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CASE NO.: ER-2014-0370

DIRECT TESTIMONY

OF

ROBERT B. HEVERT

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
October 2014**

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GLOSSARY OF FREQUENTLY USED TERMS

TERM	DESCRIPTION
Beta Coefficient	A component of the CAPM that measures the risk of a given stock relative to the risk of the overall market.
Capital Asset Pricing Model (“CAPM”)	A risk premium-based model used to estimate the Cost of Equity, assuming the stock is added to a well-diversified portfolio. The CAPM assumes that investors are compensated for the time value of money (represented by the Risk Free Rate), and risk (represented by the combination of the Beta Coefficient and the Market Risk Premium).
Constant Growth DCF Model	A form of the DCF model that assumes cash flows will grow at a constant rate, in perpetuity. The model simplifies to a form that expresses the Cost of Equity as the sum of the expected dividend yield and the expected growth rate.
Cost of Equity	The return required by investors to invest in equity securities. The terms “Return on Equity” and “Cost of Equity” are used interchangeably.
Discounted Cash Flow (“DCF”) Model	A model used to estimate the Cost of Equity based on expected cash flows. The Cost of Equity equals the discount rate that sets the current market price equal to the present value of expected cash flows.
Dividend Yield	For a given stock, the current dividend divided by the current market price.
Gross Domestic Product (“GDP”)	The value of all finished goods and services produced within a country during a given period of time (usually measured annually). GDP includes public and private consumption, government expenditures, investments, and exports less imports.
Market Return	The expected return on the equity market, taken as a portfolio.
Market Risk Premium	The additional compensation required by investing in the equity market as a portfolio over the Risk-Free rate. The Market Risk Premium is a component of the CAPM.
Multi-Stage DCF Model	A form of the DCF model in which the rate of growth may change over different stages.
Proxy Group	A group of publicly traded companies used as the “proxy” for the subject company (in this case, Kansas City Power & Light Company). Proxy companies are sometimes referred to as “Comparable Companies.”

TERM	DESCRIPTION
Return on Equity (“ROE”)	The return required by investors to invest in equity securities. The terms “Return on Equity” and “Cost of Equity” are used interchangeably.
Risk Free Rate	The rate of return on an asset with no risk of default.
Risk Premium	The additional compensation required by investors for taking on additional increments of risk. Risk Premium-based approaches are used in addition to the DCF and CAPM to estimate the Cost of Equity.
Terminal Growth	The expected rate of growth in the final, or terminal, stage of the Multi-Stage DCF model.
Treasury Inflation Protected Securities (“TIPS”)	Treasury securities that are indexed to inflation. The principal value of TIPS increase with inflation and decrease with deflation, as measured by the Consumer Price Index.
Treasury Yield	The return on Treasury securities; the yield on long-term Treasury bonds is considered to be a measure of the Risk Free Rate.

DIRECT TESTIMONY

OF

ROBERT B. HEVERT

Case No. ER-2014-0370

1 **I. INTRODUCTION AND SUMMARY OF RECOMMENDATIONS**

2 **Q: Please state your name and business address.**

3 A: My name is Robert B. Hevert and my business address is Sussex Economic Advisors,
4 LLC, 161 Worcester Road, Suite 503, Framingham, MA 01701.

5 **Q: On whose behalf are you submitting this testimony?**

6 A: I am submitting this direct testimony (“Direct Testimony”) before the Missouri Public
7 Service Commission (“Commission”) on behalf of Kansas City Power & Light Company
8 (“KCP&L” or the “Company”).

9 **Q: Please describe your educational background.**

10 A: I hold a Bachelor’s degree in Business and Economics from the University of Delaware,
11 and an MBA with a concentration in Finance from the University of Massachusetts. I
12 also hold the Chartered Financial Analyst designation.

13 **Q: Please describe your experience in the energy and utility industries.**

14 A: I have worked in regulated industries for over twenty-five years, having served as an
15 executive and manager with consulting firms, a financial officer of a publicly-traded
16 natural gas utility (at the time, Bay State Gas Company), and an analyst at a
17 telecommunications utility. In my role as a consultant, I have advised numerous energy
18 and utility clients on a wide range of financial and economic issues, including corporate

1 and asset-based transactions, asset and enterprise valuation, transaction due diligence,
2 and strategic matters. As an expert witness, I have provided testimony in approximately
3 100 proceedings regarding various financial and regulatory matters before numerous state
4 utility regulatory agencies and the Federal Energy Regulatory Commission. A summary
5 of my professional and educational background, including a list of my testimony in prior
6 proceedings, is included in Attachment A to my Direct Testimony.

7 II. PURPOSE AND OVERVIEW OF TESTIMONY

8 **Q: What is the purpose of your Direct Testimony?**

9 A: On behalf of KCP&L, my Direct Testimony presents evidence and provides a
10 recommendation regarding the Company's ROE,¹ and assesses the reasonableness of the
11 Company's capital structure and Cost of Debt. My analyses and conclusions are
12 supported by the data presented in Schedules RBH-1 through RBH-11, which have been
13 prepared by me or under my direction.

14 **Q: What are your conclusions regarding the appropriate Cost of Capital for the**
15 **Company?**

16 A: My analyses indicate that the Company's Cost of Equity currently is in the range of 10.20
17 percent to 10.60 percent. Based on the quantitative and qualitative analyses discussed
18 throughout my Direct Testimony, it is my view that 10.30 percent is a reasonable, and
19 likely conservative estimate of the Company's Cost of Equity.

¹ Throughout my Direct Testimony, I interchangeably use the terms "ROE" and "Cost of Equity."

1 I note that the Company's 5.555 percent Cost of Debt reflects the prevailing level
2 of interest rates at the times of issuance. As such, I conclude that the Company's
3 proposed Cost of Debt is reasonable and appropriate.

4 As to the Company's requested capital structure, which includes 50.36 percent
5 common equity, 49.09 percent long-term debt and 0.55 percent preferred stock, I
6 conclude that it is consistent with those in place at similarly-situated utilities, whose
7 capital structures include common equity ratios in the range of 46.51 percent to 62.35
8 percent.

9 **Q: Please provide a brief overview of the analyses that led to your ROE**
10 **recommendation.**

11 A: Because all financial models are subject to various assumptions and constraints, equity
12 analysts and investors tend use multiple methods to develop their return requirements. I
13 therefore relied on three widely-accepted approaches to develop my ROE
14 recommendation: (1) the Discounted Cash Flow ("DCF") model, including the Constant
15 Growth, and Multi-Stage forms; (2) the Capital Asset Pricing Model ("CAPM"); and (3)
16 the Bond Yield Plus Risk Premium approach. As discussed in Sections V, VI and VII, I
17 considered the results of those methods in the context of both Company-specific, and
18 general capital market factors. Based on those analyses, I concluded that 10.30 percent
19 lies within the range of reasonable estimates of the Company's Cost of Equity, albeit
20 toward the lower end of that range.

21 **Q: How is the remainder of your Direct Testimony organized?**

22 A: The remainder of my Direct Testimony is organized as follows:

1 Section III – Provides a summary of issues regarding Cost of Equity
2 estimation in regulatory proceedings and discusses the regulatory
3 guidelines pertinent to the development of the cost of capital;
4 Section IV – Explains my selection of the proxy group used to develop my
5 analytical results;
6 Section V – Explains my analyses and the analytical bases for my ROE
7 recommendation;
8 Section VI – Provides a discussion of specific business risks and other
9 considerations that have a direct bearing on the Company’s Cost of
10 Equity;
11 Section VII – Highlights the current capital market conditions and their
12 effect on the Company’s Cost of Equity;
13 Section VIII – Analyzes the Company’s embedded Cost of Debt;
14 Section IX – Provides my analyses of the Company’s capital structure and
15 presents the overall rate of return;
16 Section X – Summarizes my conclusions and recommendations.

III. SUMMARY OF ISSUES SURROUNDING COST OF EQUITY ESTIMATION IN REGULATORY PROCEEDINGS

17 **Q: Before addressing the specific aspects of this proceeding, please provide an overview**
18 **of the issues surrounding the Cost of Equity in regulatory proceedings, generally.**

19 A: In very general terms, the Cost of Equity is the return that investors require to make an
20 equity investment in a firm. That is, investors will only provide funds to a firm if the

1 return that they *expect* is equal to, or greater than, the return that they *require* to accept
2 the risk of providing funds to the firm. From the firm's perspective, that required return,
3 whether it is provided to debt or equity investors, has a cost. Individually, we speak of
4 the "Cost of Debt" and the "Cost of Equity;" together, they are referred to as the "Cost of
5 Capital."

6 The Cost of Capital (including the costs of both debt and equity) is based on the
7 economic principle of "opportunity costs." Investing in any asset, whether debt or equity
8 securities, implies a forgone opportunity to invest in alternative assets. For any
9 investment to be sensible, its expected return must be at least equal to the return expected
10 on alternative, comparable investment opportunities. Because investments with like risks
11 should offer similar returns, the opportunity cost of an investment should equal the return
12 available on an investment of comparable risk.

13 Although both debt and equity have required costs, they differ in certain
14 fundamental ways. Most noticeably, the Cost of Debt is contractually defined and can be
15 directly observed as the interest rate or yield on debt securities.² The Cost of Equity, on
16 the other hand, is neither directly observable nor a contractual obligation. Rather, equity
17 investors have a claim on cash flows only after debt holders are paid; the uncertainty (or
18 risk) associated with those residual cash flows determines the Cost of Equity. Because
19 equity investors bear the "residual risk," they take greater risks and require higher returns
20 than debt holders. In that basic sense, equity and debt investors differ: They invest in
21 different securities, face different risks, and require different returns.

22 Whereas the Cost of Debt can be directly observed, the Cost of Equity must be
23 estimated or inferred based on market data and various financial models. As discussed

1 throughout my Direct Testimony, each of those models are subject to certain
2 assumptions, which may be more or less applicable under differing market conditions. In
3 addition, because the Cost of Equity is premised on opportunity costs, the models
4 typically are applied to a group of “comparable” or “proxy” companies. The choice of
5 models (including their inputs), the selection of proxy companies, and the interpretation
6 of the model results all require the application of reasoned judgment. That judgment
7 should consider data and information that is not necessarily included in the models
8 themselves. In the end, the estimated Cost of Equity should reflect the return that
9 investors require in light of the subject company’s risks, and the returns available on
10 comparable investments.

11 **Q: Please now provide a brief summary of the regulatory guidelines established for the**
12 **purpose of determining the ROE.**

13 A: The United States Supreme Court (the “Court”) established the guiding principles for
14 establishing a fair return for capital in two cases: (1) *Bluefield Water Works and*
15 *Improvement Co. v. Public Service Comm’n of West Virginia*, 262 U.S. 679 (1923)
16 (“*Bluefield*”); and (2) *Federal Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591
17 (1944) (“*Hope*”). In those cases, the Court recognized that the fair rate of return on
18 equity should be: (1) comparable to returns investors expect to earn on other investments
19 of similar risk; (2) sufficient to assure confidence in the company’s financial integrity;
20 and (3) adequate to maintain and support the company’s credit and to attract capital.

² The observed interest rate may be adjusted to reflect issuance or other directly observable costs.

1 **Q: Does Missouri precedent provide similar guidance?**

2 A: Yes. In a prior order, the Commission cited the *Hope* and *Bluefield* decisions at some
3 length and acknowledged its authority and responsibility to set “just and reasonable” rates
4 for public utility service, stating that:

5 A “just and reasonable” rate is one that is fair to both the utility and its
6 customers; it is no more than is sufficient to “keep public utility plants
7 in proper repair for effective public service, [and] ...to insure to the
8 investors a reasonable return upon funds invested.”³

9 Based on those standards, the authorized ROE should provide the Company with the
10 opportunity to earn a fair and reasonable return, and should enable efficient access to
11 external capital under a variety of market conditions.

12 **Q: Why is it important for a utility to be allowed the opportunity to earn a return
13 adequate to attract equity capital at reasonable terms?**

14 A: A return that is adequate to attract capital at reasonable terms enables the utility to
15 provide service while maintaining its financial integrity. As discussed above, and in
16 keeping with the *Hope* and *Bluefield* standards, that return should be commensurate with
17 the returns expected elsewhere in the market for investments of equivalent risk. The
18 consequence of the Commission’s order in this case, therefore, should be to provide
19 KCP&L with the opportunity to earn a return on equity that is: (1) adequate to attract
20 capital at reasonable terms; (2) sufficient to ensure its financial integrity; and (3)
21 commensurate with returns on investments in enterprises having corresponding risks. To
22 the extent KCP&L is provided a reasonable opportunity to earn its market-based Cost of
23 Equity, neither customers nor shareholders should be disadvantaged. In fact, a return that

³ *In re Missouri Gas Energy and its Tariff Filing to Implement a General Rate Increase for Natural Gas Service*, Case No. GR-2009-0355, Report and Order at p. 7 (Feb. 10, 2010).

1 is adequate to attract capital at reasonable terms enables the Company to provide safe,
2 reliable electric utility service while maintaining its financial integrity.

3 **Q: How is the Cost of Equity estimated in regulatory proceedings?**

4 A: As noted earlier and as discussed later in more detail, the Cost of Equity is estimated by
5 the use of various financial models. By their very nature, those models produce a range
6 of results from which the ROE is estimated. That estimate must be based on a
7 comprehensive review of relevant data and information, and does not necessarily lend
8 itself to a strict mathematical solution. The key consideration in determining the ROE is
9 to ensure that the overall analysis reasonably reflects investors' view of the financial
10 markets in general and the subject company (in the context of the proxy companies) in
11 particular. Both practitioners and academics, however, recognize that financial models
12 simply are tools to be used in the ROE estimation process, and that strict adherence to
13 any single approach, or to the specific results of any single approach, can lead to flawed
14 or misleading conclusions. That position is consistent with the *Hope* and *Bluefield*
15 principle that it is the analytical result, as opposed to the methodology, that is controlling
16 in arriving at ROE determinations. Thus, a reasonable ROE estimate appropriately
17 considers alternative methodologies and the reasonableness of their individual and
18 collective results in the context of observable, relevant market information.

IV. PROXY GROUP SELECTION

1 **Q: As a preliminary matter, why is it necessary to select a group of proxy companies to**
2 **determine the Cost of Equity for the Company?**

3 A: Since the ROE is a market-based concept, and KCP&L is not a publicly traded entity, it is
4 necessary to establish a group of comparable, publicly traded companies to serve as its
5 “proxy.” Even if the Company were a publicly traded entity, short-term events could bias
6 its market value during a given period of time. A significant benefit of using a proxy
7 group is that it moderates the effects of anomalous, temporary events associated with any
8 one company.

9 **Q: Does the selection of a proxy group suggest that analytical results will be tightly**
10 **clustered around average (i.e., mean) results?**

11 A: No. For example, the Constant Growth DCF approach defines the Cost of Equity as the
12 sum of the expected dividend yield and projected long-term growth. Despite the care
13 taken to ensure risk comparability, market expectations with respect to future risks and
14 growth opportunities will vary from company to company. Therefore, even within a
15 group of similarly-situated companies, it is common for analytical results to reflect a
16 seemingly wide range. Consequently, at issue is how to estimate the Cost of Equity from
17 within that range. Such a determination necessarily must consider a wide range of both
18 quantitative and qualitative information.

19 **Q: Please provide a summary profile of Kansas City Power & Light Company.**

20 A: KCP&L, a wholly owned subsidiary of Great Plains Energy Incorporated (“GPE”),
21 provides electric service to approximately 830,000 retail customers in Missouri and

1 Kansas.⁴ GPE's current long-term issuer credit rating from Standard & Poor's ("S&P")
2 is BBB+ (outlook: Stable) and Baa2 (outlook: Stable) from Moody's Investors Service
3 ("Moody's"). KCP&L currently is rated BBB+ (outlook: Stable) by S&P and Baa1
4 (outlook: Stable) by Moody's.⁵

5 **Q: How did you select the companies included in your proxy group?**

6 A: I began with the universe of companies that Value Line classifies as Electric Utilities, and
7 applied the following screening criteria:

- 8 • I excluded companies that do not consistently pay quarterly cash dividends;
- 9 • I excluded companies that were not covered by at least two utility industry equity
10 analysts;
- 11 • I excluded companies that do not have investment grade senior unsecured bond
12 and/or corporate credit ratings from S&P;
- 13 • I excluded any companies whose regulated operating income over the three most
14 recently reported fiscal years comprised less than 60.00 percent of the respective
15 totals for that company;
- 16 • I excluded any companies whose regulated electric operating income over the
17 three most recently reported fiscal years represented less than 90.00 percent of
18 total regulated operating income; and
- 19 • I eliminated companies that are currently known to be party to a merger, or other
20 significant transaction.

⁴ See Great Plains Energy Incorporated, SEC Form 10-K at 6 (Dec. 31, 2013).

⁵ Source: SNL Financial, Great Plains Energy Incorporated company profile.

1 **Q: Did you include GPE in your proxy group?**

2 A: No. In order to avoid the circular logic that would otherwise occur, it has been my
3 consistent practice to exclude the subject company (or its parent) from the proxy group.

4 **Q: What companies met those screening criteria?**

5 A: The criteria discussed above resulted in a proxy group of the following fifteen
6 companies:

7 **Table 1: Proxy Group Screening Results**

Company	Ticker
American Electric Power Company, Inc.	AEP
Cleco Corporation	CNL
Duke Energy Corporation	DUK
Edison International	EIX
Empire District Electric Company	EDE
Hawaiian Electric Industries, Inc.	HE
IDACORP, Inc.	IDA
NextEra Energy, Inc.	NEE
Northeast Utilities	NU
Otter Tail Corporation	OTTR
Pinnacle West Capital Corporation	PNW
PNM Resources, Inc.	PNM
Portland General Electric Company	POR
Southern Company	SO
Westar Energy, Inc.	WR

8 **Q: Is this your final proxy group?**

9 A: No. I examined the operating profile of each of the sixteen companies that met my initial
10 screens to be certain that none displayed characteristics that were inconsistent with my
11 intent to produce a proxy group that is fundamentally similar to the Company. As a
12 result, I excluded Edison International (“EIX”) based on recent financial information.

1 EIX recorded a loss of \$1.7 billion in 2012 as a result of placing Edison Mission Energy,
2 the subsidiary that owns and operates unregulated electric generating assets (including
3 Homer City), into Chapter 11 bankruptcy, and the divestiture of its Homer City assets.⁶
4 As part of the Chapter 11 bankruptcy proceeding, EIX entered into a purchase agreement
5 on October 18, 2013 with NRG Energy for Edison Mission Energy's assets including the
6 assumption of certain related liabilities.⁷ In addition, EIX recorded a \$1.05 billion loss
7 resulting from an after-tax earnings charge (recorded in the fourth quarter of 2011)
8 relating to the impairment of its Homer City, Fisk, Crawford, and Waukegan power
9 plants, wind-related charges, and other expenses.⁸ Given the significant nature of those
10 results, it is difficult to assess the degree to which regulated electric utility operations
11 would be expected to contribute to the company's consolidated financial performance in
12 the future. Consequently, I have excluded EIX from my final proxy group.

13 **Q: Based on the criteria and issues discussed above, what is the composition of your**
14 **proxy group?**

15 A: The final proxy group is presented in Table 2.

⁶ See, Edison International, SEC Form 10-K at 35 (Dec. 31, 2013).

⁷ See, NRG Energy, Inc., SEC Form 8-K at 2 (Oct. 18, 2013).

⁸ See, Edison International, SEC Form 10-K at 35-36 (Dec. 31, 2013).

Table 2: Final Proxy Group

Company	Ticker
American Electric Power Company, Inc.	AEP
Cleco Corporation ⁹	CNL
Duke Energy Corporation	DUK
Empire District Electric Company	EDE
Hawaiian Electric Industries, Inc.	HE
IDACORP, Inc.	IDA
NextEra Energy, Inc.	NEE
Northeast Utilities	NU
Otter Tail Corporation	OTTR
Pinnacle West Capital Corporation	PNW
PNM Resources, Inc.	PNM
Portland General Electric Company	POR
Southern Company	SO
Westar Energy, Inc.	WR

V. COST OF EQUITY ESTIMATION

2 **Q: Please briefly discuss the ROE in the context of the regulated rate of return.**

3 A: Regulated utilities primarily use common stock and long-term debt to finance their
4 capital investments. The Weighted Average Cost of Capital weights the costs of the
5 individual sources of capital by their respective book values. While the Cost of Debt can
6 be directly observed, the Cost of Equity is market-based and, therefore, must be estimated
7 based on observable market information.

⁹ The acquisition of Cleco Corporation (“Cleco”) by a group of North American long-term infrastructure investors (led by Macquarie Infrastructure and Real Assets and British Columbia Investment Management Corporation, together with John Hancock Financial and other infrastructure investors) was announced on October 20, 2014, subsequent to the period used in the various analyses discussed in more detail below. (*See*, Cleco Corporation SEC Form 8-K, dated October 20, 2014.) As such, I have retained Cleco in the proxy group; I may exclude Cleco from updated analyses to be filed in this proceeding.

1 **Q: How is the required ROE determined?**

2 A: I estimated the ROE using analyses based on market data to quantify a range of investor
3 expectations of required equity returns. By their very nature, quantitative models
4 produce a range of results from which the market required ROE must be estimated. As
5 discussed throughout my Direct Testimony, that estimation must be based on a
6 comprehensive review of relevant data and information, and does not necessarily lend
7 itself to a strict mathematical solution. Consequently, the key consideration in
8 determining the ROE is to ensure that the overall analysis reasonably reflects investors'
9 view of the financial markets in general, and the subject company (in the context of the
10 proxy companies) in particular.

11 Because the Cost of Equity is not directly observable, it must be estimated based
12 on both quantitative and qualitative information. Although a number of empirical models
13 have been developed for that purpose, all are subject to limiting assumptions or other
14 constraints. Consequently, many finance texts recommend using multiple approaches to
15 estimate the Cost of Equity.¹⁰ When faced with the task of estimating the Cost of Equity,
16 analysts and investors are inclined to gather and evaluate as much relevant data as
17 reasonably can be analyzed and, therefore, rely on multiple analytical approaches.

18 I also note that as a practical matter, no individual model is more reliable than all
19 others under all market conditions. Therefore, it is both prudent and appropriate to use
20 multiple methodologies in order to mitigate the effects of assumptions and inputs
21 associated with any single approach. As such, I have considered the results of the

¹⁰ See, e.g., Eugene Brigham, Louis Gapenski, Financial Management: Theory and Practice, 7th Ed., 1994, at 341, and Tom Copeland, Tim Koller and Jack Murrin, Valuation: Measuring and Managing the Value of Companies, 3rd ed., 2000, at 214.

1 Constant Growth and Multi-Stage forms of the DCF model; the Capital Asset Pricing
2 Model; and the Bond Yield Plus Risk Premium approach.

3 **A. Constant Growth Discounted Cash Flow Model**

4 **Q: Please more fully describe the Constant Growth DCF approach.**

5 A: The Constant Growth DCF approach is based on the theory that a stock's current price
6 represents the present value of all expected future cash flows. In its simplest form, the
7 Constant Growth DCF model expresses the Cost of Equity as the discount rate that sets
8 the current price equal to expected cash flows:

9
$$P = \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \dots + \frac{D_\infty}{(1+k)^\infty} \quad \text{Equation [1]}$$

10 where P represents the current stock price, $D_1 \dots D_\infty$ represent expected future dividends,
11 and k is the discount rate, or required ROE. Equation [1] is a standard present value
12 calculation that can be simplified and rearranged into the familiar form:

13
$$k = \frac{D_1}{P} + g \quad \text{Equation [2]}$$

14 Equation [2] often is referred to as the "Constant Growth DCF" model, in which
15 the first term is the expected dividend yield and the second term is the expected long-
16 term annual growth rate.

17 **Q: What assumptions are inherent in the Constant Growth DCF model?**

18 A: The Constant Growth DCF model assumes: (1) a constant average annual growth rate for
19 earnings and dividends; (2) a stable dividend payout ratio; (3) a constant Price to
20 Earnings multiple; and (4) a discount rate greater than the expected growth rate.

1 **Q: What market data did you use to calculate the dividend yield in your Constant**
2 **Growth DCF model?**

3 A: The dividend yield is based on the proxy companies' current annualized dividend, and
4 average closing stock prices over the 30, 90, and 180-trading day periods as of September
5 12, 2014.

6 **Q: Why did you use three averaging periods to calculate an average stock price?**

7 A: I did so to ensure that the model's results are not skewed by anomalous events that may
8 affect stock prices on any given trading day. At the same time, the averaging period
9 should be reasonably representative of expected capital market conditions over the long
10 term. In my view, using 30-, 90-, and 180-day averaging periods reasonably balances
11 those concerns.

12 **Q: Did you make any adjustments to the dividend yield to account for periodic growth**
13 **in dividends?**

14 A: Yes, I did. Since utility companies tend to increase their quarterly dividends at different
15 times throughout the year, it is reasonable to assume that dividend increases will be
16 evenly distributed over calendar quarters. Given that assumption, it is appropriate to
17 calculate the expected dividend yield by applying one-half of the long-term growth rate
18 to the current dividend yield. That adjustment ensures that the expected dividend yield is,
19 on average, representative of the coming twelve-month period, and does not overstate the
20 dividends to be paid during that time.

1 **Q: Is it important to select appropriate measures of long-term growth in applying the**
2 **DCF model?**

3 A: Yes. In its Constant Growth form, the DCF model (*i.e.*, as presented in Equation [2]
4 above) assumes a single growth estimate in perpetuity. Accordingly, in order to reduce
5 the long-term growth rate to a single measure, one must assume a fixed payout ratio, and
6 the same constant growth rate for earnings per share (“EPS”), dividends per share, and
7 book value per share. Since dividend growth can only be sustained by earnings growth,
8 the model should incorporate a variety of measures of long-term earnings growth. That
9 can be accomplished by averaging those measures of long-term growth that tend to be
10 least influenced by capital allocation decisions that companies may make in response to
11 near-term changes in the business environment. Because such decisions may directly
12 affect near-term dividend payout ratios, estimates of earnings growth are more indicative
13 of long-term investor expectations than are dividend growth estimates. For the purposes
14 of the Constant Growth DCF model, therefore, growth in EPS represents the appropriate
15 measure of long-term growth.

16 **Q: Please summarize the findings of academic research on the appropriate measure for**
17 **estimating equity returns using the DCF model.**

18 A: The relationship between various growth rates and stock valuation metrics has been the
19 subject of much academic research.¹¹ As noted over 40 years ago by Charles Phillips in

20 The Economics of Regulation:

21 For many years, it was thought that investors bought utility stocks
22 largely on the basis of dividends. More recently, however, studies
23 indicate that the market is valuing utility stocks with reference to total

¹¹ See Harris, Robert, *Using Analysts' Growth Forecasts to Estimate Shareholder Required Rate of Return, Financial Management* (Spring 1986).

1 per share earnings, so that the earnings-price ratio has assumed
2 increased emphasis in rate cases.¹²

3 Philips' conclusion continues to hold true. Subsequent academic research has
4 clearly and consistently indicated that measures of earnings and cash flow are strongly
5 related to returns, and that analysts' forecasts of growth are superior to other measures of
6 growth in predicting stock prices.¹³ For example, Vander Weide and Carleton state that,
7 "[our] results ... are consistent with the hypothesis that investors use analysts' forecasts,
8 rather than historically oriented growth calculations, in making stock buy-and-sell
9 decisions."¹⁴ Other research specifically notes the importance of analysts' growth
10 estimates in determining the Cost of Equity, and in the valuation of equity securities. Dr.
11 Robert Harris noted that "a growing body of knowledge shows that analysts' earnings
12 forecast are indeed reflected in stock prices." Citing Cragg and Malkiel, Dr. Harris notes
13 that those authors "found that the evaluations of companies that analysts make are the
14 sorts of ones on which market valuation is based."¹⁵ Similarly, Brigham, Shome and
15 Vinson noted that "evidence in the current literature indicates that (i) analysts' forecasts
16 are superior to forecasts based solely on time series data; and (ii) investors do rely on
17 analysts' forecasts."¹⁶

18 To that point, the research of Carleton and Vander Weide demonstrates that
19 earnings growth projections have a statistically significant relationship to stock valuation

¹² Charles F. Phillips, Jr., The Economics of Regulation, at 285 (Rev. ed. 1969).

¹³ See, e.g., Christofi, Christofi, Lori and Moliver, *Evaluating Common Stocks Using Value Line's Projected Cash Flows and Implied Growth Rate*, Journal of Investing (Spring 1999); Harris and Marston, *Estimating Shareholder Risk Premia Using Analysts' Growth Forecasts*, Financial Management, 21 (Summer 1992); and Vander Weide and Carleton, *Investor Growth Expectations: Analysts vs. History*, The Journal of Portfolio Management (Spring 1988).

¹⁴ Vander Weide and Carleton, *Investor Growth Expectations: Analysts vs. History*, The Journal of Portfolio Management (Spring 1988).

¹⁵ Robert S. Harris, *Using Analysts' Growth Forecasts to Estimate Shareholder Required Rate of Return*, Financial Management (Spring 1986).

1 levels, while dividend growth rates do not.¹⁷ Those findings suggest that investors form
2 their investment decisions based on expectations of growth in earnings, not dividends.
3 Consequently, earnings growth, not dividend growth, is the appropriate estimate for the
4 purpose of the Constant Growth DCF model.

5 **Q: Please summarize your inputs to the Constant Growth DCF model.**

6 A: I applied the DCF model to the proxy group of integrated electric utility companies using
7 the following inputs for the price and dividend terms:

- 8 • The average daily closing prices for the 30-trading days, 90-trading days, and
9 180-trading days ended September 12, 2014, for the term P_0 ; and
- 10 • The annualized dividend per share as of September 12, 2014, for the term D_0 .

11 I then calculated my DCF results using each of the following growth terms:

- 12 • The Zacks consensus long-term earnings growth estimates;
- 13 • The First Call consensus long-term earnings growth estimates; and
- 14 • The Value Line long-term earnings growth estimates.¹⁸

15 **Q: How did you calculate the DCF results?**

16 A: For each proxy company, I calculated the mean, mean high, and mean low results. For
17 the mean result, I combined the average of the EPS growth rate estimates reported by
18 Value Line, Zacks, and First Call with the subject company's dividend yield for each
19 proxy company and then calculated the average result for those estimates. I calculated
20 the high DCF result by combining the maximum EPS growth rate estimate as reported by

¹⁶ Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, Financial Management (Spring 1985).

¹⁷ See Vander Weide and Carleton, *Investor Growth Expectations: Analysts vs. History*, The Journal of Portfolio Management (Spring 1988).

¹⁸ See Schedule RBH-1.

1 Value Line, Zacks, and First Call with the subject company's dividend yield. The mean
2 high result simply is the average of those estimates. I used the same approach to
3 calculate the low DCF result, using instead the minimum of the Value Line, Zacks, and
4 First Call estimate for each proxy company, and calculating the average result for those
5 estimates.

6 **Q: What are the results of your Constant Growth DCF analysis?**

7 A: My Constant Growth DCF results are summarized in Table 3, below (*see* also Schedule
8 RBH-1).

9 **Table 3: Constant Growth DCF Results¹⁹**

	<i>Mean Low</i>	<i>Mean</i>	<i>Mean High</i>
30-Day Average	8.37%	9.54%	10.73%
90-Day Average	8.35%	9.52%	10.71%
180-Day Average	8.42%	9.59%	10.78%

10 **B. Multi-Stage DCF Model**

11 **Q: What other forms of the DCF model have you used?**

12 A: In order to address certain limiting assumptions underlying the Constant Growth form of
13 the DCF model, I also considered the Multi-Stage (three-stage) DCF Model. The Multi-
14 Stage model, which is an extension of the Constant Growth form, enables the analyst to
15 specify growth rates over three distinct stages. As with the Constant Growth form of the
16 DCF model, the Multi-Stage form defines the Cost of Equity as the discount rate that sets
17 the current price equal to the discounted value of future cash flows. Unlike the Constant
18 Growth form, however, the Multi-Stage model must be solved in an iterative fashion.

¹⁹ *See* Schedule RBH-1.

1 **Q: Please generally describe the structure of your Multi-Stage DCF model.**

2 A: The Multi-Stage DCF model sets the subject company's stock price equal to the present
3 value of future cash flows received over three "stages." In the first two stages, "cash
4 flows" are defined as projected dividends. In the third stage, "cash flows" equal both
5 dividends and the expected price at which the stock will be sold at the end of the period
6 (*i.e.*, the "terminal price"). I calculated the terminal price based on the Gordon model,²⁰
7 which defines the price as the expected dividend divided by the difference between the
8 Cost of Equity (*i.e.*, the discount rate) and the long-term expected growth rate. In
9 essence, the terminal price is defined by the present value of the remaining "cash flows"
10 in perpetuity. In each of the three stages, the dividend is the product of the projected
11 earnings per share and the expected dividend payout ratio. A summary description of the
12 model is provided in Table 4 (below).

13 **Table 4: Multi-Stage DCF Structure**

Stage	0	1	2	3
Cash Flow Component	Initial Stock Price	Expected Dividend	Expected Dividend	Expected Dividend + Terminal Value
Inputs	Stock Price Earnings Per Share (EPS); Dividends Per Share (DPS)	Expected EPS; Expected DPS	Expected EPS; Expected DPS	Expected EPS; Expected DPS; Terminal Value
Assumptions	30-, 90-, and 180-day average stock price	EPS Growth Rate; Payout Ratio	Growth Rate Change; Payout Ratio Change	Long-term Growth Rate; Long-term Payout Ratio

²⁰ See Morningstar, Inc., *2013 Ibbotson Stocks, Bonds, Bills and Inflation Valuation Yearbook*, at 48-52.

1 **Q: What are the analytical benefits of your three-stage DCF model?**

2 A: The principal benefits relate to the flexibility provided by the model's formulation. Since
3 the model provides the ability to specify near, intermediate and long-term growth rates,
4 for example, it avoids the sometimes limiting assumption that the subject company will
5 grow at the same, constant rate in perpetuity. In addition, by calculating the dividend as
6 the product of earnings per share and the dividend payout ratio, the model enables
7 analysts to reflect assumptions regarding the timing and extent of changes in the payout
8 ratio to reflect, for example, increases or decreases in expected capital spending, or
9 transition from current payout levels to long-term expected levels. In that regard,
10 because the model relies on multiple sources of earnings growth rate assumptions, it is
11 not limited to a single source, such as Value Line, for all inputs, and mitigates the
12 potential bias associated with relying on a single source of growth estimates.²¹

13 The model also enables the analyst to assess the reasonableness of the inputs and
14 results by reference to certain market-based metrics. For example, the stock price
15 estimate can be divided by the expected earnings per share in the final year to calculate
16 an average Price to Earnings ("P/E") ratio. Similarly, the terminal P/E ratio can be
17 divided by the terminal growth rate to develop a Price to Earnings Growth ("PEG") ratio.
18 To the extent that either the projected P/E or PEG ratios are inconsistent with either
19 historical or expected levels, it may indicate incorrect or inconsistent assumptions within
20 the balance of the model.

²¹ See Harris and Marston, *Estimating Shareholder Risk Premia Using Analysts' Growth Forecasts*, Financial Management 21 (Summer 1992).

1 **Q: Please summarize your inputs to the Multi-Stage DCF model.**

2 A: I applied the Multi-Stage model to the proxy group described earlier in my Direct
3 Testimony. My assumptions with respect to the various model inputs are described in
4 Table 5 (below).

5 **Table 5: Multi-Stage DCF Model Assumptions**

Stage	Initial	First	Transition	Terminal
Stock Price	30-, 90-, and 180-day average stock price as of September 12, 2014			
Earnings Growth	2013 actual EPS escalated by Period 1 growth rate	EPS growth as average of (1) Value Line; (2) Zacks; and (3) First Call	Transition to Long-term GDP growth	Long-term GDP growth
Payout Ratio	Value Line company-specific	Value Line company-specific	Transition to long-term industry payout ratio	Long-term expected payout ratio
Terminal Value				Expected dividend in final year divided by solved Cost of Equity less long-term growth rate

1 **Q: How did you calculate the long-term GDP growth rate?**

2 A: The long-term growth rate of 5.65 percent is based on the real GDP growth rate of 3.27
3 percent from 1929 through 2013,²² and an inflation rate of 2.31 percent.²³ The GDP
4 growth rate is calculated as the compound growth rate in the chain-weighted GDP for the
5 period from 1929 through 2013. The rate of inflation of 2.31 percent is a compound
6 annual forward rate starting in ten years (*i.e.*, 2024, which is the beginning of the terminal
7 period) and is based on the 30-day average projected inflation based on the spread
8 between yields on long-term nominal Treasury Securities and long-term Treasury
9 Inflation Protected Securities, known as the “TIPS spread.”

10 In essence, the real GDP growth rate projection is based on the assumption that
11 absent specific knowledge to the contrary, it is reasonable to assume that over time real
12 GDP growth will revert to its long-term mean. Moreover, since estimating the Cost of
13 Equity is a market-based exercise, it is important to reflect the sentiments and
14 expectations of investors to the extent possible. In that important respect, the TIPS
15 spread represents the collective views of investors regarding long-term inflation
16 expectations. Equally important, by using forward yields we are able to infer the level of
17 long-term inflation expected by investors as of the terminal period of the Multi-Stage
18 model (that is, ten years in the future).

19 **Q: What were your specific assumptions with respect to the payout ratio?**

20 A: As noted in Table 5, for the first two periods, I relied on the first year and long-term
21 projected payout ratios reported by Value Line²⁴ for each of the proxy companies. I then

²² See Bureau of Economic Analysis, “Current-Dollar and ‘Real’ Gross Domestic Product,” August 28, 2014 update.

²³ See Board of Governors of the Federal Reserve System, “Table H.15 Selected Interest Rates.”

²⁴ As reported in the Value Line Investment Survey company reports as “All Div’ds to Net Prof.”

1 assumed that by the end of the second period (*i.e.*, the end of year 10), the payout ratio
2 will converge to the historical industry average ratio of 67.23 percent.²⁵

3 **Q: What are the results of your Multi-Stage DCF analysis?**

4 A: Table 6 (*see* also Schedule RBH-2) presents the Multi-Stage DCF analysis results. Using
5 the Gordon model to calculate the terminal stock price, the Multi-Stage DCF analysis
6 produces a range of results from 9.65 percent to 10.38 percent.

7 **Table 6: Multi-Stage DCF Model Results²⁶**

	<i>Mean Low</i>	<i>Mean</i>	<i>Mean High</i>
30-Day Average	9.68%	9.99%	10.33%
90-Day Average	9.65%	9.95%	10.30%
180-Day Average	9.73%	10.03%	10.38%

8 **Q: Did you undertake any additional analyses to support your recommendation?**

9 A: Yes. As noted earlier, I also applied the CAPM and Risk Premium approaches.

10 **C. Capital Asset Pricing Model**

11 **Q: Please briefly describe the general form of the CAPM.**

12 A: The CAPM is a risk premium method that estimates the Cost of Equity for a given
13 security as a function of a risk-free return plus a risk premium (to compensate investors
14 for the non-diversifiable or “systematic” risk of that security). As shown in Equation [3],
15 the CAPM is defined by four components, each of which theoretically must be a forward-
16 looking estimate:

²⁵ Source: Bloomberg Professional

²⁶ *See* Schedule RBH-2.

1
$$k = r_f + \beta(r_m - r_f) \quad \text{Equation [3]}$$

2 where:

3 k = the required market ROE for a security;

4 β = the Beta coefficient of that security;

5 r_f = the risk-free rate of return; and

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

7 In Equation [3], the term $(r_m - r_f)$ represents the Market Risk Premium.²⁷

8 According to the theory underlying the CAPM, since unsystematic risk can be diversified
9 away by adding securities to investment portfolios, investors should be concerned only
10 with systematic or non-diversifiable risk. Non-diversifiable risk is measured by the Beta
11 coefficient, which is defined as:

12
$$\beta_j = \frac{\sigma_j}{\sigma_m} \times \rho_{j,m} \quad \text{Equation [4]}$$

13 Where σ_j is the standard deviation of returns for company “j,” σ_m is the standard
14 deviation of returns for the broad market (as measured, for example, by the S&P 500
15 Index), and $\rho_{j,m}$ is the correlation of returns in between company j and the broad market.

16 The Beta coefficient therefore represents both relative volatility (*i.e.*, the standard
17 deviation) of returns, and the correlation in returns between the subject company and the
18 overall market.

19 Intuitively, higher Beta coefficients indicate that the subject company’s returns
20 have been relatively volatile, and have moved in tandem with the overall market.

²⁷ The Market Risk Premium is defined as the incremental return of the market portfolio over the risk-free rate.

1 Consequently, if a company has a Beta coefficient of 1.00, it is as risky as the market and
2 does not provide any diversification benefit.

3 **Q: What assumptions did you include in your CAPM analysis?**

4 A: Since utility equity is a long duration investment, I used two different measures of the
5 risk-free rate: (1) the current 30-day average yield on 30-year Treasury bonds (*i.e.*, 3.21
6 percent); and (2) the projected 30-year Treasury yield (*i.e.*, 3.80 percent).

7 **Q: Why have you relied upon the 30-year Treasury yield for your CAPM analysis?**

8 A: In determining the security most relevant to the application of the CAPM, it is important
9 to select the term (or maturity) that best matches the life of the underlying investment.
10 Electric utilities typically are long-duration investments and, as such, the 30-year
11 Treasury yield is more suitable for the purpose of calculating the Cost of Equity.

12 **Q: Please describe your *ex-ante* approach to estimating the Market Risk Premium.**

13 A: The approach is based on the market required return, less the current 30-year Treasury
14 yield. To estimate the market required return, I calculated the market capitalization
15 weighted average ROE based on the Constant Growth DCF model. To do so, I relied on
16 data from two sources: (1) Bloomberg; and (2) Value Line.²⁸ With respect to
17 Bloomberg-derived growth estimates, I calculated the expected dividend yield (using the
18 same one-half growth rate assumption described earlier), and combined that amount with
19 the projected earnings growth rate to arrive at the market capitalization weighted average
20 DCF result. I performed that calculation for each of the S&P 500 companies for which
21 Bloomberg provided consensus growth rates. I then subtracted the current 30-year
22 Treasury yield from that amount to arrive at the market DCF-derived *ex-ante* market risk

²⁸ See Schedule RBH-4.

1 premium estimate. In the case of Value Line, I performed the same calculation, again
2 using all companies for which five-year earnings growth rates were available. The results
3 of those calculations are provided in Schedule RBH-3.

4 **Q: How did you apply your expected Market Risk Premium and risk-free rate**
5 **estimates?**

6 A: I relied on the *ex-ante* Market Risk Premia discussed above, together with the current and
7 near-term projected 30-year Treasury yields as inputs to my CAPM analyses.

8 **Q: What Beta coefficient did you use in your CAPM model?**

9 A: As shown in Schedule RBH-4, I considered the Beta coefficients reported by two
10 sources: Bloomberg and Value Line. While both of those services adjust their calculated
11 (or “raw”) Beta coefficients to reflect the tendency of the Beta coefficient to regress to
12 the market mean of 1.00, Value Line calculates the Beta coefficient over a five-year
13 period, while Bloomberg’s calculation is based on two years of data.

14 **Q: What are the results of your CAPM analysis?**

15 A: As shown in Table 7 the CAPM analyses suggest an ROE range of 10.64 percent to 12.09
16 percent (*see* also Schedule RBH-5).

1

Table 7: Summary of CAPM Results²⁹

	<i>Bloomberg Derived Market Risk Premium</i>	<i>Value Line Derived Market Risk Premium</i>
<i>Average Bloomberg Beta Coefficient</i>		
Current 30-Year Treasury (3.21%)	11.50%	11.25%
Near Term Projected 30-Year Treasury (3.80%)	12.09%	11.84%
<i>Average Value Line Beta Coefficient</i>		
Current 30-Year Treasury (3.21%)	10.86%	10.64%
Near Term Projected 30-Year Treasury (3.80%)	11.45%	11.22%

2 **D. Bond Yield Plus Risk Premium Approach**

3 **Q: Please generally describe the Bond Yield Plus Risk Premium approach.**

4 A: This approach is based on the basic financial tenet that equity investors bear the residual
5 risk associated with ownership and therefore require a premium over the return they
6 would have earned as a bondholder. That is, since returns to equity holders are more risky
7 than returns to bondholders, equity investors must be compensated for bearing that
8 additional risk. Risk premium approaches, therefore, estimate the Cost of Equity as the
9 sum of the equity risk premium and the yield on a particular class of bonds. As noted in
10 my discussion of the CAPM, since the equity risk premium is not directly observable, it
11 typically is estimated using a variety of approaches, some of which incorporate *ex-ante*,
12 or forward-looking estimates of the Cost of Equity, and others that consider historical, or
13 *ex-post*, estimates. An alternative approach is to use actual authorized returns for electric
14 utilities to estimate the Equity Risk Premium.

²⁹ See Schedule RBH-5.

1 **Q: Please explain how you performed your Bond Yield Plus Risk Premium analysis.**

2 A: As suggested above, I first defined the Risk Premium as the difference between the
3 authorized ROE and the then-prevailing level of long-term (*i.e.*, 30-year) Treasury yield.
4 I then gathered data for over 1,433 electric utility rate proceedings between January, 1980
5 and September 12, 2014. In addition to the authorized ROE, I also calculated the average
6 period between the filing of the case and the date of the final order (the “lag period”). In
7 order to reflect the prevailing level of interest rates during the pendency of the
8 proceedings, I calculated the average 30-year Treasury yield over the average lag period
9 (approximately 200 days).

10 Because the data cover a number of economic cycles, the analysis also may be
11 used to assess the stability of the Equity Risk Premium. Prior research, for example, has
12 shown that the Equity Risk Premium is inversely related to the level of interest rates.
13 That analysis is particularly relevant given the relatively low, but increasing level of
14 current Treasury yields.

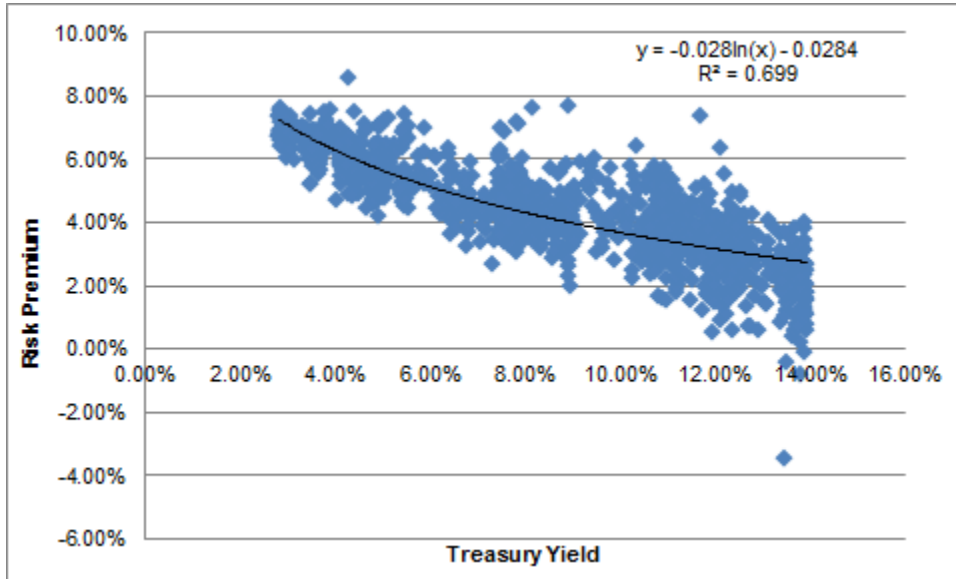
15 **Q: How did you analyze the relationship between interest rates and the Equity Risk**
16 **Premium?**

17 A: The basic method used was regression analysis, in which the observed Equity Risk
18 Premium is the dependent variable, and the average 30-year Treasury yield is the
19 independent variable. Relative to the long-term historical average, the analytical period
20 includes interest rates and authorized ROEs that are quite high during one period (*i.e.*, the
21 1980s) and that are quite low during another (*i.e.*, the post-Lehman bankruptcy period).
22 To account for that variability, I used the semi-log regression, in which the Equity Risk
23 Premium is expressed as a function of the natural log of the 30-year Treasury yield:

1
$$RP = \alpha + \beta(\ln(T_{30}))$$
 Equation [5]

2 As shown on Chart 1 (below), the semi-log form is useful when measuring an
3 absolute change in the dependent variable (in this case, the Risk Premium) relative to a
4 proportional change in the independent variable (the 30-year Treasury yield).

5 **Chart 1: Equity Risk Premium³⁰**



6
7 As Chart 1 illustrates, over time there has been a statistically significant, negative
8 relationship between the 30-year Treasury yield and the Equity Risk Premium.
9 Consequently, simply applying the long-term average Equity Risk Premium of 4.44
10 percent would significantly understate the Cost of Equity and produce results well below
11 any reasonable estimate. Based on the regression coefficients in Chart 1, however, the
12 implied ROE is between 10.12 percent and 10.86 percent (see Table 8 and Schedule
13 RBH-6).

³⁰ See Schedule RBH-6.

1 **Table 8: Summary of Bond Yield Plus Risk Premium Results³¹**

	<i>Return on Equity</i>
Current 30-Year Treasury (3.21%)	10.12%
Near Term Projected 30-Year Treasury (3.80%)	10.23%
Long Term Projected 30-Year Treasury (5.45%)	10.86%

2 **VI. BUSINESS RISKS AND OTHER CONSIDERATIONS**

3 **Q: Do the mean DCF, CAPM, and Risk Premium results for the proxy group provide**
4 **an appropriate estimate of the Cost of Equity for KCP&L?**

5 A: No, the mean results do not necessarily provide an appropriate estimate of the Company's
6 Cost of Equity. In my view, there are additional factors that must be taken into
7 consideration when determining where the Company's Cost of Equity falls within the
8 range of results. Those factors include: (1) the regulatory environment in which the
9 Company operates; (2) the Company's generation portfolio; and (3) the Company's
10 capital expenditure plans. Those risk factors, which are discussed below, should be
11 considered with respect to their overall effect on the KCP&L's risk profile and therefore
its Cost of Equity.

12 **A. Regulatory Environment**

13 **Q: How does the regulatory environment in which a utility operates affect its access to**
14 **and cost of capital?**

15 A: The regulatory environment can significantly affect both the access to and the cost of
16 capital in several ways. First, the proportion and cost of debt capital available to utility

³¹ See Schedule RBH-6.

1 companies are influenced by rating agencies' assessment of the regulatory environment.
2 In addition, it is important to recognize that regulatory decisions regarding the authorized
3 ROE and capital structure have direct consequences for the subject utility's internal cash
4 flow generation (sometimes referred to as "Funds from Operations" or "FFO"). Since
5 credit ratings are intended to reflect the ability to meet financial obligations as they come
6 due, the ability to generate the cash flows required to meet those obligations (and to
7 provide an additional amount for unexpected events) is of critical importance to debt
8 investors. Two of the most important metrics used to assess that ability are the ratios of
9 FFO to debt, and FFO to interest expense, both of which are directly affected by
10 regulatory decisions regarding the appropriate rate of return and capital structure.

11 Investors recognize that a reasonable allowed ROE that is subject to earnings
12 attrition due to unfavorable regulatory or economic factors does not provide any
13 assurance that the utility actually will recover its costs or earn a reasonable return. The
14 authorized ROE affects not only the cash flow-related metrics that measure financial
15 strength, but also provides an indication of the degree of regulatory support, as well as
16 risk associated with a given utility and jurisdiction. It is, therefore, an important measure
17 of regulatory support and financial integrity from several perspectives.

18 **Q: Have you compared KCP&L's regulatory risks to electric utilities in other**
19 **jurisdictions?**

20 A: Yes, I have. S&P assesses the credit-supportiveness of the regulatory environments in
21 which utilities operate. Based on an assessment of both qualitative and quantitative

1 factors, S&P created a rank order of 53 regulatory jurisdictions in the United States.³²
2 Based on S&P's rankings, Missouri's regulatory environment is ranked in the bottom
3 quarter of all jurisdictions. Rankings such as those provided by S&P are observable and
4 meaningful indicators of the financial community's view of the regulatory risks faced by
5 utilities. Given Missouri's ranking, the financial community appears to attribute higher
6 regulatory risk to KCP&L than to other utilities (on average).

7 **Q: Are there specific risks related to KCP&L that are a consideration for utility**
8 **investors?**

9 A: Yes, I believe so. In particular, the Company lacks a rate adjustment mechanism to
10 recover changes in its fuel costs ("Fuel Adjustment Cost" or "FAC"). As a general
11 proposition, fuel costs are exogenous, variable, and financially significant and, therefore,
12 lend themselves to recovery via adjustment clauses. An FAC would ensure that the
13 Company is able to recover, in a timely fashion, certain reasonable costs of procuring fuel
14 that are generally beyond its control. For example, the cost of procuring and transporting
15 coal is set by competitive market forces. The Company must pay the market price of coal
16 or face the prospect of another buyer purchasing the necessary coal supply. Because
17 KCP&L does not have an FAC, when it encounters higher than forecasted prices for
18 procuring fuel it experiences a direct reduction in its Funds From Operations and
19 earnings, and a commensurate reduction in its earned ROE. Therefore, to the extent the
20 Company is not able to mitigate risks associated with variations in fuel costs, it faces an
21 incremental risk relative to companies that have FAC mechanisms in place.

³² S&P Ratings Direct, *Utility Regulatory Assessments For U.S. Investor-Owned Utilities*, (January 7, 2014). Rankings include state regulatory commissions (including two commissions in Texas), the District of Columbia, and U.S. (federal) jurisdictions.

1 **Q: How common are the FAC mechanisms such as that requested by the Company?**

2 A: As shown in Schedule RBH-7, every one of the vertically integrated companies in my
3 proxy group has in place a fuel adjustment mechanism similar to the Company's
4 proposed FAC. As a consequence, if the Company's request for an FAC mechanism is
5 denied, it would be placed at a higher risk relative to the proxy group. In that regard, the
6 Commission has approved similar adjustment mechanisms for all the other Missouri
7 electric utilities, including GPE's other regulated utility subsidiary, KCP&L Greater
8 Missouri Operations Company.

9 **Q: Have you considered the potential effect on the Company's Cost of Equity if the**
10 **proposed FAC is denied?**

11 A: Yes, I have. I performed my Cost of Equity analyses with the objective of selecting a
12 proxy group that is most representative of the risks and prospects faced by KCP&L. To
13 the extent that the regulatory framework provides a degree of mitigation of a given
14 incremental risk, that framework serves to place the utility in the same position it would
15 be in absent that risk. Given the prevalence of fuel adjustment mechanisms throughout
16 the industry, denying the Company's proposed FAC would inhibit its ability to mitigate a
17 risk that the proxy companies have addressed in their respective regulatory frameworks.
18 That is, while KCP&L may share other risks with the proxy companies, its lesser ability
19 to mitigate risks associated with fuel costs would indicate a greater degree of business
20 and regulatory risk.

21 There are numerous circumstances in which an FAC specifically has been
22 approved, and few occasions in recent years where a proposed structure was not
23 approved, at least in part. Although it is difficult to estimate the effect on the Company's

1 Cost of Equity if the FAC is not implemented, it is clear that utilities across the country
2 have implemented various forms of FAC mechanisms. In light of their prevalence,
3 electric utilities lacking such structures are exposed to a comparatively higher level of
4 risk. As such, if the Company's proposed FAC is denied, I would recommend an ROE
5 above the Company's requested ROE of 10.30 percent.

6 **Q: As required by MPSC regulation 4 CSR 240-3.161(3)(N), please provide a complete**
7 **explanation of any changes in business risk to KCP&L resulting from**
8 **implementation of the FAC it proposes in this proceeding, in addition to any other**
9 **changes in business risk experienced by KCP&L.**

10 A: As discussed above, KCP&L's lack of an FAC compared to the prevalence of such
11 mechanisms throughout the industry puts KCP&L out of the mainstream compared to
12 other electric utilities, and the proxy companies. As a consequence, implementation of an
13 FAC for KCP&L would make the Company's business and regulatory risk profile more
14 similar to the risk profiles of other electric utilities in the area of fuel cost recovery.
15 Therefore, no downward adjustment to KCP&L's rate of return would be reasonable or
16 appropriate as a result of implementation of an FAC. Of course, as also discussed in my
17 testimony, rejection of an FAC for KCP&L would likely warrant an upward adjustment
18 to KCP&L's return due to what would be an incremental risk for KCP&L in the area of
19 fuel cost recovery relative to other electric utilities. I am not aware of other changes in
20 business risk experienced by KCP&L.

1 **Q: Are there issues associated with regulatory lag that also are a consideration for**
2 **equity investors?**

3 A: Yes, there are. As noted in an April 2013 report by Regulatory Research Associates,
4 Missouri is one of only five states that legally prohibit utilities from including
5 Construction Work in Progress (“CWIP”) in the rate base.³³ As a consequence, the
6 Company’s ability to maintain its revenue and cash flow is disadvantaged relative to
7 others that either have the ability to include CWIP in rate base during general rate cases
8 (and therefore earn a cash return on that investment), or are provided a more timely cash
9 return through adjustment clauses. When the revenue per dollar of assets decreases, the
10 earned return on common equity also will decrease. Because that earned return is a
11 principal element of cash flow, the dilution in earnings resulting from the untimely
12 recovery of capital investments diminishes the Company’s financial profile and increases
13 its relative risk.

14 In addition, rates for Missouri utilities are set based on an historical test year, with
15 limited “known and measurable” changes.³⁴ In contrast, other utilities, including utilities
16 in the proxy group, have the ability to recover rate base additions through forecast test
17 years or alternative rate plans. As Regulatory Research Associates has noted, “[s]uch
18 rate changes provide for improved cash flow and possibly earnings through reduced
19 regulatory lag.”³⁵ As with the inability to include CWIP in its rate base, because it is
20 subject to the regulatory lag otherwise mitigated by forecast test years or alternative rate

³³ Regulatory Research Associates, *Construction Work in Progress; Getting acquainted with an old issue*, April 22, 2013, at 2

³⁴ Regulatory Research Associates, Missouri Public Service Commission Profile.

³⁵ Regulatory Research Associates, *Alternative Regulation/Incentive Plans, A State-by-State Review*, November 2013, at 1.

1 plans, KCP&L's ability to generate earnings and cash flow is disadvantaged relative to its
2 peers.

3 The same holds true regarding the Company's inability to implement interim
4 rates. As RRA points out, the Commission "may authorize an interim increase, subject to
5 refund, if a company can demonstrate an emergency, or a near emergency situation."
6 RRA concludes that as a result, interim increases have rarely been sought or authorized"
7 in Missouri.³⁶ Because interim rates are unlikely, the Company's cash flow position is
8 diluted as it invests in its rate base.

9 **B. Generation Portfolio**

10 **Q: Please provide an overview of the Company's generation portfolio.**

11 A: KCP&L's operations are heavily dependent on coal-fired generation, which represented
12 85.00 percent of GPE's electric utility 2013 net generation. GPE's remaining electric
13 utility generation portfolio is largely dependent on its 47.00 percent interest in a single-
14 unit nuclear power plant, which represented approximately 12.00 percent of its 2013 net
15 generation.³⁷

16 **Q: Please briefly describe the risks associated with KCP&L's generation portfolio.**

17 A: KCP&L's generation portfolio is highly dependent (*i.e.*, approximately 97.00 percent of
18 the Company's 2013 net generation) on capital intensive coal- and nuclear-fired
19 generation capacity. In general, highly capital-intensive generation assets are subject to
20 certain risks including the recovery of the investors' capital in the event of a change in

³⁶ Regulatory Research Associates, Missouri Public Service Commission Profile.

³⁷ See Great Plains Energy Incorporated, SEC Form 10-K at 8 (Dec. 31, 2013). The 2013 fuel mix of GPE's overall electric utility net generation is consistent with KCP&L's fuel mix as reported by SNL Financial.

1 market structure or a plant failure, and recovery of replacement power and repair costs in
2 the event of extended or unplanned outage. In addition, federal environmental and safety
3 regulations present a substantial risk of requiring investors to commit new capital to
4 comply with new regulations or operation restrictions or possibly closure. In fact, a
5 report by the Staff of the Missouri Public Service Commission estimated that known
6 Environmental Protection Agency regulations, which primarily affect coal-fired
7 generating plants in Missouri, would cost state electric utilities and their customers
8 between approximately \$2.23 billion and \$2.47 billion from 2012 to 2022.³⁸ That report
9 further highlighted the level of uncertainty regarding emerging environmental regulations
10 and the potential consequences of those emerging environmental regulations, including
11 additional plant investments.

12 In a recent report, S&P noted that power generators have addressed carbon-
13 reduction policies that target coal-fired generating plants by implementing three
14 strategies: adding “scrubbers” to coal-fired plants; switching to burning natural gas; or
15 retiring coal-fired plants outright.³⁹ To the extent these strategies increase costs for
16 utilities, their credit profiles may come under pressure. As noted by S&P:

17 Higher costs could become a key credit issue for regulated utilities given
18 the importance of managing customer rate increases, which has
19 implications for relations with regulators, as well as economic and
20 political ramifications that could heighten business risk. Any rating
21 actions would likely not occur until there is further clarity from a utility
22 about early plant retirements and related cost recovery. For utilities that
23 have significant coal-fired generation, recovery mechanisms will be

³⁸ See Amended Updated Staff Report on The Cost of Compliance with Federal Environmental Regulations, Case No. EW-2012-0065 (Apr. 3, 2014) at 23. The report includes cost estimates for Kansas City Power & Light Company, KCP&L Greater Missouri Operations Co., Ameren Missouri, and Empire District Electric Company.

³⁹ S&P Research, *The Clean Power Plan Will Spur Further Coal Plant Closings, But How Will U.S. Utilities Recover The Costs?* (September 2, 2014).

1 extremely important to continue to support operating cash flow and
2 maintain robust financial measures.⁴⁰

3 **Q: Do you have any other observations regarding the Company's generation portfolio?**

4 A: Yes. KCP&L holds a 47.00 percent interest in a single nuclear plant. As a 47.00 percent
5 owner in a single-reactor nuclear plant, the Company does not benefit from the
6 operational experience associated with a large portfolio of similar generating assets, or
7 the scale economies that could result in lower marginal costs and higher capacity factors.
8 In that regard, KCP&L may be exposed to somewhat higher risk than proxy group
9 companies that do not operate nuclear facilities (*i.e.*, Cleco Corporation, Empire District
10 Electric Company, IDACORP, Northeast Utilities, Hawaiian Electric Industries, Otter
11 Tail Corporation, and Portland General Electric Company) or that own and operate
12 multiple nuclear power plants (*i.e.*, Duke Energy, NextEra Energy, and Southern
13 Company).⁴¹ This risk is particularly of concern at a time when nuclear power plants are
14 faced with unexpected capital expenditures to respond to the events of March 11, 2011 at
15 the Fukushima Daiichi Nuclear Power Plant in Japan. For example, a recent survey of
16 more approximately one-half of the nuclear operators in the U.S. indicated that upgrade
17 costs for the country's nuclear fleet could total \$3.6 billion over the coming three to five
18 years.⁴²

⁴⁰ *Ibid.*

⁴¹ See Great Plains Energy Incorporated SEC Form 10-K at 20 (Dec. 31, 2013).

⁴² *U.S. nuclear plant operators estimate \$3.6 billion in post-Fukushima Costs*, Platts Nucleonics Week (June 6, 2013).

1 **Q: What are your conclusions regarding the risk of the Company's generating**
2 **portfolio?**

3 A: The Company's generating portfolio consists of a high percentage of coal and nuclear
4 power plants that face certain inherent risks associated with capital intensive assets such
5 as the risk of an extended forced outage, changing market dynamics, and new regulations.
6 In particular, the Company and its investors are faced with the risk that new and
7 impending federal environmental and safety regulations will require it to expend
8 additional capital or face closure or curtailment of generating capacity. Because
9 investors consider these risks in establishing their return requirements, the Commission
10 likewise should consider the effect of the additional risk associated with the Company's
11 generating portfolio in determining KCP&L's authorized ROE.

12 **C. Planned Capital Expenditures**

13 **Q: Please briefly summarize the Company's capital investment plans.**

14 A: As discussed Attachment B, GPE's five-year capital expenditures budget over the 2014-
15 2018 timeframe totals approximately \$3.19 billion, which includes substantial
16 investments for KCP&L.⁴³ Because the Company will continue to make substantial
17 investments in its utility operations, it will require efficient access to capital markets
18 during the period that rates established in this proceeding will be in effect.

⁴³ See GPE Investor Presentation at 33 (Aug. 12, 2014), attached as Attachment B.

1 **Q: Do credit rating agencies recognize risk associated with increased capital**
2 **expenditures?**

3 A: Yes, they do. From a credit perspective, the additional pressure on cash flows associated
4 with high levels of capital expenditures exerts corresponding pressure on credit metrics
5 and, therefore, credit ratings. S&P has noted that:

6 The real challenge for the industry is the combination of slow growth and
7 huge investment needs. We believe that for the remainder of 2012 and
8 beyond, state regulation will continue to be the single most influential
9 factor for the sector's credit quality. Cost increases, construction projects,
10 environmental compliance, and other public policy directives, together
11 with lackluster growth, will necessitate continued reliance on rate relief
12 requests.⁴⁴

13 The rating agency views noted above also are consistent with certain observations
14 discussed earlier in my Direct Testimony: (1) the benefits of maintaining a strong
15 financial profile are significant when capital access is required, and become particularly
16 acute during periods of market instability; and (2) the Commission's decision in this
17 proceeding will have a direct bearing on the Company's credit profile, and its ability to
18 access the capital needed to fund its investments.

19 **Q: Have you also considered the relationship between capital expenditures and the**
20 **earned return on common equity?**

21 A: Yes, I have. The "DuPont" formula decomposes the Return on Common Equity into
22 three components: (1) the Profit Margin (net income/revenues); (2) Asset Turnover

⁴⁴ S&P Ratings Direct, *Industry Economic and Ratings Outlook: U.S. Regulated Utilities Will Likely Stay On A Stable Trajectory For The Rest Of 2012 And Into 2013*, at 6 (July 17, 2012).

1 (revenues/net plant); and (3) the Equity Multiplier (net plant/equity).⁴⁵ As Schedule
2 RBH-8 demonstrates, based on the proxy companies, the Asset Turnover rate declined
3 from 2003 through 2013 (the historical period covered by Value Line) and is expected to
4 remain at its current level through Value Line's 2017 – 2019 projection period. Over that
5 same period, according to Value Line data, average Net Plant is expected to experience a
6 cumulative increase of approximately 179.14 percent. Since, as noted above, the utility
7 industry is going through a period of increased capital investment, the lag between the
8 addition of net plant and revenue generated by those investments dilute the Asset
9 Turnover ratio, at least in the near term.

10 In order to gain an additional perspective on the relationship between plant
11 additions and Asset Turnover, I performed a regression analysis in which the annual
12 change in the Asset Turnover rate was the dependent variable, and the annual change in
13 Net Plant was the independent variable. As shown in Schedule RBH-8, that analysis
14 indicates a statistically significant negative relationship between the two variables, such
15 that as annual net plant increases, the Asset Turnover ratio decreases. This, in turn,
16 suggests that an increase in capital expenditures also negatively affects the Return on
17 Common Equity, causing greater financial stress to the utility. To the extent investors
18 value a company based on earnings and cash flow, this additional financial strain is a key
19 concern.

⁴⁵ The DuPont formula is commonly used by financial analysts to monitor specific operational and financial drivers of a company's earned ROE. The formula expands the calculation of the ROE into the product of three financial metrics: Profit Margin, Asset Turnover and the Equity Multiplier. That is, $ROE = (\text{earnings} / \text{revenue}) \times (\text{revenue} / \text{assets}) \times (\text{assets} / \text{equity})$. See, e.g., Eugene Brigham, Michael Ehrhardt, Financial Management: Theory and Practice, 12th Ed., 2008, at 140-141.

1 **Q: What are your conclusions regarding the effect of the Company's capital spending**
2 **plans on its risk profile?**

3 A: It is clear that the Company's capital expenditure program is significant. The financial
4 community recognizes the additional risks associated with substantial capital
5 expenditures and the financing, regulatory and operating risks associated with those
6 plans. The Company must have access to the capital markets on a timely basis and at
7 reasonable cost rates in order to fund those investments. In my view, the Company's
8 capital investment plan remains an important consideration in establishing its ROE and
9 overall rate of return.

10 **Q: What are your conclusions regarding the Company's overall business risk profile?**

11 A: The regulatory environment is one of the most important issues considered by both debt
12 and equity investors in assessing the risks and prospects of utility companies. From the
13 perspective of debt investors, the authorized return should enable the Company to
14 generate the cash flow needed to meet its near-term financial obligations, make the
15 capital investments needed to maintain and expand its system, and maintain sufficient
16 levels of liquidity to fund unexpected events. That financial liquidity must be derived not
17 only from internally generated funds, but also by efficient access to capital markets.
18 Because investors have many investment alternatives, even within a given market sector,
19 the Company's financial profile must be adequate on a relative basis to ensure its ability
20 to attract capital under a variety of economic and financial market conditions.

21 From the perspective of GPE, the authorized return must be sufficient to fund
22 incremental capital investments in KCP&L's operations. From the perspective of equity
23 investors, the authorized return must be adequate to provide a risk-comparable return on

1 the equity portion of the Company's capital investments. Since (as discussed earlier)
2 equity investors are the residual claimants on the Company's cash, they are particularly
3 concerned with regulatory uncertainty and its effect on future cash flows.

4 In light of those risks, I believe that an ROE of 10.30 percent is reasonable, if not
5 conservative, if the Commission accepts the Company's FAC proposal. Such an ROE
6 would permit the Company to compete for a capital at a time when it requires additional
7 funds to finance large projects as it confronts multiple new and emerging safety and
8 environmental regulations.

VII. CAPITAL MARKET ENVIRONMENT

9 **Q: Do economic conditions influence the required cost of capital and required return**
10 **on common equity?**

11 A: Yes. As discussed in Section V, the models used to estimate the Cost of Equity are
12 meant to reflect, and therefore are influenced by, current and expected capital market
13 conditions. As such, it is important to assess the reasonableness of any financial model's
14 results in the context of observable market data. To the extent that certain ROE estimates
15 are incompatible with such data or inconsistent with basic financial principles, it is
16 appropriate to consider whether alternative estimation techniques are likely to provide
17 more meaningful and reliable results.

18 **Q: Do you have any general observations regarding the relationship between current**
19 **capital market conditions and the Company's Cost of Equity?**

20 A: Yes, I do. Much has been reported about the Federal Reserve's Quantitative Easing
21 policy and its effect on interest rates. The issue as to how those policies and the

1 continuing level of interest rates affect utility stock prices is less clear. As discussed
2 below, for example, while federal policy has affected interest rates, it also has been
3 correlated with lower levels of market volatility. Generally speaking, when volatility is
4 low, investors are willing to take on more risk, and allocate capital to less defensive
5 stocks. In essence, they are more willing to take on additional risk in expectation of
6 realizing higher returns. Recently, however, the market appears to be providing
7 conflicting signals. During certain periods of the past year, low volatility and low interest
8 rates have resulted in defensive stocks such as electric utilities somewhat outperforming
9 other sectors.

10 A relevant question, then, is how investors will react when the Federal Reserve
11 completes its market intervention. A viable outcome is that investors will perceive
12 greater chances for economic growth, which will increase the growth rates included in the
13 Constant Growth DCF model. At the same time, higher growth and the absence of
14 federal market intervention could provide the opportunity for interest rates to increase,
15 thereby increasing the dividend yield portion of the DCF model. In that case, both terms
16 of the Constant Growth DCF model would increase, producing increased ROE estimates.

17 At this time, however, market data is somewhat disjointed. As a consequence, it
18 is difficult to rely on a single model to estimate the Company's Cost of Equity. A more
19 reasoned approach is to understand the relationships among Federal Reserve policies,
20 interest rates and risk, and assess how those factors may affect different models. For the
21 reasons discussed below, the current market is one in which it is very important to
22 consider a broad range of data and models when determining the Cost of Equity.

1 **Q: Please summarize the effect of recent Federal Reserve policies on interest rates and**
2 **the cost of capital.**

3 A: Beginning in 2008, the Federal Reserve proceeded on a steady path of initiatives intended
4 to lower long-term Treasury yields.⁴⁶ The Federal Reserve policy actions “were designed
5 to put downward pressure on longer-term interest rates by having the Federal Reserve
6 take onto its balance sheet some of the duration and prepayment risks that would
7 otherwise have been borne by private investors.”⁴⁷ Under that policy, “Securities Held
8 Outright” on the Federal Reserve’s balance sheet increased from approximately \$489
9 billion at the beginning of October 2008 to \$4.16 trillion by September 12, 2014.⁴⁸ To
10 put that increase in context, the securities held by the Federal Reserve represented
11 approximately 3.29 percent of Gross Domestic Product (“GDP”) at the end of September
12 2008, and increased to approximately 24.03 percent of GDP in September 2014.⁴⁹

13 **Q: Is the Federal Reserve expected to maintain these policies?**

14 A: The Federal Reserve began “tapering” its asset purchases in December 2013 and although
15 the future pace of such reductions was not on a “preset course,” it likely will be
16 completed in October 2014.⁵⁰ On September 17, 2014 the Federal Reserve issued a
17 statement regarding “Policy Normalization Principles and Plans,” in which it discussed
18 the conditions under which, and methods by which it may reduce its holdings of
19 securities and increase certain short term interest rates.⁵¹ Although the Federal Reserve

⁴⁶ See Federal Reserve Press Release (June 19, 2013).

⁴⁷ Federal Reserve Bank of New York, *Domestic Open Market Operations During 2012*, p. 29 (Apr. 2013).

⁴⁸ Federal Reserve Schedule H.4.1, “Securities held outright” include U.S. Treasury securities, Federal agency debt securities, and mortgage-backed securities.

⁴⁹ Federal Reserve Schedule H.4.1; Bureau of Economic Analysis, GDP data as of the second calendar quarter of 2014.

⁵⁰ Minutes of the Federal Open Market Committee, p. 11 (Sep. 16 – 17, 2014)

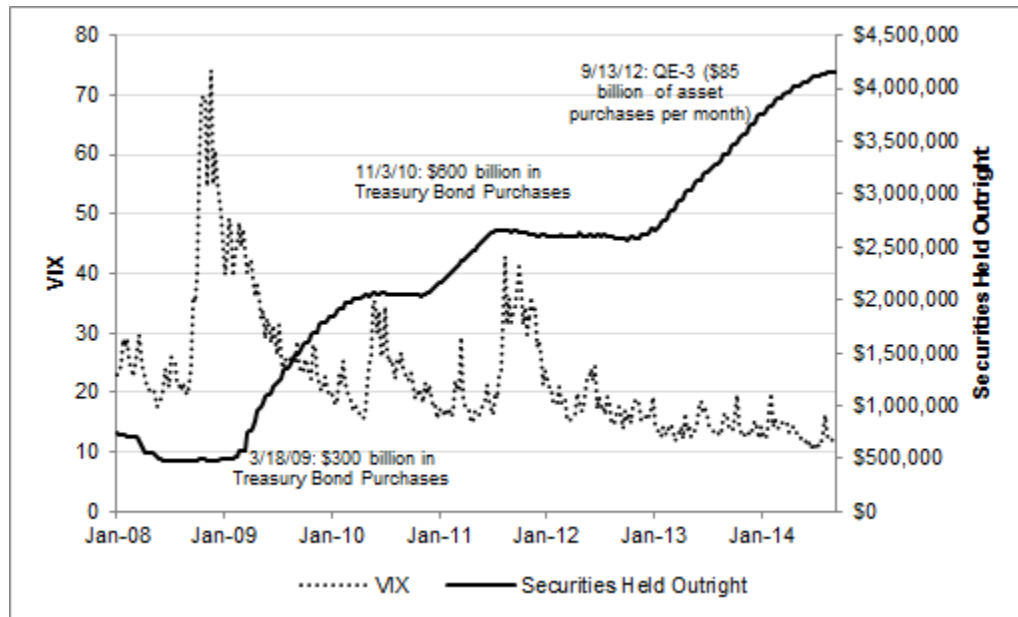
⁵¹ Federal Reserve Press Release, *Policy Normalization Principles and Plans*, (Sep. 17, 2014).

1 discussed its policy goals, no specific timelines were identified. As such, uncertainties
2 remain in the market today and going forward. The uncertainty surrounding the timing of
3 the Federal Reserve’s future policy decisions, including the unwinding of stimulus
4 programs, represents a risk to investors that, in my view, should be reflected in the
5 Company’s authorized ROE.

6 Just as market intervention by the Federal Reserve has reduced interest rates, it
7 also has had the effect of reducing market volatility. As shown in Chart 2 below, each
8 time the Federal Reserve began to purchase bonds (as evidenced by the increase in
9 “Securities Held Outright” on its balance sheet), volatility subsequently declined. In fact,
10 in September 2012, when the Federal Reserve began to purchase long-term securities at a
11 pace of \$85 billion per month, volatility (as measured by the CBOE Volatility Index,
12 known as the “VIX”) fell, and through September 2014 remained in a relatively narrow
13 range. The reason is quite straight-forward: Investors became confident that the Federal
14 Reserve would intervene if markets were to become unstable.

1

Chart 2: VIX and Federal Reserve Asset Purchases⁵²



2 The important analytical issue is whether we can infer that risk aversion among
3 investors is at a historically low level, implying a Cost of Equity that is well below
4 recently authorized returns. Given the negative correlation between the expansion of the
5 Federal Reserve’s balance sheet and the VIX, it is difficult to conclude that fundamental
6 risk aversion and investor return requirements have fallen.

7 It also is interesting to note that from January 2000 through August 2012 (that is,
8 immediately prior to the Federal Reserve’s third round of Quantitative Easing) the SNL
9 Electric Company index and the proxy group’s P/E multiples traded at 13.00 percent and
10 10.00 percent discounts to the market, respectively. That relationship significantly
11 changed after September 2012, such that the premium averaged nearly 20.00 percent.
12 That is, although utility stocks historically have traded at a 10.00 percent to 13.00 percent
13 discount to the overall market, since the Federal Reserve began its third round of

⁵² Sources: Federal Reserve Schedule H.4.1, and Federal Reserve Bank of St. Louis “Federal Reserve Economic Data (FRED)”.

1 Quantitative Easing, the proxy group average P/E ratio traded at a 20.00 percent premium
2 to the market. There also is little question that the recent increase utility valuation levels
3 has been related to Federal monetary policy: From January 2003 through August 2012
4 the correlation between the Federal Reserve's balance sheet the proxy group P/E ratio
5 was negative 15.00 percent; from September 2012 through September 2014, it was
6 positive 75.00 percent.

7 An important analytical question, then, is whether it is reasonable to expect that
8 those high valuation levels will persist. Here, we have a situation in which Federal
9 monetary policy, a policy that currently is being "tapered", has been correlated with
10 proxy company P/E ratios that have expanded to the degree that they recently have
11 exceeded the market P/E ratio. Because it is unlikely that utility P/E ratios would exceed
12 the market in perpetuity, and given that the Constant Growth DCF model assumes that
13 P/E ratios will remain forever constant, I do not believe that it would be appropriate to
14 give that model's results undue weight in determining the Company's Cost of Equity.

15 **Q: Does your recommendation also consider the current interest rate environment?**

16 A: Yes, it does. Although it is true that current interest rates (as measured by the 30-year
17 Treasury yield) are low in the context long-term historical levels, they are above the
18 levels that prevailed in January 2013, when the Company received its existing 9.70
19 percent ROE authorization. In fact, between July 2012 and January 2013 the 30-year
20 Treasury yield averaged 2.82 percent; from March through September 2014 the average
21 yield was 3.38 percent, an increase of 56 basis points.⁵³ It is interesting to note that the
22 56 basis point increase in Treasury yields occurred despite the Federal Reserve's policy

⁵³ Source: Federal Reserve Schedule H.15.

1 of buying long-term Treasury securities (*see* Chart 2, above). Taken in that context, my
2 10.30 percent ROE recommendation reflects the general increase in interest rates since
3 the Company's last rate case, and the uncertainty surrounding the timing and means by
4 which the Federal Reserve may unwind its significant position in long-term Treasury
5 securities.

6 **Q: What conclusions do you draw from your analyses of capital market conditions?**

7 A: From an analytical perspective, it is important that the inputs and assumptions used to
8 arrive at an ROE recommendation, including assessments of capital market conditions,
9 are consistent with the recommendation itself. While I appreciate that all analyses
10 require an element of judgment, the application of that judgment must be made in the
11 context of the quantitative and qualitative information available to the analyst and the
12 capital market environment in which the analyses were undertaken. For example,
13 because the utility sector (including the proxy companies) has traded at a Price to
14 Earnings multiple well in excess of its historical average, a reasonable question becomes
15 whether those multiples will remain constant in perpetuity, as the Constant Growth DCF
16 assumes to be the case. Given the inconsistency of market data with that model's
17 fundamental assumptions, the Constant Growth DCF estimates should be viewed with
18 caution.

VIII. COST OF DEBT

19 **Q: What is the Company's Cost of Debt?**

20 A: As shown in Schedule RBH-9, the Company's Cost of Debt is 5.555 percent.

1 **Q: How does the projected cost of debt as of May 31, 2015 compare to the actual cost of**
2 **debt as of August 31, 2014 and the cost of debt used in KCP&L last rate case ER-**
3 **2012-0174?**

4 A: Consistent with KCP&L's approach in its prior rate case and approved by the
5 Commission in Case No. ER-2012-0174 in its Report and Order of January 9, 2013, the
6 Company's cost of debt is calculated based on GPE's consolidated cost of debt. The
7 projected cost of debt of 5.555 percent (as of May 31, 2015) is about the same as the
8 actual cost of debt (5.552 percent as of August 31, 2014), but 87 basis points below the
9 6.425 percent Cost of Debt approved in KCP&L's last rate case.

10 **Q: Have you assessed the Company's Cost of Debt?**

11 A: Yes, I reviewed the prevailing Bloomberg Fair Value Curves for A-rated and BBB-rated
12 utility debt concurrent with the date of issuance of the Company's debt instruments. As
13 shown Schedule RBH-10, the Company's weighted average coupon rate is consistent
14 with the prevailing yields at the times of issuance. As such, I believe the Company's
15 5.555 percent current Cost of Debt is reasonable.

IX. CAPITAL STRUCTURE AND OVERALL RATE OF RETURN

16 **Q: Please summarize the Company's requested capital structure and overall rate of**
17 **return.**

18 A: The requested capital structure components and resulting overall rate of return are
19 presented in Table 9 below:

1

Table 9: Summary of DCF Results⁵⁴

Capital Components	Ratio	Cost	Weighted Cost
Long-Term Debt	49.09%	5.555%	2.727%
Preferred Stock	0.55%	4.291%	0.024%
Common Equity	50.36%	10.30%	5.187%
Total	100.00%		7.938%

2 **Q: What is the basis for the Company's requested capital structure and overall rate of**
3 **return?**

4 A: The requested capital structure, as well as the costs for debt and preferred stock, are
5 based on GPE's projected capital structure at May 31, 2015. This data is presented in
6 more detail in Schedule RBH-9, with the May 31, 2015 summary shown on page 1 of that
7 schedule. Using the parent company's consolidated capital structure and cost of capital is
8 consistent with KCP&L's approach in its prior rate case, which was approved by the
9 Commission in Case No. ER-2012-0174 in its Report and Order of January 9, 2013.

10 **Q: What are the key differences between GPE's actual capital structure as of August**
11 **31, 2014 and the requested projected capital structure as of May 31, 2015?**

12 A: The actual GPE capital structure as of August 31, 2014, is shown on page 6 of Schedule
13 RBH-9. The key differences between the actual capital structure and the requested
14 capital structure, projected as of May 31, 2015, are as follows:

- 15 • Net Long-Term Debt is projected to decrease by \$15.4 million in
16 connection with \$15.1 million of long-term debt maturities and \$0.3
17 million of debt discount amortization.

⁵⁴ See Schedule RBH-9.

- 1 • Equity is projected to increase by \$2.5 million due to a small amount of
2 equity issued by GPE through the dividend reinvestment and direct stock
3 purchase plan and company benefit plans, plus a small increase in the
4 accumulated other comprehensive income balance offset by a small
5 decrease in retained earnings.

6 **Q: How does the capital structure affect the Cost of Equity?**

7 A: In practice, the capital structure should enable the Company to maintain or enhance its
8 financial integrity, thereby enabling access to capital at competitive rates under a variety
9 of economic and financial market conditions. The capital structure relates to financial
10 risk, which is a function of the percentage of debt relative to equity (that relationship is
11 often referred to as “financial leverage”). As the percentage of debt in the capital
12 structure increases, so do the fixed obligations for the repayment of that debt and,
13 therefore, the risk that cash flows may not be sufficient to meet those obligations on a
14 timely basis. Consequently, as the degree of financial leverage increases, the risk of
15 financial distress (*i.e.*, financial risk) also increases. Since the capital structure can affect
16 the subject company’s overall level of risk, it is an important consideration in establishing
17 a just and reasonable rate of return. Therefore, it is important to consider the capital
18 structure in light of industry practice and investor requirements.

19 **Q: Please describe your analysis of the Company’s capital structure relative to industry
20 practice.**

21 A: As a measure of industry practice, I calculated the average capital structure for each of
22 the utility operating companies held by the proxy companies over the last eight fiscal
23 quarters. As shown in Schedule RBH-11, the proxy group average capital structure over

1 that period includes 53.58 percent common equity, 46.13 percent long-term debt, and
2 0.29 percent preferred stock; the average common equity ratios (on a company-specific
3 basis) range from 46.51 percent to 62.35 percent. Based on that review, it is apparent that
4 KCP&L's capital structure is consistent with those in place at the proxy companies.

5 **Q: What is the basis for using average capital components rather than a point-in-time**
6 **measurement?**

7 A: Measuring the capital components at a particular point in time can skew the capital
8 structure by the specific circumstances of a particular period. Therefore, it is more
9 appropriate to normalize the relative relationship between the capital components over a
10 period of time.

11 **Q: What is your conclusion regarding an appropriate capital structure for KCP&L?**

12 A: Considering the range of proxy company average equity ratios from 46.51 percent to
13 62.35 percent, I believe that KCP&L's 50.36 percent common equity ratio is appropriate.

X. CONCLUSIONS AND RECOMMENDATION

14 **Q: What is your conclusion regarding the Company's Cost of Equity?**

15 A: As discussed in Section V (and as shown in Schedules RBH-1 through RBH-6), I have
16 performed several analyses to estimate KCP&L's Cost of Equity. In light of those
17 results, and taking into consideration other relevant and observable market data, I believe
18 that an ROE in the range of 10.20 percent to 10.60 percent represents the range of returns
19 required by equity investors under current and expected market conditions. Within that
20 range, it is my view that 10.30 percent is a reasonable, if not conservative estimate of the
21 Company's Cost of Equity. As discussed earlier in my testimony, my recommendation

1 reflects analytical results based on a proxy group of electric utilities, and takes into
2 consideration the Company's risk profile, including the regulatory environment in which
3 KCP&L operates, its generation portfolio, and its planned capital expenditures.

4 I also conclude that the Company's 5.555 percent Cost of Debt reflects prevailing
5 market conditions at the times of issuance, and therefore is reasonable and appropriate.
6 Lastly, I conclude that the Company's capital structure, which consists of 50.36 percent
7 common equity, 49.09 percent long-term debt, and 0.55 percent preferred stock is
8 somewhat more highly leveraged than that of its peers. The Company's proposed capital
9 structure is consistent with industry practice, and supports KCP&L's financial integrity.

10 **Q: Does this conclude your Direct Testimony?**

11 **A:** Yes, it does.

Robert B. Hevert, CFA
Managing Partner
Sussex Economic Advisors, LLC

Mr. Hevert is an economic and financial consultant with broad experience in regulated industries. He has an extensive background in the areas of corporate finance, corporate strategic planning, energy market assessment, mergers, and acquisitions, asset-based transactions, feasibility and due diligence analyses, and providing expert testimony in litigated proceedings. Mr. Hevert has significant management experience with both operating and professional services companies.

REPRESENTATIVE PROJECT EXPERIENCE

Litigation Support and Expert Testimony

Provided expert testimony and support of litigation in various regulatory proceedings on a variety of energy and economic issues including: cost of capital for ratemaking purposes; the proposed transfer of power purchase agreements; procurement of residual service electric supply; the legal separation of generation assets; merger-related synergies; assessment of economic damages; and specific financing transactions. Services provided include collaborating with counsel, business and technical staff to develop litigation strategies, preparing and reviewing discovery and briefing materials, preparing presentation materials and participating in technical sessions with regulators and intervenors.

Financial and Economic Advisory Services

Retained by numerous leading energy companies and financial institutions throughout North America to provide services relating to the strategic evaluation, acquisition, sale or development of a variety of regulated and non-regulated enterprises. Specific services have included: developing strategic and financial analyses and managing multi-faceted due diligence reviews of proposed corporate M&A counter-parties; developing, screening and recommending potential M&A transactions and facilitating discussions between senior utility executives regarding transaction strategy and structure; performing valuation analyses and financial due diligence reviews of electric generation projects, retail marketing companies, and wholesale trading entities in support of significant M&A transactions.

Specific divestiture-related services have included advising both buy and sell-side clients in transactions for physical and contractual electric generation resources. Sell-side services have included: development and implementation of key aspects of asset divestiture programs such as marketing, offering memorandum development, development of transaction terms and conditions, bid process management, bid evaluation, negotiations, and regulatory approval process. Buy-side services have included comprehensive asset screening, selection, valuation and due diligence reviews. Both buy and sell-side services have included the use of sophisticated asset valuation techniques, and the development and delivery of fairness opinions.

Specific corporate finance experience while a Vice President with Bay State Gas included: negotiation, placement and closing of both private and public long-term debt, preferred and common equity; structured and project financing; corporate cash management; financial analysis, planning and forecasting; and various aspects of investor relations.

Regulatory Analysis and Ratemaking

On behalf of electric, natural gas and combination utilities throughout North America, provided services relating to energy industry restructuring including merchant function exit, residual energy supply obligations, and stranded cost assessment and recovery. Specific services provided include: performing strategic review and development of merchant function exit strategies including analysis of provider of last

resort obligations in both electric and gas markets; and developing value optimizing strategies for physical generation assets.

Energy Market Assessment

Retained by numerous leading energy companies and financial institutions nationwide to manage or provide assessments of regional energy markets throughout the U.S. and Canada. Such assessments have included development of electric and natural gas price forecasts, analysis of generation project entry and exit scenarios, assessment of natural gas and electric transmission infrastructure, market structure and regulatory situation analysis, and assessment of competitive position. Market assessment engagements typically have been used as integral elements of business unit or asset-specific strategic plans or valuation analyses.

Resource Procurement, Contracting and Analysis

Assisted various clients in evaluating alternatives for acquiring fuel and power supplies, including the development and negotiation of energy contracts and tolling agreements. Assignments also have included developing generation resource optimization strategies. Provided advice and analyses of transition service power supply contracts in the context of both physical and contractual generation resource divestiture transactions.

Business Strategy and Operations

Retained by numerous leading North American energy companies and financial institutions nationwide to provide services relating to the development of strategic plans and planning processes for both regulated and non-regulated enterprises. Specific services provided include: developing and implementing electric generation strategies and business process redesign initiatives; developing market entry strategies for retail and wholesale businesses including assessment of asset-based marketing and trading strategies; and facilitating executive level strategic planning retreats. As Vice President, of Bay State was responsible for the company's strategic planning and business development processes, played an integral role in developing the company's non-regulated marketing affiliate, EnergyUSA, and managed the company's non-regulated investments, partnerships and strategic alliances.

PROFESSIONAL HISTORY

Sussex Economic Advisors, LLC (2012 – Present)

Managing Partner

Concentric Energy Advisors, Inc. (2002 – 2012)

President

Navigant Consulting, Inc. (1997 – 2001)

Managing Director (2000 – 2001)

Director (1998 – 2000)

Vice President, REED Consulting Group (1997 – 1998)

Bay State Gas Company (now Columbia Gas Company of Massachusetts) (1987 – 1997)

Vice President and Assistant Treasurer

Boston College (1986 – 1987)

Financial Analyst

General Telephone Company of the South (1984 – 1986)

Revenue Requirements Analyst

EDUCATION

M.B.A., University of Massachusetts at Amherst, 1984
B.S., University of Delaware, 1982

DESIGNATIONS AND PROFESSIONAL AFFILIATIONS

Chartered Financial Analyst, 1991
Association for Investment Management and Research
Boston Security Analyst Society

PUBLICATIONS/PRESENTATIONS

Has made numerous presentations throughout the United States and Canada on several topics, including:

- Generation Asset Valuation and the Use of Real Options
 - Retail and Wholesale Market Entry Strategies
 - The Use Strategic Alliances in Restructured Energy Markets
 - Gas Supply and Pipeline Infrastructure in the Northeast Energy Markets
 - Nuclear Asset Valuation and the Divestiture Process
-

AVAILABLE UPON REQUEST

Extensive client and project listings, and specific references.

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Regulatory Commission of Alaska				
ENSTAR Natural Gas Company	08/14	ENSTAR Natural Gas Company	Matter No. TA 262-4	Return on Equity
Arizona Corporation Commission				
Southwest Gas Corporation	11/10	Southwest Gas Corporation	Docket No. G-01551A-10-0458	Return on Equity
Arkansas Public Service Commission				
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkansas Gas	01/07	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkansas Gas	Docket No. 06-161-U	Return on Equity
California Public Utilities Commission				
Southwest Gas Corporation	12/12	Southwest Gas Corporation	Docket No. A-12-12-024	Return on Equity
Colorado Public Utilities Commission				
Xcel Energy, Inc.	06/14	Public Service Company of Colorado	Docket No. 14AL-0660E	Return on Equity (electric)
Xcel Energy, Inc.	12/12	Public Service Company of Colorado	Docket No. 12AL-1268G	Return on Equity (gas)
Xcel Energy, Inc.	11/11	Public Service Company of Colorado	Docket No. 11AL-947E	Return on Equity (electric)
Xcel Energy, Inc.	12/10	Public Service Company of Colorado	Docket No. 10AL-963G	Return on Equity (electric)
Atmos Energy Corporation	07/09	Atmos Energy Colorado-Kansas Division	Docket No. 09AL-507G	Return on Equity (gas)
Xcel Energy, Inc.	12/06	Public Service Company of Colorado	Docket No. 06S-656G	Return on Equity (gas)
Xcel Energy, Inc.	04/06	Public Service Company of Colorado	Docket No. 06S-234EG	Return on Equity (electric)
Xcel Energy, Inc.	08/05	Public Service Company of Colorado	Docket No. 05S-369ST	Return on Equity (steam)

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Xcel Energy, Inc.	05/05	Public Service Company of Colorado	Docket No. 05S-246G	Return on Equity (gas)
Connecticut Public Utilities Regulatory Authority				
Connecticut Light and Power Company	06/14	Connecticut Light and Power Company	Docket No. 14-05--06	Return on Equity
Southern Connecticut Gas Company	09/08	Southern Connecticut Gas Company	Docket No. 08-08-17	Return on Equity
Southern Connecticut Gas Company	12/07	Southern Connecticut Gas Company	Docket No. 05-03-17PH02	Return on Equity
Connecticut Natural Gas Corporation	12/07	Connecticut Natural Gas Corporation	Docket No. 06-03-04PH02	Return on Equity
Delaware Public Service Commission				
Delmarva Power & Light Company	03/13	Delmarva Power & Light Company	Case No. 13-115	Return on Equity
Delmarva Power & Light Company	12/12	Delmarva Power & Light Company	Case No. 12-546	Return on Equity
Delmarva Power & Light Company	03/12	Delmarva Power & Light Company	Case No. 11-528	Return on Equity
District of Columbia Public Service Commission				
Potomac Electric Power Company	03/13	Potomac Electric Power Company	Formal Case No. FC1103-2013-E	Return on Equity
Potomac Electric Power Company	07/11	Potomac Electric Power Company	Formal Case No. FC1087	Return on Equity
Federal Energy Regulatory Commission				
Public Service Company of New Mexico	12/12	Public Service Company of New Mexico	Docket No. ER13-685-000	Return on Equity
Public Service Company of New Mexico	10/10	Public Service Company of New Mexico	Docket No. ER11-1915-000	Return on Equity
Portland Natural Gas Transmission System	05/10	Portland Natural Gas Transmission System	Docket No. RP10-729-000	Return on Equity

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Florida Gas Transmission Company, LLC	10/09	Florida Gas Transmission Company, LLC	Docket No. RP10-21-000	Return on Equity
Maritimes and Northeast Pipeline, LLC	07/09	Maritimes and Northeast Pipeline, LLC	Docket No. RP09-809-000	Return on Equity
Spectra Energy	02/08	Saltville Gas Storage	Docket No. RP08-257-000	Return on Equity
Panhandle Energy Pipelines	08/07	Panhandle Energy Pipelines	Docket No. PL07-2-000	Response to draft policy statement regarding inclusion of MLPs in proxy groups for determination of gas pipeline ROEs
Southwest Gas Storage Company	08/07	Southwest Gas Storage Company	Docket No. RP07-541-000	Return on Equity
Southwest Gas Storage Company	06/07	Southwest Gas Storage Company	Docket No. RP07-34-000	Return on Equity
Sea Robin Pipeline LLC	06/07	Sea Robin Pipeline LLC	Docket No. RP07-513-000	Return on Equity
Transwestern Pipeline Company	09/06	Transwestern Pipeline Company	Docket No. RP06-614-000	Return on Equity
GPU International and Aquila	11/00	GPU International	Docket No. EC01-24-000	Market Power Study
Florida Public Service Commission				
Tampa Electric Company	04/13	Tampa Electric Company	Docket No. 130040-EI	Return on Equity
Georgia Public Service Commission				
Atlanta Gas Light Company	05/10	Atlanta Gas Light Company	Docket No. 31647-U	Return on Equity
Hawaii Public Utilities Commission				
Hawaiian Electric Company, inc.	06/14	Hawaiian Electric Light Company	Docket No. 2013-0373	Return on Equity
Hawaii Electric Light Company	08/12	Hawaiian Electric Light Company	Docket No. 2012-0099	Return on Equity
Illinois Commerce Commission				
Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities	03/14	Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities	Docket No. 14-0371	Return on Equity

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Ameren Illinois Company d/b/a Ameren Illinois	01/13	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 13-0192	Return on Equity
Ameren Illinois Company d/b/a Ameren Illinois	02/11	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 11-0279	Return on Equity (electric)
Ameren Illinois Company d/b/a Ameren Illinois	02/11	Ameren Illinois Company d/b/a Ameren Illinois	Docket No. 11-0282	Return on Equity (gas)
Indiana Utility Regulatory Commission				
Northern Indiana Public Service Company	05/09	Northern Indiana Public Service Company	Cause No. 43894	
Maine Public Utilities Commission				
Central Maine Power Company	06/11	Central Maine Power Company	Docket No. 2010-327	Response to Bench Analysis provided by Commission Staff relating to the Company's credit and collections processes
Maryland Public Service Commission				
Potomac Electric Power Company	12/13	Potomac Electric Power Company	Case No. 9336	Return on Equity
Delmarva Power & Light Company	03/13	Delmarva Power & Light Company	Case No. 9317	Return on Equity
Potomac Electric Power Company	11/12	Potomac Electric Power Company	Case No. 9311	Return on Equity
Potomac Electric Power Company	12/11	Potomac Electric Power Company	Case No. 9286	Return on Equity
Delmarva Power & Light Company	12/11	Delmarva Power & Light Company	Case No. 9285	Return on Equity
Delmarva Power & Light Company	12/10	Delmarva Power & Light Company	Case No. 9249	Return on Equity
Massachusetts Department of Public Utilities				
Fitchburg Gas and Electric Light Company d/b/a Unitil	07/13	Fitchburg Gas and Electric Light Company d/b/a Unitil	DPU 13-90	Return on Equity

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Bay State Gas Company d/b/a Columbia Gas of Massachusetts	04/12	Bay State Gas Company d/b/a Columbia Gas of Massachusetts	DPU 12-25	Capital Cost Recovery
National Grid	08/09	Massachusetts Electric Company d/b/a National Grid	DPU 09-39	Revenue Decoupling and Return on Equity
National Grid	08/09	Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid	DPU 09-38	Return on Equity – Solar Generation
Bay State Gas Company	04/09	Bay State Gas Company	DPU 09-30	Return on Equity
NSTAR Electric	09/04	NSTAR Electric	DTE 04-85	Divestiture of Power Purchase Agreement
NSTAR Electric	08/04	NSTAR Electric	DTE 04-78	Divestiture of Power Purchase Agreement
NSTAR Electric	07/04	NSTAR Electric	DTE 04-68	Divestiture of Power Purchase Agreement
NSTAR Electric	07/04	NSTAR Electric	DTE 04-61	Divestiture of Power Purchase Agreement
NSTAR Electric	06/04	NSTAR Electric	DTE 04-60	Divestiture of Power Purchase Agreement
Unitil Corporation	01/04	Fitchburg Gas and Electric	DTE 03-52	Integrated Resource Plan; Gas Demand Forecast
Bay State Gas Company	01/93	Bay State Gas Company	DPU 93-14	Divestiture of Shelf Registration
Bay State Gas Company	01/91	Bay State Gas Company	DPU 91-25	Divestiture of Shelf Registration
Minnesota Public Utilities Commission				
Xcel Energy, Inc.	11/13	Northern States Power Company	Docket No. E002/GR-13-868	Return on Equity
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas	08/13	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas	Docket No. G-008/GR-13-316	Return on Equity

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Xcel Energy, Inc.	11/12	Northern States Power Company	Docket No. E002/GR-12-961	Return on Equity
Otter Tail Power Corporation	04/10	Otter Tail Power Company	Docket No. E-017/GR-10-239	Return on Equity
Minnesota Power a division of ALLETE, Inc.	11/09	Minnesota Power	Docket No. E-015/GR-09-1151	Return on Equity
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas	11/08	CenterPoint Energy Minnesota Gas	Docket No. G-008/GR-08-1075	Return on Equity
Otter Tail Power Corporation	10/07	Otter Tail Power Company	Docket No. E-017/GR-07-1178	Return on Equity
Xcel Energy, Inc.	11/05	Northern States Power Company - Minnesota	Docket No. E-002/GR-05-1428	Return on Equity (electric)
Xcel Energy, Inc.	09/04	Northern States Power Company - Minnesota	Docket No. G-002/GR-04-1511	Return on Equity (gas)
Mississippi Public Service Commission				
CenterPoint Energy Resources, Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Mississippi Gas	07/09	CenterPoint Energy Mississippi Gas	Docket No. 09-UN-334	Return on Equity
Missouri Public Service Commission				
Union Electric Company d/b/a Ameren Missouri	07/14	Union Electric Company d/b/a Ameren Missouri	Case No. GR-2014-0258	Return on Equity (electric)
Union Electric Company d/b/a Ameren Missouri	06/14	Union Electric Company d/b/a Ameren Missouri	Case No. EC-2014-0223	Return on Equity (electric)
Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities	02/14	Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities	Case No. GR-2014-0152	Return on Equity
Laclede Gas Company	12/12	Laclede Gas Company	Case No. GR-2013-0171	Return on Equity
Union Electric Company d/b/a Ameren Missouri	02/12	Union Electric Company d/b/a Ameren Missouri	Case No. ER-2012-0166	Return on Equity (electric)

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Union Electric Company d/b/a AmerenUE	09/10	Union Electric Company d/b/a AmerenUE	Case No. ER-2011-0028	Return on Equity (electric)
Union Electric Company d/b/a AmerenUE	06/10	Union Electric Company d/b/a AmerenUE	Case No. GR-2010-0363	Return on Equity (gas)
Montana Public Service Commission				
Northwestern Corporation	09/12	Northwestern Corporation d/b/a Northwestern Energy	Docket No. D2012.9.94	Return on Equity (gas)
Nevada Public Utilities Commission				
Southwest Gas Corporation	04/12	Southwest Gas Corporation	Docket No. 12-04005	Return on Equity (gas)
Nevada Power Company	06/11	Nevada Power Company	Docket No. 11-06006	Return on Equity (electric)
New Hampshire Public Utilities Commission				
Liberty Utilities d/b/a EnergyNorth Natural Gas	08/14	Liberty Utilities d/b/a EnergyNorth Natural Gas	Docket No. DG 14-180	Return on Equity
Liberty Utilities d/b/a Granite State Electric Company	03/13	Liberty Utilities d/b/a Granite State Electric Company	Docket No. DE 13-063	Return on Equity
EnergyNorth Natural Gas d/b/a National Grid NH	02/10	EnergyNorth Natural Gas d/b/a National Grid NH	Docket No. DG 10-017	Return on Equity
Unitil Energy Systems, Inc. ("Unitil"), EnergyNorth Natural Gas, Inc. d/b/a National Grid NH, Granite State Electric Company d/b/a National Grid, and Northern Utilities, Inc. – New Hampshire Division	08/08	Unitil Energy Systems, Inc. ("Unitil"), EnergyNorth Natural Gas, Inc. d/b/a National Grid NH, Granite State Electric Company d/b/a National Grid, and Northern Utilities, Inc. – New Hampshire Division	Docket No. DG 07-072	Carrying Charge Rate on Cash Working Capital
New Jersey Board of Public Utilities				
Pepco Holdings, Inc.	04/14	Atlantic City Electric Company	Docket No. ER14030245	Return on Equity
Orange and Rockland Utilities	11/13	Rockland Electric Company	Docket No. ER13111135	Return on Equity
Atlantic City Electric Company	12/12	Atlantic City Electric Company	Docket No. ER12121071	Return on Equity
Atlantic City Electric Company	08/11	Atlantic City Electric Company	Docket No. ER11080469	Return on Equity

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Pepco Holdings, Inc.	09/06	Atlantic City Electric Company	Docket No. EM06090638	Divestiture and Valuation of Electric Generating Assets
Pepco Holdings, Inc.	12/05	Atlantic City Electric Company	Docket No. EM05121058	Market Value of Electric Generation Assets; Auction
Conectiv	06/03	Atlantic City Electric Company	Docket No. EO03020091	Market Value of Electric Generation Assets; Auction Process
New Mexico Public Regulation Commission				
Southwestern Public Service Company	02/11	Southwestern Public Service Company	Case No. 10-00395-UT	Return on Equity (electric)
Public Service Company of New Mexico	06/10	Public Service Company of New Mexico	Case No. 10-00086-UT	Return on Equity (electric)
Public Service Company of New Mexico	09/08	Public Service Company of New Mexico	Case No. 08-00273-UT	Return on Equity (electric)
Xcel Energy, Inc.	07/07	Southwestern Public Service Company	Case No. 07-00319-UT	Return on Equity (electric)
New York State Public Service Commission				
Consolidated Edison Company of New York, Inc.	01/13	Consolidated Edison Company of New York, Inc.	Case No. 13-E-0030	Return on Equity (electric)
Niagara Mohawk Corporation d/b/a National Grid for Electric Service	04/12	Niagara Mohawk Corporation d/b/a National Grid for Electric Service	Case No. 12-E-0201	Return on Equity (electric)
Niagara Mohawk Corporation d/b/a National Grid for Gas Service	04/12	Niagara Mohawk Corporation d/b/a National Grid for Gas Service	Case No. 12-G-0202	Return on Equity (gas)
Orange and Rockland Utilities, Inc.	07/11	Orange and Rockland Utilities, Inc.	Case No. 11-E-0408	Return on Equity (electric)
Orange and Rockland Utilities, Inc.	07/10	Orange and Rockland Utilities, Inc.	Case No. 10-E-0362	Return on Equity (electric)

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Consolidated Edison Company of New York, Inc.	11/09	Consolidated Edison Company of New York, Inc.	Case No. 09-G-0795	Return on Equity (gas)
Consolidated Edison Company of New York, Inc.	11/09	Consolidated Edison Company of New York, Inc.	Case No. 09-S-0794	Return on Equity (steam)
Niagara Mohawk Power Corporation	07/01	Niagara Mohawk Power Corporation	Case No. 01-E-1046	Power Purchase and Sale Agreement; Standard Offer Service Agreement
North Carolina Utilities Commission				
Duke Energy Carolinas, LLC	02/13	Duke Energy Carolinas, LLC	Docket No. E-7, Sub 1026	Return on Equity
Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.	10/12	Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.	Docket No. E-2, Sub 1023	Return on Equity
Virginia Electric and Power Company d/b/a Dominion North Carolina Power	03/12	Virginia Electric and Power Company d/b/a Dominion North Carolina Power	Docket No. E-22, Sub 479	Return on Equity (electric)
Duke Energy Carolinas, LLC	07/11	Duke Energy Carolinas, LLC	Docket No. E-7, Sub 989	Return on Equity (electric)
North Dakota Public Service Commission				
Otter Tail Power Company	11/08	Otter Tail Power Company	Docket No. 08-862	Return on Equity (electric)
Oklahoma Corporation Commission				
Oklahoma Gas & Electric Company	07/11	Oklahoma Gas & Electric Company	Cause No. PUD201100087	Return on Equity
CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Oklahoma Gas	03/09	CenterPoint Energy Oklahoma Gas	Cause No. PUD200900055	Return on Equity

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Pennsylvania Public Utility Commission				
Pike County Light & Power Company	01/14	Pike County Light & Power Company	Docket No. R-2013-2397237	Return on Equity (electric & gas)
Veolia Energy Philadelphia, Inc.	12/13	Veolia Energy Philadelphia, Inc.	Docket No. R-2013-2386293	Return on Equity (steam)
Rhode Island Public Utilities Commission				
The Narragansett Electric Company d/b/a National Grid	04/12	The Narragansett Electric Company d/b/a National Grid	Docket No. 4323	Return on Equity (electric & gas)
National Grid RI – Gas	08/08	National Grid RI – Gas	Docket No. 3943	Revenue Decoupling and Return on Equity
South Carolina Public Service Commission				
Duke Energy Carolinas, LLC	03/13	Duke Energy Carolinas, LLC	Docket No. 2013-59-E	Return on Equity
South Carolina Electric & Gas	06/12	South Carolina Electric & Gas	Docket No. 2012-218-E	Return on Equity
Duke Energy Carolinas, LLC	08/11	Duke Energy Carolinas, LLC	Docket No. 2011-271-E	Return on Equity
South Carolina Electric & Gas	03/10	South Carolina Electric & Gas	Docket No. 2009-489-E	Return on Equity
South Dakota Public Utilities Commission				
Otter Tail Power Company	08/10	Otter Tail Power Company	Docket No. EL10-011	Return on Equity (electric)
Northern States Power Company	06/09	South Dakota Division of Northern States Power	Docket No. EL09-009	Return on Equity (electric)
Otter Tail Power Company	10/08	Otter Tail Power Company	Docket No. EL08-030	Return on Equity (electric)
Texas Public Utility Commission				
Sharyland Utilities, L.P.	05/13	Sharyland Utilities, L.P.	Docket No. 41474	Return on Equity
Wind Energy Texas Transmission, LLC	08/12	Wind Energy Texas Transmission, LLC	Docket No. 40606	Return on Equity
Southwestern Electric Power Company	07/12	Southwestern Electric Power Company	Docket No. 40443	Return on Equity

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Oncor Electric Delivery Company, LLC	01/11	Oncor Electric Delivery Company, LLC	Docket No. 38929	Return on Equity
Texas-New Mexico Power Company	08/10	Texas-New Mexico Power Company	Docket No. 38480	Return on Equity (electric)
CenterPoint Energy Houston Electric LLC	06/10	CenterPoint Energy Houston Electric LLC	Docket No. 38339	Return on Equity
Xcel Energy, Inc.	05/10	Southwestern Public Service Company	Docket No. 38147	Return on Equity (electric)
Texas-New Mexico Power Company	08/08	Texas-New Mexico Power Company	Docket No. 36025	Return on Equity (electric)
Xcel Energy, Inc.	05/06	Southwestern Public Service Company	Docket No. 32766	Return on Equity (electric)
Texas Railroad Commission				
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas	07/12	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas	GUD 10182	Return on Equity
Atmos Energy Corporation – West Texas Division	06/12	Atmos Energy Corporation – West Texas Division	GUD 10175	Return on Equity
Atmos Energy Corporation – Mid-Texas Division	06/12	Atmos Energy Corporation – Mid-Texas Division	GUD 10171	Return on Equity
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas	12/10	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas	GUD 10038	Return on Equity
Atmos Pipeline - Texas	09/10	Atmos Pipeline - Texas	GUD 10000	Return on Equity

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas	07/09	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas	GUD 9902	Return on Equity
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Texas Gas	03/08	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Texas Gas	GUD 9791	Return on Equity
Utah Public Service Commission				
Questar Gas Company	12/07	Questar Gas Company	Docket No. 07-057-13	Return on Equity
Vermont Public Service Board				
Central Vermont Public Service Corporation; Green Mountain Power	02/12	Central Vermont Public Service Corporation; Green Mountain Power	Docket No. 7770	Merger Policy
Central Vermont Public Service Corporation	12/10	Central Vermont Public Service Corporation	Docket No. 7627	Return on Equity (electric)
Green Mountain Power	04/06	Green Mountain Power	Docket Nos. 7175 and 7176	Return on Equity (electric)
Vermont Gas Systems, Inc.	12/05	Vermont Gas Systems	Docket Nos. 7109 and 7160	Return on Equity (gas)
Virginia State Corporation Commission				
Virginia Electric and Power Company	03/13	Virginia Electric and Power Company	Case No. PUE-2013-00020	Return on Equity
Virginia Natural Gas, Inc.	02/11	Virginia Natural Gas, Inc.	Case No. PUE-2010-00142	Capital Structure
Columbia Gas Of Virginia, Inc.	06/06	Columbia Gas Of Virginia, Inc.	Case No. PUE-2005-00098	Merger Synergies
Dominion Resources	10/01	Virginia Electric and Power Company	Case No. PUE000584	Corporate Structure and Electric Generation Strategy

Expert Report

United States District Court, Western District of Texas, Austin Division				
Southwestern Public Service Company	02/12	Southwestern Public Service Company	C.A. No. A-09-CA-917-SS	PURPA and FERC regulations



A TRUSTED ENERGY PARTNER



Investor Presentation
August 2014

Forward-Looking Statement

Statements made in this presentation that are not based on historical facts are forward-looking, may involve risks and uncertainties, and are intended to be as of the date when made. Forward-looking statements include, but are not limited to, the outcome of regulatory proceedings, cost estimates of capital projects and other matters affecting future operations. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Great Plains Energy and KCP&L are providing a number of important factors that could cause actual results to differ materially from the provided forward-looking information. These important factors include: future economic conditions in regional, national and international markets and their effects on sales, prices and costs; prices and availability of electricity in regional and national wholesale markets; market perception of the energy industry, Great Plains Energy and KCP&L; changes in business strategy, operations or development plans; the outcome of contract negotiations for goods and services; effects of current or proposed state and federal legislative and regulatory actions or developments, including, but not limited to, deregulation, re-regulation and restructuring of the electric utility industry; decisions of regulators regarding rates the companies can charge for electricity; adverse changes in applicable laws, regulations, rules, principles or practices governing tax, accounting and environmental matters including, but not limited to, air and water quality; financial market conditions and performance including, but not limited to, changes in interest rates and credit spreads and in availability and cost of capital and the effects on nuclear decommissioning trust and pension plan assets and costs; impairments of long-lived assets or goodwill; credit ratings; inflation rates; effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments; impact of terrorist acts, including but not limited to cyber terrorism; ability to carry out marketing and sales plans; weather conditions including, but not limited to, weather-related damage and their effects on sales, prices and costs; cost, availability, quality and deliverability of fuel; the inherent uncertainties in estimating the effects of weather, economic conditions and other factors on customer consumption and financial results; ability to achieve generation goals and the occurrence and duration of planned and unplanned generation outages; delays in the anticipated in-service dates and cost increases of generation, transmission, distribution or other projects; Great Plains Energy's ability to successfully manage transmission joint venture; the inherent risks associated with the ownership and operation of a nuclear facility including, but not limited to, environmental, health, safety, regulatory and financial risks; workforce risks, including, but not limited to, increased costs of retirement, health care and other benefits; and other risks and uncertainties.

This list of factors is not all-inclusive because it is not possible to predict all factors. Other risk factors are detailed from time to time in Great Plains Energy's and KCP&L's quarterly reports on Form 10-Q and annual report on Form 10-K filed with the Securities and Exchange Commission. Each forward-looking statement speaks only as of the date of the particular statement. Great Plains Energy and KCP&L undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Recent Events

Financial Review

- ❑ Second quarter 2014 earnings per share of \$0.34 compared with \$0.41 in 2013
- ❑ June 30, 2014 year to date earnings per share of \$0.49 compared with \$0.58 in 2013
- ❑ Reaffirmed 2014 earnings per share guidance range of \$1.60 - \$1.75

Operations

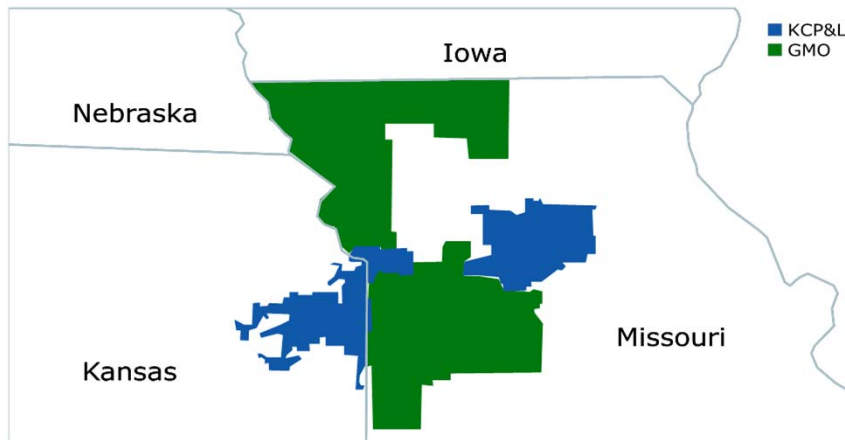
- ❑ Major construction on La Cygne environmental upgrade is nearing completion
- ❑ Executed power purchase agreement for 150 MW of new wind

Regulatory

- ❑ Kansas Corporation Commission issued order in abbreviated rate case for La Cygne environmental upgrade in docket 14-KCPE-272-RTS
 - \$11.5 million annual retail rate increase effective July 25, 2014
- ❑ Filed request with KCC with proposed general rate case schedule in 2015
 - Includes request to use budgeted project expenditures and to defer depreciation on La Cygne environmental upgrade
- ❑ In Missouri, KCP&L filed a 60 day notice of intent to file a general rate case after September 1, 2014 in docket ER-2014-0370

Solid Vertically Integrated Midwest Utilities

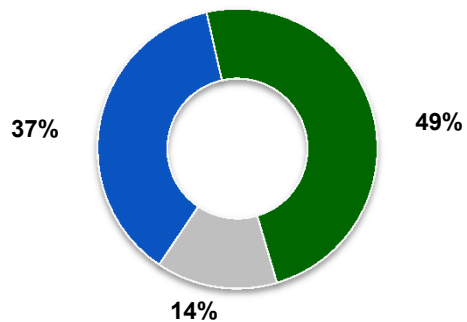
Service Territories: KCP&L and GMO



Business Highlights

- Solid Midwest fully regulated electric utility operating under the KCP&L brand
- Company attributes
 - Regulated operations in Kansas and Missouri
 - ~835,900 customers / ~3,000 employees
 - ~6,600 MW of primarily low-cost coal baseload generation
 - ~3,700 circuit miles of transmission lines; ~22,400 circuit miles of distribution lines
 - ~\$9.8 billion in assets at 2013YE
 - ~\$5.7 billion in rate base

2013 Retail MWh Sold by Customer Type

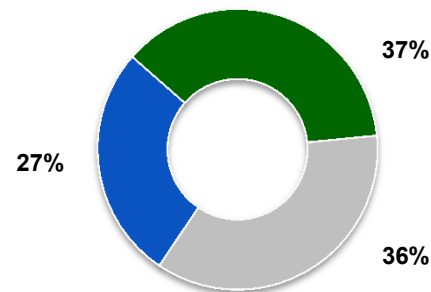


■ Residential ■ Commercial ■ Industrial

Total: ~ 23,031 MWhs¹

¹ In thousands

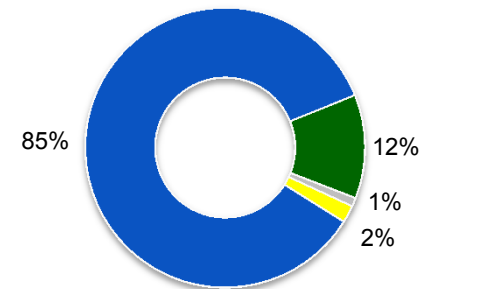
2013 Retail MWh Sales by Jurisdiction



■ Kansas ■ Missouri (KCP&L) ■ GMO

Total: ~ 23,031 MWhs¹

2013 MWh Generated by Fuel Type



■ Coal ■ Nuclear ■ Natural Gas and oil ■ Wind

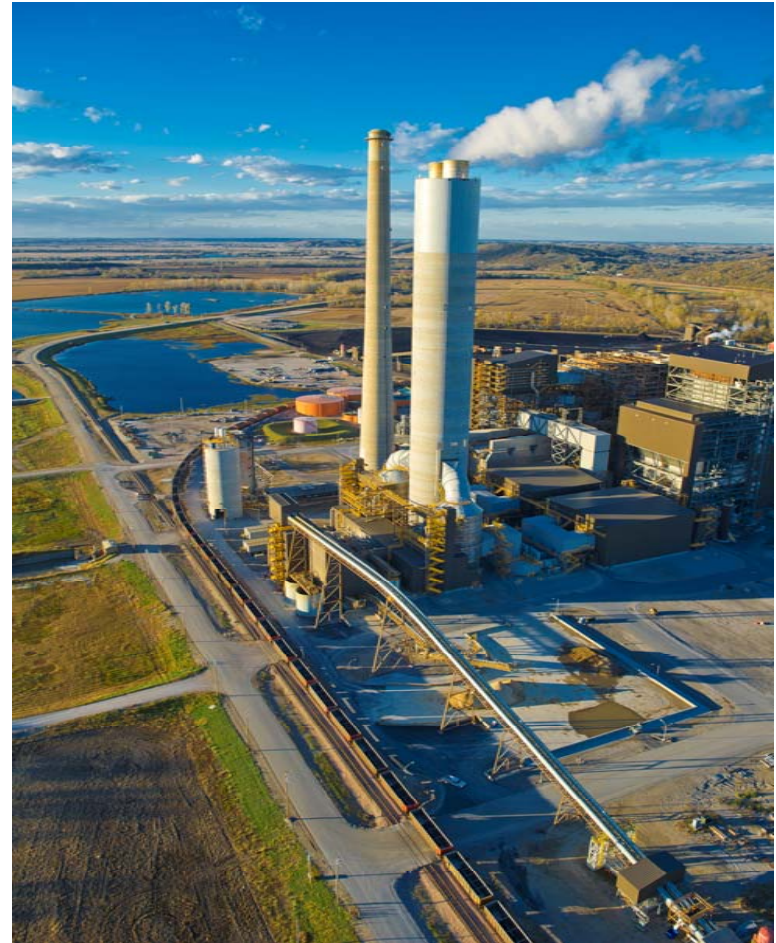
Total: ~ 27,165 MWhs¹

Investment Thesis

- Solid track record of execution and constructive regulatory treatment
- Focused on providing competitive total shareholder returns through earnings growth and a competitive dividend
- Flexible investment opportunities with improved risk profile
- Well positioned on the environmental investment curve
- Expect growing competitive transmission opportunities through Transource Energy, LLC

Track Record of Performance: Expanded Generation Capacity

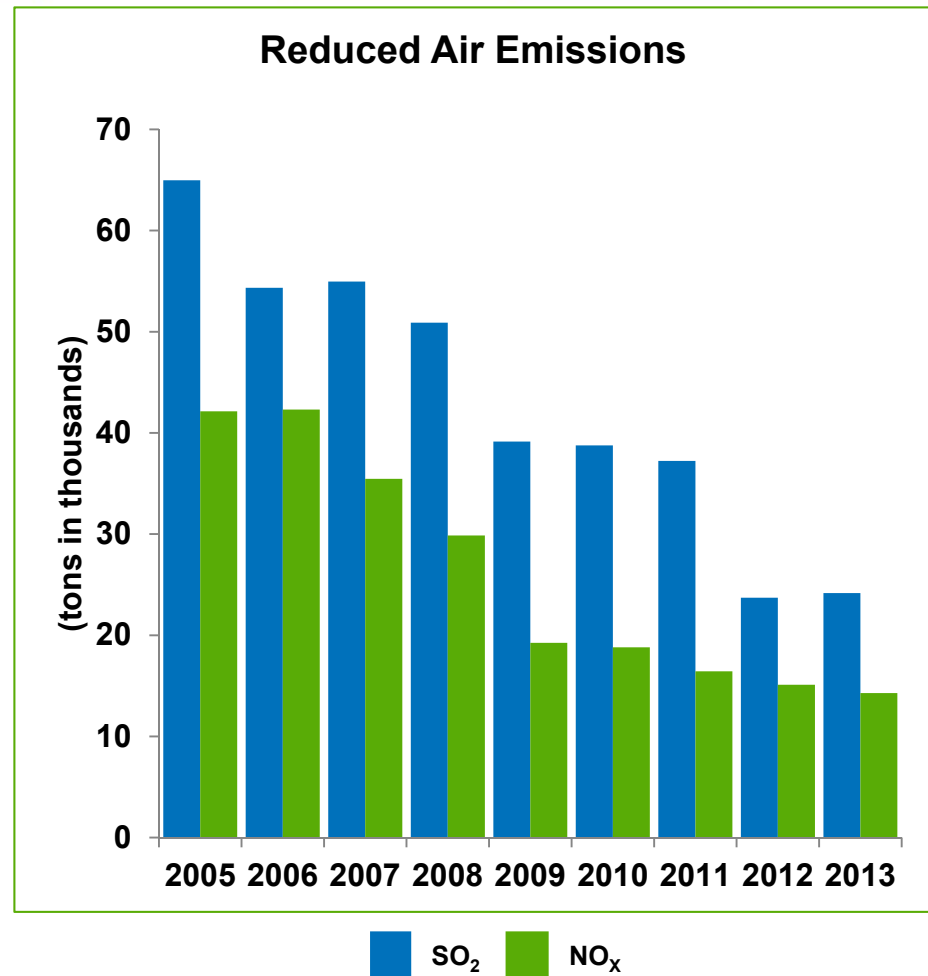
- Since 2005:
 - Increased baseload generation capacity by 56%
 - Added Iatan 2 to our fleet, a state-of-the-art coal fired power plant, providing flexibility to evaluate capacity additions and potential unit retirements



Iatan 2, an 850-megawatt coal fired power plant recognized as the most efficient power plant in the U.S. by GP Strategies

Track Record of Performance: Improved Environmental Footprint

- Since 2005, invested approximately \$1 billion on state-of-the-art emission controls
- Additional \$700 million in investments, with clear timeline for compliance, for air emission controls
- Providing customers with affordable, reliable energy while also improving regional air quality



2005 – 2013: Reduced SO₂ and NO_x emissions by 63%

Track Record of Performance: Regulatory Track Record

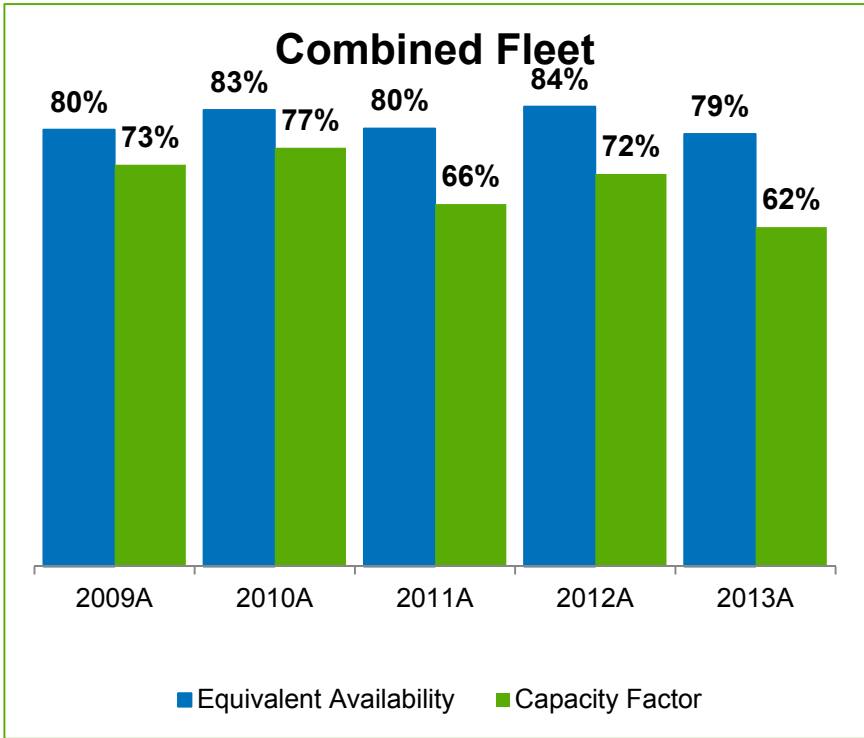
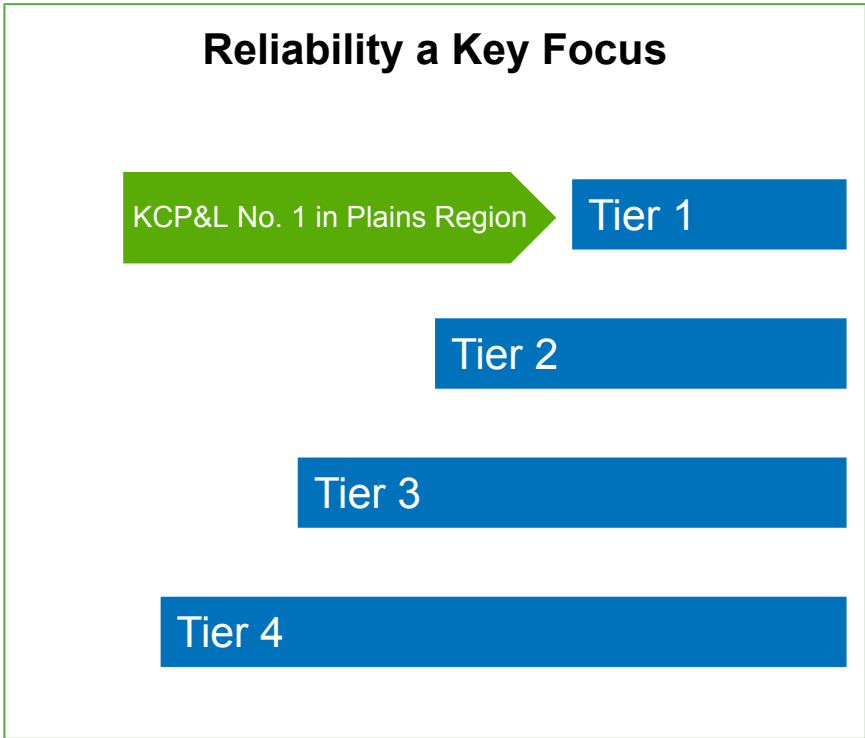
- Since 2005:
 - Increased rate base by approximately 169%
 - Authorized revenue increases of over \$700 million
- Competitive retail rates on regional and national level

Recovery Mechanism	KCP&L Kansas	KCP&L Missouri	GMO
Energy Cost Adjustment Rider (KS) / Fuel Adjustment Clause Rider (MO)	√	Will request in 2015 rate case	√
Property Tax Surcharge Rider	√		
Energy Efficiency Cost Recovery Rider	√		
Pension and OPEB Tracker	√	√	√
Demand-Side Programs Investment Mechanism (KCP&L: Rider / GMO: Tracker)		√	√
Renewable Energy Standards Tracker		√	√
Predetermination (La Cygne)	√		
Construction Work in Progress in rate base (La Cygne)	√		
Abbreviated rate case	√		

Track Record of Performance: Operational Excellence

In 2013, awarded the most reliable utility for the Plains Region for seven consecutive years

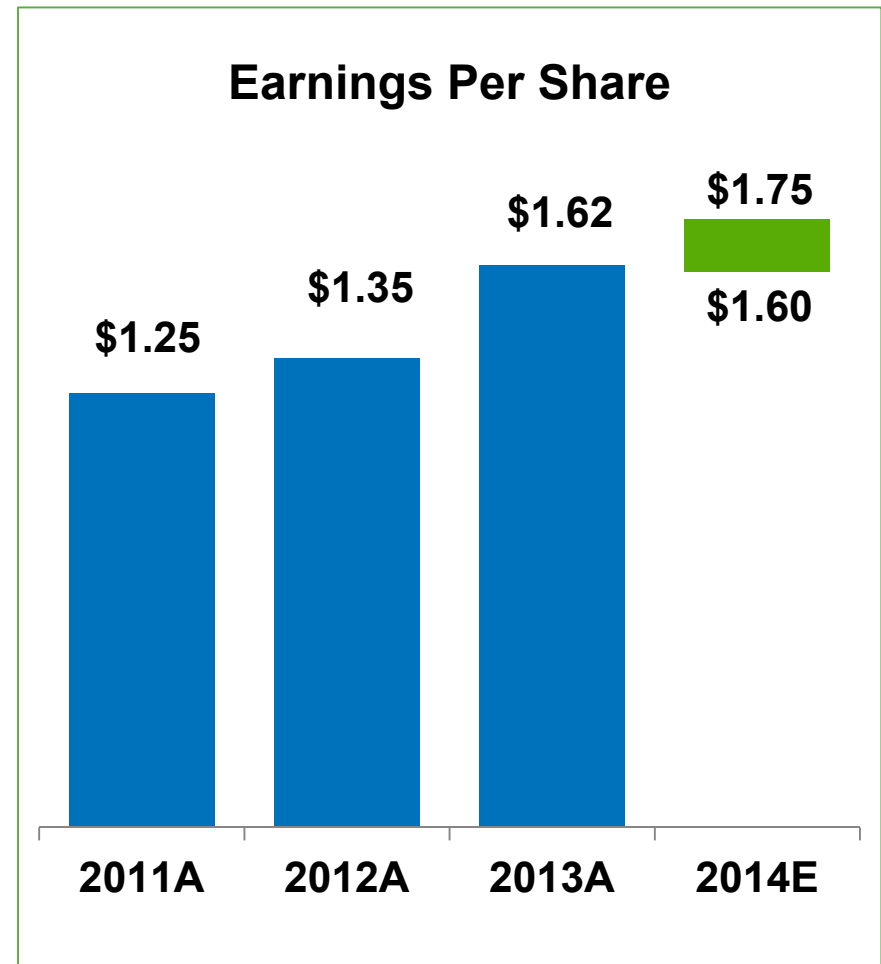
Targeting modest improvements in generation fleet to improve unit availability and performance



Focused on top tier customer satisfaction and operational excellence

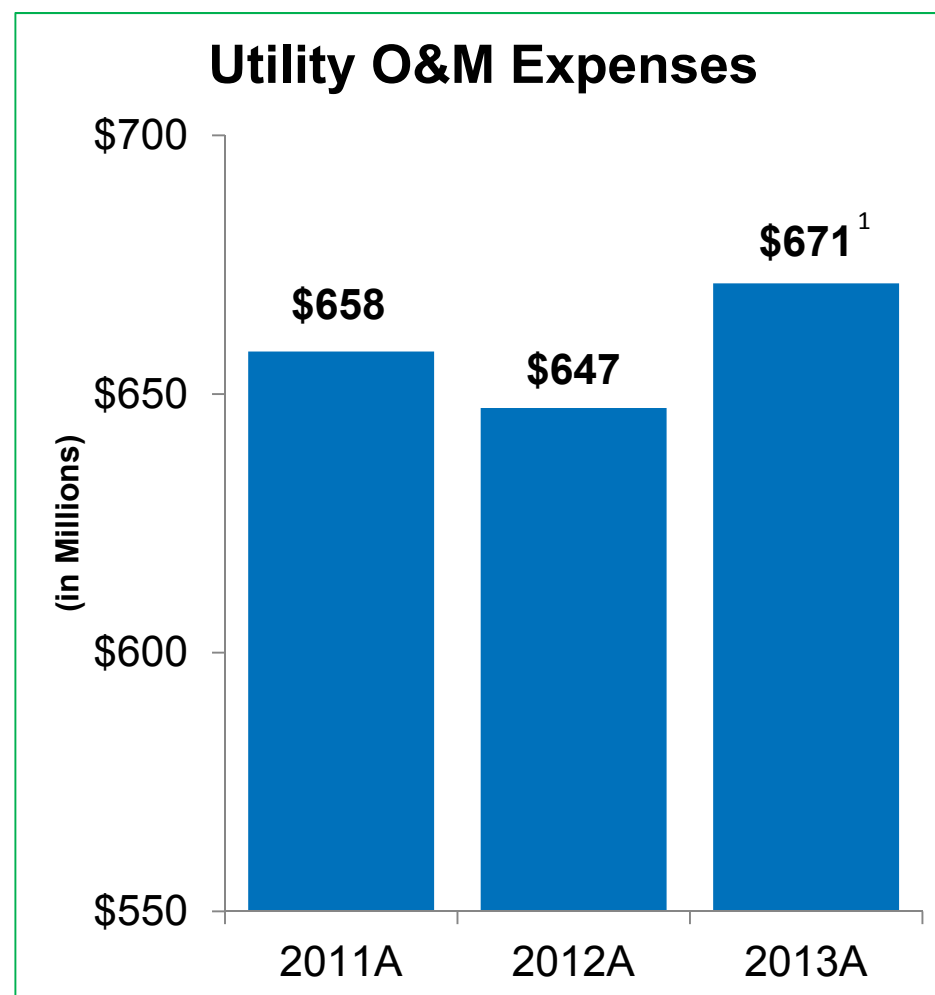
Track Record of Performance: Improved Financial Profile

- Earnings per share increased 20% from 2012 to 2013
- Focusing on diligently managing costs
- Reducing regulatory lag through cost recovery mechanisms



Solid TSR Opportunities Ahead with Flexibility: Focused on Reducing Lag

- Pursuit of legislative initiatives and regulatory mechanisms to reduce regulatory lag
- Reduced headcount over 9% since 2008 and will continue to manage through attrition
- Tight management of O&M cost without revenue offset in line with our view of demand



¹ Approximately \$22 million of the \$24 million increase in 2013 was due to regulatory amortizations, pension trackers and energy efficiency expenses that are recovered in retail rates

Solid TSR Opportunities Ahead with Flexibility: Long-Term Growth Targets

Strategy – To provide Safe and Reliable Service to Our Customers at a Reasonable Cost and Deliver Competitive Total Shareholder Returns

Targeting Earnings Growth

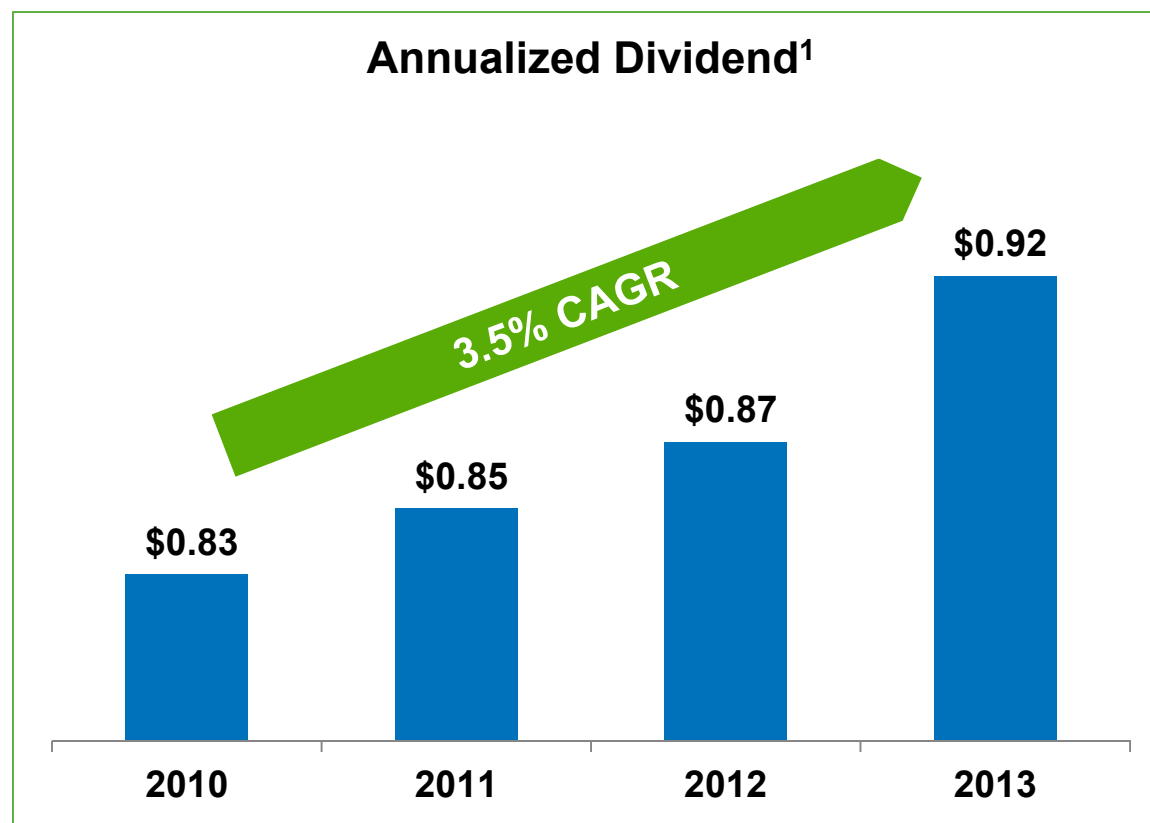
- **Near-term (2014 - 2016)**
 - Compounding annual EPS growth of 4% - 6%
 - Compounding annual rate base growth of 4% - 5% to \$6.5 billion in 2016
- **Longer-term (2016+)**
 - Competitive customer rates
 - Infrastructure & system reliability
 - Physical & cyber security
 - Investments in sustainability
 - National transmission

Targeting Dividend Growth

- **Near-term (2014 - 2016)**
 - Compounding annual dividend growth of 4% - 6%
 - 55% - 70% payout ratio
- **Longer-term (2016+)**
 - 60% - 70% payout ratio
 - Cash flow positive post 2016
 - Favorable tax position through 2020 due to NOL's
 - Improving credit metrics

Solid TSR Opportunities Ahead with Flexibility: Dividend Growth

- Increased common stock dividend from \$0.87 per share to \$0.92 per share on annual basis in November 2013
 - Dividend increased three consecutive years
 - 11% increase in annual dividend since 2010
- Dividend yield of 3.8% as of August 5, 2014²
- Paid a cash dividend on common stock every quarter since March 1921



¹ Based on fourth quarter declared dividend

² Based on August 2014 declared dividend

GXP – Attractive Platform for Shareholders

Focused on Shareholder Value Creation

- Target significant reduction in regulatory lag
- Seek to deliver earnings growth and increasing and sustainable dividends as a key component of total shareholder return
- Improvement in / stability of key credit metrics is a priority

Flexible Investment Opportunities

- **Environmental** – approximately \$700 million capital projects planned with clear timeline for compliance; additional \$600 - \$800 million to comply with proposed or final environmental regulations where timeline for compliance is uncertain, does not include potential impact of Clean Power Plan proposed in June 2014
- **Transmission** – formed Transource Energy, LLC joint venture to pursue competitive transmission projects
- **Renewables** – driven by Missouri and Kansas Renewable Portfolio Standards
- **Other Growth Opportunities** – selective future initiatives that will leverage our core strengths

Diligent Regulatory Approach

- Proven track record of constructive regulatory treatment
- Credibility with regulators in terms of planning and execution of large, complex projects
- Competitive retail rates on a regional and national level supportive of potential future investment

Excellent Relationships with Key Stakeholders

- **Customers** – focused on top tier customer satisfaction
- **Suppliers** – strategic supplier alliances focused on long-term supply chain value
- **Employees** – strong relations between management and labor (3 IBEW locals)
- **Communities** – leadership, volunteerism and high engagement in the areas we serve

Investor Relations Information

- NYSE: GXP
- www.greatplainsenergy.com
- Company Contacts

Tony Carreño
Director, Investor Relations
Great Plains Energy
(816) 654 -1763
anthony.carreno@kcpl.com

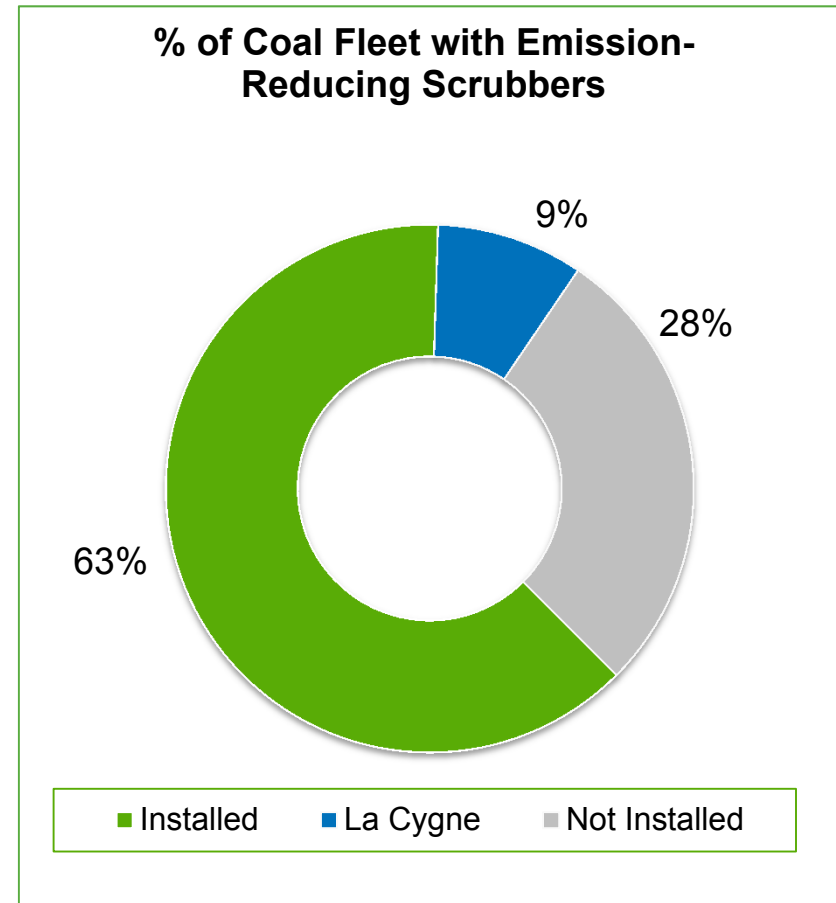
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Appendix

	Pages
Operations Overview	17 – 28
2014 Earnings Guidance and Projected Drivers	29 – 31
2015 and 2016 Considerations and Projected Capital Expenditures Plan	32 – 33
Second Quarter and Year-to-Date June 30, 2014 Update	34 – 40

Environmental¹

- Estimated cost to comply with final regulations² with clear timelines for compliance
 - Estimated Cost: approximately \$700 million
 - Projects include:
 - La Cygne – on schedule for completion in 2015
 - Unit 1 (368 MW³) – scrubber and baghouse
 - Unit 2 (341 MW³) – full Air Quality Control System (AQCS)
 - Mercury and Air Toxics Standards (MATS) environmental investments
- Estimated cost of compliance with proposed or final regulations where timing is uncertain⁴
 - Estimated Cost: \$600 – \$800 million
 - Includes Clean Air Act and Clean Water Act
- Flexibility provided by environmental investments already made



¹ KCP&L and GMO filed annual updates to Integrated Resource Plans (IRP) with the Missouri Public Service Commission in June 2013, outlining various resource planning scenarios for environmental compliance with its operations

² Best Available Retrofit Technology and Mercury and Air Toxics Standards

³ KCP&L's share of jointly-owned facility

⁴ Does not include potential impact of Clean Power Plan proposed in June 2014

La Cygne Environmental Upgrade, Construction Update

La Cygne Generation Station

- La Cygne Coal Unit 1 368 MW¹ - Wet scrubber, baghouse, activated carbon injection
- La Cygne Coal Unit 2 341 MW¹ - Selective catalytic reduction system, wet scrubber, baghouse, activated carbon injection, over-fired air, low No_x burners
- Project cost estimate, excluding AFUDC, \$615 million¹. Kansas jurisdictional share is approximately \$280 million
- 2011 predetermination order issued in Kansas deeming project as requested and cost estimate to be reasonable
- Project is on schedule and within budget

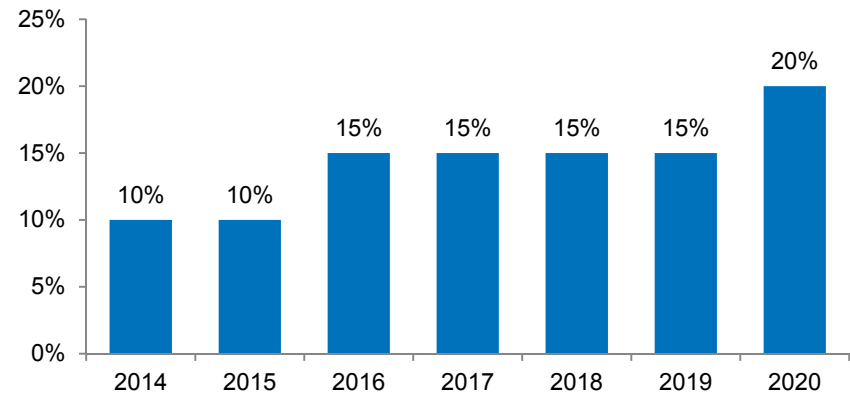
Key Steps to Completion		Status
• New Chimney Shell Erected		Completed (2Q 2012)
• Site Prep; Major Equipment Purchase		Completed (3Q 2012)
• Installation of Over-fired Air and Low No _x Burners for La Cygne 2		Completed (2Q 2013)
• Major Construction (excluding misc. finish work)		Nearing Completion (3Q 2014)
• Startup Testing	3Q 2014	On schedule
• Tie-in Outage Unit 2	4Q 2014	On schedule
• Tie-in Outage Unit 1	1Q 2015	On schedule
• In-service	2Q 2015	On schedule

¹ KCP&L's 50% share

Renewable Energy and Energy Efficiency

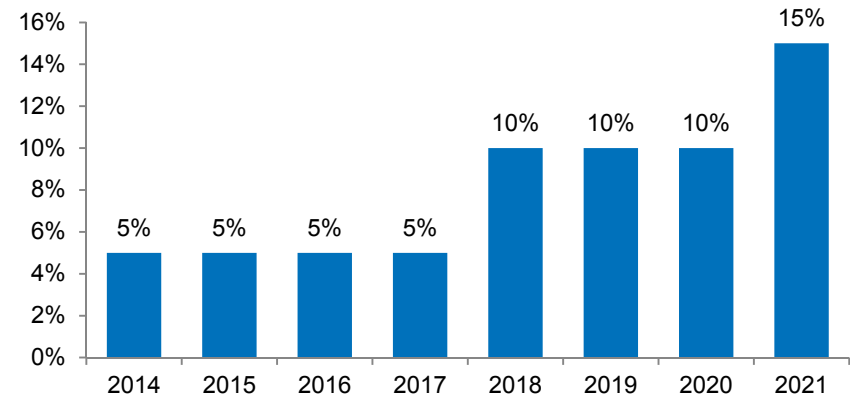
- Company-owned assets and commitments in place that will increase renewable portfolio to approximately 1,150 MW of wind, hydroelectric, landfill gas and solar power
- Future renewable requirements driven by the Renewable Portfolio Standards (RPS) in Kansas and Missouri
 - Well positioned to satisfy requirements in Kansas through 2023 and Missouri through 2034
- Flexibility regarding acquisition of future renewable resources:
 - Through Purchased Power Agreements (PPAs) and purchases of Renewable Energy Credits (RECs); or
 - Adding to rate base if supported by credit profile and available equity and debt financing
- Energy efficiency expected to be a key component of future resource portfolio:
 - Aggressive pursuit planned with appropriate regulatory recovery

Kansas Renewable Portfolio Standards



Based on three-year average peak retail demand

Missouri Renewable Portfolio Standards



Based on electricity provided to retail customers

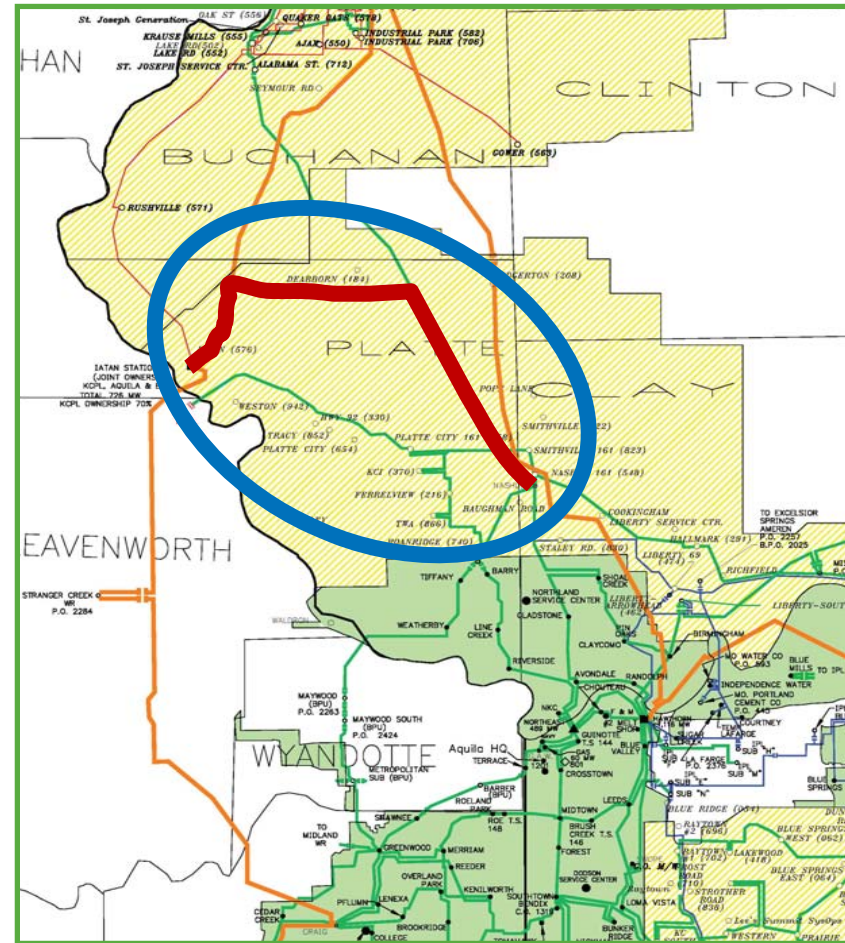
Transource Overview



- Great Plains Energy and American Electric Power (AEP) formed a joint venture, Transource Energy, LLC (Transource), to pursue competitive transmission projects
 - GXP owns 13.5% through a subsidiary (GPE Transmission Holding Company, LLC)
 - AEP owns 86.5% through a subsidiary (AEP Transmission Holding Company, LLC)
- In January 2014, GXP's regulated subsidiaries, KCP&L and GMO, successfully novated two Southwest Power Pool (SPP) regional transmission projects to Transource
 - Sibley-Nebraska City an SPP Priority Project
 - Iatan-Nashua an SPP Balanced Portfolio Project
- GXP's joint venture benefits include
 - Long-term growth opportunity through a national transmission platform
 - Ability to co-invest with a first-class partner on a national scale
 - Diversification of long-term earnings

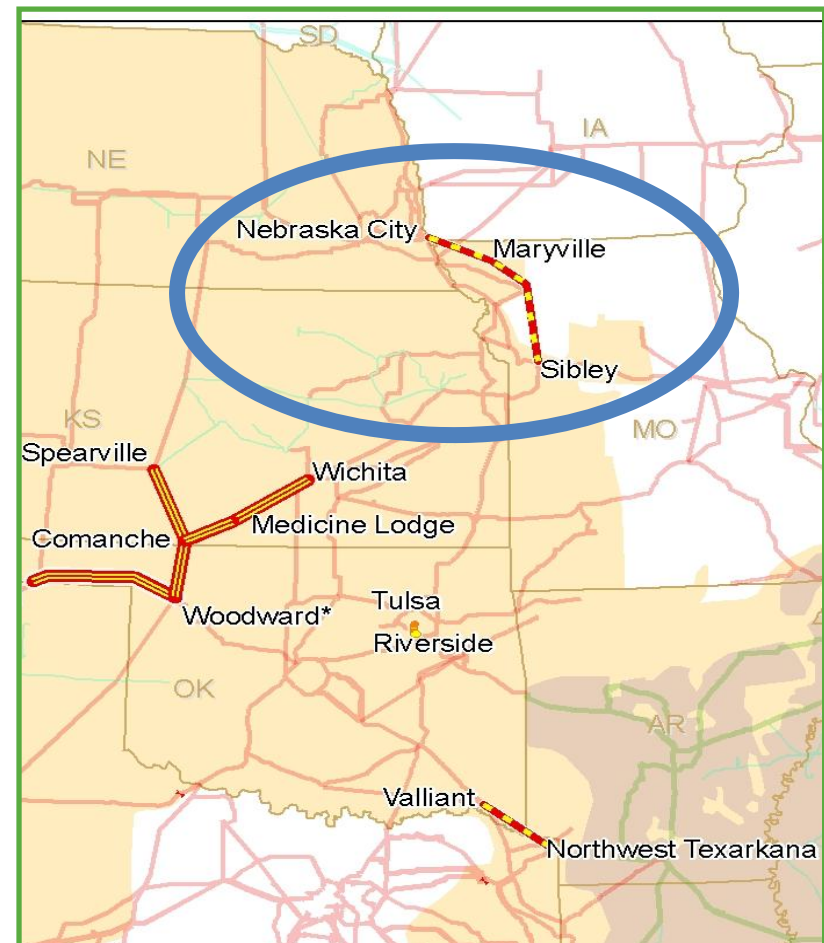
Transource's Iatan – Nashua Project

- Approximately 30-mile 345 kV transmission line and related facilities between the Iatan and Nashua substations in Missouri
- Estimated project cost: \$65 million
- Expected In-service: 2015
- Approved as SPP 'Balanced Portfolio' project in 2009
- Expected benefits greater than cost; increases system reliability; reduces congestion; reduces regional production costs; reduces congestion for power flows between SPP and MISO



Transource's Sibley – Nebraska City Project

- Approximately 135-mile (Transource's share of the 180-mile project) 345 kV transmission line and related facilities between Nebraska and Missouri
- Transource's estimated project cost: \$330 Million (total project costs approximately \$400 million)
- Expected In-service: 2017
- Approved as the largest regional project in the SPP 'Priority Projects' portfolio in 2010
- Benefits: Priority Projects will increase reliability; reduce congestion; improve energy market efficiency; facilitate the integration of renewables; increase west-east transfer capability across the SPP



Transource FERC 205 Filing - Case Number ER12-2554-000

- FERC Order approved a base ROE of 9.8% with a 55% cap on the equity component of the post-construction capital structure. Inclusive of the incentives granted below, the weighted average all-in rate for the Iatan-Nashua and Sibley-Nebraska City projects is expected to be approximately 11.1%

Incentive Requested	Iatan-Nashua Project	Sibley-Nebraska City Project	Commission Ruling
RTO Adder	50 basis points	50 basis points	Granted
ROE Risk Adder	None	100 basis points	Granted
CWIP in Transmission Rate Base	Yes	Yes	Granted
Abandonment	Yes	Yes	Granted
Pre-commercial Costs/Regulatory Asset	Yes	Yes	Granted
Hypothetical (60% Equity/40% Debt) Capital Structure During Construction	Yes	Yes	Granted
Single-Issue Ratemaking: ROE	Yes	Yes	Denied

Local Economy

Economic Development Activity

Robust investments in the region by top-tier automobile manufacturers leading to additions and expansion in manufacturing sector

Well-developed transportation and distributed network strengthened by BNSF Railways new state-of-the art intermodal facility

Cerner Corporation business expansion plans expected to employ 16,000 people when completed by 2024

Housing

June 2014 year-to-date single family building permits highest since 2007

Construction underway for the first new residential tower in downtown Kansas City since 1976

Employment¹

Kansas City area unemployment rate of 6.3% in June 2014, in-line with the national average of 6.3%

Kansas City area employment levels in May 2014 highest since 2008

¹ On a non-seasonally adjusted basis

Preliminary Rate Case Schedule

	2014		2015			
	3Q	4Q	1Q	2Q	3Q	4Q
La Cygne Environmental Retrofit Project – Key Steps to Completion	Start-up Testing	Tie-in Outage Unit 2	Tie-in Outage Unit 1	In-Service		
KCP&L Missouri General Rate Case Docket: ER-2014-0370		File Rate Case ¹			Anticipated Effective Date of New Retail Rates Late 3Q or 4Q	
KCP&L Kansas General Rate Case ²			<u>January 2</u> File Rate Case <u>March 31</u> Update period including La Cygne Cost	<u>May 11</u> Staff / Intervener Testimony <u>June 22 – 26</u> Evidentiary Hearings	<u>August 31</u> Order Date	<u>October 1</u> Effective Date of New Retail Rates

¹ 11-month process in Missouri

² Schedule subject to Kansas Corporation Commission approval in docket 15-GMIE-025-MIS

Kansas Abbreviated Rate Case Summary

Jurisdiction	Docket	Date Filed	Annual Increase (in millions)	Percent Increase	Rate Base (in millions)	Effective Date of New Rates
KCP&L – KS	14-KCPE-272-RTS	Dec. 9, 2013	\$11.5 ⁽¹⁾	2.2% ⁽¹⁾	\$1,916	July 25, 2014

- Kansas Corporation Commission issued an Order on July 17, 2014 approving Stipulation & Agreement
- Rate base increase includes approximately \$104 million^{1,2} of additional La Cygne environmental upgrade CWIP and \$17 million^{1,2} of investments placed into service
 - Based on CWIP incurred since June 30, 2012, with known and measurable changes through February 28, 2014
 - KCP&L's share of project cost estimate is \$615 million³ and the Kansas jurisdictional share is approximately \$281 million³
 - Approximately \$92 million^{1,3} of remaining Kansas jurisdictional share expected to be added to rate base in 2015 general rate case
- Maintained authorized ROE of 9.5% and common equity ratio of 51.8% based on 2012 KCC rate case order
- Includes KCP&L's proposed reductions to amortization for pension and OPEB and rate case expense

¹ Reflects update to abbreviated rate case for known and measurable changes to CWIP as of February 28, 2014

² Includes AFUDC

³ Excludes AFUDC

Key Elements of 2006 - 2013 Rate Cases

Rate Case Outcomes (\$millions)							
Rate Jurisdiction	Date Filed	Effective Date	Rate Base	Rate-making Equity Ratio	Return on Equity	Rate Increase Approved (\$)	Rate Increase Approved (%)
KCP&L – Missouri	2/1/2006	1/1/2007	\$1,270	53.69%	11.25%	\$50.6	10.5%
KCP&L – Missouri	2/1/2007	1/1/2008	\$1,298	57.62%	10.75%	\$35.3	6.5%
KCP&L – Missouri	9/5/2008	9/1/2009	\$1,496 ¹	46.63%	n/a ²	\$95.0	16.16%
KCP&L – Missouri	6/4/2010	5/4/2011	\$2,036	46.30%	10.00%	\$34.8	5.25%
KCP&L – Missouri	2/27/2012	1/26/2013	\$2,052	52.25%³	9.7%	\$67.4	9.6%
KCP&L – Kansas	1/30/2006	1/1/2007	\$1,000 ¹	n/a	n/a ²	\$29.0	7.4%
KCP&L – Kansas	2/28/2007	1/1/2008	\$1,100 ¹	n/a	n/a ²	\$28.0	6.5%
KCP&L – Kansas	9/5/2008	8/1/2009	\$1,270 ¹	50.75%	n/a ²	\$59.0	14.4%
KCP&L – Kansas	12/17/2009	12/1/2010	\$1,781	49.66%	10.00%	\$22.0	4.6%
KCP&L – Kansas	4/20/2012	1/1/2013	\$1,798	51.82%	9.5%	\$33.2	6.7%
KCP&L – Kansas	12/9/2013	7/25/2014	\$1,916	51.82%⁹	9.5%⁹	\$11.5	2.2%
GMO - Missouri	7/3/2006	5/31/2007	\$1,104	48.17%	10.25%	\$58.8	Refer to fn. ⁴
GMO - Missouri	9/5/2008	9/1/2009	\$1,474 ¹	45.95%	n/a ²	\$63.0	Refer to fn. ⁵
GMO - Missouri	6/4/2010	6/25/2011	\$1,758	46.58%	10.00%	\$65.5	Refer to fn. ⁶
GMO – Missouri	2/27/2012	1/26/2013	\$1,830	52.25%³	9.7%	\$47.9⁷	Refer to fn. ⁸
GMO (Steam) –Missouri	9/5/2008	7/1/2009	\$14	n/a	n/a ²	\$1.0	2.3%

¹ Rate Base amounts are approximate amounts since the cases were black box settlements; ² Not available due to black box settlement; ³ MPSC authorized an equity ratio of approximately 52.6% or approximately 52.3% after including other comprehensive income; ⁴ MPS 11.6%, L&P 12.8%; ⁵ MPS 10.5%, L&P 11.9%; ⁶ MPS 7.2%, L&P 21.3%; ⁷ L&P \$21.7 million - includes full impact of phase in from rate case ER-2010-0356; ⁸ MPS 4.9%, L&P 12.7% - includes full impact of phase in from rate case ER-2010-0356; ⁹Abbreviated rate case to include La Cygne CWIP; maintain previously authorized Kansas jurisdictional rate-making equity ratio and return on equity based on its 2012 order.

State Commissioners

Missouri Public Service Commission (MPSC)



Mr. Robert S. Kenney (D)
Chair (since March 2013)

Term began: July 2009
Term expires: April 2015



Mr. Stephen M. Stoll (D)
Commissioner

Term began: June 2012
Term expires: December 2017



Mr. William P. Kenney (R)
Commissioner

Term began: January 2013
Term expires: January 2019



Mr. Daniel Y. Hall (D)
Commissioner

Term began: September 2013
Term expires: September 2019



Mr. Scott T. Rupp (R)
Commissioner

Term began: March 2014
Term expires: March 2020

MPSC consists of five (5) members, including the Chairman, who are appointed by the Governor and confirmed by the Senate.

- Members serve six-year terms (may continue to serve after term expires until reappointed or replaced)
- Governor appoints one member to serve as Chairman

Kansas Corporation Commission (KCC)



Ms. Shari Feist Albrecht (I)
Chair (since January 2014)

Term began: June 2012
Term expires: March 2016



Mr. Jay S. Emler (R)
Commissioner

Term began: January 2014
Term expires: March 2015



Mr. Pat Apple (R)
Commissioner

Term began: March 2014
Term expires: March 2018

KCC consists of three (3) members, including the Chairman, who are appointed by the Governor and confirmed by the Senate.

- Members serve four-year terms (may continue to serve after term expires until reappointed or replaced)
- Commissioners elect one member to serve as Chairman

2014 Earnings Guidance

2014 Earnings Per Share Guidance Range of \$1.60 - \$1.75¹

Drivers and assumptions:

- Assumes 0.5% – 1% weather-normalized retail sales growth
- Approximately one month of new Missouri retail rates
- New Kansas retail rates from abbreviated rate case effective July 25, 2014
- Increasing AFUDC from La Cygne environmental upgrade
- O&M increase of approximately 3% - 4% driven by:
 - Wolf Creek mid-cycle outage
 - GMO MEEIA investments recovered in retail rates
- Increasing transmission costs and property taxes under-recovered in Missouri
- Increasing depreciation expense
- No plans to issue equity or long-term debt
- NOLs minimizing cash income tax payments
- Effective tax rate of 33% which includes recognition of a benefit from the release of uncertain tax positions

¹ Reaffirming 2014 earnings per share guidance range of \$1.60 - \$1.75

2014 Guidance Assumptions Income Taxes

- Effective income tax rate of approximately 33%
- Federal/state combined statutory rate of approximately 38.9% impacted by:
 - AFUDC Equity (non-taxable)
 - Wind Production Tax Credits (PTC)
 - Amortization of Investment Tax Credits (ITC)
- Do not expect to generate significant income tax liability or pay significant income taxes during 2014 due to:
 - Ongoing wind PTC
 - Utilization of prior year Net Operating Losses (NOLs) and tax credits

2014 Guidance Assumption Deferred Income Tax

- Year-end 2013 deferred income taxes include:
 - \$229.3 million tax credit carry forwards primarily related to Advanced Coal ITCs, wind PTCs, and Alternative Minimum Tax (AMT) credits (\$88.1 million related to GMO acquisition)
 - Coal and wind credits expire in years 2028 to 2033
 - AMT credits do not expire
 - \$0.4 million valuation allowance on federal and state tax credits
 - \$523.3 million of tax benefits on NOL carry forwards (\$349.0 million related to the GMO acquisition)
 - Federal NOL carry forwards expire in years 2023 to 2032
 - \$20.3 million valuation allowance on state NOL tax benefits
- Do not expect to generate significant income tax liability during 2014 (see previous slide)
- Do not anticipate paying significant income taxes through the end of 2020
 - Expect to utilize year-end 2013 NOL and tax credit carry forwards, net of valuation allowances

2015 and 2016 Considerations

	2015	2016
Monitor Demand and Tightly Control O&M	<ul style="list-style-type: none"> Assumes 0.5% - 1% weather-normalized sales Proactive management of base O&M within load growth 	<ul style="list-style-type: none"> Assumes 0.5% - 1% weather-normalized sales Proactive management of base O&M within load growth
Operational and Regulatory	<ul style="list-style-type: none"> Approximately seven months of new Kansas retail rates from abbreviated rate case Increasing transmission and property taxes under-recovered in Missouri La Cygne environmental upgrade in-service 2Q 2015 File general rate case in Kansas <ul style="list-style-type: none"> Requested effective date of new retail rates October 1, 2015 Includes request to use budgeted project expenditures and depreciation deferral for La Cygne environmental upgrade New KCP&L-Missouri retail rates expected in late 3Q or 4Q of 2015 <ul style="list-style-type: none"> Expect to implement fuel adjustment clause (FAC) Request to include transmission costs in FAC Property taxes trued up Projected total company rate base of approximately \$6.5 billion at the conclusion of rate cases 	<ul style="list-style-type: none"> Anticipated full year of new retail rates for KCP&L in Kansas and Missouri File general rate case in Missouri for GMO
Improve Cash Flow Position and Support Targeted Dividend Growth	<ul style="list-style-type: none"> Minimal financial requirements <ul style="list-style-type: none"> Potential long-term debt issuance at KCP&L; no plans to issue equity Utilization of NOLs, minimizing cash income tax payments 	<ul style="list-style-type: none"> Minimal financial requirements <ul style="list-style-type: none"> No plans to issue equity Utilization of NOLs, minimizing cash income tax payments

Projected Utility Capital Expenditures^{1,2}

Projected Utility Capital Expenditures (In Millions)	2014E	2015E	2016E	2017E	2018E
Generating facilities	\$ 232.7	\$ 220.7	\$ 211.2	\$201.8	\$224.4
Distribution and transmission facilities	202.0	201.6	200.2	199.9	214.1
General facilities	100.6	78.5	60.3	58.3	22.7
Nuclear fuel	47.4	21.9	21.9	42.1	27.2
Environmental	150.7	147.8	101.5	100.4	99.9
Total utility capital expenditures	\$ 733.4	\$ 670.5	\$ 595.1	\$602.5	\$588.3

Considerations

Generating facilities	<ul style="list-style-type: none"> Includes expenditures associated with KCP&L's 47% interest in Wolf Creek
Distribution and Transmission facilities	<ul style="list-style-type: none"> Includes expenditures associated with vehicle fleet, expanding service areas and infrastructure replacement
General facilities	<ul style="list-style-type: none"> Expenditures associated with information systems and facilities
Environmental	<ul style="list-style-type: none"> KCP&L's share of environmental upgrades at La Cygne to comply with the Best Available Retrofit Technology (BART) rule Upgrades to comply with the Mercury and Air Toxic Standards (MATS) rule Estimates for compliance with the Clean Air Act and Clean Water Act based on proposed or final regulations where the timing is uncertain.

¹ Projected capital expenditures excludes Allowance for Funds Used During Construction (AFUDC)

² Great Plains Energy accounts for its 13.5% ownership in Transource Energy, LLC (Transource) under the equity method of accounting. Great Plains Energy's capital contributions to Transource will not be reflected in projected capital expenditures

Second Quarter Financial Review

Earnings Guidance

- ❑ Reaffirming 2014 earnings per share guidance range of \$1.60 - \$1.75

Revenue Assumptions

- ❑ Assumes normal weather for the second half of the year
- ❑ Assumes full year weather-normalized demand growth of 0.5% - 1.0%
- ❑ New Kansas retail rates from La Cygne abbreviated rate case effective July 25

Other Drivers

- ❑ O&M for second half of 2014 expected to be lower than second half of 2013
 - Full year O&M increase of 3% - 4%
- ❑ Effective tax rate of 33% for the year which includes recognition of a benefit from the release of uncertain tax positions

2014 Second Quarter EPS Reconciliation Versus 2013

	2014 EPS	2013 EPS	Change in EPS
1Q	\$ 0.15	\$ 0.17	\$ (0.02)
2Q	\$ 0.34	\$ 0.41	\$ (0.07)
YTD ¹	\$ 0.49	\$ 0.58	\$ (0.09)

Contributors to Change in 2014 EPS Compared to 2013

	Weather	New Retail Rates	WN Demand	Wolf Creek O&M	Other O&M	General Taxes	Other	Total
1Q 2014	\$ 0.05	\$ 0.04	\$ 0.02	\$ (0.04)	\$ (0.05)	\$ (0.02)	\$ (0.02)	\$ (0.02)
2Q 2014	\$ 0.01	-	\$ 0.01	\$ (0.02)	\$ (0.05)	\$ (0.01)	\$ (0.01)	\$ (0.07)
YTD ¹	\$ 0.06	\$ 0.04	\$ 0.03	\$ (0.06)	\$ (0.11)	\$ (0.03)	\$ (0.02)	\$ (0.09)

Note: Numbers may not add due to the effect of dilutive shares on EPS

¹ As of June 30

Great Plains Energy Consolidation Earnings and Earnings Per Share – Three Month Ended June 30 (Unaudited)

	Earnings (millions)		Earnings per Share	
	2014	2013	2014	2013
Electric Utility	\$ 54.7	\$ 65.5	\$ 0.36	\$ 0.43
Other	(2.6)	(1.9)	(0.02)	(0.02)
Net income	52.1	63.6	0.34	0.41
Preferred dividends	(0.4)	(0.4)	-	-
Earnings available for common shareholders	\$ 51.7	\$ 63.2	\$ 0.34	\$ 0.41

Common stock outstanding for the quarter averaged 154.0 million shares, compared with 153.8 for the same period in 2013

Great Plains Energy Consolidation Earnings and Earnings Per Share – Year to Date June 30 (Unaudited)

	Earnings (millions)		Earnings per Share	
	2014	2013	2014	2013
Electric Utility	\$ 80.8	\$ 93.1	\$ 0.52	\$ 0.61
Other	(4.9)	(3.5)	(0.03)	(0.03)
Net income	75.9	89.6	0.49	0.58
Preferred dividends	(0.8)	(0.8)	-	-
Earnings available for common shareholders	\$ 75.1	\$ 88.8	\$ 0.49	\$ 0.58

Common stock outstanding for the quarter averaged 154.0 million shares, compared with 153.7 for the same period in 2013

Great Plains Energy Reconciliation of Gross Margin to Operating Revenues (Unaudited)

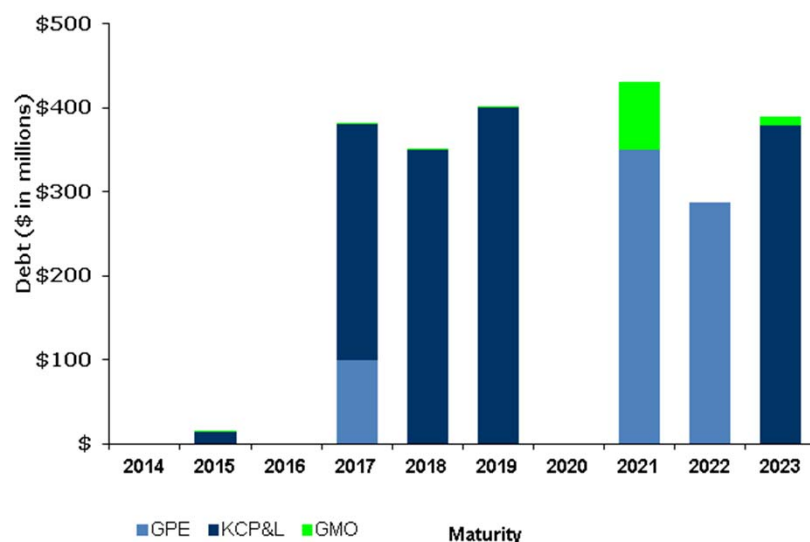
	Three Months Ended June 30 (millions)		Year to Date June 30 (millions)	
	2014	2013	2014	2013
Operating revenues	\$ 648.4	\$ 600.3	\$ 1,233.5	\$ 1,142.5
Fuel	(115.4)	(121.2)	(250.6)	(253.4)
Purchased power	(79.1)	(34.9)	(124.5)	(73.7)
Transmission of electricity by others	(18.7)	(12.9)	(36.3)	(24.3)
Gross margin	\$ 435.2	\$ 431.3	\$ 822.1	\$ 791.1

Gross margin is a financial measure that is not calculated in accordance with generally accepted accounting principles (GAAP). Gross margin, as used by Great Plains Energy, is defined as operating revenues less fuel, purchased power and transmission. The Company's expense for fuel, purchased power and transmission, offset by wholesale sales margin, is subject to recovery through cost adjustment mechanisms, except for KCP&L's Missouri retail operations. As a result, operating revenues increase or decrease in relation to a significant portion of these expenses. Management believes that gross margin provides a more meaningful basis for evaluating the Electric Utility segment's operations across periods than operating revenues because gross margin excludes the revenue effect of fluctuations in these expenses. Gross margin is used internally to measure performance against budget and in reports for management and the Board of Directors. The Company's definition of gross margin may differ from similar terms used by other companies. A reconciliation to GAAP operating revenues is provided in the table above.

June 30, 2014 Debt Profile and Current Credit Ratings

(\$ in Millions)	Great Plains Energy Debt							
	KCP&L		GMO ¹		GPE		Consolidated	
	Amount	Rate ²	Amount	Rate ²	Amount	Rate ²	Amount	Rate ²
Short-term debt	\$ 398.3	0.50%	\$ 149.2	0.55%	\$ 0.0		\$ 547.5	0.51%
Long-term debt ³	2,312.3	5.13%	448.8	5.05%	742.1	5.30%	3,503.2	5.16%
Total	\$2,710.6	4.45%	\$598.0	3.93%	\$742.1	5.30%	\$4,050.7⁴	4.53%

Long-Term Debt Maturities⁵



Current Credit Ratings

	Moody's	Standard & Poor's
Great Plains Energy		
Outlook	Stable	Stable
Corporate Credit Rating	-	BBB+
Preferred Stock	Ba1	BBB-
Senior Unsecured Debt	Baa2	BBB
KCP&L		
Outlook	Stable	Stable
Senior Secured Debt	A2	A
Senior Unsecured Debt	Baa1	BBB+
Commercial Paper	P-2	A-2
GMO		
Outlook	Stable	Stable
Senior Unsecured Debt	Baa2	BBB+
Commercial Paper	P-2	A-2

¹ Great Plains Energy guarantees approximately 31% of GMO's debt; ² Weighted Average Rates – excludes premium/discounts and other amortizations; ³ Includes current maturities of long-term debt; ⁴ Secured debt = \$775 (19%), Unsecured debt = \$3,276 (81%); ⁵ Includes long-term debt maturities through December 31, 2023

Customer Consumption

Retail MWh Sales Growth Rates						
2Q 2014 Compared to 2Q 2013				YTD 2014 Compared to YTD 2013 ¹		
	Total Change in MWh Sales	Weather – Normalized Change in MWh Sales	% of Retail MWh Sales	Total Change in MWh Sales	Weather – Normalized Change in MWh Sales	% of Retail MWh Sales
Residential	1.9%	1.7%	35%	5.5%	1.5%	39%
Commercial	0.1%	(0.5%)	49%	2.6%	0.2%	47%
Industrial	3.4%	2.8%	16%	4.6%	4.3%	14%
	1.2%	0.7% ²		4.0%	1.2% ²	

¹ As of June 30

² Weighted average

Constant Growth Discounted Cash Flow Model
30 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$2.00	\$52.12	3.84%	3.93%	4.80%	4.79%	4.50%	4.70%	8.42%	8.62%	8.73%
Cleco Corporation	CNL	\$1.60	\$55.24	2.90%	2.99%	8.00%	7.00%	5.00%	6.67%	7.97%	9.66%	11.01%
Duke Energy Corporation	DUK	\$3.18	\$72.72	4.37%	4.47%	4.30%	4.53%	5.00%	4.61%	8.77%	9.08%	9.48%
Empire District Electric Company	EDE	\$1.02	\$25.28	4.03%	4.10%	3.00%	3.00%	4.00%	3.33%	7.09%	7.43%	8.11%
Hawaiian Electric Industries, Inc.	HE	\$1.24	\$24.54	5.05%	5.15%	4.00%	4.00%	4.00%	4.00%	9.15%	9.15%	9.15%
IDACORP, Inc.	IDA	\$1.72	\$55.00	3.13%	3.17%	4.00%	4.00%	1.00%	3.00%	4.14%	6.17%	7.19%
NextEra Energy, Inc.	NEE	\$2.90	\$96.13	3.02%	3.11%	6.60%	6.48%	6.00%	6.36%	9.11%	9.47%	9.72%
Northeast Utilities	NU	\$1.57	\$44.62	3.52%	3.64%	6.90%	6.31%	8.00%	7.07%	9.94%	10.71%	11.66%
Otter Tail Corporation	OTTR	\$1.21	\$28.25	4.28%	4.51%	NA	6.00%	15.50%	10.75%	10.41%	15.26%	20.12%
Pinnacle West Capital Corporation	PNW	\$2.27	\$55.12	4.12%	4.20%	3.70%	3.75%	4.00%	3.82%	7.89%	8.01%	8.20%
PNM Resources, Inc.	PNM	\$0.74	\$25.77	2.87%	3.01%	8.50%	8.32%	11.00%	9.27%	11.31%	12.28%	14.03%
Portland General Electric Company	POR	\$1.12	\$33.36	3.36%	3.49%	7.80%	10.96%	5.00%	7.92%	8.44%	11.41%	14.50%
Southern Company	SO	\$2.10	\$43.62	4.81%	4.90%	3.50%	3.35%	3.50%	3.45%	8.24%	8.35%	8.40%
Westar Energy, Inc.	WR	\$1.40	\$36.28	3.86%	3.94%	3.70%	2.40%	6.00%	4.03%	6.31%	7.97%	9.97%
PROXY GROUP MEAN				3.80%	3.90%	5.29%	5.35%	5.89%	5.64%	8.37%	9.54%	10.73%
PROXY GROUP MEDIAN				3.85%	3.93%	4.30%	4.66%	5.00%	4.65%	8.43%	9.12%	9.60%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service, equals 30-trading day average as of September 12, 2014

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model
90 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$2.00	\$53.04	3.77%	3.86%	4.80%	4.79%	4.50%	4.70%	8.36%	8.56%	8.66%
Cleco Corporation	CNL	\$1.60	\$54.74	2.92%	3.02%	8.00%	7.00%	5.00%	6.67%	8.00%	9.69%	11.04%
Duke Energy Corporation	DUK	\$3.18	\$72.21	4.40%	4.51%	4.30%	4.53%	5.00%	4.61%	8.80%	9.12%	9.51%
Empire District Electric Company	EDE	\$1.02	\$24.80	4.11%	4.18%	3.00%	3.00%	4.00%	3.33%	7.17%	7.51%	8.19%
Hawaiian Electric Industries, Inc.	HE	\$1.24	\$24.44	5.07%	5.17%	4.00%	4.00%	4.00%	4.00%	9.17%	9.17%	9.17%
IDACORP, Inc.	IDA	\$1.72	\$55.20	3.12%	3.16%	4.00%	4.00%	1.00%	3.00%	4.13%	6.16%	7.18%
NextEra Energy, Inc.	NEE	\$2.90	\$97.36	2.98%	3.07%	6.60%	6.48%	6.00%	6.36%	9.07%	9.43%	9.68%
Northeast Utilities	NU	\$1.57	\$45.32	3.46%	3.59%	6.90%	6.31%	8.00%	7.07%	9.88%	10.66%	11.60%
Otter Tail Corporation	OTTR	\$1.21	\$28.64	4.22%	4.45%	NA	6.00%	15.50%	10.75%	10.35%	15.20%	20.05%
Pinnacle West Capital Corporation	PNW	\$2.27	\$55.49	4.09%	4.17%	3.70%	3.75%	4.00%	3.82%	7.87%	7.99%	8.17%
PNM Resources, Inc.	PNM	\$0.74	\$27.43	2.70%	2.82%	8.50%	8.32%	11.00%	9.27%	11.13%	12.10%	13.85%
Portland General Electric Company	POR	\$1.12	\$33.26	3.37%	3.50%	7.80%	10.96%	5.00%	7.92%	8.45%	11.42%	14.51%
Southern Company	SO	\$2.10	\$43.93	4.78%	4.86%	3.50%	3.35%	3.50%	3.45%	8.21%	8.31%	8.36%
Westar Energy, Inc.	WR	\$1.40	\$36.38	3.85%	3.93%	3.70%	2.40%	6.00%	4.03%	6.29%	7.96%	9.96%
PROXY GROUP MEAN				3.78%	3.88%	5.29%	5.35%	5.89%	5.64%	8.35%	9.52%	10.71%
PROXY GROUP MEDIAN				3.81%	3.89%	4.30%	4.66%	5.00%	4.65%	8.40%	9.14%	9.60%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service, equals 90-trading day average as of September 12, 2014

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model
180 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$2.00	\$51.25	3.90%	3.99%	4.80%	4.79%	4.50%	4.70%	8.49%	8.69%	8.80%
Cleco Corporation	CNL	\$1.60	\$51.86	3.09%	3.19%	8.00%	7.00%	5.00%	6.67%	8.16%	9.85%	11.21%
Duke Energy Corporation	DUK	\$3.18	\$71.34	4.46%	4.56%	4.30%	4.53%	5.00%	4.61%	8.85%	9.17%	9.57%
Empire District Electric Company	EDE	\$1.02	\$24.15	4.22%	4.29%	3.00%	3.00%	4.00%	3.33%	7.29%	7.63%	8.31%
Hawaiian Electric Industries, Inc.	HE	\$1.24	\$24.84	4.99%	5.09%	4.00%	4.00%	4.00%	4.00%	9.09%	9.09%	9.09%
IDACORP, Inc.	IDA	\$1.72	\$54.59	3.15%	3.20%	4.00%	4.00%	1.00%	3.00%	4.17%	6.20%	7.21%
NextEra Energy, Inc.	NEE	\$2.90	\$94.71	3.06%	3.16%	6.60%	6.48%	6.00%	6.36%	9.15%	9.52%	9.76%
Northeast Utilities	NU	\$1.57	\$44.79	3.51%	3.63%	6.90%	6.31%	8.00%	7.07%	9.93%	10.70%	11.65%
Otter Tail Corporation	OTTR	\$1.21	\$29.08	4.16%	4.38%	NA	6.00%	15.50%	10.75%	10.29%	15.13%	19.98%
Pinnacle West Capital Corporation	PNW	\$2.27	\$54.78	4.14%	4.22%	3.70%	3.75%	4.00%	3.82%	7.92%	8.04%	8.23%
PNM Resources, Inc.	PNM	\$0.74	\$26.61	2.78%	2.91%	8.50%	8.32%	11.00%	9.27%	11.22%	12.18%	13.93%
Portland General Electric Company	POR	\$1.12	\$32.26	3.47%	3.61%	7.80%	10.96%	5.00%	7.92%	8.56%	11.53%	14.62%
Southern Company	SO	\$2.10	\$43.31	4.85%	4.93%	3.50%	3.35%	3.50%	3.45%	8.28%	8.38%	8.43%
Westar Energy, Inc.	WR	\$1.40	\$35.22	3.98%	4.06%	3.70%	2.40%	6.00%	4.03%	6.42%	8.09%	10.09%
PROXY GROUP MEAN				3.84%	3.94%	5.29%	5.35%	5.89%	5.64%	8.42%	9.59%	10.78%
PROXY GROUP MEDIAN				3.94%	4.02%	4.30%	4.66%	5.00%	4.65%	8.52%	9.13%	9.67%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service, equals 180-trading day average as of September 12, 2014

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

[8] Equals Average([5], [6], [7])

[9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Multi-Stage Growth Discounted Cash Flow Model
30 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Inputs	[1] Stock	[2] [3] [4] [5] EPS Growth Rate Estimates				[6] [7] [8] Long-Term Payout Ratio			[9] [10] [11] [12] [13] Iterative Solution Terminal Terminal						
		Price	Zacks	First Call	Line	Average	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio	
Company	Ticker														
American Electric Power Company, Inc.	AEP	\$52.12	4.80%	4.79%	4.50%	4.70%	5.65%	60.00%	64.00%	67.23%	(\$0.00)	10.01%	16.29	2.88	
Cleco Corporation	CNL	\$55.24	8.00%	7.00%	5.00%	6.67%	5.65%	62.00%	57.00%	67.23%	\$0.00	9.49%	18.53	3.28	
Duke Energy Corporation	DUK	\$72.72	4.30%	4.53%	5.00%	4.61%	5.65%	71.00%	64.00%	67.23%	(\$0.00)	9.59%	18.06	3.19	
Empire District Electric Company	EDE	\$25.28	3.00%	3.00%	4.00%	3.33%	5.65%	65.00%	65.00%	67.23%	(\$0.00)	9.51%	18.43	3.26	
Hawaiian Electric Industries, Inc.	HE	\$24.54	4.00%	4.00%	4.00%	4.00%	5.65%	77.00%	66.00%	67.23%	(\$0.00)	10.30%	15.30	2.71	
IDACORP, Inc.	IDA	\$55.00	4.00%	4.00%	1.00%	3.00%	5.65%	47.00%	55.00%	67.23%	(\$0.00)	9.72%	17.46	3.09	
NextEra Energy, Inc.	NEE	\$96.13	6.60%	6.48%	6.00%	6.36%	5.65%	61.00%	57.00%	67.23%	\$0.00	9.58%	18.07	3.20	
Northeast Utilities	NU	\$44.62	6.90%	6.31%	8.00%	7.07%	5.65%	60.00%	58.00%	67.23%	\$0.00	10.22%	15.56	2.75	
Otter Tail Corporation	OTTR	\$28.25	NA	6.00%	15.50%	10.75%	5.65%	70.00%	59.00%	67.23%	\$0.00	10.70%	14.07	2.49	
Pinnacle West Capital Corporation	PNW	\$55.12	3.70%	3.75%	4.00%	3.82%	5.65%	62.00%	63.00%	67.23%	(\$0.00)	10.14%	15.84	2.80	
PNM Resources, Inc.	PNM	\$25.77	8.50%	8.32%	11.00%	9.27%	5.65%	50.00%	49.00%	67.23%	\$0.00	10.59%	14.38	2.54	
Portland General Electric Company	POR	\$33.36	7.80%	10.96%	5.00%	7.92%	5.65%	52.00%	57.00%	67.23%	\$0.00	10.18%	15.69	2.78	
Southern Company	SO	\$43.62	3.50%	3.35%	3.50%	3.45%	5.65%	74.00%	72.00%	67.23%	(\$0.00)	9.89%	16.76	2.96	
Westar Energy, Inc.	WR	\$36.28	3.70%	2.40%	6.00%	4.03%	5.65%	57.00%	60.00%	67.23%	(\$0.00)	9.87%	16.82	2.98	
DCF Result															
												Mean	9.99%	16.52	2.92
												Max	10.70%	18.53	3.28
												Min	9.49%	14.07	2.49

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	\$4.40	\$4.63	\$4.88	\$5.15	\$5.44	\$5.75	\$6.07	\$6.41	\$6.78	\$7.16
Cleco Corporation	CNL	\$2.65	\$2.83	\$3.02	\$3.22	\$3.43	\$3.66	\$3.90	\$4.14	\$4.40	\$4.66	\$4.93	\$5.21	\$5.51	\$5.82	\$6.15	\$6.50	\$6.86
Duke Energy Corporation	DUK	\$3.98	\$4.16	\$4.36	\$4.56	\$4.77	\$4.99	\$5.22	\$5.48	\$5.76	\$6.07	\$6.40	\$6.77	\$7.15	\$7.55	\$7.98	\$8.43	\$8.91
Empire District Electric Company	EDE	\$1.48	\$1.53	\$1.58	\$1.63	\$1.69	\$1.74	\$1.81	\$1.88	\$1.97	\$2.06	\$2.17	\$2.29	\$2.42	\$2.56	\$2.71	\$2.86	\$3.02
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.06	\$2.15	\$2.25	\$2.37	\$2.49	\$2.64	\$2.78	\$2.94	\$3.11	\$3.28	\$3.47
IDACORP, Inc.	IDA	\$3.64	\$3.75	\$3.86	\$3.98	\$4.10	\$4.22	\$4.37	\$4.53	\$4.73	\$4.96	\$5.21	\$5.51	\$5.82	\$6.15	\$6.50	\$6.86	\$7.25
NextEra Energy, Inc.	NEE	\$4.83	\$5.14	\$5.46	\$5.81	\$6.18	\$6.57	\$6.98	\$7.41	\$7.86	\$8.32	\$8.80	\$9.30	\$9.82	\$10.38	\$10.97	\$11.59	\$12.24
Northeast Utilities	NU	\$2.49	\$2.67	\$2.85	\$3.06	\$3.27	\$3.50	\$3.74	\$3.99	\$4.24	\$4.50	\$4.77	\$5.04	\$5.32	\$5.62	\$5.94	\$6.28	\$6.63
Otter Tail Corporation	OTTR	\$3.37	\$1.52	\$1.68	\$1.86	\$2.06	\$2.28	\$2.51	\$2.74	\$2.96	\$3.18	\$3.38	\$3.58	\$3.78	\$3.99	\$4.22	\$4.46	\$4.71
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.80	\$3.94	\$4.10	\$4.25	\$4.41	\$4.60	\$4.80	\$5.03	\$5.28	\$5.56	\$5.88	\$6.21	\$6.56	\$6.93	\$7.32	\$7.74
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.68	\$1.84	\$2.01	\$2.20	\$2.39	\$2.58	\$2.77	\$2.96	\$3.15	\$3.33	\$3.51	\$3.71	\$3.92	\$4.14	\$4.38
Portland General Electric Company	POR	\$1.77	\$1.91	\$2.06	\$2.22	\$2.40	\$2.59	\$2.79	\$2.99	\$3.19	\$3.39	\$3.60	\$3.80	\$4.02	\$4.24	\$4.48	\$4.74	\$5.00
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.09	\$3.20	\$3.32	\$3.46	\$3.62	\$3.80	\$4.00	\$4.22	\$4.46	\$4.71	\$4.98	\$5.26	\$5.56
Westar Energy, Inc.	WR	\$2.27	\$2.36	\$2.46	\$2.56	\$2.66	\$2.77	\$2.89	\$3.02	\$3.16	\$3.33	\$3.50	\$3.70	\$3.91	\$4.13	\$4.37	\$4.61	\$4.87

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%	64.46%	64.92%	65.38%	65.85%	66.31%	66.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.46%	64.92%	65.38%	65.85%	66.31%	66.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.32%	65.64%	65.96%	66.28%	66.59%	66.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Hawaiian Electric Industries, Inc.	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.18%	66.35%	66.53%	66.70%	66.88%	67.06%	67.23%	67.23%	67.23%	67.23%	67.23%
IDACORP, Inc.	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	56.75%	58.49%	60.24%	61.99%	63.74%	65.48%	67.23%	67.23%	67.23%	67.23%	67.23%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	59.32%	60.64%	61.96%	63.28%	64.59%	65.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.18%	61.35%	62.53%	63.70%	64.88%	66.06%	67.23%	67.23%	67.23%	67.23%	67.23%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.60%	64.21%	64.81%	65.42%	66.02%	66.63%	67.23%	67.23%	67.23%	67.23%	67.23%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	51.60%	54.21%	56.81%	59.42%	62.02%	64.63%	67.23%	67.23%	67.23%	67.23%	67.23%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.32%	70.64%	69.96%	69.28%	68.59%	67.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Westar Energy, Inc.	WR	57.00%	57.75%	58.50%	59.25%	60.00%	61.03%	62.07%	63.10%	64.13%	65.17%	66.20%	67.23%	67.23%	67.23%	67.23%	67.23%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]	Terminal Value
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Value
American Electric Power Company, Inc.	AEP	\$2.00	\$2.13	\$2.26	\$2.41	\$2.56	\$2.70	\$2.86	\$3.03	\$3.21	\$3.41	\$3.63	\$3.86	\$4.08	\$4.31	\$4.56	\$4.81	\$5.06	\$116.65
Cleco Corporation	CNL	\$1.75	\$1.83	\$1.91	\$2.00	\$2.09	\$2.28	\$2.48	\$2.70	\$2.93	\$3.17	\$3.43	\$3.70	\$3.91	\$4.13	\$4.37	\$4.61	\$4.87	\$127.14
Duke Energy Corporation	DUK	\$2.96	\$3.02	\$3.08	\$3.13	\$3.19	\$3.37	\$3.56	\$3.77	\$4.00	\$4.25	\$4.52	\$4.81	\$5.08	\$5.36	\$5.67	\$5.99	\$6.30	\$160.82
Empire District Electric Company	EDE	\$0.99	\$1.03	\$1.06	\$1.10	\$1.13	\$1.18	\$1.24	\$1.30	\$1.37	\$1.45	\$1.54	\$1.63	\$1.72	\$1.82	\$1.92	\$2.03	\$2.14	\$55.67
Hawaiian Electric Industries, Inc.	HE	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.36	\$1.43	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$2.45	\$53.08
IDACORP, Inc.	IDA	\$1.76	\$1.89	\$2.03	\$2.17	\$2.32	\$2.48	\$2.65	\$2.85	\$3.07	\$3.32	\$3.61	\$3.91	\$4.13	\$4.37	\$4.62	\$4.88	\$5.14	\$126.66
NextEra Energy, Inc.	NEE	\$3.13	\$3.28	\$3.43	\$3.58	\$3.75	\$4.08	\$4.44	\$4.82	\$5.23	\$5.66	\$6.12	\$6.60	\$7.09	\$7.57	\$8.05	\$8.54	\$9.03	\$221.15
Northeast Utilities	NU	\$1.60	\$1.70	\$1.80	\$1.91	\$2.03	\$2.22	\$2.42	\$2.63	\$2.85	\$3.08	\$3.32	\$3.58	\$3.78	\$4.00	\$4.22	\$4.46	\$4.70	\$103.21
Otter Tail Corporation	OTTR	\$1.06	\$1.13	\$1.20	\$1.27	\$1.35	\$1.51	\$1.68	\$1.85	\$2.02	\$2.20	\$2.36	\$2.54	\$2.68	\$2.84	\$3.00	\$3.16	\$3.32	\$66.24
Pinnacle West Capital Corporation	PNW	\$2.36	\$2.46	\$2.56	\$2.67	\$2.78	\$2.92	\$3.08	\$3.26	\$3.45	\$3.67	\$3.92	\$4.17	\$4.41	\$4.66	\$4.92	\$5.20	\$5.48	\$127.51
PNM Resources, Inc.	PNM	\$0.77	\$0.84	\$0.91	\$0.99	\$1.08	\$1.23	\$1.40	\$1.58	\$1.76	\$1.95	\$2.15	\$2.36	\$2.50	\$2.64	\$2.79	\$2.94	\$3.09	\$62.96
Portland General Electric Company	POR	\$0.99	\$1.10	\$1.21	\$1.34	\$1.48	\$1.63	\$1.79	\$1.96	\$2.13	\$2.31	\$2.50	\$2.70	\$2.85	\$3.01	\$3.18	\$3.36	\$3.54	\$78.52
Southern Company	SO	\$2.07	\$2.12	\$2.18	\$2.24	\$2.30	\$2.37	\$2.44	\$2.53	\$2.63	\$2.74	\$2.87	\$3.00	\$3.17	\$3.35	\$3.54	\$3.74	\$3.94	\$93.14
Westar Energy, Inc.	WR	\$1.35	\$1.42	\$1.50	\$1.58	\$1.66	\$1.76	\$1.87	\$2.00	\$2.									

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								
					Value				High								
Company	Ticker	Price	Zacks	First Call	Line	Growth	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio	Terminal		
American Electric Power Company, Inc.	AEP	\$52.12	4.80%	4.79%	4.50%	4.80%	5.65%	60.00%	64.00%	67.23%	(\$0.00)	10.04%	16.18	2.86			
Cleco Corporation	CNL	\$55.24	8.00%	7.00%	5.00%	8.00%	5.65%	62.00%	57.00%	67.23%	\$0.00	9.82%	17.04	3.01			
Duke Energy Corporation	DUK	\$72.72	4.30%	4.53%	5.00%	5.00%	5.65%	71.00%	64.00%	67.23%	(\$0.00)	9.69%	17.60	3.11			
Empire District Electric Company	EDE	\$25.28	3.00%	3.00%	4.00%	4.00%	5.65%	65.00%	65.00%	67.23%	(\$0.00)	9.68%	17.63	3.12			
Hawaiian Electric Industries, Inc.	HE	\$24.54	4.00%	4.00%	4.00%	4.00%	5.65%	77.00%	66.00%	67.23%	(\$0.00)	10.30%	15.30	2.71			
IDACORP, Inc.	IDA	\$55.00	4.00%	4.00%	1.00%	4.00%	5.65%	47.00%	55.00%	67.23%	(\$0.00)	9.99%	16.37	2.90			
NextEra Energy, Inc.	NEE	\$96.13	6.60%	6.48%	6.00%	6.60%	5.65%	61.00%	57.00%	67.23%	\$0.00	9.64%	17.79	3.15			
Northeast Utilities	NU	\$44.62	6.90%	6.31%	8.00%	8.00%	5.65%	60.00%	58.00%	67.23%	\$0.00	10.49%	14.69	2.60			
Otter Tail Corporation	OTTR	\$28.25	NA	6.00%	15.50%	15.50%	5.65%	70.00%	59.00%	67.23%	\$0.00	12.27%	10.74	1.90			
Pinnacle West Capital Corporation	PNW	\$55.12	3.70%	3.75%	4.00%	4.00%	5.65%	62.00%	63.00%	67.23%	(\$0.00)	10.19%	15.65	2.77			
PNM Resources, Inc.	PNM	\$25.77	8.50%	8.32%	11.00%	11.00%	5.65%	50.00%	49.00%	67.23%	\$0.00	11.12%	13.00	2.30			
Portland General Electric Company	POR	\$33.36	7.80%	10.96%	5.00%	10.96%	5.65%	52.00%	57.00%	67.23%	\$0.00	11.08%	13.08	2.31			
Southern Company	SO	\$43.62	3.50%	3.35%	3.50%	3.50%	5.65%	74.00%	72.00%	67.23%	(\$0.00)	9.91%	16.70	2.95			
Westar Energy, Inc.	WR	\$36.28	3.70%	2.40%	6.00%	6.00%	5.65%	57.00%	60.00%	67.23%	\$0.00	10.44%	14.84	2.62			
DCF Result																	
Mean												10.33%	15.47	2.74			
Max												12.27%	17.79	3.15			
Min												9.64%	10.74	1.90			

Projected Annual Earnings per Share																		
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.33	\$3.49	\$3.66	\$3.84	\$4.02	\$4.22	\$4.43	\$4.66	\$4.92	\$5.19	\$5.48	\$5.79	\$6.12	\$6.46	\$6.83	\$7.21
Cleco Corporation	CNL	\$2.65	\$2.86	\$3.09	\$3.34	\$3.61	\$3.89	\$4.19	\$4.49	\$4.80	\$5.11	\$5.42	\$5.72	\$6.05	\$6.39	\$6.75	\$7.13	\$7.53
Duke Energy Corporation	DUK	\$3.98	\$4.18	\$4.39	\$4.61	\$4.84	\$5.08	\$5.34	\$5.62	\$5.92	\$6.24	\$6.58	\$6.96	\$7.35	\$7.77	\$8.20	\$8.67	\$9.16
Empire District Electric Company	EDE	\$1.48	\$1.54	\$1.60	\$1.66	\$1.73	\$1.80	\$1.88	\$1.96	\$2.06	\$2.16	\$2.28	\$2.41	\$2.54	\$2.69	\$2.84	\$3.00	\$3.07
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.06	\$2.15	\$2.25	\$2.37	\$2.49	\$2.64	\$2.78	\$2.94	\$3.11	\$3.28	\$3.47
IDACORP, Inc.	IDA	\$3.64	\$3.79	\$3.94	\$4.09	\$4.26	\$4.43	\$4.62	\$4.83	\$5.06	\$5.32	\$5.61	\$5.92	\$6.26	\$6.61	\$7.00	\$7.38	\$7.80
NextEra Energy, Inc.	NEE	\$4.83	\$5.15	\$5.49	\$5.85	\$6.24	\$6.65	\$7.08	\$7.52	\$7.98	\$8.46	\$8.95	\$9.46	\$9.99	\$10.56	\$11.15	\$11.78	\$12.45
Northeast Utilities	NU	\$2.49	\$2.69	\$2.90	\$3.14	\$3.39	\$3.65	\$3.94	\$4.22	\$4.51	\$4.80	\$5.09	\$5.38	\$5.68	\$6.00	\$6.34	\$6.70	\$7.08
Otter Tail Corporation	OTTR	\$3.37	\$1.58	\$1.83	\$2.11	\$2.44	\$2.82	\$3.21	\$3.60	\$3.98	\$4.33	\$4.65	\$4.91	\$5.19	\$5.48	\$5.79	\$6.12	\$6.47
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.96	\$4.12	\$4.28	\$4.45	\$4.64	\$4.85	\$5.09	\$5.35	\$5.64	\$5.95	\$6.29	\$6.65	\$7.02	\$7.42	\$7.84
PNM Resources, Inc.	PNM	\$1.41	\$1.57	\$1.74	\$1.93	\$2.14	\$2.38	\$2.62	\$2.86	\$3.10	\$3.33	\$3.54	\$3.74	\$3.95	\$4.18	\$4.41	\$4.66	\$4.93
Portland General Electric Company	POR	\$1.77	\$1.96	\$2.18	\$2.42	\$2.68	\$2.98	\$3.28	\$3.58	\$3.88	\$4.16	\$4.44	\$4.69	\$4.95	\$5.23	\$5.53	\$5.84	\$6.17
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.21	\$3.33	\$3.47	\$3.63	\$3.81	\$4.01	\$4.24	\$4.48	\$4.73	\$5.00	\$5.28	\$5.58
Westar Energy, Inc.	WR	\$2.27	\$2.41	\$2.55	\$2.70	\$2.87	\$3.04	\$3.22	\$3.41	\$3.61	\$3.81	\$4.03	\$4.26	\$4.50	\$4.76	\$5.02	\$5.31	\$5.61

Projected Annual Dividend Payout Ratio																	
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	60.00%	61.00%	62.00%	63.00%	64.00%	64.46%	64.92%	65.38%	65.85%	66.31%	66.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.46%	64.92%	65.38%	65.85%	66.31%	66.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.32%	65.64%	65.96%	66.28%	66.59%	66.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Hawaiian Electric Industries, Inc.	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.18%	66.35%	66.53%	66.70%	66.88%	67.06%	67.23%	67.23%	67.23%	67.23%	67.23%
IDACORP, Inc.	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	56.75%	58.49%	60.24%	61.99%	63.74%	65.48%	67.23%	67.23%	67.23%	67.23%	67.23%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	59.32%	60.64%	61.96%	63.28%	64.59%	65.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.18%	61.35%	62.53%	63.70%	64.88%	66.06%	67.23%	67.23%	67.23%	67.23%	67.23%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.60%	64.21%	64.81%	65.42%	66.02%	66.63%	67.23%	67.23%	67.23%	67.23%	67.23%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	51.60%	54.21%	56.81%	59.42%	62.02%	64.63%	67.23%	67.23%	67.23%	67.23%	67.23%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.32%	70.64%	69.96%	69.28%	68.59%	67.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Westar Energy, Inc.	WR	57.00%	57.75%	58.50%	59.25%	60.00%	61.03%	62.07%	63.10%	64.13%	65.17%	66.20%	67.23%	67.23%	67.23%	67.23%	67.23%

Projected Annual Cash Flows																		
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	\$2.72	\$2.88	\$3.05	\$3.24	\$3.44	\$3.66	\$3.89	\$4.11	\$4.34	\$4.59	\$4.85	\$116.73
Cleco Corporation	CNL	\$1.77	\$1.88	\$1.99	\$2.10	\$2.22	\$2.45	\$2.69	\$2.95	\$3.21	\$3.48	\$3.76	\$4.07	\$4.29	\$4.54	\$4.79	\$5.07	\$128.36
Duke Energy Corporation	DUK	\$2.97	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.87	\$4.11	\$4.37	\$4.64	\$4.94	\$5.22	\$5.52	\$5.83	\$6.16	\$161.19
Empire District Electric Company	EDE	\$1.00	\$1.04	\$1.08	\$1.13	\$1.17	\$1.23	\$1.29	\$1.36	\$1.43	\$1.52	\$1.61	\$1.71	\$1.81	\$1.91	\$2.02	\$2.13	\$55.88
Hawaiian Electric Industries, Inc.	HE	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.36	\$1.43	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$53.08
IDACORP, Inc.	IDA	\$1.78	\$1.93	\$2.09	\$2.26	\$2.44	\$2.62	\$2.82	\$3.05	\$3.30	\$3.57	\$3.88	\$4.21	\$4.44	\$4.70	\$4.96	\$5.24	\$127.62
NextEra Energy, Inc.	NEE	\$3.14	\$3.29	\$3.45	\$3.62	\$3.79	\$4.14	\$4.51	\$4.90	\$5.32	\$5.76	\$6.22	\$6.72	\$7.10	\$7.50	\$7.92	\$8.37	\$221.52
Northeast Utilities	NU	\$1.61	\$1.73	\$1.85	\$1.98	\$2.12	\$2.34	\$2.56	\$2.79	\$3.04	\$3.29	\$3.54	\$3.82	\$4.04	\$4.26	\$4.50	\$4.76	\$104.00
Otter Tail Corporation	OTTR	\$1.11	\$1.23	\$1.36	\$1.51	\$1.66	\$1.93	\$2.21	\$2.49	\$2.76	\$3.02	\$3.25	\$3.49	\$3.69	\$3.90	\$4.12	\$4.35	\$69.44
Pinnacle West Capital Corporation	PNW	\$2.36	\$2.46	\$2.57	\$2.69	\$2.81	\$2.95	\$3.12	\$3.30	\$3.50	\$3.72	\$3.97	\$4.23	\$4.47	\$4.72	\$4.99	\$5.27	\$122.67
PNM Resources, Inc.	PNM	\$0.78	\$0.86	\$0.95	\$1.05	\$1.16	\$1.35	\$1.55	\$1.76	\$1.98	\$2.20	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$64.08
Portland General Electric Company	POR	\$1.02	\$1.16	\$1.32	\$1.50	\$1.70	\$1.92	\$2.14	\$2.38	\$2.62	\$2.85	\$3.08	\$3.33	\$3.52	\$3.72	\$3.93	\$4.15	\$80.69
Southern Company	SO	\$2.07	\$2.13	\$2.19	\$2.25	\$2.31	\$2.38	\$2.45	\$2.54	\$2.64	\$2.75	\$2.88	\$3.01	\$3.18	\$3.36	\$3.55	\$3.75	\$93.16
Westar Energy, Inc.	WR	\$1.37	\$1.47	\$1.58	\$1.70	\$1.82	\$1.96	\$2.11	\$2.28	\$2.45	\$2.63	\$2.82	\$3.03	\$3.20	\$3.38	\$3.57	\$3.77	\$83.20

Projected Annual Data Investor Cash Flows																			
Company	Ticker	Initial	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	\$2.72	\$2.88	\$3.05	\$3.24	\$3.44	\$3.66	\$3.89	\$4.11	\$4.34	\$4.59	\$121.58
Cleco Corporation	CNL	(\$55.24)	\$0.00	\$0.53	\$1.85	\$1.99	\$2.10	\$2.22	\$2.45	\$2.69	\$2.95	\$3.21	\$3.48	\$3.76	\$4.07	\$4.29	\$4.54	\$4.79	\$133.43
Duke Energy Corporation	DUK	(\$72.72)	\$0.00	\$0.89	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.87	\$4.11	\$4.37	\$4.64	\$4.94	\$5.22	\$5.52	\$5.83	\$167.35
Empire District Electric Company	EDE	(\$25.28)	\$0.00	\$0.30	\$1.02	\$1.08	\$1.13	\$1.17	\$1.23	\$1.29	\$1.36	\$1.43	\$1.52	\$1.61	\$1.71	\$1.81	\$1.91	\$2.02	\$58.01
Hawaiian Electric Industries, Inc.	HE	(\$24.54)	\$0.00	\$0.39	\$1.32	\$1.30	\$1.30	\$1.36	\$1.43	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$55.41
IDACORP, Inc.	IDA	(\$55.00)	\$0.00	\$0.54	\$1.81	\$2.09	\$2.26	\$2.44	\$2.62	\$2.8									

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	Price	Zacks	First Call	Line	Value	Low	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio	Terminal	Terminal									
Company	Ticker	Price	Zacks	First Call	Line	Value	Low	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio	Terminal	Terminal									
American Electric Power Company, Inc.	AEP	\$52.12	4.80%	4.79%	4.50%	4.50%	4.50%	5.65%	60.00%	64.00%	67.23%	(\$0.00)	9.96%	16.50	2.92											
Cleco Corporation	CNL	\$55.24	8.00%	7.00%	5.00%	5.00%	5.00%	5.65%	62.00%	57.00%	67.23%	(\$0.00)	9.10%	20.63	3.65											
Duke Energy Corporation	DUK	\$72.72	4.30%	4.53%	5.00%	4.30%	4.30%	5.65%	71.00%	64.00%	67.23%	(\$0.00)	9.51%	18.43	3.26											
Empire District Electric Company	EDE	\$25.28	3.00%	3.00%	4.00%	3.00%	3.00%	5.65%	65.00%	65.00%	67.23%	(\$0.00)	9.42%	18.84	3.33											
Hawaiian Electric Industries, Inc.	HE	\$24.54	4.00%	4.00%	4.00%	4.00%	4.00%	5.65%	77.00%	66.00%	67.23%	(\$0.00)	10.30%	15.30	2.71											
IDACORP, Inc.	IDA	\$55.00	4.00%	4.00%	1.00%	1.00%	1.00%	5.65%	47.00%	55.00%	67.23%	(\$0.00)	9.21%	19.94	3.53											
NextEra Energy, Inc.	NEE	\$96.13	6.60%	6.48%	6.00%	6.00%	6.00%	5.65%	61.00%	57.00%	67.23%	\$0.00	9.49%	18.49	3.27											
Northeast Utilities	NU	\$44.62	6.90%	6.31%	8.00%	6.31%	6.31%	5.65%	60.00%	58.00%	67.23%	\$0.00	10.01%	16.32	2.89											
Otter Tail Corporation	OTTR	\$28.25	NA	6.00%	15.50%	6.00%	6.00%	5.65%	70.00%	59.00%	67.23%	\$0.00	9.41%	18.89	3.34											
Pinnacle West Capital Corporation	PNW	\$55.12	3.70%	3.75%	4.00%	3.70%	3.70%	5.65%	62.00%	63.00%	67.23%	(\$0.00)	10.10%	15.96	2.82											
PNM Resources, Inc.	PNM	\$25.77	8.50%	8.32%	11.00%	8.32%	8.32%	5.65%	50.00%	49.00%	67.23%	\$0.00	10.32%	15.22	2.69											
Portland General Electric Company	POR	\$33.36	7.80%	10.96%	5.00%	5.00%	5.00%	5.65%	52.00%	57.00%	67.23%	(\$0.00)	9.42%	18.86	3.34											
Southern Company	SO	\$43.62	3.50%	3.35%	3.50%	3.35%	3.35%	5.65%	74.00%	72.00%	67.23%	(\$0.00)	9.86%	16.87	2.98											
Westar Energy, Inc.	WR	\$36.28	3.70%	2.40%	6.00%	2.40%	2.40%	5.65%	57.00%	60.00%	67.23%	(\$0.00)	9.44%	18.74	3.31											

DCF Result

Mean	9.68%	17.78	3.15
Max	10.32%	20.63	3.65
Min	9.10%	15.22	2.69

Projected Annual Earnings per Share

Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.32	\$3.47	\$3.63	\$3.79	\$3.96	\$4.15	\$4.35	\$4.57	\$4.81	\$5.08	\$5.36	\$5.67	\$5.99	\$6.32	\$6.68	\$7.06
Cleco Corporation	CNL	\$2.65	\$2.78	\$2.92	\$3.07	\$3.22	\$3.38	\$3.55	\$3.74	\$3.94	\$4.15	\$4.38	\$4.63	\$4.89	\$5.17	\$5.46	\$5.77	\$6.10
Duke Energy Corporation	DUK	\$3.98	\$4.15	\$4.33	\$4.52	\$4.71	\$4.91	\$5.13	\$5.38	\$5.65	\$5.94	\$6.26	\$6.62	\$6.99	\$7.39	\$7.80	\$8.24	\$8.71
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.84	\$1.92	\$2.02	\$2.12	\$2.24	\$2.37	\$2.50	\$2.64	\$2.79	\$2.95
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.06	\$2.15	\$2.25	\$2.37	\$2.49	\$2.64	\$2.78	\$2.94	\$3.11	\$3.28	\$3.47
IDACORP, Inc.	IDA	\$3.64	\$3.68	\$3.71	\$3.75	\$3.79	\$3.83	\$3.89	\$3.99	\$4.13	\$4.29	\$4.50	\$4.76	\$5.03	\$5.31	\$5.61	\$5.93	\$6.27
NextEra Energy, Inc.	NEE	\$4.83	\$5.12	\$5.43	\$5.75	\$6.10	\$6.46	\$6.85	\$7.25	\$7.67	\$8.12	\$8.58	\$9.06	\$9.58	\$10.12	\$10.69	\$11.29	\$11.93
Northeast Utilities	NU	\$2.49	\$2.65	\$2.81	\$2.99	\$3.18	\$3.38	\$3.59	\$3.81	\$4.04	\$4.27	\$4.52	\$4.78	\$5.05	\$5.33	\$5.63	\$5.95	\$6.29
Otter Tail Corporation	OTTR	\$1.37	\$1.45	\$1.54	\$1.63	\$1.73	\$1.83	\$1.94	\$2.06	\$2.18	\$2.30	\$2.43	\$2.57	\$2.72	\$2.87	\$3.03	\$3.20	\$3.38
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.80	\$3.94	\$4.08	\$4.23	\$4.39	\$4.54	\$4.76	\$4.99	\$5.24	\$5.52	\$5.83	\$6.16	\$6.50	\$6.87	\$7.26	\$7.67
PNM Resources, Inc.	PNM	\$1.41	\$1.53	\$1.65	\$1.79	\$1.94	\$2.10	\$2.27	\$2.44	\$2.61	\$2.78	\$2.95	\$3.11	\$3.29	\$3.48	\$3.67	\$3.88	\$4.10
Portland General Electric Company	POR	\$1.77	\$1.86	\$1.95	\$2.05	\$2.15	\$2.26	\$2.37	\$2.50	\$2.63	\$2.77	\$2.93	\$3.09	\$3.27	\$3.45	\$3.65	\$3.85	\$4.07
Southern Company	SO	\$2.70	\$2.79	\$2.88	\$2.98	\$3.08	\$3.18	\$3.30	\$3.44	\$3.59	\$3.77	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$5.22	\$5.52
Westar Energy, Inc.	WR	\$2.27	\$2.32	\$2.38	\$2.44	\$2.50	\$2.56	\$2.63	\$2.72	\$2.83	\$2.96	\$3.11	\$3.29	\$3.47	\$3.67	\$3.88	\$4.10	\$4.33

Projected Annual Dividend Payout Ratio

Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	60.00%	61.00%	62.00%	63.00%	64.00%	64.46%	64.92%	65.38%	65.85%	66.31%	66.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.46%	64.92%	65.38%	65.85%	66.31%	66.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.32%	65.64%	65.96%	66.28%	66.59%	66.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Hawaiian Electric Industries, Inc.	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.18%	66.35%	66.53%	66.70%	66.88%	67.06%	67.23%	67.23%	67.23%	67.23%	67.23%
IDACORP, Inc.	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	56.75%	58.49%	60.24%	61.99%	63.74%	65.48%	67.23%	67.23%	67.23%	67.23%	67.23%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	59.32%	60.64%	61.96%	63.28%	64.59%	65.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.18%	61.35%	62.53%	63.70%	64.88%	66.06%	67.23%	67.23%	67.23%	67.23%	67.23%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.60%	64.21%	64.81%	65.42%	66.02%	66.63%	67.23%	67.23%	67.23%	67.23%	67.23%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	51.60%	54.21%	56.81%	59.42%	62.02%	64.63%	67.23%	67.23%	67.23%	67.23%	67.23%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.32%	70.64%	69.96%	69.28%	68.59%	67.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Westar Energy, Inc.	WR	57.00%	57.75%	58.50%	59.25%	60.00%	61.03%	62.07%	63.10%	64.13%	65.17%	66.20%	67.23%	67.23%	67.23%	67.23%	67.23%

Projected Annual Cash Flows

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	\$2.67	\$2.83	\$2.99	\$3.17	\$3.37	\$3.58	\$3.81	\$4.02	\$4.25	\$4.49	\$4.75	\$116.49
Cleco Corporation	CNL	\$1.73	\$1.77	\$1.83	\$1.88	\$1.93	\$2.08	\$2.24	\$2.42	\$2.61	\$2.82	\$3.05	\$3.29	\$3.48	\$3.67	\$3.88	\$4.10	\$125.78
Duke Energy Corporation	DUK	\$2.95	\$3.00	\$3.05	\$3.10	\$3.14	\$3.31	\$3.49	\$3.69	\$3.91	\$4.15	\$4.42	\$4.70	\$4.97	\$5.25	\$5.54	\$5.86	\$160.53
Empire District Electric Company	EDE	\$0.99	\$1.02	\$1.05	\$1.08	\$1.12	\$1.16	\$1.21	\$1.27	\$1.34	\$1.41	\$1.50	\$1.59	\$1.68	\$1.78	\$1.88	\$1.98	\$55.56
Hawaiian Electric Industries, Inc.	HE	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.36	\$1.43	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$53.08
IDACORP, Inc.	IDA	\$1.73	\$1.82	\$1.91	\$2.01	\$2.10	\$2.21	\$2.34	\$2.49	\$2.66	\$2.87	\$3.12	\$3.38	\$3.57	\$3.77	\$3.99	\$4.21	\$124.94
NextEra Energy, Inc.	NEE	\$3.12	\$3.26	\$3.39	\$3.54	\$3.68	\$4.00	\$4.34	\$4.71	\$5.10	\$5.52	\$5.96	\$6.44	\$6.80	\$7.19	\$7.59	\$8.02	\$220.60
Northeast Utilities	NU	\$1.59	\$1.67	\$1.77	\$1.86	\$1.96	\$2.13	\$2.31	\$2.50	\$2.70	\$2.92	\$3.15	\$3.39	\$3.58	\$3.79	\$4.00	\$4.23	\$102.61
Otter Tail Corporation	OTTR	\$1.02	\$1.04	\$1.05	\$1.07	\$1.08	\$1.17	\$1.26	\$1.36	\$1.47	\$1.58	\$1.70	\$1.83	\$1.93	\$2.04	\$2.15	\$2.28	\$63.92
Pinnacle West Capital Corporation	PNW	\$2.35	\$2.45	\$2.55	\$2.66	\$2.77	\$2.90	\$3.06	\$3.23	\$3.43	\$3.64	\$3.88	\$4.14	\$4.37	\$4.62	\$4.88	\$5.16	\$122.42
PNM Resources, Inc.	PNM	\$0.76	\$0.82	\$0.89	\$0.96	\$1.03	\$1.17	\$1.32	\$1.48	\$1.65	\$1.83	\$2.01	\$2.21	\$2.34	\$2.47	\$2.61	\$2.76	\$62.39
Portland General Electric Company	POR	\$0.97	\$1.04	\$1.12	\$1.20	\$1.29	\$1.39	\$1.50	\$1.62	\$1.74	\$1.88	\$2.03	\$2.20	\$2.32	\$2.45	\$2.59	\$2.74	\$76.82
Southern Company	SO	\$2.06	\$2.12	\$2.18	\$2.23	\$2.29	\$2.36	\$2.43	\$2.51	\$2.61	\$2.72	\$2.85	\$2.98	\$3.15	\$3.32	\$3.51	\$3.71	\$93.09
Westar Energy, Inc.	WR	\$1.32	\$1.37	\$1.43	\$1.48	\$1.53	\$1.61	\$1.69	\$1.79	\$1.90	\$2.03	\$2.18	\$2.34	\$2.47	\$2.61	\$2.76	\$2.91	\$81.13

Projected Annual Data Investor Cash Flows

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Multi-Stage Growth Discounted Cash Flow Model
 90 Day Average Stock Price
 Low EPS Growth Rate Estimate in First Stage

Inputs	[1] Stock	[2]-[5] EPS Growth Rate Estimates				[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]			
		Price	Zacks	Value		Long-Term Growth	2014	2018	2024	Payout Ratio	Iterative Solution	Terminal	Terminal			
				First Call	Line									Low		
Company	Ticker	Price	Zacks	First Call	Line	Low	Growth	2014	2018	2024	Proof	IRR	P/E Ratio	PEG Ratio		
American Electric Power Company, Inc.	AEP	\$53.04	4.80%	4.79%	4.50%	4.50%	5.65%	60.00%	64.00%	67.23%	(\$0.00)	9.88%	16.79	2.97		
Cleco Corporation	CNL	\$54.74	8.00%	7.00%	5.00%	5.00%	5.65%	62.00%	57.00%	67.23%	(\$0.00)	9.13%	20.44	3.62		
Duke Energy Corporation	DUK	\$72.21	4.30%	4.53%	5.00%	4.30%	5.65%	71.00%	64.00%	67.23%	(\$0.00)	9.53%	18.30	3.24		
Empire District Electric Company	EDE	\$24.80	3.00%	3.00%	4.00%	3.00%	5.65%	65.00%	65.00%	67.23%	(\$0.00)	9.50%	18.47	3.27		
Hawaiian Electric Industries, Inc.	HE	\$24.44	4.00%	4.00%	4.00%	4.00%	5.65%	77.00%	66.00%	67.23%	(\$0.00)	10.32%	15.23	2.69		
IDACORP, Inc.	IDA	\$55.20	4.00%	4.00%	1.00%	1.00%	5.65%	47.00%	55.00%	67.23%	(\$0.00)	9.20%	20.01	3.54		
NextEra Energy, Inc.	NEE	\$97.36	6.60%	6.48%	6.00%	6.00%	5.65%	61.00%	57.00%	67.23%	\$0.00	9.45%	18.72	3.39		
Northeast Utilities	NU	\$45.32	6.90%	6.31%	8.00%	6.31%	5.65%	60.00%	58.00%	67.23%	\$0.00	9.94%	16.57	2.91		
Otter Tail Corporation	OTTR	\$28.64	NA	6.00%	15.50%	6.00%	5.65%	70.00%	59.00%	67.23%	\$0.00	9.36%	19.15	3.39		
Pinnacle West Capital Corporation	PNW	\$55.49	3.70%	3.75%	4.00%	3.70%	5.65%	62.00%	63.00%	67.23%	(\$0.00)	10.07%	16.07	2.84		
PNM Resources, Inc.	PNM	\$27.43	8.50%	8.32%	11.00%	8.32%	5.65%	50.00%	49.00%	67.23%	\$0.00	10.05%	16.15	2.86		
Portland General Electric Company	POR	\$33.26	7.80%	10.96%	5.00%	5.00%	5.65%	52.00%	57.00%	67.23%	(\$0.00)	9.43%	18.81	3.33		
Southern Company	SO	\$43.93	3.50%	3.35%	3.50%	3.35%	5.65%	74.00%	72.00%	67.23%	(\$0.00)	9.83%	16.99	3.01		
Westar Energy, Inc.	WR	\$36.38	3.70%	2.40%	6.00%	2.40%	5.65%	57.00%	60.00%	67.23%	(\$0.00)	9.43%	18.79	3.32		
DCF Result																
													Mean	9.65%	17.89	3.17
													Max	10.32%	20.44	3.62
													Min	9.13%	15.23	2.69

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	\$4.15	\$4.35	\$4.57	\$4.81	\$5.08	\$5.36	\$5.67	\$5.99	\$6.32	\$6.68	\$7.06
Cleco Corporation	CNL	\$2.65	\$2.78	\$2.92	\$3.07	\$3.22	\$3.38	\$3.55	\$3.74	\$3.94	\$4.15	\$4.38	\$4.63	\$4.89	\$5.17	\$5.46	\$5.77	\$6.10
Duke Energy Corporation	DUK	\$3.98	\$4.15	\$4.33	\$4.52	\$4.71	\$4.91	\$5.13	\$5.38	\$5.65	\$5.94	\$6.26	\$6.62	\$6.99	\$7.39	\$7.80	\$8.24	\$8.71
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.84	\$1.92	\$2.02	\$2.12	\$2.24	\$2.37	\$2.50	\$2.64	\$2.79	\$2.95
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.06	\$2.15	\$2.25	\$2.37	\$2.49	\$2.64	\$2.78	\$2.94	\$3.11	\$3.28	\$3.47
IDACORP, Inc.	IDA	\$3.64	\$3.68	\$3.71	\$3.75	\$3.79	\$3.83	\$3.89	\$3.99	\$4.13	\$4.29	\$4.50	\$4.76	\$5.03	\$5.31	\$5.61	\$5.93	\$6.27
NextEra Energy, Inc.	NEE	\$4.83	\$5.12	\$5.43	\$5.75	\$6.10	\$6.46	\$6.85	\$7.25	\$7.67	\$8.12	\$8.58	\$9.06	\$9.58	\$10.12	\$10.69	\$11.29	\$11.93
Northeast Utilities	NU	\$2.49	\$2.65	\$2.81	\$2.99	\$3.18	\$3.38	\$3.59	\$3.81	\$4.04	\$4.27	\$4.52	\$4.78	\$5.05	\$5.33	\$5.63	\$5.95	\$6.29
Otter Tail Corporation	OTTR	\$1.37	\$1.45	\$1.54	\$1.63	\$1.73	\$1.83	\$1.94	\$2.06	\$2.18	\$2.30	\$2.43	\$2.57	\$2.72	\$2.87	\$3.03	\$3.20	\$3.38
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.80	\$3.94	\$4.08	\$4.23	\$4.39	\$4.54	\$4.76	\$4.99	\$5.24	\$5.52	\$5.83	\$6.16	\$6.50	\$6.87	\$7.26	\$7.67
PNM Resources, Inc.	PNM	\$1.41	\$1.53	\$1.65	\$1.79	\$1.94	\$2.10	\$2.27	\$2.44	\$2.61	\$2.78	\$2.95	\$3.11	\$3.29	\$3.48	\$3.67	\$3.88	\$4.10
Portland General Electric Company	POR	\$1.77	\$1.86	\$1.95	\$2.05	\$2.15	\$2.26	\$2.37	\$2.50	\$2.63	\$2.77	\$2.93	\$3.09	\$3.27	\$3.45	\$3.65	\$3.85	\$4.07
Southern Company	SO	\$2.70	\$2.79	\$2.88	\$2.98	\$3.08	\$3.18	\$3.30	\$3.44	\$3.59	\$3.77	\$3.97	\$4.19	\$4.43	\$4.68	\$4.94	\$5.22	\$5.52
Westar Energy, Inc.	WR	\$2.27	\$2.32	\$2.38	\$2.44	\$2.50	\$2.56	\$2.63	\$2.72	\$2.83	\$2.96	\$3.11	\$3.29	\$3.47	\$3.67	\$3.88	\$4.10	\$4.33

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%	64.46%	64.92%	65.38%	65.85%	66.31%	66.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.46%	64.92%	65.38%	65.85%	66.31%	66.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.32%	65.64%	65.96%	66.28%	66.59%	66.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Hawaiian Electric Industries, Inc.	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.18%	66.35%	66.53%	66.70%	66.88%	67.06%	67.23%	67.23%	67.23%	67.23%	67.23%
IDACORP, Inc.	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	56.75%	58.49%	60.24%	61.99%	63.74%	65.48%	67.23%	67.23%	67.23%	67.23%	67.23%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	59.32%	60.64%	61.96%	63.28%	64.59%	65.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.18%	61.35%	62.53%	63.70%	64.88%	66.06%	67.23%	67.23%	67.23%	67.23%	67.23%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.60%	64.21%	64.81%	65.42%	66.02%	66.63%	67.23%	67.23%	67.23%	67.23%	67.23%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	51.60%	54.21%	56.81%	59.42%	62.02%	64.63%	67.23%	67.23%	67.23%	67.23%	67.23%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.32%	70.64%	69.96%	69.28%	68.59%	67.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Westar Energy, Inc.	WR	57.00%	57.75%	58.50%	59.25%	60.00%	61.03%	62.07%	63.10%	64.13%	65.17%	66.20%	67.23%	67.23%	67.23%	67.23%	67.23%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]	Terminal Value
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Value
American Electric Power Company, Inc.	AEP	\$1.99	\$2.12	\$2.25	\$2.39	\$2.54	\$2.67	\$2.83	\$2.99	\$3.17	\$3.37	\$3.58	\$3.81	\$4.02	\$4.25	\$4.49	\$4.75	\$4.98	\$118.57
Cleco Corporation	CNL	\$1.73	\$1.77	\$1.83	\$1.88	\$1.93	\$2.08	\$2.24	\$2.42	\$2.61	\$2.82	\$3.05	\$3.29	\$3.48	\$3.67	\$3.88	\$4.10	\$4.24	\$124.64
Duke Energy Corporation	DUK	\$2.95	\$3.00	\$3.05	\$3.10	\$3.14	\$3.31	\$3.49	\$3.69	\$3.91	\$4.15	\$4.42	\$4.70	\$4.97	\$5.25	\$5.54	\$5.86	\$6.19	\$159.38
Empire District Electric Company	EDE	\$0.99	\$1.02	\$1.05	\$1.08	\$1.12	\$1.16	\$1.21	\$1.27	\$1.34	\$1.41	\$1.50	\$1.59	\$1.68	\$1.78	\$1.88	\$1.98	\$2.08	\$54.48
Hawaiian Electric Industries, Inc.	HE	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.36	\$1.43	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$2.45	\$52.85
IDACORP, Inc.	IDA	\$1.73	\$1.82	\$1.91	\$2.01	\$2.10	\$2.21	\$2.34	\$2.49	\$2.66	\$2.87	\$3.12	\$3.38	\$3.57	\$3.77	\$3.99	\$4.21	\$4.39	\$125.39
NextEra Energy, Inc.	NEE	\$3.12	\$3.26	\$3.39	\$3.54	\$3.68	\$4.00	\$4.34	\$4.71	\$5.10	\$5.52	\$5.96	\$6.44	\$6.80	\$7.19	\$7.59	\$8.02	\$8.40	\$223.40
Northeast Utilities	NU	\$1.59	\$1.67	\$1.77	\$1.86	\$1.96	\$2.13	\$2.31	\$2.50	\$2.70	\$2.92	\$3.15	\$3.39	\$3.58	\$3.79	\$4.00	\$4.23	\$4.41	\$104.21
Otter Tail Corporation	OTTR	\$1.02	\$1.04	\$1.05	\$1.07	\$1.08	\$1.17	\$1.26	\$1.36	\$1.47	\$1.58	\$1.70	\$1.83	\$1.93	\$2.04	\$2.15	\$2.28	\$2.41	\$64.81
Pinnacle West Capital Corporation	PNW	\$2.35	\$2.45	\$2.55	\$2.66	\$2.77	\$2.90	\$3.06	\$3.23	\$3.43	\$3.64	\$3.88	\$4.14	\$4.37	\$4.62	\$4.88	\$5.16	\$5.43	\$123.25
PNM Resources, Inc.	PNM	\$0.76	\$0.82	\$0.89	\$0.96	\$1.03	\$1.17	\$1.32	\$1.48	\$1.65	\$1.83	\$2.01	\$2.21	\$2.34	\$2.47	\$2.61	\$2.76	\$2.91	\$66.19
Portland General Electric Company	POR	\$0.97	\$1.04	\$1.12	\$1.20	\$1.29	\$1.39	\$1.50	\$1.62	\$1.74	\$1.88	\$2.03	\$2.20	\$2.32	\$2.45	\$2.59	\$2.74	\$2.89	\$76.60
Southern Company	SO	\$2.06																	

Multi-Stage Growth Discounted Cash Flow Model
180 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Inputs	Stock	EPS Growth Rate Estimates					Long-Term				Payout Ratio				Iterative Solution				Terminal	
		Price	Zacks	First Call	Line	Average	Growth	2014	2018	2024	2024	2024	2024	Proof	IRR	P/E Ratio	PEG Ratio	Value	Terminal	
Company	Ticker	Price	Zacks	First Call	Line	Average	Growth	2014	2018	2024	2024	2024	Proof	IRR	P/E Ratio	PEG Ratio	Value	Terminal		
American Electric Power Company, Inc.	AEP	\$51.25	4.80%	4.79%	4.50%	4.70%	5.65%	60.00%	64.00%	67.23%	67.23%	(\$0.00)	10.09%	16.02	2.83					
Cleco Corporation	CNL	\$51.86	8.00%	7.00%	5.00%	6.67%	5.65%	62.00%	57.00%	67.23%	67.23%	(\$0.00)	9.73%	17.41	3.08					
Duke Energy Corporation	DUK	\$71.34	4.30%	4.53%	5.00%	4.61%	5.65%	71.00%	64.00%	67.23%	67.23%	(\$0.00)	9.66%	17.71	3.13					
Empire District Electric Company	EDE	\$24.15	3.00%	3.00%	4.00%	3.33%	5.65%	65.00%	65.00%	67.23%	67.23%	(\$0.00)	9.69%	17.58	3.11					
Hawaiian Electric Industries, Inc.	HE	\$24.84	4.00%	4.00%	4.00%	4.00%	5.65%	77.00%	66.00%	67.23%	67.23%	(\$0.00)	10.24%	15.49	2.74					
IDACORP, Inc.	IDA	\$54.59	4.00%	4.00%	1.00%	3.00%	5.65%	47.00%	55.00%	67.23%	67.23%	(\$0.00)	9.75%	17.33	3.07					
NextEra Energy, Inc.	NEE	\$94.71	6.60%	6.48%	6.00%	6.36%	5.65%	61.00%	57.00%	67.23%	67.23%	(\$0.00)	9.64%	17.80	3.15					
Northeast Utilities	NU	\$44.79	6.90%	6.31%	8.00%	7.07%	5.65%	60.00%	58.00%	67.23%	67.23%	(\$0.00)	10.20%	15.62	2.76					
Otter Tail Corporation	OTTR	\$29.08	NA	6.00%	15.50%	10.75%	5.65%	70.00%	59.00%	67.23%	67.23%	(\$0.00)	10.56%	14.48	2.56					
Pinnacle West Capital Corporation	PNW	\$54.78	3.70%	3.75%	4.00%	3.82%	5.65%	62.00%	63.00%	67.23%	67.23%	(\$0.00)	10.17%	15.74	2.78					
PNM Resources, Inc.	PNM	\$26.61	8.50%	8.32%	11.00%	9.27%	5.65%	50.00%	49.00%	67.23%	67.23%	(\$0.00)	10.44%	14.82	2.62					
Portland General Electric Company	POR	\$32.26	7.80%	10.96%	5.00%	7.92%	5.65%	52.00%	57.00%	67.23%	67.23%	(\$0.00)	10.33%	15.19	2.69					
Southern Company	SO	\$43.31	3.50%	3.35%	3.50%	3.45%	5.65%	74.00%	72.00%	67.23%	67.23%	(\$0.00)	9.92%	16.63	2.94					
Westar Energy, Inc.	WR	\$35.22	3.70%	2.40%	6.00%	4.03%	5.65%	57.00%	60.00%	67.23%	67.23%	(\$0.00)	10.00%	16.33	2.89					

DCF Result			
Mean	10.03%	16.30	2.88
Max	10.56%	17.80	3.15
Min	9.64%	14.48	2.56

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	\$4.40	\$4.63	\$4.88	\$5.15	\$5.44	\$5.75	\$6.07	\$6.41	\$6.78	\$7.16
Cleco Corporation	CNL	\$2.65	\$2.83	\$3.02	\$3.22	\$3.43	\$3.66	\$3.90	\$4.14	\$4.40	\$4.66	\$4.93	\$5.21	\$5.51	\$5.82	\$6.15	\$6.50	\$6.86
Duke Energy Corporation	DUK	\$3.98	\$4.16	\$4.36	\$4.56	\$4.77	\$4.99	\$5.22	\$5.48	\$5.76	\$6.07	\$6.40	\$6.77	\$7.15	\$7.55	\$7.98	\$8.43	\$8.91
Empire District Electric Company	EDE	\$1.48	\$1.53	\$1.58	\$1.63	\$1.69	\$1.74	\$1.81	\$1.88	\$1.97	\$2.06	\$2.17	\$2.29	\$2.42	\$2.56	\$2.71	\$2.86	\$3.02
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.06	\$2.15	\$2.25	\$2.37	\$2.49	\$2.64	\$2.78	\$2.94	\$3.11	\$3.28	\$3.47
IDACORP, Inc.	IDA	\$3.64	\$3.75	\$3.86	\$3.98	\$4.10	\$4.22	\$4.37	\$4.53	\$4.73	\$4.96	\$5.21	\$5.51	\$5.82	\$6.15	\$6.50	\$6.86	\$7.25
NextEra Energy, Inc.	NEE	\$4.83	\$5.14	\$5.46	\$5.81	\$6.18	\$6.57	\$6.98	\$7.41	\$7.86	\$8.32	\$8.80	\$9.30	\$9.82	\$10.38	\$10.97	\$11.59	\$12.24
Northeast Utilities	NU	\$2.49	\$2.67	\$2.85	\$3.06	\$3.27	\$3.50	\$3.74	\$3.99	\$4.24	\$4.50	\$4.77	\$5.04	\$5.32	\$5.62	\$5.94	\$6.28	\$6.63
Otter Tail Corporation	OTTR	\$1.37	\$1.52	\$1.68	\$1.86	\$2.06	\$2.28	\$2.51	\$2.74	\$2.96	\$3.18	\$3.38	\$3.58	\$3.78	\$3.99	\$4.22	\$4.46	\$4.71
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.80	\$3.94	\$4.10	\$4.25	\$4.41	\$4.60	\$4.80	\$5.03	\$5.28	\$5.56	\$5.88	\$6.21	\$6.56	\$6.93	\$7.32	\$7.74
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.68	\$1.84	\$2.01	\$2.20	\$2.39	\$2.58	\$2.77	\$2.96	\$3.15	\$3.33	\$3.51	\$3.71	\$3.92	\$4.14	\$4.38
Portland General Electric Company	POR	\$1.77	\$1.91	\$2.06	\$2.22	\$2.40	\$2.59	\$2.79	\$2.99	\$3.19	\$3.39	\$3.60	\$3.80	\$4.02	\$4.24	\$4.48	\$4.74	\$5.00
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.09	\$3.20	\$3.32	\$3.46	\$3.62	\$3.80	\$4.00	\$4.22	\$4.46	\$4.71	\$4.98	\$5.26	\$5.56
Westar Energy, Inc.	WR	\$2.27	\$2.36	\$2.46	\$2.56	\$2.66	\$2.77	\$2.89	\$3.02	\$3.16	\$3.33	\$3.50	\$3.70	\$3.91	\$4.13	\$4.37	\$4.61	\$4.87

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%	64.46%	64.92%	65.38%	65.85%	66.31%	66.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.46%	64.92%	65.38%	65.85%	66.31%	66.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.32%	65.64%	65.96%	66.28%	66.59%	66.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Hawaiian Electric Industries, Inc.	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.18%	66.35%	66.53%	66.70%	66.88%	67.06%	67.23%	67.23%	67.23%	67.23%	67.23%
IDACORP, Inc.	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	56.75%	58.49%	60.24%	61.99%	63.74%	65.48%	67.23%	67.23%	67.23%	67.23%	67.23%
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	59.32%	60.64%	61.96%	63.28%	64.59%	65.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.18%	61.35%	62.53%	63.70%	64.88%	66.06%	67.23%	67.23%	67.23%	67.23%	67.23%
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.60%	64.21%	64.81%	65.42%	66.02%	66.63%	67.23%	67.23%	67.23%	67.23%	67.23%
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	51.60%	54.21%	56.81%	59.42%	62.02%	64.63%	67.23%	67.23%	67.23%	67.23%	67.23%
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.32%	70.64%	69.96%	69.28%	68.59%	67.91%	67.23%	67.23%	67.23%	67.23%	67.23%
Westar Energy, Inc.	WR	57.00%	57.75%	58.50%	59.25%	60.00%	61.03%	62.07%	63.10%	64.13%	65.17%	66.20%	67.23%	67.23%	67.23%	67.23%	67.23%

Projected Annual Cash Flows		[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]	Terminal Value
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2029	Value
American Electric Power Company, Inc.	AEP	\$2.00	\$2.13	\$2.26	\$2.41	\$2.56	\$2.70	\$2.86	\$3.03	\$3.21	\$3.41	\$3.63	\$3.86	\$4.08	\$4.31	\$4.56	\$4.81	\$5.06	\$114.68
Cleco Corporation	CNL	\$1.75	\$1.83	\$1.91	\$2.00	\$2.09	\$2.28	\$2.48	\$2.70	\$2.93	\$3.17	\$3.43	\$3.70	\$3.91	\$4.13	\$4.37	\$4.61	\$4.86	\$119.48
Duke Energy Corporation	DUK	\$2.96	\$3.02	\$3.08	\$3.13	\$3.19	\$3.37	\$3.56	\$3.77	\$4.00	\$4.25	\$4.52	\$4.81	\$5.08	\$5.36	\$5.67	\$5.99	\$6.33	\$157.70
Empire District Electric Company	EDE	\$0.99	\$1.03	\$1.06	\$1.10	\$1.13	\$1.18	\$1.24	\$1.30	\$1.37	\$1.45	\$1.54	\$1.63	\$1.72	\$1.82	\$1.92	\$2.03	\$2.14	\$53.10
Hawaiian Electric Industries, Inc.	HE	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.36	\$1.43	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$2.45	\$53.75
IDACORP, Inc.	IDA	\$1.76	\$1.89	\$2.03	\$2.17	\$2.32	\$2.48	\$2.65	\$2.85	\$3.07	\$3.32	\$3.61	\$3.91	\$4.13	\$4.37	\$4.62	\$4.88	\$5.15	\$125.72
NextEra Energy, Inc.	NEE	\$3.13	\$3.28	\$3.43	\$3.58	\$3.75	\$4.08	\$4.44	\$4.82	\$5.23	\$5.66	\$6.12	\$6.60	\$7.09	\$7.57	\$8.05	\$8.53	\$9.02	\$217.93
Northeast Utilities	NU	\$1.60	\$1.70	\$1.80	\$1.91	\$2.03	\$2.22	\$2.42	\$2.63	\$2.85	\$3.08	\$3.32	\$3.58	\$3.78	\$4.00	\$4.22	\$4.46	\$4.70	\$168.14
Otter Tail Corporation	OTTR	\$1.06	\$1.13	\$1.20	\$1.27	\$1.35	\$1.51	\$1.68	\$1.85	\$2.02	\$2.20	\$2.36	\$2.54	\$2.68	\$2.84	\$3.00	\$3.16	\$3.32	\$68.14
Pinnacle West Capital Corporation	PNW	\$2.36	\$2.46	\$2.56	\$2.67	\$2.78	\$2.92	\$3.08	\$3.26	\$3.45	\$3.67	\$3.92	\$4.17	\$4.41	\$4.66	\$4.92	\$5.20	\$5.48	\$121.74
PNM Resources, Inc.	PNM	\$0.77	\$0.84	\$0.91	\$0.99	\$1.08	\$1.23	\$1.40	\$1.58	\$1.76	\$1.95	\$2.15	\$2.36	\$2.50	\$2.64	\$2.79	\$2.94	\$3.09	\$64.90
Portland General Electric Company	POR	\$																	

Multi-Stage Growth Discounted Cash Flow Model
180 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Inputs	Company	Ticker	Price	EPS Growth Rate Estimates				Long-Term Growth	Payout Ratio			Proof	IRR	P/E Ratio	Terminal		
				Zacks	First Call	Line	High		2014	2018	2024					Iterative Solution	Terminal
	American Electric Power Company, Inc.	AEP	\$51.25	4.80%	4.79%	4.50%	4.80%	5.65%	60.00%	64.00%	67.23%	(\$0.00)	10.12%	15.91	2.81		
	Cleco Corporation	CNL	\$51.86	8.00%	7.00%	5.00%	8.00%	5.65%	62.00%	57.00%	67.23%	\$0.00	10.09%	16.02	2.83		
	Duke Energy Corporation	DUK	\$71.34	4.30%	4.53%	5.00%	5.00%	5.65%	71.00%	64.00%	67.23%	(\$0.00)	9.77%	17.26	3.05		
	Empire District Electric Company	EDE	\$24.15	3.00%	3.00%	4.00%	4.00%	5.65%	65.00%	65.00%	67.23%	(\$0.00)	9.88%	16.82	2.98		
	Hawaiian Electric Industries, Inc.	HE	\$24.84	4.00%	4.00%	4.00%	4.00%	5.65%	77.00%	66.00%	67.23%	(\$0.00)	10.24%	15.49	2.84		
	IDACORP, Inc.	IDA	\$54.59	4.00%	4.00%	1.00%	4.00%	5.65%	47.00%	55.00%	67.23%	(\$0.00)	10.02%	16.25	2.77		
	NextEra Energy, Inc.	NEE	\$94.71	6.60%	6.48%	6.00%	6.60%	5.65%	61.00%	57.00%	67.23%	\$0.00	9.70%	17.54	3.10		
	Northeast Utilities	NU	\$44.79	6.90%	6.31%	8.00%	8.00%	5.65%	60.00%	58.00%	67.23%	\$0.00	10.47%	14.75	2.61		
	Otter Tail Corporation	OTTR	\$29.08	NA	6.00%	15.50%	15.50%	5.65%	70.00%	59.00%	67.23%	\$0.00	12.09%	11.03	1.95		
	Pinnacle West Capital Corporation	PNW	\$54.78	3.70%	3.75%	4.00%	4.00%	5.65%	62.00%	63.00%	67.23%	(\$0.00)	10.22%	15.55	2.75		
	PNM Resources, Inc.	PNM	\$26.61	8.50%	8.32%	11.00%	11.00%	5.65%	50.00%	49.00%	67.23%	\$0.00	10.95%	13.40	2.37		
	Portland General Electric Company	POR	\$32.26	7.80%	10.96%	5.00%	10.96%	5.65%	52.00%	57.00%	67.23%	\$0.00	11.26%	12.67	2.24		
	Southern Company	SO	\$43.31	3.50%	3.35%	3.50%	3.50%	5.65%	74.00%	72.00%	67.23%	(\$0.00)	9.94%	16.57	2.93		
	Westar Energy, Inc.	WR	\$35.22	3.70%	2.40%	6.00%	6.00%	5.65%	57.00%	60.00%	67.23%	\$0.00	10.58%	14.41	2.55		
DCF Result																	
													Mean	10.38%	15.26	2.70	
													Max	12.09%	17.54	3.10	
													Min	9.70%	11.03	1.95	

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	\$4.22	\$4.43	\$4.66	\$4.92	\$5.19	\$5.48	\$5.79	\$6.12	\$6.46	\$6.83	\$7.21	
Cleco Corporation	CNL	\$2.65	\$2.86	\$3.09	\$3.34	\$3.61	\$3.89	\$4.19	\$4.49	\$4.80	\$5.11	\$5.42	\$5.72	\$6.05	\$6.39	\$6.75	\$7.13	\$7.53	
Duke Energy Corporation	DUK	\$3.98	\$4.18	\$4.39	\$4.61	\$4.84	\$5.08	\$5.34	\$5.62	\$5.92	\$6.24	\$6.58	\$6.96	\$7.35	\$7.77	\$8.20	\$8.67	\$9.16	
Empire District Electric Company	EDE	\$1.48	\$1.54	\$1.60	\$1.66	\$1.73	\$1.80	\$1.88	\$1.96	\$2.06	\$2.16	\$2.28	\$2.41	\$2.54	\$2.69	\$2.84	\$3.00	\$3.07	
Hawaiian Electric Industries, Inc.	HE	\$1.62	\$1.68	\$1.75	\$1.82	\$1.90	\$1.97	\$2.06	\$2.15	\$2.25	\$2.37	\$2.49	\$2.64	\$2.78	\$2.94	\$3.11	\$3.28	\$3.47	
IDACORP, Inc.	IDA	\$3.64	\$3.79	\$3.94	\$4.09	\$4.26	\$4.43	\$4.62	\$4.83	\$5.06	\$5.32	\$5.61	\$5.92	\$6.26	\$6.64	\$7.06	\$7.50	\$7.96	
NextEra Energy, Inc.	NEE	\$4.83	\$5.15	\$5.49	\$5.85	\$6.24	\$6.65	\$7.08	\$7.52	\$7.98	\$8.46	\$8.95	\$9.46	\$9.99	\$10.56	\$11.15	\$11.78	\$12.45	
Northeast Utilities	NU	\$2.49	\$2.69	\$2.90	\$3.14	\$3.39	\$3.65	\$3.94	\$4.22	\$4.51	\$4.80	\$5.09	\$5.38	\$5.68	\$6.00	\$6.34	\$6.70	\$7.08	
Otter Tail Corporation	OTTR	\$3.37	\$1.58	\$1.83	\$2.11	\$2.44	\$2.82	\$3.21	\$3.60	\$3.98	\$4.33	\$4.65	\$4.91	\$5.19	\$5.48	\$5.79	\$6.12	\$6.47	
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.96	\$4.12	\$4.28	\$4.45	\$4.64	\$4.85	\$5.09	\$5.35	\$5.64	\$5.95	\$6.29	\$6.65	\$7.02	\$7.42	\$7.84	
PNM Resources, Inc.	PNM	\$1.41	\$1.57	\$1.74	\$1.93	\$2.14	\$2.38	\$2.62	\$2.86	\$3.10	\$3.33	\$3.54	\$3.74	\$3.95	\$4.18	\$4.41	\$4.66	\$4.93	
Portland General Electric Company	POR	\$4.77	\$1.96	\$2.18	\$2.42	\$2.68	\$2.98	\$3.28	\$3.58	\$3.88	\$4.16	\$4.44	\$4.69	\$4.95	\$5.23	\$5.53	\$5.84	\$6.17	
Southern Company	SO	\$2.70	\$2.79	\$2.89	\$2.99	\$3.10	\$3.21	\$3.33	\$3.47	\$3.63	\$3.81	\$4.01	\$4.24	\$4.48	\$4.73	\$5.00	\$5.28	\$5.58	
Westar Energy, Inc.	WR	\$2.27	\$2.41	\$2.55	\$2.70	\$2.87	\$3.04	\$3.22	\$3.41	\$3.61	\$3.81	\$4.03	\$4.26	\$4.50	\$4.76	\$5.02	\$5.31	\$5.61	

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%	64.46%	64.92%	65.38%	65.85%	66.31%	66.77%	67.23%	67.23%	67.23%	67.23%	67.23%	
Cleco Corporation	CNL	62.00%	60.75%	59.50%	58.25%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%	
Duke Energy Corporation	DUK	71.00%	69.25%	67.50%	65.75%	64.00%	64.46%	64.92%	65.38%	65.85%	66.31%	66.77%	67.23%	67.23%	67.23%	67.23%	67.23%	
Empire District Electric Company	EDE	65.00%	65.00%	65.00%	65.00%	65.00%	65.32%	65.64%	65.96%	66.28%	66.59%	66.91%	67.23%	67.23%	67.23%	67.23%	67.23%	
Hawaiian Electric Industries, Inc.	HE	77.00%	74.25%	71.50%	68.75%	66.00%	66.18%	66.35%	66.53%	66.70%	66.88%	67.06%	67.23%	67.23%	67.23%	67.23%	67.23%	
IDACORP, Inc.	IDA	47.00%	49.00%	51.00%	53.00%	55.00%	56.75%	58.49%	60.24%	61.99%	63.74%	65.48%	67.23%	67.23%	67.23%	67.23%	67.23%	
NextEra Energy, Inc.	NEE	61.00%	60.00%	59.00%	58.00%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%	
Northeast Utilities	NU	60.00%	59.50%	59.00%	58.50%	58.00%	59.32%	60.64%	61.96%	63.28%	64.59%	65.91%	67.23%	67.23%	67.23%	67.23%	67.23%	
Otter Tail Corporation	OTTR	70.00%	67.25%	64.50%	61.75%	59.00%	60.18%	61.35%	62.53%	63.70%	64.88%	66.06%	67.23%	67.23%	67.23%	67.23%	67.23%	
Pinnacle West Capital Corporation	PNW	62.00%	62.25%	62.50%	62.75%	63.00%	63.60%	64.21%	64.81%	65.42%	66.02%	66.63%	67.23%	67.23%	67.23%	67.23%	67.23%	
PNM Resources, Inc.	PNM	50.00%	49.75%	49.50%	49.25%	49.00%	51.60%	54.21%	56.81%	59.42%	62.02%	64.63%	67.23%	67.23%	67.23%	67.23%	67.23%	
Portland General Electric Company	POR	52.00%	53.25%	54.50%	55.75%	57.00%	58.46%	59.92%	61.38%	62.85%	64.31%	65.77%	67.23%	67.23%	67.23%	67.23%	67.23%	
Southern Company	SO	74.00%	73.50%	73.00%	72.50%	72.00%	71.32%	70.64%	69.96%	69.28%	68.59%	67.91%	67.23%	67.23%	67.23%	67.23%	67.23%	
Westar Energy, Inc.	WR	57.00%	57.75%	58.50%	59.25%	60.00%	61.03%	62.07%	63.10%	64.13%	65.17%	66.20%	67.23%	67.23%	67.23%	67.23%	67.23%	

Projected Annual Cash Flows			[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	[62]	[63]	Terminal Value
Company	Ticker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029			
American Electric Power Company, Inc.	AEP	\$2.00	\$2.13	\$2.27	\$2.42	\$2.57	\$2.72	\$2.88	\$3.05	\$3.24	\$3.44	\$3.66	\$3.89	\$4.11	\$4.34	\$4.59	\$4.85	\$114.76		
Cleco Corporation	CNL	\$1.77	\$1.88	\$1.99	\$2.10	\$2.22	\$2.45	\$2.69	\$2.95	\$3.21	\$3.48	\$3.76	\$4.07	\$4.29	\$4.54	\$4.79	\$5.07	\$120.69		
Duke Energy Corporation	DUK	\$2.97	\$3.04	\$3.11	\$3.18	\$3.25	\$3.44	\$3.65	\$3.87	\$4.11	\$4.37	\$4.64	\$4.94	\$5.22	\$5.52	\$5.83	\$6.16	\$158.08		
Empire District Electric Company	EDE	\$1.00	\$1.04	\$1.08	\$1.13	\$1.17	\$1.23	\$1.29	\$1.36	\$1.43	\$1.52	\$1.61	\$1.71	\$1.81	\$1.91	\$2.02	\$2.13	\$53.32		
Hawaiian Electric Industries, Inc.	HE	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.36	\$1.43	\$1.50	\$1.58	\$1.67	\$1.77	\$1.87	\$1.98	\$2.09	\$2.21	\$2.33	\$53.75		
IDACORP, Inc.	IDA	\$1.78	\$1.93	\$2.09	\$2.26	\$2.44	\$2.62	\$2.82	\$3.05	\$3.30	\$3.57	\$3.88	\$4.21	\$4.44	\$4.70	\$4.96	\$5.24	\$126.69		
NextEra Energy, Inc.	NEE	\$3.14	\$3.29	\$3.45	\$3.62	\$3.79	\$4.14	\$4.51	\$4.90	\$5.32	\$5.76	\$6.22	\$6.72	\$7.10	\$7.50	\$7.92	\$8.37	\$218.31		
Northeast Utilities	NU	\$1.61	\$1.73	\$1.85	\$1.98	\$2.12	\$2.34	\$2.56	\$2.79	\$3.04	\$3.29	\$3.54	\$3.82	\$4.04	\$4.26	\$4.50	\$4.76	\$104.38		
Otter Tail Corporation	OTTR	\$1.11	\$1.23	\$1.36	\$1.51	\$1.66	\$1.93	\$2.21	\$2.49	\$2.76	\$3.02	\$3.25	\$3.49	\$3.69	\$3.90	\$4.12	\$4.35	\$171.36		
Pinnacle West Capital Corporation	PNW	\$2.36	\$2.46	\$2.57	\$2.69	\$2.81	\$2.95	\$3.12	\$3.30	\$3.50	\$3.72	\$3.97	\$4.23	\$4.47	\$4.72	\$4.99	\$5.27	\$211.90		
PNM Resources, Inc.	PNM	\$0.78	\$0.86	\$0.95	\$1.05	\$1.16	\$1.35	\$1.55	\$1.76	\$1.98	\$2.20	\$2.42	\$2.66	\$2.81	\$2.97	\$3.14	\$3.31	\$66.03		
Portland General Electric Company	POR	\$1.02	\$1.16	\$1.32	\$1.50	\$1.70	\$1.92	\$2.14	\$2.38	\$2.62	\$2.85	\$3.08	\$3.33	\$3.52	\$3.72	\$3.93	\$4.15	\$87.17		
Southern Company	SO	\$2.07	\$2.13	\$2.19	\$2.25	\$2.31	\$2.38	\$2.45	\$2.54	\$2.64	\$2.75	\$2.88	\$3.01	\$3.18	\$3.36	\$3.55	\$3.75	\$92.45		
Westar Energy, Inc.	WR	\$1.37	\$1.47	\$1.58	\$1.70	\$1.82	\$1.96	\$2.11	\$2.28	\$2.45	\$2.63	\$2.82	\$3.03	\$3.20	\$3.38	\$3.57	\$3.77	\$80.79		

Multi-Stage DCF Notes:

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- [1] Source: Bloomberg; based on 30-, 90-, and 180-day historical average as of September 12, 2014
 - [2] Source: Zacks
 - [3] Source: Yahoo! Finance
 - [4] Source: Value Line
 - [5] Equals indicated value (average, minimum, maximum) of Columns [2], [3], [4]
 - [6] Source: Federal Reserve, Bureau of Economic Analysis
 - [7] Source: Value Line
 - [8] Source: Value Line
 - [9] Source: Bloomberg Professional
 - [10] Equals Column [1] + Column [64]
 - [11] Equals result of Excel Solver function; goal: Column [10] equals \$0.00
 - [12] Equals Column [63] / Column [30]
 - [13] Equals Column [12] / (Column [6] x 100)
 - [14] Source: Value Line
 - [15] Equals Column [14] x (1 + Column [5])
 - [16] Equals Column [15] x (1 + Column [5])
 - [17] Equals Column [16] x (1 + Column [5])
 - [18] Equals Column [17] x (1 + Column [5])
 - [19] Equals Column [18] x (1 + Column [5])
 - [20] Equals $(1 + (\text{Column [5]} + (((\text{Column [6]} - \text{Column [5]}) / (2024 - 2019 + 1)) \times (2019 - 2018)))) \times \text{Column [19]}$
 - [21] Equals $(1 + (\text{Column [5]} + (((\text{Column [6]} - \text{Column [5]}) / (2024 - 2019 + 1)) \times (2020 - 2018)))) \times \text{Column [20]}$
 - [22] Equals $(1 + (\text{Column [5]} + (((\text{Column [6]} - \text{Column [5]}) / (2024 - 2019 + 1)) \times (2021 - 2018)))) \times \text{Column [21]}$
 - [23] Equals $(1 + (\text{Column [5]} + (((\text{Column [6]} - \text{Column [5]}) / (2024 - 2019 + 1)) \times (2022 - 2018)))) \times \text{Column [22]}$
 - [24] Equals $(1 + (\text{Column [5]} + (((\text{Column [6]} - \text{Column [5]}) / (2024 - 2019 + 1)) \times (2023 - 2018)))) \times \text{Column [23]}$
 - [25] Equals Column [24] x (1 + Column [6])
 - [26] Equals Column [25] x (1 + Column [6])
 - [27] Equals Column [26] x (1 + Column [6])
 - [28] Equals Column [27] x (1 + Column [6])
 - [29] Equals Column [28] x (1 + Column [6])
 - [30] Equals Column [29] x (1 + Column [6])
 - [31] Equals Column [7]
 - [32] Equals Column [31] + ((Column [35] - Column [31]) / 4)
 - [33] Equals Column [32] + ((Column [35] - Column [31]) / 4)
 - [34] Equals Column [33] + ((Column [35] - Column [31]) / 4)
 - [35] Equals Column [8]
 - [36] Equals Column [35] + ((Column [42] - Column [35]) / 7)
 - [37] Equals Column [36] + ((Column [42] - Column [35]) / 7)
 - [38] Equals Column [37] + ((Column [42] - Column [35]) / 7)
 - [39] Equals Column [38] + ((Column [42] - Column [35]) / 7)
 - [40] Equals Column [39] + ((Column [42] - Column [35]) / 7)
 - [41] Equals Column [40] + ((Column [42] - Column [35]) / 7)
 - [42] Equals Column [9]
 - [43] Equals Column [9]
 - [44] Equals Column [9]
 - [45] Equals Column [9]
 - [46] Equals Column [9]
 - [47] Equals Column [15] x Column [31]
 - [48] Equals Column [16] x Column [32]
 - [49] Equals Column [17] x Column [33]
 - [50] Equals Column [18] x Column [34]
 - [51] Equals Column [19] x Column [35]
 - [52] Equals Column [20] x Column [36]
 - [53] Equals Column [21] x Column [37]
 - [54] Equals Column [22] x Column [38]
 - [55] Equals Column [23] x Column [39]
 - [56] Equals Column [24] x Column [40]
 - [57] Equals Column [25] x Column [41]
 - [58] Equals Column [26] x Column [42]
 - [59] Equals Column [27] x Column [43]
 - [60] Equals Column [28] x Column [44]
 - [61] Equals Column [29] x Column [45]
 - [62] Equals Column [30] x Column [46]
 - [63] Equals $(\text{Column [62]} \times (1 + \text{Column [6]})) / (\text{Column [11]} - \text{Column [6]})$
 - [64] Equals negative net present value; discount rate equals Column [11], cash flows equal Column [65] through Column [81]
 - [65] Equals \$0.00
 - [66] Equals $\text{Column [47]} \times (12/31/2014 - 9/12/2014) / 365$
 - [67] Equals $\text{Column [47]} \times (1 + (0.5 \times \text{Column [5]}))$
 - [68] Equals Column [49]
 - [69] Equals Column [50]
 - [70] Equals Column [51]
 - [71] Equals Column [52]
 - [72] Equals Column [53]
 - [73] Equals Column [54]
 - [74] Equals Column [55]
 - [75] Equals Column [56]
 - [76] Equals Column [57]
 - [77] Equals Column [58]
 - [78] Equals Column [59]
 - [79] Equals Column [60]
 - [80] Equals Column [61]
 - [81] Equals Column [62] + [63]

Ex-Ante Market Risk Premium
Market DCF Method Based - Bloomberg

[1]	[2]	[3]
S&P 500	Current 30-Year	
Est. Required	Treasury (30-day	Implied Market
Market Return	average)	Risk Premium
13.71%	3.21%	10.50%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	19,533.84	0.11%	0.89%	8.68%	9.61%	0.0101%
ALCOA INC	AA	19,668.11	0.11%	0.72%	10.43%	11.19%	0.0119%
APPLE INC	AAPL	607,948.14	3.28%	1.79%	14.05%	15.97%	0.5233%
ABBVIE INC	ABBV	92,302.55	0.50%	2.86%	5.97%	8.92%	0.0444%
AMERISOURCEBERGEN CORP	ABC	17,297.58	0.09%	1.22%	12.03%	13.33%	0.0124%
ABBOTT LABORATORIES	ABT	64,027.50	0.35%	2.07%	10.79%	12.97%	0.0448%
ACE LTD	ACE	35,221.54	0.19%	2.42%	7.40%	9.91%	0.0188%
ACCENTURE PLC-CL A	ACN	54,291.05	0.29%	2.30%	10.18%	12.59%	0.0369%
ACTAVIS PLC	ACT	62,006.13	0.33%	0.00%	15.68%	15.68%	0.0524%
ADOBE SYSTEMS INC	ADBE	35,311.16	0.19%	0.00%	15.06%	15.06%	0.0287%
ANALOG DEVICES INC	ADI	15,437.27	0.08%	2.94%	11.80%	14.91%	0.0124%
ARCHER-DANIELS-MIDLAND CO	ADM	32,543.93	0.18%	1.80%	7.33%	9.20%	0.0161%
AUTOMATIC DATA PROCESSING	ADP	39,891.66	0.22%	2.39%	9.86%	12.36%	0.0266%
ALLIANCE DATA SYSTEMS CORP	ADS	14,327.14	0.08%	0.00%	16.20%	16.20%	0.0125%
AUTODESK INC	ADSK	12,173.06	0.07%	0.00%	11.17%	11.17%	0.0073%
ADT CORP/THE	ADT	6,412.20	0.03%	1.97%	6.60%	8.64%	0.0030%
AMEREN CORPORATION	AEE	9,283.21	0.05%	4.24%	7.27%	11.67%	0.0058%
AMERICAN ELECTRIC POWER	AEP	25,660.08	0.14%	3.89%	5.05%	9.04%	0.0125%
AES CORP	AES	10,433.16	0.06%	1.36%	7.37%	8.78%	0.0049%
AETNA INC	AET	29,180.03	0.16%	1.10%	11.87%	13.04%	0.0205%
AFLAC INC	AFL	27,071.76	0.15%	2.52%	9.99%	12.63%	0.0184%
ALLERGAN INC	AGN	52,129.97	0.28%	0.12%	19.74%	19.87%	0.0558%
AMERICAN INTERNATIONAL GROUP	AIG	78,721.18	0.42%	0.91%	9.38%	10.34%	0.0439%
APARTMENT INVT & MGMT CO -A	AIV	4,803.02	0.03%	3.17%	7.26%	10.55%	0.0027%
ASSURANT INC	AIZ	4,613.97	0.02%	1.64%	6.85%	8.55%	0.0021%
AKAMAI TECHNOLOGIES INC	AKAM	11,136.98	0.06%	0.00%	15.83%	15.83%	0.0095%
ALLSTATE CORP	ALL	26,446.08	0.14%	1.82%	8.43%	10.33%	0.0147%
ALLEGION PLC	ALLE	4,890.56	0.03%	0.60%	16.80%	17.45%	0.0046%
ALTERA CORP	ALTR	10,978.03	0.06%	1.78%	11.20%	13.08%	0.0077%
ALEXION PHARMACEUTICALS INC	ALXN	32,162.74	0.17%	0.00%	33.89%	33.89%	0.0587%
APPLIED MATERIALS INC	AMAT	27,135.88	0.15%	1.80%	17.38%	19.34%	0.0283%
AMETEK INC	AME	12,805.31	0.07%	0.55%	15.00%	15.59%	0.0108%
AFFILIATED MANAGERS GROUP	AMG	11,428.86	0.06%	0.00%	14.79%	14.79%	0.0091%
AMGEN INC	AMGN	104,765.03	0.56%	1.75%	8.27%	10.10%	0.0570%
AMERIPRISE FINANCIAL INC	AMP	23,375.74	0.13%	1.83%	13.00%	14.95%	0.0188%
AMERICAN TOWER CORP	AMT	38,029.85	0.20%	1.40%	22.08%	23.63%	0.0484%
AMAZON.COM INC	AMZN	152,869.27	0.82%	0.00%	30.84%	30.84%	0.2541%
AUTONATION INC	AN	6,207.90	N/A	NA	12.69%	N/A	N/A
AON PLC	AON	25,298.43	0.14%	1.03%	14.08%	15.19%	0.0207%
APACHE CORP	APA	36,832.15	0.20%	1.02%	3.22%	4.26%	0.0084%
ANADARKO PETROLEUM CORP	APC	53,353.79	0.29%	0.94%	19.14%	20.17%	0.0580%
AIR PRODUCTS & CHEMICALS INC	APD	27,327.79	0.15%	2.31%	8.90%	11.32%	0.0167%
AMPHENOL CORP-CL A	APH	16,371.63	0.09%	0.79%	11.09%	11.92%	0.0105%
AIRGAS INC	ARG	8,105.24	0.04%	2.03%	11.98%	14.13%	0.0062%
ALLEGHENY TECHNOLOGIES INC	ATI	4,540.74	0.02%	1.72%	20.40%	22.30%	0.0055%
AVALONBAY COMMUNITIES INC	AVB	19,751.61	0.11%	3.20%	6.50%	9.81%	0.0104%
AVAGO TECHNOLOGIES LTD	AVGO	22,138.53	0.12%	1.24%	20.63%	22.00%	0.0262%
AVON PRODUCTS INC	AVP	5,904.32	0.03%	1.77%	8.69%	10.54%	0.0034%
AVERY DENNISON CORP	AVY	4,523.41	0.02%	2.55%	10.40%	13.09%	0.0032%
AMERICAN EXPRESS CO	AXP	91,700.23	0.49%	1.15%	9.96%	11.17%	0.0552%
AUTOZONE INC	AZO	17,269.61	0.09%	0.00%	15.35%	15.35%	0.0143%
BOEING CO/THE	BA	91,467.42	0.49%	2.30%	11.18%	13.61%	0.0671%
BANK OF AMERICA CORP	BAC	176,719.07	0.95%	0.71%	10.05%	10.80%	0.1029%
BAXTER INTERNATIONAL INC	BAX	40,511.75	0.22%	2.73%	9.63%	12.49%	0.0273%
BED BATH & BEYOND INC	BBBY	13,163.36	0.07%	0.00%	8.88%	8.88%	0.0063%
BB&T CORP	BBT	27,480.92	0.15%	2.49%	11.76%	14.39%	0.0213%
BEST BUY CO INC	BBY	11,750.59	0.06%	2.11%	13.29%	15.55%	0.0098%
CR BARD INC	BCR	11,037.17	0.06%	0.59%	10.78%	11.40%	0.0068%
BECTON DICKINSON AND CO	BDX	21,838.60	0.12%	1.89%	9.19%	11.16%	0.0131%
FRANKLIN RESOURCES INC	BEN	34,678.65	0.19%	0.86%	13.94%	14.87%	0.0278%
BROWN-FORMAN CORP-CLASS B	BF/B	19,190.16	0.10%	1.40%	9.60%	11.07%	0.0114%
BAKER HUGHES INC	BHI	28,899.89	0.16%	0.95%	20.19%	21.23%	0.0331%
BIOGEN IDEC INC	BIIB	76,442.40	0.41%	0.00%	19.14%	19.14%	0.0789%
BANK OF NEW YORK MELLON CORP	BK	45,173.31	0.24%	1.65%	9.97%	11.70%	0.0285%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
BLACKROCK INC	BLK	55,301.21	0.30%	2.34%	13.47%	15.97%	0.0476%
BALL CORP	BLL	9,100.94	0.05%	0.80%	9.70%	10.54%	0.0052%
BEMIS COMPANY	BMS	3,945.24	0.02%	2.70%	6.83%	9.63%	0.0020%
BRISTOL-MYERS SQUIBB CO	BMY	83,392.60	0.45%	2.86%	14.63%	17.69%	0.0795%
BROADCOM CORP-CL A	BRCM	23,855.72	0.13%	1.19%	11.29%	12.54%	0.0161%
BERKSHIRE HATHAWAY INC-CL B	BRK/B	337,918.65	N/A	NA	3.20%	N/A	N/A
BOSTON SCIENTIFIC CORP	BSX	16,611.12	0.09%	0.00%	10.33%	10.33%	0.0092%
PEABODY ENERGY CORP	BTU	3,914.51	0.02%	2.41%	12.00%	14.55%	0.0031%
BORGWARNER INC	BWA	13,750.49	0.07%	0.57%	12.54%	13.14%	0.0097%
BOSTON PROPERTIES INC	BXP	17,632.30	0.10%	3.15%	4.59%	7.82%	0.0074%
CITIGROUP INC	C	158,986.16	0.86%	0.08%	8.36%	8.44%	0.0723%
CA INC	CA	12,688.68	0.07%	3.51%	4.77%	8.36%	0.0057%
CONAGRA FOODS INC	CAG	13,729.56	0.07%	3.09%	7.50%	10.71%	0.0079%
CARDINAL HEALTH INC	CAH	25,360.16	0.14%	1.87%	12.50%	14.49%	0.0198%
CAMERON INTERNATIONAL CORP	CAM	14,442.53	0.08%	0.00%	20.40%	20.40%	0.0159%
CATERPILLAR INC	CAT	65,911.34	0.36%	2.43%	9.76%	12.30%	0.0437%
CHUBB CORP	CB	21,831.11	0.12%	2.20%	7.98%	10.27%	0.0121%
CBRE GROUP INC - A	CBG	9,973.49	N/A	NA	12.17%	N/A	N/A
CBS CORP-CLASS B NON VOTING	CBS	30,184.19	0.16%	0.92%	15.05%	16.04%	0.0261%
COCA-COLA ENTERPRISES	CCE	11,105.66	0.06%	2.19%	9.69%	11.99%	0.0072%
CROWN CASTLE INTL CORP	CCI	26,281.48	0.14%	1.78%	17.50%	19.44%	0.0275%
CARNIVAL CORP	CCL	30,351.35	0.16%	2.56%	17.49%	20.27%	0.0332%
CELGENE CORP	CELG	73,203.14	0.39%	0.00%	26.29%	26.29%	0.1037%
CERNER CORP	CERN	20,019.85	0.11%	0.00%	17.20%	17.20%	0.0186%
CF INDUSTRIES HOLDINGS INC	CF	12,452.45	0.07%	1.96%	12.14%	14.22%	0.0095%
CAREFUSION CORP	CFN	9,414.91	0.05%	0.00%	11.74%	11.74%	0.0060%
CHESAPEAKE ENERGY CORP	CHK	16,589.13	0.09%	1.40%	10.29%	11.76%	0.0105%
C.H. ROBINSON WORLDWIDE INC	CHRW	9,884.57	0.05%	2.13%	11.54%	13.79%	0.0073%
CIGNA CORP	CI	24,374.06	0.13%	0.04%	10.38%	10.43%	0.0137%
CINCINNATI FINANCIAL CORP	CINF	7,865.89	N/A	3.66%	NA	N/A	N/A
COLGATE-PALMOLIVE CO	CL	58,908.48	0.32%	2.24%	10.11%	12.46%	0.0396%
CLOROX COMPANY	CLX	11,473.69	0.06%	3.34%	7.88%	11.35%	0.0070%
COMERICA INC	CMA	9,265.52	0.05%	1.54%	11.16%	12.79%	0.0064%
COMCAST CORP-CLASS A	CMCSA	147,534.15	0.80%	1.58%	13.14%	14.82%	0.1178%
CME GROUP INC	CME	26,599.54	0.14%	4.84%	12.91%	18.06%	0.0259%
CHIPOTLE MEXICAN GRILL INC	CMG	20,603.68	0.11%	0.00%	23.36%	23.36%	0.0259%
CUMMINS INC	CMI	25,453.56	0.14%	1.91%	12.99%	15.02%	0.0206%
CMS ENERGY CORP	CMS	8,178.35	0.04%	3.65%	6.00%	9.75%	0.0043%
CENTERPOINT ENERGY INC	CNP	10,435.44	0.06%	3.91%	6.00%	10.03%	0.0056%
CONSOL ENERGY INC	CNX	9,011.03	0.05%	0.64%	9.70%	10.37%	0.0050%
CAPITAL ONE FINANCIAL CORP	COF	45,455.59	0.24%	1.43%	5.27%	6.73%	0.0165%
CABOT OIL & GAS CORP	COG	13,776.97	0.07%	0.24%	38.93%	39.22%	0.0291%
COACH INC	COH	10,153.14	0.05%	3.65%	7.17%	10.95%	0.0060%
ROCKWELL COLLINS INC	COL	10,381.01	0.06%	1.60%	9.50%	11.17%	0.0062%
CONOCOPHILLIPS	COP	96,490.34	0.52%	3.59%	7.50%	11.23%	0.0584%
COSTCO WHOLESALE CORP	COST	54,905.30	0.30%	1.05%	10.70%	11.81%	0.0349%
COVIDIEN PLC	COV	40,980.53	0.22%	1.41%	9.33%	10.81%	0.0239%
CAMPBELL SOUP CO	CPB	13,627.02	0.07%	3.07%	4.68%	7.82%	0.0057%
SALESFORCE.COM INC	CRM	36,719.08	0.20%	0.00%	22.08%	22.08%	0.0437%
COMPUTER SCIENCES CORP	CSC	8,651.64	0.05%	1.51%	9.55%	11.14%	0.0052%
CISCO SYSTEMS INC	CSCO	128,117.48	0.69%	2.97%	8.80%	11.90%	0.0821%
CSX CORP	CSX	31,296.61	0.17%	2.02%	10.98%	13.11%	0.0221%
CINTAS CORP	CTAS	7,884.95	0.04%	1.22%	10.12%	11.39%	0.0048%
CENTURYLINK INC	CTL	22,612.74	0.12%	5.45%	1.43%	6.91%	0.0084%
COGNIZANT TECH SOLUTIONS-A	CTSH	27,204.61	0.15%	0.00%	16.76%	16.76%	0.0246%
CITRIX SYSTEMS INC	CTXS	11,825.41	0.06%	0.00%	13.87%	13.87%	0.0088%
CABLEVISION SYSTEMS-NY GRP-A	CVC	5,186.78	0.03%	3.14%	1.90%	5.07%	0.0014%
CVS HEALTH CORP	CVS	93,368.13	0.50%	1.36%	14.13%	15.59%	0.0784%
CHEVRON CORP	CVX	233,017.92	1.26%	3.42%	5.73%	9.25%	0.1161%
DOMINION RESOURCES INC/VA	D	39,991.41	0.22%	3.50%	6.21%	9.82%	0.0212%
DELTA AIR LINES INC	DAL	33,517.92	0.18%	0.75%	11.72%	12.52%	0.0226%
DU PONT (E.I.) DE NEMOURS	DD	59,316.83	0.32%	2.88%	7.62%	10.61%	0.0339%
DEERE & CO	DE	29,372.56	0.16%	2.57%	6.38%	9.03%	0.0143%
DISCOVER FINANCIAL SERVICES	DFS	28,822.83	0.16%	1.48%	9.93%	11.48%	0.0178%
DOLLAR GENERAL CORP	DG	19,390.11	0.10%	0.00%	13.32%	13.32%	0.0139%
QUEST DIAGNOSTICS INC	DGX	9,034.58	0.05%	2.07%	8.87%	11.03%	0.0054%
DR HORTON INC	DHI	7,810.64	0.04%	0.74%	10.71%	11.48%	0.0048%
DANAHER CORP	DHR	53,896.62	0.29%	0.50%	13.00%	13.54%	0.0393%
WALT DISNEY CO/THE	DIS	153,836.72	0.83%	0.96%	12.33%	13.35%	0.1107%
DISCOVERY COMMUNICATIONS-A	DISCA	26,709.35	0.14%	0.00%	19.75%	19.75%	0.0284%
DISCOVERY COMMUNICATIONS-C	DISCK	26,715.30	N/A	NA	19.75%	N/A	N/A
DELPHI AUTOMOTIVE PLC	DLPH	21,001.20	0.11%	1.43%	14.75%	16.28%	0.0184%
DOLLAR TREE INC	DLTR	11,504.75	N/A	NA	16.60%	N/A	N/A
DUN & BRADSTREET CORP	DNB	4,252.72	0.02%	1.47%	9.55%	11.09%	0.0025%
DENBURY RESOURCES INC	DNR	5,619.01	0.03%	1.57%	5.65%	7.26%	0.0022%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
DIAMOND OFFSHORE DRILLING	DO	5,461.15	0.03%	8.80%	16.00%	25.51%	0.0075%
DOVER CORP	DOV	14,279.95	0.08%	1.81%	13.25%	15.18%	0.0117%
DOW CHEMICAL CO/THE	DOW	62,916.77	0.34%	2.71%	6.54%	9.34%	0.0317%
DR PEPPER SNAPPLE GROUP INC	DPS	12,078.30	0.07%	2.63%	7.04%	9.76%	0.0064%
DARDEN RESTAURANTS INC	DRI	6,301.52	0.03%	4.63%	12.45%	17.36%	0.0059%
DTE ENERGY COMPANY	DTE	13,368.31	0.07%	3.58%	5.46%	9.14%	0.0066%
DIRECTV	DTV	43,568.36	0.23%	0.00%	6.85%	6.85%	0.0161%
DUKE ENERGY CORP	DUK	51,786.43	0.28%	4.32%	4.78%	9.20%	0.0257%
DAVITA HEALTHCARE PARTNERS I	DVA	15,914.53	0.09%	0.00%	8.66%	8.66%	0.0074%
DEVON ENERGY CORP	DVN	28,616.55	0.15%	1.36%	10.58%	12.01%	0.0185%
ELECTRONIC ARTS INC	EA	11,626.08	0.06%	0.00%	11.18%	11.18%	0.0070%
EBAY INC	EBAY	64,791.30	0.35%	0.00%	12.82%	12.82%	0.0448%
ECOLAB INC	ECL	34,604.28	0.19%	0.95%	14.50%	15.52%	0.0289%
CONSOLIDATED EDISON INC	ED	16,542.15	0.09%	4.44%	3.66%	8.18%	0.0073%
EQUIFAX INC	EFX	9,516.89	0.05%	1.28%	12.05%	13.41%	0.0069%
EDISON INTERNATIONAL	EIX	18,545.17	0.10%	2.53%	5.48%	8.08%	0.0081%
ESTEE LAUDER COMPANIES-CL A	EL	28,507.01	0.15%	1.20%	11.06%	12.33%	0.0189%
EMC CORP/MA	EMC	60,190.29	0.32%	1.48%	10.66%	12.21%	0.0396%
EASTMAN CHEMICAL CO	EMN	12,388.34	0.07%	1.69%	5.80%	7.53%	0.0050%
EMERSON ELECTRIC CO	EMR	44,966.68	0.24%	2.67%	8.94%	11.73%	0.0284%
EOG RESOURCES INC	EOG	55,435.35	0.30%	0.52%	12.24%	12.79%	0.0382%
EQUITY RESIDENTIAL	EQR	22,677.65	0.12%	3.19%	6.55%	9.85%	0.0120%
EQT CORP	EQT	14,315.42	0.08%	1.69%	30.00%	31.95%	0.0246%
EXPRESS SCRIPTS HOLDING CO	ESRX	54,921.03	0.30%	0.00%	13.50%	13.50%	0.0400%
ESSEX PROPERTY TRUST INC	ESS	11,622.28	0.06%	2.76%	5.95%	8.79%	0.0055%
ENSCO PLC-CL A	ESV	10,848.48	0.06%	6.28%	9.15%	15.72%	0.0092%
E*TRADE FINANCIAL CORP	ETFC	6,683.83	0.04%	0.00%	40.00%	40.00%	0.0144%
EATON CORP PLC	ETN	31,928.13	0.17%	2.93%	11.65%	14.75%	0.0254%
ENTERGY CORP	ETR	13,555.02	0.07%	4.40%	1.30%	5.72%	0.0042%
EDWARDS LIFESCIENCES CORP	EW	10,590.62	0.06%	0.00%	13.78%	13.78%	0.0079%
EXELON CORP	EXC	28,216.04	0.15%	3.78%	5.50%	9.38%	0.0143%
EXPEDITORS INTL WASH INC	EXPD	8,276.48	0.04%	1.51%	8.91%	10.48%	0.0047%
EXPEDIA INC	EXPE	11,005.59	0.06%	0.75%	14.00%	14.81%	0.0088%
FORD MOTOR CO	F	64,266.05	0.35%	2.94%	8.14%	11.20%	0.0388%
FASTENAL CO	FAST	13,586.13	0.07%	1.97%	17.47%	19.60%	0.0144%
FACEBOOK INC-A	FB	200,676.06	1.08%	0.00%	33.15%	33.15%	0.3586%
FREEMPORT-MCMORAN INC	FCX	35,597.72	0.19%	3.65%	10.98%	14.83%	0.0285%
FAMILY DOLLAR STORES	FDO	8,932.52	0.05%	1.47%	6.17%	7.69%	0.0037%
FEDEX CORP	FDX	43,695.42	0.24%	0.51%	14.01%	14.55%	0.0343%
FIRSTENERGY CORP	FE	14,392.60	0.08%	4.21%	3.24%	7.51%	0.0058%
F5 NETWORKS INC	FFIV	9,259.03	0.05%	0.00%	16.18%	16.18%	0.0081%
FIDELITY NATIONAL INFORMATIO	FIS	16,268.85	0.09%	1.65%	12.00%	13.74%	0.0121%
FISERV INC	FISV	16,164.36	0.09%	0.00%	10.88%	10.88%	0.0095%
FIFTH THIRD BANCORP	FITB	17,218.59	0.09%	2.47%	10.81%	13.41%	0.0124%
FLIR SYSTEMS INC	FLIR	4,730.21	0.03%	1.25%	14.00%	15.34%	0.0039%
FLUOR CORP	FLR	11,024.31	0.06%	1.10%	12.12%	13.29%	0.0079%
FLOWSERVE CORP	FLS	10,160.44	0.05%	0.85%	14.57%	15.48%	0.0085%
FMC CORP	FMC	8,312.91	0.04%	1.04%	9.00%	10.08%	0.0045%
FOSSIL GROUP INC	FOSL	5,448.54	0.03%	0.00%	14.40%	14.40%	0.0042%
TWENTY-FIRST CENTURY FOX-A	FOXA	76,036.64	0.41%	0.76%	18.84%	19.67%	0.0806%
FIRST SOLAR INC	FSLR	7,305.09	0.04%	0.00%	-2.28%	-2.28%	-0.0009%
FMC TECHNOLOGIES INC	FTI	13,314.07	0.07%	0.00%	18.20%	18.20%	0.0131%
FRONTIER COMMUNICATIONS CORP	FTR	6,403.44	0.03%	6.26%	3.00%	9.35%	0.0032%
AGL RESOURCES INC	GAS	6,272.62	0.03%	3.70%	5.53%	9.33%	0.0032%
GANNETT CO	GCI	7,247.79	0.04%	2.49%	12.35%	15.00%	0.0059%
GENERAL DYNAMICS CORP	GD	42,247.51	0.23%	1.97%	7.24%	9.28%	0.0211%
GENERAL ELECTRIC CO	GE	259,426.58	1.40%	3.42%	9.15%	12.73%	0.1779%
GENERAL GROWTH PROPERTIES	GGP	21,026.16	0.11%	2.51%	5.63%	8.21%	0.0093%
GRAHAM HOLDINGS CO-CLASS B	GHC	4,090.11	0.02%	1.35%	6.00%	7.39%	0.0016%
GILEAD SCIENCES INC	GILD	156,926.51	0.85%	0.00%	27.63%	27.63%	0.2337%
GENERAL MILLS INC	GIS	32,192.56	0.17%	3.13%	7.68%	10.93%	0.0190%
CORNING INC	GLW	26,775.91	0.14%	1.98%	10.94%	13.02%	0.0188%
GENERAL MOTORS CO	GM	53,307.53	0.29%	3.66%	18.65%	22.64%	0.0651%
KEURIG GREEN MOUNTAIN INC	GMCR	21,304.96	0.11%	0.62%	15.83%	16.50%	0.0189%
GAMESTOP CORP-CLASS A	GME	4,912.30	0.03%	3.03%	12.33%	15.55%	0.0041%
GENWORTH FINANCIAL INC-CL A	GNW	6,537.96	0.04%	0.00%	5.00%	5.00%	0.0018%
GOOGLE INC-CL C	GOOG	392,238.75	2.11%	0.00%	18.05%	18.05%	0.3815%
GOOGLE INC-CL A	GOOGL	392,266.72	2.11%	0.00%	18.05%	18.05%	0.3816%
GENUINE PARTS CO	GPC	13,556.00	0.07%	2.60%	6.62%	9.30%	0.0068%
GAP INC/THE	GPS	19,247.15	0.10%	1.95%	13.07%	15.15%	0.0157%
GARMIN LTD	GRMN	10,308.82	0.06%	3.53%	6.73%	10.38%	0.0058%
GOLDMAN SACHS GROUP INC	GS	83,288.42	0.45%	1.23%	7.44%	8.72%	0.0391%
GOODYEAR TIRE & RUBBER CO	GT	6,758.93	0.04%	0.84%	9.02%	9.90%	0.0036%
WW GRAINGER INC	GWW	16,978.58	0.09%	1.67%	13.70%	15.48%	0.0142%
HALLIBURTON CO	HAL	56,015.75	0.30%	0.91%	15.80%	16.78%	0.0507%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
HARMAN INTERNATIONAL	HAR	7,573.15	0.04%	1.13%	15.55%	16.77%	0.0068%
HASBRO INC	HAS	6,838.18	0.04%	3.18%	10.75%	14.10%	0.0052%
HUNTINGTON BANCSHARES INC	HBAN	8,272.15	0.04%	2.08%	10.85%	13.05%	0.0058%
HUDSON CITY BANCORP INC	HCBK	5,359.03	N/A	1.58%	NA	N/A	N/A
HEALTH CARE REIT INC	HCN	19,549.40	0.11%	5.02%	4.00%	9.12%	0.0096%
HCP INC	HCP	18,586.84	0.10%	5.38%	4.02%	9.51%	0.0095%
HOME DEPOT INC	HD	119,544.75	0.64%	2.11%	15.55%	17.82%	0.1148%
HESS CORP	HES	29,858.51	0.16%	1.03%	8.45%	9.52%	0.0153%
HARTFORD FINANCIAL SVCS GRP	HIG	16,644.50	0.09%	1.70%	9.50%	11.28%	0.0101%
HARLEY-DAVIDSON INC	HOG	13,980.77	0.08%	1.71%	11.75%	13.56%	0.0102%
HONEYWELL INTERNATIONAL INC	HON	74,005.16	0.40%	1.94%	10.15%	12.19%	0.0486%
STARWOOD HOTELS & RESORTS	HOT	15,828.66	0.09%	1.68%	10.12%	11.88%	0.0101%
HELMERICH & PAYNE	HP	10,902.78	0.06%	2.47%	10.00%	12.59%	0.0074%
HEWLETT-PACKARD CO	HPQ	68,268.35	0.37%	1.66%	7.00%	8.72%	0.0321%
H&R BLOCK INC	HRB	8,923.87	0.05%	2.47%	11.00%	13.60%	0.0065%
HORMEL FOODS CORP	HRL	13,157.02	0.07%	1.59%	8.10%	9.76%	0.0069%
HARRIS CORP	HRS	7,284.83	0.04%	2.54%	4.00%	6.59%	0.0026%
HOSPIRA INC	HSP	8,882.04	0.05%	0.00%	13.01%	13.01%	0.0062%
HOST HOTELS & RESORTS INC	HST	16,417.31	0.09%	3.06%	10.72%	13.95%	0.0123%
HERSHEY CO/THE	HSY	20,552.42	0.11%	2.18%	9.50%	11.78%	0.0130%
HUMANA INC	HUM	19,792.45	0.11%	0.87%	9.05%	9.96%	0.0106%
INTL BUSINESS MACHINES CORP	IBM	190,759.57	1.03%	2.21%	8.73%	11.04%	0.1135%
INTERCONTINENTAL EXCHANGE IN	ICE	22,064.49	0.12%	1.34%	17.36%	18.81%	0.0224%
INTL FLAVORS & FRAGRANCES	IFF	7,978.13	0.04%	1.75%	8.33%	10.15%	0.0044%
INTEL CORP	INTC	171,403.62	0.92%	2.62%	7.29%	10.00%	0.0924%
INTUIT INC	INTU	24,028.21	0.13%	1.09%	13.49%	14.65%	0.0190%
INTERNATIONAL PAPER CO	IP	21,261.44	0.11%	2.88%	5.95%	8.91%	0.0102%
INTERPUBLIC GROUP OF COS INC	IPG	7,947.55	0.04%	1.99%	11.68%	13.79%	0.0059%
INGERSOLL-RAND PLC	IR	16,010.33	0.09%	1.68%	12.72%	14.50%	0.0125%
IRON MOUNTAIN INC	IRM	6,805.35	0.04%	8.14%	12.77%	21.42%	0.0079%
INTUITIVE SURGICAL INC	ISRG	17,247.42	N/A	NA	8.60%	N/A	N/A
ILLINOIS TOOL WORKS	ITW	35,004.17	0.19%	1.96%	11.75%	13.82%	0.0261%
INVESCO LTD	IVZ	17,607.14	0.09%	2.44%	13.76%	16.37%	0.0155%
JABIL CIRCUIT INC	JBL	4,296.34	0.02%	1.52%	12.00%	13.61%	0.0032%
JOHNSON CONTROLS INC	JCI	30,979.17	0.17%	1.87%	13.94%	15.95%	0.0266%
JACOBS ENGINEERING GROUP INC	JEC	7,103.91	0.04%	0.00%	10.49%	10.49%	0.0040%
JOHNSON & JOHNSON	JNJ	295,199.47	1.59%	2.65%	7.40%	10.15%	0.1614%
JUNIPER NETWORKS INC	JNPR	10,454.03	0.06%	0.55%	10.87%	11.45%	0.0065%
JOY GLOBAL INC	JOY	5,746.21	0.03%	1.27%	9.65%	10.98%	0.0034%
JPMORGAN CHASE & CO	JPM	225,864.92	1.22%	2.60%	4.47%	7.13%	0.0868%
NORDSTROM INC	JWN	13,301.73	0.07%	1.89%	10.98%	12.97%	0.0093%
KELLOGG CO	K	23,011.85	0.12%	2.94%	6.21%	9.24%	0.0115%
KEYCORP	KEY	12,190.24	0.07%	1.81%	7.65%	9.53%	0.0063%
KIMCO REALTY CORP	KIM	9,174.77	0.05%	4.06%	3.39%	7.52%	0.0037%
KLA-TENCOR CORP	KLAC	12,946.67	0.07%	2.47%	19.62%	22.33%	0.0156%
KIMBERLY-CLARK CORP	KMB	39,650.70	0.21%	3.12%	7.38%	10.62%	0.0227%
KINDER MORGAN INC	KMI	38,830.84	0.21%	4.57%	17.65%	22.62%	0.0473%
CARMAX INC	KMX	11,509.78	N/A	NA	13.80%	N/A	N/A
COCA-COLA CO/THE	KO	181,796.54	0.98%	2.92%	7.29%	10.32%	0.1011%
MICHAEL KORS HOLDINGS LTD	KORS	15,759.81	0.08%	0.00%	23.46%	23.46%	0.0199%
KROGER CO	KR	25,326.05	0.14%	1.33%	10.86%	12.27%	0.0167%
KRAFT FOODS GROUP INC	KRFT	34,284.01	0.18%	3.70%	8.36%	12.21%	0.0226%
KOHL'S CORP	KSS	12,347.65	0.07%	2.59%	5.94%	8.60%	0.0057%
KANSAS CITY SOUTHERN	KSU	12,691.00	0.07%	0.97%	14.90%	15.94%	0.0109%
LOEWS CORP	L	16,158.99	N/A	0.59%	NA	N/A	N/A
L BRANDS INC	LB	19,034.97	0.10%	2.95%	12.22%	15.34%	0.0157%
LEGGETT & PLATT INC	LEG	4,809.60	0.03%	3.42%	15.00%	18.68%	0.0048%
LENNAR CORP-A	LEN	7,765.12	0.04%	0.41%	12.85%	13.28%	0.0056%
LABORATORY CRP OF AMER HLDGS	LH	9,022.32	0.05%	0.00%	9.11%	9.11%	0.0044%
L-3 COMMUNICATIONS HOLDINGS	LLL	9,900.32	0.05%	2.01%	3.93%	5.97%	0.0032%
LINEAR TECHNOLOGY CORP	LLTC	10,644.76	0.06%	2.46%	10.08%	12.67%	0.0073%
ELI LILLY & CO	LLY	72,971.41	0.39%	3.01%	1.80%	4.83%	0.0190%
LEGG MASON INC	LM	5,820.87	0.03%	1.29%	13.09%	14.47%	0.0045%
LOCKHEED MARTIN CORP	LMT	55,371.51	0.30%	3.14%	7.92%	11.18%	0.0334%
LINCOLN NATIONAL CORP	LNC	14,314.68	0.08%	1.17%	11.65%	12.89%	0.0099%
LORILLARD INC	LO	21,266.22	0.11%	4.14%	9.26%	13.59%	0.0156%
LOWE'S COS INC	LOW	52,306.98	0.28%	1.56%	15.80%	17.47%	0.0493%
LAM RESEARCH CORP	LRCX	11,628.90	0.06%	0.88%	32.89%	33.91%	0.0213%
LEUCADIA NATIONAL CORP	LUK	9,618.65	N/A	NA	NA	N/A	N/A
SOUTHWEST AIRLINES CO	LUV	23,239.96	0.13%	0.56%	17.25%	17.86%	0.0224%
LYONDELLBASELL INDU-CL A	LYB	57,206.61	0.31%	2.35%	6.50%	8.92%	0.0275%
MACY'S INC	M	21,071.08	0.11%	1.99%	9.68%	11.77%	0.0134%
MASTERCARD INC-CLASS A	MA	87,316.82	0.47%	0.58%	16.16%	16.79%	0.0790%
MACERICH CO/THE	MAC	9,014.15	0.05%	3.91%	4.18%	8.17%	0.0040%
MARRIOTT INTERNATIONAL -CL A	MAR	20,537.48	0.11%	1.06%	10.75%	11.87%	0.0131%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
MASCO CORP	MAS	8,512.07	0.05%	1.33%	12.25%	13.66%	0.0063%
MATTEL INC	MAT	11,601.70	0.06%	4.44%	8.30%	12.92%	0.0081%
MCDONALD'S CORP	MCD	91,712.20	0.49%	3.53%	7.43%	11.09%	0.0548%
MICROCHIP TECHNOLOGY INC	MCHP	9,553.11	0.05%	2.95%	7.20%	10.25%	0.0053%
MCKESSON CORP	MCK	44,548.11	0.24%	0.53%	15.78%	16.35%	0.0392%
MOODY'S CORP	MCO	20,066.11	0.11%	1.16%	13.50%	14.74%	0.0159%
MONDELEZ INTERNATIONAL INC-A	MDLZ	59,520.29	0.32%	1.65%	14.62%	16.39%	0.0526%
MEDTRONIC INC	MDT	63,893.86	0.34%	1.87%	7.08%	9.01%	0.0310%
METLIFE INC	MET	62,422.24	0.34%	2.40%	7.52%	10.01%	0.0337%
MCGRAW HILL FINANCIAL INC	MHFI	23,278.44	0.13%	1.40%	11.38%	12.85%	0.0161%
MOHAWK INDUSTRIES INC	MHK	10,355.16	N/A	NA	10.60%	N/A	N/A
MEAD JOHNSON NUTRITION CO	MJN	19,539.31	0.11%	1.55%	10.23%	11.86%	0.0125%
MCCORMICK & CO-NON VTG SHRS	MKC	8,856.25	0.05%	2.16%	7.00%	9.24%	0.0044%
MARTIN MARIETTA MATERIALS	MLM	8,655.27	0.05%	1.24%	16.53%	17.86%	0.0083%
MARSH & MCLENNAN COS	MMC	28,696.39	0.15%	2.02%	11.36%	13.50%	0.0209%
3M CO	MMM	93,301.08	0.50%	2.38%	10.58%	13.08%	0.0658%
MALLINCKRODT PLC	MNK	9,806.07	0.05%	0.00%	22.75%	22.75%	0.0120%
MONSTER BEVERAGE CORP	MNST	15,044.20	0.08%	0.00%	21.87%	21.87%	0.0177%
ALTRIA GROUP INC	MO	85,575.90	0.46%	4.64%	7.65%	12.47%	0.0575%
MONSANTO CO	MON	59,279.08	0.32%	1.51%	10.62%	12.21%	0.0390%
MOSAIC CO/THE	MOS	17,331.54	0.09%	2.16%	10.77%	13.05%	0.0122%
MARATHON PETROLEUM CORP	MPC	24,637.96	0.13%	2.15%	11.35%	13.62%	0.0181%
MERCK & CO. INC.	MRK	171,779.84	0.93%	2.97%	4.92%	7.96%	0.0737%
MARATHON OIL CORP	MRO	26,716.33	0.14%	2.01%	10.03%	12.14%	0.0175%
MORGAN STANLEY	MS	68,737.04	0.37%	0.95%	36.87%	37.99%	0.1408%
MICROSOFT CORP	MSFT	385,048.13	2.08%	2.35%	8.16%	10.61%	0.2202%
MOTOROLA SOLUTIONS INC	MSI	15,426.52	0.08%	2.10%	6.33%	8.50%	0.0071%
M & T BANK CORP	MTB	16,619.80	0.09%	2.22%	5.79%	8.07%	0.0072%
MICRON TECHNOLOGY INC	MU	33,773.77	0.18%	0.00%	14.29%	14.29%	0.0260%
MURPHY OIL CORP	MUR	10,167.75	0.05%	2.27%	7.27%	9.62%	0.0053%
MEADWESTVACO CORP	MWV	7,167.22	0.04%	3.24%	7.65%	11.02%	0.0043%
MYLAN INC	MYL	17,632.59	0.10%	0.00%	11.76%	11.76%	0.0112%
NAVIENT CORP	NAVI	7,386.31	N/A	3.41%	NA	N/A	N/A
NOBLE ENERGY INC	NBL	24,905.27	0.13%	0.96%	12.49%	13.51%	0.0181%
NABORS INDUSTRIES LTD	NBR	7,237.31	0.04%	0.68%	53.12%	53.98%	0.0211%
NASDAQ OMX GROUP/THE	NDAQ	7,400.76	0.04%	1.33%	10.00%	11.40%	0.0045%
NOBLE CORP PLC	NE	6,789.78	0.04%	5.78%	15.50%	21.73%	0.0080%
NEXTERA ENERGY INC	NEE	41,091.75	0.22%	3.06%	6.41%	9.57%	0.0212%
NEWMONT MINING CORP	NEM	12,568.73	0.07%	0.88%	-1.25%	-0.38%	-0.0003%
NETFLIX INC	NFLX	28,682.04	0.15%	0.00%	30.57%	30.57%	0.0473%
NEWFIELD EXPLORATION CO	NFX	5,243.39	0.03%	0.00%	9.00%	9.00%	0.0025%
NISOURCE INC	NI	12,316.33	0.07%	2.62%	5.89%	8.59%	0.0057%
NIKE INC -CL B	NKE	71,052.78	0.38%	1.26%	13.16%	14.50%	0.0555%
NIELSEN NV	NLSN	17,136.11	0.09%	2.09%	15.00%	17.24%	0.0159%
NORTHROP GRUMMAN CORP	NOC	27,011.24	0.15%	2.00%	7.28%	9.36%	0.0136%
NATIONAL OILWELL VARCO INC	NOV	34,690.14	0.19%	1.76%	10.66%	12.52%	0.0234%
NRG ENERGY INC	NRG	10,229.25	N/A	1.72%	NA	N/A	N/A
NORFOLK SOUTHERN CORP	NSC	33,393.60	0.18%	2.05%	11.14%	13.30%	0.0239%
NETAPP INC	NTAP	13,549.22	0.07%	1.55%	12.80%	14.45%	0.0106%
NORTHERN TRUST CORP	NTRS	16,367.27	0.09%	1.88%	14.65%	16.67%	0.0147%
NORTHEAST UTILITIES	NU	14,120.30	0.08%	3.52%	6.67%	10.31%	0.0078%
NUCOR CORP	NUE	17,517.23	0.09%	2.69%	13.28%	16.15%	0.0152%
NVIDIA CORP	NVDA	10,350.58	0.06%	1.80%	9.70%	11.58%	0.0065%
NEWELL RUBBERMAID INC	NWL	9,363.96	0.05%	1.94%	9.66%	11.69%	0.0059%
NEWS CORP - CLASS A	NWSA	9,850.99	0.05%	0.27%	7.05%	7.33%	0.0039%
OWENS-ILLINOIS INC	OI	5,190.93	0.03%	0.00%	6.76%	6.76%	0.0019%
ONEOK INC	OKE	14,073.45	0.08%	3.34%	9.00%	12.50%	0.0095%
OMNICOM GROUP	OMC	17,844.72	0.10%	2.59%	6.87%	9.55%	0.0092%
ORACLE CORP	ORCL	180,601.20	0.97%	1.18%	10.14%	11.38%	0.1108%
O'REILLY AUTOMOTIVE INC	ORLY	16,004.00	0.09%	0.00%	18.10%	18.10%	0.0156%
OCCIDENTAL PETROLEUM CORP	OXY	75,943.59	0.41%	2.92%	6.05%	9.06%	0.0371%
PAYCHEX INC	PAYX	15,227.70	0.08%	3.43%	8.69%	12.27%	0.0101%
PEOPLE'S UNITED FINANCIAL	PBCT	4,663.89	0.03%	4.38%	12.41%	17.07%	0.0043%
PITNEY BOWES INC	PBI	5,386.68	N/A	2.82%	NA	N/A	N/A
PACCAR INC	PCAR	21,321.60	0.11%	2.47%	9.92%	12.51%	0.0144%
P G & E CORP	PCG	21,892.35	0.12%	3.93%	6.85%	10.91%	0.0129%
PLUM CREEK TIMBER CO	PCL	7,008.83	0.04%	4.46%	7.40%	12.03%	0.0045%
PRICELINE GROUP INC/THE	PCLN	61,022.38	0.33%	0.00%	20.50%	20.50%	0.0674%
PRECISION CASTPARTS CORP	PCP	34,449.46	0.19%	0.05%	11.60%	11.65%	0.0216%
PATTERSON COS INC	PDCO	4,230.86	0.02%	2.10%	10.88%	13.09%	0.0030%
PUBLIC SERVICE ENTERPRISE GP	PEG	18,586.28	0.10%	4.03%	4.53%	8.66%	0.0087%
PEPSICO INC	PEP	136,891.80	0.74%	2.78%	8.12%	11.01%	0.0812%
PETSMART INC	PETM	6,999.92	0.04%	0.95%	11.25%	12.26%	0.0046%
PFIZER INC	PFE	186,865.24	1.01%	3.53%	2.58%	6.15%	0.0619%
PRINCIPAL FINANCIAL GROUP	PFG	15,885.62	0.09%	2.31%	13.50%	15.96%	0.0137%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
PROCTER & GAMBLE CO/THE	PG	225,439.13	1.22%	3.12%	8.61%	11.87%	0.1442%
PROGRESSIVE CORP	PGR	14,834.82	0.08%	3.71%	8.25%	12.11%	0.0097%
PARKER HANNIFIN CORP	PH	17,519.21	0.09%	1.68%	9.94%	11.70%	0.0110%
PULTEGROUP INC	PHM	7,056.50	0.04%	1.07%	6.93%	8.03%	0.0031%
PERKINELMER INC	PKI	5,049.76	0.03%	0.63%	13.41%	14.08%	0.0038%
PROLOGIS INC	PLD	19,499.65	0.11%	3.36%	9.59%	13.11%	0.0138%
PALL CORP	PLL	8,911.75	0.05%	1.35%	12.48%	13.92%	0.0067%
PHILIP MORRIS INTERNATIONAL	PM	131,203.39	0.71%	4.57%	7.90%	12.65%	0.0894%
PNC FINANCIAL SERVICES GROUP	PNC	46,613.05	0.25%	2.18%	5.50%	7.74%	0.0194%
PENTAIR PLC	PNR	12,980.53	0.07%	1.65%	14.75%	16.53%	0.0116%
PINNACLE WEST CAPITAL	PNW	6,255.77	0.03%	4.07%	4.47%	8.63%	0.0029%
PEPCO HOLDINGS INC	POM	6,822.19	0.04%	3.98%	6.67%	10.78%	0.0040%
PPG INDUSTRIES INC	PPG	27,526.94	0.15%	1.32%	8.13%	9.50%	0.0141%
PPL CORP	PPL	21,692.04	0.12%	4.57%	4.37%	9.04%	0.0106%
PERRIGO CO PLC	PRGO	19,354.06	0.10%	0.29%	11.81%	12.11%	0.0126%
PRUDENTIAL FINANCIAL INC	PRU	41,864.60	0.23%	2.26%	10.67%	13.05%	0.0294%
PUBLIC STORAGE	PSA	28,672.10	0.15%	3.41%	4.21%	7.70%	0.0119%
PHILLIPS 66	PSX	46,421.28	0.25%	2.16%	7.83%	10.08%	0.0252%
PVH CORP	PVH	10,437.58	0.06%	0.12%	11.04%	11.17%	0.0063%
QUANTA SERVICES INC	PWR	7,772.47	0.04%	0.00%	11.75%	11.75%	0.0049%
PRAXAIR INC	PX	38,463.50	0.21%	1.97%	10.40%	12.48%	0.0259%
PIONEER NATURAL RESOURCES CO	PXD	28,955.96	0.16%	0.04%	19.00%	19.04%	0.0297%
QUALCOMM INC	QCOM	126,162.67	0.68%	2.01%	13.56%	15.71%	0.1068%
QEP RESOURCES INC	QEP	5,708.90	0.03%	0.25%	15.00%	15.27%	0.0047%
RYDER SYSTEM INC	R	4,923.09	0.03%	1.43%	9.10%	10.60%	0.0028%
REYNOLDS AMERICAN INC	RAI	30,506.30	0.16%	4.66%	6.70%	11.52%	0.0189%
REGENERON PHARMACEUTICALS	REGN	35,021.27	0.19%	0.00%	25.86%	25.86%	0.0488%
REGIONS FINANCIAL CORP	RF	14,315.79	0.08%	1.73%	5.18%	6.96%	0.0054%
ROBERT HALF INTL INC	RHI	6,927.26	0.04%	1.42%	16.57%	18.12%	0.0068%
RED HAT INC	RHT	11,457.35	0.06%	0.00%	16.35%	16.35%	0.0101%
TRANSOCEAN LTD	RIG	13,020.70	0.07%	7.89%	12.05%	20.41%	0.0143%
RALPH LAUREN CORP	RL	15,265.70	0.08%	1.07%	13.04%	14.17%	0.0117%
ROCKWELL AUTOMATION INC	ROK	15,904.96	0.09%	2.00%	10.90%	13.01%	0.0112%
ROPER INDUSTRIES INC	ROP	14,721.06	0.08%	0.48%	12.10%	12.61%	0.0100%
ROSS STORES INC	ROST	15,768.85	0.08%	1.02%	11.23%	12.30%	0.0105%
RANGE RESOURCES CORP	RRC	12,227.20	0.07%	0.22%	29.26%	29.51%	0.0195%
REPUBLIC SERVICES INC	RSG	13,918.44	0.08%	2.71%	6.55%	9.35%	0.0070%
RAYTHEON COMPANY	RTN	31,304.94	0.17%	2.37%	8.50%	10.97%	0.0185%
STARBUCKS CORP	SBUX	56,685.55	0.31%	1.40%	18.08%	19.61%	0.0599%
SCANA CORP	SCG	7,091.28	0.04%	4.19%	5.15%	9.45%	0.0036%
SCHWAB (CHARLES) CORP	SCHW	38,475.05	0.21%	0.82%	21.36%	22.26%	0.0462%
SPECTRA ENERGY CORP	SE	26,741.83	0.14%	3.38%	5.00%	8.47%	0.0122%
SEALED AIR CORP	SEE	7,834.24	0.04%	1.41%	12.36%	13.85%	0.0059%
SHERWIN-WILLIAMS CO/THE	SHW	21,092.86	0.11%	1.02%	12.50%	13.58%	0.0154%
SIGMA-ALDRICH	SIAL	12,128.29	0.07%	0.90%	7.48%	8.42%	0.0055%
JM SMUCKER CO/THE	SJM	10,165.44	0.05%	2.54%	6.60%	9.23%	0.0051%
SCHLUMBERGER LTD	SLB	132,612.47	0.71%	1.49%	13.00%	14.59%	0.1043%
SNAP-ON INC	SNA	7,312.05	0.04%	1.35%	4.50%	5.88%	0.0023%
SANDISK CORP	SNDK	22,194.18	0.12%	1.04%	12.08%	13.17%	0.0158%
SCRIPPS NETWORKS INTER-CL A	SNI	10,981.39	0.06%	1.02%	12.16%	13.24%	0.0078%
SOUTHERN CO/THE	SO	38,909.06	0.21%	4.79%	4.03%	8.92%	0.0187%
SIMON PROPERTY GROUP INC	SPG	51,388.15	0.28%	3.14%	4.66%	7.88%	0.0218%
STAPLES INC	SPLS	8,335.96	0.04%	3.77%	0.26%	4.04%	0.0018%
STERICYCLE INC	SRCL	9,930.86	N/A	NA	14.92%	N/A	N/A
SEMPRA ENERGY	SRE	25,494.26	0.14%	2.54%	6.96%	9.58%	0.0132%
SUNTRUST BANKS INC	STI	20,759.61	0.11%	1.79%	9.76%	11.64%	0.0130%
ST JUDE MEDICAL INC	STJ	17,967.00	0.10%	1.70%	10.95%	12.74%	0.0123%
STATE STREET CORP	STT	31,382.79	0.17%	1.57%	10.40%	12.05%	0.0204%
SEAGATE TECHNOLOGY	STX	19,910.98	0.11%	2.97%	8.78%	11.88%	0.0127%
CONSTELLATION BRANDS INC-A	STZ	16,533.46	0.09%	0.00%	16.00%	16.00%	0.0143%
STANLEY BLACK & DECKER INC	SWK	14,361.66	0.08%	2.22%	9.00%	11.32%	0.0088%
SOUTHWESTERN ENERGY CO	SWN	13,232.90	0.07%	0.00%	19.38%	19.38%	0.0138%
SAFEWAY INC	SWY	7,946.50	0.04%	2.31%	7.73%	10.13%	0.0043%
STRYKER CORP	SYK	31,596.54	0.17%	1.46%	10.81%	12.35%	0.0210%
SYMANTEC CORP	SYMC	16,940.23	0.09%	2.54%	7.64%	10.28%	0.0094%
SYSCO CORP	SYU	22,203.22	0.12%	3.26%	9.53%	12.94%	0.0155%
AT&T INC	T	178,813.28	0.96%	5.35%	6.04%	11.55%	0.1113%
MOLSON COORS BREWING CO -B	TAP	13,296.15	0.07%	2.05%	7.01%	9.13%	0.0065%
TERADATA CORP	TDC	6,945.55	0.04%	0.00%	10.77%	10.77%	0.0040%
TECO ENERGY INC	TE	4,079.97	0.02%	5.08%	5.77%	10.99%	0.0024%
INTEGRYS ENERGY GROUP INC	TEG	5,331.94	0.03%	4.08%	4.05%	8.21%	0.0024%
TE CONNECTIVITY LTD	TEL	25,779.56	0.14%	1.71%	12.40%	14.22%	0.0198%
TARGET CORP	TGT	39,619.95	0.21%	2.97%	8.41%	11.50%	0.0246%
TENET HEALTHCARE CORP	THC	6,028.66	0.03%	0.00%	16.86%	16.86%	0.0055%
TIFFANY & CO	TIF	13,067.82	0.07%	1.48%	12.60%	14.17%	0.0100%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
TJX COMPANIES INC	TJX	41,493.35	0.22%	1.17%	12.01%	13.25%	0.0296%
TORCHMARK CORP	TMK	7,000.90	0.04%	0.96%	8.61%	9.60%	0.0036%
THERMO FISHER SCIENTIFIC INC	TMO	49,264.43	0.27%	0.48%	12.17%	12.68%	0.0337%
TRIPADVISOR INC	TRIP	14,172.87	0.08%	0.00%	27.36%	27.36%	0.0209%
T ROWE PRICE GROUP INC	TROW	20,924.60	0.11%	2.21%	12.97%	15.32%	0.0173%
TRAVELERS COS INC/THE	TRV	31,344.58	0.17%	2.34%	7.90%	10.33%	0.0175%
TRACTOR SUPPLY COMPANY	TSCO	8,399.65	0.05%	0.99%	16.57%	17.64%	0.0080%
TYSON FOODS INC-CL A	TSN	13,468.29	0.07%	0.79%	14.95%	15.80%	0.0115%
TESORO CORP	TSO	7,880.31	0.04%	1.79%	17.00%	18.94%	0.0080%
TOTAL SYSTEM SERVICES INC	TSS	5,889.79	0.03%	1.26%	10.40%	11.73%	0.0037%
TIME WARNER CABLE	TWC	43,163.08	0.23%	1.95%	7.82%	9.85%	0.0229%
TIME WARNER INC	TWX	65,634.27	0.35%	1.42%	12.51%	14.01%	0.0496%
TEXAS INSTRUMENTS INC	TXN	51,023.82	0.28%	2.55%	10.66%	13.34%	0.0367%
TEXTRON INC	TXT	10,174.10	0.05%	0.22%	16.77%	17.01%	0.0093%
TYCO INTERNATIONAL LTD	TYC	19,676.45	0.11%	1.55%	12.70%	14.35%	0.0152%
UNDER ARMOUR INC-CLASS A	UA	14,758.87	0.08%	0.00%	23.99%	23.99%	0.0191%
UNITEDHEALTH GROUP INC	UNH	83,802.64	0.45%	1.45%	10.26%	11.78%	0.0532%
UNUM GROUP	UNM	9,154.21	0.05%	1.72%	9.00%	10.80%	0.0053%
UNION PACIFIC CORP	UNP	96,006.83	0.52%	1.71%	12.68%	14.51%	0.0751%
UNITED PARCEL SERVICE-CL B	UPS	89,559.82	0.48%	2.71%	10.50%	13.35%	0.0644%
URBAN OUTFITTERS INC	URBN	5,214.93	0.03%	0.00%	15.91%	15.91%	0.0045%
US BANCORP	USB	76,032.31	0.41%	2.31%	7.75%	10.15%	0.0416%
UNITED TECHNOLOGIES CORP	UTX	99,119.67	0.53%	2.18%	10.38%	12.67%	0.0677%
VISA INC-CLASS A SHARES	V	133,177.45	0.72%	0.75%	17.01%	17.82%	0.1279%
VARIAN MEDICAL SYSTEMS INC	VAR	8,810.30	0.05%	0.00%	10.50%	10.50%	0.0050%
VF CORP	VFC	28,366.42	0.15%	1.63%	12.68%	14.42%	0.0220%
VIACOM INC-CLASS B	VIAB	33,629.22	0.18%	1.57%	12.41%	14.08%	0.0255%
VALERO ENERGY CORP	VLO	25,579.82	0.14%	2.15%	7.72%	9.95%	0.0137%
VULCAN MATERIALS CO	VMC	8,198.90	0.04%	0.33%	6.67%	7.01%	0.0031%
VORNADO REALTY TRUST	VNO	19,263.79	0.10%	2.85%	10.79%	13.79%	0.0143%
VERISIGN INC	VRSN	7,018.66	0.04%	0.00%	11.73%	11.73%	0.0044%
VERTEX PHARMACEUTICALS INC	VRTX	22,172.53	0.12%	0.00%	19.00%	19.00%	0.0227%
VENTAS INC	VTR	17,981.01	0.10%	4.78%	4.13%	9.01%	0.0087%
VERIZON COMMUNICATIONS INC	VZ	200,670.69	1.08%	4.40%	6.61%	11.16%	0.1207%
WALGREEN CO	WAG	60,110.27	0.32%	1.99%	14.38%	16.51%	0.0535%
WATERS CORP	WAT	8,550.07	0.05%	0.00%	9.82%	9.82%	0.0045%
WESTERN DIGITAL CORP	WDC	23,389.42	0.13%	1.49%	5.47%	7.00%	0.0088%
WISCONSIN ENERGY CORP	WEC	9,956.65	0.05%	3.53%	5.10%	8.72%	0.0047%
WELLS FARGO & CO	WFC	270,103.86	1.46%	2.61%	11.40%	14.15%	0.2061%
WHOLE FOODS MARKET INC	WFM	13,768.86	0.07%	1.25%	13.02%	14.35%	0.0106%
WHIRLPOOL CORP	WHR	11,869.66	0.06%	1.87%	23.62%	25.71%	0.0164%
WINDSTREAM HOLDINGS INC	WIN	6,680.64	0.04%	9.02%	-1.00%	7.98%	0.0029%
WELLPOINT INC	WLP	32,569.53	0.18%	1.47%	8.97%	10.51%	0.0184%
WASTE MANAGEMENT INC	WM	21,818.27	0.12%	3.07%	7.00%	10.18%	0.0120%
WILLIAMS COS INC	WMB	42,013.87	0.23%	3.48%	12.00%	15.69%	0.0355%
WAL-MART STORES INC	WMT	244,202.05	1.32%	2.53%	8.27%	10.90%	0.1435%
WESTERN UNION CO	WU	8,900.13	0.05%	2.98%	8.33%	11.44%	0.0055%
WEYERHAEUSER CO	WY	17,489.53	0.09%	2.88%	5.50%	8.46%	0.0080%
WYNDHAM WORLDWIDE CORP	WYN	10,074.41	0.05%	1.74%	10.00%	11.83%	0.0064%
WYNN RESORTS LTD	WYNN	18,506.21	0.10%	2.76%	15.65%	18.63%	0.0186%
CIMAREX ENERGY CO	XEC	11,662.68	0.06%	0.45%	14.12%	14.60%	0.0092%
XCEL ENERGY INC	XEL	15,823.14	0.09%	3.79%	5.00%	8.88%	0.0076%
XL GROUP PLC	XL	8,883.60	0.05%	1.85%	2.33%	4.20%	0.0020%
XILINX INC	XLNX	11,397.05	0.06%	2.52%	9.48%	12.12%	0.0074%
EXXON MOBIL CORP	XOM	408,941.32	2.20%	2.82%	16.44%	19.48%	0.4295%
DENTSPLY INTERNATIONAL INC	XRAY	6,628.10	0.04%	0.60%	11.92%	12.55%	0.0045%
XEROX CORP	XRX	15,625.22	0.08%	1.81%	10.00%	11.90%	0.0100%
XYLEM INC	XYL	6,786.60	0.04%	1.38%	11.83%	13.29%	0.0049%
YAHOO! INC	YHOO	42,683.42	0.23%	0.00%	6.79%	6.79%	0.0156%
YUM! BRANDS INC	YUM	31,514.05	0.17%	2.12%	12.38%	14.63%	0.0249%
ZIONS BANCORPORATION	ZION	5,998.31	0.03%	0.54%	9.80%	10.37%	0.0034%
ZIMMER HOLDINGS INC	ZMH	17,727.83	0.10%	0.78%	10.40%	11.22%	0.0107%
ZOETIS INC	ZTS	18,158.24	0.10%	0.80%	11.56%	12.41%	0.0121%

Total Market Capitalization: 18,553,334.28

13.71%

Notes:

[1] Equals sum of Col. [9]

[2] Source: Bloomberg Professional

[3] Equals [1] - [2]

[4] Source: Bloomberg Professional

[5] Equals weight in S&P 500 based on market capitalization

[6] Source: Bloomberg Professional

[7] Source: Bloomberg Professional

[8] Equals ([6] x (1 + (0.5 x [7]))) + [7]

[9] Equals Col. [5] x Col. [8]

Ex-Ante Market Risk Premium
Market DCF Method Based - Value Line

[1]	[2]	[3]
S&P 500 Est. Required Market Return	Current 30-Year Treasury (30-day average)	Implied Market Risk Premium
13.40%	3.21%	10.19%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	19,207.01	0.11%	0.92%	7.50%	8.45%	0.0096%
ALCOA INC	AA	19,879.86	0.12%	0.70%	17.00%	17.76%	0.0209%
APPLE INC	AAPL	607,349.35	3.60%	1.86%	12.50%	14.48%	0.5212%
ABBVIE INC	ABBV	92,143.25	N/A	2.94%	N/A	N/A	N/A
AMERISOURCEBERGEN CORP	ABC	17,355.95	0.10%	1.21%	13.50%	14.79%	0.0152%
ABBOTT LABORATORIES	ABT	63,997.43	0.38%	2.05%	-4.00%	-1.99%	-0.0075%
ACE LTD	ACE	NA	N/A	0.00%	N/A	N/A	N/A
ACCENTURE PLC-CL A	ACN	NA	N/A	0.00%	N/A	N/A	N/A
ACTAVIS PLC	ACT	61,504.11	0.36%	0.00%	24.50%	24.50%	0.0893%
ADOBE SYSTEMS INC	ADBE	36,019.90	0.21%	0.00%	12.00%	12.00%	0.0256%
ANALOG DEVICES INC	ADI	15,635.24	0.09%	2.98%	11.00%	14.14%	0.0131%
ARCHER-DANIELS-MIDLAND CO	ADM	32,869.93	0.19%	1.90%	6.50%	8.46%	0.0165%
AUTOMATIC DATA PROCESSING	ADP	40,011.88	0.24%	2.30%	9.50%	11.91%	0.0282%
ALLIANCE DATA SYSTEMS CORP	ADS	14,041.37	0.08%	0.00%	15.00%	15.00%	0.0125%
AUTODESK INC	ADSK	12,300.28	0.07%	0.00%	8.00%	8.00%	0.0058%
ADT CORP/THE	ADT	6,436.56	N/A	2.18%	N/A	N/A	N/A
AMEREN CORPORATION	AEE	9,487.03	0.06%	4.12%	2.50%	6.67%	0.0038%
AMERICAN ELECTRIC POWER	AEP	26,163.39	0.16%	3.77%	4.50%	8.36%	0.0130%
AES CORP	AES	10,501.87	0.06%	1.38%	10.50%	11.95%	0.0074%
AETNA INC	AET	29,676.47	0.18%	1.07%	10.50%	11.62%	0.0204%
AFLAC INC	AFL	27,087.62	0.16%	2.47%	7.50%	10.07%	0.0162%
ALLERGAN INC	AGN	50,024.98	0.30%	0.12%	13.50%	13.63%	0.0404%
AMERICAN INTERNATIONAL GROUP	AIG	79,092.18	0.47%	0.90%	9.50%	10.45%	0.0490%
APARTMENT INVT & MGMT CO -A	AIV	4,954.31	N/A	3.07%	N/A	N/A	N/A
ASSURANT INC	AIZ	4,623.22	0.03%	1.65%	7.50%	9.21%	0.0025%
AKAMAI TECHNOLOGIES INC	AKAM	11,103.12	0.07%	0.00%	15.00%	15.00%	0.0099%
ALLSTATE CORP	ALL	26,528.41	0.16%	1.84%	16.00%	17.99%	0.0283%
ALLEGION PLC	ALLE	NA	N/A	0.00%	N/A	N/A	N/A
ALTERA CORP	ALTR	11,092.35	N/A	2.01%	N/A	N/A	N/A
ALEXION PHARMACEUTICALS INC	ALXN	33,025.21	0.20%	0.00%	31.50%	31.50%	0.0617%
APPLIED MATERIALS INC	AMAT	27,937.77	0.17%	1.79%	17.00%	18.94%	0.0314%
AMETEK INC	AME	12,947.85	0.08%	0.68%	10.50%	11.22%	0.0086%
AFFILIATED MANAGERS GROUP	AMG	11,416.70	0.07%	0.00%	13.50%	13.50%	0.0091%
AMGEN INC	AMGN	105,554.99	0.63%	1.75%	8.50%	10.33%	0.0646%
AMERIPRISE FINANCIAL INC	AMP	23,379.53	0.14%	1.85%	13.50%	15.47%	0.0214%
AMERICAN TOWER CORP	AMT	38,754.77	0.23%	1.40%	16.50%	18.01%	0.0414%
AMAZON.COM INC	AMZN	152,712.14	0.91%	0.00%	45.00%	45.00%	0.4073%
AUTONATION INC	AN	6,277.83	0.04%	0.00%	16.00%	16.00%	0.0060%
AON PLC	AON	25,222.94	0.15%	1.15%	15.50%	16.74%	0.0250%
APACHE CORP	APA	37,340.84	0.22%	1.03%	8.00%	9.07%	0.0201%
ANADARKO PETROLEUM CORP	APC	54,335.37	0.32%	1.01%	74.50%	75.89%	0.2444%
AIR PRODUCTS & CHEMICALS INC	APD	27,357.64	0.16%	2.34%	9.00%	11.45%	0.0186%
AMPHENOL CORP-CL A	APH	16,417.24	0.10%	0.97%	8.00%	9.01%	0.0088%
AIRGAS INC	ARG	8,059.78	0.05%	2.02%	13.50%	15.65%	0.0075%
ALLEGHENY TECHNOLOGIES INC	ATI	4,639.13	0.03%	1.72%	17.50%	19.37%	0.0053%
AVALONBAY COMMUNITIES INC	AVB	19,609.83	0.12%	3.12%	129.00%	134.12%	0.1559%
AVAGO TECHNOLOGIES LTD	AVGO	NA	N/A	0.00%	N/A	N/A	N/A
AVON PRODUCTS INC	AVP	5,945.62	0.04%	1.79%	36.50%	38.62%	0.0136%
AVERY DENNISON CORP	AVY	4,565.59	0.03%	2.90%	10.00%	13.04%	0.0035%
AMERICAN EXPRESS CO	AXP	92,537.45	0.55%	1.18%	10.00%	11.23%	0.0616%
AUTOZONE INC	AZO	17,288.76	0.10%	0.00%	14.50%	14.50%	0.0149%
BOEING CO/THE	BA	91,979.04	0.55%	2.28%	11.00%	13.40%	0.0731%
BANK OF AMERICA CORP	BAC	174,247.85	1.03%	1.22%	28.50%	29.90%	0.3088%
BAXTER INTERNATIONAL INC	BAX	40,674.23	0.24%	2.76%	8.00%	10.87%	0.0262%
BED BATH & BEYOND INC	BBBY	13,177.50	0.08%	0.00%	10.50%	10.50%	0.0082%
BB&T CORP	BBT	27,308.21	0.16%	2.54%	11.50%	14.18%	0.0230%
BEST BUY CO INC	BBY	11,362.52	0.07%	2.35%	2.50%	4.88%	0.0033%
CR BARD INC	BCR	11,185.70	0.07%	0.59%	8.00%	8.61%	0.0057%
BECTON DICKINSON AND CO	BDX	22,097.59	0.13%	1.90%	8.00%	9.97%	0.0131%
FRANKLIN RESOURCES INC	BEN	34,878.73	0.21%	0.86%	9.50%	10.40%	0.0215%
BROWN-FORMAN CORP-CLASS B	BF/B	NA	N/A	0.00%	N/A	N/A	N/A
BAKER HUGHES INC	BHI	29,452.41	0.17%	1.01%	13.00%	14.08%	0.0246%
BIODEN IDEC INC	BIIB	77,245.39	0.46%	0.00%	14.50%	14.50%	0.0664%
BANK OF NEW YORK MELLON CORP	BK	44,550.93	0.26%	1.74%	10.00%	11.82%	0.0312%
BLACKROCK INC	BLK	54,529.37	0.32%	2.34%	9.00%	11.45%	0.0370%
BALL CORP	BLL	9,149.37	0.05%	0.79%	12.00%	12.84%	0.0070%

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Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
BEMIS COMPANY	BMS	3,992.16	0.02%	2.73%	8.00%	10.84%	0.0026%
BRISTOL-MYERS SQUIBB CO	BMJ	84,022.63	0.50%	2.82%	8.50%	11.44%	0.0570%
BROADCOM CORP-CL A	BRCM	22,024.11	0.13%	1.18%	2.50%	3.70%	0.0048%
BERKSHIRE HATHAWAY INC-CL B	BRK/B	NA	N/A	0.00%	N/A	N/A	N/A
BOSTON SCIENTIFIC CORP	BSX	16,624.38	0.10%	0.00%	10.50%	10.50%	0.0103%
PEABODY ENERGY CORP	BTU	3,919.94	0.02%	2.35%	4.00%	6.39%	0.0015%
BORGWARNER INC	BWA	13,976.59	0.08%	0.85%	14.00%	14.91%	0.0123%
BOSTON PROPERTIES INC	BXP	18,261.53	N/A	2.18%	N/A	N/A	N/A
CITIGROUP INC	C	158,349.50	0.94%	0.08%	14.00%	14.08%	0.1322%
CA INC	CA	12,835.56	0.08%	3.47%	5.00%	8.56%	0.0065%
CONAGRA FOODS INC	CAG	13,795.37	0.08%	3.08%	8.50%	11.71%	0.0096%
CARDINAL HEALTH INC	CAH	25,336.58	0.15%	1.82%	12.00%	13.92%	0.0209%
CAMERON INTERNATIONAL CORP	CAM	14,627.13	0.09%	0.00%	16.00%	16.00%	0.0139%
CATERPILLAR INC	CAT	66,294.36	0.39%	2.64%	5.50%	8.22%	0.0323%
CHUBB CORP	CB	21,915.31	0.13%	2.19%	8.50%	10.78%	0.0140%
CBRE GROUP INC - A	CBG	10,172.77	0.06%	0.00%	12.00%	12.00%	0.0072%
CBS CORP-CLASS B NON VOTING	CBS	28,364.77	0.17%	1.04%	13.00%	14.11%	0.0237%
COCA-COLA ENTERPRISES	CCE	11,277.51	0.07%	2.18%	10.50%	12.80%	0.0086%
CROWN CASTLE INTL CORP	CCI	26,859.04	0.16%	1.75%	27.00%	28.99%	0.0461%
CARNIVAL CORP	CCL	NA	N/A	0.00%	N/A	N/A	N/A
CELGENE CORP	CELG	73,522.94	0.44%	0.00%	14.00%	14.00%	0.0610%
CERNER CORP	CERN	20,243.26	0.12%	0.00%	15.00%	15.00%	0.0180%
CF INDUSTRIES HOLDINGS INC	CF	12,456.00	0.07%	2.39%	4.50%	6.94%	0.0051%
CAREFUSION CORP	CFN	9,487.95	0.06%	0.00%	13.50%	13.50%	0.0076%
CHESAPEAKE ENERGY CORP	CHK	16,877.42	0.10%	1.37%	7.00%	8.42%	0.0084%
C.H. ROBINSON WORLDWIDE INC	CHRW	9,858.11	0.06%	2.10%	7.00%	9.17%	0.0054%
CIGNA CORP	CI	24,627.32	0.15%	0.04%	9.00%	9.04%	0.0132%
CINCINNATI FINANCIAL CORP	CINF	7,896.16	0.05%	3.66%	12.50%	16.38%	0.0077%
COLGATE-PALMOLIVE CO	CL	58,835.43	0.35%	2.25%	10.50%	12.87%	0.0449%
CLOROX COMPANY	CLX	11,606.36	0.07%	3.29%	10.50%	13.96%	0.0096%
COMERICA INC	CMA	9,113.63	0.05%	1.58%	11.00%	12.66%	0.0068%
COMCAST CORP-CLASS A	CMCSA	122,482.84	0.73%	1.58%	12.00%	13.68%	0.0993%
CME GROUP INC	CME	26,048.19	0.15%	2.47%	8.50%	11.08%	0.0171%
CHIPOTLE MEXICAN GRILL INC	CMG	20,865.39	0.12%	0.00%	16.50%	16.50%	0.0204%
CUMMINS INC	CMI	25,747.82	0.15%	2.22%	8.50%	10.82%	0.0165%
CMS ENERGY CORP	CMS	8,342.59	0.05%	3.59%	6.50%	10.21%	0.0050%
CENTERPOINT ENERGY INC	CNP	10,637.45	0.06%	3.86%	2.50%	6.41%	0.0040%
CONSOL ENERGY INC	CNX	8,971.91	0.05%	0.64%	4.00%	4.66%	0.0025%
CAPITAL ONE FINANCIAL CORP	COF	45,595.94	0.27%	1.48%	4.00%	5.51%	0.0149%
CABOT OIL & GAS CORP	COG	13,958.48	0.08%	0.24%	33.00%	33.27%	0.0275%
COACH INC	COH	10,254.76	0.06%	3.66%	2.50%	6.20%	0.0038%
ROCKWELL COLLINS INC	COL	10,394.52	0.06%	1.56%	7.00%	8.62%	0.0053%
CONOCOPHILLIPS	COP	97,603.11	0.58%	3.70%	3.50%	7.26%	0.0420%
COSTCO WHOLESALE CORP	COST	55,199.00	0.33%	1.13%	10.50%	11.68%	0.0382%
COVIDIEN PLC	COV	NA	N/A	0.00%	N/A	N/A	N/A
CAMPBELL SOUP CO	CPB	13,849.89	0.08%	2.87%	5.00%	7.95%	0.0065%
SALESFORCE.COM INC	CRM	37,888.99	N/A	0.00%	N/A	N/A	N/A
COMPUTER SCIENCES CORP	CSC	8,683.53	0.05%	1.54%	7.00%	8.59%	0.0044%
CISCO SYSTEMS INC	CSCO	128,397.93	0.76%	3.05%	5.50%	8.63%	0.0657%
CSX CORP	CSX	31,346.58	0.19%	2.07%	9.00%	11.16%	0.0207%
CINTAS CORP	CTAS	7,893.26	0.05%	1.16%	11.00%	12.22%	0.0057%
CENTURYLINK INC	CTL	23,023.26	0.14%	5.44%	6.50%	12.12%	0.0165%
COGNIZANT TECH SOLUTIONS-A	CTSH	27,380.90	0.16%	0.00%	19.50%	19.50%	0.0316%
CITRIX SYSTEMS INC	CTXS	11,874.73	0.07%	0.00%	12.50%	12.50%	0.0088%
CABLEVISION SYSTEMS-NY GRP-A	CVC	5,192.20	0.03%	3.17%	19.00%	22.47%	0.0069%
CVS CAREMARK CORP	CVS	93,912.44	0.56%	1.36%	11.00%	12.43%	0.0692%
CHEVRON CORP	CVX	235,144.75	1.39%	3.44%	4.50%	8.02%	0.1118%
DOMINION RESOURCES INC/VA	D	40,740.15	0.24%	3.45%	5.00%	8.54%	0.0206%
DELTA AIR LINES INC	DAL	33,349.32	0.20%	0.91%	11.50%	12.46%	0.0246%
DU PONT (E.I.) DE NEMOURS	DD	59,609.71	0.35%	2.88%	8.50%	11.51%	0.0407%
DEERE & CO	DE	29,419.11	0.17%	2.93%	6.00%	9.02%	0.0157%
DISCOVER FINANCIAL SERVICES	DFS	28,979.86	0.17%	1.52%	8.50%	10.09%	0.0173%
DOLLAR GENERAL CORP	DG	19,347.63	0.11%	0.00%	16.00%	16.00%	0.0183%
QUEST DIAGNOSTICS INC	DGX	9,105.37	0.05%	2.10%	6.50%	8.67%	0.0047%
DR HORTON INC	DHI	8,000.16	0.05%	1.14%	25.50%	26.78%	0.0127%
DANAHER CORP	DHR	54,148.86	0.32%	0.52%	12.00%	12.55%	0.0403%
WALT DISNEY CO/THE	DIS	154,437.55	0.92%	0.96%	11.50%	12.52%	0.1146%
DISCOVERY COMMUNICATIONS-A	DISCA	5,973.02	0.04%	0.00%	15.00%	15.00%	0.0053%
DISCOVERY COMMUNICATIONS-C	DISCK	NA	N/A	0.00%	N/A	N/A	N/A
DELPHI AUTOMOTIVE PLC	DLPH	21,115.07	0.13%	1.41%	12.00%	13.50%	0.0169%
DOLLAR TREE INC	DLTR	11,449.26	0.07%	0.00%	15.50%	15.50%	0.0105%
DUN & BRADSTREET CORP	DNB	4,272.38	0.03%	1.51%	6.00%	7.55%	0.0019%
DENBURY RESOURCES INC	DNR	5,678.90	0.03%	1.54%	11.50%	13.13%	0.0044%
DIAMOND OFFSHORE DRILLING	DO	5,706.65	0.03%	1.21%	6.50%	7.75%	0.0026%
DOVER CORP	DOV	14,494.76	0.09%	1.85%	7.00%	8.91%	0.0077%
DOW CHEMICAL CO/THE	DOW	63,143.64	0.37%	2.77%	14.50%	17.48%	0.0654%
DR PEPPER SNAPPLE GROUP INC	DPS	12,253.91	0.07%	2.62%	7.50%	10.21%	0.0074%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
DARDEN RESTAURANTS INC	DRI	6,402.29	0.04%	4.61%	8.00%	12.79%	0.0049%
DTE ENERGY COMPANY	DTE	13,670.94	0.08%	3.57%	5.00%	8.66%	0.0070%
DIRECTV	DTV	43,693.92	0.26%	0.00%	14.50%	14.50%	0.0376%
DUKE ENERGY CORP	DUK	52,663.47	0.31%	4.33%	4.00%	8.42%	0.0263%
DAVITA HEALTHCARE PARTNERS I	DVA	15,961.79	0.09%	0.00%	11.00%	11.00%	0.0104%
DEVON ENERGY CORPORATION	DVN	28,894.73	0.17%	1.36%	6.50%	7.90%	0.0135%
ELECTRONIC ARTS INC	EA	11,891.80	0.07%	0.00%	15.50%	15.50%	0.0109%
EBAY INC	EBAY	62,904.67	0.37%	0.00%	14.50%	14.50%	0.0541%
ECOLAB INC	ECL	34,367.56	0.20%	0.96%	11.50%	12.51%	0.0255%
CONSOLIDATED EDISON INC	ED	16,776.45	0.10%	4.43%	1.50%	5.97%	0.0059%
EQUIFAX INC	EFX	9,549.75	0.06%	1.27%	10.00%	11.34%	0.0064%
EDISON INTERNATIONAL	EIX	18,897.04	0.11%	2.46%	2.50%	4.99%	0.0056%
ESTEE LAUDER COMPANIES-CL A	EL	28,498.96	0.17%	1.07%	11.50%	12.63%	0.0213%
EMC CORP/MA	EMC	60,241.01	0.36%	1.56%	9.00%	10.63%	0.0380%
EASTMAN CHEMICAL CO	EMN	12,279.45	0.07%	1.68%	13.00%	14.78%	0.0108%
EMERSON ELECTRIC CO	EMR	45,127.18	0.27%	2.65%	6.50%	9.23%	0.0247%
EOG RESOURCES INC	EOG	56,420.82	0.33%	0.66%	21.50%	22.23%	0.0743%
EQUITY RESIDENTIAL	EQR	23,401.15	N/A	3.10%	N/A	N/A	N/A
EQT CORP	EQT	14,522.98	0.09%	0.13%	15.50%	15.64%	0.0135%
EXPRESS SCRIPTS HOLDING CO	ESRX	55,796.93	0.33%	0.00%	12.50%	12.50%	0.0413%
ESSEX PROPERTY TRUST INC	ESS	12,021.52	N/A	2.74%	N/A	N/A	N/A
ENSCO PLC-CL A	ESV	11,291.30	0.07%	6.36%	17.00%	23.90%	0.0160%
E*TRADE FINANCIAL CORP	ETFC	6,556.79	0.04%	0.00%	113.50%	113.50%	0.0441%
EATON CORP PLC	ETN	32,256.50	0.19%	2.88%	9.00%	12.01%	0.0230%
ENTERGY CORP	ETR	13,840.59	0.08%	4.36%	-2.50%	1.80%	0.0015%
EDWARDS LIFESCIENCES CORP	EW	10,728.42	0.06%	0.00%	13.50%	13.50%	0.0086%
EXELON CORP	EXC	28,568.30	0.17%	3.75%	-5.00%	-1.34%	-0.0023%
EXPEDITORS INTL WASH INC	EXPD	8,292.09	0.05%	1.52%	6.50%	8.07%	0.0040%
EXPEDIA INC	EXPE	11,086.98	0.07%	0.83%	7.50%	8.36%	0.0055%
FORD MOTOR CO	F	64,615.11	0.38%	3.01%	8.00%	11.13%	0.0426%
FASTENAL CO	FAST	13,681.10	0.08%	2.15%	12.00%	14.28%	0.0116%
FACEBOOK INC-A	FB	202,596.05	N/A	0.00%	N/A	N/A	N/A
FREEMPORT-MCMORAN INC	FCX	35,909.43	0.21%	3.62%	6.00%	9.73%	0.0207%
FAMILY DOLLAR STORES	FDO	8,964.60	0.05%	1.57%	8.00%	9.63%	0.0051%
FEDEX CORP	FDX	43,312.11	0.26%	0.53%	15.00%	15.57%	0.0400%
FIRSTENERGY CORP	FE	14,527.12	0.09%	4.24%	2.00%	6.28%	0.0054%
F5 NETWORKS INC	FFIV	9,343.47	0.06%	0.00%	12.00%	12.00%	0.0066%
FIDELITY NATIONAL INFORMATIO	FIS	16,408.68	0.10%	1.65%	10.00%	11.74%	0.0114%
FISERV INC	FISV	16,269.02	0.10%	0.00%	10.00%	10.00%	0.0096%
FIFTH THIRD BANCORP	FITB	17,093.45	0.10%	2.54%	10.00%	12.67%	0.0128%
FLIR SYSTEMS INC	FLIR	4,760.68	0.03%	1.19%	11.00%	12.25%	0.0035%
FLUOR CORP	FLR	11,142.47	0.07%	1.20%	7.00%	8.24%	0.0054%
FLOWSERVE CORP	FLS	10,291.76	0.06%	0.86%	12.00%	12.91%	0.0079%
FMC CORP	FMC	8,472.80	0.05%	0.95%	12.00%	13.00%	0.0065%
FOSSIL GROUP INC	FOSL	5,438.52	0.03%	0.00%	13.00%	13.00%	0.0042%
TWENTY-FIRST CENTURY FOX-A	FOXA	49,121.19	0.29%	0.70%	11.00%	11.74%	0.0342%
FIRST SOLAR INC	FSLR	7,175.82	0.04%	0.00%	-2.00%	-2.00%	-0.0009%
FMC TECHNOLOGIES INC	FTI	13,518.37	0.08%	0.00%	20.50%	20.50%	0.0164%
FRONTIER COMMUNICATIONS CORP	FTR	6,483.61	0.04%	6.30%	13.50%	20.23%	0.0078%
AGL RESOURCES INC	GAS	6,368.23	0.04%	3.70%	9.00%	12.86%	0.0049%
GANNETT CO	GCI	7,245.53	0.04%	2.49%	6.50%	9.07%	0.0039%
GENERAL DYNAMICS CORP	GD	42,331.09	0.25%	1.95%	3.00%	4.98%	0.0125%
GENERAL ELECTRIC CO	GE	261,082.18	1.55%	3.39%	10.50%	14.07%	0.2177%
GENERAL GROWTH PROPERTIES	GGP	21,556.47	N/A	2.61%	N/A	N/A	N/A
GRAHAM HOLDINGS CO-CLASS B	GHC	4,121.95	0.02%	1.44%	10.50%	12.01%	0.0029%
GILEAD SCIENCES INC	GILD	160,826.57	0.95%	0.00%	13.00%	13.00%	0.1239%
GENERAL MILLS INC	GIS	32,497.58	0.19%	3.08%	7.00%	10.19%	0.0196%
CORNING INC	GLW	27,034.11	0.16%	1.90%	6.50%	8.46%	0.0136%
GENERAL MOTORS CO	GM	53,933.36	0.32%	3.61%	9.50%	13.28%	0.0424%
KEURIG GREEN MOUNTAIN INC	GMCR	21,415.34	0.13%	0.76%	26.50%	27.36%	0.0347%
GAMESTOP CORP-CLASS A	GME	4,952.84	0.03%	3.06%	11.50%	14.74%	0.0043%
GENWORTH FINANCIAL INC-CL A	GNW	6,510.65	0.04%	0.00%	20.00%	20.00%	0.0077%
GOOGLE INC-CL C	GOOG	196,618.38	1.17%	0.00%	14.50%	14.50%	0.1690%
GOOGLE INC-CL A	GOOGL	NA	N/A	0.00%	N/A	N/A	N/A
GENUINE PARTS CO	GPC	13,360.08	0.08%	2.63%	9.00%	11.75%	0.0093%
GAP INC/THE	GPS	19,273.26	0.11%	1.99%	13.50%	15.62%	0.0178%
GARMIN LTD	GRMN	10,224.06	0.06%	3.57%	1.50%	5.10%	0.0031%
GOLDMAN SACHS GROUP INC	GS	79,744.98	0.47%	1.22%	13.00%	14.30%	0.0676%
GOODYEAR TIRE & RUBBER CO	GT	6,885.58	0.04%	0.96%	11.50%	12.52%	0.0051%
WW GRAINGER INC	GWW	16,862.35	0.10%	1.75%	12.50%	14.36%	0.0144%
HALLIBURTON CO	HAL	57,044.91	0.34%	0.90%	11.50%	12.45%	0.0421%
HARMAN INTERNATIONAL	HAR	7,688.94	0.05%	1.17%	19.50%	20.79%	0.0095%
HASBRO INC	HAS	6,870.06	0.04%	3.20%	7.00%	10.31%	0.0042%
HUNTINGTON BANCSHARES INC	HBAN	8,137.34	0.05%	2.01%	6.00%	8.07%	0.0039%
HUDSON CITY BANCORP INC	HCBK	5,340.53	N/A	1.59%	N/A	N/A	N/A
HEALTH CARE REIT INC	HCN	20,515.16	0.12%	4.80%	94.50%	101.57%	0.1235%
HCP INC	HCP	19,476.95	N/A	5.14%	N/A	N/A	N/A

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
HOME DEPOT INC	HD	120,083.16	0.71%	2.11%	14.50%	16.76%	0.1193%
HESS CORP	HES	30,415.54	0.18%	1.01%	-1.00%	0.00%	0.0000%
HARTFORD FINANCIAL SVCS GRP	HIG	16,613.16	0.10%	1.94%	11.00%	13.05%	0.0128%
HARLEY-DAVIDSON INC	HOG	14,180.83	0.08%	1.71%	16.00%	17.85%	0.0150%
HONEYWELL INTERNATIONAL INC	HON	74,138.22	0.44%	1.91%	9.50%	11.50%	0.0505%
STARWOOD HOTELS & RESORTS	HOT	15,996.31	0.09%	1.66%	14.00%	15.78%	0.0150%
HELMERICH & PAYNE	HP	11,133.31	0.07%	2.72%	10.00%	12.86%	0.0085%
HEWLETT-PACKARD CO	HPQ	68,604.27	N/A	1.73%	N/A	N/A	N/A
H&R BLOCK INC	HRB	8,929.36	0.05%	2.47%	9.00%	11.58%	0.0061%
HORMEL FOODS CORP	HRL	13,320.39	0.08%	1.59%	11.50%	13.18%	0.0104%
HARRIS CORP	HRS	7,360.06	0.04%	2.69%	1.50%	4.21%	0.0018%
HOSPIRA INC	HSP	8,941.11	0.05%	0.00%	7.00%	7.00%	0.0037%
HOST HOTELS & RESORTS INC	HST	16,924.22	N/A	3.59%	N/A	N/A	N/A
HERSHEY CO/THE	HSY	14,890.88	0.09%	2.33%	12.00%	14.47%	0.0128%
HUMANA INC	HUM	19,960.60	0.12%	0.87%	7.50%	8.40%	0.0099%
INTL BUSINESS MACHINES CORP	IBM	191,258.34	1.13%	2.30%	7.50%	9.88%	0.1120%
INTERCONTINENTAL EXCHANGE IN	ICE	21,592.55	0.13%	1.37%	18.50%	19.99%	0.0256%
INTL FLAVORS & FRAGRANCES	IFF	8,044.68	0.05%	1.90%	7.00%	8.97%	0.0043%
INTEL CORP	INTC	173,384.02	1.03%	2.57%	6.00%	8.65%	0.0889%
INTUIT INC	INTU	24,175.82	0.14%	1.18%	10.00%	11.24%	0.0161%
INTERNATIONAL PAPER CO	IP	21,504.83	0.13%	3.31%	12.00%	15.51%	0.0198%
INTERPUBLIC GROUP OF COS INC	IPG	8,103.46	0.05%	1.97%	13.50%	15.61%	0.0075%
INGERSOLL-RAND PLC	IR	16,128.06	0.10%	1.67%	12.50%	14.27%	0.0136%
IRON MOUNTAIN INC	IRM	6,874.86	0.04%	3.02%	5.50%	8.60%	0.0035%
INTUITIVE SURGICAL INC	ISRG	16,897.44	0.10%	0.00%	9.00%	9.00%	0.0090%
ILLINOIS TOOL WORKS	ITW	35,115.19	0.21%	2.20%	10.50%	12.82%	0.0267%
INVESCO LTD	IVZ	17,581.23	0.10%	2.47%	17.00%	19.68%	0.0205%
JABIL CIRCUIT INC	JBL	4,370.28	0.03%	1.49%	3.00%	4.51%	0.0012%
JOHNSON CONTROLS INC	JCI	31,285.54	0.19%	1.87%	12.00%	13.99%	0.0259%
JACOBS ENGINEERING GROUP INC	JEC	7,138.51	0.04%	0.00%	12.00%	12.00%	0.0051%
JOHNSON & JOHNSON	JNJ	294,861.01	1.75%	2.67%	6.50%	9.25%	0.1617%
JUNIPER NETWORKS INC	JNPR	10,693.16	0.06%	1.69%	16.50%	18.32%	0.0116%
JOY GLOBAL INC	JOY	5,829.69	0.03%	1.36%	2.00%	3.37%	0.0012%
JPMORGAN CHASE & CO	JPM	224,774.15	1.33%	2.70%	8.00%	10.81%	0.1440%
NORDSTROM INC	JWN	13,284.38	0.08%	1.92%	10.00%	12.01%	0.0095%
KELLOGG CO	K	23,296.36	0.14%	3.04%	7.50%	10.66%	0.0147%
KEYCORP	KEY	12,102.79	0.07%	1.87%	8.50%	10.45%	0.0075%
KIMCO REALTY CORP	KIM	9,450.18	N/A	3.93%	N/A	N/A	N/A
KLA-TENCOR CORPORATION	KLAC	13,004.54	0.08%	2.54%	6.00%	8.62%	0.0066%
KIMBERLY-CLARK CORP	KMB	40,032.09	0.24%	3.14%	8.50%	11.78%	0.0279%
KINDER MORGAN INC	KMI	39,432.35	0.23%	4.48%	15.00%	19.82%	0.0463%
CARMAX INC	KMX	11,518.55	0.07%	0.00%	9.50%	9.50%	0.0065%
COCA-COLA CO/THE	KO	183,989.51	1.09%	2.89%	8.00%	11.01%	0.1201%
MICHAEL KORS HOLDINGS LTD	KORS	NA	N/A	0.00%	N/A	N/A	N/A
KROGER CO	KR	25,506.96	0.15%	1.27%	10.50%	11.84%	0.0179%
KRAFT FOODS GROUP INC	KRFT	34,687.91	N/A	3.61%	N/A	N/A	N/A
KOHL'S CORP	KSS	12,249.38	0.07%	2.65%	7.00%	9.74%	0.0071%
KANSAS CITY SOUTHERN	KSU	12,760.47	0.08%	0.97%	14.00%	15.04%	0.0114%
LOEWS CORP	L	16,235.20	0.10%	0.58%	13.00%	13.62%	0.0131%
L BRANDS INC	LB	19,043.74	0.11%	2.10%	9.50%	11.70%	0.0132%
LEGGETT & PLATT INC	LEG	4,843.91	0.03%	3.50%	12.50%	16.21%	0.0047%
LENNAR CORP-A	LEN	6,857.72	0.04%	0.41%	27.00%	27.46%	0.0112%
LABORATORY CRP OF AMER HLDGS	LH	9,107.22	0.05%	0.00%	5.00%	5.00%	0.0027%
L-3 COMMUNICATIONS HOLDINGS	LLL	9,900.30	0.06%	2.11%	4.00%	6.16%	0.0036%
LINEAR TECHNOLOGY CORP	LLTC	10,814.09	0.06%	2.37%	6.50%	8.95%	0.0057%
ELI LILLY & CO	LLY	72,826.14	0.43%	3.03%	-2.50%	0.49%	0.0021%
LEGG MASON INC	LM	5,805.81	0.03%	1.29%	14.50%	15.89%	0.0055%
LOCKHEED MARTIN CORP	LMT	55,288.99	0.33%	3.05%	7.50%	10.66%	0.0349%
LINCOLN NATIONAL CORP	LNC	14,100.61	0.08%	1.18%	8.00%	9.23%	0.0077%
LORILLARD INC	LO	21,255.40	0.13%	4.16%	12.00%	16.41%	0.0207%
LOWE'S COS INC	LOW	52,395.80	0.31%	1.72%	15.00%	16.85%	0.0523%
LAM RESEARCH CORP	LRCX	11,769.89	0.07%	1.00%	13.50%	14.57%	0.0102%
LEUCADIA NATIONAL CORP	LUK	9,500.73	0.06%	0.97%	4.50%	5.49%	0.0031%
SOUTHWEST AIRLINES CO	LUV	23,048.11	0.14%	0.71%	17.00%	17.77%	0.0243%
LYONDELLBASELL INDU-CL A	LYB	NA	N/A	0.00%	N/A	N/A	N/A
MACY'S INC	M	21,124.06	0.13%	2.09%	13.50%	15.73%	0.0197%
MASTERCARD INC-CLASS A	MA	87,565.77	0.52%	0.57%	15.00%	15.62%	0.0811%
MACERICH CO/THE	MAC	9,278.68	N/A	3.77%	N/A	N/A	N/A
MARRIOTT INTERNATIONAL -CL A	MAR	20,745.25	0.12%	1.13%	14.00%	15.21%	0.0187%
MASCO CORP	MAS	8,551.28	0.05%	1.52%	33.50%	35.27%	0.0179%
MATTEL INC	MAT	11,686.16	0.07%	4.42%	9.50%	14.13%	0.0098%
MCDONALD'S CORP	MCD	91,280.12	0.54%	3.48%	7.00%	10.61%	0.0574%
MICROCHIP TECHNOLOGY INC	MCHP	9,695.40	0.06%	2.95%	9.00%	12.08%	0.0069%
MCKESSON CORP	MCK	44,853.78	0.27%	0.49%	14.00%	14.53%	0.0386%
MOODY'S CORP	MCO	20,228.74	0.12%	1.17%	12.50%	13.74%	0.0165%
MONDELEZ INTERNATIONAL INC-A	MDLZ	60,270.50	0.36%	1.69%	4.50%	6.22%	0.0222%
MEDTRONIC INC	MDT	64,393.38	0.38%	1.85%	6.50%	8.41%	0.0321%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
METLIFE INC	MET	61,533.70	0.36%	2.56%	7.50%	10.15%	0.0370%
MCGRAW HILL FINANCIAL INC	MHFI	23,178.20	N/A	1.41%	N/A	N/A	N/A
MOHAWK INDUSTRIES INC	MHK	10,580.16	0.06%	0.00%	15.50%	15.50%	0.0097%
MEAD JOHNSON NUTRITION CO	MJN	19,612.12	0.12%	1.56%	12.00%	13.65%	0.0159%
MCCORMICK & CO-NON VGT SHRS	MKC	8,108.51	0.05%	2.15%	8.50%	10.74%	0.0052%
MARTIN MARIETTA MATERIALS	MLM	8,787.13	0.05%	1.22%	20.50%	21.85%	0.0114%
MARSH & MCLENNAN COS	MMC	28,723.61	0.17%	2.13%	13.00%	15.26%	0.0260%
3M CO	MMM	93,534.33	0.55%	2.36%	7.50%	9.95%	0.0552%
MALLINCKRODT PLC	MNK	9,873.19	N/A	0.00%	N/A	N/A	N/A
MONSTER BEVERAGE CORP	MNST	15,206.33	0.09%	0.00%	12.50%	12.50%	0.0113%
ALTRIA GROUP INC	MO	85,665.16	0.51%	4.74%	11.00%	16.00%	0.0813%
MONSANTO CO	MON	59,604.37	0.35%	1.73%	13.50%	15.35%	0.0542%
MOSAIC CO/THE	MOS	17,294.07	0.10%	2.17%	6.00%	8.23%	0.0084%
MARATHON PETROLEUM CORP	MPC	25,187.59	0.15%	2.21%	10.00%	12.32%	0.0184%
MERCK & CO. INC.	MRK	173,366.38	1.03%	2.90%	2.00%	4.93%	0.0506%
MARATHON OIL CORP	MRO	26,992.85	0.16%	2.10%	9.50%	11.70%	0.0187%
MORGAN STANLEY	MS	68,187.28	0.40%	1.17%	30.00%	31.34%	0.1267%
MICROSOFT CORP	MSFT	387,272.90	2.30%	2.39%	7.00%	9.47%	0.2175%
MOTOROLA SOLUTIONS INC	MSI	15,358.81	0.09%	2.22%	8.00%	10.31%	0.0094%
M & T BANK CORP	MTB	16,593.40	0.10%	2.24%	7.00%	9.32%	0.0092%
MICRON TECHNOLOGY INC	MU	34,309.17	0.20%	0.00%	80.50%	80.50%	0.1637%
MURPHY OIL CORP	MUR	10,300.95	0.06%	2.40%	9.00%	11.51%	0.0070%
MEADWESTVACO CORP	MWV	7,192.50	0.04%	2.38%	11.00%	13.51%	0.0058%
MYLAN INC	MYL	17,875.71	0.11%	0.00%	14.00%	14.00%	0.0148%
NAVIENT CORP	NAVI	NA	N/A	0.00%	N/A	N/A	N/A
NOBLE ENERGY INC	NBL	25,321.24	0.15%	1.03%	17.00%	18.12%	0.0272%
NABORS INDUSTRIES LTD	NBR	NA	N/A	0.00%	N/A	N/A	N/A
NASDAQ OMX GROUP/THE	NDAQ	7,310.49	0.04%	1.38%	8.50%	9.94%	0.0043%
NOBLE CORP PLC	NE	6,941.33	0.04%	5.57%	19.50%	25.62%	0.0105%
NEXTERA ENERGY INC	NEE	41,955.73	0.25%	3.03%	4.50%	7.60%	0.0189%
NEWMONT MINING CORP	NEM	12,763.24	0.08%	0.39%	-17.50%	-17.14%	-0.0130%
NETFLIX INC	NFLX	28,937.42	0.17%	0.00%	20.50%	20.50%	0.0352%
NEWFIELD EXPLORATION CO	NFX	5,374.56	0.03%	0.00%	-1.00%	-1.00%	-0.0003%
NISOURCE INC	NI	12,615.87	0.07%	2.60%	10.50%	13.24%	0.0099%
NIKE INC -CL B	NKE	71,044.06	0.42%	1.16%	13.50%	14.74%	0.0621%
NIELSEN NV	NLSN	17,356.66	0.10%	2.19%	13.00%	15.33%	0.0158%
NORTHROP GRUMMAN CORP	NOC	26,982.16	0.16%	2.15%	5.00%	7.21%	0.0115%
NATIONAL OILWELL VARCO INC	NOV	35,490.42	0.21%	2.26%	11.50%	13.89%	0.0292%
NRG ENERGY INC	NRG	10,467.86	0.06%	1.82%	7.00%	8.89%	0.0055%
NORFOLK SOUTHERN CORP	NSC	33,625.71	0.20%	2.11%	8.50%	10.70%	0.0213%
NETAPP INC	NTAP	13,557.21	0.08%	1.57%	9.50%	11.14%	0.0090%
NORTHERN TRUST CORP	NTRS	16,271.86	0.10%	1.92%	9.50%	11.51%	0.0111%
NORTHEAST UTILITIES	NU	14,357.60	0.09%	3.45%	8.00%	11.59%	0.0099%
NUCOR CORP	NUE	17,590.57	0.10%	2.70%	22.00%	24.99%	0.0261%
NVIDIA CORP	NVDA	10,518.57	0.06%	1.73%	6.50%	8.29%	0.0052%
NEWELL RUBBERMAID INC	NWL	9,410.51	0.06%	1.98%	12.50%	14.61%	0.0081%
NEWS CORP - CLASS A	NWSA	NA	N/A	0.00%	N/A	N/A	N/A
OWENS-ILLINOIS INC	OI	5,233.80	0.03%	0.00%	8.50%	8.50%	0.0026%
ONEOK INC	OKE	14,420.85	0.09%	3.31%	10.00%	13.48%	0.0115%
OMNICOM GROUP	OMC	17,925.08	0.11%	2.79%	11.50%	14.45%	0.0154%
ORACLE CORP	ORCL	181,224.88	1.07%	1.18%	9.50%	10.74%	0.1153%
O'REILLY AUTOMOTIVE INC	ORLY	16,062.09	0.10%	0.00%	15.00%	15.00%	0.0143%
OCCIDENTAL PETROLEUM CORP	OXY	76,676.41	0.45%	2.92%	3.50%	6.47%	0.0294%
PAYCHEX INC	PAYX	15,264.04	0.09%	3.61%	8.00%	11.76%	0.0106%
PEOPLE'S UNITED FINANCIAL	PBCT	4,666.99	0.03%	4.42%	14.00%	18.72%	0.0052%
PITNEY BOWES INC	PBI	5,522.57	0.03%	2.75%	2.00%	4.78%	0.0016%
PACCAR INC	PCAR	21,523.84	0.13%	1.45%	12.50%	14.04%	0.0179%
P G & E CORP	PCG	22,326.07	0.13%	3.89%	2.50%	6.44%	0.0085%
PLUM CREEK TIMBER CO	PCL	7,177.11	0.04%	4.34%	12.50%	17.11%	0.0073%
PRICELINE GROUP INC/THE	PCLN	61,723.43	0.37%	0.00%	25.50%	25.50%	0.0933%
PRECISION CASTPARTS CORP	PCP	34,673.36	0.21%	0.05%	13.00%	13.05%	0.0268%
PATTERSON COS INC	PDCO	4,260.06	0.03%	1.96%	11.50%	13.57%	0.0034%
PUBLIC SERVICE ENTERPRISE GP	PEG	18,829.11	0.11%	4.05%	-0.50%	3.54%	0.0040%
PEPSICO INC	PEP	138,097.21	0.82%	2.85%	8.50%	11.48%	0.0939%
PETSMART INC	PETM	7,002.91	0.04%	1.11%	14.00%	15.19%	0.0063%
PFIZER INC	PFE	187,879.77	1.11%	3.53%	10.50%	14.22%	0.1583%
PRINCIPAL FINANCIAL GROUP	PFG	15,859.17	0.09%	2.53%	9.50%	12.14%	0.0114%
PROCTER & GAMBLE CO/THE	PG	226,006.09	1.34%	3.08%	7.50%	10.69%	0.1432%
PROGRESSIVE CORP	PGR	14,810.46	0.09%	1.98%	14.00%	16.12%	0.0141%
PARKER HANNIFIN CORP	PH	17,610.01	0.10%	1.62%	7.00%	8.68%	0.0091%
PULTEGROUP INC	PHM	7,169.29	0.04%	1.05%	31.50%	32.71%	0.0139%
PERKINELMER INC	PKI	5,072.32	0.03%	0.62%	8.50%	9.15%	0.0028%
PROLOGIS INC	PLD	20,204.64	N/A	3.25%	N/A	N/A	N/A
PALL CORP	PLL	8,977.94	0.05%	1.31%	10.50%	11.88%	0.0063%
PHILIP MORRIS INTERNATIONAL	PM	132,000.07	0.78%	4.75%	9.00%	13.96%	0.1093%
PNC FINANCIAL SERVICES GROUP	PNC	46,364.35	0.27%	2.24%	7.00%	9.32%	0.0256%
PENTAIR PLC	PNR	13,053.71	0.08%	1.79%	16.50%	18.43%	0.0143%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
PINNACLE WEST CAPITAL	PNW	6,316.50	0.04%	4.04%	4.00%	8.12%	0.0030%
PEPCO HOLDINGS INC	POM	6,838.94	0.04%	3.99%	5.50%	9.60%	0.0039%
PPG INDUSTRIES INC	PPG	27,762.73	0.16%	1.32%	13.00%	14.41%	0.0237%
PPL CORPORATION	PPL	22,044.16	0.13%	4.52%	0.00%	4.52%	0.0059%
PERRIGO CO PLC	PRGO	19,423.68	0.12%	0.29%	13.50%	13.81%	0.0159%
PRUDENTIAL FINANCIAL INC	PRU	41,142.40	0.24%	2.37%	10.00%	12.49%	0.0305%
PUBLIC STORAGE	PSA	29,552.52	N/A	3.24%	N/A	N/A	N/A
PHILLIPS 66	PSX	46,952.26	N/A	2.35%	N/A	N/A	N/A
PVH CORP	PVH	10,363.75	0.06%	0.12%	13.50%	13.63%	0.0084%
QUANTA SERVICES INC	PWR	8,011.86	0.05%	0.00%	19.50%	19.50%	0.0093%
PRAXAIR INC	PX	38,302.92	0.23%	1.96%	10.50%	12.56%	0.0285%
PIONEER NATURAL RESOURCES CO	PXD	29,137.61	0.17%	0.04%	23.00%	23.04%	0.0398%
QUALCOMM INC	QCOM	127,562.19	0.76%	2.21%	9.50%	11.82%	0.0894%
QEP RESOURCES INC	QEP	5,797.13	0.03%	0.25%	11.50%	11.76%	0.0040%
RYDER SYSTEM INC	R	4,891.81	0.03%	1.61%	14.50%	16.23%	0.0047%
REYNOLDS AMERICAN INC	RAI	30,495.70	0.18%	4.68%	9.50%	14.40%	0.0260%
REGENERON PHARMACEUTICALS	REGN	35,407.46	0.21%	0.00%	35.50%	35.50%	0.0745%
REGIONS FINANCIAL CORP	RF	14,171.05	0.08%	1.96%	72.50%	75.17%	0.0631%
ROBERT HALF INTL INC	RHI	6,967.02	0.04%	1.42%	12.00%	13.51%	0.0056%
RED HAT INC	RHT	11,663.44	0.07%	0.00%	14.50%	14.50%	0.0100%
TRANSOCEAN LTD	RIG	13,535.00	0.08%	8.05%	13.50%	22.10%	0.0177%
RALPH LAUREN CORP	RL	15,238.40	0.09%	1.03%	9.50%	10.58%	0.0096%
ROCKWELL AUTOMATION INC	ROK	16,015.21	0.09%	2.00%	8.50%	10.59%	0.0101%
ROPER INDUSTRIES INC	ROP	14,771.02	0.09%	0.54%	11.00%	11.57%	0.0101%
ROSS STORES INC	ROST	15,838.12	0.09%	1.06%	12.00%	13.13%	0.0123%
RANGE RESOURCES CORP	RRC	12,422.92	0.07%	0.21%	38.00%	38.25%	0.0282%
REPUBLIC SERVICES INC	RSG	13,936.21	0.08%	2.85%	8.50%	11.47%	0.0095%
RAYTHEON COMPANY	RTN	31,360.87	0.19%	2.40%	9.50%	12.01%	0.0223%
STARBUCKS CORP	SBUX	57,181.34	0.34%	1.35%	18.50%	19.97%	0.0677%
SCANA CORP	SCG	7,227.66	0.04%	4.17%	5.00%	9.27%	0.0040%
SCHWAB (CHARLES) CORP	SCHW	38,110.10	0.23%	0.82%	10.50%	11.36%	0.0257%
SPECTRA ENERGY CORP	SE	27,271.84	0.16%	3.28%	3.00%	6.33%	0.0102%
SEALED AIR CORP	SEE	7,806.69	0.05%	1.41%	19.50%	21.05%	0.0097%
SHERWIN-WILLIAMS CO/THE	SHW	21,321.70	0.13%	1.02%	15.50%	16.59%	0.0210%
SIGMA-ALDRICH	SIAL	12,206.84	0.07%	0.89%	7.50%	8.43%	0.0061%
JM SMUCKER CO/THE	SJM	10,296.75	0.06%	2.53%	8.50%	11.14%	0.0068%
SCHLUMBERGER LTD	SLB	135,412.74	0.80%	1.53%	15.00%	16.65%	0.1336%
SNAP-ON INC	SNA	7,277.16	0.04%	1.41%	9.00%	10.47%	0.0045%
SANDISK CORP	SNDK	22,218.85	0.13%	1.20%	11.50%	12.77%	0.0168%
SCRIPPS NETWORKS INTER-CL A	SNI	11,002.38	0.07%	1.02%	9.00%	10.06%	0.0066%
SOUTHERN CO/THE	SO	39,464.41	0.23%	4.80%	3.50%	8.38%	0.0196%
SIMON PROPERTY GROUP INC	SPG	52,805.19	N/A	3.05%	N/A	N/A	N/A
STAPLES INC	SPLS	8,058.95	0.05%	3.86%	-1.50%	2.33%	0.0011%
STERICYCLE INC	SRCL	9,964.33	0.06%	0.00%	11.50%	11.50%	0.0068%
SEMPRA ENERGY	SRE	26,059.85	0.15%	2.52%	4.50%	7.07%	0.0109%
SUNTRUST BANKS INC	STI	20,743.67	0.12%	2.05%	26.00%	28.32%	0.0348%
ST JUDE MEDICAL INC	STJ	18,456.65	0.11%	1.67%	8.50%	10.24%	0.0112%
STATE STREET CORP	STT	30,883.01	0.18%	1.66%	10.00%	11.75%	0.0215%
SEAGATE TECHNOLOGY	STX	NA	N/A	0.00%	N/A	N/A	N/A
CONSTELLATION BRANDS INC-A	STZ	14,620.83	0.09%	0.00%	16.00%	16.00%	0.0139%
STANLEY BLACK & DECKER INC	SWK	14,396.05	0.09%	2.26%	10.00%	12.37%	0.0106%
SOUTHWESTERN ENERGY CO	SWN	13,473.05	0.08%	0.00%	11.00%	11.00%	0.0088%
SAFEWAY INC	SWY	7,967.23	0.05%	2.66%	6.50%	9.25%	0.0044%
STRYKER CORP	SYK	31,891.83	0.19%	1.45%	7.50%	9.01%	0.0170%
SYMANTEC CORP	SYMC	17,099.00	0.10%	2.43%	15.00%	17.61%	0.0178%
SYSCO CORP	SY	22,455.53	0.13%	3.03%	8.50%	11.66%	0.0155%
AT&T INC	T	180,732.10	1.07%	5.30%	7.00%	12.49%	0.1338%
MOLSON COORS BREWING CO -B	TAP	NA	N/A	0.00%	N/A	N/A	N/A
TERADATA CORP	TDC	6,956.40	0.04%	0.00%	13.00%	13.00%	0.0054%
TECO ENERGY INC	TE	4,180.34	0.02%	4.97%	2.00%	7.02%	0.0017%
INTEGRYS ENERGY GROUP INC	TEG	5,434.29	0.03%	4.04%	3.50%	7.61%	0.0025%
TE CONNECTIVITY LTD	TEL	NA	N/A	0.00%	N/A	N/A	N/A
TARGET CORP	TGT	39,664.28	0.24%	3.36%	6.00%	9.46%	0.0222%
TENET HEALTHCARE CORP	THC	6,153.04	0.04%	0.00%	28.00%	28.00%	0.0102%
TIFFANY & CO	TIF	13,082.07	0.08%	1.50%	11.50%	13.09%	0.0102%
TJX COMPANIES INC	TJX	41,701.25	0.25%	1.17%	12.50%	13.75%	0.0340%
TORCHMARK CORP	TMK	6,998.26	0.04%	0.95%	5.50%	6.47%	0.0027%
THERMO FISHER SCIENTIFIC INC	TMO	49,240.47	0.29%	0.49%	11.00%	11.51%	0.0336%
TRIPADVISOR INC	TRIP	14,064.32	0.08%	0.00%	25.50%	25.50%	0.0213%
T ROWE PRICE GROUP INC	TROW	20,975.93	0.12%	2.20%	12.50%	14.83%	0.0184%
TRAVELERS COS INC/THE	TRV	31,499.88	0.19%	2.36%	9.50%	11.97%	0.0224%
TRACTOR SUPPLY COMPANY	TSCO	8,511.19	0.05%	1.04%	16.00%	17.12%	0.0086%
TYSON FOODS INC-CL A	TSN	14,575.60	0.09%	0.77%	10.00%	10.81%	0.0093%
TESORO CORP	TSO	7,920.04	0.05%	1.91%	15.50%	17.55%	0.0082%
TOTAL SYSTEM SERVICES INC	TSS	5,886.09	0.03%	1.27%	9.50%	10.83%	0.0038%
TIME WARNER CABLE	TWC	43,108.38	0.26%	1.95%	10.00%	12.05%	0.0308%
TIME WARNER INC	TWX	65,617.21	0.39%	1.67%	12.50%	14.28%	0.0555%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
TEXAS INSTRUMENTS INC	TXN	51,402.82	0.30%	2.50%	8.00%	10.60%	0.0323%
TEXTRON INC	TXT	10,467.25	0.06%	0.21%	17.00%	17.23%	0.0107%
TYCO INTERNATIONAL LTD	TYC	NA	N/A	0.00%	N/A	N/A	N/A
UNDER ARMOUR INC-CLASS A	UA	14,912.40	0.09%	0.00%	23.50%	23.50%	0.0208%
UNITEDHEALTH GROUP INC	UNH	84,609.11	0.50%	1.72%	10.00%	11.80%	0.0592%
UNUM GROUP	UNM	9,115.99	0.05%	1.84%	7.50%	9.41%	0.0051%
UNION PACIFIC CORP	UNP	96,661.97	0.57%	1.86%	11.00%	12.97%	0.0743%
UNITED PARCEL SERVICE-CL B	UPS	89,468.48	0.53%	2.75%	7.50%	10.35%	0.0549%
URBAN OUTFITTERS INC	URBN	5,214.92	0.03%	0.00%	14.50%	14.50%	0.0045%
US BANCORP	USB	75,861.13	0.45%	2.34%	5.50%	7.91%	0.0356%
UNITED TECHNOLOGIES CORP	UTX	99,266.03	0.59%	2.18%	9.50%	11.78%	0.0693%
VISA INC-CLASS A SHARES	V	133,943.94	0.79%	0.74%	18.50%	19.31%	0.1533%
VARIAN MEDICAL SYSTEMS INC	VAR	8,872.19	0.05%	0.00%	6.00%	6.00%	0.0032%
VF CORP	VFC	27,874.99	0.17%	1.62%	13.50%	15.23%	0.0252%
VIACOM INC-CLASS B	VIAB	29,734.05	0.18%	1.65%	13.50%	15.26%	0.0269%
VALERO ENERGY CORP	VLO	26,329.51	0.16%	2.16%	15.00%	17.32%	0.0270%
VULCAN MATERIALS CO	VMC	8,268.28	N/A	0.39%	N/A	N/A	N/A
VORNADO REALTY TRUST	VNO	19,821.18	0.12%	2.77%	6.50%	9.36%	0.0110%
VERISIGN INC	VRSN	7,067.44	0.04%	0.00%	21.00%	21.00%	0.0088%
VERTEX PHARMACEUTICALS INC	VRTX	22,439.23	N/A	0.00%	N/A	N/A	N/A
VENTAS INC	VTR	18,866.87	N/A	4.54%	N/A	N/A	N/A
VERIZON COMMUNICATIONS INC	VZ	203,157.82	1.20%	4.51%	10.50%	15.25%	0.1836%
WALGREEN CO	WAG	60,684.23	0.36%	2.13%	10.50%	12.74%	0.0458%
WATERS CORP	WAT	8,707.07	0.05%	0.00%	7.00%	7.00%	0.0036%
WESTERN DIGITAL CORP	WDC	23,415.14	0.14%	1.60%	6.00%	7.65%	0.0106%
WISCONSIN ENERGY CORP	WEC	10,188.95	0.06%	3.49%	6.00%	9.59%	0.0058%
WELLS FARGO & CO	WFC	269,320.80	1.60%	2.72%	8.00%	10.83%	0.1728%
WHOLE FOODS MARKET INC	WFM	13,911.54	0.08%	1.24%	17.50%	18.85%	0.0155%
WHIRLPOOL CORP	WHR	11,961.63	0.07%	1.95%	7.50%	9.53%	0.0068%
WINDSTREAM HOLDINGS INC	WIN	6,816.24	0.04%	8.98%	4.00%	13.16%	0.0053%
WELLPOINT INC	WLP	32,895.93	0.19%	1.46%	6.50%	8.01%	0.0156%
WASTE MANAGEMENT INC	WM	22,014.17	0.13%	3.17%	6.50%	9.77%	0.0128%
WILLIAMS COS INC	WMB	42,925.60	0.25%	3.94%	8.00%	12.10%	0.0308%
WAL-MART STORES INC	WMT	245,233.24	1.45%	2.51%	7.50%	10.10%	0.1469%
WESTERN UNION CO	WU	8,947.82	0.05%	2.90%	5.00%	7.98%	0.0042%
WEYERHAEUSER CO	WY	17,798.60	0.11%	3.44%	17.00%	20.73%	0.0219%
WYNDHAM WORLDWIDE CORP	WYN	10,218.31	0.06%	1.73%	13.50%	15.35%	0.0093%
WYNN RESORTS LTD	WYNN	18,860.86	0.11%	2.74%	14.00%	16.94%	0.0189%
CIMAREX ENERGY CO	XEC	11,783.65	0.07%	0.47%	7.00%	7.49%	0.0052%
XCEL ENERGY INC	XEL	16,116.25	0.10%	3.80%	4.50%	8.39%	0.0080%
XL GROUP PLC	XL	NA	N/A	0.00%	N/A	N/A	N/A
XILINX INC	XLNX	11,469.55	0.07%	2.72%	8.50%	11.33%	0.0077%
EXXON MOBIL CORP	XOM	413,803.06	2.45%	2.85%	6.00%	8.94%	0.2192%
DENTSPLY INTERNATIONAL INC	XRAY	6,682.00	0.04%	0.56%	8.50%	9.08%	0.0036%
XEROX CORP	XRX	15,682.88	0.09%	1.83%	6.00%	7.89%	0.0073%
XYLEM INC	XYL	6,834.10	0.04%	1.37%	10.50%	11.94%	0.0048%
YAHOO! INC	YHOO	41,037.36	0.24%	0.00%	10.00%	10.00%	0.0243%
YUM! BRANDS INC	YUM	31,914.12	0.19%	2.04%	9.50%	11.64%	0.0220%
ZIONS BANCORPORATION	ZION	5,939.48	0.04%	0.55%	11.00%	11.58%	0.0041%
ZIMMER HOLDINGS INC	ZMH	17,775.14	0.11%	0.84%	9.50%	10.38%	0.0109%
ZOETIS INC	ZTS	18,178.27	N/A	0.80%	N/A	N/A	N/A
Total Market Capitalization:		16,871,662.94					13.40%

Notes:

[1] Equals sum of Col. [9]

[2] Source: Bloomberg Professional

[3] Equals [1] - [2]

[4] Source: Value Line

[5] Equals weight in S&P 500 based on market capitalization

[6] Source: Value Line

[7] Source: Value Line

[8] Equals ([6] x (1 + (0.5 x [7]))) + [7]

[9] Equals Col. [5] x Col. [8]

Bloomberg and Value Line Beta Coefficients

Company	Ticker	[1]	[2]
		Bloomberg	Value Line
American Electric Power Company, Inc.	AEP	0.803	0.65
Cleco Corporation	CNL	0.793	0.75
Duke Energy Corporation	DUK	0.647	0.60
Empire District Electric Company	EDE	0.698	0.65
Hawaiian Electric Industries, Inc.	HE	0.830	0.75
IDACORP, Inc.	IDA	0.886	0.80
NextEra Energy, Inc.	NEE	0.762	0.70
Northeast Utilities	NU	0.714	0.75
Otter Tail Corporation	OTTR	0.949	0.90
Pinnacle West Capital Corporation	PNW	0.871	0.70
PNM Resources, Inc.	PNM	0.869	0.85
Portland General Electric Company	POR	0.817	0.75
Southern Company	SO	0.656	0.60
Westar Energy, Inc.	WR	0.750	0.75
Mean		0.789	0.73

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Value Line

Capital Asset Pricing Model Results
Bloomberg and Value Line Derived Market Risk Premium

	[1]	[2]	[3]	[4]	[5]	[6]
			Ex-Ante Market Risk Premium		CAPM Result	
	Risk-Free Rate	Average Beta Coefficient	Bloomberg Market DCF Derived	Value Line Market DCF Derived	Bloomberg Market DCF Derived	Value Line Market DCF Derived
PROXY GROUP BLOOMBERG AVERAGE BETA COEFFICIENT						
Current 30-Year Treasury (30-day average) [7]	3.21%	0.789	10.50%	10.19%	11.50%	11.25%
Near-Term Projected 30-Year Treasury [8]	3.80%	0.789	10.50%	10.19%	12.09%	11.84%
Mean					11.79%	11.54%
PROXY GROUP VALUE LINE AVERAGE BETA COEFFICIENT						
Current 30-Year Treasury (30-day average) [7]	3.21%	0.729	10.50%	10.19%	10.86%	10.64%
Near-Term Projected 30-Year Treasury [8]	3.80%	0.729	10.50%	10.19%	11.45%	11.22%
Mean					11.16%	10.93%

Notes:

[1] See Notes [7] and [8]

[2] Source: Schedule RBH-4

[3] Source: Schedule RBH-3

[4] Source: Schedule RBH-3

[5] Equals Col. [1] + (Col. [2] x Col. [3])

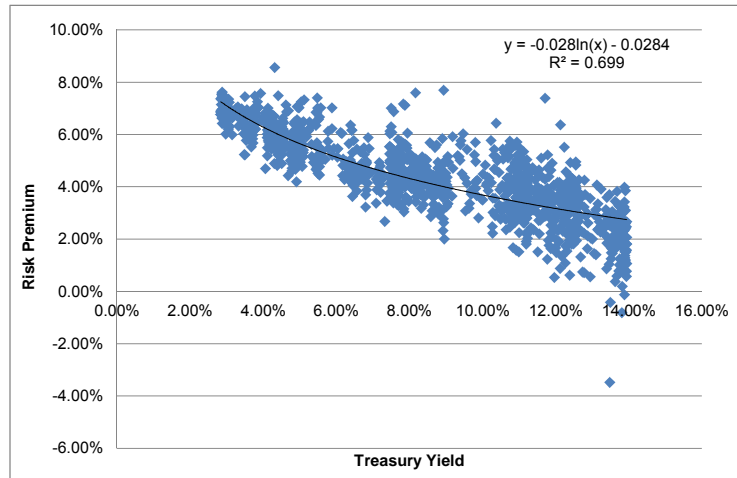
[6] Equals Col. [1] + (Col. [2] x Col. [4])

[7] Source: Bloomberg Professional

[8] Source: Blue Chip Financial Forecasts, Vol. 33, No. 9, September 1, 2014, at 2

Bond Yield Plus Risk Premium

[1]	[2]	[3]	[4]	[5]
Constant	Slope	30-Year Treasury Yield	Risk Premium	Return on Equity
-2.84%	-2.84%			
	Current	3.21%	6.91%	10.12%
	Near Term Projected	3.80%	6.43%	10.23%
	Long Term Projected	5.45%	5.41%	10.86%



Notes:

- [1] Constant of regression equation
- [2] Slope of regression equation
- [3] Source: Current = Bloomberg Professional, Near Term Projected = Blue Chip Financial Forecasts, Vol. 33, No. 9, September 1, 2014, at 2, Long Term Projected = Blue Chip Financial Forecasts, Vol. 33, No. 6, June 1, 2014, at 14
- [4] Equals [1] + ln([3]) x [2]
- [5] Equals [3] + [4]
- [6] Source: SNL Financial
- [7] Source: SNL Financial (excludes Virginia Generation Riders)
- [8] Source: Bloomberg Professional, equals 200-trading day average (i.e. lag period) as of September 12, 2014
- [9] Equals [7] - [8]

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
1/1/1980	14.50%	9.36%	5.14%
1/7/1980	14.39%	9.38%	5.01%
1/9/1980	15.00%	9.40%	5.60%
1/14/1980	15.17%	9.42%	5.75%
1/17/1980	13.93%	9.44%	4.49%
1/23/1980	15.50%	9.47%	6.03%
1/30/1980	13.86%	9.52%	4.34%
1/31/1980	12.61%	9.53%	3.08%
2/6/1980	13.71%	9.58%	4.13%
2/13/1980	12.80%	9.63%	3.17%
2/14/1980	13.00%	9.65%	3.35%
2/19/1980	13.50%	9.68%	3.82%
2/27/1980	13.75%	9.78%	3.97%
2/29/1980	13.75%	9.81%	3.94%
2/29/1980	14.00%	9.81%	4.19%
2/29/1980	14.77%	9.81%	4.96%
3/7/1980	12.70%	9.89%	2.81%
3/14/1980	13.50%	9.97%	3.53%
3/26/1980	14.16%	10.10%	4.06%
3/27/1980	14.24%	10.12%	4.12%
3/28/1980	14.50%	10.13%	4.37%
4/11/1980	12.75%	10.27%	2.48%
4/14/1980	13.85%	10.29%	3.56%
4/16/1980	15.50%	10.31%	5.19%
4/22/1980	13.25%	10.35%	2.90%
4/22/1980	13.90%	10.35%	3.55%
4/24/1980	16.80%	10.38%	6.43%
4/29/1980	15.50%	10.41%	5.09%
5/6/1980	13.70%	10.45%	3.25%
5/7/1980	15.00%	10.45%	4.55%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
5/8/1980	13.75%	10.46%	3.29%
5/9/1980	14.35%	10.47%	3.88%
5/13/1980	13.60%	10.48%	3.12%
5/15/1980	13.25%	10.49%	2.76%
5/19/1980	13.75%	10.51%	3.24%
5/27/1980	13.62%	10.54%	3.08%
5/27/1980	14.60%	10.54%	4.06%
5/29/1980	16.00%	10.56%	5.44%
5/30/1980	13.80%	10.56%	3.24%
6/2/1980	15.63%	10.57%	5.06%
6/9/1980	15.90%	10.60%	5.30%
6/10/1980	13.78%	10.60%	3.18%
6/12/1980	14.25%	10.61%	3.64%
6/19/1980	13.40%	10.62%	2.78%
6/30/1980	13.00%	10.65%	2.35%
6/30/1980	13.40%	10.65%	2.75%
7/9/1980	14.75%	10.67%	4.08%
7/10/1980	15.00%	10.68%	4.32%
7/15/1980	15.80%	10.70%	5.10%
7/18/1980	13.80%	10.71%	3.09%
7/22/1980	14.10%	10.72%	3.38%
7/24/1980	15.00%	10.73%	4.27%
7/25/1980	13.48%	10.73%	2.75%
7/31/1980	14.58%	10.75%	3.83%
8/8/1980	13.50%	10.78%	2.72%
8/8/1980	14.00%	10.78%	3.22%
8/8/1980	15.45%	10.78%	4.67%
8/11/1980	14.85%	10.78%	4.07%
8/14/1980	14.00%	10.79%	3.21%
8/14/1980	16.25%	10.79%	5.46%
8/25/1980	13.75%	10.82%	2.93%
8/27/1980	13.80%	10.83%	2.97%
8/29/1980	12.50%	10.84%	1.66%
9/15/1980	13.50%	10.88%	2.62%
9/15/1980	13.93%	10.88%	3.05%
9/15/1980	15.80%	10.88%	4.92%
9/24/1980	12.50%	10.93%	1.57%
9/24/1980	15.00%	10.93%	4.07%
9/26/1980	13.75%	10.94%	2.81%
9/30/1980	14.10%	10.96%	3.14%
9/30/1980	14.20%	10.96%	3.24%
10/1/1980	13.90%	10.97%	2.93%
10/3/1980	15.50%	10.98%	4.52%
10/7/1980	12.50%	10.99%	1.51%
10/9/1980	13.25%	11.00%	2.25%
10/9/1980	14.50%	11.00%	3.50%
10/9/1980	14.50%	11.00%	3.50%
10/16/1980	16.10%	11.02%	5.08%
10/17/1980	14.50%	11.03%	3.47%
10/31/1980	13.75%	11.11%	2.64%
10/31/1980	14.25%	11.11%	3.14%
11/4/1980	15.00%	11.12%	3.88%
11/5/1980	13.75%	11.12%	2.63%
11/5/1980	14.00%	11.12%	2.88%
11/8/1980	13.75%	11.14%	2.61%
11/10/1980	14.85%	11.15%	3.70%
11/17/1980	14.00%	11.18%	2.82%
11/18/1980	14.00%	11.19%	2.81%
11/19/1980	13.00%	11.19%	1.81%
11/24/1980	14.00%	11.21%	2.79%
11/26/1980	14.00%	11.21%	2.79%
12/8/1980	14.15%	11.22%	2.93%
12/8/1980	15.10%	11.22%	3.88%
12/9/1980	15.35%	11.22%	4.13%
12/12/1980	15.45%	11.23%	4.22%
12/17/1980	13.25%	11.23%	2.02%
12/18/1980	15.80%	11.23%	4.57%
12/19/1980	14.50%	11.23%	3.27%
12/19/1980	14.64%	11.23%	3.41%
12/22/1980	13.45%	11.23%	2.22%
12/22/1980	15.00%	11.23%	3.77%
12/30/1980	14.50%	11.22%	3.28%
12/30/1980	14.95%	11.22%	3.73%
12/31/1980	13.39%	11.22%	2.17%
1/2/1981	15.25%	11.22%	4.03%
1/7/1981	14.30%	11.21%	3.09%
1/19/1981	15.25%	11.20%	4.05%
1/23/1981	13.10%	11.20%	1.90%
1/23/1981	14.40%	11.20%	3.20%
1/26/1981	15.25%	11.20%	4.05%
1/27/1981	15.00%	11.21%	3.79%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
1/31/1981	13.47%	11.22%	2.25%
2/3/1981	15.25%	11.23%	4.02%
2/5/1981	15.75%	11.25%	4.50%
2/11/1981	15.60%	11.28%	4.32%
2/20/1981	15.25%	11.33%	3.92%
3/11/1981	15.40%	11.49%	3.91%
3/12/1981	14.51%	11.50%	3.01%
3/12/1981	16.00%	11.50%	4.50%
3/13/1981	13.02%	11.52%	1.50%
3/18/1981	16.19%	11.55%	4.64%
3/19/1981	13.75%	11.56%	2.19%
3/23/1981	14.30%	11.58%	2.72%
3/25/1981	15.30%	11.60%	3.70%
4/1/1981	14.53%	11.68%	2.85%
4/3/1981	19.10%	11.71%	7.39%
4/9/1981	15.00%	11.78%	3.22%
4/9/1981	15.30%	11.78%	3.52%
4/9/1981	16.50%	11.78%	4.72%
4/9/1981	17.00%	11.78%	5.22%
4/10/1981	13.75%	11.80%	1.95%
4/13/1981	13.57%	11.82%	1.75%
4/15/1981	15.30%	11.85%	3.45%
4/16/1981	13.50%	11.87%	1.63%
4/17/1981	14.10%	11.87%	2.23%
4/21/1981	14.00%	11.90%	2.10%
4/21/1981	16.80%	11.90%	4.90%
4/24/1981	16.00%	11.95%	4.05%
4/27/1981	12.50%	11.97%	0.53%
4/27/1981	13.61%	11.97%	1.64%
4/29/1981	13.65%	12.00%	1.65%
4/30/1981	13.50%	12.02%	1.48%
5/4/1981	16.22%	12.05%	4.17%
5/5/1981	14.40%	12.07%	2.33%
5/7/1981	16.25%	12.11%	4.14%
5/7/1981	16.27%	12.11%	4.16%
5/8/1981	13.00%	12.13%	0.87%
5/8/1981	16.00%	12.13%	3.87%
5/12/1981	13.50%	12.16%	1.34%
5/15/1981	15.75%	12.22%	3.53%
5/18/1981	14.88%	12.23%	2.65%
5/20/1981	16.00%	12.26%	3.74%
5/21/1981	14.00%	12.27%	1.73%
5/26/1981	14.90%	12.30%	2.60%
5/27/1981	15.00%	12.31%	2.69%
5/29/1981	15.50%	12.34%	3.16%
6/1/1981	16.50%	12.35%	4.15%
6/3/1981	14.67%	12.37%	2.30%
6/5/1981	13.00%	12.39%	0.61%
6/10/1981	16.75%	12.42%	4.33%
6/17/1981	14.40%	12.46%	1.94%
6/18/1981	16.33%	12.47%	3.86%
6/25/1981	14.75%	12.51%	2.24%
6/26/1981	16.00%	12.52%	3.48%
6/30/1981	15.25%	12.54%	2.71%
7/1/1981	15.50%	12.56%	2.94%
7/1/1981	17.50%	12.56%	4.94%
7/10/1981	16.00%	12.62%	3.38%
7/14/1981	16.90%	12.64%	4.26%
7/15/1981	16.00%	12.65%	3.35%
7/17/1981	15.00%	12.67%	2.33%
7/20/1981	15.00%	12.68%	2.32%
7/21/1981	14.00%	12.69%	1.31%
7/28/1981	13.48%	12.74%	0.74%
7/31/1981	13.50%	12.78%	0.72%
7/31/1981	15.00%	12.78%	2.22%
7/31/1981	16.00%	12.78%	3.22%
8/5/1981	15.71%	12.83%	2.88%
8/10/1981	14.50%	12.87%	1.63%
8/11/1981	15.00%	12.88%	2.12%
8/20/1981	13.50%	12.95%	0.55%
8/20/1981	16.50%	12.95%	3.55%
8/24/1981	15.00%	12.97%	2.03%
8/28/1981	15.00%	13.01%	1.99%
9/3/1981	14.50%	13.05%	1.45%
9/10/1981	14.50%	13.11%	1.39%
9/11/1981	16.00%	13.12%	2.88%
9/16/1981	16.00%	13.15%	2.85%
9/17/1981	16.50%	13.16%	3.34%
9/23/1981	15.85%	13.20%	2.65%
9/28/1981	15.50%	13.23%	2.27%
10/9/1981	15.75%	13.33%	2.42%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
10/15/1981	16.25%	13.37%	2.88%
10/16/1981	15.50%	13.38%	2.12%
10/16/1981	16.50%	13.38%	3.12%
10/19/1981	14.25%	13.39%	0.86%
10/20/1981	15.25%	13.41%	1.84%
10/20/1981	17.00%	13.41%	3.59%
10/23/1981	16.00%	13.45%	2.55%
10/27/1981	10.00%	13.48%	-3.48%
10/29/1981	14.75%	13.51%	1.24%
10/29/1981	16.50%	13.51%	2.99%
11/3/1981	15.17%	13.53%	1.64%
11/5/1981	16.60%	13.55%	3.05%
11/6/1981	15.17%	13.56%	1.61%
11/24/1981	15.50%	13.61%	1.89%
11/25/1981	15.25%	13.61%	1.64%
11/25/1981	15.35%	13.61%	1.74%
11/25/1981	16.10%	13.61%	2.49%
11/25/1981	16.10%	13.61%	2.49%
12/1/1981	15.70%	13.61%	2.09%
12/1/1981	16.00%	13.61%	2.39%
12/1/1981	16.49%	13.61%	2.88%
12/1/1981	16.50%	13.61%	2.89%
12/4/1981	16.00%	13.61%	2.39%
12/11/1981	16.25%	13.63%	2.62%
12/14/1981	14.00%	13.63%	0.37%
12/15/1981	15.81%	13.63%	2.18%
12/15/1981	16.00%	13.63%	2.37%
12/16/1981	15.25%	13.63%	1.62%
12/17/1981	16.50%	13.63%	2.87%
12/18/1981	15.45%	13.63%	1.82%
12/30/1981	14.25%	13.67%	0.58%
12/30/1981	16.00%	13.67%	2.33%
12/30/1981	16.25%	13.67%	2.58%
12/31/1981	16.15%	13.67%	2.48%
1/4/1982	15.50%	13.67%	1.83%
1/11/1982	14.50%	13.72%	0.78%
1/11/1982	17.00%	13.72%	3.28%
1/13/1982	14.75%	13.74%	1.01%
1/14/1982	15.75%	13.75%	2.00%
1/15/1982	15.00%	13.76%	1.24%
1/15/1982	16.50%	13.76%	2.74%
1/22/1982	16.25%	13.79%	2.46%
1/27/1982	16.84%	13.81%	3.03%
1/28/1982	13.00%	13.81%	-0.81%
1/29/1982	15.50%	13.82%	1.68%
2/1/1982	15.85%	13.82%	2.03%
2/3/1982	16.44%	13.84%	2.60%
2/8/1982	15.50%	13.86%	1.64%
2/11/1982	16.00%	13.88%	2.12%
2/11/1982	16.20%	13.88%	2.32%
2/17/1982	15.00%	13.89%	1.11%
2/19/1982	15.17%	13.89%	1.28%
2/26/1982	15.25%	13.89%	1.36%
3/1/1982	15.03%	13.89%	1.14%
3/1/1982	16.00%	13.89%	2.11%
3/3/1982	15.00%	13.88%	1.12%
3/3/1982	15.00%	13.88%	1.12%
3/8/1982	17.10%	13.88%	3.22%
3/12/1982	16.25%	13.88%	2.37%
3/17/1982	17.30%	13.88%	3.42%
3/22/1982	15.10%	13.89%	1.21%
3/27/1982	15.40%	13.89%	1.51%
3/30/1982	15.50%	13.90%	1.60%
3/31/1982	17.00%	13.91%	3.09%
4/1/1982	14.70%	13.91%	0.79%
4/1/1982	16.50%	13.91%	2.59%
4/2/1982	15.50%	13.91%	1.59%
4/5/1982	15.50%	13.92%	1.58%
4/8/1982	16.40%	13.93%	2.47%
4/13/1982	14.50%	13.94%	0.56%
4/23/1982	15.75%	13.94%	1.81%
4/27/1982	15.00%	13.94%	1.06%
4/28/1982	15.75%	13.94%	1.81%
4/30/1982	14.70%	13.94%	0.76%
4/30/1982	15.50%	13.94%	1.56%
5/3/1982	16.60%	13.94%	2.66%
5/4/1982	16.00%	13.94%	2.06%
5/14/1982	15.50%	13.92%	1.58%
5/18/1982	15.42%	13.92%	1.50%
5/19/1982	14.69%	13.92%	0.77%
5/20/1982	15.00%	13.91%	1.09%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
5/20/1982	15.10%	13.91%	1.19%
5/20/1982	15.50%	13.91%	1.59%
5/20/1982	16.30%	13.91%	2.39%
5/21/1982	17.75%	13.91%	3.84%
5/27/1982	15.00%	13.89%	1.11%
5/28/1982	15.50%	13.89%	1.61%
5/28/1982	17.00%	13.89%	3.11%
6/1/1982	13.75%	13.89%	-0.14%
6/1/1982	16.60%	13.89%	2.71%
6/9/1982	17.86%	13.88%	3.98%
6/14/1982	15.75%	13.88%	1.87%
6/15/1982	14.85%	13.88%	0.97%
6/18/1982	15.50%	13.87%	1.63%
6/21/1982	14.90%	13.87%	1.03%
6/23/1982	16.00%	13.86%	2.14%
6/23/1982	16.17%	13.86%	2.31%
6/24/1982	14.85%	13.86%	0.99%
6/25/1982	14.70%	13.86%	0.84%
7/1/1982	16.00%	13.84%	2.16%
7/2/1982	15.62%	13.84%	1.78%
7/2/1982	17.00%	13.84%	3.16%
7/13/1982	14.00%	13.82%	0.18%
7/13/1982	16.80%	13.82%	2.98%
7/14/1982	15.76%	13.82%	1.94%
7/14/1982	16.02%	13.82%	2.20%
7/19/1982	16.50%	13.80%	2.70%
7/22/1982	14.50%	13.77%	0.73%
7/22/1982	17.00%	13.77%	3.23%
7/27/1982	16.75%	13.75%	3.00%
7/29/1982	16.50%	13.74%	2.76%
8/11/1982	17.50%	13.68%	3.82%
8/18/1982	17.07%	13.63%	3.44%
8/20/1982	15.73%	13.60%	2.13%
8/25/1982	16.00%	13.57%	2.43%
8/26/1982	15.50%	13.56%	1.94%
8/30/1982	15.00%	13.55%	1.45%
9/3/1982	16.20%	13.53%	2.67%
9/8/1982	15.00%	13.52%	1.48%
9/15/1982	13.08%	13.50%	-0.42%
9/15/1982	16.25%	13.50%	2.75%
9/16/1982	16.00%	13.50%	2.50%
9/17/1982	15.25%	13.50%	1.75%
9/23/1982	17.17%	13.47%	3.70%
9/24/1982	14.50%	13.46%	1.04%
9/27/1982	15.25%	13.46%	1.79%
10/1/1982	15.50%	13.42%	2.08%
10/15/1982	15.90%	13.32%	2.58%
10/22/1982	15.75%	13.24%	2.51%
10/22/1982	17.15%	13.24%	3.91%
10/29/1982	15.54%	13.16%	2.38%
11/1/1982	15.50%	13.15%	2.35%
11/3/1982	17.20%	13.13%	4.07%
11/4/1982	16.25%	13.11%	3.14%
11/5/1982	16.20%	13.09%	3.11%
11/9/1982	16.00%	13.05%	2.95%
11/23/1982	15.50%	12.89%	2.61%
11/23/1982	15.85%	12.89%	2.96%
11/30/1982	16.50%	12.81%	3.69%
12/1/1982	17.04%	12.79%	4.25%
12/6/1982	15.00%	12.73%	2.27%
12/6/1982	16.35%	12.73%	3.62%
12/10/1982	15.50%	12.66%	2.84%
12/13/1982	16.00%	12.65%	3.35%
12/14/1982	15.30%	12.63%	2.67%
12/14/1982	16.40%	12.63%	3.77%
12/20/1982	16.00%	12.57%	3.43%
12/21/1982	14.75%	12.56%	2.19%
12/21/1982	15.85%	12.56%	3.29%
12/22/1982	16.25%	12.54%	3.71%
12/22/1982	16.58%	12.54%	4.04%
12/22/1982	16.75%	12.54%	4.21%
12/29/1982	14.90%	12.48%	2.42%
12/29/1982	16.25%	12.48%	3.77%
12/30/1982	16.00%	12.47%	3.53%
12/30/1982	16.35%	12.47%	3.88%
12/30/1982	16.77%	12.47%	4.30%
1/5/1983	17.33%	12.40%	4.93%
1/11/1983	15.90%	12.34%	3.56%
1/12/1983	14.63%	12.33%	2.30%
1/12/1983	15.50%	12.33%	3.17%
1/20/1983	17.75%	12.24%	5.51%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
1/21/1983	15.00%	12.22%	2.78%
1/24/1983	14.50%	12.21%	2.29%
1/24/1983	15.50%	12.21%	3.29%
1/25/1983	15.85%	12.19%	3.66%
1/27/1983	16.14%	12.17%	3.97%
2/1/1983	18.50%	12.13%	6.37%
2/4/1983	14.00%	12.10%	1.90%
2/10/1983	15.00%	12.06%	2.94%
2/21/1983	15.50%	11.98%	3.52%
2/22/1983	15.50%	11.97%	3.53%
2/23/1983	15.10%	11.96%	3.14%
2/23/1983	16.00%	11.96%	4.04%
3/2/1983	15.25%	11.89%	3.36%
3/9/1983	15.20%	11.82%	3.38%
3/15/1983	13.00%	11.77%	1.23%
3/18/1983	15.25%	11.73%	3.52%
3/23/1983	15.40%	11.69%	3.71%
3/24/1983	15.00%	11.67%	3.33%
3/29/1983	15.50%	11.63%	3.87%
3/30/1983	16.71%	11.61%	5.10%
3/31/1983	15.00%	11.59%	3.41%
4/4/1983	15.20%	11.58%	3.62%
4/8/1983	15.50%	11.51%	3.99%
4/11/1983	14.81%	11.49%	3.32%
4/19/1983	14.50%	11.38%	3.12%
4/20/1983	16.00%	11.36%	4.64%
4/29/1983	16.00%	11.24%	4.76%
5/1/1983	14.50%	11.24%	3.26%
5/9/1983	15.50%	11.15%	4.35%
5/11/1983	16.46%	11.12%	5.34%
5/12/1983	14.14%	11.11%	3.03%
5/18/1983	15.00%	11.05%	3.95%
5/23/1983	14.90%	11.01%	3.89%
5/23/1983	15.50%	11.01%	4.49%
5/25/1983	15.50%	10.98%	4.52%
5/27/1983	15.00%	10.96%	4.04%
5/31/1983	14.00%	10.95%	3.05%
5/31/1983	15.50%	10.95%	4.55%
6/2/1983	14.50%	10.93%	3.57%
6/17/1983	15.03%	10.84%	4.19%
7/1/1983	14.80%	10.78%	4.02%
7/1/1983	14.90%	10.78%	4.12%
7/8/1983	16.25%	10.76%	5.49%
7/13/1983	13.20%	10.75%	2.45%
7/19/1983	15.00%	10.74%	4.26%
7/19/1983	15.10%	10.74%	4.36%
7/25/1983	16.25%	10.73%	5.52%
7/28/1983	15.90%	10.74%	5.16%
8/3/1983	16.34%	10.75%	5.59%
8/3/1983	16.50%	10.75%	5.75%
8/19/1983	15.00%	10.80%	4.20%
8/22/1983	15.50%	10.80%	4.70%
8/22/1983	16.40%	10.80%	5.60%
8/31/1983	14.75%	10.84%	3.91%
9/7/1983	15.00%	10.86%	4.14%
9/14/1983	15.78%	10.89%	4.89%
9/16/1983	15.00%	10.90%	4.10%
9/19/1983	14.50%	10.91%	3.59%
9/20/1983	16.50%	10.91%	5.59%
9/28/1983	14.50%	10.94%	3.56%
9/29/1983	15.50%	10.95%	4.55%
9/30/1983	15.25%	10.95%	4.30%
9/30/1983	16.15%	10.95%	5.20%
10/4/1983	14.80%	10.96%	3.84%
10/7/1983	16.00%	10.97%	5.03%
10/13/1983	15.52%	10.99%	4.53%
10/17/1983	15.50%	11.00%	4.50%
10/18/1983	14.50%	11.00%	3.50%
10/19/1983	16.25%	11.01%	5.24%
10/19/1983	16.50%	11.01%	5.49%
10/26/1983	15.00%	11.04%	3.96%
10/27/1983	15.20%	11.04%	4.16%
11/1/1983	16.00%	11.06%	4.94%
11/9/1983	14.90%	11.09%	3.81%
11/10/1983	14.35%	11.10%	3.25%
11/23/1983	16.00%	11.13%	4.87%
11/23/1983	16.15%	11.13%	5.02%
11/30/1983	15.00%	11.14%	3.86%
12/5/1983	15.25%	11.15%	4.10%
12/6/1983	15.07%	11.15%	3.92%
12/8/1983	15.90%	11.16%	4.74%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
12/9/1983	14.75%	11.17%	3.58%
12/12/1983	14.50%	11.17%	3.33%
12/15/1983	15.56%	11.19%	4.37%
12/19/1983	14.80%	11.21%	3.59%
12/20/1983	14.69%	11.22%	3.47%
12/20/1983	16.00%	11.22%	4.78%
12/20/1983	16.25%	11.22%	5.03%
12/22/1983	14.75%	11.23%	3.52%
12/22/1983	15.75%	11.23%	4.52%
1/3/1984	14.75%	11.27%	3.48%
1/10/1984	15.90%	11.30%	4.60%
1/12/1984	15.60%	11.31%	4.29%
1/18/1984	13.75%	11.33%	2.42%
1/19/1984	15.90%	11.33%	4.57%
1/30/1984	16.10%	11.37%	4.73%
1/31/1984	15.25%	11.37%	3.88%
2/1/1984	14.80%	11.38%	3.42%
2/6/1984	13.75%	11.40%	2.35%
2/6/1984	14.75%	11.40%	3.35%
2/9/1984	15.25%	11.42%	3.83%
2/15/1984	15.70%	11.44%	4.26%
2/20/1984	15.00%	11.46%	3.54%
2/20/1984	15.00%	11.46%	3.54%
2/22/1984	14.75%	11.47%	3.28%
2/28/1984	14.50%	11.51%	2.99%
3/2/1984	14.25%	11.54%	2.71%
3/20/1984	16.00%	11.64%	4.36%
3/23/1984	15.50%	11.67%	3.83%
3/26/1984	14.71%	11.68%	3.03%
4/2/1984	15.50%	11.71%	3.79%
4/6/1984	14.74%	11.75%	2.99%
4/11/1984	15.72%	11.78%	3.94%
4/17/1984	15.00%	11.81%	3.19%
4/18/1984	16.20%	11.82%	4.38%
4/25/1984	14.64%	11.85%	2.79%
4/30/1984	14.40%	11.87%	2.53%
5/16/1984	14.69%	11.98%	2.71%
5/16/1984	15.00%	11.98%	3.02%
5/22/1984	14.40%	12.02%	2.38%
5/29/1984	15.10%	12.06%	3.04%
6/13/1984	15.25%	12.15%	3.10%
6/15/1984	15.60%	12.17%	3.43%
6/22/1984	16.25%	12.21%	4.04%
6/29/1984	15.25%	12.26%	2.99%
7/2/1984	13.35%	12.27%	1.08%
7/10/1984	16.00%	12.31%	3.69%
7/12/1984	16.50%	12.32%	4.18%
7/13/1984	16.25%	12.33%	3.92%
7/17/1984	14.14%	12.35%	1.79%
7/18/1984	15.30%	12.36%	2.94%
7/18/1984	15.50%	12.36%	3.14%
7/19/1984	14.30%	12.37%	1.93%
7/24/1984	16.79%	12.39%	4.40%
7/31/1984	16.00%	12.43%	3.57%
8/3/1984	14.25%	12.44%	1.81%
8/17/1984	14.30%	12.49%	1.81%
8/20/1984	15.00%	12.49%	2.51%
8/27/1984	16.30%	12.51%	3.79%
8/31/1984	15.55%	12.52%	3.03%
9/6/1984	16.00%	12.53%	3.47%
9/10/1984	14.75%	12.54%	2.21%
9/13/1984	15.00%	12.55%	2.45%
9/17/1984	17.38%	12.56%	4.82%
9/26/1984	14.50%	12.57%	1.93%
9/28/1984	15.00%	12.57%	2.43%
9/28/1984	16.25%	12.57%	3.68%
10/9/1984	14.75%	12.58%	2.17%
10/12/1984	15.60%	12.59%	3.01%
10/22/1984	15.00%	12.59%	2.41%
10/26/1984	16.40%	12.58%	3.82%
10/31/1984	16.25%	12.58%	3.67%
11/7/1984	15.60%	12.58%	3.02%
11/9/1984	16.00%	12.58%	3.42%
11/14/1984	15.75%	12.58%	3.17%
11/20/1984	15.25%	12.58%	2.67%
11/20/1984	15.92%	12.58%	3.34%
11/23/1984	15.00%	12.58%	2.42%
11/28/1984	16.15%	12.57%	3.58%
12/3/1984	15.80%	12.56%	3.24%
12/4/1984	16.50%	12.56%	3.94%
12/18/1984	16.40%	12.53%	3.87%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
12/19/1984	14.75%	12.53%	2.22%
12/19/1984	15.00%	12.53%	2.47%
12/20/1984	16.00%	12.53%	3.47%
12/28/1984	16.00%	12.50%	3.50%
1/3/1985	14.75%	12.49%	2.26%
1/10/1985	15.75%	12.47%	3.28%
1/11/1985	16.30%	12.46%	3.84%
1/23/1985	15.80%	12.43%	3.37%
1/24/1985	15.82%	12.43%	3.39%
1/25/1985	16.75%	12.42%	4.33%
1/30/1985	14.90%	12.40%	2.50%
1/31/1985	14.75%	12.39%	2.36%
2/8/1985	14.47%	12.35%	2.12%
3/1/1985	13.84%	12.31%	1.53%
3/8/1985	16.85%	12.28%	4.57%
3/14/1985	15.50%	12.25%	3.25%
3/15/1985	15.62%	12.25%	3.37%
3/29/1985	15.62%	12.17%	3.45%
4/3/1985	14.60%	12.14%	2.46%
4/9/1985	15.50%	12.11%	3.39%
4/16/1985	15.70%	12.06%	3.64%
4/22/1985	14.00%	12.02%	1.98%
4/26/1985	15.50%	11.98%	3.52%
4/29/1985	15.00%	11.97%	3.03%
5/2/1985	14.68%	11.94%	2.74%
5/8/1985	15.62%	11.89%	3.73%
5/10/1985	16.50%	11.87%	4.63%
5/29/1985	14.61%	11.73%	2.88%
5/31/1985	16.00%	11.71%	4.29%
6/14/1985	15.50%	11.61%	3.89%
7/9/1985	15.00%	11.45%	3.55%
7/16/1985	14.50%	11.39%	3.11%
7/26/1985	14.50%	11.33%	3.17%
8/2/1985	14.80%	11.29%	3.51%
8/7/1985	15.00%	11.27%	3.73%
8/28/1985	14.25%	11.15%	3.10%
8/28/1985	15.50%	11.15%	4.35%
8/29/1985	14.50%	11.15%	3.35%
9/9/1985	14.60%	11.11%	3.49%
9/9/1985	14.90%	11.11%	3.79%
9/17/1985	14.90%	11.08%	3.82%
9/23/1985	15.00%	11.06%	3.94%
9/27/1985	15.50%	11.05%	4.45%
9/27/1985	15.80%	11.05%	4.75%
10/2/1985	14.00%	11.03%	2.97%
10/2/1985	14.75%	11.03%	3.72%
10/3/1985	15.25%	11.03%	4.22%
10/24/1985	15.40%	10.96%	4.44%
10/24/1985	15.82%	10.96%	4.86%
10/24/1985	15.85%	10.96%	4.89%
10/28/1985	16.00%	10.95%	5.05%
10/29/1985	16.65%	10.94%	5.71%
10/31/1985	15.06%	10.93%	4.13%
11/4/1985	14.50%	10.92%	3.58%
11/7/1985	15.50%	10.90%	4.60%
11/8/1985	14.30%	10.89%	3.41%
12/12/1985	14.75%	10.73%	4.02%
12/18/1985	15.00%	10.69%	4.31%
12/20/1985	14.50%	10.67%	3.83%
12/20/1985	14.50%	10.67%	3.83%
12/20/1985	15.00%	10.67%	4.33%
1/24/1986	15.40%	10.41%	4.99%
1/31/1986	15.00%	10.35%	4.65%
2/5/1986	15.00%	10.32%	4.68%
2/5/1986	15.75%	10.32%	5.43%
2/10/1986	13.30%	10.29%	3.01%
2/11/1986	12.50%	10.28%	2.22%
2/14/1986	14.40%	10.24%	4.16%
2/18/1986	16.00%	10.23%	5.77%
2/24/1986	14.50%	10.18%	4.32%
2/26/1986	14.00%	10.15%	3.85%
3/5/1986	14.90%	10.08%	4.82%
3/11/1986	14.50%	10.02%	4.48%
3/12/1986	13.50%	10.00%	3.50%
3/27/1986	14.10%	9.86%	4.24%
3/31/1986	13.50%	9.84%	3.66%
4/1/1986	14.00%	9.83%	4.17%
4/2/1986	15.50%	9.81%	5.69%
4/4/1986	15.00%	9.78%	5.22%
4/14/1986	13.40%	9.69%	3.71%
4/23/1986	15.00%	9.57%	5.43%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
5/16/1986	14.50%	9.32%	5.18%
5/16/1986	14.50%	9.32%	5.18%
5/29/1986	13.90%	9.19%	4.71%
5/30/1986	15.10%	9.18%	5.92%
6/2/1986	12.81%	9.17%	3.64%
6/11/1986	14.00%	9.07%	4.93%
6/24/1986	16.63%	8.94%	7.69%
6/26/1986	12.00%	8.91%	3.09%
6/26/1986	14.75%	8.91%	5.84%
6/30/1986	13.00%	8.87%	4.13%
7/10/1986	14.34%	8.75%	5.59%
7/11/1986	12.75%	8.73%	4.02%
7/14/1986	12.60%	8.71%	3.89%
7/17/1986	12.40%	8.66%	3.74%
7/25/1986	14.25%	8.57%	5.68%
8/6/1986	13.50%	8.44%	5.06%
8/14/1986	13.50%	8.35%	5.15%
9/16/1986	12.75%	8.06%	4.69%
9/19/1986	13.25%	8.03%	5.22%
10/1/1986	14.00%	7.95%	6.05%
10/3/1986	13.40%	7.93%	5.47%
10/31/1986	13.50%	7.77%	5.73%
11/5/1986	13.00%	7.75%	5.25%
12/3/1986	12.90%	7.58%	5.32%
12/4/1986	14.44%	7.58%	6.86%
12/16/1986	13.60%	7.52%	6.08%
12/22/1986	13.80%	7.51%	6.29%
12/30/1986	13.00%	7.49%	5.51%
1/2/1987	13.00%	7.49%	5.51%
1/12/1987	12.40%	7.47%	4.93%
1/27/1987	12.71%	7.46%	5.25%
3/2/1987	12.47%	7.47%	5.00%
3/3/1987	13.60%	7.47%	6.13%
3/4/1987	12.38%	7.47%	4.91%
3/10/1987	13.50%	7.47%	6.03%
3/13/1987	13.00%	7.47%	5.53%
3/31/1987	13.00%	7.46%	5.54%
4/6/1987	13.00%	7.47%	5.53%
4/14/1987	12.50%	7.49%	5.01%
4/16/1987	14.50%	7.50%	7.00%
4/27/1987	12.00%	7.54%	4.46%
5/5/1987	12.85%	7.58%	5.27%
5/12/1987	12.65%	7.62%	5.03%
5/28/1987	13.50%	7.70%	5.80%
6/15/1987	13.20%	7.78%	5.42%
6/29/1987	15.00%	7.83%	7.17%
6/30/1987	12.50%	7.84%	4.66%
7/8/1987	12.00%	7.86%	4.14%
7/10/1987	12.90%	7.86%	5.04%
7/15/1987	13.50%	7.88%	5.62%
7/16/1987	13.50%	7.88%	5.62%
7/16/1987	15.00%	7.88%	7.12%
7/27/1987	13.00%	7.92%	5.08%
7/27/1987	13.40%	7.92%	5.48%
7/27/1987	13.50%	7.92%	5.58%
7/31/1987	12.98%	7.95%	5.03%
8/26/1987	12.63%	8.06%	4.57%
8/26/1987	12.75%	8.06%	4.69%
8/27/1987	13.25%	8.06%	5.19%
9/9/1987	13.00%	8.14%	4.86%
9/30/1987	12.75%	8.31%	4.44%
9/30/1987	13.00%	8.31%	4.69%
10/2/1987	11.50%	8.33%	3.17%
10/15/1987	13.00%	8.43%	4.57%
11/2/1987	13.00%	8.55%	4.45%
11/19/1987	13.00%	8.64%	4.36%
11/30/1987	12.00%	8.68%	3.32%
12/3/1987	14.20%	8.70%	5.50%
12/15/1987	13.25%	8.77%	4.48%
12/16/1987	13.50%	8.78%	4.72%
12/16/1987	13.72%	8.78%	4.94%
12/17/1987	11.75%	8.79%	2.96%
12/18/1987	13.50%	8.80%	4.70%
12/21/1987	12.01%	8.81%	3.20%
12/22/1987	12.00%	8.81%	3.19%
12/22/1987	12.00%	8.81%	3.19%
12/22/1987	12.75%	8.81%	3.94%
12/22/1987	13.00%	8.81%	4.19%
1/20/1988	13.80%	8.94%	4.86%
1/26/1988	13.90%	8.95%	4.95%
1/29/1988	13.20%	8.96%	4.24%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
2/4/1988	12.60%	8.96%	3.64%
3/1/1988	11.56%	8.94%	2.62%
3/23/1988	12.87%	8.92%	3.95%
3/24/1988	11.24%	8.92%	2.32%
3/30/1988	12.72%	8.92%	3.80%
4/1/1988	12.50%	8.92%	3.58%
4/7/1988	13.25%	8.93%	4.32%
4/25/1988	10.96%	8.96%	2.00%
5/3/1988	12.91%	8.97%	3.94%
5/11/1988	13.50%	8.99%	4.51%
5/16/1988	13.00%	8.99%	4.01%
6/30/1988	12.75%	9.00%	3.75%
7/1/1988	12.75%	8.99%	3.76%
7/20/1988	13.40%	8.96%	4.44%
8/5/1988	12.75%	8.92%	3.83%
8/23/1988	11.70%	8.93%	2.77%
8/29/1988	12.75%	8.94%	3.81%
8/30/1988	13.50%	8.94%	4.56%
9/8/1988	12.60%	8.95%	3.65%
10/13/1988	13.10%	8.93%	4.17%
12/19/1988	13.00%	9.02%	3.98%
12/20/1988	12.25%	9.02%	3.23%
12/20/1988	13.00%	9.02%	3.98%
12/21/1988	12.90%	9.02%	3.88%
12/27/1988	13.00%	9.03%	3.97%
12/28/1988	13.10%	9.03%	4.07%
12/30/1988	13.40%	9.04%	4.36%
1/27/1989	13.00%	9.05%	3.95%
1/31/1989	13.00%	9.05%	3.95%
2/17/1989	13.00%	9.05%	3.95%
2/20/1989	12.40%	9.05%	3.35%
3/1/1989	12.76%	9.05%	3.71%
3/8/1989	13.00%	9.05%	3.95%
3/30/1989	14.00%	9.05%	4.95%
4/5/1989	14.20%	9.05%	5.15%
4/18/1989	13.00%	9.05%	3.95%
5/5/1989	12.40%	9.05%	3.35%
6/2/1989	13.20%	9.00%	4.20%
6/8/1989	13.50%	8.98%	4.52%
6/27/1989	13.25%	8.91%	4.34%
6/30/1989	13.00%	8.90%	4.10%
8/14/1989	12.50%	8.77%	3.73%
9/28/1989	12.25%	8.63%	3.62%
10/24/1989	12.50%	8.54%	3.96%
11/9/1989	13.00%	8.49%	4.51%
12/15/1989	13.00%	8.34%	4.66%
12/20/1989	12.90%	8.32%	4.58%
12/21/1989	12.90%	8.31%	4.59%
12/27/1989	12.50%	8.29%	4.21%
12/27/1989	13.00%	8.29%	4.71%
1/10/1990	12.80%	8.24%	4.56%
1/11/1990	12.90%	8.24%	4.66%
1/17/1990	12.80%	8.22%	4.58%
1/26/1990	12.00%	8.20%	3.80%
2/9/1990	12.10%	8.17%	3.93%
2/24/1990	12.86%	8.15%	4.71%
3/30/1990	12.90%	8.16%	4.74%
4/4/1990	15.76%	8.17%	7.59%
4/12/1990	12.52%	8.18%	4.34%
4/19/1990	12.75%	8.20%	4.55%
5/21/1990	12.10%	8.28%	3.82%
5/29/1990	12.40%	8.30%	4.10%
5/31/1990	12.00%	8.30%	3.70%
6/4/1990	12.90%	8.30%	4.60%
6/6/1990	12.25%	8.31%	3.94%
6/15/1990	13.20%	8.32%	4.88%
6/20/1990	12.92%	8.32%	4.60%
6/27/1990	12.90%	8.33%	4.57%
6/29/1990	12.50%	8.33%	4.17%
7/6/1990	12.10%	8.34%	3.76%
7/6/1990	12.35%	8.34%	4.01%
8/10/1990	12.55%	8.41%	4.14%
8/16/1990	13.21%	8.43%	4.78%
8/22/1990	13.10%	8.45%	4.65%
8/24/1990	13.00%	8.46%	4.54%
9/26/1990	11.45%	8.59%	2.86%
10/2/1990	13.00%	8.61%	4.39%
10/5/1990	12.84%	8.62%	4.22%
10/19/1990	13.00%	8.67%	4.33%
10/25/1990	12.30%	8.68%	3.62%
11/21/1990	12.70%	8.69%	4.01%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
12/13/1990	12.30%	8.67%	3.63%
12/17/1990	12.87%	8.67%	4.20%
12/18/1990	13.10%	8.67%	4.43%
12/19/1990	12.00%	8.66%	3.34%
12/20/1990	12.75%	8.66%	4.09%
12/21/1990	12.50%	8.66%	3.84%
12/27/1990	12.79%	8.66%	4.13%
1/2/1991	13.10%	8.65%	4.45%
1/4/1991	12.50%	8.65%	3.85%
1/15/1991	12.75%	8.64%	4.11%
1/25/1991	11.70%	8.63%	3.07%
2/4/1991	12.50%	8.60%	3.90%
2/7/1991	12.50%	8.59%	3.91%
2/12/1991	13.00%	8.58%	4.43%
2/14/1991	12.72%	8.57%	4.15%
2/22/1991	12.80%	8.55%	4.25%
3/6/1991	13.10%	8.53%	4.57%
3/8/1991	12.30%	8.52%	3.78%
3/8/1991	13.00%	8.52%	4.48%
4/22/1991	13.00%	8.49%	4.51%
5/7/1991	13.50%	8.47%	5.03%
5/13/1991	13.25%	8.47%	4.78%
5/30/1991	12.75%	8.44%	4.31%
6/12/1991	12.00%	8.41%	3.59%
6/25/1991	11.70%	8.39%	3.31%
6/28/1991	12.50%	8.38%	4.12%
7/1/1991	12.00%	8.38%	3.62%
7/3/1991	12.50%	8.37%	4.13%
7/19/1991	12.10%	8.34%	3.76%
8/1/1991	12.90%	8.32%	4.58%
8/16/1991	13.20%	8.29%	4.91%
9/27/1991	12.50%	8.23%	4.27%
9/30/1991	12.25%	8.23%	4.02%
10/17/1991	13.00%	8.20%	4.80%
10/23/1991	12.50%	8.20%	4.30%
10/23/1991	12.55%	8.20%	4.35%
10/31/1991	11.80%	8.19%	3.61%
11/1/1991	12.00%	8.19%	3.81%
11/5/1991	12.25%	8.19%	4.06%
11/12/1991	12.50%	8.18%	4.32%
11/12/1991	13.25%	8.18%	5.07%
11/25/1991	12.40%	8.18%	4.22%
11/26/1991	11.60%	8.18%	3.42%
11/26/1991	12.50%	8.18%	4.32%
11/27/1991	12.10%	8.18%	3.92%
12/18/1991	12.25%	8.15%	4.10%
12/19/1991	12.60%	8.15%	4.45%
12/19/1991	12.80%	8.15%	4.65%
12/20/1991	12.65%	8.14%	4.51%
1/9/1992	12.80%	8.09%	4.71%
1/16/1992	12.75%	8.07%	4.68%
1/21/1992	12.00%	8.06%	3.94%
1/22/1992	13.00%	8.06%	4.94%
1/27/1992	12.65%	8.05%	4.60%
1/31/1992	12.00%	8.04%	3.96%
2/11/1992	12.40%	8.03%	4.37%
2/25/1992	12.50%	8.01%	4.49%
3/16/1992	11.43%	7.98%	3.45%
3/18/1992	12.28%	7.98%	4.30%
4/2/1992	12.10%	7.95%	4.15%
4/9/1992	11.45%	7.94%	3.51%
4/10/1992	11.50%	7.93%	3.57%
4/14/1992	11.50%	7.93%	3.57%
5/5/1992	11.50%	7.89%	3.61%
5/12/1992	11.87%	7.88%	3.99%
5/12/1992	12.46%	7.88%	4.58%
6/1/1992	12.30%	7.87%	4.43%
6/12/1992	10.90%	7.86%	3.04%
6/26/1992	12.35%	7.85%	4.50%
6/29/1992	11.00%	7.85%	3.15%
6/30/1992	13.00%	7.85%	5.15%
7/13/1992	11.90%	7.84%	4.06%
7/13/1992	13.50%	7.84%	5.66%
7/22/1992	11.20%	7.83%	3.37%
8/3/1992	12.00%	7.81%	4.19%
8/6/1992	12.50%	7.80%	4.70%
9/22/1992	12.00%	7.71%	4.29%
9/28/1992	11.40%	7.71%	3.69%
9/30/1992	11.75%	7.70%	4.05%
10/2/1992	13.00%	7.70%	5.30%
10/12/1992	12.20%	7.70%	4.50%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
10/16/1992	13.16%	7.70%	5.46%
10/30/1992	11.75%	7.71%	4.04%
11/3/1992	12.00%	7.71%	4.29%
12/3/1992	11.85%	7.68%	4.17%
12/15/1992	11.00%	7.66%	3.34%
12/16/1992	11.90%	7.66%	4.24%
12/16/1992	12.40%	7.66%	4.74%
12/17/1992	12.00%	7.66%	4.34%
12/22/1992	12.30%	7.65%	4.65%
12/22/1992	12.40%	7.65%	4.75%
12/29/1992	12.25%	7.63%	4.62%
12/30/1992	12.00%	7.63%	4.37%
12/31/1992	11.90%	7.63%	4.27%
1/12/1993	12.00%	7.61%	4.39%
1/21/1993	11.25%	7.59%	3.66%
2/2/1993	11.40%	7.56%	3.84%
2/15/1993	12.30%	7.52%	4.78%
2/24/1993	11.90%	7.49%	4.41%
2/26/1993	11.80%	7.48%	4.32%
2/26/1993	12.20%	7.48%	4.72%
4/23/1993	11.75%	7.29%	4.46%
5/11/1993	11.75%	7.25%	4.50%
5/14/1993	11.50%	7.24%	4.26%
5/25/1993	11.50%	7.23%	4.27%
5/28/1993	11.00%	7.22%	3.78%
6/3/1993	12.00%	7.21%	4.79%
6/16/1993	11.50%	7.19%	4.31%
6/18/1993	12.10%	7.18%	4.92%
6/25/1993	11.67%	7.17%	4.50%
7/21/1993	11.38%	7.10%	4.28%
7/23/1993	10.46%	7.09%	3.37%
8/24/1993	11.50%	6.96%	4.54%
9/21/1993	10.50%	6.81%	3.69%
9/29/1993	11.47%	6.77%	4.70%
9/30/1993	11.60%	6.76%	4.84%
11/2/1993	10.80%	6.60%	4.20%
11/12/1993	12.00%	6.57%	5.43%
11/26/1993	11.00%	6.52%	4.48%
12/14/1993	10.55%	6.48%	4.07%
12/16/1993	10.60%	6.48%	4.12%
12/21/1993	11.30%	6.47%	4.83%
1/4/1994	10.07%	6.44%	3.63%
1/13/1994	11.00%	6.42%	4.58%
1/21/1994	11.00%	6.40%	4.60%
1/28/1994	11.35%	6.39%	4.96%
2/3/1994	11.40%	6.38%	5.02%
2/17/1994	10.60%	6.36%	4.24%
2/25/1994	11.25%	6.35%	4.90%
2/25/1994	12.00%	6.35%	5.65%
3/1/1994	11.00%	6.35%	4.65%
3/4/1994	11.00%	6.35%	4.65%
4/25/1994	11.00%	6.41%	4.59%
5/10/1994	11.75%	6.45%	5.30%
5/13/1994	10.50%	6.46%	4.04%
6/3/1994	11.00%	6.54%	4.46%
6/27/1994	11.40%	6.65%	4.75%
8/5/1994	12.75%	6.88%	5.87%
10/31/1994	10.00%	7.33%	2.67%
11/9/1994	10.85%	7.39%	3.46%
11/9/1994	10.85%	7.39%	3.46%
11/18/1994	11.20%	7.45%	3.75%
11/22/1994	11.60%	7.47%	4.13%
11/28/1994	11.06%	7.49%	3.57%
12/8/1994	11.50%	7.54%	3.96%
12/8/1994	11.70%	7.54%	4.16%
12/14/1994	10.95%	7.56%	3.39%
12/15/1994	11.50%	7.57%	3.93%
12/19/1994	11.50%	7.58%	3.92%
12/28/1994	12.15%	7.61%	4.54%
1/9/1995	12.28%	7.64%	4.64%
1/31/1995	11.00%	7.69%	3.31%
2/10/1995	12.60%	7.70%	4.90%
2/17/1995	11.90%	7.70%	4.20%
3/9/1995	11.50%	7.71%	3.79%
3/20/1995	12.00%	7.72%	4.28%
3/23/1995	12.81%	7.72%	5.09%
3/29/1995	11.60%	7.72%	3.88%
4/6/1995	11.10%	7.71%	3.39%
4/7/1995	11.00%	7.71%	3.29%
4/19/1995	11.00%	7.70%	3.30%
5/12/1995	11.63%	7.68%	3.95%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
5/25/1995	11.20%	7.65%	3.55%
6/9/1995	11.25%	7.60%	3.65%
6/21/1995	12.25%	7.56%	4.69%
6/30/1995	11.10%	7.52%	3.58%
9/11/1995	11.30%	7.20%	4.10%
9/27/1995	11.30%	7.12%	4.18%
9/27/1995	11.50%	7.12%	4.38%
9/27/1995	11.75%	7.12%	4.63%
9/29/1995	11.00%	7.11%	3.89%
11/9/1995	11.38%	6.90%	4.48%
11/9/1995	12.36%	6.90%	5.46%
11/17/1995	11.00%	6.86%	4.14%
12/4/1995	11.35%	6.78%	4.57%
12/11/1995	11.40%	6.74%	4.66%
12/20/1995	11.60%	6.70%	4.90%
12/27/1995	12.00%	6.66%	5.34%
2/5/1996	12.25%	6.48%	5.77%
3/29/1996	10.67%	6.42%	4.25%
4/8/1996	11.00%	6.42%	4.58%
4/11/1996	12.59%	6.43%	6.16%
4/11/1996	12.59%	6.43%	6.16%
4/24/1996	11.25%	6.43%	4.82%
4/30/1996	11.00%	6.43%	4.57%
5/13/1996	11.00%	6.44%	4.56%
5/23/1996	11.25%	6.43%	4.82%
6/25/1996	11.25%	6.48%	4.77%
6/27/1996	11.20%	6.48%	4.72%
8/12/1996	10.40%	6.57%	3.83%
9/27/1996	11.00%	6.71%	4.29%
10/16/1996	12.25%	6.76%	5.49%
11/5/1996	11.00%	6.81%	4.19%
11/26/1996	11.30%	6.83%	4.47%
12/18/1996	11.75%	6.83%	4.92%
12/31/1996	11.50%	6.83%	4.67%
1/3/1997	10.70%	6.83%	3.87%
2/13/1997	11.80%	6.82%	4.98%
2/20/1997	11.80%	6.82%	4.98%
3/31/1997	10.02%	6.80%	3.22%
4/2/1997	11.65%	6.80%	4.85%
4/28/1997	11.50%	6.81%	4.69%
4/29/1997	11.70%	6.81%	4.89%
7/17/1997	12.00%	6.77%	5.23%
12/12/1997	11.00%	6.60%	4.40%
12/23/1997	11.12%	6.57%	4.55%
2/2/1998	12.75%	6.39%	6.36%
3/2/1998	11.25%	6.29%	4.96%
3/6/1998	10.75%	6.27%	4.48%
3/20/1998	10.50%	6.22%	4.28%
4/30/1998	12.20%	6.12%	6.08%
7/10/1998	11.40%	5.94%	5.46%
9/15/1998	11.90%	5.78%	6.12%
11/30/1998	12.60%	5.58%	7.02%
12/10/1998	12.20%	5.54%	6.66%
12/17/1998	12.10%	5.52%	6.58%
2/5/1999	10.30%	5.38%	4.92%
3/4/1999	10.50%	5.34%	5.16%
4/6/1999	10.94%	5.32%	5.62%
7/29/1999	10.75%	5.52%	5.23%
9/23/1999	10.75%	5.70%	5.05%
11/17/1999	11.10%	5.90%	5.20%
1/7/2000	11.50%	6.05%	5.45%
1/7/2000	11.50%	6.05%	5.45%
2/17/2000	10.60%	6.17%	4.43%
3/28/2000	11.25%	6.20%	5.05%
5/24/2000	11.00%	6.18%	4.82%
7/18/2000	12.20%	6.16%	6.04%
9/29/2000	11.16%	6.03%	5.13%
11/28/2000	12.90%	5.89%	7.01%
11/30/2000	12.10%	5.88%	6.22%
1/23/2001	11.25%	5.79%	5.46%
2/8/2001	11.50%	5.77%	5.73%
5/8/2001	10.75%	5.62%	5.13%
6/26/2001	11.00%	5.62%	5.38%
7/25/2001	11.02%	5.60%	5.42%
7/25/2001	11.02%	5.60%	5.42%
7/31/2001	11.00%	5.59%	5.41%
8/31/2001	10.50%	5.56%	4.94%
9/7/2001	10.75%	5.55%	5.20%
9/10/2001	11.00%	5.55%	5.45%
9/20/2001	10.00%	5.55%	4.45%
10/24/2001	10.30%	5.54%	4.76%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
11/28/2001	10.60%	5.49%	5.11%
12/3/2001	12.88%	5.49%	7.39%
12/20/2001	12.50%	5.50%	7.00%
1/22/2002	10.00%	5.50%	4.50%
3/27/2002	10.10%	5.45%	4.65%
4/22/2002	11.80%	5.45%	6.35%
5/28/2002	10.17%	5.46%	4.71%
6/10/2002	12.00%	5.47%	6.53%
6/18/2002	11.16%	5.48%	5.68%
6/20/2002	11.00%	5.48%	5.52%
6/20/2002	12.30%	5.48%	6.82%
7/15/2002	11.00%	5.48%	5.52%
9/12/2002	12.30%	5.45%	6.85%
9/26/2002	10.45%	5.41%	5.04%
12/4/2002	11.55%	5.29%	6.26%
12/13/2002	11.75%	5.27%	6.48%
12/20/2002	11.40%	5.25%	6.15%
1/8/2003	11.10%	5.19%	5.91%
1/31/2003	12.45%	5.13%	7.32%
2/28/2003	12.30%	5.05%	7.25%
3/6/2003	10.75%	5.03%	5.72%
3/7/2003	9.96%	5.02%	4.94%
3/20/2003	12.00%	4.98%	7.02%
4/3/2003	12.00%	4.96%	7.04%
4/15/2003	11.15%	4.94%	6.21%
6/25/2003	10.75%	4.79%	5.96%
6/26/2003	10.75%	4.79%	5.96%
7/9/2003	9.75%	4.79%	4.96%
7/16/2003	9.75%	4.79%	4.96%
7/25/2003	9.50%	4.80%	4.70%
8/26/2003	10.50%	4.83%	5.67%
12/17/2003	9.85%	4.94%	4.91%
12/17/2003	10.70%	4.94%	5.76%
12/18/2003	11.50%	4.94%	6.56%
12/19/2003	12.00%	4.94%	7.06%
12/19/2003	12.00%	4.94%	7.06%
12/23/2003	10.50%	4.94%	5.56%
1/13/2004	12.00%	4.95%	7.05%
3/2/2004	10.75%	4.99%	5.76%
3/26/2004	10.25%	5.02%	5.23%
4/5/2004	11.25%	5.03%	6.22%
5/18/2004	10.50%	5.07%	5.43%
5/25/2004	10.25%	5.08%	5.17%
5/27/2004	10.25%	5.08%	5.17%
6/2/2004	11.22%	5.08%	6.14%
6/30/2004	10.50%	5.10%	5.40%
6/30/2004	10.50%	5.10%	5.40%
7/16/2004	11.60%	5.11%	6.49%
8/25/2004	10.25%	5.10%	5.15%
9/9/2004	10.40%	5.10%	5.30%
11/9/2004	10.50%	5.07%	5.43%
11/23/2004	11.00%	5.06%	5.94%
12/14/2004	10.97%	5.07%	5.90%
12/21/2004	11.25%	5.07%	6.18%
12/21/2004	11.50%	5.07%	6.43%
12/22/2004	10.70%	5.07%	5.63%
12/22/2004	11.50%	5.07%	6.43%
12/29/2004	9.85%	5.07%	4.78%
1/6/2005	10.70%	5.08%	5.62%
2/18/2005	10.30%	4.98%	5.32%
2/25/2005	10.50%	4.96%	5.54%
3/10/2005	11.00%	4.93%	6.07%
3/24/2005	10.30%	4.90%	5.40%
4/4/2005	10.00%	4.88%	5.12%
4/7/2005	10.25%	4.87%	5.38%
5/18/2005	10.25%	4.78%	5.47%
5/25/2005	10.75%	4.76%	5.99%
5/26/2005	9.75%	4.76%	4.99%
6/1/2005	9.75%	4.75%	5.00%
7/19/2005	11.50%	4.64%	6.86%
8/5/2005	11.75%	4.62%	7.13%
8/15/2005	10.13%	4.61%	5.52%
9/28/2005	10.00%	4.54%	5.46%
10/4/2005	10.75%	4.54%	6.21%
12/12/2005	11.00%	4.55%	6.45%
12/13/2005	10.75%	4.55%	6.20%
12/21/2005	10.29%	4.54%	5.75%
12/21/2005	10.40%	4.54%	5.86%
12/22/2005	11.00%	4.54%	6.46%
12/22/2005	11.15%	4.54%	6.61%
12/28/2005	10.00%	4.54%	5.46%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
12/28/2005	10.00%	4.54%	5.46%
1/5/2006	11.00%	4.53%	6.47%
1/27/2006	9.75%	4.52%	5.23%
3/3/2006	10.39%	4.53%	5.86%
4/17/2006	10.20%	4.61%	5.59%
4/26/2006	10.60%	4.64%	5.96%
5/17/2006	11.60%	4.69%	6.91%
6/6/2006	10.00%	4.74%	5.26%
6/27/2006	10.75%	4.80%	5.95%
7/6/2006	10.20%	4.83%	5.37%
7/24/2006	9.60%	4.86%	4.74%
7/26/2006	10.50%	4.86%	5.64%
7/28/2006	10.05%	4.86%	5.19%
8/23/2006	9.55%	4.89%	4.66%
9/1/2006	10.54%	4.90%	5.64%
9/14/2006	10.00%	4.91%	5.09%
10/6/2006	9.67%	4.92%	4.75%
11/21/2006	10.08%	4.95%	5.13%
11/21/2006	10.08%	4.95%	5.13%
11/21/2006	10.12%	4.95%	5.17%
12/1/2006	10.25%	4.95%	5.30%
12/1/2006	10.50%	4.95%	5.55%
12/7/2006	10.75%	4.95%	5.80%
12/21/2006	10.90%	4.95%	5.95%
12/21/2006	11.25%	4.95%	6.30%
12/22/2006	10.25%	4.95%	5.30%
1/5/2007	10.00%	4.95%	5.05%
1/11/2007	10.10%	4.95%	5.15%
1/11/2007	10.10%	4.95%	5.15%
1/11/2007	10.90%	4.95%	5.95%
1/12/2007	10.10%	4.95%	5.15%
1/13/2007	10.40%	4.95%	5.45%
1/19/2007	10.80%	4.94%	5.86%
3/21/2007	11.35%	4.87%	6.48%
3/22/2007	9.75%	4.86%	4.89%
5/15/2007	10.00%	4.81%	5.19%
5/17/2007	10.25%	4.81%	5.44%
5/17/2007	10.25%	4.81%	5.44%
5/22/2007	10.20%	4.80%	5.40%
5/22/2007	10.50%	4.80%	5.70%
5/23/2007	10.70%	4.80%	5.90%
5/25/2007	9.67%	4.80%	4.87%
6/15/2007	9.90%	4.82%	5.08%
6/21/2007	10.20%	4.83%	5.37%
6/22/2007	10.50%	4.83%	5.67%
6/28/2007	10.75%	4.84%	5.91%
7/12/2007	9.67%	4.86%	4.81%
7/19/2007	10.00%	4.87%	5.13%
7/19/2007	10.00%	4.87%	5.13%
8/15/2007	10.40%	4.88%	5.52%
10/9/2007	10.00%	4.91%	5.09%
10/17/2007	9.10%	4.91%	4.19%
10/31/2007	9.96%	4.90%	5.06%
11/29/2007	10.90%	4.87%	6.03%
12/6/2007	10.75%	4.86%	5.89%
12/13/2007	9.96%	4.86%	5.10%
12/14/2007	10.70%	4.86%	5.84%
12/14/2007	10.80%	4.86%	5.94%
12/19/2007	10.20%	4.86%	5.34%
12/20/2007	10.20%	4.85%	5.35%
12/20/2007	11.00%	4.85%	6.15%
12/28/2007	10.25%	4.85%	5.40%
12/31/2007	11.25%	4.85%	6.40%
1/8/2008	10.75%	4.83%	5.92%
1/17/2008	10.75%	4.81%	5.94%
1/28/2008	9.40%	4.80%	4.60%
1/30/2008	10.00%	4.79%	5.21%
1/31/2008	10.71%	4.79%	5.92%
2/29/2008	10.25%	4.75%	5.50%
3/12/2008	10.25%	4.73%	5.52%
3/25/2008	9.10%	4.68%	4.42%
4/22/2008	10.25%	4.60%	5.65%
4/24/2008	10.10%	4.60%	5.50%
5/1/2008	10.70%	4.59%	6.11%
5/19/2008	11.00%	4.56%	6.44%
5/27/2008	10.00%	4.55%	5.45%
6/10/2008	10.70%	4.54%	6.16%
6/27/2008	10.50%	4.54%	5.96%
6/27/2008	11.04%	4.54%	6.50%
7/10/2008	10.43%	4.52%	5.91%
7/16/2008	9.40%	4.52%	4.88%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
7/30/2008	10.80%	4.51%	6.29%
7/31/2008	10.70%	4.51%	6.19%
8/11/2008	10.25%	4.51%	5.74%
8/26/2008	10.18%	4.50%	5.68%
9/10/2008	10.30%	4.50%	5.80%
9/24/2008	10.65%	4.48%	6.17%
9/24/2008	10.65%	4.48%	6.17%
9/24/2008	10.65%	4.48%	6.17%
9/30/2008	10.20%	4.48%	5.72%
10/8/2008	10.15%	4.46%	5.69%
11/13/2008	10.55%	4.45%	6.10%
11/17/2008	10.20%	4.44%	5.76%
12/1/2008	10.25%	4.40%	5.85%
12/23/2008	11.00%	4.27%	6.73%
12/29/2008	10.00%	4.24%	5.76%
12/29/2008	10.20%	4.24%	5.96%
12/31/2008	10.75%	4.22%	6.53%
1/14/2009	10.50%	4.15%	6.35%
1/21/2009	10.50%	4.12%	6.38%
1/21/2009	10.50%	4.12%	6.38%
1/21/2009	10.50%	4.12%	6.38%
1/27/2009	10.76%	4.09%	6.67%
1/30/2009	10.50%	4.08%	6.42%
2/4/2009	8.75%	4.06%	4.69%
3/4/2009	10.50%	3.96%	6.54%
3/12/2009	11.50%	3.93%	7.57%
4/2/2009	11.10%	3.85%	7.25%
4/21/2009	10.61%	3.80%	6.81%
4/24/2009	10.00%	3.79%	6.21%
4/30/2009	11.25%	3.78%	7.47%
5/4/2009	10.74%	3.77%	6.97%
5/20/2009	10.25%	3.74%	6.51%
5/28/2009	10.50%	3.74%	6.76%
5/29/2009	10.50%	3.74%	6.76%
6/22/2009	10.00%	3.76%	6.24%
6/24/2009	10.80%	3.77%	7.03%
7/8/2009	10.63%	3.77%	6.86%
7/17/2009	10.50%	3.78%	6.72%
8/31/2009	10.25%	3.82%	6.43%
10/14/2009	10.70%	4.01%	6.69%
10/23/2009	10.88%	4.06%	6.82%
11/2/2009	10.70%	4.09%	6.61%
11/3/2009	10.70%	4.10%	6.60%
11/24/2009	10.25%	4.15%	6.10%
11/25/2009	10.75%	4.16%	6.59%
11/30/2009	10.35%	4.17%	6.18%
12/3/2009	10.50%	4.18%	6.32%
12/7/2009	10.70%	4.18%	6.52%
12/16/2009	10.90%	4.21%	6.69%
12/16/2009	11.00%	4.21%	6.79%
12/18/2009	10.40%	4.22%	6.18%
12/18/2009	10.40%	4.22%	6.18%
12/22/2009	10.20%	4.23%	5.97%
12/22/2009	10.40%	4.23%	6.17%
12/22/2009	10.40%	4.23%	6.17%
12/30/2009	10.00%	4.26%	5.74%
1/4/2010	10.80%	4.28%	6.52%
1/11/2010	11.00%	4.30%	6.70%
1/26/2010	10.13%	4.35%	5.78%
1/27/2010	10.40%	4.35%	6.05%
1/27/2010	10.40%	4.35%	6.05%
1/27/2010	10.70%	4.35%	6.35%
2/9/2010	9.80%	4.38%	5.42%
2/18/2010	10.60%	4.40%	6.20%
2/24/2010	10.18%	4.41%	5.77%
3/2/2010	9.63%	4.41%	5.22%
3/4/2010	10.50%	4.41%	6.09%
3/5/2010	10.50%	4.41%	6.09%
3/11/2010	11.90%	4.42%	7.48%
3/17/2010	10.00%	4.41%	5.59%
3/25/2010	10.15%	4.42%	5.73%
4/2/2010	10.10%	4.43%	5.67%
4/27/2010	10.00%	4.46%	5.54%
4/29/2010	9.90%	4.46%	5.44%
4/29/2010	10.06%	4.46%	5.60%
4/29/2010	10.26%	4.46%	5.80%
5/12/2010	10.30%	4.45%	5.85%
5/12/2010	10.30%	4.45%	5.85%
5/28/2010	10.10%	4.44%	5.66%
5/28/2010	10.20%	4.44%	5.76%
6/7/2010	10.30%	4.44%	5.86%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of		Average	
Electric Rate	Return on	30-Year	Risk
Case	Equity	Treasury	Premium
		Yield	
6/16/2010	10.00%	4.44%	5.56%
6/28/2010	9.67%	4.43%	5.24%
6/28/2010	10.50%	4.43%	6.07%
6/30/2010	9.40%	4.43%	4.97%
7/1/2010	10.25%	4.43%	5.82%
7/15/2010	10.53%	4.43%	6.10%
7/15/2010	10.70%	4.43%	6.27%
7/30/2010	10.70%	4.41%	6.29%
8/4/2010	10.50%	4.41%	6.09%
8/6/2010	9.83%	4.41%	5.42%
8/25/2010	9.90%	4.37%	5.53%
9/3/2010	10.60%	4.35%	6.25%
9/14/2010	10.70%	4.33%	6.37%
9/16/2010	10.00%	4.33%	5.67%
9/16/2010	10.00%	4.33%	5.67%
9/30/2010	9.75%	4.29%	5.46%
9/30/2010	11.00%	4.29%	6.71%
10/14/2010	10.35%	4.24%	6.11%
10/28/2010	10.70%	4.21%	6.49%
11/2/2010	10.38%	4.20%	6.18%
11/4/2010	10.70%	4.20%	6.50%
11/19/2010	10.20%	4.18%	6.02%
11/22/2010	10.00%	4.18%	5.82%
12/1/2010	10.13%	4.16%	5.97%
12/6/2010	9.86%	4.15%	5.71%
12/9/2010	10.25%	4.15%	6.10%
12/13/2010	10.70%	4.15%	6.55%
12/14/2010	10.13%	4.15%	5.98%
12/15/2010	10.44%	4.15%	6.29%
12/17/2010	10.00%	4.15%	5.85%
12/20/2010	10.60%	4.15%	6.45%
12/21/2010	10.30%	4.14%	6.16%
12/27/2010	9.90%	4.14%	5.76%
12/29/2010	11.15%	4.14%	7.01%
1/5/2011	10.15%	4.13%	6.02%
1/12/2011	10.30%	4.12%	6.18%
1/13/2011	10.30%	4.12%	6.18%
1/18/2011	10.00%	4.12%	5.88%
1/20/2011	9.30%	4.12%	5.18%
1/20/2011	10.13%	4.12%	6.01%
1/31/2011	9.60%	4.12%	5.48%
2/3/2011	10.00%	4.12%	5.88%
2/25/2011	10.00%	4.14%	5.86%
3/25/2011	9.80%	4.18%	5.62%
3/30/2011	10.00%	4.18%	5.82%
4/12/2011	10.00%	4.21%	5.79%
4/25/2011	10.74%	4.23%	6.51%
4/26/2011	9.67%	4.23%	5.44%
4/27/2011	10.40%	4.24%	6.16%
5/4/2011	10.00%	4.24%	5.76%
5/4/2011	10.00%	4.24%	5.76%
5/24/2011	10.50%	4.27%	6.23%
6/8/2011	10.75%	4.30%	6.45%
6/16/2011	9.20%	4.32%	4.88%
6/17/2011	9.95%	4.32%	5.63%
7/13/2011	10.20%	4.36%	5.84%
8/1/2011	9.20%	4.39%	4.81%
8/8/2011	10.00%	4.38%	5.62%
8/11/2011	10.00%	4.38%	5.62%
8/12/2011	10.35%	4.37%	5.98%
8/19/2011	10.25%	4.36%	5.89%
9/2/2011	12.88%	4.32%	8.56%
9/22/2011	10.00%	4.24%	5.76%
10/12/2011	10.30%	4.14%	6.16%
10/20/2011	10.50%	4.10%	6.40%
11/30/2011	10.90%	3.87%	7.03%
11/30/2011	10.90%	3.87%	7.03%
12/14/2011	10.00%	3.80%	6.20%
12/14/2011	10.30%	3.80%	6.50%
12/20/2011	10.20%	3.76%	6.44%
12/21/2011	10.20%	3.76%	6.44%
12/22/2011	9.90%	3.75%	6.15%
12/22/2011	10.40%	3.75%	6.65%
12/23/2011	10.19%	3.74%	6.45%
1/25/2012	10.50%	3.57%	6.93%
1/27/2012	10.50%	3.56%	6.94%
2/15/2012	10.20%	3.47%	6.73%
2/23/2012	9.90%	3.44%	6.46%
2/27/2012	10.25%	3.43%	6.82%
2/29/2012	10.40%	3.41%	6.99%
3/29/2012	10.37%	3.32%	7.05%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
4/4/2012	10.00%	3.30%	6.70%
4/26/2012	10.00%	3.21%	6.79%
5/2/2012	10.00%	3.18%	6.82%
5/7/2012	9.80%	3.17%	6.63%
5/15/2012	10.00%	3.14%	6.86%
5/29/2012	10.05%	3.11%	6.94%
6/7/2012	10.30%	3.08%	7.22%
6/14/2012	9.40%	3.06%	6.34%
6/15/2012	10.40%	3.06%	7.34%
6/18/2012	9.60%	3.06%	6.54%
6/19/2012	9.25%	3.05%	6.20%
6/26/2012	10.10%	3.04%	7.06%
6/29/2012	10.00%	3.04%	6.96%
7/9/2012	10.20%	3.03%	7.17%
7/16/2012	9.80%	3.02%	6.78%
7/20/2012	9.31%	3.01%	6.30%
7/20/2012	9.81%	3.01%	6.80%
9/13/2012	9.80%	2.94%	6.86%
9/19/2012	9.80%	2.94%	6.86%
9/19/2012	10.05%	2.94%	7.11%
9/26/2012	9.50%	2.94%	6.56%
10/12/2012	9.60%	2.93%	6.67%
10/23/2012	9.75%	2.93%	6.82%
10/24/2012	10.30%	2.93%	7.37%
11/9/2012	10.30%	2.92%	7.38%
11/28/2012	10.40%	2.90%	7.50%
11/29/2012	9.75%	2.90%	6.85%
11/29/2012	9.88%	2.90%	6.98%
12/5/2012	9.71%	2.89%	6.82%
12/5/2012	10.40%	2.89%	7.51%
12/12/2012	9.80%	2.88%	6.92%
12/13/2012	9.50%	2.88%	6.62%
12/13/2012	10.50%	2.88%	7.62%
12/14/2012	10.40%	2.88%	7.52%
12/19/2012	9.71%	2.88%	6.83%
12/19/2012	10.25%	2.88%	7.37%
12/20/2012	9.50%	2.87%	6.63%
12/20/2012	9.80%	2.87%	6.93%
12/20/2012	10.25%	2.87%	7.38%
12/20/2012	10.25%	2.87%	7.38%
12/20/2012	10.30%	2.87%	7.43%
12/20/2012	10.40%	2.87%	7.53%
12/20/2012	10.45%	2.87%	7.58%
12/21/2012	10.20%	2.87%	7.33%
12/26/2012	9.80%	2.86%	6.94%
1/9/2013	9.70%	2.85%	6.85%
1/9/2013	9.70%	2.85%	6.85%
1/9/2013	9.70%	2.85%	6.85%
1/16/2013	9.60%	2.84%	6.76%
1/16/2013	9.60%	2.84%	6.76%
2/13/2013	10.20%	2.84%	7.36%
2/22/2013	9.75%	2.85%	6.90%
2/27/2013	10.00%	2.86%	7.14%
3/5/2013	9.70%	2.86%	6.84%
3/14/2013	9.30%	2.88%	6.42%
3/27/2013	9.80%	2.90%	6.90%
5/1/2013	9.84%	2.94%	6.90%
5/15/2013	10.30%	2.96%	7.34%
5/30/2013	10.20%	2.98%	7.22%
5/31/2013	9.00%	2.98%	6.02%
6/11/2013	10.00%	3.00%	7.00%
6/21/2013	9.75%	3.02%	6.73%
6/25/2013	9.80%	3.03%	6.77%
7/12/2013	9.36%	3.08%	6.28%
8/8/2013	9.83%	3.14%	6.69%
8/14/2013	9.15%	3.16%	5.99%
9/11/2013	10.20%	3.26%	6.94%
9/11/2013	10.25%	3.26%	6.99%
9/24/2013	10.20%	3.31%	6.89%
10/3/2013	9.65%	3.33%	6.32%
10/7/2013	10.00%	3.34%	6.66%
11/6/2013	10.20%	3.41%	6.79%
11/21/2013	10.00%	3.44%	6.56%
11/26/2013	10.00%	3.45%	6.55%
12/3/2013	10.25%	3.47%	6.78%
12/4/2013	9.50%	3.47%	6.03%
12/5/2013	10.20%	3.48%	6.72%
12/9/2013	8.72%	3.48%	5.24%
12/9/2013	9.75%	3.48%	6.27%
12/13/2013	9.75%	3.50%	6.25%
12/16/2013	9.95%	3.50%	6.45%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	Average 30-Year Treasury Yield	Risk Premium
12/16/2013	9.95%	3.50%	6.45%
12/16/2013	10.12%	3.50%	6.62%
12/17/2013	9.50%	3.51%	5.99%
12/17/2013	10.95%	3.51%	7.44%
12/18/2013	8.72%	3.51%	5.21%
12/18/2013	9.80%	3.51%	6.29%
12/19/2013	10.15%	3.51%	6.64%
12/30/2013	9.30%	3.54%	5.76%
2/20/2014	9.20%	3.68%	5.52%
2/26/2014	9.75%	3.69%	6.06%
3/17/2014	9.55%	3.72%	5.83%
3/26/2014	9.40%	3.73%	5.67%
3/26/2014	9.96%	3.73%	6.23%
4/2/2014	9.70%	3.73%	5.97%
5/16/2014	9.80%	3.70%	6.10%
5/30/2014	9.70%	3.68%	6.02%
6/6/2014	10.40%	3.67%	6.73%
6/30/2014	9.55%	3.64%	5.91%
7/2/2014	9.62%	3.64%	5.98%
7/10/2014	9.95%	3.63%	6.32%
7/23/2014	9.75%	3.61%	6.14%
7/29/2014	9.45%	3.60%	5.85%
7/31/2014	9.90%	3.60%	6.30%
8/20/2014	9.75%	3.57%	6.18%
8/25/2014	9.60%	3.56%	6.04%
8/29/2014	9.80%	3.54%	6.26%
		Average	4.44%
		Count	1,433

**Summary of Revenue Stabilization Mechanisms
Adjustment Clauses**

Company	Parent	State	Fuel Costs	Purchased Power Expense	Conservation Expense	Decoupling (Full)	Decoupling (Partial)	Renewables Expense	Environmental Compliance	New Capital Investment	RTO-Related Trans. Expense	Other
AEP Texas Central	AEP	Texas			✓					✓	✓	
AEP Texas North	AEP	Texas			✓					✓	✓	
Appalachian Power	AEP	Virginia	✓	✓				✓	✓	✓	✓	✓
Appalachian Power	AEP	West Virginia	✓	✓							✓	✓
Indiana Michigan Power	AEP	Indiana	✓	✓	✓		✓		✓		✓	✓
Indiana Michigan Power	AEP	Michigan	✓	✓	✓			✓				
Kentucky Power	AEP	Kentucky	✓	✓	✓		✓		✓			✓
Public Service Oklahoma	AEP	Oklahoma	✓	✓	✓		✓			✓		✓
Southwestern Electric Power	AEP	Arkansas	✓	✓	✓		✓			✓		✓
Southwestern Electric Power	AEP	Louisiana	✓	✓					✓			✓
Southwestern Electric Power	AEP	Texas	✓	✓	✓					✓	✓	
Kingsport Power	AEP	Tennessee		✓								
Wheeling Power	AEP	West Virginia	✓	✓							✓	✓
Ohio Power	AEP	Ohio	✓	✓	✓		✓	✓		✓		✓
Cleco Power	CNL	Louisiana	✓	✓					✓			
Duke Energy Florida	DUK	Florida	✓	✓	✓				✓	✓		✓
Duke Energy Indiana	DUK	Indiana	✓	✓			✓	✓	✓	✓	✓	✓
Duke Energy Kentucky	DUK	Kentucky	✓	✓	✓		✓					✓
Duke Energy Progress	DUK	North Carolina	✓	✓	✓			✓	✓			
Duke Energy Carolinas	DUK	North Carolina	✓	✓	✓			✓	✓			
Duke Energy Ohio	DUK	Ohio			✓		✓					✓
Carolina Power & Light	DUK	South Carolina	✓	✓					✓			
Duke Energy Carolinas	DUK	South Carolina	✓	✓					✓			
Empire District Electric	EDE	Kansas	✓	✓	✓							✓
Empire District Electric	EDE	Missouri	✓	✓					✓			✓
Hawaiian Electric	HE	Hawaii	✓	✓	✓	✓		✓		✓		
Hawaii Electric Light	HE	Hawaii	✓	✓	✓	✓		✓		✓		
Maui Electric	HE	Hawaii	✓	✓	✓	✓		✓		✓		
Idaho Power	IDA	Idaho	✓	✓	✓		✓					✓
Idaho Power	IDA	Oregon	✓	✓				✓				
Florida Power & Light	NEE	Florida	✓	✓	✓				✓	✓		✓
Lone Star Transmission	NEE	Texas								✓		
Connecticut Light & Power	NU	Connecticut			✓						✓	
NSTAR Electric	NU	Massachusetts			✓						✓	✓
Western Massachusetts Electric	NU	Massachusetts			✓	✓		✓		✓	✓	✓
Public Service Co. of New Hampshire	NU	New Hampshire		✓						✓	✓	✓
Otter Tail Power	OTTR	Minnesota	✓	✓	✓			✓	✓		✓	
Otter Tail Power	OTTR	North Dakota	✓	✓				✓	✓	✓		✓
Arizona Public Service	PNW	Arizona	✓	✓	✓		✓	✓	✓		✓	✓
Public Service Co. of New Mexico	PNM	New Mexico	✓	✓					✓			✓
Texas-New Mexico Power	PNM	Texas			✓					✓	✓	✓
Portland General Electric	POR	Oregon	✓	✓			✓	✓				
Alabama Power	SO	Alabama	✓	✓					✓	✓		✓
Gulf Power	SO	Florida	✓	✓	✓				✓	✓		✓
Georgia Power	SO	Georgia	✓	✓						✓		
Mississippi Power	SO	Mississippi	✓	✓					✓			
Kansas Gas & Electric	WR	Kansas	✓	✓	✓		✓	✓	✓		✓	✓
Westar Energy	WR	Kansas	✓	✓	✓		✓	✓	✓		✓	✓

Source: Regulatory Research Associates, *Regulatory Focus* "Adjustment Clauses A State-by-State Overview," July 1, 2014.

**Summary of Revenue Stabilization Mechanisms
Alternative Regulation / Incentive Plans**

Company	Parent	State	Formula-Based Rates	Price Freeze/Cap	Earnings Sharing	Formula-Based ROE	Rate Base Additions	Service Quality/ Management Performance	Merger Savings
AEP Texas Central	AEP	Texas					✓		
AEP Texas North	AEP	Texas					✓		
Appalachian Power	AEP	Virginia			✓	✓	✓	✓	
Appalachian Power	AEP	West Virginia					✓		
Indiana Michigan Power	AEP	Indiana					✓		
Indiana Michigan Power	AEP	Michigan							
Kentucky Power	AEP	Kentucky					✓		
Public Service Oklahoma	AEP	Oklahoma					✓		
Southwestern Electric Power	AEP	Arkansas					✓		
Southwestern Electric Power	AEP	Louisiana	✓	✓	✓				
Southwestern Electric Power	AEP	Texas					✓		
Kingsport Power	AEP	Tennessee							
Wheeling Power	AEP	West Virginia					✓		
Ohio Power	AEP	Ohio		✓	✓		✓		
Cleco Power	CNL	Louisiana	✓		✓				
Duke Energy Florida	DUK	Florida		✓			✓		
Duke Energy Indiana	DUK	Indiana		✓			✓		
Duke Energy Kentucky	DUK	Kentucky							
Duke Energy Progress	DUK	North Carolina							
Duke Energy Carolinas	DUK	North Carolina		✓					
Duke Energy Ohio	DUK	Ohio			✓				
Carolina Power & Light	DUK	South Carolina							
Duke Energy Carolinas	DUK	South Carolina		✓					
Empire District Electric	EDE	Kansas					✓		
Empire District Electric	EDE	Missouri		✓					
Hawaiian Electric	HE	Hawaii			✓		✓		
Hawaii Electric Light	HE	Hawaii		✓	✓		✓		
Maui Electric	HE	Hawaii			✓		✓		
Idaho Power	IDA	Idaho			✓				
Idaho Power	IDA	Oregon					✓		
Florida Power & Light	NEE	Florida		✓			✓		
Lone Star Transmission	NEE	Texas					✓		
Connecticut Light & Power	NU	Connecticut		✓	✓				
NSTAR Electric	NU	Massachusetts		✓				✓	
Western Massachusetts Electric	NU	Massachusetts		✓				✓	
Public Service Co. of New Hampshire	NU	New Hampshire		✓	✓				
Otter Tail Power	OTTR	Minnesota							
Otter Tail Power	OTTR	North Dakota							
Arizona Public Service	PNW	Arizona		✓					
Public Service Co. of New Mexico	PNM	New Mexico							
Texas-New Mexico Power	PNM	Texas					✓		
Portland General Electric	POR	Oregon					✓		
Alabama Power	SO	Alabama	✓				✓		
Gulf Power	SO	Florida							
Georgia Power	SO	Georgia		✓	✓		✓		
Mississippi Power	SO	Mississippi	✓			✓		✓	
Kansas Gas & Electric	WR	Kansas					✓		✓
Westar Energy	WR	Kansas					✓		✓

Source: Regulatory Research Associates, *Regulatory Focus* "Alternative Regulation/Incentive Plans A State-by-State Overview," November 19, 2013.

Change in Net Plant and Asset Turnover
Proxy Group - Annual Average

Year	Average Revenue/Net Plant	Average Change in Net Plant	Cumulative Change in Net Plant
2003	61.81%	10.40%	10.40%
2004	63.96%	1.80%	12.39%
2005	64.45%	7.02%	20.28%
2006	64.24%	7.96%	29.85%
2007	59.84%	8.55%	40.95%
2008	57.15%	11.20%	56.73%
2009	47.09%	7.84%	69.02%
2010	47.21%	6.92%	80.72%
2011	46.43%	5.07%	89.89%
2012	41.46%	13.35%	115.23%
2013	41.05%	5.98%	128.09%
2014	40.92%	5.58%	140.83%
2015	40.26%	4.34%	151.29%
2017-2019	41.98%	11.09%	179.14%

DuPont Formula - Regression Analysis

Ticker	Year	Revenue/Net				Change in Revenue/Net Plant	Change in Revenue/Net Plant
		Revenue	Net Plant	Plant	Change in Net Plant		
AEP	2002	\$ 14,555.00	\$ 21,684.00	67.12%	-	-	-
AEP	2003	14,545.00	22,029.00	66.03%	1.59%	-	-1.63%
AEP	2004	14,057.00	22,801.00	61.65%	3.50%	-	-6.63%
AEP	2005	12,111.00	24,284.00	49.87%	6.50%	-	-19.11%
AEP	2006	12,622.00	26,781.00	47.13%	10.28%	-	-5.50%
AEP	2007	13,380.00	29,870.00	44.79%	11.53%	-	-4.96%
AEP	2008	14,440.00	32,987.00	43.77%	10.44%	-	-2.28%
AEP	2009	13,489.00	34,344.00	39.28%	4.11%	-	-10.28%
AEP	2010	14,427.00	35,674.00	40.44%	3.87%	-	2.97%
AEP	2011	15,116.00	36,971.00	40.89%	3.64%	-	1.10%
AEP	2012	14,945.00	38,763.00	38.55%	4.85%	-	-5.70%
AEP	2013	15,357.00	40,997.00	37.46%	5.76%	-	-2.84%
AEP	2014	16,500.00	43,450.00	37.97%	5.98%	-	1.38%
AEP	2015	16,500.00	45,475.00	36.28%	4.66%	-	-4.45%
AEP	2017-2019	19,100.00	51,000.00	37.45%	12.15%	-	3.22%
CNL	2002	721.20	1,566.20	46.05%	-	-	-
CNL	2003	874.60	1,417.10	61.72%	-9.52%	-	34.03%
CNL	2004	745.80	1,060.00	70.36%	-25.20%	-	14.00%
CNL	2005	920.20	1,188.70	77.41%	12.14%	-	10.03%
CNL	2006	1,000.70	1,304.90	76.69%	9.78%	-	-0.94%
CNL	2007	1,030.60	1,725.90	59.71%	32.26%	-	-22.13%
CNL	2008	1,080.20	2,045.30	52.81%	18.51%	-	-11.56%
CNL	2009	853.80	2,247.00	38.00%	9.86%	-	-28.05%
CNL	2010	1,148.70	2,784.20	41.26%	23.91%	-	8.58%
CNL	2011	1,117.30	2,893.90	38.61%	3.94%	-	-6.42%
CNL	2012	993.70	3,009.50	33.02%	3.99%	-	-14.48%
CNL	2013	1,096.70	3,083.10	35.57%	2.45%	-	7.73%
CNL	2014	1,235.00	3,125.00	39.52%	1.36%	-	11.10%
CNL	2015	1,325.00	3,075.00	43.09%	-1.60%	-	9.03%
CNL	2017-2019	1,425.00	2,850.00	50.00%	-7.32%	-	16.04%
DUK	2002	NA	NA	NA	-	-	-
DUK	2003	NA	NA	NA	-	-	-
DUK	2004	NA	NA	NA	-	-	-
DUK	2005	NA	NA	NA	-	-	-
DUK	2006	10,607.00	41,447.00	25.59%	-	-	-
DUK	2007	12,720.00	31,110.00	40.89%	-24.94%	-	59.77%
DUK	2008	13,207.00	34,036.00	38.80%	9.41%	-	-5.10%
DUK	2009	12,731.00	37,950.00	33.55%	11.50%	-	-13.55%
DUK	2010	14,272.00	40,344.00	35.38%	6.31%	-	5.45%
DUK	2011	14,529.00	42,661.00	34.06%	5.74%	-	-3.73%
DUK	2012	19,624.00	68,558.00	28.62%	60.70%	-	-15.95%
DUK	2013	24,598.00	69,490.00	35.40%	1.36%	-	23.67%
DUK	2014	25,900.00	70,775.00	36.59%	1.85%	-	3.38%
DUK	2015	25,100.00	74,875.00	33.52%	5.79%	-	-8.40%
DUK	2017-2019	28,300.00	88,400.00	32.01%	18.06%	-	-4.50%
EDE	2002	305.90	794.10	38.52%	-	-	-
EDE	2003	325.50	833.90	39.03%	5.01%	-	1.33%
EDE	2004	325.50	857.00	37.98%	2.77%	-	-2.70%
EDE	2005	386.20	896.00	43.10%	4.55%	-	13.48%
EDE	2006	413.50	1,031.00	40.11%	15.07%	-	-6.95%
EDE	2007	490.20	1,178.90	41.58%	14.35%	-	3.68%
EDE	2008	518.20	1,342.80	38.59%	13.90%	-	-7.19%
EDE	2009	497.20	1,459.00	34.08%	8.65%	-	-11.69%
EDE	2010	541.30	1,519.10	35.63%	4.12%	-	4.56%
EDE	2011	576.90	1,563.70	36.89%	2.94%	-	3.54%
EDE	2012	557.10	1,657.60	33.61%	6.00%	-	-8.90%
EDE	2013	594.30	1,751.90	33.92%	5.69%	-	0.94%
EDE	2014	650.00	1,895.00	34.30%	8.17%	-	1.11%
EDE	2015	670.00	1,990.00	33.67%	5.01%	-	-1.84%
EDE	2017-2019	790.00	2,000.00	39.50%	0.50%	-	17.32%
HE	2002	1,653.70	2,079.30	79.53%	-	-	-
HE	2003	1,781.30	2,311.90	77.05%	11.19%	-	-3.12%
HE	2004	1,924.10	2,422.30	79.43%	4.78%	-	3.09%
HE	2005	2,215.60	2,542.80	87.13%	4.97%	-	9.69%
HE	2006	2,460.90	2,647.50	92.95%	4.12%	-	6.68%
HE	2007	2,536.40	2,743.40	92.45%	3.62%	-	-0.53%
HE	2008	3,218.90	2,907.40	110.71%	5.98%	-	19.75%
HE	2009	2,309.60	3,088.60	74.78%	6.23%	-	-32.46%

DuPont Formula - Regression Analysis

Ticker	Year	Revenue	Net Plant	Revenue/Net		Change in	
				Plant	Change in Net Plant	Revenue/Net Plant	
HE	2010	2,665.00	3,165.90	84.18%		2.50%	12.57%
HE	2011	3,242.30	3,334.50	97.23%		5.33%	15.51%
HE	2012	3,375.00	3,594.80	93.89%		7.81%	-3.44%
HE	2013	3,238.50	3,858.90	83.92%		7.35%	-10.61%
HE	2014	3,275.00	4,045.00	80.96%		4.82%	-3.53%
HE	2015	3,450.00	4,220.00	81.75%		4.33%	0.98%
HE	2017-2019	4,150.00	4,950.00	83.84%		17.30%	2.55%
IDA	2002	928.80	1,906.50	48.72%	-	-	-
IDA	2003	782.70	2,088.30	37.48%		9.54%	-23.07%
IDA	2004	844.50	2,209.50	38.22%		5.80%	1.98%
IDA	2005	859.50	2,314.30	37.14%		4.74%	-2.83%
IDA	2006	926.30	2,419.10	38.29%		4.53%	3.10%
IDA	2007	879.40	2,616.60	33.61%		8.16%	-12.23%
IDA	2008	960.40	2,758.20	34.82%		5.41%	3.60%
IDA	2009	1,049.80	2,917.00	35.99%		5.76%	3.36%
IDA	2010	1,036.00	3,161.40	32.77%		8.38%	-8.94%
IDA	2011	1,026.80	3,406.60	30.14%		7.76%	-8.02%
IDA	2012	1,080.70	3,536.00	30.56%		3.80%	1.40%
IDA	2013	1,246.20	3,665.00	34.00%		3.65%	11.26%
IDA	2014	1,225.00	3,900.00	31.41%		6.41%	-7.62%
IDA	2015	1,225.00	4,095.00	29.91%		5.00%	-4.76%
IDA	2017-2019	1,360.00	4,740.00	28.69%		15.75%	-4.09%
NEE	2002	8,311.00	14,304.00	58.10%	-	-	-
NEE	2003	9,630.00	20,297.00	47.45%		41.90%	-18.34%
NEE	2004	10,522.00	21,226.00	49.57%		4.58%	4.48%
NEE	2005	11,846.00	22,463.00	52.74%		5.83%	6.38%
NEE	2006	15,710.00	24,499.00	64.13%		9.06%	21.60%
NEE	2007	15,263.00	28,652.00	53.27%		16.95%	-16.93%
NEE	2008	16,410.00	32,411.00	50.63%		13.12%	-4.95%
NEE	2009	15,643.00	36,078.00	43.36%		11.31%	-14.36%
NEE	2010	15,317.00	39,075.00	39.20%		8.31%	-9.59%
NEE	2011	15,341.00	42,490.00	36.10%		8.74%	-7.89%
NEE	2012	14,256.00	49,413.00	28.85%		16.29%	-20.09%
NEE	2013	15,136.00	52,720.00	28.71%		6.69%	-0.49%
NEE	2014	15,950.00	55,725.00	28.62%		5.70%	-0.30%
NEE	2015	16,200.00	57,200.00	28.32%		2.65%	-1.05%
NEE	2017-2019	18,000.00	62,100.00	28.99%		8.57%	2.34%
NU	2002	5,216.30	4,728.40	110.32%	-	-	-
NU	2003	6,069.20	5,429.90	111.77%		14.84%	1.32%
NU	2004	6,686.70	5,864.20	114.03%		8.00%	2.01%
NU	2005	5,507.30	6,417.20	85.82%		9.43%	-24.74%
NU	2006	6,884.40	6,242.20	110.29%		-2.73%	28.51%
NU	2007	5,822.20	7,229.90	80.53%		15.82%	-26.98%
NU	2008	5,800.10	8,207.90	70.66%		13.53%	-12.25%
NU	2009	5,439.40	8,840.00	61.53%		7.70%	-12.92%
NU	2010	4,898.20	9,567.70	51.20%		8.23%	-16.80%
NU	2011	4,465.70	10,403.00	42.93%		8.73%	-16.15%
NU	2012	6,273.80	16,605.00	37.78%		59.62%	-11.98%
NU	2013	7,301.20	17,576.00	41.54%		5.85%	9.95%
NU	2014	7,750.00	18,700.00	41.44%		6.40%	-0.23%
NU	2015	7,900.00	19,975.00	39.55%		6.82%	-4.57%
NU	2017-2019	8,650.00	23,900.00	36.19%		19.65%	-8.49%
OTTR	2002	710.10	587.90	120.79%	-	-	-
OTTR	2003	753.20	633.30	118.93%		7.72%	-1.53%
OTTR	2004	882.30	682.10	129.35%		7.71%	8.76%
OTTR	2005	1,046.40	697.10	150.11%		2.20%	16.05%
OTTR	2006	1,105.00	718.60	153.77%		3.08%	2.44%
OTTR	2007	1,238.90	854.00	145.07%		18.84%	-5.66%
OTTR	2008	1,311.20	1,037.60	126.37%		21.50%	-12.89%
OTTR	2009	1,039.50	1,098.60	94.62%		5.88%	-25.12%
OTTR	2010	1,119.10	1,108.70	100.94%		0.92%	6.68%
OTTR	2011	1,077.90	1,077.50	100.04%		-2.81%	-0.89%
OTTR	2012	859.20	1,049.50	81.87%		-2.60%	-18.16%
OTTR	2013	893.30	1,167.00	76.55%		11.20%	-6.50%
OTTR	2014	940.00	1,225.00	76.73%		4.97%	0.25%
OTTR	2015	975.00	1,300.00	75.00%		6.12%	-2.26%
OTTR	2017-2019	1,325.00	1,525.00	86.89%		17.31%	15.85%
PNW	2002	2,637.30	6,479.40	40.70%	-	-	-
PNW	2003	2,817.90	7,480.10	37.67%		15.44%	-7.45%

DuPont Formula - Regression Analysis

Ticker	Year	Revenue/Net				Change in Revenue/Net Plant	Change in Revenue/Net Plant
		Revenue	Net Plant	Plant	Change in Net Plant		
PNW	2004	2,899.70	7,535.50	38.48%		0.74%	2.15%
PNW	2005	2,988.00	7,577.10	39.43%		0.55%	2.48%
PNW	2006	3,401.70	7,881.90	43.16%		4.02%	9.44%
PNW	2007	3,523.60	8,436.40	41.77%		7.04%	-3.22%
PNW	2008	3,367.10	8,916.70	37.76%		5.69%	-9.59%
PNW	2009	3,297.10	9,257.80	35.61%		3.83%	-5.69%
PNW	2010	3,263.60	9,578.80	34.07%		3.47%	-4.33%
PNW	2011	3,241.40	9,962.30	32.54%		4.00%	-4.50%
PNW	2012	3,301.80	10,396.00	31.76%		4.35%	-2.39%
PNW	2013	3,454.60	10,889.00	31.73%		4.74%	-0.11%
PNW	2014	3,600.00	11,380.00	31.63%		4.51%	-0.29%
PNW	2015	3,725.00	11,905.00	31.29%		4.61%	-1.09%
PNW	2017-2019	4,250.00	13,600.00	31.25%		14.24%	-0.13%
PNM	2002	1,169.00	1,867.30	62.60%	-	-	-
PNM	2003	1,455.70	2,194.40	66.34%		17.52%	5.96%
PNM	2004	1,604.80	2,324.60	69.04%		5.93%	4.07%
PNM	2005	2,076.80	2,984.10	69.60%		28.37%	0.81%
PNM	2006	2,471.70	3,761.90	65.70%		26.06%	-5.59%
PNM	2007	1,914.00	2,935.40	65.20%		-21.97%	-0.76%
PNM	2008	1,959.50	3,192.00	61.39%		8.74%	-5.85%
PNM	2009	1,647.70	3,332.40	49.44%		4.40%	-19.45%
PNM	2010	1,673.50	3,444.40	48.59%		3.36%	-1.74%
PNM	2011	1,700.60	3,627.10	46.89%		5.30%	-3.50%
PNM	2012	1,342.40	3,746.50	35.83%		3.29%	-23.58%
PNM	2013	1,387.90	3,933.90	35.28%		5.00%	-1.54%
PNM	2014	1,430.00	4,130.00	34.62%		4.98%	-1.86%
PNM	2015	1,460.00	4,335.00	33.68%		4.96%	-2.73%
PNM	2017-2019	1,585.00	5,020.00	31.57%		15.80%	-6.25%
POR	2002	NA	NA	NA	-	-	-
POR	2003	NA	NA	NA	-	-	-
POR	2004	1,454.00	2,275.00	63.91%		-	-
POR	2005	1,446.00	2,436.00	59.36%		7.08%	-7.12%
POR	2006	1,520.00	2,718.00	55.92%		11.58%	-5.79%
POR	2007	1,743.00	3,066.00	56.85%		12.80%	1.66%
POR	2008	1,745.00	3,301.00	52.86%		7.66%	-7.01%
POR	2009	1,804.00	3,858.00	46.76%		16.87%	-11.54%
POR	2010	1,783.00	4,133.00	43.14%		7.13%	-7.74%
POR	2011	1,813.00	4,285.00	42.31%		3.68%	-1.92%
POR	2012	1,805.00	4,392.00	41.10%		2.50%	-2.87%
POR	2013	1,810.00	4,880.00	37.09%		11.11%	-9.75%
POR	2014	1,875.00	5,620.00	33.36%		15.16%	-10.05%
POR	2015	1,975.00	5,815.00	33.96%		3.47%	1.80%
POR	2017-2019	2,175.00	5,600.00	38.84%		-3.70%	14.35%
SO	2002	10,549.00	24,642.00	42.81%	-	-	-
SO	2003	11,251.00	27,534.00	40.86%		11.74%	-4.55%
SO	2004	11,902.00	28,361.00	41.97%		3.00%	2.70%
SO	2005	13,554.00	29,480.00	45.98%		3.95%	9.56%
SO	2006	14,356.00	31,092.00	46.17%		5.47%	0.43%
SO	2007	15,353.00	33,327.00	46.07%		7.19%	-0.23%
SO	2008	17,127.00	35,878.00	47.74%		7.65%	3.62%
SO	2009	15,743.00	39,230.00	40.13%		9.34%	-15.93%
SO	2010	17,456.00	42,002.00	41.56%		7.07%	3.56%
SO	2011	17,657.00	45,010.00	39.23%		7.16%	-5.61%
SO	2012	16,537.00	48,390.00	34.17%		7.51%	-12.88%
SO	2013	17,087.00	51,208.00	33.37%		5.82%	-2.36%
SO	2014	18,600.00	54,875.00	33.90%		7.16%	1.58%
SO	2015	18,700.00	57,725.00	32.39%		5.19%	-4.43%
SO	2017-2019	21,250.00	66,200.00	32.10%		14.68%	-0.91%
WR	2002	1,771.10	3,995.40	44.33%	-	-	-
WR	2003	1,461.10	3,909.50	37.37%		-2.15%	-15.69%
WR	2004	1,464.50	3,911.00	37.45%		0.04%	0.19%
WR	2005	1,583.30	3,947.70	40.11%		0.94%	7.11%
WR	2006	1,605.70	4,071.60	39.44%		3.14%	-1.67%
WR	2007	1,726.80	4,803.70	35.95%		17.98%	-8.85%
WR	2008	1,839.00	5,533.50	33.23%		15.19%	-7.55%
WR	2009	1,858.20	5,771.70	32.20%		4.30%	-3.13%
WR	2010	2,056.20	6,309.50	32.59%		9.32%	1.22%
WR	2011	2,171.00	6,745.40	32.18%		6.91%	-1.24%
WR	2012	2,261.50	7,335.70	30.83%		8.75%	-4.21%

DuPont Formula - Regression Analysis

Ticker	Year	Revenue	Net Plant	Revenue/Net		Change in Revenue/Net Plant
				Plant	Change in Net Plant	
WR	2013	2,370.60	7,848.50	30.20%	6.99%	-2.02%
WR	2014	2,510.00	7,900.00	31.77%	0.66%	5.19%
WR	2015	2,560.00	8,200.00	31.22%	3.80%	-1.74%
WR	2017-2019	2,800.00	9,200.00	30.43%	12.20%	-2.51%

DuPont Formula - Regression Analysis

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.43073225
R Square	0.18553027
Adjusted R Square	0.18119798
Standard Error	0.08362487
Observations	190

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	0.29948056	0.29948056	42.82503015	0.00000000
Residual	188	1.31470651	0.00699312		
Total	189	1.61418707			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.06964272	0.00616561	11.29535812	0.00000000	0.05748006	0.08180538	0.05748006	0.08180538
X Variable 1	-0.36129300	0.05520911	-6.54408360	0.00000000	-0.47020194	-0.25238406	-0.47020194	-0.25238406

GREAT PLAINS ENERGY INCORPORATED
Capitalization
May 31, 2015 (Projection)

(\$ in 000's)

GPE Consolidated				
CAPITAL COMPONENT	AMOUNT	PERCENT	REQUIRED RETURN	WEIGHTED RETURN
KCPL Long-term Debt	\$2,298,574	32.35%	5.7052%	
GMO Long-term Debt	\$1,082,489	15.24%	5.0935%	
GPE Long-term Debt	\$106,806	1.50%	7.0112%	
Long-Term Debt (Note 1)	\$3,487,869	49.09%	5.5554%	2.7271%
Preferred Stock	39,000	0.55%	4.2913%	0.0236%
Common Equity	3,578,356	50.36%	10.3000%	5.1873%
Total Capitalization	\$7,105,225	100.00%		7.9380%

Note 1: Includes amounts classified as current liabilities

Source: Company provided data

GREAT PLAINS ENERGY INCORPORATED

Weighted Cost of Preferred Stock Capital Outstanding at
May 31, 2015 (Projection)

Line	(a) Description of Issue	(b) Date of Issuance	(c) No. of Shares Initial Offering	(d) Price to Public	(e) Underwriters Discounts & Commissions	(f) Issuance Expense	(g) Net Proceeds to Company	(h) Cost to Company	(i) Preferred Stock Capital Outstanding	(j) Annual Cost of Preferred Stock Capital
1	3.80% cum \$100 par	12-01-46	100,000	\$10,270,000	\$179,000	\$58,391	\$10,032,609	3.788%	\$10,000,000	\$378,800
2	4.50% cum \$100 par	1-20-52	100,000	10,000,000	195,000	79,241	9,725,759	4.627%	10,000,000	462,700
3	4.20% cum \$100 par	1-21-54	70,000	7,070,000	122,500	41,270	6,906,230	4.257%	7,000,000	297,990
4	4.35% cum \$100 par	4-17-56	120,000	12,000,000	201,600	71,304	11,727,096	4.451%	12,000,000	534,120
5	Total Preferred Stock Capital May 31, 2015 (Projection)								<u>\$39,000,000</u>	<u>\$1,673,610</u>
6	Weighted Average Cost at May 31, 2015 (Projection)						<u>4.291%</u>			

Source: Company provided data

KANSAS CITY POWER & LIGHT COMPANY, GREAT PLAINS ENERGY and GMO
Weighted Average Cost of Long-Term Debt Capital
May 31, 2015 (Projection)

Line	Issue	(a) Initial Offering	(b) Date of Offering	(c) Date of Maturity	(d) Price to Public	(e) Original Discount (Premium)	(f) Underwriting & Issuance Expense	(g) Net Proceeds to Company	(h) Cost to Company	(i) Long-term Debt Capital Outstanding	(j) Annual Cost of Long-term Debt Capital
KANSAS CITY POWER & LIGHT ONLY											
Pledged General Mortgage Bonds											
1	EIRR 1992 Series	\$31,000,000	9/15/1992	7/1/2017	\$31,000,000		\$844,508	\$30,155,492	1.884%	\$31,000,000	\$584,119
2	MATES Series 1993-A	\$40,000,000	12/7/1993	12/1/2023	\$40,000,000		\$957,337	\$39,042,663	3.220%	\$40,000,000	\$1,288,183
3	MATES Series 1993-B	\$39,480,000	12/7/1993	12/1/2023	\$39,480,000		\$364,531	\$39,115,469	3.053%	\$39,480,000	\$1,205,502
4	EIRR La Cygne 2005 Series - 4.05% Coupon	\$13,982,500	2/23/1994	3/1/2015							
5	EIRR La Cygne 2005 Series - 4.65% Coupon	\$21,940,000	2/23/1994	9/1/2035					4.731%	\$21,940,000	\$1,037,981
6	Mortgage Bonds Series 2009A - 7.15%	\$400,000,000	3/24/2009	3/24/2019	\$400,000,000	\$432,000	\$4,023,316	\$395,544,684	7.309%	\$400,000,000	\$29,235,757
Unsecured Notes											
8	Senior Notes Due 2017 - 5.85% Coupon (1)	\$250,000,000	5/30/2007	6/15/2017	\$250,000,000	\$420,000	\$1,843,906	\$247,736,094	5.972%	\$250,000,000	\$14,928,940
9	Senior Notes Due 2035 - 6.05% Coupon (2)	\$250,000,000	11/17/2005	11/15/2035	\$250,000,000	\$1,505,000	\$2,443,109	\$246,051,891	6.166%	\$250,000,000	\$15,415,411
10	Senior Notes Due 2018 - 6.375% Coupon (3)	\$350,000,000	3/6/2008	3/1/2018	\$350,000,000		\$2,566,730	\$347,433,270	6.476%	\$350,000,000	\$22,665,182
11	Senior Notes Due 2041 - 5.30% Coupon (4)	\$400,000,000	9/20/2011	10/1/2041	\$400,000,000	\$2,568,000	\$3,876,569	\$393,555,431	5.409%	\$400,000,000	\$21,636,650
12	Senior Notes Due 2023 - 3.15% Coupon (1)	\$300,000,000	3/14/2013	3/15/2023	\$300,000,000	\$282,000	\$2,339,941	\$297,378,059	3.253%	\$300,000,000	\$9,759,257
Environmental Improvement Revenue Refunding Bonds											
13	2005 Series Due 2035 - 4.65% Coupon	\$50,000,000	9/1/05	9/1/2035					4.747%	\$50,000,000	\$2,373,500
14	2007 Series A Due 2035	\$73,250,000	9/19/07	9/1/2035	\$73,250,000		\$669,384	\$72,580,616	0.905%	\$73,250,000	\$662,954
15	2007 Series B Due 2035	\$73,250,000	9/19/07	9/1/2035	\$73,250,000		\$1,874,183	\$71,375,817	0.987%	\$73,250,000	\$723,184
16	2008 Series Due 2038	\$23,400,000	5/28/08	5/1/2038					3.081%	\$23,400,000	\$720,949
Other Long-Term Debt											
17	Unamortized Discount on Senior Notes									(3,746,382)	
18	Loss/(Gain) on Reacquired Debt										\$ 365,373
19	Weighted Cost of Interest Rate Management Products										\$8,535,948
20	Total KCP&L Long-Term Debt Capital									\$2,298,573,618	\$131,138,891
21	KCP&L Weighted Avg. Cost of Long-Term Debt Capital							5.705%			

KANSAS CITY POWER & LIGHT COMPANY, GREAT PLAINS ENERGY and GMO
Weighted Average Cost of Long-Term Debt Capital
May 31, 2015 (Projection)

Line	Issue	(a) Initial Offering	(b) Date of Offering	(c) Date of Maturity	(d) Price to Public	(e) Original Discount (Premium)	(f) Underwriting & Issuance Expense	(g) Net Proceeds to Company	(h) Cost to Company	(i) Long-term Debt Capital Outstanding	(j) Annual Cost of Long-term Debt Capital
GMO ONLY											
Pledged General Mortgage Bonds											
1	SJLP First Mortgage Bonds - 9.44%	\$22,500,000	2/1/91	2/1/21	\$22,500,000		\$664,653	\$21,835,347	9.745%	\$6,750,000	\$657,819
Unsecured Notes											
2	Senior Notes Due 2021 - 8.27% Coupon	\$131,750,000	3/31/99	11/15/21	\$131,750,000		\$3,591,143	\$128,158,857	8.547%	\$80,850,000	\$6,910,156
3	Medium Term Notes Due 2023 - 7.33% Coupon	\$3,000,000	11/30/93	11/30/23	\$3,000,000		\$163,606	\$2,836,394	7.803%	\$3,000,000	\$234,095
4	Medium Term Notes Due 2023 - 7.17% Coupon	\$7,000,000	12/6/93	12/1/23	\$7,000,000		\$382,259	\$6,617,741	7.636%	\$7,000,000	\$534,536
5	Senior Notes Series A Due 2025 - 3.49% Coupon	\$125,000,000	8/16/13	8/15/25	\$125,000,000		\$782,720	\$124,217,280	3.555%	\$125,000,000	\$4,443,193
6	Senior Notes Series B Due 2033 - 4.06% Coupon	\$75,000,000	8/16/13	8/15/33	\$75,000,000		\$467,003	\$74,532,997	4.106%	\$75,000,000	\$3,079,461
7	Senior Notes Series C Due 2043 - 4.74% Coupon	\$150,000,000	8/16/13	8/15/43	\$150,000,000		\$938,387	\$149,061,613	4.779%	\$150,000,000	\$7,169,204
Other Long-Term Debt											
8	Intercompany Debt - GPE Senior Notes due 2021	\$347,389,000	5/16/11	6/1/21	\$347,389,000			\$347,389,000	4.970%	\$347,389,000	\$17,265,233
9	Intercompany Debt - GPE Senior Notes due 2022	\$287,500,000	3/19/12	6/15/22	\$287,500,000			\$287,500,000	5.150%	\$287,500,000	\$14,806,250
10	Unamortized Discount on Senior Notes										
11	Loss/(Gain) on Reacquired Debt										\$ 36,121
12	Weighted Cost of Interest Rate Management Products										
13	Total GMO Long-Term Debt Capital									\$1,082,489,000	\$55,136,068
14	GMO Weighted Avg. Cost of Long-Term Debt Capital								5.093%		

KANSAS CITY POWER & LIGHT COMPANY, GREAT PLAINS ENERGY and GMO
Weighted Average Cost of Long-Term Debt Capital
May 31, 2015 (Projection)

Line	Issue	(a) Initial Offering	(b) Date of Offering	(c) Date of Maturity	(d) Price to Public	(e) Original Discount (Premium)	(f) Underwriting & Issuance Expense	(g) Net Proceeds to Company	(h) Cost to Company	(i) Long-term Debt Capital Outstanding	(j) Annual Cost of Long-term Debt Capital
GREAT PLAINS ENERGY ONLY											
Unsecured Notes											
1	Senior Notes Due 2017 - 6.875% Coupon (5)	\$100,000,000	9/20/2007	9/15/2017	\$100,000,000	\$516,000	\$737,098	\$98,746,902	7.052%	\$100,000,000	\$7,051,752
2	Senior Notes Due 2021 - 4.85% Coupon	\$350,000,000	5/16/2011	6/1/2021	\$350,000,000	\$336,000	\$2,650,976	\$347,013,024	4.959%	\$350,000,000	\$17,357,475
3	Senior Notes Due 2022 - 5.292% Coupon	\$287,500,000	3/19/2012	6/15/2022	\$287,500,000	(\$6,584,013)	\$2,576,301	\$291,507,712	5.112%	\$287,500,000	\$14,697,605
Other Long-Term Debt											
4	Unamortized Discount on Senior Notes									(\$317,887)	
5	Unamortized Premium on Senior Notes									\$4,513,235	
6	Weighted Cost of Interest Rate Management Products										\$453,103
7	Total GPE Only Long-Term Debt Capital									\$741,695,348	\$39,559,935
8	GPE Only Weighted Avg. Cost of Long-Term Debt Capital							5.334%			
Elimination of Intercompany Debt											
9	Intercompany Debt - GPE Senior Notes due 2021	(\$347,389,000)	5/16/11	6/1/21	(\$347,389,000)			(\$347,389,000)	4.970%	(\$347,389,000)	(\$17,265,233)
10	Intercompany Debt - GPE Senior Notes due 2022	(\$287,500,000)	3/19/12	6/15/22	(\$287,500,000)			(\$287,500,000)	5.150%	(\$287,500,000)	(\$14,806,250)
11	GPE Only Long-Term Debt Capital net of Intercompany Debt							7.011%		\$106,806,348	\$7,488,452
GREAT PLAINS ENERGY, KANSAS CITY POWER & LIGHT and GMO											
12	Total GPE, KCP&L and GMO Long-Term Debt Capital									\$3,487,868,966	\$193,763,410
13	GPE, KCP&L and GMO Weighted Avg. Cost of Long-Term Debt Capital							5.555%			

- (1) Expenses associated with the Senior Notes are being amortized over a 10 year period.
(2) Expenses associated with the Senior Notes are being amortized over a 30 year period.
(3) Expenses associated with the Senior Notes are being amortized over a 10 year period.
(4) Expenses associated with the Senior Notes are being amortized over a 30 year period.
(5) Expenses associated with the Senior Notes are being amortized over a 10 year period.

Source: Company provided data

GREAT PLAINS ENERGY INCORPORATED
Capitalization
As of August 31, 2014

(\$ in 000's)

GPE Consolidated

CAPITAL COMPONENT	AMOUNT	PERCENT
Long-Term Debt (Note 1)	<u>\$3,503,204</u>	<u>49.22%</u>
Preferred Stock	39,000	0.55%
Common Equity	<u>3,575,851</u>	<u>50.24%</u>
Total Capitalization	<u>\$7,118,055</u>	<u>100.00%</u>

Note 1: Includes amounts classified as current liabilities

Source: Company provided data

Cost of Long-Term Debt Comparison

Issue	Initial Offering	Date of Offering	Date of Maturity	Years to Maturity	Coupon	Bloomberg Fair Value Curve		
						BFV Term	A-Rated	BBB-Rated
KANSAS CITY POWER & LIGHT ONLY								
Pledged General Mortgage Bonds								
EIRR 1992 Series	\$31,000,000	9/15/1992	7/1/2017	25	1.25%	30	8.02%	8.19%
MATES Series 1993-A	\$40,000,000	12/7/1993	12/1/2023	30	2.95%	30	6.81%	7.18%
MATES Series 1993-B	\$39,480,000	12/7/1993	12/1/2023	30	2.95%	30	6.81%	7.18%
EIRR La Cygne 2005 Series - 4.05% Coupon	\$13,982,500	2/23/1994	3/1/2015	21	4.05%	20	6.86%	7.21%
EIRR La Cygne 2005 Series - 4.65% Coupon	\$21,940,000	2/23/1994	9/1/2035	42	4.65%	30	7.02%	7.37%
Mortgage Bonds Series 2009A - 7.15%	\$400,000,000	3/24/2009	3/24/2019	10	7.15%	10	5.28%	6.56%
Unsecured Notes								
Senior Notes Due 2017 - 5.85% Coupon (1)	\$250,000,000	5/30/2007	6/15/2017	10	5.85%	10	5.61%	5.77%
Senior Notes Due 2035 - 6.05% Coupon (2)	\$250,000,000	11/17/2005	11/15/2035	30	6.05%	30	5.64%	6.07%
Senior Notes Due 2018 - 6.375% Coupon (3)	\$350,000,000	3/6/2008	3/1/2018	10	6.38%	10	5.26%	5.74%
Senior Notes Due 2041 - 5.30% Coupon (4)	\$400,000,000	9/20/2011	10/1/2041	30	5.30%	30	4.61%	5.23%
Senior Notes Due 2023 - 3.15% Coupon (1)	\$300,000,000	3/14/2013	3/15/2023	10	3.15%	10	2.95%	3.60%
Environmental Improvement Revenue Refunding Bonds								
2005 Series Due 2035 - 4.65% Coupon	\$50,000,000	9/1/2005	9/1/2035	30	4.65%	30	5.30%	5.77%
2007 Series A Due 2035	\$73,250,000	9/19/2007	9/1/2035	28	0.86%	30	6.18%	6.33%
2007 Series B Due 2035	\$73,250,000	9/19/2007	9/1/2035	28	0.86%	30	6.18%	6.33%
2008 Series Due 2038	\$23,400,000	5/28/2008	5/1/2038	30	2.88%	30	6.13%	6.37%

Issue	Initial Offering	Date of Offering	Date of Maturity	Years to Maturity	Coupon	Bloomberg Fair Value Curve		
						BFV Term	A-Rated	BBB-Rated
GMO ONLY								
Pledged General Mortgage Bonds								
SJLP First Mortgage Bonds - 9.44%	\$22,500,000	2/1/1991	2/1/2021	30	9.44%	30	NA	NA
Unsecured Notes								
Senior Notes Due 2021 - 8.27% Coupon	\$131,750,000	3/31/1999	11/15/2021	23	8.27%	25	6.71%	7.04%
Medium Term Notes Due 2023 - 7.33% Coupon	\$3,000,000	11/30/1993	11/30/2023	30	7.33%	30	6.74%	7.10%
Medium Term Notes Due 2023 - 7.17% Coupon	\$7,000,000	12/6/1993	12/1/2023	30	7.17%	30	6.80%	7.16%
Senior Notes Series A Due 2025 - 3.49% Coupon	\$125,000,000	8/16/2013	8/15/2025	12	3.49%	15	4.32%	4.80%
Senior Notes Series B Due 2033 - 4.06% Coupon	\$75,000,000	8/16/2013	8/15/2033	20	4.06%	20	4.67%	5.25%
Senior Notes Series C Due 2043 - 4.74% Coupon	\$150,000,000	8/16/2013	8/15/2043	30	4.74%	30	4.55%	5.01%
Other Long-Term Debt								
Intercompany Debt - GPE Senior Notes due 2021	\$347,389,000	5/16/2011	6/1/2021	10	4.97%	10	4.52%	4.71%
Intercompany Debt - GPE Senior Notes due 2022	\$287,500,000	3/19/2012	6/15/2022	10	5.15%	10	3.20%	3.92%
Unamortized Discount on Senior Notes								
Loss/(Gain) on Reacquired Debt								
Weighted Cost of Interest Rate Management Products								

Cost of Long-Term Debt Comparison

Issue	Initial Offering	Date of Offering	Date of Maturity	Years to Maturity	Coupon	Bloomberg Fair Value Curve		
						BFV Term	A-Rated	BBB-Rated
GREAT PLAINS ENERGY ONLY								
Unsecured Notes								
Senior Notes Due 2017 - 6.875% Coupon (5)	\$100,000,000	9/20/2007	9/15/2017	10	6.88%	10	5.78%	5.96%
Senior Notes Due 2021 - 4.85% Coupon	\$350,000,000	5/16/2011	6/1/2021	10	4.85%	10	4.52%	4.71%
Senior Notes Due 2022 - 5.292% Coupon	\$287,500,000	3/19/2012	6/15/2022	10	5.29%	10	3.20%	3.92%
Other Long-Term Debt								
Unamortized Discount on Senior Notes								
Unamortized Premium on Senior Notes								
Weighted Cost of Interest Rate Management Products								
Elimination of Intercompany Debt								
Intercompany Debt - GPE Senior Notes due 2021	(\$347,389,000)	5/16/2011	6/1/2021	10	4.97%	10	4.52%	4.71%
Intercompany Debt - GPE Senior Notes due 2022	(\$287,500,000)	3/19/2012	6/15/2022	10	5.15%	10	3.20%	3.92%
TOTAL								
	\$3,568,052,500				Weighted Average: 5.19%		4.89%	5.42%

Sources: Schedule RBH-9 and Bloomberg Professional

Proxy Group Capital Structure

Company	Ticker	% Common Equity								
		2014Q2	2014Q1	2013Q4	2013Q3	2013Q2	2013Q1	2012Q4	2012Q3	Average
American Electric Power Company, Inc.	AEP	52.31%	52.34%	52.36%	53.51%	53.61%	53.71%	53.15%	52.83%	52.98%
Cleco Corp.	CNL	52.45%	53.84%	51.12%	51.44%	51.14%	50.90%	50.29%	49.77%	51.37%
Duke Energy Corporation	DUK	56.03%	55.25%	56.09%	55.83%	56.41%	55.95%	55.35%	55.61%	55.82%
Empire District Electric	EDE	52.82%	52.73%	52.30%	52.37%	51.52%	53.36%	53.15%	53.11%	52.67%
Hawaiian Electric Industries, Inc.	HE	57.30%	57.11%	56.91%	56.68%	56.39%	56.26%	56.19%	55.70%	56.57%
IDACORP, Inc.	IDA	52.03%	51.72%	51.61%	50.51%	49.74%	51.66%	51.39%	51.53%	51.27%
NextEra Energy, Inc.	NEE	61.04%	61.73%	60.94%	59.96%	60.54%	61.27%	60.19%	60.07%	60.72%
Northeast Utilities	NU	52.37%	50.72%	52.99%	55.34%	53.91%	53.71%	53.31%	53.94%	53.29%
Otter Tail Corporation	OTTR	47.60%	47.20%	53.72%	52.37%	52.35%	52.69%	51.98%	50.35%	51.03%
Pinnacle West Capital Corp.	PNW	57.32%	55.67%	57.39%	57.62%	55.94%	55.84%	56.46%	56.30%	56.57%
PNM Resources, Inc.	PNM	46.94%	46.50%	48.17%	49.57%	49.85%	50.87%	50.54%	50.84%	49.16%
Portland General Electric Company	POR	46.64%	49.21%	48.70%	50.43%	50.37%	51.78%	51.37%	49.74%	49.78%
Southern Company	SO	46.98%	46.80%	48.45%	46.59%	44.66%	45.18%	46.82%	46.57%	46.51%
Westar Energy, Inc.	WR	66.62%	63.45%	63.22%	61.28%	61.87%	60.32%	61.71%	60.30%	62.35%
Mean		53.46%	53.16%	53.86%	53.82%	53.45%	53.82%	53.71%	53.33%	53.58%

Operating Company Capital Structure

Operating Company	Parent	% Common Equity							
		2014Q2	2014Q1	2013Q4	2013Q3	2013Q2	2013Q1	2012Q4	2012Q3
Appalachian Power Company	AEP	46.00%	44.13%	43.52%	47.39%	45.29%	45.37%	45.19%	44.82%
AEP Texas Central Company	AEP	43.18%	47.56%	46.75%	46.62%	47.89%	51.26%	50.56%	50.05%
Indiana Michigan Power Company	AEP	51.39%	51.63%	50.80%	48.27%	47.77%	46.88%	49.59%	49.61%
Kentucky Power Company	AEP	48.23%	50.30%	52.83%	46.02%	47.18%	47.17%	46.62%	46.46%
Ohio Power Company	AEP	44.79%	42.54%	39.71%	57.01%	56.06%	56.09%	53.77%	54.38%
Public Service Company of Oklahoma	AEP	48.30%	47.51%	48.51%	50.46%	49.49%	49.09%	49.10%	49.69%
Southwestern Electric Power Company	AEP	51.26%	51.18%	51.21%	50.22%	50.52%	50.54%	50.80%	50.42%
AEP Texas North Company	AEP	46.79%	46.82%	46.68%	46.03%	50.34%	49.89%	47.59%	47.55%
Kingsport Power Company	AEP	60.91%	58.88%	60.85%	60.73%	60.33%	60.84%	59.96%	59.92%
Wheeling Power Company	AEP	82.27%	82.89%	82.79%	82.32%	81.26%	79.99%	78.28%	75.36%
Cleco Power LLC	CNL	52.45%	53.84%	51.12%	51.44%	51.14%	50.90%	50.29%	49.77%
Duke Energy Carolinas, LLC	DUK	55.90%	55.56%	55.18%	53.80%	53.57%	53.74%	53.13%	52.12%
Duke Energy Florida, Inc.	DUK	49.96%	49.22%	50.47%	50.61%	49.57%	51.06%	48.16%	51.76%
Duke Energy Indiana, Inc.	DUK	50.69%	51.57%	50.85%	50.31%	51.11%	50.57%	49.97%	49.60%
Duke Energy Kentucky, Inc.	DUK	54.36%	54.16%	53.23%	52.56%	54.56%	54.13%	52.90%	52.83%
Duke Energy Ohio, Inc.	DUK	74.55%	70.11%	74.27%	74.25%	79.06%	75.95%	76.02%	75.86%
Duke Energy Progress, Inc.	DUK	50.75%	50.85%	52.54%	53.43%	50.62%	50.25%	51.93%	51.50%
Empire District Electric Company	EDE	52.82%	52.73%	52.30%	52.37%	51.52%	53.36%	53.15%	53.11%
Hawaiian Electric Company, Inc.	HE	57.30%	57.11%	56.91%	56.68%	56.39%	56.26%	56.19%	55.70%
Idaho Power Co.	IDA	52.03%	51.72%	51.61%	50.51%	49.74%	51.66%	51.39%	51.53%
Florida Power & Light Company	NEE	61.04%	61.73%	60.94%	59.96%	60.54%	61.27%	60.19%	60.07%
NSTAR Electric Company	NU	55.37%	50.94%	56.77%	56.20%	55.06%	57.88%	57.36%	57.28%
Public Service Company of New Hampshire	NU	52.44%	52.27%	51.90%	55.78%	55.52%	52.41%	52.12%	51.86%
Western Massachusetts Electric Company	NU	49.29%	48.96%	50.31%	54.03%	51.15%	50.85%	50.45%	52.69%
Otter Tail Power Company	OTTR	47.60%	47.20%	53.72%	52.37%	52.35%	52.69%	51.98%	50.35%
Arizona Public Service Company	PNW	57.32%	55.67%	57.39%	57.62%	55.94%	55.84%	56.46%	56.30%
Public Service Company of New Mexico	PNM	46.94%	46.50%	48.17%	49.57%	49.85%	50.87%	50.54%	50.84%
Portland General Electric Company	POR	46.64%	49.21%	48.70%	50.43%	50.37%	51.78%	51.37%	49.74%
Georgia Power Company	SO	49.72%	49.40%	51.96%	50.27%	48.52%	48.29%	48.37%	48.91%
Alabama Power Company	SO	44.71%	44.51%	44.24%	44.86%	44.25%	44.02%	43.94%	44.84%
Gulf Power Company	SO	48.11%	48.24%	47.10%	46.91%	45.03%	47.40%	46.69%	46.81%
Mississippi Power Company	SO	45.40%	45.04%	50.51%	44.33%	40.84%	40.99%	48.26%	45.71%
Kansas Gas and Electric Company	WR	77.67%	69.73%	69.54%	65.91%	65.08%	62.22%	62.02%	59.27%
Westar Energy (KPL)	WR	55.58%	57.17%	56.90%	56.66%	58.66%	58.41%	61.40%	61.32%

Source: SNL Financial

Proxy Group Capital Structure

Company	Ticker	% Long-Term Debt								
		2014Q2	2014Q1	2013Q4	2013Q3	2013Q2	2013Q1	2012Q4	2012Q3	Average
American Electric Power Company, Inc.	AEP	47.69%	47.66%	47.64%	46.49%	46.39%	46.29%	46.85%	47.17%	47.02%
Cleco Corp.	CNL	47.55%	46.16%	48.88%	48.56%	48.86%	49.10%	49.71%	50.23%	48.63%
Duke Energy Corporation	DUK	43.97%	44.75%	43.91%	44.17%	43.59%	44.05%	44.49%	44.23%	44.14%
Empire District Electric	EDE	47.18%	47.27%	47.70%	47.63%	48.48%	46.64%	46.85%	46.89%	47.33%
Hawaiian Electric Industries, Inc.	HE	42.70%	42.89%	43.09%	43.32%	43.61%	43.74%	43.81%	44.30%	43.43%
IDACORP, Inc.	IDA	47.97%	48.28%	48.39%	49.49%	50.26%	48.34%	48.61%	48.47%	48.73%
NextEra Energy, Inc.	NEE	38.96%	38.27%	39.06%	40.04%	39.46%	38.73%	39.81%	39.93%	39.28%
Northeast Utilities	NU	47.28%	48.95%	46.67%	44.32%	45.74%	45.92%	46.31%	45.68%	46.36%
Otter Tail Corporation	OTTR	52.40%	52.80%	46.28%	47.63%	47.65%	47.31%	48.02%	49.65%	48.97%
Pinnacle West Capital Corp.	PNW	42.68%	44.33%	42.61%	42.38%	44.06%	44.16%	43.54%	43.70%	43.43%
PNM Resources, Inc.	PNM	52.63%	53.06%	51.37%	49.98%	49.70%	48.67%	48.99%	48.70%	50.39%
Portland General Electric Company	POR	53.36%	50.79%	51.30%	49.57%	49.63%	48.22%	48.63%	50.26%	50.22%
Southern Company	SO	49.71%	49.86%	48.15%	50.01%	51.96%	51.85%	50.19%	50.43%	50.27%
Westar Energy, Inc.	WR	33.38%	36.55%	36.78%	38.72%	38.13%	39.68%	38.29%	39.70%	37.65%
Mean		46.25%	46.54%	45.84%	45.88%	46.25%	45.91%	46.01%	46.38%	46.13%

Operating Company Capital Structure

Operating Company	Parent	% Long-Term Debt							
		2014Q2	2014Q1	2013Q4	2013Q3	2013Q2	2013Q1	2012Q4	2012Q3
Appalachian Power Company	AEP	54.00%	55.87%	56.48%	52.61%	54.71%	54.63%	54.81%	55.18%
AEP Texas Central Company	AEP	56.82%	52.44%	53.25%	53.38%	52.11%	48.74%	49.44%	49.95%
Indiana Michigan Power Company	AEP	48.61%	48.37%	49.20%	51.73%	52.23%	53.12%	50.41%	50.39%
Kentucky Power Company	AEP	51.77%	49.70%	47.17%	53.98%	52.82%	52.83%	53.38%	53.54%
Ohio Power Company	AEP	55.21%	57.46%	60.29%	42.99%	43.94%	43.91%	46.23%	45.62%
Public Service Company of Oklahoma	AEP	51.70%	52.49%	51.49%	49.54%	50.51%	50.91%	50.90%	50.31%
Southwestern Electric Power Company	AEP	48.74%	48.82%	48.79%	49.78%	49.48%	49.46%	49.20%	49.58%
AEP Texas North Company	AEP	53.21%	53.18%	53.32%	53.97%	49.66%	50.11%	52.41%	52.45%
Kingsport Power Company	AEP	39.09%	41.12%	39.15%	39.27%	39.67%	39.16%	40.04%	40.08%
Wheeling Power Company	AEP	17.73%	17.11%	17.21%	17.68%	18.74%	20.01%	21.72%	24.64%
Cleco Power LLC	CNL	47.55%	46.16%	48.88%	48.56%	48.86%	49.10%	49.71%	50.23%
Duke Energy Carolinas, LLC	DUK	44.10%	44.44%	44.82%	46.20%	46.43%	46.26%	46.87%	47.88%
Duke Energy Florida, Inc.	DUK	50.04%	50.78%	49.53%	49.39%	50.43%	48.94%	51.50%	47.88%
Duke Energy Indiana, Inc.	DUK	49.31%	48.43%	49.15%	49.69%	48.89%	49.43%	50.03%	50.40%
Duke Energy Kentucky, Inc.	DUK	45.64%	45.84%	46.77%	47.44%	45.44%	45.87%	47.10%	47.17%
Duke Energy Ohio, Inc.	DUK	25.45%	29.89%	25.73%	25.75%	20.94%	24.05%	23.98%	24.14%
Duke Energy Progress, Inc.	DUK	49.25%	49.15%	47.46%	46.57%	49.38%	49.75%	47.46%	47.89%
Empire District Electric Company	EDE	47.18%	47.27%	47.70%	47.63%	48.48%	46.64%	46.85%	46.89%
Hawaiian Electric Company, Inc.	HE	42.70%	42.89%	43.09%	43.32%	43.61%	43.74%	43.81%	44.30%
Idaho Power Co.	IDA	47.97%	48.28%	48.39%	49.49%	50.26%	48.34%	48.61%	48.47%
Florida Power & Light Company	NEE	38.96%	38.27%	39.06%	40.04%	39.46%	38.73%	39.81%	39.93%
NSTAR Electric Company	NU	43.59%	48.07%	42.22%	42.77%	43.89%	41.01%	41.52%	41.60%
Public Service Company of New Hampshire	NU	47.56%	47.73%	48.10%	44.22%	44.48%	47.59%	47.88%	48.14%
Western Massachusetts Electric Company	NU	50.71%	51.04%	49.69%	45.97%	48.85%	49.15%	49.55%	47.31%
Otter Tail Power Company	OTTR	52.40%	52.80%	46.28%	47.63%	47.65%	47.31%	48.02%	49.65%
Arizona Public Service Company	PNW	42.68%	44.33%	42.61%	42.38%	44.06%	44.16%	43.54%	43.70%
Public Service Company of New Mexico	PNM	52.63%	53.06%	51.37%	49.98%	49.70%	48.67%	48.99%	48.70%
Portland General Electric Company	POR	53.36%	50.79%	51.30%	49.57%	49.63%	48.22%	48.63%	50.26%
Georgia Power Company	SO	48.90%	49.21%	46.58%	48.32%	50.07%	50.30%	50.22%	49.68%
Alabama Power Company	SO	49.72%	49.90%	50.14%	49.54%	50.09%	50.30%	50.37%	49.52%
Gulf Power Company	SO	46.31%	46.15%	47.16%	47.38%	49.42%	48.69%	49.35%	49.24%
Mississippi Power Company	SO	53.91%	54.18%	48.72%	54.81%	58.28%	58.13%	50.81%	53.28%
Kansas Gas and Electric Company	WR	22.33%	30.27%	30.46%	34.09%	34.92%	37.78%	37.98%	40.73%
Westar Energy (KPL)	WR	44.42%	42.83%	43.10%	43.34%	41.34%	41.59%	38.60%	38.68%

Source: SNL Financial

Proxy Group Capital Structure

Company	Ticker	% Preferred Stock								
		2014Q2	2014Q1	2013Q4	2013Q3	2013Q2	2013Q1	2012Q4	2012Q3	Average
American Electric Power Company, Inc.	AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cleco Corp.	CNL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duke Energy Corporation	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%	0.16%	0.04%
Empire District Electric	EDE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Hawaiian Electric Industries, Inc.	HE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
IDACORP, Inc.	IDA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NextEra Energy, Inc.	NEE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Northeast Utilities	NU	0.35%	0.33%	0.34%	0.34%	0.35%	0.37%	0.37%	0.37%	0.35%
Otter Tail Corporation	OTTR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Pinnacle West Capital Corp.	PNW	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PNM Resources, Inc.	PNM	0.44%	0.44%	0.46%	0.45%	0.44%	0.46%	0.46%	0.46%	0.45%
Portland General Electric Company	POR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Southern Company	SO	3.31%	3.34%	3.40%	3.39%	3.37%	2.97%	3.00%	3.00%	3.22%
Westar Energy, Inc.	WR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mean		0.29%	0.29%	0.30%	0.30%	0.30%	0.27%	0.29%	0.29%	0.29%

Operating Company Capital Structure

Operating Company	Parent	% Preferred Stock							
		2014Q2	2014Q1	2013Q4	2013Q3	2013Q2	2013Q1	2012Q4	2012Q3
Appalachian Power Company	AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AEP Texas Central Company	AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Indiana Michigan Power Company	AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Kentucky Power Company	AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ohio Power Company	AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public Service Company of Oklahoma	AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Southwestern Electric Power Company	AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AEP Texas North Company	AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Kingsport Power Company	AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Wheeling Power Company	AEP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cleco Power LLC	CNL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duke Energy Carolinas, LLC	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duke Energy Florida, Inc.	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.34%	0.36%
Duke Energy Indiana, Inc.	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duke Energy Kentucky, Inc.	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duke Energy Ohio, Inc.	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duke Energy Progress, Inc.	DUK	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.60%	0.61%
Empire District Electric Company	EDE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Hawaiian Electric Company, Inc.	HE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Idaho Power Co.	IDA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Florida Power & Light Company	NEE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NSTAR Electric Company	NU	1.05%	0.99%	1.01%	1.02%	1.05%	1.11%	1.12%	1.12%
Public Service Company of New Hampshire	NU	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Western Massachusetts Electric Company	NU	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Otter Tail Power Company	OTTR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Arizona Public Service Company	PNW	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public Service Company of New Mexico	PNM	0.44%	0.44%	0.46%	0.45%	0.44%	0.46%	0.46%	0.46%
Portland General Electric Company	POR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Georgia Power Company	SO	1.38%	1.39%	1.46%	1.41%	1.41%	1.41%	1.41%	1.41%
Alabama Power Company	SO	5.57%	5.59%	5.62%	5.60%	5.66%	5.68%	5.69%	5.64%
Gulf Power Company	SO	5.57%	5.61%	5.74%	5.70%	5.55%	3.91%	3.96%	3.95%
Mississippi Power Company	SO	0.70%	0.77%	0.78%	0.86%	0.88%	0.88%	0.92%	1.01%
Kansas Gas and Electric Company	WR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Westar Energy (KPL)	WR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: SNL Financial