Exhibit No.:	
Issue:	*Rate of Return*
Witness:	*Shana Atkinson*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Surrebuttal Testimony*
Case No.:	*ER-2012-0345*
Date Testimony Prepared:	*February 4, 2013*

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

UTILITY SERVICES – FINANCIAL ANALYSIS

SURREBUTTAL TESTIMONY

OF

SHANA ATKINSON

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2012-0345

Jefferson City, Missouri
February 2013

** **<u>Denotes Highly Confidential Information</u>** **

NP

TABLE OF CONTENTS

OF THE SURREBUTTAL TESTIMONY OF

SHANA ATKINSON

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2012-0345

SURREBUTTAL TESTIMONY

OF

SHANA ATKINSON

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2012-0345

Q. Please state your name.

A. My name is Shana Atkinson.

Q. Are you the same Shana Atkinson who previously filed rebuttal testimony in this proceeding for the Staff of the Missouri Public Service Commission ("Staff")?

A. Yes. I filed rebuttal testimony on January 16, 2013.

Q. What is the purpose of your surrebuttal testimony?

A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of Dr. James H. Vander Weide and the rebuttal testimony of Robert W. Sager, both of whom sponsored testimony on behalf of The Empire District Electric Company ("Empire" or "Company").

EXECUTIVE SUMMARY

Q. Please summarize your surrebuttal testimony.

A. Dr. Vander Weide addresses issues in his rebuttal testimony ranging from the size of Staff's proxy group, Staff's application of the Discounted Cash Flow (DCF) model, Staff's projected growth rates to Staff's tests of reasonableness. Dr. Vander Weide also updated his electric utility DCF analysis from his direct testimony. In his rebuttal testimony, Mr. Sager addresses the disallowance of certain debt costs Staff recommended in Staff's Cost of Service Report (COS). I will address each of these points.

RESPONSE TO DR. VANDER WEIDE'S REBUTTAL TESTIMONY

Q. On page 4 of his rebuttal testimony Dr. Vander Weide states, "Staff eliminated PNM Resources on the grounds that its projected five-year EPS growth rate is, in Staff's opinion, too high." Did Staff eliminate PNM Resources?

A. No. Staff's proxy group included eleven (11) publicly-traded electric utility companies. As Staff stated in its COS report "Staff's proxy group includes one company, PNM Resources, which [it did] not include in the most recent Union Electric Company, d/b/a Ameren Missouri, Kansas City Power & Light Company [("KCPL")] and KCPL&L Greater Missouri Operations Company [("GMO")] rate cases. In order to evaluate the relative change in the cost of equity ("COE") since those cases, Staff also provided information using the same proxy group that [Staff] used in those recent cases." Staff's multi-stage DCF COE estimates for the members of the same proxy group Staff used in the recent Ameren Missouri, KCPL and GMO cases are approximately 20 basis points lower in Staff's updated analysis in this case.

Q. On page seven (7) of his rebuttal testimony, Dr. Vander Weide discusses his concern with Staff's proxy group selection criteria. What is Staff's response?

A. Staff's criteria the company must meet to be selected as a member of the proxy group in this case are:

1. Classified as an electric utility company by Value Line;
2. Publicly-traded stock;
3. Followed by the Edison Electric Institute (EEI) and classified as a regulated electric utility;
4. Followed by AUS and reporting at least 70% of revenues from electric operations;
5. Ten-years of Value Line historical growth data available;
6. No reduced dividend since 2009;

7. Projected growth data available from Value Line and Reuters;
8. At least investment grade credit rating;
9. Rated an "Excellent" business risk profile by Standard & Poor's
10. Company-owned generating assets; and
11. No significant merger or acquisition announced in the last three years.

Staff used these criteria to improve the risk comparability of its proxy group to the risk of Empire. Companies incur two types of risk, business risk and financial risk. The financial risk of an entity is driven by the amount of fixed obligations created by issuing debt. Some analysts will attempt to screen their comparable companies for financial risk by selecting companies with a certain common equity percentage in their capital structure. I controlled for this type of risk by selecting companies that have at least an investment grade credit rating. The business risk of an entity is primarily driven by the dominant operations of the company. The best way to select companies that face similar business risk is to select companies that are in the same business as the operations being evaluated. Most finance textbooks commonly refer to this approach as the "pure play method." Because we are attempting to determine the appropriate cost of capital for the risks inherent in Empire's regulated electric utility operations, it is important to select for companies in the proxy group whose stock prices are primarily influenced by risks consistent with regulated electric utility operations. Consequently, Staff chose companies that were classified as a "Regulated" electric utility by EEI and received at least 70 percent of their revenues from their electric utility operations. The combination of these two criteria ensures the selection of companies that have both a large asset base and a large revenue base from their electric utility operations.

Q. On pages seven (7) and eight (8) of his rebuttal testimony, Dr. Vander Weide criticizes Staff's comparable company criteria of requiring companies be classified as "Regulated" by EEI to be selected as a member of the proxy group. Does Staff have any response to Dr. Vander Weide's criticism?

A. Yes, companies in EEI's "Regulated" asset group have less risk than companies in EEI's "Mostly Regulated" and "Diversified" groups; therefore, limiting the members in the proxy group to company's in EEI's "Regulated" asset group results in a better proxy group because Empire is also classified as "Regulated" by EEI. According to Value Line, the average beta for the companies in EEI's "Regulated" asset group is 0.70 (Three of the thirty-eight companies listed by EEI in the Regulated group were not part of Value Line's list of publicly-traded electric utilities). The average beta for the "Mostly Regulated" asset group is 0.73 (One of these seventeen companies was not part of Value Line's list of publicly-traded electric utilities). The average beta for the "Diversified" group is 0.85 (One of these three companies was not part of Value Line's list of publicly-traded electric utilities). Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. A beta of 1 indicates that the security's price tends to move with the market. A beta of less than 1 means that the security tends to be less volatile than the market. A beta of greater than 1 indicates that the security's price tends to be more volatile than the market. Therefore, the Value Line betas are evidence that companies in EEI's "Regulated" asset group have less risk than companies in EEI's "Mostly Regulated" group and especially EEI's "Diversified" group.

Q. On page 11 of his rebuttal testimony, Dr. Vander Weide states that Staff estimated Empire's COE using both a single-stage annual DCF method and a multi-stage annual DCF method. Is he correct?

A. Yes, but Staff relied primarily on its multi-stage DCF method to estimate Empire's COE. Staff initially attempted to estimate Empire's COE by performing its traditional constant-growth DCF analysis. However, due to Staff's concerns about being able to reliably estimate a single constant-growth rate based on the analysis of historical and projected growth rates for the proxy group, Staff decided a multi-stage DCF analysis would better address the current characteristics of the electric utility industry, and so Staff performed that analysis and primarily relies upon it for Empire's COE.

Q. On pages 13 through 15 in his rebuttal testimony, Dr. Vander Weide discusses a variety of matters regarding the growth rates Staff analyzed when performing Staff's constant-growth DCF analysis, including Staff's use of historical growth rates and analysts' earnings per share ("EPS") growth forecasts in estimating the growth component of its constant-growth DCF model. What is Staff's response?

A. Staff clearly explains in the ROR Section of the Cost of Service Report in this case that the constant-growth DCF methodology may not yield reliable results if industry and/or economic circumstances cause expected near-term growth rates to be inconsistent with sustainable perpetual growth rates.[1] Consequently, Staff decided that a multi-stage DCF analysis would provide a more reliable COE estimate.

Q. At page 16, line 20 through page 17, line 8 of Dr. Vander Weide's rebuttal testimony, he criticizes Staff's opinion that analysts' projected growth rates for electric utilities are not sustainable in the long run. What is Staff's response to his criticisms?

[1] Dr. Aswath Damadoran, Professor of Finance of the New York University Stern School of Business, advocates using a multi-stage methodology if the constant-growth rate is expected to be 1-2% different than the earlier stage growth rates. Aswath Damodaran, *Investment Valuation: Tools and techniques for determining the value of any asset*, University Edition, John Wiley & Sons, Inc., 1996, p. 193.

A. Dr. Vander Weide argues that Staff should use equity analysts' five-year EPS growth forecasts, whether or not investors consider these growth forecasts to be "sustainable." He also argues that Staff fails to recognize that equity analysts' growth forecasts affect stock prices. Dr. Vander Weide argues that Staff should adjust the stock prices for the companies in Staff's DCF analyses, as well as the growth forecasts, if Staff believes that the equity analysts' five-year EPS growth forecasts are irrational. Although Staff does not believe investors blindly accept equity analysts' 5-year EPS forecasts for purposes of making investment decisions, it appears to Staff that Dr. Vander Weide is missing Staff's point. While equity analysts' opinions do matter to investors, this does not mean that investors will project the growth of electric utility companies' stock prices to be the same as equity analysts' 5-year EPS forecasts. Staff has **never** seen an equity analyst use his/her own projected 5-year EPS forecasts as a perpetual growth rate in a constant-growth DCF analysis. Practical investment analyses simply do not support Dr. Vander Weide's position on this matter.

Regardless, Staff believes that if a growth rate estimate does not reflect rational investor expectations of long-term sustainable growth, then an analyst is justified in rejecting that growth rate estimate, at least for periods exceeding the five years for which the growth rate was projected. According to *The Cost of Capital-A Practitioners Guide* by David Parcell, pg. 8-5, "The DCF method assumes that investors evaluate stocks in a classical economic framework and buy and sell securities rationally at prices which reflect that value assessment. Classical economic, or valuation, theory maintains that the value of a financial asset is determined by its earning power, or its ability to generate future cash flows. As a result, DCF theory assumes that the stock price of a firm fully considers and reflects the return expected by stockholders." This assumption implies that the current stock price reflects investor expectations, which includes not only near-term growth, but also more rational long-term constant growth. Dr. Vander Weide is incorrect in assuming that rational investors would rely on equity analysts' forecasts for five-year EPS compound annual growth rates for a sustainable long-term growth rate in valuing a stock.

Near-term projected growth rates for the electric industry are higher than the projected long-term economic growth rates provided in the Congressional Budget Office's *The Budget and Economic Outlook: Fiscal Years 2012 to 2022.* These lower expected long-term growth rates are also consistent with many of the perpetual growth rates used by equity analysts when performing DCF analyses for purposes of determining a fair price to pay for electric utility stocks. As I previously discussed in my rebuttal testimony, Greg Gordon, CFA, Senior Managing Director and Partner with International Strategy and Investment, and his firm use a multi-stage DCF method for purposes of advising investors on a fair price to pay for electric utility stocks. The perpetual growth rate they use in their method is 2%.

Q. On page 12, lines 1 through 9, of his rebuttal testimony, Dr. Vander Weide criticizes Staff for not using the quarterly compounding version of the DCF model as he did. Do you have any response to his criticism?

A. Yes. Value Line does not publish quarterly projected dividends. It provides projected dividends on an annual basis. The dividend yield provided by Value Line in its Ratings and Reports tear sheets is based on the expected dividend for the next year without quarterly compounding. The following definition of "dividend yield" is contained in the *Value Line Investment Survey for Windows: User's Manual,* © 1995 through 2002:

> The common dividends declared per share expressed as a percentage of the average annual price of the stock. Dividend yield = common dividends declared per share divided by the average annual price of a stock. The year-ahead estimated dividend yield (shown in the top right-hand corner of the Value Line page) is the estimated total of cash dividends to be declared over the next 12 months, divided by the recent price of the stock.

Staff believes that investors make their investment decisions primarily based upon the annual dividend assumption, and for that reason it is appropriate to estimate investors' required returns based on that assumption.

Q. On page 11, line 17 through page 12, line 4, in his rebuttal testimony, Dr. Vander Weide criticizes Staff's use of Value Line to estimate the expected dividend per share ("DPS") over the next year in order to calculate the dividend yield used in Staff's DCF analysis as not being consistent with the assumption that dividends will grow at the same constant rate forever. What is Staff's response?

A. Value Line does not anticipate that Empire will increase its dividend next year, and this is most likely investors' expectations as well, which is what rate of return witnesses should be trying to evaluate.

Q. On page 24 at lines 10 through 12 of his rebuttal testimony, Dr. Vander Weide states, "Staff recommends a fifty basis-point risk premium because Staff recognizes that Empire is significantly more risky than the average company in Staff's proxy group of electric utilities." Is that statement correct?

A. No. Staff explains in the ROR section of Staff's COS Report that the average credit rating of the comparable companies is 'BBB+' and the credit rating of Empire is 'BBB-'. Staff's ROE recommendation for Empire is 50 basis points higher than Staff's recommended ROE in the recent Ameren Missouri, KCPL and GMO rate cases. Staff recommends this 50 basis points upward adjustment to reflect the higher risk implied by

Empire's lower credit rating, which also encompasses any perceived risk differential perceived by Empire's smaller size.

However, Empire has shown that it can issue long-term debt at favorable rates, despite the fact that its Standard & Poor's ("S&P") corporate credit rating of 'BBB-' is only one notch above non-investment grade. Empire issued 15-year First Mortgage bonds at a coupon rate of 3.58% in April 2012 and 30-year First Mortgage bonds at a coupon rate of 5.20% in August of 2010.

Q. Did Dr. Vander Weide update his DCF analysis in his rebuttal testimony?

A. Yes. On page 15, lines 14 through 18 of his rebuttal testimony, Dr. Vander Weide indicates that he updated his analysis to assess the reasonableness of Staff's recommended ROE. For purposes of his updated DCF analysis, Dr. Vander Weide used capital market data through December 2012. Dr. Vander Weide claims that his updated DCF analysis equaled 10.4 percent.

Q. Is this true?

A. No.

Q. Why?

A. He changed his proxy group with no explanation as to why he did so.[2]

Q. What companies did Dr. Vander Weide exclude in his updated DCF analysis that were in his original DCF analysis?

A. Portland General, Consolidated Edison and American Electric Power.

[2] Staff notes that in the Report and Order of the recent KCPL and GMO cases, Case Nos. ER-2012-0174 & ER-2012-0175, the Commission was critical of the companies witness Samuel C. Hadaway for changing his proxy group between the filing of his direct and rebuttal testimony. (Report and Order at pp. 20-22, including footnote 51.)

Q. What companies did Dr. Vander Weide include in his updated DCF analysis that were not in his original DCF analysis?

A. Otter Tail Corp., Northwestern Corp., Integrys Energy, Alliant Energy, Vectren Corp. and ALLETE.

Q. If Dr. Vander Weide had applied the same criteria he used in his direct testimony for selecting his proxy companies, would he have excluded Portland General, Consolidated Edison and American Electric Power from his proxy group?

A. No. All three companies met his criteria stated on page 34 of his direct testimony and reaffirmed on page 6 of his rebuttal testimony.

Q. What would his true updated average DCF result be if he had not changed the proxy group in his update?

A. A simple average of 10.0% and a market-weighted average of 9.3%.

Q. Has Dr. Vander Weide always used a simple-average DCF COE estimate for recommending ROEs for Empire?

A. No. This is the first time he has ever used the simple-average result for his COE estimate. In all of the prior testimonies he sponsored on behalf of Empire he had used the market-weighted average COE. [3]

Q. Does Dr. Vander Weide explain why after he filed direct testimony in this case he decided a simple-average DCF is more reliable than a market-weighted average DCF?

A. No.

[3] Case Nos. ER-2004-0570, ER-2006-0315, ER-2008-0093, ER-2010-0130 and ER-2011-0004.

Q. Using the same methodology Dr. Vander Weide has applied consistently until this case, does his updated COE estimate confirm the reasonableness of Staff's ROE recommendation?

A. Absolutely. Dr. Vander Weide's true updated market-weighted average DCF COE estimate is below Staff's ROE recommendation.

Q. On page 26 of his rebuttal testimony Dr. Vander Weide claims Staff's 9.5 percent ROE recommendation understates Empire's COE by 70 to 130 basis points. What is Staff's response?

A. As Staff explained in Staff's COS Report, Staff recommended the Commission set the allowed ROE at 9.50% in this case because it appears the Commission has some concern in with setting an allowed ROE based on the COE. Staff's analysis showed a slight decline in the COE since Staff provided its recommendation in the recent Ameren Missouri, KCPL and GMO rate cases; however, due to Empire's lower credit rating, Staff added 50 basis points to Staff's 9.0% recommendation in those cases to develop its 9.50% ROE recommendation for Empire. Even though Staff believes this is well above what the true COE is in the current capital market environment, an allowed ROE of 9.50% would balance the concern about the impact a lower allowed ROE would have on investors' view of Missouri's regulatory environment, while still passing along the benefit of lower capital costs to ratepayers.

Also, Staff's recommendation of 9.50% is only 20 basis points from the 9.70% allowed ROE the Commission just set in January for KCPL and GMO in its Report and Order in Case Nos. ER-2012-0174 and ER-2012-0175. Although the Commission has recognized lower capital costs in its recent Report and Orders, Dr. Vander Weide is still clinging to an ROE recommendation of 10.6%, which is the very same recommendation he provided for Empire in its last rate case before this Commission. Considering the significant changes in the capital markets since Dr. Vander Weide filed his testimony on September 28, 2010, in Empire's last rate case, Case No. ER-2011-0004, and Dr. Vander Weide's unexplained changes in methodologies, perhaps Dr. Vander Weide is not allowing the information he analyzed to inform him of a fair and reasonable COE estimate.

Q. What did Regulatory Research Associates' Major Rate Case Decision for the Calendar year 2012 report (see Schedule SA-SUR-1) indicate about the average ROE authorized for electric utilities in 2012?

A. The average authorized ROE for electric utilities was 10.15% in 2012 (first quarter – 10.84% based on twelve decisions; second quarter – 9.92% based on thirteen decisions; third quarter – 9.78% based on eight decisions; fourth quarter 10.05% based on twenty-four decisions), compared to 10.3% in 2011. There were 57 electric ROE determinations in 2012, up from 42 in 2011. The 2012 data includes several surcharge/rider generation cases in Virginia that incorporate plant-specific ROE premiums. Excluding these Virginia surcharge/rider generation cases from the data, the average authorized electric ROE was 10.01% in 2012 (first quarter – 10.30% based on seven decisions; second quarter – 9.92% based on thirteen decisions; third quarter – 9.78% based on eight decisions; fourth quarter – 10.05% based on twenty-four decisions).

RESPONSE TO MR. SAGER'S REBUTTAL TESTIMONY

Q. In his rebuttal testimony Mr. Sager challenges Staff's disallowance of the remaining unamortized expense balance of approximately $1,883,571 associated with Empire's $2.5 million of debt expenses incurred to amend its mortgage bond indenture in order to provide flexibility to pay its dividend asserting that the amendment was executed in support of the Company's overall financing plan, not just to benefit shareholders, and that the amendment was done in order to provide investors some comfort that Empire understood the importance of the dividend to shareholders. Does Staff have a response to Mr. Sager's assertion?

A. Sager states on page 7 of his rebuttal testimony "The Company's Indenture, as it previously read, did not allow Empire to pay dividends with essentially a negative retained earnings balance. The Company's retained earnings balance had dropped to approximately $17.2 million (12/21/07), in part because we had absorbed $85.5 million of fuel and purchased power costs in the 2003-2006 period due to the lack of a fuel adjustment clause in Missouri (Staff's Cost of Service Report, Case No. ER-2008-0093)." Therefore, according to Empire's 2008 Annual Report, Empire amended the Indenture on March 11, 2008 to provide them with the flexibility to pay dividends up to a negative retained earnings balance of $10.75 million. Empire chose to pay a $1.28 annual dividend per share from 1993 through 2010 and only had sufficient earnings per share to support that level of dividend per share in 6 of those 18 years.

Q. Mr. Sager testifies on page 7, line 2 through 3 of his rebuttal testimony, "The equity markets are attracted to Empire as an income stock, not as a growth stock." Does Staff have any response?

A. Yes. Considering that expected long-term nominal GDP growth is approximately 4.5%, which is driven by output from companies in both growth stages and mature, income oriented stages, Mr. Sager's testimony actually provides another reason why a perpetual growth rate of approximately 5.64%, as implied by Dr. Vander Weide in his constant growth DCF, is unreasonable. Quite simply, Mr. Sager is confirming Staff's opinion that Empire is more or less viewed by investors as a close alternative to bond investments.

Q. Mr. Sager implies in his rebuttal testimony that if Empire had reduced or been unable to pay its dividend, Empire's cost of equity would be higher. Did any other Missouri utility request a higher cost of equity after reducing its dividend?

A. No. In fact, according to a S&P summary analysis of Ameren Corp. in August 2009 after Ameren Corp. reduced its dividend in February 2009, S&P stated, "The financial profile of the consolidated entity is maintained as 'significant,' enhanced by the company's decision to reduce its dividend by $1 per share, which we view as **credit supportive**." (Emphasis added). Also, in a September 2009 S&P summary analysis of Great Plains Energy Inc., (the parent company of KCPL) after it reduced its dividend in February 2009, S&P stated, "Additionally, the company has taken concrete measures to **improve its credit quality**. These include the issuance of equity, a 50% dividend reduction, and the operational improvement of its existing power plants." (Emphasis added).

Q. Mr. Sager implies in his rebuttal testimony, on page 7 and 8, that the actions Empire took in 2008 to amend Empire's Indenture, to provide it additional flexibility to pay its dividend, were essential to maintaining an investment grade credit rating. Did S&P or Moody's downgrade Empire's corporate credit rating in response to Empire suspending its dividend for the last two quarters of 2011?

A. No. In fact Moody's stated the following in its May 26, 2011 Global Credit Research on Empire:

** ____
____
____
____
____
____
____ **

<u>SUMMARY AND CONCLUSIONS</u>

Q. Would you please summarize Staff’s conclusions presented in your surrebuttal testimony?

A. Yes. Staff continues to believe its ROE recommendation for Empire is reasonable, especially in light of all of the evidence that supports Staff’s view that the COE for regulated electric utility companies tends to be lower than state commission-allowed ROEs. Dr. Vander Weide’s criticism of Staff’s smaller proxy group is misplaced. A larger proxy group should not come at the expense of comparability. Staff’s multi-stage DCF growth assumptions are consistent with actual experience in the utility industry and also with perpetual growth rates used by investment analysts. Dr. Vander Weide’s update of his constant growth DCF analysis could mislead one to believe the COE of regulated electric utility companies has increased since he filed his direct testimony, when it has actually decreased. He does this by changing his proxy group when he updates his DCF analysis in his rebuttal testimony.

Also, Staff believes that its debt disallowance is necessary and appropriate at this time.

Q. Does this conclude your surrebuttal testimony?

A. Yes, it does.

NP

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric Company of Joplin, Missouri Tariffs Increasing Rates for Electric Service Provided to Customers in the Missouri Service Area of the Company	)))))	Case No. ER-2012-0345

AFFIDAVIT OF SHANA ATKINSON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Shana Atkinson, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 15 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

Shana Atkinson

Subscribed and sworn to before me this 4th day of February, 2013.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070

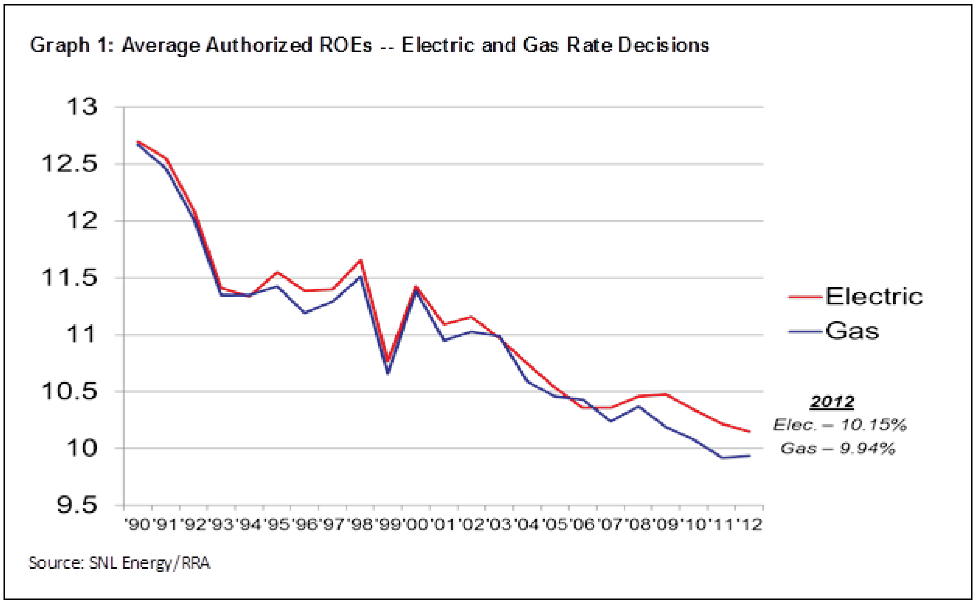
D Suzie Mankin
Notary Public

Regulatory Research Associates
REGULATORY FOCUS

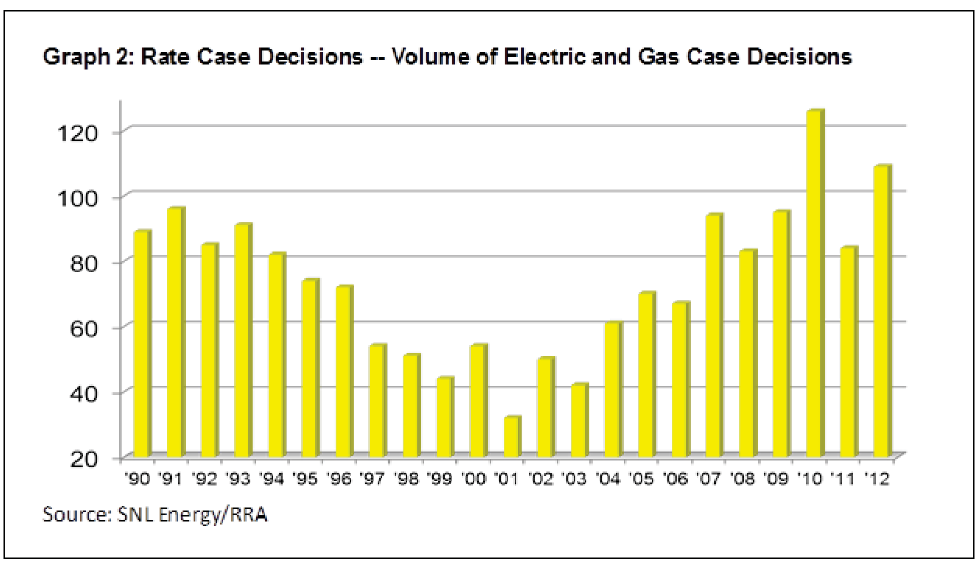
January 17, 2013

MAJOR RATE CASE DECISIONS--CALENDAR 2012*

The average return on equity (ROE) authorized electric utilities was 10.15% in 2012, compared to 10.3% in 2011. There were 57 electric ROE determinations in 2012, up from 42 in 2011. We note that the 2012 data includes several surcharge/rider generation cases in Virginia that incorporate plant-specific ROE premiums. Virginia statutes authorize the State Corporation Commission to approve ROE premiums of up to 200 basis points for certain generation projects (see the Virginia Commission Profile). Excluding these Virginia surcharge/rider generation cases from the data, the average authorized electric ROE was 10.01% in 2012. The average ROE authorized gas utilities was 9.94% in 2012, compared to 10% in 2011. There were 35 gas cases that included an ROE determination in 2012, versus only 17 in 2011. (We note that this report utilizes the simple mean for the return averages.)



After reaching a low in the early-2000s, the number of rate case decisions for energy companies has generally increased over the last several years, as shown in Graph 2 below. There were 110 electric and gas



*Corrected Copy (1-24-13)

rate cases resolved in 2012, versus 87 in 2011, 126 in 2010, and only 32 back in 2001. Increased costs, including environmental compliance expenditures, the need for generation and delivery infrastructure upgrades and expansion, renewable generation mandates, and higher employee benefit expenses argue for the continuation of an active rate case agenda over the next few years.

As a result of electric industry restructuring, certain states unbundled electric rates and implemented retail competition for generation. Commissions in those states now have jurisdiction over the revenue requirement and return parameters for delivery operations only (which we footnote in our chronology beginning on page 5), thus complicating historical data comparability. We also note that while the heightened business risk associated with the sluggish economy may have increased corporate capital costs, average authorized ROEs have declined slightly since 2008. In fact, some state commissions have cited the lethargic economy and customer hardship as factors influencing their equity return authorizations. In addition, the Federal Reserve's continued "quantitative easing" may exert modest downward pressure on interest rates in the short-to-intermediate term.

The table on page 3 shows the average ROE authorized in major electric and gas rate decisions annually since 1990, and by quarter since 2006, followed by the number of observations in each period. The tables on page 4 show the composite electric and gas industry data for all major cases summarized annually since 1998 and by quarter for the past eight quarters. The individual electric and gas cases decided in 2012 are listed on pages 5-9, with the decision date shown first, followed by the company name, the abbreviation for the state issuing the decision, the authorized rate of return (ROR), return on equity (ROE), and percentage of common equity in the adopted capital structure. Next we show the month and year in which the adopted test year ended, whether the commission utilized an average or a year-end rate base, and the amount of the permanent rate change authorized. The dollar amounts represent the permanent rate change ordered at the time decisions were rendered. Fuel adjustment clause rate changes are not reflected in this study.

The table below tracks the average equity return authorized for all electric and gas rate cases combined, by year, for the last 23 years. As the table reveals, since 1990 the authorized ROEs have generally trended downward, reflecting the significant decline in interest rates that has occurred over this time frame. The combined average equity returns authorized for electric and gas utilities in each of the years 1990 through 2012, and the number of observations for each year are as follows:

1990	12.69%	(75)	2002	11.10%	(43)
1991	12.51	(80)	2003	10.98	(47)
1992	12.06	(77)	2004	10.67	(39)
1993	11.37	(77)	2005	10.50	(55)
1994	11.34	(59)	2006	10.39	(42)
1995	11.51	(49)	2007	10.30	(76)
1996	11.29	(42)	2008	10.42	(67)
1997	11.34	(24)	2009	10.36	(68)
1998	11.59	(20)	2010	10.24	(96)
1999	10.74	(29)	2011	10.21	(59)
2000	11.41	(24)	2012	10.07	(92)
2001	11.05	(25)			

Please note: Historical data provided in this report may not match data provided on RRA's website due to certain differences in presentation.

Dennis Sperduto

Average Equity Returns Authorized January 1990 - December 2012

		Electric Utilities		Gas Utilities	
Year	**Period**	**ROE %**	**(# Cases)**	**ROE %**	**(# Cases)**
1990	Full Year	12.70	(44)	12.67	(31)
1991	Full Year	12.55	(45)	12.46	(35)
1992	Full Year	12.09	(48)	12.01	(29)
1993	Full Year	11.41	(32)	11.35	(45)
1994	Full Year	11.34	(31)	11.35	(28)
1995	Full Year	11.55	(33)	11.43	(16)
1996	Full Year	11.39	(22)	11.19	(20)
1997	Full Year	11.40	(11)	11.29	(13)
1998	Full Year	11.66	(10)	11.51	(10)
1999	Full Year	10.77	(20)	10.66	(9)
2000	Full Year	11.43	(12)	11.39	(12)
2001	Full Year	11.09	(18)	10.95	(7)
2002	Full Year	11.16	(22)	11.03	(21)
2003	Full Year	10.97	(22)	10.99	(25)
2004	Full Year	10.75	(19)	10.59	(20)
2005	Full Year	10.54	(29)	10.46	(26)
	1st Quarter	10.38	(3)	10.63	(6)
	2nd Quarter	10.68	(6)	10.50	(2)
	3rd Quarter	10.06	(7)	10.45	(3)
	4th Quarter	10.39	(10)	10.14	(5)
2006	**Full Year**	**10.36**	(26)	**10.43**	(16)
	1st Quarter	10.27	(8)	10.44	(10)
	2nd Quarter	10.27	(11)	10.12	(4)
	3rd Quarter	10.02	(4)	10.03	(8)
	4th Quarter	10.56	(16)	10.27	(15)
2007	**Full Year**	**10.36**	(39)	**10.24**	(37)
	1st Quarter	10.45	(10)	10.38	(7)
	2nd Quarter	10.57	(8)	10.17	(3)
	3rd Quarter	10.47	(11)	10.49	(7)
	4th Quarter	10.33	(8)	10.34	(13)
2008	**Full Year**	**10.46**	(37)	**10.37**	(30)
	1st Quarter	10.29	(9)	10.24	(4)
	2nd Quarter	10.55	(10)	10.11	(8)
	3rd Quarter	10.46	(3)	9.88	(2)
	4th Quarter	10.54	(17)	10.27	(15)
2009	**Full Year**	**10.48**	(39)	**10.19**	(29)
	1st Quarter	10.66	(17)	10.24	(9)
	2nd Quarter	10.08	(14)	9.99	(11)
	3rd Quarter	10.26	(11)	9.93	(4)
	4th Quarter	10.30	(17)	10.09	(12)
2010	**Full Year**	**10.34**	(59)	**10.08**	(37)
	1st Quarter	10.32	(13)	10.10	(5)
	2nd Quarter	10.23	(11)	10.12	(6)
	3rd Quarter	10.36	(8)	9.65	(2)
	4th Quarter	10.29	(10)	9.88	(4)
2011	**Full Year**	**10.30**	(42)	**10.00**	(17)
	1st Quarter	10.84	(12)	9.63	(5)
	2nd Quarter	9.92	(13)	9.83	(8)
	3rd Quarter	9.78	(8)	9.75	(1)
	4th Quarter	10.05	(24)	10.06	(21)
2012	**Full Year**	**10.15**	**(57)**	**9.94**	**(35)**

Electric Utilities--Summary Table*

	Period	ROR %	(# Cases)	ROE %	(# Cases)	Eq. as % Cap. Struc.	(# Cases)	Amt. $ Mil.	(# Cases)
1998	Full Year	9.44	(9)	11.66	(10)	46.14	(8)	-429.3	(31)
1999	Full Year	8.81	(18)	10.77	(20)	45.08	(17)	-1,683.8	(30)
2000	Full Year	9.20	(12)	11.43	(12)	48.85	(12)	-291.4	(34)
2001	Full Year	8.93	(15)	11.09	(18)	47.20	(13)	14.2	(21)
2002	Full Year	8.72	(20)	11.16	(22)	46.27	(19)	-475.4	(24)
2003	Full Year	8.86	(20)	10.97	(22)	49.41	(19)	313.8	(12)
2004	Full Year	8.44	(18)	10.75	(19)	46.84	(17)	1,091.5	(30)
2005	Full Year	8.30	(26)	10.54	(29)	46.73	(27)	1,373.7	(36)
2006	Full Year	8.24	(24)	10.36	(26)	48.67	(23)	1,465.0	(42)
2007	Full Year	8.22	(38)	10.36	(39)	48.01	(37)	1,401.9	(46)
2008	Full Year	8.25	(35)	10.46	(37)	48.41	(33)	2,899.4	(42)
2009	Full Year	8.23	(38)	10.48	(39)	48.61	(37)	4,192.3	(58)
2010	Full Year	7.99	(59)	10.34	(59)	48.45	(54)	5,567.7	(77)
	1st Quarter	8.12	(13)	10.32	(13)	49.05	(13)	610.5	(15)
	2nd Quarter	8.01	(10)	10.23	(11)	46.36	(10)	1,055.9	(12)
	3rd Quarter	8.09	(7)	10.36	(8)	48.33	(7)	642.4	(12)
	4th Quarter	7.61	(11)	10.29	(10)	47.91	(10)	544.7	(17)
2011	Full Year	7.95	(41)	10.30	(42)	47.97	(40)	2,853.5	(56)
	1st Quarter	8.00	(11)	10.84	(12)	50.20	(10)	970.6	(17)
	2nd Quarter	7.78	(12)	9.92	(13)	51.01	(13)	467.5	(16)
	3rd Quarter	8.10	(8)	9.78	(8)	51.16	(8)	296.4	(10)
	4th Quarter	7.97	(20)	10.05	(24)	50.21	(21)	2,075.0	(26)
2012	**Full Year**	**7.95**	**(51)**	**10.15**	**(57)**	**50.55**	**(52)**	**3,809.5**	**(69)**

Gas Utilities--Summary Table*

	Period	ROR %	(# Cases)	ROE %	(# Cases)	Eq. as % Cap. Struc.	(# Cases)	Amt. $ Mil.	(# Cases)
1998	Full Year	9.46	(10)	11.51	(10)	49.50	(10)	93.9	(20)
1999	Full Year	8.86	(9)	10.66	(9)	49.06	(9)	51.0	(14)
2000	Full Year	9.33	(13)	11.39	(12)	48.59	(12)	135.9	(20)
2001	Full Year	8.51	(6)	10.95	(7)	43.96	(5)	114.0	(11)
2002	Full Year	8.80	(20)	11.03	(21)	48.29	(18)	303.6	(26)
2003	Full Year	8.75	(22)	10.99	(25)	49.93	(22)	260.1	(30)
2004	Full Year	8.34	(21)	10.59	(20)	45.90	(20)	303.5	(31)
2005	Full Year	8.25	(29)	10.46	(26)	48.66	(24)	458.4	(34)
2006	Full Year	8.51	(16)	10.43	(16)	47.43	(16)	444.0	(25)
2007	Full Year	8.12	(32)	10.24	(37)	48.37	(30)	813.4	(48)
2008	Full Year	8.48	(30)	10.37	(30)	50.47	(30)	884.8	(41)
2009	Full Year	8.15	(28)	10.19	(29)	48.72	(28)	475.0	(37)
2010	Full Year	7.95	(38)	10.08	(37)	48.56	(38)	816.7	(49)
	1st Quarter	8.07	(6)	10.10	(5)	52.47	(4)	48.3	(9)
	2nd Quarter	8.05	(4)	10.12	(6)	54.45	(3)	234.0	(7)
	3rd Quarter	8.09	(2)	9.65	(2)	49.44	(2)	26.5	(4)
	4th Quarter	8.07	(5)	9.88	(4)	52.03	(4)	127.5	(11)
2011	Full Year	8.07	(17)	10.00	(17)	52.33	(13)	436.3	(31)
	1st Quarter	7.63	(5)	9.63	(5)	51.40	(5)	125.3	(5)
	2nd Quarter	7.80	(6)	9.83	(8)	49.15	(7)	39.3	(8)
	3rd Quarter	8.26	(1)	9.75	(1)	59.63	(1)	47.7	(4)
	4th Quarter	8.12	(18)	10.06	(21)	51.68	(19)	50.9	(24)
2012	**Full Year**	**7.98**	**(30)**	**9.94**	**(35)**	**51.33**	**(32)**	**263.2**	**(41)**

ELECTRIC UTILITY DECISIONS

Date	Company (State)	ROR %	ROE %	Common Eq. as % Cap. Str.	Test Year & Rate Base	Amt. $ Mil.
1/3/12	Appalachian Power (VA)	---	11.40	---	2/13	26.1 (B,1)
1/5/12	Ameren Illinois (IL)	---	---	---	---	--- (W)
1/10/12	PacifiCorp (ID)	---	---	---	12/10	34.0 (B,Z)
1/25/12	Duke Energy Carolinas (SC)	8.10	10.50	53.00	12/10-YE	92.8 (B)
1/27/12	Duke Energy Carolinas (NC)	8.11	10.50	53.00	12/10-YE	368.0 (B,2)
2/2/12	Virginia Electric and Power (VA)	8.77	11.40	53.25	3/13-A	34.1 (3)
2/15/12	Indiana Michigan Power (MI)	6.84	10.20	42.07 *	12/12-A	14.6 (I,B)
2/23/12	Idaho Power (OR)	7.76	9.90	49.90	12/11-A	1.8 (B)
2/22/12	Florida Power (FL)	---	---	---	---	150.0 (B,4)
2/27/12	Gulf Power (FL)	6.39	10.25	38.50 *	12/12-A	68.1 (I,Z)
2/29/12	Northern States Power-Minnesota (ND)	---	10.40	---	12/11	15.7 (B,I,Z)
3/16/12	Virginia Electric and Power (VA)	9.03	12.40	53.25	3/13-A	6.4 (5)
3/20/12	Virginia Electric and Power (VA)	8.48	11.40	53.25	3/13-A	-4.3 (6)
3/21/12	NorthWestern Corp. (MT)	---	---	---	A	39.1 (I,Z,7)
3/23/12	Virginia Electric and Power (VA)	8.48	11.40	53.25	3/13-A	46.8 (Z,8)
3/29/12	Northern States Power-Minnesota (MN)	8.32	10.37	52.56	12/11-A	72.9 (B,I,Z)
3/30/12	PacifiCorp (WA)	7.74	---	---	12/10	4.5 (B)
2012	***1ST QUARTER: AVERAGES/TOTAL***	**8.00**	**10.84**	**50.20**		**970.6**
	OBSERVATIONS	**11**	**12**	**10**		**17**
4/4/12	Hawaii Electric Light Company (HI)	8.31	10.00	55.91	12/10-A	4.5 (I,B)
4/18/12	Westar Energy/Kansas Gas & Elec. (KS)	---	---	---	3/11	50.0 (B,9)
4/26/12	Public Service Co. of Colorado (CO)	8.08	10.00	56.00	---	234.4 (B,Z)
5/2/12	Maui Electric Company (HI)	8.15	10.00	56.86	12/10-A	4.7 (I,B)
5/7/12	Puget Sound Energy (WA)	7.80	9.80	48.00 (Hy)	12/10-A	63.3
5/15/12	Arizona Public Service (AZ)	8.33	10.00	53.94	12/10-YE	0.0 (B)
5/18/12	El Paso Electric (TX)	---	---	---	9/11	-15.0 (I,B)
5/29/12	Commonwealth Edison (IL)	8.16	10.05	46.17	12/10-YE	-133.4 (R,D,10)
6/7/12	Consumers Energy (MI)	6.70	10.30	42.07 *	9/12-A	118.5 (I)
6/14/12	Orange and Rockland Utilities (NY)	7.61	9.40	48.00	6/13-A	19.4 (B,D,11)
6/15/12	Wisconsin Power and Light (WI)	---	10.40	49.31	12/13-A	0.0 (12)
6/18/12	Cheyenne Light, Fuel and Power (WY)	7.99	9.60	54.00	8/11-YE	2.7 (B)
6/19/12	Northern State Power-Minnesota (SD)	7.79	9.25	53.04	12/10-A	8.0 (I)
6/26/12	Wisconsin Electric Power (MI)	6.35	10.10	43.51 *	12/12-A	9.2 (I)
6/29/12	Hawaiian Electric Company (HI)	8.11	10.00	56.29	12/11-A	43.1 (I,B,13)
6/29/12	Idaho Power (ID)	---	---	---	12/12	58.1 (14)
2012	***2ND QUARTER: AVERAGES/TOTAL***	**7.78**	**9.92**	**51.01**		**467.5**
	OBSERVATIONS	**12**	**13**	**13**		**16**
7/9/12	Oklahoma Gas & Electric (OK)	---	10.20	---	12/10-YE	4.3 (B)
7/16/12	PacifiCorp (WY)	7.67	9.80	52.10	3/13-A	50.0 (B,Z)
7/20/12	Delmarva Power & Light (MD)	7.56	9.81	50.06	12/11-A	11.3 (D)
7/20/12	Potomac Electric Power (MD)	7.96	9.31	50.13	12/11-A	18.1 (D)

ELECTRIC UTILITY DECISIONS (continued)

Date	Company (State)	ROR %	ROE %	Common Eq. as % Cap. Str.	Test Year & Rate Base	Amt. $ Mil.	
9/13/12	Entergy Texas (TX)	8.27	9.80	49.92	6/11-YE	27.7	
9/19/12	Ameren Illinois (IL)	8.86	10.05	51.49	12/10-YE	-48.1	(D,10)
9/19/12	PacifiCorp (UT)	7.68	9.80	52.10	5/13	154.0	(B,Z)
9/20/12	Idaho Power (OR)	---	---	---	12/11-A	3.0	(B,15)
9/26/12	Potomac Electric Power (DC)	8.03	9.50	49.23	9/11-A	24.0	(D)
9/26/12	South Carolina Electric & Gas (SC)	8.75	---	54.28	6/12-YE	52.1	(16)
2012	***3RD QUARTER: AVERAGES/TOTAL***	**8.10**	**9.78**	**51.16**		**296.4**	
	OBSERVATIONS	**8**	**8**	**8**		**10**	
10/12/12	Lone Star Transmission (TX)	6.56	9.60	40.00	3/12-YE	14.4	(D,Z,17)
10/23/12	Atlantic City Electric (NJ)	8.05	9.75	48.33	12/11-YE	44.0	(D,B)
10/24/12	Wisconsin Public Service (WI)	---	10.30	51.61	12/13	28.5	(B)
11/9/12	Madison Gas and Electric (WI)	9.41	10.30	59.09	12/13-A	14.9	
11/28/12	Wisconsin Electric Power (WI)	9.15	10.40	52.09	12/13-A	205.7	(Z)
11/29/12	California Pacific Electric (CA)	7.75	9.88	51.50	12/13-A	12.5	(B)
11/29/12	Southern California Edison (CA)	---	---	---	12/12-A	986.2	(Z)
11/29/12	Delmarva Power & Light (DE)	7.38	9.75	49.61	12/11	23.2	(D,I,B)
12/5/12	Ameren Illinois (IL)	8.66	9.71	51.00	12/11-YE	-5.1	(D,10)
12/5/12	PPL Electric Utilities (PA)	8.00	10.40	50.80	12/12-YE	71.0	(D)
12/12/12	Union Electric (MO)	7.91 (E)	9.80	52.30	9/11-YE	259.6	
12/13/12	Florida Power & Light (FL)	---	10.50	---	12/13	350.0	(B)
12/13/12	Kansas City Power & Light (KS)	8.01	9.50	51.82	12/11-YE	33.2	
12/14/12	Northern States Power-Wisconsin (WI)	8.57	10.40	52.37	12/13-A	35.5	
12/19/12	Commonwealth Edison (IL)	7.54	9.71	42.55	12/11-YE	89.3	(D,10)
12/19/12	South Carolina Electric & Gas (SC)	8.20	10.25	52.18	12/11-YE	97.1	(B)
12/20/12	Pacific Gas and Electric (CA)	8.06	10.40	52.00	12/13	-181.2	(COC)
12/20/12	San Diego Gas & Electric (CA)	7.79	10.30	52.00	12/13	-28.0	(COC)
12/20/12	Southern California Edison (CA)	7.90	10.45	48.00	12/13	-217.0	(COC)
12/20/12	Georgia Power (GA)	---	---	---	12/13	50.2	(18)
12/20/12	Kentucky Utilities (KY)	---	10.25	---	3/12	51.0	(B)
12/20/12	Louisville Gas & Electric (KY)	---	10.25	---	3/12	33.7	(B)
12/20/12	PacifiCorp (OR)	7.66	9.80	50.00	12/13-A	20.7	(B)
12/20/12	Narragansett Electric (RI)	7.28	9.50	49.14	12/11-A	21.5	(D,B)
12/21/12	Virginia Electric and Power (NC)	7.80	10.20	51.00	12/11-YE	36.4	(Te)
12/26/12	Avista Corporation (WA)	7.64	9.80	47.00	12/11	27.7	(B,Z)
2012	***4TH QUARTER: AVERAGES/TOTAL***	**7.97**	**10.05**	**50.21**		**2,075.0**	
	OBSERVATIONS	**20**	**24**	**21**		**26**	
2012	***FULL-YEAR: AVERAGES/TOTAL***	**7.95**	**10.15**	**50.55**		**3,809.5**	
	OBSERVATIONS	**51**	**57**	**52**		**69**	

GAS UTILITY DECISIONS

Date	Company (State)	ROR %	ROE %	Common Eq. as % Cap. Str.	Test Year & Rate Base	Amt. $ Mil.
1/10/12	Ameren Illinois (IL)	8.33	9.06	53.27	12/12-A	32.2
1/10/12	North Shore Gas (IL)	7.43	9.45	50.00 (Hy)	12/12-A	1.9
1/10/12	Peoples Gas Light & Coke (IL)	6.94	9.45	49.00 (Hy)	12/12-A	57.8
1/23/12	Piedmont Natural Gas (TN)	7.98	10.20	52.71	2/13-A	11.9 (B)
1/31/12	New Mexico Gas (NM)	7.48	10.00	52.00	9/10-YE	21.5 (B)
2012	***1ST QUARTER: AVERAGES/TOTAL***	**7.63**	**9.63**	**51.40**		**125.3**
	OBSERVATIONS	**5**	**5**	**5**		**5**
4/24/12	UNS Gas (AZ)	8.27	9.75	50.82	12/10-YE	2.7
4/24/12	Northern Utilities (NH)	7.24	9.50	40.25	12/10-YE	2.7 (I,B,19)
5/7/12	Puget Sound Energy (WA)	7.80	9.80	48.00 (Hy)	12/10-A	13.4
5/22/12	SourceGas Distribution (NE)	7.67	9.60	51.16	3/11-YE	5.0 (I)
5/24/12	Minnesota Energy Resources (MN)	7.83	9.70	50.48	12/11-A	11.0 (I)
6/7/12	Consumers Energy (MI)	---	10.30	---	12/12	16.0 (I,B)
6/15/12	Wisconsin Power and Light (WI)	---	10.40	49.31	12/13-A	-13.1 (20)
6/18/12	Cheyenne Light, Fuel and Power (WY)	7.99	9.60	54.00	8/11-YE	1.6 (B)
2012	***2ND QUARTER: AVERAGES/TOTAL***	**7.80**	**9.83**	**49.15**		**39.3**
	OBSERVATIONS	**6**	**8**	**7**		**8**
7/2/12	Washington Gas Light (VA)	8.26	9.75	59.63	9/10	20.0 (I,B)
7/19/12	ONEOK (OK)	---	---	---	12/11	9.5 (B,21)
8/22/12	Atmos Energy (KS)	---	---	---	9/11	2.8 (B)
9/27/12	Peoples Natural Gas (PA)	---	---	---	10/12	15.4 (B)
2012	***3RD QUARTER: AVERAGES/TOTAL***	**8.26**	**9.75**	**59.63**		**47.7**
	OBSERVATIONS	**1**	**1**	**1**		**4**

GAS UTILITY DECISIONS (continued)

Date	Company (State)	ROR %	ROE %	Common Eq. as % Cap. Str.	Test Year & Rate Base	Amt. $ Mil.
10/2/12	Atmos Energy--West Texas Div. (TX)	---	---	---	9/11	6.6 (B)
10/11/12	South Carolina Electric & Gas (SC)	8.34	---	54.28	3/12-YE	7.5 (M)
10/24/12	Wisconsin Public Service (WI)	---	10.30	51.61	12/13	-1.0 (B)
10/26/12	Northwest Natural Gas (OR)	7.78	9.50	50.00	10/13-A	8.7
10/31/12	Southwest Gas-Southern Division (NV)	6.49	9.85	42.60 (Hy)	11/11-YE	5.8
10/31/12	Southwest Gas-Northern Division (NV)	8.01	9.20	65.64 (Hy)	11/11-YE	1.2
10/31/12	Mountaineer Gas (WV)	8.94	9.90	48.03	9/11-A	6.3
11/1/12	Bay State Gas (MA)	7.84	9.45	53.70	12/11-YE	7.9
11/8/12	Atmos Energy (TN)	8.28	10.10	51.32	11/13-A	7.1 (B)
11/9/12	Madison Gas and Electric (WI)	8.44	10.30	59.09	12/13-A	1.6
11/26/12	Interstate Power & Light (IA)	7.76	10.00	45.03 (U)	12/11-A	10.5 (B)
11/28/12	Wisconsin Electric Power (WI)	9.15	10.40	52.09	12/13-A	-8.1
11/28/12	Wisconsin Gas (WI)	8.96	10.50	46.75	12/13-A	-34.3
12/4/12	Atmos Energy--Mid-Tex Division (TX)	8.57	10.50	51.69	9/11-YE	25.1
12/4/12	CenterPoint Energy Res.--BETST (TX)	8.51	10.00	58.00	12/11	6.2 (B)
12/5/12	ONEOK (KS)	---	---	---	12/11	28.0 (B)
12/14/12	Northern States Power-Wisconsin (WI)	---	10.40	---	12/13	2.7 (22)
12/20/12	Pacific Gas and Electric (CA)	8.06	10.40	52.00	12/13	-55.8 (COC)
12/20/12	San Diego Gas & Electric (CA)	7.79	10.30	52.00	12/13	-6.0 (COC)
12/20/12	Southern California Gas (CA)	8.02	10.10	52.00	12/13	-22.0 (COC)
12/20/12	Louisville Gas & Electric (KY)	---	10.25	---	3/12	15.0 (B)
12/20/12	Michigan Consolidated Gas (MI)	---	10.50	---	10/13	19.9 (I,B,23)
12/20/12	Narragansett Electric (RI)	7.65	9.50	49.14	12/11-A	11.3 (B)
12/26/12	Avista Corporation (WA)	7.64	9.80	47.00	12/11	6.7 (B,Z)
2012	***4TH QUARTER: AVERAGES/TOTAL***	**8.12**	**10.06**	**51.68**		**50.9**
	OBSERVATIONS	**18**	**21**	**19**		**24**
2012	***FULL-YEAR: AVERAGES/TOTAL***	**7.98**	**9.94**	**51.33**		**263.2**
	OBSERVATIONS	**30**	**35**	**32**		**41**

FOOTNOTES

A- Average
B- Order followed stipulation or settlement by the parties. Decision particulars not necessarily precedent-setting or specifically adopted by the regulatory body.
COC- Case involved only the determination of cost-of-capital parameters.
CWIP- Construction work in progress
D- Applies to electric delivery only
E- Estimated
Hy- Hypothetical capital structure utilized
I- Interim rates implemented prior to the issuance of final order, normally under bond and subject to refund.
M- "Make-whole" rate change based on return on equity or overall return authorized in previous case.
R- Revised
Te- Temporary rates implemented prior to the issuance of final order.
U- Double leverage capital structure utilized.
W- Case withdrawn
YE- Year-end
Z- Rate change implemented in multiple steps.
* Capital structure includes cost-free items or tax credit balances at the overall rate of return.

(1) Rate increase authorized through a generation rider/adjustment clause, the G-RAC.
(2) The approved/stipulated $368 million base rate increase includes $51 million that the company is to defer until its next rate case, representing a cash return on construction work in progress.
(3) Increase authorized through a surcharge, Rider W, which reflects in rates the investment in the Warren County Power Station and associated transmission facilities.
(4) PSC adopted a settlement that addresses base rates and issues related to the company's nuclear plants. Effective January 2013, the company is to increase base rates by $150 million, and base rates would then be frozen through 2016, except as otherwise provide for by the settlement.
(5) Increase authorized through a surcharge (Rider B) related to generation conversion project investments.
(6) Rate change approved through surcharge (Rider R) related to the Bear Garden Generating Station.
(7) Case is a limited-issue rate proceeding, covering NorthWestern's incremental investment in the Dave Gates (formerly Mill Creek) generating facility.
(8) Increase authorized through a surcharge, Rider S, associated with the Virginia City Hybrid Energy Center.
(9) Authorized base rate increase is $104.3 million after the transfer to base rates, from a rider, of $54.3 million of certain environmental compliance costs.
(10) This proceeding is a formula rate plan (FRP) filing made pursuant to legislation that requires the state's large electric utilities to invest specific amounts in their transmission and distibution systems, with recovery of these investments to occur in annual FRP proceedings, subject to Commission approval.
(11) Approved Joint Proposal includes three-year rate plan specifying $19.4 million, $8.8 million, and $15.2 million rate increases, based upon 9.4%, 9.5%, and 9.6% ROEs, respectively. A levelized plan was adopted, whereby rates in each of the three years are to be increased by $15.2 million.
(12) PSC adopted the company's proposal to freeze base rates for 2013 and 2014.
(13) Rate increase excludes amounts being recovered through the company's alternative regulation framework.
(14) The rate increase reflects the recovery of the company's investment in the Langley Gulch natural gas-fired combined cycle plant. The rate request and authorization are premised upon the 7.86% overall return authorized in the company's last rate case that was decided on 12/30/11.
(15) The rate increase reflects the recovery of the company's investment in the Langley Gulch natural gas-fired, combined cycle plant. The rate request and authorization are premised upon the 9.9% ROE and 7.757% ROR authorized in the company's last rate case that was decided on 2/23/12.
(16) Authorized rate increase represents a current cash return on incremental V.C. Summer nuclear plant CWIP. The increase incorporates a previously authorized 11% ROE and incremental CWIP of $436.2 million as of 6/30/12.
(17) This is the first case for Lone Star Transmission in Texas.
(18) The authorized $50.2 million incremental rate increase represents the recovery of a cash return on 2013 CWIP and a preliminary true-up of the cash return on 2012 CWIP for Plant Vogtle Units 3 and 4 under the company's legislatively-enabled nuclear construction cost recovery tariff. The authorized $50.2 million incremental rate increase incorporates the previously authorized 11.15% ROE.
(19) An additional $1 million step adjustment rate increase also authorized.
(20) PSC adopted the company's proposal to reduce base rates by $13.1 million for 2013 and then to freeze base rates for 2014.
(21) Case filed pursuant to company's performance-based ratemaking plan.
(22) Rate case was limited to a single issue, the funding of the environmental cleanup of the Ashland Site, the site of a former manufactured gas plant.
(23) Effective 1/1/13, the company's name was changed to DTE Gas.

Dennis Sperduto