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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2014-0370

REBUTTAL TESTIMONY

OF

ROBERT B. HEVERT

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri
May 2015

KCPL Exhibit No. 116
Date 6.15.15 Reporter AT
File No. ER-2014-0370

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REBUTTAL TESTIMONY

OF

ROBERT B. HEVERT

Case No. ER-2014-0370

1 **I. INTRODUCTION AND OVERVIEW**

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

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

5 **Q: Are you the same Robert B. Hevert who pre-filed Direct Testimony in this matter?**

6 A: Yes, I am.

7 **Q: What is the purpose of your Rebuttal Testimony?**

8 A: On behalf of Kansas City Power & Light Company (“KCP&L”, or the “Company”), my
9 Rebuttal Testimony responds to the Revenue Requirement Cost of Service Report (the
10 “Report”) submitted in this proceeding by the Missouri Public Service Commission
11 Utility Services Division (“Staff”) as it relates to the recommended Return on Equity
12 (“ROE”) for the Company. Mr. Zephania Marevangepo presents Staff’s ROE
13 recommendation. I also respond to the direct testimony of Mr. Michael P. Gorman on
14 behalf of the Missouri Industrial Energy Consumers (“MIEC”) and the Midwest Energy
15 Consumers’ Group¹; and Ms. Maureen Reno on behalf of the United States Department
16 of Energy (“DOE”) representing the Federal Executive Agencies (“FEA”; collectively
17 “Opposing Witnesses”), as their direct testimony relates to the Company’s ROE or

¹ For convenience, I refer to Mr. Gorman as “MIEC Witness Gorman”.

1 capital structure. My Rebuttal Testimony also provides updated analytical results
2 regarding the Company's Cost of Equity.² My analyses and conclusions are supported by
3 the data presented in Schedules RBH-12 through RBH-30, which have been prepared by
4 me or under my direction.

5 **Q: Please provide a summary overview of the recommendations contained in your**
6 **Rebuttal Testimony.**

7 A: In my Direct Testimony I recommended an ROE of 10.30 percent within a range of 10.20
8 percent to 10.60 percent. Although the range of results for certain models has changed
9 since I filed my Direct Testimony, the capital markets recently have been quite volatile,
10 with quickly increasing interest rates, and rapidly decreasing utility stock prices. On
11 balance, such instability would suggest heightened uncertainty and increasing capital
12 costs. At the same time, I believe that it is appropriate to reflect the revised and updated
13 results in my recommendation and as such, I have reduced the lower bound of my
14 recommended range to 10.00 percent. Accordingly, my revised recommended range is
15 10.00 percent to 10.60 percent, with a point estimate of 10.30 percent. As to the
16 Company's capital structure, I continue to support its proposed capital ratios of 50.36
17 percent, 0.55 percent, and 49.09 percent for its Common Equity, Preferred Stock, and
18 Long-Term Debt, respectively.

19 **Q: Please now provide an overview of your response to the ROE recommendations**
20 **made by the Opposing Witnesses.**

21 A: As the Commission has pointed out, because no one financial model is any more
22 "correct" than any other in all circumstances, it is important to consider the results of a

² See Schedules RBH-12 through RBH-17.

1 variety of methods.³ I agree with the Commission's finding that at times certain model
2 results simply do not make sense. In keeping with that approach, my Rebuttal Testimony
3 considers a variety of analytical methods, and reflects both Company-specific and general
4 market factors.

5 The Commission also has found that because ratemaking is an inexact science,
6 and given that there is no statutorily prescribed method to estimate the Cost of Equity,
7 different approaches may be used in different cases.⁴ I agree with the Commission on
8 that point, as well. Although doing so requires the use of financial models, determining
9 the Cost of Equity does not always lend itself to a strictly mathematical solution. Rather,
10 it requires the application of reasoned judgment in vetting the models and assumptions
11 used by various analysts, and in assessing the reasonableness of their recommendations.
12 That judgment may well lead to the conclusion that the emphasis applied to a particular
13 method in a prior proceeding is not appropriate in the current instance.

14 In this proceeding the Opposing Witnesses have given considerable weight to the
15 Discounted Cash Flow ("DCF") method, even though their models produce ROE
16 estimates that are 100 basis points and more below the returns authorized for other
17 electric utilities. Staff, for example, argues that the Cost of Equity has fallen in large
18 part because its back-tested DCF results have declined since the Company's last rate
19 filing. As I discuss in my response to Mr. Marevangepo, it is difficult to come to that
20 conclusion when the model used to measure that change was viewed with considerable
21 skepticism by the Commission in the first instance. Other methods, including Risk
22 Premium-based models, indicate that, if anything, the Cost of Equity has somewhat

³ In re Union Elec. Co., No. ER-2011-0028, Report and Order (Mo. P.S.C., July 13, 2011) at 67.

1 increased. Ms. Reno also relies extensively on the DCF approach in arriving at her 9.00
2 percent ROE recommendation. Putting aside the methodological flaws in her analyses,
3 Ms. Reno's dependence on that model is a case-in-point as to why the Commission's
4 perspective on multiple methods is appropriate. Likewise, Mr. Gorman gives
5 considerable weight to his Constant Growth DCF model, even though the highest of his
6 ROE estimates is below the lowest ROE ever authorized for an electric or natural gas
7 utility.

8 Given their common dependence on a method that produces disproportionately
9 low estimates, it is not surprising that the Opposing Witnesses' ROE recommendations
10 are clustered in a narrow range. Nor is it surprising that their recommendations fall far
11 below the range of returns authorized in other jurisdictions. Like this Commission, other
12 regulatory authorities have been reluctant to give undue weight to models and methods
13 that produce unreasonably low results. As discussed in my response to Mr. Gorman,
14 ROE recommendations of 9.25 percent and lower are below even those authorized for
15 utilities that do not have the operating, environmental, and financial risks associated with
16 owning electric generating assets. In fact, they are below the returns authorized in
17 regulatory environments considered less constructive than Missouri. Consequently, there
18 is no reason to conclude that because the Opposing Witnesses make similar
19 recommendations, their methods are sound or their assumptions are reasonable.⁵

⁴ In re Kansas City Power & Light Co., No. ER-2010-0355, Report and Order (Mo. P.S.C., Apr. 12, 2011) at 124.

⁵ For cases decided since 2013, the average requested ROEs for distribution-only, and vertically integrated electric utilities were 10.39 percent, and 10.52 percent, respectively (Source: Regulatory Research Associates). Both are above my 10.30 percent recommendation, and well above the 10.00 percent lower bound of my revised range.

1 Taken as a group, the Opposing Witnesses' ROE recommendations are far below
2 any objective measure of the Company's Cost of Equity. For the reasons discussed
3 throughout the balance of my Rebuttal Testimony, their recommendations cannot be
4 supported by the reasonable application of financial models, nor can they be justified by
5 current or expected market conditions. Rather, the Opposing Witnesses' ROE
6 recommendations are outliers that would only serve to increase the Company's regulatory
7 and financial risk, diminish its ability to compete for capital, and have the counter-
8 productive effect of increasing KCP&L's overall cost of capital, ultimately to the
9 detriment of its customers.

10 **Q: Please summarize your response to each of the Opposing Witnesses.**

11 **A:** My responses to Staff Witness Marevangepo, FEA Witness Reno, and MIEC Witness
12 Gorman are summarized below:

- 13 • *Staff's ROE recommendation is not based on its fundamental analysis of the*
14 *Company's current Cost of Equity.* Rather than rely on his assessment of the
15 actual Cost of Equity, which he believes to be in the range of 6.00 to 7.00 percent,
16 Staff Witness Marevangepo arrives at his recommendation by arguing that the
17 Cost of Equity has substantially declined since the Company's last rate case.
18 Staff's argument, however, relies on misplaced inputs and erroneous analyses that
19 the Commission previously has rejected.
- 20 • *Mr. Marevangepo's analytical results and ROE recommendation cannot be*
21 *reconciled with observable data presented in his own testimony.* Staff concludes
22 that it is "not improbable" that investors require equity returns of 6.00 percent to
23 7.00 percent for utility stocks. Although he believes that range to be consistent

1 with “common sense tests”, Mr. Marevangepo acknowledges that authorized
2 ROEs have been in the 10.00 percent range. Because his conclusions regarding
3 the actual Cost of Equity cannot be considered remotely reasonable relative to
4 actual authorized returns, and given that those returns have remained relatively
5 stable since January 2013, Mr. Marevangepo’s conclusion that the Cost of Equity
6 has fallen by up to 125 basis points is misplaced and without merit.

7 • *Rather than supporting Staff’s recommendation, Mr. Marevangepo’s Capital*
8 *Asset Pricing Model (“CAPM”) analysis indicates that the Cost of Equity has*
9 *increased since the Company’s last rate case. Whereas Mr. Marevangepo relies*
10 *on his CAPM results to support Staff’s view that the true Cost of Equity is well*
11 *below the returns authorized by this and other regulatory commissions, the*
12 *“relative change” in Staff’s CAPM results suggests that the Cost of Equity has*
13 *increased since the Company’s last rate authorization.*

14 • *Ms. Reno’s ROE recommendation is based on a model whose assumptions are*
15 *inconsistent with observable market data and which produces unreliable results.*
16 In developing her ROE recommendation, Ms. Reno gives considerable weight to
17 the Constant Growth Discounted Cash Flow model, which assumes that the
18 elevated utility valuation levels reflected in her analyses will remain constant in
19 perpetuity. Recent data, however, demonstrates that is not the case.

20 • *Ms. Reno’s DCF results are understated due to her reliance on inappropriate*
21 *growth rates. Expected Earnings Per Share (“EPS”) growth is the proper measure*
22 *of growth for the Constant Growth DCF model. Ms. Reno, however, includes a*

1 variety of other growth measures, none of which is related to utility stock
2 valuation levels, and all of which have the effect of reducing her DCF results.

- 3 • *Ms. Reno's capital structure recommendation is inconsistent with recent*
4 *precedent.* Ms. Reno's recommendation applies the Company's operating capital
5 structure rather than the consolidated capital structure of KCP&L's holding
6 company, Great Plains Energy Incorporated ("GPE"). Maintaining the consistent
7 approach of applying GPE's consolidated capital structure for all its regulatory
8 jurisdictions is in the long-term best interest of customers.
- 9 • *Similar to Staff, Mr. Gorman's ROE range and recommendation cannot be*
10 *reconciled with observable data, or with the Company's risk relative to its peers.*
11 Even the high end of Mr. Gorman's recommended range, 9.40 percent, is below
12 55 of the 56 ROEs authorized for vertically integrated electric utilities since 2013.
- 13 • *The low end of Mr. Gorman's recommended range, 8.80 percent, reflects DCF*
14 *and CAPM assumptions that contradict each other, and serve to reduce his*
15 *estimated ROE.* For the purpose of explaining his CAPM results, Mr. Gorman
16 relies on a study that properly cautions against assuming increases in
17 Price/Earnings ratios that are disconnected from increases in growth rates. The
18 effect of that assumption is to reduce Mr. Gorman's CAPM estimates. On the
19 other hand, Mr. Gorman's DCF estimates reflect unusually high Price/Earnings
20 ratios and low growth rates, which he accepts without question and combines to
21 lower his results. Mr. Gorman's CAPM and DCF analyses contradict each other,
22 and have the common effect of reducing his ROE estimate.

- 1 • *The high end of Mr. Gorman's range is based on a Risk Premium approach that*
2 *depends on specific estimates from markets nearly 25 years ago, and ignores the*
3 *widely accepted finding, endorsed by this Commission, that the Equity Risk*
4 *Premium moves inversely with interest rates.* Mr. Gorman assumes that the
5 rolling average Risk Premium in 1991 is a proper measure of the Risk Premium in
6 2015. Yet, he provides no basis for his assumption that the economic and market
7 environment 25 years ago is a reasonable measure of current market conditions.
8 Equally important, Mr. Gorman ignores the Commission's finding that as interest
9 rates decrease, the Risk Premium increases. Applying the Commission's findings
10 to Mr. Gorman's data suggests a Risk Premium estimate of 10.28 percent, only
11 two basis points removed from my 10.30 percent ROE recommendation.
- 12 • *Mr. Gorman's position that pro forma credit metrics support his recommendation*
13 *is overly simplistic and misplaced.* Mr. Gorman's calculations provide little
14 insight as to how the financial community likely would view his 9.10 percent
15 ROE recommendation. As a practical matter, ROEs as low as 6.75 percent and as
16 high as 11.25 percent create *pro forma* ratios within the same ratings categories as
17 Mr. Gorman's recommendation. The more important consideration is the extent
18 to which an authorized return of 9.10 percent would increase the financial
19 community's view of the Company's regulatory risk. Because his
20 recommendation well is below the returns authorized by jurisdictions considered
21 to have among the least constructive regulatory environments, Mr. Gorman's
22 recommendation would serve to increase the Company's relative risk and,
23 therefore, its Cost of Capital.

- 1 • *Contrary to Mr. Gorman's opinion, the Company's proposed Fuel Adjustment*
2 *Clause and other regulatory mechanisms do not decrease its Cost of Equity.*

3 Because the Cost of Equity depends on returns available to comparable
4 investments, the relevant issue is whether those mechanisms reduce the
5 Company's risk relative to its peers. Because fuel costs are large, variable and
6 exogenous, they are commonly recovered via adjustment clauses. Reducing the
7 Company's return simply because the Commission may approve regulatory
8 mechanisms that are consistent with those in place at other utilities is contrary to
9 financial theory and industry practice.

10 Lastly, it is important to recognize that over the past three months, the capital
11 markets have become increasingly unsettled. In fact, between January 30 and April 30,
12 2015:

- 13 • Electric utility stock prices fell by 11.00 percent⁶ while the overall market
14 increased by 4.50 percent;
- 15 • The 30-year Treasury yield increased by 50 basis points;
- 16 • Electric utility dividend yields increased by 50 basis points; and
- 17 • Expected inflation increased by 30 to 40 basis points.

18 That degree of instability reinforces the Commission's findings that estimating the
19 Cost of Equity is an inexact science, that the methods used may change from case to case,
20 and that the returns authorized in other jurisdictions provide a relevant, observable and
21 verifiable benchmark for setting the Return on Equity. With those points in mind, I
22 believe that a reasonable range of ROE estimates is from 10.00 percent to 10.60 percent.

⁶ As measured by the Combined Proxy Group discussed in my response to Staff Witness Marevangepo.

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II. RESPONSE TO STAFF WITNESS MAREVANGEPO

Q: Please briefly summarize Staff's ROE recommendation.

A: Staff, through its witness Mr. Marevangepo, recommends an ROE within the range of 9.00 percent to 9.50 percent, with a midpoint of 9.25 percent. Rather than relying on his analysis of the Company's current Cost of Equity, Mr. Marevangepo's recommendation is based on his opinion that the Cost of Equity has fallen by up to 125 basis points since the Company's last rate case. That is, Mr. Marevangepo's recommendation is not based on the facts that he believes demonstrate that utility equity investors require returns as low as 6.00 to 7.00 percent. Rather, it is based on his assessment of the change in the Cost of Equity since the Company's last rate case.

To estimate that change, Mr. Marevangepo compares Staff's 8.03 to 8.77 percent Multi-Stage DCF results from the Company's last rate case (after excluding two companies that are currently parties to a merger or acquisition) to his updated 7.02 to 7.81 percent range of results for the same companies.⁷ Mr. Marevangepo then calculates backdated DCF results for his current proxy group (excluding Ameren and PNM Resources) and concludes that the Cost of Equity has fallen by 88 to 105 basis points.⁸ Based on his various calculations, Mr. Marevangepo concludes that the Cost of Equity has fallen by up to 125 basis points since 2012.⁹ That conclusion suggests an ROE of 8.45 percent, which is in the range of other current ROE estimates that Mr. Marevangepo does not recommend on the basis that they would be unacceptable to the Commission.¹⁰

⁷ Staff Revenue Requirement Cost of Service Report at 51.
⁸ *Ibid.* at 52.
⁹ *Ibid.* at 57-58.
¹⁰ *Ibid.* at 22.

1 Rather than rely on his current results, Mr. Marevangepo chooses a range of 9.00 to 9.50
2 percent, with a recommendation of 9.25 percent (Staff Report at 58).

3 **Q: Please now describe Mr. Marevangepo's ROE analyses.**

4 A: Mr. Marevangepo estimates the Company's Cost of Equity using the Multi-Stage DCF
5 model, which he tests for reasonableness by reference to his CAPM, and "rule of thumb"
6 risk premium results.¹¹ Mr. Marevangepo's DCF and CAPM analyses were applied to a
7 "broad" proxy group of fourteen companies, and a "refined" proxy group of twelve
8 companies.¹² As to the DCF method, Mr. Marevangepo states that he relied on his Multi-
9 Stage DCF results (7.08 to 7.97 percent) because he considers his Constant Growth DCF
10 results (7.00 to 8.00 percent) to be less reliable on account of the "non-sustainable"
11 nature of certain growth rate projections.¹³ Mr. Marevangepo's CAPM results range
12 from 6.28 to 7.58 percent,¹⁴ and his "rule of thumb" approach suggests an ROE of 6.75 to
13 8.60 percent.¹⁵ Mr. Marevangepo also reviews recently authorized electric utility ROEs
14 (which are significantly above the highest of his ROE estimates), although he does not
15 reconcile his analyses or recommendation with that data, other than to say that it is
16 "common practice for commissions to allow returns on equity that are higher than the
17 cost of equity for utilities."¹⁶

18 Mr. Marevangepo considers a variety of growth rates for his Constant Growth
19 DCF analyses, including historical and projected Earnings per Share, Dividends per

11 *Ibid.* at 53-55.

12 *Ibid.* at 38-41.

13 *Ibid.* at 44-45.

14 *Ibid.* at 55.

15 *Ibid.* at 56.

16 *Ibid.* at 22, 56-57.

1 Share, and Book Value per Share.¹⁷ Mr. Marevangepo also observes that the average
2 analyst projected EPS growth rate is 5.74 percent for his broad proxy group, and 5.57
3 percent for his refined proxy group but considers neither to be “sustainable.”¹⁸ To that
4 point, Mr. Marevangepo asserts that historical growth rates indicate the constant growth
5 rate for the electric utility industry should not be much more than 3.00 percent, and notes
6 that electric utility earnings growth rates were less than half of achieved Gross Domestic
7 Product (“GDP”) growth over Staff’s study period (1968 through 1999).¹⁹ On that basis,
8 Mr. Marevangepo assumes that a reasonable range of growth rates is from 3.50 to 4.50
9 percent.²⁰

10 Regarding the long-term (perpetual) growth rate used in his Multi-Stage DCF
11 model, Mr. Marevangepo concludes that historical growth rates indicate that 3.00 to 4.00
12 percent is reasonable for electric utilities in general, and 2.00 to 3.00 percent is
13 appropriate for Missouri utilities in particular.²¹ Mr. Marevangepo goes further still,
14 arguing that a 2.00 percent growth rate “is about what investors would expect” because
15 electricity demand growth will be lower than it historically has been.²² Although he
16 concludes that the 3.00 to 4.00 percent growth rate range is potentially “lofty,” Mr.
17 Marevangepo observes that “even customer ROR witnesses”²³ have accepted the
18 assumption that utilities’ per share growth rates can be consistent with nominal GDP

17 *Ibid.* at 42.

18 *Ibid.* at 43.

19 *Ibid.* at 44, 48 and Schedule 14-4.

20 *Ibid.* at 44 and Schedule 12.

21 *Ibid.* at 49.

22 *Ibid.* at 49-50.

23 *Ibid.* at 52.

1 growth. Mr. Marevangepo therefore calculates a set of Multi-Stage DCF results based on
2 a long-term growth estimate of 4.40 percent.²⁴

3 Lastly, Mr. Marevangepo tests the reasonableness of his DCF results by reference
4 to his CAPM results, which range from 6.28 to 7.58 percent,²⁵ and to Staff's "rule of
5 thumb" which adds 300 to 400 basis points to the yield on A-rated and Baa-rated public
6 utility debt. As noted above, the "rule of thumb" produces ROE estimates that range
7 from 6.75 to 8.60 percent.²⁶

8 **Q: Are Mr. Marevangepo's analytical results and recommendation reasonable?**

9 A: No, they are not. ROE estimates as low as 6.28 percent have no practical meaning, and
10 highlight the inherent risk of not questioning the applicability of models and assumptions
11 in the current market environment. For example, Mr. Marevangepo reviewed recently
12 authorized returns for vertically integrated utilities, which averaged 9.95 percent through
13 December 31, 2014 (9.96 percent in calendar year 2013).²⁷ Nearly all of Mr.
14 Marevangepo's ROE estimates fall well below that benchmark: all 28 of his CAPM
15 estimates, and 55 of his 56 Multi-Stage DCF results fall below 9.95 percent.²⁸

16 **Q: What are the specific areas in which you disagree with Mr. Marevangepo's analyses
17 and recommendations?**

18 A: There are several areas in which I disagree with Mr. Marevangepo, including:

- 19 1. Mr. Marevangepo's conclusion that KCP&L's Cost of Equity has declined since the
20 Company's last rate case;

²⁴ *Ibid.* at 52 - 53.

²⁵ *Ibid.* at 55, and Schedule 17.

²⁶ *Ibid.* at 56.

²⁷ *Ibid.* at 57.

²⁸ See Appendix 2 to Staff Revenue Requirement Cost of Service Report, Schedules 13 and 17.

- 1 2. The composition of Mr. Marevangepo's proxy groups;
- 2 3. The range of growth rates Mr. Marevangepo relies on for his Constant Growth DCF
- 3 analyses;
- 4 4. The application and structure of Mr. Marevangepo's Multi-Stage DCF model;
- 5 5. Mr. Marevangepo's application of the CAPM and the relevance of those results in
- 6 estimating the Cost of Equity;
- 7 6. Mr. Marevangepo's "rule of thumb" analysis; and
- 8 7. Mr. Marevangepo's failure to consider the effect of his recommendation on KCP&L's
- 9 financial integrity and ability to attract capital.

10 I discuss each of those issues in turn, below.

11

12 *A. Staff's Assessment of the Relative Change in the Cost of Equity*

13 **Q: Please briefly summarize the analyses Mr. Marevangepo relied on to determine the**

14 **"relative change" in the Company's Cost of Equity.²⁹**

15 **A:** Mr. Marevangepo updated Staff's Multi-Stage DCF analyses from KCP&L's 2012 rate

16 case (excluding Cleco Corporation ("CNL") and Wisconsin Energy Corporation

17 ("WEC") due to merger activity) to "gain insight" as to the direction and magnitude of

18 the change in the Cost of Equity.³⁰ Based on those calculations, Mr. Marevangepo

19 concludes that the Cost of Equity has declined by approximately 100 basis points.³¹ Mr.

20 Marevangepo then "tests" that conclusion by performing backdated Multi-Stage DCF

21 analyses on the proxy groups used in the current proceeding (excluding Ameren

²⁹ Staff Revenue Requirement Cost of Service Report at 18.

³⁰ *Ibid.* at 51.

³¹ *Ibid.*

1 Corporation, and PNM Resources due to earlier “financial difficulties”).³² Mr.
2 Marevangepo suggests that those backdated results indicate that the Cost of Equity has
3 declined 88 to 105 basis points.³³ In a similar fashion Mr. Marevangepo states that his
4 “rule of thumb” indicates that the Cost of Equity has declined by 117 basis points.³⁴

5 Considering those various calculations, Mr. Marevangepo concludes that the Cost
6 of Equity has declined by as much as 125 basis points since 2012.³⁵ As noted earlier,
7 even though that conclusion would suggest an ROE of 8.45 percent, Mr. Marevangepo
8 recommends an ROE of 9.25 percent.³⁶

9 **Q: Do you have any concerns with Mr. Marevangepo’s analysis and conclusion?**

10 **A:** Yes, I do. Although Mr. Marevangepo produces various analyses, his recommendation is
11 far removed from their actual results. Recognizing that the Commission would be
12 skeptical of analytical results and ROE recommendations in the 6.00 percent to 8.00
13 percent rate, Mr. Marevangepo instead focuses on the “relative change” in Staff’s DCF
14 and “rule of thumb” estimates. As discussed below, those analyses are highly flawed and
15 cannot be relied upon in either an absolute or a relative sense.

16 Those flaws aside, a similar “then and now” comparison using Staff’s CAPM
17 analysis indicates that the Cost of Equity actually has increased by nearly 20 basis points
18 (*see* Schedule RBH-18). Similarly, the Bond Yield Plus Risk Premium model presented
19 in Schedule RBH-6 indicates that the Cost of Equity has remained essentially unchanged,

32 *Ibid.* at 51-52.

33 *Ibid.* at 52.

34 *Ibid.* at 56.

35 *Ibid.* at 57-58

36 *Ibid.* at 57-58.

1 with results of 10.11 percent and 10.10 percent, respectively.³⁷ In summary, whereas Mr.
2 Marevangepo's DCF and "rule of thumb" calculations suggest large decreases in the Cost
3 of Equity, other measures such as Risk Premium-based methods, the level of interest
4 rates, and authorized returns, all demonstrate that the Cost of Equity has been stable, if
5 not somewhat higher since 2013.

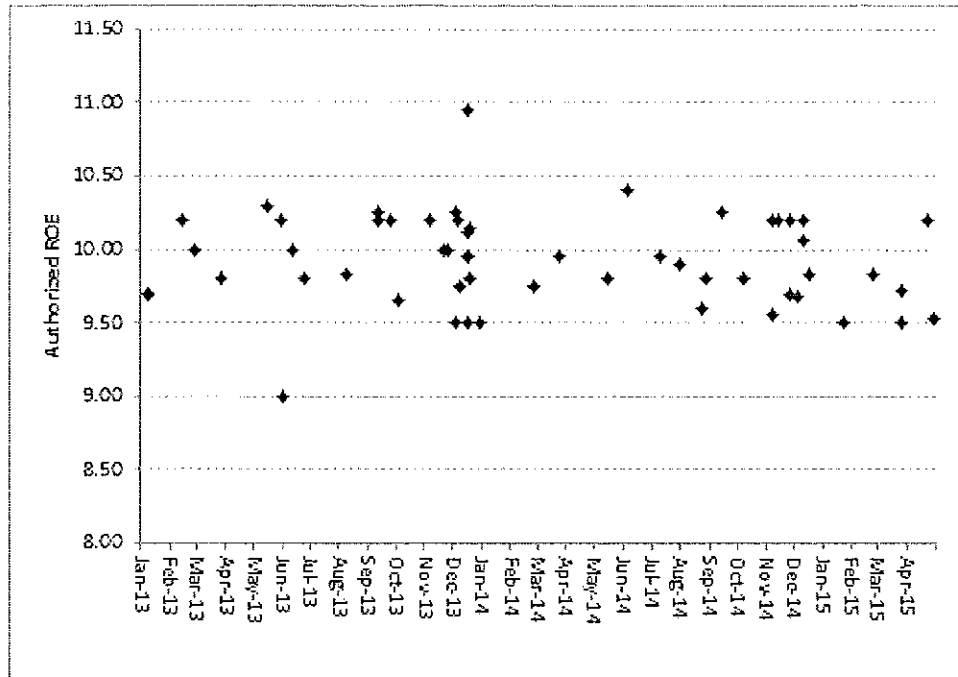
6 **Q: Has there been a downward trend in authorized ROEs since the Commission's**
7 **order in the Company's last rate case?**

8 **A:** No. As discussed more fully in my response to Mr. Gorman, and as shown in Chart 1
9 (below), since January 2013 there has been no discernible downward trend in the level of
10 authorized ROEs for vertically integrated electric utilities (the shaded area and solid line
11 represent Staff's ROE range and recommendation).

³⁷ Estimates derived by applying the Bond Yield Plus Risk Premium model presented in Schedule RBH-6 and using the three-month average 30-year Treasury yields reported by Staff in the prior case and the current proceeding (3.13 percent and 2.78 percent, respectively).

1 **Chart 1: Authorized ROEs for Vertically Integrated Electric Utilities**

2 (January 1, 2013 – April 30, 2015)³⁸



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4
5 If anything, KCP&L's currently authorized 9.70 percent ROE is at the low end of
6 authorized returns for integrated electric utilities. Regardless of Mr. Marevangepo's
7 conclusions regarding the direction of his Multi-Stage DCF model results, the *Hope* and
8 *Bluefield* standards, as Mr. Marevangepo notes, require a return that is comparable to
9 returns earned by companies with similar risks. Taken from that perspective alone, Mr.
10 Marevangepo's recommendation to lower the Company's authorized ROE is
11 unreasonable.

³⁸ Source: Regulatory Research Associates. Shaded area represents Staff's recommended range.

1 **Q: Are there reasons to question whether Staff's Multi-Stage DCF model currently**
2 **produces results that are a reliable indicator of investors' required return on**
3 **equity?**

4 A: Yes, there are. Although it recently has declined, when Mr. Marevangepo performed his
5 calculations the utility sector P/E ratio was well above its historical average, both on an
6 absolute basis and relative to the broader market. As a consequence, his DCF-based
7 results are lower than they otherwise would be. As discussed in my response to Ms.
8 Reno there are several metrics indicating that the industry's recently elevated valuation
9 levels may not be sustainable. Value Line, for example, expects a decline in P/E ratios
10 for 13 of the 14 companies in Mr. Marevangepo's broad proxy group (*see* Schedule
11 RBH-19; at page 32 of the Staff Report, Mr. Marevangepo notes that forward P/E ratios
12 fell from 18.28 in January 2015 to 16.80 in March 2015).

13

14 ***B. Proxy Group Composition***

15 **Q: Please summarize the differences between your proxy group and the one developed**
16 **by Mr. Marevangepo.**

17 A: Although there is some consistency in processes used to select our proxy companies and
18 in the composition of our respective proxy groups, there are certain differences between
19 the two (*see* Table 1, below).

Table 1: Proxy Group Composition

Company	Ticker	Hevert Original Proxy Group	Hevert Revised Proxy Group	Hevert Combined Proxy Group	Staff Broad Proxy Group [8]
Alliant Energy Corp.	LNT	[1]	[1]	√	√
Ameren Corp.	AEE	[1]	[1]	√	√
American Electric Power Co., Inc.	AEP	√	√	√	√
Cleco Corp.	CNL	√	[3]	[3]	[4]
CMS Energy Corporation	CMS	[1]	[1]	√	√
DTE Energy Corporation	DTE	[1]	[1]	√	√
Duke Energy Corporation	DUK	√	√	√	[5]
Eversource Energy	ES	√	√	√	[7]
Empire District Electric Company	EDE	√	√	√	[4]
Great Plains Energy Inc.	GXP	[2]	√	√	√
Hawaiian Electric Industries, Inc.	HE	√	[3]	[3]	[6]
IDACORP, Inc.	IDA	√	√	√	[4]
NextEra Energy, Inc.	NEE	√	[3]	[3]	[6]
OGE Energy Corp.	OGE	[3]	[3]	√	√
Otter Tail Corp.	OTTR	√	√	√	[5]
Pinnacle West Capital Corp.	PNW	√	√	√	√
PNM Resources, Inc.	PNM	√	√	√	√
Portland General Electric Co.	POR	√	√	√	√
Southern Company	SO	√	√	√	√
TECO Energy, Inc.	TE	[1], [3]	[1]	√	√
Westar Energy, Inc.	WR	√	√	√	√
Xcel Energy Inc.	XEL	[1]	[1]	√	√
√ Included in proxy group					
[1] Removed for having less than an average of 90.00% of regulated net income from electric operations over prior three years					
[2] Removed because company is the parent company of KCP&L					
[3] Removed because company is party to a merger or other significant transaction					
[4] Less than two analysts providing long-term growth estimates within 90 days of analysis date					
[5] Mr. Marevangepo reports less than 80.00% of income from regulated utility operations					
[6] Not reported as an electric utility by Edison Electric Institute					
[7] Less than 25.00% of electric plant is from generation					
[8] See Appendix 2 to Staff Revenue Requirement Cost of Service Report, Schedule 7					

1 **Q: Please explain why you have excluded CNL, Hawaiian Electric Industries, Inc.**
2 **(“HE”), and NextEra Energy, Inc. (“NEE”) from your updated analyses.**

3 A: On October 17, 2014 an investor group led by Macquarie Group Limited agreed to
4 acquire the outstanding shares of CNL for approximately \$3.40 billion.³⁹ Similarly, on
5 December 3, 2014, NextEra Energy Inc. announced an agreement to acquire Hawaiian
6 Electric Industries, Inc. in a transaction valued at approximately \$4.3 billion.⁴⁰ Because
7 those transactions took place after I filed my Direct Testimony, I have excluded CNL, HE
8 and NEE from the updated analyses contained in my Rebuttal Testimony.

9 **Q: How have you accounted for differences between your proxy group and Mr.**
10 **Marevangepo’s proxy groups?**

11 A: In order to narrow the scope of disputed issues, I have presented results of a Combined
12 Proxy Group that contains the companies in both my and Mr. Marevangepo’s proxy
13 groups. I refer to the proxy group from my Direct Testimony as the “Original Proxy
14 Group,” the updated proxy group excluding CNL, HE, and NEE as the “Revised Proxy
15 Group,” and the combined group as the “Combined Proxy Group.”

16

17 *C. Application of the Constant Growth DCF Model*

18 **Q: Please summarize your concern with the growth rates used in Staff’s DCF analysis.**

19 A: Whereas my DCF analysis relies on analysts’ consensus earnings growth projections, Mr.
20 Marevangepo’s analysis reflects projected growth in Dividends per Share (“DPS”), Book
21 Value per Share (“BVPS”), and Earnings per Share. Mr. Marevangepo also reviews

³⁹ Cleco Corporation, SEC Form 8-K, October 20, 2014, Exhibit 99.1 at 3.

1 historical growth rates, although he considers them to be “quite volatile.”⁴¹ Mr.
2 Marevangepo observes that the consensus EPS growth estimates (provided by SNL
3 Financial) average 5.74 percent for his broader proxy group and 5.57 percent for his
4 refined proxy group,⁴² and argues that they are not reliable relative to Staff’s “high-end”
5 estimate of long-term GDP growth (approximately 4.50 percent).⁴³

6 **Q: Before discussing Mr. Marevangepo’s particular analysis, what is the relevance of**
7 **expected growth rates in the DCF model?**

8 A: As discussed in my Direct Testimony at page 15, the Constant Growth DCF model
9 assumes that the current price of a share of stock represents the present value of the
10 expected cash flows associated with owning that stock. The expected cash flows include
11 the dividends received during the period in which the stock is held, and the price at which
12 the stock eventually is sold. The Cost of Equity simply is the discount rate that sets the
13 current price equal to the present value of the expected cash flows.

14 Because both dividends and stock prices are determined by earnings, analysts’
15 consensus growth rates are the proper measure of growth for the Constant Growth DCF
16 model. Not only is there is long-standing academic support for the use of earnings
17 growth projections in general, but analyses that I have prepared demonstrate that earnings
18 growth rate projections are the only measure of expected growth (among those reviewed
19 by Mr. Marevangepo and Ms. Reno) that have a statistically meaningful relationship to
20 utility stock prices. In summary, growth rates are important inputs to DCF analyses, and

⁴⁰ See NextEra Energy, Inc. Press Release *NextEra Energy and Hawaiian Electric Industries to Combine* (Dec. 3, 2014).

⁴¹ Staff Revenue Requirement Cost of Service Report, at 42-43.

⁴² *Ibid.* at 43.

⁴³ *Ibid.* at 43-44. As shown on Schedule 12, Mr. Marevangepo relies on long-term growth rates of 3.50 percent to 4.50 percent to derive his Constant Growth DCF range of 7.40 percent to 8.40 percent.

1 analysts' earnings growth rate projections are the appropriate measure of expected
2 growth. Other measures, such as those proposed by Mr. Marevangepo, often have the
3 effect of unreasonably reducing ROE estimates.

4 **Q: Why does Mr. Marevangepo reject the use of analysts' forecasts of EPS growth in**
5 **his Constant Growth DCF model?**

6 A: Mr. Marevangepo asserts that because they are higher than his 4.50 percent high-end
7 GDP growth estimate, analysts' growth rate projections are "unreasonable."⁴⁴ In
8 particular, Mr. Marevangepo observes that companies in the S&P 500 recently have
9 retained approximately 65.00 to 70.00 percent of their earnings, while electric utilities
10 recently have retained less than half of that proportion.⁴⁵ Mr. Marevangepo further
11 argues that observed historical electric utility growth rates suggest the industry could
12 "barely" support a growth rate more than 3.00 percent.⁴⁶ Mr. Marevangepo states that for
13 those reasons, Staff relied on a growth rate range of 3.50 to 4.50 percent in its Constant
14 Growth DCF analysis, rather than the 5.57 percent average analyst EPS projection for his
15 broad proxy group or 5.74 percent for his refined proxy group.⁴⁷

16 **Q: Has the Commission rejected Staff's use of unreasonably low growth rates in prior**
17 **proceedings?**

18 A: Yes. In KCP&L's last rate case (Case No. ER-2012-0174), Staff's Constant Growth
19 DCF results were based on growth rates in the range of 5.00 to 5.50 percent.⁴⁸ In its
20 Report and Order, the Commission rejected Staff's ROE recommendation on the basis it

⁴⁴ Staff Revenue Requirement Cost of Service Report, at 43.

⁴⁵ *Ibid.*

⁴⁶ *Ibid.* at 44.

⁴⁷ *Ibid.* at 43. In the Company's last rate case, Staff had concluded that its review of historical growth in the electric industry could marginally support a more aggressive 5.00 percent to 5.50 percent growth rate range. See Staff Revenue Requirement Cost of Service Report at 41, No. ER-2012-0174.

1 was unreasonably low and would “unlawfully handicap” KCP&L as the Company
2 competes for capital.⁴⁹ In this proceeding, Mr. Marevangepo’s Constant Growth DCF
3 analysis assumes a growth rate range *100 to 200 basis points lower* than those used in
4 KCP&L’s last rate case (*i.e.*, 3.50 to 4.50 percent versus the 5.00 to 5.50 percent growth
5 rates used in the prior case). Mr. Marevangepo clearly recognizes that the growth rate is
6 a critical assumption in the DCF method, and that lower growth rates produce lower ROE
7 estimates. If an ROE of 8.00 to 9.00 percent would “unlawfully handicap” the
8 Company’s ability to compete for capital when authorized returns were approximately
9 10.00 percent, an ROE that is 100 basis points lower (*i.e.*, 7.00 to 8.00 percent; *see* Staff
10 Cost of Service Report, Schedule 12) would certainly handicap KCP&L’s competitive
11 position, especially since authorized returns have remained largely stable since 2013.

12 **Q: Do you agree with Mr. Marevangepo’s assessment of alternative growth rates for**
13 **his Constant Growth DCF model?**

14 A: No, I do not. As to dividend and book value growth, it is important to realize that
15 earnings growth enables both.⁵⁰ Corporate decisions to manage the dividend payout ratio
16 for the purpose of minimizing future dividend reductions or to signal future earnings
17 prospects can influence dividend growth rates in near-term periods in a manner that is
18 disproportionate to earnings growth. Similarly, book value can increase over time only
19 through the addition of retained earnings or with the issuance of new equity, both of
20 which are determined by earnings.

21 Mr. Marevangepo’s reference to dividend and book value growth rates also is
22 misplaced because the only scenario in which dividend growth rates and book value

⁴⁸ Staff Revenue Requirement Cost of Service Report at 41, No. ER-2012-0174.

1 growth rates are relevant is when the fundamental assumptions underlying the Constant
2 Growth DCF model precisely hold. Given that investors tend to value common equity on
3 the basis of P/E ratios, the required ROE is a function of expected growth in earnings, not
4 dividends or book value.

5 **Q: Please now comment on Mr. Marevangepo's use of historical data in evaluating the**
6 **reasonableness of analysts' projected EPS growth rates.**

7 A: Mr. Marevangepo's analysis is based on data relating to central region electric utilities for
8 the period 1968 through 1999.⁵¹ He does not use information after 1999 because of
9 concerns regarding the quality of the data resulting from the consolidation of the electric
10 utility industry, utility diversification, and the potential effects of the Enron bankruptcy
11 and deregulation on investors' growth expectations.⁵² Mr. Marevangepo notes that he did
12 not apply rigid selection criteria to assemble his study group, stating that, "Staff did
13 eliminate companies that generally did not have at least 70% of revenues from electric
14 utility operations in the late 1990s."⁵³ Staff also eliminated companies that appeared to
15 be affected by restructuring of electric utility markets, and companies that were affected
16 by major mergers, acquisitions or restructurings.⁵⁴ That selection process produced a ten-
17 company study group.⁵⁵

18 Using that group, Mr. Marevangepo calculates rolling average ten-year growth
19 rates over the study period of 3.62 percent (EPS), 3.99 percent (DPS), and 3.18 percent

⁴⁹ In re Kansas City Power & Light Co., No. ER-2012-0174, Report and Order (Jan. 9, 2013) at 23.

⁵⁰ Direct Testimony of Robert B. Hevert at 17.

⁵¹ Staff Revenue Requirement Cost of Service Report at 46-47.

⁵² *Ibid.* at 47.

⁵³ *Ibid.*

⁵⁴ *Ibid.*

⁵⁵ *Ibid.* at Schedule 14-1.

1 (BVPS), respectively, with an overall average of 3.59 percent.⁵⁶ Mr. Marevangepo
2 suggests that those growth rates were realized over a much more robust economic
3 environment than the U.S. is expected to achieve in the foreseeable future.⁵⁷

4 Conducting a similar set of analyses of electric utilities in Missouri for the period
5 1968 through 1999, Mr. Marevangepo estimates average rolling ten-year growth rates of
6 3.11 percent (EPS), 3.59 percent (DPS), and 2.57 percent (BVPS) with an overall average
7 of 3.09 percent.⁵⁸ Extending the analysis through 2014 for the Missouri electric utilities,
8 he estimates average ten-year growth rates of 1.58 percent (EPS), 1.67 percent (DPS),
9 and 2.38 percent (BVPS), with an overall average of 1.88 percent.⁵⁹ On balance, Mr.
10 Marevangepo reasons that his analysis supports a long-term growth rate in the 2.00 to
11 3.00 percent range, that investors would expect a capital appreciation rate of 2.00 percent,
12 and that it is “quite logical and rational in the current low-yield environment” that electric
13 utility investors expect a return of approximately 6.00 percent.⁶⁰

14 **Q: Do you agree with Mr. Marevangepo’s conclusion?**

15 **A:** No, I do not. Aside from his broad assertion that the 32 year period from 1968 through
16 1999 somehow is representative of investors’ current expectations, Mr. Marevangepo
17 provided no basis for the use of that particular data set. In essence his position assumes
18 that historical data ending in 1999 for a ten-company group that has little in common
19 with his current proxy group somehow is relevant to KCP&L’s Cost of Equity. Given the
20 acknowledged importance of risk-comparable proxy groups, it is unclear why Mr.
21 Marevangepo would believe that to be the case.

⁵⁶ *Ibid.* at 47 and Schedule 14-4.

⁵⁷ *Ibid.* at 47-48.

⁵⁸ *Ibid.* at 48.

⁵⁹ *Ibid.*

1 His assumption is particularly inappropriate given that the Commission rejected
2 the same analysis presented by Staff in KCP&L's last rate case. There, the Commission
3 found that Staff's arguments did not "persuade the Commission that data from a remote
4 period starting 44 years ago is more reliable for determining the current ROE than more
5 recent data."⁶¹ Nonetheless, Staff has again presented analyses based on data and
6 methods that the Commission already rejected.

7
8 ***D. Application of the Multi-Stage DCF Model***

9 **Q: Please describe Mr. Marevangepo's Multi-Stage DCF model.**

10 **A:** Similar to my Multi-Stage model, Mr. Marevangepo's analysis includes three stages, the
11 first two of which include five-year horizons, while the third assumes cash flows in
12 perpetuity.⁶² In the first stage, he relies on analysts' growth projections. The second
13 stage assumes a linear transition from analysts' growth projections to the 3.00 to 4.00
14 percent range that Mr. Marevangepo has concluded is more "normal/sustainable."⁶³
15 Since his final stage assumes his long-term growth rate will remain constant in
16 perpetuity, it essentially is equivalent to the "Gordon Growth" form of the Constant
17 Growth DCF model. The "Gordon Growth" model represents the "terminal value," or
18 the expected price at which the stock may be sold at the end of the forecast horizon.

19 Based on a long-term growth rate of 3.00 to 4.00 percent, Staff's Multi-Stage
20 DCF analysis produces ROE estimates between 7.21 and 7.99 percent for his broad proxy

⁶⁰ *Ibid.* at 49-50.

⁶¹ *In re Kansas City Power & Light Co.*, No. ER-2012-0174, Report and Order at 22 (Jan. 9, 2013).

⁶² Mr. Marevangepo's work papers indicate the final stage of his Multi-Stage DCF model includes cash flows for a 200 year period.

1 group, and 7.11 to 7.89 percent for his refined proxy group.⁶⁴ As noted earlier, Mr.
2 Marevangepo acknowledges that “even customer ROR witnesses” have used estimated
3 nominal GDP growth as the terminal growth rate in the Multi-Stage DCF model.⁶⁵ Mr.
4 Marevangepo therefore applies a long-term growth rate of 4.40 percent, which produces a
5 Multi-Stage DCF result of 8.30 percent for the broad proxy group and 8.21 percent for
6 his refined proxy group.⁶⁶

7 **Q: How did Staff develop its terminal growth estimate?**

8 A: Mr. Marevangepo reviews a number of real GDP growth estimates reported in the U.S.
9 Energy Information Administration’s (“EIA”) 2014 Annual Energy Outlook, covering
10 various forecast periods that end between ten and 25 years in the future.⁶⁷ Combining
11 the 2.35 percent midpoint of the real GDP growth estimates reported by the EIA for the
12 2025 – 2040 period with the Congressional Budget Office’s 2.00 percent expected GDP
13 price deflator (which is also the Federal Reserve’s stated inflation target), Mr.
14 Marevangepo develops a long-term nominal GDP growth estimate of 4.40 percent.⁶⁸

15 **Q: Do you agree with Staff’s estimate of long-term GDP growth?**

16 A: No, I do not. A principal difference between Staff’s estimate of long-term GDP growth
17 and mine is the timing and horizon of our estimates. It is important to keep in mind that
18 the terminal growth rate is intended to reflect expected growth in perpetuity. As Mr.
19 Marevangepo notes, that the “perpetual growth rate is intended to measure the long-run

⁶³ Staff Revenue Requirement Cost of Service Report. at 46. As discussed in my Direct Testimony at pages 24-25, my Multi-Stage model assumes varying payout ratios over time, whereas Mr. Marevangepo’s model implicitly assumes a constant payout ratio.

⁶⁴ Staff Revenue Requirement Cost of Service Report, Schedule 13-1 to 13-3.

⁶⁵ *Ibid.* at 52.

⁶⁶ *Ibid.* at Schedule 13-4.

⁶⁷ *Ibid.* at 53.

⁶⁸ *Ibid.*

1 trend growth rate supported by the long-term fundamentals of the U.S.'s mature
2 economy."⁶⁹ In that important respect, the term of even the longest GDP forecast
3 considered by Mr. Marevangepo does not reflect the expected, perpetual nature of the
4 terminal growth assumed in the DCF model.

5 In addition, Mr. Marevangepo's 4.40 percent terminal growth rate conflicts with
6 market measures cited elsewhere in Staff's Report. For example, Mr. Marevangepo does
7 not consider the use of long-term historical data for the purpose of developing his
8 terminal growth rate, yet he relies on long-term historical data for the purposes of his
9 CAPM analyses. According to Morningstar (which provides the data Duff & Phelps
10 relies on to estimate the historical Market Risk Premia on which Mr. Marevangepo
11 relies), the arithmetic average historical capital appreciation rate is 7.70 percent, which is
12 substantially higher than Mr. Marevangepo's estimate of long-term GDP growth.⁷⁰ Aside
13 from the inconsistency with his other analyses, Mr. Marevangepo's unreasonably low
14 growth rate has the obvious effect of producing unreasonably low DCF estimates.

15 **Q: Have you assessed the reasonableness of Mr. Marevangepo's terminal growth**
16 **estimate?**

17 **A:** Yes, I have. As Mr. Marevangepo notes, "[c]ost of equity estimates using multi-stage
18 DCF methodologies are **extremely sensitive** to the assumed perpetual growth rate."⁷¹
19 That sensitivity is due to the fact that the long-term growth rate used in the DCF model
20 extends indefinitely into the future.⁷² Because they are perpetual, terminal growth rates
21 that substantially deviate from the long-term historical average should be viewed with

⁶⁹ *Ibid.*

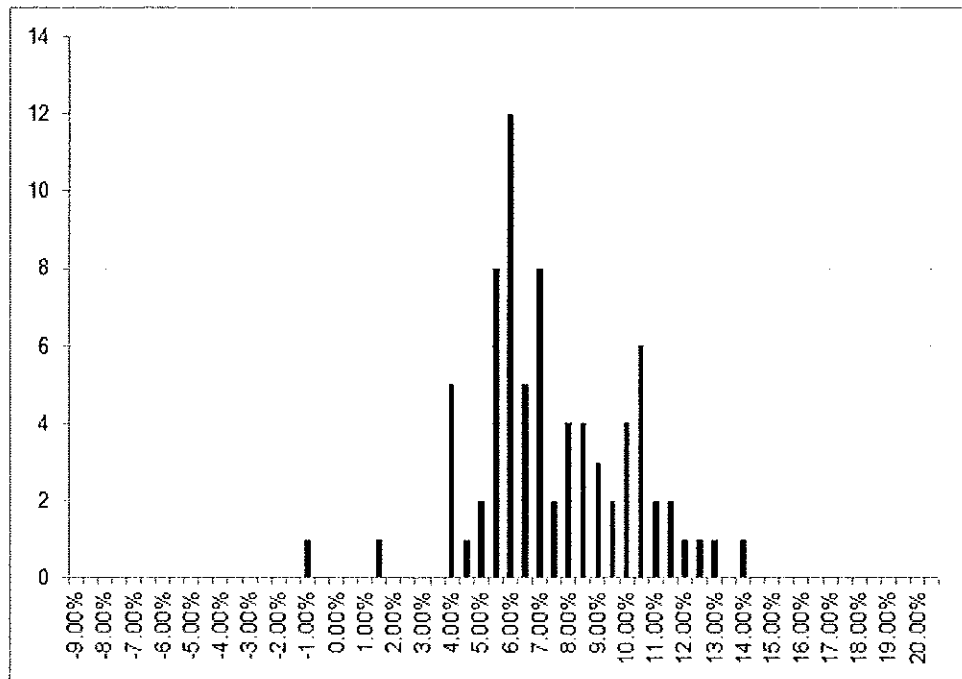
⁷⁰ Morningstar, Ibbotson SBBI 2014 Classic Yearbook, Market Results for Stocks, Bonds, Bill and Inflation 1926-2013, at 91.

⁷¹ Staff Revenue Requirement Cost of Service Report at 46 (original emphasis).

1 considerable caution. That is the case with Mr. Marevangepo's estimates. As a point of
2 reference, the long-term compound average GDP growth rate has been approximately
3 6.20 percent, or 180 basis points above Mr. Marevangepo's high-end estimate.⁷³

4 Because Mr. Marevangepo considered ten-year average historical growth rates in
5 his review of EPS, DPS and BVPS growth, I calculated the average ten-year annual
6 growth rates from 1929 to 2014, an 85-year period. I then arranged that data in
7 histograms to provide a perspective of how frequently various levels of growth have
8 occurred. As Chart 2 demonstrates, average annual growth as low as 4.40 percent has
9 been observed very infrequently. In fact, average annual growth *exceeded* 4.40 percent in
10 68 of 76 ten-year periods.

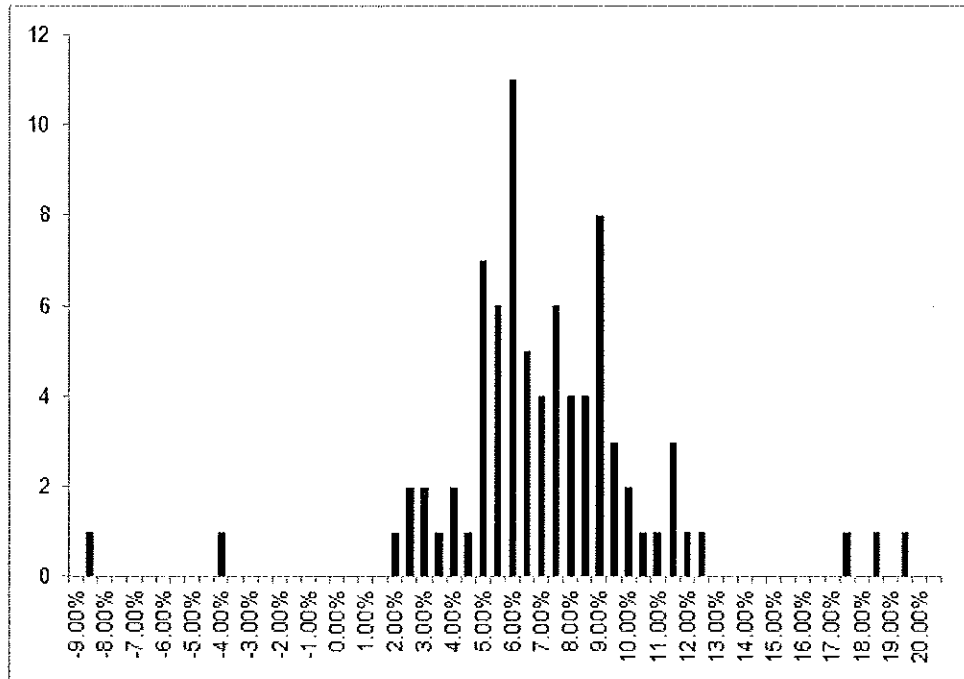
11 **Chart 2: Average Annual GDP Growth Measured over Ten-Year Periods**⁷⁴



72 See Direct Testimony of Robert B. Hevert at 19-20.
73 Bureau of Economic Analysis.
74 Bureau of Economic Analysis.

1 I also calculated average GDP growth over five year periods. In that case, average
2 annual GDP growth rate was greater than 4.40 percent in 70 of 81 periods (see Chart 3).

3 **Chart 3: Average Annual GDP Growth Measured over Five-Year Periods**⁷⁵



4

5 **Q: Are there other benchmarks that help put Staff's growth rate in context?**

6 **A:** Yes, there are. Mr. Marevango's long-term growth projections also can be assessed in
7 the context of authorized ROEs. The average authorized ROE over the past twelve
8 months (*i.e.*, ending April 30, 2015) for vertically integrated electric utilities was 9.89
9 percent.⁷⁶ In the context of the Constant Growth DCF model, that return includes income
10 from dividends (*i.e.*, the dividend yield) and expected growth (*i.e.*, capital appreciation).
11 Assuming Mr. Marevango's proxy group average projected dividend yield of 3.51
12 percent as the average industry dividend yield, the average reported authorized ROE of
13 9.89 percent provided in Schedule RBH-20 implies an expected long-term growth rate of

⁷⁵ *Ibid.*

⁷⁶ Source: Regulatory Research Associates. See Schedule RBH-20.

1 6.38 percent.⁷⁷ That estimate is consistent with, although somewhat higher than, the
2 long-term growth estimate of 5.42 percent used in my updated Multi-Stage DCF
3 analyses.

4 **Q: Is there another approach to calculating the long-term growth rate that produces**
5 **more reasonable results?**

6 A: Yes, there is. As noted in my Direct Testimony, it is possible to use observable market
7 data regarding nominal and inflation-protected Treasury yields (referred to as “Treasury
8 Inflation Protected Securities” or “TIPS”) to calculate the market’s forward view of
9 inflation (that is, inflation expected over the long term beginning ten years from now).⁷⁸
10 In particular, the difference between nominal Treasury yields and TIPS yields is
11 commonly considered to be a measure of expected inflation. That measure of expected
12 inflation can then be combined with average historical real GDP growth. According to
13 data provided by the Bureau of Economic Analysis, over the period 1929 to 2014 the
14 average annual real GDP growth rate was 3.26 percent. Combining real GDP growth
15 with an expected inflation rate of 2.05 percent produces an expected long-term growth
16 rate of 5.37 percent, which still is 83 basis points below the long-term average.

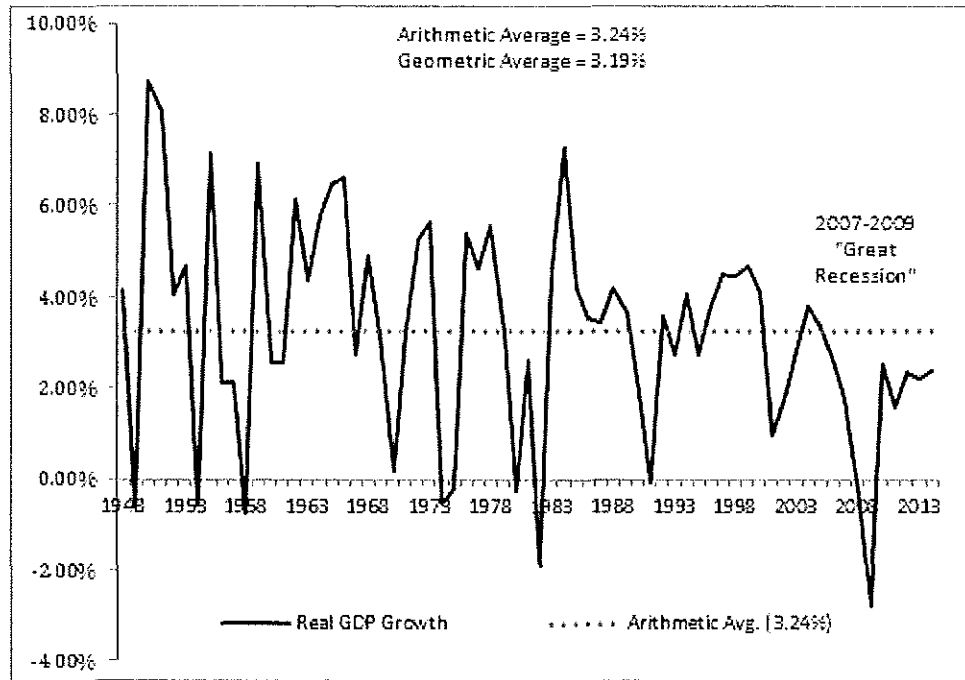
17 **Q: Is it reasonable to assume that future real GDP growth will reflect its long-term**
18 **historical average?**

19 A: Yes, it is. As shown in Chart 4 (below), but for the recent “great recession” and the
20 continued slow economic recovery, real GDP growth since the post-World War II era has
21 been cyclical, but maintained a relatively steady mean reversion level close to the long-
22 term historical average of 3.26 percent. Over this more recent period, annual real GDP

⁷⁷ 9.89 percent – 3.51 percent = 6.38 percent.

1 growth rates have been above the long-term 3.26 percent geometric average slightly more
2 than half of the time (35 of 67 years).

3 **Chart 4: Real GDP Growth Mean Reversion (1948 to 2014)⁷⁹**



4
5 As noted above, Mr. Marevangeo relies on a long-term real GDP growth rate
6 estimate of 2.35 percent.⁸⁰ However, annual real GDP growth has been equal to or
7 greater than 2.35 percent more than 70.00 percent of the time since 1948 (47 of 67 years).
8 In fact, of the 20 years with 2.35 percent or less real growth, six occurred during or
9 following the recent "Great Recession." Mr. Marevangeo, however, has provided no
10 basis for his assumed decline of more than 90 basis points in the structural growth
11 potential of the economy over the long-term.

⁷⁸ See Direct Testimony of Robert B. Hevert at 24.

⁷⁹ Source: Bureau of Economic Analysis.

⁸⁰ Staff Revenue Requirement Cost of Service Report at 53.

1 Q: Is the assumption that long-term growth will reflect average historical growth
2 consistent with industry practice?

3 A: Yes, it is. For example, Morningstar notes: “The growth rate in real Gross Domestic
4 Product (GDP) for the period 1929 to 2012 was approximately 3.22 percent. Growth in
5 real GDP (with only a few exceptions) has been reasonably stable over time; therefore, its
6 historical performance is a good estimate of expected long-term (future) performance.”⁸¹
7 Similarly, a recent Baron Fund’s quarterly report included an introduction from the CEO
8 and Chief Investment Officer, Ron Baron, discussing his general expectation for future
9 long-term stock growth.⁸²

10 Although we believe it is not possible to predict markets in the short term,
11 we think long-term prospects for publicly owned businesses are quite
12 favorable. This is since we think they will continue to double their
13 earnings and their value from present levels about every ten years. That
14 represents a 7% compounded annual growth rate.⁸³

15 Moreover, a brief survey of finance texts demonstrates that the use of long-term
16 GDP growth is a reasonable estimate for the terminal period. For example, Dr. Roger
17 Morin notes that “[i]t is useful to remember that eventually all company growth rates,
18 especially utility services growth rates, converge to a level consistent with the growth rate
19 of the aggregate economy.”⁸⁴ Similarly, Morningstar states that “...historically, the
20 growth in corporate earnings has been in line with the growth of overall economic
21 productivity.”⁸⁵ Ibbotson and Chen state: “For the whole period [1926-2000], GDP per
22 capita slightly outgrew earnings and dividends, but all four factors grew at approximately

⁸¹ See Morningstar, Inc., Ibbotson Stocks, Bonds, Bills and Inflation 2013 Valuation Yearbook, at 52.

⁸² Baron Funds, founded in 1982, provides a range of different mutual funds for retail and institutional investors. See <http://www.baronfunds.com/>.

⁸³ Baron Funds, Quarterly Report at 3 (June 30, 2014).

⁸⁴ Roger A. Morin, New Regulatory Finance, at 308 (2006).

⁸⁵ Morningstar, Inc., Ibbotson Stocks, Bonds, Bills and Inflation 2012 Inflation Valuation Yearbook, at 64.

1 the same rate.”⁸⁶ Consequently, I disagree with Mr. Marevangepo’s estimate of the long-
2 term GDP growth rate.

3 **Q: Have you examined the relationship between EPS growth and GDP growth?**

4 A: Yes, I compared the EPS growth for the S&P 500 Index to nominal GDP growth for the
5 period 1968 through 2014. As shown on Schedule RBH-21, the compound annual
6 growth rate in EPS was 6.48 percent, while the compound annual growth rate in nominal
7 GDP was 6.55 percent. Those growth rates are reasonably consistent with the long-term
8 capital appreciation rate as reported by Morningstar for large-cap companies of 7.70
9 percent (arithmetic average) and 5.80 percent (geometric average),⁸⁷ and with the 6.20
10 percent nominal GDP growth rate for the period from 1929-2014.⁸⁸

11 **Q: Do you agree with Mr. Marevangepo’s assertion that because utilities pay a
12 substantial portion of their earnings as dividends, they will likely grow at a slower
13 rate than the overall economy?**⁸⁹

14 A: No, I do not. Two articles in Financial Analysts Journal addressed the theory that high
15 dividend payouts (*i.e.*, low retention ratios) are associated with low future earnings
16 growth.⁹⁰ Both articles cite a 2003 study by Arnott and Asness, which found that over
17 the course of 130 years, future earnings growth was associated with high, rather than low,

⁸⁶ Roger G. Ibbotson and Peng Chen, *Long-Run Stock Returns: Participating in the Real Economy*, Financial Analysts Journal at 93 (Jan.-Feb. 2003).

⁸⁷ Morningstar, Ibbotson Stocks, Bonds, Bills and Inflation 2014 Classic Yearbook, at 91.

⁸⁸ Source: Bureau of Economic Analysis, National Economic Accounts (Nov. 14, 2014).

⁸⁹ Staff Revenue Requirement Cost of Service Report at 43.

⁹⁰ See Ping Zhou, William Ruland, *Dividend Payout and Future Earnings Growth*, Financial Analysts Journal, Vol. 62, No. 3 (2006). See also Owain ap Gwilym, James Seaton, Karina Suddason, Stephen Thomas, *International Evidence on the Payout Ratio, Earnings, Dividends and Returns*, Financial Analysts Journal, Vol. 62, No. 1 (2006).

1 payout ratios.⁹¹ Consequently, published research indicates that there is not necessarily a
2 relationship between earnings retention and subsequent growth.

3 Rather than test his theory, Mr. Marevangepo simply assumed that utility payout
4 ratios support his rather low growth rate assumptions. As discussed in my response to
5 Ms. Reno, I did analyze the relationship between payout ratios and future growth for
6 utility companies, and found that there is no statistically meaningful relationship between
7 the two. Simply put, Mr. Marevangepo's assumption is not supported by meaningful
8 empirical evidence.

9 **Q: Do you agree with Mr. Marevangepo's assumption that lower growth in electricity**
10 **demand will limit electric utility growth?**⁹²

11 A: No, I do not. Mr. Marevangepo has assumed that there is a direct relationship between
12 electricity sales volumes on the one hand, and utility revenue, capital expenditures, and
13 earnings on the other. As a practical matter, however, many variables enter into that
14 relationship. Rate design, for example, will affect the relationship between sales volumes
15 and revenues. The relationship between revenue and earnings likewise depends on
16 operating margins, which in turn, are influenced by a variety of operating factors, such as
17 productivity improvements. Moreover, additional rate base investment may be driven by
18 the need to meet future infrastructure requirements including, for example, compliance
19 with environmental regulations, integration of renewables, increased use of energy
20 efficiency, application of smart grid technologies, and system hardening.⁹³ The modern
21 economy depends on a reliable electric infrastructure today as much as ever, and it is

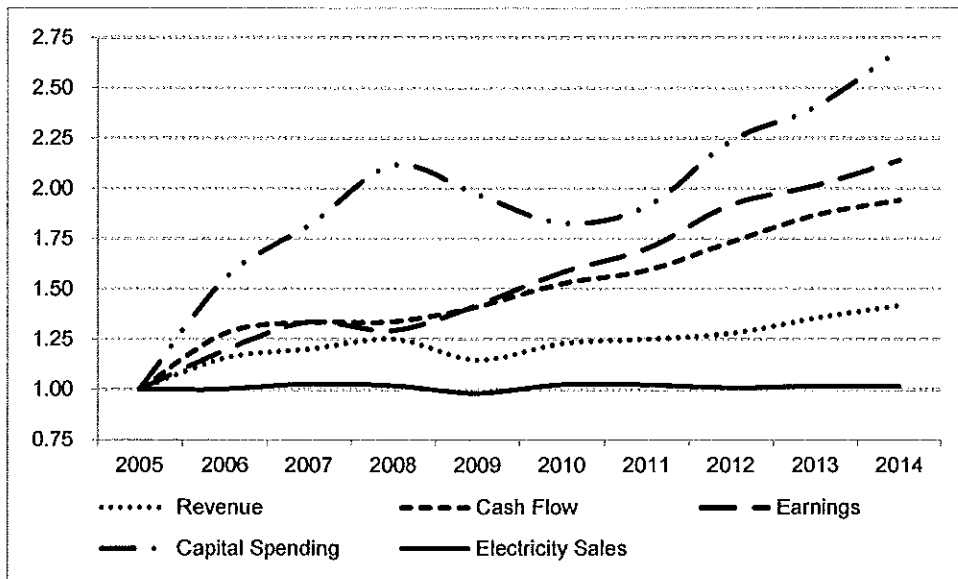
⁹¹ See Robert Arnott, Clifford Asness, *Surprise: Higher Dividends = Higher Earnings Growth*, Financial Analysts Journal, Vol. 59, No. 1 (2003).

⁹² Staff Revenue Requirement Cost of Service Report at 50.

1 reasonable for investors to expect growth from ongoing investments in the modernization
2 of the electric infrastructure.

3 Based on available data from the EIA and Value Line, it is clear that from 2005
4 through 2014 the Combined Proxy Group's average growth in revenues, earnings, cash
5 flow and capital expenditures far exceeded the growth in electricity sales volume (*see*
6 Chart 5, below).

7 **Chart 5: Percent Annual Growth in Electricity End Use Sales Volume,**
8 **Revenue, Earnings, Cash Flow and Capital Spending 2005 – 2014⁹⁴**



9
10
11 Lastly, the EIA's 2015 Annual Energy Outlook reports expected annual retail
12 electric sales growth of approximately 1.09 percent per year over the next five years,⁹⁵
13 yet the average earnings growth estimate reported in Staff's Schedule 10-2 is 8.36 percent
14 for the broad proxy group and 8.51 percent for its refined proxy group. As such,

⁹³ See Capital Expenditure Update: Capital Spending at All-Time High in 2014, Regulatory Research Associates at 1 (Nov. 10, 2014).

⁹⁴ Sources: Value Line and EIA.

⁹⁵ EIA, Annual Energy Outlook 2014 Reference Case, April 2014, Table A8. Annual data accessed at: <http://www.eia.gov/oiarf/aeo/tablebrowser>.

1 analysts' expectations for earnings growth do not appear to be limited by the rate of
2 electric sales growth.

3 **Q: What are the implications of Mr. Marevangepo's assumption that a 2.00 percent**
4 **capital appreciation rate is about what investors would expect for utilities?**⁹⁶

5 A: As Mr. Marevangepo notes, his assumed 2.00 percent long-term growth rate suggests a
6 required Return on Equity of about 6.40 percent. Even assuming the slightly higher
7 terminal growth rate of 2.20 percent (that is, one-half of 4.40 percent) produces an
8 average ROE estimate of 6.59 percent.⁹⁷ Although it falls within the range that Mr.
9 Marevangepo believes is "not improbable", 6.59 percent is 266 basis points below his
10 actual recommendation, and 311 basis points below the Company's currently authorized
11 return.

12 **Q: At page 53 of the Staff Report, Mr. Marevangepo assumes a long-term inflation rate**
13 **also of 2.00 percent. Do you agree that it is reasonable to assume that utilities will**
14 **not grow more than the rate of inflation over the long-run?**

15 A: No, I do not. Mr. Marevangepo's statement implies that investors do not expect *any* real
16 growth from electric utility companies over the long-term. Under that assumption, utility
17 stocks would provide a dividend yield and a measure of protection against inflation, but
18 no more than that. At the same time, investors would remain exposed to the risk of
19 capital losses associated with equity ownership. Since other investments, such as
20 Treasury Inflation Protected Securities ("TIPS") provide inflation protection and carry a
21 minimal risk of capital loss (if held to maturity), Mr. Marevangepo's position assumes
22 that investors would require only the difference in yields as compensation for the

⁹⁶ Staff Revenue Requirement Cost of Service Report at 49-50.

1 additional risk of capital loss. That is a wholly unreasonable and unsupported
2 assumption.

3 If Mr. Marevangepo is correct that expected long-term growth is no greater than
4 the projected inflation rate, electric utilities would not be able to offer investors any
5 prospects for inflation-adjusted capital appreciation or dividend growth. Under that
6 scenario, the industry would not be able to attract equity capital at reasonable terms, and
7 would not be able to generate the cash flow needed to maintain appropriate credit metrics
8 or liquidity. Utilities then would fund increasing amounts of capital investments with
9 long-term debt. That scenario, of course, would create a downward spiral in which
10 leverage increases, creditworthiness decreases, and access to both debt and equity
11 becomes increasingly constrained. In the long-term, then, utilities would not be able to
12 fund the investments needed to provide safe and reliable service in an efficient and cost-
13 effective manner.

14
15 *E. Capital Asset Pricing Model*

16 **Q: Please briefly describe Mr. Marevangepo's CAPM analyses.**

17 A: His CAPM analyses assume a risk-free rate of 2.78 percent, an average calculated five
18 year Beta coefficient of 0.77 for the broad proxy group and 0.76 for the refined proxy
19 group, and historical Market Risk Premium ("MRP") estimates of 6.20 percent (using the
20 long-term arithmetic mean) and 4.64 percent (using the long-term geometric mean).⁹⁸

⁹⁷ See Schedule RBH-22.

⁹⁸ *Ibid.* at 54-55.

1 Based on those inputs, Mr. Marevangepo's CAPM calculations produce Cost of Equity
2 estimates of 6.28 to 7.58 percent.⁹⁹

3 **Q: How do those results compare to Staff's CAPM results in KCP&L's last rate case?**

4 A: In Case No. ER-2012-0174, Staff's CAPM analyses assumed a risk-free rate of 3.13
5 percent, an average Value Line Beta coefficient of 0.69, and historical MRP estimates of
6 5.70 percent (using the arithmetic mean) and 4.10 percent (using the geometric mean).¹⁰⁰

7 Based on those inputs, Staff's calculations produced Cost of Equity estimates of 7.06
8 percent and 5.96 percent, respectively.¹⁰¹ Compared to Staff's 2012 results, Mr.
9 Marevangepo's current CAPM results represent 52 basis point, and 41 basis point
10 *increases*, respectively (for the broad proxy group).¹⁰² Those results contradict his
11 position that the Cost of Equity has decreased by as much as 125 basis points since the
12 Company's last rate filing.

13 **Q: Do you agree with Mr. Marevangepo's CAPM analysis?**

14 A: No, I do not. The principal difference in our approaches is that Mr. Marevangepo
15 performs an historical, or *ex-post* analysis, while I perform a forward-looking, or *ex-ante*
16 analysis. Because the purpose of this proceeding is to establish the Cost of Equity for
17 KCP&L on a forward-looking basis, it is important to develop a CAPM analysis that
18 reflects investor expectations and to reject Staff's exclusive use of historical MRP
19 estimates.

⁹⁹ *Ibid.*

¹⁰⁰ Staff Revenue Requirement Cost of Service Report at 58, Case No. ER-2012-0174.

¹⁰¹ *Ibid.*

¹⁰² Staff's CAPM analyses in the 2012 rate case relied on Value Line Beta coefficients, while Staff's analyses in the current proceeding rely on Beta coefficients calculated using data from SNL. Adjusting Staff's current analyses to reflect comparable Value Line Beta coefficients results in an increase of 16 to 19 basis points. *See* Schedule RBH-18.

1 **Q: Before turning to the MRP, do you agree with Mr. Marevangepo’s use of the**
2 **average 30-year Treasury yield as the risk-free rate?**

3 A: Although I agree with Mr. Marevangepo that it is appropriate to use the current average
4 30-year Treasury yield, I relied on both the current 30-day average 30-year Treasury
5 yield and the (near-term) projected 30-year Treasury yield as reported in the *Blue Chip*
6 *Financial Forecast*.

7 **Q: How did Mr. Marevangepo calculate his MRP estimates?**

8 A: Mr. Marevangepo cites Duff & Phelps’ 2014 Valuation Handbook, and states he
9 calculated his MRP estimates by taking the difference between the long-term average
10 earned return on stocks and bonds from 1926 – 2013.¹⁰³ Duff & Phelps, however,
11 reports arithmetic and geometric historical Market Risk Premium estimates of 6.96
12 percent and 4.89 percent, respectively.¹⁰⁴ It is not clear why Mr. Marevangepo’s
13 estimates (6.20 percent arithmetic mean and 4.64 percent geometric mean) are so much
14 lower than Duff & Phelps’ reported values.

15 **Q: Is it appropriate to rely exclusively on historical data in estimating the MRP, as Mr.**
16 **Marevangepo has done?**

17 A: No, it is not. The Market Risk Premium represents the additional return required by
18 equity investors to assume the risks of owning the “market portfolio” of equity relative to
19 long-term Treasury securities. As with other elements of Cost of Equity analyses, the
20 MRP is meant to be a forward-looking parameter. Simply relying on the historical MRP
21 may produce results that are inconsistent with investor sentiment and current conditions
22 in capital markets. For example, Morningstar observes:

¹⁰³ Staff Revenue Requirement Cost of Service Report at 55.

1 It is important to note that the expected equity risk premium, as it is used
2 in discount rates and cost of capital analysis, is a forward-looking concept.
3 That is, the equity risk premium that is used in the discount rate should be
4 reflective of what investors think the risk premium will be going
5 forward.¹⁰⁵

6 The historical MRP, on the other hand, may not necessarily reflect investors'
7 expectations or, for that matter, the relationship between market risk and returns. The
8 relevant analytical issue in applying the CAPM is to ensure that all three components of
9 the model (*i.e.*, the risk-free rate, Beta, and the MRP) are consistent with market
10 conditions and investor expectations. Therefore, the *ex-ante* CAPM analyses are the
11 more appropriate method to estimate the Company's Cost of Equity.

12 **Q: What is the difference between the geometric and the arithmetic mean risk**
13 **premium?**

14 **A:** The arithmetic mean is the simple average of single period rates of return, while the
15 geometric mean is the compound rate that equates a beginning value to its ending value.
16 The important distinction between the two methods is that the arithmetic mean assumes
17 that each periodic return is an independent observation and, therefore, incorporates
18 uncertainty into the calculation of the long-term average. The geometric mean, by
19 contrast, is a backward-looking calculation that essentially equates a beginning value to
20 an ending value over a specific period of time. Geometric averages, therefore, provide a
21 standardized basis of review of historical performance across investments or investment
22 managers; they do not, however, reflect forward-looking uncertainty.

23 Since there is no uncertainty regarding past returns, the use of geometric averages
24 is appropriate when comparing investment performance on a retrospective basis. On a

¹⁰⁴ Duff & Phelps, 2014 Valuation Handbook at 3-19.

1 prospective basis, however, uncertainty exists and should be taken into consideration
2 when developing return expectations and requirements. That is why investors and
3 researchers commonly use the arithmetic mean when estimating the risk premium over
4 historical periods for the purpose of estimating equity cost rates.

5 Lastly, investment risk, or volatility, is typically measured on the basis of the
6 standard deviation. The standard deviation, in turn, is a function of the arithmetic, as
7 opposed to the geometric mean. In that regard, the Beta coefficients applied in CAPM
8 analyses are derived from the standard deviation of returns.¹⁰⁶ In any case, Morningstar
9 notes that:

10 The arithmetic average equity risk premium can be demonstrated to be the
11 most appropriate when discounting future cash flows. For use as the
12 expected equity risk premium in either the CAPM or the building block
13 approach, the arithmetic mean or the simple difference of the arithmetic
14 means of the stock market returns and the riskless rates is the relevant
15 number.¹⁰⁷

16 Similarly, an article reviewing literature on the topic noted the following rationale
17 for using the arithmetic mean:

18 Note that the arithmetic mean, not the geometric mean is the relevant
19 value for this purpose. The quantity desired is the rate of return that
20 investors expect over the next year for the random annual rate of return on
21 the market. The arithmetic mean, or simple average, is the unbiased
22 measure of the expected value of repeated observations of a random
23 variable, not the geometric mean. ... [The] geometric mean
24 underestimates the expected annual rate of return.¹⁰⁸

¹⁰⁵ Morningstar, Inc., Ibbotson Stocks, Bonds, Bills and Inflation 2013 Valuation Yearbook at 53.

¹⁰⁶ See Direct Testimony of Robert B. Hevert, at 26.

¹⁰⁷ Morningstar, Inc., Ibbotson Stocks, Bonds, Bills, and Inflation 2013 Valuation Yearbook at 56.

¹⁰⁸ Ian Cooper, *Arithmetic versus geometric mean estimators: Setting discount rates for capital budgeting*, European Financial Management 2.2 at 158 (1996).

1 **Q: Putting aside the issue of whether it is more appropriate to use the geometric or**
2 **arithmetic mean, do you have any concerns with the way in which Mr.**
3 **Marevangepo calculated his assumed Market Risk Premium?**

4 A: Yes, I do. Mr. Marevangepo's estimates are derived using the historical difference in the
5 total returns on stocks and bonds. According to Morningstar, however, the historical
6 MRP is appropriately calculated by subtracting the *income only* portion of the
7 government bond return from the total return on large company stocks:

8 Another point to keep in mind when calculating the equity risk premium is
9 that the income return on the appropriate-horizon Treasury security, rather
10 than the total return, is used in the calculation. The total return is
11 comprised of three return components: the income return, the capital
12 appreciation return, and the reinvestment return...The income return is
13 thus used in the estimation of the equity risk premium because it
14 represents the truly riskless portion of the return.¹⁰⁹

15 By subtracting the total return on government bonds from the total return on
16 stocks, Mr. Marevangepo has understated the historical MRP by approximately 80 basis
17 points (using the arithmetic mean).¹¹⁰ Based on Mr. Marevangepo's average Beta
18 coefficient of 0.77 (broader proxy group), the effect on his mean CAPM estimate would
19 be approximately 62 basis points. Even that correction, however, produces results that
20 are far too low to be reasonable estimates of the Company's Cost of Equity.

21 **Q: What are your conclusions regarding Mr. Marevangepo's CAPM analysis?**

22 A: As a practical matter, estimates as low as 6.28 percent have little, if any, practical
23 meaning for the purpose of determining the Company's ROE. Mr. Marevangepo's view
24 that his 6.28 percent to 7.58 percent CAPM results have any analytical meaning, even if
25 only for the purpose of rationalizing his DCF model estimates, is misplaced on its face.

¹⁰⁹ Morningstar, Ibbotson Stocks, Bonds, Bills, and Inflation 2013 Valuation Yearbook, at 55.

1 Equally important, Mr. Marevangepo's position demonstrates the difficulty in applying
2 financial models without giving due consideration to the reasonableness of the inputs,
3 assumptions, and results. In any case, the relative change in Staff's CAPM result indicate
4 an increase in the Cost of Equity, not a substantial decrease, as Mr. Marevangepo
5 suggests.

6
7 **F. "Rule of Thumb" Calculation**

8 **Q: Please briefly summarize Mr. Marevangepo's "rule of thumb" calculation.**

9 A: Mr. Marevangepo's calculation adds a premium of 3.00 percent to 4.00 percent to the
10 corporate bond yield, as measured by the average interest rate on the Moody's A and
11 Baa-rated bond. Based on that approach, Mr. Marevangepo presents an ROE range of
12 6.75 to 8.60 percent.¹¹¹ Mr. Marevangepo reasons that the Cost of Equity for utilities is
13 toward the lower end of that range, since investors view utility stocks as similar to utility
14 bonds.¹¹²

15 **Q: Are Mr. Marevangepo's conclusions valid?**

16 A: No, his "rule of thumb" approach ignores the Commission's finding that the Equity Risk
17 Premium is inversely related to interest rates. That relationship, which was demonstrated
18 with respect to long-term Treasury yields in my Direct Testimony,¹¹³ and is consistent
19 with published research,¹¹⁴ also applies to utility bond yields. As Chart 6 (below),

¹¹⁰ Morningstar, Ibbotson Stocks, Bonds, Bills, and Inflation 2014 Classic Yearbook at 91.

¹¹¹ Staff Revenue Requirement Cost of Service Report at 56.

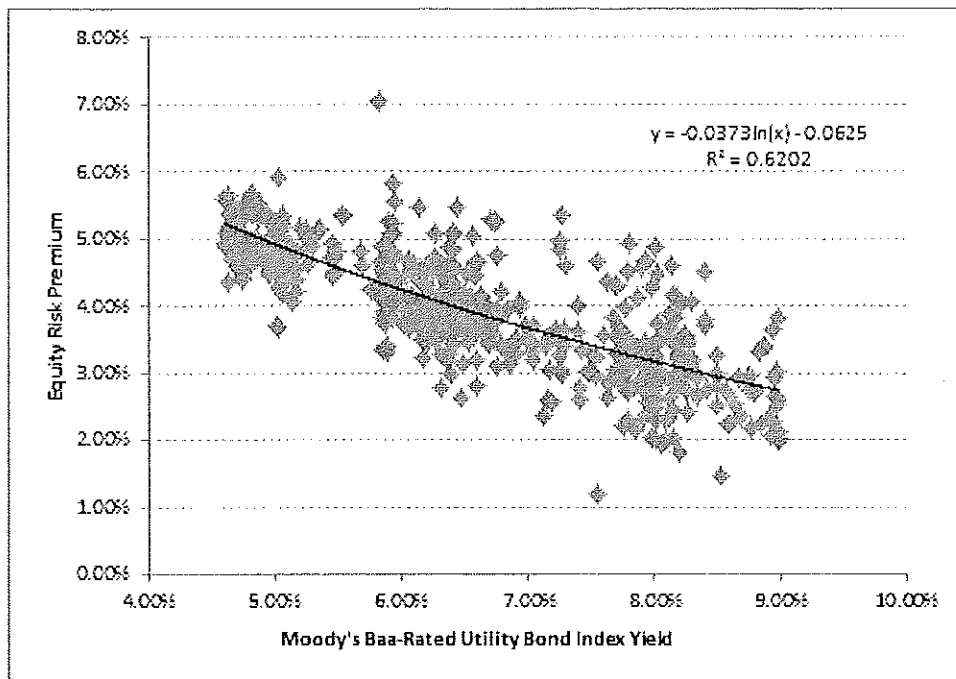
¹¹² *Ibid.*

¹¹³ See Direct Testimony of Robert B. Hevert at 30-31.

¹¹⁴ Robert S. Harris and Felicia C. Marston, *Estimating Shareholder Risk Premia Using Analysts' Growth Forecasts*, Financial Management at 63-70 (Summer 1992); Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, Financial Management at 33-45 (Spring 1985); and Farris M. Maddox, Donna T. Pippert, and Rodney N. Sullivan,

1 demonstrates (see also Schedule RBH-23), there is a significant, negative relationship
2 between the Moody's Baa Utility Bond Index yield and the equity risk premium (defined
3 by reference to authorized ROEs).

4 **Chart 6: Equity Risk Premium vs. Moody's Baa Yield**



5
6
7 Applying the 4.60 percent Baa yield noted on page 56 of the Staff Report to the
8 regression equation provided in Chart 6 produces a Risk Premium estimate of
9 approximately 5.23 percent, and an ROE of 9.83 percent, well above Mr. Marevangepo's
10 "rule of thumb" estimate.¹¹⁵

11

An Empirical Study of Ex Ante Risk Premiums for the Electric Utility Industry, Financial Management at 89-95 (Autumn 1995).

¹¹⁵ In my response to Mr. Gorman, I provide more detail regarding the strongly supported inverse relationship between the equity risk premium and interest rates.

1 **G. Financial Integrity and ROE Determinations**

2 **Q: Did Mr. Marevangepo quantify the potential effect of his ROE recommendation on**
3 **KCP&L's financial integrity?**

4 **A:** No, he did not.

5 **Q: Have you considered how Mr. Marevangepo's ROE recommendation, if adopted,**
6 **would affect the Company's financial profile?**

7 **A:** Yes, I have. There is little question that the financial community puts considerable
8 weight on regulatory issues. For example, Moody's considers the regulatory structure to
9 be so important that 50.00 percent of the factors that weigh in its ratings determination
10 are related to the nature of regulation.¹¹⁶ Among the factors considered by Moody's in
11 assessing the regulatory framework are the predictability and consistency of regulatory
12 actions:

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

21 ***

22 In situations where the regulatory framework is less supportive, or is more
23 contentious, a utility's credit quality can deteriorate rapidly.¹¹⁷

24 Mr. Marevangepo recommends an ROE that falls well below the prevailing level
25 of authorized returns for natural gas utilities, electric distribution utilities, and vertically

¹¹⁶ Moody's Investors Service, *Rating Methodology; Regulated Gas and Electric Utilities* at 6 (Dec. 23, 2013).

¹¹⁷ Moody's Investors Service, *Regulatory Frameworks – Ratings and Credit Quality for Investor-Owned Utilities* at 2 (June 18, 2010).

1 integrated electric utilities.¹¹⁸ If the Commission were to adopt his recommendation, it
2 would represent a substantial departure from industry practice, and inject a considerable
3 degree of uncertainty regarding the Company's cash flows, and the regulatory
4 environment in which it operates. In light of the rating agencies' focus on "supportive"
5 and "constructive" regulatory frameworks, it is my view that Mr. Marevangepo's
6 unreasonably low recommendation would put immediate and substantial downward
7 pressure on important credit metrics. Such pressure would diminish the Company's
8 ability to attract capital at reasonable terms, which, as noted above, is a fundamental
9 measure of financial integrity.

10 **Q: Do you agree with Mr. Marevangepo that Staff's 9.25 percent ROE**
11 **recommendation is higher than KCP&L's actual Cost of Equity, and that it is**
12 **common practice for utility commissions to set the authorized ROE above the actual**
13 **Cost of Equity?**¹¹⁹

14 A: No, I do not. Mr. Marevangepo acknowledges that the Commission has relied on returns
15 in other jurisdictions as a benchmark to assess the reasonableness of allowed ROEs for
16 KCP&L. He argues, however, that those returns are higher than the actual Cost of
17 Equity.¹²⁰ Mr. Marevangepo's position, however, fails to recognize that regulatory
18 commissions in other jurisdictions consider the same *Hope* and *Bluefield* standards that
19 he cites,¹²¹ and that they base their decisions on the same type of market-based analyses
20 that have been presented by the ROE witnesses in this proceeding. The *Hope* and

¹¹⁸ Source: Regulatory Research Associates. The average authorized ROE for natural gas utilities, electric distribution utilities, and vertically integrated utilities over the twelve months ended April 30, 2015 was 9.80%, 9.53%, and 9.89%, respectively. Excludes limited-issue riders.

¹¹⁹ See Staff Revenue Requirement Cost of Service Report at 22.

¹²⁰ *Ibid.*

¹²¹ *Ibid.* at 20, 22.

1 *Bluefield* standards require the authorized ROE to be comparable to the returns available
 2 from companies with similar business and financial risks. To that point, the Commission
 3 has determined that authorized ROEs in other jurisdictions are a relevant benchmark in
 4 developing a zone of reasonableness against which it may test the authorized ROE.¹²²
 5

6 **III. RESPONSE TO FEA WITNESS RENO**

7 **Q: Please briefly summarize Ms. Reno’s ROE analyses and recommendations.**

8 A: Ms. Reno recommends an ROE of 9.00 percent, which represents the median of three
 9 Constant Growth DCF analyses, four Multi-Stage DCF analyses, and two CAPM
 10 analyses (*see* Table 2, below).¹²³ Even though Ms. Reno selects the median result,
 11 because seven of her nine estimates are based on DCF analyses she gives that approach
 12 considerable weight in arriving at her ROE recommendation.

13 **Table 2: Components of Ms. Reno’s ROE Recommendation**

	Estimate
Single-Stage DCF (EPS Growth)	9.00%
Single-Stage DCF (DPS, EPS and BVPS)	8.31%
Single-Stage DCF (Sustainable Growth)	8.20%
Three-Stage DCF (EPS, 4.8% GDP Growth)	8.62%
Three-Stage DCF (DPS, EPS, BVPS, 4.8% GDP Growth)	8.45%
Three-Stage DCF (EPS, 5.5% GDP Growth)	9.18%
Three-Stage DCF (DPS, EPS, BVPS, 5.5% GDP Growth)	9.01%
Capital Asset Pricing Model (Forecast Risk-Free Rate)	9.59%
Capital Asset Pricing Model (Current Risk-Free Rate)	9.26%
ROE Recommendation (Median)	9.00%

14

¹²² See for example Report and Order, Case No. ER-2011-0028 at 67.
¹²³ Direct Testimony of Maureen L. Reno at 32-33.

1 As to the Company's capital structure, Ms. Reno recommends 47.40 percent
2 common equity, 47.89 percent long-term debt, and 4.70 percent short-term debt.¹²⁴

3 **Q: Please summarize the key areas in which you disagree with Ms. Reno.**

4 A: There are several areas in which I disagree with Ms. Reno, including:

- 5 1. The relationship between current and expected capital market conditions and the
6 Company's Cost of Equity, in particular as capital market conditions relate to the
7 DCF model;
- 8 2. The growth rates used in our respective DCF analyses and the implications of those
9 growth rates for the determination of the Company's ROE;
- 10 3. The structure of the Multi-Stage DCF model;
- 11 4. Certain elements of, and inputs to, our respective CAPM analyses; and
- 12 5. The capital structure, and cost of debt to be applied in this proceeding.

13
14 *A. Capital Market Conditions and ROE Selection*

15 **Q: What are your concerns with Ms. Reno's view of current and expected market
16 conditions and their effect on the Company's Cost of Equity?**

17 A: Although Ms. Reno points to a "flattening yield curve"¹²⁵ and "historically low interest
18 rates prevalent in our current economy"¹²⁶, she fails to note that the current level of
19 interest rates is not materially different than the interest rates prevailing at the time of the
20 Company's last rate case (Case No. ER-2012-0174). As noted in my Direct Testimony
21 (at page 50), over the seven month period from July 2012 and January 2013 the 30-year

¹²⁴ *Ibid.* at 3, 10.

¹²⁵ *Ibid.* at 7.

1 Treasury yield averaged 2.82 percent. Similarly, over the seven months ending March
2 25, 2015 (concurrent with Ms. Reno's analyses), the 30-year Treasury yield averaged
3 2.85 percent, only a three basis point difference.

4 As discussed throughout my Rebuttal Testimony, each model used to estimate the
5 Cost of Equity relies on specific assumptions that may become more or less relevant as
6 market conditions change.¹²⁷ DCF-based methods, such as the models on which Ms.
7 Reno heavily relies, depend on recent stock prices as a principal input, and (in the case of
8 the Constant Growth model) assume that Price/Earnings ratios will remain constant in
9 perpetuity. A significant analytical issue is that utility sector P/E ratios recently have
10 been well above their historical levels, and appear unsustainable relative other
11 benchmarks, such as the overall market P/E ratio.

12 Looking forward, indicators suggest that the industry's current valuation levels
13 may not persist. Value Line, for example, expects a decline in the P/E ratio for 18 of the
14 19 companies in the Combined Proxy Group over the coming three to five years (*see*
15 Schedule RBH-19).¹²⁸ Moreover, from January 30 through April 30, 2015 the Combined
16 Proxy Group *declined* in value by more than 11.00 percent even though the broad market
17 appreciated by approximately 4.50 percent (*see* Chart 7, below).

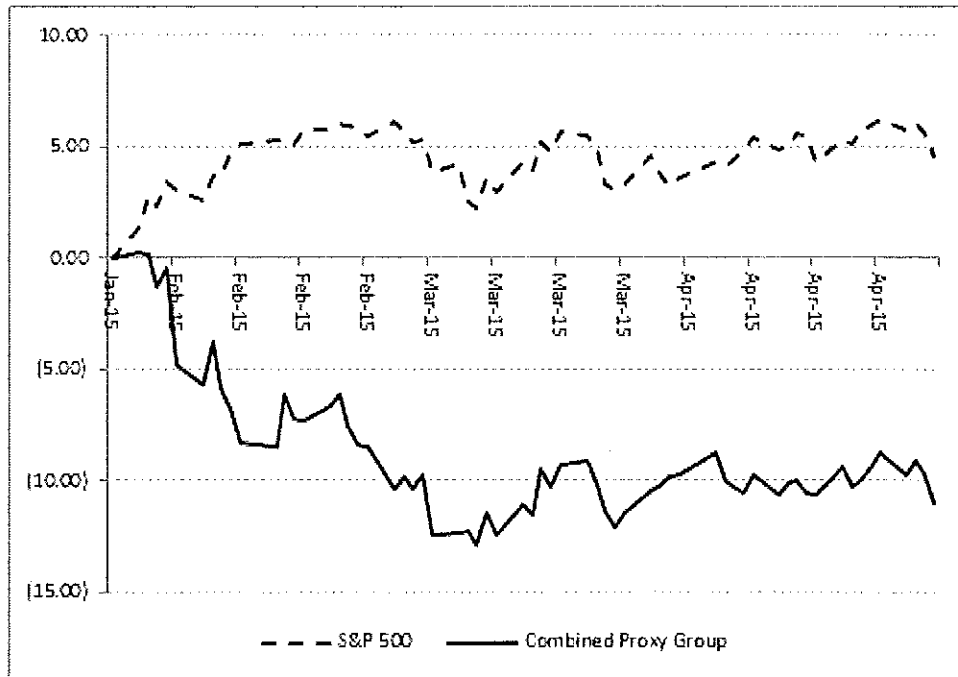
¹²⁶ *Ibid.* at 30.

¹²⁷ Direct Testimony of Robert B. Hevert at 14-15.

¹²⁸ Source: Value Line Stock Screener.

1 **Chart 7: Relative Performance: Combined Proxy Group and S&P 500**

2 **January 30, 2015 – April 30, 2015¹²⁹**



3
4 **Q: In light of that data, what are your conclusions regarding Ms. Reno’s ROE**
5 **recommendation?**

6 **A:** It is important to recognize that equity investors have many options available to them,
7 and will allocate their capital based on the required and expected returns associated with
8 those alternatives. Although I am not suggesting that the Commission should be bound
9 by the decisions made in other regulatory jurisdictions, return recommendations that
10 materially deviate from those available to other utilities - as Ms. Reno’s recommendation
11 does - should be viewed with considerable caution and skepticism in the absence of clear
12 and unambiguous reasons explaining those deviations.

13
¹²⁹ Calculated as an index. Source: SNL Financial.

1 **B. DCF Growth Rates**

2 **Q: Please summarize the growth rates that Ms. Reno includes in her Constant Growth**
3 **DCF analysis.**

4 A: Ms. Reno relies on three measures of growth: (1) average projected Earnings Per Share
5 growth from Value Line, Zacks, and Yahoo; (2) average projected growth in EPS,
6 Dividends Per Share, and Book Value Per Share from Value Line; and (3) projected
7 “sustainable growth”.¹³⁰

8 **Q: Do you agree with Ms. Reno’s approach?**

9 A: No, I do not. As discussed in my response to Mr. Marevangepo, it is important to realize
10 that earnings growth enables both dividend and book value growth. Moreover, under the
11 strict assumptions of the Constant Growth DCF model, earnings, dividends, book value,
12 and stock prices all grow at the same, constant rate. As Schedule RBH-24 demonstrates,
13 under those assumptions the assumed growth rate equals the rate of capital appreciation
14 (*i.e.*, the stock price growth rate). Given that investors tend to value common equity on
15 the basis of P/E ratios, Cost of Equity is a function of the expected growth in earnings,
16 not dividends or book value.

17 In addition, Value Line is the *only* service relied on by Ms. Reno that provides
18 either DPS or BVPS growth projections. Those projections are reported by a single
19 Value Line analyst. Services such as Zacks and First Call, on the other hand, provide
20 consensus estimates of multiple analysts and as such, are less likely to be biased in one
21 direction or another by an individual analyst.

¹³⁰ Direct Testimony of Maureen L. Reno, at 19-20.

1 Q: Is the use of analysts' earnings growth projections in the DCF model supported by
2 academic literature?

3 A: Yes, a number of published articles support the use of analysts' earnings growth
4 projections in the DCF model. Dr. Robert Harris, for example, demonstrated that
5 financial analysts' earnings forecasts (referred to in the article as "FAF") in the Constant
6 Growth DCF formula are an appropriate method of calculating the expected MRP.¹³¹ In
7 that regard, Dr. Harris noted that:

8 ... a growing body of knowledge shows that analysts' earnings forecasts
9 are indeed reflected in stock prices. Such studies typically employ a
10 consensus measure of FAF calculated as a simple average of forecasts by
11 individual analysts.¹³²

12 Dr. Harris further noted that:

13 Given the demonstrated relationship of FAF to equity prices and the direct
14 theoretical appeal of expectational data, it is no surprise that FAF have
15 been used in conjunction with DCF models to estimate equity return
16 requirements.¹³³

17 Similarly, in *Estimating Shareholder Risk Premia Using Analysts Growth*
18 *Forecasts*, Harris and Marston presented "estimates of shareholder required rates of
19 return and risk premia which are derived using forward-looking analysts' growth
20 forecasts."¹³⁴ Harris and Marston reported that:

21 ... in addition to fitting the theoretical requirement of being forward-
22 looking, the utilization of analysts' forecasts in estimating return
23 requirements provides reasonable empirical results that can be useful in
24 practical applications.¹³⁵

¹³¹ See Robert S. Harris, *Using Analysts' Growth Forecasts to Estimate Shareholder Required Rates of Return*, *Financial Management*, 1986 at 66.

¹³² *Ibid.* at 59. Emphasis added. As noted in my Direct Testimony, Zacks and First Call, the sources of earnings growth projections that I use in addition to Value Line, are consensus forecasts.

¹³³ *Ibid.* at 60.

¹³⁴ Robert S. Harris, Felicia C. Marston, *Estimating Shareholder Risk Premia Using Analysts' Growth Forecasts*, *Financial Management*, Summer 1992.

¹³⁵ *Ibid.* at 63.

1 Here again, the finding was clear: analysts' earnings forecasts are highly related to stock
2 price valuations and are appropriate inputs to stock valuation and ROE estimation
3 models.¹³⁶ As discussed below, that conclusion also holds true for the universe of electric
4 utilities covered by Value Line.

5 **Q: Please describe the analyses you conducted to determine which growth estimates are**
6 **best suited for the DCF model in this proceeding.**

7 A: My analyses are based on the approach developed by Professors Carleton and Vander
8 Weide, who conducted a comparison of the predictive capability of historical growth
9 estimates and analysts' consensus forecasts of five-year earnings growth for the stock
10 prices of sixty-five utility companies.¹³⁷ I structured the analysis to determine whether
11 investors use earnings, dividend, book value, or sustainable growth rates when valuing
12 electric utility stocks. In particular, my analysis examines the statistical relationship
13 between the P/E ratios of the universe of Value Line electric utility companies, and the
14 projected EPS, DPS, BVPS, and Sustainable growth rates reported by Value Line. To
15 determine which, if any, of those growth rates are statistically related to utility stock
16 valuations, I performed a series of regression analyses in which the projected growth
17 rates were explanatory variables, and the P/E ratio was the dependent variable. The
18 results of those analyses are presented in Table 3, below.

¹³⁶ In *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, published in Financial Management, Spring 1985, Brigham, Shome and Vinson noted that "evidence in the current literature indicates that (i) analysts' forecasts are superior to forecasts based solely on time series data; and (ii) investors do rely on analysts' forecasts."

¹³⁷ Vander Weide and Carleton, *Investor Growth Expectations: Analysts vs. History*, The Journal of Portfolio Management, Spring 1988 at 81. Please note that while the original study was published in 1988, it was updated in 2004 under the direction of Dr. Vander Weide. The results of this updated study are consistent with Vander Weide and Carlton's original conclusions.

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Table 3: Regression Results - Price to Earnings and Growth Rates

	Intercept	Coefficient	Standard Error	T-Stat	F-Stat
Scenario 1- Projected EPS	15.639	50.684	14.407	3.518	12.377
Scenario 2- Projected DPS	17.958	6.527	14.063	0.464	0.215
Scenario 3- Projected BVPS	17.668	11.117	28.889	0.385	0.148
Scenario 4- Sustainable Growth	16.952	29.254	26.666	1.097	1.204
Scenario 5- Projected EPS Projected DPS Projected BVPS Sustainable Growth	16.521	53.333 1.485 -25.737 -1.737	19.190 15.188 42.535 42.050	2.779 0.098 -0.605 -0.041	2.780

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In the first set of analyses (*see* Table 3, Scenarios 1-4), I considered each growth rate separately (*i.e.*, I performed four separate regressions with P/E as the dependent variable and projected EPS, DPS, BVPS, and Sustainable Growth, respectively, as the independent variable). To ensure those individual analyses did not bias my results, I also performed a single regression analysis that included all four variables as potential explanatory variables (Scenario 5). I then reviewed the T- and F-Statistics to determine whether the variables and equations were statistically significant.¹³⁸

10 **Q: What did those analyses reveal?**

11 A: As shown in Schedule RBH-25, the results demonstrate that the only statistically
12 significant growth rate was the projected EPS growth. That is, neither the DPS, BVPS,
13 nor sustainable growth rate was related to valuation levels. Consequently, projected EPS
14 growth rates are the appropriate measure of growth for the purpose of the DCF models.

1 **Q: Aside from the analyses discussed above, do you have any other concerns with Ms.**
2 **Reno's "sustainable" growth rate estimate?**

3 A: Yes, I do. The premise of that model is that future earnings will increase as earnings
4 retention increases. That is, if expected growth is modeled as "B x R" (where B is the
5 retention ratio, and R is the earned return on book equity), growth will increase as B
6 increases. There are several reasons, however, why that may not be the case.
7 Management decisions to conserve cash for capital investments, to manage the dividend
8 payout for the purpose of minimizing future dividend reductions or to signal future
9 earnings prospects can and do influence dividend payout (and therefore earnings
10 retention) decisions in the near-term.

11 To test whether higher earnings retention ratios necessarily are associated with
12 higher future earnings growth rates I calculated the dividend payout ratio, the retention
13 ratio, and the subsequent five-year earnings growth rate for the companies in the
14 Combined Proxy Group. I then performed a regression analysis in which the dependent
15 variable was the five-year earnings growth rate, and the explanatory variable was the
16 earnings retention ratio. As shown in Table 4 (below),¹³⁹ there was a statistically
17 significant *negative* relationship between the five-year earnings growth rate and the
18 earnings retention ratio. That is, based on data from Value Line, earnings growth
19 actually *decreased* as the retention ratio *increased*, which is contrary to Ms. Reno's
20 assumption.

¹³⁸ In general, a T-Statistic of 2.00 or greater indicates that the variable is likely to be different than zero, or "statistically significant". The F-Statistic is used to determine whether the model as a whole has statistically significant predictive capability.

¹³⁹ See also Schedule RBH-26.

Table 4: Retention Ratio/Earnings Growth Regression Results

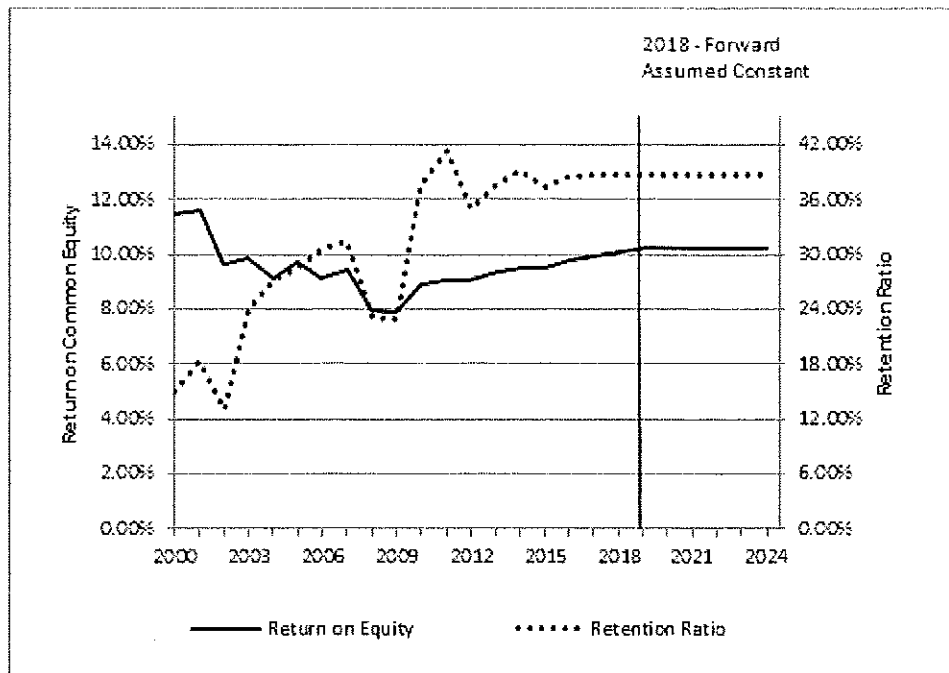
	Coefficient	Standard Error	t-Statistic
Intercept	0.1102	0.0100	11.0699
Retention Ratio	-0.1635	0.0197	-8.2797

Q: Have the Return on Equity and retention ratio components of the Sustainable Growth model been stable over time?

A: No, they have not. Recall that the Constant Growth DCF model assumes that the growth rate will remain unchanged in perpetuity. At issue is whether the components of “sustainable growth” (that is, B and R) are likely to remain constant. Chart 8 (below) illustrates the historical fluctuation in the average Return on Equity (R) and retention ratio (B) for Ms. Reno’s proxy group. As that chart demonstrates, the assumption that the two will remain constant in perpetuity (at the levels Value Line forecasts for 2019) is inconsistent with historical experience.

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Chart 8: Return on Equity and Retention Ratio Over Time¹⁴⁰



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To further understand the instability of the sustainable growth estimate, it is helpful to understand the model’s individual components. The Return on Common Equity (that is, the “R” component) can be decomposed into three elements: (1) Net Margin (Net Income Available to Common Equity/Operating Revenues); (2) Asset Turnover (Operating Revenues/Assets); and (3) Equity Multiplier (Assets/Average Common Equity).¹⁴¹ Looking at only one element, Net Margin, it becomes very clear that the determinants of the Return on Common Equity (and, therefore, Sustainable Growth) have varied considerably in recent years.

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It is not surprising that the Net Margin would vary over time. There are a number of factors, including (but not limited to) operating expenses, operating leverage, productivity, financing decisions, and inflation that fall between operating revenue and

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¹⁴⁰ Value Line. Chart is based on average annual results for Ms. Reno’s proxy group.
¹⁴¹ The decomposition often is referred to as the “DuPont” approach.

1 net income and that can vary over time. Ms. Reno has implicitly assumed that those
2 factors will remain constant in perpetuity. She has not explained, however, why
3 operating expenses will remain at a constant proportion of revenue, productivity gains
4 will remain constant, operating leverage¹⁴² will remain constant, or investors would
5 assume that the myriad factors that affect the Net Margin will not change.

6 Schedule RBH-27 demonstrates the same instability for the Asset Turnover
7 element of the Return on Common Equity, which has fallen considerably in recent years.
8 The reduction in the Asset Turnover points out that fewer dollars of revenue have been
9 produced by each dollar of assets, an outcome that is not surprising in an industry of
10 increasing capital investment.

11 Lastly, we only have to review the transcripts of earnings conference calls to
12 realize that analysts focus on issues relating to operating expenses, required capital
13 investments, rate relief, and other factors that affect the Return on Common Equity and,
14 therefore, the Sustainable Growth estimate.¹⁴³ In short, Ms. Reno's assumption that
15 sustainable growth is an appropriate estimate of constant, perpetual growth in this
16 proceeding is contrary to historical data, and at odds with practical market experience.
17 Given the strong statistical results of my analyses and the corroborating research
18 discussed in my response to Mr. Marevangepo, I strongly disagree with Ms. Reno's
19 reliance on the sustainable growth approach.

¹⁴² The Degree of Operating Leverage is a measure of relative proportions of fixed and variable costs.

¹⁴³ See for example, Thomson Reuters Street Events, *Edited Transcript, TE – Q4 2014 TECO Energy Inc. Earnings Call, February 9, 2015*; Thomson Reuters Street Events, *Edited Transcript, CMS- Q4 2014 CMS Energy Corp Earnings Call, January 29, 2015*.

1 **C. Multi-Stage DCF Model**

2 **Q: Please briefly summarize Ms. Reno's Multi-Stage Discounted Cash Flow Model.**

3 A: Mr. Reno's Multi-Stage DCF model discounts expected dividends over three stages of
4 growth: the first is based on analysts' earnings growth projections over five years; the
5 third stage is the terminal period reflecting expected GDP growth in perpetuity; the
6 second stage is a transition period between the first and third periods.¹⁴⁴ The model
7 assumes that in each stage, dividends will grow at the same rate as earnings. Because the
8 third stage is modeled as a terminal price based on the Gordon Model, Ms. Reno's model
9 is solved on an iterative basis.

10 **Q: Do you have any concerns with the structure of Ms. Reno's Multi-Stage DCF**
11 **model?**

12 A: Yes, principally that Ms. Reno's Multi-Stage DCF model fails to account for the effect of
13 changing payout ratios over time. As discussed in my Direct Testimony (at pages 20 –
14 23), the Multi-Stage DCF model enables analysts to address some of the limiting
15 assumptions underlying the Constant Growth DCF model, including that the payout ratio
16 will remain constant in perpetuity. Despite Ms. Reno's assumption to the contrary, it is
17 unlikely that all of the companies in the proxy group would maintain their current payout
18 ratio in perpetuity. For example, Value Line forecasts IDACORP, Inc.'s payout ratio to
19 increase from 46.00 percent in 2014 to 58.00 percent in the 2018 to 2020 period.¹⁴⁵ Ms.
20 Reno's model fails to account for such changes.

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¹⁴⁴ Direct Testimony of Maureen L. Reno at 23-25.

¹⁴⁵ Value Line Publishing, LLC. *IDACORP, Inc.*, May 1, 2015.

1 **D. CAPM Analysis**

2 **Q: Please summarize Mr. Reno's CAPM analysis and results.**

3 A: Ms. Reno's CAPM analysis relies on the historical Duff & Phelps Large Stock
4 Arithmetic Average Return, and the proxy group average Beta coefficient reported by
5 Value Line. Ms. Reno performs two CAPM calculations, the first based on the current
6 yield on the 30-year Treasury bond, and a second relying on Blue Chip's projected yield
7 on the ten-year Treasury Bond. Those analyses produce ROE estimates ranging from
8 9.26 to 9.59 percent.¹⁴⁶

9 **Q: What concerns do you have regarding the Market Risk Premium component of Ms.
10 Reno's CAPM analyses?**

11 A: First, Ms. Reno relied on data from the Duff & Phelps 2014 Valuation Handbook – Guide
12 to Cost of Capital (which contains data as of 2013) in developing her Market Risk
13 Premium, not the more recent edition (which contains data as of 2014).¹⁴⁷ The more
14 important issue, however, is whether historical estimates reasonably reflect investors'
15 expectations. As discussed in my response to Mr. Marevangeo, the forward-looking
16 analyses contained in my Direct Testimony are appropriate for that purpose.

17 **Q: Why do you disagree with Ms. Reno's use of ten-year Treasury securities as the
18 measure of the risk-free rate?**

19 A: The maturity of the risk-free security should approximate the life, or duration, of the
20 underlying investment. As noted by Morningstar:

¹⁴⁶ See Direct Testimony of Maureen L. Reno at 29-30.

¹⁴⁷ See Direct Testimony of Maureen L. Reno at 30 and Schedule MLR-8a and Duff & Phelps, 2015 Valuation Handbook - Guide to Cost of Capital, Exhibit A-1.

1 The traditional thinking regarding the time horizon of the chosen Treasury
2 security should match the time horizon of whatever is being valued.
3 When valuing a business that is being treated as a going concern, the
4 appropriate Treasury yield should be that of a long-term Treasury bond.
5 Note that the horizon is a function of the investment, not the investor. If
6 an investor plans to hold stock in a company for only five years, the yield
7 on a five-year Treasury note would not be appropriate since the company
8 will continue to exist beyond those five years.¹⁴⁸

9 Pratt and Grabowski also recommend matching the horizon of the investment
10 with the maturity of the risk-free security: “In theory, when determining the risk-free
11 rate and the matching ERP [Equity Risk Premium] you should be matching the risk-free
12 security and the ERP with the period in which the investment cash flows are expected.”

13 ¹⁴⁹ In essence, equity ownership represents a perpetual claim on cash flows. Since the
14 30-year Treasury bond is the longest duration risk-free security, it most closely matches
15 the horizon of equity and, therefore, is the appropriate security for the CAPM.

16 **Q: Have you revised Ms. Reno’s analysis to reflect those points?**

17 **A:** Yes, I have. Applying the 2014 Duff & Phelps Large Stock Arithmetic Average Return
18 and Blue Chip’s projected 30-year Treasury yield¹⁵⁰ increases Ms. Reno’s CAPM result
19 to 9.88 percent.¹⁵¹

¹⁴⁸ Morningstar, Inc., 2013 *Ibbotson Stocks, Bonds, Bills and Inflation Valuation Yearbook* at 44.

¹⁴⁹ Shannon Pratt and Roger Grabowski, *Cost of Capital: Applications and Examples*, 3rd Ed. (Hoboken, NJ: John Wiley & Sons, Inc., 2008) at 92. “ERP” is the Equity Risk Premium. [clarification added]

¹⁵⁰ The March issue of *Blue Chip Economic Indicators* does not provide a 2017 estimate of the 30-year Treasury yield. However, the December 2014 *Blue Chip Financial Forecasts* provides a projection of 4.80 percent.

¹⁵¹ $9.88\% = 4.80\% + 0.74 \times (11.66\% - 4.80\%)$

1 *E. Capital Structure and Cost of Debt*

2 **Q: What is the basis of the capital structure that Ms. Reno proposes on pages 10 – 11 of**
3 **her direct testimony?**

4 A: Ms. Reno's proposal is based on KCP&L's capital structure at the operating company
5 level.

6 **Q: Why should the GPE consolidated capital structure be used instead of the KCP&L**
7 **operating company capital structure?**

8 A: The continued use of GPE's consolidated capital structure across all regulatory
9 jurisdictions provides a consistent approach that avoids disagreements regarding
10 operating company equity being funded by lower cost debt or preferred capital from the
11 holding company, or concerns that one operating company's capital structure may have
12 more or less equity than another operating company. In any case, as discussed in pages
13 52 – 55 of my Direct Testimony, the Company's proposed capital structure is consistent
14 with industry practice.

15 **Q: What capital structure was approved by the Commission in Case No. ER-2012-**
16 **0174?**

17 A: In its Report and Order issued January 9, 2013 at pages 24-26, the Commission ordered a
18 capital structure reflecting GPE's actual capital structure. The Commission likewise
19 accepted the consolidated GPE capital structure for KCP&L Greater Missouri Operations
20 Company in Case No. ER-2012-0175.

1 **Q: Did the Kansas Corporation Commission also use the GPE consolidated capital**
2 **structure in KCP&L's most recent retail rate case?**

3 A: Yes, in Docket No. 12-KCPE-764-RTS the Kansas Corporation Commission approved a
4 capital structure that also was based on GPE's consolidated capital structure.

5 **Q: Do you agree with Ms. Reno's use of short-term debt in her proposed capital**
6 **structure, as she also discusses on pages 10 – 11 of her direct testimony?**

7 A: No, I do not. As Ms. Reno notes, her proposed short-term debt balance is based on the
8 simple average of actual year-end commercial paper balances for 2013 and 2014.¹⁵²

9 **Q: Why should short-term debt be excluded from the capital structure?**

10 A: Excluding short-term debt is consistent with the Federal Energy Regulatory
11 Commission's ("FERC") Order No. 561 formula for calculating the Allowance for Funds
12 Used During Construction ("AFUDC"). In that order, the AFUDC rate assumes that
13 short-term debt first is used to fund Construction Work In Progress ("CWIP"). The FERC
14 formula AFUDC rate is calculated as the short-term interest rate times the ratio of short-
15 term debt to CWIP, plus the long-term cost of capital times one minus the ratio of short-
16 term debt to CWIP. Since short-term debt is first used to fund CWIP, the same short-
17 term debt amount cannot also be included in the regulatory capital structure without
18 double counting that debt.

19 **Q: What has been KCP&L's average CWIP and short-term commercial paper debt**
20 **balances?**

21 A: From November 2013 to November 2014, the CWIP balance exceeded the commercial
22 paper balance: the thirteen-month average CWIP balance was approximately \$692

1 million, while the thirteen-month average short-term commercial paper balance was
2 approximately \$184 million.¹⁵³

3 **Q: Do you agree with Ms. Reno's proposed short-term debt rate?**

4 A: No, I do not. Ms. Reno uses the 30-day average on the three-month LIBOR rate for the
5 period ending March 16, 2015. Based on its current credit rating, KCP&L may borrow
6 under its revolving credit facility at LIBOR plus 125 basis points. KCP&L also has a
7 commercial paper program that enables it to borrow for short periods at lower interest
8 rates. To issue commercial paper, however, the Company must have a liquidity back-up
9 facility, which is provided by the revolving credit facility. The undrawn cost of the
10 revolving credit facility must be included with the cost of the commercial paper to
11 properly calculate KCP&L's total short-term borrowing cost. Ms. Reno failed to consider
12 those costs in her estimate. The short-term debt cost used for KCP&L's AFUDC
13 calculation as of February 28, 2015 was 0.99 percent.¹⁵⁴

14 **Q: Do you also disagree with Ms. Reno's proposed long-term debt rate?**

15 A: Yes, I do. Ms. Reno calculates the long-term debt cost by dividing actual interest paid as
16 reported in the Statement of Cash Flows, by the year-end long-term debt balance as
17 reported in Consolidated Balance Sheet, both of which were included in the Company's
18 2014 SEC Form 10-K. Aside from its overly simplistic approach, there are several
19 problems with the actual interest paid number on which Ms. Reno relies. First, the actual

¹⁵² Direct Testimony of Maureen L. Reno, at 4, *see* footnote 2.

¹⁵³ Company provided data.

¹⁵⁴ Company provided data.

1 interest paid shown in the SEC Form 10-K report is net of capitalized interest,¹⁵⁵ thereby
2 understating the total interest paid on all debt outstanding.

3 Second, using “interest paid” rather than “interest expense” excludes the
4 amortization of debt issuance costs that should be recovered over the life of the debt. In
5 addition, the interest paid amount includes interest on both short-term debt and long-term
6 debt, but is used to calculate only the long-term debt cost. The net result is a long-term
7 debt cost that significantly understates the actual cost of KCP&L’s long-term debt.

8 Lastly, the Company’s proposed cost of long-term debt is based on GPE’s
9 consolidated cost of long-term debt, which is consistent with the use of its consolidated
10 capital structure. The Commission’s Order in Case No. ER-2012-0174 approved GPE’s
11 consolidated debt cost rate of 6.425 percent, which has been reduced to 5.55 percent in
12 this case. The KCP&L-only cost of debt, if calculated correctly, would be 5.70 percent
13 and, therefore, higher than the proposed GPE consolidated cost of debt.

14 15 IV. RESPONSE TO MIEC WITNESS GORMAN

16 **Q: Please briefly summarize Mr. Gorman’s recommendation regarding the Company’s**
17 **Cost of Equity.**

18 **A:** Mr. Gorman recommends an ROE of 9.10 percent, within a recommended range of 8.80
19 to 9.40 percent.¹⁵⁶ Mr. Gorman establishes his recommended ROE by reference to his
20 constant growth Discounted Cash Flow model (with results ranging from 8.19 to 8.60

¹⁵⁵ See DOE Attachment MLR-1_GPE 10-K 2015. Please note that the SEC document referenced in that Attachment relates to the fiscal year ended December 31, 2014. See also FASB Accounting Standards Codification 230-10-50-2 regarding the reporting convention for interest expense in the Statement of Cash Flows, which states that if cash flows are reported using the indirect method, interest paid net of capitalized interest shall be reported.

1 percent, and a point estimate of 8.60 percent¹⁵⁷), his Risk Premium estimates (ranging
 2 from 9.21 to 9.56 percent, and a point estimate of 9.40 percent), and his Capital Asset
 3 Pricing Model analyses (ranging from 8.27 to 9.30 percent, with a point estimate of 9.05
 4 percent).¹⁵⁸ In particular, Mr. Gorman's recommendation equals the midpoint between
 5 (1) the average of his selected DCF (8.60 percent) and CAPM (9.05 percent) estimates;
 6 and (2) his Risk Premium estimate (9.40 percent).¹⁵⁹ As a practical matter, Mr.
 7 Gorman's 9.10 percent ROE recommendation reflects the following ROE estimates and
 8 weights:

9 **Table 5: Components of Mr. Gorman's ROE Recommendation**

	Estimate	Weight	Weighted Estimate
DCF Estimate	8.60%	25.00%	2.15%
CAPM Estimate	9.05%	25.00%	2.26%
Risk Premium Estimate	9.40%	50.00%	4.70%
ROE Estimate			9.11%
ROE Recommendation			9.10%

10
 11 As discussed in more detail below, each of Mr. Gorman's three estimates contains
 12 significant flaws. Those flaws aside, the fact that the highest of his ROE estimates falls
 13 below the vast majority of authorized returns for electric utilities demonstrates that Mr.
 14 Gorman's 9.10 percent recommendation is unreasonable on its face. As Table 5 indicates,
 15 25.00 percent of Mr. Gorman's recommendation reflects his view that 8.60 percent, a
 16 return so low that it has never been reported by Regulatory Research Associates for any
 17 electric or natural gas utility, is a feasible estimate of the Company's Cost of Equity. As
 18 to the high end of his range (9.40 percent), only twice has a vertically integrated electric

¹⁵⁶ See Direct Testimony of Michael P. Gorman at 39.

¹⁵⁷ *Ibid.* at 27, Schedule MPG-4.

¹⁵⁸ *Ibid.* at 33, 38.

1 utility received a return that low. Similarly, only one vertically integrated electric utility
2 has received a return as low as Mr. Gorman's 9.10 percent recommendation. That single
3 case reflected a 50 basis point adjustment for "system inefficiencies," a factor that Mr.
4 Gorman does not discuss in his direct testimony.¹⁶⁰ Consequently, if adopted Mr.
5 Gorman's recommendation would set a new low for the sector.

6 To justify his recommendation, Mr. Gorman points to general observations
7 regarding the utility sector, and undertakes certain *pro forma* analyses. What he has not
8 explained, however, is why KCP&L is so much less risky than other utilities – including
9 natural gas distribution utilities - that investors would require a return of only 9.10
10 percent when returns of nearly 10.00 percent and higher are available to others. Although
11 Mr. Gorman acknowledges the *Hope* and *Bluefield* comparable risk standard, he leaves
12 unreconciled the significant distance between his 9.10 percent ROE recommendation and
13 prevailing authorized returns for comparable electric utilities. The subjective and tenuous
14 analyses that form the basis of his recommendation demonstrate that his 9.10 percent
15 ROE recommendation is without merit.

16 **Q: How does Mr. Gorman's recommendation compare with recently authorized**
17 **returns for other vertically integrated electric utilities?**

18 A: Between January 2013 and April 2015, there were 56 cases in which ROEs were
19 authorized for vertically integrated electric utilities. Across those 56 cases, the average
20 authorized return was 9.92 percent (the median was 9.93 percent). There was virtually no
21 distinction between fully litigated and settled cases.¹⁶¹ Mr. Gorman's 9.10 percent return

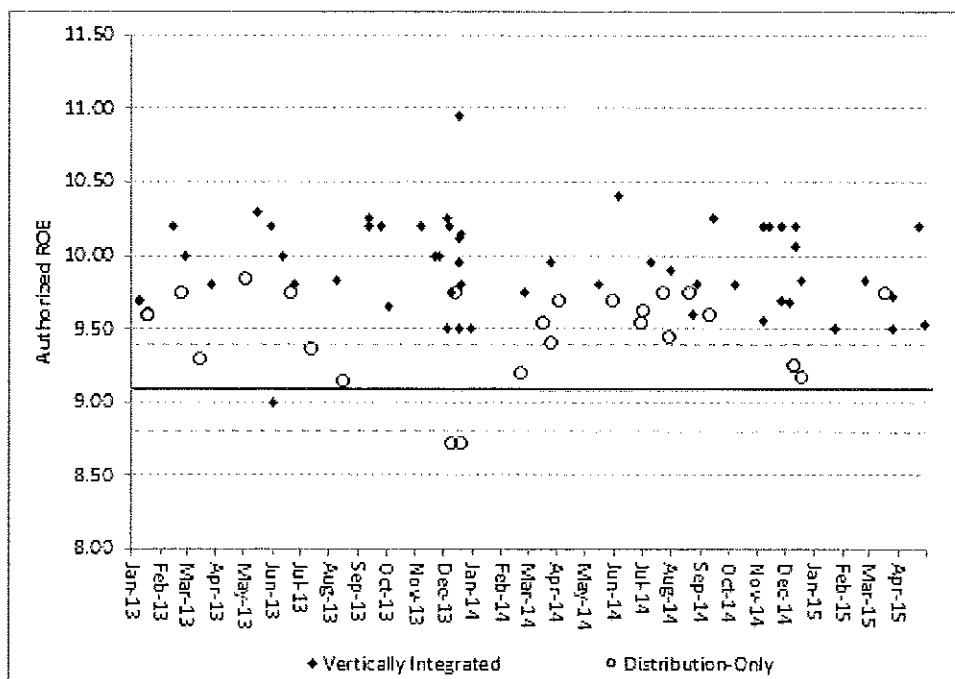
¹⁵⁹ *Ibid.* at 39.

¹⁶⁰ *In re Maui Electric Company, Limited*, Decision and Order No. 31288 (HI P.U.C. May 31, 2013) at 107.

¹⁶¹ The mean ROE for fully litigated and settled cases were 9.90 percent, and 9.93 percent, respectively. The mean and median ROE for 26 electric transmission and distribution utility cases during the same period

1 is below 55 of those 56 cases. Even the high end of his range (9.40 percent) is below 55
 2 of the 56 cases. In fact, Mr. Gorman's 9.10 percent recommendation is below all but two
 3 electric distribution cases; those two cases were formula rate filings (8.72 percent) which
 4 subsequently were increased to 9.25 percent. As Chart 9 demonstrates (the shaded area
 5 represents Mr. Gorman's range; the solid line represents his 9.10 percent ROE
 6 recommendation), but for a single instance, Mr. Gorman's recommended range includes
 7 only distribution company returns.¹⁶²

8 **Chart 9: Authorized ROEs, 2013 - 2015**



9
 10 In fact, of the nine cases that fall within Mr. Gorman's range, five were in Illinois,
 11 Connecticut and Maryland. According to Regulatory Research Associates ("RRA"),
 12 those three jurisdictions are rated either "Below Average/2," or "Below Average/1," the
 13 lowest and second-lowest rating that RRA gives to the 53 regulatory commissions that it

were 9.47 percent and 9.58 percent, respectively. Excluding the four formula rate plan cases in Illinois, the mean and median ROEs were 9.56 percent and 9.60 percent, respectively.

1 rates. Those ratings, which reflect RRA's assessment of the extent to which a given
2 regulatory environment is constructive, also are interpreted as measures of regulatory
3 risk. As opposed to the jurisdictions that correspond to Mr. Gorman's recommendation,
4 Missouri currently is ranked "Average/2," which is essentially the midpoint of RRA's
5 ranking convention.¹⁶³ By that measure, Mr. Gorman's recommendation would bring a
6 greater degree of regulatory risk, and would serve the counter-productive purpose of
7 increasing the Company's cost of capital.

8 Mr. Gorman recognizes that regulatory risk is a relevant measure of the
9 Company's financial integrity and an important determinant of its credit rating. At page
10 8 of his direct testimony, Mr. Gorman points out that S&P's current ratings for KCP&L
11 depend on the Company's ability to reach "constructive" regulatory outcomes. Despite
12 that understanding, Mr. Gorman recommends an ROE that is below 97.00 percent of the
13 returns recently authorized for electric utilities, and lower than the returns authorized by
14 regulatory commissions considered less constructive than Missouri.

15 **Q: What is your view of Mr. Gorman's 9.10 percent ROE recommendation in light of**
16 **the Commission's decision in Ameren Missouri's Case No. ER-2014-0258?**

17 **A:** I continue to believe that Mr. Gorman's recommendation is unreasonably low. At page
18 65 of its Report and Order, the Commission found that interest rates had fallen between
19 Ameren's 2012 rate filing and its 2014 case. As discussed in my response to Ms. Reno,
20 in this case the average 30-year Treasury yield has remained essentially unchanged.
21 (More recently, from February through April 2015, long-term Treasury yields increased
22 by approximately 50 basis points.) At page 67, the Commission noted that setting an

¹⁶²

The two observations that fall below the shaded area present the Illinois formula rate filings for distribution-only electric utilities. In subsequent cases the formula-based returns increased to 9.25 percent.

1 ROE 80 to 100 basis points below the ROE set for similar electric utilities could limit the
2 ability to attract capital, and could violate the *Hope* and *Bluefield* standards. Here, Mr.
3 Gorman's 9.10 percent recommendation is 79 basis points below the twelve-month
4 average authorized return for vertically integrated electric utilities (as of April 30, 2015),
5 and 82 basis points below the average from 2013 through April 30, 2015. The lower end
6 of my recommended range (10.00 percent), on the other hand, is within approximately
7 ten basis points of the industry averages.

8 **Q: Have you also considered whether GPE's relative risk can support Mr. Gorman's**
9 **9.10 percent ROE recommendation?**

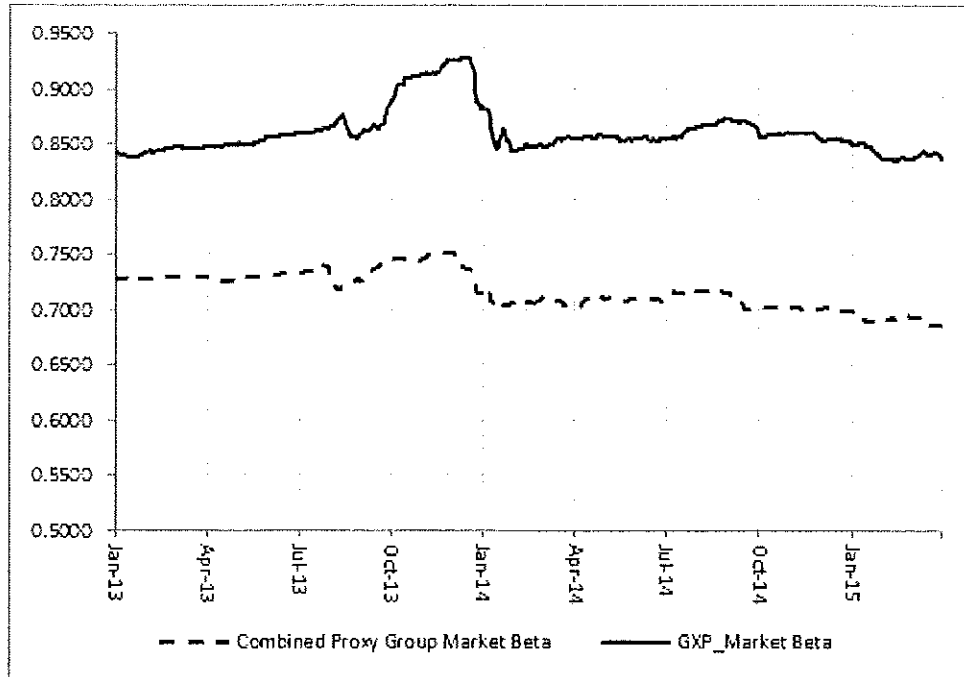
10 **A:** Yes, I have. To do so, I calculated Beta coefficients for GPE and the Proxy Group
11 (measured as an index), using the S&P 500 Index as the measure of market returns. As
12 Ms. Reno's Schedule MLR-8c demonstrates, GPE's Beta coefficient (as reported by
13 Value Line) currently exceeds the simple average Beta coefficient for the Proxy Group.
14 My analysis was developed to understand whether that difference is temporary, or
15 whether GPE consistently has been more risky than its peers. As Chart 10 (below)
16 demonstrates, the latter is true: GPE's Beta coefficient has been measurably and
17 consistently higher than the Proxy Group's. That is, by the principal measure of equity
18 market risk, GPE consistently has been more risky than its peers.

¹⁶³

Source: Regulatory Research Associates, Commission Profiles, accessed May 5, 2015.

1

Chart 10: Rolling Beta Coefficients¹⁶⁴



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4 **Q: What are the implications of those findings for Mr. Gorman’s recommendation?**

5 A: Mr. Gorman appears to assume that KCP&L is far less risky than its peers - so much so
6 that its Cost of Equity is below nearly all returns authorized since 2013. Nowhere in his
7 testimony, however, does Mr. Gorman explain why investors would believe that to be the
8 case.

9 **Q: What are your overall conclusions regarding Mr. Gorman’s 9.10 percent ROE
10 recommendation?**

11 A: It is far below any reasonable measure of the Company’s Cost of Equity. Even the high
12 end of Mr. Gorman’s recommended range is below the returns authorized for the utilities
13 with which the Company must compete for capital. His recommendation cannot be
14 explained by capital market conditions, nor can it be rationalized by his choice of

¹⁶⁴ Source: SNL Financial.

1 analytical methods and assumptions. Mr. Gorman's recommendation, including the
2 upper end of his range, is a statistical and practical outlier that, if adopted, would have
3 substantial negative consequences for the Company's risk profile, its financial integrity,
4 and its ability to compete for capital.

5 **Q: What are the principal analytical areas in which you disagree with Mr. Gorman?**

6 A: The principal analytical areas in which I disagree with Mr. Gorman include:

- 7 1. The application and interpretation of the Constant Growth DCF model results;
- 8 2. The Market Risk Premium component of his CAPM analysis, in particular the
9 expected market return from which the MRP is calculated;
- 10 3. The assumptions and methods underlying his Risk Premium analyses; and
- 11 4. His assessment of the Company's relative risk.

12
13 *A. Constant Growth DCF Model*

14 **Q: As a preliminary matter, does Mr. Gorman's give his Constant Growth DCF results
15 any weight in arriving at his 9.10 percent ROE recommendation?**

16 A: Yes, as noted earlier, Mr. Gorman's 9.10 percent recommendation is the midpoint of his
17 8.80 percent to 9.40 percent recommended range. The bottom end of that range (8.80
18 percent) is based on Mr. Gorman's Constant Growth DCF and CAPM estimates.¹⁶⁵ As
19 such, Mr. Gorman's 8.60 percent DCF estimate reflects 25.00 percent of his
20 recommendation.

21 To arrive at his DCF estimate, Mr. Gorman discards his Multi-Stage DCF results
22 (8.36 percent), and his Constant Growth DCF model results based on the "Sustainable

¹⁶⁵ See Direct Testimony of Michael P. Gorman, at 39, Table 3.

1 Growth” method (8.48 percent) in favor of his Constant Growth DCF results based on
2 analysts’ growth rate projections (8.60 percent). Because Mr. Gorman does not rely on
3 his Multi-Stage or Sustainable Growth DCF methods, I will not comment on his
4 application of those approaches in my Rebuttal Testimony.

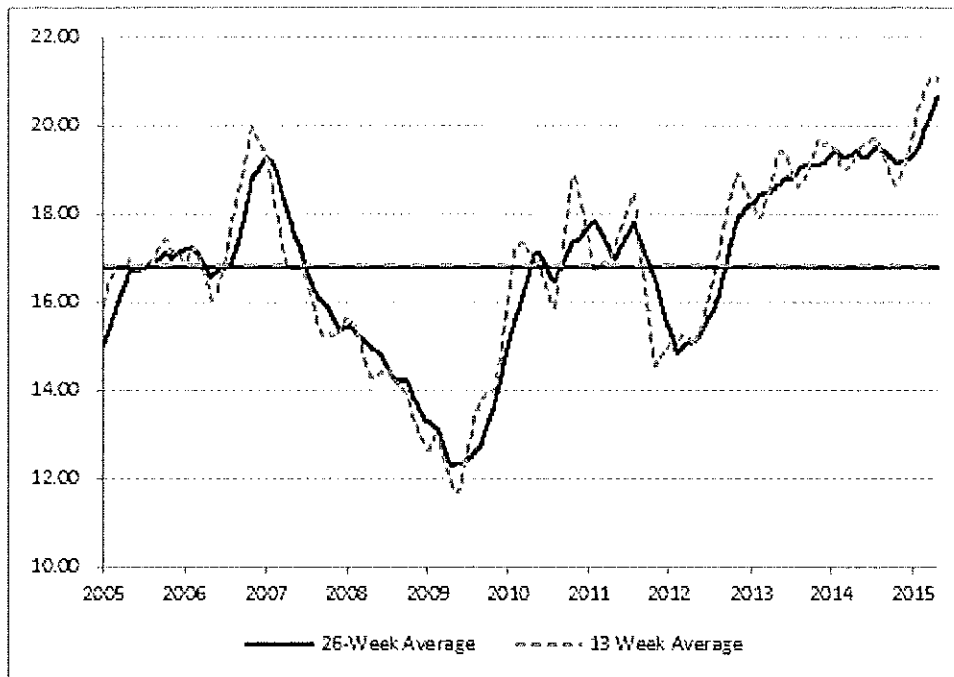
5 An important issue, but one that Mr. Gorman leaves unaddressed, is why he
6 would discard a DCF result of 8.48 percent, but give 8.60 percent one-quarter weight in
7 developing his ROE recommendation. That is, if 8.48 percent is so low that it merits no
8 weight, what is so meaningful about the additional 12 basis points that renders 8.60
9 percent not only relevant, but so relevant that it should be afforded a weighting of 25.00
10 percent? If Mr. Gorman’s view is that regardless of its result, the DCF method requires
11 some weight in determining the Company’s ROE, I disagree. As noted earlier, the
12 Commission has found that there is no statutorily prescribed method and that different
13 approaches may be used in different cases.

14 **Q: Do you have any concerns with the Constant Growth DCF model in general, and the**
15 **weight that Mr. Gorman applies to those results in particular?**

16 **A:** Yes, I do. The Constant Growth DCF model is based on several underlying assumptions
17 that combine to establish an inverse relationship between expected growth and the
18 dividend yield. That is, as expected growth increases, the price would increase and the
19 dividend yield would decrease. Conversely, as expected growth decreases, the price
20 would decrease and the dividend yield would increase. In essence, changes in growth
21 and the dividend yield are expected to offset each other. Mr. Gorman’s Constant Growth
22 DCF analysis, however, assumes historically high P/E ratios (*see* Chart 11, below), yet
23 historically low growth rates.

1

Chart 11: Proxy Group Rolling Average P/E Ratio¹⁶⁶



2

3

Q: Are the growth rates assumed in Mr. Gorman’s analysis consistent with historically high valuation levels?

4

5

A: No, they are not. Mr. Gorman’s analysis assumes an average growth rate of 4.89 percent (see Schedule MPG-4) which, he notes, is well below the long-term compound average growth rate for the economy as a whole (6.20 percent), and the long-term rate of capital appreciation (on geometric average basis, 5.80 percent). As discussed earlier, the Constant Growth DCF model assumes that low growth rates would be associated with low prices, yet the proxy group average P/E ratio is well above its long-term average. The two are not compatible.

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Mr. Gorman acknowledges that unsustainable expansions in P/E ratios create analytical concerns that should be addressed in determining the Cost of Equity. At page 38 of his direct testimony, Mr. Gorman discusses the Market Risk Premium component

13

14

¹⁶⁶ Sources: SNL Financial. Proxy Group P/E ratio calculated as an index.

1 of his Capital Asset Pricing Model, and explains that Morningstar found an “abnormal
2 expansion” of P/E ratios relative to earnings and dividend growth. That is, Morningstar
3 found that because higher P/E ratios during the 1980 to 2001 period were not explained
4 by higher growth in earnings or dividends, their analyses required adjustment.¹⁶⁷ That
5 adjustment included reflecting three-year average P/E ratios, rather than relying on the
6 current year, because “[t]he three-year average is more reflective of the long-term trend
7 than the year-by-year numbers.”¹⁶⁸ Morningstar, therefore, recognized two issues that
8 Mr. Gorman did not: (1) abnormally high P/E ratios will produce questionable analytical
9 results; and (2) the long-term trend is important.

10 The same conditions hold here. The utility sector has undergone an “abnormal
11 expansion” in P/E ratios; there is no dispute on that point. Whereas Morningstar
12 recognized and adjusted its analyses to reflect the abnormal expansion in P/E ratios, Mr.
13 Gorman did not. Instead, Mr. Gorman relies on an analysis that adjusts abnormally high
14 P/E ratios in a manner that reduces his CAPM estimate (that is, Morningstar’s expected
15 market return), and at the same time relies on DCF estimates that do not recognize or
16 adjust for the abnormal expansion in P/E ratios his DCF results. Mr. Gorman cannot
17 have it both ways. The inevitable result of his one-sided approach is that Mr. Gorman’s
18 DCF estimate is so low that it fails to pass any measure of reasonableness.

¹⁶⁷ See Direct Testimony of Michael P. Gorman at 38; Morningstar Inc., Ibbotson SBBI 2014 Classic Yearbook at 156 - 157.

¹⁶⁸ Morningstar Inc., Ibbotson Stocks, Bonds, Bills, and Inflation 2014 Classic Yearbook at 157.

1 **B. Application of Capital Asset Pricing Model**

2 **Q: Please briefly summarize Mr. Gorman's CAPM analysis and results.**

3 A: Mr. Gorman's two CAPM estimates (9.30 and 8.27 percent) are based on two measures
4 of principally historical Market Risk Premium estimates, Blue Chip's projected 30-year
5 Treasury yield of 3.70 percent as the risk-free rate, and an average coefficient of 0.74, as
6 reported by Value Line.¹⁶⁹ Mr. Gorman's Market Risk Premium estimates include (1)
7 7.60 percent, based on the long-term historical arithmetic average real market return from
8 1926 through 2013 as reported by Morningstar, adjusted for current inflation forecasts,
9 and (2) 6.20 percent, based on the historical difference between the average return on the
10 S&P 500 and the average total return on long-term government bonds.¹⁷⁰ Combining
11 those Market Risk Premium estimates with his projected long-term risk-free rate, Mr.
12 Gorman assumes expected market returns in the range of 9.90 to 11.30 percent.¹⁷¹

13 **Q: Turning first to the expected total market return, do you agree with Mr. Gorman's**
14 **9.90 and 11.30 percent estimates?**

15 A: No, I do not. As a practical matter, Mr. Gorman's 9.90 percent estimate falls in the
16 bottom 14th percentile of the 87 annual returns reported by Morningstar. His 11.30
17 percent estimate falls in the bottom 26th percentile. In the case of his 9.90 percent
18 estimate, returns would be more than 200 basis points below the average market return.
19 Despite that meaningful difference, Mr. Gorman does not explain what fundamental
20 change will take place that will cause future returns to be so far below their historical
21 average. Rather, he points to near-term projections (ten-year) of nominal GDP growth.

¹⁶⁹ See Direct Testimony of Michael P. Gorman, at 33-38 and Schedule MPG-16.

¹⁷⁰ *Ibid.* at 35-36.

¹⁷¹ See Direct Testimony of Michael P. Gorman, Schedule MPG-16.

1 A helpful perspective on the long-term market return is the rolling 50-year
 2 average annual market return. As Mr. Gorman points out, from 1926 through 2013 the
 3 arithmetic average market return was 12.10 percent.¹⁷² Over the 50 years ended 2013,
 4 the average return was 12.14 percent, only four basis points removed from the longer-
 5 term average that Mr. Gorman reports. Over time, the fifty-year average return has been
 6 quite consistent, in the range of approximately 12.00 percent (*see* Chart 12, below).

7 **Chart 12: 50-Year Rolling Average Market Return (1976 – 2013)**¹⁷³



8
 9
 10 Taken from that perspective, Mr. Gorman's 9.90 percent expected market return
 11 is well below the long-term market experience. As with other elements of his analyses,
 12 the assumption that long-term future returns will be well below long-term historical
 13 returns serves to reduce his results and recommendation.

¹⁷² Direct Testimony of Michael P. Gorman at 36.

¹⁷³ Source: Morningstar Inc., IBbotson Stocks, Bonds, Bills, and Inflation 2014 Classic Yearbook.

1 Lastly, just as Mr. Gorman chose to rely on Constant Growth DCF estimates for
2 the purpose of estimating the Company's Cost of Equity, he could have applied the
3 Constant Growth DCF model to the overall market and developed a forward-looking
4 estimate of the market required return, as I did in my CAPM analyses. Considering the
5 variation in historical returns, the estimated market returns included in my Direct and
6 Rebuttal Testimonies are well within the range of observed returns.

7
8 ***C. Application of the Risk Premium Model***

9 **Q: Please briefly describe Mr. Gorman's Risk Premium analyses.**

10 **A:** Mr. Gorman defines the "Risk Premium" as the difference between average annual
11 authorized equity returns for electric utilities, and a measure of long-term interest rates
12 each year from 1986 through 2014.¹⁷⁴ Mr. Gorman's first approach calculates the annual
13 risk premium by reference to the 30-year Treasury yield, while his second approach
14 considers the average A-rated utility bond yield.¹⁷⁵ In each case, Mr. Gorman establishes
15 his risk premium estimate by reference to five-year and ten-year year rolling averages.
16 The lower and upper bounds of Mr. Gorman's Risk Premium range are defined by the
17 lowest and highest rolling average, respectively, regardless of the year in which those
18 observations occurred. Mr. Gorman then applies weights of 25.00 percent and 75.00
19 percent, respectively, to his lower and upper bound estimates.¹⁷⁶

20 Regarding the period over which he gathers and analyzes his data, Mr. Gorman
21 suggests that his 28-year horizon is a "generally accepted period to develop a risk

¹⁷⁴ Direct Testimony of Michael P. Gorman at 28.

¹⁷⁵ See Direct Testimony of Michael P. Gorman, Schedules MPG-11 and MPG-12.

¹⁷⁶ Direct Testimony of Michael P. Gorman at 33.

1 premium study using 'expectational' data."¹⁷⁷ Mr. Gorman further states that "it is
2 reasonable to assume that averages of annual achieved returns over long time periods will
3 generally converge on the investors' expected returns," and concludes that his "risk
4 premium study is based on expectational data, not actual investment returns, and, thus,
5 need not encompass a very long historical time period."¹⁷⁸ Based on those assumptions,
6 Mr. Gorman calculates a range of estimates from 7.39 to 10.10 percent which, he
7 concludes, produces a reasonable range of 9.21 to 9.56 percent with a (rounded) midpoint
8 of 9.40 percent.¹⁷⁹

9 **Q: Do you have any general observations regarding Mr. Gorman's Risk Premium**
10 **estimates and how they weigh in his overall ROE recommendation?**

11 **A:** Yes, I do. In assessing his DCF analyses, Mr. Gorman chose to discard five of his six
12 results, which ranged from 8.19 to 8.48 percent.¹⁸⁰ In his Risk Premium analysis, Mr.
13 Gorman retained ROE estimates that were as much as 80 basis points *below* the DCF
14 estimates that he eliminated. Despite their low levels, Mr. Gorman gave those estimates
15 (7.39 and 7.95 percent) weights of 12.50 percent each, or 25.00 percent in aggregate. Mr.
16 Gorman offers no explanation as to why he would exclude DCF estimates of 8.48 percent
17 and lower, yet *include* Risk Premium estimates of 7.95 percent and lower. There simply
18 is no rational basis to conclude that ROE estimates of 7.95 and 7.39 percent merit any
19 weight. But for the strict adherence to his method, Mr. Gorman provides none.

¹⁷⁷ *Ibid.* at 29.

¹⁷⁸ *Ibid.* at 30.

¹⁷⁹ *Ibid.* at 32-33.

¹⁸⁰ *Ibid.* at 27.

1 **Q: What are your specific concerns with Mr. Gorman's Risk Premium analysis?**

2 A: I have four concerns with his analysis: (1) Mr. Gorman's method and recommendation
3 ignore an important relationship found by the Commission and revealed by his own data,
4 *i.e.*, that the Risk Premium is inversely related to the level of interest rates (whether
5 measured by Treasury or utility bond yields); (2) the low end of Mr. Gorman's Risk
6 Premium estimates is far lower than any ROE authorized since at least 1986 and as such,
7 has no relevance in estimating the Company's Cost of Equity; and (3) he suggests that a
8 Market/Book of 1.00 is a relevant benchmark for assessing authorized ROEs.¹⁸¹

9 **Q: Turning first to the issue of Market/Book ("M/B") ratios as discussed on page 28 of**
10 **his direct testimony, do you agree with Mr. Gorman that M/B ratios should be used**
11 **to assess the reasonableness of ROE recommendations?**

12 A: No, I do not. It is important to note that the M/B ratio equals the market value (or stock
13 price) per share, divided by the total common equity (or the book equity) per share. Book
14 value per share is an accounting construct, which reflects historical costs. In contrast,
15 market value per share (*i.e.*, the stock price) is forward-looking, and a function of many
16 variables, including (but not limited to) expected earnings and cash flow growth,
17 expected payout ratios, measures of "earnings quality," the regulatory climate, the equity
18 ratio, expected capital expenditures, and the earned return on common equity.¹⁸² As

¹⁸¹ *Ibid.* at 28.

¹⁸² See for example, Roger A: Morin, New Regulatory Finance, Public Utility Reports, Inc., 2006 at 366. Dr. Morin cites several academic articles that address the various factors that affect the M/B ratio for utilities. In addition, the idea that book values should be set at a value approaching unity by regulatory commissions has been refuted for many years. As noted by Stewart Myers in 1972: "In short, a straightforward application of the cost of capital to a book value rate base does not automatically imply that market and book values will be equal. This is an obvious but important point. If straightforward approaches did imply equality of market and book values, then there would be no need to estimate the cost of capital. It would suffice to lower (raise) allowed earnings whenever markets were above (below) book." Stewart C. Myers, *The Application of Finance Theory to Public Utility Rate Cases*, The Bell Journal of Economics and Management Science, Vol. 3, No. 1 (Spring 1972) at 76.

1 discussed below, because the numerator (market value per share) and the denominator
2 (book value per share) are a function of different factors, M/B ratios over 100.00 percent
3 are neither uncommon nor dispositive of investors' return requirements.

4 Bonbright, *et. al.* state very clearly that utility equity prices are influenced by
5 factors that are beyond the direct influence of the regulatory process:

6 In the first place, commissions cannot forecast, except within wide limits,
7 the effect their rate orders will have on the market prices of the stocks of
8 the companies they regulate. In the second place, *whatever the initial*
9 *market prices may be, they are sure to change not only with the changing*
10 *prospects for earnings, but with the changing outlook of an inherently*
11 *volatile stock market.* In short, market prices are beyond the control,
12 though not beyond the influence of rate regulation. Moreover, even if a
13 commission did possess the power of control, any attempt to exercise it ...
14 would result in harmful, uneconomic shifts in public utility rate levels.¹⁸³

15 **Q: Have you considered the relationship between earned equity returns and the**
16 **Market/Book ratio?**

17 A: Yes, I reviewed the relationship between the most recent Return on Average Common
18 Equity ("ROACE") and the Market/Book value ratio, both of which were provided by
19 SNL Financial. That analysis indicates that the return explained approximately 32.00
20 percent of the variation in M/B ratios, leaving approximately 68.00 percent to be
21 explained by other factors. The analysis also indicates that the return required for the
22 M/B ratio to equal 1.00 is very low, less than 1.00 percent. Those results support my
23 position that Market/Book ratios should not be viewed as a measure of the reasonableness
24 of ROE recommendations or outcomes.

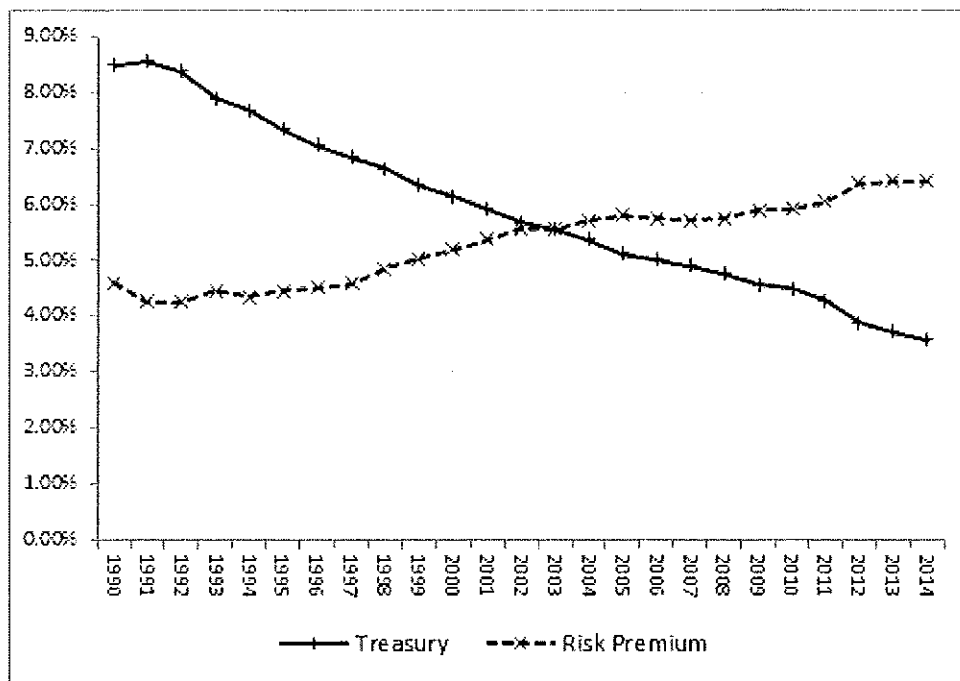
25 Lastly, it is important to keep in mind that like Price/Earnings multiples, M/B
26 ratios tend to be used in practice as measures of relative, rather than absolute valuation.

1 They are used in that manner because no one model is accepted at all times and under all
2 conditions as the true measure of value. The same is true of the models used to estimate
3 the Cost of Equity.

4 **Q: Have you reviewed Mr. Gorman's Risk Premium analyses?**

5 **A:** Yes, I have. Considering first the Treasury yield-based analysis, I plotted the yields and
6 Risk Premia over the 1986 to 2014 period included in Mr. Gorman's analysis. That
7 graph, which is presented in Chart 13 (below), clearly indicates the inverse relationship
8 between interest rates and the Equity Risk Premium.

9 **Chart 13: Mr. Gorman's Treasury Yield-Based Risk Premium Data¹⁸⁴**



10
11

12 There are several other points made clear in Chart 13. First, the low end of Mr.
13 Gorman's Risk Premium range, 4.25 percent, was observed in the five-year period ending

¹⁸³ James C. Bonbright, Albert L. Danielsen and David R. Kamerschen, Principles of Public Utility Rates (Public Utilities Reports, Inc., 1988) 334. [*emphasis added*]

1 1991. There is little question that Risk Premium estimates associated with economic
2 environments 24 years ago have little to do with current market conditions. A very
3 visible measure of such differences is the fact that by 2003, Treasury yields exceeded the
4 Risk Premium (on a five-year average basis). As Chart 13 (*see also* Schedule RBH-28)
5 demonstrates, however, since then the opposite has been true - the Risk Premium has
6 consistently exceeded Treasury yields. By that measure alone, it is clear that the low end
7 of Mr. Gorman's range has little, if any, relevance to the current market environment.

8 The high end of Mr. Gorman's range, 6.40 percent, occurred more recently and
9 more frequently. In fact, Mr. Gorman's Schedule MPG-11 indicates that his Equity Risk
10 Premium was approximately 6.40 percent in 2012, 2013, and 2014. That estimate is more
11 appropriate since it incorporates the current market environment, including the effect of
12 the Federal Reserve's Quantitative Easing program. Adding that 6.40 percent Equity
13 Risk Premium to Mr. Gorman's projected Treasury yield of 3.70 percent produces an
14 ROE estimate of 10.10 percent, which is within my recommended range, and far more
15 consistent with the returns recently authorized for vertically integrated electric utilities.

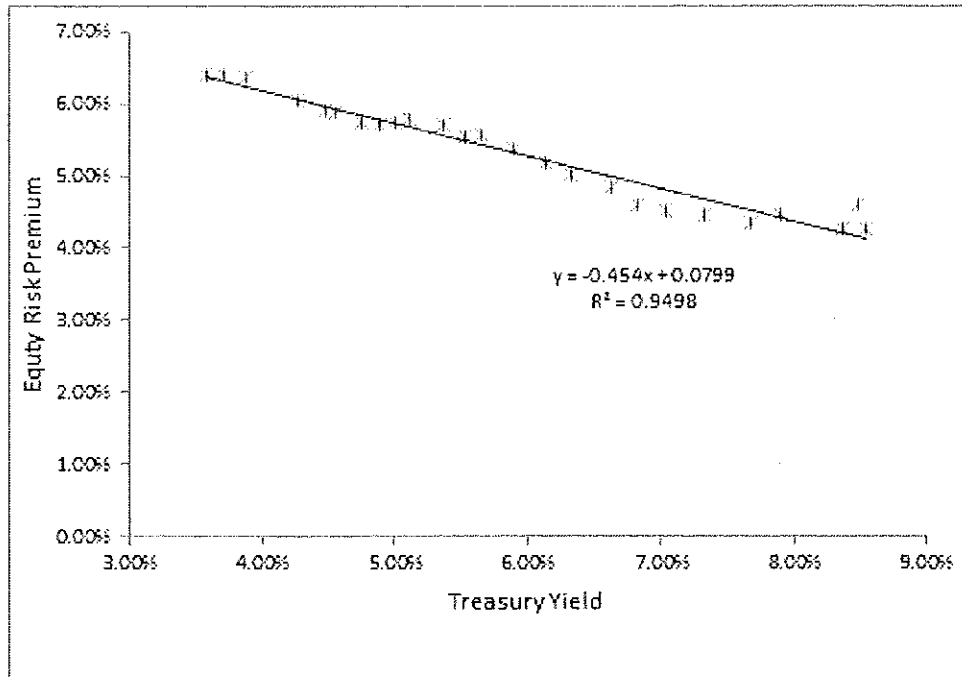
16 **Q: Has the Risk Premium increased as Treasury yields have decreased?**

17 **A:** Yes. The relationship between the five-year average Equity Risk Premium and Treasury
18 yields is very clear. A simple linear regression demonstrates that the two are highly
19 related, with a Coefficient of Determination (R-Square) of approximately 95.00 percent.
20 That is, Mr. Gorman's data demonstrate that changes in Treasury yields account for 95.00
21 percent of the change in the Equity Risk Premium (*see* Chart 14, below).

¹⁸⁴ Source: Direct Testimony of Michael P. Gorman, Schedule MPG-11; based on five-year rolling average.
See also Schedule RBH-28.

1 **Chart 14: Treasury Yield vs. Equity Risk Premium**

2 **(Five-Year Rolling Average)¹⁸⁵**



3
4
5 Those findings are supported in academic studies. For example, Dr. Roger Morin
6 notes that:

7 ... [p]ublished studies by Brigham, Shome, and Vinson (1985), Harris
8 (1986), Harris and Marston (1992, 1993), Carleton, Chambers, and
9 Lakonishok (1983), Morin (2005), and McShane (2005), and others
10 demonstrate that, beginning in 1980, risk premiums varied inversely with
11 the level of interest rates - rising when rates fell and declining when
12 interest rates rose.¹⁸⁶

13 Turning back to Mr. Gorman's data, a simple linear regression analysis using
14 annual (rather than the rolling average data) demonstrates that for every 100 basis point
15 decrease in Treasury yields, the Risk Premium increases by approximately 43 basis
16 points (see Schedule RBH-28).¹⁸⁷ Similarly, the Equity Risk Premium increases

¹⁸⁵ Source: Schedule MPG-11.

¹⁸⁶ Roger A: Morin, New Regulatory Finance, Public Utilities Reports, Inc. 2006, at 128 [clarification added].

¹⁸⁷ Adjusting for serial correlation does not materially affect the results.

1 approximately 39 basis points for every 100 basis point decrease in utility bond yields.
2 Those results are consistent with those reported by Maddox, Pippert and Sullivan, who
3 determined that the Risk Premium would increase by 37 basis points for every 100 basis
4 point change in the 30-year Treasury yield.¹⁸⁸

5 I also have found that accounting for additional factors by incorporating the credit
6 spread (taken from Mr. Gorman's schedules) does not change the sign, statistical
7 significance, or the magnitude of the slope coefficient.¹⁸⁹ In short, including Mr.
8 Gorman's credit spreads do not change the finding that interest rates and the Equity Risk
9 Premium are inversely related.

10 **Q: Has the Commission also found an inverse relationship between interest rates and**
11 **the Equity Risk Premium?**

12 A: Yes, it has. In its Report and Order in KCP&L's last rate case, No. ER-2012-0174, the
13 Commission noted that "... accounting more fully for the inverse relationship between
14 risk premiums and interest rates OPC's expert analysis results in a range that includes the
15 authorized RoE of 9.7%."¹⁹⁰

16 **Q: Have you made any modifications to Mr. Gorman's analysis based on the**
17 **Commission's finding that interest rates and the Equity Risk Premium are inversely**
18 **related?**

19 A: Yes, I have. Using the data provided in Schedules MPG-11 and MPG-12, I performed
20 two regression analyses, the first using Mr. Gorman's Treasury yield data, and the second

¹⁸⁸ See Farris M. Maddox, Donna T. Pippert, and Rodney N. Sullivan, *An Empirical Study of Ex Ante Risk Premiums for the Electric Utility Industry*, Financial Management, Vol. 24, No. 3, Autumn 1995, at 93.

¹⁸⁹ See Schedule RBH-28.

¹⁹⁰ File No. ER-2012-0174, Report and Order dated January 9, 2013 at 22.

1 using his Utility Bond data.¹⁹¹ In each case the Equity Risk Premium was the dependent
 2 variable, and interest rates (alternately, Treasury yields and Utility Bond yields) were the
 3 explanatory variables. I then relied on Mr. Gorman's 3.70 percent projected Treasury
 4 yield to calculate the expected ROE. In the case of Utility Bond Yields, I added the 2014
 5 credit spread of 94 basis points to the 3.70 percent projected Treasury yield.¹⁹² The
 6 results of those analyses are provided in Table 6, below.

7 **Table 6: Revised Equity Risk Premium Results**

	Treasury Yield	Bond Yield
Projected Yield	3.70%	4.64%
Intercept	7.93%	8.21%
Treasury Yield Coefficient	-43.36%	-38.92%
Estimated Risk Premium	6.33%	6.40%
Estimated ROE	10.03%	11.04%
Weights	75.00%	25.00%
Weighted Result	10.28%	

8
 9 As Table 6 demonstrates, adopting Mr. Gorman's 75.00 percent/25.00 percent
 10 weighting convention (in this case, 75.00 percent was conservatively applied to the lower
 11 estimate) produces an ROE estimate of 10.28 percent, only two basis points below my
 12 10.30 percent recommendation.

13 **Q: What are your conclusions regarding Mr. Gorman's Risk Premium analysis?**

14 **A:** Although Mr. Gorman includes rolling average estimates in his Risk Premium analysis,
 15 doing so does not negate the finding that his approach relies on data from markets that are
 16 so disconnected in time and substance from the current environment that there is no
 17 rational basis for his conclusion that 9.40 percent represents a proper Risk Premium-

¹⁹¹ Adjusting for serial correlation does not materially affect the results.

¹⁹² Because the long-term average credit spread was 138 basis points, the 2014 data point is a conservative estimate.

1 based estimate of the Company's Cost of Equity. Nor do those rolling averages
2 rationalize Mr. Gorman's assertion that 9.40 percent represents the upper end of a
3 reasonable range of estimates.

4 Consequently, it is appropriate to apply methods that have been accepted in
5 published literature, and which reflect the Commission's finding that interest rates and
6 the Equity Risk Premium move in opposite directions. Doing so produces an ROE
7 estimate of 10.28 percent. That estimate, which is based entirely on Mr. Gorman's data,
8 is only two basis points removed from my 10.30 percent ROE recommendation.

9
10 ***D. KCP&L's Relative Risk***

11 **Q: Please briefly summarize Mr. Gorman's assessment of the Company's overall
12 business risk.**

13 A: Mr. Gorman summarizes certain rating agency reports and concludes that utilities in
14 general are seen as a low-risk sector, to which investors will supply "an abundance" of
15 capital.¹⁹³ Mr. Gorman points to, and emphasizes, the observation by S&P the
16 Company's credit rating depends on its ability to reach constructive regulatory
17 outcomes.¹⁹⁴ As discussed earlier, however, Mr. Gorman's recommendation would have
18 the opposite effect of increasing the Company's regulatory risk and its cost of capital.

19 **Q: Do the Company's current credit ratings distinguish it from other utilities?¹⁹⁵**

20 A: No, it does not. As S&P notes, the vast majority of utility ratings fall within the BBB to
21 A- range.¹⁹⁶ The Company's current BBB+ rating is squarely within that range. In any

¹⁹³ Direct Testimony of Michael P. Gorman at 7.

¹⁹⁴ *Ibid.* at 8.

¹⁹⁵ *Ibid.* at 8.

1 event, Mr. Gorman fails to recognize that equity and debt investors face different risks,
2 require different returns and invest in different securities. Although credit ratings
3 (including risk profiles) may be a broad measure of business risk, Mr. Gorman has
4 presented no analysis to indicate how those ratings translate to increments or decrements
5 of equity return requirements.

6 If Mr. Gorman's point is that utilities in general are viewed as less risky than the
7 overall market, I agree. In fact, the Beta coefficients included in my CAPM analysis are
8 less than 1.00, indicating less systematic risk than the overall market. That does not,
9 however, mean that the return required for equity investments in vertically integrated
10 electric utilities such as KCP&L should be lower than the returns authorized for other
11 utility companies in Missouri and other vertically-integrated electric utilities around the
12 country, as Mr. Gorman's 9.10 percent ROE recommendation suggests.

13 As to Mr. Gorman's review of the Edison Electric Institute Index relative to the
14 S&P 500, there are two points that he does not address. First, comparing the performance
15 of an index to the overall market is the basis of the Beta coefficient in the CAPM. There
16 is no disagreement that utilities historically have been less volatile than the overall
17 market. This relative volatility is reflected in Beta coefficients less than 1.00. However,
18 GPE has been more volatile resulting in a Beta coefficient well above its peers. In that
19 regard, Mr. Gorman's reference to the EEI Index provides a broad observation, but little
20 information regarding the Company's relative risk.

21 Second, more recent and focused data demonstrates that the Company's peers
22 have significantly under-performed the broad market. As discussed in my response to

¹⁹⁶

Standard & Poor's RatingsDirect, *Industry Report Card: The Outlook For U.S. Regulated Utilities Remains Stable On Increasing Capital Spending And Robust Financial Performance*, December 16, 2014 at 6.

1 Ms. Reno, the Combined Proxy Group lost 11.00 percent of its value from February
2 through April 2015 while the market gained approximately 4.50 percent.

3 **Q: On page three of his Direct Testimony, Mr. Gorman suggests that if the Commission**
4 **were to approve a regulatory mechanism that would improve the Company's ability**
5 **to fully recover its fuel, or other costs, his recommended return would not reflect**
6 **those prospective risk reductions. What is your response to Mr. Gorman on that**
7 **point?**

8 A: First, although he raised the point in his direct testimony, Mr. Gorman chose to not to
9 fully address the issue. Rather, he has deferred that discussion to his rebuttal testimony.
10 Based on his general comment, however, it appears Mr. Gorman disregards the
11 "comparable risk" established by *Hope* and *Bluefield*. Estimating the Cost of Equity is a
12 comparative exercise which is why we use proxy companies in our analyses. The
13 principal analytical issue is not whether a given mechanism will reduce the Company's
14 operating risk. Rather, the issue is whether the Company would be so less risky than its
15 peers as a direct result of the proposed mechanism that investors would specifically and
16 measurably reduce their return requirements.

17 The fact that the Company's proposed Fuel Adjustment Clause may reduce the
18 possibility of under-recovery of fuel costs would not affect its Cost of Equity unless it can
19 be demonstrated that (1) the Company would be materially less risky than the proxy
20 group as a direct consequence of the clause; and (2) investors are likely to react to the
21 incremental effect of the mechanism.¹⁹⁷ Because Fuel Adjustment Clauses are essentially
22 universally available to electric utilities, there is no reason to believe that the Company

1 would be materially less risky than its peers, and that its Cost of Equity would be lower
2 than its peers if its proposal were adopted.

3 **Q: Have you performed any analysis to assess the fuel cost risk faced by the Company**
4 **due to its lack of a Fuel Adjustment Clause?**

5 A: Yes. I first compared KCP&L's fuel costs as a percentage of Earnings Before Interest,
6 Taxes, Depreciation and Amortization ("EBITDA") to the Company's other Operating
7 and Maintenance ("O&M") expense categories.¹⁹⁸ EBITDA, which often is used as a
8 measure of cash flow, is an important metric to both debt and equity investors. As shown
9 in Schedule RBH-29, fuel costs represent KCP&L's largest O&M expense item and over
10 the past decade, have been growing faster than EBITDA.

11 I then compared the volatility of KCP&L's fuel costs relative to its other expense
12 categories.¹⁹⁹ As also shown in Schedule RBH-29, the Company's fuel costs have been
13 substantially larger and more volatile than its other operating expense categories, such as
14 power production expenses (excluding fuel costs), or administrative and general
15 expenses.

16 **Q: How does KCP&L's fuel cost volatility compare to other vertically integrated**
17 **electric operating utilities in the Combined Proxy Group?**

18 A: As addressed in the direct testimony of Company witness Tim M. Rush (and as discussed
19 above), KCP&L's fuel costs have been rising over time. Schedule RBH-29 shows
20 KCP&L's fuel costs as a percentage of EBITDA were substantially below the proxy

¹⁹⁷ As discussed in more detail below, the effect of revenue decoupling also can be considered in the context of non-diversifiable risk.

¹⁹⁸ Operating and maintenance cost categories reflect the categories reported in FERC Form 1 filings.

¹⁹⁹ Volatility measured using the Coefficient of Variation of expenses from 2004-2013. Coefficient of Variation is calculated as the standard deviation divided by the mean.

1 group median in 2004, but have trended upward over the past decade, exceeding the
2 group median in 2012 and 2013. In addition, the volatility of KCP&L's fuel costs over
3 the past decade (as measured by the Coefficient of Variation) has been almost 50.00
4 percent greater than the Combined Proxy Group's. Consequently, the Company's fuel
5 costs are financially significant and volatile on both an absolute and relative basis.

6 **Q: Are fuel cost recovery mechanisms common among the proxy companies?**

7 A: Yes, they are. In fact, 38 of 40 of the vertically integrated electric utilities in the
8 Combined Proxy Group have fuel cost recovery mechanisms in place.²⁰⁰ As noted by
9 Regulatory Research Associates:

10 Virtually all electric and gas utilities are permitted to adjust rates, outside
11 of a base rate case, for variations in fuel/purchased power expenses, with
12 the exceptions being Kansas City Power & Light (electric) in Missouri
13 (subject to certain limitations) and PacifiCorp (electric) in Washington.²⁰¹

14 The lack of a fuel cost recovery mechanism, therefore, represents a significant
15 incremental risk for KCP&L relative to its peers. As such, adopting the FAC would
16 make the Company more risk comparable to its peers, not less. Consequently, adopting
17 the FAC would not justify a downward adjustment to the Cost of Equity, as Mr. Gorman
18 suggests.

²⁰⁰ In at least one operating jurisdiction. Source: Regulatory Research Associates. See also Schedule RBH-7 to my Direct Testimony.

²⁰¹ Regulatory Research Associates, *RRA Topical Special Report Adjustment Clauses: A State-by-State Overview* at 1-2 (Jul. 1, 2014).

1 *E. Financial Integrity*

2 **Q: Please briefly summarize Mr. Gorman's assessment of his recommendation as it**
3 **affects measures of the Company's financial integrity.**

4 A: Mr. Gorman evaluates the reasonableness of his ROE recommendation by calculating the
5 *pro forma* effect that his recommended ROE would have on two of the Company's key
6 financial ratios with the goal of ascertaining whether those ratios would still fall within
7 S&P's guideline ranges sufficient for an investment grade rating.²⁰² In that regard, Mr.
8 Gorman develops the following *pro forma* ratios: (1) Debt to EBITDA; and (2) Funds
9 From Operations ("FFO") to Total Debt. An obvious and important point is that Mr.
10 Gorman's analysis assumes that the Company actually is able to earn the entirety of its
11 authorized ROE on a going-forward basis.

12 In Schedule MPG-17, Mr. Gorman develops the *pro forma* financial ratios noted
13 above based on the Company's retail cost of service, and his recommended ROE of 9.10
14 percent. Mr. Gorman notes that his *pro forma* financial analysis suggests that his
15 recommended ROE of 9.10 percent would be sufficient to maintain an "investment grade
16 bond rating".²⁰³

17 **Q: Do you agree with Mr. Gorman's analysis and conclusion?**

18 A: No, I do not. First, simply maintaining an "investment grade" rating is an inappropriate
19 standard. According to Standard & Poor's, only six of 221 utilities have below
20 investment grade ratings.²⁰⁴ KCP&L must compete for capital within the utility sector in
21 the first instance, and with companies beyond utilities, overall. If Mr. Gorman is of the

²⁰² See Direct Testimony of Michael P. Gorman at 40.

²⁰³ *Ibid.* at 41.

1 view that simply maintaining an investment grade rating is sufficient for that purpose, I
2 disagree. In my practical experience raising capital for a regulated utility, I can say
3 firsthand that the competition for capital can be acute. Based on that practical
4 experience, I also can say that Mr. Gorman's "investment grade" standard would frustrate
5 the ability of KCP&L, or any other regulated utility, to raise capital under a variety of
6 market conditions, and at reasonable costs and terms.

7 That fundamental concern aside, Mr. Gorman fails to point out that a wide range
8 of ROE outcomes create *pro forma* coverage ratios that fall within S&P's guidelines for
9 the Company's current rating. As shown in Schedule RBH-30, for example, ROEs
10 ranging from 6.75 to 11.25 percent create coverage ratios that also fall within that range.
11 There is nothing particularly noteworthy about the observation that, taken in isolation,
12 Mr. Gorman's 9.10 percent ROE produces *pro forma* ratios that also fall within that
13 range.

14 Mr. Gorman also fails to note that his ratios assume that the Company actually
15 will be able to earn its authorized return, and its Funds From Operations will not be
16 diluted by regulatory lag and additional capital spending. S&P notes the risk in that
17 assumption, stating that a "Downside scenario" to its rating includes rate case outcomes
18 being less than expected, regulatory lag materially rising, or debt-financed capital
19 investment increases.²⁰⁵ Mr. Gorman's analysis is overly simplified, and leads to an
20 incomplete conclusion.

21 Lastly, as Mr. Gorman recognizes, credit rating agencies consider a number of
22 factors beyond coverage ratios. As noted on page 8 of his direct testimony, for example,

²⁰⁴ See Standard & Poor's RatingsDirect, *The Outlook for U.S. Regulated Utilities Remains Stable on Increasing Capital Spending and Robust Financial Performance*, December 16, 2014 at 7-20.

1 Mr. Gorman observes that S&P recognizes the importance of “reaching constructive
2 regulatory outcomes to avoid any weakening of the [C]ompany’s business risk
3 profile.”²⁰⁶ Similarly, in my response to Mr. Marevangepo (Section II(G)), I note that
4 50.00 percent of Moody’s ratings factors relate to the regulatory environment. Mr.
5 Gorman’s ROE recommendation, which is 80 to 90 basis points below the national
6 average return for vertically integrated electric utilities, and which is aligned with the
7 returns authorized by regulatory commissions seen as less constructive than Missouri,
8 would introduce an element of regulatory risk that would only increase KCP&L’s cost of
9 capital.

11 V. CONCLUSIONS AND RECOMMENDATION

12 **Q: What is your conclusion regarding the Company’s Cost of Equity?**

13 A: Based on the analyses discussed throughout my Rebuttal Testimony, I conclude that the
14 reasonable range of ROE estimates is from 10.00 percent to 10.60 percent, and within
15 that range, 10.30 percent is a reasonable and appropriate estimate of the Company’s Cost
16 of Equity. The results of the updated DCF, CAPM, and Bond Yield Plus Risk Premium
17 analyses, along with my analyses of capital market data, authorized returns in other
18 regulatory jurisdictions, and assessment of rating agency concerns and criteria support the
19 reasonableness of my range of ROE estimates and my recommendation.

20 **Q: Does this conclude your Rebuttal Testimony?**

21 A: Yes, it does.

²⁰⁵ See Direct Testimony of Michael P. Gorman at 8.
²⁰⁶ [Clarification added]

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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

AFFIDAVIT OF ROBERT B. HEVERT

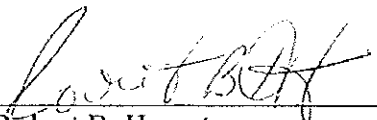
COMMONWEALTH OF MASSACHUSETTS)
) ss
COUNTY OF MIDDLESEX)

Robert B. Hevert, being first duly sworn on his oath, states:

1. My name is Robert B. Hevert and my business address is Sussex Economic Advisors, LLC, 161 Worcester Road, Suite 503, Framingham, MA 01701. I have been retained to serve as an expert witness to provide testimony on behalf of Kansas City Power & Light Company.

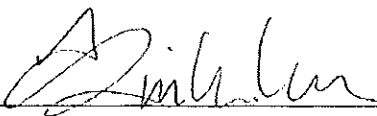
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of ninety-five (95) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



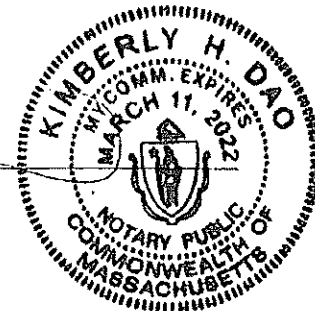
Robert B. Hevert

Subscribed and sworn before me this 4th day of May, 2015.



Notary Public

My commission expires: March 11, 2022



Constant Growth Discounted Cash Flow Model - Combined Proxy Group
30 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
Alliant Energy Corporation	LNT	\$2.20	\$62.58	3.52%	3.61%	5.30%	5.40%	6.00%	5.57%	8.91%	9.18%	9.62%
Ameren Corporation	AEE	\$1.64	\$41.84	3.92%	4.05%	7.30%	6.85%	5.00%	6.38%	9.02%	10.43%	11.36%
American Electric Power Company, Inc.	AEP	\$2.12	\$56.60	3.75%	3.84%	5.00%	5.18%	5.50%	5.23%	8.84%	9.07%	9.35%
CMS Energy Corporation	CMS	\$1.16	\$34.87	3.33%	3.43%	6.20%	6.73%	5.50%	6.14%	8.92%	9.57%	10.17%
DTE Energy Company	DTE	\$2.76	\$81.27	3.40%	3.48%	5.00%	4.51%	6.00%	5.17%	7.98%	8.65%	9.50%
Duke Energy Corporation	DUK	\$3.18	\$77.28	4.11%	4.21%	4.70%	4.52%	5.00%	4.74%	8.73%	8.95%	9.22%
Empire District Electric Company	EDE	\$1.04	\$24.68	4.21%	4.28%	3.00%	3.00%	3.00%	3.00%	7.28%	7.28%	7.28%
Great Plains Energy Inc.	GXP	\$0.98	\$26.69	3.67%	3.77%	5.40%	5.90%	5.00%	5.43%	8.76%	9.20%	9.68%
IDACORP, Inc.	IDA	\$1.88	\$62.29	3.02%	3.05%	3.00%	3.00%	1.00%	2.33%	4.03%	5.39%	6.06%
Eversource Energy	ES	\$1.67	\$50.26	3.32%	3.44%	6.40%	6.25%	8.00%	6.88%	9.68%	10.32%	11.46%
OGE Energy Corp.	OGE	\$1.00	\$32.12	3.11%	3.18%	5.00%	4.00%	3.00%	4.00%	6.16%	7.18%	8.19%
Otter Tail Corporation	OTTR	\$1.23	\$31.86	3.86%	4.01%	NA	6.00%	10.00%	8.00%	9.98%	12.01%	14.05%
Pinnacle West Capital Corporation	PNW	\$2.38	\$63.32	3.76%	3.83%	4.00%	4.20%	4.00%	4.07%	7.83%	7.90%	8.04%
PNM Resources, Inc.	PNM	\$0.80	\$28.37	2.82%	2.95%	8.90%	9.86%	9.50%	9.42%	11.85%	12.37%	12.82%
Portland General Electric Company	POR	\$1.12	\$36.62	3.06%	3.14%	4.90%	4.72%	6.00%	5.21%	7.85%	8.34%	9.15%
Southern Company	SO	\$2.17	\$44.46	4.88%	4.97%	3.50%	3.32%	4.00%	3.61%	8.28%	8.58%	8.98%
TECO Energy, Inc.	TE	\$0.90	\$19.49	4.62%	4.77%	7.10%	9.20%	4.00%	6.77%	8.71%	11.54%	14.03%
Westar Energy, Inc.	WR	\$1.44	\$38.41	3.75%	3.83%	3.50%	3.07%	6.00%	4.19%	6.88%	8.02%	9.86%
Xcel Energy Inc.	XEL	\$1.28	\$34.55	3.70%	3.79%	4.70%	4.58%	4.50%	4.59%	8.29%	8.38%	8.49%
PROXY GROUP MEAN				3.67%	3.77%	5.16%	5.28%	5.32%	5.30%	8.31%	9.07%	9.86%
PROXY GROUP MEDIAN				3.70%	3.79%	5.00%	4.72%	5.00%	5.21%	8.71%	8.95%	9.50%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service, equals 30-trading day average as of April 30, 2015

[3] Equals [1] / [2]

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

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

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

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

[10] Equals [4] + [8]

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

Constant Growth Discounted Cash Flow Model - Combined Proxy Group
90 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
Alliant Energy Corporation	LNT	\$2.20	\$64.71	3.40%	3.49%	5.30%	5.40%	6.00%	5.57%	8.79%	9.06%	9.50%
Ameren Corporation	AEE	\$1.64	\$43.38	3.78%	3.90%	7.30%	6.85%	5.00%	6.38%	8.87%	10.28%	11.22%
American Electric Power Company, Inc.	AEP	\$2.12	\$58.85	3.60%	3.70%	5.00%	5.18%	5.50%	5.23%	8.69%	8.92%	9.20%
CMS Energy Corporation	CMS	\$1.16	\$35.33	3.28%	3.38%	6.20%	6.73%	5.50%	6.14%	8.87%	9.53%	10.12%
DTE Energy Company	DTE	\$2.76	\$84.01	3.29%	3.37%	5.00%	4.51%	6.00%	5.17%	7.87%	8.54%	9.38%
Duke Energy Corporation	DUK	\$3.18	\$80.70	3.94%	4.03%	4.70%	4.52%	5.00%	4.74%	8.55%	8.77%	9.04%
Empire District Electric Company	EDE	\$1.04	\$26.82	3.88%	3.94%	3.00%	3.00%	3.00%	3.00%	6.94%	6.94%	6.94%
Great Plains Energy Inc.	GXP	\$0.98	\$27.53	3.56%	3.66%	5.40%	5.90%	5.00%	5.43%	8.65%	9.09%	9.56%
IDACORP, Inc.	IDA	\$1.88	\$64.09	2.93%	2.97%	3.00%	3.00%	1.00%	2.33%	3.95%	5.30%	5.98%
Eversource Energy	ES	\$1.67	\$52.19	3.20%	3.31%	6.40%	6.25%	8.00%	6.88%	9.55%	10.19%	11.33%
OGE Energy Corp.	OGE	\$1.00	\$33.41	2.99%	3.05%	5.00%	4.00%	3.00%	4.00%	6.04%	7.05%	8.07%
Otter Tail Corporation	OTTR	\$1.23	\$31.77	3.87%	4.03%	NA	6.00%	10.00%	8.00%	9.99%	12.03%	14.06%
Pinnacle West Capital Corporation	PNW	\$2.38	\$66.10	3.60%	3.67%	4.00%	4.20%	4.00%	4.07%	7.67%	7.74%	7.88%
PNM Resources, Inc.	PNM	\$0.80	\$29.01	2.76%	2.89%	8.90%	9.86%	9.50%	9.42%	11.78%	12.31%	12.75%
Portland General Electric Company	POR	\$1.12	\$37.54	2.98%	3.06%	4.90%	4.72%	6.00%	5.21%	7.77%	8.27%	9.07%
Southern Company	SO	\$2.17	\$47.00	4.62%	4.70%	3.50%	3.32%	4.00%	3.61%	8.01%	8.31%	8.71%
TECO Energy, Inc.	TE	\$0.90	\$20.05	4.49%	4.64%	7.10%	9.20%	4.00%	6.77%	8.58%	11.41%	13.90%
Westar Energy, Inc.	WR	\$1.44	\$39.89	3.61%	3.69%	3.50%	3.07%	6.00%	4.19%	6.74%	7.88%	9.72%
Xcel Energy Inc.	XEL	\$1.28	\$35.50	3.61%	3.69%	4.70%	4.58%	4.50%	4.59%	8.19%	8.28%	8.39%
PROXY GROUP MEAN				3.55%	3.64%	5.16%	5.28%	5.32%	5.30%	8.18%	8.94%	9.73%
PROXY GROUP MEDIAN				3.60%	3.67%	5.00%	4.72%	5.00%	5.21%	8.55%	8.77%	9.38%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service, equals 90-trading day average as of April 30, 2015

[3] Equals [1] / [2]

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

[5] Source: Zacks

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

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

[10] Equals [4] + [8]

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

Constant Growth Discounted Cash Flow Model - Combined Proxy Group
180 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
Alliant Energy Corporation	LNT	\$2.20	\$62.22	3.54%	3.63%	5.30%	5.40%	6.00%	5.57%	8.93%	9.20%	9.64%
Ameren Corporation	AEE	\$1.64	\$42.09	3.90%	4.02%	7.30%	6.85%	5.00%	6.38%	8.99%	10.40%	11.34%
American Electric Power Company, Inc.	AEP	\$2.12	\$57.00	3.72%	3.82%	5.00%	5.18%	5.50%	5.23%	8.81%	9.04%	9.32%
CMS Energy Corporation	CMS	\$1.16	\$33.36	3.48%	3.58%	6.20%	6.73%	5.50%	6.14%	9.07%	9.73%	10.32%
DTE Energy Company	DTE	\$2.76	\$81.62	3.38%	3.47%	5.00%	4.51%	6.00%	5.17%	7.97%	8.64%	9.48%
Duke Energy Corporation	DUK	\$3.18	\$79.14	4.02%	4.11%	4.70%	4.52%	5.00%	4.74%	8.63%	8.85%	9.12%
Empire District Electric Company	EDE	\$1.04	\$26.65	3.90%	3.96%	3.00%	3.00%	3.00%	3.00%	6.96%	6.96%	6.96%
Great Plains Energy Inc.	GXP	\$0.98	\$26.64	3.68%	3.78%	5.40%	5.90%	5.00%	5.43%	8.77%	9.21%	9.69%
IDACORP, Inc.	IDA	\$1.88	\$61.32	3.07%	3.10%	3.00%	3.00%	1.00%	2.33%	4.08%	5.43%	6.11%
Eversource Energy	ES	\$1.67	\$49.92	3.35%	3.46%	6.40%	6.25%	8.00%	6.88%	9.70%	10.34%	11.48%
OGE Energy Corp.	OGE	\$1.00	\$34.89	2.87%	2.92%	5.00%	4.00%	3.00%	4.00%	5.91%	6.92%	7.94%
Otter Tail Corporation	OTTR	\$1.23	\$30.27	4.06%	4.23%	NA	6.00%	10.00%	8.00%	10.19%	12.23%	14.27%
Pinnacle West Capital Corporation	PNW	\$2.38	\$62.64	3.80%	3.88%	4.00%	4.20%	4.00%	4.07%	7.88%	7.94%	8.08%
PNM Resources, Inc.	PNM	\$0.80	\$28.14	2.84%	2.98%	8.90%	9.86%	9.50%	9.42%	11.87%	12.40%	12.84%
Portland General Electric Company	POR	\$1.12	\$36.23	3.09%	3.17%	4.90%	4.72%	6.00%	5.21%	7.88%	8.38%	9.18%
Southern Company	SO	\$2.17	\$46.34	4.68%	4.77%	3.50%	3.32%	4.00%	3.61%	8.08%	8.37%	8.78%
TECO Energy, Inc.	TE	\$0.90	\$19.32	4.66%	4.82%	7.10%	9.20%	4.00%	6.77%	8.75%	11.58%	14.07%
Westar Energy, Inc.	WR	\$1.44	\$38.44	3.75%	3.82%	3.50%	3.07%	6.00%	4.19%	6.87%	8.01%	9.86%
Xcel Energy Inc.	XEL	\$1.28	\$33.99	3.77%	3.85%	4.70%	4.58%	4.50%	4.59%	8.35%	8.45%	8.55%
PROXY GROUP MEAN				3.66%	3.76%	5.16%	5.28%	5.32%	5.30%	8.30%	9.06%	9.84%
PROXY GROUP MEDIAN				3.72%	3.82%	5.00%	4.72%	5.00%	5.21%	8.63%	8.85%	9.48%

Notes:

- [1] Source: Bloomberg Professional Service
- [2] Source: Bloomberg Professional Service, equals 180-trading day average as of April 30, 2015
- [3] Equals [1] / [2]
- [4] Equals [3] x (1 + 0.5 x [8])
- [5] Source: Zacks
- [6] Source: Yahoo! Finance
- [7] Source: Value Line
- [8] Equals Average([5], [6], [7])
- [9] Equals [3] x (1 + 0.5 x Minimum([5], [6], [7])) + Minimum([5], [6], [7])
- [10] Equals [4] + [8]
- [11] Equals [3] x (1 + 0.5 x Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model - Mr. Hevert's Revised Proxy Group
30 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$2.12	\$56.60	3.75%	3.84%	5.00%	5.18%	5.50%	5.23%	8.84%	9.07%	9.35%
Duke Energy Corporation	DUK	\$3.18	\$77.28	4.11%	4.21%	4.70%	4.52%	5.00%	4.74%	8.73%	8.95%	9.22%
Empire District Electric Company	EDE	\$1.04	\$24.68	4.21%	4.28%	3.00%	3.00%	3.00%	3.00%	7.28%	7.28%	7.28%
IDACORP, Inc.	IDA	\$1.88	\$62.29	3.02%	3.05%	3.00%	3.00%	1.00%	2.33%	4.03%	5.39%	6.06%
Eversource Energy	ES	\$1.67	\$50.26	3.32%	3.44%	6.40%	6.25%	8.00%	6.88%	9.68%	10.32%	11.46%
Otter Tail Corporation	OTTR	\$1.23	\$31.86	3.86%	4.01%	NA	6.00%	10.00%	8.00%	9.98%	12.01%	14.05%
Pinnacle West Capital Corporation	PNW	\$2.38	\$63.32	3.76%	3.83%	4.00%	4.20%	4.00%	4.07%	7.83%	7.90%	8.04%
PNM Resources, Inc.	PNM	\$0.80	\$28.37	2.82%	2.95%	8.90%	9.86%	9.50%	9.42%	11.85%	12.37%	12.82%
Portland General Electric Company	POR	\$1.12	\$36.62	3.06%	3.14%	4.90%	4.72%	6.00%	5.21%	7.85%	8.34%	9.15%
Southern Company	SO	\$2.17	\$44.46	4.88%	4.97%	3.50%	3.32%	4.00%	3.61%	8.28%	8.58%	8.98%
Westar Energy, Inc.	WR	\$1.44	\$38.41	3.75%	3.83%	3.50%	3.07%	6.00%	4.19%	6.88%	8.02%	9.86%
PROXY GROUP MEAN				3.69%	3.78%	4.69%	4.83%	5.64%	5.15%	8.29%	8.93%	9.66%
PROXY GROUP MEDIAN				3.75%	3.83%	4.35%	4.52%	5.50%	4.74%	8.28%	8.58%	9.22%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service, equals 30-trading day average as of April 30, 2015

[3] Equals [1] / [2]

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

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

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

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

[10] Equals [4] + [8]

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

Constant Growth Discounted Cash Flow Model - Mr. Hevert's Revised Proxy Group
90 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$2.12	\$58.85	3.60%	3.70%	5.00%	5.18%	5.50%	5.23%	8.69%	8.92%	9.20%
Duke Energy Corporation	DUK	\$3.18	\$80.70	3.94%	4.03%	4.70%	4.52%	5.00%	4.74%	8.55%	8.77%	9.04%
Empire District Electric Company	EDE	\$1.04	\$26.82	3.88%	3.94%	3.00%	3.00%	3.00%	3.00%	6.94%	6.94%	6.94%
IDACORP, Inc.	IDA	\$1.88	\$64.09	2.93%	2.97%	3.00%	3.00%	1.00%	2.33%	3.95%	5.30%	5.98%
Eversource Energy	ES	\$1.67	\$52.19	3.20%	3.31%	6.40%	6.25%	8.00%	6.88%	9.55%	10.19%	11.33%
Otter Tail Corporation	OTTR	\$1.23	\$31.77	3.87%	4.03%	NA	6.00%	10.00%	8.00%	9.99%	12.03%	14.06%
Pinnacle West Capital Corporation	PNW	\$2.38	\$66.10	3.60%	3.67%	4.00%	4.20%	4.00%	4.07%	7.67%	7.74%	7.88%
PNM Resources, Inc.	PNM	\$0.80	\$29.01	2.76%	2.89%	8.90%	9.86%	9.50%	9.42%	11.78%	12.31%	12.75%
Portland General Electric Company	POR	\$1.12	\$37.54	2.98%	3.06%	4.90%	4.72%	6.00%	5.21%	7.77%	8.27%	9.07%
Southern Company	SO	\$2.17	\$47.00	4.62%	4.70%	3.50%	3.32%	4.00%	3.61%	8.01%	8.31%	8.71%
Westar Energy, Inc.	WR	\$1.44	\$39.89	3.61%	3.69%	3.50%	3.07%	6.00%	4.19%	6.74%	7.88%	9.72%
PROXY GROUP MEAN				3.54%	3.63%	4.69%	4.83%	5.64%	5.15%	8.15%	8.79%	9.52%
PROXY GROUP MEDIAN				3.60%	3.69%	4.35%	4.52%	5.50%	4.74%	8.01%	8.31%	9.07%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service, equals 90-trading day average as of April 30, 2015

[3] Equals [1] / [2]

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

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

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

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

[10] Equals [4] + [8]

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

Constant Growth Discounted Cash Flow Model - Mr. Hevert's Revised Proxy Group
180 Day Average Stock Price

Company	Ticker	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
		Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	First Call Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
American Electric Power Company, Inc.	AEP	\$2.12	\$57.00	3.72%	3.82%	5.00%	5.18%	5.50%	5.23%	8.81%	9.04%	9.32%
Duke Energy Corporation	DUK	\$3.18	\$79.14	4.02%	4.11%	4.70%	4.52%	5.00%	4.74%	8.63%	8.85%	9.12%
Empire District Electric Company	EDE	\$1.04	\$26.65	3.90%	3.96%	3.00%	3.00%	3.00%	3.00%	6.96%	6.96%	6.96%
IDACORP, Inc.	IDA	\$1.88	\$61.32	3.07%	3.10%	3.00%	3.00%	1.00%	2.33%	4.08%	5.43%	6.11%
Eversource Energy	ES	\$1.67	\$49.92	3.35%	3.46%	6.40%	6.25%	8.00%	6.88%	9.70%	10.34%	11.48%
Offer Tail Corporation	OTTR	\$1.23	\$30.27	4.06%	4.23%	NA	6.00%	10.00%	8.00%	10.19%	12.23%	14.27%
Pinnacle West Capital Corporation	PNW	\$2.38	\$62.64	3.80%	3.88%	4.00%	4.20%	4.00%	4.07%	7.88%	7.94%	8.08%
PNM Resources, Inc.	PNM	\$0.80	\$28.14	2.84%	2.98%	8.90%	9.86%	9.50%	9.42%	11.87%	12.40%	12.84%
Portland General Electric Company	POR	\$1.12	\$36.23	3.09%	3.17%	4.90%	4.72%	6.00%	5.21%	7.88%	8.38%	9.18%
Southern Company	SO	\$2.17	\$46.34	4.68%	4.77%	3.50%	3.32%	4.00%	3.61%	8.08%	8.37%	8.78%
Westar Energy, Inc.	WR	\$1.44	\$38.44	3.75%	3.82%	3.50%	3.07%	6.00%	4.19%	6.87%	8.01%	9.86%
PROXY GROUP MEAN				3.66%	3.75%	4.69%	4.83%	5.64%	5.15%	8.27%	8.91%	9.64%
PROXY GROUP MEDIAN				3.75%	3.82%	4.35%	4.52%	5.50%	4.74%	8.08%	8.38%	9.18%

Notes:

[1] Source: Bloomberg Professional Service

[2] Source: Bloomberg Professional Service, equals 180-trading day average as of April 30, 2015

[3] Equals [1] / [2]

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

[5] Source: Zacks

[6] Source: Yahoo! Finance

[7] Source: Value Line

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

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

[10] Equals [4] + [8]

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

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

Projected Annual Cash Flows		[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Value
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Alliant Energy Corporation	LNT	\$2.24	\$2.42	\$2.62	\$2.83	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$3.99	\$4.21	\$4.44	\$4.67	\$4.93	\$5.19	\$134.41	
Ameren Corporation	AEE	\$1.62	\$1.57	\$1.61	\$1.66	\$1.70	\$1.87	\$2.05	\$2.23	\$2.43	\$2.64	\$2.86	\$3.01	\$3.17	\$3.34	\$3.52	\$92.30	
American Electric Power Company, Inc.	AEP	\$2.22	\$2.32	\$2.42	\$2.52	\$2.63	\$2.82	\$3.02	\$3.23	\$3.46	\$3.70	\$3.97	\$4.18	\$4.40	\$4.64	\$4.89	\$122.60	
CMS Energy Corporation	CMS	\$1.14	\$1.22	\$1.30	\$1.38	\$1.47	\$1.58	\$1.70	\$1.82	\$1.95	\$2.08	\$2.22	\$2.34	\$2.46	\$2.60	\$2.74	\$76.10	
DTE Energy Company	DTE	\$2.53	\$2.65	\$2.78	\$2.93	\$3.00	\$3.23	\$3.48	\$3.75	\$4.03	\$4.34	\$4.67	\$4.92	\$5.18	\$5.46	\$5.75	\$177.48	
Duke Energy Corporation	DUK	\$3.10	\$3.16	\$3.26	\$3.34	\$3.42	\$3.60	\$3.81	\$4.02	\$4.26	\$4.51	\$4.78	\$5.04	\$5.31	\$5.59	\$5.90	\$164.03	
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$51.07	
Great Plains Energy Inc.	GXP	\$1.22	\$1.26	\$1.30	\$1.34	\$1.38	\$1.48	\$1.58	\$1.68	\$1.80	\$1.92	\$2.05	\$2.16	\$2.28	\$2.40	\$2.53	\$67.22	
IDACORP, Inc.	IDA	\$1.87	\$2.00	\$2.14	\$2.28	\$2.42	\$2.66	\$2.72	\$2.91	\$3.12	\$3.37	\$3.63	\$3.83	\$4.03	\$4.26	\$4.48	\$136.35	
Eversource Energy	ES	\$1.68	\$1.78	\$1.88	\$2.00	\$2.12	\$2.32	\$2.54	\$2.77	\$3.01	\$3.25	\$3.52	\$3.71	\$3.91	\$4.12	\$4.34	\$111.67	
OGE Energy Corp.	OGE	\$1.18	\$1.29	\$1.41	\$1.53	\$1.67	\$1.74	\$1.81	\$1.90	\$1.99	\$2.09	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$68.53	
Otter Tail Corporation	OTTR	\$1.17	\$1.19	\$1.20	\$1.21	\$1.22	\$1.35	\$1.49	\$1.64	\$1.79	\$1.94	\$2.10	\$2.22	\$2.34	\$2.46	\$2.59	\$70.22	
Pinnacle West Capital Corporation	PNW	\$2.90	\$2.81	\$2.73	\$2.85	\$2.98	\$3.13	\$3.30	\$3.49	\$3.70	\$3.93	\$4.18	\$4.40	\$4.64	\$4.89	\$5.15	\$135.26	
PNM Resources, Inc.	PNM	\$0.66	\$0.93	\$1.01	\$1.09	\$1.19	\$1.37	\$1.56	\$1.76	\$1.97	\$2.18	\$2.40	\$2.53	\$2.67	\$2.81	\$2.96	\$66.17	
Portland General Electric Company	POR	\$0.98	\$1.08	\$1.15	\$1.24	\$1.34	\$1.46	\$1.59	\$1.73	\$1.87	\$2.03	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$81.63	
Southern Company	SO	\$2.17	\$2.21	\$2.24	\$2.27	\$2.30	\$2.39	\$2.48	\$2.58	\$2.70	\$2.83	\$2.97	\$3.13	\$3.30	\$3.48	\$3.67	\$91.78	
TECO Energy, Inc.	TE	\$0.66	\$0.69	\$0.93	\$0.96	\$0.99	\$1.05	\$1.10	\$1.15	\$1.19	\$1.24	\$1.29	\$1.36	\$1.43	\$1.51	\$1.59	\$40.53	
Westar Energy, Inc.	WR	\$1.50	\$1.53	\$1.55	\$1.57	\$1.60	\$1.73	\$1.88	\$2.04	\$2.21	\$2.41	\$2.62	\$2.76	\$2.90	\$3.05	\$3.22	\$84.10	
Xcel Energy Inc.	XEL	\$1.32	\$1.38	\$1.45	\$1.52	\$1.60	\$1.69	\$1.79	\$1.90	\$2.01	\$2.14	\$2.27	\$2.39	\$2.52	\$2.66	\$2.80	\$74.08	

Projected Annual Data Investor Cash Flow		[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]
Company	Ticker	Initial Outflow	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
Alliant Energy Corporation	LNT	(\$62.58)	\$0.00	\$1.50	\$2.30	\$2.62	\$2.83	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$3.99	\$4.21	\$4.44	\$4.67	\$4.93	\$5.19	\$139.60
Ameren Corporation	AEE	(\$41.84)	\$0.00	\$1.02	\$1.57	\$1.61	\$1.66	\$1.70	\$1.87	\$2.05	\$2.23	\$2.43	\$2.64	\$2.86	\$3.01	\$3.17	\$3.34	\$3.52	\$95.82
American Electric Power Company, Inc.	AEP	(\$56.60)	\$0.00	\$1.49	\$2.28	\$2.42	\$2.52	\$2.63	\$2.82	\$3.02	\$3.23	\$3.46	\$3.70	\$3.97	\$4.18	\$4.40	\$4.64	\$4.89	\$127.49
CMS Energy Corporation	CMS	(\$34.87)	\$0.00	\$0.77	\$1.18	\$1.30	\$1.38	\$1.47	\$1.58	\$1.70	\$1.82	\$1.95	\$2.08	\$2.22	\$2.34	\$2.46	\$2.60	\$2.74	\$78.83
DTE Energy Company	DTE	(\$81.27)	\$0.00	\$1.73	\$2.65	\$2.78	\$2.89	\$3.00	\$3.23	\$3.48	\$3.75	\$4.03	\$4.34	\$4.67	\$4.92	\$5.18	\$5.46	\$5.75	\$183.23
Duke Energy Corporation	DUK	(\$77.28)	\$0.00	\$2.08	\$3.17	\$3.26	\$3.34	\$3.42	\$3.60	\$3.81	\$4.02	\$4.26	\$4.51	\$4.78	\$5.04	\$5.31	\$5.59	\$5.90	\$169.93
Empire District Electric Company	EDE	(\$24.68)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$52.99
Great Plains Energy Inc.	GXP	(\$26.69)	\$0.00	\$0.82	\$1.26	\$1.30	\$1.34	\$1.38	\$1.48	\$1.58	\$1.68	\$1.80	\$1.92	\$2.05	\$2.16	\$2.28	\$2.40	\$2.53	\$59.75
IDACORP, Inc.	IDA	(\$62.29)	\$0.00	\$1.25	\$1.89	\$2.14	\$2.28	\$2.42	\$2.66	\$2.72	\$2.91	\$3.12	\$3.37	\$3.63	\$3.83	\$4.03	\$4.26	\$4.48	\$140.83
Eversource Energy	ES	(\$50.26)	\$0.00	\$1.13	\$1.74	\$1.88	\$2.00	\$2.12	\$2.32	\$2.54	\$2.77	\$3.01	\$3.25	\$3.52	\$3.71	\$3.91	\$4.12	\$4.34	\$116.01
OGE Energy Corp.	OGE	(\$32.12)	\$0.00	\$0.79	\$1.20	\$1.41	\$1.53	\$1.67	\$1.74	\$1.81	\$1.90	\$1.99	\$2.09	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$71.24
Otter Tail Corporation	OTTR	(\$31.86)	\$0.00	\$0.78	\$1.21	\$1.20	\$1.21	\$1.22	\$1.35	\$1.49	\$1.64	\$1.79	\$1.94	\$2.10	\$2.22	\$2.34	\$2.46	\$2.59	\$72.81
Pinnacle West Capital Corporation	PNW	(\$63.32)	\$0.00	\$1.68	\$2.55	\$2.73	\$2.85	\$2.98	\$3.13	\$3.30	\$3.49	\$3.70	\$3.93	\$4.18	\$4.40	\$4.64	\$4.89	\$5.15	\$140.41
PNM Resources, Inc.	PNM	(\$28.37)	\$0.00	\$0.58	\$0.90	\$1.01	\$1.09	\$1.19	\$1.37	\$1.56	\$1.76	\$1.97	\$2.18	\$2.40	\$2.53	\$2.67	\$2.81	\$2.96	\$69.13
Portland General Electric Company	POR	(\$36.62)	\$0.00	\$0.66	\$1.01	\$1.15	\$1.24	\$1.34	\$1.46	\$1.59	\$1.73	\$1.87	\$2.03	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$84.34
Southern Company	SO	(\$44.46)	\$0.00	\$1.46	\$2.21	\$2.24	\$2.27	\$2.30	\$2.39	\$2.48	\$2.58	\$2.70	\$2.83	\$2.97	\$3.13	\$3.30	\$3.48	\$3.67	\$95.45
TECO Energy, Inc.	TE	(\$19.49)	\$0.00	\$0.58	\$0.89	\$0.93	\$0.96	\$0.99	\$1.05	\$1.10	\$1.15	\$1.19	\$1.24	\$1.29	\$1.36	\$1.43	\$1.51	\$1.59	\$42.11
Westar Energy, Inc.	WR	(\$38.41)	\$0.00	\$1.01	\$1.53	\$1.55	\$1.57	\$1.60	\$1.73	\$1.88	\$2.04	\$2.21	\$2.41	\$2.62	\$2.76	\$2.90	\$3.05	\$3.22	\$87.33
Xcel Energy Inc.	XEL	(\$34.55)	\$0.00	\$0.68	\$1.35	\$1.45	\$1.52	\$1.60	\$1.69	\$1.79	\$1.90	\$2.01	\$2.14	\$2.27	\$2.39	\$2.52	\$2.66	\$2.80	\$76.87

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

Projected Annual Cash Flow		[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Value
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Alliant Energy Corporation	LNT	\$2.25	\$2.45	\$2.66	\$2.88	\$3.13	\$3.31	\$3.51	\$3.71	\$3.91	\$4.13	\$4.35	\$4.58	\$4.83	\$5.09	\$5.36	\$134.69	
Ameren Corporation	AEE	\$1.95	\$1.61	\$1.67	\$1.73	\$1.79	\$1.93	\$2.18	\$2.39	\$2.60	\$2.82	\$3.06	\$3.23	\$3.40	\$3.58	\$3.77	\$92.82	
American Electric Power Company, Inc.	AEP	\$2.23	\$2.33	\$2.44	\$2.56	\$2.67	\$2.87	\$3.08	\$3.30	\$3.53	\$3.78	\$4.05	\$4.27	\$4.50	\$4.74	\$4.99	\$122.79	
CMS Energy Corporation	CMS	\$1.15	\$1.24	\$1.32	\$1.42	\$1.52	\$1.64	\$1.77	\$1.90	\$2.03	\$2.17	\$2.32	\$2.44	\$2.57	\$2.71	\$2.86	\$76.33	
DTE Energy Company	DTE	\$2.62	\$2.74	\$2.87	\$3.01	\$3.15	\$3.41	\$3.69	\$3.98	\$4.29	\$4.62	\$4.97	\$5.24	\$5.52	\$5.82	\$6.13	\$178.21	
Duke Energy Corporation	DUK	\$3.12	\$3.20	\$3.29	\$3.38	\$3.47	\$3.66	\$3.88	\$4.10	\$4.34	\$4.60	\$4.88	\$5.14	\$5.42	\$5.71	\$6.01	\$164.22	
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$51.07	
Great Plains Energy Inc.	GXP	\$1.24	\$1.28	\$1.32	\$1.37	\$1.42	\$1.52	\$1.63	\$1.74	\$1.86	\$1.99	\$2.13	\$2.24	\$2.36	\$2.49	\$2.62	\$57.38	
IDACORP, Inc.	IDA	\$1.89	\$2.04	\$2.19	\$2.35	\$2.52	\$2.69	\$2.86	\$3.06	\$3.29	\$3.55	\$3.83	\$4.03	\$4.25	\$4.48	\$4.72	\$136.82	
Eversource Energy	ES	\$1.71	\$1.83	\$1.96	\$2.10	\$2.25	\$2.49	\$2.74	\$3.00	\$3.27	\$3.54	\$3.82	\$4.03	\$4.25	\$4.47	\$4.71	\$112.49	
OGE Energy Corp.	OGE	\$1.20	\$1.33	\$1.46	\$1.61	\$1.77	\$1.85	\$1.95	\$2.04	\$2.15	\$2.26	\$2.38	\$2.61	\$2.64	\$2.78	\$2.93	\$68.87	
Other Tail Corporation	OTTR	\$1.21	\$1.25	\$1.29	\$1.33	\$1.36	\$1.53	\$1.71	\$1.89	\$2.07	\$2.25	\$2.44	\$2.67	\$2.71	\$2.85	\$3.01	\$71.11	
Pinnacle West Capital Corporation	PNW	\$2.50	\$2.62	\$2.74	\$2.87	\$3.00	\$3.16	\$3.33	\$3.53	\$3.74	\$3.97	\$4.22	\$4.45	\$4.69	\$4.94	\$5.20	\$135.35	
PNM Resources, Inc.	PNM	\$0.87	\$0.94	\$1.03	\$1.12	\$1.21	\$1.41	\$1.61	\$1.82	\$2.03	\$2.25	\$2.48	\$2.62	\$2.76	\$2.91	\$3.06	\$66.42	
Portland General Electric Company	POR	\$0.99	\$1.09	\$1.18	\$1.29	\$1.41	\$1.54	\$1.68	\$1.83	\$1.99	\$2.16	\$2.34	\$2.47	\$2.60	\$2.74	\$2.88	\$32.00	
Southern Company	SO	\$2.19	\$2.23	\$2.27	\$2.32	\$2.36	\$2.45	\$2.55	\$2.66	\$2.78	\$2.92	\$3.07	\$3.23	\$3.40	\$3.59	\$3.78	\$91.92	
TECO Energy, Inc.	TE	\$0.90	\$0.96	\$1.01	\$1.07	\$1.14	\$1.22	\$1.29	\$1.37	\$1.43	\$1.49	\$1.64	\$1.63	\$1.71	\$1.81	\$1.90	\$40.97	
Westar Energy, Inc.	WR	\$1.56	\$1.61	\$1.66	\$1.72	\$1.77	\$1.94	\$2.13	\$2.33	\$2.54	\$2.76	\$3.00	\$3.16	\$3.33	\$3.51	\$3.70	\$85.09	
Xcel Energy Inc.	XEL	\$1.32	\$1.39	\$1.46	\$1.53	\$1.61	\$1.70	\$1.80	\$1.91	\$2.03	\$2.15	\$2.29	\$2.41	\$2.54	\$2.68	\$2.82	\$74.11	

Projected Annual Data Investor Cash Flow		[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]
Company	Ticker	Initial Outflow	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
Alliant Energy Corporation	LNT (\$62.58)	\$0.00	\$1.51	\$2.32	\$2.66	\$2.88	\$3.13	\$3.31	\$3.51	\$3.71	\$3.91	\$4.13	\$4.35	\$4.58	\$4.83	\$5.09	\$5.36	\$5.63	\$140.06
Ameren Corporation	AEE (\$41.84)	\$0.00	\$1.04	\$1.60	\$1.67	\$1.73	\$1.79	\$1.93	\$2.18	\$2.39	\$2.60	\$2.82	\$3.06	\$3.23	\$3.40	\$3.58	\$3.77	\$3.96	\$96.60
American Electric Power Company, Inc.	AEP (\$56.60)	\$0.00	\$1.50	\$2.29	\$2.44	\$2.56	\$2.67	\$2.87	\$3.08	\$3.30	\$3.53	\$3.78	\$4.05	\$4.27	\$4.50	\$4.74	\$4.99	\$5.25	\$127.78
CMS Energy Corporation	CMS (\$34.87)	\$0.00	\$0.77	\$1.19	\$1.32	\$1.42	\$1.52	\$1.64	\$1.77	\$1.90	\$2.03	\$2.17	\$2.32	\$2.44	\$2.57	\$2.71	\$2.86	\$2.99	\$79.19
DTE Energy Company	DTE (\$81.27)	\$0.00	\$1.76	\$2.70	\$2.87	\$3.01	\$3.15	\$3.41	\$3.69	\$3.98	\$4.29	\$4.62	\$4.97	\$5.24	\$5.52	\$5.82	\$6.13	\$6.44	\$184.34
Duke Energy Corporation	DUK (\$77.28)	\$0.00	\$2.09	\$3.19	\$3.29	\$3.38	\$3.47	\$3.66	\$3.88	\$4.10	\$4.34	\$4.60	\$4.88	\$5.14	\$5.42	\$5.71	\$6.01	\$6.32	\$170.23
Empire District Electric Company	EDE (\$24.68)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$2.02	\$52.99
Great Plains Energy Inc.	GXP (\$26.69)	\$0.00	\$0.83	\$1.27	\$1.32	\$1.37	\$1.42	\$1.52	\$1.63	\$1.74	\$1.86	\$1.99	\$2.13	\$2.24	\$2.36	\$2.49	\$2.62	\$2.76	\$60.00
IDACORP, Inc.	IDA (\$62.29)	\$0.00	\$1.27	\$1.92	\$2.19	\$2.35	\$2.52	\$2.69	\$2.86	\$3.06	\$3.29	\$3.55	\$3.83	\$4.03	\$4.25	\$4.48	\$4.72	\$4.96	\$141.53
Eversource Energy	ES (\$60.26)	\$0.00	\$1.15	\$1.78	\$1.96	\$2.10	\$2.25	\$2.49	\$2.74	\$3.00	\$3.27	\$3.54	\$3.82	\$4.03	\$4.25	\$4.47	\$4.71	\$4.95	\$117.20
OGE Energy Corp.	OGE (\$32.12)	\$0.00	\$0.80	\$1.23	\$1.46	\$1.61	\$1.77	\$1.85	\$1.95	\$2.04	\$2.15	\$2.26	\$2.38	\$2.51	\$2.64	\$2.78	\$2.93	\$3.07	\$71.80
Other Tail Corporation	OTTR (\$31.66)	\$0.00	\$0.81	\$1.27	\$1.29	\$1.33	\$1.36	\$1.53	\$1.71	\$1.89	\$2.07	\$2.25	\$2.44	\$2.57	\$2.71	\$2.85	\$3.01	\$3.16	\$74.12
Pinnacle West Capital Corporation	PNW (\$63.32)	\$0.00	\$1.68	\$2.56	\$2.74	\$2.87	\$3.00	\$3.16	\$3.33	\$3.53	\$3.74	\$3.97	\$4.22	\$4.45	\$4.69	\$4.94	\$5.20	\$5.45	\$140.55
PNM Resources, Inc.	PNM (\$28.37)	\$0.00	\$0.58	\$0.91	\$1.03	\$1.12	\$1.21	\$1.41	\$1.61	\$1.82	\$2.03	\$2.25	\$2.48	\$2.62	\$2.76	\$2.91	\$3.06	\$3.21	\$69.48
Portland General Electric Company	POR (\$36.62)	\$0.00	\$0.67	\$1.02	\$1.18	\$1.29	\$1.41	\$1.54	\$1.68	\$1.83	\$1.99	\$2.16	\$2.34	\$2.47	\$2.60	\$2.74	\$2.88	\$3.02	\$84.88
Southern Company	SO (\$44.46)	\$0.00	\$1.47	\$2.23	\$2.27	\$2.32	\$2.36	\$2.45	\$2.55	\$2.66	\$2.78	\$2.92	\$3.07	\$3.23	\$3.40	\$3.59	\$3.78	\$3.97	\$95.70
TECO Energy, Inc.	TE (\$19.49)	\$0.00	\$0.60	\$0.94	\$1.01	\$1.07	\$1.14	\$1.22	\$1.29	\$1.37	\$1.43	\$1.49	\$1.64	\$1.63	\$1.71	\$1.81	\$1.90	\$2.00	\$42.87
Westar Energy, Inc.	WR (\$38.41)	\$0.00	\$1.04	\$1.60	\$1.66	\$1.72	\$1.77	\$1.94	\$2.13	\$2.33	\$2.54	\$2.76	\$3.00	\$3.16	\$3.33	\$3.51	\$3.70	\$3.89	\$88.79
Xcel Energy Inc.	XEL (\$34.55)	\$0.00	\$0.69	\$1.35	\$1.46	\$1.53	\$1.61	\$1.70	\$1.80	\$1.91	\$2.03	\$2.15	\$2.29	\$2.41	\$2.54	\$2.68	\$2.82	\$2.96	\$76.94

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

Projected Annual Cash Flows		[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Value
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Alliant Energy Corporation	LMT	\$2.23	\$2.40	\$2.59	\$2.79	\$3.00	\$3.17	\$3.34	\$3.52	\$3.71	\$3.91	\$4.13	\$4.35	\$4.58	\$4.83	\$5.09		\$134.23
Ameren Corporation	AEE	\$1.48	\$1.51	\$1.53	\$1.55	\$1.58	\$1.71	\$1.86	\$2.02	\$2.19	\$2.37	\$2.57	\$2.71	\$2.86	\$3.01	\$3.17		\$91.58
American Electric Power Company, Inc.	AEP	\$2.21	\$2.30	\$2.40	\$2.60	\$2.60	\$2.78	\$2.97	\$3.18	\$3.40	\$3.64	\$3.90	\$4.11	\$4.33	\$4.56	\$4.80		\$122.45
CMS Energy Corporation	CMS	\$1.13	\$1.19	\$1.26	\$1.34	\$1.42	\$1.52	\$1.62	\$1.74	\$1.85	\$1.98	\$2.11	\$2.23	\$2.35	\$2.47	\$2.61		\$75.85
DTE Energy Company	DTE	\$2.55	\$2.63	\$2.71	\$2.80	\$2.89	\$3.10	\$3.32	\$3.57	\$3.83	\$4.13	\$4.44	\$4.68	\$4.93	\$5.19	\$5.47		\$176.94
Duke Energy Corporation	DUK	\$3.09	\$3.16	\$3.23	\$3.30	\$3.37	\$3.55	\$3.76	\$3.96	\$4.19	\$4.44	\$4.70	\$4.96	\$5.22	\$5.50	\$5.80		\$163.88
Empire District Electric Company	EDE	\$1.18	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92		\$51.07
Great Plains Energy Inc.	GXP	\$1.21	\$1.25	\$1.28	\$1.31	\$1.35	\$1.43	\$1.53	\$1.63	\$1.74	\$1.86	\$1.99	\$2.09	\$2.20	\$2.32	\$2.45		\$57.08
IDACORP, Inc.	IDA	\$1.82	\$1.92	\$2.03	\$2.13	\$2.24	\$2.34	\$2.47	\$2.63	\$2.81	\$3.03	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03		\$135.62
Eversource Energy	ES	\$1.66	\$1.76	\$1.84	\$1.94	\$2.04	\$2.23	\$2.43	\$2.64	\$2.87	\$3.10	\$3.36	\$3.54	\$3.73	\$3.93	\$4.14		\$111.25
OGE Energy Corp.	OGE	\$1.15	\$1.25	\$1.35	\$1.46	\$1.58	\$1.63	\$1.69	\$1.76	\$1.84	\$1.94	\$2.04	\$2.15	\$2.26	\$2.39	\$2.51		\$68.22
Otter Tail Corporation	OTTR	\$1.12	\$1.12	\$1.12	\$1.10	\$1.09	\$1.19	\$1.30	\$1.42	\$1.54	\$1.67	\$1.81	\$1.91	\$2.01	\$2.12	\$2.23		\$69.48
Pinnacle West Capital Corporation	PNW	\$2.49	\$2.60	\$2.72	\$2.84	\$2.96	\$3.12	\$3.29	\$3.47	\$3.68	\$3.91	\$4.16	\$4.38	\$4.61	\$4.86	\$5.12		\$135.22
PNM Resources, Inc.	PNM	\$0.85	\$0.92	\$0.99	\$1.07	\$1.15	\$1.32	\$1.51	\$1.70	\$1.90	\$2.10	\$2.31	\$2.44	\$2.57	\$2.71	\$2.85		\$65.88
Portland General Electric Company	POR	\$0.97	\$1.05	\$1.13	\$1.21	\$1.31	\$1.42	\$1.54	\$1.66	\$1.81	\$1.96	\$2.12	\$2.24	\$2.36	\$2.48	\$2.62		\$81.41
Southern Company	SO	\$2.16	\$2.19	\$2.22	\$2.24	\$2.27	\$2.34	\$2.43	\$2.53	\$2.64	\$2.77	\$2.91	\$3.07	\$3.23	\$3.40	\$3.59		\$91.68
TECO Energy, Inc.	TE	\$0.82	\$0.83	\$0.83	\$0.84	\$0.85	\$0.87	\$0.90	\$0.93	\$0.97	\$1.01	\$1.04	\$1.10	\$1.16	\$1.22	\$1.29		\$40.17
Westar Energy, Inc.	WR	\$1.47	\$1.48	\$1.49	\$1.49	\$1.50	\$1.61	\$1.73	\$1.87	\$2.03	\$2.21	\$2.40	\$2.63	\$2.86	\$3.11	\$3.37		\$83.57
Xcel Energy Inc.	XEL	\$1.31	\$1.38	\$1.45	\$1.52	\$1.59	\$1.68	\$1.78	\$1.88	\$2.00	\$2.12	\$2.25	\$2.37	\$2.50	\$2.64	\$2.78		\$74.04

Projected Annual Data Investor Cash Flows		[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]
Company	Ticker	Initial Outflow	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
Alliant Energy Corporation	LMT	(\$62.58)	\$0.00	\$1.49	\$2.28	\$2.69	\$2.79	\$3.00	\$3.17	\$3.34	\$3.52	\$3.71	\$3.91	\$4.13	\$4.35	\$4.58	\$4.83	\$5.09	\$139.32
Ameren Corporation	AEE	(\$41.84)	\$0.00	\$0.99	\$1.52	\$1.53	\$1.55	\$1.58	\$1.71	\$1.86	\$2.02	\$2.19	\$2.37	\$2.57	\$2.71	\$2.86	\$3.01	\$3.17	\$94.75
American Electric Power Company, Inc.	AEP	(\$56.60)	\$0.00	\$1.45	\$2.26	\$2.40	\$2.60	\$2.60	\$2.78	\$2.97	\$3.18	\$3.40	\$3.64	\$3.90	\$4.11	\$4.33	\$4.56	\$4.80	\$127.25
CMS Energy Corporation	CMS	(\$34.87)	\$0.00	\$0.76	\$1.16	\$1.26	\$1.34	\$1.42	\$1.52	\$1.62	\$1.74	\$1.85	\$1.98	\$2.11	\$2.23	\$2.35	\$2.47	\$2.61	\$78.46
DTE Energy Company	DTE	(\$81.27)	\$0.00	\$1.71	\$2.60	\$2.71	\$2.80	\$2.89	\$3.10	\$3.32	\$3.57	\$3.83	\$4.13	\$4.44	\$4.68	\$4.93	\$5.19	\$5.47	\$182.41
Duke Energy Corporation	DUK	(\$77.28)	\$0.00	\$2.07	\$3.16	\$3.23	\$3.30	\$3.37	\$3.55	\$3.75	\$3.96	\$4.19	\$4.44	\$4.70	\$4.96	\$5.22	\$5.50	\$5.80	\$169.68
Empire District Electric Company	EDE	(\$24.68)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$52.99
Great Plains Energy Inc.	GXP	(\$26.69)	\$0.00	\$0.82	\$1.24	\$1.28	\$1.31	\$1.35	\$1.43	\$1.53	\$1.63	\$1.74	\$1.86	\$1.99	\$2.09	\$2.20	\$2.32	\$2.45	\$59.52
IDACORP, Inc.	IDA	(\$62.29)	\$0.00	\$1.22	\$1.83	\$2.03	\$2.13	\$2.24	\$2.34	\$2.47	\$2.63	\$2.81	\$3.03	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$138.55
Eversource Energy	ES	(\$50.26)	\$0.00	\$1.11	\$1.71	\$1.84	\$1.94	\$2.04	\$2.23	\$2.43	\$2.64	\$2.87	\$3.10	\$3.36	\$3.54	\$3.73	\$3.93	\$4.14	\$115.38
OGE Energy Corp.	OGE	(\$32.12)	\$0.00	\$0.77	\$1.17	\$1.35	\$1.46	\$1.58	\$1.63	\$1.69	\$1.76	\$1.84	\$1.94	\$2.04	\$2.15	\$2.26	\$2.39	\$2.51	\$70.73
Otter Tail Corporation	OTTR	(\$31.66)	\$0.00	\$0.75	\$1.16	\$1.12	\$1.10	\$1.09	\$1.19	\$1.30	\$1.42	\$1.54	\$1.67	\$1.81	\$1.91	\$2.01	\$2.12	\$2.23	\$71.71
Pinnacle West Capital Corporation	PNW	(\$63.32)	\$0.00	\$1.67	\$2.54	\$2.72	\$2.84	\$2.96	\$3.12	\$3.29	\$3.47	\$3.68	\$3.91	\$4.16	\$4.38	\$4.61	\$4.86	\$5.12	\$140.34
PNM Resources, Inc.	PNM	(\$28.37)	\$0.00	\$0.57	\$0.89	\$0.99	\$1.07	\$1.15	\$1.32	\$1.51	\$1.70	\$1.90	\$2.10	\$2.31	\$2.44	\$2.57	\$2.71	\$2.85	\$68.73
Portland General Electric Company	POR	(\$35.62)	\$0.00	\$0.65	\$0.99	\$1.13	\$1.21	\$1.31	\$1.42	\$1.54	\$1.66	\$1.81	\$1.96	\$2.12	\$2.24	\$2.36	\$2.48	\$2.62	\$84.03
Southern Company	SO	(\$44.46)	\$0.00	\$1.45	\$2.20	\$2.22	\$2.24	\$2.27	\$2.34	\$2.43	\$2.53	\$2.64	\$2.77	\$2.91	\$3.07	\$3.23	\$3.40	\$3.59	\$95.26
TECO Energy, Inc.	TE	(\$19.49)	\$0.00	\$0.85	\$0.83	\$0.83	\$0.84	\$0.85	\$0.87	\$0.90	\$0.93	\$0.97	\$1.01	\$1.04	\$1.10	\$1.16	\$1.22	\$1.29	\$41.46
Westar Energy, Inc.	WR	(\$38.41)	\$0.00	\$0.99	\$1.49	\$1.49	\$1.49	\$1.50	\$1.61	\$1.73	\$1.87	\$2.03	\$2.21	\$2.40	\$2.63	\$2.86	\$3.11	\$3.37	\$86.53
Xcel Energy Inc.	XEL	(\$34.55)	\$0.00	\$0.83	\$1.34	\$1.45	\$1.52	\$1.59	\$1.68	\$1.78	\$1.88	\$2.00	\$2.12	\$2.25	\$2.37	\$2.50	\$2.64	\$2.78	\$76.82

Mult-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
 60 Day Average Stock Price
 Average EPS Growth Rate Estimate in First Stage

Projected Annual Cash Flows		[48]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Value
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Alliant Energy Corporation	LNT	\$2.24	\$2.42	\$2.62	\$2.83	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$3.99	\$4.21	\$4.44	\$4.67	\$4.93	\$5.19	\$139.09	
Ameren Corporation	AEE	\$1.52	\$1.57	\$1.61	\$1.66	\$1.70	\$1.87	\$2.05	\$2.23	\$2.43	\$2.64	\$2.86	\$3.01	\$3.17	\$3.34	\$3.52	\$95.71	
American Electric Power Company, Inc.	AEP	\$2.22	\$2.32	\$2.42	\$2.52	\$2.63	\$2.82	\$3.02	\$3.23	\$3.46	\$3.70	\$3.97	\$4.18	\$4.40	\$4.64	\$4.89	\$127.55	
CMS Energy Corporation	CMS	\$1.14	\$1.22	\$1.30	\$1.38	\$1.47	\$1.58	\$1.70	\$1.82	\$1.95	\$2.08	\$2.22	\$2.34	\$2.46	\$2.60	\$2.74	\$77.12	
DTE Energy Company	DTE	\$2.58	\$2.68	\$2.78	\$2.89	\$3.00	\$3.23	\$3.48	\$3.75	\$4.03	\$4.34	\$4.67	\$4.92	\$5.18	\$5.46	\$5.75	\$183.52	
Duke Energy Corporation	DUK	\$3.10	\$3.18	\$3.26	\$3.34	\$3.42	\$3.60	\$3.81	\$4.02	\$4.26	\$4.51	\$4.78	\$5.04	\$5.31	\$5.59	\$5.80	\$171.56	
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$55.78	
Great Plains Energy Inc.	GXP	\$1.22	\$1.26	\$1.30	\$1.34	\$1.38	\$1.48	\$1.58	\$1.68	\$1.80	\$1.92	\$2.05	\$2.16	\$2.28	\$2.40	\$2.53	\$69.06	
IDACORP, Inc.	IDA	\$1.87	\$2.00	\$2.14	\$2.28	\$2.42	\$2.56	\$2.72	\$2.91	\$3.12	\$3.37	\$3.63	\$3.83	\$4.03	\$4.25	\$4.48	\$140.34	
Eversource Energy	ES	\$1.68	\$1.78	\$1.88	\$2.00	\$2.12	\$2.32	\$2.54	\$2.77	\$3.01	\$3.25	\$3.52	\$3.71	\$3.91	\$4.12	\$4.34	\$115.93	
OGE Energy Corp.	OGE	\$1.18	\$1.29	\$1.41	\$1.53	\$1.67	\$1.74	\$1.81	\$1.90	\$1.99	\$2.09	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$71.36	
Otter Tail Corporation	OTTR	\$1.17	\$1.19	\$1.20	\$1.21	\$1.22	\$1.35	\$1.49	\$1.64	\$1.79	\$1.94	\$2.10	\$2.22	\$2.34	\$2.46	\$2.59	\$70.02	
Pinnacle West Capital Corporation	PNW	\$2.80	\$2.81	\$2.73	\$2.85	\$2.98	\$3.13	\$3.30	\$3.49	\$3.70	\$3.93	\$4.18	\$4.40	\$4.64	\$4.89	\$5.15	\$141.37	
PNM Resources, Inc.	PNM	\$0.86	\$0.93	\$1.01	\$1.09	\$1.19	\$1.37	\$1.56	\$1.76	\$1.97	\$2.18	\$2.40	\$2.63	\$2.87	\$3.11	\$3.36	\$67.60	
Portland General Electric Company	POR	\$0.93	\$1.05	\$1.15	\$1.24	\$1.34	\$1.46	\$1.59	\$1.73	\$1.87	\$2.03	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$83.67	
Southern Company	SO	\$2.17	\$2.21	\$2.24	\$2.27	\$2.30	\$2.39	\$2.48	\$2.58	\$2.70	\$2.83	\$2.97	\$3.13	\$3.30	\$3.48	\$3.67	\$97.34	
TECO Energy, Inc.	TE	\$0.86	\$0.89	\$0.93	\$0.96	\$0.99	\$1.05	\$1.10	\$1.15	\$1.19	\$1.24	\$1.29	\$1.36	\$1.43	\$1.51	\$1.59	\$41.75	
Westar Energy, Inc.	WR	\$1.50	\$1.53	\$1.55	\$1.57	\$1.60	\$1.73	\$1.88	\$2.04	\$2.21	\$2.41	\$2.62	\$2.76	\$2.90	\$3.06	\$3.22	\$87.37	
Xcel Energy Inc.	XEL	\$1.32	\$1.38	\$1.45	\$1.52	\$1.60	\$1.69	\$1.79	\$1.90	\$2.01	\$2.14	\$2.27	\$2.39	\$2.52	\$2.66	\$2.80	\$76.17	

Projected Annual Data Investor Cash Flows		[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]
Company	Ticker	Initial Outflow	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
Alliant Energy Corporation	LNT	(\$64.71)	\$0.00	\$1.50	\$2.30	\$2.62	\$2.83	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$3.99	\$4.21	\$4.44	\$4.67	\$4.93	\$5.19	\$144.28
Ameren Corporation	AEE	(\$43.38)	\$0.00	\$1.02	\$1.57	\$1.61	\$1.66	\$1.70	\$1.87	\$2.05	\$2.23	\$2.43	\$2.64	\$2.86	\$3.01	\$3.17	\$3.34	\$3.52	\$99.23
American Electric Power Company, Inc.	AEP	(\$58.65)	\$0.00	\$1.49	\$2.28	\$2.42	\$2.52	\$2.63	\$2.82	\$3.02	\$3.23	\$3.46	\$3.70	\$3.97	\$4.18	\$4.40	\$4.64	\$4.89	\$132.44
CMS Energy Corporation	CMS	(\$35.33)	\$0.00	\$0.77	\$1.18	\$1.30	\$1.38	\$1.47	\$1.58	\$1.70	\$1.82	\$1.95	\$2.08	\$2.22	\$2.34	\$2.46	\$2.60	\$2.74	\$79.65
DTE Energy Company	DTE	(\$84.01)	\$0.00	\$1.73	\$2.65	\$2.78	\$2.89	\$3.00	\$3.23	\$3.48	\$3.75	\$4.03	\$4.34	\$4.67	\$4.92	\$5.18	\$5.46	\$5.75	\$189.28
Duke Energy Corporation	DUK	(\$80.70)	\$0.00	\$2.08	\$3.17	\$3.26	\$3.34	\$3.42	\$3.60	\$3.81	\$4.02	\$4.26	\$4.51	\$4.78	\$5.04	\$5.31	\$5.59	\$5.80	\$177.45
Empire District Electric Company	EDE	(\$26.82)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$57.69
Great Plains Energy Inc.	GXP	(\$27.53)	\$0.00	\$0.82	\$1.26	\$1.30	\$1.34	\$1.38	\$1.48	\$1.58	\$1.68	\$1.80	\$1.92	\$2.05	\$2.16	\$2.28	\$2.40	\$2.53	\$61.59
IDACORP, Inc.	IDA	(\$64.09)	\$0.00	\$1.25	\$1.69	\$2.14	\$2.28	\$2.42	\$2.56	\$2.72	\$2.91	\$3.12	\$3.37	\$3.63	\$3.83	\$4.03	\$4.25	\$4.48	\$144.82
Eversource Energy	ES	(\$52.19)	\$0.00	\$1.13	\$1.74	\$1.88	\$2.00	\$2.12	\$2.32	\$2.54	\$2.77	\$3.01	\$3.25	\$3.52	\$3.71	\$3.91	\$4.12	\$4.34	\$120.27
OGE Energy Corp.	OGE	(\$33.41)	\$0.00	\$0.79	\$1.20	\$1.41	\$1.53	\$1.67	\$1.74	\$1.81	\$1.90	\$1.99	\$2.09	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$74.07
Otter Tail Corporation	OTTR	(\$31.77)	\$0.00	\$0.78	\$1.21	\$1.20	\$1.21	\$1.22	\$1.35	\$1.49	\$1.64	\$1.79	\$1.94	\$2.10	\$2.22	\$2.34	\$2.46	\$2.59	\$72.61
Pinnacle West Capital Corporation	PNW	(\$66.10)	\$0.00	\$1.68	\$2.55	\$2.73	\$2.85	\$2.98	\$3.13	\$3.30	\$3.49	\$3.70	\$3.93	\$4.18	\$4.40	\$4.64	\$4.89	\$5.15	\$146.52
PNM Resources, Inc.	PNM	(\$29.01)	\$0.00	\$0.58	\$0.90	\$1.01	\$1.09	\$1.19	\$1.37	\$1.56	\$1.76	\$1.97	\$2.18	\$2.40	\$2.63	\$2.87	\$3.11	\$3.36	\$70.56
Portland General Electric Company	POR	(\$37.54)	\$0.00	\$0.66	\$1.01	\$1.15	\$1.24	\$1.34	\$1.46	\$1.59	\$1.73	\$1.87	\$2.03	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$86.38
Southern Company	SO	(\$47.00)	\$0.00	\$1.46	\$2.21	\$2.24	\$2.27	\$2.30	\$2.39	\$2.48	\$2.58	\$2.70	\$2.83	\$2.97	\$3.13	\$3.30	\$3.48	\$3.67	\$101.01
TECO Energy, Inc.	TE	(\$20.05)	\$0.00	\$0.58	\$0.89	\$0.93	\$0.96	\$0.99	\$1.05	\$1.10	\$1.15	\$1.19	\$1.24	\$1.29	\$1.36	\$1.43	\$1.51	\$1.59	\$43.34
Westar Energy, Inc.	WR	(\$39.89)	\$0.00	\$1.01	\$1.53	\$1.55	\$1.57	\$1.60	\$1.73	\$1.88	\$2.04	\$2.21	\$2.41	\$2.62	\$2.76	\$2.90	\$3.06	\$3.22	\$90.60
Xcel Energy Inc.	XEL	(\$35.50)	\$0.00	\$0.88	\$1.35	\$1.45	\$1.52	\$1.60	\$1.69	\$1.79	\$1.90	\$2.01	\$2.14	\$2.27	\$2.39	\$2.52	\$2.66	\$2.80	\$78.97

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
90 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Inputs	(1) Stock	(2) Price	(3) Zacks	(4) EPS Growth Rate Estimates		(5) Low-Growth	(6) Long-Term	(7) Growth	(8) 2015	(9) 2019	(10) 2025	(11) Iterative Solution		(12) Terminal P/E Ratio	(13) Terminal PEG Ratio
				Value	High							Prof.	IRR		
				Line	Growth										
Atlanti Energy Corporation	LINT	\$64.71	5.30%	5.40%	6.00%	6.00%	5.37%	61.00%	67.00%	67.30%	\$0.00	9.42%	17.49	3.26	
Ameren Corporation	AEE	\$43.38	7.30%	8.85%	5.00%	7.30%	5.37%	64.00%	56.00%	67.30%	(\$0.00)	9.50%	17.16	3.20	
American Electric Power Company, Inc.	AEP	\$58.85	6.00%	5.18%	5.50%	5.50%	5.37%	63.00%	61.00%	67.30%	\$0.00	9.48%	17.23	3.21	
CMS Energy Corporation	CMS	\$35.33	6.20%	6.73%	5.50%	6.73%	5.37%	61.00%	62.00%	67.30%	\$0.00	9.26%	18.21	3.39	
DTE Energy Company	DTE	\$94.01	5.00%	4.51%	6.00%	6.00%	5.37%	62.00%	59.00%	67.30%	\$0.00	8.87%	20.24	3.77	
Duke Energy Corporation	DUK	\$50.70	4.70%	4.52%	5.00%	5.00%	5.37%	71.00%	65.00%	67.30%	(\$0.00)	9.06%	19.22	3.59	
Empire District Electric Company	EDE	\$26.82	3.00%	3.00%	3.00%	3.00%	5.37%	74.00%	68.00%	67.30%	\$0.00	8.99%	19.58	3.65	
Great Plains Energy Inc.	GXP	\$27.53	5.40%	5.90%	5.00%	5.90%	5.37%	68.00%	62.00%	67.30%	\$0.00	10.03%	15.21	2.83	
IDACORP, Inc.	IDA	\$64.09	3.00%	3.00%	1.00%	3.00%	5.37%	49.00%	53.00%	67.30%	\$0.00	8.90%	20.09	3.74	
Eversource Energy	ES	\$52.19	6.40%	6.25%	8.00%	8.00%	5.37%	59.00%	57.00%	67.30%	\$0.00	9.62%	16.67	3.10	
OGE Energy Corp.	OGE	\$33.41	5.00%	4.00%	3.00%	5.00%	5.37%	56.00%	68.00%	67.30%	(\$0.00)	9.63%	16.46	3.07	
Other Tail Corporation	OTTR	\$31.77	NA	6.00%	10.00%	10.00%	5.37%	73.00%	56.00%	67.30%	\$0.00	9.83%	15.88	2.96	
Pinnacle West Capital Corporation	PNW	\$66.10	4.00%	4.20%	4.00%	4.20%	5.37%	63.00%	64.00%	67.30%	\$0.00	9.24%	18.30	3.41	
PNM Resources, Inc.	PNM	\$29.01	8.90%	9.68%	9.50%	9.65%	5.37%	51.00%	49.00%	67.30%	\$0.00	10.12%	14.92	2.78	
Portland General Electric Company	POR	\$37.54	4.90%	4.72%	6.00%	6.00%	5.37%	50.00%	56.00%	67.30%	(\$0.00)	8.95%	19.61	3.65	
Southern Company	SO	\$47.00	3.50%	3.32%	4.00%	4.00%	5.37%	75.00%	69.00%	67.30%	(\$0.00)	9.45%	17.36	3.23	
TECO Energy, Inc.	TE	\$20.05	7.10%	9.20%	4.00%	9.20%	5.37%	\$2.00%	73.00%	67.30%	(\$0.00)	10.12%	14.92	2.78	
Westar Energy, Inc.	WR	\$39.89	3.50%	3.07%	6.00%	6.00%	5.37%	61.00%	55.00%	67.30%	\$0.00	9.78%	16.07	2.99	
Xcel Energy Inc.	XEL	\$35.50	4.70%	4.55%	4.50%	4.70%	5.37%	63.00%	64.00%	67.30%	\$0.00	9.27%	18.18	3.39	

DCF Result				
Mean	9.45%	17.52	3.26	
Max	10.12%	20.24	3.77	
Min	8.87%	14.92	2.78	

Projected Annual Earnings per Share	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	
Atlanti Energy Corporation	LINT	\$3.29	\$3.49	\$3.70	\$3.92	\$4.15	\$4.40	\$4.67	\$4.94	\$5.23	\$5.52	\$5.82	\$6.13	\$6.46	\$6.81	\$7.18	\$7.56	\$7.97
Ameren Corporation	AEE	\$2.10	\$2.25	\$2.42	\$2.59	\$2.78	\$2.99	\$3.20	\$3.43	\$3.65	\$3.87	\$4.10	\$4.32	\$4.55	\$4.79	\$5.05	\$5.32	\$5.61
American Electric Power Company, Inc.	AEP	\$3.18	\$3.35	\$3.54	\$3.73	\$3.94	\$4.16	\$4.39	\$4.62	\$4.88	\$5.14	\$5.42	\$5.71	\$6.02	\$6.34	\$6.68	\$7.04	\$7.42
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.89	\$2.02	\$2.15	\$2.30	\$2.45	\$2.61	\$2.77	\$2.94	\$3.10	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$4.25
DTE Energy Company	DTE	\$3.76	\$3.99	\$4.22	\$4.48	\$4.75	\$5.03	\$5.33	\$5.65	\$5.97	\$6.31	\$6.65	\$7.01	\$7.39	\$7.76	\$8.20	\$8.64	\$9.11
Duke Energy Corporation	DUK	\$3.99	\$4.18	\$4.39	\$4.61	\$4.84	\$5.08	\$5.33	\$5.60	\$5.89	\$6.20	\$6.53	\$6.88	\$7.25	\$7.64	\$8.05	\$8.48	\$8.93
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57	\$2.70	\$2.85
Great Plains Energy Inc.	GXP	\$1.62	\$1.72	\$1.82	\$1.92	\$2.04	\$2.16	\$2.29	\$2.42	\$2.55	\$2.70	\$2.85	\$3.00	\$3.16	\$3.33	\$3.51	\$3.70	\$3.89
IDACORP, Inc.	IDA	\$3.64	\$3.75	\$3.86	\$3.98	\$4.10	\$4.22	\$4.35	\$4.50	\$4.67	\$4.88	\$5.12	\$5.40	\$5.68	\$5.99	\$6.31	\$6.65	\$7.01
Eversource Energy	ES	\$2.49	\$2.69	\$2.90	\$3.14	\$3.39	\$3.66	\$3.95	\$4.25	\$4.54	\$4.83	\$5.12	\$5.39	\$5.68	\$5.99	\$6.31	\$6.65	\$7.00
OGE Energy Corp.	OGE	\$1.94	\$2.04	\$2.14	\$2.25	\$2.36	\$2.48	\$2.60	\$2.73	\$2.87	\$3.02	\$3.18	\$3.35	\$3.53	\$3.72	\$3.92	\$4.13	\$4.36
Other Tail Corporation	OTTR	\$1.37	\$1.51	\$1.66	\$1.82	\$2.01	\$2.21	\$2.43	\$2.65	\$2.86	\$3.07	\$3.26	\$3.44	\$3.62	\$3.82	\$4.02	\$4.24	\$4.47
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.97	\$4.14	\$4.31	\$4.60	\$4.68	\$4.69	\$5.12	\$5.37	\$5.65	\$5.95	\$6.27	\$6.61	\$6.96	\$7.34	\$7.73
PNM Resources, Inc.	PNM	\$1.41	\$1.55	\$1.70	\$1.87	\$2.05	\$2.26	\$2.48	\$2.70	\$2.92	\$3.13	\$3.32	\$3.50	\$3.69	\$3.89	\$4.10	\$4.32	\$4.55
Portland General Electric Company	POR	\$1.77	\$1.88	\$1.99	\$2.11	\$2.23	\$2.37	\$2.51	\$2.66	\$2.81	\$2.97	\$3.13	\$3.30	\$3.48	\$3.66	\$3.85	\$4.07	\$4.29
Southern Company	SO	\$2.70	\$2.81	\$2.92	\$3.04	\$3.16	\$3.28	\$3.42	\$3.56	\$3.72	\$3.90	\$4.10	\$4.32	\$4.56	\$4.80	\$5.06	\$5.33	\$5.61
TECO Energy, Inc.	TE	\$0.92	\$1.00	\$1.10	\$1.20	\$1.31	\$1.43	\$1.56	\$1.69	\$1.82	\$1.95	\$2.07	\$2.18	\$2.29	\$2.42	\$2.55	\$2.68	\$2.83
Westar Energy, Inc.	WR	\$2.27	\$2.41	\$2.65	\$2.70	\$2.87	\$3.04	\$3.22	\$3.41	\$3.61	\$3.81	\$4.02	\$4.23	\$4.46	\$4.70	\$4.95	\$5.22	\$5.50
Xcel Energy Inc.	XEL	\$1.91	\$2.00	\$2.09	\$2.19	\$2.30	\$2.40	\$2.52	\$2.64	\$2.77	\$2.91	\$3.06	\$3.23	\$3.40	\$3.58	\$3.77	\$3.98	\$4.19

Projected Annual Dividend Payout Ratio	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	
Atlanti Energy Corporation	LINT	61.00%	62.50%	64.00%	65.50%	67.00%	67.05%	67.10%	67.15%	67.20%	67.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Ameren Corporation	AEE	64.00%	62.00%	60.00%	58.00%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
American Electric Power Company, Inc.	AEP	63.00%	62.50%	62.00%	61.50%	61.00%	62.05%	63.10%	64.15%	65.20%	66.25%	67.30%	67.30%	67.30%	67.30%	67.30%
CMS Energy Corporation	CMS	61.00%	61.25%	61.50%	61.75%	62.00%	62.83%	63.77%	64.65%	65.54%	66.42%	67.30%	67.30%	67.30%	67.30%	67.30%
DTE Energy Company	DTE	62.00%	61.25%	60.50%	59.75%	59.00%	60.38%	61.77%	63.15%	64.54%	65.92%	67.30%	67.30%	67.30%	67.30%	67.30%
Duke Energy Corporation	DUK	71.00%	69.50%	68.00%	66.50%	65.00%	65.34%	65.77%	66.15%	66.54%	66.92%	67.30%	67.30%	67.30%	67.30%	67.30%
Empire District Electric Company	EDE	74.00%	72.50%	71.00%	69.50%	68.00%	67.88%	67.77%	67.65%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Great Plains Energy Inc.	GXP	68.00%	66.50%	65.00%	63.50%	62.00%	62.88%	63.77%	64.65%	65.54%	66.42%	67.30%	67.30%	67.30%	67.30%	67.30%
IDACORP, Inc.	IDA	49.00%	51.25%	53.50%	55.75%	58.00%	59.55%	61.10%	62.65%	64.20%	65.75%	67.30%	67.30%	67.30%	67.30%	67.30%
Eversource Energy	ES	59.00%	58.50%	58.00%	57.50%	57.00%	58.72%	60.43%	62.15%	63.87%	65.59%	67.30%	67.30%	67.30%	67.30%	67.30%
OGE Energy Corp.	OGE	56.00%	59.00%	62.00%	65.00%	68.00%	67.88%	67.77%	67.65%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Other Tail Corporation	OTTR	73.00%	68.75%	64.50%	60.25%	56.00%	67.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Pinnacle West Capital Corporation	PNW	63.00%	63.25%	63.50%	63.75%	64.00%	64.55%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%
PNM Resources, Inc.	PNM	51.00%	50.50%	50.00%	49.50%	49.00%	52.05%	55.10%	58.15%	61.20%	64.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Portland General Electric Company	POR	50.00%	51.50%	53.00%	54.50%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Southern Company	SO	75.00%	73.50%	72.00%	70.50%	69.00%	68.72%	68.43%	68.15%	67.87%	67.59%	67.30%	67.30%	67.30%	67.30%	67.30%
TECO Energy, Inc.	TE	82.00%	79.75%	77.50%	75.25%	73.00%	72.05%	71.10%	70.15%	69.20%	68.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Westar Energy, Inc.	WR	61.00%	59.50%	58.00%	56.50%	55.00%	57.05%	59.10%	61.15%	63.20%	65.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Xcel Energy Inc.	XEL	63.00%	63.25%	63.50%	63.75%	64.00%	64.55%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
 90 Day Average Stock Price
 High EPS Growth Rate Estimate in First Stage

Projected Annual Cash Flows		[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Value
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Atlant Energy Corporation	LNT	\$2.25	\$2.45	\$2.66	\$2.88	\$3.13	\$3.31	\$3.51	\$3.71	\$3.91	\$4.13	\$4.35	\$4.58	\$4.83	\$5.09	\$5.36	\$139.38	
Ameren Corporation	AEE	\$1.55	\$1.61	\$1.67	\$1.73	\$1.79	\$1.93	\$2.18	\$2.39	\$2.60	\$2.82	\$3.06	\$3.23	\$3.40	\$3.58	\$3.77	\$96.24	
American Electric Power Company, Inc.	AEP	\$2.23	\$2.33	\$2.44	\$2.56	\$2.67	\$2.87	\$3.08	\$3.30	\$3.53	\$3.78	\$4.05	\$4.27	\$4.50	\$4.74	\$4.99	\$127.74	
CMS Energy Corporation	CMS	\$1.15	\$1.24	\$1.32	\$1.42	\$1.52	\$1.64	\$1.77	\$1.90	\$2.03	\$2.17	\$2.32	\$2.44	\$2.57	\$2.71	\$2.86	\$77.35	
DTE Energy Company	DTE	\$2.62	\$2.74	\$2.87	\$3.01	\$3.15	\$3.41	\$3.69	\$3.93	\$4.29	\$4.62	\$4.97	\$5.24	\$5.52	\$5.82	\$6.13	\$184.26	
Duke Energy Corporation	DUK	\$3.12	\$3.20	\$3.29	\$3.38	\$3.47	\$3.66	\$3.88	\$4.10	\$4.34	\$4.60	\$4.88	\$5.14	\$5.42	\$5.71	\$6.01	\$171.74	
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$55.78	
Great Plains Energy Inc.	GXP	\$1.24	\$1.28	\$1.32	\$1.37	\$1.42	\$1.52	\$1.63	\$1.74	\$1.86	\$1.99	\$2.13	\$2.24	\$2.36	\$2.49	\$2.62	\$59.22	
IDACORP, Inc.	IDA	\$1.69	\$2.04	\$2.19	\$2.35	\$2.52	\$2.68	\$2.86	\$3.06	\$3.29	\$3.55	\$3.83	\$4.03	\$4.25	\$4.48	\$4.72	\$140.81	
Eversource Energy	ES	\$1.71	\$1.83	\$1.96	\$2.10	\$2.25	\$2.49	\$2.74	\$3.00	\$3.27	\$3.54	\$3.82	\$4.03	\$4.25	\$4.47	\$4.71	\$116.75	
OGE Energy Corp.	OGE	\$1.20	\$1.33	\$1.46	\$1.61	\$1.77	\$1.85	\$1.95	\$2.04	\$2.15	\$2.26	\$2.38	\$2.51	\$2.64	\$2.78	\$2.93	\$71.70	
Otter Tail Corporation	OTTR	\$1.21	\$1.25	\$1.29	\$1.33	\$1.36	\$1.53	\$1.71	\$1.89	\$2.07	\$2.25	\$2.44	\$2.57	\$2.71	\$2.85	\$3.01	\$70.91	
Pinnacle West Capital Corporation	PNW	\$2.50	\$2.62	\$2.74	\$2.87	\$3.00	\$3.16	\$3.33	\$3.53	\$3.74	\$3.97	\$4.22	\$4.45	\$4.69	\$4.94	\$5.20	\$141.46	
PNM Resources, Inc.	PNM	\$0.87	\$0.94	\$1.03	\$1.12	\$1.21	\$1.41	\$1.61	\$1.82	\$2.03	\$2.25	\$2.48	\$2.62	\$2.76	\$2.91	\$3.06	\$67.85	
Portland General Electric Company	POR	\$0.99	\$1.09	\$1.18	\$1.29	\$1.41	\$1.54	\$1.68	\$1.83	\$1.99	\$2.16	\$2.34	\$2.47	\$2.60	\$2.74	\$2.88	\$84.04	
Southern Company	SO	\$2.19	\$2.23	\$2.27	\$2.32	\$2.36	\$2.45	\$2.55	\$2.66	\$2.78	\$2.92	\$3.07	\$3.23	\$3.40	\$3.59	\$3.78	\$97.49	
TECO Energy, Inc.	TE	\$0.90	\$0.96	\$1.01	\$1.07	\$1.14	\$1.22	\$1.29	\$1.37	\$1.43	\$1.49	\$1.54	\$1.63	\$1.71	\$1.81	\$1.90	\$42.19	
Westar Energy, Inc.	WR	\$1.56	\$1.61	\$1.66	\$1.72	\$1.77	\$1.94	\$2.13	\$2.33	\$2.54	\$2.76	\$3.00	\$3.16	\$3.33	\$3.51	\$3.70	\$88.36	
Xcel Energy Inc.	XEL	\$1.32	\$1.39	\$1.46	\$1.53	\$1.61	\$1.70	\$1.80	\$1.91	\$2.03	\$2.15	\$2.29	\$2.41	\$2.54	\$2.68	\$2.82	\$76.21	

Projected Annual Data Investor Cash Flow		[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]
Company	Ticker	Initial Outflow	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
Atlant Energy Corporation	LNT	(\$6.71)	\$0.00	\$1.51	\$2.32	\$2.66	\$2.88	\$3.13	\$3.31	\$3.51	\$3.71	\$3.91	\$4.13	\$4.35	\$4.58	\$4.83	\$5.09	\$5.36	\$144.74
Ameren Corporation	AEE	(\$4.33)	\$0.00	\$1.04	\$1.60	\$1.67	\$1.73	\$1.79	\$1.93	\$2.18	\$2.39	\$2.60	\$2.82	\$3.06	\$3.23	\$3.40	\$3.58	\$3.77	\$100.01
American Electric Power Company, Inc.	AEP	(\$5.85)	\$0.00	\$1.50	\$2.29	\$2.44	\$2.56	\$2.67	\$2.87	\$3.08	\$3.30	\$3.53	\$3.78	\$4.05	\$4.27	\$4.50	\$4.74	\$4.99	\$132.73
CMS Energy Corporation	CMS	(\$35.33)	\$0.00	\$0.77	\$1.19	\$1.32	\$1.42	\$1.52	\$1.64	\$1.77	\$1.90	\$2.03	\$2.17	\$2.32	\$2.44	\$2.57	\$2.71	\$2.86	\$80.21
DTE Energy Company	DTE	(\$84.01)	\$0.00	\$1.76	\$2.70	\$2.87	\$3.01	\$3.15	\$3.41	\$3.69	\$3.98	\$4.29	\$4.62	\$4.97	\$5.24	\$5.52	\$5.82	\$6.13	\$190.39
Duke Energy Corporation	DUK	(\$80.70)	\$0.00	\$2.09	\$3.19	\$3.29	\$3.38	\$3.47	\$3.66	\$3.88	\$4.10	\$4.34	\$4.60	\$4.88	\$5.14	\$5.42	\$5.71	\$6.01	\$177.76
Empire District Electric Company	EDE	(\$26.82)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$57.69
Great Plains Energy Inc.	GXP	(\$27.53)	\$0.00	\$0.83	\$1.27	\$1.32	\$1.37	\$1.42	\$1.52	\$1.63	\$1.74	\$1.86	\$1.99	\$2.13	\$2.24	\$2.36	\$2.49	\$2.62	\$61.84
IDACORP, Inc.	IDA	(\$64.09)	\$0.00	\$1.27	\$1.92	\$2.19	\$2.35	\$2.52	\$2.68	\$2.86	\$3.06	\$3.29	\$3.55	\$3.83	\$4.03	\$4.25	\$4.48	\$4.72	\$145.52
Eversource Energy	ES	(\$52.19)	\$0.00	\$1.15	\$1.78	\$1.96	\$2.10	\$2.25	\$2.49	\$2.74	\$3.00	\$3.27	\$3.54	\$3.82	\$4.03	\$4.25	\$4.47	\$4.71	\$121.46
OGE Energy Corp.	OGE	(\$33.41)	\$0.00	\$0.80	\$1.23	\$1.46	\$1.61	\$1.77	\$1.85	\$1.95	\$2.04	\$2.15	\$2.26	\$2.38	\$2.51	\$2.64	\$2.78	\$2.93	\$74.63
Otter Tail Corporation	OTTR	(\$31.77)	\$0.00	\$0.81	\$1.27	\$1.29	\$1.33	\$1.36	\$1.53	\$1.71	\$1.89	\$2.07	\$2.25	\$2.44	\$2.57	\$2.71	\$2.85	\$3.01	\$73.91
Pinnacle West Capital Corporation	PNW	(\$66.10)	\$0.00	\$1.68	\$2.56	\$2.74	\$2.87	\$3.00	\$3.16	\$3.33	\$3.53	\$3.74	\$3.97	\$4.22	\$4.45	\$4.69	\$4.94	\$5.20	\$146.66
PNM Resources, Inc.	PNM	(\$29.01)	\$0.00	\$0.58	\$0.91	\$1.03	\$1.12	\$1.21	\$1.41	\$1.61	\$1.82	\$2.03	\$2.25	\$2.48	\$2.62	\$2.76	\$2.91	\$3.06	\$70.91
Portland General Electric Company	POR	(\$37.54)	\$0.00	\$0.67	\$1.02	\$1.18	\$1.29	\$1.41	\$1.54	\$1.68	\$1.83	\$1.99	\$2.16	\$2.34	\$2.47	\$2.60	\$2.74	\$2.88	\$86.93
Southern Company	SO	(\$47.00)	\$0.00	\$1.47	\$2.23	\$2.27	\$2.32	\$2.36	\$2.45	\$2.55	\$2.66	\$2.78	\$2.92	\$3.07	\$3.23	\$3.40	\$3.59	\$3.78	\$101.27
TECO Energy, Inc.	TE	(\$20.05)	\$0.00	\$0.60	\$0.94	\$1.01	\$1.07	\$1.14	\$1.22	\$1.29	\$1.37	\$1.43	\$1.49	\$1.54	\$1.63	\$1.71	\$1.81	\$1.90	\$44.10
Westar Energy, Inc.	WR	(\$39.89)	\$0.00	\$1.04	\$1.80	\$1.66	\$1.72	\$1.77	\$1.94	\$2.13	\$2.33	\$2.54	\$2.76	\$3.00	\$3.16	\$3.33	\$3.51	\$3.70	\$92.06
Xcel Energy Inc.	XEL	(\$35.50)	\$0.00	\$0.89	\$1.35	\$1.46	\$1.53	\$1.61	\$1.70	\$1.80	\$1.91	\$2.03	\$2.15	\$2.29	\$2.41	\$2.54	\$2.68	\$2.82	\$79.03

Multistage Growth Discounted Cash Flow Model - Combined Proxy Group
 60 Day Average Stock Price
 Low EPS Growth Rate Estimate in First Stage

Projected Annual Cash Flows		[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Value
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Alliant Energy Corporation	LNT	\$2.23	\$2.40	\$2.59	\$2.79	\$3.00	\$3.17	\$3.34	\$3.52	\$3.71	\$3.91	\$4.13	\$4.35	\$4.58	\$4.83	\$5.09	\$138.92	
Ameren Corporation	AEE	\$1.48	\$1.51	\$1.53	\$1.55	\$1.58	\$1.71	\$1.66	\$2.02	\$2.19	\$2.37	\$2.57	\$2.71	\$2.88	\$3.01	\$3.17	\$94.99	
American Electric Power Company, Inc.	AEP	\$2.21	\$2.30	\$2.40	\$2.50	\$2.60	\$2.78	\$2.97	\$3.18	\$3.40	\$3.64	\$3.80	\$4.11	\$4.33	\$4.66	\$4.80	\$127.40	
CMS Energy Corporation	CMS	\$1.13	\$1.19	\$1.26	\$1.34	\$1.42	\$1.52	\$1.62	\$1.74	\$1.85	\$1.98	\$2.11	\$2.23	\$2.35	\$2.47	\$2.61	\$76.88	
DTE Energy Company	DTE	\$2.55	\$2.63	\$2.71	\$2.80	\$2.89	\$3.10	\$3.32	\$3.57	\$3.83	\$4.13	\$4.44	\$4.68	\$4.93	\$5.19	\$5.47	\$182.88	
Duke Energy Corporation	DUK	\$3.09	\$3.16	\$3.23	\$3.30	\$3.37	\$3.55	\$3.75	\$3.96	\$4.19	\$4.44	\$4.70	\$4.96	\$5.22	\$5.50	\$5.80	\$171.41	
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$55.78	
Great Plains Energy Inc.	GXP	\$1.21	\$1.25	\$1.28	\$1.31	\$1.35	\$1.43	\$1.53	\$1.63	\$1.74	\$1.86	\$1.99	\$2.09	\$2.20	\$2.32	\$2.45	\$58.92	
IDACORP, Inc.	IDA	\$1.82	\$1.92	\$2.03	\$2.13	\$2.24	\$2.34	\$2.47	\$2.63	\$2.81	\$3.03	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$139.51	
Eversource Energy	ES	\$1.66	\$1.75	\$1.84	\$1.94	\$2.04	\$2.23	\$2.43	\$2.64	\$2.87	\$3.10	\$3.36	\$3.64	\$3.73	\$3.93	\$4.14	\$115.50	
OGE Energy Corp.	OGE	\$1.15	\$1.25	\$1.35	\$1.46	\$1.58	\$1.63	\$1.69	\$1.76	\$1.84	\$1.94	\$2.04	\$2.15	\$2.26	\$2.39	\$2.51	\$71.06	
Otter Tail Corporation	OTTR	\$1.12	\$1.12	\$1.12	\$1.10	\$1.09	\$1.19	\$1.30	\$1.42	\$1.54	\$1.67	\$1.81	\$1.91	\$2.01	\$2.12	\$2.23	\$69.28	
Pinnacle West Capital Corporation	PNW	\$2.49	\$2.60	\$2.72	\$2.84	\$2.96	\$3.12	\$3.29	\$3.47	\$3.68	\$3.91	\$4.16	\$4.38	\$4.61	\$4.86	\$5.12	\$141.33	
PNM Resources, Inc.	PNM	\$0.85	\$0.92	\$0.99	\$1.07	\$1.15	\$1.32	\$1.51	\$1.70	\$1.90	\$2.10	\$2.31	\$2.44	\$2.57	\$2.71	\$2.85	\$67.31	
Portland General Electric Company	POR	\$0.97	\$1.05	\$1.13	\$1.21	\$1.31	\$1.42	\$1.54	\$1.66	\$1.81	\$1.96	\$2.12	\$2.24	\$2.36	\$2.48	\$2.62	\$83.45	
Southern Company	SO	\$2.18	\$2.19	\$2.22	\$2.24	\$2.27	\$2.34	\$2.43	\$2.53	\$2.64	\$2.77	\$2.91	\$3.07	\$3.23	\$3.40	\$3.59	\$97.24	
TECO Energy, Inc.	TE	\$0.82	\$0.83	\$0.83	\$0.84	\$0.85	\$0.87	\$0.90	\$0.93	\$0.97	\$1.01	\$1.04	\$1.10	\$1.16	\$1.22	\$1.29	\$41.40	
Westar Energy, Inc.	WR	\$1.47	\$1.48	\$1.49	\$1.49	\$1.50	\$1.61	\$1.73	\$1.87	\$2.03	\$2.21	\$2.40	\$2.53	\$2.66	\$2.81	\$2.96	\$66.84	
Xcel Energy Inc.	XEL	\$1.31	\$1.38	\$1.45	\$1.52	\$1.59	\$1.68	\$1.78	\$1.88	\$2.00	\$2.12	\$2.25	\$2.37	\$2.50	\$2.64	\$2.78	\$78.13	

Projected Annual Data Investor Cash Flow		[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]
Company	Ticker	Initial	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
Alliant Energy Corporation	LNT	(\$64.71)	\$0.00	\$1.49	\$2.28	\$2.59	\$2.79	\$3.00	\$3.17	\$3.34	\$3.52	\$3.71	\$3.91	\$4.13	\$4.35	\$4.58	\$4.83	\$5.09	\$144.00
Ameren Corporation	AEE	(\$43.38)	\$0.00	\$0.99	\$1.52	\$1.53	\$1.55	\$1.58	\$1.71	\$1.66	\$2.02	\$2.19	\$2.37	\$2.57	\$2.71	\$2.88	\$3.01	\$3.17	\$93.16
American Electric Power Company, Inc.	AEP	(\$58.85)	\$0.00	\$1.48	\$2.26	\$2.40	\$2.50	\$2.60	\$2.78	\$2.97	\$3.18	\$3.40	\$3.64	\$3.90	\$4.11	\$4.33	\$4.66	\$4.80	\$132.20
CMS Energy Corporation	CMS	(\$35.33)	\$0.00	\$0.76	\$1.16	\$1.26	\$1.34	\$1.42	\$1.52	\$1.62	\$1.74	\$1.85	\$1.98	\$2.11	\$2.23	\$2.35	\$2.47	\$2.61	\$79.48
DTE Energy Company	DTE	(\$84.01)	\$0.00	\$1.71	\$2.60	\$2.71	\$2.80	\$2.89	\$3.10	\$3.32	\$3.57	\$3.83	\$4.13	\$4.44	\$4.68	\$4.93	\$5.19	\$5.47	\$183.46
Duke Energy Corporation	DUK	(\$60.70)	\$0.00	\$2.07	\$3.16	\$3.23	\$3.30	\$3.37	\$3.55	\$3.75	\$3.96	\$4.19	\$4.44	\$4.70	\$4.96	\$5.22	\$5.50	\$5.80	\$177.21
Empire District Electric Company	EDE	(\$26.82)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$57.69
Great Plains Energy Inc.	GXP	(\$27.53)	\$0.00	\$0.82	\$1.24	\$1.28	\$1.31	\$1.35	\$1.43	\$1.53	\$1.63	\$1.74	\$1.86	\$1.99	\$2.09	\$2.20	\$2.32	\$2.45	\$61.37
IDACORP, Inc.	IDA	(\$64.09)	\$0.00	\$1.22	\$1.83	\$2.03	\$2.13	\$2.24	\$2.34	\$2.47	\$2.63	\$2.81	\$3.03	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$143.54
Eversource Energy	ES	(\$52.19)	\$0.00	\$1.11	\$1.71	\$1.84	\$1.94	\$2.04	\$2.23	\$2.43	\$2.64	\$2.87	\$3.10	\$3.36	\$3.64	\$3.73	\$3.93	\$4.14	\$119.64
OGE Energy Corp.	OGE	(\$33.41)	\$0.00	\$0.77	\$1.17	\$1.35	\$1.46	\$1.58	\$1.63	\$1.69	\$1.76	\$1.84	\$1.94	\$2.04	\$2.15	\$2.26	\$2.39	\$2.51	\$73.57
Otter Tail Corporation	OTTR	(\$31.77)	\$0.00	\$0.75	\$1.16	\$1.12	\$1.10	\$1.09	\$1.19	\$1.30	\$1.42	\$1.54	\$1.67	\$1.81	\$1.91	\$2.01	\$2.12	\$2.23	\$71.51
Pinnacle West Capital Corporation	PNW	(\$66.10)	\$0.00	\$1.67	\$2.64	\$2.72	\$2.84	\$2.96	\$3.12	\$3.29	\$3.47	\$3.68	\$3.91	\$4.16	\$4.38	\$4.61	\$4.86	\$5.12	\$146.45
PNM Resources, Inc.	PNM	(\$29.01)	\$0.00	\$0.57	\$0.89	\$0.99	\$1.07	\$1.15	\$1.32	\$1.51	\$1.70	\$1.90	\$2.10	\$2.31	\$2.44	\$2.57	\$2.71	\$2.85	\$70.16
Portland General Electric Company	POR	(\$37.54)	\$0.00	\$0.65	\$0.99	\$1.13	\$1.21	\$1.31	\$1.42	\$1.54	\$1.66	\$1.81	\$1.96	\$2.12	\$2.24	\$2.36	\$2.48	\$2.62	\$86.07
Southern Company	SO	(\$47.00)	\$0.00	\$1.45	\$2.20	\$2.22	\$2.24	\$2.27	\$2.34	\$2.43	\$2.53	\$2.64	\$2.77	\$2.91	\$3.07	\$3.23	\$3.40	\$3.59	\$100.83
TECO Energy, Inc.	TE	(\$20.05)	\$0.00	\$0.55	\$0.83	\$0.83	\$0.84	\$0.85	\$0.87	\$0.90	\$0.93	\$0.97	\$1.01	\$1.04	\$1.10	\$1.16	\$1.22	\$1.29	\$42.69
Westar Energy, Inc.	WR	(\$39.89)	\$0.00	\$0.99	\$1.49	\$1.49	\$1.49	\$1.50	\$1.61	\$1.73	\$1.87	\$2.03	\$2.21	\$2.40	\$2.53	\$2.66	\$2.81	\$2.96	\$89.80
Xcel Energy Inc.	XEL	(\$35.50)	\$0.00	\$0.88	\$1.34	\$1.45	\$1.52	\$1.59	\$1.68	\$1.78	\$1.88	\$2.00	\$2.12	\$2.25	\$2.37	\$2.50	\$2.64	\$2.78	\$78.91

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

Projected Annual Cash Flow		[46]	[47]	[48]	[48]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Value
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Aliant Energy Corporation	LNT	\$2.24	\$2.42	\$2.62	\$2.83	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$3.99	\$4.21	\$4.44	\$4.67	\$4.93	\$5.19	\$133.60	
Ameren Corporation	AEE	\$1.52	\$1.57	\$1.61	\$1.66	\$1.70	\$1.87	\$2.05	\$2.23	\$2.43	\$2.64	\$2.86	\$3.01	\$3.17	\$3.34	\$3.52	\$92.65	
American Electric Power Company, Inc.	AEP	\$2.22	\$2.32	\$2.42	\$2.52	\$2.63	\$2.82	\$3.02	\$3.23	\$3.46	\$3.70	\$3.97	\$4.18	\$4.40	\$4.64	\$4.89	\$123.49	
CMS Energy Corporation	CMS	\$1.14	\$1.22	\$1.30	\$1.38	\$1.47	\$1.58	\$1.70	\$1.82	\$1.95	\$2.08	\$2.22	\$2.34	\$2.46	\$2.60	\$2.74	\$72.76	
DTE Energy Company	DTE	\$2.58	\$2.68	\$2.78	\$2.89	\$3.00	\$3.23	\$3.48	\$3.75	\$4.03	\$4.34	\$4.67	\$4.92	\$5.18	\$5.46	\$5.75	\$178.24	
Duke Energy Corporation	DUK	\$3.10	\$3.18	\$3.26	\$3.34	\$3.42	\$3.60	\$3.81	\$4.02	\$4.26	\$4.51	\$4.78	\$5.04	\$5.31	\$5.59	\$5.90	\$168.13	
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$55.41	
Great Plains Energy Inc.	GXP	\$1.22	\$1.26	\$1.30	\$1.34	\$1.38	\$1.48	\$1.58	\$1.68	\$1.80	\$1.92	\$2.05	\$2.16	\$2.28	\$2.40	\$2.53	\$57.11	
IDACORP, Inc.	IDA	\$1.87	\$2.00	\$2.14	\$2.28	\$2.42	\$2.56	\$2.72	\$2.91	\$3.12	\$3.37	\$3.63	\$3.83	\$4.03	\$4.25	\$4.48	\$134.22	
Eversource Energy	ES	\$1.68	\$1.78	\$1.88	\$2.00	\$2.12	\$2.32	\$2.54	\$2.77	\$3.01	\$3.25	\$3.52	\$3.71	\$3.91	\$4.12	\$4.34	\$110.92	
OGE Energy Corp.	OGE	\$1.18	\$1.29	\$1.41	\$1.53	\$1.67	\$1.74	\$1.81	\$1.90	\$1.99	\$2.09	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$74.61	
Otter Tail Corporation	OTTR	\$1.17	\$1.19	\$1.20	\$1.21	\$1.22	\$1.35	\$1.49	\$1.64	\$1.79	\$1.94	\$2.10	\$2.22	\$2.34	\$2.46	\$2.59	\$66.69	
Pinnacle West Capital Corporation	PNW	\$2.50	\$2.61	\$2.73	\$2.85	\$2.98	\$3.13	\$3.30	\$3.49	\$3.70	\$3.93	\$4.18	\$4.40	\$4.64	\$4.89	\$5.15	\$133.75	
PNM Resources, Inc.	PNM	\$0.86	\$0.93	\$1.01	\$1.09	\$1.19	\$1.37	\$1.56	\$1.76	\$1.97	\$2.18	\$2.40	\$2.63	\$2.87	\$3.11	\$3.36	\$65.65	
Portland General Electric Company	POR	\$0.88	\$1.05	\$1.15	\$1.24	\$1.34	\$1.48	\$1.59	\$1.73	\$1.87	\$2.03	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$80.76	
Southern Company	SO	\$2.17	\$2.21	\$2.24	\$2.27	\$2.30	\$2.39	\$2.48	\$2.58	\$2.70	\$2.83	\$2.97	\$3.13	\$3.30	\$3.48	\$3.67	\$95.91	
TECO Energy, Inc.	TE	\$0.86	\$0.89	\$0.93	\$0.96	\$0.99	\$1.05	\$1.10	\$1.15	\$1.19	\$1.24	\$1.29	\$1.36	\$1.43	\$1.51	\$1.59	\$40.15	
Westar Energy, Inc.	WR	\$1.50	\$1.53	\$1.55	\$1.57	\$1.60	\$1.73	\$1.88	\$2.04	\$2.21	\$2.41	\$2.62	\$2.78	\$2.90	\$3.06	\$3.22	\$84.16	
Xcel Energy Inc.	XEL	\$1.32	\$1.33	\$1.45	\$1.52	\$1.60	\$1.69	\$1.79	\$1.90	\$2.01	\$2.14	\$2.27	\$2.39	\$2.52	\$2.66	\$2.80	\$72.66	

Projected Annual Data Investor Cash Flow		[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]
Company	Ticker	Initial Outflow	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
Aliant Energy Corporation	LNT	(\$62.22)	\$0.00	\$1.50	\$2.30	\$2.62	\$2.83	\$3.05	\$3.22	\$3.40	\$3.59	\$3.79	\$3.99	\$4.21	\$4.44	\$4.67	\$4.93	\$5.19	\$138.79
Ameren Corporation	AEE	(\$42.09)	\$0.00	\$1.02	\$1.57	\$1.61	\$1.66	\$1.70	\$1.87	\$2.05	\$2.23	\$2.43	\$2.64	\$2.86	\$3.01	\$3.17	\$3.34	\$3.52	\$96.39
American Electric Power Company, Inc.	AEP	(\$57.00)	\$0.00	\$1.49	\$2.28	\$2.42	\$2.52	\$2.63	\$2.82	\$3.02	\$3.23	\$3.46	\$3.70	\$3.97	\$4.18	\$4.40	\$4.64	\$4.89	\$128.38
CMS Energy Corporation	CMS	(\$33.36)	\$0.00	\$0.77	\$1.18	\$1.30	\$1.38	\$1.47	\$1.58	\$1.70	\$1.82	\$1.95	\$2.08	\$2.22	\$2.34	\$2.46	\$2.60	\$2.74	\$75.60
DTE Energy Company	DTE	(\$81.62)	\$0.00	\$1.73	\$2.65	\$2.78	\$2.89	\$3.00	\$3.23	\$3.48	\$3.75	\$4.03	\$4.34	\$4.67	\$4.92	\$5.18	\$5.46	\$5.75	\$184.00
Duke Energy Corporation	DUK	(\$79.14)	\$0.00	\$2.08	\$3.17	\$3.26	\$3.34	\$3.42	\$3.60	\$3.81	\$4.02	\$4.26	\$4.51	\$4.78	\$5.04	\$5.31	\$5.59	\$5.90	\$174.03
Empire District Electric Company	EDE	(\$26.65)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$57.32
Great Plains Energy Inc.	GXP	(\$26.64)	\$0.00	\$0.82	\$1.26	\$1.30	\$1.34	\$1.38	\$1.48	\$1.58	\$1.68	\$1.80	\$1.92	\$2.05	\$2.16	\$2.28	\$2.40	\$2.53	\$59.64
IDACORP, Inc.	IDA	(\$61.32)	\$0.00	\$1.25	\$1.69	\$2.14	\$2.28	\$2.42	\$2.56	\$2.72	\$2.91	\$3.12	\$3.37	\$3.63	\$3.83	\$4.03	\$4.25	\$4.48	\$138.70
Eversource Energy	ES	(\$49.92)	\$0.00	\$1.13	\$1.74	\$1.88	\$2.00	\$2.12	\$2.32	\$2.54	\$2.77	\$3.01	\$3.25	\$3.52	\$3.71	\$3.91	\$4.12	\$4.34	\$115.26
OGE Energy Corp.	OGE	(\$34.69)	\$0.00	\$0.79	\$1.20	\$1.41	\$1.53	\$1.67	\$1.74	\$1.81	\$1.90	\$1.99	\$2.09	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$77.32
Otter Tail Corporation	OTTR	(\$30.27)	\$0.00	\$0.78	\$1.21	\$1.20	\$1.21	\$1.22	\$1.35	\$1.49	\$1.64	\$1.79	\$1.94	\$2.10	\$2.22	\$2.34	\$2.46	\$2.59	\$69.28
Pinnacle West Capital Corporation	PNW	(\$62.64)	\$0.00	\$1.68	\$2.55	\$2.73	\$2.85	\$2.98	\$3.13	\$3.30	\$3.49	\$3.70	\$3.93	\$4.18	\$4.40	\$4.64	\$4.89	\$5.15	\$133.90
PNM Resources, Inc.	PNM	(\$28.14)	\$0.00	\$0.55	\$0.90	\$1.01	\$1.09	\$1.19	\$1.37	\$1.56	\$1.76	\$1.97	\$2.18	\$2.40	\$2.63	\$2.87	\$3.11	\$3.36	\$65.61
Portland General Electric Company	POR	(\$36.23)	\$0.00	\$0.66	\$1.01	\$1.15	\$1.24	\$1.34	\$1.48	\$1.59	\$1.73	\$1.87	\$2.03	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$83.48
Southern Company	SO	(\$46.34)	\$0.00	\$1.46	\$2.21	\$2.24	\$2.27	\$2.30	\$2.39	\$2.48	\$2.58	\$2.70	\$2.83	\$2.97	\$3.13	\$3.30	\$3.48	\$3.67	\$99.57
TECO Energy, Inc.	TE	(\$19.32)	\$0.00	\$0.55	\$0.89	\$0.93	\$0.96	\$0.99	\$1.05	\$1.10	\$1.15	\$1.19	\$1.24	\$1.29	\$1.36	\$1.43	\$1.51	\$1.59	\$41.74
Westar Energy, Inc.	WR	(\$38.44)	\$0.00	\$1.01	\$1.53	\$1.55	\$1.57	\$1.60	\$1.73	\$1.88	\$2.04	\$2.21	\$2.41	\$2.62	\$2.78	\$2.90	\$3.06	\$3.22	\$87.38
Xcel Energy Inc.	XEL	(\$33.99)	\$0.00	\$0.88	\$1.35	\$1.45	\$1.52	\$1.60	\$1.69	\$1.79	\$1.90	\$2.01	\$2.14	\$2.27	\$2.39	\$2.52	\$2.66	\$2.80	\$75.66

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

Inputs	Stock	[1] Zacks	[3] EPS Growth Rate Estimates			[5] High Growth	[6] Long-Term Growth	[7] 2015	[8] 2019	[9] 2025	[10] Payout Ratio	[11] Iterative Solution IRR	[12] Terminal P/E Ratio	[13] Terminal PEG Ratio
			First Call	Line	Value									
Aliant Energy Corporation	LNT	\$52.22	5.30%	5.40%	6.00%	6.00%	5.37%	61.00%	67.00%	67.30%	(\$0.00)	9.59%	16.80	3.13
Ameren Corporation	AEE	\$42.09	7.30%	6.85%	5.00%	7.30%	5.37%	64.00%	56.00%	67.30%	(\$0.00)	9.63%	16.66	3.10
American Electric Power Company, Inc.	AEP	\$57.00	5.00%	5.18%	5.50%	5.50%	5.37%	63.00%	61.00%	67.30%	(\$0.00)	9.62%	16.68	3.11
CMS Energy Corporation	CMS	\$33.98	6.20%	6.73%	5.50%	6.73%	5.37%	61.00%	62.00%	67.30%	(\$0.00)	9.49%	17.19	3.20
DTE Energy Company	DTE	\$51.62	5.00%	4.51%	6.00%	6.00%	5.37%	62.00%	59.00%	67.30%	(\$0.00)	8.95%	19.66	3.66
Duke Energy Corporation	DUK	\$79.14	4.70%	4.52%	5.00%	5.00%	5.37%	71.00%	65.00%	67.30%	(\$0.00)	9.13%	18.84	3.51
Empire District Electric Company	EDE	\$26.65	3.00%	3.00%	3.00%	3.00%	5.37%	74.00%	68.00%	67.30%	(\$0.00)	9.02%	19.45	3.62
Great Plains Energy, Inc.	GXP	\$28.64	5.40%	5.90%	5.00%	5.90%	5.37%	68.00%	62.00%	67.30%	(\$0.00)	10.19%	14.71	2.74
IDACORP, Inc.	IDA	\$61.32	3.00%	3.00%	1.00%	3.00%	5.37%	49.00%	58.00%	67.30%	(\$0.00)	9.06%	19.22	3.58
Eversource Energy	ES	\$49.92	6.40%	6.25%	8.00%	8.00%	5.37%	59.00%	57.00%	67.30%	(\$0.00)	9.81%	15.95	2.97
OGE Energy Corp.	OGE	\$34.89	5.00%	4.00%	3.00%	5.00%	5.37%	56.00%	68.00%	67.30%	\$0.00	9.49%	17.21	3.21
Otter Tail Corporation	OTTR	\$30.27	NA	6.00%	10.00%	10.00%	5.37%	73.00%	56.00%	67.30%	(\$0.00)	10.05%	15.13	2.82
Pinnacle West Capital Corporation	PNW	\$62.64	4.00%	4.20%	4.00%	4.20%	5.37%	63.00%	64.00%	67.30%	(\$0.00)	9.46%	17.32	3.23
PNM Resources, Inc.	PNM	\$28.14	8.90%	9.66%	9.50%	9.66%	5.37%	51.00%	49.00%	67.30%	(\$0.00)	10.26%	14.49	2.70
Portland General Electric Company	POR	\$36.23	4.90%	4.72%	6.00%	6.00%	5.37%	50.00%	56.00%	67.30%	(\$0.00)	9.12%	18.93	3.53
Southern Company	SO	\$46.34	3.50%	3.32%	4.00%	4.00%	5.37%	75.00%	69.00%	67.30%	(\$0.00)	9.51%	17.11	3.19
TECO Energy, Inc.	TE	\$19.32	7.10%	9.20%	4.00%	9.20%	5.37%	82.00%	73.00%	67.30%	(\$0.00)	10.31%	14.35	2.67
Westar Energy, Inc.	WR	\$38.44	3.50%	3.07%	6.00%	6.00%	5.37%	61.00%	55.00%	67.30%	(\$0.00)	9.95%	15.49	2.83
Xcel Energy Inc.	XEL	\$33.99	4.70%	4.58%	4.50%	4.70%	5.37%	63.00%	64.00%	67.30%	(\$0.00)	9.45%	17.39	3.24

DCF Result			
Mean	9.55%	16.93	3.16
Max	10.31%	19.66	3.65
Min	8.98%	14.35	2.67

Projected Annual Earnings per Share																		
		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Aliant Energy Corporation	LNT	\$3.29	\$3.49	\$3.70	\$3.92	\$4.15	\$4.40	\$4.67	\$4.94	\$5.23	\$5.52	\$5.82	\$6.13	\$6.46	\$6.81	\$7.18	\$7.56	\$7.97
Ameren Corporation	AEE	\$2.10	\$2.25	\$2.42	\$2.59	\$2.78	\$2.99	\$3.20	\$3.43	\$3.65	\$3.87	\$4.10	\$4.32	\$4.55	\$4.79	\$5.05	\$5.32	\$5.61
American Electric Power Company, Inc.	AEP	\$3.18	\$3.35	\$3.54	\$3.73	\$3.94	\$4.16	\$4.38	\$4.62	\$4.88	\$5.14	\$5.42	\$5.71	\$6.02	\$6.34	\$6.68	\$7.04	\$7.42
CMS Energy Corporation	CMS	\$1.66	\$1.77	\$1.89	\$2.02	\$2.15	\$2.30	\$2.45	\$2.61	\$2.77	\$2.94	\$3.10	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$4.25
DTE Energy Company	DTE	\$3.78	\$3.99	\$4.22	\$4.48	\$4.75	\$5.03	\$5.33	\$5.65	\$5.97	\$6.31	\$6.65	\$7.01	\$7.39	\$7.78	\$8.20	\$8.64	\$9.11
Duke Energy Corporation	DUK	\$3.98	\$4.18	\$4.39	\$4.61	\$4.84	\$5.08	\$5.33	\$5.60	\$5.89	\$6.20	\$6.53	\$6.88	\$7.25	\$7.64	\$8.05	\$8.48	\$8.93
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57	\$2.70	\$2.85
Great Plains Energy, Inc.	GXP	\$1.62	\$1.72	\$1.82	\$1.92	\$2.04	\$2.16	\$2.29	\$2.42	\$2.55	\$2.70	\$2.85	\$3.00	\$3.16	\$3.33	\$3.51	\$3.70	\$3.89
IDACORP, Inc.	IDA	\$3.64	\$3.75	\$3.86	\$3.98	\$4.10	\$4.22	\$4.35	\$4.50	\$4.67	\$4.88	\$5.12	\$5.40	\$5.68	\$5.99	\$6.31	\$6.65	\$7.01
Eversource Energy	ES	\$2.49	\$2.69	\$2.90	\$3.14	\$3.39	\$3.66	\$3.95	\$4.25	\$4.54	\$4.83	\$5.12	\$5.39	\$5.68	\$5.99	\$6.31	\$6.65	\$7.00
OGE Energy Corp.	OGE	\$1.94	\$2.04	\$2.14	\$2.25	\$2.36	\$2.48	\$2.60	\$2.73	\$2.87	\$3.02	\$3.18	\$3.35	\$3.53	\$3.72	\$3.92	\$4.13	\$4.36
Otter Tail Corporation	OTTR	\$1.37	\$1.51	\$1.66	\$1.82	\$2.01	\$2.21	\$2.43	\$2.65	\$2.86	\$3.07	\$3.26	\$3.44	\$3.62	\$3.82	\$4.02	\$4.24	\$4.47
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.97	\$4.14	\$4.31	\$4.50	\$4.68	\$4.89	\$5.12	\$5.37	\$5.65	\$5.95	\$6.27	\$6.61	\$6.96	\$7.34	\$7.73
PNM Resources, Inc.	PNM	\$1.41	\$1.55	\$1.70	\$1.87	\$2.05	\$2.26	\$2.48	\$2.70	\$2.92	\$3.13	\$3.32	\$3.50	\$3.69	\$3.89	\$4.10	\$4.32	\$4.55
Portland General Electric Company	POR	\$1.77	\$1.88	\$1.99	\$2.11	\$2.23	\$2.37	\$2.51	\$2.66	\$2.81	\$2.97	\$3.13	\$3.30	\$3.48	\$3.66	\$3.86	\$4.07	\$4.29
Southern Company	SO	\$2.70	\$2.81	\$2.92	\$3.04	\$3.16	\$3.28	\$3.42	\$3.56	\$3.72	\$3.90	\$4.10	\$4.32	\$4.56	\$4.80	\$5.06	\$5.33	\$5.61
TECO Energy, Inc.	TE	\$0.92	\$1.00	\$1.10	\$1.20	\$1.31	\$1.43	\$1.56	\$1.69	\$1.82	\$1.96	\$2.07	\$2.18	\$2.29	\$2.42	\$2.55	\$2.68	\$2.83
Westar Energy, Inc.	WR	\$2.27	\$2.41	\$2.55	\$2.70	\$2.87	\$3.04	\$3.22	\$3.41	\$3.61	\$3.81	\$4.02	\$4.23	\$4.46	\$4.70	\$4.95	\$5.22	\$5.50
Xcel Energy Inc.	XEL	\$1.91	\$2.00	\$2.09	\$2.19	\$2.30	\$2.40	\$2.52	\$2.64	\$2.77	\$2.91	\$3.06	\$3.23	\$3.40	\$3.58	\$3.77	\$3.96	\$4.19

Projected Annual Dividend Payout Ratio																
		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Aliant Energy Corporation	LNT	61.00%	62.50%	64.00%	65.50%	67.00%	67.05%	67.10%	67.15%	67.20%	67.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Ameren Corporation	AEE	64.00%	62.00%	60.00%	58.00%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
American Electric Power Company, Inc.	AEP	63.00%	62.50%	62.00%	61.50%	61.00%	61.00%	62.05%	63.10%	64.15%	65.20%	66.25%	67.30%	67.30%	67.30%	67.30%
CMS Energy Corporation	CMS	61.00%	61.25%	61.50%	61.75%	62.00%	62.88%	63.77%	64.65%	65.54%	66.42%	67.30%	67.30%	67.30%	67.30%	67.30%
DTE Energy Company	DTE	62.00%	61.25%	60.50%	59.75%	59.00%	60.38%	61.77%	63.15%	64.54%	65.92%	67.30%	67.30%	67.30%	67.30%	67.30%
Duke Energy Corporation	DUK	71.00%	69.50%	68.00%	66.50%	65.00%	65.36%	65.77%	66.15%	66.54%	66.92%	67.30%	67.30%	67.30%	67.30%	67.30%
Empire District Electric Company	EDE	74.00%	72.50%	71.00%	69.50%	68.00%	67.88%	67.77%	67.65%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Great Plains Energy, Inc.	GXP	68.00%	66.50%	65.00%	63.50%	62.00%	62.88%	63.77%	64.65%	65.54%	66.42%	67.30%	67.30%	67.30%	67.30%	67.30%
IDACORP, Inc.	IDA	49.00%	51.25%	53.50%	55.75%	58.00%	59.65%	61.10%	62.65%	64.20%	65.75%	67.30%	67.30%	67.30%	67.30%	67.30%
Eversource Energy	ES	59.00%	58.50%	58.00%	57.50%	57.00%	58.72%	60.43%	62.15%	63.87%	65.59%	67.30%	67.30%	67.30%	67.30%	67.30%
OGE Energy Corp.	OGE	56.00%	59.00%	62.00%	65.00%	68.00%	67.88%	67.77%	67.65%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Otter Tail Corporation	OTTR	73.00%	68.75%	64.50%	60.25%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Pinnacle West Capital Corporation	PNW	63.00%	63.25%	63.50%	63.75%	64.00%	64.55%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%
PNM Resources, Inc.	PNM	51.00%	50.50%	50.00%	49.50%	49.00%	52.05%	55.10%	58.15%	61.20%	64.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Portland General Electric Company	POR	50.00%	51.50%	53.00%	54.50%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Southern Company	SO	75.00%	73.50%	72.00%	70.50%	69.00%	68.72%	68.43%	68.15%	67.87%	67.59%	67.30%	67.30%	67.30%	67.30%	67.30%
TECO Energy, Inc.	TE	82.00%	79.75%	77.50%	75.25%	73.00%	72.05%	71.10%	70.15%	69.20%	68.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Westar Energy, Inc.	WR	61.00%	59.50%	58.00%	56.50%	55.00%	57.05%	59.10%	61.15%	63.20%	65.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Xcel Energy Inc.	XEL	63.00%	63.25%	63.50%	63.75%	64.00%	64.55%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%

Multi-Stage Growth Discounted Cash Flow Model - Combined Proxy Group
 160 Day Average Stock Price
 High EPS Growth Rate Estimate in First Stage

Projected Annual Cash Flows		[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Value
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Alliant Energy Corporation	LNT	\$225	\$245	\$266	\$288	\$313	\$331	\$351	\$371	\$391	\$413	\$435	\$458	\$483	\$509	\$538	\$133.89	
Ameren Corporation	AEE	\$165	\$161	\$167	\$173	\$179	\$198	\$218	\$239	\$260	\$282	\$306	\$323	\$340	\$358	\$377	\$93.39	
American Electric Power Company, Inc.	AEP	\$223	\$233	\$244	\$256	\$267	\$287	\$308	\$330	\$353	\$378	\$405	\$427	\$450	\$474	\$499	\$123.68	
CMS Energy Corporation	CMS	\$115	\$124	\$132	\$142	\$152	\$164	\$177	\$190	\$203	\$217	\$232	\$244	\$257	\$271	\$286	\$73.00	
DTE Energy Company	DTE	\$262	\$274	\$287	\$301	\$315	\$341	\$369	\$398	\$429	\$462	\$497	\$524	\$552	\$582	\$613	\$178.68	
Duke Energy Corporation	DUK	\$312	\$320	\$329	\$338	\$347	\$366	\$388	\$410	\$434	\$460	\$488	\$514	\$542	\$571	\$601	\$168.32	
Empire District Electric Company	EDE	\$116	\$117	\$118	\$119	\$120	\$124	\$129	\$134	\$141	\$148	\$156	\$164	\$173	\$182	\$192	\$55.41	
Great Plains Energy Inc.	GXP	\$124	\$128	\$132	\$137	\$142	\$152	\$163	\$174	\$186	\$199	\$213	\$224	\$236	\$249	\$262	\$57.27	
IDACORP, Inc.	IDA	\$189	\$204	\$219	\$235	\$252	\$268	\$286	\$306	\$329	\$355	\$383	\$403	\$425	\$448	\$472	\$134.69	
Eversource Energy	ES	\$171	\$183	\$196	\$210	\$225	\$249	\$274	\$300	\$327	\$354	\$382	\$403	\$425	\$447	\$471	\$111.73	
OGE Energy Corp.	OGE	\$120	\$133	\$146	\$161	\$177	\$185	\$195	\$204	\$215	\$226	\$238	\$251	\$264	\$278	\$293	\$74.95	
Otter Tail Corporation	OTTR	\$121	\$125	\$129	\$133	\$136	\$153	\$171	\$189	\$207	\$225	\$244	\$257	\$271	\$285	\$301	\$67.88	
Pinnacle West Capital Corporation	PNW	\$250	\$262	\$274	\$287	\$300	\$316	\$333	\$353	\$374	\$397	\$422	\$445	\$469	\$494	\$520	\$133.84	
PNM Resources, Inc.	PNM	\$087	\$094	\$103	\$112	\$121	\$141	\$161	\$182	\$203	\$225	\$248	\$262	\$276	\$291	\$306	\$65.90	
Portland General Electric Company	POR	\$099	\$109	\$118	\$129	\$141	\$154	\$168	\$183	\$199	\$216	\$234	\$247	\$260	\$274	\$288	\$81.13	
Southern Company	SO	\$219	\$223	\$227	\$232	\$236	\$245	\$255	\$266	\$278	\$292	\$307	\$323	\$340	\$359	\$378	\$96.05	
TECO Energy, Inc.	TE	\$090	\$096	\$101	\$107	\$114	\$122	\$129	\$137	\$143	\$149	\$154	\$163	\$171	\$181	\$190	\$40.59	
Westar Energy, Inc.	WR	\$156	\$161	\$166	\$172	\$177	\$194	\$213	\$233	\$254	\$276	\$300	\$316	\$333	\$351	\$370	\$85.14	
Xcel Energy Inc.	XEL	\$132	\$139	\$146	\$153	\$161	\$170	\$180	\$191	\$203	\$215	\$229	\$241	\$254	\$268	\$282	\$72.50	

Projected Annual Data Investor Cash Flows		[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]
Company	Ticker	Initial Outflow	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
Alliant Energy Corporation	LNT	(\$62.22)	\$0.00	\$1.51	\$2.32	\$2.66	\$2.88	\$3.13	\$3.31	\$3.51	\$3.71	\$3.91	\$4.13	\$4.35	\$4.58	\$4.83	\$5.09	\$5.35	\$5.65
Ameren Corporation	AEE	(\$42.09)	\$0.00	\$1.04	\$1.60	\$1.67	\$1.73	\$1.79	\$1.98	\$2.18	\$2.39	\$2.60	\$2.82	\$3.06	\$3.23	\$3.40	\$3.58	\$3.77	\$3.97
American Electric Power Company, Inc.	AEP	(\$57.00)	\$0.00	\$1.50	\$2.29	\$2.44	\$2.56	\$2.67	\$2.87	\$3.08	\$3.30	\$3.53	\$3.78	\$4.05	\$4.27	\$4.50	\$4.74	\$4.99	\$5.26
CMS Energy Corporation	CMS	(\$33.36)	\$0.00	\$0.77	\$1.19	\$1.32	\$1.42	\$1.52	\$1.64	\$1.77	\$1.90	\$2.03	\$2.17	\$2.32	\$2.44	\$2.57	\$2.71	\$2.86	\$3.01
DTE Energy Company	DTE	(\$81.62)	\$0.00	\$1.76	\$2.70	\$2.87	\$3.01	\$3.15	\$3.41	\$3.69	\$3.98	\$4.29	\$4.62	\$4.97	\$5.24	\$5.52	\$5.82	\$6.13	\$6.45
Duke Energy Corporation	DUK	(\$78.14)	\$0.00	\$2.09	\$3.19	\$3.29	\$3.38	\$3.47	\$3.66	\$3.88	\$4.10	\$4.34	\$4.60	\$4.88	\$5.14	\$5.42	\$5.71	\$6.01	\$6.32
Empire District Electric Company	EDE	(\$26.65)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$2.02
Great Plains Energy Inc.	GXP	(\$26.64)	\$0.00	\$0.83	\$1.27	\$1.32	\$1.37	\$1.42	\$1.52	\$1.63	\$1.74	\$1.86	\$1.99	\$2.13	\$2.24	\$2.36	\$2.49	\$2.62	\$2.75
IDACORP, Inc.	IDA	(\$61.32)	\$0.00	\$1.27	\$1.92	\$2.19	\$2.35	\$2.52	\$2.68	\$2.86	\$3.06	\$3.29	\$3.55	\$3.83	\$4.03	\$4.25	\$4.48	\$4.72	\$4.96
Eversource Energy	ES	(\$49.92)	\$0.00	\$1.15	\$1.78	\$1.96	\$2.10	\$2.25	\$2.49	\$2.74	\$3.00	\$3.27	\$3.54	\$3.82	\$4.03	\$4.25	\$4.47	\$4.71	\$4.95
OGE Energy Corp.	OGE	(\$34.89)	\$0.00	\$0.80	\$1.23	\$1.46	\$1.61	\$1.77	\$1.85	\$1.95	\$2.04	\$2.15	\$2.26	\$2.38	\$2.51	\$2.64	\$2.78	\$2.93	\$3.07
Otter Tail Corporation	OTTR	(\$30.27)	\$0.00	\$0.81	\$1.27	\$1.29	\$1.33	\$1.36	\$1.53	\$1.71	\$1.89	\$2.07	\$2.25	\$2.44	\$2.57	\$2.71	\$2.85	\$3.01	\$3.16
Pinnacle West Capital Corporation	PNW	(\$62.64)	\$0.00	\$1.68	\$2.56	\$2.74	\$2.87	\$3.00	\$3.16	\$3.33	\$3.53	\$3.74	\$3.97	\$4.22	\$4.45	\$4.69	\$4.94	\$5.20	\$5.46
PNM Resources, Inc.	PNM	(\$28.14)	\$0.00	\$0.58	\$0.91	\$1.03	\$1.12	\$1.21	\$1.41	\$1.61	\$1.82	\$2.03	\$2.25	\$2.48	\$2.62	\$2.76	\$2.91	\$3.06	\$3.21
Portland General Electric Company	POR	(\$36.23)	\$0.00	\$0.67	\$1.02	\$1.18	\$1.29	\$1.41	\$1.54	\$1.68	\$1.83	\$1.99	\$2.16	\$2.34	\$2.47	\$2.60	\$2.74	\$2.88	\$3.02
Southern Company	SO	(\$46.34)	\$0.00	\$1.47	\$2.23	\$2.27	\$2.32	\$2.36	\$2.45	\$2.55	\$2.66	\$2.78	\$2.92	\$3.07	\$3.23	\$3.40	\$3.59	\$3.78	\$3.97
TECO Energy, Inc.	TE	(\$19.32)	\$0.00	\$0.60	\$0.94	\$1.01	\$1.07	\$1.14	\$1.22	\$1.29	\$1.37	\$1.43	\$1.49	\$1.54	\$1.63	\$1.71	\$1.81	\$1.90	\$1.99
Westar Energy, Inc.	WR	(\$38.44)	\$0.00	\$1.04	\$1.60	\$1.66	\$1.72	\$1.77	\$1.94	\$2.13	\$2.33	\$2.54	\$2.76	\$3.00	\$3.16	\$3.33	\$3.51	\$3.70	\$3.88
Xcel Energy Inc.	XEL	(\$33.99)	\$0.00	\$0.89	\$1.35	\$1.46	\$1.53	\$1.61	\$1.70	\$1.80	\$1.91	\$2.03	\$2.15	\$2.29	\$2.41	\$2.54	\$2.68	\$2.82	\$2.96

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

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
Company	Ticker	Stock Price	Zacks	EPS Growth Rate Estimates		Line Value	Low Growth	Long-Term Growth	2015	Payoff Ratio		2019	2025	Terminal P/E
				Fast Call						Proof	IRR	Rt50		PEG
Aiant Energy Corporation	LNT	\$62.22	5.30%	6.40%	6.00%	5.30%	5.37%	61.00%	67.00%	67.30%	(\$0.00)	9.38%	17.66	3.28
Ameren Corporation	AEE	\$42.09	7.30%	8.85%	6.00%	5.00%	5.37%	64.00%	66.00%	67.30%	(\$0.00)	9.00%	19.55	3.64
American Electric Power Company, Inc.	AEP	\$67.00	5.00%	5.15%	5.50%	5.00%	5.37%	63.00%	61.00%	67.30%	(\$0.00)	9.47%	17.28	3.22
CMS Energy Corporation	CMS	\$33.96	6.20%	6.75%	5.00%	5.50%	5.37%	61.00%	62.00%	67.30%	(\$0.00)	9.15%	18.74	3.49
DTE Energy Company	DTE	\$81.62	5.00%	4.51%	6.00%	4.51%	5.37%	62.00%	59.00%	67.30%	(\$0.00)	8.61%	21.65	4.07
Duke Energy Corporation	DUK	\$79.14	4.70%	4.52%	5.00%	4.52%	5.37%	71.00%	65.00%	67.30%	(\$0.00)	9.00%	19.50	3.63
Empire District Electric Company	EDE	\$26.65	3.00%	3.00%	3.00%	3.00%	5.37%	74.00%	68.00%	67.30%	(\$0.00)	9.02%	19.45	3.62
Great Plains Energy Inc.	GXP	\$26.64	5.40%	6.90%	1.00%	5.00%	5.37%	68.00%	62.00%	67.30%	(\$0.00)	9.80%	15.66	2.92
IDACORP, Inc.	IDA	\$61.32	3.00%	3.00%	1.00%	1.00%	5.37%	49.00%	58.00%	67.30%	(\$0.00)	6.55%	22.26	4.15
Eversource Energy	ES	\$49.92	6.40%	4.05%	8.00%	6.25%	5.37%	59.00%	57.00%	67.30%	(\$0.00)	9.31%	17.98	3.35
OGE Energy Corp.	OGE	\$34.69	5.00%	4.00%	3.00%	3.00%	5.37%	68.00%	68.00%	67.30%	\$0.00	8.93%	19.90	3.71
Otter Tail Corporation	OTTR	\$30.27	NA	4.20%	10.00%	6.00%	5.37%	73.00%	66.00%	67.30%	(\$0.00)	9.94%	19.83	3.70
Pinnacle West Capital Corporation	PHW	\$62.94	4.00%	4.00%	4.00%	4.00%	5.37%	63.00%	64.00%	67.30%	(\$0.00)	9.41%	17.67	3.27
PNM Resources, Inc.	PNM	\$28.14	8.90%	9.65%	9.50%	8.90%	5.37%	51.00%	49.00%	67.30%	(\$0.00)	9.97%	15.42	2.87
Portland General Electric Company	POR	\$38.23	4.90%	4.72%	6.00%	4.72%	5.37%	50.00%	58.00%	67.30%	(\$0.00)	8.79%	20.71	3.66
Southern Company	SO	\$46.34	3.50%	3.32%	4.00%	3.32%	5.37%	75.00%	69.00%	67.30%	(\$0.00)	9.31%	17.95	3.35
TECO Energy, Inc.	TE	\$19.32	7.10%	9.20%	4.00%	4.00%	5.37%	82.00%	73.00%	67.30%	(\$0.00)	8.78%	20.80	3.58
Westar Energy, Inc.	WR	\$38.44	3.50%	3.07%	6.00%	3.07%	5.37%	61.00%	55.00%	67.30%	(\$0.00)	9.09%	19.03	3.55
Xcel Energy Inc.	XEL	\$33.99	4.70%	4.68%	4.50%	4.50%	5.37%	63.00%	64.00%	67.30%	(\$0.00)	9.39%	17.65	3.29

DCF Result		
Mean	9.16%	18.69 3.52
Max	9.97%	22.26 4.15
Min	8.55%	15.42 2.87

Projected Annual Earnings per Share	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]	
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Aiant Energy Corporation	LNT	\$3.29	\$3.46	\$3.65	\$3.84	\$4.04	\$4.26	\$4.49	\$4.72	\$4.97	\$5.24	\$5.52	\$5.82	\$6.13	\$6.46	\$6.81	\$7.17	\$7.56
Ameren Corporation	AEE	\$2.10	\$2.21	\$2.32	\$2.43	\$2.55	\$2.68	\$2.81	\$2.96	\$3.11	\$3.27	\$3.44	\$3.63	\$3.82	\$4.03	\$4.25	\$4.47	\$4.71
American Electric Power Company, Inc.	AEP	\$3.18	\$3.34	\$3.51	\$3.68	\$3.87	\$4.06	\$4.28	\$4.48	\$4.71	\$4.95	\$5.22	\$5.50	\$5.78	\$6.10	\$6.43	\$6.78	\$7.14
CMS Energy Corporation	CMS	\$1.66	\$1.75	\$1.85	\$1.95	\$2.06	\$2.17	\$2.29	\$2.41	\$2.55	\$2.68	\$2.83	\$2.98	\$3.14	\$3.31	\$3.49	\$3.67	\$3.87
DTE Energy Company	DTE	\$3.76	\$3.93	\$4.11	\$4.29	\$4.49	\$4.69	\$4.90	\$5.13	\$5.38	\$5.65	\$5.94	\$6.26	\$6.60	\$6.95	\$7.32	\$7.72	\$8.13
Duke Energy Corporation	DUK	\$3.98	\$4.16	\$4.35	\$4.54	\$4.75	\$4.96	\$5.19	\$5.43	\$5.70	\$5.98	\$6.29	\$6.63	\$6.99	\$7.36	\$7.76	\$8.17	\$8.61
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57	\$2.70	\$2.85
Great Plains Energy Inc.	GXP	\$1.62	\$1.70	\$1.79	\$1.88	\$1.97	\$2.07	\$2.17	\$2.28	\$2.40	\$2.52	\$2.66	\$2.80	\$2.95	\$3.11	\$3.28	\$3.45	\$3.64
IDACORP, Inc.	IDA	\$3.64	\$3.68	\$3.71	\$3.75	\$3.79	\$3.83	\$3.86	\$3.94	\$4.04	\$4.19	\$4.38	\$4.61	\$4.86	\$5.12	\$5.40	\$5.69	\$5.99
Eversource Energy	ES	\$2.49	\$2.65	\$2.81	\$2.99	\$3.17	\$3.37	\$3.58	\$3.80	\$4.02	\$4.25	\$4.49	\$4.73	\$4.99	\$5.25	\$5.53	\$5.83	\$6.14
OGE Energy Corp.	OGE	\$1.94	\$2.00	\$2.06	\$2.12	\$2.18	\$2.25	\$2.32	\$2.40	\$2.49	\$2.60	\$2.73	\$2.88	\$3.03	\$3.19	\$3.36	\$3.54	\$3.73
Otter Tail Corporation	OTTR	\$1.37	\$1.45	\$1.54	\$1.63	\$1.73	\$1.83	\$1.94	\$2.06	\$2.18	\$2.30	\$2.42	\$2.55	\$2.69	\$2.84	\$2.99	\$3.15	\$3.32
Pinnacle West Capital Corporation	PHW	\$3.66	\$3.81	\$3.96	\$4.12	\$4.28	\$4.45	\$4.63	\$4.83	\$5.05	\$5.29	\$5.56	\$5.86	\$6.17	\$6.51	\$6.86	\$7.22	\$7.61
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.67	\$1.82	\$1.98	\$2.16	\$2.35	\$2.54	\$2.73	\$2.92	\$3.10	\$3.26	\$3.44	\$3.62	\$3.82	\$4.02	\$4.24
Portland General Electric Company	POR	\$1.77	\$1.85	\$1.94	\$2.03	\$2.13	\$2.23	\$2.33	\$2.45	\$2.57	\$2.70	\$2.84	\$2.99	\$3.16	\$3.32	\$3.50	\$3.69	\$3.89
Southern Company	SO	\$2.70	\$2.79	\$2.88	\$2.98	\$3.08	\$3.18	\$3.28	\$3.41	\$3.55	\$3.71	\$3.89	\$4.10	\$4.32	\$4.55	\$4.80	\$5.06	\$5.33
TECO Energy, Inc.	TE	\$0.92	\$0.96	\$1.00	\$1.03	\$1.08	\$1.12	\$1.16	\$1.21	\$1.27	\$1.33	\$1.40	\$1.47	\$1.55	\$1.64	\$1.72	\$1.82	\$1.91
Westar Energy, Inc.	WR	\$2.27	\$2.34	\$2.41	\$2.49	\$2.56	\$2.64	\$2.72	\$2.82	\$2.93	\$3.06	\$3.21	\$3.38	\$3.56	\$3.76	\$3.96	\$4.17	\$4.39
Xcel Energy Inc.	XEL	\$1.91	\$2.00	\$2.09	\$2.18	\$2.28	\$2.38	\$2.49	\$2.60	\$2.73	\$2.87	\$3.02	\$3.18	\$3.35	\$3.53	\$3.72	\$3.92	\$4.13

Projected Annual Dividend Payout Ratio	[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Aiant Energy Corporation	LNT	61.00%	62.50%	64.00%	65.50%	67.00%	67.00%	67.10%	67.15%	67.20%	67.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Ameren Corporation	AEE	64.00%	62.00%	60.00%	58.00%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
American Electric Power Company, Inc.	AEP	63.00%	62.50%	62.00%	61.50%	61.00%	62.05%	63.10%	64.15%	65.20%	66.25%	67.30%	67.30%	67.30%	67.30%	67.30%
CMS Energy Corporation	CMS	61.00%	61.25%	61.50%	61.75%	62.00%	62.88%	63.77%	64.65%	65.54%	66.42%	67.30%	67.30%	67.30%	67.30%	67.30%
DTE Energy Company	DTE	62.00%	61.25%	60.50%	59.75%	59.00%	60.38%	61.77%	63.15%	64.54%	65.92%	67.30%	67.30%	67.30%	67.30%	67.30%
Duke Energy Corporation	DUK	71.00%	69.50%	68.00%	66.50%	65.00%	65.38%	65.77%	66.15%	66.54%	66.92%	67.30%	67.30%	67.30%	67.30%	67.30%
Empire District Electric Company	EDE	74.00%	72.50%	71.00%	69.50%	68.00%	67.88%	67.77%	67.65%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Great Plains Energy Inc.	GXP	68.00%	66.50%	65.00%	63.50%	62.00%	62.88%	63.77%	64.65%	65.54%	66.42%	67.30%	67.30%	67.30%	67.30%	67.30%
IDACORP, Inc.	IDA	49.00%	51.25%	53.50%	55.75%	58.00%	59.65%	61.10%	62.65%	64.20%	65.75%	67.30%	67.30%	67.30%	67.30%	67.30%
Eversource Energy	ES	59.00%	58.50%	58.00%	57.50%	57.00%	58.72%	60.43%	62.15%	63.87%	65.59%	67.30%	67.30%	67.30%	67.30%	67.30%
OGE Energy Corp.	OGE	56.00%	59.00%	62.00%	65.00%	68.00%	67.88%	67.77%	67.65%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Otter Tail Corporation	OTTR	73.00%	68.75%	64.50%	60.25%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Pinnacle West Capital Corporation	PHW	63.00%	63.25%	63.50%	63.75%	64.00%	64.55%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%
PNM Resources, Inc.	PNM	51.00%	50.80%	50.60%	49.60%	49.00%	52.05%	55.10%	58.15%	61.20%	64.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Portland General Electric Company	POR	50.00%	51.50%	53.00%	54.50%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Southern Company	SO	75.00%	73.50%	72.00%	70.50%	69.00%	68.72%	68.43%	68.15%	67.87%	67.59%	67.30%	67.30%	67.30%	67.30%	67.30%
TECO Energy, Inc.	TE	82.00%	79.75%	77.50%	75.25%	73.00%	72.05%	71.10%	70.15%	69.20%	68.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Westar Energy, Inc.	WR	61.00%	59.50%	58.00%	56.50%	55.00%	57.05%	59.10%	61.15%	63.20%	65.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Xcel Energy Inc.	XEL	63.00%	63.25%	63.50%	63.75%	64.00%	64.55%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%

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

Projected Annual Cash Flow		[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Value
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Akron Energy Corporation	LNT	\$2.23	\$2.40	\$2.59	\$2.79	\$3.00	\$3.17	\$3.34	\$3.52	\$3.71	\$3.91	\$4.13	\$4.35	\$4.58	\$4.83	\$5.09	\$133.43	
Ameren Corporation	AEE	\$1.48	\$1.51	\$1.53	\$1.55	\$1.58	\$1.71	\$1.85	\$2.02	\$2.19	\$2.37	\$2.57	\$2.71	\$2.86	\$3.01	\$3.17	\$92.14	
American Electric Power Company, Inc.	AEP	\$2.21	\$2.30	\$2.40	\$2.50	\$2.60	\$2.78	\$2.97	\$3.18	\$3.40	\$3.64	\$3.90	\$4.11	\$4.33	\$4.56	\$4.80	\$123.33	
CMS Energy Corporation	CMS	\$1.13	\$1.19	\$1.26	\$1.34	\$1.42	\$1.52	\$1.62	\$1.74	\$1.85	\$1.98	\$2.11	\$2.23	\$2.35	\$2.47	\$2.61	\$72.52	
DTE Energy Company	DTE	\$2.55	\$2.63	\$2.71	\$2.80	\$2.89	\$3.10	\$3.32	\$3.57	\$3.83	\$4.13	\$4.44	\$4.63	\$4.93	\$5.19	\$5.47	\$177.71	
Duke Energy Corporation	DUK	\$3.09	\$3.16	\$3.23	\$3.30	\$3.37	\$3.65	\$3.75	\$3.96	\$4.19	\$4.44	\$4.70	\$4.96	\$5.22	\$5.50	\$5.80	\$167.98	
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$55.41	
Great Plains Energy Inc.	GXP	\$1.21	\$1.25	\$1.28	\$1.31	\$1.35	\$1.43	\$1.53	\$1.63	\$1.74	\$1.86	\$1.99	\$2.09	\$2.20	\$2.32	\$2.45	\$56.96	
IDACORP, Inc.	IDA	\$1.82	\$1.92	\$2.03	\$2.13	\$2.24	\$2.34	\$2.47	\$2.63	\$2.81	\$3.03	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$133.39	
Eversource Energy	ES	\$1.66	\$1.75	\$1.84	\$1.94	\$2.04	\$2.23	\$2.43	\$2.64	\$2.87	\$3.10	\$3.36	\$3.54	\$3.73	\$3.93	\$4.14	\$110.49	
OGE Energy Corp.	OGE	\$1.15	\$1.25	\$1.35	\$1.46	\$1.58	\$1.63	\$1.69	\$1.76	\$1.84	\$1.94	\$2.04	\$2.15	\$2.26	\$2.39	\$2.51	\$74.30	
Otter Tail Corporation	OTTR	\$1.12	\$1.12	\$1.12	\$1.10	\$1.09	\$1.19	\$1.30	\$1.42	\$1.54	\$1.67	\$1.81	\$1.91	\$2.01	\$2.12	\$2.23	\$65.95	
Pinnacle West Capital Corporation	PNW	\$2.49	\$2.60	\$2.72	\$2.84	\$2.96	\$3.12	\$3.29	\$3.47	\$3.68	\$3.91	\$4.16	\$4.38	\$4.61	\$4.86	\$5.12	\$133.71	
PNM Resources, Inc.	PNM	\$0.85	\$0.92	\$0.99	\$1.07	\$1.15	\$1.32	\$1.51	\$1.70	\$1.90	\$2.10	\$2.31	\$2.44	\$2.57	\$2.71	\$2.85	\$65.36	
Portland General Electric Company	POR	\$0.97	\$1.05	\$1.13	\$1.21	\$1.31	\$1.42	\$1.54	\$1.66	\$1.81	\$1.96	\$2.12	\$2.24	\$2.36	\$2.48	\$2.62	\$80.55	
Southern Company	SO	\$2.16	\$2.19	\$2.22	\$2.24	\$2.27	\$2.34	\$2.43	\$2.53	\$2.64	\$2.77	\$2.91	\$3.07	\$3.23	\$3.40	\$3.59	\$95.81	
TECO Energy, Inc.	TE	\$0.82	\$0.83	\$0.83	\$0.84	\$0.85	\$0.87	\$0.90	\$0.93	\$0.97	\$1.01	\$1.04	\$1.10	\$1.16	\$1.22	\$1.29	\$39.80	
Westar Energy, Inc.	WR	\$1.47	\$1.43	\$1.49	\$1.49	\$1.50	\$1.61	\$1.73	\$1.87	\$2.03	\$2.21	\$2.40	\$2.53	\$2.66	\$2.81	\$2.96	\$83.63	
Xcel Energy Inc.	XEL	\$1.31	\$1.38	\$1.45	\$1.52	\$1.59	\$1.68	\$1.78	\$1.88	\$2.00	\$2.12	\$2.25	\$2.37	\$2.60	\$2.84	\$2.78	\$72.83	

Projected Annual Data Investor Cash Flows		[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]
Company	Ticker	Initial Outflow	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
Akron Energy Corporation	LNT	(\$62.22)	\$0.00	\$1.49	\$2.28	\$2.59	\$2.79	\$3.00	\$3.17	\$3.34	\$3.52	\$3.71	\$3.91	\$4.13	\$4.35	\$4.58	\$4.83	\$5.09	\$138.51
Ameren Corporation	AEE	(\$42.09)	\$0.00	\$0.99	\$1.52	\$1.53	\$1.55	\$1.58	\$1.71	\$1.86	\$2.02	\$2.19	\$2.37	\$2.57	\$2.71	\$2.86	\$3.01	\$3.17	\$95.32
American Electric Power Company, Inc.	AEP	(\$57.00)	\$0.00	\$1.48	\$2.26	\$2.40	\$2.50	\$2.60	\$2.78	\$2.97	\$3.18	\$3.40	\$3.64	\$3.90	\$4.11	\$4.33	\$4.56	\$4.80	\$128.14
CMS Energy Corporation	CMS	(\$33.35)	\$0.00	\$0.76	\$1.16	\$1.26	\$1.34	\$1.42	\$1.52	\$1.62	\$1.74	\$1.85	\$1.98	\$2.11	\$2.23	\$2.35	\$2.47	\$2.61	\$75.13
DTE Energy Company	DTE	(\$81.62)	\$0.00	\$1.71	\$2.60	\$2.71	\$2.80	\$2.89	\$3.10	\$3.32	\$3.57	\$3.83	\$4.13	\$4.44	\$4.68	\$4.93	\$5.19	\$5.47	\$183.18
Duke Energy Corporation	DUK	(\$79.14)	\$0.00	\$2.07	\$3.16	\$3.23	\$3.30	\$3.37	\$3.55	\$3.75	\$3.96	\$4.19	\$4.44	\$4.70	\$4.96	\$5.22	\$5.50	\$5.80	\$173.78
Empire District Electric Company	EDE	(\$26.65)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$57.32
Great Plains Energy Inc.	GXP	(\$26.64)	\$0.00	\$0.82	\$1.24	\$1.28	\$1.31	\$1.35	\$1.43	\$1.53	\$1.63	\$1.74	\$1.86	\$1.99	\$2.09	\$2.20	\$2.32	\$2.45	\$59.41
IDACORP, Inc.	IDA	(\$61.32)	\$0.00	\$1.22	\$1.83	\$2.03	\$2.13	\$2.24	\$2.34	\$2.47	\$2.63	\$2.81	\$3.03	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$137.42
Eversource Energy	ES	(\$49.92)	\$0.00	\$1.11	\$1.71	\$1.84	\$1.94	\$2.04	\$2.23	\$2.43	\$2.64	\$2.87	\$3.10	\$3.36	\$3.54	\$3.73	\$3.93	\$4.14	\$114.63
OGE Energy Corp.	OGE	(\$34.69)	\$0.00	\$0.77	\$1.17	\$1.35	\$1.46	\$1.58	\$1.63	\$1.69	\$1.76	\$1.84	\$1.94	\$2.04	\$2.15	\$2.26	\$2.39	\$2.51	\$78.82
Otter Tail Corporation	OTTR	(\$30.27)	\$0.00	\$0.75	\$1.16	\$1.12	\$1.10	\$1.09	\$1.19	\$1.30	\$1.42	\$1.54	\$1.67	\$1.81	\$1.91	\$2.01	\$2.12	\$2.23	\$68.19
Pinnacle West Capital Corporation	PNW	(\$62.64)	\$0.00	\$1.67	\$2.54	\$2.72	\$2.84	\$2.96	\$3.12	\$3.29	\$3.47	\$3.68	\$3.91	\$4.16	\$4.38	\$4.61	\$4.86	\$5.12	\$138.83
PNM Resources, Inc.	PNM	(\$28.14)	\$0.00	\$0.57	\$0.89	\$0.99	\$1.07	\$1.15	\$1.32	\$1.51	\$1.70	\$1.90	\$2.10	\$2.31	\$2.44	\$2.57	\$2.71	\$2.85	\$68.21
Portland General Electric Company	POR	(\$36.23)	\$0.00	\$0.85	\$0.99	\$1.13	\$1.21	\$1.31	\$1.42	\$1.54	\$1.66	\$1.81	\$1.96	\$2.12	\$2.24	\$2.36	\$2.48	\$2.62	\$83.16
Southern Company	SO	(\$46.34)	\$0.00	\$1.45	\$2.20	\$2.22	\$2.24	\$2.27	\$2.34	\$2.43	\$2.53	\$2.64	\$2.77	\$2.91	\$3.07	\$3.23	\$3.40	\$3.59	\$99.39
TECO Energy, Inc.	TE	(\$19.32)	\$0.00	\$0.55	\$0.83	\$0.83	\$0.84	\$0.85	\$0.87	\$0.90	\$0.93	\$0.97	\$1.01	\$1.04	\$1.10	\$1.16	\$1.22	\$1.29	\$41.09
Westar Energy, Inc.	WR	(\$38.44)	\$0.00	\$0.99	\$1.49	\$1.49	\$1.49	\$1.50	\$1.61	\$1.73	\$1.87	\$2.03	\$2.21	\$2.40	\$2.53	\$2.66	\$2.81	\$2.96	\$68.59
Xcel Energy Inc.	XEL	(\$33.99)	\$0.00	\$0.88	\$1.34	\$1.45	\$1.52	\$1.59	\$1.68	\$1.78	\$1.88	\$2.00	\$2.12	\$2.25	\$2.37	\$2.60	\$2.84	\$2.78	\$75.60

Multi-Stage Growth Discounted Cash Flow Model - Mr. Heverts Revised Proxy Group
30 Day Average Stock Price
Average EPS Growth Rate Estimate in First Stage

Inputs		(1) Stock	(3) EPS Growth Rate Estimates					(6) Long-Term	(7)	(8) Payout Ratio	(9)	(10)	(11) Iterative Solution		(12) Terminal P/E	(13) Terminal PEG Ratio
			Zacks	First Call	Line	Average	Growth						Proof	IRR		
American Electric Power Company, Inc.	AEP	\$58.60	5.00%	5.15%	5.50%	5.23%	5.37%	63.00%	61.00%	67.30%	(\$0.00)	9.57%	18.88	3.14		
Duke Energy Corporation	DUK	\$77.28	4.70%	4.52%	5.00%	4.74%	5.37%	71.00%	65.00%	67.30%	\$0.00	9.15%	18.73	3.49		
Empire District Electric Company	EDE	\$24.68	3.00%	3.00%	3.00%	3.00%	5.37%	74.00%	68.00%	67.30%	(\$0.00)	9.32%	17.92	3.34		
IDACORP, Inc.	IDA	\$62.29	3.00%	3.00%	1.00%	2.33%	5.37%	49.00%	58.00%	67.30%	\$0.00	8.83%	20.49	3.62		
Eversource Energy	ES	\$50.26	6.40%	6.25%	8.00%	6.85%	5.37%	59.00%	57.00%	67.30%	(\$0.00)	9.46%	17.33	3.23		
Otter Tail Corporation	OTTR	\$31.86	NA	6.00%	4.00%	8.00%	5.37%	73.00%	58.00%	67.30%	(\$0.00)	9.26%	18.22	3.39		
Pinnacle West Capital Corporation	PNW	\$63.32	4.00%	4.20%	4.00%	4.07%	5.37%	63.00%	64.00%	67.30%	(\$0.00)	9.38%	17.62	3.29		
PNM Resources, Inc.	PNM	\$28.37	8.90%	9.85%	9.50%	9.42%	5.37%	51.00%	49.00%	67.30%	\$0.00	10.09%	15.02	2.60		
Portland General Electric Company	POR	\$36.62	4.50%	4.72%	6.00%	5.21%	5.37%	50.00%	58.00%	67.30%	\$0.00	8.88%	20.22	3.77		
Southern Company	SO	\$44.46	3.50%	3.32%	4.00%	3.61%	5.37%	75.00%	69.00%	67.30%	(\$0.00)	9.68%	16.85	3.14		
Westar Energy, Inc.	WR	\$33.41	3.50%	3.07%	6.00%	4.19%	5.37%	61.00%	55.00%	67.30%	\$0.00	9.41%	17.56	3.27		

DCF Result		
Mean	9.36%	17.90 3.33
Max	10.09%	20.49 3.82
Min	8.83%	15.02 2.60

Projected Annual Earnings per Share

Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.35	\$3.52	\$3.71	\$3.90	\$4.10	\$4.32	\$4.54	\$4.78	\$5.04	\$5.31	\$5.59	\$5.89	\$6.21	\$6.54	\$6.89	\$7.26
Duke Energy Corporation	DUK	\$3.98	\$4.17	\$4.37	\$4.57	\$4.79	\$5.02	\$5.25	\$5.51	\$5.79	\$6.08	\$6.40	\$6.74	\$7.11	\$7.49	\$7.89	\$8.31	\$8.76
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57	\$2.70	\$2.85
IDACORP, Inc.	IDA	\$3.64	\$3.72	\$3.81	\$3.90	\$3.99	\$4.08	\$4.18	\$4.30	\$4.46	\$4.64	\$4.85	\$5.12	\$5.40	\$5.69	\$5.99	\$6.31	\$6.65
Eversource Energy	ES	\$2.49	\$2.66	\$2.84	\$3.04	\$3.26	\$3.47	\$3.71	\$3.96	\$4.21	\$4.46	\$4.71	\$4.96	\$5.23	\$5.51	\$5.80	\$6.12	\$6.44
Otter Tail Corporation	OTTR	\$1.37	\$1.48	\$1.60	\$1.73	\$1.88	\$2.01	\$2.17	\$2.34	\$2.50	\$2.66	\$2.82	\$2.97	\$3.13	\$3.29	\$3.47	\$3.66	\$3.85
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.96	\$4.12	\$4.29	\$4.47	\$4.65	\$4.85	\$5.07	\$5.32	\$5.59	\$5.89	\$6.21	\$6.54	\$6.89	\$7.26	\$7.65
PNM Resources, Inc.	PNM	\$1.41	\$1.64	\$1.89	\$2.06	\$2.21	\$2.32	\$2.42	\$2.52	\$2.63	\$2.75	\$2.88	\$3.03	\$3.22	\$3.39	\$3.57	\$3.77	\$3.97
Portland General Electric Company	POR	\$1.77	\$1.86	\$1.96	\$2.06	\$2.17	\$2.28	\$2.40	\$2.53	\$2.66	\$2.80	\$2.95	\$3.11	\$3.27	\$3.45	\$3.64	\$3.83	\$4.04
Southern Company	SO	\$2.70	\$2.80	\$2.90	\$3.00	\$3.11	\$3.22	\$3.34	\$3.47	\$3.62	\$3.79	\$3.98	\$4.19	\$4.42	\$4.66	\$4.91	\$5.17	\$5.45
Westar Energy, Inc.	WR	\$2.27	\$2.37	\$2.46	\$2.57	\$2.68	\$2.79	\$2.90	\$3.03	\$3.17	\$3.33	\$3.50	\$3.69	\$3.89	\$4.09	\$4.31	\$4.55	\$4.79

Projected Annual Dividend Payout Ratio

Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	63.00%	62.50%	62.00%	61.50%	61.00%	62.05%	63.10%	64.15%	65.20%	66.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Duke Energy Corporation	DUK	71.00%	69.50%	68.00%	66.50%	65.00%	65.38%	65.77%	66.15%	66.54%	66.92%	67.30%	67.30%	67.30%	67.30%	67.30%
Empire District Electric Company	EDE	74.00%	72.50%	71.00%	69.50%	68.00%	67.77%	67.65%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%
IDACORP, Inc.	IDA	49.00%	51.25%	53.50%	55.75%	58.00%	59.55%	61.10%	62.65%	64.20%	65.75%	67.30%	67.30%	67.30%	67.30%	67.30%
Eversource Energy	ES	59.00%	58.50%	58.00%	57.50%	57.00%	58.72%	60.43%	62.15%	63.87%	65.59%	67.30%	67.30%	67.30%	67.30%	67.30%
Otter Tail Corporation	OTTR	73.00%	68.75%	64.50%	60.25%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Pinnacle West Capital Corporation	PNW	63.00%	63.25%	63.50%	63.75%	64.00%	64.55%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%
PNM Resources, Inc.	PNM	51.00%	50.50%	50.00%	49.50%	49.00%	52.05%	55.10%	58.15%	61.20%	64.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Portland General Electric Company	POR	50.00%	51.50%	53.00%	54.50%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Southern Company	SO	75.00%	73.50%	72.00%	70.50%	69.00%	68.72%	68.43%	68.15%	67.87%	67.59%	67.30%	67.30%	67.30%	67.30%	67.30%
Westar Energy, Inc.	WR	61.00%	59.50%	58.00%	56.50%	55.00%	57.05%	59.10%	61.15%	63.20%	65.25%	67.30%	67.30%	67.30%	67.30%	67.30%

Projected Annual Cash Flows

Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.22	\$2.32	\$2.42	\$2.52	\$2.63	\$2.82	\$3.02	\$3.23	\$3.46	\$3.70	\$3.97	\$4.18	\$4.40	\$4.64	\$4.89	\$122.60
Duke Energy Corporation	DUK	\$3.10	\$3.18	\$3.26	\$3.34	\$3.42	\$3.60	\$3.81	\$4.02	\$4.26	\$4.51	\$4.78	\$5.04	\$5.31	\$5.59	\$5.90	\$164.03
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$51.07
IDACORP, Inc.	IDA	\$1.87	\$2.00	\$2.14	\$2.28	\$2.42	\$2.56	\$2.72	\$2.91	\$3.12	\$3.37	\$3.63	\$3.83	\$4.03	\$4.25	\$4.48	\$136.35
Eversource Energy	ES	\$1.68	\$1.76	\$1.88	\$2.00	\$2.12	\$2.32	\$2.54	\$2.77	\$3.01	\$3.26	\$3.52	\$3.71	\$3.91	\$4.12	\$4.34	\$111.67
Otter Tail Corporation	OTTR	\$1.17	\$1.19	\$1.20	\$1.21	\$1.22	\$1.35	\$1.49	\$1.64	\$1.79	\$1.94	\$2.10	\$2.22	\$2.34	\$2.46	\$2.59	\$70.22
Pinnacle West Capital Corporation	PNW	\$2.50	\$2.61	\$2.73	\$2.85	\$2.98	\$3.13	\$3.30	\$3.49	\$3.70	\$3.93	\$4.18	\$4.40	\$4.64	\$4.89	\$5.15	\$135.26
PNM Resources, Inc.	PNM	\$0.66	\$0.93	\$1.01	\$1.09	\$1.19	\$1.37	\$1.56	\$1.76	\$1.97	\$2.18	\$2.40	\$2.53	\$2.67	\$2.81	\$2.96	\$66.17
Portland General Electric Company	POR	\$0.98	\$1.06	\$1.15	\$1.24	\$1.34	\$1.46	\$1.59	\$1.73	\$1.87	\$2.03	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$81.63
Southern Company	SO	\$2.17	\$2.21	\$2.24	\$2.27	\$2.30	\$2.39	\$2.48	\$2.58	\$2.70	\$2.83	\$2.97	\$3.13	\$3.30	\$3.48	\$3.67	\$91.78
Westar Energy, Inc.	WR	\$1.60	\$1.53	\$1.55	\$1.57	\$1.60	\$1.73	\$1.88	\$2.04	\$2.21	\$2.41	\$2.62	\$2.76	\$2.90	\$3.06	\$3.22	\$84.10

Projected Annual Data Investor Cash Flows

Company	Ticker	Initial Outflow	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
American Electric Power Company, Inc.	AEP	(\$56.60)	\$0.00	\$1.49	\$2.28	\$2.42	\$2.52	\$2.63	\$2.82	\$3.02	\$3.23	\$3.46	\$3.70	\$3.97	\$4.18	\$4.40	\$4.64	\$4.89	\$127.49
Duke Energy Corporation	DUK	(\$77.28)	\$0.00	\$2.03	\$3.17	\$3.26	\$3.34	\$3.42	\$3.60	\$3.81	\$4.02	\$4.26	\$4.51	\$4.78	\$5.04	\$5.31	\$5.59	\$5.90	\$169.83
Empire District Electric Company	EDE	(\$24.68)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$52.99
IDACORP, Inc.	IDA	(\$62.29)	\$0.00	\$1.25	\$1.89	\$2.14	\$2.28	\$2.42	\$2.56	\$2.72	\$2.91	\$3.12	\$3.37	\$3.63	\$3.83	\$4.03	\$4.25	\$4.48	\$140.83
Eversource Energy	ES	(\$50.26)	\$0.00	\$1.13	\$1.74	\$1.88	\$2.00	\$2.12	\$2.32	\$2.54	\$2.77	\$3.01	\$3.26	\$3.52	\$3.71	\$3.91	\$4.12	\$4.34	\$116.01
Otter Tail Corporation	OTTR	(\$31.86)	\$0.00	\$0.78	\$1.21	\$1.20	\$1.21	\$1.22	\$1.35	\$1.49	\$1.64	\$1.79	\$1.94	\$2.10	\$2.22	\$2.34	\$2.46	\$2.59	\$72.81
Pinnacle West Capital Corporation	PNW	(\$63.32)	\$0.00	\$1.68	\$2.55	\$2.73	\$2.85	\$2.98	\$3.13	\$3.30	\$3.49	\$3.70	\$3.93	\$4.18	\$4.40	\$4.64	\$4.89	\$5.15	\$140.41
PNM Resources, Inc.	PNM	(\$28.37)	\$0.00	\$0.58	\$0.90	\$1.01	\$1.09	\$1.19	\$1.37	\$1.56	\$1.76	\$1.97	\$2.18	\$2.40	\$2.53	\$2.67	\$2.81	\$2.96	\$69.13
Portland General Electric Company	POR	(\$36.62)	\$0.00	\$0.66	\$1.01	\$1.15	\$1.24	\$1.34	\$1.46	\$1.59	\$1.73	\$1.87	\$2.03	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$84.34
Southern Company	SO	(\$44.46)	\$0.00	\$1.46	\$2.21	\$2.24	\$2.27	\$2.30	\$2.39	\$2.48	\$2.58	\$2.70	\$2.83	\$2.97	\$3.13	\$3.30	\$3.48	\$3.67	\$95.45
Westar Energy, Inc.	WR	(\$38.41)	\$0.00	\$1.01	\$1.53	\$1.55	\$1.57	\$1.60	\$1.73	\$1.88	\$2.04	\$2.21	\$2.41	\$2.62	\$2.76	\$2.90	\$3.06	\$3.22	\$87.33

Multi-Stage Growth Discounted Cash Flow Model - Mr. Hever's Revised Proxy Group
 30 Day Average Stock Price
 High EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]					
Stock		EPS Growth Rate Estimates				High Value	Long-Term		Payout Ratio		Iterative Solution		Terminal P/E	Terminal PEG					
Company	Ticker	Price	Zacks	First Call	Line	Growth	2015	2019	2025	Proof	IRR	Ratio	Ratio						
American Electric Power Company, Inc.	AEP	\$56.60	5.00%	5.15%	5.50%	5.50%	5.37%	63.00%	61.00%	67.30%	\$0.00	9.65%	16.56	3.08					
Duke Energy Corporation	DUK	\$77.28	4.70%	4.52%	5.00%	5.00%	5.37%	71.00%	65.00%	67.30%	\$0.00	9.23%	18.33	3.42					
Empire District Electric Company	EDE	\$24.68	3.00%	3.00%	3.00%	3.00%	5.37%	74.00%	68.00%	67.30%	(\$0.00)	9.32%	17.92	3.34					
IDACORP, Inc.	IDA	\$62.29	3.00%	3.00%	1.00%	3.00%	5.37%	49.00%	58.00%	67.30%	\$0.00	9.00%	19.52	3.64					
Eversource Energy	ES	\$50.26	6.40%	6.25%	8.00%	8.00%	5.37%	59.00%	57.00%	67.30%	(\$0.00)	9.78%	16.06	2.99					
Otter Tail Corporation	OTTR	\$31.85	NA	6.00%	10.00%	10.00%	5.37%	73.00%	56.00%	67.30%	(\$0.00)	9.82%	15.92	2.97					
Pinnacle West Capital Corporation	PNW	\$83.32	4.00%	4.20%	4.00%	4.20%	5.37%	63.00%	64.00%	67.30%	(\$0.00)	9.42%	17.51	3.26					
PNM Resources, Inc.	PNM	\$28.37	8.90%	9.86%	9.50%	9.85%	5.37%	51.00%	49.00%	67.30%	\$0.00	10.23%	14.60	2.72					
Portland General Electric Company	POR	\$36.62	4.90%	4.72%	6.00%	6.00%	5.37%	50.00%	56.00%	67.30%	\$0.00	9.03%	19.13	3.56					
Southern Company	SO	\$44.46	3.50%	3.32%	4.00%	4.00%	5.37%	75.00%	69.00%	67.30%	(\$0.00)	9.70%	16.37	3.05					
Westar Energy, Inc.	WR	\$38.41	3.50%	3.07%	6.00%	6.00%	5.37%	61.00%	55.00%	67.30%	\$0.00	9.95%	15.48	2.88					
DCF Result																			
Mean													9.56%	17.04	3.17				
Max													10.23%	19.52	3.64				
Min													9.00%	14.60	2.72				
Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]	
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
American Electric Power Company, Inc.	AEP	\$3.18	\$3.35	\$3.54	\$3.73	\$3.94	\$4.16	\$4.38	\$4.62	\$4.88	\$5.14	\$5.42	\$5.71	\$6.02	\$6.34	\$6.68	\$7.04	\$7.42	
Duke Energy Corporation	DUK	\$3.98	\$4.18	\$4.39	\$4.61	\$4.84	\$5.08	\$5.33	\$5.60	\$5.89	\$6.20	\$6.53	\$6.88	\$7.25	\$7.64	\$8.05	\$8.48	\$8.93	
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57	\$2.70	\$2.85	
IDACORP, Inc.	IDA	\$3.64	\$3.75	\$3.86	\$3.98	\$4.10	\$4.22	\$4.35	\$4.50	\$4.67	\$4.88	\$5.12	\$5.40	\$5.68	\$5.99	\$6.31	\$6.65	\$7.01	
Eversource Energy	ES	\$2.49	\$2.69	\$2.90	\$3.14	\$3.39	\$3.66	\$3.95	\$4.25	\$4.54	\$4.83	\$5.12	\$5.39	\$5.68	\$5.99	\$6.31	\$6.65	\$7.00	
Otter Tail Corporation	OTTR	\$1.37	\$1.51	\$1.66	\$1.82	\$2.01	\$2.21	\$2.43	\$2.65	\$2.86	\$3.07	\$3.26	\$3.44	\$3.62	\$3.82	\$4.02	\$4.24	\$4.47	
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.97	\$4.14	\$4.31	\$4.60	\$4.68	\$4.89	\$5.12	\$5.37	\$5.65	\$5.95	\$6.27	\$6.61	\$6.96	\$7.34	\$7.73	
PNM Resources, Inc.	PNM	\$1.41	\$1.55	\$1.70	\$1.87	\$2.05	\$2.26	\$2.48	\$2.70	\$2.92	\$3.13	\$3.32	\$3.50	\$3.69	\$3.89	\$4.10	\$4.32	\$4.55	
Portland General Electric Company	POR	\$1.77	\$1.88	\$1.99	\$2.11	\$2.23	\$2.37	\$2.51	\$2.66	\$2.81	\$2.97	\$3.13	\$3.30	\$3.48	\$3.66	\$3.85	\$4.07	\$4.29	
Southern Company	SO	\$2.70	\$2.81	\$2.92	\$3.04	\$3.16	\$3.28	\$3.42	\$3.56	\$3.72	\$3.90	\$4.10	\$4.32	\$4.56	\$4.80	\$5.06	\$5.33	\$5.61	
Westar Energy, Inc.	WR	\$2.27	\$2.41	\$2.55	\$2.70	\$2.87	\$3.04	\$3.22	\$3.41	\$3.61	\$3.81	\$4.02	\$4.23	\$4.46	\$4.70	\$4.95	\$5.22	\$5.50	
Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]			
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029			
American Electric Power Company, Inc.	AEP	63.00%	62.60%	62.00%	61.50%	61.00%	62.05%	63.10%	64.15%	65.20%	66.25%	67.30%	67.30%	67.30%	67.30%	67.30%			
Duke Energy Corporation	DUK	71.00%	69.60%	68.00%	66.60%	65.00%	65.38%	65.77%	66.15%	66.54%	66.92%	67.30%	67.30%	67.30%	67.30%	67.30%			
Empire District Electric Company	EDE	74.00%	72.50%	71.00%	69.60%	68.00%	67.88%	67.77%	67.65%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%			
IDACORP, Inc.	IDA	49.00%	51.25%	53.50%	55.75%	58.00%	59.55%	61.10%	62.65%	64.20%	65.75%	67.30%	67.30%	67.30%	67.30%	67.30%			
Eversource Energy	ES	59.00%	58.80%	58.00%	57.60%	57.00%	58.72%	60.43%	62.15%	63.87%	65.59%	67.30%	67.30%	67.30%	67.30%	67.30%			
Otter Tail Corporation	OTTR	73.00%	68.75%	64.50%	60.25%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%			
Pinnacle West Capital Corporation	PNW	63.00%	63.25%	63.50%	63.75%	64.00%	64.55%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%			
PNM Resources, Inc.	PNM	51.00%	50.50%	50.00%	49.50%	49.00%	52.05%	55.10%	58.15%	61.20%	64.25%	67.30%	67.30%	67.30%	67.30%	67.30%			
Portland General Electric Company	POR	50.00%	51.50%	53.00%	54.50%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%			
Southern Company	SO	75.00%	73.60%	72.00%	70.50%	69.00%	68.72%	68.43%	68.15%	67.87%	67.59%	67.30%	67.30%	67.30%	67.30%	67.30%			
Westar Energy, Inc.	WR	61.00%	59.50%	58.00%	56.50%	55.00%	57.05%	59.10%	61.15%	63.20%	65.25%	67.30%	67.30%	67.30%	67.30%	67.30%			
Projected Annual Cash Flows		[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Value	
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029			
American Electric Power Company, Inc.	AEP	\$2.23	\$2.33	\$2.44	\$2.56	\$2.67	\$2.87	\$3.08	\$3.30	\$3.53	\$3.78	\$4.05	\$4.27	\$4.50	\$4.74	\$4.99	\$122.79		
Duke Energy Corporation	DUK	\$3.12	\$3.20	\$3.29	\$3.38	\$3.47	\$3.66	\$3.88	\$4.10	\$4.34	\$4.60	\$4.88	\$5.14	\$5.42	\$5.71	\$6.01	\$164.22		
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$51.07		
IDACORP, Inc.	IDA	\$1.89	\$2.04	\$2.19	\$2.35	\$2.52	\$2.68	\$2.86	\$3.06	\$3.29	\$3.55	\$3.83	\$4.03	\$4.25	\$4.48	\$4.72	\$136.82		
Eversource Energy	ES	\$1.71	\$1.83	\$1.96	\$2.10	\$2.25	\$2.49	\$2.74	\$3.00	\$3.27	\$3.54	\$3.82	\$4.03	\$4.25	\$4.47	\$4.71	\$112.49		
Otter Tail Corporation	OTTR	\$1.21	\$1.25	\$1.29	\$1.33	\$1.36	\$1.53	\$1.71	\$1.89	\$2.07	\$2.25	\$2.44	\$2.57	\$2.71	\$2.85	\$3.01	\$71.11		
Pinnacle West Capital Corporation	PNW	\$2.50	\$2.62	\$2.74	\$2.87	\$3.00	\$3.16	\$3.33	\$3.53	\$3.74	\$3.97	\$4.22	\$4.45	\$4.69	\$4.94	\$5.20	\$135.35		
PNM Resources, Inc.	PNM	\$0.87	\$0.94	\$1.03	\$1.12	\$1.21	\$1.41	\$1.61	\$1.82	\$2.03	\$2.25	\$2.48	\$2.62	\$2.76	\$2.91	\$3.06	\$66.42		
Portland General Electric Company	POR	\$0.99	\$1.09	\$1.18	\$1.29	\$1.41	\$1.54	\$1.68	\$1.83	\$1.99	\$2.16	\$2.34	\$2.47	\$2.60	\$2.74	\$2.88	\$82.00		
Southern Company	SO	\$2.19	\$2.23	\$2.27	\$2.32	\$2.36	\$2.45	\$2.55	\$2.66	\$2.78	\$2.92	\$3.07	\$3.23	\$3.40	\$3.59	\$3.78	\$91.92		
Westar Energy, Inc.	WR	\$1.55	\$1.61	\$1.66	\$1.72	\$1.77	\$1.94	\$2.13	\$2.33	\$2.54	\$2.76	\$3.00	\$3.16	\$3.33	\$3.51	\$3.70	\$85.09		
Projected Annual Data Investor Cash Flow		[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]
Company	Ticker	Outflow	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
American Electric Power Company, Inc.	AEP	(\$6.60)	\$0.00	\$1.50	\$2.29	\$2.44	\$2.56	\$2.67	\$2.87	\$3.08	\$3.30	\$3.53	\$3.78	\$4.05	\$4.27	\$4.50	\$4.74	\$4.99	\$127.78
Duke Energy Corporation	DUK	(\$77.28)	\$0.00	\$2.09	\$3.19	\$3.29	\$3.38	\$3.47	\$3.66	\$3.88	\$4.10	\$4.34	\$4.60	\$4.88	\$5.14	\$5.42	\$5.71	\$6.01	\$170.23
Empire District Electric Company	EDE	(\$24.68)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$52.99
IDACORP, Inc.	IDA	(\$62.29)	\$0.00	\$1.27	\$1.92	\$2.19	\$2.35	\$2.52	\$2.68	\$2.86	\$3.06	\$3.29	\$3.55	\$3.83	\$4.03	\$4.25	\$4.48	\$4.72	\$141.53
Eversource Energy	ES	(\$50.26)	\$0.00	\$1.15	\$1.78	\$1.96	\$2.10	\$2.25	\$2.49	\$2.74	\$3.00	\$3.27	\$3.54	\$3.82	\$4.03	\$4.25	\$4.47	\$4.71	\$117.20
Otter Tail Corporation	OTTR	(\$31.86)	\$0.00	\$0.81	\$1.27	\$1.29	\$1.33	\$1.36	\$1.53	\$1.71	\$1.89	\$2.07	\$2.25	\$2.44	\$2.57	\$2.71	\$2.85	\$3.01	\$74.12
Pinnacle West Capital Corporation	PNW	(\$63.32)	\$0.00	\$1.68	\$2.56	\$2.74	\$2.87	\$3.00	\$3.16	\$3.33	\$3.53	\$3.74	\$3.97	\$4.22	\$4.45	\$4.69	\$4.94	\$5.20	\$140.55
PNM Resources, Inc.	PNM	(\$28.37)	\$0.00	\$0.58	\$0.91	\$1.03	\$1.12	\$1.21	\$1.41	\$1.61	\$1.82	\$2.03	\$2.25	\$2.48	\$2.62	\$2.76	\$2.91	\$3.06	\$69.48
Portland General Electric Company	POR	(\$36.62)	\$0.00	\$0.67	\$1.02	\$1.18	\$1.29	\$1.41	\$1.54	\$1.68	\$1.83	\$1.99	\$2.16	\$2.34	\$2.47	\$2.60	\$2.74	\$2.88	\$84.88
Southern Company	SO	(\$44.46)	\$0.00	\$1.47	\$2.23	\$2.27	\$2.32	\$2.36	\$2.45	\$2.55	\$2.66	\$2.78	\$2.92	\$3.07	\$3.23	\$3.40	\$3.59	\$3.78	\$95.70
Westar Energy, Inc.	WR	(\$38.41)	\$0.00	\$1.04	\$1.60	\$1.66	\$1.72	\$1.77	\$1.94	\$2.13	\$2.33	\$2.54	\$2.76	\$3.00	\$3.16	\$3.33	\$3.51	\$3.70	\$88.79

Multi-Stage Growth Discounted Cash Flow Model - Mr. Heverts Revised Proxy Group
30 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Inputs		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)					
		Stock	EPS Growth Rate Estimates			Value	Low	Long-Term		Payout Ratio			Iterative Solution	Terminal	Terminal	Terminal	Terminal		
Company	Ticker	Price	Zacks	First Call	Line	Growth	Growth	2015	2019	2025	2025	Prof.	IRR	Ratio	Ratio	PEG	PEG		
American Electric Power Company, Inc.	AEP	\$58.60	5.00%	5.15%	5.50%	6.00%	5.37%	63.00%	61.00%	67.30%	(\$0.00)	9.50%	17.15	3.20					
Duke Energy Corporation	DUK	\$77.28	4.70%	4.52%	5.00%	4.52%	5.37%	71.00%	65.00%	67.30%	\$0.00	9.10%	19.03	3.54					
Empire District Electric Company	EDE	\$24.68	3.00%	3.00%	3.00%	3.00%	5.37%	74.00%	68.00%	67.30%	(\$0.00)	9.32%	17.92	3.34					
IDACORP, Inc.	IDA	\$62.29	3.00%	3.00%	1.00%	1.00%	5.37%	49.00%	68.00%	67.30%	\$0.00	8.50%	22.61	4.21					
Eversource Energy	ES	\$50.26	6.40%	6.25%	8.00%	6.25%	5.37%	59.00%	57.00%	67.30%	(\$0.00)	9.29%	18.10	3.37					
Otter Tail Corporation	OTTR	\$31.68	NA	6.00%	10.00%	6.00%	5.37%	73.00%	56.00%	67.30%	(\$0.00)	8.75%	20.94	3.30					
Pinnacle West Capital Corporation	PWV	\$63.32	4.00%	4.20%	4.00%	4.00%	5.37%	63.00%	64.00%	67.30%	(\$0.00)	9.35%	17.77	3.31					
PNM Resources, Inc.	PNM	\$28.37	8.50%	9.65%	9.50%	8.90%	5.37%	51.00%	49.00%	67.30%	\$0.00	9.93%	15.54	2.89					
Portland General Electric Company	POR	\$36.62	4.90%	4.72%	6.00%	4.72%	5.37%	50.00%	56.00%	67.30%	\$0.00	8.76%	20.93	3.30					
Southern Company	SO	\$44.46	3.50%	3.32%	4.00%	3.32%	5.37%	75.00%	69.00%	67.30%	(\$0.00)	9.49%	17.21	3.21					
Westar Energy, Inc.	WR	\$38.41	3.50%	3.07%	6.00%	3.07%	5.37%	61.00%	55.00%	67.30%	\$0.00	9.10%	19.02	3.54					
														DCF Result					
														Mean	9.19%	18.75	3.49		
														Max	9.93%	22.61	4.21		
														Min	8.50%	15.54	2.89		
Projected Annual Earnings per Share		(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
American Electric Power Company, Inc.	AEP	\$3.18	\$3.34	\$3.51	\$3.68	\$3.87	\$4.05	\$4.26	\$4.48	\$4.71	\$4.95	\$5.22	\$5.50	\$5.79	\$6.10	\$6.43	\$6.78	\$7.14	
Duke Energy Corporation	DUK	\$3.98	\$4.16	\$4.35	\$4.54	\$4.75	\$4.96	\$5.19	\$5.43	\$5.70	\$5.98	\$6.29	\$6.63	\$6.99	\$7.36	\$7.76	\$8.17	\$8.61	
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57	\$2.70	\$2.85	
IDACORP, Inc.	IDA	\$3.64	\$3.68	\$3.71	\$3.75	\$3.79	\$3.83	\$3.86	\$3.94	\$4.04	\$4.19	\$4.38	\$4.61	\$4.86	\$5.12	\$5.40	\$5.69	\$5.99	
Eversource Energy	ES	\$2.49	\$2.65	\$2.81	\$2.99	\$3.17	\$3.37	\$3.58	\$3.80	\$4.02	\$4.25	\$4.49	\$4.73	\$4.99	\$5.25	\$5.53	\$5.83	\$6.14	
Otter Tail Corporation	OTTR	\$1.37	\$1.45	\$1.54	\$1.63	\$1.73	\$1.83	\$1.94	\$2.06	\$2.18	\$2.30	\$2.42	\$2.55	\$2.69	\$2.84	\$2.99	\$3.15	\$3.32	
Pinnacle West Capital Corporation	PWV	\$3.66	\$3.81	\$3.96	\$4.12	\$4.28	\$4.45	\$4.63	\$4.83	\$5.05	\$5.29	\$5.56	\$5.86	\$6.17	\$6.51	\$6.86	\$7.22	\$7.61	
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.67	\$1.82	\$1.98	\$2.16	\$2.35	\$2.54	\$2.73	\$2.92	\$3.10	\$3.26	\$3.44	\$3.62	\$3.82	\$4.02	\$4.24	
Portland General Electric Company	POR	\$1.77	\$1.85	\$1.94	\$2.03	\$2.13	\$2.23	\$2.33	\$2.45	\$2.57	\$2.70	\$2.84	\$2.99	\$3.16	\$3.32	\$3.50	\$3.69	\$3.89	
Southern Company	SO	\$2.70	\$2.79	\$2.88	\$2.98	\$3.08	\$3.18	\$3.28	\$3.41	\$3.55	\$3.71	\$3.89	\$4.10	\$4.32	\$4.55	\$4.80	\$5.05	\$5.33	
Westar Energy, Inc.	WR	\$2.27	\$2.34	\$2.41	\$2.49	\$2.56	\$2.64	\$2.72	\$2.82	\$2.93	\$3.06	\$3.21	\$3.38	\$3.56	\$3.76	\$3.96	\$4.17	\$4.39	
Projected Annual Dividend Payout Ratio		(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)			
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029			
American Electric Power Company, Inc.	AEP	63.00%	62.50%	62.00%	61.50%	61.00%	62.05%	63.10%	64.15%	65.20%	66.25%	67.30%	67.30%	67.30%	67.30%	67.30%			
Duke Energy Corporation	DUK	71.00%	69.50%	68.00%	66.50%	65.00%	65.38%	65.77%	65.15%	66.54%	66.92%	67.30%	67.30%	67.30%	67.30%	67.30%			
Empire District Electric Company	EDE	74.00%	72.50%	71.00%	69.50%	68.00%	67.77%	67.63%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%			
IDACORP, Inc.	IDA	49.00%	51.25%	53.50%	55.75%	58.00%	59.55%	61.10%	62.65%	64.20%	65.75%	67.30%	67.30%	67.30%	67.30%	67.30%			
Eversource Energy	ES	59.00%	58.50%	58.00%	57.50%	57.00%	58.72%	60.43%	62.15%	63.87%	65.59%	67.30%	67.30%	67.30%	67.30%	67.30%			
Otter Tail Corporation	OTTR	73.00%	68.75%	64.50%	60.25%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%			
Pinnacle West Capital Corporation	PWV	63.00%	63.25%	63.50%	63.75%	64.00%	64.55%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%			
PNM Resources, Inc.	PNM	51.00%	50.50%	50.00%	49.50%	49.00%	52.05%	55.10%	58.15%	61.20%	64.25%	67.30%	67.30%	67.30%	67.30%	67.30%			
Portland General Electric Company	POR	50.00%	51.50%	53.00%	54.50%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%			
Southern Company	SO	75.00%	73.50%	72.00%	70.50%	69.00%	68.72%	68.43%	68.15%	67.87%	67.59%	67.30%	67.30%	67.30%	67.30%	67.30%			
Westar Energy, Inc.	WR	61.00%	59.50%	58.00%	56.50%	55.00%	57.05%	59.10%	61.15%	63.20%	65.25%	67.30%	67.30%	67.30%	67.30%	67.30%			
Projected Annual Cash Flows		(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	(61)	Terminal Value	
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value		
American Electric Power Company, Inc.	AEP	\$2.21	\$2.30	\$2.40	\$2.50	\$2.60	\$2.78	\$2.97	\$3.18	\$3.40	\$3.64	\$3.90	\$4.11	\$4.33	\$4.56	\$4.80	\$122.45		
Duke Energy Corporation	DUK	\$3.09	\$3.16	\$3.23	\$3.30	\$3.37	\$3.55	\$3.75	\$3.96	\$4.19	\$4.44	\$4.70	\$4.96	\$5.22	\$5.50	\$5.80	\$163.88		
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$51.07		
IDACORP, Inc.	IDA	\$1.82	\$1.92	\$2.03	\$2.13	\$2.24	\$2.34	\$2.47	\$2.63	\$2.81	\$3.03	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$135.52		
Eversource Energy	ES	\$1.66	\$1.75	\$1.84	\$1.94	\$2.04	\$2.23	\$2.43	\$2.64	\$2.87	\$3.10	\$3.36	\$3.64	\$3.93	\$4.24	\$4.54	\$115.25		
Otter Tail Corporation	OTTR	\$1.12	\$1.12	\$1.12	\$1.10	\$1.09	\$1.19	\$1.30	\$1.42	\$1.54	\$1.67	\$1.81	\$1.91	\$2.01	\$2.12	\$2.23	\$69.48		
Pinnacle West Capital Corporation	PWV	\$2.49	\$2.60	\$2.72	\$2.84	\$2.96	\$3.12	\$3.29	\$3.47	\$3.68	\$3.91	\$4.16	\$4.38	\$4.61	\$4.86	\$5.12	\$135.22		
PNM Resources, Inc.	PNM	\$0.85	\$0.92	\$0.99	\$1.07	\$1.15	\$1.32	\$1.51	\$1.70	\$1.90	\$2.10	\$2.31	\$2.44	\$2.67	\$2.91	\$3.16	\$65.88		
Portland General Electric Company	POR	\$0.97	\$1.05	\$1.13	\$1.21	\$1.31	\$1.42	\$1.54	\$1.66	\$1.81	\$1.96	\$2.12	\$2.24	\$2.36	\$2.48	\$2.62	\$81.41		
Southern Company	SO	\$2.16	\$2.19	\$2.22	\$2.24	\$2.27	\$2.34	\$2.43	\$2.53	\$2.64	\$2.77	\$2.91	\$3.07	\$3.23	\$3.40	\$3.59	\$91.68		
Westar Energy, Inc.	WR	\$1.47	\$1.48	\$1.49	\$1.49	\$1.50	\$1.61	\$1.73	\$1.87	\$2.03	\$2.21	\$2.40	\$2.53	\$2.66	\$2.81	\$2.96	\$83.67		
Projected Annual Data Investor Cash Flows		(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(70)	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)
Company	Ticker	Initial Outflow	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
American Electric Power Company, Inc.	AEP	(\$58.60)	\$0.00	\$1.48	\$2.26	\$2.40	\$2.60	\$2.78	\$2.97	\$3.18	\$3.40	\$3.64	\$3.90	\$4.11	\$4.33	\$4.56	\$4.80	\$5.05	\$5.30
Duke Energy Corporation	DUK	(\$77.28)	\$0.00	\$2.07	\$3.16	\$3.23	\$3.30	\$3.37	\$3.55	\$3.75	\$3.96	\$4.19	\$4.44	\$4.70	\$4.96	\$5.22	\$5.50	\$5.80	\$6.10
Empire District Electric Company	EDE	(\$24.68)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$2.00
IDACORP, Inc.	IDA	(\$62.29)	\$0.00	\$1.22	\$1.83	\$2.03	\$2.13	\$2.24	\$2.34	\$2.47	\$2.63	\$2.81	\$3.03	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$4.24
Eversource Energy	ES	(\$50.26)	\$0.00	\$1.11	\$1.71	\$1.84	\$1.94	\$2.04	\$2.23	\$2.43	\$2.64	\$2.87	\$3.10	\$3.36	\$3.64	\$3.93	\$4.24	\$4.54	\$4.85
Otter Tail Corporation	OTTR	(\$31.68)	\$0.00	\$0.75	\$1.16	\$1.12	\$1.10	\$1.09	\$1.19	\$1.30	\$1.42	\$1.54	\$1.67	\$1.81	\$1.91	\$2.01	\$2.12	\$2.23	\$2.33
Pinnacle West Capital Corporation	PWV	(\$63.32)	\$0.00	\$1.67	\$2.54	\$2.72	\$2.84	\$2.96	\$3.12	\$3.29	\$3.47	\$3.68	\$3.91	\$4.16	\$4.38	\$4.61	\$4.86	\$5.12	\$5.40
PNM Resources, Inc.	PNM	(\$28.37)	\$0.00	\$0.57	\$0.89	\$0.99	\$1.07	\$1.15	\$1.32	\$1.51	\$1.70	\$1.90	\$2.10	\$2.31	\$2.44	\$2.67	\$2.91	\$3.16	\$3.41
Portland General Electric Company	POR	(\$36.62)	\$0.00	\$0.65	\$0.99	\$1.13	\$1.21	\$1.31	\$1.42	\$1.54	\$1.66	\$1.81	\$1.96	\$2.12	\$2.24	\$2.36	\$2.48	\$2.62	\$2.76
Southern Company	SO	(\$44.46)	\$0.00	\$1.45	\$2.20	\$2.22	\$2.24	\$2.27	\$2.34										

Multi-Stage Growth Discounted Cash Flow Model - Mr. Herver's Revised Proxy Group
 90 Day Average Stock Price
 Average EPS Growth Rate Estimate in First Stage

Inputs	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	
Stock		EPS Growth Rate Estimates				Long-Term		Payout Ratio		Iterative Solution	Terminal	Terminal		
Company	Ticker	Price	Zacks	First Call	Line	Average	Growth	2015	2019	2025	Proof	IRR	PE Ratio	Terminal P/E Ratio
American Electric Power Company, Inc.	AEP	\$58.85	5.00%	5.18%	5.50%	5.23%	5.37%	63.00%	61.00%	67.30%	(\$0.00)	9.41%	17.66	3.27
Duke Energy Corporation	DUK	\$80.70	4.70%	4.62%	5.00%	4.74%	5.37%	71.00%	65.00%	67.30%	(\$0.00)	8.99%	19.59	3.65
Empire District Electric Company	EDE	\$28.82	3.00%	3.02%	3.00%	3.00%	5.37%	74.00%	68.00%	67.30%	\$0.00	8.99%	19.58	3.65
IDACORP, Inc.	IDA	\$64.09	3.00%	3.00%	1.00%	2.33%	5.37%	49.00%	58.00%	67.30%	\$0.00	8.73%	21.09	3.93
Eversource Energy	ES	\$52.19	6.40%	6.25%	8.00%	8.88%	5.37%	59.00%	57.00%	67.30%	\$0.00	9.31%	17.99	3.35
Otter Tail Corporation	OTTR	\$31.77	NA	6.00%	10.00%	8.00%	5.37%	73.00%	56.00%	67.30%	\$0.00	9.27%	18.17	3.38
Pinnacle West Capital Corporation	PNW	\$68.10	4.00%	4.20%	4.00%	4.07%	5.37%	63.00%	64.00%	67.30%	\$0.00	9.21%	18.48	3.44
PNM Resources, Inc.	PNM	\$29.01	8.90%	9.86%	9.90%	9.42%	5.37%	51.00%	49.00%	67.30%	\$0.00	9.99%	15.35	2.66
Portland General Electric Company	POR	\$37.54	4.90%	4.72%	6.00%	5.21%	5.37%	50.00%	56.00%	67.30%	\$0.00	8.79%	20.73	3.66
Southern Company	SO	\$47.00	3.80%	3.32%	4.00%	3.61%	5.37%	75.00%	69.00%	67.30%	(\$0.00)	9.34%	17.87	3.33
Westar Energy, Inc.	WR	\$39.69	3.50%	3.07%	6.00%	4.19%	5.37%	61.00%	55.00%	67.30%	\$0.00	9.26%	18.24	3.40
											DCF Result			
											Mean	9.21%	18.60	3.47
											Max	9.99%	21.09	3.93
											Min	8.73%	15.35	2.66

Projected Annual Earnings per Share	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]	
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.35	\$3.52	\$3.71	\$3.90	\$4.10	\$4.32	\$4.54	\$4.78	\$5.04	\$5.31	\$5.59	\$5.89	\$6.21	\$6.54	\$6.89	\$7.26
Duke Energy Corporation	DUK	\$3.93	\$4.17	\$4.37	\$4.57	\$4.79	\$5.02	\$5.25	\$5.51	\$5.79	\$6.08	\$6.40	\$6.74	\$7.11	\$7.49	\$7.89	\$8.31	\$8.76
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57	\$2.70	\$2.85
IDACORP, Inc.	IDA	\$3.84	\$3.72	\$3.81	\$3.90	\$3.99	\$4.08	\$4.18	\$4.30	\$4.46	\$4.64	\$4.86	\$5.12	\$5.40	\$5.69	\$5.99	\$6.31	\$6.65
Eversource Energy	ES	\$2.49	\$2.66	\$2.84	\$3.04	\$3.25	\$3.47	\$3.71	\$3.96	\$4.21	\$4.46	\$4.71	\$4.96	\$5.23	\$5.51	\$5.80	\$6.12	\$6.44
Otter Tail Corporation	OTTR	\$1.37	\$1.48	\$1.60	\$1.73	\$1.86	\$2.01	\$2.17	\$2.34	\$2.50	\$2.66	\$2.82	\$2.97	\$3.13	\$3.29	\$3.47	\$3.66	\$3.85
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.96	\$4.12	\$4.29	\$4.47	\$4.65	\$4.85	\$5.07	\$5.32	\$5.59	\$5.89	\$6.21	\$6.54	\$6.89	\$7.26	\$7.65
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.69	\$1.85	\$2.02	\$2.21	\$2.42	\$2.63	\$2.83	\$3.03	\$3.22	\$3.39	\$3.57	\$3.77	\$3.97	\$4.18	\$4.40
Portland General Electric Company	POR	\$1.77	\$1.86	\$1.96	\$2.06	\$2.17	\$2.28	\$2.40	\$2.53	\$2.66	\$2.80	\$2.95	\$3.11	\$3.27	\$3.45	\$3.64	\$3.83	\$4.04
Southern Company	SO	\$2.70	\$2.80	\$2.90	\$3.00	\$3.11	\$3.22	\$3.34	\$3.47	\$3.62	\$3.79	\$3.98	\$4.19	\$4.42	\$4.66	\$4.91	\$5.17	\$5.45
Westar Energy, Inc.	WR	\$2.27	\$2.37	\$2.46	\$2.57	\$2.68	\$2.79	\$2.90	\$3.03	\$3.17	\$3.33	\$3.50	\$3.69	\$3.89	\$4.09	\$4.31	\$4.55	\$4.79

Projected Annual Dividend Payout Ratio	[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	63.00%	62.60%	62.00%	61.50%	61.00%	62.05%	63.10%	64.15%	65.20%	66.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Duke Energy Corporation	DUK	71.00%	69.50%	68.00%	66.50%	65.00%	65.38%	65.77%	66.15%	66.54%	66.92%	67.30%	67.30%	67.30%	67.30%	67.30%
Empire District Electric Company	EDE	74.00%	72.50%	71.00%	69.50%	68.00%	67.88%	67.77%	67.65%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%
IDACORP, Inc.	IDA	49.00%	51.25%	53.50%	55.75%	58.00%	59.95%	61.10%	62.65%	64.20%	65.75%	67.30%	67.30%	67.30%	67.30%	67.30%
Eversource Energy	ES	59.00%	58.60%	58.00%	57.50%	57.00%	58.72%	60.43%	62.15%	63.87%	65.59%	67.30%	67.30%	67.30%	67.30%	67.30%
Otter Tail Corporation	OTTR	73.00%	68.75%	64.50%	60.25%	56.00%	57.89%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Pinnacle West Capital Corporation	PNW	63.00%	63.25%	63.50%	63.75%	64.00%	64.85%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%
PNM Resources, Inc.	PNM	51.00%	50.80%	50.60%	49.50%	49.00%	52.05%	55.10%	58.15%	61.20%	64.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Portland General Electric Company	POR	50.00%	51.50%	53.00%	54.50%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Southern Company	SO	75.00%	73.50%	72.00%	70.50%	69.00%	68.72%	68.43%	68.15%	67.87%	67.59%	67.30%	67.30%	67.30%	67.30%	67.30%
Westar Energy, Inc.	WR	61.00%	59.50%	58.00%	56.50%	55.00%	57.05%	59.10%	61.15%	63.20%	65.25%	67.30%	67.30%	67.30%	67.30%	67.30%

Projected Annual Cash Flows	[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value
American Electric Power Company, Inc.	AEP	\$2.22	\$2.32	\$2.42	\$2.52	\$2.63	\$2.82	\$3.02	\$3.23	\$3.46	\$3.70	\$3.97	\$4.18	\$4.40	\$4.64	\$4.89	\$127.55
Duke Energy Corporation	DUK	\$3.10	\$3.18	\$3.26	\$3.34	\$3.42	\$3.60	\$3.81	\$4.02	\$4.26	\$4.51	\$4.78	\$5.04	\$5.31	\$5.59	\$5.90	\$171.66
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$55.78
IDACORP, Inc.	IDA	\$1.87	\$2.00	\$2.14	\$2.28	\$2.42	\$2.56	\$2.72	\$2.91	\$3.12	\$3.37	\$3.63	\$3.83	\$4.03	\$4.25	\$4.48	\$140.34
Eversource Energy	ES	\$1.68	\$1.78	\$1.88	\$2.00	\$2.12	\$2.32	\$2.54	\$2.77	\$3.01	\$3.25	\$3.52	\$3.71	\$3.91	\$4.12	\$4.34	\$115.93
Otter Tail Corporation	OTTR	\$1.17	\$1.19	\$1.20	\$1.21	\$1.22	\$1.35	\$1.49	\$1.64	\$1.79	\$1.94	\$2.10	\$2.22	\$2.34	\$2.46	\$2.59	\$70.02
Pinnacle West Capital Corporation	PNW	\$2.50	\$2.61	\$2.73	\$2.85	\$2.93	\$3.13	\$3.30	\$3.49	\$3.70	\$3.93	\$4.18	\$4.40	\$4.64	\$4.89	\$5.15	\$141.37
PNM Resources, Inc.	PNM	\$0.86	\$0.93	\$1.01	\$1.09	\$1.19	\$1.37	\$1.56	\$1.76	\$1.97	\$2.18	\$2.40	\$2.53	\$2.67	\$2.81	\$2.96	\$67.60
Portland General Electric Company	POR	\$0.88	\$1.06	\$1.15	\$1.24	\$1.34	\$1.46	\$1.59	\$1.73	\$1.87	\$2.03	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$83.67
Southern Company	SO	\$2.17	\$2.21	\$2.24	\$2.27	\$2.30	\$2.39	\$2.48	\$2.58	\$2.70	\$2.83	\$2.97	\$3.13	\$3.30	\$3.48	\$3.67	\$97.34
Westar Energy, Inc.	WR	\$1.50	\$1.53	\$1.55	\$1.57	\$1.60	\$1.73	\$1.88	\$2.04	\$2.21	\$2.41	\$2.62	\$2.76	\$2.90	\$3.06	\$3.22	\$87.37

Projected Annual Data Investor Cash Flows	[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	
Company	Ticker	Initial	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
American Electric Power Company, Inc.	AEP	(\$68.85)	\$0.00	\$1.49	\$2.28	\$2.42	\$2.52	\$2.63	\$2.82	\$3.02	\$3.23	\$3.46	\$3.70	\$3.97	\$4.18	\$4.40	\$4.64	\$4.89	\$132.44
Duke Energy Corporation	DUK	(\$80.70)	\$0.00	\$2.08	\$3.17	\$3.26	\$3.34	\$3.42	\$3.60	\$3.81	\$4.02	\$4.26	\$4.51	\$4.78	\$5.04	\$5.31	\$5.59	\$5.90	\$157.65
Empire District Electric Company	EDE	(\$28.82)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$57.49
IDACORP, Inc.	IDA	(\$64.09)	\$0.00	\$1.25	\$1.89	\$2.14	\$2.28	\$2.42	\$2.56	\$2.72	\$2.91	\$3.12	\$3.37	\$3.63	\$3.83	\$4.03	\$4.25	\$4.48	\$144.82
Eversource Energy	ES	(\$52.19)	\$0.00	\$1.13	\$1.74	\$1.88	\$2.00	\$2.12	\$2.32	\$2.54	\$2.77	\$3.01	\$3.25	\$3.52	\$3.71	\$3.91	\$4.12	\$4.34	\$120.27
Otter Tail Corporation	OTTR	(\$31.77)	\$0.00	\$0.78	\$1.21	\$1.20	\$1.21	\$1.22	\$1.35	\$1.49	\$1.64	\$1.79	\$1.94	\$2.10	\$2.22	\$2.34	\$2.46	\$2.59	\$72.61
Pinnacle West Capital Corporation	PNW	(\$68.10)	\$0.00	\$1.68	\$2.55	\$2.73	\$2.85	\$2.93	\$3.13	\$3.30	\$3.49	\$3.70	\$3.93	\$4.18	\$4.40	\$4.64	\$4.89	\$5.15	\$146.52
PNM Resources, Inc.	PNM	(\$29.01)	\$0.00	\$0.58	\$0.90	\$1.01	\$1.09	\$1.19	\$1.37	\$1.56	\$1.76	\$1.97	\$2.18	\$2.40	\$2.53	\$2.67	\$2.81	\$2.96	\$70.56
Portland General Electric Company	POR	(\$37.54)	\$0.00	\$0.66	\$1.01	\$1.15	\$1.24	\$1.34	\$1.46	\$1.59	\$1.73	\$1.87	\$2.03	\$2.20	\$2.32	\$2.45	\$2.58	\$2.72	\$86.38
Southern Company	SO	(\$47.00)	\$0.00	\$1.46	\$2.21	\$2.24	\$2.27	\$2.30	\$2.39	\$2.48	\$2.58	\$2.70	\$2.83	\$2.97	\$3.13	\$3.30	\$3.48	\$3.67	\$101.01
Westar Energy, Inc.	WR	(\$39.69)																	

Multistage Growth Discounted Cash Flow Model - Mr. Hever's Revised Proxy Group
90 Day Average Stock Price
High EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]					
Stock		EPS Growth Rate Estimates			High	Long-Term			Payout Ratio		Iterative Solution	Terminal	Terminal						
Company	Ticker	Price	Zacks	First Call	Line	Growth	2015	2015	2019	2025	Proof	IRR	Ratio	Ratio					
American Electric Power Company, Inc.	AEP	\$58.65	5.00%	5.16%	5.50%	5.50%	5.37%	63.00%	61.00%	67.30%	\$0.00	9.48%	17.23	3.21					
Duke Energy Corporation	DUK	\$60.70	4.70%	4.52%	5.00%	5.00%	5.37%	71.00%	65.00%	67.30%	(\$0.00)	9.06%	19.22	3.58					
Empire District Electric Company	EDE	\$26.82	3.00%	3.00%	3.00%	3.00%	5.37%	74.00%	68.00%	67.30%	\$0.00	8.99%	19.68	3.65					
IDACORP, Inc.	IDA	\$64.09	3.00%	3.00%	1.00%	3.00%	5.37%	49.00%	58.00%	67.30%	\$0.00	8.90%	20.09	3.74					
Eversource Energy	ES	\$52.19	6.40%	6.25%	8.00%	8.00%	5.37%	59.00%	57.00%	67.30%	\$0.00	9.62%	16.67	3.10					
Otter Tail Corporation	OTTR	\$31.77	NA	6.00%	10.00%	10.00%	5.37%	73.00%	56.00%	67.30%	\$0.00	9.83%	15.88	2.96					
Pinnacle West Capital Corporation	PNW	\$66.10	4.00%	4.20%	4.00%	4.20%	5.37%	63.00%	64.00%	67.30%	\$0.00	9.24%	18.30	3.41					
PNM Resources, Inc.	PNM	\$29.01	8.90%	9.86%	9.50%	9.86%	5.37%	51.00%	49.00%	67.30%	\$0.00	10.12%	14.92	2.78					
Portland General Electric Company	POR	\$37.54	4.90%	4.72%	6.00%	6.00%	5.37%	50.00%	56.00%	67.30%	(\$0.00)	8.99%	19.61	3.65					
Southern Company	SO	\$47.00	3.50%	3.32%	4.00%	4.00%	5.37%	75.00%	69.00%	67.30%	(\$0.00)	9.45%	17.36	3.23					
Westar Energy, Inc.	WR	\$39.89	3.60%	3.07%	6.00%	6.00%	5.37%	61.00%	55.00%	67.30%	\$0.00	9.78%	16.07	2.99					
DCF Result																			
Mean													9.41%	17.72	3.30				
Max													10.12%	20.09	3.74				
Min													8.90%	14.92	2.78				
Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]	
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
American Electric Power Company, Inc.	AEP	\$3.18	\$3.35	\$3.64	\$3.73	\$3.94	\$4.18	\$4.38	\$4.62	\$4.88	\$5.14	\$5.42	\$5.71	\$6.02	\$6.34	\$6.68	\$7.04	\$7.42	
Duke Energy Corporation	DUK	\$3.98	\$4.18	\$4.39	\$4.61	\$4.84	\$5.08	\$5.33	\$5.60	\$5.89	\$6.20	\$6.53	\$6.88	\$7.25	\$7.64	\$8.05	\$8.48	\$8.93	
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57	\$2.70	\$2.85	
IDACORP, Inc.	IDA	\$3.64	\$3.75	\$3.86	\$3.98	\$4.10	\$4.22	\$4.35	\$4.50	\$4.67	\$4.88	\$5.12	\$5.40	\$5.68	\$5.99	\$6.31	\$6.65	\$7.01	
Eversource Energy	ES	\$2.49	\$2.69	\$2.90	\$3.14	\$3.39	\$3.65	\$3.95	\$4.25	\$4.54	\$4.83	\$5.12	\$5.39	\$5.68	\$5.99	\$6.31	\$6.65	\$7.00	
Otter Tail Corporation	OTTR	\$1.37	\$1.51	\$1.66	\$1.82	\$2.01	\$2.21	\$2.43	\$2.65	\$2.86	\$3.07	\$3.26	\$3.44	\$3.62	\$3.82	\$4.02	\$4.24	\$4.47	
Pinnacle West Capital Corporation	PNW	\$3.65	\$3.81	\$3.97	\$4.14	\$4.31	\$4.50	\$4.68	\$4.89	\$5.12	\$5.37	\$5.65	\$5.95	\$6.27	\$6.61	\$6.96	\$7.34	\$7.73	
PNM Resources, Inc.	PNM	\$1.41	\$1.55	\$1.70	\$1.87	\$2.05	\$2.26	\$2.48	\$2.70	\$2.92	\$3.13	\$3.32	\$3.50	\$3.69	\$3.89	\$4.10	\$4.32	\$4.55	
Portland General Electric Company	POR	\$1.77	\$1.88	\$1.99	\$2.11	\$2.23	\$2.37	\$2.51	\$2.68	\$2.81	\$2.97	\$3.13	\$3.30	\$3.48	\$3.66	\$3.86	\$4.07	\$4.29	
Southern Company	SO	\$2.70	\$2.81	\$2.92	\$3.04	\$3.16	\$3.28	\$3.42	\$3.56	\$3.72	\$3.90	\$4.10	\$4.32	\$4.56	\$4.80	\$5.06	\$5.33	\$5.61	
Westar Energy, Inc.	WR	\$2.27	\$2.41	\$2.55	\$2.70	\$2.87	\$3.04	\$3.22	\$3.41	\$3.61	\$3.81	\$4.02	\$4.23	\$4.46	\$4.70	\$4.95	\$5.22	\$5.50	
Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]			
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029			
American Electric Power Company, Inc.	AEP	63.00%	62.50%	62.00%	61.50%	61.00%	62.05%	63.10%	64.15%	65.20%	66.25%	67.30%	67.30%	67.30%	67.30%	67.30%			
Duke Energy Corporation	DUK	71.00%	69.50%	68.00%	66.50%	65.00%	65.38%	65.77%	66.15%	66.54%	66.92%	67.30%	67.30%	67.30%	67.30%	67.30%			
Empire District Electric Company	EDE	74.00%	72.50%	71.00%	69.50%	68.00%	67.83%	67.77%	67.65%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%			
IDACORP, Inc.	IDA	49.00%	51.25%	53.50%	55.75%	58.00%	59.55%	61.10%	62.65%	64.20%	65.75%	67.30%	67.30%	67.30%	67.30%	67.30%			
Eversource Energy	ES	59.00%	58.50%	58.00%	57.50%	57.00%	58.72%	60.43%	62.15%	63.87%	65.59%	67.30%	67.30%	67.30%	67.30%	67.30%			
Otter Tail Corporation	OTTR	73.00%	68.75%	64.50%	60.25%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%			
Pinnacle West Capital Corporation	PNW	63.00%	63.25%	63.50%	63.75%	64.00%	64.65%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%			
PNM Resources, Inc.	PNM	51.00%	50.50%	50.00%	49.50%	49.00%	52.05%	55.10%	58.15%	61.20%	64.25%	67.30%	67.30%	67.30%	67.30%	67.30%			
Portland General Electric Company	POR	50.00%	51.50%	53.00%	54.50%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%			
Southern Company	SO	75.00%	73.50%	72.00%	70.50%	69.00%	68.72%	68.43%	68.15%	67.87%	67.59%	67.30%	67.30%	67.30%	67.30%	67.30%			
Westar Energy, Inc.	WR	61.00%	59.50%	58.00%	56.50%	55.00%	57.05%	59.10%	61.15%	63.20%	65.25%	67.30%	67.30%	67.30%	67.30%	67.30%			
Projected Annual Cash Flows		[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]		
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Terminal Value		
American Electric Power Company, Inc.	AEP	\$2.23	\$2.33	\$2.44	\$2.56	\$2.67	\$2.87	\$3.08	\$3.30	\$3.53	\$3.78	\$4.05	\$4.27	\$4.50	\$4.74	\$4.99	\$127.74		
Duke Energy Corporation	DUK	\$3.12	\$3.20	\$3.29	\$3.35	\$3.47	\$3.66	\$3.88	\$4.10	\$4.34	\$4.60	\$4.88	\$5.14	\$5.42	\$5.71	\$6.01	\$171.74		
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$55.78		
IDACORP, Inc.	IDA	\$1.89	\$2.04	\$2.19	\$2.35	\$2.52	\$2.68	\$2.86	\$3.06	\$3.29	\$3.55	\$3.83	\$4.03	\$4.25	\$4.48	\$4.72	\$140.81		
Eversource Energy	ES	\$1.71	\$1.83	\$1.96	\$2.10	\$2.25	\$2.49	\$2.74	\$3.00	\$3.27	\$3.54	\$3.82	\$4.03	\$4.25	\$4.47	\$4.71	\$116.75		
Otter Tail Corporation	OTTR	\$1.21	\$1.25	\$1.29	\$1.33	\$1.36	\$1.53	\$1.71	\$1.89	\$2.07	\$2.25	\$2.44	\$2.57	\$2.71	\$2.85	\$3.01	\$70.91		
Pinnacle West Capital Corporation	PNW	\$2.50	\$2.62	\$2.74	\$2.87	\$3.00	\$3.16	\$3.33	\$3.53	\$3.74	\$3.97	\$4.22	\$4.45	\$4.69	\$4.94	\$5.20	\$141.46		
PNM Resources, Inc.	PNM	\$0.87	\$0.94	\$1.03	\$1.12	\$1.21	\$1.41	\$1.61	\$1.82	\$2.03	\$2.25	\$2.48	\$2.62	\$2.76	\$2.91	\$3.06	\$67.85		
Portland General Electric Company	POR	\$0.99	\$1.09	\$1.18	\$1.29	\$1.41	\$1.54	\$1.68	\$1.83	\$1.99	\$2.16	\$2.34	\$2.47	\$2.60	\$2.74	\$2.88	\$84.04		
Southern Company	SO	\$2.19	\$2.23	\$2.27	\$2.32	\$2.36	\$2.45	\$2.55	\$2.66	\$2.78	\$2.92	\$3.07	\$3.23	\$3.40	\$3.59	\$3.78	\$97.49		
Westar Energy, Inc.	WR	\$1.56	\$1.61	\$1.66	\$1.72	\$1.77	\$1.94	\$2.13	\$2.33	\$2.54	\$2.78	\$3.00	\$3.16	\$3.33	\$3.51	\$3.70	\$99.36		
Projected Annual Data Investor Cash Flows		[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]
Company	Ticker	Initial	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
American Electric Power Company, Inc.	AEP	(\$58.85)	\$0.00	\$1.50	\$2.29	\$2.44	\$2.56	\$2.67	\$2.87	\$3.08	\$3.30	\$3.53	\$3.78	\$4.05	\$4.27	\$4.50	\$4.74	\$4.99	\$132.73
Duke Energy Corporation	DUK	(\$60.70)	\$0.00	\$2.09	\$3.19	\$3.29	\$3.38	\$3.47	\$3.66	\$3.88	\$4.10	\$4.34	\$4.60	\$4.88	\$5.14	\$5.42	\$5.71	\$6.01	\$177.76
Empire District Electric Company	EDE	(\$26.82)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$57.69
IDACORP, Inc.	IDA	(\$64.09)	\$0.00	\$1.27	\$1.92	\$2.19	\$2.35	\$2.52	\$2.68	\$2.86	\$3.06	\$3.29	\$3.55	\$3.83	\$4.03	\$4.25	\$4.48	\$4.72	\$145.62
Eversource Energy	ES	(\$52.19)	\$0.00	\$1.15	\$1.78	\$1.96	\$2.10	\$2.25	\$2.49	\$2.74	\$3.00	\$3.27	\$3.54	\$3.82	\$4.03	\$4.25	\$4.47	\$4.71	\$121.46
Otter Tail Corporation	OTTR	(\$31.77)	\$0.00	\$0.81	\$1.27	\$1.29	\$1.33	\$1.36	\$1.53	\$1.71	\$1.89	\$2.07	\$2.25	\$2.44	\$2.57	\$2.71	\$2.85	\$3.01	\$73.91
Pinnacle West Capital Corporation	PNW	(\$66.10)	\$0.00	\$1.63	\$2.56	\$2.74	\$2.87	\$3.00	\$3.16	\$3.33	\$3.53	\$3.74	\$3.97	\$4.22	\$4.45	\$4.69	\$4.94	\$5.20	\$146.66
PNM Resources, Inc.	PNM	(\$29.01)	\$0.00	\$0.58	\$0.91	\$1.03	\$1.12	\$1.21	\$1.41	\$1.61	\$1.82	\$2.03	\$2.25	\$2.48	\$2.62	\$2.76	\$2.91	\$3.06	\$70.91
Portland General Electric Company	POR	(\$37.54)	\$0.00	\$0.67	\$1.02	\$1.18	\$1.29	\$1.41	\$1.54	\$1.68	\$1.83	\$1.99	\$2.16	\$2.34	\$2.47	\$2.60	\$2.74	\$2.88	\$86.93
Southern Company	SO	(\$47.00)	\$0.00	\$1.47	\$2.23	\$2.27	\$2.32	\$2.36	\$2.45	\$2.55	\$2.66	\$2.78	\$2.92	\$3.07	\$3.23	\$3.40	\$3.59	\$3.78	\$101.27
Westar Energy, Inc.	WR	(\$39.89)	\$0.00	\$1.04	\$1.60	\$1.66	\$1.72	\$1.77	\$1.94	\$2.13	\$2.33	\$2.54	\$2.78	\$3.00	\$3.16	\$3.33	\$3.51	\$3.70	\$92.06

Multi-Stage Growth Discounted Cash Flow Model - Mr. Hever's Revised Proxy Group
90 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Inputs		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]					
Company	Ticker	Stock		EPS Growth Rate Estimates			Long-Term		Payout Ratio			Iterative Solution		Terminal P/E	Terminal PEG				
		Price	Zacks	First Call	Line	Low Growth	Growth	2015	2019	2025	Proof	IRR	Ratio	Ratio					
American Electric Power Company, Inc.	AEP	\$53.85	5.00%	5.18%	5.50%	5.00%	5.37%	63.00%	61.00%	67.30%	(\$0.00)	9.34%	17.85	3.32					
Duke Energy Corporation	DUK	\$50.70	4.70%	4.52%	5.00%	4.52%	5.37%	71.00%	65.00%	67.30%	(\$0.00)	8.93%	19.90	3.71					
Empire District Electric Company	EDE	\$26.82	3.00%	3.00%	3.00%	3.00%	5.37%	74.00%	68.00%	67.30%	\$0.00	8.99%	19.58	3.65					
IDACORP, Inc.	IDA	\$64.09	3.00%	3.00%	1.00%	1.00%	5.37%	49.00%	58.00%	67.30%	\$0.00	8.41%	23.28	4.34					
Eversource Energy	ES	\$52.19	6.40%	6.25%	8.00%	6.25%	5.37%	59.00%	57.00%	67.30%	\$0.00	9.14%	18.80	3.50					
Otter Tail Corporation	OTTR	\$31.77	NA	6.00%	10.00%	6.00%	5.37%	73.00%	56.00%	67.30%	\$0.00	8.76%	20.88	3.69					
Pinnacle West Capital Corporation	PNW	\$66.10	4.00%	4.20%	4.00%	4.00%	5.37%	63.00%	64.00%	67.30%	\$0.00	9.19%	18.57	3.46					
PNM Resources, Inc.	PNM	\$29.01	8.90%	9.86%	9.80%	8.90%	5.37%	51.00%	49.00%	67.30%	(\$0.00)	9.83%	15.88	2.96					
Portland General Electric Company	POR	\$37.54	4.90%	4.72%	6.00%	4.72%	5.37%	50.00%	56.00%	67.30%	\$0.00	8.67%	21.46	4.00					
Southern Company	SO	\$47.00	3.60%	3.32%	4.00%	3.32%	5.37%	75.00%	69.00%	67.30%	(\$0.00)	9.25%	18.25	3.40					
Westar Energy, Inc.	WR	\$39.89	3.60%	3.07%	6.00%	3.07%	5.37%	61.00%	55.00%	67.30%	\$0.00	8.96%	19.78	3.68					
DCF Result																			
													Mean	9.04%	19.47	3.63			
													Max	9.83%	23.28	4.34			
													Min	8.41%	15.83	2.96			
Projected Annual Earnings per Share		[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]	
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
American Electric Power Company, Inc.	AEP	\$3.18	\$3.34	\$3.51	\$3.68	\$3.87	\$4.05	\$4.26	\$4.48	\$4.71	\$4.95	\$5.22	\$5.50	\$5.79	\$6.10	\$6.43	\$6.78	\$7.14	
Duke Energy Corporation	DUK	\$3.88	\$4.16	\$4.51	\$4.54	\$4.75	\$4.96	\$5.19	\$5.43	\$5.70	\$5.98	\$6.29	\$6.63	\$6.99	\$7.36	\$7.76	\$8.17	\$8.61	
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57	\$2.70	\$2.85	
IDACORP, Inc.	IDA	\$3.64	\$3.63	\$3.71	\$3.75	\$3.79	\$3.83	\$3.86	\$3.94	\$4.04	\$4.19	\$4.38	\$4.61	\$4.86	\$5.12	\$5.40	\$5.69	\$5.99	
Eversource Energy	ES	\$2.49	\$2.65	\$2.81	\$2.99	\$3.17	\$3.37	\$3.58	\$3.80	\$4.02	\$4.25	\$4.49	\$4.73	\$4.99	\$5.25	\$5.53	\$5.83	\$6.14	
Otter Tail Corporation	OTTR	\$1.37	\$1.45	\$1.54	\$1.63	\$1.73	\$1.83	\$1.94	\$2.06	\$2.18	\$2.30	\$2.42	\$2.55	\$2.69	\$2.84	\$2.99	\$3.15	\$3.32	
Pinnacle West Capital Corporation	PNW	\$3.65	\$3.81	\$3.96	\$4.12	\$4.28	\$4.45	\$4.63	\$4.83	\$5.05	\$5.29	\$5.56	\$5.86	\$6.17	\$6.51	\$6.88	\$7.27	\$7.61	
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.67	\$1.82	\$1.98	\$2.16	\$2.35	\$2.54	\$2.73	\$2.92	\$3.10	\$3.26	\$3.44	\$3.62	\$3.82	\$4.02	\$4.24	
Portland General Electric Company	POR	\$1.77	\$1.85	\$1.94	\$2.03	\$2.13	\$2.23	\$2.33	\$2.45	\$2.57	\$2.70	\$2.84	\$2.99	\$3.16	\$3.32	\$3.50	\$3.69	\$3.89	
Southern Company	SO	\$2.70	\$2.79	\$2.88	\$2.98	\$3.08	\$3.18	\$3.28	\$3.41	\$3.55	\$3.71	\$3.89	\$4.10	\$4.32	\$4.55	\$4.80	\$5.06	\$5.33	
Westar Energy, Inc.	WR	\$2.27	\$2.34	\$2.41	\$2.49	\$2.56	\$2.64	\$2.72	\$2.82	\$2.93	\$3.06	\$3.21	\$3.38	\$3.56	\$3.76	\$3.96	\$4.17	\$4.39	
Projected Annual Dividend Payout Ratio		[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]			
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029			
American Electric Power Company, Inc.	AEP	63.00%	62.50%	62.00%	61.50%	61.00%	61.00%	62.05%	63.10%	64.15%	65.20%	66.25%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	
Duke Energy Corporation	DUK	71.00%	69.50%	68.00%	66.50%	65.00%	65.38%	65.77%	66.15%	66.54%	66.92%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	
Empire District Electric Company	EDE	74.00%	72.50%	71.00%	69.50%	68.00%	67.85%	67.77%	67.65%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	
IDACORP, Inc.	IDA	49.00%	51.25%	53.50%	55.75%	58.00%	59.55%	61.10%	62.65%	64.20%	65.75%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	
Eversource Energy	ES	59.00%	58.50%	58.00%	57.50%	57.00%	58.72%	60.43%	62.15%	63.87%	65.59%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	
Otter Tail Corporation	OTTR	73.00%	68.75%	64.50%	60.25%	56.00%	57.85%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	
Pinnacle West Capital Corporation	PNW	63.00%	63.25%	63.50%	63.75%	64.00%	64.55%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	
PNM Resources, Inc.	PNM	51.00%	50.50%	50.00%	49.50%	49.00%	52.05%	55.10%	58.15%	61.20%	64.25%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	
Portland General Electric Company	POR	50.00%	51.50%	53.00%	54.50%	56.00%	57.77%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	
Southern Company	SO	75.00%	73.50%	72.00%	70.50%	69.00%	68.72%	68.43%	68.15%	67.87%	67.59%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	
Westar Energy, Inc.	WR	61.00%	59.50%	58.00%	56.50%	55.00%	57.05%	59.10%	61.15%	63.20%	65.25%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	67.30%	
Projected Annual Cash Flows		[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Value	
Company	Ticker		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
American Electric Power Company, Inc.	AEP		\$2.21	\$2.30	\$2.40	\$2.50	\$2.60	\$2.78	\$2.97	\$3.18	\$3.40	\$3.64	\$3.90	\$4.11	\$4.33	\$4.56	\$4.80	\$127.40	
Duke Energy Corporation	DUK		\$3.09	\$3.16	\$3.23	\$3.30	\$3.37	\$3.65	\$3.75	\$3.96	\$4.19	\$4.44	\$4.70	\$4.96	\$5.22	\$5.50	\$5.80	\$171.41	
Empire District Electric Company	EDE		\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$55.78	
IDACORP, Inc.	IDA		\$1.82	\$1.92	\$2.03	\$2.13	\$2.24	\$2.34	\$2.47	\$2.63	\$2.81	\$3.03	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$139.51	
Eversource Energy	ES		\$1.66	\$1.75	\$1.84	\$1.94	\$2.04	\$2.23	\$2.43	\$2.64	\$2.87	\$3.10	\$3.36	\$3.64	\$3.93	\$4.14	\$4.14	\$115.50	
Otter Tail Corporation	OTTR		\$1.12	\$1.12	\$1.12	\$1.10	\$1.09	\$1.19	\$1.30	\$1.42	\$1.54	\$1.67	\$1.81	\$1.91	\$2.01	\$2.12	\$2.23	\$69.28	
Pinnacle West Capital Corporation	PNW		\$2.49	\$2.60	\$2.72	\$2.84	\$2.96	\$3.12	\$3.29	\$3.47	\$3.68	\$3.91	\$4.16	\$4.38	\$4.61	\$4.86	\$5.12	\$141.33	
PNM Resources, Inc.	PNM		\$0.85	\$0.92	\$0.99	\$1.07	\$1.15	\$1.32	\$1.51	\$1.70	\$1.90	\$2.10	\$2.31	\$2.44	\$2.57	\$2.71	\$2.85	\$67.31	
Portland General Electric Company	POR		\$0.97	\$1.05	\$1.13	\$1.21	\$1.31	\$1.42	\$1.54	\$1.66	\$1.81	\$1.96	\$2.12	\$2.24	\$2.36	\$2.48	\$2.62	\$83.45	
Southern Company	SO		\$2.16	\$2.19	\$2.22	\$2.24	\$2.27	\$2.34	\$2.43	\$2.53	\$2.64	\$2.77	\$2.91	\$3.07	\$3.23	\$3.40	\$3.59	\$97.24	
Westar Energy, Inc.	WR		\$1.47	\$1.48	\$1.49	\$1.49	\$1.50	\$1.61	\$1.73	\$1.87	\$2.03	\$2.21	\$2.40	\$2.53	\$2.66	\$2.81	\$2.96	\$56.84	
Projected Annual Data Investor Cash Flows		[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]
Company	Ticker		Initial																
American Electric Power Company, Inc.	AEP	(\$53.85)	\$0.00	\$1.48	\$2.26	\$2.40	\$2.50	\$2.60	\$2.78	\$2.97	\$3.18	\$3.40	\$3.64	\$3.90	\$4.11	\$4.33	\$4.56	\$4.80	\$132.20
Duke Energy Corporation	DUK	(\$50.70)	\$0.00	\$2.07	\$3.16	\$3.23	\$3.30	\$3.37	\$3.65	\$3.75	\$3.96	\$4.19	\$4.44	\$4.70	\$4.96	\$5.22	\$5.50	\$5.80	\$177.21
Empire District Electric Company	EDE	(\$26.82)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$57.69
IDACORP, Inc.	IDA	(\$64.09)	\$0.00	\$1.22	\$1.83	\$2.03	\$2.13	\$2.24	\$2.34	\$2.47	\$2.63	\$2.81	\$3.03	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$143.54
Eversource Energy	ES	(\$52.19)	\$0.00	\$1.11	\$1.71	\$1.84	\$1.94	\$2.04	\$2.23	\$2.43	\$2.64	\$2.87	\$3.10	\$3.36	\$3.64	\$3.93	\$4.14	\$119.64	
Otter Tail Corporation	OTTR	(\$31.77)	\$0.00	\$0.75	\$1.16	\$1.12	\$1.10	\$1.09	\$1.19	\$1.30	\$1.42	\$1.54	\$1.67	\$1.81	\$1.91	\$2.01	\$2.12	\$2.23	\$71.51
Pinnacle West Capital Corporation	PNW	(\$66.10)	\$0.00	\$1.67	\$2.54	\$2.72	\$2.84	\$2.96	\$3.12	\$3.29	\$3.47	\$3.68	\$3.91	\$4.16	\$4.38	\$4.61	\$4.86	\$5.12	\$146.45
PNM Resources, Inc.	PNM	(\$29.01)	\$0.00	\$0.57	\$0.69	\$0.99	\$1.07	\$1.15	\$1.32	\$1.51	\$1.70	\$1.90	\$2.10	\$2.31	\$2.44	\$2.57	\$2.71	\$2.85	\$70.16
Portland General Electric Company	POR	(\$37.54)	\$0.00	\$0.65	\$0.99	\$1.13	\$1.21	\$1.31	\$1.42	\$1.54	\$1.66	\$1.81	\$1.96	\$2.12	\$2.24	\$2.36	\$2.48	\$2.62	\$86.07
Southern Company	SO	(\$47.00)	\$0.00	\$1.45	\$2.20	\$2.22	\$2.24	\$2.27	\$2.34	\$2.43	\$2.53	\$2.64	\$2.77	\$2.91	\$3.07	\$3.23	\$3.40	\$3.59	\$100.83
Westar Energy, Inc.	WR	(\$39.89)	\$0.00	\$0.99	\$1.49	\$1.49	\$1.49	\$1.50	\$1.61	\$1.73									

M&E-Stage Growth Discounted Cash Flow Model - Mr. Hevert's Revised Proxy Group
180 Day Average Stock Price
Low EPS Growth Rate Estimate in First Stage

Inputs	(1) Stock	(2) Price	(3) [4] [5] [6] [7]			(8) [9] [10] [11] [12] [13]									
			EPS Growth Rate Estimates				Long-Term	Payout Ratio	Iterative Solution	Terminal P/E	Terminal PEG Ratio				
Company	Ticker	Price	Zacks	First Call	Value Line	Low Growth	2015	2019	2025	Proof	IRR	P/E	PEG		
American Electric Power Company, Inc.	AEP	\$57.00	5.00%	5.18%	5.50%	5.00%	5.37%	63.00%	61.00%	67.30%	(\$1.84)	9.34%	17.85	3.32	
Duke Energy Corporation	DUK	\$79.14	4.70%	4.52%	5.00%	4.52%	5.37%	71.00%	65.00%	67.30%	(\$1.56)	8.93%	19.90	3.71	
Empire District Electric Company	EDE	\$26.65	3.00%	3.00%	3.00%	3.00%	5.37%	74.00%	68.00%	67.30%	(\$0.17)	8.99%	19.58	3.65	
IDACORP, Inc.	IDA	\$61.32	3.00%	3.00%	1.00%	1.00%	5.37%	49.00%	58.00%	67.30%	(\$2.77)	8.41%	23.28	4.34	
Eversource Energy	ES	\$49.92	6.40%	6.25%	8.00%	6.25%	5.37%	59.00%	57.00%	67.30%	(\$2.27)	9.14%	18.80	3.50	
Otter Tail Corporation	OTTR	\$30.27	NA	6.00%	10.00%	6.00%	5.37%	73.00%	66.00%	67.30%	(\$1.51)	8.76%	20.63	3.89	
Pinnacle West Capital Corporation	PNW	\$62.64	4.00%	4.20%	4.00%	4.00%	5.37%	63.00%	64.00%	67.30%	(\$3.46)	9.19%	18.67	3.46	
PNM Resources, Inc.	PNM	\$28.14	8.90%	9.86%	9.50%	8.90%	5.37%	51.00%	49.00%	67.30%	(\$0.88)	9.84%	15.83	2.96	
Portland General Electric Company	POR	\$36.23	4.90%	4.72%	6.00%	4.72%	5.37%	50.00%	56.00%	67.30%	(\$1.32)	8.67%	21.46	4.00	
Southern Company	SO	\$46.34	3.60%	3.32%	4.00%	3.32%	5.37%	75.00%	69.00%	67.30%	(\$0.65)	9.25%	18.25	3.40	
Westar Energy, Inc.	WR	\$38.44	3.50%	3.07%	6.00%	3.07%	5.37%	61.00%	55.00%	67.30%	(\$1.48)	8.96%	19.78	3.68	
DCF Result															
												Mean	9.04%	19.47	3.63
												Max	9.84%	23.28	4.34
												Min	8.41%	15.68	2.96

Projected Annual Earnings per Share	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]	
Company	Ticker	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	\$3.18	\$3.34	\$3.51	\$3.68	\$3.87	\$4.06	\$4.26	\$4.48	\$4.71	\$4.95	\$5.22	\$5.50	\$5.79	\$6.10	\$6.43	\$6.78	\$7.14
Duke Energy Corporation	DUK	\$3.98	\$4.16	\$4.35	\$4.54	\$4.75	\$4.96	\$5.19	\$5.43	\$5.70	\$5.98	\$6.29	\$6.63	\$6.99	\$7.36	\$7.76	\$8.17	\$8.61
Empire District Electric Company	EDE	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67	\$1.72	\$1.77	\$1.83	\$1.90	\$1.98	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57	\$2.70	\$2.85
IDACORP, Inc.	IDA	\$3.64	\$3.68	\$3.71	\$3.75	\$3.79	\$3.83	\$3.86	\$3.94	\$4.04	\$4.19	\$4.38	\$4.61	\$4.86	\$5.12	\$5.40	\$5.69	\$5.99
Eversource Energy	ES	\$2.49	\$2.65	\$2.81	\$2.99	\$3.17	\$3.37	\$3.58	\$3.80	\$4.02	\$4.25	\$4.49	\$4.73	\$4.99	\$5.25	\$5.53	\$5.83	\$6.14
Otter Tail Corporation	OTTR	\$1.37	\$1.45	\$1.54	\$1.63	\$1.73	\$1.83	\$1.94	\$2.05	\$2.18	\$2.30	\$2.42	\$2.55	\$2.69	\$2.84	\$2.99	\$3.15	\$3.32
Pinnacle West Capital Corporation	PNW	\$3.66	\$3.81	\$3.96	\$4.12	\$4.28	\$4.45	\$4.63	\$4.83	\$5.05	\$5.29	\$5.56	\$5.86	\$6.17	\$6.51	\$6.86	\$7.22	\$7.61
PNM Resources, Inc.	PNM	\$1.41	\$1.54	\$1.67	\$1.82	\$1.98	\$2.16	\$2.35	\$2.54	\$2.73	\$2.92	\$3.10	\$3.26	\$3.44	\$3.62	\$3.82	\$4.02	\$4.24
Portland General Electric Company	POR	\$1.77	\$1.85	\$1.94	\$2.03	\$2.13	\$2.23	\$2.33	\$2.45	\$2.57	\$2.70	\$2.84	\$2.99	\$3.16	\$3.32	\$3.50	\$3.68	\$3.89
Southern Company	SO	\$2.70	\$2.79	\$2.88	\$2.98	\$3.08	\$3.18	\$3.28	\$3.41	\$3.55	\$3.71	\$3.89	\$4.10	\$4.32	\$4.55	\$4.80	\$5.06	\$5.33
Westar Energy, Inc.	WR	\$2.27	\$2.34	\$2.41	\$2.49	\$2.56	\$2.64	\$2.72	\$2.82	\$2.93	\$3.06	\$3.21	\$3.38	\$3.56	\$3.76	\$3.98	\$4.17	\$4.39

Projected Annual Dividend Payout Ratio	[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	[45]	
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
American Electric Power Company, Inc.	AEP	63.00%	62.50%	62.00%	61.50%	61.00%	62.05%	63.10%	64.15%	65.20%	66.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Duke Energy Corporation	DUK	69.50%	68.00%	66.50%	65.00%	63.50%	65.38%	65.77%	66.15%	66.54%	66.92%	67.30%	67.30%	67.30%	67.30%	67.30%
Empire District Electric Company	EDE	74.00%	72.50%	71.00%	69.50%	68.00%	67.88%	67.77%	67.65%	67.54%	67.42%	67.30%	67.30%	67.30%	67.30%	67.30%
IDACORP, Inc.	IDA	49.00%	51.25%	53.50%	55.75%	58.00%	59.55%	61.10%	62.65%	64.20%	65.75%	67.30%	67.30%	67.30%	67.30%	67.30%
Eversource Energy	ES	59.00%	58.50%	58.00%	57.50%	57.00%	58.72%	60.43%	62.15%	63.87%	65.59%	67.30%	67.30%	67.30%	67.30%	67.30%
Otter Tail Corporation	OTTR	73.00%	68.75%	64.50%	60.25%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Pinnacle West Capital Corporation	PNW	63.00%	63.25%	63.50%	63.75%	64.00%	64.55%	65.10%	65.65%	66.20%	66.75%	67.30%	67.30%	67.30%	67.30%	67.30%
PNM Resources, Inc.	PNM	51.00%	50.50%	50.00%	49.50%	49.00%	52.05%	55.10%	58.15%	61.20%	64.25%	67.30%	67.30%	67.30%	67.30%	67.30%
Portland General Electric Company	POR	50.00%	51.50%	53.00%	54.50%	56.00%	57.88%	59.77%	61.65%	63.54%	65.42%	67.30%	67.30%	67.30%	67.30%	67.30%
Southern Company	SO	75.00%	73.50%	72.00%	70.50%	69.00%	68.72%	68.43%	68.15%	67.87%	67.59%	67.30%	67.30%	67.30%	67.30%	67.30%
Westar Energy, Inc.	WR	61.00%	59.50%	58.00%	56.50%	55.00%	57.05%	59.10%	61.15%	63.20%	65.25%	67.30%	67.30%	67.30%	67.30%	67.30%

Projected Annual Cash Flows	[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Value
Company	Ticker	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
American Electric Power Company, Inc.	AEP	\$2.21	\$2.30	\$2.40	\$2.50	\$2.60	\$2.78	\$2.97	\$3.18	\$3.40	\$3.64	\$3.90	\$4.11	\$4.33	\$4.56	\$4.80	\$127.40
Duke Energy Corporation	DUK	\$3.09	\$3.16	\$3.23	\$3.30	\$3.37	\$3.65	\$3.75	\$3.96	\$4.19	\$4.44	\$4.70	\$4.96	\$5.22	\$5.50	\$5.80	\$171.41
Empire District Electric Company	EDE	\$1.16	\$1.17	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$55.78
IDACORP, Inc.	IDA	\$1.82	\$1.92	\$2.03	\$2.13	\$2.24	\$2.34	\$2.47	\$2.63	\$2.81	\$3.03	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$139.50
Eversource Energy	ES	\$1.66	\$1.75	\$1.84	\$1.94	\$2.04	\$2.23	\$2.43	\$2.64	\$2.87	\$3.10	\$3.36	\$3.64	\$3.93	\$4.23	\$4.54	\$115.50
Otter Tail Corporation	OTTR	\$1.12	\$1.12	\$1.12	\$1.10	\$1.09	\$1.19	\$1.30	\$1.42	\$1.54	\$1.67	\$1.81	\$1.91	\$2.01	\$2.12	\$2.23	\$99.28
Pinnacle West Capital Corporation	PNW	\$2.49	\$2.60	\$2.72	\$2.84	\$2.96	\$3.12	\$3.29	\$3.47	\$3.68	\$3.91	\$4.16	\$4.38	\$4.61	\$4.86	\$5.12	\$141.33
PNM Resources, Inc.	PNM	\$0.85	\$0.92	\$0.99	\$1.07	\$1.15	\$1.32	\$1.51	\$1.70	\$1.90	\$2.10	\$2.31	\$2.44	\$2.57	\$2.71	\$2.85	\$67.31
Portland General Electric Company	POR	\$0.97	\$1.05	\$1.13	\$1.21	\$1.31	\$1.42	\$1.54	\$1.66	\$1.81	\$1.96	\$2.12	\$2.24	\$2.36	\$2.48	\$2.62	\$83.45
Southern Company	SO	\$2.16	\$2.19	\$2.22	\$2.24	\$2.27	\$2.34	\$2.43	\$2.53	\$2.64	\$2.77	\$2.91	\$3.07	\$3.23	\$3.40	\$3.59	\$97.24
Westar Energy, Inc.	WR	\$1.47	\$1.48	\$1.49	\$1.49	\$1.50	\$1.61	\$1.73	\$1.87	\$2.03	\$2.21	\$2.40	\$2.53	\$2.66	\$2.81	\$2.96	\$86.84

Projected Annual Data Investor Cash Flows	[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	[79]	
Company	Ticker	Outflow	4/30/15	12/31/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30
American Electric Power Company, Inc.	AEP	(\$8.85)	\$0.00	\$1.48	\$2.26	\$2.40	\$2.50	\$2.60	\$2.78	\$2.97	\$3.18	\$3.40	\$3.64	\$3.90	\$4.11	\$4.33	\$4.56	\$4.80	\$132.20
Duke Energy Corporation	DUK	(\$90.70)	\$0.00	\$2.07	\$3.16	\$3.23	\$3.30	\$3.37	\$3.65	\$3.75	\$3.96	\$4.19	\$4.44	\$4.70	\$4.96	\$5.22	\$5.50	\$5.80	\$177.20
Empire District Electric Company	EDE	(\$26.82)	\$0.00	\$0.78	\$1.18	\$1.18	\$1.19	\$1.20	\$1.24	\$1.29	\$1.34	\$1.41	\$1.48	\$1.56	\$1.64	\$1.73	\$1.82	\$1.92	\$57.69
IDACORP, Inc.	IDA	(\$64.09)	\$0.00	\$1.22	\$1.83	\$2.03	\$2.13	\$2.24	\$2.34	\$2.47	\$2.63	\$2.81	\$3.03	\$3.27	\$3.45	\$3.63	\$3.83	\$4.03	\$143.64
Eversource Energy	ES	(\$52.19)	\$0.00	\$1.11	\$1.71	\$1.84	\$1.94	\$2.04	\$2.23	\$2.43	\$2.64	\$2.87	\$3.10	\$3.36	\$3.64	\$3.93	\$4.23	\$4.54	\$119.64
Otter Tail Corporation	OTTR	(\$31.77)	\$0.00	\$0.75	\$1.16	\$1.12	\$1.10	\$1.09	\$1.19	\$1.30	\$1.42	\$1.54	\$1.67	\$1.81	\$1.91	\$2.01	\$2.12	\$2.23	\$71.51
Pinnacle West Capital Corporation	PNW	(\$96.10)	\$0.00	\$1.67	\$2.54	\$2.72	\$2.84	\$2.96	\$3.12	\$3.29	\$3.47	\$3.68	\$3.91	\$4.16	\$4.38	\$4.61	\$4.86	\$5.12	\$146.45
PNM Resources, Inc.	PNM	(\$29.01)	\$0.00	\$0.57	\$0.89	\$0.99	\$1.07	\$1.15	\$1.32	\$1.51	\$1.70	\$1.90	\$2.10	\$2.31	\$2.44	\$2.57	\$2.71	\$2.85	\$70.16
Portland General Electric Company	POR	(\$37.54)	\$0.00	\$0.65	\$0.99	\$1.13	\$1.21	\$1.31	\$1.42	\$1.54	\$1.66	\$1.81	\$1.96	\$2.12	\$2.24	\$2.36	\$2.48	\$2.62	\$86.07
Southern Company	SO	(\$47.00)	\$0.00	\$1.45	\$2.20	\$2.22	\$2.24	\$2.27	\$2.34	\$2.43	\$2.53	\$2.64	\$2.77	\$2.91	\$3.07	\$3.23	\$3.40	\$3.59	\$100.83
Westar Energy, Inc.	WR	(\$39.89)	\$0.00	\$0.99	\$1.49	\$1.49	\$1.49	\$1.50	\$1.61	\$1.73	\$1.87	\$2.03	\$2.21	\$2.40	\$2.53	\$2.66	\$2.81	\$2.96	\$99.80

Multi-Stage DCF Notes:

- [1] Source: Bloomberg, based on 30-, 90-, and 180-day historical average as of April 30, 2015
- [2] Source: Zacks
- [3] Source: Yahoo! Finance
- [4] Source: Value Line
- [5] Equals indicated value (average, minimum, maximum) of Columns [2], [3], [4]
- [6] Source: Federal Reserve, Bureau of Economic Analysis
- [7] Source: Value Line
- [8] Source: Value Line
- [9] Source: Bloomberg Professional
- [10] Equals Column [1] + Column [62]
- [11] Equals result of Excel Solver function, goal: Column [10] equals \$0.00
- [12] Equals Column [61] / Column [30]
- [13] Equals Column [12] / (Column [6] x 100)
- [14] Source: Value Line
- [15] Equals Column [14] x (1 + Column [5])
- [16] Equals Column [15] x (1 + Column [5])
- [17] Equals Column [16] x (1 + Column [5])
- [18] Equals Column [17] x (1 + Column [5])
- [19] Equals Column [18] x (1 + Column [5])
- [20] Equals (1 + (Column [5] + (((Column [6] - Column [5]) / (2024 - 2020 + 1)) x (2019 - 2019)))) x Column [19]
- [21] Equals (1 + (Column [5] + (((Column [6] - Column [5]) / (2024 - 2020 + 1)) x (2020 - 2019)))) x Column [20]
- [22] Equals (1 + (Column [5] + (((Column [6] - Column [5]) / (2024 - 2020 + 1)) x (2021 - 2019)))) x Column [21]
- [23] Equals (1 + (Column [5] + (((Column [6] - Column [5]) / (2024 - 2020 + 1)) x (2022 - 2019)))) x Column [22]
- [24] Equals (1 + (Column [5] + (((Column [6] - Column [5]) / (2024 - 2020 + 1)) x (2023 - 2019)))) x Column [23]
- [25] Equals Column [24] x (1 + Column [6])
- [26] Equals Column [25] x (1 + Column [6])
- [27] Equals Column [26] x (1 + Column [6])
- [28] Equals Column [27] x (1 + Column [6])
- [29] Equals Column [28] x (1 + Column [6])
- [30] Equals Column [29] x (1 + Column [6])
- [31] Equals Column [7]
- [32] Equals Column [31] + ((Column [35] - Column [31]) / 4)
- [33] Equals Column [32] + ((Column [35] - Column [31]) / 4)
- [34] Equals Column [33] + ((Column [35] - Column [31]) / 4)
- [35] Equals Column [8]
- [36] Equals Column [35] + ((Column [41] - Column [35]) / 6)
- [37] Equals Column [36] + ((Column [41] - Column [35]) / 6)
- [38] Equals Column [37] + ((Column [41] - Column [35]) / 6)
- [39] Equals Column [38] + ((Column [41] - Column [35]) / 6)
- [40] Equals Column [39] + ((Column [41] - Column [35]) / 6)
- [41] Equals Column [9]
- [42] Equals Column [9]
- [43] Equals Column [9]
- [44] Equals Column [9]
- [45] Equals Column [9]
- [46] Equals Column [16] x Column [31]
- [47] Equals Column [17] x Column [32]
- [48] Equals Column [18] x Column [33]
- [49] Equals Column [19] x Column [34]
- [50] Equals Column [20] x Column [35]
- [51] Equals Column [21] x Column [36]
- [52] Equals Column [22] x Column [37]
- [53] Equals Column [23] x Column [38]
- [54] Equals Column [24] x Column [39]
- [55] Equals Column [25] x Column [40]
- [56] Equals Column [26] x Column [41]
- [57] Equals Column [27] x Column [42]
- [58] Equals Column [28] x Column [43]
- [59] Equals Column [29] x Column [44]
- [60] Equals Column [30] x Column [45]
- [61] Equals (Column [60] x (1 + Column [6])) / (Column [11] - Column [6])
- [62] Equals negative net present value, discount rate equals Column [11], cash flows equal Column [62] through Column [79]
- [63] Equals \$0.00
- [64] Equals Column [46] x ((12/31/2016 - 4/30/2015) / 365)
- [65] Equals Column [47] + (0.5 x Column [5])
- [66] Equals Column [48]
- [67] Equals Column [49]
- [68] Equals Column [50]
- [69] Equals Column [51]
- [70] Equals Column [52]
- [71] Equals Column [53]
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- [74] Equals Column [56]
- [75] Equals Column [57]
- [76] Equals Column [58]
- [77] Equals Column [59]
- [78] Equals Column [60]
- [79] Equals Column [60] + [61]

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

[1]	[2]	[3]
S&P 500	Current 30-Year	
Est. Required	Treasury (30-day	Implied Market
Market Return	average)	Risk Premium
12.95%	2.57%	10.38%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	13,892.47	0.07%	0.97%	5.10%	6.10%	0.0044%
ALCOA INC	AA	16,404.36	0.08%	0.90%	6.67%	7.60%	0.0064%
AMERICAN AIRLINES GROUP INC	AAL	33,451.79	0.17%	0.91%	23.54%	24.55%	0.0422%
APPLE INC	AAPL	720,992.90	3.71%	1.59%	15.52%	17.24%	0.6389%
ABBVIE INC	ABBV	102,962.79	0.53%	3.13%	9.53%	12.80%	0.0678%
AMERISOURCEBERGEN CORP	ABC	25,100.85	0.13%	0.93%	18.58%	19.60%	0.0253%
ABBOTT LABORATORIES	ABT	70,046.75	0.36%	2.06%	11.49%	13.67%	0.0492%
ACE LTD	ACE	34,942.12	0.18%	2.47%	8.44%	11.02%	0.0198%
ACCENTURE PLC-CL A	ACN	61,438.69	0.32%	2.20%	10.30%	12.61%	0.0398%
ACTAVIS PLC	ACT	111,098.71	0.57%	0.00%	15.48%	15.48%	0.0884%
ADOBE SYSTEMS INC	ADBE	38,050.47	0.20%	0.00%	15.03%	15.03%	0.0294%
ANALOG DEVICES INC	ADI	19,271.04	0.10%	2.53%	10.82%	13.49%	0.0134%
ARCHER-DANIELS-MIDLAND CO	ADM	30,742.39	0.16%	2.21%	4.86%	7.12%	0.0113%
AUTOMATIC DATA PROCESSING	ADP	40,169.36	0.21%	2.22%	10.29%	12.63%	0.0261%
ALLIANCE DATA SYSTEMS CORP	ADS	18,502.89	0.10%	0.00%	14.02%	14.02%	0.0133%
AUTODESK INC	ADSK	12,935.69	0.07%	0.00%	17.02%	17.02%	0.0113%
ADT CORP/THE	ADT	8,440.77	0.03%	2.21%	6.03%	8.31%	0.0028%
AMEREN CORPORATION	AEE	9,933.47	0.05%	4.11%	7.15%	11.40%	0.0058%
AMERICAN ELECTRIC POWER	AEP	27,863.00	0.14%	3.75%	5.45%	9.30%	0.0133%
AES CORP	AES	9,317.46	0.05%	3.02%	5.92%	9.03%	0.0043%
AETNA INC	AET	37,319.00	0.19%	0.96%	11.90%	12.92%	0.0248%
AFLAC INC	AFL	27,637.10	0.14%	2.51%	9.68%	12.30%	0.0175%
AMERICAN INTERNATIONAL GROUP	AIG	76,214.95	0.39%	1.04%	9.04%	10.13%	0.0397%
APARTMENT INVT & MGMT CO -A	AIV	5,896.36	0.03%	3.02%	7.72%	10.85%	0.0033%
ASSURANT INC	AIZ	4,232.48	0.02%	1.93%	7.51%	9.51%	0.0021%
AKAMAI TECHNOLOGIES INC	AKAM	13,195.97	0.07%	0.00%	15.80%	15.80%	0.0107%
ALLSTATE CORP	ALL	28,482.50	0.15%	1.71%	8.73%	10.51%	0.0154%
ALLEGION PLC	ALLE	5,850.62	0.03%	0.65%	13.70%	14.40%	0.0043%
ALTERA CORP	ALTR	12,549.39	0.06%	1.72%	11.50%	13.32%	0.0086%
ALEXION PHARMACEUTICALS INC	ALXN	33,774.38	0.17%	0.00%	23.41%	23.41%	0.0406%
APPLIED MATERIALS INC	AMAT	24,315.91	0.12%	2.04%	12.68%	14.84%	0.0185%
AMETEK INC	AME	12,655.74	0.07%	0.69%	11.05%	11.77%	0.0077%
AFFILIATED MANAGERS GROUP	AMG	12,373.22	0.06%	0.00%	15.20%	15.20%	0.0097%
AMGEN INC	AMGN	120,062.71	0.62%	1.32%	10.26%	11.65%	0.0719%
AMERIPRISE FINANCIAL INC	AMP	22,839.99	0.12%	2.02%	11.65%	13.79%	0.0162%
AMERICAN TOWER CORP	AMT	39,993.02	0.21%	1.81%	15.43%	17.38%	0.0357%
AMAZON.COM INC	AMZN	196,414.91	1.01%	0.00%	40.35%	40.35%	0.4074%
AUTONATION INC	AN	7,018.25	0.04%	0.00%	12.32%	12.32%	0.0044%
ANTHEM INC	ANTM	39,926.46	0.21%	1.66%	10.03%	11.77%	0.0241%
AON PLC	AON	27,121.70	0.14%	1.12%	12.14%	13.33%	0.0186%
APACHE CORP	APA	25,776.94	0.13%	1.45%	4.03%	5.51%	0.0073%
ANADARKO PETROLEUM CORP	APC	48,506.43	0.25%	1.16%	1.66%	2.84%	0.0071%
AIR PRODUCTS & CHEMICALS INC	APD	30,803.71	0.16%	2.20%	10.90%	13.22%	0.0209%
AMPHENOL CORP-CL A	APH	17,190.92	0.09%	0.92%	10.73%	11.70%	0.0103%
AIRGAS INC	ARG	7,608.02	0.04%	2.17%	9.82%	12.10%	0.0047%
ALLEGHENY TECHNOLOGIES INC	ATI	3,711.86	0.02%	2.11%	16.10%	18.38%	0.0035%
AVALONBAY COMMUNITIES INC	AVB	21,727.22	0.11%	3.04%	7.06%	10.21%	0.0114%
AVAGO TECHNOLOGIES LTD	AVGO	29,989.91	0.15%	1.26%	20.69%	22.08%	0.0340%
AVERY DENNISON CORP	AVY	5,029.03	0.03%	2.56%	6.95%	9.60%	0.0025%
AMERICAN EXPRESS CO	AXP	78,673.38	0.40%	1.46%	9.02%	10.55%	0.0426%
AUTOZONE INC	AZO	21,339.03	0.11%	0.00%	12.60%	12.60%	0.0138%
BOEING CO/THE	BA	99,122.09	0.51%	2.54%	10.34%	13.01%	0.0663%
BANK OF AMERICA CORP	BAC	167,298.46	0.86%	1.26%	8.83%	10.15%	0.0873%
BAXTER INTERNATIONAL INC	BAX	37,362.34	0.19%	3.09%	8.47%	11.69%	0.0224%
BED BATH & BEYOND INC	BBBY	12,202.41	0.06%	0.00%	7.88%	7.88%	0.0049%
BB&T CORP	BBT	27,689.78	0.14%	2.72%	10.84%	13.71%	0.0195%
BEST BUY CO INC	BBY	12,208.39	0.06%	2.96%	11.32%	14.45%	0.0091%
CR BARD INC	BCR	12,367.85	0.06%	0.56%	9.60%	10.19%	0.0065%
BECTON DICKINSON AND CO	BDX	29,426.42	0.15%	1.68%	11.40%	13.18%	0.0199%
FRANKLIN RESOURCES INC	BEN	31,892.92	0.16%	1.99%	9.63%	11.72%	0.0192%
BROWN-FORMAN CORP-CLASS B	BF/B	19,177.91	0.10%	1.33%	6.81%	8.18%	0.0081%
BAKER HUGHES INC	BHI	29,757.89	0.15%	0.99%	5.83%	6.86%	0.0105%
BIOGEN INC	BIIB	87,959.64	0.45%	0.00%	17.01%	17.01%	0.0769%
BANK OF NEW YORK MELLON CORP	BK	47,193.83	0.24%	1.63%	11.60%	13.33%	0.0323%
BLACKROCK INC	BLK	60,809.66	0.31%	2.40%	15.05%	17.63%	0.0551%
BALL CORP	BLL	10,094.34	0.05%	0.73%	10.60%	11.37%	0.0059%
BRISTOL-MYERS SQUIBB CO	BMJ	106,236.29	0.55%	2.34%	16.42%	18.95%	0.1035%
BROADCOM CORP-CL A	BRM	26,434.59	0.14%	1.25%	14.50%	15.84%	0.0215%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	13,892.47	0.07%	0.97%	5.10%	6.10%	0.0044%
BERKSHIRE HATHAWAY INC-CL B	BRK/B	349,312.40	1.80%	0.00%	5.85%	5.85%	0.1050%
BOSTON SCIENTIFIC CORP	BSX	23,864.20	0.12%	0.00%	10.20%	10.20%	0.0125%
BORGWARNER INC	BWA	13,394.91	0.07%	0.87%	12.46%	13.39%	0.0092%
BOSTON PROPERTIES INC	BXP	20,296.63	0.10%	5.39%	7.86%	13.47%	0.0140%
CITIGROUP INC	C	161,772.88	0.83%	0.30%	13.38%	13.70%	0.1139%
CA INC	CA	14,067.92	0.07%	3.16%	-2.20%	0.92%	0.0007%
CONAGRA FOODS INC	CAG	15,437.94	0.08%	2.78%	7.50%	10.39%	0.0082%
CARDINAL HEALTH INC	CAH	27,843.23	0.14%	1.65%	11.55%	13.30%	0.0190%
CAMERON INTERNATIONAL CORP	CAM	10,492.86	0.05%	0.00%	6.20%	6.20%	0.0033%
CATERPILLAR INC	CAT	52,449.46	0.27%	3.22%	9.00%	12.36%	0.0333%
CHUBB CORP	CB	22,671.90	0.12%	2.28%	9.20%	11.59%	0.0135%
CBRE GROUP INC - A	CBG	12,765.60	0.07%	0.00%	11.80%	11.80%	0.0077%
CBS CORP-CLASS B NON VOTING	CBS	30,864.96	0.16%	1.00%	14.94%	16.02%	0.0254%
COCA-COLA ENTERPRISES	CCE	10,346.21	0.05%	2.47%	6.15%	8.69%	0.0046%
CROWN CASTLE INTL CORP	CCI	27,879.14	0.14%	3.95%	21.60%	25.97%	0.0372%
CARNIVAL CORP	CCL	34,544.54	0.18%	2.34%	17.10%	19.65%	0.0349%
CELGENE CORP	CELG	85,707.18	0.44%	0.00%	26.61%	26.61%	0.1172%
CERNER CORP	CERN	24,697.73	0.13%	0.00%	18.47%	18.47%	0.0234%
CF INDUSTRIES HOLDINGS INC	CF	13,770.44	0.07%	2.12%	15.80%	18.08%	0.0128%
CHESAPEAKE ENERGY CORP	CHK	10,488.99	0.05%	2.26%	6.23%	8.56%	0.0046%
C.H. ROBINSON WORLDWIDE INC	CHRW	9,520.44	0.05%	2.38%	11.04%	13.56%	0.0066%
CIGNA CORP	CI	32,078.23	0.16%	0.03%	11.23%	11.26%	0.0186%
CINCINNATI FINANCIAL CORP	CINF	8,323.10	N/A	3.65%	N/A	N/A	N/A
COLGATE-PALMOLIVE CO	CL	60,859.46	0.31%	2.28%	9.50%	11.89%	0.0372%
CLOROX COMPANY	CLX	13,917.96	0.07%	2.81%	6.68%	9.58%	0.0069%
COMERICA INC	CMA	8,439.42	0.04%	1.75%	10.40%	12.25%	0.0053%
COMCAST CORP-CLASS A	CMCSA	145,194.42	0.75%	1.73%	12.68%	14.52%	0.1083%
CME GROUP INC	CME	30,686.88	0.16%	4.01%	12.70%	16.97%	0.0268%
CHIPOTLE MEXICAN GRILL INC	CMG	19,290.65	0.10%	0.00%	20.68%	20.68%	0.0205%
CUMMINS INC	CMI	25,068.17	0.13%	2.42%	10.82%	13.36%	0.0172%
CMS ENERGY CORP	CMS	9,391.73	0.05%	3.42%	6.15%	9.67%	0.0047%
CENTERPOINT ENERGY INC	CNP	9,015.98	0.05%	4.76%	5.20%	10.09%	0.0047%
CONSOL ENERGY INC	CNX	7,428.62	0.04%	0.77%	12.00%	12.82%	0.0049%
CAPITAL ONE FINANCIAL CORP	COF	44,423.69	0.23%	1.85%	6.85%	8.77%	0.0200%
CABOT OIL & GAS CORP	COG	13,988.08	0.07%	0.24%	28.68%	28.96%	0.0208%
COACH INC	COH	10,539.50	0.05%	3.54%	10.85%	14.57%	0.0079%
ROCKWELL COLLINS INC	COL	12,873.72	0.07%	1.30%	10.44%	11.80%	0.0078%
CONOCOPHILLIPS	COP	83,640.88	0.43%	4.30%	7.25%	11.71%	0.0503%
COSTCO WHOLESALE CORP	COST	62,938.32	0.32%	0.97%	10.28%	11.29%	0.0365%
CAMPBELL SOUP CO	CPB	13,940.15	0.07%	2.87%	3.70%	6.62%	0.0047%
SALESFORCE.COM INC	CRM	47,737.59	0.25%	0.00%	27.16%	27.16%	0.0667%
COMPUTER SCIENCES CORP	CSC	9,090.45	0.05%	1.41%	9.10%	10.57%	0.0049%
CISCO SYSTEMS INC	CSCO	147,169.62	0.76%	2.68%	7.18%	9.95%	0.0753%
CSX CORP	CSX	35,656.25	0.18%	1.92%	10.95%	12.98%	0.0238%
CINTAS CORP	CTAS	9,145.86	0.05%	2.13%	11.48%	13.73%	0.0065%
CENTURYLINK INC	CTL	20,333.33	0.10%	6.01%	0.89%	6.93%	0.0072%
COGNIZANT TECH SOLUTIONS-A	CTSH	35,738.62	0.18%	0.00%	15.97%	15.97%	0.0293%
CITRIX SYSTEMS INC	CTXS	10,751.75	0.06%	0.00%	13.40%	13.40%	0.0074%
CABLEVISION SYSTEMS-NY GRP-A	CVC	5,608.59	0.03%	3.03%	1.02%	4.07%	0.0012%
CVS HEALTH CORP	CVS	112,720.58	0.58%	1.38%	14.38%	15.86%	0.0919%
CHEVRON CORP	CVX	208,845.85	1.07%	3.94%	-0.29%	3.64%	0.0391%
DOMINION RESOURCES INC/A	D	42,174.81	0.22%	3.61%	6.60%	10.33%	0.0224%
DELTA AIR LINES INC	DAL	36,439.49	0.19%	0.93%	21.91%	22.94%	0.0430%
DU PONT (E.I.) DE NEMOURS	DD	66,263.35	0.34%	2.63%	5.82%	8.52%	0.0290%
DEERE & CO	DE	30,731.19	0.16%	2.63%	5.86%	8.57%	0.0135%
DISCOVER FINANCIAL SERVICES	DFS	25,862.46	0.13%	1.87%	9.38%	11.34%	0.0151%
DOLLAR GENERAL CORP	DG	22,882.30	0.11%	1.21%	12.41%	13.70%	0.0155%
QUEST DIAGNOSTICS INC	DGX	10,267.79	0.05%	2.09%	10.22%	12.41%	0.0065%
DR HORTON INC	DHI	9,312.28	0.05%	0.96%	11.20%	12.22%	0.0058%
DANAHER CORP	DHR	57,932.21	0.30%	0.58%	11.25%	11.86%	0.0353%
WALT DISNEY CO/THE	DIS	184,776.53	0.95%	1.04%	11.59%	12.69%	0.1206%
DISCOVERY COMMUNICATIONS-A	DISCA	20,480.61	0.11%	0.00%	16.10%	16.10%	0.0169%
DELPHI AUTOMOTIVE PLC	DLPH	23,965.24	0.12%	1.28%	13.72%	15.08%	0.0186%
DOLLAR TREE INC	DLTR	15,722.11	0.08%	0.00%	15.12%	15.12%	0.0122%
DUN & BRADSTREET CORP	DNB	4,600.11	0.02%	1.47%	10.25%	11.80%	0.0028%
DIAMOND OFFSHORE DRILLING	DO	4,590.70	0.02%	1.49%	-4.00%	-2.54%	-0.0006%
DOVER CORP	DOV	12,144.16	0.06%	2.21%	12.00%	14.34%	0.0090%
DOW CHEMICAL CO/THE	DOW	58,753.17	0.30%	3.32%	8.13%	11.59%	0.0350%
DR PEPPER SNAPPLE GROUP INC	DPS	14,299.28	0.07%	2.52%	6.98%	9.59%	0.0070%
DARDEN RESTAURANTS INC	DRI	8,021.78	0.04%	3.53%	12.65%	16.41%	0.0068%
DTE ENERGY COMPANY	DTE	14,280.08	0.07%	3.57%	5.02%	8.68%	0.0064%
DIRECTV	DTV	45,606.60	0.23%	0.00%	2.25%	2.25%	0.0053%
DUKE ENERGY CORP	DUK	54,920.84	0.28%	4.20%	5.99%	10.31%	0.0291%
DAVITA HEALTHCARE PARTNERS I	DVA	17,431.73	0.09%	0.00%	11.70%	11.70%	0.0105%
DEVON ENERGY CORP	DVN	28,037.15	0.14%	1.42%	4.32%	5.76%	0.0083%
ELECTRONIC ARTS INC	EA	18,009.99	0.09%	0.00%	15.67%	15.67%	0.0145%
EBAY INC	EBAY	70,775.51	0.36%	0.00%	12.61%	12.61%	0.0459%
ECOLAB INC	ECL	33,297.24	0.17%	1.15%	13.02%	14.24%	0.0244%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	13,892.47	0.07%	0.97%	5.10%	6.10%	0.0044%
CONSOLIDATED EDISON INC	ED	18,027.22	0.09%	4.17%	2.78%	7.01%	0.0065%
EQUifax INC	EFX	11,535.30	0.06%	1.20%	13.75%	15.03%	0.0089%
EDISON INTERNATIONAL	EIX	19,854.93	0.10%	2.74%	4.50%	7.30%	0.0075%
ESTEE LAUDER COMPANIES-CL A	EL	30,733.40	0.16%	1.12%	10.30%	11.49%	0.0181%
EMC CORP/MA	EMC	53,499.42	0.28%	1.80%	10.44%	12.34%	0.0339%
EASTMAN CHEMICAL CO	EMN	11,355.01	0.06%	2.10%	7.20%	9.37%	0.0055%
EMERSON ELECTRIC CO	EMR	40,310.43	0.21%	3.19%	6.55%	9.84%	0.0204%
ENDO INTERNATIONAL PLC	ENDP	15,025.82	0.08%	0.00%	9.22%	9.22%	0.0071%
EOG RESOURCES INC	EOG	54,270.70	0.28%	0.67%	2.56%	3.24%	0.0090%
EQUINIX INC	EQIX	14,568.35	0.07%	2.96%	25.78%	29.12%	0.0218%
EQUITY RESIDENTIAL	EQR	26,870.14	0.14%	2.97%	7.35%	10.43%	0.0144%
EQT CORP	EQT	13,702.00	N/A	0.14%	N/A	N/A	N/A
EVERSOURCE ENERGY	ES	15,476.67	0.08%	3.44%	6.70%	10.26%	0.0082%
EXPRESS SCRIPTS HOLDING CO	ESRX	63,010.74	0.32%	0.00%	12.91%	12.91%	0.0418%
ESSEX PROPERTY TRUST INC	ESS	14,454.60	0.07%	2.55%	7.40%	10.04%	0.0075%
ENSCO PLC-CL A	ESV	6,391.46	0.03%	2.20%	-3.50%	-1.34%	-0.0004%
E*TRADE FINANCIAL CORP	ETFC	8,344.82	0.04%	0.00%	18.52%	18.52%	0.0079%
EATON CORP PLC	ETN	32,103.78	0.17%	3.21%	8.28%	11.62%	0.0192%
ENTERGY CORP	ETR	13,932.17	0.07%	4.32%	-0.57%	3.73%	0.0027%
EDWARDS LIFESCIENCES CORP	EW	13,622.19	0.07%	0.00%	15.20%	15.20%	0.0106%
EXELON CORP	EXC	29,299.51	0.15%	3.65%	6.45%	10.22%	0.0154%
EXPEDITORS INTL WASH INC	EXPD	8,757.72	0.05%	1.53%	11.32%	12.93%	0.0058%
EXPEDIA INC	EXPE	11,940.83	0.06%	0.75%	14.72%	15.53%	0.0095%
FORD MOTOR CO	F	62,810.63	0.32%	3.72%	15.70%	19.71%	0.0636%
FASTENAL CO	FAST	12,528.36	0.06%	2.64%	15.75%	18.59%	0.0120%
FACEBOOK INC-A	FB	221,204.75	1.14%	0.00%	28.25%	28.25%	0.3213%
FREEMONT-MCMORAN INC	FCX	24,201.84	0.12%	1.71%	21.74%	23.64%	0.0294%
FAMILY DOLLAR STORES	FDO	8,947.72	0.05%	0.94%	3.85%	4.81%	0.0022%
FEDEX CORP	FDX	48,116.61	0.25%	0.47%	14.76%	15.26%	0.0377%
FIRSTENERGY CORP	FE	15,153.49	0.08%	4.01%	0.31%	4.33%	0.0034%
F5 NETWORKS INC	FFIV	8,743.34	0.04%	0.00%	15.42%	15.42%	0.0069%
FIDELITY NATIONAL INFO SERV	FIS	17,703.82	0.09%	1.64%	12.42%	14.16%	0.0129%
FISERV INC	FISV	18,472.95	0.09%	0.00%	12.96%	12.96%	0.0123%
FIFTH THIRD BANCORP	FITB	16,304.15	0.08%	2.67%	9.60%	12.40%	0.0104%
FLIR SYSTEMS INC	FLIR	4,319.89	0.02%	1.42%	15.00%	16.53%	0.0037%
FLUOR CORP	FLR	8,814.88	0.05%	1.45%	5.74%	7.23%	0.0033%
FLOWERVE CORP	FLS	7,869.41	0.04%	1.24%	9.02%	10.31%	0.0042%
FMC CORP	FMC	7,919.49	0.04%	1.01%	10.00%	11.06%	0.0045%
FOSSIL GROUP INC	FOSL	4,174.65	0.02%	0.00%	12.42%	12.42%	0.0027%
TWENTY-FIRST CENTURY FOX-A	FOXA	71,875.78	0.37%	0.81%	14.74%	15.60%	0.0577%
FIRST SOLAR INC	FSLR	6,014.22	0.03%	0.00%	-3.81%	-3.81%	-0.0012%
FMC TECHNOLOGIES INC	FTI	10,183.21	0.05%	0.00%	10.15%	10.15%	0.0053%
FRONTIER COMMUNICATIONS CORP	FTR	6,866.15	0.04%	6.12%	37.10%	44.36%	0.0157%
AGL RESOURCES INC	GAS	6,029.11	0.03%	4.06%	5.83%	10.01%	0.0031%
GANNETT CO	GCI	7,818.34	0.04%	2.38%	4.35%	6.78%	0.0027%
GENERAL DYNAMICS CORP	GD	45,141.58	0.23%	1.94%	10.22%	12.26%	0.0285%
GENERAL ELECTRIC CO	GE	272,627.78	1.40%	3.40%	8.44%	11.99%	0.1680%
GENERAL GROWTH PROPERTIES	GGP	24,261.02	0.12%	2.51%	7.72%	10.33%	0.0129%
GILEAD SCIENCES INC	GILD	149,062.63	0.77%	1.28%	13.05%	14.42%	0.1105%
GENERAL MILLS INC	GIS	32,987.62	0.17%	2.97%	6.98%	10.05%	0.0170%
CORNING INC	GLW	26,555.96	0.14%	2.24%	5.09%	7.38%	0.0101%
GENERAL MOTORS CO	GM	56,348.70	0.29%	3.95%	12.31%	16.50%	0.0478%
KEURIG GREEN MOUNTAIN INC	GMCR	18,814.13	0.10%	0.98%	15.67%	16.72%	0.0162%
GAMESTOP CORP-CLASS A	GME	4,153.41	0.02%	2.56%	14.93%	17.69%	0.0038%
GENWORTH FINANCIAL INC-CL A	GNW	4,372.05	0.02%	0.00%	5.00%	5.00%	0.0011%
GOOGLE INC-CL C	GOOG	370,280.48	1.90%	0.00%	16.28%	16.28%	0.3098%
GENUINE PARTS CO	GPC	13,720.05	0.07%	2.74%	6.92%	9.75%	0.0069%
GAP INC/THE	GPS	16,638.28	0.09%	2.31%	9.60%	12.02%	0.0103%
GARMIN LTD	GRMN	9,403.02	0.05%	4.42%	7.20%	11.78%	0.0057%
GOLDMAN SACHS GROUP INC	GS	87,807.81	0.45%	1.29%	14.90%	16.29%	0.0735%
GOODYEAR TIRE & RUBBER CO	GT	7,655.81	N/A	0.73%	N/A	N/A	N/A
VW GRAINGER INC	GWW	16,625.12	0.09%	1.81%	11.85%	13.76%	0.0118%
HALLIBURTON CO	HAL	41,650.30	0.21%	1.47%	14.62%	16.20%	0.0347%
HARMAN INTERNATIONAL	HAR	9,276.78	0.05%	1.00%	16.70%	17.79%	0.0085%
HASBRO INC	HAS	8,821.56	0.05%	2.58%	10.40%	13.12%	0.0059%
HUNTINGTON BANCSHARES INC	HBAN	8,806.87	0.05%	2.33%	7.06%	9.47%	0.0043%
HANESBRANDS INC	HBI	12,457.04	0.06%	1.28%	11.33%	12.69%	0.0081%
HCA HOLDINGS INC	HCA	31,047.46	0.16%	0.00%	12.04%	12.04%	0.0192%
HUDSON CITY BANCORP INC	HCBK	4,919.09	0.03%	1.38%	-3.00%	-1.64%	-0.0004%
HEALTH CARE REIT INC	HCN	25,214.50	0.13%	4.59%	5.13%	9.84%	0.0128%
HCP INC	HCP	18,593.39	0.10%	5.62%	3.91%	9.64%	0.0092%
HOME DEPOT INC	HD	138,898.40	0.71%	2.20%	14.24%	16.59%	0.1185%
HESS CORP	HES	22,103.05	0.11%	1.31%	-3.04%	-1.75%	-0.0020%
HARTFORD FINANCIAL SVCS GRP	HIG	17,120.50	0.09%	1.85%	9.00%	10.93%	0.0096%
HARLEY-DAVIDSON INC	HOG	11,860.14	0.06%	2.17%	11.13%	13.41%	0.0082%
HONEYWELL INTERNATIONAL INC	HON	78,889.92	0.41%	2.06%	9.39%	11.55%	0.0468%
STARWOOD HOTELS & RESORTS	HOT	14,687.65	0.08%	1.75%	8.96%	10.79%	0.0081%
HELMERICH & PAYNE	HP	8,392.76	0.04%	3.54%	18.57%	22.44%	0.0097%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	13,892.47	0.07%	0.97%	5.10%	6.10%	0.0044%
HEWLETT-PACKARD CO	HPQ	59,924.91	0.31%	2.03%	3.43%	5.49%	0.0169%
H&R BLOCK INC	HRB	8,323.50	0.04%	2.64%	11.00%	13.78%	0.0059%
HORMEL FOODS CORP	HRL	14,352.07	0.07%	1.81%	5.85%	7.72%	0.0057%
HARRIS CORP	HRS	8,354.49	N/A	2.31%	N/A	N/A	N/A
HENRY SCHEIN INC	HSIC	11,464.02	0.06%	0.00%	11.10%	11.10%	0.0065%
HOSPIRA INC	HSP	15,081.87	0.08%	0.00%	18.30%	18.30%	0.0142%
HOST HOTELS & RESORTS INC	HST	15,245.77	0.08%	4.12%	10.45%	14.78%	0.0116%
HERSHEY CO/THE	HSY	20,160.94	0.10%	2.41%	9.42%	11.94%	0.0124%
HUMANA INC	HUM	24,803.78	0.13%	0.71%	11.68%	12.43%	0.0159%
INTL BUSINESS MACHINES CORP	IBM	168,675.10	0.87%	2.73%	6.88%	9.70%	0.0841%
INTERCONTINENTAL EXCHANGE IN	ICE	25,092.04	0.13%	1.20%	16.21%	17.51%	0.0226%
INTL FLAVORS & FRAGRANCES	IFF	9,265.58	0.05%	1.62%	9.87%	11.56%	0.0055%
INTEL CORP	INTC	154,417.20	0.79%	2.98%	7.85%	10.95%	0.0869%
INTUIT INC	INTU	27,763.93	0.14%	0.99%	14.67%	15.73%	0.0225%
INTERNATIONAL PAPER CO	IP	22,716.35	0.12%	3.04%	10.07%	13.26%	0.0155%
INTERPUBLIC GROUP OF COS INC	IPG	8,605.61	0.04%	2.24%	8.83%	11.17%	0.0049%
INGERSOLL-RAND PLC	IR	17,429.12	0.09%	1.76%	10.30%	12.15%	0.0109%
IRON MOUNTAIN INC	IRM	7,262.05	0.04%	5.42%	11.00%	16.71%	0.0062%
INTUITIVE SURGICAL INC	ISRG	18,280.84	0.09%	0.00%	11.80%	11.80%	0.0111%
ILLINOIS TOOL WORKS	ITW	34,935.54	0.18%	2.14%	8.95%	11.19%	0.0201%
INVESCO LTD	IVZ	17,771.75	0.09%	2.64%	11.82%	14.61%	0.0133%
JOHNSON CONTROLS INC	JCI	32,990.37	0.17%	2.16%	10.50%	12.77%	0.0217%
JACOBS ENGINEERING GROUP INC	JEC	5,499.14	0.03%	0.00%	8.48%	8.48%	0.0024%
JOHNSON & JOHNSON	JNJ	275,831.50	1.42%	2.95%	6.58%	9.63%	0.1365%
JUNIPER NETWORKS INC	JNPR	10,725.02	0.06%	1.40%	11.40%	12.88%	0.0071%
JOY GLOBAL INC	JOY	4,152.05	0.02%	1.86%	16.05%	18.06%	0.0039%
JPMORGAN CHASE & CO	JPM	235,853.05	1.21%	2.72%	7.36%	10.18%	0.1234%
NORDSTROM INC	JWN	14,387.06	0.07%	1.93%	9.83%	11.85%	0.0088%
KELLOGG CO	K	22,557.45	0.12%	3.10%	4.12%	7.29%	0.0085%
KEYCORP	KEY	12,192.20	0.06%	2.02%	6.68%	8.76%	0.0055%
KIMCO REALTY CORP	KIM	9,944.19	0.05%	4.02%	4.44%	8.55%	0.0044%
KLA-TENCOR CORP	KLAC	9,403.36	0.05%	3.40%	3.47%	6.93%	0.0033%
KIMBERLY-CLARK CORP	KMB	39,938.04	0.21%	3.18%	7.50%	10.81%	0.0222%
KINDER MORGAN INC	KMI	93,122.25	0.48%	4.66%	10.00%	14.89%	0.0713%
CARMAX INC	KMX	14,226.11	0.07%	0.00%	15.31%	15.31%	0.0112%
COCA-COLA CO/THE	KO	177,186.07	0.91%	3.22%	6.34%	9.67%	0.0881%
MICHAEL KORS HOLDINGS LTD	KORS	12,418.76	0.06%	0.00%	21.71%	21.71%	0.0139%
KROGER CO	KR	33,842.15	0.17%	1.12%	11.01%	12.19%	0.0212%
KRAFT FOODS GROUP INC	KRFT	50,166.92	0.28%	2.65%	8.16%	10.92%	0.0282%
KOHL'S CORP	KSS	14,530.79	0.07%	2.51%	8.26%	10.88%	0.0081%
KANSAS CITY SOUTHERN	KSU	11,329.76	0.06%	1.23%	11.48%	12.77%	0.0074%
LOEWS CORP	L	15,497.74	N/A	0.64%	N/A	N/A	N/A
L BRANDS INC	LB	26,131.53	0.13%	4.07%	12.55%	16.88%	0.0227%
LEGGETT & PLATT INC	LEG	5,861.53	N/A	2.92%	N/A	N/A	N/A
LENNAR CORP-A	LEN	9,108.15	0.05%	0.35%	8.00%	8.36%	0.0039%
LABORATORY CRP OF AMER HLDGS	LH	12,008.16	0.06%	0.00%	11.42%	11.42%	0.0070%
L-3 COMMUNICATIONS HOLDINGS	LLL	9,464.00	0.05%	2.36%	9.22%	11.68%	0.0057%
LINEAR TECHNOLOGY CORP	LLTC	11,034.03	0.06%	2.47%	9.35%	11.93%	0.0068%
ELI LILLY & CO	LLY	79,757.10	0.41%	2.81%	8.48%	11.41%	0.0468%
LEGG MASON INC	LM	5,931.36	0.03%	1.24%	17.61%	18.95%	0.0058%
LOCKHEED MARTIN CORP	LMT	58,734.32	0.30%	3.29%	7.97%	11.39%	0.0344%
LINCOLN NATIONAL CORP	LNC	14,293.21	0.07%	1.43%	10.30%	11.80%	0.0087%
LORILLARD INC	LO	25,172.50	0.13%	3.75%	8.64%	12.55%	0.0162%
LOWE'S COS INC	LOW	65,534.38	0.34%	1.46%	16.84%	18.43%	0.0621%
LAM RESEARCH CORP	LRCX	11,966.23	0.06%	0.93%	7.83%	8.80%	0.0054%
LEUCADIA NATIONAL CORP	LUK	8,717.04	N/A	0.00%	N/A	N/A	N/A
SOUTHWEST AIRLINES CO	LUV	27,106.11	0.14%	0.72%	14.91%	15.68%	0.0218%
LEVEL 3 COMMUNICATIONS INC	LVLT	19,811.21	0.10%	0.01%	29.15%	29.16%	0.0297%
LYONDELLBASELL INDU-CL A	LYB	48,996.12	0.25%	2.80%	5.67%	8.55%	0.0215%
MACY'S INC	M	22,077.58	0.11%	1.97%	6.95%	8.99%	0.0102%
MASTERCARD INC-CLASS A	MA	104,619.08	0.54%	0.63%	17.50%	18.18%	0.0978%
MACERICH CO/THE	MAC	12,937.84	0.07%	3.26%	6.16%	9.52%	0.0063%
MARRIOTT INTERNATIONAL -CL A	MAR	22,009.75	0.11%	1.02%	15.49%	16.59%	0.0188%
MASCO CORP	MAS	9,234.32	0.05%	1.38%	12.66%	14.13%	0.0067%
MATTEL INC	MAT	9,527.64	0.05%	5.40%	9.50%	15.16%	0.0074%
MCDONALD'S CORP	MCD	92,603.72	0.48%	3.56%	7.98%	11.69%	0.0556%
MICROCHIP TECHNOLOGY INC	MCHP	9,600.03	0.05%	2.64%	5.10%	7.81%	0.0039%
MCKESSON CORP	MCK	52,017.47	0.27%	0.44%	15.95%	16.42%	0.0439%
MOODY'S CORP	MCO	21,724.60	0.11%	1.22%	13.50%	14.80%	0.0165%
MONDELEZ INTERNATIONAL INC-A	MOLZ	62,413.51	0.32%	1.61%	9.57%	11.26%	0.0361%
MEDTRONIC PLC	MDT	106,096.23	0.55%	1.63%	6.70%	8.38%	0.0457%
METLIFE INC	MET	57,405.78	0.30%	2.96%	7.15%	10.21%	0.0301%
MCGRAWHILL FINANCIAL INC	MHFI	28,546.91	0.15%	1.28%	12.50%	13.86%	0.0203%
MOHAWK INDUSTRIES INC	MHK	12,680.95	0.07%	0.00%	10.95%	10.95%	0.0071%
MEAD JOHNSON NUTRITION CO	MJN	19,428.85	0.10%	1.72%	9.72%	11.52%	0.0115%
MCCORMICK & CO-NON VTG SHRS	MKC	9,821.08	0.05%	2.10%	5.80%	7.96%	0.0039%
MARTIN MARIETTA MATERIALS	MLM	9,601.32	0.05%	1.16%	21.23%	22.51%	0.0111%
MARSH & MCLENNAN COS	MMC	30,236.99	0.16%	2.10%	12.48%	14.70%	0.0229%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	13,892.47	0.07%	0.97%	5.10%	6.10%	0.0044%
3M CO	MMM	99,204.59	0.51%	2.62%	9.60%	12.34%	0.0629%
MALLINCKRODT PLC	MNK	13,183.47	0.07%	0.00%	26.54%	26.54%	0.0180%
MONSTER BEVERAGE CORP	MNST	23,310.94	0.12%	0.00%	18.34%	18.34%	0.0220%
ALTRIA GROUP INC	MO	98,426.22	0.51%	4.32%	7.51%	11.99%	0.0607%
MONSANTO CO	MON	54,256.68	0.28%	1.72%	8.92%	10.72%	0.0299%
MOSAIC CO/THE	MOS	16,065.47	0.08%	2.42%	9.35%	11.89%	0.0098%
MARATHON PETROLEUM CORP	MPC	26,908.19	0.14%	2.10%	6.57%	8.74%	0.0121%
MERCK & CO. INC.	MRK	168,462.68	0.87%	3.01%	6.61%	9.72%	0.0842%
MARATHON OIL CORP	MRO	20,997.99	0.11%	2.72%	6.77%	9.58%	0.0103%
MORGAN STANLEY	MS	73,563.32	0.38%	1.49%	12.10%	13.68%	0.0517%
MICROSOFT CORP	MSFT	393,476.94	2.02%	2.49%	7.62%	10.21%	0.2065%
MOTOROLA SOLUTIONS INC	MSI	12,623.57	0.06%	2.34%	9.83%	12.28%	0.0080%
M & T BANK CORP	MTB	15,898.85	0.08%	2.34%	6.83%	9.25%	0.0076%
MICRON TECHNOLOGY INC	MU	30,423.73	0.16%	0.00%	11.22%	11.22%	0.0176%
MURPHY OIL CORP	MUR	8,472.89	0.04%	2.94%	13.00%	16.13%	0.0070%
MEADWESTVACO CORP	MWV	8,171.11	0.04%	2.05%	12.85%	15.03%	0.0063%
MYLAN NV	MYL	35,364.49	0.18%	0.00%	11.48%	11.48%	0.0209%
NAVIENT CORP	NAVI	7,644.23	N/A	3.19%	N/A	N/A	N/A
NOBLE ENERGY INC	NBL	19,671.55	0.10%	1.43%	0.12%	1.55%	0.0016%
NASDAQ OMX GROUP/THE	NDAQ	8,227.62	0.04%	1.69%	8.90%	10.66%	0.0045%
NOBLE CORP PLC	NE	4,188.24	0.02%	8.36%	-5.53%	2.60%	0.0006%
NEXTERA ENERGY INC	NEE	44,825.41	0.23%	3.08%	5.93%	9.09%	0.0209%
NEWMONT MINING CORP	NEM	13,240.94	0.07%	0.32%	1.93%	2.26%	0.0015%
NETFLIX INC	NFLX	33,736.84	0.17%	0.00%	36.41%	36.41%	0.0631%
NEWFIELD EXPLORATION CO	NFX	6,384.23	0.03%	0.00%	11.00%	11.00%	0.0036%
NISOURCE INC	NI	13,775.34	0.07%	2.49%	6.00%	8.57%	0.0061%
NIKE INC - CL B	NKE	84,977.45	0.44%	1.07%	11.71%	12.85%	0.0561%
NIELSEN NV	NLSN	16,622.80	0.09%	2.42%	14.00%	16.59%	0.0142%
NORTHROP GRUMMAN CORP	NOC	29,850.59	0.15%	1.94%	8.69%	10.72%	0.0164%
NATIONAL OILWELL VARCO INC	NOV	21,458.30	0.11%	3.38%	-5.53%	-2.24%	-0.0025%
NRG ENERGY INC	NRG	8,510.30	0.04%	2.32%	31.52%	34.21%	0.0150%
NORFOLK SOUTHERN CORP	NSC	30,744.07	0.16%	2.35%	10.03%	12.50%	0.0198%
NETAPP INC	NTAP	11,301.22	0.06%	1.82%	11.64%	13.56%	0.0079%
NORTHERN TRUST CORP	NTRS	17,070.91	0.09%	1.92%	12.94%	14.99%	0.0131%
NUCOR CORP	NUE	15,588.74	0.08%	3.05%	11.10%	14.31%	0.0115%
NVIDIA CORP	NVDA	12,277.64	0.06%	1.59%	9.70%	11.36%	0.0072%
NEWELL RUBBERMAID INC	NWL	10,256.11	0.05%	1.92%	9.38%	11.39%	0.0060%
NEWS CORP - CLASS A	NWSA	9,121.93	0.05%	0.00%	11.78%	11.78%	0.0055%
REALTY INCOME CORP	O	10,922.35	0.06%	4.86%	3.35%	8.29%	0.0047%
OWENS-ILLINOIS INC	OI	3,855.50	0.02%	0.00%	6.10%	6.10%	0.0012%
ONEOK INC	OKE	10,041.02	0.05%	5.12%	10.85%	16.25%	0.0084%
OMNICOM GROUP	OMC	18,509.09	0.10%	2.73%	6.57%	9.38%	0.0089%
ORACLE CORP	ORCL	190,491.59	0.98%	1.16%	8.30%	9.50%	0.0931%
O'REILLY AUTOMOTIVE INC	ORLY	22,175.37	0.11%	0.00%	17.45%	17.45%	0.0199%
OCCIDENTAL PETROLEUM CORP	OXY	61,722.37	0.32%	3.74%	8.00%	11.89%	0.0377%
PAYCHEX INC	PAYX	17,576.62	0.09%	3.15%	10.62%	13.93%	0.0126%
PEOPLE'S UNITED FINANCIAL	PBCT	4,657.14	N/A	4.42%	N/A	N/A	N/A
PITNEY BOWES INC	PBI	4,511.27	0.02%	3.35%	14.00%	17.59%	0.0041%
PACCAR	PCAR	23,177.42	0.12%	2.59%	8.80%	11.50%	0.0137%
P G & E CORP	PCG	25,400.20	0.13%	3.49%	5.68%	9.27%	0.0121%
PLUM CREEK TIMBER CO	PCL	7,429.76	0.04%	4.18%	5.27%	9.56%	0.0036%
PRICELINE GROUP INC/THE	PCLN	64,161.77	0.33%	0.00%	19.03%	19.03%	0.0628%
PRECISION CASTPARTS CORP	PCP	29,301.96	0.15%	0.06%	10.78%	10.84%	0.0163%
PATTERSON COS INC	PDCO	4,841.84	0.02%	1.77%	9.78%	11.64%	0.0029%
PUBLIC SERVICE ENTERPRISE GP	PEG	21,034.27	0.11%	3.75%	4.81%	8.65%	0.0093%
PEPSICO INC	PEP	140,401.96	0.72%	2.89%	6.36%	9.34%	0.0674%
PFIZER INC	PFE	208,341.52	1.07%	3.30%	3.97%	7.34%	0.0786%
PRINCIPAL FINANCIAL GROUP	PFGB	15,049.01	0.08%	2.96%	13.50%	16.66%	0.0129%
PROCTER & GAMBLE CO/THE	PG	215,710.28	1.11%	3.27%	7.69%	11.08%	0.1229%
PROGRESSIVE CORP	PGR	15,664.47	0.08%	2.00%	9.18%	11.27%	0.0091%
PARKER HANNIFIN CORP	PH	17,003.47	0.09%	1.98%	8.92%	10.99%	0.0096%
PULTEGROUP INC	PHM	7,036.89	0.04%	1.74%	8.50%	10.31%	0.0037%
PERKINELMER INC	PKI	5,798.04	0.03%	0.55%	9.55%	10.12%	0.0030%
PROLOGIS INC	PLD	20,951.26	0.11%	3.54%	7.91%	11.60%	0.0125%
PALL CORP	PLL	10,378.70	0.05%	1.21%	10.99%	12.26%	0.0065%
PHILIP MORRIS INTERNATIONAL	PM	129,302.78	0.66%	4.87%	4.29%	9.26%	0.0616%
PNC FINANCIAL SERVICES GROUP	PNC	47,762.87	0.25%	2.20%	7.01%	9.29%	0.0228%
PENTAIR PLC	PNR	11,164.55	0.06%	2.01%	15.06%	17.23%	0.0099%
PINNACLE WEST CAPITAL	PNW	6,777.66	0.03%	3.95%	5.06%	9.11%	0.0032%
PEPCO HOLDINGS INC	POM	6,568.15	0.03%	4.16%	5.00%	9.26%	0.0031%
PPG INDUSTRIES INC	PPG	30,115.75	0.15%	1.25%	7.02%	8.31%	0.0129%
PPL CORP	PPL	22,707.79	0.12%	4.43%	1.58%	6.04%	0.0071%
PERRIGO CO PLC	PRGO	26,807.08	0.14%	0.23%	13.50%	13.75%	0.0190%
PRUDENTIAL FINANCIAL INC	PRU	37,061.39	0.19%	2.97%	11.00%	14.13%	0.0269%
PUBLIC STORAGE	PSA	32,463.49	0.17%	3.06%	5.19%	8.33%	0.0139%
PHILLIPS 66	PSX	43,011.96	0.22%	2.66%	5.23%	7.96%	0.0176%
PVH CORP	PVH	8,529.17	0.04%	0.16%	4.36%	4.52%	0.0020%
QUANTA SERVICES INC	PWR	5,911.96	0.03%	0.00%	10.58%	10.58%	0.0032%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	13,892.47	0.07%	0.97%	5.10%	6.10%	0.0044%
PRAXAIR INC	PX	35,153.66	0.18%	2.35%	9.28%	11.73%	0.0212%
PIONEER NATURAL RESOURCES CO	PXD	25,809.30	0.13%	0.06%	-3.80%	-3.74%	-0.0050%
QUALCOMM INC	QCOM	110,810.70	0.57%	2.55%	10.65%	13.34%	0.0760%
QEP RESOURCES INC	QEP	3,974.88	0.02%	0.36%	15.00%	15.38%	0.0031%
RYDER SYSTEM INC	R	5,083.57	0.03%	1.46%	13.08%	14.63%	0.0038%
REYNOLDS AMERICAN INC	RAI	38,996.56	0.20%	3.98%	9.70%	13.87%	0.0278%
ROYAL CARIBBEAN CRUISES LTD	RCL	14,967.05	0.08%	1.93%	20.22%	22.35%	0.0172%
REGENERON PHARMACEUTICALS	REGN	47,245.32	0.24%	0.00%	19.55%	19.55%	0.0475%
REGIONS FINANCIAL CORP	RF	13,199.78	0.07%	2.32%	2.77%	5.12%	0.0035%
ROBERT HALF INTL INC	RHI	7,500.32	0.04%	1.40%	15.68%	17.19%	0.0066%
RED HAT INC	RHT	13,796.56	0.07%	0.00%	16.83%	16.83%	0.0119%
TRANSOCEAN LTD	RIG	6,838.07	0.04%	5.69%	-14.73%	-9.47%	-0.0033%
RALPH LAUREN CORP	RL	11,648.60	0.06%	1.39%	10.36%	11.81%	0.0071%
ROCKWELL AUTOMATION INC	ROK	16,063.66	0.08%	2.13%	8.91%	11.14%	0.0092%
ROPER TECHNOLOGIES INC	ROP	16,891.76	0.09%	0.56%	11.83%	12.43%	0.0108%
ROSS STORES INC	ROST	20,457.81	0.11%	0.90%	13.50%	14.47%	0.0152%
RANGE RESOURCES CORP	RRC	10,746.23	0.06%	0.25%	17.18%	17.45%	0.0096%
REPUBLIC SERVICES INC	RSG	14,275.24	0.07%	2.81%	5.15%	8.03%	0.0059%
RAYTHEON COMPANY	RTN	31,734.77	0.16%	2.54%	6.64%	9.26%	0.0151%
STARBUCKS CORP	SBUX	74,394.79	0.38%	1.28%	17.68%	19.07%	0.0729%
SCANA CORP	SCG	7,571.74	0.04%	4.11%	5.50%	9.73%	0.0038%
SCHWAB (CHARLES) CORP	SCHW	40,046.55	0.21%	0.84%	22.52%	23.46%	0.0483%
SPECTRA ENERGY CORP	SE	25,006.68	0.13%	4.04%	5.90%	10.06%	0.0129%
SEALED AIR CORP	SEE	9,633.12	0.05%	1.14%	9.36%	10.55%	0.0052%
SHERWIN-WILLIAMS CO/THE	SHW	25,905.79	0.13%	0.96%	14.50%	15.53%	0.0207%
SIGMA-ALDRICH	SIAL	16,595.37	0.09%	0.67%	8.48%	9.17%	0.0078%
JM SMUCKER CO/THE	SJM	13,871.32	0.07%	2.19%	6.08%	8.33%	0.0059%
SCHLUMBERGER LTD	SLB	120,128.85	0.62%	2.09%	14.77%	17.01%	0.1051%
SL GREEN REALTY CORP	SLG	12,331.66	0.06%	1.97%	5.84%	7.86%	0.0050%
SNAP-ON INC	SNA	8,687.93	0.04%	1.40%	6.95%	8.40%	0.0037%
SANDISK CORP	SNOK	13,918.11	0.07%	1.78%	10.32%	12.19%	0.0087%
SCRIPPS NETWORKS INTER-CL A	SNI	8,967.55	0.05%	1.28%	8.81%	10.15%	0.0047%
SOUTHERN CO/THE	SO	40,268.56	0.21%	4.87%	3.85%	8.81%	0.0182%
SIMON PROPERTY GROUP INC	SPG	56,492.17	0.29%	3.20%	7.39%	10.71%	0.0311%
STAPLES INC	SPLS	10,452.75	0.05%	3.05%	0.17%	3.22%	0.0017%
STERICYCLE INC	SRCL	11,370.31	0.06%	0.00%	15.33%	15.33%	0.0090%
SEMPRA ENERGY	SRE	26,259.98	0.13%	2.63%	8.92%	11.67%	0.0157%
SUNTRUST BANKS INC	STI	21,779.11	0.11%	2.20%	6.10%	8.38%	0.0094%
ST JUDE MEDICAL INC	STJ	19,622.55	0.10%	1.64%	10.45%	12.18%	0.0123%
STATE STREET CORP	STT	31,795.24	0.16%	1.70%	9.89%	11.67%	0.0191%
SEAGATE TECHNOLOGY	STX	19,280.01	0.10%	3.48%	6.80%	10.40%	0.0103%
CONSTELLATION BRANDS INC-A	STZ	22,594.97	0.12%	0.93%	10.07%	11.04%	0.0128%
STANLEY BLACK & DECKER INC	SWK	15,172.74	0.08%	2.16%	9.80%	12.06%	0.0094%
SKYWORKS SOLUTIONS INC	SWKS	17,622.94	0.09%	0.57%	19.94%	20.57%	0.0186%
SOUTHWESTERN ENERGY CO	SWN	10,779.07	0.06%	0.00%	4.69%	4.69%	0.0026%
STRYKER CORP	SYK	34,904.46	0.18%	1.49%	10.78%	12.35%	0.0222%
SYMANTEC CORP	SYMC	17,008.32	0.09%	2.41%	7.77%	10.27%	0.0090%
SYSCO CORP	SYU	21,934.45	0.11%	3.21%	8.50%	11.84%	0.0134%
AT&T INC	T	179,787.41	0.92%	5.44%	4.56%	10.13%	0.0936%
MOLSON COORS BREWING CO-B	TAP	13,851.51	0.07%	2.21%	2.91%	5.14%	0.0037%
TERADATA CORP	TDC	6,385.15	0.03%	0.00%	10.13%	10.13%	0.0033%
TECO ENERGY INC	TE	4,463.51	0.02%	4.75%	8.45%	13.40%	0.0031%
INTEGRYS ENERGY GROUP INC	TEG	5,845.30	0.03%	3.75%	3.20%	7.01%	0.0021%
TE CONNECTIVITY LTD	TEL	27,058.65	0.14%	1.81%	10.45%	12.35%	0.0172%
TARGET CORP	TGT	50,381.96	0.26%	2.60%	9.35%	12.07%	0.0313%
TENET HEALTHCARE CORP	THC	4,745.49	0.02%	0.00%	13.27%	13.27%	0.0032%
TIFFANY & CO	TIF	11,309.37	0.06%	1.82%	11.93%	13.86%	0.0081%
TJX COMPANIES INC	TJX	44,033.07	0.23%	1.27%	11.91%	13.25%	0.0300%
TORCHMARK CORP	TMK	7,132.00	0.04%	0.98%	5.12%	6.10%	0.0022%
THERMO FISHER SCIENTIFIC INC	TMO	50,027.80	0.26%	0.48%	12.30%	12.81%	0.0329%
TRIPADVISOR INC	TRIP	11,550.92	0.06%	0.00%	23.38%	23.38%	0.0139%
T ROWE PRICE GROUP INC	TROW	21,154.28	0.11%	4.22%	11.59%	16.06%	0.0175%
TRAVELERS COS INC/THE	TRV	32,223.59	0.17%	2.35%	6.74%	9.17%	0.0152%
TRACTOR SUPPLY COMPANY	TSCO	11,745.48	0.06%	0.69%	15.38%	16.13%	0.0097%
TYSON FOODS INC-CL A	TSN	16,052.16	0.08%	0.95%	9.15%	10.14%	0.0084%
TESORO CORP	TSO	10,792.76	0.06%	2.01%	17.96%	20.15%	0.0112%
TOTAL SYSTEM SERVICES INC	TSS	7,320.73	0.04%	1.01%	11.25%	12.32%	0.0046%
TIME WARNER CABLE	TWC	43,937.22	0.23%	1.99%	11.75%	13.86%	0.0313%
TIME WARNER INC	TWX	69,604.69	0.36%	1.66%	11.03%	12.77%	0.0457%
TEXAS INSTRUMENTS INC	TXN	56,765.58	0.29%	2.53%	9.40%	12.05%	0.0352%
TEXTRON INC	TXT	12,210.80	0.06%	0.25%	9.26%	9.52%	0.0060%
TYCO INTERNATIONAL PLC	TYC	16,580.25	0.09%	2.01%	10.93%	13.05%	0.0111%
UNDER ARMOUR INC-CLASS A	UA	16,709.23	0.09%	0.00%	23.34%	23.34%	0.0200%
UNIVERSAL HEALTH SERVICES-B	UHS	11,587.09	0.06%	0.35%	9.03%	9.40%	0.0056%
UNITEDHEALTH GROUP INC	UNH	106,010.98	0.54%	1.46%	11.58%	13.13%	0.0715%
UNUM GROUP	UNM	8,523.29	0.04%	2.06%	9.00%	11.15%	0.0049%
UNION PACIFIC CORP	UNP	93,013.99	0.48%	2.14%	13.23%	15.51%	0.0742%
UNITED PARCEL SERVICE-CL B	UPS	90,704.98	0.47%	2.87%	11.57%	14.60%	0.0681%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	13,892.47	0.07%	0.97%	5.10%	6.10%	0.0044%
URBAN OUTFITTERS INC	URBN	5,225.96	0.03%	0.00%	16.96%	16.96%	0.0046%
UNITED RENTALS INC	URI	9,365.36	0.05%	0.00%	16.41%	16.41%	0.0079%
US BANCORP	USB	76,424.58	0.39%	2.37%	7.70%	10.16%	0.0399%
UNITED TECHNOLOGIES CORP	UTX	101,260.45	0.52%	2.21%	8.66%	10.97%	0.0571%
VISA INC-CLASS A SHARES	V	162,192.60	0.83%	0.70%	17.77%	18.54%	0.1545%
VARIAN MEDICAL SYSTEMS INC	VAR	8,891.38	0.05%	0.00%	10.50%	10.50%	0.0048%
VF CORP	VFC	30,818.09	0.16%	1.80%	12.80%	14.72%	0.0233%
VIACOM INC-CLASS B	VIAB	27,553.17	0.14%	1.95%	10.98%	13.03%	0.0185%
VALERO ENERGY CORP	VLO	29,248.23	0.15%	2.85%	-2.33%	0.49%	0.0007%
VULCAN MATERIALS CO	VMC	11,341.24	0.06%	0.34%	18.02%	18.40%	0.0107%
VORNADO REALTY TRUST	VNO	19,472.74	0.10%	2.59%	8.58%	11.28%	0.0113%
VERISIGN INC	VRSN	7,394.75	0.04%	0.00%	10.67%	10.67%	0.0041%
VERTEX PHARMACEUTICALS INC	VRTX	30,032.65	0.15%	0.00%	24.94%	24.94%	0.0385%
VENTAS INC	VTR	22,797.78	0.12%	4.63%	3.68%	8.39%	0.0098%
VERIZON COMMUNICATIONS INC	VZ	205,718.89	1.06%	4.41%	7.60%	12.18%	0.1288%
WATERS CORP	WAT	10,350.31	0.05%	0.00%	9.31%	9.31%	0.0050%
WALGREENS BOOTS ALLIANCE INC	WBA	90,456.44	0.46%	1.61%	15.65%	17.38%	0.0808%
WESTERN DIGITAL CORP	WDC	22,581.02	0.12%	1.73%	5.05%	6.82%	0.0079%
WISCONSIN ENERGY CORP	WEC	11,076.39	0.06%	3.49%	5.50%	9.08%	0.0052%
WELLS FARGO & CO	WFC	284,475.79	1.46%	2.67%	10.44%	13.25%	0.1938%
WHOLE FOODS MARKET INC	WFM	17,230.06	0.09%	1.12%	12.80%	13.99%	0.0124%
WHIRLPOOL CORP	WHR	13,809.96	0.07%	2.08%	19.69%	21.97%	0.0156%
WASTE MANAGEMENT INC	WM	22,675.93	0.12%	3.11%	8.20%	11.43%	0.0133%
WILLIAMS COS INC	WMB	38,339.34	0.20%	4.68%	10.50%	15.42%	0.0304%
WAL-MART STORES INC	WMT	251,750.52	1.29%	2.54%	6.31%	8.92%	0.1155%
WESTERN UNION CO	WU	10,470.79	0.05%	3.06%	7.38%	10.55%	0.0057%
WEYERHAEUSER CO	WY	16,345.07	0.08%	3.82%	4.63%	8.53%	0.0072%
WYNDHAM WORLDWIDE CORP	WYN	10,251.87	0.05%	1.98%	10.00%	12.08%	0.0064%
WYNN RESORTS LTD	WYNN	11,276.34	0.06%	3.94%	11.00%	15.15%	0.0088%
CIMAREX ENERGY CO	XEC	10,905.58	0.06%	0.51%	-7.49%	-6.99%	-0.0039%
XCEL ENERGY INC	XEL	17,180.84	0.09%	3.75%	5.00%	8.85%	0.0078%
XL GROUP PLC	XL	9,514.77	0.05%	1.83%	5.87%	7.75%	0.0038%
XILINX INC	XLNX	11,335.92	0.06%	2.82%	9.24%	12.19%	0.0071%
EXXON MOBIL CORP	XOM	366,035.75	1.88%	3.27%	10.80%	14.25%	0.2680%
DENTSPLY INTERNATIONAL INC	XRAY	7,132.56	0.04%	0.55%	9.50%	10.08%	0.0037%
XEROX CORP	XRX	12,695.38	0.07%	2.39%	9.15%	11.65%	0.0076%
XYLEM INC	XYL	6,714.36	0.03%	1.47%	11.45%	13.01%	0.0045%
YAHOO! INC	YHOO	39,934.20	0.21%	0.00%	10.60%	10.60%	0.0218%
YUM! BRANDS INC	YUM	37,169.17	0.19%	1.93%	11.31%	13.36%	0.0255%
ZIONS BANCORPORATION	ZION	5,753.89	0.03%	0.77%	8.47%	9.27%	0.0027%
ZIMMER HOLDINGS INC	ZMH	18,673.41	0.10%	0.86%	10.24%	11.15%	0.0107%
ZOETIS INC	ZTS	22,239.53	0.11%	0.73%	11.83%	12.61%	0.0144%
Total Market Capitalization:		19,454,229.11					12.95%

Notes:

[1] Equals sum of Col. [9]

[2] Source: Bloomberg Professional

[3] Equals [1] - [2]

[4] Source: Bloomberg Professional

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

[6] Source: Bloomberg Professional

[7] Source: Bloomberg Professional

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

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

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

[1]	[2]	[3]
S&P 500	Current 30-Year	
Est. Required	Treasury (30-day	Implied Market
Market Return	average)	Risk Premium
12.81%	2.57%	10.24%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
AGILENT TECHNOLOGIES INC	A	14,312.22	0.08%	0.94%	-2.50%	-1.57%	-0.0012%
ALCOA INC	AA	16,122.20	0.09%	0.91%	22.00%	23.01%	0.0201%
AMERICAN AIRLINES GROUP INC	AAL	35,885.04	N/A	0.78%	N/A	N/A	N/A
APPLE INC	AAPL	755,511.80	4.10%	1.54%	14.50%	16.15%	0.6617%
ABBVIE INC	ABBV	102,367.30	N/A	3.18%	N/A	N/A	N/A
AMERISOURCEBERGEN CORP	ABC	25,267.97	0.14%	1.01%	14.50%	15.58%	0.0214%
ABBOTT LABORATORIES	ABT	72,970.58	0.40%	1.98%	-2.50%	-0.54%	-0.0022%
ACE LTD	ACE	35,970.94	0.20%	2.40%	8.50%	11.00%	0.0215%
ACCENTURE PLC-CL A	ACN	58,785.60	0.32%	2.25%	7.00%	9.33%	0.0297%
ACTAVIS PLC	ACT	79,035.56	0.43%	0.00%	23.50%	23.50%	0.1007%
ADOBE SYSTEMS INC	ADBE	38,263.68	0.21%	0.00%	27.00%	27.00%	0.0560%
ANALOG DEVICES INC	ADI	19,816.36	0.11%	2.52%	12.00%	14.67%	0.0158%
ARCHER-DANIELS-MIDLAND CO	ADM	31,616.85	0.17%	2.32%	10.00%	12.44%	0.0213%
AUTOMATIC DATA PROCESSING	ADP	40,920.87	0.22%	2.40%	7.50%	9.99%	0.0222%
ALLIANCE DATA SYSTEMS CORP	ADS	18,410.51	0.10%	0.00%	15.00%	15.00%	0.0150%
AUTODESK INC	ADSK	14,244.25	0.08%	0.00%	7.50%	7.50%	0.0058%
ADT CORP/THE	ADT	6,982.91	0.04%	2.07%	10.50%	12.68%	0.0048%
AMEREN CORPORATION	AEE	10,168.79	0.06%	3.96%	5.00%	9.06%	0.0050%
AMERICAN ELECTRIC POWER	AEP	27,846.97	0.15%	3.83%	5.50%	9.44%	0.0142%
AES CORP	AES	9,368.27	0.05%	3.01%	8.50%	11.84%	0.0059%
AETNA INC	AET	38,300.13	0.21%	0.92%	10.50%	11.47%	0.0238%
AFLAC INC	AFL	28,391.70	0.15%	2.49%	4.50%	7.05%	0.0108%
AMERICAN INTERNATIONAL GROUP	AIG	78,083.80	0.42%	0.88%	9.50%	10.42%	0.0441%
APARTMENT INVT & MGMT CO -A	AIV	-	N/A	2.90%	N/A	N/A	N/A
ASSURANT INC	AIZ	4,192.59	0.02%	1.79%	4.00%	5.83%	0.0013%
AKAMAI TECHNOLOGIES INC	AKAM	13,598.94	0.07%	0.00%	15.00%	15.00%	0.0111%
ALLSTATE CORP	ALL	29,598.58	0.16%	1.70%	11.00%	12.79%	0.0205%
ALLEGION PLC	ALLE	5,735.58	N/A	0.67%	N/A	N/A	N/A
ALTERA CORP	ALTR	12,873.27	0.07%	1.71%	4.00%	5.74%	0.0040%
ALEXION PHARMACEUTICALS INC	ALXN	37,312.48	0.20%	0.00%	25.50%	25.50%	0.0516%
APPLIED MATERIALS INC	AMAT	27,246.93	0.15%	1.80%	26.00%	28.03%	0.0414%
AMETEK INC	AME	12,715.94	0.07%	0.68%	7.50%	8.21%	0.0057%
AFFILIATED MANAGERS GROUP	AMG	12,346.99	0.07%	0.00%	15.00%	15.00%	0.0100%
AMGEN INC	AMGN	128,638.90	0.70%	1.87%	6.50%	8.43%	0.0588%
AMERIPRISE FINANCIAL INC	AMP	24,365.77	0.13%	2.11%	15.50%	17.77%	0.0235%
AMERICAN TOWER CORP	AMT	38,069.96	0.21%	1.79%	20.00%	21.97%	0.0454%
AMAZON.COM INC	AMZN	181,104.70	N/A	0.00%	N/A	N/A	N/A
AUTONATION INC	AN	7,361.95	0.04%	0.00%	11.50%	11.50%	0.0046%
ANTHEM INC	ANTM	41,138.56	0.22%	1.62%	8.50%	10.19%	0.0227%
AON PLC	AON	27,274.80	0.15%	1.23%	16.00%	17.33%	0.0256%
APACHE CORP	APA	25,755.85	0.14%	1.46%	1.50%	2.97%	0.0041%
ANADARKO PETROLEUM CORP	APC	47,351.98	0.26%	1.16%	68.00%	69.55%	0.1786%
AIR PRODUCTS & CHEMICALS INC	APD	32,269.67	0.17%	2.15%	10.50%	12.76%	0.0223%
AMPHENOL CORP-CL A	APH	17,690.40	0.10%	0.88%	10.00%	10.92%	0.0105%
AIRGAS INC	ARG	7,874.08	0.04%	2.34%	12.00%	14.48%	0.0062%
ALLEGHENY TECHNOLOGIES INC	ATI	3,757.02	0.02%	2.08%	49.00%	51.59%	0.0105%
AVALONBAY COMMUNITIES INC	AVB	-	N/A	2.98%	N/A	N/A	N/A
AVAGO TECHNOLOGIES LTD	AVGO	31,797.78	0.17%	1.23%	16.50%	17.83%	0.0307%
AVERY DENNISON CORP	AVY	4,759.06	0.03%	2.72%	9.50%	12.35%	0.0032%
AMERICAN EXPRESS CO	AXP	79,947.45	0.43%	1.45%	10.00%	11.52%	0.0500%
AUTOZONE INC	AZO	22,405.73	0.12%	0.00%	13.00%	13.00%	0.0158%
BOEING CO/THE	BA	105,913.10	0.57%	2.49%	11.00%	13.63%	0.0783%
BANK OF AMERICA CORP	BAC	164,994.40	0.89%	1.66%	31.50%	33.42%	0.2990%
BAXTER INTERNATIONAL INC	BAX	38,774.65	0.21%	2.91%	5.50%	8.49%	0.0179%
BED BATH & BEYOND INC	BBBY	13,247.85	0.07%	0.00%	7.00%	7.00%	0.0050%
BB&T CORP	BBT	27,285.63	0.15%	2.62%	7.50%	10.22%	0.0151%
BEST BUY CO INC	BBY	12,660.20	0.07%	2.55%	5.00%	7.61%	0.0052%
CR BARD INC	BCR	13,200.77	0.07%	0.55%	10.00%	10.58%	0.0076%
BECTON DICKINSON AND CO	BDX	27,850.60	0.15%	1.66%	7.50%	9.22%	0.0139%
FRANKLIN RESOURCES INC	BEN	32,291.46	0.18%	1.21%	9.00%	10.26%	0.0180%
BROWN-FORMAN CORP-CLASS B	BF/B	19,314.69	0.10%	1.41%	8.50%	9.97%	0.0104%
BAKER HUGHES INC	BHI	29,718.73	0.16%	1.00%	11.50%	12.56%	0.0202%
BIOGEN INC	BIIB	101,715.60	0.55%	0.00%	16.50%	16.50%	0.0910%
BANK OF NEW YORK MELLON CORP	BK	54,937.66	0.30%	1.60%	11.50%	13.19%	0.0393%
BLACKROCK INC	BLK	62,082.93	0.34%	2.35%	8.00%	10.44%	0.0352%
BALL CORP	BLL	9,925.93	0.05%	0.72%	10.00%	10.76%	0.0058%
BRISTOL-MYERS SQUIBB CO	BMJ	109,699.80	0.59%	2.24%	14.50%	16.90%	0.1005%
BROADCOM CORP-CL A	BRCM	27,173.12	0.15%	1.23%	5.50%	6.76%	0.0100%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
BERKSHIRE HATHAWAY INC-CL B	BRK/B	-	N/A	0.00%	N/A	N/A	N/A
BOSTON SCIENTIFIC CORP	BSX	24,451.64	0.13%	0.00%	12.50%	12.50%	0.0166%
BORGWARNER INC	BWA	13,742.04	0.07%	0.86%	11.00%	11.91%	0.0089%
BOSTON PROPERTIES INC	BXP	-	N/A	1.93%	N/A	N/A	N/A
CITIGROUP INC	C	161,229.40	0.87%	1.03%	10.00%	11.08%	0.0969%
CA INC	CA	14,056.70	0.08%	3.12%	4.00%	7.18%	0.0055%
CONAGRA FOODS INC	CAG	16,018.72	0.09%	2.67%	6.50%	9.26%	0.0080%
CARDINAL HEALTH INC	CAH	30,195.00	0.16%	1.59%	12.50%	14.19%	0.0232%
CAMERON INTERNATIONAL CORP	CAM	10,468.43	0.06%	0.00%	12.50%	12.50%	0.0071%
CATERPILLAR INC	CAT	51,331.69	0.28%	3.30%	3.50%	6.86%	0.0191%
CHUBB CORP	CB	23,151.28	0.13%	2.29%	6.50%	8.86%	0.0111%
CBRE GROUP INC - A	CBG	12,731.51	0.07%	0.00%	10.50%	10.50%	0.0072%
CBS CORP-CLASS B NON VOTING	GBS	32,047.60	0.17%	0.97%	12.50%	13.53%	0.0235%
COCA-COLA ENTERPRISES	CCE	10,792.34	0.06%	2.53%	8.50%	11.14%	0.0065%
CROWN CASTLE INTL CORP	CCI	28,800.26	0.16%	3.79%	25.50%	29.77%	0.0465%
CARNIVAL CORP	CCL	36,013.62	0.20%	2.16%	11.00%	13.28%	0.0259%
CELGENE CORP	CELG	92,895.22	0.50%	0.00%	15.50%	15.50%	0.0781%
CERNER CORP	CERN	25,007.43	0.14%	0.00%	15.50%	15.50%	0.0210%
CF INDUSTRIES HOLDINGS INC	CF	14,005.74	0.08%	2.24%	6.50%	8.81%	0.0067%
CHESAPEAKE ENERGY CORP	CHK	9,493.79	0.05%	2.41%	11.50%	14.05%	0.0072%
C.H. ROBINSON WORLDWIDE INC	CHRW	10,333.68	0.06%	2.15%	6.00%	8.21%	0.0046%
CIGNA CORP	CI	34,455.99	0.19%	0.03%	12.00%	12.03%	0.0225%
CINCINNATI FINANCIAL CORP	CINF	8,524.90	0.05%	3.52%	10.50%	14.20%	0.0066%
COLGATE-PALMOLIVE CO	CL	62,762.61	0.34%	2.23%	11.00%	13.35%	0.0454%
CLOROX COMPANY	CLX	14,288.61	0.08%	2.82%	7.00%	9.92%	0.0077%
COMERICA INC	CMA	8,319.83	0.05%	1.73%	8.50%	10.30%	0.0046%
COMCAST CORP-CLASS A	CMCSA	152,594.10	0.83%	1.69%	10.00%	11.77%	0.0974%
CME GROUP INC	CME	30,565.60	0.17%	2.22%	10.00%	12.33%	0.0204%
CHIPOTLE MEXICAN GRILL INC	CMG	19,720.76	0.11%	0.00%	13.00%	13.00%	0.0139%
CUMMINS INC	CMI	24,779.32	0.13%	2.29%	8.00%	10.38%	0.0140%
CMS ENERGY CORP	CMS	9,634.75	0.05%	3.37%	5.50%	8.96%	0.0047%
CENTERPOINT ENERGY INC	CNP	8,996.13	0.05%	4.77%	1.50%	6.31%	0.0031%
CONSOL ENERGY INC	CNX	7,061.83	0.04%	0.82%	5.50%	6.34%	0.0024%
CAPITAL ONE FINANCIAL CORP	COF	45,720.94	0.25%	1.47%	4.50%	6.00%	0.0149%
CABOT OIL & GAS CORP	COG	13,629.75	0.07%	0.24%	26.50%	26.77%	0.0198%
COACH INC	COH	11,681.41	0.06%	3.19%	1.50%	4.71%	0.0030%
ROCKWELL COLLINS INC	COL	12,978.38	0.07%	1.35%	9.00%	10.41%	0.0073%
CONOCOPHILLIPS	COP	84,052.08	0.46%	4.28%	-3.00%	1.22%	0.0055%
COSTCO WHOLESALE CORP	COST	64,838.21	0.35%	1.09%	10.50%	11.65%	0.0410%
CAMPBELL SOUP CO	CPB	14,373.84	0.08%	2.71%	3.00%	5.75%	0.0045%
SALESFORCE.COM INC	CRM	43,204.57	N/A	0.00%	N/A	N/A	N/A
COMPUTER SCIENCES CORP	CSC	9,256.06	0.05%	1.40%	10.50%	11.97%	0.0060%
CISCO SYSTEMS INC	CSCO	146,468.80	0.79%	2.93%	6.50%	9.53%	0.0757%
CSX CORP	CSX	36,446.62	0.20%	1.95%	8.50%	10.53%	0.0208%
CINTAS CORP	CTAS	9,411.65	0.05%	1.03%	9.50%	10.58%	0.0054%
CENTURYLINK INC	CTL	20,921.06	0.11%	5.89%	15.00%	21.33%	0.0242%
COGNIZANT TECH SOLUTIONS-A	CTSH	37,265.35	0.20%	0.00%	17.50%	17.50%	0.0354%
CITRIX SYSTEMS INC	CTXS	11,015.14	0.06%	0.00%	11.50%	11.50%	0.0069%
CABLEVISION SYSTEMS-NY GRP-A	CVC	5,325.27	0.03%	3.09%	19.00%	22.38%	0.0065%
CVS HEALTH CORP	CVS	116,314.60	0.63%	1.39%	11.50%	12.97%	0.0818%
CHEVRON CORP	CVX	207,889.90	1.13%	3.89%	1.00%	4.91%	0.0553%
DOMINION RESOURCES INC/A	D	42,843.96	0.23%	3.54%	7.50%	11.17%	0.0260%
DELTA AIR LINES INC	DAL	37,979.74	0.21%	0.78%	18.00%	18.85%	0.0388%
DU PONT (E.I.) DE NEMOURS	DD	64,063.46	0.35%	2.77%	8.50%	11.39%	0.0396%
DEERE & CO	DE	30,075.95	0.16%	2.71%	-0.50%	2.20%	0.0036%
DISCOVER FINANCIAL SERVICES	DFS	26,718.14	0.14%	1.91%	4.00%	5.95%	0.0086%
DOLLAR GENERAL CORP	DG	23,137.83	0.13%	1.23%	14.00%	15.32%	0.0192%
QUEST DIAGNOSTICS INC	DGX	10,905.45	0.06%	2.02%	7.00%	9.09%	0.0054%
DR HORTON INC	DHI	9,553.64	0.05%	0.96%	17.50%	18.54%	0.0096%
DANAHER CORP	DHR	59,647.17	0.32%	0.64%	12.50%	13.18%	0.0426%
WALT DISNEY CO/THE	DIS	185,300.00	1.00%	1.06%	12.50%	13.63%	0.1369%
DISCOVERY COMMUNICATIONS-A	DISCA	14,880.15	0.08%	0.00%	14.50%	14.50%	0.0117%
DELPHI AUTOMOTIVE PLC	DLPH	24,259.79	0.13%	1.20%	14.00%	15.28%	0.0201%
DOLLAR TREE INC	DLTR	16,662.38	0.09%	0.00%	14.00%	14.00%	0.0126%
DUN & BRADSTREET CORP	DNB	4,752.20	0.03%	1.40%	5.50%	6.94%	0.0018%
DIAMOND OFFSHORE DRILLING	DO	4,169.27	0.02%	1.65%	2.00%	3.67%	0.0008%
DOVER CORP	DOV	11,929.21	0.06%	2.15%	5.00%	7.20%	0.0047%
DOW CHEMICAL CO/THE	DOW	59,037.29	0.32%	3.37%	12.50%	16.08%	0.0515%
DR PEPPER SNAPPLE GROUP INC	DPS	15,233.96	0.08%	2.46%	8.50%	11.06%	0.0091%
DARDEN RESTAURANTS INC	DRI	8,278.37	0.04%	3.65%	7.00%	10.78%	0.0048%
DTE ENERGY COMPANY	DTE	14,658.40	0.08%	3.47%	6.00%	9.57%	0.0076%
DIRECTV	DTV	45,261.51	0.25%	0.00%	11.00%	11.00%	0.0270%
DUKE ENERGY CORP	DUK	55,754.02	0.30%	4.10%	5.00%	9.20%	0.0278%
DAVITA HEALTHCARE PARTNERS I	DVA	17,986.53	0.10%	0.00%	11.50%	11.50%	0.0112%
DEVON ENERGY CORP	DVN	27,116.70	0.15%	1.45%	8.50%	10.01%	0.0147%
ELECTRONIC ARTS INC	EA	18,562.80	0.10%	0.00%	18.00%	18.00%	0.0181%
EBAY INC	EBAY	72,081.36	0.39%	0.00%	12.00%	12.00%	0.0469%
ECOLAB INC	ECL	34,743.42	0.19%	1.14%	10.00%	11.20%	0.0211%
CONSOLIDATED EDISON INC	ED	18,187.60	0.10%	4.22%	2.50%	6.77%	0.0067%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
EQUIFAX INC	EFX	11,847.36	0.06%	1.18%	7.50%	8.72%	0.0056%
EDISON INTERNATIONAL	EIX	19,692.02	0.11%	2.91%	3.00%	5.95%	0.0064%
ESTEE LAUDER COMPANIES-CL A	EL	31,235.36	0.17%	1.16%	9.00%	10.21%	0.0173%
EMC CORP/MA	EMC	52,781.15	0.29%	1.73%	6.50%	8.29%	0.0237%
EASTMAN CHEMICAL CO	EMN	11,193.12	0.06%	2.13%	10.00%	12.24%	0.0074%
EMERSON ELECTRIC CO	EMR	40,087.89	0.22%	3.23%	6.50%	9.83%	0.0214%
ENDO INTERNATIONAL PLC	ENDP	14,457.18	N/A	0.00%	N/A	N/A	N/A
EOG RESOURCES INC	EOG	53,842.04	0.29%	0.77%	11.50%	12.31%	0.0360%
EQUINIX INC	EQIX	13,166.80	0.07%	2.74%	24.50%	27.58%	0.0197%
EQUITY RESIDENTIAL	EQR	-	N/A	2.94%	N/A	N/A	N/A
EQT CORP	EQT	13,270.71	0.07%	0.14%	19.00%	19.15%	0.0138%
EVERSOURCE ENERGY	ES	15,728.70	0.09%	3.37%	8.00%	11.50%	0.0098%
EXPRESS SCRIPTS HOLDING CO	ESRX	63,769.44	0.35%	0.00%	14.00%	14.00%	0.0484%
ESSEX PROPERTY TRUST INC	ESS	-	N/A	2.60%	N/A	N/A	N/A
ENSCO PLC-CL A	ESV	5,687.68	0.03%	2.47%	-0.50%	1.96%	0.0006%
E*TRADE FINANCIAL CORP	ETFC	8,142.48	0.04%	0.00%	34.50%	34.50%	0.0152%
EATON CORP PLC	ETN	32,794.86	0.18%	3.18%	7.50%	10.80%	0.0192%
ENTERGY CORP	ETR	14,082.89	0.08%	4.23%	-0.50%	3.72%	0.0028%
EDWARDS LIFESCIENCES CORP	EW	15,298.98	0.08%	0.00%	16.00%	16.00%	0.0133%
EXELON CORP	EXC	28,451.87	0.15%	3.75%	3.00%	6.81%	0.0105%
EXPEDITORS INTL WASH INC	EXPD	9,008.20	0.05%	1.37%	9.50%	10.94%	0.0053%
EXPEDIA INC	EXPE	12,516.25	0.07%	0.77%	18.50%	19.34%	0.0131%
FORD MOTOR CO	F	60,655.31	0.33%	3.81%	6.00%	9.92%	0.0326%
FASTENAL CO	FAST	12,366.69	0.07%	2.66%	10.00%	12.79%	0.0086%
FACEBOOK INC-A	FB	230,500.80	1.25%	0.00%	37.50%	37.50%	0.4687%
FREEPORT-MCMORAN INC	FCX	20,852.73	0.11%	1.00%	11.50%	12.56%	0.0142%
FAMILY DOLLAR STORES	FDO	9,088.02	0.05%	0.00%	4.00%	4.00%	0.0020%
FEDEX CORP	FDX	48,266.90	0.26%	0.47%	15.00%	15.51%	0.0406%
FIRSTENERGY CORP	FE	14,991.23	0.08%	4.05%	3.50%	7.62%	0.0062%
F5 NETWORKS INC	FFIV	8,895.18	0.05%	0.00%	11.50%	11.50%	0.0055%
FIDELITY NATIONAL INFO SERV	FIS	18,307.94	0.10%	1.61%	12.00%	13.71%	0.0136%
FISERV INC	FISV	19,562.68	0.11%	0.00%	9.50%	9.50%	0.0101%
FIFTH THIRD BANCORP	FITB	16,233.71	0.09%	2.79%	4.00%	6.85%	0.0060%
FLIR SYSTEMS INC	FLIR	4,314.39	0.02%	1.46%	10.50%	12.04%	0.0028%
FLUOR CORP	FLR	9,001.21	0.05%	1.39%	7.50%	8.94%	0.0044%
FLOWSERVE CORP	FLS	7,707.60	0.04%	1.26%	10.00%	11.32%	0.0047%
FMC CORP	FMC	7,812.38	0.04%	1.16%	9.50%	10.72%	0.0045%
FOSSIL GROUP INC	FOSL	4,230.24	0.02%	0.00%	8.50%	8.50%	0.0019%
TWENTY-FIRST CENTURY FOX-A	FOXA	73,205.49	0.40%	0.87%	13.50%	14.43%	0.0573%
FIRST SOLAR INC	FSLR	6,493.65	0.04%	0.00%	7.50%	7.50%	0.0026%
FMC TECHNOLOGIES INC	FTI	9,688.14	0.05%	0.00%	16.50%	16.50%	0.0087%
FRONTIER COMMUNICATIONS CORP	FTR	7,084.71	0.04%	5.94%	20.00%	26.53%	0.0102%
AGL RESOURCES INC	GAS	6,044.57	0.03%	4.04%	6.50%	10.67%	0.0035%
GANNETT CO	GCI	8,014.71	0.04%	2.25%	8.00%	10.34%	0.0045%
GENERAL DYNAMICS CORP	GD	44,050.29	0.24%	2.08%	9.00%	11.17%	0.0267%
GENERAL ELECTRIC CO	GE	269,632.80	1.46%	3.43%	8.50%	12.08%	0.1766%
GENERAL GROWTH PROPERTIES	GGP	-	N/A	2.47%	N/A	N/A	N/A
GILEAD SCIENCES INC	GILD	157,744.10	0.86%	1.64%	22.50%	24.32%	0.2081%
GENERAL MILLS INC	GIS	33,548.84	0.18%	3.13%	5.50%	8.72%	0.0159%
CORNING INC	GLW	28,973.84	0.16%	2.19%	10.00%	12.30%	0.0193%
GENERAL MOTORS CO	GM	57,472.00	0.31%	4.01%	8.50%	12.68%	0.0395%
KEURIG GREEN MOUNTAIN INC	GMCR	18,402.60	0.10%	1.01%	14.50%	15.58%	0.0156%
GAMESTOP CORP-CLASS A	GME	4,406.98	0.02%	3.57%	10.50%	14.26%	0.0034%
GENWORTH FINANCIAL INC-CL A	GNW	3,956.12	0.02%	0.00%	23.00%	23.00%	0.0049%
GOOGLE INC-CL C	GOOG	372,300.20	2.02%	0.00%	15.00%	15.00%	0.3028%
GENUINE PARTS CO	GPC	14,235.48	0.08%	2.64%	8.50%	11.25%	0.0087%
GAP INC/THE	GPS	17,477.28	0.09%	2.26%	9.50%	11.87%	0.0112%
GARMIN LTD	GRMN	9,042.16	0.05%	4.33%	5.00%	9.44%	0.0046%
GOLDMAN SACHS GROUP INC	GS	90,247.57	0.49%	1.31%	11.00%	12.38%	0.0606%
GOODYEAR TIRE & RUBBER CO	GT	7,475.46	0.04%	0.87%	10.50%	11.42%	0.0046%
VWV GRAINGER INC	GWV	16,474.73	0.09%	1.77%	9.50%	11.35%	0.0101%
HALLIBURTON CO	HAL	40,848.16	0.22%	1.50%	11.50%	13.09%	0.0290%
HARMAN INTERNATIONAL	HAR	10,052.58	0.05%	0.98%	21.50%	22.59%	0.0123%
HASBRO INC	HAS	9,046.86	0.05%	2.57%	8.00%	10.67%	0.0052%
HUNTINGTON BANCSHARES INC	HBAN	8,877.31	0.05%	2.29%	7.50%	9.88%	0.0048%
HANESBRANDS INC	HBI	13,859.28	0.08%	1.16%	14.50%	15.74%	0.0118%
HCA HOLDINGS INC	HCA	32,561.74	0.18%	0.00%	13.50%	13.50%	0.0238%
HUDSON CITY BANCORP INC	HCBK	4,977.02	0.03%	1.70%	11.00%	12.79%	0.0035%
HEALTH CARE REIT INC	HCN	-	N/A	4.42%	N/A	N/A	N/A
HCP INC	HCP	-	0.00%	5.31%	89.00%	96.67%	0.0000%
HOME DEPOT INC	HD	150,199.30	0.81%	2.07%	13.50%	15.71%	0.1280%
HESS CORP	HES	22,793.06	0.12%	1.32%	-10.00%	-8.75%	-0.0108%
HARTFORD FINANCIAL SVCS GRP	HIG	17,980.15	0.10%	1.74%	13.50%	15.36%	0.0150%
HARLEY-DAVIDSON INC	HOG	12,066.34	0.07%	2.18%	13.50%	15.83%	0.0104%
HONEYWELL INTERNATIONAL INC	HON	80,523.63	0.44%	2.01%	9.50%	11.61%	0.0507%
STARWOOD HOTELS & RESORTS	HOT	15,034.70	0.08%	1.80%	11.00%	12.90%	0.0105%
HELMERICH & PAYNE	HP	8,108.15	0.04%	3.65%	2.00%	5.69%	0.0025%
HEWLETT-PACKARD CO	HPQ	60,818.36	N/A	2.10%	N/A	N/A	N/A
H&R BLOCK INC	HRB	8,984.10	0.05%	2.91%	9.50%	12.55%	0.0061%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
HORMEL FOODS CORP	HRL	14,475.81	0.08%	1.93%	12.00%	14.05%	0.0110%
HARRIS CORP	HRS	8,534.48	0.05%	2.40%	3.50%	5.94%	0.0028%
HENRY SCHEIN INC	HSIC	11,979.66	0.06%	0.00%	7.50%	7.50%	0.0049%
HOSPIRA INC	HSP	14,744.41	0.08%	0.00%	10.50%	10.50%	0.0084%
HOST HOTELS & RESORTS INC	HST	-	N/A	3.87%	N/A	N/A	N/A
HERSHEY CO/THE	HSY	20,963.20	0.11%	2.45%	10.50%	13.08%	0.0149%
HUMANA INC	HUM	27,215.01	0.15%	0.84%	10.50%	11.17%	0.0165%
INTL BUSINESS MACHINES CORP	IBM	168,626.60	0.91%	2.70%	3.50%	6.25%	0.0571%
INTERCONTINENTAL EXCHANGE INC	ICE	25,446.47	0.14%	1.16%	15.50%	16.75%	0.0231%
INTL FLAVORS & FRAGRANCES	IFF	9,416.18	0.05%	1.61%	7.50%	9.17%	0.0047%
INTEL CORP	INTC	153,597.80	0.83%	2.97%	8.50%	11.60%	0.0966%
INTUIT INC	INTU	28,498.55	0.15%	0.99%	11.00%	12.04%	0.0186%
INTERNATIONAL PAPER CO	IP	22,218.38	0.12%	3.03%	15.50%	18.76%	0.0226%
INTERPUBLIC GROUP OF COS INC	IPG	8,849.73	0.05%	2.27%	13.00%	15.42%	0.0074%
INGERSOLL-RAND PLC	IR	18,184.95	0.10%	1.68%	15.50%	17.31%	0.0171%
IRON MOUNTAIN INC	IRM	7,069.25	0.04%	5.21%	6.00%	11.37%	0.0044%
INTUITIVE SURGICAL INC	ISRG	18,613.55	0.10%	0.00%	4.00%	4.00%	0.0040%
ILLINOIS TOOL WORKS	ITW	37,025.27	0.20%	2.05%	10.00%	12.15%	0.0244%
INVECO LTD	IVZ	17,582.05	0.10%	2.45%	12.50%	15.10%	0.0144%
JOHNSON CONTROLS INC	JCI	34,770.80	0.19%	1.97%	11.00%	13.08%	0.0247%
JACOBS ENGINEERING GROUP INC	JEC	6,106.09	0.03%	0.00%	7.00%	7.00%	0.0023%
JOHNSON & JOHNSON	JNJ	281,695.50	1.53%	2.99%	6.50%	9.59%	0.1465%
JUNIPER NETWORKS INC	JNPR	9,988.80	0.05%	1.79%	15.00%	16.92%	0.0092%
JOY GLOBAL INC	JOY	3,932.94	0.02%	1.98%	6.00%	8.04%	0.0017%
JPMORGAN CHASE & CO	JPM	234,728.50	1.27%	2.80%	7.50%	10.41%	0.1324%
NORDSTROM INC	JWN	14,920.95	0.08%	1.92%	7.00%	8.99%	0.0073%
KELLOGG CO	K	22,730.73	0.12%	3.07%	5.00%	8.15%	0.0100%
KEYCORP	KEY	12,323.84	0.07%	1.95%	7.50%	9.52%	0.0064%
KIMCO REALTY CORP	KIM	-	N/A	3.81%	N/A	N/A	N/A
KLA-TENCOR CORP	KLAC	9,735.44	0.05%	3.34%	8.50%	11.98%	0.0063%
KIMBERLY-CLARK CORP	KMB	40,692.31	0.22%	3.15%	10.00%	13.31%	0.0294%
KINDER MORGAN INC	KMI	94,717.80	0.51%	4.31%	16.50%	21.17%	0.1087%
CARMAX INC	KMX	14,916.12	0.08%	0.00%	13.50%	13.50%	0.0109%
COCA-COLA CO/THE	KO	178,787.70	0.97%	3.22%	5.50%	8.81%	0.0854%
MICHAEL KORS HOLDINGS LTD	KORS	12,679.40	0.07%	0.00%	18.50%	18.50%	0.0127%
KROGER CO	KR	34,542.91	0.19%	1.09%	10.00%	11.14%	0.0209%
KRAFT FOODS GROUP INC	KRFT	51,908.32	0.28%	2.49%	8.50%	11.10%	0.0312%
KOHL'S CORP	KSS	15,432.78	0.08%	2.38%	6.50%	8.96%	0.0075%
KANSAS CITY SOUTHERN	KSU	11,828.21	0.06%	1.23%	13.00%	14.31%	0.0092%
LOEWS CORP	L	15,740.41	0.09%	0.60%	14.00%	14.64%	0.0125%
L BRANDS INC	LB	26,761.80	0.15%	2.18%	9.00%	11.28%	0.0164%
LEGGETT & PLATT INC	LEG	6,076.98	0.03%	2.81%	11.50%	14.47%	0.0048%
LENNAR CORP-A	LEN	9,587.08	0.05%	0.34%	18.00%	18.37%	0.0096%
LABORATORY CRP OF AMER HLDGS	LH	10,691.75	0.06%	0.00%	7.50%	7.50%	0.0043%
L-3 COMMUNICATIONS HOLDINGS	LLL	10,211.77	0.06%	2.10%	6.00%	8.16%	0.0045%
LINEAR TECHNOLOGY CORP	LLTC	11,335.98	0.06%	2.53%	8.50%	11.14%	0.0068%
ELI LILLY & CO	LLY	77,439.03	0.42%	2.76%	2.00%	4.79%	0.0201%
LEGG MASON INC	LM	6,161.45	0.03%	1.17%	15.00%	16.26%	0.0054%
LOCKHEED MARTIN CORP	LMT	61,920.80	0.34%	3.07%	7.50%	10.69%	0.0359%
LINCOLN NATIONAL CORP	LNC	14,926.14	0.08%	1.44%	8.00%	9.50%	0.0077%
LORILLARD INC	LO	25,560.00	0.14%	3.72%	9.00%	12.89%	0.0179%
LOWE'S COS INC	LOW	71,462.38	0.39%	1.25%	15.00%	16.34%	0.0633%
LAM RESEARCH CORP	LRCX	12,278.38	0.07%	0.93%	23.00%	24.04%	0.0160%
LEUCADIA NATIONAL CORP	LUK	N/A	N/A	0.00%	N/A	N/A	N/A
SOUTHWEST AIRLINES CO	LUV	29,243.46	0.16%	0.56%	24.50%	25.13%	0.0398%
LEVEL 3 COMMUNICATIONS INC	LVL	13,019.99	N/A	0.00%	N/A	N/A	N/A
LYONDELLBASELL INDU-CL A	LYB	46,554.75	0.25%	2.87%	12.50%	15.55%	0.0393%
MACY'S INC	M	23,279.18	0.13%	2.08%	9.00%	11.17%	0.0141%
MASTERCARD INC-CLASS A	MA	105,875.20	0.57%	0.70%	14.50%	15.25%	0.0876%
MACERICH CO/THE	MAC	-	N/A	3.16%	N/A	N/A	N/A
MARRIOTT INTERNATIONAL -CL A	MAR	23,339.32	0.13%	0.98%	16.00%	17.06%	0.0216%
MASCO CORP	MAS	9,039.00	0.05%	1.37%	21.00%	22.51%	0.0110%
MATTEL INC	MAT	9,798.10	0.05%	5.26%	4.00%	9.37%	0.0050%
MCDONALD'S CORP	MCD	93,401.30	0.51%	3.51%	4.00%	7.58%	0.0384%
MICROCHIP TECHNOLOGY INC	MCHP	9,784.14	0.05%	2.94%	10.50%	13.59%	0.0072%
MCKESSON CORP	MCK	53,153.52	0.29%	0.42%	14.00%	14.45%	0.0416%
MOODY'S CORP	MCO	22,478.73	0.12%	1.26%	12.00%	13.34%	0.0163%
MONDELEZ INTERNATIONAL INC-A	MDLZ	61,238.59	0.33%	1.71%	11.00%	12.80%	0.0425%
MEDTRONIC PLC	MDT	77,228.30	0.42%	1.62%	6.00%	7.67%	0.0321%
METLIFE INC	MET	57,875.43	0.31%	2.97%	6.00%	9.06%	0.0284%
MCGRAW HILL FINANCIAL INC	MHFI	28,578.09	N/A	1.25%	N/A	N/A	N/A
MOHAWK INDUSTRIES INC	MHK	13,017.89	0.07%	0.00%	12.00%	12.00%	0.0085%
MEAD JOHNSON NUTRITION CO	MJN	19,542.31	0.11%	1.71%	9.50%	11.29%	0.0120%
MCCORMICK & CO-NON VTG SHRS	MKC	9,776.59	0.05%	2.18%	8.50%	10.77%	0.0057%
MARTIN MARIETTA MATERIALS	MLM	9,302.58	0.05%	1.16%	24.00%	25.30%	0.0128%
MARSH & MCLENNAN COS	MMC	30,655.52	0.17%	1.98%	11.00%	13.09%	0.0218%
3M CO	MMM	102,313.00	0.55%	2.57%	8.50%	11.18%	0.0620%
MALLINCKRODT PLC	MNK	14,510.44	N/A	0.00%	N/A	N/A	N/A
MONSTER BEVERAGE CORP	MNST	23,541.46	0.13%	0.00%	15.50%	15.50%	0.0198%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
ALTRIA GROUP INC	MO	103,092.50	0.56%	3.97%	9.50%	13.66%	0.0764%
MONSANTO CO	MON	58,765.06	0.31%	1.67%	11.00%	12.76%	0.0393%
MOSAIC CO/THE	MOS	16,495.19	0.09%	2.30%	6.50%	8.87%	0.0079%
MARATHON PETROLEUM CORP	MPC	27,863.06	0.15%	1.97%	10.50%	12.57%	0.0190%
MERCK & CO. INC.	MRK	164,527.00	0.89%	3.13%	3.00%	6.18%	0.0551%
MARATHON OIL CORP	MRO	20,621.25	0.11%	2.75%	-2.00%	0.72%	0.0008%
MORGAN STANLEY	MS	72,927.63	0.40%	1.61%	24.50%	26.31%	0.1040%
MICROSOFT CORP	MSFT	356,168.10	1.93%	2.86%	6.00%	8.95%	0.1728%
MOTOROLA SOLUTIONS INC	MSI	14,645.53	0.08%	2.24%	3.50%	5.78%	0.0046%
M & T BANK CORP	MTB	15,902.58	0.09%	2.33%	5.00%	7.39%	0.0064%
MICRON TECHNOLOGY INC	MU	31,704.48	0.17%	0.00%	32.50%	32.50%	0.0559%
MURPHY OIL CORP	MUR	9,627.18	0.05%	2.84%	3.00%	5.88%	0.0031%
MEADWESTVACO CORP	MWW	7,873.35	0.04%	2.12%	11.00%	13.24%	0.0057%
MYLAN NV	MYL	27,571.85	0.15%	0.00%	19.00%	19.00%	0.0284%
NAVIENT CORP	NAVI	8,594.29	N/A	3.12%	N/A	N/A	N/A
NOBLE ENERGY INC	NBL	18,653.11	0.10%	1.40%	13.00%	14.49%	0.0147%
NASDAQ OMX GROUP/THE	NDAQ	8,399.24	0.05%	2.01%	9.50%	11.61%	0.0053%
NOBLE CORP PLC	NE	4,053.79	0.02%	9.33%	-1.50%	7.76%	0.0017%
NEXTERA ENERGY INC	NEE	46,196.04	0.25%	2.95%	6.50%	9.55%	0.0239%
NEWMONT MINING CORP	NEM	11,693.81	0.06%	0.43%	-8.00%	-7.59%	-0.0048%
NETFLIX INC	NFLX	33,890.22	0.18%	0.00%	27.50%	27.50%	0.0505%
NEWFIELD EXPLORATION CO	NFX	5,145.75	0.03%	0.00%	2.00%	2.00%	0.0006%
NISOURCE INC	NI	14,092.09	0.08%	2.33%	9.00%	11.43%	0.0087%
NIKE INC -CL B	NKE	88,954.60	0.47%	1.11%	14.50%	15.69%	0.0740%
NIELSEN NV	NLSN	17,847.54	0.10%	2.42%	11.00%	13.55%	0.0130%
NORTHROP GRUMMAN CORP	NOC	32,306.28	0.18%	1.72%	6.50%	8.28%	0.0145%
NATIONAL OILWELL VARCO INC	NOV	24,004.22	0.13%	3.30%	8.00%	11.43%	0.0149%
NRG ENERGY INC	NRG	8,318.92	0.05%	2.35%	18.00%	20.56%	0.0093%
NORFOLK SOUTHERN CORP	NSC	32,738.17	0.18%	2.22%	8.00%	10.31%	0.0183%
NETAPP INC	NTAP	11,307.96	0.06%	1.87%	6.50%	8.43%	0.0052%
NORTHERN TRUST CORP	NTRS	17,377.91	0.09%	1.95%	9.50%	11.54%	0.0109%
NUCOR CORP	NUE	15,447.58	0.08%	3.10%	18.50%	21.89%	0.0183%
NVIDIA CORP	NVDA	12,077.37	0.07%	1.53%	10.00%	11.61%	0.0076%
NEWELL RUBBERMAID INC	NWL	10,665.71	0.06%	1.92%	14.00%	16.05%	0.0093%
NEWS CORP - CLASS A	NWSA	9,034.09	N/A	0.00%	N/A	N/A	N/A
REALTY INCOME CORP	O	-	0.00%	4.60%	49.00%	54.73%	0.0000%
OWENS-ILLINOIS INC	OI	4,004.77	0.02%	0.00%	5.50%	5.50%	0.0012%
ONEOK INC	OKE	10,255.59	0.06%	5.08%	8.50%	13.80%	0.0077%
OMNICOM GROUP	OMC	19,007.47	0.10%	2.76%	10.50%	13.40%	0.0138%
ORACLE CORP	ORCL	189,744.50	1.03%	1.38%	9.50%	10.95%	0.1126%
O'REILLY AUTOMOTIVE INC	ORLY	23,804.06	0.13%	0.00%	11.00%	11.00%	0.0142%
OCCIDENTAL PETROLEUM CORP	OXY	62,065.25	0.34%	3.79%	-5.50%	-1.81%	-0.0061%
PAYCHEX INC	PAYX	17,987.05	0.10%	3.25%	9.00%	12.40%	0.0121%
PEOPLE'S UNITED FINANCIAL	PBCT	4,684.72	0.03%	4.40%	11.00%	15.64%	0.0040%
PITNEY BOWES INC	PBI	4,657.80	0.03%	3.24%	4.00%	7.30%	0.0018%
PACCAR INC	PCAR	23,550.76	0.13%	3.01%	10.50%	13.67%	0.0175%
P G & E CORP	PCG	24,837.90	0.13%	3.49%	8.50%	12.14%	0.0163%
PLUM CREEK TIMBER CO	PCL	7,412.43	0.04%	4.18%	8.00%	12.35%	0.0050%
PRICELINE GROUP INC/THE	PCLN	63,930.70	0.35%	0.00%	20.00%	20.00%	0.0693%
PRECISION CASTPARTS CORP	PCP	29,084.92	0.16%	0.06%	10.50%	10.56%	0.0167%
PATTERSON COS INC	PDCO	4,694.01	0.03%	1.85%	10.50%	12.45%	0.0032%
PUBLIC SERVICE ENTERPRISE GP	PEG	21,224.88	0.12%	3.72%	3.00%	6.78%	0.0078%
PEPSICO INC	PEP	142,446.20	0.77%	2.89%	9.50%	12.53%	0.0968%
PFIZER INC	PFE	222,791.20	1.21%	3.17%	8.00%	11.30%	0.1365%
PRINCIPAL FINANCIAL GROUP	PFG	15,064.62	0.08%	2.81%	10.00%	12.95%	0.0106%
PROCTER & GAMBLE CO/THE	PG	218,606.20	1.19%	3.27%	7.00%	10.38%	0.1231%
PROGRESSIVE CORP	PGR	15,758.92	0.09%	2.57%	11.50%	14.22%	0.0122%
PARKER HANNIFIN CORP	PH	17,583.22	0.10%	2.04%	9.00%	11.13%	0.0106%
PULTEGROUP INC	PHM	7,378.08	0.04%	1.80%	15.50%	17.44%	0.0070%
PERKINELMER INC	PKI	5,800.65	0.03%	0.54%	7.50%	8.06%	0.0025%
PROLOGIS INC	PLD	-	N/A	3.38%	N/A	N/A	N/A
PALL CORP	PLL	10,419.22	0.06%	1.25%	13.50%	14.83%	0.0084%
PHILIP MORRIS INTERNATIONAL	PM	129,243.40	0.70%	4.79%	3.00%	7.86%	0.0551%
PNC FINANCIAL SERVICES GROUP	PNC	47,802.20	0.26%	2.23%	5.50%	7.79%	0.0202%
PENTAIR PLC	PNR	11,011.81	0.06%	2.09%	15.50%	17.75%	0.0106%
PINNACLE WEST CAPITAL	PNW	7,015.73	0.04%	3.85%	4.00%	7.93%	0.0030%
PEPCO HOLDINGS INC	POM	6,669.76	0.04%	4.08%	8.00%	12.24%	0.0044%
PPG INDUSTRIES INC	PPG	30,730.97	0.17%	1.28%	12.50%	13.86%	0.0231%
PPL CORP	PPL	22,798.67	N/A	4.41%	N/A	N/A	N/A
PERRIGO CO PLC	PRGO	28,389.51	0.15%	0.25%	11.50%	11.76%	0.0181%
PRUDENTIAL FINANCIAL INC	PRU	36,914.74	0.20%	2.85%	7.50%	10.46%	0.0209%
PUBLIC STORAGE	PSA	-	N/A	3.25%	N/A	N/A	N/A
PHILLIPS 66	PSX	44,961.86	N/A	2.65%	N/A	N/A	N/A
PVH CORP	PVH	8,687.69	0.05%	0.14%	8.50%	8.65%	0.0041%
QUANTA SERVICES INC	PWR	6,358.52	0.03%	0.00%	15.50%	15.50%	0.0053%
PRAXAIR INC	PX	35,249.35	0.19%	2.38%	8.00%	10.48%	0.0200%
PIONEER NATURAL RESOURCES CO	PXD	28,098.84	0.14%	0.05%	18.50%	18.55%	0.0263%
QUALCOMM INC	QCOM	113,034.40	0.61%	2.81%	6.50%	9.40%	0.0576%
QEP RESOURCES INC	QEP	3,907.91	0.02%	0.36%	10.00%	10.38%	0.0022%

		[4]	[5]	[6]	[7]	[8]	[9]
Company	Ticker	Market Capitalization	Weight in Index	Estimated Dividend Yield	Long-Term Growth Est.	DCF Result	Weighted DCF Result
RYDER SYSTEM INC	R	5,281.62	0.03%	1.49%	12.00%	13.58%	0.0039%
REYNOLDS AMERICAN INC	RAI	40,949.04	0.22%	3.48%	12.00%	15.69%	0.0348%
ROYAL CARIBBEAN CRUISES LTD	RCL	15,972.96	0.09%	1.65%	19.00%	20.81%	0.0180%
REGENERON PHARMACEUTICALS	REGN	49,196.20	0.27%	0.00%	22.50%	22.50%	0.0600%
REGIONS FINANCIAL CORP	RF	13,024.91	0.07%	2.39%	13.00%	15.55%	0.0110%
ROBERT HALF INTL INC	RHI	8,025.61	0.04%	1.35%	12.50%	13.93%	0.0061%
RED HAT INC	RHT	14,092.14	0.08%	0.00%	13.50%	13.50%	0.0103%
TRANSOCEAN LTD	RIG	6,147.11	0.03%	3.54%	-11.00%	-7.65%	-0.0026%
RALPH LAUREN CORP	RL	11,992.40	0.07%	1.46%	7.50%	9.01%	0.0059%
ROCKWELL AUTOMATION INC	ROK	15,443.33	0.08%	2.28%	9.00%	11.38%	0.0095%
ROPER TECHNOLOGIES INC	ROP	17,065.54	0.09%	0.59%	9.00%	9.62%	0.0089%
ROSS STORES INC	ROST	21,682.69	0.12%	0.90%	7.50%	8.43%	0.0099%
RANGE RESOURCES CORP	RRC	10,444.82	0.06%	0.26%	25.50%	25.79%	0.0146%
REPUBLIC SERVICES INC	RSG	14,216.44	0.08%	2.90%	6.50%	9.49%	0.0073%
RAYTHEON COMPANY	RTN	33,357.41	0.18%	2.47%	8.50%	11.07%	0.0200%
STARBUCKS CORP	SBUX	74,184.55	0.40%	1.38%	17.00%	18.50%	0.0744%
SCANA CORP	SCG	7,777.15	0.04%	4.00%	6.00%	10.12%	0.0043%
SCHWAB (CHARLES) CORP	SCHW	39,977.02	0.22%	0.79%	14.50%	15.35%	0.0333%
SPECTRA ENERGY CORP	SE	25,538.26	0.14%	3.89%	6.50%	10.52%	0.0146%
SEALED AIR CORP	SEE	9,490.24	0.05%	1.16%	17.50%	18.76%	0.0097%
SHERWIN-WILLIAMS CO/THE	SHW	26,740.62	0.15%	1.00%	13.00%	14.07%	0.0204%
SIGMA-ALDRICH	SIAL	16,549.24	0.09%	0.66%	8.50%	9.19%	0.0082%
JM SMUCKER CO/THE	SJM	11,903.22	0.06%	2.19%	7.00%	9.27%	0.0060%
SCHLUMBERGER LTD	SLB	118,638.80	0.64%	2.15%	13.50%	15.80%	0.1016%
SL GREEN REALTY CORP	SLG	-	N/A	1.98%	N/A	N/A	N/A
SNAP-ON INC	SNA	8,876.70	0.05%	1.39%	9.50%	10.96%	0.0053%
SANDISK CORP	SNDK	14,646.77	0.08%	1.75%	12.00%	13.86%	0.0110%
SCRIPPS NETWORKS INTER-CL A	SNI	9,273.91	0.05%	1.31%	9.00%	10.37%	0.0052%
SOUTHERN CO/THE	SO	40,568.55	0.22%	4.86%	4.00%	8.96%	0.0197%
SIMON PROPERTY GROUP INC	SPG	-	N/A	3.15%	N/A	N/A	N/A
STAPLES INC	SPLS	10,366.78	0.06%	2.97%	-1.00%	1.96%	0.0011%
STERICYCLE INC	SRCL	11,910.75	0.06%	0.00%	11.00%	11.00%	0.0071%
SEMPRA ENERGY	SRE	26,741.58	0.15%	2.62%	8.50%	11.23%	0.0163%
SUNTRUST BANKS INC	STI	21,576.02	0.12%	2.32%	15.00%	17.49%	0.0205%
ST JUDE MEDICAL INC	STJ	21,215.63	0.12%	1.57%	6.50%	8.12%	0.0093%
STATE STREET CORP	STT	32,464.10	0.18%	1.61%	9.00%	10.68%	0.0188%
SEAGATE TECHNOLOGY	STX	19,319.06	0.10%	3.68%	3.00%	6.74%	0.0071%
CONSTELLATION BRANDS INC-A	STZ	22,433.47	0.12%	1.14%	16.00%	17.23%	0.0210%
STANLEY BLACK & DECKER INC	SWK	15,704.30	0.09%	2.09%	10.00%	12.19%	0.0104%
SKYWORKS SOLUTIONS INC	SWKS	18,280.55	0.10%	0.58%	28.00%	28.66%	0.0284%
SOUTHWESTERN ENERGY CO	SWN	9,281.98	0.05%	0.00%	8.00%	8.00%	0.0040%
STRYKER CORP	SYK	36,765.14	0.20%	1.42%	12.00%	13.51%	0.0269%
SYMANTEC CORP	SYMC	16,813.84	0.09%	2.44%	6.50%	9.02%	0.0082%
SYSCO CORP	SYO	22,430.91	0.12%	3.16%	10.00%	13.32%	0.0162%
AT&T INC	T	177,548.00	0.96%	5.52%	5.00%	10.66%	0.1026%
MOLSON COORS BREWMNG CO -B	TAP	14,498.16	0.08%	2.18%	9.00%	11.28%	0.0089%
TERADATA CORP	TDC	6,574.16	0.04%	0.00%	7.00%	7.00%	0.0025%
TECO ENERGY INC	TE	4,592.30	0.02%	4.66%	4.00%	8.75%	0.0022%
INTEGRYS ENERGY GROUP INC	TEG	5,872.00	0.03%	3.68%	2.00%	5.72%	0.0018%
TE CONNECTIVITY LTD	TEL	27,976.51	0.15%	1.69%	9.50%	11.27%	0.0171%
TARGET CORP	TGT	51,974.59	0.28%	2.69%	7.50%	10.29%	0.0290%
TENET HEALTHCARE CORP	THC	5,040.06	0.03%	0.00%	23.50%	23.50%	0.0064%
TIFFANY & CO	TIF	11,187.99	0.06%	1.85%	12.50%	14.47%	0.0088%
TJX COMPANIES INC	TJX	45,694.74	0.25%	1.27%	11.00%	12.34%	0.0306%
TORCHMARK CORP	TMK	7,543.05	0.04%	0.96%	6.50%	7.49%	0.0031%
THERMO FISHER SCIENTIFIC INC	TMO	51,823.23	0.28%	0.46%	13.00%	13.49%	0.0379%
TRIPADVISOR INC	TRIP	11,830.25	0.06%	0.00%	25.00%	25.00%	0.0160%
T ROWE PRICE GROUP INC	TROW	21,429.30	0.12%	2.53%	12.00%	14.68%	0.0171%
TRAVELERS COS INC/THE	TRV	33,341.25	0.18%	2.36%	8.50%	10.96%	0.0198%
TRACTOR SUPPLY COMPANY	TSCO	12,446.22	0.07%	0.88%	15.50%	16.45%	0.0111%
TYSON FOODS INC-CL A	TSN	14,342.78	0.08%	1.12%	12.50%	13.69%	0.0106%
TESORO CORP	TSO	11,393.09	0.06%	1.97%	10.50%	12.57%	0.0078%
TOTAL SYSTEM SERVICES INC	TSS	7,134.95	0.04%	1.04%	9.50%	10.59%	0.0041%
TIME WARNER CABLE	TWC	41,712.31	0.23%	2.02%	7.00%	9.09%	0.0206%
TIME WARNER INC	TWX	70,620.16	0.38%	1.65%	14.50%	16.27%	0.0623%
TEXAS INSTRUMENTS INC	TXN	58,276.80	0.32%	2.49%	11.50%	14.13%	0.0447%
TEXTRON INC	TXT	12,380.02	0.07%	0.18%	17.00%	17.20%	0.0115%
TYCO INTERNATIONAL PLC	TYC	17,880.52	0.10%	1.93%	12.50%	14.55%	0.0141%
UNDER ARMOUR INC-CLASS A	UA	17,792.33	0.10%	0.00%	23.50%	23.50%	0.0227%
UNIVERSAL HEALTH SERVICES-B	UHS	12,133.60	0.07%	0.33%	11.50%	11.85%	0.0078%
UNITEDHEALTH GROUP INC	UNH	113,766.10	0.62%	1.27%	10.50%	11.84%	0.0730%
UNUM GROUP	UNM	8,472.92	0.05%	1.96%	11.00%	13.07%	0.0060%
UNION PACIFIC CORP	UNP	95,509.53	0.52%	2.04%	12.00%	14.16%	0.0734%
UNITED PARCEL SERVICE-CL B	UPS	89,281.98	0.48%	2.97%	9.50%	12.61%	0.0611%
URBAN OUTFITTERS INC	URBN	5,531.98	0.03%	0.00%	14.50%	14.50%	0.0043%
UNITED RENTALS INC	URI	9,550.32	0.05%	0.00%	20.00%	20.00%	0.0104%
US BANCORP	USB	76,462.22	0.41%	2.36%	6.50%	8.94%	0.0371%
UNITED TECHNOLOGIES CORP	UTX	106,633.30	0.58%	2.18%	9.50%	11.78%	0.0681%
VISA INC-CLASS A SHARES	V	205,868.80	1.12%	0.74%	15.50%	16.30%	0.1819%

Company	Ticker	[4] Market Capitalization	[5] Weight in Index	[6] Estimated Dividend Yield	[7] Long-Term Growth Est.	[8] DCF Result	[9] Weighted DCF Result
VARIAN MEDICAL SYSTEMS INC	VAR	9,645.44	0.05%	0.00%	6.50%	6.50%	0.0034%
VF CORP	VFC	31,992.61	0.17%	1.73%	10.50%	12.32%	0.0214%
VIACOM INC-CLASS B	VIAB	28,796.11	0.16%	1.87%	13.50%	15.50%	0.0242%
VALERO ENERGY CORP	VLO	30,461.87	0.17%	2.70%	12.00%	14.86%	0.0246%
VULCAN MATERIALS CO	VMC	10,876.21	0.06%	0.49%	45.00%	45.60%	0.0269%
VORNADO REALTY TRUST	VNO	20,076.38	0.11%	2.36%	6.50%	8.94%	0.0097%
VERISIGN INC	VRSN	8,022.75	0.04%	0.00%	17.00%	17.00%	0.0074%
VERTEX PHARMACEUTICALS INC	VRTX	32,629.13	N/A	0.00%	N/A	N/A	N/A
VENTAS INC	VTR	-	N/A	4.33%	N/A	N/A	N/A
VERIZON COMMUNICATIONS INC	VZ	207,693.70	1.13%	4.40%	7.00%	11.55%	0.1301%
WATERS CORP	WAT	10,339.33	0.06%	0.00%	7.00%	7.00%	0.0039%
WALGREENS BOOTS ALLIANCE INC	WBA	94,731.54	0.51%	1.56%	12.50%	14.16%	0.0727%
WESTERN DIGITAL CORP	WDC	23,262.64	0.13%	2.00%	2.50%	4.53%	0.0057%
WISCONSIN ENERGY CORP	WEC	11,424.69	0.06%	3.40%	6.00%	9.50%	0.0059%
WELLS FARGO & CO	WFC	286,095.30	1.55%	2.83%	7.00%	9.93%	0.1540%
WHOLE FOODS MARKET INC	WFM	17,384.47	0.09%	1.16%	12.00%	13.23%	0.0125%
WHIRLPOOL CORP	WHR	14,891.76	0.08%	1.89%	13.50%	15.52%	0.0125%
WASTE MANAGEMENT INC	WM	24,122.17	0.13%	2.92%	6.50%	9.51%	0.0124%
WILLIAMS COS INC	WMB	39,254.85	0.21%	4.66%	10.50%	15.40%	0.0328%
WAL-MART STORES INC	WMT	255,513.80	1.39%	2.48%	5.00%	7.54%	0.1045%
WESTERN UNION CO	WU	10,935.86	0.06%	2.96%	5.00%	8.03%	0.0048%
WEYERHAEUSER CO	WY	16,709.74	0.09%	3.64%	12.50%	16.37%	0.0148%
WYNDHAM WORLDWIDE CORP	WYN	10,988.25	0.06%	1.85%	10.50%	12.45%	0.0074%
WYNN RESORTS LTD	WYNN	12,992.31	0.07%	4.69%	13.00%	17.99%	0.0127%
CIMAREX ENERGY CO	XEC	10,791.71	0.06%	0.52%	6.00%	6.54%	0.0038%
XCEL ENERGY INC	XEL	17,457.90	0.09%	3.77%	4.50%	8.35%	0.0079%
XL GROUP PLC	XL	10,495.70	0.06%	1.70%	15.00%	16.83%	0.0096%
XILINX INC	XLNX	11,425.74	0.06%	2.83%	7.50%	10.44%	0.0065%
EXXON MOBIL CORP	XOM	367,755.50	1.99%	3.26%	3.50%	6.82%	0.1360%
DENTSPLY INTERNATIONAL INC	XRAY	7,385.40	0.04%	0.56%	8.50%	9.08%	0.0036%
XEROX CORP	XRX	15,000.03	0.08%	2.13%	3.50%	5.67%	0.0046%
XYLEM INC	XYL	6,544.57	0.04%	1.56%	9.50%	11.13%	0.0040%
YAHOO! INC	YHOO	41,504.99	0.23%	0.00%	7.50%	7.50%	0.0169%
YUMI BRANDS INC	YUM	36,486.38	0.20%	2.09%	9.50%	11.69%	0.0231%
ZIONS BANCORPORATION	ZION	5,623.49	0.03%	0.87%	10.50%	11.42%	0.0035%
ZIMMER HOLDINGS INC	ZMH	20,121.33	0.11%	0.81%	8.50%	9.34%	0.0102%
ZOETIS INC	ZTS	23,581.23	N/A	0.70%	N/A	N/A	N/A
Total Market Capitalization:		18,440,647.78					12.81%

Notes:

[1] Equals sum of Col. [9]

[2] Source: Bloomberg Professional

[3] Equals [1] - [2]

[4] Source: Value Line

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

[6] Source: Value Line

[7] Source: Value Line

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

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

Bloomberg and Value Line Beta Coefficients

Combined Proxy Group	Ticker	[1]	[2]
		Bloomberg	Value Line
Alliant Energy Corporation	LNT	0.764	0.80
Ameren Corporation	AEE	0.760	0.75
American Electric Power Company, Inc.	AEP	0.711	0.70
CMS Energy Corporation	CMS	0.717	0.75
DTE Energy Company	DTE	0.754	0.75
Duke Energy Corporation	DUK	0.531	0.60
Empire District Electric Company	EDE	0.626	0.70
Great Plains Energy Inc.	GXP	0.755	0.85
IDACORP, Inc.	IDA	0.828	0.80
Northeast Utilities	ES	0.680	0.75
OGE Energy Corp.	OGE	0.786	0.90
Otter Tail Corporation	OTTR	0.886	0.90
Pinnacle West Capital Corporation	PNW	0.770	0.70
PNM Resources, Inc.	PNM	0.771	0.85
Portland General Electric Company	POR	0.726	0.80
Southern Company	SO	0.546	0.55
TECO Energy, Inc.	TE	0.781	0.85
Westar Energy, Inc.	WR	0.665	0.75
Xcel Energy Inc.	XEL	0.647	0.65
Mean		0.721	0.758

Mr. Hevert's Revised Proxy Group	Ticker	[1]	[2]
		Bloomberg	Value Line
American Electric Power Company, Inc.	AEP	0.711	0.70
Duke Energy Corporation	DUK	0.531	0.60
Empire District Electric Company	EDE	0.626	0.70
IDACORP, Inc.	IDA	0.828	0.80
Eversource Energy	ES	0.680	0.75
Otter Tail Corporation	OTTR	0.886	0.90
Pinnacle West Capital Corporation	PNW	0.770	0.70
PNM Resources, Inc.	PNM	0.771	0.85
Portland General Electric Company	POR	0.726	0.80
Southern Company	SO	0.546	0.55
Westar Energy, Inc.	WR	0.665	0.75
Mean		0.704	0.736

Notes:

[1] Source: Bloomberg Professional

[2] Source: Value Line

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

	[1]	[2]	[3]	[4]	[5]	[6]
	Risk-Free Rate	Average Beta Coefficient	Bloomberg Market DCF Derived	Value Line Market DCF Derived	Bloomberg MRP	Value Line MRP
COMBINED PROXY GROUP AVERAGE BLOOMBERG BETA COEFFICIENT						
Current 30-Year Treasury [7]	2.57%	0.721	10.38%	10.24%	10.06%	9.96%
Near-Term Projected 30-Year Treasury [8]	3.20%	0.721	10.38%	10.24%	10.69%	10.59%
Mean					10.37%	10.27%

	[1]	[2]	[3]	[4]	[5]	[6]
	Risk-Free Rate	Average Beta Coefficient	Bloomberg Market DCF Derived	Value Line Market DCF Derived	Bloomberg MRP	Value Line MRP
COMBINED PROXY GROUP AVERAGE VALUE LINE AVERAGE BETA COEFFICIENT						
Current 30-Year Treasury [7]	2.57%	0.758	10.38%	10.24%	10.44%	10.33%
Near-Term Projected 30-Year Treasury [8]	3.20%	0.758	10.38%	10.24%	11.07%	10.96%
Mean					10.75%	10.65%

	[1]	[2]	[3]	[4]	[5]	[6]
	Risk-Free Rate	Average Beta Coefficient	Bloomberg Market DCF Derived	Value Line Market DCF Derived	Bloomberg MRP	Value Line MRP
HEVERT REVISED PROXY GROUP AVERAGE BLOOMBERG BETA COEFFICIENT						
Current 30-Year Treasury [7]	2.57%	0.704	10.38%	10.24%	9.87%	9.78%
Near-Term Projected 30-Year Treasury [8]	3.20%	0.704	10.38%	10.24%	10.50%	10.40%
Mean					10.19%	10.09%

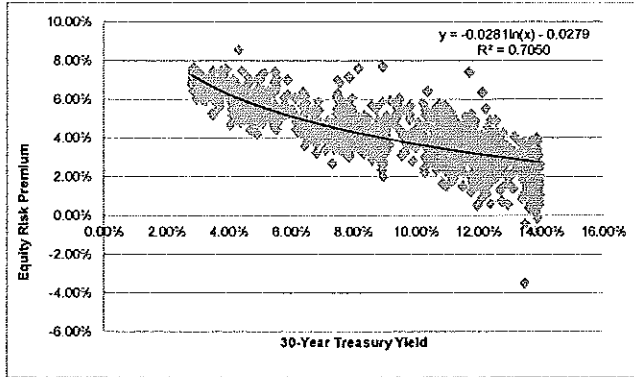
	[1]	[2]	[3]	[4]	[5]	[6]
	Risk-Free Rate	Average Beta Coefficient	Bloomberg Market DCF Derived	Value Line Market DCF Derived	Bloomberg MRP	Value Line MRP
HEVERT REVISED PROXY GROUP AVERAGE VALUE LINE AVERAGE BETA COEFFICIENT						
Current 30-Year Treasury [7]	2.57%	0.736	10.38%	10.24%	10.21%	10.11%
Near-Term Projected 30-Year Treasury [8]	3.20%	0.736	10.38%	10.24%	10.84%	10.74%
Mean					10.53%	10.43%

Notes:

- [1] See Notes [7], [8]
- [2] Source: Schedule 3
- [3] Source: Schedule 2
- [4] Source: Schedule 2
- [5] Equals Col. [1] + (Col. [2] x Col. [3])
- [6] Equals Col. [1] + (Col. [2] x Col. [4])
- [7] Source: Bloomberg Professional
- [8] Source: Blue Chip Financial Forecasts, Vol. 34, No. 5, May 1, 2015, at 2.

Bond Yield Plus Risk Premium

[1]	[2]	[3]	[4]	[5]	
Constant	Slope	30-Year Treasury Yield	Risk Premium	Return on Equity	
-2.79%	-2.81%				
		Current 30-Year Treasury	2.57%	7.51%	10.08%
		Near-Term Projected 30-Year Treasury	3.20%	6.89%	10.09%
		Long-Term Projected 30-Year Treasury	5.00%	5.64%	10.64%



Notes:

- [1] Constant of regression equation
- [2] Slope of regression equation
- [3] Source: Current = Bloomberg Professional
Near-Term Projected = Blue Chip Financial Forecasts, Vol. 34, No. 5, May 1, 2015, at 2.
Long-Term Projected = Blue Chip Financial Forecasts, Vol. 33, No. 12, December 1, 2014, at 14
- [4] Equals [1] + ln([3]) x [2]
- [5] Equals [3] + [4]
- [6] Source: SNL Financial
- [7] Source: SNL Financial
- [8] Source: Bloomberg Professional, equals 201-trading day average (i.e. lag period)
- [9] Equals [7] - [8]

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
1/1/1980	14.50%	9.36%	5.14%
1/7/1980	14.39%	9.38%	5.01%
1/9/1980	15.00%	9.40%	5.60%
1/14/1980	15.17%	9.42%	5.75%
1/17/1980	13.93%	9.44%	4.49%
1/23/1980	15.50%	9.47%	6.03%
1/30/1980	13.86%	9.52%	4.34%
1/31/1980	12.61%	9.53%	3.08%
2/6/1980	13.71%	9.58%	4.13%
2/13/1980	12.80%	9.63%	3.17%
2/14/1980	13.00%	9.65%	3.35%
2/19/1980	13.50%	9.68%	3.82%
2/27/1980	13.75%	9.78%	3.97%
2/29/1980	14.77%	9.81%	4.96%
2/29/1980	14.00%	9.81%	4.19%
2/29/1980	13.75%	9.81%	3.94%
3/7/1980	12.70%	9.89%	2.81%
3/14/1980	13.50%	9.97%	3.53%
3/26/1980	14.16%	10.10%	4.06%
3/27/1980	14.24%	10.12%	4.12%
3/28/1980	14.50%	10.13%	4.37%
4/11/1980	12.75%	10.27%	2.48%
4/14/1980	13.85%	10.29%	3.56%
4/16/1980	15.50%	10.31%	5.19%
4/22/1980	13.90%	10.35%	3.55%
4/22/1980	13.25%	10.35%	2.90%
4/24/1980	16.80%	10.38%	6.43%
4/29/1980	15.50%	10.41%	5.09%
5/6/1980	13.70%	10.45%	3.25%
5/7/1980	15.00%	10.45%	4.55%
5/8/1980	13.75%	10.46%	3.29%
5/9/1980	14.35%	10.47%	3.88%
5/13/1980	13.60%	10.48%	3.12%
5/15/1980	13.25%	10.49%	2.76%
5/19/1980	13.75%	10.51%	3.24%
5/27/1980	14.60%	10.54%	4.06%
5/27/1980	13.62%	10.54%	3.08%
5/29/1980	16.00%	10.56%	5.44%
5/30/1980	13.80%	10.56%	3.24%
6/2/1980	15.63%	10.57%	5.06%
6/9/1980	15.90%	10.60%	5.30%
6/10/1980	13.78%	10.60%	3.18%
6/12/1980	14.25%	10.61%	3.64%
6/19/1980	13.40%	10.62%	2.78%
6/30/1980	13.40%	10.65%	2.75%
6/30/1980	13.00%	10.65%	2.35%
7/9/1980	14.75%	10.67%	4.08%
7/10/1980	15.00%	10.68%	4.32%
7/15/1980	15.80%	10.70%	5.10%
7/18/1980	13.80%	10.71%	3.09%
7/22/1980	14.10%	10.72%	3.38%
7/24/1980	15.00%	10.73%	4.27%
7/25/1980	13.48%	10.73%	2.75%
7/31/1980	14.58%	10.75%	3.83%
8/8/1980	15.45%	10.78%	4.67%
8/8/1980	14.00%	10.78%	3.22%
8/8/1980	13.50%	10.78%	2.72%
8/11/1980	14.85%	10.78%	4.07%
8/14/1980	16.25%	10.79%	5.46%
8/14/1980	14.00%	10.79%	3.21%
8/25/1980	13.75%	10.82%	2.93%
8/27/1980	13.80%	10.83%	2.97%
8/29/1980	12.50%	10.84%	1.66%
9/15/1980	15.80%	10.88%	4.92%
9/15/1980	13.93%	10.88%	3.05%
9/15/1980	13.50%	10.88%	2.62%
9/24/1980	15.00%	10.93%	4.07%
9/24/1980	12.50%	10.93%	1.57%
9/26/1980	13.75%	10.94%	2.81%
9/30/1980	14.20%	10.96%	3.24%
9/30/1980	14.10%	10.96%	3.14%
10/1/1980	13.90%	10.97%	2.93%
10/3/1980	15.50%	10.98%	4.52%
10/7/1980	12.50%	10.99%	1.51%
10/9/1980	14.50%	11.00%	3.50%
10/9/1980	14.50%	11.00%	3.50%
10/9/1980	13.25%	11.00%	2.25%
10/16/1980	16.10%	11.02%	5.08%
10/17/1980	14.50%	11.03%	3.47%
10/31/1980	14.25%	11.11%	3.14%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
10/31/1980	13.75%	11.11%	2.64%
11/4/1980	15.00%	11.12%	3.88%
11/5/1980	14.00%	11.12%	2.88%
11/5/1980	13.75%	11.12%	2.63%
11/8/1980	13.75%	11.14%	2.61%
11/10/1980	14.85%	11.15%	3.70%
11/17/1980	14.00%	11.18%	2.82%
11/18/1980	14.00%	11.19%	2.81%
11/19/1980	13.00%	11.19%	1.81%
11/24/1980	14.00%	11.21%	2.79%
11/26/1980	14.00%	11.21%	2.79%
12/8/1980	15.10%	11.22%	3.88%
12/8/1980	14.15%	11.22%	2.93%
12/9/1980	15.35%	11.22%	4.13%
12/12/1980	15.45%	11.23%	4.22%
12/17/1980	13.25%	11.23%	2.02%
12/18/1980	15.80%	11.23%	4.57%
12/19/1980	14.64%	11.23%	3.41%
12/19/1980	14.50%	11.23%	3.27%
12/22/1980	15.00%	11.23%	3.77%
12/22/1980	13.45%	11.23%	2.22%
12/30/1980	14.95%	11.22%	3.73%
12/30/1980	14.50%	11.22%	3.28%
12/31/1980	13.39%	11.22%	2.17%
1/2/1981	15.25%	11.22%	4.03%
1/7/1981	14.30%	11.21%	3.09%
1/19/1981	15.25%	11.20%	4.05%
1/23/1981	14.40%	11.20%	3.20%
1/23/1981	13.10%	11.20%	1.90%
1/26/1981	15.25%	11.20%	4.05%
1/27/1981	15.00%	11.21%	3.79%
1/31/1981	13.47%	11.22%	2.25%
2/3/1981	15.25%	11.23%	4.02%
2/5/1981	15.75%	11.25%	4.50%
2/11/1981	15.60%	11.28%	4.32%
2/20/1981	15.25%	11.33%	3.92%
3/11/1981	15.40%	11.49%	3.91%
3/12/1981	16.00%	11.50%	4.50%
3/12/1981	14.51%	11.50%	3.01%
3/13/1981	13.02%	11.52%	1.50%
3/18/1981	16.19%	11.55%	4.64%
3/19/1981	13.75%	11.56%	2.19%
3/23/1981	14.30%	11.58%	2.72%
3/25/1981	15.30%	11.60%	3.70%
4/1/1981	14.53%	11.68%	2.85%
4/3/1981	19.10%	11.71%	7.39%
4/9/1981	17.00%	11.78%	5.22%
4/9/1981	16.50%	11.78%	4.72%
4/9/1981	15.30%	11.78%	3.52%
4/9/1981	15.00%	11.78%	3.22%
4/10/1981	13.75%	11.80%	1.95%
4/13/1981	13.57%	11.82%	1.75%
4/15/1981	15.30%	11.85%	3.45%
4/16/1981	13.50%	11.87%	1.63%
4/17/1981	14.10%	11.87%	2.23%
4/21/1981	16.80%	11.90%	4.90%
4/21/1981	14.00%	11.90%	2.10%
4/24/1981	16.00%	11.95%	4.05%
4/27/1981	13.61%	11.97%	1.64%
4/27/1981	12.50%	11.97%	0.53%
4/29/1981	13.65%	12.00%	1.65%
4/30/1981	13.50%	12.02%	1.48%
5/4/1981	16.22%	12.05%	4.17%
5/5/1981	14.40%	12.07%	2.33%
5/7/1981	16.27%	12.11%	4.16%
5/7/1981	16.25%	12.11%	4.14%
5/8/1981	16.00%	12.13%	3.87%
5/8/1981	13.00%	12.13%	0.87%
5/12/1981	13.50%	12.16%	1.34%
5/15/1981	15.75%	12.22%	3.53%
5/18/1981	14.88%	12.23%	2.65%
5/20/1981	16.00%	12.26%	3.74%
5/21/1981	14.00%	12.27%	1.73%
5/26/1981	14.90%	12.30%	2.60%
5/27/1981	15.00%	12.31%	2.69%
5/29/1981	15.50%	12.34%	3.16%
6/1/1981	16.50%	12.35%	4.15%
6/3/1981	14.67%	12.37%	2.30%
6/5/1981	13.00%	12.39%	0.61%
6/10/1981	16.75%	12.42%	4.33%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
6/17/1981	14.40%	12.46%	1.94%
6/18/1981	16.33%	12.47%	3.86%
6/25/1981	14.75%	12.51%	2.24%
6/26/1981	16.00%	12.52%	3.48%
6/30/1981	15.25%	12.54%	2.71%
7/1/1981	17.50%	12.56%	4.94%
7/1/1981	15.50%	12.56%	2.94%
7/10/1981	16.00%	12.62%	3.38%
7/14/1981	16.90%	12.64%	4.26%
7/15/1981	16.00%	12.65%	3.35%
7/17/1981	15.00%	12.67%	2.33%
7/20/1981	15.00%	12.68%	2.32%
7/21/1981	14.00%	12.69%	1.31%
7/28/1981	13.48%	12.74%	0.74%
7/31/1981	16.00%	12.78%	3.22%
7/31/1981	15.00%	12.78%	2.22%
7/31/1981	13.50%	12.78%	0.72%
8/5/1981	15.71%	12.83%	2.88%
8/10/1981	14.50%	12.87%	1.63%
8/11/1981	15.00%	12.88%	2.12%
8/20/1981	16.50%	12.95%	3.55%
8/20/1981	13.50%	12.95%	0.55%
8/24/1981	15.00%	12.97%	2.03%
8/28/1981	15.00%	13.01%	1.99%
9/3/1981	14.50%	13.05%	1.45%
9/10/1981	14.50%	13.11%	1.39%
9/11/1981	16.00%	13.12%	2.88%
9/16/1981	16.00%	13.15%	2.85%
9/17/1981	16.50%	13.16%	3.34%
9/23/1981	15.85%	13.20%	2.65%
9/28/1981	15.50%	13.23%	2.27%
10/9/1981	15.75%	13.33%	2.42%
10/15/1981	16.25%	13.37%	2.88%
10/16/1981	16.50%	13.38%	3.12%
10/16/1981	15.50%	13.38%	2.12%
10/19/1981	14.25%	13.39%	0.86%
10/20/1981	17.00%	13.41%	3.59%
10/20/1981	15.25%	13.41%	1.84%
10/23/1981	16.00%	13.45%	2.55%
10/27/1981	10.00%	13.48%	-3.48%
10/29/1981	16.50%	13.51%	2.99%
10/29/1981	14.75%	13.51%	1.24%
11/3/1981	15.17%	13.53%	1.64%
11/5/1981	16.60%	13.55%	3.05%
11/6/1981	15.17%	13.56%	1.61%
11/24/1981	15.50%	13.61%	1.89%
11/25/1981	16.10%	13.61%	2.49%
11/25/1981	16.10%	13.61%	2.49%
11/25/1981	15.35%	13.61%	1.74%
11/25/1981	15.25%	13.61%	1.64%
12/1/1981	16.50%	13.61%	2.89%
12/1/1981	16.49%	13.61%	2.88%
12/1/1981	16.00%	13.61%	2.39%
12/1/1981	15.70%	13.61%	2.09%
12/4/1981	16.00%	13.61%	2.39%
12/11/1981	16.25%	13.63%	2.62%
12/14/1981	14.00%	13.63%	0.37%
12/15/1981	16.00%	13.63%	2.37%
12/15/1981	15.81%	13.63%	2.18%
12/16/1981	15.25%	13.63%	1.62%
12/17/1981	16.50%	13.63%	2.87%
12/18/1981	15.45%	13.63%	1.82%
12/30/1981	16.25%	13.67%	2.58%
12/30/1981	16.00%	13.67%	2.33%
12/30/1981	14.25%	13.67%	0.58%
12/31/1981	16.15%	13.67%	2.48%
1/4/1982	15.50%	13.67%	1.83%
1/11/1982	17.00%	13.72%	3.28%
1/11/1982	14.50%	13.72%	0.78%
1/13/1982	14.75%	13.74%	1.01%
1/14/1982	15.75%	13.75%	2.00%
1/15/1982	16.50%	13.76%	2.74%
1/15/1982	15.00%	13.76%	1.24%
1/22/1982	16.25%	13.79%	2.46%
1/27/1982	16.84%	13.81%	3.03%
1/28/1982	13.00%	13.81%	-0.81%
1/29/1982	15.50%	13.82%	1.68%
2/1/1982	15.85%	13.82%	2.03%
2/3/1982	16.44%	13.84%	2.60%
2/8/1982	15.50%	13.86%	1.64%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
2/11/1982	16.20%	13.88%	2.32%
2/11/1982	16.00%	13.88%	2.12%
2/17/1982	15.00%	13.89%	1.11%
2/19/1982	15.17%	13.89%	1.28%
2/26/1982	15.25%	13.89%	1.36%
3/1/1982	16.00%	13.89%	2.11%
3/1/1982	15.03%	13.89%	1.14%
3/3/1982	15.00%	13.88%	1.12%
3/8/1982	17.10%	13.88%	3.22%
3/12/1982	16.25%	13.88%	2.37%
3/17/1982	17.30%	13.88%	3.42%
3/22/1982	15.10%	13.89%	1.21%
3/27/1982	15.40%	13.89%	1.51%
3/30/1982	15.50%	13.90%	1.60%
3/31/1982	17.00%	13.91%	3.09%
4/1/1982	16.50%	13.91%	2.59%
4/1/1982	14.70%	13.91%	0.79%
4/2/1982	15.50%	13.91%	1.59%
4/5/1982	15.50%	13.92%	1.58%
4/8/1982	16.40%	13.93%	2.47%
4/13/1982	14.50%	13.94%	0.56%
4/23/1982	15.75%	13.94%	1.81%
4/27/1982	15.00%	13.94%	1.06%
4/28/1982	15.75%	13.94%	1.81%
4/30/1982	15.50%	13.94%	1.56%
4/30/1982	14.70%	13.94%	0.76%
5/3/1982	16.60%	13.94%	2.66%
5/4/1982	16.00%	13.94%	2.06%
5/14/1982	15.50%	13.92%	1.58%
5/18/1982	15.42%	13.92%	1.50%
5/19/1982	14.69%	13.92%	0.77%
5/20/1982	16.30%	13.91%	2.39%
5/20/1982	15.50%	13.91%	1.59%
5/20/1982	15.10%	13.91%	1.19%
5/20/1982	15.00%	13.91%	1.09%
5/21/1982	17.75%	13.91%	3.84%
5/27/1982	15.00%	13.89%	1.11%
5/28/1982	17.00%	13.89%	3.11%
5/28/1982	15.50%	13.89%	1.61%
6/1/1982	16.60%	13.89%	2.71%
6/1/1982	13.75%	13.89%	-0.14%
6/9/1982	17.86%	13.88%	3.98%
6/14/1982	15.75%	13.88%	1.87%
6/15/1982	14.85%	13.88%	0.97%
6/18/1982	15.50%	13.87%	1.63%
6/21/1982	14.90%	13.87%	1.03%
6/23/1982	16.17%	13.86%	2.31%
6/23/1982	16.00%	13.86%	2.14%
6/24/1982	14.85%	13.86%	0.99%
6/25/1982	14.70%	13.86%	0.84%
7/1/1982	16.00%	13.84%	2.16%
7/2/1982	17.00%	13.84%	3.16%
7/2/1982	15.62%	13.84%	1.78%
7/13/1982	16.80%	13.82%	2.98%
7/13/1982	14.00%	13.82%	0.18%
7/14/1982	16.02%	13.82%	2.20%
7/14/1982	15.76%	13.82%	1.94%
7/19/1982	16.50%	13.80%	2.70%
7/22/1982	17.00%	13.77%	3.23%
7/22/1982	14.50%	13.77%	0.73%
7/27/1982	16.75%	13.75%	3.00%
7/29/1982	16.50%	13.74%	2.76%
8/11/1982	17.50%	13.68%	3.82%
8/18/1982	17.07%	13.63%	3.44%
8/20/1982	15.73%	13.60%	2.13%
8/25/1982	16.00%	13.57%	2.43%
8/26/1982	15.50%	13.56%	1.94%
8/30/1982	15.00%	13.55%	1.45%
9/3/1982	16.20%	13.53%	2.67%
9/8/1982	15.00%	13.52%	1.48%
9/15/1982	16.25%	13.50%	2.75%
9/15/1982	13.08%	13.50%	-0.42%
9/16/1982	16.00%	13.50%	2.50%
9/17/1982	15.25%	13.50%	1.75%
9/23/1982	17.17%	13.47%	3.70%
9/24/1982	14.50%	13.46%	1.04%
9/27/1982	15.25%	13.46%	1.79%
10/1/1982	15.50%	13.42%	2.08%
10/15/1982	15.90%	13.32%	2.58%
10/22/1982	17.15%	13.24%	3.91%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
10/22/1982	15.75%	13.24%	2.51%
10/29/1982	15.54%	13.16%	2.38%
11/1/1982	15.50%	13.15%	2.35%
11/3/1982	17.20%	13.13%	4.07%
11/4/1982	16.25%	13.11%	3.14%
11/5/1982	16.20%	13.09%	3.11%
11/9/1982	16.00%	13.05%	2.95%
11/23/1982	15.85%	12.89%	2.96%
11/23/1982	15.50%	12.89%	2.61%
11/30/1982	16.50%	12.81%	3.69%
12/1/1982	17.04%	12.79%	4.25%
12/6/1982	16.35%	12.73%	3.62%
12/6/1982	15.00%	12.73%	2.27%
12/10/1982	15.50%	12.66%	2.84%
12/13/1982	16.00%	12.65%	3.35%
12/14/1982	16.40%	12.63%	3.77%
12/14/1982	15.30%	12.63%	2.67%
12/20/1982	16.00%	12.57%	3.43%
12/21/1982	15.85%	12.56%	3.29%
12/21/1982	14.75%	12.56%	2.19%
12/22/1982	16.75%	12.54%	4.21%
12/22/1982	16.58%	12.54%	4.04%
12/22/1982	16.25%	12.54%	3.71%
12/29/1982	16.25%	12.48%	3.77%
12/29/1982	14.90%	12.48%	2.42%
12/30/1982	16.77%	12.47%	4.30%
12/30/1982	16.35%	12.47%	3.88%
12/30/1982	16.00%	12.47%	3.53%
1/5/1983	17.33%	12.40%	4.93%
1/11/1983	15.90%	12.34%	3.56%
1/12/1983	15.50%	12.33%	3.17%
1/12/1983	14.63%	12.33%	2.30%
1/20/1983	17.75%	12.24%	5.51%
1/21/1983	15.00%	12.22%	2.78%
1/24/1983	15.50%	12.21%	3.29%
1/24/1983	14.50%	12.21%	2.29%
1/25/1983	15.85%	12.18%	3.66%
1/27/1983	16.14%	12.17%	3.97%
2/1/1983	18.50%	12.13%	6.37%
2/4/1983	14.00%	12.10%	1.90%
2/10/1983	15.00%	12.06%	2.94%
2/21/1983	15.50%	11.98%	3.52%
2/22/1983	15.50%	11.97%	3.53%
2/23/1983	16.00%	11.96%	4.04%
2/23/1983	15.10%	11.96%	3.14%
3/2/1983	15.25%	11.89%	3.36%
3/9/1983	15.20%	11.82%	3.38%
3/15/1983	13.00%	11.77%	1.23%
3/18/1983	15.25%	11.73%	3.52%
3/23/1983	15.40%	11.69%	3.71%
3/24/1983	15.00%	11.67%	3.33%
3/29/1983	15.50%	11.63%	3.87%
3/30/1983	16.71%	11.61%	5.10%
3/31/1983	15.00%	11.59%	3.41%
4/4/1983	15.20%	11.58%	3.62%
4/8/1983	15.50%	11.51%	3.99%
4/11/1983	14.81%	11.49%	3.32%
4/19/1983	14.50%	11.38%	3.12%
4/20/1983	16.00%	11.36%	4.64%
4/29/1983	16.00%	11.24%	4.76%
5/1/1983	14.50%	11.24%	3.26%
5/9/1983	15.50%	11.15%	4.35%
5/11/1983	16.46%	11.12%	5.34%
5/12/1983	14.14%	11.11%	3.03%
5/18/1983	15.00%	11.05%	3.95%
5/23/1983	15.50%	11.01%	4.49%
5/23/1983	14.90%	11.01%	3.89%
5/25/1983	15.50%	10.98%	4.52%
5/27/1983	15.00%	10.96%	4.04%
5/31/1983	15.50%	10.95%	4.55%
5/31/1983	14.00%	10.95%	3.05%
6/2/1983	14.50%	10.93%	3.57%
6/17/1983	15.03%	10.84%	4.19%
7/1/1983	14.90%	10.78%	4.12%
7/1/1983	14.80%	10.78%	4.02%
7/8/1983	16.25%	10.76%	5.49%
7/13/1983	13.20%	10.75%	2.45%
7/19/1983	15.10%	10.74%	4.36%
7/19/1983	15.00%	10.74%	4.26%
7/25/1983	16.25%	10.73%	5.52%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
7/28/1983	15.90%	10.74%	5.16%
8/3/1983	16.50%	10.75%	5.75%
8/3/1983	16.34%	10.75%	5.59%
8/19/1983	15.00%	10.80%	4.20%
8/22/1983	16.40%	10.80%	5.60%
8/22/1983	15.50%	10.80%	4.70%
8/31/1983	14.75%	10.84%	3.91%
9/7/1983	15.00%	10.88%	4.14%
9/14/1983	15.78%	10.89%	4.89%
9/16/1983	15.00%	10.90%	4.10%
9/19/1983	14.50%	10.91%	3.59%
9/20/1983	16.50%	10.91%	5.59%
9/28/1983	14.50%	10.94%	3.56%
9/29/1983	15.50%	10.95%	4.55%
9/30/1983	16.15%	10.95%	5.20%
9/30/1983	15.25%	10.95%	4.30%
10/4/1983	14.80%	10.96%	3.84%
10/7/1983	16.00%	10.97%	5.03%
10/13/1983	15.52%	10.99%	4.53%
10/17/1983	15.50%	11.00%	4.50%
10/18/1983	14.50%	11.00%	3.50%
10/19/1983	16.50%	11.01%	5.49%
10/19/1983	16.25%	11.01%	5.24%
10/26/1983	15.00%	11.04%	3.96%
10/27/1983	15.20%	11.04%	4.16%
11/1/1983	16.00%	11.06%	4.94%
11/9/1983	14.90%	11.09%	3.81%
11/10/1983	14.35%	11.10%	3.25%
11/23/1983	16.15%	11.13%	5.02%
11/23/1983	16.00%	11.13%	4.87%
11/30/1983	15.00%	11.14%	3.86%
12/5/1983	15.25%	11.15%	4.10%
12/6/1983	15.07%	11.15%	3.92%
12/8/1983	15.90%	11.16%	4.74%
12/9/1983	14.75%	11.17%	3.58%
12/12/1983	14.50%	11.17%	3.33%
12/15/1983	15.56%	11.19%	4.37%
12/19/1983	14.80%	11.21%	3.59%
12/20/1983	16.25%	11.22%	5.03%
12/20/1983	16.00%	11.22%	4.78%
12/20/1983	14.69%	11.22%	3.47%
12/22/1983	15.75%	11.23%	4.52%
12/22/1983	14.75%	11.23%	3.52%
1/3/1984	14.75%	11.27%	3.48%
1/10/1984	15.90%	11.30%	4.60%
1/12/1984	15.60%	11.31%	4.29%
1/18/1984	13.75%	11.33%	2.42%
1/19/1984	15.90%	11.33%	4.57%
1/30/1984	16.10%	11.37%	4.73%
1/31/1984	15.25%	11.37%	3.88%
2/1/1984	14.80%	11.38%	3.42%
2/6/1984	14.75%	11.40%	3.35%
2/6/1984	13.75%	11.40%	2.35%
2/9/1984	15.25%	11.42%	3.83%
2/15/1984	15.70%	11.44%	4.26%
2/20/1984	15.00%	11.46%	3.54%
2/20/1984	15.00%	11.46%	3.54%
2/22/1984	14.75%	11.47%	3.28%
2/28/1984	14.50%	11.51%	2.99%
3/2/1984	14.25%	11.54%	2.71%
3/20/1984	16.00%	11.64%	4.36%
3/23/1984	15.50%	11.67%	3.83%
3/26/1984	14.71%	11.68%	3.03%
4/2/1984	15.50%	11.71%	3.79%
4/6/1984	14.74%	11.75%	2.99%
4/11/1984	15.72%	11.78%	3.94%
4/17/1984	15.00%	11.81%	3.19%
4/18/1984	16.20%	11.82%	4.38%
4/25/1984	14.64%	11.85%	2.79%
4/30/1984	14.40%	11.87%	2.53%
5/16/1984	15.00%	11.98%	3.02%
5/16/1984	14.69%	11.98%	2.71%
5/22/1984	14.40%	12.02%	2.38%
5/29/1984	15.10%	12.06%	3.04%
6/13/1984	15.25%	12.15%	3.10%
6/15/1984	15.60%	12.17%	3.43%
6/22/1984	16.25%	12.21%	4.04%
6/29/1984	15.25%	12.26%	2.99%
7/2/1984	13.35%	12.27%	1.08%
7/10/1984	16.00%	12.31%	3.69%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
7/12/1984	16.50%	12.32%	4.18%
7/13/1984	16.25%	12.33%	3.92%
7/17/1984	14.14%	12.35%	1.79%
7/18/1984	15.50%	12.36%	3.14%
7/18/1984	15.30%	12.36%	2.94%
7/19/1984	14.30%	12.37%	1.93%
7/24/1984	16.79%	12.39%	4.40%
7/31/1984	16.00%	12.43%	3.57%
8/3/1984	14.25%	12.44%	1.81%
8/17/1984	14.30%	12.49%	1.81%
8/20/1984	15.00%	12.49%	2.51%
8/27/1984	16.30%	12.51%	3.79%
8/31/1984	15.55%	12.52%	3.03%
9/6/1984	16.00%	12.53%	3.47%
9/10/1984	14.75%	12.54%	2.21%
9/13/1984	15.00%	12.55%	2.45%
9/17/1984	17.38%	12.56%	4.82%
9/26/1984	14.50%	12.57%	1.93%
9/28/1984	16.25%	12.57%	3.68%
9/28/1984	15.00%	12.57%	2.43%
10/9/1984	14.75%	12.58%	2.17%
10/12/1984	15.60%	12.59%	3.01%
10/22/1984	15.00%	12.59%	2.41%
10/26/1984	16.40%	12.58%	3.82%
10/31/1984	16.25%	12.58%	3.67%
11/7/1984	15.60%	12.58%	3.02%
11/9/1984	16.00%	12.58%	3.42%
11/14/1984	15.75%	12.58%	3.17%
11/20/1984	15.92%	12.58%	3.34%
11/20/1984	15.25%	12.58%	2.67%
11/23/1984	15.00%	12.58%	2.42%
11/28/1984	16.15%	12.57%	3.58%
12/3/1984	15.80%	12.56%	3.24%
12/4/1984	16.50%	12.56%	3.94%
12/18/1984	16.40%	12.53%	3.87%
12/19/1984	15.00%	12.53%	2.47%
12/19/1984	14.75%	12.53%	2.22%
12/20/1984	16.00%	12.53%	3.47%
12/28/1984	16.00%	12.50%	3.50%
1/3/1985	14.75%	12.49%	2.26%
1/10/1985	15.75%	12.47%	3.28%
1/11/1985	16.30%	12.46%	3.84%
1/23/1985	15.80%	12.43%	3.37%
1/24/1985	15.82%	12.43%	3.39%
1/25/1985	16.75%	12.42%	4.33%
1/30/1985	14.90%	12.40%	2.50%
1/31/1985	14.75%	12.39%	2.36%
2/8/1985	14.47%	12.35%	2.12%
3/1/1985	13.84%	12.31%	1.53%
3/8/1985	16.85%	12.28%	4.57%
3/14/1985	15.50%	12.25%	3.25%
3/15/1985	15.62%	12.25%	3.37%
3/29/1985	15.62%	12.17%	3.45%
4/3/1985	14.60%	12.14%	2.46%
4/9/1985	15.50%	12.11%	3.39%
4/16/1985	15.70%	12.06%	3.64%
4/22/1985	14.00%	12.02%	1.98%
4/26/1985	15.50%	11.98%	3.52%
4/29/1985	15.00%	11.97%	3.03%
5/2/1985	14.68%	11.94%	2.74%
5/8/1985	15.62%	11.89%	3.73%
5/10/1985	16.50%	11.87%	4.63%
5/29/1985	14.61%	11.73%	2.88%
5/31/1985	16.00%	11.71%	4.29%
6/14/1985	15.50%	11.61%	3.89%
7/9/1985	15.00%	11.45%	3.55%
7/16/1985	14.50%	11.39%	3.11%
7/26/1985	14.50%	11.33%	3.17%
8/2/1985	14.80%	11.29%	3.51%
8/7/1985	15.00%	11.27%	3.73%
8/28/1985	15.50%	11.15%	4.35%
8/28/1985	14.25%	11.15%	3.10%
8/29/1985	14.50%	11.15%	3.35%
9/9/1985	14.90%	11.11%	3.79%
9/9/1985	14.60%	11.11%	3.49%
9/17/1985	14.90%	11.08%	3.82%
9/23/1985	15.00%	11.06%	3.94%
9/27/1985	15.80%	11.05%	4.75%
9/27/1985	15.50%	11.05%	4.45%
10/2/1985	14.75%	11.03%	3.72%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
10/2/1985	14.00%	11.03%	2.97%
10/3/1985	15.25%	11.03%	4.22%
10/24/1985	15.85%	10.96%	4.89%
10/24/1985	15.82%	10.96%	4.86%
10/24/1985	15.40%	10.96%	4.44%
10/28/1985	16.00%	10.95%	5.05%
10/29/1985	16.65%	10.94%	5.71%
10/31/1985	15.06%	10.93%	4.13%
11/4/1985	14.50%	10.92%	3.58%
11/7/1985	15.50%	10.90%	4.60%
11/8/1985	14.30%	10.89%	3.41%
12/12/1985	14.75%	10.73%	4.02%
12/18/1985	15.00%	10.69%	4.31%
12/20/1985	15.00%	10.67%	4.33%
12/20/1985	14.50%	10.67%	3.83%
12/20/1985	14.50%	10.67%	3.83%
1/24/1986	15.40%	10.41%	4.99%
1/31/1986	15.00%	10.35%	4.65%
2/5/1986	15.75%	10.32%	5.43%
2/5/1986	15.00%	10.32%	4.68%
2/10/1986	13.30%	10.29%	3.01%
2/11/1986	12.50%	10.28%	2.22%
2/14/1986	14.40%	10.24%	4.16%
2/18/1986	16.00%	10.23%	5.77%
2/24/1986	14.50%	10.18%	4.32%
2/26/1986	14.00%	10.15%	3.85%
3/5/1986	14.90%	10.08%	4.82%
3/11/1986	14.50%	10.02%	4.48%
3/12/1986	13.50%	10.00%	3.50%
3/27/1986	14.10%	9.88%	4.24%
3/31/1986	13.50%	9.84%	3.66%
4/1/1986	14.00%	9.83%	4.17%
4/2/1986	15.50%	9.81%	5.69%
4/4/1986	15.00%	9.78%	5.22%
4/14/1986	13.40%	9.69%	3.71%
4/23/1986	15.00%	9.57%	5.43%
5/16/1986	14.50%	9.32%	5.18%
5/16/1986	14.50%	9.32%	5.18%
5/29/1986	13.90%	9.19%	4.71%
5/30/1986	15.10%	9.18%	5.92%
6/2/1986	12.81%	9.17%	3.64%
6/11/1986	14.00%	9.07%	4.93%
6/24/1986	16.63%	8.94%	7.69%
6/26/1986	14.75%	8.91%	5.84%
6/26/1986	12.00%	8.91%	3.09%
6/30/1986	13.00%	8.87%	4.13%
7/10/1986	14.34%	8.75%	5.59%
7/11/1986	12.75%	8.73%	4.02%
7/14/1986	12.60%	8.71%	3.89%
7/17/1986	12.40%	8.66%	3.74%
7/25/1986	14.25%	8.57%	5.68%
8/6/1986	13.50%	8.44%	5.06%
8/14/1986	13.50%	8.35%	5.15%
9/16/1986	12.75%	8.08%	4.69%
9/19/1986	13.25%	8.03%	5.22%
10/1/1986	14.00%	7.95%	6.05%
10/3/1986	13.40%	7.93%	5.47%
10/31/1986	13.50%	7.77%	5.73%
11/5/1986	13.00%	7.75%	5.25%
12/3/1986	12.90%	7.58%	5.32%
12/4/1986	14.44%	7.58%	6.86%
12/16/1986	13.60%	7.52%	6.08%
12/22/1986	13.80%	7.51%	6.29%
12/30/1986	13.00%	7.49%	5.51%
1/2/1987	13.00%	7.49%	5.51%
1/12/1987	12.40%	7.47%	4.93%
1/27/1987	12.71%	7.46%	5.25%
3/2/1987	12.47%	7.47%	5.00%
3/3/1987	13.60%	7.47%	6.13%
3/4/1987	12.38%	7.47%	4.91%
3/10/1987	13.50%	7.47%	6.03%
3/13/1987	13.00%	7.47%	5.53%
3/31/1987	13.00%	7.46%	5.54%
4/6/1987	13.00%	7.47%	5.53%
4/14/1987	12.50%	7.49%	5.01%
4/16/1987	14.50%	7.50%	7.00%
4/27/1987	12.00%	7.54%	4.46%
5/5/1987	12.85%	7.58%	5.27%
5/12/1987	12.65%	7.62%	5.03%
5/28/1987	13.50%	7.70%	5.80%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
6/15/1987	13.20%	7.78%	5.42%
6/29/1987	15.00%	7.83%	7.17%
6/30/1987	12.50%	7.84%	4.66%
7/8/1987	12.00%	7.86%	4.14%
7/10/1987	12.90%	7.86%	5.04%
7/15/1987	13.50%	7.88%	5.62%
7/16/1987	15.00%	7.88%	7.12%
7/16/1987	13.50%	7.88%	5.62%
7/27/1987	13.50%	7.92%	5.58%
7/27/1987	13.40%	7.92%	5.48%
7/27/1987	13.00%	7.92%	5.08%
7/31/1987	12.98%	7.95%	5.03%
8/26/1987	12.75%	8.06%	4.69%
8/26/1987	12.63%	8.06%	4.57%
8/27/1987	13.25%	8.06%	5.19%
9/9/1987	13.00%	8.14%	4.86%
9/30/1987	13.00%	8.31%	4.69%
9/30/1987	12.75%	8.31%	4.44%
10/2/1987	11.50%	8.33%	3.17%
10/15/1987	13.00%	8.43%	4.57%
11/2/1987	13.00%	8.55%	4.45%
11/19/1987	13.00%	8.64%	4.36%
11/30/1987	12.00%	8.68%	3.32%
12/3/1987	14.20%	8.70%	5.50%
12/15/1987	13.25%	8.77%	4.48%
12/16/1987	13.72%	8.78%	4.94%
12/16/1987	13.50%	8.78%	4.72%
12/17/1987	11.75%	8.79%	2.96%
12/18/1987	13.50%	8.80%	4.70%
12/21/1987	12.01%	8.81%	3.20%
12/22/1987	13.00%	8.81%	4.19%
12/22/1987	12.75%	8.81%	3.94%
12/22/1987	12.00%	8.81%	3.19%
12/22/1987	12.00%	8.81%	3.19%
1/20/1988	13.80%	8.94%	4.86%
1/26/1988	13.90%	8.95%	4.95%
1/29/1988	13.20%	8.96%	4.24%
2/4/1988	12.60%	8.96%	3.64%
3/1/1988	11.56%	8.94%	2.62%
3/23/1988	12.87%	8.92%	3.95%
3/24/1988	11.24%	8.92%	2.32%
3/30/1988	12.72%	8.92%	3.80%
4/1/1988	12.50%	8.92%	3.58%
4/7/1988	13.25%	8.93%	4.32%
4/25/1988	10.96%	8.96%	2.00%
5/3/1988	12.91%	8.97%	3.94%
5/11/1988	13.50%	8.99%	4.51%
5/16/1988	13.00%	8.99%	4.01%
6/30/1988	12.75%	9.00%	3.75%
7/1/1988	12.75%	8.99%	3.76%
7/20/1988	13.40%	8.96%	4.44%
8/5/1988	12.75%	8.92%	3.83%
8/23/1988	11.70%	8.93%	2.77%
8/29/1988	12.75%	8.94%	3.81%
8/30/1988	13.50%	8.94%	4.56%
9/8/1988	12.60%	8.95%	3.65%
10/13/1988	13.10%	8.93%	4.17%
12/19/1988	13.00%	9.02%	3.98%
12/20/1988	13.00%	9.02%	3.98%
12/20/1988	12.25%	9.02%	3.23%
12/21/1988	12.90%	9.02%	3.88%
12/27/1988	13.00%	9.03%	3.97%
12/28/1988	13.10%	9.03%	4.07%
12/30/1988	13.40%	9.04%	4.36%
1/27/1989	13.00%	9.05%	3.95%
1/31/1989	13.00%	9.05%	3.95%
2/17/1989	13.00%	9.05%	3.95%
2/20/1989	12.40%	9.05%	3.35%
3/1/1989	12.76%	9.05%	3.71%
3/8/1989	13.00%	9.05%	3.95%
3/30/1989	14.00%	9.05%	4.95%
4/5/1989	14.20%	9.05%	5.15%
4/18/1989	13.00%	9.05%	3.95%
5/5/1989	12.40%	9.05%	3.35%
6/2/1989	13.20%	9.00%	4.20%
6/8/1989	13.50%	8.98%	4.52%
6/27/1989	13.25%	8.91%	4.34%
6/30/1989	13.00%	8.90%	4.10%
8/14/1989	12.50%	8.77%	3.73%
9/28/1989	12.25%	8.63%	3.62%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
10/24/1989	12.50%	8.54%	3.96%
11/9/1989	13.00%	8.49%	4.51%
12/15/1989	13.00%	8.34%	4.66%
12/20/1989	12.90%	8.32%	4.58%
12/21/1989	12.90%	8.31%	4.59%
12/27/1989	13.00%	8.29%	4.71%
12/27/1989	12.50%	8.29%	4.21%
1/10/1990	12.80%	8.24%	4.56%
1/11/1990	12.90%	8.24%	4.66%
1/17/1990	12.80%	8.22%	4.58%
1/26/1990	12.00%	8.20%	3.80%
2/9/1990	12.10%	8.17%	3.93%
2/24/1990	12.86%	8.15%	4.71%
3/30/1990	12.90%	8.16%	4.74%
4/4/1990	15.76%	8.17%	7.59%
4/12/1990	12.52%	8.18%	4.34%
4/19/1990	12.75%	8.20%	4.55%
5/21/1990	12.10%	8.28%	3.82%
5/29/1990	12.40%	8.30%	4.10%
5/31/1990	12.00%	8.30%	3.70%
6/4/1990	12.90%	8.30%	4.60%
6/6/1990	12.25%	8.31%	3.94%
6/15/1990	13.20%	8.32%	4.88%
6/20/1990	12.92%	8.32%	4.60%
6/27/1990	12.90%	8.33%	4.57%
6/29/1990	12.50%	8.33%	4.17%
7/6/1990	12.35%	8.34%	4.01%
7/6/1990	12.10%	8.34%	3.76%
8/10/1990	12.55%	8.41%	4.14%
8/16/1990	13.21%	8.43%	4.78%
8/22/1990	13.10%	8.45%	4.65%
8/24/1990	13.00%	8.46%	4.54%
9/26/1990	11.45%	8.59%	2.86%
10/2/1990	13.00%	8.61%	4.39%
10/5/1990	12.84%	8.62%	4.22%
10/19/1990	13.00%	8.67%	4.33%
10/25/1990	12.30%	8.68%	3.62%
11/21/1990	12.70%	8.69%	4.01%
12/13/1990	12.30%	8.67%	3.63%
12/17/1990	12.87%	8.67%	4.20%
12/18/1990	13.10%	8.67%	4.43%
12/19/1990	12.00%	8.66%	3.34%
12/20/1990	12.75%	8.66%	4.09%
12/21/1990	12.50%	8.66%	3.84%
12/27/1990	12.79%	8.66%	4.13%
1/2/1991	13.10%	8.65%	4.45%
1/4/1991	12.50%	8.65%	3.85%
1/15/1991	12.75%	8.64%	4.11%
1/25/1991	11.70%	8.63%	3.07%
2/4/1991	12.50%	8.60%	3.90%
2/7/1991	12.50%	8.59%	3.91%
2/12/1991	13.00%	8.58%	4.43%
2/14/1991	12.72%	8.57%	4.15%
2/22/1991	12.80%	8.55%	4.25%
3/6/1991	13.10%	8.53%	4.57%
3/8/1991	13.00%	8.52%	4.48%
3/8/1991	12.30%	8.52%	3.78%
4/22/1991	13.00%	8.49%	4.51%
5/7/1991	13.50%	8.47%	5.03%
5/13/1991	13.25%	8.47%	4.78%
5/30/1991	12.75%	8.44%	4.31%
6/12/1991	12.00%	8.41%	3.59%
6/25/1991	11.70%	8.39%	3.31%
6/28/1991	12.50%	8.38%	4.12%
7/1/1991	12.00%	8.38%	3.62%
7/3/1991	12.50%	8.37%	4.13%
7/19/1991	12.10%	8.34%	3.76%
8/1/1991	12.90%	8.32%	4.58%
8/16/1991	13.20%	8.29%	4.91%
9/27/1991	12.50%	8.23%	4.27%
9/30/1991	12.25%	8.23%	4.02%
10/17/1991	13.00%	8.20%	4.80%
10/23/1991	12.55%	8.20%	4.35%
10/23/1991	12.50%	8.20%	4.30%
10/31/1991	11.80%	8.19%	3.61%
11/1/1991	12.00%	8.19%	3.81%
11/5/1991	12.25%	8.19%	4.06%
11/12/1991	13.25%	8.18%	5.07%
11/12/1991	12.50%	8.18%	4.32%
11/25/1991	12.40%	8.18%	4.22%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
11/26/1991	12.50%	8.18%	4.32%
11/26/1991	11.60%	8.18%	3.42%
11/27/1991	12.10%	8.18%	3.92%
12/18/1991	12.25%	8.15%	4.10%
12/19/1991	12.80%	8.15%	4.65%
12/19/1991	12.60%	8.15%	4.45%
12/20/1991	12.65%	8.14%	4.51%
1/9/1992	12.80%	8.09%	4.71%
1/16/1992	12.75%	8.07%	4.68%
1/21/1992	12.00%	8.06%	3.94%
1/22/1992	13.00%	8.06%	4.94%
1/27/1992	12.65%	8.05%	4.60%
1/31/1992	12.00%	8.04%	3.96%
2/11/1992	12.40%	8.03%	4.37%
2/25/1992	12.50%	8.01%	4.49%
3/16/1992	11.43%	7.98%	3.45%
3/18/1992	12.28%	7.98%	4.30%
4/2/1992	12.10%	7.95%	4.15%
4/9/1992	11.45%	7.94%	3.51%
4/10/1992	11.50%	7.93%	3.57%
4/14/1992	11.50%	7.93%	3.57%
5/5/1992	11.50%	7.89%	3.61%
5/12/1992	12.46%	7.88%	4.58%
5/12/1992	11.87%	7.88%	3.99%
6/1/1992	12.30%	7.87%	4.43%
6/12/1992	10.90%	7.86%	3.04%
6/26/1992	12.35%	7.85%	4.50%
6/29/1992	11.00%	7.85%	3.15%
6/30/1992	13.00%	7.85%	5.15%
7/13/1992	13.50%	7.84%	5.66%
7/13/1992	11.90%	7.84%	4.06%
7/22/1992	11.20%	7.83%	3.37%
8/3/1992	12.00%	7.81%	4.19%
8/6/1992	12.50%	7.80%	4.70%
9/22/1992	12.00%	7.71%	4.29%
9/28/1992	11.40%	7.71%	3.69%
9/30/1992	11.75%	7.70%	4.05%
10/2/1992	13.00%	7.70%	5.30%
10/12/1992	12.20%	7.70%	4.50%
10/16/1992	13.16%	7.70%	5.46%
10/30/1992	11.75%	7.71%	4.04%
11/3/1992	12.00%	7.71%	4.29%
12/3/1992	11.85%	7.68%	4.17%
12/15/1992	11.00%	7.66%	3.34%
12/16/1992	12.40%	7.66%	4.74%
12/16/1992	11.90%	7.66%	4.24%
12/17/1992	12.00%	7.66%	4.34%
12/22/1992	12.40%	7.65%	4.75%
12/22/1992	12.30%	7.65%	4.65%
12/29/1992	12.25%	7.63%	4.62%
12/30/1992	12.00%	7.63%	4.37%
12/31/1992	11.90%	7.63%	4.27%
1/12/1993	12.00%	7.61%	4.39%
1/21/1993	11.25%	7.59%	3.66%
2/2/1993	11.40%	7.56%	3.84%
2/15/1993	12.30%	7.52%	4.78%
2/24/1993	11.90%	7.49%	4.41%
2/26/1993	12.20%	7.48%	4.72%
2/26/1993	11.80%	7.48%	4.32%
4/23/1993	11.75%	7.29%	4.46%
5/11/1993	11.75%	7.25%	4.50%
5/14/1993	11.50%	7.24%	4.26%
5/25/1993	11.50%	7.23%	4.27%
5/28/1993	11.00%	7.22%	3.78%
6/3/1993	12.00%	7.21%	4.79%
6/16/1993	11.50%	7.19%	4.31%
6/18/1993	12.10%	7.18%	4.92%
6/25/1993	11.67%	7.17%	4.50%
7/21/1993	11.38%	7.10%	4.28%
7/23/1993	10.46%	7.09%	3.37%
8/24/1993	11.50%	6.96%	4.54%
9/21/1993	10.50%	6.81%	3.69%
9/29/1993	11.47%	6.77%	4.70%
9/30/1993	11.60%	6.76%	4.84%
11/2/1993	10.80%	6.60%	4.20%
11/12/1993	12.00%	6.57%	5.43%
11/26/1993	11.00%	6.52%	4.48%
12/14/1993	10.55%	6.48%	4.07%
12/16/1993	10.60%	6.48%	4.12%
12/21/1993	11.30%	6.47%	4.83%

Bond Yield Plus Risk Premium			
[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
1/4/1994	10.07%	6.44%	3.63%
1/13/1994	11.00%	6.42%	4.58%
1/21/1994	11.00%	6.40%	4.60%
1/28/1994	11.35%	6.39%	4.96%
2/3/1994	11.40%	6.38%	5.02%
2/17/1994	10.60%	6.36%	4.24%
2/25/1994	12.00%	6.35%	5.65%
2/25/1994	11.25%	6.35%	4.90%
3/1/1994	11.00%	6.35%	4.65%
3/4/1994	11.00%	6.35%	4.65%
4/25/1994	11.00%	6.41%	4.59%
5/10/1994	11.75%	6.45%	5.30%
5/13/1994	10.50%	6.46%	4.04%
6/3/1994	11.00%	6.54%	4.46%
6/27/1994	11.40%	6.65%	4.75%
8/5/1994	12.75%	6.88%	5.87%
10/31/1994	10.00%	7.33%	2.67%
11/9/1994	10.85%	7.39%	3.46%
11/9/1994	10.85%	7.39%	3.46%
11/18/1994	11.20%	7.45%	3.75%
11/22/1994	11.60%	7.47%	4.13%
11/28/1994	11.06%	7.49%	3.57%
12/8/1994	11.70%	7.54%	4.16%
12/8/1994	11.50%	7.54%	3.96%
12/14/1994	10.95%	7.56%	3.39%
12/15/1994	11.50%	7.57%	3.93%
12/19/1994	11.50%	7.58%	3.92%
12/28/1994	12.15%	7.61%	4.54%
1/9/1995	12.28%	7.64%	4.64%
1/31/1995	11.00%	7.69%	3.31%
2/10/1995	12.60%	7.70%	4.90%
2/17/1995	11.90%	7.70%	4.20%
3/9/1995	11.50%	7.71%	3.79%
3/20/1995	12.00%	7.72%	4.28%
3/23/1995	12.81%	7.72%	5.09%
3/29/1995	11.60%	7.72%	3.88%
4/6/1995	11.10%	7.71%	3.39%
4/7/1995	11.00%	7.71%	3.29%
4/19/1995	11.00%	7.70%	3.30%
5/12/1995	11.63%	7.68%	3.95%
5/25/1995	11.20%	7.65%	3.55%
6/9/1995	11.25%	7.60%	3.65%
6/21/1995	12.25%	7.56%	4.69%
6/30/1995	11.10%	7.52%	3.58%
9/11/1995	11.30%	7.20%	4.10%
9/27/1995	11.75%	7.12%	4.63%
9/27/1995	11.50%	7.12%	4.38%
9/27/1995	11.30%	7.12%	4.18%
9/29/1995	11.00%	7.11%	3.89%
11/9/1995	12.36%	6.90%	5.46%
11/9/1995	11.38%	6.90%	4.48%
11/17/1995	11.00%	6.86%	4.14%
12/4/1995	11.35%	6.78%	4.57%
12/11/1995	11.40%	6.74%	4.66%
12/20/1995	11.60%	6.70%	4.90%
12/27/1995	12.00%	6.66%	5.34%
2/5/1996	12.25%	6.48%	5.77%
3/29/1996	10.67%	6.42%	4.25%
4/8/1996	11.00%	6.42%	4.58%
4/11/1996	12.59%	6.43%	6.16%
4/11/1996	12.59%	6.43%	6.16%
4/24/1996	11.25%	6.43%	4.82%
4/30/1996	11.00%	6.43%	4.57%
5/13/1996	11.00%	6.44%	4.56%
5/23/1996	11.25%	6.43%	4.82%
6/25/1996	11.25%	6.48%	4.77%
6/27/1996	11.20%	6.48%	4.72%
8/12/1996	10.40%	6.57%	3.83%
9/27/1996	11.00%	6.71%	4.29%
10/16/1996	12.25%	6.76%	5.49%
11/5/1996	11.00%	6.81%	4.19%
11/26/1996	11.30%	6.83%	4.47%
12/18/1996	11.75%	6.83%	4.92%
12/31/1996	11.50%	6.83%	4.67%
1/3/1997	10.70%	6.83%	3.87%
2/13/1997	11.80%	6.82%	4.98%
2/20/1997	11.80%	6.82%	4.98%
3/31/1997	10.02%	6.80%	3.22%
4/2/1997	11.65%	6.80%	4.85%
4/28/1997	11.50%	6.81%	4.69%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
4/29/1997	11.70%	6.81%	4.89%
7/17/1997	12.00%	6.77%	5.23%
12/12/1997	11.00%	6.60%	4.40%
12/23/1997	11.12%	6.57%	4.55%
2/2/1998	12.75%	6.39%	6.36%
3/2/1998	11.25%	6.29%	4.96%
3/6/1998	10.75%	6.27%	4.48%
3/20/1998	10.50%	6.22%	4.28%
4/30/1998	12.20%	6.12%	6.08%
7/10/1998	11.40%	5.94%	5.46%
9/15/1998	11.90%	5.78%	6.12%
11/30/1998	12.60%	5.58%	7.02%
12/10/1998	12.20%	5.54%	6.66%
12/17/1998	12.10%	5.52%	6.58%
2/5/1999	10.30%	5.38%	4.92%
3/4/1999	10.50%	5.34%	5.16%
4/6/1999	10.94%	5.32%	5.62%
7/29/1999	10.75%	5.52%	5.23%
9/23/1999	10.75%	5.70%	5.05%
11/17/1999	11.10%	5.90%	5.20%
1/7/2000	11.50%	6.05%	5.45%
1/7/2000	11.50%	6.05%	5.45%
2/17/2000	10.60%	6.17%	4.43%
3/28/2000	11.25%	6.20%	5.05%
5/24/2000	11.00%	6.18%	4.82%
7/18/2000	12.20%	6.16%	6.04%
9/29/2000	11.16%	6.03%	5.13%
11/28/2000	12.90%	5.89%	7.01%
11/30/2000	12.10%	5.88%	6.22%
1/23/2001	11.25%	5.79%	5.46%
2/8/2001	11.50%	5.77%	5.73%
5/8/2001	10.75%	5.62%	5.13%
6/26/2001	11.00%	5.62%	5.38%
7/25/2001	11.02%	5.60%	5.42%
7/25/2001	11.02%	5.60%	5.42%
7/31/2001	11.00%	5.59%	5.41%
8/31/2001	10.50%	5.56%	4.94%
9/7/2001	10.75%	5.55%	5.20%
9/10/2001	11.00%	5.55%	5.45%
9/20/2001	10.00%	5.55%	4.45%
10/24/2001	10.30%	5.54%	4.76%
11/28/2001	10.60%	5.49%	5.11%
12/3/2001	12.88%	5.49%	7.39%
12/20/2001	12.50%	5.50%	7.00%
1/22/2002	10.00%	5.50%	4.50%
3/27/2002	10.10%	5.45%	4.65%
4/22/2002	11.80%	5.45%	6.35%
5/28/2002	10.17%	5.46%	4.71%
6/10/2002	12.00%	5.47%	6.53%
6/18/2002	11.16%	5.48%	5.88%
6/20/2002	12.30%	5.48%	6.82%
6/20/2002	11.00%	5.48%	5.52%
7/15/2002	11.00%	5.48%	5.52%
9/12/2002	12.30%	5.45%	6.85%
9/26/2002	10.45%	5.41%	5.04%
12/4/2002	11.55%	5.29%	6.26%
12/13/2002	11.75%	5.27%	6.48%
12/20/2002	11.40%	5.25%	6.15%
1/8/2003	11.10%	5.19%	5.91%
1/31/2003	12.45%	5.13%	7.32%
2/28/2003	12.30%	5.05%	7.25%
3/6/2003	10.75%	5.03%	5.72%
3/7/2003	9.96%	5.02%	4.94%
3/20/2003	12.00%	4.98%	7.02%
4/3/2003	12.00%	4.96%	7.04%
4/15/2003	11.15%	4.94%	6.21%
6/25/2003	10.75%	4.79%	5.96%
6/26/2003	10.75%	4.79%	5.96%
7/9/2003	9.75%	4.79%	4.96%
7/16/2003	9.75%	4.79%	4.96%
7/25/2003	9.50%	4.80%	4.70%
8/26/2003	10.50%	4.83%	5.67%
12/17/2003	10.70%	4.94%	5.76%
12/17/2003	9.85%	4.94%	4.91%
12/18/2003	11.50%	4.94%	6.56%
12/19/2003	12.00%	4.94%	7.06%
12/19/2003	12.00%	4.94%	7.06%
12/23/2003	10.50%	4.94%	5.56%
1/13/2004	12.00%	4.95%	7.05%
3/2/2004	10.75%	4.99%	5.76%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
3/26/2004	10.25%	5.02%	5.23%
4/5/2004	11.25%	5.03%	6.22%
5/18/2004	10.50%	5.07%	5.43%
5/25/2004	10.25%	5.08%	5.17%
5/27/2004	10.25%	5.08%	5.17%
6/2/2004	11.22%	5.08%	6.14%
6/30/2004	10.50%	5.10%	5.40%
6/30/2004	10.50%	5.10%	5.40%
7/16/2004	11.60%	5.11%	6.49%
8/25/2004	10.25%	5.10%	5.15%
9/9/2004	10.40%	5.10%	5.30%
11/9/2004	10.50%	5.07%	5.43%
11/23/2004	11.00%	5.06%	5.94%
12/14/2004	10.97%	5.07%	5.90%
12/21/2004	11.50%	5.07%	6.43%
12/21/2004	11.25%	5.07%	6.18%
12/22/2004	11.50%	5.07%	6.43%
12/22/2004	10.70%	5.07%	5.63%
12/29/2004	9.85%	5.07%	4.78%
1/6/2005	10.70%	5.08%	5.62%
2/18/2005	10.30%	4.98%	5.32%
2/25/2005	10.50%	4.96%	5.54%
3/10/2005	11.00%	4.93%	6.07%
3/24/2005	10.30%	4.90%	5.40%
4/4/2005	10.00%	4.88%	5.12%
4/7/2005	10.25%	4.87%	5.38%
5/18/2005	10.25%	4.78%	5.47%
5/25/2005	10.75%	4.78%	5.99%
5/26/2005	9.75%	4.76%	4.99%
6/1/2005	9.75%	4.75%	5.00%
7/19/2005	11.50%	4.64%	6.86%
8/5/2005	11.75%	4.62%	7.13%
8/15/2005	10.13%	4.61%	5.52%
9/28/2005	10.00%	4.54%	5.46%
10/4/2005	10.75%	4.54%	6.21%
12/12/2005	11.00%	4.55%	6.45%
12/13/2005	10.75%	4.55%	6.20%
12/21/2005	10.40%	4.54%	5.86%
12/21/2005	10.29%	4.54%	5.75%
12/22/2005	11.15%	4.54%	6.61%
12/22/2005	11.00%	4.54%	6.46%
12/28/2005	10.00%	4.54%	5.46%
12/28/2005	10.00%	4.54%	5.46%
1/5/2006	11.00%	4.53%	6.47%
1/27/2006	9.75%	4.52%	5.23%
3/3/2006	10.39%	4.53%	5.86%
4/17/2006	10.20%	4.61%	5.59%
4/26/2006	10.60%	4.64%	5.96%
5/17/2006	11.60%	4.69%	6.91%
6/6/2006	10.00%	4.74%	5.26%
6/27/2006	10.75%	4.80%	5.95%
7/6/2006	10.20%	4.83%	5.37%
7/24/2006	9.60%	4.86%	4.74%
7/26/2006	10.50%	4.86%	5.64%
7/28/2006	10.05%	4.86%	5.19%
8/23/2006	9.55%	4.89%	4.68%
9/1/2006	10.54%	4.90%	5.64%
9/14/2006	10.00%	4.91%	5.09%
10/6/2006	9.67%	4.92%	4.75%
11/21/2006	10.12%	4.95%	5.17%
11/21/2006	10.08%	4.95%	5.13%
11/21/2006	10.08%	4.95%	5.13%
12/1/2006	10.50%	4.95%	5.55%
12/1/2006	10.25%	4.95%	5.30%
12/7/2006	10.75%	4.95%	5.80%
12/21/2006	11.25%	4.95%	6.30%
12/21/2006	10.90%	4.95%	5.95%
12/22/2006	10.25%	4.95%	5.30%
1/5/2007	10.00%	4.95%	5.05%
1/11/2007	10.90%	4.95%	5.95%
1/11/2007	10.10%	4.95%	5.15%
1/11/2007	10.10%	4.95%	5.15%
1/12/2007	10.10%	4.95%	5.15%
1/13/2007	10.40%	4.95%	5.45%
1/19/2007	10.80%	4.94%	5.86%
3/21/2007	11.35%	4.87%	6.48%
3/22/2007	9.75%	4.86%	4.89%
5/15/2007	10.00%	4.81%	5.19%
5/17/2007	10.25%	4.81%	5.44%
5/17/2007	10.25%	4.81%	5.44%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
5/22/2007	10.50%	4.80%	5.70%
5/22/2007	10.20%	4.80%	5.40%
5/23/2007	10.70%	4.80%	5.90%
5/25/2007	9.67%	4.80%	4.87%
6/15/2007	9.90%	4.82%	5.08%
6/21/2007	10.20%	4.83%	5.37%
6/22/2007	10.50%	4.83%	5.67%
6/28/2007	10.75%	4.84%	5.91%
7/12/2007	9.67%	4.86%	4.81%
7/19/2007	10.00%	4.87%	5.13%
7/19/2007	10.00%	4.87%	5.13%
8/15/2007	10.40%	4.88%	5.52%
10/9/2007	10.00%	4.91%	5.09%
10/17/2007	9.10%	4.91%	4.19%
10/31/2007	9.96%	4.90%	5.06%
11/29/2007	10.90%	4.87%	6.03%
12/6/2007	10.75%	4.86%	5.89%
12/13/2007	9.96%	4.86%	5.10%
12/14/2007	10.80%	4.86%	5.94%
12/14/2007	10.70%	4.86%	5.84%
12/19/2007	10.20%	4.86%	5.34%
12/20/2007	11.00%	4.85%	6.15%
12/20/2007	10.20%	4.85%	5.35%
12/28/2007	10.25%	4.85%	5.40%
12/31/2007	11.25%	4.85%	6.40%
1/8/2008	10.75%	4.83%	5.92%
1/17/2008	10.75%	4.81%	5.94%
1/28/2008	9.40%	4.80%	4.60%
1/30/2008	10.00%	4.79%	5.21%
1/31/2008	10.71%	4.79%	5.92%
2/29/2008	10.25%	4.75%	5.50%
3/12/2008	10.25%	4.73%	5.52%
3/25/2008	9.10%	4.68%	4.42%
4/22/2008	10.25%	4.60%	5.65%
4/24/2008	10.10%	4.60%	5.50%
5/1/2008	10.70%	4.59%	6.11%
5/19/2008	11.00%	4.58%	6.44%
5/27/2008	10.00%	4.55%	5.45%
6/10/2008	10.70%	4.54%	6.16%
6/27/2008	11.04%	4.54%	6.50%
6/27/2008	10.50%	4.54%	5.96%
7/10/2008	10.43%	4.52%	5.91%
7/16/2008	9.40%	4.52%	4.88%
7/30/2008	10.80%	4.51%	6.29%
7/31/2008	10.70%	4.51%	6.19%
8/11/2008	10.25%	4.51%	5.74%
8/26/2008	10.18%	4.50%	5.68%
9/10/2008	10.30%	4.50%	5.80%
9/24/2008	10.65%	4.48%	6.17%
9/24/2008	10.65%	4.48%	6.17%
9/24/2008	10.65%	4.48%	6.17%
9/30/2008	10.20%	4.48%	5.72%
10/8/2008	10.15%	4.46%	5.69%
11/13/2008	10.55%	4.45%	6.10%
11/17/2008	10.20%	4.44%	5.76%
12/1/2008	10.25%	4.40%	5.85%
12/23/2008	11.00%	4.27%	6.73%
12/29/2008	10.20%	4.24%	5.96%
12/29/2008	10.00%	4.24%	5.76%
12/31/2008	10.75%	4.22%	6.53%
1/14/2009	10.50%	4.15%	6.35%
1/21/2009	10.50%	4.12%	6.38%
1/21/2009	10.50%	4.12%	6.38%
1/21/2009	10.50%	4.12%	6.38%
1/27/2009	10.76%	4.09%	6.67%
1/30/2009	10.50%	4.08%	6.42%
2/4/2009	8.75%	4.06%	4.69%
3/4/2009	10.50%	3.96%	6.54%
3/12/2009	11.50%	3.93%	7.57%
4/2/2009	11.10%	3.85%	7.25%
4/21/2009	10.61%	3.80%	6.81%
4/24/2009	10.00%	3.79%	6.21%
4/30/2009	11.25%	3.78%	7.47%
5/4/2009	10.74%	3.77%	6.97%
5/20/2009	10.25%	3.74%	6.51%
5/28/2009	10.50%	3.74%	6.76%
6/22/2009	10.00%	3.76%	6.24%
6/24/2009	10.80%	3.77%	7.03%
7/8/2009	10.63%	3.77%	6.86%
7/17/2009	10.50%	3.78%	6.72%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
8/31/2009	10.25%	3.82%	6.43%
10/14/2009	10.70%	4.01%	6.69%
10/23/2009	10.88%	4.06%	6.82%
11/2/2009	10.70%	4.09%	6.61%
11/3/2009	10.70%	4.10%	6.60%
11/24/2009	10.25%	4.15%	6.10%
11/25/2009	10.75%	4.16%	6.59%
11/30/2009	10.35%	4.17%	6.18%
12/3/2009	10.50%	4.18%	6.32%
12/7/2009	10.70%	4.18%	6.52%
12/16/2009	11.00%	4.21%	6.79%
12/16/2009	10.90%	4.21%	6.69%
12/18/2009	10.40%	4.22%	6.18%
12/18/2009	10.40%	4.22%	6.18%
12/22/2009	10.40%	4.23%	6.17%
12/22/2009	10.40%	4.23%	6.17%
12/22/2009	10.20%	4.23%	5.97%
12/30/2009	10.00%	4.26%	5.74%
1/4/2010	10.80%	4.28%	6.52%
1/11/2010	11.00%	4.30%	6.70%
1/26/2010	10.13%	4.35%	5.78%
1/27/2010	10.70%	4.35%	6.35%
1/27/2010	10.40%	4.35%	6.05%
1/27/2010	10.40%	4.35%	6.05%
2/9/2010	9.80%	4.38%	5.42%
2/18/2010	10.60%	4.40%	6.20%
2/24/2010	10.18%	4.41%	5.77%
3/2/2010	9.63%	4.41%	5.22%
3/4/2010	10.50%	4.41%	6.09%
3/5/2010	10.50%	4.41%	6.09%
3/11/2010	11.90%	4.42%	7.48%
3/17/2010	10.00%	4.41%	5.59%
3/25/2010	10.15%	4.42%	5.73%
4/2/2010	10.10%	4.43%	5.67%
4/27/2010	10.00%	4.46%	5.54%
4/29/2010	10.26%	4.46%	5.80%
4/29/2010	10.06%	4.46%	5.60%
4/29/2010	9.90%	4.46%	5.44%
5/12/2010	10.30%	4.45%	5.85%
5/12/2010	10.30%	4.45%	5.85%
5/28/2010	10.20%	4.44%	5.76%
5/28/2010	10.10%	4.44%	5.66%
6/7/2010	10.30%	4.44%	5.86%
6/16/2010	10.00%	4.44%	5.56%
6/28/2010	10.50%	4.43%	6.07%
6/28/2010	9.67%	4.43%	5.24%
6/30/2010	9.40%	4.43%	4.97%
7/1/2010	10.25%	4.43%	5.82%
7/15/2010	10.70%	4.43%	6.27%
7/15/2010	10.53%	4.43%	6.10%
7/30/2010	10.70%	4.41%	6.29%
8/4/2010	10.50%	4.41%	6.09%
8/6/2010	9.83%	4.41%	5.42%
8/25/2010	9.90%	4.37%	5.53%
9/3/2010	10.60%	4.35%	6.25%
9/14/2010	10.70%	4.33%	6.37%
9/16/2010	10.00%	4.33%	5.67%
9/16/2010	10.00%	4.33%	5.67%
9/30/2010	9.75%	4.29%	5.46%
10/14/2010	10.35%	4.24%	6.11%
10/28/2010	10.70%	4.21%	6.49%
11/2/2010	10.38%	4.20%	6.18%
11/4/2010	10.70%	4.20%	6.50%
11/19/2010	10.20%	4.18%	6.02%
11/22/2010	10.00%	4.18%	5.82%
12/1/2010	10.13%	4.16%	5.97%
12/6/2010	9.86%	4.15%	5.71%
12/9/2010	10.25%	4.15%	6.10%
12/13/2010	10.70%	4.15%	6.55%
12/14/2010	10.13%	4.15%	5.98%
12/15/2010	10.44%	4.15%	6.29%
12/17/2010	10.00%	4.15%	5.85%
12/20/2010	10.60%	4.15%	6.45%
12/21/2010	10.30%	4.14%	6.16%
12/27/2010	9.90%	4.14%	5.76%
12/29/2010	11.15%	4.14%	7.01%
1/5/2011	10.15%	4.13%	6.02%
1/12/2011	10.30%	4.12%	6.18%
1/13/2011	10.30%	4.12%	6.18%
1/18/2011	10.00%	4.12%	5.88%

Bond Yield Plus Risk Premium			
[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
1/20/2011	10.13%	4.12%	6.01%
1/20/2011	9.30%	4.12%	5.18%
1/31/2011	9.60%	4.12%	5.48%
2/3/2011	10.00%	4.12%	5.88%
2/25/2011	10.00%	4.14%	5.86%
3/25/2011	9.80%	4.18%	5.62%
3/30/2011	10.00%	4.18%	5.82%
4/12/2011	10.00%	4.21%	5.79%
4/25/2011	10.74%	4.23%	6.51%
4/26/2011	9.67%	4.23%	5.44%
4/27/2011	10.40%	4.24%	6.16%
5/4/2011	10.00%	4.24%	5.76%
5/4/2011	10.00%	4.24%	5.76%
5/24/2011	10.50%	4.27%	6.23%
6/8/2011	10.75%	4.30%	6.45%
6/16/2011	9.20%	4.32%	4.88%
6/17/2011	9.95%	4.32%	5.63%
7/13/2011	10.20%	4.36%	5.84%
8/1/2011	9.20%	4.39%	4.81%
8/8/2011	10.00%	4.38%	5.62%
8/11/2011	10.00%	4.38%	5.62%
8/12/2011	10.35%	4.37%	5.98%
8/19/2011	10.25%	4.36%	5.89%
9/2/2011	12.88%	4.32%	8.56%
9/22/2011	10.00%	4.24%	5.76%
10/12/2011	10.30%	4.14%	6.16%
10/20/2011	10.50%	4.10%	6.40%
11/30/2011	10.90%	3.87%	7.03%
11/30/2011	10.90%	3.87%	7.03%
12/14/2011	10.30%	3.80%	6.50%
12/14/2011	10.00%	3.80%	6.20%
12/20/2011	10.20%	3.76%	6.44%
12/21/2011	10.20%	3.76%	6.44%
12/22/2011	10.40%	3.75%	6.65%
12/22/2011	9.90%	3.75%	6.15%
12/23/2011	10.19%	3.74%	6.45%
1/25/2012	10.50%	3.57%	6.93%
1/27/2012	10.50%	3.56%	6.94%
2/15/2012	10.20%	3.47%	6.73%
2/23/2012	9.90%	3.44%	6.46%
2/27/2012	10.25%	3.43%	6.82%
2/29/2012	10.40%	3.41%	6.99%
3/29/2012	10.37%	3.32%	7.05%
4/4/2012	10.00%	3.30%	6.70%
4/26/2012	10.00%	3.21%	6.79%
5/2/2012	10.00%	3.18%	6.82%
5/7/2012	9.80%	3.17%	6.63%
5/15/2012	10.00%	3.14%	6.86%
5/29/2012	10.05%	3.11%	6.94%
6/7/2012	10.30%	3.08%	7.22%
6/14/2012	9.40%	3.06%	6.34%
6/15/2012	10.40%	3.06%	7.34%
6/18/2012	9.60%	3.06%	6.54%
6/19/2012	9.25%	3.05%	6.20%
6/26/2012	10.10%	3.04%	7.06%
6/29/2012	10.00%	3.04%	6.96%
7/9/2012	10.20%	3.03%	7.17%
7/16/2012	9.80%	3.02%	6.78%
7/20/2012	9.81%	3.01%	6.80%
7/20/2012	9.31%	3.01%	6.30%
9/13/2012	9.80%	2.94%	6.86%
9/19/2012	10.05%	2.94%	7.11%
9/19/2012	9.80%	2.94%	6.86%
9/26/2012	9.50%	2.94%	6.56%
10/12/2012	9.60%	2.93%	6.67%
10/23/2012	9.75%	2.93%	6.82%
10/24/2012	10.30%	2.93%	7.37%
11/9/2012	10.30%	2.92%	7.38%
11/28/2012	10.40%	2.90%	7.50%
11/29/2012	9.88%	2.89%	6.99%
11/29/2012	9.75%	2.89%	6.86%
12/5/2012	10.40%	2.89%	7.51%
12/5/2012	9.71%	2.89%	6.82%
12/12/2012	9.80%	2.88%	6.92%
12/13/2012	10.50%	2.88%	7.62%
12/13/2012	9.50%	2.88%	6.82%
12/14/2012	10.40%	2.88%	7.52%
12/19/2012	10.25%	2.87%	7.38%
12/19/2012	9.71%	2.87%	6.84%
12/20/2012	10.45%	2.87%	7.58%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
12/20/2012	10.40%	2.87%	7.53%
12/20/2012	10.30%	2.87%	7.43%
12/20/2012	10.25%	2.87%	7.38%
12/20/2012	10.25%	2.87%	7.38%
12/20/2012	9.80%	2.87%	6.93%
12/20/2012	9.50%	2.87%	6.63%
12/21/2012	10.20%	2.87%	7.33%
12/26/2012	9.80%	2.86%	6.94%
1/9/2013	9.70%	2.85%	6.85%
1/9/2013	9.70%	2.85%	6.85%
1/9/2013	9.70%	2.85%	6.85%
1/16/2013	9.60%	2.84%	6.76%
1/16/2013	9.60%	2.84%	6.76%
2/13/2013	10.20%	2.84%	7.36%
2/22/2013	9.75%	2.85%	6.90%
2/27/2013	10.00%	2.86%	7.14%
3/14/2013	9.30%	2.88%	6.42%
3/27/2013	9.80%	2.90%	6.90%
5/1/2013	9.84%	2.94%	6.90%
5/15/2013	10.30%	2.98%	7.34%
5/30/2013	10.20%	2.98%	7.22%
5/31/2013	9.00%	2.98%	6.02%
6/11/2013	10.00%	3.00%	7.00%
6/21/2013	9.75%	3.02%	6.73%
6/25/2013	9.80%	3.03%	6.77%
7/12/2013	9.36%	3.07%	6.29%
8/8/2013	9.83%	3.14%	6.69%
8/14/2013	9.15%	3.16%	5.99%
9/11/2013	10.25%	3.26%	6.99%
9/11/2013	10.20%	3.26%	6.94%
9/24/2013	10.20%	3.31%	6.89%
10/3/2013	9.65%	3.33%	6.32%
11/6/2013	10.20%	3.41%	6.79%
11/21/2013	10.00%	3.44%	6.56%
11/26/2013	10.00%	3.45%	6.55%
12/3/2013	10.25%	3.47%	6.78%
12/4/2013	9.50%	3.47%	6.03%
12/5/2013	10.20%	3.48%	6.72%
12/9/2013	9.75%	3.48%	6.27%
12/9/2013	8.72%	3.48%	5.24%
12/13/2013	9.75%	3.50%	6.25%
12/16/2013	10.12%	3.50%	6.62%
12/16/2013	9.95%	3.50%	6.45%
12/16/2013	9.95%	3.50%	6.45%
12/17/2013	10.95%	3.51%	7.44%
12/17/2013	9.50%	3.51%	5.99%
12/18/2013	9.80%	3.51%	6.29%
12/18/2013	8.72%	3.51%	5.21%
12/19/2013	10.15%	3.51%	6.64%
12/30/2013	9.50%	3.54%	5.96%
2/20/2014	9.20%	3.68%	5.52%
2/26/2014	9.75%	3.69%	6.06%
3/17/2014	9.55%	3.72%	5.83%
3/26/2014	9.96%	3.73%	6.23%
3/26/2014	9.40%	3.73%	5.67%
4/2/2014	9.70%	3.73%	5.97%
5/16/2014	9.80%	3.70%	6.10%
5/30/2014	9.70%	3.68%	6.02%
6/6/2014	10.40%	3.67%	6.73%
6/30/2014	9.55%	3.64%	5.91%
7/2/2014	9.62%	3.64%	5.98%
7/10/2014	9.95%	3.63%	6.32%
7/23/2014	9.75%	3.61%	6.14%
7/29/2014	9.45%	3.60%	5.85%
7/31/2014	9.90%	3.60%	6.30%
8/20/2014	9.75%	3.57%	6.18%
8/25/2014	9.60%	3.56%	6.04%
8/29/2014	9.80%	3.54%	6.26%
9/11/2014	9.60%	3.51%	6.09%
9/15/2014	10.25%	3.51%	6.74%
10/9/2014	9.80%	3.45%	6.35%
11/6/2014	10.20%	3.37%	6.83%
11/6/2014	9.56%	3.37%	6.19%
11/14/2014	10.20%	3.35%	6.85%
11/26/2014	10.20%	3.33%	6.87%
11/26/2014	9.70%	3.33%	6.37%
12/4/2014	9.68%	3.31%	6.37%
12/10/2014	9.25%	3.29%	5.96%
12/10/2014	9.25%	3.29%	5.96%
12/11/2014	10.07%	3.29%	6.76%

Bond Yield Plus Risk Premium

[6]	[7]	[8]	[9]
Date of Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
12/12/2014	10.20%	3.28%	6.92%
12/17/2014	9.17%	3.27%	5.90%
12/18/2014	9.83%	3.26%	6.57%
1/23/2015	9.50%	3.14%	6.36%
2/24/2015	9.83%	3.04%	6.79%
3/18/2015	9.75%	2.98%	6.77%
3/25/2015	9.50%	2.96%	6.54%
3/26/2015	9.72%	2.95%	6.77%
4/23/2015	10.20%	2.87%	7.33%
4/29/2015	9.53%	2.86%	6.67%
		Average	4.47%
		Count	1,450

Capital Asset Pricing Model
Staff Case No. ER-2012-0174 Results Compared to Updated 2014 Results

		Staff Results 2012					
		[1]	[2]	[3]	[4]	[5]	[6]
		Risk-Free Rate	Beta Coefficient	Historical Market Risk Premium		CAPM Result	
				Arithmetic	Geometric	Arithmetic MRP	Geometric MRP
Alliant Energy	LNT	3.13%	0.75	5.70%	4.10%	7.41%	6.21%
American Electric Power	AEP	3.13%	0.70	5.70%	4.10%	7.12%	6.00%
Cleco Corp.	CNL	3.13%	0.70	5.70%	4.10%	7.12%	6.00%
Great Plains Energy	GXP	3.13%	0.75	5.70%	4.10%	7.41%	6.21%
IDACORP, Inc.	IDA	3.13%	0.70	5.70%	4.10%	7.12%	6.00%
Pinnacle West Capital	PNW	3.13%	0.70	5.70%	4.10%	7.12%	6.00%
Southern Company	SO	3.13%	0.55	5.70%	4.10%	6.27%	5.39%
Westar Energy, Inc.	WR	3.13%	0.75	5.70%	4.10%	7.41%	6.21%
Wisconsin Energy	WEC	3.13%	0.65	5.70%	4.10%	6.84%	5.80%
Xcel Energy	XEL	3.13%	0.65	5.70%	4.10%	6.84%	5.80%
Average:			0.69	5.70%	4.10%	7.06%	5.96%

		Updated Staff Results 2014					
		[1]	[2]	[3]	[4]	[5]	[6]
		Risk-Free Rate	Beta Coefficient	Historical Market Risk Premium		CAPM Result	
				Arithmetic	Geometric	Arithmetic MRP	Geometric MRP
Alliant Energy	LNT	2.78%	0.80	6.20%	4.64%	7.74%	6.49%
American Electric Power	AEP	2.78%	0.70	6.20%	4.64%	7.12%	6.03%
Cleco Corp.	CNL	2.78%	0.75	6.20%	4.64%	7.43%	6.26%
Great Plains Energy	GXP	2.78%	0.85	6.20%	4.64%	8.05%	6.72%
IDACORP, Inc.	IDA	2.78%	0.80	6.20%	4.64%	7.74%	6.49%
Pinnacle West Capital	PNW	2.78%	0.70	6.20%	4.64%	7.12%	6.03%
Southern Company	SO	2.78%	0.55	6.20%	4.64%	6.19%	5.33%
Westar Energy, Inc.	WR	2.78%	0.75	6.20%	4.64%	7.43%	6.26%
Wisconsin Energy	WEC	2.78%	0.65	6.20%	4.64%	6.81%	5.80%
Xcel Energy	XEL	2.78%	0.65	6.20%	4.64%	6.81%	5.80%
Average:			0.72	6.20%	4.64%	7.24%	6.12%

Change in results from 2012 to 2014:	0.18%	0.16%
Change in results from 2012 to 2014, excluding CNL and WEC:	0.19%	0.17%

Notes:

- [1] Source: Case No. ER-2014-0370, Schedule 17 and Case No. ER-2012-0174, Schedule 22.
- [2] Source: Case No. ER-2012-0174, Schedule 22 and Value Line. 2014 analysis relies on Value Line betas for consistency with 2012 analysis.
- [3] Source: Case No. ER-2014-0370, Schedule 17 and Case No. ER-2012-0174, Schedule 22.
- [4] Source: Case No. ER-2014-0370, Schedule 17 and Case No. ER-2012-0174, Schedule 22.
- [5] Equals Col. [1] + (Col. [2] x Col. [3])
- [6] Equals Col. [1] + (Col. [2] x Col. [4])

Value Line 3-5 Year Projections
Current and Projected Price/Earnings Ratios

Company	Ticker	Current P/E	3-5 Yr Proj. P/E
Alliant Energy Corporation	LNT	17.57	15.00
Ameren Corporation	AEE	16.59	12.50
American Electric Power Company, Inc.	AEP	16.72	13.00
CMS Energy Corporation	CMS	18.36	15.00
DTE Energy Company	DTE	15.93	13.50
Duke Energy Corporation	DUK	17.69	14.50
Empire District Electric Company	EDE	17.42	13.50
Eversource Energy	ES	17.42	14.00
Great Plains Energy Inc.	GXP	18.14	13.50
IDACORP, Inc.	IDA	16.43	16.00
OGE Energy Corp.	OGE	16.60	17.00
Otter Tail Corporation	OTTR	19.52	15.00
Pinnacle West Capital Corporation	PNW	16.42	13.50
PNM Resources, Inc.	PNM	17.80	15.00
Portland General Electric Company	POR	16.50	12.50
Southern Company	SO	15.59	13.50
TECO Energy, Inc.	TE	18.48	15.00
Westar Energy, Inc.	WR	16.27	15.00
Xcel Energy Inc.	XEL	16.90	12.50
	Mean:	17.18	14.18
	Count of projected declines:		18.00

Notes:

Source: Value Line Screener

Reported Authorized Returns on Equity for Vertically Integrated Electric Utilities
Twelve Months Ending April 30, 2015

State	Docket	Utility	Authorized ROE	Decision Date
Texas	D-41791	Entergy Texas Inc.	9.80%	5/16/2014
Wisconsin	D-6680-UR-119 (Elec)	Wisconsin Power and Light Co	10.40%	6/6/2014
Louisiana	D-UD-13-01	Entergy Louisiana LLC	9.95%	7/10/2014
Wyoming	D-20003-132-ER-13	Cheyenne Light Fuel Power Co.	9.90%	7/31/2014
Vermont	D-8190, 8191	Green Mountain Power Corp	9.60%	8/25/2014
Utah	D-13-035-184	PacifiCorp	9.80%	8/29/2014
Florida	D-140025-EI	Florida Public Utilities Co.	10.25%	9/15/2014
Nevada	D-14-05004	Nevada Power Co.	9.80%	10/9/2014
Illinois	D-14-0066	MidAmerican Energy Co.	9.56%	11/6/2014
Wisconsin	D-6690-UR-123 (Elec)	Wisconsin Public Service Corp.	10.20%	11/6/2014
Wisconsin	D-05-UR-107 (WEP-Elec)	Wisconsin Electric Power Co.	10.20%	11/14/2014
Virginia	C-PUE-2014-00026	Appalachian Power Co.	9.70%	11/26/2014
Wisconsin	D-3270-UR-120 (Elec)	Madison Gas and Electric Co.	10.20%	11/26/2014
Oregon	D-UE-283	Portland General Electric Co.	9.68%	12/4/2014
Mississippi	D-2014-UN-0132	Entergy Mississippi Inc.	10.07%	12/11/2014
Wisconsin	D-4220-UR-120 (Elec)	Northern States Power Co - WI	10.20%	12/12/2014
Colorado	D-14AL-0393E	Black Hills Colorado Electric	9.83%	12/18/2014
Wyoming	D-20000-446-ER-14	PacifiCorp	9.50%	1/23/2015
Colorado	D-14AL-0660E	Public Service Co. of CO	9.83%	2/24/2015
Washington	D-UE-140762	PacifiCorp	9.50%	3/25/2015
Minnesota	D-E-002/GR-13-868	Northern States Power Co. - MN	9.72%	3/26/2015
Michigan	C-U-17669	Wisconsin Public Service Corp.	10.20%	4/23/2015
Missouri	C-ER-2014-0258	Union Electric Co.	9.53%	4/29/2015

Mean: 9.89%
Median: 9.83%
Minimum: 9.50%
Maximum: 10.40%

Source: Regulatory Research Associates

S&P 500 Earnings Per Share Growth /
Nominal GDP Growth

Year	[1]	[2]	[3]	[4]	[5]
	S&P 500 Index	S&P 500 EPS	S&P 500 EPS Growth	Nominal GDP	Nominal GDP Growth
1968	106.50	5.76	-	942.5	-
1969	91.11	5.78	0.35%	1,019.9	8.21%
1970	90.05	5.13	-11.25%	1,075.9	5.49%
1971	99.17	5.70	11.11%	1,167.8	8.54%
1972	117.50	6.42	12.63%	1,282.4	9.81%
1973	94.78	8.16	27.10%	1,428.5	11.39%
1974	67.07	8.89	8.95%	1,548.8	8.42%
1975	88.70	7.96	-10.46%	1,688.9	9.05%
1976	104.70	9.91	24.50%	1,877.6	11.17%
1977	93.82	10.89	9.89%	2,086.0	11.10%
1978	96.11	12.33	13.22%	2,356.6	12.97%
1979	107.80	14.86	20.52%	2,632.1	11.69%
1980	133.50	14.82	-0.27%	2,862.5	8.75%
1981	123.80	15.36	3.64%	3,211.0	12.17%
1982	139.40	12.64	-17.71%	3,345.0	4.17%
1983	164.40	14.03	11.00%	3,638.1	8.76%
1984	164.50	16.64	18.60%	4,040.7	11.07%
1985	207.30	14.61	-12.20%	4,346.7	7.57%
1986	248.60	14.48	-0.89%	4,590.2	5.60%
1987	241.00	17.50	20.86%	4,870.2	6.10%
1988	276.50	23.76	35.77%	5,252.6	7.85%
1989	348.60	22.90	-3.62%	5,657.7	7.71%
1990	328.75	21.34	-6.81%	5,979.6	5.69%
1991	388.51	15.97	-25.16%	6,174.0	3.25%
1992	435.64	19.09	19.54%	6,539.3	5.92%
1993	465.95	21.88	14.61%	6,878.7	5.19%
1994	455.19	30.60	39.85%	7,308.8	6.25%
1995	614.57	33.96	10.98%	7,664.1	4.86%
1996	743.25	38.73	14.05%	8,100.2	5.69%
1997	962.37	39.72	2.56%	8,608.5	6.28%
1998	1,190.05	37.71	-5.06%	9,089.2	5.58%
1999	1,428.68	48.17	27.74%	9,660.6	6.29%
2000	1,330.93	50.00	3.80%	10,284.8	6.46%
2001	1,144.93	24.69	-50.62%	10,621.8	3.28%
2002	899.18	27.59	11.75%	10,977.5	3.35%
2003	1,080.64	48.74	76.66%	11,510.7	4.86%
2004	1,199.21	58.55	20.13%	12,274.9	6.64%
2005	1,262.07	69.93	19.44%	13,093.7	6.67%
2006	1,416.42	81.51	16.56%	13,855.9	5.82%
2007	1,479.22	66.18	-18.81%	14,477.6	4.49%
2008	877.56	14.88	-77.52%	14,718.6	1.66%
2009	1,110.38	50.97	242.54%	14,418.7	-2.04%
2010	1,241.53	77.35	51.76%	14,964.4	3.78%
2011	1,243.32	86.95	12.41%	15,517.9	3.70%
2012	1,422.29	86.51	-0.51%	16,163.2	4.16%
2013	1,807.78	100.20	15.82%	16,768.1	3.74%
2014	2,054.27	103.31	3.10%	17,418.9	3.88%
CAGR		6.48%		6.55%	

Notes:

[1] Source: <http://www.econ.yale.edu/~shiller/data.htm>.

[2] Source: <http://www.econ.yale.edu/~shiller/data.htm>.

[3] Equals annual percent change of Column [2]

[4] Source: Bureau of Economic Analysis, Current-Dollar and Real GDP (March 27, 2015 release)

[5] Equals annual percent change of Column [4]

**Re-creation of Staff Revenue Requirement Cost of Service Report, Schedule 13
Multi-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity
for the Comparable Electric Utility Companies
Long-Term Growth at 50.00 Percent of Staff's Estimate of Gross Domestic Product**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Name	Annualized Quarterly Dividend	Growth Years 1-5	Growth Years 6	7	8	9	10	Growth in Perpetuity	Cost of Equity
Alliant Energy	\$2.20	6.05%	5.41%	4.77%	4.13%	3.48%	2.84%	2.20%	6.51%
Ameren Corp.	\$1.64	7.15%	6.33%	5.50%	4.68%	3.85%	3.03%	2.20%	7.29%
American Electric Power	\$2.12	5.47%	4.93%	4.38%	3.84%	3.29%	2.75%	2.20%	6.57%
CMS Energy Corp.	\$1.16	5.87%	5.26%	4.65%	4.04%	3.42%	2.81%	2.20%	6.37%
DTE Energy Company	\$2.76	5.79%	5.19%	4.59%	4.00%	3.40%	2.80%	2.20%	6.29%
Great Plains Energy	\$0.98	4.58%	4.18%	3.79%	3.39%	2.99%	2.60%	2.20%	6.34%
OGE Energy Corp.	\$1.00	5.15%	4.66%	4.17%	3.68%	3.18%	2.69%	2.20%	5.78%
Pinnacle West Capital	\$2.38	4.93%	4.48%	4.02%	3.57%	3.11%	2.66%	2.20%	6.44%
PNM Resources, Inc.	\$0.80	6.76%	6.00%	5.24%	4.48%	3.72%	2.96%	2.20%	5.90%
Portland General Electric	\$1.12	6.29%	5.61%	4.93%	4.25%	3.56%	2.88%	2.20%	6.05%
Southern Company	\$2.10	3.98%	3.68%	3.39%	3.09%	2.79%	2.50%	2.20%	7.14%
TECO Energy, Inc.	\$0.90	8.45%	7.41%	6.37%	5.33%	4.28%	3.24%	2.20%	8.68%
Westar Energy, Inc.	\$1.44	4.65%	4.24%	3.83%	3.43%	3.02%	2.61%	2.20%	6.36%
Xcel Energy	\$1.28	5.33%	4.81%	4.29%	3.77%	3.24%	2.72%	2.20%	6.60%

Mean: **6.59%**
Mean without OGE and TECO: **6.49%**

Sources: Columns 1 - 7 = Staff Revenue Requirement Cost of Service Report, Schedule 13.
Column 8 = 50.00% of Staff's 4.40% GDP estimate (see Revenue Requirement Cost of Service Report, at 53.)

**Re-creation of Staff Revenue Requirement Cost of Service Report, Schedule 13
Multi-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity
for the Comparable Electric Utility Companies
Long-Term Growth at Staff's 2.00 Percent Estimate of Inflation**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Name	Annualized Quarterly Dividend	Growth Years 1-5	Growth Years 6	7	8	9	10	Growth in Perpetuity	Cost of Equity
Alliant Energy	\$2.20	6.05%	5.38%	4.70%	4.03%	3.35%	2.68%	2.00%	6.35%
Ameren Corp.	\$1.64	7.15%	6.29%	5.43%	4.58%	3.72%	2.86%	2.00%	7.14%
American Electric Power	\$2.12	5.47%	4.89%	4.31%	3.74%	3.16%	2.58%	2.00%	6.42%
CMS Energy Corp.	\$1.16	5.87%	5.23%	4.58%	3.94%	3.29%	2.65%	2.00%	6.22%
DTE Energy Company	\$2.76	5.79%	5.16%	4.53%	3.90%	3.26%	2.63%	2.00%	6.13%
Great Plains Energy	\$0.98	4.58%	4.15%	3.72%	3.29%	2.86%	2.43%	2.00%	6.19%
OGE Energy Corp.	\$1.00	5.15%	4.63%	4.10%	3.58%	3.05%	2.53%	2.00%	5.62%
Pinnacle West Capital	\$2.38	4.93%	4.44%	3.95%	3.47%	2.98%	2.49%	2.00%	6.29%
PNM Resources, Inc.	\$0.80	6.76%	5.97%	5.17%	4.38%	3.59%	2.79%	2.00%	5.74%
Portland General Electric	\$1.12	6.29%	5.58%	4.86%	4.15%	3.43%	2.72%	2.00%	5.89%
Southern Company	\$2.10	3.98%	3.65%	3.32%	2.99%	2.66%	2.33%	2.00%	6.99%
TECO Energy, Inc.	\$0.90	8.45%	7.38%	6.30%	5.23%	4.15%	3.08%	2.00%	8.54%
Westar Energy, Inc.	\$1.44	4.65%	4.21%	3.77%	3.33%	2.88%	2.44%	2.00%	6.21%
Xcel Energy	\$1.28	5.33%	4.78%	4.22%	3.67%	3.11%	2.56%	2.00%	6.45%

Mean: **6.44%**
Mean without OGE and TECO: **6.33%**

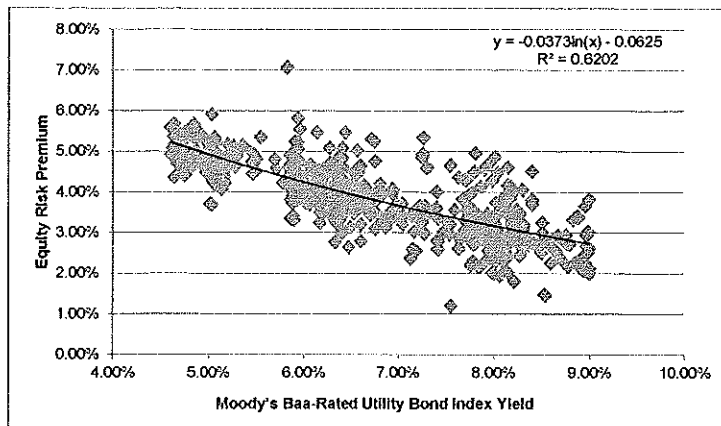
Sources: Columns 1 - 7 = Staff Revenue Requirement Cost of Service Report, Schedule 13.
Column 8 = Staff's 2.00% inflation estimate (see Revenue Requirement Cost of Service Report, at 53.)

Moody's Utility Baa Bond Yield Plus Risk Premium

	[1]	[2]	[3]	[4]	[5]
	Constant	Slope	Moody's Utility Baa Yield	Risk Premium	Return on Equity
Staff's Moody's Utility Baa Yield	-6.25%	-3.73%	4.60%	5.23%	9.83%

Notes:

- [1] Constant of regression equation
- [2] Slope of regression equation
- [3] Source: Staff Cost of Service Report, at 56
- [4] Equals [1] + [2] x ln([3])
- [5] Equals [3] + [4]
- [6] Source: SNL Financial
- [7] Source: SNL Financial
- [8] Source: Bloomberg Professional; Note, Moody's Baa Index Yield data is only available back to 1992
Equals 201-trading day average (i.e. lag period) as of April 30, 2015
- [9] Equals [7] - [8]



[6] Date of Electric Rate Case	[7] Return on Equity	[8] Moody's Utility Baa Yield	[9] Risk Premium
11/2/1993	10.80%	7.90%	2.90%
11/12/1993	12.00%	7.87%	4.13%
11/26/1993	11.00%	7.84%	3.16%
12/14/1993	10.55%	7.80%	2.75%
12/16/1993	10.60%	7.80%	2.80%
12/21/1993	11.30%	7.80%	3.50%
1/4/1994	10.07%	7.78%	2.29%
1/13/1994	11.00%	7.77%	3.23%
1/21/1994	11.00%	7.75%	3.25%
1/28/1994	11.35%	7.74%	3.61%
2/3/1994	11.40%	7.73%	3.67%
2/17/1994	10.60%	7.71%	2.89%
2/25/1994	11.25%	7.71%	3.54%
2/25/1994	12.00%	7.71%	4.29%
3/1/1994	11.00%	7.70%	3.30%
3/4/1994	11.00%	7.70%	3.30%
4/25/1994	11.00%	7.74%	3.26%
5/10/1994	11.75%	7.77%	3.98%
5/13/1994	10.50%	7.78%	2.72%
6/3/1994	11.00%	7.84%	3.16%
6/27/1994	11.40%	7.94%	3.46%
8/5/1994	12.75%	8.14%	4.61%
10/31/1994	10.00%	8.53%	1.47%
11/9/1994	10.85%	8.60%	2.25%
11/9/1994	10.85%	8.60%	2.25%
11/18/1994	11.20%	8.65%	2.55%
11/22/1994	11.60%	8.67%	2.93%
11/28/1994	11.06%	8.69%	2.37%
12/8/1994	11.50%	8.75%	2.75%
12/8/1994	11.70%	8.75%	2.95%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] Moody's Utility Baa Yield	[9] Risk Premium
11/2/1993	10.80%	7.90%	2.90%
12/14/1994	10.95%	8.77%	2.18%
12/15/1994	11.50%	8.78%	2.72%
12/19/1994	11.50%	8.79%	2.71%
12/28/1994	12.15%	8.82%	3.33%
1/9/1995	12.28%	8.86%	3.42%
1/31/1995	11.00%	8.93%	2.07%
2/10/1995	12.60%	8.95%	3.65%
2/17/1995	11.90%	8.96%	2.94%
3/9/1995	11.50%	8.98%	2.52%
3/20/1995	12.00%	8.98%	3.02%
3/23/1995	12.81%	8.98%	3.83%
3/29/1995	11.60%	8.99%	2.61%
4/6/1995	11.10%	8.99%	2.11%
4/7/1995	11.00%	8.99%	2.01%
4/19/1995	11.00%	8.99%	2.01%
5/12/1995	11.63%	8.96%	2.67%
5/25/1995	11.20%	8.94%	2.26%
6/9/1995	11.25%	8.91%	2.34%
6/21/1995	12.25%	8.88%	3.37%
6/30/1995	11.10%	8.85%	2.25%
9/11/1995	11.30%	8.58%	2.72%
9/27/1995	11.30%	8.51%	2.79%
9/27/1995	11.50%	8.51%	2.99%
9/27/1995	11.75%	8.51%	3.24%
9/29/1995	11.00%	8.49%	2.51%
11/9/1995	11.38%	8.30%	3.08%
11/9/1995	12.36%	8.30%	4.06%
11/17/1995	11.00%	8.26%	2.74%
12/4/1995	11.35%	8.21%	3.14%
12/11/1995	11.40%	8.18%	3.22%
12/20/1995	11.60%	8.14%	3.46%
12/27/1995	12.00%	8.11%	3.89%
2/5/1996	12.25%	7.98%	4.27%
3/29/1996	10.67%	7.92%	2.75%
4/8/1996	11.00%	7.92%	3.08%
4/11/1996	12.59%	7.93%	4.66%
4/11/1996	12.59%	7.93%	4.66%
4/24/1996	11.25%	7.95%	3.30%
4/30/1996	11.00%	7.95%	3.05%
5/13/1996	11.00%	7.97%	3.03%
5/23/1996	11.25%	7.98%	3.27%
6/25/1996	11.25%	8.01%	3.24%
6/27/1996	11.20%	8.01%	3.19%
8/12/1996	10.40%	8.09%	2.31%
9/27/1996	11.00%	8.18%	2.82%
10/16/1996	12.25%	8.22%	4.03%
11/5/1996	11.00%	8.25%	2.75%
11/26/1996	11.30%	8.26%	3.04%
12/18/1996	11.75%	8.27%	3.48%
12/31/1996	11.50%	8.27%	3.23%
1/3/1997	10.70%	8.27%	2.43%
2/13/1997	11.80%	8.24%	3.56%
2/20/1997	11.80%	8.24%	3.56%
3/31/1997	10.02%	8.21%	1.81%
4/2/1997	11.65%	8.21%	3.44%
4/28/1997	11.50%	8.20%	3.30%
4/29/1997	11.70%	8.20%	3.50%
7/17/1997	12.00%	8.14%	3.86%
12/12/1997	11.00%	7.96%	3.04%
12/23/1997	11.12%	7.94%	3.18%
2/2/1998	12.75%	7.81%	4.94%
3/2/1998	11.25%	7.71%	3.54%
3/6/1998	10.75%	7.70%	3.05%
3/20/1998	10.50%	7.65%	2.85%
4/30/1998	12.20%	7.55%	4.65%
7/10/1998	11.40%	7.40%	4.00%
9/15/1998	11.90%	7.30%	4.60%
11/30/1998	12.60%	7.26%	5.34%
12/10/1998	12.20%	7.25%	4.95%
12/17/1998	12.10%	7.25%	4.85%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] Moody's Utility Baa Yield	[9] Risk Premium
11/2/1993	10.80%	7.90%	2.90%
2/5/1999	10.30%	7.24%	3.06%
3/4/1999	10.50%	7.25%	3.25%
4/6/1999	10.94%	7.28%	3.66%
7/29/1999	10.75%	7.54%	3.21%
9/23/1999	10.75%	7.72%	3.03%
11/17/1999	11.10%	7.90%	3.20%
1/7/2000	11.50%	8.03%	3.47%
1/7/2000	11.50%	8.03%	3.47%
2/17/2000	10.60%	8.15%	2.45%
3/28/2000	11.25%	8.23%	3.02%
5/24/2000	11.00%	8.34%	2.66%
7/18/2000	12.20%	8.40%	3.80%
9/29/2000	11.16%	8.42%	2.74%
11/28/2000	12.90%	8.40%	4.50%
11/30/2000	12.10%	8.40%	3.70%
1/23/2001	11.25%	8.33%	2.92%
2/8/2001	11.50%	8.31%	3.19%
5/8/2001	10.75%	8.12%	2.63%
6/26/2001	11.00%	8.09%	2.91%
7/25/2001	11.02%	8.06%	2.96%
7/25/2001	11.02%	8.06%	2.96%
7/31/2001	11.00%	8.05%	2.95%
8/31/2001	10.50%	8.01%	2.49%
9/7/2001	10.75%	8.01%	2.74%
9/10/2001	11.00%	8.01%	2.99%
9/20/2001	10.00%	8.00%	2.00%
10/24/2001	10.30%	8.01%	2.29%
11/28/2001	10.60%	8.01%	2.59%
12/3/2001	12.88%	8.01%	4.87%
12/20/2001	12.50%	8.03%	4.47%
1/22/2002	10.00%	8.06%	1.94%
3/27/2002	10.10%	8.09%	2.01%
4/22/2002	11.80%	8.12%	3.68%
5/28/2002	10.17%	8.15%	2.02%
6/10/2002	12.00%	8.16%	3.84%
6/18/2002	11.16%	8.17%	2.99%
6/20/2002	11.00%	8.18%	2.82%
6/20/2002	12.30%	8.18%	4.12%
7/15/2002	11.00%	8.19%	2.81%
9/12/2002	12.30%	8.14%	4.16%
9/26/2002	10.45%	8.12%	2.33%
12/4/2002	11.55%	8.04%	3.51%
12/13/2002	11.75%	8.02%	3.73%
12/20/2002	11.40%	8.01%	3.39%
1/8/2003	11.10%	7.96%	3.14%
1/31/2003	12.45%	7.89%	4.56%
2/28/2003	12.30%	7.79%	4.51%
3/6/2003	10.75%	7.77%	2.98%
3/7/2003	9.96%	7.76%	2.20%
3/20/2003	12.00%	7.70%	4.30%
4/3/2003	12.00%	7.64%	4.36%
4/15/2003	11.15%	7.59%	3.56%
6/25/2003	10.75%	7.24%	3.51%
6/26/2003	10.75%	7.23%	3.52%
7/9/2003	9.75%	7.19%	2.56%
7/16/2003	9.75%	7.16%	2.59%
7/25/2003	9.50%	7.13%	2.37%
8/26/2003	10.50%	7.02%	3.48%
12/17/2003	9.85%	6.75%	3.10%
12/17/2003	10.70%	6.75%	3.95%
12/18/2003	11.50%	6.75%	4.75%
12/19/2003	12.00%	6.75%	5.25%
12/19/2003	12.00%	6.75%	5.25%
12/23/2003	10.50%	6.75%	3.75%
1/13/2004	12.00%	6.71%	5.29%
3/2/2004	10.75%	6.62%	4.13%
3/26/2004	10.25%	6.60%	3.65%
4/5/2004	11.25%	6.60%	4.65%
5/18/2004	10.50%	6.61%	3.89%
5/25/2004	10.25%	6.60%	3.65%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] Moody's Utility Baa Yield	[9] Risk Premium
11/2/1993	10.80%	7.90%	2.90%
5/27/2004	10.25%	6.60%	3.65%
6/2/2004	11.22%	6.60%	4.62%
6/30/2004	10.50%	6.57%	3.93%
6/30/2004	10.50%	6.57%	3.93%
7/16/2004	11.60%	6.56%	5.04%
8/25/2004	10.25%	6.53%	3.72%
9/9/2004	10.40%	6.51%	3.89%
11/9/2004	10.50%	6.43%	4.07%
11/23/2004	11.00%	6.42%	4.58%
12/14/2004	10.97%	6.41%	4.56%
12/21/2004	11.25%	6.41%	4.84%
12/21/2004	11.50%	6.41%	5.09%
12/22/2004	10.70%	6.41%	4.29%
12/22/2004	11.50%	6.41%	5.09%
12/29/2004	9.85%	6.41%	3.44%
1/6/2005	10.70%	6.41%	4.29%
2/18/2005	10.30%	6.33%	3.97%
2/25/2005	10.50%	6.31%	4.19%
3/10/2005	11.00%	6.27%	4.73%
3/24/2005	10.30%	6.23%	4.07%
4/4/2005	10.00%	6.21%	3.79%
4/7/2005	10.25%	6.20%	4.05%
5/18/2005	10.25%	6.08%	4.17%
5/25/2005	10.75%	6.07%	4.68%
5/26/2005	9.75%	6.06%	3.69%
6/1/2005	9.75%	6.05%	3.70%
7/19/2005	11.50%	5.95%	5.55%
8/5/2005	11.75%	5.93%	5.82%
8/15/2005	10.13%	5.92%	4.21%
9/28/2005	10.00%	5.87%	4.13%
10/4/2005	10.75%	5.87%	4.88%
12/12/2005	11.00%	5.93%	5.07%
12/13/2005	10.75%	5.93%	4.82%
12/21/2005	10.29%	5.93%	4.36%
12/21/2005	10.40%	5.93%	4.47%
12/22/2005	11.00%	5.94%	5.06%
12/22/2005	11.15%	5.94%	5.21%
12/28/2005	10.00%	5.94%	4.06%
12/28/2005	10.00%	5.94%	4.06%
1/5/2006	11.00%	5.94%	5.06%
1/27/2006	9.75%	5.94%	3.81%
3/3/2006	10.39%	5.96%	4.43%
4/17/2006	10.20%	6.05%	4.15%
4/26/2006	10.60%	6.08%	4.52%
5/17/2006	11.60%	6.14%	5.46%
6/6/2006	10.00%	6.19%	3.81%
6/27/2006	10.75%	6.25%	4.50%
7/6/2006	10.20%	6.28%	3.92%
7/24/2006	9.60%	6.32%	3.28%
7/26/2006	10.50%	6.33%	4.17%
7/28/2006	10.05%	6.33%	3.72%
8/23/2006	9.55%	6.36%	3.19%
9/1/2006	10.54%	6.36%	4.18%
9/14/2006	10.00%	6.37%	3.63%
10/6/2006	9.67%	6.37%	3.30%
11/21/2006	10.08%	6.39%	3.69%
11/21/2006	10.08%	6.39%	3.69%
11/21/2006	10.12%	6.39%	3.73%
12/1/2006	10.25%	6.38%	3.87%
12/1/2006	10.50%	6.38%	4.12%
12/7/2006	10.75%	6.38%	4.37%
12/21/2006	10.90%	6.38%	4.52%
12/21/2006	11.25%	6.38%	4.87%
12/22/2006	10.25%	6.37%	3.88%
1/5/2007	10.00%	6.37%	3.63%
1/11/2007	10.10%	6.37%	3.73%
1/11/2007	10.10%	6.37%	3.73%
1/11/2007	10.90%	6.37%	4.53%
1/12/2007	10.10%	6.37%	3.73%
1/13/2007	10.40%	6.37%	4.03%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] Moody's Utility Baa Yield	[9] Risk Premium
11/2/1993	10.80%	7.90%	2.90%
1/19/2007	10.80%	6.36%	4.44%
3/21/2007	11.35%	6.26%	5.09%
3/22/2007	9.75%	6.26%	3.49%
5/15/2007	10.00%	6.19%	3.81%
5/17/2007	10.25%	6.18%	4.07%
5/17/2007	10.25%	6.18%	4.07%
5/22/2007	10.20%	6.18%	4.02%
5/22/2007	10.50%	6.18%	4.32%
5/23/2007	10.70%	6.18%	4.52%
5/25/2007	9.67%	6.18%	3.49%
6/15/2007	9.90%	6.18%	3.72%
6/21/2007	10.20%	6.19%	4.01%
6/22/2007	10.50%	6.19%	4.31%
6/28/2007	10.75%	6.19%	4.56%
7/12/2007	9.67%	6.21%	3.46%
7/19/2007	10.00%	6.21%	3.79%
7/19/2007	10.00%	6.21%	3.79%
8/15/2007	10.40%	6.23%	4.17%
10/9/2007	10.00%	6.31%	3.69%
10/17/2007	9.10%	6.32%	2.78%
10/31/2007	9.96%	6.33%	3.63%
11/29/2007	10.90%	6.34%	4.56%
12/6/2007	10.75%	6.35%	4.40%
12/13/2007	9.96%	6.36%	3.60%
12/14/2007	10.70%	6.36%	4.34%
12/14/2007	10.80%	6.36%	4.44%
12/19/2007	10.20%	6.37%	3.83%
12/20/2007	10.20%	6.37%	3.83%
12/20/2007	11.00%	6.37%	4.63%
12/28/2007	10.25%	6.39%	3.86%
12/31/2007	11.25%	6.39%	4.86%
1/8/2008	10.75%	6.39%	4.36%
1/17/2008	10.75%	6.40%	4.35%
1/28/2008	9.40%	6.40%	3.00%
1/30/2008	10.00%	6.40%	3.60%
1/31/2008	10.71%	6.40%	4.31%
2/29/2008	10.25%	6.44%	3.81%
3/12/2008	10.25%	6.46%	3.79%
3/25/2008	9.10%	6.47%	2.63%
4/22/2008	10.25%	6.49%	3.76%
4/24/2008	10.10%	6.50%	3.60%
5/1/2008	10.70%	6.50%	4.20%
5/19/2008	11.00%	6.52%	4.48%
5/27/2008	10.00%	6.53%	3.47%
6/10/2008	10.70%	6.55%	4.15%
6/27/2008	10.50%	6.58%	3.92%
6/27/2008	11.04%	6.58%	4.46%
7/10/2008	10.43%	6.60%	3.83%
7/16/2008	9.40%	6.60%	2.80%
7/30/2008	10.80%	6.64%	4.16%
7/31/2008	10.70%	6.64%	4.06%
8/11/2008	10.25%	6.66%	3.59%
8/26/2008	10.18%	6.70%	3.48%
9/10/2008	10.30%	6.73%	3.57%
9/24/2008	10.65%	6.77%	3.88%
9/24/2008	10.65%	6.77%	3.88%
9/24/2008	10.65%	6.77%	3.88%
9/30/2008	10.20%	6.79%	3.41%
10/8/2008	10.15%	6.83%	3.32%
11/13/2008	10.55%	7.14%	3.41%
11/17/2008	10.20%	7.16%	3.04%
12/1/2008	10.25%	7.27%	2.98%
12/23/2008	11.00%	7.39%	3.61%
12/29/2008	10.00%	7.41%	2.59%
12/29/2008	10.20%	7.41%	2.79%
12/31/2008	10.75%	7.42%	3.33%
1/14/2009	10.50%	7.47%	3.03%
1/21/2009	10.50%	7.49%	3.01%
1/21/2009	10.50%	7.49%	3.01%
1/21/2009	10.50%	7.49%	3.01%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] Moody's Utility Baa Yield	[9] Risk Premium
11/2/1993	10.80%	7.90%	2.90%
1/27/2009	10.76%	7.52%	3.24%
1/30/2009	10.50%	7.53%	2.97%
2/4/2009	8.75%	7.55%	1.20%
3/4/2009	10.50%	7.64%	2.86%
3/12/2009	11.50%	7.67%	3.83%
4/2/2009	11.10%	7.76%	3.34%
4/21/2009	10.61%	7.83%	2.78%
4/24/2009	10.00%	7.85%	2.15%
4/30/2009	11.25%	7.87%	3.38%
5/4/2009	10.74%	7.88%	2.86%
5/20/2009	10.25%	7.92%	2.33%
5/28/2009	10.50%	7.94%	2.56%
6/22/2009	10.00%	7.98%	2.02%
6/24/2009	10.80%	7.98%	2.82%
7/8/2009	10.63%	7.98%	2.65%
7/17/2009	10.50%	7.96%	2.54%
8/31/2009	10.25%	7.63%	2.62%
10/14/2009	10.70%	7.28%	3.42%
10/23/2009	10.88%	7.22%	3.66%
11/2/2009	10.70%	7.17%	3.53%
11/3/2009	10.70%	7.17%	3.53%
11/24/2009	10.25%	7.05%	3.20%
11/25/2009	10.75%	7.04%	3.71%
11/30/2009	10.35%	7.02%	3.33%
12/3/2009	10.50%	7.00%	3.50%
12/7/2009	10.70%	6.98%	3.72%
12/16/2009	10.90%	6.93%	3.97%
12/16/2009	11.00%	6.93%	4.07%
12/18/2009	10.40%	6.92%	3.48%
12/18/2009	10.40%	6.92%	3.48%
12/22/2009	10.20%	6.90%	3.30%
12/22/2009	10.40%	6.90%	3.50%
12/22/2009	10.40%	6.90%	3.50%
12/30/2009	10.00%	6.86%	3.14%
1/4/2010	10.80%	6.84%	3.96%
1/11/2010	11.00%	6.80%	4.20%
1/26/2010	10.13%	6.70%	3.43%
1/27/2010	10.40%	6.69%	3.71%
1/27/2010	10.40%	6.69%	3.71%
1/27/2010	10.70%	6.69%	4.01%
2/9/2010	9.80%	6.60%	3.20%
2/18/2010	10.60%	6.55%	4.05%
2/24/2010	10.18%	6.52%	3.66%
3/2/2010	9.63%	6.49%	3.14%
3/4/2010	10.50%	6.48%	4.02%
3/5/2010	10.50%	6.47%	4.03%
3/11/2010	11.90%	6.44%	5.46%
3/17/2010	10.00%	6.41%	3.59%
3/25/2010	10.15%	6.37%	3.78%
4/2/2010	10.10%	6.33%	3.77%
4/27/2010	10.00%	6.26%	3.74%
4/29/2010	9.90%	6.25%	3.65%
4/29/2010	10.06%	6.25%	3.81%
4/29/2010	10.26%	6.25%	4.01%
5/12/2010	10.30%	6.21%	4.09%
5/12/2010	10.30%	6.21%	4.09%
5/28/2010	10.10%	6.17%	3.93%
5/28/2010	10.20%	6.17%	4.03%
6/7/2010	10.30%	6.17%	4.13%
6/16/2010	10.00%	6.17%	3.83%
6/28/2010	9.67%	6.17%	3.50%
6/28/2010	10.50%	6.17%	4.33%
6/30/2010	9.40%	6.17%	3.23%
7/1/2010	10.25%	6.17%	4.08%
7/15/2010	10.53%	6.16%	4.37%
7/15/2010	10.70%	6.16%	4.54%
7/30/2010	10.70%	6.16%	4.54%
8/4/2010	10.50%	6.15%	4.35%
8/6/2010	9.83%	6.15%	3.68%
8/25/2010	9.90%	6.10%	3.80%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] Moody's Utility Baa Yield	[9] Risk Premium
11/2/1993	10.80%	7.90%	2.90%
9/3/2010	10.60%	6.07%	4.53%
9/14/2010	10.70%	6.06%	4.64%
9/16/2010	10.00%	6.05%	3.95%
9/16/2010	10.00%	6.05%	3.95%
9/30/2010	9.75%	6.02%	3.73%
10/14/2010	10.35%	5.98%	4.37%
10/28/2010	10.70%	5.95%	4.75%
11/2/2010	10.38%	5.95%	4.43%
11/4/2010	10.70%	5.94%	4.76%
11/19/2010	10.20%	5.93%	4.27%
11/22/2010	10.00%	5.93%	4.07%
12/1/2010	10.13%	5.92%	4.21%
12/6/2010	9.86%	5.91%	3.95%
12/9/2010	10.25%	5.91%	4.34%
12/13/2010	10.70%	5.91%	4.79%
12/14/2010	10.13%	5.91%	4.22%
12/15/2010	10.44%	5.91%	4.53%
12/17/2010	10.00%	5.91%	4.09%
12/20/2010	10.60%	5.91%	4.69%
12/21/2010	10.30%	5.90%	4.40%
12/27/2010	9.90%	5.90%	4.00%
12/29/2010	11.15%	5.90%	5.25%
1/5/2011	10.15%	5.90%	4.25%
1/12/2011	10.30%	5.89%	4.41%
1/13/2011	10.30%	5.89%	4.41%
1/18/2011	10.00%	5.89%	4.11%
1/20/2011	9.30%	5.88%	3.42%
1/20/2011	10.13%	5.88%	4.25%
1/31/2011	9.60%	5.88%	3.72%
2/3/2011	10.00%	5.88%	4.12%
2/25/2011	10.00%	5.89%	4.11%
3/25/2011	9.80%	5.88%	3.92%
3/30/2011	10.00%	5.87%	4.13%
4/12/2011	10.00%	5.86%	4.14%
4/25/2011	10.74%	5.86%	4.88%
4/26/2011	9.67%	5.86%	3.81%
4/27/2011	10.40%	5.86%	4.54%
5/4/2011	10.00%	5.85%	4.15%
5/4/2011	10.00%	5.85%	4.15%
5/24/2011	10.50%	5.85%	4.65%
6/8/2011	10.75%	5.85%	4.90%
6/16/2011	9.20%	5.86%	3.34%
6/17/2011	9.95%	5.86%	4.09%
7/13/2011	10.20%	5.88%	4.32%
8/1/2011	9.20%	5.89%	3.31%
8/8/2011	10.00%	5.88%	4.12%
8/11/2011	10.00%	5.87%	4.13%
8/12/2011	10.35%	5.87%	4.48%
8/19/2011	10.25%	5.85%	4.40%
9/2/2011	12.88%	5.82%	7.06%
9/22/2011	10.00%	5.77%	4.23%
10/12/2011	10.30%	5.71%	4.59%
10/20/2011	10.50%	5.68%	4.82%
11/30/2011	10.90%	5.54%	5.36%
11/30/2011	10.90%	5.54%	5.36%
12/14/2011	10.00%	5.49%	4.51%
12/14/2011	10.30%	5.49%	4.81%
12/20/2011	10.20%	5.47%	4.73%
12/21/2011	10.20%	5.47%	4.73%
12/22/2011	9.90%	5.46%	4.44%
12/22/2011	10.40%	5.46%	4.94%
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1/25/2012	10.50%	5.37%	5.13%
1/27/2012	10.50%	5.36%	5.14%
2/15/2012	10.20%	5.30%	4.90%
2/23/2012	9.90%	5.28%	4.62%
2/27/2012	10.25%	5.27%	4.98%
2/29/2012	10.40%	5.26%	5.14%
3/29/2012	10.37%	5.20%	5.17%
4/4/2012	10.00%	5.19%	4.81%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] Moody's Utility Baa Yield	[9] Risk Premium
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11/29/2012	9.75%	4.86%	4.89%
11/29/2012	9.88%	4.86%	5.02%
12/5/2012	9.71%	4.85%	4.86%
12/5/2012	10.40%	4.85%	5.55%
12/12/2012	9.80%	4.84%	4.96%
12/13/2012	9.50%	4.84%	4.66%
12/13/2012	10.50%	4.84%	5.66%
12/14/2012	10.40%	4.83%	5.57%
12/19/2012	9.71%	4.83%	4.88%
12/19/2012	10.25%	4.83%	5.42%
12/20/2012	9.50%	4.83%	4.67%
12/20/2012	9.80%	4.83%	4.97%
12/20/2012	10.25%	4.83%	5.42%
12/20/2012	10.25%	4.83%	5.42%
12/20/2012	10.30%	4.83%	5.47%
12/20/2012	10.40%	4.83%	5.57%
12/20/2012	10.45%	4.83%	5.62%
12/21/2012	10.20%	4.82%	5.38%
12/26/2012	9.80%	4.82%	4.98%
1/9/2013	9.70%	4.79%	4.91%
1/9/2013	9.70%	4.79%	4.91%
1/9/2013	9.70%	4.79%	4.91%
1/16/2013	9.60%	4.78%	4.82%
1/16/2013	9.60%	4.78%	4.82%
2/13/2013	10.20%	4.74%	5.46%
2/22/2013	9.75%	4.73%	5.02%
2/27/2013	10.00%	4.73%	5.27%
3/14/2013	9.30%	4.72%	4.58%
3/27/2013	9.80%	4.71%	5.09%
5/1/2013	9.84%	4.66%	5.18%
5/15/2013	10.30%	4.64%	5.66%
5/30/2013	10.20%	4.64%	5.56%
5/31/2013	9.00%	4.64%	4.36%
6/11/2013	10.00%	4.64%	5.36%
6/21/2013	9.75%	4.65%	5.10%
6/25/2013	9.80%	4.65%	5.15%
7/12/2013	9.36%	4.68%	4.68%
8/8/2013	9.83%	4.73%	5.10%
8/14/2013	9.15%	4.75%	4.40%
9/11/2013	10.20%	4.83%	5.37%
9/11/2013	10.25%	4.83%	5.42%
9/24/2013	10.20%	4.87%	5.33%
10/3/2013	9.65%	4.89%	4.76%
11/6/2013	10.20%	4.96%	5.24%
11/21/2013	10.00%	4.98%	5.02%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] Moody's Utility Baa Yield	[9] Risk Premium
11/2/1993	10.80%	7.90%	2.90%
11/26/2013	10.00%	4.99%	5.01%
12/3/2013	10.25%	5.00%	5.25%
12/4/2013	9.50%	5.00%	4.50%
12/5/2013	10.20%	5.01%	5.19%
12/9/2013	8.72%	5.01%	3.71%
12/9/2013	9.75%	5.01%	4.74%
12/13/2013	9.75%	5.02%	4.73%
12/16/2013	9.95%	5.03%	4.92%
12/16/2013	9.95%	5.03%	4.92%
12/16/2013	10.12%	5.03%	5.09%
12/17/2013	9.50%	5.03%	4.47%
12/17/2013	10.95%	5.03%	5.92%
12/18/2013	8.72%	5.03%	3.69%
12/18/2013	9.80%	5.03%	4.77%
12/19/2013	10.15%	5.04%	5.11%
12/30/2013	9.50%	5.05%	4.45%
2/20/2014	9.20%	5.14%	4.06%
2/26/2014	9.75%	5.15%	4.60%
3/17/2014	9.55%	5.17%	4.38%
3/26/2014	9.40%	5.17%	4.23%
3/26/2014	9.96%	5.17%	4.79%
4/2/2014	9.70%	5.17%	4.53%
5/16/2014	9.80%	5.11%	4.69%
5/30/2014	9.70%	5.08%	4.62%
6/6/2014	10.40%	5.07%	5.33%
6/30/2014	9.55%	5.02%	4.53%
7/2/2014	9.62%	5.02%	4.60%
7/10/2014	9.95%	5.00%	4.95%
7/23/2014	9.75%	4.97%	4.78%
7/29/2014	9.45%	4.96%	4.49%
7/31/2014	9.90%	4.95%	4.95%
8/20/2014	9.75%	4.92%	4.83%
8/25/2014	9.60%	4.91%	4.69%
8/29/2014	9.80%	4.90%	4.90%
9/11/2014	9.60%	4.88%	4.72%
9/15/2014	10.25%	4.88%	5.37%
10/9/2014	9.80%	4.83%	4.97%
11/6/2014	9.56%	4.79%	4.78%
11/6/2014	10.20%	4.79%	5.42%
11/14/2014	10.20%	4.78%	5.42%
11/26/2014	9.70%	4.77%	4.93%
11/26/2014	10.20%	4.77%	5.43%
12/4/2014	9.68%	4.76%	4.92%
12/10/2014	9.25%	4.75%	4.50%
12/10/2014	9.25%	4.75%	4.50%
12/11/2014	10.07%	4.75%	5.32%
12/12/2014	10.20%	4.75%	5.45%
12/17/2014	9.17%	4.75%	4.42%
12/18/2014	9.83%	4.75%	5.08%
1/23/2015	9.50%	4.69%	4.81%
2/24/2015	9.83%	4.65%	5.18%
3/18/2015	9.75%	4.64%	5.11%
3/25/2015	9.50%	4.63%	4.87%
3/26/2015	9.72%	4.63%	5.09%
4/23/2015	10.20%	4.61%	5.59%
4/29/2015	9.53%	4.60%	4.93%
Average:			4.00%
Number of Cases:			576

Proof Concept: Earnings, Dividends, Book Value and
Stock Price Growth Rate Equivalence in Constant Growth DCF

Line Description	IMPLIED GROWTH RATE AT ALLOWED ROE:	
Input	Dividend Yield	3.67% [1]
Assumes g = Allowed ROE - Div. Yield	Assumed Growth Rate	5.40%
Input	Total Return	9.07% [1]
Input	Payout Ratio	67.50% [2]
Input	Book Value/Share	20 [2]

	0	1	2	3	4	5	6	7	8	9	10	250	
BV/S Escalates at Constant Growth g	Book Value/Share	\$ 20.00	\$ 21.08	\$ 22.22	\$ 23.42	\$ 24.68	\$ 26.01	\$ 27.42	\$ 28.90	\$ 30.46	\$ 32.10	\$ 33.83	\$ 10,215,196.40
Demonstrating Constant BV/S growth			5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
Earnings based on ROE applied to BV/S	Earnings/share	\$ 1.81	\$ 1.91	\$ 2.02	\$ 2.12	\$ 2.24	\$ 2.36	\$ 2.49	\$ 2.62	\$ 2.76	\$ 2.91	\$ 3.07	\$ 926,748.75
Demonstrating Constant EPS growth			5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
Demonstrating Constant Return Earned based on BV/S and EPS	Allowed ROE	9.07%	9.07%	9.07%	9.07%	9.07%	9.07%	9.07%	9.07%	9.07%	9.07%	9.07%	9.07%
Div/S based on EPS and Constant Payout ratio	Dividends/Share	\$ 1.22	\$ 1.29	\$ 1.38	\$ 1.43	\$ 1.51	\$ 1.59	\$ 1.68	\$ 1.77	\$ 1.87	\$ 1.97	\$ 2.07	\$ 625,555.40
Demonstrating Constant Div/S growth			5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
Retained Earnings based on difference between EPS and Div/S	Earnings retained to book value	\$ 0.59	\$ 0.62	\$ 0.66	\$ 0.69	\$ 0.73	\$ 0.77	\$ 0.81	\$ 0.85	\$ 0.90	\$ 0.95	\$ 1.00	\$ 301,193.34
Demonstrating Constant growth in Retained Earnings			5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
Demonstrating Constant Market/Book ratio	Market/Book Ratio	1.757	1.757	1.757	1.757	1.757	1.757	1.757	1.757	1.757	1.757	1.757	1.757
DCF calculation of market price = [Div/S] [1+g]/[ROE-g]	Market Price	\$ 35.13	\$ 37.03	\$ 39.03	\$ 41.14	\$ 43.36	\$ 45.70	\$ 48.16	\$ 50.76	\$ 53.50	\$ 56.39	\$ 59.44	\$ 17,945,002.25
Demonstrating Price Appreciation equals Long Term Growth Rate	Price Appreciation	5.40%	OK	<== Price appreciation should equal long term growth rate									
Demonstrating Constant Price/Earnings Ratio	Price/Earnings	19.36	19.36	19.36	19.36	19.36	19.36	19.36	19.36	19.36	19.36	19.36	19.36
Present Value Factor calculated based upon the current period and the Constant ROE	Present Value Factor		0.9168	0.8406	0.7706	0.7065	0.6478	0.5939	0.5445	0.4992	0.4577	0.4196	0.0000

CASE 1	DIVIDENDS IN PERPETUITY											
Present value of Div/S obtained by multiplying nominal Div/S by the Present Value Factor for the period	Present Value Dividend	1.1835	1.1436	1.1051	1.0679	1.0319	0.9971	0.9636	0.9311	0.8997	0.8694	0.0002
Total Value of Investment sum of all Present Value Dividends in perpetuity (250 instances for demonstration purposes)	Value of Investment	\$ 35.13										

CASE 2	10-YEAR HOLDING PERIOD											
Present value of Div/S obtained by multiplying nominal Div/S by the Present Value Factor for the period	Present Value of Dividend	\$ 1.18	\$ 1.14	\$ 1.11	\$ 1.07	\$ 1.03	\$ 1.00	\$ 0.96	\$ 0.93	\$ 0.90	\$ 0.87	
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 10th Period (Terminal Value)	Present Value of Stock Price	--	--	--	--	--	--	--	--	--	--	24.94
Value of dividends = sum of all Present Value Dividends for periods 1-10	Value of Dividends	\$ 10.19										
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 10th Period (Terminal Value)	Value of Stock Price	\$ 24.94										
Total Value of investment sum of all Present Value Dividends for periods 1-10 and Present Value of Stock in period 10 (Terminal Value)	Value of Investment	\$ 35.13										

CASE 3	5-YEAR HOLDING PERIOD					
Present value of Div/S obtained by multiplying nominal Div/S by the Present Value Factor for the period	Present Value of Dividend	\$ 1.18	\$ 1.14	\$ 1.11	\$ 1.07	\$ 1.03
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 5th Period (Terminal Value)	Present Value of Stock Price	--	--	--	--	29.60
Value of dividends = sum of all Present Value Dividends for periods 1-5	Value of Dividends	\$ 5.53				
Present value of Stock Price obtained by multiplying nominal Stock Price by the Present Value Factor for the 5th Period (Terminal Value)	Value of Stock Price	\$ 29.60				
Total Value of investment sum of all Present Value Dividends for periods 1-5 and Present Value of Stock in period 5 (Terminal Value)	Value of Investment	\$ 35.13				

[1] Source: Schedule RBH-R1. Note, for purposes of this exhibit, these data are illustrative only.

[2] Note: illustrative only.

Growth Rate Regression Analysis

Company	Ticker	TTM P/E	Proj.	Proj.	Proj.	Sustainable
			Earnings	Div	BV	
			Growth Rate	Growth Rate	Growth Rate	Growth Rate
ALLETE	ALE	18.00	7.00%	4.00%	4.50%	3.36%
Alliant Energy	LNT	17.50	6.00%	4.50%	4.00%	5.25%
Ameren Corp.	AEE	17.20	5.00%	2.00%	2.50%	4.26%
Amer. Elec. Power	AEP	16.10	5.50%	5.00%	4.50%	4.07%
Avista Corp.	AVA	18.00	7.00%	4.00%	3.50%	3.18%
Black Hills	BKH	17.60	4.50%	4.00%	3.50%	4.06%
CenterPoint Energy	CNP	14.50	1.50%	5.00%	2.50%	2.59%
Cleco Corp.	CNL	21.30	0.50%	6.00%	3.00%	2.36%
CMS Energy Corp.	CMS	19.00	5.50%	6.50%	5.50%	6.30%
Consol. Edison	ED	16.10	2.50%	2.50%	3.50%	3.18%
Dominion Resources	D	25.20	7.50%	7.50%	5.50%	5.93%
DTE Energy	DTE	15.40	6.00%	5.50%	4.50%	4.84%
Duke Energy	DUK	20.30	5.00%	2.50%	2.50%	2.57%
Edison Int'l	EIX	13.90	3.00%	10.00%	6.00%	5.35%
El Paso Electric	EE	16.80	3.50%	5.00%	4.50%	4.10%
Empire Dist. Elec.	EDE	15.50	3.00%	3.00%	2.50%	3.29%
Entergy Corp.	ETR	13.10	-0.50%	2.00%	3.50%	3.27%
Exelon Corp.	EXC	15.80	3.00%	-2.50%	5.00%	4.83%
FirstEnergy Corp.	FE	15.40	3.50%	-3.50%	3.00%	4.10%
G't Plains Energy	GXP	16.70	5.00%	5.50%	3.00%	2.51%
Hawaiian Elec.	HE	19.30	3.50%	1.00%	3.50%	3.90%
IDACORP, Inc.	IDA	16.10	1.00%	6.00%	4.00%	4.18%
Integrus Energy	TEG	25.80	2.00%	0.50%	2.00%	1.63%
ITC Holdings	ITC	23.60	12.00%	12.00%	10.50%	11.50%
MGE Energy	MGEE	17.90	7.50%	4.00%	6.00%	8.05%
NextEra Energy	NEE	19.30	6.50%	7.50%	7.00%	5.29%
Eversource Energy	ES	21.30	8.00%	7.00%	4.50%	4.06%
NorthWestern Corp.	NWE	18.20	6.50%	6.50%	5.50%	3.93%
OGE Energy	OGE	15.80	3.00%	10.00%	5.50%	4.57%
Otter Tail Corp.	OTTR	20.40	10.00%	1.50%	3.50%	6.53%
Pepco Holdings	POM	23.00	8.00%	0.00%	NMF	3.30%
PG&E Corp.	PCG	17.10	8.50%	2.50%	5.00%	3.85%
Pinnacle West Capital	PNW	17.60	4.00%	3.50%	3.50%	4.70%
PNM Resources	PNM	18.40	9.50%	10.00%	3.50%	3.97%
Portland General	POR	16.90	6.00%	6.00%	4.50%	4.34%
PPL Corp.	PPL	14.80	0.00%	2.00%	4.50%	4.36%
Public Serv. Enterprise	PEG	16.80	3.00%	2.50%	5.00%	4.84%
SCANA Corp.	SCG	16.20	6.00%	3.00%	5.50%	5.18%
Sempra Energy	SRE	23.10	8.50%	6.00%	4.50%	5.32%
Southern Co.	SO	17.30	4.00%	3.50%	3.00%	3.78%
TECO Energy	TE	21.90	4.00%	2.50%	2.00%	2.24%
UIL Holdings	UIL	22.20	4.50%	0.00%	4.50%	4.17%
Vectren Corp.	VVC	21.20	9.50%	4.00%	2.00%	7.01%
Westar Energy	WR	15.80	6.00%	3.00%	5.00%	4.65%
Wisconsin Energy	WEC	18.70	6.00%	9.00%	3.00%	3.78%
Xcel Energy Inc.	XEL	16.90	4.50%	6.00%	4.00%	3.88%

Notes:

Source: Value Line Reports as of May 1, 2015

Growth Rate Regression Analysis

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.468546773
R Square	0.219536079
Adjusted R Square	0.201798262
Standard Error	2.645592043
Observations	46

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	86.62664586	86.6266459	12.3767252	0.001023
Residual	44	307.9629194	6.99915726		
Total	45	394.5895652			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	15.63882156	0.835746287	18.7124033	1.4242E-22	13.9544856	17.3231575	13.9544856	17.3231575
Proj. Earnings Growth Rate	50.68398659	14.40681215	3.51805702	0.001023	21.6489645	79.7190087	21.6489645	79.7190087

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.069797711
R Square	0.00487172
Adjusted R Square	-0.017744831
Standard Error	2.987349217
Observations	46

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	1.922330068	1.92233007	0.21540509	0.64485172
Residual	44	392.6672351	8.92425534		
Total	45	394.5895652			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	17.9581876	0.748616197	23.9885106	6.6814E-27	16.4494508	19.4669244	16.4494508	19.4669244
Proj. Div Growth Rate	6.526954762	14.06315026	0.46411754	0.64485172	-21.815462	34.8693718	-21.815462	34.8693718

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.058584351
R Square	0.003432126
Adjusted R Square	-0.019743871
Standard Error	2.933944245
Observations	45

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	1.274760315	1.27476031	0.14808969	0.7022645
Residual	43	370.1452397	8.60802883		
Total	44	371.42			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	17.66765054	1.286730539	13.730653	2.5445E-17	15.0727111	20.26259	15.0727111	20.26259
Proj. BV Growth Rate	11.11709577	28.88876233	0.38482423	0.7022645	-47.142646	69.3768374	-47.142646	69.3768374

Growth Rate Regression Analysis

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.163170779
R Square	0.026624703
Adjusted R Square	0.004502537
Standard Error	2.954517862
Observations	46

ANOVA

	df	SS	MS	F	Significance F
Regression	1	10.50583007	10.5058301	1.20353059	0.27858502
Residual	44	384.0837352	8.7291758		
Total	45	394.5895652			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	16.9518247	1.251669675	13.5433693	2.678E-17	14.4292502	19.4743992	14.4292502	19.4743992
Sustainable Growth Rate	29.25382824	26.66577076	1.09705542	0.27858502	-24.487501	82.995158	-24.487501	82.995158

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.46637878
R Square	0.217509166
Adjusted R Square	0.139260083
Standard Error	2.69551825
Observations	45

ANOVA

	df	SS	MS	F	Significance F
Regression	4	80.78725457	20.1968136	2.77970242	0.03962359
Residual	40	290.6327454	7.26581864		
Total	44	371.42			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	16.5206926	1.257837898	13.1341985	4.3136E-16	13.9785074	19.0628778	13.9785074	19.0628778
Proj. Earnings Growth Rate	53.33323907	19.189935	2.77922979	0.00826158	14.5489337	92.1175445	14.5489337	92.1175445
Proj. Div Growth Rate	1.48510552	15.1879601	0.09778176	0.92259393	-29.210907	32.1811179	-29.210907	32.1811179
Proj. BV Growth Rate	-25.73668287	42.53463403	-0.6050759	0.54854615	-111.70238	60.2290192	-111.70238	60.2290192
Sustainable Growth Rate	-1.736535993	42.04986632	-0.0412971	0.96726452	-86.722486	83.249414	-86.722486	83.249414

Notes:

Note: Companies with NA, NMF excluded from regression

Retention Ratio Regression Analysis

Company	Ticker	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
Alliant Energy Corporation	LNT	Earnings Per Share	N/A	N/A	N/A	N/A	N/A	N/A	1.18	1.57	1.85	2.21	2.06	2.69	2.54	1.89	2.75	2.75	3.05	3.29		
		Dividends Per Share	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	1.00	1.02	1.05	1.15	1.27	1.40	1.50	1.58	1.70	1.8	1.88	
		Payout Ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	169.49%	63.69%	55.14%	47.51%	55.83%	47.21%	55.12%	78.37%	57.45%	61.82%	59.02%	57.14%	
		Annual Earnings Growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	33.05%	17.83%	19.46%	-6.79%	30.58%	-5.58%	-25.59%	45.50%	0.00%	10.91%	7.87%	
		Syr Avg Fwd EPS Growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	18.83%	11.10%	2.42%	7.63%	5.05%	7.74%	N/A	N/A	N/A	N/A	N/A	N/A
Ameren Corporation	AEE	Earnings Per Share	2.66	2.86	2.44	2.82	2.81	3.33	3.41	2.66	3.14	2.82	3.13	2.66	2.98	2.88	2.78	2.77	2.47	2.41	2.1	
		Dividends Per Share	2.46	2.51	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	1.54	1.54	1.56	1.6
		Payout Ratio	83.39%	87.76%	104.10%	90.07%	90.39%	76.28%	74.49%	95.49%	80.89%	90.07%	81.15%	95.49%	85.23%	88.19%	55.40%	55.60%	63.18%	66.39%	76.19%	
		Annual Earnings Growth	N/A	-3.05%	-14.69%	15.57%	-0.35%	18.51%	2.40%	-21.98%	18.05%	-10.19%	10.69%	-15.02%	12.03%	-3.36%	-3.47%	-0.36%	-10.83%	-2.43%	-12.86%	
		Syr Avg Fwd EPS Growth	3.20%	4.29%	2.83%	3.92%	1.35%	-0.15%	-3.63%	3.17%	-1.11%	0.24%	-2.03%	-1.20%	-4.06%	-5.99%	N/A	N/A	N/A	N/A	N/A	
American Electric Power Company, Inc.	AEP	Earnings Per Share	N/A	3.14	3.28	2.81	2.69	1.04	3.27	2.86	2.53	2.61	2.54	2.86	2.86	2.99	2.97	2.60	3.13	2.99	3.18	
		Dividends Per Share	N/A	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	1.85	1.40	1.42	1.50	1.58	1.64	1.71	1.85	1.88	1.95	
		Payout Ratio	N/A	76.43%	73.17%	85.41%	89.22%	230.77%	73.39%	83.92%	65.22%	53.64%	53.79%	52.45%	55.24%	54.85%	55.22%	65.77%	59.11%	63.08%	61.32%	
		Annual Earnings Growth	N/A	N/A	4.46%	-14.33%	-4.27%	-61.34%	214.42%	-12.54%	-11.54%	3.16%	1.15%	8.33%	0.00%	4.55%	-0.67%	-12.46%	20.38%	-4.76%	8.71%	
		Syr Avg Fwd EPS Growth	N/A	27.79%	24.39%	24.95%	26.43%	38.99%	-2.28%	0.22%	3.44%	2.67%	-0.05%	2.36%	1.40%	1.84%	N/A	N/A	N/A	N/A	N/A	
CMS Energy Corp.	CMS	Earnings Per Share	2.27	2.45	2.61	2.24	2.85	2.53	1.27	N/A	N/A	0.74	1.10	0.84	0.64	1.23	0.93	1.33	1.45	1.53	1.68	
		Dividends Per Share	0.9	1.02	1.14	1.26	1.39	1.46	1.46	1.09	N/A	N/A	N/A	N/A	0.20	0.35	0.50	0.66	0.84	0.96	1.02	
		Payout Ratio	39.65%	41.63%	43.68%	56.25%	48.77%	57.71%	114.96%	N/A	N/A	N/A	N/A	N/A	N/A	31.25%	29.27%	53.78%	49.82%	57.93%	62.75%	61.45%
		Annual Earnings Growth	N/A	N/A	7.93%	6.53%	-14.18%	27.23%	-11.23%	-49.80%	N/A	N/A	N/A	46.85%	-41.82%	0.00%	92.19%	-24.39%	43.01%	9.02%	5.52%	8.50%
		Syr Avg Fwd EPS Growth	3.26%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14.93%	13.80%	23.97%	25.07%	8.33%	N/A	N/A	N/A	N/A	
DTE Energy Co.	DTE	Earnings Per Share	3.02	2.80	2.88	3.05	3.33	3.27	2.15	3.83	2.85	2.55	3.27	2.45	2.66	2.73	3.24	3.74	3.67	3.58	3.76	
		Dividends Per Share	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.12	2.12	2.12	2.12	2.32	2.42	2.59
		Payout Ratio	68.21%	73.57%	71.53%	67.54%	61.86%	63.00%	95.81%	53.79%	72.28%	80.78%	63.00%	64.90%	79.70%	77.66%	65.43%	58.29%	63.22%	62.37%	68.88%	
		Annual Earnings Growth	N/A	-7.28%	2.86%	5.90%	9.18%	-1.80%	-34.25%	78.14%	-10.53%	28.24%	-25.08%	8.57%	2.63%	18.68%	15.43%	-1.87%	15.43%	5.72%	-3.09%	
		Syr Avg Fwd EPS Growth	1.77%	-3.62%	11.43%	5.14%	1.19%	7.20%	9.04%	-4.88%	0.77%	6.61%	4.05%	8.69%	8.12%	6.97%	N/A	N/A	N/A	N/A	N/A	
Duke Energy	DUK	Earnings Per Share	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.76	3.60	3.03	3.39	4.02	4.14	3.71	3.98	
		Dividends Per Share	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.58	2.70	2.82	2.91	2.97	3.03	3.09	
		Payout Ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	71.67%	89.11%	83.19%	72.39%	71.74%	81.67%	77.64%	
		Annual Earnings Growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	30.43%	-15.83%	11.88%	18.58%	2.99%	-10.39%	7.28%	
		Syr Avg Fwd EPS Growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.61%	1.45%	6.07%	N/A	N/A	N/A	N/A	
Empire District Electric Company	EDE	Earnings Per Share	1.18	1.23	1.28	1.53	1.13	1.35	0.59	1.19	1.29	0.86	0.92	1.41	1.09	1.17	1.18	1.17	1.31	1.32	1.48	
		Dividends Per Share	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	0.64	1	1.01
		Payout Ratio	108.47%	104.07%	99.22%	83.66%	113.27%	94.81%	216.96%	107.68%	99.22%	148.84%	139.13%	90.78%	117.43%	109.40%	108.47%	109.40%	48.85%	75.76%	68.24%	
		Annual Earnings Growth	N/A	4.24%	4.88%	18.60%	-26.14%	19.47%	-58.30%	101.69%	8.40%	-33.33%	6.98%	53.26%	-22.70%	7.34%	0.85%	-0.85%	11.97%	0.76%	12.12%	
		Syr Avg Fwd EPS Growth	4.21%	-7.90%	11.47%	9.43%	7.98%	5.48%	27.40%	2.52%	2.31%	9.15%	7.58%	-0.68%	4.02%	4.87%	N/A	N/A	N/A	N/A	N/A	
Great Plains Energy Inc.	GXP	Earnings Per Share	1.92	1.89	1.69	1.89	1.28	2.05	1.58	2.04	2.27	2.46	2.18	1.82	1.86	1.16	1.03	1.53	1.25	1.35	1.62	
		Dividends Per Share	1.54	1.59	1.62	1.64	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	0.83	0.83	0.84	0.86	0.88	
		Payout Ratio	80.21%	84.09%	95.86%	86.77%	131.75%	80.98%	104.40%	81.37%	73.13%	67.48%	76.15%	102.47%	89.25%	143.10%	80.58%	54.25%	67.20%	63.70%	54.32%	
		Annual Earnings Growth	N/A	-11.98%	0.00%	11.83%	-33.33%	82.70%	-22.44%	28.30%	11.27%	8.37%	-11.38%	-25.69%	14.81%	-37.63%	-11.21%	48.54%	-18.30%	8.00%	20.00%	
		Syr Avg Fwd EPS Growth	5.84%	3.75%	9.41%	9.30%	17.64%	2.83%	2.18%	-0.52%	10.30%	-14.22%	-2.23%	-0.78%	-2.12%	9.41%	N/A	N/A	N/A	N/A	N/A	
IDACORP, Inc.	IDA	Earnings Per Share	2.10	2.21	2.32	2.37	2.43	3.50	3.35	1.63	0.96	1.90	1.75	2.35	1.86	2.18	2.64	2.95	3.36	3.37	3.64	
		Dividends Per Share	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.70	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.37	1.57	
		Payout Ratio	88.57%	84.16%	80.17%	78.48%	76.54%	53.14%	55.52%	114.11%	177.08%	63.16%	68.57%	51.06%	64.52%	55.05%	45.45%	40.68%	35.71%	40.65%	43.13%	
		Annual Earnings Growth	N/A	5.24%	4.98%	2.16%	2.53%	44.03%	-4.29%	-51.34%	-41.10%	97.92%	-7.85%	34.29%	-20.85%	17.20%	21.10%	11.74%	13.90%	0.30%	8.01%	
		Syr Avg Fwd EPS Growth	11.79%	9.88%	-1.38%	-10.03%	9.04%	-1.34%	6.37%	12.47%	24.13%	8.77%	12.70%	8.62%	12.65%	11.01%	N/A	N/A	N/A	N/A	N/A	
Eversource Energy	ES	Earnings Per Share	2.24	0.01	N/A	N/A	N/A	N/A	1.37	1.08	1.24	0.91	0.88	0.82	1.59	1.66	1.91	2.10	2.22	1.69	2.49	
		Dividends Per Share	1.76	1.38	0.25	N/A	0.1	0.4	0.45	0.53	0.58	0.63	0.68	0.73	0.78	0.83	0.95	1.03	1.10	1.32	1.47	
		Payout Ratio	78.57%	13800.00%	N/A	N/A	N/A	N/A	32.85%	49.07%	48.77%	69.23%	69.39%	89.02%	46.06%	44.62%	49.74%	49.05%	49.55%	69.84%	59.04%	
		Annual Earnings Growth	N/A	-99.55%	N/A	N/A	N/A	N/A	N/A	-21.17%	14.81%	-28.61%	7.69%	-16.33%	93.90%	16.98%	2.59%	9.95%	5.71%	-14.86%	31.75%	
		Syr Avg Fwd EPS Growth	N/A	N/A	N/A	N/A	N/A	N/A	-8.32%	14.69%	15.13%	20.99%	21.44%	25.55%	4.09%	7.05%	N/A	N/A	N/A	N/A	N/A	
OGE Energy Corp.	OGE	Earnings Per Share	0.76	0.81	0.81	1.02	0.97	0.95	0.65	0.72	0.87	0.89	0.92	1.23	1.32	1.25	1.33	1.50	1.73	2	1.94	
		Dividends Per Share	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.70	0.71	0.73	0.76	0.8	
		Payout Ratio	87.50%	82.10%	82.61%	65.20%	69.58%	70.37%	103.10%	93.01%	76.88%	74.72%	72.66%	54.69%	51.52%	56.22%	53.38%	48.83%	44.06%	40.00%	43.81%	
		Annual Earnings Growth	N/A	6.58%	-0.62%	26.71%	-4.60%	-2.58%	-31.75%	10.85%	20.68%	2.89%	2.81%	33.58%	7.76%	-5.65%	6.83%	12.41%	15.38%	15.94%	-3.00%	
		Syr Avg Fwd EPS Growth	5.04%	-2.83%	-0.33%	-1.48%	0.05%	1.16%	14.28%	13.66%	8.33%	9.12%	11.04%	7.34%	8.98%	9.51%	N/A	N/A	N/A	N/A	N/A	
Oter Tail Corp.	OTTR	Earnings Per Share	1.19	1.24	1.28	1.29	1.45	1.6	1.68	1.79	1.51	1.50	1.78	1.69	1.78	1.69	0.71	0.38	0.45	1.05	1.37	
		Dividends Per Share	0.88	0.9	0.93	0.96	0.99	1.02	1.04	1.06	1.08	1.10	1.12	1.15	1.17	1.19	1.19	1.19	1.19	1.19	1.19	
		Payout Ratio	73.95%	72.58%	72.69%	74.42%	68.28%	63.75%	61.90%	59.22%	71.52%	73.33%	62.92%	68.05%	65.73%	109.17%	167.61%	313.16%	264.44%	113.33%	86.86%	
		Annual Earnings Growth	N/A	4.20%																		

Retention Ratio Regression Analysis

Company	Ticker	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
PNM Resources	PNM	Earnings Per Share	0.91	1.15	1.25	1.50	1.29	1.55	2.61	1.07	1.15	1.43	1.58	1.72	0.76	0.11	0.58	0.87	1.08	1.31	1.41	
		Dividends Per Share	N/A	0.24	0.42	0.51	0.53	0.53	0.53	0.57	0.61	0.63	0.79	0.86	0.91	0.61	0.50	0.50	0.50	0.58	0.68	
		Payout Ratio	N/A	20.87%	33.60%	34.00%	41.09%	34.19%	34.19%	20.31%	53.27%	53.04%	44.08%	50.64%	50.00%	119.74%	554.55%	88.21%	57.47%	46.30%	44.27%	48.23%
		Annual Earnings Growth	N/A	26.37%	8.70%	20.00%	-14.00%	20.16%	68.39%	-59.00%	7.48%	24.35%	9.08%	10.26%	-65.81%	-85.53%	427.27%	50.00%	24.14%	21.30%	7.63%	
		Syr Avg Fwd EPS Growth	12.24%	20.65%	7.11%	4.60%	12.27%	10.06%	-1.57%	-0.93%	-19.53%	61.08%	69.24%	72.01%	87.44%	106.07%	N/A	N/A	N/A	N/A	N/A	
Portland General Electric Company	POR	Earnings Per Share	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.02	1.14	2.33	1.39	1.31	1.66	1.95	1.87	1.77		
		Dividends Per Share	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.65	0.93	0.97	1.01	1.04	1.05	1.08		
		Payout Ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	59.65%	39.91%	69.78%	77.10%	62.65%	54.36%	57.75%	62.15%	
		Annual Earnings Growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11.76%	104.39%	-40.34%	-5.76%	28.72%	17.47%	-4.10%	-5.35%	
		Syr Avg Fwd EPS Growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	19.35%	20.49%	-1.20%	5.80%	N/A	N/A	N/A	N/A		
Southern Company	SO	Earnings Per Share	1.66	1.68	1.58	1.73	1.83	2.01	1.61	1.85	1.97	2.06	2.13	2.10	2.28	2.25	2.32	2.36	2.55	2.67	2.7	
		Dividends Per Share	1.22	1.26	1.30	1.34	1.34	1.34	1.34	1.38	1.39	1.42	1.48	1.54	1.60	1.66	1.73	1.80	1.87	1.94	2.01	
		Payout Ratio	73.49%	75.00%	82.28%	77.46%	73.22%	66.67%	63.23%	73.51%	70.56%	68.93%	69.48%	73.33%	70.18%	73.78%	74.57%	78.27%	73.33%	72.66%	74.44%	
		Annual Earnings Growth	N/A	1.20%	-5.95%	9.49%	5.78%	9.84%	-19.90%	14.91%	6.49%	4.57%	3.40%	-1.41%	8.57%	-1.32%	3.11%	1.72%	8.05%	4.71%	1.12%	
		Syr Avg Fwd EPS Growth	4.07%	-0.15%	4.02%	3.42%	3.18%	1.89%	5.58%	4.32%	2.76%	2.47%	2.14%	4.03%	3.26%	3.74%	N/A	N/A	N/A	N/A		
TECO Energy, Inc.	TE	Earnings per Share [1]	1.71	1.61	1.52	1.53	1.97	2.24	1.95	N/A	0.71	1	1.17	1.27	0.77	1	1.13	1.27	1.14	0.92	1.66	
		Dividends per Share [2]	1.11	1.17	1.23	1.29	1.33	1.37	1.41	0.93	0.76	0.76	0.78	0.78	0.8	0.8	0.82	0.85	0.88	0.88	1.43	
		Payout Ratio [3]	64.91%	72.67%	80.92%	84.31%	67.51%	61.16%	72.31%	N/A	107.04%	76.00%	64.96%	61.42%	103.60%	80.00%	72.57%	66.93%	77.19%	95.65%	86.14%	
		Earnings Growth [4]	N/A	-5.85%	-5.59%	0.68%	28.76%	13.71%	-12.95%	N/A	N/A	40.85%	17.00%	8.55%	-38.37%	29.87%	13.00%	12.38%	-10.24%	-19.30%	80.43%	
		Average Earnings Growth [5]	6.34%	4.92%	N/A	N/A	N/A	N/A	N/A	N/A	11.38%	5.81%	4.89%	1.13%	5.15%	N/A	N/A	N/A	N/A	N/A		
Westar Energy, Inc.	WR	Earnings Per Share	2.71	2.80	N/A	2.13	1.48	0.89	N/A	1.00	1.48	1.17	1.55	1.98	1.84	1.31	1.28	1.80	1.79	2.15	2.27	
		Dividends Per Share	2.03	2.07	2.10	2.14	2.14	1.44	1.20	1.20	0.87	0.80	0.92	0.98	1.08	1.16	1.20	1.24	1.28	1.32	1.36	
		Payout Ratio	74.91%	79.62%	N/A	100.47%	144.59%	161.80%	N/A	120.00%	58.78%	66.38%	59.35%	52.13%	58.70%	68.55%	93.75%	68.89%	71.51%	61.40%	59.91%	
		Annual Earnings Growth	N/A	-4.06%	N/A	N/A	-30.52%	-39.86%	N/A	N/A	48.00%	-20.95%	32.48%	21.29%	-2.13%	-28.80%	-2.29%	40.63%	-0.56%	20.11%	5.58%	
		Syr Avg Fwd EPS Growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15.74%	0.38%	4.11%	5.74%	1.37%	5.82%	12.69%	N/A	N/A	N/A	N/A		
Xcel Energy Inc.	XEL	Earnings Per Share	1.96	1.91	1.61	1.84	1.43	1.60	2.27	0.42	1.23	1.27	1.20	1.35	1.35	1.48	1.49	1.56	1.72	1.85	1.91	
		Dividends Per Share	1.34	1.37	1.40	1.43	1.45	1.48	1.50	1.13	0.75	0.81	0.85	0.88	0.91	0.94	0.97	1.00	1.03	1.07	1.11	
		Payout Ratio	68.37%	71.73%	86.96%	77.72%	101.40%	92.50%	66.08%	269.05%	60.98%	63.78%	70.83%	65.19%	67.41%	64.38%	65.10%	64.10%	59.88%	57.84%	58.12%	
		Annual Earnings Growth	N/A	-2.55%	-15.71%	14.25%	-22.28%	11.89%	41.88%	-81.50%	192.85%	3.25%	-5.51%	12.50%	0.00%	8.15%	2.05%	4.70%	10.26%	7.56%	3.24%	
		Syr Avg Fwd EPS Growth	-2.87%	6.01%	-7.15%	28.57%	33.67%	30.19%	24.32%	40.62%	3.66%	3.44%	5.48%	5.03%	6.54%	5.56%	N/A	N/A	N/A	N/A		

Notes:

Source: Value Line

"N/A" indicates no dividend was paid, earnings were negative or financials were not available

Average 5-year forward earnings per share growth is only reported when data is available for all 5 years

Retention Ratio Regression Analysis

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.503372342
R Square	0.253383715
Adjusted R Square	0.249687594
Standard Error	0.128674
Observations	204

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	1.135047968	1.135047968	68.55396992	1.67347E-14
Residual	202	3.34451367	0.016556998		
Total	203	4.479561638			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	0.110185359	0.009953608	11.06989155	1.44157E-22	0.09055906	0.12981166
Retention Ratio	-0.16349858	0.019746843	-8.279732479	1.67347E-14	-0.202434956	-0.1245622

Retention Ratio Regression Analysis

Date	Ticker	Payout Ratio	Retention Ratio	5-year Fwd EPS Growth
1995	AEE	83.39%	16.61%	3.20%
1996	AEE	87.76%	12.24%	4.29%
1997	AEE	104.10%	-4.10%	2.83%
1998	AEE	90.07%	9.93%	3.32%
1999	AEE	90.39%	9.61%	1.35%
2000	AEE	76.28%	23.72%	-0.15%
2001	AEE	74.49%	25.51%	-3.63%
2002	AEE	95.49%	4.51%	3.17%
2003	AEE	80.89%	19.11%	-1.11%
2004	AEE	90.07%	9.93%	0.24%
2005	AEE	81.15%	18.85%	-2.03%
2006	AEE	95.49%	4.51%	-1.20%
2007	AEE	85.23%	14.77%	-4.09%
2008	AEE	88.19%	11.81%	-5.99%
1996	AEP	76.43%	23.57%	27.79%
1997	AEP	73.17%	26.83%	24.39%
1998	AEP	85.41%	14.59%	24.95%
1999	AEP	89.22%	10.78%	26.43%
2000	AEP	230.77%	-130.77%	38.93%
2001	AEP	73.39%	26.61%	-2.29%
2002	AEP	83.92%	16.08%	0.22%
2003	AEP	65.22%	34.78%	3.44%
2004	AEP	53.64%	46.36%	2.67%
2005	AEP	53.79%	46.21%	-0.05%
2006	AEP	52.45%	47.55%	2.36%
2007	AEP	55.24%	44.76%	1.40%
2008	AEP	54.85%	45.15%	1.84%
2002	LNT	169.49%	-69.49%	18.83%
2003	LNT	63.69%	36.31%	11.10%
2004	LNT	55.14%	44.86%	2.42%
2005	LNT	47.51%	52.49%	7.63%
2006	LNT	55.83%	44.17%	8.98%
2007	LNT	47.21%	52.79%	5.05%
2008	LNT	55.12%	44.88%	7.74%
1995	CMS	39.65%	60.35%	3.26%
1996	CMS	41.63%	58.37%	-8.29%
2007	CMS	31.25%	68.75%	25.07%
2008	CMS	29.27%	70.73%	8.33%
1995	DTE	68.21%	31.79%	1.77%
1996	DTE	73.57%	26.43%	-3.62%
1997	DTE	71.53%	28.47%	11.43%
1998	DTE	67.54%	32.46%	5.14%
1999	DTE	61.86%	38.14%	1.19%
2000	DTE	63.00%	37.00%	7.20%
2001	DTE	95.81%	4.19%	9.04%
2002	DTE	53.79%	46.21%	-4.88%
2003	DTE	72.28%	27.72%	0.77%
2004	DTE	80.78%	19.22%	6.61%
2005	DTE	63.00%	37.00%	4.05%
2006	DTE	84.90%	15.10%	8.69%
2007	DTE	79.70%	20.30%	8.12%
2008	DTE	77.66%	22.34%	6.97%
2007	DUK	71.67%	28.33%	1.45%
2008	DUK	89.11%	10.89%	6.07%
1995	EDE	108.47%	-8.47%	4.21%
1996	EDE	104.07%	-4.07%	-7.90%
1997	EDE	99.22%	0.78%	11.47%

Retention Ratio Regression Analysis

Date	Ticker	Payout Ratio	Retention Ratio	5-year Fwd EPS Growth
1998	EDE	83.66%	16.34%	9.43%
1999	EDE	113.27%	-13.27%	7.99%
2000	EDE	94.81%	5.19%	5.49%
2001	EDE	216.95%	-116.95%	27.40%
2002	EDE	107.56%	-7.56%	2.52%
2003	EDE	99.22%	0.78%	2.31%
2004	EDE	148.84%	-48.84%	9.15%
2005	EDE	139.13%	-39.13%	7.58%
2006	EDE	90.78%	9.22%	-0.68%
2007	EDE	117.43%	-17.43%	4.02%
2008	EDE	109.40%	-9.40%	4.97%
1995	GXP	80.21%	19.79%	5.84%
1996	GXP	94.08%	5.92%	3.75%
1997	GXP	95.86%	4.14%	9.41%
1998	GXP	86.77%	13.23%	9.30%
1999	GXP	131.75%	-31.75%	17.64%
2000	GXP	80.98%	19.02%	2.83%
2001	GXP	104.40%	-4.40%	2.18%
2002	GXP	81.37%	18.63%	-0.52%
2003	GXP	73.13%	26.87%	-10.30%
2004	GXP	67.48%	32.52%	-14.22%
2005	GXP	76.15%	23.85%	-2.23%
2006	GXP	102.47%	-2.47%	-0.76%
2007	GXP	89.25%	10.75%	-2.12%
2008	GXP	143.10%	-43.10%	9.41%
1995	IDA	88.57%	11.43%	11.79%
1996	IDA	84.16%	15.84%	9.88%
1997	IDA	80.17%	19.83%	-1.38%
1998	IDA	78.48%	21.52%	-10.03%
1999	IDA	76.54%	23.46%	9.04%
2000	IDA	53.14%	46.86%	-1.34%
2001	IDA	55.52%	44.48%	6.37%
2002	IDA	114.11%	-14.11%	12.47%
2003	IDA	177.08%	-77.08%	24.13%
2004	IDA	63.16%	36.84%	8.77%
2005	IDA	68.57%	31.43%	12.70%
2006	IDA	51.06%	48.94%	8.62%
2007	IDA	64.52%	35.48%	12.85%
2008	IDA	55.05%	44.95%	11.01%
2001	ES	32.85%	67.15%	-8.32%
2002	ES	49.07%	50.93%	14.69%
2003	ES	46.77%	53.23%	15.13%
2004	ES	69.23%	30.77%	20.99%
2005	ES	69.39%	30.61%	21.44%
2006	ES	89.02%	10.98%	25.85%
2007	ES	49.06%	50.94%	4.09%
2008	ES	44.62%	55.38%	7.05%
1995	OGE	87.50%	12.50%	5.04%
1996	OGE	82.10%	17.90%	-2.63%
1997	OGE	82.61%	17.39%	-0.33%
1998	OGE	65.20%	34.80%	-1.48%
1999	OGE	68.56%	31.44%	0.08%
2000	OGE	70.37%	29.63%	1.16%
2001	OGE	103.10%	-3.10%	14.28%
2002	OGE	93.01%	6.99%	13.66%
2003	OGE	76.88%	23.12%	8.33%
2004	OGE	74.72%	25.28%	9.12%
2005	OGE	72.68%	27.32%	11.04%
2006	OGE	54.69%	45.31%	7.34%
2007	OGE	51.52%	48.48%	8.98%
2008	OGE	56.22%	43.78%	9.51%
1995	OTTR	73.95%	26.05%	6.20%
1996	OTTR	72.58%	27.42%	6.36%
1997	OTTR	72.09%	27.91%	6.86%
1998	OTTR	74.42%	25.58%	3.73%
1999	OTTR	68.28%	31.72%	1.12%
2000	OTTR	63.75%	36.25%	2.78%
2001	OTTR	61.90%	38.10%	0.77%
2002	OTTR	59.22%	40.78%	0.53%
2003	OTTR	71.52%	28.48%	-4.10%
2004	OTTR	73.33%	26.67%	-10.94%
2005	OTTR	62.92%	37.08%	-23.97%
2006	OTTR	68.05%	31.95%	-19.27%
2007	OTTR	65.73%	34.27%	6.33%
2008	OTTR	109.17%	-9.17%	20.18%
1995	PNW	41.89%	58.11%	8.64%
1996	PNW	41.70%	58.30%	8.36%
1997	PNW	40.94%	59.06%	-0.24%
1998	PNW	43.16%	56.84%	-0.97%

Retention Ratio Regression Analysis

Date	Ticker	Payout Ratio	Retention Ratio	5-year Fwd EPS Growth
1999	PNW	41.82%	58.18%	-2.81%
2000	PNW	42.69%	57.31%	-6.52%
2001	PNW	41.58%	58.42%	-0.18%
2002	PNW	64.43%	35.57%	4.74%
2003	PNW	68.65%	31.35%	-0.86%
2004	PNW	70.93%	29.07%	-0.01%
2005	PNW	86.16%	13.84%	9.88%
2006	PNW	64.04%	35.96%	0.99%
2007	PNW	70.95%	29.05%	5.73%
2008	PNW	99.06%	0.94%	12.32%
1996	PNM	20.87%	79.13%	20.65%
1997	PNM	33.60%	66.40%	7.11%
1998	PNM	34.00%	66.00%	4.60%
1999	PNM	41.09%	58.91%	12.27%
2000	PNM	34.19%	65.81%	10.06%
2001	PNM	20.31%	79.69%	-1.57%
2002	PNM	53.27%	46.73%	-0.93%
2003	PNM	53.04%	46.96%	-19.53%
2004	PNM	44.06%	55.94%	61.06%
2005	PNM	50.64%	49.36%	69.24%
2006	PNM	50.00%	50.00%	72.01%
2007	PNM	119.74%	-19.74%	87.44%
2008	PNM	554.55%	-454.55%	106.07%
2006	POR	59.65%	40.35%	20.49%
2007	POR	39.91%	60.09%	-1.20%
2008	POR	69.78%	30.22%	5.80%
1995	SO	73.49%	26.51%	4.07%
1996	SO	75.00%	25.00%	-0.15%
1997	SO	82.28%	17.72%	4.02%
1998	SO	77.46%	22.54%	3.42%
1999	SO	73.22%	26.78%	3.18%
2000	SO	66.67%	33.33%	1.89%
2001	SO	83.23%	16.77%	5.59%
2002	SO	73.51%	26.49%	4.32%
2003	SO	70.56%	29.44%	2.76%
2004	SO	68.93%	31.07%	2.47%
2005	SO	69.48%	30.52%	2.14%
2006	SO	73.33%	26.67%	4.03%
2007	SO	70.18%	29.82%	3.26%
2008	SO	73.78%	26.22%	3.74%
1995	TE	64.91%	35.09%	6.34%
1996	TE	72.67%	27.33%	4.92%
2003	TE	107.04%	-7.04%	11.38%
2004	TE	76.00%	24.00%	5.81%
2005	TE	64.96%	35.04%	4.89%
2006	TE	61.42%	38.58%	1.13%
2007	TE	103.90%	-3.90%	5.15%
2002	WR	120.00%	-20.00%	15.74%
2003	WR	58.78%	41.22%	0.38%
2004	WR	68.38%	31.62%	4.11%
2005	WR	59.35%	40.65%	5.74%
2006	WR	52.13%	47.87%	1.37%
2007	WR	58.70%	41.30%	5.82%
2008	WR	88.55%	11.45%	12.69%
1995	XEL	68.37%	31.63%	-2.87%
1996	XEL	71.73%	28.27%	6.01%
1997	XEL	86.96%	13.04%	-7.15%
1998	XEL	77.72%	22.28%	28.57%
1999	XEL	101.40%	-1.40%	33.67%
2000	XEL	92.50%	7.50%	30.19%
2001	XEL	66.08%	33.92%	24.32%
2002	XEL	269.05%	-169.05%	40.62%
2003	XEL	60.98%	39.02%	3.68%
2004	XEL	63.78%	36.22%	3.44%
2005	XEL	70.83%	29.17%	5.48%
2006	XEL	65.19%	34.81%	5.03%
2007	XEL	67.41%	32.59%	6.54%
2008	XEL	64.38%	35.62%	5.56%

DuPont Analysis

Year	Profit Margin	Asset Turnover	Equity Multiplier	Return on Equity
2007	7.18%	64.47%	234.13%	9.52%
2008	6.40%	57.14%	242.84%	8.06%
2009	7.39%	48.23%	243.02%	7.83%
2010	8.31%	48.39%	244.16%	8.83%
2011	8.79%	46.66%	243.93%	9.16%
2012	9.61%	41.52%	242.70%	9.16%
2013	10.06%	41.35%	239.23%	9.33%
2014	10.42%	40.16%	243.67%	9.60%
2018-2020	11.50%	39.49%	241.09%	10.43%

	Net Profit	Revenue	Net Plant	Total Capital	Common Equity Ratio	Book Value per Share	Shares Outstanding	Reported Return on Com Equity	Profit Margin	Asset Turnover	Equity Multiplier	Calculated Return on Equity	Common Equity Check	ROE Check	
LMT	2007	320.80	3,437.60	4,679.90	4,329.50	61.90%	24.30	110.36	11.30%	9.33%	73.45%	174.63%	11.97%	100.07%	105.93%
LMT	2008	250.00	3,681.70	5,353.50	4,815.60	58.60%	25.56	110.45	9.50%	7.61%	68.77%	169.71%	9.92%	100.04%	108.69%
LMT	2009	208.60	3,432.60	6,203.00	5,423.00	51.20%	25.07	110.66	6.80%	6.08%	55.34%	223.40%	7.51%	99.92%	110.48%
LMT	2010	303.90	3,416.10	6,730.60	5,840.80	49.50%	26.09	110.69	9.90%	8.90%	50.75%	232.60%	10.61%	100.07%	106.17%
LMT	2011	304.40	3,665.30	7,037.10	5,921.20	50.90%	27.14	111.02	9.50%	8.30%	52.09%	233.49%	10.10%	99.97%	106.31%
LMT	2012	337.80	3,094.60	7,838.00	6,476.60	48.40%	28.25	110.99	10.30%	10.92%	39.43%	250.04%	10.78%	100.03%	104.62%
LMT	2013	382.10	3,276.60	7,147.30	6,461.00	50.80%	29.58	110.94	11.30%	11.66%	45.65%	217.76%	11.64%	99.88%	103.02%
LMT	2014	385.50	3,350.30	6,442.00	7,257.20	47.50%	31.09	110.94	10.90%	11.51%	52.01%	186.88%	11.18%	100.06%	102.60%
LMT	2018-2020	490.00	4,000.00	9,000.00	7,600.00	49.50%	34.65	115.00	12.00%	12.25%	44.44%	233.10%	12.69%	103.21%	105.76%
AEE	2007	629.00	7,548.00	15,069.00	12,654.00	53.40%	32.41	208.30	9.20%	8.34%	50.08%	223.01%	9.31%	99.91%	101.18%
AEE	2008	615.00	7,839.00	16,567.00	13,712.00	50.20%	32.80	212.30	8.70%	7.85%	47.32%	237.84%	8.83%	99.97%	101.48%
AEE	2009	624.00	7,090.00	17,610.00	15,991.00	49.10%	33.08	237.40	7.60%	8.80%	40.26%	224.29%	7.95%	100.02%	101.89%
AEE	2010	669.00	7,638.00	17,853.00	15,185.00	50.80%	32.15	240.40	8.60%	8.76%	42.78%	230.85%	8.66%	100.00%	100.85%
AEE	2011	602.00	7,531.00	16,127.00	14,738.00	53.70%	32.64	242.60	7.50%	7.99%	41.55%	229.04%	7.61%	100.05%	101.42%
AEE	2012	559.00	6,828.00	16,066.00	13,384.00	49.40%	27.27	242.63	8.60%	8.63%	42.42%	243.45%	8.91%	100.07%	101.23%
AEE	2013	518.00	5,838.00	16,205.00	12,190.00	53.70%	26.97	242.63	7.60%	8.87%	36.03%	247.55%	7.91%	99.96%	101.45%
AEE	2014	593.00	6,053.00	17,424.00	12,975.00	51.50%	27.65	242.65	8.90%	9.60%	34.74%	260.76%	8.87%	100.41%	104.04%
AEE	2018-2020	830.00	7,500.00	21,500.00	15,700.00	54.00%	34.00	250.00	9.50%	11.07%	34.88%	253.60%	9.79%	100.26%	103.05%
AEP	2007	1,147.00	13,380.00	29,870.00	24,342.00	41.40%	25.17	400.43	11.40%	8.57%	44.79%	296.40%	11.35%	100.01%	99.84%
AEP	2008	1,208.00	14,440.00	32,987.00	26,290.00	40.70%	26.33	406.07	11.30%	8.37%	43.77%	308.29%	11.29%	99.92%	99.91%
AEP	2009	1,365.00	13,489.00	34,344.00	28,968.00	45.40%	27.49	478.05	10.40%	10.12%	39.28%	261.23%	10.38%	99.96%	99.83%
AEP	2010	1,248.00	14,427.00	35,674.00	29,184.00	46.70%	28.33	480.81	9.10%	8.65%	40.44%	261.75%	9.16%	99.94%	100.63%
AEP	2011	1,513.00	15,116.00	36,971.00	29,747.00	49.30%	30.33	483.42	10.30%	10.01%	40.89%	282.10%	10.32%	99.98%	100.16%
AEP	2012	1,443.00	14,945.00	38,763.00	30,823.00	49.40%	31.37	488.67	9.90%	9.66%	38.55%	254.57%	9.48%	100.06%	99.76%
AEP	2013	1,549.00	15,357.00	40,997.00	32,913.00	48.50%	32.98	487.78	9.60%	10.09%	37.46%	254.73%	9.62%	99.95%	100.25%
AEP	2014	1,634.00	17,020.00	44,117.00	34,050.00	51.00%	34.35	490.00	9.90%	9.60%	38.58%	254.05%	9.41%	98.92%	99.65%
AEP	2018-2020	2,165.00	20,450.00	54,300.00	41,100.00	51.50%	42.25	500.00	10.60%	10.68%	37.66%	258.54%	10.32%	99.80%	99.31%
CMS	2007	168.00	6,519.00	8,728.00	8,212.00	25.90%	9.46	225.15	7.20%	2.58%	74.65%	410.36%	7.90%	100.14%	109.71%
CMS	2008	300.00	6,821.00	9,190.00	8,993.00	27.40%	10.88	228.41	11.70%	4.40%	74.22%	372.96%	12.17%	99.97%	104.06%
CMS	2009	231.00	6,205.00	9,682.00	8,977.00	28.00%	11.42	227.89	8.60%	3.72%	64.09%	371.91%	8.87%	99.97%	104.39%
CMS	2010	356.00	6,432.00	10,069.00	9,473.00	29.50%	11.19	249.60	12.50%	5.53%	63.83%	360.31%	12.74%	99.95%	101.91%
CMS	2011	384.00	6,503.00	10,633.00	9,279.00	32.60%	11.92	254.10	12.60%	5.90%	61.16%	351.51%	12.69%	100.13%	100.75%
CMS	2012	413.00	6,312.00	11,551.00	10,101.00	31.60%	12.09	264.10	12.90%	6.54%	54.84%	361.88%	12.94%	100.03%	100.30%
CMS	2013	454.00	6,666.00	12,246.00	10,730.00	32.20%	12.98	268.10	13.10%	6.91%	53.62%	354.44%	13.14%	99.97%	100.31%
CMS	2014	479.00	7,179.00	13,412.00	11,846.00	31.00%	13.34	275.20	13.00%	6.67%	53.53%	365.22%	13.04%	99.97%	100.34%
CMS	2018-2020	690.00	8,100.00	17,400.00	14,800.00	34.50%	17.75	285.00	13.90%	8.62%	46.55%	340.76%	13.51%	99.07%	100.10%
DTE	2007	453.00	8,661.00	11,403.00	12,824.00	45.60%	35.66	163.23	7.70%	5.11%	77.67%	195.05%	7.75%	100.10%	100.60%
DTE	2008	445.00	9,329.00	12,231.00	13,736.00	43.60%	36.77	163.02	7.40%	4.77%	76.27%	204.23%	7.43%	100.09%	100.41%
DTE	2009	532.00	8,014.00	12,431.00	13,648.00	46.00%	37.96	165.40	8.50%	6.64%	64.47%	198.01%	8.47%	100.01%	99.89%
DTE	2010	630.00	8,557.00	12,992.00	13,811.00	48.70%	39.67	169.43	9.40%	7.36%	65.66%	193.16%	9.37%	99.93%	99.65%
DTE	2011	624.00	8,697.00	13,746.00	14,196.00	49.40%	41.41	169.25	8.90%	7.01%	64.72%	196.01%	8.90%	99.94%	99.86%
DTE	2012	666.00	8,791.00	14,684.00	14,387.00	51.20%	42.78	172.35	9.00%	7.58%	59.87%	199.34%	9.04%	100.06%	100.46%
DTE	2013	661.00	9,661.00	15,800.00	15,135.00	52.30%	44.73	177.09	8.30%	6.84%	61.15%	199.61%	8.35%	100.07%	100.61%
DTE	2014	911.00	12,301.00	16,820.00	16,675.00	50.00%	47.05	177.00	11.00%	7.41%	73.13%	201.74%	10.93%	99.83%	99.33%
DTE	2018-2020	1,125.00	13,700.00	21,500.00	23,200.00	49.00%	59.00	192.00	10.00%	8.21%	63.72%	189.13%	9.90%	99.65%	99.96%
DUK	2007	1,522.00	12,720.00	31,110.00	30,697.00	69.10%	50.40	420.62	7.20%	11.97%	40.89%	146.66%	7.18%	99.94%	99.66%
DUK	2008	1,279.00	13,207.00	34,036.00	34,238.00	61.30%	49.51	423.96	6.10%	9.68%	38.80%	162.17%	6.09%	100.01%	99.90%
DUK	2009	1,461.00	12,731.00	37,950.00	37,663.00	57.40%	49.85	436.29	6.70%	11.48%	33.55%	174.62%	6.72%	100.07%	100.33%
DUK	2010	1,765.00	14,272.00	40,344.00	40,457.00	55.70%	50.84	442.96	7.80%	12.37%	35.38%	179.03%	7.83%	99.94%	100.42%
DUK	2011	1,839.00	14,529.00	42,661.00	41,451.00	54.90%	51.14	445.29	8.10%	12.66%	34.06%	187.47%	8.08%	100.07%	99.77%
DUK	2012	2,136.00	19,624.00	68,558.00	77,307.00	52.90%	58.04	704.00	5.20%	10.88%	28.62%	167.64%	5.22%	99.91%	100.44%
DUK	2013	2,813.00	24,598.00	69,490.00	79,482.00	52.00%	58.54	708.00	6.60%	11.44%	35.40%	168.13%	6.81%	100.00%	100.09%
DUK	2014	2,955.00	24,000.00	70,775.00	81,500.00	50.50%	58.25	707.00	7.00%	12.31%	33.91%	171.96%	7.18%	100.06%	102.57%
DUK	2018-2020	3,870.00	28,600.00	92,700.00	100,100.00	47.00%	66.00	712.00	8.00%	13.44%	31.07%	197.04%	8.23%	99.88%	102.82%
EDE	2007	33.20	490.20	1,178.90	1,081.10	49.90%	16.04	33.61	6.20%	6.77%	41.58%	218.53%	6.15%	99.93%	99.26%
EDE	2008	39.70	518.20	1,342.60	1,140.40	46.40%	15.66	33.98	7.50%	7.66%	38.59%	253.77%	7.50%	99.92%	100.04%
EDE	2009	41.30	497.20	1,459.00	1,240.30	48.40%	15.75	38.11	6.90%	8.31%	34.08%	243.04%	6.88%	99.99%	99.71%
EDE	2010	47.40	541.30	1,519.10	1,350.70	48.70%	15.82	41.58	7.20%	8.76%	35.63%	230.94%	7.21%	100.00%	100.08%
EDE	2011	55.00	578.90	1,563.70	1,388.20	50.10%	16.53	41.98	7.90%	9.53%	36.89%	225.16%	7.92%	99.92%	100.25%
EDE	2012	55.70	557.10	1,657.60	1,409.40	50.90%	16.90	42.48	7.60%	10.00%	33.61%	231.06%	7.76%	100.07%	99.84%
EDE	2013	63.40	594.30	1,751.90	1,493.60	50.20%	17.43	43.04	8.50%	10.67%	33.92%	233.65%	8.46%	100.05%	99.48%
EDE	2014	87.10	652.30	1,910.30	1,556.50	49.40%	18.02	43.48	8.60%	10.29%	34.15%	243.74%	8.56%	99.97%	99.55%
EDE	2018-2020	85.00	830.00	2,150.00	1,925.00	50.00%	20.25	47.50	8.50%	10.24%	38.60%	223.38%	8.83%	99.94%	103.90%
GXP	2007	159.20	3,267.10	3,444.50	2,709.80	57.90%	18.18	86.23	10.10%	4.87%	94.85%	216.54%	10.15%	99.92%	100.46%
GXP	2008	119.50	3,610.00	6,081.30	5,146.20	49.60%	21.39	119.26	4.60%	7.16%	27.46%	238.25%	4.68%	99.84%	101.78%
GXP	2009	136.60	3,965.00	6,651.10	6,044.50	46.20%	20.62	136.42	4.60%	6.90%	29.54%	238.17%	4.86%	99.99%	101.16%
GXP	2010	211.70	2,255.50	6,892.30	5,867.60	49.20%	21.26	135.71	7.30%	9.39%	32.72%				

	Net Profit	Revenue	Net Plant	Total Capital	Common Equity Ratio	Book Value per Share	Shares Outstanding	Reported Return on Com Equity	Profit Margin	Asset Turnover	Equity Multiplier	Calculated Return on Equity	Common Equity Check	ROE Check	
ES	2007	261.50	\$ 5,822.20	\$ 7,229.90	\$ 7,431.10	39.20%	\$ 18.65	156.22	8.40%	4.32%	60.53%	248.20%	8.63%	100.02%	102.77%
	2008	296.20	5,600.10	8,207.90	7,926.20	38.10%	19.38	155.83	9.60%	5.11%	70.66%	271.60%	9.81%	100.00%	102.17%
	2009	335.60	5,439.40	8,840.00	8,629.50	41.50%	20.37	175.62	9.20%	6.17%	61.53%	248.84%	9.37%	99.89%	101.86%
	2010	377.80	4,988.20	9,587.70	8,741.80	43.60%	21.60	176.45	9.80%	7.71%	51.20%	251.03%	9.91%	100.00%	101.15%
	2011	400.30	4,465.70	10,403.00	8,856.00	45.30%	22.65	177.16	9.80%	8.96%	42.93%	259.31%	9.93%	100.02%	101.82%
	2012	533.00	6,273.80	16,605.00	16,675.00	55.40%	29.41	314.05	5.70%	8.50%	37.78%	179.75%	5.77%	99.88%	101.22%
	2013	793.70	7,301.20	17,576.00	17,544.00	54.80%	30.49	315.27	8.20%	10.87%	41.54%	182.81%	8.26%	99.98%	100.68%
	2014	827.10	7,741.90	18,725.00	18,275.00	54.50%	31.40	317.00	8.00%	10.68%	41.35%	188.00%	8.30%	99.84%	103.80%
	2018-2020	1,195.00	8,900.00	25,600.00	22,700.00	54.00%	38.00	322.00	9.50%	13.43%	34.77%	203.84%	9.75%	99.82%	102.62%
OGE	2007	244.20	\$ 3,797.60	\$ 4,248.30	\$ 3,025.50	55.60%	\$ 9.16	183.60	14.60%	6.43%	89.43%	252.43%	14.52%	99.98%	100.12%
	2008	231.40	4,070.70	5,249.80	4,058.60	46.70%	10.14	187.00	12.20%	5.68%	77.54%	276.93%	12.21%	100.04%	100.07%
	2009	258.30	2,669.70	5,911.60	4,129.70	49.40%	10.52	184.00	12.70%	9.00%	48.54%	289.77%	12.66%	100.04%	99.70%
	2010	295.30	3,716.90	6,464.40	4,625.50	49.20%	11.73	195.20	12.90%	7.94%	57.50%	284.06%	12.98%	100.81%	100.59%
	2011	342.90	3,915.90	7,474.00	5,300.40	48.40%	13.06	196.20	13.40%	8.76%	52.39%	291.34%	13.37%	99.88%	99.75%
	2012	355.00	3,671.20	8,344.80	5,615.80	49.30%	14.00	197.60	12.80%	9.67%	43.99%	301.41%	12.82%	99.92%	100.18%
	2013	387.60	2,667.70	6,672.80	5,337.20	56.90%	15.30	188.50	12.80%	13.52%	42.98%	218.73%	12.76%	100.01%	99.71%
	2014	395.80	2,453.10	6,978.90	6,000.00	54.00%	16.25	199.50	12.00%	16.13%	35.15%	215.43%	12.22%	100.06%	101.80%
	2018-2020	460.00	3,050.00	8,300.00	7,975.00	51.50%	20.25	202.00	11.00%	15.08%	39.75%	202.09%	11.20%	99.60%	101.82%
OTTR	2007	\$ 54.00	\$ 1,238.90	\$ 854.00	\$ 882.10	58.40%	\$ 17.55	29.85	10.20%	4.36%	145.07%	162.99%	10.31%	99.98%	101.04%
	2008	35.10	1,311.20	1,037.60	1,032.50	65.60%	19.14	35.38	5.10%	2.68%	126.37%	153.19%	5.16%	99.95%	101.01%
	2009	28.00	1,039.50	1,063.60	1,124.40	59.60%	18.78	35.81	3.80%	2.50%	94.62%	163.39%	3.87%	100.02%	101.76%
	2010	13.60	1,119.10	1,103.70	1,083.30	58.40%	17.57	36.00	2.00%	1.22%	100.94%	175.25%	2.15%	99.98%	107.49%
	2011	16.40	1,077.90	1,077.50	1,058.90	54.00%	15.83	35.10	2.70%	1.52%	100.04%	188.44%	2.87%	99.94%	106.23%
	2012	39.00	859.20	1,049.50	959.20	54.40%	14.43	35.17	7.30%	4.54%	81.87%	201.13%	7.47%	100.02%	102.38%
	2013	50.20	893.30	1,167.00	924.40	57.90%	14.75	36.27	9.30%	5.62%	76.55%	218.04%	9.36%	99.95%	100.85%
	2014	56.90	789.30	1,268.50	1,071.30	53.50%	15.39	37.22	9.90%	7.12%	63.01%	221.32%	9.93%	99.94%	100.28%
	2018-2020	100.00	1,275.00	1,750.00	1,460.00	52.00%	18.10	42.00	13.00%	7.84%	72.86%	230.51%	13.17%	100.13%	101.32%
PFW	2007	\$ 288.80	\$ 3,523.60	\$ 8,438.40	\$ 6,658.70	53.00%	\$ 35.15	100.49	8.60%	4.48%	41.77%	239.05%	8.47%	100.09%	99.61%
	2008	213.60	3,367.10	8,916.70	6,477.60	53.20%	34.16	100.89	6.20%	6.34%	37.76%	258.75%	6.20%	100.01%	99.97%
	2009	229.20	3,297.10	9,257.80	6,666.60	49.60%	32.69	101.43	6.90%	6.95%	35.61%	279.14%	6.91%	99.98%	100.16%
	2010	330.40	3,263.60	9,578.80	6,729.10	54.70%	33.66	108.77	9.00%	10.12%	34.07%	260.24%	8.98%	100.06%	99.74%
	2011	328.20	3,241.40	9,962.30	6,840.90	55.90%	34.98	109.25	8.60%	10.13%	32.54%	260.52%	8.58%	99.93%	99.80%
	2012	387.40	3,301.80	10,396.00	7,171.90	55.40%	36.20	109.74	9.80%	11.73%	31.76%	261.65%	9.75%	99.88%	99.49%
	2013	406.10	3,454.60	10,839.00	6,990.90	60.00%	38.07	110.18	9.70%	11.76%	31.73%	259.60%	9.68%	100.00%	99.81%
	2014	397.60	3,491.60	11,194.00	7,398.70	60.00%	39.50	110.57	9.10%	11.39%	31.16%	256.44%	9.11%	100.05%	100.09%
	2018-2020	540.00	4,400.00	14,100.00	9,975.00	56.00%	47.00	118.00	9.50%	12.27%	31.21%	252.42%	9.67%	99.28%	101.76%
PNM	2007	59.90	1,914.00	2,935.40	2,935.60	57.60%	22.03	76.81	3.60%	3.13%	65.20%	173.59%	3.54%	100.07%	101.21%
	2008	8.10	1,959.50	3,192.00	3,025.40	64.00%	18.89	66.53	0.50%	0.41%	61.39%	195.38%	0.50%	100.05%	99.16%
	2009	53.50	1,647.70	3,332.40	3,214.90	51.00%	18.90	66.67	3.20%	3.25%	49.44%	203.24%	3.26%	99.91%	101.97%
	2010	80.00	1,673.50	3,444.40	3,100.30	49.20%	17.60	66.67	5.20%	4.78%	48.59%	225.61%	5.24%	100.00%	100.86%
	2011	96.60	1,700.60	3,627.10	3,245.60	48.10%	19.62	79.65	6.10%	5.68%	46.88%	232.34%	6.19%	100.10%	101.44%
	2012	105.60	1,342.40	3,748.50	3,277.90	48.70%	20.05	79.65	6.60%	7.87%	35.83%	234.69%	6.62%	100.04%	100.23%
	2013	113.50	1,387.90	3,933.90	3,344.00	49.70%	20.87	79.65	6.80%	8.18%	35.28%	236.70%	6.83%	100.02%	100.43%
	2014	119.60	1,435.90	4,270.00	3,363.60	51.20%	21.61	79.65	6.90%	8.33%	33.63%	247.94%	6.94%	99.95%	100.65%
	2018-2020	190.00	1,625.00	5,270.00	4,385.00	46.50%	25.50	80.00	9.50%	11.69%	30.83%	258.46%	9.32%	100.05%	99.09%
POR	2007	\$ 145.00	\$ 1,743.00	\$ 3,068.00	\$ 2,629.00	50.10%	\$ 21.05	62.53	11.00%	8.32%	56.85%	232.78%	11.01%	99.93%	100.08%
	2008	87.00	1,745.00	3,301.00	2,518.00	53.80%	21.64	62.58	6.40%	4.89%	42.67%	243.67%	6.42%	99.97%	100.35%
	2009	95.00	1,604.00	3,858.00	3,100.00	49.70%	20.50	75.21	6.20%	5.27%	46.76%	250.41%	6.17%	100.07%	99.45%
	2010	125.00	1,783.00	4,133.00	3,390.00	47.00%	21.14	75.32	7.90%	7.01%	43.14%	259.40%	7.85%	99.94%	99.31%
	2011	147.00	1,813.00	4,255.00	3,296.00	50.40%	22.07	75.36	8.60%	8.11%	42.31%	257.79%	8.84%	100.06%	100.50%
	2012	141.00	1,805.00	4,392.00	3,264.00	52.90%	22.87	75.56	8.20%	7.81%	41.10%	254.36%	8.17%	100.08%	99.59%
	2013	137.00	1,810.00	4,880.00	3,735.00	48.70%	23.30	78.09	7.50%	7.57%	37.09%	268.29%	7.53%	100.03%	100.42%
	2014	175.00	1,900.00	5,679.00	4,037.00	47.30%	24.43	78.23	9.20%	9.21%	33.46%	297.41%	9.16%	100.09%	99.62%
	2018-2020	245.00	2,250.00	6,050.00	5,300.00	51.50%	30.50	69.50	9.00%	10.89%	37.19%	221.65%	8.98%	100.01%	99.73%
SO	2007	\$ 1,872.00	\$ 15,353.00	\$ 33,327.00	\$ 27,608.00	44.90%	\$ 16.23	763.10	14.00%	11.81%	46.07%	268.85%	14.38%	99.91%	102.68%
	2008	1,807.00	17,127.00	35,878.00	31,174.00	42.60%	15.08	777.19	13.10%	10.65%	47.74%	270.16%	13.61%	99.96%	103.87%
	2009	1,910.00	15,743.00	39,230.00	34,091.00	43.60%	16.15	819.65	12.40%	12.13%	40.13%	263.93%	12.85%	100.09%	103.63%
	2010	2,040.00	17,456.00	42,002.00	35,438.00	45.70%	19.21	843.34	12.20%	11.69%	41.56%	259.35%	12.60%	100.03%	102.25%
	2011	2,258.00	17,657.00	45,010.00	37,307.00	47.10%	20.32	865.13	12.60%	12.84%	39.23%	256.16%	12.91%	100.04%	103.26%
	2012	2,415.00	16,537.00	48,390.00	38,653.00	47.30%	21.09	867.77	12.80%	14.60%	34.17%	264.67%	13.21%	100.10%	103.20%
	2013	2,439.00	17,087.00	51,208.00	41,483.00	45.80%	21.43	887.09	12.50%	14.27%	33.37%	269.53%	12.84%	100.06%	102.70%
	2014	2,584.00	18,499.00	56,050.00	44,575.00	44.50%	21.90	909.00	13.00%	13.97%	33.00%	282.57%	13.03%	100.36%	102.10%
	2018-2020	3,320.00	22,000.00	70,400.00	60,500.00	39.50%	26.00	919.00	13.50%	15.09%	31.25%	294.59%	13.89%	99.99%	102.91%
TE	2007	\$ 265.80	\$ 3,536.10	\$ 4,888.20	\$ 5,175.40	39.00%	\$ 9.56	210.90	13.20%	7.52%	72.34%	242.18%	13.17%	99.89%	99.76%
	2008	162.40	3,375.30	5,221.30	5,214.30	38.50%	9.43								

Analysis Using Mr. Gorman's Equity Risk Premium Data

Year	Authorized Electric Returns	Treasury Bond Yield	Indicated Risk Premium	Rolling 5-Year Average Treasury	Rolling 5-Year Average Risk Premium	Slope	Rolling 10-Year Average Treasury	Rolling 10-Year Average Risk Premium	Slope
1986	13.93%	7.80%	6.13%						
1987	12.99%	8.58%	4.41%						
1988	12.79%	8.96%	3.83%						
1989	12.97%	8.45%	4.52%						
1990	12.70%	8.61%	4.09%	8.48%	4.60%	-45.48%			-47.83%
1991	12.55%	8.14%	4.41%	8.55%	4.25%				
1992	12.09%	7.67%	4.42%	8.36%	4.26%				
1993	11.41%	6.60%	4.81%	7.89%	4.45%				
1994	11.34%	7.37%	3.97%	7.68%	4.34%				
1995	11.55%	6.88%	4.67%	7.33%	4.46%		7.91%	4.53%	
1996	11.39%	6.70%	4.69%	7.04%	4.51%		7.80%	4.38%	
1997	11.40%	6.61%	4.79%	6.83%	4.59%		7.60%	4.42%	
1998	11.66%	5.58%	6.08%	6.63%	4.84%		7.26%	4.65%	
1999	10.77%	5.87%	4.90%	6.33%	5.03%		7.00%	4.68%	
2000	11.43%	5.94%	5.49%	6.14%	5.19%		6.73%	4.82%	
2001	11.09%	5.49%	5.60%	5.90%	5.37%		6.47%	4.94%	
2002	11.16%	5.43%	5.73%	5.66%	5.56%		6.25%	5.07%	
2003	10.97%	4.96%	6.01%	5.54%	5.55%		6.08%	5.19%	
2004	10.75%	5.05%	5.70%	5.37%	5.71%		5.85%	5.37%	
2005	10.54%	4.65%	5.89%	5.11%	5.79%		5.63%	5.49%	
2006	10.36%	4.99%	5.37%	5.01%	5.74%		5.46%	5.56%	
2007	10.36%	4.83%	5.53%	4.90%	5.70%		5.28%	5.63%	
2008	10.46%	4.28%	6.18%	4.76%	5.73%		5.15%	5.64%	
2009	10.48%	4.07%	6.41%	4.56%	5.88%		4.97%	5.79%	
2010	10.24%	4.25%	5.99%	4.49%	5.89%		4.80%	5.84%	
2011	10.07%	3.91%	6.16%	4.27%	6.05%		4.64%	5.90%	
2012	10.01%	2.92%	7.09%	3.89%	6.37%		4.39%	6.03%	
2013	9.79%	3.45%	6.34%	3.72%	6.40%		4.24%	6.07%	
2014	9.76%	3.34%	6.42%	3.57%	6.40%		4.07%	6.14%	
Average	11.28%	5.91%	5.37%	3.90%	5.31%		4.11%	5.31%	
Minimum				4.23%	4.25%		4.02%	4.38%	
Maximum					6.40%			6.14%	
			Projected Treasury Yield		3.70%				
			Risk Premium Estimate - Low		7.95%				
			Risk Premium Estimate - High		10.10%				

Source: Schedule MPG-11

Analysis Using Mr. Gorman's Equity Risk Premium Data

Year	Authorized Electric Returns	Utility Bond Yield	Indicated Risk Premium	Rolling 5-Year Average Treasury	Rolling 5-Year Average Risk Premium	Slope	Rolling 10-Year Average Treasury	Rolling 10-Year Average Risk Premium	Slope
1986	13.93%	9.58%	4.35%						
1987	12.99%	10.10%	2.89%						
1988	12.79%	10.49%	2.30%						
1989	12.97%	9.77%	3.20%						
1990	12.70%	9.86%	2.84%	9.96%	3.12%	-42.83%			-43.50%
1991	12.55%	9.36%	3.19%	9.92%	2.88%				
1992	12.09%	8.69%	3.40%	9.63%	2.99%				
1993	11.41%	7.59%	3.82%	9.05%	3.29%				
1994	11.34%	8.31%	3.03%	8.76%	3.26%				
1995	11.55%	7.89%	3.66%	8.37%	3.42%		9.16%	3.27%	
1996	11.39%	7.75%	3.64%	8.05%	3.51%		8.98%	3.20%	
1997	11.40%	7.60%	3.80%	7.83%	3.59%		8.73%	3.29%	
1998	11.66%	7.04%	4.62%	7.72%	3.75%		8.39%	3.52%	
1999	10.77%	7.62%	3.15%	7.58%	3.77%		8.17%	3.52%	
2000	11.43%	8.24%	3.19%	7.65%	3.68%		8.01%	3.55%	
2001	11.09%	7.76%	3.33%	7.65%	3.62%		7.85%	3.56%	
2002	11.16%	7.37%	3.79%	7.61%	3.61%		7.72%	3.60%	
2003	10.97%	6.58%	4.39%	7.52%	3.57%		7.62%	3.66%	
2004	10.75%	6.16%	4.59%	7.22%	3.86%		7.40%	3.81%	
2005	10.54%	5.65%	4.89%	6.71%	4.20%		7.18%	3.94%	
2006	10.36%	6.07%	4.29%	6.37%	4.39%		7.01%	4.00%	
2007	10.36%	6.07%	4.29%	6.11%	4.49%		6.86%	4.05%	
2008	10.46%	6.53%	3.93%	6.10%	4.40%		6.81%	3.98%	
2009	10.48%	6.04%	4.44%	6.07%	4.37%		6.65%	4.11%	
2010	10.24%	5.46%	4.78%	6.03%	4.35%		6.37%	4.27%	
2011	10.07%	5.04%	5.03%	5.83%	4.49%		6.10%	4.44%	
2012	10.01%	4.13%	5.88%	5.44%	4.81%		5.77%	4.65%	
2013	9.79%	4.48%	5.31%	5.03%	5.09%		5.56%	4.74%	
2014	9.76%	4.28%	5.48%	4.68%	5.30%		5.37%	4.83%	
				4.48%			5.34%		
Average	11.28%	7.29%	3.98%	5.05%	3.91%		5.48%	3.90%	
Minimum				5.35%	2.88%		5.41%	3.20%	
Maximum					5.30%			4.83%	

Source: Schedule MPG-12

Analysis Using Mr. Gorman's Equity Risk Premium Data

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.90083461
R Square	0.81150299
Adjusted R Square	0.79700322
Standard Error	0.00391011
Observations	29

ANOVA

	df	SS	MS	F	Significance F
Regression	2	0.001711344	0.000855672	55.96661227	3.79278E-10
Residual	26	0.000397513	1.5289E-05		
Total	28	0.002108857			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.07354523	0.003572843	20.58566888	1.28246E-17	0.06620156	0.0808889	0.06620156	0.0808889
TREASURY YIELD	-0.4306306	0.042039644	-10.24343992	1.28177E-10	-0.517044289	-0.3442168	-0.5170443	-0.34421684
CREDIT SPREAD	0.40246949	0.172492101	2.333263341	0.027640081	0.047906904	0.7570321	0.0479069	0.75703209

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.87865452
R Square	0.77203377
Adjusted R Square	0.76359057
Standard Error	0.00421966
Observations	29

Projected Yield	3.70%
Intercept	7.93%
Treasury Yield Coefficient	-43.36%
Estimated Risk Premium	6.33%
Estimated ROE	10.03%

ANOVA

	df	SS	MS	F	Significance F
Regression	1	0.001628109	0.001628109	91.43859269	3.67578E-10
Residual	27	0.000480748	1.78055E-05		
Total	28	0.002108857			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.07929441	0.002791774	28.40287664	1.19812E-21	0.073566162	0.0850227	0.07356616	0.08502268
TREASURY YIELD	-0.4336205	0.045346629	-9.562352884	3.67578E-10	-0.52666406	-0.3405769	-0.5266641	-0.34057687

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.80597616
R Square	0.64959757
Adjusted R Square	0.6366197
Standard Error	0.00523149
Observations	29

Projected Yield	4.64%
Intercept	8.21%
Treasury Yield Coefficient	-38.92%
Estimated Risk Premium	6.40%
Estimated ROE	11.04%

ANOVA

	df	SS	MS	F	Significance F
Regression	1	0.001369909	0.001369909	50.05425936	1.3177E-07
Residual	27	0.000738949	2.73685E-05		
Total	28	0.002108857			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.08205693	0.004128058	19.87785081	1.1898E-17	0.073586854	0.090527	0.07358685	0.09052701
UTILITY BOND YIELD	-0.3891804	0.055008587	-7.074903488	1.3177E-07	-0.502048742	-0.2763121	-0.5020487	-0.27631215

Treasury Yield Bond Yield		
Projected Yield	3.70%	4.64%
Intercept	7.93%	8.21%
Treasury Yield Coefficient	-43.36%	-38.92%
Estimated Risk Premium	6.33%	6.40%
Estimated ROE	10.03%	11.04%
Weights	75.00%	25.00%
Weighted Result	10.28%	

Electric Expense Categories as a Percentage of Electric Utility EBITDA

	2012-2013 Avg	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<u>Kansas City Power & Light Company</u>											
Fuel Cost	69.81%	68.00%	71.62%	64.30%	47.51%	53.84%	56.46%	53.36%	53.65%	52.09%	43.06%
Purchase Power Costs	8.76%	10.97%	6.55%	13.52%	13.44%	15.17%	26.52%	21.96%	6.18%	15.35%	12.61%
Power Production Expense (less fuel cost)	43.95%	46.10%	41.79%	50.64%	44.06%	50.82%	61.12%	53.40%	38.01%	51.39%	45.23%
Transmission Expenses	8.54%	9.49%	7.60%	6.50%	5.20%	5.40%	5.49%	5.29%	4.70%	3.95%	4.95%
Regional Market Expenses	0.68%	0.81%	0.56%	0.48%	0.42%	0.54%	0.62%	0.67%	0.00%	NA	NA
Distribution Expenses	9.21%	9.42%	8.99%	9.22%	7.82%	10.02%	9.53%	9.05%	10.31%	13.50%	11.41%
Customer Account Expenses	3.42%	3.38%	3.46%	3.56%	3.17%	3.76%	3.52%	3.09%	3.54%	4.97%	4.28%
Customer Service and Information Expenses	2.27%	2.40%	2.13%	2.85%	2.04%	1.82%	1.02%	0.74%	0.54%	0.37%	0.28%
Sales Expenses	0.08%	0.07%	0.09%	0.10%	0.12%	0.21%	0.22%	0.19%	0.18%	0.25%	0.32%
Admin and General Expenses	27.81%	27.38%	28.24%	33.17%	26.01%	30.45%	34.86%	30.58%	30.32%	30.57%	28.42%
<u>Proxy Group Vertically Integrated Operating Companies</u>											
Fuel Cost	67.24%	66.83%	67.66%	75.01%	78.78%	79.01%	95.01%	81.27%	84.99%	82.29%	73.58%
Purchase Power Costs	42.33%	41.15%	43.51%	43.69%	44.49%	51.25%	78.91%	70.36%	84.86%	86.43%	77.67%
Power Production Expense (less fuel cost)	72.27%	69.48%	75.06%	85.29%	77.01%	87.15%	113.26%	100.52%	120.41%	113.77%	119.45%
Transmission Expenses	8.61%	9.53%	7.68%	8.01%	6.65%	5.90%	6.45%	5.52%	5.57%	6.53%	5.45%
Regional Market Expenses	0.34%	0.31%	0.37%	0.35%	0.42%	0.24%	0.07%	0.00%	0.00%	NA	NA
Distribution Expenses	11.50%	11.19%	11.82%	12.33%	12.41%	12.91%	13.93%	13.93%	12.85%	13.88%	13.10%
Customer Account Expenses	4.59%	4.24%	4.94%	5.71%	5.91%	6.06%	6.98%	6.25%	6.70%	7.44%	6.63%
Customer Service and Information Expenses	3.75%	4.02%	3.48%	3.50%	2.74%	2.09%	1.85%	1.92%	1.77%	1.91%	1.49%
Sales Expenses	0.06%	0.05%	0.06%	0.06%	0.06%	0.05%	0.03%	0.08%	0.13%	0.14%	0.17%
Admin and General Expenses	23.10%	22.76%	23.45%	21.84%	22.98%	24.55%	25.31%	25.25%	27.67%	26.93%	25.53%

10-Year Coefficient of Variation of Electric Utility Expense Categories

	KCP&L	Proxy Group
Fuel Cost	0.26	0.18
Purchase Power Costs	0.41	0.30
Power Production Expense (less fuel cost)	0.16	0.21
Transmission Expenses	0.39	0.28
Regional Market Expenses	0.48	0.35
Distribution Expenses	0.09	0.14
Customer Account Expenses	0.11	0.12
Customer Service and Information Expenses	0.73	0.43
Sales Expenses	0.35	0.68
Admin and General Expenses	0.12	0.14

Source: SNL Financial

Analysis Using Mr. Gorman's Coverage Ratio Metrics

Standard & Poor's Credit Metrics
Thousands of Dollars

Kansas City Power & Light Company
Retail

Line	Description	Cost of Service Amount	S&P Benchmark (Medial Volatility)		
			Intermediate	Significant	Aggressive
1	Rate Base - MO	\$ 2,557,090			
2	Weighted Common Return	3.40%			
3	Pre-Tax Rate of Return	8.27%			
4	Income to Common	\$ 86,927			
5	EBIT	\$ 211,429			
6	Depreciation & Amortization	\$ 132,619			
7	Imputed Amortization	\$ 3,416			
8	Deferred Income Taxes & ITC	\$ 15,670			
9	Funds from Operations (FFO)	\$ 238,632			
10	Imputed & Capitalized Interest Expense	\$ 9,550			
11	EBITDA	\$ 357,013			
12	Total Adjusted Debt Ratio	49.5%			
13	Debt to EBITDA	3.5x	2.5x - 3.5x	3.5x - 4.5x	4.5x - 5.5x
14	FFO to Total Debt	19%	23% - 35%	13% - 23%	9% - 13%

Description	Weight	Cost	Weighted Cost	Pre-Tax Weighted Cost
Common Equity	50.4%	6.75%	3.40%	5.52%
Preferred Stock	0.5%	4.29%	0.02%	0.02%
Long-Term Debt	49.1%	5.56%	2.73%	2.73%
Total	100.0%		6.15%	8.27%
Tax Conversion Factor				1.6231131

Source: Schedule MPG-17, page 1 of 4

Analysis Using Mr. Gorman's Coverage Ratio Metrics

Standard & Poor's Credit Metrics
Thousands of Dollars

Kansas City Power & Light Company
Retail

Line	Description	Cost of Service Amount	S&P Benchmark (Medial Volatility)		
			Intermediate	Significant	Aggressive
1	Rate Base - MO	\$ 2,557,090			
2	Weighted Common Return	5.19%			
3	Pre-Tax Rate of Return	11.17%			
4	Income to Common	\$ 132,644			
5	EBIT	\$ 285,633			
6	Depreciation & Amortization	\$ 132,619			
7	Imputed Amortization	\$ 3,416			
8	Deferred Income Taxes & ITC	\$ 15,670			
9	Funds from Operations (FFO)	\$ 284,349			
10	Imputed & Capitalized Interest Expense	\$ 9,550			
11	EBITDA	\$ 431,218			
12	Total Adjusted Debt Ratio	49.5%			
13	Debt to EBITDA	2.9x	2.5x - 3.5x	3.5x - 4.5x	4.5x - 5.5x
14	FFO to Total Debt	22%	23% - 35%	13% - 23%	9% - 13%

Description	Weight	Cost	Weighted Cost	Pre-Tax Weighted Cost
Common Equity	50.4%	10.30%	5.19%	8.42%
Preferred Stock	0.5%	4.29%	0.02%	0.02%
Long-Term Debt	49.1%	5.56%	2.73%	2.73%
Total	100.0%		7.94%	11.17%
Tax Conversion Factor				1.6231131

Source: Schedule MPG-17, page 1 of 4

Analysis Using Mr. Gorman's Coverage Ratio Metrics

Standard & Poor's Credit Metrics
Thousands of Dollars

Kansas City Power & Light Company

Line	Description	Cost of Service Amount	S&P Benchmark (Medial Volatility)		
			Intermediate	Significant	Aggressive
1	Rate Base - MO	\$ 2,557,090			
2	Weighted Common Return	5.67%			
3	Pre-Tax Rate of Return	11.95%			
4	Income to Common	\$ 144,879			
5	EBIT	\$ 305,491			
6	Depreciation & Amortization	\$ 132,619			
7	Imputed Amortization	\$ 3,416			
8	Deferred Income Taxes & ITC	\$ 15,670			
9	Funds from Operations (FFO)	\$ 296,583			
10	Imputed & Capitalized Interest Expense	\$ 9,550			
11	EBITDA	\$ 451,075			
12	Total Adjusted Debt Ratio	49.5%			
13	Debt to EBITDA	2.8x	2.5x - 3.5x	3.5x - 4.5x	4.5x - 5.5x
14	FFO to Total Debt	23%	23% - 35%	13% - 23%	9% - 13%

Description	Weight	Cost	Weighted Cost	Pre-Tax Weighted Cost
Common Equity	50.4%	11.25%	5.67%	9.20%
Preferred Stock	0.5%	4.29%	0.02%	0.02%
Long-Term Debt	49.1%	5.56%	2.73%	2.73%
Total	100.0%		8.42%	11.95%
Tax Conversion Factor				1.6231131

Source: Schedule MPG-17, page 1 of 4