Exhibit No.:	
Issue:	Revenue Requirement
Witness:	Michael P. Gorman
Type of Exhibit:	Rebuttal Testimony
Sponsoring Parties:	Missouri Industrial Energy Consumers and Midwest Energy Consumers' Group
Case No.:	ER-2014-0370
Date Testimony Prepared:	May 7, 2015

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service	**Case No. ER-2014-0370**

Rebuttal Testimony and Schedules of

Michael P. Gorman

On behalf of

Missouri Industrial Energy Consumers
and
Midwest Energy Consumers' Group

NON-PROPRIETARY VERSION

May 7, 2015

BRUBAKER & ASSOCIATES, INC.

Project 10005

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service	)	**Case No. ER-2014-0370**

STATE OF MISSOURI)
) **SS**
COUNTY OF ST. LOUIS)

Affidavit of Michael P. Gorman

Michael P. Gorman, being first duly sworn, on his oath states:

1. My name is Michael P. Gorman. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Missouri Industrial Energy Consumers and Midwest Energy Consumers' Group in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes are my rebuttal testimony and schedules which were prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2014-0370.

3. I hereby swear and affirm that the testimony and schedules are true and correct and that they show the matters and things that they purport to show.

Michael P. Gorman

Subscribed and sworn to before me this 7th day of May, 2015.

MARIA E. DECKER
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis City
My Commission Expires: May 5, 2017
Commission # 13706793

Maria E. Decker
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
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Rebuttal Testimony of Michael P. Gorman

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service	)))))	Case No. ER-2014-0370

Rebuttal Testimony of Michael P. Gorman

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Michael P. Gorman. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q WHAT IS YOUR OCCUPATION?

A I am a consultant in the field of public utility regulation and a Managing Principal of Brubaker & Associates, Inc., energy, economic and regulatory consultants.

Q ARE YOU THE SAME MICHAEL P. GORMAN WHO PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A Yes. On April 2, 2015, I filed Direct Testimony on behalf of Missouri Industrial Energy Consumers ("MIEC") and Midwest Energy Consumers' Group ("MECG").

Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A My rebuttal testimony will respond to Kansas City Power & Light Company ("KCPL" or "Company) witness Mr. Robert Hevert's proposed return on equity of 10.30% and explain why Mr. Hevert's recommended return on equity is excessive and should be rejected.

I. SUMMARY

Q PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCLUSIONS ON KCPL'S RATE OF RETURN.

A My testimony will address and respond to the following KCPL witnesses:

1. I will respond to Mr. Darrin R. Ives' concerns about the regulatory mechanisms in Missouri.

2. I comment that the Missouri regulatory mechanisms are part of KCPL's current investment risk, which is recognized by credit rating agencies and market participants in assessing KCPL's total investment risk. My recommended return on equity is based on KCPL's current level of investment risk.

3. If the Missouri Public Service Commission ("Commission") accepts KCPL's proposal to implement new rider mechanisms which reduce its cost recovery risk, and improve the probability it will earn its authorized return on equity, KCPL's investment risk will be reduced.

4. My recommended return on equity is based on my assessment of KCPL's existing investment risk. To the extent the Commission implements regulatory mechanisms which reduce its risk, then it should consider authorizing KCPL a return on equity lower than my recommended return on equity at the midpoint of my estimated return range.

5. I also outline my response to KCPL witness Robert Hevert's recommended return on equity of 10.30%. As outlined in detail below, Mr. Hevert's 10.30% is not based on accurate estimates of the current market cost of equity for KCPL, or utilities with similar investment risk.

6. Corrections to Mr. Hevert's market-based analyses demonstrate that a fair return on equity for KCPL is within my recommended range, and that a 9.10% return on equity is fair and reasonable.

II. REGULATORY MECHANISMS

Q DOES KCPL WITNESS MR. IVES MAKE COMMENTS CONCERNING KCPL'S ABILITY TO EARN ITS AUTHORIZED RETURN ON EQUITY?

A Yes. Mr. Ives makes several comments stating a concern about KCPL's ability to earn the authorized return on equity approved by Commission. Mr. Ives outlines the limitations including use of historical financial information in setting rates. He believes

this use of historical data, absent adequate tracker mechanisms, limits KCPL's ability to synchronize rates with increasing cost of service. He also cites the limitation in sales growth in its Missouri retail operations. He contrasts this limited sales growth for KCPL's Missouri service territory with increasing sales growth in its Kansas service territory, and for KCP&L Greater Missouri Operations Company ("GMO"), its affiliate just north of Kansas City. In particular, he recognizes that GMO has been able to earn its authorized return on equity because of the sales growth and more limited cost increases compared to KCPL Missouri.

Q IN REVIEWING KCPL'S INVESTMENT RISK, DO MARKET PARTICIPANTS CONSIDER ITS REGULATORY MECHANISMS AND ITS ABILITY TO EARN THE APPROVED RETURN ON EQUITY?

A Yes. Credit analysts are aware of rate-setting procedures that provide the utility a fair opportunity to earn its authorized return on equity. This is one of the key aspects of assessing regulatory risk, which is a component of the Company's total business risk. Further, growth in the utility service area sales, along with the more cyclical nature of increasing cost of service are factors considered in assessing the business and financial risk of a utility. As outlined below, these factors were considered by credit analysts in assigning KCPL's current bond rating.

Standard & Poor's ("S&P") stated as follows:

> **Business Risk: Excellent**
>
> We base our assessment of KCP&L's business risk profile on what we view as the company's "strong" competitive position, "very low" industry risk derived from the regulated utility industry, and the "very low" country risk of the U.S. where the utility operates. KCP&L's competitive position reflects the company's fully regulated integrated electric utility operations and our expectation for continued solid operational performance and a generally credit-supportive regulatory

environment. The utility serves about 515,000 retail customers primarily in the greater Kansas City metropolitan area. The competitive position is also supported by an economically healthy service territory centered on a single metropolitan area with little industrial concentration, solid nuclear operations, very low fuel costs, and competitive electric rates. These attributes are partially offset by nuclear risks associated with the 47%-owned Wolf Creek station. The utility now operates with generally supportive regulation, cash flow stability from its customer base, and the absence of competition. Ongoing capital spending will require timely recovery of these costs through various rate mechanisms including base rates and rate surcharges that should strengthen cash flow.[1]

Moody's also recognized this in the following statement:

** _____

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[1] *Standard & Poor's RatingsDirect*: "Summary: Kansas City Power & Light Co.," May 2, 2014 at 4, emphasis added.

[2] *Moody's Investors Service:* "Credit Opinion: Kansas City Power & Light Company," August 29, 2014, provided by KCPL as Highly Confidential response to MECG 3-4.

Q **IF THE MISSOURI COMMISSION IMPLEMENTS NEW REGULATORY MECHANISMS WHICH REDUCE KCPL'S COST RECOVERY RISK, AND IMPROVE ITS OPPORTUNITY TO EARN ITS APPROVED RETURN ON EQUITY, WOULD THAT IMPACT THE RISK YOU HAVE IDENTIFIED IN MEASURING A FAIR RETURN ON EQUITY FOR KCPL?**

A Yes. If the Commission implements new regulatory mechanisms which improve KCPL's opportunity to earn its authorized return on equity, then its risk going forward will be lower than its risk in the past. My analysis is based on KCPL's existing risk. Therefore, if new regulatory mechanisms are approved which reduce that risk going forward, then that should be considered in awarding a return on equity lower than my recommended return for KCPL.

My recommended point estimate of 9.10% is the midpoint of my estimated range of 8.80% to 9.40%. If new rider mechanisms are implemented, the Commission should award a return on equity below 9.10%, but above my low-end estimate of 8.80%. The actual point estimate below the midpoint cannot be precisely measured, however going below the midpoint of the estimated range would be reasonable.

Q **DO YOU HAVE ANY COMMENTS CONCERNING KCPL'S CRITICISMS OF REGULATORY LAG CAUSED BY LACK OF SALES GROWTH IN ITS SERVICE TERRITORY?**

A Yes. Regulatory lag creates certain efficiencies and incentives for management to respond to the challenges of operating a utility system in order to achieve its objective of earning its approved return on equity. Sales growth limitations and expense management are critical components management must be focused on in order to

accomplish its earning objectives. Traditional rate-setting creates an economic incentive for utility management to be concerned about economic activity in its service territory, and respond efficiently to manage this risk and growth of the utility.

Utility management should devote considerable time to ensuring customers within its service territory receive competitively priced utility services to allow them to compete in their own marketplaces, which in turn, will help to grow the utility's sales and earnings.

III. RESPONSE TO KCPL WITNESS MR. ROBERT HEVERT

Q WHAT RETURN ON COMMON EQUITY IS KCPL PROPOSING FOR THIS PROCEEDING?

A Mr. Hevert recommends a return on equity for KCPL of 10.30%,[3] which is within his recommended range of 10.20% to 10.60%. Mr. Hevert relies on constant growth and multi-stage Discounted Cash Flow ("DCF") analyses, Capital Asset Pricing Model ("CAPM") studies, and a Bond Yield Plus Risk Premium approach to support his recommended return.

Q ARE MR. HEVERT'S RETURN ON EQUITY ESTIMATES REASONABLE?

A No. Mr. Hevert's recommended return on equity of 10.30% is overstated and should be rejected. Mr. Hevert's analyses produce excessive results for various reasons, including the following: (1) his constant growth DCF results are based on excessive and unsustainable long-term growth rates; (2) his multi-stage DCF is based on a flawed accelerated dividend cash flow timing, and an inflated Gross Domestic Product ("GDP") growth estimate as a proxy for long-term sustainable growth; (3) his

[3]Direct Testimony of Robert Hevert at 8.

CAPM is based on inflated market risk premiums; and (4) his Bond Yield Plus Risk Premium is based on inflated utility equity risk premiums.

Q PLEASE SUMMARIZE MR. HEVERT'S RETURN ON EQUITY ESTIMATES.

A Mr. Hevert's return on equity estimates are summarized in Table 1 below. In Column 2, I show the results with reasonable corrections to his common equity return estimates. With the corrections, Mr. Hevert's own studies show my recommended return on equity for KCPL of 9.10% is reasonable.

TABLE 1

Hevert's Return on Equity Estimates

Description	Electric Mean[1] (1)	Adjusted Electric (2)
Constant Growth DCF		
30-Day Average Stock Price	9.54%	9.05%
90-Day Average Stock Price	9.52%	9.03%
180-Day Average Stock Price	9.59%	9.10%
Multi-Stage DCF		
30-Day Average Stock Price	9.99%	8.77%
90-Day Average Stock Price	9.95%	8.74%
180-Day Average Stock Price	10.03%	8.82%
DCF Range	9.52% - 10.03%	8.7% - 9.1% 8.90%
CAPM Results (Bloomberg Beta)		
Current 30-Year Treasury (*Value Line* – 3.21%)	11.25%	8.70%
Current 30-Year Treasury (Bloomberg DCF – 3.21%)	11.50%	8.70%
Near-Term Projected 30-Year Treasury (*Value Line* – 3.80%)	11.84%	9.29%
Near-Term Projected 30-Year Treasury (Bloomberg DCF – 3.80%)	12.09%	9.29%
Average	**11.67%**	**9.00%**
CAPM Results (*Value Line* Beta)		
Current 30-Year Treasury (*Value Line* – 3.18%)	10.64%	8.28%
Current 30-Year Treasury (Bloomberg DCF – 3.18%)	10.86%	8.28%
Near-Term Projected 30-Year Treasury (*Value Line* – 3.88%)	11.22%	8.87%
Near-Term Projected 30-Year Treasury (Bloomberg DCF – 3.88%)	11.45%	8.87%
Average	**11.04%**	**8.58%**
Risk Premium		
Current	10.12%	7.65%
Near-Term Projected	10.23%	8.24%
Long-Term Projected	10.86%	Reject
Average	**10.40%**	**7.95%**
Range	**10.20%-10.60%**	**8.7% – 9.1%**
Recommended Return on Equity	**10.30%**	**9.10%**

Sources:
[1]Direct Testimony of Robert Hevert, and Schedules RBH-1 through RBH-6.

1 **Q PLEASE DESCRIBE MR. HEVERT'S CONSTANT GROWTH DCF RETURN**
2 **ESTIMATES.**

3 A His constant growth DCF returns are developed in his Schedule RBH-1, pages 1-3.
4 Mr. Hevert's constant growth DCF models are based on consensus growth rates

published by Zacks and First Call, and individual growth rate projections made by *Value Line*. He relied on dividend yield calculations based on average stock prices over three different periods: 30-day, 90-day and 180-day.

Q ARE THE DCF RESULTS PRODUCED BY MR. HEVERT REASONABLE?

A Most of his DCF return estimates are based on growth rates that are too high to be reasonable estimates of long-term sustainable growth. Therefore, many of his constant growth DCF analyses reflecting analysts' growth are not producing reasonable DCF return estimates.

Q WHAT ARE THE GROWTH RATES REFLECTING MR. HEVERT'S LOW, MEAN AND HIGH DCF ESTIMATES FOR HIS 30-, 90- AND 180-DAY DCF RESULTS?

A Growth rates for his high-end DCF estimate are much higher than that forecasted by First Call, *Value Line* and Zacks. As shown on the attached Schedule MPG-R-1, the growth rate reflecting his high-end DCF return on equity reflects a proxy group average of 6.81%. In contrast, the proxy group averages for First Call, *Value Line* and Zacks are 5.29%, 5.35% and 5.89%, respectively. Hence, Mr. Hevert's high-end DCF return estimates simply are not reflective of any market participant's growth rate outlooks, even over the next three to five years.

Further, Mr. Hevert's average proxy growth rate of 5.29% to 5.89% also exceeds reasonable long-term sustainable growth rate estimates for his proxy companies. Mr. Hevert's use of growth rate estimates that are too high to be reasonable estimates of long-term sustainable growth, unreasonably increases his DCF return estimates.

Q WHY DO YOU BELIEVE THAT THE THREE- TO FIVE-YEAR GROWTH RATE ESTIMATES IN MR. HEVERT'S MEAN AND HIGH GROWTH DCF ANALYSES OVERSTATE REASONABLE ESTIMATES OF LONG-TERM SUSTAINABLE GROWTH AS REQUIRED BY THE CONSTANT GROWTH DCF MODEL?

A The average of the mean and high proxy group growth rates used by Mr. Hevert in his constant growth DCF are 5.64% and 6.81%, respectively. These proxy group mean growth estimates are substantially higher than the consensus economists' long-term growth outlooks of the U.S. economy. The GDP growth of the U.S. general economy, which is a proxy for the growth rate of the economies in which these utilities operate, is between 4.4% and 4.7% indefinitely.[4] It is simply not rational to expect that these companies can grow considerably faster than the economies in which they provide service over a long period of time.

Q CAN MR. HEVERT'S CONSTANT GROWTH DCF STUDIES PRODUCE REASONABLE ESTIMATES OF A FAIR RETURN ON EQUITY FOR KCPL?

A Yes, if they are modified to reflect reasonable estimates of long-term sustainable growth. With this correction, Mr. Hevert's DCF studies support a DCF return for KCPL in the range of 8.46% to 9.65%, with a midpoint of approximately 9.05%. This range is based on Mr. Hevert's proxy group mean growth rate of 5.64%, and low-end growth rate of 4.49%. These growth rates capture a range of long-term sustainable growth that can be used to produce a reasonable DCF estimate.

As shown on my Schedule MPG-R-1, Mr. Hevert's Electric Proxy Group DCF estimates based on the proxy group low and mean growth rates are 8.46% and 9.65%, respectively. I believe this represents a reasonable range of the DCF range

[4] *Blue Chip Economic Indicators*, March 10, 2015 at 14.

of return on equity estimates for his Electric Proxy Group (8.46% to 9.65% with a midpoint of approximately 9.05%).

Again, the DCF returns based on Mr. Hevert's high-end estimates reflect growth rates that are far too high to be reasonable estimates of long-term sustainable growth. However, the DCF returns based on his low-end estimates are based on growth rates that are in line with the consensus economists' projection of GDP growth. For the high growth rate DCF return estimates, I believe the DCF returns do not reflect the central tendency of the results of the full proxy group estimates, and therefore should be given no weight in determining a fair return on equity for KCPL in this proceeding.

Based on this analysis, I believe Mr. Hevert's constant growth DCF studies reasonably support a return on equity for KCPL in the range of 8.46% to 9.65%, with a midpoint of approximately 9.05%.

Q DID MR. HEVERT PERFORM A MULTI-STAGE GROWTH DCF ANALYSIS?

A Yes, he did; however, it is flawed for at least two reasons. First, Mr. Hevert relied on a long-term GDP growth rate of 5.65% as a long-term sustainable growth. Mr. Hevert's GDP growth rate is based on a nominal GDP growth rate that is considerably higher than the market GDP growth outlooks as reflected in the consensus analysts' projections. Second, Mr. Hevert's multi-stage growth DCF analysis accelerates the timing of dividend payments, thereby overstating the DCF return estimate. Finally, he makes an inconsistent assumption on his long-term steady-state growth rate, in combination with his long-term steady-state dividend payout ratio. The assumptions underlying these two growth outlooks are contradictory and produce an implausible transitional stage dividend growth rate outlook.

Q **HOW DID MR. HEVERT CALCULATE A NOMINAL GDP GROWTH RATE?**

A Mr. Hevert relied on the long-term historical real GDP return of 3.27%, as measured over the period 1929 through 2013.[5] He then adjusted this to a nominal GDP growth by an inflation rate of 2.31%, which is the 30-day average projected inflation measured as the difference, or the spread, between yields on long-term nominal Treasuries and long-term Treasury Inflation Protected Securities ("TIPS").[6] Using an inflation factor of 2.31% and a historical real GDP growth of 3.27%, Mr. Hevert produced a nominal GDP growth rate outlook of 5.65%.

Q **WHY IS MR. HEVERT'S GDP GROWTH ESTIMATE EXCESSIVE IN COMPARISON TO THAT OF PUBLISHED MARKET ANALYSTS?**

A Mr. Hevert's nominal GDP growth rate is based on a historical real GDP growth rate that is out of line with the consensus economists' forward-looking real GDP growth outlooks. I reached this conclusion by comparing Mr. Hevert's nominal GDP growth forecast based on the real and inflation outlooks, compared to the consensus analysts' projections published by *The Blue Chip Economic Indicators*. As shown in Table 2 below, Mr. Hevert's nominal GDP growth rate of 5.65% is based on a real GDP growth rate of 3.27%.

[5]Direct Testimony of Robert Hevert at 24.
[6]*Id.* at 22-23.

TABLE 2

GDP Projections

Description	GDP Inflation	Real GDP	Nominal GDP
Mr. Hevert[1]	2.3%	3.3%	5.65%
Consensus Economists (5-Year)[2]	2.1%	2.5%	4.65%
Consensus Economists (10-Year)[2]	2.1%	2.3%	4.45%

Sources:
[1]Hevert Direct Testimony at 24.
[2]*Blue Chip Economic Indicators,* March 10, 2015 at 14.

As shown in Table 2 above, Mr. Hevert's real GDP growth rate is significantly higher than independent consensus economists' projections of a real GDP growth rate outlook over the long term, which falls in the range of 2.3% to 2.5%. Because Mr. Hevert's use of a historical real GDP growth rate does not reflect independent consensus economists' outlook for future real GDP growth, his nominal GDP growth rate used as his growth rate in his multi-stage DCF model overstates a reasonable multi-growth DCF return for his proxy group.

Q PLEASE EXPLAIN WHY MR. HEVERT'S MULTI-STAGE GROWTH DCF ANALYSIS ACCELERATES THE TIMING OF DIVIDEND PAYMENTS AND OVERSTATES THE DCF RETURN ESTIMATE.

A Mr. Hevert manipulates the timing of dividend cash flows to reflect what he believes to reflect the quarterly payment of dividends and the time value of money. Mr. Hevert accomplishes this by accelerating dividend payments such that the model assumes investors will receive four quarters of dividend payments after only owning the stock for two quarters. In each cash flow period, Mr. Hevert's DCF model assumes the

utility will have paid all four quarterly payments for the current year, at the midpoint of the year. Specifically, his cash flow streams assume that the investor will receive four quarterly dividend payments after owning the investment for two quarters in the first year, will receive eight quarters of dividend payments after owning the stock for six quarters in the second year, etc. for each year during the long-term growth period.

Inflating the cash flow stream will increase the DCF estimate because a higher discount rate will be necessary in order to set the future cash flow streams equal to the observable stock price. Hence, Mr. Hevert's effort to accelerate and enhance cash flows will require a higher discount rate in order to set that future stream of cash flows equal to the observable stock price. Again, this results in an inflated and inaccurate DCF return estimate.

Q PLEASE EXPLAIN HOW MR. HEVERT'S MULTI-STAGE GROWTH DCF MODEL OVERSTATED DIVIDEND CASH FLOWS BECAUSE OF HIS LONG-TERM DIVIDEND PAYOUT RATIO ASSUMPTION.

A Mr. Hevert's multi-stage DCF model adjusts dividend growth by expected growth of dividends, and changes in payout ratio. Because Mr. Hevert's multi-stage DCF model reflects an expectation of an increasing payout ratio, his dividend cash flow projections reflect a faster growth rate than the proxy group earnings growth through 2024. For example, his proxy group payout ratios in 2014 and 2018 are 62.00% and 60.43%, respectively, at a 5.64% growth rate. Mr. Hevert assumes that the proxy group payout ratio increases from 60.43% in 2018 to 67.23% by 2024 while the growth rate converges toward GDP growth.

By adjusting the inputs to cause dividends to grow faster than earnings over this time period, his cash flows increase, which increases his DCF return estimate.

Q IS IT REASONABLE FOR MR. HEVERT TO BELIEVE THAT THE DIVIDEND PAYOUT RATIO WILL INCREASE OVER THE PERIOD 2014-2024 AS HE REFLECTED IN HIS MULTI-STAGE DCF MODEL?

A No. Based on the information used by Mr. Hevert, this assumption is not supported. His long-term payout ratio is based on *Value Line*'s three- to five-year projected dividend payout ratio of the electric utility industry. However, his payout ratio for year 2018[7] is also based on *Value Line*'s three- to five-year projections for the payout ratios of the companies included in his proxy group. There is simply no legitimate basis for Mr. Hevert to assume that *Value Line*'s three- to five-year projections for the proxy group should be superseded by *Value Line*'s three- to five-year payout projections for the utility industry.

Simply observing the variation in payout ratios on his Schedule RBH-2, page 2, shows significant differences in the payout ratios of the proxy group companies, which equate to differences in the short-term growth rates. Mr. Hevert's changing payout ratio assumptions simply are not reasonable based on the similar projections made by *Value Line* for the industry and the individual companies included in the proxy group, and his long-term payout ratio has not been shown to be compatible with his long-term sustainable growth rate.

Because *Value Line*'s three- to five-year payout ratio projections for the industry are in line with historical averages, and generally consistent with the industry average, there is no legitimate basis for Mr. Hevert to have assumed a change in the payout ratio as he did in 2018 through 2024. Making this adjustment in his model simply inflates the growth rate for dividends relative to earnings growth during the period 2018-2024, and increases his DCF return estimate.

[7]Attachment RBH-RR-3.

Q **HOW WOULD MR. HEVERT'S MULTI-STAGE GROWTH DCF MODEL CHANGE IF IT IS CORRECTED FOR THE ERRORS YOU DESCRIBED ABOVE?**

A As shown below in Table 3 and on my Schedule MPG-R-2, revising the GDP growth rate to the consensus analysts' projection, correcting for the timing of cash flows, and coordinating the payout ratio assumption with the long-term earnings growth rate assumption reduces Mr. Hevert's multi-stage growth DCF return from 9.90% to 8.80% for his Electric Proxy Group.

TABLE 3

Hevert Multi-Stage Growth DCF Analysis

Description	Electric Mean[1] (1)	Corrected Electric[2] (2)
30-Day Average Stock Price	9.99%	8.77%
90-Day Average Stock Price	9.95%	8.74%
180-Day Average Stock Price	10.03%	8.82%
Average	9.99%	8.78%

Sources:
[1]Schedule RBH-2.
[2]Schedule MPG-R-2.

Reflecting independent economists' projections of future long-term GDP growth, correcting the timing of dividends to be received, and a more reasonable estimate of cash flows expected to be realized through utility stock investments, result in a multi-stage growth DCF analysis, based on Mr. Hevert's construct, of 8.78%.

Q **PLEASE DESCRIBE THE ISSUES YOU TAKE WITH MR. HEVERT'S CAPM ANALYSES.**

A My major concern with Mr. Hevert's CAPM analysis is his inflated market risk premium estimates.

Q **PLEASE DESCRIBE MR. HEVERT'S MARKET RISK PREMIUMS.**

A Mr. Hevert developed two market risk premium estimates. They are DCF-derived market risk premiums of 10.50% (Bloomberg) and 10.19% (*Value Line*), which are based on market DCF returns of 13.71% and 13.40%, respectively, less the current 30-year Treasury bond yield of 3.21%.[8]

Q **WHAT ISSUES DO YOU HAVE WITH MR. HEVERT'S DCF-DERIVED MARKET RISK PREMIUM ESTIMATES?**

A Mr. Hevert's DCF-derived market risk premiums are based on market returns of approximately 13.71% and 13.40%, which consist of stock market index growth rates of approximately 11.31% and 11.89% and an expected dividend yield of approximately 1.90% and 1.79%, respectively.[9] As discussed above, the DCF model requires a long-term sustainable growth rate. Mr. Hevert's sustainable market growth rates of approximately 11.31% and 11.89% are far too high to be a rational outlook for sustainable long-term growth to the stock market index. These growth rates are more than two times the growth rate of the U.S. GDP long-term growth outlook of

[8]Schedules RBH-3 and RBH-5.

[9]Mr. Hevert's DCF-derived market returns and market risk premiums are shown on pages 1 and 9 of his Schedule RBH-3. His estimated market returns are the weighted averages of the individual DCF estimates as shown on his Schedule RBH-3. The growth rates of 11.67% and 11.26% are calculated as a weighted average of the individual growth rate components. To calculate the dividend yield components of 2.04% and 2.14%, I subtracted the weighted growth rates from Mr. Hevert's estimated market returns.

4.6%. Indeed, they are approximately twice Mr. Hevert's flawed and overstated GDP growth projection.

As a result of this unreasonable long-term market growth rate estimate, Mr. Hevert's market DCF returns are inflated and not reliable. Consequently, Mr. Hevert's 10.50% (Bloomberg) and 10.19% (*Value Line*) market risk premiums are inflated and not reliable.[10]

Q IS THERE INFORMATION ON ACTUAL ACHIEVED CAPITAL APPRECIATION FOR THE MARKET INDEX USED BY MR. HEVERT?

A Yes. Morningstar estimates the actual capital appreciation for the S&P 500 over the period 1926 through 2013 to have been 5.8% to 7.7%.[11] While I do not endorse the use of a historical growth rate to draw assessments of the market's forward-looking growth rate outlooks, this data can be used to show how the market return estimates used by Mr. Hevert are unreasonable and inflated. For example, using the highest historical arithmetic average growth rate of 7.7% and an expected dividend yield of 1.9% and 1.8% as estimated by Mr. Hevert, would suggest a forward-looking market DCF return estimate of 9.6% and 9.5%.

Further, simply observing the geometric and arithmetic average historical market risk premiums also shows these estimates to be reasonable, and Mr. Hevert's estimated DCF returns on the market of approximately 13.7% and 13.4% to be excessive. Specifically, historically, the geometric and arithmetic average return on the market has ranged from 10.1% to 12.1%.

Virtually all historical data shows that Mr. Hevert's 13.7% and 13.4% projected returns on the market are excessive and produce an inflated market risk premium.

[10]Schedule RBH-5.
[11]2014 Ibbotson *SBBI Classic Yearbook* at 91.

Q **CAN MR. HEVERT'S CAPM ANALYSIS BE REVISED TO REFLECT A MORE REASONABLE MARKET RISK PREMIUM?**

A Yes. Using (1) Mr. Hevert's risk-free rates of 3.21% and 3.80%; (2) average published Bloomberg and *Value Line* beta estimates of 0.789 and 0.729,[12] respectively; and (3) the 6.96% market risk premium which is the highest Morningstar estimate of the market risk premium, Mr. Hevert's CAPM would be in the range of 8.28% to 9.29%, with a midpoint of approximately 8.80%.

Q **PLEASE DESCRIBE MR. HEVERT'S BOND YIELD PLUS RISK PREMIUM.**

A As shown on Schedule RBH-6, Mr. Hevert constructs a risk premium return on equity estimate based on the premise that equity risk premiums are inversely related to interest rates. He estimates an average electric risk premium of 4.44% over the period January 1980 through August 2014. Then he applies a regression formula to the current 30-year Treasury, near-term and long-term projected Treasury bond yields of 3.21%, 3.80% and 5.45% to produce electric risk premiums of 6.91%, 6.43% and 5.41%, respectively. Thus, he calculates return on equity estimates of 10.12%, 10.23% and 10.86%, respectively.

Q **IS MR. HEVERT'S BOND YIELD PLUS RISK PREMIUM METHODOLOGY REASONABLE?**

A No. Mr. Hevert's contention that there is a simplistic inverse relationship between equity risk premiums and interest rates is not supported by academic research. While academic studies have shown that, in the past, there has been an inverse relationship among these variables, researchers have found that the relationship

[12]Schedule RBH-5.

changes over time and is influenced by changes in perception of the risk of bond investments relative to equity investments, and not simply changes to interest rates.[13]

In the 1980s, equity risk premiums were inversely related to interest rates, but that was likely attributable to the interest rate volatility that existed at that time. As such, when interest rates were more volatile, the relative perception of bond investment risk increased relative to the investment risk of equities. This changing investment risk perception caused changes in equity risk premiums.

In today's marketplace, interest rate volatility is not as extreme as it was during the 1980s.[14] Nevertheless, changes in the perceived risk of bond investments relative to equity investments still drive changes in equity premiums. However, a relative investment risk differential cannot be measured simply by observing nominal interest rates. Changes in nominal interest rates are heavily influenced by changes to inflation outlooks, which also change equity return expectations. As such, the relevant factor needed to explain changes in equity risk premiums is the relative changes to the risk of equity versus debt securities investments, and not simply changes in interest rates.

Importantly, Mr. Hevert's analysis simply ignores investment risk differentials. He bases his adjustment to the equity risk premium exclusively on changes in nominal interest rates. This is a flawed methodology that does not produce accurate or reliable risk premium estimates.

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[13] "The Market Risk Premium: Expectational Estimates Using Analysts' Forecasts," Robert S. Harris and Felicia C. Marston, *Journal of Applied Finance*, Volume 11, No. 1, 2001 and "The Risk Premium Approach to Measuring a Utility's Cost of Equity," Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, *Financial Management*, Spring 1985.

[14] "The Risk Premium Approach to Measuring a Utility's Cost of Equity," Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, *Financial Management*, Spring 1985, at 44.

Q **DO YOU HAVE ANY OTHER COMMENTS CONCERNING MR. HEVERT'S RISK PREMIUM ANALYSES?**

A Yes. Mr. Hevert's use of projected long-term Treasury yields is not appropriate because the accuracy of those projections could be highly problematic. However, to limit the issues with Mr. Hevert's studies and considering the low interest rate environment today, I will not take issue with his use of long-term projected Treasury bond yields.

Q **CAN MR. HEVERT'S BOND YIELD PLUS RISK PREMIUM STUDY BE USED TO PRODUCE A MORE REASONABLE RETURN ON EQUITY ESTIMATE FOR KCPL?**

A Yes. Mr. Hevert's equity risk premium average of 4.44% applied to *Blue Chip Financial Forecasts*' Treasury bond yield outlook of 3.70% over the next two years[15] will produce a risk premium return estimate of 8.14%. While I agree with Mr. Hevert that this estimate is low because it is influenced by the current low-cost interest environment, I find his attempt to increase the average equity risk premium by applying the notion of an inverse relationship inappropriate.

Q **DO YOU BELIEVE THAT THE BOND YIELD PLUS RISK PREMIUM STUDY CAN BE USED TO PRODUCE A MORE ROBUST ESTIMATE OF KCPL'S CURRENT MARKET COST OF EQUITY?**

A Yes. In addition to the adjusted risk premium estimates using Mr. Hevert's study described above, I continue to rely on the risk premium data discussed above.

[15] *Blue Chip Financial Forecasts*, April 1, 2015 at 2.

I believe the risk premium discussed above and my adjustments to Mr. Hevert's risk premium all support a return on equity for KCPL near my recommended return on equity of 9.10%.

Q DID MR. HEVERT ALSO OFFER AN ASSESSMENT OF CURRENT MARKET CONDITIONS IN SUPPORT OF HIS RECOMMENDED RETURN ON EQUITY?

A Yes. Mr. Hevert describes a few factors that, he suggests, gauge investor sentiment, including the relationship between the Fed's balance sheet and market volatility, measured by the CBOE Volatility Index, known as the VIX.[16] He concludes that these metrics indicate a negative correlation between the Fed's balance sheet and volatility, making it difficult to conclude that fundamental risk aversion and investor return requirements have fallen.[17]

Mr. Hevert then attempts to draw a parallel between the Fed's market intervention and current utility stock valuations. He notes that since the third round of Quantitative Easing, utility stock price-to-earnings ratios have traded at a 20% premium to the market. He then concludes that the market is at odds with the fundamental assumptions of the constant growth DCF model and that it should be viewed with caution.

Q DO YOU BELIEVE THAT MR. HEVERT'S USE OF THESE MARKET SENTIMENTS SUPPORTS HIS FINDINGS THAT KCPL'S MARKET COST OF EQUITY IS CURRENTLY 10.30%?

A No. Indeed, in many instances Mr. Hevert's analysis simply ignores market sentiments favorable toward utility companies and instead lumps utility investments in

[16]Direct Testimony of Robert Hevert at 45-51.
[17]*Id.* at 49.

with general corporate investments. A fair analysis of utility securities shows that the market generally regards utility securities as low-risk investment instruments and supports the finding that utilities' cost of capital is very low in today's marketplace.

Q WHAT IS THE MARKET SENTIMENT FOR UTILITY INVESTMENTS?

A The market sentiment toward utility investments, rather than just general corporate investments, is that the market is placing high value on utility securities recognizing their low risk and stable dividend and growth characteristics.

For example, this is illustrated by Schedule MPG-13 (filed with my direct testimony), under column 11, which shows the spread between "A" rated utility bond yields and "Aaa" rated corporate bond yields. Currently, the spread is approximately one-tenth of 1 percentage point. This is a relatively low spread over the 35-year time horizon. Indeed, current spreads of utility versus high-grade corporate bond yields are at the lowest level they have been in most periods over the last 35 years. This is also reflective of the spreads between "Baa" utility bond yields relative to "Baa" corporate bond yields. Currently, utility bonds are trading at a premium to corporate bonds. This has been largely the case during the significant market turbulence that has occurred over the last five to eight years. However, over longer periods of time, utility bond yields on average trade at parity to a premium to corporate "Baa" rated bond yields. The current strong utility bond valuation is an indication of the market's sentiment that utility bonds have lower risk than general corporate bonds, and are generally regarded as a safe haven by the investment industry.

Further, other measures of utility stock valuations also support a robust market for utility stocks. As shown on my Schedule MPG-R-3, utility valuation measures – *e.g.*, price-to-earnings ratio and market price to cash flow ratio – show

that stock valuation measures for the proxy groups are robust. For example, for the Electric Proxy Group, the current 2014 price-to-earnings ratio and cash flow ratio are comparable to the 13-year average of each ratio.

For all these reasons, direct assessments of valuation measures and market sentiment toward utility securities support the credit rating agencies' findings, as quoted above, that the utility industry is largely regarded as a low-risk, safe haven investment. All of this supports my findings that utilities' market cost of equity is very low in today's very low cost capital market environment.

Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A Yes.

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Kansas City Power & Light Company

Revised Hevert
Constant Growth Discounted Cash Flow Model
30 Day Average Stock Price

Company	[1] Annualized Dividend	[2] Average Stock Price	[3] Dividend Yield	[4] Expected Dividend Yield	[5] Low Earnings Growth	[6] Mean Earnings Growth	[7] High Earnings Growth	[8] Low ROE	[9] Mean ROE	[10] Average ROE
American Electric Power Company, Inc.	$2.00	$52.12	3.84%	4.02%	4.50%	4.70%	4.80%	8.51%	8.71%	8.61%
Cleco Corporation	$1.60	$55.24	2.90%	3.09%	5.00%	6.67%	8.00%	8.04%	9.76%	8.90%
Duke Energy Corporation	$3.18	$72.72	4.37%	4.57%	4.30%	4.61%	5.00%	8.86%	9.18%	9.02%
Empire District Electric Company	$1.02	$25.28	4.03%	4.17%	3.00%	3.33%	4.00%	7.16%	7.50%	7.33%
Hawaiian Electric Industries, Inc.	$1.24	$24.54	5.05%	5.25%	4.00%	4.00%	4.00%	9.25%	9.25%	9.25%
IDACORP, Inc.	$1.72	$55.00	3.13%	3.22%	1.00%	3.00%	4.00%	4.16%	6.22%	5.19%
NextEra Energy, Inc.	$2.90	$96.13	3.02%	3.21%	6.00%	6.36%	6.60%	9.20%	9.57%	9.38%
Northeast Utilities	$1.57	$44.62	3.52%	3.77%	6.31%	7.07%	8.00%	10.05%	10.84%	10.44%
Otter Tail Corporation	$1.21	$28.25	4.28%	4.74%	6.00%	10.75%	15.50%	10.54%	15.49%	13.02%
Pinnacle West Capital Corporation	$2.27	$55.12	4.12%	4.28%	3.70%	3.82%	4.00%	7.97%	8.09%	8.03%
PNM Resources, Inc.	$0.74	$25.77	2.87%	3.14%	8.32%	9.27%	11.00%	11.43%	12.41%	11.92%
Portland General Electric Company	$1.12	$33.36	3.36%	3.62%	5.00%	7.92%	10.96%	8.53%	11.54%	10.03%
Southern Company	$2.10	$43.62	4.81%	4.98%	3.35%	3.45%	3.50%	8.33%	8.43%	8.38%
Westar Energy, Inc.	$1.40	$36.28	3.86%	4.01%	2.40%	4.03%	6.00%	6.35%	8.05%	7.20%
PROXY GROUP MEAN			3.80%	4.01%	4.49%	5.64%	6.81%	8.46%	9.65%	9.05%
PROXY GROUP MEDIAN			3.85%	4.02%	4.40%	4.65%	5.50%	8.52%	9.22%	8.96%

Source:
Schedule RHB-1

Kansas City Power & Light Company

Revised Hevert
Constant Growth Discounted Cash Flow Model
90 Day Average Stock Price

Company	[1] Annualized Dividend	[2] Average Stock Price	[3] Dividend Yield	[4] Expected Dividend Yield	[5] Low Earnings Growth	[6] Mean Earnings Growth	[7] High Earnings Growth	[8] Low ROE	[9] Mean ROE	[10] Average ROE
American Electric Power Company, Inc.	$2.00	$53.04	3.77%	3.95%	4.50%	4.70%	4.80%	8.44%	8.64%	8.54%
Cleco Corporation	$1.60	$54.74	2.92%	3.12%	5.00%	6.67%	8.00%	8.07%	9.78%	8.93%
Duke Energy Corporation	$3.18	$72.21	4.40%	4.61%	4.30%	4.61%	5.00%	8.89%	9.22%	9.06%
Empire District Electric Company	$1.02	$24.80	4.11%	4.25%	3.00%	3.33%	4.00%	7.24%	7.58%	7.41%
Hawaiian Electric Industries, Inc.	$1.24	$24.44	5.07%	5.28%	4.00%	4.00%	4.00%	9.28%	9.28%	9.28%
IDACORP, Inc.	$1.72	$55.20	3.12%	3.21%	1.00%	3.00%	4.00%	4.15%	6.21%	5.18%
NextEra Energy, Inc.	$2.90	$97.36	2.98%	3.17%	6.00%	6.36%	6.60%	9.16%	9.53%	9.34%
Northeast Utilities	$1.57	$45.32	3.46%	3.71%	6.31%	7.07%	8.00%	9.99%	10.78%	10.39%
Otter Tail Corporation	$1.21	$28.64	4.22%	4.68%	6.00%	10.75%	15.50%	10.48%	15.43%	12.95%
Pinnacle West Capital Corporation	$2.27	$55.49	4.09%	4.25%	3.70%	3.82%	4.00%	7.94%	8.06%	8.00%
PNM Resources, Inc.	$0.74	$27.43	2.70%	2.95%	8.32%	9.27%	11.00%	11.24%	12.22%	11.73%
Portland General Electric Company	$1.12	$33.26	3.37%	3.63%	5.00%	7.92%	10.96%	8.54%	11.55%	10.04%
Southern Company	$2.10	$43.93	4.78%	4.95%	3.35%	3.45%	3.50%	8.29%	8.40%	8.34%
Westar Energy, Inc.	$1.40	$36.38	3.85%	4.00%	2.40%	4.03%	6.00%	6.34%	8.04%	7.19%
PROXY GROUP MEAN			3.78%	3.98%	4.49%	5.64%	6.81%	8.43%	9.62%	9.03%
PROXY GROUP MEDIAN			3.81%	3.98%	4.40%	4.65%	5.50%	8.49%	9.25%	8.99%

Source:
Schedule RHB-1

Kansas City Power & Light Company

Revised Hevert
Constant Growth Discounted Cash Flow Model
180 Day Average Stock Price

Company	[1] Annualized Dividend	[2] Average Stock Price	[3] Dividend Yield	[4] Expected Dividend Yield	[5] Low Earnings Growth	[6] Mean Earnings Growth	[7] High Earnings Growth	[8] Low ROE	[9] Mean ROE	[10] Average ROE
American Electric Power Company, Inc.	$2.00	$51.25	3.90%	4.09%	4.50%	4.70%	4.80%	8.58%	8.78%	8.68%
Cleco Corporation	$1.60	$51.86	3.09%	3.29%	5.00%	6.67%	8.00%	8.24%	9.96%	9.10%
Duke Energy Corporation	$3.18	$71.34	4.46%	4.66%	4.30%	4.61%	5.00%	8.95%	9.27%	9.11%
Empire District Electric Company	$1.02	$24.15	4.22%	4.36%	3.00%	3.33%	4.00%	7.35%	7.70%	7.52%
Hawaiian Electric Industries, Inc.	$1.24	$24.84	4.99%	5.19%	4.00%	4.00%	4.00%	9.19%	9.19%	9.19%
IDACORP, Inc.	$1.72	$54.59	3.15%	3.25%	1.00%	3.00%	4.00%	4.18%	6.25%	5.21%
NextEra Energy, Inc.	$2.90	$94.71	3.06%	3.26%	6.00%	6.36%	6.60%	9.25%	9.62%	9.43%
Northeast Utilities	$1.57	$44.79	3.51%	3.75%	6.31%	7.07%	8.00%	10.04%	10.82%	10.43%
Otter Tail Corporation	$1.21	$29.08	4.16%	4.61%	6.00%	10.75%	15.50%	10.41%	15.36%	12.88%
Pinnacle West Capital Corporation	$2.27	$54.78	4.14%	4.30%	3.70%	3.82%	4.00%	8.00%	8.12%	8.06%
PNM Resources, Inc.	$0.74	$26.61	2.78%	3.04%	8.32%	9.27%	11.00%	11.33%	12.31%	11.82%
Portland General Electric Company	$1.12	$32.26	3.47%	3.75%	5.00%	7.92%	10.96%	8.65%	11.67%	10.16%
Southern Company	$2.10	$43.31	4.85%	5.02%	3.35%	3.45%	3.50%	8.36%	8.47%	8.41%
Westar Energy, Inc.	$1.40	$35.22	3.98%	4.14%	2.40%	4.03%	6.00%	6.47%	8.17%	7.32%
PROXY GROUP MEAN			3.84%	4.05%	4.49%	5.64%	6.81%	8.50%	9.69%	9.10%
PROXY GROUP MEDIAN			3.94%	4.11%	4.40%	4.65%	5.50%	8.61%	9.23%	9.10%

Source:
Schedule RHB-1

Kansas City Power & Light Company

Revised Hevert Multi-Stage Growth DCF Results

Line	Description	Low Growth	Mean Growth	High Growth
1	30-Day Average Stock Price	8.48%	8.77%	9.10%
2	90-Day Average Stock Price	8.46%	8.74%	9.07%
3	180-Day Average Stock Price	8.53%	8.82%	9.15%

Kansas City Power & Light Company

Revised Hevert
Multi-Stage Growth Discounted Cash Flow Model
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
Company	Ticker	Price	Zacks	First Call	Value Line	Low Growth	Growth	2014	2018	2025	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc	AEP	$52.12	4.80%	4.79%	4.50%	4.50%	4.60%	60.00%	64.00%	64.00%	($0.00)	8.94%	15.42	3.35
Cleco Corporation	CNL	$55.24	8.00%	7.00%	5.00%	5.00%	4.60%	62.00%	57.00%	57.00%	($0.00)	7.76%	18.68	4.10
Duke Energy Corporation	DUK	$72.72	4.30%	4.53%	5.00%	4.30%	4.60%	71.00%	64.00%	64.00%	$0.00	8.49%	17.22	3.74
Empire District Electric Company	EDE	$25.28	3.00%	3.00%	4.00%	3.00%	4.60%	65.00%	65.00%	65.00%	($0.00)	8.45%	17.67	3.84
Hawaiian Electric Industries, Inc	HE	$24.54	4.00%	4.00%	4.00%	4.00%	4.60%	77.00%	66.00%	66.00%	($0.00)	9.49%	14.39	3.13
IDACORP, Inc.	IDA	$55.00	4.00%	4.00%	1.00%	1.00%	4.60%	47.00%	55.00%	55.00%	($0.00)	7.77%	18.13	3.94
NextEra Energy, Inc.	NEE	$96.13	6.60%	6.46%	6.00%	6.00%	4.60%	61.00%	57.00%	57.00%	($0.00)	8.13%	16.68	3.67
Northeast Utilities	NU	$44.62	6.90%	6.31%	8.00%	6.31%	4.60%	60.00%	58.00%	58.00%	$0.00	8.67%	14.91	3.24
Otter Tail Corporation	OTTR	$28.25	NA	6.00%	15.50%	6.00%	4.60%	70.00%	59.00%	59.00%	$0.00	8.15%	17.37	3.78
Pinnacle West Capital Corporation	PNW	$55.12	3.70%	3.75%	4.00%	3.70%	4.60%	62.00%	63.00%	63.00%	($0.00)	9.04%	14.65	3.23
PNM Resources, Inc	PNM	$25.77	8.50%	8.32%	11.00%	8.32%	4.60%	50.00%	49.00%	49.00%	($0.00)	8.43%	13.39	2.91
Portland General Electric Company	POR	$33.36	7.60%	10.95%	5.00%	5.00%	4.60%	52.00%	57.00%	57.00%	($0.00)	8.06%	17.23	3.75
Southern Company	SO	$43.62	3.60%	3.35%	3.50%	3.35%	4.60%	74.00%	72.00%	72.00%	($0.00)	9.25%	16.21	3.62
Westar Energy, Inc	WR	$36.28	3.70%	2.40%	6.00%	2.40%	4.60%	57.00%	60.00%	60.00%	$0.00	8.23%	17.28	3.76
												DCF Result		
											Mean	8.46%	16.42	3.57
											Max	9.40%	18.68	4.10
											Min	7.76%	13.39	2.91

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	$4.33	$4.53	$4.73	$4.95	$5.18	$5.42	$5.67	$5.93	$6.20	$6.49
Cleco Corporation	CNL	$2.65	$2.78	$2.92	$3.07	$3.22	$3.38	$3.55	$3.72	$3.90	$4.08	$4.28	$4.47	$4.68	$4.89	$5.12	$5.35	$5.60
Duke Energy Corporation	DUK	$3.93	$4.15	$4.33	$4.52	$4.71	$4.91	$5.13	$5.35	$5.59	$5.84	$6.11	$6.39	$6.68	$6.99	$7.31	$7.65	$8.00
Empire District Electric Company	EDE	$1.48	$1.52	$1.57	$1.62	$1.67	$1.72	$1.77	$1.83	$1.90	$1.96	$2.07	$2.16	$2.26	$2.37	$2.47	$2.59	$2.71
Hawaiian Electric Industries, Inc	HE	$1.62	$1.68	$1.75	$1.82	$1.90	$1.97	$2.05	$2.14	$2.23	$2.33	$2.43	$2.54	$2.66	$2.78	$2.91	$3.05	$3.19
IDACORP, Inc	IDA	$3.64	$3.68	$3.71	$3.75	$3.79	$3.83	$3.89	$3.97	$4.08	$4.22	$4.39	$4.59	$4.80	$5.03	$5.28	$5.50	$5.75
NextEra Energy, Inc	NEE	$4.83	$5.12	$5.43	$5.75	$6.10	$6.46	$6.84	$7.21	$7.60	$7.98	$8.37	$8.75	$9.16	$9.58	$10.02	$10.48	$10.96
Northeast Utilities	NU	$2.49	$2.65	$2.81	$2.99	$3.18	$3.38	$3.58	$3.79	$4.00	$4.20	$4.41	$4.61	$4.82	$5.05	$5.28	$5.52	$5.78
Otter Tail Corporation	OTTR	$1.37	$1.45	$1.54	$1.63	$1.73	$1.83	$1.94	$2.05	$2.15	$2.26	$2.37	$2.48	$2.60	$2.72	$2.84	$2.97	$3.11
Pinnacle West Capital Corporation	PNW	$3.66	$3.80	$3.94	$4.08	$4.23	$4.39	$4.56	$4.74	$4.94	$5.15	$5.38	$5.63	$5.83	$6.16	$6.44	$6.73	$7.04
PNM Resources, Inc	PNM	$1.41	$1.53	$1.65	$1.79	$1.94	$2.10	$2.29	$2.42	$2.58	$2.73	$2.87	$3.01	$3.15	$3.29	$3.44	$3.60	$3.77
Portland General Electric Company	POR	$1.77	$1.66	$1.95	$2.05	$2.15	$2.26	$2.37	$2.49	$2.61	$2.73	$2.86	$2.99	$3.12	$3.27	$3.42	$3.58	$3.74
Southern Company	SO	$2.70	$2.79	$2.88	$2.98	$3.08	$3.18	$3.30	$3.42	$3.56	$3.71	$3.87	$4.05	$4.23	$4.43	$4.63	$4.84	$5.07
Westar Energy, Inc	WR	$2.27	$2.32	$2.38	$2.44	$2.50	$2.56	$2.63	$2.71	$2.80	$2.91	$3.04	$3.17	$3.32	$3.47	$3.63	$3.80	$3.98

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	60.00%	61.00%	62.00%	63.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Hawaiian Electric Industries, Inc.	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
IDACORP, Inc	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%
PNM Resources, Inc	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%
Westar Energy, Inc	WR	57.00%	57.75%	58.50%	59.25%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%

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	$1.99	$2.12	$2.25	$2.39	$2.54	$2.65	$2.77	$2.90	$3.03	$3.17	$3.31	$3.47	$3.63	$3.79	$3.97	$4.15	$99.95
Cleco Corporation	CNL	$1.73	$1.77	$1.83	$1.88	$1.93	$2.02	$2.12	$2.22	$2.33	$2.44	$2.55	$2.67	$2.79	$2.92	$3.05	$3.19	$105.74
Duke Energy Corporation	DUK	$2.95	$3.00	$3.05	$3.10	$3.14	$3.28	$3.43	$3.58	$3.74	$3.91	$4.09	$4.28	$4.47	$4.68	$4.89	$5.12	$137.76
Empire District Electric Company	EDE	$0.99	$1.02	$1.05	$1.08	$1.12	$1.15	$1.19	$1.24	$1.29	$1.34	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$47.84
Hawaiian Electric Industries, Inc.	HE	$1.30	$1.30	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$2.10	$45.66
IDACORP, Inc.	IDA	$1.73	$1.82	$1.91	$2.01	$2.10	$2.14	$2.18	$2.25	$2.32	$2.42	$2.53	$2.64	$2.76	$2.89	$3.02	$3.16	$104.26
NextEra Energy, Inc.	NEE	$3.12	$3.26	$3.39	$3.54	$3.68	$3.90	$4.11	$4.33	$4.55	$4.77	$4.99	$5.22	$5.46	$5.71	$5.97	$6.25	$185.02
Northeast Utilities	NU	$1.59	$1.67	$1.77	$1.85	$1.96	$2.03	$2.20	$2.32	$2.44	$2.56	$2.68	$2.80	$2.93	$3.06	$3.20	$3.35	$86.12
Otter Tail Corporation	OTTR	$1.02	$1.04	$1.05	$1.07	$1.08	$1.14	$1.21	$1.27	$1.34	$1.40	$1.46	$1.53	$1.60	$1.68	$1.75	$1.83	$53.99
Pinnacle West Capital Corporation	PNW	$2.35	$2.45	$2.55	$2.66	$2.77	$2.87	$2.99	$3.11	$3.24	$3.39	$3.54	$3.71	$3.88	$4.06	$4.24	$4.44	$104.61
PNM Resources, Inc	PNM	$0.76	$0.82	$0.89	$0.96	$1.03	$1.11	$1.19	$1.26	$1.34	$1.41	$1.47	$1.54	$1.61	$1.69	$1.76	$1.85	$50.43
Portland General Electric Company	POR	$0.97	$1.04	$1.12	$1.20	$1.29	$1.35	$1.42	$1.48	$1.56	$1.63	$1.70	$1.78	$1.86	$1.95	$2.04	$2.13	$64.49
Southern Company	SO	$2.06	$2.12	$2.18	$2.23	$2.29	$2.37	$2.45	$2.56	$2.67	$2.79	$2.91	$3.05	$3.19	$3.33	$3.49	$3.65	$92.13
Westar Energy, Inc	WR	$1.32	$1.37	$1.43	$1.48	$1.53	$1.58	$1.63	$1.68	$1.75	$1.82	$1.90	$1.99	$2.08	$2.18	$2.28	$2.39	$68.71

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	9/12/14	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	($52.12)	$0.00	$0.60	$2.04	$2.25	$2.39	$2.54	$2.65	$2.77	$2.90	$3.03	$3.17	$3.31	$3.47	$3.63	$3.79	$3.97	$104.10
Cleco Corporation	CNL	($55.24)	$0.00	$0.52	$1.77	$1.83	$1.88	$1.93	$2.02	$2.12	$2.22	$2.33	$2.44	$2.55	$2.67	$2.79	$2.92	$3.05	$108.93
Duke Energy Corporation	DUK	($72.72)	$0.00	$0.69	$3.01	$3.05	$3.10	$3.14	$3.28	$3.43	$3.58	$3.74	$3.91	$4.09	$4.28	$4.47	$4.68	$4.89	$142.88
Empire District Electric Company	EDE	($25.28)	$0.00	$0.30	$1.01	$1.05	$1.08	$1.12	$1.15	$1.19	$1.24	$1.29	$1.34	$1.41	$1.47	$1.54	$1.61	$1.68	$49.60
Hawaiian Electric Industries, Inc	HE	($24.54)	$0.00	$0.39	$1.32	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$47.97
IDACORP, Inc	IDA	($55.00)	$0.00	$0.52	$1.74	$1.91	$2.01	$2.10	$2.14	$2.18	$2.25	$2.32	$2.42	$2.53	$2.64	$2.76	$2.89	$3.02	$107.42
NextEra Energy, Inc.	NEE	($96.13)	$0.00	$0.94	$3.22	$3.39	$3.54	$3.68	$3.90	$4.11	$4.33	$4.55	$4.77	$4.99	$5.22	$5.46	$5.71	$5.97	$191.27
Northeast Utilities	NU	($44.62)	$0.00	$0.48	$1.64	$1.77	$1.85	$1.96	$2.08	$2.20	$2.32	$2.44	$2.56	$2.68	$2.80	$2.93	$3.06	$3.20	$89.47
Otter Tail Corporation	OTTR	($28.25)	$0.00	$0.31	$1.05	$1.05	$1.07	$1.08	$1.14	$1.21	$1.27	$1.34	$1.40	$1.46	$1.53	$1.60	$1.68	$1.75	$55.82
Pinnacle West Capital Corporation	PNW	($55.12)	$0.00	$0.71	$2.40	$2.55	$2.66	$2.77	$2.87	$2.99	$3.11	$3.24	$3.39	$3.54	$3.71	$3.88	$4.06	$4.24	$109.05
PNM Resources, Inc	PNM	($25.77)	$0.00	$0.23	$0.80	$0.89	$0.96	$1.03	$1.11	$1.19	$1.26	$1.34	$1.41	$1.47	$1.54	$1.61	$1.69	$1.76	$52.28
Portland General Electric Company	POR	($33.36)	$0.00	$0.29	$0.99	$1.12	$1.20	$1.29	$1.35	$1.42	$1.48	$1.56	$1.63	$1.70	$1.78	$1.86	$1.95	$2.04	$66.59
Southern Company	SO	($43.62)	$0.00	$0.62	$2.10	$2.18	$2.23	$2.29	$2.37	$2.46	$2.56	$2.67	$2.79	$2.91	$3.05	$3.19	$3.33	$3.49	$85.78
Westar Energy, Inc	WR	($36.28)	$0.00	$0.40	$1.34	$1.43	$1.48	$1.53	$1.58	$1.63	$1.68	$1.75	$1.82	$1.90	$1.99	$2.08	$2.18	$2.28	$71.10

Kansas City Power & Light Company

Revised Hevert
Multi-Stage Growth Discounted Cash Flow Model
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	Value Line	Average	Growth	2014	2018	2025	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc	AEP	$52.12	4.60%	4.79%	4.50%	4.70%	4.60%	60.00%	64.00%	64.00%	($0.00)	9.00%	15.22	3.31
Cleco Corporation	CNL	$55.24	8.00%	7.00%	5.00%	6.67%	4.60%	62.00%	57.00%	57.00%	($0.00)	8.12%	16.92	3.68
Duke Energy Corporation	DUK	$72.72	4.30%	4.53%	5.00%	4.61%	4.60%	71.00%	64.00%	64.00%	($0.00)	8.57%	18.87	3.67
Empire District Electric Company	EDE	$25.28	3.00%	3.00%	4.00%	3.33%	4.60%	65.00%	65.00%	65.00%	($0.00)	8.64%	17.28	3.76
Hawaiian Electric Industries, Inc	HE	$24.54	4.00%	4.00%	4.00%	4.00%	4.60%	77.00%	68.00%	68.00%	($0.00)	9.46%	14.39	3.13
IDACORP, Inc.	IDA	$55.09	4.00%	4.00%	1.00%	3.00%	4.60%	47.00%	55.00%	55.00%	($0.00)	8.24%	15.81	3.44
NextEra Energy, Inc.	NEE	$96.13	6.60%	6.45%	6.00%	6.36%	4.60%	61.00%	57.00%	57.00%	($0.00)	8.22%	16.49	3.58
Northeast Utilities	NU	$44.62	6.90%	6.31%	8.00%	7.07%	4.60%	60.00%	58.00%	58.00%	$0.00	8.87%	14.20	3.09
Otter Tail Corporation	OTTR	$28.25	NA	6.00%	15.50%	10.75%	4.60%	70.00%	59.00%	59.00%	$0.00	9.39%	12.87	2.80
Pinnacle West Capital Corporation	PNW	$55.12	3.70%	3.75%	4.00%	3.82%	4.60%	62.00%	63.00%	63.00%	($0.00)	9.07%	14.74	3.20
PNM Resources, Inc	PNM	$25.77	8.50%	8.32%	11.00%	9.27%	4.60%	50.00%	49.00%	49.00%	($0.00)	8.65%	12.61	2.74
Portland General Electric Company	POR	$33.36	7.80%	10.96%	5.00%	7.92%	4.60%	52.00%	57.00%	57.00%	($0.00)	8.76%	14.27	3.10
Southern Company	SO	$43.62	3.50%	3.35%	3.50%	3.45%	4.60%	74.00%	72.00%	72.00%	$0.00	9.25%	16.10	3.50
Westar Energy, Inc	WR	$36.28	3.70%	2.40%	6.00%	4.03%	4.60%	57.00%	60.00%	60.00%	$0.00	8.65%	15.49	3.37
												DCF Result		
											Mean	8.77%	15.23	3.31
											Max	9.46%	17.28	3.76
											Min	8.12%	12.61	2.74

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	$3.65	$3.82	$4.00	$4.19	$4.38	$4.59	$4.80	$5.02	$5.25	$5.49	$5.75	$6.01	$6.29	$6.58
Cleco Corporation	CNL	$2.65	$2.83	$3.02	$3.22	$3.43	$3.66	$3.89	$4.12	$4.36	$4.59	$4.81	$5.03	$5.27	$5.51	$5.76	$6.03	$6.30
Duke Energy Corporation	DUK	$3.98	$4.16	$4.36	$4.56	$4.77	$4.99	$5.22	$5.46	$5.71	$5.97	$6.24	$6.53	$6.83	$7.15	$7.48	$7.82	$8.18
Empire District Electric Company	EDE	$1.45	$1.53	$1.58	$1.63	$1.69	$1.74	$1.81	$1.87	$1.95	$2.03	$2.12	$2.22	$2.32	$2.42	$2.54	$2.65	$2.77
Hawaiian Electric Industries, Inc.	HE	$1.62	$1.68	$1.75	$1.82	$1.90	$1.97	$2.05	$2.14	$2.23	$2.33	$2.43	$2.54	$2.66	$2.78	$2.91	$3.05	$3.19
IDACORP, Inc	IDA	$3.64	$3.75	$3.86	$3.98	$4.10	$4.22	$4.36	$4.51	$4.65	$4.87	$5.08	$5.32	$5.56	$5.82	$6.09	$6.37	$6.66
NextEra Energy, Inc	NEE	$4.83	$5.14	$5.46	$5.81	$6.18	$6.57	$6.97	$7.38	$7.78	$8.18	$8.58	$8.98	$9.39	$9.82	$10.28	$10.75	$11.24
Northeast Utilities	NU	$2.49	$2.67	$2.85	$3.06	$3.27	$3.50	$3.74	$3.97	$4.20	$4.43	$4.65	$4.87	$5.09	$5.32	$5.57	$5.83	$6.09
Otter Tail Corporation	OTTR	$1.37	$1.52	$1.69	$1.86	$2.06	$2.28	$2.50	$2.72	$2.93	$3.13	$3.30	$3.45	$3.61	$3.78	$3.95	$4.13	$4.33
Pinnacle West Capital Corporation	PNW	$3.66	$3.80	$3.94	$4.10	$4.25	$4.41	$4.59	$4.78	$4.93	$5.19	$5.42	$5.67	$5.93	$6.21	$6.49	$6.79	$7.10
PNM Resources, Inc	PNM	$1.41	$1.54	$1.68	$1.84	$2.01	$2.20	$2.33	$2.57	$2.75	$2.91	$3.07	$3.21	$3.36	$3.51	$3.68	$3.85	$4.02
Portland General Electric Company	POR	$1.77	$1.91	$2.06	$2.22	$2.40	$2.59	$2.78	$2.97	$3.16	$3.34	$3.51	$3.67	$3.84	$4.02	$4.20	$4.39	$4.60
Southern Company	SO	$2.70	$2.79	$2.89	$2.99	$3.09	$3.20	$3.32	$3.44	$3.58	$3.73	$3.90	$4.08	$4.26	$4.46	$4.66	$4.83	$5.10
Westar Energy, Inc	WR	$2.27	$2.36	$2.46	$2.56	$2.66	$2.77	$2.88	$3.00	$3.13	$3.27	$3.42	$3.57	$3.74	$3.91	$4.09	$4.28	$4.48

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	60.00%	61.00%	62.00%	63.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Hawaiian Electric Industries, Inc	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
IDACORP, Inc	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%
NextEra Energy, Inc	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%
PNM Resources, Inc	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%
Westar Energy, Inc	WR	57.00%	57.75%	58.50%	59.25%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%

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	$2.00	$2.13	$2.28	$2.41	$2.56	$2.68	$2.81	$2.94	$3.07	$3.21	$3.36	$3.52	$3.68	$3.85	$4.02	$4.21	$100.08
Cleco Corporation	CNL	$1.75	$1.83	$1.91	$2.00	$2.09	$2.22	$2.35	$2.48	$2.61	$2.74	$2.87	$3.00	$3.14	$3.28	$3.43	$3.59	$106.65
Duke Energy Corporation	DUK	$2.96	$3.02	$3.08	$3.13	$3.19	$3.34	$3.49	$3.65	$3.82	$4.00	$4.18	$4.37	$4.57	$4.78	$5.00	$5.23	$138.01
Empire District Electric Company	EDE	$0.99	$1.03	$1.06	$1.10	$1.13	$1.17	$1.22	$1.27	$1.32	$1.38	$1.44	$1.51	$1.58	$1.65	$1.72	$1.80	$47.93
Hawaiian Electric Industries, Inc.	HE	$1.30	$1.30	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$2.10	$45.66
IDACORP, Inc	IDA	$1.76	$1.69	$2.03	$2.17	$2.32	$2.49	$2.48	$2.58	$2.68	$2.80	$2.93	$3.06	$3.20	$3.35	$3.50	$3.66	$105.31
NextEra Energy, Inc	NEE	$3.13	$3.28	$3.43	$3.58	$3.75	$3.97	$4.20	$4.43	$4.66	$4.89	$5.12	$5.35	$5.60	$5.86	$6.13	$6.41	$185.39
Northeast Utilities	NU	$1.60	$1.70	$1.80	$1.91	$2.03	$2.17	$2.30	$2.44	$2.57	$2.70	$2.82	$2.95	$3.09	$3.23	$3.38	$3.53	$88.55
Otter Tail Corporation	OTTR	$1.08	$1.13	$1.20	$1.27	$1.35	$1.48	$1.61	$1.73	$1.84	$1.95	$2.04	$2.13	$2.23	$2.33	$2.44	$2.55	$55.67
Pinnacle West Capital Corporation	PNW	$2.36	$2.46	$2.56	$2.67	$2.78	$2.89	$3.01	$3.13	$3.27	$3.42	$3.57	$3.74	$3.91	$4.09	$4.28	$4.48	$104.69
PNM Resources, Inc	PNM	$0.77	$0.84	$0.91	$0.99	$1.08	$1.17	$1.26	$1.35	$1.43	$1.50	$1.57	$1.65	$1.72	$1.80	$1.88	$1.97	$50.74
Portland General Electric Company	POR	$0.99	$1.10	$1.21	$1.34	$1.48	$1.59	$1.69	$1.80	$1.90	$2.00	$2.09	$2.19	$2.29	$2.39	$2.50	$2.62	$65.61
Southern Company	SO	$2.07	$2.12	$2.18	$2.24	$2.30	$2.39	$2.48	$2.58	$2.69	$2.81	$2.93	$3.07	$3.21	$3.36	$3.51	$3.67	$82.18
Westar Energy, Inc	WR	$1.35	$1.42	$1.50	$1.58	$1.66	$1.73	$1.80	$1.89	$1.96	$2.05	$2.14	$2.24	$2.35	$2.45	$2.57	$2.69	$69.35

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	9/12/14	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	($52.12)	$0.00	$0.60	$2.04	$2.28	$2.41	$2.56	$2.68	$2.81	$2.94	$3.07	$3.21	$3.36	$3.52	$3.68	$3.85	$4.02	$104.29
Cleco Corporation	CNL	($55.24)	$0.00	$0.53	$1.81	$1.91	$2.00	$2.09	$2.22	$2.35	$2.48	$2.61	$2.74	$2.87	$3.00	$3.14	$3.28	$3.43	$110.24
Duke Energy Corporation	DUK	($72.72)	$0.00	$0.69	$3.02	$3.08	$3.13	$3.19	$3.34	$3.49	$3.65	$3.82	$4.00	$4.18	$4.37	$4.57	$4.78	$5.00	$143.24
Empire District Electric Company	EDE	($25.28)	$0.00	$0.30	$1.01	$1.06	$1.10	$1.13	$1.17	$1.22	$1.27	$1.32	$1.38	$1.44	$1.51	$1.58	$1.65	$1.72	$49.73
Hawaiian Electric Industries, Inc	HE	($24.54)	$0.00	$0.39	$1.32	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$47.97
IDACORP, Inc	IDA	($55.09)	$0.00	$0.53	$1.79	$2.03	$2.17	$2.32	$2.40	$2.48	$2.58	$2.68	$2.80	$2.93	$3.06	$3.20	$3.35	$3.50	$103.97
NextEra Energy, Inc	NEE	($96.13)	$0.00	$0.94	$3.23	$3.43	$3.58	$3.75	$3.97	$4.20	$4.43	$4.66	$4.89	$5.12	$5.35	$5.60	$5.86	$6.13	$191.60
Northeast Utilities	NU	($44.62)	$0.00	$0.48	$1.66	$1.80	$1.91	$2.03	$2.17	$2.30	$2.44	$2.57	$2.70	$2.82	$2.95	$3.09	$3.23	$3.38	$90.08
Otter Tail Corporation	OTTR	($28.25)	$0.00	$0.32	$1.12	$1.20	$1.27	$1.35	$1.48	$1.61	$1.73	$1.84	$1.95	$2.04	$2.13	$2.23	$2.33	$2.44	$58.22
Pinnacle West Capital Corporation	PNW	($55.12)	$0.00	$0.71	$2.40	$2.56	$2.67	$2.78	$2.89	$3.01	$3.13	$3.27	$3.42	$3.57	$3.74	$3.91	$4.09	$4.28	$109.16
PNM Resources, Inc	PNM	($25.77)	$0.00	$0.23	$0.81	$0.91	$0.99	$1.08	$1.17	$1.26	$1.35	$1.43	$1.50	$1.57	$1.65	$1.72	$1.80	$1.88	$52.71
Portland General Electric Company	POR	($33.36)	$0.00	$0.30	$1.03	$1.21	$1.34	$1.48	$1.59	$1.69	$1.80	$1.90	$2.00	$2.09	$2.19	$2.29	$2.39	$2.50	$68.23
Southern Company	SO	($43.62)	$0.00	$0.62	$2.10	$2.18	$2.24	$2.30	$2.39	$2.48	$2.58	$2.69	$2.81	$2.93	$3.07	$3.21	$3.36	$3.51	$85.68
Westar Energy, Inc	WR	($36.28)	$0.00	$0.41	$1.37	$1.50	$1.58	$1.66	$1.73	$1.80	$1.88	$1.96	$2.05	$2.14	$2.24	$2.35	$2.45	$2.57	$72.03

Kansas City Power & Light Company

Revised Hevert
Multi-Stage Growth Discounted Cash Flow Model
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
Company	Ticker	Price	Zacks	First Call	Value Line	High Growth	Growth	2014	2018	2025	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc	AEP	$52.12	4.60%	4.79%	4.50%	4.80%	4.60%	60.00%	64.00%	64.00%	($0.00)	9.03%	15.12	3.29
Cleco Corporation	CNL	$55.24	8.00%	7.00%	5.00%	8.00%	4.60%	62.00%	57.00%	57.00%	($0.00)	8.44%	15.53	3.38
Duke Energy Corporation	DUK	$72.72	4.30%	4.53%	5.00%	5.00%	4.60%	71.00%	64.00%	64.00%	($0.00)	8.67%	16.45	3.58
Empire District Electric Company	EDE	$25.28	3.00%	3.00%	4.00%	4.00%	4.60%	65.00%	65.00%	65.00%	($0.00)	8.71%	16.53	3.59
Hawaiian Electric Industries, Inc.	HE	$24.54	4.00%	4.00%	4.00%	4.00%	4.60%	77.00%	66.00%	66.00%	($0.00)	9.40%	14.39	3.13
IDACORP, Inc.	IDA	$55.00	4.00%	4.00%	1.00%	4.00%	4.60%	47.00%	55.00%	55.00%	($0.00)	8.49%	14.79	3.22
NextEra Energy, Inc.	NEE	$98.13	6.60%	6.46%	8.00%	6.60%	4.60%	61.00%	57.00%	57.00%	($0.00)	8.27%	16.24	3.53
Northeast Utilities	NU	$44.62	6.90%	6.31%	8.00%	8.00%	4.60%	60.00%	58.00%	58.00%	$0.00	9.13%	13.39	2.91
Otter Tail Corporation	OTTR	$28.25	NA	6.00%	15.50%	15.50%	4.60%	70.00%	59.00%	59.00%	($0.00)	10.92%	9.77	2.12
Pinnacle West Capital Corporation	PNW	$55.12	3.70%	3.75%	4.00%	4.00%	4.60%	62.00%	63.00%	63.00%	($0.00)	9.13%	14.56	3.17
PNM Resources, Inc.	PNM	$25.77	8.50%	8.32%	11.00%	11.00%	4.60%	50.00%	49.00%	49.00%	($0.00)	9.12%	11.34	2.47
Portland General Electric Company	POR	$33.36	7.80%	10.66%	5.00%	10.66%	4.60%	52.00%	57.00%	57.00%	$0.00	9.63%	11.84	2.57
Southern Company	SO	$43.62	3.50%	3.35%	3.50%	3.50%	4.60%	74.00%	72.00%	72.00%	$0.00	9.29%	16.05	3.49
Westar Energy, Inc.	WR	$36.28	3.70%	2.40%	6.00%	6.00%	4.60%	57.00%	60.00%	60.00%	$0.00	9.20%	13.64	2.96
												DCF Result		
											Mean	9.10%	14.26	3.10
											Max	10.92%	16.53	3.59
											Min	8.27%	9.77	2.12

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	$3.84	$4.02	$4.21	$4.41	$4.62	$4.83	$5.06	$5.29	$5.53	$5.79	$6.05	$6.33	$6.62
Cleco Corporation	CNL	$2.65	$2.85	$3.09	$3.34	$3.61	$3.89	$4.18	$4.47	$4.75	$5.02	$5.28	$5.53	$5.78	$6.05	$6.33	$6.62	$6.92
Duke Energy Corporation	DUK	$3.98	$4.18	$4.39	$4.61	$4.84	$5.08	$5.33	$5.59	$5.86	$6.14	$6.42	$6.72	$7.03	$7.35	$7.69	$8.04	$8.41
Empire District Electric Company	EDE	$1.49	$1.54	$1.60	$1.66	$1.73	$1.80	$1.87	$1.95	$2.04	$2.13	$2.22	$2.32	$2.43	$2.54	$2.66	$2.78	$2.91
Hawaiian Electric Industries, Inc.	HE	$1.62	$1.68	$1.75	$1.82	$1.90	$1.97	$2.05	$2.14	$2.23	$2.33	$2.43	$2.54	$2.66	$2.78	$2.91	$3.05	$3.19
IDACORP, Inc	IDA	$3.64	$3.79	$3.94	$4.09	$4.26	$4.43	$4.61	$4.80	$5.01	$5.23	$5.47	$5.72	$5.98	$6.26	$6.54	$6.84	$7.16
NextEra Energy, Inc	NEE	$4.83	$5.15	$5.49	$5.85	$6.24	$6.65	$7.07	$7.43	$7.90	$8.32	$8.73	$9.13	$9.55	$9.99	$10.45	$10.93	$11.43
Northeast Utilities	NU	$2.49	$2.69	$2.90	$3.14	$3.39	$3.66	$3.93	$4.20	$4.47	$4.72	$4.97	$5.19	$5.43	$5.68	$5.94	$6.22	$6.50
Otter Tail Corporation	OTTR	$1.37	$1.58	$1.83	$2.11	$2.44	$2.82	$3.20	$3.58	$3.94	$4.27	$4.54	$4.75	$4.97	$5.19	$5.43	$5.68	$5.95
Pinnacle West Capital Corporation	PNW	$3.65	$3.81	$3.96	$4.12	$4.28	$4.45	$4.64	$4.83	$5.04	$5.26	$5.50	$5.75	$6.01	$6.29	$6.58	$6.83	$7.20
PNM Resources, Inc.	PNM	$1.41	$1.57	$1.74	$1.93	$2.14	$2.38	$2.61	$2.84	$3.07	$3.27	$3.46	$3.62	$3.78	$3.96	$4.14	$4.33	$4.53
Portland General Electric Company	POR	$1.77	$1.96	$2.18	$2.42	$2.68	$2.98	$3.27	$3.56	$3.84	$4.10	$4.33	$4.53	$4.74	$4.95	$5.18	$5.42	$5.67
Southern Company	SO	$2.70	$2.79	$2.89	$2.99	$3.10	$3.21	$3.32	$3.45	$3.59	$3.75	$3.91	$4.09	$4.28	$4.48	$4.68	$4.90	$5.12
Westar Energy, Inc.	WR	$2.27	$2.41	$2.55	$2.70	$2.87	$3.04	$3.21	$3.39	$3.57	$3.75	$3.93	$4.11	$4.30	$4.50	$4.71	$4.92	$5.15

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	60.00%	61.00%	62.00%	63.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Hawaiian Electric Industries, Inc	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
IDACORP, Inc	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	59.00%	58.00%	58.00%	58.00%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%
Westar Energy, Inc	WR	57.00%	57.75%	58.50%	59.25%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%

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	$2.00	$2.13	$2.27	$2.42	$2.57	$2.70	$2.82	$2.96	$3.09	$3.24	$3.39	$3.54	$3.70	$3.88	$4.05	$4.24	$100.15
Cleco Corporation	CNL	$1.77	$1.83	$1.99	$2.10	$2.22	$2.38	$2.55	$2.71	$2.86	$3.01	$3.15	$3.30	$3.45	$3.61	$3.77	$3.94	$107.48
Duke Energy Corporation	DUK	$2.97	$3.04	$3.11	$3.18	$3.25	$3.41	$3.58	$3.75	$3.93	$4.11	$4.30	$4.50	$4.70	$4.92	$5.15	$5.38	$138.33
Empire District Electric Company	EDE	$1.00	$1.04	$1.08	$1.13	$1.17	$1.22	$1.27	$1.32	$1.38	$1.44	$1.51	$1.58	$1.65	$1.73	$1.81	$1.89	$49.12
Hawaiian Electric Industries, Inc.	HE	$1.30	$1.30	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$2.10	$45.66
IDACORP, Inc.	IDA	$1.78	$1.93	$2.09	$2.28	$2.44	$2.54	$2.64	$2.76	$2.88	$3.01	$3.14	$3.29	$3.44	$3.60	$3.76	$3.94	$105.91
NextEra Energy, Inc	NEE	$3.14	$3.29	$3.45	$3.62	$3.79	$4.03	$4.27	$4.51	$4.74	$4.98	$5.21	$5.44	$5.70	$5.96	$6.23	$6.52	$165.64
Northeast Utilities	NU	$1.61	$1.73	$1.85	$1.98	$2.12	$2.28	$2.44	$2.59	$2.74	$2.88	$3.01	$3.15	$3.30	$3.45	$3.61	$3.77	$87.10
Otter Tail Corporation	OTTR	$1.11	$1.23	$1.36	$1.51	$1.66	$1.69	$2.11	$2.33	$2.52	$2.68	$2.80	$2.93	$3.07	$3.21	$3.35	$3.51	$58.07
Pinnacle West Capital Corporation	PNW	$2.36	$2.46	$2.57	$2.69	$2.81	$2.92	$3.04	$3.17	$3.31	$3.46	$3.62	$3.79	$3.96	$4.15	$4.34	$4.54	$104.81
PNM Resources, Inc	PNM	$0.78	$0.83	$0.95	$1.05	$1.16	$1.28	$1.39	$1.50	$1.60	$1.69	$1.77	$1.85	$1.94	$2.03	$2.12	$2.22	$51.36
Portland General Electric Company	POR	$1.02	$1.16	$1.32	$1.50	$1.70	$1.86	$2.03	$2.19	$2.33	$2.47	$2.58	$2.70	$2.82	$2.95	$3.09	$3.23	$67.13
Southern Company	SO	$2.07	$2.13	$2.19	$2.25	$2.31	$2.39	$2.49	$2.59	$2.70	$2.82	$2.95	$3.08	$3.22	$3.37	$3.53	$3.69	$92.21
Westar Energy, Inc	WR	$1.37	$1.47	$1.58	$1.70	$1.82	$1.93	$2.03	$2.14	$2.25	$2.36	$2.47	$2.58	$2.70	$2.82	$2.95	$3.09	$70.24

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	9/12/14	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	($52.12)	$0.00	$0.60	$2.05	$2.27	$2.42	$2.57	$2.70	$2.82	$2.96	$3.09	$3.24	$3.39	$3.54	$3.70	$3.88	$4.05	$104.39
Cleco Corporation	CNL	($55.24)	$0.00	$0.53	$1.85	$1.99	$2.10	$2.22	$2.38	$2.55	$2.71	$2.86	$3.01	$3.15	$3.30	$3.45	$3.61	$3.77	$111.42
Duke Energy Corporation	DUK	($72.72)	$0.00	$0.69	$3.04	$3.11	$3.18	$3.25	$3.41	$3.58	$3.75	$3.93	$4.11	$4.30	$4.50	$4.70	$4.92	$5.15	$143.71
Empire District Electric Company	EDE	($25.28)	$0.00	$0.30	$1.02	$1.03	$1.13	$1.17	$1.22	$1.27	$1.32	$1.38	$1.44	$1.51	$1.58	$1.65	$1.73	$1.81	$50.01
Hawaiian Electric Industries, Inc	HE	($24.54)	$0.00	$0.39	$1.32	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$47.97
IDACORP, Inc	IDA	($55.00)	$0.00	$0.54	$1.81	$2.09	$2.26	$2.44	$2.64	$2.64	$2.76	$2.88	$3.01	$3.14	$3.29	$3.44	$3.60	$3.76	$109.84
NextEra Energy, Inc.	NEE	($98.13)	$0.00	$0.95	$3.24	$3.45	$3.62	$3.79	$4.03	$4.27	$4.51	$4.74	$4.98	$5.21	$5.44	$5.70	$5.96	$6.23	$192.16
Northeast Utilities	NU	($44.62)	$0.00	$0.49	$1.68	$1.85	$1.98	$2.12	$2.28	$2.44	$2.59	$2.74	$2.88	$3.01	$3.15	$3.30	$3.45	$3.61	$90.87
Otter Tail Corporation	OTTR	($28.25)	$0.00	$0.33	$1.19	$1.36	$1.51	$1.66	$1.89	$2.11	$2.33	$2.52	$2.68	$2.80	$2.93	$3.07	$3.21	$3.35	$61.58
Pinnacle West Capital Corporation	PNW	($55.12)	$0.00	$0.71	$2.41	$2.57	$2.69	$2.81	$2.92	$3.04	$3.17	$3.31	$3.46	$3.62	$3.79	$3.96	$4.15	$4.34	$109.35
PNM Resources, Inc	PNM	($25.77)	$0.00	$0.24	$0.83	$0.95	$1.05	$1.16	$1.28	$1.39	$1.50	$1.60	$1.69	$1.77	$1.85	$1.94	$2.03	$2.12	$53.58
Portland General Electric Company	POR	($33.36)	$0.00	$0.31	$1.03	$1.32	$1.50	$1.70	$1.86	$2.03	$2.19	$2.33	$2.47	$2.58	$2.70	$2.82	$2.95	$3.09	$70.36
Southern Company	SO	($43.62)	$0.00	$0.62	$2.19	$2.19	$2.25	$2.31	$2.39	$2.49	$2.59	$2.70	$2.82	$2.95	$3.08	$3.22	$3.37	$3.53	$85.80
Westar Energy, Inc	WR	($36.28)	$0.00	$0.41	$1.41	$1.58	$1.70	$1.82	$1.93	$2.03	$2.14	$2.25	$2.36	$2.47	$2.58	$2.70	$2.82	$2.95	$73.33

Kansas City Power & Light Company

Revised Hevert
Multi-Stage Growth Discounted Cash Flow Model
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
Company	Ticker	Price	Zacks	First Call	Value Line	Low Growth	Growth	2014	2018	2025	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc	AEP	$53 04	4 80%	4 79%	4 50%	4 50%	4 60%	60 00%	64 00%	64 00%	($0 00)	8 87%	15 69	3 41
Cleco Corporation	CNL	$54 74	8 00%	7 00%	5 00%	5 00%	4 60%	62 00%	57 00%	57 00%	($0 00)	7 79%	18 71	4 07
Duke Energy Corporation	DUK	$72 21	4 30%	4 53%	5 00%	4 30%	4 60%	71 00%	64 00%	64 00%	$0 00	8 52%	17 10	3 72
Empire District Electric Company	EDE	$24 80	3 00%	3 00%	4 00%	3 00%	4 60%	65 00%	65 00%	65 00%	($0 00)	8 53%	17 32	3 77
Hawaiian Electric Industries, Inc.	HE	$24 44	4 00%	4 00%	4 00%	4 00%	4 60%	77 00%	66 00%	66 00%	($0 00)	9 42%	14 33	3 12
IDACORP, Inc	IDA	$55 20	4 00%	4 00%	1 00%	1 00%	4 60%	47 00%	55 00%	55 00%	($0 00)	7 76%	18 19	3 95
NextEra Energy, Inc	NEE	$97 36	6 60%	6 46%	6 00%	6 00%	4 60%	61 00%	57 00%	57 00%	($0 00)	8 09%	17 10	3 72
Northeast Utilities	NU	$45 32	6 90%	6 31%	8 00%	6 31%	4 60%	60 00%	58 00%	58 00%	$0 00	8 60%	15 15	3 29
Otter Tail Corporation	OTTR	$28 64	NA	6 00%	15 50%	6 00%	4 60%	70 00%	59 00%	59 00%	$0 00	8 10%	17 61	3 83
Pinnacle West Capital Corporation	PNW	$55 49	3 70%	3 75%	4 00%	3 70%	4 60%	62 00%	63 00%	63 00%	($0 00)	9 01%	14 95	3 25
PNM Resources, Inc	PNM	$27 43	8 50%	8 32%	11 00%	8 32%	4 60%	50 00%	49 00%	49 00%	$0 00	8 20%	14 26	3 10
Portland General Electric Company	POR	$33 26	7 80%	10 66%	5 00%	5 00%	4 60%	52 00%	57 00%	57 00%	($0 00)	8 07%	17 18	3 74
Southern Company	SO	$43 93	3 50%	3 35%	3 50%	3 35%	4 60%	74 00%	72 00%	72 00%	($0 00)	9 21%	16 33	3 55
Westar Energy, Inc	WR	$36 38	3 70%	2 40%	6 00%	2 40%	4 60%	57 00%	60 00%	60 00%	$0 00	8 22%	17 33	3 77
												DCF Result		
											Mean	8 45%	16 52	3 59
											Max	9 42%	18 71	4 07
											Min	7 76%	14 26	3 10

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 33	$4 53	$4 73	$4 95	$5 18	$5 42	$5 67	$5 93	$6 20	$6 48
Cleco Corporation	CNL	$2 65	$2 78	$2 92	$3 07	$3 22	$3 38	$3 55	$3 72	$3 90	$4 08	$4 28	$4 47	$4 68	$4 89	$5 12	$5 35	$5 60
Duke Energy Corporation	DUK	$3 98	$4 15	$4 33	$4 52	$4 71	$4 91	$5 13	$5 35	$5 59	$5 84	$6 11	$6 39	$6 68	$6 99	$7 31	$7 65	$8 00
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 07	$2 16	$2 26	$2 37	$2 47	$2 59	$2 71
Hawaiian Electric Industries, Inc	HE	$1 62	$1 68	$1 75	$1 82	$1 90	$1 97	$2 05	$2 14	$2 23	$2 33	$2 43	$2 54	$2 66	$2 78	$2 91	$3 05	$3 19
IDACORP, Inc.	IDA	$3 64	$3 68	$3 71	$3 75	$3 79	$3 83	$3 89	$3 97	$4 08	$4 22	$4 39	$4 59	$4 80	$5 03	$5 26	$5 50	$5 75
NextEra Energy, Inc.	NEE	$4 83	$5 12	$5 43	$5 75	$6 10	$6 46	$6 84	$7 21	$7 60	$7 93	$8 37	$8 75	$9 16	$9 58	$10 02	$10 48	$10 96
Northeast Utilities	NU	$2 49	$2 65	$2 81	$2 99	$3 18	$3 38	$3 58	$3 79	$4 00	$4 20	$4 41	$4 61	$4 82	$5 05	$5 28	$5 52	$5 78
Otter Tail Corporation	OTTR	$1 37	$1 45	$1 54	$1 63	$1 73	$1 83	$1 94	$2 05	$2 15	$2 26	$2 37	$2 48	$2 60	$2 72	$2 84	$2 97	$3 11
Pinnacle West Capital Corporation	PNW	$3 66	$3 80	$3 94	$4 08	$4 23	$4 39	$4 56	$4 74	$4 94	$5 15	$5 33	$5 63	$5 88	$6 16	$6 44	$6 73	$7 04
PNM Resources, Inc	PNM	$1 41	$1 53	$1 65	$1 79	$1 94	$2 10	$2 28	$2 42	$2 58	$2 73	$2 87	$3 01	$3 15	$3 29	$3 44	$3 60	$3 77
Portland General Electric Company	POR	$1 77	$1 86	$1 95	$2 05	$2 15	$2 26	$2 37	$2 49	$2 61	$2 73	$2 86	$2 99	$3 12	$3 27	$3 42	$3 58	$3 74
Southern Company	SO	$2 70	$2 79	$2 88	$2 98	$3 08	$3 18	$3 30	$3 42	$3 56	$3 71	$3 87	$4 05	$4 23	$4 43	$4 63	$4 84	$5 07
Westar Energy, Inc	WR	$2 27	$2 32	$2 38	$2 44	$2 50	$2 56	$2 63	$2 71	$2 80	$2 91	$3 04	$3 17	$3 32	$3 47	$3 63	$3 80	$3 98

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	60 00%	61 00%	62 00%	63 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%
Cleco Corporation	CNL	62 00%	60 75%	59 50%	58 25%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%
Duke Energy Corporation	DUK	71 00%	69 25%	67 50%	65 75%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%	64 00%
Empire District Electric Company	EDE	65 00%	65 00%	65 00%	65 00%	65 00%	65 00%	65 00%	65 00%	65 00%	65 00%	65 00%	65 00%	65 00%	65 00%	65 00%	65 00%
Hawaiian Electric Industries, Inc	HE	77 00%	74 25%	71 50%	68 75%	66 00%	66 00%	66 00%	66 00%	66 00%	66 00%	66 00%	66 00%	66 00%	66 00%	66 00%	66 00%
IDACORP, Inc	IDA	47 00%	49 00%	51 00%	53 00%	55 00%	55 00%	55 00%	55 00%	55 00%	55 00%	55 00%	55 00%	55 00%	55 00%	55 00%	55 00%
NextEra Energy, Inc	NEE	61 00%	60 00%	59 00%	58 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%
Northeast Utilities	NU	60 00%	59 50%	59 00%	58 50%	58 00%	58 00%	58 00%	58 00%	58 00%	58 00%	58 00%	58 00%	58 00%	58 00%	58 00%	58 00%
Otter Tail Corporation	OTTR	70 00%	67 25%	64 50%	61 75%	59 00%	59 00%	59 00%	59 00%	59 00%	59 00%	59 00%	59 00%	59 00%	59 00%	59 00%	59 00%
Pinnacle West Capital Corporation	PNW	62 00%	62 25%	62 50%	62 75%	63 00%	63 00%	63 00%	63 00%	63 00%	63 00%	63 00%	63 00%	63 00%	63 00%	63 00%	63 00%
PNM Resources, Inc	PNM	50 00%	49 75%	49 50%	49 25%	49 00%	49 00%	49 00%	49 00%	49 00%	49 00%	49 00%	49 00%	49 00%	49 00%	49 00%	49 00%
Portland General Electric Company	POR	52 00%	53 25%	54 50%	55 75%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%	57 00%
Southern Company	SO	74 00%	73 50%	73 00%	72 50%	72 00%	72 00%	72 00%	72 00%	72 00%	72 00%	72 00%	72 00%	72 00%	72 00%	72 00%	72 00%
Westar Energy, Inc	WR	57 00%	57 75%	58 50%	59 25%	60 00%	60 00%	60 00%	60 00%	60 00%	60 00%	60 00%	60 00%	60 00%	60 00%	60 00%	60 00%

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	$1 99	$2 12	$2 25	$2 39	$2 54	$2 65	$2 77	$2 90	$3 03	$3 17	$3 31	$3 47	$3 63	$3 79	$3 97	$4 15	$101 73
Cleco Corporation	CNL	$1 73	$1 77	$1 83	$1 88	$1 93	$2 02	$2 12	$2 22	$2 33	$2 44	$2 55	$2 67	$2 79	$2 92	$3 05	$3 19	$104 76
Duke Energy Corporation	DUK	$2 95	$3 00	$3 05	$3 10	$3 14	$3 28	$3 43	$3 58	$3 74	$3 91	$4 09	$4 28	$4 47	$4 68	$4 89	$5 12	$136 77
Empire District Electric Company	EDE	$0 99	$1 02	$1 05	$1 08	$1 12	$1 15	$1 19	$1 24	$1 29	$1 34	$1 41	$1 47	$1 54	$1 61	$1 68	$1 76	$46 90
Hawaiian Electric Industries, Inc	HE	$1 30	$1 30	$1 30	$1 30	$1 30	$1 35	$1 41	$1 47	$1 54	$1 61	$1 68	$1 76	$1 84	$1 92	$2 01	$2 10	$45 67
IDACORP, Inc.	IDA	$1 73	$1 82	$1 91	$2 01	$2 10	$2 14	$2 18	$2 25	$2 32	$2 42	$2 53	$2 64	$2 76	$2 89	$3 02	$3 16	$104 65
NextEra Energy, Inc.	NEE	$3 12	$3 26	$3 39	$3 54	$3 63	$3 90	$4 11	$4 33	$4 55	$4 77	$4 99	$5 22	$5 46	$5 71	$5 97	$6 25	$187 42
Northeast Utilities	NU	$1 59	$1 67	$1 77	$1 86	$1 96	$2 08	$2 20	$2 32	$2 44	$2 56	$2 68	$2 80	$2 93	$3 06	$3 20	$3 35	$87 49
Otter Tail Corporation	OTTR	$1 02	$1 04	$1 05	$1 07	$1 08	$1 14	$1 21	$1 27	$1 34	$1 40	$1 46	$1 53	$1 60	$1 68	$1 75	$1 83	$54 75
Pinnacle West Capital Corporation	PNW	$2 35	$2 45	$2 55	$2 66	$2 77	$2 87	$2 99	$3 11	$3 24	$3 39	$3 54	$3 71	$3 88	$4 06	$4 24	$4 44	$105 33
PNM Resources, Inc	PNM	$0 76	$0 82	$0 89	$0 96	$1 03	$1 11	$1 19	$1 26	$1 34	$1 41	$1 47	$1 54	$1 61	$1 69	$1 76	$1 85	$53 68
Portland General Electric Company	POR	$0 97	$1 04	$1 12	$1 20	$1 29	$1 35	$1 42	$1 48	$1 56	$1 63	$1 70	$1 78	$1 86	$1 95	$2 04	$2 13	$64 27
Southern Company	SO	$2 06	$2 12	$2 18	$2 23	$2 29	$2 37	$2 46	$2 56	$2 67	$2 79	$2 91	$3 05	$3 19	$3 33	$3 49	$3 65	$82 72
Westar Energy, Inc	WR	$1 32	$1 37	$1 43	$1 48	$1 53	$1 58	$1 63	$1 68	$1 75	$1 82	$1 90	$1 99	$2 08	$2 18	$2 28	$2 39	$68 91

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	9/12/14	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 04)	$0 00	$0 60	$2 04	$2 25	$2 39	$2 54	$2 65	$2 77	$2 90	$3 03	$3 17	$3 31	$3 47	$3 63	$3 79	$3 97	$105 68
Cleco Corporation	CNL	($54 74)	$0 00	$0 52	$1 77	$1 83	$1 88	$1 93	$2 02	$2 12	$2 22	$2 33	$2 44	$2 55	$2 67	$2 79	$2 92	$3 05	$107 95
Duke Energy Corporation	DUK	($72 21)	$0 00	$0 69	$3 01	$3 05	$3 10	$3 14	$3 28	$3 43	$3 58	$3 74	$3 91	$4 09	$4 28	$4 47	$4 68	$4 89	$141 69
Empire District Electric Company	EDE	($24 80)	$0 00	$0 30	$1 01	$1 05	$1 08	$1 12	$1 15	$1 19	$1 24	$1 29	$1 34	$1 41	$1 47	$1 54	$1 61	$1 68	$48 66
Hawaiian Electric Industries, Inc.	HE	($24 44)	$0 00	$0 39	$1 32	$1 30	$1 30	$1 30	$1 35	$1 41	$1 47	$1 54	$1 61	$1 68	$1 76	$1 84	$1 92	$2 01	$47 78
IDACORP, Inc	IDA	($55 20)	$0 00	$0 52	$1 74	$1 91	$2 01	$2 10	$2 14	$2 18	$2 25	$2 32	$2 42	$2 53	$2 64	$2 76	$2 89	$3 02	$107 81
NextEra Energy, Inc	NEE	($97 36)	$0 00	$0 94	$3 22	$3 39	$3 54	$3 68	$3 90	$4 11	$4 33	$4 55	$4 77	$4 99	$5 22	$5 46	$5 71	$5 97	$193 67
Northeast Utilities	NU	($45 32)	$0 00	$0 48	$1 64	$1 77	$1 86	$1 96	$2 08	$2 20	$2 32	$2 44	$2 56	$2 68	$2 80	$2 93	$3 06	$3 20	$90 84
Otter Tail Corporation	OTTR	($28 64)	$0 00	$0 31	$1 05	$1 05	$1 07	$1 08	$1 14	$1 21	$1 27	$1 34	$1 40	$1 46	$1 53	$1 60	$1 68	$1 75	$56 59
Pinnacle West Capital Corporation	PNW	($55 49)	$0 00	$0 71	$2 40	$2 55	$2 66	$2 77	$2 87	$2 99	$3 11	$3 24	$3 39	$3 54	$3 71	$3 88	$4 06	$4 24	$109 76
PNM Resources, Inc	PNM	($27 43)	$0 00	$0 23	$0 80	$0 89	$0 96	$1 03	$1 11	$1 19	$1 26	$1 34	$1 41	$1 47	$1 54	$1 61	$1 69	$1 76	$55 52
Portland General Electric Company	POR	($33 26)	$0 00	$0 29	$0 99	$1 12	$1 20	$1 29	$1 35	$1 42	$1 48	$1 56	$1 63	$1 70	$1 78	$1 86	$1 95	$2 04	$66 40
Southern Company	SO	($43 93)	$0 00	$0 62	$2 10	$2 18	$2 23	$2 29	$2 37	$2 45	$2 56	$2 67	$2 79	$2 91	$3 05	$3 19	$3 33	$3 49	$86 37
Westar Energy, Inc	WR	($36 38)	$0 00	$0 40	$1 34	$1 43	$1 48	$1 53	$1 58	$1 63	$1 68	$1 75	$1 82	$1 90	$1 99	$2 08	$2 18	$2 28	$71 29

Kansas City Power & Light Company

Revised Hevert
Multi-Stage Growth Discounted Cash Flow Model
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
Company	Ticker	Price	Zacks	First Call	Value Line	Average	Growth	2014	2018	2025	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc	AEP	$53.04	4.80%	4.79%	4.50%	4.70%	4.60%	60.00%	64.00%	64.00%	($0.00)	8.92%	15.49	3.37
Cleco Corporation	CNL	$54.74	8.00%	7.00%	5.00%	6.67%	4.60%	62.00%	57.00%	57.00%	($0.00)	8.16%	16.76	3.64
Duke Energy Corporation	DUK	$72.21	4.30%	4.53%	5.00%	4.61%	4.60%	71.00%	64.00%	64.00%	($0.00)	8.60%	16.75	3.64
Empire District Electric Company	EDE	$24.60	3.00%	3.00%	4.00%	3.33%	4.60%	65.00%	65.00%	65.00%	($0.00)	8.61%	16.94	3.68
Hawaiian Electric Industries, Inc.	HE	$24.44	4.00%	4.00%	4.00%	4.00%	4.60%	77.00%	66.00%	66.00%	($0.00)	9.42%	14.33	3.12
IDACORP, Inc.	IDA	$55.20	4.00%	4.00%	1.00%	3.00%	4.60%	47.00%	55.00%	55.00%	($0.00)	8.22%	15.87	3.45
NextEra Energy, Inc	NEE	$97.36	6.60%	6.45%	6.00%	6.36%	4.60%	61.00%	57.00%	57.00%	($0.00)	8.17%	16.70	3.63
Northeast Utilities	NU	$45.32	6.90%	6.31%	8.00%	7.07%	4.60%	60.00%	58.00%	58.00%	$0.00	8.80%	14.43	3.14
Otter Tail Corporation	OTTR	$28.84	NA	6.00%	15.50%	10.75%	4.60%	70.00%	59.00%	59.00%	$0.00	9.93%	13.05	2.84
Pinnacle West Capital Corporation	PNW	$55.49	3.70%	3.75%	4.00%	3.82%	4.60%	62.00%	63.00%	63.00%	($0.00)	9.04%	14.84	3.23
PNM Resources, Inc	PNM	$27.43	8.50%	8.32%	11.00%	9.27%	4.60%	50.00%	49.00%	49.00%	($0.00)	8.42%	13.42	2.92
Portland General Electric Company	POR	$33.28	7.60%	10.65%	5.00%	7.92%	4.60%	62.00%	57.00%	57.00%	$0.00	8.79%	14.23	3.09
Southern Company	SO	$43.93	3.50%	3.50%	3.45%	3.48%	4.60%	74.00%	72.00%	72.00%	($0.00)	9.24%	16.22	3.53
Westar Energy, Inc	WR	$36.38	3.70%	2.40%	6.00%	4.03%	4.60%	57.00%	60.00%	60.00%	$0.00	8.64%	15.54	3.38
												DCF Result		
											Mean	8.74%	15.33	3.33
											Max	9.42%	16.94	3.68
											Min	8.16%	13.05	2.84

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	$3.65	$3.82	$4.00	$4.19	$4.38	$4.59	$4.60	$5.02	$5.25	$5.49	$5.75	$6.01	$6.29	$6.58
Cleco Corporation	CNL	$2.65	$2.83	$3.02	$3.22	$3.43	$3.66	$3.89	$4.12	$4.36	$4.59	$4.81	$5.03	$5.27	$5.51	$5.76	$6.03	$6.30
Duke Energy Corporation	DUK	$3.98	$4.16	$4.36	$4.56	$4.77	$4.99	$5.22	$5.46	$5.71	$5.97	$6.24	$6.53	$6.83	$7.15	$7.48	$7.82	$8.18
Empire District Electric Company	EDE	$1.49	$1.53	$1.58	$1.63	$1.69	$1.74	$1.81	$1.87	$1.95	$2.03	$2.12	$2.22	$2.32	$2.42	$2.54	$2.65	$2.77
Hawaiian Electric Industries, Inc	HE	$1.62	$1.68	$1.75	$1.82	$1.90	$1.97	$2.05	$2.14	$2.23	$2.33	$2.43	$2.54	$2.66	$2.78	$2.91	$3.05	$3.19
IDACORP, Inc.	IDA	$3.64	$3.75	$3.86	$3.98	$4.10	$4.22	$4.36	$4.51	$4.68	$4.87	$5.08	$5.32	$5.56	$5.82	$6.09	$6.37	$6.66
NextEra Energy, Inc	NEE	$4.83	$5.14	$5.46	$5.81	$6.18	$6.57	$6.97	$7.33	$7.78	$8.18	$8.53	$8.93	$9.39	$9.82	$10.28	$10.75	$11.24
Northeast Utilities	NU	$2.49	$2.67	$2.85	$3.06	$3.27	$3.50	$3.74	$3.97	$4.20	$4.43	$4.65	$4.87	$5.09	$5.32	$5.57	$5.83	$6.09
Otter Tail Corporation	OTTR	$1.37	$1.52	$1.68	$1.86	$2.06	$2.28	$2.50	$2.72	$2.93	$3.13	$3.30	$3.45	$3.61	$3.78	$3.95	$4.13	$4.33
Pinnacle West Capital Corporation	PNW	$3.66	$3.80	$3.94	$4.10	$4.25	$4.41	$4.59	$4.78	$4.93	$5.19	$5.42	$5.67	$5.93	$6.21	$6.49	$6.79	$7.10
PNM Resources, Inc	PNM	$1.41	$1.54	$1.68	$1.84	$2.01	$2.20	$2.38	$2.57	$2.75	$2.91	$3.07	$3.21	$3.36	$3.51	$3.68	$3.85	$4.02
Portland General Electric Company	POR	$1.77	$1.91	$2.06	$2.22	$2.40	$2.59	$2.78	$2.97	$3.16	$3.34	$3.51	$3.67	$3.84	$4.02	$4.20	$4.39	$4.60
Southern Company	SO	$2.70	$2.79	$2.89	$2.99	$3.09	$3.20	$3.32	$3.44	$3.58	$3.73	$3.90	$4.08	$4.26	$4.46	$4.66	$4.88	$5.10
Westar Energy, Inc	WR	$2.27	$2.36	$2.46	$2.56	$2.66	$2.77	$2.88	$3.00	$3.13	$3.27	$3.42	$3.57	$3.74	$3.91	$4.09	$4.28	$4.48

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	60.00%	61.00%	62.00%	63.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Hawaiian Electric Industries, Inc	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
IDACORP, Inc.	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%
NextEra Energy, Inc	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%
PNM Resources, Inc	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%
Westar Energy, Inc	WR	57.00%	57.75%	58.50%	59.25%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%

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	$2.00	$2.13	$2.26	$2.41	$2.56	$2.68	$2.81	$2.94	$3.07	$3.21	$3.36	$3.52	$3.68	$3.85	$4.02	$4.21	$101.65
Cleco Corporation	CNL	$1.75	$1.83	$1.91	$2.00	$2.09	$2.22	$2.35	$2.48	$2.61	$2.74	$2.87	$3.00	$3.14	$3.28	$3.43	$3.59	$105.67
Duke Energy Corporation	DUK	$2.95	$3.02	$3.08	$3.13	$3.19	$3.34	$3.49	$3.65	$3.82	$4.00	$4.18	$4.37	$4.57	$4.78	$5.00	$5.23	$137.02
Empire District Electric Company	EDE	$0.99	$1.03	$1.05	$1.10	$1.13	$1.17	$1.22	$1.27	$1.32	$1.38	$1.44	$1.51	$1.58	$1.65	$1.72	$1.80	$46.99
Hawaiian Electric Industries, Inc	HE	$1.30	$1.30	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$2.10	$45.67
IDACORP, Inc.	IDA	$1.76	$1.89	$2.03	$2.17	$2.32	$2.40	$2.48	$2.58	$2.68	$2.80	$2.93	$3.06	$3.20	$3.35	$3.50	$3.66	$105.69
NextEra Energy, Inc	NEE	$3.13	$3.28	$3.43	$3.58	$3.75	$3.97	$4.20	$4.43	$4.66	$4.89	$5.12	$5.35	$5.60	$5.86	$6.13	$6.41	$187.79
Northeast Utilities	NU	$1.60	$1.70	$1.80	$1.91	$2.03	$2.17	$2.30	$2.44	$2.57	$2.70	$2.82	$2.95	$3.09	$3.23	$3.38	$3.53	$97.92
Otter Tail Corporation	OTTR	$1.06	$1.13	$1.20	$1.27	$1.35	$1.48	$1.61	$1.73	$1.84	$1.95	$2.04	$2.13	$2.23	$2.33	$2.44	$2.55	$56.44
Pinnacle West Capital Corporation	PNW	$2.36	$2.46	$2.56	$2.67	$2.78	$2.89	$3.01	$3.13	$3.27	$3.42	$3.57	$3.74	$3.91	$4.09	$4.28	$4.48	$105.41
PNM Resources, Inc.	PNM	$0.77	$0.84	$0.91	$0.99	$1.08	$1.17	$1.26	$1.35	$1.43	$1.50	$1.57	$1.65	$1.72	$1.80	$1.88	$1.97	$53.99
Portland General Electric Company	POR	$0.99	$1.10	$1.21	$1.34	$1.48	$1.59	$1.69	$1.80	$1.90	$2.00	$2.09	$2.19	$2.29	$2.39	$2.50	$2.62	$65.42
Southern Company	SO	$2.07	$2.12	$2.18	$2.24	$2.30	$2.39	$2.48	$2.58	$2.69	$2.81	$2.93	$3.07	$3.21	$3.36	$3.51	$3.67	$92.77
Westar Energy, Inc	WR	$1.35	$1.42	$1.50	$1.58	$1.66	$1.73	$1.80	$1.88	$1.96	$2.05	$2.14	$2.24	$2.35	$2.45	$2.57	$2.69	$69.54

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 Outlow	9/12/14	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	($53.04)	$0.00	$0.60	$2.04	$2.26	$2.41	$2.56	$2.68	$2.81	$2.94	$3.07	$3.21	$3.36	$3.52	$3.68	$3.85	$4.02	$106.07
Cleco Corporation	CNL	($54.74)	$0.00	$0.53	$1.81	$1.91	$2.00	$2.09	$2.22	$2.35	$2.48	$2.61	$2.74	$2.87	$3.00	$3.14	$3.28	$3.43	$109.26
Duke Energy Corporation	DUK	($72.21)	$0.00	$0.69	$3.02	$3.08	$3.13	$3.19	$3.34	$3.49	$3.65	$3.82	$4.00	$4.18	$4.37	$4.57	$4.78	$5.00	$142.25
Empire District Electric Company	EDE	($24.60)	$0.00	$0.30	$1.01	$1.05	$1.10	$1.13	$1.17	$1.22	$1.27	$1.32	$1.38	$1.44	$1.51	$1.58	$1.65	$1.72	$48.60
Hawaiian Electric Industries, Inc	HE	($24.44)	$0.00	$0.39	$1.32	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$47.78
IDACORP, Inc	IDA	($55.20)	$0.00	$0.53	$1.79	$2.03	$2.17	$2.32	$2.40	$2.48	$2.58	$2.68	$2.80	$2.93	$3.06	$3.20	$3.35	$3.50	$109.35
NextEra Energy, Inc	NEE	($97.36)	$0.00	$0.94	$3.23	$3.43	$3.58	$3.75	$3.97	$4.20	$4.43	$4.66	$4.89	$5.12	$5.35	$5.60	$5.86	$6.13	$184.20
Northeast Utilities	NU	($45.32)	$0.00	$0.48	$1.66	$1.80	$1.91	$2.03	$2.17	$2.30	$2.44	$2.57	$2.70	$2.82	$2.95	$3.09	$3.23	$3.38	$91.45
Otter Tail Corporation	OTTR	($28.84)	$0.00	$0.32	$1.12	$1.20	$1.27	$1.35	$1.48	$1.61	$1.73	$1.84	$1.95	$2.04	$2.13	$2.23	$2.33	$2.44	$58.99
Pinnacle West Capital Corporation	PNW	($55.49)	$0.00	$0.71	$2.40	$2.56	$2.67	$2.78	$2.89	$3.01	$3.13	$3.27	$3.42	$3.57	$3.74	$3.91	$4.09	$4.28	$109.63
PNM Resources, Inc.	PNM	($27.43)	$0.00	$0.23	$0.81	$0.91	$0.99	$1.08	$1.17	$1.26	$1.35	$1.43	$1.50	$1.57	$1.65	$1.72	$1.80	$1.88	$55.96
Portland General Electric Company	POR	($33.28)	$0.00	$0.30	$1.03	$1.21	$1.34	$1.48	$1.59	$1.69	$1.80	$1.90	$2.00	$2.09	$2.19	$2.29	$2.39	$2.50	$68.04
Southern Company	SO	($43.93)	$0.00	$0.62	$2.10	$2.18	$2.24	$2.30	$2.39	$2.48	$2.58	$2.69	$2.81	$2.93	$3.07	$3.21	$3.36	$3.51	$86.45
Westar Energy, Inc	WR	($36.38)	$0.00	$0.41	$1.37	$1.50	$1.58	$1.66	$1.73	$1.80	$1.88	$1.96	$2.05	$2.14	$2.24	$2.35	$2.45	$2.57	$72.23

Kansas City Power & Light Company

Revised Hevert
Multi-Stage Growth Discounted Cash Flow Model
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
Company	Ticker	Price	Zacks	First Call	Value Line	High Growth	Growth	2014	2018	2025	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc	AEP	$53.04	4.60%	4.79%	4.50%	4.80%	4.60%	60.00%	64.00%	64.00%	($0.00)	8.95%	15.39	3.35
Cleco Corporation	CNL	$54.74	8.00%	7.00%	5.00%	8.00%	4.60%	62.00%	57.00%	57.00%	($0.00)	8.47%	15.39	3.35
Duke Energy Corporation	DUK	$72.21	4.30%	4.53%	5.00%	5.00%	4.60%	71.00%	64.00%	64.00%	($0.00)	8.70%	16.33	3.55
Empire District Electric Company	EDE	$24.80	3.00%	3.00%	4.00%	4.00%	4.60%	65.00%	65.00%	65.00%	($0.00)	8.79%	16.21	3.52
Hawaiian Electric Industries, Inc.	HE	$24.44	4.00%	4.00%	4.00%	4.00%	4.60%	77.00%	66.00%	66.00%	($0.00)	9.42%	14.33	3.12
IDACORP, Inc	IDA	$55.20	4.00%	4.00%	1.00%	4.00%	4.60%	47.00%	55.00%	55.00%	($0.00)	8.45%	14.85	3.23
NextEra Energy, Inc.	NEE	$97.36	6.60%	6.45%	6.00%	6.60%	4.60%	61.00%	57.00%	57.00%	($0.00)	8.23%	16.45	3.58
Northeast Utilities	NU	$45.32	6.90%	6.31%	8.00%	8.00%	4.60%	60.00%	58.00%	58.00%	$0.00	9.06%	13.61	2.96
Otter Tail Corporation	OTTR	$28.64	NA	6.00%	15.50%	15.50%	4.60%	70.00%	59.00%	59.00%	$0.00	10.84%	9.90	2.15
Pinnacle West Capital Corporation	PNW	$55.49	3.70%	3.75%	4.00%	4.00%	4.60%	62.00%	63.00%	63.00%	($0.00)	9.10%	14.66	3.19
PNM Resources, Inc.	PNM	$27.43	8.50%	8.52%	11.00%	11.00%	4.60%	50.00%	49.00%	49.00%	($0.00)	8.65%	12.06	2.62
Portland General Electric Company	POR	$33.28	7.80%	10.66%	5.00%	10.66%	4.60%	52.00%	57.00%	57.00%	$0.00	9.65%	11.81	2.57
Southern Company	SO	$43.93	3.50%	3.35%	3.50%	3.50%	4.60%	74.00%	72.00%	72.00%	($0.00)	9.26%	16.16	3.51
Westar Energy, Inc	WR	$36.38	3.70%	2.40%	6.00%	6.00%	4.60%	57.00%	60.00%	60.00%	$0.00	9.15%	13.68	2.97
												DCF Result		
											Mean	9.07%	14.34	3.12
											Max	10.84%	16.45	3.58
											Min	8.23%	9.90	2.15

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	$3.84	$4.02	$4.21	$4.41	$4.62	$4.83	$5.06	$5.29	$5.53	$5.78	$6.05	$6.33	$6.62
Cleco Corporation	CNL	$2.65	$2.86	$3.09	$3.34	$3.61	$3.89	$4.18	$4.47	$4.75	$5.02	$5.28	$5.53	$5.78	$6.05	$6.33	$6.62	$6.92
Duke Energy Corporation	DUK	$3.98	$4.18	$4.33	$4.61	$4.84	$5.08	$5.33	$5.59	$5.86	$6.14	$6.42	$6.72	$7.03	$7.35	$7.69	$8.04	$8.41
Empire District Electric Company	EDE	$1.43	$1.54	$1.60	$1.66	$1.73	$1.80	$1.87	$1.95	$2.04	$2.13	$2.22	$2.32	$2.43	$2.54	$2.66	$2.78	$2.91
Hawaiian Electric Industries, Inc.	HE	$1.62	$1.68	$1.75	$1.82	$1.90	$1.97	$2.05	$2.14	$2.23	$2.33	$2.43	$2.54	$2.66	$2.78	$2.91	$3.05	$3.19
IDACORP, Inc	IDA	$3.64	$3.79	$3.94	$4.09	$4.26	$4.43	$4.61	$4.80	$5.01	$5.23	$5.47	$5.72	$5.99	$6.26	$6.54	$6.84	$7.16
NextEra Energy, Inc	NEE	$4.63	$5.15	$5.49	$5.85	$6.24	$6.65	$7.07	$7.48	$7.90	$8.32	$8.73	$9.13	$9.55	$9.99	$10.45	$10.93	$11.43
Northeast Utilities	NU	$2.49	$2.69	$2.90	$3.14	$3.39	$3.66	$3.93	$4.20	$4.47	$4.72	$4.97	$5.19	$5.43	$5.68	$5.94	$6.22	$6.50
Otter Tail Corporation	OTTR	$1.37	$1.58	$1.83	$2.11	$2.44	$2.82	$3.20	$3.58	$3.94	$4.27	$4.54	$4.75	$4.97	$5.19	$5.43	$5.68	$5.95
Pinnacle West Capital Corporation	PNW	$3.66	$3.81	$3.96	$4.12	$4.28	$4.45	$4.64	$4.83	$5.04	$5.26	$5.50	$5.75	$6.01	$6.29	$6.58	$6.88	$7.20
PNM Resources, Inc.	PNM	$1.41	$1.57	$1.74	$1.93	$2.14	$2.38	$2.61	$2.84	$3.07	$3.27	$3.46	$3.62	$3.78	$3.96	$4.14	$4.33	$4.53
Portland General Electric Company	POR	$1.77	$1.96	$2.18	$2.42	$2.68	$2.93	$3.27	$3.56	$3.84	$4.10	$4.33	$4.53	$4.74	$4.95	$5.18	$5.42	$5.67
Southern Company	SO	$2.70	$2.79	$2.89	$2.99	$3.10	$3.21	$3.32	$3.45	$3.59	$3.75	$3.91	$4.09	$4.28	$4.48	$4.68	$4.90	$5.12
Westar Energy, Inc	WR	$2.27	$2.41	$2.55	$2.70	$2.87	$3.04	$3.21	$3.39	$3.57	$3.75	$3.93	$4.11	$4.30	$4.50	$4.71	$4.92	$5.15

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	60.00%	61.00%	62.00%	63.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Hawaiian Electric Industries, Inc.	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
IDACORP, Inc	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%
PNM Resources, Inc	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%
Westar Energy, Inc	WR	57.00%	57.75%	58.50%	59.25%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%

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	$2.00	$2.13	$2.27	$2.42	$2.57	$2.70	$2.82	$2.96	$3.09	$3.24	$3.39	$3.54	$3.70	$3.88	$4.05	$4.24	$101.93
Cleco Corporation	CNL	$1.77	$1.88	$1.99	$2.10	$2.22	$2.38	$2.55	$2.71	$2.88	$3.01	$3.15	$3.30	$3.45	$3.61	$3.77	$3.94	$106.60
Duke Energy Corporation	DUK	$2.97	$3.04	$3.11	$3.18	$3.25	$3.41	$3.58	$3.75	$3.93	$4.11	$4.30	$4.50	$4.70	$4.92	$5.15	$5.38	$137.34
Empire District Electric Company	EDE	$1.00	$1.04	$1.08	$1.13	$1.17	$1.22	$1.27	$1.32	$1.38	$1.44	$1.51	$1.58	$1.65	$1.73	$1.81	$1.89	$47.18
Hawaiian Electric Industries, Inc.	HE	$1.30	$1.30	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$2.10	$45.67
IDACORP, Inc	IDA	$1.78	$1.93	$2.09	$2.26	$2.44	$2.54	$2.64	$2.76	$2.88	$3.01	$3.14	$3.29	$3.44	$3.60	$3.76	$3.94	$105.29
NextEra Energy, Inc	NEE	$3.14	$3.29	$3.45	$3.62	$3.79	$4.03	$4.27	$4.51	$4.74	$4.93	$5.21	$5.44	$5.70	$5.96	$6.23	$6.52	$168.04
Northeast Utilities	NU	$1.61	$1.73	$1.85	$1.98	$2.12	$2.28	$2.44	$2.59	$2.74	$2.88	$3.01	$3.15	$3.30	$3.45	$3.61	$3.77	$88.47
Otter Tail Corporation	OTTR	$1.11	$1.23	$1.36	$1.51	$1.66	$1.89	$2.11	$2.33	$2.52	$2.68	$2.80	$2.93	$3.07	$3.21	$3.35	$3.51	$59.84
Pinnacle West Capital Corporation	PNW	$2.36	$2.46	$2.57	$2.69	$2.81	$2.92	$3.04	$3.17	$3.31	$3.46	$3.62	$3.79	$3.96	$4.15	$4.34	$4.54	$105.53
PNM Resources, Inc	PNM	$0.78	$0.85	$0.95	$1.05	$1.16	$1.28	$1.39	$1.50	$1.60	$1.69	$1.77	$1.85	$1.94	$2.03	$2.12	$2.22	$54.61
Portland General Electric Company	POR	$1.02	$1.16	$1.32	$1.50	$1.70	$1.86	$2.03	$2.19	$2.33	$2.47	$2.59	$2.70	$2.82	$2.95	$3.09	$3.23	$68.94
Southern Company	SO	$2.07	$2.13	$2.19	$2.25	$2.31	$2.39	$2.49	$2.59	$2.70	$2.82	$2.95	$3.08	$3.22	$3.37	$3.53	$3.69	$82.60
Westar Energy, Inc	WR	$1.37	$1.47	$1.58	$1.70	$1.82	$1.93	$2.03	$2.14	$2.25	$2.36	$2.47	$2.58	$2.70	$2.82	$2.95	$3.09	$70.44

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 Outlow	9/12/14	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	($53.04)	$0.00	$0.60	$2.05	$2.27	$2.42	$2.57	$2.70	$2.82	$2.96	$3.09	$3.24	$3.39	$3.54	$3.70	$3.88	$4.05	$105.17
Cleco Corporation	CNL	($54.74)	$0.00	$0.53	$1.65	$1.99	$2.10	$2.22	$2.38	$2.55	$2.71	$2.86	$3.01	$3.15	$3.30	$3.45	$3.61	$3.77	$110.44
Duke Energy Corporation	DUK	($72.21)	$0.00	$0.69	$3.04	$3.11	$3.18	$3.25	$3.41	$3.58	$3.75	$3.93	$4.11	$4.30	$4.50	$4.70	$4.92	$5.15	$142.72
Empire District Electric Company	EDE	($24.80)	$0.00	$0.30	$1.02	$1.08	$1.13	$1.17	$1.22	$1.27	$1.32	$1.38	$1.44	$1.51	$1.58	$1.65	$1.73	$1.81	$49.07
Hawaiian Electric Industries, Inc	HE	($24.44)	$0.00	$0.39	$1.32	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$47.78
IDACORP, Inc	IDA	($55.20)	$0.00	$0.54	$1.81	$2.09	$2.26	$2.44	$2.54	$2.64	$2.76	$2.88	$3.01	$3.14	$3.29	$3.44	$3.60	$3.76	$110.23
NextEra Energy, Inc.	NEE	($97.36)	$0.00	$0.95	$3.24	$3.45	$3.62	$3.79	$4.03	$4.27	$4.51	$4.74	$4.93	$5.21	$5.44	$5.70	$5.96	$6.23	$194.56
Northeast Utilities	NU	($45.32)	$0.00	$0.49	$1.68	$1.85	$1.98	$2.12	$2.28	$2.44	$2.59	$2.74	$2.88	$3.01	$3.15	$3.30	$3.45	$3.61	$92.25
Otter Tail Corporation	OTTR	($28.64)	$0.00	$0.33	$1.19	$1.36	$1.51	$1.66	$1.89	$2.11	$2.33	$2.52	$2.68	$2.80	$2.93	$3.07	$3.21	$3.35	$62.35
Pinnacle West Capital Corporation	PNW	($55.49)	$0.00	$0.71	$2.41	$2.57	$2.69	$2.81	$2.92	$3.04	$3.17	$3.31	$3.46	$3.62	$3.79	$3.96	$4.15	$4.34	$110.07
PNM Resources, Inc	PNM	($27.43)	$0.00	$0.24	$0.83	$0.95	$1.05	$1.16	$1.28	$1.39	$1.50	$1.60	$1.69	$1.77	$1.85	$1.94	$2.03	$2.12	$56.83
Portland General Electric Company	POR	($33.28)	$0.00	$0.31	$1.03	$1.32	$1.50	$1.70	$1.86	$2.03	$2.19	$2.33	$2.47	$2.58	$2.70	$2.82	$2.95	$3.09	$70.17
Southern Company	SO	($43.93)	$0.00	$0.62	$2.10	$2.19	$2.25	$2.31	$2.39	$2.49	$2.59	$2.70	$2.82	$2.95	$3.08	$3.22	$3.37	$3.53	$88.49
Westar Energy, Inc	WR	($36.38)	$0.00	$0.41	$1.41	$1.58	$1.70	$1.82	$1.93	$2.03	$2.14	$2.25	$2.36	$2.47	$2.58	$2.70	$2.82	$2.95	$73.53

Kansas City Power & Light Company

Revised Hevert
Multi-Stage Growth Discounted Cash Flow Model
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
Company	Ticker	Price	Zacks	First Call	Value Line	Low Growth	Growth	2014	2018	2025	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc	AEP	$51.25	4.80%	4.79%	4.50%	4.50%	4.60%	60.00%	64.00%	64.00%	($0.00)	9.02%	15.15	3.29
Cleco Corporation	CNL	$51.66	8.00%	7.00%	5.00%	5.00%	4.60%	62.00%	57.00%	57.00%	($0.00)	7.97%	17.71	3.85
Duke Energy Corporation	DUK	$71.34	4.30%	4.53%	5.00%	4.30%	4.60%	71.00%	64.00%	64.00%	($0.00)	8.56%	16.69	3.67
Empire District Electric Company	EDE	$24.15	3.00%	3.00%	4.00%	3.00%	4.60%	65.00%	65.00%	65.00%	($0.00)	8.63%	16.65	3.68
Hawaiian Electric Industries, Inc	HE	$24.84	4.00%	4.00%	4.00%	4.00%	4.60%	77.00%	66.00%	66.00%	($0.00)	9.34%	14.58	3.17
IDACORP, Inc	IDA	$54.59	4.00%	4.00%	1.00%	1.00%	4.60%	47.00%	55.00%	55.00%	($0.00)	7.60%	17.69	3.91
NextEra Energy, Inc	NEE	$94.71	6.60%	6.48%	6.00%	6.00%	4.60%	61.00%	57.00%	57.00%	($0.00)	8.19%	16.63	3.62
Northeast Utilities	NU	$44.79	6.50%	6.31%	8.00%	6.31%	4.60%	60.00%	58.00%	58.00%	$0.00	8.65%	14.97	3.25
Otter Tail Corporation	OTTR	$29.08	NA	6.00%	15.50%	6.00%	4.60%	70.00%	59.00%	59.00%	$0.00	8.05%	17.69	3.89
Pinnacle West Capital Corporation	PNW	$54.78	3.70%	3.75%	4.00%	3.70%	4.60%	62.00%	63.00%	63.00%	($0.00)	9.07%	14.76	3.21
PNM Resources, Inc.	PNM	$26.61	8.50%	8.32%	11.00%	8.32%	4.60%	50.00%	49.00%	49.00%	$0.00	8.31%	13.83	3.01
Portland General Electric Company	POR	$32.26	7.60%	10.95%	5.00%	5.00%	4.60%	52.00%	57.00%	57.00%	($0.00)	8.16%	16.66	3.62
Southern Company	SO	$43.31	3.60%	3.35%	3.50%	3.35%	4.60%	74.00%	72.00%	72.00%	$0.00	9.28%	16.09	3.50
Westar Energy, Inc	WR	$35.22	3.70%	2.40%	6.00%	2.40%	4.60%	57.00%	60.00%	60.00%	$0.00	8.34%	16.76	3.64
												DCF Result		
											Mean	8.53%	16.20	3.52
											Max	9.34%	17.99	3.91
											Min	7.60%	13.83	3.01

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	$3.32	$3.47	$3.63	$3.79	$3.96	$4.14	$4.33	$4.53	$4.73	$4.95	$5.18	$5.42	$5.67	$5.93	$6.20	$6.48
Cleco Corporation	CNL	$2.66	$2.78	$2.92	$3.07	$3.22	$3.38	$3.55	$3.72	$3.90	$4.08	$4.28	$4.47	$4.68	$4.89	$5.12	$5.35	$5.60
Duke Energy Corporation	DUK	$3.98	$4.15	$4.33	$4.52	$4.71	$4.91	$5.13	$5.35	$5.59	$5.84	$6.11	$6.39	$6.68	$6.99	$7.31	$7.65	$8.00
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	$2.07	$2.16	$2.26	$2.37	$2.47	$2.59	$2.71
Hawaiian Electric Industries, Inc	HE	$1.62	$1.68	$1.75	$1.82	$1.90	$1.97	$2.05	$2.14	$2.23	$2.33	$2.43	$2.54	$2.66	$2.78	$2.91	$3.05	$3.19
IDACORP, Inc	IDA	$3.64	$3.68	$3.71	$3.75	$3.79	$3.83	$3.89	$3.97	$4.08	$4.22	$4.39	$4.59	$4.80	$5.03	$5.26	$5.50	$5.75
NextEra Energy, Inc	NEE	$4.83	$5.12	$5.43	$5.75	$6.10	$6.46	$6.84	$7.21	$7.60	$7.93	$8.37	$8.75	$9.16	$9.58	$10.02	$10.48	$10.96
Northeast Utilities	NU	$2.49	$2.65	$2.81	$2.99	$3.18	$3.38	$3.58	$3.79	$4.00	$4.20	$4.41	$4.61	$4.82	$5.05	$5.28	$5.52	$5.78
Otter Tail Corporation	OTTR	$1.37	$1.45	$1.54	$1.63	$1.73	$1.83	$1.94	$2.05	$2.15	$2.26	$2.37	$2.48	$2.60	$2.72	$2.84	$2.97	$3.11
Pinnacle West Capital Corporation	PNW	$3.66	$3.80	$3.94	$4.08	$4.23	$4.39	$4.56	$4.74	$4.94	$5.15	$5.38	$5.63	$5.88	$6.16	$6.44	$6.73	$7.04
PNM Resources, Inc.	PNM	$1.41	$1.53	$1.65	$1.79	$1.94	$2.10	$2.26	$2.42	$2.58	$2.73	$2.87	$3.01	$3.15	$3.29	$3.44	$3.60	$3.77
Portland General Electric Company	POR	$1.77	$1.86	$1.95	$2.05	$2.15	$2.26	$2.37	$2.49	$2.61	$2.73	$2.86	$2.99	$3.12	$3.27	$3.42	$3.58	$3.74
Southern Company	SO	$2.70	$2.79	$2.88	$2.98	$3.08	$3.18	$3.30	$3.42	$3.56	$3.71	$3.87	$4.05	$4.23	$4.43	$4.63	$4.84	$5.07
Westar Energy, Inc	WR	$2.27	$2.32	$2.38	$2.44	$2.50	$2.56	$2.63	$2.71	$2.80	$2.91	$3.04	$3.17	$3.32	$3.47	$3.63	$3.80	$3.98

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	60.00%	61.00%	62.00%	63.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Hawaiian Electric Industries, Inc	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
IDACORP, Inc.	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%
Westar Energy, Inc.	WR	57.00%	57.75%	58.50%	59.25%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%

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	$1.99	$2.12	$2.25	$2.39	$2.54	$2.65	$2.77	$2.90	$3.03	$3.17	$3.31	$3.47	$3.63	$3.79	$3.97	$4.15	$93.26
Cleco Corporation	CNL	$1.73	$1.77	$1.83	$1.88	$1.93	$2.02	$2.12	$2.22	$2.33	$2.44	$2.55	$2.67	$2.79	$2.92	$3.05	$3.19	$99.17
Duke Energy Corporation	DUK	$2.95	$3.00	$3.05	$3.10	$3.14	$3.28	$3.43	$3.58	$3.74	$3.91	$4.09	$4.28	$4.47	$4.68	$4.89	$5.12	$135.03
Empire District Electric Company	EDE	$0.99	$1.02	$1.05	$1.08	$1.12	$1.15	$1.19	$1.24	$1.29	$1.34	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$45.63
Hawaiian Electric Industries, Inc	HE	$1.30	$1.30	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$2.10	$48.45
IDACORP, Inc.	IDA	$1.73	$1.82	$1.91	$2.01	$2.10	$2.14	$2.18	$2.25	$2.32	$2.42	$2.53	$2.64	$2.76	$2.89	$3.02	$3.16	$103.46
NextEra Energy, Inc	NEE	$3.12	$3.26	$3.39	$3.54	$3.68	$3.90	$4.11	$4.33	$4.55	$4.77	$4.99	$5.22	$5.46	$5.71	$5.97	$6.25	$182.26
Northeast Utilities	NU	$1.59	$1.67	$1.77	$1.86	$1.96	$2.08	$2.20	$2.32	$2.44	$2.56	$2.68	$2.80	$2.93	$3.06	$3.20	$3.35	$86.45
Otter Tail Corporation	OTTR	$1.02	$1.04	$1.05	$1.07	$1.08	$1.14	$1.21	$1.27	$1.34	$1.40	$1.46	$1.53	$1.60	$1.68	$1.75	$1.83	$55.61
Pinnacle West Capital Corporation	PNW	$2.35	$2.45	$2.55	$2.66	$2.77	$2.87	$2.99	$3.11	$3.24	$3.39	$3.54	$3.71	$3.88	$4.06	$4.24	$4.44	$103.94
PNM Resources, Inc	PNM	$0.76	$0.82	$0.89	$0.96	$1.03	$1.11	$1.19	$1.26	$1.34	$1.41	$1.47	$1.54	$1.61	$1.69	$1.76	$1.65	$52.03
Portland General Electric Company	POR	$0.97	$1.04	$1.12	$1.20	$1.29	$1.35	$1.42	$1.48	$1.56	$1.63	$1.70	$1.78	$1.86	$1.95	$2.04	$2.13	$62.32
Southern Company	SO	$2.06	$2.12	$2.18	$2.23	$2.29	$2.37	$2.46	$2.56	$2.67	$2.79	$2.91	$3.05	$3.19	$3.33	$3.49	$3.65	$81.51
Westar Energy, Inc	WR	$1.32	$1.37	$1.43	$1.48	$1.53	$1.58	$1.63	$1.68	$1.75	$1.82	$1.90	$1.99	$2.08	$2.18	$2.28	$2.39	$66.64

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 Outlow	9/12/14	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	($51.25)	$0.00	$0.60	$2.04	$2.25	$2.39	$2.54	$2.65	$2.77	$2.90	$3.03	$3.17	$3.31	$3.47	$3.63	$3.79	$3.97	$102.41
Cleco Corporation	CNL	($51.66)	$0.00	$0.52	$1.77	$1.83	$1.88	$1.93	$2.02	$2.12	$2.22	$2.33	$2.44	$2.55	$2.67	$2.79	$2.92	$3.05	$102.36
Duke Energy Corporation	DUK	($71.34)	$0.00	$0.69	$3.01	$3.05	$3.10	$3.14	$3.28	$3.43	$3.58	$3.74	$3.91	$4.09	$4.28	$4.47	$4.68	$4.89	$149.20
Empire District Electric Company	EDE	($24.15)	$0.00	$0.30	$1.01	$1.05	$1.08	$1.12	$1.15	$1.19	$1.24	$1.29	$1.34	$1.41	$1.47	$1.54	$1.61	$1.68	$47.39
Hawaiian Electric Industries, Inc	HE	($24.84)	$0.00	$0.39	$1.32	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$48.65
IDACORP, Inc.	IDA	($54.59)	$0.00	$0.52	$1.74	$1.91	$2.01	$2.10	$2.14	$2.18	$2.25	$2.32	$2.42	$2.53	$2.64	$2.76	$2.89	$3.02	$106.62
NextEra Energy, Inc	NEE	($94.71)	$0.00	$0.94	$3.22	$3.39	$3.54	$3.68	$3.90	$4.11	$4.33	$4.55	$4.77	$4.99	$5.22	$5.46	$5.71	$5.97	$188.51
Northeast Utilities	NU	($44.78)	$0.00	$0.48	$1.64	$1.77	$1.86	$1.96	$2.08	$2.20	$2.32	$2.44	$2.56	$2.68	$2.80	$2.93	$3.06	$3.20	$89.60
Otter Tail Corporation	OTTR	($29.08)	$0.00	$0.31	$1.05	$1.05	$1.07	$1.08	$1.14	$1.21	$1.27	$1.34	$1.40	$1.46	$1.53	$1.60	$1.68	$1.75	$57.44
Pinnacle West Capital Corporation	PNW	($54.78)	$0.00	$0.71	$2.40	$2.55	$2.66	$2.77	$2.87	$2.99	$3.11	$3.24	$3.39	$3.54	$3.71	$3.88	$4.06	$4.24	$108.38
PNM Resources, Inc	PNM	($26.61)	$0.00	$0.23	$0.69	$0.96	$1.03	$1.11	$1.19	$1.26	$1.34	$1.41	$1.47	$1.54	$1.61	$1.69	$1.76	$1.65	$53.93
Portland General Electric Company	POR	($32.26)	$0.00	$0.29	$0.99	$1.12	$1.20	$1.29	$1.35	$1.42	$1.48	$1.56	$1.63	$1.70	$1.78	$1.86	$1.95	$2.04	$64.45
Southern Company	SO	($43.31)	$0.00	$0.62	$2.10	$2.18	$2.23	$2.29	$2.37	$2.46	$2.56	$2.67	$2.79	$2.91	$3.05	$3.19	$3.33	$3.49	$85.16
Westar Energy, Inc	WR	($35.22)	$0.00	$0.40	$1.34	$1.43	$1.48	$1.53	$1.58	$1.63	$1.68	$1.75	$1.82	$1.90	$1.99	$2.08	$2.18	$2.28	$69.03

Kansas City Power & Light Company

Revised Hevert
Multi-Stage Growth Discounted Cash Flow Model
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	Value Line	Average	Growth	2014	2018	2025	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc	AEP	$51.25	4.60%	4.79%	4.50%	4.70%	4.60%	60.00%	64.00%	64.00%	($0.00)	9.07%	14.56	3.25
Cleco Corporation	CNL	$51.86	8.00%	7.00%	5.00%	6.67%	4.60%	62.00%	57.00%	57.00%	($0.00)	8.36%	15.68	3.45
Duke Energy Corporation	DUK	$71.34	4.30%	4.53%	5.00%	4.61%	4.60%	71.00%	64.00%	64.00%	($0.00)	8.65%	16.55	3.60
Empire District Electric Company	EDE	$24.15	3.00%	3.00%	4.00%	3.33%	4.60%	65.00%	65.00%	65.00%	($0.00)	8.73%	16.48	3.58
Hawaiian Electric Industries, Inc.	HE	$24.84	4.00%	4.00%	4.00%	4.00%	4.60%	77.00%	68.00%	66.00%	($0.00)	9.34%	14.58	3.17
IDACORP, Inc.	IDA	$54.59	4.00%	4.00%	1.00%	3.00%	4.60%	47.00%	55.00%	55.00%	($0.00)	8.27%	15.69	3.41
NextEra Energy, Inc.	NEE	$94.71	6.60%	6.48%	6.00%	6.36%	4.60%	61.00%	57.00%	57.00%	($0.00)	8.27%	16.24	3.53
Northeast Utilities	NU	$44.79	6.90%	6.31%	8.00%	7.07%	4.60%	60.00%	59.00%	58.00%	$0.00	8.66%	14.26	3.10
Otter Tail Corporation	OTTR	$29.08	NA	6.00%	15.50%	10.75%	4.60%	70.00%	59.00%	59.00%	$0.00	9.26%	13.25	2.88
Pinnacle West Capital Corporation	PNW	$54.78	3.70%	3.75%	4.00%	3.82%	4.60%	62.00%	63.00%	63.00%	($0.00)	9.10%	14.64	3.18
PNM Resources, Inc	PNM	$26.61	8.50%	8.32%	11.00%	9.27%	4.60%	50.00%	49.00%	49.00%	($0.00)	8.53%	13.03	2.83
Portland General Electric Company	POR	$32.26	7.80%	10.96%	5.00%	7.92%	4.60%	52.00%	57.00%	57.00%	$0.00	8.92%	13.81	3.00
Southern Company	SO	$43.31	3.50%	3.35%	3.50%	3.45%	4.60%	74.00%	72.00%	72.00%	$0.00	9.31%	15.93	3.47
Westar Energy, Inc	WR	$35.22	3.70%	2.40%	6.00%	4.03%	4.60%	57.00%	60.00%	60.00%	$0.00	8.76%	15.03	3.27
												DCF Result		
												Mean	8.82%	15.03	3.27
												Max	9.34%	16.55	3.60
												Min	8.27%	13.03	2.83

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	$3.65	$3.82	$4.00	$4.19	$4.33	$4.59	$4.80	$5.02	$5.25	$5.49	$5.75	$6.01	$6.29	$6.58
Cleco Corporation	CNL	$2.65	$2.83	$3.02	$3.22	$3.43	$3.66	$3.89	$4.12	$4.36	$4.59	$4.81	$5.03	$5.27	$5.51	$5.76	$6.03	$6.30
Duke Energy Corporation	DUK	$3.99	$4.16	$4.36	$4.56	$4.77	$4.99	$5.22	$5.46	$5.71	$5.97	$6.24	$6.53	$6.83	$7.15	$7.48	$7.82	$8.18
Empire District Electric Company	EDE	$1.43	$1.53	$1.59	$1.63	$1.69	$1.74	$1.81	$1.87	$1.95	$2.03	$2.12	$2.22	$2.32	$2.42	$2.54	$2.65	$2.77
Hawaiian Electric Industries, Inc	HE	$1.62	$1.68	$1.75	$1.82	$1.90	$1.97	$2.05	$2.14	$2.23	$2.33	$2.43	$2.54	$2.66	$2.78	$2.91	$3.05	$3.19
IDACORP, Inc	IDA	$3.64	$3.75	$3.86	$3.93	$4.10	$4.22	$4.36	$4.51	$4.68	$4.87	$5.08	$5.32	$5.56	$5.82	$6.09	$6.37	$6.66
NextEra Energy, Inc.	NEE	$4.83	$5.14	$5.48	$5.81	$6.18	$6.57	$6.97	$7.38	$7.78	$8.18	$8.58	$8.98	$9.39	$9.82	$10.28	$10.75	$11.24
Northeast Utilities	NU	$2.49	$2.67	$2.85	$3.06	$3.27	$3.50	$3.74	$3.97	$4.20	$4.43	$4.65	$4.87	$5.09	$5.32	$5.57	$5.83	$6.09
Otter Tail Corporation	OTTR	$1.37	$1.52	$1.68	$1.86	$2.06	$2.28	$2.50	$2.72	$2.93	$3.13	$3.30	$3.45	$3.61	$3.78	$3.95	$4.13	$4.33
Pinnacle West Capital Corporation	PNW	$3.66	$3.80	$3.94	$4.10	$4.25	$4.41	$4.59	$4.78	$4.98	$5.19	$5.42	$5.67	$5.93	$6.21	$6.49	$6.78	$7.10
PNM Resources, Inc	PNM	$1.41	$1.54	$1.68	$1.84	$2.01	$2.20	$2.38	$2.57	$2.75	$2.91	$3.07	$3.21	$3.36	$3.51	$3.68	$3.85	$4.02
Portland General Electric Company	POR	$1.77	$1.91	$2.06	$2.22	$2.40	$2.59	$2.78	$2.97	$3.16	$3.34	$3.51	$3.67	$3.84	$4.02	$4.20	$4.39	$4.60
Southern Company	SO	$2.70	$2.79	$2.89	$2.99	$3.09	$3.20	$3.32	$3.44	$3.58	$3.73	$3.90	$4.08	$4.26	$4.45	$4.66	$4.88	$5.10
Westar Energy, Inc	WR	$2.27	$2.36	$2.46	$2.56	$2.66	$2.77	$2.88	$3.00	$3.13	$3.27	$3.42	$3.57	$3.74	$3.91	$4.09	$4.28	$4.48

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	60.00%	61.00%	62.00%	63.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Hawaiian Electric Industries, Inc	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
IDACORP, Inc	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%
NextEra Energy, Inc	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%
Westar Energy, Inc	WR	57.00%	57.75%	58.50%	59.25%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%

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	$2.00	$2.13	$2.26	$2.41	$2.56	$2.68	$2.81	$2.94	$3.07	$3.21	$3.36	$3.52	$3.68	$3.85	$4.02	$4.21	$98.39
Cleco Corporation	CNL	$1.75	$1.83	$1.91	$2.00	$2.09	$2.22	$2.35	$2.48	$2.61	$2.74	$2.87	$3.00	$3.14	$3.28	$3.43	$3.59	$100.07
Duke Energy Corporation	DUK	$2.98	$3.02	$3.08	$3.13	$3.19	$3.34	$3.49	$3.65	$3.82	$4.00	$4.18	$4.37	$4.57	$4.78	$5.00	$5.23	$135.33
Empire District Electric Company	EDE	$0.99	$1.03	$1.06	$1.10	$1.13	$1.17	$1.22	$1.27	$1.32	$1.38	$1.44	$1.51	$1.58	$1.65	$1.72	$1.80	$45.72
Hawaiian Electric Industries, Inc	HE	$1.30	$1.30	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$2.10	$46.45
IDACORP, Inc	IDA	$1.76	$1.69	$2.03	$2.17	$2.32	$2.40	$2.48	$2.58	$2.68	$2.80	$2.93	$3.06	$3.20	$3.35	$3.50	$3.66	$104.50
NextEra Energy, Inc	NEE	$3.13	$3.28	$3.43	$3.58	$3.75	$3.97	$4.20	$4.43	$4.66	$4.89	$5.12	$5.35	$5.60	$5.86	$6.13	$6.41	$182.63
Northeast Utilities	NU	$1.60	$1.70	$1.80	$1.91	$2.03	$2.17	$2.30	$2.44	$2.57	$2.70	$2.82	$2.95	$3.09	$3.23	$3.38	$3.53	$86.87
Otter Tail Corporation	OTTR	$1.06	$1.13	$1.20	$1.27	$1.35	$1.48	$1.61	$1.73	$1.84	$1.95	$2.04	$2.13	$2.23	$2.33	$2.44	$2.55	$57.30
Pinnacle West Capital Corporation	PNW	$2.36	$2.46	$2.56	$2.67	$2.78	$2.89	$3.01	$3.13	$3.27	$3.42	$3.57	$3.74	$3.91	$4.09	$4.28	$4.48	$104.02
PNM Resources, Inc.	PNM	$0.77	$0.84	$0.91	$0.99	$1.08	$1.17	$1.26	$1.35	$1.43	$1.50	$1.57	$1.65	$1.72	$1.80	$1.88	$1.97	$52.49
Portland General Electric Company	POR	$0.99	$1.10	$1.21	$1.34	$1.48	$1.59	$1.69	$1.80	$1.90	$2.00	$2.09	$2.19	$2.29	$2.39	$2.50	$2.62	$63.47
Southern Company	SO	$2.07	$2.12	$2.18	$2.24	$2.30	$2.39	$2.48	$2.58	$2.69	$2.81	$2.93	$3.07	$3.21	$3.36	$3.51	$3.67	$81.57
Westar Energy, Inc	WR	$1.35	$1.42	$1.50	$1.58	$1.66	$1.73	$1.80	$1.88	$1.96	$2.05	$2.14	$2.24	$2.35	$2.45	$2.57	$2.69	$97.28

Projected Annual Data Investor Cash Flows		[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	[80]	[81]
		Initial																	
Company	Ticker	Outflow	9/12/14	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	($51.25)	$0.00	$0.60	$2.04	$2.26	$2.41	$2.56	$2.68	$2.81	$2.94	$3.07	$3.21	$3.36	$3.52	$3.68	$3.85	$4.02	$102.59
Cleco Corporation	CNL	($51.86)	$0.00	$0.53	$1.81	$1.91	$2.00	$2.09	$2.22	$2.35	$2.48	$2.61	$2.74	$2.87	$3.00	$3.14	$3.28	$3.43	$103.66
Duke Energy Corporation	DUK	($71.34)	$0.00	$0.69	$3.02	$3.08	$3.13	$3.19	$3.34	$3.49	$3.65	$3.82	$4.00	$4.18	$4.37	$4.57	$4.78	$5.00	$140.56
Empire District Electric Company	EDE	($24.15)	$0.00	$0.30	$1.01	$1.05	$1.10	$1.13	$1.17	$1.22	$1.27	$1.32	$1.38	$1.44	$1.51	$1.58	$1.65	$1.72	$47.52
Hawaiian Electric Industries, Inc	HE	($24.84)	$0.00	$0.39	$1.32	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$48.55
IDACORP, Inc	IDA	($54.59)	$0.00	$0.53	$1.79	$2.03	$2.17	$2.32	$2.40	$2.48	$2.58	$2.68	$2.80	$2.93	$3.06	$3.20	$3.35	$3.50	$103.17
NextEra Energy, Inc.	NEE	($94.71)	$0.00	$0.94	$3.23	$3.43	$3.58	$3.75	$3.97	$4.20	$4.43	$4.66	$4.89	$5.12	$5.35	$5.60	$5.86	$6.13	$189.03
Northeast Utilities	NU	($44.79)	$0.00	$0.48	$1.66	$1.80	$1.91	$2.03	$2.17	$2.30	$2.44	$2.57	$2.70	$2.82	$2.95	$3.09	$3.23	$3.38	$90.41
Otter Tail Corporation	OTTR	($29.08)	$0.00	$0.32	$1.12	$1.20	$1.27	$1.35	$1.48	$1.61	$1.73	$1.84	$1.95	$2.04	$2.13	$2.23	$2.33	$2.44	$59.65
Pinnacle West Capital Corporation	PNW	($54.78)	$0.00	$0.71	$2.40	$2.56	$2.67	$2.78	$2.89	$3.01	$3.13	$3.27	$3.42	$3.57	$3.74	$3.91	$4.09	$4.28	$108.50
PNM Resources, Inc.	PNM	($26.61)	$0.00	$0.23	$0.81	$0.91	$0.99	$1.08	$1.17	$1.26	$1.35	$1.43	$1.50	$1.57	$1.65	$1.72	$1.80	$1.88	$54.37
Portland General Electric Company	POR	($32.26)	$0.00	$0.30	$1.03	$1.21	$1.34	$1.48	$1.59	$1.69	$1.80	$1.90	$2.00	$2.09	$2.19	$2.29	$2.39	$2.50	$66.09
Southern Company	SO	($43.31)	$0.00	$0.62	$2.10	$2.18	$2.24	$2.30	$2.39	$2.48	$2.58	$2.69	$2.81	$2.93	$3.07	$3.21	$3.36	$3.51	$85.24
Westar Energy, Inc	WR	($35.22)	$0.00	$0.41	$1.37	$1.50	$1.58	$1.66	$1.73	$1.80	$1.88	$1.96	$2.05	$2.14	$2.24	$2.35	$2.45	$2.57	$69.96

Kansas City Power & Light Company

Revised Hevert
Multi-Stage Growth Discounted Cash Flow Model
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
Company	Ticker	Price	Zacks	First Call	Value Line	High Growth	Growth	2014	2018	2025	Proof	IRR	P/E Ratio	PEG Ratio
American Electric Power Company, Inc	AEP	$51.25	4.50%	4.79%	4.50%	4.50%	4.50%	60.00%	64.00%	64.00%	($0.00)	9.10%	14.66	3.23
Cleco Corporation	CNL	$51.88	8.00%	7.00%	5.00%	8.00%	4.50%	62.00%	57.00%	57.00%	($0.00)	8.69%	14.58	3.17
Duke Energy Corporation	DUK	$71.34	4.36%	4.53%	5.00%	5.00%	4.50%	71.00%	64.00%	64.00%	($0.00)	8.75%	16.13	3.51
Empire District Electric Company	EDE	$24.15	3.00%	3.00%	4.00%	4.00%	4.50%	65.00%	65.00%	65.00%	($0.00)	8.91%	15.77	3.43
Hawaiian Electric Industries, Inc	HE	$24.84	4.00%	4.00%	4.00%	4.00%	4.50%	77.00%	66.00%	66.00%	($0.00)	9.34%	14.58	3.17
IDACORP, Inc.	IDA	$54.59	4.00%	4.00%	1.00%	4.00%	4.50%	47.00%	55.00%	55.00%	($0.00)	8.52%	14.68	3.19
NextEra Energy, Inc.	NEE	$94.71	6.60%	6.45%	6.00%	6.60%	4.50%	61.00%	57.00%	57.00%	($0.00)	8.33%	15.99	3.48
Northeast Utilities	NU	$44.79	6.90%	6.31%	8.00%	8.00%	4.50%	60.00%	58.00%	58.00%	$0.00	9.11%	13.44	2.92
Otter Tail Corporation	OTTR	$29.08	NA	6.00%	15.50%	15.50%	4.50%	70.00%	59.00%	59.00%	$0.00	10.75%	10.04	2.18
Pinnacle West Capital Corporation	PNW	$54.78	3.70%	3.75%	4.00%	4.00%	4.50%	62.00%	63.00%	63.00%	($0.00)	9.15%	14.47	3.15
PNM Resources, Inc	PNM	$26.61	8.50%	8.32%	11.00%	11.00%	4.50%	50.00%	49.00%	49.00%	($0.00)	8.93%	11.71	2.55
Portland General Electric Company	POR	$32.26	7.80%	10.96%	5.00%	10.96%	4.50%	52.00%	57.00%	57.00%	$0.00	9.80%	11.46	2.49
Southern Company	SO	$43.31	3.50%	3.35%	3.50%	3.50%	4.50%	74.00%	72.00%	72.00%	$0.00	9.33%	15.93	3.46
Westar Energy, Inc	WR	$35.22	3.70%	2.40%	6.00%	6.00%	4.50%	57.00%	60.00%	60.00%	$0.00	9.34%	13.24	2.88
												DCF Result		
											Mean	9.15%	14.06	3.06
											Max	10.75%	16.13	3.51
											Min	8.33%	10.04	2.18

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	$3.84	$4.02	$4.21	$4.41	$4.62	$4.83	$5.06	$5.29	$5.53	$5.79	$6.05	$6.33	$6.62
Cleco Corporation	CNL	$2.65	$2.86	$3.09	$3.34	$3.61	$3.89	$4.18	$4.47	$4.75	$5.02	$5.28	$5.53	$5.78	$6.05	$6.33	$6.62	$6.92
Duke Energy Corporation	DUK	$3.93	$4.18	$4.39	$4.61	$4.84	$5.08	$5.33	$5.59	$5.86	$6.14	$6.42	$6.72	$7.03	$7.35	$7.69	$8.04	$8.41
Empire District Electric Company	EDE	$1.48	$1.54	$1.60	$1.66	$1.73	$1.80	$1.87	$1.95	$2.04	$2.13	$2.22	$2.32	$2.43	$2.54	$2.66	$2.78	$2.91
Hawaiian Electric Industries, Inc	HE	$1.62	$1.68	$1.75	$1.82	$1.90	$1.97	$2.05	$2.14	$2.23	$2.33	$2.43	$2.54	$2.66	$2.78	$2.91	$3.05	$3.19
IDACORP, Inc.	IDA	$3.64	$3.79	$3.94	$4.09	$4.26	$4.43	$4.61	$4.80	$5.01	$5.23	$5.47	$5.72	$5.98	$6.26	$6.54	$6.84	$7.16
NextEra Energy, Inc.	NEE	$4.83	$5.15	$5.49	$5.85	$6.24	$6.65	$7.07	$7.48	$7.90	$8.32	$8.73	$9.13	$9.55	$9.99	$10.45	$10.93	$11.43
Northeast Utilities	NU	$2.49	$2.69	$2.90	$3.14	$3.39	$3.66	$3.93	$4.20	$4.47	$4.72	$4.97	$5.19	$5.43	$5.68	$5.94	$6.22	$6.50
Otter Tail Corporation	OTTR	$1.37	$1.58	$1.83	$2.11	$2.44	$2.82	$3.20	$3.58	$3.94	$4.27	$4.54	$4.75	$4.97	$5.19	$5.43	$5.68	$5.95
Pinnacle West Capital Corporation	PNW	$3.66	$3.81	$3.96	$4.12	$4.28	$4.45	$4.64	$4.83	$5.04	$5.26	$5.50	$5.75	$6.01	$6.29	$6.58	$6.88	$7.20
PNM Resources, Inc	PNM	$1.41	$1.57	$1.74	$1.93	$2.14	$2.38	$2.61	$2.84	$3.07	$3.27	$3.45	$3.62	$3.78	$3.96	$4.14	$4.33	$4.53
Portland General Electric Company	POR	$1.77	$1.96	$2.18	$2.42	$2.68	$2.98	$3.27	$3.56	$3.84	$4.10	$4.33	$4.53	$4.74	$4.95	$5.18	$5.42	$5.67
Southern Company	SO	$2.70	$2.79	$2.89	$2.99	$3.10	$3.21	$3.32	$3.45	$3.59	$3.75	$3.91	$4.09	$4.28	$4.48	$4.68	$4.90	$5.12
Westar Energy, Inc	WR	$2.27	$2.41	$2.55	$2.70	$2.87	$3.04	$3.21	$3.39	$3.57	$3.75	$3.93	$4.11	$4.30	$4.50	$4.71	$4.92	$5.15

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	60.00%	61.00%	62.00%	63.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Hawaiian Electric Industries, Inc.	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%	66.00%
IDACORP, Inc	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%	58.00%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%	59.00%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%
PNM Resources, Inc	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%	49.00%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%	72.00%
Westar Energy, Inc	WR	57.00%	57.75%	58.50%	59.25%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%

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	$2.00	$2.13	$2.27	$2.42	$2.57	$2.70	$2.82	$2.96	$3.09	$3.24	$3.39	$3.54	$3.70	$3.88	$4.05	$4.24	$98.45
Cleco Corporation	CNL	$1.77	$1.88	$1.99	$2.10	$2.22	$2.33	$2.55	$2.71	$2.86	$3.01	$3.15	$3.30	$3.45	$3.61	$3.77	$3.94	$100.69
Duke Energy Corporation	DUK	$2.97	$3.04	$3.11	$3.18	$3.25	$3.41	$3.58	$3.75	$3.93	$4.11	$4.30	$4.50	$4.70	$4.92	$5.15	$5.38	$135.64
Empire District Electric Company	EDE	$1.00	$1.04	$1.08	$1.13	$1.17	$1.22	$1.27	$1.32	$1.38	$1.44	$1.51	$1.58	$1.65	$1.73	$1.81	$1.89	$45.91
Hawaiian Electric Industries, Inc	HE	$1.30	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$2.10	$48.45
IDACORP, Inc	IDA	$1.78	$1.93	$2.09	$2.26	$2.44	$2.54	$2.64	$2.76	$2.88	$3.01	$3.14	$3.29	$3.44	$3.60	$3.76	$3.94	$105.10
NextEra Energy, Inc.	NEE	$3.14	$3.29	$3.45	$3.62	$3.79	$4.03	$4.27	$4.51	$4.74	$4.98	$5.21	$5.44	$5.70	$5.96	$6.23	$6.52	$182.63
Northeast Utilities	NU	$1.61	$1.73	$1.85	$1.98	$2.12	$2.28	$2.44	$2.59	$2.74	$2.88	$3.01	$3.15	$3.30	$3.45	$3.61	$3.77	$87.43
Otter Tail Corporation	OTTR	$1.11	$1.23	$1.36	$1.51	$1.66	$1.89	$2.11	$2.33	$2.52	$2.68	$2.80	$2.93	$3.07	$3.21	$3.35	$3.51	$59.71
Pinnacle West Capital Corporation	PNW	$2.36	$2.46	$2.57	$2.69	$2.81	$2.92	$3.04	$3.17	$3.31	$3.46	$3.62	$3.79	$3.96	$4.15	$4.34	$4.54	$104.15
PNM Resources, Inc	PNM	$0.78	$0.86	$0.95	$1.05	$1.16	$1.28	$1.39	$1.50	$1.60	$1.69	$1.77	$1.85	$1.94	$2.03	$2.12	$2.22	$53.02
Portland General Electric Company	POR	$1.02	$1.16	$1.32	$1.50	$1.70	$1.86	$2.03	$2.19	$2.33	$2.47	$2.58	$2.70	$2.82	$2.95	$3.09	$3.23	$84.97
Southern Company	SO	$2.07	$2.13	$2.19	$2.25	$2.31	$2.39	$2.49	$2.59	$2.70	$2.82	$2.95	$3.08	$3.22	$3.37	$3.53	$3.69	$91.60
Westar Energy, Inc	WR	$1.37	$1.47	$1.58	$1.70	$1.82	$1.93	$2.03	$2.14	$2.25	$2.36	$2.47	$2.58	$2.70	$2.82	$2.95	$3.09	$68.17

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	9/12/14	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	($51.25)	$0.00	$0.60	$2.05	$2.27	$2.42	$2.57	$2.70	$2.82	$2.96	$3.09	$3.24	$3.39	$3.54	$3.70	$3.88	$4.05	$102.69
Cleco Corporation	CNL	($51.88)	$0.00	$0.53	$1.85	$1.99	$2.10	$2.22	$2.38	$2.55	$2.71	$2.86	$3.01	$3.15	$3.30	$3.45	$3.61	$3.77	$104.84
Duke Energy Corporation	DUK	($71.34)	$0.00	$0.89	$3.04	$3.11	$3.18	$3.25	$3.41	$3.58	$3.75	$3.93	$4.11	$4.30	$4.50	$4.70	$4.92	$5.15	$141.03
Empire District Electric Company	EDE	($24.15)	$0.00	$0.30	$1.02	$1.08	$1.13	$1.17	$1.22	$1.27	$1.32	$1.38	$1.44	$1.51	$1.58	$1.65	$1.73	$1.81	$47.80
Hawaiian Electric Industries, Inc	HE	($24.84)	$0.00	$0.39	$1.32	$1.30	$1.30	$1.30	$1.35	$1.41	$1.47	$1.54	$1.61	$1.68	$1.76	$1.84	$1.92	$2.01	$48.55
IDACORP, Inc	IDA	($54.59)	$0.00	$0.54	$1.81	$2.03	$2.26	$2.44	$2.54	$2.64	$2.76	$2.88	$3.01	$3.14	$3.29	$3.44	$3.60	$3.76	$109.04
NextEra Energy, Inc.	NEE	($94.71)	$0.00	$0.95	$3.24	$3.45	$3.62	$3.79	$4.03	$4.27	$4.51	$4.74	$4.98	$5.21	$5.44	$5.70	$5.96	$6.23	$169.40
Northeast Utilities	NU	($44.79)	$0.00	$0.49	$1.68	$1.85	$1.98	$2.12	$2.28	$2.44	$2.59	$2.74	$2.88	$3.01	$3.15	$3.30	$3.45	$3.61	$91.20
Otter Tail Corporation	OTTR	($29.08)	$0.00	$0.33	$1.19	$1.36	$1.51	$1.66	$1.89	$2.11	$2.33	$2.52	$2.68	$2.80	$2.93	$3.07	$3.21	$3.35	$83.21
Pinnacle West Capital Corporation	PNW	($54.78)	$0.00	$0.71	$2.41	$2.57	$2.69	$2.81	$2.92	$3.04	$3.17	$3.31	$3.46	$3.62	$3.79	$3.96	$4.15	$4.34	$103.68
PNM Resources, Inc	PNM	($26.61)	$0.00	$0.24	$0.83	$0.95	$1.05	$1.16	$1.28	$1.39	$1.50	$1.60	$1.69	$1.77	$1.85	$1.94	$2.03	$2.12	$55.24
Portland General Electric Company	POR	($32.26)	$0.00	$0.31	$1.08	$1.32	$1.50	$1.70	$1.86	$2.03	$2.19	$2.33	$2.47	$2.58	$2.70	$2.82	$2.95	$3.09	$68.20
Southern Company	SO	($43.31)	$0.00	$0.62	$2.10	$2.19	$2.25	$2.31	$2.39	$2.49	$2.59	$2.70	$2.82	$2.95	$3.08	$3.22	$3.37	$3.53	$85.28
Westar Energy, Inc	WR	($35.22)	$0.00	$0.41	$1.41	$1.58	$1.70	$1.82	$1.93	$2.03	$2.14	$2.25	$2.36	$2.47	$2.58	$2.70	$2.82	$2.95	$71.26

Kansas City Power & Light Company

Valuation Metrics

Price to Earnings (P/E) Ratio [1]

Line	Company	13-Year Average (1)	2014 (2)	2013 (3)	2012 (4)	2011 (5)	2010 (6)	2009 (7)	2008 (8)	2007 (9)	2006 (10)	2005 (11)	2004 (12)	2003 (13)	2002 (14)
1	American Electric Power	13.17	15.88	14.49	13.77	11.92	13.42	10.03	13.06	16.27	12.91	13.70	12.42	10.66	12.68
2	Duke Energy	15.75	17.91	17.45	17.46	13.76	12.69	13.32	17.28	16.13	N/A	N/A	N/A	N/A	N/A
3	Empire District Electric	17.69	16.21	15.00	15.76	15.76	16.75	14.34	17.26	21.70	15.92	24.50	24.81	15.83	16.18
4	Eversource Energy	17.30	17.92	16.94	19.86	15.35	13.42	11.96	13.66	18.75	27.07	19.76	20.77	13.35	16.07
5	IDACORP, Inc.	15.30	14.67	13.45	12.41	11.54	11.83	10.20	13.93	18.19	15.07	16.70	15.49	26.51	18.88
6	Otter Tail Corp.	25.26	18.84	21.12	21.75	47.48	55.10	31.16	30.06	19.02	17.35	15.40	17.34	17.77	16.01
7	Pinnacle West Capital	14.96	15.89	15.27	14.35	14.60	12.57	13.74	16.07	14.93	13.69	19.24	15.80	13.96	14.43
8	PNM Resources	17.60	20.00	16.13	14.97	14.53	14.05	18.09	NMF	35.65	15.57	17.38	15.02	14.73	15.08
9	Portland General	15.17	15.32	16.88	13.98	12.37	12.00	14.40	16.30	11.94	23.35	N/A	N/A	N/A	N/A
10	Southern Co.	15.52	16.04	16.19	16.97	15.85	14.90	13.52	16.13	15.95	16.19	15.92	14.68	14.83	14.63
11	Westar Energy	14.29	15.36	14.04	13.43	14.78	12.96	14.95	16.96	14.10	12.18	14.79	17.44	10.78	14.02
12	Average	16.55	16.73	16.09	15.88	17.09	17.24	15.06	17.07	18.42	16.93	17.49	17.08	15.38	15.33

Market Price to Cash Flow (MP/CF) Ratio [1]

Line	Company	13-Year Average (1)	2014 (2)	2013 (3)	2012 (4)	2011 (5)	2010 (6)	2009 (7)	2008 (8)	2007 (9)	2006 (10)	2005 (11)	2004 (12)	2003 (13)	2002 (14)
13	American Electric Power	5.71	7.00	6.57	5.93	5.46	5.54	4.71	5.71	6.84	5.54	6.07	5.50	4.69	4.69
14	Duke Energy	7.32	8.12	8.11	9.53	6.56	6.01	5.96	7.13	7.16	N/A	N/A	N/A	N/A	N/A
15	Empire District Electric	7.69	7.29	7.07	6.97	6.43	6.88	6.23	6.94	8.78	8.17	9.20	9.60	8.22	8.22
16	Eversource Energy	5.65	10.14	8.08	9.30	6.99	4.97	4.61	4.12	6.18	6.02	3.55	3.78	2.85	2.85
17	IDACORP, Inc.	7.29	8.69	7.88	7.16	6.75	6.67	5.31	7.10	8.23	7.73	7.55	7.15	7.27	7.27
18	Otter Tail Corp.	8.91	9.45	9.58	8.43	9.04	8.07	8.01	11.65	9.53	8.66	8.18	9.01	8.13	8.13
19	Pinnacle West Capital	5.53	7.03	6.85	6.34	5.80	5.65	3.84	4.19	4.76	4.48	7.48	5.88	4.80	4.80
20	PNM Resources	6.51	7.51	6.47	5.80	4.94	4.58	4.53	7.10	10.67	7.50	7.62	6.84	5.55	5.55
21	Portland General	5.13	5.49	6.06	5.08	4.86	4.13	4.63	4.81	5.34	5.74	N/A	N/A	N/A	N/A
22	Southern Co.	8.24	8.42	8.30	8.75	8.22	7.79	7.08	8.18	8.62	8.47	8.41	8.28	8.28	8.28
23	Westar Energy	6.24	7.93	7.23	6.71	6.67	5.51	5.32	7.09	6.88	5.81	7.00	6.54	4.24	4.24
24	Average	6.75	7.92	7.47	7.27	6.52	5.98	5.48	6.73	7.54	6.81	7.23	6.95	6.00	6.00

Source:

[1] *The Value Line Investment Survey Investment Analyzer Software,* downloaded on June 27, 2013 and May 5, 2015.