

ELECTRIC GROUP

	Company	(a) Market Return (R _m)			(c) Risk-Free Rate	(d) Market Risk Premium		(d) Unadjusted RP	(e) Beta Adjusted RP			Total Unadjusted RP	Unadjusted K _e	(f) Market Cap	(g) Size Adjustment	Size Adjusted K _e		
		Div	Proj.	Cost of Equity		Risk	Weight		Beta	Weight	RP ²						RP	RP
		Yield	Growth	Equity		Premium	RP ¹											
1	ALLETE	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.80	75%	5.9%	8.3%	11.6%	\$ 2,197.2	1.75%	13.4%		
2	Alliant Energy	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.80	75%	5.9%	8.3%	11.6%	\$ 6,868.0	0.93%	12.6%		
3	Ameren Corp.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.75	75%	5.5%	8.0%	11.3%	\$10,329.9	0.80%	12.1%		
4	American Elec Pwr	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.70	75%	5.1%	7.6%	10.9%	\$28,507.2	-0.33%	10.6%		
5	Avista Corp.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.80	75%	5.9%	8.3%	11.6%	\$ 2,147.5	1.75%	13.4%		
6	Black Hills Corp.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.90	75%	6.6%	9.1%	12.4%	\$ 2,437.4	1.72%	14.1%		
7	CenterPoint Energy	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.75	75%	5.5%	8.0%	11.3%	\$10,491.3	0.80%	12.1%		
8	CMS Energy Corp.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.75	75%	5.5%	8.0%	11.3%	\$ 9,015.0	0.93%	12.2%		
9	Dominion Resources	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.70	75%	5.1%	7.6%	10.9%	\$41,707.3	-0.33%	10.6%		
10	DTE Energy Co.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.75	75%	5.5%	8.0%	11.3%	\$14,511.5	0.80%	12.1%		
11	Duke Energy Corp.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.60	75%	4.4%	6.9%	10.2%	\$58,179.0	-0.33%	9.8%		
12	Edison International	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.75	75%	5.5%	8.0%	11.3%	\$20,382.7	0.80%	12.1%		
13	El Paso Electric	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.70	75%	5.1%	7.6%	10.9%	\$ 1,527.3	1.75%	12.6%		
14	Empire District Elec	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.65	75%	4.8%	7.2%	10.5%	\$ 1,227.2	1.75%	12.3%		
15	Great Plains Energy	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.85	75%	6.2%	8.7%	12.0%	\$ 4,135.3	1.19%	13.2%		
16	IDACORP, Inc.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.80	75%	5.9%	8.3%	11.6%	\$ 3,176.4	1.72%	13.4%		
17	ITC Holdings Corp.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.65	75%	4.8%	7.2%	10.5%	\$ 6,178.9	0.93%	11.5%		
18	NextEra Energy, Inc.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.70	75%	5.1%	7.6%	10.9%	\$43,596.4	-0.33%	10.6%		
19	Northeast Utilities	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.75	75%	5.5%	8.0%	11.3%	\$15,605.4	0.80%	12.1%		
20	NorthWestern Corp.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.70	75%	5.1%	7.6%	10.9%	\$ 2,064.8	1.75%	12.6%		
21	Otter Tail Corp.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.95	75%	7.0%	9.4%	12.7%	\$ 1,128.7	1.75%	14.5%		
22	PG&E Corp.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.65	75%	4.8%	7.2%	10.5%	\$23,655.5	-0.33%	10.2%		
23	Portland General Elec.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.80	75%	5.9%	8.3%	11.6%	\$ 2,847.6	1.72%	13.4%		
24	Sempra Energy	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.75	75%	5.5%	8.0%	11.3%	\$27,146.1	-0.33%	10.9%		
25	Westar Energy	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.75	75%	5.5%	8.0%	11.3%	\$ 4,869.7	1.19%	12.5%		
26	Xcel Energy, Inc.	2.3%	10.8%	13.1%	3.3%	9.8%	25%	2.5%	0.70	75%	5.1%	7.6%	10.9%	\$16,931.1	0.80%	11.7%		
	Average												11.2%			12.2%		
	Midpoint (h)												11.4%			12.2%		

(a) Weighted average dividend yield for the dividend paying firms in the S&P 500 from www.valueline.com (Retrieved Sep. 19, 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 Sep. 22, 2014).

(c) Average yield on 30-year Treasury bonds for the six-months ending Oct. 2014 based on data from the <http://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 (Aug. 22, Sep. 19, & Oct. 31, 2014).

(f) www.valueline.com (retrieved Nov. 5, 2014).

(g) Morningstar, "2014 Ibbotson SBBI Market Report," at Table 10 (2014).

(h) Average of low and high values.

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		Div	Proj.	Cost of	Risk-Free	Risk	Unadjusted RP		Beta Adjusted RP		Total	Unadjusted	Market	Size	Adjusted	
		Yield	Growth	Equity	Rate	Premium	Weight	RP ¹	Beta	Weight	RP ²	RP	K _e	Cap	Adjustment	K _e
1	ALLETE	2.3%	10.8%	13.1%	4.7%	8.4%	25%	2.1%	0.80	75%	5.0%	7.1%	11.8%	\$ 2,197.2	1.75%	13.6%
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(c) Average yield on 30-year Treasury bonds for 2015-2019 based on data from the Value Line Investment Survey, Forecast for the U.S. Economy (Aug. 22, 2014); IHS Global Insight, U.S. Economic Outlook at 79 (May 2014); & Blue Chip Financial Forecasts, Vol. 33, No. 6 (Jun. 1, 2014).

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

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