ROE witnesses, 26 have infrastructure riders in place in addition to a variety of other riders that recover such items as fuel, purchase capacity and conservation or demand-side management ("DSM") costs.

Lastly, Mr. Hevert rebuts OCC witness, Mr. Cory Skluzak's allegations that the fees charged to Public Service in this proceeding by his firm, Sussex Economic Advisors, LLC, are unjust and unreasonable. He shows that Sussex's fees are entirely reasonable, and that Sussex has effectively managed its expenses relating to Cost of Capital testimony in this Proceeding. He further demonstrates that the comparisons that Mr. Skluzak makes between the Sussex' fees in this proceeding to consulting fees charged in other cases are inapt and therefore are an inappropriate basis for assessing the reasonableness of the fees incurred here.

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IN THE MATTER OF THE APPLICATION OF) PUBLIC SERVICE COMPANY OF) COLORADO FOR APPROVAL OF ITS) ARAPAHOE DECOMMISSIONING AND) DISMANTLING PLAN.)	PROCEEDING NO. 14A-0680E

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GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
AEP	American Electric Power
BVPS	Book Value Per Share
CACJA	Clean Air Clean Jobs Act
CAPM	Capital Asset Pricing Model
CBO	Congressional Budget Office
CHECC	Colorado Healthcare Electric Coordinating Council
CLIMAX	Climax Molybdenum Company and CF&I Steel, LP
CWIP	Construction Work in Progress
DCF	Discounted Cash Flow
DPS	Dividends Per Share
DPT	Division of Property Tax
DSM	Demand-Side Management
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
ECAPM	Empirical Capital Asset Pricing Model
EEI	Edison Electric Institute

EIA	Energy Information Administration
EPA	Environmental Protection Agency
EPS	Earnings Per Share
FAF	Financial Analysts' Earnings Forecasts
FEA-CEC	Federal Executive Agencies and Colorado Energy Consumers
FFO	Funds From Operations
FG&E	Fitchburg Gas & Electric
Fitch	Fitch Ratings
GDP	Gross Domestic Product
IHS	IHS Global Insight
Moody's	Moody's Investor Service
MRP	Market Risk Premium
MSDCF	Multi-Stage Discounted Cash Flow
OCC	Colorado Office of Consumer Counsel
P/E	Price/Earnings
PEG	Price to Earnings Growth
PGA	Pacific Global Advisors
Public Service or the Company	Public Service Company of Colorado

ROE	Return on Equity
RRA	Regulatory Research Associates
S&P	Standard & Poor's
SEC	Securities Exchange Commission
SSA	Social Security Administration
Staff	Staff of the Colorado Public Utilities Commission
Sussex	Sussex Economic Advisors
T&D	Transmission & Distribution
TIPS	Treasury Inflation Protected Securities
WEC	Wisconsin Energy Corporation

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REBUTTAL TESTIMONY AND ATTACHMENTS OF ROBERT B. HEVERT

**I. INTRODUCTION, QUALIFICATIONS, PURPOSE OF TESTIMONY, AND
RECOMMENDATIONS**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Robert B. Hevert. I am Managing Partner of Sussex Economic
3 Advisors, LLC ("Sussex"). My business address is 161 Worcester Road, Suite
4 503, Framingham, Massachusetts 01701.

5 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY AND ATTACHMENTS IN**
6 **THIS PROCEEDING?**

7 A. Yes. I submitted Direct Testimony and Attachments in this case on behalf of
8 Public Service Company of Colorado ("Public Service" or the "Company") as part
9 of the Company's original filing on June 17, 2014.

1 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

2 A. The purpose of my Rebuttal Testimony is to respond to the Answer Testimonies
3 of Dr. Scott England on behalf of the Staff of the Colorado Public Utilities
4 Commission (“Staff”), Mr. Ronald Fernandez on behalf of the Colorado Office of
5 Consumer Counsel (“OCC”), Mr. Kevin O’Donnell on behalf of the Colorado
6 Healthcare Electric Coordinating Council (“CHECC”), Mr. Richard Baudino on
7 behalf of Climax Molybdenum Company and CF&I Steel, LP (“CLIMAX”), Mr.
8 Michael P. Gorman on behalf of Federal Executive Agencies and Colorado
9 Energy Consumers (“FEA-CEC”), and Mr. Steve Chriss on behalf of Wal-mart
10 Stores, Inc. and Sam’s West, Inc. (referred to herein, collectively, as the
11 “Opposing ROE Witnesses”). My Rebuttal Testimony also provides a series of
12 updated calculations and analytical results with respect to the Company’s Cost of
13 Equity.² The purpose of those updates is to present my results on a basis that is
14 consistent with that of the Opposing ROE Witnesses and to thereby enable the
15 Commission to make a direct comparison of our respective results.

16 I also refute the allegations made by OCC witness, Mr. Cory Skluzak that
17 the fees charged in this proceeding by my firm, Sussex Economic Advisors, LLC,
18 are unjust and unreasonable.

² See Attachment Nos. RBH-11 through RBH-16.

1 **Q. ARE YOU SPONSORING ANY ATTACHMENTS AS PART OF YOUR**
2 **REBUTTAL TESTIMONY?**

3 A. Yes. My analyses and conclusions are supported by the data presented in
4 Attachment Nos. RBH-11 through RBH-40, which have been prepared by me or
5 under my direction.

6 **Q. WHAT RECOMMENDATIONS ARE YOU MAKING IN YOUR TESTIMONY?**

7 A. The updated analyses discussed throughout my Rebuttal Testimony support an
8 ROE range of 10.00 percent to 10.60 percent, and continue to support the 10.35
9 percent ROE recommendation I made in my Direct Testimony.³ Although I
10 believe 10.35 percent remains a reasonable estimate of the Company's Cost of
11 Equity, in recognition of the small reduction in my initial range, I have moderated
12 my specific ROE recommendation from 10.35 percent to 10.25 percent.

13 I also recommend that the Commission reject OCC witness' proposed
14 disallowance of a portion of the fees charged by Sussex Economic Advisors in
15 this proceeding. While at the outset of the proceeding, Sussex developed an
16 estimate of the fees it expects to charge the Company for work performed, the
17 scope and breadth of discovery and rebuttal issues in this proceeding is
18 significant. As I show in Section X of my testimony, Sussex's fees charged in
19 this proceeding should be found to be reasonable in light of the scope of work

³ See Direct Testimony and Attachments of Robert B. Hevert at 3.

involved in this case relative to the scope of work required in other proceedings
to which Mr. Skluzak has drawn comparisons

Q. HOW IS THE REMAINDER OF YOUR REBUTTAL TESTIMONY ORGANIZED?

A. The remainder of my Rebuttal Testimony is organized as follows:

- Section II – Provides a summary and overview of my Rebuttal Testimony, including a summary of my updated analyses;
- Section III – Contains my response to Staff Witness England;
- Section IV – Contains my response to OCC Witness Fernandez;
- Section V – Contains my response to CHECC Witness O'Donnell;
- Section VI – Contains my response to CLIMAX Witness Baudino;
- Section VII – Contains my response to FEA-CEC Witness Gorman;
- Section VIII – Contains my response to Wal-mart Witness Chriss;
- Section IX – Provides my updated analyses; and
- Section X – Summarizes my conclusions and recommendations.

II. SUMMARY AND OVERVIEW OF TESTIMONY

1 **Q. PLEASE PROVIDE AN OVERVIEW OF THE KEY ISSUES AND**
2 **RECOMMENDATIONS ADDRESSED IN YOUR REBUTTAL TESTIMONY.**

3 A. In my Direct Testimony, I recommended a Return on Equity ("ROE") of 10.35
4 percent, based on a range of 10.20 percent to 10.70 percent. As my Direct
5 Testimony discussed, my ROE recommendation, and the analytical results on
6 which it is based, considers a variety of factors, including risks faced by Public
7 Service in particular, and those presented by market conditions in general.
8 Because the application of financial models and interpretation of their results is
9 often the subject of differences among analysts in regulatory proceedings, I
10 believe that it is important to review and consider a variety of data points; doing
11 so enables us to put in context both quantitative analyses and the associated
12 recommendations. As such, I have updated many of the analyses contained in
13 my Direct Testimony so that the market data on which my analyses are based is
14 generally consistent with the time period used by the Opposing ROE Witnesses
15 and can therefore be reasonably compared. I also have provided several
16 additional analyses in response to issues raised by the Opposing ROE
17 Witnesses.

18 As discussed throughout the balance of my Rebuttal Testimony, my
19 updated analyses support an ROE range of 10.00 percent to 10.60 percent and
20 my initial recommendation of 10.35 percent. At the same time, I recognize that

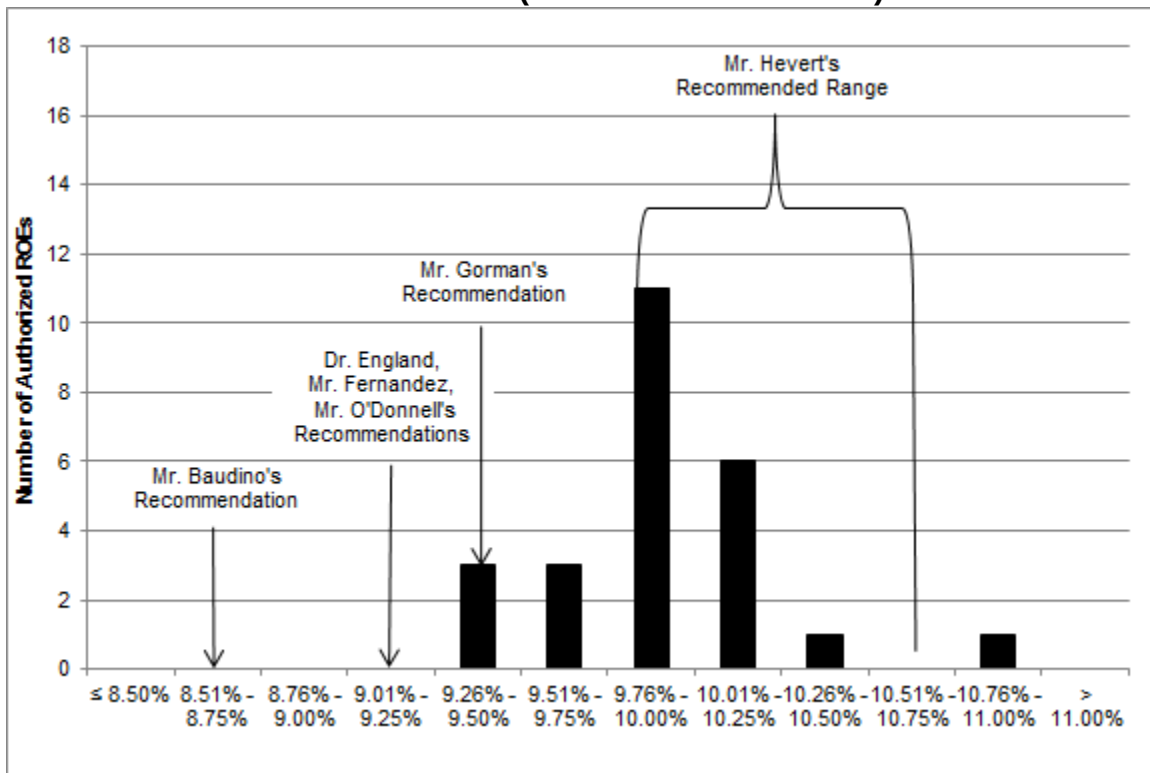
1 there remains a substantial difference between my recommendation and those
2 provided by the Opposing ROE Witnesses. The fact that their recommendations
3 cluster in the 8.70 percent to 9.30 percent range, however, does not mean that
4 the Opposing ROE Witnesses' methods are appropriate or that their conclusions
5 are reasonable. In my view, the returns recently authorized by utility
6 commissions for vertically integrated electric utilities such as Public Service
7 provide a more meaningful basis of comparison. Although my original
8 recommendation remains within the range indicated by my updated analyses as
9 well as within the range of recently authorized returns, in recognition of the small
10 reduction in my range, I have moderated my specific ROE recommendation to
11 10.25 percent.

12 The fundamental issue addressed in my Rebuttal Testimony is whether
13 the Opposing ROE Witnesses' recommendations, which range from 8.70 percent
14 to 9.30 percent, are reasonable estimates of the Company's Cost of Equity.
15 While my Rebuttal Testimony responds specifically to the Opposing ROE
16 Witnesses' models and methods, I also address their recommendations from a
17 very practical perspective: whether there is any reasonable basis to conclude
18 that the return required by equity investors has fallen by as much as 70 to 130
19 basis points since the Commission authorized the Company's prevailing ROE of
20 10.00 percent.

21 In this case, we have two recent and highly relevant benchmarks - the
22 range of recently authorized returns for other vertically integrated electric utility
23 companies (9.50 percent to 10.95 percent, with an average of 9.96 percent; see

Chart 1, below),⁴ and the ROEs recently authorized by the Commission: 9.72 percent for natural gas utility companies,⁵ and 9.83 percent recently authorized for Black Hills electric utility.⁶

Chart 2: Authorized ROEs for Vertically Integrated Electric Utilities (Recent Twelve Months)⁷



My Rebuttal Testimony demonstrates that neither market conditions in general, nor the Company's situation in particular can justify an ROE that is so

⁴ See Attachment No. RBH-17.

⁵ The Commission authorized an ROE of 9.72 percent for Public Service's natural gas operations in December 2013, and Atmos Energy Corporation's natural gas operations in March 2014.

⁶ See Decision No. R14-1298, at 66.

⁷ Source: Regulatory Research Associates

1 far below prevailing industry returns.⁸ Viewed from that perspective, my
2 recommended range (*i.e.*, 10.00 percent to 10.60 percent) is consistent with
3 recently authorized returns for vertically electric utilities with risks similar to those
4 faced by Public Service. The Opposing ROE Witnesses' recommendations, on
5 the other hand, fail to meet that basic test of reasonableness.

6 **Q. PLEASE NOW SUMMARIZE THE PRINCIPAL ANALYTICAL ISSUES**
7 **ADDRESSED THROUGHOUT YOUR REBUTTAL TESTIMONY.**

8 A. Before turning to areas of differences, I would like to point out that there are
9 specific issues on which I agree with certain of the Opposing ROE Witnesses.
10 Dr. England and I agree, for example, on several important aspects of our
11 Discounted Cash Flow ("DCF"), and Capital Asset Pricing Model ("CAPM")
12 analyses. Those areas of agreement, while few in number, remove issues that
13 otherwise would substantially increase the scope of my rebuttal to Dr. England.
14 In fact, if the only adjustment made to Dr. England's DCF and Multi-Stage
15 Discounted Cash Flow ("MSDCF") analyses is to remove from his proxy group
16 those companies generally viewed as having less risk because they own few or
17 no electric generation assets (*i.e.*, that are primarily electric distribution
18 companies), our ranges would overlap and his mean results, with the addition of
19 flotation costs, are very close to my recommend ROE of 10.25 percent.
20 Nonetheless, as to Dr. England's ROE recommendation itself, I strongly disagree

⁸ In Docket No. 12AL-628G, the Administrative Law Judge ("ALJ") noted that both Staff and the OCC observed that natural gas utility operations are comparatively less risky than electric utilities. See Decision No. R12-1401, at 9-10.

1 that 9.11 percent is a reasonable estimate of the return required by equity
2 investors.

3 Although my Rebuttal Testimony necessarily addresses specific issues in
4 response to the individual Opposing ROE Witnesses, there are common factors
5 that explain much of the difference between their unreasonably low ROE
6 recommendations and those currently prevailing both here in Colorado and in
7 other jurisdictions. In general, those factors include:

- 8 • The proxy companies used to estimate the Cost of Equity;
- 9 • The relationship between the Clean Air, Clean Jobs Act (“CACJA”) and
10 the Company’s proposed CACJA rider and the Company’s Cost of
11 Equity;
- 12 • The effect of ROE recommendations as low as 8.70 to 9.30 percent on
13 the Company’s financial integrity; and
- 14 • The need to recover costs associated with issuing the equity securities
15 used to finance the Company’s rate base.

16 Turning first to the issue of proxy companies, the principal objective is to
17 develop a group of publicly traded companies that are highly comparable to the
18 subject company in certain fundamental respects. On that general principle there
19 is no disagreement; Cost of Equity estimates are more likely to reflect the subject
20 company’s risk profile to the extent that the selected proxy companies
21 themselves are fundamentally comparable to the subject company. Although
22 there may be differences among analysts in certain criteria used to select proxy

1 companies, other, more fundamental criteria should be common among all
2 analysts.

3 In this Proceeding, we are estimating the Cost of Equity for a vertically
4 integrated electric utility. That is, Public Service is engaged in the generation,
5 purchase, transmission, and distribution of electricity.⁹ Several of the Opposing
6 ROE Witnesses, however, rely (in varying degrees) on proxy companies that are
7 principally electric transmission and distribution utilities. Unlike Public Service,
8 those companies do not face the operating, regulatory and financial risks
9 associated with ownership and operation of electric generation, nor do they have
10 the obligation to enter into the long-term power purchase agreements that have
11 the functional effect of increasing off-balance sheet debt.¹⁰ In this case, including
12 electric distribution companies as proxies for Public Service has the effect of
13 significantly diluting the mean results of some of the Opposing ROE Witnesses'
14 analyses.¹¹ As my Rebuttal Testimony demonstrates, simply removing those
15 companies increases their ROE estimates to a range that is far more consistent
16 with recently authorized returns in Colorado, and elsewhere.

17 As to the CACJA Rider, none of the Opposing ROE Witnesses
18 demonstrates how or why that mechanism, which was implemented in response

⁹ Xcel Energy, Inc., SEC Form 10-K, For the Fiscal Year Ended December 31, 2013, at 8.

¹⁰ See, Direct Testimony and Attachments of Mary P. Schell, at 15-19.

¹¹ See, for example, Answer Testimony and Attachments of Dr. Scott E. England, Attachment SEE-4, Answer Testimony and Attachments of Dr. Ronald Fernandez, Attachment RAF-6 and 7, and Answer Testimony and Exhibits of Richard A. Baudino, Exhibit Nos. RAB-3, 4 and 5 where results for CNP, ED, PEG significantly reduce the mean results of these analyses.

1 to a public mandate, renders Public Service so much less risky than its peers that
2 its ROE should be substantially lower the returns being earned by other vertically
3 integrated electric utilities, most of which also have in place a variety of riders
4 and other mechanisms that reduce lag and uncertainty associated with the
5 recovery of certain of their costs including capital costs. The principal analytical
6 issue is whether the approval of the proposed CACJA Rider would meaningfully
7 distinguish the Company from its peers, including the utilities included in the
8 proxy group. Yet, none of the Opposing ROE Witnesses has demonstrated that:
9 (1) the Company is materially less risky than its peers by virtue of the CACJA
10 Rider; or (2) investors have measurably reduced their return requirements
11 specifically because of the CACJA Rider. On a fundamental basis, none of the
12 Opposing ROE Witnesses has demonstrated that the Company's cash flows or
13 coverage ratios are materially improved (on either an absolute or comparative
14 basis) as a result of the CACJA Rider.¹²

15 Although the Opposing ROE Witnesses focus on the CACJA Rider in
16 isolation, the relevant analytical view considers the breadth and scope of cost
17 recovery mechanisms in place at Public Service relative to its peers. That is, from
18 the perspective of an equity investor, the question is one of incremental risk
19 based on the suite of cost recovery structures, not the presence, or not, of an
20 individual mechanism. As discussed in my response to Dr. England, of the 40

¹² See Direct Testimony of Robert B. Hevert, at 61.

1 companies in the proxy groups, 26 have some form of infrastructure cost
2 recovery mechanisms in place.¹³ Because cost recovery mechanisms are
3 common among the proxy companies, there is no reason to assume that Public
4 Service would be viewed as materially less risky, and that its Cost of Equity
5 would be lower than its peers as a direct result of the CACJA Rider.

6 It also is important to note that cost recovery riders, such as the CACJA
7 Rider, often address investments made to achieve public policy objectives. For
8 example, Dominion Resources earns an “enhanced return” on investments in in-
9 state coal-fired and renewable generating assets developed by its utility
10 operating subsidiary, Virginia Electric Power Company. Those enhanced returns
11 are recovered through plant-specific rate riders, and may be up to 200 basis
12 points above the company’s authorized ROE.¹⁴ In fact, in his review of recently
13 authorized ROEs, Dr. England refers to returns under those riders, which have
14 been in the range of 11.00 percent to 12.00 percent.¹⁵

15 The CACJA specifically recognizes that investments required under the
16 act will require “comprehensive and extensive planning and changes” to the
17 Company’s business operations, that the investments contemplated by the act
18 are intended to “meet other public policy goals”, and that the Company must
19 remain an attractive investment “so that sufficient capital is provided to meet the

¹³ See Attachment No. RBH-18.

¹⁴ See Virginia Code 56-585.1 A 6.

¹⁵ See Answer Testimony and Attachments of Dr. Scott E. England, at 33.

1 state's goals."¹⁶ Despite those clear public policy goals, the Opposing ROE
2 Witnesses would drastically reduce the Company's authorized ROE, putting
3 downward pressure on cash flows and frustrating the act's stated objectives of
4 maintaining the Company's financial integrity and ability to attract capital. That
5 is, the Opposing ROE Witnesses would penalize the Company for supporting the
6 objectives that the CACJA means to achieve. That is the case even though other
7 jurisdictions, such as Virginia, provide returns of 11.00 percent and higher to
8 support their public policy goals.

9 In addition, rate riders often address specific issues that may not apply to
10 other companies. As such, we cannot always conclude that the use of a
11 particular rider for a given company is risk mitigating relative to its peers. For
12 example, Southern Company, which is included in four of the Opposing ROE
13 Witnesses' proxy groups, recovers through a rate rider financing costs
14 associated with its construction of two new nuclear units at its Plant Vogtle.¹⁷
15 None of those witnesses suggests that Southern Company is less risky than
16 Public Service because it has a nuclear cost recovery mechanism and Public
17 Service does not. Although an admittedly extreme example, the Southern
18 Company nuclear cost recovery rider demonstrates why it is inappropriate to
19 view one rider in isolation, and to conclude that the ROE must be lower due to

¹⁶ House Bill 10-1365, at 2 – 3.

¹⁷ See Georgia Power Nuclear Construction Cost Recovery Schedule: "NCCR-4". The Nuclear Construction Cost Recovery Rider is a surcharge created by Georgia state legislative mandate, Georgia Nuclear Energy Finance Act SB 31, passed in the 2009-2010 General Assembly, to recover financing costs associated with the construction of two new nuclear units at Plant Vogtle.

1 that one rider. Yet, that is what the Opposing ROE Witnesses recommend with
2 respect to Public Service.

3 Regarding the issue of financial integrity, there is little question that the
4 financial community puts considerable weight on the utility's ability to recover its
5 costs, earn a reasonable return, and generate cash flows needed to maintain
6 adequate levels of fixed charge coverage. In fact, over 50.00 percent of the
7 factors that weigh in Moody's Investor Service ("Moody's") ratings determinations
8 reflect those issues.¹⁸ As noted above, however, the Opposing ROE Witnesses'
9 recommendations fall well below the prevailing level of authorized returns for
10 both natural gas and vertically integrated electric utilities. If the Commission
11 were to adopt an ROE consistent with their recommendations, it would represent
12 a substantial departure from returns recently authorized by this Commission and
13 in other jurisdictions, and would insert a considerable degree of uncertainty and
14 pressure on the Company's cash flows. Such pressure would diminish the
15 Company's ability to attract capital at reasonable terms under a variety of capital
16 market conditions.

17 As to flotation costs, it is clear that Xcel Energy issued common equity
18 during 2014. It also is clear that like all companies, Xcel Energy incurred direct
19 costs in connection with that issuance. There is no question that common equity
20 is an important portion of the Company's capital structure, or that it supports the

¹⁸ Moody's Investors Service, *Rating Methodology; Regulated Gas and Electric Utilities*, December 2013, at 6.

1 assets required to deliver safe and reliable utility service. None of the Opposing
2 ROE Witnesses has claimed that the costs to issue common stock were
3 imprudently incurred. In fact, Xcel Energy's issuance costs are well within the
4 range of direct flotation costs incurred by its peers.¹⁹ Similarly, none of the
5 Opposing ROE Witnesses has disputed the fact that issuance costs are a
6 permanent reduction to the capital used to support the Company's rate base.

7 My proposed flotation cost adjustment simply reflects the direct costs
8 associated with the recent issuance of shares – it does not reflect dilution or
9 other indirect costs. In that important respect, it is consistent with prior
10 Commission Orders.²⁰ The Opposing ROE Witnesses, however, would deny the
11 Company the ability to recover the reasonable, prudent and necessary direct
12 costs required to finance its rate base, and to maintain the financial integrity
13 required to enable efficient access to capital markets.

14 Finally, a number of the Opposing ROE witnesses recommend
15 hypothetical capital structures that reduce Public Service's equity ratio from
16 56.00 percent to as low as 51.24 percent. However, these witnesses generally
17 ignore the additional financial leverage associated with the operating leases and
18 power purchase agreements. Additionally, contrary to the assertions of these
19 witnesses, as discussed in my Direct Testimony, the Company's proposed
20 capital structure of 56.00 percent common equity and 44.00 percent long-term

¹⁹ See Direct Testimony and Attachments of Robert B. Hevert, Attachment No. RBH-3.
²⁰ See Direct Testimony and Attachments of Robert B. Hevert, at 38, citing Decision No. C11-1373.

1 debt remains highly consistent with those of the utility operating companies held
2 within my proxy group even without taking into consideration Public Service's off-
3 balance sheet debt.²¹ It is my view, therefore, that the proposed capital structure
4 is reasonable and appropriate for ratemaking purposes.

5 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS REGARDING THE OPPOSING**
6 **ROE WITNESSES' RECOMMENDATIONS.**

7 A. It is important to recognize that equity investors have many options available to
8 them, and allocate their capital based on the expected risks and returns
9 associated with those alternatives. Although I am not suggesting that the
10 Commission should be bound by decisions in other regulatory jurisdictions, given
11 that investors consider such data in framing their investment decisions, return
12 recommendations that materially depart from observed industry norms should be
13 supported by clear and unambiguous reasons explaining those deviations.
14 Simply put, whereas my 10.25 percent revised ROE recommendation falls well
15 within the range of recently authorized returns for vertically integrated electric
16 utilities, the Opposing ROE Witnesses' recommendations do not.

17 Lastly, I appreciate that financial analysis necessarily requires an element
18 of judgment. That judgment, however, must be applied in the context of relevant
19 quantitative and qualitative information. In my view, ROE recommendations as
20 low as 8.70 percent to 9.30 percent cannot be reconciled with the data and

²¹ See Direct Testimony of Robert B. Hevert at 71, and Attachment No. RBH-10.

1 assumptions on which they rely or with the breadth of market data typically relied
2 upon by industry practitioners in estimating the Cost of Equity. There are many
3 analytical reasons why the Opposing ROE Witnesses' results and
4 recommendations are so low; I discuss those issues in the balance of my
5 Rebuttal Testimony. However they are derived, it is important recognize that
6 recommendations in the range of 8.70 percent to 9.30 percent are extreme and,
7 in my view, should be given little weight in determining the Company's ROE.

III. RESPONSE TO THE ANSWER TESTIMONY OF DR. ENGLAND

1 **Q. PLEASE SUMMARIZE DR. ENGLAND'S TESTIMONY RECOMMENDATION**
2 **REGARDING THE COMPANY'S RETURN ON EQUITY IN THIS**
3 **PROCEEDING.**

4 A. Dr. England establishes a range of 9.11 percent to 10.54 percent and within that
5 range, recommends an ROE of 9.11 percent.²² In developing his ROE estimates,
6 Dr. England relies on the Constant Growth and Multi-Stage forms of the DCF
7 model, the Capital Asset Pricing Model, and the Empirical Capital Asset Pricing
8 Model (sometimes referred to as the "ECAPM"). Dr. England explains that his
9 9.11 percent recommendation (which corresponds to his Constant Growth DCF
10 estimate) reflects his position that the CACJA "reduces the Company's risk
11 profile",²³ and that Staff views the low end of his recommended range as
12 appropriately reflecting that risk profile.²⁴ Dr. England further suggests that his
13 recommended 9.11 percent ROE would not harm Xcel Energy's financial
14 integrity, noting that the parent had increased its earnings, dividend, and market
15 capitalization over the past ten years.²⁵

16 Although I disagree with Dr. England's conclusion and recommendation, it
17 is important to note that unlike many of Opposing ROE Witnesses, there are a

²² Answer Testimony of Dr. Scott E. England, at 3.

²³ Answer Testimony of Dr. Scott E. England, at 70.

²⁴ Answer Testimony of Dr. Scott E. England, at 12.

²⁵ Answer Testimony of Dr. Scott E. England, at 12-13.

1 number of important areas in which I agree with Dr. England's methods. We
2 agree, for example regarding the structure and inputs to the Constant Growth
3 DCF model, in particular the use of analysts' earnings growth rate projections as
4 the proper measure of expected growth. While the structures of our Multi-Stage
5 DCF models are somewhat different, we agree that analysts' earnings growth
6 estimates are the appropriate measure of near-term growth, and that expected
7 nominal Gross Domestic Product is the appropriate measure of expected long-
8 term growth. Equally important, we agree as to the method and data on which
9 the expected long-term growth rate is calculated.

10 Regarding the CAPM, I agree with Dr. England on several important
11 inputs to that model, in particular the basis of calculating the expected Market
12 Risk Premium ("MRP"). Although I did not include the ECAPM in my Direct
13 Testimony, I agree with Dr. England that it is a reasonable method, and have
14 included that approach in my updated analyses.

15 As discussed below, our differences principally relate to the composition of
16 our respective proxy groups, the relevance of authorized ROEs for distribution-
17 only utilities as a point of reference for Public Service, the effect of the CACJA on
18 the Company's Cost of Equity, and the implications of his 9.11 percent ROE
19 recommendation for the Company's financial integrity and its ability to attract
20 capital. While all are meaningful issues, I note that if we simply were to exclude
21 from Dr. England's Constant DCF analyses those companies that (1) currently
22 are involved in a merger, and (2) are principally electric distribution utilities, his
23 mean results would increase to approximately 9.85 percent.

1 Lastly, I note that Dr. England's 9.11 percent ROE recommendation is
2 based on the average result of his Constant Growth DCF model. That is, the
3 entirety of Dr. England's recommendation falls on the Constant Growth DCF
4 approach; it gives no weight to the Multi-Stage model for which the Commission
5 recently has expressed a preference. Putting aside for the moment the
6 relationship between the CACJA and the Company's ROE, setting the return by
7 reference to Dr. England's mean Multi-Stage DCF results would increase his
8 point estimate to 9.59 percent based on the results of his complete proxy group,
9 and approximately 9.85 percent, excluding distribution-only utilities and
10 companies currently involved in mergers from the analysis.²⁶

11 **Q. AS A GENERAL MATTER, DO YOU BELIEVE THAT DR. ENGLAND'S 9.11**
12 **PERCENT ROE RECOMMENDATION IS FAIR AND REASONABLE?**

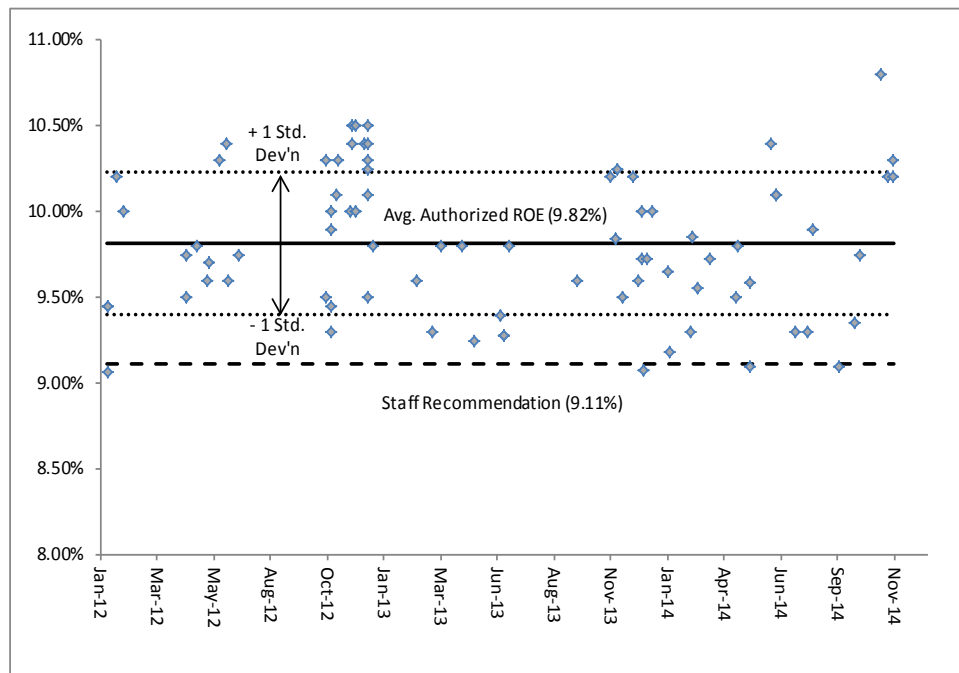
13 A. No, I do not. To put his range and recommendation in context, Dr. England's
14 recommendation falls below all but six of the 1,011 ROEs authorized for natural
15 gas utilities since 1980.²⁷ Of the 80 natural gas cases reported since January
16 2012, only four utilities received an authorized ROE lower than Dr. England's
17 9.11 percent recommendation (see Chart 2, below). In fact, Dr. England's
18 recommendation is 71 basis points below the average authorized ROE (*i.e.*, 9.82
19 percent), and represents the bottom ninth percentile of returns (over that period).

²⁶ Excluding the same companies from Dr. England's proxy group results in a mean estimate of approximately 10.00 percent using the Multi-Stage DCF model recently preferred by the Commission.

²⁷ Source: Regulatory Research Associates.

Yet, Dr. England has agreed that natural gas utilities have less business risk than vertically integrated electric utilities such as Public Service.²⁸ In that important respect, it is difficult to reconcile the incremental risks associated with vertically integrated electric utilities with an ROE recommendation that is among the lowest one-tenth of recently authorized returns for gas utilities.

Chart 2: Authorized ROEs for Natural Gas Utilities (2012 – 2014)²⁹



²⁸ Answer Testimony of Dr. Scott E. England, Docket No. 12AL-1268G, at 6.
²⁹ Source: Regulatory Research Associates

A. Authorized Returns in Other Jurisdictions

1 **Q. CONTINUING ON THAT POINT, DID DR. ENGLAND REFER TO**
2 **AUTHORIZED RETURNS AS A MEANS OF ASSESSING RETURN**
3 **RECOMMENDATIONS?**

4 A. Yes, Dr. England reviewed authorized returns over varying time-periods, and for
5 varying types of applicants (including gas distribution utilities, electric distribution
6 utilities, vertically integrated electric utilities, and special-purpose rate riders).³⁰
7 Dr. England's principal observations based on that data are twofold: (1)
8 authorized returns have been trending downward, including during 2014; and (2)
9 the Company's requested ROE is greater than the return authorized for Fitchburg
10 Gas & Electric, the smallest company (as measured by market capitalization) to
11 have received an authorized ROE during 2014. Based on those observations,
12 Dr. England concludes that the Company's requested ROE is unreasonable.³¹

13 **Q. PLEASE BRIEFLY SUMMARIZE YOUR RESPONSE TO DR. ENGLAND ON**
14 **THIS ISSUE.**

15 A. First, I agree that authorized returns are relevant benchmark to assess ROE
16 recommendations. I disagree, however, with Dr. England's analysis of that data
17 and the conclusion he has drawn.³² For example, by combining returns for
18 electric distribution utilities with vertically integrated electric utilities, Dr. England

³⁰ See Answer Testimony of Scott E. England, at 32 – 37.

³¹ Answer Testimony of Scott E. England, at 37.

³² As noted earlier, Dr. England's recommendation is well below returns recently authorized for natural gas utilities.

1 has understated the returns relevant to Public Service. Similarly, by including
2 incentive returns provided under rate riders for Virginia Electric Power Company,
3 a utility operating company held by Dominion Resources, Dr. England's data
4 suggests a downward trend in returns during 2014 that does not exist for
5 vertically integrated electric utilities such as Public Service. When those data
6 issues are taken into account it becomes apparent that my recommended range
7 is consistent with relevant recently authorized returns; Dr. England's
8 recommendation is not.

9 **Q. HAS THERE BEEN A DIFFERENCE IN AUTHORIZED RETURNS BETWEEN**
10 **VERTICALLY INTEGRATED AND DISTRIBUTION-ONLY ELECTRIC**
11 **UTILITIES?**

12 A. Yes. From 2007 through November 2014, the average authorized return for
13 companies identified by Regulatory Research Associates ("RRA") as electric
14 distribution utilities was 9.84 percent. Over the same period, the average return
15 for companies identified by RRA as "Vertically Integrated" utilities was 10.30
16 percent, a 46 basis point difference.³³ This difference is also reflected in the
17 more recent 2012 to 2014 period when the average return for Vertically
18 Integrated companies was 10.01 percent while the average return for Distribution
19 companies was 9.59 percent (a 42 basis point difference).³⁴ Consequently, the

³³ During that period, the average authorized ROE for "Transmission" companies, which operate within the ERCOT region of Texas, was 9.69 percent.

³⁴ The average authorized return for Transmission companies during the 2012 – 2014 period was 9.60 percent.

1 relevant point of comparison for Public Service – average authorized returns for
2 Vertically Integrated utilities – is within (although at the low end) my
3 recommended range.

4 **Q. DO NATURAL GAS UTILITIES AND VERTICALLY INTEGRATED UTILITIES,**
5 **SUCH AS PUBLIC SERVICE, FACE SIMILAR RISKS?**

6 A. No, vertically integrated electric utilities have faced business risks not
7 encountered by natural gas distribution utilities, and have received authorized
8 returns in excess of those authorized for natural gas utilities.³⁵ Despite that
9 difference, Dr. England reviews seven recent rate proceedings in Colorado, five
10 of which related to natural gas utilities; the returns in those cases ranged from
11 9.60 percent to 10.95 percent.³⁶ In the remaining two proceedings (which related
12 to electric utilities), the Commission authorized returns of 10.00 percent and 9.90
13 percent. All of those cases – both gas and electric – resulted in authorized
14 returns well in excess of Dr. England's 9.11 percent recommendation. Even if
15 Dr. England believes that the returns for natural gas utilities in Colorado provide
16 some insight into the appropriate ROE for Public Service, it is unclear why his
17 recommendation would be 49 basis points below the lowest gas utility return
18 included in his review.

³⁵ Source: Regulatory Research Associates. For the years 2007 – 2014, RRA reports a difference of 22 basis points between vertically integrated electric, and natural gas utilities (with natural gas utilities the lower of the two).

³⁶ See Answer Testimony of Dr. Scott E. England, Table SEE-5, at 32.

1 **Q. PLEASE BRIEFLY SUMMARIZE DR. ENGLAND’S POSITION REGARDING**
2 **THE RELATIONSHIP BETWEEN MARKET CAPITALIZATION AND**
3 **AUTHORIZED RETURNS.**

4 A. Dr. England points out that the Company’s requested ROE is greater than the
5 9.70 percent return authorized for Fitchburg Gas & Electric (“FG&E”), and
6 concludes that the Company’s requested ROE unreasonable in that Unitil
7 Corporation (the parent company of Fitchburg Gas & Electric), has a small
8 market capitalization.³⁷

9 **Q. WHAT IS YOUR RESPONSE TO DR. ENGLAND ON THAT POINT?**

10 A. First, it is important to note that unlike Public Service, Fitchburg Gas & Electric
11 (as with all of the Unitil Corporation utility operating companies) is a distribution
12 utility.³⁸ As noted earlier, authorized returns for electric distribution utilities
13 historically have been approximately 40 to 50 basis points below those of
14 vertically integrated utilities.³⁹ However, Dr. England fails to give any
15 consideration to that distinction. Moreover, since Dr. England did give express
16 consideration to the relative size of the various utilities he examined, it is
17 noteworthy that in its order authorizing FG&E’s ROE, the Massachusetts

³⁷ Answer Testimony of Scott E. England, at 37.

³⁸ Unitil Corporation SEC Form 10-K for the fiscal year ended December 31, 2013, at 1.

³⁹ When combined with the 9.70 percent ROE, that difference produces a range of 10.10 percent to 10.20 percent, which is well within my recommended range.

1 Department of Public Utilities did not cite the company's size as a reason for its
2 9.70 percent return.⁴⁰

3 I also note that in December 2013 Georgia Power Company, a utility
4 operating company held by Southern Company, received an ROE of 10.95
5 percent.⁴¹ Whereas Unitil Corporation's current market capitalization is
6 approximately \$605 million (that is, \$0.605 billion), Southern Company's market
7 capitalization is approximately \$43.2 billion (that is, 72 times larger than Unitil
8 Corporation). Consequently, I do not agree that return on equity is closely
9 correlated with the size of utility's capitalization nor with his conclusion that
10 FG&E's 9.70 percent ROE is a relevant benchmark to conclude that my ROE
11 recommendation is unreasonable.⁴²

B. Proxy Group Composition

12 **Q. PLEASE DESCRIBE THE SCREENING CRITERIA BY WHICH DR. ENGLAND**
13 **DEVELOPED HIS COMPARABLE GROUP.**

14 **A.** Dr. England relied on six screening criteria to develop his group of eleven proxy
15 companies:

- 16
 - Each company selected must be a publicly traded and electric utility;

⁴⁰ See D.P.U. 13-90, *Petition of Fitchburg Gas and Electric Light Company (Electric Division) d/b/a Unitil to the Department of Public Utilities for approval of the rates and charges set forth in Tariffs M.D.P.U. Nos. 229 through 238, and approval of an increase in base distribution rates for electric service pursuant to G.L. c. 164, § 94 and 220 C.M.R. § 5.00 et seq.*, at 208 – 231.

⁴¹ Source: Regulatory Research Associates.

⁴² Answer Testimony of Dr. Scott E. England, at 37.

- Each company must have a market capitalization between \$8.16 billion and 32.72 billion;
- Companies must have analyst coverage and earnings per share estimates;
- Companies must make dividend payments;
- Companies must have a credit rating from Standard & Poor's ("S&P") of at least BBB- ,or an equivalent rating from Moody's or Fitch Ratings ("Fitch");
- Companies must not be involved in mergers or consolidations.⁴³

Q. AS A PRELIMINARY MATTER, DID YOU DEVELOP AND RELY ON A SINGLE, ELECTRIC UTILITY PROXY GROUP?

A. No, I developed two groups (a group of combination gas and electric utilities and a group of principally electric utilities⁴⁴), whereas Dr. England developed a single group of electric utilities.

Q. ARE DR. ENGLAND'S SCREENING CRITERIA SIMILAR TO THOSE USED TO ESTABLISH YOUR PROXY GROUPS?

A. For the most part, yes. Dr. England and I began with publicly traded companies from the Value Line universe, and applied screens based on characteristics such as the payment of dividends, analyst coverage, and credit ratings.⁴⁵ In addition,

⁴³ See Answer Testimony of Dr. Scott E. England, at 43.

⁴⁴ See Direct Testimony of Robert B. Hevert, at 13 – 14.

⁴⁵ Direct Testimony of Robert B. Hevert, at 15 – 16; Answer Testimony of Dr. Scott E. England, at 43.

1 Dr. England and I excluded Xcel Energy from our respective proxy group, due to
2 the circularity otherwise would occur.⁴⁶

3 Although we have several criteria in common, three other factors account
4 for much of the difference in our respective groups. First, I established minimum
5 thresholds for the percentage of operating income derived from regulated electric
6 operations for my respective Combination Company, and Electric Company
7 proxy groups. Second, Dr. England limits his group to companies with market
8 capitalizations between one-half and two times Xcel Energy's market
9 capitalization, whereas I apply no such limits. Third, whereas I required my proxy
10 companies to be vertically integrated electric utilities (that is, they own and
11 operate regulated electric generating assets in addition to transmission and
12 distribution assets), Dr. England had no such requirement.

13 **Q. TURNING TO THE ISSUE OF OPERATING INCOME DERIVED FROM**
14 **REGULATED ELECTRIC OPERATIONS, HOW DOES DR. ENGLAND'S**
15 **PROXY GROUP COMPARE TO YOUR TWO PROXY GROUPS?**

16 A. As shown on Table 1, Dr. England's proxy group derived approximately 79.00
17 percent (on average) of its regulated operating income from electric operations.

⁴⁶ Direct Testimony of Robert B. Hevert, at 16; Answer Testimony of Dr. Scott E. England, at 43.

Table 1: Dr. England's Proxy Group Operations (2011 - 2013)⁴⁷

		% Regulated Operating Income to Total Operating Income	% Regulated Electric Operating Income To Total Regulated Operating Income	% Regulated Gas Operating Income To Total Regulated Operating Income
Ameren Corporation	AEE	74.07%	88.16%	11.84%
American Electric Power	AEP	87.07%	100.00%	0.00%
CenterPoint Energy	CNP	93.69%	60.28%	23.20%
CMS Energy	CMS	97.97%	72.68%	27.32%
Consolidated Edison	ED	96.67%	79.38%	16.82%
DTE Energy	DTE	100.78%	76.30%	18.40%
Northeast Utilities	NU	101.94%	92.04%	7.96%
Pacific Gas and Electric	PCG	100.00%	90.09%	9.91%
Public Service Ent.	PEG	47.75%	74.64%	25.36%
Sempra Energy	SRE	73.01%	50.57%	49.43%
Wisconsin Electric	WEC	64.25%	82.89%	17.17%
Average		85.20%	78.82%	18.86%
Median		93.69%	79.38%	17.17%

1 In that regard, Dr. England's Electric Utility proxy group is not materially different
2 from my Combination Company proxy group, which derived (on average)
3 approximately 75.00 percent of regulated operating income from electric
4 operations. The more significant issue is the extent to which Dr. England's proxy

⁴⁷

Source: SNL Financial

1 group contains a number of principally distribution (as opposed to vertically
2 integrated) electric utilities.

3 **Q. DOES DR. ENGLAND AGREE THAT THE OWNERSHIP AND OPERATION OF**
4 **ELECTRIC GENERATING ASSETS PRESENT RISKS NOT FACED BY**
5 **COMPANIES THAT ARE PRINCIPALLY DISTRIBUTION UTILITIES?**

6 A. Although Dr. England states that utilities that own generation face less risk
7 associated with purchased power agreements, he notes that “[g]enerally, owning
8 generation facilities increases a utility’s risk profile.”⁴⁸

9 **Q. DO OTHER SOURCES DRAW A DISTINCTION BETWEEN VERTICALLY**
10 **INTEGRATED AND ELECTRIC DISTRIBUTION UTILITIES?**

11 A. Yes, they do. First, I note that several of Dr. England’s proxy companies operate
12 exclusively in jurisdictions that have essentially “unbundled” electric generation
13 from transmission and distribution operations and as such, do not own or operate
14 electric generating assets. For example, CMS Energy Corp. and DTE Energy
15 Co. operate in Michigan, Consolidated Edison operates in New York, and
16 Northeast Utilities operates in Massachusetts, Connecticut and New Hampshire;
17 all five of those states are deregulated.⁴⁹ In that regard, Regulatory Research
18 Associates notes the difference between vertically integrated utilities on the one

⁴⁸ Response to Data Request PSCO 3-27. [clarification added]

⁴⁹ See Energy Information Administration, Status of Electricity Restructuring by State, September 2010. Please note that the New Hampshire Public Utilities Commission has initiated a proceeding to determine whether some or all of Public Service Company of New Hampshire’s generating assets should be divested. See Regulatory Research Associates, *New Hampshire PUC to review potential divestiture of PSNH’s generation assets*, November 21, 2014.

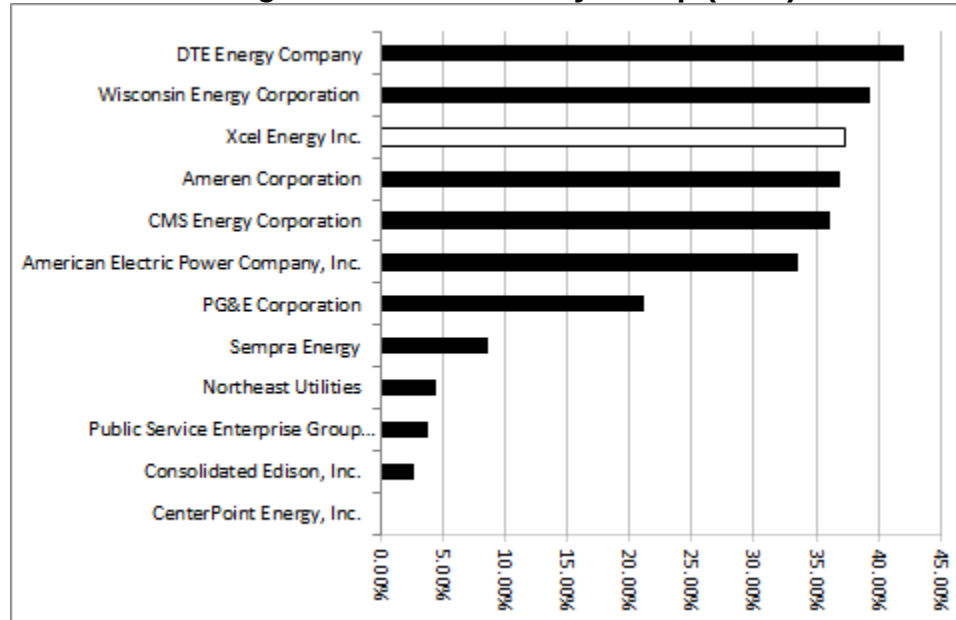
1 hand, and transmission and distribution-only utilities on the other, when reporting
2 authorized returns.⁵⁰

3 **Q. HAVE YOU REVIEWED ANY ADDITIONAL INFORMATION REGARDING THE**
4 **EXTENT TO WHICH THE PROXY COMPANIES' OPERATIONS INCLUDE**
5 **ELECTRIC GENERATION?**

6 A. Yes, I also reviewed the extent to which the proxy companies used by either Dr.
7 England or me have continuing investments in regulated electric generating
8 assets. To do so, I calculated the ratio of Net Production Plant to Net Utility plant
9 for each of the companies in Dr. England's Electric Utility proxy group, and my
10 two proxy groups, as well as for Xcel Energy, Inc.; those ratios are presented in
11 Charts 3 and 4, below. As Chart 3 demonstrates, there is a clear delineation
12 between CenterPoint Energy, Consolidated Edison, Public Service Enterprises,
13 Northeast Utilities, and Sempra on the one hand, and the remaining companies,
14 on the other. That is especially the case when we consider that Xcel Energy (the
15 point of comparison in Dr. England's testimony) has the third-highest proportion
16 of net production plant to net utility plant among Dr. England's proxy companies.

⁵⁰ *Regulatory Research Associates, Regulatory Focus, Major Rate Case Decisions – Calendar 2013.*

**Chart 3: Net Electric Product Plant as a Percentage of Net Utility Plant –
Dr. England's Electric Proxy Group (2013)⁵¹**



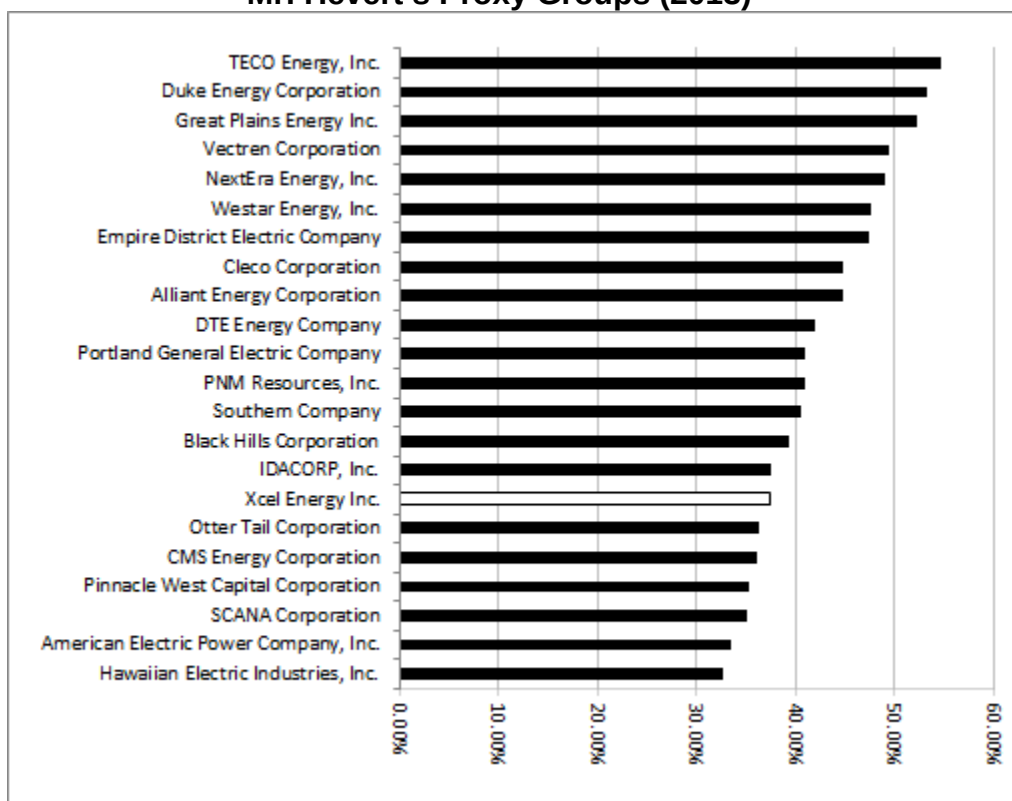
1 **Q. DID YOU UNDERTAKE A SIMILAR ANALYSIS FOR YOUR PROXY**
2 **COMPANIES?**

3 **A.** Yes, I did. As expected, because none of the proxy companies are principally
4 distribution utilities there is no clear delineation within the group. Although Xcel
5 Energy's 37.34 percent ratio is below the group mean (42.53 percent), it is well
6 within one standard deviation. Based on that information, it appears that certain
7 of the companies contained in Dr. England's proxy group may not be sufficiently
8 comparable to Public Service (or, for that matter, to Xcel Energy).

⁵¹

Source: SNL Financial

Chart 4: Net Electric Product Plant as a Percentage of Net Utility Plant - Mr. Hevert's Proxy Groups (2013)⁵²



1 **Q. DO YOU HAVE ANY OTHER OBSERVATIONS REGARDING DR.**
2 **ENGLAND'S PROXY GROUP?**

3 A. Yes. As noted earlier, Dr. England and I agree that companies that are party to a
4 merger or other significant transactions should be excluded from the proxy group.
5 In that regard, I note that on June 22, 2014 Wisconsin Energy Corporation
6 ("WEC") entered into a merger agreement with Integrys Energy Group.⁵³ As Dr.
7 England points out, the effects of such a transaction – even if only a
8 contemplated transaction – on the subject company's growth prospect are

⁵²

Source: SNL Financial

⁵³

Wisconsin Energy Corporation, SEC Form 8-K dated June 22, 2014.

difficult to estimate.⁵⁴ On that basis, it would be reasonable to exclude WEC from the proxy group.⁵⁵

Q. PLEASE NOW SUMMARIZE YOUR CONCLUSIONS REGARDING THE COMPANIES CONTAINED IN DR. ENGLAND'S PROXY GROUP.

A. While we generally apply similar screening criteria, Dr. England's proxy group contains a number of companies that, in my view, should be excluded from his analysis. Those companies, and the criteria by which they would be excluded, are provided in Table2, below.

⁵⁴ Answer Testimony of Dr. Scott E. England, at 45 – 46.

⁵⁵ In a similar vein, on October 20, 2014 Cleco announced that it had agreed to be acquired Macquarie Infrastructure (and other investors). As such, I have excluded Cleco from the analyses contained in my Rebuttal Testimony.

Table 2: Proxy Group Criteria

	Percent of Unregulated Operations	Principally Transmission and Distribution Operations	Party to Merger Agreement
Ameren Corporation			
American Electric Power Company, Inc.			
CenterPoint Energy, Inc.		X	
CMS Energy Corporation			
Consolidated Edison, Inc.		X	
DTE Energy Company			
Northeast Utilities		X	
PG&E Corporation			
Public Service Enterprise Group Inc.		X	
Sempra Energy	X	X	
Wisconsin Energy Corporation			X

1 **Q. DID DR. ENGLAND COMMENT ON THE COMPOSITION OF YOUR PROXY**
2 **GROUP?**

3 A. Yes, as noted earlier Dr. England questions whether certain of my proxy
4 companies are too small (in terms of market capitalization) to be a reasonable
5 proxy for Xcel Energy. In that regard, Dr. England suggests that by removing
6 those smaller, presumably riskier companies, my Constant Growth DCF, Multi-
7 Stage DCF, and CAPM results all would decrease.⁵⁶

⁵⁶ Answer Testimony of Dr. Scott E. England, at 26.

1 **Q. WHAT IS YOUR RESPONSE TO DR. ENGLAND IN THAT REGARD?**

2 A. As discussed above, the market capitalization of a utility's parent company does
3 not necessarily have a direct correlation with the authorized ROE. In two cases
4 over the past year, Georgia Power Company was authorized an ROE 125 basis
5 points higher than FG&E, even though Georgia Power Company's parent,
6 Southern Company, has a market capitalization approximately 72 times larger
7 than Unitil Corporation (i.e., FG&E's parent). Given that wide disparity in
8 authorized ROEs it is clear that Commissions consider factors other than market
9 capitalization when determining an authorized ROE. Furthermore, Dr. England
10 does not provide any analysis to suggest that my proxy group analysis is biased
11 as a result of including companies that he considers to be small relative to Xcel
12 Energy. As such, I do not believe it is reasonable to screen my proxy group
13 based on market capitalization.

C. Interpretation of the Constant Growth DCF Model Results

14 **Q. PLEASE BRIEFLY DESCRIBE DR. ENGLAND'S CONSTANT GROWTH DCF**
15 **MODEL.**

16 A. As Dr. England points out, the Constant Growth DCF model includes two
17 elements: the dividend yield, and the expected growth rate.⁵⁷ Dr. England
18 calculates the expected dividend yield based on the proxy companies' current
19 annualized dividend, together with average closing stock prices over the 200

⁵⁷ See Answer Testimony of Dr. Scott E. England, at 22 and Direct Testimony of Robert B. Hevert, at 37.

1 calendar-day period ending June 30, 2014.⁵⁸ For the growth rate component of
2 the model, Dr. England relies on the average estimated five-year growth in
3 earnings per share as provided by First Call, Zacks, and Value Line.⁵⁹

4 As discussed in my Direct Testimony, the Constant Growth DCF model
5 assumes that earnings, dividends and book value all grow at the same, constant
6 rate, and that the Price/Earnings ratio will remain constant in perpetuity. And as
7 discussed earlier in my Rebuttal Testimony, in this case we now have a situation
8 in which the proxy companies used in Dr. England's analyses recently have
9 traded at unusually high, and likely unsustainable Price/Earnings ("P/E") ratios.
10 Specifically, during Dr. England's study period, utility Price/Earnings ratios
11 exceeded their long-term average, to the point that they were greater than the
12 market P/E ratio (as measured by the S&P 500). This is in contrast with what
13 has occurred historically when, as would be expected, utilities, including the
14 companies in Dr. England's proxy group, have traded at levels below the market
15 P/E ratio. That they traded in excess of the market P/E during Dr. England's
16 study period is an important observation that should lead us to view the Constant
17 Growth DCF results with great caution.

18 The unusually high P/E ratios are an important factor, simply because the
19 Constant Growth DCF model (that is, the method on which Dr. England's
20 recommendation relies) assumes that the P/E ratio will remain constant in

⁵⁸ *Ibid.*, at 24.

⁵⁹ *Ibid.*, at 24.

1 perpetuity. Consequently, Dr. England's 9.11 percent ROE recommendation
2 implicitly assumes that the unusually high utility P/E ratios observed during his
3 study period will not change, ever. There are many reasons why that is not likely
4 to be the case. Chief among those factors is that the increase in utility stock
5 prices was highly correlated with the Federal Reserve's asset purchases under
6 its Quantitative Easing policy, a policy that has been discontinued.
7 Consequently, the basis of Dr. England's recommendation, the Constant Growth
8 DCF method, is based on data that are inconsistent with the model's
9 fundamental assumptions. As such, Dr. England's Constant Growth DCF model
10 results should be viewed and interpreted with caution.

11 **Q. IS DR. ENGLAND'S CONSTANT GROWTH DCF RESULT INFLUENCED BY**
12 **PROXY COMPANIES THAT, AS DISCUSSED EARLIER, ARE PRINCIPALLY**
13 **ELECTRIC DISTRIBUTION UTILITIES?**

14 A. Yes, they are. Looking to Dr. England's Exhibit SEE-4, the average DCF result
15 for the five companies that are principally electric distribution utilities (i.e., CNP,
16 ED, NU, PEG, SRE) is 8.23 percent; the average result for the remaining six
17 companies is 9.84 percent. By removing the five principally distribution
18 companies and WEC (owing to its merger with Integrys Energy) from the group
19 of six vertically integrated electric utilities, Dr. England's average DCF result
20 increases to 9.98 percent. Table 3, below, provides a step-by-step summary of
21 those incremental changes. The results of Dr. England's Constant Growth DCF
22 analysis including only vertically integrated utilities are provided in Attachment
23 No. RBH-19.

Table 3: Step Adjustments to Dr. England's Constant Growth DCF Results

	Mean			Median	
	Difference	Cumulative Result		Difference	Cumulative Result
Original Result		9.11%			9.68%
Remove:					
WEC	-0.01%	9.10%		0.12%	9.80%
CNP	0.13%	9.23%		0.12%	9.92%
ED	0.29%	9.52%		0.02%	9.94%
NU	-0.14%	9.38%		-0.02%	9.92%
PEG	0.55%	9.93%		0.02%	9.94%
SRE	0.05%	9.98%		0.02%	9.96%

Clearly, Dr. England's 9.11 percent Constant Growth DCF result is substantially affected by the electric distribution utilities included in his proxy group (as Table 3 demonstrates, WEC has only a one basis point decrease on the mean DCF result, but a 12 basis point effect on the median result).

D. Application of the Multi-Stage DCF Model

Q. PLEASE PROVIDE A SUMMARY DESCRIPTION OF DR. ENGLAND'S MULTI-STAGE DCF MODEL.

A. Dr. England describes his Multi-Stage DCF model as an extension of the Constant Growth DCF model, allowing for different growth rates over three discrete, but related periods. The first-stage growth rate, which is applied for the first five years of his analysis, is the same that is applied in Dr. England's Constant Growth DCF model. The second-stage growth rate, which is a proportional transition from the first stage to the third stage, is applied over a period of 20 years. The third, or terminal stage growth rate, is an estimate of

1 nominal Gross Domestic Product (“GDP”) growth, and is applied in perpetuity in
2 year 25, and beyond.⁶⁰

3 **Q. DO YOU AGREE THAT MULTI-STAGE DCF ANALYSES ARE USEFUL IN**
4 **ESTIMATING THE COST OF EQUITY?**

5 A. Yes, I do. As noted in my Direct Testimony, Multi-Stage DCF models provide a
6 degree of flexibility that enables analysts to address the often limiting
7 assumptions underlying the Constant Growth form of the model.⁶¹ I also note
8 that in Public Service’s most recent gas case, the ALJ noted that it agreed with
9 the Company that the Multi-Stage DCF approach was reasonable,

10 [T]he Multi-Stage DCF provides a degree of flexibility that may
11 address the limiting assumptions of the Constant Growth DCF
12 model. The incorporation of the short-term, transitional, and long-
13 term growth rates, as opposed to a single growth rate, is a superior
14 method for estimating growth.⁶²

15 That said, as with every approach, the model’s results depend quite heavily on its
16 construction in general, and the inputs assumed by the analyst in particular.

17 **Q. DO YOU AGREE WITH DR. ENGLAND’S APPLICATION OF THE MULTI-**
18 **STAGE DCF MODEL?**

19 A. While I agree that Multi-Stage DCF analyses can provide a degree of modeling
20 flexibility not found in the Constant Growth form of the model, and generally
21 agree with the long-term growth rate applied in his analysis, I disagree with other
22 aspects of Dr. England’s approach. For example, Dr. England’s Multi-Stage DCF

⁶⁰ Answer Testimony of Dr. Scott E. England, at 26-27.

⁶¹ See, Decision No. R13-1307, at 99.

⁶² Decision No. R13-1307, Docket No. 12AL-1268G, October 22, 2013, at 99 – 100.

1 analysis assumes a constant payout ratio in perpetuity. That assumption
2 suggests that the current payout ratio, which may be affected by short-term
3 factors such as elevated levels of capital expenditures, is appropriate for all
4 future years. The constant payout assumption, however, does not apply to Dr.
5 England's proxy group. In fact, data provided by Value Line indicates that none
6 of the eleven companies in his proxy group will maintain their payout ratios at a
7 constant level over the next three to five years (seven of the eleven companies
8 are expected to change their payout ratios by more than 5.00 percentage points).
9 It is for that reason that the Multi-Stage DCF model discussed in my Direct
10 Testimony specifically allows for a change in payout ratios over time.⁶³

11 Dr. England's model also assumes that analysts' growth rate projections
12 will transition to the rate of long-term nominal GDP growth over a period of
13 twenty years.⁶⁴ While I agree that it is appropriate to assume a period of
14 transition between the application of the short-term and long-term growth rates, I
15 believe a period of 20 years is quite long for that purpose. I applied a transition
16 period of five years, which is consistent with the approach discussed by
17 Morningstar in its presentation of the Multi-Stage DCF model.⁶⁵

18 Lastly, Dr. England's model assumes that cash flows are received at the
19 end of each year, rather than during the course of a given year. That
20 assumption, that cash flows are received at year-end, is at odds with the dividend

⁶³ Direct Testimony of Robert B. Hevert, at 43.

⁶⁴ See Dr. England's Workpapers.

⁶⁵ Morningstar, Inc., 2013 Ibbotson Stocks, Bonds, Bills and Inflation Valuation Yearbook, at 50.

1 yield adjustment that Dr. England makes to his Constant Growth DCF model.
2 There, Dr. England increases the annualized dividend yield by one-half of the
3 expected growth rate to reflect the fact that dividends are received throughout the
4 year such that on average, they are received mid-year. A corresponding
5 adjustment can be made to the Multi-Stage DCF model, in the form of the “mid-
6 year convention”.⁶⁶ Simply making that one change would increase Dr.
7 England’s average Multi-Stage DCF result by approximately 18 basis points to
8 9.77 percent (see Attachment No. RBH-20).⁶⁷

9 **Q. LASTLY, DID YOU REMOVE THE MULTI-STAGE DCF RESULTS FOR THE**
10 **ELECTRIC DISTRIBUTION COMPANIES INCLUDED IN DR. ENGLAND’S**
11 **PROXY GROUP?**

12 A. Yes, I did. As with the Constant Growth DCF results, the electric distribution
13 utilities had the effect of reducing Dr. England’s mean Multi-Stage DCF estimate.
14 Adjusting the results for those companies (and WEC) produces mean and
15 median estimates of 10.07 percent and 10.01 percent, respectively (see Table 4,
16 below). The results of Dr. England’s Multi-Stage DCF analysis including only
17 vertically integrated utilities are provided in Attachment No. RBH-21.

⁶⁶ Direct Testimony of Robert B. Hevert, at 39.

⁶⁷ In my replicated results, I updated the annualized dividends consistent with the data presented by Dr. England in Exhibit SEE-2.

Table 4: Step Adjustments to Dr. England's Multi-Stage DCF Results

	Mean			Median	
	Difference	Cumulative Result		Difference	Cumulative Result
Original Result		9.59%			9.42%
Remove:					
WEC	0.02%	9.61%		0.22%	9.64%
CNP	0.04%	9.65%		0.23%	9.87%
ED	0.08%	9.73%		0.06%	9.93%
NU	-0.04%	9.69%		-0.06%	9.87%
PEG	0.19%	9.88%		0.06%	9.93%
SRE	0.17%	10.05%		0.07%	10.00%

E. Application of the CAPM

1 **Q. PLEASE SUMMARIZE THE VARIOUS INPUTS TO DR. ENGLAND'S CAPM**
2 **ANALYSIS.**

3 **A.** Dr. England relies on the current yield on 20-year Treasury bonds (*i.e.*, 3.07
4 percent), the average Value Line Beta coefficient for his proxy group (0.71), and
5 a measure of the forward-looking (ex-ante) MRP.

6 **Q. DO YOU AGREE WITH DR. ENGLAND'S APPLICATION OF THE CAPM?**

7 **A.** For the most part, I do. My principal reservation relates to Dr. England's use of
8 the 20-year Treasury bond yield as a measure of the risk-free rate, and his sole
9 reliance on Value Line as the source of Beta coefficients.

1 **Q. WHY IS THE 30-YEAR TREASURY YIELD, AS OPPOSED TO THE 20-YEAR**
2 **YIELD USED IN DR. ENGLAND'S ANALYSIS, THE APPROPRIATE**
3 **MEASURE OF THE RISK-FREE RATE COMPONENT OF THE CAPM?**

4 A. The maturity of the risk-free security should approximate the life of the underlying
5 investment, which, in the Company's case, is long-term. As noted by
6 Morningstar:

7 The traditional thinking regarding the time horizon of the chosen
8 Treasury security should match the horizon of whatever is being
9 valued. When valuing a business that is being treated as a going
10 concern, the appropriate Treasury yield should be that of a long-
11 term Treasury bond. Note that the horizon is a function of the
12 investment, not the investor. If an investor plans to hold stock in a
13 company for only five years, the yield on a five-year Treasury note
14 would not be appropriate since the company will continue to exist
15 beyond those five years.⁶⁸

16 In addition, Pratt and Grabowski recommend this approach to selecting the risk-
17 free rate: "In theory, when determining the risk-free rate and the matching ERP
18 [Equity Risk Premium] you should be matching the risk-free security and the ERP
19 with the period in which the investment cash flows are expected."⁶⁹ To that point,
20 a 2004 paper titled *Applying The Capital Asset Pricing Model* by Robert Harris
21 reviews current practices for application of the CAPM and, when summarizing

⁶⁸ Morningstar, Inc., 2013 Ibbotson Stocks, Bonds, Bills and Inflation Valuation Yearbook, at 44.
⁶⁹ Shannon Pratt and Roger Grabowski, Cost of Capital: Applications and Examples, 3rd Ed. (Hoboken, NJ: John Wiley & Sons, Inc., 2008), at 92. "ERP" is the Equity Risk Premium. [clarification added]

1 best current practices, concludes “[t]he risk-free rate should match the tenor of
2 the cash flows being valued.”⁷⁰

3 In essence, equity ownership represents a perpetual claim on the subject
4 company’s cash flows.⁷¹ Since the 30-year Treasury bond is the longest duration
5 risk-free security, it is the appropriate security for that purpose. Moreover, the
6 average useful life of the Company’s electric utility plant in service is
7 approximately 39.57 years⁷², and the average Equity Duration of the companies
8 contained in Dr. England’s proxy group is 28.82 years.⁷³ Because the
9 Company’s assets are such long-duration investments, it remains appropriate to
10 use yields on long-term Treasury bonds as the risk-free rate component of the
11 CAPM.⁷⁴

⁷⁰ Paper cited with permission of author.

⁷¹ The Constant Growth DCF model, for example, reflects the perpetual nature of equity investments.

⁷² Source: Calculated from Attachment No. DAW-1, Appendix A-6.

⁷³ Attachment No. RBH-22.

⁷⁴ In finance, “duration” (whether for bonds or equity) typically refers to the present value weighted time to receive the security’s cash flows. In terms of its practical application, duration is a measure of the percentage change in the market price of a given stock in response to a change in the implied long-term return of that stock. A common investment strategy is to match the duration of investments with the term of the underlying asset in which the funds are being invested, or the term of a liability being funded. Since the term of the risk-free rate should match the life of the underlying investment, it is appropriate to consider the Equity Duration of the subject company when selecting the Treasury yield used as the risk-free rate in the CAPM. If the average Equity Duration of the proxy group is approximately 30 years, it would be appropriate to use the longer-term security as the measure of the risk-free rate. As shown in Attachment No. RBH-22, the average Equity Duration for Dr. England’s proxy group, based on his assumptions, is 28.82 years.

1 **Q. LASTLY, DO YOU AGREE WITH DR. ENGLAND’S USE OF THE EMPIRICAL**
2 **CAPM ANALYSIS?**

3 A. Yes, I do. As Dr. England explains, the Empirical CAPM (“ECAPM”) calculates
4 the product of the adjusted Beta coefficient and the MRP, and applies a weight of
5 75.00 percent to that result. The model then applies a 25.00 percent weight to
6 the MRP, without any effect from the Beta coefficient. The results of the two
7 calculations are summed, along with the risk-free rate, to produce the Empirical
8 CAPM result, as noted in Equation [1] below:

$$k_e = r_f + 0.75\beta(r_m - r_f) + 0.25(r_m - r_f) \quad [1]$$

10 where:

11 k_e = the required market ROE

12 β = adjusted Beta coefficient of an individual security

13 r_f = the risk-free rate of return

14 r_m = the required return on the market as a whole.

15 In essence, the Empirical CAPM addresses the tendency of the CAPM to
16 under-estimate the Cost of Equity for companies with low Beta coefficients, such
17 as regulated utilities. In that regard, the ECAPM is not redundant to the use of
18 adjusted Betas, rather it recognizes the results of academic research indicating
19 that the risk-return relationship is different (in essence, flatter) than estimated by
20 the CAPM, and that the CAPM under-estimates the “alpha”, or the constant
21 return term.

22 As with the traditional CAPM, my application of the Empirical CAPM uses
23 the Market DCF-derived ex-ante MRP estimate, the current yield on 30-year

Treasury securities as the risk-free rate and two estimates of the Beta coefficient. The results of my market based CAPM, and ECAPM analyses are provided in Attachment No. RBH-15.

F. Xcel Energy, Inc.'s Market Performance

Q. PLEASE BRIEFLY SUMMARIZE DR. ENGLAND'S ASSESSMENT OF XCEL ENERGY INC.'S MARKET PERFORMANCE.

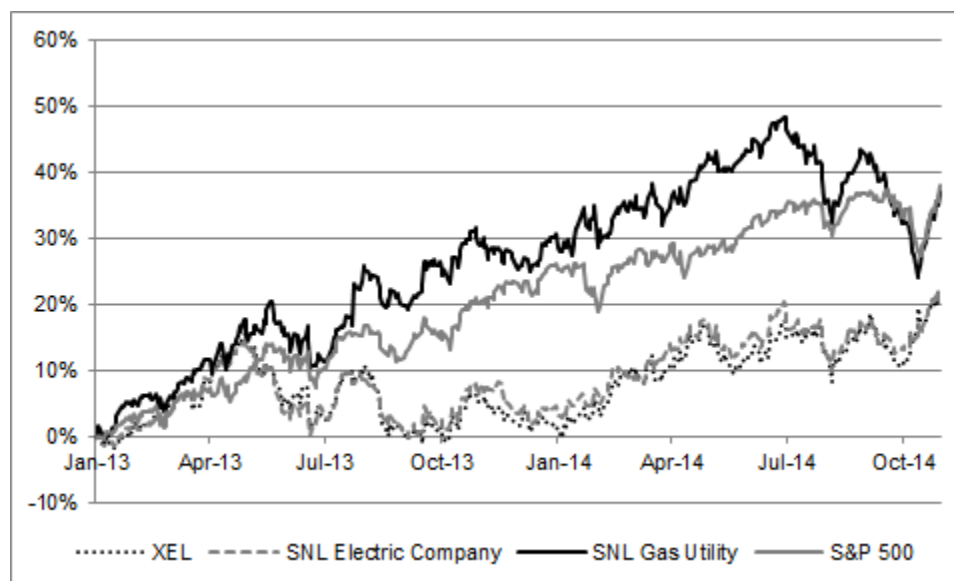
A. Dr. England states that Xcel Energy has continually increased its earnings per share, dividends per share and market capitalization since the recent recession. He further states that the Company is considered a "top ten utility dividend stock based on its stronger dividend yield and lower price-to-book ratio" and faces "limited risk" as a result of its "strong financial abilities" and, therefore, his recommended ROE of 9.11 percent would not affect the Company's ability to attract capital.⁷⁵

Q. DO YOU AGREE WITH DR. ENGLAND'S CONCLUSIONS IN THAT REGARD?

A. No, I do not. Dr. England's conclusion fails to recognize that since the beginning of 2013, Xcel Energy has traded in line with the SNL Electric Company Index, and below the S&P 500. In fact, while the total return on the S&P 500 was approximately 38.00 percent through November 28, 2014, Xcel Energy and the SNL Electric Company returns were approximately 22.00 percent and 23.00 percent, respectively (see Chart 5, below).

⁷⁵ Answer Testimony of Dr. Scott E. England, at 12-13.

Chart 5: Xcel Energy Relative Price Performance⁷⁶



Putting aside historical relative performance, it remains the case that price performance depends on investors' expectations of future financial performance. While it is true that Xcel Energy has increased its earnings per share, dividends per share and market capitalization in recent years, it is unclear why that performance suggests that investors would require, in the future, an ROE that is 89 basis points below what Public Service is currently authorized. Given the competition for capital in the financial markets, it would seem that the opposite would be true and such a sharp reduction in ROE as Dr. England recommends would cause investors to look to invest in utilities whose authorized returns are more in line with recently authorized returns.

⁷⁶

Source: SNL Financial.

1 What should be more important from the regulator's perspective is that
2 strong financial performance provides the flexibility to maintain a strong financial
3 profile and, therefore, access to capital when and as needed (that is, it maintains
4 the subject company's financial integrity). In my view, Dr. England's review of
5 Xcel Energy's recent performance is far too summary in nature to provide
6 meaningful insights to investors' expectations in general, and provides little
7 insight into the risks faced by the Company and the effect of an authorized ROE
8 well below the average over the past year (i.e., 9.96 percent).

G. Financial Integrity and Capital Attraction

9 **Q. ASIDE FROM ISSUES RELATING TO MARKET-TO-BOOK RATIOS, DOES**
10 **DR. ENGLAND DISCUSS THE IMPORTANCE OF HIS RECOMMENDATION**
11 **FOR THE COMPANY'S FINANCIAL INTEGRITY?**

12 A. Only in very general terms. As Dr. England points out, one of the standards
13 arising from the *Hope* and *Bluefield* decisions is that the authorized return should
14 enable the subject utility to maintain its financial integrity.⁷⁷

15 **Q. DO YOU BELIEVE THAT DR. ENGLAND'S RECOMMENDED ROE OF 9.11**
16 **PERCENT SUPPORTS THE COMPANY'S FINANCIAL INTEGRITY?**

17 A. No, I do not.

⁷⁷ Answer Testimony of Dr. Scott E. England, at 5.

1 **Q. PLEASE EXPLAIN YOUR CONCERN WITH DR. ENGLAND'S**
2 **RECOMMENDATION RELATIVE TO THE FINANCIAL COMMUNITY'S VIEW**
3 **OF THE COMPANY'S FINANCIAL INTEGRITY.**

4 A. There is little question that the financial community puts considerable weight on
5 regulatory issues. As noted earlier, Moody's considers the regulatory structure to
6 be so important that 50.00 percent of the factors that weigh in its ratings
7 determination are related to the nature of regulation.⁷⁸ Among the factors
8 considered by Moody's in assessing the regulatory framework, are the
9 predictability and consistency of regulatory actions:

10 As the revenues set by the regulator are a primary component of a
11 utility's cash flow, the utility's ability to obtain predictable and
12 supportive treatment within its regulatory framework is one of the
13 most significant factors in assessing a utility's credit quality. The
14 regulatory framework generally provides more certainty around a
15 utility's cash flow and typically allows the company to operate with
16 significantly less cushion in its cash flow metrics than comparably
17 rated companies in other industrial sectors.

18 ***

19 In situations where the regulatory framework is less supportive, or
20 is more contentious, a utility's credit quality can deteriorate
21 rapidly.⁷⁹

22 As noted earlier in my Rebuttal Testimony, Dr. England recommends an
23 ROE that falls well below the prevailing level of authorized returns for both
24 natural gas, electric distribution utilities, and vertically integrated electric utilities.
25 If the Commission were to adopt his recommendation, it would represent a

⁷⁸ Moody's Investors Service, *Rating Methodology; Regulated Gas and Electric Utilities*, August, 2009, at 4.

⁷⁹ Moody's Investors Service, *Regulatory Frameworks – Ratings and Credit Quality for Investor-Owned Utilities*, June 18, 2010, at 2.

1 substantial departure from recently authorized ROEs, and insert a considerable
2 degree of uncertainty regarding the Company's cash flows, and the regulatory
3 environment in which it operates. In light of Moody's focus on "predictable and
4 supportive treatment," it is my view that Dr. England's unreasonably low ROE
5 would put immediate and substantial downward pressure on important credit
6 metrics. Such pressure would diminish the Company's ability to attract capital at
7 reasonable terms, which, as noted above, is a fundamental measure of financial
8 integrity.

H. Flotation Costs

9 **Q. DID DR. ENGLAND ADDRESS THE ISSUE OF FLOTATION COSTS IN HIS**
10 **DIRECT TESTIMONY?**

11 A. Yes. Dr. England suggests that because they are non-recurring, the Company
12 should not be able to recover flotation costs.⁸⁰

13 **Q. DO YOU AGREE WITH DR. ENGLAND IN THAT REGARD?**

14 A. No, I do not. Just as common equity has an indefinite life, the effect of flotation
15 costs (which are a reduction to common equity) likewise is indefinite. In that
16 sense, flotation costs are borne by the utility in each year after the issuance of
17 common stock. Consequently, it is inappropriate to think of flotation costs as
18 non-recurring when their effect is permanent. Dr. Roger Morin, whom Dr.

⁸⁰ Answer Testimony of Dr. Scott E. England, at 49-50.

1 England cites in his Direct Testimony,⁸¹ notes that “[t]he costs of issuing
2 [common stock] are just as real as operating and maintenance expenses or costs
3 incurred to build utility plants, and fair regulatory treatment must permit the
4 recovery of these costs.”⁸² Dr. Morin further notes that “equity capital raised in a
5 given stock issue remains on the utility’s common equity account and continues
6 to provide benefits to ratepayers indefinitely.”⁸³ Lastly, I note that Value Line
7 estimates that the number of shares outstanding for Xcel Energy will increase
8 from 2014 to the 2017-19 time frame, suggesting that flotation costs will be
9 incurred during that period.⁸⁴

I. Effect of the Clean Air, Clean Jobs Act Rider

10 **Q. PLEASE BRIEFLY SUMMARIZE DR. ENGLAND’S POSITION AND**
11 **RECOMMENDATION AS THEY RELATE TO THE CACJA RIDER.**

12 **A.** Dr. England notes that the CACJA rider reduces the risk faced by the Company,
13 and as such, a downward adjustment to the ROE is warranted. While he does
14 not provide a specific adjustment, Dr. England recommends an ROE at the low
15 end of his 9.11 percent to 10.54 percent range, due to the CACJA rider.

⁸¹ See Answer Testimony of Dr. Scott E. England, at 23, 30, and 33.

⁸² Roger A. Morin, New Regulatory Finance, Public Utility Reports, Inc., 2006, at 321.

⁸³ *Ibid.*, at 327.

⁸⁴ Value Line, “Xcel Energy,” October 31, 2014.

1 **Q. PLEASE NOW BRIEFLY SUMMARIZE YOUR RESPONSE TO DR. ENGLAND**
2 **ON THOSE POINTS.**

3 A. As noted in my Direct Testimony, estimating the Cost of Equity is a comparative
4 exercise.⁸⁵ The relevant analytical issue is whether the cost recovery
5 mechanisms available to Public Service are so risk mitigating relative to
6 mechanisms in place at the proxy companies that investors would knowingly and
7 measurably reduce their return requirements for Public Service. That is,
8 considering Public Service's cost recovery mechanisms, it is important to assess
9 their risk-mitigating effects relative to effects that similar mechanisms have on the
10 proxy companies.

11 **Q. ARE INFRASTRUCTURE RECOVERY RIDERS SUCH AS THE CACJA**
12 **COMMON AMONG VERTICALLY INTEGRATED ELECTRIC UTILITIES?**

13 A. Yes, as shown in Attachment No. RBH-18, infrastructure recovery riders are
14 widely used by the companies in my proxy group.

15 **Q. ARE THERE PUBLIC POLICY IMPLICATIONS OF THE CACJA THAT WOULD**
16 **BE IMPORTANT TO INVESTORS?**

17 A. Yes, there are. The CACJA was signed into law in an effort to reduce emissions
18 from older coal-fired power plants and meet compliance with U.S. Environmental
19 Protection Agency ("EPA") standards. As such, and as discussed in Section II,
20 investments covered under the proposed CACJA rider are a result of public

⁸⁵ See Direct Testimony of Robert B. Hevert, at 73-74.

1 policy goals and represent incremental investments that the Company must
2 make.

3 **Q. ARE THERE ANY EXAMPLES OF REGULATORY JURISDICTIONS THAT**
4 **HAVE INCLUDED A PREMIUM TO THE AUTHORIZED RETURN ON EQUITY**
5 **AS INCENTIVE TO ACHIEVE THOSE GOALS?**

6 A. Yes, there are. As discussed in Section II, Dominion Resources earns an
7 “enhanced return” on investments in in-state coal-fired and renewable generating
8 assets developed by its utility operating subsidiary, Virginia Electric Power
9 Company. Those enhanced returns are recovered through plant-specific rate
10 riders, and may be up to 100 basis points above the company’s authorized
11 ROE.⁸⁶

12 **Q. WHAT ARE YOUR CONCLUSIONS REGARDING DR. ENGLAND’S**
13 **ASSESSMENT OF THE CACJA RIDER?**

14 A. Dr. England’s reasoning to set his recommended ROE at the low end of his
15 range because of the CACJA rider fails to consider the public policy goals of the
16 CACJA, and the act’s objective to maintain the Company’s financial integrity and
17 ability to attract capital. In essence, Dr. England’s recommended ROE penalizes
18 Public Service for supporting the public policy objectives contained in the
19 CACJA.

⁸⁶ See Virginia Code 56-585.1 A 6.

IV. RESPONSE TO THE ANSWER TESTIMONY OF MR. FERNANDEZ

1 Q. PLEASE SUMMARIZE MR. FERNANDEZ' ROE ANALYSES AND
2 RECOMMENDATION IN THIS PROCEEDING.

3 A. Mr. Fernandez recommends an ROE of 9.10 percent, based on the results of his
4 Constant Growth and Multi-Stage DCF models, his CAPM analyses, and his
5 review of recently authorized ROEs.⁸⁷ Although all three of Mr. Fernandez'
6 analytical models produce an estimated ROE of 8.90 percent, Mr. Fernandez
7 reports an average electric ROE of 9.90 percent.⁸⁸ Mr. Fernandez' 9.10 percent
8 ROE recommendation is the simple average of those four estimates. Mr.
9 Fernandez suggests that if the Commission were to authorize the CACJA rider, a
10 25 basis point downward adjustment to the ROE (i.e., an 8.85 percent ROE)
11 would be appropriate.⁸⁹ Similarly, Mr. Fernandez recommends an additional 25
12 basis point downward adjustment to the ROE If the Commission were to
13 authorize a future test year.⁹⁰ As discussed below, in developing his ROE
14 estimates (which range from 7.80 percent to 9.90 percent),⁹¹ Mr. Fernandez
15 relies on a number of unreasonable assumptions.

⁸⁷ Answer Testimony of Ronald Fernandez, at 46 and Attachment RAF-4
⁸⁸ *Ibid.*, at 58 and Attachment RAF-4.
⁸⁹ *Ibid.*, at 3, 48 and 58.
⁹⁰ *Ibid.*, at 2-3.
⁹¹ *Ibid.*, at 47 and Attachment RAF-4.

1 **Q. WHAT ARE THE KEY AREAS IN WHICH YOU DISAGREE WITH MR.**
2 **FERNANDEZ' ROE ANALYSES AND CONCLUSIONS?**

3 A. The key areas in which I disagree with Mr. Fernandez include: (1) the
4 interpretation and effect of current and projected market conditions on the Cost of
5 Equity for regulated utilities; (2) proxy group composition; (3) certain aspects of
6 Mr. Fernandez' application of the Constant Growth DCF model, particularly with
7 regard to the growth rate component of that model; (4) the methodology and
8 assumptions used in the Multi-Stage DCF model; (5) the reasonableness of the
9 risk-free rate and Market Risk Premium used in my CAPM analysis; (6) the
10 reasonableness of my Bond Yield Plus Risk Premium analysis; (7) the implication
11 of the Cost of Capital results produced by the Colorado Division of Property
12 Taxation in its capitalization rate study used to value electric utility assets; (8) the
13 relevance of pension fund assumptions to the estimate of investors' required
14 return for Public Service; (9) the implication of Xcel Energy's recent market
15 performance; (10) the notion that the Company's proposed CACJA rider and the
16 use of a future test year require downward adjustments to the authorized ROE;
17 (11) and the application of the Ibbotson industry equity risk premium.

A. Influence of Market Conditions on the Cost of Equity

1 **Q. AS A GENERAL MATTER, WHAT ARE YOUR CONCERNS REGARDING MR.**
2 **FERNANDEZ' INTERPRETATION OF THE EFFECT OF CURRENT AND**
3 **EXPECTED MARKET CONDITIONS ON THE COST OF EQUITY FOR**
4 **REGULATED UTILITIES?**

5 **A.** Mr. Fernandez suggests that we are in an “era of generational lows in the cost of
6 capital for utility companies” and that “equity costs have come down” since the
7 Company’s last ROE was authorized.⁹² His position seems to be premised on
8 the observation that interest rates remain near historically low levels, and on his
9 assumption that there continues to be a downward trend in authorized ROEs
10 across the nation. As discussed below, however, the relationship between
11 interest rates and the Cost of Equity is more complex than Mr. Fernandez
12 describes.

13 My Direct Testimony included a regression analysis that was developed to
14 estimate the relationship between authorized ROEs for utilities (both electric and
15 natural gas) and 30-year Treasury yields (that is, the Risk Premium analysis).
16 That analysis clearly demonstrated that the Equity Risk Premium has *increased*
17 as interest rates have *decreased*.⁹³ That is because during periods of market
18 instability, investors are willing to accept lower yields on Treasury securities in

⁹² *Ibid.*, at 46, 40.

⁹³ See Direct Testimony of Robert B. Hevert at 54-56. My Direct Testimony also provided citations to published research that arrived at the same conclusion, *i.e.*, that changes in the Equity Risk Premium are inversely related to changes in interest rates.

1 order to avoid the risk of capital losses from equity investments, while increasing
2 the return that they require to take on the risk of equity ownership. Even during
3 more stable economic conditions, equity investments provide a stronger hedge
4 against inflation than do debt investments, resulting in the Equity Risk Premium's
5 tendency to move inversely with changes in interest rates.⁹⁴ Consequently, the
6 proposition that historically low Treasury yields necessarily result in a
7 correspondingly low Cost of Equity is misplaced.

B. Proxy Group Composition

8 **Q. PLEASE SUMMARIZE THE DIFFERENCE BETWEEN THE PROXY GROUP IN**
9 **YOUR DIRECT TESTIMONY AND MR. FERNANDEZ'.**

10 A. There is significant overlap among the 21 companies in the combination and
11 electric proxy groups relied upon in my Direct Testimony and the 25 companies
12 in Mr. Fernandez' proxy group. As discussed earlier in my Rebuttal Testimony,
13 the criteria used to develop my proxy group are meant to reflect Public Service's
14 fundamental business and risk profile. I established a Combination Company
15 proxy group whose relative proportions of natural gas and electric operations are
16 highly comparable to the Company's combined operations,⁹⁵ as well as an
17 electric proxy group that consists of vertically integrated electric utilities to reflect

⁹⁴ As noted by Brigham, Shome and Vinson, "... when inflationary fears rise, the perceived riskiness of bonds rises, helping to push up interest rates. However, since investors are today less concerned about inflation's impact on utility stocks than on bonds, the utilities' cost of equity does not rise as much as that of debt, so the observed risk premium tends to fall." See Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, Financial Management, Spring, 1985, at 44.

⁹⁵ See Direct Testimony of Robert Hevert, at 31.

1 the Company's electric operations for which rates are being set in this
2 proceeding.

3 Table 5, below, provides a summary of the various companies included by
4 Mr. Fernandez and me in this case in our respective proxy groups. That table
5 also provides the criteria by I have excluded certain of those companies in my
6 updated and revised analyses.

Table 5: Comparison of Mr. Hevert's and Mr. Fernandez' Proxy Groups

Companies	Ticker	Hevert Combined Proxy Group	Fernandez Proxy Group
Alliant Energy Corporation	LNT	√	√
Ameren Corporation	AEE	[1]	√
American Electric Power Company	AEP	√	√
Black Hills Corporation	BKH	√	√
Cleco Corporation	CNL	√	√
CMS Energy Corporation	CMS	√	√
Consolidated Edison, Inc.	ED	[2]	√
DTE Energy Company	DTE	√	√
Duke Energy Corporation	DUK	√	√
El Paso Electric Company	EE	[3]	√
Empire District Electric Company	EDE	√	√
Great Plains Energy Inc.	GXP	√	√
Hawaiian Electric Industries, Inc.	HE	√	
IDACORP, Inc.	IDA	√	√
NextEra Energy, Inc.	NEE	√	
NorthWestern Corp.	NWE	[1]	√
OGE Energy Corp.	OGE	[1]	√
Otter Tail Corporation.	OTTR	√	
PG&E Corporation	PCG	[1]	√
Pinnacle West Capital Corporation	PNW	√	√
PNM Resources, Inc.	PNM	√	√
Portland General Electric Co.	POR	√	√
SCANA Corporation	SCG	√	√
Sempra Energy	SRE	[2], [4]	√
Southern Company	SO	√	√
TECO Energy, Inc.	TE	√	
Vectren Corporation	VVC	√	√
Westar Energy, Inc.	WR	√	√
Wisconsin Energy Corporation	WEC	[1]	√
√ Included in proxy group			
[1] Removed because company is, or was recently, party to a merger or other significant transaction, or transitory event			
[2] Removed because company owns no significant regulated generating assets			
[3] Removed for not having a consistent dividend			
[4] Removed because company has significant unregulated operations			

C. Application of the Constant Growth DCF Analysis

1 **Q. PLEASE BRIEFLY DESCRIBE MR. FERNANDEZ' CONSTANT GROWTH DCF**
2 **ANALYSIS AND RESULTS.**

3 A. For the dividend component of his Constant Growth DCF model, Mr. Fernandez
4 relies on the projected 2014 dividend from Value Line, together with average
5 stock prices as of the third calendar quarter of 2014. Mr. Fernandez relies on
6 four measures of growth, including: Value Line's five-year forecasted growth in
7 cash flow per share; Value Line's five-year forecasted growth in earnings per
8 share; Yahoo Finance's five-year forecasted earnings growth rate; and Zacks'
9 five-year forecasted growth in earnings per share. Mr. Fernandez then
10 calculates the DCF result as the sum of the dividend component and the growth
11 rate, giving equal weight to all four growth rate estimates.⁹⁶

12 **Q. DO YOU AGREE WITH MR. FERNANDEZ' USE OF PROJECTED CASH**
13 **FLOW GROWTH IN HIS CONSTANT GROWTH DCF MODEL?**

14 A. No, I do not. It is important to realize that future earnings growth is ultimately the
15 source of both dividend *and* cash flow growth. As noted in my Direct Testimony,
16 earnings are the fundamental driver of a company's ability to pay dividends.⁹⁷ In
17 that regard, Dr. England and I both rely on expected earnings as the appropriate
18 measure of the growth component in our respective DCF models.⁹⁸

⁹⁶ Answer Testimony of Ronald Fernandez, at 28 and Attachment RAF-6.

⁹⁷ See Direct Testimony of Robert B. Hevert, at 27.

⁹⁸ See Answer Testimony and Attachments of Dr. Scott E. England, at 44.

1 Regardless of whether Mr. Fernandez believes that cash flow growth
2 forecasts are also appropriate measures of growth, the relevant analytical
3 question is whether investors rely on those estimates in making their investment
4 decisions. In that regard, the sources Mr. Fernandez cites to support the use of
5 cash flow growth rates note that investors “gravitate toward” and “focus on”
6 earnings growth rather than cash flow growth.⁹⁹ Similarly, there is a significant
7 body of academic research indicating that projected earnings growth is the best
8 predictor of stock prices and, therefore, the appropriate measure of growth for
9 the purpose of the DCF model. Dr. Robert Harris noted that “a growing body of
10 knowledge shows that analysts’ earnings forecasts are indeed reflected in stock
11 prices.” Citing Cragg and Malkiel, Dr. Harris noted that those authors “found that
12 the evaluations of companies that analysts make are the sorts of ones on which
13 market valuation is based.”¹⁰⁰ Similarly, Brigham, Shome and Vinson noted that
14 “evidence in the current literature indicates that (1) analysts’ forecasts are
15 superior to forecasts based solely on time series data; and (2) investors do rely
16 on analysts’ forecasts.”¹⁰¹

17 To that point, the research of Carleton and Vander Weide demonstrates
18 that earnings growth projections have a statistically significant relationship to
19 stock valuation levels, while the other historical and projected growth rates that

⁹⁹ Answer Testimony of Ronald Fernandez, at 31.

¹⁰⁰ Robert S. Harris, Using Analysts’ Growth Forecasts to Estimate Shareholder Required Rate of Return, Financial Management, Spring 1986, at 59.

¹⁰¹ Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, *The Risk Premium Approach to Measuring a Utility’s Cost of Equity*, Financial Management, Spring 1985, at 36.

1 were assessed (dividend growth and book value growth) do not. Consequently,
2 earnings growth projections are the appropriate estimate for the purpose of the
3 Constant Growth DCF model. As shown in Attachment No. RBH-23, I performed
4 a related analysis, which demonstrates that expected earnings per share is the
5 only measure of growth that has a meaningful statistically significant relationship
6 to stock valuation levels. Consequently, earnings are the proper measure of
7 growth for the DCF model.

8 **Q. DO YOU HAVE ANY OTHER CONCERNS WITH THE USE OF PROJECTED**
9 **CASH FLOW GROWTH AS A MEASURE OF EXPECTED GROWTH IN THE**
10 **CONSTANT GROWTH DCF MODEL?**

11 A. Yes, I do. Cash flow growth can fluctuate with changes in working capital or
12 other non-earnings related cash flow credits or charges. That consideration is
13 particularly important at the current time, given the accelerated depreciation (*i.e.*,
14 “bonus depreciation”) component of recent federal economic stimulus programs.
15 Accelerated depreciation has the effect of temporarily pulling forward cash flow
16 that is not reported in earnings through the creation of deferred tax assets. As
17 the level of book depreciation catches up with the level of bonus depreciation,
18 cash flow will revert back toward earnings. As a result, cash flow growth may
19 temporarily appear muted.

20 In fact, a number of companies in Mr. Fernandez’ proxy group have
21 recently noted a decreased need for cash due to the bonus depreciation
22 component of the Tax Relief Act of 2012 (a temporary federal stimulus program).
23 For example, in its recent SEC Form 10-K filing, AEP noted that:

1 The American Taxpayer Relief Act of 2012 provided for the
2 extension of several business and energy industry tax deductions
3 and credits, including the one-year extension of the 50% bonus
4 depreciation to 2013. The enacted provisions had no material
5 impact on net income or financial condition but did have a favorable
6 impact on cash flows in 2013.¹⁰²

7 Similarly, Southern Company specifically noted a \$440 million increase in 2013
8 cash flow in connection with the bonus depreciation provision of the American
9 Taxpayer Relief Act of 2012, while Alliant Energy, and Great Plains Energy both
10 described increases in deferred income taxes due to that legislation.¹⁰³

11 Lastly, Value Line is the only source noted in Mr. Fernandez' testimony
12 that provides cash flow growth projections. To the extent that the earnings
13 projections services used by both Mr. Fernandez and me represent consensus
14 estimates, the results are less likely to be biased in one direction or another as a
15 result of an individual analyst. In fact, it is for that reason that one of the criteria
16 used to develop my proxy group is that the subject company must be followed by
17 at least two utility industry equity analysts.¹⁰⁴

¹⁰² American Electric Power Company, Inc., SEC Form 10-K for the Fiscal Year Ended December 31, 2012, at 40.

¹⁰³ Alliant Energy Corporation, SEC Form 10-K for the Fiscal Year Ended December 31, 2013, at 57; Great Plains Energy Inc, SEC Form 10-K for the Fiscal Year Ended December 31, 2013, at 37; and Southern Company, SEC Form 10-K for the Fiscal Year Ended December 31, 2013, at II-30.

¹⁰⁴ See Direct Testimony of Robert B. Hevert, at 15 and 18.

D. Application of the Multi-Stage DCF Model

1 **Q. DOES MR. FERNANDEZ NOTE ANY OBJECTIONS SPECIFIC TO YOUR**
2 **MULTI-STAGE DCF ANALYSIS?**

3 A. Yes, Mr. Fernandez suggests that the 5.70 percent GDP growth rate used as the
4 terminal growth rate in my Multi-Stage DCF model is overstated. In particular,
5 Mr. Fernandez suggests the growth rate in the second and third stage of my
6 Multi-Stage DCF model should be reduced to be consistent with the relatively
7 slower expected growth in Public Service's customers and weather normalized
8 sales, which are discussed in the direct testimony of Company witness Ms.
9 Marks.¹⁰⁵ Mr. Fernandez further reasons that "[w]ith distributed generation and
10 solar, most analyst predictions are for relatively lower growth or even negative
11 growth for this industry over the long term."¹⁰⁶

12 **Q. WHAT IS YOUR RESPONSE TO MR. FERNANDEZ' SUGGESTION THAT THE**
13 **TERMINAL GROWTH RATE USED IN YOUR MULTI-STAGE DCF MODEL**
14 **SHOULD BE ADJUSTED TO REFLECT CUSTOMER AND SALES VOLUME**
15 **GROWTH?**

16 A. First, it is inconsistent with the long-term growth assumption used in Mr.
17 Fernandez' own Multi-Stage DCF analyses. Mr. Fernandez and I both rely on
18 estimated GDP growth as a proxy for the terminal growth rate in our Multi-Stage
19 DCF analyses, and we both calculated that rate in a similar manner (adjusting

¹⁰⁵ Answer Testimony of Ronald Fernandez, at 35-36.

¹⁰⁶ Answer Testimony of Ronald Fernandez, at 34.

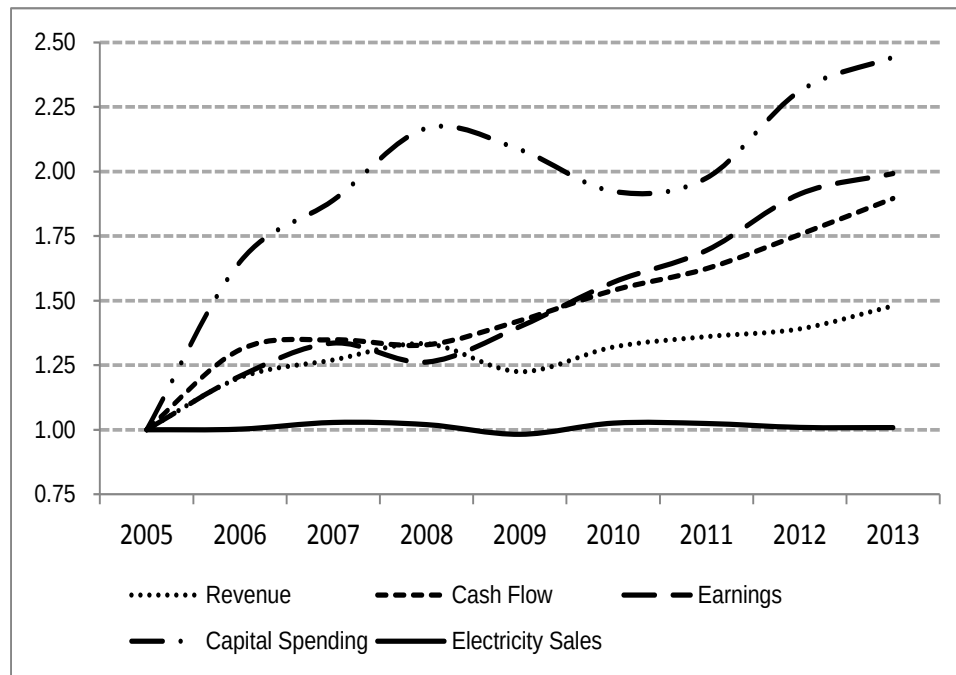
1 historical real GDP growth for expected inflation). The 5.70 percent terminal
2 growth rate used in my analysis (updated to 5.64 percent in the analyses
3 accompanying my Rebuttal Testimony) is quite similar to the 5.50 percent long-
4 term GDP growth rate used in Mr. Fernandez' analysis.

5 **Q. DO YOU AGREE WITH MR. FERNANDEZ' PRESUMPTION THAT LONG-**
6 **TERM GROWTH IN ELECTRICITY SALES SHOULD SERVE AS A LIMIT FOR**
7 **THE TERMINAL GROWTH ESTIMATE?**

8 A. No, I do not. In suggesting that earnings growth is limited by electricity sales
9 growth, Mr. Fernandez has implicitly assumed that there is a direct relationship
10 between electricity sales volumes on the one hand, and utility revenue, capital
11 expenditures, and earnings on the other. As a practical matter, however, many
12 variables enter into that relationship. Rate design, for example, will affect the
13 relationship between sales volumes and revenues. The relationship between
14 revenue and earnings likewise is a function of operating margins, which in turn,
15 are influenced by a variety of operating factors, such as productivity
16 improvements.

17 Based on data from the Energy Information Administration ("EIA") and
18 Value Line, it is clear that from 2005 through 2013 (the range of data available
19 from Value Line and EIA) my revised proxy group's average growth in revenues,
20 earnings, cash flow and capital expenditures far exceeded the growth in
21 electricity sales volume (see Chart 6, below). Consequently, I strongly disagree
22 with Mr. Fernandez' suggestion that electricity sales growth somehow should be
23 viewed as indicative of long-term growth.

**Chart 6: Percent Annual Growth in Electricity End Use Sales Volume,
Revenue, Earnings, Cash Flow and Capital Spending 2005 – 2013**



Moreover, I note the U.S. Energy Information Administration's 2014 Annual Energy Outlook reports expected annual retail electric sales growth of approximately 1.38 percent a year over the next five years,¹⁰⁷ yet the average earnings growth estimate reported in Attachment RAF-6 is 5.40 percent. In that regard, analysts' expectations for earnings growth do not appear limited by electric sales growth.

¹⁰⁷ EIA, Annual Energy Outlook 2014 Reference Case, April 2014, Table A8. Annual data accessed at: <http://www.eia.gov/oiaf/aeo/tablebrowser>.

1 **Q. WHAT IS YOUR RESPONSE TO MR. FERNANDEZ' SUGGESTION THAT THE**
2 **PRO FORMA NATURE OF THE DIVIDEND PAYMENTS IN YOUR MULTI-**
3 **STAGE DCF MODEL WILL LEAD TO COMPOUNDED INACCURACIES OVER**
4 **TIME?**

5 A. Mr. Fernandez' concern is misplaced. A deviation between projected and
6 observed cash flows in the first year of the Multi-Stage DCF model's projection
7 period is not an indication of a flaw in the model. The purpose of the Multi-Stage
8 DCF model is to reflect investors' average expectations over time, rather than
9 provide a precise measure of actual performance in any given year. All Cost of
10 Equity models are based on a set of assumptions that are meant to reflect
11 investors' forward-looking expectations. It is not appropriate to assess a single
12 year's results in retrospective. For example, Mr. Fernandez provided Constant
13 Growth DCF model results in the Company's most recent gas rate case that
14 estimated an average return on equity of 7.50 percent to 9.30 percent for the
15 companies in his proxy group.¹⁰⁸ However, the average total return for those
16 proxy group companies one year after Mr. Fernandez' valuation (at the end of
17 2012) was 23.96 percent.¹⁰⁹ Clearly Mr. Fernandez' results were significantly
18 different than actual observed results. The deviation in a single year's
19 performance, however, is insufficient to conclude that the model or its results are

¹⁰⁸ See Docket No. 12AL-1268G, Answer Testimony and Exhibits of Ronald Fernandez, at 33.
¹⁰⁹ Source: SNL Financial.

1 unreliable. Rather, the results should be viewed in the context of a broad array
2 of data, as discussed throughout my Rebuttal Testimony.

E. Application of the CAPM

3 **Q. PLEASE BRIEFLY SUMMARIZE MR. FERNANDEZ' CAPM ANALYSES.**

4 A. Mr. Fernandez' CAPM analyses rely on current yields on 30-year Treasury
5 securities as the risk-free rate, and the average Beta coefficient reported by
6 Value Line for all companies in the Electric Utility industry. Mr. Fernandez then
7 performs two sets of analyses, one using an MRP based on the historical return
8 of "mid-cap" stocks above the return on long-term bonds, and a second that
9 calculates the MRP based on the historical return of large market capitalization
10 stocks above the return on long-term government bonds. Those analyses
11 produce a range of results from 8.20 percent to 9.60 percent, with an average
12 ROE estimate of 8.90 percent.¹¹⁰

13 **Q. WHAT CONCERNS DO YOU HAVE REGARDING THE RISK-FREE RATE**
14 **COMPONENT OF MR. FERNANDEZ' CAPM ANALYSES?**

15 A. Mr. Fernandez and I both use the yield on 30-year Treasury bonds as a proxy for
16 the risk-free rate component of the CAPM. While I agree with Mr. Fernandez
17 that it is appropriate to use the current 30-year Treasury yield, I also believe that,
18 since the purpose of this proceeding is to establish the Cost of Equity for Public
19 Service's electric utility operations on a forward-looking basis, it is important to

¹¹⁰ See Answer Testimony of Ronald Fernandez, at 25 and Attachment RAF-5.

1 develop a CAPM analysis that reflects investor expectations concerning the risk-
2 free rate and, as discussed in more detail below, the MRP. For that reason, as
3 also discussed in my Direct Testimony, I relied on both the current 30-day
4 average 30-year Treasury yield and consensus projections of the 30-year
5 Treasury yield for the years 2014 and 2015 as reported by Blue Chip Financial
6 Forecast.¹¹¹

7 **Q. IS IT APPROPRIATE TO RELY EXCLUSIVELY ON HISTORICAL DATA IN**
8 **ESTIMATING THE MRP, AS MR. FERNANDEZ HAS DONE?**

9 A. No. The CAPM is a forward-looking analysis and should rely on forward-looking
10 estimates. The Market Risk Premium component of the CAPM should reflect the
11 additional return investors currently require for assuming the risk of equity
12 ownership. Consequently, I disagree with Mr. Fernandez' use of historical data
13 to calculate the expected MRP.

14 **Q. DOES MR. FERNANDEZ NOTE ANY OBJECTIONS TO YOUR CAPM**
15 **ANALYSIS?**

16 A. Yes, Mr. Fernandez states that my DCF-derived MRP estimates are
17 "unrealistically" high. Mr. Fernandez' position appears to be based on his
18 observation that the growth rates used in that analysis are "about double the long

¹¹¹ See Direct Testimony of Robert B. Hevert, at 45.

1 term growth rate of [the] U.S. economy as measured by Gross Domestic
2 Product.”¹¹²

3 **Q. WHAT IS YOUR RESPONSE TO MR. FERNANDEZ REGARDING THE LONG-**
4 **TERM GROWTH RATES USED IN YOUR CALCULATION OF THE *EX-ANTE***
5 **MRP?**

6 A. First, I note that Mr. Fernandez’ MRP calculations are based on historical large
7 company stock returns of 11.80 percent and mid-cap company stock returns of
8 13.70 percent as reported by Morningstar.¹¹³ The 12.31 percent (Value Line) and
9 13.91 percent (Bloomberg) market returns used in the MRP calculations
10 presented in my Direct Testimony are generally consistent with Mr. Fernandez’
11 range of returns.

12 The 11.80 percent and 13.70 market returns relied on by Mr. Fernandez
13 for his MRP calculations are the arithmetic average market returns from 1926 to
14 2012 for large market capitalization and mid cap stocks, respectively (as reported
15 by Morningstar).¹¹⁴ To determine the reasonableness of the 13.91 percent
16 market return in my Direct Testimony, it is instructive to understand how often
17 various ranges of total returns actually have occurred since 1926. To perform
18 that analysis, I gathered the annual return on Large Company Stocks reported by
19 Morningstar, produced a histogram of those observations, and calculated the

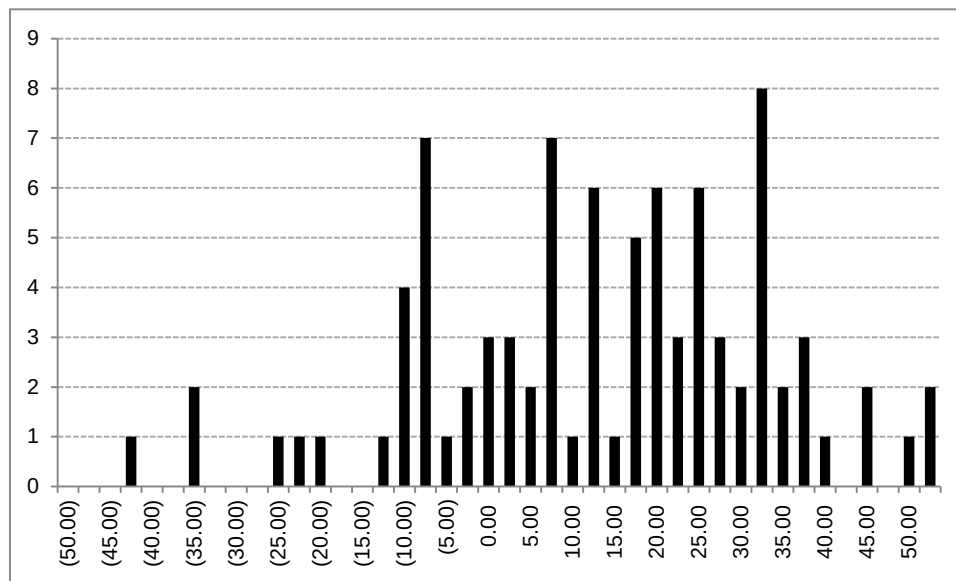
¹¹² Answer Testimony of Ronald Fernandez, at 22, 46.

¹¹³ See Answer Testimony of Ronald Fernandez, Exhibit RAF-5. Note, the 11.80 percent average market return reported by Morningstar is the arithmetic average from 1926 to 2011.

¹¹⁴ See Morningstar, Inc., 2013 Ibbotson Stocks, Bonds, Bills and Inflation Valuation Yearbook, at 23.

probability that a given market return estimate would be observed. The results of that analysis, which are presented in Chart 7, demonstrate that returns of 13.91 percent and higher actually occurred quite often.

Chart 7: Frequency Distribution of Observed Market Returns, 1926 - 2013¹¹⁵



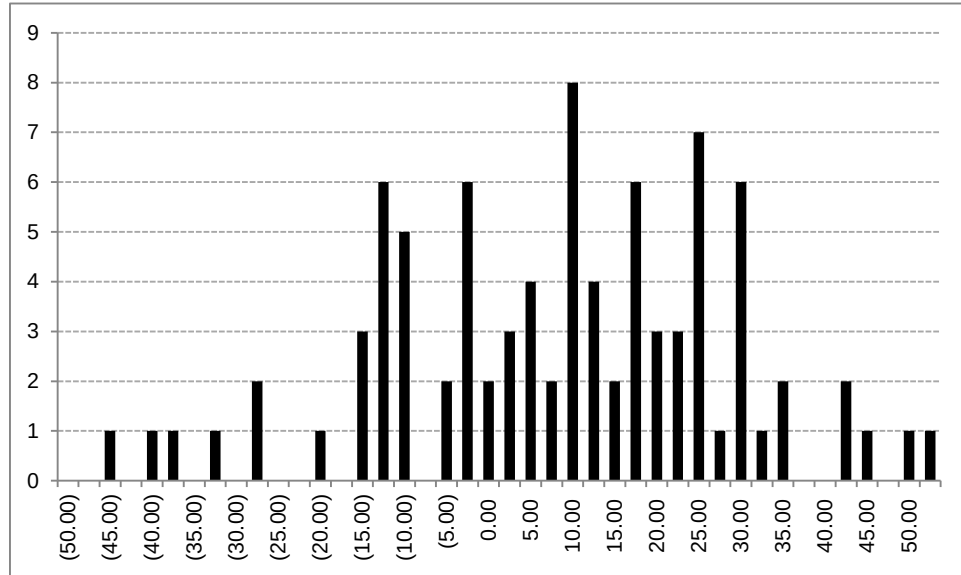
In fact, the 13.91 percent estimate, which Mr. Fernandez asserts produces “unrealistic” MRP estimates, represents the 49th percentile of the actual returns observed from 1926 to 2013. In other words, of the 88 annual observations, 45 were 13.91 percent or higher. By that measure, my estimate is not too high; it is entirely consistent with the historical experience that Mr. Fernandez considers to be relevant.

¹¹⁵ Source: Morningstar, Inc., Ibbotson Stocks, Bonds, Bills and Inflation 2014 Classic Yearbook, at 196-197.

1 Q. TURNING NOW TO MR. FERNANDEZ' POSITION THAT YOUR MARKET
2 RISK PREMIUM ESTIMATE IS TOO HIGH, DID YOU ALSO CONSIDER
3 WHERE YOUR ESTIMATES FALL WITHIN THE RANGE OF HISTORICAL
4 OBSERVATIONS?

5 A. Yes, I did. Similar to my review of observed market returns, I gathered the
6 annual Market Risk Premia reported by Morningstar and produced a histogram of
7 the observations. The results of that analysis, which are presented in Chart 8,
8 demonstrate that MRPs in the range of 8.71 percent to 10.31 percent (the range
9 of the MRP estimates in my Direct Testimony) and higher actually occurred quite
10 often.

Chart 8: Frequency Distribution of MRP, 1926 -2013¹¹⁶

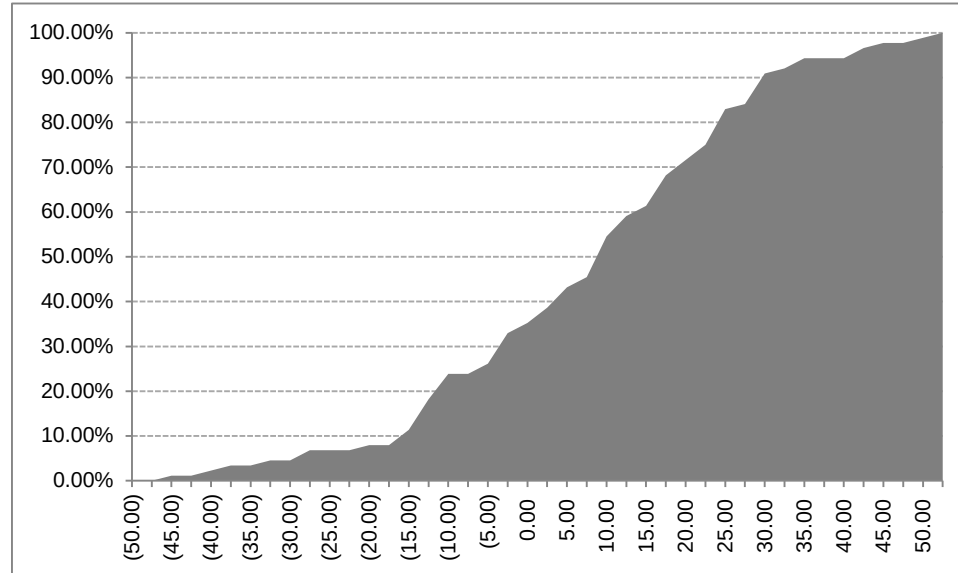


1 I then considered a different perspective, calculating the cumulative
2 probability of the same ranges of MRP estimates. Those results, which are
3 provided in Chart 9 (below) demonstrate that there is nearly a 50.00 percent
4 probability that an MRP of at least 10.31 percent will occur in any given year.

¹¹⁶

Ibid.

Chart 9: Cumulative Probability of Market Risk Premia, 1926-2013¹¹⁷



1 **Q. DOES YOUR MRP ANALYSIS SUGGEST ELECTRIC UTILITIES WILL GROW**
2 **AT TWICE THE RATE OF THE U.S. ECONOMY, AS MR. FERNANDEZ**
3 **SUGGESTS?¹¹⁸**

4 **A.** No, it does not. As discussed in my Direct Testimony, I calculated the expected
5 MRP as the difference between the projected return on the broad market (as
6 measured by the S&P 500 Index) and the yield on long-term Treasuries. In that
7 regard, it is important to note that although the calculation of the required return
8 for the S&P 500 Index involves the calculation of individual component company
9 returns, the end result is the market capitalization-weighted return on the index.
10 The market return used in the calculation of the MRP does not reflect the

¹¹⁷

Ibid.

¹¹⁸

Answer Testimony of Ronald Fernandez, at 22.

1 expected growth rate of any individual company or sector. Certainly, individual
2 company growth estimates will be higher or lower than the average.

3 **Q. WHAT IS YOUR RESPONSE TO MR. FERNANDEZ' SUGGESTION THAT**
4 **YOUR MRP ESTIMATES ARE "ASTRONOMICAL" COMPARED TO THE**
5 **HISTORICAL AVERAGE MRP?**

6 A. As noted above, the MRP component of the CAPM is calculated as the
7 difference between expected market returns and the yield on long-term Treasury
8 bonds. Mr. Fernandez' 11.80 percent to 13.70 percent range of market return
9 estimates is generally similar to the 12.31 percent to 13.91 percent range
10 provided in my Direct Testimony. However, Mr. Fernandez' position fails to
11 recognize that the mean long-term Treasury yields over the same period were
12 substantially higher (5.10 percent) than current Treasury yields. Given that the
13 MRP is calculated as the expected market return less the yield on long-term
14 government bonds, it is quite reasonable for the current MRP to be moderately
15 above the long-term average.

16 Moreover, taking into consideration the volatility of historical MRPs, even
17 the highest of my MRP estimates is statistically indistinguishable from the
18 historical mean at a 95.00 percent confidence interval.¹¹⁹ Therefore, I continue to
19 believe the *ex-ante* market-DCF derived MRPs used in my CAPM analyses are
20 reasonable.

¹¹⁹ Based on a 10.31 percent mean MRP estimate, 88 MRP observations, a 6.95 percent mean observed MRP, and the 20.29 percent historical standard deviation of observed MRPs.

F. Relevance of Bond Yield Plus Risk Premium Analysis

Q. DID MR. FERNANDEZ EXPRESS ANY CONCERNS REGARDING YOUR BOND YIELD PLUS RISK PREMIUM ANALYSIS?

A. Yes. Mr. Fernandez asserts Bond Yield Plus Risk Premium analyses are “generally considered less accurate than a CAPM or DCF analysis,” and suggests the model “fails to take into account the multitude of factors that investors consider essential or important in setting an equity risk premium.”¹²⁰ Mr. Fernandez also disagrees with the use of forecasted interest rates in the Bond Yield Plus Risk Premium analysis.

Q. WHAT IS YOUR RESPONSE TO MR. FERNANDEZ’ POSITION REGARDING YOUR BOND YIELD PLUS RISK PREMIUM ANALYSIS?

A. Mr. Fernandez provides no support for his assertion that the Bond Yield Plus Risk Premium approach is considered less accurate than CAPM or DCF analyses. The Bond Yield Plus Risk Premium model is a common approach to estimating the Cost of Equity and is referenced in both academic and industry practitioner literature.¹²¹ For example, Brigham and Ehrhardt discuss the estimation of required return on equity in Financial Management: Theory and Practice, and note:

However, we can employ the principles described in Chapters 6, 7, and 8 to produce reasonably good cost of equity estimates. Three methods typically are used: (1) the Capital Asset Pricing Model

¹²⁰ Answer Testimony of Ronald Fernandez, at 37.

¹²¹ See, for example, CFA Level I Program Curriculum, Volume 4, at 57; and See, Morin, Roger A., New Regulatory Finance, Public Utilities Report, Inc., 2006, at 123-124.

1 (CAPM), (2) the discounted cash flow (DCF) method, and (3) the
2 bond-yield-plus-risk-premium approach. These methods are not
3 mutually exclusive. When faced with the task of estimating a
4 company's cost of equity, we generally use all three methods and
5 then choose among them on the basis in our confidence in the
6 input data available for the specific case at hand.¹²²
7

8 As discussed in more detail in my response to Mr. Baudino (below), the
9 results of the regression analyses used in my Bond Yield Plus Risk Premium
10 models indicate Treasury yields have a relatively high degree of explanatory
11 power regarding the level of equity risk premiums. Moreover, my analyses
12 clearly demonstrate that there continues to be an inverse relationship between
13 the equity risk premium and the level of interest rates. That is, as interest rates
14 fall, the equity risk premium increases. Several academic studies cited in my
15 Direct Testimony support that conclusion.¹²³

16 With respect to the use of forecasted bond yields, as noted above, the
17 Cost of Equity is a forward-looking concept and it is important the inputs used in
18 Cost of Equity models reflect market expectations. As noted in my Direct
19 Testimony, forward yields calculated from market data and consensus
20 projections of Treasury yields indicate a market expectation for rising interest
21 rates. Whether Mr. Fernandez believes those forecasts will prove to be accurate
22 is irrelevant to estimating the market Cost of Equity.¹²⁴ As such, I continue to

¹²² Eugene Brigham and Michael Ehrhardt, Financial Management: Theory and Practice, 12th Ed. (Mason, OH: South-Western Cengage Learning, 2008), at 346.

¹²³ See Direct Testimony of Robert B. Hevert, at 54.

¹²⁴ I also note that Mr. Fernandez' inaccurately implies the bond yield component of the Bond Yield Plus Risk Premium model should be a risk-free rate. To the contrary, the bond yield used in that

1 believe my Bond Yield Plus Risk Premium analyses are appropriate and
2 corroborate the results of the Constant Growth and Multi-Stage forms of the DCF
3 model.

**G. Relevance of Colorado Division of Property Taxation Cost of Equity
Estimate**

4 **Q. HOW HAS MR. FERNANDEZ USED THE CAPITALIZATION RATE STUDY**
5 **CONDUCTED BY THE COLORADO DIVISION OF PROPERTY TAX (THE**
6 **“COLORADO DPT”)?**

7 A. Mr. Fernandez notes that the Colorado DPT, which conducts a capitalization rate
8 study of the overall electric utility industry as part of its property tax calculations,
9 reported mean electric utility equity returns of 9.74 percent.¹²⁵ Mr. Fernandez
10 points to the Colorado DPT study as a benchmark to assess the reasonableness
11 of the witness recommendations.

12 **Q. WHAT IS YOUR RESPONSE TO MR. FERNANDEZ IN THAT REGARD?**

13 A. In general, Mr. Fernandez has ignored several aspects of the Colorado DPT’s
14 analysis that are inconsistent with his own analysis. I also note that Mr.
15 Fernandez has not considered that the group of companies in the study does not
16 meet the proxy group comparability standards identified by any of the ROE

model is simply the observable yield (i.e., required return) on a less risky debt investment to which a premium can be added to estimate the required return of equity. See, for example, CFA Level I Program Curriculum, Volume 4, at 257.

¹²⁵ Answer Testimony of Ronald Fernandez, at 45. Note, Mr. Fernandez also cites a 9.74 percent median equity cost rate, but the Colorado DPT study reports a median equity cost rate of 9.67 percent.

witnesses in this proceeding. Moreover, Mr. Fernandez' analytical results (both DCF and CAPM) are well below the Colorado DPT's 9.74 percent mean estimate of electric utilities' required return. To the extent Mr. Fernandez believes the Colorado DPT study to be a reasonable estimate of a utility's Cost of Equity, it would suggest his own CAPM and DCF methodologies produce downwardly biased results.

Q. TURNING TO YOUR FIRST POINT, DOES THE COLORADO DPT COST OF CAPITAL STUDY FOR THE 2014 TAX YEAR SUPPORT MR. FERNANDEZ' ANALYSIS?

A. No, it does not. The analysis, which is publically available on the Colorado DPT website, produces a Cost of Equity estimate of 9.74 percent. That estimate, however, is based on one DCF analysis, and the average of two CAPM analyses (one CAPM analysis using an *ex-ante* MRP estimate, and another using an *ex-post* MRP estimate). As discussed above, for the purpose of calculating the Company's Cost of Equity the *ex-ante* Market Risk Premium is the appropriate measure for determining investors' current required return from equity investments.

To that point, as shown in Attachment No. RBH-24, using the average of the Colorado DPT's DCF and *ex-ante* CAPM results would produce an ROE

1 estimate of 10.43 percent.¹²⁶ I also note that the Colorado DPT used forecasts of
2 earnings growth as the measure of growth in the DCF analysis, not the additional
3 cash flow growth measure advocated by Mr. Fernandez.

4 Lastly, the Colorado DPT's cost of capital study relies on a market-
5 weighted capital structure consisting of an average equity ratio of 61.00 percent.
6 While I do not advocate the use of the Colorado DPT's cost of capital estimates
7 as an appropriate measure of the Company's Cost of Equity, it is clear the results
8 support neither the methodology used by Mr. Fernandez nor his 9.10 percent
9 ROE recommendation.

**H. Relevance of Pension Funding Assumptions in Estimating the
Company's Cost of Equity**

10 **Q. PLEASE BRIEFLY SUMMARIZE MR. FERNANDEZ' POSITION REGARDING**
11 **THE USE OF PENSION FUNDING ASSUMPTIONS IN ESTIMATING THE**
12 **COMPANY'S COST OF EQUITY.**

13 **A.** Mr. Fernandez cites analyses performed by Pacific Global Advisors ("PGA") and
14 Towers Watson with respect to long-term expected returns used in the context of
15 pension fund planning. Those reports provide expected returns on large
16 capitalization and overall U.S. equities of 9.23 percent, and 8.10 percent,
17 respectively.¹²⁷ Mr. Fernandez suggests "the expected return on domestic equity

¹²⁶ Colorado Division of Property Taxation, Final Colorado Electric Cost of Capital Study for Tax Year 2013, at 1.

¹²⁷ Answer Testimony of Ronald Fernandez, at 44.

1 used for its pension plan should also be viewed as a reasonable return for Public
2 Service's own invested capital.”¹²⁸

3 **Q. WHAT IS YOUR RESPONSE TO MR. FERNANDEZ ON THAT POINT?**

4 A. First, Mr. Fernandez ignores limiting conditions established by PGA concerning
5 the use of data contained in its report. In fact, in the Company's last rate case
6 Mr. Fernandez provided a copy of the PGA report as an exhibit to his
7 testimony.¹²⁹ As I noted in that proceeding, on its first page the PGA report
8 stated that:

9 This report is for informational purposes only. Do not use this
10 report as a primary basis for investment decisions or for decisions
11 pertaining to plan funding, accounting, or related regulatory
12 requirements.¹³⁰

13 The report goes on to note that:

14 ...this report is provided by Pacific Global Advisors for informational
15 purposes only and may not be used or relied upon as the basis for
16 determining required contributions, or for any regulatory reporting
17 or public disclosure...¹³¹

18 PGA's stated limitations on use indicate that the report is for informational
19 purposes only, and call into question Mr. Fernandez' use of the data contained in
20 the report. Even if that were not the case, Mr. Fernandez' position is misplaced
21 and not relevant to the determination of the Company's Cost of Equity.
22 Importantly, Mr. Fernandez has failed to consider the crucial distinction between

¹²⁸ *Ibid.*

¹²⁹ Answer Testimony of Ronald Fernandez, Docket No. 12AL-1268G, Confidential Exhibit RAF-7A.

¹³⁰ *Ibid.*, at 3.

¹³¹ *Ibid.*, at 28.

1 *expected* and *required* returns. In that regard, it is important to recognize that a
2 pension fund asset manager will match the expected returns available from
3 various asset classes to the expected liabilities that must be funded. An investor
4 seeking to maximize his risk-adjusted return will only invest in a security if the
5 expected return is equal to or greater than the required return. If it is not, the
6 investor will look to alternative investments for which the expected return is
7 compensatory relative to the expected risks. Since expected returns may or may
8 not equal required returns, and given the specific timing requirements included in
9 pension fund investment decisions, the use of pension fund expected returns has
10 no relevance to an assessment of a reasonable required return.

11 From the perspective of a pension asset manager, investment decisions
12 must be made based on expected risks and returns for various asset classes,
13 and subject to the investment objective or expected timing and nature of the
14 liabilities being funded by those investments. In doing so, they must consider: (1)
15 the diversification of the portfolio; (2) the liquidity and current return of the
16 portfolio relative to the expected cash flow requirements under the plan; (3) the
17 portfolio's projected return relative to the plan's funding objective; and (4) the
18 return expected on alternative investments with similar risks.¹³² Pension asset
19 managers, therefore, are concerned with investing funds at an expected return in
20 order to meet expected liabilities.

¹³² 29 CFR 2509.908-1, *Interpretive bulletin relating to the fiduciary standard under ERISA in consider economically targeted investments*, October 17, 2008.

1 An individual investor, on the other hand, decides whether to commit
2 capital to a given security based on the return that they require in order to be
3 compensated for the risks associated with the ownership of that security. As
4 noted earlier, if the expected return is less than the required return, the investor
5 would not commit capital, but instead commit their capital to alternative
6 investments with appropriate risk-adjusted returns.

7 In essence, Mr. Fernandez appears to rationalize his ROE estimates and
8 recommendation by reference to pension funding assumptions that have no
9 relevance to the Company's Cost of Equity, while he fails to take into
10 consideration other very visible and widely available measures of market returns.
11 For example, Mr. Fernandez relies heavily on Value Line for his evaluation of the
12 appropriate growth rate used in his Constant Growth DCF analyses. As shown in
13 Attachment No. RBH-13, and as used in my CAPM analysis, Value Line projects
14 a weighted average total return of 12.74 percent for the S&P 500 Index.

15 **Q. HAVE OTHER REGULATORY COMMISSIONS NOTED THE PITFALLS IN**
16 **COMPARING PENSION FUND EXPECTED RETURNS TO THE**
17 **APPROPRIATE ROE FOR A UTILITY?**

18 A. Yes. The distinction between expected and required returns, and the time
19 horizon of the liabilities being funded by pension assets was noted quite clearly
20 by the Arkansas Public Service Commission in Docket No. 04-121-U:

1 It is well established that expected returns may be less than, equal
2 to or greater than required returns. For that reason, expected
3 returns cannot be used directly as a proxy for required returns,
4 which is the information sought in a general rate case.¹³³

5 The Missouri Public Service Commission also spoke to the use of pension
6 fund expectations in Case No. ER-2010-0036:

7 The problem with using a pension fund's expectations in this way is
8 that pension funds have different investment goals and thus are not
9 well suited to assessing the cost of equity capital in a rate
10 proceeding.¹³⁴

11 Similarly, the California Public Utilities Commission in Application 07-05-
12 003 stated that, "Pension return assumptions are not comparable to the ROE
13 used in utility ratemaking,"¹³⁵ because the objectives of pensions funds and equity
14 investors are not aligned, and pension fund returns are based on the market
15 value of the assets and a utility's ROE is applied to its rate base.¹³⁶

16 **Q. DO FINANCE TEXTS SUGGEST THAT A COMPANY'S COST OF EQUITY**
17 **CAN BE ASSESSED IN THE CONTEXT OF PENSION ASSET EXPECTED**
18 **RETURNS?**

19 **A.** No, they do not. Widely used finance texts recommend the use of multiple
20 models in estimating the Cost of Equity, in particular the DCF, CAPM, Risk
21 Premium, and Arbitrage Pricing Theory approaches. In order to determine

¹³³ Order No. 16, Docket No. 04-121-U, Arkansas Public Service Commission, September 19, 2005, at 46.

¹³⁴ Report and Order, Case No. ER-2010-0036, Missouri Public Service Commission, May 28, 2010 at para. 19.

¹³⁵ Decision 07-12-049, Application 07-05-003, California Public Utilities Commission, December 21, 2007, at 45.

¹³⁶ *Ibid.*, at 44.

1 whether Mr. Fernandez' use of broad market expected returns used for the
2 purposes of pension asset management also is an approach recommended by
3 finance texts, I reviewed articles published in financial journals that speak to the
4 methods used by analysts to estimate the Cost of Equity. As early as 1985
5 Brigham, Shome, and Vinson addressed methods used to estimate the Cost of
6 Equity for regulated utilities. In their introduction, the authors noted that:

7 In the mid-1960s, Myron Gordon and others began applying the
8 theory of finance to help estimate utilities' costs of capital.
9 Previously, the standard approach in cost of equity studies was the
10 "comparable earnings method," which involved selecting a sample
11 of unregulated companies whose investment risk was judged to be
12 comparable to that of the utility in question, calculating the average
13 return on book equity (ROE) of these sample companies, and
14 setting the utility's service rates at a level that would permit the
15 utility to achieve the same ROE as the comparable companies.
16 This procedure has now been thoroughly discredited...and it has
17 been replaced by three market-oriented approaches: (i) the DCF
18 method, (ii) the bond-yield-plus-risk-premium method, and (iii) the
19 CAPM, which is a specific version of the generalized bond-yield-
20 plus-risk-premium approach.¹³⁷

21 Similarly, an article published in Financial Analysts Journal surveyed
22 financial analysts to determine the analytical techniques that are used in
23 practice.¹³⁸ Regarding stock price valuation and cost of capital estimation, the
24 author asked respondents to comment only on the DCF, CAPM, and Economic
25 Value Added models. Nowhere in that article did the author consider asking

¹³⁷ Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, Financial Management, Spring, 1985, at 33.

¹³⁸ See Stanley B. Block, *A Study of Financial Analysts: Practice and Theory*, Financial Analysts Journal, July/August, 1999.

whether surveys of expected returns or pension fund assumptions are relevant to the determination of the cost of capital.

Q. PLEASE SUMMARIZE YOUR POSITION ON THIS ISSUE.

A. Mr. Fernandez' assertions are premised on the faulty assumption that expected returns stated in the context of pension-funding assumptions are the same as returns *required* by equity investors. A review of financial literature demonstrates that the accepted approaches to estimating the Cost of Equity include the methodologies contained in my Direct and Rebuttal Testimonies; none of the sources reviewed suggested that pension funding assumptions can or should be used as the basis for determining the Cost of Equity. That distinction clearly has been accepted by regulatory commissions, at least three of which have explicitly rejected attempts to link the two. Consequently, it is my view that Mr. Fernandez' position is wrong, is not supported by financial literature or the application of the principles of finance within the financial community, and should be given no weight by the Commission in the determination of the Company's ROE.

I. Implications of Xcel Energy's Stock Price Performance

Q. PLEASE SUMMARIZE MR. FERNANDEZ' ASSESSMENT OF XCEL ENERGY'S ABILITY TO ATTRACT EQUITY CAPITAL.

A. Mr. Fernandez reviews the stock price performance of Xcel Energy from 2008 through 2013 relative to the "EEI index" and suggests that as a result of its

1 relatively positive performance, Xcel Energy has not had any difficulties attracting
2 equity capital.¹³⁹

3 **Q. WHAT IS YOUR RESPONSE TO MR. FERNANDEZ ON THAT POINT?**

4 A. While Mr. Fernandez concludes that Xcel Energy's positive stock price
5 performance over the 2008 – 2013 period indicates Xcel Energy has no problem
6 attracting capital, he fails to recognize that since at least the beginning of 2013
7 the electric utility industry has substantially underperformed the market. As
8 discussed in my response to Dr. England, Xcel Energy has performed in line with
9 the electric utility sector and there is no indication that Xcel Energy's ability to
10 attract capital is substantially different than that of the companies in the S&P 500
11 Electric Utility Index. It is unclear, therefore, why Mr. Fernandez is
12 recommending an ROE so far below the 9.96 average ROE authorized for
13 vertically integrated electric utilities over the past twelve months.

14 As noted in my response to Dr. England, an ROE as low as 9.10 percent
15 would put pressure on the Company's credit metrics and diminish the Company's
16 ability to maintain its financial profile and flexibility. As such, Mr. Fernandez'
17 review of Xcel Energy's five-year return performance is far too summary in nature
18 to provide meaningful insights to investors' expectations in general, and fails to
19 consider the effect of his recommendation on the Company's financial integrity in
20 particular.

¹³⁹ Answer Testimony of Ronald Fernandez, at 41.

J. Effect of Clean Air, Clean Jobs Act Rider on Cost of Equity

Q. PLEASE SUMMARIZE MR. FERNANDEZ' ASSESSMENT OF THE EFFECT OF THE CACJA RIDER ON THE COMPANY'S ROE.

A. Mr. Fernandez suggests the CACJA rider would lower the Company's risks and guarantee "recovery of about a billion dollars in plant investments."¹⁴⁰ Although Mr. Fernandez does not develop an empirical estimate of the CACJA Rider's effect on the Company's risk or cost of capital, he recommends a 25 basis point downward adjustment to the Company's ROE. Mr. Fernandez selected the 25 basis point adjustment based on his observation that the most common adjustment amounts he has observed in regulatory orders approving risk reducing "measures" (when an adjustment was made at all) has been in the 25 to 50 basis point range.¹⁴¹

Q. DO YOU AGREE WITH MR. FERNANDEZ' ASSESSMENT OF THE EFFECT OF THE CACJA RIDER ON THE COMPANY'S COST OF EQUITY?

A. No, I do not. As discussed in more detail in my response to Dr. England, infrastructure recovery riders and other cost recovery mechanisms are common among vertically integrated utilities. Mr. Fernandez has provided no analysis, which would indicate the CACJA rider is so risk mitigating relative to the mechanisms in place at the proxy group operating utilities that it would lower investors' return requirements. Moreover, Mr. Fernandez has not identified any

¹⁴⁰ Answer Testimony of Ronald Fernandez, at 3.
¹⁴¹ *Ibid.*

1 mechanisms similar to the CACJA or identified any specific ROE adjustments
2 made by other jurisdictions when approving such a mechanism. His only support
3 is a general observation regarding the “most common” ROE adjustments he
4 observed when reviewing an unspecified set of rate cases, which he indicates
5 approved some form of risk reducing measure. That analysis does not indicate
6 that other jurisdictions commonly (or currently) reduce ROE for mechanisms
7 such as the CACJA rider.

K. Effect of the Use of a Future Test Year on Cost of Equity

8 **Q. MR. FERNANDEZ RECOMMENDS A 25 BASIS POINT REDUCTION TO THE**
9 **COMPANY’S ROE IF THE PROPOSED FUTURE TEST YEAR IS ADOPTED.**
10 **WHAT IS YOUR RESPONSE TO MR. FERNANDEZ ON THAT POINT?**

11 A. Mr. Fernandez’ conclusion lacks empirical support and he has provided no
12 quantitative analysis or other evidence to support his proposed adjustment of 25
13 basis points. 21 of the 48 rate cases completed in the past twelve months (in
14 which a test year was specified) relied on a forecast test year. Looking
15 specifically at operating utilities within my combined proxy group, 6 of 11 rate
16 cases relied on future test years, which suggests that approval of a forecasted
17 test year would not make Public Service less risky than the proxy group
18 companies.¹⁴² Further, there is no evidence that equity investors would perceive

¹⁴² See Attachment No. RBH-25. Removing the limited-issue riders from the analysis produces similar results: 14 of the 39 rate cases completed in the past twelve months relied on a future test

1 a utility as less risky because it has a better chance to achieve its authorized
2 return. As such, I recommend that the Commission reject Mr. Fernandez'
3 proposed adjustment.

L. Application of Ibbotson Industry Equity Risk Premium

4 **Q. WHAT IS YOUR RESPONSE TO MR. FERNANDEZ' SUGGESTION THAT HIS**
5 **RECOMMENDATION IS CONSERVATIVE BECAUSE IT DOES NOT INCLUDE**
6 **AN ADJUSTMENT TO REFLECT IBBOTSON'S UTILITY INDUSTRY RISK**
7 **PREMIA.**

8 A. Mr. Fernandez suggests that the "equity risk premium should be reduced
9 between 3.6% and 4.1% to take into account the lower risks of this highly
10 regulated industry," and that his results are therefore conservative because he
11 did not make such an adjustment.¹⁴³ However, Ibbotson's Industry Risk Premia
12 are provided as inputs to the "Build-up" method of calculating the Cost of Equity
13 and do not apply to the DCF, CAPM or Risk Premium models used by either Mr.
14 Fernandez or myself in this proceeding. For example, the DCF and CAPM
15 analyses already reflect industry specific risk because those models rely on data
16 (such as Beta coefficients, dividend yields and growth rates) derived from a
17 group of comparable electric utility companies that were selected to reflect the
18 operating and business risks of Public Service.

year; looking at the operating utilities within my proxy group, 4 of 7 rate cases relied on future test years.

¹⁴³ Answer Testimony of Ronald Fernandez, at 49.

1 I note the 2014 Valuation Handbook by Duff & Phelps (which now
2 publishes the data that was previously available in the Ibbotson Valuation
3 Yearbook cited by Mr. Fernandez) states:

4 Industry risk premia are a measure of “beta” risk. Industry risk
5 premium should not be used within the context of the CAPM or any
6 other method of cost of capital estimation that already has a beta,
7 because by doing so you will be double-counting beta risk.¹⁴⁴
8

9 Mr. Fernandez’ proposed adjustment is, therefore, unnecessary and the
10 assertion that his results are somehow conservative is misplaced.

¹⁴⁴ Duff & Phelps, 2014 Valuation Handbook, at 5-15.

1 **V. RESPONSE TO THE ANSWER TESTIMONY OF MR. O'DONNELL**

2 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF MR. O'DONNELL'S DIRECT**
3 **TESTIMONY AND RECOMMENDATION.**

4 A. Mr. O'Donnell recommends an ROE of 9.25 percent, based on his application of
5 the Constant Growth DCF, Multi-Stage DCF and "comparable earnings"
6 approaches. In performing his analyses, Mr. O'Donnell reviews data for a proxy
7 group of 20 companies, as well as Xcel Energy Inc., the parent of Public Service.
8 In applying his DCF analysis, Mr. O'Donnell reviews a variety of historical and
9 prospective growth rates for each of his proxy companies. His eventual
10 comparable group DCF results, which range from 8.05 percent to 8.65 percent
11 based on the Constant Growth form of the model, and 7.50 percent to 8.00
12 percent based on the Multi-Stage form, are based on his conclusion that a
13 "proper" range of growth rates is from 4.25 percent to 4.75 percent.¹⁴⁵

14 **Q. WHAT ARE KEY AREAS OF DISAGREEMENT BETWEEN YOU AND MR.**
15 **O'DONNELL?**

16 A. There are several areas in which I disagree with Mr. O'Donnell's approach. In
17 general, those areas include: (1) proxy group selection criteria and comparison
18 companies; (2) the growth rate estimates used in the Constant Growth DCF

¹⁴⁵ See Answer Testimony of Kevin W. O'Donnell, at 39. Mr. O'Donnell also includes DCF results for Xcel Energy, which range from 8.80 percent to 9.50 percent based on the Constant Growth form of the model, and 7.75 to 8.25 percent based on the Multi-Stage form.

1 model; (3) the assumptions used in and application of the Multi-Stage DCF
2 model; (4) the use of the CAPM model to estimate the Cost of Equity; (5) the
3 appropriate flotation cost adjustment; and (6) the reasonableness of the
4 Company's capital structure.

A. Proxy Group Selection Criteria and Comparison Companies

5 **Q. PLEASE SUMMARIZE THE SCREENING CRITERIA BY WHICH MR.**
6 **O'DONNELL DEVELOPED HIS PROXY GROUP.**

7 A. Mr. O'Donnell began with the companies listed in Value Line's Electric
8 Utility Industry group and arrived at his proxy group by including only companies
9 that met the following three screening criteria:

- 10 1. S&P Quality Ranking of B+ or A-;
- 11 2. Pays dividends, or has not recently cut or reinstated dividends; and
- 12 3. Has not recently been subject to merger activity.¹⁴⁶

13 Based on those criteria, Mr. O'Donnell arrived at the group of 20 companies
14 contained in his Exhibits KWO-2 through 5.¹⁴⁷

15 **Q. ARE THE SCOPE AND DEFINITION OF THE SCREENS APPLIED BY MR.**
16 **O'DONNELL GENERALLY CONSISTENT WITH THOSE APPLIED IN YOUR**
17 **DIRECT TESTIMONY?**

18 A. While certain of the screening criteria are common to our analyses, there are
19 significant differences between our approaches. In my view, Mr. O'Donnell's

¹⁴⁶ See Answer Testimony of Kevin W. O'Donnell, at 21-22.

¹⁴⁷ See Answer Testimony of Kevin W. O'Donnell, Exhibits KWO-2 through 5.

1 screening criteria are far too general and result in a proxy group that includes
2 companies that are not sufficiently comparable to Public Service.

3 **Q. IS THERE EVIDENCE THAT THE INVESTMENT COMMUNITY VIEWS**
4 **UTILITIES AS A GROUP OF COMPANIES WITH VARIED OPERATING**
5 **CHARACTERISTICS, AND THAT SUCH PERCEIVED DIFFERENCES**
6 **AFFECT INVESTORS' ASSESSMENTS OF RELATIVE RISKS?**

7 A. Yes, there is. Moody's, for example, noted that "[r]egulated electric and gas
8 companies are a diverse universe in terms of business model (ranging from
9 vertically integrated to unbundled generation, transmission and/or distribution
10 entities)."¹⁴⁸ As discussed below (as well as in my response to Dr. England),
11 differences in operating risks may result in ROE estimates that are not
12 representative of the Company's risks. I do not believe that Mr. O'Donnell has
13 properly accounted for such diversity of risk in his screening process and as
14 such, his analytical results and recommendation are unnecessarily and
15 unreasonably low.

16 **Q. DO YOU HAVE ANY COMMENTS REGARDING MR. O'DONNELL'S USE OF**
17 **THE S&P QUALITY RANKINGS AS A SCREENING CRITERION?**

18 A. While I do not disagree with the use of independent credit agency ratings as a
19 screening criterion, I disagree with Mr. O'Donnell's use of S&P's quality rankings
20 in lieu of credit ratings. As a practical matter, changes in credit ratings are

¹⁴⁸ Moody's Investors Service, *Rating Methodology: Regulated Electric and Gas Utilities*, August 2009 at 1.

1 newsworthy events, and can, at a minimum, increase a company's borrowing
2 costs and access to capital, and in some cases have more far-reaching effects
3 such as triggering redemptions, collateral requirements, and other contractual
4 clauses. For instance, Xcel Energy, when disclosing risk factors in its 2013 SEC
5 Form 10-K, stated, "Any reductions in our credit ratings could increase our
6 financing costs and the cost of maintaining certain contractual relationships."¹⁴⁹

7 Quality rankings, which attempt to distill historical data regarding
8 earnings and dividends to a single ranking (*i.e.*, B, B+, A- etc.),¹⁵⁰ are far less
9 relevant to the process of establishing a forward-looking ROE by reference to
10 comparable companies than are credit ratings, which consider a broad array
11 of current and potential regulatory, business, and financial risks.

12 **Q. DO YOU AGREE WITH MR. O'DONNELL'S SOLE RELIANCE ON**
13 **COMPANIES WITH S&P QUALITY RANKINGS OF B+ AND A- AS A PROXY**
14 **FOR PUBLIC SERVICE?**

15 A. No, I do not. While Mr. O'Donnell chooses companies one notch *above* Public
16 Service's B+ ranking, he does not consider companies one notch *below* Public
17 Service's ranking. That approach biases his proxy group toward companies with
18 S&P Quality Rankings higher than Public Service's ranking. In selecting my
19 proxy group, I included all companies with investment grade credit ratings; doing

¹⁴⁹ Xcel Energy Inc., SEC Form 10-K for the Fiscal Year ended December 31, 2013, at 42.

¹⁵⁰ See *Standard & Poor's Quality Rankings Portfolio Performance, Risk, and Fundamental Analysis*, October 2005, at 5-7.

1 so includes companies with credit ratings both above and below Public Service's
2 A- credit rating.

3 **Q. DO YOU AGREE WITH MR. O'DONNELL'S CONSIDERATION OF XCEL**
4 **ENERGY, THE PARENT COMPANY OF PUBLIC SERVICE, IN HIS**
5 **ANALYSES?**

6 A. No, I do not. As noted in my Direct Testimony, it is my practice to exclude parent
7 companies from the proxy groups of subsidiary utilities, as the inclusion of a
8 parent involves circular logic.¹⁵¹ Consequently, I do not include Xcel Energy in
9 my ROE analyses. In addition, although Mr. O'Donnell notes the ALJ in
10 Proceeding No. 12AL-1268G stated that investors in Public Service must
11 evaluate Xcel Energy data, the ALJ and the Commission relied on Staff's proxy
12 group in that proceeding, which did not include Xcel Energy.¹⁵²

13 **Q. DO YOU HAVE ANY OTHER CONCERNS WITH MR. O'DONNELL'S PROXY**
14 **GROUP?**

15 A. Yes, I do. Specifically, Mr. O'Donnell's screening criteria allow for transmission
16 and distribution-only utilities (such as Consolidated Edison) which, for the
17 reasons I discussed above in my response to Dr. England, generally have lower
18 risk profiles compared to vertically integrated utilities such as Public Service.¹⁵³
19 As such, I do not believe that transmission and distribution-only utilities are

¹⁵¹ Direct Testimony of Robert B. Hevert, at 16.

¹⁵² See Decision No. R13-1307, Docket No. 12AL-1268G, October 22, 2013, at 102; Decision No. C13-1568, Docket No. 12AL-1268G, December 11, 2013, at 14; and Answer Testimony of Dr. Scott E. England, Docket No. 12AL-1268G, at 12.

¹⁵³ Please also see my response to Dr. England on this point.

1 reasonable proxies for Public Service, especially since there is a sufficiently large
2 universe of vertically integrated electric utilities.

3 **Q. WHAT ARE YOUR CONCLUSIONS REGARDING MR. O'DONNELL'S PROXY**
4 **GROUP?**

5 A. As stated above, I continue to believe my screening criteria are appropriate.
6 Including companies both one notch above and below Public Service's B+
7 ranking would merely eliminate an element of bias in Mr. O'Donnell's results. As
8 such, I have continued to rely on my proxy group in my updated analytical
9 results.

B. Constant Growth DCF Model Growth Rate Estimates

10 **Q. WHAT GROWTH RATES DID MR. O'DONNELL CONSIDER IN HIS**
11 **CONSTANT GROWTH DCF ANALYSIS?**

12 A. Mr. O'Donnell reviews a variety of growth rates, including: (1) the historical and
13 projected "plowback ratio" (also referred to herein as "sustainable growth" rates
14 or "retention growth" rates) as reported by Value Line; (2) the historical ten-
15 year and five-year compound annual growth rates in earnings per share
16 ("EPS"), book value per share ("BVPS"), and dividends per share ("DPS") growth
17 rates as reported by Value Line; (3) the Value Line projected EPS, BVPS, and

1 DPS growth rates; and (4) consensus projected EPS growth rates, as reported
2 by Yahoo Finance¹⁵⁴ and Charles Schwab & Co.¹⁵⁵

3 **Q. DO YOU AGREE WITH THE GROWTH RATE ASSUMPTIONS REFLECTED IN**
4 **MR. O'DONNELL'S ANALYSES?**

5 A. No, I do not. As to the use of dividend and book value growth rates, it is
6 important to realize that earnings growth enables both. That is, book value can
7 increase over time only through the addition of retained earnings, or with the
8 issuance of new equity. Both of those factors are derivative of earnings: retained
9 earnings increases with the amount of earnings not distributed as dividends; and
10 the price at which new equity is issued is a function of the EPS and the then-
11 current Price/Earnings ("P/E") ratio. Similarly, as noted in my Direct Testimony,
12 earnings are the fundamental driver of a company's ability to pay dividends.¹⁵⁶
13 Corporate decisions to manage the dividend payout ratio for the purpose of
14 minimizing future dividend reductions, or to signal future earnings prospects can
15 influence dividend growth rates in near-term periods in a manner that is
16 disproportionate to earnings growth.

17 I also note that under the strict assumptions of the Constant Growth DCF
18 model, earnings, dividends and stock prices all grow at the same, constant rate.

¹⁵⁴ As noted by Mr. O'Donnell, the growth rates reported by Yahoo Finance are recorded by Thomson Financial Network. They represent the same source of growth rates I rely on and reference as First Call. See Answer Testimony of Kevin W. O'Donnell, at 25.

¹⁵⁵ See Answer Testimony of Kevin W. O'Donnell, at 25.

¹⁵⁶ Direct Testimony of Robert B. Hevert, at 27. See *also*, Answer Testimony of Kevin W. O'Donnell, at 24, as Mr. O'Donnell also recognizes the importance of earnings growth as "a key element in analyzing what if any growth can be expected in dividends".

1 As Attachment No. RBH-26 demonstrates, under those assumptions, the
2 assumed growth rate equals the rate of capital appreciation (*i.e.*, the stock price
3 growth rate). Given that investors tend to value common equity on the basis of
4 P/E ratios, the expected (and required) Return on Equity is a function of the long-
5 term growth in earnings, not dividends or book value. It also is important to note
6 that Value Line is the only service relied on by Mr. O'Donnell that provides either
7 DPS, BVPS, or retention growth projections. To the extent that the earnings
8 projections services such as Zacks and First Call represent consensus
9 estimates, the results are less likely to be biased in one direction or another due
10 to an individual analyst.

11 In addition, Mr. O'Donnell reasons that the historical growth rates he
12 presents are relevant to the determination of the Company's Cost of Equity since
13 it is "information on which investors base their expectations."¹⁵⁷ To the extent that
14 analysts such as those included in Mr. O'Donnell's First Call and Charles
15 Schwab consensus earnings growth estimates already consider historical
16 information in arriving at their conclusions and recommendations, any additional
17 consideration would over-weight the informational content of historical growth
18 rates.

¹⁵⁷ Answer Testimony of Kevin W. O'Donnell, at 25.

1 In any event, academic research has clearly indicated that measures of
2 earnings and cash flow are strongly related to stock valuation.¹⁵⁸ As discussed
3 below, that conclusion holds true for the universe of companies that Mr.
4 O'Donnell considered in developing his proxy group. Consequently, neither
5 dividend nor book value growth should be used in the application of the
6 Constant Growth DCF model. Rather, projected earnings growth rates are the
7 appropriate measure of long-term growth.

8 **Q. DID YOU PERFORM ANY ANALYSES TO ASSESS THE RELATIONSHIP**
9 **BETWEEN STOCK PRICES AND HISTORICAL AND PROJECTED**
10 **EARNINGS, DIVIDEND AND BOOK VALUE GROWTH RATES.**

11 A. Yes, I did. As discussed in my response to Mr. Baudino, I performed a series of
12 regression analyses in which the historical and projected growth rates were
13 included as explanatory variables, with the P/E ratio as the dependent variable.
14 The intent of those analyses was to determine whether or not historical and

¹⁵⁸ In *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, published in Financial Management, Spring 1985, Brigham, Shome and Vinson noted that "evidence in the current literature indicates that (1) analysts' forecasts are superior to forecasts based solely on time series data; and (2) investors do rely on analysts' forecasts." Similarly, in a review of literature regarding the extent to which analyst forecasts are reflected in stock prices (Using Analyst's Growth Forecasts to Estimate Shareholder Required Rates of Return, Financial Management, Spring 1986), Harris noted: "VanderWeide and Carleton recently compare consensus [financial analyst forecasts] of earnings growth to 41 different historical growth measures. They conclude that 'there is overwhelming evidence that the consensus analysts' forecast of future growth is superior to historically-oriented growth measures in predicting the firm's stock price...consistent with the hypothesis that investors use analysts' forecasts, rather than historically-oriented growth calculations, in making stock buy and sell decisions.'" The VanderWeide and Carleton study was updated in 2004 under the direction of Dr. VanderWeide. The results of the updated study were consistent with the original study's conclusions.

1 projected earnings, book value and dividend growth rates are statistically related
2 to the companies' valuation levels.

3 **Q. WHAT DID THOSE ANALYSES REVEAL?**

4 A. As shown in Attachment No. RBH-23, the results indicate that the only
5 statistically significant variable was the projected EPS growth rate. That is, none
6 of the historical or projected DPS or BVPS growth rates, nor historical EPS
7 growth rates have a statistically significant relationship to valuation levels. Since
8 the DCF model defines stock prices as a function of growth rates, only those
9 growth rates that have a strong theoretical and empirical relationship to valuation
10 levels should be used in the analysis. Consequently, projected EPS growth rates
11 are the appropriate measure of growth for the purpose of the DCF models.

12 **Q. HOW DOES MR. O'DONNELL CALCULATE THE SUSTAINABLE GROWTH**
13 **RATES USED IN HIS CONSTANT GROWTH DCF ANALYSIS?**

14 A. Mr. O'Donnell calculates the retention growth rates by obtaining the "percent
15 retained to common equity" from Value Line. As Mr. O'Donnell explains, the
16 estimate is calculated as the product of the expected earned return on common
17 equity ("R"), and the retention ratio (*i.e.*, the portion of earnings not paid out in
18 dividends, or "B").¹⁵⁹

¹⁵⁹ See Answer Testimony of Kevin W. O'Donnell, at 23.

1 **Q. DO YOU AGREE WITH MR. O'DONNELL'S ESTIMATE OF THE "PLOWBACK**
2 **GROWTH" RATE THAT IS IN HIS CONSTANT GROWTH DCF ANALYSIS?**

3 A. No, I do not. The full form of the "plowback growth," or retention growth,
4 (sometimes referred to as "sustainable growth") model is based on the
5 proposition that a firm's growth is a function of its expected earnings
6 (represented as "r," or the expected Return on Common Equity), the extent to
7 which it retains earnings to invest in the enterprise (represented by "b," or the
8 extent to which the company retains those earnings), and the degree to which
9 external financing enables future growth. The form of the model that Mr.
10 O'Donnell relies on projects growth as a function of retained income, alone.¹⁶⁰
11 That is, Mr. O'Donnell's estimate of retention growth fails to account for future
12 equity issuances that also can be a source of growth. If Mr. O'Donnell is going to
13 consider a form of retention growth in his DCF analyses, he should use the "br +
14 sv" form of the model, which reflects growth both from internally generated funds
15 (*i.e.*, the "br" term) and from issuances of equity (*i.e.*, the "sv" term). Failure to do
16 so understates long-term growth, as defined by this model.

¹⁶⁰ As Attachment No. RBH-34 demonstrates, the "b x r" method is equivalent to Value Line's "Retained to Common Equity" rate (differences are due to rounding).

1 **Q. ARE THERE OTHER REASONS TO DOUBT THE RESULTS OF DCF**
2 **ANALYSES THAT RELY ON SUSTAINABLE GROWTH FOR ELECTRIC**
3 **UTILITIES IN PARTICULAR?**

4 A. Yes. As discussed in further detail in my response to Mr. Gorman, I have
5 provided certain analyses that call into question the use of Sustainable Growth
6 rates for electric utilities.¹⁶¹

7 **Q. WHAT ARE YOUR CONCLUSIONS REGARDING THE APPROPRIATE**
8 **GROWTH RATE FOR THE CONSTANT GROWTH DCF MODEL?**

9 A. Based on the analyses and research noted above, my conclusion is that
10 projected Earnings per Share represent the appropriate measure of growth in the
11 Constant Growth DCF model. I therefore have continued to rely on projected
12 EPS growth rates from Value Line, Zacks, and First Call in developing my
13 Constant Growth and Multi-Stage DCF results.

14 **Q. WHAT EFFECT WOULD THE USE OF PROJECTED EPS GROWTH RATES**
15 **HAVE ON MR. O'DONNELL'S DCF ANALYSIS?**

16 A. As noted earlier, the 4.25 percent to 4.75 percent range that underlies Mr.
17 O'Donnell's DCF estimate is based on his subjective judgment. As a result, there
18 is no underlying analysis to be replicated, and it is difficult to say how each of the
19 growth rates presented in Mr. O'Donnell's testimony weigh in his DCF analysis,
20 and in his conclusion.

¹⁶¹ See Attachment No. RBH-34 and 35.

C. Application of Multi-Stage DCF Model

1 **Q. PLEASE DESCRIBE MR. O'DONNELL'S APPLICATION OF THE MULTI-**
2 **STAGE DCF MODEL?**

3 A. For each of his proxy companies, Mr. O'Donnell calculated stock prices based on
4 one-week, four-week and 13-week averages as well as dividends as of October
5 17, 2014. Mr. O'Donnell then calculated projected dividends for the period 2015
6 through 2029, using Value Line dividends per share growth rates for the 2015
7 through 2019 period and the Congressional Budget Office's ("CBO") forecast of
8 GDP for the 2020 through 2029 period. The terminal stock price was calculated
9 by forecasting Earnings Per Share over the forecast period, again relying on
10 Value Line for Earnings Per Share growth rates over the 2015 through 2019
11 period, and the CBO forecast of GDP for the period 2020 through 2029. Mr.
12 O'Donnell then calculated an internal rate of return based on the initial stock
13 price, the forecasted dividends and the terminal stock price.¹⁶²

14 **Q. DO YOU HAVE ANY CONCERNS WITH THE STRUCTURE OF MR.**
15 **O'DONNELL'S MULTI-STAGE DCF MODEL?**

16 A. Yes, I do: (1) Mr. O'Donnell's Multi-Stage DCF approach fails to account for the
17 effect of changing payout ratios over time; (2) Mr. O'Donnell did not calculate the
18 implied P/E and Price to Earnings Growth ("PEG") ratios resulting from his
19 analysis; (3) the dividend growth rates used in the analysis are largely dependent

¹⁶² Answer Testimony of Kevin W. O'Donnell, at 31-32.

on a single analysts (i.e., Value Line); and (4) the long-term growth rate relied on for the 2020-2029 period is based on a forecast from the CBO which ends in 2024.

Q. DO YOU BELIEVE IT IS APPROPRIATE TO ASSUME THAT PAYOUT RATIOS AND P/E RATIOS WILL CHANGE OVER THE FORECAST PERIOD?

A. Yes. As discussed in my Direct Testimony, the application of the Multi-Stage DCF model allows an analyst to address some of the limiting assumptions of the Constant Growth DCF model, including that the payout ratio and P/E ratio will remain constant in perpetuity. It is unlikely that all of the companies in the proxy group would maintain their current payout ratio in perpetuity. In addition, payout ratio forecasts are readily available from Value Line (a source Mr. O'Donnell relies on extensively in his application of the Multi-Stage DCF model). For example, Value Line forecasts IDACORP, Inc.'s payout ratio to increase from 51.00 percent in 2014 to 58.00 percent in the 2017 to 2019 period. Mr. O'Donnell's application of the multi-stage DCF model fails to account for these changes over time.

Similarly, it is unclear that P/E ratios for the proxy group will be the same today as they are in 2029 (i.e., the final year in Mr. O'Donnell's Multi-Stage DCF analysis), which Mr. O'Donnell has assumed to be the case. Although I believe it is reasonable to calculate ratios such as the P/E and PEG to confirm that they are within a reasonable range of historical or expected measures, simply applying the current P/E ratio to the forecasted earnings to calculate the terminal

1 value of the stock prices (as Mr. O'Donnell has done) introduces a limiting factor
2 into the model.

3 **Q. DO YOU BELIEVE IT IS APPROPRIATE TO RELY EXTENSIVELY ON THE**
4 **FORECASTS OF A SINGLE ANALYST IN THE MULTI-STAGE DCF**
5 **ANALYSIS?**

6 A. No. In fact, Value Line is the only service relied on by Mr. O'Donnell that
7 provides DPS projections. In addition, Mr. O'Donnell excludes the First Call and
8 Charles Schwab projections of EPS, which were used in his constant growth
9 DCF analysis, and relies only on Value Line to calculate the terminal value.¹⁶³ To
10 the extent that the earnings projections services such as Zacks and First Call
11 represent consensus estimates, the results are less likely to be biased in one
12 direction or another as a result of an individual analyst. As such, Mr. O'Donnell's
13 exclusive use of Value Line projections in the 2015 to 2019 period represents the
14 assumptions of a single analyst and not a consensus projection.

15 **Q. WHAT ARE YOUR CONCERNS REGARDING MR. O'DONNELL'S USE OF**
16 **THE CBO GDP GROWTH RATES?**

17 A. As a preliminary matter, Mr. O'Donnell and I agree that it is appropriate to rely on
18 an estimate of GDP in the final stage of the model. However, Mr. O'Donnell has
19 applied the CBO forecast that ends in 2024 to the period 2020 through 2029.
20 That is, the CBO does not provide a forecast of GDP growth for the final five

¹⁶³ Mr. O'Donnell applies the Value Line EPS growth rates over the 2015 to 2019 period.

1 years of Mr. O'Donnell's analysis. The third stage growth rate used in my multi-
2 stage DCF analysis, on the other hand, starts in 2024 and is calculated as the
3 *expected* terminal growth rate as of that time.

4 In addition, the CBO's projection of GDP through 2024 is suppressed due
5 to relatively short-term events. In fact, the CBO projects GDP growth to be lower
6 over the next ten years than the average since 1950.¹⁶⁴ That lower expectation
7 is, in part, a result of changes in economic incentives caused by federal tax and
8 spending policies, which "are expected to keep hours worked and potential
9 output during the next 10 years lower than they would be otherwise."¹⁶⁵ As noted
10 in my Direct Testimony, the terminal price in the Multi-Stage DCF analysis is
11 interpreted as the present value of the remaining cash flows in perpetuity and
12 thus represents the expected cash flows over a very long period. As such, I do
13 not believe it is appropriate to rely on a forecast of GDP growth rates, in the final
14 stage of the Multi-Stage DCF analysis that is influenced by recent events.

15 **Q. PUTTING ASIDE YOUR DISAGREEMENTS REGARDING THE APPLICATION**
16 **OF THE MODEL, DO YOU BELIEVE MR. O'DONNELL'S MULTI-STAGE DCF**
17 **RESULTS ARE REASONABLE?**

18 A. No, I do not. The results of Mr. O'Donnell's Multi-Stage DCF analysis are well
19 below the lowest authorized ROE in any jurisdiction. As discussed in Section II,
20 the average authorized ROE for vertically integrated utilities over the past twelve

¹⁶⁴ Congressional Budget Office, *The Budget and Economic Outlook: 2014 to 2024*, February 2014, at 4.
¹⁶⁵ *Ibid.*

1 months was 9.96 percent.¹⁶⁶ As such, Mr. O'Donnell's Multi-Stage DCF, which
2 range from 7.56 percent to 7.77 percent provide no meaningful value in
3 determining the ROE for Public Service.

D. Relevance and Application of the CAPM

4 **Q. DOES MR. O'DONNELL INCLUDE THE CAPM IN HIS EVALUATION OF**
5 **PUBLIC SERVICE'S ROE?**

6 A. No, he does not. Mr. O'Donnell states that he does not apply the CAPM because
7 he believes that an underlying is that "calculated risk premiums stay
8 relatively constant over time," and that "such an assumption is just
9 unrealistic."¹⁶⁷ Mr. O'Donnell further suggests that, because he believes that
10 Beta coefficients may not reflect "rapid changes in a company's stock
11 price," the CAPM could produce "meaningless answers."¹⁶⁸ Finally, Mr.
12 O'Donnell concludes that the CAPM model is a "pure academic model," and that
13 investors "simply do not use such an academic model in the daily 'real life'
14 decisions."¹⁶⁹

¹⁶⁶ Mr. O'Donnell acknowledges that the average authorized ROE for electric utilities (including vertically integrated and distribution-only utilities) in 2014 was 9.74 percent, which is approximately 200 basis points above his Multi-Stage DCF results. See Answer Testimony of Kevin W. O'Donnell, at 40.

¹⁶⁷ Answer Testimony of Kevin W. O'Donnell, at 11.

¹⁶⁸ *Ibid.*, at 13.

¹⁶⁹ *Ibid.*, at 15.

1 Q. DO YOU AGREE WITH MR. O'DONNELL'S ASSESSMENT OF THE CAPM
2 MODEL?

3 A. No, I do not. As a preliminary matter, all financial models have an "academic"
4 element. For example, Brigham, Shome, and Vinson addressed methods used
5 to estimate the Cost of Equity for regulated utilities. In their introduction, the
6 authors noted that:

7 In the mid-1960s, Myron Gordon and others began applying the
8 theory of finance to help estimate utilities' costs of capital.
9 Previously, the standard approach in cost of equity studies was
10 the "comparable earnings method," which involved selecting a
11 sample of unregulated companies whose investment risk was
12 judged to be comparable to that of the utility in question, calculating
13 the average return on book equity (ROE) of these sample
14 companies, and setting the utility's service rates at a level that
15 would permit the utility to achieve the same ROE as the
16 comparable companies. This procedure has now been
17 thoroughly discredited...and it has been replaced by three
18 market-oriented approaches: (i) the DCF method, (ii) the bond-
19 yield-plus-risk-premium method, and (iii) the CAPM, which is a
20 specific version of the generalized bond-yield-plus-risk-premium
21 approach.¹⁷⁰

22 Similarly, an article published in Financial Analysts Journal surveyed
23 financial analysts to determine the analytical techniques that are used in practice,
24 and this included the CAPM.¹⁷¹ And while Mr. O'Donnell chooses not to use the
25 CAPM because there are certain elements of the model that require the
26 application of reasoned judgment, the DCF model also is subject to

¹⁷⁰ Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, Financial Management, Spring, 1985.

¹⁷¹ See Stanley B. Block, *A Study of Financial Analysts: Practice and Theory*, Financial Analysts Journal, July/August, 1999.

1 disagreement as to its application; much of this portion of my Rebuttal Testimony
2 speaks to the areas in which I believe Mr. O'Donnell has misapplied that model.
3 Mr. O'Donnell's 4.25 percent to 4.75 percent growth estimate, for example, is the
4 result of his judgment in reviewing various measures of growth. As noted earlier,
5 while the CAPM analyses presented in my Direct Testimony can be replicated,
6 Mr. O'Donnell's DCF growth rate estimates cannot.

7 Moreover, while Mr. O'Donnell notes some of the assumptions underlying
8 the CAPM, he fails to point out the limiting assumptions underlying the Constant
9 Growth DCF model: (1) that earnings, dividends and book value grow at the
10 same, constant rate; (2) that the dividend payout ratio stays constant over time;
11 (3) a constant Price/Earnings multiple; and (4) a discount rate greater than the
12 expected growth rate. In my experience, it is difficult to assume that all of those
13 assumptions will hold in perpetuity. Because all financial models are susceptible
14 to the effects of limiting assumptions, it is common to use multiple methodologies
15 in estimating the Cost of Equity.

16 **Q. DO YOU AGREE WITH MR. O'DONNELL'S STATEMENT THAT BETA**
17 **COEFFICIENTS CALCULATED OVER EXTENDED TIME PERIODS MAY NOT**
18 **REFLECT CURRENT MARKET CONDITIONS?**¹⁷²

19 **A.** As a general matter, I agree that may be the case. As noted on page 48 of my
20 Direct Testimony, however, Bloomberg calculates Beta coefficients over two

¹⁷² See Answer Testimony of Kevin W. O'Donnell, at 13-14.

1 year periods, as opposed to the five year period used by Value Line. I also
2 agree that the Market Risk Premium is not static; that is why I perform multiple
3 forward-looking analyses to estimate that variable. In my view, ensuring that the
4 model's inputs reflect current market realities is a far more reasonable approach
5 than simply dismissing the CAPM as "academic."

6 **Q. DO YOU ALSO AGREE WITH MR. O'DONNELL'S ASSERTION THAT THE**
7 **CAPM IS NOT USED IN THE "REAL WORLD"?**

8 A. No, I do not. As noted earlier, the survey by Stanley Block clearly indicated that
9 the CAPM is used by practitioners. In fact, a 2001 article by Professors Graham
10 and Harvey demonstrated that industry practitioners are far more likely to use the
11 CAPM than the DCF model.¹⁷³ As such, I strongly disagree with Mr. O'Donnell's
12 assertion that the CAPM is not used in practice.

13 **Q. DID YOU GIVE SIGNIFICANT WEIGHT TO THE RESULTS OF YOUR CAPM**
14 **ANALYSIS IN ESTIMATING THE ROE FOR PUBLIC SERVICE?**

15 A. No, I did not. As noted in my Direct Testimony, I relied principally on the DCF
16 model results, and considered the CAPM and Risk Premium approaches as a
17 means of corroborating my DCF model results.¹⁷⁴ While we rely on different
18 models, this process is similar to that relied on by Mr. O'Donnell. That is, we
19 both rely principally on our DCF models and use additional models to corroborate

¹⁷³ John R. Graham, Campbell R. Harvey, *The Theory and Practice of Corporate Finance: Evidence from the Field*, *Journal of Financial Economics*, 2001.

¹⁷⁴ Direct Testimony of Robert B. Hevert, at 23.

1 their results.¹⁷⁵ Whereas I have used the CAPM and Risk Premium approaches,
2 Mr. O'Donnell uses the Comparable Earnings approach.

E. Flotation Cost Adjustment

3 **Q. HAS MR. O'DONNELL INCORPORATED A FLOTATION COST ADJUSTMENT**
4 **INTO HIS ROE RECOMMENDATION?**

5 A. No, he has not. In lieu of an adjustment to the ROE, Mr. O'Donnell notes that if
6 the Commission believes the Company should recovery its flotation costs, it
7 should do so by amortizing Public Service's portion of the flotation costs over a
8 10-year period and recover them through operating expenses.

9 **Q. PLEASE DESCRIBE MR. O'DONNELL'S CALCULATION OF FLOTATION**
10 **COSTS.**

11 A. Mr. O'Donnell first sums the flotation costs associated with Xcel Energy's "three
12 common equity issuances over the past ten years." That amount equals
13 approximately \$20.5 million, which Mr. O'Donnell then amortized over ten years
14 to arrive at an annual expense of \$2,053,831. He then applied a 37.91%
15 allocation factor, based on the proportion of Public Service's total assets to the
16 net assets of Xcel Energy, to the annual flotation cost expense to arrive at a
17 Public Service specific expense of \$778,607.¹⁷⁶

¹⁷⁵ Answer Testimony of Kevin W. O'Donnell, at 10.

¹⁷⁶ Answer Testimony of Kevin W. O'Donnell, at 36.

1 **Q. DO YOU HAVE ANY CONCERNS WITH MR. O'DONNELL'S CALCULATION**
2 **OF FLOTATION COSTS?**

3 A. Yes, I do. As a preliminary matter, I disagree with Mr. O'Donnell's suggestion
4 that flotation costs should be recovered through operating expenses. As
5 discussed in my Direct Testimony, flotation costs are not current expenses and
6 are part of the invested costs of the utility, reflected on the balance sheet under
7 "paid in capital."¹⁷⁷ By amortizing the costs over ten years, Mr. O'Donnell fails to
8 recognize the perpetual nature of flotation costs. As noted by Dr. Roger Morin:

9 Unlike the case of bonds, common stock has no finite life so that
10 flotation costs cannot be amortized and therefore must be
11 recovered by way of an upward adjustment to the allowed return on
12 equity.¹⁷⁸

13 In addition, it is unclear why Mr. O'Donnell chose to calculate flotation
14 costs over a ten-year amortization period. Mr. O'Donnell's amortization period is
15 arbitrary and simply changing the period over which flotation costs are calculated
16 significantly changes his results. For example, if the amortization period were
17 changed to five years, his flotation cost adjustment would increase nearly 70.00
18 percent.

¹⁷⁷ Direct Testimony of Robert B. Hevert, at 36.

¹⁷⁸ Roger A. Morin, New Regulatory Finance, Public Utility Reports, Inc., 2006, at 327.

1 **Q. HAS MR. O'DONNELL INCLUDED ALL FLOTATION COSTS INCURRED BY**
2 **XCEL ENERGY OVER THE PAST TEN YEARS?**

3 A. No, he has not. Mr. O'Donnell did not include flotation costs associated with two
4 at-the-market issuances in 2014 totaling approximately \$175 million.¹⁷⁹ Since Mr.
5 O'Donnell's analysis is based on a specific amortization period, by not including
6 recent flotation costs, he has understated the total flotation costs incurred by Xcel
7 Energy.

8 **Q. WHAT IS YOUR POSITION REGARDING A FLOTATION COST**
9 **ADJUSTMENT?**

10 A. As discussed in my Direct Testimony, common equity has an infinite life and as
11 such, flotation costs, which are necessarily incurred to obtain the equity capital
12 needed to invest in the infrastructure used to serve the Company's customers,
13 should be recovered through an adjustment to the ROE. In that regard, the 14
14 basis point flotation cost calculated in Attachment No. RBH-3 to my Direct
15 Testimony includes actual, direct costs incurred by Public Service to issue
16 common equity. Mr. O'Donnell's adjustment, however, is arbitrary, fails to
17 recognize the perpetual nature of flotation costs and does not include all of the
18 issuances over his analysis period.

¹⁷⁹ Source: SNL Financial

1 **VI. RESPONSE TO THE ANSWER TESTIMONY OF MR. BAUDINO**

2 **Q. PLEASE SUMMARIZE MR. BAUDINO'S ROE ANALYSES AND ROE**
3 **RECOMMENDATION IN THIS PROCEEDING.**

4 A. Mr. Baudino recommends an ROE of 8.70 percent, which is based on the results
5 of his Constant Growth, and Two-Stage DCF analyses.¹⁸⁰ Although Mr. Baudino
6 also performs CAPM analyses, he does not incorporate those results in his ROE
7 recommendation.¹⁸¹

8 Mr. Baudino notes that interest rates have declined from January 2005
9 through September 2014, but recognizes that Federal Reserve policy will likely
10 begin to raise short-term interest rates in the near future.¹⁸² Despite the
11 Company's request for a multi-year rate plan, and Mr. Baudino's recognition of
12 the likely direction of interest rates, he claims "It would not be advisable for utility
13 regulators to raise ROEs in anticipation of higher interest rates that may or may
14 not occur."¹⁸³

15 **Q. WHAT ARE THE PRINCIPAL AREAS IN WHICH YOU DISAGREE WITH MR.**
16 **BAUDINO'S ROE ANALYSES?**

17 A. The principal areas in which I disagree with Mr. Baudino include: (1) the
18 composition of his proxy group; (2) the growth rates applied in the Constant
19 Growth DCF model; (3) the long-term growth rate applied in the Multi-Stage DCF

¹⁸⁰ See Answer Testimony of Richard A. Baudino, at 2-3.

¹⁸¹ See Answer Testimony of Richard A. Baudino, at 3.

¹⁸² See Answer Testimony of Richard A. Baudino, at 4-8 and Exhibit No. RAB-2.

¹⁸³ See Answer Testimony of Richard A. Baudino, at 8.

1 model; (4) the risk-free rate and Market Risk Premium used in the CAPM; (5)
2 whether the Bond Yield Plus Risk Premium analysis provides reasonable
3 estimates of the Company's Cost of Equity; (6) the recovery of flotation costs;
4 and (7) our respective assessments of the Company's level of business and
5 financial risk. In addition, while Mr. Baudino and I disagree regarding the
6 selection and composition of our respective proxy groups, those differences do
7 not appear to account for a meaningful difference in our analytical results or
8 recommendations. Nonetheless, I briefly discuss our different proxy company
9 selection criteria, below.

A. Proxy Group Composition

10 **Q. PLEASE SUMMARIZE THE CRITERIA BY WHICH MR. BAUDINO SELECTED**
11 **HIS PROXY GROUP.**

12 A. Mr. Baudino began with the electric utilities included in the October 2014 issue of
13 *AUS Utility Reports*, and arrived at his proxy group by excluding companies that:

- 14 1. Were not rated "A1" or "A" by Moody's or S&P;
- 15 2. Derived less than 50.00 percent of total revenue from regulated electric
16 operations;
- 17 3. Did not have long-term earnings growth forecasts from Value Line and
18 either Zacks or IBES;
- 19 4. Have eliminated dividend payments or recently cut dividend payments;
- 20 5. Were recently, or are currently involved in merger activities or significant
21 restructuring; or

1 6. Had recent experience with significant earnings fluctuations.¹⁸⁴

2 **Q. ARE THE SCOPE AND DEFINITION OF THE SCREENS APPLIED BY MR.**
3 **BAUDINO GENERALLY CONSISTENT WITH THOSE USED IN YOUR DIRECT**
4 **TESTIMONY?**

5 A. While certain of the screening criteria are common to our analyses, there are
6 certain differences between our approaches.

7 **Q. WHAT ARE THE PRIMARY DIFFERENCES BETWEEN YOU AND MR.**
8 **BAUDINO WITH RESPECT TO SCREENING CRITERIA?**

9 A. The majority of the difference in our approaches relate to Mr. Baudino's use of
10 proxy companies that: (1) do not own regulated generation assets; (2) receive
11 less than 10.00 percent of regulated operating income from natural gas
12 operations (in the case of the Combination Proxy Group) and receive less than
13 90.00 percent of their regulated net income from electric operations (in the case
14 of the Electric Proxy Group); and (3) companies with investment grade senior
15 bond and/or corporate credit ratings. As described in my response to Dr.
16 England, utilities such as Public Service that own and operate generation assets
17 are subject to additional risks that distribution-only utilities do not face.

¹⁸⁴ See Answer Testimony of Richard A. Baudino, at 17-18. Note, Mr. Baudino excludes companies that have credit ratings from both Moody's and S&P that are either above, or below A1/A.

B. Application of the Constant Growth DCF Analysis

1 **Q. PLEASE BRIEFLY DESCRIBE MR. BAUDINO'S CONSTANT GROWTH DCF**
2 **ANALYSIS AND RESULTS.**

3 A. Mr. Baudino calculates an average dividend yield of 3.68 percent by dividing
4 each proxy company's annualized dividend by its average monthly stock price for
5 the six-month period from May 2014 to October 2014.¹⁸⁵ For the expected growth
6 rate, Mr. Baudino relies on Earnings Per Share growth rate projections from
7 Value Line, Zacks, and IBES, as well as Dividend Per Share growth rate
8 projections from Value Line.¹⁸⁶ Mr. Baudino then calculates DCF results based
9 on the mean and median growth rate of the four sources noted above, producing
10 eight ROE estimates that range from 8.26 percent to 9.28 percent.¹⁸⁷

11 **Q. PLEASE EXPLAIN YOUR CONCERN WITH MR. BAUDINO'S USE OF**
12 **PROJECTED DIVIDEND GROWTH RATES IN THE DCF MODEL.**

13 A. As noted in my Direct Testimony, earnings are the fundamental driver of a
14 company's ability to pay dividends.¹⁸⁸ Management decisions to conserve cash
15 for capital investments, to manage the dividend payout for the purpose of
16 minimizing future dividend reductions, or to signal future earnings prospects can
17 influence dividend growth rates in near-term periods. Over the long run,

¹⁸⁵ See Answer Testimony of Richard A. Baudino, at 20. Mr. Baudino calculates the average monthly stock price as the average of the highest and lowest stock price for the month; see Exhibit RAB-8.

¹⁸⁶ See Exhibit No. RAB-4, at 2.

¹⁸⁷ See Exhibit No. RAB-4, at 2.

¹⁸⁸ See Direct Testimony of Robert B. Hevert, at 27-28.

1 however, dividends are dependent on and will increase as a function of earnings.
2 Since the DCF model assumes cash flows based on a constant dividend payout
3 ratio in perpetuity, earnings, rather than dividends, are the appropriate measure
4 of growth.

5 I also note that Value Line is the only service noted in Mr. Baudino's
6 testimony that provides dividend growth projections. To the extent that the
7 earnings projections services such as Zacks and Thomson¹⁸⁹ used by both Mr.
8 Baudino and me represent survey data, the results are less likely to be biased in
9 one direction or another.

10 **Q. IS THE USE OF ANALYSTS' EARNINGS GROWTH PROJECTIONS IN THE**
11 **DCF MODEL SUPPORTED BY ACADEMIC LITERATURE?**

12 A. Yes, a number of published articles support the use of analysts' earnings growth
13 projections in the DCF model. A 1986 article entitled *Using Analysts' Growth*
14 *Forecasts to Estimate Shareholders Required Rates of Return* by Dr. Robert
15 Harris, for example, demonstrated that financial analysts' earnings forecasts
16 (referred to in the article as "FAF") in the Constant Growth DCF formula are an
17 appropriate method of calculating the expected MRP.¹⁹⁰ In that regard, Dr. Harris
18 noted that:

19 ...a growing body of knowledge shows that analysts' earnings
20 forecasts are indeed reflected in stock prices. Such studies

¹⁸⁹ Thomson provides First Call and IBES growth rates.

¹⁹⁰ See Robert S. Harris, *Using Analysts' Growth Forecasts to Estimate Shareholder Required Rates of Return*, Financial Management, 1986 at 66.

1 typically employ a consensus measure of FAF calculated as a
2 simple average of forecasts by individual analysts.¹⁹¹

3 Dr. Harris further noted that:

4 Given the demonstrated relationship of FAF to equity prices and the
5 direct theoretical appeal of expectational data, it is no surprise that
6 FAF have been used in conjunction with DCF models to estimate
7 equity return requirements.¹⁹²

8 Similarly, in *Estimating Shareholder Risk Premia Using Analysts' Growth*
9 *Forecasts*, Harris and Marston presented "estimates of shareholder required
10 rates of return and risk premia which are derived using forward-looking analysts'
11 growth forecasts."¹⁹³ In that regard, Harris and Marston reported that:

12 ...in addition to fitting the theoretical requirement of being forward-
13 looking, the utilization of analysts' forecasts in estimating return
14 requirements provides reasonable empirical results that can be
15 useful in practical applications.¹⁹⁴

16 Here again, the finding was clear: analysts' earnings forecasts are highly
17 related to stock price valuations and, therefore, are appropriate inputs to stock
18 valuation and ROE estimation models.¹⁹⁵ As discussed below, that conclusion
19 also holds true for the universe of electric utilities covered by Value Line.

¹⁹¹ *Ibid.*, at 59. Emphasis added. As noted in my Direct Testimony, Zacks and First Call, the sources of earnings growth projections that I use in addition to Value Line, are consensus forecasts.

¹⁹² *Ibid.*, at 60.

¹⁹³ Robert S. Harris, Felicia C. Marston, *Estimating Shareholder Risk Premia Using Analysts' Growth Forecasts*, *Financial Management*, Summer 1992.

¹⁹⁴ *Ibid.*, at 63.

¹⁹⁵ In *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, published in *Financial Management*, Spring 1985, Brigham, Shome and Vinson noted that "evidence in the current literature indicates that (i) analysts' forecasts are superior to forecasts based solely on time series data; and (ii) investors do rely on analysts' forecasts."

1 **Q. PLEASE DESCRIBE THE ANALYSES YOU PERFORMED TO ASSESS THE**
2 **RELATIONSHIP BETWEEN STOCK PRICES AND PROJECTED EARNINGS**
3 **AND DIVIDEND GROWTH RATES.**

4 A. My analyses were based on the fundamental premise of the Constant Growth
5 DCF model, *i.e.*, that the current market price is a function of expected growth.
6 As discussed in more detail below, my analyses examine the relationship
7 between P/E ratios as the dependent variable with (projected) EPS and DPS
8 growth rates (as provided by Value Line) as the explanatory variables. The
9 intent was to determine whether projected earnings or dividend growth rates are
10 statistically related to the companies' P/E ratios.

11 **Q. WHAT DID THOSE ANALYSES REVEAL?**

12 A. As shown in Attachment No. RBH-23, the analyses indicate that projected
13 dividend growth is not a statistically significant explanatory variable; projected
14 earnings growth rate, on the other hand, is statistically significant.¹⁹⁶ That is,
15 while EPS growth rates have a statistically significant ability to explain changes in
16 valuation levels, DPS growth rates do not.

C. Multi-Stage DCF Analysis

17 **Q. PLEASE PROVIDE A SUMMARY DESCRIPTION OF MR. BAUDINO'S TWO-**
18 **STAGE DCF MODEL.**

19 A. Mr. Baudino's Two-Stage DCF model estimates the Cost of Equity by applying

¹⁹⁶ For the reasons discussed later in my response to Mr. Baudino, Attachment No. RBH-23 also includes Book Value Per Share growth rates.

1 two-thirds weight to a measure of near-term earnings growth, and one-third
2 weight to his long-term estimate of macroeconomic growth. The fundamental
3 difference between Mr. Baudino's Constant Growth and Two-Stage DCF models
4 is that the former assumes the same growth rate in perpetuity, while the latter
5 incorporates estimates of his long-term rate of growth. For the first stage of the
6 Two-Stage DCF Model, Mr. Baudino relies on IBES earnings growth estimates;
7 in the second stage, Mr. Baudino relies on an expected growth in GDP of 4.36
8 percent. Mr. Baudino's long-term growth rate estimate is the average of three
9 sources of GDP forecasts: IHS Global Insight ("IHS"); the EIA; and the Social
10 Securities Administration ("SSA") Trustees Report.¹⁹⁷

11 **Q. PLEASE NOW DISCUSS YOUR CONCERNS WITH MR. BAUDINO'S TWO-**
12 **STAGE DCF MODEL.**

13 A. Although Mr. Baudino's Two-Stage DCF model takes into consideration an
14 estimate of long-term growth, the model applies a constant payout ratio, and
15 assumes that earnings per share, dividends per share, and book value per share
16 all grow at the same constant rate. Further, Mr. Baudino's model assumes that
17 the current level of payout ratios for the proxy group will remain unchanged over
18 the entire study period. As described in my response to Mr. O'Donnell, it is
19 appropriate to recognize that the current payout ratios may be lower than their
20 long-term average due to increased current utility capital requirements, but will

¹⁹⁷ See Answer Testimony of Richard A. Baudino, at 24.

1 revert to the long-term industry average. Because Mr. Baudino's Two-Stage
2 model does not address many of the limitations associated with the Constant
3 Growth DCF model, a more appropriate analytical approach is the Multi-Stage
4 (three-stage) DCF presented in my Direct Testimony.

5 As noted earlier, the average authorized ROE for vertically integrated
6 utilities over the past twelve months has been 9.96 percent. However, Mr.
7 Baudino's Multi-Stage DCF analysis produces mean and median results below
8 any ROE authorized for any gas or electric utility company since at least 1980.
9 That result, which should present some concerns with the model and its inputs, is
10 due primarily to Mr. Baudino's assumed 4.36 percent long-term growth rate. As
11 discussed in my response to Mr. Gorman, that estimate is below reasonable
12 benchmarks of the expected perpetual rate of growth beginning several years in
13 the future.

D. Capital Asset Pricing Model

14 **Q. PLEASE SUMMARIZE MR. BAUDINO'S CAPM ANALYSES.**

15 A. Mr. Baudino performs two sets of CAPM analyses. His first set calculates an
16 expected Market Risk Premium, which projects the market total return based on
17 Value Line projections, and five and 20-year Treasury security yields (*i.e.*, 1.68
18 percent and 3.09 percent, respectively). Mr. Baudino calculates an expected
19 market required return estimate of 11.98 percent, using Value Line's projected
20 annual total return, and Value Line's book value and earnings growth forecasts

1 (combined with the average dividend yield) and for all companies covered by
2 Value Line.¹⁹⁸

3 Mr. Baudino's expected (or ex-ante) Market Risk Premium measure
4 represents the difference between (1) his calculated expected market total return,
5 and (2) the current yield on five and 20-year Treasury securities. Mr. Baudino
6 arrives at his CAPM results using the average Value Line Beta coefficient of 0.73
7 for his proxy companies.¹⁹⁹

8 Mr. Baudino's second set of CAPM analyses calculate the geometric and
9 arithmetic mean long-term annual returns on stocks, and long-term annual
10 income returns on long-term government bonds, resulting in two historical
11 measures of the Market Risk Premium.²⁰⁰ Mr. Baudino uses those two Market
12 Risk Premium measures in combination with the current 20-year Treasury bond
13 yield and the average Value Line Beta coefficient to calculate two additional
14 CAPM results.²⁰¹

15 Although Mr. Baudino advises the Commission to consider only his DCF
16 results,²⁰² he does report CAPM results ranging from 6.60 percent to 9.58
17 percent. As to his CAPM results, Mr. Baudino suggests that the estimates based

¹⁹⁸ See Answer Testimony of Richard A. Baudino, at 28. See also Exhibit No. RAB-7.

¹⁹⁹ *Ibid.*, at 29. See also Exhibit No. RAB-7.

²⁰⁰ The difference between the return on stocks and the income return on government bonds represents the historical Market Risk Premium.

²⁰¹ See Answer Testimony of Richard A. Baudino, at 29. See also Exhibit No. RAB-8.

²⁰² *Ibid.*, at 31-33.

1 on the *ex-ante* Market Risk Premium “are likely overstated,”²⁰³ although does not
2 raise any concerns regarding estimates as low as 6.60 percent.

3 **Q. DO YOU AGREE WITH MR. BAUDINO’S APPLICATION OF THE CAPM AND**
4 **HIS INTERPRETATION OF ITS RESULTS?**

5 A. No, there are two areas in which I disagree with Mr. Baudino: (1) the term of the
6 Treasury security used as the risk-free rate component of the model; and (2) the
7 calculation of the Market Risk Premium. In addition, I disagree that results as
8 low as 6.60 percent - regardless of how they are derived - are meaningful
9 estimates of the Company’s Cost of Equity.

10 **Q. TURNING FIRST TO THE RISK-FREE RATE COMPONENT, WHY DO YOU**
11 **DISAGREE WITH MR. BAUDINO’S USE OF FIVE AND 20-YEAR TREASURY**
12 **SECURITIES AS THE MEASURE OF THE RISK-FREE RATE?**

13 A. As discussed in my response to Dr. England, the tenor of the risk-free rate used
14 in the CAPM should match the life (or duration) of the underlying investment. As
15 I did with Dr. England’s proxy group, I calculated the average Equity Duration for
16 Mr. Baudino’s proxy group. As demonstrated in Attachment No. RBH-27, the
17 average Equity Duration of the companies in Mr. Baudino’s proxy group is
18 approximately 29.24 years. Given that relatively long Equity Duration, and
19 knowing that utility assets are comparatively long-lived, I continue to believe that

²⁰³ *Ibid.*, at 32.

1 it is appropriate to use the 30-year Treasury yield as the measure of the risk-free
2 rate.

3 **Q. IS MR. BAUDINO'S ASSUMPTION THAT FIVE AND 20-YEAR TREASURY**
4 **YIELDS ARE EQUALLY VALID MEASURES OF THE RISK-FREE RATE**
5 **SUPPORTED BY HIS DATA?**

6 A. No, it is not. As discussed above, the mean Equity Duration of the companies in
7 Mr. Baudino's proxy group is 29.24 years. By comparison, the current duration of
8 five-year, 20-year and 30-year Treasuries are 4.84, 15.54, and 19.96 years
9 respectively.²⁰⁴ While the duration of even the longest-term Treasury security
10 falls short of the average Equity Duration for Mr. Baudino's proxy group, the 30-
11 year Treasury yield provides the longest available duration and, therefore, the
12 best available security for that purpose. The principle of duration is relevant to
13 the electric utility stocks that comprise Mr. Baudino's proxy group, given that
14 institutional investors own (on average) 70.42 percent of those companies'
15 shares.²⁰⁵

16 **Q. PUTTING ASIDE THE ISSUE OF EQUITY DURATION, DOES MR. BAUDINO'S**
17 **DCF MODEL RECOGNIZE THE PERPETUAL NATURE OF EQUITY?**

18 A. Yes, it does. As Mr. Baudino correctly observes, the Constant-Growth DCF
19 model assumes growth in perpetuity: "the stream of income from the equity share

²⁰⁴ See Attachment No. RBH-28.
²⁰⁵ See Attachment No. RBH-29.

1 is assumed to be perpetual; that is, there is no salvage or residual value at the
2 end of some maturity date (as is the case with a bond).²⁰⁶

3 **Q. WHAT WOULD BE THE EFFECT OF ASSUMING THE COMPANIES IN MR.**
4 **BAUDINO'S PROXY GROUP ONLY PROVIDED CASH FLOWS TO EQUITY**
5 **INVESTORS OVER FIVE OR 20 YEARS?**

6 A. As shown in Attachment No. RBH-30, assuming a 20-year holding period, the
7 mean and median DCF would be 1.74 percent, and 1.87 percent, respectively.
8 Interestingly, both of those ROE estimates are below Mr. Baudino's assumed
9 3.09 percent risk-free rate (*i.e.*, six month average of the 20-year Treasury
10 yield).²⁰⁷ Assuming a holding period of five years produces mean and median
11 ROE estimates of negative 36.18 percent and negative 35.68 percent,
12 respectively. The only way Mr. Baudino's DCF results could be realized is if the
13 shares were sold at the end of the five and 20-year holding periods, *and* the
14 prices at which they are sold reflect cash flows in perpetuity. Those results
15 support the point made earlier in my testimony: The risk-free rate should reflect
16 the perpetual nature of equity. Since the longest-dated Treasury security is 30
17 years, that is the appropriate term for this purpose.

²⁰⁶ Answer Testimony of Richard A. Baudino, at 16.
²⁰⁷ Exhibit No. RAB-8, at 1.

1 **Q. WHAT IS YOUR RESPONSE TO MR. BAUDINO'S SUGGESTION THAT "THE**
2 **RISK-FREE RATE SHOULD HAVE NO INTEREST RATE RISK?"**²⁰⁸

3 A. The process of duration matching mitigates interest rate risk. In any event, if Mr.
4 Baudino is concerned with interest rate risk *per se*, he should focus exclusively
5 on short-term Treasury Bills as the risk-free rate. Doing so, of course, would
6 further decrease his already-low CAPM estimates. Consequently, I disagree with
7 Mr. Baudino's position that interest rate risk disqualifies the 30-year Treasury
8 yield as the appropriate measure of the risk-free rate.

9 **Q. WHAT CONCERNS DO YOU HAVE WITH MR. BAUDINO'S *EX-ANTE***
10 **MARKET RISK PREMIUM CALCULATIONS?**

11 A. In arriving at his *ex-ante* Market Risk Premium estimates, Mr. Baudino calculates
12 the expected market return using (in part) book value growth projections.²⁰⁹ As
13 noted above, academic research indicates investors rely on estimates of
14 earnings growth in arriving at their investment decisions. The analysis presented
15 in Attachment No. RBH-23 (discussed in more detail above) also demonstrates
16 book value growth rates are not a statistically significant indicator of electric utility
17 company valuations. In that regard, Mr. Baudino did not include book value
18 growth projections in his proxy group DCF analysis; he has not explained why it
19 is reasonable to include those growth rates in his MRP analysis but exclude them
20 from his proxy company DCF analyses. Excluding book value growth estimates

²⁰⁸ Answer Testimony of Richard A. Baudino, at 45.

²⁰⁹ *Ibid.*, at 28 and Exhibit No. RAB-7, at 2.

1 from Mr. Baudino's market return calculation would increase his *ex-ante* MRP
2 estimate by 1.29 percentage points (129 basis points).²¹⁰

3 **Q. DO YOU AGREE WITH MR. BAUDINO'S USE OF HISTORICAL ESTIMATES**
4 **OF THE MRP?**

5 A. No, I do not. As discussed in my response to Mr. Gorman, the historical MRP
6 does not necessarily reflect investors' expectations at any given time or, for that
7 matter, the relationship between market risk and returns. Further, results as low
8 as 6.60 percent are more than 200 basis points below any ROE authorized for
9 either an electric, gas, or combination utility since at least 1980.

10 **Q. PLEASE BRIEFLY SUMMARIZE MR. BAUDINO'S COMMENTS REGARDING**
11 **YOUR CAPM ANALYSES.**

12 A. Mr. Baudino disagrees with the forecasted Treasury bond yields reflected in my
13 CAPM analyses, suggesting that they are "speculative at best and *may never*
14 *come to pass.*"²¹¹

15 **Q. DO YOU AGREE WITH MR. BAUDINO'S CONCERNS IN THAT REGARD?**

16 A. No, I do not. It is important to remember that, as Mr. Baudino states, "[r]eturn on
17 equity analysis is a forward-looking process."²¹² In that regard, Dr. England, Mr.
18 Gorman and I consider forward looking estimates of the risk-free rate. Even if
19 Mr. Baudino is concerned that the projections may not "come to pass", the

²¹⁰ The average of Mr. Baudino's remaining *ex-ante* Market Return estimates is results 13.27 percent, which is 129 basis points above his estimate of 11.98 percent.

²¹¹ *Ibid.*, at 44 [emphasis added].

²¹² Answer Testimony of Richard A. Baudino, at 22.

1 premiums paid for options to sell (essentially) at-the-money options on the TLT (a
2 long-term Government Bond index) in January 2016 are approximately twice the
3 premium paid to buy the index. Because yields move inversely with bond prices,
4 those option premiums suggest that investors view increases in long-term
5 Treasury yields as more likely than decreases in those yields.²¹³ In any case, Mr.
6 Baudino recognizes that “[i]t is likely at some point in the near future that the
7 Federal Reserve will begin to raise short-term interest rates.”²¹⁴ Since our
8 analyses are predicated on market expectations, the expected increase in
9 Treasury yields (as reflected in increasing forward rates) is a measurable and
10 relevant data point.

E. Bond Yield Plus Risk Premium Approach

11 **Q. WHAT CONCERNS DOES MR. BAUDINO EXPRESS REGARDING YOUR**
12 **BOND YIELD PLUS RISK PREMIUM ANALYSES?**

13 A. Mr. Baudino suggests that the Bond Yield Plus Risk Premium method is
14 “imprecise and can only provide very general guidance,” and notes that “[r]isk
15 premiums can change substantially over time.” In summary, Mr. Baudino likens
16 the approach to a “blunt instrument.”²¹⁵ As to its application, Mr. Baudino

²¹³ Source: <http://www.nasdaq.com/symbol/tlt/option-chain?dateindex=6>
²¹⁴ See Answer Testimony of Richard A. Baudino, at 8. [clarification added]
²¹⁵ Answer Testimony of Richard A. Baudino, at 47 [clarification added].

disagrees with the use of projected Treasury yields in calculating the range of Risk Premium-based results.²¹⁶

Q. WHAT IS YOUR RESPONSE TO MR. BAUDINO'S OBSERVATIONS?

A. As to Mr. Baudino's point that the Risk Premium can change over time, I agree; as noted in my Direct Testimony (and as discussed in my response to Mr. Gorman), there is a statistically significant negative relationship between long-term Treasury yields and the Equity Risk Premium.²¹⁷ Given Mr. Baudino's observation that interest rates have declined since 2005,²¹⁸ the Bond Yield Plus Risk Premium analysis provides an empirically and theoretically sound method of quantifying the relationship between the Cost of Equity and interest rates. That is, it provides a method to quantify the change that Mr. Baudino has noted.

As to Mr. Baudino's notion that the approach is a "blunt instrument," I disagree. As shown in Attachment No. RBH-16, the R-squared of the Bond Yield Plus Risk Premium regression analyses are 0.70 and 0.75, indicating a rather high degree of explanatory value.²¹⁹ In comparison, Beta coefficients calculated based on the Value Line methodology have a mean R-squared of 0.30 (see Attachment No. RBH-31).²²⁰

²¹⁶ *Ibid.*

²¹⁷ See Direct Testimony of Robert B. Hevert, at 56.

²¹⁸ See Answer Testimony of Richard A. Baudino, at 4. See also, Exhibit RAB-2.

²¹⁹ R-squared is a measure of what percentage of the variation on the dependent variable is explained by variation in the independent variable of a regression equation.

²²⁰ Mr. Baudino relies exclusively on Value Line as his source of Beta coefficients. Value Line derives the Beta coefficient from a regression analysis of the relationship between weekly percentage changes in the price of a stock and weekly percentage changes in the NYSE Composite Index over a period of five years. As noted earlier, while Mr. Baudino does not include

1 As Attachment No. RBH-32 demonstrates, using the 95.00 percent
2 confidence interval of the Bond Yield Plus Risk Premium regression's equation
3 coefficient estimates, the ROE results range from 9.41 percent to 11.07 percent.
4 That 166 basis point range is well less than the range of CAPM results reported
5 by Mr. Baudino (6.60 percent to 9.58 percent, or 298 basis points).²²¹
6 Consequently, the Bond Yield Plus Risk Premium approach provides empirically
7 and theoretically sound results that can be used, at minimum, to assess the wide
8 range of ROE results produced by Mr. Baudino's analyses in general, and his
9 8.70 percent recommendation in particular.

F. Flotation Costs

10 **Q. PLEASE NOW SUMMARIZE MR. BAUDINO'S RESPONSE TO YOUR**
11 **PROPOSED FLOTATION COST ADJUSTMENT.**

12 A. Mr. Baudino believes it is "likely that flotation costs are already accounted for in
13 current stock prices" and that an adjustment to the DCF result would amount to
14 "double counting."²²² In addition, Mr. Baudino notes that Xcel Energy has stated
15 that it does not plan to raise new equity (beyond DRIP and benefit programs) to
16 fund its capital investment program through 2018.²²³

his CAPM estimates in calculating his ROE recommendation, he does point to certain CAPM results to "frame the range," and provide additional information.

²²¹ See Answer Testimony of Richard A. Baudino, at 30.

²²² Answer Testimony of Richard A. Baudino, at 42.

²²³ *Ibid.*, at 43.

1 **Q. DO YOU AGREE WITH MR. BAUDINO’S CONCERNS?**

2 A. No, I do not. Mr. Baudino states that “[a]djusting the dividend yield by a 0.14%
3 flotation cost adjustment essentially assumes that the current stock price is
4 wrong and that it must be adjusted downward to increase the dividend yield and
5 the resulting Cost of Equity.”²²⁴ Mr. Baudino’s suggestion that current prices
6 “likely” account for flotation costs is misplaced. First, because of direct issuance
7 costs (such as those provided in Attachment No. RBH-3 to my Direct Testimony),
8 the net proceeds received by the Company were less than the market price of
9 the offerings. The ROE therefore should be adjusted to reflect that deficiency
10 (which will persist in perpetuity).²²⁵

11 I also note that while Mr. Baudino suggests that current prices “likely”
12 account for flotation costs, he has provided no analyses as to what costs are
13 reflected in prices, or how prices have adjusted in response to those costs.
14 Conversely, my Direct Testimony provided a summary of direct costs incurred by
15 Xcel Energy to acquire the equity capital needed to fund the Company’s rate
16 base.²²⁶

²²⁴ *Ibid.*, at 42.

²²⁵ As noted in my response to Dr. England, just as common equity has an indefinite life, the effect of flotation costs (which are a reduction to common equity) likewise is indefinite. See Roger A. Morin, *New Regulatory Finance*, Public Utilities Reports, Inc. (2006), at 321, 330-332.

²²⁶ See Direct Testimony of Robert B. Hevert at 38, Attachment No. RBH-3.

G. Relative Risk and Financial Integrity

1 **Q. DO YOU AGREE WITH MR. BAUDINO’S POSITION THAT PUBLIC SERVICE**
2 **IS GENERALLY A “LOWER RISK” RELATIVE TO THE AVERAGE PUBLIC**
3 **UTILITY COMPANY?**²²⁷

4 A. No, I do not. Mr. Baudino points to the Company’s credit ratings relative to the
5 average utility credit rating reported by EEI as evidence of Public Service’s lower
6 risk profile.²²⁸ However, credit ratings are directed to the interests of debt
7 investors. The view that differences in credit ratings “notches” among investment
8 grade utilities can be used as a proxy for differences in the Cost of Equity fails to
9 recognize the senior position that debt holders have relative to equity holders,
10 and the investment horizon considered by equity holders. For example, a long-
11 term issuer credit rating is an opinion regarding the subject company’s overall
12 financial capacity to pay its financial obligations as they come due and
13 payable.²²⁹ The claims of equity holders, however, are subordinate to the claims
14 of debt holders.

15 Because equity holders bear the residual risk of ownership, when
16 bondholders are given more comfort in the probability that the subject company
17 will be able to meet its near-term financial obligations (and thus have higher
18 credit ratings), equity holders still bear the incremental risk of insufficient or

²²⁷ Answer Testimony of Richard A. Baudino, at 10.

²²⁸ Answer Testimony of Richard A. Baudino, at 10.

²²⁹ See Standard & Poor’s Ratings Direct, *Standard & Poor’s Ratings Definitions*, June 22, 2012, at 6.

1 increasingly volatile cash flows over the long-term. For that fundamental reason,
2 it is not clear that there is a direct relationship between credit notches and the
3 Cost of Equity.

4 **Q. DID YOU PERFORM ANY ANALYSES TO DETERMINE WHETHER MR.**
5 **BAUDINO'S DATA SUPPORTS THE ASSUMPTION THAT THERE IS A**
6 **QUANTIFIABLE DIFFERENCE IN THE COST OF EQUITY FOR COMPANIES**
7 **WITH DIFFERENT BOND CREDIT RATINGS?**

8 A. Yes, I did. I first produced Constant Growth DCF results for each of the
9 comparison companies using the growth rates and dividend yields reported by
10 Mr. Baudino. I then applied "credit scores" to Mr. Baudino's comparison
11 companies by converting the S&P bond ratings reported in his Direct Testimony
12 to a numerical value.²³⁰ If there is a quantifiable relationship between the proxy
13 companies' credit ratings and Cost of Equity, there should be a positive,
14 statistically significant relationship between the credit score and the DCF results.
15 That is, as credit quality deteriorates (resulting in a higher score), the Cost of
16 Equity should increase. I therefore performed a regression analysis, in which the
17 dependent variable was the DCF result, and the explanatory variable was the
18 credit score. As shown in Attachment No. RBH-33, the regression analysis
19 showed no statistically significant statistical relationship between the two. In fact,
20 the R-squared of the regression was only 0.09 percent, which indicates that

²³⁰ For example, the S&P bond credit rating A was assigned a value of 1, A- was assigned a value of 2, and so forth.

1 credit ratings accounted for only 0.09 percent of the change in the DCF-
2 estimated Cost of Equity.²³¹

3 **Q. DO THE RATE RIDERS NOTED BY MR. BAUDINO LOWER THE COMPANY'S**
4 **RISK RELATIVE TO OTHER ELECTRIC UTILITY COMPANIES?**²³²

5 A. No, they do not. The principal analytical issue is whether the proposed CACJA
6 rider would meaningfully distinguish the Company from its peers, including the
7 utilities included in the proxy group. The fact that the Company's revenues may
8 be affected by the rider does not affect the estimated Cost of Equity unless it can
9 be demonstrated that (1) the Company is materially less risky than the proxy
10 group by virtue of the rider, and (2) the financial markets react to the incremental
11 effect of the rider and measurably reduce their return requirement for the
12 Company. Attachment No. RBH-18 provides a summary of revenue stabilization
13 and cost recovery mechanisms currently in effect at each electric utility held
14 within the Combination Proxy Group, Electric Proxy Group, and Mr. Baudino's
15 Proxy Group (as well as companies included in the Opposing ROE Witnesses'
16 proxy groups). Given the breadth and scope of those structures, I do not believe
17 that equity investors reduce their return requirements for Public Service relative
18 to the proxy group utilities as a result of the rate riders identified by Mr. Baudino.

²³¹ As a point of reference (as noted earlier in my response to Mr. Baudino), my Risk Premium regression analyses has an R-Squared of 70.00 to 75.00 percent.

²³² See Answer Testimony of Richard A. Baudino, at 10-11.

1 **Q. HAS MR. BAUDINO EXPRESSED ANY CONCERNS WITH YOUR**
2 **CONSIDERATION OF THE BUSINESS RISKS ASSOCIATED WITH PUBLIC**
3 **SERVICE'S HIGH LEVEL OF CAPITAL EXPENDITURES?**

4 A. Yes, Mr. Baudino suggests that the Company's capital expenditures are "low
5 risk" and have minimal equity financing requirements.²³³ Mr. Baudino bases his
6 conclusions on statements made in a recent investor presentation by Xcel
7 Energy.²³⁴ Further, Mr. Baudino suggests that the Company's credit rating
8 already accounts for its capital spending program and any risk is accounted for
9 by using similarly ranked proxy companies.²³⁵

10 **Q. WHAT IS YOUR RESPONSE TO MR. BAUDINO'S POSITION?**

11 A. As noted earlier, credit ratings are directed to the interests of debt investors and
12 do not address the residual risk faced by equity holders. The assumption that
13 credit ratings adequately represent the entire spectrum of business risk
14 considered by equity investors is misplaced. Further, as discussed in my Direct
15 Testimony, Public Service expects to invest \$4.0 billion over the next five years,
16 which represents substantial growth in the Company's net plant.²³⁶ As shown in
17 Attachment No. RBH-9 of my Direct Testimony, an increase in net plant suggests
18 a decrease in a Company's Asset Turnover ratio, which further suggests a
19 decrease in the Return on Common Equity. This causes greater financial stress

²³³ See Answer Testimony of Richard A. Baudino, at 49.

²³⁴ *Well Positioned for the Future*, Wolfe Research, 2014 Power and Gas Leaders Conference, September 17, 2014.

²³⁵ See Answer Testimony of Richard A. Baudino, at 48.

²³⁶ Direct Testimony of Robert B. Hevert, at 58.

1 to the utility.²³⁷ As such, regardless of the relative risk of the investments, the
2 strain that the investments place on earnings and cash flow will affect investors'
3 views of risk.

²³⁷ Direct Testimony of Robert B. Hevert, at 60.

VII. RESPONSE TO THE ANSWER TESTIMONY OF MR. GORMAN

1 Q. PLEASE BRIEFLY SUMMARIZE MR. GORMAN'S RECOMMENDATION
2 REGARDING THE COMPANY'S COST OF EQUITY.

3 A. Mr. Gorman recommends an ROE of 9.30 percent, within a recommended range
4 of 9.00 percent to 9.60 percent.²³⁸ Mr. Gorman establishes his ROE
5 recommendation by reference to three versions of Discounted Cash Flow method
6 (mean results ranging from 8.75 percent to 9.25 percent, with a point estimate of
7 9.00 percent), his Risk Premium estimates (ranging from 9.15 percent to 10.02
8 percent, with a point estimate of 9.60 percent), and his Capital Asset Pricing
9 Model analyses (9.60 percent).²³⁹

10 **Q. WHAT ARE THE PRINCIPAL AREAS IN WHICH YOU DISAGREE WITH MR.**
11 **GORMAN?**

12 A. The principal areas in which I disagree with Mr. Gorman's analyses and
13 conclusions include: (1) the use of a near-term estimate of Sustainable Growth in
14 the Constant Growth DCF model; (2) the application of the Multi-Stage DCF
15 model; (3) the MRP component of the CAPM and, in particular, the expected
16 market return from which the MRP is calculated; (4) the assumptions and
17 methods underlying Mr. Gorman's Risk Premium analyses; and (5) Mr. Gorman's
18 evaluation of the reasonableness of his recommendation.

²³⁸ See Answer Testimony of Michael P. Gorman, at 2 and 44.
²³⁹ *Ibid.*, at 32, 38, 43, and 44.

A. Application of the Constant Growth DCF Model

1 **Q. DO YOU AGREE WITH MR. GORMAN'S CONSTANT GROWTH DCF**
2 **APPROACH AND RESULTS?**

3 A. Mr. Gorman's application of the Constant Growth DCF (Analysts' Growth) model
4 is generally consistent with mine. For example, we both rely on average stock
5 prices to avoid the effect of anomalous fluctuations in a given day and use
6 projected EPS growth estimates as the growth component of the model. While
7 we use different approaches to calculate the expected dividend yield, I do not
8 believe Mr. Gorman's approach is unreasonable.

9 Although Mr. Gorman considers both the proxy group average and median
10 results,²⁴⁰ more than half of the results contained in Mr. Gorman's Constant
11 Growth DCF (Analysts' Growth) are below reasonable estimates of the
12 Company's Cost of Equity. Of the 1,430 electric utility rate cases provided by
13 RRA since 1980 that disclosed the awarded ROE, for example, only three
14 included an authorized ROE below 9.00 percent. In contrast, 10 of the 19 results
15 contained in Mr. Gorman's Attachment MPG-4 are below 9.00 percent; four are
16 below 8.00 percent.²⁴¹ Conversely, only five of Mr. Gorman's estimates are as
17 high as 9.96 percent which, as noted above, is the average authorized ROE for
18 vertically integrated electric utilities over the past year. On that basis alone, Mr.

²⁴⁰ See Answer Testimony of Michael P. Gorman, at 23.

²⁴¹ I note that the average DCF result including only results within the range of observed authorized returns since 1980 is 9.91 percent.

1 Gorman's mean and median Constant Growth DCF results (Analysts' Growth)
2 model should be given little, if any weight.

3 **Q. DO YOU AGREE WITH MR. GORMAN'S SUSTAINABLE GROWTH**
4 **CONSTANT GROWTH DCF APPROACH?**

5 A. No, I do not. As a practical matter, 9 of the 19 DCF estimates (that is, nearly
6 50.00 percent) contained in Mr. Gorman's Attachment MPG-7 (Constant Growth
7 DCF Model – Sustainable Growth Rate) are below 9.00 percent. Yet only five
8 estimates are as high as 10.00 percent. Again, regardless of whether we look to
9 the mean or median, results that are consistently below observable authorized
10 returns must be called into question.

11 Moreover (and as discussed in more detail below), the Sustainable
12 Growth method assumes that the payout ratio and earned return on common
13 equity will remain constant in perpetuity, an assumption that may not hold true.
14 Further, historical market data and independent research do not support the
15 principal assumption of the Sustainable Growth model, *i.e.*, that increased
16 retention ratios are directly and positively related to future earnings growth, for
17 electric utilities.

18 In any case, the salient issue in assessing growth rates in the context of
19 the DCF model is whether investors tend to rely on a particular estimate of
20 growth. Prior academic research indicates that, consistent with the approach

1 used in my analyses (as discussed in my Direct Testimony,²⁴² and my responses
2 to Mr. O'Donnell and Mr. Baudino), investors rely on analysts' earnings growth
3 projections in valuing equity securities.²⁴³ While Mr. Gorman may be of the view
4 that analyst growth rates are not sustainable, the relevant issue is whether
5 investors rely on those projections in making their investment decisions.

6 **Q. ARE THERE OTHER CONCERNS WITH MR. GORMAN'S "SUSTAINABLE**
7 **GROWTH" ESTIMATE?**

8 A. Yes. It is important to note that the "Sustainable Growth" model itself requires an
9 estimate of the earned return on common equity and is therefore somewhat
10 circular. By adopting Value Line's earned ROE estimates, Mr. Gorman has
11 effectively pre-supposed the Return on Common Equity projected by Value Line
12 for the proxy group companies. In addition, the use of the "Sustainable Growth"
13 model requires the assumption that the subject company not only maintains its
14 retention ratio and ROE in perpetuity, but also that the components of "R" (*i.e.*,
15 the earned return on common equity) are reasonably stable over time.

16 In order to assess whether that assumption holds (that is, whether the
17 components of "R" are stable), I used the "DuPont" formula,²⁴⁴ which
18 decomposes the Return on Common Equity into three components: the Profit
19 Margin (net income/revenues), Asset Turnover (revenues/net plant), and the

²⁴² Direct Testimony of Robert B. Hevert, at 28.

²⁴³ See, for example, Roger A. Morin, PhD, New Regulatory Finance, Public Utilities Reports, Inc., 2006, at 298-303.

²⁴⁴ I note that I relied on a similar analysis in my Direct Testimony to demonstrate the effect of capital expenditures on the return on equity.

Equity Multiplier (net plant/equity). As Attachment No. RBH-34 demonstrates, based on Mr. Gorman's electric and combination utility proxy groups, the product of those three measures is approximately equal (but for rounding) to Value Line's reported Return on Common Equity, on both an historical and projected basis. That analysis also shows that while all three components are expected to change over time, the Profit Margin is expected to increase significantly, as the Asset Turnover ratio moderately improves after substantial compression since 2007.

The decreasing Equity Multiplier (which relates to a greater proportion of equity in the capital structure) is consistent with the general observation that since the 2008 capital market dislocation, most often associated with the Lehman Brothers bankruptcy in September 2008, capital-intensive companies such as utilities have been focused on financial integrity and the ability to access the capital markets during turbulent conditions. Given that the fundamental elements of the "R" component of the "Sustainable Growth" model are expected to change over time, I do not believe it is appropriate to use that model as an estimate of constant, perpetual growth.

Q. ARE THERE OTHER REASONS WHY THE SUSTAINABLE GROWTH CALCULATION MAY NOT ACCURATELY REFLECT LONG-TERM GROWTH RATES?

A. Yes, there are. The underlying premise of that model is that future earnings will increase as the retention ratio increases. That is, if future growth is modeled as "B x R" (where B is the retention ratio, and R is the earned return on book equity), growth will increase as B increases. There are several reasons,

1 however, why that may not be the case. Management decisions to conserve
2 cash for capital investments, to manage the dividend payout for the purpose of
3 minimizing future dividend reductions or to signal future earnings prospects, can
4 and do influence dividend payout (and therefore earnings retention) decisions in
5 the near-term. Consequently, it is appropriate to determine whether the data
6 relied upon by Mr. Gorman supports the assumption that higher earnings
7 retention ratios necessarily are associated with higher future earnings growth
8 rates.

9 **Q. DID YOU PERFORM ANY ANALYSES TO TEST THAT ASSUMPTION?**

10 A. Yes, I did. For each of the companies in Mr. Gorman's electric and combination
11 utility proxy groups, I calculated (in each year of the historical period) the
12 dividend payout ratio, the retention ratio, and the subsequent five-year earnings
13 growth rate. I then performed a regression analysis in which the dependent
14 variable was the five-year earnings growth rate, and the explanatory variable was
15 the earnings retention ratio. The purpose of that analysis was to determine
16 whether the data source relied upon by Mr. Gorman for his "Sustainable Growth"
17 rate estimates empirically supports the assumption (which, as noted, is central to
18 his Sustainable Growth modeling)²⁴⁵ that higher retention ratios necessarily
19 produce higher earnings growth rates.

²⁴⁵ See Answer Testimony of Michael P. Gorman, at 24.

1 **Q. WHAT DID THAT ANALYSIS REVEAL?**

2 A. As shown in Table 6 (below), there was a significant negative relationship
3 between the five-year earnings growth rate and the earnings retention ratio. That
4 is, on a historical basis, earnings growth actually decreases as the retention ratio
5 increases, which is exactly the opposite of the assumption underlying his model.
6 Those findings clearly call into question the reasonableness of Mr. Gorman's
7 reliance on the Sustainable Growth rate.

8 **Table 6: Regression Results²⁴⁶**

	Coefficient	Standard Error	t Stat
Intercept	0.193	0.030	6.667
Retention	-0.240	0.036	-6.677

B. Application of the Multi-Stage DCF Model

9 **Q. DO YOU AGREE WITH MR. GORMAN'S APPLICATION OF THE MULTI-**
10 **STAGE DCF MODEL?**

11 A. While I agree that the Multi-Stage DCF approach is a reasonable analytical
12 technique, Mr. Gorman's Multi-Stage DCF model contains several assumptions
13 that produce unreasonably low ROE estimates. In particular, Mr. Gorman's
14 model assumes a perpetual growth rate beginning in the eleventh year of his
15 model (that is, calendar year 2025) based on a Gross Domestic Product ("GDP")

²⁴⁶ See also Attachment No. RBH-35.

1 growth rate projection that actually ends in 2025.²⁴⁷ In addition, Mr. Gorman
2 assumes that all dividends are received at year-end, rather than over the course
3 of the year. Those assumptions have the effect of unreasonably decreasing the
4 DCF result.

5 **Q. HOW DOES MR. GORMAN'S ASSUMPTION WITH REGARD TO THE TIMING**
6 **OF DIVIDEND PAYMENTS AFFECT HIS MULTI-STAGE DCF MODEL**
7 **RESULTS?**

8 A. Mr. Gorman notes that quarterly dividends in his Multi-Stage DCF model were
9 "annualized (multiplied by 4)."²⁴⁸ Considering that Mr. Gorman's proxy
10 companies pay dividends on a quarterly basis, assuming (as Mr. Gorman has
11 done) that the entire dividend is paid at the end of that year essentially defers the
12 timing of the quarterly cash flows (that is, the quarterly dividends) until year-end,
13 even though they are paid throughout the year. A more reasonable approach
14 would be to assume that cash flows are received (on average) in the middle of
15 the year, such that half the quarterly dividend payments occur prior to the
16 assumed dividend payment date, and half occur after (*i.e.*, the "mid-year
17 convention"). That approach is consistent with the common practice in the
18 Constant Growth DCF model of accounting for periodic growth in dividends by
19 applying one-half of the expected annual dividend growth rate to calculate the
20 expected dividend yield.

²⁴⁷ See Answer Testimony of Michael P. Gorman, at 29 and Attachment MPG-9; see also and Blue Chip Economic Indicators, October 10, 2014 at 14.

²⁴⁸ *Ibid.*, at 21.

1 **Q. HOW WOULD THE MID-YEAR CONVENTION AFFECT MR. GORMAN'S**
2 **MULTI-STAGE DCF RESULTS?**

3 A. Holding all other assumptions constant, simply changing Mr. Gorman's
4 methodology to reflect the mid-year convention increases both the mean and
5 median results by approximately 17 basis points.²⁴⁹

6 **Q. DO YOU AGREE WITH THE LONG-TERM GROWTH RATE IN MR.**
7 **GORMAN'S MULTI-STAGE DCF MODEL?**

8 A. No, I do not. The long-term growth rate represents the expected rate of growth,
9 in perpetuity, as of the beginning of the third, or terminal, stage.²⁵⁰ Mr. Gorman
10 assumes a long-term growth rate of 4.60 percent, which is the approximate
11 average of the five year (2016-2020) and ten year (2021-2025) nominal GDP
12 growth estimates, as reported by *Blue Chip*.²⁵¹ Consequently, Mr. Gorman's
13 long-term GDP growth rate projection, which he applies to years eleven through
14 200 of his model (that is, from year 2025 through 2214), is based on data that
15 includes only year eleven (that is, 2025). That is, despite the fact that the *Blue*
16 *Chip* projection period ends in 2025, Mr. Gorman uses it as the measure of
17 expected perpetual GDP growth beginning in 2025.

18 Since the *Blue Chip* forecast is based on data that includes only a single
19 year of Mr. Gorman's terminal stage, I developed an alternative analysis (see

²⁴⁹ See Attachment No. RBH-36.

²⁵⁰ See Answer Testimony of Michael P. Gorman, at 26-27.

²⁵¹ *Ibid.*, at 29 and Attachment MPG-9. Mr. Gorman calculates his nominal GDP growth rates based on separate Blue Chip consensus forecasts for real GDP growth and growth in the GDP Chained Price Index for the periods 2016-2020 and 2021-2025.

Attachment No. RBH-37). In that analysis, I continue to include the *Blue Chip* forecast, but only in the period to which it applies. Given that the *Blue Chip* forecast terminates in 2025, I added a fourth stage, which incorporates an additional estimate of long-term growth beyond the period represented by the *Blue Chip* forecast. As explained below, the fourth-stage growth rate represents the combination of the long-term historical average real GDP growth rate, and the market's expectation of long-term inflation beginning ten years from now. Limiting the *Blue Chip* forecast to the period to which it applies, and incorporating the alternative estimate of long-term growth increases both his mean and median DCF results by 72 basis points.

Q. ARE THERE OTHER BENCHMARKS THAT PUT MR. GORMAN'S 4.60 PERCENT LONG-TERM GROWTH RATE IN CONTEXT?

A. Yes, there are. While Mr. Gorman suggests that the reasonableness of his ROE estimates may be viewed in the context of his long-term growth projections, an alternative approach is to assess his long-term growth projections in the context of recently authorized ROEs. Given that Mr. Gorman's Risk Premium approach is premised on the use of authorized returns as a measure of "expectational" data,²⁵² it would follow that the long-term growth rate assumed in his Multi-Stage DCF model should produce results that are reasonably consistent with current expectations (that is, with recently authorized equity returns).

²⁵² *Ibid.*, at 32-33.

1 Knowing that his average Multi-Stage DCF estimate is 8.86 percent or
2 lower, and that recently authorized equity returns are quite a bit higher (see
3 Attachment No. RBH-17, and Mr. Gorman's Attachments MPG-11 and 12), it is
4 reasonable to question the terminal growth rate used in Mr. Gorman's Multi-
5 Stage DCF analysis. As shown in Attachment No. RBH-38, keeping all of Mr.
6 Gorman's data and assumptions constant but for the terminal growth rate, and
7 solving for the growth rate that produces an average ROE of 9.96 percent²⁵³
8 produces an implied growth rate of 6.21 percent.²⁵⁴ That, of course, is
9 substantially above Mr. Gorman's 4.60 percent estimate, although it is generally
10 consistent with (although somewhat higher than) the assumption included in my
11 Multi-Stage analysis (5.64 percent) and the long-term geometric average nominal
12 GDP growth rate (6.23 percent).²⁵⁵

13 **Q. IS THERE A METHOD THAT CAN BE USED TO ESTIMATE PROJECTED**
14 **LONG-TERM REAL GDP GROWTH BEGINNING TEN YEARS FROM NOW?**

15 A. Yes, there is. Consistent with the approach taken in Proceeding No. 12AL-
16 1268G, and as I described in my Direct Testimony, it is possible to calculate the
17 projected long-term real GDP growth rate based on a combination of the
18 historical real GDP growth rate and the expected inflation rate.²⁵⁶ It is possible to

²⁵³ See Attachment No. RBH-17. 9.96 percent represents the average authorized return for vertically integrated electric utilities from for the twelve-month period ending October 31, 2014, as reported by Regulatory Research Associates.

²⁵⁴ See Attachment No. RBH-38.

²⁵⁵ Source: Bureau of Economic Analysis.

²⁵⁶ Direct Testimony of Robert B. Hevert, at 34-35.

1 use observable market data regarding nominal and inflation-protected Treasury
2 yields (referred to as “Treasury Inflation Protected Securities” or “TIPS”) to
3 calculate the market’s forward view of inflation (that is, inflation expected over the
4 long term beginning ten years from now). In particular, the difference between
5 nominal Treasury yields and TIPS yields is commonly considered to be a
6 measure of expected inflation. Because the expected rate of inflation is easily
7 calculated, all that is needed is an estimate of long-term real GDP growth.
8 Historical real GDP growth can be used as a measure of expected real GDP
9 growth in the terminal period. According to data provided by the Bureau of
10 Economic Analysis, over the period 1929 to 2013 the average annual real GDP
11 growth rate was 3.27 percent (on a geometric average basis). Combining real
12 GDP growth with the expected inflation rate of 2.29 percent produces an
13 expected long-term growth rate of 5.64 percent, which is the growth rate I used in
14 my Multi-Stage DCF analysis.²⁵⁷ This result is more reasonable than Mr.
15 Gorman’s 4.60 percent estimate of long-term real GDP growth.

16 **Q. WITH THOSE POINTS IN MIND, DID YOU MAKE ANY ADDITIONAL**
17 **ADJUSTMENTS TO MR. GORMAN’S ANALYSIS?**

18 A. Yes, Attachment No. RBH-36 provides the incremental results of those
19 adjustments. To ensure that I correctly applied the analysis, I first recreated Mr.
20 Gorman’s Multi-Stage model and replicated his results. I then adjusted Mr.

²⁵⁷ $[(1.0327) \times (1.0229)] - 1 = .0564.$

1 Gorman's Internal Rate of Return calculation to reflect the mid-year convention
2 (as explained above). Next, I revised the long-term growth rate used in the final
3 stage of Mr. Gorman's model to the more reasonable estimate of perpetual long-
4 term nominal GDP growth described above. The cumulative effect of those
5 adjustments is to increase his median electric proxy group ROE estimate to 9.53
6 percent and his median combination utility proxy group ROE estimate to 9.80
7 percent. Although those results remain below a reasonable estimate of the
8 Company's Cost of Equity, they are as much as 50 basis points above Mr.
9 Gorman's 9.30 percent ROE recommendation.

C. Application of Capital Asset Pricing Model

10 **Q. PLEASE SUMMARIZE MR. GORMAN'S CAPM ANALYSIS.**

11 A. Mr. Gorman develops CAPM estimates from 8.98 percent to 9.93, with a point
12 estimate of 9.32 percent for the electric proxy group and 9.57 percent for the
13 combination utility proxy group.²⁵⁸ For the Market Risk Premium component of
14 the CAPM, Mr. Gorman uses (1) an estimate of 7.10 percent based on the long-
15 term historical arithmetic average real market return from 1926 through 2013 as
16 reported by Morningstar, which he then adjusts for current inflation forecasts; and
17 (2) an estimate of 6.20 percent based on the historical difference between the
18 average return on the S&P 500 and the average total return on long-term

²⁵⁸ See Answer Testimony of Michael P. Gorman, at 43.

1 government bonds.²⁵⁹ Mr. Gorman relies on *Blue Chip*'s projected 30-year
2 Treasury yield of 4.30 percent as the risk-free rate component of the CAPM, and
3 Value Line's reported Beta coefficients (0.75 for the electric proxy group and 0.79
4 for the combination utility proxy group).²⁶⁰

5 **Q. DOES MR. GORMAN NOTE ANY OBJECTIONS TO YOUR CAPM**
6 **ANALYSIS?**

7 A. Yes, Mr. Gorman asserts that my DCF-derived MRP estimate is based on a
8 growth rate component that is "far too high" to be a "sustainable" growth rate.²⁶¹
9 Because Mr. Gorman's concern with the "sustainability" of growth rates arises in
10 other aspects of his testimony, I address his specific concern regarding the
11 expected market growth rate below.

12 **Q. WHAT IS THE BASIS OF MR. GORMAN'S CLAIM THAT YOUR DCF-**
13 **DERIVED MARKET RETURN ESTIMATE IS NOT "SUSTAINABLE"?**

14 A. Mr. Gorman notes that the earnings growth rate component of my DCF-derived
15 market return is higher than estimates of long-term nominal GDP growth and on
16 that basis, concludes that those projections are "far too high to be a rational
17 outlook for sustainable long-term market growth."²⁶² Mr. Gorman supports his
18 position by noting that "Morningstar estimates the actual capital appreciation for

²⁵⁹ See Answer Testimony of Michael P. Gorman, at 40-41.

²⁶⁰ See Answer Testimony of Michael P. Gorman, at 43 and Attachment MPG-16.

²⁶¹ *Ibid.*, at 59.

²⁶² *Ibid.*

1 the S&P 500 over the period 1926 through 2013 to have been 5.80% to 7.7%.”²⁶³

2 Adding the market average dividend yield of 2.00 percent to the high 7.70
3 percent rate of growth, Mr. Gorman concludes that a reasonable expectation of
4 the total market return would be 9.70 percent.²⁶⁴

5 **Q. TURNING NOW TO THE EXPECTED TOTAL RETURN ON THE MARKET, DO**
6 **YOU AGREE WITH MR. GORMAN’S 9.70 PERCENT ESTIMATE?**²⁶⁵

7 A. No, I do not. Since Mr. Gorman supports his position in terms of the historical
8 rate of capital appreciation, it also is appropriate to consider the expected market
9 return in the context of historical market returns. In that regard, from 1926
10 through 2013, the arithmetic average market return (including the 7.70 percent
11 capital appreciation rate noted by Mr. Gorman) was 12.10 percent,²⁶⁶ or 240
12 basis points above Mr. Gorman’s 9.70 percent estimate.

13 As discussed in my response to Mr. Fernandez (above), returns of 12.30
14 percent (which is consistent with the analysis in my Direct Testimony) and higher
15 actually occurred quite often. In fact, the 12.74 percent and 13.40 percent
16 estimates contained in my updated CAPM analyses (as shown in Attachment No.
17 RBH-13), represent approximately the 50th percentile of the actual returns
18 observed from 1926 to 2013. In other words, of the 88 annual observations, 45

²⁶³ *Ibid.*, at 60.

²⁶⁴ *Ibid.*

²⁶⁵ See Answer Testimony of Michael P. Gorman, at 60.

²⁶⁶ Source: Morningstar, Inc., Ibbotson Stocks, Bonds, Bills and Inflation 2014 Classic Yearbook, at 91. The return on Large Company Stocks, as reported by Morningstar, is the source on which Mr. Gorman relies to arrive at his 7.70 percent historical average capital appreciation rate.

1 were 13.40 percent or higher. By that measure, my estimate is entirely
2 consistent with historical experience, although Mr. Gorman's estimate is low
3 relative to that standard.

4 **Q. DOES MR. GORMAN'S OBSERVATION THAT THE HISTORICAL**
5 **ARITHMETIC RATE OF CAPITAL APPRECIATION HAS BEEN 7.70**
6 **PERCENT RELATE TO OTHER ASPECTS OF HIS ROE ANALYSES AND**
7 **RECOMMENDATIONS?**²⁶⁷

8 A. Yes, it does. As noted earlier, Mr. Gorman's DCF analyses are substantially
9 influenced by his view as to what may or may not represent a "sustainable" rate
10 of growth. In fact, Mr. Gorman substitutes that perspective when he replaces the
11 long-term growth rate used in my Multi-Stage DCF analyses with his calculation
12 the Blue Chip projection of nominal GDP growth (4.60 percent).²⁶⁸ Despite the
13 fact that it is disconnected in time from its application in his analysis,²⁶⁹ Mr.
14 Gorman also relies on the Blue Chip nominal GDP growth projection as the
15 terminal growth rate in his Multi-Stage DCF analysis.

16 Although Mr. Gorman suggests that 4.60 percent represents the upper
17 limit on long-term growth, he also estimates the long-term forward-looking
18 expected return on the market by assuming the 7.70 percent historical rate of
19 capital appreciation. In other words, Mr. Gorman appears to be of the view that

²⁶⁷ See Answer Testimony of Michael P. Gorman, at 60.

²⁶⁸ See Answer Testimony of Michael P. Gorman, at 19-20.

²⁶⁹ As noted earlier, the Blue Chip projection period ends in the year in which Mr. Gorman uses it as the estimate of expected *perpetual* GDP growth.

1 4.60 percent is a reasonable measure of long-term growth for the DCF model,
2 and that 7.70 percent is an appropriate measure of long-term growth to estimate
3 the expected market return. As Mr. Gorman is aware, the growth component of
4 the constant growth DCF model represents the expected rate of capital
5 appreciation; the same is true of the terminal growth rate used in his multi-stage
6 DCF analysis.²⁷⁰ Consequently, the 7.70 percent rate of capital appreciation that
7 Mr. Gorman assumes for the purpose of his expected market return also
8 represents a measure of expected long-term growth.

9 In essence, Mr. Gorman's analyses assume long-term growth rates of
10 4.60 percent to 7.70 percent. The growth estimates used in my Constant Growth
11 DCF model (5.46 percent for the electric proxy group and 5.48 percent for the
12 combination proxy group) and the long-term growth estimate assumed in my
13 Multi-stage DCF analysis (5.70 percent) fall within that range. Consequently, Mr.
14 Gorman's assertions that my growth rate estimates are somehow inflated are
15 inconsistent with his own data and assumptions.

²⁷⁰

As noted in my Direct Testimony, the Constant Growth DCF model assumes that earnings, dividends, and book value all grow at the same, constant rate in perpetuity (see Direct Testimony of Robert B. Hevert, at 25). Those assumptions imply that the Market-to-Book and price/earnings ratios stay constant. The same basic assumptions hold for Mr. Gorman's "sustainable growth" model.

1 **Q. IS MR. GORMAN'S USE OF THE HISTORICAL RATE OF S&P 500 TOTAL**
2 **RETURN AS A MEASURE OF SUSTAINABLE FUTURE MARKET GROWTH**
3 **CONSISTENT WITH HIS USE OF THE SUSTAINABLE GROWTH RATE IN HIS**
4 **DCF ANALYSIS?**

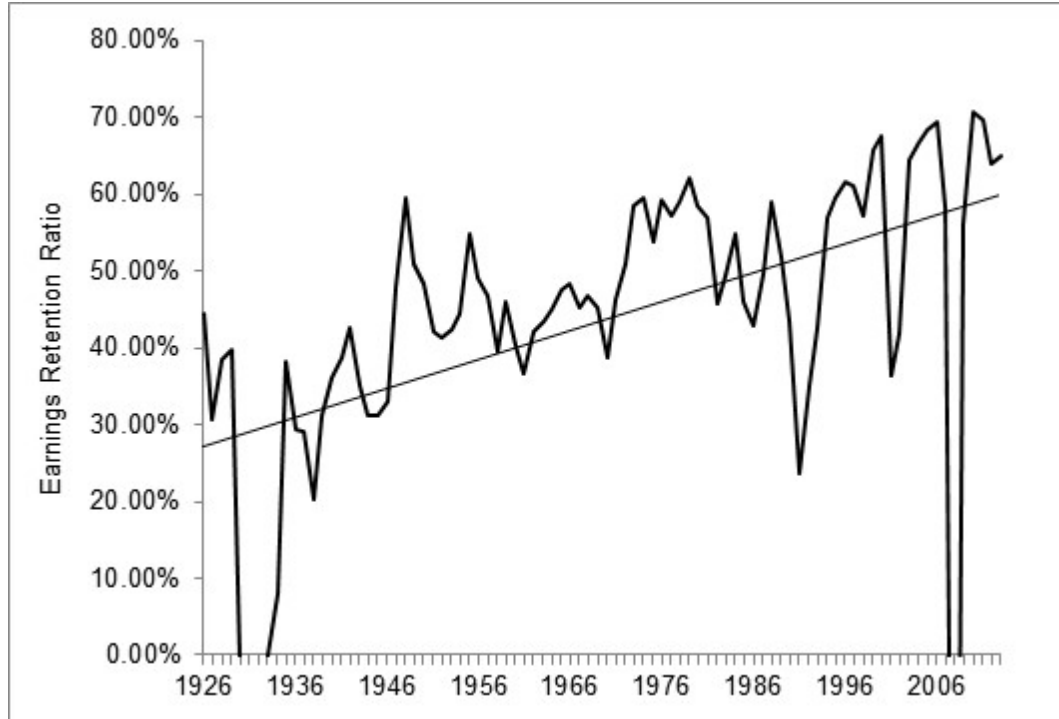
5 A. No, it is not. The Sustainable Growth rate used in Mr. Gorman's DCF analysis is
6 premised upon the assumption that there is a positive relationship between the
7 earnings retention ratio and earnings growth. In that regard, Mr. Gorman states:

8 The internal growth methodology is tied to the percentage of
9 earnings retained in the company and not paid out as dividends.
10 The earnings retention ratio is 1 minus the dividend payout ratio. As
11 the payout ratio declines, the earnings retention ratio increases. An
12 increased earnings retention ratio will fuel stronger growth because
13 the business funds more investments with retained earnings.²⁷¹

14 While (as discussed above) I do not agree with Mr. Gorman's use of the
15 Sustainable Growth method, it is helpful to consider the current level of the S&P
16 500 earnings retention ratio relative to its historical level. If the current market
17 retention ratio is well above its long-term average, it calls into question whether
18 the market will maintain that level in perpetuity. As shown in Chart 10 (below),
19 data reported by Dr. Robert J. Shiller indicates the S&P 500 earnings retention
20 has trended upward over time and is currently well above its historical average.
21 Consequently, the Sustainable Growth estimate that Mr. Gorman relied upon
22 suggests that future market growth could outpace historical growth.

²⁷¹ Answer Testimony of Michael P. Gorman, at 24.

1 **Chart 10: S&P 500 Annual Earnings Retention Ratio, 1926 - 2013**²⁷²



2 **Q. WHAT IS YOUR CONCERN WITH MR. GORMAN’S USE OF A 6.20 PERCENT**
3 **HISTORICAL MRP?**

4 A. The Market Risk Premium represents the additional return required by equity
5 investors to assume the risks of owning the “market portfolio” of equity relative to
6 long-term Treasury securities. As with other elements of Cost of Equity
7 analyses, the MRP is meant to be a forward-looking parameter. Simply relying
8 on the historical MRP may produce results that are inconsistent with investor
9 sentiment and current conditions in capital markets. For example, Morningstar
10 observes:

²⁷² Source: <http://www.econ.yale.edu/~shiller/data.htm>.

1 It is important to note that the expected equity risk premium, as it is
2 used in discount rates and cost of capital analysis, is a forward-
3 looking concept. That is, the equity risk premium that is used in the
4 discount rate should be reflective of what investors think the risk
5 premium will be going forward.²⁷³

D. Application of the Risk Premium Model

6 **Q. PLEASE BRIEFLY DESCRIBE MR. GORMAN'S RISK PREMIUM ANALYSES.**

7 A. Mr. Gorman defines the "Risk Premium" as the difference between average
8 annual authorized equity returns for electric utilities, and a measure of long-term
9 interest rates each year from 1986 through 2013. Mr. Gorman's first approach
10 calculates the annual risk premium by reference to the 30-year Treasury yield,
11 while the second considers the average A-rated utility bond yield.²⁷⁴ In each
12 case, Mr. Gorman discards the three lowest and three highest implied equity risk
13 premia, and establishes the range of Risk Premium estimates based on the next
14 highest (or lowest) estimate. In other words, the lower bound of his Risk
15 Premium range is defined by the fourth-lowest risk premium, regardless of the
16 year in which it occurred. In a similar manner, the upper bound of Mr. Gorman's
17 Risk Premium range is defined by the fourth-highest estimate, regardless of the
18 year in which that observation occurred. Mr. Gorman then applies weights of

²⁷³ Morningstar, Inc., 2013 *Ibbotson Stocks, Bonds, Bills and Inflation Valuation Yearbook*, at 53.
²⁷⁴ See Answer Testimony of Michael P. Gorman, at 32-33 and Attachments MPG-11 and 12.

1 30.00 percent and 70.00 percent, respectively, to his lower and upper bound
2 estimates.²⁷⁵

3 As to the period over which he gathers and analyzes his data, Mr. Gorman
4 suggests that his 29-year horizon is a “generally accepted period to develop a
5 risk premium study using ‘expectational’ data.”²⁷⁶ Mr. Gorman further notes that
6 “it is reasonable to assume that averages of annual achieved returns over long
7 time periods will generally converge on the investors’ expected returns,” and
8 concludes that his “risk premium study is based on expectational data, not actual
9 investment returns, and, thus, need not encompass a very long historical time
10 period.”²⁷⁷ Based on those assumptions, Mr. Gorman calculates a range of
11 estimates from 7.72 percent to 10.58 percent, which Mr. Gorman suggests,
12 produces a reasonable range of 9.15 percent to 10.02 percent with a (rounded)
13 midpoint of 9.60 percent.²⁷⁸

14 **Q. DOES MR. GORMAN RELY ON HIS RISK PREMIUM MODEL IN MAKING HIS**
15 **ROE RECOMMENDATION?**

16 **A.** Yes, he does. As noted above, Mr. Gorman develops his ROE estimate (*i.e.*,
17 9.30 percent) at least in part based on his Risk Premium results.²⁷⁹

²⁷⁵ *Ibid.*, at 37.

²⁷⁶ *Ibid.*, at 34.

²⁷⁷ *Ibid.*, at 34-35.

²⁷⁸ *Ibid.*, at 36 and 38. See also Attachment No. RBH-39.

²⁷⁹ *Ibid.*, at 44.

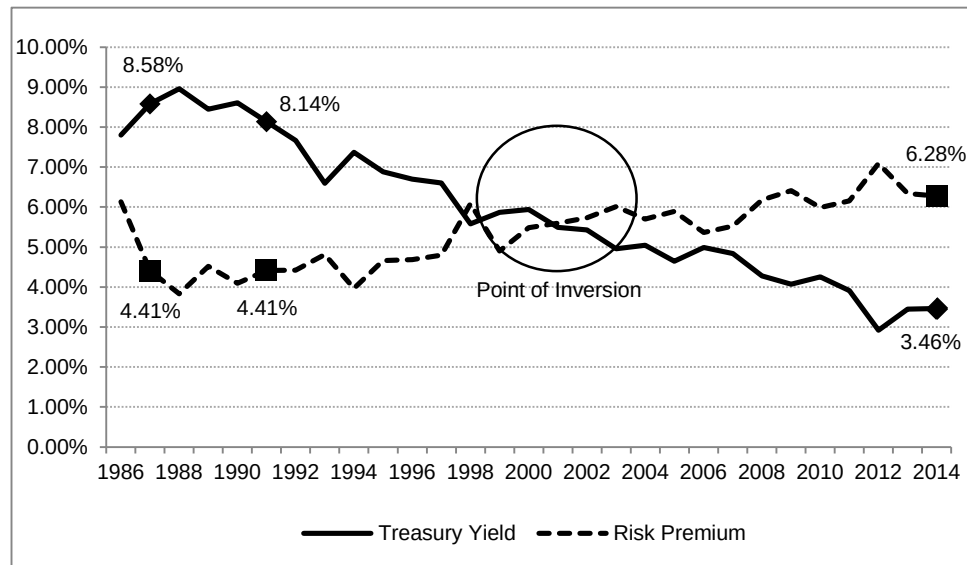
1 **Q. WHAT ARE YOUR SPECIFIC CONCERNS WITH MR. GORMAN'S RISK**
2 **PREMIUM ANALYSES?**

3 A. I have several concerns with Mr. Gorman's analysis: (1) his method of relying on
4 the fourth lowest and highest risk premium is arbitrary and establishes a range of
5 ROE estimates that are predicated on economic and financial conditions that are
6 far removed from the current market; (2) Mr. Gorman's method and
7 recommendation ignore an important relationship revealed by his own data, *i.e.*,
8 that the Risk Premium has a strong negative correlation to the level of interest
9 rates (whether measured by Treasury or utility bond yields); and (3) the low end
10 of Mr. Gorman's Risk Premium estimates is far lower than any ROE authorized
11 since at least 1986 and as such, has no relevance in estimating the Company's
12 Cost of Equity.

13 **Q. TURNING FIRST TO THE METHOD BY WHICH MR. GORMAN SELECTED**
14 **THE BOUNDS OF HIS RISK PREMIUM ESTIMATES, HAVE YOU REVIEWED**
15 **THE RANGE OF DATA INCLUDED IN HIS ANALYSIS?**

16 A. Yes, I have. Considering first the Treasury yield-based analysis, I plotted the
17 yields and Risk Premia over the 1986 to 2014 period included in Mr. Gorman's
18 analysis. That graph is presented in Chart 110 (below).

Chart 11: Mr. Gorman's Treasury Yield-Based Risk Premium Data²⁸⁰



There are several important points that may be taken from that data. First, the low end of Mr. Gorman's Risk Premium range, 4.41 percent, was observed in 1987 and 1991. It is apparent that a discrete observation from an economic environment 23 to 27 years ago has little to do with current market conditions. In fact, a very visible measure of such differences is the fact that in 1987, Treasury yields exceeded the Risk Premium. As Attachment No. RBH-39 demonstrates, however, since the turn of the Millennium, the opposite has been true; the Risk Premium has consistently exceeded Treasury yields. By that measure alone, it is clear that the low end of Mr. Gorman's range has little, if any, relevance to the current market environment.

²⁸⁰

Source: Answer Testimony of Michael P. Gorman, Attachment MPG-11. See also Attachment No. RBH-39.

1 As to the high end of his range, Mr. Gorman's convention of discarding the
2 three highest Treasury yield-based Risk Premium estimates has the effect of
3 ignoring observations from 2009, 2012 and 2013; the Utility bond-based
4 estimates exclude 2012, 2013 and 2014. Since 2008, the Federal Reserve has
5 proceeded on a steady path of initiatives designed to lower long-term Treasury
6 yields.²⁸¹ By not including the most recent data in his analysis, Mr. Gorman's
7 selections specifically exclude the market conditions that he finds important in
8 other aspects of his analyses.²⁸² Moreover, the Risk Premium tends to move
9 inversely with changes in interest rates: As interest rates have fallen, the Risk
10 Premium has increased. Mr. Gorman's approach, therefore, removes very
11 recent observations for which the Risk Premium would be relatively high.

12 Combining data from the highest and lowest (rather than the fourth) return
13 produces an ROE estimate of 9.95 percent relative to the 9.59 percent result that
14 Mr. Gorman reports.²⁸³ In fact, moving from the fourth to the first highest and
15 lowest return would increase the ROE estimate by 36 basis points while an
16 equivalent move downward (*i.e.*, moving from the fourth to the seventh) would
17 decrease the ROE by only 18 basis points. Given the rather subjective nature of
18 the analysis, and in light of the significant skew in results, it is my view that Mr.
19 Gorman's Risk Premium analysis tends to understate the Company's Cost of
20 Equity.

²⁸¹ See, *also*, Federal Reserve Press Release dated June 19, 2013.

²⁸² See, for example, Answer Testimony of Michael P. Gorman, at 20.

²⁸³ Attachment No. RBH-39 and Answer Testimony of Michael P. Gorman, at 38.

1 **Q. PLEASE NOW ELABORATE ON YOUR EARLIER OBSERVATION THAT THE**
2 **RISK PREMIUM HAS INCREASED AS TREASURY YIELDS HAVE**
3 **DECREASED.**

4 A. As Attachment No. RBH-39 demonstrates, over Mr. Gorman's study period the
5 Risk Premium has moved inversely to changes in Treasury yields and this
6 relationship is supported by the data contained in Mr. Gorman's Attachments
7 MPG-11 and 12; the correlation between the two is negative 87.64 percent (see
8 Attachment No. RBH-39). To put that degree of correlation in perspective, if the
9 two were to move in exactly opposite directions, the correlation would be
10 negative 100.00 percent, if they did not move together at all, the correlation
11 would be zero. Because correlation coefficients by definition are between zero
12 and one (either positive or negative), a correlation of negative 87.64 percent
13 indicates a strong tendency for the Equity Risk Premium to increase as interest
14 rates decrease. These findings are supported in academic studies. For
15 example, Dr. Roger Morin notes that:

16 ...[p]ublished studies by Brigham, Shome, and Vinson (1985),
17 Harris (1986), Harris and Marston (1992, 1993), Carleton,
18 Chambers, and Lakonishok (1983), Morin (2005), and McShane
19 (2005), and others demonstrate that, beginning in 1980, risk
20 premiums varied inversely with the level of interest rates - rising
21 when rates fell and declining when interest rates rose.²⁸⁴

22 Turning back to Mr. Gorman's data, a simple linear regression analysis
23 reveals that for every 100 basis point decrease in yields, the Risk Premium

²⁸⁴ Roger A. Morin, New Regulatory Finance, Public Utilities Reports, Inc. (2006), at 128 [clarification added].

1 increases by approximately 43 basis points (see Attachment No. RBH-39).²⁸⁵

2 That result is consistent with those found by Maddox, Pippert and Sullivan, who
3 determined that the Risk Premium would increase by 37 basis points for every
4 100 basis point change in the 30-year Treasury yield.²⁸⁶ Citing Harris and
5 Marston, the authors note a similar estimate of 36 basis points.²⁸⁷

6 **Q. HAVE YOU MADE ANY ADJUSTMENTS TO MR. GORMAN'S ANALYSIS TO**
7 **REFLECT THE CONCERNS DISCUSSED ABOVE?**

8 A. Yes, I have. While I believe that the regression analysis described in my Direct
9 Testimony is the appropriate method,²⁸⁸ I have adjusted Mr. Gorman's analysis to
10 reflect the Risk Premium associated with the prevailing level of interest rates.
11 Based on Mr. Gorman's Attachment MPG-11, the average 30-year Treasury yield
12 in 2013 and 2014 was 3.46 percent; the average Risk Premium during those
13 years was 6.31 percent. Applying the projected 4.30 percent (30-year) Treasury
14 yield to that risk premium produces an ROE estimate of 10.61 percent.
15 Assuming the respective 2013 and 2014 Risk Premium estimates (combined with
16 the projected 4.30 percent Treasury yield) produces a range of 10.58 percent to
17 10.64 percent. Those estimates, which reflect more recent and relevant data,
18 are well above Mr. Gorman's 9.40 percent ROE estimate.

²⁸⁵ Adjusting for serial correlation does not materially affect the results; see Attachment No. RBH-39.
²⁸⁶ See Farris M. Maddox, Donna T. Pippert, and Rodney N. Sullivan, *An Empirical Study of Ex Ante Risk Premiums for the Electric Utility Industry*, Financial Management, Vol. 24, No. 3, Autumn 1995, at 93.

²⁸⁷ *Ibid.*

²⁸⁸ Direct Testimony of Robert B. Hevert, at 53-54.

1 **Q. HAVE YOU COMPLETED A SIMILAR ANALYSIS USING MR. GORMAN'S**
2 **UTILITY BOND YIELD DATA?**

3 A. Yes, and those results are consistent with my analysis of Mr. Gorman's Treasury
4 yield-based Risk Premium. Here again, it is clear that the Risk Premium has
5 increased as the Utility Bond Yield has decreased. In fact, because the two have
6 been moving steadily in opposite directions, the Risk Premium now is higher than
7 the Bond Yield. Mr. Gorman, however, developed his Risk Premium (and,
8 therefore, his ROE) estimates based on data points that occurred more than 14
9 years prior to that point of inversion.

10 **Q. DO YOU HAVE ANY OTHER OBSERVATIONS REGARDING MR. GORMAN'S**
11 **RISK PREMIUM ANALYSIS?**

12 A. Yes, I do. Aside from the shortcomings discussed above, Mr. Gorman's Risk
13 Premium recommendation gives considerable weight to ROE estimates that are
14 well below the lowest return that has ever been authorized. Of the 1,430 electric
15 utility rate authorizations since 1980 for which authorized ROEs were disclosed,
16 the lowest was 8.72 percent.²⁸⁹ Mr. Gorman, however, gives specific weight to an
17 ROE estimate that is nearly 100 basis points lower, still (that is, the 7.75 percent
18 ROE estimate to which Mr. Gorman gave 30.00 percent weight in his "A" rated
19 utility bond version of the Risk Premium).²⁹⁰

²⁸⁹ Source: Regulatory Research Associates; see, also Attachment No. RBH-16.
²⁹⁰ Answer Testimony of Michael P. Gorman, at 38 (footnote 24).

E. Financial Integrity

1 **Q. PLEASE BRIEFLY SUMMARIZE MR. GORMAN'S ASSESSMENT OF HIS**
2 **RECOMMENDATION AS IT AFFECTS MEASURES OF THE COMPANY'S**
3 **FINANCIAL INTEGRITY.**

4 A. Mr. Gorman evaluates the reasonableness of his ROE recommendation by
5 evaluating the *pro forma* effect that his recommended ROE would have on three
6 of the Company's key financial ratios with the goal of ascertaining whether those
7 ratios would still fall within S&P's guideline ranges sufficient for an investment
8 grade rating.²⁹¹ In that regard, Mr. Gorman develops the following *pro forma*
9 ratios: (1) Total Debt to Total Capital; (2) Debt to Earnings Before Interest,
10 Taxes, Depreciation, and Amortization ("EBITDA"); and (3) Funds From
11 Operations ("FFO") to Total Debt. An obvious but important point is that Mr.
12 Gorman's analysis assumes that the Company actually is able to earn the
13 entirety of its authorized ROE on a going-forward basis.

14 In Attachment MPG-17, Mr. Gorman develops the *pro forma* financial
15 ratios noted above based on the Company's retail cost of service, and his
16 recommended ROE of 9.30 percent. Mr. Gorman notes that the Company has
17 an overall financial risk profile rating of "Significant" from S&P and assuming all
18 other inputs to his *pro forma* financial analysis remain unchanged, suggests that

²⁹¹ Answer Testimony of Michael P. Gorman, at 46.

1 his recommended ROE of 9.30 percent would be sufficient to maintain an
2 investment grade credit rating.²⁹²

3 **Q. DO YOU AGREE WITH MR. GORMAN'S ANALYSIS AND CONCLUSION?**

4 A. No, I do not. First, the fact that Mr. Gorman's ROE recommendation produces
5 credit metrics that fall within a certain ratings category does not mean that rating
6 agencies would assign those ratings to the Company. Of the factors that
7 Moody's considers in arriving at a ratings determination, for example, 50.00
8 percent are based on qualitative issues surrounding the regulatory environment
9 and the ability to earn returns and recover costs in a timely manner.²⁹³ As shown
10 in Attachment No. RBH-40 an ROE as low as 7.98 percent would produce credit
11 metrics in the same ratings categories as Mr. Gorman's 9.30 percent
12 recommendation. In fact, using Mr. Gorman's *pro forma* assumptions, an ROE
13 as low as 4.30 percent (which is below the Company's cost of debt) would
14 produce credit metrics consistent with the Company's current "Significant"
15 category. It is difficult to assume, however, that there would be no ratings
16 pressure resulting from an authorized ROE of 7.98 percent.

17 Given the qualitative factors noted above, a 10.25 percent ROE would be
18 less likely to put ratings pressure on the Company. At the same time, even the
19 low end of my recommended range (10.00 percent) has the effect of improving
20 the *pro forma* metrics developed in Mr. Gorman's Attachment MPG-17 (see

²⁹² *Ibid.*, at 48.

²⁹³ See Moody's Investors Service, *Rating Methodology; Regulated Gas and Electric Utilities*, December 2013, at 6.

1 Attachment No. RBH-40). The distinction between the investment grade rating
2 threshold used by Mr. Gorman(*i.e.*, maintaining a credit rating of BBB- or higher),
3 and the Company's current A- rating is important. There is little question that the
4 capital market contractions of 2002-2003, and 2008-2009 severely limited the
5 ability of lower-rated companies to access external capital.

6 It also is important to note that Mr. Gorman's 9.30 percent ROE
7 recommendation is nearly 70 basis points below the average authorized ROE for
8 vertically integrated utilities over the twelve months ending October 31, 2014.²⁹⁴

9 In my view, Mr. Gorman's recommendation would put downward pressure on
10 cash flow-related credit metrics as well as the qualitative factors considered in
11 arriving at ratings determinations. In that important respect, Mr. Gorman's
12 recommendation presents an element of risk, not a source of support for the
13 Company's credit profile.

²⁹⁴

Attachment No. RBH-17.

VIII. RESPONSE TO THE ANSWER TESTIMONY OF MR. CHRISS

1 **Q. PLEASE SUMMARIZE MR. CHRISS' TESTIMONY REGARDING THE**
2 **COMPANY'S ROE.**

3 A. Mr. Chriss opposes my recommendation because, he states, it is higher than the
4 ROEs authorized by other regulatory commissions since the beginning of 2012,
5 and in light of the Company's "risk reducing ratemaking structures".²⁹⁵ Despite
6 his concerns, Mr. Chriss did not undertake an independent, market-based
7 analysis of the Company's Cost of Equity, nor did he perform a comparison of
8 Public Service's "ratemaking structures" to those of other utilities.

9 **Q. HAVE YOU REVIEWED AND UPDATED THE INFORMATION CONTAINED IN**
10 **MR. CHRISS' EXHIBIT SWC-2?**

11 A. Yes, and it is important to note that Mr. Chriss' observation that "[t]he proposed
12 ROE is higher than the ROEs approved by other utility regulatory commissions in
13 2012, 2013, and so far in 2014"²⁹⁶ is not correct. My revised recommended ROE
14 of 10.25 percent is within the range of authorized ROEs for vertically integrated
15 electric utilities (see Attachment No. RBH-17). Further, it is important to note that
16 the authorized ROE is a very visible measure of the regulatory environment in
17 which utilities operate. The regulatory environment, in turn, is important to utility
18 analysts and investors.

²⁹⁵ Answer Testimony of Steve W. Chriss at 10-11.

²⁹⁶ Answer Testimony of Steve W. Chriss at 10.

1 **Q. CAN YOU PROVIDE AN EXAMPLE OF HOW THE FINANCIAL COMMUNITY**
2 **CONSIDERS THE REGULATORY ENVIRONMENT IN ASSESSING**
3 **UTILITIES?**

4 A. Yes. As noted earlier, for example, one-half of the factors that weigh in Moody's
5 ratings relate to the nature of regulation.²⁹⁷ Similarly, Standard & Poor's has
6 noted that:

7 The assessment of regulatory risk is perhaps the most important
8 factor in Standard & Poor's Ratings Services' analysis of a U.S.
9 regulated, investor-owned utility's business risk. Each of the other
10 four factors we examine--markets, operations, competitiveness,
11 and management--can affect the quality of the regulation a utility
12 experiences, but we believe the fundamental regulatory
13 environment in the jurisdictions in which a utility operates often
14 influences credit quality the most.²⁹⁸

15 While both S&P and Moody's consider regulatory risk in establishing credit
16 ratings, Moody's has reflected its importance by establishing credit ratings based
17 on four key factors: (1) regulatory framework; (2) the ability to recover costs and
18 earn returns; (3) diversification; and (4) financial strength, liquidity, and key
19 financial metrics. Of those criteria, the regulatory framework and the ability to
20 recover costs and earn returns are each given a broad rating factor of 25.00
21 percent. Therefore, Moody's assigns regulatory risk a 50.00 percent weighting in

²⁹⁷ Moody's Investors Service, Rating Methodology; Regulated Gas and Electric Utilities, August, 2009, at 4.

²⁹⁸ Standard & Poor's, Utilities: Assessing U.S. Utility Regulatory Environments, November 15, 2011. (Emphasis added)

1 the overall assessment of business and financial risk for regulated utilities.²⁹⁹

2 The authorized ROE affects not only the cash flow-related metrics that measure
3 financial strength but also provides an indication of the degree of regulatory
4 support, and risk, associated with a given utility and jurisdiction. In that important
5 respect, the Commission's decision in this proceeding will have a direct bearing
6 on the company's credit profile, and its ability to access the capital needed to
7 fund its investments.

8 **Q. WHAT IS YOUR RESPONSE TO MR. CHRISS' POSITION REGARDING**
9 **PUBLIC SERVICE'S RATEMAKING STRUCTURES?**³⁰⁰

10 A. As noted in my Direct Testimony, estimating the Cost of Equity is a comparative
11 exercise. Although the Company has the ability to use of a future test year and
12 include construction work in progress ("CWIP") from the CACJA rider in rate
13 base, the relevant analytical issue is whether those structures are so risk
14 mitigating relative to the proxy companies that investors would measurably
15 reduce their return requirements for Public Service. It is important, therefore, to
16 review other utilities' use of such ratemaking structures. Mr. Chriss, however,
17 has not done so.

18 **Q. HAVE YOU PERFORMED SUCH A REVIEW?**

19 A. Yes, I have. The principal analytical issue is whether the approval of the
20 proposed ratemaking structures would meaningfully distinguish the Company

²⁹⁹ Moody's Investors Service, Rating Methodology, *Regulated Electric and Gas Utilities*, December 23, 2013, at 6.

³⁰⁰ Answer Testimony of Steve W. Chriss, at 3.

1 from its peers. From the perspective of an equity investor, the question is one of
2 incremental risk based on the suite of cost recovery structures, not the presence,
3 or not, of an individual mechanism. As shown in Attachment No. RBH-18, and
4 described in my responses to Dr. England, Mr. Fernandez, and Mr. Baudino, I
5 reviewed the ratemaking structures typically allowed in each jurisdiction, provided
6 by Regulatory Research Associates. That review indicates that future test
7 periods, and recovery riders similar to CACJA are commonly allowed by
8 regulatory commissions. As such, I disagree with Mr. Chriss' suggestion that
9 Public Service's ratemaking structures warrant a reduction to its ROE.³⁰¹

³⁰¹ *Ibid.*, at 4 and 15.

IX. SUMMARY OF UPDATED ANALYSES

1 **Q. HAVE YOU UPDATED THE ROE ANALYSES PRESENTED IN YOUR DIRECT**
2 **TESTIMONY?**

3 A. Yes. I have updated the CAPM, DCF, Multi-Stage DCF and Risk Premium
4 analyses presented in my Direct Testimony with data as of October 31, 2014.

5 **Q. PLEASE SUMMARIZE YOUR UPDATED CONSTANT GROWTH DCF AND**
6 **MULTI-STAGE DCF ANALYSES.**

7 A. I have continued to use projected earnings growth rates from Zacks, First Call,
8 and Value Line in developing my Constant Growth and Multi-Stage DCF models.
9 The results are shown in Tables 7a – 7c (below; see *also*, Attachment No. RBH-
10 11, and Attachment No. RBH-12).

Table 7a: Combination Proxy Group Discounted Cash Flow Model Results³⁰²

	Low Growth Rate	Mean Growth Rate	High Growth Rate
<i>Mean Constant Growth DCF Results</i>			
30-Day Average	9.07%	10.00%	11.04%
90-Day Average	9.08%	10.01%	11.05%
180-Day Average	9.11%	10.04%	11.08%
<i>Mean Multi-Stage DCF Results</i>			
	Low Growth Rate	Mean Growth Rate	High Growth Rate
30-Day Average	9.64%	9.88%	10.17%
90-Day Average	9.63%	9.88%	10.17%
180-Day Average	9.65%	9.90%	10.19%

³⁰² Includes flotation cost adjustment.

Table 7b: Electric Proxy Group Discounted Cash Flow Model Results³⁰³

	Low Growth Rate	Mean Growth Rate	High Growth Rate
<i>Mean Constant Growth DCF Results</i>			
30-Day Average	8.54%	9.48%	10.43%
90-Day Average	8.59%	9.52%	10.47%
180-Day Average	8.62%	9.55%	10.50%
<i>Mean Multi-Stage DCF Results</i>			
	Low Growth Rate	Mean Growth Rate	High Growth Rate
30-Day Average	9.82%	10.10%	10.41%
90-Day Average	9.86%	10.14%	10.45%
180-Day Average	9.89%	10.16%	10.48%

³⁰³

Includes flotation cost adjustment. On October 20, 2014 Cleco announced that it had agreed to be acquired Macquarie Infrastructure (and other investors). As such, I have excluded Cleco from the analyses contained in my Rebuttal Testimony.

Table 7c: Combined Proxy Group Discounted Cash Flow Model Results³⁰⁴

	Low Growth Rate	Mean Growth Rate	High Growth Rate
<i>Mean Constant Growth DCF Results</i>			
30-Day Average	8.73%	9.66%	10.64%
90-Day Average	8.76%	9.69%	10.67%
180-Day Average	8.79%	9.72%	10.70%
<i>Mean Multi-Stage DCF Results</i>			
	Low Growth Rate	Mean Growth Rate	High Growth Rate
30-Day Average	9.76%	10.02%	10.33%
90-Day Average	9.78%	10.05%	10.35%
180-Day Average	9.81%	10.07%	10.38%

1 **Q. PLEASE SUMMARIZE YOUR UPDATED CAPM ANALYSIS.**

2 A. I have continued to use the same inputs used in my Direct Testimony, updated
3 through October 31, 2014. For the risk-free rate, I continue to refer to the one-
4 year “forward” 29-year Treasury yield and projected 30-year Treasury yields for
5 2014 to 2015 as inputs to my CAPM analyses. . In my Direct Testimony, I relied
6 on published results from Value Line (as one of three measures) for the Beta
7 coefficient. All of the Opposing ROE Witnesses’ CAPM analyses relied on Beta
8 coefficients published by Value Line as the sole source of Beta coefficients.
9 Since this represents an area of agreement across all Opposing ROE Witnesses,
10 I rely on published results from Value Line for the Beta coefficient in my updated

³⁰⁴ Includes flotation cost adjustment.

CAPM analysis. For the MRP, I continue to refer to the form of *ex-ante* market risk premia that I described in my Direct Testimony: the expected return on the S&P 500 Index less the current 30-year Treasury yield.³⁰⁵

Table 8: Combination Proxy Group CAPM Results

	<i>Bloomberg Derived Market Risk Premium</i>	<i>Value Line Derived Market Risk Premium</i>
<i>Combination Proxy Group CAPM Results</i>		
29-Year Treasury, One-Year Forward	11.43%	10.91%
Blue Chip 2015 Consensus 30-Year Treasury	12.14%	11.62%
Blue Chip 2016 Consensus 30-Year Treasury	12.94%	12.42%
<i>Electric Proxy Group CAPM Results</i>		
29-Year Treasury, One-Year Forward	10.92%	10.43%
Blue Chip 2015 Consensus 30-Year Treasury	11.63%	11.14%
Blue Chip 2016 Consensus 30-Year Treasury	12.43%	11.94%
<i>Combined Proxy Group CAPM Results</i>		
29-Year Treasury, One-Year Forward	11.10%	10.60%
Blue Chip 2015 Consensus 30-Year Treasury	11.81%	11.30%
Blue Chip 2016 Consensus 30-Year Treasury	12.61%	12.10%

Q. PLEASE SUMMARIZE YOUR UPDATED RISK PREMIUM ANALYSIS.

A. My updated Risk Premium analysis includes authorized ROEs as reported by Regulatory Research Associates through October 31, 2014. For the purpose of calculating the expected risk premium and ROE, I have used the one-year

³⁰⁵ See Attachment Nos. RBH-13 – 15.

“forward” 29-year Treasury yield and projected 30-year Treasury yields, as shown in Attachment No. RBH-16. My updated results are provided in Table 9 (below).

Table 9: Summary of Bond Yield Plus Risk Premium Results

<i>Electric Utility Bond Yield Plus Risk Premium</i>	
29-Year Treasury, One-Year Forward	10.11%
Blue Chip 2015 Consensus 30-Year Treasury	10.25%
Blue Chip 2016 Consensus 30-Year Treasury	10.53%
<i>Natural Gas Utility Bond Yield Plus Risk Premium</i>	
29-Year Treasury, One-Year Forward	10.04%
Blue Chip 2015 Consensus 30-Year Treasury	10.17%
Blue Chip 2016 Consensus 30-Year Treasury	10.44%

Q. HAVE YOU CONSIDERED WHETHER YOUR RECOMMENDED RETURN MEETS THE STANDARD OF A FAIR RATE OF RETURN?

A. Yes. As I noted in my Direct Testimony, my recommendation is based upon my understanding of the *Hope* and *Bluefield* cases, wherein those decisions established the standards for determining a fair and reasonable allowed Return on Equity including: consistency of the allowed return with other businesses having similar risk; adequacy of the return to provide access to capital and support credit quality; and that the end result must lead to just and reasonable rates.³⁰⁶

³⁰⁶ See Direct Testimony of Robert B. Hevert, at 35.

1 My assessment also reflects the Company's need to attract capital at
2 terms similar to those offered to companies of comparable risk. A
3 recommendation that diminishes the Company's ability to compete for capital in
4 the open market does not meet the "comparable company" standard.

X. RESPONSE TO MR. SKLUZAK REGARDING TO RATE CASE EXPENSES

Q. LASTLY, ARE YOU FAMILIAR WITH MR. SKLUZAK'S RECOMMENDATION THAT THE COMMISSION SHOULD DISALLOW A SUBSTANTIAL PORTION OF SUSSEX'S FEES IN THIS PROCEEDING?

A. Yes, I understand that Mr. Skluzak recommends that the Commission should disallow the majority of our fees in this Proceeding. Mr. Skluzak states that his recommendation based on three considerations:

1. His view that a "significant" portion of the budgeted amount for Sussex's fees are "unsupported and unexplained";
2. His opinion that Sussex's fees are, "comparatively, unjust and unreasonable";
- and
3. His observation that the Company has consistently chosen to retain outside experts to testify regarding the Cost of Equity.³⁰⁷

As discussed below, I strongly disagree with Mr. Skluzak's assessments and recommendation.

³⁰⁷ Answer Testimony of Cory W. Skluzak, at 20.

1 **Q. BEFORE TURNING TO MR. SKLUZAK’S SPECIFIC RECOMMENDATION,**
2 **WHAT IS YOUR POSITION REGARDING RATE CASE EXPENSES IN**
3 **GENERAL?**

4 **A.** I appreciate that authorized rate case expenses are borne by the ratepayers, and
5 I respect the obligation of petitioning companies, and their advisors, to manage
6 those costs to the best of our ability. On that general point, I agree with Mr.
7 Skluzak. As a firm, Sussex recognizes the importance of managing costs to our
8 clients; it is our continuing objective to provide the highest-quality services in the
9 most cost-effective manner.

10 Although I agree with Mr. Skluzak on that general principle, I strongly
11 disagree with his specific assertions and his conclusion that Sussex’s fees are
12 “unjust and unreasonable”. As discussed in more detail below, Mr. Skluzak’s
13 conclusions are based on incomplete analyses and inapt comparisons, and fail to
14 recognize important data included in his own cited documents. When objective
15 data are considered, it is apparent that Sussex’s fees are entirely reasonable,
16 and that the Company has effectively managed its expenses relating to Cost of
17 Capital testimony in this Proceeding.

1 Q. WHAT IS THE BASIS OF MR. SKLUZAK'S FIRST ASSERTION, THAT A
2 SIGNIFICANT PORTION OF SUSSEX'S FEES ARE UNSUPPORTED AND
3 UNEXPLAINED?

4 A. Mr. Skluzak's position appears to be based on his observation that the amount
5 included in the Company's rate case expenses (\$167,850) exceeds our original
6 proposed budget [REDACTED].³⁰⁸ Mr. Skluzak fails to point out, however, that
7 Sussex's proposal specifically identified the assumptions under which that
8 budget was estimated; we made quite clear that our estimated fee reflected the
9 efficiencies associated with our familiarity with Public Service and recent rates
10 filings before the Commission, and assumed a level of discovery and intervention
11 consistent with those cases, including Proceeding No. D-12AL-1268G.³⁰⁹

³⁰⁸ Answer Testimony of Cory Skluzak, at 20. Mr. Skluzak mistakenly states that the amount included in our proposal was [REDACTED]. See Confidential Attachment CWS-8, at 61.

³⁰⁹ Confidential Attachment CWS-8, at 60 notes that: "We believe that our experience providing testimony in the recent rate proceeding provided on behalf of Public Service Company of Colorado (Docket No. D-12AL-1268G) will be valuable as we develop the testimony and supporting analyses in this proceeding. Although each proceeding depends on the facts and circumstances faced by the subject company, there are issues that tend to recur from case to case. As a consequence, our experience will enable Sussex to develop our analyses and testimony in a very efficient and cost-effective manner; we have reflected those efficiencies in our proposed commercial terms." See, also, Confidential Attachment CWS-8, at 61: "Based on our understanding of the potential scope of discovery and rebuttal testimony, we estimate our fee for the entirety of the proceeding (including direct testimony, discovery, rebuttal testimony, hearing preparation and attendance, and assistance in the post-hearing briefing process) will be approximately \$130,070..."

1 There is little question that the scope of discovery and rebuttal testimony
2 in this proceeding well exceeds those in Proceeding No. D-12AL-1268G. In that
3 proceeding, my rebuttal testimony was limited to two witnesses. In this
4 proceeding, my Rebuttal Testimony addresses seven opposing witnesses,
5 including Mr. Skluzak. Similarly, in Proceeding No. D-12AL-1268G Sussex
6 responded to 18 discovery requests throughout the entire proceeding. To date in
7 this proceeding, we have responded to 62 discovery requests, most with multiple
8 sub-parts. Our estimated fee of [REDACTED] did not contemplate those significant
9 expansions of scope; the additional amount (i.e., [REDACTED]) to which Mr. Skluzak
10 objects is a very reasonable reflection the additional costs associated with that
11 expansion.

12 **Q. AT PAGE 20 OF HIS TESTIMONY, MR. SKLUZAK STATES THAT THERE IS**
13 **NO OBJECTIVE EVIDENCE TO ASSESS WHETHER YOUR BILLING RATE IS**
14 **REASONABLE. WHAT IS YOUR RESPONSE TO MR. SKLUZAK ON THAT**
15 **POINT?**

16 A. I disagree. At page 22 of his testimony, Mr. Skluzak refers to testimony provided
17 by, Mr. Frank Shafer, a former OCC witness, in which Mr. Shafer “gathered
18 PSCo’s ROE cost information for his testimony in a 2010 gas rate case; Docket
19 No. 10AL-963G.” As Mr. Shafer points out, in that proceeding I provided
20 testimony for Public Service; at that time, I was President of Concentric Energy
21 Advisors (“Concentric”). Exhibit No. FCS-3, Page 1 of 4 to Mr. Shafer’s
22 testimony includes a copy of an invoice from Concentric for services rendered in
23 November 2010, approximately four years ago. At that time, my hourly billing

1 rate was [REDACTED] in this case (as in Proceeding No. D-12AL-1268G) my hourly
2 billing rate is [REDACTED] a 26.32 percent reduction. Putting aside the effect of
3 inflation during the intervening four years,³¹⁰ a reduction in hourly billing rates of
4 more than 26.00 percent is, in my view, objective evidence of the
5 reasonableness of our fees in this Proceeding.

6 **Q. AT PAGE 22 OF HIS TESTIMONY, MR. SKLUZAK STATES THAT MR.**
7 **SHAFAER'S TESTIMONY DEMONSTRATES THAT PUBLIC SERVICE PAID AN**
8 **AVERAGE OF APPROXIMATELY \$58,035 FOR COST OF CAPITAL**
9 **TESTIMONY OVER A SERIES OF FIVE RATE FILINGS. DO YOU AGREE**
10 **WITH MR. SKLUZAK ON THAT POINT?**

11 A. No, I do not. Mr. Skluzak refers to Mr. Shafer's Exhibit No. FCS-1, and derives
12 his \$58,035 average cost by dividing the total amount (\$290,176) by what he
13 assumes to be five proceedings. Mr. Shafer's Exhibit Nos. FCS-1 and FCS-2,
14 however, provide more detail regarding the \$290,176 total that Mr. Skluzak uses
15 as the basis of his calculation. In fact, Mr. Shafer's Exhibit No. FCS-1 specifically
16 notes single cases that spanned two calendar years. Those two exhibits are
17 quite clear that the \$290,176 total that Mr. Skluzak assumes relates to five cases
18 actually relates to three: 06S-234E (\$215,087.48); 08S-520E (\$21,821.00); and
19 09AL-963G, which Mr. Shafer specifically noted was currently pending
20 (\$53,267.90). Of those three cases, the only completed, fully litigated proceeding

³¹⁰ Assuming an annual inflation rate of 2.00 percent, the [REDACTED] hourly rate now would be approximately [REDACTED] dollars per hour greater than my current [REDACTED] hourly rate.

1 was 06S-234E, for which the total amount was \$215,087.48, approximately
2 [REDACTED] above the Company's request in this proceeding. Consequently, Mr.
3 Skluzak's conclusion that the average cost for those cases was approximately
4 \$58,000 is incorrect, and his assertion that \$58,000 is a relevant benchmark is
5 misplaced. Looking at the cost of fully litigated cases included Mr. Shafer's
6 Exhibit FCS-1 indicates that the average cost was approximately \$226,000,
7 nearly [REDACTED] above the budgeted cost in this proceeding.

8 **Table 7: Fully Litigated Rate Case Expenses Relating to**
9 **Return on Equity Consultants³¹¹**

Northern States Power of Minnesota				
State	Year Authorized	Docket	Type of Rate Case	Amount
Minnesota	2006	E-002-GR-05-1428	Electric	\$289,639
Minnesota	2007	G-002-GR-06-1429	Gas	\$312,456
Minnesota	2009	E-002-GR-08-1065	Electric	\$70,473
Minnesota	2010	G-002-GR-09-1153	Gas	\$163,774

³¹¹ Source: Docket No. 10AL-963G, Exhibit No. FCS-2.

Southwestern Public Service Company				
State	Year Authorized	Docket	Type of Rate Case	Amount
New Mexico	2008	07-00319	Electric	\$296,041
Average:				\$226,477

1
2 **Q. ALSO AT PAGES 21 AND 22 OF HIS TESTIMONY, MR. SKLUZAK REFERS**
3 **TO A DECISION BY THE MASSACHUSETTS DEPARTMENT OF PUBLIC**
4 **UTILITIES (THE “DPU”) IN DOCKET NO. 09-039. ARE YOU FAMILIAR WITH**
5 **THAT DOCKET?**

6 **A.** Yes, I was retained as a rebuttal witness by the petitioning companies
7 (Massachusetts Electric Company and Nantucket Electric Company, both of
8 National Grid) to address specific issues relating to the Cost of Equity. The DPU
9 ultimately authorized National Grid to recover the costs of my rebuttal testimony,
10 which amounted to \$65,828.³¹² That is the case even though I was retained
11 outside of a competitive bidding process. I also note that in its findings, the DPU
12 stated that the lowest cost alternative is not always the best alternative, even in
13 the context of rate case expenses. To that point, the DPU found that although
14 National Grid had not selected the lowest cost firm to address certain issues, the

³¹² *D.P.U. 09-390, Petition of Massachusetts Electric Company Nantucket Electric Company d/b/a National Grid Docket No DPU 09-39, Supplemental Discovery Response Attachment AG-19.11.4.*

1 company “..determined that the selected firm had recent, relevant substantive
2 experience.”³¹³ Again, the DPU approved recovery of those costs.

3 **Q. AT PAGES 22 AND 23 OF HIS TESTIMONY, MR. SKLUZAK COMPARES**
4 **SUSSEX’S FEES IN PROCEEDING NO. 09AL-507G TO THE [REDACTED]**
5 **BUDGETED AMOUNT IN THIS PROCEEDING. IS THAT A REASONABLE**
6 **COMPARISON?**

7 A. No, it is not. Mr. Skluzak fails to point out that Proceeding No. 09AL-057G was
8 not fully litigated. As such, I did not file rebuttal testimony, nor did I attend
9 hearings in that Proceeding.³¹⁴ As noted earlier, the scope and breadth of
10 discovery and rebuttal issues in this proceeding is significant; they certainly are
11 beyond those addressed in a settled proceeding that did not require rebuttal
12 testimony.

13 **Q. MR. SKLUZAK ALSO ARGUES THAT IN PRIOR PROCEEDINGS THE OCC**
14 **RETAINED EXPERT WITNESSES FOR LOWER TOTAL COSTS THAN YOUR**
15 **BUDGETED FEES IN THIS PROCEEDING. WHAT IS YOUR RESPONSE TO**
16 **MR. SKLUZAK ON THAT POINT?**³¹⁵

17 A. I do not believe that it is reasonable or appropriate to compare our fees to those
18 of former OCC witnesses without also comparing the scope of testimony

³¹³ D.P.U. 09-390, *Petition of Massachusetts Electric Company and Nantucket Electric Company, pursuant to G. L. c. 164, § 94, and 220 C.M.R. § 5.00 et seq., for a General Increase in Electric Rates and Approval of a Revenue Decoupling Mechanism*, at 288.

³¹⁴ I do not have records regarding the extent of discovery in that proceeding. I also note that in 2009 I was President of Concentric and, as noted earlier, my hourly billing rate was more than 26.00 percent higher than my billing rate in this Proceeding.

³¹⁵ Answer Testimony of Cory Skluzak, at 23.

(including direct and rebuttal testimony), discovery, or other aspects of the testimony and proceedings. I therefore strongly disagree with Mr. Skluzak's conclusion, based on that inappropriate comparison, that our fees are unreasonable.

Q. WHAT IS YOUR RESPONSE TO MR. SKLUZAK'S SUGGESTION THAT COMPANY PERSONNEL CAN AND SHOULD TESTIFY REGARDING COST OF CAPITAL ISSUES?³¹⁶

A. That Public Service chose to retain an outside expert to address the Cost of Equity is not unusual; it is very common for companies as large as Xcel, and larger, to do so. In his testimony Mr. Skluzak referred to Attachment A to my Direct Testimony, which includes a list of cases in which I have been retained to address issues such as the Return on Equity. As Attachment A notes, that testimony has been on behalf of numerous companies, both large and small. Each company makes its own decisions whether to retain outside experts based on its particular circumstances.³¹⁷ For example, during my tenure as a financial officer (Vice President and Assistant Treasurer) of a publicly traded utility company (at the time, Bay State Gas Company) we consistently retained an

³¹⁶ Answer Testimony of Cory Skluzak, at 24.

³¹⁷ See, for example, D.P.U. 09-390, *Petition of Massachusetts Electric Company and Nantucket Electric Company, pursuant to G. L. c. 164, § 94, and 220 C.M.R. § 5.00 et seq., for a General Increase in Electric Rates and Approval of a Revenue Decoupling Mechanism*, at 294: "It is the company that initiates rate proceedings before the Department by filing for rate relief. The company has the burden of justifying adequately the specific amount of rate relief requested. As such, the company is permitted to put on its case in the manner it chooses. While it may be unusual for a company to add additional rebuttal witnesses at the last minute, such costs may be appropriately added to rate case expense where the costs are reasonable, appropriate, and prudently incurred."

1 outside expert to provide Cost of Equity testimony. We did so because we saw
2 the benefit of the specialized knowledge, data, information and experience that
3 such advisors may provide. Although I do not speak for Sussex's clients
4 regarding their decisions to retain outside experts and advisors, I can say that all,
5 including Public Service, do not take those decisions lightly. Rather, they are
6 keenly focused on controlling rate case expenses while presenting their case in
7 the best possible manner.

XI. CONCLUSION AND RECOMMENDATION

1 **Q. WHAT ARE YOUR OVERALL CONCLUSIONS AND RECOMMENDATIONS?**

2 A. As discussed throughout my Rebuttal Testimony, the results of the updated
3 Constant Growth, Multi-Stage DCF, CAPM, and Bond Yield Plus Risk Premium
4 analyses support the reasonableness of my range of ROE estimates and my
5 recommendation.

6 The updated analyses discussed throughout my Rebuttal Testimony
7 support an ROE range of 10.00 percent to 10.60 percent, and continues to
8 support the 10.35 percent ROE recommendation I made in my Direct
9 Testimony.³¹⁸ Although I believe 10.35 percent remains a reasonable estimate of
10 the Company's Cost of Equity, in recognition of a slight reduction in my initial
11 range, I have moderated my specific ROE recommendation from 10.35 percent
12 to 10.25 percent.

13 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

14 A. Yes, it does.

³¹⁸ See Direct Testimony and Attachments of Robert B. Hevert at 3.

Constant Growth Discounted Cash Flow Model - Combination Proxy Group
30 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[9]	[10]	[11]	[12]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
Alliant Energy Corporation	LNT	\$2.04	\$57.86	3.53%	3.61%	4.80%	4.40%	6.00%	5.07%	8.00%	8.68%	9.63%
Black Hills Corporation	BKH	\$1.56	\$49.95	3.12%	3.25%	NA	7.00%	9.50%	8.25%	10.23%	11.50%	12.77%
CMS Energy Corporation	CMS	\$1.08	\$30.73	3.51%	3.63%	6.10%	6.80%	6.50%	6.47%	9.72%	10.09%	10.43%
DTE Energy Company	DTE	\$2.76	\$78.13	3.53%	3.64%	6.20%	5.87%	6.50%	6.19%	9.51%	9.83%	10.15%
SCANA Corporation	SCG	\$2.10	\$50.85	4.13%	4.23%	4.40%	4.60%	5.00%	4.67%	8.62%	8.89%	9.23%
TECO Energy, Inc.	TE	\$0.88	\$18.27	4.82%	4.95%	6.50%	6.43%	3.50%	5.48%	8.40%	10.43%	11.47%
Vectren Corporation	VVC	\$1.44	\$41.62	3.46%	3.57%	4.70%	4.50%	9.00%	6.07%	8.04%	9.63%	12.62%
Mean				3.73%	3.84%	5.45%	5.66%	6.57%	6.03%	8.93%	9.87%	10.90%
Median				3.53%	3.63%	5.45%	5.87%	6.50%	6.07%	8.62%	9.83%	10.43%
Flotation Cost Adjustment										0.14%	0.14%	0.14%
Proxy Group Mean - Including Flotation Costs										9.07%	10.00%	11.04%
Proxy Group Median - Including Flotation Costs										8.76%	9.97%	10.57%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals indicated number of trading day average as of October 31, 2014

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model - Combination Proxy Group
90 Day Average Stock Price

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[9]	[10]	[11]	[12]
Company	Ticker	Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
Alliant Energy Corporation	LNT	\$2.04	\$57.97	3.52%	3.61%	4.80%	4.40%	6.00%	5.07%	8.00%	8.67%	9.62%
Black Hills Corporation	BKH	\$1.56	\$53.03	2.94%	3.06%	NA	7.00%	9.50%	8.25%	10.04%	11.31%	12.58%
CMS Energy Corporation	CMS	\$1.08	\$30.20	3.58%	3.69%	6.10%	6.80%	6.50%	6.47%	9.78%	10.16%	10.50%
DTE Energy Company	DTE	\$2.76	\$76.85	3.59%	3.70%	6.20%	5.87%	6.50%	6.19%	9.57%	9.89%	10.21%
SCANA Corporation	SCG	\$2.10	\$51.34	4.09%	4.19%	4.40%	4.60%	5.00%	4.67%	8.58%	8.85%	9.19%
TECO Energy, Inc.	TE	\$0.88	\$17.94	4.91%	5.04%	6.50%	6.43%	3.50%	5.48%	8.49%	10.52%	11.57%
Vectren Corporation	VVC	\$1.44	\$40.69	3.54%	3.65%	4.70%	4.50%	9.00%	6.07%	8.12%	9.71%	12.70%
Mean				3.74%	3.85%	5.45%	5.66%	6.57%	6.03%	8.94%	9.87%	10.91%
Median				3.58%	3.69%	5.45%	5.87%	6.50%	6.07%	8.58%	9.89%	10.50%
Flotation Cost Adjustment										0.14%	0.14%	0.14%
Proxy Group Mean - Including Flotation Costs										9.08%	10.01%	11.05%
Proxy Group Median - Including Flotation Costs										8.72%	10.03%	10.64%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals indicated number of trading day average as of October 31, 2014

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model - Combination Proxy Group
180 Day Average Stock Price

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[9]	[10]	[11]	[12]
Company	Ticker	Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
Alliant Energy Corporation	LNT	\$2.04	\$57.30	3.56%	3.65%	4.80%	4.40%	6.00%	5.07%	8.04%	8.72%	9.67%
Black Hills Corporation	BKH	\$1.56	\$55.28	2.82%	2.94%	NA	7.00%	9.50%	8.25%	9.92%	11.19%	12.46%
CMS Energy Corporation	CMS	\$1.08	\$29.75	3.63%	3.75%	6.10%	6.80%	6.50%	6.47%	9.84%	10.21%	10.55%
DTE Energy Company	DTE	\$2.76	\$75.75	3.64%	3.76%	6.20%	5.87%	6.50%	6.19%	9.62%	9.95%	10.26%
SCANA Corporation	SCG	\$2.10	\$51.22	4.10%	4.20%	4.40%	4.60%	5.00%	4.67%	8.59%	8.86%	9.20%
TECO Energy, Inc.	TE	\$0.88	\$17.60	5.00%	5.14%	6.50%	6.43%	3.50%	5.48%	8.59%	10.61%	11.66%
Vectren Corporation	VVC	\$1.44	\$39.96	3.60%	3.71%	4.70%	4.50%	9.00%	6.07%	8.18%	9.78%	12.77%
Mean				3.77%	3.88%	5.45%	5.66%	6.57%	6.03%	8.97%	9.90%	10.94%
Median				3.63%	3.75%	5.45%	5.87%	6.50%	6.07%	8.59%	9.95%	10.55%
Flotation Cost Adjustment										0.14%	0.14%	0.14%
Proxy Group Mean - Including Flotation Costs										9.11%	10.04%	11.08%
Proxy Group Median - Including Flotation Costs										8.73%	10.08%	10.69%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals indicated number of trading day average as of October 31, 2014

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model - Electric Proxy Group
30 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[9]	[10]	[11]	[12]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$2.12	\$54.29	3.90%	4.00%	4.90%	4.97%	4.50%	4.79%	8.49%	8.79%	8.97%
Duke Energy Corporation	DUK	\$3.18	\$77.37	4.11%	4.21%	4.70%	4.70%	5.00%	4.80%	8.91%	9.01%	9.21%
Empire District Electric Company	EDE	\$1.04	\$25.55	4.07%	4.14%	3.00%	3.00%	4.00%	3.33%	7.13%	7.47%	8.15%
Great Plains Energy Inc.	GXP	\$0.92	\$25.17	3.66%	3.75%	5.00%	5.00%	6.00%	5.33%	8.75%	9.09%	9.77%
Hawaiian Electric Industries, Inc.	HE	\$1.24	\$26.99	4.59%	4.69%	4.00%	4.00%	4.00%	4.00%	8.69%	8.69%	8.69%
IDACORP, Inc.	IDA	\$1.88	\$56.77	3.31%	3.36%	4.00%	4.00%	1.50%	3.17%	4.84%	6.53%	7.38%
NextEra Energy, Inc.	NEE	\$2.90	\$95.13	3.05%	3.15%	6.60%	6.47%	6.00%	6.36%	9.14%	9.50%	9.75%
Otter Tail Corporation	OTTR	\$1.21	\$28.24	4.29%	4.52%	NA	6.00%	15.50%	10.75%	10.41%	15.27%	20.12%
Pinnacle West Capital Corporation	PNW	\$2.38	\$57.18	4.16%	4.24%	3.70%	3.67%	4.00%	3.79%	7.91%	8.03%	8.25%
PNM Resources, Inc.	PNM	\$0.74	\$26.49	2.79%	2.92%	8.50%	8.32%	11.00%	9.27%	11.23%	12.20%	13.95%
Portland General Electric Company	POR	\$1.12	\$33.76	3.32%	3.43%	7.80%	7.80%	5.00%	6.87%	8.40%	10.30%	11.25%
Southern Company	SO	\$2.10	\$45.39	4.63%	4.71%	3.50%	3.42%	3.50%	3.47%	8.13%	8.18%	8.21%
Westar Energy, Inc.	WR	\$1.40	\$35.40	3.95%	4.04%	3.80%	3.20%	6.00%	4.33%	7.22%	8.37%	10.07%
Mean				3.83%	3.93%	4.96%	4.97%	5.85%	5.41%	8.40%	9.34%	10.29%
Median				3.95%	4.04%	4.35%	4.70%	5.00%	4.79%	8.49%	8.79%	9.21%
Flotation Cost Adjustment										0.14%	0.14%	0.14%
Proxy Group Mean - Including Flotation Costs										8.54%	9.48%	10.43%
Proxy Group Median - Including Flotation Costs										8.63%	8.93%	9.35%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals indicated number of trading day average as of October 31, 2014

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model - Electric Proxy Group
90 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[9]	[10]	[11]	[12]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$2.12	\$53.47	3.96%	4.06%	4.90%	4.97%	4.50%	4.79%	8.55%	8.85%	9.03%
Duke Energy Corporation	DUK	\$3.18	\$74.37	4.28%	4.38%	4.70%	4.70%	5.00%	4.80%	9.08%	9.18%	9.38%
Empire District Electric Company	EDE	\$1.04	\$25.33	4.11%	4.17%	3.00%	3.00%	4.00%	3.33%	7.17%	7.51%	8.19%
Great Plains Energy Inc.	GXP	\$0.92	\$25.43	3.62%	3.71%	5.00%	5.00%	6.00%	5.33%	8.71%	9.05%	9.73%
Hawaiian Electric Industries, Inc.	HE	\$1.24	\$25.42	4.88%	4.98%	4.00%	4.00%	4.00%	4.00%	8.98%	8.98%	8.98%
IDACORP, Inc.	IDA	\$1.88	\$55.78	3.37%	3.42%	4.00%	4.00%	1.50%	3.17%	4.90%	6.59%	7.44%
NextEra Energy, Inc.	NEE	\$2.90	\$96.48	3.01%	3.10%	6.60%	6.47%	6.00%	6.36%	9.10%	9.46%	9.71%
Otter Tail Corporation	OTTR	\$1.21	\$28.43	4.26%	4.49%	NA	6.00%	15.50%	10.75%	10.38%	15.24%	20.09%
Pinnacle West Capital Corporation	PNW	\$2.38	\$56.27	4.23%	4.31%	3.70%	3.67%	4.00%	3.79%	7.98%	8.10%	8.31%
PNM Resources, Inc.	PNM	\$0.74	\$26.69	2.77%	2.90%	8.50%	8.32%	11.00%	9.27%	11.21%	12.17%	13.92%
Portland General Electric Company	POR	\$1.12	\$33.49	3.34%	3.46%	7.80%	7.80%	5.00%	6.87%	8.43%	10.33%	11.27%
Southern Company	SO	\$2.10	\$44.49	4.72%	4.80%	3.50%	3.42%	3.50%	3.47%	8.22%	8.28%	8.30%
Westar Energy, Inc.	WR	\$1.40	\$36.14	3.87%	3.96%	3.80%	3.20%	6.00%	4.33%	7.14%	8.29%	9.99%
Mean				3.88%	3.98%	4.96%	4.97%	5.85%	5.41%	8.45%	9.39%	10.33%
Median				3.96%	4.06%	4.35%	4.70%	5.00%	4.79%	8.55%	8.98%	9.38%
Flotation Cost Adjustment										0.14%	0.14%	0.14%
Proxy Group Mean - Including Flotation Costs										8.59%	9.52%	10.47%
Proxy Group Median - Including Flotation Costs										8.69%	9.11%	9.52%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals indicated number of trading day average as of October 31, 2014

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model - Electric Proxy Group
180 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[9]	[10]	[11]	[12]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$2.12	\$52.56	4.03%	4.13%	4.90%	4.97%	4.50%	4.79%	8.62%	8.92%	9.10%
Duke Energy Corporation	DUK	\$3.18	\$72.86	4.36%	4.47%	4.70%	4.70%	5.00%	4.80%	9.17%	9.27%	9.47%
Empire District Electric Company	EDE	\$1.04	\$24.69	4.21%	4.28%	3.00%	3.00%	4.00%	3.33%	7.28%	7.62%	8.30%
Great Plains Energy Inc.	GXP	\$0.92	\$25.78	3.57%	3.66%	5.00%	5.00%	6.00%	5.33%	8.66%	9.00%	9.68%
Hawaiian Electric Industries, Inc.	HE	\$1.24	\$25.00	4.96%	5.06%	4.00%	4.00%	4.00%	4.00%	9.06%	9.06%	9.06%
IDACORP, Inc.	IDA	\$1.88	\$55.47	3.39%	3.44%	4.00%	4.00%	1.50%	3.17%	4.91%	6.61%	7.46%
NextEra Energy, Inc.	NEE	\$2.90	\$96.05	3.02%	3.12%	6.60%	6.47%	6.00%	6.36%	9.11%	9.47%	9.72%
Otter Tail Corporation	OTTR	\$1.21	\$29.00	4.17%	4.40%	NA	6.00%	15.50%	10.75%	10.30%	15.15%	20.00%
Pinnacle West Capital Corporation	PNW	\$2.38	\$55.66	4.28%	4.36%	3.70%	3.67%	4.00%	3.79%	8.02%	8.15%	8.36%
PNM Resources, Inc.	PNM	\$0.74	\$27.02	2.74%	2.87%	8.50%	8.32%	11.00%	9.27%	11.17%	12.14%	13.89%
Portland General Electric Company	POR	\$1.12	\$33.02	3.39%	3.51%	7.80%	7.80%	5.00%	6.87%	8.48%	10.38%	11.32%
Southern Company	SO	\$2.10	\$44.08	4.76%	4.85%	3.50%	3.42%	3.50%	3.47%	8.27%	8.32%	8.35%
Westar Energy, Inc.	WR	\$1.40	\$35.72	3.92%	4.00%	3.80%	3.20%	6.00%	4.33%	7.18%	8.34%	10.04%
Mean				3.91%	4.01%	4.96%	4.97%	5.85%	5.41%	8.48%	9.42%	10.36%
Median				4.03%	4.13%	4.35%	4.70%	5.00%	4.79%	8.62%	9.00%	9.47%
Flotation Cost Adjustment										0.14%	0.14%	0.14%
Proxy Group Mean - Including Flotation Costs										8.62%	9.55%	10.50%
Proxy Group Median - Including Flotation Costs										8.76%	9.13%	9.61%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals indicated number of trading day average as of October 31, 2014

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model - Combined Proxy Group
30 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[9]	[10]	[11]	[12]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$2.12	\$54.29	3.90%	4.00%	4.90%	4.97%	4.50%	4.79%	8.49%	8.79%	8.97%
Duke Energy Corporation	DUK	\$3.18	\$77.37	4.11%	4.21%	4.70%	4.70%	5.00%	4.80%	8.91%	9.01%	9.21%
Empire District Electric Company	EDE	\$1.04	\$25.55	4.07%	4.14%	3.00%	3.00%	4.00%	3.33%	7.13%	7.47%	8.15%
Great Plains Energy Inc.	GXP	\$0.92	\$25.17	3.66%	3.75%	5.00%	5.00%	6.00%	5.33%	8.75%	9.09%	9.77%
Hawaiian Electric Industries, Inc.	HE	\$1.24	\$26.99	4.59%	4.69%	4.00%	4.00%	4.00%	4.00%	8.69%	8.69%	8.69%
IDACORP, Inc.	IDA	\$1.88	\$56.77	3.31%	3.36%	4.00%	4.00%	1.50%	3.17%	4.84%	6.53%	7.38%
NextEra Energy, Inc.	NEE	\$2.90	\$95.13	3.05%	3.15%	6.60%	6.47%	6.00%	6.36%	9.14%	9.50%	9.75%
Otter Tail Corporation	OTTR	\$1.21	\$28.24	4.29%	4.52%	NA	6.00%	15.50%	10.75%	10.41%	15.27%	20.12%
Pinnacle West Capital Corporation	PNW	\$2.38	\$57.18	4.16%	4.24%	3.70%	3.67%	4.00%	3.79%	7.91%	8.03%	8.25%
PNM Resources, Inc.	PNM	\$0.74	\$26.49	2.79%	2.92%	8.50%	8.32%	11.00%	9.27%	11.23%	12.20%	13.95%
Portland General Electric Company	POR	\$1.12	\$33.76	3.32%	3.43%	7.80%	7.80%	5.00%	6.87%	8.40%	10.30%	11.25%
Southern Company	SO	\$2.10	\$45.39	4.63%	4.71%	3.50%	3.42%	3.50%	3.47%	8.13%	8.18%	8.21%
Westar Energy, Inc.	WR	\$1.40	\$35.40	3.95%	4.04%	3.80%	3.20%	6.00%	4.33%	7.22%	8.37%	10.07%
Alliant Energy Corporation	LNT	\$2.04	\$57.86	3.53%	3.61%	4.80%	4.40%	6.00%	5.07%	8.00%	8.68%	9.63%
Black Hills Corporation	BKH	\$1.56	\$49.95	3.12%	3.25%	NA	7.00%	9.50%	8.25%	10.23%	11.50%	12.77%
CMS Energy Corporation	CMS	\$1.08	\$30.73	3.51%	3.63%	6.10%	6.80%	6.50%	6.47%	9.72%	10.09%	10.43%
DTE Energy Company	DTE	\$2.76	\$78.13	3.53%	3.64%	6.20%	5.87%	6.50%	6.19%	9.51%	9.83%	10.15%
SCANA Corporation	SCG	\$2.10	\$50.85	4.13%	4.23%	4.40%	4.60%	5.00%	4.67%	8.62%	8.89%	9.23%
TECO Energy, Inc.	TE	\$0.88	\$18.27	4.82%	4.95%	6.50%	6.43%	3.50%	5.48%	8.40%	10.43%	11.47%
Vectren Corporation	VVC	\$1.44	\$41.62	3.46%	3.57%	4.70%	4.50%	9.00%	6.07%	8.04%	9.63%	12.62%
Mean				3.80%	3.90%	5.12%	5.21%	6.10%	5.62%	8.59%	9.52%	10.50%
Median				3.78%	3.88%	4.75%	4.84%	5.50%	5.20%	8.56%	9.05%	9.76%
Flotation Cost Adjustment										0.14%	0.14%	0.14%
Proxy Group Mean - Including Flotation Costs										8.73%	9.66%	10.64%
Proxy Group Median - Including Flotation Costs										8.70%	9.19%	9.90%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals indicated number of trading day average as of October 31, 2014

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model - Combined Proxy Group
90 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[9]	[10]	[11]	[12]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$2.12	\$53.47	3.96%	4.06%	4.90%	4.97%	4.50%	4.79%	8.55%	8.85%	9.03%
Duke Energy Corporation	DUK	\$3.18	\$74.37	4.28%	4.38%	4.70%	4.70%	5.00%	4.80%	9.08%	9.18%	9.38%
Empire District Electric Company	EDE	\$1.04	\$25.33	4.11%	4.17%	3.00%	3.00%	4.00%	3.33%	7.17%	7.51%	8.19%
Great Plains Energy Inc.	GXP	\$0.92	\$25.43	3.62%	3.71%	5.00%	5.00%	6.00%	5.33%	8.71%	9.05%	9.73%
Hawaiian Electric Industries, Inc.	HE	\$1.24	\$25.42	4.88%	4.98%	4.00%	4.00%	4.00%	4.00%	8.98%	8.98%	8.98%
IDACORP, Inc.	IDA	\$1.88	\$55.78	3.37%	3.42%	4.00%	4.00%	1.50%	3.17%	4.90%	6.59%	7.44%
NextEra Energy, Inc.	NEE	\$2.90	\$96.48	3.01%	3.10%	6.60%	6.47%	6.00%	6.36%	9.10%	9.46%	9.71%
Otter Tail Corporation	OTTR	\$1.21	\$28.43	4.26%	4.49%	NA	6.00%	15.50%	10.75%	10.38%	15.24%	20.09%
Pinnacle West Capital Corporation	PNW	\$2.38	\$56.27	4.23%	4.31%	3.70%	3.67%	4.00%	3.79%	7.98%	8.10%	8.31%
PNM Resources, Inc.	PNM	\$0.74	\$26.69	2.77%	2.90%	8.50%	8.32%	11.00%	9.27%	11.21%	12.17%	13.92%
Portland General Electric Company	POR	\$1.12	\$33.49	3.34%	3.46%	7.80%	7.80%	5.00%	6.87%	8.43%	10.33%	11.27%
Southern Company	SO	\$2.10	\$44.49	4.72%	4.80%	3.50%	3.42%	3.50%	3.47%	8.22%	8.28%	8.30%
Westar Energy, Inc.	WR	\$1.40	\$36.14	3.87%	3.96%	3.80%	3.20%	6.00%	4.33%	7.14%	8.29%	9.99%
Alliant Energy Corporation	LNT	\$2.04	\$57.97	3.52%	3.61%	4.80%	4.40%	6.00%	5.07%	8.00%	8.67%	9.62%
Black Hills Corporation	BKH	\$1.56	\$53.03	2.94%	3.06%	NA	7.00%	9.50%	8.25%	10.04%	11.31%	12.58%
CMS Energy Corporation	CMS	\$1.08	\$30.20	3.58%	3.69%	6.10%	6.80%	6.50%	6.47%	9.78%	10.16%	10.50%
DTE Energy Company	DTE	\$2.76	\$76.85	3.59%	3.70%	6.20%	5.87%	6.50%	6.19%	9.57%	9.89%	10.21%
SCANA Corporation	SCG	\$2.10	\$51.34	4.09%	4.19%	4.40%	4.60%	5.00%	4.67%	8.58%	8.85%	9.19%
TECO Energy, Inc.	TE	\$0.88	\$17.94	4.91%	5.04%	6.50%	6.43%	3.50%	5.48%	8.49%	10.52%	11.57%
Vectren Corporation	VVC	\$1.44	\$40.69	3.54%	3.65%	4.70%	4.50%	9.00%	6.07%	8.12%	9.71%	12.70%
Mean				3.83%	3.93%	5.12%	5.21%	6.10%	5.62%	8.62%	9.56%	10.54%
Median				3.75%	3.84%	4.75%	4.84%	5.50%	5.20%	8.57%	9.11%	9.72%
Flotation Cost Adjustment										0.14%	0.14%	0.14%
Proxy Group Mean - Including Flotation Costs										8.76%	9.69%	10.67%
Proxy Group Median - Including Flotation Costs										8.71%	9.25%	9.85%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals indicated number of trading day average as of October 31, 2014

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model - Combined Proxy Group
180 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[9]	[10]	[11]	[12]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$2.12	\$52.56	4.03%	4.13%	4.90%	4.97%	4.50%	4.79%	8.62%	8.92%	9.10%
Duke Energy Corporation	DUK	\$3.18	\$72.86	4.36%	4.47%	4.70%	4.70%	5.00%	4.80%	9.17%	9.27%	9.47%
Empire District Electric Company	EDE	\$1.04	\$24.69	4.21%	4.28%	3.00%	3.00%	4.00%	3.33%	7.28%	7.62%	8.30%
Great Plains Energy Inc.	GXP	\$0.92	\$25.78	3.57%	3.66%	5.00%	5.00%	6.00%	5.33%	8.66%	9.00%	9.68%
Hawaiian Electric Industries, Inc.	HE	\$1.24	\$25.00	4.96%	5.06%	4.00%	4.00%	4.00%	4.00%	9.06%	9.06%	9.06%
IDACORP, Inc.	IDA	\$1.88	\$55.47	3.39%	3.44%	4.00%	4.00%	1.50%	3.17%	4.91%	6.61%	7.46%
NextEra Energy, Inc.	NEE	\$2.90	\$96.05	3.02%	3.12%	6.60%	6.47%	6.00%	6.36%	9.11%	9.47%	9.72%
Otter Tail Corporation	OTTR	\$1.21	\$29.00	4.17%	4.40%	NA	6.00%	15.50%	10.75%	10.30%	15.15%	20.00%
Pinnacle West Capital Corporation	PNW	\$2.38	\$55.66	4.28%	4.36%	3.70%	3.67%	4.00%	3.79%	8.02%	8.15%	8.36%
PNM Resources, Inc.	PNM	\$0.74	\$27.02	2.74%	2.87%	8.50%	8.32%	11.00%	9.27%	11.17%	12.14%	13.89%
Portland General Electric Company	POR	\$1.12	\$33.02	3.39%	3.51%	7.80%	7.80%	5.00%	6.87%	8.48%	10.38%	11.32%
Southern Company	SO	\$2.10	\$44.08	4.76%	4.85%	3.50%	3.42%	3.50%	3.47%	8.27%	8.32%	8.35%
Westar Energy, Inc.	WR	\$1.40	\$35.72	3.92%	4.00%	3.80%	3.20%	6.00%	4.33%	7.18%	8.34%	10.04%
Alliant Energy Corporation	LNT	\$2.04	\$57.30	3.56%	3.65%	4.80%	4.40%	6.00%	5.07%	8.04%	8.72%	9.67%
Black Hills Corporation	BKH	\$1.56	\$55.28	2.82%	2.94%	NA	7.00%	9.50%	8.25%	9.92%	11.19%	12.46%
CMS Energy Corporation	CMS	\$1.08	\$29.75	3.63%	3.75%	6.10%	6.80%	6.50%	6.47%	9.84%	10.21%	10.55%
DTE Energy Company	DTE	\$2.76	\$75.75	3.64%	3.76%	6.20%	5.87%	6.50%	6.19%	9.62%	9.95%	10.26%
SCANA Corporation	SCG	\$2.10	\$51.22	4.10%	4.20%	4.40%	4.60%	5.00%	4.67%	8.59%	8.86%	9.20%
TECO Energy, Inc.	TE	\$0.88	\$17.60	5.00%	5.14%	6.50%	6.43%	3.50%	5.48%	8.59%	10.61%	11.66%
Vectren Corporation	VVC	\$1.44	\$39.96	3.60%	3.71%	4.70%	4.50%	9.00%	6.07%	8.18%	9.78%	12.77%
Mean				3.86%	3.96%	5.12%	5.21%	6.10%	5.62%	8.65%	9.59%	10.57%
Median				3.78%	3.88%	4.75%	4.84%	5.50%	5.20%	8.61%	9.16%	9.70%
Flotation Cost Adjustment										0.14%	0.14%	0.14%
Proxy Group Mean - Including Flotation Costs										8.79%	9.72%	10.70%
Proxy Group Median - Including Flotation Costs										8.75%	9.30%	9.84%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals indicated number of trading day average as of October 31, 2014

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Multi-Stage Growth Discounted Cash Flow Model - Combination Proxy Group
30 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates					Long-Term	Payout Ratio		Iterative Solution		Terminal	Terminal
Company	Ticker	Price	Zacks	First Call	Line	Average	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
Alliant Energy Corporation	LNT	\$57.86	4.80%	4.40%	6.00%	5.07%	5.64%	59.00%	60.00%	67.52%	(\$0.00)	9.79%	17.17	3.05
Black Hills Corporation	BKH	\$49.95	NA	7.00%	9.50%	8.25%	5.64%	56.00%	58.00%	67.52%	(\$0.00)	10.36%	15.09	2.68
CMS Energy Corporation	CMS	\$30.73	6.10%	6.80%	6.50%	6.47%	5.64%	60.00%	58.00%	67.52%	(\$0.00)	9.97%	16.43	2.92
DTE Energy Company	DTG	\$78.13	6.20%	5.87%	6.50%	6.19%	5.64%	57.00%	58.00%	67.52%	(\$0.00)	9.42%	18.83	3.34
SCANA Corporation	SCG	\$50.85	4.40%	4.60%	5.00%	4.67%	5.64%	55.00%	54.00%	67.52%	(\$0.00)	10.27%	15.38	2.73
TECO Energy, Inc.	TE	\$18.27	6.50%	6.43%	3.50%	5.48%	5.64%	93.00%	71.00%	67.52%	(\$0.00)	9.65%	17.75	3.15
Vectren Corporation	VVC	\$41.62	4.70%	4.50%	9.00%	6.07%	5.64%	71.00%	51.00%	67.52%	(\$0.00)	8.75%	22.91	4.06

Company	Ticker	Price	Zacks	First Call	Line	Average	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio	
Alliant Energy Corporation	LNT	\$57.86	4.80%	4.40%	6.00%	5.07%	5.64%	59.00%	60.00%	67.52%	(\$0.00)	9.79%	17.17	3.05	
Black Hills Corporation	BKH	\$49.95	NA	7.00%	9.50%	8.25%	5.64%	56.00%	58.00%	67.52%	(\$0.00)	10.36%	15.09	2.68	
CMS Energy Corporation	CMS	\$30.73	6.10%	6.80%	6.50%	6.47%	5.64%	60.00%	58.00%	67.52%	\$0.00	9.97%	16.43	2.92	
DTE Energy Company	DTE	\$78.13	6.20%	5.87%	6.50%	6.19%	5.64%	57.00%	58.00%	67.52%	(\$0.00)	9.42%	18.83	3.34	
SCANA Corporation	SCG	\$50.85	4.40%	4.60%	5.00%	4.67%	5.64%	55.00%	54.00%	67.52%	(\$0.00)	10.27%	15.38	2.73	
TECO Energy, Inc.	TE	\$18.27	6.50%	6.43%	3.50%	5.48%	5.64%	93.00%	71.00%	67.52%	\$0.00	9.65%	17.75	3.15	
Vectren Corporation	VVC	\$41.62	4.70%	4.50%	9.00%	6.07%	5.64%	71.00%	51.00%	67.52%	(\$0.00)	8.75%	22.91	4.06	

DCF
Result -
w/
DCF
Result
Mean 9.75% 0.14% 9.88%
Max 10.36% 0.14% 10.50%
Min 8.75% 0.14% 8.89%

Projected Annual Earnings per Share	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]

Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	\$3.29	\$3.46	\$3.63	\$3.82	\$4.01	\$4.21	\$4.43	\$4.65	\$4.90	\$5.16	\$5.44	\$5.75	\$6.07	\$6.41	\$6.78	\$7.16	\$7.56
Black Hills Corporation	BKH	\$2.61	\$2.83	\$3.06	\$3.31	\$3.58	\$3.88	\$4.20	\$4.53	\$4.86	\$5.20	\$5.54	\$5.85	\$6.18	\$6.53	\$6.90	\$7.28	\$7.69
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.88	\$2.00	\$2.13	\$2.27	\$2.42	\$2.57	\$2.73	\$2.89	\$3.07	\$3.24	\$3.42	\$3.61	\$3.82	\$4.03	\$4.26
DTE Energy Company	DTE	\$3.76	\$3.99	\$4.24	\$4.50	\$4.78	\$5.08	\$5.39	\$5.72	\$6.06	\$6.42	\$6.80	\$7.18	\$7.58	\$8.01	\$8.46	\$8.94	\$9.44
SCANA Corporation	SCG	\$3.39	\$3.55	\$3.71	\$3.89	\$4.07	\$4.26	\$4.46	\$4.67	\$4.91	\$5.16	\$5.43	\$5.74	\$6.06	\$6.40	\$6.76	\$7.15	\$7.55
TECO Energy, Inc.	TE	\$0.92	\$0.97	\$1.02	\$1.08	\$1.14	\$1.20	\$1.27	\$1.34	\$1.41	\$1.49	\$1.57	\$1.66	\$1.75	\$1.85	\$1.96	\$2.07	\$2.18
Vectren Corporation	VVC	\$1.66	\$1.76	\$1.87	\$1.98	\$2.10	\$2.23	\$2.36	\$2.51	\$2.65	\$2.81	\$2.97	\$3.14	\$3.32	\$3.50	\$3.70	\$3.91	\$4.13

Projected Annual Dividend Payout Ratio	[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
Alliant Energy Corporation	LNT	\$2.04	\$2.15	\$2.27	\$2.40	\$2.53	\$2.71	\$2.91	\$3.12	\$3.36	\$3.61	\$3.88	\$4.10	\$4.33	\$4.58	\$4.83	\$5.11	\$129.84
Black Hills Corporation	BKH	\$1.58	\$1.73	\$1.89	\$2.06	\$2.25	\$2.50	\$2.77	\$3.05	\$3.35	\$3.65	\$3.95	\$4.17	\$4.41	\$4.66	\$4.92	\$5.20	\$116.09
CMS Energy Corporation	CMS	\$1.06	\$1.12	\$1.18	\$1.25	\$1.32	\$1.44	\$1.57	\$1.71	\$1.86	\$2.02	\$2.19	\$2.31	\$2.44	\$2.58	\$2.72	\$2.88	\$70.01
DTE Energy Company	DTE	\$2.28	\$2.43	\$2.59	\$2.76	\$2.94	\$3.21	\$3.50	\$3.81	\$4.13	\$4.48	\$4.85	\$5.12	\$5.41	\$5.71	\$6.04	\$6.38	\$177.83
SCANA Corporation	SCG	\$1.95	\$2.03	\$2.12	\$2.21	\$2.30	\$2.51	\$2.73	\$2.98	\$3.25	\$3.55	\$3.87	\$4.09	\$4.32	\$4.57	\$4.82	\$5.10	\$116.10
TECO Energy, Inc.	TE	\$0.90	\$0.90	\$0.89	\$0.87	\$0.85	\$0.89	\$0.93	\$0.98	\$1.02	\$1.07	\$1.12	\$1.18	\$1.25	\$1.32	\$1.40	\$1.47	\$38.78
Vectren Corporation	VVC	\$1.25	\$1.23	\$1.21	\$1.18	\$1.14	\$1.27	\$1.42	\$1.57	\$1.74	\$1.92	\$2.12	\$2.24	\$2.36	\$2.50	\$2.64	\$2.79	\$94.57

Projected Annual Data Investor Cash Flows	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]

Company	Ticker	Initial	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
Alliant Energy Corporation	LNT	(\$57.86)	\$0.00	\$0.34	\$2.09	\$2.27	\$2.40	\$2.53	\$2.71	\$2.91	\$3.12	\$3.36	\$3.61	\$3.88	\$4.10	\$4.33	\$4.58	\$4.83	\$5.11	\$134.94
Black Hills Corporation	BKH	(\$49.95)	\$0.00	\$0.26	\$1.65	\$1.89	\$2.06	\$2.25	\$2.50	\$2.77	\$3.05	\$3.35	\$3.65	\$3.95	\$4.17	\$4.41	\$4.66	\$4.92	\$5.20	\$121.29
CMS Energy Corporation	CMS	(\$30.73)	\$0.00	\$0.18	\$1.09	\$1.18	\$1.25	\$1.32	\$1.44	\$1.57	\$1.71	\$1.86	\$2.02	\$2.19	\$2.31	\$2.44	\$2.58	\$2.72	\$2.88	\$72.89
DTE Energy Company	DTE	(\$78.13)	\$0.00	\$0.38	\$2.35	\$2.59	\$2.76	\$2.94	\$3.21	\$3.50	\$3.81	\$4.13	\$4.48	\$4.85	\$5.12	\$5.41	\$5.71	\$6.04	\$6.38	\$184.20
SCANA Corporation	SCG	(\$50.85)	\$0.00	\$0.33	\$2.00	\$2.12	\$2.21	\$2.30	\$2.51	\$2.73	\$2.98	\$3.25	\$3.55	\$3.87	\$4.09	\$4.32	\$4.57	\$4.82	\$5.10	\$121.19
TECO Energy, Inc.	TE	(\$18.27)	\$0.00	\$0.15	\$0.93	\$0.89	\$0.87	\$0.85	\$0.89	\$0.93	\$0.98	\$1.02	\$1.07	\$1.12	\$1.18	\$1.25	\$1.32	\$1.40	\$1.47	\$40.25
Vectren Corporation	VVC	(\$41.62)	\$0.00	\$0.21	\$1.29	\$1.21	\$1.18	\$1.14	\$1.27	\$1.42	\$1.57	\$1.74	\$1.92	\$2.12	\$2.24	\$2.36	\$2.50	\$2.64	\$2.79	\$97.36

Multi-Stage Growth Discounted Cash Flow Model - Combination Proxy Group
30 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
	Stock	EPS Growth Rate Estimates					Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal	
			Value			Low								
Company	Ticker	Price	Zacks	First Call	Line	Growth	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
Alliant Energy Corporation	LNT	\$57.86	4.80%	4.40%	6.00%	4.40%	5.64%	59.00%	60.00%	67.52%	\$0.00	9.60%	18.01	3.20
Black Hills Corporation	BKH	\$49.95	NA	7.00%	9.50%	7.00%	5.64%	56.00%	58.00%	67.52%	\$0.00	9.98%	16.43	2.92
CMS Energy Corporation	CMS	\$30.73	6.10%	6.80%	6.50%	6.10%	5.64%	60.00%	58.00%	67.52%	\$0.00	9.87%	16.86	2.99
DTE Energy Company	DTE	\$78.13	6.20%	5.87%	6.50%	5.87%	5.64%	57.00%	58.00%	67.52%	(\$0.00)	9.34%	19.26	3.42
SCANA Corporation	SCG	\$50.85	4.40%	4.60%	5.00%	4.40%	5.64%	55.00%	54.00%	67.52%	(\$0.00)	10.19%	15.67	2.78
TECO Energy, Inc.	TE	\$18.27	6.50%	6.43%	3.50%	3.50%	5.64%	93.00%	71.00%	67.52%	(\$0.00)	9.11%	20.55	3.65
Vectren Corporation	VVC	\$41.62	4.70%	4.50%	9.00%	4.50%	5.64%	71.00%	51.00%	67.52%	(\$0.00)	8.41%	25.66	4.55
													DCF	
													Result -	
													w/	
											DCF	Flotation	Flotation	
											Result	Cost	Cost	
											Mean	9.50%	0.14%	9.64%
											Max	10.19%	0.14%	10.32%
											Min	8.41%	0.14%	8.55%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	\$3.29	\$3.43	\$3.59	\$3.74	\$3.91	\$4.08	\$4.26	\$4.46	\$4.67	\$4.90	\$5.16	\$5.45	\$5.76	\$6.08	\$6.43	\$6.79	\$7.17
Black Hills Corporation	BKH	\$2.61	\$2.79	\$2.99	\$3.20	\$3.42	\$3.66	\$3.92	\$4.18	\$4.46	\$4.74	\$5.03	\$5.31	\$5.61	\$5.92	\$6.26	\$6.61	\$6.98
CMS Energy Corporation	CMS	\$1.66	\$1.76	\$1.87	\$1.98	\$2.10	\$2.23	\$2.37	\$2.51	\$2.66	\$2.82	\$2.98	\$3.15	\$3.32	\$3.51	\$3.71	\$3.92	\$4.14
DTE Energy Company	DTE	\$3.76	\$3.98	\$4.21	\$4.46	\$4.72	\$5.00	\$5.29	\$5.60	\$5.93	\$6.27	\$6.63	\$7.00	\$7.39	\$7.81	\$8.25	\$8.72	\$9.21
SCANA Corporation	SCG	\$3.39	\$3.54	\$3.69	\$3.86	\$4.03	\$4.20	\$4.39	\$4.59	\$4.81	\$5.05	\$5.32	\$5.62	\$5.93	\$6.27	\$6.62	\$6.99	\$7.39
TECO Energy, Inc.	TE	\$0.92	\$0.95	\$0.99	\$1.02	\$1.06	\$1.09	\$1.13	\$1.17	\$1.22	\$1.28	\$1.34	\$1.42	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87
Vectren Corporation	VVC	\$1.66	\$1.73	\$1.81	\$1.89	\$1.98	\$2.07	\$2.16	\$2.26	\$2.37	\$2.49	\$2.62	\$2.77	\$2.93	\$3.09	\$3.27	\$3.45	\$3.65

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
Alliant Energy Corporation	LNT	\$2.03	\$2.12	\$2.23	\$2.34	\$2.45	\$2.61	\$2.79	\$2.98	\$3.19	\$3.42	\$3.68	\$3.89	\$4.11	\$4.34	\$4.58	\$4.84	\$129.16
Black Hills Corporation	BKH	\$1.56	\$1.69	\$1.82	\$1.97	\$2.12	\$2.33	\$2.56	\$2.80	\$3.05	\$3.31	\$3.58	\$3.79	\$4.00	\$4.23	\$4.46	\$4.72	\$114.74
CMS Energy Corporation	CMS	\$1.06	\$1.11	\$1.17	\$1.23	\$1.29	\$1.41	\$1.54	\$1.67	\$1.81	\$1.96	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$69.79
DTE Energy Company	DTE	\$2.27	\$2.41	\$2.57	\$2.73	\$2.90	\$3.15	\$3.43	\$3.72	\$4.03	\$4.37	\$4.73	\$4.99	\$5.27	\$5.57	\$5.89	\$6.22	\$177.38
SCANA Corporation	SCG	\$1.95	\$2.02	\$2.10	\$2.18	\$2.27	\$2.47	\$2.69	\$2.92	\$3.18	\$3.47	\$3.79	\$4.01	\$4.23	\$4.47	\$4.72	\$4.99	\$115.80
TECO Energy, Inc.	TE	\$0.89	\$0.86	\$0.84	\$0.81	\$0.78	\$0.80	\$0.82	\$0.85	\$0.88	\$0.91	\$0.96	\$1.01	\$1.07	\$1.13	\$1.19	\$1.26	\$38.35
Vectren Corporation	VVC	\$1.23	\$1.20	\$1.16	\$1.11	\$1.06	\$1.16	\$1.28	\$1.41	\$1.55	\$1.70	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$2.46	\$93.61

Projected Annual Data Investor Cash Flows		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Company	Ticker	Initial Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
Alliant Energy Corporation	LNT	(\$57.86)	\$0.00	\$0.34	\$2.07	\$2.23	\$2.34	\$2.45	\$2.61	\$2.79	\$2.98	\$3.19	\$3.42	\$3.68	\$3.89	\$4.11	\$4.34	\$4.58	\$134.00
Black Hills Corporation	BKH	(\$49.95)	\$0.00	\$0.26	\$1.62	\$1.82	\$1.97	\$2.12	\$2.33	\$2.56	\$2.80	\$3.05	\$3.31	\$3.58	\$3.79	\$4.00	\$4.23	\$4.46	\$119.46
CMS Energy Corporation	CMS	(\$30.73)	\$0.00	\$0.18	\$1.09	\$1.17	\$1.23	\$1.29	\$1.41	\$1.54	\$1.67	\$1.81	\$1.96	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$72.59
DTE Energy Company	DTE	(\$78.13)	\$0.00	\$0.38	\$2.34	\$2.57	\$2.73	\$2.90	\$3.15	\$3.43	\$3.72	\$4.03	\$4.37	\$4.73	\$4.99	\$5.27	\$5.57	\$5.89	\$183.60
SCANA Corporation	SCG	(\$50.85)	\$0.00	\$0.33	\$1.99	\$2.10	\$2.18	\$2.27	\$2.47	\$2.69	\$2.92	\$3.18	\$3.47	\$3.79	\$4.01	\$4.23	\$4.47	\$4.72	\$120.79
TECO Energy, Inc.	TE	(\$18.27)	\$0.00	\$0.15	\$0.90	\$0.84	\$0.81	\$0.78	\$0.80	\$0.82	\$0.85	\$0.88	\$0.91	\$0.96	\$1.01	\$1.07	\$1.13	\$1.19	\$39.61
Vectren Corporation	VVC	(\$41.62)	\$0.00	\$0.21	\$1.26	\$1.16	\$1.11	\$1.06	\$1.16	\$1.28	\$1.41	\$1.55	\$1.70	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$96.07

Multi-Stage Growth Discounted Cash Flow Model - Combination Proxy Group
30 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
	Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution		Terminal	Terminal	
					Value	High								
Company	Ticker	Price	Zacks	First Call	Line	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio	
Alliant Energy Corporation	LNT	\$57.86	4.80%	4.40%	6.00%	6.00%	5.64%	59.00%	60.00%	67.52%	\$0.00	10.07%	16.08	2.85
Black Hills Corporation	BKH	\$49.95	NA	7.00%	9.50%	9.50%	5.64%	56.00%	58.00%	67.52%	(\$0.00)	10.77%	13.88	2.46
CMS Energy Corporation	CMS	\$30.73	6.10%	6.80%	6.50%	6.80%	5.64%	60.00%	58.00%	67.52%	(\$0.00)	10.08%	16.06	2.85
DTE Energy Company	DTE	\$78.13	6.20%	5.87%	6.50%	6.50%	5.64%	57.00%	58.00%	67.52%	(\$0.00)	9.51%	18.43	3.27
SCANA Corporation	SCG	\$50.85	4.40%	4.60%	5.00%	5.00%	5.64%	55.00%	54.00%	67.52%	(\$0.00)	10.38%	15.03	2.67
TECO Energy, Inc.	TE	\$18.27	6.50%	6.43%	3.50%	6.50%	5.64%	93.00%	71.00%	67.52%	\$0.00	9.96%	16.49	2.93
Vectren Corporation	VVC	\$41.62	4.70%	4.50%	9.00%	9.00%	5.64%	71.00%	51.00%	67.52%	(\$0.00)	9.46%	18.66	3.31
DCF Result - w/														
											DCF Result	Flotation Cost	Flotation Cost	
											Mean	10.03%	0.14%	10.17%
											Max	10.77%	0.14%	10.91%
											Min	9.46%	0.14%	9.60%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	\$3.29	\$3.49	\$3.70	\$3.92	\$4.15	\$4.40	\$4.67	\$4.94	\$5.23	\$5.54	\$5.86	\$6.19	\$6.54	\$6.91	\$7.29	\$7.71	\$8.14
Black Hills Corporation	BKH	\$2.61	\$2.86	\$3.13	\$3.43	\$3.75	\$4.11	\$4.50	\$4.90	\$5.30	\$5.70	\$6.10	\$6.44	\$6.80	\$7.19	\$7.59	\$8.02	\$8.47
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.89	\$2.02	\$2.16	\$2.31	\$2.46	\$2.63	\$2.79	\$2.97	\$3.15	\$3.32	\$3.51	\$3.71	\$3.92	\$4.14	\$4.37
DTE Energy Company	DTE	\$3.76	\$4.00	\$4.26	\$4.54	\$4.84	\$5.15	\$5.49	\$5.84	\$6.20	\$6.57	\$6.96	\$7.36	\$7.77	\$8.21	\$8.67	\$9.16	\$9.67
SCANA Corporation	SCG	\$3.39	\$3.56	\$3.74	\$3.92	\$4.12	\$4.33	\$4.54	\$4.77	\$5.02	\$5.29	\$5.58	\$5.89	\$6.22	\$6.57	\$6.95	\$7.34	\$7.75
TECO Energy, Inc.	TE	\$0.92	\$0.98	\$1.04	\$1.11	\$1.18	\$1.26	\$1.34	\$1.43	\$1.52	\$1.61	\$1.70	\$1.80	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37
Vectren Corporation	VVC	\$1.66	\$1.81	\$1.97	\$2.15	\$2.34	\$2.55	\$2.78	\$3.02	\$3.26	\$3.50	\$3.73	\$3.94	\$4.16	\$4.40	\$4.65	\$4.91	\$5.18

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
Alliant Energy Corporation	LNT	\$2.06	\$2.19	\$2.33	\$2.48	\$2.64	\$2.86	\$3.09	\$3.34	\$3.60	\$3.88	\$4.18	\$4.41	\$4.66	\$4.93	\$5.20	\$5.50	\$130.86
Black Hills Corporation	BKH	\$1.60	\$1.77	\$1.95	\$2.16	\$2.38	\$2.68	\$3.00	\$3.33	\$3.67	\$4.02	\$4.35	\$4.59	\$4.85	\$5.12	\$5.41	\$5.72	\$117.58
CMS Energy Corporation	CMS	\$1.06	\$1.13	\$1.19	\$1.26	\$1.34	\$1.47	\$1.61	\$1.75	\$1.91	\$2.07	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$2.95	\$70.22
DTE Energy Company	DTE	\$2.28	\$2.44	\$2.61	\$2.79	\$2.99	\$3.27	\$3.57	\$3.89	\$4.23	\$4.59	\$4.97	\$5.25	\$5.54	\$5.85	\$6.18	\$6.53	\$178.26
SCANA Corporation	SCG	\$1.96	\$2.05	\$2.14	\$2.24	\$2.34	\$2.56	\$2.79	\$3.05	\$3.33	\$3.64	\$3.98	\$4.20	\$4.44	\$4.69	\$4.95	\$5.23	\$116.47
TECO Energy, Inc.	TE	\$0.91	\$0.91	\$0.91	\$0.91	\$0.89	\$0.95	\$1.00	\$1.05	\$1.10	\$1.16	\$1.22	\$1.28	\$1.36	\$1.43	\$1.51	\$1.60	\$39.04
Vectren Corporation	VVC	\$1.28	\$1.30	\$1.31	\$1.31	\$1.30	\$1.50	\$1.71	\$1.93	\$2.17	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$96.75

Projected Annual Data		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]	
Investor Cash Flows:																				
	Initial																			
Company	Ticker	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	
Alliant Energy Corporation	LNT	(\$57.86)	\$0.00	\$0.34	\$2.12	\$2.33	\$2.48	\$2.64	\$2.86	\$3.09	\$3.34	\$3.60	\$3.88	\$4.18	\$4.41	\$4.66	\$4.93	\$5.20	\$5.50	
Black Hills Corporation	BKH	(\$49.95)	\$0.00	\$0.27	\$1.68	\$1.95	\$2.16	\$2.38	\$2.68	\$3.00	\$3.33	\$3.67	\$4.02	\$4.35	\$4.59	\$4.85	\$5.12	\$5.41	\$5.72	
CMS Energy Corporation	CMS	(\$30.73)	\$0.00	\$0.18	\$1.10	\$1.19	\$1.26	\$1.34	\$1.47	\$1.61	\$1.75	\$1.91	\$2.07	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$2.95	
DTE Energy Company	DTE	(\$78.13)	\$0.00	\$0.38	\$2.36	\$2.61	\$2.79	\$2.99	\$3.27	\$3.57	\$3.89	\$4.23	\$4.59	\$4.97	\$5.25	\$5.54	\$5.85	\$6.18	\$6.53	
SCANA Corporation	SCG	(\$50.85)	\$0.00	\$0.33	\$2.01	\$2.14	\$2.24	\$2.34	\$2.56	\$2.79	\$3.05	\$3.33	\$3.64	\$3.98	\$4.20	\$4.44	\$4.69	\$4.95	\$5.23	
TECO Energy, Inc.	TE	(\$18.27)	\$0.00	\$0.15	\$0.94	\$0.91	\$0.91	\$0.89	\$0.95	\$1.00	\$1.05	\$1.10	\$1.16	\$1.22	\$1.28	\$1.36	\$1.43	\$1.51	\$1.60	
Vectren Corporation	VVC	(\$41.62)	\$0.00	\$0.21	\$1.34	\$1.31	\$1.31	\$1.30	\$1.50	\$1.71	\$1.93	\$2.17	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	

Multi-Stage Growth Discounted Cash Flow Model - Combination Proxy Group
90 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Inputs	Stock	Price	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal
			Zacks	First Call	Line	Average		2014	2018	2024			
Company	Ticker	Price									Proof	IRR	P/E Ratio PEG Ratio

Alliant Energy Corporation	LNT	\$57.97	4.80%	4.40%	6.00%	5.07%	5.64%	59.00%	60.00%	67.52%	\$0.00	9.78%	17.20	3.05
Black Hills Corporation	BKH	\$53.03	NA	7.00%	9.50%	8.25%	5.64%	56.00%	58.00%	67.52%	(\$0.00)	10.10%	15.99	2.84
CMS Energy Corporation	CMS	\$30.20	6.10%	6.80%	6.50%	6.47%	5.64%	60.00%	58.00%	67.52%	(\$0.00)	10.05%	16.16	2.87
DTE Energy Company	DTE	\$76.85	6.20%	5.87%	6.50%	6.19%	5.64%	57.00%	58.00%	67.52%	(\$0.00)	9.48%	18.53	3.29
SCANA Corporation	SCG	\$51.34	4.40%	4.60%	5.00%	4.67%	5.64%	55.00%	54.00%	67.52%	(\$0.00)	10.23%	15.53	2.76
TECO Energy, Inc.	TE	\$17.94	6.50%	6.43%	3.50%	5.48%	5.64%	93.00%	71.00%	67.52%	\$0.00	9.73%	17.42	3.09
Vectren Corporation	VVC	\$40.69	4.70%	4.50%	9.00%	6.07%	5.64%	71.00%	51.00%	67.52%	(\$0.00)	8.82%	22.40	3.98

DCF

Result -

w/

DCF

Result

Mean

Max

Min

8.82%

9.74%

10.23%

0.14%

0.14%

0.14%

9.88%

10.37%

8.96%

Projected Annual
Earnings per Share

Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	\$3.29	\$3.46	\$3.63	\$3.82	\$4.01	\$4.21	\$4.43	\$4.65	\$4.90	\$5.16	\$5.44	\$5.75	\$6.07	\$6.41	\$6.78	\$7.16	\$7.56
Black Hills Corporation	BKH	\$2.61	\$2.83	\$3.06	\$3.31	\$3.58	\$3.88	\$4.20	\$4.53	\$4.86	\$5.20	\$5.54	\$5.85	\$6.18	\$6.53	\$6.90	\$7.28	\$7.69
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.88	\$2.00	\$2.13	\$2.27	\$2.42	\$2.57	\$2.73	\$2.89	\$3.07	\$3.24	\$3.42	\$3.61	\$3.82	\$4.03	\$4.26
DTE Energy Company	DTE	\$3.76	\$3.99	\$4.24	\$4.50	\$4.78	\$5.08	\$5.39	\$5.72	\$6.06	\$6.42	\$6.80	\$7.18	\$7.58	\$8.01	\$8.46	\$8.94	\$9.44
SCANA Corporation	SCG	\$3.39	\$3.55	\$3.71	\$3.89	\$4.07	\$4.26	\$4.46	\$4.67	\$4.91	\$5.16	\$5.43	\$5.74	\$6.06	\$6.40	\$6.76	\$7.15	\$7.55
TECO Energy, Inc.	TE	\$0.92	\$0.97	\$1.02	\$1.08	\$1.14	\$1.20	\$1.27	\$1.34	\$1.41	\$1.49	\$1.57	\$1.66	\$1.75	\$1.85	\$1.96	\$2.07	\$2.18
Vectren Corporation	VVC	\$1.66	\$1.76	\$1.87	\$1.98	\$2.10	\$2.23	\$2.36	\$2.51	\$2.65	\$2.81	\$2.97	\$3.14	\$3.32	\$3.50	\$3.70	\$3.91	\$4.13

Projected Annual
Dividend Payout Ratio

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual
Cash Flows

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
Alliant Energy Corporation	LNT	\$2.04	\$2.15	\$2.27	\$2.40	\$2.53	\$2.71	\$2.91	\$3.12	\$3.36	\$3.61	\$3.88	\$4.10	\$4.33	\$4.58	\$4.83	\$5.11	\$130.09
Black Hills Corporation	BKH	\$1.58	\$1.73	\$1.89	\$2.06	\$2.25	\$2.50	\$2.77	\$3.05	\$3.35	\$3.65	\$3.95	\$4.17	\$4.41	\$4.66	\$4.92	\$5.20	\$123.02
CMS Energy Corporation	CMS	\$1.06	\$1.12	\$1.18	\$1.25	\$1.32	\$1.44	\$1.57	\$1.71	\$1.86	\$2.02	\$2.19	\$2.31	\$2.44	\$2.58	\$2.72	\$2.88	\$68.83
DTE Energy Company	DTE	\$2.28	\$2.43	\$2.59	\$2.76	\$2.94	\$3.21	\$3.50	\$3.81	\$4.13	\$4.48	\$4.85	\$5.12	\$5.41	\$5.71	\$6.04	\$6.38	\$174.96
SCANA Corporation	SCG	\$1.95	\$2.03	\$2.12	\$2.21	\$2.30	\$2.51	\$2.73	\$2.98	\$3.25	\$3.55	\$3.87	\$4.09	\$4.32	\$4.57	\$4.82	\$5.10	\$117.20
TECO Energy, Inc.	TE	\$0.90	\$0.90	\$0.89	\$0.87	\$0.85	\$0.89	\$0.93	\$0.98	\$1.02	\$1.07	\$1.12	\$1.18	\$1.25	\$1.32	\$1.40	\$1.47	\$38.04
Vectren Corporation	VVC	\$1.25	\$1.23	\$1.21	\$1.18	\$1.14	\$1.27	\$1.42	\$1.57	\$1.74	\$1.92	\$2.12	\$2.24	\$2.36	\$2.50	\$2.64	\$2.79	\$92.48

Projected Annual Data
Investor Cash Flows

Company	Ticker	Initial	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
Alliant Energy Corporation	LNT	(\$57.97)	\$0.00	\$0.34	\$2.09	\$2.27	\$2.40	\$2.53	\$2.71	\$2.91	\$3.12	\$3.36	\$3.61	\$3.88	\$4.10	\$4.33	\$4.58	\$4.83	\$135.19
Black Hills Corporation	BKH	(\$53.03)	\$0.00	\$0.26	\$1.65	\$1.89	\$2.06	\$2.25	\$2.50	\$2.77	\$3.05	\$3.35	\$3.65	\$3.95	\$4.17	\$4.41	\$4.66	\$4.92	\$128.21
CMS Energy Corporation	CMS	(\$30.21)	\$0.00	\$0.18	\$1.09	\$1.18	\$1.25	\$1.32	\$1.44	\$1.57	\$1.71	\$1.86	\$2.02	\$2.19	\$2.31	\$2.44	\$2.58	\$2.72	\$71.70
DTE Energy Company	DTE	(\$76.85)	\$0.00	\$0.38	\$2.35	\$2.59	\$2.76	\$2.94	\$3.21	\$3.50	\$3.81	\$4.13	\$4.48	\$4.85	\$5.12	\$5.41	\$5.71	\$6.04	\$181.34
SCANA Corporation	SCG	(\$51.34)	\$0.00	\$0.33	\$2.00	\$2.12	\$2.21	\$2.30	\$2.51	\$2.73	\$2.98	\$3.25	\$3.55	\$3.87	\$4.09	\$4.32	\$4.57	\$4.82	\$122.29
TECO Energy, Inc.	TE	(\$17.94)	\$0.00	\$0.15	\$0.93	\$0.89	\$0.87	\$0.85	\$0.89	\$0.93	\$0.98	\$1.02	\$1.07	\$1.12	\$1.18	\$1.25	\$1.32	\$1.40	\$39.52
Vectren Corporation	VVC	(\$40.69)	\$0.00	\$0.21	\$1.29	\$1.21	\$1.18	\$1.14	\$1.27	\$1.42	\$1.57	\$1.74	\$1.92	\$2.12	\$2.24	\$2.36	\$2.50	\$2.64	\$95.27

Multi-Stage Growth Discounted Cash Flow Model - Combination Proxy Group
90 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution		Terminal	Terminal
					Value	Low								
Company	Ticker	Price	Zacks	First Call	Line	Growth	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
Alliant Energy Corporation	LNT	\$57.97	4.80%	4.40%	6.00%	4.40%	5.64%	59.00%	60.00%	67.52%	\$0.00	9.59%	18.04	3.20
Black Hills Corporation	BKH	\$53.03	NA	7.00%	9.50%	7.00%	5.64%	56.00%	58.00%	67.52%	(\$0.00)	9.73%	17.42	3.09
CMS Energy Corporation	CMS	\$30.20	6.10%	6.80%	6.50%	6.10%	5.64%	60.00%	58.00%	67.52%	\$0.00	9.94%	16.57	2.94
DTE Energy Company	DTE	\$76.85	6.20%	5.87%	6.50%	5.87%	5.64%	57.00%	58.00%	67.52%	(\$0.00)	9.40%	18.95	3.36
SCANA Corporation	SCG	\$51.34	4.40%	4.60%	5.00%	4.40%	5.64%	55.00%	54.00%	67.52%	(\$0.00)	10.14%	15.82	2.81
TECO Energy, Inc.	TE	\$17.94	6.50%	6.43%	3.50%	3.50%	5.64%	93.00%	71.00%	67.52%	(\$0.00)	9.17%	20.16	3.58
Vectren Corporation	VVC	\$40.69	4.70%	4.50%	9.00%	4.50%	5.64%	71.00%	51.00%	67.52%	(\$0.00)	8.48%	25.09	4.45
														DCF
														Result -
														w/
														DCF
														Result
														Flotation
														Cost
														Flotation
														Cost
														Mean
														9.49%
														0.14%
														9.63%
														Max
														10.14%
														0.14%
														10.28%
														Min
														8.48%
														0.14%
														8.62%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	\$3.29	\$3.43	\$3.59	\$3.74	\$3.91	\$4.08	\$4.26	\$4.46	\$4.67	\$4.90	\$5.16	\$5.45	\$5.76	\$6.08	\$6.43	\$6.79	\$7.17
Black Hills Corporation	BKH	\$2.61	\$2.79	\$2.99	\$3.20	\$3.42	\$3.66	\$3.92	\$4.18	\$4.46	\$4.74	\$5.03	\$5.31	\$5.61	\$5.92	\$6.26	\$6.61	\$6.98
CMS Energy Corporation	CMS	\$1.66	\$1.76	\$1.87	\$1.98	\$2.10	\$2.23	\$2.37	\$2.51	\$2.66	\$2.82	\$2.98	\$3.15	\$3.32	\$3.51	\$3.71	\$3.92	\$4.14
DTE Energy Company	DTE	\$3.76	\$3.98	\$4.21	\$4.46	\$4.72	\$5.00	\$5.29	\$5.60	\$5.93	\$6.27	\$6.63	\$7.00	\$7.39	\$7.81	\$8.25	\$8.72	\$9.21
SCANA Corporation	SCG	\$3.39	\$3.54	\$3.69	\$3.86	\$4.03	\$4.20	\$4.39	\$4.59	\$4.81	\$5.05	\$5.32	\$5.62	\$5.93	\$6.27	\$6.62	\$6.99	\$7.39
TECO Energy, Inc.	TE	\$0.92	\$0.95	\$0.99	\$1.02	\$1.06	\$1.09	\$1.13	\$1.17	\$1.22	\$1.28	\$1.34	\$1.42	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87
Vectren Corporation	VVC	\$1.66	\$1.73	\$1.81	\$1.89	\$1.98	\$2.07	\$2.16	\$2.26	\$2.37	\$2.49	\$2.62	\$2.77	\$2.93	\$3.09	\$3.27	\$3.45	\$3.65

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
Alliant Energy Corporation	LNT	\$2.03	\$2.12	\$2.23	\$2.34	\$2.45	\$2.61	\$2.79	\$2.98	\$3.19	\$3.42	\$3.68	\$3.89	\$4.11	\$4.34	\$4.58	\$4.84	\$129.40
Black Hills Corporation	BKH	\$1.56	\$1.69	\$1.82	\$1.97	\$2.12	\$2.33	\$2.56	\$2.80	\$3.05	\$3.31	\$3.58	\$3.79	\$4.00	\$4.23	\$4.46	\$4.72	\$121.65
CMS Energy Corporation	CMS	\$1.06	\$1.11	\$1.17	\$1.23	\$1.29	\$1.41	\$1.54	\$1.67	\$1.81	\$1.96	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$68.61
DTE Energy Company	DTE	\$2.27	\$2.41	\$2.57	\$2.73	\$2.90	\$3.15	\$3.43	\$3.72	\$4.03	\$4.37	\$4.73	\$4.99	\$5.27	\$5.57	\$5.89	\$6.22	\$174.52
SCANA Corporation	SCG	\$1.95	\$2.02	\$2.10	\$2.18	\$2.27	\$2.47	\$2.69	\$2.92	\$3.18	\$3.47	\$3.79	\$4.01	\$4.23	\$4.47	\$4.72	\$4.99	\$116.91
TECO Energy, Inc.	TE	\$0.89	\$0.86	\$0.84	\$0.81	\$0.78	\$0.80	\$0.82	\$0.85	\$0.88	\$0.91	\$0.96	\$1.01	\$1.07	\$1.13	\$1.19	\$1.26	\$37.61
Vectren Corporation	VVC	\$1.23	\$1.20	\$1.16	\$1.11	\$1.06	\$1.16	\$1.28	\$1.41	\$1.55	\$1.70	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$2.46	\$91.52

Projected Annual Data Investor Cash Flows		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Company	Ticker	Initial Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
Alliant Energy Corporation	LNT	(\$57.97)	\$0.00	\$0.34	\$2.07	\$2.23	\$2.34	\$2.45	\$2.61	\$2.79	\$2.98	\$3.19	\$3.42	\$3.68	\$3.89	\$4.11	\$4.34	\$4.58	\$134.25
Black Hills Corporation	BKH	(\$53.03)	\$0.00	\$0.26	\$1.62	\$1.82	\$1.97	\$2.12	\$2.33	\$2.56	\$2.80	\$3.05	\$3.31	\$3.58	\$3.79	\$4.00	\$4.23	\$4.46	\$126.37
CMS Energy Corporation	CMS	(\$30.20)	\$0.00	\$0.18	\$1.09	\$1.17	\$1.23	\$1.29	\$1.41	\$1.54	\$1.67	\$1.81	\$1.96	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$71.40
DTE Energy Company	DTE	(\$76.85)	\$0.00	\$0.38	\$2.34	\$2.57	\$2.73	\$2.90	\$3.15	\$3.43	\$3.72	\$4.03	\$4.37	\$4.73	\$4.99	\$5.27	\$5.57	\$5.89	\$180.74
SCANA Corporation	SCG	(\$51.34)	\$0.00	\$0.33	\$1.99	\$2.10	\$2.18	\$2.27	\$2.47	\$2.69	\$2.92	\$3.18	\$3.47	\$3.79	\$4.01	\$4.23	\$4.47	\$4.72	\$121.90
TECO Energy, Inc.	TE	(\$17.94)	\$0.00	\$0.15	\$0.90	\$0.84	\$0.81	\$0.78	\$0.80	\$0.82	\$0.85	\$0.88	\$0.91	\$0.96	\$1.01	\$1.07	\$1.13	\$1.19	\$38.87
Vectren Corporation	VVC	(\$40.69)	\$0.00	\$0.21	\$1.26	\$1.16	\$1.11	\$1.06	\$1.16	\$1.28	\$1.41	\$1.55	\$1.70	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$93.99

Multi-Stage Growth Discounted Cash Flow Model - Combination Proxy Group
90 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
	Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal		
					Value	High								
Company	Ticker	Price	Zacks	First Call	Line	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio	
Alliant Energy Corporation	LNT	\$57.97	4.80%	4.40%	6.00%	6.00%	5.64%	59.00%	60.00%	67.52%	\$0.00	10.06%	16.11	2.86
Black Hills Corporation	BKH	\$53.03	NA	7.00%	9.50%	9.50%	5.64%	56.00%	58.00%	67.52%	(\$0.00)	10.49%	14.70	2.61
CMS Energy Corporation	CMS	\$30.20	6.10%	6.80%	6.50%	6.80%	5.64%	60.00%	58.00%	67.52%	(\$0.00)	10.15%	15.79	2.80
DTE Energy Company	DTE	\$76.85	6.20%	5.87%	6.50%	6.50%	5.64%	57.00%	58.00%	67.52%	(\$0.00)	9.57%	18.13	3.22
SCANA Corporation	SCG	\$51.34	4.40%	4.60%	5.00%	5.00%	5.64%	55.00%	54.00%	67.52%	(\$0.00)	10.34%	15.17	2.69
TECO Energy, Inc.	TE	\$17.94	6.50%	6.43%	3.50%	6.50%	5.64%	93.00%	71.00%	67.52%	(\$0.00)	10.04%	16.18	2.87
Vectren Corporation	VVC	\$40.69	4.70%	4.50%	9.00%	9.00%	5.64%	71.00%	51.00%	67.52%	(\$0.00)	9.54%	18.26	3.24
DCF Result - w/														
											DCF Result	Flotation Cost	Flotation Cost	
											Mean	10.03%	0.14%	10.17%
											Max	10.49%	0.14%	10.62%
											Min	9.54%	0.14%	9.68%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	\$3.29	\$3.49	\$3.70	\$3.92	\$4.15	\$4.40	\$4.67	\$4.94	\$5.23	\$5.54	\$5.86	\$6.19	\$6.54	\$6.91	\$7.29	\$7.71	\$8.14
Black Hills Corporation	BKH	\$2.61	\$2.86	\$3.13	\$3.43	\$3.75	\$4.11	\$4.50	\$4.90	\$5.30	\$5.70	\$6.10	\$6.44	\$6.80	\$7.19	\$7.59	\$8.02	\$8.47
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.89	\$2.02	\$2.16	\$2.31	\$2.46	\$2.63	\$2.79	\$2.97	\$3.15	\$3.32	\$3.51	\$3.71	\$3.92	\$4.14	\$4.37
DTE Energy Company	DTE	\$3.76	\$4.00	\$4.26	\$4.54	\$4.84	\$5.15	\$5.49	\$5.84	\$6.20	\$6.57	\$6.96	\$7.36	\$7.77	\$8.21	\$8.67	\$9.16	\$9.67
SCANA Corporation	SCG	\$3.39	\$3.56	\$3.74	\$3.92	\$4.12	\$4.33	\$4.54	\$4.77	\$5.02	\$5.29	\$5.58	\$5.89	\$6.22	\$6.57	\$6.95	\$7.34	\$7.75
TECO Energy, Inc.	TE	\$0.92	\$0.98	\$1.04	\$1.11	\$1.18	\$1.26	\$1.34	\$1.43	\$1.52	\$1.61	\$1.70	\$1.80	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37
Vectren Corporation	VVC	\$1.66	\$1.81	\$1.97	\$2.15	\$2.34	\$2.55	\$2.78	\$3.02	\$3.26	\$3.50	\$3.73	\$3.94	\$4.16	\$4.40	\$4.65	\$4.91	\$5.18

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
Alliant Energy Corporation	LNT	\$2.06	\$2.19	\$2.33	\$2.48	\$2.64	\$2.86	\$3.09	\$3.34	\$3.60	\$3.88	\$4.18	\$4.41	\$4.66	\$4.93	\$5.20	\$5.50	\$131.11
Black Hills Corporation	BKH	\$1.60	\$1.77	\$1.95	\$2.16	\$2.38	\$2.68	\$3.00	\$3.33	\$3.67	\$4.02	\$4.35	\$4.59	\$4.85	\$5.12	\$5.41	\$5.72	\$124.52
CMS Energy Corporation	CMS	\$1.06	\$1.13	\$1.19	\$1.26	\$1.34	\$1.47	\$1.61	\$1.75	\$1.91	\$2.07	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$2.95	\$69.04
DTE Energy Company	DTE	\$2.28	\$2.44	\$2.61	\$2.79	\$2.99	\$3.27	\$3.57	\$3.89	\$4.23	\$4.59	\$4.97	\$5.25	\$5.54	\$5.85	\$6.18	\$6.53	\$175.40
SCANA Corporation	SCG	\$1.96	\$2.05	\$2.14	\$2.24	\$2.34	\$2.56	\$2.79	\$3.05	\$3.33	\$3.64	\$3.98	\$4.20	\$4.44	\$4.69	\$4.95	\$5.23	\$117.57
TECO Energy, Inc.	TE	\$0.91	\$0.91	\$0.91	\$0.91	\$0.89	\$0.95	\$1.00	\$1.05	\$1.10	\$1.16	\$1.22	\$1.28	\$1.36	\$1.43	\$1.51	\$1.60	\$38.31
Vectren Corporation	VVC	\$1.28	\$1.30	\$1.31	\$1.31	\$1.30	\$1.50	\$1.71	\$1.93	\$2.17	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$94.66

Projected Annual Data Investor Cash Flows		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Company	Ticker	Initial Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
Alliant Energy Corporation	LNT	(\$57.97)	\$0.00	\$0.34	\$2.12	\$2.33	\$2.48	\$2.64	\$2.86	\$3.09	\$3.34	\$3.60	\$3.88	\$4.18	\$4.41	\$4.66	\$4.93	\$5.20	\$136.61
Black Hills Corporation	BKH	(\$53.03)	\$0.00	\$0.27	\$1.68	\$1.95	\$2.16	\$2.38	\$2.68	\$3.00	\$3.33	\$3.67	\$4.02	\$4.35	\$4.59	\$4.85	\$5.12	\$5.41	\$130.24
CMS Energy Corporation	CMS	(\$30.21)	\$0.00	\$0.18	\$1.10	\$1.19	\$1.26	\$1.34	\$1.47	\$1.61	\$1.75	\$1.91	\$2.07	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$71.99
DTE Energy Company	DTE	(\$76.85)	\$0.00	\$0.38	\$2.36	\$2.61	\$2.79	\$2.99	\$3.27	\$3.57	\$3.89	\$4.23	\$4.59	\$4.97	\$5.25	\$5.54	\$5.85	\$6.18	\$181.93
SCANA Corporation	SCG	(\$51.34)	\$0.00	\$0.33	\$2.01	\$2.14	\$2.24	\$2.34	\$2.56	\$2.79	\$3.05	\$3.33	\$3.64	\$3.98	\$4.20	\$4.44	\$4.69	\$4.95	\$122.81
TECO Energy, Inc.	TE	(\$17.94)	\$0.00	\$0.15	\$0.94	\$0.91	\$0.91	\$0.89	\$0.95	\$1.00	\$1.05	\$1.10	\$1.16	\$1.22	\$1.28	\$1.36	\$1.43	\$1.51	\$39.91
Vectren Corporation	VVC	(\$40.69)	\$0.00	\$0.21	\$1.34	\$1.31	\$1.31	\$1.30	\$1.50	\$1.71	\$1.93	\$2.17	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$98.16

Multi-Stage Growth Discounted Cash Flow Model - Combination Proxy Group
180 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Inputs	Stock	Price	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal
			Zacks	First Call	Line	Average		2014	2018	2024			
Company	Ticker	Price									Proof	IRR	P/E Ratio

Company	Ticker	Price	Zacks	First Call	Line	Average	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
Alliant Energy Corporation	LNT	\$57.30	4.80%	4.40%	6.00%	5.07%	5.64%	59.00%	60.00%	67.52%	(\$0.00)	9.83%	17.01	3.02
Black Hills Corporation	BKH	\$55.28	NA	7.00%	9.50%	8.25%	5.64%	56.00%	58.00%	67.52%	\$0.00	9.92%	16.65	2.95
CMS Energy Corporation	CMS	\$29.75	6.10%	6.80%	6.50%	6.47%	5.64%	60.00%	58.00%	67.52%	(\$0.00)	10.12%	15.91	2.82
DTE Energy Company	DTE	\$75.75	6.20%	5.87%	6.50%	6.19%	5.64%	57.00%	58.00%	67.52%	(\$0.00)	9.54%	18.27	3.24
SCANA Corporation	SCG	\$51.22	4.40%	4.60%	5.00%	4.67%	5.64%	55.00%	54.00%	67.52%	(\$0.00)	10.24%	15.49	2.75
TECO Energy, Inc.	TE	\$17.60	6.50%	6.43%	3.50%	5.48%	5.64%	93.00%	71.00%	67.52%	\$0.00	9.81%	17.08	3.03
Vectren Corporation	VVC	\$39.96	4.70%	4.50%	9.00%	6.07%	5.64%	71.00%	51.00%	67.52%	(\$0.00)	8.88%	22.01	3.91

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Projected Annual
Earnings per Share

Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	\$3.29	\$3.46	\$3.63	\$3.82	\$4.01	\$4.21	\$4.43	\$4.65	\$4.90	\$5.16	\$5.44	\$5.75	\$6.07	\$6.41	\$6.78	\$7.16	\$7.56
Black Hills Corporation	BKH	\$2.61	\$2.83	\$3.06	\$3.31	\$3.58	\$3.88	\$4.20	\$4.53	\$4.86	\$5.20	\$5.54	\$5.85	\$6.18	\$6.53	\$6.90	\$7.28	\$7.69
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.88	\$2.00	\$2.13	\$2.27	\$2.42	\$2.57	\$2.73	\$2.89	\$3.07	\$3.24	\$3.42	\$3.61	\$3.82	\$4.03	\$4.26
DTE Energy Company	DTE	\$3.76	\$3.99	\$4.24	\$4.50	\$4.78	\$5.08	\$5.39	\$5.72	\$6.06	\$6.42	\$6.80	\$7.18	\$7.58	\$8.01	\$8.46	\$8.94	\$9.44
SCANA Corporation	SCG	\$3.39	\$3.55	\$3.71	\$3.89	\$4.07	\$4.26	\$4.46	\$4.67	\$4.91	\$5.16	\$5.43	\$5.74	\$6.06	\$6.40	\$6.76	\$7.15	\$7.55
TECO Energy, Inc.	TE	\$0.92	\$0.97	\$1.02	\$1.08	\$1.14	\$1.20	\$1.27	\$1.34	\$1.41	\$1.49	\$1.57	\$1.66	\$1.75	\$1.85	\$1.96	\$2.07	\$2.18
Vectren Corporation	VVC	\$1.66	\$1.76	\$1.87	\$1.98	\$2.10	\$2.23	\$2.36	\$2.51	\$2.65	\$2.81	\$2.97	\$3.14	\$3.32	\$3.50	\$3.70	\$3.91	\$4.13

Projected Annual
Dividend Payout Ratio

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual
Cash Flows

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
Alliant Energy Corporation	LNT	\$2.04	\$2.15	\$2.27	\$2.40	\$2.53	\$2.71	\$2.91	\$3.12	\$3.36	\$3.61	\$3.88	\$4.10	\$4.33	\$4.58	\$4.83	\$5.11	\$128.59
Black Hills Corporation	BKH	\$1.58	\$1.73	\$1.89	\$2.06	\$2.25	\$2.50	\$2.77	\$3.05	\$3.35	\$3.65	\$3.95	\$4.17	\$4.41	\$4.66	\$4.92	\$5.20	\$128.08
CMS Energy Corporation	CMS	\$1.06	\$1.12	\$1.18	\$1.25	\$1.32	\$1.44	\$1.57	\$1.71	\$1.86	\$2.02	\$2.19	\$2.31	\$2.44	\$2.58	\$2.72	\$2.88	\$67.80
DTE Energy Company	DTE	\$2.28	\$2.43	\$2.59	\$2.76	\$2.94	\$3.21	\$3.50	\$3.81	\$4.13	\$4.48	\$4.85	\$5.12	\$5.41	\$5.71	\$6.04	\$6.38	\$172.48
SCANA Corporation	SCG	\$1.95	\$2.03	\$2.12	\$2.21	\$2.30	\$2.51	\$2.73	\$2.98	\$3.25	\$3.55	\$3.87	\$4.09	\$4.32	\$4.57	\$4.82	\$5.10	\$116.95
TECO Energy, Inc.	TE	\$0.90	\$0.90	\$0.89	\$0.87	\$0.85	\$0.89	\$0.93	\$0.98	\$1.02	\$1.07	\$1.12	\$1.18	\$1.25	\$1.32	\$1.40	\$1.47	\$37.30
Vectren Corporation	VVC	\$1.25	\$1.23	\$1.21	\$1.18	\$1.14	\$1.27	\$1.42	\$1.57	\$1.74	\$1.92	\$2.12	\$2.24	\$2.36	\$2.50	\$2.64	\$2.79	\$90.86

Projected Annual Data
Investor Cash Flows

Company	Ticker	Initial	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
Alliant Energy Corporation	LNT	(\$57.30)	\$0.00	\$0.34	\$2.09	\$2.27	\$2.40	\$2.53	\$2.71	\$2.91	\$3.12	\$3.36	\$3.61	\$3.88	\$4.10	\$4.33	\$4.58	\$4.83	\$133.69
Black Hills Corporation	BKH	(\$55.28)	\$0.00	\$0.26	\$1.65	\$1.89	\$2.06	\$2.25	\$2.50	\$2.77	\$3.05	\$3.35	\$3.65	\$3.95	\$4.17	\$4.41	\$4.66	\$4.92	\$133.28
CMS Energy Corporation	CMS	(\$29.75)	\$0.00	\$0.18	\$1.09	\$1.18	\$1.25	\$1.32	\$1.44	\$1.57	\$1.71	\$1.86	\$2.02	\$2.19	\$2.31	\$2.44	\$2.58	\$2.72	\$70.68
DTE Energy Company	DTE	(\$75.75)	\$0.00	\$0.38	\$2.35	\$2.59	\$2.76	\$2.94	\$3.21	\$3.50	\$3.81	\$4.13	\$4.48	\$4.85	\$5.12	\$5.41	\$5.71	\$6.04	\$178.86
SCANA Corporation	SCG	(\$51.22)	\$0.00	\$0.33	\$2.00	\$2.12	\$2.21	\$2.30	\$2.51	\$2.73	\$2.98	\$3.25	\$3.55	\$3.87	\$4.09	\$4.32	\$4.57	\$4.82	\$122.04
TECO Energy, Inc.	TE	(\$17.60)	\$0.00	\$0.15	\$0.93	\$0.89	\$0.87	\$0.85	\$0.89	\$0.93	\$0.98	\$1.02	\$1.07	\$1.12	\$1.18	\$1.25	\$1.32	\$1.40	\$38.77
Vectren Corporation	VVC	(\$39.96)	\$0.00	\$0.21	\$1.29	\$1.21	\$1.18	\$1.14	\$1.27	\$1.42	\$1.57	\$1.74	\$1.92	\$2.12	\$2.24	\$2.36	\$2.50	\$2.64	\$93.64

Multi-Stage Growth Discounted Cash Flow Model - Combination Proxy Group
180 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal	
					Value	Low								
Company	Ticker	Price	Zacks	First Call	Line	Growth	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
Alliant Energy Corporation	LNT	\$57.30	4.80%	4.40%	6.00%	4.40%	5.64%	59.00%	60.00%	67.52%	\$0.00	9.63%	17.84	3.17
Black Hills Corporation	BKH	\$55.28	NA	7.00%	9.50%	7.00%	5.64%	56.00%	58.00%	67.52%	(\$0.00)	9.57%	18.14	3.22
CMS Energy Corporation	CMS	\$29.75	6.10%	6.80%	6.50%	6.10%	5.64%	60.00%	58.00%	67.52%	(\$0.00)	10.00%	16.33	2.90
DTE Energy Company	DTE	\$75.75	6.20%	5.87%	6.50%	5.87%	5.64%	57.00%	58.00%	67.52%	(\$0.00)	9.45%	18.68	3.32
SCANA Corporation	SCG	\$51.22	4.40%	4.60%	5.00%	4.40%	5.64%	55.00%	54.00%	67.52%	(\$0.00)	10.15%	15.79	2.80
TECO Energy, Inc.	TE	\$17.60	6.50%	6.43%	3.50%	3.50%	5.64%	93.00%	71.00%	67.52%	(\$0.00)	9.25%	19.76	3.51
Vectren Corporation	VVC	\$39.96	4.70%	4.50%	9.00%	4.50%	5.64%	71.00%	51.00%	67.52%	(\$0.00)	8.53%	24.65	4.37
DCF Result - w/														
											DCF Result	Flotation Cost	Flotation Cost	
											Mean	9.51%	0.14%	9.65%
											Max	10.15%	0.14%	10.29%
											Min	8.53%	0.14%	8.67%

Projected Annual
Earnings per Share

Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	\$3.29	\$3.43	\$3.59	\$3.74	\$3.91	\$4.08	\$4.26	\$4.46	\$4.67	\$4.90	\$5.16	\$5.45	\$5.76	\$6.08	\$6.43	\$6.79	\$7.17
Black Hills Corporation	BKH	\$2.61	\$2.79	\$2.99	\$3.20	\$3.42	\$3.66	\$3.92	\$4.18	\$4.46	\$4.74	\$5.03	\$5.31	\$5.61	\$5.92	\$6.26	\$6.61	\$6.98
CMS Energy Corporation	CMS	\$1.66	\$1.76	\$1.87	\$1.98	\$2.10	\$2.23	\$2.37	\$2.51	\$2.66	\$2.82	\$2.98	\$3.15	\$3.32	\$3.51	\$3.71	\$3.92	\$4.14
DTE Energy Company	DTE	\$3.76	\$3.98	\$4.21	\$4.46	\$4.72	\$5.00	\$5.29	\$5.60	\$5.93	\$6.27	\$6.63	\$7.00	\$7.39	\$7.81	\$8.25	\$8.72	\$9.21
SCANA Corporation	SCG	\$3.39	\$3.54	\$3.69	\$3.86	\$4.03	\$4.20	\$4.39	\$4.59	\$4.81	\$5.05	\$5.32	\$5.62	\$5.93	\$6.27	\$6.62	\$6.99	\$7.39
TECO Energy, Inc.	TE	\$0.92	\$0.95	\$0.99	\$1.02	\$1.06	\$1.09	\$1.13	\$1.17	\$1.22	\$1.28	\$1.34	\$1.42	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87
Vectren Corporation	VVC	\$1.66	\$1.73	\$1.81	\$1.89	\$1.98	\$2.07	\$2.16	\$2.26	\$2.37	\$2.49	\$2.62	\$2.77	\$2.93	\$3.09	\$3.27	\$3.45	\$3.65

Projected Annual
Dividend Payout Ratio

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual
Cash Flows

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
Alliant Energy Corporation	LNT	\$2.03	\$2.12	\$2.23	\$2.34	\$2.45	\$2.61	\$2.79	\$2.98	\$3.19	\$3.42	\$3.68	\$3.89	\$4.11	\$4.34	\$4.58	\$4.84	\$127.91
Black Hills Corporation	BKH	\$1.56	\$1.69	\$1.82	\$1.97	\$2.12	\$2.33	\$2.56	\$2.80	\$3.05	\$3.31	\$3.58	\$3.79	\$4.00	\$4.23	\$4.46	\$4.72	\$126.71
CMS Energy Corporation	CMS	\$1.06	\$1.11	\$1.17	\$1.23	\$1.29	\$1.41	\$1.54	\$1.67	\$1.81	\$1.96	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$67.58
DTE Energy Company	DTE	\$2.27	\$2.41	\$2.57	\$2.73	\$2.90	\$3.15	\$3.43	\$3.72	\$4.03	\$4.37	\$4.73	\$4.99	\$5.27	\$5.57	\$5.89	\$6.22	\$172.04
SCANA Corporation	SCG	\$1.95	\$2.02	\$2.10	\$2.18	\$2.27	\$2.47	\$2.69	\$2.92	\$3.18	\$3.47	\$3.79	\$4.01	\$4.23	\$4.47	\$4.72	\$4.99	\$116.66
TECO Energy, Inc.	TE	\$0.89	\$0.86	\$0.84	\$0.81	\$0.78	\$0.80	\$0.82	\$0.85	\$0.88	\$0.91	\$0.96	\$1.01	\$1.07	\$1.13	\$1.19	\$1.26	\$36.87
Vectren Corporation	VVC	\$1.23	\$1.20	\$1.16	\$1.11	\$1.06	\$1.16	\$1.28	\$1.41	\$1.55	\$1.70	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$2.46	\$89.90

Projected Annual Data
Investor Cash Flows

Company	Ticker	Initial	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
Alliant Energy Corporation	LNT	(\$57.30)	\$0.00	\$0.34	\$2.07	\$2.23	\$2.34	\$2.45	\$2.61	\$2.79	\$2.98	\$3.19	\$3.42	\$3.68	\$3.89	\$4.11	\$4.34	\$4.58	\$4.84	\$132.75
Black Hills Corporation	BKH	(\$55.28)	\$0.00	\$0.26	\$1.62	\$1.82	\$1.97	\$2.12	\$2.33	\$2.56	\$2.80	\$3.05	\$3.31	\$3.58	\$3.79	\$4.00	\$4.23	\$4.46	\$4.72	\$131.43
CMS Energy Corporation	CMS	(\$29.75)	\$0.00	\$0.18	\$1.09	\$1.17	\$1.23	\$1.29	\$1.41	\$1.54	\$1.67	\$1.81	\$1.96	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$70.38
DTE Energy Company	DTE	(\$75.75)	\$0.00	\$0.38	\$2.34	\$2.57	\$2.73	\$2.90	\$3.15	\$3.43	\$3.72	\$4.03	\$4.37	\$4.73	\$4.99	\$5.27	\$5.57	\$5.89	\$6.22	\$178.26
SCANA Corporation	SCG	(\$51.23)	\$0.00	\$0.33	\$1.99	\$2.10	\$2.18	\$2.27	\$2.47	\$2.69	\$2.92	\$3.18	\$3.47	\$3.79	\$4.01	\$4.23	\$4.47	\$4.72	\$4.99	\$121.64
TECO Energy, Inc.	TE	(\$17.60)	\$0.00	\$0.15	\$0.90	\$0.84	\$0.81	\$0.78	\$0.80	\$0.82	\$0.85	\$0.88	\$0.91	\$0.96	\$1.01	\$1.07	\$1.13	\$1.19	\$1.26	\$38.13
Vectren Corporation	VVC	(\$39.96)	\$0.00	\$0.21	\$1.26	\$1.16	\$1.11	\$1.06	\$1.16	\$1.28	\$1.41	\$1.55	\$1.70	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$2.46	\$92.36

Multi-Stage Growth Discounted Cash Flow Model - Combination Proxy Group
180 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Inputs	[1] [2] [3] [4] [5] [6] [7] [8] [9] [10] [11] [12] [13]													
	Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution		Terminal	Terminal	
		Value		High										
	Ticker	Price	Zacks	First Call	Line	Growth	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
Alliant Energy Corporation	LNT	\$57.30	4.80%	4.40%	6.00%	6.00%	5.64%	59.00%	60.00%	67.52%	\$0.00	10.11%	15.92	2.83
Black Hills Corporation	BKH	\$55.28	NA	7.00%	9.50%	9.50%	5.64%	56.00%	58.00%	67.52%	(\$0.00)	10.30%	15.30	2.72
CMS Energy Corporation	CMS	\$29.75	6.10%	6.80%	6.50%	6.80%	5.64%	60.00%	58.00%	67.52%	(\$0.00)	10.22%	15.55	2.76
DTE Energy Company	DE	\$75.75	6.20%	5.87%	6.50%	6.50%	5.64%	57.00%	58.00%	67.52%	(\$0.00)	9.63%	17.87	3.17
SCANA Corporation	STG	\$51.22	4.40%	4.60%	5.00%	5.00%	5.64%	55.00%	54.00%	67.52%	(\$0.00)	10.35%	15.14	2.69
TECO Energy, Inc.	TE	\$17.60	6.50%	6.43%	3.50%	6.50%	5.64%	93.00%	71.00%	67.52%	(\$0.00)	10.13%	15.87	2.82
Vectren Corporation	VVC	\$39.96	4.70%	4.50%	9.00%	9.00%	5.64%	71.00%	51.00%	67.52%	(\$0.00)	9.61%	17.94	3.18

Alliant Energy Corporation	LNT	\$57.30	4.80%	4.40%	6.00%	6.00%	5.64%	59.00%	60.00%	67.52%	\$0.00	10.11%	15.92	2.83
Black Hills Corporation	BKH	\$55.28	NA	7.00%	9.50%	9.50%	5.64%	56.00%	58.00%	67.52%	(\$0.00)	10.30%	15.30	2.72
CMS Energy Corporation	CMS	\$29.75	6.10%	6.80%	6.50%	6.80%	5.64%	60.00%	58.00%	67.52%	(\$0.00)	10.22%	15.55	2.76
DTE Energy Company	DTE	\$75.75	6.20%	5.87%	6.50%	6.50%	5.64%	57.00%	58.00%	67.52%	(\$0.00)	9.63%	17.87	3.17
SCANA Corporation	SCG	\$51.22	4.40%	4.60%	5.00%	5.00%	5.64%	55.00%	54.00%	67.52%	(\$0.00)	10.35%	15.14	2.69
TECO Energy, Inc.	TE	\$17.60	6.50%	6.43%	3.50%	6.50%	5.64%	93.00%	71.00%	67.52%	(\$0.00)	10.13%	15.87	2.82
Vectren Corporation	VVC	\$39.96	4.70%	4.50%	9.00%	9.00%	5.64%	71.00%	51.00%	67.52%	(\$0.00)	9.61%	17.94	3.18

DCF

Result -

w/

DCF

Result

Mean

Max

Min

9.61%

10.05%

10.35%

0.14%

0.14%

0.19%

10.49%

9.75%

Projected Annual
Earnings per Share

Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	\$3.29	\$3.49	\$3.70	\$3.92	\$4.15	\$4.40	\$4.67	\$4.94	\$5.23	\$5.54	\$5.86	\$6.19	\$6.54	\$6.91	\$7.29	\$7.71	\$8.14
Black Hills Corporation	BKH	\$2.61	\$2.86	\$3.13	\$3.43	\$3.75	\$4.11	\$4.50	\$4.90	\$5.30	\$5.70	\$6.10	\$6.44	\$6.80	\$7.19	\$7.59	\$8.02	\$8.47
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.89	\$2.02	\$2.16	\$2.31	\$2.46	\$2.63	\$2.79	\$2.97	\$3.15	\$3.32	\$3.51	\$3.71	\$3.92	\$4.14	\$4.37
DTE Energy Company	DTE	\$3.76	\$4.00	\$4.26	\$4.54	\$4.84	\$5.15	\$5.49	\$5.84	\$6.20	\$6.57	\$6.96	\$7.36	\$7.77	\$8.21	\$8.67	\$9.16	\$9.67
SCANA Corporation	SCG	\$3.39	\$3.56	\$3.74	\$3.92	\$4.12	\$4.33	\$4.54	\$4.77	\$5.02	\$5.29	\$5.58	\$5.89	\$6.22	\$6.57	\$6.95	\$7.34	\$7.75
TECO Energy, Inc.	TE	\$0.92	\$0.98	\$1.04	\$1.11	\$1.18	\$1.26	\$1.34	\$1.43	\$1.52	\$1.61	\$1.70	\$1.80	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37
Vectren Corporation	VVC	\$1.66	\$1.81	\$1.97	\$2.15	\$2.34	\$2.55	\$2.78	\$3.02	\$3.26	\$3.50	\$3.73	\$3.94	\$4.16	\$4.40	\$4.65	\$4.91	\$5.18

Projected Annual
Dividend Payout Ratio

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual
Cash Flows

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
Alliant Energy Corporation	LNT	\$2.06	\$2.19	\$2.33	\$2.48	\$2.64	\$2.86	\$3.09	\$3.34	\$3.60	\$3.88	\$4.18	\$4.41	\$4.66	\$4.93	\$5.20	\$5.50	\$129.61
Black Hills Corporation	BKH	\$1.60	\$1.77	\$1.95	\$2.16	\$2.38	\$2.68	\$3.00	\$3.33	\$3.67	\$4.02	\$4.35	\$4.59	\$4.85	\$5.12	\$5.41	\$5.72	\$129.60
CMS Energy Corporation	CMS	\$1.06	\$1.13	\$1.19	\$1.26	\$1.34	\$1.47	\$1.61	\$1.75	\$1.91	\$2.07	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$2.95	\$68.01
DTE Energy Company	DTE	\$2.28	\$2.44	\$2.61	\$2.79	\$2.99	\$3.27	\$3.57	\$3.89	\$4.23	\$4.59	\$4.97	\$5.25	\$5.54	\$5.85	\$6.18	\$6.53	\$172.92
SCANA Corporation	SCG	\$1.96	\$2.05	\$2.14	\$2.24	\$2.34	\$2.56	\$2.79	\$3.05	\$3.33	\$3.64	\$3.98	\$4.20	\$4.44	\$4.69	\$4.95	\$5.23	\$117.32
TECO Energy, Inc.	TE	\$0.91	\$0.91	\$0.91	\$0.91	\$0.89	\$0.95	\$1.00	\$1.05	\$1.10	\$1.16	\$1.22	\$1.28	\$1.36	\$1.43	\$1.51	\$1.60	\$37.56
Vectren Corporation	VVC	\$1.28	\$1.30	\$1.31	\$1.31	\$1.30	\$1.50	\$1.71	\$1.93	\$2.17	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$93.02

Projected Annual Data
Investor Cash Flows

Company	Ticker	Initial	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
Alliant Energy Corporation	LNT	(\$57.30)	\$0.00	\$0.34	\$2.12	\$2.33	\$2.48	\$2.64	\$2.86	\$3.09	\$3.34	\$3.60	\$3.88	\$4.18	\$4.41	\$4.66	\$4.93	\$5.20	\$5.50	\$135.10
Black Hills Corporation	BKH	(\$55.28)	\$0.00	\$0.27	\$1.68	\$1.95	\$2.16	\$2.38	\$2.68	\$3.00	\$3.33	\$3.67	\$4.02	\$4.35	\$4.59	\$4.85	\$5.12	\$5.41	\$5.72	\$135.32
CMS Energy Corporation	CMS	(\$29.75)	\$0.00	\$0.18	\$1.10	\$1.19	\$1.26	\$1.34	\$1.47	\$1.61	\$1.75	\$1.91	\$2.07	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$2.95	\$70.96
DTE Energy Company	DTE	(\$75.75)	\$0.00	\$0.38	\$2.36	\$2.61	\$2.79	\$2.99	\$3.27	\$3.57	\$3.89	\$4.23	\$4.59	\$4.97	\$5.25	\$5.54	\$5.85	\$6.18	\$6.53	\$179.45
SCANA Corporation	SCG	(\$51.22)	\$0.00	\$0.33	\$2.01	\$2.14	\$2.24	\$2.34	\$2.56	\$2.79	\$3.05	\$3.33	\$3.64	\$3.98	\$4.20	\$4.44	\$4.69	\$4.95	\$5.23	\$122.55
TECO Energy, Inc.	TE	(\$17.60)	\$0.00	\$0.15	\$0.94	\$0.91	\$0.91	\$0.89	\$0.95	\$1.00	\$1.05	\$1.10	\$1.16	\$1.22	\$1.28	\$1.36	\$1.43	\$1.51	\$1.60	\$39.16
Vectren Corporation	VVC	(\$39.96)	\$0.00	\$0.21	\$1.34	\$1.31	\$1.31	\$1.30	\$1.50	\$1.71	\$1.93	\$2.17	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$96.53

Multi-Stage Growth Discounted Cash Flow Model - Electric Proxy Group
30 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal	
			Value											
Company	Ticker	Price	Zacks	First Call	Line	Average	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$54.29	4.90%	4.97%	4.50%	4.79%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.87%	16.84	2.99
Duke Energy Corporation	DUK	\$77.37	4.70%	4.70%	5.00%	4.80%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.40%	18.95	3.36
Empire District Electric Company	EDE	\$25.55	3.00%	3.00%	4.00%	3.33%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.42%	18.83	3.34
Great Plains Energy Inc.	GXP	\$25.17	5.00%	5.00%	6.00%	5.33%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.45%	14.83	2.63
Hawaiian Electric Industries, Inc.	HE	\$26.99	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	(\$0.00)	9.83%	17.01	3.02
IDACORP, Inc.	IDA	\$56.77	4.00%	4.00%	1.50%	3.17%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.66%	17.70	3.14
NextEra Energy, Inc.	NEE	\$95.13	6.60%	6.47%	6.00%	6.36%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.68%	17.63	3.13
Otter Tail Corporation	OTTR	\$28.24	NA	6.00%	15.50%	10.75%	5.64%	70.00%	59.00%	67.52%	\$0.00	10.91%	13.51	2.40
Pinnacle West Capital Corporation	PNW	\$57.18	3.70%	3.67%	4.00%	3.79%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	9.98%	16.42	2.91
PNM Resources, Inc.	PNM	\$26.49	8.50%	8.32%	11.00%	9.27%	5.64%	50.00%	49.00%	67.52%	\$0.00	10.64%	14.25	2.53
Portland General Electric Company	POR	\$33.76	7.80%	7.80%	5.00%	6.87%	5.64%	50.00%	54.00%	67.52%	\$0.00	9.88%	16.78	2.98
Southern Company	SO	\$45.39	3.50%	3.42%	3.50%	3.47%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.69%	17.59	3.12
Westar Energy, Inc.	WR	\$35.40	3.80%	3.20%	6.00%	4.33%	5.64%	58.00%	55.00%	67.52%	\$0.00	10.02%	16.26	2.89

DCF
Result -
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Cost
Flotation
CostMean 9.96% 0.14% 10.10%
Max 10.91% 0.14% 11.05%
Min 9.40% 0.14% 9.54%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.33	\$3.49	\$3.66	\$3.83	\$4.02	\$4.21	\$4.42	\$4.64	\$4.88	\$5.15	\$5.44	\$5.74	\$6.07	\$6.41	\$6.77	\$7.15
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.37	\$4.58	\$4.80	\$5.03	\$5.27	\$5.53	\$5.81	\$6.12	\$6.45	\$6.81	\$7.19	\$7.60	\$8.03	\$8.48	\$8.96
Empire District Electric Company	EDE	\$1.48	\$1.53	\$1.58	\$1.63	\$1.69	\$1.74	\$1.80	\$1.87	\$1.95	\$2.03	\$2.13	\$2.25	\$2.38	\$2.51	\$2.65	\$2.80	\$2.96
Great Plains Energy Inc.	GXP	\$1.62	\$1.71	\$1.80	\$1.89	\$1.99	\$2.10	\$2.21	\$2.33	\$2.46	\$2.59	\$2.74	\$2.89	\$3.05	\$3.23	\$3.41	\$3.60	\$3.80
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.76	\$3.87	\$4.00	\$4.12	\$4.25	\$4.39	\$4.55	\$4.73	\$4.94	\$5.17	\$5.46	\$5.77	\$6.10	\$6.44	\$6.80	\$7.19
NextEra Energy, Inc.	NEE	\$4.83	\$5.14	\$5.46	\$5.81	\$6.18	\$6.57	\$6.99	\$7.43	\$7.88	\$8.35	\$8.84	\$9.34	\$9.87	\$10.43	\$11.01	\$11.63	\$12.29
Otter Tail Corporation	OTTR	\$1.37	\$1.52	\$1.68	\$1.86	\$2.06	\$2.28	\$2.53	\$2.78	\$3.03	\$3.28	\$3.52	\$3.72	\$3.93	\$4.15	\$4.38	\$4.63	\$4.89
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.80	\$3.94	\$4.09	\$4.25	\$4.41	\$4.58	\$4.76	\$4.97	\$5.21	\$5.47	\$5.78	\$6.10	\$6.45	\$6.81	\$7.19	\$7.60
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.68	\$1.84	\$2.01	\$2.20	\$2.40	\$2.61	\$2.82	\$3.03	\$3.24	\$3.42	\$3.61	\$3.81	\$4.03	\$4.26	\$4.50
Portland General Electric Company	POR	\$1.77	\$1.89	\$2.02	\$2.16	\$2.31	\$2.47	\$2.64	\$2.81	\$2.99	\$3.18	\$3.37	\$3.56	\$3.76	\$3.98	\$4.20	\$4.44	\$4.69
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.20	\$3.31	\$3.44	\$3.59	\$3.75	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$5.17	\$5.46
Westar Energy, Inc.	WR	\$2.27	\$2.37	\$2.47	\$2.58	\$2.69	\$2.81	\$2.93	\$3.06	\$3.21	\$3.37	\$3.54	\$3.74	\$3.95	\$4.18	\$4.41	\$4.66	\$4.92

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.03	\$2.15	\$2.27	\$2.40	\$2.53	\$2.68	\$2.85	\$3.03	\$3.22	\$3.44	\$3.67	\$3.88	\$4.10	\$4.33	\$4.57	\$4.83	\$120.41
Duke Energy Corporation	DUK	\$2.96	\$3.03	\$3.09	\$3.16	\$3.22	\$3.41	\$3.61	\$3.82	\$4.06	\$4.31	\$4.60	\$4.86	\$5.13	\$5.42	\$5.72	\$6.05	\$169.72
Empire District Electric Company	EDE	\$1.01	\$1.03	\$1.05	\$1.08	\$1.10	\$1.15	\$1.21	\$1.27	\$1.34	\$1.42	\$1.52	\$1.61	\$1.70	\$1.79	\$1.89	\$2.00	\$55.77
Great Plains Energy Inc.	GXP	\$0.99	\$1.06	\$1.14	\$1.22	\$1.30	\$1.39	\$1.49	\$1.59	\$1.70	\$1.82	\$1.95	\$2.06	\$2.18	\$2.30	\$2.43	\$2.57	\$56.38
Hawaiian Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$58.17
IDACORP, Inc.	IDA	\$1.92	\$2.04	\$2.18	\$2.32	\$2.47	\$2.62	\$2.78	\$2.97	\$3.18	\$3.41	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$4.85	\$127.22
NextEra Energy, Inc.	NEE	\$3.13	\$3.28	\$3.43	\$3.58	\$3.75	\$4.11	\$4.49	\$4.91	\$5.35	\$5.82	\$6.31	\$6.86	\$7.44	\$8.04	\$8.66	\$9.30	\$216.60
Otter Tail Corporation	OTTR	\$1.06	\$1.13	\$1.20	\$1.27	\$1.35	\$1.53	\$1.72	\$1.92	\$2.12	\$2.33	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12	\$3.30	\$66.05
Pinnacle West Capital Corporation	PNW	\$2.39	\$2.50	\$2.62	\$2.74	\$2.87	\$2.99	\$3.14	\$3.29	\$3.47	\$3.67	\$3.90	\$4.12	\$4.35	\$4.60	\$4.86	\$5.13	\$124.72
PNM Resources, Inc.	PNM	\$0.77	\$0.84	\$0.91	\$0.99	\$1.08	\$1.25	\$1.44	\$1.64	\$1.86	\$2.09	\$2.31	\$2.44	\$2.58	\$2.72	\$2.87	\$3.04	\$64.08
Portland General Electric Company	POR	\$0.95	\$1.03	\$1.12	\$1.22	\$1.33	\$1.48	\$1.65	\$1.82	\$2.00	\$2.20	\$2.41	\$2.54	\$2.68	\$2.84	\$3.00	\$3.16	\$78.66
Southern Company	SO	\$2.07	\$2.12	\$2.18	\$2.24	\$2.31	\$2.36	\$2.43	\$2.50	\$2.59	\$2.68	\$2.80	\$2.96	\$3.13	\$3.31	\$3.49	\$3.69	\$96.09
Westar Energy, Inc.	WR	\$1.37	\$1.41	\$1.46	\$1.50	\$1.54	\$1.67	\$1.81	\$1.96	\$2.13	\$2.32	\$2.53	\$2.67	\$2.82	\$2.98	\$3.15	\$3.32	\$80.04

Projected Annual Data			[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows:																				
Company	Ticker	Initial Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	
American Electric Power Company, Inc.	AEP	(\$54.29)	\$0.00	\$0.34	\$2.08	\$2.27	\$2.40	\$2.53	\$2.68	\$2.85	\$3.03	\$3.22	\$3.44	\$3.67	\$3.88	\$4.10	\$4.33	\$4.57	\$4.83	\$125.23
Duke Energy Corporation	DUK	(\$77.37)	\$0.00	\$0.49	\$3.03	\$3.09	\$3.16	\$3.22	\$3.41	\$3.61	\$3.82	\$4.06	\$4.31	\$4.60	\$4.86	\$5.13	\$5.42	\$5.72	\$6.05	\$175.76
Empire District Electric Company	EDE	(\$25.55)	\$0.00	\$0.17	\$1.03	\$1.05	\$1.08	\$1.10	\$1.15	\$1.21	\$1.27	\$1.34	\$1.42	\$1.52	\$1.61	\$1.70	\$1.79	\$1.89	\$2.00	\$57.77
Great Plains Energy Inc.	GXP	(\$25.17)	\$0.00	\$0.17	\$1.02	\$1.14	\$1.22	\$1.30	\$1.39	\$1.49	\$1.59	\$1.70	\$1.82	\$1.95	\$2.06	\$2.18	\$2.30	\$2.43	\$2.57	\$69.95
Hawaiian Electric Industries, Inc.	HE	(\$26.99)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$60.48
IDACORP, Inc.	IDA	(\$56.77)	\$0.00	\$0.32	\$1.95	\$2.18	\$2.32	\$2.47	\$2.62	\$2.78	\$2.97	\$3.18	\$3.41	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$4.85	\$132.07
NextEra Energy, Inc.	NEE	(\$95.13)	\$0.00	\$0.52	\$3.23	\$3.43	\$3.58	\$3.75	\$4.11	\$4.49	\$4.91	\$5.35	\$5.82	\$6.31	\$6.86	\$7.44	\$8.04	\$8.66	\$9.30	\$224.90
Otter Tail Corporation	OTTR	(\$28.24)	\$0.00	\$0.18	\$1.12	\$1.20	\$1.27	\$1.35	\$1.53	\$1.72	\$1.92	\$2.12	\$2.33	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12	\$3.28	\$69.35
Pinnacle West Capital Corporation	PNW	(\$57.18)	\$0.00	\$0.40	\$2.44	\$2.62	\$2.74	\$2.87	\$2.99	\$3.14	\$3.29	\$3.47	\$3.67	\$3.90	\$4.12	\$4.35	\$4.60	\$4.86	\$5.12	\$129.85
PNM Resources, Inc.	PNM	(\$26.49)	\$0.00	\$0.13	\$0.81	\$0.91	\$0.99	\$1.08	\$1.25	\$1.44	\$1.64	\$1.86	\$2.09	\$2.31	\$2.44	\$2.58	\$2.72	\$2.87	\$3.07	\$67.11
Portland General Electric Company	POR	(\$33.76)	\$0.00	\$0.16	\$0.98	\$1.12	\$1.22	\$1.33	\$1.48	\$1.65	\$1.82	\$2.00	\$2.20	\$2.41	\$2.54	\$2.68	\$2.84	\$3.00	\$3.18	\$81.82
Southern Company	SO	(\$45.39)	\$0.00	\$0.35	\$2.10	\$2.18	\$2.24	\$2.31	\$2.36	\$2.43	\$2.50	\$2.59	\$2.68	\$2.80	\$2.96	\$3.13	\$3.31	\$3.49	\$3.69	\$99.78
Westar Energy, Inc.	WR	(\$35.40)	\$0.00	\$0.23	\$1.40	\$1.46	\$1.50	\$1.54	\$1.67	\$1.81	\$1.96	\$2.13	\$2.32	\$2.53	\$2.67	\$2.82	\$2.98	\$3.15	\$3.33	\$83.37

Multi-Stage Growth Discounted Cash Flow Model - Electric Proxy Group
30 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal	
			Value	Low										
Company	Ticker	Price	Zacks	First Call	Line	Growth	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$54.29	4.90%	4.97%	4.50%	4.50%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.78%	17.19	3.05
Duke Energy Corporation	DUK	\$77.37	4.70%	4.70%	5.00%	4.70%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.37%	19.09	3.39
Empire District Electric Company	EDE	\$25.55	3.00%	3.00%	4.00%	3.00%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.33%	19.30	3.42
Great Plains Energy Inc.	GXP	\$25.17	5.00%	5.00%	6.00%	5.00%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.33%	15.18	2.69
Hawaiian Electric Industries, Inc.	HE	\$26.99	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	(\$0.00)	9.83%	17.01	3.02
IDACORP, Inc.	IDA	\$56.77	4.00%	4.00%	1.50%	1.50%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.20%	20.02	3.55
NextEra Energy, Inc.	NEE	\$95.13	6.60%	6.47%	6.00%	6.00%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.58%	18.07	3.21
Otter Tail Corporation	OTTR	\$28.24	NA	6.00%	15.50%	6.00%	5.64%	70.00%	59.00%	67.52%	\$0.00	9.46%	18.66	3.31
Pinnacle West Capital Corporation	PNW	\$57.18	3.70%	3.67%	4.00%	3.67%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	9.94%	16.56	2.94
PNM Resources, Inc.	PNM	\$26.49	8.50%	8.32%	11.00%	8.32%	5.64%	50.00%	49.00%	67.52%	\$0.00	10.34%	15.17	2.69
Portland General Electric Company	POR	\$33.76	7.80%	7.80%	5.00%	5.00%	5.64%	50.00%	54.00%	67.52%	\$0.00	9.36%	19.13	3.39
Southern Company	SO	\$45.39	3.50%	3.42%	3.50%	3.42%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.67%	17.66	3.13
Westar Energy, Inc.	WR	\$35.40	3.80%	3.20%	6.00%	3.20%	5.64%	58.00%	55.00%	67.52%	\$0.00	9.68%	17.64	3.13

DCF

Result -

w/

	DCF Resu	Flotation Cost	Flotation Cost
Mean	9.68%	0.14%	9.82%
Max	10.34%	0.14%	10.47%
Min	9.20%	0.14%	9.34%

Projected Annual

Earnings per Share

		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.32	\$3.47	\$3.63	\$3.79	\$3.96	\$4.14	\$4.34	\$4.55	\$4.78	\$5.03	\$5.31	\$5.61	\$5.93	\$6.26	\$6.61	\$6.99
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.36	\$4.57	\$4.78	\$5.01	\$5.24	\$5.50	\$5.77	\$6.07	\$6.39	\$6.75	\$7.14	\$7.54	\$7.96	\$8.41	\$8.88
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.32	\$2.45	\$2.58	\$2.73	\$2.88
Great Plains Energy Inc.	GXP	\$1.62	\$1.70	\$1.79	\$1.88	\$1.97	\$2.07	\$2.17	\$2.28	\$2.40	\$2.53	\$2.67	\$2.82	\$2.97	\$3.14	\$3.32	\$3.51	\$3.70
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.69	\$3.75	\$3.81	\$3.86	\$3.92	\$3.98	\$4.07	\$4.18	\$4.33	\$4.52	\$4.77	\$5.04	\$5.33	\$5.63	\$5.94	\$6.28
NextEra Energy, Inc.	NEE	\$4.83	\$5.12	\$5.43	\$5.75	\$6.10	\$6.46	\$6.85	\$7.26	\$7.69	\$8.13	\$8.60	\$9.08	\$9.60	\$10.14	\$10.71	\$11.31	\$11.95
Otter Tail Corporation	OTTR	\$1.37	\$1.45	\$1.54	\$1.63	\$1.73	\$1.83	\$1.94	\$2.06	\$2.18	\$2.31	\$2.44	\$2.58	\$2.72	\$2.88	\$3.04	\$3.21	\$3.39
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.79	\$3.93	\$4.08	\$4.23	\$4.38	\$4.54	\$4.73	\$4.93	\$5.16	\$5.42	\$5.72	\$6.04	\$6.38	\$6.74	\$7.12	\$7.53
PNM Resources, Inc.	PNM	\$1.41	\$1.53	\$1.65	\$1.79	\$1.94	\$2.10	\$2.28	\$2.46	\$2.64	\$2.82	\$3.01	\$3.18	\$3.36	\$3.55	\$3.75	\$3.96	\$4.18
Portland General Electric Company	POR	\$1.77	\$1.86	\$1.95	\$2.05	\$2.15	\$2.26	\$2.37	\$2.49	\$2.62	\$2.76	\$2.91	\$3.08	\$3.25	\$3.43	\$3.63	\$3.83	\$4.05
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.09	\$3.19	\$3.30	\$3.43	\$3.57	\$3.73	\$3.92	\$4.14	\$4.37	\$4.62	\$4.88	\$5.15	\$5.44
Westar Energy, Inc.	WR	\$2.27	\$2.34	\$2.42	\$2.49	\$2.57	\$2.66	\$2.74	\$2.84	\$2.96	\$3.09	\$3.23	\$3.42	\$3.61	\$3.81	\$4.03	\$4.25	\$4.49

Projected Annual

Dividend Payout Ratio

		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual

Cash Flows

		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.03	\$2.14	\$2.25	\$2.37	\$2.50	\$2.64	\$2.80	\$2.97	\$3.15	\$3.36	\$3.59	\$3.79	\$4.00	\$4.23	\$4.47	\$4.72	\$120.13
Duke Energy Corporation	DUK	\$2.96	\$3.02	\$3.08	\$3.14	\$3.20	\$3.39	\$3.58	\$3.80	\$4.03	\$4.28	\$4.56	\$4.82	\$5.09	\$5.38	\$5.68	\$6.00	\$169.60
Empire District Electric Company	EDE	\$1.01	\$1.02	\$1.04	\$1.06	\$1.08	\$1.13	\$1.18	\$1.24	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.74	\$1.84	\$1.95	\$55.65
Great Plains Energy Inc.	GXP	\$0.99	\$1.05	\$1.13	\$1.20	\$1.28	\$1.37	\$1.46	\$1.55	\$1.66	\$1.78	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$2.50	\$56.21
Hawaiian Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$58.17
IDACORP, Inc.	IDA	\$1.88	\$1.98	\$2.07	\$2.17	\$2.27	\$2.37	\$2.49	\$2.63	\$2.79	\$2.98	\$3.22	\$3.40	\$3.60	\$3.80	\$4.01	\$4.24	\$125.66
NextEra Energy, Inc.	NEE	\$3.12	\$3.26	\$3.39	\$3.54	\$3.68	\$4.03	\$4.39	\$4.78	\$5.21	\$5.66	\$6.13	\$6.48	\$6.84	\$7.23	\$7.64	\$8.07	\$215.96
Otter Tail Corporation	OTTR	\$1.02	\$1.04	\$1.05	\$1.07	\$1.08	\$1.17	\$1.27	\$1.38	\$1.49	\$1.61	\$1.74	\$1.84	\$1.94	\$2.05	\$2.17	\$2.29	\$63.26
Pinnacle West Capital Corporation	PNW	\$2.39	\$2.50	\$2.61	\$2.73	\$2.85	\$2.97	\$3.11	\$3.27	\$3.44	\$3.63	\$3.86	\$4.08	\$4.31	\$4.55	\$4.81	\$5.08	\$124.61
PNM Resources, Inc.	PNM	\$0.76	\$0.82	\$0.89	\$0.96	\$1.03	\$1.19	\$1.36	\$1.54	\$1.73	\$1.94	\$2.15	\$2.27	\$2.39	\$2.53	\$2.67	\$2.82	\$63.41
Portland General Electric Company	POR	\$0.93	\$1.00	\$1.07	\$1.14	\$1.22	\$1.33	\$1.46	\$1.59	\$1.74	\$1.90	\$2.08	\$2.19	\$2.32	\$2.45	\$2.59	\$2.73	\$77.40
Southern Company	SO	\$2.07	\$2.12	\$2.18	\$2.24	\$2.30	\$2.35	\$2.42	\$2.49	\$2.58	\$2.67	\$2.79	\$2.95	\$3.12	\$3.29	\$3.48	\$3.67	\$96.06
Westar Energy, Inc.	WR	\$1.36	\$1.38	\$1.41	\$1.44	\$1.46	\$1.57	\$1.68	\$1.81	\$1.95	\$2.12	\$2.31	\$2.44	\$2.57	\$2.72	\$2.87	\$3.03	\$79.27

Projected Annual Data

Investor Cash Flows

		Initial																	
Company	Ticker	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
American Electric Power Company, Inc.	AEP	(\$54.29)	\$0.00	\$0.34	\$2.07	\$2.25	\$2.37	\$2.50	\$2.64	\$2.80	\$2.97	\$3.15	\$3.36	\$3.59	\$3.79	\$4.00	\$4.23	\$4.47	\$124.85
Duke Energy Corporation	DUK	(\$77.37)	\$0.00	\$0.49	\$3.03	\$3.08	\$3.14	\$3.20	\$3.39	\$3.58	\$3.80	\$4.03	\$4.28	\$4.56	\$4.82	\$5.09	\$5.38	\$5.68	\$175.60
Empire District Electric Company	EDE	(\$25.55)	\$0.00	\$0.17	\$1.02	\$1.04	\$1.06	\$1.08	\$1.13	\$1.18	\$1.24	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.74	\$1.84	\$57.59
Great Plains Energy Inc.	GXP	(\$25.17)	\$0.00	\$0.16	\$1.01	\$1.13	\$1.20	\$1.28	\$1.37	\$1.46	\$1.55	\$1.66	\$1.78	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$58.71
Hawaiian Electric Industries, Inc.	HE	(\$26.99)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$60.48
IDACORP, Inc.	IDA	(\$56.77)	\$0.00	\$0.31	\$1.90	\$2.07	\$2.17	\$2.27	\$2.37	\$2.49	\$2.63	\$2.79	\$2.98	\$3.22	\$3.40	\$3.60	\$3.80	\$4.01	\$129.90
NextEra Energy, Inc.	NEE	(\$95.13)	\$0.00	\$0.52	\$3.22	\$3.39	\$3.54	\$3.68	\$4.03	\$4.39	\$4.78	\$5.21	\$5.66	\$6.13	\$6.48	\$6.84	\$7.23	\$7.64	\$224.03
Otter Tail Corporation	OTTR	(\$28.24)	\$0.00	\$0.17	\$1.05	\$1.05	\$1.07	\$1.08	\$1.17	\$1.27	\$1.38	\$1.49	\$1.61	\$1.74	\$1.84	\$1.94	\$2.05	\$2.17	\$65.55
Pinnacle West Capital Corporation	PNW	(\$57.18)	\$0.00	\$0.40	\$2.43	\$2.61	\$2.73	\$2.85	\$2.97	\$3.11	\$3.27	\$3.44	\$3.63	\$3.86	\$4.08	\$4.31	\$4.55	\$4.81	\$129.69
PNM Resources, Inc.	PNM	(\$26.49)	\$0.00	\$0.13	\$0.80	\$0.89	\$0.96	\$1.03	\$1.19	\$1.36	\$1.54	\$1.73	\$1.94	\$2.15	\$2.27	\$2.39	\$2.53	\$2.67	\$66.23
Portland General Electric Company	POR	(\$33.76)	\$0.00	\$0.16	\$0.95	\$1.07	\$1.14	\$1.22	\$1.33	\$1.46	\$1.59	\$1.74	\$1.90	\$2.08	\$2.19	\$2.32	\$2.45	\$2.59	\$80.13
Southern Company	SO	(\$45.39)	\$0.00	\$0.35	\$2.10	\$2.18	\$2.24	\$2.30	\$2.35	\$2.42	\$2.49	\$2.58	\$2.67	\$2.79	\$2.95	\$3.12	\$3.29	\$3.48	\$99.74
Westar Energy, Inc.	WR	(\$35.40)	\$0.00	\$0.23	\$1.38	\$1.41	\$1.44	\$1.46	\$1.57	\$1.68	\$1.81	\$1.95	\$2.12	\$2.31	\$2.44	\$2.57	\$2.72	\$2.87	\$82.31

Multi-Stage Growth Discounted Cash Flow Model - Electric Proxy Group
30 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution	Terminal		
			Price	Value	High	Growth		2014	2018	2024				
Company	Ticker		Zacks	First Call	Line	Growth	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$54.29	4.90%	4.97%	4.50%	4.97%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.93%	16.62	2.95
Duke Energy Corporation	DUK	\$77.37	4.70%	4.70%	5.00%	5.00%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.45%	18.68	3.31
Empire District Electric Company	EDE	\$25.55	3.00%	3.00%	4.00%	4.00%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.61%	17.93	3.18
Great Plains Energy Inc.	GXP	\$25.17	5.00%	5.00%	6.00%	6.00%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.67%	14.15	2.51
Hawaiian Electric Industries, Inc.	HE	\$26.99	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	(\$0.00)	9.83%	17.01	3.02
IDACORP, Inc.	IDA	\$56.77	4.00%	4.00%	1.50%	4.00%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.91%	16.67	2.96
NextEra Energy, Inc.	NEE	\$95.13	6.60%	6.47%	6.00%	6.60%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.75%	17.33	3.07
Otter Tail Corporation	OTTR	\$28.24	NA	6.00%	15.50%	15.50%	5.64%	70.00%	59.00%	67.52%	\$0.00	12.72%	10.07	1.79
Pinnacle West Capital Corporation	PNW	\$57.18	3.70%	3.67%	4.00%	4.00%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.05%	16.17	2.87
PNM Resources, Inc.	PNM	\$26.49	8.50%	8.32%	11.00%	11.00%	5.64%	50.00%	49.00%	67.52%	\$0.00	11.23%	12.76	2.26
Portland General Electric Company	POR	\$33.76	7.80%	7.80%	5.00%	7.80%	5.64%	50.00%	54.00%	67.52%	\$0.00	10.16%	15.75	2.79
Southern Company	SO	\$45.39	3.50%	3.42%	3.50%	3.50%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.70%	17.55	3.11
Westar Energy, Inc.	WR	\$35.40	3.80%	3.20%	6.00%	6.00%	5.64%	58.00%	55.00%	67.52%	\$0.00	10.56%	14.48	2.57
DCF Result - w/														
											DCF Resu	Flotation Cost	Flotation Cost	
											Mean	10.27%	0.14%	10.41%
											Max	12.72%	0.14%	12.86%
											Min	9.45%	0.14%	9.59%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.34	\$3.50	\$3.68	\$3.86	\$4.05	\$4.25	\$4.47	\$4.70	\$4.95	\$5.22	\$5.51	\$5.82	\$6.15	\$6.50	\$6.87	\$7.25
Duke Energy Corporation	DUK	\$3.98	\$4.18	\$4.39	\$4.61	\$4.84	\$5.08	\$5.33	\$5.61	\$5.90	\$6.21	\$6.55	\$6.92	\$7.31	\$7.72	\$8.15	\$8.61	\$9.10
Empire District Electric Company	EDE	\$1.48	\$1.54	\$1.60	\$1.66	\$1.73	\$1.80	\$1.87	\$1.95	\$2.04	\$2.14	\$2.25	\$2.38	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12
Great Plains Energy Inc.	GXP	\$1.62	\$1.72	\$1.82	\$1.93	\$2.05	\$2.17	\$2.30	\$2.43	\$2.58	\$2.73	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$4.01
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.79	\$3.94	\$4.09	\$4.26	\$4.43	\$4.61	\$4.80	\$5.02	\$5.26	\$5.53	\$5.84	\$6.17	\$6.52	\$6.89	\$7.27	\$7.68
NextEra Energy, Inc.	NEE	\$4.83	\$5.15	\$5.49	\$5.85	\$6.24	\$6.65	\$7.09	\$7.54	\$8.02	\$8.51	\$9.01	\$9.52	\$10.06	\$10.63	\$11.23	\$11.86	\$12.53
Otter Tail Corporation	OTTR	\$1.37	\$1.58	\$1.83	\$2.11	\$2.44	\$2.82	\$3.25	\$3.70	\$4.16	\$4.59	\$5.00	\$5.29	\$5.58	\$5.90	\$6.23	\$6.58	\$6.95
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.96	\$4.12	\$4.28	\$4.45	\$4.63	\$4.83	\$5.05	\$5.29	\$5.56	\$5.87	\$6.21	\$6.56	\$6.92	\$7.31	\$7.73
PNM Resources, Inc.	PNM	\$1.41	\$1.57	\$1.74	\$1.93	\$2.14	\$2.38	\$2.64	\$2.90	\$3.17	\$3.44	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$4.85	\$5.13
Portland General Electric Company	POR	\$1.77	\$1.91	\$2.06	\$2.22	\$2.39	\$2.58	\$2.78	\$2.98	\$3.20	\$3.41	\$3.63	\$3.83	\$4.05	\$4.28	\$4.52	\$4.77	\$5.04
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.21	\$3.32	\$3.45	\$3.59	\$3.76	\$3.94	\$4.16	\$4.40	\$4.65	\$4.91	\$5.18	\$5.48
Westar Energy, Inc.	WR	\$2.27	\$2.41	\$2.55	\$2.70	\$2.87	\$3.04	\$3.22	\$3.41	\$3.61	\$3.82	\$4.04	\$4.27	\$4.51	\$4.76	\$5.03	\$5.32	\$5.62

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63] Terminal Value
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Value
American Electric Power Company, Inc.	AEP	\$2.04	\$2.15	\$2.28	\$2.41	\$2.55	\$2.71	\$2.88	\$3.07	\$3.27	\$3.49	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$120.58
Duke Energy Corporation	DUK	\$2.97	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.88	\$4.12	\$4.38	\$4.67	\$4.93	\$5.21	\$5.51	\$5.82	\$6.14	\$169.95
Empire District Electric Company	EDE	\$1.02	\$1.04	\$1.07	\$1.10	\$1.13	\$1.19	\$1.26	\$1.33	\$1.41	\$1.50	\$1.60	\$1.69	\$1.79	\$1.89	\$2.00	\$2.11	\$56.03
Great Plains Energy Inc.	GXP	\$1.00	\$1.07	\$1.16	\$1.25	\$1.34	\$1.45	\$1.55	\$1.67	\$1.79	\$1.92	\$2.06	\$2.17	\$2.30	\$2.43	\$2.56	\$2.71	\$56.73
Hawaiian Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$58.17
IDACORP, Inc.	IDA	\$1.93	\$2.08	\$2.23	\$2.40	\$2.57	\$2.74	\$2.94	\$3.15	\$3.39	\$3.65	\$3.94	\$4.17	\$4.40	\$4.65	\$4.91	\$5.19	\$128.10
NextEra Energy, Inc.	NEE	\$3.14	\$3.29	\$3.45	\$3.62	\$3.79	\$4.16	\$4.56	\$4.99	\$5.45	\$5.93	\$6.43	\$6.79	\$7.17	\$7.58	\$8.01	\$8.46	\$217.05
Otter Tail Corporation	OTTR	\$1.11	\$1.23	\$1.36	\$1.51	\$1.66	\$1.97	\$2.29	\$2.63	\$2.97	\$3.31	\$3.57	\$3.77	\$3.98	\$4.21	\$4.44	\$4.69	\$70.03
Pinnacle West Capital Corporation	PNW	\$2.40	\$2.51	\$2.63	\$2.76	\$2.89	\$3.03	\$3.18	\$3.35	\$3.53	\$3.73	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$5.22	\$124.93
PNM Resources, Inc.	PNM	\$0.78	\$0.86	\$0.95	\$1.05	\$1.16	\$1.37	\$1.60	\$1.85	\$2.11	\$2.38	\$2.63	\$2.78	\$2.94	\$3.10	\$3.28	\$3.46	\$65.41
Portland General Electric Company	POR	\$0.95	\$1.05	\$1.15	\$1.27	\$1.39	\$1.56	\$1.75	\$1.94	\$2.15	\$2.37	\$2.59	\$2.73	\$2.89	\$3.05	\$3.22	\$3.40	\$79.36
Southern Company	SO	\$2.07	\$2.13	\$2.19	\$2.25	\$2.31	\$2.36	\$2.43	\$2.51	\$2.59	\$2.69	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$3.70	\$96.11
Westar Energy, Inc.	WR	\$1.40	\$1.46	\$1.53	\$1.60	\$1.67	\$1.84	\$2.02	\$2.21	\$2.42	\$2.64	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$81.32

Projected Annual Data		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows																			
		Initial																	
Company	Ticker	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
American Electric Power Company, Inc.	AEP	(\$54.29)	\$0.00	\$0.34	\$2.09	\$2.28	\$2.41	\$2.55	\$2.71	\$2.88	\$3.07	\$3.27	\$3.49	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$125.47
Duke Energy Corporation	DUK	(\$77.37)	\$0.00	\$0.50	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.88	\$4.12	\$4.38	\$4.67	\$4.93	\$5.21	\$5.51	\$5.82	\$176.09
Empire District Electric Company	EDE	(\$25.55)	\$0.00	\$0.17	\$1.04	\$1.07	\$1.10	\$1.13	\$1.19	\$1.26	\$1.33	\$1.41	\$1.50	\$1.60	\$1.69	\$1.79	\$1.89	\$2.00	\$58.14
Great Plains Energy Inc.	GXP	(\$25.17)	\$0.00	\$0.17	\$1.03	\$1.16	\$1.25	\$1.34	\$1.45	\$1.55	\$1.67	\$1.79	\$1.92	\$2.06	\$2.17	\$2.30	\$2.43	\$2.56	\$59.44
Hawaiian Electric Industries, Inc.	HE	(\$26.99)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$60.48
IDACORP, Inc.	IDA	(\$56.77)	\$0.00	\$0.32	\$1.97	\$2.23	\$2.40	\$2.57	\$2.74	\$2.94	\$3.15	\$3.39	\$3.65	\$3.94	\$4.17	\$4.40	\$4.65	\$4.91	\$133.29
NexTera Energy, Inc.	NEE	(\$95.13)	\$0.00	\$0.52	\$3.24	\$3.45	\$3.62	\$3.79	\$4.16	\$4.56	\$4.95	\$5.45	\$5.93	\$6.43	\$6.79	\$7.17	\$7.58	\$8.01	\$225.50
Otter Tail Corporation	OTTR	(\$28.24)	\$0.00	\$0.19	\$1.19	\$1.36	\$1.51	\$1.66	\$1.97	\$2.29	\$2.63	\$2.97	\$3.31	\$3.57	\$3.77	\$3.98	\$4.21	\$4.44	\$74.73
Pinnacle West Capital Corporation	PNW	(\$57.18)	\$0.00	\$0.40	\$2.45	\$2.63	\$2.76	\$2.89	\$3.03	\$3.18	\$3.35	\$3.53	\$3.73	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$130.14
PNM Resources, Inc.	PNM	(\$26.49)	\$0.00	\$0.13	\$0.83	\$0.95	\$1.05	\$1.16	\$1.37	\$1.60	\$1.85	\$2.11	\$2.38	\$2.63	\$2.78	\$2.94	\$3.10	\$3.28	\$68.87
Portland General Electric Company	POR	(\$33.76)	\$0.00	\$0.16	\$0.99	\$1.15	\$1.27	\$1.39	\$1.56	\$1.75	\$1.94	\$2.15	\$2.37	\$2.59	\$2.73	\$2.89	\$3.05	\$3.22	\$82.76
Southern Company	SO	(\$45.39)	\$0.00	\$0.35	\$2.10	\$2.19	\$2.25	\$2.31	\$2.36	\$2.43	\$2.51	\$2.59	\$2.69	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$99.81
Westar Energy, Inc.	WR	(\$35.40)	\$0.00	\$0.23	\$1.44	\$1.53	\$1.60	\$1.67	\$1.84	\$2.02	\$2.21	\$2.42	\$2.64	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$85.11

Multi-Stage Growth Discounted Cash Flow Model - Electric Proxy Group
90 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates					Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal
							Value							
Company	Ticker	Price	Zacks	First Call	Line	Average	Growth	2014	2018	2024		IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$53.47	4.90%	4.97%	4.50%	4.79%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.94%	16.58	2.94
Duke Energy Corporation	DUK	\$74.37	4.70%	4.70%	5.00%	4.80%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.55%	18.20	3.23
Empire District Electric Company	EDE	\$25.33	3.00%	3.00%	4.00%	3.33%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.46%	18.66	3.31
Great Plains Energy Inc.	GXP	\$25.43	5.00%	5.00%	6.00%	5.33%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.40%	14.98	2.66
Hawaiian Electric Industries, Inc.	HE	\$25.42	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	\$0.00	10.10%	15.98	2.84
IDACORP, Inc.	IDA	\$55.78	4.00%	4.00%	1.50%	3.17%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.74%	17.39	3.09
NextEra Energy, Inc.	NEE	\$96.48	6.60%	6.47%	6.00%	6.36%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.63%	17.87	3.17
Otter Tail Corporation	OTTR	\$28.43	NA	6.00%	15.50%	10.75%	5.64%	70.00%	59.00%	67.52%	\$0.00	10.88%	13.60	2.41
Pinnacle West Capital Corporation	PNW	\$56.27	3.70%	3.67%	4.00%	3.79%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.05%	16.15	2.87
PNM Resources, Inc.	PNM	\$26.69	8.50%	8.32%	11.00%	9.27%	5.64%	50.00%	49.00%	67.52%	\$0.00	10.60%	14.35	2.55
Portland General Electric Company	POR	\$33.49	7.80%	7.80%	5.00%	6.87%	5.64%	50.00%	54.00%	67.52%	\$0.00	9.92%	16.66	2.96
Southern Company	SO	\$44.49	3.50%	3.42%	3.50%	3.47%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.78%	17.22	3.06
Westar Energy, Inc.	WR	\$36.14	3.80%	3.20%	6.00%	4.33%	5.64%	58.00%	55.00%	67.52%	\$0.00	9.93%	16.60	2.95
DCF Result - w/														
											DCF Resu	Flotation Cost	Flotation Cost	
											Mean	10.00%	0.14%	10.14%
											Max	10.88%	0.14%	11.02%
											Min	9.46%	0.14%	9.60%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.33	\$3.49	\$3.66	\$3.83	\$4.02	\$4.21	\$4.42	\$4.64	\$4.88	\$5.15	\$5.44	\$5.74	\$6.07	\$6.41	\$6.77	\$7.15
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.37	\$4.58	\$4.80	\$5.03	\$5.27	\$5.53	\$5.81	\$6.12	\$6.45	\$6.81	\$7.19	\$7.60	\$8.03	\$8.48	\$8.96
Empire District Electric Company	EDE	\$1.48	\$1.53	\$1.58	\$1.63	\$1.69	\$1.74	\$1.80	\$1.87	\$1.95	\$2.03	\$2.13	\$2.25	\$2.38	\$2.51	\$2.65	\$2.80	\$2.96
Great Plains Energy Inc.	GXP	\$1.62	\$1.71	\$1.80	\$1.89	\$1.99	\$2.10	\$2.21	\$2.33	\$2.46	\$2.59	\$2.74	\$2.89	\$3.05	\$3.23	\$3.41	\$3.60	\$3.80
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.76	\$3.87	\$4.00	\$4.12	\$4.25	\$4.39	\$4.55	\$4.73	\$4.94	\$5.17	\$5.46	\$5.77	\$6.10	\$6.44	\$6.80	\$7.19
NextEra Energy, Inc.	NEE	\$4.83	\$5.14	\$5.46	\$5.81	\$6.18	\$6.57	\$6.99	\$7.43	\$7.88	\$8.35	\$8.84	\$9.34	\$9.87	\$10.43	\$11.01	\$11.63	\$12.29
Otter Tail Corporation	OTTR	\$1.37	\$1.52	\$1.68	\$1.86	\$2.06	\$2.28	\$2.53	\$2.78	\$3.03	\$3.28	\$3.52	\$3.72	\$3.93	\$4.15	\$4.38	\$4.63	\$4.89
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.80	\$3.94	\$4.09	\$4.25	\$4.41	\$4.58	\$4.76	\$4.97	\$5.21	\$5.47	\$5.78	\$6.10	\$6.45	\$6.81	\$7.19	\$7.60
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.68	\$1.84	\$2.01	\$2.20	\$2.40	\$2.61	\$2.82	\$3.03	\$3.24	\$3.42	\$3.61	\$3.81	\$4.03	\$4.26	\$4.50
Portland General Electric Company	POR	\$1.77	\$1.89	\$2.02	\$2.16	\$2.31	\$2.47	\$2.64	\$2.81	\$2.99	\$3.18	\$3.37	\$3.56	\$3.76	\$3.98	\$4.20	\$4.44	\$4.69
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.20	\$3.31	\$3.44	\$3.59	\$3.75	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$5.17	\$5.46
Westar Energy, Inc.	WR	\$2.27	\$2.37	\$2.47	\$2.58	\$2.69	\$2.81	\$2.93	\$3.06	\$3.21	\$3.37	\$3.54	\$3.74	\$3.95	\$4.18	\$4.41	\$4.66	\$4.92

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.03	\$2.15	\$2.27	\$2.40	\$2.53	\$2.68	\$2.85	\$3.03	\$3.22	\$3.44	\$3.67	\$3.88	\$4.10	\$4.33	\$4.57	\$4.83	\$118.56
Duke Energy Corporation	DUK	\$2.96	\$3.03	\$3.09	\$3.16	\$3.22	\$3.41	\$3.61	\$3.82	\$4.06	\$4.31	\$4.60	\$4.86	\$5.13	\$5.42	\$5.72	\$6.05	\$163.01
Empire District Electric Company	EDE	\$1.01	\$1.03	\$1.05	\$1.08	\$1.10	\$1.15	\$1.21	\$1.27	\$1.34	\$1.42	\$1.52	\$1.61	\$1.70	\$1.79	\$1.89	\$2.00	\$55.26
Great Plains Energy Inc.	GXP	\$0.99	\$1.06	\$1.14	\$1.22	\$1.30	\$1.39	\$1.49	\$1.59	\$1.70	\$1.82	\$1.95	\$2.06	\$2.18	\$2.30	\$2.43	\$2.57	\$56.97
Hawaiian Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$54.66
IDACORP, Inc.	IDA	\$1.92	\$2.04	\$2.18	\$2.32	\$2.47	\$2.62	\$2.78	\$2.97	\$3.18	\$3.41	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$4.85	\$125.00
NextEra Energy, Inc.	NEE	\$3.13	\$3.28	\$3.43	\$3.58	\$3.75	\$4.11	\$4.49	\$4.91	\$5.35	\$5.82	\$6.31	\$6.66	\$7.04	\$7.44	\$7.85	\$8.30	\$219.64
Otter Tail Corporation	OTTR	\$1.06	\$1.13	\$1.20	\$1.27	\$1.35	\$1.53	\$1.72	\$1.92	\$2.12	\$2.33	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12	\$3.30	\$66.48
Pinnacle West Capital Corporation	PNW	\$2.39	\$2.50	\$2.62	\$2.74	\$2.87	\$2.99	\$3.14	\$3.29	\$3.47	\$3.67	\$3.90	\$4.12	\$4.35	\$4.60	\$4.86	\$5.13	\$122.70
PNM Resources, Inc.	PNM	\$0.77	\$0.84	\$0.91	\$0.99	\$1.08	\$1.25	\$1.44	\$1.64	\$1.86	\$2.09	\$2.31	\$2.44	\$2.58	\$2.72	\$2.87	\$3.04	\$64.55
Portland General Electric Company	POR	\$0.95	\$1.03	\$1.12	\$1.22	\$1.33	\$1.48	\$1.65	\$1.82	\$2.00	\$2.20	\$2.41	\$2.54	\$2.68	\$2.84	\$3.00	\$3.16	\$78.06
Southern Company	SO	\$2.07	\$2.12	\$2.18	\$2.24	\$2.31	\$2.36	\$2.43	\$2.50	\$2.59	\$2.68	\$2.80	\$2.96	\$3.13	\$3.31	\$3.49	\$3.69	\$94.09
Westar Energy, Inc.	WR	\$1.37	\$1.41	\$1.46	\$1.50	\$1.54	\$1.67	\$1.81	\$1.96	\$2.13	\$2.32	\$2.53	\$2.67	\$2.82	\$2.98	\$3.15	\$3.32	\$81.71

Projected Annual Data																				
Investor Cash Flows			[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Company	Ticker	Initial	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
American Electric Power Company, Inc.	AEP	(\$53.47)	\$0.00	\$0.34	\$2.08	\$2.27	\$2.40	\$2.53	\$2.68	\$2.85	\$3.03	\$3.22	\$3.44	\$3.67	\$3.88	\$4.10	\$4.33	\$4.57	\$123.39	
Duke Energy Corporation	DUK	(\$74.37)	\$0.00	\$0.49	\$3.03	\$3.09	\$3.16	\$3.22	\$3.41	\$3.61	\$3.82	\$4.06	\$4.31	\$4.60	\$4.86	\$5.13	\$5.42	\$5.72	\$169.06	
Empire District Electric Company	EDE	(\$25.33)	\$0.00	\$0.17	\$1.03	\$1.05	\$1.08	\$1.10	\$1.15	\$1.21	\$1.27	\$1.34	\$1.42	\$1.52	\$1.61	\$1.70	\$1.79	\$1.89	\$57.26	
Great Plains Energy Inc.	GXP	(\$25.43)	\$0.00	\$0.17	\$1.02	\$1.14	\$1.22	\$1.30	\$1.39	\$1.49	\$1.59	\$1.70	\$1.82	\$1.95	\$2.06	\$2.18	\$2.30	\$2.43	\$59.53	
Hawaiian Electric Industries, Inc.	HE	(\$25.42)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.15	\$56.97	
IDACORP, Inc.	IDA	(\$55.78)	\$0.00	\$0.32	\$1.95	\$2.18	\$2.32	\$2.47	\$2.62	\$2.78	\$2.97	\$3.18	\$3.41	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$129.85	
NexEra Energy, Inc.	NEE	(\$96.48)	\$0.00	\$0.52	\$3.23	\$3.43	\$3.58	\$3.75	\$4.11	\$4.49	\$4.91	\$5.35	\$5.82	\$6.31	\$6.66	\$7.04	\$7.44	\$7.85	\$227.93	
Otter Tail Corporation	OTTR	(\$28.43)	\$0.00	\$0.18	\$1.12	\$1.20	\$1.27	\$1.35	\$1.53	\$1.72	\$1.92	\$2.12	\$2.33	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12	\$69.78	
Pinnacle West Capital Corporation	PNW	(\$56.27)	\$0.00	\$0.40	\$2.44	\$2.62	\$2.74	\$2.87	\$2.99	\$3.14	\$3.29	\$3.47	\$3.67	\$3.90	\$4.12	\$4.35	\$4.60	\$4.86	\$127.83	
PNM Resources, Inc.	PNM	(\$26.69)	\$0.00	\$0.13	\$0.81	\$0.91	\$0.99	\$1.08	\$1.25	\$1.44	\$1.64	\$1.86	\$2.09	\$2.31	\$2.44	\$2.58	\$2.72	\$2.87	\$67.59	
Portland General Electric Company	POR	(\$33.49)	\$0.00	\$0.16	\$0.98	\$1.12	\$1.22	\$1.33	\$1.48	\$1.65	\$1.82	\$2.00	\$2.20	\$2.41	\$2.54	\$2.68	\$2.84	\$3.00	\$81.23	
Southern Company	SO	(\$44.49)	\$0.00	\$0.35	\$2.10	\$2.18	\$2.24	\$2.31	\$2.36	\$2.43	\$2.50	\$2.59	\$2.68	\$2.80	\$2.96	\$3.13	\$3.31	\$3.49	\$97.78	
Westar Energy, Inc.	WR	(\$36.14)	\$0.00	\$0.23	\$1.40	\$1.46	\$1.50	\$1.54	\$1.67	\$1.81	\$1.96	\$2.13	\$2.32	\$2.53	\$2.67	\$2.82	\$2.98	\$3.15	\$85.05	

Multi-Stage Growth Discounted Cash Flow Model - Electric Proxy Group
90 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio		Iterative Solution	Terminal	Terminal		
					Value	Low								
Company	Ticker	Price	Zacks	First Call	Line	Growth	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$53.47	4.90%	4.97%	4.50%	4.50%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.85%	16.93	3.00
Duke Energy Corporation	DUK	\$74.37	4.70%	4.70%	5.00%	4.70%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.53%	18.33	3.25
Empire District Electric Company	EDE	\$25.33	3.00%	3.00%	4.00%	3.00%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.36%	19.12	3.39
Great Plains Energy Inc.	GXP	\$25.43	5.00%	5.00%	6.00%	5.00%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.29%	15.34	2.72
Hawaiian Electric Industries, Inc.	HE	\$25.42	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	\$0.00	10.10%	15.98	2.84
IDACORP, Inc.	IDA	\$55.78	4.00%	4.00%	1.50%	1.50%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.26%	19.66	3.49
NextEra Energy, Inc.	NEE	\$96.48	6.60%	6.47%	6.00%	6.00%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.53%	18.33	3.25
Otter Tail Corporation	OTTR	\$28.43	NA	6.00%	15.50%	6.00%	5.64%	70.00%	59.00%	67.52%	\$0.00	9.43%	18.79	3.33
Pinnacle West Capital Corporation	PNW	\$56.27	3.70%	3.67%	4.00%	3.67%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.01%	16.29	2.89
PNM Resources, Inc.	PNM	\$26.69	8.50%	8.32%	11.00%	8.32%	5.64%	50.00%	49.00%	67.52%	\$0.00	10.30%	15.28	2.71
Portland General Electric Company	POR	\$33.49	7.80%	7.80%	5.00%	5.00%	5.64%	50.00%	54.00%	67.52%	\$0.00	9.39%	18.98	3.37
Southern Company	SO	\$44.49	3.50%	3.42%	3.50%	3.42%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.76%	17.29	3.07
Westar Energy, Inc.	WR	\$36.14	3.80%	3.20%	6.00%	3.20%	5.64%	58.00%	55.00%	67.52%	\$0.00	9.60%	18.01	3.20
DCF Result - w/														
											DCF Resu	Flotation Cost	Flotation Cost	
											Mean	9.72%	0.14%	9.86%
											Max	10.30%	0.14%	10.44%
											Min	9.26%	0.14%	9.40%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.32	\$3.47	\$3.63	\$3.79	\$3.96	\$4.14	\$4.34	\$4.55	\$4.78	\$5.03	\$5.31	\$5.61	\$5.93	\$6.26	\$6.61	\$6.99
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.36	\$4.57	\$4.78	\$5.01	\$5.24	\$5.50	\$5.77	\$6.07	\$6.39	\$6.75	\$7.14	\$7.54	\$7.96	\$8.41	\$8.88
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.32	\$2.45	\$2.58	\$2.73	\$2.88
Great Plains Energy Inc.	GXP	\$1.62	\$1.70	\$1.79	\$1.88	\$1.97	\$2.07	\$2.17	\$2.28	\$2.40	\$2.53	\$2.67	\$2.82	\$2.97	\$3.14	\$3.32	\$3.51	\$3.70
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.69	\$3.75	\$3.81	\$3.86	\$3.92	\$3.98	\$4.07	\$4.18	\$4.33	\$4.52	\$4.77	\$5.04	\$5.33	\$5.63	\$5.94	\$6.28
NextEra Energy, Inc.	NEE	\$4.83	\$5.12	\$5.43	\$5.75	\$6.10	\$6.46	\$6.85	\$7.26	\$7.69	\$8.13	\$8.60	\$9.08	\$9.60	\$10.14	\$10.71	\$11.31	\$11.95
Otter Tail Corporation	OTTR	\$1.37	\$1.45	\$1.54	\$1.63	\$1.73	\$1.83	\$1.94	\$2.06	\$2.18	\$2.31	\$2.44	\$2.58	\$2.72	\$2.88	\$3.04	\$3.21	\$3.39
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.79	\$3.93	\$4.08	\$4.23	\$4.38	\$4.54	\$4.73	\$4.93	\$5.16	\$5.42	\$5.72	\$6.04	\$6.38	\$6.74	\$7.12	\$7.53
PNM Resources, Inc.	PNM	\$1.41	\$1.53	\$1.65	\$1.79	\$1.94	\$2.10	\$2.28	\$2.46	\$2.64	\$2.82	\$3.01	\$3.18	\$3.36	\$3.55	\$3.75	\$3.96	\$4.18
Portland General Electric Company	POR	\$1.77	\$1.86	\$1.95	\$2.05	\$2.15	\$2.26	\$2.37	\$2.49	\$2.62	\$2.76	\$2.91	\$3.08	\$3.25	\$3.43	\$3.63	\$3.83	\$4.05
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.09	\$3.19	\$3.30	\$3.43	\$3.57	\$3.73	\$3.92	\$4.14	\$4.37	\$4.62	\$4.88	\$5.15	\$5.44
Westar Energy, Inc.	WR	\$2.27	\$2.34	\$2.42	\$2.49	\$2.57	\$2.66	\$2.74	\$2.84	\$2.96	\$3.09	\$3.23	\$3.42	\$3.61	\$3.81	\$4.03	\$4.25	\$4.49

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.03	\$2.14	\$2.25	\$2.37	\$2.50	\$2.64	\$2.80	\$2.97	\$3.15	\$3.36	\$3.59	\$3.79	\$4.00	\$4.23	\$4.47	\$4.72	\$118.29
Duke Energy Corporation	DUK	\$2.96	\$3.02	\$3.08	\$3.14	\$3.20	\$3.39	\$3.58	\$3.80	\$4.03	\$4.28	\$4.56	\$4.82	\$5.09	\$5.38	\$5.68	\$6.00	\$162.89
Empire District Electric Company	EDE	\$1.01	\$1.02	\$1.04	\$1.06	\$1.08	\$1.13	\$1.18	\$1.24	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.74	\$1.84	\$1.95	\$55.14
Great Plains Energy Inc.	GXP	\$0.99	\$1.05	\$1.13	\$1.20	\$1.28	\$1.37	\$1.46	\$1.55	\$1.66	\$1.78	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$2.50	\$56.80
Hawaiian Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$54.66
IDACORP, Inc.	IDA	\$1.88	\$1.98	\$2.07	\$2.17	\$2.27	\$2.37	\$2.49	\$2.63	\$2.79	\$2.98	\$3.22	\$3.40	\$3.60	\$3.80	\$4.01	\$4.24	\$123.44
NextEra Energy, Inc.	NEE	\$3.12	\$3.26	\$3.39	\$3.54	\$3.68	\$4.03	\$4.39	\$4.78	\$5.21	\$5.66	\$6.13	\$6.48	\$6.84	\$7.23	\$7.64	\$8.07	\$219.00
Otter Tail Corporation	OTTR	\$1.02	\$1.04	\$1.05	\$1.07	\$1.08	\$1.17	\$1.27	\$1.38	\$1.49	\$1.61	\$1.74	\$1.84	\$1.94	\$2.05	\$2.17	\$2.29	\$63.68
Pinnacle West Capital Corporation	PNW	\$2.39	\$2.50	\$2.61	\$2.73	\$2.85	\$2.97	\$3.11	\$3.27	\$3.44	\$3.63	\$3.86	\$4.08	\$4.31	\$4.55	\$4.81	\$5.08	\$122.59
PNM Resources, Inc.	PNM	\$0.76	\$0.82	\$0.89	\$0.96	\$1.03	\$1.19	\$1.36	\$1.54	\$1.73	\$1.94	\$2.15	\$2.27	\$2.39	\$2.53	\$2.67	\$2.82	\$63.88
Portland General Electric Company	POR	\$0.93	\$1.00	\$1.07	\$1.14	\$1.22	\$1.33	\$1.46	\$1.59	\$1.74	\$1.90	\$2.08	\$2.19	\$2.32	\$2.45	\$2.59	\$2.73	\$76.80
Southern Company	SO	\$2.07	\$2.12	\$2.18	\$2.24	\$2.30	\$2.35	\$2.42	\$2.49	\$2.58	\$2.67	\$2.79	\$2.95	\$3.12	\$3.29	\$3.48	\$3.67	\$94.06
Westar Energy, Inc.	WR	\$1.36	\$1.38	\$1.41	\$1.44	\$1.46	\$1.57	\$1.68	\$1.81	\$1.95	\$2.12	\$2.31	\$2.44	\$2.57	\$2.72	\$2.87	\$3.03	\$80.94

Projected Annual Data			[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows:																				
Company	Ticker	Initial Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	
American Electric Power Company, Inc.	AEP	(\$53.47)	\$0.00	\$0.34	\$2.07	\$2.25	\$2.37	\$2.50	\$2.64	\$2.80	\$2.97	\$3.15	\$3.36	\$3.59	\$3.79	\$4.00	\$4.23	\$4.47	\$123.01	
Duke Energy Corporation	DUK	(\$74.37)	\$0.00	\$0.49	\$3.03	\$3.08	\$3.14	\$3.20	\$3.39	\$3.58	\$3.80	\$4.03	\$4.28	\$4.56	\$4.82	\$5.09	\$5.38	\$5.68	\$168.89	
Empire District Electric Company	EDE	(\$25.33)	\$0.00	\$0.17	\$1.02	\$1.04	\$1.06	\$1.08	\$1.13	\$1.18	\$1.24	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.74	\$1.84	\$57.09	
Great Plains Energy Inc.	GXP	(\$25.43)	\$0.00	\$0.16	\$1.01	\$1.13	\$1.20	\$1.28	\$1.37	\$1.46	\$1.55	\$1.66	\$1.78	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$59.30	
Hawaiian Electric Industries, Inc.	HE	(\$25.42)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$56.97	
IDACORP, Inc.	IDA	(\$55.78)	\$0.00	\$0.31	\$1.90	\$2.07	\$2.17	\$2.27	\$2.37	\$2.49	\$2.63	\$2.79	\$2.98	\$3.22	\$3.40	\$3.60	\$3.80	\$4.01	\$127.68	
NextEra Energy, Inc.	NEE	(\$96.48)	\$0.00	\$0.52	\$3.22	\$3.39	\$3.54	\$3.68	\$4.03	\$4.39	\$4.78	\$5.21	\$5.66	\$6.13	\$6.48	\$6.84	\$7.23	\$7.64	\$227.07	
Otter Tail Corporation	OTTR	(\$28.43)	\$0.00	\$0.17	\$1.05	\$1.05	\$1.07	\$1.08	\$1.17	\$1.27	\$1.38	\$1.49	\$1.61	\$1.74	\$1.84	\$1.94	\$2.05	\$2.17	\$65.97	
Pinnacle West Capital Corporation	PNW	(\$56.27)	\$0.00	\$0.40	\$2.43	\$2.61	\$2.73	\$2.85	\$2.97	\$3.11	\$3.27	\$3.44	\$3.63	\$3.86	\$4.08	\$4.31	\$4.55	\$4.81	\$127.67	
PNM Resources, Inc.	PNM	(\$26.69)	\$0.00	\$0.13	\$0.80	\$0.89	\$0.96	\$1.03	\$1.19	\$1.36	\$1.54	\$1.73	\$1.94	\$2.15	\$2.27	\$2.39	\$2.53	\$2.67	\$66.70	
Portland General Electric Company	POR	(\$33.49)	\$0.00	\$0.16	\$0.95	\$1.07	\$1.14	\$1.22	\$1.33	\$1.46	\$1.59	\$1.74	\$1.90	\$2.08	\$2.19	\$2.32	\$2.45	\$2.59	\$79.53	
Southern Company	SO	(\$44.14)	\$0.00	\$0.35	\$2.10	\$2.18	\$2.24	\$2.30	\$2.35	\$2.42	\$2.49	\$2.58	\$2.67	\$2.79	\$2.95	\$3.12	\$3.29	\$3.48	\$97.74	
Westar Energy, Inc.	WR	(\$36.14)	\$0.00	\$0.23	\$1.38	\$1.41	\$1.44	\$1.46	\$1.57	\$1.68	\$1.81	\$1.95	\$2.12	\$2.31	\$2.44	\$2.57	\$2.72	\$2.87	\$83.97	

Multi-Stage Growth Discounted Cash Flow Model - Electric Proxy Group
90 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio		Iterative Solution		Terminal	Terminal	
						Value								
Company	Ticker	Price	Zacks	First Call	Line	High Growth	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$53.47	4.90%	4.97%	4.50%	4.97%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.99%	16.37	2.90
Duke Energy Corporation	DUK	\$74.37	4.70%	4.70%	5.00%	5.00%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.61%	17.94	3.18
Empire District Electric Company	EDE	\$25.33	3.00%	3.00%	4.00%	4.00%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.65%	17.77	3.15
Great Plains Energy Inc.	GXP	\$25.43	5.00%	5.00%	6.00%	6.00%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.62%	14.30	2.54
Hawaiian Electric Industries, Inc.	HE	\$25.42	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	\$0.00	10.10%	15.98	2.84
IDACORP, Inc.	IDA	\$55.78	4.00%	4.00%	1.50%	4.00%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.99%	16.38	2.91
NextEra Energy, Inc.	NEE	\$96.48	6.60%	6.47%	6.00%	6.60%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.69%	17.57	3.12
Otter Tail Corporation	OTTR	\$28.43	NA	6.00%	15.50%	15.50%	5.64%	70.00%	59.00%	67.52%	\$0.00	12.67%	10.13	1.80
Pinnacle West Capital Corporation	PNW	\$56.27	3.70%	3.67%	4.00%	4.00%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.12%	15.91	2.82
PNM Resources, Inc.	PNM	\$26.69	8.50%	8.32%	11.00%	11.00%	5.64%	50.00%	49.00%	67.52%	\$0.00	11.19%	12.85	2.28
Portland General Electric Company	POR	\$33.49	7.80%	7.80%	5.00%	7.80%	5.64%	50.00%	54.00%	67.52%	\$0.00	10.20%	15.63	2.77
Southern Company	SO	\$44.49	3.50%	3.42%	3.50%	3.50%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.79%	17.19	3.05
Westar Energy, Inc.	WR	\$36.14	3.80%	3.20%	6.00%	6.00%	5.64%	58.00%	55.00%	67.52%	\$0.00	10.46%	14.78	2.62
DCF Result - w/														
											DCF Resu	Flotation Cost	Flotation Cost	
											Mean	10.31%	0.14%	10.45%
											Max	12.67%	0.14%	12.81%
											Min	9.61%	0.14%	9.75%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.34	\$3.50	\$3.68	\$3.86	\$4.05	\$4.25	\$4.47	\$4.70	\$4.95	\$5.22	\$5.51	\$5.82	\$6.15	\$6.50	\$6.87	\$7.25
Duke Energy Corporation	DUK	\$3.98	\$4.18	\$4.39	\$4.61	\$4.84	\$5.08	\$5.33	\$5.61	\$5.90	\$6.21	\$6.55	\$6.92	\$7.31	\$7.72	\$8.15	\$8.61	\$9.10
Empire District Electric Company	EDE	\$1.48	\$1.54	\$1.60	\$1.66	\$1.73	\$1.80	\$1.87	\$1.95	\$2.04	\$2.14	\$2.25	\$2.38	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12
Great Plains Energy Inc.	GXP	\$1.62	\$1.72	\$1.82	\$1.93	\$2.05	\$2.17	\$2.30	\$2.43	\$2.58	\$2.73	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$4.01
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.79	\$3.94	\$4.09	\$4.26	\$4.43	\$4.61	\$4.80	\$5.02	\$5.26	\$5.53	\$5.84	\$6.17	\$6.52	\$6.89	\$7.27	\$7.68
NextEra Energy, Inc.	NEE	\$4.83	\$5.15	\$5.49	\$5.85	\$6.24	\$6.65	\$7.09	\$7.54	\$8.02	\$8.51	\$9.01	\$9.52	\$10.06	\$10.63	\$11.23	\$11.86	\$12.53
Otter Tail Corporation	OTTR	\$1.37	\$1.58	\$1.83	\$2.11	\$2.44	\$2.82	\$3.25	\$3.70	\$4.16	\$4.59	\$5.00	\$5.29	\$5.58	\$5.90	\$6.23	\$6.58	\$6.95
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.96	\$4.12	\$4.28	\$4.45	\$4.63	\$4.83	\$5.05	\$5.29	\$5.56	\$5.87	\$6.21	\$6.56	\$6.92	\$7.31	\$7.73
PNM Resources, Inc.	PNM	\$1.41	\$1.57	\$1.74	\$1.93	\$2.14	\$2.38	\$2.64	\$2.90	\$3.17	\$3.44	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$4.85	\$5.13
Portland General Electric Company	POR	\$1.77	\$1.91	\$2.06	\$2.22	\$2.39	\$2.58	\$2.78	\$2.98	\$3.20	\$3.41	\$3.63	\$3.83	\$4.05	\$4.28	\$4.52	\$4.77	\$5.04
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.21	\$3.32	\$3.45	\$3.59	\$3.76	\$3.94	\$4.16	\$4.40	\$4.65	\$4.91	\$5.18	\$5.48
Westar Energy, Inc.	WR	\$2.27	\$2.41	\$2.55	\$2.70	\$2.87	\$3.04	\$3.22	\$3.41	\$3.61	\$3.82	\$4.04	\$4.27	\$4.51	\$4.76	\$5.03	\$5.32	\$5.62

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.04	\$2.15	\$2.28	\$2.41	\$2.55	\$2.71	\$2.88	\$3.07	\$3.27	\$3.49	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$118.73
Duke Energy Corporation	DUK	\$2.97	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.88	\$4.12	\$4.38	\$4.67	\$4.93	\$5.21	\$5.51	\$5.82	\$6.14	\$163.24
Empire District Electric Company	EDE	\$1.02	\$1.04	\$1.07	\$1.10	\$1.13	\$1.19	\$1.26	\$1.33	\$1.41	\$1.50	\$1.60	\$1.69	\$1.79	\$1.89	\$2.00	\$2.11	\$55.52
Great Plains Energy Inc.	GXP	\$1.00	\$1.07	\$1.16	\$1.25	\$1.34	\$1.45	\$1.55	\$1.67	\$1.79	\$1.92	\$2.06	\$2.17	\$2.30	\$2.43	\$2.56	\$2.71	\$57.32
Hawaiian Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$54.66
IDACORP, Inc.	IDA	\$1.93	\$2.08	\$2.23	\$2.40	\$2.57	\$2.74	\$2.94	\$3.15	\$3.39	\$3.65	\$3.94	\$4.17	\$4.40	\$4.65	\$4.91	\$5.19	\$125.87
NextEra Energy, Inc.	NEE	\$3.14	\$3.29	\$3.45	\$3.62	\$3.79	\$4.16	\$4.56	\$4.99	\$5.45	\$5.93	\$6.43	\$6.79	\$7.17	\$7.58	\$8.01	\$8.46	\$220.08
Otter Tail Corporation	OTTR	\$1.11	\$1.23	\$1.36	\$1.51	\$1.66	\$1.97	\$2.29	\$2.63	\$2.97	\$3.31	\$3.57	\$3.77	\$3.98	\$4.21	\$4.44	\$4.69	\$70.46
Pinnacle West Capital Corporation	PNW	\$2.40	\$2.51	\$2.63	\$2.76	\$2.89	\$3.03	\$3.18	\$3.35	\$3.53	\$3.73	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$5.22	\$122.90
PNM Resources, Inc.	PNM	\$0.78	\$0.86	\$0.95	\$1.05	\$1.16	\$1.37	\$1.60	\$1.85	\$2.11	\$2.38	\$2.63	\$2.78	\$2.94	\$3.10	\$3.28	\$3.46	\$65.88
Portland General Electric Company	POR	\$0.95	\$1.05	\$1.15	\$1.27	\$1.39	\$1.56	\$1.75	\$1.94	\$2.15	\$2.37	\$2.59	\$2.73	\$2.89	\$3.05	\$3.22	\$3.40	\$78.76
Southern Company	SO	\$2.07	\$2.13	\$2.19	\$2.25	\$2.31	\$2.36	\$2.43	\$2.51	\$2.59	\$2.69	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$3.70	\$94.11
Westar Energy, Inc.	WR	\$1.40	\$1.46	\$1.53	\$1.60	\$1.67	\$1.84	\$2.02	\$2.21	\$2.42	\$2.64	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$82.99

Projected Annual Data			[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows:																				
Company	Ticker	Initial Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	
American Electric Power Company, Inc.	AEP	(\$53.47)	\$0.00	\$0.34	\$2.09	\$2.28	\$2.41	\$2.55	\$2.71	\$2.88	\$3.07	\$3.27	\$3.49	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$123.63	
Duke Energy Corporation	DUK	(\$74.37)	\$0.00	\$0.50	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.88	\$4.12	\$4.38	\$4.67	\$4.93	\$5.21	\$5.51	\$5.82	\$169.39	
Empire District Electric Company	EDE	(\$25.33)	\$0.00	\$0.17	\$1.04	\$1.07	\$1.10	\$1.13	\$1.19	\$1.26	\$1.33	\$1.41	\$1.50	\$1.60	\$1.69	\$1.79	\$1.89	\$2.00	\$57.63	
Great Plains Energy Inc.	GXP	(\$25.43)	\$0.00	\$0.17	\$1.03	\$1.16	\$1.25	\$1.34	\$1.45	\$1.55	\$1.67	\$1.79	\$1.92	\$2.06	\$2.17	\$2.30	\$2.43	\$2.56	\$60.02	
Hawaiian Electric Industries, Inc.	HE	(\$25.42)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$56.97	
IDACORP, Inc.	IDA	(\$55.78)	\$0.00	\$0.32	\$1.97	\$2.23	\$2.40	\$2.57	\$2.74	\$2.94	\$3.15	\$3.39	\$3.65	\$3.94	\$4.17	\$4.40	\$4.65	\$4.91	\$131.04	
NextEra Energy, Inc.	NEE	(\$96.48)	\$0.00	\$0.52	\$3.24	\$3.45	\$3.62	\$3.79	\$4.16	\$4.56	\$4.99	\$5.45	\$5.93	\$6.43	\$6.79	\$7.17	\$7.58	\$8.01	\$228.56	
Otter Tail Corporation	OTTR	(\$28.43)	\$0.00	\$0.19	\$1.19	\$1.36	\$1.51	\$1.66	\$1.97	\$2.29	\$2.63	\$2.97	\$3.31	\$3.57	\$3.77	\$3.98	\$4.21	\$4.44	\$75.16	
Pinnacle West Capital Corporation	PNW	(\$56.27)	\$0.00	\$0.40	\$2.45	\$2.63	\$2.76	\$2.89	\$3.03	\$3.18	\$3.35	\$3.53	\$3.73	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$128.12	
PNM Resources, Inc.	PNM	(\$26.69)	\$0.00	\$0.13	\$0.83	\$0.95	\$1.05	\$1.16	\$1.37	\$1.60	\$1.85	\$2.11	\$2.38	\$2.63	\$2.78	\$2.94	\$3.10	\$3.28	\$69.34	
Portland General Electric Company	POR	(\$33.49)	\$0.00	\$0.16	\$0.99	\$1.15	\$1.27	\$1.39	\$1.56	\$1.75	\$1.94	\$2.15	\$2.37	\$2.59	\$2.73	\$2.89	\$3.05	\$3.22	\$82.17	
Southern Company	SO	(\$44.49)	\$0.00	\$0.35	\$2.10	\$2.19	\$2.25	\$2.31	\$2.36	\$2.43	\$2.51	\$2.59	\$2.69	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$97.81	
Westar Energy, Inc.	WR	(\$36.14)	\$0.00	\$0.23	\$1.44	\$1.53	\$1.60	\$1.67	\$1.84	\$2.02	\$2.21	\$2.42	\$2.64	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$86.74	

Multi-Stage Growth Discounted Cash Flow Model - Electric Proxy Group
180 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal	
Company	Ticker	Price	Zacks	First Call	Line	Average	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$52.56	4.90%	4.97%	4.50%	4.79%	5.64%	61.00%	63.00%	67.52%	\$0.00	10.01%	16.30	2.89
Duke Energy Corporation	DUK	\$72.86	4.70%	4.70%	5.00%	4.80%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.64%	17.82	3.16
Empire District Electric Company	EDE	\$24.69	3.00%	3.00%	4.00%	3.33%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.56%	18.17	3.23
Great Plains Energy Inc.	GXP	\$25.78	5.00%	5.00%	6.00%	5.33%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.33%	15.19	2.70
Hawaiian Electric Industries, Inc.	HE	\$25.00	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	\$0.00	10.17%	15.71	2.79
IDACORP, Inc.	IDA	\$55.47	4.00%	4.00%	1.50%	3.17%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.76%	17.30	3.07
NextEra Energy, Inc.	NEE	\$96.05	6.60%	6.47%	6.00%	6.36%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.64%	17.79	3.16
Otter Tail Corporation	OTTR	\$29.00	NA	6.00%	15.50%	10.75%	5.64%	70.00%	59.00%	67.52%	\$0.00	10.78%	13.86	2.46
Pinnacle West Capital Corporation	PNW	\$55.66	3.70%	3.67%	4.00%	3.79%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.10%	15.97	2.83
PNM Resources, Inc.	PNM	\$27.02	8.50%	8.32%	11.00%	9.27%	5.64%	50.00%	49.00%	67.52%	\$0.00	10.55%	14.52	2.58
Portland General Electric Company	POR	\$33.02	7.80%	7.80%	5.00%	6.87%	5.64%	50.00%	54.00%	67.52%	\$0.00	9.98%	16.43	2.92
Southern Company	SO	\$44.08	3.50%	3.42%	3.50%	3.47%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.82%	17.05	3.03
Westar Energy, Inc.	WR	\$35.72	3.80%	3.20%	6.00%	4.33%	5.64%	58.00%	55.00%	67.52%	\$0.00	9.98%	16.41	2.91

DCF
Result -
w/
DCF Resu
Mean 10.02%
Max 10.78%
Min 9.56%

Flotation
Cost
0.14%
0.14%
0.14%

Flotation
Cost
10.16%
10.92%
9.70%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]

Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.33	\$3.49	\$3.66	\$3.83	\$4.02	\$4.21	\$4.42	\$4.64	\$4.88	\$5.15	\$5.44	\$5.74	\$6.07	\$6.41	\$6.77	\$7.15
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.37	\$4.58	\$4.80	\$5.03	\$5.27	\$5.53	\$5.81	\$6.12	\$6.45	\$6.81	\$7.19	\$7.60	\$8.03	\$8.48	\$8.96
Empire District Electric Company	EDE	\$1.48	\$1.53	\$1.58	\$1.63	\$1.69	\$1.74	\$1.80	\$1.87	\$1.95	\$2.03	\$2.13	\$2.25	\$2.38	\$2.51	\$2.65	\$2.80	\$2.96
Great Plains Energy Inc.	GXP	\$1.62	\$1.71	\$1.80	\$1.89	\$1.99	\$2.10	\$2.21	\$2.33	\$2.46	\$2.59	\$2.74	\$2.89	\$3.05	\$3.23	\$3.41	\$3.60	\$3.80
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.76	\$3.87	\$4.00	\$4.12	\$4.25	\$4.39	\$4.55	\$4.73	\$4.94	\$5.17	\$5.46	\$5.77	\$6.10	\$6.44	\$6.80	\$7.19
NextEra Energy, Inc.	NEE	\$4.83	\$5.14	\$5.46	\$5.81	\$6.18	\$6.57	\$6.99	\$7.43	\$7.88	\$8.35	\$8.84	\$9.34	\$9.87	\$10.43	\$11.01	\$11.63	\$12.29
Otter Tail Corporation	OTTR	\$1.37	\$1.52	\$1.68	\$1.86	\$2.06	\$2.28	\$2.53	\$2.78	\$3.03	\$3.28	\$3.52	\$3.72	\$3.93	\$4.15	\$4.38	\$4.63	\$4.89
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.80	\$3.94	\$4.09	\$4.25	\$4.41	\$4.58	\$4.76	\$4.97	\$5.21	\$5.47	\$5.78	\$6.10	\$6.45	\$6.81	\$7.19	\$7.60
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.68	\$1.84	\$2.01	\$2.20	\$2.40	\$2.61	\$2.82	\$3.03	\$3.24	\$3.42	\$3.61	\$3.81	\$4.03	\$4.26	\$4.50
Portland General Electric Company	POR	\$1.77	\$1.89	\$2.02	\$2.16	\$2.31	\$2.47	\$2.64	\$2.81	\$2.99	\$3.18	\$3.37	\$3.56	\$3.76	\$3.98	\$4.20	\$4.44	\$4.69
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.20	\$3.31	\$3.44	\$3.59	\$3.75	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$5.17	\$5.46
Westar Energy, Inc.	WR	\$2.27	\$2.37	\$2.47	\$2.58	\$2.69	\$2.81	\$2.93	\$3.06	\$3.21	\$3.37	\$3.54	\$3.74	\$3.95	\$4.18	\$4.41	\$4.66	\$4.92

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.03	\$2.15	\$2.27	\$2.40	\$2.53	\$2.68	\$2.85	\$3.03	\$3.22	\$3.44	\$3.67	\$3.88	\$4.10	\$4.33	\$4.57	\$4.83	\$116.54
Duke Energy Corporation	DUK	\$2.96	\$3.03	\$3.09	\$3.16	\$3.22	\$3.41	\$3.61	\$3.82	\$4.06	\$4.31	\$4.60	\$4.86	\$5.13	\$5.42	\$5.72	\$6.05	\$159.63
Empire District Electric Company	EDE	\$1.01	\$1.03	\$1.05	\$1.08	\$1.10	\$1.15	\$1.21	\$1.27	\$1.34	\$1.42	\$1.52	\$1.61	\$1.70	\$1.79	\$1.89	\$2.00	\$53.83
Great Plains Energy Inc.	GXP	\$0.99	\$1.06	\$1.14	\$1.22	\$1.30	\$1.39	\$1.49	\$1.59	\$1.70	\$1.82	\$1.95	\$2.06	\$2.18	\$2.30	\$2.43	\$2.57	\$57.77
Hawaiian Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$53.73
IDACORP, Inc.	IDA	\$1.92	\$2.04	\$2.18	\$2.32	\$2.47	\$2.62	\$2.78	\$2.97	\$3.18	\$3.41	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$4.85	\$124.31
NextEra Energy, Inc.	NEE	\$3.13	\$3.28	\$3.43	\$3.58	\$3.75	\$4.11	\$4.49	\$4.91	\$5.35	\$5.82	\$6.31	\$6.86	\$7.04	\$7.44	\$7.85	\$8.30	\$218.68
Otter Tail Corporation	OTTR	\$1.06	\$1.13	\$1.20	\$1.27	\$1.35	\$1.53	\$1.72	\$1.92	\$2.12	\$2.33	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12	\$3.30	\$67.77
Pinnacle West Capital Corporation	PNW	\$2.39	\$2.50	\$2.62	\$2.74	\$2.87	\$2.99	\$3.14	\$3.29	\$3.47	\$3.67	\$3.90	\$4.12	\$4.35	\$4.60	\$4.86	\$5.13	\$121.33
PNM Resources, Inc.	PNM	\$0.77	\$0.84	\$0.91	\$0.99	\$1.08	\$1.25	\$1.44	\$1.64	\$1.86	\$2.09	\$2.31	\$2.44	\$2.58	\$2.72	\$2.87	\$3.04	\$65.28
Portland General Electric Company	POR	\$0.95	\$1.03	\$1.12	\$1.22	\$1.33	\$1.48	\$1.65	\$1.82	\$2.00	\$2.20	\$2.41	\$2.54	\$2.68	\$2.84	\$3.00	\$3.16	\$77.00
Southern Company	SO	\$2.07	\$2.12	\$2.18	\$2.24	\$2.31	\$2.36	\$2.43	\$2.50	\$2.59	\$2.68	\$2.80	\$2.96	\$3.13	\$3.31	\$3.49	\$3.69	\$93.19
Westar Energy, Inc.	WR	\$1.37	\$1.41	\$1.46	\$1.50	\$1.54	\$1.67	\$1.81	\$1.96	\$2.13	\$2.32	\$2.53	\$2.67	\$2.82	\$2.98	\$3.15	\$3.32	\$80.77

Projected Annual Data			[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows																				
Company	Ticker	Initial	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	
American Electric Power Company, Inc.	AEP	(\$52.56)	\$0.00	\$0.34	\$2.08	\$2.27	\$2.40	\$2.53	\$2.68	\$2.85	\$3.03	\$3.22	\$3.44	\$3.67	\$3.88	\$4.10	\$4.33	\$4.57	\$121.37	
Duke Energy Corporation	DUK	(\$72.86)	\$0.00	\$0.49	\$3.03	\$3.09	\$3.16	\$3.22	\$3.41	\$3.61	\$3.82	\$4.06	\$4.31	\$4.60	\$4.86	\$5.13	\$5.42	\$5.72	\$165.67	
Empire District Electric Company	EDE	(\$24.68)	\$0.00	\$0.17	\$1.03	\$1.05	\$1.08	\$1.10	\$1.15	\$1.21	\$1.27	\$1.34	\$1.42	\$1.52	\$1.61	\$1.70	\$1.79	\$1.89	\$55.83	
Great Plains Energy Inc.	GXP	(\$25.78)	\$0.00	\$0.17	\$1.02	\$1.14	\$1.22	\$1.30	\$1.39	\$1.49	\$1.59	\$1.70	\$1.82	\$1.95	\$2.06	\$2.18	\$2.30	\$2.43	\$60.34	
Hawaiian Electric Industries, Inc.	HE	(\$25.00)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$56.04	
IDACORP, Inc.	IDA	(\$55.47)	\$0.00	\$0.32	\$1.95	\$2.18	\$2.32	\$2.47	\$2.62	\$2.78	\$2.97	\$3.18	\$3.41	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$129.16	
NextEra Energy, Inc.	NEE	(\$96.05)	\$0.00	\$0.52	\$3.23	\$3.43	\$3.58	\$3.75	\$4.11	\$4.49	\$4.91	\$5.35	\$5.82	\$6.31	\$6.66	\$7.04	\$7.44	\$7.85	\$226.98	
Otter Tail Corporation	OTTR	(\$29.00)	\$0.00	\$0.18	\$1.12	\$1.20	\$1.27	\$1.35	\$1.53	\$1.72	\$1.92	\$2.12	\$2.33	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12	\$127.07	
Pinnacle West Capital Corporation	PNW	(\$55.66)	\$0.00	\$0.40	\$2.44	\$2.62	\$2.74	\$2.87	\$2.99	\$3.14	\$3.29	\$3.47	\$3.67	\$3.90	\$4.12	\$4.35	\$4.60	\$4.86	\$146.46	
PNM Resources, Inc.	PNM	(\$27.02)	\$0.00	\$0.13	\$0.81	\$0.91	\$0.99	\$1.08	\$1.25	\$1.44	\$1.64	\$1.86	\$2.09	\$2.31	\$2.44	\$2.58	\$2.72	\$2.87	\$68.31	
Portland General Electric Company	POR	(\$33.02)	\$0.00	\$0.16	\$0.98	\$1.12	\$1.22	\$1.33	\$1.48	\$1.65	\$1.82	\$2.00	\$2.20	\$2.41	\$2.54	\$2.68	\$2.84	\$3.00	\$80.16	
Southern Company	SO	(\$44.08)	\$0.00	\$0.35	\$2.10	\$2.18	\$2.24	\$2.31	\$2.36	\$2.43	\$2.50	\$2.59	\$2.68	\$2.80	\$2.96	\$3.13	\$3.31	\$3.49	\$98.88	
Westar Energy, Inc.	WR	(\$35.72)	\$0.00	\$0.23	\$1.40	\$1.46	\$1.50	\$1.54	\$1.67	\$1.81	\$1.96	\$2.13	\$2.32	\$2.53	\$2.67	\$2.82	\$2.98	\$3.15	\$84.09	

Multi-Stage Growth Discounted Cash Flow Model - Electric Proxy Group
180 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]		
		Price	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution	Terminal				
			Stock	Zacks	First Call	Line		Value	Low	Growth				2014	2018	2024
Company	Ticker											Proof	IRR	P/E Ratio	PEG Ratio	Terminal
American Electric Power Company, Inc.	AEP	\$52.56	4.90%	4.97%	4.50%	4.50%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.92%	16.64	2.95		
Duke Energy Corporation	DUK	\$72.86	4.70%	4.70%	5.00%	4.70%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.61%	17.95	3.19		
Empire District Electric Company	EDE	\$24.69	3.00%	3.00%	4.00%	3.00%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.46%	18.63	3.31		
Great Plains Energy Inc.	GXP	\$25.78	5.00%	5.00%	6.00%	5.00%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.22%	15.55	2.76		
Hawaiian Electric Industries, Inc.	HE	\$25.00	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	\$0.00	10.17%	15.71	2.79		
IDACORP, Inc.	IDA	\$55.47	4.00%	4.00%	1.50%	1.50%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.28%	19.55	3.47		
NextEra Energy, Inc.	NEE	\$96.05	6.60%	6.47%	6.00%	6.00%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.54%	18.25	3.24		
Otter Tail Corporation	OTTR	\$29.00	NA	6.00%	15.50%	6.00%	5.64%	70.00%	59.00%	67.52%	\$0.00	9.36%	19.17	3.40		
Pinnacle West Capital Corporation	PNW	\$55.66	3.70%	3.67%	4.00%	3.67%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.06%	16.11	2.86		
PNM Resources, Inc.	PNM	\$27.02	8.50%	8.32%	11.00%	8.32%	5.64%	50.00%	49.00%	67.52%	\$0.00	10.25%	15.46	2.74		
Portland General Electric Company	POR	\$33.02	7.80%	7.80%	5.00%	5.00%	5.64%	50.00%	54.00%	67.52%	\$0.00	9.45%	18.72	3.32		
Southern Company	SO	\$44.08	3.50%	3.42%	3.50%	3.42%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.80%	17.12	3.04		
Westar Energy, Inc.	WR	\$35.72	3.80%	3.20%	6.00%	3.20%	5.64%	58.00%	55.00%	67.52%	\$0.00	9.64%	17.80	3.16		
DCF																
Result - w/																
												Flotation		Flotation		
												DCF Resu	Cost	Cost		
												Mean	9.75%	0.14%	9.89%	
												Max	10.25%	0.14%	10.39%	
												Min	9.28%	0.14%	9.42%	

DCF
Result -
w/
DCF Resu
Mean 9.75% 0.14% 9.89%
Max 10.25% 0.14% 10.39%
Min 9.28% 0.14% 9.42%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.32	\$3.47	\$3.63	\$3.79	\$3.96	\$4.14	\$4.34	\$4.55	\$4.78	\$5.03	\$5.31	\$5.61	\$5.93	\$6.26	\$6.61	\$6.99
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.36	\$4.57	\$4.78	\$5.01	\$5.24	\$5.50	\$5.77	\$6.07	\$6.39	\$6.75	\$7.14	\$7.54	\$7.96	\$8.41	\$8.88
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.32	\$2.45	\$2.58	\$2.73	\$2.88
Great Plains Energy Inc.	GXP	\$1.62	\$1.70	\$1.79	\$1.88	\$1.97	\$2.07	\$2.17	\$2.28	\$2.40	\$2.53	\$2.67	\$2.82	\$2.97	\$3.14	\$3.32	\$3.51	\$3.70
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.69	\$3.75	\$3.81	\$3.86	\$3.92	\$3.98	\$4.07	\$4.18	\$4.33	\$4.52	\$4.77	\$5.04	\$5.33	\$5.63	\$5.94	\$6.28
NextEra Energy, Inc.	NEE	\$4.83	\$5.12	\$5.43	\$5.75	\$6.10	\$6.46	\$6.85	\$7.26	\$7.69	\$8.13	\$8.60	\$9.08	\$9.60	\$10.14	\$10.71	\$11.31	\$11.95
Otter Tail Corporation	OTTR	\$1.37	\$1.45	\$1.54	\$1.63	\$1.73	\$1.83	\$1.94	\$2.06	\$2.18	\$2.31	\$2.44	\$2.58	\$2.72	\$2.88	\$3.04	\$3.21	\$3.39
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.79	\$3.93	\$4.08	\$4.23	\$4.38	\$4.54	\$4.73	\$4.93	\$5.16	\$5.42	\$5.72	\$6.04	\$6.38	\$6.74	\$7.12	\$7.53
PNM Resources, Inc.	PNM	\$1.41	\$1.53	\$1.65	\$1.79	\$1.94	\$2.10	\$2.28	\$2.46	\$2.64	\$2.82	\$3.01	\$3.18	\$3.36	\$3.55	\$3.75	\$3.96	\$4.18
Portland General Electric Company	POR	\$1.77	\$1.86	\$1.95	\$2.05	\$2.15	\$2.26	\$2.37	\$2.49	\$2.62	\$2.76	\$2.91	\$3.08	\$3.25	\$3.43	\$3.63	\$3.83	\$4.05
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.09	\$3.19	\$3.30	\$3.43	\$3.57	\$3.73	\$3.92	\$4.14	\$4.37	\$4.62	\$4.88	\$5.15	\$5.44
Westar Energy, Inc.	WR	\$2.27	\$2.34	\$2.42	\$2.49	\$2.57	\$2.66	\$2.74	\$2.84	\$2.96	\$3.09	\$3.23	\$3.42	\$3.61	\$3.81	\$4.03	\$4.25	\$4.49

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.03	\$2.14	\$2.25	\$2.37	\$2.50	\$2.64	\$2.80	\$2.97	\$3.15	\$3.36	\$3.59	\$3.79	\$4.00	\$4.23	\$4.47	\$4.72	\$116.27
Duke Energy Corporation	DUK	\$2.96	\$3.02	\$3.08	\$3.14	\$3.20	\$3.39	\$3.58	\$3.80	\$4.03	\$4.28	\$4.56	\$4.82	\$5.09	\$5.38	\$5.68	\$6.00	\$159.51
Empire District Electric Company	EDE	\$1.01	\$1.02	\$1.04	\$1.06	\$1.08	\$1.13	\$1.18	\$1.24	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.74	\$1.84	\$1.95	\$53.70
Great Plains Energy Inc.	GXP	\$0.99	\$1.05	\$1.13	\$1.20	\$1.28	\$1.37	\$1.46	\$1.55	\$1.66	\$1.78	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$2.50	\$57.60
Hawaiian Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$53.73
IDACORP, Inc.	IDA	\$1.88	\$1.98	\$2.07	\$2.17	\$2.27	\$2.37	\$2.49	\$2.63	\$2.79	\$2.98	\$3.22	\$3.40	\$3.60	\$3.80	\$4.01	\$4.24	\$122.75
NextEra Energy, Inc.	NEE	\$3.12	\$3.26	\$3.39	\$3.54	\$3.68	\$4.03	\$4.39	\$4.78	\$5.21	\$5.66	\$6.13	\$6.48	\$6.84	\$7.23	\$7.64	\$8.07	\$218.05
Otter Tail Corporation	OTTR	\$1.02	\$1.04	\$1.05	\$1.07	\$1.08	\$1.17	\$1.27	\$1.38	\$1.49	\$1.61	\$1.74	\$1.84	\$1.94	\$2.05	\$2.17	\$2.29	\$64.96
Pinnacle West Capital Corporation	PNW	\$2.39	\$2.50	\$2.61	\$2.73	\$2.85	\$2.97	\$3.11	\$3.27	\$3.44	\$3.63	\$3.86	\$4.08	\$4.31	\$4.55	\$4.81	\$5.08	\$121.22
PNM Resources, Inc.	PNM	\$0.76	\$0.82	\$0.89	\$0.96	\$1.03	\$1.19	\$1.36	\$1.54	\$1.73	\$1.94	\$2.15	\$2.27	\$2.39	\$2.53	\$2.67	\$2.82	\$64.61
Portland General Electric Company	POR	\$0.93	\$1.00	\$1.07	\$1.14	\$1.22	\$1.33	\$1.46	\$1.59	\$1.74	\$1.90	\$2.08	\$2.19	\$2.32	\$2.45	\$2.59	\$2.73	\$75.74
Southern Company	SO	\$2.07	\$2.12	\$2.18	\$2.24	\$2.30	\$2.35	\$2.42	\$2.49	\$2.58	\$2.67	\$2.79	\$2.95	\$3.12	\$3.29	\$3.48	\$3.67	\$93.15
Westar Energy, Inc.	WR	\$1.36	\$1.38	\$1.41	\$1.44	\$1.46	\$1.57	\$1.68	\$1.81	\$1.95	\$2.12	\$2.31	\$2.44	\$2.57	\$2.72	\$2.87	\$3.03	\$80.00

Projected Annual Data																				
Investor Cash Flows			[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Company	Ticker	Initial Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	
American Electric Power Company, Inc.	AEP	(\$52.56)	\$0.00	\$0.34	\$2.07	\$2.25	\$2.37	\$2.50	\$2.64	\$2.80	\$2.97	\$3.15	\$3.36	\$3.59	\$3.79	\$4.00	\$4.23	\$4.47	\$120.99	
Duke Energy Corporation	DUK	(\$72.86)	\$0.00	\$0.49	\$3.03	\$3.08	\$3.14	\$3.20	\$3.39	\$3.58	\$3.80	\$4.03	\$4.28	\$4.56	\$4.82	\$5.09	\$5.38	\$5.68	\$165.51	
Empire District Electric Company	EDE	(\$24.68)	\$0.00	\$0.17	\$1.02	\$1.04	\$1.06	\$1.08	\$1.13	\$1.18	\$1.24	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.74	\$1.84	\$55.65	
Great Plains Energy Inc.	GXP	(\$25.78)	\$0.00	\$0.16	\$1.01	\$1.13	\$1.20	\$1.28	\$1.37	\$1.46	\$1.55	\$1.66	\$1.78	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$60.10	
Hawaiian Electric Industries, Inc.	HE	(\$25.00)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$56.04	
IDACORP, Inc.	IDA	(\$55.47)	\$0.00	\$0.31	\$1.90	\$2.07	\$2.17	\$2.27	\$2.37	\$2.49	\$2.63	\$2.79	\$2.98	\$3.22	\$3.40	\$3.60	\$3.80	\$4.01	\$126.99	
NextEra Energy, Inc.	NEE	(\$96.05)	\$0.00	\$0.52	\$3.22	\$3.39	\$3.54	\$3.68	\$4.03	\$4.39	\$4.78	\$5.21	\$5.66	\$6.13	\$6.48	\$6.84	\$7.23	\$7.64	\$226.11	
Otter Tail Corporation	OTTR	(\$29.00)	\$0.00	\$0.17	\$1.05	\$1.05	\$1.07	\$1.08	\$1.17	\$1.27	\$1.38	\$1.49	\$1.61	\$1.74	\$1.84	\$1.94	\$2.05	\$2.17	\$67.25	
Pinnacle West Capital Corporation	PNW	(\$55.66)	\$0.00	\$0.40	\$2.43	\$2.61	\$2.73	\$2.85	\$2.97	\$3.11	\$3.27	\$3.44	\$3.63	\$3.86	\$4.08	\$4.31	\$4.55	\$4.81	\$126.30	
PNM Resources, Inc.	PNM	(\$27.02)	\$0.00	\$0.13	\$0.80	\$0.89	\$0.96	\$1.03	\$1.19	\$1.36	\$1.54	\$1.73	\$1.94	\$2.15	\$2.27	\$2.39	\$2.53	\$2.67	\$67.43	
Portland General Electric Company	POR	(\$33.02)	\$0.00	\$0.16	\$0.95	\$1.07	\$1.14	\$1.22	\$1.33	\$1.46	\$1.59	\$1.74	\$1.90	\$2.08	\$2.19	\$2.32	\$2.45	\$2.59	\$78.47	
Southern Company	SO	(\$44.08)	\$0.00	\$0.35	\$2.10	\$2.18	\$2.24	\$2.30	\$2.35	\$2.42	\$2.49	\$2.58	\$2.67	\$2.79	\$2.95	\$3.12	\$3.29	\$3.46	\$96.83	
Westar Energy, Inc.	WR	(\$35.72)	\$0.00	\$0.23	\$1.38	\$1.41	\$1.44	\$1.46	\$1.57	\$1.68	\$1.81	\$1.95	\$2.12	\$2.31	\$2.44	\$2.57	\$2.72	\$2.87	\$83.03	

Multi-Stage Growth Discounted Cash Flow Model - Electric Proxy Group
180 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal	
					Value	High								
Company	Ticker	Price	Zacks	First Call	Line	Growth	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$52.56	4.90%	4.97%	4.50%	4.97%	5.64%	61.00%	63.00%	67.52%	\$0.00	10.07%	16.09	2.86
Duke Energy Corporation	DUK	\$72.86	4.70%	4.70%	5.00%	5.00%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.69%	17.57	3.12
Empire District Electric Company	EDE	\$24.69	3.00%	3.00%	4.00%	4.00%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.76%	17.31	3.07
Great Plains Energy Inc.	GXP	\$25.78	5.00%	5.00%	6.00%	6.00%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.55%	14.50	2.57
Hawaiian Electric Industries, Inc.	HE	\$25.00	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	\$0.00	10.17%	15.71	2.79
IDACORP, Inc.	IDA	\$55.47	4.00%	4.00%	1.50%	4.00%	5.64%	51.00%	58.00%	67.52%	\$0.00	10.01%	16.29	2.89
NextEra Energy, Inc.	NEE	\$96.05	6.60%	6.47%	6.00%	6.60%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.71%	17.49	3.10
Otter Tail Corporation	OTTR	\$29.00	NA	6.00%	15.50%	15.50%	5.64%	70.00%	59.00%	67.52%	\$0.00	12.55%	10.32	1.83
Pinnacle West Capital Corporation	PNW	\$55.66	3.70%	3.67%	4.00%	4.00%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.17%	15.73	2.79
PNM Resources, Inc.	PNM	\$27.02	8.50%	8.32%	11.00%	11.00%	5.64%	50.00%	49.00%	67.52%	\$0.00	11.12%	12.99	2.31
Portland General Electric Company	POR	\$33.02	7.80%	7.80%	5.00%	7.80%	5.64%	50.00%	54.00%	67.52%	\$0.00	10.26%	15.42	2.74
Southern Company	SO	\$44.08	3.50%	3.42%	3.50%	3.50%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.83%	17.02	3.02
Westar Energy, Inc.	WR	\$35.72	3.80%	3.20%	6.00%	6.00%	5.64%	58.00%	55.00%	67.52%	\$0.00	10.52%	14.61	2.59
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Mean 10.34%
Max 12.55%
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Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.34	\$3.50	\$3.68	\$3.86	\$4.05	\$4.25	\$4.47	\$4.70	\$4.95	\$5.22	\$5.51	\$5.82	\$6.15	\$6.50	\$6.87	\$7.25
Duke Energy Corporation	DUK	\$3.98	\$4.18	\$4.39	\$4.61	\$4.84	\$5.08	\$5.33	\$5.61	\$5.90	\$6.21	\$6.55	\$6.92	\$7.31	\$7.72	\$8.15	\$8.61	\$9.10
Empire District Electric Company	EDE	\$1.48	\$1.54	\$1.60	\$1.66	\$1.73	\$1.80	\$1.87	\$1.95	\$2.04	\$2.14	\$2.25	\$2.38	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12
Great Plains Energy Inc.	GXP	\$1.62	\$1.72	\$1.82	\$1.93	\$2.05	\$2.17	\$2.30	\$2.43	\$2.58	\$2.73	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$4.01
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.79	\$3.94	\$4.09	\$4.26	\$4.43	\$4.61	\$4.80	\$5.02	\$5.26	\$5.53	\$5.84	\$6.17	\$6.52	\$6.89	\$7.27	\$7.68
NextEra Energy, Inc.	NEE	\$4.83	\$5.15	\$5.49	\$5.85	\$6.24	\$6.65	\$7.09	\$7.54	\$8.02	\$8.51	\$9.01	\$9.52	\$10.06	\$10.63	\$11.23	\$11.86	\$12.53
Otter Tail Corporation	OTTR	\$1.37	\$1.58	\$1.83	\$2.11	\$2.44	\$2.82	\$3.25	\$3.70	\$4.16	\$4.59	\$5.00	\$5.29	\$5.58	\$5.90	\$6.23	\$6.58	\$6.95
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.96	\$4.12	\$4.28	\$4.45	\$4.63	\$4.83	\$5.05	\$5.29	\$5.56	\$5.87	\$6.21	\$6.56	\$6.92	\$7.31	\$7.73
PNM Resources, Inc.	PNM	\$1.41	\$1.57	\$1.74	\$1.93	\$2.14	\$2.38	\$2.64	\$2.90	\$3.17	\$3.44	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$4.85	\$5.13
Portland General Electric Company	POR	\$1.77	\$1.91	\$2.06	\$2.22	\$2.39	\$2.58	\$2.78	\$2.98	\$3.20	\$3.41	\$3.63	\$3.83	\$4.05	\$4.28	\$4.52	\$4.77	\$5.04
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.21	\$3.32	\$3.45	\$3.59	\$3.76	\$3.94	\$4.16	\$4.40	\$4.65	\$4.91	\$5.18	\$5.48
Westar Energy, Inc.	WR	\$2.27	\$2.41	\$2.55	\$2.70	\$2.87	\$3.04	\$3.22	\$3.41	\$3.61	\$3.82	\$4.04	\$4.27	\$4.51	\$4.76	\$5.03	\$5.32	\$5.62

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.04	\$2.15	\$2.28	\$2.41	\$2.55	\$2.71	\$2.88	\$3.07	\$3.27	\$3.49	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$116.71
Duke Energy Corporation	DUK	\$2.97	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.88	\$4.12	\$4.38	\$4.67	\$4.93	\$5.21	\$5.51	\$5.82	\$6.14	\$159.86
Empire District Electric Company	EDE	\$1.02	\$1.04	\$1.07	\$1.10	\$1.13	\$1.19	\$1.26	\$1.33	\$1.41	\$1.50	\$1.60	\$1.69	\$1.79	\$1.89	\$2.00	\$2.11	\$54.09
Great Plains Energy Inc.	GXP	\$1.00	\$1.07	\$1.16	\$1.25	\$1.34	\$1.45	\$1.55	\$1.67	\$1.79	\$1.92	\$2.06	\$2.17	\$2.30	\$2.43	\$2.56	\$2.71	\$58.12
Hawaiian Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$53.73
IDACORP, Inc.	IDA	\$1.93	\$2.08	\$2.23	\$2.40	\$2.57	\$2.74	\$2.94	\$3.15	\$3.39	\$3.65	\$3.94	\$4.17	\$4.40	\$4.65	\$4.91	\$5.19	\$125.18
NextEra Energy, Inc.	NEE	\$3.14	\$3.29	\$3.45	\$3.62	\$3.79	\$4.16	\$4.56	\$4.99	\$5.45	\$5.93	\$6.43	\$6.79	\$7.17	\$7.58	\$8.01	\$8.46	\$219.13
Otter Tail Corporation	OTTR	\$1.11	\$1.23	\$1.36	\$1.51	\$1.66	\$1.97	\$2.29	\$2.63	\$2.97	\$3.31	\$3.57	\$3.77	\$3.98	\$4.21	\$4.44	\$4.69	\$71.77
Pinnacle West Capital Corporation	PNW	\$2.40	\$2.51	\$2.63	\$2.76	\$2.89	\$3.03	\$3.18	\$3.35	\$3.53	\$3.73	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$5.22	\$121.53
PNM Resources, Inc.	PNM	\$0.78	\$0.86	\$0.95	\$1.05	\$1.16	\$1.37	\$1.60	\$1.85	\$2.11	\$2.38	\$2.63	\$2.78	\$2.94	\$3.10	\$3.28	\$3.46	\$66.62
Portland General Electric Company	POR	\$0.95	\$1.05	\$1.15	\$1.27	\$1.39	\$1.56	\$1.75	\$1.94	\$2.15	\$2.37	\$2.59	\$2.73	\$2.89	\$3.05	\$3.22	\$3.40	\$77.70
Southern Company	SO	\$2.07	\$2.13	\$2.19	\$2.25	\$2.31	\$2.36	\$2.43	\$2.51	\$2.59	\$2.69	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$3.70	\$93.20
Westar Energy, Inc.	WR	\$1.40	\$1.46	\$1.53	\$1.60	\$1.67	\$1.84	\$2.02	\$2.21	\$2.42	\$2.64	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$82.04

Projected Annual Data			[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows																				
Company	Ticker	Initial Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	
American Electric Power Company, Inc.	AEP	(\$52.56)	\$0.00	\$0.34	\$2.09	\$2.28	\$2.41	\$2.55	\$2.71	\$2.88	\$3.07	\$3.27	\$3.49	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$121.61	
Duke Energy Corporation	DUK	(\$72.86)	\$0.00	\$0.50	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.88	\$4.12	\$4.38	\$4.67	\$4.93	\$5.21	\$5.51	\$5.82	\$166.00	
Empire District Electric Company	EDE	(\$24.68)	\$0.00	\$0.17	\$1.04	\$1.07	\$1.10	\$1.13	\$1.19	\$1.26	\$1.33	\$1.41	\$1.50	\$1.60	\$1.69	\$1.79	\$1.89	\$2.00	\$56.20	
Great Plains Energy Inc.	GXP	(\$25.78)	\$0.00	\$0.17	\$1.03	\$1.16	\$1.25	\$1.34	\$1.45	\$1.55	\$1.67	\$1.79	\$1.92	\$2.06	\$2.17	\$2.30	\$2.43	\$2.56	\$60.83	
Hawaiian Electric Industries, Inc.	HE	(\$25.00)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$56.04	
IDACORP, Inc.	IDA	(\$55.47)	\$0.00	\$0.32	\$1.97	\$2.23	\$2.40	\$2.57	\$2.74	\$2.94	\$3.15	\$3.39	\$3.65	\$3.94	\$4.17	\$4.40	\$4.65	\$4.91	\$130.37	
NextEra Energy, Inc.	NEE	(\$96.05)	\$0.00	\$0.52	\$3.24	\$3.45	\$3.62	\$3.79	\$4.16	\$4.56	\$4.99	\$5.45	\$5.93	\$6.43	\$6.79	\$7.17	\$7.58	\$8.01	\$227.59	
Otter Tail Corporation	OTTR	(\$29.00)	\$0.00	\$0.19	\$1.19	\$1.36	\$1.51	\$1.66	\$1.97	\$2.29	\$2.63	\$2.97	\$3.31	\$3.57	\$3.77	\$3.98	\$4.21	\$4.44	\$76.47	
Pinnacle West Capital Corporation	PNW	(\$55.66)	\$0.00	\$0.40	\$2.45	\$2.63	\$2.76	\$2.89	\$3.03	\$3.18	\$3.35	\$3.53	\$3.73	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$126.75	
PNM Resources, Inc.	PNM	(\$23.02)	\$0.00	\$0.13	\$0.83	\$0.95	\$1.05	\$1.16	\$1.37	\$1.60	\$1.85	\$2.11	\$2.38	\$2.63	\$2.78	\$2.94	\$3.10	\$3.28	\$70.08	
Portland General Electric Company	POR	(\$33.02)	\$0.00	\$0.16	\$0.99	\$1.15	\$1.27	\$1.39	\$1.56	\$1.75	\$1.94	\$2.15	\$2.37	\$2.59	\$2.73	\$2.89	\$3.05	\$3.22	\$81.10	
Southern Company	SO	(\$44.08)	\$0.00	\$0.35	\$2.10	\$2.19	\$2.25	\$2.31	\$2.36	\$2.43	\$2.51	\$2.59	\$2.69	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$96.90	
Westar Energy, Inc.	WR	(\$35.72)	\$0.00	\$0.23	\$1.44	\$1.53	\$1.60	\$1.67	\$1.84	\$2.02	\$2.21	\$2.42	\$2.64	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$85.84	

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
30 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio		Iterative Solution		Terminal	Terminal	
Company	Ticker	Price	Zacks	First Call	Line	Average	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$54.29	4.90%	4.97%	4.50%	4.79%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.87%	16.84	2.99
Duke Energy Corporation	DUK	\$77.37	4.70%	4.70%	5.00%	4.80%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.40%	18.95	3.36
Empire District Electric Company	EDE	\$25.55	3.00%	3.00%	4.00%	3.33%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.42%	18.83	3.34
Great Plains Energy Inc.	GXP	\$25.17	5.00%	5.00%	6.00%	5.33%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.45%	14.83	2.63
Hawaiian Electric Industries, Inc.	HE	\$26.99	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	(\$0.00)	9.83%	17.01	3.02
IDACORP, Inc.	IDA	\$56.77	4.00%	4.00%	1.50%	3.17%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.66%	17.70	3.14
NextEra Energy, Inc.	NEE	\$95.13	6.60%	6.47%	6.00%	6.36%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.68%	17.63	3.13
Otter Tail Corporation	OTTR	\$28.24	NA	6.00%	15.50%	10.75%	5.64%	70.00%	59.00%	67.52%	\$0.00	10.91%	13.51	2.40
Pinnacle West Capital Corporation	PNW	\$57.18	3.70%	3.67%	4.00%	3.79%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	9.98%	16.42	2.91
PNM Resources, Inc.	PNM	\$26.49	8.50%	8.32%	11.00%	9.27%	5.64%	50.00%	49.00%	67.52%	\$0.00	10.64%	14.25	2.53
Portland General Electric Company	POR	\$33.76	7.80%	7.80%	5.00%	6.87%	5.64%	50.00%	54.00%	67.52%	\$0.00	9.88%	16.78	2.98
Southern Company	SO	\$45.39	3.50%	3.42%	3.50%	3.47%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.69%	17.59	3.12
Westar Energy, Inc.	WR	\$35.40	3.80%	3.20%	6.00%	4.33%	5.64%	58.00%	55.00%	67.52%	\$0.00	10.02%	16.26	2.89
Alliant Energy Corporation	LNT	\$57.86	4.80%	4.40%	6.00%	5.07%	5.64%	59.00%	60.00%	67.52%	\$0.00	9.79%	17.17	3.05
Black Hills Corporation	BKH	\$49.95	NA	7.00%	9.50%	8.25%	5.64%	56.00%	58.00%	67.52%	\$0.00	10.36%	15.09	2.68
CMS Energy Corporation	CMS	\$30.73	6.10%	6.80%	6.50%	6.47%	5.64%	60.00%	58.00%	67.52%	\$0.00	9.97%	16.43	2.92
DTE Energy Company	DTE	\$78.13	6.20%	5.87%	6.50%	6.19%	5.64%	57.00%	58.00%	67.52%	\$0.00	9.42%	18.83	3.34
SCANA Corporation	SCG	\$50.85	4.40%	4.60%	5.00%	4.67%	5.64%	55.00%	54.00%	67.52%	\$0.00	10.27%	15.38	2.73
TECO Energy, Inc.	TE	\$18.27	6.50%	6.43%	3.50%	5.48%	5.64%	93.00%	71.00%	67.52%	\$0.00	9.65%	17.75	3.15
Vectren Corporation	VVC	\$41.62	4.70%	4.50%	9.00%	6.07%	5.64%	71.00%	51.00%	67.52%	\$0.00	8.75%	22.91	4.06

DCF

Result -

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Flotation

Cost

Cost

DCF Resu

Mean 9.88%

Max 10.91%

Min 8.75%

0.14%

0.14%

11.05%

8.89%

Projected Annual
Earnings per Share

Fyrescore Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.33	\$3.49	\$3.66	\$3.83	\$4.02	\$4.21	\$4.42	\$4.64	\$4.88	\$5.15	\$5.44	\$5.74	\$6.07	\$6.41	\$6.77	\$7.15
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.37	\$4.58	\$4.80	\$5.03	\$5.27	\$5.53	\$5.81	\$6.12	\$6.45	\$6.81	\$7.19	\$7.60	\$8.03	\$8.48	\$8.96
Empire District Electric Company	EDE	\$1.48	\$1.53	\$1.58	\$1.63	\$1.69	\$1.74	\$1.80	\$1.87	\$1.95	\$2.03	\$2.13	\$2.25	\$2.38	\$2.51	\$2.65	\$2.80	\$2.96
Great Plains Energy Inc.	GXP	\$1.62	\$1.71	\$1.80	\$1.89	\$1.99	\$2.10	\$2.21	\$2.33	\$2.46	\$2.59	\$2.74	\$2.89	\$3.05	\$3.23	\$3.41	\$3.60	\$3.80
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.76	\$3.87	\$4.00	\$4.12	\$4.25	\$4.39	\$4.55	\$4.73	\$4.94	\$5.17	\$5.46	\$5.77	\$6.10	\$6.44	\$6.80	\$7.19
NextEra Energy, Inc.	NEE	\$4.83	\$5.14	\$5.46	\$5.81	\$6.18	\$6.57	\$6.99	\$7.43	\$7.88	\$8.35	\$8.84	\$9.34	\$9.87	\$10.43	\$11.01	\$11.63	\$12.29
Otter Tail Corporation	OTTR	\$1.37	\$1.52	\$1.68	\$1.86	\$2.06	\$2.28	\$2.53	\$2.78	\$3.03	\$3.28	\$3.52	\$3.72	\$3.93	\$4.15	\$4.38	\$4.63	\$4.89
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.80	\$3.94	\$4.09	\$4.25	\$4.41	\$4.58	\$4.76	\$4.97	\$5.21	\$5.47	\$5.78	\$6.10	\$6.45	\$6.81	\$7.19	\$7.60
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.68	\$1.84	\$2.01	\$2.20	\$2.40	\$2.61	\$2.82	\$3.03	\$3.24	\$3.42	\$3.61	\$3.81	\$4.03	\$4.26	\$4.50
Portland General Electric Company	POR	\$1.77	\$1.89	\$2.02	\$2.16	\$2.31	\$2.47	\$2.64	\$2.81	\$2.99	\$3.18	\$3.37	\$3.56	\$3.76	\$3.98	\$4.20	\$4.44	\$4.69
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.20	\$3.31	\$3.44	\$3.59	\$3.75	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$5.17	\$5.46
Westar Energy, Inc.	WR	\$2.27	\$2.37	\$2.47	\$2.58	\$2.69	\$2.81	\$2.93	\$3.06	\$3.21	\$3.37	\$3.54	\$3.74	\$3.95	\$4.18	\$4.41	\$4.66	\$4.92
Alliant Energy Corporation	LNT	\$2.39	\$2.46	\$2.53	\$2.61	\$2.70	\$2.81	\$2.93	\$3.06	\$3.21	\$3.37	\$3.54	\$3.74	\$3.95	\$4.18	\$4.41	\$4.66	\$4.92
Black Hills Corporation	BKH	\$2.61	\$2.83	\$3.06	\$3.31	\$3.58	\$3.88	\$4.20	\$4.53	\$4.86	\$5.20	\$5.54	\$5.85	\$6.18	\$6.53	\$6.90	\$7.28	\$7.69
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.88	\$2.00	\$2.13	\$2.27	\$2.42	\$2.57	\$2.73	\$2.89	\$3.07	\$3.24	\$3.42	\$3.61	\$3.82	\$4.03	\$4.26
DTE Energy Company	DTE	\$3.76	\$3.99	\$4.24	\$4.50	\$4.78	\$5.08	\$5.39	\$5.72	\$6.06	\$6.42	\$6.80	\$7.18	\$7.58	\$8.01	\$8.46	\$8.94	\$9.44
SCANA Corporation	SCG	\$3.39	\$3.55	\$3.71	\$3.89	\$4.07	\$4.26	\$4.46	\$4.67	\$4.91	\$5.16	\$5.43	\$5.74	\$6.06	\$6.40	\$6.76	\$7.15	\$7.55
TECO Energy, Inc.	TE	\$0.92	\$0.97	\$1.02	\$1.08	\$1.14	\$1.20	\$1.27	\$1.34	\$1.41	\$1.49	\$1.57	\$1.66	\$1.75	\$1.85	\$1.96	\$2.07	\$2.18
Vectren Corporation	VVC	\$1.66	\$1.76	\$1.87	\$1.98	\$2.10	\$2.23	\$2.36	\$2.51	\$2.65	\$2.81	\$2.97	\$3.14	\$3.32	\$3.50	\$3.70	\$3.91	\$4.13

Projected Annual
Dividend Payout Ratio

Company	Ticker	[31] [32] [33] [34] [35] [36] [37] [38] [39] [40] [41] [42] [43] [44] [45] [46]															
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual
Cash Flows

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]	Terminal Value
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
American Electric Power Company, Inc.	AEP	\$2.03	\$2.15	\$2.27	\$2.40	\$2.53	\$2.68	\$2.85	\$3.03	\$3.22	\$3.44	\$3.67	\$3.88	\$4.10	\$4.33	\$4.57	\$4.83	\$120.41	
Duke Energy Corporation	DUK	\$2.96	\$3.03	\$3.09	\$3.16	\$3.22	\$3.41	\$3.61	\$3.82	\$4.06	\$4.31	\$4.60	\$4.86	\$5.13	\$5.42	\$5.72	\$6.05	\$169.72	
Empire District Electric Company	EDE	\$1.01	\$1.03	\$1.05	\$1.08	\$1.10	\$1.15	\$1.21	\$1.27	\$1.34	\$1.42	\$1.52	\$1.61	\$1.70	\$1.79	\$1.89	\$2.00	\$55.77	
Great Plains Energy Inc.	GXP	\$0.99	\$1.06	\$1.14	\$1.22	\$1.30	\$1.39	\$1.49	\$1.59	\$1.70	\$1.82	\$1.95	\$2.06	\$2.18	\$2.30	\$2.43	\$2.57	\$56.38	
Hawaiian Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$58.17	
IDACORP, Inc.	IDA	\$1.92	\$2.04	\$2.18	\$2.32	\$2.47	\$2.62	\$2.78	\$2.97	\$3.18	\$3.41	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$4.85	\$127.22	
NextEra Energy, Inc.	NEE	\$3.13	\$3.28	\$3.43	\$3.58	\$3.75	\$4.11	\$4.49	\$4.91	\$5.35	\$5.82	\$6.31	\$6.66	\$7.04	\$7.44	\$7.85	\$8.30	\$216.60	
Otter Tail Corporation	OTTR	\$1.06	\$1.13	\$1.20	\$1.27	\$1.35	\$1.53	\$1.72	\$1.92	\$2.12	\$2.33	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12	\$3.30	\$66.05	
Pinnacle West Capital Corporation	PNW	\$2.39	\$2.50	\$2.62	\$2.74	\$2.87	\$2.99	\$3.14	\$3.29	\$3.47	\$3.67	\$3.90	\$4.12	\$4.35	\$4.60	\$4.86	\$5.13	\$124.72	
PNM Resources, Inc.	PNM	\$0.77	\$0.84	\$0.91	\$0.99	\$1.08	\$1.25	\$1.44	\$1.64	\$1.86	\$2.09	\$2.31	\$2.44	\$2.58	\$2.72	\$2.87	\$3.04	\$64.08	
Portland General Electric Company	POR	\$0.95	\$1.03	\$1.12	\$1.22	\$1.33	\$1.48	\$1.65	\$1.82	\$2.00	\$2.20	\$2.41	\$2.54	\$2.68	\$2.84	\$3.00	\$3.16	\$78.66	
Southern Company	SO	\$2.07	\$2.12	\$2.18	\$2.24	\$2.31	\$2.67	\$2.94	\$3.23	\$3.53	\$3.84	\$4.20	\$4.58	\$4.90	\$5.26	\$5.63	\$6.00	\$96.09	
Westar Energy, Inc.	WR	\$1.37	\$1.41	\$1.46	\$1.50	\$1.54	\$1.67	\$1.81	\$1.96	\$2.13	\$2.32	\$2.53	\$2.67	\$2.82	\$2.98	\$3.15	\$3.32	\$80.04	
Alliant Energy Corporation	ANT	\$2.04	\$2.15	\$2.27	\$2.40	\$2.53	\$2.71	\$2.91	\$3.12	\$3.36	\$3.61	\$3.88	\$4.10	\$4.33	\$4.58	\$4.83	\$5.10	\$129.04	
Black Hills Corporation	BKH	\$1.71	\$1.58	\$1.69	\$2.05	\$2.52	\$2.81	\$3.09	\$3.32	\$3.55	\$3.85	\$4.20	\$4.55	\$4.94	\$5.34	\$5.72	\$6.10	\$119.09	
CMS Energy Corporation	CMH	\$1.06	\$1.12	\$1.18	\$1.25	\$1.32	\$1.44	\$1.57	\$1.71	\$1.86	\$2.02	\$2.19	\$2.34	\$2.44	\$2.58	\$2.72	\$2.88	\$70.70	
DTE Energy Company	DTE	\$2.28	\$2.43	\$2.59	\$2.76	\$2.94	\$3.21	\$3.50	\$3.81	\$4.13	\$4.48	\$4.85	\$5.12	\$5.41	\$5.71	\$6.04	\$6.38	\$177.83	
SCANA Corporation	SCG	\$1.95	\$2.03	\$2.12	\$2.21	\$2.30	\$2.51	\$2.73	\$2.98	\$3.25	\$3.55	\$3.87	\$4.09	\$4.32	\$4.57	\$4.82	\$5.10	\$116.10	
TECO Energy, Inc.	TE	\$0.90	\$0.90	\$0.89	\$0.87	\$0.85	\$0.89	\$0.93	\$0.98	\$1.02	\$1.07	\$1.12	\$1.18	\$1.25	\$1.32	\$1.40	\$1.47	\$38.78	
Vectren Corporation	VVC	\$1.25	\$1.23	\$1.21	\$1.18	\$1.14	\$1.27	\$1.42	\$1.57	\$1.74	\$1.92	\$2.12	\$2.24	\$2.36	\$2.50	\$2.64	\$2.79	\$94.57	

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
30 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Projected Annual Data		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows		Initial																	
Company	Ticker	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
American Electric Power Company, Inc.	AEP	(\$54.29)	\$0.00	\$0.34	\$2.08	\$2.27	\$2.40	\$2.53	\$2.68	\$2.85	\$3.03	\$3.22	\$3.44	\$3.67	\$3.88	\$4.10	\$4.33	\$4.57	\$125.23
Duke Energy Corporation	DUK	(\$77.37)	\$0.00	\$0.49	\$3.03	\$3.09	\$3.16	\$3.22	\$3.41	\$3.61	\$3.82	\$4.06	\$4.31	\$4.60	\$4.86	\$5.13	\$5.42	\$5.72	\$175.76
Empire District Electric Company	EDE	(\$25.55)	\$0.00	\$0.17	\$1.03	\$1.05	\$1.08	\$1.10	\$1.15	\$1.21	\$1.27	\$1.34	\$1.42	\$1.52	\$1.61	\$1.70	\$1.79	\$1.89	\$57.77
Great Plains Energy Inc.	GXP	(\$25.17)	\$0.00	\$0.17	\$1.02	\$1.14	\$1.22	\$1.30	\$1.39	\$1.49	\$1.59	\$1.70	\$1.82	\$1.95	\$2.06	\$2.18	\$2.30	\$2.43	\$58.95
Hawaiian Electric Industries, Inc.	HE	(\$26.99)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$60.48
IDACORP, Inc.	IDA	(\$56.77)	\$0.00	\$0.32	\$1.95	\$2.18	\$2.32	\$2.47	\$2.62	\$2.78	\$2.97	\$3.18	\$3.41	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$132.07
NextEra Energy, Inc.	NEE	(\$95.13)	\$0.00	\$0.52	\$3.23	\$3.43	\$3.58	\$3.75	\$4.11	\$4.49	\$4.91	\$5.35	\$5.82	\$6.31	\$6.66	\$7.04	\$7.44	\$7.85	\$224.90
Otter Tail Corporation	OTTR	(\$28.24)	\$0.00	\$0.18	\$1.12	\$1.20	\$1.27	\$1.35	\$1.53	\$1.72	\$1.92	\$2.12	\$2.33	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12	\$69.35
Pinnacle West Capital Corporation	PNW	(\$57.18)	\$0.00	\$0.40	\$2.44	\$2.62	\$2.74	\$2.87	\$2.99	\$3.14	\$3.29	\$3.47	\$3.67	\$3.90	\$4.12	\$4.35	\$4.60	\$4.86	\$129.85
PNM Resources, Inc.	PNM	(\$26.49)	\$0.00	\$0.13	\$0.81	\$0.91	\$0.99	\$1.08	\$1.25	\$1.44	\$1.64	\$1.86	\$2.09	\$2.31	\$2.44	\$2.58	\$2.72	\$2.87	\$67.11
Portland General Electric Company	POR	(\$33.76)	\$0.00	\$0.16	\$0.98	\$1.12	\$1.22	\$1.33	\$1.48	\$1.65	\$1.82	\$2.00	\$2.20	\$2.41	\$2.54	\$2.68	\$2.84	\$3.00	\$81.82
Southern Company	SO	(\$45.39)	\$0.00	\$0.35	\$2.10	\$2.18	\$2.24	\$2.31	\$2.36	\$2.43	\$2.50	\$2.59	\$2.68	\$2.80	\$2.96	\$3.13	\$3.31	\$3.49	\$99.78
Westar Energy, Inc.	WR	(\$35.40)	\$0.00	\$0.23	\$1.40	\$1.46	\$1.50	\$1.54	\$1.67	\$1.81	\$1.96	\$2.13	\$2.32	\$2.53	\$2.67	\$2.82	\$2.98	\$3.15	\$83.37
Alliant Energy Corporation	LNT	(\$57.86)	\$0.00	\$0.34	\$2.09	\$2.27	\$2.40	\$2.53	\$2.71	\$2.91	\$3.12	\$3.36	\$3.61	\$3.88	\$4.10	\$4.33	\$4.58	\$4.83	\$134.94
Black Hills Corporation	BKH	(\$49.95)	\$0.00	\$0.26	\$1.65	\$1.89	\$2.06	\$2.25	\$2.50	\$2.77	\$3.05	\$3.35	\$3.65	\$3.95	\$4.17	\$4.41	\$4.66	\$4.92	\$121.29
CMS Energy Corporation	CMS	(\$30.73)	\$0.00	\$0.18	\$1.09	\$1.18	\$1.25	\$1.32	\$1.44	\$1.57	\$1.71	\$1.86	\$2.02	\$2.19	\$2.31	\$2.44	\$2.58	\$2.72	\$72.89
DTE Energy Company	DTE	(\$78.13)	\$0.00	\$0.38	\$2.35	\$2.59	\$2.76	\$2.94	\$3.21	\$3.50	\$3.81	\$4.13	\$4.48	\$4.85	\$5.12	\$5.41	\$5.71	\$6.04	\$184.20
SCANA Corporation	SCG	(\$50.85)	\$0.00	\$0.33	\$2.00	\$2.12	\$2.21	\$2.30	\$2.51	\$2.73	\$2.98	\$3.25	\$3.55	\$3.87	\$4.09	\$4.32	\$4.57	\$4.82	\$121.19
TECO Energy, Inc.	TE	(\$18.27)	\$0.00	\$0.15	\$0.93	\$0.89	\$0.87	\$0.85	\$0.89	\$0.93	\$0.98	\$1.02	\$1.07	\$1.12	\$1.18	\$1.25	\$1.32	\$1.40	\$40.25
Vectren Corporation	VVC	(\$41.62)	\$0.00	\$0.21	\$1.29	\$1.21	\$1.18	\$1.14	\$1.27	\$1.42	\$1.57	\$1.74	\$1.92	\$2.12	\$2.24	\$2.36	\$2.50	\$2.64	\$97.35

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
30 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Inputs			[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
			Stock	EPS Growth	Value	Low	Long-Term	Payout Ratio	Iterative Solution	Terminal	Terminal				
Company	Ticker	Price	Zacks	First Call	Line	Growth	Growth	2014	2018	2024		Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$54.29	4.90%	4.97%	4.50%	4.50%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.78%	17.19	3.05	
Duke Energy Corporation	DUK	\$77.37	4.70%	4.70%	5.00%	4.70%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.37%	19.09	3.39	
Empire District Electric Company	EDE	\$25.55	3.00%	3.00%	4.00%	3.00%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.33%	19.30	3.42	
Great Plains Energy Inc.	GXP	\$25.17	5.00%	5.00%	6.00%	5.00%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.33%	15.18	2.69	
Hawaiian Electric Industries, Inc.	HE	\$26.99	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	(\$0.00)	9.83%	17.01	3.02	
IDACORP, Inc.	IDA	\$56.77	4.00%	4.00%	1.50%	1.50%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.20%	20.02	3.55	
NextEra Energy, Inc.	NEE	\$95.13	6.60%	6.47%	6.00%	6.00%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.58%	18.07	3.21	
Otter Tail Corporation	OTTR	\$28.24	NA	6.00%	15.50%	6.00%	5.64%	70.00%	59.00%	67.52%	\$0.00	9.46%	18.66	3.31	
Pinnacle West Capital Corporation	PNW	\$57.18	3.70%	3.67%	4.00%	3.67%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	9.94%	16.56	2.94	
PNM Resources, Inc.	PNM	\$26.49	8.50%	8.32%	11.00%	8.32%	5.64%	50.00%	49.00%	67.52%	\$0.00	10.34%	15.17	2.69	
Portland General Electric Company	POR	\$33.76	7.80%	7.80%	5.00%	5.00%	5.64%	50.00%	54.00%	67.52%	\$0.00	9.36%	19.13	3.39	
Southern Company	SO	\$45.39	3.50%	3.42%	3.50%	3.42%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.67%	17.66	3.13	
Westar Energy, Inc.	WR	\$35.40	3.80%	3.20%	6.00%	3.20%	5.64%	58.00%	55.00%	67.52%	\$0.00	9.68%	17.64	3.13	
Alliant Energy Corporation	LNT	\$57.86	4.80%	4.40%	6.00%	4.40%	5.64%	59.00%	60.00%	67.52%	\$0.00	9.60%	18.01	3.20	
Black Hills Corporation	BKH	\$49.95	NA	7.00%	9.50%	7.00%	5.64%	56.00%	58.00%	67.52%	\$0.00	9.98%	16.43	2.92	
CMS Energy Corporation	CMS	\$30.73	6.10%	6.80%	6.50%	6.10%	5.64%	60.00%	58.00%	67.52%	\$0.00	9.87%	16.86	2.99	
DTE Energy Company	DTE	\$78.13	6.20%	5.87%	6.50%	5.87%	5.64%	57.00%	58.00%	67.52%	\$0.00	9.34%	19.26	3.42	
SCANA Corporation	SCG	\$50.85	4.40%	4.60%	5.00%	4.40%	5.64%	55.00%	54.00%	67.52%	\$0.00	10.19%	15.67	2.78	
TECO Energy, Inc.	TE	\$18.27	6.50%	6.43%	3.50%	3.50%	5.64%	93.00%	71.00%	67.52%	\$0.00	9.11%	20.55	3.65	
Vectren Corporation	VVC	\$41.62	4.70%	4.50%	9.00%	4.50%	5.64%	71.00%	51.00%	67.52%	\$0.00	8.41%	25.66	4.55	

DCF

Result -

w/

Flotation

Cost

Flotation

Cost

Mean 9.62% 0.14% 9.76%

Max 10.34% 0.14% 10.47%

Min 8.41% 0.14% 8.55%

Projected Annual
Earnings per Share

Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.32	\$3.47	\$3.63	\$3.79	\$3.96	\$4.14	\$4.34	\$4.55	\$4.78	\$5.03	\$5.31	\$5.61	\$5.93	\$6.26	\$6.61	\$6.99
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.36	\$4.57	\$4.78	\$5.01	\$5.24	\$5.50	\$5.77	\$6.07	\$6.39	\$6.75	\$7.14	\$7.54	\$7.96	\$8.41	\$8.88
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.32	\$2.45	\$2.58	\$2.73	\$2.88
Great Plains Energy Inc.	GXP	\$1.62	\$1.70	\$1.79	\$1.88	\$1.97	\$2.07	\$2.17	\$2.28	\$2.40	\$2.53	\$2.67	\$2.82	\$2.97	\$3.14	\$3.32	\$3.51	\$3.70
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.69	\$3.75	\$3.81	\$3.86	\$3.92	\$3.98	\$4.07	\$4.18	\$4.33	\$4.52	\$4.77	\$5.04	\$5.33	\$5.63	\$5.94	\$6.28
NextEra Energy, Inc.	NEE	\$4.83	\$5.12	\$5.43	\$5.75	\$6.10	\$6.46	\$6.85	\$7.26	\$7.69	\$8.13	\$8.60	\$9.08	\$9.60	\$10.14	\$10.71	\$11.31	\$11.95
Otter Tail Corporation	OTTR	\$1.37	\$1.45	\$1.54	\$1.63	\$1.73	\$1.83	\$1.94	\$2.06	\$2.18	\$2.31	\$2.44	\$2.58	\$2.72	\$2.88	\$3.04	\$3.21	\$3.39
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.79	\$3.93	\$4.08	\$4.23	\$4.38	\$4.54	\$4.73	\$4.93	\$5.16	\$5.42	\$5.72	\$6.04	\$6.38	\$6.74	\$7.12	\$7.53
PNM Resources, Inc.	PNM	\$1.41	\$1.53	\$1.65	\$1.79	\$1.94	\$2.10	\$2.28	\$2.46	\$2.64	\$2.82	\$3.01	\$3.18	\$3.36	\$3.55	\$3.75	\$3.96	\$4.18
Portland General Electric Company	POR	\$1.77	\$1.86	\$1.95	\$2.05	\$2.15	\$2.26	\$2.37	\$2.49	\$2.62	\$2.76	\$2.91	\$3.08	\$3.25	\$3.43	\$3.63	\$3.83	\$4.05
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.09	\$3.19	\$3.30	\$3.43	\$3.57	\$3.73	\$3.92	\$4.14	\$4.37	\$4.62	\$4.88	\$5.15	\$5.44
Westar Energy, Inc.	WR	\$2.27	\$2.34	\$2.42	\$2.49	\$2.57	\$2.66	\$2.74	\$2.84	\$2.96	\$3.09	\$3.23	\$3.42	\$3.61	\$3.81	\$4.03	\$4.25	\$4.49
Alliant Energy Corporation	LNT	\$2.39	\$2.43	\$2.49	\$2.56	\$2.63	\$2.70	\$2.77	\$2.84	\$2.91	\$2.98	\$3.05	\$3.12	\$3.19	\$3.26	\$3.33	\$3.40	\$3.47
Black Hills Corporation	BKH	\$2.61	\$2.79	\$2.99	\$3.20	\$3.42	\$3.66	\$3.92	\$4.18	\$4.46	\$4.74	\$5.03	\$5.31	\$5.61	\$5.92	\$6.26	\$6.61	\$6.98
CMS Energy Corporation	CMS	\$1.66	\$1.76	\$1.87	\$1.98	\$2.10	\$2.23	\$2.37	\$2.51	\$2.66	\$2.82	\$2.98	\$3.15	\$3.32	\$3.51	\$3.71	\$3.92	\$4.14
DTE Energy Company	DTE	\$3.76	\$3.98	\$4.21	\$4.46	\$4.72	\$5.00	\$5.29	\$5.60	\$5.93	\$6.27	\$6.63	\$7.00	\$7.39	\$7.81	\$8.25	\$8.72	\$9.21
SCANA Corporation	SCG	\$3.39	\$3.54	\$3.69	\$3.86	\$4.03	\$4.20	\$4.39	\$4.59	\$4.81	\$5.05	\$5.32	\$5.62	\$5.93	\$6.27	\$6.62	\$6.99	\$7.39
TECO Energy, Inc.	TE	\$0.92	\$0.95	\$0.99	\$1.02	\$1.06	\$1.09	\$1.13	\$1.17	\$1.22	\$1.28	\$1.34	\$1.42	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87
Vectren Corporation	VVC	\$1.66	\$1.73	\$1.81	\$1.89	\$1.98	\$2.07	\$2.16	\$2.26	\$2.37	\$2.49	\$2.62	\$2.77	\$2.93	\$3.09	\$3.27	\$3.45	\$3.65

Projected Annual
Dividend Payout Ratio

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual
Cash Flows

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]	Terminal Value
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
American Electric Power Company, Inc.	AEP	\$2.03	\$2.14	\$2.25	\$2.37	\$2.50	\$2.64	\$2.80	\$2.97	\$3.15	\$3.36	\$3.59	\$3.79	\$4.00	\$4.23	\$4.47	\$4.72	\$4.97	\$120.13
Duke Energy Corporation	DUK	\$2.96	\$3.02	\$3.08	\$3.14	\$3.20	\$3.39	\$3.58	\$3.80	\$4.03	\$4.28	\$4.56	\$4.82	\$5.09	\$5.38	\$5.68	\$6.00	\$6.00	\$169.60
Empire District Electric Company	EDE	\$1.01	\$1.02	\$1.04	\$1.06	\$1.08	\$1.13	\$1.18	\$1.24	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.74	\$1.84	\$1.95	\$55.65	
Great Plains Energy Inc.	GXP	\$0.99	\$1.05	\$1.13	\$1.20	\$1.28	\$1.37	\$1.46	\$1.55	\$1.66	\$1.78	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$2.50	\$56.21	
Hawaiian Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$58.17	
IDACORP, Inc.	IDA	\$1.88	\$1.98	\$2.07	\$2.17	\$2.27	\$2.37	\$2.49	\$2.63	\$2.79	\$2.98	\$3.22	\$3.40	\$3.60	\$3.80	\$4.01	\$4.24	\$125.66	
NextEra Energy, Inc.	NEE	\$3.12	\$3.26	\$3.39	\$3.54	\$3.68	\$4.03	\$4.39	\$4.78	\$5.21	\$5.66	\$6.13	\$6.48	\$6.84	\$7.23	\$7.64	\$8.07	\$215.96	
Otter Tail Corporation	OTTR	\$1.02	\$1.04	\$1.05	\$1.07	\$1.08	\$1.17	\$1.27	\$1.38	\$1.49	\$1.61	\$1.74	\$1.84	\$1.94	\$2.05	\$2.17	\$2.29	\$63.26	
Pinnacle West Capital Corporation	PNW	\$2.39	\$2.50	\$2.61	\$2.73	\$2.85	\$2.97	\$3.11	\$3.27	\$3.44	\$3.63	\$3.86	\$4.08	\$4.31	\$4.55	\$4.81	\$5.08	\$124.61	
PNM Resources, Inc.	PNM	\$0.76	\$0.82	\$0.89	\$0.96	\$1.03	\$1.19	\$1.36	\$1.54	\$1.73	\$1.94	\$2.15	\$2.27	\$2.39	\$2.53	\$2.67	\$2.82	\$63.41	
Portland General Electric Company	POR	\$0.93	\$1.00	\$1.07	\$1.14	\$1.22	\$1.33	\$1.46	\$1.59	\$1.74	\$1.90	\$2.08	\$2.19	\$2.32	\$2.45	\$2.59	\$2.73	\$77.40	
Southern Company	SO	\$2.07	\$2.12	\$2.18	\$2.24	\$2.30	\$2.35	\$2.42	\$2.49	\$2.58	\$2.67	\$2.79	\$2.95	\$3.12	\$3.29	\$3.48	\$3.67	\$96.06	
Westar Energy, Inc.	WR	\$1.36	\$1.38	\$1.41	\$1.44	\$1.46	\$1.57	\$1.68	\$1.81	\$1.95	\$2.12	\$2.31	\$2.44	\$2.57	\$2.72	\$2.87	\$3.03	\$79.27	
Alliant Energy Corporation	LNT	\$1.03	\$1.12	\$1.23	\$2.34	\$2.45	\$2.61	\$2.79	\$2.98	\$3.19	\$3.42	\$3.68	\$3.89	\$4.11	\$4.34	\$4.58	\$4.84	\$129.16	
Black Hills Corporation	BKH	\$1.56	\$1.69	\$1.82	\$1.97	\$2.12	\$2.31	\$2.56	\$2.80	\$3.05	\$3.31	\$3.58	\$3.79	\$4.00	\$4.23	\$4.46	\$4.72	\$114.74	
CMS Energy Corporation	CMS	\$1.06	\$1.11	\$1.17	\$1.23	\$1.29	\$1.33	\$1.38	\$1.47	\$1.58	\$1.69	\$1.81	\$1.94	\$2.07	\$2.21	\$2.35	\$2.50	\$66.51	
DTE Energy Company	DTE	\$2.27	\$2.42	\$2.57	\$2.73	\$2.90	\$3.15	\$3.43	\$3.72	\$4.03	\$4.37	\$4.73	\$5.09	\$5.47	\$5.87	\$6.22	\$6.58	\$177.38	
SCANA Corporation	SCG	\$1.95	\$2.02	\$2.10	\$2.18	\$2.27	\$2.47	\$2.69	\$2.92	\$3.18	\$3.47	\$3.79	\$4.14	\$4.47	\$4.72	\$4.99	\$5.26	\$115.80	
TECO Energy, Inc.	TE	\$0.89	\$0.86	\$0.84	\$0.81	\$0.78	\$0.80	\$0.82	\$0.85	\$0.88	\$0.91	\$0.96	\$1.01	\$1.07	\$1.13	\$1.19	\$1.26	\$38.35	
Vedren Corporation	VVC	\$1.23	\$1.20	\$1.16	\$1.11	\$1.06	\$1.16	\$1.28	\$1.41	\$1.55	\$1.70	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$2.46	\$93.61	

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
30 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Projected Annual Data		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows		Initial																	
Company	Ticker	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
American Electric Power Company, Inc.	AEP	(\$54.29)	\$0.00	\$0.34	\$2.07	\$2.25	\$2.37	\$2.50	\$2.64	\$2.80	\$2.97	\$3.15	\$3.36	\$3.59	\$3.79	\$4.00	\$4.23	\$4.47	\$124.85
Duke Energy Corporation	DUK	(\$77.37)	\$0.00	\$0.49	\$3.03	\$3.08	\$3.14	\$3.20	\$3.39	\$3.58	\$3.80	\$4.03	\$4.28	\$4.56	\$4.82	\$5.09	\$5.38	\$5.68	\$175.60
Empire District Electric Company	EDE	(\$25.55)	\$0.00	\$0.17	\$1.02	\$1.04	\$1.06	\$1.08	\$1.13	\$1.18	\$1.24	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.74	\$1.84	\$57.59
Great Plains Energy Inc.	GXP	(\$25.17)	\$0.00	\$0.16	\$1.01	\$1.13	\$1.20	\$1.28	\$1.37	\$1.46	\$1.55	\$1.66	\$1.78	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$58.71
Hawaiian Electric Industries, Inc.	HE	(\$26.99)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$60.48
IDACORP, Inc.	IDA	(\$56.77)	\$0.00	\$0.31	\$1.90	\$2.07	\$2.17	\$2.27	\$2.37	\$2.49	\$2.63	\$2.79	\$2.98	\$3.22	\$3.40	\$3.60	\$3.80	\$4.01	\$129.90
NextEra Energy, Inc.	NEE	(\$95.13)	\$0.00	\$0.52	\$3.22	\$3.39	\$3.54	\$3.68	\$4.03	\$4.39	\$4.78	\$5.21	\$5.66	\$6.13	\$6.48	\$6.84	\$7.23	\$7.64	\$224.03
Otter Tail Corporation	OTTR	(\$28.24)	\$0.00	\$0.17	\$1.05	\$1.05	\$1.07	\$1.08	\$1.17	\$1.27	\$1.38	\$1.49	\$1.61	\$1.74	\$1.84	\$1.94	\$2.05	\$2.17	\$65.55
Pinnacle West Capital Corporation	PNW	(\$57.18)	\$0.00	\$0.40	\$2.43	\$2.61	\$2.73	\$2.85	\$2.97	\$3.11	\$3.27	\$3.44	\$3.63	\$3.86	\$4.08	\$4.31	\$4.55	\$4.81	\$129.69
PNM Resources, Inc.	PNM	(\$26.49)	\$0.00	\$0.13	\$0.80	\$0.89	\$0.96	\$1.03	\$1.19	\$1.36	\$1.54	\$1.73	\$1.94	\$2.15	\$2.27	\$2.39	\$2.53	\$2.67	\$66.23
Portland General Electric Company	POR	(\$33.76)	\$0.00	\$0.16	\$0.95	\$1.07	\$1.14	\$1.22	\$1.33	\$1.46	\$1.59	\$1.74	\$1.90	\$2.08	\$2.19	\$2.32	\$2.45	\$2.59	\$80.13
Southern Company	SO	(\$45.39)	\$0.00	\$0.35	\$2.10	\$2.18	\$2.24	\$2.30	\$2.35	\$2.42	\$2.49	\$2.58	\$2.67	\$2.79	\$2.95	\$3.12	\$3.29	\$3.48	\$99.74
Westar Energy, Inc.	WR	(\$35.40)	\$0.00	\$0.23	\$1.38	\$1.41	\$1.44	\$1.46	\$1.57	\$1.68	\$1.81	\$1.95	\$2.12	\$2.31	\$2.44	\$2.57	\$2.72	\$2.87	\$82.31
Alliant Energy Corporation	LNT	(\$57.86)	\$0.00	\$0.34	\$2.07	\$2.23	\$2.34	\$2.45	\$2.61	\$2.79	\$2.98	\$3.19	\$3.42	\$3.68	\$3.89	\$4.11	\$4.34	\$4.58	\$134.00
Black Hills Corporation	BKH	(\$49.95)	\$0.00	\$0.26	\$1.62	\$1.82	\$1.97	\$2.12	\$2.33	\$2.56	\$2.80	\$3.05	\$3.31	\$3.58	\$3.79	\$4.00	\$4.23	\$4.46	\$119.46
CMS Energy Corporation	CMS	(\$30.73)	\$0.00	\$0.18	\$1.09	\$1.17	\$1.23	\$1.29	\$1.41	\$1.54	\$1.67	\$1.81	\$1.96	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$72.59
DTE Energy Company	DTE	(\$78.13)	\$0.00	\$0.38	\$2.34	\$2.57	\$2.73	\$2.90	\$3.15	\$3.43	\$3.72	\$4.03	\$4.37	\$4.73	\$4.99	\$5.27	\$5.57	\$5.89	\$183.60
SCANA Corporation	SCG	(\$50.85)	\$0.00	\$0.33	\$1.99	\$2.10	\$2.18	\$2.27	\$2.47	\$2.69	\$2.92	\$3.18	\$3.47	\$3.79	\$4.01	\$4.23	\$4.47	\$4.72	\$120.79
TECO Energy, Inc.	TE	(\$18.27)	\$0.00	\$0.15	\$0.90	\$0.84	\$0.81	\$0.78	\$0.80	\$0.82	\$0.85	\$0.88	\$0.91	\$0.96	\$1.01	\$1.07	\$1.13	\$1.19	\$39.60
Vectren Corporation	VVC	(\$41.62)	\$0.00	\$0.21	\$1.26	\$1.16	\$1.11	\$1.06	\$1.16	\$1.28	\$1.41	\$1.55	\$1.70	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$96.07

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
30 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Inputs	Stock	[1]		[2]		[3]		[4]		[5]		[6]		[7]		[8]		[9]		[10]		[11]		[12]		[13]	
		EPS Growth Rate		Estimates		Value		Line		Growth		Long-Term		Payout Ratio		Iterative Solution		Terminal		Terminal		Terminal		Terminal		Terminal	
		Price	Zacks	First Call	Value	High	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio													

Company	Ticker	Price	Zacks	First Call	Value	High	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio													
American Electric Power Company, Inc.	AEP	\$54.29	4.90%	4.97%	4.50%	4.97%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.93%	16.62	2.95													
Duke Energy Corporation	DUK	\$77.37	4.70%	4.70%	5.00%	5.00%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.45%	18.68	3.31													
Empire District Electric Company	EDE	\$25.55	3.00%	3.00%	4.00%	4.00%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.61%	17.93	3.18													
Great Plains Energy Inc.	GXP	\$25.17	5.00%	5.00%	6.00%	6.00%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.67%	14.15	2.51													
Hawaiian Electric Industries, Inc.	HE	\$26.99	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	(\$0.00)	9.83%	17.01	3.02													
IDACORP, Inc.	IDA	\$56.77	4.00%	4.00%	1.50%	4.00%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.91%	16.67	2.96													
NextEra Energy, Inc.	NEE	\$95.13	6.60%	6.47%	6.00%	6.60%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.75%	17.33	3.07													
Otter Tail Corporation	OTTR	\$28.24	NA	6.00%	15.50%	15.50%	5.64%	70.00%	59.00%	67.52%	\$0.00	12.72%	10.07	1.79													
Pinnacle West Capital Corporation	PNW	\$57.18	3.70%	3.67%	4.00%	4.00%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.05%	16.17	2.87													
PNM Resources, Inc.	PNM	\$26.49	8.50%	8.32%	11.00%	11.00%	5.64%	50.00%	49.00%	67.52%	\$0.00	11.23%	12.76	2.26													
Portland General Electric Company	POR	\$33.76	7.80%	7.80%	5.00%	7.80%	5.64%	50.00%	54.00%	67.52%	\$0.00	10.16%	15.75	2.79													
Southern Company	SO	\$45.39	3.50%	3.42%	3.50%	3.50%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.70%	17.55	3.11													
Westar Energy, Inc.	WR	\$35.40	3.80%	3.20%	6.00%	6.00%	5.64%	58.00%	55.00%	67.52%	\$0.00	10.56%	14.48	2.87													
Alliant Energy Corporation	LNT	\$57.86	4.80%	4.40%	6.00%	6.00%	5.64%	59.00%	60.00%	67.52%	\$0.00	10.07%	16.08	2.55													
Black Hills Corporation	BKH	\$49.95	NA	7.00%	9.50%	9.50%	5.64%	56.00%	58.00%	67.52%	\$0.00	10.77%	13.88	2.46													
CMS Energy Corporation	CMS	\$30.73	6.10%	6.80%	6.50%	6.80%	5.64%	60.00%	58.00%	67.52%	\$0.00	10.08%	16.06	2.85													
DTE Energy Company	DTE	\$78.13	6.20%	5.87%	6.50%	6.50%	5.64%	57.00%	58.00%	67.52%	\$0.00	9.51%	18.43	3.27													
SCANA Corporation	SCG	\$50.85	4.40%	4.60%	5.00%	5.00%	5.64%	55.00%	54.00%	67.52%	\$0.00	10.38%	15.03	2.67													
TECO Energy, Inc.	TE	\$18.27	6.50%	6.43%	3.50%	6.50%	5.64%	93.00%	71.00%	67.52%	\$0.00	9.96%	16.49	2.93													
Vectren Corporation	VVC	\$41.62	4.70%	4.50%	9.00%	9.00%	5.64%	71.00%	51.00%	67.52%	\$0.00	9.46%	18.66	3.31													

DCF
Result -
w/
Flotation
Cost

DCF Resu	10.19%	0.14%	10.33%
Mean	10.19%	0.14%	10.33%
Max	12.72%	0.14%	12.86%
Min	9.45%	0.14%	9.59%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.34	\$3.50	\$3.68	\$3.86	\$4.05	\$4.25	\$4.47	\$4.70	\$4.95	\$5.22	\$5.51	\$5.82	\$6.15	\$6.50	\$6.87	\$7.25
Duke Energy Corporation	DUK	\$3.98	\$4.18	\$4.39	\$4.61	\$4.84	\$5.08	\$5.33	\$5.61	\$5.90	\$6.21	\$6.55	\$6.92	\$7.31	\$7.72	\$8.15	\$8.61	\$9.10
Empire District Electric Company	EDE	\$1.48	\$1.54	\$1.60	\$1.66	\$1.73	\$1.80	\$1.87	\$1.95	\$2.04	\$2.14	\$2.25	\$2.38	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12
Great Plains Energy Inc.	GXP	\$1.62	\$1.72	\$1.82	\$1.93	\$2.05	\$2.17	\$2.30	\$2.43	\$2.58	\$2.73	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$4.01
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.79	\$3.94	\$4.09	\$4.26	\$4.43	\$4.61	\$4.80	\$5.02	\$5.26	\$5.53	\$5.84	\$6.17	\$6.52	\$6.89	\$7.27	\$7.68
NextEra Energy, Inc.	NEE	\$4.83	\$5.15	\$5.49	\$5.85	\$6.24	\$6.65	\$7.09	\$7.54	\$8.02	\$8.51	\$9.01	\$9.52	\$10.06	\$10.63	\$11.23	\$11.86	\$12.53
Otter Tail Corporation	OTTR	\$1.37	\$1.58	\$1.83	\$2.11	\$2.44	\$2.82	\$3.25	\$3.70	\$4.16	\$4.59	\$5.00	\$5.29	\$5.58	\$5.90	\$6.23	\$6.58	\$6.95
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.96	\$4.12	\$4.28	\$4.45	\$4.63	\$4.83	\$5.05	\$5.29	\$5.56	\$5.87	\$6.21	\$6.56	\$6.92	\$7.31	\$7.73
PNM Resources, Inc.	PNM	\$1.41	\$1.57	\$1.74	\$1.93	\$2.14	\$2.38	\$2.64	\$2.90	\$3.17	\$3.44	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$4.85	\$5.13
Portland General Electric Company	POR	\$1.77	\$1.91	\$2.06	\$2.22	\$2.39	\$2.58	\$2.78	\$2.98	\$3.20	\$3.41	\$3.63	\$3.83	\$4.05	\$4.28	\$4.52	\$4.77	\$5.04
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.21	\$3.32	\$3.45	\$3.59	\$3.76	\$3.94	\$4.16	\$4.40	\$4.65	\$4.91	\$5.18	\$5.48
Westar Energy, Inc.	WR	\$2.27	\$2.41	\$2.55	\$2.70	\$2.87	\$3.04	\$3.22	\$3.41	\$3.61	\$3.82	\$4.04	\$4.27	\$4.51	\$4.76	\$5.03	\$5.32	\$5.62
Alliant Energy Corporation	LNT	\$2.39	\$3.49	\$3.70	\$3.92	\$4.15	\$4.40	\$4.67	\$4.94	\$5.23	\$5.54	\$5.86	\$6.19	\$6.54	\$6.91	\$7.29	\$7.71	\$8.14
Black Hills Corporation	BKH	\$2.61	\$2.86	\$3.13	\$3.43	\$3.75	\$4.11	\$4.50	\$4.90	\$5.30	\$5.70	\$6.10	\$6.44	\$6.80	\$7.19	\$7.59	\$8.02	\$8.47
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.89	\$2.02	\$2.16	\$2.31	\$2.46	\$2.63	\$2.79	\$2.97	\$3.15	\$3.32	\$3.51	\$3.71	\$3.92	\$4.14	\$4.37
DTE Energy Company	DTE	\$3.76	\$4.00	\$4.26	\$4.54	\$4.84	\$5.15	\$5.49	\$5.84	\$6.20	\$6.57	\$6.96	\$7.36	\$7.77	\$8.21	\$8.67	\$9.16	\$9.67
SCANA Corporation	SCG	\$3.39	\$3.56	\$3.74	\$3.92	\$4.12	\$4.33	\$4.54	\$4.77	\$5.02	\$5.29	\$5.58	\$5.89	\$6.22	\$6.57	\$6.95	\$7.34	\$7.75
TECO Energy, Inc.	TE	\$0.92	\$0.98	\$1.04	\$1.11	\$1.18	\$1.26	\$1.34	\$1.43	\$1.52	\$1.61	\$1.70	\$1.80	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37
Vectren Corporation	VVC	\$1.66	\$1.81	\$1.97	\$2.15	\$2.34	\$2.55	\$2.78	\$3.02	\$3.26	\$3.50	\$3.73	\$3.94	\$4.16	\$4.40	\$4.65	\$4.91	\$5.18

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectra Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
30 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Projected Annual Data		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows		Initial																	
Company	Ticker	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
American Electric Power Company, Inc.	AEP	(\$54.29)	\$0.00	\$0.34	\$2.09	\$2.28	\$2.41	\$2.55	\$2.71	\$2.88	\$3.07	\$3.27	\$3.49	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$125.47
Duke Energy Corporation	DUK	(\$77.37)	\$0.00	\$0.50	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.88	\$4.12	\$4.38	\$4.67	\$4.93	\$5.21	\$5.51	\$5.82	\$176.09
Empire District Electric Company	EDE	(\$25.55)	\$0.00	\$0.17	\$1.04	\$1.07	\$1.10	\$1.13	\$1.19	\$1.26	\$1.33	\$1.41	\$1.50	\$1.60	\$1.69	\$1.79	\$1.89	\$2.00	\$58.14
Great Plains Energy Inc.	GXP	(\$25.17)	\$0.00	\$0.17	\$1.03	\$1.16	\$1.25	\$1.34	\$1.45	\$1.55	\$1.67	\$1.79	\$1.92	\$2.06	\$2.17	\$2.30	\$2.43	\$2.56	\$59.44
Hawaiian Electric Industries, Inc.	HE	(\$26.99)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$60.48
IDACORP, Inc.	IDA	(\$56.77)	\$0.00	\$0.32	\$1.97	\$2.23	\$2.40	\$2.57	\$2.74	\$2.94	\$3.15	\$3.39	\$3.65	\$3.94	\$4.17	\$4.40	\$4.65	\$4.91	\$133.29
NextEra Energy, Inc.	NEE	(\$95.13)	\$0.00	\$0.52	\$3.24	\$3.45	\$3.62	\$3.79	\$4.16	\$4.56	\$4.99	\$5.45	\$5.93	\$6.43	\$6.79	\$7.17	\$7.58	\$8.01	\$225.50
Otter Tail Corporation	OTTR	(\$28.24)	\$0.00	\$0.19	\$1.19	\$1.36	\$1.51	\$1.66	\$1.97	\$2.29	\$2.63	\$2.97	\$3.31	\$3.57	\$3.77	\$3.98	\$4.21	\$4.44	\$74.73
Pinnacle West Capital Corporation	PNW	(\$57.18)	\$0.00	\$0.40	\$2.45	\$2.63	\$2.76	\$2.89	\$3.03	\$3.18	\$3.35	\$3.53	\$3.73	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$130.14
PNM Resources, Inc.	PNM	(\$26.49)	\$0.00	\$0.13	\$0.83	\$0.95	\$1.05	\$1.16	\$1.37	\$1.60	\$1.85	\$2.11	\$2.38	\$2.63	\$2.78	\$2.94	\$3.10	\$3.28	\$68.87
Portland General Electric Company	POR	(\$33.76)	\$0.00	\$0.16	\$0.99	\$1.15	\$1.27	\$1.39	\$1.56	\$1.75	\$1.94	\$2.15	\$2.37	\$2.59	\$2.73	\$2.89	\$3.05	\$3.22	\$82.76
Southern Company	SO	(\$45.39)	\$0.00	\$0.35	\$2.10	\$2.19	\$2.25	\$2.31	\$2.36	\$2.43	\$2.51	\$2.59	\$2.69	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$99.81
Westar Energy, Inc.	WR	(\$35.40)	\$0.00	\$0.23	\$1.44	\$1.53	\$1.60	\$1.67	\$1.84	\$2.02	\$2.21	\$2.42	\$2.64	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$85.11
Alliant Energy Corporation	LNT	(\$57.86)	\$0.00	\$0.34	\$2.12	\$2.33	\$2.48	\$2.64	\$2.86	\$3.09	\$3.34	\$3.60	\$3.88	\$4.18	\$4.41	\$4.66	\$4.93	\$5.20	\$136.36
Black Hills Corporation	BKH	(\$49.95)	\$0.00	\$0.27	\$1.68	\$1.95	\$2.16	\$2.38	\$2.68	\$3.00	\$3.33	\$3.67	\$4.02	\$4.35	\$4.59	\$4.85	\$5.12	\$5.41	\$123.30
CMS Energy Corporation	CMS	(\$30.73)	\$0.00	\$0.18	\$1.10	\$1.19	\$1.26	\$1.34	\$1.47	\$1.61	\$1.75	\$1.91	\$2.07	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$73.18
DTE Energy Company	DTE	(\$78.13)	\$0.00	\$0.38	\$2.36	\$2.61	\$2.79	\$2.99	\$3.27	\$3.57	\$3.89	\$4.23	\$4.59	\$4.97	\$5.25	\$5.54	\$5.85	\$6.18	\$184.80
SCANA Corporation	SCG	(\$50.85)	\$0.00	\$0.33	\$2.01	\$2.14	\$2.24	\$2.34	\$2.56	\$2.79	\$3.05	\$3.33	\$3.64	\$3.98	\$4.20	\$4.44	\$4.69	\$4.95	\$121.70
TECO Energy, Inc.	TE	(\$18.27)	\$0.00	\$0.15	\$0.94	\$0.91	\$0.91	\$0.89	\$0.95	\$1.00	\$1.05	\$1.10	\$1.16	\$1.22	\$1.28	\$1.36	\$1.43	\$1.51	\$40.64
Vectren Corporation	VVC	(\$41.62)	\$0.00	\$0.21	\$1.34	\$1.31	\$1.31	\$1.30	\$1.50	\$1.71	\$1.93	\$2.17	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$100.25

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
90 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal	
			Value	Zacks	First Call	Line		Average	Growth	2014				2018
Company	Ticker	Price									Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$53.47	4.90%	4.97%	4.50%	4.79%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.94%	16.58	2.94
Duke Energy Corporation	DUK	\$74.37	4.70%	4.70%	5.00%	4.80%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.55%	18.20	3.23
Empire District Electric Company	EDE	\$25.33	3.00%	3.00%	4.00%	3.33%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.46%	18.66	3.31
Great Plains Energy Inc.	GXP	\$25.43	5.00%	5.00%	6.00%	5.33%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.40%	14.98	2.66
Hawaiian Electric Industries, Inc.	HE	\$25.42	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	\$0.00	10.10%	15.98	2.84
IDACORP, Inc.	IDA	\$55.78	4.00%	4.00%	1.50%	3.17%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.74%	17.39	3.09
NextEra Energy, Inc.	NEE	\$96.48	6.60%	6.47%	6.00%	6.36%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.63%	17.87	3.17
Otter Tail Corporation	OTTR	\$28.43	NA	6.00%	15.50%	10.75%	5.64%	70.00%	59.00%	67.52%	\$0.00	10.88%	13.60	2.41
Pinnacle West Capital Corporation	PNW	\$56.27	3.70%	3.67%	4.00%	3.79%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.05%	16.15	2.87
PNM Resources, Inc.	PNM	\$26.69	8.50%	8.32%	11.00%	9.27%	5.64%	50.00%	49.00%	67.52%	\$0.00	10.60%	14.35	2.55
Portland General Electric Company	POR	\$33.49	7.80%	7.80%	5.00%	6.87%	5.64%	50.00%	54.00%	67.52%	\$0.00	9.92%	16.66	2.96
Southern Company	SO	\$44.49	3.50%	3.42%	3.50%	3.47%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.78%	17.22	3.06
Westar Energy, Inc.	WR	\$36.14	3.80%	3.20%	6.00%	4.33%	5.64%	58.00%	55.00%	67.52%	\$0.00	9.93%	16.60	2.95
Alliant Energy Corporation	LNT	\$57.97	4.80%	4.40%	6.00%	5.07%	5.64%	59.00%	60.00%	67.52%	\$0.00	9.78%	17.20	3.05
Black Hills Corporation	BKH	\$53.03	NA	7.00%	9.50%	8.25%	5.64%	56.00%	58.00%	67.52%	\$0.00	10.10%	15.99	2.84
CMS Energy Corporation	CMS	\$30.20	6.10%	6.80%	6.50%	6.47%	5.64%	60.00%	58.00%	67.52%	\$0.00	10.05%	16.16	2.87
DTE Energy Company	DTE	\$76.85	6.20%	5.87%	6.50%	6.19%	5.64%	57.00%	58.00%	67.52%	\$0.00	9.48%	18.53	3.29
SCANA Corporation	SCG	\$51.34	4.40%	4.60%	5.00%	4.67%	5.64%	55.00%	54.00%	67.52%	\$0.00	10.23%	15.53	2.76
TECO Energy, Inc.	TE	\$17.94	6.50%	6.43%	3.50%	5.48%	5.64%	93.00%	71.00%	67.52%	\$0.00	9.73%	17.42	3.09
Vectren Corporation	VVC	\$40.69	4.70%	4.50%	9.00%	6.07%	5.64%	71.00%	51.00%	67.52%	\$0.00	8.82%	22.40	3.98
DCF Result - w/														
												Flotation	Flotation	
												Cost	Cost	
Mean												9.91%	0.14%	10.05%
Max												10.88%	0.14%	11.02%
Min												8.82%	0.14%	8.96%

DCF
Result -
w/
Flotation
Cost

DCF Resu
Mean 9.91% 0.14% 10.05%
Max 10.88% 0.14% 11.02%
Min 8.82% 0.14% 8.96%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.33	\$3.49	\$3.66	\$3.83	\$4.02	\$4.21	\$4.42	\$4.64	\$4.88	\$5.15	\$5.44	\$5.74	\$6.07	\$6.41	\$6.77	\$7.15
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.37	\$4.58	\$4.80	\$5.03	\$5.27	\$5.53	\$5.81	\$6.12	\$6.45	\$6.81	\$7.19	\$7.60	\$8.03	\$8.48	\$8.96
Empire District Electric Company	EDE	\$1.48	\$1.53	\$1.58	\$1.63	\$1.69	\$1.74	\$1.80	\$1.87	\$1.95	\$2.03	\$2.13	\$2.25	\$2.38	\$2.51	\$2.65	\$2.80	\$2.96
Great Plains Energy Inc.	GXP	\$1.62	\$1.71	\$1.80	\$1.89	\$1.99	\$2.10	\$2.21	\$2.33	\$2.46	\$2.59	\$2.74	\$2.89	\$3.05	\$3.23	\$3.41	\$3.60	\$3.80
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.76	\$3.87	\$4.00	\$4.12	\$4.25	\$4.39	\$4.55	\$4.73	\$4.94	\$5.17	\$5.46	\$5.77	\$6.10	\$6.44	\$6.80	\$7.19
NextEra Energy, Inc.	NEE	\$4.83	\$5.14	\$5.46	\$5.81	\$6.18	\$6.57	\$6.99	\$7.43	\$7.88	\$8.35	\$8.84	\$9.34	\$9.87	\$10.43	\$11.01	\$11.63	\$12.29
Otter Tail Corporation	OTTR	\$1.37	\$1.52	\$1.68	\$1.86	\$2.06	\$2.28	\$2.53	\$2.78	\$3.03	\$3.28	\$3.52	\$3.72	\$3.93	\$4.15	\$4.38	\$4.63	\$4.89
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.80	\$3.94	\$4.09	\$4.25	\$4.41	\$4.58	\$4.76	\$4.97	\$5.21	\$5.47	\$5.78	\$6.10	\$6.45	\$6.81	\$7.19	\$7.60
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.68	\$1.84	\$2.01	\$2.20	\$2.40	\$2.61	\$2.82	\$3.03	\$3.24	\$3.42	\$3.61	\$3.81	\$4.03	\$4.26	\$4.50
Portland General Electric Company	POR	\$1.77	\$1.89	\$2.02	\$2.16	\$2.31	\$2.47	\$2.64	\$2.81	\$2.99	\$3.18	\$3.37	\$3.56	\$3.76	\$3.98	\$4.20	\$4.44	\$4.69
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.20	\$3.31	\$3.44	\$3.59	\$3.75	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$5.17	\$5.46
Westar Energy, Inc.	WR	\$2.27	\$2.37	\$2.47	\$2.58	\$2.69	\$2.81	\$2.93	\$3.06	\$3.21	\$3.37	\$3.54	\$3.74	\$3.95	\$4.18	\$4.41	\$4.66	\$4.92
Alliant Energy Corporation	LNT	\$2.39	\$3.46	\$3.63	\$3.82	\$4.01	\$4.21	\$4.43	\$4.65	\$4.90	\$5.16	\$5.44	\$5.75	\$6.07	\$6.41	\$6.78	\$7.16	\$7.56
Black Hills Corporation	BKH	\$2.61	\$2.83	\$3.06	\$3.31	\$3.58	\$3.88	\$4.20	\$4.53	\$4.86	\$5.20	\$5.54	\$5.85	\$6.18	\$6.53	\$6.90	\$7.28	\$7.69
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.88	\$2.00	\$2.13	\$2.27	\$2.42	\$2.57	\$2.73	\$2.89	\$3.07	\$3.24	\$3.42	\$3.61	\$3.82	\$4.03	\$4.26
DTE Energy Company	DTE	\$3.76	\$3.99	\$4.24	\$4.50	\$4.78	\$5.08	\$5.39	\$5.72	\$6.06	\$6.42	\$6.80	\$7.18	\$7.58	\$8.01	\$8.46	\$8.94	\$9.44
SCANA Corporation	SCG	\$3.39	\$3.55	\$3.71	\$3.89	\$4.07	\$4.26	\$4.46	\$4.67	\$4.91	\$5.16	\$5.43	\$5.74	\$6.06	\$6.40	\$6.76	\$7.15	\$7.55
TECO Energy, Inc.	TE	\$0.92	\$0.97	\$1.02	\$1.08	\$1.14	\$1.20	\$1.27	\$1.34	\$1.41	\$1.49	\$1.57	\$1.66	\$1.75	\$1.85	\$1.96	\$2.07	\$2.18
Vectren Corporation	VVC	\$1.66	\$1.76	\$1.87	\$1.98	\$2.10	\$2.23	\$2.36	\$2.51	\$2.65	\$2.81	\$2.97	\$3.14	\$3.32	\$3.50	\$3.70	\$3.91	\$4.13

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]	Terminal Value
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.03	\$2.15	\$2.27	\$2.40	\$2.53	\$2.68	\$2.85	\$3.03	\$3.22	\$3.44	\$3.67	\$3.88	\$4.10	\$4.33	\$4.57	\$4.83	\$5.10	\$118.56
Duke Energy Corporation	DUK	\$2.96	\$3.03	\$3.09	\$3.16	\$3.22	\$3.31	\$3.41	\$3.61	\$3.82	\$4.06	\$4.31	\$4.60	\$4.86	\$5.13	\$5.42	\$5.72	\$6.05	\$163.01
Empire District Electric Company	EDE	\$1.01	\$1.03	\$1.05	\$1.08	\$1.10	\$1.15	\$1.21	\$1.27	\$1.34	\$1.42	\$1.52	\$1.61	\$1.70	\$1.79	\$1.89	\$2.00	\$2.00	\$55.26

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
90 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Projected Annual Data		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows		Initial																	
Company	Ticker	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
American Electric Power Company, Inc.	AEP	(\$53.47)	\$0.00	\$0.34	\$2.08	\$2.27	\$2.40	\$2.53	\$2.68	\$2.85	\$3.03	\$3.22	\$3.44	\$3.67	\$3.88	\$4.10	\$4.33	\$4.57	\$123.39
Duke Energy Corporation	DUK	(\$74.37)	\$0.00	\$0.49	\$3.03	\$3.09	\$3.16	\$3.22	\$3.41	\$3.61	\$3.82	\$4.06	\$4.31	\$4.60	\$4.86	\$5.13	\$5.42	\$5.72	\$169.06
Empire District Electric Company	EDE	(\$25.33)	\$0.00	\$0.17	\$1.03	\$1.05	\$1.08	\$1.10	\$1.15	\$1.21	\$1.27	\$1.34	\$1.42	\$1.52	\$1.61	\$1.70	\$1.79	\$1.89	\$57.26
Great Plains Energy Inc.	GXP	(\$25.43)	\$0.00	\$0.17	\$1.02	\$1.14	\$1.22	\$1.30	\$1.39	\$1.49	\$1.59	\$1.70	\$1.82	\$1.95	\$2.06	\$2.18	\$2.30	\$2.43	\$59.53
Hawaiian Electric Industries, Inc.	HE	(\$25.42)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$56.97
IDACORP, Inc.	IDA	(\$55.78)	\$0.00	\$0.32	\$1.95	\$2.18	\$2.32	\$2.47	\$2.62	\$2.78	\$2.97	\$3.18	\$3.41	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$129.85
NextEra Energy, Inc.	NEE	(\$96.48)	\$0.00	\$0.52	\$3.23	\$3.43	\$3.58	\$3.75	\$4.11	\$4.49	\$4.91	\$5.35	\$5.82	\$6.31	\$6.66	\$7.04	\$7.44	\$7.85	\$227.93
Otter Tail Corporation	OTTR	(\$28.43)	\$0.00	\$0.18	\$1.12	\$1.20	\$1.27	\$1.35	\$1.53	\$1.72	\$1.92	\$2.12	\$2.33	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12	\$69.78
Pinnacle West Capital Corporation	PNW	(\$56.27)	\$0.00	\$0.40	\$2.44	\$2.62	\$2.74	\$2.87	\$2.99	\$3.14	\$3.29	\$3.47	\$3.67	\$3.90	\$4.12	\$4.35	\$4.60	\$4.86	\$127.83
PNM Resources, Inc.	PNM	(\$26.69)	\$0.00	\$0.13	\$0.81	\$0.91	\$0.99	\$1.08	\$1.25	\$1.44	\$1.64	\$1.86	\$2.09	\$2.31	\$2.44	\$2.58	\$2.72	\$2.87	\$67.59
Portland General Electric Company	POR	(\$33.49)	\$0.00	\$0.16	\$0.98	\$1.12	\$1.22	\$1.33	\$1.48	\$1.65	\$1.82	\$2.00	\$2.20	\$2.41	\$2.54	\$2.68	\$2.84	\$3.00	\$81.23
Southern Company	SO	(\$44.49)	\$0.00	\$0.35	\$2.10	\$2.18	\$2.24	\$2.31	\$2.36	\$2.43	\$2.50	\$2.59	\$2.68	\$2.80	\$2.96	\$3.13	\$3.31	\$3.49	\$97.78
Westar Energy, Inc.	WR	(\$36.14)	\$0.00	\$0.23	\$1.40	\$1.46	\$1.50	\$1.54	\$1.67	\$1.81	\$1.96	\$2.13	\$2.32	\$2.53	\$2.67	\$2.82	\$2.98	\$3.15	\$85.03
Alliant Energy Corporation	LNT	(\$57.97)	\$0.00	\$0.34	\$2.09	\$2.27	\$2.40	\$2.53	\$2.71	\$2.91	\$3.12	\$3.36	\$3.61	\$3.88	\$4.10	\$4.33	\$4.58	\$4.83	\$135.19
Black Hills Corporation	BKH	(\$53.03)	\$0.00	\$0.26	\$1.65	\$1.89	\$2.06	\$2.25	\$2.50	\$2.77	\$3.05	\$3.35	\$3.65	\$3.95	\$4.17	\$4.41	\$4.66	\$4.92	\$128.21
CMS Energy Corporation	CMS	(\$30.20)	\$0.00	\$0.18	\$1.09	\$1.18	\$1.25	\$1.32	\$1.44	\$1.57	\$1.71	\$1.86	\$2.02	\$2.19	\$2.31	\$2.44	\$2.58	\$2.72	\$71.70
DTE Energy Company	DTE	(\$76.85)	\$0.00	\$0.38	\$2.35	\$2.59	\$2.76	\$2.94	\$3.21	\$3.50	\$3.81	\$4.13	\$4.48	\$4.85	\$5.12	\$5.41	\$5.71	\$6.04	\$181.34
SCANA Corporation	SCG	(\$51.34)	\$0.00	\$0.33	\$2.00	\$2.12	\$2.21	\$2.30	\$2.51	\$2.73	\$2.98	\$3.25	\$3.55	\$3.87	\$4.09	\$4.32	\$4.57	\$4.82	\$122.29
TECO Energy, Inc.	TE	(\$17.94)	\$0.00	\$0.15	\$0.93	\$0.89	\$0.87	\$0.85	\$0.89	\$0.93	\$0.98	\$1.02	\$1.07	\$1.12	\$1.18	\$1.25	\$1.32	\$1.40	\$39.52
Vectren Corporation	VVC	(\$40.69)	\$0.00	\$0.21	\$1.29	\$1.21	\$1.18	\$1.14	\$1.27	\$1.42	\$1.57	\$1.74	\$1.92	\$2.12	\$2.24	\$2.36	\$2.50	\$2.64	\$95.27

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
90 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Inputs	Stock	[1]		[2]		[3]		[4]		[5]		[6]		[7]		[8]		[9]		[10]		[11]		[12]		[13]	
		EPS Growth		Rate		Estimates		Value		Long-Term		Payout Ratio		Iterative Solution		Terminal		Terminal									
		Price	Zacks	First Call	Line	Growth	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio													
Company	Ticker																										
American Electric Power Company, Inc.	AEP	\$53.47	4.90%	4.97%	4.50%	4.50%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.85%	16.93	3.00													
Duke Energy Corporation	DUK	\$74.37	4.70%	4.70%	5.00%	4.70%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.53%	18.33	3.25													
Empire District Electric Company	EDE	\$25.33	3.00%	3.00%	4.00%	3.00%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.36%	19.12	3.39													
Great Plains Energy Inc.	GXP	\$25.43	5.00%	5.00%	6.00%	5.00%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.29%	15.34	2.72													
Hawaiian Electric Industries, Inc.	HE	\$25.42	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	\$0.00	10.10%	15.98	2.84													
IDACORP, Inc.	IDA	\$55.78	4.00%	4.00%	1.50%	1.50%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.26%	19.66	3.49													
NextEra Energy, Inc.	NEE	\$96.48	6.60%	6.47%	6.00%	6.00%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.53%	18.33	3.25													
Otter Tail Corporation	OTTR	\$28.43	NA	6.00%	15.50%	6.00%	5.64%	70.00%	59.00%	67.52%	\$0.00	9.43%	18.79	3.33													
Pinnacle West Capital Corporation	PNW	\$56.27	3.70%	3.67%	4.00%	3.67%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.01%	16.29	2.89													
PNM Resources, Inc.	PNM	\$26.69	8.50%	8.32%	11.00%	8.32%	5.64%	50.00%	49.00%	67.52%	\$0.00	10.30%	15.28	2.71													
Portland General Electric Company	POR	\$33.49	7.80%	7.80%	5.00%	5.00%	5.64%	50.00%	54.00%	67.52%	\$0.00	9.39%	18.98	3.37													
Southern Company	SO	\$44.49	3.50%	3.42%	3.50%	3.42%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.76%	17.29	3.07													
Westar Energy, Inc.	WR	\$36.14	3.80%	3.20%	6.00%	3.20%	5.64%	58.00%	55.00%	67.52%	\$0.00	9.60%	18.01	3.20													
Alliant Energy Corporation	LNT	\$57.97	4.80%	4.40%	6.00%	4.40%	5.64%	59.00%	60.00%	67.52%	\$0.00	9.59%	18.04	3.20													
Black Hills Corporation	BKH	\$53.03	NA	7.00%	9.50%	7.00%	5.64%	56.00%	58.00%	67.52%	\$0.00	9.73%	17.42	3.09													
CMS Energy Corporation	CMS	\$30.20	6.10%	6.80%	6.50%	6.10%	5.64%	60.00%	58.00%	67.52%	\$0.00	9.94%	16.57	2.94													
DTE Energy Company	DTE	\$76.85	6.20%	5.87%	6.50%	5.87%	5.64%	57.00%	58.00%	67.52%	\$0.00	9.40%	18.95	3.36													
SCANA Corporation	SCG	\$51.34	4.40%	4.60%	5.00%	4.40%	5.64%	55.00%	54.00%	67.52%	\$0.00	10.14%	15.82	2.81													
TECO Energy, Inc.	TE	\$17.94	6.50%	6.43%	3.50%	3.50%	5.64%	93.00%	71.00%	67.52%	\$0.00	9.17%	20.16	3.58													
Vectren Corporation	VVC	\$40.69	4.70%	4.50%	9.00%	4.50%	5.64%	71.00%	51.00%	67.52%	\$0.00	8.48%	25.09	4.45													

DCF
Result -
w/
Flotation
Cost

DCF Resu
Mean
Max
Min

Projected Annual
Earnings per Share

		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.32	\$3.47	\$3.63	\$3.79	\$3.96	\$4.14	\$4.34	\$4.55	\$4.78	\$5.03	\$5.31	\$5.61	\$5.93	\$6.26	\$6.61	\$6.99
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.36	\$4.57	\$4.78	\$5.01	\$5.24	\$5.50	\$5.77	\$6.07	\$6.39	\$6.75	\$7.14	\$7.54	\$7.96	\$8.41	\$8.88
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.32	\$2.45	\$2.58	\$2.73	\$2.88
Great Plains Energy Inc.	GXP	\$1.62	\$1.70	\$1.79	\$1.88	\$1.97	\$2.07	\$2.17	\$2.28	\$2.40	\$2.53	\$2.67	\$2.82	\$2.97	\$3.14	\$3.32	\$3.51	\$3.70
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.69	\$3.75	\$3.81	\$3.86	\$3.92	\$3.98	\$4.07	\$4.18	\$4.33	\$4.52	\$4.77	\$5.04	\$5.33	\$5.63	\$5.94	\$6.28
NextEra Energy, Inc.	NEE	\$4.83	\$5.12	\$5.43	\$5.75	\$6.10	\$6.46	\$6.85	\$7.26	\$7.69	\$8.13	\$8.60	\$9.08	\$9.60	\$10.14	\$10.71	\$11.31	\$11.95
Otter Tail Corporation	OTTR	\$1.37	\$1.45	\$1.54	\$1.63	\$1.73	\$1.83	\$1.94	\$2.06	\$2.18	\$2.31	\$2.44	\$2.58	\$2.72	\$2.88	\$3.04	\$3.21	\$3.39
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.79	\$3.93	\$4.08	\$4.23	\$4.38	\$4.54	\$4.73	\$4.93	\$5.16	\$5.42	\$5.72	\$6.04	\$6.38	\$6.74	\$7.12	\$7.53
PNM Resources, Inc.	PNM	\$1.41	\$1.53	\$1.65	\$1.79	\$1.94	\$2.10	\$2.28	\$2.46	\$2.64	\$2.82	\$3.01	\$3.18	\$3.36	\$3.55	\$3.75	\$3.96	\$4.18
Portland General Electric Company	POR	\$1.77	\$1.86	\$1.95	\$2.05	\$2.15	\$2.26	\$2.37	\$2.49	\$2.62	\$2.76	\$2.91	\$3.08	\$3.25	\$3.43	\$3.63	\$3.83	\$4.05
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.09	\$3.19	\$3.30	\$3.43	\$3.57	\$3.73	\$3.92	\$4.14	\$4.37	\$4.62	\$4.88	\$5.15	\$5.44
Westar Energy, Inc.	WR	\$2.27	\$2.34	\$2.42	\$2.49	\$2.57	\$2.66	\$2.74	\$2.84	\$2.96	\$3.09	\$3.23	\$3.42	\$3.61	\$3.81	\$4.03	\$4.25	\$4.49
Alliant Energy Corporation	LNT	\$2.39	\$2.43	\$2.49	\$2.56	\$2.63	\$2.70	\$2.77	\$2.84	\$2.91	\$2.98	\$3.05	\$3.12	\$3.19	\$3.26	\$3.33	\$3.40	\$3.47
Black Hills Corporation	BKH	\$2.61	\$2.79	\$2.99	\$3.20	\$3.42	\$3.66	\$3.92	\$4.18	\$4.46	\$4.74	\$5.03	\$5.31	\$5.61	\$5.92	\$6.26	\$6.61	\$6.98
CMS Energy Corporation	CMS	\$1.66	\$1.76	\$1.87	\$1.98	\$2.10	\$2.23	\$2.37	\$2.51	\$2.66	\$2.82	\$2.98	\$3.15	\$3.32	\$3.51	\$3.71	\$3.92	\$4.14
DTE Energy Company	DTE	\$3.76	\$3.98	\$4.21	\$4.46	\$4.72	\$5.00	\$5.29	\$5.60	\$5.93	\$6.27	\$6.63	\$7.00	\$7.39	\$7.81	\$8.25	\$8.72	\$9.21
SCANA Corporation	SCG	\$3.39	\$3.54	\$3.69	\$3.86	\$4.03	\$4.20	\$4.39	\$4.59	\$4.81	\$5.05	\$5.32	\$5.62	\$5.93	\$6.27	\$6.62	\$6.99	\$7.39
TECO Energy, Inc.	TE	\$0.92	\$0.95	\$0.99	\$1.02	\$1.06	\$1.09	\$1.13	\$1.17	\$1.22	\$1.28	\$1.34	\$1.42	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87
Vectren Corporation	VVC	\$1.66	\$1.73	\$1.81	\$1.89	\$1.98	\$2.07	\$2.16	\$2.26	\$2.37	\$2.49	\$2.62	\$2.77	\$2.93	\$3.09	\$3.27	\$3.45	\$3.65

Projected Annual
Dividend Payout Ratio

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	65.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vedren Corporation	YVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
90 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Projected Annual Data		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows		Initial																	
Company	Ticker	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
American Electric Power Company, Inc.	AEP	(\$53.47)	\$0.00	\$0.34	\$2.07	\$2.25	\$2.37	\$2.50	\$2.64	\$2.80	\$2.97	\$3.15	\$3.36	\$3.59	\$3.79	\$4.00	\$4.23	\$4.47	\$123.01
Duke Energy Corporation	DUK	(\$74.37)	\$0.00	\$0.49	\$3.03	\$3.08	\$3.14	\$3.20	\$3.39	\$3.58	\$3.80	\$4.03	\$4.28	\$4.56	\$4.82	\$5.09	\$5.38	\$5.68	\$168.89
Empire District Electric Company	EDE	(\$25.33)	\$0.00	\$0.17	\$1.02	\$1.04	\$1.06	\$1.08	\$1.13	\$1.18	\$1.24	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.74	\$1.84	\$57.09
Great Plains Energy Inc.	GXP	(\$25.43)	\$0.00	\$0.16	\$1.01	\$1.13	\$1.20	\$1.28	\$1.37	\$1.46	\$1.55	\$1.66	\$1.78	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$59.30
Hawaiian Electric Industries, Inc.	HE	(\$25.42)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$56.97
IDACORP, Inc.	IDA	(\$55.78)	\$0.00	\$0.31	\$1.90	\$2.07	\$2.17	\$2.27	\$2.37	\$2.49	\$2.63	\$2.79	\$2.98	\$3.22	\$3.40	\$3.60	\$3.80	\$4.01	\$127.68
NextEra Energy, Inc.	NEE	(\$96.48)	\$0.00	\$0.52	\$3.22	\$3.39	\$3.54	\$3.68	\$4.03	\$4.39	\$4.78	\$5.21	\$5.66	\$6.13	\$6.48	\$6.84	\$7.23	\$7.64	\$227.07
Otter Tail Corporation	OTTR	(\$28.43)	\$0.00	\$0.17	\$1.05	\$1.05	\$1.07	\$1.08	\$1.17	\$1.27	\$1.38	\$1.49	\$1.61	\$1.74	\$1.84	\$1.94	\$2.05	\$2.17	\$65.97
Pinnacle West Capital Corporation	PNW	(\$56.27)	\$0.00	\$0.40	\$2.43	\$2.61	\$2.73	\$2.85	\$2.97	\$3.11	\$3.27	\$3.44	\$3.63	\$3.86	\$4.08	\$4.31	\$4.55	\$4.81	\$127.67
PNM Resources, Inc.	PNM	(\$26.69)	\$0.00	\$0.13	\$0.80	\$0.89	\$0.96	\$1.03	\$1.19	\$1.36	\$1.54	\$1.73	\$1.94	\$2.15	\$2.27	\$2.39	\$2.53	\$2.67	\$66.70
Portland General Electric Company	POR	(\$33.49)	\$0.00	\$0.16	\$0.95	\$1.07	\$1.14	\$1.22	\$1.33	\$1.46	\$1.59	\$1.74	\$1.90	\$2.08	\$2.19	\$2.32	\$2.45	\$2.59	\$79.53
Southern Company	SO	(\$44.49)	\$0.00	\$0.35	\$2.10	\$2.18	\$2.24	\$2.30	\$2.35	\$2.42	\$2.49	\$2.58	\$2.67	\$2.79	\$2.95	\$3.12	\$3.29	\$3.48	\$97.74
Westar Energy, Inc.	WR	(\$36.14)	\$0.00	\$0.23	\$1.38	\$1.41	\$1.44	\$1.46	\$1.57	\$1.68	\$1.81	\$1.95	\$2.12	\$2.31	\$2.44	\$2.57	\$2.72	\$2.87	\$83.97
Alliant Energy Corporation	LNT	(\$57.97)	\$0.00	\$0.34	\$2.07	\$2.23	\$2.34	\$2.45	\$2.61	\$2.79	\$2.98	\$3.19	\$3.42	\$3.68	\$3.89	\$4.11	\$4.34	\$4.58	\$134.25
Black Hills Corporation	BKH	(\$53.03)	\$0.00	\$0.26	\$1.62	\$1.82	\$1.97	\$2.12	\$2.33	\$2.56	\$2.80	\$3.05	\$3.31	\$3.58	\$3.79	\$4.00	\$4.23	\$4.46	\$126.37
CMS Energy Corporation	CMS	(\$30.20)	\$0.00	\$0.18	\$1.09	\$1.17	\$1.23	\$1.29	\$1.41	\$1.54	\$1.67	\$1.81	\$1.96	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$71.40
DTE Energy Company	DTE	(\$76.85)	\$0.00	\$0.38	\$2.34	\$2.57	\$2.73	\$2.90	\$3.15	\$3.43	\$3.72	\$4.03	\$4.37	\$4.73	\$4.99	\$5.27	\$5.57	\$5.89	\$180.74
SCANA Corporation	SCG	(\$51.34)	\$0.00	\$0.33	\$1.99	\$2.10	\$2.18	\$2.27	\$2.47	\$2.69	\$2.92	\$3.18	\$3.47	\$3.79	\$4.01	\$4.23	\$4.47	\$4.72	\$121.89
TECO Energy, Inc.	TE	(\$17.94)	\$0.00	\$0.15	\$0.90	\$0.84	\$0.81	\$0.78	\$0.80	\$0.82	\$0.85	\$0.88	\$0.91	\$0.96	\$1.01	\$1.07	\$1.13	\$1.19	\$38.87
Vectren Corporation	VVC	(\$40.69)	\$0.00	\$0.21	\$1.26	\$1.16	\$1.11	\$1.06	\$1.16	\$1.28	\$1.41	\$1.55	\$1.70	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$93.98

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
90 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Inputs	[1] Stock	[2] [3] [4] [5] EPS Growth Rate Estimates				[6] [7] [8] Long-Term			[9] [10] Payout Ratio		[11] [12] Iterative Solution		[13] [14] Terminal	
		Price	Value		Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio	Terminal	Terminal
			Zacks	First Call										
Company	Ticker													
American Electric Power Company, Inc.	AEP	\$53.47	4.90%	4.97%	4.50%	4.97%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.99%	16.37	2.90
Duke Energy Corporation	DUK	\$74.37	4.70%	4.70%	5.00%	5.00%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.61%	17.94	3.18
Empire District Electric Company	EDE	\$25.33	3.00%	3.00%	4.00%	4.00%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.65%	17.77	3.15
Great Plains Energy Inc.	GXP	\$25.43	5.00%	5.00%	6.00%	6.00%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.62%	14.30	2.54
Hawaiian Electric Industries, Inc.	HE	\$25.42	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	\$0.00	10.10%	15.98	2.84
IDACORP, Inc.	IDA	\$55.78	4.00%	4.00%	1.50%	4.00%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.99%	16.38	2.91
NextEra Energy, Inc.	NEE	\$96.48	6.60%	6.47%	6.00%	6.60%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.69%	17.57	3.12
Otter Tail Corporation	OTTR	\$28.43	NA	6.00%	15.50%	15.50%	5.64%	70.00%	59.00%	67.52%	\$0.00	12.67%	10.13	1.80
Pinnacle West Capital Corporation	PNW	\$56.27	3.70%	3.67%	4.00%	4.00%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.12%	15.91	2.82
PNM Resources, Inc.	PNM	\$26.69	8.50%	8.32%	11.00%	11.00%	5.64%	50.00%	49.00%	67.52%	\$0.00	11.19%	12.85	2.28
Portland General Electric Company	POR	\$33.49	7.80%	7.80%	5.00%	7.80%	5.64%	50.00%	54.00%	67.52%	\$0.00	10.20%	15.63	2.77
Southern Company	SO	\$44.49	3.50%	3.42%	3.50%	3.50%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.79%	17.19	3.05
Westar Energy, Inc.	WR	\$36.14	3.80%	3.20%	6.00%	6.00%	5.64%	58.00%	55.00%	67.52%	\$0.00	10.46%	14.78	2.62
Alliant Energy Corporation	LNT	\$57.97	4.80%	4.40%	6.00%	6.00%	5.64%	59.00%	60.00%	67.52%	\$0.00	10.06%	16.11	2.86
Black Hills Corporation	BKH	\$53.03	NA	7.00%	9.50%	9.50%	5.64%	56.00%	58.00%	67.52%	\$0.00	10.49%	14.70	2.61
CMS Energy Corporation	CMS	\$30.20	6.10%	6.80%	6.50%	6.80%	5.64%	60.00%	58.00%	67.52%	\$0.00	10.15%	15.79	2.80
DTE Energy Company	DTE	\$76.85	6.20%	5.87%	6.50%	6.50%	5.64%	57.00%	58.00%	67.52%	\$0.00	9.57%	18.13	3.22
SCANA Corporation	SCG	\$51.34	4.40%	4.60%	5.00%	5.00%	5.64%	55.00%	54.00%	67.52%	\$0.00	10.34%	15.17	2.69
TECO Energy, Inc.	TE	\$17.94	6.50%	6.43%	3.50%	6.50%	5.64%	93.00%	71.00%	67.52%	\$0.00	10.04%	16.18	2.87
Vectren Corporation	VVC	\$40.69	4.70%	4.50%	9.00%	9.00%	5.64%	71.00%	51.00%	67.52%	\$0.00	9.54%	18.26	3.24

DCF
Result -
w/
Flotation
Cost

DCF Resu
Mean 10.21% 0.14% 10.35%
Max 12.67% 0.14% 12.81%
Min 9.54% 0.14% 9.68%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.34	\$3.50	\$3.68	\$3.86	\$4.05	\$4.25	\$4.47	\$4.70	\$4.95	\$5.22	\$5.51	\$5.82	\$6.15	\$6.50	\$6.87	\$7.25
Duke Energy Corporation	DUK	\$3.98	\$4.18	\$4.39	\$4.61	\$4.84	\$5.08	\$5.33	\$5.61	\$5.90	\$6.21	\$6.55	\$6.92	\$7.31	\$7.72	\$8.15	\$8.61	\$9.10
Empire District Electric Company	EDE	\$1.48	\$1.54	\$1.60	\$1.66	\$1.73	\$1.80	\$1.87	\$1.95	\$2.04	\$2.14	\$2.25	\$2.38	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12
Great Plains Energy Inc.	GXP	\$1.62	\$1.72	\$1.82	\$1.93	\$2.05	\$2.17	\$2.30	\$2.43	\$2.58	\$2.73	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$4.01
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.79	\$3.94	\$4.09	\$4.26	\$4.43	\$4.61	\$4.80	\$5.02	\$5.26	\$5.53	\$5.84	\$6.17	\$6.52	\$6.89	\$7.27	\$7.68
NextEra Energy, Inc.	NEE	\$4.83	\$5.15	\$5.49	\$5.85	\$6.24	\$6.65	\$7.09	\$7.54	\$8.02	\$8.51	\$9.01	\$9.52	\$10.06	\$10.63	\$11.23	\$11.86	\$12.53
Otter Tail Corporation	OTTR	\$1.37	\$1.58	\$1.83	\$2.11	\$2.44	\$2.82	\$3.25	\$3.70	\$4.16	\$4.59	\$5.00	\$5.29	\$5.58	\$5.90	\$6.23	\$6.58	\$6.95
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.96	\$4.12	\$4.28	\$4.45	\$4.63	\$4.83	\$5.05	\$5.29	\$5.56	\$5.87	\$6.21	\$6.56	\$6.92	\$7.31	\$7.73
PNM Resources, Inc.	PNM	\$1.41	\$1.57	\$1.74	\$1.93	\$2.14	\$2.38	\$2.64	\$2.90	\$3.17	\$3.44	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$4.85	\$5.13
Portland General Electric Company	POR	\$1.77	\$1.91	\$2.06	\$2.22	\$2.39	\$2.58	\$2.78	\$2.98	\$3.20	\$3.41	\$3.63	\$3.83	\$4.05	\$4.28	\$4.52	\$4.77	\$5.04
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.21	\$3.32	\$3.45	\$3.59	\$3.76	\$3.94	\$4.16	\$4.40	\$4.65	\$4.91	\$5.18	\$5.48
Westar Energy, Inc.	WR	\$2.27	\$2.41	\$2.55	\$2.70	\$2.87	\$3.04	\$3.22	\$3.41	\$3.61	\$3.82	\$4.04	\$4.27	\$4.51	\$4.76	\$5.03	\$5.32	\$5.62
Alliant Energy Corporation	LNT	\$2.39	\$3.49	\$3.70	\$3.92	\$4.15	\$4.40	\$4.67	\$4.94	\$5.23	\$5.54	\$5.86	\$6.19	\$6.54	\$6.91	\$7.29	\$7.71	\$8.14
Black Hills Corporation	BKH	\$2.61	\$2.86	\$3.13	\$3.43	\$3.75	\$4.11	\$4.50	\$4.90	\$5.30	\$5.70	\$6.10	\$6.44	\$6.80	\$7.19	\$7.59	\$8.02	\$8.47
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.89	\$2.02	\$2.16	\$2.31	\$2.46	\$2.63	\$2.79	\$2.97	\$3.15	\$3.32	\$3.51	\$3.71	\$3.92	\$4.14	\$4.37
DTE Energy Company	DTE	\$3.76	\$4.00	\$4.26	\$4.54	\$4.84	\$5.15	\$5.49	\$5.84	\$6.20	\$6.57	\$6.96	\$7.36	\$7.77	\$8.21	\$8.67	\$9.16	\$9.67
SCANA Corporation	SCG	\$3.39	\$3.56	\$3.74	\$3.92	\$4.12	\$4.33	\$4.54	\$4.77	\$5.02	\$5.29	\$5.58	\$5.89	\$6.22	\$6.57	\$6.95	\$7.34	\$7.75
TECO Energy, Inc.	TE	\$0.92	\$0.98	\$1.04	\$1.11	\$1.18	\$1.26	\$1.34	\$1.43	\$1.52	\$1.61	\$1.70	\$1.80	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37
Vectren Corporation	VVC	\$1.66	\$1.81	\$1.97	\$2.15	\$2.34	\$2.55	\$2.78	\$3.02	\$3.26	\$3.50	\$3.73	\$3.94	\$4.16	\$4.40	\$4.65	\$4.91	\$5.18

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]	
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value	
American Electric Power Company, Inc.	AEP	\$2.04	\$2.15	\$2.28	\$2.41	\$2.55	\$2.71	\$2.88	\$3.07	\$3.27	\$3.49	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$118.73	
Duke Energy Corporation	DUK	\$2.97	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.88	\$4.12	\$4.38	\$4.67	\$4.93	\$5.21	\$5.51	\$5.82	\$6.14	\$163.24	
Empire District Electric Company	EDE	\$1.02	\$1.04	\$1.07	\$1.10	\$1.13	\$1.19	\$1.26	\$1.33	\$1.41	\$1.50	\$1.60	\$1.69	\$1.79	\$1.89	\$2.00	\$2.11	\$55.52	
Great Plains Energy Inc.	GXP	\$1.00	\$1.07	\$1.16	\$1.25	\$1.34	\$1.45	\$1.55	\$1.67	\$1.79	\$1.92	\$2.06	\$2.17	\$2.30	\$2.43	\$2.56	\$2.71	\$57.32	
Idaho Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$54.66	
IDACORP, Inc.	IDA	\$1.93	\$2.08	\$2.23	\$2.40	\$2.57	\$2.74	\$2.94	\$3.15	\$3.39	\$3.65	\$3.94	\$4.17	\$4.40	\$4.65	\$4.91	\$5.19	\$125.87	
NextEra Energy, Inc.	NEE	\$3.14	\$3.29	\$3.45	\$3.62	\$3.79	\$3.96	\$4.16	\$4.56	\$4.99	\$5.45	\$5.93	\$6.43	\$6.79	\$7.17	\$7.58	\$8.01	\$486	\$220.08
OTter Tail Corporation	OTTR	\$1.11	\$1.23	\$1.36	\$1.51	\$1.66	\$1.97	\$2.29	\$2.63	\$2.97	\$3.31	\$3.57	\$3.77	\$3.98	\$4.21	\$4.44	\$4.69	\$70.46	
Pinnacle West Capital Corporation	PNW	\$2.40	\$2.51	\$2.63	\$2.76	\$2.89	\$3.03	\$3.18	\$3.35	\$3.53	\$3.73	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$5.22	\$122.90	
PNM Resources, Inc.	PNM	\$0.78	\$0.86	\$0.95	\$1.05	\$1.16	\$1.37	\$1.60	\$1.85	\$2.11	\$2.38	\$2.63	\$2.78	\$2.94	\$3.10	\$3.28	\$3.46	\$65.88	
Portland General Electric Company	POR	\$0.95	\$1.05	\$1.15	\$1.27	\$1.39	\$1.56	\$1.75	\$1.94	\$2.15	\$2.37	\$2.59	\$2.73	\$2.89	\$3.05	\$3.22	\$3.40	\$78.76	
Southern Company	SO	\$2.07	\$2.13	\$2.19	\$2.25	\$2.31	\$2.36	\$2.43	\$2.51	\$2.59	\$2.69	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$3.70	\$94.11	
Westar Energy, Inc.	WR	\$1.40	\$1.46	\$1.53	\$1.60	\$1.67	\$1.84	\$2.02	\$2.21	\$2.42	\$2.64	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$82.99	
Alliant Energy Corporation	LNT	\$2.06	\$2.19	\$2.33	\$2.48	\$2.64	\$2.86	\$3.09	\$3.34	\$3.60	\$3.88	\$4.18	\$4.51	\$4.66	\$4.93	\$5.20	\$5.50	\$131.11	
Black Hills Corporation	BKH	\$1.60	\$1.77	\$1.95	\$2.16	\$2.38	\$2.68	\$3.00	\$3.33	\$3.67	\$4.02	\$4.35	\$4.59	\$4.85	\$5.12	\$5.41	\$5.72	\$124.52	
CMS Energy Corporation	CMS	\$1.06	\$1.13	\$1.19	\$1.26	\$1.34	\$1.47	\$1.61	\$1.75	\$1.91	\$2.07	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$2.95	\$69.04	
DTE Energy Company	DTE	\$2.28	\$2.44	\$2.61	\$2.79	\$2.99	\$3.27	\$3.57	\$3.89	\$4.23	\$4.59	\$4.97	\$5.25	\$5.54	\$5.85	\$6.18	\$6.53	\$175.40	
SCANA Corporation	SCG	\$1.96	\$2.05	\$2.14	\$2.24	\$2.34	\$2.56	\$2.79	\$3.05	\$3.33	\$3.64	\$3.98	\$4.20	\$4.44	\$4.69	\$4.95	\$5.23	\$117.57	
TECO Energy, Inc.	TE	\$0.91	\$0.91	\$0.91	\$0.91	\$0.89	\$0.95	\$1.00	\$1.05	\$1.10	\$1.16	\$1.22	\$1.28	\$1.36	\$1.43	\$1.51	\$1.60	\$38.31	
Vectren Corporation	VVC	\$1.28	\$1.30	\$1.31	\$1.31	\$1.30	\$1.50	\$1.71	\$1.93	\$2.17	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$94.66	

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
90 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Projected Annual Data		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows		Initial																	
Company	Ticker	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
American Electric Power Company, Inc.	AEP	(\$53.47)	\$0.00	\$0.34	\$2.09	\$2.28	\$2.41	\$2.55	\$2.71	\$2.88	\$3.07	\$3.27	\$3.49	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$123.63
Duke Energy Corporation	DUK	(\$74.37)	\$0.00	\$0.50	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.88	\$4.12	\$4.38	\$4.67	\$4.93	\$5.21	\$5.51	\$5.82	\$169.39
Empire District Electric Company	EDE	(\$25.33)	\$0.00	\$0.17	\$1.04	\$1.07	\$1.10	\$1.13	\$1.19	\$1.26	\$1.33	\$1.41	\$1.50	\$1.60	\$1.69	\$1.79	\$1.89	\$2.00	\$57.63
Great Plains Energy Inc.	GXP	(\$25.43)	\$0.00	\$0.17	\$1.03	\$1.16	\$1.25	\$1.34	\$1.45	\$1.55	\$1.67	\$1.79	\$1.92	\$2.06	\$2.17	\$2.30	\$2.43	\$2.56	\$60.02
Hawaiian Electric Industries, Inc.	HE	(\$25.42)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$56.97
IDACORP, Inc.	IDA	(\$55.78)	\$0.00	\$0.32	\$1.97	\$2.23	\$2.40	\$2.57	\$2.74	\$2.94	\$3.15	\$3.39	\$3.65	\$3.94	\$4.17	\$4.40	\$4.65	\$4.91	\$131.06
NextEra Energy, Inc.	NEE	(\$96.48)	\$0.00	\$0.52	\$3.24	\$3.45	\$3.62	\$3.79	\$4.16	\$4.56	\$4.99	\$5.45	\$5.93	\$6.43	\$6.79	\$7.17	\$7.58	\$8.01	\$228.54
Otter Tail Corporation	OTTR	(\$28.43)	\$0.00	\$0.19	\$1.19	\$1.36	\$1.51	\$1.66	\$1.97	\$2.29	\$2.63	\$2.97	\$3.31	\$3.57	\$3.77	\$3.98	\$4.21	\$4.44	\$75.16
Pinnacle West Capital Corporation	PNW	(\$56.27)	\$0.00	\$0.40	\$2.45	\$2.63	\$2.76	\$2.89	\$3.03	\$3.18	\$3.35	\$3.53	\$3.73	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$128.12
PNM Resources, Inc.	PNM	(\$26.69)	\$0.00	\$0.13	\$0.83	\$0.95	\$1.05	\$1.16	\$1.37	\$1.60	\$1.85	\$2.11	\$2.38	\$2.63	\$2.78	\$2.94	\$3.10	\$3.28	\$69.34
Portland General Electric Company	POR	(\$33.49)	\$0.00	\$0.16	\$0.99	\$1.15	\$1.27	\$1.39	\$1.56	\$1.75	\$1.94	\$2.15	\$2.37	\$2.59	\$2.73	\$2.89	\$3.05	\$3.22	\$82.17
Southern Company	SO	(\$44.49)	\$0.00	\$0.35	\$2.10	\$2.19	\$2.25	\$2.31	\$2.36	\$2.43	\$2.51	\$2.59	\$2.69	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$97.81
Westar Energy, Inc.	WR	(\$36.14)	\$0.00	\$0.23	\$1.44	\$1.53	\$1.60	\$1.67	\$1.84	\$2.02	\$2.21	\$2.42	\$2.64	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$86.78
Alliant Energy Corporation	LNT	(\$57.97)	\$0.00	\$0.34	\$2.12	\$2.33	\$2.48	\$2.64	\$2.86	\$3.09	\$3.34	\$3.60	\$3.88	\$4.18	\$4.41	\$4.66	\$4.93	\$5.20	\$136.61
Black Hills Corporation	BKH	(\$53.03)	\$0.00	\$0.27	\$1.68	\$1.95	\$2.16	\$2.38	\$2.68	\$3.00	\$3.33	\$3.67	\$4.02	\$4.35	\$4.59	\$4.85	\$5.12	\$5.41	\$130.24
CMS Energy Corporation	CMS	(\$30.20)	\$0.00	\$0.18	\$1.10	\$1.19	\$1.26	\$1.34	\$1.47	\$1.61	\$1.75	\$1.91	\$2.07	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$71.99
DTE Energy Company	DTE	(\$76.85)	\$0.00	\$0.38	\$2.36	\$2.61	\$2.79	\$2.99	\$3.27	\$3.57	\$3.89	\$4.23	\$4.59	\$4.97	\$5.25	\$5.54	\$5.85	\$6.18	\$181.93
SCANA Corporation	SCG	(\$51.34)	\$0.00	\$0.33	\$2.01	\$2.14	\$2.24	\$2.34	\$2.56	\$2.79	\$3.05	\$3.33	\$3.64	\$3.98	\$4.20	\$4.44	\$4.69	\$4.95	\$122.81
TECO Energy, Inc.	TE	(\$17.94)	\$0.00	\$0.15	\$0.94	\$0.91	\$0.91	\$0.89	\$0.95	\$1.00	\$1.05	\$1.10	\$1.16	\$1.22	\$1.28	\$1.36	\$1.43	\$1.51	\$39.91
Vectren Corporation	VVC	(\$40.69)	\$0.00	\$0.21	\$1.34	\$1.31	\$1.31	\$1.30	\$1.50	\$1.71	\$1.93	\$2.17	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$98.16

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
180 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Inputs	[1] [2] [3] [4] [5] [6] [7] [8] [9] [10] [11] [12] [13]														
	Stock		EPS Growth Rate			Estimates		Long-Term		Payout Ratio		Iterative Solution		Terminal	
Company	Ticker	Price	Zacks	First Call	Line	Average	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio	Terminal
American Electric Power Company, Inc.	AEP	\$52.56	4.90%	4.97%	4.50%	4.79%	5.64%	61.00%	63.00%	67.52%	\$0.00	10.01%	16.30	2.89	
Duke Energy Corporation	DUK	\$72.86	4.70%	4.70%	5.00%	4.80%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.64%	17.82	3.16	
Empire District Electric Company	EDE	\$24.69	3.00%	3.00%	4.00%	3.33%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.56%	18.17	3.23	
Great Plains Energy Inc.	GXP	\$25.78	5.00%	5.00%	6.00%	5.33%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.33%	15.19	2.70	
Idaho Electric Industries, Inc.	HE	\$25.00	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	65.00%	67.52%	\$0.00	10.17%	15.71	2.79	
IDACORP, Inc.	IDA	\$55.47	4.00%	4.00%	1.50%	3.17%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.76%	17.30	3.07	
NextEra Energy, Inc.	NEE	\$96.05	6.60%	6.47%	6.00%	6.36%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.64%	17.79	3.16	
Otter Tail Corporation	OTTR	\$29.00	NA	6.00%	15.50%	10.75%	5.64%	70.00%	59.00%	67.52%	\$0.00	10.78%	13.86	2.46	
Pinnacle West Capital Corporation	PNW	\$55.66	3.70%	3.67%	4.00%	3.79%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.10%	15.97	2.83	
PNM Resources, Inc.	PNM	\$27.02	8.50%	8.32%	11.00%	9.27%	5.64%	50.00%	49.00%	67.52%	\$0.00	10.55%	14.52	2.58	
Portland General Electric Company	POR	\$33.02	7.80%	7.80%	5.00%	6.87%	5.64%	50.00%	54.00%	67.52%	\$0.00	9.98%	16.43	2.92	
Southern Company	SO	\$44.08	3.50%	3.42%	3.50%	3.47%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.82%	17.05	3.03	
Wester Energy, Inc.	WR	\$35.72	3.80%	3.20%	6.00%	4.33%	5.64%	58.00%	55.00%	67.52%	\$0.00	9.98%	16.41	2.91	
Alliant Energy Corporation	LNT	\$57.30	4.80%	4.40%	6.00%	5.07%	5.64%	59.00%	60.00%	67.52%	\$0.00	9.83%	17.01	3.02	
Black Hills Corporation	BKH	\$55.28	NA	7.00%	9.50%	8.25%	5.64%	56.00%	58.00%	67.52%	\$0.00	9.92%	16.65	2.95	
CMS Energy Corporation	CMS	\$29.75	6.10%	6.80%	6.50%	6.47%	5.64%	60.00%	58.00%	67.52%	\$0.00	10.12%	15.91	2.82	
DTE Energy Company	DTE	\$75.75	6.20%	5.87%	6.50%	6.19%	5.64%	57.00%	58.00%	67.52%	\$0.00	9.54%	18.27	3.24	
SCANA Corporation	SCG	\$51.22	4.40%	4.60%	5.00%	4.67%	5.64%	55.00%	54.00%	67.52%	\$0.00	10.24%	15.49	2.75	
TECO Energy, Inc.	TE	\$17.60	6.50%	6.43%	3.50%	5.48%	5.64%	93.00%	71.00%	67.52%	\$0.00	9.81%	17.08	3.03	
Vectren Corporation	VVC	\$39.96	4.70%	4.50%	9.00%	6.07%	5.64%	71.00%	51.00%	67.52%	\$0.00	8.86%	22.01	3.91	

			DCF Result w/ Flotation
	DCF Resu	Cost	Cost
Mean	9.93%	0.14%	10.07%
Max	10.78%	0.14%	10.92%
Min	8.88%	0.14%	9.01%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.33	\$3.49	\$3.66	\$3.83	\$4.02	\$4.21	\$4.42	\$4.64	\$4.88	\$5.15	\$5.44	\$5.74	\$6.07	\$6.41	\$6.77	\$7.15
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.37	\$4.58	\$4.80	\$5.03	\$5.27	\$5.53	\$5.81	\$6.12	\$6.45	\$6.81	\$7.19	\$7.60	\$8.03	\$8.48	\$8.96
Empire District Electric Company	EDE	\$1.48	\$1.53	\$1.58	\$1.63	\$1.69	\$1.74	\$1.80	\$1.87	\$1.95	\$2.03	\$2.13	\$2.25	\$2.38	\$2.51	\$2.65	\$2.80	\$2.96
Great Plains Energy Inc.	GXP	\$1.62	\$1.71	\$1.80	\$1.89	\$1.99	\$2.10	\$2.21	\$2.33	\$2.46	\$2.59	\$2.74	\$2.89	\$3.05	\$3.23	\$3.41	\$3.60	\$3.80
Idaho Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.76	\$3.87	\$4.00	\$4.12	\$4.25	\$4.39	\$4.55	\$4.73	\$4.94	\$5.17	\$5.46	\$5.77	\$6.10	\$6.44	\$6.80	\$7.19
NexTier Energy, Inc.	NEE	\$4.83	\$5.14	\$5.46	\$5.81	\$6.18	\$6.57	\$6.99	\$7.43	\$7.88	\$8.35	\$8.84	\$9.34	\$9.87	\$10.43	\$11.01	\$11.63	\$12.29
Ortel Tail Corporation	OTTR	\$1.37	\$1.52	\$1.68	\$1.86	\$2.06	\$2.28	\$2.53	\$2.78	\$3.03	\$3.28	\$3.52	\$3.72	\$3.93	\$4.15	\$4.38	\$4.63	\$4.89
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.80	\$3.94	\$4.09	\$4.25	\$4.41	\$4.58	\$4.76	\$4.97	\$5.21	\$5.47	\$5.78	\$6.10	\$6.45	\$6.81	\$7.19	\$7.60
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.68	\$1.84	\$2.01	\$2.20	\$2.40	\$2.61	\$2.82	\$3.03	\$3.24	\$3.42	\$3.61	\$3.81	\$4.03	\$4.26	\$4.50
Portland General Electric Company	POR	\$1.77	\$1.89	\$2.02	\$2.16	\$2.31	\$2.47	\$2.64	\$2.81	\$2.99	\$3.18	\$3.37	\$3.56	\$3.76	\$3.98	\$4.20	\$4.44	\$4.69
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.20	\$3.31	\$3.44	\$3.59	\$3.75	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$5.17	\$5.46
Westar Energy, Inc.	WR	\$2.27	\$2.37	\$2.47	\$2.58	\$2.69	\$2.81	\$2.93	\$3.06	\$3.21	\$3.37	\$3.54	\$3.74	\$3.95	\$4.18	\$4.41	\$4.66	\$4.92
Alliant Energy Corporation	LNT	\$3.29	\$3.46	\$3.63	\$3.82	\$4.01	\$4.21	\$4.43	\$4.65	\$4.90	\$5.16	\$5.44	\$5.75	\$6.07	\$6.41	\$6.78	\$7.16	\$7.56
Black Hills Corporation	BKH	\$2.61	\$2.83	\$3.06	\$3.31	\$3.58	\$3.88	\$4.20	\$4.53	\$4.86	\$5.20	\$5.54	\$5.85	\$6.18	\$6.53	\$6.90	\$7.28	\$7.69
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.88	\$2.00	\$2.13	\$2.27	\$2.42	\$2.57	\$2.73	\$2.89	\$3.07	\$3.24	\$3.42	\$3.61	\$3.82	\$4.03	\$4.26
DTE Energy Company	DTE	\$3.76	\$3.99	\$4.24	\$4.50	\$4.78	\$5.08	\$5.39	\$5.72	\$6.06	\$6.42	\$6.80	\$7.18	\$7.58	\$8.01	\$8.46	\$8.94	\$9.44
SCANA Corporation	SCG	\$3.39	\$3.55	\$3.71	\$3.89	\$4.07	\$4.26	\$4.46	\$4.67	\$4.91	\$5.16	\$5.43	\$5.74	\$6.06	\$6.40	\$6.76	\$7.15	\$7.55
TECO Energy, Inc.	TE	\$0.92	\$0.97	\$1.02	\$1.08	\$1.14	\$1.20	\$1.27	\$1.34	\$1.41	\$1.49	\$1.57	\$1.66	\$1.75	\$1.85	\$1.96	\$2.07	\$2.18
Vectren Corporation	VVC	\$1.66	\$1.76	\$1.87	\$1.98	\$2.10	\$2.23	\$2.36	\$2.51	\$2.65	\$2.81	\$2.97	\$3.14	\$3.32	\$3.50	\$3.70	\$3.91	\$4.13

Projected Annual		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Dividend Payout Ratio																	
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NexTier Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Other Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.03	\$2.15	\$2.27	\$2.40	\$2.53	\$2.68	\$2.85	\$3.03	\$3.22	\$3.44	\$3.67	\$3.88	\$4.10	\$4.33	\$4.57	\$4.83	\$116.54
Duke Energy Corporation	DUK	\$2.96	\$3.03	\$3.09	\$3.16	\$3.22	\$3.41	\$3.61	\$3.82	\$4.06	\$4.31	\$4.60	\$4.86	\$5.13	\$5.42	\$5.72	\$6.05	\$159.63
Empire District Electric Company	EDE	\$1.01	\$1.03	\$1.05	\$1.08	\$1.10	\$1.15	\$1.21	\$1.27	\$1.34	\$1.42	\$1.52	\$1.61	\$1.70	\$1.79	\$1.89	\$2.00	\$53.83
Great Plains Energy Inc.	GXP	\$0.99	\$1.06	\$1.14	\$1.22	\$1.30	\$1.39	\$1.49	\$1.59	\$1.70	\$1.82	\$1.95	\$2.06	\$2.18	\$2.30	\$2.43	\$2.57	\$57.77
Hawaiian Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$53.73
IDACORP, Inc.	IDA	\$1.92	\$2.04	\$2.18	\$2.32	\$2.47	\$2.62	\$2.78	\$2.97	\$3.18	\$3.41	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$4.85	\$124.31
NexTier Energy, Inc.	NEE	\$3.13	\$3.28	\$3.43	\$3.58	\$3.75	\$4.11	\$4.49	\$4.91	\$5.35	\$5.82	\$6.31	\$6.66	\$7.04	\$7.44	\$7.85	\$8.30	\$218.68
Otter Tail Corporation	OTTR	\$1.06	\$1.13	\$1.20	\$1.27	\$1.35	\$1.53	\$1.72	\$1.92	\$2.12	\$2.33	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12	\$3.30	\$67.77
Pinnacle West Capital Corporation	PNW	\$2.39	\$2.50	\$2.62	\$2.74	\$2.87	\$2.99	\$3.14	\$3.29	\$3.47	\$3.67	\$3.90	\$4.12	\$4.35	\$4.60	\$4.86	\$5.13	\$121.33
PNM Resources, Inc.	PNM	\$0.77	\$0.84	\$0.91	\$0.99	\$1.08	\$1.25	\$1.44	\$1.64	\$1.86	\$2.09	\$2.31	\$2.44	\$2.58	\$2.72	\$2.87	\$3.04	\$65.28
Portland General Electric Company	POR	\$0.95	\$1.03	\$1.12	\$1.22	\$1.33	\$1.48	\$1.65	\$1.82	\$2.00	\$2.20	\$2.41	\$2.54	\$2.68	\$2.84	\$3.00	\$3.16	\$77.00
Southern Company	SO	\$2.07	\$2.12	\$2.18	\$2.24	\$2.31	\$2.36	\$2.43	\$2.50	\$2.59	\$2.68	\$2.80	\$2.96	\$3.13	\$3.31	\$3.49	\$3.69	\$93.19
Westar Energy, Inc.	WR	\$1.37	\$1.41	\$1.46	\$1.50	\$1.54	\$1.67	\$1.81	\$1.96	\$2.13	\$2.32	\$2.53	\$2.67	\$2.82	\$2.98	\$3.15	\$3.32	\$80.77
Alliant Energy Corporation	LNT	\$2.04	\$2.15	\$2.27	\$2.40	\$2.53	\$2.71	\$2.91	\$3.12	\$3.36	\$3.61	\$3.88	\$4.10	\$4.33	\$4.58	\$4.83	\$5.11	\$128.59
Black Hills Corporation	BKH	\$1.58	\$1.73	\$1.89	\$2.06	\$2.25	\$2.50	\$2.77	\$3.05	\$3.35	\$3.65	\$3.95	\$4.17	\$4.41	\$4.66	\$4.92	\$5.20	\$128.09
CMS Energy Corporation	CMS	\$1.06	\$1.12	\$1.18	\$1.25	\$1.32	\$1.44	\$1.57	\$1.71	\$1.86	\$2.02	\$2.19	\$2.31	\$2.44	\$2.58	\$2.72	\$2.88	\$67.80
DTE Energy Company	DTE	\$2.28	\$2.43	\$2.59	\$2.76	\$2.94	\$3.21	\$3.50	\$3.81	\$4.13	\$4.48	\$4.85	\$5.12	\$5.41	\$5.71	\$6.04	\$6.38	\$172.48
SCANA Corporation	SCG	\$1.95	\$2.03	\$2.12	\$2.21	\$2.30	\$2.51	\$2.73	\$2.98	\$3.25	\$3.55	\$3.87	\$4.09	\$4.32	\$4.57	\$4.82	\$5.10	\$116.95
TECO Energy, Inc.	TE	\$0.90	\$0.90	\$0.89	\$0.87	\$0.85	\$0.89	\$0.93	\$0.98	\$1.02	\$1.07	\$1.12	\$1.18	\$1.25	\$1.32	\$1.40	\$1.47	\$37.30
Vectren Corporation	VVC	\$1.25	\$1.23	\$1.21	\$1.18	\$1.14	\$1.27	\$1.42	\$1.57	\$1.74	\$1.92	\$2.12	\$2.24	\$2.36	\$2.50	\$2.64	\$2.79	\$90.85

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
180 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Projected Annual Data		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows		Initial																	
Company	Ticker	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
American Electric Power Company, Inc.	AEP	(\$52.56)	\$0.00	\$0.34	\$2.08	\$2.27	\$2.40	\$2.53	\$2.68	\$2.85	\$3.03	\$3.22	\$3.44	\$3.67	\$3.88	\$4.10	\$4.33	\$4.57	\$121.37
Duke Energy Corporation	DUK	(\$72.86)	\$0.00	\$0.49	\$3.03	\$3.09	\$3.16	\$3.22	\$3.41	\$3.61	\$3.82	\$4.06	\$4.31	\$4.60	\$4.86	\$5.13	\$5.42	\$5.72	\$165.67
Empire District Electric Company	EDE	(\$24.68)	\$0.00	\$0.17	\$1.03	\$1.05	\$1.08	\$1.10	\$1.15	\$1.21	\$1.27	\$1.34	\$1.42	\$1.52	\$1.61	\$1.70	\$1.79	\$1.89	\$55.83
Great Plains Energy Inc.	GXP	(\$25.78)	\$0.00	\$0.17	\$1.02	\$1.14	\$1.22	\$1.30	\$1.39	\$1.49	\$1.59	\$1.70	\$1.82	\$1.95	\$2.06	\$2.18	\$2.30	\$2.43	\$60.34
Hawaiian Electric Industries, Inc.	HE	(\$25.00)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$56.04
IDACORP, Inc.	IDA	(\$55.47)	\$0.00	\$0.32	\$1.95	\$2.18	\$2.32	\$2.47	\$2.62	\$2.78	\$2.97	\$3.18	\$3.41	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$129.16
NextEra Energy, Inc.	NEE	(\$96.05)	\$0.00	\$0.52	\$3.23	\$3.43	\$3.58	\$3.75	\$4.11	\$4.49	\$4.91	\$5.35	\$5.82	\$6.31	\$6.66	\$7.04	\$7.44	\$7.85	\$226.98
Otter Tail Corporation	OTTR	(\$29.00)	\$0.00	\$0.18	\$1.12	\$1.20	\$1.27	\$1.35	\$1.53	\$1.72	\$1.92	\$2.12	\$2.33	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12	\$71.07
Pinnacle West Capital Corporation	PNW	(\$55.66)	\$0.00	\$0.40	\$2.44	\$2.62	\$2.74	\$2.87	\$2.99	\$3.14	\$3.29	\$3.47	\$3.67	\$3.90	\$4.12	\$4.35	\$4.60	\$4.86	\$126.46
PNM Resources, Inc.	PNM	(\$27.02)	\$0.00	\$0.13	\$0.81	\$0.91	\$0.99	\$1.08	\$1.25	\$1.44	\$1.64	\$1.86	\$2.09	\$2.31	\$2.44	\$2.58	\$2.72	\$2.87	\$68.31
Portland General Electric Company	POR	(\$33.02)	\$0.00	\$0.16	\$0.98	\$1.12	\$1.22	\$1.33	\$1.48	\$1.65	\$1.82	\$2.00	\$2.20	\$2.41	\$2.54	\$2.68	\$2.84	\$3.00	\$80.16
Southern Company	SO	(\$44.08)	\$0.00	\$0.35	\$2.10	\$2.18	\$2.24	\$2.31	\$2.36	\$2.43	\$2.50	\$2.59	\$2.68	\$2.80	\$2.96	\$3.13	\$3.31	\$3.49	\$96.88
Westar Energy, Inc.	WR	(\$35.72)	\$0.00	\$0.23	\$1.40	\$1.46	\$1.50	\$1.54	\$1.67	\$1.81	\$1.96	\$2.13	\$2.32	\$2.53	\$2.67	\$2.82	\$2.98	\$3.15	\$84.09
Alliant Energy Corporation	LNT	(\$57.30)	\$0.00	\$0.34	\$2.09	\$2.27	\$2.40	\$2.53	\$2.71	\$2.91	\$3.12	\$3.36	\$3.61	\$3.88	\$4.10	\$4.33	\$4.58	\$4.83	\$133.69
Black Hills Corporation	BKH	(\$55.28)	\$0.00	\$0.26	\$1.65	\$1.89	\$2.06	\$2.25	\$2.50	\$2.77	\$3.05	\$3.35	\$3.65	\$3.95	\$4.17	\$4.41	\$4.66	\$4.92	\$133.28
CMS Energy Corporation	CMS	(\$29.75)	\$0.00	\$0.18	\$1.09	\$1.18	\$1.25	\$1.32	\$1.44	\$1.57	\$1.71	\$1.86	\$2.02	\$2.19	\$2.31	\$2.44	\$2.58	\$2.72	\$70.68
DTE Energy Company	DTE	(\$75.75)	\$0.00	\$0.38	\$2.35	\$2.59	\$2.76	\$2.94	\$3.21	\$3.50	\$3.81	\$4.13	\$4.48	\$4.85	\$5.12	\$5.41	\$5.71	\$6.04	\$178.86
SCANA Corporation	SCG	(\$51.22)	\$0.00	\$0.33	\$2.00	\$2.12	\$2.21	\$2.30	\$2.51	\$2.73	\$2.98	\$3.25	\$3.55	\$3.87	\$4.09	\$4.32	\$4.57	\$4.82	\$122.04
TECO Energy, Inc.	TE	(\$17.60)	\$0.00	\$0.15	\$0.93	\$0.89	\$0.87	\$0.85	\$0.89	\$0.93	\$0.98	\$1.02	\$1.07	\$1.12	\$1.18	\$1.25	\$1.32	\$1.40	\$38.77
Vectren Corporation	VVC	(\$39.96)	\$0.00	\$0.21	\$1.29	\$1.21	\$1.18	\$1.14	\$1.27	\$1.42	\$1.57	\$1.74	\$1.92	\$2.12	\$2.24	\$2.36	\$2.50	\$2.64	\$93.64

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
180 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Inputs			[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
			Stock	Zacks	EPS Growth Rate Estimates		Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal		
					Value	Low		2014	2018	2024					
Company	Ticker	Price		First Call	Line	Growth	Growth	2014	2018	2024		Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$52.56	4.90%	4.97%	4.50%	4.50%	5.64%	61.00%	63.00%	67.52%	\$0.00	9.92%	16.64	2.95	
Duke Energy Corporation	DUK	\$72.86	4.70%	4.70%	5.00%	4.70%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.61%	17.95	3.19	
Empire District Electric Company	EDE	\$24.69	3.00%	3.00%	4.00%	3.00%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.46%	18.63	3.31	
Great Plains Energy Inc.	GXP	\$25.78	5.00%	5.00%	6.00%	4.00%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.22%	15.55	2.76	
Hawaiian Electric Industries, Inc.	HE	\$25.00	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	62.00%	67.52%	\$0.00	10.17%	15.71	2.79	
IDACORP, Inc.	IDA	\$55.47	4.00%	4.00%	1.50%	1.50%	5.64%	51.00%	58.00%	67.52%	\$0.00	9.28%	19.55	3.47	
NextEra Energy, Inc.	NEE	\$96.05	6.60%	6.47%	6.00%	6.00%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.54%	18.25	3.24	
Otter Tail Corporation	OTTR	\$29.00	NA	6.00%	15.50%	6.00%	5.64%	70.00%	59.00%	67.52%	\$0.00	9.36%	19.17	3.40	
Pinnacle West Capital Corporation	PNW	\$55.66	3.70%	3.67%	4.00%	3.67%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.06%	16.11	2.86	
PNM Resources, Inc.	PNM	\$27.02	8.50%	8.32%	11.00%	8.32%	5.64%	50.00%	49.00%	67.52%	\$0.00	10.25%	15.46	2.74	
Portland General Electric Company	POR	\$33.02	7.80%	7.80%	5.00%	5.00%	5.64%	50.00%	54.00%	67.52%	\$0.00	9.45%	18.72	3.32	
Southern Company	SO	\$44.08	3.50%	3.42%	3.50%	3.42%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.80%	17.12	3.04	
Westar Energy, Inc.	WR	\$35.72	3.80%	3.20%	6.00%	3.20%	5.64%	58.00%	55.00%	67.52%	\$0.00	9.64%	17.80	3.16	
Alliant Energy Corporation	LNT	\$57.30	4.80%	4.40%	6.00%	4.40%	5.64%	59.00%	60.00%	67.52%	\$0.00	9.63%	17.84	3.17	
Black Hills Corporation	BKH	\$55.28	NA	7.00%	9.50%	7.00%	5.64%	56.00%	58.00%	67.52%	\$0.00	9.57%	18.14	3.22	
CMS Energy Corporation	CMS	\$29.75	6.10%	6.80%	6.50%	6.10%	5.64%	60.00%	58.00%	67.52%	\$0.00	10.00%	16.33	2.90	
DTE Energy Company	DTE	\$75.75	6.20%	5.87%	6.50%	5.87%	5.64%	57.00%	58.00%	67.52%	\$0.00	9.45%	18.68	3.32	
SCANA Corporation	SCG	\$51.22	4.40%	4.60%	5.00%	4.40%	5.64%	55.00%	54.00%	67.52%	\$0.00	10.15%	15.79	2.80	
TECO Energy, Inc.	TE	\$17.60	6.50%	6.43%	3.50%	3.50%	5.64%	93.00%	71.00%	67.52%	\$0.00	9.25%	19.76	3.51	
Vectren Corporation	VVC	\$39.96	4.70%	4.50%	9.00%	4.50%	5.64%	71.00%	51.00%	67.52%	\$0.00	8.53%	24.65	4.37	

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Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.32	\$3.47	\$3.63	\$3.79	\$3.96	\$4.14	\$4.34	\$4.55	\$4.78	\$5.03	\$5.31	\$5.61	\$5.93	\$6.26	\$6.61	\$6.99
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.36	\$4.57	\$4.78	\$5.01	\$5.24	\$5.50	\$5.77	\$6.07	\$6.39	\$6.75	\$7.14	\$7.54	\$7.96	\$8.41	\$8.88
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.32	\$2.45	\$2.58	\$2.73	\$2.88
Great Plains Energy Inc.	GXP	\$1.62	\$1.70	\$1.79	\$1.88	\$1.97	\$2.07	\$2.17	\$2.28	\$2.40	\$2.53	\$2.67	\$2.82	\$2.97	\$3.14	\$3.32	\$3.51	\$3.70
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.69	\$3.75	\$3.81	\$3.86	\$3.92	\$3.98	\$4.07	\$4.18	\$4.33	\$4.52	\$4.77	\$5.04	\$5.33	\$5.63	\$5.94	\$6.28
NextEra Energy, Inc.	NEE	\$4.83	\$5.12	\$5.43	\$5.75	\$6.10	\$6.46	\$6.85	\$7.26	\$7.69	\$8.13	\$8.60	\$9.08	\$9.60	\$10.14	\$10.71	\$11.31	\$11.95
Otter Tail Corporation	OTTR	\$1.37	\$1.45	\$1.54	\$1.63	\$1.73	\$1.83	\$1.94	\$2.06	\$2.18	\$2.31	\$2.44	\$2.58	\$2.72	\$2.88	\$3.04	\$3.21	\$3.39
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.79	\$3.93	\$4.08	\$4.23	\$4.38	\$4.54	\$4.73	\$4.93	\$5.16	\$5.42	\$5.72	\$6.04	\$6.38	\$6.74	\$7.12	\$7.53
PNM Resources, Inc.	PNM	\$1.41	\$1.53	\$1.65	\$1.79	\$1.94	\$2.10	\$2.28	\$2.46	\$2.64	\$2.82	\$3.01	\$3.18	\$3.36	\$3.55	\$3.75	\$3.96	\$4.18
Portland General Electric Company	POR	\$1.77	\$1.86	\$1.95	\$2.05	\$2.15	\$2.26	\$2.37	\$2.49	\$2.62	\$2.76	\$2.91	\$3.08	\$3.25	\$3.43	\$3.63	\$3.83	\$4.05
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.09	\$3.19	\$3.30	\$3.43	\$3.57	\$3.73	\$3.92	\$4.14	\$4.37	\$4.62	\$4.88	\$5.15	\$5.44
Westar Energy, Inc.	WR	\$2.27	\$2.34	\$2.42	\$2.49	\$2.57	\$2.66	\$2.74	\$2.84	\$2.96	\$3.09	\$3.23	\$3.42	\$3.61	\$3.81	\$4.03	\$4.25	\$4.49
Alliant Energy Corporation	LNT	\$2.29	\$2.33	\$2.39	\$2.44	\$2.51	\$2.58	\$2.64	\$2.71	\$2.79	\$2.87	\$2.95	\$3.03	\$3.11	\$3.20	\$3.29	\$3.38	\$3.47
Black Hills Corporation	BKH	\$2.61	\$2.79	\$2.99	\$3.20	\$3.42	\$3.66	\$3.92	\$4.18	\$4.46	\$4.74	\$5.03	\$5.31	\$5.61	\$5.92	\$6.26	\$6.61	\$6.98
CMS Energy Corporation	CMS	\$1.66	\$1.76	\$1.87	\$1.98	\$2.10	\$2.23	\$2.37	\$2.51	\$2.66	\$2.82	\$2.98	\$3.15	\$3.32	\$3.51	\$3.71	\$3.92	\$4.14
DTE Energy Company	DTE	\$3.76	\$3.98	\$4.21	\$4.46	\$4.72	\$5.00	\$5.29	\$5.60	\$5.93	\$6.27	\$6.63	\$7.00	\$7.39	\$7.81	\$8.25	\$8.72	\$9.21
SCANA Corporation	SCG	\$3.39	\$3.54	\$3.69	\$3.86	\$4.03	\$4.20	\$4.39	\$4.59	\$4.81	\$5.05	\$5.32	\$5.62	\$5.93	\$6.27	\$6.62	\$6.99	\$7.39
TECO Energy, Inc.	TE	\$0.92	\$0.95	\$0.99	\$1.02	\$1.06	\$1.09	\$1.13	\$1.17	\$1.22	\$1.28	\$1.34	\$1.42	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87
Vectren Corporation	VVC	\$1.66	\$1.73	\$1.81	\$1.89	\$1.98	\$2.07	\$2.16	\$2.26	\$2.37	\$2.49	\$2.62	\$2.77	\$2.93	\$3.09	\$3.27	\$3.45	\$3.65

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.03	\$2.14	\$2.25	\$2.37	\$2.50	\$2.64	\$2.80	\$2.97	\$3.15	\$3.36	\$3.59	\$3.79	\$4.00	\$4.23	\$4.47	\$4.72	\$116.27
Duke Energy Corporation	DUK	\$2.96	\$3.02	\$3.08	\$3.14	\$3.20	\$3.39	\$3.58	\$3.80	\$4.03	\$4.28	\$4.56	\$4.82	\$5.09	\$5.38	\$5.68	\$6.00	\$159.51
Empire District Electric Company	EDE	\$1.01	\$1.02	\$1.04	\$1.06	\$1.08	\$1.13	\$1.18	\$1.24	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.74	\$1.84	\$1.95	\$53.70</

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
180 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Projected Annual Data		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows		Initial																	
Company	Ticker	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
American Electric Power Company, Inc.	AEP	(\$52.56)	\$0.00	\$0.34	\$2.07	\$2.25	\$2.37	\$2.50	\$2.64	\$2.80	\$2.97	\$3.15	\$3.36	\$3.59	\$3.79	\$4.00	\$4.23	\$4.47	\$120.99
Duke Energy Corporation	DUK	(\$72.86)	\$0.00	\$0.49	\$3.03	\$3.08	\$3.14	\$3.20	\$3.39	\$3.58	\$3.80	\$4.03	\$4.28	\$4.56	\$4.82	\$5.09	\$5.38	\$5.68	\$165.51
Empire District Electric Company	EDE	(\$24.68)	\$0.00	\$0.17	\$1.02	\$1.04	\$1.06	\$1.08	\$1.13	\$1.18	\$1.24	\$1.31	\$1.39	\$1.48	\$1.56	\$1.65	\$1.74	\$1.84	\$55.65
Great Plains Energy Inc.	GXP	(\$25.78)	\$0.00	\$0.16	\$1.01	\$1.13	\$1.20	\$1.28	\$1.37	\$1.46	\$1.55	\$1.66	\$1.78	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37	\$60.10
Hawaiian Electric Industries, Inc.	HE	(\$25.00)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$56.04
IDACORP, Inc.	IDA	(\$55.47)	\$0.00	\$0.31	\$1.90	\$2.07	\$2.17	\$2.27	\$2.37	\$2.49	\$2.63	\$2.79	\$2.98	\$3.22	\$3.40	\$3.60	\$3.80	\$4.01	\$126.99
NextEra Energy, Inc.	NEE	(\$96.05)	\$0.00	\$0.52	\$3.22	\$3.39	\$3.54	\$3.68	\$4.03	\$4.39	\$4.78	\$5.21	\$5.66	\$6.13	\$6.48	\$6.84	\$7.23	\$7.64	\$226.11
Otter Tail Corporation	OTTR	(\$29.00)	\$0.00	\$0.17	\$1.05	\$1.05	\$1.07	\$1.08	\$1.17	\$1.27	\$1.38	\$1.49	\$1.61	\$1.74	\$1.84	\$1.94	\$2.05	\$2.17	\$67.25
Pinnacle West Capital Corporation	PNW	(\$55.66)	\$0.00	\$0.40	\$2.43	\$2.61	\$2.73	\$2.85	\$2.97	\$3.11	\$3.27	\$3.44	\$3.63	\$3.86	\$4.08	\$4.31	\$4.55	\$4.81	\$126.30
PNM Resources, Inc.	PNM	(\$27.02)	\$0.00	\$0.13	\$0.80	\$0.89	\$0.96	\$1.03	\$1.19	\$1.36	\$1.54	\$1.73	\$1.94	\$2.15	\$2.27	\$2.39	\$2.53	\$2.67	\$67.43
Portland General Electric Company	POR	(\$33.02)	\$0.00	\$0.16	\$0.95	\$1.07	\$1.14	\$1.22	\$1.33	\$1.46	\$1.59	\$1.74	\$1.90	\$2.08	\$2.19	\$2.32	\$2.45	\$2.59	\$78.47
Southern Company	SO	(\$44.08)	\$0.00	\$0.35	\$2.10	\$2.18	\$2.24	\$2.30	\$2.35	\$2.42	\$2.49	\$2.58	\$2.67	\$2.79	\$2.95	\$3.12	\$3.29	\$3.48	\$96.83
Westar Energy, Inc.	WR	(\$35.72)	\$0.00	\$0.23	\$1.38	\$1.41	\$1.44	\$1.46	\$1.57	\$1.68	\$1.81	\$1.95	\$2.12	\$2.31	\$2.44	\$2.57	\$2.72	\$2.87	\$83.03
Alliant Energy Corporation	LNT	(\$57.30)	\$0.00	\$0.34	\$2.07	\$2.23	\$2.34	\$2.45	\$2.61	\$2.79	\$2.98	\$3.19	\$3.42	\$3.68	\$3.89	\$4.11	\$4.34	\$4.58	\$132.75
Black Hills Corporation	BKH	(\$55.28)	\$0.00	\$0.26	\$1.62	\$1.82	\$1.97	\$2.12	\$2.33	\$2.56	\$2.80	\$3.05	\$3.31	\$3.58	\$3.79	\$4.00	\$4.23	\$4.46	\$131.43
CMS Energy Corporation	CMS	(\$29.75)	\$0.00	\$0.18	\$1.09	\$1.17	\$1.23	\$1.29	\$1.41	\$1.54	\$1.67	\$1.81	\$1.96	\$2.12	\$2.24	\$2.37	\$2.50	\$2.65	\$70.37
DTE Energy Company	DTE	(\$75.75)	\$0.00	\$0.38	\$2.34	\$2.57	\$2.73	\$2.90	\$3.15	\$3.43	\$3.72	\$4.03	\$4.37	\$4.73	\$4.99	\$5.27	\$5.57	\$5.89	\$178.26
SCANA Corporation	SCG	(\$51.22)	\$0.00	\$0.33	\$1.99	\$2.10	\$2.18	\$2.27	\$2.47	\$2.69	\$2.92	\$3.18	\$3.47	\$3.79	\$4.01	\$4.23	\$4.47	\$4.72	\$121.64
TECO Energy, Inc.	TE	(\$17.60)	\$0.00	\$0.15	\$0.90	\$0.84	\$0.81	\$0.78	\$0.80	\$0.82	\$0.85	\$0.88	\$0.91	\$0.96	\$1.01	\$1.07	\$1.13	\$1.19	\$38.13
Vectren Corporation	VVC	(\$39.96)	\$0.00	\$0.21	\$1.26	\$1.16	\$1.11	\$1.06	\$1.16	\$1.28	\$1.41	\$1.55	\$1.70	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$92.36

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
180 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		Stock	EPS Growth Rate Estimates				Long-Term	Payout Ratio			Iterative Solution	Terminal	Terminal	
			Price	Zacks	First Call	Line		High	Growth	2014				2018
Company	Ticker	Price	Zacks	First Call	Line	Growth	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc.	AEP	\$52.56	4.90%	4.97%	4.50%	4.97%	5.64%	61.00%	63.00%	67.52%	\$0.00	10.07%	16.09	2.86
Duke Energy Corporation	DUK	\$72.86	4.70%	4.70%	5.00%	5.00%	5.64%	71.00%	64.00%	67.52%	\$0.00	9.69%	17.57	3.12
Empire District Electric Company	EDE	\$24.69	3.00%	3.00%	4.00%	4.00%	5.64%	66.00%	63.00%	67.52%	\$0.00	9.76%	17.31	3.07
Great Plains Energy Inc.	GXP	\$25.78	5.00%	5.00%	6.00%	6.00%	5.64%	58.00%	62.00%	67.52%	\$0.00	10.55%	14.50	2.57
Hawaiian Electric Industries, Inc.	HE	\$25.00	4.00%	4.00%	4.00%	4.00%	5.64%	76.00%	62.00%	67.52%	\$0.00	10.17%	15.71	2.79
IDACORP, Inc.	IDA	\$55.47	4.00%	4.00%	1.50%	4.00%	5.64%	51.00%	58.00%	67.52%	\$0.00	10.01%	16.29	2.89
NextEra Energy, Inc.	NEE	\$96.05	6.60%	6.47%	6.00%	6.60%	5.64%	61.00%	57.00%	67.52%	(\$0.00)	9.71%	17.49	3.10
Otter Tail Corporation	OTTR	\$29.00	NA	6.00%	15.50%	15.50%	5.64%	70.00%	59.00%	67.52%	\$0.00	12.55%	10.32	1.83
Pinnacle West Capital Corporation	PNW	\$55.66	3.70%	3.67%	4.00%	4.00%	5.64%	63.00%	65.00%	67.52%	(\$0.00)	10.17%	15.73	2.79
PNM Resources, Inc.	PNM	\$27.02	8.50%	8.32%	11.00%	11.00%	5.64%	50.00%	49.00%	67.52%	\$0.00	11.12%	12.99	2.31
Portland General Electric Company	POR	\$33.02	7.80%	7.80%	5.00%	7.80%	5.64%	50.00%	54.00%	67.52%	\$0.00	10.26%	15.42	2.74
Southern Company	SO	\$44.08	3.50%	3.42%	3.50%	3.50%	5.64%	74.00%	72.00%	67.52%	\$0.00	9.83%	17.02	3.02
Westar Energy, Inc.	WR	\$35.72	3.80%	3.20%	6.00%	6.00%	5.64%	58.00%	55.00%	67.52%	\$0.00	10.52%	14.61	2.59
Alliant Energy Corporation	LNT	\$57.30	4.80%	4.40%	6.00%	6.00%	5.64%	59.00%	60.00%	67.52%	\$0.00	10.11%	15.92	2.83
Black Hills Corporation	BKH	\$55.28	NA	7.00%	9.50%	9.50%	5.64%	56.00%	58.00%	67.52%	\$0.00	10.30%	15.30	2.72
CMS Energy Corporation	CMS	\$29.75	6.10%	6.80%	6.50%	6.80%	5.64%	60.00%	58.00%	67.52%	\$0.00	10.22%	15.55	2.76
DTE Energy Company	DTE	\$75.75	6.20%	5.87%	6.50%	6.50%	5.64%	57.00%	58.00%	67.52%	\$0.00	9.63%	17.87	3.17
SCANA Corporation	SCG	\$51.22	4.40%	4.60%	5.00%	5.00%	5.64%	55.00%	54.00%	67.52%	\$0.00	10.35%	15.14	2.69
TECO Energy, Inc.	TE	\$17.60	6.50%	6.43%	3.50%	6.50%	5.64%	93.00%	71.00%	67.52%	\$0.00	10.13%	15.87	2.82
Vectren Corporation	VVC	\$39.96	4.70%	4.50%	9.00%	9.00%	5.64%	71.00%	51.00%	67.52%	\$0.00	9.61%	17.94	3.18

DCF
Result -
w/
Flotation
Cost

DCF Resu
Mean 10.24% 0.14% 10.38%
Max 12.55% 0.14% 12.68%
Min 9.61% 0.14% 9.75%

Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.34	\$3.50	\$3.68	\$3.86	\$4.05	\$4.25	\$4.47	\$4.70	\$4.95	\$5.22	\$5.51	\$5.82	\$6.15	\$6.50	\$6.87	\$7.25
Duke Energy Corporation	DUK	\$3.98	\$4.18	\$4.39	\$4.61	\$4.84	\$5.08	\$5.33	\$5.61	\$5.90	\$6.21	\$6.55	\$6.92	\$7.31	\$7.72	\$8.15	\$8.61	\$9.10
Empire District Electric Company	EDE	\$1.48	\$1.54	\$1.60	\$1.66	\$1.73	\$1.80	\$1.87	\$1.95	\$2.04	\$2.14	\$2.25	\$2.38	\$2.51	\$2.65	\$2.80	\$2.96	\$3.12
Great Plains Energy Inc.	GXP	\$1.62	\$1.72	\$1.82	\$1.93	\$2.05	\$2.17	\$2.30	\$2.43	\$2.58	\$2.73	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$4.01
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.05	\$2.14	\$2.23	\$2.34	\$2.46	\$2.60	\$2.75	\$2.90	\$3.06	\$3.24	\$3.42
IDACORP, Inc.	IDA	\$3.64	\$3.79	\$3.94	\$4.09	\$4.26	\$4.43	\$4.61	\$4.80	\$5.02	\$5.26	\$5.53	\$5.84	\$6.17	\$6.52	\$6.89	\$7.27	\$7.68
NextEra Energy, Inc.	NEE	\$4.83	\$5.15	\$5.49	\$5.85	\$6.24	\$6.65	\$7.09	\$7.54	\$8.02	\$8.51	\$9.01	\$9.52	\$10.06	\$10.63	\$11.23	\$11.86	\$12.53
Otter Tail Corporation	OTTR	\$1.37	\$1.58	\$1.83	\$2.11	\$2.44	\$2.82	\$3.25	\$3.70	\$4.16	\$4.59	\$5.00	\$5.29	\$5.58	\$5.90	\$6.23	\$6.58	\$6.95
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.96	\$4.12	\$4.28	\$4.45	\$4.63	\$4.83	\$5.05	\$5.29	\$5.56	\$5.87	\$6.21	\$6.56	\$6.92	\$7.31	\$7.73
PNM Resources, Inc.	PNM	\$1.41	\$1.57	\$1.74	\$1.93	\$2.14	\$2.38	\$2.64	\$2.90	\$3.17	\$3.44	\$3.69	\$3.90	\$4.12	\$4.35	\$4.59	\$4.85	\$5.13
Portland General Electric Company	POR	\$1.77	\$1.91	\$2.06	\$2.22	\$2.39	\$2.58	\$2.78	\$2.98	\$3.20	\$3.41	\$3.63	\$3.83	\$4.05	\$4.28	\$4.52	\$4.77	\$5.04
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.21	\$3.32	\$3.45	\$3.59	\$3.76	\$3.94	\$4.16	\$4.40	\$4.65	\$4.91	\$5.18	\$5.48
Westar Energy, Inc.	WR	\$2.27	\$2.41	\$2.55	\$2.70	\$2.87	\$3.04	\$3.22	\$3.41	\$3.61	\$3.82	\$4.04	\$4.27	\$4.51	\$4.76	\$5.03	\$5.32	\$5.62
Alliant Energy Corporation	LNT	\$2.39	\$3.49	\$3.70	\$3.92	\$4.15	\$4.40	\$4.67	\$4.94	\$5.23	\$5.54	\$5.86	\$6.19	\$6.54	\$6.91	\$7.29	\$7.71	\$8.14
Black Hills Corporation	BKH	\$2.61	\$2.86	\$3.13	\$3.43	\$3.75	\$4.11	\$4.50	\$4.90	\$5.30	\$5.70	\$6.10	\$6.44	\$6.80	\$7.19	\$7.59	\$8.02	\$8.47
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.89	\$2.02	\$2.16	\$2.31	\$2.46	\$2.63	\$2.79	\$2.97	\$3.15	\$3.32	\$3.51	\$3.71	\$3.92	\$4.14	\$4.37
DTE Energy Company	DTE	\$3.76	\$4.00	\$4.26	\$4.54	\$4.84	\$5.15	\$5.49	\$5.84	\$6.20	\$6.57	\$6.96	\$7.36	\$7.77	\$8.21	\$8.67	\$9.16	\$9.67
SCANA Corporation	SCG	\$3.39	\$3.56	\$3.74	\$3.92	\$4.12	\$4.33	\$4.54	\$4.77	\$5.02	\$5.29	\$5.58	\$5.89	\$6.22	\$6.57	\$6.95	\$7.34	\$7.75
TECO Energy, Inc.	TE	\$0.92	\$0.98	\$1.04	\$1.11	\$1.18	\$1.26	\$1.34	\$1.43	\$1.52	\$1.61	\$1.70	\$1.80	\$1.90	\$2.01	\$2.12	\$2.24	\$2.37
Vectren Corporation	VVC	\$1.66	\$1.81	\$1.97	\$2.15	\$2.34	\$2.55	\$2.78	\$3.02	\$3.26	\$3.50	\$3.73	\$3.94	\$4.16	\$4.40	\$4.65	\$4.91	\$5.18

Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	[46]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	61.00%	61.50%	62.00%	62.50%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.59%	65.17%	65.76%	66.34%	66.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Empire District Electric Company	EDE	66.00%	65.25%	64.50%	63.75%	63.00%	63.75%	64.51%	65.26%	66.01%	66.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Great Plains Energy Inc.	GXP	58.00%	59.00%	60.00%	61.00%	62.00%	62.92%	63.84%	64.76%	65.68%	66.60%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Hawaiian Electric Industries, Inc.	HE	76.00%	73.25%	70.50%	67.75%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
IDACORP, Inc.	IDA	51.00%	52.75%	54.50%	56.25%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.75%	60.51%	62.26%	64.01%	65.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.42%	61.84%	63.26%	64.68%	66.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Pinnacle West Capital Corporation	PNW	63.00%	63.50%	64.00%	64.50%	65.00%	65.42%	65.84%	66.26%	66.68%	67.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	52.09%	55.17%	58.26%	61.34%	64.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Portland General Electric Company	POR	50.00%	51.00%	52.00%	53.00%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.25%	70.51%	69.76%	69.01%	68.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Westar Energy, Inc.	WR	58.00%	57.25%	56.50%	55.75%	55.00%	57.09%	59.17%	61.26%	63.34%	65.43%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Alliant Energy Corporation	LNT	59.00%	59.25%	59.50%	59.75%	60.00%	61.25%	62.51%	63.76%	65.01%	66.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Black Hills Corporation	BKH	56.00%	56.50%	57.00%	57.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
CMS Energy Corporation	CMS	60.00%	59.50%	59.00%	58.50%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
DTE Energy Company	DTE	57.00%	57.25%	57.50%	57.75%	58.00%	59.59%	61.17%	62.76%	64.34%	65.93%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
SCANA Corporation	SCG	55.00%	54.75%	54.50%	54.25%	54.00%	56.25%	58.51%	60.76%	63.01%	65.26%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
TECO Energy, Inc.	TE	93.00%	87.50%	82.00%	76.50%	71.00%	70.42%	69.84%	69.26%	68.68%	68.10%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%
Vectren Corporation	VVC	71.00%	66.00%	61.00%	56.00%	51.00%	53.75%	56.51%	59.26%	62.01%	64.76%	67.52%	67.52%	67.52%	67.52%	67.52%	67.52%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.04	\$2.15	\$2.28	\$2.41	\$2.55	\$2.71	\$2.88	\$3.07	\$3.27	\$3.49	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$4.90	\$116.71
Duke Energy Corporation	DUK	\$2.97	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.88	\$4.12	\$4.38	\$4.67	\$4.93	\$5.21	\$5.51	\$5.82	\$6.14	\$159.86
Empire District Electric Company	EDE	\$1.02	\$1.04	\$1.07	\$1.10	\$1.13	\$1.19	\$1.26	\$1.33	\$1.41	\$1.50	\$1.60	\$1.69	\$1.79	\$1.89	\$2.00	\$2.11	\$54.09
Great Plains Energy Inc.	GXP	\$1.00	\$1.07	\$1.16	\$1.25	\$1.34	\$1.45	\$1.55	\$1.67	\$1.79	\$1.92	\$2.06	\$2.17	\$2.30	\$2.43	\$2.56	\$2.71	\$58.12
Idaho Electric Industries, Inc.	HE	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$2.31	\$53.73
IDACORP, Inc.	IDA	\$1.93	\$2.08	\$2.23	\$2.40	\$2.57	\$2.74	\$2.94	\$3.15	\$3.39	\$3.65	\$3.94	\$4.17	\$4.40	\$4.65	\$4.91	\$5.19	\$125.18
NextEra Energy, Inc.	NEE	\$3.14	\$3.29	\$3.45	\$3.62	\$3.79	\$4.16	\$4.56	\$4.99	\$5.45	\$5.93	\$6.43	\$6.79	\$7.17	\$7.58	\$8.01	\$8.48	\$219.13
OTter Tail Corporation	OTTR	\$1.11	\$1.23	\$1.36	\$1.51	\$1.66	\$1.97	\$2.29	\$2.63	\$2.97	\$3.31	\$3.57	\$3.77	\$3.98	\$4.21	\$4.44	\$4.69	\$71.77
Pinnacle West Capital Corporation	PWNV	\$2.40	\$2.51	\$2.63	\$2.76	\$2.89	\$3.03	\$3.18	\$3.35	\$3.53	\$3.73	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$5.22	\$121.53
PNM Resources, Inc.	PNM	\$0.78	\$0.86	\$0.95	\$1.05	\$1.16	\$1.37	\$1.60	\$1.85	\$2.11	\$2.38	\$2.63	\$2.78	\$2.94	\$3.10	\$3.28	\$3.46	\$66.62
Portland General Electric Company	POR	\$0.95	\$1.05	\$1.15	\$1.27	\$1.39	\$1.56	\$1.75	\$1.94	\$2.15	\$2.37	\$2.59	\$2.73	\$2.89	\$3.05	\$3.22	\$3.40	\$77.70
Southern Company	SO	\$2.07	\$2.13	\$2.19	\$2.25	\$2.31	\$2.36	\$2.43	\$2.51	\$2.59	\$2.69	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$3.70	\$93.20
Westar Energy, Inc.	WR	\$1.40	\$1.46	\$1.53	\$1.60	\$1.67	\$1.84	\$2.02	\$2.21	\$2.42	\$2.64	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$82.04
Alliant Energy Corporation	LNT	\$2.06	\$2.19	\$2.33	\$2.48	\$2.64	\$2.86	\$3.09	\$3.34	\$3.60	\$3.88	\$4.18	\$4.41	\$4.66	\$4.93	\$5.20	\$5.50	\$129.61
Black Hills Corporation	BKHI	\$1.60	\$1.77	\$1.95	\$2.16	\$2.38	\$2.68	\$3.00	\$3.33	\$3.67	\$4.02	\$4.35	\$4.59	\$4.85	\$5.12	\$5.41	\$5.72	\$129.60
CMS Energy Corporation	CMS	\$1.06	\$1.13	\$1.19	\$1.26	\$1.34	\$1.47	\$1.61	\$1.75	\$1.91	\$2.07	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$2.95	\$68.01
DTE Energy Company	DTE	\$2.28	\$2.44	\$2.61	\$2.79	\$2.99	\$3.27	\$3.57	\$3.89	\$4.23	\$4.59	\$4.97	\$5.25	\$5.54	\$5.85	\$6.18	\$6.53	\$172.92
SCANA Corporation	SCG	\$1.96	\$2.05	\$2.14	\$2.24	\$2.34	\$2.56	\$2.79	\$3.05	\$3.33	\$3.64	\$3.98	\$4.20	\$4.44	\$4.69	\$4.95	\$5.23	\$117.32
TECO Energy, Inc.	TE	\$0.91	\$0.91	\$0.91	\$0.91	\$0.89	\$0.95	\$1.00	\$1.05	\$1.10	\$1.16	\$1.22	\$1.28	\$1.36	\$1.43	\$1.51	\$1.60	\$37.56
Vectren Corporation	VVC	\$1.28	\$1.30	\$1.31	\$1.31	\$1.30	\$1.50	\$1.71	\$1.93	\$2.17	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$93.02

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
180 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Projected Annual Data		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
Investor Cash Flows		Initial																	
Company	Ticker	Outflow	10/31/14	12/31/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29
American Electric Power Company, Inc.	AEP	(\$52.56)	\$0.00	\$0.34	\$2.09	\$2.28	\$2.41	\$2.55	\$2.71	\$2.88	\$3.07	\$3.27	\$3.49	\$3.72	\$3.93	\$4.15	\$4.39	\$4.64	\$121.61
Duke Energy Corporation	DUK	(\$72.86)	\$0.00	\$0.50	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.88	\$4.12	\$4.38	\$4.67	\$4.93	\$5.21	\$5.51	\$5.82	\$166.00
Empire District Electric Company	EDE	(\$24.68)	\$0.00	\$0.17	\$1.04	\$1.07	\$1.10	\$1.13	\$1.19	\$1.26	\$1.33	\$1.41	\$1.50	\$1.60	\$1.69	\$1.79	\$1.89	\$2.00	\$56.20
Great Plains Energy Inc.	GXP	(\$25.78)	\$0.00	\$0.17	\$1.03	\$1.16	\$1.25	\$1.34	\$1.45	\$1.55	\$1.67	\$1.79	\$1.92	\$2.06	\$2.17	\$2.30	\$2.43	\$2.56	\$60.83
Hawaiian Electric Industries, Inc.	HE	(\$25.00)	\$0.00	\$0.21	\$1.31	\$1.28	\$1.28	\$1.28	\$1.34	\$1.41	\$1.48	\$1.56	\$1.65	\$1.76	\$1.85	\$1.96	\$2.07	\$2.19	\$56.04
IDACORP, Inc.	IDA	(\$55.47)	\$0.00	\$0.32	\$1.97	\$2.23	\$2.40	\$2.57	\$2.74	\$2.94	\$3.15	\$3.39	\$3.65	\$3.94	\$4.17	\$4.40	\$4.65	\$4.91	\$130.37
NextEra Energy, Inc.	NEE	(\$96.05)	\$0.00	\$0.52	\$3.24	\$3.45	\$3.62	\$3.79	\$4.16	\$4.56	\$4.99	\$5.45	\$5.93	\$6.43	\$6.79	\$7.17	\$7.58	\$8.01	\$227.59
Otter Tail Corporation	OTTR	(\$29.00)	\$0.00	\$0.19	\$1.19	\$1.36	\$1.51	\$1.66	\$1.97	\$2.29	\$2.63	\$2.97	\$3.31	\$3.57	\$3.77	\$3.98	\$4.21	\$4.44	\$76.47
Pinnacle West Capital Corporation	PNW	(\$55.66)	\$0.00	\$0.40	\$2.45	\$2.63	\$2.76	\$2.89	\$3.03	\$3.18	\$3.35	\$3.53	\$3.73	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$126.75
PNM Resources, Inc.	PNM	(\$27.02)	\$0.00	\$0.13	\$0.83	\$0.95	\$1.05	\$1.16	\$1.37	\$1.60	\$1.85	\$2.11	\$2.38	\$2.63	\$2.78	\$2.94	\$3.10	\$3.28	\$70.08
Portland General Electric Company	POR	(\$33.02)	\$0.00	\$0.16	\$0.99	\$1.15	\$1.27	\$1.39	\$1.56	\$1.75	\$1.94	\$2.15	\$2.37	\$2.59	\$2.73	\$2.89	\$3.05	\$3.22	\$81.10
Southern Company	SO	(\$44.08)	\$0.00	\$0.35	\$2.10	\$2.19	\$2.25	\$2.31	\$2.36	\$2.43	\$2.51	\$2.59	\$2.69	\$2.81	\$2.97	\$3.14	\$3.31	\$3.50	\$96.90
Westar Energy, Inc.	WR	(\$35.72)	\$0.00	\$0.23	\$1.44	\$1.53	\$1.60	\$1.67	\$1.84	\$2.02	\$2.21	\$2.42	\$2.64	\$2.88	\$3.05	\$3.22	\$3.40	\$3.59	\$85.84
Alliant Energy Corporation	LNT	(\$57.30)	\$0.00	\$0.34	\$2.12	\$2.33	\$2.48	\$2.64	\$2.86	\$3.09	\$3.34	\$3.60	\$3.88	\$4.18	\$4.41	\$4.66	\$4.93	\$5.20	\$135.10
Black Hills Corporation	BKH	(\$55.28)	\$0.00	\$0.27	\$1.68	\$1.95	\$2.16	\$2.38	\$2.68	\$3.00	\$3.33	\$3.67	\$4.02	\$4.35	\$4.59	\$4.85	\$5.12	\$5.41	\$135.32
CMS Energy Corporation	CMS	(\$29.75)	\$0.00	\$0.18	\$1.10	\$1.19	\$1.26	\$1.34	\$1.47	\$1.61	\$1.75	\$1.91	\$2.07	\$2.24	\$2.37	\$2.50	\$2.65	\$2.79	\$70.96
DTE Energy Company	DTE	(\$75.75)	\$0.00	\$0.38	\$2.36	\$2.61	\$2.79	\$2.99	\$3.27	\$3.57	\$3.89	\$4.23	\$4.59	\$4.97	\$5.25	\$5.54	\$5.85	\$6.18	\$179.45
SCANA Corporation	SCG	(\$51.22)	\$0.00	\$0.33	\$2.01	\$2.14	\$2.24	\$2.34	\$2.56	\$2.79	\$3.05	\$3.33	\$3.64	\$3.98	\$4.20	\$4.44	\$4.69	\$4.95	\$122.55
TECO Energy, Inc.	TE	(\$17.60)	\$0.00	\$0.15	\$0.94	\$0.91	\$0.91	\$0.89	\$0.95	\$1.00	\$1.05	\$1.10	\$1.16	\$1.22	\$1.28	\$1.36	\$1.43	\$1.51	\$39.16
Vectren Corporation	VVC	(\$39.96)	\$0.00	\$0.21	\$1.34	\$1.31	\$1.31	\$1.30	\$1.50	\$1.71	\$1.93	\$2.17	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$96.52

Multi-Stage DCF Notes:

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- [1] Source: Bloomberg; based on 30-, 90-, 180-day historical average as of October 31, 2014
[2] Source: Zacks
[3] Source: Yahoo! Finance
[4] Source: Value Line
[5] Equals indicated value (average, minimum, maximum) of Columns [2], [3], [4]
[6] Source: U.S. Bureau of Economic Analysis; Federal Reserve Board of Governors
[7] Source: Value Line
[8] Source: Value Line
[9] Source: Bloomberg Professional
[10] Equals Column [1] + Column [64]
[11] Equals result of Excel Solver function; goal: Column [10] equals \$0.00
[12] Equals Column [63] / Column [30]
[13] Equals Column [12] / (Column [6] x 100)
[14] Source: Value Line
[15] Equals Column [14] x (1 + Column [5])
[16] Equals Column [15] x (1 + Column [5])
[17] Equals Column [16] x (1 + Column [5])
[18] Equals Column [17] x (1 + Column [5])
[19] Equals Column [18] x (1 + Column [5])
[20] Equals (1 + (Column [5] + (((Column [6] - Column [5]) / (2024 - 2019 + 1)) x (2019 - 2018)))) x Column [19]
[21] Equals (1 + (Column [5] + (((Column [6] - Column [5]) / (2024 - 2019 + 1)) x (2020 - 2018)))) x Column [20]
[22] Equals (1 + (Column [5] + (((Column [6] - Column [5]) / (2024 - 2019 + 1)) x (2021 - 2018)))) x Column [21]
[23] Equals (1 + (Column [5] + (((Column [6] - Column [5]) / (2024 - 2019 + 1)) x (2022 - 2018)))) x Column [22]
[24] Equals (1 + (Column [5] + (((Column [6] - Column [5]) / (2024 - 2019 + 1)) x (2023 - 2018)))) x Column [23]
[25] Equals Column [24] x (1 + Column [6])
[26] Equals Column [25] x (1 + Column [6])
[27] Equals Column [26] x (1 + Column [6])
[28] Equals Column [27] x (1 + Column [6])
[29] Equals Column [28] x (1 + Column [6])
[30] Equals Column [29] x (1 + Column [6])
[31] Equals Column [7]
[32] Equals Column [31] + ((Column [35] - Column [31]) / 4)
[33] Equals Column [32] + ((Column [35] - Column [31]) / 4)
[34] Equals Column [33] + ((Column [35] - Column [31]) / 4)
[35] Equals Column [8]
[36] Equals Column [35] + ((Column [41] - Column [35]) / 6)
[37] Equals Column [36] + ((Column [41] - Column [35]) / 6)
[38] Equals Column [37] + ((Column [41] - Column [35]) / 6)
[39] Equals Column [38] + ((Column [41] - Column [35]) / 6)
[40] Equals Column [39] + ((Column [41] - Column [35]) / 6)
[41] Equals Column [9]
[42] Equals Column [9]
[43] Equals Column [9]
[44] Equals Column [9]
[45] Equals Column [9]
[46] Equals Column [9]
[47] Equals Column [15] x Column [31]
[48] Equals Column [16] x Column [32]
[49] Equals Column [17] x Column [33]
[50] Equals Column [18] x Column [34]
[51] Equals Column [19] x Column [35]
[52] Equals Column [20] x Column [36]
[53] Equals Column [21] x Column [37]
[54] Equals Column [22] x Column [38]
[55] Equals Column [23] x Column [39]
[56] Equals Column [24] x Column [40]
[57] Equals Column [25] x Column [41]
[58] Equals Column [26] x Column [42]
[59] Equals Column [27] x Column [43]
[60] Equals Column [28] x Column [44]
[61] Equals Column [29] x Column [45]
[62] Equals Column [30] x Column [46]
[63] Equals (Column [62] x (1 + Column [6])) / (Column [11] - Column [6])
[64] Equals negative net present value; discount rate equals Column [11], cash flows equal Column [65] through Column [81]
[65] Equals \$0.00
[66] Equals Column [47] x (12/31/2014 - 10/31/2014) / 365
[67] Equals Column [47] x (1 + (0.5 x Column [5]))
[68] Equals Column [49]
[69] Equals Column [50]
[70] Equals Column [51]
[71] Equals Column [52]
[72] Equals Column [53]
[73] Equals Column [54]
[74] Equals Column [55]
[75] Equals Column [56]
[76] Equals Column [57]
[77] Equals Column [58]
[78] Equals Column [59]
[79] Equals Column [60]
[80] Equals Column [61]
[81] Equals Column [62] + [63]

Ex-Ante Market Risk Premium
Market DCF Method Based - Bloomberg

[1]	[2]	[3]
S&P 500	Current 30-Year	
Est. Required	Treasury (30-	Implied Market
Market Return	day average)	Risk Premium
13.40%	3.09%	10.30%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	18,436.58	0.10%	0.96%	8.32%	9.32%	0.0091%
ALCOA INC	AA	19,757.07	0.10%	0.72%	10.67%	11.42%	0.0120%
APPLE INC	AAPL	633,402.72	3.36%	1.81%	15.97%	17.93%	0.6019%
ABBVIE INC	ABBV	101,120.46	0.54%	2.62%	7.97%	10.69%	0.0573%
AMERISOURCEBERGEN CORP	ABC	19,164.44	0.10%	1.17%	10.66%	11.89%	0.0121%
ABBOTT LABORATORIES	ABT	65,546.24	0.35%	2.02%	10.99%	13.12%	0.0456%
ACE LTD	ACE	36,258.91	0.19%	2.32%	7.13%	9.53%	0.0183%
ACCENTURE PLC-CL A	ACN	54,030.59	0.29%	2.52%	10.45%	13.10%	0.0375%
ACTAVIS PLC	ACT	64,146.65	0.34%	0.00%	17.00%	17.00%	0.0578%
ADOBE SYSTEMS INC	ADBE	34,971.57	0.19%	0.00%	12.50%	12.50%	0.0232%
ANALOG DEVICES INC	ADI	15,591.24	0.08%	2.91%	11.80%	14.88%	0.0123%
ARCHER-DANIELS-MIDLAND CO	ADM	30,339.47	0.16%	1.95%	7.33%	9.36%	0.0150%
AUTOMATIC DATA PROCESSING	ADP	39,422.61	0.21%	2.26%	10.29%	12.66%	0.0265%
ALLIANCE DATA SYSTEMS CORP	ADS	15,733.95	0.08%	0.00%	16.38%	16.38%	0.0137%
AUTODESK INC	ADSK	13,075.19	0.07%	0.00%	11.64%	11.64%	0.0081%
ADT CORP/THE	ADT	6,236.45	0.03%	2.03%	5.40%	7.49%	0.0025%
AMEREN CORPORATION	AEE	10,273.16	0.05%	3.83%	6.93%	10.89%	0.0059%
AMERICAN ELECTRIC POWER	AEP	28,542.29	0.15%	3.48%	5.39%	8.97%	0.0136%
AES CORP	AES	10,176.40	0.05%	1.44%	7.37%	8.86%	0.0048%
AETNA INC	AET	29,018.77	0.15%	1.09%	11.79%	12.95%	0.0199%
AFLAC INC	AFL	27,060.43	0.14%	2.51%	9.37%	12.00%	0.0172%
ALLERGAN INC	AGN	56,482.75	0.30%	0.11%	21.00%	21.12%	0.0632%
AMERICAN INTERNATIONAL GROUP	AIG	76,438.17	0.41%	0.94%	8.38%	9.36%	0.0379%
APARTMENT INVT & MGMT CO -A	AIV	5,232.69	0.03%	2.91%	7.18%	10.20%	0.0028%
ASSURANT INC	AIZ	4,869.51	0.03%	1.55%	6.68%	8.29%	0.0021%
AKAMAI TECHNOLOGIES INC	AKAM	10,743.24	0.06%	0.00%	15.83%	15.83%	0.0090%
ALLSTATE CORP	ALL	27,200.25	0.14%	1.71%	8.43%	10.22%	0.0147%
ALLEGION PLC	ALLE	5,082.23	0.03%	0.60%	16.80%	17.45%	0.0047%
ALTERA CORP	ALTR	10,476.55	0.06%	1.89%	12.03%	14.03%	0.0078%
ALEXION PHARMACEUTICALS INC	ALXN	37,944.18	0.20%	0.00%	35.34%	35.34%	0.0711%
APPLIED MATERIALS INC	AMAT	26,892.40	0.14%	1.82%	17.38%	19.36%	0.0276%
AMETEK INC	AME	12,817.60	0.07%	0.59%	12.73%	13.36%	0.0091%
AFFILIATED MANAGERS GROUP	AMG	11,098.88	0.06%	0.00%	14.88%	14.88%	0.0088%
AMGEN INC	AMGN	123,365.46	0.65%	1.50%	8.60%	10.17%	0.0665%
AMERIPRISE FINANCIAL INC	AMP	23,619.10	0.13%	1.81%	13.00%	14.93%	0.0187%
AMERICAN TOWER CORP	AMT	38,655.13	0.20%	1.41%	25.90%	27.49%	0.0563%
AMAZON.COM INC	AMZN	141,429.95	0.75%	0.00%	36.58%	36.58%	0.2743%
AUTONATION INC	AN	6,478.61	0.03%	0.00%	12.60%	12.60%	0.0043%
AON PLC	AON	24,978.93	0.13%	1.04%	13.82%	14.93%	0.0198%
APACHE CORP	APA	29,526.92	0.16%	1.25%	4.84%	6.12%	0.0096%
ANADARKO PETROLEUM CORP	APC	46,482.02	0.25%	1.08%	17.89%	19.07%	0.0470%
AIR PRODUCTS & CHEMICALS INC	APD	28,684.70	0.15%	2.34%	9.06%	11.50%	0.0175%
AMPHENOL CORP-CL A	APH	15,901.63	0.08%	0.88%	11.45%	12.38%	0.0104%
AIRGAS INC	ARG	8,313.18	0.04%	1.94%	11.40%	13.45%	0.0059%
ALLEGHENY TECHNOLOGIES INC	ATI	3,570.89	0.02%	2.19%	16.90%	19.28%	0.0036%
AVALONBAY COMMUNITIES INC	AVB	21,242.86	0.11%	2.98%	6.55%	9.63%	0.0108%
AVAGO TECHNOLOGIES LTD	AVGO	21,812.56	0.12%	1.26%	20.63%	22.02%	0.0255%
AVON PRODUCTS INC	AVP	4,520.42	0.02%	2.35%	6.52%	8.94%	0.0021%
AVERY DENNISON CORP	AVY	4,268.08	0.02%	2.69%	11.70%	14.55%	0.0033%
AMERICAN EXPRESS CO	AXP	93,069.15	0.49%	1.12%	9.82%	11.00%	0.0543%
AUTOZONE INC	AZO	17,735.17	0.09%	0.00%	13.39%	13.39%	0.0126%
BOEING CO/THE	BA	89,052.14	0.47%	2.34%	11.15%	13.62%	0.0643%
BANK OF AMERICA CORP	BAC	180,452.20	0.96%	0.70%	10.83%	11.56%	0.1106%
BAXTER INTERNATIONAL INC	BAX	38,014.35	0.20%	2.88%	9.75%	12.77%	0.0257%
BED BATH & BEYOND INC	BBBY	12,473.98	0.07%	0.00%	7.91%	7.91%	0.0052%
BB&T CORP	BBT	27,284.90	0.14%	2.51%	11.95%	14.60%	0.0211%
BEST BUY CO INC	BBY	11,935.89	0.06%	2.08%	13.25%	15.46%	0.0098%
CR BARD INC	BCR	12,281.15	0.07%	0.53%	10.78%	11.33%	0.0074%
BECTON DICKINSON AND CO	BDX	24,689.29	0.13%	1.70%	9.49%	11.27%	0.0147%
FRANKLIN RESOURCES INC	BEN	34,772.44	0.18%	0.96%	12.44%	13.46%	0.0248%
BROWN-FORMAN CORP-CLASS B	BF/B	19,634.25	0.10%	1.35%	9.60%	11.02%	0.0115%
BAKER HUGHES INC	BHI	22,910.44	0.12%	1.18%	33.10%	34.48%	0.0419%
BIOGEN IDEC INC	BIIB	75,824.78	0.40%	0.00%	21.07%	21.07%	0.0847%
BANK OF NEW YORK MELLON CORP	BK	43,815.40	0.23%	1.71%	9.83%	11.62%	0.0270%
BLACKROCK INC	BLK	57,348.97	0.30%	2.27%	12.37%	14.79%	0.0450%
BALL CORP	BLL	8,919.58	0.05%	0.82%	10.03%	10.89%	0.0051%
BEMIS COMPANY	BMS	3,842.42	0.02%	2.70%	8.85%	11.67%	0.0024%
BRISTOL-MYERS SQUIBB CO	BMJ	96,524.20	0.51%	2.48%	12.75%	15.38%	0.0787%

Company	Ticker	[4]	[5]	[6]	[7]	[8]	[9]
		Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
BROADCOM CORP-CL A	BRCM	24,792.96	0.13%	1.14%	10.51%	11.72%	0.0154%
BERKSHIRE HATHAWAY INC-CL B	BRK/B	345,089.95	1.83%	0.00%	6.70%	6.70%	0.1226%
BOSTON SCIENTIFIC CORP	BSX	17,605.40	0.09%	0.00%	7.60%	7.60%	0.0071%
BORGWARNER INC	BWA	12,964.84	0.07%	0.91%	13.91%	14.89%	0.0102%
BOSTON PROPERTIES INC	BXP	19,405.17	0.10%	2.98%	5.51%	8.57%	0.0088%
CITIGROUP INC	C	162,168.51	0.86%	0.07%	10.72%	10.80%	0.0928%
CA INC	CA	12,928.97	0.07%	3.45%	4.77%	8.30%	0.0057%
CONAGRA FOODS INC	CAG	14,592.83	0.08%	2.91%	9.37%	12.41%	0.0096%
CARDINAL HEALTH INC	CAH	26,381.09	0.14%	1.73%	12.16%	13.99%	0.0196%
CAMERON INTERNATIONAL CORP	CAM	11,757.91	0.06%	0.00%	17.47%	17.47%	0.0109%
CATERPILLAR INC	CAT	61,393.50	0.33%	2.53%	11.74%	14.42%	0.0469%
CHUBB CORP	CB	23,894.46	0.13%	2.00%	8.38%	10.46%	0.0133%
CBRE GROUP INC - A	CBG	10,627.77	0.06%	0.00%	12.17%	12.17%	0.0069%
CBS CORP-CLASS B NON VOTING	CBS	28,566.83	0.15%	1.00%	14.94%	16.01%	0.0242%
COCA-COLA ENTERPRISES	CCE	10,479.19	0.06%	2.28%	9.04%	11.42%	0.0063%
CROWN CASTLE INTL CORP	CCI	26,081.10	0.14%	1.80%	17.50%	19.45%	0.0269%
CARNIVAL CORP	CCL	31,121.41	0.16%	2.49%	17.03%	19.73%	0.0326%
CELGENE CORP	CELG	85,533.23	0.45%	0.00%	25.53%	25.53%	0.1157%
CERNER CORP	CERN	21,628.85	0.11%	0.00%	16.80%	16.80%	0.0193%
CF INDUSTRIES HOLDINGS INC	CF	12,914.39	0.07%	1.89%	12.14%	14.15%	0.0097%
CAREFUSION CORP	CFN	11,669.16	0.06%	0.00%	11.74%	11.74%	0.0073%
CHESAPEAKE ENERGY CORP	CHK	14,766.90	0.08%	1.57%	6.83%	8.45%	0.0066%
C.H. ROBINSON WORLDWIDE INC	CHRW	10,184.77	0.05%	2.05%	11.57%	13.73%	0.0074%
CIGNA CORP	CI	26,045.39	0.14%	0.04%	10.66%	10.70%	0.0148%
CINCINNATI FINANCIAL CORP	CINF	8,251.36	N/A	3.49%	NA	N/A	N/A
COLGATE-PALMOLIVE CO	CL	60,954.32	0.32%	2.15%	9.80%	12.05%	0.0389%
CLOROX COMPANY	CLX	12,855.36	0.07%	2.99%	7.02%	10.11%	0.0069%
COMERICA INC	CMA	8,578.24	0.05%	1.65%	10.63%	12.37%	0.0056%
COMCAST CORP-CLASS A	CMCSA	142,509.61	0.76%	1.63%	13.03%	14.76%	0.1115%
CME GROUP INC	CME	28,162.04	0.15%	4.44%	12.15%	16.86%	0.0252%
CHIPOTLE MEXICAN GRILL INC	CMG	19,786.08	0.10%	0.00%	22.84%	22.84%	0.0240%
CUMMINS INC	CMI	26,705.89	0.14%	1.96%	14.63%	16.74%	0.0237%
CMS ENERGY CORP	CMS	9,021.79	0.05%	3.31%	5.83%	9.24%	0.0044%
CENTERPOINT ENERGY INC	CNP	10,551.49	0.06%	3.87%	5.45%	9.43%	0.0053%
CONSOL ENERGY INC	CNX	8,470.14	0.04%	0.68%	9.70%	10.41%	0.0047%
CAPITAL ONE FINANCIAL CORP	COF	46,460.35	0.25%	1.45%	5.50%	6.99%	0.0172%
CABOT OIL & GAS CORP	COG	12,844.92	0.07%	0.23%	42.78%	43.06%	0.0293%
COACH INC	COH	9,472.04	0.05%	3.93%	8.31%	12.41%	0.0062%
ROCKWELL COLLINS INC	COL	11,368.58	0.06%	1.57%	9.50%	11.14%	0.0067%
CONOCOPHILLIPS	COP	88,713.33	0.47%	3.91%	5.93%	9.96%	0.0469%
COSTCO WHOLESALE CORP	COST	58,384.33	0.31%	1.07%	10.70%	11.83%	0.0366%
COVIDIEN PLC	COV	41,840.24	0.22%	1.38%	9.85%	11.30%	0.0251%
CAMPBELL SOUP CO	CPB	13,882.32	0.07%	3.07%	4.56%	7.70%	0.0057%
SALESFORCE.COM INC	CRM	39,609.81	0.21%	0.00%	20.98%	20.98%	0.0441%
COMPUTER SCIENCES CORP	CSC	8,761.89	0.05%	1.50%	9.55%	11.12%	0.0052%
CISCO SYSTEMS INC	CSCO	125,289.40	0.66%	2.99%	8.80%	11.92%	0.0792%
CSX CORP	CSX	35,614.77	0.19%	1.77%	11.88%	13.75%	0.0260%
CINTAS CORP	CTAS	8,567.55	0.05%	1.11%	10.68%	11.85%	0.0054%
CENTURYLINK INC	CTL	23,650.44	0.13%	5.21%	0.07%	5.28%	0.0066%
COGNIZANT TECH SOLUTIONS-A	CTSH	29,697.10	0.16%	0.00%	17.39%	17.39%	0.0274%
CITRIX SYSTEMS INC	CTXS	10,563.93	0.06%	0.00%	14.17%	14.17%	0.0079%
CABLEVISION SYSTEMS-NY GRP-A	CVC	5,048.50	0.03%	3.22%	-4.28%	-1.12%	-0.0003%
CVS HEALTH CORP	CVS	99,378.80	0.53%	1.26%	14.00%	15.35%	0.0809%
CHEVRON CORP	CVX	227,776.87	1.21%	3.50%	5.71%	9.31%	0.1125%
DOMINION RESOURCES INC/VA	D	41,544.22	0.22%	3.36%	6.16%	9.63%	0.0212%
DELTA AIR LINES INC	DAL	33,670.15	0.18%	0.72%	11.72%	12.49%	0.0223%
DU PONT (E.I.) DE NEMOURS	DD	62,646.24	0.33%	2.70%	7.57%	10.37%	0.0344%
DEERE & CO	DE	30,659.29	0.16%	2.46%	6.38%	8.92%	0.0145%
DISCOVER FINANCIAL SERVICES	DFS	28,922.94	0.15%	1.45%	9.73%	11.25%	0.0172%
DOLLAR GENERAL CORP	DG	19,013.90	0.10%	0.00%	13.34%	13.34%	0.0134%
QUEST DIAGNOSTICS INC	DGX	9,172.14	0.05%	2.04%	8.87%	11.00%	0.0053%
DR HORTON INC	DHI	8,306.33	0.04%	0.71%	10.71%	11.46%	0.0050%
DANAHER CORP	DHR	56,496.40	0.30%	0.42%	11.25%	11.70%	0.0350%
WALT DISNEY CO/THE	DIS	156,806.34	0.83%	0.94%	11.54%	12.54%	0.1042%
DISCOVERY COMMUNICATIONS-A	DISCA	24,077.28	0.13%	0.00%	19.68%	19.68%	0.0251%
DISCOVERY COMMUNICATIONS-C	DISCK	24,077.28	0.13%	0.00%	19.68%	19.68%	0.0251%
DELPHI AUTOMOTIVE PLC	DLPH	20,426.52	0.11%	1.45%	14.01%	15.56%	0.0169%
DOLLAR TREE INC	DLTR	12,454.74	0.07%	0.00%	15.70%	15.70%	0.0104%
DUN & BRADSTREET CORP	DNB	4,466.57	0.02%	1.40%	9.55%	11.02%	0.0026%
DENBURY RESOURCES INC	DNR	4,368.39	0.02%	2.02%	5.65%	7.72%	0.0018%
DIAMOND OFFSHORE DRILLING	DO	5,171.84	0.03%	9.29%	-7.00%	1.97%	0.0005%
DOVER CORP	DOV	13,136.38	0.07%	1.95%	11.88%	13.94%	0.0097%
DOW CHEMICAL CO/THE	DOW	58,220.90	0.31%	2.90%	6.68%	9.68%	0.0299%
DR PEPPER SNAPPLE GROUP INC	DPS	13,462.86	0.07%	2.36%	8.43%	10.88%	0.0078%
DARDEN RESTAURANTS INC	DRI	6,868.49	0.04%	4.25%	12.90%	17.42%	0.0063%
DTE ENERGY COMPANY	DTE	14,541.60	0.08%	3.29%	5.50%	8.88%	0.0068%
DIRECTV	DTV	43,588.45	0.23%	0.00%	6.85%	6.85%	0.0158%
DUKE ENERGY CORP	DUK	58,102.37	0.31%	3.85%	4.77%	8.71%	0.0268%
DAVITA HEALTHCARE PARTNERS I	DVA	16,769.44	0.09%	0.00%	8.66%	8.66%	0.0077%

Company	Ticker	[4]	[5]	[6]	[7]	[8]	[9]
		Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
DEVON ENERGY CORP	DVN	24,546.00	0.13%	1.56%	10.18%	11.82%	0.0154%
ELECTRONIC ARTS INC	EA	12,807.76	0.07%	0.00%	9.90%	9.90%	0.0067%
EBAY INC	EBAY	65,224.28	0.35%	0.00%	12.78%	12.78%	0.0442%
ECOLAB INC	ECL	33,381.95	0.18%	0.99%	14.27%	15.33%	0.0271%
CONSOLIDATED EDISON INC	ED	18,557.19	0.10%	3.96%	3.49%	7.52%	0.0074%
EQUIFAX INC	EFX	9,133.22	0.05%	1.32%	12.05%	13.45%	0.0065%
EDISON INTERNATIONAL	EIX	20,389.27	0.11%	2.29%	4.76%	7.11%	0.0077%
ESTEE LAUDER COMPANIES-CL A	EL	28,659.04	0.15%	1.18%	11.49%	12.74%	0.0194%
EMC CORP/MA	EMC	58,283.35	0.31%	1.52%	11.07%	12.68%	0.0392%
EASTMAN CHEMICAL CO	EMN	12,046.83	0.06%	1.73%	7.80%	9.60%	0.0061%
EMERSON ELECTRIC CO	EMR	44,708.45	0.24%	2.70%	8.60%	11.41%	0.0271%
EOG RESOURCES INC	EOG	52,035.65	0.28%	0.59%	7.84%	8.45%	0.0233%
EQUITY RESIDENTIAL	EQR	25,162.82	0.13%	2.89%	6.67%	9.65%	0.0129%
EQT CORP	EQT	14,247.62	0.08%	0.14%	30.00%	30.16%	0.0228%
EXPRESS SCRIPTS HOLDING CO	ESRX	56,378.97	0.30%	0.00%	13.50%	13.50%	0.0404%
ESSEX PROPERTY TRUST INC	ESS	12,808.83	0.07%	2.51%	5.95%	8.53%	0.0058%
ENSCO PLC-CL A	ESV	9,508.54	0.05%	7.40%	2.77%	10.27%	0.0052%
E*TRADE FINANCIAL CORP	ETFC	6,438.42	0.03%	0.00%	40.00%	40.00%	0.0137%
EATON CORP PLC	ETN	32,457.89	0.17%	2.87%	10.12%	13.14%	0.0226%
ENTERGY CORP	ETR	15,090.66	0.08%	3.95%	3.20%	7.21%	0.0058%
EDWARDS LIFESCIENCES CORP	EW	12,935.32	0.07%	0.00%	12.54%	12.54%	0.0086%
EXELON CORP	EXC	31,447.82	0.17%	3.39%	5.50%	8.98%	0.0150%
EXPEDITORS INTL WASH INC	EXPD	8,323.31	0.04%	1.50%	8.73%	10.30%	0.0045%
EXPEDIA INC	EXPE	10,752.78	0.06%	0.76%	18.25%	19.08%	0.0109%
FORD MOTOR CO	F	54,228.01	0.29%	3.56%	9.31%	13.03%	0.0374%
FASTENAL CO	FAST	13,055.25	0.07%	2.27%	16.38%	18.83%	0.0130%
FACEBOOK INC-A	FB	209,713.56	1.11%	0.00%	36.90%	36.90%	0.4103%
FREEMPORT-MCMORAN INC	FCX	29,612.81	0.16%	4.39%	9.34%	13.93%	0.0219%
FAMILY DOLLAR STORES	FDO	8,942.74	0.05%	1.62%	4.13%	5.78%	0.0027%
FEDEX CORP	FDX	47,415.44	0.25%	0.47%	14.01%	14.52%	0.0365%
FIRSTENERGY CORP	FE	15,695.67	0.08%	3.86%	5.03%	8.99%	0.0075%
F5 NETWORKS INC	FFIV	9,110.87	0.05%	0.00%	16.86%	16.86%	0.0081%
FIDELITY NATIONAL INFORMATIO	FIS	16,665.58	0.09%	1.64%	12.00%	13.73%	0.0121%
FISERV INC	FISV	16,950.76	0.09%	0.00%	11.50%	11.50%	0.0103%
FIFTH THIRD BANCORP	FITB	16,676.34	0.09%	2.55%	10.46%	13.15%	0.0116%
FLIR SYSTEMS INC	FLIR	4,752.18	0.03%	1.23%	14.33%	15.65%	0.0039%
FLUOR CORP	FLR	10,363.67	0.05%	1.27%	11.54%	12.88%	0.0071%
FLOWSERVE CORP	FLS	9,267.60	0.05%	0.94%	12.38%	13.37%	0.0066%
FMC CORP	FMC	7,642.86	0.04%	1.13%	9.00%	10.18%	0.0041%
FOSSIL GROUP INC	FOSL	5,378.70	0.03%	0.00%	13.92%	13.92%	0.0040%
TWENTY-FIRST CENTURY FOX-A	FOXA	74,467.08	0.39%	0.76%	16.68%	17.51%	0.0691%
FIRST SOLAR INC	FSLR	5,901.38	0.03%	0.00%	-3.28%	-3.28%	-0.0010%
FMC TECHNOLOGIES INC	FTI	13,104.76	0.07%	0.00%	18.15%	18.15%	0.0126%
FRONTIER COMMUNICATIONS CORP	FTR	6,553.75	0.03%	6.12%	9.10%	15.49%	0.0054%
AGL RESOURCES INC	GAS	6,441.09	0.03%	3.65%	5.53%	9.28%	0.0032%
GANNETT CO	GCI	7,107.89	0.04%	2.71%	9.07%	11.90%	0.0045%
GENERAL DYNAMICS CORP	GD	46,315.03	0.25%	1.76%	7.94%	9.78%	0.0240%
GENERAL ELECTRIC CO	GE	258,975.06	1.37%	3.44%	8.92%	12.51%	0.1718%
GENERAL GROWTH PROPERTIES	GGP	22,899.87	0.12%	2.33%	5.79%	8.18%	0.0099%
GILEAD SCIENCES INC	GILD	169,307.09	0.90%	0.00%	25.76%	25.76%	0.2312%
GENERAL MILLS INC	GIS	31,370.73	0.17%	3.20%	7.75%	11.07%	0.0184%
CORNING INC	GLW	26,188.16	0.14%	1.95%	11.48%	13.54%	0.0188%
GENERAL MOTORS CO	GM	50,450.26	0.27%	3.88%	10.55%	14.64%	0.0392%
KEURIG GREEN MOUNTAIN INC	GMCR	24,647.61	0.13%	0.56%	15.83%	16.44%	0.0215%
GAMESTOP CORP-CLASS A	GME	4,817.66	0.03%	3.09%	15.37%	18.69%	0.0048%
GENWORTH FINANCIAL INC-CL A	GNW	6,947.67	0.04%	0.00%	5.00%	5.00%	0.0018%
GOOGLE INC-CL C	GOOG	382,002.46	2.03%	0.00%	17.72%	17.72%	0.3588%
GENUINE PARTS CO	GPC	14,861.85	0.08%	2.36%	7.18%	9.63%	0.0076%
GAP INC/THE	GPS	16,477.06	0.09%	2.24%	12.69%	15.07%	0.0132%
GARMIN LTD	GRMN	11,544.14	0.06%	3.39%	9.28%	12.83%	0.0079%
GOLDMAN SACHS GROUP INC	GS	86,488.67	0.46%	1.19%	8.28%	9.52%	0.0437%
GOODYEAR TIRE & RUBBER CO	GT	6,652.65	0.04%	0.86%	7.00%	7.89%	0.0028%
VW GRAINGER INC	GWV	16,827.64	0.09%	1.68%	13.02%	14.81%	0.0132%
HALLIBURTON CO	HAL	46,728.96	0.25%	1.12%	17.76%	18.98%	0.0470%
HARMAN INTERNATIONAL	HAR	7,354.47	0.04%	1.17%	15.60%	16.87%	0.0066%
HASBRO INC	HAS	7,334.09	0.04%	2.97%	11.20%	14.34%	0.0056%
HUNTINGTON BANCSHARES INC	HBAN	8,071.24	0.04%	2.13%	10.98%	13.23%	0.0057%
HUDSON CITY BANCORP INC	HCBK	5,102.58	N/A	1.66%	NA	N/A	N/A
HEALTH CARE REIT INC	HCN	23,192.86	0.12%	4.47%	5.49%	10.08%	0.0124%
HCP INC	HCP	20,174.36	0.11%	4.96%	4.02%	9.08%	0.0097%
HOME DEPOT INC	HD	131,254.27	0.70%	1.92%	15.71%	17.79%	0.1238%
HESS CORP	HES	26,098.12	0.14%	1.18%	9.21%	10.44%	0.0144%
HARTFORD FINANCIAL SVCS GRP	HIG	17,078.03	0.09%	1.69%	9.00%	10.76%	0.0097%
HARLEY-DAVIDSON INC	HOG	14,287.39	0.08%	1.67%	11.73%	13.50%	0.0102%
HONEYWELL INTERNATIONAL INC	HON	75,243.73	0.40%	1.92%	10.05%	12.07%	0.0481%
STARWOOD HOTELS & RESORTS	HOT	13,689.58	0.07%	1.82%	9.63%	11.53%	0.0084%
HELMERICH & PAYNE	HP	9,396.26	0.05%	2.83%	13.00%	16.02%	0.0080%
HEWLETT-PACKARD CO	HPQ	66,961.96	0.35%	1.69%	6.63%	8.38%	0.0298%
H&R BLOCK INC	HRB	8,888.11	0.05%	2.48%	11.00%	13.61%	0.0064%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
HORMEL FOODS CORP	HRL	14,202.94	0.08%	1.48%	8.10%	9.64%	0.0073%
HARRIS CORP	HRS	7,279.58	N/A	2.64%	NA	N/A	N/A
HOSPIRA INC	HSP	9,060.90	0.05%	0.00%	14.01%	14.01%	0.0067%
HOST HOTELS & RESORTS INC	HST	17,635.37	0.09%	2.99%	6.00%	9.08%	0.0085%
HERSHEY CO/THE	HSY	21,183.59	0.11%	2.09%	9.64%	11.83%	0.0133%
HUMANA INC	HUM	21,418.30	0.11%	0.80%	9.05%	9.89%	0.0112%
INTL BUSINESS MACHINES CORP	IBM	162,700.18	0.86%	2.60%	8.80%	11.51%	0.0993%
INTERCONTINENTAL EXCHANGE IN	ICE	23,628.86	0.13%	1.25%	16.00%	17.35%	0.0217%
INTL FLAVORS & FRAGRANCES	IFF	8,047.12	0.04%	1.75%	8.33%	10.15%	0.0043%
INTEL CORP	INTC	164,438.35	0.87%	2.64%	8.34%	11.10%	0.0967%
INTUIT INC	INTU	25,130.39	0.13%	1.02%	14.42%	15.51%	0.0207%
INTERNATIONAL PAPER CO	IP	21,615.87	0.11%	2.89%	5.95%	8.93%	0.0102%
INTERPUBLIC GROUP OF COS INC	IPG	8,109.46	0.04%	1.64%	10.93%	12.65%	0.0054%
INGERSOLL-RAND PLC	IR	16,623.85	0.09%	1.60%	13.21%	14.92%	0.0131%
IRON MOUNTAIN INC	IRM	6,986.91	0.04%	12.19%	12.33%	25.28%	0.0094%
INTUITIVE SURGICAL INC	ISRG	17,973.71	0.10%	0.00%	8.90%	8.90%	0.0085%
ILLINOIS TOOL WORKS	ITW	35,594.51	0.19%	1.95%	11.78%	13.85%	0.0261%
INVESCO LTD	IVZ	17,435.60	0.09%	2.46%	12.98%	15.60%	0.0144%
JABIL CIRCUIT INC	JBL	4,051.60	0.02%	1.60%	10.00%	11.68%	0.0025%
JOHNSON CONTROLS INC	JCI	31,472.06	0.17%	2.08%	11.86%	14.06%	0.0235%
JACOBS ENGINEERING GROUP INC	JEC	6,313.55	0.03%	0.00%	10.49%	10.49%	0.0035%
JOHNSON & JOHNSON	JNJ	301,688.11	1.60%	2.57%	6.96%	9.61%	0.1538%
JUNIPER NETWORKS INC	JNPR	9,506.53	0.05%	0.71%	10.02%	10.77%	0.0054%
JOY GLOBAL INC	JOY	5,166.98	0.03%	1.41%	9.65%	11.13%	0.0030%
JPMORGAN CHASE & CO	JPM	227,482.27	1.21%	2.61%	6.66%	9.36%	0.1129%
NORDSTROM INC	JWN	13,985.50	0.07%	1.79%	11.09%	12.98%	0.0096%
KELLOGG CO	K	23,033.45	0.12%	2.94%	6.39%	9.42%	0.0115%
KEYCORP	KEY	11,543.12	0.06%	1.89%	7.33%	9.30%	0.0057%
KIMCO REALTY CORP	KIM	10,255.85	0.05%	3.63%	3.39%	7.08%	0.0038%
KLA-TENCOR CORP	KLAC	13,018.35	0.07%	4.81%	8.85%	13.87%	0.0096%
KIMBERLY-CLARK CORP	KMB	42,560.45	0.23%	2.93%	7.24%	10.27%	0.0232%
KINDER MORGAN INC	KMI	39,792.48	0.21%	4.45%	19.65%	24.54%	0.0518%
CARMAX INC	KMX	12,042.73	0.06%	0.00%	13.76%	13.76%	0.0088%
COCA-COLA CO/THE	KO	183,439.13	0.97%	2.90%	5.76%	8.75%	0.0850%
MICHAEL KORS HOLDINGS LTD	KORS	16,146.05	0.09%	0.00%	23.39%	23.39%	0.0200%
KROGER CO	KR	27,358.67	0.15%	1.25%	11.07%	12.39%	0.0180%
KRAFT FOODS GROUP INC	KRFT	33,180.22	0.18%	3.79%	8.29%	12.24%	0.0215%
KOHL'S CORP	KSS	11,097.12	0.06%	2.88%	5.90%	8.86%	0.0052%
KANSAS CITY SOUTHERN	KSU	13,551.15	0.07%	0.89%	19.42%	20.39%	0.0147%
LOEWS CORP	L	16,616.32	N/A	0.57%	NA	N/A	N/A
L BRANDS INC	LB	21,084.35	0.11%	2.73%	12.22%	15.11%	0.0169%
LEGGETT & PLATT INC	LEG	5,405.31	0.03%	3.07%	15.00%	18.30%	0.0052%
LENNAR CORP-A	LEN	8,592.47	0.05%	0.37%	16.50%	16.90%	0.0077%
LABORATORY CRP OF AMER HLDGS	LH	9,278.72	0.05%	0.00%	9.15%	9.15%	0.0045%
L-3 COMMUNICATIONS HOLDINGS	LLL	10,340.28	0.05%	1.99%	6.17%	8.21%	0.0045%
LINEAR TECHNOLOGY CORP	LLTC	10,456.39	0.06%	2.57%	9.51%	12.20%	0.0068%
ELI LILLY & CO	LLY	73,853.80	0.39%	2.95%	9.13%	12.22%	0.0479%
LEGG MASON INC	LM	6,022.39	0.03%	1.25%	13.49%	14.82%	0.0047%
LOCKHEED MARTIN CORP	LMT	60,205.86	0.32%	2.86%	8.38%	11.36%	0.0363%
LINCOLN NATIONAL CORP	LNC	14,226.09	0.08%	1.20%	11.52%	12.78%	0.0096%
LORILLARD INC	LO	22,141.26	0.12%	3.99%	9.26%	13.43%	0.0158%
LOWE'S COS INC	LOW	56,462.71	0.30%	1.47%	15.95%	17.53%	0.0525%
LAM RESEARCH CORP	LRCX	12,647.67	0.07%	0.97%	13.17%	14.20%	0.0095%
LEUCADIA NATIONAL CORP	LUK	8,763.66	N/A	0.00%	NA	N/A	N/A
SOUTHWEST AIRLINES CO	LUV	23,403.11	0.12%	0.67%	18.48%	19.21%	0.0238%
LYONDELLBASELL INDU-CL A	LYB	45,876.21	0.24%	2.92%	6.50%	9.51%	0.0231%
MACY'S INC	M	20,417.80	0.11%	2.05%	9.68%	11.84%	0.0128%
MASTERCARD INC-CLASS A	MA	96,859.81	0.51%	0.53%	17.33%	17.90%	0.0919%
MACERICH CO/THE	MAC	9,920.35	0.05%	3.54%	4.40%	8.02%	0.0042%
MARRIOTT INTERNATIONAL -CL A	MAR	21,464.58	0.11%	1.02%	11.70%	12.78%	0.0145%
MASCO CORP	MAS	7,862.66	0.04%	1.55%	10.93%	12.56%	0.0052%
MATTEL INC	MAT	10,527.35	0.06%	4.90%	7.50%	12.58%	0.0070%
MCDONALD'S CORP	MCD	92,036.23	0.49%	3.51%	7.49%	11.14%	0.0543%
MICROCHIP TECHNOLOGY INC	MCHP	8,639.28	0.05%	3.22%	6.30%	9.63%	0.0044%
MCKESSON CORP	MCK	47,167.07	0.25%	0.47%	15.10%	15.60%	0.0390%
MOODY'S CORP	MCO	20,699.38	0.11%	1.13%	13.50%	14.70%	0.0161%
MONDELEZ INTERNATIONAL INC-A	MDLZ	59,444.42	0.32%	1.65%	11.15%	12.89%	0.0406%
MEDTRONIC INC	MDT	66,996.24	0.36%	1.79%	7.78%	9.64%	0.0342%
METLIFE INC	MET	61,005.09	0.32%	2.45%	7.43%	9.98%	0.0323%
MCGRAW HILL FINANCIAL INC	MHFI	24,565.32	0.13%	1.33%	11.38%	12.78%	0.0166%
MOHAWK INDUSTRIES INC	MHK	10,345.69	0.05%	0.00%	10.60%	10.60%	0.0058%
MEAD JOHNSON NUTRITION CO	MJN	20,063.61	0.11%	1.51%	9.50%	11.08%	0.0118%
MCCORMICK & CO-NON VTG SHRS	MKC	9,128.04	0.05%	2.08%	7.73%	9.89%	0.0048%
MARTIN MARIETTA MATERIALS	MLM	7,824.14	0.04%	1.37%	19.05%	20.55%	0.0085%
MARSH & MCLENNAN COS	MMC	29,594.51	0.16%	1.95%	11.50%	13.56%	0.0213%
3M CO	MMM	98,538.71	0.52%	2.23%	9.33%	11.65%	0.0609%
MALLINCKRODT PLC	MNK	10,480.28	0.06%	0.00%	23.36%	23.36%	0.0130%
MONSTER BEVERAGE CORP	MNST	16,864.75	0.09%	0.00%	21.87%	21.87%	0.0196%
ALTRIA GROUP INC	MO	95,542.56	0.51%	4.18%	8.01%	12.35%	0.0626%

Company	Ticker	[4]	[5]	[6]	[7]	[8]	[9]
		Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
MONSANTO CO	MON	55,687.80	0.30%	1.67%	11.65%	13.42%	0.0396%
MOSAIC CO/THE	MOS	16,453.08	0.09%	2.27%	10.77%	13.16%	0.0115%
MARATHON PETROLEUM CORP	MPC	25,754.26	0.14%	2.02%	11.48%	13.62%	0.0186%
MERCK & CO. INC.	MRK	167,135.58	0.89%	3.04%	5.92%	9.05%	0.0802%
MARATHON OIL CORP	MRO	23,876.75	0.13%	2.22%	9.18%	11.50%	0.0146%
MORGAN STANLEY	MS	68,619.23	0.36%	1.04%	30.16%	31.35%	0.1140%
MICROSOFT CORP	MSFT	387,001.94	2.05%	2.50%	8.29%	10.89%	0.2233%
MOTOROLA SOLUTIONS INC	MSI	16,181.67	0.09%	1.99%	6.33%	8.39%	0.0072%
M & T BANK CORP	MTB	16,123.60	0.09%	2.29%	5.67%	8.02%	0.0069%
MICRON TECHNOLOGY INC	MU	35,520.63	0.19%	0.10%	12.54%	12.65%	0.0238%
MURPHY OIL CORP	MUR	9,480.54	0.05%	2.49%	7.27%	9.84%	0.0049%
MEADWESTVACO CORP	MWV	7,441.85	0.04%	3.12%	8.15%	11.40%	0.0045%
MYLAN INC	MYL	20,030.24	0.11%	0.00%	13.03%	13.03%	0.0138%
NAVIENT CORP	NAVI	8,114.14	N/A	3.03%	NA	N/A	N/A
NOBLE ENERGY INC	NBL	20,853.80	0.11%	1.13%	12.16%	13.36%	0.0148%
NABORS INDUSTRIES LTD	NBR	5,350.43	0.03%	1.05%	37.42%	38.67%	0.0110%
NASDAQ OMX GROUP/THE	NDAQ	7,299.52	0.04%	1.40%	9.91%	11.37%	0.0044%
NOBLE CORP PLC	NE	5,465.26	0.03%	7.20%	2.00%	9.28%	0.0027%
NEXTERA ENERGY INC	NEE	43,731.71	0.23%	2.87%	6.17%	9.13%	0.0212%
NEWMONT MINING CORP	NEM	9,357.41	0.05%	1.08%	-1.28%	-0.20%	-0.0001%
NETFLIX INC	NFLX	23,662.97	0.13%	0.00%	26.60%	26.60%	0.0334%
NEWFIELD EXPLORATION CO	NFX	4,475.05	0.02%	0.00%	9.00%	9.00%	0.0021%
NISOURCE INC	NI	13,278.33	0.07%	2.43%	5.89%	8.39%	0.0059%
NIKE INC -CL B	NKE	80,094.44	0.42%	1.11%	13.33%	14.52%	0.0616%
NIELSEN NV	NLSN	16,191.83	0.09%	2.21%	16.17%	18.56%	0.0159%
NORTHROP GRUMMAN CORP	NOC	27,867.82	0.15%	1.96%	6.22%	8.24%	0.0122%
NATIONAL OILWELL VARCO INC	NOV	31,252.54	0.17%	2.19%	9.36%	11.66%	0.0193%
NRG ENERGY INC	NRG	10,124.56	0.05%	1.77%	40.32%	42.44%	0.0228%
NORFOLK SOUTHERN CORP	NSC	34,236.65	0.18%	1.99%	12.93%	15.05%	0.0273%
NETAPP INC	NTAP	13,664.16	0.07%	1.54%	12.80%	14.44%	0.0105%
NORTHERN TRUST CORP	NTRS	15,613.98	0.08%	1.97%	11.35%	13.43%	0.0111%
NORTHEAST UTILITIES	NU	15,613.64	0.08%	3.17%	6.73%	10.00%	0.0083%
NUCOR CORP	NUE	17,236.65	0.09%	2.74%	7.33%	10.17%	0.0093%
NVIDIA CORP	NVDA	10,589.02	0.06%	1.76%	9.70%	11.54%	0.0065%
NEWELL RUBBERMAID INC	NWL	9,125.75	0.05%	1.99%	9.90%	11.99%	0.0058%
NEWS CORP - CLASS A	NWSA	8,893.42	0.05%	0.30%	7.05%	7.36%	0.0035%
OWENS-ILLINOIS INC	OI	4,249.72	0.02%	0.00%	4.22%	4.22%	0.0010%
ONEOK INC	OKE	12,259.67	0.06%	3.83%	9.00%	13.00%	0.0085%
OMNICOM GROUP	OMC	17,834.19	0.09%	2.57%	6.67%	9.32%	0.0088%
ORACLE CORP	ORCL	173,042.42	0.92%	1.24%	9.59%	10.89%	0.0999%
O'REILLY AUTOMOTIVE INC	ORLY	18,250.56	0.10%	0.00%	19.19%	19.19%	0.0186%
OCCIDENTAL PETROLEUM CORP	OXY	68,958.82	0.37%	3.21%	7.00%	10.32%	0.0377%
PAYCHEX INC	PAYX	17,031.13	0.09%	3.17%	9.83%	13.15%	0.0119%
PEOPLE'S UNITED FINANCIAL	PBCT	4,384.83	0.02%	4.51%	13.44%	18.25%	0.0042%
PITNEY BOWES INC	PBI	5,017.56	N/A	3.03%	NA	N/A	N/A
PACCAR INC	PCAR	23,173.49	0.12%	2.15%	9.80%	12.05%	0.0148%
P G & E CORP	PCG	23,906.43	0.13%	3.63%	7.10%	10.86%	0.0138%
PLUM CREEK TIMBER CO	PCL	7,263.89	0.04%	4.30%	7.05%	11.51%	0.0044%
PRICELINE GROUP INC/THE	PCLN	63,262.95	0.34%	0.00%	22.92%	22.92%	0.0769%
PRECISION CASTPARTS CORP	PCP	31,664.64	0.17%	0.06%	11.33%	11.38%	0.0191%
PATTERSON COS INC	PDCO	4,494.64	0.02%	1.94%	10.88%	12.92%	0.0031%
PUBLIC SERVICE ENTERPRISE GP	PEG	20,901.21	0.11%	3.59%	5.04%	8.71%	0.0097%
PEPSICO INC	PEP	143,928.60	0.76%	2.62%	7.83%	10.55%	0.0805%
PETSMART INC	PETM	7,186.66	0.04%	0.92%	11.25%	12.23%	0.0047%
PFIZER INC	PFE	189,908.85	1.01%	3.47%	2.23%	5.73%	0.0577%
PRINCIPAL FINANCIAL GROUP	PFG	15,379.34	0.08%	2.43%	13.50%	16.09%	0.0131%
PROCTER & GAMBLE CO/THE	PG	235,813.90	1.25%	2.96%	8.53%	11.61%	0.1452%
PROGRESSIVE CORP	PGR	15,560.96	0.08%	3.54%	8.25%	11.94%	0.0099%
PARKER HANNIFIN CORP	PH	18,904.42	0.10%	1.79%	9.19%	11.06%	0.0111%
PULTEGROUP INC	PHM	7,115.03	0.04%	1.12%	6.38%	7.54%	0.0028%
PERKINELMER INC	PKI	4,902.96	0.03%	0.64%	11.81%	12.49%	0.0032%
PROLOGIS INC	PLD	20,824.63	0.11%	3.17%	5.59%	8.84%	0.0098%
PALL CORP	PLL	9,766.82	0.05%	1.26%	12.44%	13.78%	0.0071%
PHILIP MORRIS INTERNATIONAL	PM	138,296.18	0.73%	4.35%	7.25%	11.76%	0.0862%
PNC FINANCIAL SERVICES GROUP	PNC	45,613.92	0.24%	2.18%	5.21%	7.45%	0.0180%
PENTAIR PLC	PNR	12,524.55	0.07%	1.64%	14.35%	16.11%	0.0107%
PINNACLE WEST CAPITAL	PNW	6,789.36	0.04%	3.75%	4.47%	8.31%	0.0030%
PEPCO HOLDINGS INC	POM	6,887.14	0.04%	3.95%	6.67%	10.75%	0.0039%
PPG INDUSTRIES INC	PPG	27,953.41	0.15%	1.28%	8.13%	9.46%	0.0140%
PPL CORP	PPL	23,246.70	0.12%	4.26%	4.52%	8.87%	0.0109%
PERRIGO CO PLC	PRGO	21,622.90	0.11%	0.27%	11.81%	12.10%	0.0139%
PRUDENTIAL FINANCIAL INC	PRU	40,728.40	0.22%	2.37%	10.67%	13.16%	0.0284%
PUBLIC STORAGE	PSA	31,824.51	0.17%	3.07%	4.21%	7.35%	0.0124%
PHILLIPS 66	PSX	43,450.80	0.23%	2.34%	7.73%	10.16%	0.0234%
PVH CORP	PVH	9,421.67	0.05%	0.14%	11.04%	11.19%	0.0056%
QUANTA SERVICES INC	PWR	7,253.17	0.04%	0.00%	11.75%	11.75%	0.0045%
PRAXAIR INC	PX	36,710.03	0.19%	2.06%	9.45%	11.61%	0.0226%
PIONEER NATURAL RESOURCES CO	PXD	27,054.18	0.14%	0.04%	19.00%	19.05%	0.0273%
QUALCOMM INC	QCOM	131,584.61	0.70%	1.94%	14.47%	16.55%	0.1155%

Company	Ticker	[4]	[5]	[6]	[7]	[8]	[9]
		Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
QEP RESOURCES INC	QEP	4,514.89	0.02%	0.32%	15.00%	15.34%	0.0037%
RYDER SYSTEM INC	R	4,692.41	0.02%	1.50%	13.20%	14.80%	0.0037%
REYNOLDS AMERICAN INC	RAI	33,423.05	0.18%	4.23%	6.76%	11.14%	0.0197%
REGENERON PHARMACEUTICALS	REGN	39,791.56	0.21%	0.00%	21.22%	21.22%	0.0448%
REGIONS FINANCIAL CORP	RF	13,688.57	0.07%	1.81%	4.45%	6.30%	0.0046%
ROBERT HALF INTL INC	RHI	7,447.78	0.04%	1.31%	16.49%	17.91%	0.0071%
RED HAT INC	RHT	11,066.49	0.06%	0.00%	16.72%	16.72%	0.0098%
TRANSOCEAN LTD	RIG	10,804.10	0.06%	9.59%	12.05%	22.22%	0.0127%
RALPH LAUREN CORP	RL	14,457.29	0.08%	1.13%	12.52%	13.72%	0.0105%
ROCKWELL AUTOMATION INC	ROK	15,489.96	0.08%	2.05%	10.46%	12.61%	0.0104%
ROPER INDUSTRIES INC	ROP	15,835.44	0.08%	0.44%	12.13%	12.60%	0.0106%
ROSS STORES INC	ROST	16,937.62	0.09%	0.96%	11.23%	12.24%	0.0110%
RANGE RESOURCES CORP	RRC	11,539.14	0.06%	0.23%	27.31%	27.58%	0.0169%
REPUBLIC SERVICES INC	RSG	13,652.69	0.07%	2.78%	6.55%	9.42%	0.0068%
RAYTHEON COMPANY	RTN	32,033.27	0.17%	2.33%	8.00%	10.42%	0.0177%
STARBUCKS CORP	SBUX	56,760.67	0.30%	1.68%	18.06%	19.88%	0.0598%
SCANA CORP	SCG	7,797.28	0.04%	3.83%	5.65%	9.58%	0.0040%
SCHWAB (CHARLES) CORP	SCHW	37,367.19	0.20%	0.84%	20.98%	21.91%	0.0434%
SPECTRA ENERGY CORP	SE	26,252.07	0.14%	3.43%	5.00%	8.52%	0.0119%
SEALED AIR CORP	SEE	7,685.82	0.04%	1.43%	12.27%	13.79%	0.0056%
SHERWIN-WILLIAMS CO/THE	SHW	22,037.23	0.12%	0.96%	12.50%	13.52%	0.0158%
SIGMA-ALDRICH	SIAL	16,184.89	0.09%	0.68%	8.67%	9.38%	0.0080%
JM SMUCKER CO/THE	SJM	10,589.00	0.06%	2.44%	6.60%	9.12%	0.0051%
SCHLUMBERGER LTD	SLB	126,955.09	0.67%	1.57%	14.36%	16.04%	0.1080%
SNAP-ON INC	SNA	7,678.34	0.04%	1.36%	4.40%	5.79%	0.0024%
SANDISK CORP	SNDK	21,108.91	0.11%	1.11%	20.35%	21.57%	0.0241%
SCRIPPS NETWORKS INTER-CL A	SNI	10,823.05	0.06%	1.03%	12.04%	13.13%	0.0075%
SOUTHERN CO/THE	SO	41,524.49	0.22%	4.49%	4.18%	8.76%	0.0193%
SIMON PROPERTY GROUP INC	SPG	56,329.74	0.30%	2.89%	4.56%	7.52%	0.0225%
STAPLES INC	SPLS	8,168.47	0.04%	3.85%	0.26%	4.12%	0.0018%
STERICYCLE INC	SRCL	10,686.09	0.06%	0.00%	14.92%	14.92%	0.0085%
SEMPRA ENERGY	SRE	27,048.31	0.14%	2.40%	7.12%	9.60%	0.0138%
SUNTRUST BANKS INC	STI	20,780.85	0.11%	1.79%	8.39%	10.26%	0.0113%
ST JUDE MEDICAL INC	STJ	18,268.78	0.10%	1.64%	11.43%	13.17%	0.0128%
STATE STREET CORP	STT	31,958.77	0.17%	1.54%	10.43%	12.04%	0.0204%
SEAGATE TECHNOLOGY	STX	20,484.81	0.11%	3.22%	8.88%	12.23%	0.0133%
CONSTELLATION BRANDS INC-A	STZ	17,650.87	0.09%	0.00%	16.35%	16.35%	0.0153%
STANLEY BLACK & DECKER INC	SWK	14,668.91	0.08%	2.18%	10.33%	12.63%	0.0098%
SOUTHWESTERN ENERGY CO	SWN	11,479.77	0.06%	0.00%	12.61%	12.61%	0.0077%
SAFEWAY INC	SWY	8,035.23	0.04%	2.42%	10.00%	12.55%	0.0053%
STRYKER CORP	SYK	33,114.39	0.18%	1.38%	10.43%	11.88%	0.0209%
SYMANTEC CORP	SYMC	17,133.52	0.09%	2.49%	7.64%	10.23%	0.0093%
SYSCO CORP	SYU	22,632.60	0.12%	3.13%	9.44%	12.72%	0.0153%
AT&T INC	T	180,680.24	0.96%	5.31%	5.57%	11.02%	0.1056%
MOLSON COORS BREWING CO -B	TAP	13,825.49	0.07%	1.96%	5.88%	7.90%	0.0058%
TERADATA CORP	TDC	6,559.60	0.03%	0.00%	10.77%	10.77%	0.0037%
TECO ENERGY INC	TE	4,602.32	0.02%	4.52%	5.77%	10.42%	0.0025%
INTEGRYS ENERGY GROUP INC	TEG	5,811.72	0.03%	3.74%	4.37%	8.19%	0.0025%
TE CONNECTIVITY LTD	TEL	25,018.33	0.13%	1.87%	11.20%	13.18%	0.0175%
TARGET CORP	TGT	39,176.35	0.21%	2.99%	10.64%	13.78%	0.0286%
TENET HEALTHCARE CORP	THC	5,488.17	0.03%	0.00%	16.86%	16.86%	0.0049%
TIFFANY & CO	TIF	12,427.81	0.07%	1.57%	12.60%	14.27%	0.0094%
TJX COMPANIES INC	TJX	43,877.07	0.23%	1.08%	12.01%	13.16%	0.0306%
TORCHMARK CORP	TMK	6,916.02	0.04%	0.94%	8.05%	9.03%	0.0033%
THERMO FISHER SCIENTIFIC INC	TMO	47,031.00	0.25%	0.51%	12.09%	12.63%	0.0315%
TRIPADVISOR INC	TRIP	12,659.35	0.07%	0.00%	28.19%	28.19%	0.0189%
T ROWE PRICE GROUP INC	TROW	21,293.19	0.11%	2.14%	12.36%	14.64%	0.0165%
TRAVELERS COS INC/THE	TRV	33,404.75	0.18%	2.15%	6.44%	8.66%	0.0153%
TRACTOR SUPPLY COMPANY	TSCO	10,080.68	0.05%	0.83%	16.48%	17.38%	0.0093%
TYSON FOODS INC-CL A	TSN	14,191.03	0.08%	0.74%	14.95%	15.75%	0.0118%
TESORO CORP	TSO	9,157.57	0.05%	1.54%	17.00%	18.67%	0.0091%
TOTAL SYSTEM SERVICES INC	TSS	6,274.15	0.03%	1.18%	11.80%	13.05%	0.0043%
TIME WARNER CABLE	TWC	41,291.59	0.22%	2.02%	7.82%	9.92%	0.0217%
TIME WARNER INC	TWX	67,933.79	0.36%	1.60%	11.50%	13.19%	0.0475%
TEXAS INSTRUMENTS INC	TXN	52,455.86	0.28%	2.51%	10.58%	13.22%	0.0368%
TEXTRON INC	TXT	11,464.31	0.06%	0.19%	17.08%	17.29%	0.0105%
TYCO INTERNATIONAL LTD	TYC	19,040.01	0.10%	1.60%	12.20%	13.90%	0.0140%
UNDER ARMOUR INC-CLASS A	UA	13,986.80	0.07%	0.00%	23.39%	23.39%	0.0173%
UNIVERSAL HEALTH SERVICES-B	UHS	10,281.45	0.05%	0.27%	9.41%	9.70%	0.0053%
UNITEDHEALTH GROUP INC	UNH	92,314.07	0.49%	1.48%	10.42%	11.98%	0.0586%
UNUM GROUP	UNM	8,431.65	0.04%	1.85%	9.00%	10.93%	0.0049%
UNION PACIFIC CORP	UNP	103,535.61	0.55%	1.61%	13.27%	14.98%	0.0823%
UNITED PARCEL SERVICE-CL B	UPS	95,835.59	0.51%	2.55%	10.46%	13.15%	0.0668%
URBAN OUTFITTERS INC	URBN	4,078.44	0.02%	0.00%	15.79%	15.79%	0.0034%
UNITED RENTALS INC	URI	10,984.89	0.06%	0.00%	22.82%	22.82%	0.0133%
US BANCORP	USB	76,762.09	0.41%	2.28%	9.30%	11.69%	0.0476%
UNITED TECHNOLOGIES CORP	UTX	97,547.44	0.52%	2.22%	10.77%	13.11%	0.0678%
VISA INC-CLASS A SHARES	V	150,444.65	0.80%	0.81%	17.83%	18.71%	0.1493%
VARIAN MEDICAL SYSTEMS INC	VAR	8,681.30	0.05%	0.00%	9.90%	9.90%	0.0046%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
VF CORP	VFC	29,176.89	0.15%	1.64%	13.20%	14.95%	0.0231%
VIACOM INC-CLASS B	VIAB	30,765.20	0.16%	1.73%	12.39%	14.22%	0.0232%
VALERO ENERGY CORP	VLO	26,445.68	0.14%	2.08%	7.72%	9.88%	0.0139%
VULCAN MATERIALS CO	VMC	8,078.47	0.04%	0.34%	6.67%	7.01%	0.0030%
VORNADO REALTY TRUST	VNO	20,545.54	0.11%	2.67%	8.82%	11.61%	0.0126%
VERISIGN INC	VRSN	7,236.34	0.04%	0.00%	11.73%	11.73%	0.0045%
VERTEX PHARMACEUTICALS INC	VRTX	26,817.50	0.14%	0.00%	22.00%	22.00%	0.0313%
VENTAS INC	VTR	20,163.75	0.11%	4.26%	4.08%	8.42%	0.0090%
VERIZON COMMUNICATIONS INC	VZ	208,523.62	1.11%	4.23%	6.50%	10.87%	0.1202%
WALGREEN CO	WAG	61,033.85	0.32%	2.09%	14.25%	16.49%	0.0533%
WATERS CORP	WAT	9,227.04	0.05%	0.00%	9.83%	9.83%	0.0048%
WESTERN DIGITAL CORP	WDC	22,980.14	0.12%	1.61%	5.47%	7.12%	0.0087%
WISCONSIN ENERGY CORP	WEC	11,199.19	0.06%	3.15%	5.08%	8.30%	0.0049%
WELLS FARGO & CO	WFC	276,864.35	1.47%	2.54%	12.74%	15.44%	0.2267%
WHOLE FOODS MARKET INC	WFM	14,207.77	0.08%	1.22%	12.97%	14.27%	0.0108%
WHIRLPOOL CORP	WHR	13,397.71	0.07%	1.65%	23.47%	25.32%	0.0180%
WINDSTREAM HOLDINGS INC	WIN	6,316.02	0.03%	9.54%	-2.50%	6.92%	0.0023%
WELLPOINT INC	WLP	34,198.87	0.18%	1.37%	9.47%	10.91%	0.0198%
WASTE MANAGEMENT INC	WM	22,387.76	0.12%	3.07%	7.83%	11.02%	0.0131%
WILLIAMS COS INC	WMB	41,491.65	0.22%	3.53%	12.00%	15.74%	0.0346%
WAL-MART STORES INC	WMT	245,781.08	1.30%	2.51%	7.41%	10.02%	0.1305%
WESTERN UNION CO	WU	8,863.76	0.05%	2.95%	7.72%	10.79%	0.0051%
WEYERHAEUSER CO	WY	17,754.95	0.09%	2.96%	6.00%	9.05%	0.0085%
WYNDHAM WORLDWIDE CORP	WYN	9,573.82	0.05%	1.80%	10.00%	11.89%	0.0060%
WYNN RESORTS LTD	WYNN	19,257.20	0.10%	2.66%	13.95%	16.80%	0.0172%
CIMAREX ENERGY CO	XEC	9,891.78	0.05%	0.55%	12.78%	13.36%	0.0070%
XCEL ENERGY INC	XEL	16,925.31	0.09%	3.57%	5.00%	8.66%	0.0078%
XL GROUP PLC	XL	8,995.11	0.05%	1.85%	1.12%	2.97%	0.0014%
XILINX INC	XLNX	11,762.97	0.06%	2.55%	8.66%	11.32%	0.0071%
EXXON MOBIL CORP	XOM	412,438.37	2.19%	2.81%	5.61%	8.50%	0.1859%
DENTSPLY INTERNATIONAL INC	XRAY	7,185.46	0.04%	0.53%	10.50%	11.06%	0.0042%
XEROX CORP	XRX	15,159.86	0.08%	1.71%	8.65%	10.43%	0.0084%
XYLEM INC	XYL	6,612.96	0.04%	1.41%	11.37%	12.85%	0.0045%
YAHOO! INC	YHOO	45,801.50	0.24%	0.00%	10.05%	10.05%	0.0244%
YUM! BRANDS INC	YUM	31,425.11	0.17%	2.10%	12.26%	14.49%	0.0241%
ZIONS BANCORPORATION	ZION	5,877.97	0.03%	0.55%	9.80%	10.38%	0.0032%
ZIMMER HOLDINGS INC	ZMH	18,833.02	0.10%	0.76%	9.92%	10.72%	0.0107%
ZOETIS INC	ZTS	18,624.35	0.10%	0.78%	11.64%	12.47%	0.0123%
Total Market Capitalization:		18,862,621.38					13.40%

Notes:

- [1] Equals sum of Col. [9]
[2] Source: Bloomberg Professional
[3] Equals [1] - [2]
[4] Source: Bloomberg Professional
[5] Equals weight in S&P 500 based on market capitalization
[6] Source: Bloomberg Professional
[7] Source: Bloomberg Professional
[8] Equals ([6] x (1 + (0.5 x [7]))) + [7]
[9] Equals Col. [5] x Col. [8]

Ex-Ante Market Risk Premium
Market DCF Method Based - Value Line

[1]	[2]	[3]
S&P 500	Current 30-Year	
Est. Required	Treasury (30-	Implied Market
Market Return	day average)	Risk Premium
12.74%	3.09%	9.65%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	18,116.43	0.12%	0.97%	7.50%	8.51%	0.0102%
ALCOA INC	AA	19,120.51	0.13%	0.74%	17.00%	17.80%	0.0226%
APPLE INC	AAPL	627,420.58	4.17%	1.75%	12.50%	14.36%	0.5981%
ABBVIE INC	ABBV	97,487.39	N/A	3.27%	NA	N/A	N/A
AMERISOURCEBERGEN CORP	ABC	19,036.57	0.13%	1.18%	13.50%	14.76%	0.0187%
ABBOTT LABORATORIES	ABT	65,395.87	0.43%	2.06%	-4.00%	-1.98%	-0.0086%
ACE LTD	ACE	NA	N/A	0.00%	NA	N/A	N/A
ACCENTURE PLC-CL A	CAM	NA	N/A	0.00%	NA	N/A	N/A
ACTAVIS PLC	ACT	64,270.92	N/A	0.00%	NA	N/A	N/A
ADOBE SYSTEMS INC	ADBE	34,198.53	N/A	0.00%	NA	N/A	N/A
ANALOG DEVICES INC	ADI	14,768.01	0.10%	3.13%	11.00%	14.30%	0.0140%
ARCHER-DANIELS-MIDLAND CO	ADM	30,068.37	0.20%	2.10%	6.50%	8.66%	0.0173%
AUTOMATIC DATA PROCESSING	ADP	38,059.11	0.25%	2.46%	9.50%	12.08%	0.0305%
ALLIANCE DATA SYSTEMS CORP	ADS	15,712.76	N/A	0.00%	NA	N/A	N/A
AUTODESK INC	ADSK	13,036.53	N/A	0.00%	NA	N/A	N/A
ADT CORP/THE	ADT	6,123.34	N/A	2.29%	NA	N/A	N/A
AMEREN CORPORATION	AEE	10,331.40	0.07%	3.96%	2.50%	6.51%	0.0045%
AMERICAN ELECTRIC POWER	AEP	28,508.01	0.19%	3.74%	4.50%	8.32%	0.0157%
AES CORP	AES	10,089.60	0.07%	1.49%	10.50%	12.07%	0.0081%
AETNA INC	AET	28,347.02	0.19%	1.13%	10.50%	11.69%	0.0220%
AFLAC INC	AFL	27,200.88	0.18%	2.60%	7.50%	10.20%	0.0184%
ALLERGAN INC	AGN	56,379.81	0.37%	0.11%	13.50%	13.61%	0.0510%
AMERICAN INTERNATIONAL GROUP	AIG	75,524.97	0.50%	0.96%	9.50%	10.50%	0.0526%
APARTMENT INVT & MGMT CO -A	AIV	5,042.02	N/A	3.04%	NA	N/A	N/A
ASSURANT INC	AIZ	4,832.36	0.03%	1.61%	7.50%	9.17%	0.0029%
AKAMAI TECHNOLOGIES INC	AKAM	10,659.49	N/A	0.00%	NA	N/A	N/A
ALLSTATE CORP	ALL	26,805.96	0.18%	1.78%	16.00%	17.92%	0.0319%
ALLEGION PLC	ALLE	NA	N/A	0.00%	NA	N/A	N/A
ALTERA CORP	ALTR	10,211.37	0.07%	2.14%	3.00%	5.17%	0.0035%
ALEXION PHARMACEUTICALS INC	ALXN	38,255.51	N/A	0.00%	NA	N/A	N/A
APPLIED MATERIALS INC	AMAT	26,000.53	0.17%	1.86%	17.00%	19.02%	0.0328%
AMETEK INC	AME	12,591.46	0.08%	0.71%	10.50%	11.25%	0.0094%
AMGEN INC	AMGN	10,941.72	N/A	0.00%	NA	N/A	N/A
AMERIPRISE FINANCIAL INC	AMP	122,909.06	0.82%	1.54%	8.50%	10.10%	0.0824%
AMERICAN TOWER CORP	AMT	23,233.52	0.15%	1.88%	13.50%	15.50%	0.0239%
AMAZON.COM INC	AMZN	39,178.64	0.26%	1.52%	16.50%	18.14%	0.0472%
AUTONATION INC	AN	138,471.20	N/A	0.00%	NA	N/A	N/A
AON PLC	AON	6,324.75	N/A	0.00%	NA	N/A	N/A
APACHE CORP	APA	24,133.74	0.16%	1.21%	15.50%	16.80%	0.0269%
ANADARKO PETROLEUM CORP	APC	28,995.28	0.19%	1.31%	8.00%	9.36%	0.0180%
AIR PRODUCTS & CHEMICALS INC	APD	45,307.02	0.30%	1.18%	74.50%	76.12%	0.2290%
AMPHENOL CORP-CL A	APH	28,454.68	0.19%	2.39%	9.00%	11.50%	0.0217%
AIRGAS INC	ARG	15,558.96	0.10%	1.02%	8.00%	9.06%	0.0094%
ALLEGHENY TECHNOLOGIES INC	ATI	8,139.53	0.05%	2.02%	13.50%	15.66%	0.0085%
AVALONBAY COMMUNITIES INC	AVB	3,438.85	0.02%	2.29%	17.50%	19.99%	0.0046%
AVON PRODUCTS INC	AVP	20,241.05	0.13%	3.05%	129.00%	134.01%	0.1801%
AVERY DENNISON CORP	AVY	NA	N/A	0.00%	NA	N/A	N/A
AMERICAN EXPRESS CO	AXP	4,333.17	0.03%	2.19%	36.50%	39.09%	0.0112%
AUTOZONE INC	AZO	4,191.56	0.03%	3.08%	10.00%	13.24%	0.0037%
BOEING CO/THE	BA	91,817.24	0.61%	1.18%	10.00%	11.24%	0.0685%
BANK OF AMERICA CORP	BAC	17,669.33	N/A	0.00%	NA	N/A	N/A
BAXTER INTERNATIONAL INC	BAX	88,274.99	0.59%	2.37%	11.00%	13.50%	0.0791%
BED BATH & BEYOND INC	BBBY	179,085.67	1.19%	1.18%	28.50%	29.84%	0.3548%
BB&T CORP	BBT	37,970.98	0.25%	2.95%	8.00%	11.07%	0.0279%
BEST BUY CO INC	BBY	12,399.90	N/A	0.00%	NA	N/A	N/A
CR BARD INC	BCR	26,996.77	0.18%	2.56%	11.50%	14.20%	0.0255%
BECTON DICKINSON AND CO	BDX	11,754.09	0.08%	2.35%	2.50%	4.88%	0.0038%
BEAM INC	BEAM	12,057.99	0.08%	0.55%	8.00%	8.57%	0.0069%
FRANKLIN RESOURCES INC	BEN	24,462.93	0.16%	1.72%	8.00%	9.79%	0.0159%
BROWN-FORMAN CORP-CLASS B	BF/B	34,128.69	0.23%	0.88%	9.50%	10.42%	0.0236%
BAKER HUGHES INC	BHI	NA	N/A	0.00%	NA	N/A	N/A
BIOGEN IDEC INC	BIIB	22,521.10	0.15%	1.29%	13.00%	14.37%	0.0215%
BANK OF NEW YORK MELLON CORP	BK	75,805.76	N/A	0.00%	NA	N/A	N/A
BLACKROCK INC	BLK	42,966.70	0.29%	1.80%	10.00%	11.89%	0.0339%
BALL CORP	BLL	55,852.68	0.37%	2.33%	9.00%	11.43%	0.0424%
BEMIS COMPANY	BMS	8,763.13	0.06%	0.78%	12.00%	12.83%	0.0075%
BRISTOL-MYERS SQUIBB CO	BMJ	3,809.39	0.03%	2.85%	8.00%	10.96%	0.0028%
BROADCOM CORP-CL A	BRCM	97,834.61	0.65%	2.66%	8.50%	11.27%	0.0732%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
BERKSHIRE HATHAWAY INC-CL B	BRK/B	24,088.48	0.16%	1.19%	2.50%	3.70%	0.0059%
BOSTON SCIENTIFIC CORP	BSX	NA	N/A	0.00%	NA	N/A	N/A
PEABODY ENERGY CORP	BTU	17,472.83	N/A	0.00%	NA	N/A	N/A
BORGWARNER INC	BWA	12,418.81	0.08%	0.92%	14.00%	14.98%	0.0123%
BOSTON PROPERTIES INC	BXP	19,224.52	N/A	2.08%	NA	N/A	N/A
CITIGROUP INC	C	161,017.93	1.07%	0.08%	14.00%	14.08%	0.1505%
CA INC	CA	12,737.66	0.08%	3.51%	5.00%	8.60%	0.0073%
CONAGRA FOODS INC	CAG	14,414.41	0.10%	2.98%	8.00%	11.10%	0.0106%
CARDINAL HEALTH INC	CAH	26,283.57	0.17%	1.76%	12.00%	13.86%	0.0242%
CAMERON INTERNATIONAL CORP	CAM	11,540.72	N/A	0.00%	NA	N/A	N/A
CATERPILLAR INC	CAT	62,885.16	0.42%	2.80%	5.50%	8.37%	0.0350%
CHUBB CORP	CB	23,666.03	0.16%	2.04%	8.50%	10.63%	0.0167%
CBRE GROUP INC - A	CBG	10,451.75	N/A	0.00%	NA	N/A	N/A
CBS CORP-CLASS B NON VOTING	CBS	26,295.84	0.17%	1.11%	13.00%	14.18%	0.0248%
COCA-COLA ENTERPRISES	CCE	10,425.99	0.07%	2.33%	10.50%	12.95%	0.0090%
CROWN CASTLE INTL CORP	CCI	27,790.51	0.18%	1.70%	27.00%	28.93%	0.0534%
CARNIVAL CORP	CCL	NA	N/A	0.00%	NA	N/A	N/A
CELGENE CORP	CELG	85,413.41	N/A	0.00%	NA	N/A	N/A
CERNER CORP	CERN	21,393.22	N/A	0.00%	NA	N/A	N/A
CF INDUSTRIES HOLDINGS INC	CF	12,876.71	0.09%	2.33%	4.50%	6.88%	0.0059%
CAREFUSION CORP	CFN	11,699.68	N/A	0.00%	NA	N/A	N/A
CHESAPEAKE ENERGY CORP	CHK	14,214.32	0.09%	1.62%	7.00%	8.68%	0.0082%
C.H. ROBINSON WORLDWIDE INC	CHRW	10,186.28	0.07%	1.94%	7.00%	9.01%	0.0061%
CIGNA CORP	CI	25,616.63	0.17%	0.04%	9.00%	9.04%	0.0154%
CINCINNATI FINANCIAL CORP	CINF	8,161.42	0.05%	3.56%	12.50%	16.28%	0.0088%
COLGATE-PALMOLIVE CO	CL	60,525.94	0.40%	2.19%	10.50%	12.80%	0.0514%
CLOROX COMPANY	CLX	12,739.12	0.08%	3.03%	8.50%	11.66%	0.0099%
COMERICA INC	CMA	8,432.71	0.06%	1.71%	11.00%	12.80%	0.0072%
COMCAST CORP-CLASS A	CMCSA	116,872.56	0.78%	1.64%	12.00%	13.74%	0.1066%
CME GROUP INC	CME	27,405.71	0.18%	2.30%	8.50%	10.89%	0.0198%
CHIPOTLE MEXICAN GRILL INC	CMG	19,838.40	N/A	0.00%	NA	N/A	N/A
CUMMINS INC	CMI	26,420.92	0.18%	2.16%	8.50%	10.75%	0.0189%
CMS ENERGY CORP	CMS	9,049.40	0.06%	3.36%	6.50%	9.97%	0.0060%
CENTERPOINT ENERGY INC	CNP	10,491.32	0.07%	3.93%	2.50%	6.48%	0.0045%
CONSOL ENERGY INC	CNX	8,258.39	0.05%	0.69%	4.00%	4.71%	0.0026%
CAPITAL ONE FINANCIAL CORP	COF	45,646.21	0.30%	1.48%	4.00%	5.51%	0.0167%
CABOT OIL & GAS CORP	COG	12,551.68	0.08%	0.25%	33.00%	33.29%	0.0277%
COACH INC	COH	9,441.73	0.06%	3.99%	0.50%	4.50%	0.0028%
ROCKWELL COLLINS INC	COL	11,201.06	0.07%	1.46%	7.00%	8.51%	0.0063%
CONOCOPHILLIPS	COP	87,729.68	0.58%	4.13%	3.50%	7.70%	0.0448%
COSTCO WHOLESALE CORP	COST	58,222.35	0.39%	1.08%	10.50%	11.63%	0.0450%
COVIDIEN PLC	COV	NA	N/A	0.00%	NA	N/A	N/A
CAMPBELL SOUP CO	CPB	13,800.61	0.09%	2.87%	3.00%	5.92%	0.0054%
SALESFORCE.COM INC	CRM	38,204.68	N/A	0.00%	NA	N/A	N/A
COMPUTER SCIENCES CORP	CSC	8,709.64	0.06%	1.53%	7.00%	8.58%	0.0050%
CISCO SYSTEMS INC	CSCO	123,292.56	0.82%	3.15%	5.50%	8.74%	0.0715%
CSX CORP	CSX	35,127.56	0.23%	1.81%	9.00%	10.89%	0.0254%
CINTAS CORP	CTAS	8,503.20	0.06%	1.18%	11.00%	12.25%	0.0069%
CENTURYLINK INC	CTL	23,656.15	0.16%	5.27%	6.50%	11.94%	0.0188%
COGNIZANT TECH SOLUTIONS-A	CTSH	29,168.19	N/A	0.00%	NA	N/A	N/A
CITRIX SYSTEMS INC	CTXS	10,481.67	N/A	0.00%	NA	N/A	N/A
CABLEVISION SYSTEMS-NY GRP-A	CVC	5,083.74	0.03%	3.19%	19.00%	22.49%	0.0076%
CVS CAREMARK CORP	CVS	99,077.68	0.66%	1.29%	11.00%	12.36%	0.0813%
CHEVRON CORP	CVX	222,554.83	1.48%	3.65%	4.50%	8.24%	0.1217%
DOMINION RESOURCES INC/A	D	41,707.38	0.28%	3.42%	5.00%	8.51%	0.0236%
DELTA AIR LINES INC	DAL	32,757.87	0.22%	0.91%	11.50%	12.46%	0.0271%
DU PONT (E.I.) DE NEMOURS	DD	61,296.37	0.41%	2.81%	8.50%	11.43%	0.0465%
DEERE & CO	DE	30,548.14	0.20%	2.82%	6.00%	8.90%	0.0181%
DISCOVER FINANCIAL SERVICES	DFS	28,496.68	0.19%	1.53%	8.50%	10.09%	0.0191%
DOLLAR GENERAL CORP	DG	18,947.14	N/A	0.00%	NA	N/A	N/A
QUEST DIAGNOSTICS INC	DGX	9,167.46	0.06%	2.07%	6.50%	8.64%	0.0053%
DR HORTON INC	DHI	8,313.61	0.06%	1.09%	25.00%	26.23%	0.0145%
DANAHER CORP	DHR	56,011.58	0.37%	0.50%	12.00%	12.53%	0.0466%
WALT DISNEY CO/THE	DIS	154,866.69	1.03%	0.96%	11.50%	12.52%	0.1287%
DISCOVERY COMMUNICATIONS-A	DISCA	5,317.57	N/A	0.00%	NA	N/A	N/A
DELPHI AUTOMOTIVE PLC	DLPH	NA	N/A	0.00%	NA	N/A	N/A
DOLLAR TREE INC	DLTR	20,056.39	0.13%	1.48%	12.00%	13.57%	0.0181%
DUN & BRADSTREET CORP	DNB	12,238.86	N/A	0.00%	NA	N/A	N/A
DENBURY RESOURCES INC	DNR	4,457.87	0.03%	1.46%	6.00%	7.50%	0.0022%
DIAMOND OFFSHORE DRILLING	DO	4,301.45	0.03%	1.98%	11.50%	13.60%	0.0039%
DOVER CORP	DOV	5,300.77	0.04%	1.29%	6.50%	7.83%	0.0028%
DOW CHEMICAL CO/THE	DOW	13,136.36	0.09%	2.03%	7.00%	9.10%	0.0079%
DR PEPPER SNAPPLE GROUP INC	DPS	56,865.57	0.38%	3.12%	14.50%	17.85%	0.0674%
DARDEN RESTAURANTS INC	DRI	13,402.56	0.09%	2.42%	7.50%	10.01%	0.0089%
DTE ENERGY COMPANY	DTE	6,788.87	0.05%	4.32%	8.00%	12.49%	0.0056%
DIRECTV	DTV	14,511.49	0.10%	3.45%	5.00%	8.53%	0.0082%
DUKE ENERGY CORP	DUK	42,880.31	N/A	0.00%	NA	N/A	N/A
DAVITA HEALTHCARE PARTNERS I	DVA	58,201.41	0.39%	3.96%	4.00%	8.04%	0.0311%
DEVON ENERGY CORPORATION	DVN	16,672.78	N/A	0.00%	NA	N/A	N/A

Company	Ticker	[4]	[5]	[6]	[7]	[8]	[9]
		Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
ELECTRONIC ARTS INC	EA	23,850.53	0.16%	1.61%	6.50%	8.16%	0.0129%
EBAY INC	EBAY	12,426.98	N/A	0.00%	NA	N/A	N/A
ECOLAB INC	ECL	64,044.02	N/A	0.00%	NA	N/A	N/A
CONSOLIDATED EDISON INC	ED	32,464.91	0.22%	1.02%	11.50%	12.58%	0.0271%
EQUIFAX INC	EFX	18,609.91	0.12%	4.05%	1.50%	5.58%	0.0069%
EDISON INTERNATIONAL	EIX	9,111.55	0.06%	1.34%	10.00%	11.40%	0.0069%
ESTEE LAUDER COMPANIES-CL A	EL	20,382.74	0.14%	2.31%	2.50%	4.84%	0.0066%
EMC CORP/MA	EMC	28,567.58	0.19%	1.07%	14.00%	15.15%	0.0287%
EASTMAN CHEMICAL CO	EMN	57,916.10	0.38%	1.62%	9.00%	10.70%	0.0411%
EMERSON ELECTRIC CO	EMR	11,299.66	0.08%	1.88%	13.00%	15.00%	0.0113%
EOG RESOURCES INC	EOG	44,261.77	0.29%	2.72%	7.00%	9.81%	0.0288%
EQUITY RESIDENTIAL	EQR	50,486.39	0.34%	0.72%	21.50%	22.30%	0.0747%
EQT CORP	EQT	24,587.67	N/A	2.95%	NA	N/A	N/A
EXPRESS SCRIPTS HOLDING CO	ESRX	13,497.67	0.09%	0.13%	15.50%	15.64%	0.0140%
ESSEX PROPERTY TRUST INC	ESS	55,439.56	N/A	0.00%	NA	N/A	N/A
ENSCO PLC-CL A	ESV	12,491.31	N/A	2.66%	NA	N/A	N/A
E*TRADE FINANCIAL CORP	ETFC	9,360.60	0.06%	7.75%	17.00%	25.41%	0.0158%
EATON CORP PLC	ETN	6,267.24	N/A	0.00%	NA	N/A	N/A
ENTERGY CORP	ETR	31,775.84	0.21%	2.97%	9.00%	12.11%	0.0255%
EDWARDS LIFESCIENCES CORP	EW	15,130.18	0.10%	4.05%	-2.50%	1.50%	0.0015%
EXELON CORP	EXC	12,753.65	N/A	0.00%	NA	N/A	N/A
EXPEDITORS INTL WASH INC	EXPD	31,542.37	0.21%	3.52%	-5.00%	-1.57%	-0.0033%
EXPEDIA INC	EXPE	8,143.81	0.05%	1.53%	6.50%	8.07%	0.0044%
FORD MOTOR CO	F	10,267.89	0.07%	0.91%	7.50%	8.44%	0.0058%
FASTENAL CO	FAST	54,104.49	0.36%	3.60%	8.00%	11.74%	0.0422%
FACEBOOK INC-A	FB	12,809.22	0.09%	2.33%	12.00%	14.46%	0.0123%
FREEPORT-MCMORAN COPPER	FCX	206,471.13	N/A	0.00%	NA	N/A	N/A
FAMILY DOLLAR STORES	FDO	29,176.41	0.19%	4.31%	6.00%	10.44%	0.0202%
FEDEX CORP	FDX	8,876.77	0.06%	1.60%	4.50%	6.13%	0.0036%
FIRSTENERGY CORP	FE	46,817.73	0.31%	0.48%	15.00%	15.52%	0.0482%
F5 NETWORKS INC	FFIV	15,767.14	0.10%	3.94%	2.00%	5.98%	0.0063%
FIDELITY NATIONAL INFORMATIO	FIS	9,021.95	N/A	0.00%	NA	N/A	N/A
FISERV INC	FISV	16,380.14	0.11%	1.71%	10.00%	11.79%	0.0128%
FIFTH THIRD BANCORP	FITB	16,728.75	N/A	0.00%	NA	N/A	N/A
FLIR SYSTEMS INC	FLIR	16,459.99	0.11%	2.64%	10.00%	12.77%	0.0140%
FLUOR CORP	FLR	4,668.55	0.03%	1.23%	11.00%	12.30%	0.0038%
FLOWSERVE CORP	FLS	10,462.01	0.07%	1.28%	7.00%	8.33%	0.0058%
FMC CORP	FMC	9,091.74	0.06%	0.96%	12.00%	13.02%	0.0079%
FOSSIL GROUP INC	FOSL	7,743.97	0.05%	1.04%	12.00%	13.11%	0.0067%
TWENTY-FIRST CENTURY FOX-A	FOXA	5,298.31	N/A	0.00%	NA	N/A	N/A
FOREST LABORATORIES INC	FRX	47,835.26	0.32%	0.73%	11.00%	11.77%	0.0374%
FIRST SOLAR INC	FSLR	5,620.83	N/A	0.00%	NA	N/A	N/A
FMC TECHNOLOGIES INC	FTI	12,912.98	N/A	0.00%	NA	N/A	N/A
FRONTIER COMMUNICATIONS CORP	FTR	6,473.59	0.04%	6.21%	13.50%	20.13%	0.0087%
AGL RESOURCES INC	GAS	6,511.61	0.04%	3.62%	9.00%	12.78%	0.0055%
GANNETT CO	GCI	7,031.16	0.05%	2.50%	6.50%	9.08%	0.0042%
GENERAL DYNAMICS CORP	GD	45,827.92	0.30%	1.82%	3.00%	4.85%	0.0147%
GENERAL ELECTRIC CO	GE	257,570.32	1.71%	3.43%	10.50%	14.11%	0.2413%
GENERAL GROWTH PROPERTIES	GGP	22,281.20	N/A	2.55%	NA	N/A	N/A
GRAHAM HOLDINGS CO-CLASS B	GHC	172,662.95	N/A	0.00%	NA	N/A	N/A
GILEAD SCIENCES INC	GILD	31,062.83	0.21%	3.22%	7.00%	10.33%	0.0213%
GENERAL MILLS INC	GIS	25,726.69	0.17%	2.01%	6.50%	8.58%	0.0146%
CORNING INC	GLW	49,454.10	0.33%	3.91%	9.50%	13.59%	0.0446%
GENERAL MOTORS CO	GM	24,360.05	0.16%	0.68%	18.00%	18.74%	0.0303%
KEURIG GREEN MOUNTAIN INC	GMCR	4,741.03	0.03%	3.18%	11.50%	14.86%	0.0047%
GAMESTOP CORP-CLASS A	GME	6,808.62	N/A	0.00%	NA	N/A	N/A
GENWORTH FINANCIAL INC-CL A	GNW	186,741.65	N/A	0.00%	NA	N/A	N/A
GOOGLE INC-CL C	GOOG	14,598.57	0.10%	2.45%	9.00%	11.56%	0.0112%
GOOGLE INC-CL A	GOOGL	16,468.38	0.11%	2.34%	13.50%	16.00%	0.0175%
GENUINE PARTS CO	GPC	10,353.03	0.07%	3.56%	1.50%	5.08%	0.0035%
GAP INC/THE	GPS	82,375.24	0.55%	1.29%	13.00%	14.37%	0.0786%
GARMIN LTD	GRMN	6,463.21	0.04%	1.04%	11.50%	12.60%	0.0054%
GOLDMAN SACHS GROUP INC	GS	16,627.11	0.11%	1.78%	12.50%	14.40%	0.0159%
GOODYEAR TIRE & RUBBER CO	GT	45,695.04	0.30%	1.32%	11.50%	12.90%	0.0391%
VW GRAINGER INC	GWW	7,458.25	0.05%	1.30%	25.00%	26.47%	0.0131%
HALLIBURTON CO	HAL	7,289.48	0.05%	2.99%	7.00%	10.09%	0.0049%
HARMAN INTERNATIONAL	HAR	7,949.07	0.05%	2.45%	6.00%	8.52%	0.0045%
HASBRO INC	HAS	4,980.97	N/A	1.70%	NA	N/A	N/A
HUNTINGTON BANCSHARES INC	HBAN	22,856.94	0.15%	4.60%	94.50%	101.27%	0.1537%
HUDSON CITY BANCORP INC	HCBK	20,000.01	N/A	5.05%	NA	N/A	N/A
HEALTH CARE REIT INC	HCN	131,254.31	0.87%	1.95%	14.50%	16.59%	0.1446%
HCP INC	HCP	25,584.26	0.17%	1.21%	-1.00%	0.20%	0.0003%
HOME DEPOT INC	HD	16,870.91	0.11%	1.85%	11.00%	12.95%	0.0145%
HESS CORP	HES	14,122.11	0.09%	1.72%	16.00%	17.86%	0.0167%
HARTFORD FINANCIAL SVCS GRP	HIG	74,828.81	0.50%	1.89%	9.50%	11.48%	0.0570%
HARLEY-DAVIDSON INC	HOG	13,780.63	0.09%	1.83%	14.00%	15.96%	0.0146%
HONEYWELL INTERNATIONAL INC	HON	9,178.73	0.06%	3.21%	10.00%	13.37%	0.0081%
STARWOOD HOTELS & RESORTS	HOT	65,916.83	N/A	1.81%	NA	N/A	N/A
HELMERICH & PAYNE	HP	8,709.29	0.06%	2.54%	9.00%	11.65%	0.0067%

Company	Ticker	[4]	[5]	[6]	[7]	[8]	[9]
		Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
HEWLETT-PACKARD CO	HPQ	14,065.97	0.09%	1.51%	11.50%	13.09%	0.0122%
H&R BLOCK INC	HRB	7,214.76	0.05%	2.74%	3.00%	5.78%	0.0028%
HORMEL FOODS CORP	HRL	9,152.02	N/A	0.00%	NA	N/A	N/A
HARRIS CORP	HRS	17,401.28	N/A	3.47%	NA	N/A	N/A
HOSPIRA INC	HSP	15,285.84	0.10%	2.28%	12.00%	14.41%	0.0146%
HOST HOTELS & RESORTS INC	HST	21,160.70	0.14%	0.83%	7.50%	8.36%	0.0117%
HERSHEY CO/THE	HSY	162,650.62	1.08%	2.69%	7.50%	10.29%	0.1111%
HUMANA INC	HUM	23,111.54	0.15%	1.26%	18.50%	19.88%	0.0305%
INTL BUSINESS MACHINES CORP	IBM	7,872.62	0.05%	1.95%	7.00%	9.02%	0.0047%
INTERCONTINENTALEXCHANGE GRO	ICE	157,524.30	1.05%	2.65%	6.00%	8.73%	0.0913%
INTL FLAVORS & FRAGRANCES	IFF	24,793.44	0.16%	1.16%	10.00%	11.22%	0.0185%
INTL GAME TECHNOLOGY	IGT	21,479.21	0.14%	3.26%	12.00%	15.45%	0.0220%
INTEL CORP	INTC	8,030.00	0.05%	2.01%	13.50%	15.64%	0.0083%
INTUIT INC	INTU	16,387.59	0.11%	1.63%	12.50%	14.23%	0.0155%
INTERNATIONAL PAPER CO	IP	7,393.85	0.05%	4.93%	5.50%	10.56%	0.0052%
INTERPUBLIC GROUP OF COS INC	IPG	17,763.48	N/A	0.00%	NA	N/A	N/A
INGERSOLL-RAND PLC	IR	35,694.10	0.24%	2.17%	10.50%	12.78%	0.0303%
IRON MOUNTAIN INC	IRM	17,127.99	0.11%	2.58%	17.00%	19.79%	0.0225%
INTUITIVE SURGICAL INC	ISRG	3,939.44	0.03%	1.60%	4.00%	5.63%	0.0015%
ILLINOIS TOOL WORKS	ITW	30,499.57	0.20%	1.98%	12.00%	14.10%	0.0285%
INVESCO LTD	IVZ	6,273.64	N/A	0.00%	NA	N/A	N/A
JABIL CIRCUIT INC	JBL	301,883.52	2.00%	2.65%	6.50%	9.24%	0.1852%
JOHNSON CONTROLS INC	JCI	9,461.41	0.06%	1.91%	16.50%	18.57%	0.0117%
JACOBS ENGINEERING GROUP INC	JEC	5,105.15	0.03%	1.54%	2.00%	3.56%	0.0012%
JOHNSON & JOHNSON	JNJ	223,382.48	1.48%	2.70%	8.00%	10.81%	0.1603%
JUNIPER NETWORKS INC	JNPR	13,946.96	0.09%	1.85%	10.00%	11.94%	0.0111%
JOY GLOBAL INC	JOY	23,062.28	0.15%	3.14%	7.50%	10.76%	0.0165%
JPMORGAN CHASE & CO	JPM	11,324.94	0.08%	1.98%	8.50%	10.57%	0.0079%
NORDSTROM INC	JWN	10,087.31	N/A	3.94%	NA	N/A	N/A
KELLOGG CO	K	12,559.46	0.08%	2.62%	6.00%	8.70%	0.0073%
KEYCORP	KEY	42,318.34	0.28%	2.96%	8.50%	11.59%	0.0326%
KIMCO REALTY CORP	KIM	39,627.98	0.26%	4.59%	15.00%	19.94%	0.0524%
KLA-TENCOR CORPORATION	KLAC	12,010.43	N/A	0.00%	NA	N/A	N/A
KIMBERLY-CLARK CORP	KMB	181,336.68	1.20%	2.98%	8.00%	11.10%	0.1336%
KINDER MORGAN INC	KMI	N/A	N/A	0.00%	NA	N/A	N/A
CARMAX INC	KMX	27,039.47	0.18%	1.36%	10.50%	11.93%	0.0214%
COCA-COLA CO/THE	KO	33,357.41	N/A	3.87%	NA	N/A	N/A
MICHAEL KORS HOLDINGS LTD	KORS	11,215.81	0.07%	2.87%	7.00%	9.97%	0.0074%
KROGER CO	KR	13,330.38	0.09%	0.93%	14.00%	14.99%	0.0133%
KRAFT FOODS GROUP INC	KRFT	16,425.75	0.11%	0.58%	13.00%	13.62%	0.0149%
KOHL'S CORP	KSS	21,087.28	0.14%	1.90%	9.50%	11.49%	0.0161%
KANSAS CITY SOUTHERN	KSU	5,366.87	0.04%	3.21%	12.50%	15.91%	0.0057%
LOEWS CORP	L	7,540.39	0.05%	0.37%	27.00%	27.42%	0.0137%
L BRANDS INC	LB	9,117.41	N/A	0.00%	NA	N/A	N/A
LEGGETT & PLATT INC	LEG	10,188.57	0.07%	2.04%	4.00%	6.08%	0.0041%
LENNAR CORP-A	LEN	10,082.94	0.07%	2.61%	10.50%	13.24%	0.0089%
LABORATORY CRP OF AMER HLDGS	LH	74,377.12	0.49%	2.99%	-2.50%	0.46%	0.0022%
L-3 COMMUNICATIONS HOLDINGS	LLL	6,017.75	0.04%	1.24%	14.50%	15.83%	0.0063%
LINEAR TECHNOLOGY CORP	LLTC	59,801.44	0.40%	3.22%	7.50%	10.84%	0.0430%
ELI LILLY & CO	LLY	13,810.81	0.09%	1.22%	8.00%	9.27%	0.0085%
LEGG MASON INC	LM	22,044.02	0.15%	4.02%	12.00%	16.26%	0.0238%
LOCKHEED MARTIN CORP	LMT	55,544.68	0.37%	1.65%	15.00%	16.77%	0.0618%
LINCOLN NATIONAL CORP	LNC	12,121.15	0.08%	0.95%	24.00%	25.06%	0.0202%
LORILLARD INC	LO	8,546.23	0.06%	1.08%	4.50%	5.60%	0.0032%
LOWE'S COS INC	LOW	23,165.53	0.15%	0.70%	17.00%	17.76%	0.0273%
LAM RESEARCH CORP	LRCX	NA	N/A	0.00%	NA	N/A	N/A
LSI CORP	LSI	20,446.05	0.14%	2.18%	13.50%	15.82%	0.0215%
LEUCADIA NATIONAL CORP	LUK	96,262.13	0.64%	0.58%	15.00%	15.62%	0.0998%
SOUTHWEST AIRLINES CO	LUV	9,744.44	N/A	3.80%	NA	N/A	N/A
LYONDELLBASELL INDU-CL A	LYB	21,535.44	0.14%	1.08%	14.00%	15.16%	0.0217%
MACY'S INC	M	7,766.47	0.05%	1.65%	33.50%	35.43%	0.0183%
MASTERCARD INC-CLASS A	MA	10,439.26	0.07%	4.92%	9.50%	14.66%	0.0102%
MACERICH CO/THE	MAC	91,692.53	0.61%	3.67%	7.00%	10.80%	0.0657%
MARRIOTT INTERNATIONAL -CL A	MAR	8,234.48	0.05%	3.37%	9.00%	12.52%	0.0068%
MASCO CORP	MAS	47,183.35	0.31%	0.48%	14.00%	14.52%	0.0455%
MATTEL INC	MAT	20,463.66	0.14%	1.15%	12.50%	13.72%	0.0186%
MCDONALD'S CORP	MCD	59,267.39	0.39%	1.72%	4.50%	6.26%	0.0246%
MICROCHIP TECHNOLOGY INC	MCHP	66,278.70	0.44%	1.82%	6.50%	8.38%	0.0369%
MCKESSON CORP	MCK	59,621.67	0.40%	2.68%	7.50%	10.28%	0.0407%
MOODY'S CORP	MCO	24,261.24	N/A	1.37%	NA	N/A	N/A
MONDELEZ INTERNATIONAL INC-A	MDLZ	9,886.76	N/A	0.00%	NA	N/A	N/A
MEDTRONIC INC	MDT	20,924.25	0.14%	1.46%	12.00%	13.54%	0.0188%
METLIFE INC	MET	8,181.30	0.05%	2.14%	8.50%	10.73%	0.0058%
MCGRAW HILL FINANCIAL INC	MHFI	7,722.45	0.05%	1.39%	20.50%	22.03%	0.0113%
MOHAWK INDUSTRIES INC	MHK	29,039.31	0.19%	2.12%	13.00%	15.26%	0.0294%
MEAD JOHNSON NUTRITION CO	MJN	97,468.57	0.65%	2.27%	7.50%	9.85%	0.0637%
MCCORMICK & CO-NON VTG SHRS	MKC	10,554.21	N/A	0.00%	NA	N/A	N/A
MARSH & MCLENNAN COS	MMC	16,612.53	N/A	0.00%	NA	N/A	N/A
3M CO	MMM	94,213.83	0.63%	4.37%	11.00%	15.61%	0.0977%

Company	Ticker	[4]	[5]	[6]	[7]	[8]	[9]
		Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
MONSTER BEVERAGE CORP	MNST	55,034.26	0.37%	1.75%	13.50%	15.36%	0.0561%
ALTRIA GROUP INC	MO	16,222.56	0.11%	2.34%	6.00%	8.41%	0.0091%
MONSANTO CO	MON	25,683.41	0.17%	2.29%	10.00%	12.40%	0.0211%
MOSAIC CO/THE	MOS	165,318.26	1.10%	3.13%	2.00%	5.16%	0.0567%
MARATHON PETROLEUM CORP	MPC	23,006.65	0.15%	2.44%	9.50%	12.06%	0.0184%
MERCK & CO. INC.	MRK	69,040.00	0.46%	1.16%	30.00%	31.34%	0.1436%
MARATHON OIL CORP	MRO	379,583.38	2.52%	2.66%	7.00%	9.75%	0.2458%
MORGAN STANLEY	MS	16,076.33	0.11%	2.13%	8.00%	10.21%	0.0109%
MICROSOFT CORP	MSFT	15,783.13	0.10%	2.34%	7.00%	9.43%	0.0099%
MOTOROLA SOLUTIONS INC	MSI	34,157.34	N/A	0.00%	NA	N/A	N/A
M & T BANK CORP	MTB	9,271.03	0.06%	2.69%	9.00%	11.81%	0.0073%
MICRON TECHNOLOGY INC	MU	7,256.52	0.05%	2.35%	11.00%	13.48%	0.0065%
MURPHY OIL CORP	MUR	19,588.84	N/A	0.00%	NA	N/A	N/A
MEADWESTVACO CORP	MWV	8,179.04	N/A	3.12%	NA	N/A	N/A
MYLAN INC	MYL	20,683.75	0.14%	1.24%	17.00%	18.34%	0.0252%
NOBLE ENERGY INC	NBL	NA	N/A	0.00%	NA	N/A	N/A
NABORS INDUSTRIES LTD	NBR	7,216.84	0.05%	1.41%	8.50%	9.97%	0.0048%
NASDAQ OMX GROUP/THE	NDAQ	5,219.98	0.03%	7.29%	19.50%	27.50%	0.0095%
NOBLE CORP PLC	NE	43,596.43	0.29%	2.94%	4.50%	7.51%	0.0217%
NEXTERA ENERGY INC	NEE	10,139.77	0.07%	0.48%	-17.50%	-17.06%	-0.0115%
NEWMONT MINING CORP	NEM	22,833.84	N/A	0.00%	NA	N/A	N/A
NETFLIX INC	NFLX	4,363.88	N/A	0.00%	NA	N/A	N/A
NEWFIELD EXPLORATION CO	NFX	13,360.02	0.09%	2.50%	10.50%	13.13%	0.0116%
NISOURCE INC	NI	80,120.24	0.53%	1.04%	19.00%	20.14%	0.1071%
NIKE INC -CL B	NKE	15,776.46	0.10%	2.39%	13.00%	15.54%	0.0163%
NIELSEN HOLDINGS NV	NLSN	27,732.44	0.18%	2.06%	5.00%	7.12%	0.0131%
NORTHROP GRUMMAN CORP	NOC	30,443.71	0.20%	2.53%	11.50%	14.18%	0.0286%
NATIONAL OILWELL VARCO INC	NOV	10,052.26	0.07%	1.92%	7.00%	8.98%	0.0060%
NRG ENERGY INC	NRG	33,896.28	0.23%	2.06%	8.50%	10.65%	0.0240%
NORFOLK SOUTHERN CORP	NSC	13,443.87	0.09%	1.60%	9.50%	11.17%	0.0100%
NETAPP INC	NTAP	15,367.21	0.10%	2.03%	9.50%	11.62%	0.0119%
NORTHERN TRUST CORP	NTRS	15,613.65	0.10%	3.25%	8.00%	11.38%	0.0118%
NORTHEAST UTILITIES	NU	16,921.00	0.11%	2.81%	22.00%	25.11%	0.0282%
NUCOR CORP	NUE	10,128.39	0.07%	1.81%	6.50%	8.37%	0.0056%
VIDIA CORP	NVDA	9,569.31	0.06%	1.94%	12.50%	14.56%	0.0093%
NEWELL RUBBERMAID INC	NWL	5,892.78	N/A	0.00%	NA	N/A	N/A
NEWS CORP - CLASS A	NWSA	4,116.15	N/A	0.00%	NA	N/A	N/A
OWENS-ILLINOIS INC	OI	12,203.54	0.08%	3.98%	10.00%	14.17%	0.0115%
ONEOK INC	OKE	17,561.22	0.12%	2.85%	11.50%	14.52%	0.0169%
OMNICOM GROUP	OMC	170,605.20	1.13%	1.24%	9.50%	10.80%	0.1224%
ORACLE CORP	ORCL	17,908.54	N/A	0.00%	NA	N/A	N/A
O'REILLY AUTOMOTIVE INC	ORLY	68,552.69	0.46%	3.24%	3.50%	6.80%	0.0309%
OCCIDENTAL PETROLEUM CORP	OXY	16,744.51	0.11%	3.30%	8.00%	11.44%	0.0127%
PAYCHEX INC	PAYX	4,474.60	0.03%	4.58%	14.00%	18.90%	0.0056%
PEOPLE'S UNITED FINANCIAL	PBCT	4,983.09	0.03%	2.99%	2.00%	5.02%	0.0017%
PITNEY BOWES INC	PBI	22,652.00	0.15%	1.39%	12.50%	13.98%	0.0210%
PACCAR INC	PCAR	23,683.14	0.16%	3.75%	2.50%	6.30%	0.0099%
P G & E CORP	PCG	7,146.82	0.05%	4.40%	12.50%	17.17%	0.0081%
PLUM CREEK TIMBER CO	PCL	60,136.35	N/A	0.00%	NA	N/A	N/A
PRICELINE GROUP INC/THE	PCLN	31,752.23	0.21%	0.05%	13.00%	13.06%	0.0275%
PRECISION CASTPARTS CORP	PCP	4,445.65	0.03%	1.90%	11.50%	13.51%	0.0040%
PATTERSON COS INC	PDGO	20,604.78	0.14%	3.75%	-0.50%	3.24%	0.0044%
PUBLIC SERVICE ENTERPRISE GP	PEG	143,150.36	0.95%	2.77%	8.50%	11.38%	0.1082%
PEPSICO INC	PEP	7,153.89	0.05%	1.09%	14.00%	15.17%	0.0072%
PETSMART INC	PETM	189,211.35	1.26%	3.53%	10.50%	14.21%	0.1785%
PFIZER INC	PFE	15,191.39	0.10%	2.65%	9.50%	12.27%	0.0124%
PRINCIPAL FINANCIAL GROUP	PFG	234,922.23	1.56%	2.98%	9.00%	12.11%	0.1888%
PROCTER & GAMBLE CO/THE	PG	15,313.49	0.10%	1.91%	14.00%	16.04%	0.0163%
PROGRESSIVE CORP	PGR	18,553.26	0.12%	2.03%	8.00%	10.11%	0.0125%
PARKER HANNIFIN CORP	PH	7,081.67	0.05%	1.67%	31.50%	33.43%	0.0157%
PULTEGROUP INC	PHM	4,899.56	0.03%	0.66%	8.50%	9.18%	0.0030%
PERKINELMER INC	PKI	20,524.63	N/A	3.22%	NA	N/A	N/A
PROLOGIS INC	PLD	9,710.62	0.06%	1.37%	10.50%	11.94%	0.0077%
PALL CORP	PLL	138,014.27	0.92%	4.55%	9.00%	13.75%	0.1260%
PHILIP MORRIS INTERNATIONAL	PM	45,101.76	0.30%	2.26%	7.00%	9.34%	0.0280%
PNC FINANCIAL SERVICES GROUP	PNC	12,550.69	0.08%	1.80%	16.50%	18.44%	0.0154%
PENTAIR LTD-REGISTERED	PNR	6,681.95	0.04%	3.98%	4.00%	8.06%	0.0036%
PINNACLE WEST CAPITAL	PNW	6,866.61	0.05%	3.96%	5.50%	9.57%	0.0044%
PEPCO HOLDINGS INC	POM	26,397.15	0.18%	1.40%	13.00%	14.49%	0.0254%
PPG INDUSTRIES INC	PPG	23,133.75	0.15%	4.32%	0.00%	4.32%	0.0066%
PPL CORPORATION	PPL	21,606.77	0.14%	0.27%	12.00%	12.29%	0.0176%
PERRIGO CO PLC	PRGO	40,245.40	0.27%	2.45%	10.00%	12.57%	0.0336%
PRUDENTIAL FINANCIAL INC	PRU	31,037.22	N/A	3.13%	NA	N/A	N/A
PUBLIC STORAGE	PSA	43,258.01	N/A	2.62%	NA	N/A	N/A
PHILLIPS 66	PSX	9,454.60	0.06%	0.13%	13.50%	13.64%	0.0086%
PVH CORP	PVH	7,154.76	N/A	0.00%	NA	N/A	N/A
QUANTA SERVICES INC	PWR	35,742.73	0.24%	2.12%	10.50%	12.73%	0.0302%
PRAXAIR INC	PX	26,524.65	0.18%	0.04%	23.00%	23.05%	0.0406%
PIONEER NATURAL RESOURCES CO	PXD	129,673.98	0.86%	2.19%	9.50%	11.79%	0.1015%

Company	Ticker	[4]	[5]	[6]	[7]	[8]	[9]
		Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
QUALCOMM INC	QCOM	4,341.99	0.03%	0.33%	11.50%	11.85%	0.0034%
QEP RESOURCES INC	QEP	4,641.00	0.03%	1.71%	14.50%	16.33%	0.0050%
RYDER SYSTEM INC	R	33,157.43	0.22%	4.31%	9.50%	14.01%	0.0308%
REYNOLDS AMERICAN INC	RAI	39,698.72	N/A	0.00%	NA	N/A	N/A
ROWAN COMPANIES PLC-A	RDC	13,454.23	0.09%	2.05%	72.50%	75.29%	0.0672%
REGENERON PHARMACEUTICALS	REGN	7,374.18	0.05%	1.35%	12.00%	13.43%	0.0066%
REGIONS FINANCIAL CORP	RF	10,940.63	N/A	0.00%	NA	N/A	N/A
ROBERT HALF INTL INC	RHI	10,680.95	0.07%	10.03%	13.50%	24.21%	0.0172%
RED HAT INC	RHT	14,608.71	0.10%	1.11%	9.50%	10.67%	0.0103%
TRANSOCEAN LTD	RIG	15,200.39	0.10%	2.12%	8.50%	10.71%	0.0108%
RALPH LAUREN CORP	RL	15,488.26	0.10%	0.52%	11.00%	11.55%	0.0119%
ROCKWELL AUTOMATION INC	ROK	16,960.72	0.11%	1.00%	12.00%	13.06%	0.0147%
ROPER INDUSTRIES INC	ROP	11,144.39	0.07%	0.24%	38.00%	38.28%	0.0283%
ROSS STORES INC	ROST	14,156.74	0.09%	2.85%	8.50%	11.47%	0.0108%
RANGE RESOURCES CORP	RRC	31,823.58	0.21%	2.38%	9.50%	11.99%	0.0253%
REPUBLIC SERVICES INC	RSG	58,082.78	0.39%	1.36%	18.50%	19.98%	0.0771%
RAYTHEON COMPANY	RTN	7,716.32	0.05%	3.94%	5.00%	9.04%	0.0046%
STARBUCKS CORP	SBUX	36,168.10	0.24%	0.87%	10.50%	11.41%	0.0274%
SCANA CORP	SCG	26,050.81	0.17%	3.43%	3.00%	6.48%	0.0112%
SCHWAB (CHARLES) CORP	SCHW	7,465.33	0.05%	1.50%	19.50%	21.15%	0.0105%
SPECTRA ENERGY CORP	SE	21,614.91	0.14%	0.99%	15.50%	16.57%	0.0238%
SEALED AIR CORP	SEE	16,145.54	0.11%	0.68%	7.50%	8.21%	0.0088%
SHERWIN-WILLIAMS CO/THE	SHW	10,490.21	0.07%	2.50%	8.50%	11.10%	0.0077%
SIGMA-ALDRICH	SIAL	125,616.83	0.83%	1.64%	15.00%	16.77%	0.1398%
JM SMUCKER CO/THE	SJM	7,583.09	0.05%	1.36%	9.00%	10.42%	0.0052%
SCHLUMBERGER LTD	SLB	20,250.12	0.13%	1.32%	11.50%	12.90%	0.0173%
SLM CORP	SLM	10,723.54	0.07%	1.04%	9.00%	10.09%	0.0072%
SNAP-ON INC	SNA	41,605.13	0.28%	4.52%	3.50%	8.10%	0.0224%
SANDISK CORP	SNDK	55,600.60	N/A	2.96%	NA	N/A	N/A
SCRIPPS NETWORKS INTER-CL A	SNI	8,091.16	0.05%	3.88%	-1.50%	2.35%	0.0013%
SOUTHERN CO/THE	SO	10,493.54	N/A	0.00%	NA	N/A	N/A
SIMON PROPERTY GROUP INC	SPG	27,168.83	0.18%	2.43%	4.50%	6.99%	0.0126%
STAPLES INC	SPLS	20,345.47	0.14%	2.07%	26.00%	28.34%	0.0383%
STERICYCLE INC	SRCL	18,300.07	0.12%	1.75%	8.50%	10.32%	0.0125%
SEMPRA ENERGY	SRE	31,149.82	0.21%	1.63%	10.00%	11.71%	0.0242%
SUNTRUST BANKS INC	STI	NA	N/A	0.00%	NA	N/A	N/A
ST JUDE MEDICAL INC	STJ	15,153.65	N/A	0.00%	NA	N/A	N/A
STATE STREET CORP	STT	14,422.95	0.10%	2.27%	10.00%	12.39%	0.0119%
SEAGATE TECHNOLOGY	STX	11,116.06	N/A	0.00%	NA	N/A	N/A
CONSTELLATION BRANDS INC-A	STZ	8,016.79	0.05%	2.65%	6.50%	9.24%	0.0049%
STANLEY BLACK & DECKER INC	SWK	32,929.06	0.22%	1.41%	7.50%	8.96%	0.0196%
SOUTHWESTERN ENERGY CO	SWN	17,154.23	0.11%	2.44%	15.00%	17.63%	0.0201%
SAFEWAY INC	SWY	22,650.23	0.15%	3.04%	12.00%	15.22%	0.0229%
STRYKER CORP	SYK	178,968.86	1.19%	5.35%	7.00%	12.54%	0.1489%
SYMANTEC CORP	SYMC	NA	N/A	0.00%	NA	N/A	N/A
SYSCO CORP	SY	6,417.00	N/A	0.00%	NA	N/A	N/A
AT&T INC	T	4,630.81	0.03%	4.53%	2.00%	6.57%	0.0020%
MOLSON COORS BREWING CO -B	TAP	5,831.70	0.04%	3.86%	3.50%	7.43%	0.0029%
TERADATA CORP	TDC	NA	N/A	0.00%	NA	N/A	N/A
TECO ENERGY INC	TE	39,150.97	0.26%	3.42%	6.00%	9.52%	0.0247%
INTEGRYS ENERGY GROUP INC	TEG	5,427.48	N/A	0.00%	NA	N/A	N/A
TE CONNECTIVITY LTD	TEL	12,316.64	0.08%	1.60%	11.50%	13.20%	0.0108%
TARGET CORP	TGT	43,828.58	0.29%	1.12%	12.50%	13.69%	0.0398%
TENET HEALTHCARE CORP	THC	6,816.75	0.05%	0.98%	5.50%	6.51%	0.0029%
TIFFANY & CO	TIF	46,560.80	0.31%	0.52%	11.00%	11.55%	0.0357%
TJX COMPANIES INC	TJX	12,323.77	N/A	0.00%	NA	N/A	N/A
TORCHMARK CORP	TMK	20,974.11	0.14%	2.20%	12.50%	14.84%	0.0207%
THERMO FISHER SCIENTIFIC INC	TMO	33,139.60	0.22%	2.21%	9.50%	11.82%	0.0260%
TRIPADVISOR INC	TRIP	9,954.05	0.07%	0.88%	16.00%	16.95%	0.0112%
T ROWE PRICE GROUP INC	TROW	14,879.81	0.10%	0.77%	13.50%	14.32%	0.0141%
TRAVELERS COS INC/THE	TRV	8,733.08	0.06%	1.79%	15.50%	17.43%	0.0101%
TRACTOR SUPPLY COMPANY	TSCO	6,066.20	0.04%	1.23%	9.50%	10.79%	0.0043%
TYSON FOODS INC-CL A	TSN	39,947.82	0.27%	2.09%	10.00%	12.19%	0.0323%
TESORO CORP	TSO	68,087.69	0.45%	1.62%	12.50%	14.22%	0.0643%
TOTAL SYSTEM SERVICES INC	TSS	50,740.94	0.34%	2.81%	8.00%	10.93%	0.0368%
TIME WARNER CABLE	TWC	11,337.33	0.08%	0.20%	17.00%	17.21%	0.0130%
TIME WARNER INC	TWX	NA	N/A	0.00%	NA	N/A	N/A
TEXAS INSTRUMENTS INC	TXN	13,698.85	N/A	0.00%	NA	N/A	N/A
TEXTRON INC	TXT	10,179.77	0.07%	0.38%	9.00%	9.40%	0.0064%
TYCO INTERNATIONAL LTD	TYC	91,216.16	0.61%	1.61%	10.00%	11.69%	0.0708%
UNITEDHEALTH GROUP INC	UNH	8,524.91	0.06%	1.91%	7.50%	9.48%	0.0054%
UNUM GROUP	UNM	102,246.39	0.68%	1.74%	11.00%	12.84%	0.0871%
UNION PACIFIC CORP	UNP	94,355.72	0.63%	2.61%	7.50%	10.21%	0.0640%
UNITED PARCEL SERVICE-CL B	UPS	4,085.16	N/A	0.00%	NA	N/A	N/A
URBAN OUTFITTERS INC	URBN	10,591.62	N/A	0.00%	NA	N/A	N/A
US BANCORP	USB	75,933.20	0.50%	2.34%	5.50%	7.91%	0.0399%
UNITED TECHNOLOGIES CORP	UTX	96,945.71	0.64%	2.23%	9.50%	11.84%	0.0762%
VISA INC-CLASS A SHARES	V	147,466.08	0.98%	0.89%	18.50%	19.48%	0.1907%
VARIAN MEDICAL SYSTEMS INC	VAR	8,668.88	N/A	0.00%	NA	N/A	N/A

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
VF CORP	VFC	29,000.16	0.19%	1.91%	13.50%	15.54%	0.0299%
VIACOM INC-CLASS B	VIAB	27,057.00	0.18%	1.81%	13.50%	15.43%	0.0277%
VALERO ENERGY CORP	VLO	25,790.99	0.17%	2.27%	15.00%	17.44%	0.0299%
VULCAN MATERIALS CO	VMC	7,892.56	N/A	0.40%	NA	N/A	N/A
VORNADO REALTY TRUST	VNO	20,192.75	0.13%	2.74%	6.50%	9.32%	0.0125%
VERISIGN INC	VRSN	7,118.88	N/A	0.00%	NA	N/A	N/A
VERTEX PHARMACEUTICALS INC	VRTX	26,391.39	N/A	0.00%	NA	N/A	N/A
VENTAS INC	VTR	20,010.68	N/A	4.31%	NA	N/A	N/A
VERIZON COMMUNICATIONS INC	VZ	207,071.23	1.37%	4.42%	10.50%	15.15%	0.2082%
WALGREEN CO	WAG	59,836.37	0.40%	2.15%	11.00%	13.27%	0.0527%
WATERS CORP	WAT	9,286.42	N/A	0.00%	NA	N/A	N/A
WESTERN DIGITAL CORP	WDC	22,237.24	0.15%	1.67%	6.00%	7.72%	0.0114%
WISCONSIN ENERGY CORP	WEC	11,178.88	0.07%	3.23%	6.00%	9.33%	0.0069%
WELLS FARGO & CO	WFC	275,530.41	1.83%	2.68%	8.00%	10.79%	0.1974%
WHOLE FOODS MARKET INC	WFM	14,005.47	0.09%	1.24%	13.50%	14.83%	0.0138%
WHIRLPOOL CORP	WHR	13,280.90	0.09%	1.78%	7.50%	9.35%	0.0082%
WINDSTREAM HOLDINGS INC	WIN	6,322.05	0.04%	9.59%	4.00%	13.78%	0.0058%
WELLPOINT INC	WLP	33,281.03	0.22%	1.43%	6.50%	7.98%	0.0176%
WASTE MANAGEMENT INC	WM	22,232.06	0.15%	3.14%	6.50%	9.75%	0.0144%
WILLIAMS COS INC	WMB	41,102.16	0.27%	4.02%	8.00%	12.18%	0.0332%
WAL-MART STORES INC	WMT	246,361.12	1.64%	2.51%	7.50%	10.11%	0.1653%
WESTERN UNION CO	WU	8,847.16	0.06%	3.04%	5.00%	8.12%	0.0048%
WEYERHAEUSER CO	WY	17,719.35	0.12%	3.51%	17.00%	20.81%	0.0245%
WYNDHAM WORLDWIDE CORP	WYN	9,506.04	0.06%	1.83%	13.50%	15.45%	0.0098%
WYNN RESORTS LTD	WYNN	19,017.95	0.13%	2.69%	14.00%	16.88%	0.0213%
UNITED STATES STEEL CORP	X	9,559.37	0.06%	0.57%	7.00%	7.59%	0.0048%
XCEL ENERGY INC	XEL	16,940.00	0.11%	3.65%	4.50%	8.24%	0.0093%
XL GROUP PLC	XL	NA	N/A	0.00%	NA	N/A	N/A
XILINX INC	XLNX	11,429.75	0.08%	2.66%	8.50%	11.27%	0.0086%
EXXON MOBIL CORP	XOM	402,800.16	2.67%	2.92%	6.00%	9.01%	0.2408%
DENTSPLY INTERNATIONAL INC	XRAY	7,089.24	0.05%	0.54%	8.50%	9.06%	0.0043%
XEROX CORP	XRX	14,623.33	0.10%	1.93%	6.00%	7.99%	0.0078%
XYLEM INC	XYL	6,512.94	0.04%	1.43%	10.50%	12.01%	0.0052%
YAHOO! INC	YHOO	45,383.78	N/A	0.00%	NA	N/A	N/A
YUM! BRANDS INC	YUM	30,615.76	0.20%	2.36%	9.50%	11.97%	0.0243%
ZIONS BANCORPORATION	ZION	5,819.11	0.04%	0.56%	11.00%	11.59%	0.0045%
ZIMMER HOLDINGS INC	ZMH	18,459.25	0.12%	0.81%	9.50%	10.35%	0.0127%
ZOETIS INC	ZTS	18,704.52	N/A	0.79%	NA	N/A	N/A
Total Market Capitalization:		15,063,232.71					12.74%

Notes:

[1] Equals sum of Col. [9]

[2] Source: Bloomberg Professional

[3] Equals [1] - [2]

[4] Source: Value Line

[5] Equals weight in S&P 500 based on market capitalization

[6] Source: Value Line

[7] Source: Value Line

[8] Equals ([6] x (1 + (0.5 x [7]))) + [7]

[9] Equals Col. [5] x Col. [8]

Bloomberg and Value Line Beta Coefficients

COMBINATION PROXY GROUP		[1]
Company	Ticker	Value Line
Alliant Energy Corporation	LNT	0.80
Black Hills Corporation	BKH	0.90
CMS Energy Corporation	CMS	0.75
DTE Energy Company	DTE	0.75
SCANA Corporation	SCG	0.75
TECO Energy, Inc.	TE	0.85
Vectren Corporation	VVC	0.80
Mean		0.80
ELECTRIC PROXY GROUP		[1]
Company	Ticker	Value Line
American Electric Power Company, Inc.	AEP	0.70
Duke Energy Corporation	DUK	0.60
Empire District Electric Company	EDE	0.65
Great Plains Energy Inc.	GXP	0.85
Hawaiian Electric Industries, Inc.	HE	0.80
IDACORP, Inc.	IDA	0.80
NextEra Energy, Inc.	NEE	0.70
Otter Tail Corporation	OTTR	0.95
Pinnacle West Capital Corporation	PNW	0.70
PNM Resources, Inc.	PNM	0.85
Portland General Electric Company	POR	0.80
Southern Company	SO	0.60
Westar Energy, Inc.	WR	0.75
Mean		0.75
COMBINED PROXY GROUP		[1]
Company	Ticker	Value Line
American Electric Power Company, Inc.	AEP	0.70
Duke Energy Corporation	DUK	0.60
Empire District Electric Company	EDE	0.65
Great Plains Energy Inc.	GXP	0.85
Hawaiian Electric Industries, Inc.	HE	0.80
IDACORP, Inc.	IDA	0.80
NextEra Energy, Inc.	NEE	0.70
Otter Tail Corporation	OTTR	0.95
Pinnacle West Capital Corporation	PNW	0.70
PNM Resources, Inc.	PNM	0.85
Portland General Electric Company	POR	0.80
Southern Company	SO	0.60
Westar Energy, Inc.	WR	0.75
Alliant Energy Corporation	LNT	0.80
Black Hills Corporation	BKH	0.90
CMS Energy Corporation	CMS	0.75
DTE Energy Company	DTE	0.75
SCANA Corporation	SCG	0.75
TECO Energy, Inc.	TE	0.85
Vectren Corporation	VVC	0.80
Mean		0.77

Notes:

[1] Source: Value Line

Capital Asset Pricing Model Results - Combination Proxy Group
Bloomberg and Value Line Derived Market Risk Premium

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
			Ex-Ante Market Risk Premium		CAPM Result		ECAPM Result	
	Risk-Free Rate	Average Beta Coefficient	Bloomberg Market DCF Derived	Value Line Market DCF Derived	Bloomberg Market DCF Derived	Value Line Market DCF Derived	Bloomberg Market DCF Derived	Value Line Market DCF Derived
COMBINATION PROXY GROUP VALUE LINE AVERAGE BETA COEFFICIENT								
29-Year Treasury, One-Year Forward [9]	3.19%	0.800	10.30%	9.65%	11.43%	10.91%	11.95%	11.39%
Blue Chip 2015 Consensus 30-Year Treasury [10]	3.90%	0.800	10.30%	9.65%	12.14%	11.62%	12.66%	12.10%
Blue Chip 2016 Consensus 30-Year Treasury [11]	4.70%	0.800	10.30%	9.65%	12.94%	12.42%	13.46%	12.90%
Mean					12.17%	11.65%	12.69%	12.13%

Notes:

[1] See Notes [7], [8], and [9]

[2] Source: Attachment No. RBH-5

[3] Source: Attachment No. RBH-4

[4] Source: Attachment No. RBH-4

[5] Equals Col. [1] + (Col. [2] x Col. [3])

[6] Equals Col. [1] + (Col. [2] x Col. [4])

[7] Equals Col. [1] + 0.25 x Col. [3] + 0.75 x (Col. [2] x Col. [3])

[8] Equals Col. [1] + 0.25 x Col. [4] + 0.75 x (Col. [2] x Col. [4])

[9] Source: Bloomberg Professional

[10] Source: Blue Chip Financial Forecasts, Vol. 33, No. 10, October 1, 2014, at 2

[11] Source: Blue Chip Financial Forecasts, Vol. 33, No. 6, June 1, 2014, at 14

Capital Asset Pricing Model Results - Electric Proxy Group
Bloomberg and Value Line Derived Market Risk Premium

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
			Ex-Ante Market Risk Premium		CAPM Result		ECAPM Result	
	Risk-Free Rate	Average Beta Coefficient	Bloomberg Market DCF Derived	Value Line Market DCF Derived	Bloomberg Market DCF Derived	Value Line Market DCF Derived	Bloomberg Market DCF Derived	Value Line Market DCF Derived
ELECTRIC PROXY GROUP VALUE LINE AVERAGE BETA COEFFICIENT								
29-Year Treasury, One-Year Forward [9]	3.19%	0.750	10.30%	9.65%	10.92%	10.43%	11.56%	11.03%
Blue Chip 2015 Consensus 30-Year Treasury [10]	3.90%	0.750	10.30%	9.65%	11.63%	11.14%	12.27%	11.74%
Blue Chip 2016 Consensus 30-Year Treasury [11]	4.70%	0.750	10.30%	9.65%	12.43%	11.94%	13.07%	12.54%
Mean					11.66%	11.17%	12.30%	11.77%

Notes:

[1] See Notes [7], [8], and [9]

[2] Source: Attachment No. RBH-5

[3] Source: Attachment No. RBH-4

[4] Source: Attachment No. RBH-4

[5] Equals Col. [1] + (Col. [2] x Col. [3])

[6] Equals Col. [1] + (Col. [2] x Col. [4])

[7] Equals Col. [1] + 0.25 x Col. [3] + 0.75 x (Col. [2] x Col. [3])

[8] Equals Col. [1] + 0.25 x Col. [4] + 0.75 x (Col. [2] x Col. [4])

[9] Source: Bloomberg Professional

[10] Source: Blue Chip Financial Forecasts, Vol. 33, No. 10, October 1, 2014, at 2

[11] Source: Blue Chip Financial Forecasts, Vol. 33, No. 6, June 1, 2014, at 14

Capital Asset Pricing Model Results - Combined Proxy Group
Bloomberg and Value Line Derived Market Risk Premium

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
			Ex-Ante Market Risk Premium		CAPM Result		ECAPM Result	
	Risk-Free Rate	Average Beta Coefficient	Bloomberg Market DCF Derived	Value Line Market DCF Derived	Bloomberg Market DCF Derived	Value Line Market DCF Derived	Bloomberg Market DCF Derived	Value Line Market DCF Derived
COMBINED PROXY GROUP VALUE LINE AVERAGE BETA COEFFICIENT								
29-Year Treasury, One-Year Forward [9]	3.19%	0.768	10.30%	9.65%	11.10%	10.60%	11.70%	11.16%
Blue Chip 2015 Consensus 30-Year Treasury [10]	3.90%	0.768	10.30%	9.65%	11.81%	11.30%	12.41%	11.87%
Blue Chip 2016 Consensus 30-Year Treasury [11]	4.70%	0.768	10.30%	9.65%	12.61%	12.10%	13.21%	12.67%
Mean					11.84%	11.34%	12.44%	11.90%

Notes:

[1] See Notes [7], [8], and [9]

[2] Source: Attachment No. RBH-5

[3] Source: Attachment No. RBH-4

[4] Source: Attachment No. RBH-4

[5] Equals Col. [1] + (Col. [2] x Col. [3])

[6] Equals Col. [1] + (Col. [2] x Col. [4])

[7] Equals Col. [1] + 0.25 x Col. [3] + 0.75 x (Col. [2] x Col. [3])

[8] Equals Col. [1] + 0.25 x Col. [4] + 0.75 x (Col. [2] x Col. [4])

[9] Source: Bloomberg Professional

[10] Source: Blue Chip Financial Forecasts, Vol. 33, No. 10, October 1, 2014, at 2

[11] Source: Blue Chip Financial Forecasts, Vol. 33, No. 6, June 1, 2014, at 14

Bond Yield Plus Risk Premium Analysis - Electric Utilities

	[1] Constant	[2] Slope	[3] 30-Year Treasury Yield	[4] Risk Premium	[5] Return on Equity
29-Year Treasury, One-Year Forward [6]	-2.83%	-2.83%	3.19%	6.92%	10.11%
Blue Chip 2015 Consensus 30-Year Treasury [7]	-2.83%	-2.83%	3.90%	6.35%	10.25%
Blue Chip 2016 Consensus 30-Year Treasury [8]	-2.83%	-2.83%	4.70%	5.83%	10.53%

Notes:

Excludes authorized returns from Virginia Rate Rider cases.

[1] Constant of regression equation

[2] Slope of regression equation

[3] See Notes [6] and [7]

[4] Equals [1] + [2] x ln([3])

[5] Equals [3] + [4]

[6] Source: Bloomberg Professional

[7] Source: Blue Chip Financial Forecasts, Vol. 33, No. 10, October 1, 2014, at 2

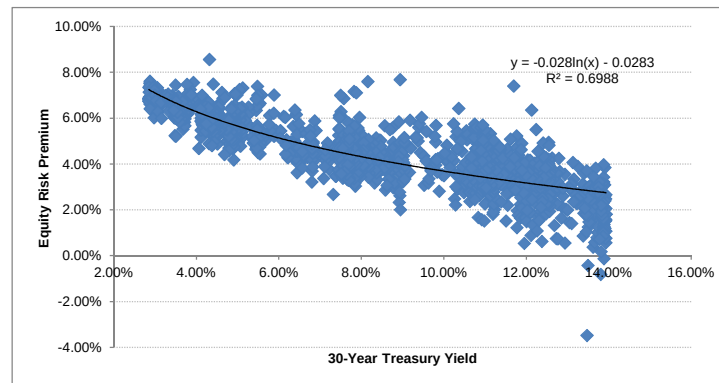
[8] Source: Blue Chip Financial Forecasts, Vol. 33, No. 6, June 1, 2014, at 14

[9] Source: SNL Financial

[10] Source: SNL Financial

[11] Source: Bloomberg Professional, equals 201-trading day average (i.e. lag period)

[12] Equals [10] - [11]



[6] Date of Electric Rate Case	[7] Return on Equity	[8] Average 30-Year Treasury Yield	[9] Risk Premium
1/1/1980	14.50%	9.36%	5.14%
1/7/1980	14.39%	9.38%	5.01%
1/9/1980	15.00%	9.39%	5.61%
1/14/1980	15.17%	9.41%	5.76%
1/17/1980	13.93%	9.43%	4.50%
1/23/1980	15.50%	9.47%	6.03%
1/30/1980	13.86%	9.52%	4.34%
1/31/1980	12.61%	9.53%	3.08%
2/6/1980	13.71%	9.58%	4.13%
2/13/1980	12.80%	9.63%	3.17%
2/14/1980	13.00%	9.64%	3.36%
2/19/1980	13.50%	9.68%	3.82%
2/27/1980	13.75%	9.78%	3.97%
2/29/1980	13.75%	9.81%	3.94%
2/29/1980	14.00%	9.81%	4.19%
2/29/1980	14.77%	9.81%	4.96%
3/7/1980	12.70%	9.89%	2.81%
3/14/1980	13.50%	9.96%	3.54%
3/26/1980	14.16%	10.09%	4.07%
3/27/1980	14.24%	10.11%	4.13%
3/28/1980	14.50%	10.13%	4.37%
4/11/1980	12.75%	10.27%	2.48%
4/14/1980	13.85%	10.28%	3.57%
4/16/1980	15.50%	10.30%	5.20%
4/22/1980	13.25%	10.34%	2.91%
4/22/1980	13.90%	10.34%	3.56%
4/24/1980	16.80%	10.37%	6.43%
4/29/1980	15.50%	10.40%	5.10%
5/6/1980	13.70%	10.44%	3.26%
5/7/1980	15.00%	10.45%	4.55%
5/8/1980	13.75%	10.45%	3.30%
5/9/1980	14.35%	10.46%	3.89%
5/13/1980	13.60%	10.47%	3.13%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
5/15/1980	13.25%	10.49%	2.76%
5/19/1980	13.75%	10.50%	3.25%
5/27/1980	13.62%	10.53%	3.09%
5/27/1980	14.60%	10.53%	4.07%
5/29/1980	16.00%	10.55%	5.45%
5/30/1980	13.80%	10.56%	3.24%
6/2/1980	15.63%	10.56%	5.07%
6/9/1980	15.90%	10.59%	5.31%
6/10/1980	13.78%	10.59%	3.19%
6/12/1980	14.25%	10.60%	3.65%
6/19/1980	13.40%	10.61%	2.79%
6/30/1980	13.00%	10.64%	2.36%
6/30/1980	13.40%	10.64%	2.76%
7/9/1980	14.75%	10.67%	4.08%
7/10/1980	15.00%	10.67%	4.33%
7/15/1980	15.80%	10.69%	5.11%
7/18/1980	13.80%	10.70%	3.10%
7/22/1980	14.10%	10.71%	3.39%
7/24/1980	15.00%	10.72%	4.28%
7/25/1980	13.48%	10.73%	2.75%
7/31/1980	14.58%	10.75%	3.83%
8/8/1980	13.50%	10.77%	2.73%
8/8/1980	14.00%	10.77%	3.23%
8/8/1980	15.45%	10.77%	4.68%
8/11/1980	14.85%	10.78%	4.07%
8/14/1980	14.00%	10.79%	3.21%
8/14/1980	16.25%	10.79%	5.46%
8/25/1980	13.75%	10.82%	2.93%
8/27/1980	13.80%	10.83%	2.97%
8/29/1980	12.50%	10.83%	1.67%
9/15/1980	13.50%	10.87%	2.63%
9/15/1980	13.93%	10.87%	3.06%
9/15/1980	15.80%	10.87%	4.93%
9/24/1980	12.50%	10.92%	1.58%
9/24/1980	15.00%	10.92%	4.08%
9/26/1980	13.75%	10.94%	2.81%
9/30/1980	14.10%	10.96%	3.14%
9/30/1980	14.20%	10.96%	3.24%
10/1/1980	13.90%	10.96%	2.94%
10/3/1980	15.50%	10.98%	4.52%
10/7/1980	12.50%	10.99%	1.51%
10/9/1980	13.25%	11.00%	2.25%
10/9/1980	14.50%	11.00%	3.50%
10/9/1980	14.50%	11.00%	3.50%
10/16/1980	16.10%	11.02%	5.08%
10/17/1980	14.50%	11.03%	3.47%
10/31/1980	13.75%	11.10%	2.65%
10/31/1980	14.25%	11.10%	3.15%
11/4/1980	15.00%	11.11%	3.89%
11/5/1980	13.75%	11.12%	2.63%
11/5/1980	14.00%	11.12%	2.88%
11/8/1980	13.75%	11.14%	2.61%
11/10/1980	14.85%	11.15%	3.70%
11/17/1980	14.00%	11.18%	2.82%
11/18/1980	14.00%	11.19%	2.81%
11/19/1980	13.00%	11.19%	1.81%
11/24/1980	14.00%	11.21%	2.79%
11/26/1980	14.00%	11.21%	2.79%
12/8/1980	14.15%	11.23%	2.92%
12/8/1980	15.10%	11.23%	3.87%
12/9/1980	15.35%	11.23%	4.12%
12/12/1980	15.45%	11.23%	4.22%
12/17/1980	13.25%	11.24%	2.01%
12/18/1980	15.80%	11.24%	4.56%
12/19/1980	14.50%	11.24%	3.26%
12/19/1980	14.64%	11.24%	3.40%
12/22/1980	13.45%	11.24%	2.21%
12/22/1980	15.00%	11.24%	3.76%
12/30/1980	14.50%	11.22%	3.28%
12/30/1980	14.95%	11.22%	3.73%
12/31/1980	13.39%	11.22%	2.17%
1/2/1981	15.25%	11.22%	4.03%
1/7/1981	14.30%	11.21%	3.09%
1/19/1981	15.25%	11.20%	4.05%
1/23/1981	13.10%	11.20%	1.90%
1/23/1981	14.40%	11.20%	3.20%
1/26/1981	15.25%	11.21%	4.04%
1/27/1981	15.00%	11.21%	3.79%
1/31/1981	13.47%	11.22%	2.25%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
2/3/1981	15.25%	11.23%	4.02%
2/5/1981	15.75%	11.24%	4.51%
2/11/1981	15.60%	11.28%	4.32%
2/20/1981	15.25%	11.33%	3.92%
3/11/1981	15.40%	11.49%	3.91%
3/12/1981	14.51%	11.50%	3.01%
3/12/1981	16.00%	11.50%	4.50%
3/13/1981	13.02%	11.51%	1.51%
3/18/1981	16.19%	11.54%	4.65%
3/19/1981	13.75%	11.55%	2.20%
3/23/1981	14.30%	11.57%	2.73%
3/25/1981	15.30%	11.60%	3.70%
4/1/1981	14.53%	11.67%	2.86%
4/3/1981	19.10%	11.70%	7.40%
4/9/1981	15.00%	11.77%	3.23%
4/9/1981	15.30%	11.77%	3.53%
4/9/1981	16.50%	11.77%	4.73%
4/9/1981	17.00%	11.77%	5.23%
4/10/1981	13.75%	11.79%	1.96%
4/13/1981	13.57%	11.81%	1.76%
4/15/1981	15.30%	11.84%	3.46%
4/16/1981	13.50%	11.86%	1.64%
4/17/1981	14.10%	11.86%	2.24%
4/21/1981	14.00%	11.89%	2.11%
4/21/1981	16.80%	11.89%	4.91%
4/24/1981	16.00%	11.94%	4.06%
4/27/1981	12.50%	11.96%	0.54%
4/27/1981	13.61%	11.96%	1.65%
4/29/1981	13.65%	11.99%	1.66%
4/30/1981	13.50%	12.01%	1.49%
5/4/1981	16.22%	12.04%	4.18%
5/5/1981	14.40%	12.06%	2.34%
5/7/1981	16.25%	12.10%	4.15%
5/7/1981	16.27%	12.10%	4.17%
5/8/1981	13.00%	12.12%	0.88%
5/8/1981	16.00%	12.12%	3.88%
5/12/1981	13.50%	12.15%	1.35%
5/15/1981	15.75%	12.21%	3.54%
5/18/1981	14.88%	12.22%	2.66%
5/20/1981	16.00%	12.25%	3.75%
5/21/1981	14.00%	12.27%	1.73%
5/26/1981	14.90%	12.29%	2.61%
5/27/1981	15.00%	12.31%	2.69%
5/29/1981	15.50%	12.33%	3.17%
6/1/1981	16.50%	12.34%	4.16%
6/3/1981	14.67%	12.36%	2.31%
6/5/1981	13.00%	12.38%	0.62%
6/10/1981	16.75%	12.41%	4.34%
6/17/1981	14.40%	12.45%	1.95%
6/18/1981	16.33%	12.46%	3.87%
6/25/1981	14.75%	12.51%	2.24%
6/26/1981	16.00%	12.52%	3.48%
6/30/1981	15.25%	12.54%	2.71%
7/1/1981	15.50%	12.55%	2.95%
7/1/1981	17.50%	12.55%	4.95%
7/10/1981	16.00%	12.61%	3.39%
7/14/1981	16.90%	12.63%	4.27%
7/15/1981	16.00%	12.64%	3.36%
7/17/1981	15.00%	12.66%	2.34%
7/20/1981	15.00%	12.67%	2.33%
7/21/1981	14.00%	12.68%	1.32%
7/28/1981	13.48%	12.73%	0.75%
7/31/1981	13.50%	12.77%	0.73%
7/31/1981	15.00%	12.77%	2.23%
7/31/1981	16.00%	12.77%	3.23%
8/5/1981	15.71%	12.82%	2.89%
8/10/1981	14.50%	12.86%	1.64%
8/11/1981	15.00%	12.87%	2.13%
8/20/1981	13.50%	12.94%	0.56%
8/20/1981	16.50%	12.94%	3.56%
8/24/1981	15.00%	12.96%	2.04%
8/28/1981	15.00%	13.01%	1.99%
9/3/1981	14.50%	13.05%	1.45%
9/10/1981	14.50%	13.10%	1.40%
9/11/1981	16.00%	13.11%	2.89%
9/16/1981	16.00%	13.14%	2.86%
9/17/1981	16.50%	13.15%	3.35%
9/23/1981	15.85%	13.19%	2.66%
9/28/1981	15.50%	13.23%	2.27%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
10/9/1981	15.75%	13.32%	2.43%
10/15/1981	16.25%	13.36%	2.89%
10/16/1981	15.50%	13.37%	2.13%
10/16/1981	16.50%	13.37%	3.13%
10/19/1981	14.25%	13.38%	0.87%
10/20/1981	15.25%	13.40%	1.85%
10/20/1981	17.00%	13.40%	3.60%
10/23/1981	16.00%	13.44%	2.56%
10/27/1981	10.00%	13.48%	-3.48%
10/29/1981	14.75%	13.50%	1.25%
10/29/1981	16.50%	13.50%	3.00%
11/3/1981	15.17%	13.53%	1.64%
11/5/1981	16.60%	13.55%	3.05%
11/6/1981	15.17%	13.55%	1.62%
11/24/1981	15.50%	13.60%	1.90%
11/25/1981	15.25%	13.60%	1.65%
11/25/1981	15.35%	13.60%	1.75%
11/25/1981	16.10%	13.60%	2.50%
11/25/1981	16.10%	13.60%	2.50%
12/1/1981	15.70%	13.61%	2.09%
12/1/1981	16.00%	13.61%	2.39%
12/1/1981	16.49%	13.61%	2.88%
12/1/1981	16.50%	13.61%	2.89%
12/4/1981	16.00%	13.61%	2.39%
12/11/1981	16.25%	13.62%	2.63%
12/14/1981	14.00%	13.62%	0.38%
12/15/1981	15.81%	13.63%	2.18%
12/15/1981	16.00%	13.63%	2.37%
12/16/1981	15.25%	13.63%	1.62%
12/17/1981	16.50%	13.63%	2.87%
12/18/1981	15.45%	13.63%	1.82%
12/30/1981	14.25%	13.66%	0.59%
12/30/1981	16.00%	13.66%	2.34%
12/30/1981	16.25%	13.66%	2.59%
12/31/1981	16.15%	13.67%	2.48%
1/4/1982	15.50%	13.67%	1.83%
1/11/1982	14.50%	13.72%	0.78%
1/11/1982	17.00%	13.72%	3.28%
1/13/1982	14.75%	13.74%	1.01%
1/14/1982	15.75%	13.74%	2.01%
1/15/1982	15.00%	13.75%	1.25%
1/15/1982	16.50%	13.75%	2.75%
1/22/1982	16.25%	13.79%	2.46%
1/27/1982	16.84%	13.81%	3.03%
1/28/1982	13.00%	13.81%	-0.81%
1/29/1982	15.50%	13.81%	1.69%
2/1/1982	15.85%	13.82%	2.03%
2/3/1982	16.44%	13.83%	2.61%
2/8/1982	15.50%	13.85%	1.65%
2/11/1982	16.00%	13.87%	2.13%
2/11/1982	16.20%	13.87%	2.33%
2/17/1982	15.00%	13.88%	1.12%
2/19/1982	15.17%	13.89%	1.28%
2/26/1982	15.25%	13.89%	1.36%
3/1/1982	15.03%	13.89%	1.14%
3/1/1982	16.00%	13.89%	2.11%
3/3/1982	15.00%	13.88%	1.12%
3/8/1982	17.10%	13.88%	3.22%
3/12/1982	16.25%	13.88%	2.37%
3/17/1982	17.30%	13.88%	3.42%
3/22/1982	15.10%	13.88%	1.22%
3/27/1982	15.40%	13.89%	1.51%
3/30/1982	15.50%	13.90%	1.60%
3/31/1982	17.00%	13.90%	3.10%
4/1/1982	14.70%	13.91%	0.79%
4/1/1982	16.50%	13.91%	2.59%
4/2/1982	15.50%	13.91%	1.59%
4/5/1982	15.50%	13.91%	1.59%
4/8/1982	16.40%	13.93%	2.47%
4/13/1982	14.50%	13.93%	0.57%
4/23/1982	15.75%	13.94%	1.81%
4/27/1982	15.00%	13.94%	1.06%
4/28/1982	15.75%	13.94%	1.81%
4/30/1982	14.70%	13.94%	0.76%
4/30/1982	15.50%	13.94%	1.56%
5/3/1982	16.60%	13.94%	2.66%
5/4/1982	16.00%	13.94%	2.06%
5/14/1982	15.50%	13.92%	1.58%
5/18/1982	15.42%	13.92%	1.50%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
5/19/1982	14.69%	13.91%	0.78%
5/20/1982	15.00%	13.91%	1.09%
5/20/1982	15.10%	13.91%	1.19%
5/20/1982	15.50%	13.91%	1.59%
5/20/1982	16.30%	13.91%	2.39%
5/21/1982	17.75%	13.91%	3.84%
5/27/1982	15.00%	13.89%	1.11%
5/28/1982	15.50%	13.89%	1.61%
5/28/1982	17.00%	13.89%	3.11%
6/1/1982	13.75%	13.89%	-0.14%
6/1/1982	16.60%	13.89%	2.71%
6/9/1982	17.86%	13.88%	3.98%
6/14/1982	15.75%	13.88%	1.87%
6/15/1982	14.85%	13.88%	0.97%
6/18/1982	15.50%	13.87%	1.63%
6/21/1982	14.90%	13.87%	1.03%
6/23/1982	16.00%	13.87%	2.13%
6/23/1982	16.17%	13.87%	2.30%
6/24/1982	14.85%	13.86%	0.99%
6/25/1982	14.70%	13.86%	0.84%
7/1/1982	16.00%	13.85%	2.15%
7/2/1982	15.62%	13.84%	1.78%
7/2/1982	17.00%	13.84%	3.16%
7/13/1982	14.00%	13.82%	0.18%
7/13/1982	16.80%	13.82%	2.98%
7/14/1982	15.76%	13.82%	1.94%
7/14/1982	16.02%	13.82%	2.20%
7/19/1982	16.50%	13.80%	2.70%
7/22/1982	14.50%	13.78%	0.72%
7/22/1982	17.00%	13.78%	3.22%
7/27/1982	16.75%	13.75%	3.00%
7/29/1982	16.50%	13.74%	2.76%
8/11/1982	17.50%	13.69%	3.81%
8/18/1982	17.07%	13.64%	3.43%
8/20/1982	15.73%	13.61%	2.12%
8/25/1982	16.00%	13.57%	2.43%
8/26/1982	15.50%	13.56%	1.94%
8/30/1982	15.00%	13.55%	1.45%
9/3/1982	16.20%	13.53%	2.67%
9/8/1982	15.00%	13.52%	1.48%
9/15/1982	13.08%	13.50%	-0.42%
9/15/1982	16.25%	13.50%	2.75%
9/16/1982	16.00%	13.50%	2.50%
9/17/1982	15.25%	13.49%	1.76%
9/23/1982	17.17%	13.47%	3.70%
9/24/1982	14.50%	13.46%	1.04%
9/27/1982	15.25%	13.46%	1.79%
10/1/1982	15.50%	13.42%	2.08%
10/15/1982	15.90%	13.32%	2.58%
10/22/1982	15.75%	13.25%	2.50%
10/22/1982	17.15%	13.25%	3.90%
10/29/1982	15.54%	13.17%	2.37%
11/1/1982	15.50%	13.15%	2.35%
11/3/1982	17.20%	13.13%	4.07%
11/4/1982	16.25%	13.12%	3.13%
11/5/1982	16.20%	13.10%	3.10%
11/9/1982	16.00%	13.06%	2.94%
11/23/1982	15.50%	12.89%	2.61%
11/23/1982	15.85%	12.89%	2.96%
11/30/1982	16.50%	12.82%	3.68%
12/1/1982	17.04%	12.79%	4.25%
12/6/1982	15.00%	12.74%	2.26%
12/6/1982	16.35%	12.74%	3.61%
12/10/1982	15.50%	12.67%	2.83%
12/13/1982	16.00%	12.65%	3.35%
12/14/1982	15.30%	12.63%	2.67%
12/14/1982	16.40%	12.63%	3.77%
12/20/1982	16.00%	12.58%	3.42%
12/21/1982	14.75%	12.56%	2.19%
12/21/1982	15.85%	12.56%	3.29%
12/22/1982	16.25%	12.55%	3.70%
12/22/1982	16.58%	12.55%	4.03%
12/22/1982	16.75%	12.55%	4.20%
12/29/1982	14.90%	12.49%	2.41%
12/29/1982	16.25%	12.49%	3.76%
12/30/1982	16.00%	12.47%	3.53%
12/30/1982	16.35%	12.47%	3.88%
12/30/1982	16.77%	12.47%	4.30%
1/5/1983	17.33%	12.41%	4.92%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
1/11/1983	15.90%	12.35%	3.55%
1/12/1983	14.63%	12.34%	2.29%
1/12/1983	15.50%	12.34%	3.16%
1/20/1983	17.75%	12.24%	5.51%
1/21/1983	15.00%	12.23%	2.77%
1/24/1983	14.50%	12.21%	2.29%
1/24/1983	15.50%	12.21%	3.29%
1/25/1983	15.85%	12.20%	3.65%
1/27/1983	16.14%	12.17%	3.97%
2/1/1983	18.50%	12.14%	6.36%
2/4/1983	14.00%	12.10%	1.90%
2/10/1983	15.00%	12.06%	2.94%
2/21/1983	15.50%	11.99%	3.51%
2/22/1983	15.50%	11.98%	3.52%
2/23/1983	15.10%	11.96%	3.14%
2/23/1983	16.00%	11.96%	4.04%
3/2/1983	15.25%	11.90%	3.35%
3/9/1983	15.20%	11.83%	3.37%
3/15/1983	13.00%	11.78%	1.22%
3/18/1983	15.25%	11.74%	3.51%
3/23/1983	15.40%	11.70%	3.70%
3/24/1983	15.00%	11.68%	3.32%
3/29/1983	15.50%	11.64%	3.86%
3/30/1983	16.71%	11.62%	5.09%
3/31/1983	15.00%	11.61%	3.39%
4/4/1983	15.20%	11.59%	3.61%
4/8/1983	15.50%	11.52%	3.98%
4/11/1983	14.81%	11.50%	3.31%
4/19/1983	14.50%	11.39%	3.11%
4/20/1983	16.00%	11.37%	4.63%
4/29/1983	16.00%	11.26%	4.74%
5/1/1983	14.50%	11.26%	3.24%
5/9/1983	15.50%	11.16%	4.34%
5/11/1983	16.46%	11.13%	5.33%
5/12/1983	14.14%	11.12%	3.02%
5/18/1983	15.00%	11.06%	3.94%
5/23/1983	14.90%	11.02%	3.88%
5/23/1983	15.50%	11.02%	4.48%
5/25/1983	15.50%	11.00%	4.50%
5/27/1983	15.00%	10.97%	4.03%
5/31/1983	14.00%	10.96%	3.04%
5/31/1983	15.50%	10.96%	4.54%
6/2/1983	14.50%	10.94%	3.56%
6/17/1983	15.03%	10.85%	4.18%
7/1/1983	14.80%	10.78%	4.02%
7/1/1983	14.90%	10.78%	4.12%
7/8/1983	16.25%	10.76%	5.49%
7/13/1983	13.20%	10.76%	2.44%
7/19/1983	15.00%	10.75%	4.25%
7/19/1983	15.10%	10.75%	4.35%
7/25/1983	16.25%	10.74%	5.51%
7/28/1983	15.90%	10.74%	5.16%
8/3/1983	16.34%	10.75%	5.59%
8/3/1983	16.50%	10.75%	5.75%
8/19/1983	15.00%	10.80%	4.20%
8/22/1983	15.50%	10.80%	4.70%
8/22/1983	16.40%	10.80%	5.60%
8/31/1983	14.75%	10.84%	3.91%
9/7/1983	15.00%	10.86%	4.14%
9/14/1983	15.78%	10.89%	4.89%
9/16/1983	15.00%	10.90%	4.10%
9/19/1983	14.50%	10.91%	3.59%
9/20/1983	16.50%	10.91%	5.59%
9/28/1983	14.50%	10.94%	3.56%
9/29/1983	15.50%	10.94%	4.56%
9/30/1983	15.25%	10.95%	4.30%
9/30/1983	16.15%	10.95%	5.20%
10/4/1983	14.80%	10.96%	3.84%
10/7/1983	16.00%	10.97%	5.03%
10/13/1983	15.52%	10.98%	4.54%
10/17/1983	15.50%	10.99%	4.51%
10/18/1983	14.50%	11.00%	3.50%
10/19/1983	16.25%	11.00%	5.25%
10/19/1983	16.50%	11.00%	5.50%
10/26/1983	15.00%	11.03%	3.97%
10/27/1983	15.20%	11.04%	4.16%
11/1/1983	16.00%	11.06%	4.94%
11/9/1983	14.90%	11.09%	3.81%
11/10/1983	14.35%	11.10%	3.25%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
11/23/1983	16.00%	11.13%	4.87%
11/23/1983	16.15%	11.13%	5.02%
11/30/1983	15.00%	11.14%	3.86%
12/5/1983	15.25%	11.15%	4.10%
12/6/1983	15.07%	11.15%	3.92%
12/8/1983	15.90%	11.16%	4.74%
12/9/1983	14.75%	11.17%	3.58%
12/12/1983	14.50%	11.17%	3.33%
12/15/1983	15.56%	11.19%	4.37%
12/19/1983	14.80%	11.21%	3.59%
12/20/1983	14.69%	11.21%	3.48%
12/20/1983	16.00%	11.21%	4.79%
12/20/1983	16.25%	11.21%	5.04%
12/22/1983	14.75%	11.23%	3.52%
12/22/1983	15.75%	11.23%	4.52%
1/3/1984	14.75%	11.26%	3.49%
1/10/1984	15.90%	11.29%	4.61%
1/12/1984	15.60%	11.30%	4.30%
1/18/1984	13.75%	11.32%	2.43%
1/19/1984	15.90%	11.33%	4.57%
1/30/1984	16.10%	11.36%	4.74%
1/31/1984	15.25%	11.37%	3.88%
2/1/1984	14.80%	11.38%	3.42%
2/6/1984	13.75%	11.40%	2.35%
2/6/1984	14.75%	11.40%	3.35%
2/9/1984	15.25%	11.42%	3.83%
2/15/1984	15.70%	11.44%	4.26%
2/20/1984	15.00%	11.45%	3.55%
2/20/1984	15.00%	11.45%	3.55%
2/22/1984	14.75%	11.47%	3.28%
2/28/1984	14.50%	11.50%	3.00%
3/2/1984	14.25%	11.53%	2.72%
3/20/1984	16.00%	11.64%	4.36%
3/23/1984	15.50%	11.66%	3.84%
3/26/1984	14.71%	11.67%	3.04%
4/2/1984	15.50%	11.71%	3.79%
4/6/1984	14.74%	11.75%	2.99%
4/11/1984	15.72%	11.77%	3.95%
4/17/1984	15.00%	11.80%	3.20%
4/18/1984	16.20%	11.81%	4.39%
4/25/1984	14.64%	11.85%	2.79%
4/30/1984	14.40%	11.87%	2.53%
5/16/1984	14.69%	11.98%	2.71%
5/16/1984	15.00%	11.98%	3.02%
5/22/1984	14.40%	12.02%	2.38%
5/29/1984	15.10%	12.06%	3.04%
6/13/1984	15.25%	12.15%	3.10%
6/15/1984	15.60%	12.17%	3.43%
6/22/1984	16.25%	12.21%	4.04%
6/29/1984	15.25%	12.25%	3.00%
7/2/1984	13.35%	12.26%	1.09%
7/10/1984	16.00%	12.31%	3.69%
7/12/1984	16.50%	12.32%	4.18%
7/13/1984	16.25%	12.33%	3.92%
7/17/1984	14.14%	12.35%	1.79%
7/18/1984	15.30%	12.35%	2.95%
7/18/1984	15.50%	12.35%	3.15%
7/19/1984	14.30%	12.36%	1.94%
7/24/1984	16.79%	12.39%	4.40%
7/31/1984	16.00%	12.42%	3.58%
8/3/1984	14.25%	12.44%	1.81%
8/17/1984	14.30%	12.48%	1.82%
8/20/1984	15.00%	12.49%	2.51%
8/27/1984	16.30%	12.50%	3.80%
8/31/1984	15.55%	12.52%	3.03%
9/6/1984	16.00%	12.53%	3.47%
9/10/1984	14.75%	12.54%	2.21%
9/13/1984	15.00%	12.55%	2.45%
9/17/1984	17.38%	12.55%	4.83%
9/26/1984	14.50%	12.57%	1.93%
9/28/1984	15.00%	12.57%	2.43%
9/28/1984	16.25%	12.57%	3.68%
10/9/1984	14.75%	12.58%	2.17%
10/12/1984	15.60%	12.58%	3.02%
10/22/1984	15.00%	12.58%	2.42%
10/26/1984	16.40%	12.58%	3.82%
10/31/1984	16.25%	12.58%	3.67%
11/7/1984	15.60%	12.58%	3.02%
11/9/1984	16.00%	12.58%	3.42%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
11/14/1984	15.75%	12.58%	3.17%
11/20/1984	15.25%	12.57%	2.68%
11/20/1984	15.92%	12.57%	3.35%
11/23/1984	15.00%	12.57%	2.43%
11/28/1984	16.15%	12.56%	3.59%
12/3/1984	15.80%	12.56%	3.24%
12/4/1984	16.50%	12.56%	3.94%
12/18/1984	16.40%	12.53%	3.87%
12/19/1984	14.75%	12.53%	2.22%
12/19/1984	15.00%	12.53%	2.47%
12/20/1984	16.00%	12.52%	3.48%
12/28/1984	16.00%	12.50%	3.50%
1/3/1985	14.75%	12.49%	2.26%
1/10/1985	15.75%	12.47%	3.28%
1/11/1985	16.30%	12.46%	3.84%
1/23/1985	15.80%	12.43%	3.37%
1/24/1985	15.82%	12.43%	3.39%
1/25/1985	16.75%	12.42%	4.33%
1/30/1985	14.90%	12.40%	2.50%
1/31/1985	14.75%	12.39%	2.36%
2/8/1985	14.47%	12.36%	2.11%
3/1/1985	13.84%	12.31%	1.53%
3/8/1985	16.85%	12.29%	4.56%
3/14/1985	15.50%	12.26%	3.24%
3/15/1985	15.62%	12.26%	3.36%
3/29/1985	15.62%	12.17%	3.45%
4/3/1985	14.60%	12.14%	2.46%
4/9/1985	15.50%	12.11%	3.39%
4/16/1985	15.70%	12.06%	3.64%
4/22/1985	14.00%	12.02%	1.98%
4/26/1985	15.50%	11.99%	3.51%
4/29/1985	15.00%	11.98%	3.02%
5/2/1985	14.68%	11.94%	2.74%
5/8/1985	15.62%	11.90%	3.72%
5/10/1985	16.50%	11.88%	4.62%
5/29/1985	14.61%	11.74%	2.87%
5/31/1985	16.00%	11.72%	4.28%
6/14/1985	15.50%	11.61%	3.89%
7/9/1985	15.00%	11.45%	3.55%
7/16/1985	14.50%	11.40%	3.10%
7/26/1985	14.50%	11.33%	3.17%
8/2/1985	14.80%	11.29%	3.51%
8/7/1985	15.00%	11.27%	3.73%
8/28/1985	14.25%	11.15%	3.10%
8/28/1985	15.50%	11.15%	4.35%
8/29/1985	14.50%	11.15%	3.35%
9/9/1985	14.60%	11.11%	3.49%
9/9/1985	14.90%	11.11%	3.79%
9/17/1985	14.90%	11.09%	3.81%
9/23/1985	15.00%	11.07%	3.93%
9/27/1985	15.50%	11.05%	4.45%
9/27/1985	15.80%	11.05%	4.75%
10/2/1985	14.00%	11.04%	2.96%
10/2/1985	14.75%	11.04%	3.71%
10/3/1985	15.25%	11.03%	4.22%
10/24/1985	15.40%	10.96%	4.44%
10/24/1985	15.82%	10.96%	4.86%
10/24/1985	15.85%	10.96%	4.89%
10/28/1985	16.00%	10.95%	5.05%
10/29/1985	16.65%	10.95%	5.70%
10/31/1985	15.06%	10.93%	4.13%
11/4/1985	14.50%	10.92%	3.58%
11/7/1985	15.50%	10.90%	4.60%
11/8/1985	14.30%	10.89%	3.41%
12/12/1985	14.75%	10.73%	4.02%
12/18/1985	15.00%	10.70%	4.30%
12/20/1985	14.50%	10.68%	3.82%
12/20/1985	14.50%	10.68%	3.82%
12/20/1985	15.00%	10.68%	4.32%
1/24/1986	15.40%	10.41%	4.99%
1/31/1986	15.00%	10.36%	4.64%
2/5/1986	15.00%	10.33%	4.67%
2/5/1986	15.75%	10.33%	5.42%
2/10/1986	13.30%	10.30%	3.00%
2/11/1986	12.50%	10.28%	2.22%
2/14/1986	14.40%	10.25%	4.15%
2/18/1986	16.00%	10.24%	5.76%
2/24/1986	14.50%	10.18%	4.32%
2/26/1986	14.00%	10.16%	3.84%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
3/5/1986	14.90%	10.08%	4.82%
3/11/1986	14.50%	10.02%	4.48%
3/12/1986	13.50%	10.01%	3.49%
3/27/1986	14.10%	9.86%	4.24%
3/31/1986	13.50%	9.84%	3.66%
4/1/1986	14.00%	9.83%	4.17%
4/2/1986	15.50%	9.81%	5.69%
4/4/1986	15.00%	9.78%	5.22%
4/14/1986	13.40%	9.69%	3.71%
4/23/1986	15.00%	9.58%	5.42%
5/16/1986	14.50%	9.33%	5.17%
5/16/1986	14.50%	9.33%	5.17%
5/29/1986	13.90%	9.20%	4.70%
5/30/1986	15.10%	9.19%	5.91%
6/2/1986	12.81%	9.17%	3.64%
6/11/1986	14.00%	9.08%	4.92%
6/24/1986	16.63%	8.94%	7.69%
6/26/1986	12.00%	8.91%	3.09%
6/26/1986	14.75%	8.91%	5.84%
6/30/1986	13.00%	8.88%	4.12%
7/10/1986	14.34%	8.76%	5.58%
7/11/1986	12.75%	8.74%	4.01%
7/14/1986	12.60%	8.72%	3.88%
7/17/1986	12.40%	8.67%	3.73%
7/25/1986	14.25%	8.58%	5.67%
8/6/1986	13.50%	8.45%	5.05%
8/14/1986	13.50%	8.36%	5.14%
9/16/1986	12.75%	8.07%	4.68%
9/19/1986	13.25%	8.04%	5.21%
10/1/1986	14.00%	7.96%	6.04%
10/3/1986	13.40%	7.94%	5.46%
10/31/1986	13.50%	7.78%	5.72%
11/5/1986	13.00%	7.76%	5.24%
12/3/1986	12.90%	7.59%	5.31%
12/4/1986	14.44%	7.58%	6.86%
12/16/1986	13.60%	7.53%	6.07%
12/22/1986	13.80%	7.51%	6.29%
12/30/1986	13.00%	7.49%	5.51%
1/2/1987	13.00%	7.49%	5.51%
1/12/1987	12.40%	7.47%	4.93%
1/27/1987	12.71%	7.46%	5.25%
3/2/1987	12.47%	7.47%	5.00%
3/3/1987	13.60%	7.47%	6.13%
3/4/1987	12.38%	7.47%	4.91%
3/10/1987	13.50%	7.47%	6.03%
3/13/1987	13.00%	7.47%	5.53%
3/31/1987	13.00%	7.47%	5.53%
4/6/1987	13.00%	7.47%	5.53%
4/14/1987	12.50%	7.49%	5.01%
4/16/1987	14.50%	7.50%	7.00%
4/27/1987	12.00%	7.54%	4.46%
5/5/1987	12.85%	7.58%	5.27%
5/12/1987	12.65%	7.62%	5.03%
5/28/1987	13.50%	7.70%	5.80%
6/15/1987	13.20%	7.78%	5.42%
6/29/1987	15.00%	7.83%	7.17%
6/30/1987	12.50%	7.84%	4.66%
7/8/1987	12.00%	7.86%	4.14%
7/10/1987	12.90%	7.86%	5.04%
7/15/1987	13.50%	7.88%	5.62%
7/16/1987	13.50%	7.88%	5.62%
7/16/1987	15.00%	7.88%	7.12%
7/27/1987	13.00%	7.92%	5.08%
7/27/1987	13.40%	7.92%	5.48%
7/27/1987	13.50%	7.92%	5.58%
7/31/1987	12.98%	7.94%	5.04%
8/26/1987	12.63%	8.05%	4.58%
8/26/1987	12.75%	8.05%	4.70%
8/27/1987	13.25%	8.06%	5.19%
9/9/1987	13.00%	8.13%	4.87%
9/30/1987	12.75%	8.30%	4.45%
9/30/1987	13.00%	8.30%	4.70%
10/2/1987	11.50%	8.33%	3.17%
10/15/1987	13.00%	8.43%	4.57%
11/2/1987	13.00%	8.54%	4.46%
11/19/1987	13.00%	8.63%	4.37%
11/30/1987	12.00%	8.68%	3.32%
12/3/1987	14.20%	8.70%	5.50%
12/15/1987	13.25%	8.77%	4.48%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
12/16/1987	13.50%	8.78%	4.72%
12/16/1987	13.72%	8.78%	4.94%
12/17/1987	11.75%	8.78%	2.97%
12/18/1987	13.50%	8.79%	4.71%
12/21/1987	12.01%	8.80%	3.21%
12/22/1987	12.00%	8.81%	3.19%
12/22/1987	12.00%	8.81%	3.19%
12/22/1987	12.75%	8.81%	3.94%
12/22/1987	13.00%	8.81%	4.19%
1/20/1988	13.80%	8.93%	4.87%
1/26/1988	13.90%	8.95%	4.95%
1/29/1988	13.20%	8.95%	4.25%
2/4/1988	12.60%	8.96%	3.64%
3/1/1988	11.56%	8.94%	2.62%
3/23/1988	12.87%	8.92%	3.95%
3/24/1988	11.24%	8.92%	2.32%
3/30/1988	12.72%	8.92%	3.80%
4/1/1988	12.50%	8.92%	3.58%
4/7/1988	13.25%	8.93%	4.32%
4/25/1988	10.96%	8.95%	2.01%
5/3/1988	12.91%	8.97%	3.94%
5/11/1988	13.50%	8.99%	4.51%
5/16/1988	13.00%	8.99%	4.01%
6/30/1988	12.75%	9.00%	3.75%
7/1/1988	12.75%	9.00%	3.75%
7/20/1988	13.40%	8.97%	4.43%
8/5/1988	12.75%	8.92%	3.83%
8/23/1988	11.70%	8.93%	2.77%
8/29/1988	12.75%	8.94%	3.81%
8/30/1988	13.50%	8.94%	4.56%
9/8/1988	12.60%	8.95%	3.65%
10/13/1988	13.10%	8.93%	4.17%
12/19/1988	13.00%	9.01%	3.99%
12/20/1988	12.25%	9.02%	3.23%
12/20/1988	13.00%	9.02%	3.98%
12/21/1988	12.90%	9.02%	3.88%
12/27/1988	13.00%	9.03%	3.97%
12/28/1988	13.10%	9.03%	4.07%
12/30/1988	13.40%	9.03%	4.37%
1/27/1989	13.00%	9.05%	3.95%
1/31/1989	13.00%	9.05%	3.95%
2/17/1989	13.00%	9.05%	3.95%
2/20/1989	12.40%	9.05%	3.35%
3/1/1989	12.76%	9.05%	3.71%
3/8/1989	13.00%	9.05%	3.95%
3/30/1989	14.00%	9.05%	4.95%
4/5/1989	14.20%	9.05%	5.15%
4/18/1989	13.00%	9.05%	3.95%
5/5/1989	12.40%	9.05%	3.35%
6/2/1989	13.20%	9.01%	4.19%
6/8/1989	13.50%	8.98%	4.52%
6/27/1989	13.25%	8.92%	4.33%
6/30/1989	13.00%	8.90%	4.10%
8/14/1989	12.50%	8.77%	3.73%
9/28/1989	12.25%	8.63%	3.62%
10/24/1989	12.50%	8.54%	3.96%
11/9/1989	13.00%	8.49%	4.51%
12/15/1989	13.00%	8.34%	4.66%
12/20/1989	12.90%	8.32%	4.58%
12/21/1989	12.90%	8.32%	4.58%
12/27/1989	12.50%	8.30%	4.20%
12/27/1989	13.00%	8.30%	4.70%
1/10/1990	12.80%	8.25%	4.55%
1/11/1990	12.90%	8.24%	4.66%
1/17/1990	12.80%	8.22%	4.58%
1/26/1990	12.00%	8.20%	3.80%
2/9/1990	12.10%	8.18%	3.92%
2/24/1990	12.86%	8.15%	4.71%
3/30/1990	12.90%	8.16%	4.74%
4/4/1990	15.76%	8.17%	7.59%
4/12/1990	12.52%	8.18%	4.34%
4/19/1990	12.75%	8.20%	4.55%
5/21/1990	12.10%	8.28%	3.82%
5/29/1990	12.40%	8.30%	4.10%
5/31/1990	12.00%	8.30%	3.70%
6/4/1990	12.90%	8.30%	4.60%
6/6/1990	12.25%	8.31%	3.94%
6/15/1990	13.20%	8.31%	4.89%
6/20/1990	12.92%	8.32%	4.60%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
6/27/1990	12.90%	8.33%	4.57%
6/29/1990	12.50%	8.33%	4.17%
7/6/1990	12.10%	8.34%	3.76%
7/6/1990	12.35%	8.34%	4.01%
8/10/1990	12.55%	8.40%	4.15%
8/16/1990	13.21%	8.42%	4.79%
8/22/1990	13.10%	8.44%	4.66%
8/24/1990	13.00%	8.46%	4.54%
9/26/1990	11.45%	8.59%	2.86%
10/2/1990	13.00%	8.61%	4.39%
10/5/1990	12.84%	8.62%	4.22%
10/19/1990	13.00%	8.66%	4.34%
10/25/1990	12.30%	8.67%	3.63%
11/21/1990	12.70%	8.69%	4.01%
12/13/1990	12.30%	8.67%	3.63%
12/17/1990	12.87%	8.67%	4.20%
12/18/1990	13.10%	8.67%	4.43%
12/19/1990	12.00%	8.66%	3.34%
12/20/1990	12.75%	8.66%	4.09%
12/21/1990	12.50%	8.66%	3.84%
12/27/1990	12.79%	8.66%	4.13%
1/2/1991	13.10%	8.65%	4.45%
1/4/1991	12.50%	8.65%	3.85%
1/15/1991	12.75%	8.64%	4.11%
1/25/1991	11.70%	8.63%	3.07%
2/4/1991	12.50%	8.61%	3.89%
2/7/1991	12.50%	8.59%	3.91%
2/12/1991	13.00%	8.58%	4.42%
2/14/1991	12.72%	8.57%	4.15%
2/22/1991	12.80%	8.55%	4.25%
3/6/1991	13.10%	8.53%	4.57%
3/8/1991	12.30%	8.52%	3.78%
3/8/1991	13.00%	8.52%	4.48%
4/22/1991	13.00%	8.49%	4.51%
5/7/1991	13.50%	8.47%	5.03%
5/13/1991	13.25%	8.47%	4.78%
5/30/1991	12.75%	8.44%	4.31%
6/12/1991	12.00%	8.41%	3.59%
6/25/1991	11.70%	8.39%	3.31%
6/28/1991	12.50%	8.38%	4.12%
7/1/1991	12.00%	8.38%	3.62%
7/3/1991	12.50%	8.37%	4.13%
7/19/1991	12.10%	8.34%	3.76%
8/1/1991	12.90%	8.32%	4.58%
8/16/1991	13.20%	8.29%	4.91%
9/27/1991	12.50%	8.23%	4.27%
9/30/1991	12.25%	8.23%	4.02%
10/17/1991	13.00%	8.20%	4.80%
10/23/1991	12.50%	8.20%	4.30%
10/23/1991	12.55%	8.20%	4.35%
10/31/1991	11.80%	8.19%	3.61%
11/1/1991	12.00%	8.19%	3.81%
11/5/1991	12.25%	8.19%	4.06%
11/12/1991	12.50%	8.18%	4.32%
11/12/1991	13.25%	8.18%	5.07%
11/25/1991	12.40%	8.18%	4.22%
11/26/1991	11.60%	8.18%	3.42%
11/26/1991	12.50%	8.18%	4.32%
11/27/1991	12.10%	8.18%	3.92%
12/18/1991	12.25%	8.15%	4.10%
12/19/1991	12.60%	8.15%	4.45%
12/19/1991	12.80%	8.15%	4.65%
12/20/1991	12.65%	8.14%	4.51%
1/9/1992	12.80%	8.09%	4.71%
1/16/1992	12.75%	8.07%	4.68%
1/21/1992	12.00%	8.06%	3.94%
1/22/1992	13.00%	8.06%	4.94%
1/27/1992	12.65%	8.06%	4.59%
1/31/1992	12.00%	8.05%	3.95%
2/11/1992	12.40%	8.03%	4.37%
2/25/1992	12.50%	8.01%	4.49%
3/16/1992	11.43%	7.99%	3.44%
3/18/1992	12.28%	7.98%	4.30%
4/2/1992	12.10%	7.95%	4.15%
4/9/1992	11.45%	7.94%	3.51%
4/10/1992	11.50%	7.94%	3.56%
4/14/1992	11.50%	7.93%	3.57%
5/5/1992	11.50%	7.90%	3.60%
5/12/1992	11.87%	7.89%	3.98%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
5/12/1992	12.46%	7.89%	4.57%
6/1/1992	12.30%	7.87%	4.43%
6/12/1992	10.90%	7.86%	3.04%
6/26/1992	12.35%	7.85%	4.50%
6/29/1992	11.00%	7.85%	3.15%
6/30/1992	13.00%	7.85%	5.15%
7/13/1992	11.90%	7.84%	4.06%
7/13/1992	13.50%	7.84%	5.66%
7/22/1992	11.20%	7.83%	3.37%
8/3/1992	12.00%	7.81%	4.19%
8/6/1992	12.50%	7.80%	4.70%
9/22/1992	12.00%	7.71%	4.29%
9/28/1992	11.40%	7.71%	3.69%
9/30/1992	11.75%	7.70%	4.05%
10/2/1992	13.00%	7.70%	5.30%
10/12/1992	12.20%	7.70%	4.50%
10/16/1992	13.16%	7.70%	5.46%
10/30/1992	11.75%	7.71%	4.04%
11/3/1992	12.00%	7.71%	4.29%
12/3/1992	11.85%	7.68%	4.17%
12/15/1992	11.00%	7.66%	3.34%
12/16/1992	11.90%	7.66%	4.24%
12/16/1992	12.40%	7.66%	4.74%
12/17/1992	12.00%	7.66%	4.34%
12/22/1992	12.30%	7.65%	4.65%
12/22/1992	12.40%	7.65%	4.75%
12/29/1992	12.25%	7.63%	4.62%
12/30/1992	12.00%	7.63%	4.37%
12/31/1992	11.90%	7.63%	4.27%
1/12/1993	12.00%	7.61%	4.39%
1/21/1993	11.25%	7.59%	3.66%
2/2/1993	11.40%	7.56%	3.84%
2/15/1993	12.30%	7.52%	4.78%
2/24/1993	11.90%	7.49%	4.41%
2/26/1993	11.80%	7.48%	4.32%
2/26/1993	12.20%	7.48%	4.72%
4/23/1993	11.75%	7.29%	4.46%
5/11/1993	11.75%	7.25%	4.50%
5/14/1993	11.50%	7.24%	4.26%
5/25/1993	11.50%	7.23%	4.27%
5/28/1993	11.00%	7.22%	3.78%
6/3/1993	12.00%	7.21%	4.79%
6/16/1993	11.50%	7.19%	4.31%
6/18/1993	12.10%	7.18%	4.92%
6/25/1993	11.67%	7.17%	4.50%
7/21/1993	11.38%	7.10%	4.28%
7/23/1993	10.46%	7.09%	3.37%
8/24/1993	11.50%	6.96%	4.54%
9/21/1993	10.50%	6.81%	3.69%
9/29/1993	11.47%	6.77%	4.70%
9/30/1993	11.60%	6.76%	4.84%
11/2/1993	10.80%	6.61%	4.19%
11/12/1993	12.00%	6.57%	5.43%
11/26/1993	11.00%	6.52%	4.48%
12/14/1993	10.55%	6.48%	4.07%
12/16/1993	10.60%	6.48%	4.12%
12/21/1993	11.30%	6.47%	4.83%
1/4/1994	10.07%	6.45%	3.62%
1/13/1994	11.00%	6.42%	4.58%
1/21/1994	11.00%	6.40%	4.60%
1/28/1994	11.35%	6.39%	4.96%
2/3/1994	11.40%	6.38%	5.02%
2/17/1994	10.60%	6.36%	4.24%
2/25/1994	11.25%	6.36%	4.89%
2/25/1994	12.00%	6.36%	5.64%
3/1/1994	11.00%	6.35%	4.65%
3/4/1994	11.00%	6.35%	4.65%
4/25/1994	11.00%	6.41%	4.59%
5/10/1994	11.75%	6.45%	5.30%
5/13/1994	10.50%	6.46%	4.04%
6/3/1994	11.00%	6.53%	4.47%
6/27/1994	11.40%	6.64%	4.76%
8/5/1994	12.75%	6.87%	5.88%
10/31/1994	10.00%	7.32%	2.68%
11/9/1994	10.85%	7.38%	3.47%
11/9/1994	10.85%	7.38%	3.47%
11/18/1994	11.20%	7.45%	3.75%
11/22/1994	11.60%	7.46%	4.14%
11/28/1994	11.06%	7.49%	3.57%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
12/8/1994	11.50%	7.54%	3.96%
12/8/1994	11.70%	7.54%	4.16%
12/14/1994	10.95%	7.56%	3.39%
12/15/1994	11.50%	7.57%	3.93%
12/19/1994	11.50%	7.57%	3.93%
12/28/1994	12.15%	7.61%	4.54%
1/9/1995	12.28%	7.64%	4.64%
1/31/1995	11.00%	7.68%	3.32%
2/10/1995	12.60%	7.70%	4.90%
2/17/1995	11.90%	7.70%	4.20%
3/9/1995	11.50%	7.71%	3.79%
3/20/1995	12.00%	7.72%	4.28%
3/23/1995	12.81%	7.72%	5.09%
3/29/1995	11.60%	7.72%	3.88%
4/6/1995	11.10%	7.71%	3.39%
4/7/1995	11.00%	7.71%	3.29%
4/19/1995	11.00%	7.70%	3.30%
5/12/1995	11.63%	7.68%	3.95%
5/25/1995	11.20%	7.65%	3.55%
6/9/1995	11.25%	7.60%	3.65%
6/21/1995	12.25%	7.56%	4.69%
6/30/1995	11.10%	7.52%	3.58%
9/11/1995	11.30%	7.21%	4.09%
9/27/1995	11.30%	7.13%	4.17%
9/27/1995	11.50%	7.13%	4.37%
9/27/1995	11.75%	7.13%	4.62%
9/29/1995	11.00%	7.12%	3.88%
11/9/1995	11.38%	6.90%	4.48%
11/9/1995	12.36%	6.90%	5.46%
11/17/1995	11.00%	6.86%	4.14%
12/4/1995	11.35%	6.78%	4.57%
12/11/1995	11.40%	6.75%	4.65%
12/20/1995	11.60%	6.70%	4.90%
12/27/1995	12.00%	6.67%	5.33%
2/5/1996	12.25%	6.48%	5.77%
3/29/1996	10.67%	6.42%	4.25%
4/8/1996	11.00%	6.42%	4.58%
4/11/1996	12.59%	6.43%	6.16%
4/11/1996	12.59%	6.43%	6.16%
4/24/1996	11.25%	6.44%	4.81%
4/30/1996	11.00%	6.43%	4.57%
5/13/1996	11.00%	6.44%	4.56%
5/23/1996	11.25%	6.44%	4.81%
6/25/1996	11.25%	6.48%	4.77%
6/27/1996	11.20%	6.48%	4.72%
8/12/1996	10.40%	6.57%	3.83%
9/27/1996	11.00%	6.70%	4.30%
10/16/1996	12.25%	6.76%	5.49%
11/5/1996	11.00%	6.80%	4.20%
11/26/1996	11.30%	6.83%	4.47%
12/18/1996	11.75%	6.83%	4.92%
12/31/1996	11.50%	6.83%	4.67%
1/3/1997	10.70%	6.83%	3.87%
2/13/1997	11.80%	6.82%	4.98%
2/20/1997	11.80%	6.82%	4.98%
3/31/1997	10.02%	6.80%	3.22%
4/2/1997	11.65%	6.80%	4.85%
4/28/1997	11.50%	6.81%	4.69%
4/29/1997	11.70%	6.81%	4.89%
7/17/1997	12.00%	6.77%	5.23%
12/12/1997	11.00%	6.61%	4.39%
12/23/1997	11.12%	6.57%	4.55%
2/2/1998	12.75%	6.40%	6.35%
3/2/1998	11.25%	6.29%	4.96%
3/6/1998	10.75%	6.27%	4.48%
3/20/1998	10.50%	6.23%	4.27%
4/30/1998	12.20%	6.12%	6.08%
7/10/1998	11.40%	5.94%	5.46%
9/15/1998	11.90%	5.78%	6.12%
11/30/1998	12.60%	5.58%	7.02%
12/10/1998	12.20%	5.55%	6.65%
12/17/1998	12.10%	5.52%	6.58%
2/5/1999	10.30%	5.39%	4.91%
3/4/1999	10.50%	5.34%	5.16%
4/6/1999	10.94%	5.32%	5.62%
7/29/1999	10.75%	5.51%	5.24%
9/23/1999	10.75%	5.70%	5.05%
11/17/1999	11.10%	5.89%	5.21%
1/7/2000	11.50%	6.04%	5.46%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
1/7/2000	11.50%	6.04%	5.46%
2/17/2000	10.60%	6.17%	4.43%
3/28/2000	11.25%	6.19%	5.06%
5/24/2000	11.00%	6.18%	4.82%
7/18/2000	12.20%	6.16%	6.04%
9/29/2000	11.16%	6.03%	5.13%
11/28/2000	12.90%	5.89%	7.01%
11/30/2000	12.10%	5.88%	6.22%
1/23/2001	11.25%	5.79%	5.46%
2/8/2001	11.50%	5.77%	5.73%
5/8/2001	10.75%	5.62%	5.13%
6/26/2001	11.00%	5.62%	5.38%
7/25/2001	11.02%	5.60%	5.42%
7/25/2001	11.02%	5.60%	5.42%
7/31/2001	11.00%	5.59%	5.41%
8/31/2001	10.50%	5.56%	4.94%
9/7/2001	10.75%	5.55%	5.20%
9/10/2001	11.00%	5.55%	5.45%
9/20/2001	10.00%	5.55%	4.45%
10/24/2001	10.30%	5.54%	4.76%
11/28/2001	10.60%	5.49%	5.11%
12/3/2001	12.88%	5.49%	7.39%
12/20/2001	12.50%	5.50%	7.00%
1/22/2002	10.00%	5.50%	4.50%
3/27/2002	10.10%	5.45%	4.65%
4/22/2002	11.80%	5.45%	6.35%
5/28/2002	10.17%	5.46%	4.71%
6/10/2002	12.00%	5.47%	6.53%
6/18/2002	11.16%	5.48%	5.68%
6/20/2002	11.00%	5.48%	5.52%
6/20/2002	12.30%	5.48%	6.82%
7/15/2002	11.00%	5.47%	5.53%
9/12/2002	12.30%	5.45%	6.85%
9/26/2002	10.45%	5.41%	5.04%
12/4/2002	11.55%	5.29%	6.26%
12/13/2002	11.75%	5.27%	6.48%
12/20/2002	11.40%	5.25%	6.15%
1/8/2003	11.10%	5.19%	5.91%
1/31/2003	12.45%	5.13%	7.32%
2/28/2003	12.30%	5.05%	7.25%
3/6/2003	10.75%	5.03%	5.72%
3/7/2003	9.96%	5.02%	4.94%
3/20/2003	12.00%	4.99%	7.01%
4/3/2003	12.00%	4.96%	7.04%
4/15/2003	11.15%	4.94%	6.21%
6/25/2003	10.75%	4.79%	5.96%
6/26/2003	10.75%	4.79%	5.96%
7/9/2003	9.75%	4.79%	4.96%
7/16/2003	9.75%	4.79%	4.96%
7/25/2003	9.50%	4.80%	4.70%
8/26/2003	10.50%	4.83%	5.67%
12/17/2003	9.85%	4.93%	4.92%
12/17/2003	10.70%	4.93%	5.77%
12/18/2003	11.50%	4.94%	6.56%
12/19/2003	12.00%	4.94%	7.06%
12/19/2003	12.00%	4.94%	7.06%
12/23/2003	10.50%	4.94%	5.56%
1/13/2004	12.00%	4.95%	7.05%
3/2/2004	10.75%	4.98%	5.77%
3/26/2004	10.25%	5.02%	5.23%
4/5/2004	11.25%	5.03%	6.22%
5/18/2004	10.50%	5.07%	5.43%
5/25/2004	10.25%	5.08%	5.17%
5/27/2004	10.25%	5.08%	5.17%
6/2/2004	11.22%	5.08%	6.14%
6/30/2004	10.50%	5.10%	5.40%
6/30/2004	10.50%	5.10%	5.40%
7/16/2004	11.60%	5.11%	6.49%
8/25/2004	10.25%	5.10%	5.15%
9/9/2004	10.40%	5.10%	5.30%
11/9/2004	10.50%	5.06%	5.44%
11/23/2004	11.00%	5.06%	5.94%
12/14/2004	10.97%	5.06%	5.91%
12/21/2004	11.25%	5.07%	6.18%
12/21/2004	11.50%	5.07%	6.43%
12/22/2004	10.70%	5.07%	5.63%
12/22/2004	11.50%	5.07%	6.43%
12/29/2004	9.85%	5.07%	4.78%
1/6/2005	10.70%	5.08%	5.62%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
2/18/2005	10.30%	4.98%	5.32%
2/25/2005	10.50%	4.96%	5.54%
3/10/2005	11.00%	4.93%	6.07%
3/24/2005	10.30%	4.90%	5.40%
4/4/2005	10.00%	4.88%	5.12%
4/7/2005	10.25%	4.87%	5.38%
5/18/2005	10.25%	4.78%	5.47%
5/25/2005	10.75%	4.77%	5.98%
5/26/2005	9.75%	4.76%	4.99%
6/1/2005	9.75%	4.75%	5.00%
7/19/2005	11.50%	4.65%	6.85%
8/5/2005	11.75%	4.62%	7.13%
8/15/2005	10.13%	4.62%	5.51%
9/28/2005	10.00%	4.54%	5.46%
10/4/2005	10.75%	4.54%	6.21%
12/12/2005	11.00%	4.55%	6.45%
12/13/2005	10.75%	4.55%	6.20%
12/21/2005	10.29%	4.55%	5.74%
12/21/2005	10.40%	4.55%	5.85%
12/22/2005	11.00%	4.54%	6.46%
12/22/2005	11.15%	4.54%	6.61%
12/28/2005	10.00%	4.54%	5.46%
12/28/2005	10.00%	4.54%	5.46%
1/5/2006	11.00%	4.53%	6.47%
1/27/2006	9.75%	4.52%	5.23%
3/3/2006	10.39%	4.53%	5.86%
4/17/2006	10.20%	4.61%	5.59%
4/26/2006	10.60%	4.64%	5.96%
5/17/2006	11.60%	4.69%	6.91%
6/6/2006	10.00%	4.74%	5.26%
6/27/2006	10.75%	4.80%	5.95%
7/6/2006	10.20%	4.82%	5.38%
7/24/2006	9.60%	4.86%	4.74%
7/26/2006	10.50%	4.86%	5.64%
7/28/2006	10.05%	4.86%	5.19%
8/23/2006	9.55%	4.89%	4.66%
9/1/2006	10.54%	4.89%	5.65%
9/14/2006	10.00%	4.90%	5.10%
10/6/2006	9.67%	4.92%	4.75%
11/21/2006	10.08%	4.95%	5.13%
11/21/2006	10.08%	4.95%	5.13%
11/21/2006	10.12%	4.95%	5.17%
12/1/2006	10.25%	4.95%	5.30%
12/1/2006	10.50%	4.95%	5.55%
12/7/2006	10.75%	4.95%	5.80%
12/21/2006	10.90%	4.95%	5.95%
12/21/2006	11.25%	4.95%	6.30%
12/22/2006	10.25%	4.95%	5.30%
1/5/2007	10.00%	4.95%	5.05%
1/11/2007	10.10%	4.95%	5.15%
1/11/2007	10.10%	4.95%	5.15%
1/11/2007	10.90%	4.95%	5.95%
1/12/2007	10.10%	4.95%	5.15%
1/13/2007	10.40%	4.95%	5.45%
1/19/2007	10.80%	4.94%	5.86%
3/21/2007	11.35%	4.87%	6.48%
3/22/2007	9.75%	4.87%	4.88%
5/15/2007	10.00%	4.81%	5.19%
5/17/2007	10.25%	4.81%	5.44%
5/17/2007	10.25%	4.81%	5.44%
5/22/2007	10.20%	4.81%	5.39%
5/22/2007	10.50%	4.81%	5.69%
5/23/2007	10.70%	4.81%	5.89%
5/25/2007	9.67%	4.81%	4.86%
6/15/2007	9.90%	4.82%	5.08%
6/21/2007	10.20%	4.83%	5.37%
6/22/2007	10.50%	4.83%	5.67%
6/28/2007	10.75%	4.84%	5.91%
7/12/2007	9.67%	4.86%	4.81%
7/19/2007	10.00%	4.87%	5.13%
7/19/2007	10.00%	4.87%	5.13%
8/15/2007	10.40%	4.88%	5.52%
10/9/2007	10.00%	4.91%	5.09%
10/17/2007	9.10%	4.91%	4.19%
10/31/2007	9.96%	4.90%	5.06%
11/29/2007	10.90%	4.87%	6.03%
12/6/2007	10.75%	4.86%	5.89%
12/13/2007	9.96%	4.86%	5.10%
12/14/2007	10.70%	4.86%	5.84%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
12/14/2007	10.80%	4.86%	5.94%
12/19/2007	10.20%	4.85%	5.35%
12/20/2007	10.20%	4.85%	5.35%
12/20/2007	11.00%	4.85%	6.15%
12/28/2007	10.25%	4.85%	5.40%
12/31/2007	11.25%	4.85%	6.40%
1/8/2008	10.75%	4.83%	5.92%
1/17/2008	10.75%	4.82%	5.93%
1/28/2008	9.40%	4.80%	4.60%
1/30/2008	10.00%	4.79%	5.21%
1/31/2008	10.71%	4.79%	5.92%
2/29/2008	10.25%	4.75%	5.50%
3/12/2008	10.25%	4.73%	5.52%
3/25/2008	9.10%	4.69%	4.41%
4/22/2008	10.25%	4.61%	5.64%
4/24/2008	10.10%	4.60%	5.50%
5/1/2008	10.70%	4.59%	6.11%
5/19/2008	11.00%	4.57%	6.43%
5/27/2008	10.00%	4.55%	5.45%
6/10/2008	10.70%	4.54%	6.16%
6/27/2008	10.50%	4.54%	5.96%
6/27/2008	11.04%	4.54%	6.50%
7/10/2008	10.43%	4.52%	5.91%
7/16/2008	9.40%	4.52%	4.88%
7/30/2008	10.80%	4.51%	6.29%
7/31/2008	10.70%	4.51%	6.19%
8/11/2008	10.25%	4.51%	5.74%
8/26/2008	10.18%	4.50%	5.68%
9/10/2008	10.30%	4.50%	5.80%
9/24/2008	10.65%	4.48%	6.17%
9/24/2008	10.65%	4.48%	6.17%
9/24/2008	10.65%	4.48%	6.17%
9/30/2008	10.20%	4.48%	5.72%
10/8/2008	10.15%	4.46%	5.69%
11/13/2008	10.55%	4.45%	6.10%
11/17/2008	10.20%	4.44%	5.76%
12/1/2008	10.25%	4.40%	5.85%
12/23/2008	11.00%	4.27%	6.73%
12/29/2008	10.00%	4.24%	5.76%
12/29/2008	10.20%	4.24%	5.96%
12/31/2008	10.75%	4.22%	6.53%
1/14/2009	10.50%	4.15%	6.35%
1/21/2009	10.50%	4.12%	6.38%
1/21/2009	10.50%	4.12%	6.38%
1/21/2009	10.50%	4.12%	6.38%
1/27/2009	10.76%	4.09%	6.67%
1/30/2009	10.50%	4.08%	6.42%
2/4/2009	8.75%	4.06%	4.69%
3/4/2009	10.50%	3.97%	6.53%
3/12/2009	11.50%	3.93%	7.57%
4/2/2009	11.10%	3.86%	7.24%
4/21/2009	10.61%	3.80%	6.81%
4/24/2009	10.00%	3.79%	6.21%
4/30/2009	11.25%	3.78%	7.47%
5/4/2009	10.74%	3.77%	6.97%
5/20/2009	10.25%	3.75%	6.50%
5/28/2009	10.50%	3.75%	6.75%
6/22/2009	10.00%	3.77%	6.23%
6/24/2009	10.80%	3.77%	7.03%
7/8/2009	10.63%	3.77%	6.86%
7/17/2009	10.50%	3.78%	6.72%
8/31/2009	10.25%	3.82%	6.43%
10/14/2009	10.70%	4.01%	6.69%
10/23/2009	10.88%	4.05%	6.83%
11/2/2009	10.70%	4.09%	6.61%
11/3/2009	10.70%	4.09%	6.61%
11/24/2009	10.25%	4.15%	6.10%
11/25/2009	10.75%	4.15%	6.60%
11/30/2009	10.35%	4.16%	6.19%
12/3/2009	10.50%	4.17%	6.33%
12/7/2009	10.70%	4.18%	6.52%
12/16/2009	10.90%	4.21%	6.69%
12/16/2009	11.00%	4.21%	6.79%
12/18/2009	10.40%	4.22%	6.18%
12/18/2009	10.40%	4.22%	6.18%
12/22/2009	10.20%	4.23%	5.97%
12/22/2009	10.40%	4.23%	6.17%
12/22/2009	10.40%	4.23%	6.17%
12/30/2009	10.00%	4.26%	5.74%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
1/4/2010	10.80%	4.27%	6.53%
1/11/2010	11.00%	4.30%	6.70%
1/26/2010	10.13%	4.35%	5.78%
1/27/2010	10.40%	4.35%	6.05%
1/27/2010	10.40%	4.35%	6.05%
1/27/2010	10.70%	4.35%	6.35%
2/9/2010	9.80%	4.38%	5.42%
2/18/2010	10.60%	4.40%	6.20%
2/24/2010	10.18%	4.41%	5.77%
3/2/2010	9.63%	4.41%	5.22%
3/4/2010	10.50%	4.41%	6.09%
3/5/2010	10.50%	4.41%	6.09%
3/11/2010	11.90%	4.42%	7.48%
3/17/2010	10.00%	4.42%	5.58%
3/25/2010	10.15%	4.42%	5.73%
4/2/2010	10.10%	4.43%	5.67%
4/27/2010	10.00%	4.46%	5.54%
4/29/2010	9.90%	4.46%	5.44%
4/29/2010	10.06%	4.46%	5.60%
4/29/2010	10.26%	4.46%	5.80%
5/12/2010	10.30%	4.46%	5.84%
5/12/2010	10.30%	4.46%	5.84%
5/28/2010	10.10%	4.44%	5.66%
5/28/2010	10.20%	4.44%	5.76%
6/7/2010	10.30%	4.44%	5.86%
6/16/2010	10.00%	4.44%	5.56%
6/28/2010	9.67%	4.43%	5.24%
6/28/2010	10.50%	4.43%	6.07%
6/30/2010	9.40%	4.43%	4.97%
7/1/2010	10.25%	4.43%	5.82%
7/15/2010	10.53%	4.43%	6.10%
7/15/2010	10.70%	4.43%	6.27%
7/30/2010	10.70%	4.41%	6.29%
8/4/2010	10.50%	4.41%	6.09%
8/6/2010	9.83%	4.41%	5.42%
8/25/2010	9.90%	4.37%	5.53%
9/3/2010	10.60%	4.35%	6.25%
9/14/2010	10.70%	4.33%	6.37%
9/16/2010	10.00%	4.33%	5.67%
9/16/2010	10.00%	4.33%	5.67%
9/30/2010	9.75%	4.29%	5.46%
10/14/2010	10.35%	4.24%	6.11%
10/28/2010	10.70%	4.21%	6.49%
11/2/2010	10.38%	4.20%	6.18%
11/4/2010	10.70%	4.20%	6.50%
11/19/2010	10.20%	4.18%	6.02%
11/22/2010	10.00%	4.18%	5.82%
12/1/2010	10.13%	4.16%	5.97%
12/6/2010	9.86%	4.16%	5.70%
12/9/2010	10.25%	4.15%	6.10%
12/13/2010	10.70%	4.15%	6.55%
12/14/2010	10.13%	4.15%	5.98%
12/15/2010	10.44%	4.15%	6.29%
12/17/2010	10.00%	4.15%	5.85%
12/20/2010	10.60%	4.15%	6.45%
12/21/2010	10.30%	4.15%	6.15%
12/27/2010	9.90%	4.14%	5.76%
12/29/2010	11.15%	4.14%	7.01%
1/5/2011	10.15%	4.13%	6.02%
1/12/2011	10.30%	4.13%	6.17%
1/13/2011	10.30%	4.13%	6.17%
1/18/2011	10.00%	4.12%	5.88%
1/20/2011	9.30%	4.12%	5.18%
1/20/2011	10.13%	4.12%	6.01%
1/31/2011	9.60%	4.12%	5.48%
2/3/2011	10.00%	4.12%	5.88%
2/25/2011	10.00%	4.14%	5.86%
3/25/2011	9.80%	4.18%	5.62%
3/30/2011	10.00%	4.18%	5.82%
4/12/2011	10.00%	4.21%	5.79%
4/25/2011	10.74%	4.23%	6.51%
4/26/2011	9.67%	4.23%	5.44%
4/27/2011	10.40%	4.23%	6.17%
5/4/2011	10.00%	4.24%	5.76%
5/4/2011	10.00%	4.24%	5.76%
5/24/2011	10.50%	4.27%	6.23%
6/8/2011	10.75%	4.30%	6.45%
6/16/2011	9.20%	4.31%	4.89%
6/17/2011	9.95%	4.31%	5.64%

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
7/13/2011	10.20%	4.36%	5.84%
8/1/2011	9.20%	4.38%	4.82%
8/8/2011	10.00%	4.38%	5.62%
8/11/2011	10.00%	4.37%	5.63%
8/12/2011	10.35%	4.37%	5.98%
8/19/2011	10.25%	4.36%	5.89%
9/2/2011	12.88%	4.32%	8.56%
9/22/2011	10.00%	4.24%	5.76%
10/12/2011	10.30%	4.14%	6.16%
10/20/2011	10.50%	4.10%	6.40%
11/30/2011	10.90%	3.88%	7.02%
11/30/2011	10.90%	3.88%	7.02%
12/14/2011	10.00%	3.80%	6.20%
12/14/2011	10.30%	3.80%	6.50%
12/20/2011	10.20%	3.77%	6.43%
12/21/2011	10.20%	3.76%	6.44%
12/22/2011	9.90%	3.75%	6.15%
12/22/2011	10.40%	3.75%	6.65%
12/23/2011	10.19%	3.75%	6.44%
1/25/2012	10.50%	3.57%	6.93%
1/27/2012	10.50%	3.56%	6.94%
2/15/2012	10.20%	3.48%	6.72%
2/23/2012	9.90%	3.44%	6.46%
2/27/2012	10.25%	3.43%	6.82%
2/29/2012	10.40%	3.42%	6.98%
3/29/2012	10.37%	3.32%	7.05%
4/4/2012	10.00%	3.30%	6.70%
4/26/2012	10.00%	3.21%	6.79%
5/2/2012	10.00%	3.19%	6.81%
5/7/2012	9.80%	3.17%	6.63%
5/15/2012	10.00%	3.15%	6.85%
5/29/2012	10.05%	3.11%	6.94%
6/7/2012	10.30%	3.08%	7.22%
6/14/2012	9.40%	3.06%	6.34%
6/15/2012	10.40%	3.06%	7.34%
6/18/2012	9.60%	3.06%	6.54%
6/19/2012	9.25%	3.05%	6.20%
6/26/2012	10.10%	3.04%	7.06%
6/29/2012	10.00%	3.04%	6.96%
7/9/2012	10.20%	3.03%	7.17%
7/16/2012	9.80%	3.02%	6.78%
7/20/2012	9.31%	3.01%	6.30%
7/20/2012	9.81%	3.01%	6.80%
9/13/2012	9.80%	2.94%	6.86%
9/19/2012	9.80%	2.94%	6.86%
9/19/2012	10.05%	2.94%	7.11%
9/26/2012	9.50%	2.94%	6.56%
10/12/2012	9.60%	2.93%	6.67%
10/23/2012	9.75%	2.93%	6.82%
10/24/2012	10.30%	2.93%	7.37%
11/9/2012	10.30%	2.92%	7.38%
11/28/2012	10.40%	2.90%	7.50%
11/29/2012	9.75%	2.90%	6.85%
11/29/2012	9.88%	2.90%	6.98%
12/5/2012	9.71%	2.89%	6.82%
12/5/2012	10.40%	2.89%	7.51%
12/12/2012	9.80%	2.88%	6.92%
12/13/2012	9.50%	2.88%	6.62%
12/13/2012	10.50%	2.88%	7.62%
12/14/2012	10.40%	2.88%	7.52%
12/19/2012	9.71%	2.88%	6.83%
12/19/2012	10.25%	2.88%	7.37%
12/20/2012	9.50%	2.88%	6.62%
12/20/2012	9.80%	2.88%	6.92%
12/20/2012	10.25%	2.88%	7.37%
12/20/2012	10.25%	2.88%	7.37%
12/20/2012	10.30%	2.88%	7.42%
12/20/2012	10.40%	2.88%	7.52%
12/20/2012	10.45%	2.88%	7.57%
12/21/2012	10.20%	2.88%	7.32%
12/26/2012	9.80%	2.87%	6.93%
1/9/2013	9.70%	2.85%	6.85%
1/9/2013	9.70%	2.85%	6.85%
1/9/2013	9.70%	2.85%	6.85%
1/16/2013	9.60%	2.84%	6.76%
1/16/2013	9.60%	2.84%	6.76%
2/13/2013	10.20%	2.85%	7.35%
2/22/2013	9.75%	2.85%	6.90%
2/27/2013	10.00%	2.86%	7.14%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] Average 30-Year Treasury Yield	[9] Risk Premium
3/14/2013	9.30%	2.88%	6.42%
3/27/2013	9.80%	2.90%	6.90%
5/1/2013	9.84%	2.94%	6.90%
5/15/2013	10.30%	2.96%	7.34%
5/30/2013	10.20%	2.98%	7.22%
5/31/2013	9.00%	2.98%	6.02%
6/11/2013	10.00%	3.00%	7.00%
6/21/2013	9.75%	3.02%	6.73%
6/25/2013	9.80%	3.03%	6.77%
7/12/2013	9.36%	3.07%	6.29%
8/8/2013	9.83%	3.14%	6.69%
8/14/2013	9.15%	3.16%	5.99%
9/11/2013	10.20%	3.26%	6.94%
9/11/2013	10.25%	3.26%	6.99%
9/24/2013	10.20%	3.30%	6.90%
10/3/2013	9.65%	3.33%	6.32%
11/6/2013	10.20%	3.41%	6.79%
11/21/2013	10.00%	3.44%	6.56%
11/26/2013	10.00%	3.45%	6.55%
12/3/2013	10.25%	3.47%	6.78%
12/4/2013	9.50%	3.47%	6.03%
12/5/2013	10.20%	3.47%	6.73%
12/9/2013	8.72%	3.48%	5.24%
12/9/2013	9.75%	3.48%	6.27%
12/13/2013	9.75%	3.50%	6.25%
12/16/2013	9.95%	3.50%	6.45%
12/16/2013	9.95%	3.50%	6.45%
12/16/2013	10.12%	3.50%	6.62%
12/17/2013	9.50%	3.50%	6.00%
12/17/2013	10.95%	3.50%	7.45%
12/18/2013	8.72%	3.51%	5.21%
12/18/2013	9.80%	3.51%	6.29%
12/19/2013	10.15%	3.51%	6.64%
12/30/2013	9.50%	3.54%	5.96%
2/20/2014	9.20%	3.68%	5.52%
2/26/2014	9.75%	3.69%	6.06%
3/17/2014	9.55%	3.72%	5.83%
3/26/2014	9.40%	3.72%	5.68%
3/26/2014	9.96%	3.72%	6.24%
4/2/2014	9.70%	3.73%	5.97%
5/16/2014	9.80%	3.70%	6.10%
5/30/2014	9.70%	3.68%	6.02%
6/6/2014	10.40%	3.67%	6.73%
6/30/2014	9.55%	3.64%	5.91%
7/2/2014	9.62%	3.64%	5.98%
7/10/2014	9.95%	3.63%	6.32%
7/23/2014	9.75%	3.61%	6.14%
7/29/2014	9.45%	3.60%	5.85%
7/31/2014	9.90%	3.60%	6.30%
8/20/2014	9.75%	3.57%	6.18%
8/25/2014	9.60%	3.56%	6.04%
8/29/2014	9.80%	3.55%	6.25%
9/15/2014	10.25%	3.52%	6.73%
10/9/2014	9.80%	3.46%	6.34%

Average 4.44%
Number of Cases 1,430

Bond Yield Plus Risk Premium Analysis - Natural Gas Utilities

	[1] Constant	[2] Slope	[3] 30-Year Treasury Yield	[4] Risk Premium	[5] Return on Equity
29-Year Treasury, One-Year Forward [6]	-3.06%	-2.88%	3.19%	6.85%	10.04%
Blue Chip 2014 Consensus 30-Year Treasury [7]	-3.06%	-2.88%	3.90%	6.27%	10.17%
Blue Chip 2015 Consensus 30-Year Treasury [8]	-3.06%	-2.88%	4.70%	5.74%	10.44%

Notes:

[1] Constant of regression equation

[2] Slope of regression equation

[3] See Notes [6] and [7]

[4] Equals [1] + [2] x ln([3])

[5] Equals [3] + [4]

[6] Source: Bloomberg Professional

[7] Source: Blue Chip Financial Forecasts, Vol. 33, No. 10, October 1, 2014, at 2

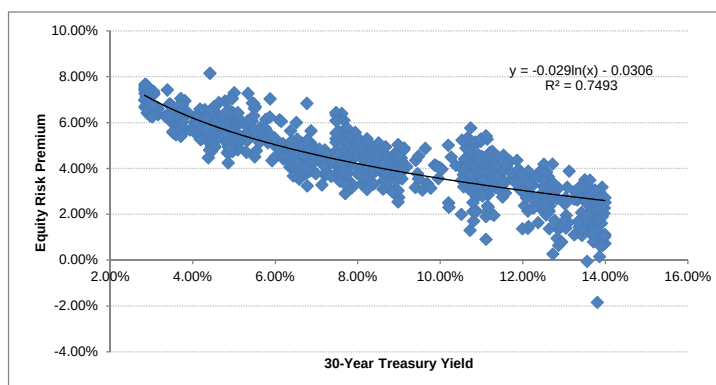
[8] Source: Blue Chip Financial Forecasts, Vol. 33, No. 6, June 1, 2014, at 14

[9] Source: SNL Financial

[10] Source: SNL Financial

[11] Source: Bloomberg Professional, equals 192-trading day average (i.e. lag period)

[12] Equals [10] - [11]



[9] Date of Gas Rate Case	[10] Return on Equity	[11] Average 30-Year Treasury Yield	[12] Risk Premium
1/3/1980	12.55%	9.39%	3.16%
1/4/1980	13.75%	9.40%	4.35%
1/14/1980	13.20%	9.44%	3.76%
1/18/1980	14.00%	9.47%	4.53%
1/31/1980	12.61%	9.56%	3.05%
2/8/1980	14.50%	9.63%	4.87%
2/14/1980	13.00%	9.67%	3.33%
2/15/1980	13.00%	9.69%	3.31%
2/29/1980	14.00%	9.86%	4.14%
3/5/1980	14.00%	9.91%	4.09%
3/7/1980	13.50%	9.95%	3.55%
3/14/1980	14.00%	10.04%	3.96%
3/27/1980	12.69%	10.20%	2.49%
4/1/1980	14.75%	10.26%	4.49%
4/29/1980	12.50%	10.51%	1.99%
5/7/1980	14.27%	10.56%	3.71%
5/8/1980	13.75%	10.56%	3.19%
5/19/1980	15.50%	10.62%	4.88%
5/27/1980	14.60%	10.65%	3.95%
5/29/1980	16.00%	10.67%	5.33%
6/10/1980	13.78%	10.71%	3.07%
6/25/1980	14.25%	10.74%	3.51%
7/9/1980	14.51%	10.77%	3.74%
7/17/1980	12.90%	10.79%	2.11%
7/18/1980	13.80%	10.79%	3.01%
7/22/1980	14.10%	10.79%	3.31%
7/23/1980	14.19%	10.79%	3.40%
8/1/1980	12.50%	10.80%	1.70%
8/11/1980	14.85%	10.81%	4.04%
8/21/1980	13.03%	10.84%	2.19%
8/28/1980	13.61%	10.87%	2.74%
8/28/1980	14.00%	10.87%	3.13%
9/4/1980	14.00%	10.90%	3.10%
9/24/1980	15.00%	10.98%	4.02%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
10/9/1980	14.50%	11.05%	3.45%
10/9/1980	14.50%	11.05%	3.45%
10/24/1980	14.00%	11.09%	2.91%
10/27/1980	15.20%	11.10%	4.10%
10/27/1980	15.20%	11.10%	4.10%
10/28/1980	12.00%	11.10%	0.90%
10/28/1980	13.00%	11.10%	1.90%
10/31/1980	14.50%	11.12%	3.38%
11/4/1980	15.00%	11.12%	3.88%
11/6/1980	14.35%	11.13%	3.22%
11/10/1980	13.25%	11.14%	2.11%
11/17/1980	15.50%	11.15%	4.35%
11/19/1980	13.50%	11.14%	2.36%
12/5/1980	14.60%	11.13%	3.47%
12/8/1980	16.40%	11.13%	5.27%
12/12/1980	15.45%	11.15%	4.30%
12/17/1980	14.20%	11.16%	3.04%
12/17/1980	14.40%	11.16%	3.24%
12/18/1980	14.00%	11.16%	2.84%
12/22/1980	13.45%	11.16%	2.29%
12/26/1980	14.00%	11.15%	2.85%
12/30/1980	14.50%	11.14%	3.36%
12/31/1980	14.56%	11.14%	3.42%
1/7/1981	14.30%	11.13%	3.17%
1/12/1981	14.95%	11.14%	3.81%
1/26/1981	15.25%	11.20%	4.05%
1/30/1981	13.25%	11.23%	2.02%
2/11/1981	14.50%	11.33%	3.17%
2/20/1981	14.50%	11.40%	3.10%
3/12/1981	15.65%	11.60%	4.05%
3/25/1981	15.30%	11.74%	3.56%
4/1/1981	15.30%	11.82%	3.48%
4/9/1981	15.00%	11.91%	3.09%
4/29/1981	13.50%	12.12%	1.38%
4/29/1981	14.25%	12.12%	2.13%
4/30/1981	13.60%	12.14%	1.46%
4/30/1981	15.00%	12.14%	2.86%
5/21/1981	14.00%	12.37%	1.63%
6/3/1981	14.67%	12.46%	2.21%
6/22/1981	16.00%	12.57%	3.43%
6/25/1981	14.75%	12.60%	2.15%
7/2/1981	14.00%	12.64%	1.36%
7/10/1981	16.00%	12.69%	3.31%
7/14/1981	16.90%	12.71%	4.19%
7/21/1981	15.78%	12.78%	3.00%
7/27/1981	13.77%	12.82%	0.95%
7/27/1981	15.50%	12.82%	2.68%
7/31/1981	13.50%	12.86%	0.64%
7/31/1981	14.20%	12.86%	1.34%
8/12/1981	13.72%	12.93%	0.79%
8/12/1981	13.72%	12.93%	0.79%
8/12/1981	14.41%	12.93%	1.48%
8/25/1981	15.45%	13.02%	2.43%
8/27/1981	14.43%	13.04%	1.39%
8/28/1981	15.00%	13.05%	1.95%
9/23/1981	14.34%	13.24%	1.10%
9/24/1981	16.25%	13.26%	2.99%
9/29/1981	14.50%	13.31%	1.19%
9/30/1981	15.94%	13.32%	2.62%
10/2/1981	14.80%	13.36%	1.44%
10/12/1981	16.25%	13.43%	2.82%
10/20/1981	15.25%	13.50%	1.75%
10/20/1981	16.50%	13.50%	3.00%
10/20/1981	17.00%	13.50%	3.50%
10/23/1981	15.50%	13.54%	1.96%
10/26/1981	13.50%	13.56%	-0.06%
10/29/1981	16.50%	13.60%	2.90%
11/4/1981	15.33%	13.62%	1.71%
11/6/1981	15.17%	13.64%	1.53%
11/12/1981	15.00%	13.65%	1.35%
11/25/1981	15.25%	13.66%	1.59%
11/25/1981	16.10%	13.66%	2.44%
11/25/1981	16.10%	13.66%	2.44%
11/30/1981	16.75%	13.66%	3.09%
12/1/1981	15.70%	13.66%	2.04%
12/1/1981	16.00%	13.66%	2.34%
12/15/1981	15.81%	13.69%	2.12%
12/17/1981	14.75%	13.70%	1.05%
12/22/1981	15.70%	13.72%	1.98%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
12/22/1981	16.00%	13.72%	2.28%
12/30/1981	16.00%	13.74%	2.26%
12/30/1981	16.25%	13.74%	2.51%
1/4/1982	15.50%	13.75%	1.75%
1/14/1982	11.95%	13.80%	-1.85%
1/25/1982	16.25%	13.84%	2.41%
1/27/1982	16.84%	13.85%	2.99%
1/31/1982	14.00%	13.86%	0.14%
2/2/1982	16.24%	13.86%	2.38%
2/8/1982	15.50%	13.87%	1.63%
2/9/1982	14.95%	13.88%	1.07%
2/9/1982	15.75%	13.88%	1.87%
2/11/1982	16.00%	13.89%	2.11%
3/1/1982	15.96%	13.91%	2.05%
3/3/1982	15.00%	13.91%	1.09%
3/8/1982	17.10%	13.92%	3.18%
3/26/1982	16.00%	13.97%	2.03%
3/31/1982	16.25%	13.98%	2.27%
4/1/1982	16.50%	13.98%	2.52%
4/6/1982	15.00%	13.99%	1.01%
4/9/1982	16.50%	13.99%	2.51%
4/12/1982	15.10%	13.99%	1.11%
4/12/1982	16.70%	13.99%	2.71%
4/18/1982	14.70%	13.99%	0.71%
4/27/1982	15.00%	13.97%	1.03%
5/10/1982	14.57%	13.94%	0.63%
5/14/1982	15.80%	13.92%	1.88%
5/20/1982	15.82%	13.91%	1.91%
5/21/1982	15.50%	13.90%	1.60%
5/25/1982	16.25%	13.90%	2.35%
6/2/1982	14.50%	13.87%	0.63%
6/7/1982	16.00%	13.85%	2.15%
6/23/1982	15.50%	13.81%	1.69%
6/25/1982	16.50%	13.81%	2.69%
7/1/1982	15.55%	13.79%	1.76%
7/1/1982	16.00%	13.79%	2.21%
7/2/1982	15.10%	13.79%	1.31%
7/13/1982	16.80%	13.75%	3.05%
7/22/1982	14.50%	13.71%	0.79%
7/28/1982	16.10%	13.68%	2.42%
7/30/1982	14.82%	13.66%	1.16%
8/4/1982	15.58%	13.64%	1.94%
8/6/1982	16.50%	13.63%	2.87%
8/11/1982	17.11%	13.62%	3.49%
8/25/1982	16.00%	13.59%	2.41%
8/30/1982	16.25%	13.58%	2.67%
9/3/1982	15.50%	13.57%	1.93%
9/9/1982	16.04%	13.55%	2.49%
9/15/1982	16.04%	13.52%	2.52%
9/17/1982	15.25%	13.51%	1.74%
9/29/1982	14.50%	13.43%	1.07%
9/30/1982	14.74%	13.42%	1.32%
9/30/1982	15.50%	13.42%	2.08%
9/30/1982	16.50%	13.42%	3.08%
9/30/1982	16.70%	13.42%	3.28%
10/1/1982	16.50%	13.41%	3.09%
10/8/1982	15.00%	13.33%	1.67%
10/15/1982	15.90%	13.26%	2.64%
10/19/1982	15.90%	13.22%	2.68%
10/27/1982	17.00%	13.12%	3.88%
10/28/1982	14.75%	13.11%	1.64%
11/2/1982	16.25%	13.07%	3.18%
11/4/1982	15.75%	13.03%	2.72%
11/5/1982	14.73%	13.01%	1.72%
11/17/1982	16.00%	12.86%	3.14%
11/23/1982	15.50%	12.79%	2.71%
11/24/1982	14.50%	12.77%	1.73%
11/24/1982	16.02%	12.77%	3.25%
11/30/1982	12.98%	12.72%	0.26%
11/30/1982	15.50%	12.72%	2.78%
11/30/1982	15.50%	12.72%	2.78%
11/30/1982	15.65%	12.72%	2.93%
11/30/1982	16.00%	12.72%	3.28%
11/30/1982	16.10%	12.72%	3.38%
12/3/1982	15.33%	12.68%	2.65%
12/8/1982	15.75%	12.63%	3.12%
12/13/1982	16.00%	12.58%	3.42%
12/14/1982	16.40%	12.57%	3.83%
12/17/1982	16.25%	12.52%	3.73%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
12/20/1982	15.00%	12.51%	2.49%
12/21/1982	15.70%	12.49%	3.21%
12/28/1982	15.25%	12.42%	2.83%
12/28/1982	15.25%	12.42%	2.83%
12/29/1982	16.25%	12.41%	3.84%
12/29/1982	16.25%	12.41%	3.84%
1/11/1983	15.90%	12.26%	3.64%
1/12/1983	15.50%	12.24%	3.26%
1/18/1983	15.00%	12.18%	2.82%
1/24/1983	15.50%	12.13%	3.37%
1/24/1983	16.00%	12.13%	3.87%
1/28/1983	14.90%	12.08%	2.82%
1/31/1983	15.00%	12.07%	2.93%
2/10/1983	15.00%	11.97%	3.03%
2/25/1983	15.70%	11.84%	3.86%
3/2/1983	15.25%	11.79%	3.46%
3/16/1983	16.00%	11.62%	4.38%
3/21/1983	14.96%	11.57%	3.39%
3/23/1983	15.40%	11.53%	3.87%
3/23/1983	16.10%	11.53%	4.57%
3/24/1983	15.00%	11.51%	3.49%
4/12/1983	13.25%	11.30%	1.95%
4/29/1983	15.05%	11.09%	3.96%
5/3/1983	15.40%	11.06%	4.34%
5/9/1983	15.50%	11.00%	4.50%
5/19/1983	14.85%	10.90%	3.95%
5/31/1983	14.00%	10.84%	3.16%
6/2/1983	14.50%	10.82%	3.68%
6/7/1983	14.50%	10.80%	3.70%
6/9/1983	14.85%	10.79%	4.06%
6/20/1983	14.15%	10.74%	3.41%
6/20/1983	16.50%	10.74%	5.76%
6/27/1983	14.50%	10.71%	3.79%
6/30/1983	14.80%	10.70%	4.10%
6/30/1983	15.90%	10.70%	5.20%
7/1/1983	14.80%	10.70%	4.10%
7/5/1983	15.00%	10.69%	4.31%
7/8/1983	15.50%	10.69%	4.81%
7/19/1983	15.00%	10.70%	4.30%
7/19/1983	15.10%	10.70%	4.40%
8/18/1983	15.30%	10.81%	4.49%
8/19/1983	15.79%	10.82%	4.97%
8/29/1983	16.00%	10.85%	5.15%
8/31/1983	14.75%	10.87%	3.88%
8/31/1983	15.25%	10.87%	4.38%
9/8/1983	14.75%	10.89%	3.86%
9/16/1983	15.51%	10.93%	4.58%
9/26/1983	14.50%	10.96%	3.54%
9/28/1983	14.25%	10.97%	3.28%
9/30/1983	16.15%	10.98%	5.17%
9/30/1983	16.25%	10.98%	5.27%
10/1/1983	16.25%	10.98%	5.27%
10/13/1983	15.52%	11.02%	4.50%
10/19/1983	15.20%	11.04%	4.16%
10/26/1983	14.75%	11.06%	3.69%
10/27/1983	14.88%	11.07%	3.81%
10/27/1983	15.33%	11.07%	4.26%
11/9/1983	14.82%	11.10%	3.72%
11/9/1983	16.51%	11.10%	5.41%
11/9/1983	16.51%	11.10%	5.41%
12/1/1983	14.50%	11.17%	3.33%
12/8/1983	15.90%	11.20%	4.70%
12/9/1983	15.30%	11.21%	4.09%
12/12/1983	14.50%	11.22%	3.28%
12/12/1983	15.50%	11.22%	4.28%
12/20/1983	15.40%	11.26%	4.14%
12/20/1983	16.00%	11.26%	4.74%
12/22/1983	15.75%	11.27%	4.48%
12/29/1983	15.00%	11.30%	3.70%
12/30/1983	15.00%	11.30%	3.70%
1/10/1984	15.90%	11.34%	4.56%
1/13/1984	15.50%	11.36%	4.14%
1/18/1984	15.53%	11.38%	4.15%
1/26/1984	15.90%	11.42%	4.48%
2/14/1984	14.25%	11.51%	2.74%
2/28/1984	14.50%	11.58%	2.92%
3/20/1984	16.00%	11.70%	4.30%
3/23/1984	15.50%	11.72%	3.78%
4/9/1984	15.20%	11.81%	3.39%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
4/18/1984	16.20%	11.86%	4.34%
4/27/1984	15.85%	11.90%	3.95%
5/15/1984	13.35%	11.99%	1.36%
5/16/1984	15.00%	12.00%	3.00%
5/22/1984	14.40%	12.04%	2.36%
6/13/1984	15.50%	12.18%	3.32%
7/10/1984	16.00%	12.37%	3.63%
8/7/1984	16.69%	12.51%	4.18%
8/9/1984	15.33%	12.51%	2.82%
8/17/1984	14.82%	12.54%	2.28%
8/21/1984	14.64%	12.54%	2.10%
8/27/1984	14.52%	12.56%	1.96%
8/28/1984	14.75%	12.57%	2.18%
8/30/1984	15.60%	12.58%	3.02%
9/12/1984	15.60%	12.60%	3.00%
9/12/1984	15.90%	12.60%	3.30%
9/25/1984	16.25%	12.61%	3.64%
10/2/1984	14.80%	12.62%	2.18%
10/9/1984	14.75%	12.63%	2.12%
10/10/1984	15.50%	12.63%	2.87%
10/18/1984	15.00%	12.65%	2.35%
10/24/1984	15.50%	12.65%	2.85%
11/7/1984	15.00%	12.64%	2.36%
11/20/1984	15.92%	12.63%	3.29%
11/30/1984	15.50%	12.60%	2.90%
12/18/1984	15.00%	12.55%	2.45%
12/20/1984	15.00%	12.54%	2.46%
12/28/1984	15.75%	12.51%	3.24%
12/28/1984	16.25%	12.51%	3.74%
1/2/1985	16.00%	12.50%	3.50%
1/31/1985	14.75%	12.37%	2.38%
2/7/1985	14.85%	12.33%	2.52%
2/15/1985	15.00%	12.27%	2.73%
2/20/1985	14.50%	12.25%	2.25%
2/22/1985	14.86%	12.25%	2.61%
3/14/1985	15.50%	12.16%	3.34%
3/28/1985	14.80%	12.08%	2.72%
4/9/1985	15.50%	12.02%	3.48%
4/16/1985	15.70%	11.96%	3.74%
6/10/1985	15.75%	11.58%	4.17%
6/26/1985	14.82%	11.46%	3.36%
7/9/1985	15.00%	11.38%	3.62%
7/26/1985	14.50%	11.26%	3.24%
8/29/1985	14.50%	11.11%	3.39%
8/30/1985	14.38%	11.11%	3.27%
9/12/1985	15.25%	11.07%	4.18%
9/23/1985	15.30%	11.03%	4.27%
9/25/1985	14.50%	11.02%	3.48%
9/26/1985	13.80%	11.02%	2.78%
9/26/1985	14.50%	11.02%	3.48%
10/25/1985	15.25%	10.91%	4.34%
11/8/1985	12.94%	10.85%	2.09%
11/20/1985	14.90%	10.81%	4.09%
11/25/1985	13.30%	10.79%	2.51%
12/6/1985	12.00%	10.71%	1.29%
12/11/1985	14.90%	10.68%	4.22%
12/20/1985	14.88%	10.59%	4.29%
12/20/1985	15.00%	10.59%	4.41%
12/20/1985	15.00%	10.59%	4.41%
12/30/1985	15.75%	10.53%	5.22%
12/31/1985	14.00%	10.51%	3.49%
12/31/1985	14.50%	10.51%	3.99%
1/17/1986	14.50%	10.38%	4.12%
2/11/1986	12.50%	10.20%	2.30%
2/12/1986	15.20%	10.19%	5.01%
3/11/1986	14.00%	9.98%	4.02%
4/2/1986	12.90%	9.76%	3.14%
4/28/1986	13.01%	9.47%	3.54%
5/21/1986	13.25%	9.18%	4.07%
5/28/1986	14.00%	9.12%	4.88%
5/29/1986	13.90%	9.10%	4.80%
6/2/1986	13.00%	9.08%	3.92%
6/11/1986	14.00%	8.97%	5.03%
6/13/1986	13.55%	8.94%	4.61%
6/27/1986	11.88%	8.77%	3.11%
7/14/1986	12.60%	8.59%	4.01%
7/30/1986	13.30%	8.38%	4.92%
8/14/1986	13.50%	8.22%	5.28%
9/5/1986	13.30%	8.02%	5.28%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
9/23/1986	12.75%	7.91%	4.84%
10/30/1986	13.00%	7.67%	5.33%
10/31/1986	13.75%	7.66%	6.09%
11/10/1986	14.00%	7.61%	6.39%
11/19/1986	13.75%	7.56%	6.19%
11/25/1986	13.15%	7.54%	5.61%
12/22/1986	13.80%	7.47%	6.33%
12/30/1986	13.90%	7.47%	6.43%
1/20/1987	12.75%	7.47%	5.28%
1/23/1987	13.55%	7.47%	6.08%
1/27/1987	12.16%	7.47%	4.69%
2/13/1987	12.60%	7.47%	5.13%
2/24/1987	12.00%	7.47%	4.53%
3/30/1987	12.20%	7.46%	4.74%
3/31/1987	13.00%	7.47%	5.53%
5/5/1987	12.85%	7.60%	5.25%
5/28/1987	13.50%	7.73%	5.77%
6/15/1987	13.20%	7.80%	5.40%
6/30/1987	12.60%	7.85%	4.75%
7/10/1987	12.90%	7.88%	5.02%
7/27/1987	13.50%	7.93%	5.57%
8/25/1987	11.40%	8.09%	3.31%
9/18/1987	13.00%	8.27%	4.73%
10/20/1987	12.60%	8.55%	4.05%
10/20/1987	12.98%	8.55%	4.43%
11/12/1987	12.75%	8.68%	4.07%
11/13/1987	12.75%	8.68%	4.07%
11/24/1987	12.50%	8.73%	3.77%
12/8/1987	12.50%	8.81%	3.69%
12/22/1987	12.00%	8.90%	3.10%
12/31/1987	12.85%	8.94%	3.91%
12/31/1987	13.25%	8.94%	4.31%
1/15/1988	13.15%	8.99%	4.16%
1/20/1988	12.75%	8.99%	3.76%
1/29/1988	13.20%	8.99%	4.21%
2/4/1988	12.60%	8.99%	3.61%
3/23/1988	13.00%	8.95%	4.05%
5/27/1988	13.18%	9.02%	4.16%
6/14/1988	13.50%	9.00%	4.50%
6/17/1988	11.72%	8.99%	2.73%
6/24/1988	11.50%	8.97%	2.53%
7/1/1988	12.75%	8.95%	3.80%
7/8/1988	12.00%	8.93%	3.07%
7/18/1988	12.00%	8.91%	3.09%
7/20/1988	13.40%	8.90%	4.50%
8/8/1988	12.74%	8.90%	3.84%
9/20/1988	12.90%	8.93%	3.97%
9/26/1988	12.40%	8.93%	3.47%
9/27/1988	13.65%	8.93%	4.72%
9/30/1988	13.25%	8.94%	4.31%
10/13/1988	13.10%	8.93%	4.17%
10/21/1988	12.80%	8.94%	3.86%
10/25/1988	13.25%	8.94%	4.31%
10/26/1988	13.50%	8.94%	4.56%
10/27/1988	12.95%	8.94%	4.01%
10/28/1988	13.00%	8.95%	4.05%
11/15/1988	12.00%	8.98%	3.02%
11/29/1988	12.75%	9.01%	3.74%
12/19/1988	13.00%	9.05%	3.95%
12/21/1988	12.90%	9.05%	3.85%
12/22/1988	13.50%	9.05%	4.45%
1/26/1989	12.60%	9.06%	3.54%
1/27/1989	13.00%	9.06%	3.94%
2/8/1989	13.37%	9.05%	4.32%
3/8/1989	13.00%	9.04%	3.96%
5/4/1989	13.00%	9.04%	3.96%
6/8/1989	13.50%	8.96%	4.54%
7/19/1989	11.80%	8.84%	2.96%
7/25/1989	12.80%	8.82%	3.98%
7/31/1989	13.00%	8.81%	4.19%
8/14/1989	12.50%	8.76%	3.74%
8/22/1989	12.80%	8.73%	4.07%
8/23/1989	12.90%	8.72%	4.18%
9/21/1989	12.10%	8.62%	3.48%
10/6/1989	13.00%	8.58%	4.42%
10/17/1989	12.41%	8.54%	3.87%
10/18/1989	13.25%	8.54%	4.71%
10/20/1989	12.90%	8.53%	4.37%
10/31/1989	13.60%	8.50%	5.10%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
11/3/1989	12.93%	8.48%	4.45%
11/5/1989	13.20%	8.48%	4.72%
11/9/1989	12.60%	8.45%	4.15%
11/9/1989	13.00%	8.45%	4.55%
11/28/1989	12.75%	8.37%	4.38%
12/7/1989	13.25%	8.32%	4.93%
12/15/1989	13.00%	8.28%	4.72%
12/20/1989	12.90%	8.26%	4.64%
12/21/1989	12.80%	8.25%	4.55%
12/21/1989	12.90%	8.25%	4.65%
12/27/1989	12.50%	8.23%	4.27%
1/9/1990	13.00%	8.19%	4.81%
1/18/1990	12.50%	8.16%	4.34%
1/26/1990	12.10%	8.14%	3.96%
3/21/1990	12.80%	8.15%	4.65%
3/28/1990	13.00%	8.16%	4.84%
4/5/1990	12.20%	8.17%	4.03%
4/12/1990	13.25%	8.19%	5.06%
4/30/1990	12.45%	8.24%	4.21%
5/31/1990	12.40%	8.31%	4.09%
6/15/1990	13.20%	8.33%	4.87%
6/27/1990	12.90%	8.34%	4.56%
6/29/1990	13.25%	8.35%	4.90%
7/6/1990	12.10%	8.36%	3.74%
7/19/1990	11.70%	8.38%	3.32%
8/31/1990	12.50%	8.53%	3.97%
8/31/1990	12.50%	8.53%	3.97%
9/13/1990	12.50%	8.58%	3.92%
9/18/1990	12.75%	8.60%	4.15%
9/20/1990	12.50%	8.61%	3.89%
10/2/1990	13.00%	8.65%	4.35%
10/17/1990	11.90%	8.68%	3.22%
10/31/1990	12.95%	8.70%	4.25%
11/9/1990	13.25%	8.70%	4.55%
11/19/1990	13.00%	8.70%	4.30%
11/21/1990	12.10%	8.70%	3.40%
11/21/1990	12.50%	8.70%	3.80%
11/28/1990	12.75%	8.70%	4.05%
11/29/1990	12.75%	8.70%	4.05%
12/18/1990	13.10%	8.68%	4.42%
12/20/1990	12.50%	8.67%	3.83%
12/21/1990	12.50%	8.67%	3.83%
12/21/1990	13.00%	8.67%	4.33%
12/21/1990	13.60%	8.67%	4.93%
1/3/1991	13.02%	8.66%	4.36%
1/16/1991	13.25%	8.63%	4.62%
1/25/1991	11.70%	8.61%	3.09%
2/15/1991	12.70%	8.56%	4.14%
2/15/1991	12.80%	8.56%	4.24%
4/3/1991	13.00%	8.51%	4.49%
4/30/1991	12.45%	8.48%	3.97%
4/30/1991	13.00%	8.48%	4.52%
6/25/1991	11.70%	8.34%	3.36%
6/28/1991	12.50%	8.34%	4.16%
7/1/1991	11.70%	8.34%	3.36%
7/19/1991	12.10%	8.31%	3.79%
7/19/1991	12.30%	8.31%	3.99%
7/22/1991	12.90%	8.30%	4.60%
8/15/1991	12.25%	8.28%	3.97%
8/29/1991	13.30%	8.26%	5.04%
9/27/1991	12.50%	8.23%	4.27%
9/30/1991	12.40%	8.23%	4.17%
10/3/1991	11.30%	8.22%	3.08%
10/9/1991	11.70%	8.21%	3.49%
10/15/1991	13.40%	8.20%	5.20%
11/1/1991	12.90%	8.20%	4.70%
11/8/1991	12.75%	8.20%	4.55%
11/26/1991	11.60%	8.18%	3.42%
11/26/1991	12.00%	8.18%	3.82%
11/27/1991	12.70%	8.18%	4.52%
12/6/1991	12.70%	8.16%	4.54%
12/10/1991	11.75%	8.15%	3.60%
12/19/1991	12.60%	8.14%	4.46%
12/19/1991	12.80%	8.14%	4.66%
12/30/1991	12.10%	8.11%	3.99%
1/22/1992	12.84%	8.05%	4.79%
1/31/1992	12.00%	8.03%	3.97%
2/20/1992	13.00%	8.00%	5.00%
2/27/1992	11.75%	7.98%	3.77%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
3/18/1992	12.50%	7.94%	4.56%
5/15/1992	12.75%	7.86%	4.89%
6/24/1992	12.20%	7.85%	4.35%
6/29/1992	11.00%	7.85%	3.15%
7/14/1992	12.00%	7.83%	4.17%
7/22/1992	11.20%	7.82%	3.38%
8/10/1992	12.10%	7.79%	4.31%
8/26/1992	12.43%	7.75%	4.68%
9/30/1992	11.60%	7.72%	3.88%
10/6/1992	12.25%	7.72%	4.53%
10/13/1992	12.75%	7.71%	5.04%
10/23/1992	11.65%	7.71%	3.94%
10/28/1992	12.25%	7.71%	4.54%
10/29/1992	12.75%	7.70%	5.05%
10/30/1992	11.40%	7.70%	3.70%
11/9/1992	10.60%	7.70%	2.90%
11/25/1992	11.00%	7.68%	3.32%
11/25/1992	12.00%	7.68%	4.32%
12/3/1992	11.85%	7.66%	4.19%
12/16/1992	11.90%	7.64%	4.26%
12/22/1992	12.30%	7.62%	4.68%
12/22/1992	12.40%	7.62%	4.78%
12/30/1992	12.00%	7.61%	4.39%
12/31/1992	12.00%	7.61%	4.39%
1/12/1993	12.00%	7.59%	4.41%
1/12/1993	12.00%	7.59%	4.41%
2/2/1993	11.40%	7.53%	3.87%
2/22/1993	11.60%	7.48%	4.12%
4/23/1993	11.75%	7.27%	4.48%
5/3/1993	11.50%	7.25%	4.25%
5/3/1993	11.75%	7.25%	4.50%
6/3/1993	12.00%	7.20%	4.80%
6/7/1993	11.50%	7.20%	4.30%
6/22/1993	11.75%	7.16%	4.59%
7/21/1993	11.78%	7.06%	4.72%
7/21/1993	11.90%	7.06%	4.84%
7/23/1993	11.50%	7.05%	4.45%
7/29/1993	11.50%	7.03%	4.47%
8/12/1993	10.75%	6.97%	3.78%
8/24/1993	11.50%	6.92%	4.58%
8/31/1993	11.90%	6.88%	5.02%
9/1/1993	11.25%	6.87%	4.38%
9/1/1993	11.47%	6.87%	4.60%
9/27/1993	10.50%	6.74%	3.76%
9/29/1993	11.00%	6.72%	4.28%
9/30/1993	11.60%	6.72%	4.88%
10/8/1993	11.50%	6.67%	4.83%
10/14/1993	11.20%	6.65%	4.55%
10/15/1993	11.75%	6.64%	5.11%
10/25/1993	11.55%	6.60%	4.95%
10/28/1993	11.50%	6.58%	4.92%
10/29/1993	10.10%	6.57%	3.53%
10/29/1993	10.20%	6.57%	3.63%
10/29/1993	11.25%	6.57%	4.68%
11/2/1993	10.80%	6.56%	4.24%
11/12/1993	11.80%	6.53%	5.27%
11/23/1993	12.50%	6.51%	5.99%
11/26/1993	11.00%	6.50%	4.50%
12/1/1993	11.45%	6.49%	4.96%
12/16/1993	10.60%	6.45%	4.15%
12/16/1993	11.20%	6.45%	4.75%
12/21/1993	11.30%	6.44%	4.86%
12/22/1993	11.00%	6.44%	4.56%
12/23/1993	10.10%	6.44%	3.66%
1/5/1994	11.50%	6.41%	5.09%
1/10/1994	11.00%	6.40%	4.60%
1/25/1994	12.00%	6.37%	5.63%
2/2/1994	10.40%	6.35%	4.05%
2/9/1994	10.70%	6.34%	4.36%
4/6/1994	11.24%	6.35%	4.89%
4/25/1994	11.00%	6.39%	4.61%
6/16/1994	10.50%	6.63%	3.87%
6/23/1994	10.60%	6.67%	3.93%
7/19/1994	10.70%	6.83%	3.87%
9/29/1994	10.90%	7.20%	3.70%
9/29/1994	11.00%	7.20%	3.80%
10/7/1994	11.87%	7.26%	4.61%
10/18/1994	11.50%	7.32%	4.18%
10/18/1994	11.50%	7.32%	4.18%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
10/24/1994	11.00%	7.35%	3.65%
11/22/1994	12.12%	7.52%	4.60%
11/29/1994	11.30%	7.55%	3.75%
12/1/1994	11.00%	7.56%	3.44%
12/8/1994	11.50%	7.59%	3.91%
12/8/1994	11.70%	7.59%	4.11%
12/12/1994	11.82%	7.60%	4.22%
12/14/1994	11.50%	7.61%	3.89%
12/19/1994	11.50%	7.62%	3.88%
4/19/1995	11.00%	7.72%	3.28%
9/11/1995	11.30%	7.16%	4.14%
9/15/1995	10.40%	7.13%	3.27%
9/29/1995	11.50%	7.06%	4.44%
10/13/1995	10.76%	6.98%	3.78%
11/7/1995	12.50%	6.86%	5.64%
11/8/1995	11.10%	6.85%	4.25%
11/8/1995	11.30%	6.85%	4.45%
11/17/1995	10.90%	6.81%	4.09%
11/20/1995	11.40%	6.80%	4.60%
11/27/1995	13.60%	6.77%	6.83%
12/14/1995	11.30%	6.68%	4.62%
12/20/1995	11.60%	6.65%	4.95%
1/31/1996	11.30%	6.45%	4.85%
3/11/1996	11.60%	6.40%	5.20%
4/3/1996	11.13%	6.41%	4.72%
4/15/1996	10.50%	6.41%	4.09%
4/17/1996	10.77%	6.40%	4.37%
4/26/1996	10.60%	6.40%	4.20%
5/10/1996	11.00%	6.40%	4.60%
5/13/1996	11.25%	6.41%	4.84%
7/3/1996	11.25%	6.49%	4.76%
7/22/1996	11.25%	6.54%	4.71%
10/3/1996	10.00%	6.77%	3.23%
10/29/1996	11.30%	6.84%	4.46%
11/26/1996	11.30%	6.86%	4.44%
11/27/1996	11.30%	6.86%	4.44%
11/29/1996	11.00%	6.86%	4.14%
12/12/1996	11.96%	6.85%	5.11%
12/17/1996	11.50%	6.85%	4.65%
1/22/1997	11.30%	6.83%	4.47%
1/27/1997	11.25%	6.83%	4.42%
1/31/1997	11.25%	6.83%	4.42%
2/13/1997	11.00%	6.82%	4.18%
2/13/1997	11.80%	6.82%	4.98%
2/20/1997	11.80%	6.81%	4.99%
3/27/1997	10.75%	6.79%	3.96%
4/29/1997	11.70%	6.81%	4.89%
7/17/1997	12.00%	6.77%	5.23%
10/29/1997	10.75%	6.70%	4.05%
10/31/1997	11.25%	6.70%	4.55%
12/24/1997	10.75%	6.53%	4.22%
4/28/1998	10.90%	6.11%	4.79%
4/30/1998	12.20%	6.10%	6.10%
6/30/1998	11.00%	5.94%	5.06%
8/26/1998	10.93%	5.82%	5.11%
9/3/1998	11.40%	5.80%	5.60%
9/15/1998	11.90%	5.77%	6.13%
10/7/1998	11.06%	5.70%	5.36%
10/30/1998	11.40%	5.63%	5.77%
12/10/1998	12.20%	5.52%	6.68%
12/17/1998	12.10%	5.49%	6.61%
2/19/1999	11.15%	5.32%	5.83%
3/1/1999	10.65%	5.31%	5.34%
3/1/1999	10.65%	5.31%	5.34%
6/8/1999	11.25%	5.35%	5.90%
11/12/1999	10.25%	5.92%	4.33%
12/14/1999	10.50%	5.99%	4.51%
1/28/2000	10.71%	6.16%	4.55%
2/17/2000	10.60%	6.20%	4.40%
5/25/2000	10.80%	6.19%	4.61%
6/19/2000	11.05%	6.18%	4.87%
6/22/2000	11.25%	6.18%	5.07%
7/17/2000	11.06%	6.15%	4.91%
7/20/2000	12.20%	6.14%	6.06%
8/11/2000	11.00%	6.11%	4.89%
9/27/2000	11.25%	6.00%	5.25%
9/29/2000	11.16%	6.00%	5.16%
10/5/2000	11.30%	5.98%	5.32%
11/28/2000	12.90%	5.87%	7.03%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
11/30/2000	12.10%	5.86%	6.24%
2/5/2001	11.50%	5.75%	5.75%
3/15/2001	11.25%	5.66%	5.59%
5/8/2001	10.75%	5.61%	5.14%
10/24/2001	10.30%	5.54%	4.76%
10/24/2001	11.00%	5.54%	5.46%
1/9/2002	10.00%	5.50%	4.50%
1/30/2002	11.00%	5.47%	5.53%
1/31/2002	11.00%	5.47%	5.53%
4/17/2002	11.50%	5.44%	6.06%
4/29/2002	11.00%	5.45%	5.55%
6/11/2002	11.77%	5.48%	6.29%
6/20/2002	12.30%	5.48%	6.82%
8/28/2002	11.00%	5.49%	5.51%
9/11/2002	11.20%	5.45%	5.75%
9/12/2002	12.30%	5.45%	6.85%
10/28/2002	11.30%	5.35%	5.95%
10/30/2002	10.60%	5.34%	5.26%
11/1/2002	12.60%	5.34%	7.26%
11/7/2002	11.40%	5.33%	6.07%
11/8/2002	10.75%	5.33%	5.42%
11/20/2002	10.00%	5.30%	4.70%
11/20/2002	10.50%	5.30%	5.20%
12/4/2002	10.75%	5.27%	5.48%
12/30/2002	11.20%	5.19%	6.01%
1/6/2003	11.25%	5.16%	6.09%
2/28/2003	12.30%	5.01%	7.29%
3/7/2003	9.96%	4.99%	4.97%
3/12/2003	11.40%	4.97%	6.43%
3/20/2003	12.00%	4.95%	7.05%
4/3/2003	12.00%	4.92%	7.08%
5/2/2003	11.40%	4.88%	6.52%
5/15/2003	11.05%	4.87%	6.18%
6/26/2003	11.00%	4.80%	6.20%
7/1/2003	11.00%	4.80%	6.20%
7/29/2003	11.71%	4.78%	6.93%
8/22/2003	10.20%	4.81%	5.39%
9/17/2003	9.90%	4.85%	5.05%
9/25/2003	10.25%	4.85%	5.40%
10/17/2003	10.54%	4.87%	5.67%
10/22/2003	10.46%	4.87%	5.59%
10/22/2003	10.71%	4.87%	5.84%
10/30/2003	11.00%	4.88%	6.12%
10/31/2003	10.20%	4.88%	5.32%
10/31/2003	10.75%	4.88%	5.87%
11/10/2003	10.60%	4.89%	5.71%
12/9/2003	10.50%	4.93%	5.57%
12/18/2003	10.50%	4.94%	5.56%
12/19/2003	12.00%	4.94%	7.06%
12/19/2003	12.00%	4.94%	7.06%
1/13/2004	10.25%	4.95%	5.30%
1/13/2004	12.00%	4.95%	7.05%
2/9/2004	11.25%	4.98%	6.27%
3/16/2004	10.90%	5.05%	5.85%
3/16/2004	10.90%	5.05%	5.85%
5/25/2004	10.00%	5.06%	4.94%
6/2/2004	11.22%	5.07%	6.15%
6/30/2004	10.50%	5.10%	5.40%
7/8/2004	10.00%	5.10%	4.90%
7/22/2004	10.25%	5.10%	5.15%
8/26/2004	10.50%	5.10%	5.40%
8/26/2004	10.50%	5.10%	5.40%
9/9/2004	10.40%	5.10%	5.30%
9/21/2004	10.50%	5.09%	5.41%
9/27/2004	10.30%	5.09%	5.21%
9/27/2004	10.50%	5.09%	5.41%
10/20/2004	10.20%	5.08%	5.12%
11/30/2004	10.60%	5.08%	5.52%
12/8/2004	9.90%	5.09%	4.81%
12/21/2004	11.50%	5.09%	6.41%
12/22/2004	11.50%	5.09%	6.41%
12/28/2004	10.25%	5.09%	5.16%
2/18/2005	10.30%	4.95%	5.35%
3/29/2005	11.00%	4.86%	6.14%
4/13/2005	10.60%	4.84%	5.76%
4/28/2005	11.00%	4.80%	6.20%
5/17/2005	10.00%	4.77%	5.23%
6/8/2005	10.18%	4.71%	5.47%
6/10/2005	10.90%	4.71%	6.19%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
7/6/2005	10.50%	4.65%	5.85%
7/19/2005	11.50%	4.63%	6.87%
8/11/2005	10.40%	4.60%	5.80%
9/19/2005	9.45%	4.53%	4.92%
9/30/2005	10.51%	4.52%	5.99%
10/4/2005	9.90%	4.52%	5.38%
10/4/2005	10.75%	4.52%	6.23%
10/14/2005	10.40%	4.52%	5.88%
10/31/2005	10.25%	4.53%	5.72%
11/2/2005	9.70%	4.53%	5.17%
11/30/2005	10.00%	4.53%	5.47%
12/9/2005	9.70%	4.53%	5.17%
12/12/2005	11.00%	4.53%	6.47%
12/20/2005	10.13%	4.53%	5.60%
12/21/2005	10.40%	4.52%	5.88%
12/21/2005	11.00%	4.52%	6.48%
12/22/2005	10.20%	4.52%	5.68%
12/22/2005	11.00%	4.52%	6.48%
12/28/2005	10.00%	4.52%	5.48%
1/5/2006	11.00%	4.52%	6.48%
1/25/2006	11.20%	4.52%	6.68%
1/25/2006	11.20%	4.52%	6.68%
2/3/2006	10.50%	4.52%	5.98%
2/15/2006	9.50%	4.53%	4.97%
4/26/2006	10.60%	4.65%	5.95%
7/24/2006	9.60%	4.87%	4.73%
7/24/2006	10.00%	4.87%	5.13%
9/20/2006	11.00%	4.93%	6.07%
9/26/2006	10.75%	4.93%	5.82%
10/20/2006	9.80%	4.96%	4.84%
11/2/2006	9.71%	4.97%	4.74%
11/9/2006	10.00%	4.97%	5.03%
11/21/2006	11.00%	4.98%	6.02%
12/5/2006	10.20%	4.97%	5.23%
1/5/2007	10.40%	4.95%	5.45%
1/9/2007	11.00%	4.94%	6.06%
1/11/2007	10.90%	4.94%	5.96%
1/19/2007	10.80%	4.93%	5.87%
1/26/2007	10.00%	4.92%	5.08%
2/8/2007	10.40%	4.91%	5.49%
3/14/2007	10.10%	4.86%	5.24%
3/20/2007	10.25%	4.84%	5.41%
3/21/2007	11.35%	4.84%	6.51%
3/22/2007	10.50%	4.84%	5.66%
3/29/2007	10.00%	4.83%	5.17%
6/13/2007	10.75%	4.81%	5.94%
6/29/2007	9.53%	4.84%	4.69%
6/29/2007	10.10%	4.84%	5.26%
7/3/2007	10.25%	4.85%	5.40%
7/13/2007	9.50%	4.86%	4.64%
7/24/2007	10.40%	4.87%	5.53%
8/1/2007	10.15%	4.88%	5.27%
8/29/2007	10.50%	4.91%	5.59%
9/10/2007	9.71%	4.91%	4.80%
9/19/2007	10.00%	4.91%	5.09%
9/25/2007	9.70%	4.92%	4.78%
10/8/2007	10.48%	4.92%	5.56%
10/19/2007	10.50%	4.91%	5.59%
10/25/2007	9.65%	4.91%	4.74%
11/15/2007	10.00%	4.89%	5.11%
11/20/2007	9.90%	4.89%	5.01%
11/27/2007	10.00%	4.88%	5.12%
11/29/2007	10.90%	4.88%	6.02%
12/14/2007	10.80%	4.87%	5.93%
12/18/2007	10.40%	4.86%	5.54%
12/19/2007	9.80%	4.86%	4.94%
12/19/2007	9.80%	4.86%	4.94%
12/19/2007	10.20%	4.86%	5.34%
12/21/2007	9.10%	4.86%	4.24%
1/8/2008	10.75%	4.83%	5.92%
1/17/2008	10.75%	4.81%	5.94%
1/17/2008	10.75%	4.81%	5.94%
2/5/2008	9.99%	4.78%	5.21%
2/5/2008	10.19%	4.78%	5.41%
2/13/2008	10.20%	4.76%	5.44%
3/31/2008	10.00%	4.63%	5.37%
5/28/2008	10.50%	4.53%	5.97%
6/24/2008	10.00%	4.52%	5.48%
6/27/2008	10.00%	4.52%	5.48%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
7/31/2008	10.70%	4.50%	6.20%
7/31/2008	10.82%	4.50%	6.32%
8/27/2008	10.25%	4.50%	5.75%
9/2/2008	10.25%	4.50%	5.75%
9/19/2008	10.70%	4.48%	6.22%
9/24/2008	10.68%	4.48%	6.20%
9/24/2008	10.68%	4.48%	6.20%
9/24/2008	10.68%	4.48%	6.20%
9/30/2008	10.20%	4.48%	5.72%
10/3/2008	10.30%	4.48%	5.82%
10/8/2008	10.15%	4.47%	5.68%
10/20/2008	10.06%	4.47%	5.59%
10/24/2008	10.60%	4.46%	6.14%
10/24/2008	10.60%	4.46%	6.14%
11/21/2008	10.50%	4.42%	6.08%
11/21/2008	10.50%	4.42%	6.08%
11/21/2008	10.50%	4.42%	6.08%
11/24/2008	10.50%	4.41%	6.09%
12/3/2008	10.39%	4.37%	6.02%
12/24/2008	10.00%	4.26%	5.74%
12/26/2008	10.10%	4.24%	5.86%
12/29/2008	10.20%	4.23%	5.97%
1/13/2009	10.45%	4.14%	6.31%
2/2/2009	10.05%	4.04%	6.01%
3/9/2009	10.30%	3.89%	6.41%
3/25/2009	10.17%	3.84%	6.34%
4/2/2009	10.75%	3.81%	6.94%
5/5/2009	10.75%	3.71%	7.04%
5/15/2009	10.20%	3.70%	6.50%
5/29/2009	9.54%	3.70%	5.84%
6/3/2009	10.10%	3.71%	6.39%
6/22/2009	10.00%	3.73%	6.27%
6/29/2009	10.21%	3.74%	6.47%
6/30/2009	9.31%	3.74%	5.57%
7/17/2009	9.26%	3.75%	5.51%
7/17/2009	10.50%	3.75%	6.75%
10/16/2009	10.40%	4.09%	6.31%
10/26/2009	10.10%	4.11%	5.99%
10/28/2009	10.15%	4.12%	6.03%
10/28/2009	10.15%	4.12%	6.03%
10/30/2009	9.95%	4.12%	5.83%
11/20/2009	9.45%	4.18%	5.27%
12/14/2009	10.50%	4.24%	6.26%
12/16/2009	10.75%	4.25%	6.50%
12/17/2009	10.30%	4.26%	6.04%
12/18/2009	10.40%	4.26%	6.14%
12/18/2009	10.40%	4.26%	6.14%
12/18/2009	10.50%	4.26%	6.24%
12/22/2009	10.20%	4.27%	5.93%
12/22/2009	10.40%	4.27%	6.13%
12/28/2009	10.85%	4.29%	6.56%
12/29/2009	10.38%	4.30%	6.08%
1/11/2010	10.24%	4.34%	5.90%
1/21/2010	10.23%	4.37%	5.86%
1/21/2010	10.33%	4.37%	5.96%
1/26/2010	10.40%	4.37%	6.03%
2/10/2010	10.00%	4.39%	5.61%
2/23/2010	10.50%	4.40%	6.10%
3/9/2010	9.60%	4.40%	5.20%
3/24/2010	10.13%	4.42%	5.71%
3/31/2010	10.70%	4.43%	6.27%
4/1/2010	9.50%	4.43%	5.07%
4/2/2010	10.10%	4.44%	5.66%
4/8/2010	10.35%	4.44%	5.91%
4/29/2010	9.19%	4.46%	4.73%
4/29/2010	9.40%	4.46%	4.94%
4/29/2010	9.40%	4.46%	4.94%
5/17/2010	10.55%	4.46%	6.09%
5/24/2010	10.05%	4.46%	5.59%
6/3/2010	11.00%	4.46%	6.54%
6/16/2010	10.00%	4.46%	5.54%
6/18/2010	10.30%	4.46%	5.84%
8/9/2010	12.55%	4.41%	8.14%
8/17/2010	10.10%	4.40%	5.70%
9/16/2010	9.60%	4.31%	5.29%
9/16/2010	10.00%	4.31%	5.69%
9/16/2010	10.00%	4.31%	5.69%
9/16/2010	10.30%	4.31%	5.99%
10/21/2010	10.40%	4.20%	6.20%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
11/2/2010	9.75%	4.17%	5.58%
11/2/2010	9.75%	4.17%	5.58%
11/3/2010	10.75%	4.17%	6.58%
11/19/2010	10.20%	4.15%	6.05%
12/1/2010	10.00%	4.13%	5.87%
12/6/2010	9.56%	4.12%	5.44%
12/6/2010	10.09%	4.12%	5.97%
12/9/2010	10.25%	4.12%	6.13%
12/14/2010	10.33%	4.11%	6.22%
12/17/2010	10.10%	4.11%	5.99%
12/20/2010	10.10%	4.11%	5.99%
12/23/2010	9.92%	4.10%	5.82%
1/6/2011	10.35%	4.09%	6.26%
1/12/2011	10.30%	4.09%	6.21%
1/13/2011	10.30%	4.09%	6.21%
3/10/2011	10.10%	4.16%	5.94%
3/31/2011	9.45%	4.20%	5.25%
4/18/2011	10.05%	4.23%	5.82%
5/26/2011	10.50%	4.32%	6.18%
6/21/2011	10.00%	4.36%	5.64%
6/29/2011	8.83%	4.38%	4.45%
8/1/2011	9.20%	4.41%	4.79%
9/1/2011	10.10%	4.33%	5.77%
11/14/2011	9.60%	3.93%	5.67%
12/13/2011	9.50%	3.76%	5.74%
12/20/2011	10.00%	3.72%	6.28%
12/22/2011	10.40%	3.70%	6.70%
1/10/2012	9.06%	3.59%	5.47%
1/10/2012	9.45%	3.59%	5.86%
1/10/2012	9.45%	3.59%	5.86%
1/23/2012	10.20%	3.53%	6.67%
1/31/2012	10.00%	3.49%	6.51%
4/24/2012	9.50%	3.16%	6.34%
4/24/2012	9.75%	3.16%	6.59%
5/7/2012	9.80%	3.13%	6.67%
5/22/2012	9.60%	3.10%	6.50%
5/24/2012	9.70%	3.09%	6.61%
6/7/2012	10.30%	3.06%	7.24%
6/15/2012	10.40%	3.05%	7.35%
6/18/2012	9.60%	3.05%	6.55%
7/2/2012	9.75%	3.04%	6.71%
10/24/2012	10.30%	2.92%	7.38%
10/26/2012	9.50%	2.92%	6.58%
10/31/2012	9.30%	2.92%	6.38%
10/31/2012	9.90%	2.92%	6.98%
10/31/2012	10.00%	2.92%	7.08%
11/1/2012	9.45%	2.92%	6.53%
11/8/2012	10.10%	2.91%	7.19%
11/9/2012	10.30%	2.91%	7.39%
11/26/2012	10.00%	2.89%	7.11%
11/28/2012	10.40%	2.88%	7.52%
11/28/2012	10.50%	2.88%	7.62%
12/4/2012	10.00%	2.87%	7.13%
12/4/2012	10.50%	2.87%	7.63%
12/20/2012	9.50%	2.84%	6.66%
12/20/2012	10.10%	2.84%	7.26%
12/20/2012	10.25%	2.84%	7.41%
12/20/2012	10.30%	2.84%	7.46%
12/20/2012	10.40%	2.84%	7.56%
12/20/2012	10.50%	2.84%	7.66%
12/26/2012	9.80%	2.83%	6.97%
2/22/2013	9.60%	2.86%	6.74%
3/14/2013	9.30%	2.89%	6.41%
3/27/2013	9.80%	2.91%	6.89%
4/23/2013	9.80%	2.95%	6.85%
5/10/2013	9.25%	2.96%	6.29%
6/13/2013	9.40%	3.01%	6.39%
6/18/2013	9.28%	3.02%	6.26%
6/18/2013	9.28%	3.02%	6.26%
6/25/2013	9.80%	3.04%	6.76%
9/23/2013	9.60%	3.33%	6.27%
11/6/2013	10.20%	3.42%	6.78%
11/13/2013	9.84%	3.44%	6.40%
11/14/2013	10.25%	3.44%	6.81%
11/22/2013	9.50%	3.47%	6.03%
12/5/2013	10.20%	3.50%	6.70%
12/13/2013	9.60%	3.52%	6.08%
12/16/2013	9.73%	3.53%	6.20%
12/17/2013	10.00%	3.53%	6.47%

[9]	[10]	[11]	[12]
Date of Gas Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
12/18/2013	9.08%	3.53%	5.55%
12/23/2013	9.72%	3.55%	6.17%
12/30/2013	10.00%	3.57%	6.43%
1/21/2014	9.65%	3.66%	5.99%
1/22/2014	9.18%	3.66%	5.52%
2/20/2014	9.30%	3.71%	5.59%
2/21/2014	9.85%	3.72%	6.13%
2/28/2014	9.55%	3.73%	5.83%
3/16/2014	9.72%	3.74%	5.98%
4/21/2014	9.50%	3.73%	5.77%
4/22/2014	9.80%	3.73%	6.07%
5/8/2014	9.10%	3.71%	5.39%
5/8/2014	9.59%	3.71%	5.88%
6/6/2014	10.40%	3.66%	6.74%
6/12/2014	10.10%	3.66%	6.44%
6/12/2014	10.10%	3.66%	6.44%
6/12/2014	10.10%	3.66%	6.44%
7/25/2014	9.30%	3.61%	5.69%
7/7/2014	9.30%	3.63%	5.67%
7/31/2014	9.90%	3.59%	6.31%
9/4/2014	9.10%	3.51%	5.59%
9/30/2014	9.75%	3.45%	6.30%
10/29/2014	10.80%	3.38%	7.42%

Average 4.47%
Number of Cases 1,005

2012 - 2014 Reported Authorized Returns on Equity, Electric Utility Rate Cases

Vertically Integrated Electric Utilities

State	Docket	Utility	Authorized ROE	Decision Date
SC	2011-271-E	Duke Energy Carolinas LLC	10.50%	1/25/2012
NC	E-7 Sub 989	Duke Energy Carolinas L.I.C	10.50%	1/27/2012
MI	16801	Indiana-Michigan Power Co.	10.20%	2/15/2012
OR	UE 233	Idaho Power Co.	9.90%	2/23/2012
FL	110138	Gulf Power Co.	10.25%	2/27/2012
ND	PU-10-657	Northern States Power Co.	10.40%	2/29/2012
MN	10-971	Northern States Power Co.	10.37%	3/29/2012
HI	2009-0164	Hawaii Electric Light Co.	10.00%	4/4/2012
CO	11AL-947E	Public Service Company of Colorado	10.00%	4/26/2012
HI	2009-0163	Maui Electric Company Ltd	10.00%	2/5/2012
WA	UE-111048	Puget Sound Energy Inc.	9.80%	5/7/2012
AZ	E-01345A-11-0224	Arizona Public Service Co.	10.00%	5/15/2012
MI	16794	Consumers Energy Co.	10.30%	7/6/2012
WI	6680-UR-118	Wisconsin Power and Light Co.	10.40%	6/15/2012
WY	20003-114-ER-11	Cheyenne Light Fuel Power Co.	9.60%	6/18/2012
SD	EL11-019	Northern States Power Co.	9.25%	6/19/2012
MI	16830	Wisconsin Electric Power Co.	10.10%	6/26/2012
HI	2010-0080	Hawaiian Electric Co.	10.00%	6/29/2012
OK	PUD 201100087	Oklahoma Gas and Electric Co.	10.20%	9/7/2012
WY	20000-405-ER-11	Rocky Mountain Power	9.80%	7/16/2012
TX	39896	Entergy Texas Inc.	9.80%	9/13/2012
UT	11-035-200	Rocky Mountain Power	9.80%	9/19/2012
WI	6690-UR-121	Wisconsin Public Service Corp.	10.30%	10/24/2012
WI	3270-UR-119	Madison Gas and Electric Co.	10.30%	11/9/2012
WI	05-UR-106	Wisconsin Electric Power Co.	10.40%	11/28/2012
CA	A12-02-014	California Pacific Electric Co.	9.88%	11/29/2012
MO	ER-2012-0166	Union Electric Co.	9.80%	12/12/2012
FL	120015	Florida Power & Light	10.50%	12/13/2012
KS	12-KCPE-764-RTS	Kansas City Power & Light	9.50%	12/13/2012
WI	4220-UR-118	Northern States Power Co.	10.40%	12/14/2012
SC	2012-218-E	South Carolina Electric & Gas	10.25%	12/19/2012
CA	A-12-04-018	Pacific Gas & Electric	10.40%	12/20/2012
CA	A-12-04-016	San Diego Gas & Electric	10.30%	12/20/2012
CA	A-12-04-015	Southern California Edison	10.45%	12/20/2012
KY	2012-00221	Kentucky Utilities	10.25%	12/20/2012
KY	2012-00222	Louisville Gas & Electric	10.25%	12/20/2012
OR	UE 246	PacifiCorp	9.80%	12/20/2012
NC	E-22, Sub 479	Virginia Electric & Power Co.	10.20%	12/21/2012
WA	UE-120436	Avista Corp.	9.80%	12/26/2012
MO	C-ER-2012-0174	Kansas City Power & Light	9.70%	1/9/2013
MO	C-ER-2012-0175	KCP&L Greater Missouri Op Co	9.70%	1/9/2013
IN	Ca-44075	Indiana Michigan Power Co.	10.20%	2/13/2013
LA	D-U-32220	Southwestern Electric Power Co	10.00%	2/27/2013
ID	C-AVU-E-12-08	Avista Corp.	9.80%	3/27/2013
MI	C-U-17087	Consumers Energy Co.	10.30%	5/15/2013
NC	D-E-2, Sub 1023	Duke Energy Progress Inc.	10.20%	5/30/2013
HI	D-2011-0092	Maui Electric Company Ltd	9.00%	5/31/2013
AZ	D-E-01933A-12-0291	Tucson Electric Power Co.	10.00%	6/11/2013
WA	D-UE-130137	Puget Sound Energy Inc.	9.80%	6/25/2013
MN	D-E-002/GR-12-961	Northern States Power Co. - MN	9.83%	8/8/2013
FL	D-130040-EI	Tampa Electric Co.	10.25%	9/11/2013
SC	D-2013-59-E	Duke Energy Carolinas LLC	10.20%	9/11/2013
NC	D-E-7, Sub 1026	Duke Energy Carolinas LLC	10.20%	9/24/2013
TX	D-40443	Southwestern Electric Power Co	9.65%	10/3/2013
WI	D-6690-UR-122 (Elec)	Wisconsin Public Service Corp.	10.20%	11/6/2013
KS	D-13-WSEE-629-RTS	Westar Energy Inc.	10.00%	11/21/2013
VA	C-PUE-2013-00020	Virginia Electric & Power Co.	10.00%	11/26/2013
FL	D-130140-EI	Gulf Power Co.	10.25%	12/3/2013
WA	D-UE-130043	PacifiCorp	9.50%	12/4/2013
WI	D-4220-UR-119 (Elec)	Northern States Power Co - WI	10.20%	12/5/2013
OR	D-UE-262	Portland General Electric Co.	9.75%	12/9/2013
LA	D-U-32707	Entergy Gulf States LA LLC	9.95%	12/16/2013
LA	D-U-32708	Entergy Louisiana LLC	9.95%	12/16/2013
NV	D-13-06002	Sierra Pacific Power Co.	10.12%	12/16/2013
AZ	D-E-04204A-12-0504	UNS Electric Inc.	9.50%	12/17/2013
GA	D-36989	Georgia Power Co.	10.95%	12/17/2013
OR	D-UE-263	PacifiCorp	9.80%	12/18/2013
MI	C-U-17274	Upper Peninsula Power Co.	10.15%	12/19/2013
AR	D-13-028-U	Entergy Arkansas Inc.	9.50%	12/30/2013 [3]
ND	C-PU-12-813	Northern States Power Co. - MN	9.75%	2/26/2014
NM	C-12-00350-UT	Southwestern Public Service Co	9.96%	3/26/2014
TX	41791	Entergy Texas Inc.	9.80%	5/16/2014
WI	6680-UR-119	Wisconsin Power and Light Co.	10.40%	6/6/2014
CNO	UD-13-01	Entergy Louisiana LLC (New Orleans)	9.95%	7/10/2014
WY	20003-132-ER-13	Cheyenne Light Fuel Power Co.	9.90%	7/31/2014
VT	8190	Green Mountain Power Corp.	9.60%	8/25/2014
UT	13-035-184	PacifiCorp	9.80%	8/29/2014
FL	140025-EI	Florida Public Utilities Co.	10.25%	9/15/2014
NV	14-05004	Nevada Power Co.	9.80%	10/9/2014
2012-2014 Average			10.02%	
12-Month Average			9.96%	
12-Month Median			9.95%	
12-Month Minimum			9.50%	
12-Month Maximum			10.95%	

2012 - 2014 Reported Authorized Returns on Equity, Electric Utility Rate Cases

Transmission and Distribution Electric Utilities

State	Docket	Utility	Authorized ROE	Decision Date
IL	11-0721	Commonwealth Edison Co.	10.05%	5/29/2012
NY	11-E-0408	Orange & Rockland Utilities Inc.	9.40%	6/14/2012
MD	9285	Delmarva Power & Light Co.	9.81%	7/20/2012
MD	9286	Potomac Edison Power Co.	9.31%	7/20/2012
IL	12-0001	Ameren Illinois	10.05%	9/19/2012
DC	1087	Potomac Edison Power Co.	9.50%	9/26/2012
NJ	ER-11080469	Atlantic City Electric Co.	9.75%	10/23/2012
DE	D-11-528	Delmarva Power & Light Co.	9.75%	11/29/2012
IL	12-0293	Ameren Illinois	9.71%	12/5/2012
PA	E-2012-2290597	PPL Electric Utilities Corp	10.40%	12/5/2012
IL	12-0321	Commonwealth Edison Co.	9.71%	12/19/2012
RI	4323	Narragansett Electric Co.	9.50%	12/20/2012
MD	C-9299 (elec)	Baltimore Gas and Electric Co.	9.75%	2/22/2013
NY	D-12-E-0201	Niagara Mohawk Power Corp.	9.30%	3/14/2013
OH	C-12-1682-EL-AIR	Duke Energy Ohio Inc.	9.84%	5/1/2013
NJ	D-ER-12121071	Atlantic City Electric Co.	9.75%	6/21/2013
MD	C-9311	Potomac Electric Power Co.	9.36%	7/12/2013
CT	D-13-01-19	United Illuminating Co.	9.15%	8/14/2013
IL	13-0301	Ameren Illinois	8.72%	12/9/2013
MD	C-9326 (elec)	Baltimore Gas and Electric Co.	9.75%	12/13/2013
IL	13-0318	Commonwealth Edison Co.	8.72%	12/18/2013
NY	C-13-E-0030	Consolidated Edison Co. of NY	9.20%	2/20/2014
NH	D-DE-13-063	Liberty Utilities Granite St	9.55%	3/17/2014
DC	FC-1103-2013-E	Potomac Electric Power Co.	9.40%	3/26/2014
DE	D-13-115	Delmarva Power & Light Co.	9.70%	4/2/2014
MA	13-90	Fitchburg Gas & Electric Light	9.70%	5/30/2014
ME	2013-00443	Emera Maine	9.55%	6/30/2014
MD	9336	Potomac Electric Power Co.	9.62%	7/2/2014
NJ	ER-13111135	Rockland Electric Company	9.75%	7/23/2014
ME	2013-00168	Central Maine Power Co.	9.45%	7/29/2014
NJ	ER-14030245	Atlantic City Electric Co.	9.75%	8/20/2014
2012-2014 Average			9.58%	
12-Month Average			9.45%	
12-Month Median			9.55%	
12-Month Minimum			8.72%	
12-Month Maximum			9.75%	

Source: Regulatory Research Associates

Notes:

[1] As noted by Mr. Chriss, the Arkansas Public Service Commission originally approved a 9.3% ROE, but increased it to 9.5% on rehearing. See Order No. 35, Arkansas Docket 13-028-U.

Summary of Revenue Stabilization Mechanisms
Adjustment Clauses

Company	Parent	State	Type of Service	Fuel Costs	Purchased Power Expense	Conservation Expense	Decoupling (Full)	Decoupling (Partial)	Renewables Expense	Environmental Compliance	New Capital Investment	RTO-Related Trans. Expense	Other
Minnesota Power	ALE	Minnesota	Elec.	✓	✓	✓			✓	✓		✓	
Interstate Power & Light	LNT	Iowa	Elec.	✓	✓	✓				✓		✓	✓
Interstate Power & Light	LNT	Minnesota	Elec.	✓	✓	✓			✓	✓		✓	
Wisconsin Power & Light	LNT	Wisconsin	Elec.	✓	✓								✓
Ameren Illinois	AEE	Illinois	Elec.			✓			✓	✓		✓	✓
Union Electric	AEE	Missouri	Elec.	✓	✓	✓		✓		✓			✓
AEP Texas Central	AEP	Texas	Elec.			✓					✓	✓	
AEP Texas North	AEP	Texas	Elec.			✓					✓	✓	
Appalachian Power	AEP	Virginia	Elec.	✓	✓				✓	✓	✓	✓	✓
Appalachian Power	AEP	West Virginia	Elec.	✓	✓							✓	✓
Indiana Michigan Power	AEP	Indiana	Elec.	✓	✓	✓		✓		✓		✓	✓
Indiana Michigan Power	AEP	Michigan	Elec.	✓	✓	✓			✓				
Kentucky Power	AEP	Kentucky	Elec.	✓	✓	✓		✓		✓			✓
Public Service Oklahoma	AEP	Oklahoma	Elec.	✓	✓	✓		✓			✓		✓
Southwestern Electric Power	AEP	Arkansas	Elec.	✓	✓	✓		✓			✓		✓
Southwestern Electric Power	AEP	Louisiana	Elec.	✓	✓					✓			✓
Southwestern Electric Power	AEP	Texas	Elec.	✓	✓	✓					✓	✓	
Kingsport Power	AEP	Tennessee	Elec.		✓								
Wheeling Power	AEP	West Virginia	Elec.	✓	✓							✓	✓
Ohio Power	AEP	Ohio	Elec.	✓	✓	✓		✓	✓		✓		✓
Avista Corporation	AVA	Idaho	Elec.	✓	✓	✓							
Avista Corporation	AVA	Washington	Elec.	✓	✓								
Black Hill Colorado Electric	BKH	Colorado	Elec.	✓	✓	✓			✓		✓		✓
Black Hills Power	BKH	South Dakota	Elec.	✓	✓	✓		✓		✓	✓	✓	✓
Cheyenne Light Fuel & Power	BKH	Wyoming	Elec.	✓	✓	✓					✓		
CenterPoint Energy Houston Electric	CNP	Texas	Elec.			✓					✓	✓	✓
Cleco Power	CNL	Louisiana	Elec.	✓	✓					✓			
CMS Energy Corporation	CMS	Michigan	Elec.	✓	✓	✓			✓			✓	
Rockland Electric	ED	New Jersey	Elec.			✓			✓				✓
Consolidated Edison of New York	ED	New York	Elec.				✓		✓				
Orange & Rockland Utilities	ED	New York	Elec.				✓		✓				
Virginia Electric & Power	D	North Carolina	Elec.	✓	✓	✓			✓	✓			
Virginia Electric & Power	D	Virginia	Elec.	✓	✓	✓					✓	✓	✓
DTE Electric	DTE	Michigan	Elec.	✓	✓	✓			✓			✓	
Duke Energy Florida	DUK	Florida	Elec.	✓	✓	✓				✓	✓		✓
Duke Energy Indiana	DUK	Indiana	Elec.	✓	✓	✓		✓	✓	✓	✓	✓	✓
Duke Energy Kentucky	DUK	Kentucky	Elec.	✓	✓	✓		✓					✓
Duke Energy Progress	DUK	North Carolina	Elec.	✓	✓	✓			✓	✓			
Duke Energy Carolinas	DUK	North Carolina	Elec.	✓	✓	✓			✓	✓			
Duke Energy Ohio	DUK	Ohio	Elec.			✓		✓					✓
Carolina Power & Light	DUK	South Carolina	Elec.	✓	✓					✓			
Duke Energy Carolinas	DUK	South Carolina	Elec.	✓	✓					✓			
Southern California Edison	EIX	California	Elec.	✓	✓		✓						
El Paso Electric	EE	New Mexico	Elec.	✓	✓								✓
El Paso Electric	EE	Texas	Elec.	✓	✓	✓					✓	✓	✓
Empire District Electric	EDE	Kansas	Elec.	✓	✓	✓							✓
Empire District Electric	EDE	Missouri	Elec.	✓	✓					✓			✓
Entergy Arkansas	ETR	Arkansas	Elec.	✓	✓	✓		✓				✓	✓
Entergy New Orleans	ETR	Louisiana	Elec.	✓	✓					✓			✓
Entergy Gulf States Louisiana	ETR	Louisiana	Elec.	✓	✓					✓			
Entergy Louisiana	ETR	Louisiana	Elec.	✓	✓					✓			
Entergy Mississippi	ETR	Mississippi	Elec.	✓	✓					✓			
Entergy Texas	ETR	Texas	Elec.	✓	✓	✓					✓	✓	✓
Kansas City Power & Light	GXP	Kansas	Elec.	✓	✓	✓							✓
Kansas City Power & Light	GXP	Missouri	Elec.			✓		✓					✓
KCP&L Greater Missouri	GXP	Missouri	Elec.	✓	✓					✓			✓

Summary of Revenue Stabilization Mechanisms
Adjustment Clauses

Company	Parent	State	Type of Service	Fuel Costs	Purchased Power Expense	Conservation Expense	Decoupling (Full)	Decoupling (Partial)	Renewables Expense	Environmental Compliance	New Capital Investment	RTO-Related Trans. Expense	Other
Hawaiian Electric	HE	Hawaii	Elec.	✓	✓	✓	✓		✓		✓		
Hawaii Electric Light	HE	Hawaii	Elec.	✓	✓	✓	✓		✓		✓		
Maui Electric	HE	Hawaii	Elec.	✓	✓	✓	✓		✓		✓		
Idaho Power	IDA	Idaho	Elec.	✓	✓	✓		✓					✓
Idaho Power	IDA	Oregon	Elec.	✓	✓				✓				
Madison Gas & Electric	MGEE	Wisconsin	Elec.	✓	✓								✓
Florida Power & Light	NEE	Florida	Elec.	✓	✓	✓				✓	✓		✓
Lone Star Transmission	NEE	Texas	Elec.								✓		
Connecticut Light & Power	NU	Connecticut	Elec.			✓						✓	
NSTAR Electric	NU	Massachusetts	Elec.			✓						✓	✓
Western Massachusetts Electric	NU	Massachusetts	Elec.			✓	✓		✓		✓	✓	✓
Public Service Co. of New Hampshire	NU	New Hampshire	Elec.		✓						✓	✓	✓
Northwestern Energy	NWE	Montana	Elec.		✓	✓							✓
Oklahoma Gas & Electric	OGE	Arkansas	Elec.	✓	✓	✓		✓	✓		✓	✓	✓
Oklahoma Gas & Electric	OGE	Oklahoma	Elec.	✓	✓	✓		✓			✓	✓	✓
Otter Tail Power	OTTR	Minnesota	Elec.	✓	✓	✓			✓	✓		✓	
Otter Tail Power	OTTR	North Dakota	Elec.	✓	✓				✓	✓	✓		✓
Pacific Gas & Electric	PCG	California	Elec.	✓	✓		✓						
Arizona Public Service	PNW	Arizona	Elec.	✓	✓	✓		✓	✓	✓		✓	✓
Texas-New Mexico Power	PNM	Texas	Elec.			✓					✓	✓	✓
Portland General Electric	POR	Oregon	Elec.	✓	✓			✓	✓				
Kentucky Utilities	PPL	Kentucky	Elec.	✓	✓	✓		✓		✓			✓
Louisville Gas & Electric	PPL	Kentucky	Elec.	✓	✓	✓		✓		✓			✓
PPL Electric Utilities	PPL	Pennsylvania	Elec.			✓					✓	✓	✓
Kentucky Utilities	PPL	Virginia	Elec.	✓	✓								
Public Service Electric & Gas	PEG	New Jersey	Elec.			✓			✓				✓
South Carolina Electric & Gas	SCG	South Carolina	Elec.	✓	✓					✓	✓		
San Diego Gas & Electric	SRE	California	Elec.	✓	✓		✓						
Alabama Power	SO	Alabama	Elec.	✓	✓					✓	✓		✓
Gulf Power	SO	Florida	Elec.	✓	✓	✓				✓	✓		✓
Georgia Power	SO	Georgia	Elec.	✓	✓						✓		
Mississippi Power	SO	Mississippi	Elec.	✓	✓					✓			
Tampa Electric	TE	Florida	Elec.	✓	✓	✓				✓	✓		✓
Southern Indiana Gas & Electric	VVC	Indiana	Elec.	✓	✓	✓		✓				✓	✓
Kansas Gas & Electric	WR	Kansas	Elec.	✓	✓	✓		✓	✓	✓		✓	✓
Westar Energy	WR	Kansas	Elec.	✓	✓	✓		✓	✓	✓		✓	✓
Wisconsin Electric Power	WEC	Michigan	Elec.	✓	✓	✓			✓				
Wisconsin Electric Power	WEC	Wisconsin	Elec.	✓	✓								✓
Public Service Co. of Colorado	XEL	Colorado	Elec.	✓	✓	✓		✓	✓		✓		✓
Northern States Power-Minnesota	XEL	Minnesota	Elec.	✓	✓	✓			✓	✓		✓	
Southwestern Public Service	XEL	New Mexico	Elec.	✓	✓								✓
Northern States Power-Minnesota	XEL	North Dakota	Elec.	✓	✓					✓	✓		✓
Northern States Power-Minnesota	XEL	South Dakota	Elec.	✓	✓	✓		✓		✓	✓		✓
Southwestern Public Service	XEL	Texas	Elec.	✓	✓	✓					✓	✓	✓
Northern States Power-Wisconsin	XEL	Wisconsin	Elec.	✓	✓								✓

Source: Regulatory Research Associates, *Regulatory Focus* "Adjustment Clauses A State-by-State Overview," July 1, 2014.

			Summary of Revenue Stabilization Mechanisms					Alternative Regulation / Incentive Plans	
Company	Parent	State	Formula-Based Rates	Price Freeze/Cap	Earnings Sharing	Formula-Based ROE	Rate Base Additions	Service Quality/Management Performance	Merger Savings
Minnesota Power	ALE	Minnesota							
Interstate Power & Light	LNT	Iowa		✓					
Interstate Power & Light	LNT	Minnesota							
Wisconsin Power & Light	LNT	Wisconsin		✓	✓				
Ameren Illinois	AEE	Illinois	✓		✓	✓		✓	
Union Electric	AEE	Missouri							
AEP Texas Central	AEP	Texas					✓		
AEP Texas North	AEP	Texas					✓		
Appalachian Power	AEP	Virginia			✓	✓	✓	✓	
Appalachian Power	AEP	West Virginia					✓		
Indiana Michigan Power	AEP	Indiana					✓		
Indiana Michigan Power	AEP	Michigan							
Kentucky Power	AEP	Kentucky					✓		
Public Service Oklahoma	AEP	Oklahoma					✓		
Southwestern Electric Power	AEP	Arkansas					✓		
Southwestern Electric Power	AEP	Louisiana	✓	✓	✓				
Southwestern Electric Power	AEP	Texas					✓		
Kingsport Power	AEP	Tennessee							
Wheeling Power	AEP	West Virginia					✓		
Ohio Power	AEP	Ohio		✓	✓		✓		
Avista Corporation	AVA	Idaho							
Avista Corporation	AVA	Washington		✓					
Black Hill Colorado Electric	BKH	Colorado					✓		
Black Hills Power	BKH	South Dakota							
Cheyenne Light Fuel & Power	BKH	Wyoming					✓		
CenterPoint Energy Houston Electric	CNP	Texas					✓		
Cleco Power	CNL	Louisiana	✓		✓				
CMS Energy Corporation	CMS	Michigan							
Rockland Electric	ED	New Jersey					✓		
Consolidated Edison of New York	ED	New York			✓				
Orange & Rockland Utilities	ED	New York		✓	✓				
Virginia Electric & Power	D	North Carolina							
Virginia Electric & Power	D	Virginia		✓	✓	✓	✓	✓	
DTE Electric	DTE	Michigan							
Duke Energy Florida	DUK	Florida		✓			✓		
Duke Energy Indiana	DUK	Indiana		✓			✓		
Duke Energy Kentucky	DUK	Kentucky							
Duke Energy Progress	DUK	North Carolina							
Duke Energy Carolinas	DUK	North Carolina		✓					
Duke Energy Ohio	DUK	Ohio			✓				
Carolina Power & Light	DUK	South Carolina							
Duke Energy Carolinas	DUK	South Carolina		✓					
Southern California Edison	EIX	California		✓		✓			
El Paso Electric	EE	New Mexico							
El Paso Electric	EE	Texas					✓		
Empire District Electric	EDE	Kansas					✓		
Empire District Electric	EDE	Missouri		✓					
Entergy Arkansas	ETR	Arkansas					✓		
Entergy New Orleans	ETR	Louisiana							
Entergy Gulf States Louisiana	ETR	Louisiana							
Entergy Louisiana	ETR	Louisiana							
Entergy Mississippi	ETR	Mississippi	✓			✓	✓	✓	
Entergy Texas	ETR	Texas					✓		
Kansas City Power & Light	GXP	Kansas					✓	✓	
Kansas City Power & Light	GXP	Missouri							
KCP&L Greater Missouri	GXP	Missouri							

			Summary of Revenue Stabilization Mechanisms Alternative Regulation / Incentive Plans						
Company	Parent	State	Formula- Based Rates	Price Freeze/Cap	Earnings Sharing	Formula-Based ROE	Rate Base Additions	Service Quality/ Management Performance	Merger Savings
Hawaiian Electric	HE	Hawaii			✓		✓		
Hawaii Electric Light	HE	Hawaii		✓	✓		✓		
Maui Electric	HE	Hawaii			✓		✓		
Idaho Power	IDA	Idaho			✓				
Idaho Power	IDA	Oregon					✓		
Madison Gas & Electric	MGEE	Wisconsin		✓					
Florida Power & Light	NEE	Florida		✓			✓		
Lone Star Transmission	NEE	Texas					✓		
Connecticut Light & Power	NU	Connecticut		✓	✓				
NSTAR Electric	NU	Massachusetts		✓				✓	
Western Massachusetts Electric	NU	Massachusetts		✓				✓	
Public Service Co. of New Hampshire	NU	New Hampshire		✓	✓				
Northwestern Energy	NWE	Montana							
Oklahoma Gas & Electric	OGE	Arkansas							
Oklahoma Gas & Electric	OGE	Oklahoma					✓		
Otter Tail Power	OTTR	Minnesota							
Otter Tail Power	OTTR	North Dakota							
Pacific Gas & Electric	PCG	California		✓		✓	✓		
Arizona Public Service	PNW	Arizona		✓					
Texas-New Mexico Power	PNM	Texas					✓		
Portland General Electric	POR	Oregon					✓		
Kentucky Utilities	PPL	Kentucky					✓		
Louisville Gas & Electric	PPL	Kentucky					✓		
PPL Electric Utilities	PPL	Pennsylvania							
Kentucky Utilities	PPL	Virginia							
Public Service Electric& Gas	PEG	New Jersey					✓		
South Carolina Electric & Gas	SCG	South Carolina		✓			✓		
San Diego Gas & Electric	SRE	California		✓		✓			
Alabama Power	SO	Alabama	✓				✓		
Gulf Power	SO	Florida							
Georgia Power	SO	Georgia		✓	✓		✓		
Mississippi Power	SO	Mississippi	✓			✓		✓	
Tampa Electric	TE	Florida		✓			✓		
Southern Indiana Gas & Electric	VVC	Indiana							
Kansas Gas & Electric	WR	Kansas					✓		✓
Westar Energy	WR	Kansas					✓		✓
Wisconsin Electric Power	WEC	Michigan							
Wisconsin Electric Power	WEC	Wisconsin		✓					
Public Service Co. of Colorado	XEL	Colorado		✓	✓		✓		
Northern States Power-Minnesota	XEL	Minnesota							
Southwestern Public Service	XEL	New Mexico		✓					
Northern States Power-Minnesota	XEL	North Dakota							
Northern States Power-Minnesota	XEL	South Dakota		✓					
Southwestern Public Service	XEL	Texas		✓					
Northern States Power-Wisconsin	XEL	Wisconsin							

Source: Regulatory Research Associates, *Regulatory Focus* "Alternative Regulation/Incentive Plans A State-by-State Overview," November 19, 2013.

Dr. England's Replicated Constant Growth Discounted Cash Flow Model
As filed

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
		Annualized Dividend	Average Stock Price	Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Mean ROE
Ameren Corporation	AEE	\$1.70	\$39.48	4.30%	8.90%	7.50%	4.50%	6.97%	11.27%
American Electric Power Company, Inc.	AEP	\$2.05	\$52.89	3.87%	4.79%	4.80%	4.50%	4.70%	8.57%
CenterPoint Energy, Inc.	CNP	\$0.97	\$24.36	3.98%	3.87%	4.50%	3.50%	3.96%	7.93%
CMS Energy Corporation	CMS	\$1.11	\$29.85	3.74%	6.80%	6.10%	6.50%	6.47%	10.20%
Consolidated Edison, Inc.	ED	\$2.55	\$56.55	4.51%	2.60%	2.70%	2.00%	2.43%	6.94%
DTE Energy Company	DTE	\$2.85	\$76.30	3.73%	5.87%	6.20%	6.50%	6.19%	9.92%
Northeast Utilities	NU	\$1.62	\$45.49	3.57%	6.31%	6.50%	8.00%	6.94%	10.51%
PG&E Corporation	PCG	\$1.87	\$45.61	4.11%	6.95%	5.60%	5.00%	5.85%	9.96%
Public Service Enterprise Group Incorporated	PEG	\$1.50	\$37.86	3.95%	1.76%	2.60%	2.00%	2.12%	6.07%
Sempra Energy	SRE	\$2.73	\$101.51	2.69%	7.47%	7.50%	6.00%	6.99%	9.68%
Wisconsin Energy Corporation	WEC	\$1.60	\$45.42	3.53%	5.33%	6.00%	5.50%	5.61%	9.14%
Proxy Group Mean				3.82%	5.51%	5.45%	4.91%	5.29%	9.11%
Proxy Group Median				3.87%	5.87%	6.00%	5.00%	5.85%	9.68%

Notes:

- [1] Source: SEE Workpapers
- [2] Source: SEE Workpapers
- [3] Equals [1] / [2]
- [4] Source: SEE Workpapers
- [5] Source: SEE Workpapers
- [6] Source: SEE Workpapers
- [7] Equals Average([4], [5], [6])
- [8] Equals [3] + [7]

Dr. England's Replicated Constant Growth Discounted Cash Flow Model
Distribution-Only Utilities Removed from Proxy Group

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
		Annualized Dividend	Average Stock Price	Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Mean ROE
Ameren Corporation	AEE	\$1.70	\$39.48	4.30%	7.50%	8.90%	4.50%	6.97%	11.27%
American Electric Power Company, Inc.	AEP	\$2.05	\$52.89	3.87%	4.80%	4.79%	4.50%	4.70%	8.57%
CMS Energy Corporation	CMS	\$1.11	\$29.85	3.74%	6.10%	6.80%	6.50%	6.47%	10.20%
DTE Energy Company	DTE	\$2.85	\$76.30	3.73%	6.20%	5.87%	6.50%	6.19%	9.92%
PG&E Corporation	PCG	\$1.87	\$45.61	4.11%	5.60%	6.95%	5.00%	5.85%	9.96%
Proxy Group Mean				3.95%	6.04%	6.66%	5.40%	6.03%	9.98%
Proxy Group Median				3.87%	6.10%	6.80%	5.00%	6.19%	9.96%

Notes:

- [1] Source: SEE Workpapers
[2] Source: SEE Workpapers
[3] Equals [1] / [2]
[4] Source: SEE Workpapers
[5] Source: SEE Workpapers
[6] Source: SEE Workpapers
[7] Equals Average([4], [5], [6])
[8] Equals [3] + [7]

Dr. England's Replicated Multi-Stage Discounted Cash Flow Model
As filed

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
		Annualized Dividend	Average Stock Price	Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	First Stage Growth	Long-Term Growth	Multi-Stage DCF Result
Ameren Corporation	AEE	\$1.70	\$39.48	4.30%	7.50%	8.90%	4.50%	6.97%	5.74%	10.87%
American Electric Power Company, Inc.	AEP	\$2.05	\$52.89	3.87%	4.80%	4.79%	4.50%	4.70%	5.74%	9.40%
CenterPoint Energy, Inc.	CNP	\$0.97	\$24.36	3.98%	4.50%	3.87%	3.50%	3.96%	5.74%	9.21% [10]
CMS Energy Corporation	CMS	\$1.11	\$29.85	3.74%	6.10%	6.80%	6.50%	6.47%	5.74%	10.00%
Consolidated Edison, Inc.	ED	\$2.55	\$56.55	4.51%	2.70%	2.60%	2.00%	2.43%	5.74%	9.08%
DTE Energy Company	DTE	\$2.85	\$76.30	3.73%	6.20%	5.87%	6.50%	6.19%	5.74%	9.87%
Northeast Utilities	NU	\$1.62	\$45.49	3.57%	6.50%	6.31%	8.00%	6.94%	5.74%	10.01%
PG&E Corporation	PCG	\$1.87	\$45.61	4.11%	5.60%	6.95%	5.00%	5.85%	5.74%	10.13%
Public Service Enterprise Group Incorporated	PEG	\$1.50	\$37.86	3.95%	2.60%	1.76%	2.00%	2.12%	5.74%	8.53%
Sempra Energy	SRE	\$2.73	\$101.51	2.69%	7.50%	7.47%	6.00%	6.99%	5.74%	9.00%
Wisconsin Energy Corporation	WEC	\$1.60	\$45.42	3.53%	6.00%	5.33%	5.50%	5.61%	5.74%	9.42%
Proxy Group Mean				3.82%	5.45%	5.51%	4.91%	5.29%	5.74%	9.59%
Proxy Group Median				3.87%	6.00%	5.87%	5.00%	5.85%	5.74%	9.42%

Notes:

[1] Source: SEE Workpapers

[2] Source: SEE Workpapers

[3] Equals [1] / [2]

[4] Source: SEE Workpapers

[5] Source: SEE Workpapers

[6] Source: SEE Workpapers

[7] Equals Average([4], [5], [6])

[8] Source: SEE Workpapers

[9] Equals IRR of Dividends

[10] Due to an error in Dr. England's workpapers the DCF result for CNP was incorrectly calculated as 9.14%

Dr. England's Replicated Multi-Stage Discounted Cash Flow Model
Applying Mid-Year Convention

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
		Annualized Dividend	Average Stock Price	Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	First Stage Growth	Long-Term Growth	Multi-Stage DCF Result
Ameren Corporation	AEE	\$1.70	39.48	4.30%	7.50%	8.90%	4.50%	6.97%	5.74%	11.13%
American Electric Power Company, Inc.	AEP	\$2.05	52.89	3.87%	4.80%	4.79%	4.50%	4.70%	5.74%	9.57%
CenterPoint Energy, Inc.	CNP	\$0.97	24.36	3.98%	4.50%	3.87%	3.50%	3.96%	5.74%	9.37%
CMS Energy Corporation	CMS	\$1.11	29.85	3.74%	6.10%	6.80%	6.50%	6.47%	5.74%	10.20%
Consolidated Edison, Inc.	ED	\$2.55	56.55	4.51%	2.70%	2.60%	2.00%	2.43%	5.74%	9.24%
DTE Energy Company	DTE	\$2.85	76.3	3.73%	6.20%	5.87%	6.50%	6.19%	5.74%	10.07%
Northeast Utilities	NU	\$1.62	45.49	3.57%	6.50%	6.31%	8.00%	6.94%	5.74%	10.21%
PG&E Corporation	PCG	\$1.87	45.61	4.11%	5.60%	6.95%	5.00%	5.85%	5.74%	10.35%
Public Service Enterprise Group Incorporated	PEG	\$1.50	37.86	3.95%	2.60%	1.76%	2.00%	2.12%	5.74%	8.65%
Sempra Energy	SRE	\$2.73	101.51	2.69%	7.50%	7.47%	6.00%	6.99%	5.74%	9.14%
Wisconsin Energy Corporation	WEC	\$1.60	45.42	3.53%	6.00%	5.33%	5.50%	5.61%	5.74%	9.59%
Proxy Group Mean				3.82%	5.45%	5.51%	4.91%	5.29%	5.74%	9.77%
Proxy Group Median				3.87%	6.00%	5.87%	5.00%	5.85%	5.74%	9.59%

Notes:

[1] Source: SEE Workpapers

[2] Source: SEE Workpapers

[3] Equals [1] / [2]

[4] Source: SEE Workpapers

[5] Source: SEE Workpapers

[6] Source: SEE Workpapers

[7] Equals Average([4], [5], [6])

[8] Source: SEE Workpapers

[9] Equals XIRR adjusted for Mid-Year Convention

Dr. England's Replicated Multi-Stage Discounted Cash Flow Model
As filed

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
		Annualized Dividend	Average Stock Price	Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	First Stage Growth	Long-Term Growth	Multi-Stage DCF Result
Ameren Corporation	AEE	\$1.70	\$39.48	4.30%	7.50%	8.90%	4.50%	6.97%	5.74%	10.87%
American Electric Power Company, Inc.	AEP	\$2.05	\$52.89	3.87%	4.80%	4.79%	4.50%	4.70%	5.74%	9.40%
CenterPoint Energy, Inc.	CNP	\$0.97	\$24.36	3.98%	4.50%	3.87%	3.50%	3.96%	5.74%	9.21% [10]
CMS Energy Corporation	CMS	\$1.11	\$29.85	3.74%	6.10%	6.80%	6.50%	6.47%	5.74%	10.00%
Consolidated Edison, Inc.	ED	\$2.55	\$56.55	4.51%	2.70%	2.60%	2.00%	2.43%	5.74%	9.08%
DTE Energy Company	DTE	\$2.85	\$76.30	3.73%	6.20%	5.87%	6.50%	6.19%	5.74%	9.87%
Northeast Utilities	NU	\$1.62	\$45.49	3.57%	6.50%	6.31%	8.00%	6.94%	5.74%	10.01%
PG&E Corporation	PCG	\$1.87	\$45.61	4.11%	5.60%	6.95%	5.00%	5.85%	5.74%	10.13%
Public Service Enterprise Group Incorporated	PEG	\$1.50	\$37.86	3.95%	2.60%	1.76%	2.00%	2.12%	5.74%	8.53%
Sempra Energy	SRE	\$2.73	\$101.51	2.69%	7.50%	7.47%	6.00%	6.99%	5.74%	9.00%
Wisconsin Energy Corporation	WEC	\$1.60	\$45.42	3.53%	6.00%	5.33%	5.50%	5.61%	5.74%	9.42%
Proxy Group Mean				3.82%	5.45%	5.51%	4.91%	5.29%	5.74%	9.59%
Proxy Group Median				3.87%	6.00%	5.87%	5.00%	5.85%	5.74%	9.42%

Notes:

[1] Source: SEE Workpapers

[2] Source: SEE Workpapers

[3] Equals [1] / [2]

[4] Source: SEE Workpapers

[5] Source: SEE Workpapers

[6] Source: SEE Workpapers

[7] Equals Average([4], [5], [6])

[8] Source: SEE Workpapers

[9] Equals IRR of Dividends

[10] Due to an error in Dr. England's workpapers the DCF result for CNP was incorrectly calculated as 9.14%

Dr. England's Replicated Multi-Stage Discounted Cash Flow Model
Distribution-Only Utilities Removed from Proxy Group

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
		Annualized Dividend	Average Stock Price	Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	First Stage Growth	Long- Term Growth	Multi-Stage DCF Result
Ameren Corporation	AEE	\$1.70	\$39.48	4.30%	7.50%	8.90%	4.50%	6.97%	5.74%	10.87%
American Electric Power Company, Inc.	AEP	\$2.05	\$52.89	3.87%	4.80%	4.79%	4.50%	4.70%	5.74%	9.40%
CMS Energy Corporation	CMS	\$1.11	\$29.85	3.74%	6.10%	6.80%	6.50%	6.47%	5.74%	10.00%
DTE Energy Company	DTE	\$2.85	\$76.30	3.73%	6.20%	5.87%	6.50%	6.19%	5.74%	9.87%
PG&E Corporation	PCG	\$1.87	\$45.61	4.11%	5.60%	6.95%	5.00%	5.85%	5.74%	10.13%
Proxy Group Mean				3.95%	6.04%	6.66%	5.40%	6.03%	5.74%	10.05%
Proxy Group Median				3.87%	6.10%	6.80%	5.00%	6.19%	5.74%	10.00%

Notes:

[1] Source: SEE Workpapers

[2] Source: SEE Workpapers

[3] Equals [1] / [2]

[4] Source: SEE Workpapers

[5] Source: SEE Workpapers

[6] Source: SEE Workpapers

[7] Equals Average([4], [5], [6])

[8] Source: SEE Workpapers

[9] Equals IRR of Dividends

Equity Duration Calculation
Dr. England Proxy Group

Company	Ticker	Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Average Growth	Mean ROE	Equity Duration
Ameren Corporation	AEE	\$1.64	\$39.48	4.15%	4.30%	6.97%	11.27%	25.81
American Electric Power Company, Inc.	AEP	\$2.00	\$52.89	3.78%	3.87%	4.70%	8.57%	27.91
CenterPoint Energy, Inc.	CNP	\$0.95	\$24.36	3.90%	3.98%	3.96%	7.94%	27.03
CMS Energy Corporation	CMS	\$1.08	\$29.85	3.62%	3.74%	6.47%	10.21%	29.30
Consolidated Edison, Inc.	ED	\$2.52	\$56.55	4.46%	4.51%	2.43%	6.94%	23.67
DTE Energy Company	DTE	\$2.76	\$76.30	3.62%	3.73%	6.19%	9.92%	29.27
Northeast Utilities	NU	\$1.57	\$45.49	3.45%	3.57%	6.94%	10.51%	30.67
PG&E Corporation	PCG	\$1.82	\$45.61	3.99%	4.11%	5.85%	9.96%	26.67
Public Service Enterprise Group Incorporated	PEG	\$1.48	\$37.86	3.91%	3.95%	2.12%	6.07%	26.75
Sempra Energy	SRE	\$2.64	\$101.51	2.60%	2.69%	6.99%	9.68%	39.35
Wisconsin Energy Corporation	WEC	\$1.56	\$45.42	3.43%	3.53%	5.61%	9.14%	30.63

Source: Exhibit SEE-4; Differences in ROE estimates due to rounding.

Average Equity Duration 28.82

Equity Duration Calculation
Dr. England Proxy Group

Equity Duration Calculation	Price	D(0)	Growth Rate	Period	1	2	3	4	200
AEE Stated Price	\$ 39.48	1.64	6.97%	Dividend	\$ 1.70	\$ 1.82	\$ 1.94	\$ 2.08	\$ 1,129,427.65
AEE Implied Price	\$ 39.47			PV Factor	0.8987248	0.8077062	0.7259056	0.6523894	0.0000000
AEE Equity Duration	25.81			PV Wtgd Cash Flow	0.0386487	0.0371556	0.0357201	0.0343401	0.0000152
AEP Stated Price	\$ 52.89	2.00	4.70%	Dividend	\$ 2.05	\$ 2.14	\$ 2.24	\$ 2.35	\$ 19,076.89
AEP Implied Price	\$ 52.85			PV Factor	0.9210622	0.8483556	0.7813883	0.7197073	0.0000001
AEP Equity Duration	27.91			PV Wtgd Cash Flow	0.0356729	0.0344013	0.0331749	0.0319923	0.0000260
CNP Stated Price	\$ 24.36	0.95	3.96%	Dividend	\$ 0.97	\$ 1.01	\$ 1.05	\$ 1.09	\$ 2,201.03
CNP Implied Price	\$ 24.35			PV Factor	0.9264659	0.8583391	0.7952219	0.7367460	0.0000002
CNP Equity Duration	27.03			PV Wtgd Cash Flow	0.0368663	0.0355079	0.0341996	0.0329394	0.0000210
CMS Stated Price	\$ 29.85	1.08	6.47%	Dividend	\$ 1.11	\$ 1.19	\$ 1.26	\$ 1.35	\$ 292,061.48
CMS Implied Price	\$ 29.82			PV Factor	0.9073987	0.8233725	0.7471271	0.6779422	0.0000000
CMS Equity Duration	29.30			PV Wtgd Cash Flow	0.0339269	0.0327770	0.0316661	0.0305929	0.0000355
ED Stated Price	\$ 56.55	2.52	2.43%	Dividend	\$ 2.55	\$ 2.61	\$ 2.68	\$ 2.74	\$ 303.15
ED Implied Price	\$ 56.54			PV Factor	0.9351005	0.8744130	0.8176640	0.7645980	0.0000015
ED Equity Duration	23.67			PV Wtgd Cash Flow	0.0421842	0.0404050	0.0387009	0.0370686	0.0000080
DTE Stated Price	\$ 76.30	2.76	6.19%	Dividend	\$ 2.85	\$ 3.02	\$ 3.21	\$ 3.41	\$ 441,354.16
DTE Implied Price	\$ 76.22			PV Factor	0.9097587	0.8276609	0.7529717	0.6850226	0.0000000
DTE Equity Duration	29.27			PV Wtgd Cash Flow	0.0339613	0.0328091	0.0316960	0.0306206	0.0000353
NU Stated Price	\$ 45.49	1.57	6.94%	Dividend	\$ 1.62	\$ 1.74	\$ 1.86	\$ 1.99	\$ 1,022,374.18
NU Implied Price	\$ 45.43			PV Factor	0.9048867	0.8188200	0.7409394	0.6704662	0.0000000
NU Equity Duration	30.67			PV Wtgd Cash Flow	0.0323595	0.0313138	0.0303020	0.0293228	0.0000469
PCG Stated Price	\$ 45.61	1.82	5.85%	Dividend	\$ 1.87	\$ 1.98	\$ 2.10	\$ 2.22	\$ 153,487.80
PCG Implied Price	\$ 45.59			PV Factor	0.9094458	0.8270917	0.7521951	0.6840807	0.0000000
PCG Equity Duration	26.67			PV Wtgd Cash Flow	0.0373700	0.0359742	0.0346305	0.0333370	0.0000192
PEG Stated Price	\$ 37.86	1.48	2.12%	Dividend	\$ 1.50	\$ 1.53	\$ 1.56	\$ 1.59	\$ 97.25
PEG Implied Price	\$ 37.84			PV Factor	0.9427685	0.8888125	0.8379444	0.7899876	0.0000076
PEG Equity Duration	26.75			PV Wtgd Cash Flow	0.0372636	0.0358757	0.0345395	0.0332531	0.0000195
SRE Stated Price	\$ 101.51	2.64	6.99%	Dividend	\$ 2.73	\$ 2.92	\$ 3.13	\$ 3.35	\$ 1,887,198.63
SRE Implied Price	\$ 100.80			PV Factor	0.9117297	0.8312511	0.7578764	0.6909785	0.0000000
SRE Equity Duration	39.35			PV Wtgd Cash Flow	0.0247120	0.0241056	0.0235140	0.0229370	0.0001760
WEC Stated Price	\$ 45.42	1.56	5.61%	Dividend	\$ 1.60	\$ 1.69	\$ 1.79	\$ 1.89	\$ 83,645.45
WEC Implied Price	\$ 45.36			PV Factor	0.9162464	0.8395074	0.7691956	0.7047727	0.0000000
WEC Equity Duration	30.63			PV Wtgd Cash Flow	0.0323973	0.0313492	0.0303350	0.0293535	0.0000466

Growth Rate Regression Analysis

Company	Ticker	TTM P/E	Past 5 Year EPS Growth Rate	Past 5 Year Div Growth Rate	Past 5 Year Book Value Growth Rate	Proj. Cash Flow Growth Rate	Proj. Earnings Growth Rate	Proj. Div Growth Rate	Proj. BV Growth Rate
ALLETE	ALE	18.10	-2.00%	3.00%	5.00%	6.50%	6.00%	4.00%	4.50%
Alliant Energy	LNT	16.50	4.50%	7.00%	3.00%	6.00%	6.00%	4.50%	4.00%
Amer. Elec. Power	AEP	14.50	1.50%	4.00%	4.50%	4.50%	4.50%	4.50%	4.00%
Ameren Corp.	AEE	15.80	-4.00%	-9.00%	-2.00%	3.50%	4.50%	2.00%	1.50%
Avista Corp.	AVA	17.50	6.50%	13.50%	3.50%	5.50%	5.50%	4.50%	4.00%
Black Hills	BKH	20.80	2.00%	1.50%	2.00%	6.50%	9.50%	4.00%	4.00%
CenterPoint Energy	CNP	19.10	0.50%	4.00%	13.00%	2.50%	3.50%	8.00%	2.00%
Cleco Corp.	CNL	22.50	12.50%	7.50%	8.50%	4.50%	3.50%	8.00%	4.00%
CMS Energy Corp.	CMS	16.10	13.00%	NMF	4.00%	5.50%	6.50%	6.00%	6.00%
Consol. Edison	ED	15.30	3.00%	1.00%	4.00%	4.00%	2.00%	2.00%	3.50%
Dominion Resources	D	22.30	2.50%	7.50%	2.50%	5.00%	5.50%	5.00%	6.00%
DTE Energy	DTE	17.80	7.50%	3.00%	4.00%	6.00%	6.50%	5.00%	4.50%
Duke Energy	DUK	20.00	4.50%	11.50%	0.50%	4.50%	5.00%	2.00%	2.50%
Edison Int'l	EIX	15.40	2.50%	2.50%	3.00%	3.50%	2.50%	7.50%	6.00%
El Paso Electric	EE	17.10	8.50%	NA	8.00%	5.00%	3.00%	7.00%	5.50%
Empire Dist. Elec.	EDE	15.40	2.50%	-7.00%	1.50%	4.50%	4.00%	4.50%	3.00%
Entergy Corp.	ETR	11.80	1.50%	5.00%	5.00%	3.50%	1.00%	2.50%	4.00%
Exelon Corp.	EXC	17.00	-7.50%	0.50%	9.50%	1.50%	2.00%	-3.50%	5.00%
FirstEnergy Corp.	FE	14.90	-11.00%	3.50%	2.00%	2.00%	4.50%	-4.00%	2.50%
G't Plains Energy	GXP	16.50	-2.00%	-12.50%	3.50%	7.00%	6.00%	6.00%	3.00%
Hawaiian Elec.	HE	15.80	6.00%	0.50%	2.50%	3.50%	4.00%	1.00%	4.00%
IDACORP, Inc.	IDA	17.00	10.00%	3.00%	5.50%	2.50%	1.50%	8.00%	4.00%
Integrus Energy	TEG	16.20	7.50%	1.50%	0.50%	4.00%	3.50%	1.50%	3.50%
ITC Holdings	ITC	23.10	19.00%	5.50%	13.00%	15.00%	15.50%	12.50%	11.50%
MGE Energy	MGEE	17.10	5.50%	2.00%	5.50%	8.00%	9.00%	4.00%	6.00%
NextEra Energy	NEE	24.10	6.00%	8.00%	7.50%	6.50%	6.00%	8.50%	7.00%
Northeast Utilities	NU	20.70	9.00%	11.00%	8.00%	5.50%	8.00%	7.50%	5.00%
NorthWestern Corp.	NWE	20.50	10.00%	3.00%	3.50%	4.00%	3.50%	4.50%	4.00%
OGE Energy	OGE	17.40	7.50%	3.00%	8.50%	2.50%	5.50%	9.00%	6.50%
Otter Tail Corp.	OTTR	17.20	-18.50%	0.50%	-1.00%	10.00%	15.50%	1.50%	3.00%
Pepco Holdings	POM	21.50	-6.00%	0.50%	-1.00%	3.50%	7.00%	0.00%	3.00%
PG&E Corp.	PCG	28.30	-5.50%	5.00%	4.50%	3.00%	5.00%	2.50%	3.00%
Pinnacle West Capital	PNW	16.30	4.00%	2.50%	1.00%	3.00%	4.00%	3.00%	3.50%
PNM Resources	PNM	19.40	8.00%	-6.00%	-1.00%	5.50%	11.00%	12.00%	3.50%
Portland General	POR	16.20	3.00%	4.50%	2.00%	5.00%	5.00%	4.50%	4.00%
PPL Corp.	PPL	18.10	0.50%	3.50%	6.00%	2.00%	0.00%	2.00%	4.00%
Public Serv. Enterprise	PEG	16.80	2.00%	3.50%	8.50%	4.00%	2.00%	2.50%	5.00%
SCANA Corp.	SCG	15.00	3.00%	2.50%	4.50%	4.00%	5.00%	3.00%	5.50%
Sempra Energy	SRE	24.70	1.50%	12.50%	6.50%	6.50%	7.00%	7.00%	4.50%
Southern Co.	SO	16.30	3.50%	4.00%	5.50%	4.00%	3.50%	3.50%	4.00%
TECO Energy	TE	19.40	0.50%	2.50%	3.00%	3.50%	3.50%	1.50%	2.50%
UIL Holdings	UIL	21.20	2.00%	0.50%	4.00%	2.50%	4.50%	0.00%	4.50%
Vectren Corp.	VVC	19.50	1.50%	2.00%	3.00%	7.00%	9.00%	1.50%	2.50%
Westar Energy	WR	15.70	4.50%	4.00%	4.00%	4.50%	6.00%	3.00%	5.00%
Wisconsin Energy	WEC	16.40	10.50%	19.50%	6.00%	6.00%	5.50%	9.50%	3.00%
Xcel Energy Inc.	XEL	16.70	5.50%	3.50%	4.50%	4.00%	5.50%	5.00%	4.50%

Notes:

Source: Value Line Reports as of October 31, 2014; Value Line Screener

Growth Rate Regression Analysis

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.081730074
R Square	0.006679805
Adjusted R Square	-0.015895654
Standard Error	3.163119605
Observations	46

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	2.96045475	2.96045475	0.2958879	0.58921781
Residual	44	440.234328	10.0053256		
Total	45	443.194783			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	18.024467	0.52213611	34.5206292	1.6571E-33	16.9721708	19.0767632	16.9721708	19.0767632
Past 5 Year EPS Growth Rate	3.996270757	7.34668307	0.54395579	0.58921781	-10.809996	18.8025376	-10.809996	18.8025376

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.32553517
R Square	0.105973147
Adjusted R Square	0.085654355
Standard Error	3.000863651
Observations	46

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	46.9667458	46.9667458	5.21552395	0.02726911
Residual	44	396.228037	9.00518265		
Total	45	443.194783			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	16.39429259	0.88783727	18.465425	2.3956E-22	14.6049741	18.183611	14.6049741	18.183611
Proj. Earnings Growth Rate	32.73787082	14.3351241	2.28375217	0.02726911	3.84732644	61.6284152	3.84732644	61.6284152

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.210164234
R Square	0.044169005
Adjusted R Square	0.022445573
Standard Error	3.102855393
Observations	46

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	19.5754726	19.5754726	2.03324252	0.16094859
Residual	44	423.61931	9.62771159		
Total	45	443.194783			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	17.28357518	0.7618152	22.6873592	6.4939E-26	15.7482375	18.8189128	15.7482375	18.8189128
Past 5 Year Book Value Growth Rate	20.02784057	14.0455753	1.42591813	0.16094859	-8.2791565	48.3348377	-8.2791565	48.3348377

Growth Rate Regression Analysis

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.187573728
R Square	0.035183903
Adjusted R Square	0.013256265
Standard Error	3.117405172
Observations	46

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	15.5933224	15.5933224	1.60454594	0.21192467
Residual	44	427.60146	9.718215		
Total	45	443.194783			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	16.61858407	1.29500467	12.8328371	1.7946E-16	14.0086736	19.2284945	14.0086736	19.2284945
Proj. BV Growth Rate	35.99241466	28.4141655	1.26670673	0.21192467	-21.272573	93.2574025	-21.272573	93.2574025

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.267171817
R Square	0.07138078
Adjusted R Square	0.049270798
Standard Error	3.110722452
Observations	44

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	31.2403173	31.2403173	3.22844141	0.07956347
Residual	42	406.416955	9.67659418		
Total	43	437.657273			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	17.70046634	0.5517319	32.0816436	3.6033E-31	16.5870263	18.8139064	16.5870263	18.8139064
Past 5 Year Div Growth Rate	15.42247063	8.58336335	1.79678641	0.07956347	-1.8994579	32.7443992	-1.8994579	32.7443992

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.243014983
R Square	0.059056282
Adjusted R Square	0.037671197
Standard Error	3.078596738
Observations	46

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	26.173436	26.173436	2.76156411	0.10366337
Residual	44	417.021347	9.47775788		
Total	45	443.194783			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	17.18902104	0.73617783	23.3490067	2.0156E-26	15.7053521	18.67269	15.7053521	18.67269
Proj. Div Growth Rate	22.3762788	13.4651222	1.66179545	0.10366337	-4.7608919	49.5134495	-4.7608919	49.5134495

Growth Rate Regression Analysis

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.239796397
R Square	0.057502312
Adjusted R Square	0.03608191
Standard Error	3.081137843
Observations	46

<i>ANOVA</i>					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	25.4847247	25.4847247	2.68446465	0.10846364
Residual	44	417.710058	9.49341041		
Total	45	443.194783			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	16.58084223	1.06120024	15.6246122	1.4358E-19	14.4421337	18.7195508	14.4421337	18.7195508
Proj. Cash Flow Growth Rate	32.70645132	19.9620243	1.6384336	0.10846364	-7.5243652	72.9372679	-7.5243652	72.9372679

Notes:

Note: Companies with NA, NMF excluded from regression

Colorado Division of Property Taxation - Electric Cost of Capital Study for Tax Year 2014

Company	Ticker	DCF			CAPM				Equity Rate Used	Percent Common Equity	Debt Rate	Percent Total Debt	Cap Rate	Average of DCF and Ex-Ante CAPM
		Expected Growth Rate	Dividend Yield	Equity Rate	Value Line Beta	Ex Ante Equity Rate	Ex Post Equity Rate	Average Equity Rate						
ALLETE, Inc.	ALE	6.00%	3.91%	9.91%	0.75	11.60%	8.70%	10.15%	10.03%	65.23%	5.35%	34.77%	8.40%	10.76%
Alliant Energy Corporation	LNT	6.00%	3.81%	9.81%	0.75	11.60%	8.70%	10.15%	9.98%	64.19%	4.91%	35.81%	8.16%	10.71%
Ameren Corporation	AEE	5.50%	4.35%	9.85%	0.70	11.06%	8.35%	9.71%	9.78%	60.56%	5.35%	39.44%	8.03%	10.46%
American Electric Power Company, Inc.	AEP	NMF	4.45%	NFM	0.80	12.14%	9.05%	10.60%	10.60%	62.73%	5.05%	37.27%	8.53%	12.14%
Avista Corporation	AVA	4.00%	4.52%	8.52%	0.75	11.60%	8.70%	10.15%	9.34%	55.04%	5.35%	44.96%	7.54%	10.06%
Black Hills Corporation	BKH	NMF	2.96%	NFM	0.90	13.23%	9.74%	11.49%	11.49%	70.66%	5.35%	29.34%	9.68%	13.23%
CenterPoint Energy, Inc.	CNP	6.00%	3.68%	9.68%	0.80	12.14%	9.05%	10.60%	10.14%	56.09%	4.91%	43.91%	7.84%	10.91%
Cleco Corporation	CNL	5.50%	3.38%	8.88%	0.70	11.06%	8.35%	9.71%	9.29%	68.98%	5.35%	31.02%	8.07%	9.97%
CMS Energy Corporation	CMS	5.50%	4.05%	9.55%	0.70	11.06%	8.35%	9.71%	9.63%	49.55%	5.35%	50.45%	7.47%	10.31%
Consolidated Edison, Inc.	ED	2.50%	4.55%	7.05%	0.60	9.98%	7.66%	8.82%	7.93%	60.57%	4.61%	39.43%	6.62%	8.52%
Dominion Resources, Inc.	D	5.00%	3.68%	8.68%	0.70	11.06%	8.35%	9.71%	9.19%	66.68%	4.91%	33.32%	7.76%	9.87%
DTE Energy Company	DTE	5.00%	4.07%	9.07%	0.80	12.14%	9.05%	10.60%	9.83%	63.15%	5.35%	36.85%	8.18%	10.61%
Duke Energy Corporation	DUK	4.00%	4.58%	8.58%	0.65	10.52%	8.00%	9.26%	8.92%	56.55%	5.35%	43.45%	7.37%	9.55%
Edison International	EIX	1.50%	3.08%	4.58%	0.80	12.14%	9.05%	10.60%	10.60%	60.36%	5.35%	39.64%	8.51%	8.36%
El Paso Electric Company	EE	3.00%	3.14%	6.14%	0.65	10.52%	8.00%	9.26%	9.26%	58.52%	5.35%	41.48%	7.64%	8.33%
Empire District Electric Company	EDE	5.00%	4.53%	9.53%	0.70	11.06%	8.35%	9.71%	9.62%	56.78%	5.35%	43.22%	7.77%	10.30%
Entergy Corporation	ETR	NMF	5.32%	NFM	0.70	11.06%	8.35%	9.71%	9.71%	47.09%	5.05%	52.91%	7.24%	11.06%
Exelon Corporation	EXC	NMF	4.56%	NFM	0.75	11.60%	8.70%	10.15%	10.15%	55.65%	5.35%	44.35%	8.02%	11.60%
FirstEnergy Corp.	FE	3.50%	6.86%	10.36%	0.75	11.60%	8.70%	10.15%	10.26%	47.28%	5.35%	52.72%	7.67%	10.98%
Great Plains Energy Inc.	GXP	6.50%	3.90%	10.40%	0.85	12.69%	9.40%	11.05%	10.72%	51.63%	5.35%	48.37%	8.12%	11.55%
Hawaiian Electric Industries, Inc.	HE	3.50%	4.79%	8.29%	0.80	12.14%	9.05%	10.60%	9.44%	62.69%	5.35%	37.31%	7.91%	10.22%
IDACORP, Inc.	IDA	2.00%	3.29%	5.29%	0.75	11.60%	8.70%	10.15%	10.15%	61.83%	5.35%	38.17%	8.32%	8.45%
Integrus Energy Group, Inc.	TEG	4.50%	5.00%	9.50%	1.00	14.31%	10.44%	12.38%	10.94%	63.07%	4.91%	36.93%	8.71%	11.91%
MGE Energy, Inc.	MGEE	6.50%	2.88%	9.38%	0.65	10.52%	8.00%	9.26%	9.32%	76.91%	4.39%	23.09%	8.18%	9.95%
NextEra Energy, Inc.	NEE	5.50%	3.33%	8.83%	0.70	11.06%	8.35%	9.71%	9.27%	60.46%	4.91%	39.54%	7.54%	9.95%
Northeast Utilities	NU	8.00%	3.65%	11.65%	0.75	11.60%	8.70%	10.15%	10.90%	63.89%	4.91%	36.11%	8.74%	11.63%
NorthWestern Corporation	NWE	4.50%	3.57%	8.07%	0.70	11.06%	8.35%	9.71%	8.89%	60.74%	5.35%	39.26%	7.50%	9.57%
NV Energy	NVE	8.50%	0.00%	8.50%	0.80	12.14%	9.05%	10.60%	9.55%	53.86%	5.35%	46.14%	7.61%	10.32%
OGE Energy	OGE	5.00%	2.67%	7.67%	0.85	12.69%	9.40%	11.05%	9.36%	73.66%	4.91%	26.34%	8.18%	10.18%
Pepco Holdings, Inc.	POM	6.00%	5.70%	11.70%	0.75	11.60%	8.70%	10.15%	10.93%	53.51%	5.35%	46.49%	8.33%	11.65%
PG&E Corporation	PCG	2.50%	4.49%	6.99%	0.60	9.98%	7.66%	8.82%	7.90%	60.09%	5.05%	39.91%	6.76%	8.49%
Pinnacle West Capital Corporation	PNW	5.00%	4.28%	9.28%	0.75	11.60%	8.70%	10.15%	9.72%	67.50%	4.91%	32.50%	8.15%	10.44%
PNM Resources, Inc.	PNM	NMF	3.08%	NFM	0.95	13.77%	10.09%	11.93%	11.93%	53.21%	7.51%	46.79%	9.86%	13.77%
Portland General Electric Company	POR	3.50%	3.71%	7.21%	0.75	11.60%	8.70%	10.15%	8.68%	57.19%	5.05%	42.81%	7.13%	9.41%
PPL Corporation	PPL	0.00%	5.01%	NFM	0.65	10.52%	8.00%	9.26%	9.26%	49.63%	5.05%	50.37%	7.14%	10.52%
Public Service Enterprise Group Incorporated	PEG	NMF	4.59%	NFM	0.75	11.60%	8.70%	10.15%	10.15%	68.35%	5.35%	31.65%	8.63%	11.60%
SCANA Corporation	SCG	4.50%	4.42%	8.92%	0.70	11.06%	8.35%	9.71%	9.31%	54.80%	5.35%	45.20%	7.52%	9.99%
Sempra Energy	SRE	4.50%	2.92%	7.42%	0.75	11.60%	8.70%	10.15%	8.79%	67.57%	5.35%	32.43%	7.67%	9.51%
Southern Company	SO	3.00%	5.10%	8.10%	0.55	9.44%	7.31%	8.38%	8.24%	62.59%	4.91%	37.41%	6.99%	8.77%
TECO Energy, Inc.	TE	3.00%	5.16%	8.16%	0.95	13.77%	10.09%	11.93%	10.05%	56.76%	5.35%	43.24%	8.01%	10.97%
UIL Holdings Corporation	UIL	4.00%	4.50%	8.50%	0.80	12.14%	9.05%	10.60%	9.55%	55.30%	5.35%	44.70%	7.67%	10.32%
UNS Energy	UNS	6.50%	2.91%	9.41%	0.70	11.06%	8.35%	9.71%	9.56%	60.36%	6.52%	39.64%	8.35%	10.24%
Vectren Corporation	VVC	7.50%	4.14%	11.64%	0.70	11.06%	8.35%	9.71%	10.67%	64.16%	4.61%	35.84%	8.50%	11.35%
Westar Energy, Inc.	WR	6.00%	4.35%	10.35%	0.75	11.60%	8.70%	10.15%	10.25%	56.32%	5.05%	43.68%	7.98%	10.98%
Wisconsin Energy Corporation	WEC	7.00%	3.79%	10.79%	0.65	10.52%	8.00%	9.26%	10.03%	68.07%	4.51%	31.93%	8.26%	10.66%
Xcel Energy Inc.	XEL	4.50%	4.10%	8.60%	0.65	10.52%	8.00%	9.26%	8.93%	55.95%	4.91%	44.05%	7.16%	9.56%
Mean:				8.84%	0.74	11.53%	8.65%	10.09%	9.74%	60.13%	5.22%	39.87%	7.94%	10.43%
Median:				8.88%	0.75	11.60%	8.70%	10.15%	9.67%	60.41%	5.35%	39.59%	8.00%	10.32%
							Colorado DPT Selected:		9.74%	61.00%	5.21%	39.00%	7.97%	

Notes

Source: Colorado Division of Property Taxation, Final Colorado Electric Cost of Capital Study for Tax Year 2014

Differences due to rounding

Use of Future Test Years in Rate Cases - November 1, 2013 through October 31, 2014

State	Utility	Parent Company Ticker	Case Type	Case Identification	Date Requested	Order Date	Test Year End	Test Year
Wisconsin	Wisconsin Public Service Corp.	TEG	Vertically Integrated	D-6690-UR-122 (Elec)	3/29/2013	11/6/2013	12/2014	Future
Florida	Gulf Power Co.	SO	Vertically Integrated	D-130140-EI	7/12/2013	12/3/2013	12/2014	Future [1]
Wisconsin	Northern States Power Co - WI	XEL	Vertically Integrated	D-4220-UR-119 (Elec)	5/31/2013	12/5/2013	12/2014	Future
Oregon	Portland General Electric Co.	POR	Vertically Integrated	D-UE-262	2/15/2013	12/9/2013	12/2014	Future [1]
Virginia	Appalachian Power Co.	AEP	Limited-Issue Rider	PUE-2013-00009 (G-RAC)	3/29/2013	12/17/2013	12/2014	Future [1]
Georgia	Georgia Power Co.	SO	Vertically Integrated	D-36989	6/28/2013	12/17/2013	12/2016	Future [1]
Oregon	PacifiCorp	BRK.A	Vertically Integrated	D-UE-263	3/1/2013	12/18/2013	12/2014	Future
Michigan	Upper Peninsula Power Co.	-	Vertically Integrated	C-U-17274	6/28/2013	12/19/2013	12/2014	Future
Georgia	Georgia Power Co.	SO	Limited-Issue Rider	D-32539 (2014 Update)	11/1/2013	12/23/2013	12/2014	Future [1]
New York	Consolidated Edison Co. of NY	ED	Distribution	C-13-E-0030	1/25/2013	2/20/2014	12/2014	Future
Virginia	Virginia Electric & Power Co.	D	Limited-Issue Rider	C-PUE-2013-00065 (Rider W)	5/31/2013	2/28/2014	03/2015	Future
Virginia	Virginia Electric & Power Co.	D	Limited-Issue Rider	C-PUE-2013-00061 (Rider S)	6/14/2013	3/14/2014	03/2015	Future
Virginia	Virginia Electric & Power Co.	D	Limited-Issue Rider	C-PUE-2013-00060 (Rider B)	6/14/2013	3/14/2014	03/2015	Future
New Mexico	Southwestern Public Service Co	XEL	Vertically Integrated	C-12-00350-UT	12/12/2012	3/26/2014	12/2014	Future
Pennsylvania	Duquesne Light Co.	DQE	Distribution	D-R-2013-2372129	8/2/2013	4/23/2014	04/2015	Future
Wisconsin	Wisconsin Power and Light Co	LNT	Vertically Integrated	D-6680-UR-119 (Elec)	4/9/2014	6/6/2014	12/2015	Future [1]
Virginia	Virginia Electric & Power Co.	D	Limited-Issue Rider	C-PUE-2013-00122 (Rider BW)	11/1/2013	7/8/2014	08/2015	Future
California	Pacific Gas and Electric Co.	PCG	Vertically Integrated	AP-12-11-009 (Elec)	11/15/2012	8/14/2014	12/2014	Future
Utah	PacifiCorp	BRK.A	Vertically Integrated	D-13-035-184	1/3/2014	8/29/2014	06/2015	Future
Florida	Florida Public Utilities Co.	CPK	Vertically Integrated	D-140025-EI	4/28/2014	9/15/2014	09/2015	Future
Montana	NorthWestern Corp.	NWE	Limited-Issue Rider	D-D2013.12.85	12/20/2013	9/25/2014	12/2014	Future
Kansas	Westar Energy Inc.	WR	Vertically Integrated	D-13-WSEE-629-RTS	4/15/2013	11/21/2013	03/2011	Historical [1]
Virginia	Appalachian Power Co.	AEP	Limited-Issue Rider	PUE-2013-00010 (E-RAC)	3/29/2013	11/25/2013	12/2012	Historical [1]
Virginia	Kentucky Utilities Co.	PPL	Vertically Integrated	PUE-2013-00013	4/1/2013	11/25/2013	12/2012	Historical
Virginia	Virginia Electric & Power Co.	D	Vertically Integrated	C-PUE-2013-00020	3/28/2013	11/26/2013	12/2012	Historical
Washington	PacifiCorp	BRK.A	Vertically Integrated	D-UE-130043	1/11/2013	12/4/2013	06/2012	Historical
Illinois	Ameren Illinois	AEE	Distribution	D-13-0301	4/19/2013	12/9/2013	12/2012	Historical
Maryland	Baltimore Gas and Electric Co.	EXC	Distribution	C-9326 (elec)	5/17/2013	12/13/2013	07/2013	Historical
Nevada	Sierra Pacific Power Co.	BRK.A	Vertically Integrated	D-13-06002	6/3/2013	12/16/2013	12/2012	Historical
Arizona	UNS Electric Inc.	FTS	Vertically Integrated	D-E-04204A-12-0504	12/31/2012	12/17/2013	06/2012	Historical
Illinois	Commonwealth Edison Co.	EXC	Distribution	D-13-0318	4/29/2013	12/18/2013	12/2012	Historical
Arkansas	Entergy Arkansas Inc.	ETR	Vertically Integrated	D-13-028-U	3/1/2013	12/30/2013	12/2012	Historical
Iowa	MidAmerican Energy Co.	BRK.A	Vertically Integrated	D-RPU-2013-0004	5/17/2013	2/28/2014	12/2012	Historical
New Hampshire	Liberty Utilities Granite St	AQN	Distribution	D-DE-13-063	3/29/2013	3/17/2014	12/2012	Historical
District of Columbia	Potomac Electric Power Co.	POM	Distribution	FC-1103-2013-E	3/8/2013	3/26/2014	12/2012	Historical
Delaware	Delmarva Power & Light Co.	POM	Distribution	D-13-115	3/22/2013	4/2/2014	12/2012	Historical
Texas	Entergy Texas Inc.	ETR	Vertically Integrated	D-41791	9/25/2013	5/16/2014	03/2013	Historical
Massachusetts	Fitchburg Gas & Electric Light	UTL	Distribution	DPU 13-90	7/15/2013	5/30/2014	12/2012	Historical
Maine	Emera Maine	EMA	Distribution	D-2013-00443	12/6/2013	6/30/2014	12/2012	Historical
Maryland	Potomac Electric Power Co.	POM	Distribution	C-9336	12/4/2013	7/2/2014	09/2013	Historical
Kansas	Kansas City Power & Light	GXP	Vertically Integrated	D-14-KCPE-272-RTS	12/9/2013	7/17/2014	12/2011	Historical [1]
New Jersey	Rockland Electric Company	ED	Distribution	D-ER-13111135	11/27/2013	7/23/2014	03/2014	Historical
Maine	Central Maine Power Co.	-	Distribution	D-2013-00168	5/1/2013	7/29/2014	12/2012	Historical
Wyoming	Cheyenne Light Fuel Power Co.	BKH	Vertically Integrated	D-20003-132-ER-13	12/2/2013	7/31/2014	06/2013	Historical [1]
New Jersey	Atlantic City Electric Co.	POM	Distribution	D-ER-14030245	3/14/2014	8/20/2014	12/2013	Historical
Vermont	Green Mountain Power Corp	-	Vertically Integrated	D-8190, 8191	12/20/2013	8/25/2014	09/2013	Historical
South Carolina	South Carolina Electric & Gas	SCG	Limited-Issue Rider	D-2014-187-E	5/30/2014	9/24/2014	06/2014	Historical [1]
Nevada	Nevada Power Co.	BRK.A	Vertically Integrated	D-14-05004	5/2/2014	10/9/2014	12/2013	Historical

Notes:

Source: SNL Financial (excludes rate cases that did not report a specific test year end date)

[1] Operating utility within the combined proxy group

Number of Future Test Years: 21
Number of Historical Test Years: 27
% Future Test Years: 43.75%

Proof Concept: Perpetual DCF Results Equal
Holding Period DCF Results With Terminal Value

Line Description	IMPLIED GROWTH RATE AT ALLOWED ROE:										
Input	Dividend Yield	3.73% [1]									
Assumes g = Allowed ROE - Div. Yield	Assumed Growth Rate	6.28%									
Input	Total Return	10.00% [1]									
Input	Payout Ratio	67.50% [2]									
Input	Book Value/Share	20 [2]									

		0	1	2	3	4	5	6	7	8	9	10	250
BV/S Escalates at Constant Growth g	Book Value/Share	\$ 20.00	\$ 21.26	\$ 22.59	\$ 24.01	\$ 25.51	\$ 27.11	\$ 28.82	\$ 30.62	\$ 32.54	\$ 34.59	\$ 36.76	\$ 81,082,995.78
Demonstrating Constant BV/S growth			6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%
Earnings based on ROE applied to BV/S	Earnings/share	\$ 2.00	\$ 2.13	\$ 2.26	\$ 2.40	\$ 2.55	\$ 2.71	\$ 2.88	\$ 3.06	\$ 3.26	\$ 3.46	\$ 3.68	\$ 8,111,601.76
Demonstrating Constant EPS growth			6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%
Demonstrating Constant Return Earned based on BV/S and EPS	Allowed ROE	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Div/S based on EPS and Constant Payout ratio	Dividends/Share	\$ 1.35	\$ 1.44	\$ 1.53	\$ 1.62	\$ 1.72	\$ 1.83	\$ 1.95	\$ 2.07	\$ 2.20	\$ 2.34	\$ 2.48	\$ 5,475,331.19
Demonstrating Constant Div/S growth			6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%
Retained Earnings based on difference between EPS and Div/S	Earnings retained to book value	\$ 0.65	\$ 0.69	\$ 0.73	\$ 0.78	\$ 0.83	\$ 0.88	\$ 0.94	\$ 1.00	\$ 1.06	\$ 1.12	\$ 1.20	\$ 2,636,270.57
Demonstrating Constant growth in Retained Earnings			6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%	6.28%
Demonstrating Constant Market/Book ratio	Market/Book Ratio	1.925	1.925	1.925	1.925	1.925	1.925	1.925	1.925	1.925	1.925	1.925	1.925
DCF calculation of market price = [Div/S]*[1+g]/[ROE-g]	Market Price	\$ 38.49	\$ 40.91	\$ 43.47	\$ 46.20	\$ 49.10	\$ 52.18	\$ 55.46	\$ 58.94	\$ 62.63	\$ 66.56	\$ 70.74	\$ 156,046,844.91
Demonstrating Price Appreciation equals Long Term Growth Rate	Price Appreciation	6.28%	OK	<== Price appreciation should equal long term growth rate									
Demonstrating Constant Price/Earnings Ratio	Price/Earnings	19.24	19.24	19.24	19.24	19.24	19.24	19.24	19.24	19.24	19.24	19.24	19.24
Present Value Factor calculated based upon the current period and the Constant ROE	Present Value Factor		0.9091	0.8264	0.7512	0.6829	0.6208	0.5643	0.5130	0.4664	0.4240	0.3854	0.0000

CASE 1	DIVIDENDS IN PERPETUITY												
Present value of Div/S obtained by multiplying nominal Div/S by the Present Value Factor for the period	Present Value Dividend	1.3048	1.2605	1.2178	1.1765	1.1366	1.0981	1.0609	1.0249	0.9902	0.9566		0.0002
Total Value of investment sum of all Present Value Dividends in perpetuity (250 instances for demonstration purposes)	Value of Investment	\$ 38.48											

CASE 2	10-YEAR HOLDING PERIOD											
Present value of Div/S obtained by multiplying nominal Div/S by the Present Value Factor for the period	Present Value of Dividend	\$ 1.30	\$ 1.26	\$ 1.22	\$ 1.18	\$ 1.14	\$ 1.10	\$ 1.06	\$ 1.02	\$ 0.99	\$ 0.96	
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 10th Period (Terminal Value)	Present Value of Stock Price	--	--	--	--	--	--	--	--	--	27.26	
Value of dividends = sum of all Present Value Dividends for periods 1-10	Value of Dividends	\$ 11.23										
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 10th Period (Terminal Value)	Value of Stock Price	\$ 27.26										
Total Value of investment sum of all Present Value Dividends for periods 1-10 and Present Value of Stock in period 10 (Terminal Value)	Value of Investment	\$ 38.49										

CASE 3	5-YEAR HOLDING PERIOD					
Present value of Div/S obtained by multiplying nominal Div/S by the Present Value Factor for the period	Present Value of Dividend	\$ 1.30	\$ 1.26	\$ 1.22	\$ 1.18	\$ 1.14
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 5th Period (Terminal Value)	Present Value of Stock Price	--	--	--	--	32.39
Value of dividends = sum of all Present Value Dividends for periods 1-5	Value of Dividends	\$ 6.10				
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 5th Period (Terminal Value)	Value of Stock Price	\$ 32.39				
Total Value of investment sum of all Present Value Dividends for periods 1-5 and Present Value of Stock in period 5 (Terminal Value)	Value of Investment	\$ 38.49				

[1] Source: Attachment No. RBH-11. Note, for purposes of this exhibit, these data are illustrative only.

[2] Note: illustrative only.

Equity Duration Calculation Using Mr. Baudino's DCF Model Data

Company	Ticker	As-Filed			Constant Growth DCF ROE	Solved ROE	Price	Div 1	Div 2	Div 3	Div 4	Div 5	Div 6	Div 7	Div 8	Div 9	Div 10	Div 199	Div 200
		6-Month Average Price	Annual Dividend	Mean Projected Growth Rate															
ALLETE, Inc.	ALE	48.53	1.96	5.50%	9.65%	9.65%	(\$48.53)	\$ 2.01	\$ 2.12	\$ 2.24	\$ 2.36	\$ 2.49	\$ 2.63	\$ 2.78	\$ 2.93	\$ 3.09	\$ 3.26	\$ 80,914.23	\$ 85,364.51
Alliant Energy Corporation	LNT	58.03	2.04	5.00%	8.60%	8.60%	(\$58.03)	\$ 2.09	\$ 2.20	\$ 2.31	\$ 2.42	\$ 2.54	\$ 2.67	\$ 2.80	\$ 2.94	\$ 3.09	\$ 3.24	\$ 32,797.09	\$ 34,436.94
Avista Corporation	AVA	32.09	1.27	5.00%	9.06%	9.06%	(\$32.09)	\$ 1.30	\$ 1.37	\$ 1.44	\$ 1.51	\$ 1.58	\$ 1.66	\$ 1.75	\$ 1.83	\$ 1.93	\$ 2.02	\$ 20,449.95	\$ 21,472.44
Black Hills Corporation	BKH	54.77	1.56	6.88%	9.82%	9.81%	(\$54.77)	\$ 1.61	\$ 1.72	\$ 1.84	\$ 1.97	\$ 2.11	\$ 2.25	\$ 2.40	\$ 2.57	\$ 2.75	\$ 2.94	\$ 841,929.85	\$ 899,812.52
CMS Energy Corporation	CMS	30.03	1.08	6.35%	10.06%	10.06%	(\$30.03)	\$ 1.11	\$ 1.19	\$ 1.26	\$ 1.34	\$ 1.43	\$ 1.52	\$ 1.61	\$ 1.71	\$ 1.82	\$ 1.94	\$ 219,291.65	\$ 233,216.67
Consolidated Edison, Inc.	ED	56.99	2.52	2.38%	6.85%	6.85%	(\$56.99)	\$ 2.55	\$ 2.61	\$ 2.67	\$ 2.74	\$ 2.80	\$ 2.87	\$ 2.94	\$ 3.01	\$ 3.08	\$ 3.15	\$ 268.62	\$ 275.01
Dominion Resources, Inc.	D	69.22	2.40	5.54%	9.11%	9.10%	(\$69.22)	\$ 2.47	\$ 2.60	\$ 2.75	\$ 2.90	\$ 3.06	\$ 3.23	\$ 3.41	\$ 3.60	\$ 3.80	\$ 4.01	\$ 107,325.66	\$ 113,274.18
Duke Energy Corporation	DUK	73.47	3.15	4.10%	8.48%	8.47%	(\$73.47)	\$ 3.21	\$ 3.35	\$ 3.48	\$ 3.63	\$ 3.78	\$ 3.93	\$ 4.09	\$ 4.26	\$ 4.43	\$ 4.62	\$ 9,169.97	\$ 9,545.94
Edison International	EIX	56.80	1.42	4.27%	6.83%	6.80%	(\$56.80)	\$ 1.45	\$ 1.51	\$ 1.58	\$ 1.64	\$ 1.71	\$ 1.79	\$ 1.86	\$ 1.94	\$ 2.03	\$ 2.11	\$ 5,742.30	\$ 5,987.64
Empire District Electric Co.	EDE	25.04	1.02	3.63%	7.77%	7.77%	(\$25.04)	\$ 1.04	\$ 1.08	\$ 1.12	\$ 1.16	\$ 1.20	\$ 1.24	\$ 1.29	\$ 1.33	\$ 1.38	\$ 1.43	\$ 1,197.79	\$ 1,241.21
IDACORP, Inc.	IDA	55.79	1.72	4.38%	7.53%	7.52%	(\$55.79)	\$ 1.76	\$ 1.83	\$ 1.91	\$ 2.00	\$ 2.09	\$ 2.18	\$ 2.27	\$ 2.37	\$ 2.48	\$ 2.58	\$ 8,453.39	\$ 8,823.23
Nextera Energy	NEE	96.66	2.90	6.90%	10.00%	9.99%	(\$96.66)	\$ 3.00	\$ 3.21	\$ 3.43	\$ 3.66	\$ 3.92	\$ 4.19	\$ 4.48	\$ 4.78	\$ 5.11	\$ 5.47	\$ 1,624,357.20	\$ 1,736,356.63
Northeast Utilities	NU	45.64	1.57	7.08%	10.64%	10.64%	(\$45.64)	\$ 1.63	\$ 1.74	\$ 1.87	\$ 2.00	\$ 2.14	\$ 2.29	\$ 2.45	\$ 2.63	\$ 2.81	\$ 3.01	\$ 1,235,388.62	\$ 1,322,823.25
Pinnacle West Capital Corp.	PNW	55.86	2.29	3.61%	7.79%	7.78%	(\$55.86)	\$ 2.33	\$ 2.42	\$ 2.50	\$ 2.59	\$ 2.69	\$ 2.78	\$ 2.88	\$ 2.99	\$ 3.10	\$ 3.21	\$ 2,625.52	\$ 2,720.37
Portland General Electric Company	POR	33.38	1.12	6.28%	9.72%	9.72%	(\$33.38)	\$ 1.15	\$ 1.22	\$ 1.30	\$ 1.38	\$ 1.47	\$ 1.56	\$ 1.66	\$ 1.76	\$ 1.87	\$ 1.99	\$ 197,106.37	\$ 209,474.79
Southern Company	SO	44.20	2.10	3.46%	8.30%	8.30%	(\$44.20)	\$ 2.14	\$ 2.21	\$ 2.29	\$ 2.37	\$ 2.45	\$ 2.53	\$ 2.62	\$ 2.71	\$ 2.81	\$ 2.90	\$ 1,805.93	\$ 1,868.46
Westar Energy, Inc.	WR	36.05	1.40	3.80%	7.76%	7.75%	(\$36.05)	\$ 1.43	\$ 1.48	\$ 1.54	\$ 1.60	\$ 1.66	\$ 1.72	\$ 1.78	\$ 1.85	\$ 1.92	\$ 2.00	\$ 2,298.15	\$ 2,385.48
Xcel Energy Inc.	XEL	31.31	1.20	4.80%	8.72%	8.72%	(\$31.31)	\$ 1.23	\$ 1.29	\$ 1.35	\$ 1.41	\$ 1.48	\$ 1.55	\$ 1.63	\$ 1.71	\$ 1.79	\$ 1.87	\$ 13,150.99	\$ 13,781.91

Duration calculation

Company	Ticker	Equity Duration	Div 1	Div 2	Div 3	Div 4	Div 5	Div 6	Div 7	Div 8	Div 9	Div 10	Div 199	Div 200
ALLETE, Inc.	ALE	26.32	0.04	0.07	0.11	0.13	0.16	0.19	0.21	0.23	0.25	0.27	0.00	0.00
Alliant Energy Corporation	LNT	29.87	0.03	0.06	0.09	0.12	0.14	0.17	0.19	0.21	0.23	0.24	0.01	0.01
Avista Corporation	AVA	26.73	0.04	0.07	0.10	0.13	0.16	0.18	0.21	0.23	0.25	0.26	0.00	0.00
Black Hills Corporation	BKH	36.25	0.03	0.05	0.08	0.10	0.12	0.14	0.16	0.18	0.19	0.21	0.02	0.02
CMS Energy Corporation	CMS	29.42	0.03	0.07	0.09	0.12	0.15	0.17	0.19	0.21	0.23	0.25	0.01	0.01
Consolidated Edison, Inc.	ED	23.84	0.04	0.08	0.12	0.15	0.18	0.20	0.23	0.25	0.27	0.28	0.00	0.00
Dominion Resources, Inc.	D	30.32	0.03	0.06	0.09	0.12	0.14	0.17	0.19	0.21	0.23	0.24	0.01	0.01
Duke Energy Corporation	DUK	24.73	0.04	0.08	0.11	0.14	0.17	0.20	0.22	0.24	0.26	0.28	0.00	0.00
Edison International	EIX	39.92	0.02	0.05	0.07	0.09	0.11	0.13	0.14	0.16	0.18	0.19	0.04	0.04
Empire District Electric Co.	EDE	25.90	0.04	0.07	0.11	0.14	0.16	0.19	0.21	0.23	0.25	0.27	0.00	0.00
IDACORP, Inc.	IDA	33.52	0.03	0.06	0.08	0.11	0.13	0.15	0.17	0.19	0.21	0.22	0.02	0.02
Nextera Energy	NEE	34.67	0.03	0.05	0.08	0.10	0.13	0.15	0.17	0.18	0.20	0.22	0.02	0.02
Northeast Utilities	NU	30.70	0.03	0.06	0.09	0.12	0.14	0.16	0.19	0.21	0.22	0.24	0.01	0.01
Pinnacle West Capital Corp.	PNW	25.74	0.04	0.07	0.11	0.14	0.17	0.19	0.21	0.23	0.25	0.27	0.00	0.00
Portland General Electric Company	POR	31.42	0.03	0.06	0.09	0.11	0.14	0.16	0.18	0.20	0.22	0.24	0.01	0.01
Southern Company	SO	22.38	0.04	0.09	0.12	0.16	0.19	0.21	0.24	0.26	0.28	0.30	0.00	0.00
Westar Energy, Inc.	WR	27.10	0.04	0.07	0.10	0.13	0.16	0.18	0.21	0.23	0.25	0.26	0.00	0.00
Xcel Energy Inc.	XEL	27.56	0.04	0.07	0.10	0.13	0.16	0.18	0.20	0.22	0.24	0.26	0.00	0.00

Average:	29.24
Median:	28.49

Notes:

Source: Exhibit RAB-3 and Exhibit RAB-4

Mean projected growth rate excludes Mr. Baudino's Sustainable Growth rate since that rate was not used in his DCF calculations

$$D = \frac{\sum_{t=1}^T t \times \frac{CF_t}{(1+r)^t}}{P}$$

Where: t = time period (1 through 200)
CF = Cash Flow (i.e. dividend) at time t
r = ROE
P = Current Stock Price

Manual calculation (check):

Duration

Notes:

Interest rates based on 30-day average; Source: Bloomberg Professional

$$D = \frac{\sum_{t=1}^T t \times \frac{CF_t}{(1+r)^t}}{P}$$

Where: t = time period
 CF = cash flow (i.e. coupon) at time t
 r = discount rate
 P = current price (assumed par)

Mr. Baudino's Proxy Group
Percent Institutional Ownership

Company	Ticker	Institutional Ownership
ALLETE, Inc.	ALE	67.68%
Alliant Energy Corporation	LNT	61.81%
Avista Corporation	AVA	66.55%
Black Hills Corporation	BKH	74.38%
CMS Energy Corporation	CMS	90.19%
Consolidated Edison, Inc.	ED	52.66%
Dominion Resources, Inc.	D	60.88%
Duke Energy Corporation	DUK	56.78%
Edison International	EIX	82.42%
Empire District Electric Company	EDE	48.83%
IDACORP, Inc.	IDA	73.32%
NextEra Energy, Inc.	NEE	75.07%
Northeast Utilities	NU	69.38%
Pinnacle West Capital Corporation	PNW	82.23%
Portland General Electric Company	POR	108.07%
Southern Company	SO	51.93%
Westar Energy, Inc.	WR	73.85%
Xcel Energy Inc.	XEL	71.60%
Mean:		70.42%

Source: SNL Financial; data as of December 9, 2014.

DCF Model ROE Estimate Assuming Different Holding Periods and No Terminal Value

Perpetual Holding Period (200 years)

Company	Ticker	As-Filed			Constant Growth DCF ROE	Solved ROE	Price	Div 1	Div 2	Div 3	Div 4	Div 5	Div 6	Div 7	Div 8	Div 9	Div 10	Div 199	Div 200
		6-Month Average Price	Annual Dividend	Mean Projected Growth Rate															
ALLETE, Inc.	ALE	48.53	1.96	5.50%	9.65%	9.65%	(\$48.53)	\$ 2.01	\$ 2.12	\$ 2.24	\$ 2.36	\$ 2.49	\$ 2.63	\$ 2.78	\$ 2.93	\$ 3.09	\$ 3.26	\$ 80,914.23	\$ 85,364.51
Alliant Energy Corporation	LNT	58.03	2.04	5.00%	8.60%	8.60%	(\$58.03)	\$ 2.09	\$ 2.20	\$ 2.31	\$ 2.42	\$ 2.54	\$ 2.67	\$ 2.80	\$ 2.94	\$ 3.09	\$ 3.24	\$ 32,797.09	\$ 34,436.94
Avista Corporation	AVA	32.09	1.27	5.00%	9.06%	9.06%	(\$32.09)	\$ 1.30	\$ 1.37	\$ 1.44	\$ 1.51	\$ 1.58	\$ 1.66	\$ 1.75	\$ 1.83	\$ 1.93	\$ 2.02	\$ 20,449.95	\$ 21,472.44
Black Hills Corporation	BKH	54.77	1.56	6.88%	9.82%	9.81%	(\$54.77)	\$ 1.61	\$ 1.72	\$ 1.84	\$ 1.97	\$ 2.11	\$ 2.25	\$ 2.40	\$ 2.57	\$ 2.75	\$ 2.94	\$ 841,929.85	\$ 899,812.52
CMS Energy Corporation	CMS	30.03	1.08	6.35%	10.06%	10.06%	(\$30.03)	\$ 1.11	\$ 1.19	\$ 1.26	\$ 1.34	\$ 1.43	\$ 1.52	\$ 1.61	\$ 1.71	\$ 1.82	\$ 1.94	\$ 219,291.65	\$ 233,216.67
Consolidated Edison, Inc.	ED	56.99	2.52	2.38%	6.85%	6.85%	(\$56.99)	\$ 2.55	\$ 2.61	\$ 2.67	\$ 2.74	\$ 2.80	\$ 2.87	\$ 2.94	\$ 3.01	\$ 3.08	\$ 3.15	\$ 268.62	\$ 275.01
Dominion Resources, Inc.	D	69.22	2.40	5.54%	9.11%	9.10%	(\$69.22)	\$ 2.47	\$ 2.60	\$ 2.75	\$ 2.90	\$ 3.06	\$ 3.23	\$ 3.41	\$ 3.60	\$ 3.80	\$ 4.01	\$ 107,325.66	\$ 113,274.18
Duke Energy Corporation	DUK	73.47	3.15	4.10%	8.48%	8.47%	(\$73.47)	\$ 3.21	\$ 3.35	\$ 3.48	\$ 3.63	\$ 3.78	\$ 3.93	\$ 4.09	\$ 4.26	\$ 4.43	\$ 4.62	\$ 9,169.97	\$ 9,545.94
Edison International	EIX	56.80	1.42	4.27%	6.83%	6.80%	(\$56.80)	\$ 1.45	\$ 1.51	\$ 1.58	\$ 1.64	\$ 1.71	\$ 1.79	\$ 1.86	\$ 1.94	\$ 2.03	\$ 2.11	\$ 5,742.30	\$ 5,987.64
Empire District Electric Co.	EDE	25.04	1.02	3.63%	7.77%	7.77%	(\$25.04)	\$ 1.04	\$ 1.08	\$ 1.12	\$ 1.16	\$ 1.20	\$ 1.24	\$ 1.29	\$ 1.33	\$ 1.38	\$ 1.43	\$ 1,197.79	\$ 1,241.21
IDACORP, Inc.	IDA	55.79	1.72	4.38%	7.53%	7.52%	(\$55.79)	\$ 1.76	\$ 1.83	\$ 1.91	\$ 2.00	\$ 2.09	\$ 2.18	\$ 2.27	\$ 2.37	\$ 2.48	\$ 2.58	\$ 8,453.39	\$ 8,823.23
Nextera Energy	NEE	96.66	2.90	6.90%	10.00%	9.99%	(\$96.66)	\$ 3.00	\$ 3.21	\$ 3.43	\$ 3.66	\$ 3.92	\$ 4.19	\$ 4.48	\$ 4.78	\$ 5.11	\$ 5.47	\$ 1,624,357.20	\$ 1,736,356.63
Northeast Utilities	NU	45.64	1.57	7.08%	10.64%	10.64%	(\$45.64)	\$ 1.63	\$ 1.74	\$ 1.87	\$ 2.00	\$ 2.14	\$ 2.29	\$ 2.45	\$ 2.63	\$ 2.81	\$ 3.01	\$ 1,235,388.62	\$ 1,322,823.25
Pinnacle West Capital Corp.	PNW	55.86	2.29	3.61%	7.79%	7.78%	(\$55.86)	\$ 2.33	\$ 2.42	\$ 2.50	\$ 2.59	\$ 2.69	\$ 2.78	\$ 2.88	\$ 2.99	\$ 3.10	\$ 3.21	\$ 2,625.52	\$ 2,720.37
Portland General Electric Company	POR	33.38	1.12	6.28%	9.72%	9.72%	(\$33.38)	\$ 1.15	\$ 1.22	\$ 1.30	\$ 1.38	\$ 1.47	\$ 1.56	\$ 1.66	\$ 1.76	\$ 1.87	\$ 1.99	\$ 197,106.37	\$ 209,474.79
Southern Company	SO	44.20	2.10	3.46%	8.30%	8.30%	(\$44.20)	\$ 2.14	\$ 2.21	\$ 2.29	\$ 2.37	\$ 2.45	\$ 2.53	\$ 2.62	\$ 2.71	\$ 2.81	\$ 2.90	\$ 1,805.93	\$ 1,868.46
Westar Energy, Inc.	WR	36.05	1.40	3.80%	7.76%	7.75%	(\$36.05)	\$ 1.43	\$ 1.48	\$ 1.54	\$ 1.60	\$ 1.66	\$ 1.72	\$ 1.78	\$ 1.85	\$ 1.92	\$ 2.00	\$ 2,298.15	\$ 2,385.48
Xcel Energy Inc.	XEL	31.31	1.20	4.80%	8.72%	8.72%	(\$31.31)	\$ 1.23	\$ 1.29	\$ 1.35	\$ 1.41	\$ 1.48	\$ 1.55	\$ 1.63	\$ 1.71	\$ 1.79	\$ 1.87	\$ 13,150.99	\$ 13,781.91
Mean:						8.70%													
Median:						8.66%													

Twenty Year Holding Period

Company	Ticker	6-Month Average Price	Annual Dividend	Mean Projected Growth Rate	Constant Growth DCF ROE	Solved ROE	Price	Div 1	Div 2	Div 3	Div 4	Div 5	Div 6	Div 7	Div 8	Div 9	Div 10	Div 19	Div 20
ALLETE, Inc.	ALE	48.53	1.96	5.50%	9.65%	3.20%	(\$48.53)	\$ 2.01	\$ 2.12	\$ 2.24	\$ 2.36	\$ 2.49	\$ 2.63	\$ 2.78	\$ 2.93	\$ 3.09	\$ 3.26	\$ 5.28	\$ 5.57
Alliant Energy Corporation	LNT	58.03	2.04	5.00%	8.60%	1.49%	(\$58.03)	\$ 2.09	\$ 2.20	\$ 2.31	\$ 2.42	\$ 2.54	\$ 2.67	\$ 2.80	\$ 2.94	\$ 3.09	\$ 3.24	\$ 5.03	\$ 5.28
Avista Corporation	AVA	32.09	1.27	5.00%	9.06%	2.56%	(\$32.09)	\$ 1.30	\$ 1.37	\$ 1.44	\$ 1.51	\$ 1.58	\$ 1.66	\$ 1.75	\$ 1.83	\$ 1.93	\$ 2.02	\$ 3.14	\$ 3.29
Black Hills Corporation	BKH	54.77	1.56	6.88%	9.82%	1.42%	(\$54.77)	\$ 1.61	\$ 1.72	\$ 1.84	\$ 1.97	\$ 2.11	\$ 2.25	\$ 2.40	\$ 2.57	\$ 2.75	\$ 2.94	\$ 5.34	\$ 5.71
CMS Energy Corporation	CMS	30.03	1.08	6.35%	10.06%	2.94%	(\$30.03)	\$ 1.11	\$ 1.19	\$ 1.26	\$ 1.34	\$ 1.43	\$ 1.52	\$ 1.61	\$ 1.71	\$ 1.82	\$ 1.94	\$ 3.37	\$ 3.59
Consolidated Edison, Inc.	ED	56.99	2.52	2.38%	6.85%	1.10%	(\$56.99)	\$ 2.55	\$ 2.61	\$ 2.67	\$ 2.74	\$ 2.80	\$ 2.87	\$ 2.94	\$ 3.01	\$ 3.08	\$ 3.15	\$ 3.89	\$ 3.99
Dominion Resources, Inc.	D	69.22	2.40	5.54%	9.11%	1.87%	(\$69.22)	\$ 2.47	\$ 2.60	\$ 2.75	\$ 2.90	\$ 3.06	\$ 3.23	\$ 3.41	\$ 3.60	\$ 3.80	\$ 4.01	\$ 6.51	\$ 6.87
Duke Energy Corporation	DUK	73.47	3.15	4.10%	8.48%	2.43%	(\$73.47)	\$ 3.21	\$ 3.35	\$ 3.48	\$ 3.63	\$ 3.78	\$ 3.93	\$ 4.09	\$ 4.26	\$ 4.43	\$ 4.62	\$ 6.63	\$ 6.90
Edison International	EIX	56.80	1.42	4.27%	6.83%	-1.99%	(\$56.80)	\$ 1.45	\$ 1.51	\$ 1.58	\$ 1.64	\$ 1.71	\$ 1.79	\$ 1.86	\$ 1.94	\$ 2.03	\$ 2.11	\$ 3.08	\$ 3.21
Empire District Electric Co.	EDE	25.04	1.02	3.63%	7.77%	1.52%	(\$25.04)	\$ 1.04	\$ 1.08	\$ 1.12	\$ 1.16	\$ 1.20	\$ 1.24	\$ 1.29	\$ 1.33	\$ 1.38	\$ 1.43	\$ 1.97	\$ 2.04
IDACORP, Inc.	IDA	55.79	1.72	4.38%	7.53%	-0.21%	(\$55.79)	\$ 1.76	\$ 1.83	\$ 1.91	\$ 2.00	\$ 2.09	\$ 2.18	\$ 2.27	\$ 2.37	\$ 2.48	\$ 2.58	\$ 3.80	\$ 3.97
Nextera Energy	NEE	96.66	2.90	6.90%	10.00%	1.87%	(\$96.66)	\$ 3.00	\$ 3.21	\$ 3.43	\$ 3.66	\$ 3.92	\$ 4.19	\$ 4.48	\$ 4.78	\$ 5.11	\$ 5.47	\$ 9.96	\$ 10.65
Northeast Utilities	NU	45.64	1.57	7.08%	10.64%	3.23%	(\$45.64)	\$ 1.63	\$ 1.74	\$ 1.87	\$ 2.00	\$ 2.14	\$ 2.29	\$ 2.45	\$ 2.63	\$ 2.81	\$ 3.01	\$ 5.57	\$ 5.97
Pinnacle West Capital Corp.	PNW	55.86	2.29	3.61%	7.79%	1.56%	(\$55.86)	\$ 2.33	\$ 2.42	\$ 2.50	\$ 2.59	\$ 2.69	\$ 2.78	\$ 2.88	\$ 2.99	\$ 3.10	\$ 3.21	\$ 4.42	\$ 4.58
Portland General Electric Company	POR	33.38	1.12	6.28%	9.72%	2.23%	(\$33.38)	\$ 1.15	\$ 1.22	\$ 1.30	\$ 1.38	\$ 1.47	\$ 1.56	\$ 1.66	\$ 1.76	\$ 1.87	\$ 1.99	\$ 3.44	\$ 3.66
Southern Company	SO	44.20	2.10	3.46%	8.30%	2.80%	(\$44.20)	\$ 2.14	\$ 2.21	\$ 2.29	\$ 2.37	\$ 2.45	\$ 2.53	\$ 2.62	\$ 2.71	\$ 2.81	\$ 2.90	\$ 3.94	\$ 4.08
Westar Energy, Inc.	WR	36.05	1.40	3.80%	7.76%	1.25%	(\$36.05)	\$ 1.43	\$ 1.48	\$ 1.54	\$ 1.60	\$ 1.66	\$ 1.72	\$ 1.78	\$ 1.85	\$ 1.92	\$ 2.00	\$ 2.79	\$ 2.90
Xcel Energy Inc.	XEL	31.31	1.20	4.80%	8.72%	2.06%	(\$31.31)	\$ 1.23	\$ 1.29	\$ 1.35	\$ 1.41	\$ 1.48	\$ 1.55	\$ 1.63	\$ 1.71	\$ 1.79	\$ 1.87	\$ 2.86	\$ 2.99
Mean:						1.74%													
Median:						1.87%													

Five Year Holding Period

Company	Ticker	6-Month Average Price	Annual Dividend	Mean Projected Growth Rate	Constant Growth DCF ROE	Solved ROE	Price	Div 1	Div 2	Div 3	Div 4	Div 5
ALLETE, Inc.	ALE	48.53	1.96	5.50%	9.65%	-34.15%	(\$48.53)	\$ 2.01	\$ 2.12	\$ 2.24	\$ 2.36	\$ 2.49
Alliant Energy Corporation	LNT	58.03	2.04	5.00%	8.60%	-36.72%	(\$58.03)	\$ 2.09	\$ 2.20	\$ 2.31	\$ 2.42	\$ 2.54
Avista Corporation	AVA	32.09	1.27	5.00%	9.06%	-34.74%	(\$32.09)	\$ 1.30	\$ 1.37	\$ 1.44	\$ 1.51	\$ 1.58
Black Hills Corporation	BKH	54.77	1.56	6.88%	9.82%	-39.06%	(\$54.77)	\$ 1.61	\$ 1.72	\$ 1.84	\$ 1.97	\$ 2.11
CMS Energy Corporation	CMS	30.03	1.08	6.35%	10.06%	-35.63%	(\$30.03)	\$ 1.11	\$ 1.19	\$ 1.26	\$ 1.34	\$ 1.43
Consolidated Edison, Inc.	ED	56.99	2.52	2.38%	6.85%	-34.32%	(\$56.99)	\$ 2.55	\$ 2.61	\$ 2.67	\$ 2.74	\$ 2.80
Dominion Resources, Inc.	D	69.22	2.40	5.54%	9.11%	-36.66%	(\$69.22)	\$ 2.47	\$ 2.60	\$ 2.75	\$ 2.90	\$ 3.06
Duke Energy Corporation	DUK	73.47	3.15	4.10%	8.48%	-33.89%	(\$73.47)	\$ 3.21	\$ 3.35	\$ 3.48	\$ 3.63	\$ 3.78
Edison International	EIX	56.80	1.42	4.27%	6.83%	-42.27%	(\$56.80)	\$ 1.45	\$ 1.51	\$ 1.58	\$ 1.64	\$ 1.71
Empire District Electric Co.	EDE	25.04	1.02	3.63%	7.77%	-35.03%	(\$25.04)	\$ 1.04	\$ 1.08	\$ 1.12	\$ 1.16	\$ 1.20
IDACORP, Inc.	IDA	55.79	1.72	4.38%	7.53%	-39.11%	(\$55.79)	\$ 1.76	\$ 1.83	\$ 1.91	\$ 2.00	\$ 2.09
Nextera Energy	NEE	96.66	2.90	6.90%	10.00%	-38.25%	(\$96.66)	\$ 3.00	\$ 3.21	\$ 3.43	\$ 3.66	\$ 3.92
Northeast Utilities	NU	45.64	1.57	7.08%	10.64%	-35.96%	(\$45.64)	\$ 1.63	\$ 1.74	\$ 1.87	\$ 2.00	\$ 2.14
Pinnacle West Capital Corp.	PNW	55.86	2.29	3.61%	7.79%	-34.93%	(\$55.86)	\$ 2.33	\$ 2.42	\$ 2.50	\$ 2.59	\$ 2.69
Portland General Electric Company	POR	33.38	1.12	6.28%	9.72%	-36.85%	(\$33.38)	\$ 1.15	\$ 1.22	\$ 1.30	\$ 1.38	\$ 1.47
Southern Company	SO	44.20	2.10	3.46%	8.30%	-32.45%	(\$44.20)	\$ 2.14	\$ 2.21	\$ 2.29	\$ 2.37	\$ 2.45
Westar Energy, Inc.	WR	36.05	1.40	3.80%	7.76%	-35.73%	(\$36.05)	\$ 1.43	\$ 1.48	\$ 1.54	\$ 1.60	\$ 1.66
Xcel Energy Inc.	XEL	31.31	1.20	4.80%	8.72%	-35.41%	(\$31.31)	\$ 1.23	\$ 1.29	\$ 1.35	\$ 1.41	\$ 1.48
Mean:						-36.18%						
Median:						-35.68%						

Notes:

Source: Exhibit RAB-3 and Exhibit RAB-4

Mean projected growth rate excludes Mr. Baudino's Sustainable Growth rate since that rate was not used in his DCF calculations

R-Squared of Beta Coefficient Regressions for Mr. Baudino's Proxy Group:
Value Line Methodology

Company	Ticker	R-Squared of Beta Coefficient
ALLETE, Inc.	ALE	0.381
Alliant Energy Corporation	LNT	0.407
Avista Corporation	AVA	0.379
Black Hills Corporation	BKH	0.379
CMS Energy Corporation	CMS	0.321
Consolidated Edison, Inc.	ED	0.163
Dominion Resources, Inc.	D	0.230
Duke Energy Corporation	DUK	0.160
Edison International	EIX	0.282
Empire District Electric Company	EDE	0.232
IDACORP, Inc.	IDA	0.451
NextEra Energy, Inc.	NEE	0.277
Northeast Utilities	NU	0.321
Pinnacle West Capital Corporation	PNW	0.351
Portland General Electric Company	POR	0.357
Southern Company	SO	0.142
Westar Energy, Inc.	WR	0.341
Xcel Energy Inc.	XEL	0.235
Mean		0.301

Notes:

Source: Bloomberg Professional; Beta coefficients were calculated using Value Line's methodology which derives the Beta coefficient from a regression analysis of the relationship between weekly percentage changes in the price of a stock and weekly percentage changes in the NYSE Composite Index over a period of five years.

Bond Yield Plus Risk Premium Analysis Applying 95.00% Confidence Interval - Electric Utilities

	[1]	[2]	[3]	[4]	[5]	95% Confidence Interval	
	Constant	Slope	30-Year Treasury Yield	Risk Premium	Return on Equity	[6] Lower Bound Return on Equity	[7] Upper Bound Return on Equity
29-Year Treasury, One-Year Forward	-2.83%	-2.83%	3.19%	6.92%	10.11%	9.53%	10.70%
Blue Chip 2015 Consensus 30-Year Treasury	-2.83%	-2.83%	3.90%	6.35%	10.25%	9.69%	10.82%
Blue Chip 2016 Consensus 30-Year Treasury	-2.83%	-2.83%	4.70%	5.83%	10.53%	9.98%	11.07%

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.835937113
R Square	0.698790857
Adjusted R Square	0.698579926
Standard Error	0.008607077
Observations	1430

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	0.245424922	0.245424922	3312.891941	0
Residual	1428	0.105788778	7.40818E-05		
Total	1429	0.3512137			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-0.02830663	0.001283953	-22.04646568	6.06864E-93	-0.030825266	-0.025787993
ln(Rf)	-0.028310725	0.000491867	-57.55772703	0	-0.029275583	-0.027345866

Notes:

Excludes authorized returns from Virginia Rate Rider cases.

[1] Constant of regression equation

[2] Slope of regression equation

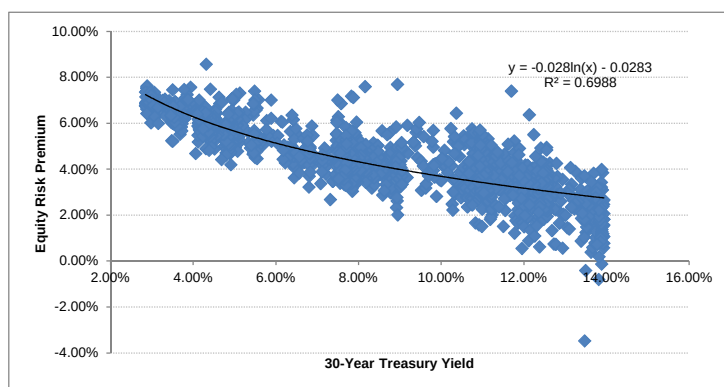
[3] See Notes [6] and [7]

[4] Equals [1] + [2] x ln([3])

[5] Equals [3] + [4]

[6] Using 95% confidence interval data reported in regression output: (lower bound constant + LN([3]) x upper bound slope) + [3]

[7] Using 95% confidence interval data reported in regression output: (upper bound constant + LN([3]) x lower bound slope) + [3]



Bond Yield Plus Risk Premium Analysis Applying 95.00% Confidence Interval - Natural Gas Utilities

	[1]	[2]	[3]	[4]	[5]	95% Confidence Interval	
	Constant	Slope	30-Year Treasury Yield	Risk Premium	Return on Equity	[6] Lower Bound Return on Equity	[7] Upper Bound Return on Equity
29-Year Treasury, One-Year Forward	-3.06%	-2.88%	3.19%	6.85%	10.04%	9.41%	10.67%
Blue Chip 2015 Consensus 30-Year Treasury	-3.06%	-2.88%	3.90%	6.27%	10.17%	9.56%	10.78%
Blue Chip 2016 Consensus 30-Year Treasury	-3.06%	-2.88%	4.70%	5.74%	10.44%	9.85%	11.03%

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.865642339
R Square	0.749336659
Adjusted R Square	0.749086745
Standard Error	0.007436606
Observations	1005

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	0.165819899	0.165819899	2998.382868	1.2816E-303
Residual	1003	0.05546902	5.53031E-05		
Total	1004	0.221288919			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-0.030637811	0.001395425	-21.95589525	1.46965E-87	-0.033376098	-0.027899523
ln(Rf)	-0.028780255	0.000525595	-54.75749144	1.2816E-303	-0.029811647	-0.027748864

Notes:

Excludes authorized returns from Virginia Rate Rider cases.

[1] Constant of regression equation

[2] Slope of regression equation

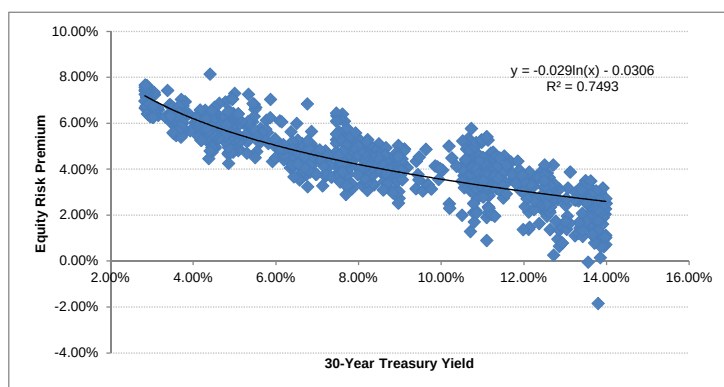
[3] See Notes [6] and [7]

[4] Equals [1] + [2] x ln([3])

[5] Equals [3] + [4]

[6] Using 95% confidence interval data reported in regression output: (lower bound constant + LN([3]) x upper bound slope) + [3]

[7] Using 95% confidence interval data reported in regression output: (upper bound constant + LN([3]) x lower bound slope) + [3]

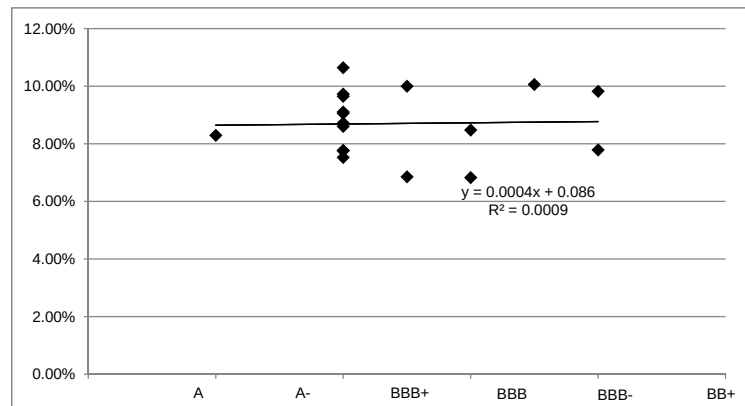


S&P Bond Credit Rating vs. DCF ROE Results - Mr. Baudino's Proxy Group

		[1]	[2]	[3]	[4]	[5]
Company	Ticker	S&P Bond Rating	Moody's Bond Rating	Annual Dividend Yield	Mean Projected Growth	Constant Growth DCF
ALLETE, Inc.	ALE	A-	A3	4.04%	5.50%	9.65%
Alliant Energy Corporation	LNT	A-	A2/A3	3.52%	5.00%	8.60%
Avista Corporation	AVA	A-	Baa1	3.96%	5.00%	9.06%
Black Hills Corporation	BKH	BBB	A3/Baa1	2.85%	6.88%	9.82%
CMS Energy Corporation	CMS	BBB+/BBB	A3/Baa1	3.60%	6.35%	10.06%
Consolidated Edison, Inc.	ED	A-/BBB+	A3	4.42%	2.38%	6.85%
Dominion Resources, Inc.	D	A-	A3/Baa1	3.47%	5.54%	9.11%
Duke Energy Corporation	DUK	BBB+	A3	4.29%	4.10%	8.48%
Edison International	EIX	BBB+	A2/A3	2.50%	4.27%	6.83%
Empire District Electric Co.	EDE	A-	Baa1	4.07%	3.63%	7.77%
IDACORP, Inc.	IDA	A-	A3	3.08%	4.38%	7.53%
Nextera Energy	NEE	A-/BBB+	A2/A3	3.00%	6.90%	10.00%
Northeast Utilities	NU	A-	A3/Baa1	3.44%	7.08%	10.64%
Pinnacle West Capital Corp.	PNW	BBB	A3/Baa1	4.10%	3.61%	7.79%
Portland General Electric Company	POR	A-	A3	3.34%	6.28%	9.72%
Southern Company	SO	A	A3/Baa1	4.75%	3.46%	8.30%
Westar Energy, Inc.	WR	A-	A3/Baa1	3.88%	3.80%	7.76%
Xcel Energy Inc.	XEL	A-	A3	3.83%	4.80%	8.72%

Regression Results:

	Coefficients	Standard Error	T-Statistic
Intercept	0.086021737	0.009103760	9.449034042
Slope Coefficient	0.000424618	0.003590017	0.118277409



Notes:

[1] Source: Answer Testimony of Richard A. Baudino, at 19

[2] Source: Answer Testimony of Richard A. Baudino, at 19

[3] Source: Exhibit RAB-3

[4] Source: Exhibit RAB-4. Average of Value Line EPS & DPS, Zacks and Thomson Financial growth rates.

[5] Equals $([3] \times (1 + 0.5 \times [4])) + [4]$

DuPont Analysis

	Year	Profit Margin	Asset Turnover	Equity Multiplier	Return on Equity	Annual Increase in Net Plant
	2007	7.59%	63.79%	226.73%	9.51%	
	2008	6.28%	59.33%	234.36%	7.86%	13.41%
	2009	7.53%	49.97%	236.49%	8.06%	7.70%
	2010	8.34%	50.23%	238.36%	8.92%	6.67%
	2011	8.72%	49.53%	237.79%	9.04%	4.82%
	2012	9.82%	44.31%	240.09%	9.38%	8.05%
	2013	9.86%	44.29%	238.92%	9.41%	5.21%
	2017-2019	10.84%	46.31%	228.76%	10.25%	23.60%
	2011-2013	9.46%	46.05%	238.93%	9.28%	
	5-year Projection	10.84%	46.31%	228.76%	10.25%	
	Difference	1.37%	0.27%	-10.17%	0.97%	

						Common Equity Ratio	Book Value per Share	Shares Outstanding	Reported Return on Com Equity	Profit Margin	Asset Turnover	Equity Multiplier	Calculated Return on Equity	Common Equity Check	ROE Check	Annual Increase in Net Plant
		Net Profit	Revenue	Net Plant	Total Capital											
AEP	2007	\$ 1,147.00	\$ 13,380.00	\$ 29,870.00	\$ 24,342.00	41.40%	\$ 25.17	400.43	11.40%	8.57%	44.79%	296.40%	11.38%	100.01%	99.84%	
	2008	1,208.00	14,440.00	32,987.00	26,290.00	40.70%	26.33	406.07	11.30%	8.37%	43.77%	308.29%	11.29%	99.92%	99.91%	10.4%
	2009	1,365.00	13,489.00	34,344.00	28,958.00	45.40%	27.49	478.05	10.40%	10.12%	39.28%	261.23%	10.38%	99.96%	99.83%	4.1%
	2010	1,248.00	14,427.00	35,674.00	29,184.00	46.70%	28.33	480.81	9.10%	8.65%	40.44%	261.75%	9.16%	99.94%	100.63%	3.9%
	2011	1,513.00	15,116.00	36,971.00	29,747.00	49.30%	30.33	483.42	10.30%	10.01%	40.89%	252.10%	10.32%	99.98%	100.16%	3.6%
	2012	1,443.00	14,945.00	38,763.00	30,823.00	49.40%	31.37	485.67	9.50%	9.66%	38.55%	254.57%	9.48%	100.06%	99.76%	4.8%
	2013	1,549.00	15,357.00	40,997.00	32,913.00	48.90%	32.98	487.78	9.60%	10.09%	37.46%	254.73%	9.62%	99.95%	100.25%	5.8%
	2017-2019	1,975.00	19,650.00	51,000.00	41,900.00	48.00%	40.50	498.00	10.00%	10.05%	38.53%	253.58%	9.82%	100.28%	98.20%	24.4%
CNL	2007	\$ 79.60	\$ 1,030.60	\$ 1,725.90	\$ 1,780.50	56.70%	\$ 16.85	59.94	7.80%	7.72%	59.71%	170.96%	7.88%	100.04%	101.09%	
	2008	102.10	1,080.20	2,045.30	2,167.70	48.90%	17.65	60.04	9.60%	9.45%	52.81%	192.95%	9.63%	99.97%	100.33%	18.5%
	2009	106.30	853.80	2,247.00	2,436.40	45.80%	18.50	60.26	9.50%	12.45%	38.00%	201.37%	9.53%	99.90%	100.28%	9.9%
	2010	139.50	1,148.70	2,784.20	2,717.90	48.50%	21.76	60.53	10.60%	12.14%	41.26%	211.22%	10.58%	99.92%	99.84%	23.9%
	2011	157.80	1,117.30	2,893.90	2,756.90	51.50%	23.55	60.29	11.10%	14.12%	38.61%	203.82%	11.11%	100.00%	100.13%	3.9%
	2012	163.60	993.70	3,009.50	2,756.50	54.40%	24.84	60.36	10.90%	16.46%	33.02%	200.70%	10.91%	99.99%	100.09%	4.0%
	2013	160.70	1,096.70	3,083.10	2,901.70	54.70%	26.24	60.45	10.10%	14.65%	35.57%	194.24%	10.12%	99.94%	100.24%	2.4%
	2017-2019	200.00	1,425.00	2,850.00	2,950.00	65.50%	31.75	60.50	10.50%	14.04%	50.00%	147.50%	10.35%	99.41%	98.58%	-7.6%
DUK	2007	\$ 1,522.00	\$ 12,720.00	\$ 31,110.00	\$ 30,697.00	69.10%	\$ 50.40	420.62	7.20%	11.97%	40.89%	146.66%	7.18%	99.94%	99.66%	
	2008	1,279.00	12,207.00	34,036.00	34,238.00	61.30%	49.51	423.96	6.10%	9.68%	38.80%	162.17%	6.09%	100.01%	99.90%	9.4%
	2009	1,461.00	12,731.00	37,950.00	37,863.00	57.40%	48.85	436.29	6.70%	11.48%	33.55%	174.62%	6.72%	100.07%	100.33%	11.5%
	2010	1,765.00	14,272.00	40,344.00	40,457.00	55.70%	50.84	442.96	7.80%	12.37%	35.38%	179.03%	7.83%	99.94%	100.42%	6.3%
	2011	1,839.00	14,529.00	42,661.00	41,451.00	54.90%	51.14	445.29	8.10%	12.66%	34.06%	187.47%	8.08%	100.07%	99.77%	5.7%
	2012	2,136.00	19,624.00	68,558.00	77,307.00	52.90%	58.04	704.00	5.20%	10.88%	28.62%	167.64%	5.22%	99.91%	100.44%	60.7%
	2013	2,813.00	24,598.00	69,490.00	79,482.00	52.00%	58.54	706.00	6.80%	11.44%	35.40%	168.13%	6.81%	100.00%	100.09%	1.4%
	2017-2019	3,765.00	28,300.00	88,400.00	96,600.00	48.00%	65.00	711.00	8.00%	13.30%	32.01%	190.65%	8.12%	99.67%	101.50%	27.2%
EDE	2007	\$ 33.20	\$ 490.20	\$ 1,178.90	\$ 1,081.10	49.90%	\$ 16.04	33.61	6.20%	6.77%	41.58%	218.53%	6.15%	99.93%	99.26%	
	2008	39.70	518.20	1,342.80	1,140.40	46.40%	15.56	33.98	7.50%	7.66%	38.59%	253.77%	7.50%	99.92%	100.04%	13.9%
	2009	41.30	497.20	1,459.00	1,240.30	48.40%	15.75	38.11	6.90%	8.31%	34.08%	243.04%	6.88%	99.99%	99.71%	8.7%
	2010	47.40	541.30	1,519.10	1,350.70	48.70%	15.82	41.58	7.20%	8.76%	35.63%	230.94%	7.21%	100.00%	100.08%	4.1%
	2011	55.00	576.90	1,563.70	1,386.20	50.10%	16.53	41.98	7.90%	9.53%	36.89%	225.16%	7.92%	99.92%	100.25%	2.9%
	2012	55.70	557.10	1,657.60	1,409.40	50.90%	16.90	42.48	7.80%	10.00%	33.61%	231.06%	7.76%	100.07%	99.54%	6.0%
	2013	63.40	594.30	1,751.90	1,493.60	50.20%	17.43	43.04	8.50%	10.67%	33.92%	233.65%	8.46%	100.05%	99.48%	5.7%
	2017-2019	85.00	790.00	2,000.00	1,900.00	50.00%	20.25	47.00	9.00%	10.76%	39.50%	210.53%	8.95%	100.18%	99.42%	14.2%
GXP	2007	\$ 159.20	\$ 3,267.10	\$ 3,444.50	\$ 2,709.80	57.90%	\$ 18.18	86.23	10.10%	4.87%	94.85%	219.54%	10.15%	99.92%	100.46%	
	2008	119.50	1,670.10	6,081.30	5,146.20	49.60%	21.39	119.26	4.60%	7.16%	27.46%	238.25%	4.68%	99.94%	101.78%	76.6%
	2009	135.60	1,965.00	6,651.10	6,044.50	46.20%	20.62	135.42	4.80%	6.90%	29.54%	238.17%	4.86%	99.99%	101.16%	9.4%
	2010	211.70	2,255.50	6,892.30	5,867.60	49.20%	21.26	135.71	7.30%	9.39%	32.72%	238.75%	7.33%	99.94%	100.46%	3.6%
	2011	174.40	2,318.00	7,053.50	5,741.20	51.60%	21.74	136.14	5.80%	7.52%	32.86%	238.10%	5.89%	99.91%	101.50%	2.3%
	2012	199.90	2,309.90	7,402.10	6,135.80	54.40%	21.75	153.53	5.90%	8.65%	31.21%	221.76%	5.99%	100.04%	101.51%	4.9%
	2013	250.20	2,446.30	7,746.40	7,029.10	49.40%	22.58	153.87	7.20%	10.23%	31.58%	223.09%	7.21%	100.06%	100.08%	4.7%
	2017-2019	305.00	3,050.00	8,650.00	7,275.00	56.00%	26.00	156.50	7.50%	10.00%	35.26%	212.32%	7.49%	99.88%	99.82%	11.7%
HE	2007	93.60	2,536.40	2,743.40	2,501.80	51.00%	15.29	83.43	7.20%	3.69%	92.45%	215.01%	7.34%	99.98%	101.89%	
	2008	92.20	3,218.90	2,907.40	2,635.20	52.70%	15.35	90.52	6.50%	2.86%	110.71%	209.35%	6.64%	100.05%	102.14%	6.0%
	2009	84.90	2,309.60	3,088.60	2,840.80	50.70%	15.58	92.52	5.80%	3.68%	74.78%	214.44%	5.89%	100.08%	101.63%	6.2%
	2010	115.40	2,665.00	3,165.90	2,732.90	54.30%	15.67	94.69	7.70%	4.33%	84.18%	213.34%	7.78%	99.99%	100.99%	2.5%
	2011	140.10	3,242.30	3,334.50	2,841.30	53.90%	15.95	96.04	9.00%	4.32%	97.23%	217.73%	9.15%	100.02%	101.65%	5.3%
	2012	164.90	3,375.00	3,594.80	3,001.00	53.10%	16.28	97.93	10.20%	4.89%	93.89%	225.59%	10.35%	100.05%	101.45%	7.8%
	2013	163.40	3,238.50	3,858.90	3,142.90	55.00%	17.06	101.26	9.40%	5.05%	83.92%	223.24%	9.45%	99.94%	100.56%	7.3%
	2017-2019	225.00	4,150.00	4,950.00	4,600.00	49.50%	20.50	111.00	10.00%	5.42%	83.84%	217.39%	9.88%	99.93%	98.81%	28.3%
IDA	2007	\$ 82.30	\$ 879.40	\$ 2,616.60	\$ 2,364.20	51.10%	\$ 26.79	45.06	6.80%	9.36%	33.61%	216.59%	6.81%	99.92%	100.18%	
	2008	98.40	960.40	2,758.20	2,485.90	52.40%	27.76	46.92	7.60%	10.25%	34.82%	211.74%	7.55%	99.99%	99.40%	5.4%
	2009	124.40	1,049.80	2,917.00	2,807.10	49.80%	29.17	47.90	8.90%	11.85%	35.99%	208.66%	8.90%	99.95%	99.99%	5.8%
	2010	142.50	1,036.00	3,161.40	3,020.40	50.70%	31.01	49.41	9.30%	13.75%	32.77%	206.45%	9.31%	100.06%	100.06%	8.4%
	2011	166.90	1,026.80	3,406.60	3,045.20	54.40%	33.19	49.95	10.10%	16.25%	30.14%	205.64%	10.07%	100.08%	99.75%	7.8%
	2012	168.90	1,080.70	3,536.00	3,225.40	54.50%	35.07	50.16	9.60%	15.63%	30.56%	201.16%	9.61%	100.07%	100.09%	3.8%
	2013	182.40	1,246.20	3,665.00	3,465.90	53.40%	36.84	50.23	9.90%	14.64%	34.00%	198.02%	9.86%	99.98%	99.55%	3.6%
	2017-2019	190.00	1,360.00	4,740.00	4,415.00	51.50%	44.90	50.20	8.50%	13.97%	28.69%	208.47%	8.36%	99.13%	98.31%	29.3%
NEE	2007	\$ 1,312.00	\$ 15,263.00	\$ 28,652.00	\$ 22,015.00	48.80%	\$ 26.35	407.35	12.20%	8.60%	53.27%	266.70%	12.21%	99.91%	100.10%	
	2008	1,639.00	16,410.00	32,411.00	25,514.00	45.80%	28.57	408.92	14.00%	9.99%	50.63%	277.36%	14.03%	99.98%	100.19%	13.1%
	2009	1,615.00	15,643.00	36,078.00	29,267.00	44.30%	31.35	413.62	12.50%	10.32%	43.36%	278.27%	12.46%	100.01%	99.65%	11.3%
	2010	1,957.00	15,317.00	39,075.00	32,474.00	44.50%	34.36	420.86	13.50%	12.78%	39.20%	270.40%	13.54%	100.07%	100.31%	8.3%
	2011	2,021.00	15,341.00	42,490.00	35,753.00	41.80%										

			Net Profit	Revenue	Net Plant	Total Capital	Common Equity Ratio	Book Value per Share	Shares Outstanding	Reported Return on Com Equity	Profit Margin	Asset Turnover	Equity Multiplier	Calculated Return on Equity	Common Equity Check	ROE Check	Annual Increase in Net Plant
POR	2007	\$	145.00	\$ 1,743.00	\$ 3,066.00	\$ 2,629.00	50.10%	\$ 21.05	62.53	11.00%	8.32%	56.85%	232.78%	11.01%	99.93%	100.08%	
	2008		87.00	1,745.00	3,301.00	2,518.00	53.80%	\$ 21.64	62.58	6.40%	4.99%	52.86%	243.67%	6.42%	99.97%	100.35%	7.7%
	2009		95.00	1,804.00	3,858.00	3,100.00	49.70%	\$ 20.50	75.21	6.20%	5.27%	46.76%	250.41%	6.17%	100.07%	99.45%	16.9%
	2010		125.00	1,783.00	4,133.00	3,390.00	47.00%	\$ 21.14	75.32	7.90%	7.01%	43.14%	259.40%	7.85%	99.94%	99.31%	7.1%
	2011		147.00	1,813.00	4,285.00	3,298.00	50.40%	\$ 22.07	75.36	8.80%	8.11%	42.31%	257.79%	8.84%	100.06%	100.50%	3.7%
	2012		141.00	1,805.00	4,392.00	3,264.00	52.90%	\$ 22.87	75.56	8.20%	7.81%	41.10%	254.36%	8.17%	100.08%	99.59%	2.5%
	2013		137.00	1,810.00	4,880.00	3,735.00	48.70%	\$ 23.30	78.09	7.50%	7.57%	37.09%	268.29%	7.53%	100.03%	100.42%	11.1%
	2017-2019		235.00	2,175.00	5,700.00	4,700.00	55.50%	\$ 29.00	90.00	9.00%	10.80%	38.16%	218.52%	9.01%	100.06%	100.10%	16.8%
SO	2007	\$	1,782.00	\$ 15,353.00	\$ 33,327.00	\$ 27,608.00	44.90%	\$ 16.23	763.10	14.00%	11.61%	46.07%	268.85%	14.38%	99.91%	102.68%	
	2008		1,807.00	17,127.00	35,878.00	31,174.00	42.60%	\$ 17.08	777.19	13.10%	10.55%	47.74%	270.16%	13.61%	99.96%	103.87%	7.7%
	2009		1,910.00	15,743.00	39,230.00	34,091.00	43.60%	\$ 18.15	819.65	12.40%	12.13%	40.13%	263.93%	12.85%	100.09%	103.63%	9.3%
	2010		2,040.00	17,456.00	42,002.00	35,438.00	45.70%	\$ 19.21	843.34	12.20%	11.69%	41.56%	259.35%	12.60%	100.03%	103.25%	7.1%
	2011		2,268.00	17,657.00	45,010.00	37,307.00	47.10%	\$ 20.32	865.13	12.50%	12.84%	39.23%	256.15%	12.91%	100.04%	103.26%	7.2%
	2012		2,415.00	16,537.00	48,390.00	38,653.00	47.30%	\$ 21.09	867.77	12.80%	14.60%	34.17%	264.67%	13.21%	100.10%	103.20%	7.5%
	2013		2,439.00	17,087.00	51,208.00	41,483.00	45.80%	\$ 21.43	887.09	12.50%	14.27%	33.37%	269.53%	12.84%	100.06%	102.70%	5.8%
	2017-2019		3,160.00	21,250.00	66,200.00	58,300.00	42.50%	\$ 26.50	940.00	12.50%	14.87%	32.10%	267.18%	12.75%	100.53%	102.03%	29.3%
WR	2007	\$	168.40	\$ 1,726.80	\$ 4,803.70	\$ 3,738.30	48.90%	\$ 19.14	95.46	9.20%	9.75%	35.95%	262.78%	9.21%	99.95%	100.13%	
	2008		136.80	1,839.00	5,533.50	4,400.10	49.70%	\$ 20.18	108.31	6.20%	7.44%	33.23%	253.04%	6.26%	99.95%	100.90%	15.2%
	2009		141.30	1,858.20	5,771.70	4,866.80	46.10%	\$ 20.59	109.07	6.30%	7.60%	32.20%	257.25%	6.30%	100.10%	99.97%	4.3%
	2010		203.90	2,056.20	6,309.50	5,189.90	46.00%	\$ 21.25	112.13	8.50%	9.92%	32.59%	264.75%	8.56%	99.98%	100.65%	9.3%
	2011		214.00	2,171.00	6,745.40	5,531.00	50.00%	\$ 22.20	125.70	7.70%	9.86%	32.18%	243.91%	7.74%	100.91%	100.50%	6.9%
	2012		275.10	2,261.50	7,335.70	5,938.20	48.80%	\$ 22.89	126.50	9.40%	12.16%	30.83%	253.14%	9.49%	99.92%	100.99%	8.8%
	2013		292.50	2,370.70	7,848.50	6,131.10	50.00%	\$ 23.88	128.25	9.60%	12.34%	30.21%	256.02%	9.54%	99.90%	99.39%	7.0%
5-yr Projection			390.00	2,800.00	9,200.00	8,000.00	50.00%	\$ 29.65	135.00	9.50%	13.93%	30.43%	230.00%	9.75%	100.07%	102.63%	17.2%
LNT	2007		320.80	3,437.60	4,679.90	4,329.50	61.90%	\$ 24.30	110.36	11.30%	9.33%	73.45%	174.63%	11.97%	100.07%	105.93%	
	2008		280.00	3,681.70	5,353.50	4,815.60	58.60%	\$ 25.56	110.45	9.30%	7.61%	68.77%	189.71%	9.92%	100.04%	106.69%	14.4%
	2009		208.60	3,432.80	6,203.00	5,423.00	51.20%	\$ 25.07	110.66	6.80%	6.08%	55.34%	223.40%	7.51%	99.92%	110.48%	15.9%
	2010		303.90	3,416.10	6,730.60	5,840.80	49.50%	\$ 26.09	110.89	9.90%	8.90%	50.75%	232.80%	10.51%	100.07%	106.17%	8.5%
	2011		304.40	3,665.30	7,037.10	5,921.20	50.90%	\$ 27.14	111.02	9.50%	8.30%	52.09%	233.49%	10.10%	99.97%	106.31%	4.6%
	2012		337.80	3,094.50	7,838.00	6,476.60	48.40%	\$ 28.25	110.99	10.30%	10.92%	39.48%	250.04%	10.78%	100.03%	104.62%	11.4%
	2013		364.90	3,276.80	7,147.30	6,461.00	50.80%	\$ 29.58	110.94	11.30%	11.14%	45.85%	217.76%	11.12%	99.98%	98.39%	-8.8%
	2017-2019		460.00	4,000.00	9,500.00	7,800.00	51.50%	\$ 34.65	115.00	12.00%	11.50%	42.11%	236.49%	11.45%	99.20%	95.43%	32.9%
BKH	2007	\$	100.10	\$ 695.90	\$ 1,823.50	\$ 1,534.20	63.20%	\$ 25.66	37.80	10.30%	14.38%	38.16%	188.06%	10.32%	100.03%	100.23%	
	2008		6.80	1,095.80	2,022.20	1,551.80	67.70%	\$ 27.19	38.64	0.70%	0.68%	49.74%	192.49%	0.65%	100.01%	92.47%	10.9%
	2009		89.70	1,269.60	2,160.70	2,100.70	51.60%	\$ 27.84	38.97	8.30%	7.07%	58.76%	199.33%	8.28%	100.08%	99.70%	6.8%
	2010		64.60	1,307.30	2,495.40	2,286.30	48.10%	\$ 28.02	39.27	5.90%	4.94%	52.39%	226.91%	5.87%	100.06%	99.56%	15.5%
	2011		40.40	1,272.20	2,789.60	2,489.70	48.60%	\$ 27.53	43.92	3.30%	3.18%	45.61%	230.55%	3.34%	99.93%	101.18%	11.8%
	2012		86.90	1,173.90	2,742.70	2,171.40	56.80%	\$ 27.88	44.21	7.10%	7.40%	42.80%	222.38%	7.05%	99.94%	99.24%	-1.7%
	2013		115.80	1,275.90	2,990.30	2,704.70	48.40%	\$ 29.39	44.50	8.90%	9.08%	42.67%	228.43%	8.85%	99.91%	99.39%	9.0%
	2017-2019		150.00	1,650.00	4,150.00	3,500.00	46.50%	\$ 35.50	45.75	9.00%	9.62%	37.59%	254.99%	9.22%	99.79%	102.41%	38.8%
CMS	2007	\$	168.00	\$ 6,519.00	\$ 8,728.00	\$ 8,212.00	25.90%	\$ 9.46	225.15	7.20%	2.58%	74.69%	410.36%	7.90%	100.14%	109.71%	
	2008		300.00	6,821.00	9,190.00	8,993.00	27.40%	\$ 10.88	226.41	11.70%	4.40%	74.22%	372.96%	12.17%	99.97%	104.06%	5.3%
	2009		231.00	6,205.00	9,682.00	8,977.00	29.00%	\$ 11.42	227.89	8.50%	3.72%	64.09%	371.91%	8.87%	99.97%	104.39%	5.4%
	2010		356.00	6,432.00	10,069.00	9,473.00	29.50%	\$ 11.19	249.60	12.50%	5.53%	63.88%	360.31%	12.74%	99.95%	101.91%	4.0%
	2011		384.00	6,503.00	10,633.00	9,279.00	32.60%	\$ 11.92	254.10	12.60%	5.90%	61.16%	351.51%	12.69%	100.13%	100.75%	5.6%
	2012		413.00	6,312.00	11,551.00	10,101.00	31.60%	\$ 12.09	264.10	12.90%	6.54%	54.64%	361.88%	12.94%	100.03%	100.30%	8.6%
	2013		454.00	6,566.00	12,248.00	10,730.00	32.20%	\$ 12.98	266.10	13.10%	6.91%	53.62%	354.44%	13.14%	99.97%	100.31%	6.0%
	2017-2019		525.00	7,900.00	15,800.00	13,100.00	37.00%	\$ 17.25	283.00	13.50%	6.65%	50.00%	325.97%	10.83%	100.72%	80.23%	29.0%
DTE	2007	\$	453.00	\$ 11,408.00	\$ 12,824.00	\$ 12,824.00	45.60%	\$ 35.86	163.23	7.70%	5.11%	77.67%	195.08%	7.75%	100.10%	100.60%	
	2008		445.00	9,329.00	12,231.00	13,736.00	43.60%	\$ 36.77	163.02	7.40%	4.77%	76.27%	204.23%	7.43%	100.09%	100.41%	7.21%
	2009		532.00	8,014.00	12,431.00	13,648.00	46.00%	\$ 37.96	165.40	8.50%	6.64%	64.47%	198.01%	8.47%	100.01%	99.69%	1.64%
	2010		630.00	8,557.00	12,992.00	13,811.00	48.70%	\$ 39.67	169.43	9.40%	7.36%	65.86%	193.16%	9.37%	99.93%	99.65%	4.51%
	2011		624.00	8,897.00	13,746.00	14,196.00	49.40%	\$ 41.41	169.25	8.90%	7.01%	64.72%	196.01%	8.90%	99.94%	99.98%	5.80%
	2012		666.00	8,791.00	14,684.00	14,387.00	51.20%	\$ 42.78	172.35	9.00%	7.58%	59.87%	199.34%	9.04%	100.09%	100.46%	6.82%
	2013		661.00	9,661.00	15,800.00	15,135.00	52.30%	\$ 44.73	177.09	8.30%	6.84%	61.15%	199.61%	8.35%	100.07%	100.61%	7.60%
	2017-2019	\$	1,060.00	\$ 12,600.00	\$ 19,000.00	\$ 21,500.00	49.50%	\$ 56.75	187.00	10.00%	8.41%	66.32%	178.53%	9.96%	99.72%	99.60%	20.25%
SCG	2007	\$	327.00	\$ 4,621.00	\$ 7,538.00	\$ 5,952.00	49.70%	\$ 25.37	116.67	10.80%	7.08%	61.30%	254.82%	11.05%	100.06%	102.35%	
	2008		353.00	5,319.00	8,305.00	7,519.00	40.50%	\$ 25.85	117.78	11.40%	6.64%	64.05%	272.72%	11.59%	99.98%	101.68%	10.18%
	2009		357.00	4,237.00	9,009.00	7,891.00	43.20%	\$ 27.63	123.34	10.20%	8.43%	47.03%	264.28%	10.47%	99.97%	102.67%	8.48%
	2010		376.00	4,601.00	9,662.00	7,854.00	47.10%	\$ 29.05	127.45	10.20%	8.17%	47.62%	261.19%	10.16%	100.09%	99.65%	7.25%
	2011		387.00	4,409.00	10,047.00	8,511.00	45.70%	\$ 29.94	129.88	10.00%	8.78%	43.88%	258.31%	9.95%	99.98%	99.50%	3.98%
	2012		420.00	4,176.00	10,896.00	9,103.00	45.60%	\$ 31.47	132.01	10.10%	10.06%	38.33%	262.49%	10.12%	100.08%	100.18%	8.45%
	2013		471.00	4,495.00	11,643.00	10,059.00	46.40%	\$ 33.08	141	10.10%	10.48%	38.61%	249.45%	10.09%	99.93%	99.91%	6.86%
	2017-2019	\$	685.00	\$ 5,650.00	\$ 16,675.00	\$ 14,375.00	47.50%	\$ 43.50	157.50	10.00%	12.12%	33.88%	244.21%	10.03%	100.34%	100.32%	43.22%
TE	2007	\$	265.80	\$ 3,536.10	\$ 4,888.20	\$ 5,175.40	39.00%	\$ 9.56	210.90	13.20%	7.52%	72.34%	242.18%	13.17%	99.89%	99.76%	
	2008		162.40	3,375.30	5,221.30	5,214.30	38.50%	\$ 9.43	212.90	8.10%	4.81						

Retention Ratio and Earnings Growth

Company		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Alliant Energy Corporation	Earnings per Share [1]	N/A	N/A	N/A	N/A	N/A	N/A	1.85	2.21	2.06	2.69	2.54	1.89	2.75	2.75	3.05	3.29
	Dividends per Share [2]	N/A	N/A	N/A	N/A	N/A	N/A	1.02	1.05	1.15	1.27	1.40	1.50	1.58	1.70	1.80	1.88
	Payout Ratio [3]	N/A	N/A	N/A	N/A	N/A	N/A	55.14%	47.51%	55.83%	47.21%	55.12%	79.37%	57.45%	61.82%	59.02%	57.14%
	Earnings Growth [4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	19.46%	-6.79%	30.58%	-5.58%	-25.59%	45.50%	0.00%	10.91%	7.87%
	Average Earnings Growth [5]	N/A	N/A	N/A	N/A	N/A	N/A	2.42%	7.63%	8.98%	5.05%	7.74%	N/A	N/A	N/A	N/A	N/A
American Electric Power Company, Inc.	Earnings per Share [1]	2.81	2.69	1.04	3.27	2.86	2.53	2.61	2.64	2.86	2.86	2.99	2.97	2.60	3.13	2.98	3.18
	Dividends per Share [2]	2.40	2.40	2.40	2.40	2.40	1.65	1.40	1.42	1.50	1.58	1.64	1.64	1.71	1.85	1.88	1.95
	Payout Ratio [3]	85.41%	89.22%	230.77%	73.39%	83.92%	65.22%	53.64%	53.79%	52.45%	55.24%	54.85%	55.22%	65.77%	59.11%	63.09%	61.32%
	Earnings Growth [4]	N/A	-4.27%	-61.34%	214.42%	-12.54%	-11.54%	3.16%	1.15%	8.33%	0.00%	4.55%	-0.67%	-12.46%	20.38%	-4.79%	6.71%
	Average Earnings Growth [5]	24.95%	26.43%	38.93%	-2.29%	0.22%	3.44%	2.67%	-0.05%	2.36%	1.40%	1.84%	N/A	N/A	N/A	N/A	N/A
Black Hills Corporation	Earnings per Share [1]	1.60	1.70	2.37	3.42	2.33	1.84	1.74	2.11	2.21	2.68	0.18	2.32	1.66	1.01	1.97	2.61
	Dividends per Share [2]	1.00	1.04	1.08	1.12	1.16	1.20	1.24	1.28	1.32	1.37	1.40	1.42	1.44	1.46	1.48	1.52
	Payout Ratio [3]	62.50%	61.18%	45.57%	32.75%	49.79%	65.22%	71.26%	60.66%	59.73%	51.12%	777.78%	61.21%	86.75%	144.55%	75.13%	58.24%
	Earnings Growth [4]	N/A	6.25%	39.41%	44.30%	-31.87%	-21.03%	-5.43%	21.26%	4.74%	21.27%	-93.28%	1188.89%	-28.45%	-39.16%	95.05%	32.49%
	Average Earnings Growth [5]	7.41%	5.08%	1.45%	-6.47%	4.16%	-10.29%	228.58%	218.63%	209.85%	224.61%	249.76%	N/A	N/A	N/A	N/A	N/A
Cleco Corporation	Earnings per Share [1]	1.12	1.19	1.46	1.51	1.52	1.26	1.32	1.42	1.36	1.32	1.70	1.76	2.29	2.59	2.70	2.65
	Dividends per Share [2]	0.81	0.83	0.85	0.87	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.98	1.12	1.30	1.43
	Payout Ratio [3]	72.32%	69.75%	58.22%	57.62%	59.21%	71.43%	68.18%	63.38%	66.18%	68.18%	52.94%	51.14%	42.79%	43.24%	48.15%	53.96%
	Earnings Growth [4]	N/A	6.25%	22.69%	3.42%	0.66%	-17.11%	4.76%	7.58%	-4.23%	-2.94%	28.79%	3.53%	30.11%	13.10%	4.25%	-1.85%
	Average Earnings Growth [5]	3.18%	2.89%	-0.14%	-1.67%	-2.39%	6.79%	6.55%	11.05%	14.52%	15.96%	9.83%	N/A	N/A	N/A	N/A	N/A
CMS Energy Corporation	Earnings per Share [1]	2.24	2.85	2.53	1.27	N/A	N/A	0.74	1.10	0.64	0.64	1.23	0.93	1.33	1.45	1.53	1.66
	Dividends per Share [2]	1.26	1.39	1.46	1.46	1.09	N/A	N/A	N/A	N/A	0.20	0.36	0.50	0.66	0.84	0.96	1.02
	Payout Ratio [3]	56.25%	48.77%	57.71%	114.96%	N/A	N/A	N/A	N/A	N/A	31.25%	29.27%	53.76%	49.62%	57.93%	62.75%	61.45%
	Earnings Growth [4]	N/A	27.23%	-11.23%	-49.80%	N/A	N/A	N/A	48.65%	-41.82%	0.00%	92.19%	-24.39%	43.01%	9.02%	5.52%	8.50%
	Average Earnings Growth [5]	N/A	N/A	N/A	N/A	N/A	N/A	14.93%	13.80%	23.97%	25.07%	8.33%	N/A	N/A	N/A	N/A	N/A
DTE Energy Company	Earnings per Share [1]	3.05	3.33	3.27	2.15	3.83	2.85	2.55	3.27	2.45	2.66	2.73	3.24	3.74	3.67	3.88	3.76
	Dividends per Share [2]	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.08	2.12	2.12	2.12	2.18	2.32	2.42	2.59
	Payout Ratio [3]	67.54%	61.86%	63.00%	95.81%	53.79%	72.28%	80.78%	63.00%	84.90%	79.70%	77.66%	65.43%	58.29%	63.22%	62.37%	68.88%
	Earnings Growth [4]	N/A	9.18%	-1.80%	-34.25%	78.14%	-25.59%	-10.53%	28.24%	-25.08%	8.57%	2.63%	18.68%	15.43%	-1.87%	5.72%	-3.09%
	Average Earnings Growth [5]	5.14%	1.19%	7.20%	9.04%	-4.88%	0.77%	6.61%	4.05%	8.69%	8.12%	6.97%	N/A	N/A	N/A	N/A	N/A
Duke Energy Corporation	Earnings per Share [1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.76	3.60	3.03	3.39	4.02	4.14	3.71	3.98
	Dividends per Share [2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.58	2.70	2.82	2.91	2.97	3.03	3.09
	Payout Ratio [3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	71.67%	89.11%	83.19%	72.39%	71.74%	81.67%	77.64%
	Earnings Growth [4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	30.43%	-15.83%	11.88%	18.58%	2.99%	-10.39%	7.28%
	Average Earnings Growth [5]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9.61%	1.45%	6.07%	N/A	N/A	N/A	N/A	N/A
Empire District Electric	Earnings per Share [1]	1.53	1.13	1.35	0.59	1.19	1.29	0.86	0.92	1.41	1.09	1.17	1.18	1.17	1.31	1.32	1.48
	Dividends per Share [2]	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	0.64	1.00	1.01
	Payout Ratio [3]	83.66%	113.27%	94.81%	216.95%	107.56%	99.22%	148.84%	139.13%	90.78%	117.43%	109.40%	108.47%	109.40%	48.85%	75.76%	68.24%
	Earnings Growth [4]	N/A	-26.14%	19.47%	-56.30%	101.69%	8.40%	-33.33%	6.98%	53.26%	-22.70%	7.34%	0.85%	-0.85%	11.97%	0.76%	12.12%
	Average Earnings Growth [5]	9.43%	7.99%	5.49%	27.40%	2.52%	2.31%	9.15%	7.58%	-0.68%	4.02%	4.97%	N/A	N/A	N/A	N/A	N/A
Great Plains Energy Inc.	Earnings per Share [1]	1.89	1.26	2.05	1.59	2.04	2.27	2.46	2.18	1.62	1.86	1.16	1.03	1.53	1.25	1.35	1.62
	Dividends per Share [2]	1.64	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	0.83	0.83	0.84	0.86	0.88
	Payout Ratio [3]	86.77%	131.75%	80.98%	104.40%	81.37%	73.13%	67.48%	76.15%	102.47%	89.25%	143.10%	80.58%	54.25%	67.20%	63.70%	54.32%
	Earnings Growth [4]	N/A	-33.33%	62.70%	-22.44%	28.30%	11.27%	8.37%	-11.38%	-25.69%	14.81%	-37.63%	-11.21%	48.54%	-18.30%	8.00%	20.00%
	Average Earnings Growth [5]	9.30%	17.64%	2.83%	2.18%	-0.52%	-10.30%	-14.22%	-2.23%	-0.76%	-2.12%	9.41%	N/A	N/A	N/A	N/A	N/A
Hawaiian Electric Industries, Inc.	Earnings per Share [1]	1.48	1.45	1.27	1.6	1.62	1.58	1.36	1.46	1.33	1.11	1.07	0.91	1.21	1.44	1.67	1.62
	Dividends per Share [2]	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24
	Payout Ratio [3]	83.78%	85.52%	97.64%	77.50%	76.54%	78.48%	91.18%	84.93%	93.23%	111.71%	115.89%	136.26%	102.48%	86.11%	74.25%	76.54%
	Earnings Growth [4]	N/A	-2.03%	-12.41%	25.98%	1.25%	-2.47%	-13.92%	7.35%	-8.90%	-16.54%	-3.60%	-14.95%	32.97%	19.01%	15.97%	-2.99%
	Average Earnings Growth [5]	2.06%	-0.31%	3.64%	-3.34%	-6.90%	-7.12%	-7.33%	-2.21%	3.38%	9.88%	10.00%	N/A	N/A	N/A	N/A	N/A
IDACORP, Inc.	Earnings per Share [1]	2.37	2.43	3.50	3.35	1.63	0.96	1.90	1.75	2.35	1.86	2.18	2.64	2.95	3.36	3.37	3.64
	Dividends per Share [2]	1.86	1.86	1.86	1.86	1.86	1.70	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.37	1.57
	Payout Ratio [3]	78.48%	76.54%	53.14%	55.52%	114.11%	177.08%	63.16%	68.57%	51.06%	64.52%	55.05%	45.45%	40.68%	35.71%	40.65%	43.13%
	Earnings Growth [4]	N/A	2.53%	44.03%	-4.29%	-51.34%	-41.10%	97.92%	-7.89%	34.29%	-20.85%	17.20%	21.10%	11.74%	13.90%	0.30%	8.01%
	Average Earnings Growth [5]	-10.03%	9.04%	-1.34%	6.37%	12.47%	24.13%	8.77%	12.70%	8.62%	12.85%	N/A	N/A	N/A	N/A	N/A	N/A
NextEra Energy, Inc.	Earnings per Share [1]	1.93	2.04	2.07	2.31	2.01	2.45	2.46	2.32	3.23	3.27	4.07	3.97	4.74	4.82	4.56	4.83
	Dividends per Share [2]	1.00	1.04	1.08	1.12	1.16	1.20	1.30	1.42	1.50	1.64	1.78	1.89	2.00	2.20	2.40	2.64
	Payout Ratio [3]	51.81%	50.98%	52.17%	48.48%	57.71%	48.98%	52.85%	61.21%	46.44%	50.15%	43.73%	47.61%	42.19%	45.64%	52.63%	54.66%
	Earnings Growth [4]	N/A	5.70%	1.47%	11.59%	-12.99%	21.89%	0.41%	-5.69%	39.22%	1.24%	24.46%	-2.46%	19.40%	1.69%	-5.39%	5.92%
	Average Earnings Growth [5]	5.53%	4.48%	3.04%	8.57%	11.41%	11.93%	11.36%	16.37%	8.87%	7.54%	N/A	N/A	N/A	N/A	N/A	N/A
Otter Tail Corporation	Earnings per Share [1]	1.29	1.45	1.60	1.68	1.79	1.51	1.50	1.78	1.69	1.78	1.09	0.71	0.38	0.45	1.05	1.37
	Dividends per Share [2]	0.96	0.99	1.02	1.04	1.06	1.08	1.10	1.12	1.15	1.17	1.19	1.19	1.19	1.19	1.19	1.19
	Payout Ratio [3]	74.42%	68.28%	63.75%	61.90%	59.22%	71.52%	73.33%	62.92%	68.05%	65.73%	109.17%	167.61%	313.16%	264.44%	113.33%	86.86%
	Earnings Growth [4]	N/A	12.40%	10.34%	5.00%	6.55%	-15.64%	-0.66%	18.67%	-5.06%	5.33%	-38.76%	-34.86%	-46.48%	18.42%	133.33%	30.48%
	Average Earnings Growth [5]	3.73%	1.12%	2.78%	0.77%	0.53%	-4.10%	-10.94%	-23.97%	-19.27%	6.33%	20.18%	N/A	N/A	N/A	N/A	N/A
Pinnacle West Capital Corp.	Earnings per Share [1]	2.85	3.18	3.35	3.68	2.53	2.52	2.58	2.24	3.17	2.96	2.12	2.26	3.08	2.99	3.50	3.66
	Dividends per Share [2]	1.23	1.33	1.43	1.53	1.63	1.73	1.83	1.93	2.03	2.10	2.10	2.10	2.10	2.10	2.67	2.23
	Payout Ratio [3]	43.16%	41.82%	42.69%	41.58%	64.43%	68.65%	70.93%	86.16%	64.04%	70.95%	99.06%	92.92%	68.18%	70.23%	76.29%	60.93%
	Earnings Growth [4]	N/A	11.58%	5.35%	9.85%	-31.25%	-0.40%	2.38%	-13.18%	41.52%	-6.62%	-28.38%	6.60%	36.28%	-2.92%	17.06%	4.57%
	Average Earnings Growth [5]	-0.97%	-2.81%	-6.52%	-0.18%	4.74%	-0.86%	-0.01%	9.88%	0.99%	5.73%	12.32%	N/A	N/A	N/A	N/A	N/A

Retention Ratio and Earnings Growth

Company		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PNM Resources, Inc.	Earnings per Share [1]	1.50	1.29	1.55	2.61	1.07	1.15	1.43	1.56	1.72	0.76	0.11	0.58	0.87	1.08	1.31	1.41
	Dividends per Share [2]	0.51	0.53	0.53	0.53	0.57	0.61	0.63	0.79	0.86	0.91	0.61	0.50	0.50	0.50	0.58	0.68
	Payout Ratio [3]	34.00%	41.09%	34.19%	20.31%	53.27%	53.04%	44.06%	50.64%	50.00%	119.74%	554.55%	86.21%	57.47%	46.30%	44.27%	48.23%
	Earnings Growth [4]	N/A	-14.00%	20.16%	68.39%	-59.00%	7.48%	24.35%	9.09%	10.26%	-55.81%	-85.53%	427.27%	50.00%	24.14%	21.30%	7.63%
	Average Earnings Growth [5]	4.60%	12.27%	10.06%	-1.57%	-0.93%	-19.53%	61.06%	69.24%	72.01%	87.44%	106.07%	N/A	N/A	N/A	N/A	N/A
Portland General Electric Company	Earnings per Share [1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.02	1.14	2.33	1.39	1.31	1.66	1.95	1.87	1.77
	Dividends per Share [2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.68	0.93	0.97	1.01	1.04	1.06	1.08	1.10
	Payout Ratio [3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	59.65%	39.91%	69.78%	77.10%	62.65%	54.36%	57.75%	62.15%
	Earnings Growth [4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11.76%	104.39%	-40.34%	-5.76%	26.72%	17.47%	-4.10%	-5.35%
	Average Earnings Growth [5]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	19.35%	20.49%	-1.20%	5.80%	N/A	N/A	N/A	N/A	N/A
SCANA Corporation	Earnings per Share [1]	2.12	1.44	2.12	2.15	2.38	2.50	2.67	2.78	2.59	2.74	2.95	2.85	2.98	2.97	3.15	3.39
	Dividends per Share [2]	1.54	1.32	1.15	1.20	1.30	1.38	1.46	1.56	1.68	1.76	1.84	1.88	1.90	1.94	1.98	2.03
	Payout Ratio [3]	72.64%	91.67%	54.25%	55.81%	54.62%	55.20%	54.68%	56.12%	64.86%	64.23%	62.37%	65.96%	63.76%	65.32%	62.86%	59.88%
	Earnings Growth [4]	N/A	-32.08%	47.22%	1.42%	10.70%	5.04%	6.80%	4.12%	-6.83%	5.79%	7.66%	-3.39%	4.56%	-0.34%	6.06%	7.62%
	Average Earnings Growth [5]	6.46%	14.24%	5.61%	3.97%	2.98%	3.51%	1.47%	1.56%	2.86%	2.91%	2.90%	N/A	N/A	N/A	N/A	N/A
Southern Company	Earnings per Share [1]	1.73	1.83	2.01	1.61	1.85	1.97	2.06	2.13	2.1	2.28	2.25	2.32	2.36	2.55	2.67	2.7
	Dividends per Share [2]	1.34	1.34	1.34	1.34	1.36	1.39	1.42	1.48	1.54	1.6	1.66	1.73	1.80	1.87	1.94	2.01
	Payout Ratio [3]	77.46%	73.22%	66.67%	83.23%	73.51%	70.56%	68.93%	69.48%	73.33%	70.18%	73.78%	74.57%	76.27%	73.33%	72.66%	74.44%
	Earnings Growth [4]	N/A	5.78%	9.84%	-19.90%	14.91%	6.49%	4.57%	3.40%	-1.41%	8.57%	-1.32%	3.11%	1.72%	8.05%	4.71%	1.12%
	Average Earnings Growth [5]	3.42%	3.18%	1.89%	5.59%	4.32%	2.76%	2.47%	2.14%	4.03%	3.26%	3.74%	N/A	N/A	N/A	N/A	N/A
TECO Energy, Inc.	Earnings per Share [1]	1.52	1.53	1.97	2.24	1.95	N/A	0.71	1.00	1.17	1.27	0.77	1.00	1.13	1.27	1.14	0.92
	Dividends per Share [2]	1.23	1.29	1.33	1.37	1.41	0.93	0.76	0.76	0.76	0.78	0.80	0.80	0.82	0.85	0.88	0.88
	Payout Ratio [3]	80.92%	84.31%	67.51%	61.16%	72.31%	N/A	107.04%	76.00%	64.96%	61.42%	103.90%	80.00%	72.57%	66.93%	77.19%	95.65%
	Earnings Growth [4]	N/A	0.66%	28.76%	13.71%	-12.95%	N/A	40.85%	17.00%	8.55%	-39.37%	29.87%	13.00%	12.39%	-10.24%	-19.30%	
	Average Earnings Growth [5]	N/A	N/A	N/A	N/A	N/A	N/A	11.38%	5.81%	4.89%	1.13%	5.15%	N/A	N/A	N/A	N/A	N/A
Vectren Corporation	Earnings per Share [1]	N/A	N/A	N/A	N/A	N/A	N/A	1.42	1.81	1.44	1.83	1.63	1.79	1.65	1.73	1.94	1.66
	Dividends per Share [2]	N/A	N/A	N/A	N/A	N/A	N/A	1.15	1.19	1.23	1.27	1.31	1.35	1.37	1.39	1.41	1.43
	Payout Ratio [3]	N/A	N/A	N/A	N/A	N/A	N/A	80.99%	65.75%	85.42%	69.40%	80.37%	75.42%	83.03%	80.35%	72.68%	86.14%
	Earnings Growth [4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	27.46%	-20.44%	27.08%	-10.93%	9.82%	-7.82%	4.85%	12.14%	-14.43%
	Average Earnings Growth [5]	N/A	N/A	N/A	N/A	N/A	N/A	6.60%	-0.46%	4.60%	1.61%	0.91%	N/A	N/A	N/A	N/A	N/A
Westar Energy, Inc.	Earnings per Share [1]	2.13	1.48	0.89	N/A	1	1.48	1.17	1.55	1.88	1.84	1.31	1.28	1.8	1.79	2.15	2.27
	Dividends per Share [2]	2.14	2.14	1.44	1.2	1.2	0.87	0.8	0.92	0.98	1.08	1.16	1.20	1.24	1.28	1.32	1.36
	Payout Ratio [3]	100.47%	144.59%	161.80%	N/A	120.00%	58.78%	68.38%	59.35%	52.13%	58.70%	88.55%	93.75%	68.89%	71.51%	61.40%	59.91%
	Earnings Growth [4]	N/A	-30.52%	-39.86%	N/A	N/A	48.00%	-20.95%	32.48%	21.29%	-2.13%	-28.80%	-2.29%	40.63%	-0.56%	20.11%	5.58%
	Average Earnings Growth [5]	N/A	N/A	N/A	N/A	15.74%	0.38%	4.11%	5.74%	1.37%	5.82%	12.69%	N/A	N/A	N/A	N/A	N/A

Notes:

[1] Source: Value Line, negative earnings have been excluded (shown as N/A)

[2] Source: Value Line

[3] Equals [2] / [1]

[4] Equals $([1]_2 - [1]_1) / [1]_1$

[5] Equals Average of $([4]_1, [4]_2, [4]_3, [4]_4, [4]_5)$

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.454762977
R Square	0.206809365
Adjusted R Square	0.202170823
Standard Error	0.37104053
Observations	173

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	6.138064343	6.138064343	44.58499613	3.2708E-10
Residual	171	23.54175382	0.137671075		
Total	172	29.67981816			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.193309133	0.02899598	6.66675626	3.4608E-10	0.136072983	0.250545	0.136073	0.250545
X Variable 1	-0.239705941	0.035899172	-6.677199722	3.2708E-10	-0.310568535	-0.168843	-0.310569	-0.168843

X = Retention ratio

Y = 5-year average growth rate

Step-By-Step Adjustment of Mr. Gorman's Multi-Stage DCF Model
Re-Creation of Attachment MPG-9

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
		Stock Price	Annualized Dividend	First-Stage Growth	Second-Stage Growth					Third-Stage Growth	Multi-Stage Growth DCF
					Year 6	Year 7	Year 8	Year 9	Year 10		
Electric Group											
American Electric Power Company, Inc.	AEP	\$52.77	\$2.00	4.88%	4.83%	4.79%	4.74%	4.69%	4.65%	4.60%	8.63%
Empire District Electric Company	EDE	\$25.08	\$1.02	3.00%	3.27%	3.53%	3.80%	4.07%	4.33%	4.60%	8.44%
Great Plains Energy Inc.	GXP	\$25.07	\$0.92	5.00%	4.93%	4.87%	4.80%	4.73%	4.67%	4.60%	8.54%
Hawaiian Electric Industries, Inc.	HE	\$25.21	\$1.24	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	9.56%
IDACORP, Inc.	IDA	\$55.00	\$1.72	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	7.74%
NextEra Energy, Inc.	NEE	\$95.61	\$2.90	6.59%	6.26%	5.93%	5.60%	5.26%	4.93%	4.60%	8.20%
Otter Tail Corporation	OTTR	\$28.03	\$1.21	n/a	n/a	n/a	n/a	n/a	n/a	4.60%	n/a
Pinnacle West Capital Corporation	PNW	\$55.74	\$2.27	3.72%	3.86%	4.01%	4.16%	4.31%	4.45%	4.60%	8.63%
PNM Resources, Inc.	PNM	\$25.95	\$0.74	8.44%	7.80%	7.16%	6.52%	5.88%	5.24%	4.60%	8.40%
Portland General Electric Company	POR	\$33.20	\$1.12	7.80%	7.27%	6.73%	6.20%	5.67%	5.13%	4.60%	8.91%
Southern Company	SO	\$44.06	\$2.10	3.55%	3.73%	3.90%	4.08%	4.25%	4.43%	4.60%	9.27%
Westar Energy, Inc.	WR	\$35.77	\$1.40	3.03%	3.29%	3.56%	3.82%	4.08%	4.34%	4.60%	8.30%
			Mean	4.91%	4.86%	4.81%	4.76%	4.70%	4.65%	4.60%	8.60%
			Median	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	8.54%
Combination Group											
Alliant Energy Corporation	LNT	\$57.34	\$2.04	4.63%	4.63%	4.62%	4.62%	4.61%	4.61%	4.60%	8.33%
Black Hills Corporation	BKH	\$51.74	\$1.56	n/a	n/a	n/a	n/a	n/a	n/a	4.60%	n/a
CMS Energy Corporation	CMS	\$29.89	\$1.08	6.43%	6.13%	5.82%	5.52%	5.21%	4.91%	4.60%	8.84%
DTE Energy Company	DTE	\$76.47	\$2.76	6.16%	5.90%	5.64%	5.38%	5.12%	4.86%	4.60%	8.76%
SCANA Corporation	SCG	\$50.64	\$2.10	4.53%	4.54%	4.56%	4.57%	4.58%	4.59%	4.60%	8.92%
TECO Energy, Inc.	TE	\$17.69	\$0.88	5.11%	5.03%	4.94%	4.86%	4.77%	4.69%	4.60%	9.97%
Vectren Corporation	VVC	\$40.06	\$1.44	4.57%	4.57%	4.58%	4.58%	4.59%	4.59%	4.60%	8.35%
			Mean	5.24%	5.13%	5.03%	4.92%	4.81%	4.71%	4.60%	8.86%
			Median	4.87%	4.83%	4.78%	4.74%	4.69%	4.65%	4.60%	8.80%

Notes:

[1] 13-week average stock price; Source: Attachment MPG-9

[2] Source: Attachment MPG-9

[3] Source: Attachment MPG-9

[4] Equals [3] + ([9] - [3])/6

[5] Equals [4] + ([9] - [3])/6

[6] Equals [5] + ([9] - [3])/6

[7] Equals [6] + ([9] - [3])/6

[8] Equals [7] + ([9] - [3])/6

[9] Source: Attachment MPG-9

[10] IRR based on stock price ([1]) and 200 years of projected dividends

Step-By-Step Adjustment of Mr. Gorman's Multi-Stage DCF Model
Step 1: Adjust The IRR Calculation To Reflect The Mid-Year Convention

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
		Stock Price	Annualized Dividend	First-Stage Growth	Second-Stage Growth					Third-Stage Growth	Multi-Stage Growth DCF
					Year 6	Year 7	Year 8	Year 9	Year 10		
Electric Group											
American Electric Power Company, Inc.	AEP	\$52.77	\$2.00	4.88%	4.83%	4.79%	4.74%	4.69%	4.65%	4.60%	8.80%
Empire District Electric Company	EDE	\$25.08	\$1.02	3.00%	3.27%	3.53%	3.80%	4.07%	4.33%	4.60%	8.60%
Great Plains Energy Inc.	GXP	\$25.07	\$0.92	5.00%	4.93%	4.87%	4.80%	4.73%	4.67%	4.60%	8.70%
Hawaiian Electric Industries, Inc.	HE	\$25.21	\$1.24	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	9.79%
IDACORP, Inc.	IDA	\$55.00	\$1.72	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	7.86%
NextEra Energy, Inc.	NEE	\$95.61	\$2.90	6.59%	6.26%	5.93%	5.60%	5.26%	4.93%	4.60%	8.34%
Otter Tail Corporation	OTTR	\$28.03	\$1.21	n/a	n/a	n/a	n/a	n/a	n/a	4.60%	n/a
Pinnacle West Capital Corporation	PNW	\$55.74	\$2.27	3.72%	3.86%	4.01%	4.16%	4.31%	4.45%	4.60%	8.80%
PNM Resources, Inc.	PNM	\$25.95	\$0.74	8.44%	7.80%	7.16%	6.52%	5.88%	5.24%	4.60%	8.55%
Portland General Electric Company	POR	\$33.20	\$1.12	7.80%	7.27%	6.73%	6.20%	5.67%	5.13%	4.60%	9.09%
Southern Company	SO	\$44.06	\$2.10	3.55%	3.73%	3.90%	4.08%	4.25%	4.43%	4.60%	9.48%
Westar Energy, Inc.	WR	\$35.77	\$1.40	3.03%	3.29%	3.56%	3.82%	4.08%	4.34%	4.60%	8.45%
			Mean	4.91%	4.86%	4.81%	4.76%	4.70%	4.65%	4.60%	8.77%
			Median	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	8.70%
Combination Group											
Alliant Energy Corporation	LNT	\$57.34	\$2.04	4.63%	4.63%	4.62%	4.62%	4.61%	4.61%	4.60%	8.48%
Black Hills Corporation	BKH	\$51.74	\$1.56	n/a	n/a	n/a	n/a	n/a	n/a	4.60%	n/a
CMS Energy Corporation	CMS	\$29.89	\$1.08	6.43%	6.13%	5.82%	5.52%	5.21%	4.91%	4.60%	9.02%
DTE Energy Company	DTE	\$76.47	\$2.76	6.16%	5.90%	5.64%	5.38%	5.12%	4.86%	4.60%	8.94%
SCANA Corporation	SCG	\$50.64	\$2.10	4.53%	4.54%	4.56%	4.57%	4.58%	4.59%	4.60%	9.10%
TECO Energy, Inc.	TE	\$17.69	\$0.88	5.11%	5.03%	4.94%	4.86%	4.77%	4.69%	4.60%	10.23%
Vectren Corporation	VVC	\$40.06	\$1.44	4.57%	4.57%	4.58%	4.58%	4.59%	4.59%	4.60%	8.50%
			Mean	5.24%	5.13%	5.03%	4.92%	4.81%	4.71%	4.60%	9.04%
			Median	4.87%	4.83%	4.78%	4.74%	4.69%	4.65%	4.60%	8.98%

Notes:

[1] 13-week average stock price; Source: Attachment MPG-9

[2] Source: Attachment MPG-9

[3] Source: Attachment MPG-9

[4] Equals [3] + ([9] - [3])/6

[5] Equals [4] + ([9] - [3])/6

[6] Equals [5] + ([9] - [3])/6

[7] Equals [6] + ([9] - [3])/6

[8] Equals [7] + ([9] - [3])/6

[9] Source: Attachment MPG-9

[10] IRR based on stock price ([1]) and 200 years of projected dividends using the mid-year convention

Step-By-Step Adjustment of Mr. Gorman's Multi-Stage DCF Model
Step 2: Correct Long-Term Growth Estimate

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
		Stock Price	Annualized Dividend	First-Stage Growth	Second-Stage Growth					Third-Stage Growth	Multi-Stage Growth DCF
					Year 6	Year 7	Year 8	Year 9	Year 10		
Electric Group											
American Electric Power Company, Inc.	AEP	\$52.77	\$2.00	4.88%	5.01%	5.13%	5.26%	5.39%	5.51%	5.64%	9.63%
Empire District Electric Company	EDE	\$25.08	\$1.02	3.00%	3.44%	3.88%	4.32%	4.76%	5.20%	5.64%	9.43%
Great Plains Energy Inc.	GXP	\$25.07	\$0.92	5.00%	5.11%	5.21%	5.32%	5.43%	5.53%	5.64%	9.53%
Hawaiian Electric Industries, Inc.	HE	\$25.21	\$1.24	4.00%	4.27%	4.55%	4.82%	5.09%	5.37%	5.64%	10.57%
IDACORP, Inc.	IDA	\$55.00	\$1.72	4.00%	4.27%	4.55%	4.82%	5.09%	5.37%	5.64%	8.72%
NextEra Energy, Inc.	NEE	\$95.61	\$2.90	6.59%	6.43%	6.27%	6.12%	5.96%	5.80%	5.64%	9.18%
Otter Tail Corporation	OTTR	\$28.03	\$1.21	n/a	n/a	n/a	n/a	n/a	n/a	5.64%	n/a
Pinnacle West Capital Corporation	PNW	\$55.74	\$2.27	3.72%	4.04%	4.36%	4.68%	5.00%	5.32%	5.64%	9.62%
PNM Resources, Inc.	PNM	\$25.95	\$0.74	8.44%	7.97%	7.51%	7.04%	6.57%	6.11%	5.64%	9.39%
Portland General Electric Company	POR	\$33.20	\$1.12	7.80%	7.44%	7.08%	6.72%	6.36%	6.00%	5.64%	9.90%
Southern Company	SO	\$44.06	\$2.10	3.55%	3.90%	4.25%	4.60%	4.94%	5.29%	5.64%	10.28%
Westar Energy, Inc.	WR	\$35.77	\$1.40	3.03%	3.47%	3.90%	4.34%	4.77%	5.21%	5.64%	9.29%
			Mean	4.91%	5.03%	5.15%	5.28%	5.40%	5.52%	5.64%	9.60%
			Median	4.00%	4.27%	4.55%	4.82%	5.09%	5.37%	5.64%	9.53%
Combination Group											
Alliant Energy Corporation	LNT	\$57.34	\$2.04	4.63%	4.80%	4.97%	5.14%	5.30%	5.47%	5.64%	9.32%
Black Hills Corporation	BKH	\$51.74	\$1.56	n/a	n/a	n/a	n/a	n/a	n/a	5.64%	n/a
CMS Energy Corporation	CMS	\$29.89	\$1.08	6.43%	6.30%	6.17%	6.04%	5.90%	5.77%	5.64%	9.83%
DTE Energy Company	DTE	\$76.47	\$2.76	6.16%	6.07%	5.98%	5.90%	5.81%	5.73%	5.64%	9.76%
SCANA Corporation	SCG	\$50.64	\$2.10	4.53%	4.72%	4.90%	5.09%	5.27%	5.46%	5.64%	9.92%
TECO Energy, Inc.	TE	\$17.69	\$0.88	5.11%	5.20%	5.29%	5.38%	5.46%	5.55%	5.64%	10.99%
Vectren Corporation	VVC	\$40.06	\$1.44	4.57%	4.75%	4.92%	5.10%	5.28%	5.46%	5.64%	9.34%
			Mean	5.24%	5.31%	5.37%	5.44%	5.51%	5.57%	5.64%	9.86%
			Median	4.87%	5.00%	5.13%	5.26%	5.38%	5.51%	5.64%	9.80%

Notes:

[1] 13-week average stock price; Source: Attachment MPG-9

[2] Source: Attachment MPG-9

[3] Source: Attachment MPG-9

[4] Equals [3] + ([9] - [3])/6

[5] Equals [4] + ([9] - [3])/6

[6] Equals [5] + ([9] - [3])/6

[7] Equals [6] + ([9] - [3])/6

[8] Equals [7] + ([9] - [3])/6

[9] Source: Attachment No. RBH-12

[10] IRR based on stock price ([1]) and 200 years of projected dividends using the mid-year convention

Adjustment of Mr. Gorman's Multi-Stage DCF Model
Add Fourth Stage to Reflect Blue Chip Forecast Period - Mr. Hevert's Long-Term Growth Rate

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Stock Price	Annualized Dividend	First-Stage Growth	Second-Stage Growth				Third-Stage Growth	Fourth-Stage Growth	Multi-Stage Growth DCF	
American Electric Power Company, Inc.	AEP	\$52.77	\$2.00	4.88%	4.83%	4.79%	4.74%	4.69%	4.65%	4.60%	5.64%	9.36%
Empire District Electric Company	EDE	\$25.08	\$1.02	3.00%	3.27%	3.53%	3.80%	4.07%	4.33%	4.60%	5.64%	9.17%
Great Plains Energy Inc.	GXP	\$25.07	\$0.92	5.00%	4.93%	4.87%	4.80%	4.73%	4.67%	4.60%	5.64%	9.26%
Hawaiian Electric Industries, Inc.	HE	\$25.21	\$1.24	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	5.64%	10.22%
IDACORP, Inc.	IDA	\$55.00	\$1.72	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	5.64%	8.52%
NextEra Energy, Inc.	NEE	\$95.61	\$2.90	6.59%	6.26%	5.93%	5.60%	5.26%	4.93%	4.60%	5.64%	8.95%
Otter Tail Corporation	OTTR	\$28.03	\$1.21	n/a	n/a	n/a	n/a	n/a	n/a	4.60%	5.64%	n/a
Pinnacle West Capital Corporation	PNW	\$55.74	\$2.27	3.72%	3.86%	4.01%	4.16%	4.31%	4.45%	4.60%	5.64%	9.35%
PNM Resources, Inc.	PNM	\$25.95	\$0.74	8.44%	7.80%	7.16%	6.52%	5.88%	5.24%	4.60%	5.64%	9.14%
Portland General Electric Company	POR	\$33.20	\$1.12	7.80%	7.27%	6.73%	6.20%	5.67%	5.13%	4.60%	5.64%	9.61%
Southern Company	SO	\$44.06	\$2.10	3.55%	3.73%	3.90%	4.08%	4.25%	4.43%	4.60%	5.64%	9.95%
Westar Energy, Inc.	WR	\$35.77	\$1.40	3.03%	3.29%	3.56%	3.82%	4.08%	4.34%	4.60%	5.64%	9.04%
Mean				4.91%	4.86%	4.81%	4.76%	4.70%	4.65%	4.60%	5.64%	9.32%
Median				4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	5.64%	9.26%
Alliant Energy Corporation	LNT	\$57.34	\$2.04	4.63%	4.63%	4.62%	4.62%	4.61%	4.61%	4.60%	5.64%	9.07%
Black Hills Corporation	BKH	\$51.74	\$1.56	n/a	n/a	n/a	n/a	n/a	n/a	4.60%	5.64%	n/a
CMS Energy Corporation	CMS	\$29.89	\$1.08	6.43%	6.13%	5.82%	5.52%	5.21%	4.91%	4.60%	5.64%	9.55%
DTE Energy Company	DTE	\$76.47	\$2.76	6.16%	5.90%	5.64%	5.38%	5.12%	4.86%	4.60%	5.64%	9.48%
SCANA Corporation	SCG	\$50.64	\$2.10	4.53%	4.54%	4.56%	4.57%	4.58%	4.59%	4.60%	5.64%	9.62%
TECO Energy, Inc.	TE	\$17.69	\$0.88	5.11%	5.03%	4.94%	4.86%	4.77%	4.69%	4.60%	5.64%	10.61%
Vectren Corporation	VVC	\$40.06	\$1.44	4.57%	4.57%	4.58%	4.58%	4.59%	4.59%	4.60%	5.64%	9.09%
Mean				5.24%	5.13%	5.03%	4.92%	4.81%	4.71%	4.60%	5.64%	9.57%
Median				4.87%	4.83%	4.78%	4.74%	4.69%	4.65%	4.60%	5.64%	9.51%

Notes:

[1] 13-week average stock price; Source: Attachment MPG-9

[2] Source: Attachment MPG-9

[3] Source: Attachment MPG-9

[4] Equals [3] + ([9] - [3])/6

[5] Equals [4] + ([9] - [3])/6

[6] Equals [5] + ([9] - [3])/6

[7] Equals [6] + ([9] - [3])/6

[8] Equals [7] + ([9] - [3])/6

[9] Source: Attachment MPG-9

[10] Source: Attachment No. RBH-12

[11] IRR based on stock price ([1]) and 200 years of projected dividends

Mr. Gorman's Multi-Stage DCF Growth Model
Implied Growth Rate to Produce Average Authorized ROE as DCF Result

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
		Stock Price	Annualized Dividend	First-Stage Growth	Second-Stage Growth					Third-Stage Growth	Multi-Stage Growth DCF
					Year 6	Year 7	Year 8	Year 9	Year 10		
Combined Group											
American Electric Power Company, Inc.	AEP	\$52.77	\$2.00	4.88%	5.10%	5.32%	5.55%	5.77%	5.99%	6.21%	9.91%
Empire District Electric Company	EDE	\$25.08	\$1.02	3.00%	3.54%	4.07%	4.61%	5.14%	5.68%	6.21%	9.72%
Great Plains Energy Inc.	GXP	\$25.07	\$0.92	5.00%	5.20%	5.40%	5.61%	5.81%	6.01%	6.21%	9.82%
Hawaiian Electric Industries, Inc.	HE	\$25.21	\$1.24	4.00%	4.37%	4.74%	5.11%	5.47%	5.84%	6.21%	10.77%
IDACORP, Inc.	IDA	\$55.00	\$1.72	4.00%	4.37%	4.74%	5.11%	5.47%	5.84%	6.21%	9.07%
NextEra Energy, Inc.	NEE	\$95.61	\$2.90	6.59%	6.53%	6.46%	6.40%	6.34%	6.27%	6.21%	9.50%
Otter Tail Corporation	OTTR	\$28.03	\$1.21	n/a	n/a	n/a	n/a	n/a	n/a	6.21%	n/a
Pinnacle West Capital Corporation	PNW	\$55.74	\$2.27	3.72%	4.13%	4.55%	4.96%	5.38%	5.79%	6.21%	9.90%
PNM Resources, Inc.	PNM	\$25.95	\$0.74	8.44%	8.07%	7.70%	7.33%	6.95%	6.58%	6.21%	9.69%
Portland General Electric Company	POR	\$33.20	\$1.12	7.80%	7.54%	7.27%	7.01%	6.74%	6.48%	6.21%	10.16%
Southern Company	SO	\$44.06	\$2.10	3.55%	3.99%	4.44%	4.88%	5.32%	5.77%	6.21%	10.50%
Westar Energy, Inc.	WR	\$35.77	\$1.40	3.03%	3.56%	4.09%	4.62%	5.15%	5.68%	6.21%	9.60%
Alliant Energy Corporation	LNT	\$57.34	\$2.04	4.63%	4.90%	5.16%	5.42%	5.68%	5.95%	6.21%	9.62%
Black Hills Corporation	BKH	\$51.74	\$1.56	n/a	n/a	n/a	n/a	n/a	n/a	6.21%	n/a
CMS Energy Corporation	CMS	\$29.89	\$1.08	6.43%	6.40%	6.36%	6.32%	6.28%	6.25%	6.21%	10.10%
DTE Energy Company	DTE	\$76.47	\$2.76	6.16%	6.17%	6.17%	6.18%	6.19%	6.20%	6.21%	10.03%
SCANA Corporation	SCG	\$50.64	\$2.10	4.53%	4.81%	5.09%	5.37%	5.65%	5.93%	6.21%	10.17%
TECO Energy, Inc.	TE	\$17.69	\$0.88	5.11%	5.29%	5.48%	5.66%	5.84%	6.03%	6.21%	11.15%
Vectren Corporation	VVC	\$40.06	\$1.44	4.57%	4.84%	5.11%	5.39%	5.66%	5.94%	6.21%	9.64%
Mean				5.03%	5.22%	5.42%	5.62%	5.82%	6.01%	6.21%	9.96%
Median				4.63%	4.90%	5.16%	5.42%	5.68%	5.95%	6.21%	9.90%

Notes:

[1] 13-week average stock price; Source: Attachment MPG-9

[2] Source: Attachment MPG-9

[3] Source: Attachment MPG-9

[4] Equals [3] + ([9] - [3])/6

[5] Equals [4] + ([9] - [3])/6

[6] Equals [5] + ([9] - [3])/6

[7] Equals [6] + ([9] - [3])/6

[8] Equals [7] + ([9] - [3])/6

[9] Implicit Growth Rate

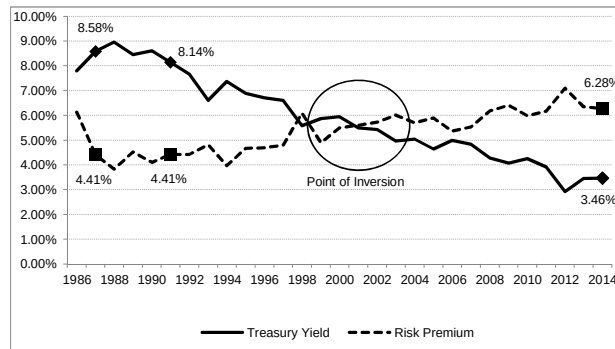
[10] IRR based on stock price ([1]) and 200 years of projected dividends

Analysis Using Mr. Gorman's Equity Risk Premium Data

Year	Authorized Electric Returns	30-Year Treasury Yield	Indicated Risk Premium
1986	13.93%	7.80%	6.13%
1987	12.99%	8.58%	4.41%
1988	12.79%	8.96%	3.83%
1989	12.97%	8.45%	4.52%
1990	12.70%	8.61%	4.09%
1991	12.55%	8.14%	4.41%
1992	12.09%	7.67%	4.42%
1993	11.41%	6.60%	4.81%
1994	11.34%	7.37%	3.97%
1995	11.55%	6.88%	4.67%
1996	11.39%	6.70%	4.69%
1997	11.40%	6.61%	4.79%
1998	11.66%	5.58%	6.08%
1999	10.77%	5.87%	4.90%
2000	11.43%	5.94%	5.49%
2001	11.09%	5.49%	5.60%
2002	11.16%	5.43%	5.73%
2003	10.97%	4.96%	6.01%
2004	10.75%	5.05%	5.70%
2005	10.54%	4.65%	5.89%
2006	10.36%	4.99%	5.37%
2007	10.36%	4.83%	5.53%
2008	10.46%	4.28%	6.18%
2009	10.48%	4.07%	6.41%
2010	10.24%	4.25%	5.99%
2011	10.07%	3.91%	6.16%
2012	10.01%	2.92%	7.09%
2013	9.79%	3.45%	6.34%
2014	9.74%	3.46%	6.28%
Average	11.28%	5.91%	5.36%

Source: Attachment MPG-11

Correlation: -0.8764



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.87639417
R Square	0.76806675
Adjusted R Square	0.75947663
Standard Error	0.00422766
Observations	29

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	0.001598085	0.001598085	89.41280271	4.65073E-10
Residual	27	0.000482574	1.78731E-05		
Total	28	0.002080659			

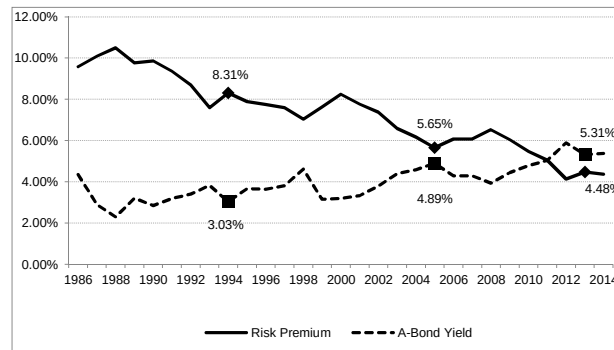
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.07911719	0.002808193	28.17369901	1.48083E-21	0.073355258	0.0848791	0.07335526	0.08487913
30-Year Treasury Yield	-0.4311476	0.045595929	-9.455834321	4.65073E-10	-0.524702672	-0.3375924	-0.52470267	-0.33759243

Analysis Using Mr. Gorman's Equity Risk Premium Data

Year	Authorized Electric Returns	Average A Rated Utility Bond Yield	Indicated Risk Premium
1986	13.93%	9.58%	4.35%
1987	12.99%	10.10%	2.89%
1988	12.79%	10.49%	2.30%
1989	12.97%	9.77%	3.20%
1990	12.70%	9.86%	2.84%
1991	12.55%	9.36%	3.19%
1992	12.09%	8.69%	3.40%
1993	11.41%	7.59%	3.82%
1994	11.34%	8.31%	3.03%
1995	11.55%	7.89%	3.66%
1996	11.39%	7.75%	3.64%
1997	11.40%	7.60%	3.80%
1998	11.66%	7.04%	4.62%
1999	10.77%	7.62%	3.15%
2000	11.43%	8.24%	3.19%
2001	11.09%	7.76%	3.33%
2002	11.16%	7.37%	3.79%
2003	10.97%	6.58%	4.39%
2004	10.75%	6.16%	4.59%
2005	10.54%	5.65%	4.89%
2006	10.36%	6.07%	4.29%
2007	10.36%	6.07%	4.29%
2008	10.46%	6.53%	3.93%
2009	10.48%	6.04%	4.44%
2010	10.24%	5.46%	4.78%
2011	10.07%	5.04%	5.03%
2012	10.01%	4.13%	5.88%
2013	9.79%	4.48%	5.31%
2014	9.74%	4.36%	5.38%
Average	11.28%	7.30%	3.98%

Source: Attachment MPG-12

Correlation: -0.8985



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.89854914
R Square	0.80739055
Adjusted R Square	0.80025687
Standard Error	0.00389362
Observations	29

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	0.001715844	0.001715844	113.1800406	3.70115E-11
Residual	27	0.000409328	1.51603E-05		
Total	28	0.002125172			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.07165399	0.003081001	23.25672403	2.15312E-19	0.065332296	0.0779757	0.0653323	0.07797568
A Rated Util Bond Yield	-0.4366878	0.041047445	-10.63861084	3.70115E-11	-0.520910196	-0.3524654	-0.5209102	-0.3524654

Analysis Using Mr. Gorman's Equity Risk Premium Data

Year	Authorized Electric Returns	Average A Rated Utility Bond Yield	30-Year Treasury Yield	Credit Spread	Indicated Risk Premium
1986	13.93%	9.58%	7.80%	1.78%	6.13%
1987	12.99%	10.10%	8.58%	1.52%	4.41%
1988	12.79%	10.49%	8.96%	1.53%	3.83%
1989	12.97%	9.77%	8.45%	1.32%	4.52%
1990	12.70%	9.86%	8.61%	1.25%	4.09%
1991	12.55%	9.36%	8.14%	1.22%	4.41%
1992	12.09%	8.69%	7.67%	1.02%	4.42%
1993	11.41%	7.59%	6.60%	0.99%	4.81%
1994	11.34%	8.31%	7.37%	0.94%	3.97%
1995	11.55%	7.89%	6.88%	1.01%	4.67%
1996	11.39%	7.75%	6.70%	1.05%	4.69%
1997	11.40%	7.60%	6.61%	0.99%	4.79%
1998	11.66%	7.04%	5.58%	1.46%	6.08%
1999	10.77%	7.62%	5.87%	1.75%	4.90%
2000	11.43%	8.24%	5.94%	2.30%	5.49%
2001	11.09%	7.76%	5.49%	2.27%	5.60%
2002	11.16%	7.37%	5.43%	1.94%	5.73%
2003	10.97%	6.58%	4.96%	1.62%	6.01%
2004	10.75%	6.16%	5.05%	1.11%	5.70%
2005	10.54%	5.65%	4.65%	1.00%	5.89%
2006	10.36%	6.07%	4.99%	1.08%	5.37%
2007	10.36%	6.07%	4.83%	1.24%	5.53%
2008	10.46%	6.53%	4.28%	2.25%	6.18%
2009	10.48%	6.04%	4.07%	1.97%	6.41%
2010	10.24%	5.46%	4.25%	1.21%	5.99%
2011	10.07%	5.04%	3.91%	1.13%	6.16%
2012	10.01%	4.13%	2.92%	1.21%	7.09%
2013	9.79%	4.48%	3.45%	1.03%	6.34%
2014	9.74%	4.36%	3.46%	0.90%	6.28%
Average	11.28%	7.30%	5.91%	1.38%	5.36%

Source: Attachments MPG-11 & MPG-12

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.89978168
R Square	0.80960706
Adjusted R Square	0.79496145
Standard Error	0.00390337
Observations	29

ANOVA					
	df	SS	MS	F	Significance F
Regression	2	0.001684517	0.000842258	55.27984424	4.31977E-10
Residual	26	0.000396143	1.52363E-05		
Total	28	0.002080659			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.07330289	0.003561169	20.58394336	1.2851E-17	0.065982807	0.080623	0.06598281	0.08062298
30-Year Treasury Yield	-0.4283508	0.042114734	-10.17104414	1.48753E-10	-0.514918892	-0.3417827	-0.51491889	-0.34178274
Credit Spread	0.40844307	0.171488646	2.381749935	0.024836399	0.055943111	0.760943	0.05594311	0.76094303

Analysis Using Mr. Gorman's Equity Risk Premium Data

Mr. Gorman's Projected Treasury Yield: 4.30%
Mr. Gorman's Current Utility Bond Yield: 4.69%

HIGH RANK	YEAR	RISK PREMIUM	ROE	LOW RANK	YEAR	RISK PREMIUM	ROE	WEIGHTED ROE
Treasury Yield-Based Risk Premium								
1	2012	7.09%	11.39%	29	1988	3.83%	8.13%	10.41%
2	2009	6.41%	10.71%	28	1994	3.97%	8.27%	9.98%
3	2013	6.34%	10.64%	27	1990	4.09%	8.39%	9.97%
4	2014	6.28%	10.58%	26	1987	4.41%	8.71%	10.02%
5	2008	6.18%	10.48%	25	1991	4.41%	8.71%	9.95%
6	2011	6.16%	10.46%	24	1992	4.42%	8.72%	9.94%
7	1986	6.13%	10.43%	23	1989	4.52%	8.82%	9.95%
8	1998	6.08%	10.38%	22	1995	4.67%	8.97%	9.96%
9	2003	6.01%	10.31%	21	1996	4.69%	8.99%	9.92%
10	2010	5.99%	10.29%	20	1997	4.79%	9.09%	9.93%
A-Utility Bond-Based Risk Premium								
1	2012	5.88%	10.57%	29	1988	2.30%	6.99%	9.50%
2	2014	5.38%	10.07%	28	1990	2.84%	7.53%	9.31%
3	2013	5.31%	10.00%	27	1987	2.89%	7.58%	9.28%
4	2011	5.03%	9.72%	26	1994	3.03%	7.72%	9.12%
5	2005	4.89%	9.58%	25	1999	3.15%	7.84%	9.06%
6	2010	4.78%	9.47%	24	2000	3.19%	7.88%	8.99%
7	1998	4.62%	9.31%	23	1991	3.19%	7.88%	8.88%
8	2004	4.59%	9.28%	22	1989	3.20%	7.89%	8.86%
9	2009	4.44%	9.13%	21	2001	3.33%	8.02%	8.80%
10	2003	4.39%	9.08%	20	1992	3.40%	8.09%	8.78%
Estimated Return on Equity (Midpoint)								
1	-----							9.95%
2	-----							9.64%
3	-----							9.62%
4	-----							9.57%
5	-----							9.50%
6	-----							9.46%
7	-----							9.41%
8	-----							9.41%
9	-----							9.36%
10	-----							9.36%

Source: Schedules MPG-11, MPG-12 and MPG-14
Note: Differences due to rounding

Analysis Using Mr. Gorman's Equity Risk Premium Data

```
DATASET NAME DataSet2 WINDOW=FRONT .  
DATASET ACTIVATE DataSet1.  
DATASET CLOSE DataSet2.  
NEW FILE.  
DATASET NAME DataSet3 WINDOW=FRONT .  
REGRESSION  
  /MISSING LISTWISE  
  /STATISTICS COEFF OUTS R ANOVA  
  /CRITERIA=PIN(.05) POUT(.10)  
  /NOORIGIN  
  /DEPENDENT VAR00002  
  /METHOD=ENTER VAR00001  
  /RESIDUALS DURBIN.
```

Regression

Notes		
Output Created		09-DEC-2014 12:57:31
Comments		
Input	Active Dataset	DataSet3
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	29
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any variable used.
Syntax		REGRESSION /MISSING LISTWISE /STATISTICS COEFF OUTS R ANOVA /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT VAR00002 /METHOD=ENTER VAR00001 /RESIDUALS DURBIN.
Resources	Processor Time	00:00:00.02
	Elapsed Time	00:00:00.01
	Memory Required	2400 bytes
	Additional Memory Required for Residual Plots	0 bytes

Analysis Using Mr. Gorman's Equity Risk Premium Data

[DataSet3]

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	30yrTrYield ^b		Enter

a. Dependent Variable: RiskPremium

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.876 ^a	.768	.759	.0042276809	1.303

a. Predictors: (Constant), 30yrTrYield

b. Dependent Variable: RiskPremium

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.002	1	.002	89.413	.000 ^b
	Residual	.000	27	.000		
	Total	.002	28			

a. Dependent Variable: RiskPremium

b. Predictors: (Constant), 30yrTrYield

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.079	.003		28.174	.000
	30yrTrYield	-.431	.046	-.876	-9.456	.000

a. Dependent Variable: RiskPremium

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.040489804	.066524349	.053622207	.0075548248	29
Residual	-.0076416344	.0158219803	.0000000000	.0041515002	29
Std. Predicted Value	-1.738	1.708	.000	1.000	29
Std. Residual	-1.808	3.742	.000	.982	29

a. Dependent Variable: RiskPremium

areg var00002 with var00001
/method=PW.

Analysis Using Mr. Gorman's Equity Risk Premium Data

Autoregression

Notes		
Output Created		09-DEC-2014 12:58:49
Comments		
Input	Active Dataset	DataSet3
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	29
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Cases with missing values that successively occur at the beginning or end of the series are skipped. All other cases may not contain any missing value.
Syntax		areg var00002 with var00001 /method=PW.
Resources	Processor Time	00:00:00.02
	Elapsed Time	00:00:00.01
Use	From	First observation
	To	Last observation
Predict	From	First observation following the use period
	To	Last observation
Time Series Settings (TSET)	Amount of Output	PRINT = DEFAULT
	Saving New Variables	NEWVAR = CURRENT
	Maximum Number of Lags in Autocorrelation or Partial Autocorrelation Plots	MXAUTO = 16
	Maximum Number of Lags in Cross-Correlation Plots	MXCROSS = 7
	Maximum Number of New Variables Generated Per Procedure	MXNEWVAR = 60
	Maximum Number of New Cases Per Procedure	MPREDICT = 1000
	Treatment of User-Missing Values	MISSING = EXCLUDE
	Confidence Interval Percentage Value	CIN = 95
	Tolerance for Entering Variables in Regression Equations	TOLER = .0001
	Maximum Iterative Parameter Change	CONVERGE = .001
	Method of Calculating Std. Errors for Autocorrelations	ACFSE = IND
	Length of Seasonal Period	Unspecified
	Variable Whose Values Label Observations in Plots	Unspecified
	Equations Include	CONSTANT
Variables Created or Modified	FIT#1	Fit for VAR00002 from AREG, MOD_1
	ERR#1	Error for VAR00002 from AREG, MOD_1
	LCL#1	95% LCL for VAR00002 from AREG, MOD_1
	UCL#1	95% UCL for VAR00002 from AREG, MOD_1
	SEP#1	SE of Fit for VAR00002 from AREG, MOD_1

Analysis Using Mr. Gorman's Equity Risk Premium Data

Model Description

Model Name	MOD_1
Dependent Series	RiskPremium
Independent Series	1
Constant	Included
AR	1

Applying the model specifications from MOD_1

Iteration Termination Criteria

Maximum Parameter Change Less Than	.001
Number of Iterations Equal to	10

Case Processing Summary

Series Length	29
Number of Cases Skipped Due to Missing Values	0
At the Beginning of the Series	0
At the End of the Series	0
Number of Cases with Missing Values within the Series	0
Number of Forecasted Cases	0
Number of New Cases Added to the Current Working File	0

Requested Initial Configuration

Rho (AR1)	AUTO
Regression Coefficients	30yrTrYield
Constant	AUTO ^a

a. The prior parameter value is invalid and is reset to 0.1.

Iteration 0

Autocorrelation Coefficient

Rho (AR1)	Std. Error
0	.004

The Prais-Winsten estimation method is used.

Model Fit Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.876	.768	.759	.004	1.303

The Prais-Winsten estimation method is used.

ANOVA

	Sum of Squares	df	Mean Square
Regression	.002	1	.002
Residual	.000	27	.000

The Prais-Winsten estimation method is used.

Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
30yrTrYield	-.431	.046	-.876	-9.456	.000
(Constant)	.079	.003		28.174	.000

The Prais-Winsten estimation method is used.

Iteration History

	Rho (AR1)		Durbin-Watson	Mean Squared Errors
	Value	Std. Error		
0	.087	.195	1.473	.000
1	.089	.195	1.477	.000
2 ^a	.089	.195	1.477	.000

The Prais-Winsten estimation method is used.

a. The estimation terminated at this iteration, because all the parameter estimates changed by less than .001.

Analysis Using Mr. Gorman's Equity Risk Premium Data

Final Iteration 2

Autocorrelation Coefficient

Rho (AR1)	Std. Error
.089	.195

The Prais-Winsten estimation method is used.

Model Fit Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.861	.741	.721	.004	1.477

The Prais-Winsten estimation method is used.

ANOVA

	Sum of Squares	df	Mean Square
Regression	.001	1	.001
Residual	.000	26	.000

The Prais-Winsten estimation method is used.

Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
30yrTrYield	-.433	.050	-.861	-8.623	.000
(Constant)	.079	.003		25.633	.000

The Prais-Winsten estimation method is used.

DATASET ACTIVATE DataSet4.

REGRESSION

/MISSING LISTWISE

/STATISTICS COEFF OUTS R ANOVA

/CRITERIA=PIN(.05) POUT(.10)

/NOORIGIN

/DEPENDENT VAR00002

/METHOD=ENTER VAR00001

/RESIDUALS DURBIN.

Regression

Notes

Output Created		09-DEC-2014 13:04:58
Comments		
Input	Active Dataset	DataSet4
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	29
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any variable used.
Syntax		REGRESSION /MISSING LISTWISE /STATISTICS COEFF OUTS R ANOVA /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT VAR00002 /METHOD=ENTER VAR00001 /RESIDUALS DURBIN.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.00
	Memory Required	2608 bytes
	Additional Memory Required for Residual Plots	0 bytes

Analysis Using Mr. Gorman's Equity Risk Premium Data

[DataSet4]

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	A_UTILITYBONDYIELD ^b		Enter

a. Dependent Variable: RiskPremium

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.899 ^a		.807	.800	.0038936064

a. Predictors: (Constant), A_UTILITYBONDYIELD

b. Dependent Variable: RiskPremium

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.002	1	.002	113.181	.000 ^b
	Residual	.000	27	.000		
	Total	.002	28			

a. Dependent Variable: RiskPremium

b. Predictors: (Constant), A_UTILITYBONDYIELD

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.072	.003		23.257	.000
	A_UTILITYBONDYIELD	-.437	.041	-.899	-10.639	.000

a. Dependent Variable: RiskPremium

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.025845459	.053615276	.039791759	.0078281510	29
Residual	-.0068783825	.0136806872	.0000000000	.0038234456	29
Std. Predicted Value	-1.782	1.766	.000	1.000	29
Std. Residual	-1.767	3.514	.000	.982	29

a. Dependent Variable: RiskPremium

areg var00002 with var00001
/method=PW.

Analysis Using Mr. Gorman's Equity Risk Premium Data

Autoregression

Notes		
Output Created		09-DEC-2014 13:05:49
Comments		
Input	Active Dataset	DataSet4
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	29
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Cases with missing values that successively occur at the beginning or end of the series are skipped. All other cases may not contain any missing value.
Syntax		areg var00002 with var00001 /method=PW.
Resources	Processor Time	00:00:00.03
	Elapsed Time	00:00:00.03
Use	From	First observation
	To	Last observation
Predict	From	First observation following the use period
	To	Last observation
Time Series Settings (TSET)	Amount of Output	PRINT = DEFAULT
	Saving New Variables	NEWVAR = CURRENT
	Maximum Number of Lags in Autocorrelation or Partial Autocorrelation Plots	MXAUTO = 16
	Maximum Number of Lags in Cross-Correlation Plots	MXCROSS = 7
	Maximum Number of New Variables Generated Per Procedure	MXNEWVAR = 60
	Maximum Number of New Cases Per Procedure	MPREDICT = 1000
	Treatment of User-Missing Values	MISSING = EXCLUDE
	Confidence Interval Percentage Value	CIN = 95
	Tolerance for Entering Variables in Regression Equations	TOLER = .0001
	Maximum Iterative Parameter Change	CNVERGE = .001
	Method of Calculating Std. Errors for Autocorrelations	ACFSE = IND
	Length of Seasonal Period	Unspecified
	Variable Whose Values Label Observations in Plots	Unspecified
	Equations Include	CONSTANT
Variables Created or Modified	FIT#1	Fit for VAR00002 from AREG, MOD_4
	ERR#1	Error for VAR00002 from AREG, MOD_4
	LCL#1	95% LCL for VAR00002 from AREG, MOD_4
	UCL#1	95% UCL for VAR00002 from AREG, MOD_4
	SEP#1	SE of Fit for VAR00002 from AREG, MOD_4

Analysis Using Mr. Gorman's Equity Risk Premium Data

Model Description

Model Name	MOD_4
Dependent Series	RiskPremium
Independent Series	1
Constant	Included
AR	1

Applying the model specifications from MOD_4

Iteration Termination Criteria

Maximum Parameter Change Less Than	.001
Number of Iterations Equal to	10

Case Processing Summary

Series Length	29
Number of Cases Skipped Due to Missing Values	0
At the Beginning of the Series	0
At the End of the Series	0
Number of Cases with Missing Values within the Series	0
Number of Forecasted Cases	0
Number of New Cases Added to the Current Working File	0

Requested Initial Configuration

Rho (AR1)	AUTO
Regression Coefficients	A_UTILITYBONDYIELD
Constant	AUTO ^a

a. The prior parameter value is invalid and is reset to 0.1.

Iteration 0

Autocorrelation Coefficient

Rho (AR1)	Std. Error
0	.004

The Prais-Winsten estimation method is used.

Model Fit Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.899	.807	.800	.004	1.308

The Prais-Winsten estimation method is used.

ANOVA

	Sum of Squares	df	Mean Square
Regression	.002	1	.002
Residual	.000	27	.000

The Prais-Winsten estimation method is used.

Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
A_UTILITYBONDYIELD	-.437	.041	-.899	-10.639	.000
(Constant)	.072	.003		23.257	.000

The Prais-Winsten estimation method is used.

Iteration History

	Rho (AR1)		Durbin-Watson	Mean Squared Errors
	Value	Std. Error		
0	.116	.195	1.524	.000
1	.119	.195	1.531	.000
2 ^a	.119	.195	1.531	.000

The Prais-Winsten estimation method is used.

a. The estimation terminated at this iteration, because all the parameter estimates changed by less than .001.

Analysis Using Mr. Gorman's Equity Risk Premium Data

Final Iteration 2

Autocorrelation Coefficient

Rho (AR1)	Std. Error
.119	.195

The Prais-Winsten estimation method is used.

Model Fit Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.881	.776	.759	.004	1.531

The Prais-Winsten estimation method is used.

ANOVA

	Sum of Squares	df	Mean Square
Regression	.001	1	.001
Residual	.000	26	.000

The Prais-Winsten estimation method is used.

Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
A_ UtilityBondYield	-.439	.046	-.881	-9.502	.000
(Constant)	.072	.003		20.721	.000

The Prais-Winsten estimation method is used.

```

DATASET ACTIVATE DataSet5.
REGRESSION
  /MISSING LISTWISE
  /STATISTICS COEFF OUTS R ANOVA
  /CRITERIA=PIN(.05) POUT(.10)
  /NOORIGIN
  /DEPENDENT VAR00003
  /METHOD=ENTER VAR00001 VAR00002
  /RESIDUALS DURBIN.

```

Regression

Notes

Output Created		09-DEC-2014 13:06:09
Comments		
Input	Active Dataset	DataSet5
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	29
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any variable used.
Syntax		REGRESSION /MISSING LISTWISE /STATISTICS COEFF OUTS R ANOVA /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT VAR00003 /METHOD=ENTER VAR00001 VAR00002 /RESIDUALS DURBIN.
Resources	Processor Time	00:00:00.02
	Elapsed Time	00:00:00.02
	Memory Required	3104 bytes
	Additional Memory Required for Residual Plots	0 bytes

Analysis Using Mr. Gorman's Equity Risk Premium Data

[DataSet5]

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	CreditSpread, 30yrTrYield ^b		Enter

a. Dependent Variable: RiskPremium

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.900 ^a		.810	.795	.0039033927

a. Predictors: (Constant), CreditSpread, 30yrTrYield

b. Dependent Variable: RiskPremium

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.002	2	.001	55.280	.000 ^b
	Residual	.000	26	.000		
	Total	.002	28			

a. Dependent Variable: RiskPremium

b. Predictors: (Constant), CreditSpread, 30yrTrYield

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.073	.004		20.584	.000
	30yrTrYield	-.428	.042	-.871	-10.171	.000
	CreditSpread	.408	.171	.204	2.382	.025

a. Dependent Variable: RiskPremium

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.041178476	.065733872	.053622207	.0077564281	29
Residual	-.0062995735	.0141410222	.0000000000	.0037614033	29
Std. Predicted Value	-1.604	1.562	.000	1.000	29
Std. Residual	-1.614	3.623	.000	.964	29

a. Dependent Variable: RiskPremium

areg var00003 with var00001 var00002
/method=PW.

Analysis Using Mr. Gorman's Equity Risk Premium Data

Autoregression

Notes		
Output Created		09-DEC-2014 13:10:12
Comments		
Input	Active Dataset	DataSet5
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	29
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Cases with missing values that successively occur at the beginning or end of the series are skipped. All other cases may not contain any missing value.
Syntax		areg var00003 with var00001 var00002 /method=PW.
Resources	Processor Time	00:00:00.02
	Elapsed Time	00:00:00.02
Use	From	First observation
	To	Last observation
Predict	From	First observation following the use period
	To	Last observation
Time Series Settings (TSET)	Amount of Output	PRINT = DEFAULT
	Saving New Variables	NEWVAR = CURRENT
	Maximum Number of Lags in Autocorrelation or Partial Autocorrelation Plots	MXAUTO = 16
	Maximum Number of Lags in Cross-Correlation Plots	MXCROSS = 7
	Maximum Number of New Variables Generated Per Procedure	MXNEWVAR = 60
	Maximum Number of New Cases Per Procedure	MXPREDICT = 1000
	Treatment of User-Missing Values	MISSING = EXCLUDE
	Confidence Interval Percentage Value	CIN = 95
	Tolerance for Entering Variables in Regression Equations	TOLER = .0001
	Maximum Iterative Parameter Change	CNVERGE = .001
	Method of Calculating Std. Errors for Autocorrelations	ACFSE = IND
	Length of Seasonal Period	Unspecified
	Variable Whose Values Label Observations in Plots	Unspecified
	Equations Include	CONSTANT
Variables Created or Modified	FIT#1	Fit for VAR00003 from AREG, MOD_5
	ERR#1	Error for VAR00003 from AREG, MOD_5
	LCL#1	95% LCL for VAR00003 from AREG, MOD_5
	UCL#1	95% UCL for VAR00003 from AREG, MOD_5
	SEP#1	SE of Fit for VAR00003 from AREG, MOD_5

Analysis Using Mr. Gorman's Equity Risk Premium Data

Model Description

Model Name	MOD_5
Dependent Series	RiskPremium
Independent Series	1
	2
Constant	Included
AR	1

Applying the model specifications from MOD_5

Iteration Termination Criteria

Maximum Parameter Change Less Than	.001
Number of Iterations Equal to	10

Case Processing Summary

Series Length	29
Number of Cases Skipped At the Beginning of the Series	0
Due to Missing Values At the End of the Series	0
Number of Cases with Missing Values within the Series	0
Number of Forecasted Cases	0
Number of New Cases Added to the Current Working File	0

Requested Initial Configuration

Rho (AR1)	AUTO
Regression Coefficients	30yrTrYield
	CreditSpread
Constant	AUTO ^a

a. The prior parameter value is invalid and is reset to 0.1.

Iteration 0

Autocorrelation Coefficient

Rho (AR1)	Std. Error
0	.004

The Prais-Winsten estimation method is used.

Model Fit Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.900	.810	.795	.004	1.381

The Prais-Winsten estimation method is used.

ANOVA

	Sum of Squares	df	Mean Square
Regression	.002	2	.001
Residual	.000	26	.000

The Prais-Winsten estimation method is used.

Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
30yrTrYield	-.428	.042	-.871	-10.171	.000
CreditSpread	.408	.171	.204	2.382	.025
(Constant)	.073	.004		20.584	.000

The Prais-Winsten estimation method is used.

Analysis Using Mr. Gorman's Equity Risk Premium Data

Iteration History

	Rho (AR1)		Durbin-Watson	Mean Squared Errors
	Value	Std. Error		
0	.056	.200	1.485	.000
1	.061	.200	1.493	.000
2 ^a	.061	.200	1.493	.000

The Prais-Winsten estimation method is used.

a. The estimation terminated at this iteration, because all the parameter estimates changed by less than .001.

Final Iteration 2

Autocorrelation Coefficient

Rho (AR1)	Std. Error
.061	.200

The Prais-Winsten estimation method is used.

Model Fit Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.891	.794	.769	.004	1.493

The Prais-Winsten estimation method is used.

ANOVA

	Sum of Squares	df	Mean Square
Regression	.002	2	.001
Residual	.000	25	.000

The Prais-Winsten estimation method is used.

Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
30yrTrYield	-.430	.045	-.861	-9.480	.000
CreditSpread	.420	.182	.210	2.312	.029
(Constant)	.073	.004		19.282	.000

The Prais-Winsten estimation method is used.

Sensitivity Analysis of Mr. Gorman's Financial Integrity Schedule MPG-17
Public Service Pre-Tax Rate of Return - Alternate Scenarios

Line	Description	Scenario 1 7.98% ROE	Scenario 2 9.30% ROE	Scenario 3 10.25	Scenario 4 10.00% ROE	Notes/ Sources
1	Long Term Debt Percent of Total	46.96%	46.96%	46.96%	46.96%	MPG-17, Page 2
2	Long Term Debt Cost Rate	4.65%	4.65%	4.65%	4.65%	MPG-17, Page 2
3	Common Equity Percent of Total	53.04%	53.04%	53.04%	53.04%	MPG-17, Page 2
4	Common Equity Cost Rate	7.98%	9.30%	10.35%	10.00%	Scenario specific
5	Wgtd Cost of Debt	2.18%	2.18%	2.18%	2.18%	Line 1 x Line 2
6	Wgtd Return on Equity	4.23%	4.93%	5.49%	5.30%	Line 3 x Line 4
7	Tax Conversion Factor	1.6131504	1.6131504	1.6131504	1.6131504	MPG-17, Page 2
8	Pre-Tax Rate of Return	9.01%	10.14%	11.04%	10.74%	Line 5 + Line 6 x Line 7

Sensitivity Analysis of Gorman's Financial Integrity Schedule MPG-17
Public Service S&P Credit Metrics - Alternate Scenarios

Line	Description	Retail Cost of Service Amount (1)a	Retail Cost of Service Amount (1)b	Retail Cost of Service Amount (1)c	Retail Cost of Service Amount (1)c	S&P Benchmark (Medial Volatility)			Notes/ Sources (5)
						Intermediate (2)	Significant (3)	Aggressive (4)	
1	Rate Base (CO)	\$ 6,392,096	\$ 6,392,096	\$ 6,392,096	\$ 6,392,096				MPG-17, Page 1
2	Weighted Common Return	4.23%	4.93%	5.49%	5.30%				See above
3	Pre-Tax Rate of Return	9.01%	10.14%	11.04%	10.74%				See above
4	Income to Common	\$ 270,575	\$ 315,332	\$ 350,934	\$ 339,066				Line 1 x Line 2
5	EBIT	\$ 575,904	\$ 648,103	\$ 705,534	\$ 686,391				Line 1 x Line 3
6	Depreciation & Amortization	\$ 284,506	\$ 284,506	\$ 284,506	\$ 284,506				MPG-17, Page 1
7	Imputed Amortization	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000				MPG-17, Page 1
8	Deferred Income Taxes & ITC	\$ 73,237	\$ 73,237	\$ 73,237	\$ 73,237				MPG-17, Page 1
9	Funds from Operations (FFO)	\$ 656,319	\$ 701,075	\$ 736,677	\$ 724,810				Line 4 + Line 6 + Line 7 + Line 8
10	Imputed & Capitalized Interest Expense	\$ 18,900	\$ 18,900	\$ 18,900	\$ 18,900				MPG-17, Page 1
11	EBITDA	\$ 907,310	\$ 979,509	\$ 1,036,941	\$ 1,017,797				Line 5 + Line 6 + Line 7 + Line 10
12	Total Adjusted Debt Ratio	49.7%	49.7%	49.7%	49.7%				MPG-17, Page 1
13	Debt to EBITDA	3.50x	3.24x	3.06x	3.12x	2.5x - 3.5x	3.5x - 4.5x	4.5x - 5.5x	(Line 1 x Line 12) / Line 11
14	FFO to Total Debt	20.67%	22.08%	23.20%	22.83%	23% - 35%	13% - 23%	9% - 13%	Line 9 / (Line 1 x Line 12)