

UTILITY GROUP

	Company	(a) (b) (c)			Risk-Free Rate	Risk Premium	(d) Beta	Unadjusted K_e	(e) Market Cap	(f) Size Adjustment	Implied Cost of Equity
		Market Return (R_m)									
		Div Yield	Proj. Growth	Cost of Equity							
1	ALLETE	2.3%	10.1%	12.4%	3.7%	8.7%	0.75	10.2%	\$ 2,077.5	1.70%	11.9%
2	Ameren Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	0.80	10.7%	\$ 9,740.4	0.76%	11.4%
3	American Elec Pwr	2.3%	10.1%	12.4%	3.7%	8.7%	0.70	9.8%	\$ 24,265.4	-0.37%	9.4%
4	Avista Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	0.75	10.2%	\$ 1,766.7	1.72%	11.9%
5	Black Hills Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	0.90	11.5%	\$ 2,505.8	1.70%	13.2%
6	CMS Energy Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	0.70	9.8%	\$ 7,514.5	0.92%	10.7%
7	DTE Energy Co.	2.3%	10.1%	12.4%	3.7%	8.7%	0.80	10.7%	\$ 12,595.0	0.76%	11.4%
8	Duke Energy Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	0.70	9.8%	\$ 49,723.6	-0.37%	9.4%
9	Edison International	2.3%	10.1%	12.4%	3.7%	8.7%	0.75	10.2%	\$ 16,965.0	0.76%	11.0%
10	El Paso Electric	2.3%	10.1%	12.4%	3.7%	8.7%	0.65	9.3%	\$ 1,408.1	1.72%	11.1%
11	Empire District Elec	2.3%	10.1%	12.4%	3.7%	8.7%	0.70	9.8%	\$ 1,010.4	1.73%	11.5%
12	Entergy Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	0.70	9.8%	\$ 11,368.7	0.76%	10.5%
13	Exelon Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	0.75	10.2%	\$ 25,852.8	-0.37%	9.8%
14	Great Plains Energy	2.3%	10.1%	12.4%	3.7%	8.7%	0.85	11.1%	\$ 3,971.8	1.14%	12.2%
15	Hawaiian Elec.	2.3%	10.1%	12.4%	3.7%	8.7%	0.80	10.7%	\$ 2,530.3	1.70%	12.4%
16	IDACORP, Inc.	2.3%	10.1%	12.4%	3.7%	8.7%	0.75	10.2%	\$ 2,795.4	1.14%	11.4%
17	NorthWestern Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	0.70	9.8%	\$ 1,756.2	1.72%	11.5%
18	Otter Tail Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	0.95	12.0%	\$ 1,106.6	1.73%	13.7%
19	Pepco Holdings	2.3%	10.1%	12.4%	3.7%	8.7%	0.80	10.7%	\$ 5,101.6	0.92%	11.6%
20	PG&E Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	0.60	8.9%	\$ 19,464.3	-0.37%	8.5%
21	PNM Resources	2.3%	10.1%	12.4%	3.7%	8.7%	0.95	12.0%	\$ 2,037.5	1.70%	13.7%
22	Portland General Elec.	2.3%	10.1%	12.4%	3.7%	8.7%	0.75	10.2%	\$ 2,470.0	1.70%	11.9%
23	PPL Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	0.70	9.8%	\$ 20,142.4	-0.37%	9.4%
24	SCANA Corp.	2.3%	10.1%	12.4%	3.7%	8.7%	0.75	10.2%	\$ 6,895.0	0.92%	11.1%
25	Sempra Energy	2.3%	10.1%	12.4%	3.7%	8.7%	0.75	10.2%	\$ 22,973.6	-0.37%	9.8%
26	UIL Holdings	2.3%	10.1%	12.4%	3.7%	8.7%	0.85	11.1%	\$ 2,011.5	1.70%	12.8%
27	Westar Energy	2.3%	10.1%	12.4%	3.7%	8.7%	0.75	10.2%	\$ 4,360.8	0.92%	11.1%
	Average							10.3%			11.3%
	Midpoint (g)							10.4%			11.1%

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

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

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

(g) Average of low and high values.

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	Company	(b) Market Return (R_m)			(c)	(d)	(e)	(f)	Implied Cost of Equity		
		Div Yield	Proj. Growth	Cost of Equity	Risk-Free Rate	Risk Premium	Beta	Unadjusted K_e		Market Cap	Size Adjustment
1	ALLETE	2.3%	10.1%	12.4%	4.6%	7.8%	0.75	10.4%	\$ 2,077.5	1.70%	12.1%
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- (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 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) The Value Line Investment Survey (Dec. 20, 2013, Jan. 31 & Feb. 21, 2014).
- (e) www.valueline.com (retrieved Mar. 3, 2014).
- (f) *Morningstar*, "Ibbotson SBBI 2013 Valuation Yearbook," at Appendix C, Table C-1 (2013).
- (g) Average of low and high values.