Figure 38: Summary of NU Regulation by Subsidiary

| Subsidiary | Allowed ROE | Expected Distribution Rate Filing | Adjustment Mechanisms/Trackers | | | |
|---|---|---|---|---|---|---|
| | | | Fuel & Purchased Power | Electric Transmission Costs | Stranded/ Transition Costs | Pension Tracker |
| CL&P | 9.40% | Late '09/Early '10 | x | x | x | |
| PSNH Dist. | 9.67% | Filing Made Spring '09 | x | x | x | |
| WMECO | 8% - 12% | Mid - 2010 | x | x | x | x |
| Yankee Gas | 10.10% | No Plans | x | n/a | n/a | |

*Source: Company Presentations*

## PSNH

On April 17, 2009 PSNH filed a temporary rate increase request with the Public Service Commission of New Hampshire (NH PSC). The generation side of the business is regulated at the state level with trackers and a set ROE somewhat similarly to federal transmission regulation. The temporary increase requested $36.4 million in annualized revenues to be effective on August 1, 2009. Subsequently, the company filed a notice of intent with the commission stating that they would file a new rate schedule on or before July 1, 2009 that would constitute a $51 million rate increase. The company would request rates effective as of August 1, 2009 and as is typical in New Hampshire the rate increase would be suspended by the commission pending a full general rate case review. This full GRC review would be expected to last about a year. The rate case metrics attached to either requested increase were not made public as of this writing; however, according to earlier projections by the company, we would expect the year-end average rate base to be about $774 million for distribution assets and about $389 million for generation assets. The NH PSC could grant both the temporary increase and a further increase, dependent upon the result of the full GRC review, or they could deny the temporary increase and merely adjudicate the full GRC. The company currently is regulated under a decision rendered by the commission on May 25, 2007 which allowed a $50.1 million rate increase (+4%), which was premised upon a year-end 2005 average rate base of about $668 million, a 47.66% equity ratio, and a 9.67% return on equity.

## CL&P

The company has stated publicly that given current economic conditions that the anticipated rate case filing in CT would be delayed from mid-year 2009 to late year 2009 or early in 2010. We do have concerns around regulation in CT given the recent decision for a separate company, United Illuminating, in that state. To briefly review that case, in November 2008, United Illuminating requested a $52.4 million revenue increase premised upon a rate base of about $511 million, a 10.75% return on equity and a 50% equity ratio. In February 2009, the CT Department of Public Utility Control (DPUC) approved a rate increase of $6.1 million, premised upon a rate base of about $499 million, and equity ratio of 50% and a return on equity of 8.75%. After the rate order United Illuminating announced plans to cut capital expenditures by $50 million after which the CPUC and the CT Attorney General Richard Blumenthal become concerned over how this cut would impact reliability. The Attorney General filed a petition on May 18 with the DPUC asking the commission to review whether United Illuminating violated the order by reducing O&M expenses. United Illuminating then filed a petition with the DPUC saying the Attorney General's request was without factual support, and that the brief period of reduced expenditures would not impact reliability. The DPUC has stated that it wants to monitor capital and operating expenditure levels going forward.

In our view, the United Illuminating situation remains worth watching going forward and the 8.75% return on equity is a concern. If the economy recovers by early 2010 with CL&P is expected to file a better outcome may be in store in that rate case given less political pressure at that time. Based upon the company's projections as of this writing CL&P's rate base at the end of 2009 will be $2.351 billion and at the end of 2010 will be $2.557 billion.

WMECO

We anticipate that WMECO will file a rate case in mid-2010, the projected rate base at the end of 2009 is expected to be $410 million and at the end of 2010 $434 million. WMECO currently operates under an allowed ROE range of 8%–12% with tracked expenses as outlined above.

**NSTAR (NST)**

A seven-year rate settlement was approved by the Massachusetts Department of Public Utilities (DPU) on 12/30/05. The settlement includes annual inflation-adjusted distribution rate increases that began on January 1, 2007 and continue through 2012. These increases are generally offset by an equal and corresponding reduction in transition rates. The current rate plan incorporates a deferral mechanism for transition costs that are expected to be recovered over the 2010–2013 timeframe. The amount could approach $250 million in 2010. A 10.88% carrying charge is earned on the average balance. A 50%/50% earnings sharing mechanism is triggered if NSTAR Electric's ROE exceeds 12.5% or falls below 8.5%. NSTAR Electric can initiate a rate proceeding if the ROE falls below 7.5%.

The Green Communities Act was enacted on July 2, 2008 by the Massachusetts Legislature and the DPU issued its Decoupling order on July 16, 2008. The act covers solar installations, encourages long-term renewable energy contracts, requires implementation of a smart grid pilot program, establishes a Renewable Portfolio Standards (RPS) goal for the state of 15% by the year 2020, and requires the pursuit of all cost-effective energy efficiencies. The DPU's plan is to phase in a decoupling model between now and 2012. Utilities that are operating under a rate agreement can continue to do so, but for all incremental energy efficiency spending, NST will be able to recover any lost base revenues and earn performance incentives on that spending. NST filed a plan with the DPU for 2009 in December 2008 and has since filed a three year plan.

Transmission Initiatives Update

NST's base transmission ROE is set at 11.64% with the opportunity to earn an additional 100 bp on new construction projects. NST's approximate transmission rate base is $750 million. The company completed a second and final phase of a major underground transmission project in 2008, at a total cost of about $300 million. NST expects 2009 transmission expenditures to be about $100 million.

On May 21, 2009, NST and Northeast Utilities (NU) announced that the FERC ruled favorably on the proposed structure of a transmission arrangement that interconnects New England with the Canadian province of Quebec. FERC approved the participant-funded transmission line between New England and Quebec, and the assignment of firm transmission rights to Hydro-Quebec (HQ) to enable HQ to deliver low-carbon hydroelectric power into New England. The new tie line will use high voltage direct current (HVDC) technology to connect HQ's hydroelectric system and New England's 345-kV system in south central New Hampshire. This will provide approximately 1,200–1,500 mW of import capability into New England at a total cost of an estimated $700 million to $800 million, including NST's share of $200 million. Construction will likely take place in the 2011–2014 timeframe. This corresponds well with NST's current rate plan (described above) which incorporates a deferral mechanism for transition costs that are expected to be recovered (cash) over the 2010–2013 timeframe, including an approximate $250 million in 2010.

**NV Energy (NVE)**

NVE Energy is the largest utility in the state of Nevada and has two main utility subsidiaries, Sierra Pacific Resources in the northern portion of the state and Nevada Power in the southern portion of the state, whose service territory includes Las Vegas. Both subsidiaries market under the NV Energy name, and the company changed its name and stock symbol from Sierra Pacific Resources (SRP) to NV Energy (NVE) in the past year. Similarly, the two utility subsidiaries at the company whose legal names remain Sierra Pacific Power Co. in the north and Nevada Power Company in the South are now referred to as NV Energy North and NV Energy South.

Under current law in Nevada fuel and purchased power are trued up on a monthly basis and the Commission uses a hybrid test year that adjusts for known and measurable changes. Nevada Power is currently in with a rate case before the Public Utility Commission of Nevada (PUCN) and a decision was made by the commission on June 24 and rates became effective on July 1.

Nevada Legislature

In the just completed legislative session in Nevada the legislature passed some changes to utility regulation in the state. NV Energy North will file their next rate case no later than the first Monday in June 2010, and NV Energy South will file their next rate case no later than the first Monday in June 2011. Holding to the 210 day statutory limit within NV for deciding a rate case the rates from each filing will become effective, subject to Public

Utility Commission of Nevada (PUCN) approval, on January 1 of the year following the filing. Further, the PUCN will be allowed under the new law to allow deferral of rate implementation upon the request of a utility and is allowed to implement low income customer rates. The renewable portfolio standard was increased from 20% to 25% by 2025. The amount of the standard that must come from solar generated power was increased from 5% to 6% of the RPS by 2016. Procurement of power from outside the state will now also be allowed to count against the standard. Further, the commission is now authorized under the new law to develop and adopt regulations allowing for utilities to recover energy efficiency impacts.

Nevada Power

On February 27, 2009, as required under the hybrid test year structure Nevada Power filed a revised request for $305.7 million versus their original request of about $324 million made in December 2008. The revised filing is premised upon a rate base of just over $5.0 billion, an equity ratio of 44.15% and a return on equity of 11%. The Staff recommendation was issued on April 14, 2009 and called for a $202.8 million revenue increase on a rate base of just under $4.6 billion, an equity ratio of 44.15% and a return on equity of 10.5%. The subsidiary currently earns a 10.7% return on equity which is what we model going forward. On June 18' 2009, Commissioner Sam Thompson issued a draft order calling for a $218 million revenue increases premised upon a $4.7 billion rate base, a 44.15% equity ratio, and a 10.4% return on equity. The key difference between the request and the staff rec/proposed order other than the ROE was a disallowance of CWIP in rate base related to the Harry Allen plant. The company is earnings neutral to this outcome as they will book AFUDC on this CWIP going forward. There will be a cash lag related to this, however.

The draft order would de-skew rates from non-residential customers to residential customers. Residential rate increases from this de-skewing will be mitigated as the increase would coincide with a reduction in the Base Tariff Energy Rate (BTER) for fuel costs to take place on January 1, 2010. NPC's revised request called for a residential customer rate increase of 16.7%, and the commission draft order calls for a rate increase of 9.3% (12.3% with the de-skewing). With reductions to the BTER the net increase to customers from the draft order would be 6.8%. To further mitigate rate shock the commission draft order calls for a phase-in of rates in two stages. The first stage would be a 3% increase on 7/1/09 and the second increase would be for the balance of the increase of 3.8% (6.8% estimated net of the BTER less the 3% implemented on 7/1/09) and will occur on 1/1/10. The company will book revenue as though the entire rate increase had occurred on 7/1/09 and hang the cash to revenue difference on the balance sheet for future recovery.

The final order was approved by the PUCN on 6/24 and was slightly better than the draft decision. The commission approved a $222 million revenue increase premised upon a $4.7 billion rate base, a 44.15% equity ratio and a 10.5% return on equity.

## PG&E Corp. (PCG)

PG&E Corp. is a large utility that serves northern California including San Francisco. The company is currently operating under a three year rate order which will expire on 1/1/11. As a result the company will be filing a General Rate Case later this year for rates to be effective on 1/1/11. We would expect that the next General Rate Case will call for a three year forward rate schedule which would take account of attrition and rate base growth over time. PCG operates in CA under nearly full sales decoupling and all energy procurement costs are passed through. Further the company operates under a multi-year cost of capital mechanism with an adjustor, if triggered, and has significant precedents in place at the California Public Utilities Commission (CPUC) related to pension recoveries. As of this writing pensions were 83% funded and the 2006 settlement with the CPUC allowed for contributions of $176 million per year through 2010. Regulatory accounting allows the use of a balancing account to neutralize pension related earnings impacts, and a balancing account is used should cash contributions rise above $176 million annually. The one major item which does get tracked in some other jurisdictions which is not tracked in California is uncollectables expense. There are several different regulatory activities set to occur for PG&E Corp. beginning later this year and throughout 2010. We detail them below.

*Cost of Capital Mechanism Filing*

The current cost of capital adjustment mechanism operates through the end of 2010. The mechanism sets an initial return on equity and then allows for that ROE to be adjusted on a once a year basis should a bond index move by more than 100 bp. If the mechanism were triggered in this way the ROE would be adjusted up or down by half of the move in the index. The index is measured annually from October to September each year. The company then makes an advice filing at the CPUC indicating the move in the reference bond index and the calculated ROE adjustment, if applicable. We would anticipate this advice filing is made in mid-October. There is some disagreement over which Moody's Bond Index should be used as the reference index as the CPUC regulations in the mechanism do not specifically address how to treat a split rated company. However, for Edison International, the CA utility subsidiary of EIX, which is also split rated, the lower rating was applied. This is important as so far the Moody's Baa Bond Index is above the 100 bp trigger level while the Moody's A Bond Index is still below the trigger by about 40 bp. It is our view that the Baa Index will be applied this fall.

Since the ROE adjustment mechanism is only in place through 2010, another filing has to be made in the spring of 2010, likely in April, for the Cost of Capital mechanism which will be in place in 2011 and beyond. This will open the issue of whether the multi year ROE adjustment mechanism is kept or whether CA reverts to annual Cost of Capital proceedings as was done in the past. It will also allow for the potential adjustment to the allowed capital structure, which is now 52%. We expect the company to file for a multi year mechanism in April and a decision to be made by the CPUC on this matter by December 2010.

### Energy Efficiency Incentives

The Energy Efficiency Incentives in California are awarded using a look back mechanism. The utility gets to book a portion of the award on an annual basis using a one year look back and after a three year "cycle" gets to book the remainder of the award by looking at the performance over that entire three year period. The company received 35% of the calculated 2006 and 2007 incentives amid debate at the CPUC over how to measure the direct impact of PG&E's programs and what portion of overall efficiency gains those programs were directly responsible for. The CPUC plans a full review of the 2006–2008 cycle by year end 2009 and completion of the true-up for the three year period by year-end 2010.

The 2009–2011 cycle is also under review at the commission with a full review of the entire mechanism under way. The CPUC has indicated that the avowed goal of the proceeding is to make the process transparent and simplified. Although there has been some opposition to the energy efficiency awards voiced in the CA Assembly, we expect some sort of long term award mechanism to be put in place by year-end 2009.

### Electric General Rate Case

The current general rate case under which the utility operates terminates in January 2011. Therefore the company will file a new GRC before the CPUC. A notice of intent, which will contain the majority of the details of the filing will be made in August 2009, with the filing of the first application occurring in November 2009. Testimony would be expected to be filed in December 2009 with litigation occurring throughout 2010. Third party filings and company responses will occur in the spring, hearings will likely be held in the summer with a final decision by year-end. The CPUC has been later than this on some decisions in the past but if that delay occurs rates would be made retroactively effective to 1/1/11. In our view the process would stretch no further than March of 2011. The commission under the CA statutes will have 30 days after an ALJ decision is rendered to issue a final order.

### FERC Transmission Rate Orders

In California transmission rate base is regulated by the FERC at the national level. This rate base currently earns a 12% return on equity versus the 11.35% return on other assets as awarded by the CPUC. The FERC sets this return in an annual filing with the commission which the company makes every August for a decision in approximately 12 months time. This timeline gets extended somewhat if there is a prospect for settlement which has occurred the last couple of years. The last decision was Transmission Order 10 in which the company asked for a $760.5 million revenue requirement and received a $718 million revenue requirement under a settlement in October 2008. Transmission Order 11, in which the company requested $849 million has reached a settlement which has been filed with an ALJ at FERC, a final decision is anticipated in 3Q09. Transmission Order 12 will be filed at the FERC on or about August 1, 2009.

Other Items

In what amounts to a very full regulatory year, the company will also file their next Gas Accord in the second half of 2009 with a decision likely by 3Q10 and will file their compliance filing with regard to meeting California's renewable portfolio standard (RPS) of 20% on August 1, 2009.

## PNM Resources (PNM)

PNM Resources operates an integrated electric utility in New Mexico, PNM Electric (PNM-E) and an T&D utility in Texas, Texas New Mexico Power (TNMP). On May 28 the New Mexico Public Regulatory Commission (NM PRC) approved a staggered $77.1 million revenue increase for PNM-E that will take place in 2009 and 2010. As part of the order the company is prohibited from any rate increases until March of 2011. The New Mexico legislature also passed a forward test year into law under which PNM-E's next rate case, presumably filed in 2010 for rates effective after March of 2011 will be filed under. As of this writing it is difficult to say what the timing and structure of the next PNM-E rate filing will look like.

TNMP

TNMP has an ongoing rate case in Texas which was filed by the company on August 29, 2008 requesting $8.7 million in revenue increases. An amended request was filed on March 31, 2009 which increased the requested revenue increase to $24.4 million or +16%. The request was updated for Hurricane Ike interruption costs, as Texas law now allows for such recovery, and a higher cost of debt. The amended request is premised upon a $430 million rate base, a 40% equity ratio, and a requested return on equity of 11.25%. About $6 million of the differential between the original and the amended request results from increasing cost of debt (from 7.14% to 9.43%), another $5.1 million is resultant from a proposal to recover $20.6 million in Hurricane Ike related costs over the next five years.

On June 3, 2010 the Public Utilities Commission of Texas (PUCT) Staff issued a recommended order of a $7.6 million revenue increase premised upon a rate base of just under $430 million, an equity ratio of 40% and a return on equity of 10.33%. The $7.6 million recommended increase includes a $5.0 million storm allowance per Ike, a $1.1 million transition cost recovery rider increase and a $1.5 million base rate increase. These lead to a difference of about $17 million between the $18.2 million base rate increase sought by TNMP and the staff's recommendation of $1.5 million. Approximately $14 million of the difference is made up of net operating income items while the remaining $3 million results from a lower recommended return on equity. The biggest NOI items are a reduction in D&A expense ($5 million) and a flow through of tax benefits to ratepayers ($5 million).

The company announced a settlement with all parties to the case had been filed with the PUCT on June 22, 2009. The agreement would allow a $6.8 million increase in base rates and an additional revenue increase of $5.9 million to cover Hurricane Ike restoration and increased financing costs. This settlement for a $12.7 million total revenue increase was black box in nature. Hearings were held the week of June 16 2009 and a PUCT decision is expected prior to early October

**Pepco Holdings (POM)**

POM's regulatory calendar on the state level in 2008 was focused towards the beginning of the calendar year, while the company remained active with FERC through the latter part of the year with regards to the Mid-Atlantic Power Pathway (MAPP) transmission line. POM did receive some good news on 10/31/2008 when FERC approved the 150 bp adder, bringing POM's allowed ROE on the project to 12.8%. The lack of activity in 2008 on the state regulatory front brings on a busy 2009 for POM, with all subsidiaries filing rate cases in at least one jurisdiction, and some additional regulatory matters (addressed below in greater detail) with regards to pension and other benefit expense trackers, stimulus funding for efficiency and smart meters, and low cost financing options from the DOE for MAPP.

Pepco

POM's Pepco subsidiary recently filed (5/22/2009) their first rate case of the year, and probably POM's most significant of 2009, in Washington D.C. The company is currently asking for a $51.7 million revenue increase, premised upon an 11.5% ROE and an equity-to-total-cap ratio of 53.8%. Washington, D.C. can at best be described as an average jurisdiction from an investor's standpoint, and as a result, we have, in our view, tempered expectations for how much of the company's current ask will actually be allowed by the PSC. This is further reinforced after looking at Pepco's most recently decided rate case in D.C. The final order included a revenue increase of $28.3 million, premised upon a 10.0% ROE and an equity to total capitalization ratio of 46.6% (for rates effective 2/20/2008), after the company originally requested a revenue increase of $50.5 million with an 11.0% ROE and 46.6% equity-total cap ratio.

Rounding out Pepco's near-term regulatory schedule is an expected filing in Maryland during 1Q10. We have baked into our estimates $44 million in rate relief for all of Pepco (the company is 53% in D.C and 47% MD by rate base), reflecting a fairly dour, however realistic, result in both cases. The asking amount in MD's rate case is not expected to be of nearly the same magnitude as D.C.'s filing, as the company manages to earn much closer to their allowed ROE. Furthermore, Pepco's rate case history in Maryland, as exhibited by the gross discrepancies between the company's initial requests and the commission's final orders, can be described as negatively leaning at best.

DPL

On 5/6/2009 DPL filed a rate case in Maryland, requesting a revenue increase of $14.15 million, premised upon an 11.25% ROE and a 49.9% equity to total cap structure. While Maryland is not, in our view, a jurisdiction that is constructive for utilities, DPL has historically had fairly good regulatory relationships. In DPL's last MD rate case, the company's final revised request was for a revenue increase of $15.8 million, with a 10.75% ROE, and a 48.6% equity to total cap ratio. The MPSC's final order was for a revenue increase of $14.9 million with a 10.0% ROE and a 48.6% equity to total cap ratio.

DPL is also expected to file an electric rate case in Delaware during 3Q09 followed by a gas rate case filing in Delaware during 2Q10. DPL's Delaware jurisdiction (58% of electric rate base) is, in our view, average to slightly better than average, and the company's better (relative) performance there (adjusted earned ROE of 8.20%) makes the upcoming case there somewhat less important relative to the current case in Maryland. Baked into our estimates is total relief for DPL's electric operations in Maryland and Delaware of $18 million. We believe that our rate case outcome assumption is reasonable, and may prove to be optimistic if Maryland's case doesn't come to fruition as constructively as the most recently decided case did.

## ACE

During the third quarter of 2009, POM's ACE subsidiary will be filing a rate case in New Jersey. Baked into our estimates for ACE is rate relief of $16 million, an amount that may prove to be conservative but that we are comfortable with especially when considering NJ's historically uncertain regulatory track record.

### Pension Deferral Filings

On May 1, 2009 POM filed in all of their jurisdictions a request to defer, in aggregate, $35 million in pension expense for 2009. The amount deferred would than be incorporated into the next rate case filing for each utility, respectively. In addition, POM is making a push to establish a three year moving average of pension, other employee benefit, and bad debt expense that would help to mitigate the cost increases for POM by allowing a surcharge and would dampen the rate shock consumers experience when the expenses would otherwise roll into rates after cases.

### Potential Benefits from the Stimulus Package and DOE Initiatives

POM's "Blueprint for the Future" program is a good candidate for the government stimulus funds that have been earmarked for smart meters, efficiency, and conservation programs in general. Although the competition for the government funds is most likely going to be quite stiff (preliminary indications are that only six to eight projects nationwide may be in the first round to receive funding), we believe that it is definitely a possibility that POM will at least partially secure funds from the government's program. In addition, we think that POM's MAPP transmission line is a strong candidate for the DOE's loan guarantee program. If POM is successful in their application, their financing cost for the project would drop substantially (could be as much as 300–400 bp of incremental benefit in terms of reduced borrowing costs on POM's request for $684 million in MAPP financing). It is beginning to appear increasingly likely that POM will benefit from the DOE's program (on May 27 POM was told by the DOE that their application was selected for a due diligence review) with a final decision expected tentatively during 3Q09.

**Portland General Electric (POR)**

POR received a final order on January 22, 2009 in its most recent GRC. The corresponding rate base associated with the order was $2.278 billion. POR's authorized ROE under the order was 10.1%, with an equity structure of 50%. The order further authorized POR's proposed decoupling mechanism (described below); a condition of this mechanism was a reduction in the company's allowed ROE from 10.1% originally authorized to 10.0%. POR's general rate cases utilize a forward-looking test year. The company calculates allowance for funds used during construction (AFUDC) on construction work in progress, and when capital projects are placed into service, both capital investment and AFUDC are included in rate base. Pending or planned cases include:

- UE-204, which is a request for recovery of costs associated with Selective Water Withdrawal Project, with an estimated cost of $80 million (POR's share). An implementation date under existing rate parameters is pending. A prehearing conference will be held following the conclusion of POR's root cause analysis of certain operational complications

- Annual Power Cost Update Tariff, for which an initial filing was made in April 2009 and will be made once again in April 2010, to adjust rates to reflect updated forecasts of net variable power costs. This is expected to be implemented on January 1 of the year following the filing. Under the Annual Power Cost Update Tariff, customer prices are adjusted annually to reflect the latest forecast of net variable power costs for the following year. As required, the company's initial forecast of 2010 power costs was submitted to the Oregon PUC (OPUC) on April 1, 2009. Such forecast will be updated during the year and will be finalized in November. Based upon the final forecast, new prices, as approved by the OPUC, will become effective January 1, 2010.

- Renewable Adjustment Clause Filing, for Biglow Canyon II project made in April 2009 for deferral until the project would be included in rates on January 1, 2010. The company anticipates a similar filing for Biglow Canyon Phase III in 2010.

Decoupling Adopted

A decoupling mechanism was approved in POR's recent rate case filing (UE-197). The decoupling mechanism referred to as the "Sales Normalization Adjustment" (SNA) and the Lost Revenue Recovery (LRR). The SNA applies to residential customers is simple balancing account and rate adjustment process that would greatly diminish the disincentives of supporting and encouraging innovative and effective programs to improve customer energy efficiency. The disincentives are manifest through reduced energy usage that in turn lowers POR's revenues, particularly revenues to cover the fixed costs of POR's operations. In addition to the SNA for residential customers, the Commission approved the LRR decoupling mechanism applied to large non-residential customers the loads less than 1mW.

### Advanced Metering

POR will deploy 850,000 "smart meters" to residential and commercial customers. The company deployed approximately 16,000 meters in the systems acceptance testing phase of the project. The systems acceptance testing phase has been completed and full deployment of the remaining meters began in April 2009. The project is expected to be completed in 2010 with an estimated cost of $130 million–$135 million.

## PPL Corp (PPL)

PPL Corp. is a vertically integrated utility in Pennsylvania which operates an unregulated generation subsidiary, PPL Supply, a regulated T&D utility, PA Electric Delivery, and an International Delivery segment which owns and operates T&D assets in the United Kingdom.

### PPL Supply and Rate Caps in PA

PPL Supply currently operates under rate caps for their provider of last resort (POLR) load that were put in place in PA when the generation industry was deregulated. These rate caps are set to expire on 1/1/10. The other companies still operating under rate caps in PA (EXC, FE, AYE) remain capped until 1/1/11. PPL Supply filed with the PA Public Utility Commission (PA PUC) in 2007 to procure power for 2010 under six auctions to be held twice a year. This was done to allow for a "dollar cost average" type approach to power procurement and not leave the entire load vulnerable to price spikes in either direction on any particular day. Power has been procured under the approved auction process in five auctions so far, with pricing as indicated in Figure 39.

Figure 39: PPL Auctions

| PPL Auction Results & Expectations | 5th Auction on 3/31/09 | 4th Auction on 9/29/08 | 3rd Auction on 3/24/08 | 2nd Auction on 10/1/07 | 1st Auction on 7/23/07 |
|---|---|---|---|---|---|
| Off-Peak | | | | | |
| PJM West Hub 7x8 | $ 43.00 | $ 54.63 | $ 48.39 | $ 42.23 | $ 37.71 |
| PJM West Hub 2x16 | $ 43.00 | $ 68.24 | $ 67.44 | $ 64.34 | $ 68.79 |
| On-Peak | | | | | |
| PJM West Hub 5x16 | $ 58.00 | $ 84.41 | $ 83.72 | $ 78.86 | $ 77.43 |
| PJM West Hub ATC | $ 50.14 | $ 71.40 | $ 68.84 | $ 63.88 | $ 62.54 |
| Total Gap to ATC (1) | $ 36.60 | $ 40.82 | $ 39.96 | $ 41.12 | $ 35.46 |
| Expected/Actual Auction Result | $ 86.74 | $ 112.23 | $ 108.80 | $ 105.00 | $ 98.00 |
| Notes: | | | | | |
| (1) Gap includes capacity payments, line losses, ancillary services, etc | | | | | |
| Multiple of ATC price | 1.73x | 1.57x | 1.58x | 1.64x | 1.57x |

*Source: Bloomberg, Barclays Capital Estimates*

The issue of rate shock came to the fore in PA in 2008 as the auction prices for power were significantly above the current capped POLR rates. To mitigate rate shock to end use customers PPL proposed a rate mitigation plan with the PA PUC under which cash collections from customers would be delayed, and the difference between actual cash rates charged to customers and revenue booked at market rates would be hung on the balance sheet. This would allow PPL to go to market but would slowly raise rates for customers over a three year period. In other words, rather than, for example, say a 24% increase in 2010 the customers would see an 8% increase per year for the next three years.

Political pressure from the Legislature increased in 2008 with attempts to extend rate caps as well as a compromise proposal that would have sanctioned the mitigation plan concept into law. Late in the 2008 session, the PA Legislature passed HB 2200 from which the extension of rate caps was removed. The bill passed 47-3 in the Senate and 157-32 in the House, and called for "least-cost" and "competitive-procurement" requirements which would allow for RFPs for power and long term contracts for procurement instead of or in addition to auction processes. The bill also included new requirements for PA PUC review of long term power contracts, demand side management targets of 2.5% around the clock, and 4.5% on-peak consumption reduction in five years time, and for smart meters to be depreciated over 15 years.

The debate over rate cap expiration, as expected, has begun anew in the 2009 legislative session. House Speaker McCall (D) has introduced House Bill 20 which would write into law rate mitigation plans similar in nature to the one PPL has filed and that has received PA PUC approval. Also, Bud George (D) has introduced a rate cap extension bill similar in nature to the one he introduced in the 2008 session which did not pass. It is likely that the budget process dominates legislative activity through the summer and rate cap or rate mitigation issues will not come to the fore until September and October of this year.

PA Electric Delivery

We anticipate that PA Electric Delivery will file a rate case with the PA PUC in the spring of 2010 for rates to be effective 1/1/11. The regulatory process in PA would be expected to take approximately nine months to complete. The company's last rate case was adjudicated in 2007 with a commission decision on 12/6, which allowed a $55 million increase in revenues, or +1.7%. Internal metrics of the rate case were not specified. The company had requested an $83.6 million revenue increase premised upon a rate base of about $2.0 billion, a 43.13% equity ratio and a return on equity of 11.5%.

International Delivery

In the U.K. regulatory and rate setting process works differently than it does in the United States. Under the U.K. rate structure all utility companies go in for a rate review at the same time under which rates are set for the next five year period, otherwise known as a Distribution Price Control Review (DPCR). The U.K. regulator will perform a regression analysis to find the theoretical maximum efficient company. The regulator will then determine the returns and overall revenue requirement that this theoretical company would earn. Then each company is placed where they belong along the regression according to various measures of efficiency and their revenue requirements and returns are thus determined. The process allows for the company to set a capital and O&M budget for the next five years. The companies also have an opportunity to earn bonuses above and beyond their revenue requirements for the highest customer service ranking (which PPL has been awarded for some time) and for the lowest cost of service, although this mechanism does not make adjustments for the natural cost differentials between a rural and an urban system. Initial proposals under the DCPR currently under way are expected in July 2009.

### Progress Energy (PGN)

Progress Energy Florida (PEF)

On March 20, 2009, PEF filed with the Florida Public Service Commission (FL PSC) for a $500 million rate increase, premised upon 50.5% equity and a 12.54% ROE. The new rates would be effective for January 1, 2010. PEF is asking for a 2010 test year in the process. As part of this rate request, PEF asked for $13 million in interim rates. PEF is also filing for $63 million of rate relief associated with the repowering of the Bartow plant, which is scheduled to come on-line in June 2009. The FL PSC approved both the interim and Bartow requests in full, subject to refund, on May 19. The $76 million in higher rates were effective as of July 1. On April 9, PEF received approval for a reduction in fuel expenses of $206 million. Taking this into account, the net increase of the fuel reduction and rate increase request would result in, at most, a $294 million increase to customers by January 2010. The FL PSC is expected to rule in late December on the base rate increase. As we've noted previously, recent constructive decisions in Florida, as well as the accompanying reduction in fuel costs, suggest to us that a positive outcome is probable at PEF.

In May, PEF announced it would be postponing by 20 months the construction schedule of its proposed Levy nuclear site – suggesting an on-line date for the project of 2020 or later. The NRC has provided a limited work authorization for the green field site, and PEF has recently concluded that the authorization does not contemplate some of the more advanced site prep work they had planned until the NRC gets more comfortable around the geology and seismology of the nuclear island which is located in a wetlands environment. We expect full authorization and the COL will be issued at some point – likely in late 2011 or early 2012 – but the delay should lower capex for 2009 and 2010 by about $100 million and $350-400 million, respectively.

On the subject of cost recovery for expenses related to the Levy build, PEF updated its filings before the Florida PSC on May 1. Through 2009, PEF estimates that it will be about $300 million under-recovered in Florida. Under existing statute, PEF would be able to recover that $300 million, plus 2010 spending adjustments, that would result in a customer increase of about $446 million. Most of this amount would be a pass-through of costs and capital, and likely result in about $32 million of higher earnings (for both Levy and the CR3 uprate). In PEF's May 1 filing, it proposed to defer the $300 million under-recovery over five years – softening the 2010 rate increase to customers – if allowed to earn carrying costs on the deferred balance. The resulting change would reduce 2010 customer impact by about $210 million, but would actually increase PEF's earnings by about $29 million pre-tax (in addition to the $32 million cited above) to reflect a return on carrying charges. This could add $0.06–$0.07 versus current projections, and we don't believe this is currently included in consensus estimates. Hearings are expected in the matter from September 8–11, with a FL PSC vote likely around October 16. New rates would be effective in January 2010.

Progress Energy Carolinas (PEC)

In South Carolina, PEC filed to reduce fuel costs by $13 million on May 7. A settlement was approved by the South Carolina Public Service Commission (SCPSC) in early June, with rates effective for July 1. Also in early May, the SCPSC approved a settlement regarding demand side management (DSM) and conservation that would allow PEC to recover those investments through an annual rider.

In North Carolina, the legislature allows for utilities to recover DSM expenses as part of its 2007 energy legislation. The North Carolina Utilities Commission (NCUC) has approved a 2008 request by PEC to recover DSM and renewable energy portfolio standards costs through clause mechanisms. PEC filed to reduce fuel costs by a small amount on June 4, 2009, and also made small filings to adjust efficiency and renewable costs. Hearings are slated for September, with orders expected in October. The adjustments would take effect on December 1, 2009.

Longer term, PEC has made filings to support its goal of improving its distribution grid via a $260 million investment over five years. PEC sees these investments as a precursor to eventual smart grid upgrades, and as a part of its DSM work. A decision from the NCUC could be forthcoming with respect to both the details of the plan and its recovery mechanisms at any point.

**Public Service Enterprise Group (PEG)**

Public Service Electric & Gas (PSE&G)

PSE&G is in the middle of several rate filings and a fair amount of regulatory activity, as the economic situation in New Jersey has caused Governor Corzine to urge utilities to increase near-term spending on items such as energy efficiency and conservation in the interest of adding jobs to stem the recession's impact. To that end, PSE&G has filed for $1.7 billion in infrastructure, conservation, and solar spending in the early part of 2009. $698 million of infrastructure spending has already been approved by the New Jersey Board of Public Utilities (NJ BPU), which granted a 48% equity structure and 10% ROE – shy of the 51% equity and 10.5% ROE requests, but the company was also given a monthly true-up on actual spending to eliminate cash lag. The remaining $963 billion is comprised of $773 million of various solar initiatives, and $190 million of conservation spending. Both requests are expected to be reviewed by the BPU over the summer. We expect similar treatment to that received for the infrastructure projects.

PSE&G also filed an electric and gas rate case in New Jersey on May 29, asking for a gross increase of $230.6 million. This amount would be offset by $97 million in reductions associated with lower gas commodity costs, resulting in a net requested increase of about $133.6 million. The case is based on $6.2 billion of rate base ($3.8 billion electric; $2.4 billion gas), a 51.2% equity structure, and 11.5% ROE. It uses a 2009 test year, implying a part-historical / part-forward looking test year in the case. In addition, PSE&G is asking for a tracker mechanism on capex spending, which would further reduce regulatory lag. The filing should receive a ruling from the BPU within the next nine to 12 months.

### Sempra (SRE)

SRE has the benefit of a very secure regulatory future in both the near and medium term. With the approval of a multi-year settlement on August 1, 2008, SRE's regulated subsidiaries (gas distributor Southern California Gas, SoCalGas) and gas and electric utility San Diego Gas and Electric (SDG&E)) have annual revenue increases of about $95 million locked up through 2011, keeping both utilities out of extensive rate case proceedings until 2012 is addressed. The more minor regulatory issue that SRE will be addressing with the CPUC in the coming months is SoCalGas's cost of capital tracking mechanism that is currently partially tied to 30 year treasury yields. SRE believes that due to government intervention in the treasury market, the artificially low yields are not adequately capturing the cost of capital for the utility. A final decision for SoCalGas is expected during 3Q09 and we believe that the commission is likely to allow the change, due in a large part to the fact that every other California utility has a cost of capital tracker tied to a utility bond index rather than a treasury bond index.

#### Efficiency, Conservation, and Renewables

Beyond traditional rate cases, SRE also had a successful 2008 in terms of efficiency, conservation, renewable related programs. With the rollout of SDG&E's $500 million smart meter program already in process, additional smart meter installations planned for SoCalGas (final approval expected in 4Q09 with installations expected to begin in 2011), and final approval of the Sunrise Powerlink transmission line already in hand, SRE is well positioned to benefit from policies aimed at pushing a "green" agenda.

### Southern Co. (SO)

Southern Company operates four regulated utility subsidiaries, Georgia Power, Alabama Power, Mississippi Power, and Gulf Power, located in GA, AL, MS, and FL, respectively. They also operate an unregulated IPP subsidiary, Southern Power, which acquires or builds generating assets and signs them to long-term contracts, a model which minimizes risk. The only upcoming regulatory item of significance for Southern is the upcoming June 2010 filing of a GRC at Georgia Power, and the regular annual processes in Mississippi and Alabama. The company is not expected to file a rate case in Florida at this time.

A summary of regulations by subsidiary is provided in Figure 40.

Figure 40: Southern Co. Regulations by Subsidiary

| Base Rates | Alabama | Georgia | Gulf | Mississippi |
|---|---|---|---|---|
| Alternative Ratemaking | Rate RSE | | | PEP-4 |
| Traditional Regulation | | ROE Band | ROE Band | |
| **Regulatory Clauses** | | | | |
| Fuel | Y | y | y | y |
| Purchased Power Energy | Y | y | y | y |
| Purchased Power Capacity | Y | | y | y |
| Environmental | Y | y | y | y |
| Energy Conservation | | | y | |
| New Plant Certification | Y | Integrated Resource Plan | Need Determination Process | Certification Process |
| Storms | Y | | y | y |
| CWIP in Rates | | New Nuclear | New Nuclear | New Baseload |
| **Considerations** | | | | |
| Test Year Forward Looking | Y | y | y | y |
| Rate Base Avg. Original Cost | Y | y | y | For Environmental Capital |
| Valuation End of Period | | | | Rate Base for PEP |

*Source: Company Slide Presentation*

Below, we detail the regulation for each of SO's subsidiaries.

## Georgia Power

Georgia Power is operating in accordance with a three-year accounting order that was settled and approved by the GA PSC on 12/18/2007. The settlement called for a base revenue increase of $222 million for environmental spending recovery and a base rate increase of $99.7 million. The company had originally requested $406.7 million in 2008, with an alternative plan with incremental increases of $191 million in 2009, and $45 million in 2010. The ROE dead band range is the same as current at 10.25%–12.25%. In addition, the settlement calls for a rider which would allow for annual true-ups/downs related to environmental spending. Greater than this range, there is a two-thirds to one-third sharing of profits between customers and shareholders, respectively.

The Georgia commission is composed of five full-time commissioners who are elected to six year staggered terms in statewide elections. The chairmanship is rotated annually according to legislative stipulations; the current chairman is Doug Everett. We view Georgia as a constructive regulatory environment, despite the elected nature of the commissioners. Lauren McDonald is back on the commission after a hiatus since 2002 replacing Angela Spier. Commissioner Robert (Bobby) Baker faces re-election in 2010.

Georgia Power is required by law to file a rate case no later than June 30 of next year. July and August will likely constitute the requesting, gathering, and submittal of various data requests. The staff should issue its recommendation in late August or early September, after which hearings will be conducted in the September/October timeframe. Cases in Georgia are filed on a forecast forward test year basis. By law Georgia Power is required to file a one year rate case, and in addition to this will likely file a recommended three-year accounting order plan. Georgia Power has done filings at the commission this way since 1995. We anticipate that the filed equity ratio will be about 51% using actual; however, it is important to note that in Georgia all short-term debt is excluded from that calculation. The Commission can adjust both the equity ratio and the ROE in its final order, so those will be two points of discussion. Historically, however, most of the discussion and any adjustments have occurred to the ROE.

Fuel recovery in Georgia is not automatic but requires a filing and a hearing before the commission to review and approve the forecast costs and the recovery of any differential balance between what was previously forecast and what was actually collected. Georgia Power is allowed to institute a fuel hedging program, which operates under a sharing mechanism whereby any benefits are allocated 75% to ratepayers and 25% to shareholders.

Alabama Power

Alabama Power operates under a rate stabilization plan. The current ROE range is 13%–14.5%, which has an adjusting point at 13.75%—i.e., if the ROE falls outside the specified range, rates will be reset to an ROE level of 13.75%. The RSE has been in effect for 20 years and will remain in effect until discontinued or modified as deemed necessary by the Alabama Public Service Commission. In fall 2004, the Alabama PSC also approved an environmental spending tracker, which allows for the forward-looking rate recovery of environmental spending. We do not currently anticipate a rate case to be filed for this subsidiary in the next 12–24 months.

The Commission saw the retirement of President Jim Sullivan, who chose not to seek re-election, in the past year. President Sullivan was the longest serving utility commissioner in the country, having served from 1983 to 2008. He was replaced by current President Lucy Baxley, a Democrat, and a former Lt. Governor and State Treasurer of Alabama. The company received $168 million in a corrective rate package for 2009 and agreed not to seek base rate increases for environmental increases for 2009. Environmental increases were deferred not foregone.

Mississippi Power

Mississippi Power operates under PEP-4, which attaches performance enhancements around a benchmark ROE. On September 30, 2004, this benchmark ROE was set to 10.70%. Mississippi Power's last rate case concluded in 2002 and instituted a rate hike based on a 12.88% ROE. In the last PEP-4 review specifies an 11.6% ROE for Mississippi Power. We do not currently anticipate a traditional rate case to be filed for this subsidiary in the next 12–24 months. The company will make another PEP filing by the end of 2009.

Southern has proposed construction of a commercially sized IGGC plant and mine in Kemper County, Mississippi. The plant would be a mine mouth facility using locally mined lignite coal. The last cost estimate made public by Southern was $1.2 billion for the IGGC plant and $0.6 billion for the mine. Because the gasifier uses air blown based technology developed at SO's Wilsonville, Alabama test facility it works with low grade coal. A higher-cost oxygen blown IGGC technology would not work on low grade MS lignite coal. The plant would also capture CO2 and use it in enhanced oil recovery to give the plant the same carbon dioxide profile as a natural gas CCGT plant. Merchant power suppliers in Mississippi opposed the plant before the MS PSC. The MS PSC has ruled that the plant will vetted by the commission in two phases. The first phase will be a determination of need for which the proceeding will begin on June 26 and a final decision is scheduled for October 9. The second phase will consider what options for resources are available to meet the need determined by the first phase. The various parties can propose alternatives to the IGCC facility in the second phase, but the PSC has stated that they must be detailed proposals with testimony on technology, cost, and timing. The second phase will begin on October 15 and a final decision is currently scheduled for May 1, 2010. This may slightly push back Mississippi Power's previously announced construction timeline of 2010–2013, as the company had previously estimated having full permitting by the end of 2009.

**Westar Energy (WR)**

Kansas regulation has become substantially more constructive in recent years with the implementation of a number of new recovery mechanisms. These include a fuel recovery clause that adjusts quarterly and covers plant performance, annual adjustments (Energy Cost Recovery Rider) for environmental spending that flows directly into rates, pre-determination for large scale projects that reduces the uncertainty of recovery, and favorable treatment of extraordinary storm damage that helps to reduce the volatility of earnings. On June 2, WR filed with the Kansas Corporation Commission (KCC) a limited rate case seeking cost recovery for investments in the second phase of its Emporia Energy Center, and two Westa-owned wind farms in Kansas that were under construction, but not in operation at the conclusion of the company's 2008 GRC. This rate review was agreed to as part of the settlement reached by all parties in the 2008 general rate case, which the KCC approved in January 2009. WR is seeking a $19.7 million or 1.5% increase in this abbreviated filing. The same rate case parameters of 10.4% ROE and 50.8% equity component of capital will apply. The process for this rate case will be similar to a traditional rate case filing at the KCC, with the application strictly limited to costs associated with the construction and operation of wind generation owned by Westar and the second phase of Emporia Energy Center. Assuming a 240-day statutory timeframe for the rate review, an order would be expected in late January 2010.

Rate Case components include:

- New investment of $97.5 million, including $70.8 million for wind and $26.7 million for Emporia Energy Center Phase II;
- Return on Plant-in-Service of $11.6 million;

- Depreciation of $17.2 million, including wind depreciation of $13.5 million and Emporia Energy Center Phase II of $3.7 million;
- Operations and maintenance expense of $8.1 million, including $6.4 million of wind and $1.7 million of Emporia Energy Center Phase II; and
- Production Tax Credits provide a $17.2 million offset in this rate increase request.

Update to the Environmental Cost Recovery Rider Approved

On May 29, 2009 the KCC approved an update to WR's Environmental Cost Recovery Rider (ECRR) following an audit and recommendation from KCC Staff. The KCC approved the $32.4 million ECRR to go into effect June 1, 2009. The ECRR is a tariff that permits WR to recover costs associated with federally mandated environmental improvements to its generation facilities in a timely manner.

Transmission Rate Recovery

A FERC formula rate adjustment is applied annually; the KCC has approved a Transmission Delivery Charge (TDC) tariff to allow a corresponding retail adjustment, which enables timely recovery of transmission system operating and capital costs.

**Wisconsin Energy (WEC)**

Wisconsin Energy's Wisconsin Electric Power Co. (WEPCO) and Wisconsin Gas (WG) initiated a general rate case proceeding for its retail customers with the Public Service Commission of Wisconsin (PSCW) on March 17, 2009 with new rates to be effective January 1, 2010. The filing includes a $76.5 million or 2.8% electric increase and a $22.1 million or 3.6% gas increase, plus $2.7 million increase for steam at WEPCO, and a $38.9 million or 4.6% increase at Wisconsin Gas. WEC is requesting to retain a 10.75% regulatory ROE on 53% equity on a rate base valued at $3.512 billion at WEPCO Electric, $412.95 million rate base at WEPCO gas operation (WE Gas) and $51.5 million in WEPCO steam operations; and 48% equity component on a rate base of $611.5 million at WEC's Wisconsin Gas subsidiary. In an adjusted proposal filed in early July, WEC is now seeking a $126 million electric revenue increase, an additional $50 million from its initial electric increase request, citing the deepening recession and correspondingly lower sales. As part of the filing WEC also has requested 1) a reduction in depreciation rates concurrent with the implementation of new base rates in this proceeding; 2) certain regulatory assets currently scheduled to be fully amortized over the next four years will, instead, be amortized over the next eight years; 3) WEPCO will be permitted to continue to record 100% AFUDC for capital expenditures on environmental control projects and renewable energy projects; and, 4) WEPCO will have the option of applying for a limited reopener of this case or for deferred accounting to address any increased costs or reduced sales that would result from the enactment of recommendations of the Governor's Global Warming Task Force. We expect a PSCW Staff recommendation by September 2009 and Commission decision in the fourth quarter.

WEC's Michigan utility, Edison Sault Electric Co., filed a General Rate Case on July 2, 2009. The company is proposing a $40 million or 33% rate increase, phased in over three stages, in 2010. The majority of the additional expenses are due to the Oak Creek Generating Units. Unlike in Wisconsin, where these costs have been gradually included in rates since 2003, Michigan does not allow power plant construction costs to be recovered until units are operational. The first phase of the increase of approximately $20 million is scheduled to start in January 2010 to coincide with Oak Creek Unit 1's commercial operation. That 16.8% increase would also cover a change to the Michigan business tax. If the Michigan Public Service Commission agrees with Edison Sault's plan, another increase would be implemented in August 2010, when Unit 2 comes on line, and a third increase of about 15% would be implemented after the PSC finishes its audit of the application. The case requests a 10.75% return on equity.

### Xcel Energy (XEL)

XEL's regulatory framework continues to improve, as forward test years in Minnesota, Wisconsin, and North Dakota – along with a pending forward test year request in Colorado – as well as interim rates in the first three of those states, have the company well positioned to continue to enjoy reduced regulatory lag. Transmission, renewable, and environmental riders exist in most jurisdictions as well. Only Texas and New Mexico continue to be material challenges from a regulatory standpoint, and XEL is fortunate in that regard as well, since its Southwestern Public Service (SPS) subsidiary that operates in those states comprises only about 5% of XEL's earnings.

Northern States Power – Minnesota (NSP-MN)

In Minnesota, XEL filed a base rate increase request of $156 million in November 2008. This was based on $4.1 billion of electric rate base, a 52.5% equity structure, and an 11% ROE. An interim increase of $132 million went into effect at the beginning of January 2009, with the difference between XEL's request and the interim amount being owed to the last allowed ROE of 10.54% and the 11% requested in this case. Minnesota Department of Commerce testimony has been supportive of a rate increase closer to $73 million, based on a 10.88% ROE. A ruling is expected during 3Q09.

Not including fuel recoveries, riders pertaining to about $60 million in 2009 recoveries related to the MERP, transmission, and renewable energy mechanisms are pending before the Minnesota Public Utilities Commission (MPUC) as well.

As a final matter, NSP-MN is proposing license extensions at its Monticello and Prairie Island nuclear plants, as well as uprates of 71 MW and 164 MW, respectively. These projects are estimated to cost $1.1. billion, with construction coming form 2009–2015. The Monticello plant has received all of its approvals except NRC approval for the uprate, which is expected as early as later this year. The Prairie Island plants still require MPUC certificates of need for the additional dry cask storage and for the uprate, both of which are expected later this year, and NRC approvals for the license extension and the uprate, which are expected in 2010.

Northern States Power – Wisconsin (NSP-WI)

NSP-WI is awaiting a ruling on a request for $30.4 million in higher rates based on $644 million of rate base, a 53.12% equity structure, and a 10.75% ROE. This case assumes a 2010 test year, and a decision is expected in December 2009.

Public Service Company of Colorado (PSCo)

PSCo has been busy of late, with a rate case that just concluded, and a phase 2 case just beginning. The concluded phase allowed for a $112.2 million rate increase, versus a $159 million revised request. The request was premised upon $4.1 billion of rate base, a 58.08% equity structure, and an 11% ROE. Although the final order from the Colorado Public Utilities Commission (CPUC) didn't specify whether the 2009 forward test year had been granted, the size of the rate increase suggests that the commission was amenable to the general concept of allowing 2009 investments to be considered in the result, and is constructive in light of the phase 2 process that is currently under way.

Phase 2 is asking for a $180 million increase, based on $4.4 billion of rate base, a 58% equity structure, and an 11.25% ROE. This case assumes a 2010 test year, and a decision is expected by year end.

Southwestern Public Service Company (SPS)

In New Mexico, SPS recently filed an uncontested settlement that would allow a $14.2 million rate increase, effective July 1, 2009. This was premised upon $321 million of rate base, with a 50% equity structure and a 12% ROE. The case used a June 30, 2008 historical test year, and the terms of the settlement would prohibit SPS from filing its next base rate case until December 1, 2010. The settlement is pending approval before the NMPRC.

A base rate case in Texas that awarded a $57.4 million rate increase was approved by the PUCT on May 21. Like the settlement in the PSCo case, this was a black box settlement that did not specify return metrics. SPS in Texas would be prohibited from filing another base rate case until February 15, 2010.

## Emerging Issues: Coal, Stimulus, Climate Change, DSM, & Decoupling

### Coal

Coal fueled 48.5% of net generation in the United States in 2009 and is domestically supplied. While conservation efforts and renewable sources show promise to reduce peaks and supply intermittent baseload or peaking generation capacity, for high capacity factor baseload generation the two viable options remain nuclear and coal. Nuclear is in a nascent recovery, although the first plants are not expected to be on-line until the end of the next decade. Despite short-term opposition, in the long run, coal remains the United States' largest domestic supply of energy. With the return of economic growth, it is likely that coal plants will need to be built in the country in order for supply to meet growing demand.

In our view, however, coal plants, both existing and potential new build, will become relatively more expensive as a result of environmental regulations around mercury, coal ash ponds, SOx, and NOx, and greenhouse gases. The continued push toward more stringent environmental regulation will make coal plants incrementally more expensive to run and build, and it will also likely lead to a "run or shutter" analysis based upon economics for many small older coal plants in the United States. Retrofits for environmental controls on these plants would in some scenarios be too expensive to justify keeping them running. Some of these plants also have limited available land surrounding them on which to build any emission control equipment.

The fourth quartile coal plants in the United States on average were built in 1959, run at a capacity factor of 58%, and at a heat rate of 15,549. These plants have a non-fuel O&M rate of $18.21/MWh, almost 3x the 3rd quartile cost of $6.64/MWh. Most of these plants are located in the Mid-Atlantic, South, and Midwest. In our view these plants could all face retirement with the coming more stringent environmental policies. These plants approach 10% of the nation's capacity which must be replaced by other baseload resources.

Coal Ash

In December 2008, the Kingston Plant, owned and operated by the Tennessee Valley Authority (TVA) experienced a dike failure on its coal ash pond, which allowed five million cubic yards of water and coal fly ash to cover 300 acres, 292 of which were owned by TVA. Since the incident TVA has purchased seven of the eight remaining effected acres. The cause of the failure is not yet known but ash also flowed into the nearby Emory River. The Kingston facility continued to run after the breach, albeit at a low capacity factor and currently produced ash was being mixed with clean up ash to be removed together. TVA took a charge of $525 million that reflected the low end of the estimated immediate clean-up costs of $525 million to $825 million. This range does not contemplate the costs of other needed site work, or long-term clean up issues.

More broadly the Kingston incident has led to a full review by the Environmental Protection Agency (EPA) and we anticipate that further rules and regulations will eventually be developed around the disposal and storage of coal ash waste. On March 9, 2009 the EPA released measures intended to prevent similar coal ash releases to the Kingston incident. The EPA plans to survey coal plants nationwide to gather information on structural integrity, order repairs where necessary, and develop new regulations. They released a list with 44 sites they cited as having "high hazard potential" at the end of June. Importantly, this list does not indicate any structural or safety problems at these sites, but rather reflects the likelihood of loss of human life in the event of a failure. The EPA has stated that they intend to have new regulations out for public comment by the end of 2009.

North Carolina Clean Air Case

In a ruling against TVA in a suit brought by North Carolina the courts determined that TVA's coal plants were a public nuisance and were blowing emissions east into that state. A federal court judge ruled in North Carolina's favor on four of TVA's plants and declined to order relief on the rest of TVA's coal fleet. The four plants affected were Bull Run (one unit), John Sevier (four units), Kingston (nine units) all in Tennessee and Widows Creek (eight units) in Alabama. The total capacity of the impacted facilities was 4,505 MW while the non-impacted facilities constituted 9,964 MW. Of particular concern was the judge's order to accelerate the timeline of already planned and in process construction of emission controls – completion of the Kingston scrubbers and SCRs by 12/31/10, scrubbers and SCRs installed at John Sevier by 12/31/11 and scrubbers and SCRs on all Widows Creek units by 12/31/13. It is worth noting that all the plants mentioned are in current compliance with clean air rules and that TVA has invested $5.1 billion in emission reduction programs for their coal fleet from 1977 to 2008. The company estimates that a further $3.0 billion to $3.7 billion ($256/kW) could be required to be spent for new clean air and mercury regulations beginning in 2011, without contemplation of carbon.

TVA is already performing some of the court order's requirements, Bull Run and Kingston emission control programs are already within the court's guidelines. The two existing scrubbers at Widows Creek are currently being modernized. The court order would essentially require TVA to accelerate the schedule for control equipment at John Sevier and the remaining units at Widows Creek. This would cost an estimated additional $1 billion versus its current plans. Given that John Sevier is TVA's easternmost coal plant it is in a critical position for reliability in eastern Tennessee. TVA has appealed the court ruling and has announced intentions to build an $820 million natural gas plant in eastern TN in case the appeal fails and John Sevier faces potential shut down. There are concerns with shifting from coal to natural gas including more volatile fuel input costs and actual ability to obtain and secure necessary locational supplies.

The TVA lawsuit bears watching as if the company's appeal is unsuccessful several more lawsuits by states and/or environmental groups against existing coal fired generation, even with regard to carbon emissions could come to the fore and put more baseload generating capacity at risk. The case is also instructive in that replacing fourth quartile coal plants with natural gas would potentially create localized supply constraints, increase the demand and price for natural gas as well as its volatility. This would in turn impact the price, volatility, and potentially the reliability of electricity. Over the longer term, with coming mercury and carbon regulations similar situations to TVA's could play out on a national scale without the courts, as pure economic decisions begin to force contemplation of shut downs.

**Stimulus Bill**

The stimulus bill that was passed in February 2009 provides approximately $39 billion for energy programs, primarily focused on efficiency, renewable generation, and electric transmission and distribution.

Of this, $16.8 billion is earmarked for Department of Energy efficiency and renewable energy programs, including $3.2 billion for energy efficiency and conservation block grants, $5 billion for weatherization assistance, $2 billion for advanced battery manufacturing for electric vehicles, and $3.1 billion for state energy programs. The language surrounding the conditions for the State Energy Efficiency Grants program puts forth some potentially industry changing possibilities. The amendments declare that states receiving funds from the program must have their governor confirm that they have assurances from the state regulatory authorities that they will seek to implement policy that aligns utility financial incentives with more efficient customer use. If this is enforced as strictly and literally as possible, one could take it as indicating that commissions will need to move toward the decoupling of revenues from sales in order to receive the stimulus funds.

In addition, the bill includes $4.5 billion of new funding for a range of electric delivery and energy reliability activities, $3.4 billion in funding for fossil energy research including clean coal and industrial carbon capture, and finally, an additional $6 billion for the DOE loan guarantee program that is available only for renewable energy, electric power transmission, and leading edge transportation biofuel projects. This caveat of the loan guarantee program effectively excludes clean coal and advanced nuclear projects from the $6 billion in additional funding that is being made available. The additional money also carries the stipulation that construction must begin by September 30, 2011, and by also removing the language that previously made only "innovative" technologies eligible, established technologies like wind, solar, and electric transmission can also now benefit.

Specific to transmission, the stimulus bill also directs the DOE to expand its 2009 National Electric Transmission Congestion Study to include an analysis of the significant potential sources of renewable energy that are constrained in accessing markets by a lack of adequate transmission capacity; an analysis of the reasons for failure to develop adequate transmission capacity; recommendations for achieving adequate transmission capacity; and finally, to what extent state and federal level legal challenges are delaying transmission construction. The potential implications from the language included in the bill regard how it will affect the role of the FERC and its potentially increased siting powers.

Some of the most interesting components of the stimulus bill are on the tax incentive side and are major positives for companies with renewable exposure. Most significantly the bill:

Extended the in-service date for wind production tax credits (PTCs) to 12/31/2012, and for other renewable sources (closed-loop biomass, open-loop biomass, geothermal, small irrigation, hydropower, landfill gas, waste-to-energy, and marine renewable facilities) to 12/31/2013;

Allowed the temporary election of Investment tax credits (ITCs) in lieu of PTCs for wind facilities placed in-service by 12/31/2012, and for other qualifying facilities placed in-service by 12/31/2013; and

Created the option for taxpayers to elect to receive a treasury grant equal to 30% (10% in some cases) of the cost of the renewable energy facility (assuming construction begins in 2009 or 2010) 60 days after the facility is placed in-service or after the grant application is filed.

While it still remains unclear in terms of when money from the stimulus program will begin to flow in any meaningful way, the consensus view is implementation is expected to begin in July, 2009.

**Climate Change: The American Clean Energy and Security Act of 2009 (ACES)**

Below we provide a summary by topic of the ACES legislation (a.k.a. the Waxman/Markey bill):

Renewable Portfolio Standard

The combined renewable and electric savings requirement starts at 6% in 2012 and rises to 20% in 2020. Up to one-quarter of the 20% requirement can be met with savings. Upon receiving and responding to a request from a state's governor, the Federal Energy Regulatory Commission can increase the energy efficiency portion so that renewables would be 12% and efficiency 8% to meet the 20% requirement. These regulations are for retail electric suppliers in excess of 4 MMWhrs.

The definition of renewable has been expanded and includes wind, solar, geothermal, hydro, biomass and qualified waste-to-energy. An electric supplier's requirement is reduced by existing hydro, new nuclear and CO2 sequestered fossil-fueled plants. The penalty in lieu of compliance is a renewable energy credit at $25/MWhr.

CO2 Sequestration

If approved by entities representing two-thirds of fossil-based delivered electricity, the Carbon Storage Research Corporation would be formed. It would be funded by retail customers of fossil-based electricity at $1 billion annually. It would be 4.3 cents per MWhr for coal, 3.2 cents per MWhr for oil, and 2.2 cents per MWhr for gas. Fifty percent of the funds shall be provided in the form of grants to projects with funds already committed to IGCC with sequestration. New plants from 2009–2013 must sequester 50% of CO2 with 65% by 2020.

Efficiency

New building codes state 30%–50% higher energy efficiency targets from 2010–2016. Rebates up to $7,500 toward purchases of new Energy Star-rated manufactured homes for low-income families in pre-1976 manufactured homes.

Global Warming Pollution Reduction

Economy-wide reduction goal is to reduce global warming pollution to 97% of 2005 levels by 2012, 83% by 2020, 58% by 2030, and 17% by 2050. Methane scores 25 x 1 CO2 credit. Offsets are 2 billion metric tons split evenly domestic and foreign. Emission levels can be increased by Administrator by up to 1.5 billion metric tons. Strategic reserve is 1% of total from 2012–2019, 2% for 2020–2029, and 3% for 2030–2050. Initial strategic reserve price floor is $28/ton for 2012. Establishes an Offsets Integrity Advisory Board; otherwise, EPA establishes and runs the offsets program. Allowances are phased out for energy users from 2026–2030. Of the 38% for LDC rate reductions in 2012, 30% is electric, 7% is for gas, and 1% for other (government).

Figure 41: Emission Allocations & Allowances

| Emission Allocations | Allocations 2012 | Allocations 2020 | Fossil Fuel Companies in 2020 | | Emission Allowances (in millions) | | | |
|---|---|---|---|---|---|---|---|---|
| Fossil Fuel and Industry | 8% | 25% | Energy Intensive Industries | 13% | 2012 | 4,627 | 2030 | 3,533 |
| LDC Rate Reductions | 38% | 36% | Coal Plant Operators | 6% | 2013 | 4,544 | 2035 | 2,908 |
| LDC and State Efficiency | 1% | 4% | Coal CCS | 5% | 2014 | 5,099 | 2040 | 2,284 |
| Clean Energy and Climate Programs | 16% | 10% | Oil Refineries | 2% | 2015 | 5,003 | 2045 | 1,660 |
| International | 7% | 7% | | | 2020 | 5,056 | 2046 | 1,635 |
| Deficit Reduction | 14% | 2% | Clean Energy and Climate | | 2025 | 4,294 | | |
| Consumer Rebates | 16% | 16% | (at various times) | | | | | |
| | | | Energy Efficiency/Renewable | 9.5% | | | | |
| | | | Clean Energy Research | 1.5% | | | | |
| | | | Clean Vehicles | 3.0% | | | | |
| | | | Domestic Fuels | 2.0% | | | | |
| | | | Workers | 0.5% | | | | |
| | | | Domestic Adaptation | 0.9% | | | | |
| | | | Wildlife | 1.0% | | | | |

*Source: American Clean Energy and Security Act of 2009; Barclays Capital estimates.*

Electric Distribution Companies

Not later than 6/30/2011 and each calendar year through 2028, the Administrator would distribute 50% of allowances based on emissions of generation delivered at retail. For 2012–2013 the level would be based on 2006–2008 or any three consecutive years from 1999–2008. For 2014+, allocation would be based on the prior discussion or any three years from 2009–2012, or 2012 only if new generation is placed in service. The other 50% of distributions would be based on average annual retail electric sales from 2006–2008, unless the company selects any three consecutive years from 1999–2008. The distribution formula would be updated every three years. The allowances must go to ratepayer benefit, ratably among classes. The allowances cannot be used for a "rebate" and must track usage. The allowances cannot be authorized until the state regulatory body completes a proceeding authorizing their use.

## Demand Side Management (DSM)

As talk around efficiency and conservation intensifies, we wanted to call attention to the fact that some states have made demand reduction a real point of emphasis and have pushed varying initiatives with a great deal of vigor. For instance, Michigan's implementation of a customer surcharge in order to pre-fund efficiency expenditures is among the more pro-active examples of a trend we expect to broaden to more and more states in the near future. Promoting these efforts are aggressive policy measures – at both the state and federal levels – that are meant to further encourage the implementation of efficiency technology, with a current example being the stimulus bill and the money being earmarked for states' "smart grid" and other efficiency programs.

When we looked at DTE's proposed conservation program ($110 million in total, two-thirds of which is at Detroit Edison) we found that when thinking about and valuing DetEd's 1% in forecasted load reduction as an avoided generation plant (assuming a 60% capacity factor), we arrived at a value of $800/kw. EIX's regulated subsidiary, Southern California Edison, however, had an implied value of $1,700/kw ($1.7 billion to reduce 1,000 MW of load) for its metering program.

We believe there are two logical takeaways from this: First, these early-stage programs will likely test the aggressiveness of the different states proposing and implementing this policy. For instance, SoCalEd currently works to achieve a 5% reduction in peak load, while its metering program would result in an additional 5% reduction. These are lofty targets, and stand in contrast to the more modest goals that have been set by many states. Second, in states like California, where generation is more constrained and aggressive renewable and reduction goals are in place, the cost of demand reduction should tend to be higher than it is in Michigan, for example. In other words, the avoided costs in California are higher than they are in Michigan, so the cost of the programs will naturally tend to be more expensive before running up against significant regulatory or ratepayer pushback.

We believe that reductions of about 1% annually – which have been the goals we've seen talked about in many jurisdictions – will be achievable for at least the first four to five years with targeted spending on very simple programs. These could involve such basic things as the weatherization of homes ($5 billion of the stimulus bill already has been earmarked for this), the switching of light bulbs, and new design standards for buildings under construction. We think that reductions beyond the 5% level are going to require substantially greater investment to get to the next level of incremental benefit, with costs likely rising to match the level of aggressiveness. The direction from the federal government as we work through national energy policy this year will also codify the larger goals, and therefore give us a better sense for the acceptable levels of spending.

## Application of Decoupling Mechanisms on the Rise

Although initially predominantly employed by the gas utility industry, revenue decoupling has gained momentum among U.S. electric utilities as well. Ten states have approved a revenue decoupling mechanism for electric utilities: California, Connecticut, Idaho, Maryland, Massachusetts, Michigan, Minnesota, New York, Oregon, Vermont, and Wisconsin. Three are pending approval – Delaware, Hawaii and New Hampshire – according to the institute for Electric Efficiency. Revenue decoupling currently is in use in six states: California, Connecticut, Idaho, Maryland, New York and Oregon.

One driver behind decoupling is passed and pending federal legislation – specifically the American Recovery and Reinvestment Act of 2009 – and the revised climate change bill drafted by Reps. Henry Waxman, D-Calif., and Edward Markey, D-Mass, which includes targets for energy efficiency resource standards, renewable energy standards, and a cap on carbon emissions. While the federal stimulus bill does not specifically require decoupling, incentives need to be in place for utilities to engage in additional energy efficiency initiatives. The stimulus bill proves roughly $3 billion in state energy grants, and the Department of Energy has the authority to allocate these funds to the states, so long as the governor has been assured that the PUC in that state will implement regulatory policy that aligns utility financial incentives with the successful implementation of energy efficiency measures.

Decoupling has encountered some resistance from state legislatures and commissions to consumer advocates, likely because of the notion that the utility is not hurt by reduced consumption. Conversely, however, through decoupling, a utility will not see significant revenues from an increase in energy consumption. Generally accepted rate-setting practices create an inherent financial disincentive for utilities to participate in conservation programs, given that a successful energy usage reduction program would have a direct negative impact on utility revenues, and may require the utility to file a new general rate case in an attempt to recoup the related reduction in earnings. As environmental concerns have intensified, many states have adopted compulsory energy conservation standards and consequently, the need to mitigate the possible negative impacts of these programs has accelerated. Decoupling mechanisms are now being applied in some jurisdictions to encourage utilities to invest in mandated conservation programs without the associated potential negative effect on earnings. The decoupling mechanism enables the utility to defer fixed distribution costs that the utility may fail to recoup through its volumetric charges due to customers' participation in conservation programs. The utility is allowed to recover the deferrals associated with the unrecovered fixed costs through a surcharge over a period of time, generally with carrying charges on the deferred amounts.

An alternative to decoupling is a Straight Fixed Variable rate design, where a company's fixed costs are fully collected through the customer's fixed monthly charge. Consequently, the utility's fixed costs will always be recovered, regardless of the success of a company's conservation program, since the only volumetric charge is for the commodity. Therefore, by cutting back consumption, the customer would save only on the commodity portion of the monthly bill. Since these costs are also avoidable by the utility, earnings would not be negatively impacted. While the straight fixed variable rate design methodology provides a direct cause-and-effect relationship between usage and customers bill levels, and is easier to administer than a decoupling mechanism, one noted drawback is that customer rate designs tend to include relatively low fixed charges, and shifting to a fully fixed rate would likely result in rate increases for the residential customers.

## Figure 42: Barclays Capital Power and Utilities Coverage Universe

**REGULATED COMP SHEET**

| Investment Opinion | Ticker | Company | Current Price 07/16/09 | Indicated Annual Dividend | Expected Annual Dividend Growth | Current Yield | Earnings per Share 2008A | Earnings per Share 2009E | Earnings per Share 2010E | 5 Year Est. EPS Growth | 2008A Price/ Earnings | 2009E Price/ Earnings | 2010E Price/ Earnings |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2-EW | LNT | Alliant Energy | $26.28 | $1.50 | 10.0% | 5.7% | $2.64 | $2.25 | $2.55 | 2% | 10.3x | 11.7x | 10.3x |
| 1-OW | AEP | American Electric Power | $29.95 | $1.56 | 4.0% | 5.2% | $3.24 | $2.91 | $3.03 | 2% | 9.2x | 10.3x | 9.9x |
| 1-OW | CMS | CMS Energy Corp | $12.33 | $0.50 | 6.6% | 4.1% | $1.25 | $1.27 | $1.33 | 7% | 9.9x | 9.7x | 9.3x |
| 2-EW | ED | Consolidated Edison | $37.69 | $2.36 | 1.0% | 6.3% | $3.00 | $3.19 | $3.30 | 2% | 12.6x | 11.8x | 11.4x |
| 1-OW | DPL | DPL Inc | $23.85 | $1.14 | 5.0% | 4.8% | $2.12 | $2.23 | $2.65 | 15% | 11.2x | 10.6x | 8.9x |
| 2-EW | DTE | DTE Energy Co | $32.73 | $2.12 | 0.7% | 6.5% | $2.90 | $2.96 | $3.22 | 0% | 11.3x | 11.1x | 10.2x |
| 1-OW | DUK | Duke Energy Corp | $14.77 | $0.94 | 4.0% | 6.4% | $1.21 | $1.23 | $1.30 | 1% | 12.2x | 12.0x | 11.4x |
| 2-EW | GXP | Great Plains Energy | $15.54 | $0.83 | 2.0% | 5.3% | $1.16 | $1.12 | $1.30 | 2% | 13.4x | 13.9x | 12.0x |
| 3-UW | HE | Hawaiian Electric Inds | $17.55 | $1.24 | 0.0% | 7.1% | $1.49 | $1.35 | $1.38 | -1% | 11.8x | 13.0x | 12.7x |
| 2-EW | ITC | ITC Holdings | $43.58 | $1.22 | 4.0% | 2.8% | $2.19 | $2.27 | $2.56 | 17% | 19.9x | 19.2x | 17.0x |
| 2-EW | NI | NiSource Inc | $12.22 | $0.92 | 0.0% | 7.5% | $1.27 | $1.05 | $1.04 | -6% | 9.6x | 11.6x | 11.8x |
| 2-EW | NU | Northeast Utilities | $22.21 | $0.95 | 5.6% | 4.3% | $1.87 | $1.79 | $2.10 | 13% | 11.9x | 12.4x | 10.6x |
| 2-EW | NST | NSTAR | $30.93 | $1.50 | 7.0% | 4.8% | $2.22 | $2.40 | $2.58 | 5% | 13.9x | 12.9x | 12.0x |
| 1-OW | NVE | NV Energy | $11.29 | $0.40 | 10.6% | 3.5% | $0.89 | $0.91 | $1.18 | 13% | 12.7x | 12.4x | 9.6x |
| 1-OW | PCG | PG&E Corp | $37.73 | $1.68 | 7.9% | 4.5% | $2.95 | $3.18 | $3.46 | 8% | 12.8x | 11.9x | 10.9x |
| 2-EW | PGN | Progress Energy | $37.75 | $2.48 | 1.0% | 6.6% | $2.98 | $2.96 | $3.13 | -1% | 12.7x | 12.8x | 12.1x |
| 2-EW | PNM | PNM Resources | $11.64 | $0.50 | 0.0% | 4.3% | $0.12 | $0.46 | $0.85 | -12% | 97.0x | 25.3x | 13.7x |
| RS | PNW | Pinnacle West Capital | $30.88 | $2.10 | 0.0% | 6.8% | $2.29 | $2.30 | $2.74 | -4% | 13.5x | 13.4x | 11.3x |
| 2-EW | POM | Pepco Holdings | $13.86 | $1.08 | 2.0% | 7.8% | $1.93 | $1.10 | $1.43 | -1% | 7.2x | 12.6x | 9.7x |
| 1-OW | POR | Portland General | $20.08 | $1.02 | 7.5% | 5.1% | $1.71 | $1.80 | $1.87 | 13% | 11.7x | 11.2x | 10.7x |
| 2-EW | SO | Southern Co | $31.80 | $1.75 | 5.0% | 5.5% | $2.37 | $2.30 | $2.45 | 3% | 13.4x | 13.8x | 13.0x |
| 2-EW | SRE | Sempra Energy | $48.99 | $1.56 | 10.0% | 3.2% | $4.43 | $4.40 | $5.05 | 7% | 11.1x | 11.1x | 9.7x |
| 2-EW | TE | TECO Energy Inc | $12.09 | $0.80 | 4.7% | 6.6% | $0.86 | $1.08 | $1.21 | 0% | 14.1x | 11.2x | 10.0x |
| 2-EW | WR | Westar Energy | $19.08 | $1.20 | 2.0% | 6.3% | $1.27 | $1.65 | $1.75 | 3% | 15.0x | 11.6x | 10.9x |
| 1-OW | WEC | Wisconsin Energy Corp | $41.44 | $1.35 | 3.0% | 3.3% | $3.03 | $3.15 | $3.90 | 10% | 13.7x | 13.2x | 10.6x |
| 2-EW | XEL | Xcel Energy | $18.94 | $0.95 | 3.0% | 5.0% | $1.45 | $1.52 | $1.61 | 8% | 13.1x | 12.5x | 11.8x |
| UTILITIES (26) | | | | | 4.5% | 5.4% | | | | 3.8% | 12.8x | 12.3x | 11.3x |
| S&P 500 Index | | | 940.7 | $28.48 | | 3.0% | $66.80 | $55.96 | $69.45 | -6.0% | 13.7x | 16.8x | 13.7x |

*Source: Company disclosures, FactSet, Barclays Capital estimates*

**POWER COMP SHEET**

| Rating | Ticker | Company | Current Price 07/16/09 | Div. Yield | [illegible] | | Open EBITDA - '10 | | Current EBITDA - '10 | | Earnings per Share | | | P/E Multiples | | Open P/E- '10 | | FCF Yield/EV | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1-OW | AES | AES Corporation | $12.09 | 0.0% | $13 | 4% | $3,290 | 7.2x | $3,332 | 7.1x | $0.99 | $0.97 | $1.08 | 12.5x | 11.2x | $1.04 | 11.6x | -3.6% | 1.2% |
| 1-OW | AYE | Allegheny Energy | $25.04 | 2.4% | $40 | 60% | $1,721 | 5.0x | $1,338 | 6.4x | $2.30 | $2.20 | $2.85 | 11.4x | 8.8x | $4.21 | 5.9x | 1.2% | 4.2% |
| 2-EW | AEE | Ameren Corp. | $24.61 | 6.3% | $26 | 6% | $2,008 | 8.3x | $2,181 | 7.6x | $2.85 | $2.83 | $2.70 | 8.7x | 9.1x | $2.21 | 11.1x | -2.9% | -3.3% |
| 2-EW | CPN | Calpine Corp. | $11.47 | 0.0% | $8 | -30% | $1,188 | 10.3x | $1,081 | 11.2x | ($0.03) | $0.42 | ($0.14) | 27.5x | NM | $0.00 | NM | 3.8% | 2.7% |
| 2-EW | CEG | Constellation Energy Corp | $27.69 | 3.4% | $43 | 54% | $1,729 | 6.3x | $1,720 | 6.4x | $1.67 | $3.15 | $3.18 | 8.9x | 8.8x | $3.21 | 8.7x | 1.5% | 0.2% |
| 1-OW | CVA | Covanta Holdings | $17.66 | 0.0% | $16 | -16% | $505 | 7.7x | $530 | 7.3x | $0.90 | $0.74 | $1.00 | 23.9x | 17.7x | $0.99 | 17.8x | 2.4% | 2.8% |
| 2-EW | D | Dominion Resources Inc | $33.17 | 4.8% | $35 | 5% | $4,654 | 7.8x | $5,634 | 6.3x | $3.16 | $3.08 | $3.19 | 10.8x | 10.4x | $2.60 | 12.8x | -0.3% | 0.3% |
| 2-EW | DYN | Dynegy Inc. | $2.03 | 0.0% | $4 | 113% | $495 | 11.9x | $796 | 7.5x | $0.03 | ($0.06) | $0.05 | NM | NM | ($0.18) | NM | 0.7% | 1.3% |
| 2-EW | EIX | Edison International | $31.45 | 3.9% | $44 | 38% | $3,654 | 6.3x | $4,981 | 4.7x | $3.84 | $2.88 | $3.22 | 10.9x | 9.8x | $1.92 | 16.4x | -4.8% | -3.6% |
| 1-OW | ETR | Entergy Corp | $75.64 | 4.0% | $111 | 47% | $3,293 | 8.8x | $3,800 | 5.9x | $6.51 | $6.78 | $7.28 | 11.2x | 10.4x | $5.58 | 13.6x | 6.3% | 6.7% |
| RS | EXC | Exelon | $51.93 | 3.9% | N/A | N/A | $5,571 | 7.7x | $8,950 | 6.2x | $4.20 | $4.02 | $4.28 | 12.9x | 12.1x | $3.64 | 14.3x | 6.5% | 6.9% |
| 1-OW | FE | FirstEnergy Corp | $40.80 | 5.4% | $58 | 37% | $3,765 | 6.9x | $3,510 | 7.4x | $4.57 | $3.75 | $3.47 | 10.9x | 11.8x | $3.93 | 10.4x | 3.3% | 3.4% |
| 1-OW | FPL | FPL Group Inc | $57.37 | 3.1% | $69 | 21% | $4,469 | 6.5x | $4,793 | 6.4x | $3.84 | $4.28 | $4.78 | 13.4x | 12.1x | $3.96 | 14.5x | 2.7% | 4.7% |
| 2-EW | MIR | Mirant Corp | $16.16 | 0.0% | $9 | -42% | $481 | 7.8x | $653 | 4.8x | $2.60 | $2.56 | $1.53 | 6.3x | 10.6x | $0.12 | NM | -4.6% | -1.3% |
| RS | NRG | NRG Energy | $24.72 | 0.0% | N/A | N/A | $1,798 | 6.9x | $2,272 | 6.5x | $2.52 | $2.92 | $2.41 | 8.5x | 10.3x | $1.10 | 22.5x | 7.7% | 6.6% |
| 2-EW | ORA | Ormat Technologies | $39.11 | 0.5% | $33 | -16% | $168 | 12.7x | $169 | 12.5x | $1.12 | $1.20 | $1.48 | 32.6x | 26.8x | $1.54 | 25.4x | 3.7% | 6.0% |
| 1-OW | PPL | PPL Corporation | $32.80 | 4.2% | $41 | 25% | $3,093 | 6.8x | $3,070 | 6.7x | $2.02 | $1.73 | $3.52 | 19.0x | 9.3x | $3.57 | 9.2x | 1.2% | 2.6% |
| 1-OW | PEG | Public Service Entrp Group | $32.47 | 4.1% | $41 | 26% | $4,392 | 6.4x | $4,176 | 6.6x | $2.92 | $3.11 | $3.12 | 10.4x | 10.4x | $4.09 | 7.9x | 3.3% | 3.3% |
| 2-EW | RRI | RRI Energy, Inc. | $5.02 | 0.0% | $11 | 119% | $413 | 6.0x | $507 | 4.9x | ($0.13) | ($0.65) | $0.18 | NM | 27.9x | $0.21 | NM | -6.2% | 12.0% |
| | | Group Average (19) | | 3.4% | | 18.6% | | 7.5x | | 6.8x | | | | 12.6x | 10.8x | | 12.1x | 2.6% | 3.4% |

*Source: Barclays Capital estimates, FactSet*

*Source: Barclays Capital Estimates, FactSet, Company Disclosures*

## Appendix

Figure 43: 2005 Rate Case Outcomes

| Date | Company | State | Allowed ROE | Yield on 10-Year Treasury | Spread (bps) | Yield on Moodys Baa | Spread (bps) |
|---|---|---|---|---|---|---|---|
| 01/06/05 | South Carolina Electric & Gas | SC | 10.70% | 4.29% | 641 | 6.13% | 457 |
| 01/28/05 | Aquila Networks-WPK | KS | 10.50% | 4.16% | 634 | 5.91% | 459 |
| 02/18/05 | Puget Sound Energy | WA | 10.30% | 4.27% | 603 | 5.89% | 441 |
| 02/25/05 | PacifiCorp | UT | 10.50% | 4.27% | 623 | 5.89% | 461 |
| 03/10/05 | Empire District Electric | MO | 11.00% | 4.48% | 652 | 5.99% | 501 |
| 03/18/05 | Dominion North Carolina Power | NC | – | – | – | – | – |
| 03/24/05 | Consolidated Edison of NY | NY | 10.30% | 4.60% | 570 | 6.18% | 412 |
| 03/31/05 | Texas-New Mexico Power | TX | 10.25% | 4.50% | 575 | 6.14% | 411 |
| | 1st Quarter Averages | | 10.51% | 4.37% | 614 | 6.02% | 449 |
| | | | | | | | |
| 04/04/05 | Central Vermont Public Service | VT | 10.00% | 4.47% | 553 | 6.12% | 388 |
| 04/07/05 | Arizona Public Service | AZ | 10.25% | 4.49% | 576 | 6.14% | 411 |
| 05/02/05 | Public Service Co. of Oklahoma | OK | – | – | – | – | – |
| 05/18/05 | Entergy Louisiana | LA | 10.25% | 4.07% | 618 | 5.99% | 426 |
| 05/18/05 | Wisconsin Electric Power | WI | – | – | – | – | – |
| 05/25/05 | Savannah Electric & Power | GA | 10.75% | 4.08% | 667 | 5.99% | 476 |
| 05/26/05 | Atlantic City Electric | NJ | 9.75% | 4.08% | 567 | 5.99% | 376 |
| 05/26/05 | Idaho Power | ID | – | – | – | – | – |
| 06/01/05 | Jersey Central Power & Light | NJ | 9.75% | 3.91% | 584 | 5.82% | 393 |
| 06/08/05 | Public Service New Hampshire | NH | 9.62% | 3.95% | 567 | 5.77% | 385 |
| | 2nd Quarter Averages | | 10.05% | 4.15% | 590 | 5.97% | 408 |
| | | | | | | | |
| 07/19/05 | Wisconsin Power & Light | WI | 11.50% | 4.20% | 730 | 5.98% | 552 |
| 07/22/05 | PacifiCorp | ID | – | – | – | – | – |
| 08/05/05 | Cap Rock Energy | TX | 11.75% | 4.40% | 735 | 6.07% | 568 |
| 08/15/05 | AEP Texas Central | TX | 10.13% | 4.27% | 586 | 5.98% | 415 |
| 09/28/05 | PacifiCorp | OR | 10.00% | 4.26% | 574 | 6.08% | 392 |
| | 3rd Quarter Averages | | 10.85% | 4.28% | 656 | 6.03% | 482 |
| | | | | | | | |
| 12/09/05 | Empire District Electric | KS | – | – | – | – | – |
| 12/12/05 | Madison Gas & Electric | WI | 11.00% | 4.56% | 644 | 6.42% | 458 |
| 12/13/05 | OGE Electric Service | OK | 10.75% | 4.54% | 621 | 6.42% | 433 |
| 12/16/05 | Pacific Gas & Electric | CA | 11.35% | 4.45% | 690 | 6.30% | 505 |
| 12/16/05 | San Diego Gas & Electric | CA | 10.70% | 4.45% | 625 | 6.30% | 440 |
| 12/16/05 | Southern California Edison | CA | 11.60% | 4.45% | 715 | 6.30% | 530 |
| 12/21/05 | Cincinnati Gas & Electric | OH | 10.29% | 4.49% | 580 | 6.33% | 396 |
| 12/21/05 | Avista | WA | 10.40% | 4.49% | 591 | 6.33% | 407 |
| 12/22/05 | Consumers Energy | MI | 11.15% | 4.44% | 671 | 6.27% | 488 |
| 12/22/05 | Wisconsin Public Service | WI | 11.00% | 4.44% | 656 | 6.27% | 473 |
| 12/28/05 | Westar Energy North | KS | 10.00% | 4.38% | 562 | 6.20% | 380 |
| 12/28/05 | Kansas Gas & Electric | KS | 10.00% | 4.38% | 562 | 6.20% | 380 |
| 12/28/05 | Dayton Power & Light | OH | – | – | – | – | – |
| 12/30/05 | NSTAR Electric | MA | – | – | – | – | – |
| | 4th Quarter Averages | | 10.75% | 4.46% | 629 | 6.30% | 445 |
| | | | | | | | |
| | 2005 Average | | 10.54% | 4.32% | 622 | 6.08% | 446 |

*Source: SNL Financial, Federal Reserve*

## Figure 44: 2006 Rate Case Outcomes

| Date | Company | State | Allowed ROE | Yield on 10-Year Treasury | Spread (bps) | Yield on Moodys Baa | Spread (bps) |
|---|---|---|---|---|---|---|---|
| 01/05/06 | Northern States Power | WI | 11.00% | 4.36% | 664 | 6.20% | 480 |
| 01/25/06 | Wisconsin Electric Power | WI | – | – | – | – | – |
| 01/27/06 | United Illuminating | CT | 9.75% | 4.52% | 523 | 6.30% | 345 |
| 02/23/06 | Aquila Networks-MPS | MO | – | – | – | – | – |
| 02/23/06 | Aquila Networks-L&P | MO | – | – | – | – | – |
| 03/03/06 | Interstate Power & Light | MN | 10.39% | 4.68% | 571 | 6.35% | 404 |
| 03/14/06 | Kentucky Power | KY | – | – | – | – | – |
| 03/24/06 | PacifiCorp | WY | – | – | – | – | – |
| 03/29/06 | Entergy Gulf States | LA | – | – | – | – | – |
| | 1st Quarter Averages | | 10.38% | 4.52% | 586 | 6.28% | 410 |
| 04/17/06 | PacifiCorp | WA | 10.20% | 5.01% | 519 | 6.71% | 349 |
| 04/18/06 | MidAmerican Energy | IA | 11.90% | 4.99% | 691 | 6.69% | 521 |
| 04/26/06 | Sierra Pacific Power | NV | 10.60% | 5.12% | 548 | 6.76% | 384 |
| 05/12/06 | Idaho Power | ID | – | – | – | – | – |
| 05/17/06 | Southern California Edison[1] | CA | 11.60% | 5.16% | 644 | 6.82% | 478 |
| 06/06/06 | Delmarva Power & Light | DE | 10.00% | 5.01% | 499 | 6.66% | 334 |
| 06/27/06 | Upper Peninsula Power | MI | 10.75% | 5.21% | 554 | 6.91% | 384 |
| | 2nd Quarter Averages | | 10.84% | 5.08% | 576 | 6.76% | 408 |
| 07/06/06 | Maine Public Service | ME | 10.20% | 5.19% | 501 | 6.85% | 335 |
| 07/24/06 | Central Hudson Gas & Electric | NY | 9.60% | 5.05% | 455 | 6.74% | 286 |
| 07/26/06 | Appalachian Power | WV | 10.50% | 5.04% | 546 | 6.72% | 378 |
| 07/28/06 | Commonwealth Edison | IL | 10.05% | 5.00% | 505 | 6.67% | 338 |
| 08/23/06 | New York State Electric & Gas | NY | 9.55% | 4.82% | 473 | 6.54% | 301 |
| 08/31/06 | Detroit Edison | MI | 11.00% | 4.74% | 626 | 6.47% | 453 |
| 09/01/06 | Northern States Power | MN | 10.54% | 4.73% | 581 | 6.46% | 408 |
| 09/05/06 | CenterPoint Energy Houston Elec. | TX | – | – | – | – | – |
| 09/14/06 | PacifiCorp | OR | 10.00% | 4.79% | 521 | 6.49% | 351 |
| | 3rd Quarter Averages | | 10.18% | 4.92% | 526 | 6.62% | 356 |
| 10/06/06 | Unitil Energy Systems | NH | 9.67% | 4.70% | 497 | 6.43% | 324 |
| 10/27/06 | Entergy New Orleans | LA | – | – | – | – | – |
| 11/21/06 | Delmarva Power & Light | DE | – | – | – | – | – |
| 11/21/06 | Central Illinois Light | IL | 10.12% | 4.58% | 554 | 6.16% | 394 |
| 11/21/06 | Central Illinois Public Service | IL | 10.08% | 4.58% | 550 | 6.18% | 390 |
| 11/21/06 | Illinois Power | IL | 10.08% | 4.58% | 550 | 6.18% | 390 |
| 12/01/06 | Duquesne Light | PA | – | – | – | – | – |
| 12/01/06 | PacifiCorp | UT | 10.25% | 4.43% | 582 | 6.08% | 417 |
| 12/01/06 | Public Service of Colorado | CO | 10.50% | 4.43% | 607 | 6.08% | 442 |
| 12/04/06 | Kansas City Power & Light | KS | – | – | – | – | – |
| 12/07/06 | Central Vermont Public Service | VT | 10.75% | 4.49% | 626 | 6.13% | 462 |
| 12/14/06 | Western Massachusetts Electric | MA | – | – | – | – | – |
| 12/18/06 | PacifiCorp | ID | – | – | – | – | – |
| 12/21/06 | Duke Energy Kentucky | KY | – | – | – | – | – |
| 12/21/06 | Empire District Electric | MO | 10.90% | 4.55% | 635 | 6.23% | 467 |
| 12/21/06 | Kansas City Power & Light | MO | 11.25% | 4.55% | 670 | 6.23% | 502 |
| 12/22/06 | Green Moutain Power | VT | 10.25% | 4.63% | 562 | 6.30% | 395 |
| 12/28/06 | Black Hills Power | SD | – | 4.70% | – | – | – |
| | 4th Quarter Averages | | 10.39% | 4.67% | 582 | 6.20% | 418 |
| | 2006 Average | | 10.45% | 4.77% | 567 | 6.47% | 398 |

(1) ROE was determined in previously decided cost of capital decision

*Source: SNL Financial, Federal Reserve*

## Figure 45: 2007 Rate Case Outcomes

| Date | Company | State | Allowed ROE | 10-Year Treas. Yield | Spread (bps) | Moodys Baa Yield | Spread (bps) |
|---|---|---|---|---|---|---|---|
| 01/05/07 | Oklahoma Gas And Electric | AR | 10.00% | 4.65% | 535 | 6.25% | 375 |
| 01/11/07 | Wisconsin Power & Light Co. | WI | 10.80% | 4.74% | 606 | 6.33% | 447 |
| 01/11/07 | Pennsylvania Electric Co. | PA | 10.10% | 4.74% | 536 | 6.33% | 377 |
| 01/11/07 | Metropolitan Edison Co. | PA | 10.10% | 4.74% | 536 | 6.33% | 377 |
| 01/12/07 | Portland General Electric Co. | OR | 10.10% | 4.77% | 533 | 6.36% | 374 |
| 02/08/07 | PPL Gas Utilities | PA | 10.40% | 4.73% | 567 | 6.28% | 412 |
| 03/15/07 | Pacific Gas and Electric Co. | CA | 11.35% | 4.54% | 681 | 6.24% | 511 |
| 03/20/07 | Delmarva Power & Light Co. | DE | 10.25% | 4.56% | 569 | 6.27% | 398 |
| 03/22/07 | Rockland Electric Company | NJ | 9.75% | 4.60% | 515 | 6.35% | 340 |
| 03/22/07 | Southern Union Co. | MO | 10.50% | 4.60% | 590 | 6.35% | 415 |
| | 1st Quarter Averages | | 10.35% | 4.66% | 569 | 6.31% | 404 |
| 05/15/07 | Appalachian Power | VA | 10.00% | 4.71% | 529 | 6.36% | 364 |
| 05/17/07 | Aquila (MPS) | MO | 10.25% | 4.76% | 549 | 6.40% | 385 |
| 05/17/07 | Aquila (L&P) | MO | 10.25% | 4.76% | 549 | 6.40% | 385 |
| 05/22/07 | Monongahela Pow/Potomac Ed. | WV | 10.50% | 4.83% | 567 | 6.46% | 404 |
| 05/22/07 | Union Electric | MO | 10.20% | 4.83% | 537 | 6.46% | 374 |
| 05/23/07 | Nevada Power | NV | 10.70% | 4.86% | 584 | 6.49% | 421 |
| 05/25/07 | Public Service of New Hampshire | NH | 9.67% | 4.86% | 481 | 6.48% | 319 |
| 06/05/07 | Cascade Natural Gas | OR | 10.10% | 4.98% | 512 | 6.65% | 355 |
| 06/13/07 | Northern States Power | ND | 10.75% | 5.20% | 555 | 6.78% | 397 |
| 06/15/07 | Entergy Arkansas | AR | 9.90% | 5.16% | 474 | 6.76% | 314 |
| 06/21/07 | Pacificorp | WA | 10.20% | 5.16% | 504 | 6.76% | 344 |
| 06/22/07 | Appalachian Power | WV | 10.50% | 5.14% | 536 | 6.74% | 376 |
| 06/28/07 | Arizona Public Service | AZ | 10.75% | 5.12% | 563 | 6.72% | 403 |
| 06/29/07 | Yankee Gas Services | CT | 10.10% | 5.03% | 507 | 6.62% | 348 |
| 06/29/07 | Public Service of New Mexico | NM | 9.53% | 5.03% | 450 | 6.62% | 291 |
| | 2nd Quarter Averages | | 10.23% | 4.96% | 526 | 6.57% | 365 |
| 07/03/07 | Public Service of Colorado | CO | 10.25% | 5.05% | 520 | 6.65% | 360 |
| 07/12/07 | Granite State Electric | NH | 9.67% | 5.13% | 454 | 6.72% | 295 |
| 07/13/07 | Arkansas Western Gas | AR | 9.50% | 5.11% | 439 | 6.70% | 280 |
| 07/19/07 | Delmarva Power & Light | MD | 10.00% | 5.04% | 496 | 6.63% | 337 |
| 07/19/07 | Potomac Electric Power | MD | 10.00% | 5.04% | 496 | 6.63% | 337 |
| 07/24/07 | Aquila | NE | 10.40% | 4.94% | 546 | 6.59% | 381 |
| 08/01/07 | Southern Indiana Gas & Electric | IN | 10.15% | 4.76% | 539 | 6.62% | 353 |
| 08/15/07 | Southern Indiana Gas & Electric | IN | 10.40% | 4.69% | 571 | 6.72% | 368 |
| 08/21/07 | Consumers Energy | MI | -- | 4.60% | -- | -- | -- |
| 08/29/07 | Columbia Gas of Kentucky | KY | 10.50% | 4.57% | 593 | 6.62% | 388 |
| 09/10/07 | Northern States Power - MN | MN | 9.71% | 4.34% | 537 | 6.47% | 324 |
| 09/19/07 | Washington Gas & Light | VA | 10.00% | 4.53% | 547 | 6.64% | 336 |
| 09/25/07 | Consolidated Edison of NY | NY | 9.70% | 4.63% | 507 | 6.65% | 305 |
| | 3rd Quarter Averages | | 10.02% | 4.80% | 520 | 6.64% | 339 |
| 10/08/07 | Atmos Energy | TN | 10.48% | 4.65% | 583 | 6.69% | 369 |
| 10/09/07 | Public Service of Oklahoma | OK | 10.00% | 4.67% | 533 | 6.57% | 343 |
| 10/18/07 | Orange and Rockland Utilities | NY | 9.10% | 4.62% | 458 | 6.46% | 264 |
| 10/19/07 | Delta Natural Gas | KY | 10.50% | 4.41% | 609 | 6.38% | 412 |
| 10/25/07 | CenterPoint Energy Resources | AR | 9.65% | 4.37% | 528 | 6.36% | 329 |
| 10/31/07 | Electric Transmission Texas | TX | 9.96% | 4.48% | 548 | 6.47% | 349 |
| 11/15/07 | Washington Gas & Light | MD | 10.00% | 4.17% | 583 | 6.39% | 361 |
| 11/20/07 | Arkansas Oklahoma Gas | AR | 9.90% | 4.06% | 584 | 6.41% | 349 |
| 11/27/07 | UNS Gas | AZ | 10.00% | 3.95% | 605 | 6.36% | 364 |
| 11/29/07 | Cheyenne Light, Fuel, & Power | WY | 10.90% | 3.94% | 696 | 6.40% | 450 |
| 12/06/07 | Kansas City Power & Light | MO | 10.75% | 4.02% | 673 | 6.61% | 414 |
| 12/13/07 | AEP Central Texas | TX | 9.96% | 4.18% | 578 | 6.76% | 320 |
| 12/14/07 | Madison Gas & Electric | WI | 10.80% | 4.24% | 656 | 6.79% | 401 |
| 12/14/07 | South Carolina Electric & Gas | SC | 10.70% | 4.24% | 646 | 6.79% | 391 |
| 12/18/07 | Northwestern Energy Division | NE | 10.40% | 4.14% | 626 | 6.66% | 374 |
| 12/19/07 | Avista Corporation | WA | 10.20% | 4.06% | 614 | 6.60% | 360 |
| 12/20/07 | Duke Energy Carolinas | NC | 11.00% | 4.04% | 696 | 6.55% | 445 |
| 12/20/07 | Bangor Hydro Electric | ME | 10.20% | 4.04% | 616 | 6.55% | 365 |
| 12/21/07 | Pacific Gas and Electric | CA | 11.35% | 4.18% | 717 | 6.68% | 467 |
| 12/21/07 | San Diego Gas & Electric | CA | 11.10% | 4.18% | 692 | 6.68% | 442 |
| 12/21/07 | Southern California Edison | CA | 11.50% | 4.18% | 732 | 6.68% | 482 |
| 12/21/07 | Brooklyn Union Gas | NY | 9.80% | 4.18% | 562 | 6.68% | 312 |
| 12/21/07 | KeySpan Gas East | NY | 9.80% | 4.18% | 562 | 6.68% | 312 |
| 12/21/07 | National Fuel Gas Distribution | NY | 9.10% | 4.18% | 492 | 6.68% | 242 |
| 12/28/07 | Pacificorp | ID | 10.25% | 4.11% | 614 | 6.62% | 363 |
| 12/31/07 | Georgia Power | GA | 11.25% | 4.04% | 721 | 6.56% | 469 |
| | 4th Quarter Averages | | 10.33% | 4.19% | 612 | 6.57% | 376 |
| | 2007 Average | | 10.23% | 4.65% | 557 | 6.52% | 371 |

*Source: SNL Financial, Federal Reserve*

Figure 46: 2008 Rate Case Outcomes

| Date | Company | State | Allowed ROE | 10-Year Treas. Yield | Spread (bps) | Moodys Baa Yield | Spread (bps) |
|---|---|---|---|---|---|---|---|
| 01/08/08 | Northern States Power Co-WI | WI | 10.75% | 3.86% | 689 | 6.49% | 426 |
| 01/08/08 | Northern States Power Co-WI | WI | 10.75% | 3.86% | 689 | 6.49% | 426 |
| 01/17/08 | Wisconsin Electric Power Co. | WI | 10.75% | 3.66% | 709 | 6.47% | 428 |
| 01/17/08 | Wisconsin Electric Power Co. | WI | 10.75% | 3.66% | 709 | 6.47% | 428 |
| 01/17/08 | Wisconsin Gas LLC | WI | 10.75% | 3.66% | 709 | 6.47% | 428 |
| 01/28/08 | Connecticut Light & Power Co. | CT | 9.40% | 3.61% | 579 | 6.58% | 282 |
| 01/30/08 | Potomac Electric Power Co. | DC | 10.00% | 3.78% | 622 | 6.72% | 328 |
| 01/31/08 | Central Vermont Public Service | VT | 10.71% | 3.67% | 704 | 6.63% | 408 |
| 02/05/08 | North Shore Gas Co. | IL | 9.99% | 3.61% | 638 | 6.62% | 337 |
| 02/05/08 | Peoples Gas Light & Coke Co. | IL | 10.19% | 3.61% | 658 | 6.62% | 357 |
| 02/13/08 | Indiana Gas Co. | IN | 10.20% | 3.70% | 650 | 6.81% | 339 |
| 02/29/08 | Fitchburg Gas & Electric Light | MA | 10.25% | 3.53% | 672 | 6.75% | 350 |
| 03/12/08 | PacifiCorp | WY | 10.25% | 3.49% | 676 | 6.88% | 337 |
| 03/25/08 | Consolidated Edison Co. of NY | NY | 9.10% | 3.51% | 559 | 6.90% | 220 |
| 03/31/08 | Avista Corp. | OR | 10.00% | 3.45% | 655 | 6.90% | 310 |
| | **1st Quarter Averages** | | **10.26%** | **3.64%** | **661** | **6.65%** | **360** |
| 04/22/08 | MDU Resources Group Inc. | MT | 10.25% | 3.74% | 651 | 6.95% | 330 |
| 04/24/08 | Public Service Co. of NM | NM | 10.10% | 3.87% | 623 | 7.00% | 310 |
| 05/01/08 | Hawaiian Electric Co. | HI | 10.70% | 3.78% | 692 | 6.82% | 388 |
| 05/27/08 | UNS Electric Inc. | AZ | 10.00% | 3.93% | 607 | 7.01% | 299 |
| 05/28/08 | Duke Energy Ohio Inc. | OH | 10.50% | 4.03% | 647 | 7.06% | 344 |
| 06/10/08 | Consumers Energy Co. | MI | 10.70% | 4.11% | 659 | 7.05% | 365 |
| 06/24/08 | Atmos Energy Corp. | TX | 10.00% | 4.10% | 590 | 7.08% | 292 |
| 06/27/08 | Sierra Pacific Power Co. | NV | 10.60% | 3.99% | 661 | 7.03% | 357 |
| 06/27/08 | Appalachian Power Co. | WV | 10.50% | 3.99% | 651 | 7.03% | 347 |
| 06/27/08 | Questar Gas Co. | UT | 10.00% | 3.99% | 601 | 7.03% | 297 |
| | **2nd Quarter Averages** | | **10.34%** | **3.95%** | **638** | **7.01%** | **333** |
| 07/10/08 | Otter Tail Corp. | MN | 10.43% | 3.83% | 660 | 7.00% | 343 |
| 07/16/08 | Orange & Rockland Utils Inc. | NY | 9.40% | 3.97% | 543 | 7.21% | 219 |
| 07/30/08 | Empire District Electric Co | MO | 10.80% | 4.07% | 673 | 7.24% | 358 |
| 07/31/08 | San Diego Gas & Electric Co. | CA | 10.70% | 3.99% | 671 | 7.21% | 349 |
| 07/31/08 | San Diego Gas & Electric Co. | CA | 10.70% | 3.99% | 671 | 7.21% | 349 |
| 07/31/08 | Southern California Gas Co. | CA | 10.82% | 3.99% | 683 | 7.21% | 361 |
| 08/11/08 | PacifiCorp | UT | 10.25% | 3.99% | 626 | 7.23% | 302 |
| 08/26/08 | Southwestern Public Service Co | NM | 10.18% | 3.79% | 639 | 7.10% | 308 |
| 08/27/08 | SourceGas Distribution LLC | CO | 10.25% | 3.77% | 648 | 7.07% | 318 |
| 09/02/08 | Chesapeake Utilities Corp. | DE | 10.25% | 3.74% | 651 | 7.07% | 318 |
| 09/10/08 | Commonwealth Edison Co. | IL | 10.30% | 3.65% | 665 | 7.02% | 328 |
| 09/17/08 | Atmos Energy Corp. | GA | 10.70% | 3.41% | 729 | 7.25% | 345 |
| 09/24/08 | Central Illinois Light Co. | IL | 10.65% | 3.80% | 685 | 7.58% | 307 |
| 09/24/08 | Central Illinois Public | IL | 10.65% | 3.80% | 685 | 7.58% | 307 |
| 09/24/08 | Illinois Power Co. | IL | 10.65% | 3.80% | 685 | 7.58% | 307 |
| 09/24/08 | Central Illinois Light Co. | IL | 10.68% | 3.80% | 688 | 7.58% | 310 |
| 09/24/08 | Central Illinois Public | IL | 10.68% | 3.80% | 688 | 7.58% | 310 |
| 09/24/08 | Illinois Power Co. | IL | 10.68% | 3.80% | 688 | 7.58% | 310 |
| 09/30/08 | Avista Corp. | ID | 10.20% | 3.85% | 635 | 7.85% | 235 |
| 09/30/08 | Avista Corp. | ID | 10.20% | 3.85% | 635 | 7.85% | 235 |
| | **3rd Quarter Averages** | | **10.46%** | **3.83%** | **662** | **7.35%** | **311** |
| 10/03/08 | New Jersey Natural Gas Co. | NJ | 10.30% | 3.63% | 667 | 7.98% | 232 |
| 10/08/08 | Puget Sound Energy Inc. | WA | 10.15% | 3.72% | 643 | 8.21% | 194 |
| 10/08/08 | Puget Sound Energy Inc. | WA | 10.15% | 3.72% | 643 | 8.21% | 194 |
| 10/20/08 | CenterPoint Energy Resources | TX | 10.06% | 3.91% | 615 | 9.43% | 63 |
| 10/24/08 | Piedmont Natural Gas Co. | NC | 10.60% | 3.76% | 684 | 9.30% | 130 |
| 10/24/08 | Public Service Co. of NC | NC | 10.60% | 3.76% | 684 | 9.30% | 130 |
| 11/17/08 | Appalachian Power Co. | VA | 10.20% | 3.68% | 652 | 9.26% | 94 |
| 11/21/08 | Southwest Gas Corp. | CA | 10.50% | 3.20% | 730 | 9.08% | 142 |
| 11/21/08 | Southwest Gas Corp. | CA | 10.50% | 3.20% | 730 | 9.08% | 142 |
| 11/21/08 | Southwest Gas Corp. | CA | 10.50% | 3.20% | 730 | 9.08% | 142 |
| 11/24/08 | Narragansett Electric Co. | RI | 10.50% | 3.35% | 715 | 9.21% | 129 |
| 12/01/08 | Tucson Electric Power Co. | AZ | 10.25% | 2.72% | 753 | 8.84% | 141 |
| 12/23/08 | Columbia Gas of Ohio Inc | OH | 10.39% | 2.18% | 821 | 8.12% | 227 |
| 12/23/08 | Detroit Edison Co. | MI | 11.00% | 2.18% | 882 | 8.12% | 288 |
| 12/24/08 | Southwest Gas Corp. | AZ | 10.00% | 2.20% | 780 | 8.10% | 190 |
| 12/26/08 | Northwest Natural Gas Co. | WA | 10.10% | 2.16% | 794 | 8.06% | 204 |
| 12/29/08 | Portland General Electric Co. | OR | 10.10% | 2.13% | 797 | 8.05% | 205 |
| 12/29/08 | Avista Corp. | WA | 10.20% | 2.13% | 807 | 8.05% | 215 |
| 12/29/08 | Avista Corp. | WA | 10.20% | 2.13% | 807 | 8.05% | 215 |
| 12/31/08 | Northern States Power Co. - MN | ND | 10.75% | 2.25% | 850 | 8.07% | 268 |
| | **4th Quarter Averages** | | **10.35%** | **2.96%** | **739** | **8.58%** | **177** |
| | **2008 Average** | | **10.35%** | **3.60%** | **675** | **7.40%** | **295** |

*Source: SNL Financial, Federal Reserve*

Figure 47: 1Q09 Rate Case Outcomes

| Date | Company | State | Allowed ROE | Yield on 10-Year Treasury | Spread (bps) | Yield on Moodys Baa | Spread (bps) |
|---|---|---|---|---|---|---|---|
| 01/14/09 | Public Service of Oklahoma | OK | 10.50% | 2.24% | 826 | 7.92% | 258 |
| 01/21/09 | Toledo Edison Co. | OH | 10.50% | 2.56% | 794 | 8.14% | 236 |
| 01/21/09 | Ohio Edison Co. | OH | 10.50% | 2.56% | 794 | 8.14% | 236 |
| 01/21/09 | Cleveland Electric Illuminating Co | OH | 10.50% | 2.56% | 794 | 8.14% | 236 |
| 01/27/09 | Union Electric Co. | MO | 10.76% | 2.59% | 817 | 8.06% | 270 |
| 01/30/09 | Idaho Power Co. | ID | 10.50% | 2.87% | 763 | 8.25% | 225 |
| 02/04/09 | United Illuminating Co. | CT | 8.75% | 2.95% | 580 | 8.24% | 51 |
| 03/04/09 | Indiana Michigan Power | IN | 10.50% | 3.01% | 749 | 8.32% | 218 |
| 03/12/09 | Southern California Edison | CA | 11.50% | 2.89% | 861 | 8.41% | 309 |
| 03/17/09 | Tampa Electric Co. | FL | 8.11% | 3.02% | 509 | 8.62% | (51) |
| 01/13/09 | Michigan Gas Utilities Corp. | MI | 10.45% | 2.33% | 812 | 8.05% | 240 |
| 02/02/09 | New England Gas Co. | MA | 10.05% | 2.76% | 729 | 8.09% | 196 |
| 03/09/09 | Atmos Energy Corp. | TN | 10.30% | 2.89% | 741 | 8.29% | 201 |
| 03/25/09 | Northern Illinois Gas Co. | IL | 10.17% | 2.81% | 736 | 8.60% | 157 |
| | 1st Quarter Averages | | 10.22% | 2.72% | 750 | 8.23% | 199 |

*Source: SNL Financial, Federal Reserve*

Figure 48: Electricity Rates, by Customer Class

*(cents / kWh)*

| State | Residential | Commercial | Industrial | Total / Avg. |
|---|---|---|---|---|
| Idaho | 6.97 | 5.67 | 4.55 | 5.66 |
| West Virginia | 7.02 | 6.02 | 4.17 | 5.54 |
| North Dakota | 7.54 | 6.74 | 5.54 | 6.65 |
| Washington | 7.57 | 6.73 | 4.8 | 6.6 |
| Kentucky | 7.71 | 7.12 | 4.84 | 6.16 |
| Nebraska | 7.87 | 6.59 | 5.12 | 6.53 |
| Missouri | 8.01 | 6.6 | 4.98 | 6.84 |
| Wyoming | 8.16 | 6.67 | 4.52 | 5.67 |
| South Dakota | 8.26 | 6.81 | 5.31 | 7.07 |
| Utah | 8.37 | 6.8 | 4.7 | 6.61 |
| Oregon | 8.54 | 7.63 | 4.93 | 7.27 |
| Tennessee | 8.55 | 8.74 | 6.14 | 7.84 |
| Indiana | 8.76 | 7.67 | 5.49 | 7.01 |
| Montana | 9.16 | 8.48 | 6.4 | 8 |
| Kansas | 9.17 | 7.7 | NM | 7.7 |
| Oklahoma | 9.45 | 8.21 | 6.08 | 8.13 |
| Arkansas | 9.49 | 7.73 | 5.98 | 7.74 |
| Virginia | 9.55 | 7.24 | 5.54 | 7.87 |
| Minnesota | 9.61 | 7.82 | 5.99 | 7.77 |
| Iowa | 9.66 | 7.24 | 4.9 | 6.99 |
| North Carolina | 9.68 | 7.64 | 5.59 | 8.06 |
| South Carolina | 9.98 | 8.48 | NM | 7.87 |
| New Mexico | 10.02 | 8.65 | 6.45 | 8.38 |
| Ohio | 10.13 | 9.19 | 6.19 | 8.39 |
| Georgia | 10.14 | 9.18 | 6.69 | 8.95 |
| Colorado | 10.17 | 8.65 | 6.63 | 8.64 |
| Alabama | 10.24 | 9.7 | 6.02 | 8.45 |
| Mississippi | 10.34 | 9.96 | 6.46 | 8.92 |
| Arizona | 10.35 | 8.95 | 6.69 | 9.21 |
| Louisiana | 10.55 | 10.29 | 8.12 | 9.59 |
| Illinois | 10.82 | 8.78 | NM | 8.95 |
| Michigan | 10.88 | 9.42 | 6.87 | 9.11 |
| U.S. Total | 11.34 | 10.33 | 7.01 | 9.81 |
| Wisconsin | 11.44 | 9.19 | 6.52 | 8.93 |
| Pennsylvania | 11.47 | 9.41 | 7.04 | 9.36 |
| Florida | 11.6 | 10.06 | 8.27 | 10.7 |
| Nevada | 11.87 | 10.14 | 8.23 | 10.02 |
| District of Columbia | 12.64 | 13.76 | 11.55 | 13.56 |
| Texas | 12.94 | 10.8 | 8.97 | 11.07 |
| Maryland | 13.67 | 12.79 | 10.46 | 12.94 |
| Delaware | 13.88 | 12.04 | 10.25 | 12.28 |
| California | 14.37 | 13.12 | 10.28 | 13 |
| Vermont | 14.6 | 12.5 | 9.01 | 12.31 |
| New Hampshire | 15.58 | 14.2 | 13.12 | 14.54 |
| Maine | 15.98 | 12.99 | 11.88 | 13.72 |
| New Jersey | 16.01 | 14.9 | 12.55 | 15.04 |
| Alaska | 16.35 | 13.14 | 14.26 | 14.45 |
| Rhode Island | 17.26 | 15.25 | 14.08 | 15.88 |
| Massachusetts | 17.38 | 16.1 | 14.41 | 16.24 |
| New York | 18.56 | 16.96 | 10.28 | 16.75 |
| Connecticut | 19.29 | 15.96 | 13.8 | 16.88 |
| Hawaii | 32.73 | 29.97 | 26.33 | 29.46 |

*Source: EIA.*

Figure 49: Ranking of State Utility Commissions

| Commission | Raw Score | Rank | JD Power Score |
|---|---|---|---|
| Kentucky Public Service Commission | 7.29 | 1 | 710 |
| Wyoming Public Service Commission | 7.29 | 1 | |
| Iowa Utilities Board | 7.32 | 3 | 708 |
| Idaho Public Utilities Commission | 7.39 | 4 | |
| North Carolina Utilities Commission | 7.57 | 5 | 719 |
| Florida Public Service Commission | 7.86 | 6 | 700 |
| Minnesota Public Utilities Commission | 7.93 | 7 | 698 |
| Ohio Public Utilities Commission | 7.96 | 8 | 668 |
| Alabama Public Service Commission | 8.00 | 9 | 723 |
| Colorado Public Utilities Commission | 8.00 | 9 | 694 |
| Georgia Public Service Commission | 8.00 | 9 | 723 |
| Oklahoma Corporation Commission | 8.04 | 12 | 697 |
| Texas Public Utility Commission | 8.04 | 12 | 658 |
| Michigan Public Service Commission | 8.11 | 14 | 677 |
| North Dakota Public Service Commission | 8.11 | 14 | |
| California Public Utilities Commission | 8.18 | 16 | 681 |
| Indiana Utility Regulatory Commission | 8.25 | 17 | 669 |
| Kansas Corporation Commission | 8.29 | 18 | 653 |
| South Carolina Public Service Commission | 8.32 | 19 | 703 |
| Wisconsin Public Service Commission | 8.39 | 20 | 693 |
| Arkansas Public Service Commission | 8.46 | 21 | 654 |
| Virginia State Corporation Commission | 8.46 | 21 | 679 |
| Delaware Public Service Commission | 8.50 | 23 | 654 |
| Massachusetts Dept of Tele and Energy | 8.61 | 24 | 650 |
| Oregon Public Utility Commission | 8.64 | 25 | 691 |
| Washington Utils and Trans Commission | 8.64 | 25 | 677 |
| Utah Public Service Commission | 8.75 | 27 | 678 |
| Hawaii Public Utilities Commission | 8.79 | 28 | |
| Illinois Commerce Commission | 8.86 | 29 | 617 |
| District of Columbia Public Svc Commission | 8.93 | 30 | 654 |
| West Virginia Public Service Commission | 8.93 | 30 | |
| Mississippi Public Service Commission | 8.96 | 32 | 689 |
| Missouri Public Service Commission | 8.96 | 32 | 653 |
| South Dakota Public Utilities Commission | 8.96 | 32 | 636 |
| Nevada Public Utilities Commission | 9.18 | 35 | 639 |
| Louisiana Public Service Commission | 9.36 | 36 | 682 |
| Vermont Public Service Board | 9.39 | 37 | |
| New Jersey Board of Public Utilities | 9.68 | 38 | 659 |
| Maine Public Utilities Commission | 9.71 | 39 | 677 |
| Pennsylvania Public Utility Commission | 9.89 | 40 | 691 |
| New Hampshire Public Utilities Commission | 9.93 | 41 | 646 |
| Maryland Public Service Commission | 10.00 | 42 | 623 |
| New York Public Service Commission | 10.04 | 43 | 645 |
| Rhode Island Public Utilities Commission | 10.07 | 44 | 646 |
| Connecticut Department of Pub Utility Control | 10.32 | 45 | 641 |
| Arizona Corporation Commission | 10.46 | 46 | 698 |
| Montana Public Service Commission | 10.50 | 47 | 636 |
| New Mexico Public Regulation Commission | 10.57 | 48 | 667 |

*Source: SNL Financial, JD Power & Associates, Barclays Capital estimates.*

## Figure 50: State Regulatory Staff Contacts

| STATE | NAME | POSITION | PHONE | E-MAIL |
|---|---|---|---|---|
| Alabama | Janice Hamilton | Director, Energy Division | 344-242-2696 | janice.hamilton@psc.alabama.gov |
| | John Free | Manager, Energy Division, Electric | 344-242-2696 | john.free@psc.alabama.gov |
| Arizona | Michael P. Kearns | Interim Executive Director | 602-542-3931 | |
| | Rebecca Wilder | Public Information Officer | 502-542-0844 | |
| | Ernest G. Johnson | Director, Utilities Division | 602-542-4251 | |
| Arkansas | John Bethel | Executive Director - General Staff | 501-682-1794 | |
| | | General Staff Information Number | 501-682-1794 | |
| California | Lynn Carew | Chief, ALJ Division | 415-703-1721 | |
| | Paul Clanon | Executive Director | 415-703-3808 | |
| | Sean Gallagher | | | |
| Colorado | Barbara Fernandez | Chief of Staff | 303-894-2012 | |
| | Doug Dean | Director | 303-894-2007 | |
| | Eugene Camp | Section Chief, Energy | 303-894-2047 | |
| Connecticut | Media Spokesperson | Media Relations/Public Information | 860-827-2670 | |
| | Bill Palomba | Executive Director | 860-827-2802 | bill.palomba@po.state.ct.us |
| Delaware | Karen Nickerson | Commission Secretary | 302-736-7500 | karen.nickerson@state.de.us |
| | Bruce Burcat | Executive Director | 302-736-7500 | |
| District of Columbia | Phylicia Fauntleroy Bowman | Executive Director | 202-626-9178 | pbowman@psc.dc.gov |
| | Aminta Davis | Executive Assistant, Exec. Dir. Office | 202-626-5139 | adaves@psc.dc.gov |
| | Joseph Nwude | Deputy Exec. Director, Regulation | 202-626-5156 | jnwude@psc.dc.gov |
| Florida | Mary Andrews Bane | Executive Director | 850-413-6068 | |
| | | Public Information | 850-413-6482 | |
| | Charles Hill | Deputy Executive Director | 850-413-6071 | |
| Georgia | Deborah Flannagan | Executive Director | 404-656-2141 | |
| | Bill Edge | Public Information Officer | 404-656-2316 | bile@psc.state.ga.us |
| | Tom Bond | Director of Utilities | 404-651-9401 | |
| Hawaii | Paul Shigenaga | Administrative Director | 808-586-2028 | |
| | Jean Yamaguchi | Administrator - Utilities Division | 808-586-2044 | |
| | Stacy Djou | Chief Counsel | 808-586-2022 | |
| Idaho | Randy Lobb | Administrator, Utilities Division | 208-334-0350 | randy.lobb@puc.idaho.gov |
| | Gene Fadness | Public Information Officer | 208-334-0339 | gene.fadness@puc.idaho.gov |
| Illinois | Beth Bosch | Staff | 217-782-5793 | |
| | David Farrell | Director, Public Affairs | 217-524-5048 | |
| | Tim Anderson | Office of Executive Director | 217-785-7456 | |
| Indiana | Danielle Dravet | Public Information Officer | 317-232-2297 | |
| | Joseph Sutherland | Executive Director, Public Information | 317-233-4723 | |
| | Brad Borum | Director of Electricity | 317-232-2304 | |
| Iowa | Judie Cooper | Executive Secretary | 515-281-5386 | |
| | Jeff Kaman | Energy Section | 515-281-3279 | |
| | Rob Hillesland | Information Specialist | 515-281-3551 | |
| Kansas | Susan Cunningham | General Counsel | 785-271-3272 | |
| | Don Low | Director, Utilities Division | 785-271-3221 | |
| | Rosemary Foreman | Public Spokesperson | 785-271-3275 | |
| Kentucky | Stephanie Stumbo | Executive Director | 502-564-3940 ext. 264 | |
| Louisiana | Lawrence St. Blanc | Executive Secretary | 225-342-4427 | eve.gonzalez@la.gov |
| | Arnold Chauviere | Deputy Assistant Secretary, Utilities | 225-342-4416 | arnold.chauviere@la.gov |
| | Stan Perkins | Audit Director | 225-342-1436 | |
| | Brian McManus | Economist Director | 225-342-2720 | |
| Maine | Richard Kivela | Utility Analyst | 207-287-1562 | richard.kivela@maine.gov |
| | Fred Bever | Public Information Coordinator | 207-287-6141 | chris.simpson@maine.gov |
| Maryland | Gregory V. Carmean | Executive Director | 410-767-8002 | |
| | Obi Linton | External Relations, Director | 410-767-8028 | |
| Massachusetts | Timothy Shevlin | Executive Director | 617-305-3681 | |
| | Mary Cottrell | Secretary | 617-305-3600 | |
| Michigan | Robert Kehres | Regulatory Affairs Division, Director | 517-241-6016 | kehresr@michigan.gov |
| | Mary Jo Kunkle | Regulatory Affairs Division, Executive Secret | 517-241-3322 | kunklem@michigan.gov |
| Minnesota | Burl Haar | Executive Secretary | 651-201-2222 | |
| | Janet Gonzales | Supervisor, Energy | 651-201-2231 | |
| Mississippi | Brian U. Ray | Executive Secretary | 601-961-5434 | brian.ray@psc.state.ms.us |
| | George Haynie | Central District Chief of Staff | 601-961-5430 | george.haynie@psc.state.ms.us |
| | Thomas Adams | Northern District Chief of Staff | 662-683-1471 | thomas.adams@psc.state.ms.us |
| | Jay McKnight | Southern District Staff Officer | 228-396-2643 | jay.mcknight@psc.state.ms.us |
| Missouri | Bob Schallenberg | Staff | 573-751-7162 | bob.schallenberg@psc.mo.gov |
| | Kevin Kelly | Public Information Officer | 573-751-9300 | kevin.kelly@psc.mo.gov |
| Montana | Kate Whitney | Administrator - Utilities Division | 406-444-3056 | kwhitney@mt.gov |
| New Hampshire | Debra Howland | Executive Director | 603-271-2431 | |
| New Jersey | Doyle Sladdell | Public Information Officer | 973-648-6135 | |
| | Victor Fortkiewicz | Executive Director | 973-648-4862 | |
| | Mark Beyer | Chief Economist | 973-648-3414 | |
| | Kristi Izzo | Secretary | 973-648-3426 | |
| New Mexico | Daniel Mayfield | Chief of Staff | 505-827-4433 | daniel.mayfield@state.nm.us |
| | Roy Stephenson | Utilities Division Director | 505-827-6980 | |
| | Mona Varela | Management Analyst, Office of the Chief of S | 505-827-4433 | |
| Nevada | Sean Sever | Public Information Officer | 775-684-6118 | ssever@puc.state.nv.us |
| | Kirby Lampley | Director of Regulatory Operations | 775-684-6137 | klampley@puc.state.nv.us |
| New York | Debra Renner | Director, Office of Administration | 518-474-2508 | |
| | Tom Dvorsky | Director, Electric, Gas & Water | 518-473-6080 | |
| | Judith Lee | Acting Executive Deputy | 518-474-4520 | |
| North Carolina | George Sessoms | Deputy Director, Electric and Telecom | 919-715-5282 | sessoms@ncuc.net |
| | Robert Bennink, Jr. | Dir. Adm. Division and General Counsel | 919-733-0833 | bennink@ncuc.net |
| | Renne Vance | Chief Clerk | 919-733-0840 | vance@ncuc.net |
| North Dakota | Illona Jeffcoat | Director of Public Utilities Division | 701-328-2407 | |
| Ohio | Stephen Brennan | Director, Utilities Department | 614-466-3705 | |
| | Shana Gerber | Communications Liason | 614-995-4168 | |
| | Renne Jenkins | Commission Secretary | 614-995-4294 | |
| Oklahoma | David Dykeman | Director, Public Utility Division | 405-521-2322 | |
| | Andrew Tevington | Deputy Director, Public Utility Division | 405-521-6953 | |
| Oregon | Bonnie Tatom | Electricity Division, General Info | 503-378-6226 | Bonnie.Tatom@state.or.us |
| | Judy Johnson | Electricity Division, General Info and Rate cas | 503-378-6636 | Judy.Johnson@state.or.us |
| Pennsylvania | Karen O'Maury | Director of Operations | 717-772-8583 | |
| | Tom Charles | Manager of Communications | 717-787-9504 | thcharles@state.pa.us |
| Rhode Island | Luly Massaro | Commission Clerk | 401-941-4500, x107 | |
| | Sharon Colby Camara | Chief Financial Analyst | 401-941-4500, x157 | |
| | Thomas Kogut | Chief of Information | 401-941-4500, x105 | |
| South Carolina | Charles Terreni | Chief Clerk and Administrator | 803-896-5133 | |
| | Philip Riley | Energy Advisor | 803-896-5154 | |
| South Dakota | Greg Rislov | Commission Advisor | 605-773-3201 | greg.rislov@state.sd.us |
| | Patricia Van Gerpen | Executive Director | 605-773-3201 | patty.vangerpen@state.sd.us |
| Tennessee | Darlene Standley | Utilities Division, Chief | 615-741-2904, x149 | darlene.standley@tn.gov |
| | Jessica Johnson | Office of Public Information | 615-741-2904, x233 | jessica.johnson@tn.gov |
| Texas | Jess Totten | Dir. Electric Division | 512-936-7235 | jess.totten@puc.state.tx.us |
| Utah | Becky Wilson | Executive Staff Director, Electric & Gas | 801-530-6770 | rlwilson@utah.gov |
| | Julie P. Orchard | Commission Administrator | 801-530-6713 | jorchard@utah.gov |
| Vermont | Tamara Parisseau | Coordinator of Public Information Division | 802-828-3262 | tamara.parisseau@state.vt.us |
| | Judy Bruneau | Administrative Secretary | 802-828-4071 | judy.moody@state.vt.us |
| Virginia | Howard Spinner | Director, Division of Economics and Finance | 804-371-9449 | econfin@scc.virginia.gov |
| | William F. Stephens | Director, Division of Energy | 804-371-9611 | energyreg@scc.virginia.gov |
| | Kenneth Schrad | Director, Information Services | 804-371-9141 | ken.schrad@scc.virginia.gov |
| Washington | Anne Solwick | Director, General Utility Regulation | 360-664-1290 | asolwick@utc.wa.gov |
| | David Danner | Executive Director | 360-664-1208 | ddanner@utc.wa.gov |
| | Marilyn Meehan | Information Officer | 360-664-1116 | mmeehan@utc.wa.gov |
| | Mike Parvinen | Assistant Director, Electricity and Gas | 360-664-1316 | mparvinen@utc.wa.gov |
| West Virginia | Cheryl Ranson | Director, Utilities Division | 304-340-0421 | |
| | Dixie Kellmeyer | Supervisor, Energy Section | 304-340-0762 | |
| | Sandra Squire | Executive Secretary | 304-340-0426 | |
| Wisconsin | Robert Norcross | Administrator, Electric Division | 608-266-0699 | robert.norcross@psc.state.wi.us |
| Wyoming | Darrell Ziomke | Supervisor/Assistant Administrator | 307-777-5724 | dziemk@state.wy.us |
| | Denise Parrish | OCA Deputy Administrator | 307-777-5743 | dparri@state.wy.us |
| | Mary Kiser | Docketing Clerk | 307-777-5749 | mkiser@state.wy.us |

*Source: SNL Financial*

## Figure 51: State Regulatory Commissioners, A-M

| STATE | NAME | Party | Term Ends | Experience | Contact Name | PHONE | E-MAIL |
|---|---|---|---|---|---|---|---|
| Alabama | Chair Lucy Baxley | D | Nov-12 | President of Sullivan Furniture Inc.; private law practice | Lisa Parrish | 334-242-5297 | Lisa.parrish@psc.alabama.gov |
| | Susan Parker | D | Nov-10 | Retired educator and former state auditor | Brad Williams | 334-242-5181 | brad.williams@psc.alabama.gov |
| | Jan Cook | D | Nov-10 | Alabama State Auditor for eight years | Kely Mcdare | 334-242-5203 | Jan.cook@psc.alabama.gov |
| Arizona | Chair Kristin K. Mayes | R | Jan-11 | State Rep., Chrm. Natural Res. and Agric. Committee | | 602-542-4143 | Mayes-web@azcc.gov |
| | Gary Pierce | R | Jan-11 | state representative (Majority Whip) | | 602-542-3933 | Pierce-web@azcc.gov |
| | Bob Stump | R | Jan-13 | Attorney; State legislator; Municipal Court Judge | | 602-542-3935 | Stump-web@azcc.gov |
| | Paul Newman | D | Jan-13 | Attorney; Gov. Communications Director; Reporter | | 602-542-3682 | Newman-web@azcc.gov |
| | Sandra Kennedy | D | Jan-13 | State Representative, Chairman Energy, Utilities, & Technology Committee | | 602-542-3625 | Kennedy-web@azcc.gov |
| Arkansas | Chair Paul Suskie | D | Jan-13 | North Little Rock City Attorney, Major in National Guard (JAG) | | 501-682-5809 | |
| | Olan Reeves | R | Jan-15 | Attorney; PSC Staff Director; Governor's Liaison; Asst. General Counsel, Arkla | | 501-682-5809 | |
| | Colette Honorable | D | Jan-11 | ...ative; Gov's Budget Director; Gov't Economic Development Policy Advisor; various positions at Department of Higher Education | | 501-682-5809 | |
| California | Pres. Michael R. Peevey | D | Jan-15 | CEO of TruePricing Inc.; Pres. of New Energy Inc.; Pres. of Edison Int'l. and Southern California Edison | | 415-703-3703 | |
| | Dian Grueneich | D | Jan-11 | Energy and Environmental Law Consultant; Attorney | Theresa Cho | 415-703-2442 | |
| | Rachelle Chong | R | Jan-15 | Attorney; FCC Commissioner; private practice attorney, mediator arbitrator | Lynn Carew | 415-703-3700 | |
| | John Bohn | R | Jan-11 | Businessman; President and CEO of Moody's; Special Assistant to former U.S. Treasury Secretary Regan | | 415-703-2440 | |
| | Timothy Alan Simon | R | Jan-13 | Appointments Secretary in Gov. Office; General counsel and chief compliance officer for various US Corporations | Alan Reynolds | 415-703-1407 | |
| Colorado | Chair Ron Binz | D | Jan-11 | Consultant; Director of the Office of Consumer Counsel | | 303-894-2000 | puc@dora.state.co.us |
| | James Tarpey | R | Jan-13 | County Commissioner; Chair, Denver Regional Council of Governments | | 303-894-2000 | puc@dora.state.co.us |
| | Matt Baker | D | Jan-12 | State Representative; Lake County Commissioner; U.S. Army | | 303-894-2000 | puc@dora.state.co.us |
| Connecticut | Chair Donald W. Downes | R | Jun-09 | Attorney; Deputy Secretary of State Office of Policy and Management | | 860-827-2801 | |
| | Kevin M. DelGobbo | R | Jun-11 | Private law practice; newspaper reporter | | 860-827-2802 | |
| | Amalia Vazquez Bzdyra | R | Jun-11 | Governor's Special Counsel on Energy; Chief Legal Counsel to Governor | | 860-827-2802 | |
| | John W. Betkoski | D | Jun-09 | State legislator; House Chair of the Joint Commerce Committee | | 860-827-2802 | |
| | Anthony J. Palermino | D | Jun-11 | Private law practice; Consulting | | 860-827-2802 | |
| Delaware | Chair Arnetta McRae | D | May-08 | Attorney; Trademark and copyright counsel to E.I. DuPont de Nemours | Karen Nickerson | 302-739-4247 | karen.nickerson@state.de.us |
| | Dallas Winslow | R | May-10 | Attorney; Chief of legal services for State Public Defender; Private Law Practice | Karen Nickerson | 302-739-4247 | karen.nickerson@state.de.us |
| | Jaymes Bruce Lester | R | May-12 | Manager, Richland Farms | Karen Nickerson | 302-739-4247 | karen.nickerson@state.de.us |
| | Joann Conaway | D | May-12 | Realtor | Karen Nickerson | 302-739-4247 | karen.nickerson@state.de.us |
| | Jeffrey J. Clark | D | May-09 | Attorney; U.S. Army Captain | Karen Nickerson | 302-739-4247 | karen.nickerson@state.de.us |
| District of Columbia | Chair Betty Ann Kane | D | Jun-10 | Attorney; Acting Deputy Director of the D.C. Office of Labor Relations and Collective Bargaining | | 202-626-5125 | bakane@psc.dc.gov |
| | Richard E. Morgan | D | Jun-11 | Energy Analyst U.S. EPA; PSC Staff member | | 202-626-5118 | rmorgan@psc.dc.gov |
| | Lori Murphy Lee | D | Jun-12 | | | 202-626-5115 | llee@psc.dc.gov |
| Florida | Chair Matthew M. Carter II | R | Jan-10 | Attorney; Baptist Minister; US Army | Deb Graham | 850-413-6006 | Chairman@psc.state.fl.us |
| | Katrina J. McMurrian | R | Jan-10 | Advisor to PSC Commissioners; PSC Division of Policy Analysis | Kay Posey | 850-413-6024 | Commissioner.McMurrian@psc.state.fl.us |
| | Lisa Polak Edgar | I | Jan-13 | Attorney; Deputy Secretary for Dept. of Environmental Protection; Gov. Office of Policy and Budget | Kelly McLanahan | 850-413-6018 | Commissioner.Edgar@psc.state.fl.us |
| | Nathan Skop | R | Jan-10 | | Cristina Slaton | 850-413-6030 | Commissioner.Skop@psc.state.fl.us |
| | Nancy Argenziano | R | Jan-11 | | Steve Larson | 850-413-6004 | Commissioner.Argenziano@psc.state.fl.us |
| Georgia | Doug Everett | R | Dec-14 | Real estate developer | | 404-656-4501 | deverett@psc.state.ga.us |
| | Stan Wise | R | Dec-12 | Insurance business owner; county commissioner; Atlanta Regional Commission member | | 404-656-4501 | stanwise@psc.state.ga.us |
| | Lauren McDonald | R | Dec-14 | Business Recruiter; assistant administrator of a medical complex at a children's home | | 404-656-4501 | lmcdonald@psc.state.ga.us |
| | Chuck Eaton | R | Dec-12 | Member of State House of Representatives; City Commissioner for Albany, GA | | 404-656-4501 | ceaton@psc.state.ga.us |
| | Bobby Baker | R | Dec-10 | Attorney; Gwinnett County Planning Commissioner | | 404-656-4501 | bbaker@psc.state.ga.us |
| Hawaii | Chair Carlito P. Caliboso | R | Jun-10 | Attorney; Partner, private practice | | 808-586-2020 | |
| | John E. Cole | R | Jun-12 | Attorney; Executive Director Division of Consumer Advocacy; Governor's Policy Team | | 808-586-2020 | |
| | Leslie Kondo | | Jun-14 | | | 808-586-2020 | |
| Idaho | Pres. Mack A. Redford | R | Jan-13 | Chair of the Legislative Task Force on the Federal Telecommunications Act of 1996; Distance Learning Director of Boise State University | | 208-334-0336 | |
| | Marsha H. Smith | D | Jan-15 | Idaho Deputy Attorney General; PUC Director of Policy and External Relations | | 208-334-0338 | |
| | Jim Kempton | R | Jan-11 | Attorney, general counsel for several engineering firms; Deputy Attorney General | | 208-334-0338 | |
| Illinois | Chair Charles E. Box | D | Jan-09 | Attorney; private consultant; Mayor, Rockford, IL | | 217-782-7907 | |
| | Lula M. Ford | D | Jan-13 | Asst. Dir. Central Management Services; Chicago School's Educ. Liaison to Housing Authority; Teacher | | 217-782-7907 | |
| | Robert F. Lieberman | D | Jan-10 | CFO Private Technology Firm; Positions at Illinois Office of Coal Development and Dept. of Natural Resources | | 217-782-7907 | |
| | Erin M. O'Connell-Diaz | I | Jan-13 | Attorney; Manager Chicago Office of ICC Administrative Law Judges (ALJs) Div.; ALJ; Asst. Attorney General | | 217-782-7907 | |
| | Sherman Elliott | R | Jan-12 | | | 217-782-7907 | |
| Indiana | Chair David L. Hardy | R | Apr-10 | Attorney, private practice | | 317-232-2701 | |
| | David Ziegner | D | Apr-11 | Attorney; URC General Counsel; Staff attorney, Indiana Legislative Services Agency | | 317-232-2701 | |
| | Greg D. Server | R | Apr-09 | Member, State Legislature; Dir. Administration, Evansville Water & Sewer Utility | | 317-232-2701 | |
| | Larry Landis | R | Jan-12 | President of marketing and communications firm; experience in advertising and software development | | 317-232-2701 | |
| | Jeffery Golc | D | Jan-10 | ...sioner, Indiana Bureau of Motor Vehicles and Indiana Dept. of Workforce Development; public affairs manager for Kroger Company | | 317-232-2701 | |
| Iowa | Chair Rob Berntsen | D | Apr-15 | Attorney; Chief of Staff for Governor, Congressman; State Chairman, Iowa Democratic Party | | 515-281-5167 | |
| | Krista Tanner | D | Apr-11 | Attorney, private practice; positions at Qwest; IUB legislative liaison | | 515-281-3843 | |
| | Darrell Hanson | R | Apr-13 | | | 515-281-3841 | |
| Kansas | Chair Thomas Wright | D | Mar-10 | General Counsel for KCC, Kansas Insurance Dept.; State Representative; Adjunct Professor | | 785-271-3166 | public.affairs@kcc.state.ks.us |
| | Michael Moffet | R | Mar-08 | ...ate Committee on Commerce, Science & Transportation, Aviation Subcommittee; various positions, Federal Aviation Administration | | 785-271-3350 | public.affairs@kcc.state.ks.us |
| | Joe Harkins | D | Mar-11 | Attorney; Private practice | | 785-271-3350 | public.affairs@kcc.state.ks.us |
| Kentucky | Chair David Armstrong | D | Jun-11 | Attorney, Immediate Past President, Southeastern Association of Regulatory Utility Commissioners | | 502-564-3940 | psc.info@ky.com |
| | John W. Clay | R | Jun-09 | ...uty Secretary of the EPPC; Executive Directory of the Office of Alcohol Beverage Control in Kentucky's Dept. of Public | | 502-564-3940 | psc.info@ky.com |
| | James Gardner | D | Jun-12 | | | 502-564-3941 | psc.info@ky.com |
| Louisiana | Chair Lambert C. Boissiere | D | Dec-10 | Attorney, member of various civic organizations; Board Member of Parish National Bank | | 225-342-6687/504-680-9529 | alicec@lpsc.org |
| | Eric Skrmetta | R | Dec-14 | State legislator; businessman | Janet Caharin | 855-824-4660 | janetc@lpsc.org |
| | James M. Field | R | Dec-12 | Attorney, NFL contract advisor | Peggy Lantrip | 225-342-6900 | peggy.lantrip@la.gov |
| | Foster L. Campbell Jr. | D | Dec-14 | State legislator; Insurance agent; Farmer | | 318-676-7464 | foster.campbell@la.org |
| | Clyde Holloway | R | Dec-10 | New Orleans City Constable | | 337-457-7395 | joanne@lpsc.org |
| Maine | Chair Sharon Reishus | D | Mar-09 | Chief Legal Counsel to Gov. Baldacci; Attorney | | 207-287-3831 | maine.puc@maine.gov |
| | Vendean Vafiades | I | Mar-13 | Energy consultant; PUC Staff analyst | | 207-287-3831 | maine.puc@maine.gov |
| | Jack Cashman | D | Mar-11 | | | 207-287-3831 | maine.puc@maine.gov |
| Maryland | Chair Douglas Nazarian | D | Jun-13 | Attorney, Exec. Vice President Amerigroup Corp.; commissioner Maryland Insurance Administration | | 410-767-8073 | |
| | Harold Williams | D | Jun-12 | Dir., Corp. Procurement for Baltimore Gas & Electric | | 410-767-8116 | |
| | Allen M. Freifeld | D | Jun-09 | Attorney; PSC Staff Counsel and Hearing Examiner | | 410-767-8072 | |
| | Susanne Brogan | D | Jun-11 | | | 410-767-8072 | |
| | Lawrence Brenner | D | Jun-10 | Attorney, Member House of Delegates; Mayor of Aberdeen | | 410-767-8017 | |
| Massachusetts | Chair Paul Hibbard | D | Jan-11 | Chief of Staff Mass. Dept. of Business and Technology | | 617-305-3500 | |
| | Tim Woolf | D | Jan-11 | Energy division of General Electric; Consultant for Deloitte; Project Manager with Georgia Power | | 617-305-3600 | |
| | Jolette Westbrook | R | Apr-13 | Manager Government Relations, Tenneco; Consultant | | 617-305-3500 | |
| Michigan | Chair Orjiakor Isiogu | D | Jul-13 | Assistant Attorney General and Head of the Special Litigation Div. of the MI Attorney General's Office | | 517-241-6200 | |
| | Stephen Transeth | I | Jul-09 | Dep. Dir. Governor's Legislative Affairs Division; Analyst for Senate Democratic Office | | 517-241-6180 | |
| | Monica Martinez | D | Jul-11 | ...rmer Gov. Engler's Deputy Legal Counsel, Regulatory Affairs Advisor to MI House Republicans; other legislative aid positions | | 517-241-6180 | |
| Minnesota | Chair David C. Boyd | R | Jan-15 | Dairy farmer; State Legislator, including Assistant House Minority Leader and House Republican Whip | | 651-201-2200 | David.C.Boyd@state.mn.us |
| | Phyllis Reha | D | Jan-13 | Attorney, Member of MN House of Representatives (1983-2004) and House Minority Leader (1996-2002) | | 651-201-2200 | Phyllis.Reha@state.mn.us |
| | Thomas W. Pugh | D | Jan-11 | Chief Administrative Law Judge; Deputy Commissioner/Assistant Comm. at Minnesota DPS | | 651-201-2200 | Tom.Pugh@state.mn.us |
| | Dennis O'Brien | R | Jan-14 | Consultant to the Econ. Development Div. of the Iron Range Resources and Rehab. Board; business exec. | | 651-201-2200 | Dennis.Obrien@state.mn.us |
| | Betsy L. Wergin | R | Jan-10 | | | 651-201-2200 | Betsy.Wergin@state.mn.us |
| Mississippi | Chair Lynn Posey | D | Dec-11 | Mississippi House of Representatives; PSC Utility investigator, Harris County Dep. Sheriff | | 601-961-5430 | central.district@psc.state.ms.us |
| | Brandon Presley | D | Dec-11 | Mississippi House of Representatives; Monroe County Sheriff | | 601-961-5450 | northern.district@psc.state.ms.us |
| | Leonard L. Bentz | R | Dec-11 | Mississippi House of Representatives; PSC Utility investigator, Harris County Dep. Sheriff | | 601-961-5440 | southern.district@psc.state.ms.us |

Source: SNL Financial



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## Figure 52: State Regulatory Commissioners, M-W

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Missouri | Robert Clayton III | D | Apr-09 | Attorney; various positions in state government | | 573-751-4221 | robert.clayton@psc.mo.gov |
| | Terry Jarrett | R | Sep-13 | Attorney; Missouri House of Representatives | | 573-751-3243 | terry.jarrett@psc.mo.gov |
| | Kevin Gunn | D | Mar-14 | Attorney; Speaker, Missouri House of Representatives; City Prosecutor | | 573-751-0848 | kevin.gunn@psc.mo.gov |
| | Jeffrey Davis | R | Apr-12 | Attorney; Missouri House of Representatives | | 573-751-3233 | jeff.davis@psc.mo.gov |
| Montana | Chair Greg Jergeson | D | Jan-11 | State Senator; Montana State University-Northern Foundation; Farmer | | 406-444-6199 | gjergeson@mt.gov |
| | John Vincent | D | Jan-13 | State Legislator | | 406-444-6199 | jvincent@mt.gov |
| | Gail Gutsche | D | Jan-13 | Speaker, State House of Representatives | | 406-444-6199 | ggutsche@mt.gov |
| | Brad Molnar | R | Jan-13 | State Legislator; Building contractor | | 406-444-6199 | bmolnar@mt.gov |
| | Ken Toole | D | Jan-11 | State Senator and Montana Caucus Chair of the Northwest Energy Coalition | | 406-444-6199 | ktoole@mt.gov |
| Nebraska | Frank Landis | R | Jan-13 | | | 800-526-0017 | frank.landis@nebraska.gov |
| | Gerald Vap | R | Jan-11 | | | 800-526-0017 | jerry.vap@nebraska.gov |
| | Anne Boyle | D | Jan-15 | | | 800-526-0017 | anne.boyle@nebraska.gov |
| | Tim Schram | R | Jan-13 | | | 800-526-0017 | tim.schram@nebraska.gov |
| | Rod Johnson | R | Jan-11 | | | 800-526-0017 | rod.johnson@nebraska.gov |
| New Hampshire | Chair Thomas Getz | D | Jun-13 | Attorney, PUC Executive Director; Counsel for electric utility; Staff member of New York Public Service Commission | | 603-271-2431 | TOM.GETZ@PUC.NH.GOV |
| | Graham J. Morrison | R | Jun-09 | Vice President Marketing at Kevlin, Inc., various positions at U.S. corporations | | 603-271-2431 | GRAHAM.MORRISON@PUC.NH.GOV |
| | Clifton Below | D | Jun-11 | Member of State House of Representatives and Senate; Commercial real estate developer | | 603-271-2290 | CLIFTON.BELOW@PUC.NH.GOV |
| New Jersey | Pres. Jeanne M. Fox | D | Mar-14 | Regional Administrator; Deputy Commissioner, NJ Dept. Environmental Protection & Energy; Dir. BPU Div. Water & Waste Water Services | | 973-648-2350 | |
| | Elizabeth Randall | R | Mar-13 | Gov's Chief of Management & Policy; Deputy Commissioner, NJ Dept. of Labor | | 973-648-2350 | |
| | Joseph L. Fiordaliso | D | Mar-10 | Dep. Chief of Staff for former Gov. Richard Codey; Mayor, Livingston, NJ; Essex County Executive | | 973-648-2350 | |
| | Frederick Butler | D | Mar-08 | Executive Dir., Dem. Office of NJ General Assembly; Dir., Budget & Fiscal Analysis for NJ General Assembly | | 973-648-2350 | |
| | Nicholas Asselta | R | Mar-14 | Attorney in private practice; Commissioner, NJ Highway Authority | | 973-648-2350 | |
| New Mexico | Chair Sandy Jones | D | Dec-10 | Health care consultant | Elizabeth Martin | 505-827-4020 | Elizabeth.Martin@state.nm.us |
| | Carol Sloan | D | Dec-10 | Served as McKinley County Clerk. | Luis Ledezma | 505-827-4019 | Luis.Ledezma@state.nm.us |
| | Jerome Block Jr. | D | Dec-12 | Administrative Services Dir., CRO state Dept. of Cultural Affairs | Charlotte Duran | 505-827-4533 | charlotte.duran1@state.nm.us |
| | David King | R | Dec-10 | New Mexico State University CFO; State Treasurer | Stacey Starr-Garcia | 505-827-4531 | Stacey.Starr-Garcia@state.nm.us |
| | Jason Marks | D | Dec-12 | Chairman State Fair Commission; has run his own construction business. | Larry Aragon | 505-827-4015 | Larry.Aragon@state.nm.us |
| Nevada | Chair Jo Ann Kelly | I | Sep-09 | CPA; Commissioner (1985-1998); Temporary Commissioner (2003) | Crystal Jackson | 775-684-6101 | cjackson@puc.state.nv.us |
| | Rebecca Wagner | R | Sep-11 | Gov. Guinn's Energy Advisor; PUC Public Information Officer | Crystal Jackson | 775-684-6101 | cjackson@puc.state.nv.us |
| | Samuel Thompson | R | Sep-12 | | Crystal Jackson | 775-684-6101 | cjackson@puc.state.nv.us |
| New York | Chair Garry A. Brown | R | Feb-09 | | | 518-474-7080 | |
| | Maureen F. Harris | R | Feb-12 | Attorney in private practice; Asst. Attorney General | | 518-474-7080 | |
| | Robert E. Curry Jr. | I | Feb-12 | Attorney | | 518-474-7080 | |
| | James Larocca | D | Feb-12 | Chairman, New York State Racing and Wagering Board | | 518-474-7080 | |
| | Patricia Acampora | R | Feb-09 | Member New York Assembly; Asst. to Suffolk County Executive | | 518-474-7080 | |
| North Carolina | Edward S. Finley | D | Jun-11 | | Rose Glover | 919-733-0839 | |
| | Robert V. Owens Jr. | D | Jun-13 | Dare County Board of Commissioners; Director of the Governor's Eastern Office; restaurant owner | Kathy Hoose | 919-733-4371 | |
| | Susan Rabon | D | Jun-15 | State Senator; Secretary of Dept. of Natural Resources; Mayor of Chapel Hill (NC) | Kathy Hoose | 919-733-4249 | |
| | Bryan Beatty | D | Jun-09 | Attorney in private practice | Melissa Watson | 919-733-0825 | |
| | Lorinzo Little Joyner | D | Jun-09 | Government Attorney, including a Staff Attorney for the Public Staff of the NCUC | Debra Fearing | 919-733-0825 | |
| | William T. Culpepper | D | Jun-13 | North Carolina House of Representatives; Attorney | Patti Almekinder | 919-733-0828 | |
| North Dakota | Chair Kevin Cramer | R | Dec-10 | President of the Bismarck School Board; Licensed Social Worker; Certified Consumer Credit Counselor | | 701-328-2400 | kcramer@nd.gov |
| | Brian Kalk | R | Dec-14 | Director of a Leadership Foundation at the University of Bismarck | | 701-328-2400 | bkalk@nd.gov |
| | Anthony Clark | R | Dec-12 | State Labor Commissioner; state legislator | | 701-328-2400 | tclark@nd.gov |
| Ohio | Chair Alan R. Schriber | I | Apr-14 | Economist; Former owner of several radio stations; PUC Commissioner (1983-1989); economics professor | | 614-466-3204 | |
| | Cheryl Roberto | D | Apr-13 | Attorney; Deputy Dir., Div. of Oil and Gas of Ohio Dept. of Natural Resources; Mayor of Zanesville, Ohio | | 614-466-3805 | |
| | Valerie A. Lemmie | I | Apr-11 | Kettering Research Foundation; Cincinnati City Manager; U.S. Dept. Consumer & Regulatory Affairs | | 614-466-3101 | |
| | Paul Centolella | D | Apr-12 | Toledo City Council; Toledo Metropolitan Council of Governments; Ohio School Boards Association | | | |
| | Ronda H. Fergus | R | Apr-10 | Attorney; PUC Chief of Telecommunications | | 614-644-8213 | |
| Oklahoma | Chair Bob Anthony | R | Jan-13 | Attorney; various state government positions; petroleum landman. | Jackie McEntee | 405-521-2261 | |
| | Dana Murphy | R | Jan-11 | President, Independent Petroleum Association of America; Staff of U.S. Senator David Boren | Billie Redaly | 405-521-2267 | |
| | Jeff Cloud | R | Jan-15 | Formerly President/Chairman of C.R. Anthony (clothing retailer) that is no longer in business | Lisa Roberts | 405-521-2264 | |
| Oregon | Chair Lee Beyer | D | Mar-12 | State Senator; State Representative | | 503-378-6611 | |
| | John Savage | D | Mar-09 | Director of PUC Utility Program; Director of Oregon Department of Energy | | 503-378-6611 | |
| | Raymond Baum | R | Aug-11 | Attorney; Oregon Liquor Control Commission; State Legislator | | 503-378-6611 | |
| Pennsylvania | James H. Cawley | D | Apr-10 | Attorney; PUC Commissioner (1980-1987); Private practice | | 717-783-1197 | jhc@state.pa.us |
| | Kim Pizzingrilli | R | Apr-12 | Secretary of the Commonwealth; Positions at Department of State | | 717-772-0692 | kpizzin@state.pa.us |
| | Tyrone Christy | D | Apr-11 | Attorney; PUC Commissioner (1999-2004); Administrative Law Judge (ALJ); PUC Counsel | | 717-783-1763 | tchristy@state.pa.us |
| | Robert Powelson | R | Apr-14 | Attorney; PUC Commissioner (1979-1985); Private practice | | 717-787-4301 | rfp@state.pa.us |
| | Wayne Gardner | D | Apr-13 | | | 717-787-1031 | wag@state.pa.us |
| Rhode Island | Chair Elia Germani | R | Mar-13 | General Counsel for Blue Cross and Blue Shield; partner of private law firm; attorney for a Rhode Island electric utility | | 401-941-4500 ext 100 | |
| | Mary E. Bray | D | Mar-11 | Controller, Senior Vice President in banking | | 401-941-4500 ext 102 | |
| South Carolina | Chair Elizabeth B. Fleming | U | Jun-10 | Chairman of the Marlboro SC, City Council; former member of Bennettsville, SC City Council | Nina Gates | 803-896-5259 | Chairman.Fleming@psc.sc.gov |
| | David A. Wright | U | Jun-10 | Former member of SC House of Representatives; public | Melissa Purvis | 803-896-5180 | Commissioner.Wright@psc.sc.gov |
| | Swain Whitfield | U | Jun-12 | Insurance agency owner | Melissa Purvis | 803-896-5180 | Commissioner.Whitfield@psc.sc.gov |
| | Randy Mitchell | U | Jun-12 | Owner and manager of a poultry farm and a rental business; Probate judge. | Nina Gates | 803-896-5259 | Commissioner.Mitchell@psc.sc.gov |
| | John E. Howard | U | Jun-12 | Printing and furniture sales | Melissa Purvis | 803-896-5180 | ViceChairman.Howard@psc.sc.gov |
| | G. O'Neal Hamilton | U | Jun-12 | Former member of the Spartanburg, SC City Council | Nina Gates | 803-896-5259 | Commissioner.Hamilton@psc.sc.gov |
| | Mignon L. Clyburn | D | Jun-13 | Newspaper Owner | Melissa Purvis | 803-896-5180 | Commissioner.Clyburn@psc.sc.gov |
| South Dakota | Chair Dustin Johnson | R | Jan-11 | Senior Policy Advisor, Governor; Truman Fellow, U.S. Department of Agriculture | Greg Rislov | 605-773-3201 | |
| | Steve Kolbeck | D | Jan-13 | Held several positions within the telecommunications industry | | 605-773-3201 | |
| | Gary Hanson | R | Jan-15 | Real estate broker; State legislator; Utilities Commissioner of Sioux Falls; Mayor of Sioux Falls | | 605-773-3201 | |
| Tennessee | Chair Eddie Roberson Jr. | D | Jun-11 | Attorney; Memphis City Court Judge; private law practice; public defender; various state government positions | Vicky Nelson | 615-741-0917 | eddie.roberson@tn.gov |
| | Sara Kyle | D | Jun-16 | Chief of TRA Consumer Services, Dir.; TRA Telecommunications Analyst | Thomas Pearson | 615-741-3125 | sara.kyle@tn.gov |
| | Mary Freeman | D | Jun-11 | Attorney; Legislative Liaison, Tennessee Supreme Court; Chief of Staff, Lt. Governor and Speaker of Senate | Sheri Anderson | 615-741-3668 | mary.w.freeman@tn.gov |
| Texas | Chair Barry T. Smitherman | R | Aug-13 | Attorney; Assistant DA; Public Finance Investment Banker | | 512-936-7025 | barry.smitherman@puc.state.tx.us |
| | Donna L. Nelson | R | Aug-09 | Dir. Policy for Gov. Perry; Gov.'s Liaison to PUC; Advisor to former PUC Commissioner Perlman | | 512-936-7015 | donna.nelson@puc.state.tx.us |
| | Kenneth W. Anderson | R | Aug-11 | Attorney; Solicitor General | | 512-936-7005 | kenneth.anderson@puc.state.tx.us |
| Utah | Chair Ted Boyer | R | Feb-15 | Accountant; Economist; Dir. of Division of Public Utilities | | 801-530-6712 | tboyer@utah.gov |
| | Richard M. Campbell | R | Feb-13 | Attorney; Exec. Dir. of Utah Dept. of Commerce; Dir. of Utah Real Estate Division | | 801-530-6492 | rcampbell@utah.gov |
| | Ron Allen | D | Feb-11 | State Senator; Fire Chief; Adjunct Professor | | 801-530-6713 | rallen@utah.gov |
| Vermont | Chair James Volz | U | Feb-11 | Attorney; Director for Public Advocacy of the Department of Public Service | | 802-828-2358 | psb.clerk@state.vt.us |
| | David Coen | U | Feb-13 | Dept. store president; "business/community specialist" for the Vermont Inst. for Science, Math and Tech. | | 802-828-2358 | psb.clerk@state.vt.us |
| | John D. Burke | U | Feb-15 | Attorney in private practice; Adjunct Law Prof. | | 802-828-2358 | psb.clerk@state.vt.us |
| Virginia | James C. Dimitri | U | Feb-14 | Attorney; former member of the Virginia House of Delegates | | 804-371-9608 | |
| | Judith Williams Jagdmann | U | Feb-12 | Attorney General; SCC General Counsel | | 804-371-9608 | |
| | Mark C. Christie | U | Feb-10 | Attorney; Pres. State Board of Ed.; Staff former Gov. Allen | | 804-371-9608 | |
| Washington | Chair Jeffrey Goltz | D | Jan-15 | Attorney in private practice; Attorney for City of Seattle | | 360-664-1173 | |
| | Patrick J. Oshie | D | Jan-13 | Attorney; private practice; Assistant Attorney General | | 360-664-1171 | |
| | Philip Jones | R | Jan-11 | International trade consultant; Legislative aide to U.S. Senator | | 360-664-1169 | |
| West Virginia | Chair Michael A. Albert | R | Jun-13 | Chemical Engineer; Management positions at Fitzsys Nitro Corp. and Monsanto | Karen Morton | 304-340-0306 | |
| | Edward Staats | D | Jun-09 | CPA; Gov.'s Dir. of Operations | Teresa Thorne | 304-340-0303 | |
| | Jon W. McKinney | R | Jun-11 | Attorney; Business Law Division of Jackson Kelly, PLLC | Sherry Kennedy | 304-340-0307 | |
| Wisconsin | Chair Eric Callisto | D | Mar-15 | Exec. Asst. to former commissioner; Governor's staff; Congressional staff member | Sandra Paske | 608-267-7897 | sandra.paske@psc.state.wi.us |
| | Mark Meyer | D | Mar-11 | State Senate and Assembly, La Crosse, WI City Council; WI Medical Society; assistant general hotel manager | Alice Heilman | 608-267-7896 | alice.heilman@psc.state.wi.us |
| | Lauren Azar | D | Mar-13 | | Sandra Paske | 608-267-7897 | sandra.paske@psc.state.wi.us |
| Wyoming | Chair Alan Minier | D | Mar-15 | Executive Director, Wyoming Board of Parole; Assistant Bar Counsel, Wyoming State Bar | | 307-777-7427 | aminie@state.wy.us |
| | Steve Oxley | R | Mar-13 | Division Administrator for Economic Analysis in the Wyoming Dept. of Administration and Information | | 307-777-7427 | soxley@state.wy.us |
| | Kathleen A. Lewis | D | Mar-11 | Analyst, Wyoming Legislative Service Office; Consultant, Wyoming Division of Economic Analysis | | 307-777-7427 | klewis@state.wy.us |

*Source: SNL Financial*

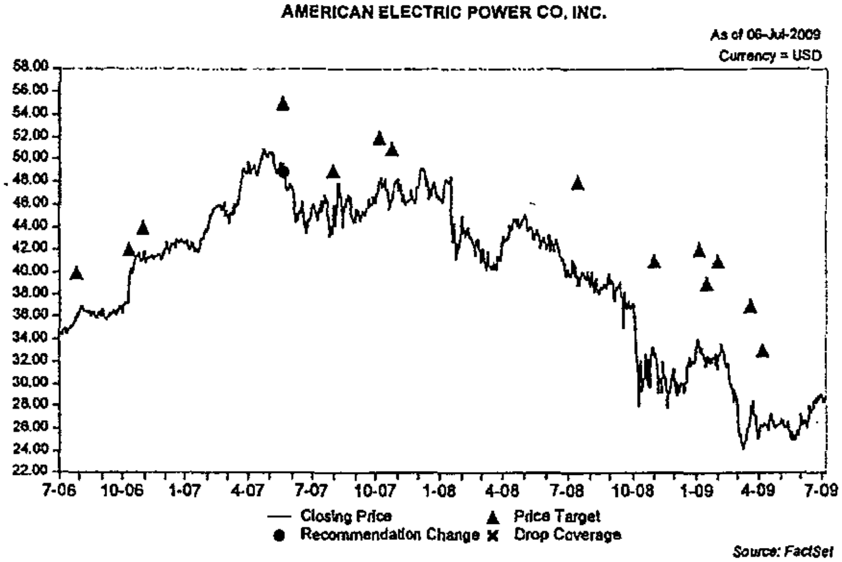
On September 20, 2008, Barclays Capital acquired Lehman Brothers' North American investment banking, capital markets, and private investment management businesses. All ratings and price targets prior to the acquisition date relate to coverage under Lehman Brothers Inc.

Analyst Certification:
We, Daniel Ford, CFA, Gregg Orrill, Theodore W. Brooks, CFA and Ross A. Fowler, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures:

**American Electric Power (AEP)** **US$ 28.59 (09-Jul-2009)** **1-Overweight / 2-Neutral**

Rating and Price Target Chart:




Currency=US$

| Date | Closing Price | Rating | Price Target |
|---|---|---|---|
| 06-Apr-09 | 26.32 | | 33.00 |
| 19-Mar-09 | 28.01 | | 37.00 |
| 30-Jan-09 | 31.35 | | 41.00 |
| 15-Jan-09 | 31.76 | | 39.00 |
| 05-Jan-09 | 33.69 | | 42.00 |
| 03-Nov-08 | 32.31 | | 41.00 |
| 15-Jul-08 | 39.75 | | 48.00 |
| 24-Oct-07 | 46.51 | | 51.00 |

| Date | Closing Price | Rating | Price Target |
|---|---|---|---|
| 05-Oct-07 | 47.97 | | 52.00 |
| 31-Jul-07 | 43.49 | | 49.00 |
| 22-May-07 | 48.88 | | 55.00 |
| 22-May-07 | 48.88 | 1-Overweight | |
| 31-Oct-06 | 41.43 | | 44.00 |
| 10-Oct-06 | 39.31 | | 42.00 |
| 27-Jul-06 | 35.88 | | 40.00 |
| | | | |

FOR EXPLANATIONS OF RATINGS REFER TO THE STOCK RATING KEYS LOCATED ON THE BACK PAGE.

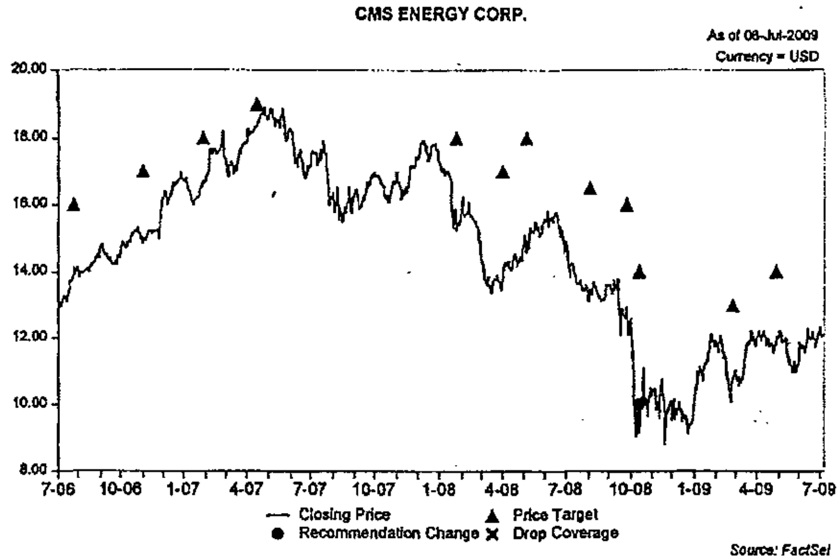
Barclays Capital and/or Lehman Brothers Inc. and/or one of their affiliates has managed or co-managed within the past 12 months a 144A and/or public offering of securities for American Electric Power.
Barclays Capital and/or an affiliate makes a market or provides liquidity in the securities of American Electric Power.
Barclays Capital and/or Lehman Brothers Inc. and/or one of their affiliates has received compensation for investment banking services from American Electric Power in the past 12 months.
Barclays Capital and/or an affiliate expects to receive or intends to seek compensation for investment banking services from American Electric Power within the next 3 months.
Barclays Capital and/or one of their affiliates beneficially owns 1% or more of any class of common equity securities of American Electric Power.
Barclays Capital and/or an affiliate trade regularly in the shares of American Electric Power.
Barclays Capital and/or Lehman Brothers Inc. and/or one of their affiliates has received non-investment banking related compensation from American Electric Power within the last 12 months.
American Electric Power is or during the past 12 months has been an investment banking client of Barclays Capital and/or Lehman Brothers Inc. and/or one of their affiliates.
American Electric Power is or during the last 12 months has been a non-investment banking client (securities related services) of Barclays Capital and/or Lehman Brothers Inc. and/or one of their affiliates.
American Electric Power is or during the last 12 months has been a non-investment banking client (non-securities related services) of Barclays Capital and/or Lehman Brothers Inc. and/or one of their affiliates.

**Risks Which May Impede the Achievement of the Price Target:** Key risks include wholesale commodity prices, state and federal regulation, interest rates, and asset sale execution.

Important Disclosures Continued:

**CMS Energy (CMS)** **US$ 11.81 (09-Jul-2009)** **1-Overweight / 2-Neutral**

Rating and Price Target Chart:




Currency=US$

| Date | Closing Price | Rating | Price Target |
|---|---|---|---|
| 28-Apr-09 | 11.87 | | 14.00 |
| 25-Feb-09 | 10.75 | | 13.00 |
| 14-Oct-08 | 10.00 | | 14.00 |
| 14-Oct-08 | 10.00 | 1-Overweight | |
| 26-Sep-08 | 12.92 | | 16.00 |
| 05-Aug-08 | 13.49 | | 16.50 |
| 05-May-08 | 14.60 | | 18.00 |

| Date | Closing Price | Rating | Price Target |
|---|---|---|---|
| 01-Apr-08 | 13.78 | | 17.00 |
| 25-Jan-08 | 15.22 | | 18.00 |
| 13-Apr-07 | 18.31 | | 19.00 |
| 26-Jan-07 | 16.71 | | 18.00 |
| 02-Nov-06 | 15.02 | | 17.00 |
| 25-Jul-06 | 13.98 | | 16.00 |

FOR EXPLANATIONS OF RATINGS REFER TO THE STOCK RATING KEYS LOCATED ON THE BACK PAGE.

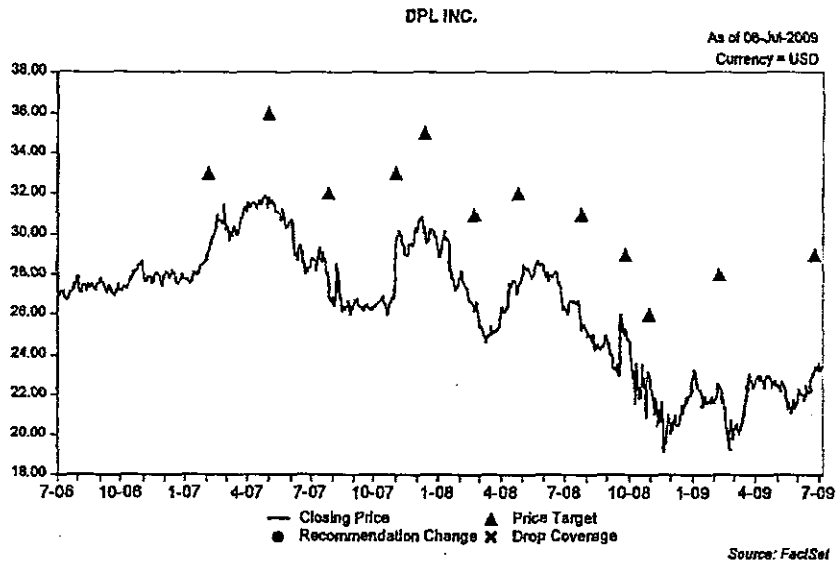
Barclays Capital and/or Lehman Brothers Inc. and/or one of their affiliates has managed or co-managed within the past 12 months a 144A and/or public offering of securities for CMS Energy.
Barclays Capital and/or an affiliate makes a market or provides liquidity in the securities of CMS Energy.
Barclays Capital and/or an affiliate trade regularly in the shares of CMS Energy.
Barclays Capital and/or Lehman Brothers Inc. and/or one of their affiliates has received non-investment banking related compensation from CMS Energy within the last 12 months.
CMS Energy is or during the last 12 months has been a non-investment banking client (securities related services) of Barclays Capital and/or Lehman Brothers Inc. and/or one of their affiliates.
CMS Energy is or during the last 12 months has been a non-investment banking client (non-securities related services) of Barclays Capital and/or Lehman Brothers Inc. and/or one of their affiliates.
Barclays Capital is associated with specialist firm Barclays Capital Market Makers who makes a market in CMS Energy stock. At any given time, the associated specialist may have "long" or "short" inventory position in the stock; and the associated specialist may be on the opposite side of orders executed on the Floor of the Exchange in the stock. Barclays Capital and/or an affiliate makes a market in the securities of this company.

Risks Which May Impede the Achievement of the Price Target: CMS Energy faces risk from Michigan utility regulation, commodity prices, and interest rates.

Important Disclosures Continued:

**DPL Inc. (DPL)** **US$ 22.80 (09-Jul-2009)** **1-Overweight / 2-Neutral**

Rating and Price Target Chart:




Currency=US$

| Date | Closing Price | Rating | Price Target |
|---|---|---|---|
| 24-Jun-09 | 23.15 | | 29.00 |
| 06-Feb-09 | 22.56 | | 28.00 |
| 30-Oct-08 | 23.14 | | 26.00 |
| 26-Sep-08 | 25.34 | | 29.00 |
| 24-Jul-08 | 25.70 | | 31.00 |
| 24-Apr-08 | 27.35 | | 32.00 |
| 22-Feb-08 | 26.26 | | 31.00 |

| Date | Closing Price | Rating | Price Target |
|---|---|---|---|
| 13-Dec-07 | 30.41 | | 35.00 |
| 31-Oct-07 | 29.04 | | 33.00 |
| 26-Jul-07 | 27.61 | | 32.00 |
| 01-May-07 | 31.50 | | 36.00 |
| 02-Feb-07 | 29.07 | | 33.00 |
| | | | |
| | | | |

FOR EXPLANATIONS OF RATINGS REFER TO THE STOCK RATING KEYS LOCATED ON THE BACK PAGE.

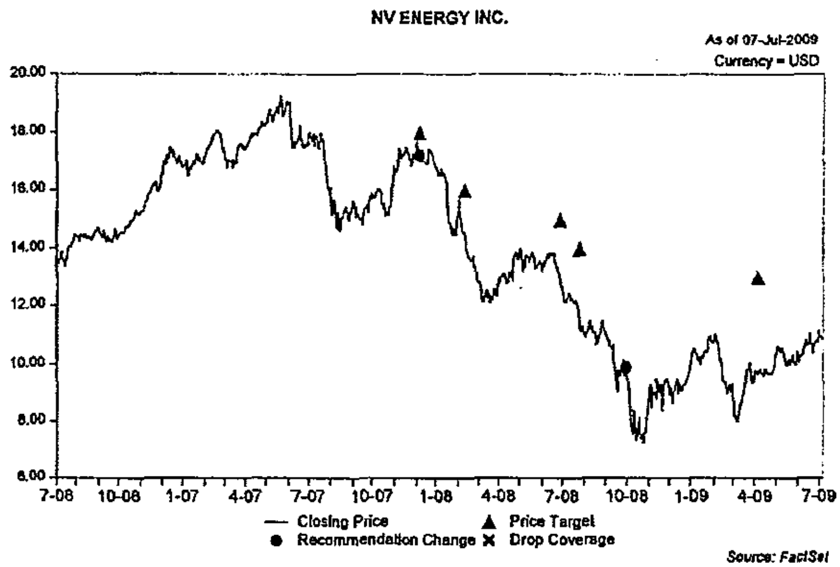
Barclays Capital and/or an affiliate makes a market or provides liquidity in the securities of DPL Inc..
Barclays Capital and/or an affiliate hold a short position of at least 1% of the outstanding share capital of DPL Inc..
Barclays Capital and/or an affiliate trade regularly in the shares of DPL Inc..

Risks Which May Impede the Achievement of the Price Target: Risks to the outlook include wholesale commodity prices, generation development market conditions, the outcome of regulatory proceedings, rating agency actions, interest rates, and access to the capital markets.

Important Disclosures Continued:

**NV Energy, Inc. (NVE)** **US$ 10.66 (09-Jul-2009)** **1-Overweight / 2-Neutral**

Rating and Price Target Chart:




Currency=US$

| Date | Closing Price | Rating | Price Target |
|---|---|---|---|
| 06-Apr-09 | 9.74 | | 13.00 |
| 01-Oct-08 | 9.89 | 1-Overweight | |
| 25-Jul-08 | 11.27 | | 14.00 |
| 30-Jun-08 | 12.71 | | 15.00 |

| Date | Closing Price | Rating | Price Target |
|---|---|---|---|
| 12-Feb-08 | 14.57 | | 16.00 |
| 10-Dec-07 | 17.20 | | 18.00 |
| 10-Dec-07 | 17.20 | 2-Equal weight | |
| | | | |

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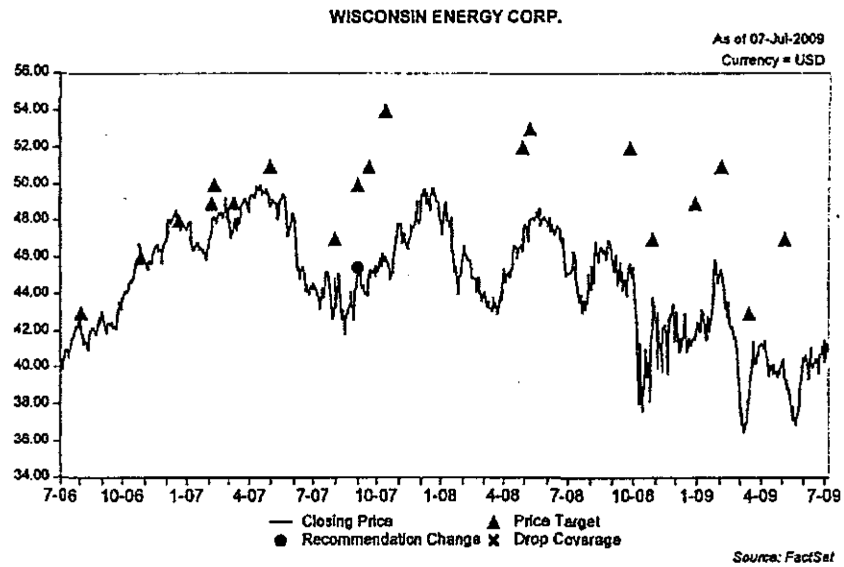
Important Disclosures Continued:

**Wisconsin Energy (WEC)** **US$ 40.87 (09-Jul-2009)** **1-Overweight / 2-Neutral**

Rating and Price Target Chart:




Currency=US$

| Date | Closing Price | Rating | Price Target |
|---|---|---|---|
| 06-May-09 | 39.40 | | 47.00 |
| 17-Mar-09 | 38.31 | | 43.00 |
| 04-Feb-09 | 45.38 | | 51.00 |
| 30-Dec-08 | 41.50 | | 49.00 |
| 30-Oct-08 | 43.80 | | 47.00 |
| 29-Sep-08 | 45.32 | | 52.00 |
| 08-May-08 | 48.08 | | 53.00 |
| 29-Apr-08 | 46.31 | | 52.00 |
| 12-Oct-07 | 46.11 | | 54.00 |
| 19-Sep-07 | 45.33 | | 51.00 |

| Date | Closing Price | Rating | Price Target |
|---|---|---|---|
| 04-Sep-07 | 45.50 | | 50.00 |
| 04-Sep-07 | 45.50 | 1-Overweight | |
| 01-Aug-07 | 43.64 | | 47.00 |
| 01-May-07 | 48.78 | | 51.00 |
| 08-Mar-07 | 47.67 | | 49.00 |
| 08-Feb-07 | 48.26 | | 50.00 |
| 05-Feb-07 | 47.48 | | 49.00 |
| 20-Dec-06 | 47.94 | | 48.00 |
| 26-Oct-06 | 46.38 | | 46.00 |
| 02-Aug-06 | 42.39 | | 43.00 |

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### Sector Coverage Universe

Below is the list of companies that constitute the sector coverage universe:

| | |
|---|---|
| Alliant Energy (LNT) | American Electric Power (AEP) |
| CMS Energy (CMS) | Consolidated Edison (ED) |
| DPL Inc. (DPL) | DTE Energy (DTE) |
| Duke Energy (DUK) | Great Plains Energy Inc. (GXP) |
| Hawaiian Electric Inds (HE) | ITC Holdings (ITC) |
| NiSource, Inc. (NI) | Northeast Utilities (NU) |
| NSTAR (NST) | NV Energy, Inc. (NVE) |
| Pepco Holdings (POM) | PG&E Corp. (PCG) |
| Pinnacle West Capital (PNW) | PNM Resources (PNM) |
| Portland General Electric Co. (POR) | Progress Energy (PGN) |
| Sempra Energy (SRE) | Southern Co. (SO) |
| TECO Energy (TE) | Westar Energy (WR) |
| Wisconsin Energy (WEC) | Xcel Energy (XEL) |

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| Mentioned Company | Ticker | Price | Price Date | Stock / Sector Rating |
|---|---|---|---|---|
| American Electric Power | AEP | US$ 28.59 | 09 Jul 2009 | 1-Overweight / 2-Neutral |
| CMS Energy | CMS | US$ 11.81 | 09 Jul 2009 | 1-Overweight / 2-Neutral |
| DPL Inc. | DPL | US$ 22.80 | 09 Jul 2009 | 1-Overweight / 2-Neutral |
| NV Energy, Inc. | NVE | US$ 10.66 | 09 Jul 2009 | 1-Overweight / 2-Neutral |
| Wisconsin Energy | WEC | US$ 40.87 | 09 Jul 2009 | 1-Overweight / 2-Neutral |

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In addition to the stock rating, we provide sector views which rate the outlook for the sector coverage universe as 1-Positive, 2-Neutral or 3-Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

**Stock Ratings:**

**1-Overweight** - The stock is expected to outperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.

**2-Equal Weight** - The stock is expected to perform in line with the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.

**3-Underweight** - The stock is expected to underperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.

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# United States: Utilities: Power - Electric Utilities

Goldman Sachs

## Powering On: Tilting to commodity oriented utilities and IPPs

### Upgrading IPPs from Neutral to Attractive; RRI Energy to CL Buy

With expected improvements in spot commodity prices, along with a continued uptick in power demand, we upgrade Independent Power Producers (IPPs) and reiterate our Attractive view on Diversified Utilities. Commodity levered utilities and IPPs lagged other energy/commodity sectors YTD, creating mean reversion potential going forward. While dividend yield spreads still remain attractive, we downgrade Regulated Utilities to Neutral, given limited average upside to larger cap targets. Within the regulated space, we tilt more towards smaller cap stocks.

We upgrade RRI Energy (RRI) to Conviction Buy, as the most un-hedged name in our universe. We also reiterate our Conviction Buy rating on large-cap nuclear generator Entergy (ETR) and remove small-cap Great Plains Energy (GXP) from the Conviction List, although we maintain our Buy rating. We downgrade Portland General (POR) to Neutral from Buy due to recent share price performance and concerns about 2010 guidance. Since being added to Americas Buy List on August 17, 2009 POR is up 5.7% and since being to the CL Buy List on the same date, GXP is up 4.9% vs. the XLU up 2.8% and the S&P500 up 8.5%.

### Industry context and estimate changes

As weather-adjusted electricity demand declined 4%-5% YTD and industrial demand decreased over 10%, we now expect YoY comparisons for power demand to improve as GDP and industrial production accelerate. We revise our demand forecast slightly for 2010, from 0.6% to 0.4%, due to our new bottoms-up versus top-down demand forecast, but still expect a pick-up next year in industrial and residential demand.

Overall, we revise estimates to reflect this new demand forecast. We increase multiples to levels slightly below historical mean levels, given our gas/power price forecast levels remain in most areas near forward strip estimates.

### Catalysts and risks

Key sector risks include (1) lower than expected commodity prices, (2) decreased power demand, (3) higher expected financing and capital spending needs, and (4) rising interest rates and inflation. Catalysts include an industry conference in November, auctions in various regional power markets and signs of improvement in weekly demand.

**RELATED RESEARCH**

*Stepping up the voltage: Upgrading Regulated & Diversified Utilities.* June 25, 2009.

*Dimming the lights: Downgrading Utilities on relative outperformance and weak demand.* December 11, 2008.

**RATINGS, TARGETS, AND RETURNS**

| | Identification | | Close | | Tot Ret |
|---|---|---|---|---|---|
| | Ticker | Rating | 09/28/09 | Target | to Target |
| **Diversified Utilities** | | | | | |
| Ameren | AEE | Sell | $25.74 | $25 | 3% |
| Allegheny Energy | AYE | Neutral | $26.96 | $31 | 17% |
| Edison International | EIX | Neutral | $34.01 | $39 | 19% |
| Entergy | ETR | CL Buy | $79.84 | $101 | 31% |
| Exelon | EXC | Buy | $50.12 | $62 | 28% |
| Sempra Energy | SRE | Neutral | $50.17 | $59 | 20% |
| **Mean** | | | | | 20% |
| **Median** | | | | | 19% |
| **Large Cap Regulated Utilities** | | | | | |
| American Elec Power | AEP | Buy | $31.13 | $37 | 24% |
| Duke Energy | DUK | Neutral | $15.93 | $15 | 0% |
| Consolidated Edison | ED | CL Sell | $41.40 | $38 | -3% |
| PG&E | PCG | Neutral | $40.91 | $43 | 9% |
| Progress Energy | PGN | Neutral | $39.60 | $40 | 7% |
| **Mean** | | | | | 8% |
| **Median** | | | | | 7% |
| **Mid & Small-Cap Regulated Utilities** | | | | | |
| Cleco | CNL | Neutral | $25.10 | $25 | 3% |
| El Paso Electric | EE | Neutral | $17.84 | $21 | 18% |
| Great Plains Energy | GXP | Buy | $18.17 | $22 | 26% |
| NSTAR | NST | Sell | $32.09 | $29 | -5% |
| Northeast Utilities | NU | Neutral | $23.99 | $26 | 12% |
| Portland General Electric | POR | Neutral | $20.07 | $23 | 20% |
| SCANA Corporation | SCG | Neutral | $35.30 | $40 | 19% |
| NV Energy | NVE | Neutral | $11.59 | $14 | 24% |
| Wisconsin Energy | WEC | Neutral | $45.11 | $48 | 9% |
| Westar Energy | WR | Neutral | $19.80 | $23 | 23% |
| **Mean** | | | | | 15% |
| **Median** | | | | | 18% |
| **Special Situation Utilities and IPPs** | | | | | |
| NRG Energy | NRG | Buy | $27.20 | $37 | 36% |
| Ormat Technologies | ORA | Neutral | $41.03 | $41 | 1% |
| RRI Energy | RRI | CL Buy | $6.98 | $9 | 29% |
| **Mean** | | | | | 22% |
| **Median** | | | | | 29% |

*Source: Goldman Sachs Research estimates*

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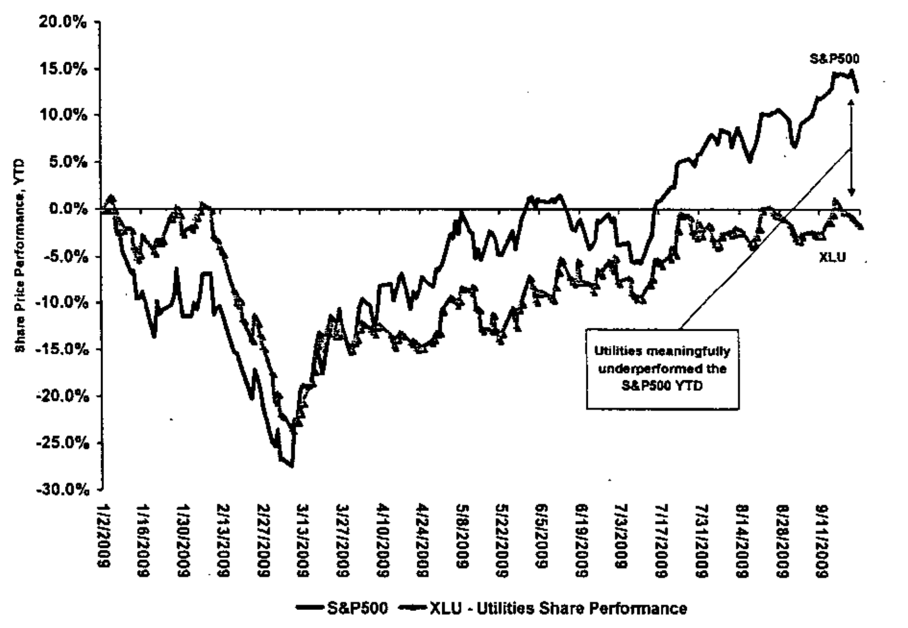
# Portfolio Manager Summary – Own utilities, given improving fundamentals, relative under-performance and valuation

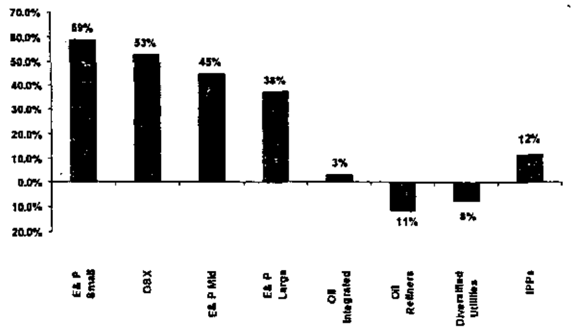
**The broader utilities sector, especially the commodity levered names within the space, screen attractively after sizable underperformance YTD versus the S&P500 and since January 2008 versus other commodity oriented sectors.** We reiterate our Attractive coverage view on Diversified Utilities, while upgrading the Independent Power Producer (IPP) sub-sector to Attractive, due to (1) improving YoY demand trend comparisons and improving spot commodity prices, (2) significant relative underperformance versus the S&P500 and commodity-exposed sectors, as shown in Exhibit 1-3 below, (3) valuation on longer term metrics, and (4) a continued low interest rate and inflationary environment, as forecast by the GS Economics team. We lower our coverage view on Regulated Utilities to Neutral, since few of the larger cap bell-weather names screen attractively here. Equity issuances, a significant sector-wide overhang entering 2009, no longer weigh on the group, as only a few names require infusions in 2010. We still expect YoY demand growth in 2010, with improving fundamentals, up 0.4% from 2009 levels, as well as forecasting a sizable increase in spot commodity prices next year from current levels.

**Exhibit 1: Utilities sector screens attractively after significant YTD underperformance**
share price performance, ytd



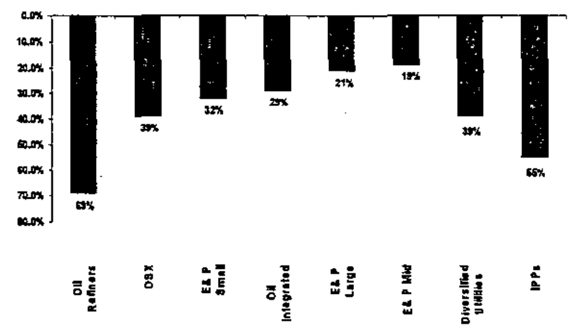

*Source: Goldman Sachs Research.*

**Exhibit 2: IPPs and Diversified Utilities underperformed other commodity sensitive equities YTD...**
share price performance, ytd




*Source: Goldman Sachs Research.*
*Note: Performance is from equities under GS coverage*

**Exhibit 3: IPPs and Diversified Utilities underperformed other commodity sensitive equities January 2008**
share price performance, since 1/1/2008




*Source: Goldman Sachs Research.*
*Note: Performance is from equities under GS coverage*

**After a painful 2009 YTD trajectory for electricity demand, we revise our forecast to reflect a more bottoms up (versus top-down) approach – projecting consumption across the industrial, commercial and residential classes.** Historically, a top-down approach tied to GDP accurately predicted electricity demand, where trends showed that every 1% change in real GDP growth drove a 0.6%-0.7% change in electricity demand. Entering 2009, we remained bearish on electricity demand fundamentals and therefore consensus estimates – our bearish forecasts still understated demand, as GDP weakened and industrial production collapsed. A GDP-based top down forecast holds long-term value in our view, but a more bottoms up approach appears more viable going forward to capture changes by customer class.

- **A series of correlation analyses show that Industrial Production (IP), total fixed investment and unemployment emerge as key drivers of power demand.** We analyzed a host of factors across each class, as shown in Exhibit 6, determining that forecasts for Industrial Production maintain a greater statistical correlation than GDP forecasts in terms of assessing MWh sales to industrial customers. Similarly, metrics tied to unemployment rates and total fixed investment – albeit as lagging indicators – drive sales to commercial customers. Weather drives residential demand growth, historically at 1.5%-2.0% annually, with minimal signs to date of efficiency gains on a national scale, although some level should emerge in the coming years given sizable stimulus-related investments.
- **Sentiment around electricity demand will improve, given better YoY comparisons and accelerating GDP growth.** Early signs should emerge that electricity demand will stabilize, with QoQ and then YoY comparisons improving. Demand for 2H2009 should decline only 2%-3% from 2H2008 levels – an improvement from trough-like levels in 1H2009, with a pick-up in industrial and residential MWh sales driving growth in 2010. Normalized demand growth for 2011-2012 could reach 1.5%-1.7% even with slight efficiency gains included, with sales to commercial customers presenting the biggest near-term risks

**For merchant generators, improving demand fundamentals and spot commodity prices over the next 6-12 months should lead to multiple expansion.** We raise multiples on pure-play IPPs in our universe – NRG Energy and RRI Energy – to reflect improved sentiment and the significant FCF generation likely in a $5.50-$7/MMBtu natural



ATTACHMENT E - 3

gas price environment. Applying a 7.0X multiple on these predominantly base-load generators remains somewhat below historical mean/median levels of approximately 7.25X, reflecting improving, but still below trend electricity demand growth in 2010.

**Regulated Utilities still trade below historical multiples, but few large caps screen well, driving our change in coverage view.** Regulated Utilities currently trade near 9.9X our 2012 expected EPS, implying an 8% discount to the long-term average of 10.9X (since 2005). On near-term multiples, Regulated Utilities trade at roughly 12.4X on our FY2 estimates and 11.9X on consensus– below historical levels closer to 12.5X. We anticipate a mean reversion toward the historic average over the next 12-months – given better demand fundamentals and higher earnings and rate base growth – driving our increase of P/E multiples from 9X to 10-10.5X on 2012 EPS. However, many of the bellwether names screen less attractively than small/mid cap regulated stocks, with less upside to target prices.

**We add RRI Energy (RRI) to our Americas Conviction Buy list, while reiterating our Conviction Buy on Entergy (ETR) and removing Great Plains Energy (GXP) from the Conviction Buy list, although maintaining our Buy rating on this regulated name.** We upgrade RRI Energy (RRI), an Independent Power Producer (IPP) from Neutral to Conviction Buy, as we raise estimates on lower expected coal costs at one of its key coal facility that burns waste coal, not traditional Appalachian based coal. RRI provides the best FCF profile within our universe and maintains the commodity leverage, with the shares still below historical levels, as RRI trades at 70%-75% below January 2008 levels and 50% below January 2007 pricing. We remove GXP from the Conviction Buy list, but maintain our Buy rating, given a lack of near-term catalysts and concern on 3Q weather impacting estimates.

**Given recent performance and concerns on 2010 guidance, we downgrade Portland General (POR), while reiterating a Buy rating on large-cap American Electric Power (AEP).** After upgrading POR on August 17, the shares have outperformed other Regulated Utilities by 250-300bps, although lagging the S&P 500. We downgrade POR given our concerns that 2010 guidance will disappoint, given our forecast of $1.63 versus consensus levels of $1.75. We reiterate our Buy rating on AEP, the one large cap Regulated Utility we prefer, primarily on valuation, as AEP trades at a 16%-18% discount to peers on 2010-2011 estimates.



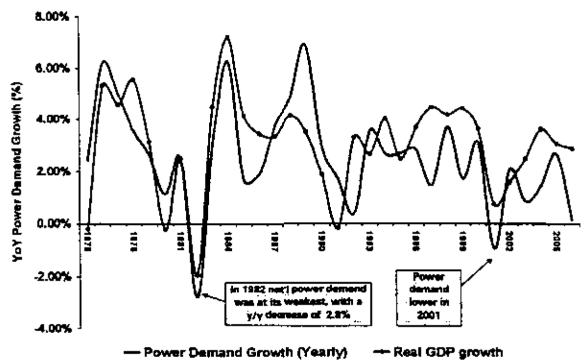
ATTACHMENT E - 4

# Lighten up with a deep dive into electricity demand fundamentals

## Top-down, GDP-based demand forecasts – a good long-term forecasting tool, but less effective in the near-term

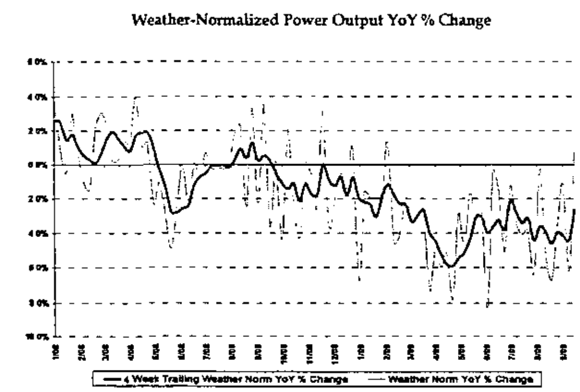
**The historical top-down relationship between real GDP growth and electricity demand "broke down" earlier this year.** As outlined in our December 11, 2008 note, *"Dimming the Lights,"* annual weather-adjusted electricity demand growth historically correlates well to YoY real GDP growth, as detailed in Exhibit 4. Over time, every 1% change in GDP growth drove a 0.6%-0.7% change in electricity demand. We entered 2009 assuming a 1% YoY decline in weather-normalized demand, driven by an expected 1.6% decline in real GDP. However, real GDP decelerated faster than expected, down 3-4% in 1H2009, but the historical correlation with power demand "broke down" in 1H2009, with actual power demand down 4%, worse than the 2-2.5% that a top-down GDP-driven model would imply.

**Exhibit 4: Historically, every 1% change in YoY GDP, drives a 0.6-0.7% change in electricity demand...**
yoy power demand and gdp growth (1975-2007)




*Source: Goldman Sachs Research, GS Global ECS Research.*

**Exhibit 5: ...but, the historical correlation with power demand broke down in 2009, with actual power demand worse than a top-down GDP model would imply**
yoy weekly power demand, weather-normalized




*Source: Goldman Sachs Research, EEI.*

**We primarily attribute the 2009 dislocation of GDP-to-electric sales from this historical trend to the steep fall off in industrial electricity demand.** The industrial customer class represents a disproportionately high share of total electric consumption relative to industrial-related activity as a percentage of the total economy. Therefore, the recent sharp fall off of in usage by industrial customers appears to be understated in a GDP-based model.

**A top-down model approach remains relevant, particularly as a sanity check in more normal GDP environments.** As industrial demand normalizes in 2010 and 2011, we expect electricity demand to converge with its historical relationship with GDP. Weather-adjusted demand growth under a US real GDP forecast of 2.0% in 2010 would be 1.25% under our top-down model – a modestly higher outcome near-term than our new model approach (discussed below) derives – and 1.5-2% in 2011 and beyond, given a long-term real GDP growth rate of 2.5-3%.

## Bottom-up demand forecasts – implementing a more granular electricity demand forecast

**Our new demand deck, based on a bottoms-up approach by customer class, also shows electricity demand should improve in 2010.** We adopt a new bottoms-up approach to forecasting electricity demand by customer class for industrial, commercial and residential customers – through 2012 and expect 0.4% YoY weather normal growth in 2010. As highlighted in Exhibit 6 below, after assessing a variety of factors and variables for industrial MWh demand, industrial production assumptions – and not GDP – emerge as the most highly correlated. For commercial demand, total fixed investment and unemployment drive our bottoms-up approach and show continued risk in demand for this segment, while a more basic trend analysis, incorporating efficiency gains, remains the best method for estimating residential demand.

**Exhibit 6: Industrial production is the key driver for industrial electricity demand, while total fixed investment and unemployment rates are among the best predictors for commercial demand**
correlation of various macroeconomic statistics to customer class-specific electricity demand

| | | Coefficient of Determination ($R^2$) (Low / Medium / High) | Metric Definition | Comments |
|---|---|---|---|---|
| Industrial MWh | Industrial Production | 67% | IP measures domestic output by manufacturing, mining, and utility firms | Relationship with industrial production is statistically significant on a coincidental |
| Industrial MWh | GDP | 54% | Aggregate market value of all final goods/services = consumer + investment + net exports + government | Industrial sales maintains highest correlation with GDP among customer classes |
| Commercial MWh | Unemployment Rate (3m lag) | 48% | The percentage of the labor force that is not employed but is actively seeking work | Correlation on a one quarter lag is strongest |
| Commercial MWh | GDP | 27% | Aggregate market value of all final goods/services = consumer + investment + net exports + government | |
| Commercial MWh | Total Fixed Investment (9m lag) | 58% | Fixed capital spent for residential and business purposes, including equipment and structures | Correlation is tightest on a 9 month lag likely due to delay between initial fixed investment and time that equipment/structure actually goes into operation |
| Commercial MWh | Occupied Retail & Commercial Space | 52% | Occupied retail/office space = stock (total square footage outstanding) x (1 - vacancy rate) | Vacancy rates are likely to move higher from current levels |
| Commercial MWh | Personal Consumer Expenditures | 28% | Gauge of changes in price of consumer services and goods | |
| Commercial MWh | Retail Sales | 23% | This report tracks sales by retail establishments, including food services | Based on the GS Composite Comparable-Store Sales Index |
| Residential MWh | GDP | 3% | Aggregate market value of all final goods/services = consumer + investment + net exports + government | Lowest relationship with GDP among customer classes |
| Residential MWh | Unemployment Rate | 7% | The percentage of the labor force that is not employed but is actively seeking work | |
| Residential MWh | Household Growth | 23% | Growth of occupied housing units | Household growth is a reasonable indicator, but does not drive a statistically significant correlation |

*Source: Goldman Sachs Research, EIA, GS Global ECS Research.*

**Electricity demand growth will rebound via three key stages, with the first stage occurring in 2H2009.** As outlined in Exhibit 7, the trajectory of the recovery in electricity demand will likely experience three stages: (1) exiting a cyclical bottom, with YoY demand declines improving from 1H2009 trough-like levels even with continued industrial weakness, (2) a more steady recovery of electricity sales in 2010, with modest growth of 0.4% even though commercial MWh sales will disappoint, and (3) more "normalized" for 2011-2012, although pressured somewhat by efficiency gains. We adjust our weather normalized estimates to factor in the YoY impact of weather, as detailed in Exhibit 8.

**Exhibit 7: Our bottoms-up, weather normalized forecasts shows slight growth in 2010, driven by a pickup in industrial demand**

weather-normalized YoY demand forecasts

| | 3Q2009 | 4Q2009 | 1Q2010 | 2Q2010 | 3Q2010 | 4Q2010 | FY2010 | FY2011 | FY2012 |
|---|---|---|---|---|---|---|---|---|---|
| National | -2.9% | -2.2% | -0.6% | 0.0% | 0.8% | 1.3% | 0.4% | 1.5% | 1.7% |
| Industrial | -9 2% | -6.1% | -1.5% | 1.4% | 1.6% | 1.4% | 0.7% | 0.2% | 0.1% |
| Residential | 0.1% | 0.9% | 1.4% | 0.9% | 1.4% | 1.4% | 1.3% | 1.9% | 1 9% |
| Commercial | -2 2% | -2.6% | -2.4% | -1.9% | -0.3% | 1.1% | -0.9% | 1.9% | 2 6% |

**Phase 1:**
**Exiting Demand Bottom**
Industrial sales improving significantly, driving us out of the cyclical bottom in demand

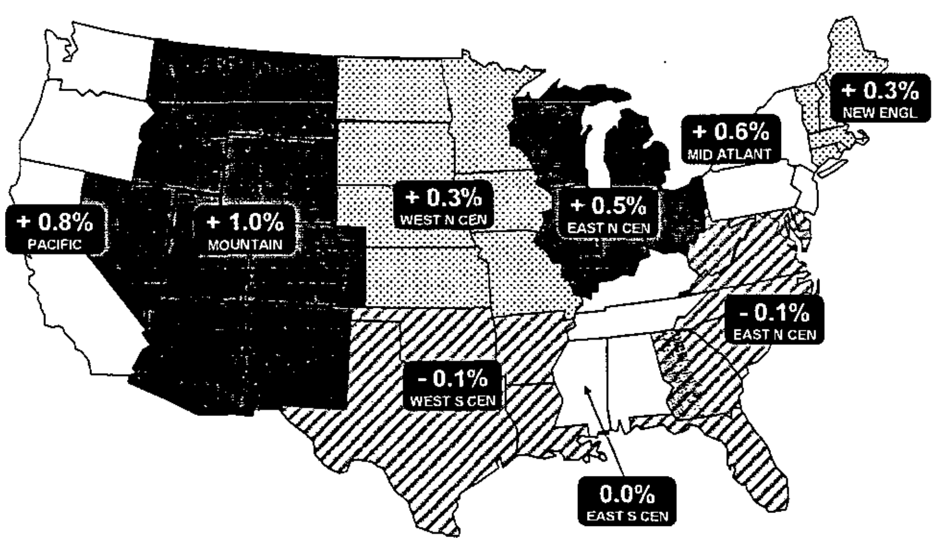
**Phase 2:**
**Steady Recovery**
Residential and Industrial sales are positive YoY, while commercial to remain weak

**Phase 3:**
**Return to Normal**
Return to long-run growth rate of 1 5 - 1 7%, with commercial demand growth outpacing industrial and residential sales

*Source: Goldman Sachs Research, EIA, GS Global ECS Research.*

**Exhibit 8: We normalize for weather impacts in our electricity demand forecasts, driving various regional forecasts and a national forecast of +0.4% YoY in 2010**

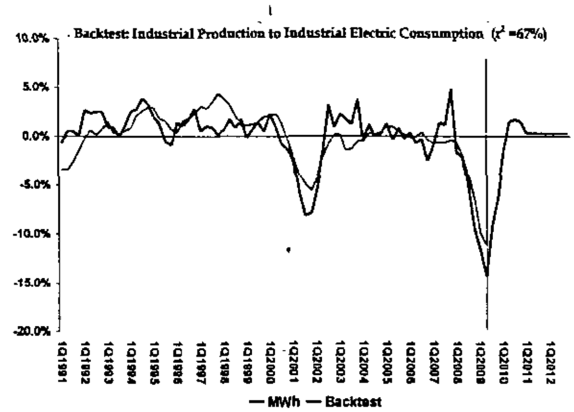
2010 weather-normalized demand by EIA region




*Source: Goldman Sachs Research, EIA.*

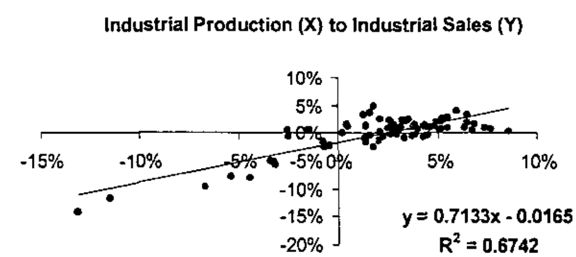
**Industrial MWh sales should increase in 2010 with a rebound in Industrial Production, but longer-term trends in industrial MWh sales remain challenging.** As shown in Exhibit 9-10 below, industrial MWh sales appear highly correlated with Industrial Production (IP) with an R-squared of approximately 67%. IP declined approximately 13% in 2Q2009, leading to a significant downtick in industrial electricity demand. The Goldman Sachs Global ECS team projects a robust IP recovery in 2Q-4Q2010, likely leading to an increase of 1-2% in electricity consumption by industrial customers. However, in a more normalized production environment post-2010, we believe industrial electricity demand will once again lag other customer classes, as we believe it takes at least a YoY 3.7% increase in IP (above historical trend) to drive just a 1% increase in industrial MWh sales.

**Exhibit 9: Economists forecast a strong increase in industrial production will drive the economic recovery – a positive for 2010 industrial MWh demand**
backtest of industrial production-based forecasting methodology to industrial electric consumption




Source: Goldman Sachs Research.

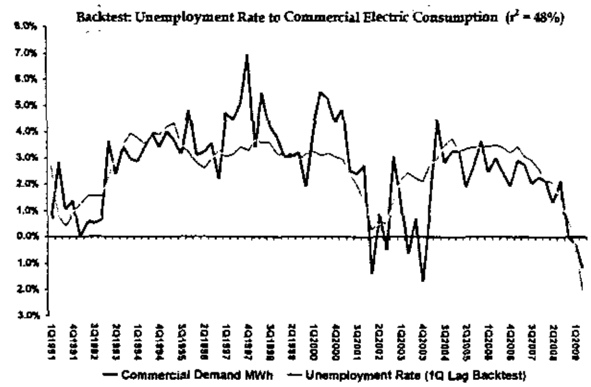
**Exhibit 10: However, it takes above trend US production growth to drive a just 1% increase in industrial MWh sales – a long-term risk to industrial demand**
correlation between IP and industrial sales




Source: Goldman Sachs Research.

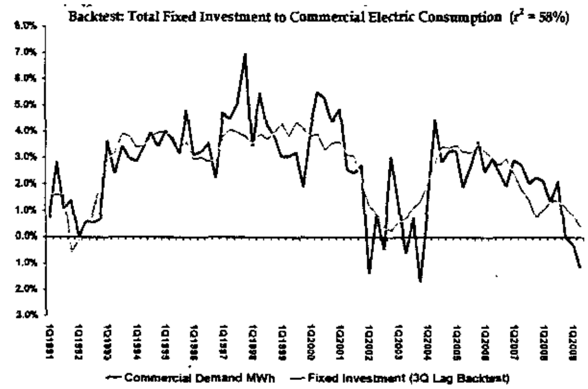
**Commercial demand growth appears closely correlated with total fixed business investment and unemployment rate variables.** Unemployment rate levels and total fixed investment, at a 3 month and 9 month lag, respectively, emerge as the best predictors of electricity demand for commercial customers. Long-term commercial demand growth will likely outpace growth rates for industrial and residential customers, but risk exists for 2010 expectations, as continued high unemployment and below-trend investment levels will weigh on demand from this segment. We expect a YoY increase in weather-normalized sales to commercial customers of 0.9% versus a historical growth rate closer to 2.5%.

**Exhibit 11: We use a 50-50 blend of unemployment ...**
backtest of unemployment rate-based forecasting methodology to commercial electric consumption



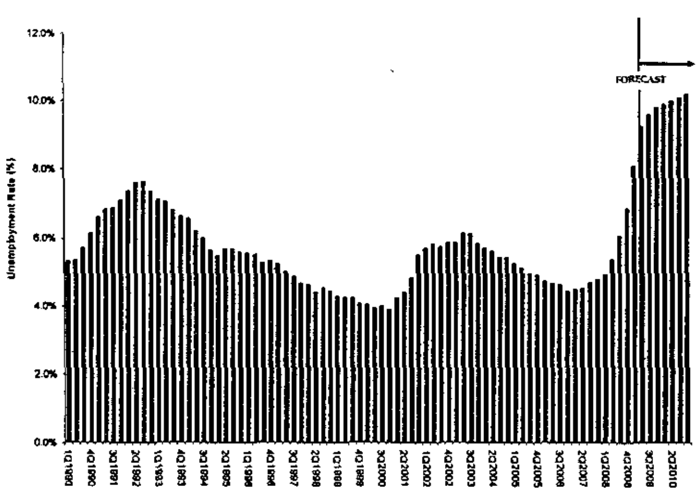

*Source: Goldman Sachs Research.*

**Exhibit 12: ...and total fixed investment to drive our commercial customer class MWh demand forecasts**
backtest of total fixed investment-based forecasting methodology to commercial electric consumption




*Source: Goldman Sachs Research.*

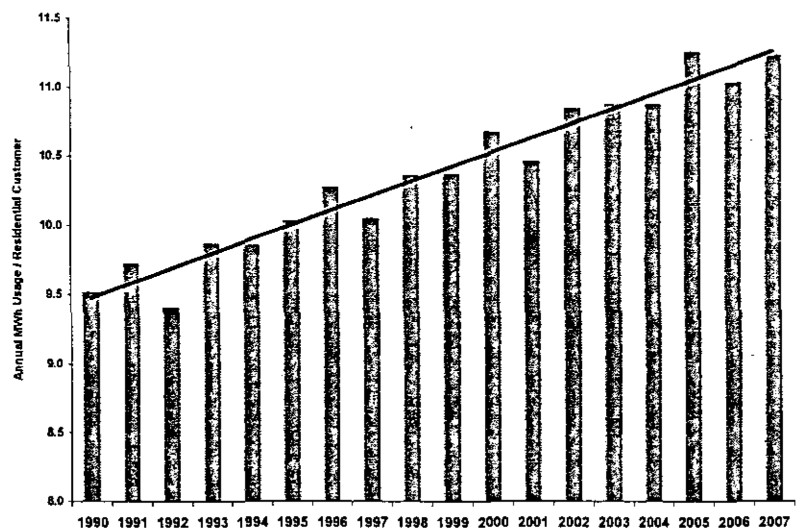
**Exhibit 13: GS Global ECS forecast unemployment rates will be near or above 10% through 2010, weighing on commercial electricity demand**
unemployment rate forecasts




*Source: GS Global ECS Research, Goldman Sachs Research.*

**Historically, residential electricity demand increased annually by 2.0%-2.5% and upside to our expectation exists if efficiency gains do not emerge.** We utilize a trend based analysis to predict weather-normalized power demand for the residential customer class and assume 1.9% growth for 2011/2012. This incorporates a rough estimate for efficiency gains – gains we incorporate to reflect the significant spending brought by the American Recovery and Reinvestment Act. We note that usage per residential customers, especially over the last 5-10 years, continued to increase, not decrease, so upside to our forecasts for residential demand growth for 2011-2012 exists if even modest 10-20 bps efficiency gains that we assume do not emerge.

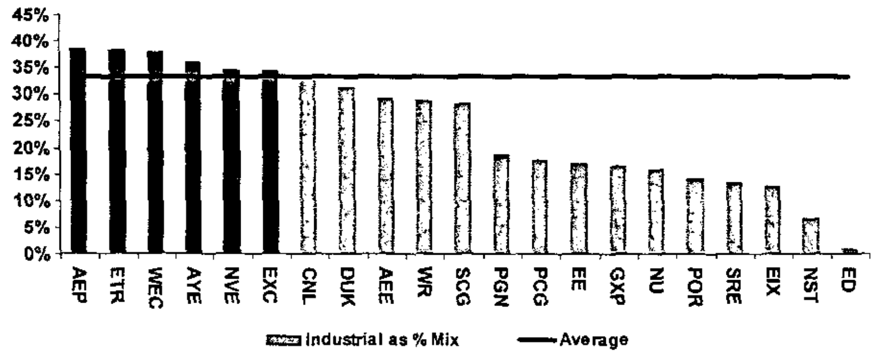
**Exhibit 14: From 1990-2007, we observed MWh usage per residential customer increase, so upside to our demand growth forecasts exist if efficiency gains do not materialize**
annual MWh usage per residential customer

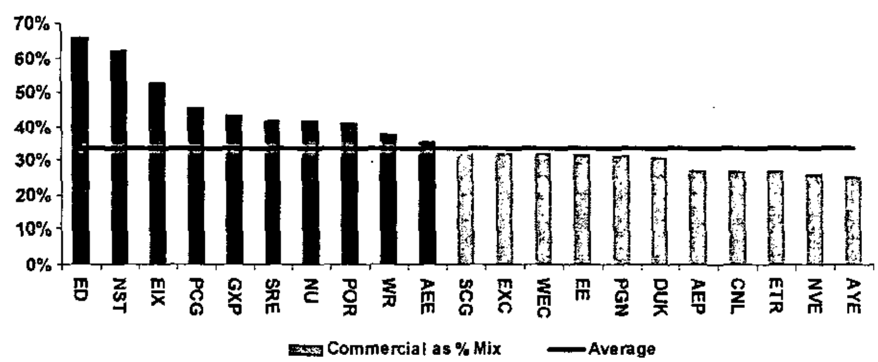



*Source: Goldman Sachs Research.*

**Utilities in the Midwest, the South and the Plains states should benefit in 2010 as industrial MWh sales respond to higher industrial production levels.** In our universe, on 2007 estimates, Conviction Buy-rated ETR and Buy-rated AEP remain among the most levered to electricity sales to industrial customers, given a greater proportion of total sales to this segment, as highlighted in Exhibit 15 below. We note companies with sizable exposure to commercial customer demand – including Sell-rated NSTAR (NST) – may experience demand weakness above peer levels given higher-than-average exposure to MWh sales to commercial customers. California and NY based utilities, even though they maintain sizable exposure to the commercial segment, maintain rate structures that include decoupling from demand, thus significantly less exposed to demand trends overall.

**Exhibit 15: American Electric Power and Entergy are among the most levered to industrial demand, while NSTAR is among the most commercially-exposed**
2007 customer class breakdown by regulated utility segment




*Source: SNL.*

## We revise estimates to reflect our new demand forecast and minor changes to power price assumptions

**For both Regulated Utilities and Diversified Utilities, we update our estimates to reflect new electricity demand assumptions for their regulated businesses.** As detailed above and summarized in Exhibit 16 below, we revise our electricity demand growth assumptions, impacting EPS estimates for regulated segments prior to rate case adjustments in future periods. On average, our 2010 estimates for Regulated Utilities remain approximately 4% below consensus – with below consensus views on Duke Energy (DUK-Neutral), Portland General (POR-Neutral) and NSTAR (NST-Sell) and an above consensus view for Great Plains Energy (GXP-Buy).

**Exhibit 16: Old versus new demand forecasts**
weather-normalized YoY demand forecasts

| | Weather-Normal YoY Nat'l. Demand Forecasts (%) | | |
|---|---|---|---|
| | Old | New | Differ. |
| 3Q2009 | 0.0% | -2.9% | -2.9% |
| 4Q2009 | -0.3% | -2.2% | -1.9% |
| 1Q2010 | 0.6% | -0.6% | -1.2% |
| 2Q2010 | 0.6% | 0.0% | -0.6% |
| 3Q2010 | 0.6% | 0.8% | 0.2% |
| 4Q2010 | 0.6% | 1.3% | 0.7% |
| FY2010 | 0.6% | 0.4% | -0.2% |
| FY2011 | | 1.5% | |
| FY2012 | | 1.7% | |

*Source: Goldman Sachs Research.*

**For Diversified Utilities and the IPPs, we also make modest changes to power price forecasts.** In addition to revising demand estimates for regulated segments, we also implement minor power price adjustments in the Midwest and industrial portions of the Mid-Atlantic/Northeast. Natural gas prices continue to drive power price assumptions – as forecast by the Goldman Sachs E&P research team, we continue to expect a significant uplift in 2010/2011 power prices, driven by higher natural gas levels. Among commodity levered names, our 2010 forecasts differ significantly for Sell-rated Ameren (AEE) and for Buy-rated Exelon (EXC), although we recognize that a large portion of the upside inherent in EXC remains tied to eventual implementation of carbon regulations, as detailed in our June 25 note, "Carbonomics: Measuring impact of US carbon regulation on select industries."

**Exhibit 17: Old versus new commodities forecasts**

| | WTI Oil | | Henry Hub Gas | | CAPP Coal | PRB Coal |
|---|---|---|---|---|---|---|
| | new | old | new | old | unchanged | unchanged |
| 3Q 2009E | $67.00 | $65.00 | $3.40 | $4.00 | $50.00 | $10.50 |
| 4Q 2009E | $77.00 | $70.00 | $4.00 | $4.50 | $55.00 | $11.00 |
| **FY 2009E** | $61.72 | $59.47 | $3.98 | $4.25 | $52.23 | $10.22 |
| 1Q 2010E | $85.00 | $80.00 | $5.00 | $5.00 | $55.00 | $12.00 |
| 2Q 2010E | $85.00 | $80.00 | $5.00 | $5.00 | $55.00 | $12.00 |
| 3Q 2010E | $90.00 | $80.00 | $5.50 | $5.50 | $55.00 | $12.50 |
| 4Q 2010E | $100.00 | $80.00 | $6.50 | $6.50 | $55.00 | $13.00 |
| **FY 2010E** | $90.00 | $80.00 | $5.50 | $5.50 | $55.00 | $12.38 |
| **2011E** | $110.00 | $100.00 | $7.00 | $7.00 | $60.00 | $14.00 |
| **2012E** | $105.00 | $105.00 | $6.50 | $6.50 | $65.00 | $14.00 |
| **2013N** | $85.00 | $85.00 | $6.50 | $6.50 | $70.00 | $13.00 |

*Source: Goldman Sachs Research.*

**We forecast significant FCF yields for the IPPs, providing opportunities for debt reduction, buybacks, or growth.** Based on our commodity price forecasts and capital spending estimates, we expect from 2010-2012 RRI will deliver FCF/sh of $0.86-$1.18 and NRG will generate FCF/sh of $3.84-2.40, representing average FCF yields of 17% and 12%, respectively. This 2010-2012 free cash flow equals roughly 51% and 38% of the current market capitalizations for RRI and NRG, or 48% and 30% of their respective debt outstanding. We expect capital deployment across the balance sheet over the next few years, barring significant new investments in growth, M&A, or environmental projects.

**Exhibit 18: We forecast 13% and 17% 2010-2012 FCF yields for NRG and RRI**
independent power producers FCF forecast

| Independent Power Producers FCF Forecasts | 2010 | 2011 | 2012 | Average |
|---|---|---|---|---|
| **RRI** | | | | |
| *FCF/share* | $0.86 | $1.64 | $1.04 | $1.18 |
| *FCF Yield* | 12.3% | 23.5% | 15.0% | 16.9% |
| **NRG** | | | | |
| *FCF/share* | $3.84 | $3.19 | $3.30 | $3.44 |
| *FCF Yield* | 14.1% | 11.7% | 12.1% | 12.7% |

*Source: Goldman Sachs Research estimates*

**Exhibit 19: GS EPS estimates versus consensus forecasts**

GS EPS estimates versus consensus

| Ticker | 2009 GS EPS | 2009 Cons EPS | 2009 % Ch | 2010 GS EPS | 2010 Cons EPS | 2010 % Ch | 2011 GS EPS | 2011 Cons EPS | 2011 % Ch |
|---|---|---|---|---|---|---|---|---|---|
| **Large Cap Regulated** | | | | | | | | | |
| AEP | $2.70 | $2.87 | -6% | $2.99 | $3.03 | -1% | $3.33 | $3.22 | 3% |
| DUK | $1.11 | $1.21 | -8% | $1.17 | $1.30 | -10% | $1.30 | $1.36 | -4% |
| ED | $2.99 | $3.11 | -4% | $3.21 | $3.29 | -2% | $3.31 | $3.41 | -3% |
| PCG | $3.08 | $3.16 | -3% | $3.45 | $3.40 | 2% | $3.81 | $3.70 | 3% |
| PGN | $2.88 | $3.03 | -5% | $2.99 | $3.20 | -6% | $3.32 | $3.34 | -1% |
| Mean | | | -5% | | | -4% | | | -3% |
| **Small&Mid Cap Regulated** | | | | | | | | | |
| CNL | $1.64 | $1.65 | 0% | $2.14 | $2.07 | 3% | $2.27 | $2.27 | 0% |
| EE | $1.34 | $1.32 | 2% | $1.28 | $1.55 | -17% | $1.47 | $1.66 | -11% |
| GXP | $1.17 | $1.19 | -2% | $1.54 | $1.45 | 6% | $2.01 | $1.82 | 11% |
| NST | $2.33 | $2.36 | -1% | $2.29 | $2.48 | -8% | $2.50 | $2.62 | -5% |
| NU | $1.68 | $1.84 | -8% | $1.85 | $1.98 | -7% | $2.00 | $2.18 | -8% |
| POR | $1.45 | $1.39 | 4% | $1.63 | $1.75 | -7% | $2.21 | $2.09 | 6% |
| SCG | $2.85 | $2.83 | 1% | $2.98 | $3.05 | -2% | $3.35 | $3.28 | 2% |
| NVE | $0.69 | $0.92 | -25% | $0.94 | $1.13 | -17% | $1.12 | $1.19 | -6% |
| WEC | $3.05 | $3.12 | -2% | $4.01 | $3.76 | 7% | $4.13 | $4.10 | 1% |
| WR | $1.45 | $1.71 | -15% | $1.64 | $1.83 | -11% | $1.57 | $1.84 | -15% |
| Mean | | | -5% | | | -5% | | | -3% |
| **Diversified Utilities** | | | | | | | | | |
| AEE | $2.21 | $2.72 | -19% | $2.12 | $2.59 | -18% | $2.50 | $2.50 | 0% |
| AYE | $2.15 | $2.22 | -3% | $2.47 | $2.49 | -1% | $3.57 | $3.25 | 10% |
| ETR | $6.50 | $6.52 | 0% | $6.67 | $6.91 | -3% | $7.95 | $7.25 | 10% |
| EIX | $2.92 | $3.04 | -4% | $3.56 | $3.49 | 2% | $3.84 | $3.61 | 6% |
| EXC | $4.02 | $4.11 | -2% | $3.58 | $4.03 | -11% | $4.11 | $4.60 | -11% |
| SRE | $4.46 | $4.53 | -1% | $4.93 | $5.14 | -4% | $5.55 | $5.55 | -3% |
| Median | | | -3% | | | -4% | | | 3% |
| Mean | | | -5% | | | -6% | | | 2% |
| **Independent Power Producers** | | | | | | | | | |
| NRG | $1.86 | $2.94 | -37% | $2.34 | $2.72 | -14% | $2.25 | $2.33 | -4% |
| ORA | $1.23 | $1.32 | -7% | $1.27 | $1.54 | -17% | $1.25 | $1.68 | -26% |
| RRI | ($0.77) | ($0.55) | -40% | $0.19 | $0.06 | 224% | $0.64 | $0.32 | 101% |
| Median | | | -37% | | | -14% | | | -4% |
| Mean | | | -28% | | | 64% | | | 24% |

*Note: NRG EPS assumes contract amortizations associated with the acquisition of Reliant*

GS EBITDA estimates versus consensus

Independent Power Producers

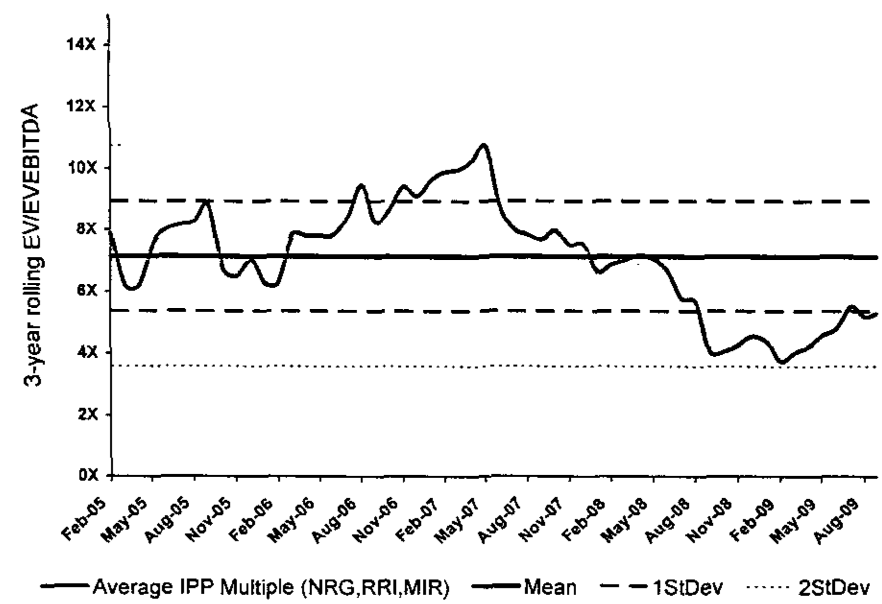
| Ticker | 2009 GS EBITDA | 2009 Cons EBITDA | 2009 % Ch | 2010 GS EBITDA | 2010 Cons EBITDA | 2010 % Ch | 2011 GS EBITDA | 2011 Cons EBITDA | 2011 % Ch |
|---|---|---|---|---|---|---|---|---|---|
| NRG | $2,448 | $2,280 | 7% | $2,620 | $2,358 | 11% | $2,513 | $2,467 | 2% |
| ORA | $148 | $151 | -2% | $180 | $185 | -3% | $248 | $223 | 11% |
| RRI | $141 | $331 | -57% | $567 | $582 | -3% | $664 | $727 | -9% |
| Median | | | -2% | | | -3% | | | 2% |
| Mean | | | -17% | | | 2% | | | 2% |

*Source: Goldman Sachs Research estimates, Factset.*
Note: *EBITDA estimates are Adjusted EBITDA, not GAAP EBITDA.*

# We upgrade Independent Power Producers to Attractive and remain Attractive on commodity oriented Diversified Utilities

**As power demand and commodity prices improve, IPP multiples should continue to expand – and we upgrade RRI Energy from Neutral to Conviction Buy.** Improving natural gas prices, power prices and electricity demand all should support and enhance valuations for merchant generators and the merchant generation segments owned by Diversified Utilities. We raise multiples on pure-play IPPs in our universe – NRG Energy and RRI Energy – to reflect improved sentiment and the significant FCF generation likely in a $5.50-$7/MMBtu natural gas price environment. Applying a 7.0x multiple on these predominantly base-load generators remains somewhat below historical mean/median levels of 7.25x-7.5x, reflecting improving, but still below trend electricity demand growth in 2010.

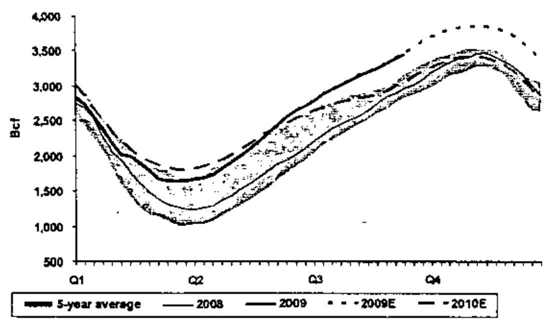
**Exhibit 20: Base-load IPPs still trade one standard deviation below their LT mean despite recent multiple expansion**
3YR forward EV/EBITDA multiples of base-load IPPs (NRG, RRI, MIR) on consensus estimates




*Source: GS Research Estimates, Factset*

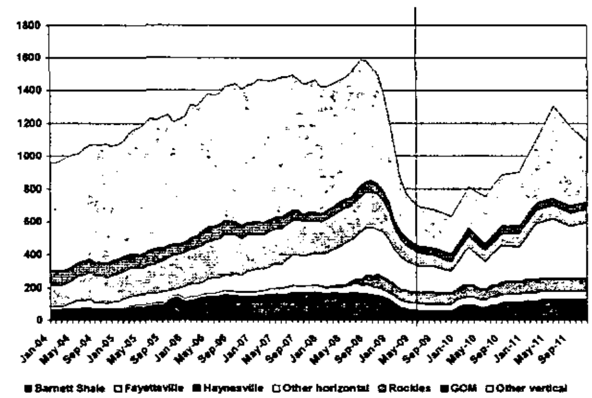
**Natural gas prices should improve and will likely emerge over the coming 12 months as a catalyst, not a headwind, for IPPs and merchant generation.** The Goldman Sachs E&P team sees the potential for near term bullish weekly data builds due to (1) industrial demand improvements, (2) lower production due to natural declines and lower rig count, (3) lower production due to maintenance, shut ins, and/or drilled but not completed wells, and (4) coal-to-gas substitution. We continue to focus on 1H2010 gas prices as a key driver for FY2011. Assuming gas prices stay below $5.00/MMBtu Henry Hub gas in 1H2010, our E&P team forecasts a normalization of gas storage in 2Q/3Q 2010, leading to tightness and a spike in prices during Winter 2010-2011.

**Exhibit 21: Near term storage data could turn bullish**
natural gas storage




*Source: Goldman Sachs Research estimates, US DOE*

**Exhibit 22: ....and further rig count declines should lead to $6+/MMBtu gas beyond 2010**
US natural gas rig count




*Source: Baker Hughes*

**Within our universe, RRI maintains the most sensitivity to changes in commodity prices, although others maintain sizable commodity leverage.** As highlighted in Exhibit 23 below, RRI Energy maintains the greatest exposure to natural gas and power prices, given minimal hedges for its generation output. Above-market coal contracts weigh on 2009 significantly and have a modest impact on 2010, but roll-off by 2011. Diversified Utilities also maintain sizable exposure to natural gas and power prices, with hedges rolling off at different times for each – Allegheny Energy (AYE) remains significantly unhedged for 2011, while few maintain hedges beyond 2011.

**Exhibit 23: RRI and NRG remain the most sensitive to a $1.00 change in Gas, AYE is most sensitive Diversified Utility**
EPS Sensitivity to + or - $1.00/mmbtu of natural gas in 2010,2011

| EPS sensitivity + or - $1.00/mmbtu of Natural Gas | 2010 | 2011 | 2012 |
|---|---|---|---|
| **Indepent Power Producers** | | | |
| NRG | 12% | 17% | 208% |
| RRI | 167% | 60% | 36% |
| **Average** | 90% | 39% | 122% |
| **Diversified Utilities** | | | |
| AEE | 4% | 7% | 10% |
| AYE | 9% | 23% | 37% |
| EIX | 10% | 13% | 15% |
| ETR | 3% | 7% | 11% |
| EXC | 2% | 9% | 26% |
| SRE | 1% | 1% | 2% |
| **Average** | 5% | 10% | 17% |

***Our "base-case" implies our E&P Team's forecast of $5.50/mmbtu in 2010 and $7.00/mmbtu in 2011**

*Source: Goldman Sachs Research estimates.*

**We raise estimates for RRI and increase target prices for IPPs, upgrading RRI to CL Buy, with around 30-35% upside in both RRI and NRG.** We continue to apply a sum of the parts valuation methodology for IPPs and the IPP segments within Diversified Utilities, now utilizing a 7.0x base-line EV/EBITDA multiple on average 2011/2012 EBITDA, then making adjustments for expected average FCF yields, returns on invested capital, anticipated carbon impact, and broader attractiveness of regional markets. For RRI, we increase estimates to reflect lower than previously forecast coal costs for its Seward unit, a waste coal facility competitively advantaged due to coal that costs roughly half the cost of traditional Appalachian coal. We lower our 12-month, DCF based, price target on Neutral-rated ORA from $43 to $41, on (1) lower forecasted backlog, (2) lower gross margins forecasts, and (3) lower power prices in Hawaii, implying 5% upside.

**Exhibit 24: We upgrade RRI from Neutral to Buy and remain buyers of NRG**
SoTP Valuation of IPPS ($mn unless per share estimates)

| Company | RRI | NRG |
|---|---|---|
| Average 2011-2012 EBITDA | **$560** | **$2,434** |
| Baseline EV/EBITDA Multiple | 7.0x | 7.0x |
| Adjustments to Baseline Multiple | | |
| Attractiveness of Regional Markets | 0.0x | -0.3x |
| Carbon Exposure | -1.5x | -1.0x |
| Returns on Capital | 0.0x | 0.0x |
| Free Cash Flow Yield | 1.75x | 1.25x |
| **Target EV/EBITDA Multiple** | **7.2x** | **7.0x** |
| **Enterprise Value** | **$4,056** | **$17,019** |
| Net debt | $1,053 | $6,465 |
| **Equity Value - Generation & Other Non-Utility** | **$3,002** | **$10,266** |
| Current Diluted Share Count | 351 | 275 |
| **Equity Value per Share - Generation & Other Non-Utility** | **$8.56** | **$37.33** |
| **Target Price per Share** | **$9** | **$37** |
| Current Share Price | $6.98 | $27.20 |
| Dividend yield | 0.0% | 0.0% |
| **Total Return to Target** | **29%** | **36%** |
| Carbon NPV, $/sh | **$ (2)** | **$ (9)** |
| Generation Returns on Capital 2011-2012 | 3.4% | 5.7% |
| Generation Free Cash Flow Yield 2011-2012 | 19.2% | 11.9% |

*Source: Goldman Sachs Research estimates.*

**Multiple expansions will also benefit Diversified Utilities, as we forecast improving valuations for their non-regulated subsidiaries and regulated segments.** We value the "parts" of Diversified Utilities using two methodologies: (1) P/E metrics on regulated earnings power, and (2) an EV/EBITDA multiple on the non-regulated merchant generation or IPP segments, with adjustments for (a) returns of capital, (b) free cash flow, (c) exposure to potential carbon regulations, and (d) attractiveness of regional markets.

**Exhibit 25: Multiple expansion benefits Diversified Utilities at both segments**
SoTP valuation methodology

| Company | AEE | AYE | EIX | EXC |
|---|---|---|---|---|
| Utility 2012 EPS | $2.44 | $1.44 | $3.48 | $1.08 |
| Applied Targe PE Multiple | 10.0x | 10.0x | 10.5x | 10.5x |
| **Utility Equity Value per Share** | **$24** | **$14** | **$36** | **$11** |
| | | | | |
| Average EBITDA on Generation (2011-2012) | $410 | $690 | $849 | $3,604 |
| Other 2011-2012 EBITDA | $0 | $0 | ($30) | ($102) |
| **Total Generation & Other Non-Utility EBITDA** | **$410** | **$690** | **$819** | **$3,502** |
| | | | | |
| Baseline EV/EBITDA Multiple | 7.0x | 7.0x | 7.0x | 7.0x |
| Adjustments to Baseline Multiple | | | | |
| Attractiveness of Regional Markets | -0.8x | -1.0x | -0.3x | -0.5x |
| Carbon Exposure | -1.3x | -0.5x | 0.2x | 3.7x |
| Returns on Capital | -0.3x | 0.5x | 0.0x | 0.3x |
| Free Cash Flow Yield | -0.3x | 0.8x | 0.0x | 0.0x |
| **Target EV/EBITDA Multiple** | **4.5x** | **6.8x** | **7.0x** | **10.5x** |
| | | | | |
| **Enterprise Value - Generation & Other Non-Utility** | **$1,835** | **$4,675** | **$5,699** | **$36,661** |
| Generation & Non-Utility Net Debt | $1,682 | $1,795 | $4,942 | $3,140 |
| **Equity Value - Generation & Other Non-Utility** | **$153** | **$2,880** | **$757** | **$33,521** |
| Current Diluted Share Count | 214 | 170 | 327 | 659 |
| **Equity Value per Share - Generation & Other Non-Utility** | **$1** | **$17** | **$2** | **$51** |
| | | | | |
| **Target Price per Share** | **$25** | **$31** | **$39** | **$62** |
| Current Share Price | $25.74 | $26.96 | $34.01 | $50.12 |
| Dividend yield | 6.0% | 2.2% | 3.8% | 4.2% |
| **Total Return to Target** | **3%** | **17%** | **19%** | **28%** |
| | | | | |
| Carbon NPV, $/sh | -$2 | -$2 | $1 | $20 |
| Generation Returns on Capital 2011-2012 | 2.9% | 8.7% | 3.6% | 8.0% |
| Generation Free Cash Flow Yield 2011-2012 | -0.8% | 7.3% | 1.1% | 0.1% |

CL Buy rated Entergy target price is $101/sh, while Neutral rated Sempra target price is $59/sh

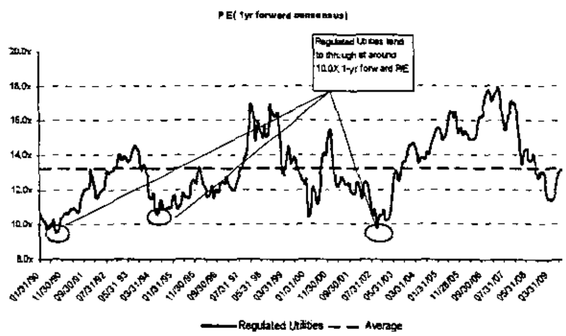
*Source: Goldman Sachs Research estimates.*

# We downgrade Regulated Utilities to Neutral, as few bell-weathers screen attractively

**With large cap Regulated Utilities screening less attractive than small/mid cap peers, we downgrade this sub-sector to Neutral.** While Regulated Utilities trade below historical levels on Price to Book and on longer term (2012) P/E multiples, multiples on FY2 screen less attractively. More importantly, upside on average in the sub-sector remains tilted toward smaller/mid cap names versus the large cap stocks, driving our sub-sector downgrade to Neutral. Dividend yield spreads remain attractive, but few sector-wide catalysts exist.

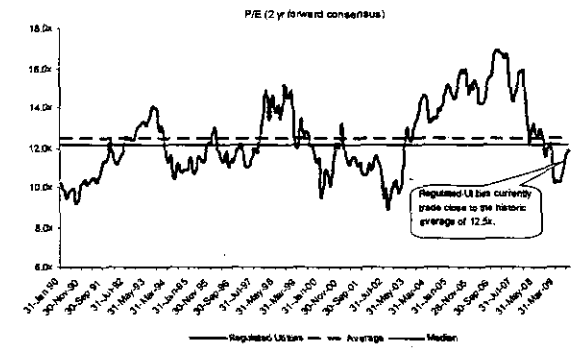
**Regulated Utilities currently trade near long-term historic average P/E multiples on 2010 estimates.** As shown in Exhibit 27 below, Regulated Utilities currently trade near 12.0x on FY2 or 2010 estimates, versus long-term average levels closer to 12.5x, only a modest discount. We note the long-term average includes trough levels from the high inflationary period in the 1970s and the "electricity crash" from 2001-2002, with the mean and median on FY2 much higher utilizing ranges from just the last 5-7 years, although expected rate base growth currently lags expected levels from 2005-2008 due to cuts in capital spending.

**Exhibit 26: Regulated Utilities currently trade inline with the historic average of 13.2x on FY1 consensus estimates**
Jan 1, 1990 - current




*Source: Factset, Goldman Sachs Research estimates.*

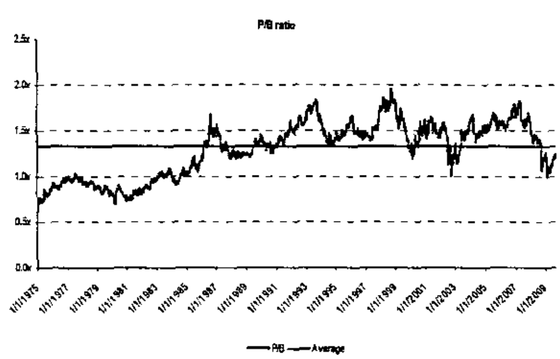
**Exhibit 27: Regulated Utilities currently trade below the historic average of 12.5x on FY2 consensus estimates**
Jan 1, 1990 - current




*Source: Factset, Goldman Sachs Research estimates.*

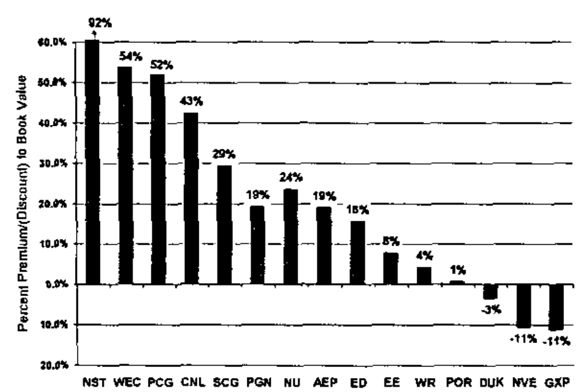
**Regulated Utilities trade slightly below average Price to Book levels and equity issuances in 2010 are not a major overhang.** As detailed in Exhibit 28 below, Regulated Utilities historically traded at Price/Book multiples on average near 1.3-1.4x, with group levels currently near 1.2x. Removing the 1970s trough period, the historical Price/Book level appears closer to 1.5x-1.6x, implying regulated names trade only slightly below historical levels, as outlined in Exhibit 29 below. Since we do not expect significant equity financing needs over 2010, with only a handful of companies likely issuing shares versus a broad wave of issuances in 2009, Regulated Utilities could close this gap on a Price to Book basis, although many key names already have done so.

**Exhibit 28: Regulated Utilities currently trade below historic P/B average of 1.3x – which includes the trough period of the 1970s**
Jan 1, 1975 - current




*Source: Factset, Goldman Sachs Research estimates.*

**Exhibit 29: Companies like GXP and NVE trading below book provides opportunities for mean reversion**
Percent premium/(discount) to book value




*Source: Factset, Goldman Sachs Research estimates.*

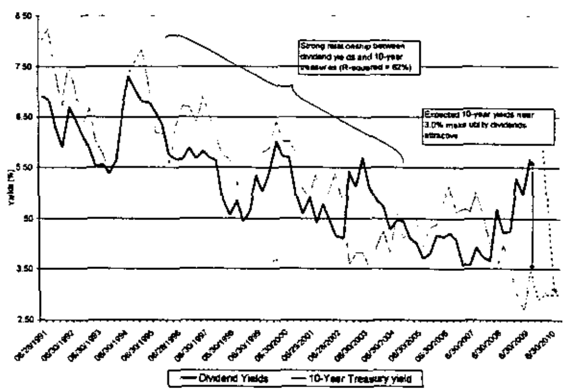


ATTACHMENT E - 18

**Relative to treasury yields, regulated names and the broader group appear attractive.** The Goldman Sachs Global ECS team forecasts lower interest rates over the next 12-months, with 10-year Treasury yield expected to decline from the current levels near 3.5% to approximately 3% through 1H2010, as shown in Exhibit 30. Under this scenario, the average dividend yields of Regulated Utilities appear attractive versus the near-term expected 10-year yield. Historically, for Regulated Utilities, lower dividend yields implied higher share prices. As detailed in Exhibit 31, the spread between the dividend yield and the 10-year yield is at a historic low, versus the long-term average of 0.23. We believe that the current spread levels provide a potential for mean reversion, resulting into lower dividend yield for the Regulated Utilities and implying upside to share prices.

**Exhibit 30: Low 10-year Treasury yields indicate share price upside for Regulated Utilities**

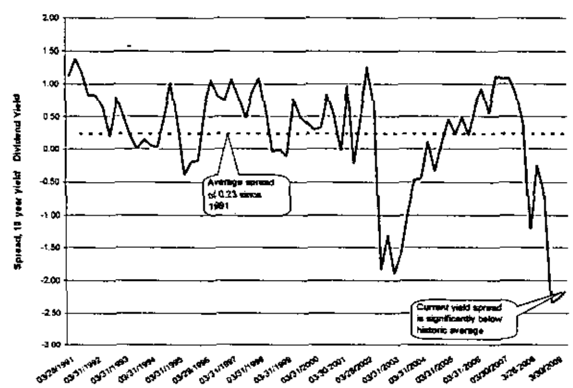
Yields, 10-year Treasury note and dividends on Regulated Utilities




*Source: Factset, Goldman Sachs Research estimates.*

**Exhibit 31: The current yield spread is significantly below the historic average**

Spread, 10-year Treasury yield and average dividend yield on Regulated Utilities



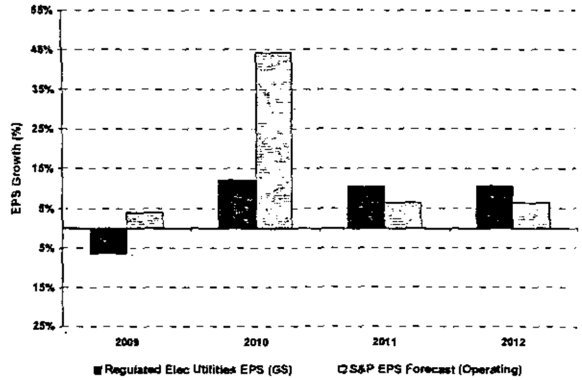

*Source: Factset, Goldman Sachs Research estimates.*

**Regulated Utilities screen attractively relative to S&P 500, trading at a 12%-20% discount despite stable multi-year average earnings growth.** As shown in Exhibit 32 below, we expect a CAGR EPS growth of approximately 12% through 2012 for Regulated Utilities, below the earnings growth for the S&P 500 of 21%. However, the Regulated Utilities have a less volatile earnings growth profile, with a 5% decline in 2009 given the weak demand fundamentals in 1H2009, followed by a 11%-12% yearly growth over 2010-2012 . The S&P 500 index currently trades at 14.0/13.2/12.4X on forecasted 2010-2012 earnings, versus Regulated Utilities at 12.4/11.1/9.9X , implying a 1.0x-1.6x or 12%-20% discount for the regulated group, as shown in Exhibit 33 below. However, the S&P estimates assume a more normal 6%-6.5% growth after 2010, likely conservative given economic improvements and therefore potentially overstating the relative valuation of Regulated Utilities.



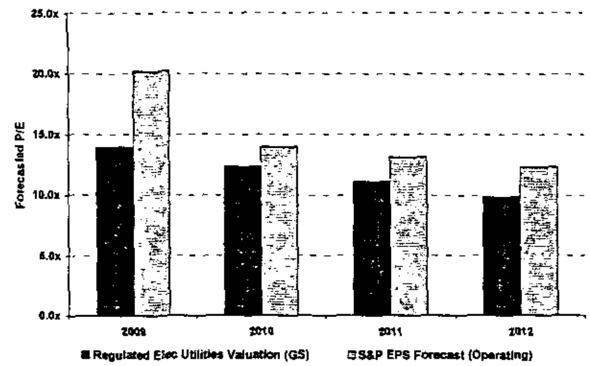
ATTACHMENT E - 19

**Exhibit 32: We expect Regulated Utilities to post 12% CAGR growth in EPS...**
Annual forecasted EPS growth, 2009E-2012E




*Source: Goldman Sachs Research estimates.*

**Exhibit 33: ...while Regulated Utilities trade at a discount to S&P 500 on P/E multiples**
P/E of Regulated Utilities and the S&P 500, 2009E-2012E




*Source: Goldman Sachs Research estimates.*

**Given expected improvements in utility demand and broader/improved market views overall, we adjust our target prices for Regulated Utilities.** We continue to utilize a dual approach for valuing Regulated Utilities, a blend of dividend discount model analysis (assuming a 9% cost of equity and a 2.5% terminal growth rate) and a P/E multiple on projected longer-term 2012 earnings power. We increase our baseline target P/E multiples for Regulated Utilities to reflect improving fundamentals for the group. We also apply a differential in target multiples for the two sub-groups: large cap and small/mid cap regulated utilities-- to reflect the historic premium exhibited by the large cap regulated utilities on long-term earnings power.

- **On longer-term earnings power, large cap group trades at a 7%-13% premium versus the small/mid cap peers.** As shown in Exhibit 34, we observe a trading disparity between the two sub groups, with large cap regulated utilities trading at a note worthy premium to its small/mid cap peers on longer-term earnings power. We expect this pattern to hold going forward, and alter our P/E based valuation methodology by introducing a 5% differential between the target multiples for the two groups.

**Exhibit 34: Yearly comparison of the trading multiples for large cap and small/mid cap Regulated Utilities, on FY3 consensus estimates**
Over years 2005-2009

| Year | Large cap | Small/cap | Pre/(disc.) (%) |
|---|---|---|---|
| Over 2005 | 14.2x | 13.3x | 7% |
| Over 2006 | 14.2x | 14.1x | 0% |
| Over 2007 | 14.6x | 13.0x | 13% |
| Over 2008 | 12.0x | 11.1x | 8% |
| Over 2009 | 10.4x | 9.6x | 8% |

*Source: Factset, Goldman Sachs Research estimates.*

- **Our new target prices imply a 12% average upside from current levels for Regulated Utilities.** As shown in Exhibit 35, we value regulated utilities using a 50/50 weighting on: (1) P/E multiples for longer-term regulated earnings power, and (2) a DDM model. Given the improving demand fundamentals and historic trading patterns, we increase our expected base-line P/E multiple from 9.0x to 10.5x for large cap group and 10.0x small/mid cap group, a 5% valuation differential between the two sub-sectors. While we increase the P/E side of our valuation, we maintain our DDM model which incorporates a 2.5% terminal growth rate, roughly in line with expected long-term GDP growth trends.

**Exhibit 35: We use a blend of P/E on 2012 EPS and DDM, with a discounted target multiple for the small/mid group versus large cap Regulated Utilities**
Our price target methodology

| 2012 P/E x 50% | + | DDM x 50% | = | Price Target |
|---|---|---|---|---|
| 10.5x - Large caps<br>10.0x-Small/mid caps | | 9.0% cost of equity<br>2.5% terminal growth | | |

*Source: Goldman Sachs Research.*

**Exhibit 36: Valuation of Regulated Utilities on a dividend discount model basis are attractive and our blended target prices imply a 12% total return potential**

| | Ticker | Rating | 9/28 Close | DDM Value | Current Yield | Total Return, DDM Only | 2012 EPS | Multiple Applied | P/E-Based Value | Total Return, P/E Only | 12-month Target Price | Total Return to 12-Month Target |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Large-Cap | | | | | | | | | | | | |
| American Electric Power | AEP | Buy | $31.13 | $38 | 5.3% | 27% | $3.45 | 10.5x | $36 | 22% | $37 | 24% |
| Consolidated Edison | ED | Sell | $41.40 | $39 | 5.7% | 1% | $3.45 | 10.5x | $36 | -7% | $38 | -3% |
| Duke Energy | DUK | Neutral | $15.93 | $15 | 5.8% | 2% | $1 34 | 10.5x | $14 | -6% | $15 | 0% |
| PG&E | PCG | Neutral | $40.91 | $43 | 4.1% | 10% | $4 02 | 10.5x | $42 | 7% | $43 | 9% |
| Progress Energy | PGN | Neutral | $39.60 | $43 | 6.3% | 14% | $3 55 | 10.5x | $37 | 0% | $40 | 7% |
| *Large-Cap Mean* | | | | | *5.4%* | *11%* | | | | *3%* | | 8% |
| *Large-Cap Median* | | | | | *5.7%* | *10%* | | | | *0%* | | 7% |
| Mid & Small-Cap | | | | | | | | | | | | |
| Cleco | CNL | Neutral | $25.10 | $26 | 3.6% | 7% | $2 39 | 10.0x | $23.87 | -1% | $25 | 3% |
| El Paso Electric | EE | Neutral | $17.84 | $20 | 0.0% | 12% | $2.10 | 10.0x | $21 | 18% | $21 | 18% |
| Great Plains Energy | GXP | Buy | $18.17 | $22 | 4.6% | 28% | $2.13 | 10.0x | $21 | 22% | $22 | 26% |
| Northeast Utilities | NU | Neutral | $23.99 | $28 | 4.0% | 19% | $2 51 | 10.0x | $25 | 8% | $26 | 12% |
| NSTAR | NST | Sell | $32.09 | $32 | 4.7% | 3% | $2 55 | 10.0x | $26 | -16% | $29 | -5% |
| NV Energy | NVE | Neutral | $11.59 | $15 | 3.5% | 31% | $1.41 | 9 0x | $13 | 13% | $14 | 24% |
| Portland General | POR | Neutral | $20.07 | $24 | 5.1% | 24% | $2 20 | 10.0x | $22 | 15% | $23 | 20% |
| SCANA | SCG | Neutral | $35.30 | $42 | 5.3% | 24% | $3 80 | 10.0x | $38 | 13% | $40 | 19% |
| Westar | WR | Neutral | $19.60 | $24 | 6.0% | 28% | $2.18 | 10.0x | $22 | 17% | $23 | 23% |
| Wisconsin Energy | WEC | Neutral | $45.11 | $49 | 3.0% | 12% | $4 63 | 10.0x | $46 | 6% | $48 | 9% |
| *Mid & Small-Cap Mean* | | | | | *4.0%* | *19%* | | | | *9%* | | 15% |
| *Mid & Small-Cap Median* | | | | | *4.3%* | *21%* | | | | *13%* | | 18% |
| *Regulated Utilities Mean* | | | | | *4.5%* | *16%* | | | | *7%* | | 12% |
| *Regulated Utilities Median* | | | | | *4.7%* | *14%* | | | | *8%* | | 12% |

*Source: Goldman Sachs Research estimates.*

**As investors begin to gain visibility on the improving power fundamentals in 2010, we believe multiples will expand for Regulated Utilities and the regulated segments within Diversified Utilities.** We utilize a dual approach for valuing Regulated Utilities, applying a 50% weighting to our dividend discount model analysis (assuming a 9% cost of equity and a 2.5% terminal growth rate) and a 50% weighting to P/E multiples on projected longer-term 2012 earnings power. We raise our baseline P/E multiple on 2012 from 9.0X to 10.0X for Small & Mid Cap Regulated Utilities and 10.5X for large cap Regulated Utilities.

- **We reiterate our BUY rating on large-cap American Electric Power (AEP), our favorite large-cap regulated name, while affirming our Conviction Sell rating on Con Edison (ED).** AEP trades at a 16%-18% discount on projected 2010-2012 earnings power and provides an attractive dividend yield. We maintain our Conviction Sell rating on Con Edison given (1) relative valuation, (2) a projected $400mm equity issuance, which is at the high end of management guidance, and which we believe is imminent, and (3) unimpressive earnings growth.

**We reiterate our Buy rating on Great Plains Energy (GXP), but remove it from the Conviction Buy list, and downgrade Portland General Electric (POR) from Buy to Neutral.** We believe GXP trades at a substantial discount to peers on LT normalized estimates despite its top quartile earnings growth trajectory. We downgrade POR because we remain (1) below consensus estimates on 2010, and (2) see a better a better opportunity in CL Buy-rated GXP.

# Primary catalysts and key risks

## Catalysts:

**In our view, a series of events, including various regulatory proceedings, a major industry conference and 3Q2009 reporting season will drive share prices in the near-term.**

- **A number of rate cases and regulatory proceedings in the next 90-120 days are key to monitor:** Multiple companies within our universe – both among Regulated and Diversified Utilities – currently face key decision dates or interim recommendations on requests for revenue increases in rate case proceedings. Large cap names such as Progress Energy (Florida), Duke Energy (Carolinas) and Ameren (Missouri) will receive PSC staff recommendations or final orders in key rate cases that impact 2010.
- **A major industry conference – the EEI conference – in November will provide greater insight into 2010-2011 outlooks.** We expect many Regulated and Diversified Utilities in our universe to introduce guidance at the Edison Electric Institute's (EEI) Conference in early November. Given our 2010 forecasts, we anticipate guidance ranges for most companies reporting to be within the range of consensus expectations, with only a handful of disappointments or surprises.
- **Third quarter earnings presents a risk, although with EEI approaching, investors likely will focus more on 2010-2011:** While we are positioned below consensus into the 3Q2009 earnings season, our conversations with investors suggest the buy-side is ahead of sell-side estimates in anticipating that weak weather and commodity pricing will weigh on the quarter. We believe investors are more likely to be focused on long-term earnings potential and growth, and should react favorably to management commentary on (1) lower-than-expected equity financing needs in 2010, and (2) stabilizing demand fundamentals.

**Exhibit 37: We are below consensus on Q3 2009 after incorporating new gas and demand forecasts, however we are increasingly confident investors will look through the quarter**

| | EPS GS FY 2009 Q3 | EPS Cons FY 2009 Q3 | % Dif. |
|---|---|---|---|
| NVE | $0.59 | $0.74 | -19 6% |
| NST | $0.80 | $0.83 | -2.6% |
| PGN | $1.11 | $1.18 | -5.5% |
| DUK | $0.36 | $0.40 | -8.3% |
| AEP | $0.80 | $0.86 | -6.3% |
| POR | $0.27 | $0.27 | 1.3% |
| NU | $0.32 | $0.38 | -16 9% |
| PCG | $0.91 | $0.92 | -1.4% |
| CNL | $0.75 | $0.76 | -1.6% |
| SCG | $0.83 | $0.79 | 4.5% |
| WEC | $0.49 | $0.57 | -14 6% |
| EE | $0.52 | $0.58 | -10 6% |
| GXP | $0.68 | $0.78 | -12.4% |
| WR | $0.81 | $0.91 | -10 6% |
| Average | | | -7.5% |
| | | | |
| AEE | $0.89 | $1.00 | -11 0% |
| EIX | $1.12 | $1.03 | 8.7% |
| EXC | $0.92 | $0.98 | -6.0% |
| SRE | $1.17 | $1.21 | -2.7% |
| ETR | $2.58 | $2.55 | 1.1% |
| Average | | | -2.0% |

| | EBITDA GS FY 2009 Q3 | EBITDA Cons FY 2009 Q3 | % Dif. |
|---|---|---|---|
| NRG | $699 | $848 | -17 5% |
| ORA | $38 | $40 | -5.7% |
| RRI | $133 | $90 | 47 3% |
| Average | | | 8.0% |

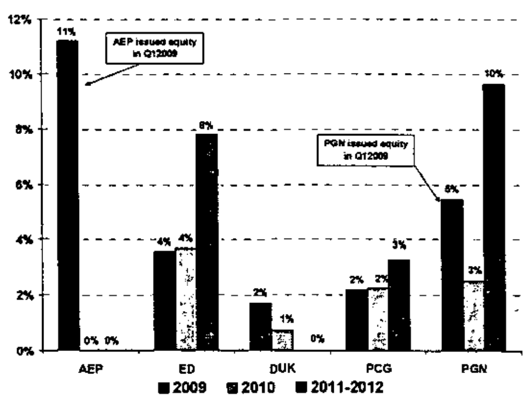
*Source: Goldman Sachs Research, Quantum.*

## Risks:

**Primary risks for utilities and power generators include (1) lower than expected power demand or power pricing, (2) increased environmental spending, and (3) higher than forecast financing needs.**

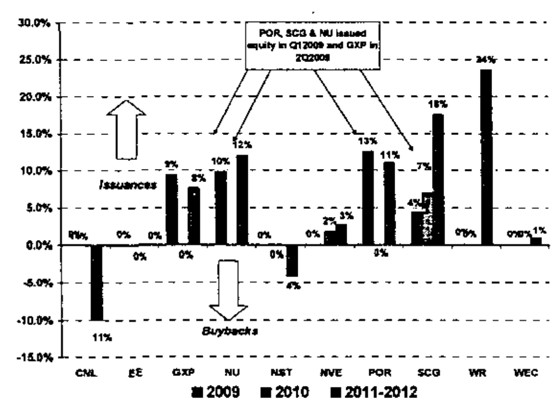
- **Demand risk** – Lower-than-expected electricity demand could decrease earnings for regulated segments and weaken overall commodity prices, negatively impacting IPPs and Diversified Utilities.
- **Environmental capital risk** – Increased requirements for pollution controls to reduce SOx, NOx or mercury emissions could drive higher spending or litigation risk for companies with coal fired generation.
- **Financing risk** – Unlike when entering 2009, where we forecast a sizable level of equity issuances for 1H2009, we do not see a broader "wave" of equity issuances in 2010, primarily due to company efforts to reduce spending levels. Higher than expected equity financing needs or rising cost of debt would negatively impact utility shares.

**Exhibit 38: Among the large cap Regulated Utilities, ED has significant equity financing needs over 2009/2010**
Net equity issuances among large cap regulated utilities as a percentage of market capitalization




Source: Goldman Sachs Research estimates.

**Exhibit 39: Among the mid/small cap regulated utilities, there are few with significant equity needs**
Net equity issuances among small/mid cap regulated utilities as a percentage of market capitalization




Source: Goldman Sachs Research estimates.

# Appendices

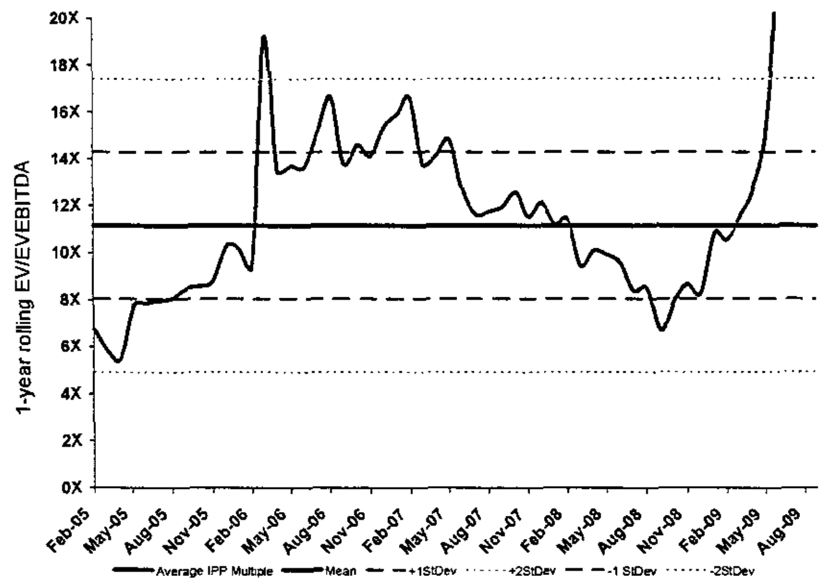
## Appendix A: Sum of the parts valuation for Sempra Energy

**Sempra Energy Sum of the Parts Valuation**

| | Segment Earnings or Equiv. | Multiple / Value Applied | Metric Desc. | Per Share Value |
|---|---|---|---|---|
| **California Utilities** | | | | |
| SDG&E 2012E EPS | $2.01 | | | |
| SoCalGas 2012E EPS | $1.11 | | | |
| **Total** | **$3.13** | **10.5x** | **(P/E)** | **$33** |
| **Generation** | | | | |
| 2011/2012 EBITDA | 274 | 7.0x | (EV/EBITDA) | |
| Implied EV | $1,921 | | | |
| Debt | $0 | | | |
| Equity Value | **$1,921** | | | **$8** |
| **Pipelines & Storage** | | | | |
| 2012 EBITDA Forecast | $549 | 6.5x | (EV/EBITDA) | |
| Implied EV | $3,569 | | | |
| Equity Value | **$3,569** | | | **$14** |
| **LNG** | | | | |
| Cameron and Energia Costa Azul | | | (DCF) | **$11** |
| **Commodities** | | | | |
| Book Value, SRE Por ion | $1,600 | 1.0x | (P/B) | **$6** |
| **Parent/Other** | | | | |
| Net Debt | $3,179 | | | **($13)** |
| **Total SoP Value** | | | | **$59** |

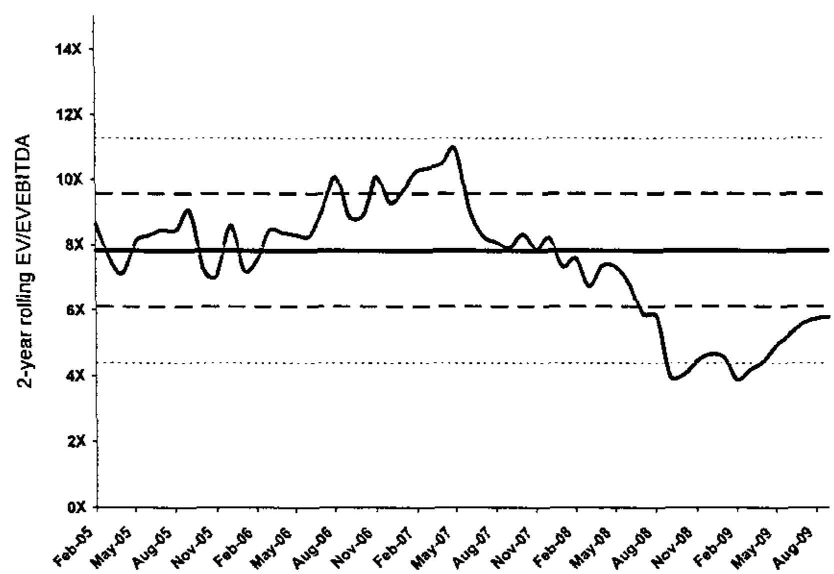
*Source: Goldman Sachs Research estimates.*

**Appendix B: One year forward EV/EBITDA multiples are extremely volatile**
1 yr forward EV/EBITDA multiples of base-load IPPs (NRG, RRI, and MIR)




*Source: Goldman Sachs Research Estimates, Factset.*

**Appendix C: Two year forward EV/EBITDA multiples remain one standard deviation below mean**
2 yr forward EV/EBITDA multiples of base-load IPPs (NRG, RRI, and MIR)




*Source: Goldman Sachs Research Estimates, Factset.*

## Appendix D: Old versus new EPS and EBITDA estimates

| EPS Revisions | Ticker | 2009 Old | 2009 New | 2009 % | 2010 Old | 2010 New | 2010 % | 2011 Old | 2011 New | 2011 % | 2012 Old | 2012 New | 2012 % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Large Cap Regulated Utilities** | | | | | | | | | | | | | |
| American Elec Power | AEP | $2.85 | $2.70 | -5% | $3.09 | $2.99 | -3% | $3.39 | $3.33 | -2% | $3.47 | $3.45 | -1% |
| Duke Energy | DUK | $1.19 | $1.11 | -7% | $1.17 | $1.17 | 0% | $1.32 | $1.30 | -2% | $1.34 | $1.34 | 0% |
| Consolidated Edison | ED | $3.03 | $2.99 | -1% | $3.22 | $3.21 | 0% | $3.31 | $3.31 | 0% | $3.45 | $3.45 | 0% |
| PG&E | PCG | $3.08 | $3.08 | 0% | $3.45 | $3.45 | 0% | $3.81 | $3.81 | 0% | $4.02 | $4.02 | 0% |
| Progress Energy | PGN | $2.92 | $2.88 | -1% | $3.05 | $2.99 | -2% | $3.31 | $3.32 | 0% | $3.46 | $3.55 | 3% |
| Large Cap Average | | | | -3% | | | -1% | | | -1% | | | 0% |
| **Mid & Small Cap Regulated Utilities** | | | | | | | | | | | | | |
| Cleco | CNL | $1.66 | $1.64 | -2% | $2.14 | $2.14 | 0% | $2.29 | $2.27 | -1% | $2.38 | $2.39 | 0% |
| El Paso Electric | EE | $1.40 | $1.34 | -4% | $1.34 | $1.28 | -4% | $1.52 | $1.47 | -3% | $2.10 | $2.10 | 0% |
| Great Plains Energy | GXP | $1.24 | $1.17 | -6% | $1.56 | $1.54 | -1% | $2.01 | $2.01 | 0% | $2.13 | $2.13 | 0% |
| NSTAR | NST | $2.32 | $2.33 | 1% | $2.25 | $2.29 | 2% | $2.49 | $2.50 | 1% | $2.53 | $2.55 | 1% |
| Northeast Utilities | NU | $1.76 | $1.68 | -4% | $1.89 | $1.85 | -2% | $2.02 | $2.00 | -1% | $2.52 | $2.51 | -1% |
| Portland General Electric | POR | $1.43 | $1.45 | 1% | $1.66 | $1.63 | -2% | $2.21 | $2.21 | 0% | $2.20 | $2.20 | 0% |
| SCANA Corporation | SCG | $2.85 | $2.85 | 0% | $3.07 | $2.98 | -3% | $3.35 | $3.35 | 0% | $3.82 | $3.80 | -1% |
| NV Energy | NVE | $0.80 | $0.69 | -14% | $1.03 | $0.94 | -9% | $1.24 | $1.12 | -10% | $1.42 | $1.41 | 0% |
| Wisconsin Energy | WEC | $3.14 | $3.05 | -3% | $3.98 | $4.01 | 1% | $4.55 | $4.13 | -9% | $4.60 | $4.63 | 1% |
| Westar Energy | WR | $1.75 | $1.45 | -17% | $1.80 | $1.64 | -9% | $1.79 | $1.57 | -13% | $2.36 | $2.18 | -8% |
| Mid & Small Cap Average | | | | -5% | | | -3% | | | -4% | | | -1% |
| Regulated Average | | | | -4% | | | -2% | | | -3% | | | 0% |
| **Diversified Utilities** | | | | | | | | | | | | | |
| Ameren | AEE | $2.35 | $2.21 | -6% | $2.23 | $2.12 | -5% | $2.65 | $2.50 | -5% | $2.72 | $2.60 | -4% |
| Allegheny Energy | AYE | $2.15 | $2.15 | 0% | $2.52 | $2.47 | -2% | $3.78 | $3.57 | -6% | $2.64 | $2.42 | -8% |
| Edison International | EIX | $2.97 | $2.92 | -2% | $3.57 | $3.56 | 0% | $3.91 | $3.84 | -2% | $3.45 | $3.33 | -3% |
| Entergy | ETR | $6.56 | $6.50 | -1% | $6.82 | $6.67 | -2% | $8.07 | $7.95 | -1% | $8.35 | $8.21 | -2% |
| Exelon | EXC | $4.03 | $4.02 | 0% | $3.62 | $3.58 | -1% | $4.11 | $4.11 | 0% | $3.10 | $3.04 | -2% |
| Sempra Energy | SRE | $4.48 | $4.46 | 0% | $4.95 | $4.93 | 0% | $5.54 | $5.55 | 0% | $5.60 | $5.61 | 0% |
| Average | | | | -2% | | | -2% | | | -2% | | | -3% |
| **Independent Power Producers (IPPs)** | | | | | | | | | | | | | |
| NRG Energy | NRG | $1.89 | $1.86 | -2% | $2.34 | $2.34 | 0% | $2.31 | $2.25 | -3% | $2.11 | $2.05 | -3% |
| Ormat Technologies | ORA | $1.29 | $1.23 | -4% | $1.56 | $1.27 | -18% | $1.49 | $1.25 | -16% | $1.77 | $1.35 | -24% |
| RRI Energy | RRI | ($0.84) | ($0.77) | 9% | $0.10 | $0.19 | 103% | $0.53 | $0.64 | 21% | $0.05 | $0.21 | NA |
| Average | | | | 1% | | | 28% | | | 1% | | | -13% |

| EBITDA Revisions | Ticker | 2009 Old | 2009 New | 2009 % | 2010 Old | 2010 New | 2010 % | 2011 Old | 2011 New | 2011 % | 2012 Old | 2012 New | 2012 % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **IPPs** | | | | | | | | | | | | | |
| NRG Energy | NRG | $2,462 | $2,448 | -1% | $2,620 | $2,620 | 0% | $2,534 | $2,513 | -1% | $2,377 | $2,355 | -1% |
| Ormat Technologies | ORA | $151 | $148 | -2% | $197 | $180 | -9% | $263 | $248 | -6% | $297 | $272 | -8% |
| RRI Energy | RRI | $98 | $141 | 44% | $513 | $567 | 10% | $604 | $664 | 10% | $386 | $455 | 18% |
| Average | | | | 14% | | | 1% | | | 1% | | | 3% |

*Source: Goldman Sachs Research Estimates, Factset; EBITDA estimates are Adjusted EBITDA, not GAAP EBITDA*

## Appendix E: Old versus new price targets

| | Ticker | Old Price Target | New Price Target |
|---|---|---|---|
| **Large Cap Regulated** | | | |
| American Elec Power | AEP | $34 | $37 |
| Duke Energy | DUK | $14 | $15 |
| Consolidated Edison | ED | $35 | $38 |
| PG&E | PCG | $40 | $43 |
| Progress Energy | PGN | $36 | $40 |
| **Small / Mid Cap Regulated** | | | |
| Cleco | CNL | $24 | $25 |
| El Paso Electric | EE | $19 | $21 |
| Great Plains Energy | GXP | $21 | $22 |
| Northeast Utilities | NU | $25 | $26 |
| NSTAR | NST | $27 | $29 |
| NV Energy | NVE | $13 | $14 |
| Portland General Electric | POR | $22 | $23 |
| SCANA Corporation | SCG | $38 | $40 |
| Westar Energy | WR | $23 | $23 |
| Wisconsin Energy | WEC | $45 | $48 |
| **Diversified Utilities** | | | |
| Ameren | AEE | $23 | $25 |
| Allegheny Energy | AYE | $30 | $31 |
| Edison International | EIX | $33 | $39 |
| Entergy | ETR | $93 | $101 |
| Exelon | EXC | $60 | $62 |
| Sempra Energy | SRE | $54 | $59 |
| **IPPs** | | | |
| NRG Energy | NRG | $32 | $37 |
| Ormat Technologies | ORA | $43 | $41 |
| RRI Energy | RRI | $6 | $9 |

*Source: Goldman Sachs Research estimates, Factset.*

## Appendix F: National and regional weather-adjusted demand – YoY weather a headwind in 3Q09, but benefit in 4Q09/1Q10

| Demand Forecasts | | 3Q2009 | 4Q2009 | 1Q2010 | 2Q2010 | 3Q2010 | 4Q2010 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| National Weather Adjusted | | -2.9% | -2.2% | -0.6% | 0.0% | 0.8% | 1.3% | 0.4% | 1.5% | 1.7% |
| National Non-Weather Adjusted | | -2.7% | -2.4% | -0.9% | 0.3% | 0.8% | 1.3% | 0.4% | 1.5% | 1.7% |
| Mountain | NVE | -4.7% | -1.8% | 0.5% | 1.3% | 0.8% | 1.3% | 1.0% | 1.5% | 1.7% |
| Pacific | POR | -1.9% | -2.4% | -0.5% | 1.6% | 0.8% | 1.3% | 0.8% | 1.5% | 1.7% |
| Middle Atlantic | EXC* | -3.0% | -2.3% | -1.4% | 1.7% | 0.8% | 1.3% | 0.6% | 1.5% | 1.7% |
| E. N. Central | EXC* AEP* DUK* WEC | -4.9% | -3.3% | -1.3% | 1.2% | 0.8% | 1.3% | 0.5% | 1.5% | 1.7% |
| W. N. Central | AEE GXP WR | -4.3% | -2.6% | -0.9% | 0.0% | 0.8% | 1.3% | 0.3% | 1.5% | 1.7% |
| New England | NST NU | -3.2% | -2.5% | -2.2% | 1.2% | 0.8% | 1.3% | 0.3% | 1.5% | 1.7% |
| East South Central | ETR* | -3.4% | -2.3% | 0.71% | -3.01% | 0.85% | 1.28% | 0.0% | 1.5% | 1.7% |
| South Atlantic | DUK* PGN SCG | -2.2% | -1.4% | -0.3% | -2.1% | 0.8% | 1.3% | -0.1% | 1.5% | 1.7% |
| West South Central | ETR* AEP* CNL EE | -0.2% | -1.4% | 0.4% | -3.2% | 0.9% | 1.3% | -0.1% | 1.5% | 1.7% |

* OPERATES IN MULTIPLE EIA JURISDICTIONS

NOTE - ASSUME HIGHER LONG-TERM GROWTH RATES FOR EE AND NVE GIVEN CUSTOMER GROWTH IN JURISDICTIONS

*Source: GS Research Estimates, Factset.*

## Appendix G: AEP and GXP screen as Buys, while NST and ED screen as Sells

Target price and EPS summary

| Target Price and EPS Summary | | | | | | EPS | | | | P/E | | | | Dividend |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Ticker | Rating | Close 09/28/09 | Price Target | Tot Ret to Target | 2009 | 2010 | 2011 | 2012 | 2009 | 2010 | 2011 | 2012 | Yield |
| **Regulated Utilities** | | | | | | | | | | | | | | |
| *Large-Cap* | | | | | | | | | | | | | | |
| American Elec Power | AEP | Buy | $31.13 | $37 | 24% | $2.70 | $2.99 | $3.33 | $3.45 | 11.5x | 10.4x | 9.3x | 9.0x | 5.3% |
| Duke Energy | DUK | Neutral | $15.93 | $15 | 0% | $1.11 | $1.17 | $1.30 | $1.34 | 14.4x | 13.7x | 12.3x | 11.9x | 5.8% |
| Consolidated Edison | ED | Sell | $41.40 | $38 | -3% | $2.99 | $3.21 | $3.31 | $3.45 | 13.8x | 12.9x | 12.5x | 12.0x | 5.7% |
| PG&E | PCG | Neutral | $40.91 | $43 | 9% | $3.08 | $3.45 | $3.81 | $4.02 | 13.3x | 11.8x | 10.7x | 10.2x | 4.1% |
| Progress Energy | PGN | Neutral | $39.60 | $40 | 7% | $2.88 | $2.99 | $3.32 | $3.55 | 13.7x | 13.2x | 11.9x | 11.2x | 6.3% |
| Large-Cap Mean | | | | | 8% | | | | | 13.3x | 12.4x | 11.4x | 10.8x | 5.4% |
| Large-Cap Median | | | | | 7% | | | | | 13.7x | 12.9x | 11.9x | 11.2x | 5.7% |
| *Mid & Small-Cap* | | | | | | | | | | | | | | |
| Cleco | CNL | Neutral | $25.10 | $25 | 3% | $1.64 | $2.14 | $2.27 | $2.39 | 15.3x | 11.7x | 11.0x | 10.5x | 3.8% |
| El Paso Electric | EE | Neutral | $17.84 | $21 | 18% | $1.34 | $1.28 | $1.47 | $2.10 | 13.3x | 13.9x | 12.1x | 8.5x | 0.0% |
| Great Plains Energy | GXP | Buy | $18.17 | $22 | 26% | $1.17 | $1.54 | $2.01 | $2.13 | 15.5x | 11.8x | 9.0x | 8.5x | 4.6% |
| NSTAR | NST | Sell | $32.09 | $29 | -6% | $2.33 | $2.29 | $2.50 | $2.55 | 13.7x | 14.0x | 12.8x | 12.6x | 4.7% |
| Northeast Utilities | NU | Neutral | $23.99 | $26 | 12% | $1.68 | $1.85 | $2.00 | $2.51 | 14.2x | 13.0x | 12.0x | 9.6x | 4.0% |
| NV Energy | NVE | Neutral | $11.59 | $14 | 24% | $0.69 | $0.94 | $1.12 | $1.41 | 16.8x | 12.3x | 10.3x | 8.2x | 3.5% |
| Portland General Electric | POR | Neutral | $20.07 | $23 | 20% | $1.45 | $1.63 | $2.21 | $2.20 | 13.9x | 12.3x | 9.1x | 9.1x | 5.1% |
| SCANA Corporation | SCG | Neutral | $35.30 | $40 | 19% | $2.85 | $2.98 | $3.35 | $3.80 | 12.4x | 11.8x | 10.5x | 9.3x | 5.3% |
| Wisconsin Energy | WEC | Neutral | $45.11 | $48 | 9% | $3.05 | $4.01 | $4.13 | $4.63 | 14.8x | 11.2x | 10.9x | 9.7x | 3.0% |
| Westar Energy | WR | Neutral | $19.60 | $23 | 23% | $1.45 | $1.64 | $1.57 | $2.18 | 13.5x | 12.0x | 12.5x | 9.0x | 6.0% |
| Small / Mid Cap Mean | | | | | 15% | | | | | 14.3x | 12.4x | 11.0x | 9.5x | 4.0% |
| Small / Mid Cap Median | | | | | 18% | | | | | 13.8x | 12.0x | 11.0x | 9.2x | 4.3% |
| Regulated Utilities Mean | | | | | 12% | | | | | 14.0x | 12.4x | 11.1x | 9.9x | 4.5% |
| Regulated Utilities Median | | | | | 12% | | | | | 13.8x | 12.3x | 11.0x | 9.6x | 4.7% |

*Note: ED is on the Conviction List*

*Source: Goldman Sachs Research Estimates, Factset.*

## Appendix H: We reiterate Buy ratings on ETR and EXC, while upgrading RRI

target price and eps summary

| P/E Multiples Summary | | | | | | Estimates | | | | P/E Multiples | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Ticker | Rating | Close 09/28/09 | Price Target | Tot Ret. to Target | 2009 | 2010 | 2011 | 2012 | 2009 | 2010 | 2011 | 2012 |
| **Natural Gas Price Forecast ($/MMBtu)** | | | | | | $4.25 | $5.50 | $7.00 | $6.50 | | | | |
| **Diversified Utilities** | | | | | | | | | | | | | |
| Ameren | AEE | Sell | $25.74 | $25 | 3% | $2 21 | $2.12 | $2 50 | $2.60 | 11.7x | 12 2x | 10.3x | 9.9x |
| Allegheny Energy | AYE | Neutral | $26.96 | $31 | 17% | $2.15 | $2.47 | $3 57 | $2.42 | 12 5x | 10 9x | 7.6x | 11.1x |
| Edison International | EIX | Neutral | $34.01 | $39 | 19% | $2 92 | $3 56 | $3 84 | $3.33 | 11 6x | 9 6x | 8.9x | 10.2x |
| Entergy | ETR | Buy | $79.64 | $101 | 31% | $6 50 | $6 67 | $7 95 | $8.21 | 12 3x | 11 9x | 10.0x | 9.7x |
| Exelon | EXC | Buy | $50.12 | $62 | 28% | $4 02 | $3 58 | $4.11 | $3.04 | 12 5x | 14 0x | 12.2x | 16.5x |
| Sempra Energy | SRE | Neutral | $50.17 | $59 | 20% | $4.46 | $4.93 | $5 55 | $5.61 | 11 2x | 10.2x | 9.0x | 8.9x |
| | | *Diversified Utilities Mean* | | | 20% | | | | | 12.0x | 11.5x | 9.7x | 11.1x |
| | | *Diversified Utilities Median* | | | 19% | | | | | 12.0x | 11.4x | 9.5x | 10.0x |
| **IPP's** | | | | | | | | | | | | | |
| NRG Energy | NRG | Buy | $27.20 | $37 | 36% | $1 86 | $2 34 | $2 25 | $2.05 | 14.7x | 11 6x | 12.1x | 13.3x |
| RRI Energy | RRI | Buy | $6.98 | $9 | 29% | ($0.77) | $0.19 | $0 64 | $0.21 | NA | 35 9x | 10.9x | 33.1x |
| | | *Special Situation and IPP Median* | | | 22% | | | | | 24.0x | 26.6x | 18.6x | 25.6x |
| | | *Special Situation and IPP Mean* | | | 29% | | | | | 24.0x | 32.2x | 12.1x | 30.5x |

*Note: ETR and RRI are on the Conviction List*
*Source: Goldman Sachs Research estimates, Factset.*

## Appendix I: Action Off: Americas Buy List – Portland General

Since being added to Americas Buy List on August 17, 2009 POR is up 5.7% versus the XLU up 2.8% and the S&P500 up 8.5%. In the last 12 months, POR is down 17.5% versus the S&P500 down 12.4%.

| Company | Ticker | Primary analyst | Price currency | Price as of 09/28/09 | Price performance since 08/17/09 | 3 month price performance | 6 month price performance | 12 month price performance |
|---|---|---|---|---|---|---|---|---|
| **Americas Power & Utilities Peer Group** | | | | | | | | |
| **Portland General Electric Co.** | **POR** | **Michael Lapides** | **$** | **20.09** | **5.7%** | **2.4%** | **16.9%** | **-17.5%** |
| AGL Resources Inc. | AGL | Theodore Durbin | $ | 35.08 | 3.3% | 11.2% | 30.5% | 8.6% |
| Allegheny Energy, Inc. | AYE | Michael Lapides | $ | 27.01 | 9.3% | 4.0% | 15.4% | -29.4% |
| Ameren Corp. | AEE | Michael Lapides | $ | 25.74 | -1.3% | 4.9% | 10.4% | -35.9% |
| American Electric Power | AEP | Michael Lapides | $ | 31.18 | 0.9% | 9.0% | 18.7% | -16.1% |
| Atmos Energy Corp. | ATO | Theodore Durbin | $ | 28.31 | 2.6% | 12.8% | 19.9% | 3.1% |
| Cleco Corp. | CNL | Michael Lapides | $ | 25.14 | 3.8% | 15.3% | 12.7% | -1.5% |
| Consolidated Edison, inc. | ED | Michael Lapides | $ | 41.41 | 5.2% | 11.8% | 7.9% | -5.2% |
| Duke Energy Corporation | DUK | Michael Lapides | $ | 15.94 | 4.4% | 10.6% | 11.5% | -11.6% |
| Edison International | EIX | Michael Lapides | $ | 34.07 | 7.5% | 8.9% | 17.7% | -15.0% |
| El Paso Electric Co. | EE | Michael Lapides | $ | 17.84 | 13.3% | 25.5% | 29.7% | -16.8% |
| Entergy Corp. | ETR | Michael Lapides | $ | 79.80 | 2.1% | 4.4% | 17.4% | -11.9% |
| Exelon Corp. | EXC | Michael Lapides | $ | 50.22 | 1.9% | -0.9% | 9.8% | -25.2% |
| Great Plains Energy Inc. | GXP | Michael Lapides | $ | 18.17 | 4.9% | 17.8% | 32.1% | -19.1% |
| Northeast Utilities | NU | Michael Lapides | $ | 24.02 | 1.7% | 8.6% | 10.7% | -7.3% |
| NRG Energy Inc. | NRG | Michael Lapides | $ | 27.15 | -2.0% | 14.1% | 54.3% | 2.8% |
| NSTAR | NST | Michael Lapides | $ | 32.11 | 1.0% | 1.7% | 2.3% | -8.3% |
| NV Energy, Inc. | NVE | Michael Lapides | $ | 11.60 | -1.7% | 7.7% | 21.0% | 14.7% |
| Ormat Technologies, Inc. | ORA | Michael Lapides | $ | 41.18 | 12.4% | 4.5% | 48.3% | -0.9% |
| PG&E Corporation | PCG | Michael Lapides | $ | 40.96 | 2.5% | 7.9% | 5.6% | 6.8% |
| Progress Energy Inc. | PGN | Michael Lapides | $ | 39.66 | 1.3% | 5.0% | 10.0% | -9.6% |
| RRI Energy, Inc. | RRI | Michael Lapides | $ | 7.00 | 26.6% | 54.2% | 105.9% | -42.7% |
| SCANA Corp. | SCG | Michael Lapides | $ | 35.32 | 5.2% | 10.0% | 14.2% | -13.0% |
| Sempra Energy | SRE | Michael Lapides | $ | 50.24 | -0.2% | 0.9% | 12.2% | -5.5% |
| Westar Energy Inc. | WR | Michael Lapides | $ | 19.62 | -3.3% | 6.5% | 12.1% | -17.7% |
| WGL Holdings, Inc. | WGL | Theodore Durbin | $ | 33.60 | 1.7% | 4.3% | 1.2% | 0.9% |
| Wisconsin Energy Corp. | WEC | Michael Lapides | $ | 45.16 | 0.9% | 11.0% | 10.5% | -1.2% |
| **S&P 500** | | | | **1062.98** | **8.5%** | **15.7%** | **30.3%** | **-12.4%** |
| **Index performance in stock price currency** | | | | **1062.98** | **8.5%** | **15.7%** | **30.3%** | **-12.4%** |

Note: Prices as of most recent available close, which could vary from the price date indicated above
This table shows movement in absolute share price and not total shareholder return. Results presented should not and cannot be viewed as an indicator of future performance.

*Source: Factset, Quantum database.*

## Appendix J: Action Off: Americas Conviction Buy List – Great Plains Energy

Since being added to Americas Conviction Buy List on August 17, 2009 GXP is up 4.9% versus the XLU up 2.8% and the S&P500 up 8.5%. In the last twelve months, GXP is down 19.1% versus the S&P500 down 12.4%.

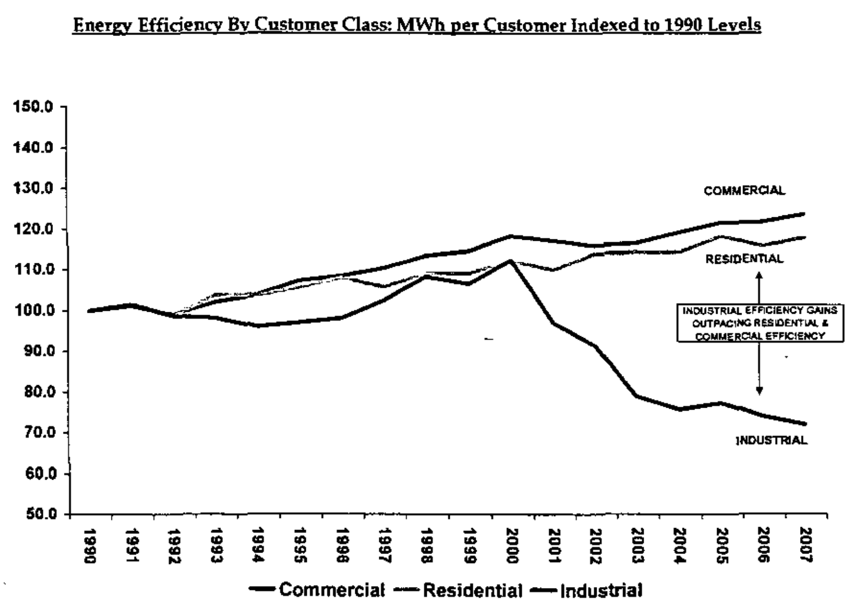
| Company | Ticker | Primary analyst | Price currency | Price as of 09/28/09 | Price performance since 08/17/09 | 3 month price performance | 6 month price performance | 12 month price performance |
|---|---|---|---|---|---|---|---|---|
| **Americas Power & Utilities Peer Group** | | | | | | | | |
| **Great Plains Energy Inc.** | **GXP** | **Michael Lapides** | **$** | **18.17** | **4.9%** | **17.8%** | **32.1%** | **-19.1%** |
| AGL Resources Inc. | AGL | Theodore Durbin | $ | 35.08 | 3.3% | 11.2% | 30.5% | 8.6% |
| Allegheny Energy, Inc. | AYE | Michael Lapides | $ | 27.01 | 9.3% | 4.0% | 15.4% | -29.4% |
| Ameren Corp. | AEE | Michael Lapides | $ | 25.74 | -1.3% | 4.9% | 10.4% | -35.9% |
| American Electric Power | AEP | Michael Lapides | $ | 31.16 | 0.9% | 9.0% | 18.7% | -16.1% |
| Atmos Energy Corp. | ATO | Theodore Durbin | $ | 28.31 | 2.6% | 12.8% | 19.9% | 3.1% |
| Cleco Corp. | CNL | Michael Lapides | $ | 25.14 | 3.8% | 15.3% | 12.7% | -1.5% |
| Consolidated Edison, Inc. | ED | Michael Lapides | $ | 41.41 | 5.2% | 11.8% | 7.9% | -5.2% |
| Duke Energy Corporation | DUK | Michael Lapides | $ | 15.94 | 4.4% | 10.6% | 11.5% | -11.6% |
| Edison International | EIX | Michael Lapides | $ | 34.07 | 7.5% | 8.9% | 17.7% | -15.0% |
| El Paso Electric Co. | EE | Michael Lapides | $ | 17.84 | 13.3% | 25.5% | 29.7% | -16.8% |
| Entergy Corp. | ETR | Michael Lapides | $ | 79.80 | 2.1% | 4.4% | 17.4% | -11.9% |
| Exelon Corp. | EXC | Michael Lapides | $ | 50.22 | 1.9% | -0.9% | 9.8% | -25.2% |
| Northeast Utilities | NU | Michael Lapides | $ | 24.02 | 1.7% | 8.6% | 10.7% | -7.3% |
| NRG Energy Inc. | NRG | Michael Lapides | $ | 27.15 | -2.0% | 14.1% | 54.3% | 2.6% |
| NSTAR | NST | Michael Lapides | $ | 32.11 | 1.0% | 1.7% | 2.3% | -6.3% |
| NV Energy, Inc. | NVE | Michael Lapides | $ | 11.60 | -1.7% | 7.7% | 21.0% | 14.7% |
| Ormat Technologies, Inc. | ORA | Michael Lapides | $ | 41.18 | 12.4% | 4.5% | 48.3% | -0.9% |
| PG&E Corporation | PCG | Michael Lapides | $ | 40.96 | 2.5% | 7.9% | 5.6% | 6.6% |
| Portland General Electric Co. | POR | Michael Lapides | $ | 20.09 | 5.7% | 2.4% | 16.9% | -17.5% |
| Progress Energy Inc. | PGN | Michael Lapides | $ | 39.66 | 1.3% | 5.0% | 10.0% | -9.6% |
| RRI Energy, Inc. | RRI | Michael Lapides | $ | 7.00 | 26.8% | 54.2% | 105.9% | -42.7% |
| SCANA Corp. | SCG | Michael Lapides | $ | 35.32 | 5.2% | 10.0% | 14.2% | -13.0% |
| Sempra Energy | SRE | Michael Lapides | $ | 50.24 | -0.2% | 0.9% | 12.2% | -5.5% |
| Westar Energy Inc. | WR | Michael Lapides | $ | 19.62 | -3.3% | 6.5% | 12.1% | -17.7% |
| WGL Holdings, Inc. | WGL | Theodore Durbin | $ | 33.60 | 1.7% | 4.3% | 1.2% | 0.9% |
| Wisconsin Energy Corp. | WEC | Michael Lapides | $ | 45.16 | 0.9% | 11.0% | 10.5% | -1.2% |
| **S&P 500** | | | | **1062.98** | **8.5%** | **15.7%** | **30.3%** | **-12.4%** |
| **Index performance in stock price currency** | | | | **1062.98** | **8.5%** | **15.7%** | **30.3%** | **-12.4%** |

Note: Prices as of most recent available close, which could vary from the price date indicated above
This table shows movement in absolute share price and not total shareholder return. Results presented should not and cannot be viewed as an indicator of future performance.

*Source: Factset, Quantum database.*

## Appendix K: We observed significant efficiency gains by the industrial customer class

electricity usage by customer, indexed to 1990 levels




*Source: Goldman Sachs Research estimates, Factset.*



ATTACHMENT E - 31

## Appendix L: Valuation Methodology and Risks

| Company | Ticker | Method. | Risks to Our Thesis |
|---|---|---|---|
| Diversified Utilities | | | |
| Ameren | AEE | SoP | Lower-than-expected environmental spending on its Illinois coal fleet, worse-than-expected outcome at the next Illinois power auction; Rate case risk |
| Allegheny Energy | AYE | SoP | LT Commodity prices as non-regulated business contributes bulk of earnings; higher-than-expected environmental spending at the coal plants |
| Edison International | EIX | SoP | Environmental capex potentially significant; Commodity risk due to minimal hedging |
| Entergy | ETR | SoP | LT Commodity prices put non-regulated earnings at risk; Hurricane cost recovery |
| Exelon | EXC | SoP | LT Commodity prices as company becomes increasingly dependent on nonregulated business; Regulatory risk in Illinois |
| Sempra Energy | SRE | SoP | Lower-than-expected earnings from trading business; Commodity price risk; SoCal utilities rate case risk |
| Regulated Utilities | | | |
| Large-Cap Regulated Utilities | | | |
| American Elec Power | AEP | DDM & P/E | Cost recovery of capital invested in major projects; Greater-than-expected wholesale margins and environmental capex; Above-average debt levels |
| Duke Energy | DUK | DDM & P/E | Rate case risk at DUK's regulated Franchise Electric business |
| Consolidated Edison | ED | DDM & P/E | Above-average growth; Equity issuances below guidance |
| PG&E | PCG | DDM & P/E | Delays in rate base growth |
| Progress Energy | PGN | DDM & P/E | Lower-than-expected rate base growth, regulatory proceedings, greater-than-anticipated financing requirements |
| Mid and Small-Cap Regulated Utilities | | | |
| Cleco | CNL | DDM & P/E | Rate case exposure in Louisiana after Rodemacher completion; worse-than-anticipated cash flows from non-regulated plants |
| El Paso Electric | EE | DDM & P/E | Operational risk at Palo Verde may lead to less FCF and lower-than-expected equity repurchases |
| Great Plains Energy | GXP | DDM & P/E | Risks to RoE in KS/MO; Greater-than-expected declines |
| Northeast Utilities | NU | DDM & P/E | Regulatory approval of transmission projects, construction risk, and general regulatory and rate case risk |
| NSTAR | NST | DDM & P/E | Higher-than-expected load growth, success in capturing incentive revenues, lower-than-expected O&M |
| NV Energy | NVE | DDM & P/E | Lower-than-expected rate base or load growth, long-term rate case risk |
| Portland General Electric | POR | DDM & P/E | Regulatory risk from the OPUC; long-term rate base growth that varies from our estimates |
| SCANA Corporation | SCG | DDM & P/E | Rate case risk, lower-than-expected gross margins, customer growth or market share at Scana Energy |
| Wisconsin Energy | WEC | DDM & P/E | Construction delays; Regulatory environment may become less friendly |
| Westar Energy | WR | DDM & P/E | Regulatory risk |
| Special Situation Utilities and IPPs | | | |
| NRG Energy | NRG | SoP | Delay/cost increases on planned construction; LT Commodity price risk; Lower-than-expected retail margins |
| Ormat Technologies | ORA | DCF | Elimination or reduction of Production Tax Credits; decreased capacity factors at existing plants; lower long-term commodity prices |
| RRI Energy | RRI | SoP | Lower LT commodity prices; Higher coal to gas switching; Higher than expected environmental capital spending |

*Source: Goldman Sachs Research.*

# Reg AC

I, Michael Lapides, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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|---|---|---|---|---|---|---|
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REGULATORY FOCUS

January 7, 2011
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## MAJOR RATE CASE DECISIONS--CALENDAR 2010

The average return on equity (ROE) authorized electric utilities in 2010 approximated 10.3% compared to 10.5% in 2009. There were 59 electric ROE determinations in 2010, up substantially from 39 in 2009. The average ROE authorized gas utilities approximated 10.1% in 2010, compared to 10.2% in 2009. There were 37 gas cases that included an ROE determination in 2010, and 29 in 2009. Not included in these averages is a Sept. 16, 2010, New York Public Service Commission decision authorizing Consolidated Edison of New York's steam operations a 9.6% ROE. We note that this report utilizes the simple mean for the return averages.

After reaching a low in the early-2000's, the number of rate case decisions for energy companies has generally increased over the last several years. There were 126 electric and gas rate decisions in 2010, versus 95 in 2009, 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 costs argue for a continuation of the increased level of rate case activity over the next few years.

We note that electric industry restructuring in certain states has led to the unbundling of rates and retail competition for generation. Commissions in those states are now authorizing 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, higher average authorized ROEs did not materialize in 2010 or in 2009. In fact, average authorized ROEs have declined slightly over the last two years, and some state commissions have cited customer hardship as a significant factor influencing their equity return authorizations.

The table on page 2 shows the average ROE authorized in major electric and gas rate decisions annually since 1990, and by quarter since 2004, followed by the number of observations in each period. The tables on page 3 show the composite electric and gas industry data for all major cases summarized annually since 1997 and by quarter for the past eight quarters. The individual electric and gas cases decided in 2010 are listed on pages 5-9, with the decision date (generally the date on which the final order was issued) 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. We note that the cases and averages included in this study may be slightly different from those in our online rate case history database, with any differences likely the result of this study's inclusion of ROE determinations that are rendered in cost-of-capital-only proceedings in California.

(Text continued on page 4.)

2. RRA

## Average Equity Returns Authorized January 1990 - December 2010

| | | 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) |
| | 1st Quarter | 11.00 | (3) | 11.10 | (4) |
| | 2nd Quarter | 10.54 | (6) | 10.25 | (2) |
| | 3rd Quarter | 10.33 | (2) | 10.37 | (8) |
| | 4th Quarter | 10.91 | (8) | 10.66 | (6) |
| **2004** | **Full Year** | **10.75** | (19) | **10.59** | (20) |
| | 1st Quarter | 10.51 | (7) | 10.65 | (2) |
| | 2nd Quarter | 10.05 | (7) | 10.54 | (5) |
| | 3rd Quarter | 10.84 | (4) | 10.47 | (5) |
| | 4th Quarter | 10.75 | (11) | 10.40 | (14) |
| **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) |

## Electric Utilities--Summary Table*

| | Period | ROR % | (# Cases) | ROE % | (# Cases) | Eq. as % Cap. Struc. | (# Cases) | Amt. $ Mil. | (# Cases) |
|---|---|---|---|---|---|---|---|---|---|
| 1997 | Full Year | 9.16 | (12) | 11.40 | (11) | 48.79 | (11) | -553.3 | (33) |
| 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) |
| | 1st Quarter | 8.19 | (8) | 10.29 | (9) | 48.52 | (8) | 857.0 | (14) |
| | 2nd Quarter | 8.05 | (9) | 10.55 | (10) | 47.66 | (9) | 1,425.0 | (17) |
| | 3rd Quarter | 8.48 | (3) | 10.46 | (3) | 47.20 | (3) | 317.1 | (7) |
| | 4th Quarter | 8.30 | (18) | 10.54 | (17) | 49.41 | (17) | 1,593.2 | (20) |
| 2009 | Full Year | 8.23 | (38) | 10.48 | (39) | 48.61 | (37) | 4,192.3 | (58) |
| | 1st Quarter | 7.95 | (17) | 10.66 | (17) | 48.36 | (16) | 2,010.0 | (19) |
| | 2nd Quarter | 7.95 | (15) | 10.08 | (14) | 47.07 | (13) | 937.5 | (19) |
| | 3rd Quarter | 8.16 | (12) | 10.26 | (11) | 49.52 | (11) | 730.6 | (18) |
| | 4th Quarter | 7.95 | (15) | 10.30 | (17) | 49.00 | (14) | 1,889.6 | (21) |
| **2010** | **Full Year** | **7.99** | **(59)** | **10.34** | **(59)** | **48.45** | **(54)** | **5,567.7** | **(77)** |

## Gas Utilities--Summary Table*

| | Period | ROR % | (# Cases) | ROE % | (# Cases) | Eq. as % Cap. Struc. | (# Cases) | Amt. $ Mil. | (# Cases) |
|---|---|---|---|---|---|---|---|---|---|
| 1997 | Full Year | 9.13 | (13) | 11.29 | (13) | 47.78 | (11) | -82.5 | (21) |
| 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) |
| | 1st Quarter | 8.11 | (5) | 10.24 | (4) | 44.97 | (4) | 167.6 | (7) |
| | 2nd Quarter | 8.05 | (7) | 10.11 | (8) | 48.84 | (7) | 92.5 | (8) |
| | 3rd Quarter | 8.30 | (2) | 9.88 | (2) | 51.00 | (2) | 19.2 | (4) |
| | 4th Quarter | 8.19 | (14) | 10.27 | (15) | 49.35 | (15) | 195.7 | (18) |
| 2009 | Full Year | 8.15 | (28) | 10.19 | (29) | 48.72 | (28) | 475.0 | (37) |
| | 1st Quarter | 8.20 | (10) | 10.24 | (9) | 50.27 | (9) | 177.3 | (11) |
| | 2nd Quarter | 7.80 | (11) | 9.99 | (11) | 46.31 | (11) | 230.2 | (12) |
| | 3rd Quarter | 8.13 | (4) | 9.93 | (4) | 49.00 | (4) | 290.5 | (10) |
| | 4th Quarter | 7.84 | (13) | 10.09 | (13) | 49.11 | (14) | 118.7 | (16) |
| **2010** | **Full Year** | **7.95** | **(38)** | **10.08** | **(37)** | **48.56** | **(38)** | **816.7** | **(49)** |

* Number of observations in each period indicated in parentheses.

The table below tracks the average equity return authorized for all electric and gas rate cases combined, by year, for the last 21 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 2010, and the number of observations for each year are as follows:

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

Dennis Sperduto

ELECTRIC UTILITY DECISIONS

| Date | Company (State) | ROR % | ROE % | Common Eq. as % Cap. Str. | Test Year & Rate Base | Amt. $ Mil. |
|---|---|---|---|---|---|---|
| 1/11/10 | Detroit Edison (MI) | 7.02 | 11.00 | 39.48 * | 6/10-A | 217.4 (I) |
| 1/12/10 | Northern States Power (SD) | 8.32 | --- | --- | --- | 10.9 (B) |
| 1/19/10 | Interstate Power & Light (IA) | 8.91 | 10.80 | 49.52 | 12/08-A | 83.7 (I) |
| 1/22/10 | Portland General Electric (OR) | --- | --- | --- | --- | 9.8 (B) |
| 1/26/10 | PacifiCorp (OR) | 8.08 | 10.13 | 51.00 | 12/10-A | 41.5 (B) |
| 1/27/10 | Westar Energy (KS) | 8.49 | 10.40 | 50.13 | --- | 8.5 (B) |
| 1/27/10 | Kansas Gas & Elec. (KS) | 8.49 | 10.40 | 50.13 | --- | 8.5 (B) |
| 1/27/10 | Duke Energy Carolinas (SC) | 8.41 | 10.70 (1) | 53.00 | 12/08-YE | 74.1 (B) |
| 2/9/10 | Narragansett Electric (RI) | 7.20 | 9.80 | 42.75 (Hy) | 12/08-A | 23.5 (D) |
| 2/18/10 | PacifiCorp (UT) | 8.34 | 10.60 | 51.00 | 6/10-A | 32.4 |
| 2/24/10 | Idaho Power (OR) | 8.06 | 10.18 | 49.80 | 12/09 | 5.0 (B) |
| 3/2/10 | Potomac Electric Power (DC) | 8.01 | 9.63 | 46.18 | 12/08-A | 19.8 (D) |
| 3/4/10 | Kentucky Utilities (VA) | 7.85 | 10.50 | 53.62 | 12/08-A | 10.6 (I,B) |
| 3/5/10 | Florida Power (FL) | 7.88 | 10.50 | 46.76 * | 12/10-A | 126.2 (I,2) |
| 3/11/10 | Virginia Electric and Power (VA) | — | 11.90 (3) | --- | 12/08 | 0.0 (I,B) |
| 3/11/10 | Virginia Electric and Power (VA) | 7.81 (E) | 12.30 (4) | 47.71 | --- | 71.0 (I,B,4) |
| 3/11/10 | Virginia Electric and Power (VA) | 7.81 (E) | 12.30 (5) | 47.71 | --- | 64.0 (I,B,5) |
| 3/17/10 | Florida Power & Light (FL) | 6.65 | 10.00 | 47.00 * | 12/10-A | 75.5 |
| 3/26/10 | Consolidated Edison of New York (NY) | 7.76 | 10.15 | 48.00 | 3/11-A | 1,127.6 (D,B,Z) |
| ***2010*** | ***1ST QUARTER: AVERAGES/TOTAL*** | **7.95** | **10.66** | **48.36** | | **2,010.0** |
| | ***MEDIAN*** | **8.01** | **10.50** | **48.76** | | **---** |
| | ***OBSERVATIONS*** | **17** | **17** | **16** | | **19** |
| 4/2/10 | Puget Sound Energy (WA) | 8.10 | 10.10 | 46.00 (Hy) | 12/08-A | 74.1 (R) |
| 4/16/10 | Southwestern Electric Power (TX) | --- | --- | --- | 3/09 | 25.0 (B) |
| 4/29/10 | Central Illinois Light (IL) | 8.05 | 9.90 | 43.61 | 12/08-YE | 4.9 (D,R) |
| 4/29/10 | Central Illinois Public Service (IL) | 8.02 | 10.06 | 48.67 | 12/08-YE | 23.7 (D,R) |
| 4/29/10 | Illinois Power (IL) | 8.97 | 10.26 | 43.55 | 12/08-YE | 28.2 (D,R) |
| 5/12/10 | Atlantic City Electric (NJ) | 8.69 | 10.30 | 49.10 | 12/09-YE | 20.0 (D,B) |
| 5/12/10 | Rockland Electric (NJ) | 8.21 | 10.30 | 49.85 | 12/09-YE | 9.8 (D,B) |
| 5/14/10 | PacifiCorp (WY) | 8.33 | --- | --- | --- | 35.5 (B,Z) |
| 5/26/10 | MDU Resources (WY) | 8.25 | 10.00 | 49.77 | 12/08-YE | 2.7 |
| 5/28/10 | Union Electric (MO) | 8.06 | 10.10 | 51.26 | 3/09-YE | 229.6 |
| 6/7/10 | Public Service Electric & Gas (NJ) | 8.21 | 10.30 | 51.20 | 12/09-YE | 73.5 (D,B) |
| 6/15/10 | PacifiCorp (UT) | --- | --- | --- | --- | 30.8 (B,6) |
| 6/18/10 | Central Hudson Gas & Electric (NY) | 7.43 | 10.00 | 48.00 | 6/11-A | 30.2 (D,B,Z) |
| 6/23/10 | Entergy Arkansas (AR) | 5.04 | 10.20 | 29.32 * | 6/09-YE | 63.7 (B,R) |
| 6/23/10 | Empire District Electric (KS) | --- | --- | --- | --- | 2.8 (B) |
| 6/25/10 | Monongahela Power/Potomac Ed. (WV) | 8.71 | --- | --- | 12/08-A | 60.0 (B,Z) |
| 6/28/10 | Kentucky Power (KY) | --- | 10.50 | --- | 9/09-YE | 63.7 (B) |
| 6/28/10 | Public Service of New Hampshire (NH) | 7.51 | 9.67 | 52.40 | --- | 57.4 (D,I,B) |
| 6/30/10 | Connecticut Light & Power (CT) | 7.68 | 9.40 | 49.20 | 6/09-DC | 101.9 (D,Z) |
| ***2010*** | ***2ND QUARTER: AVERAGES/TOTAL*** | **7.95** | **10.08** | **47.07** | | **937.5** |
| | ***MEDIAN*** | **8.10** | **10.10** | **49.10** | | **---** |
| | ***OBSERVATIONS*** | **15** | **14** | **13** | | **19** |

**ELECTRIC UTILITY DECISIONS (continued)**

| | | | | | | |
|---|---|---|---|---|---|---|
| 7/1/10 | Wisconsin Electric Power (MI) | 6.99 | 10.25 | 47.61 * | 12/10-A | 23.5 (I) |
| 7/15/10 | South Carolina Electric & Gas (SC) | 8.56 | 10.70 | 52.96 | 9/09-YE | 101.2 (B,Z) |
| 7/15/10 | Appalachian Power (VA) | 7.85 | 10.53 | 41.53 | 12/08-YE | 61.5 |
| 7/30/10 | Maui Electric (HI) | 8.67 | 10.70 | 54.89 | 12/07-A | 13.2 (B,I) |
| 7/30/10 | Kentucky Utilities (KY) | --- | --- | --- | 10/09-YE | 98.0 (B) |
| 7/30/10 | Louisville Gas & Electric (KY) | --- | --- | --- | 10/09-YE | 74.0 (B) |
| 7/30/10 | El Paso Electric (TX) | --- | --- | --- | 6/09 | 17.2 (B,7) |
| 8/4/10 | Black Hills Colorado Electric Utility (CO) | 9.32 | 10.50 | 52.00 | 7/09 | 17.9 (B) |
| 8/6/10 | Potomac Electric Power (MD) | 8.18 | 9.83 | 48.87 | 12/09-A | 7.8 |
| 8/11/10 | Black Hills Power (SD) | 8.26 | --- | --- | 6/09-A | 22.0 (B,I) |
| 8/18/10 | Empire District Electric (MO) | --- | --- | --- | 6/09-YE | 46.8 (B) |
| 8/25/10 | Northern Indiana Public Service (IN) | 7.29 | 9.90 | 49.95 * | 12/07-YE | -48.9 |
| 9/14/10 | Hawaiian Electric (HI) | 8.62 | 10.70 | 55.10 | 12/07-A | 77.5 (B,I) |
| 9/16/10 | New York State Electric & Gas (NY) | 7.48 | 10.00 | 48.00 | 8/11-A | 88.7 (D,B,Z,8) |
| 9/16/10 | Rochester Gas and Electric (NY) | 8.47 | 10.00 | 48.00 | 8/11-A | 54.2 (D,B,Z,8) |
| 9/21/10 | Avista Corp. (ID) | --- | --- | --- | 12/09 | 21.3 (B) |
| 9/30/10 | UNS Electric (AZ) | 8.28 | 9.75 | 45.76 | 12/08-YE | 7.4 |
| 9/30/10 | South Carolina Electric & Gas (SC) | --- | --- | --- | --- | 47.3 (9) |
| ***2010*** | ***3RD QUARTER: AVERAGES/TOTAL*** | **8.16** | **10.26** | **49.52** | | **730.6** |
| | ***MEDIAN*** | **8.27** | **10.25** | **48.87** | | **---** |
| | ***OBSERVATIONS*** | **12** | **11** | **11** | | **18** |
| 10/14/10 | Indiana Michigan Power (MI) | 7.53 | 10.35 | 44.14 * | 12/10-A | 35.7 (B,I) |
| 10/28/10 | Hawaii Electric Light (HI) | 8.33 | 10.70 | 51.19 | 12/06-A | 24.6 (B,I) |
| 11/2/10 | Minnesota Power (MN) | 8.18 | 10.38 | 54.29 | 12/10-A | 67.5 (I) |
| 11/4/10 | Consumers Energy (MI) | 6.98 | 10.70 | 41.59 * | 6/11-A | 145.7 (I) |
| 11/19/10 | Avista Corp. (WA) | 7.91 | 10.20 | 46.50 | 12/09-A | 29.5 (B) |
| 11/22/10 | Kansas City Power & Light (KS) | 8.37 | 10.00 | 49.66 | 9/09-YE | 21.8 |
| 12/1/10 | Entergy Texas (TX) | 8.52 | 10.13 | --- | 6/09 | 68.0 (B,I,Z) |
| 12/6/10 | Baltimore Gas & Electric (MD) | 8.06 | 9.86 | 51.93 | 7/10-A | 31.0 |
| 12/9/10 | NorthWestern Corp. (MT) | 7.80 | 10.00 | 48.00 | 12/08-A | 6.5 (D,B,I,E) |
| 12/15/10 | Interstate Power & Light (IA) | --- | 10.00 | --- | 12/09-A | 114.5 (I,10) |
| 12/13/10 | Dominion North Carolina Power (NC) | 8.22 | 10.70 | 51.00 | 12/08-YE | 3.1 (B) |
| 12/14/10 | PacifiCorp (OR) | 8.08 | 10.13 | 51.00 | 12/11-A | 84.6 (B) |
| 12/17/10 | Portland General Electric (OR) | 8.03 | 10.00 | 50.00 | 12/11-A | 100.2 (B) |
| 12/20/10 | Sierra Pacific Power (NV) | 8.06 | 10.60 | 44.11 | 12/09-YE | 13.1 |
| 12/21/10 | Upper Peninsula Power (MI) | 7.12 | 10.30 | 50.42 * | --- | 8.9 (B) |
| 12/21/10 | PECO Energy (PA) | --- | --- | --- | 12/10 | 225.0 (D,B) |
| 12/21/10 | PPL Electric Utilities (PA) | --- | --- | --- | 12/10 | 77.5 (D,B) |
| 12/21/10 | PacifiCorp (UT) | --- | --- | --- | --- | 33.3 (B,11) |
| 12/27/10 | PacifiCorp (ID) | 7.98 | 9.90 | 52.10 | 12/09-A | 13.8 |
| 12/29/10 | Georgia Power (GA) | --- | 11.15 | --- | --- | 562.3 (B) |
| 12/30/10 | Georgia Power (GA) | --- | --- | --- | 12/11 | 223.0 (12) |
| ***2010*** | ***4TH QUARTER: AVERAGES/TOTAL*** | **7.95** | **10.30** | **49.00** | | **1,889.6** |
| | ***MEDIAN*** | **8.06** | **10.20** | **50.21** | | **---** |
| | ***OBSERVATIONS*** | **15** | **17** | **14** | | **21** |
| ***2010*** | ***FULL YEAR: AVERAGES/TOTAL*** | **7.99** | **10.34** | **48.45** | | **5,567.7** |
| | ***MEDIAN*** | **8.06** | **10.25** | **49.36** | | **---** |
| | ***OBSERVATIONS*** | **59** | **59** | **54** | | **77** |

## GAS UTILITY DECISIONS

| Date | Company (State) | ROR % | ROE % | Common Eq. as % Cap. Str. | Test Year & Rate Base | Amt. $ Mil. |
|---|---|---|---|---|---|---|
| 1/11/10 | CenterPoint Energy Resources (MN) | 8.09 | 10.24 | 52.55 | 12/09-A | 40.8 (I) |
| 1/20/10 | Empire District Gas (MO) | --- | --- | --- | --- | 2.6 (B) |
| 1/21/10 | Peoples Gas Light & Coke (IL) | 8.05 | 10.23 | 56.00 | 12/10-A | 69.8 |
| 1/21/10 | North Shore Gas (IL) | 8.19 | 10.33 | 56.00 | 12/10-A | 13.9 |
| 1/26/10 | Atmos Energy (TX) | 8.60 | 10.40 | 48.91 | 6/08-YE | 2.7 (E) |
| 2/10/10 | Southern Union (MO) | 7.72 | 10.00 | 38.66 | 12/08-YE | 16.2 (Bp) |
| 2/23/10 | CenterPoint Energy Resources (TX) | 8.65 | 10.50 | 55.60 | 3/09-YE | 5.1 |
| 3/9/10 | SourceGas Distribution (NE) | 7.80 | 9.60 | 49.96 | 12/08-YE | 1.6 (I) |
| 3/19/10 | Mountaineer Gas (WV) | 8.72 | --- | --- | 12/08-A | 19.0 (B) |
| 3/24/10 | MidAmerican Energy (IL) | 7.60 | 10.13 | 47.08 | 12/08-YE | 2.7 |
| 3/31/10 | Atmos Energy (GA) | 8.61 | 10.70 | 47.70 | 10/10-A | 2.9 |
| ***2010*** | ***1ST QUARTER: AVERAGES/TOTAL*** | **8.20** | **10.24** | **50.27** | | **177.3** |
| | ***MEDIAN*** | **8.14** | **10.24** | **49.96** | | **---** |
| | ***OBSERVATIONS*** | **10** | **9** | **9** | | **11** |
| 4/2/10 | Puget Sound Energy (WA) | 8.10 | 10.10 | 46.00 (Hy) | 12/08-A | 10.1 (R) |
| 4/14/10 | UNS Gas (AZ) | 8.00 | 9.50 | 49.90 | 6/08-YE | 3.5 |
| 4/29/10 | Central Illinois Light (IL) | 7.83 | 9.40 | 43.61 | 12/08-YE | -5.7 (R) |
| 4/29/10 | Central Illinois Public Service (IL) | 7.59 | 9.19 | 48.67 | 12/08-YE | 0.3 (R) |
| 4/29/10 | Illinois Power (IL) | 8.59 | 9.40 | 43.55 | 12/08-YE | -7.4 (R) |
| 5/17/10 | Consumers Energy (MI) | 7.02 | 10.55 | 40.78 * | 9/10-A | 65.9 (I) |
| 5/24/10 | Chattanooga Gas (TN) | 7.41 | 10.05 | 46.06 | 4/11-A | 0.1 |
| 5/28/10 | Atmos Energy (KY) | --- | --- | --- | --- | 6.1 (B) |
| 6/3/10 | Michigan Consolidated Gas (MI) | 7.19 | 11.00 | 38.78 * | 12/10-A | 118.6 (I) |
| 6/3/10 | Questar Gas (UT) | 8.42 | 10.35 | 52.91 | 12/10-A | 2.6 (B,13) |
| 6/18/10 | Public Service Electric & Gas (NJ) | 8.21 | 10.30 | 51.20 | 12/09-YE | 26.5 (B) |
| 6/18/10 | Central Hudson Gas & Electric (NY) | 7.43 | 10.00 | 48.00 | 6/11-A | 9.6 (B,Z) |
| ***2010*** | ***2ND QUARTER: AVERAGES/TOTAL*** | **7.80** | **9.99** | **46.31** | | **230.2** |
| | ***MEDIAN*** | **7.83** | **10.05** | **46.06** | | **---** |
| | ***OBSERVATIONS*** | **11** | **11** | **11** | | **12** |

GAS UTILITY DECISIONS (continued)

| | | | | | | |
|---|---|---|---|---|---|---|
| 7/30/10 | Atmos Energy (KS) | --- | --- | --- | --- | 3.9 (B) |
| 7/30/10 | Louisville Gas & Electric (KY) | --- | --- | --- | 10/09-YE | 17.0 (B) |
| 8/17/10 | Black Hills Nebraska Gas Utility (NE) | 9.11 | 10.10 | 52.00 | 7/09-YE | 8.3 (R,I) |
| 8/18/10 | Atmos Energy (MO) | --- | --- | --- | --- | 5.7 (B) |
| 8/18/10 | Laclede Gas (MO) | --- | --- | --- | --- | 31.4 (B) |
| 8/18/10 | Columbia Gas of Pennsylvannia (PA) | --- | --- | --- | 9/09 | 12.0 (B) |
| 9/16/10 | New York State Electric & Gas (NY) | 7.48 | 10.00 | 48.00 | 8/11-A | 34.0 (B,Z,8) |
| 9/16/10 | Rochester Gas and Electric (NY) | 8.47 | 10.00 | 48.00 | 8/11-A | 34.6 (B,Z,8) |
| 9/21/10 | Avista Corp. (ID) | --- | --- | --- | 12/09 | 1.9 (B) |
| 9/22/10 | Consolidated Edison of New York (NY) | 7.46 | 9.60 | 48.00 | 9/11-A | 141.7 (B,Z) |
| ***2010*** | ***3RD QUARTER: AVERAGES/TOTAL*** | **8.13** | **9.93** | **49.00** | | **290.5** |
| | ***MEDIAN*** | **7.98** | **10.00** | **48.00** | | **---** |
| | ***OBSERVATIONS*** | **4** | **4** | **4** | | **10** |
| 10/6/10 | South Carolina Electric & Gas (SC) | --- | --- | --- | 3/10 | -10.4 (M) |
| 10/21/10 | Delta Natural Gas (KY) | 7.97 | 10.40 | 44.49 | 12/09-YE | 3.5 (R) |
| 11/2/10 | Boston Gas (MA) (14) | 7.91 | 9.75 | 50.00 (Hy) | 12/09-YE | 41.5 |
| 11/2/10 | Colonial Gas (MA) | 8.16 | 9.75 | 50.00 (Hy) | 12/09-YE | 16.5 |
| 11/3/10 | Atlanta Gas Light (GA) | 8.10 | 10.75 | 51.00 | 5/11-A | 26.6 |
| 11/4/10 | Northern Indiana Public Service (IN) | --- | --- | 46.29 * | 12/09-YE | -14.8 (B) |
| 11/19/10 | Avista Corp. (WA) | 7.91 | 10.20 | 46.50 | 12/09-A | 4.6 (B) |
| 12/1/10 | SourceGas Distribution (CO) | 8.02 | 10.00 | 50.48 | 12/09-A | 2.8 (B) |
| 12/6/10 | Nothern States Power-Minnesota (MN) | 8.28 | 10.09 | 52.46 | 12/10-A | 7.3 (I) |
| 12/6/10 | Baltimore Gas & Electric (MD) | 7.90 | 9.56 | 51.93 | 7/10-A | 9.8 |
| 12/9/10 | NorthWestern Corp. (MT) | 7.92 | 10.25 | 48.00 | 12/08-A | -1.0 (B,I) |
| 12/14/10 | Texas Gas Service (TX) | 8.65 | 10.33 | 59.24 | 6/09-YE | 0.8 |
| 12/17/10 | Columbia Gas of Virginia (VA) | 7.92 | 10.10 | 42.70 | 12/09 | 4.9 (B) |
| 12/20/10 | Sierra Pacific Power (NV) | 5.18 | 10.05 | 44.11 | 12/09-YE | 2.7 |
| 12/23/10 | SourceGas Distribution (WY) | 7.98 | 9.92 | 50.34 | 8/09-YE | 4.3 |
| 12/29/10 | PECO Energy (PA) | --- | --- | --- | 12/10 | 19.6 (B) |
| ***2010*** | ***4TH QUARTER: AVERAGES/TOTAL*** | **7.84** | **10.09** | **49.11** | | **118.7** |
| | ***MEDIAN*** | **7.97** | **10.09** | **50.00** | | **---** |
| | ***OBSERVATIONS*** | **13** | **13** | **14** | | **16** |
| ***2010*** | ***FULL YEAR: AVERAGES/TOTAL*** | **7.95** | **10.08** | **48.56** | | **816.7** |
| | ***MEDIAN*** | **7.99** | **10.10** | **48.34** | | **---** |
| | ***OBSERVATIONS*** | **38** | **37** | **38** | | **49** |

**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.
Bp- Order followed partial stipulation or settlement by the parties. Decision particulars not necessarily precedent-setting or specifically adopted by the regulatory body.
CWIP- Construction work in progress
D- Applies to electric delivery only
DC- Date certain
E- Estimated
Hy- Hypothetical capital structure
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
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) While the authorized rate increase is based on a 10.7% ROE, the settlement specifies that the company is permitted to earn up to an 11% ROE.
(2) The permanent rate increase includes a $126.2 million increase that was authorized by the PSC on 5/19/09 in a separate proceeding related to the repowering of the Bartow generating plant. The company had also requested recovery of the Bartow repowering costs in this base rate proceeding. In adddition, the $126.2 million Bartow-related increase, when adjusted for 2010 billing determinants, increases to $132.1 million.
(3) Authorized 11.9% ROE includes an 11.3% base ROE and a 60-basis-point management efficiency premium.
(4) Parameters apply to rider for the Virginia City Hybrid Energy Center, and the specified ROE includes an 11.3% base equity return and a 100-basis-point premium.
(5) Parameters apply to rider for the Bear Garden generation facility, and the specified ROE includes an 11.3% base equity return and a 100-basis-point premium.
(6) Case is a limited-issue proceeding involving PacifiCorp's incremental investment in a transmission line and an environmental upgrade project.
(7) The rate increase is effective retroactive to 7/1/10.
(8) The 2010 rate increase is effective retroactive to 8/25/10.
(9) 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 $399.1 million as of June 30, 2010.
(10) The authorized 10% ROE relates to the portion of the company's rate base not associated with the Emery Generating Station and Whispering Willow Wind Farm.
(11) Case is a limited-issue proceeding involving PacifiCorp's incremental investment in a transmission line and a wind facility.
(12) Authorized rate increase represents a current cash return on incremental Plant Vogtle Units 3 & 4 nuclear plant CWIP. The increase incorporates a previously authorized 11.15% equity return.
(13) Rate increase effective 8/1/10.
(14) The rate increase approved for Boston Gas reflects the combined revenue requirement for both Boston Gas and Essex Gas. Boston Gas and Essex Gas merged their operations (effective Nov. 1, 2010), with Boston Gas the surviving entity.

Dennis Sperduto