

FLOTATION COST ADJUSTMENT - INCLUDING NON-PUBLIC ISSUANCES AT ZERO COST

Flotation Costs from Inception to Date

Date	Shares Issued	Market Price	Offering Price	Underwriting Discount	Offering Expense	Net Proceeds	Total Flotation Costs (ITEM A)	Gross Equity Issue before Costs	Net Proceeds	Flotation Cost Percentage	
11/16/1949	1,584,238	\$10.750	\$10.250	\$0.124	\$0.137	\$9,989	\$1,205,605	\$17,030,559	\$15,824,953	7.079%	
6/4/1952	1,108,966	\$10.500	\$10.500	\$0.098	\$0.162	\$10,240	\$288,331	\$11,644,143	\$11,355,812	2.476%	
4/14/1954	1,219,856	\$15.250	\$14.000	\$0.060	\$0.124	\$13,816	\$1,749,274	\$18,602,804	\$16,853,530	9.403%	
2/29/1956	670,920	\$17.825	\$16.750	\$0.050	\$0.221	\$16,479	\$903,058	\$11,959,149	\$11,056,091	7.551%	
7/22/1959	952,033	\$23.375	\$22.000	\$0.069	\$0.191	\$21,740	\$1,556,574	\$22,253,771	\$20,697,197	6.995%	
7/28/1965	772,008	\$35.250	\$33.000	\$0.092	\$0.225	\$32,683	\$1,981,745	\$27,213,282	\$25,231,537	7.282%	
1/22/1969	1,080,811	\$29.000	\$27.000	\$0.119	\$0.187	\$26,694	\$2,492,350	\$31,343,519	\$28,851,169	7.952%	
10/21/1970	1,729,298	\$23.125	\$21.500	\$0.175	\$0.149	\$21,176	\$3,370,402	\$39,990,016	\$36,619,614	8.428%	
7/26/1972	1,902,228	\$25.000	\$23.500	\$0.129	\$0.166	\$23,205	\$3,414,499	\$47,555,700	\$44,141,201	7.180%	
10/10/1973	2,092,451	\$25.825	\$24.500	\$0.128	\$0.153	\$24,219	\$3,360,476	\$54,037,547	\$50,677,071	6.219%	
11/20/1974	2,300,000	\$17.625	\$17.500	\$0.910	\$0.069	\$16,521	\$2,539,200	\$40,537,500	\$37,998,300	6.264%	
8/14/1975	1,750,000	\$23.000	\$23.000	\$0.740	\$0.077	\$22,183	\$1,429,750	\$40,250,000	\$38,820,250	3.552%	
6/3/1976	2,000,000	\$24.000	\$24.000	\$0.720	\$0.064	\$23,216	\$1,568,000	\$48,000,000	\$46,432,000	3.267%	
5/31/1993	3,041,955	\$44.125	\$43.625	\$1.200	\$0.048	\$42,377	\$5,317,337	\$134,226,264	\$128,908,927	3.961%	
9/23/1997	4,500,000	\$49.938	\$49.563	\$1.230	\$0.133	\$48,200	\$7,821,000	\$224,721,000	\$216,900,000	3.480%	
9/29/1997	400,000	\$50.500	\$49.563	\$1.230	\$0.133	\$48,200	\$920,000	\$20,200,000	\$19,280,000	4.554%	
2/25/2002	20,000,000	\$22.950	\$22.500	\$0.730	\$0.015	\$21,755	\$23,900,000	\$459,000,000	\$435,100,000	5.207%	
9/9/2008	17,250,000	\$20.860	\$20.200	\$0.100	\$0.006	\$20,094	\$13,218,352	\$359,835,000	\$346,616,648	3.673%	
8/3/2010	21,850,000	\$22.100	\$21.500	\$0.645	\$0.013	\$20,571	\$33,407,927	\$482,885,000	\$449,477,073	6.918% [1]	
<i>Weighted Average Flotation Costs</i>							\$110,443,880	\$2,091,285,255	\$1,980,841,375	5.281%	
							Gross Nonpublicly Issued Equity		\$1,476,064,000 [2]		
							Total Issued Equity (ITEM B)		\$3,567,349,255		3.096% [3]

The flotation adjustment is derived by dividing the dividend yield by 1-F (where F = flotation costs expressed in percentage terms), or by 0.9472, and adding that result to the constant growth rate to determine the cost of equity. The Constant Growth DCF calculation is modified as follows to accommodate an adjustment for flotation costs:

$$k = \frac{D \times (1 + .5g)}{P \times (1 - F)} + g$$

Source: Company data.

[1] This issuance was structured as a forward equity sale. The spread between the initial forward sale price (i.e., \$20.855) and the actual forward settle price (i.e., \$20.584) is reflected in the net proceeds.

[2] Source: NSP-MN.

[3] Equal to Total Flotation Costs (sum of ITEM A) divided by Total Issued Equity (ITEM B).

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	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
	Stock Price	Annualized Dividend	Dividend Yield	Expected Dividend Yield	Expected Dividend Yield Adjusted for Flotation Costs	Proj EPS Growth (Zacks)	Proj EPS Growth (V.L.)	Proj EPS Growth (First Call)	Average Growth Estimate	DCF k(e)	Flotation Adjusted DCF k(e)
American Electric Power Company, Inc.	AEP	\$38.43	\$1.88	4.89%	4.99%	5.15%	4.30%	4.00%	4.01%	9.10%	9.26%
Cleco Corporation	CNL	\$39.06	\$1.25	3.20%	3.29%	3.39%	n/a	8.00%	3.00%	8.79%	8.89%
Empire District Electric Company	EDE	\$20.26	\$1.00	4.94%	5.14%	5.30%	n/a	6.00%	10.20%	13.24%	13.40%
Great Plains Energy Inc.	GXP	\$20.15	\$0.85	4.22%	4.34%	4.48%	7.00%	5.50%	4.97%	10.17%	10.30%
Hawaiian Electric Industries, Inc.	HE	\$25.30	\$1.24	4.90%	5.14%	5.30%	6.50%	11.00%	11.37%	14.76%	14.92%
IDACORP, Inc.	IDA	\$40.85	\$1.32	3.23%	3.30%	3.41%	5.00%	4.00%	4.00%	7.63%	7.74%
Pinnacle West Capital Corporation	PNW	\$47.27	\$2.10	4.44%	4.57%	4.71%	5.30%	6.00%	5.59%	10.20%	10.34%
Portland General Electric Company	POR	\$24.86	\$1.06	4.26%	4.39%	4.53%	5.00%	7.50%	5.27%	10.31%	10.45%
Southern Company	SO	\$44.50	\$1.89	4.25%	4.36%	4.50%	5.00%	5.00%	5.85%	9.64%	9.78%
Westar Energy, Inc.	WR	\$27.75	\$1.32	4.76%	4.89%	5.05%	5.80%	6.50%	4.37%	10.45%	10.60%
	PROXY GROUP MEAN			4.31%	4.44%	4.58%	5.49%	6.35%	5.86%	10.43%	10.57%
MEAN											10.57%
UNADJUSTED CONSTANT GROWTH DCF MEAN											10.43%
DIFFERENCE (FLOTATION COST ADJUSTMENT)										[12]	0.14%

[1] Source: Bloomberg, 30 day average price

[2] Source: Bloomberg

[3] Equals Col. [1] / Col. [2] or [Annualized Dividend] / [Price]

[4] Equals Col. [3] x [1 + (0.5 x Col. [9])] or [Dividend Yield] x [1 + (0.5 x Average Growth Rate)]

[5] Equals [Expected Dividend Yield] / [1 - Flotation Cost Percentage]

[6] Source: Zacks

[7] Source: Value Line

[8] Source: First Call

[9] Average of Cols. [6], [7], [8]

[10] Equals Col. [4] + Col. [9]

[11] Equals Col. [5] + Col. [9]

[12] Equals Col. [11] - Col. [10] or [Mean Adjusted DCF] - [Mean Unadjusted DCF]