

UTILITY GROUP

	Company	(a) (b) (c)			Market Risk Premium	(d)		(e) (d)			Total RP	(f)		(g)	Size Adjusted K _e	
		Market Return (R _m)				Unadjusted RP	Beta	Adjusted RP		Empirical K _e		Market Cap	Size Adjustment			
		Div Yield	Proj. Growth	Cost of Equity				Risk-Free Rate	Weight					RP ¹		Weight
1	ALLETE	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.75	75%	4.9%	7.1%	10.8%	\$ 2,077.5	1.70%	12.5%
2	Ameren Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.80	75%	5.2%	7.4%	11.1%	\$ 9,740.4	0.76%	11.8%
3	American Elec Pwr	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.70	75%	4.6%	6.8%	10.4%	\$ 24,265.4	-0.37%	10.1%
4	Avista Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.75	75%	4.9%	7.1%	10.8%	\$ 1,766.7	1.72%	12.5%
5	Black Hills Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.90	75%	5.9%	8.1%	11.7%	\$ 2,505.8	1.70%	13.4%
6	CMS Energy Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.70	75%	4.6%	6.8%	10.4%	\$ 7,514.5	0.92%	11.4%
7	DTE Energy Co.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.80	75%	5.2%	7.4%	11.1%	\$ 12,595.0	0.76%	11.8%
8	Duke Energy Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.70	75%	4.6%	6.8%	10.4%	\$ 49,723.6	-0.37%	10.1%
9	Edison International	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.75	75%	4.9%	7.1%	10.8%	\$ 16,965.0	0.76%	11.5%
10	El Paso Electric	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.65	75%	4.3%	6.4%	10.1%	\$ 1,408.1	1.72%	11.8%
11	Empire District Elec	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.70	75%	4.6%	6.8%	10.4%	\$ 1,010.4	1.73%	12.2%
12	Entergy Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.70	75%	4.6%	6.8%	10.4%	\$ 11,368.7	0.76%	11.2%
13	Exelon Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.75	75%	4.9%	7.1%	10.8%	\$ 25,852.8	-0.37%	10.4%
14	Great Plains Energy	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.85	75%	5.6%	7.8%	11.4%	\$ 3,971.8	1.14%	12.6%
15	Hawaiian Elec.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.80	75%	5.2%	7.4%	11.1%	\$ 2,530.3	1.70%	12.8%
16	IDACORP, Inc.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.75	75%	4.9%	7.1%	10.8%	\$ 2,795.4	1.14%	11.9%
17	NorthWestern Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.70	75%	4.6%	6.8%	10.4%	\$ 1,756.2	1.72%	12.2%
18	Otter Tail Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.95	75%	6.2%	8.4%	12.1%	\$ 1,106.6	1.73%	13.8%
19	Pepco Holdings	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.80	75%	5.2%	7.4%	11.1%	\$ 5,101.6	0.92%	12.0%
20	PG&E Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.60	75%	3.9%	6.1%	9.8%	\$ 19,464.3	-0.37%	9.4%
21	PNM Resources	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.95	75%	6.2%	8.4%	12.1%	\$ 2,037.5	1.70%	13.8%
22	Portland General Elec.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.75	75%	4.9%	7.1%	10.8%	\$ 2,470.0	1.70%	12.5%
23	PPL Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.70	75%	4.6%	6.8%	10.4%	\$ 20,142.4	-0.37%	10.1%
24	SCANA Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.75	75%	4.9%	7.1%	10.8%	\$ 6,895.0	0.92%	11.7%
25	Sempra Energy	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.75	75%	4.9%	7.1%	10.8%	\$ 22,973.6	-0.37%	10.4%
26	UIL Holdings	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.85	75%	5.6%	7.8%	11.4%	\$ 2,011.5	1.70%	13.1%
27	Westar Energy	2.3%	10.1%	12.4%	3.7%	8.7%	25%	2.2%	0.75	75%	4.9%	7.1%	10.8%	\$ 4,360.8	0.92%	11.7%
	Average												10.8%			11.8%
	Midpoint (h)												10.9%			11.6%

(a) Weighted average dividend yield for the dividend paying firms in the S&P 500 from www.valueline.com (Retrieved Jan. 8, 2014).

(b) Weighted average of IBES earnings growth rates for the dividend paying firms in the S&P 500 from http://finance.yahoo.com (retrieved Jan. 13, 2014).

(c) Average yield on 30-year Treasury bonds for Feb. 2014 as reported at www.federalreserve.gov/releases/h15/data.htm.

(d) Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports, Inc.* at 190 (2006).

(e) The Value Line Investment Survey (Dec. 20, 2013, Jan. 31 & Feb. 21, 2014).

(f) www.valueline.com (retrieved Mar. 3, 2014).

(g) *Morningstar*, "Ibbotson S&P 2013 Valuation Yearbook," at Appendix C, Table C-1 (2013).

(h) Average of low and high values.

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	Company	(a) Market Return (R _m)			(c) Risk-Free Rate	Market Risk Premium	(d) Unadjusted RP Weight	(e) Beta	(d) Beta Adjusted RP			Total RP	Empirical K _e	(f) Market Cap	(g) Size Adjustment	Size Adjusted K _e
		Div Yield	Proj. Growth	Cost of Equity					Beta	Weight	RP ²					
1	ALLETE	2.3%	10.1%	12.4%	4.6%	7.8%	25%	2.0%	0.75	75%	4.4%	6.4%	10.9%	\$ 2,077.5	1.70%	12.6%
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(c) Average yield on 30-year Treasury bonds for 2014-2018 based on data from the Value Line Investment Survey, Forecast for the U.S. Economy (Feb. 21, 2014); IHS Global Insight, U.S. Economic Outlook at 25 (Nov. 2013); & Blue Chip Financial Forecasts, Vol. 32, No. 12 (Dec. 1, 2013).

(d) Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports, Inc.* at 190 (2006).

(e) The Value Line Investment Survey (Dec. 20, 2013, Jan. 31 & Feb. 21, 2014).

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