

CURRENT BOND YIELD

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)		
	Market Return (R _m)											
Company	Div Yield	Proj. Growth	Cost of Equity	Risk-Free Rate	Risk Premium	Beta	Unadjusted K _e	Market Cap	Size Adjustment	Implied Cost of Equity		
1 ALLETE	2.6%	10.3%	12.9%	2.9%	10.0%	0.70	9.9%	1,542.66	1.75%	11.7%		
2 Alliant Energy	2.6%	10.3%	12.9%	2.9%	10.0%	0.70	9.9%	5,076.51	0.94%	10.8%		
3 Ameren Corp.	2.6%	10.3%	12.9%	2.9%	10.0%	0.80	10.9%	8,061.60	0.78%	11.7%		
4 American Elec Pwr	2.6%	10.3%	12.9%	2.9%	10.0%	0.70	9.9%	20,008.56	-0.38%	9.5%		
5 Avista Corp.	2.6%	10.3%	12.9%	2.9%	10.0%	0.70	9.9%	1,591.13	1.75%	11.7%		
6 Black Hills Corp.	2.6%	10.3%	12.9%	2.9%	10.0%	0.80	10.9%	1,382.54	1.75%	12.7%		
7 CenterPoint Energy	2.6%	10.3%	12.9%	2.9%	10.0%	0.80	10.9%	8,815.08	0.78%	11.7%		
8 DTE Energy Co.	2.6%	10.3%	12.9%	2.9%	10.0%	0.75	10.4%	10,075.73	0.78%	11.2%		
9 Edison International	2.6%	10.3%	12.9%	2.9%	10.0%	0.75	10.4%	15,075.27	0.78%	11.2%		
10 El Paso Electric	2.6%	10.3%	12.9%	2.9%	10.0%	0.70	9.9%	1,360.96	1.75%	11.7%		
11 Exelon Corp.	2.6%	10.3%	12.9%	2.9%	10.0%	0.80	10.9%	32,008.00	-0.38%	10.5%		
12 FirstEnergy Corp.	2.6%	10.3%	12.9%	2.9%	10.0%	0.80	10.9%	20,526.04	-0.38%	10.5%		
13 Great Plains Energy	2.6%	10.3%	12.9%	2.9%	10.0%	0.75	10.4%	2,989.93	1.17%	11.6%		
14 Hawaiian Elec.	2.6%	10.3%	12.9%	2.9%	10.0%	0.70	9.9%	2,768.80	1.17%	11.1%		
15 IDACORP, Inc.	2.6%	10.3%	12.9%	2.9%	10.0%	0.70	9.9%	2,150.28	1.74%	11.6%		
16 NorthWestern Corp.	2.6%	10.3%	12.9%	2.9%	10.0%	0.70	9.9%	1,362.62	1.75%	11.7%		
17 OGE Energy Corp.	2.6%	10.3%	12.9%	2.9%	10.0%	0.75	10.4%	5,059.69	0.94%	11.3%		
18 Otter Tail Corp.	2.6%	10.3%	12.9%	2.9%	10.0%	0.90	11.9%	846.35	1.77%	13.7%		
19 PG&E Corp.	2.6%	10.3%	12.9%	2.9%	10.0%	0.55	8.4%	18,774.90	-0.38%	8.0%		
20 Pinnacle West Capital	2.6%	10.3%	12.9%	2.9%	10.0%	0.70	9.9%	5,715.79	0.94%	10.8%		
21 Portland General Elec.	2.6%	10.3%	12.9%	2.9%	10.0%	0.75	10.4%	2,034.08	1.74%	12.1%		
22 PPL Corp.	2.6%	10.3%	12.9%	2.9%	10.0%	0.65	9.4%	16,307.69	-0.38%	9.0%		
23 Pub Sv Enterprise Grp	2.6%	10.3%	12.9%	2.9%	10.0%	0.75	10.4%	16,320.08	-0.38%	10.0%		
24 SCANA Corp.	2.6%	10.3%	12.9%	2.9%	10.0%	0.65	9.4%	6,295.71	0.94%	10.3%		
25 Sempra Energy	2.6%	10.3%	12.9%	2.9%	10.0%	0.80	10.9%	16,457.12	-0.38%	10.5%		
Average							10.2%			11.1%		
Range							8.4%	--	11.9%	8.0%	--	13.7%
Midpoint							10.2%			10.9%		

(a) Weighted average dividend yield for the dividend paying firms in the S&P 500 from www.valueline.com (Retrieved Jul. 26, 2012).

(b) Weighted average of IBES earnings growth rates for the dividend paying firms in the S&P 500 from http://finance.yahoo.com (retrieved Jul. 26, 2012).

(c) (a) + (b).

(d) Average yield on 30-year Treasury bonds for Oct. 2012 from the Federal Reserve Board at http://www.federalreserve.gov/releases/h15/data/htm.

(e) (c) - (d).

(f) The Value Line Investment Survey (Aug. 24, Sep. 21, & Nov. 2, 2012).

(g) (d) + (e) x (f).

(h) www.valueline.com (retrieved Oct. 15, 2012).

(i) *Morningstar*, "2012 Ibbotson S&P Valuation Yearbook," at Appendix C, Table C-1 (2012).

(j) (g) + (h).

PROJECTED BOND YIELD

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)		
	Market Return (R_m)			2013-17								
Company	Div Yield	Proj. Growth	Cost of Equity	Risk-Free Rate	Risk Premium	Beta	Unadjusted K_e	Market Cap	Size Adjustment	Implied Cost of Equity		
1 ALLETE	2.6%	10.3%	12.9%	4.6%	8.3%	0.70	10.4%	1,542.66	1.75%	12.2%		
2 Alliant Energy	2.6%	10.3%	12.9%	4.6%	8.3%	0.70	10.4%	5,076.51	0.94%	11.4%		
3 Ameren Corp.	2.6%	10.3%	12.9%	4.6%	8.3%	0.80	11.2%	8,061.60	0.78%	12.0%		
4 American Elec Pwr	2.6%	10.3%	12.9%	4.6%	8.3%	0.70	10.4%	20,008.56	-0.38%	10.0%		
5 Avista Corp.	2.6%	10.3%	12.9%	4.6%	8.3%	0.70	10.4%	1,591.13	1.75%	12.2%		
6 Black Hills Corp.	2.6%	10.3%	12.9%	4.6%	8.3%	0.80	11.2%	1,382.54	1.75%	13.0%		
7 CenterPoint Energy	2.6%	10.3%	12.9%	4.6%	8.3%	0.80	11.2%	8,815.08	0.78%	12.0%		
8 DTE Energy Co.	2.6%	10.3%	12.9%	4.6%	8.3%	0.75	10.8%	10,075.73	0.78%	11.6%		
9 Edison International	2.6%	10.3%	12.9%	4.6%	8.3%	0.75	10.8%	15,075.27	0.78%	11.6%		
10 El Paso Electric	2.6%	10.3%	12.9%	4.6%	8.3%	0.70	10.4%	1,360.96	1.75%	12.2%		
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16 NorthWestern Corp.	2.6%	10.3%	12.9%	4.6%	8.3%	0.70	10.4%	1,362.62	1.75%	12.2%		
17 OGE Energy Corp.	2.6%	10.3%	12.9%	4.6%	8.3%	0.75	10.8%	5,059.69	0.94%	11.8%		
18 Otter Tail Corp.	2.6%	10.3%	12.9%	4.6%	8.3%	0.90	12.1%	846.35	1.77%	13.8%		
19 PG&E Corp.	2.6%	10.3%	12.9%	4.6%	8.3%	0.55	9.2%	18,774.90	-0.38%	8.8%		
Average							10.7%			11.7%		
Range							9.2%	--	12.1%	8.8%	--	13.8%
Midpoint							10.6%			11.3%		

(a) Weighted average dividend yield for the dividend paying firms in the S&P 500 from www.valueline.com (Retrieved Jul. 26, 2012).

(b) Weighted average of IBES earnings growth rates for the dividend paying firms in the S&P 500 from http://finance.yahoo.com (retrieved Jul. 26, 2012).

(c) (a) + (b).

(d) Average projected 30-year Treasury bond yield for 2013-2017 based on data from the Value Line Investment Survey, Forecast for the U.S. Economy (Aug. 24, 2012); IHS Global Insight, U.S. Economic Outlook at 19 (May 2012); & Blue Chip Financial Forecasts, Vol. 31, No. 6 (Jun. 1, 2012).

(e) (c) - (d).

(f) The Value Line Investment Survey (Aug. 24, Sep. 21, & Nov. 2, 2012).

(g) (d) + (e) x (f).

(h) www.valueline.com (retrieved Oct. 15, 2012).

(i) Morningstar, "2012 Ibbotson SBBI Valuation Yearbook," at Appendix C, Table C-1 (2012).

(j) (g) + (h).