

to bodily harm, discrimination, non-performance, or anticompetitive practices. Testified on economic loss to a commercial bank resulting from publication of adverse information concerning solvency. Testimony has been presented on behalf of private individuals and business firms.

## MEMBERSHIPS

American Economic Association  
Virginia Association of Economists  
Richmond Society of Financial Analysts  
Financial Analysts Federation  
Society of Utility and Regulatory Financial Analysts  
Board of Directors 1992-2000  
Secretary/Treasurer 1994-1998  
President 1998-2000

## RESEARCH ACTIVITY

### Books and Major Research Reports

"Stock Price As An Indicator of Performance," Master of Arts Thesis, Virginia Tech, 1970

"Revision of the Property and Casualty Insurance Ratemaking Process Under Prior Approval in the Commonwealth of Virginia," prepared for the Bureau of Insurance of the Virginia State Corporation Commission, with Charles Schotta and Michael J. Ileo, 1971

"An analysis of the Virginia Consumer Finance Industry to Determine the Need for Restructuring the Rate and Size Ceilings on Small Loans in Virginia and the Process by which They are Governed," prepared for the Virginia Consumer Finance Association, with Michael J. Ileo, 1973

State Banks and the State Corporation Commission: A Historical Review, Technical Associates, Inc., 1974

"A Study of the Implications of the Sale of Wine by the Virginia Department of Alcoholic Beverage Control", prepared for the Virginia Wine Wholesalers Association, Virginia Retail Merchants Association, Virginia Food Dealers Association, Virginia Association of Chain Drugstores, Southland Corporation, and the Wine Institute, 1983.

"Performance and Diversification of the Blue Cross/Blue Shield Plans in Virginia: An Operational Review", prepared for the Bureau of Insurance of the Virginia State Corporation Commission, with Michael J. Ileo and Alexander F. Skirpan, 1988.

The Cost of Capital - A Practitioners' Guide, Society of Utility and Regulatory Financial Analysts, 1997 (previous editions in 1991, 1992, 1993, 1994, and 1995).

**Papers Presented and Articles Published**

"The Differential Effect of Bank Structure on the Transmission of Open Market Operations," Western Economic Association Meeting, with Charles Schotta, 1971

"The Economic Objectives of Regulation: The Trend in Virginia," (with Michael J. Ileo), William and Mary Law Review, Vol. 14, No. 2, 1973

"Evolution of the Virginia Banking Structure, 1962-1974: The Effects of the Buck-Holland Bill", (with Michael J. Ileo), William and Mary Law Review, Vol. 16, No. 3, 1975

"Banking Structure and Statewide Branching: The Potential for Virginia", William and Mary Law Review, Vol. 18, No. 1, 1976

"Bank Expansion and Electronic Banking: Virginia Banking Structure Changes Past, Present, and Future," William and Mary Business Review," Vol. 1, No. 2, 1976

"Electronic Banking - Wave of the Future?" (with James R. Marchand), Journal of Management and Business Consulting, Vol. 1, No. 1, 1976

"The Pricing of Electricity" (with James R. Marchand), Journal of Management and Business Consulting, Vol. 1, No. 2, 1976

"The Public Interest - Bank and Savings and Loan Expansion in Virginia" (with Richard D. Rogers), University of Richmond Law Review, Vol. 11, No. 3, 1977

"When Is It In the 'Public Interest' to Authorize a New Bank?", University of Richmond Law Review, Vol. 13, No. 3, 1979

"Banking Deregulation and Its Implications on the Virginia Banking Structure," William and Mary Business Review, Vol. 5, No. 1, 1983

"The Impact of Reciprocal Interstate Banking Statutes on The Performance of Virginia Bank Stocks", with William B. Harrison, Virginia Social Science Journal, Vol. 23, 1988

"The Financial Performance of New Banks in Virginia", Virginia Social Science Journal, Vol. 24, 1989

"Identifying and Managing Community Bank Performance After Deregulation", with William B. Harrison, Journal of Managerial Issues, Vol. II, No. 2, Summer 1990

"The Flotation Cost Adjustment To Utility Cost of Common Equity - Theory, Measurement and Implementation," presented at Twenty-Fifth Financial Forum, National Society of Rate of Return Analysts, Philadelphia, Pennsylvania, April 28, 1993.

Biography of Myon Edison Bristow, Dictionary of Virginia Biography, Volume 2, 2001.

**ENERGY TEXAS, INC.  
TOTAL COST OF CAPITAL**

Item	Amount Outstanding 1/	Percent	Cost	Weighted Cost
Long-Term Debt	\$904,717,831	51.41%	6.73% 1/	3.46%
Common Equity	\$855,068,236	48.59%	9.10%      9.50%	4.42%      4.62%
<b>Total</b>	<b>\$1,759,786,067</b>	<b>100.00%</b>		7.88%      8.08% 7.98% (Mid-point)

1/ Amounts and percents as shown on Schedule K-1.

**ECONOMIC INDICATORS**

Year	Real GDP* Growth	Industrial Production Growth	Unemployment Rate	Consumer Price Index	Producer Price Index
<b>1975 - 1982 Cycle</b>					
1975	-1.1%	-8.9%	8.5%	7.0%	6.6%
1976	5.4%	10.8%	7.7%	4.8%	3.7%
1977	5.5%	5.9%	7.0%	6.8%	6.9%
1978	5.0%	5.7%	6.0%	9.0%	9.2%
1979	2.8%	4.4%	5.8%	13.3%	12.8%
1980	-0.2%	-1.9%	7.0%	12.4%	11.8%
1981	1.8%	1.9%	7.5%	8.9%	7.1%
1982	-2.1%	-4.4%	9.5%	3.8%	3.6%
<b>1983 - 1991 Cycle</b>					
1983	4.0%	3.7%	9.5%	3.8%	0.6%
1984	6.8%	9.3%	7.5%	3.9%	1.7%
1985	3.7%	1.7%	7.2%	3.8%	1.8%
1986	3.1%	0.9%	7.0%	1.1%	-2.3%
1987	2.9%	4.9%	6.2%	4.4%	2.2%
1988	3.8%	4.5%	5.5%	4.4%	4.0%
1989	3.5%	1.8%	5.3%	4.6%	4.9%
1990	1.8%	-0.2%	5.6%	6.1%	5.7%
1991	-0.5%	-2.0%	6.8%	3.1%	-0.1%
<b>1992 - 2001 Cycle</b>					
1992	3.0%	3.1%	7.5%	2.9%	1.6%
1993	2.7%	3.4%	6.9%	2.7%	0.2%
1994	4.0%	5.5%	6.1%	2.7%	1.7%
1995	3.7%	4.8%	5.6%	2.5%	2.3%
1996	4.5%	4.3%	5.4%	3.3%	2.8%
1997	4.5%	7.3%	4.9%	1.7%	-1.2%
1998	4.2%	5.8%	4.5%	1.6%	0.0%
1999	3.7%	4.5%	4.2%	2.7%	2.9%
2000	4.1%	4.0%	4.0%	3.4%	3.6%
2001	1.1%	-3.4%	4.7%	1.6%	-1.6%
<b>2002 - 2009 Cycle</b>					
2002	1.8%	0.2%	5.8%	2.4%	1.2%
2003	2.8%	1.2%	6.0%	1.9%	4.0%
2004	3.8%	2.3%	5.5%	3.3%	4.2%
2005	3.4%	3.2%	5.1%	3.4%	5.4%
2006	2.7%	2.2%	4.6%	2.5%	1.1%
2007	1.8%	2.5%	4.6%	4.1%	6.2%
2008	-0.3%	-3.4%	5.8%	0.1%	-0.9%
2009	-2.8%	-11.3%	9.3%	2.7%	4.3%
<b>Current Cycle</b>					
2010	2.5%	5.7%	9.6%	1.5%	3.8%
2011	1.8%	3.4%	8.9%	3.0%	4.7%
2012	2.8%	3.6%	8.1%	1.7%	1.4%

\*GDP=Gross Domestic Product

Source: Council of Economic Advisors, Economic Indicators, various issues.

ECONOMIC INDICATORS

Year	Real GDP* Growth	Industrial Production Growth	Unemployment Rate	Consumer Price Index	Producer Price Index
<b>2002</b>					
1st Qtr.	2.7%	-3.8%	5.6%	2.8%	4.4%
2nd Qtr.	2.2%	-1.2%	5.9%	0.9%	-2.0%
3rd Qtr.	2.4%	0.8%	5.8%	2.4%	1.2%
4th Qtr.	0.2%	1.4%	5.9%	1.6%	0.4%
<b>2003</b>					
1st Qtr.	1.2%	1.1%	5.8%	4.8%	5.6%
2nd Qtr.	3.5%	-0.9%	6.2%	0.0%	-0.5%
3rd Qtr.	7.5%	-0.9%	6.1%	3.2%	3.2%
4th Qtr.	2.7%	1.5%	5.9%	-0.3%	2.8%
<b>2004</b>					
1st Qtr.	3.0%	2.8%	5.6%	5.2%	5.2%
2nd Qtr.	3.5%	4.9%	5.6%	4.4%	4.4%
3rd Qtr.	3.6%	4.6%	5.4%	0.8%	0.8%
4th Qtr.	2.5%	4.3%	5.4%	3.6%	7.2%
<b>2005</b>					
1st Qtr.	4.1%	3.8%	5.3%	4.4%	5.6%
2nd Qtr.	1.7%	3.0%	5.1%	1.6%	-0.4%
3rd Qtr.	3.1%	2.7%	5.0%	8.8%	14.0%
4th Qtr.	2.1%	2.9%	4.9%	-2.0%	4.0%
<b>2006</b>					
1st Qtr.	5.4%	3.4%	4.7%	4.8%	-0.2%
2nd Qtr.	1.4%	4.5%	4.6%	4.8%	5.6%
3rd Qtr.	0.1%	5.2%	4.7%	0.4%	-4.4%
4th Qtr.	3.0%	3.5%	4.5%	0.0%	3.6%
<b>2007</b>					
1st Qtr.	0.9%	2.5%	4.5%	4.8%	6.4%
2nd Qtr.	3.2%	1.6%	4.5%	5.2%	6.8%
3rd Qtr.	2.3%	1.8%	4.6%	1.2%	1.2%
4th Qtr.	2.9%	1.7%	4.8%	6.4%	10.8%
<b>2008</b>					
1st Qtr.	-1.8%	1.9%	4.9%	2.8%	9.6%
2nd Qtr.	1.3%	0.2%	5.3%	7.6%	14.0%
3rd Qtr.	-3.7%	-3.0%	6.0%	2.8%	-0.4%
4th Qtr.	-8.9%	6.0%	6.9%	-13.2%	-28.4%
<b>2009</b>					
1st Qtr.	-5.3%	-11.6%	8.1%	2.4%	-0.4%
2nd Qtr.	-0.3%	-12.9%	9.3%	3.2%	9.2%
3rd Qtr.	1.4%	-9.3%	9.6%	2.0%	-0.8%
4th Qtr.	4.0%	-4.5%	10.0%	2.5%	8.8%
<b>2010</b>					
1st Qtr.	1.6%	2.7%	9.7%	0.9%	6.5%
2nd Qtr.	3.9%	6.5%	9.7%	-1.2%	-2.4%
3rd Qtr.	2.8%	6.9%	9.6%	2.8%	4.0%
4th Qtr.	2.8%	6.2%	9.6%	2.8%	9.2%
<b>2011</b>					
1st Qtr.	-1.3%	5.4%	9.0%	4.8%	9.6%
2nd Qtr.	3.2%	3.6%	9.0%	3.2%	3.6%
3rd Qtr.	1.4%	3.3%	9.1%	2.4%	6.4%
4th Qtr.	4.9%	4.0%	8.7%	0.4%	-1.2%
<b>2012</b>					
1st Qtr.	3.7%	4.5%	8.3%	3.2%	2.0%
2nd Qtr.	1.2%	4.7%	8.2%	0.0%	-2.8%
3rd Qtr.	2.8%	3.4%	8.1%	4.0%	9.6%
4th Qtr.	0.1%	2.8%	7.8%	0.0%	-3.6%
<b>2013</b>					
1st Qtr.	1.1%	2.5%	7.7%	2.0%	0.8%
2nd Qtr.	2.5%	2.0%	7.6%	0.8%	1.2%
3rd Qtr.	3.6%	2.5%	7.3%	2.0%	1.6%

\*GDP=Gross Domestic Product

Source: Council of Economic Advisors, Economic Indicators, various issues.

INTEREST RATES

Year	Prime Rate	US Treasury T Bills 3 Month	US Treasury T Bonds 10 Year	Utility Bonds Aaa	Utility Bonds Aa	Utility Bonds A	Utility Bonds Baa
<b>1975 - 1982 Cycle</b>							
1975	7.86%	5.84%	7.99%	9.03%	9.44%	10.09%	10.96%
1976	6.84%	4.99%	7.61%	8.63%	8.92%	9.29%	9.82%
1977	6.83%	5.27%	7.42%	8.19%	8.43%	8.81%	9.06%
1978	9.06%	7.22%	8.41%	8.87%	9.10%	9.29%	9.62%
1979	12.67%	10.04%	9.44%	9.86%	10.22%	10.49%	10.96%
1980	15.27%	11.51%	11.46%	12.30%	13.00%	13.34%	13.95%
1981	18.89%	14.03%	13.93%	14.64%	15.30%	15.95%	16.60%
1982	14.86%	10.69%	13.00%	14.22%	14.79%	15.86%	16.45%
<b>1983 - 1991 Cycle</b>							
1983	10.79%	8.63%	11.10%	12.52%	12.83%	13.66%	14.20%
1984	12.04%	9.58%	12.44%	12.72%	13.86%	14.03%	14.53%
1985	9.93%	7.48%	10.62%	11.88%	12.06%	12.47%	12.96%
1986	8.33%	5.98%	7.68%	8.92%	9.30%	9.58%	10.00%
1987	8.21%	5.82%	8.39%	9.52%	9.77%	10.10%	10.53%
1988	9.32%	6.69%	8.85%	10.05%	10.26%	10.49%	11.00%
1989	10.87%	8.12%	8.49%	9.32%	9.56%	9.77%	9.97%
1990	10.01%	7.51%	8.55%	9.45%	9.65%	9.86%	10.06%
1991	8.46%	5.42%	7.86%	8.85%	9.09%	9.36%	9.55%
<b>1992 - 2001 Cycle</b>							
1992	6.25%	3.45%	7.01%	8.19%	8.55%	8.69%	8.86%
1993	6.00%	3.02%	5.87%	7.29%	7.44%	7.59%	7.91%
1994	7.15%	4.29%	7.09%	8.07%	8.21%	8.31%	8.63%
1995	8.83%	5.51%	6.57%	7.68%	7.77%	7.89%	8.29%
1996	8.27%	5.02%	6.44%	7.48%	7.57%	7.75%	8.16%
1997	8.44%	5.07%	6.35%	7.43%	7.54%	7.60%	7.95%
1998	8.35%	4.81%	5.26%	6.77%	6.91%	7.04%	7.26%
1999	8.00%	4.66%	5.65%	7.21%	7.51%	7.62%	7.88%
2000	9.23%	5.85%	6.03%	7.88%	8.06%	8.24%	8.36%
2001	6.91%	3.44%	5.02%	7.47%	7.59%	7.78%	8.02%
<b>2002 - 2009 Cycle</b>							
2002	4.67%	1.62%	4.61%		[1] 7.19%	7.37%	8.02%
2003	4.12%	1.01%	4.01%		6.40%	6.58%	6.84%
2004	4.34%	1.38%	4.27%		6.04%	6.16%	6.40%
2005	6.19%	3.16%	4.29%		5.44%	5.65%	5.93%
2006	7.96%	4.73%	4.80%		5.84%	6.07%	6.32%
2007	8.05%	4.41%	4.63%		5.94%	6.07%	6.33%
2008	5.09%	1.48%	3.66%		6.18%	6.53%	7.25%
2009	3.25%	0.16%	3.26%		5.75%	6.04%	7.06%
<b>Current Cycle</b>							
2010	3.25%	0.14%	3.22%		5.24%	5.46%	5.96%
2011	3.25%	0.06%	2.78%		4.78%	5.04%	5.57%
2012	3.25%	0.09%	1.80%		3.83%	4.13%	4.86%

[1] Note: Moody's has not published Aaa utility bond yields since 2001.

Sources: Council of Economic Advisors, Economic Indicators; Moody's Bond Record; Federal Reserve Bulletin; various issues.

INTEREST RATES

	Prime Rate	US Treasury T Bills 3 Month	US Treasury T Bonds 10 Year	Utility Bonds Aaa	Utility Bonds Aa [1]	Utility Bonds A	Utility Bonds Baa
<b>2007</b>							
Jan	8.25%	4.86%	4.76%		5.78%	5.96%	6.16%
Feb	8.25%	5.02%	4.72%		5.73%	5.90%	6.10%
Mar	8.25%	4.97%	4.56%		5.66%	5.85%	6.10%
Apr	8.25%	4.88%	4.69%		5.63%	5.97%	6.24%
May	8.25%	4.77%	4.75%		5.66%	5.99%	6.23%
June	8.25%	4.63%	5.10%		6.18%	6.30%	6.54%
July	8.25%	4.84%	5.00%		6.11%	6.25%	6.49%
Aug	8.25%	4.34%	4.67%		6.11%	6.24%	6.51%
Sept	7.75%	4.01%	4.52%		6.10%	6.18%	6.45%
Oct	7.50%	3.97%	4.53%		6.04%	6.11%	6.36%
Nov	7.50%	3.49%	4.15%		5.67%	5.97%	6.27%
Dec	7.25%	3.08%	4.10%		6.03%	6.16%	6.51%
<b>2008</b>							
Jan	6.00%	2.86%	3.74%		5.87%	6.02%	6.35%
Feb	6.00%	2.21%	3.74%		6.04%	6.21%	6.60%
Mar	5.25%	1.38%	3.51%		5.99%	6.21%	6.68%
Apr	5.00%	1.32%	3.68%		5.99%	6.29%	6.82%
May	5.00%	1.71%	3.88%		6.07%	6.27%	6.79%
June	5.00%	1.90%	4.10%		6.19%	6.38%	6.93%
July	5.00%	1.72%	4.01%		6.13%	6.40%	6.97%
Aug	5.00%	1.79%	3.89%		6.09%	6.37%	6.88%
Sept	5.00%	1.46%	3.89%		6.13%	6.49%	7.15%
Oct	4.00%	0.84%	3.81%		6.95%	7.56%	8.58%
Nov	4.00%	0.30%	3.53%		6.83%	7.60%	8.98%
Dec	3.25%	0.04%	2.42%		5.93%	6.54%	8.13%
<b>2009</b>							
Jan	3.25%	0.12%	2.52%		6.01%	6.30%	7.90%
Feb	3.25%	0.31%	2.67%		6.11%	6.30%	7.74%
Mar	3.25%	0.25%	2.82%		6.14%	6.42%	8.00%
Apr	3.25%	0.17%	2.93%		6.20%	6.48%	8.03%
May	3.25%	0.15%	3.29%		6.23%	6.49%	7.76%
June	3.25%	0.17%	3.72%		6.13%	6.20%	7.30%
July	3.25%	0.19%	3.56%		5.63%	5.97%	6.87%
Aug	3.25%	0.18%	3.59%		5.33%	5.71%	6.36%
Sept	3.25%	0.13%	3.40%		5.15%	5.53%	6.12%
Oct	3.25%	0.08%	3.39%		5.23%	5.55%	6.14%
Nov	3.25%	0.05%	3.40%		5.33%	5.84%	6.18%
Dec	3.25%	0.07%	3.59%		5.52%	5.79%	6.26%
<b>2010</b>							
Jan	3.25%	0.08%	3.73%		5.55%	5.77%	6.16%
Feb	3.25%	0.10%	3.69%		5.69%	5.87%	6.25%
Mar	3.25%	0.15%	3.73%		5.64%	5.84%	6.22%
Apr	3.25%	0.15%	3.85%		5.62%	5.81%	6.19%
May	3.25%	0.16%	3.42%		5.29%	5.50%	5.97%
June	3.25%	0.12%	3.20%		5.22%	5.46%	6.18%
July	3.25%	0.16%	3.01%		4.99%	5.26%	5.98%
Aug	3.25%	0.15%	2.70%		4.75%	5.01%	5.55%
Sept	3.25%	0.15%	2.65%		4.74%	5.01%	5.53%
Oct	3.25%	0.13%	2.64%		4.89%	5.10%	5.62%
Nov	3.25%	0.13%	2.76%		5.12%	5.37%	5.85%
Dec	3.25%	0.15%	3.29%		5.32%	5.56%	6.04%
<b>2011</b>							
Jan	3.25%	0.15%	3.39%		5.29%	5.57%	6.06%
Feb	3.25%	0.14%	3.58%		5.42%	5.68%	6.10%
Mar	3.25%	0.11%	3.41%		5.33%	5.56%	5.97%
Apr	3.25%	0.08%	3.46%		5.32%	5.55%	5.98%
May	3.25%	0.04%	3.17%		5.08%	5.32%	5.74%
June	3.25%	0.04%	3.00%		5.04%	5.26%	5.67%
July	3.25%	0.03%	3.00%		5.05%	5.27%	5.70%
Aug	3.25%	0.05%	2.30%		4.44%	4.69%	5.22%
Sept	3.25%	0.02%	1.98%		4.24%	4.48%	5.11%
Oct	3.25%	0.02%	2.15%		4.21%	4.52%	5.24%
Nov	3.25%	0.01%	2.01%		3.92%	4.25%	4.93%
Dec	3.25%	0.02%	1.96%		4.00%	4.33%	5.07%
<b>2012</b>							
Jan	3.25%	0.02%	1.97%		4.03%	4.34%	5.08%
Feb	3.25%	0.08%	1.97%		4.02%	4.36%	5.02%
Mar	3.25%	0.09%	2.17%		4.16%	4.48%	5.13%
Apr	3.25%	0.08%	2.05%		4.10%	4.40%	5.11%
May	3.25%	0.09%	1.80%		3.92%	4.20%	4.97%
June	3.25%	0.09%	1.62%		3.79%	4.06%	4.91%
July	3.25%	0.11%	1.53%		3.58%	3.93%	4.85%
Aug	3.25%	0.10%	1.68%		3.85%	4.00%	4.88%
Sept	3.25%	0.10%	1.72%		3.89%	4.02%	4.81%
Oct	3.25%	0.10%	1.75%		3.89%	3.91%	4.54%
Nov	3.25%	0.11%	1.65%		3.60%	3.84%	4.42%
Dec	3.25%	0.08%	1.72%		3.75%	4.00%	4.58%
<b>2013</b>							
Jan	3.25%	0.07%	1.91%		3.90%	4.15%	4.66%
Feb	3.25%	0.10%	1.98%		3.95%	4.18%	4.74%
Mar	3.25%	0.09%	1.96%		3.90%	4.15%	4.66%
Apr	3.25%	0.08%	1.76%		3.74%	4.00%	4.49%
May	3.25%	0.05%	1.93%		3.91%	4.17%	4.65%
June	3.25%	0.05%	2.30%		4.27%	4.53%	5.08%
July	3.25%	0.04%	2.58%		4.44%	4.68%	5.21%
Aug	3.25%	0.04%	2.74%		4.53%	4.73%	5.28%
Sept	3.25%	0.02%	2.81%		4.58%	4.80%	5.31%
Oct	3.25%	0.08%	2.62%		4.48%	4.70%	5.17%
Nov	3.25%	0.07%	2.72%		4.56%	4.77%	5.24%

[1] Note: Moody's has not published Aaa utility bond yields since 2001.

Sources: Council of Economic Advisors, Economic Indicators; Moody's Bond Record; Federal Reserve Bulletin; various issues.

**STOCK PRICE INDICATORS**

	<b>S&amp;P Composite [1]</b>	<b>NASDAQ Composite [1]</b>	<b>DJIA</b>	<b>S&amp;P D/P</b>	<b>S&amp;P E/P</b>
<b>1975 - 1982 Cycle</b>					
1975			802.49	4.31%	9.15%
1976			974.92	3.77%	8.90%
1977			894.63	4.62%	10.79%
1978			820.23	5.28%	12.03%
1979			844.40	5.47%	13.46%
1980			891.41	5.26%	12.66%
1981			932.92	5.20%	11.96%
1982			884.36	5.81%	11.60%
<b>1983 - 1991 Cycle</b>					
1983			1,190.34	4.40%	8.03%
1984			1,178.48	4.64%	10.02%
1985			1,328.23	4.25%	8.12%
1986			1,792.76	3.49%	6.09%
1987			2,275.99	3.08%	5.48%
1988	[1]	[1]	2,060.82	3.64%	8.01%
1989	322.84		2,508.91	3.45%	7.41%
1990	334.59		2,678.94	3.61%	6.47%
1991	376.18	491.69	2,929.33	3.24%	4.79%
<b>1992 - 2001 Cycle</b>					
1992	415.74	\$599.26	3,284.29	2.99%	4.22%
1993	451.21	715.16	3,522.06	2.78%	4.46%
1994	460.42	751.65	3,793.77	2.82%	5.83%
1995	541.72	925.19	4,493.76	2.56%	6.09%
1996	670.50	1,164.96	5,742.89	2.19%	5.24%
1997	873.43	1,469.49	7,441.15	1.77%	4.57%
1998	1,085.50	1,794.91	8,625.52	1.49%	3.46%
1999	1,327.33	2,728.15	10,464.88	1.25%	3.17%
2000	1,427.22	2,783.67	10,734.90	1.15%	3.63%
2001	1,194.18	2,035.00	10,189.13	1.32%	2.95%
<b>2002 - 2009 Cycle</b>					
2002	993.94	1,539.73	9,226.43	1.61%	2.92%
2003	965.23	1,647.17	8,993.59	1.77%	3.84%
2004	1,130.65	1,986.53	10,317.39	1.72%	4.89%
2005	1,207.23	2,099.32	10,547.67	1.83%	5.36%
2006	1,310.46	2,263.41	11,408.67	1.87%	5.78%
2007	1,477.19	2,578.47	13,169.98	1.86%	5.29%
2008	1,220.04	2,161.65	11,252.62	2.37%	3.54%
2009	948.05	1,845.38	8,876.15	2.40%	1.86%
<b>Current Cycle</b>					
2010	1,139.97	2,349.89	10,662.80	1.98%	6.04%
2011	1,268.89	2,677.44	11,966.36	2.05%	6.77%
2012	1,379.35	2,965.56	12,967.08	2.24%	6.20%

[1] Note: this source did not publish the S&P Composite prior to 1988 and the NASDAQ Composite prior to 1991.

Source: Council of Economic Advisors, Economic Indicators, various issues.

**STOCK PRICE INDICATORS**

	<b>S&amp;P Composite</b>	<b>NASDAQ Composite</b>	<b>DJIA</b>	<b>S&amp;P D/P</b>	<b>S&amp;P E/P</b>
<b>2004</b>					
1st Qtr.	1,133.29	2,041.95	10,488.43	1.64%	4.62%
2nd Qtr.	1,122.87	1,984.13	10,289.04	1.71%	4.92%
3rd Qtr.	1,104.15	1,872.90	10,129.85	1.79%	5.18%
4th Qtr.	1,162.07	2,050.22	10,362.25	1.75%	4.83%
<b>2005</b>					
1st Qtr.	1,191.98	2,056.01	10,648.48	1.77%	5.11%
2nd Qtr.	1,181.65	2,012.24	10,382.35	1.85%	5.32%
3rd Qtr.	1,225.91	2,144.61	10,532.24	1.83%	5.42%
4th Qtr.	1,262.07	2,246.09	10,827.79	1.86%	5.60%
<b>2006</b>					
1st Qtr.	1,283.04	2,287.97	10,996.04	1.85%	5.61%
2nd Qtr.	1,281.77	2,240.46	11,188.84	1.90%	5.86%
3rd Qtr.	1,288.40	2,141.97	11,274.49	1.91%	5.88%
4th Qtr.	1,389.48	2,390.26	12,175.30	1.81%	5.75%
<b>2007</b>					
1st Qtr.	1,425.30	2,444.85	12,470.97	1.84%	5.85%
2nd Qtr.	1,496.43	2,552.37	13,214.28	1.82%	5.65%
3rd Qtr.	1,490.81	2,609.68	13,488.43	1.86%	5.15%
4th Qtr.	1,494.09	2,701.59	13,502.95	1.91%	4.51%
<b>2008</b>					
1st Qtr.	1,350.19	2,332.91	12,383.86	2.11%	4.55%
2nd Qtr.	1,371.65	2,426.26	12,508.59	2.10%	4.05%
3rd Qtr.	1,251.94	2,290.87	11,322.40	2.29%	3.94%
4th Qtr.	909.80	1,599.64	8,795.61	2.98%	1.65%
<b>2009</b>					
1st Qtr.	809.31	1,485.14	7,774.06	3.00%	0.86%
2nd Qtr.	892.23	1,731.41	8,327.83	2.45%	0.82%
3rd Qtr.	996.68	1,985.25	9,229.93	2.16%	1.19%
4th Qtr.	1,088.70	2,162.33	10,172.78	1.99%	4.57%
<b>2010</b>					
1st Qtr.	1,121.60	2,274.88	10,454.42	1.94%	5.21%
2nd Qtr.	1,135.25	2,343.40	10,570.54	1.97%	6.51%
3rd Qtr.	1,096.39	2,237.97	10,390.24	2.09%	6.30%
4th Qtr.	1,204.00	2,534.62	11,236.02	1.95%	6.15%
<b>2011</b>					
1st Qtr.	1,302.74	2,741.01	12,024.62	1.85%	6.13%
2nd Qtr.	1,319.04	2,766.64	12,370.73	1.97%	6.35%
3rd Qtr.	1,237.12	2,613.11	11,671.47	2.15%	7.69%
4th Qtr.	1,225.65	2,600.91	11,798.65	2.25%	6.91%
<b>2012</b>					
1st Qtr.	1,347.44	2,902.90	12,839.80	2.12%	6.29%
2nd Qtr.	1,350.39	2,928.62	12,765.58	2.30%	6.45%
3rd Qtr.	1,402.21	3,029.86	13,118.72	2.27%	6.00%
4th Qtr.	1,418.21	3,001.69	13,142.91	2.28%	6.07%
<b>2013</b>					
1st Qtr.	1,514.41	3,177.10	14,000.30	2.21%	5.59%
2nd Qtr.	1,609.77	3,369.49	14,961.28	2.15%	5.66%
3rd Qtr.	1,675.31	3,643.63	15,255.25	2.14%	5.65%

Source: Council of Economic Advisors, Economic Indicators, various issues.

**ENERGY TEXAS, INC. AND ENERGY GULF STATES  
HISTORY OF CREDIT RATINGS**

Year	Entergy Gulf States		Entergy Texas, Inc.		Entergy Corp.	
	S&P	Moody's	S&P	Moody's	S&P	Moody's
2000	BBB-	Baa3				
2001	BBB-	Baa3			BBB	
2002	BBB-	Baa3			BBB	
2003	BBB-	Baa3			BBB	
2004	BBB-/BBB	Baa3			BBB	Baa3
2005	BBB/BBB+	Baa3			BBB	Baa3
2006	BBB+	Baa3			BBB	Baa3
2007	BBB+	Baa3			BBB	Baa3
2008	BBB+	Baa3		Baa3	BBB	Baa3
2009	BBB+	Baa3	BBB+	Baa3/Baa2	BBB	Baa3
2010	BBB+	Baa3	BBB+	Baa2	BBB	Baa3
2011	BBB+	Baa3	BBB+	Baa2	BBB	Baa3
2012	BBB+	Baa3	BBB+	Baa2	BBB	Baa3
2013	A-	A3	A-	Baa2	BBB	Baa3

Sources: Entergy Presentation to 48th EEI Financial Conference, Nov. 10-13, 2013; information provided in prior ETI proceedings.

**STANDARD  
& POOR'S**

# Global Credit Portal<sup>®</sup>

## RatingsDirect<sup>®</sup>

January 26, 2012

### Summary:

## Entergy Texas Inc.

**Primary Credit Analyst:**  
Dimitri Nikas, New York (1) 212-438-7807; dimitri\_nikas@standardandpoors.com

**Secondary Contact:**  
Gerrit Jepsen, New York (1) 212-438-2529; gerrit\_jepsen@standardandpoors.com

**Research Contributor:**  
Meet Vora, CRISIL Global Analytical Center, an S&P affiliate, Mumbai

### Table Of Contents

---

Rationale

Outlook

Related Criteria And Research

[www.standardandpoors.com/ratingsdirect](http://www.standardandpoors.com/ratingsdirect)

1

333791 | 300020866

## Summary:

# Entergy Texas Inc.

**Credit Rating:** BBB/Negative/--

## Rationale

Standard & Poor's Ratings Services' ratings on Entergy Texas Inc. (ETI) reflect the consolidated credit profile of its parent, Entergy Corp. We base our ratings on Entergy on a "strong" business risk profile and "significant" financial risk profile (as our criteria define the terms). (For more on business risk and financial risk, see "Business Risk/Financial Risk Matrix Expanded," published on May 27, 2009.)

Entergy's strong business risk profile incorporates regulated utility operations that have demonstrated a measure of steady improvement over time, but this strength is offset by significant exposure to merchant generation operations. Entergy owns Entergy Arkansas Inc. (EAI), Entergy Gulf States Louisiana LLC (EGSL), Entergy Louisiana LLC (ELL), Entergy Mississippi Inc. (EMI), Entergy New Orleans Inc. (ENOI), Entergy Texas Inc. (ETI), System Energy Resources Inc. (a regulated wholesale generation company), and an unrated merchant generation business with operations primarily in the Northeast. The merchant operations, which are dominated by nuclear generation and which we view as having higher business risk than the regulated electric utility operations, contribute about one-third of operating income, and we expect their contribution to decline somewhat in light of continuing low wholesale power prices, especially in the northeastern U.S. While the regulated utility operations have improved over time, Entergy is experiencing difficulties in renewing the operating licenses for three of its six merchant nuclear plants: Vermont Yankee, and Indian Point Units 2 and 3. However, in January 2011, the U.S. District Court for the district of Vermont rendered a favorable decision for Entergy allowing Vermont Yankee to continue operating without needing state legislative approval to continue operating.

We view ETI's business risk profile as being toward the lower end of the "excellent" (as our criteria define the term) category, reflecting a generally challenging regulatory framework and a service territory with moderate customer growth characteristics.

ETI serves 408,000 customers in eastern Texas (a 1% increase over 2009 customer levels) and provided about 9% of Entergy's operating income in 2010. Residential and commercial customers account for 52% of revenues and 48% of sales, while industrial customers accounted for 18% of revenues and 27% of sales. ETI's service territory has been severely affected by hurricanes; however, the company has been able to recover storm costs through securitizations, albeit after some delay.

In November 2011, ETI filed with the Public Utility Commission of Texas for a \$111.8 million rate increase based on a 10.6% return on equity, in large part to recover infrastructure investment and purchased power costs. In addition, the company requested the implementation of riders to recover capacity and renewable costs. ETI's previous base rate increase was in August 2010 when it implemented a \$68 million increase (\$59 million beginning in August 2010, including an interim rate increase of \$17.5 million implemented in May 2010, along with an additional increase of \$9 million beginning May 2011). That rate case, settled in December 2010, was based on a 10.125% return on equity (ROE) and did not allow for the implementation of a cost-of-service adjustment (COSA) or purchased-power recovery riders.

*Summary: Entergy Texas Inc.*

ETI was created through the separation of Entergy Gulf States Inc. into ETI and EGSL in January 2008. The generation assets were separated through co-ownership of coal-fired facilities, individual ownership of the gas- and oil-fired units, and the use of purchased-power agreements to share the output of certain plants, in general reflecting an allocation of assets to EGSL of 58.1% and to ETI of 41.9%.

We view Entergy's consolidated financial risk profile as "significant" (as our criteria define the term). For the 12 months ended Sept. 30, 2011, adjusted funds from operations (FFO) was about \$2.9 billion, while capital expenditures totaled \$2.85 billion, leading to adjusted FFO interest coverage of about 4.2x and adjusted FFO to total debt of 21.4%. Adjusted debt leverage remains in the aggressive category, at 60% for the period. These credit metrics are weaker when compared to the year-end 2010 metrics in large part reflecting the decline in wholesale power prices at the merchant generation part of the company combined with significantly lower deferred tax benefits. Nevertheless, these metrics remain adequate for current ratings.

**Liquidity**

We view ETI's liquidity on a consolidated basis with that of its parent, Entergy. Entergy has adequate liquidity under Standard & Poor's corporate liquidity methodology which categorizes liquidity in five standard descriptors. (See "Liquidity Descriptors For Global Corporate Issuers," published on Sept. 28, 2011.) Adequate liquidity supports our 'BBB' issuer credit rating on Entergy and its subsidiaries.

We expect that over the next 12 months the company's projected sources of liquidity, mostly operating cash flow and available bank lines, will exceed its projected uses, mainly necessary capital expenditures, debt maturities, and common dividends, by more than 1.2x. Entergy's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending, its sound bank relationships, and its solid standing in credit markets further support our assessment of its liquidity as adequate.

Entergy has about \$156 million maturing in 2012 (excluding amounts outstanding under the revolving credit facility maturing in August 2012), \$654 million maturing in 2013 and \$132 million maturing in 2014, excluding securitized debt, based on the 2010 annual report. We expect that the company will refinance debt as it matures.

As of Sept. 30, 2011, the combined revolving credit facilities totaled \$4 billion, with about \$2.1 billion still undrawn. The parent \$3.46 billion revolving credit facility had \$1.6 billion undrawn while the subsidiaries' combined \$548 million revolving credit facilities were completely undrawn. The parent revolving credit facility expires in August 2012 which the company expects to renew. Finally, Entergy had \$987 million of cash on hand as of Sept. 30, 2011.

We base our liquidity assessment of adequate on the following factors and assumptions:

- We expect the company's liquidity sources (including cash, FFO, and credit facility availability) over the next 12 months to exceed uses by more than 1.2x.
- Debt maturities for 2012 and 2013 are manageable.
- Even if EBITDA declines by 15%, we believe that net sources of cash will still exceed net uses.
- The company has good relationships with its banks, in our assessment, and has a good standing in the credit markets.

In our analysis, we assumed liquidity of \$6.6 billion over the next 12 months, consisting of cash, FFO, and availability under the revolving credit facilities. We estimate the company could use about \$5 billion during the same

*Summary: Entergy Texas Inc.*

period, for capital spending, debt maturities including amounts outstanding under the existing revolving credit facility, working capital needs, and shareholder dividends.

#### Recovery analysis

We assign recovery ratings to first mortgage bonds (FMBs) issued by investment-grade U.S. utilities, which can result in higher issue ratings than a corporate credit rating (CCR) on a utility depending on the CCR category and the extent of the collateral coverage. We base our investment-grade FMB recovery methodology on the ample historical record of nearly 100% recovery for secured bondholders in utility bankruptcies and on our view that the factors that supported those recoveries (limited size of the creditor class, and the durable value of utility rate-based assets during and after a reorganization, given the essential service provided and the high replacement cost) will persist in the future. Under our notching criteria, we consider the limitations of FMB issuance under the utility's indenture relative to the value of the collateral pledged to bondholders, management's stated intentions on future FMB issuance, and the regulatory limitations on bond issuance. FMB ratings can exceed a CCR on a utility up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories. (See "Changes To Collateral Requirements For '1+' Recovery Ratings On U.S. Utility First Mortgage Bonds," published on Sept. 6, 2007.)

ETI's FMBs benefit from a first-priority lien on substantially all of the utilities' real property owned or subsequently acquired. Collateral coverage of less than 1.5x supports a recovery rating of '1' and an issue rating of one notch above the CCR.

#### Outlook

The negative outlook on our ratings on Entergy and its subsidiaries reflects the potential for lower ratings over the next 12 to 24 months as there is more clarity on the relicensing process for Vermont Yankee and Indian Point Units 2 and 3. We expect that over the intermediate term, as Entergy's current hedges expire and the company sells incrementally more of the merchant output at spot prices, combined with the ongoing softness in the wholesale power markets, adjusted FFO interest coverage will decline to about 4.0x, adjusted FFO to total debt will trend toward 20%, and adjusted debt leverage will remain at about 60%. A material reduction in cash flow stemming from the shut-down of and Indian Point Units 2 and 3 upon license expiration or further softness in the wholesale power markets which drive credit metrics below this forecast with FFO to debt of below 18% and debt leverage of more than 60% on a sustained basis, would move the consolidated financial risk profile to the aggressive category, and lead to a downgrade of one notch. However, if Entergy succeeds in renewing the operating licenses for Indian Point Units 2 and 3, preserves its historically consistent hedging program, and maintains the improvements accomplished in the regulated utility operations, then we will revise the outlook to stable.

#### Related Criteria And Research

- Standard & Poor's Standardizes Liquidity Descriptors for Global Corporate Issuers, July 2, 2010
- Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Analytical Methodology, April 15, 2008
- Assessing U.S. Utility Regulatory Environments, Nov. 7, 2007
- Changes To Collateral Requirements For '1+' Recovery Ratings On U.S. Utility First Mortgage Bonds, Sept. 6, 2007

Copyright © 2012 by Standard & Poors Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

The McGraw-Hill Companies

[Blank Page]

**ENTERGY TEXAS, INC.**  
**CAPITAL STRUCTURE RATIOS**  
**2008 - 2012**  
**(\$000)**

YEAR	COMMON EQUITY	LONG-TERM DEBT*	SHORT-TERM DEBT
2008	\$900,149 40.1% 42.0%	\$1,244,368 55.4% 58.0%	\$100,509 4.5%
2009	\$844,490 33.7% 36.2%	\$1,490,283 59.6% 63.8%	\$167,742 6.7%
2010	\$824,290 33.2% 33.2%	\$1,659,230 66.8% 66.8%	\$0 0.0%
2011	\$899,355 34.9% 34.9%	\$1,677,127 65.1% 65.1%	\$0 0.0%
2012	\$854,146 34.6% 34.6%	\$1,617,813 65.4% 65.4%	\$0 0.0%

\* Includes securitization bonds.

Note: Percentages may not total 100.0% due to rounding.

Source: Entergy Corporation, Entergy Texas, Inc. et al Form 10-K.

**ENTERGY CORPORATION  
CAPITAL STRUCTURE RATIOS  
2008 - 2012  
(\$millions)**

YEAR	COMMON EQUITY	PREFERRED STOCK	LONG-TERM DEBT	SHORT-TERM DEBT
2008	\$7,966,592 39.7% 41.0%	\$311,029 1.6% 1.6%	\$11,174,289 55.7% 57.4%	\$599,494 3.0%
2009	\$8,613,360 42.3% 43.9%	\$311,343 1.5% 1.6%	\$10,705,738 52.6% 54.5%	\$741,988 3.6%
2010	\$8,496,400 41.3% 42.2%	\$310,738 1.5% 1.5%	\$11,317,157 55.0% 56.2%	\$453,683 2.2%
2011	\$8,961,270 41.5% 46.5%	\$280,511 1.3% 1.5%	\$10,043,713 46.5% 52.1%	\$2,301,064 10.7%
2012	\$9,197,089 40.1% 43.0%	\$280,511 1.2% 1.3%	\$11,920,318 52.0% 55.7%	\$1,514,518 6.6%

Source: Entergy Corporation, Entergy Texas, Inc. et al Form 10-K.

**ENTERGY CORPORATION & SUBSIDIARIES**  
**CAPITAL STRUCTURE RATIOS**  
**2012**  
**(\$000)**

COMPANY	COMMON EQUITY	PREFERRED SECURITIES	LONG-TERM DEBT	SHORT-TERM DEBT
Entergy Arkansas	\$1,579,616 41.0% 45.3%	\$116,350 3.0% 3.3%	\$1,793,895 46.5% 51.4%	\$366,735 9.5%
Entergy Gulf States Louisiana, LLC	\$1,373,004 47.3% 48.6%	\$10,000 0.3% 0.4%	\$1,442,429 49.7% 51.1%	\$75,000 2.6%
Entergy Louisiana, LLC	\$2,970,496 49.9% 50.5%	\$100,000 1.7% 1.7%	\$2,811,859 47.2% 47.8%	\$68,893 1.2%
Entergy Mississippi, Inc.	\$879,646 41.9% 44.0%	\$50,381 2.4% 2.5%	\$1,069,519 50.9% 53.5%	\$100,000 4.8%
Entergy New Orleans, Inc.	\$195,565 47.5% 57.2%	\$19,780 4.8% 5.8%	\$126,300 30.7% 37.0%	\$70,000 17.0%
Entergy Texas, Inc.	\$854,146 34.6% 34.6%	\$0 0.0% 0.0%	\$1,617,813 65.4% 65.4%	\$0 0.0%
System Energy Resources, Inc.	\$832,729 51.5% 55.3%	\$0 0.0% 0.0%	\$671,945 41.6% 44.7%	\$111,854 6.9%
Entergy Corp. Consolidated	\$9,197,089 40.1% 43.0%	\$280,511 1.2% 1.3%	\$11,920,318 52.0% 55.7%	\$1,514,518 6.6%

Note: Percentages may not total 100.0% due to rounding.

Source: Entergy Form 10-K.

**AUS UTILITY REPORTS  
ELECTRIC UTILITY GROUPS  
AVERAGE COMMON EQUITY RATIOS**

---

---

<b>Year</b>	<b>Electric</b>	<b>Combination Electric and Gas</b>
2008	45%	43%
2009	46%	45%
2010	46%	46%
2011	47%	46%
2012	47%	46%

---

---

Note: Averages include short-term debt.

Source: AUS Utility Reports.

**PROXY COMPANIES  
BASIS FOR SELECTION**

Company	Market Capitalization (\$ millions)	Percent Reg Electric Revenues	Common Equity Ratio	Value Line Safety	S&P Stock Ranking	S&P Bond Rating	Moody's Bond Rating
Entergy Corp	\$11,000,000	76%	43%	3	A	BBB	Baa2
<b>Parcell Proxy Group</b>							
American Electric Power Co.	\$23,000,000	92%	49%	3	B	BBB	Baa2
Consolidated Edison Co.	\$17,000,000	72%	54%	1	B+	A-/BBB+	A3/Baa1
DTE Energy Company	\$12,000,000	60%	51%	2	B+	A	A2
Duke Energy Corp	\$49,000,000	80%	53%	2	B	A-/BBB+	A3/Baa1
Edison International	\$17,000,000	98%	46%	2	B	BBB+	A1
FirstEnergy Corp.	\$17,000,000	63%	46%	3	B+	BBB	Baa2
Northeast Utilities	\$13,000,000	89%	54%	2	B	A-	A3
PG&E Corp	\$20,000,000	80%	50%	3	B	BBB/BBB-	A3/Baa1
PPL Corp.	\$18,000,000	53%	40%	3	B+	A-	A3
Southern Company	\$39,000,000	95%	46%	1	A-	A	A2/A3
Xcel Energy Inc.	\$15,000,000	84%	47%	2	B+	A-	A3
<b>Hadaway Comparable Company Group</b>							
ALLETE	\$1,900,000	91%	56%	2	B	A-	A2
Alliant Energy Co.	\$5,400,000	84%	48%	2	B	A-	A3
American Electric Power Co.	\$22,000,000	92%	49%	3	B	BBB-BBB-	Baa2
Avista Corp.	\$1,700,000	63%	49%	2	A-	A-	A3
Black Hills Corp.	\$2,300,000	52%	57%	3	B	BBB	Baa1/Baa2
CMS Energy Corp.	\$7,200,000	64%	32%	3	B	BBB+/BBB	Baa1
Cleco Corp	\$2,700,000	95%	54%	1	B	BBB/BBB-	Baa2, Baa3
DTE Energy Company	\$12,000,000	60%	51%	2	B+	A-/BBB+	A2/A3
Duke Energy	\$50,000,000	80%	53%	2	B	BBB+	A3/Baa1
Great Plains Energy, Inc.	\$3,500,000	100%	54%	3	B	BBB	Baa2
Hawaiian Electric Industries, Inc.	\$2,700,000	92%	53%	2	B	BBB-	Baa2
IDACORP, Inc.	\$2,700,000	100%	55%	2	B+	A-	A2
Integrus Energy	\$4,500,000	29%	60%	2	B	A-	A2/A3
NextEra Energy	\$36,000,000	71%	41%	2	A-	A-/BBB+	Aa3
NorthWestern	\$1,600,000	75%	46%	3	NR	A-	A2
Pinnacle West Capital Corp	\$6,600,000	100%	55%	1	B	BBB	Baa1
Portland General Electric	\$2,400,000	100%	53%	2	NR	A-	A2
SCANA Corp.	\$7,100,000	59%	46%	2	A-	BBB+	Baa1/Baa2
Sempra Energy	\$21,000,000	33%	47%	2	B+	A/A-	A2
Southern Company	\$38,000,000	95%	47%	1	A-	A	A3/Baa1
UNS Energy Corp.	\$2,100,000	91%	38%	3	A-	BBB-	Baa2
Westar Energy	\$4,000,000	100%	49%	2	B+	A-	A3
Wisconsin Energy	\$9,400,000	75%	48%	1	A-	A-/BBB+	A2/A3
Xcel Energy Inc.	\$15,000,000	84%	47%	2	B+	A-	A3

Sources: AUS Utility Reports, Value Line.

**PROXY COMPANIES  
DIVIDEND YIELD**

COMPANY	Qtr DPS	October - December, 2013				YIELD
		DPS	HIGH	LOW	AVERAGE	
<b>Parcell Proxy Group</b>						
American Electric Power Co.	0.500	\$2.00	\$48.40	\$43.01	\$45.71	4.4%
Consolidated Edison Co.	0.615	\$2.46	\$59.24	\$54.17	\$56.71	4.3%
DTE Energy Company	0.655	\$2.62	\$70.64	\$64.45	\$67.55	3.9%
Duke Energy Corp	0.780	\$3.12	\$73.53	\$66.05	\$69.79	4.5%
Edison International	0.355	\$1.42	\$49.95	\$44.97	\$47.46	3.0%
Entergy Corp	0.830	\$3.32	\$68.63	\$60.22	\$64.43	5.2%
FirstEnergy Corp.	0.550	\$2.20	\$38.92	\$31.29	\$35.11	6.3%
Northeast Utilities	0.367	\$1.47	\$43.75	\$40.60	\$42.18	3.5%
PG&E Corp	0.455	\$1.82	\$42.95	\$39.91	\$41.43	4.4%
PPL Corp.	0.367	\$1.47	\$31.79	\$28.95	\$30.37	4.8%
Southern Company	0.507	\$2.03	\$42.94	\$40.03	\$41.49	4.9%
Xcel Energy Inc.	0.280	\$1.12	\$29.40	\$27.14	\$28.27	4.0%
Average						4.4%
<b>Hadaway Comparable Company Group</b>						
ALLETE	0.475	\$1.90	\$51.72	\$47.48	\$49.60	3.8%
Alliant Energy Co.	0.470	\$1.88	\$53.69	\$48.83	\$51.26	3.7%
American Electric Power Co.	0.500	\$2.00	\$48.40	\$43.01	\$45.71	4.4%
Avista Corp.	0.305	\$1.22	\$28.45	\$25.88	\$27.17	4.5%
Black Hills Corp.	0.380	\$1.52	\$54.83	\$47.00	\$50.92	3.0%
CMS Energy Corp.	0.255	\$1.02	\$28.29	\$25.81	\$27.05	3.8%
Cleco Corp	0.362	\$1.45	\$47.79	\$43.69	\$45.74	3.2%
DTE Energy Company	0.655	\$2.62	\$70.64	\$64.45	\$67.55	3.9%
Duke Energy	0.780	\$3.12	\$73.53	\$66.05	\$69.79	4.5%
Great Plains Energy, Inc.	0.230	\$0.92	\$24.88	\$21.79	\$23.34	3.9%
Hawaiian Electric Industries, Inc.	0.310	\$1.24	\$27.15	\$24.51	\$25.83	4.8%
IDACORP, Inc.	0.430	\$1.72	\$53.99	\$47.57	\$50.78	3.4%
Integrus Energy	0.680	\$2.72	\$59.74	\$52.70	\$56.22	4.8%
NextEra Energy	0.660	\$2.64	\$89.75	\$78.97	\$84.36	3.1%
NorthWestern	0.380	\$1.52	\$47.18	\$41.31	\$44.25	3.4%
Pinnacle West Capital Corp	0.568	\$2.27	\$58.70	\$52.32	\$55.51	4.1%
Portland General Electric	0.275	\$1.10	\$30.57	\$27.82	\$29.20	3.8%
SCANA Corp.	0.507	\$2.03	\$48.15	\$44.75	\$46.45	4.4%
Sempra Energy	0.630	\$2.52	\$93.00	\$84.55	\$88.78	2.8%
Southern Company	0.507	\$2.03	\$42.94	\$40.03	\$41.49	4.9%
UNS Energy Corp.	0.435	\$1.74	\$60.02	\$45.30	\$52.66	3.3%
Westar Energy	0.340	\$1.36	\$32.56	\$29.95	\$31.26	4.4%
Wisconsin Energy	0.383	\$1.53	\$43.00	\$39.83	\$41.42	3.7%
Xcel Energy Inc.	0.280	\$1.12	\$29.40	\$27.14	\$28.27	4.0%
Average						3.9%

Source: Yahoo! Finance.

**PROXY COMPANIES  
RETENTION GROWTH RATES**

COMPANY	2008	2009	2010	2011	2012	Average	2013	2014	2016-'18	Average
<b>Parcell Proxy Group</b>										
American Electric Power Co.	5.1%	4.6%	3.1%	4.2%	3.5%	4.1%	3.5%	4.0%	4.5%	4.0%
Consolidated Edison Co.	3.1%	2.5%	3.2%	3.1%	3.6%	3.1%	3.0%	3.5%	3.5%	3.3%
DTE Energy Company	1.7%	2.9%	4.0%	3.4%	3.5%	3.1%	3.0%	3.5%	3.5%	3.3%
Duke Energy Corp	0.6%	1.1%	2.1%	2.2%	0.9%	1.4%	1.5%	2.5%	3.0%	2.3%
Edison International	8.6%	6.7%	6.5%	6.3%	11.4%	7.9%	7.0%	6.5%	6.0%	6.5%
Entergy Corp	8.1%	7.6%	7.6%	8.4%	5.2%	7.4%	3.0%	3.0%	3.5%	3.2%
FirstEnergy Corp.	8.1%	4.0%	3.8%	0.0%	0.0%	3.2%	1.0%	1.5%	2.5%	1.7%
Northeast Utilities	5.3%	4.7%	5.0%	5.0%	1.6%	4.3%	3.5%	4.0%	4.0%	3.8%
PG&E Corp	6.8%	5.5%	3.9%	3.4%	1.0%	4.1%	4.1%	2.0%	3.0%	2.0%
PPL Corp.	8.5%	0.0%	5.2%	6.4%	6.7%	5.4%	5.5%	3.5%	3.5%	4.2%
Southern Company	3.5%	3.2%	3.0%	3.4%	3.6%	3.3%	3.0%	3.5%	3.0%	3.2%
Xcel Energy Inc.	3.8%	3.7%	3.6%	4.3%	4.7%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Average</b>						<b>4.3%</b>				<b>3.5%</b>
<b>Hadaway Comparable Company Group</b>										
ALLETE	3.9%	0.5%	1.5%	2.9%	2.3%	2.2%	2.0%	2.0%	3.5%	2.5%
Alliant Energy Co.	3.8%	0.9%	3.8%	3.3%	3.9%	3.1%	4.0%	4.5%	5.0%	4.5%
American Electric Power Co.	5.1%	4.6%	3.1%	4.2%	3.5%	4.1%	3.5%	4.0%	4.5%	4.0%
Avista Corp.	3.7%	4.1%	3.3%	3.1%	0.8%	3.0%	2.5%	2.5%	3.0%	2.7%
Black Hills Corp.	0.0%	3.2%	0.7%	0.0%	1.8%	1.1%	4.0%	3.5%	4.0%	3.8%
CMS Energy Corp.	8.4%	4.1%	6.9%	5.6%	5.0%	6.0%	5.5%	5.5%	5.0%	5.3%
Cleco Corp	4.5%	4.7%	6.1%	6.3%	5.7%	5.5%	4.5%	4.5%	4.5%	4.5%
DTE Energy Company	1.7%	2.9%	4.0%	3.4%	3.5%	3.1%	3.0%	3.5%	3.5%	3.3%
Duke Energy	0.6%	1.1%	2.1%	2.2%	0.9%	1.4%	1.5%	2.5%	3.0%	2.3%
Great Plains Energy, Inc.	0.0%	0.9%	3.4%	2.0%	2.2%	1.7%	3.0%	3.0%	3.5%	3.2%
Hawaiian Electric Industries, Inc.	0.5%	0.0%	1.4%	2.1%	4.2%	1.6%	2.0%	2.0%	2.0%	2.0%
IDACORP, Inc.	3.4%	4.8%	5.5%	6.5%	5.7%	5.2%	5.0%	4.5%	4.0%	4.5%
Integrus Energy	0.0%	0.0%	2.3%	0.7%	2.6%	1.1%	2.5%	2.5%	2.5%	2.5%
NextEra Energy	7.9%	6.5%	7.8%	7.4%	5.6%	7.0%	6.0%	5.5%	5.5%	5.7%
NorthWestern	2.3%	3.2%	3.5%	4.7%	3.2%	3.4%	4.0%	4.0%	3.5%	3.8%
Pinnacle West Capital Corp	0.3%	0.7%	3.1%	2.8%	4.1%	2.2%	4.0%	4.0%	4.0%	4.0%
Portland General Electric	2.0%	1.5%	3.0%	4.1%	3.5%	2.8%	2.0%	3.0%	3.5%	2.8%
SCANA Corp.	4.4%	3.6%	3.8%	3.6%	3.9%	3.9%	4.0%	4.0%	4.5%	4.2%
Sempra Energy	9.7%	9.3%	7.0%	6.5%	5.1%	7.5%	4.0%	4.5%	5.0%	4.5%
Southern Company	3.5%	3.2%	3.0%	3.4%	3.6%	3.3%	3.0%	3.5%	3.0%	3.2%
UNS Energy Corp.	0.0%	8.4%	6.7%	5.4%	2.0%	4.5%	4.5%	5.5%	4.5%	4.8%
Westar Energy	1.2%	0.8%	3.1%	2.7%	4.0%	2.4%	3.5%	4.0%	4.0%	3.8%
Wisconsin Energy	7.0%	6.2%	7.0%	6.8%	6.5%	6.7%	5.5%	5.5%	5.5%	5.5%
Xcel Energy Inc.	3.8%	3.7%	3.6%	4.3%	4.7%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Average</b>						<b>3.6%</b>				<b>3.8%</b>

Source: Value Line Investment Survey.

**PROXY COMPANIES  
PER SHARE GROWTH RATES**

COMPANY	5-Year Historic Growth Rates				Est'd '10-'12 to '16-'18 Growth Rates			
	EPS	DPS	BVPS	Average	EPS	DPS	BVPS	Average
<b>Parcell Proxy Group</b>								
American Electric Power Co.	1.0%	4.0%	4.5%	3.2%	5.5%	4.0%	4.0%	4.5%
Consolidated Edison Co.	3.0%	1.0%	4.5%	2.8%	2.5%	1.5%	3.5%	2.5%
DTE Energy Company	6.0%	2.0%	4.0%	4.0%	5.0%	5.5%	4.5%	5.0%
Duke Energy Corp	4.5%	18.0%	-1.0%	7.2%	4.0%	2.0%	3.5%	3.2%
Edison International	2.5%	3.0%	5.5%	3.7%	1.5%	5.5%	3.5%	3.5%
Entergy Corp	5.5%	7.5%	5.0%	6.0%	-3.5%	0.5%	3.0%	0.0%
FirstEnergy Corp.	-8.0%	3.5%	1.0%	-1.2%	3.5%	0.0%	1.5%	1.7%
Northeast Utilities	13.0%	9.5%	6.0%	9.5%	8.0%	8.0%	6.0%	7.3%
PG&E Corp	-0.5%	6.5%	6.0%	4.0%	2.5%	2.5%	3.5%	2.8%
PPL Corp.	2.0%	5.5%	6.0%	4.5%	0.0%	2.0%	4.5%	2.2%
Southern Company	3.0%	4.0%	5.5%	4.2%	3.0%	3.5%	4.0%	3.5%
Xcel Energy Inc.	5.5%	3.0%	4.5%	4.3%	4.5%	4.5%	4.5%	4.5%
Average				<b>4.3%</b>				<b>3.4%</b>
<b>Hadaway Comparable Company Group</b>								
ALLETE	-2.5%	4.5%	5.5%	2.5%	6.0%	3.5%	4.5%	4.7%
Alliant Energy Co.	4.0%	8.0%	3.5%	5.2%	6.0%	4.5%	4.0%	4.8%
American Electric Power Co.	1.0%	4.0%	4.5%	3.2%	5.5%	4.0%	4.0%	4.5%
Avista Corp.	8.5%	14.0%	4.0%	8.8%	4.0%	4.5%	3.0%	3.8%
Black Hills Corp.	-8.0%	2.0%	3.0%	-1.0%	11.5%	2.5%	3.0%	5.7%
CMS Energy Corp.	12.5%		3.0%	7.8%	5.5%	8.0%	5.5%	6.3%
Cleco Corp	13.0%	4.5%	9.0%	8.8%	5.5%	10.0%	5.0%	6.8%
DTE Energy Company	6.0%	2.0%	4.0%	4.0%	5.0%	5.5%	4.5%	5.0%
Duke Energy	4.5%	18.0%	-1.0%	7.2%	4.0%	2.0%	3.5%	3.2%
Great Plains Energy, Inc.	-6.0%	-12.5%	5.0%	-4.5%	6.5%	4.5%	2.5%	4.5%
Hawaiian Electric Industries, Inc.	2.0%		2.0%	2.0%	3.5%	1.0%	4.5%	3.0%
IDACORP, Inc.	10.0%	1.0%	5.5%	5.5%	2.0%	7.0%	4.5%	4.5%
Integrus Energy	-0.5%	3.0%	0.5%	1.0%	4.5%	1.0%	4.5%	3.3%
NextEra Energy	10.0%	7.5%	8.5%	8.7%	5.5%	8.5%	6.5%	6.8%
NorthWestern	9.0%	4.0%	2.5%	5.2%	4.5%	4.0%	4.5%	4.3%
Pinnacle West Capital Corp	2.5%	2.5%		2.5%	5.0%	2.0%	3.5%	3.5%
Portland General Electric	4.0%	14.5%	2.0%	6.8%	3.5%	3.0%	3.0%	3.2%
SCANA Corp.	2.5%	3.0%	4.5%	3.3%	4.5%	2.5%	5.5%	4.2%
Sempra Energy	1.5%	10.5%	7.5%	6.5%	4.5%	7.5%	4.5%	5.5%
Southern Company	3.0%	4.0%	5.5%	4.2%	3.0%	3.5%	4.0%	3.5%
UNS Energy Corp.	10.5%	14.5%	5.5%	10.2%	6.5%	5.5%	5.0%	5.7%
Westar Energy	1.5%	5.0%	4.5%	3.7%	6.0%	3.0%	5.0%	4.7%
Wisconsin Energy	10.0%	17.0%	7.0%	11.3%	7.0%	13.0%	3.5%	7.8%
Xcel Energy Inc.	5.5%	3.0%	4.5%	4.3%	4.5%	4.5%	4.5%	4.5%
Average				<b>4.9%</b>				<b>4.7%</b>

Source: Value Line Investment Survey.

PROXY COMPANIES  
DCF COST RATES

COMPANY	ADJUSTED YIELD	HISTORIC RETENTION GROWTH	PROSPECTIVE RETENTION GROWTH	HISTORIC PER SHARE GROWTH	PROSPECTIVE PER SHARE GROWTH	FIRST CALL EPS GROWTH	AVERAGE GROWTH	DCF RATES
<b>Parcell Proxy Group</b>								
American Electric Power Co.	4.5%	4.1%	4.0%	3.2%	4.5%	4.1%	4.0%	8.4%
Consolidated Edison Co.	4.4%	3.1%	3.3%	2.8%	2.5%	1.7%	2.7%	7.1%
DTE Energy Company	4.0%	3.1%	3.3%	4.0%	5.0%	4.8%	4.0%	8.0%
Duke Energy Corp	4.5%	1.4%	2.3%	7.2%	3.2%	3.4%	3.5%	8.0%
Edison International	3.1%	7.9%	6.5%	3.7%	3.5%	neg	5.4%	8.5%
Entergy Corp	5.3%	7.4%	3.2%	8.0%	neg	neg	5.5%	10.8%
FirstEnergy Corp.	6.3%	3.2%	1.7%	neg	1.7%	0.4%	1.7%	8.0%
Northeast Utilities	3.6%	4.3%	3.8%	9.5%	7.3%	8.1%	6.8%	10.2%
PG&E Corp	4.5%	4.1%	2.0%	4.0%	2.8%	neg	3.2%	7.7%
PPL Corp.	4.9%	5.4%	4.2%	4.5%	2.2%	5.0%	4.2%	9.2%
Southern Company	5.0%	3.3%	3.2%	4.2%	3.5%	3.5%	3.5%	8.5%
Xcel Energy Inc.	4.0%	4.0%	4.0%	4.3%	4.5%	4.8%	4.3%	8.4%
Mean	4.5%	4.3%	3.5%	4.8%	3.7%	4.0%	4.1%	8.6%
Median	4.5%	4.1%	3.3%	4.2%	3.5%	4.1%	4.0%	8.4%
Composite - Mean		8.8%	8.0%	9.4%	8.2%	8.5%	8.6%	
Composite - Median		8.5%	7.8%	8.6%	8.0%	8.6%	8.5%	
<b>Hadaway Comparable Company Group</b>								
ALLETE	3.9%	2.2%	2.5%	2.5%	4.7%	6.0%	3.6%	7.5%
Alliant Energy Co.	3.7%	3.1%	4.5%	5.2%	4.8%	4.8%	4.5%	8.2%
American Electric Power Co.	4.5%	4.1%	4.0%	3.2%	4.5%	4.1%	4.0%	8.4%
Avista Corp.	4.6%	3.0%	2.7%	8.8%	3.8%	5.0%	4.7%	9.3%
Black Hills Corp.	3.0%	1.1%	3.8%	neg	5.7%	4.0%	3.7%	6.7%
CMS Energy Corp.	3.8%	6.0%	5.3%	7.8%	6.3%	6.1%	6.3%	10.2%
Cleco Corp	3.3%	5.5%	4.5%	8.8%	6.8%	8.0%	6.7%	10.0%
DTE Energy Company	4.0%	3.1%	3.3%	4.0%	5.0%	4.8%	4.0%	8.0%
Duke Energy	4.5%	1.4%	2.3%	7.2%	3.2%	3.4%	3.5%	8.0%
Great Plains Energy, Inc.	4.0%	1.7%	3.2%	neg	4.5%	7.0%	4.1%	8.1%
Hawaiian Electric Industries, Inc.	4.9%	1.8%	2.0%	2.0%	3.0%	2.5%	2.2%	7.1%
IDACORP, Inc.	3.5%	5.2%	4.5%	5.5%	4.5%	4.0%	4.7%	8.2%
Integrus Energy	4.9%	1.1%	2.5%	1.0%	3.3%	5.3%	2.6%	7.5%
NextEra Energy	3.2%	7.0%	5.7%	8.7%	6.8%	6.6%	7.0%	10.2%
NorthWestern	3.5%	3.4%	3.8%	5.2%	4.3%	7.0%	4.7%	8.3%
Pinnacle West Capital Corp	4.2%	2.2%	4.0%	2.5%	3.5%	3.8%	3.2%	7.4%
Portland General Electric	3.9%	2.8%	2.8%	8.8%	3.2%	6.7%	4.5%	8.3%
SCANA Corp.	4.5%	3.9%	4.2%	3.3%	4.2%	4.2%	3.9%	8.4%
Sempra Energy	2.9%	7.5%	4.5%	6.5%	5.5%	5.5%	5.9%	8.8%
Southern Company	5.0%	3.3%	3.2%	4.2%	3.5%	3.5%	3.5%	8.5%
UNS Energy Corp.	3.4%	4.5%	4.8%	10.2%	5.7%	8.0%	6.8%	10.0%
Westar Energy	4.4%	2.4%	3.8%	3.7%	4.7%	1.0%	3.1%	7.5%
Wisconsin Energy	3.8%	6.7%	5.5%	11.3%	7.8%	5.3%	7.3%	11.2%
Xcel Energy Inc.	4.0%	4.0%	4.0%	4.3%	4.5%	4.8%	4.3%	8.4%
Mean	4.0%	3.6%	3.8%	5.6%	4.7%	5.1%	4.5%	8.6%
Median	3.9%	3.2%	3.9%	5.2%	4.5%	4.9%	4.2%	8.3%
Composite - Mean		7.6%	7.8%	9.6%	8.7%	9.0%	8.5%	
Composite - Median		7.2%	7.8%	9.1%	8.4%	8.8%	8.1%	

Note: negative values not used in calculations.

Sources: Prior pages of this schedule.

**LONG-TERM PROJECTIONS OF  
GROSS DOMESTIC PRODUCT GROWTH**

**Social Security Administration**

Year	Real GDP	GDP Index	Nominal GDP	Year	Real GDP	GDP Index	Nominal GDP	
2017	3.30%	2.04%	5.34%	2051	2.10%	2.40%	4.50%	
2018	3.00%	2.17%	5.17%	2052	2.10%	2.40%	4.50%	
2019	2.40%	2.38%	4.78%	2053	2.10%	2.40%	4.50%	
2020	2.20%	2.41%	4.61%	2054	2.10%	2.40%	4.50%	
2021	2.10%	2.40%	4.50%	2055	2.10%	2.40%	4.50%	
2022	2.10%	2.40%	4.50%	2056	2.10%	2.40%	4.50%	
2023	2.10%	2.40%	4.50%	2057	2.10%	2.40%	4.50%	
2024	2.10%	2.40%	4.50%	2058	2.10%	2.40%	4.50%	
2025	2.10%	2.40%	4.50%	2059	2.10%	2.40%	4.50%	
2026	2.10%	2.40%	4.50%	2060	2.10%	2.40%	4.50%	
2027	2.10%	2.40%	4.50%	2061	2.10%	2.40%	4.50%	
2028	2.10%	2.40%	4.50%	2062	2.10%	2.40%	4.50%	
2029	2.10%	2.40%	4.50%	2063	2.10%	2.40%	4.50%	
2030	2.20%	2.40%	4.60%	2064	2.10%	2.40%	4.50%	
2031	2.20%	2.40%	4.60%	2065	2.10%	2.40%	4.50%	
2032	2.20%	2.40%	4.60%	2066	2.10%	2.40%	4.50%	
2033	2.20%	2.40%	4.60%	2067	2.10%	2.40%	4.50%	
2034	2.20%	2.40%	4.60%	2068	2.10%	2.40%	4.50%	
2035	2.20%	2.40%	4.60%	2069	2.10%	2.40%	4.50%	
2036	2.20%	2.40%	4.60%	2070	2.10%	2.40%	4.50%	
2037	2.20%	2.40%	4.60%	2071	2.10%	2.40%	4.50%	
2038	2.20%	2.40%	4.60%	2072	2.10%	2.40%	4.50%	
2039	2.20%	2.40%	4.60%	2073	2.10%	2.40%	4.50%	
2040	2.20%	2.40%	4.60%	2074	2.10%	2.40%	4.50%	
2041	2.20%	2.40%	4.60%	2075	2.10%	2.40%	4.50%	
2042	2.20%	2.40%	4.60%	2076	2.10%	2.40%	4.50%	
2043	2.20%	2.40%	4.60%	2077	2.10%	2.40%	4.50%	
2044	2.20%	2.40%	4.60%	2078	2.10%	2.40%	4.50%	
2045	2.20%	2.40%	4.60%	2079	2.10%	2.40%	4.50%	
2046	2.20%	2.40%	4.60%	2080	2.00%	2.40%	4.40%	
2047	2.20%	2.40%	4.60%	2081	2.00%	2.40%	4.40%	
2048	2.20%	2.40%	4.60%	2082	2.00%	2.40%	4.40%	
2049	2.20%	2.40%	4.60%	2083	2.00%	2.40%	4.40%	
2050	2.10%	2.40%	4.50%	2084	2.00%	2.40%	4.40%	
							<b>Average</b>	<b>4.6%</b>

Source: 2012 OASDI Trustees Report.

**LONG-TERM PROJECTIONS OF  
GROSS DOMESTIC PRODUCT GROWTH**

**Energy Information Administration**

**Annual Growth (2012-2035):**

Real GDP	2.5%
GDP Chain-type Price Index	1.9%
Nominal GDP Growth	4.4%

Source: Energy Information Administration, Annual Energy Outlook 2012 with Projections to 2035.

**STANDARD & POOR'S 500 COMPOSITE  
20-YEAR U.S. TREASURY BOND YIELDS  
RISK PREMIUMS**

Year	EPS	BVPS	ROE	20-YEAR T-BOND YIELD	RISK PREMIUM
1977		\$79.07			
1978	\$12.33	\$85.35	15.00%	7.90%	7.10%
1979	\$14.86	\$94.27	16.55%	8.86%	7.69%
1980	\$14.82	\$102.48	15.06%	9.97%	5.09%
1981	\$15.36	\$109.43	14.50%	11.55%	2.95%
1982	\$12.64	\$112.46	11.39%	13.50%	-2.11%
1983	\$14.03	\$116.93	12.23%	10.38%	1.85%
1984	\$16.64	\$122.47	13.90%	11.74%	2.16%
1985	\$14.61	\$125.20	11.80%	11.25%	0.55%
1986	\$14.48	\$126.82	11.49%	8.98%	2.51%
1987	\$17.50	\$134.04	13.42%	7.92%	5.50%
1988	\$23.75	\$141.32	17.25%	8.97%	8.28%
1989	\$22.87	\$147.26	15.85%	8.81%	7.04%
1990	\$21.73	\$153.01	14.47%	8.19%	6.28%
1991	\$16.29	\$158.85	10.45%	8.22%	2.23%
1992	\$19.09	\$149.74	12.37%	7.29%	5.08%
1993	\$21.89	\$180.88	13.24%	7.17%	6.07%
1994	\$30.60	\$193.06	16.37%	6.59%	9.78%
1995	\$33.96	\$215.51	16.62%	7.60%	9.02%
1996	\$38.73	\$237.08	17.11%	6.18%	10.93%
1997	\$39.72	\$249.52	16.33%	6.64%	9.69%
1998	\$37.71	\$266.40	14.62%	5.83%	8.79%
1999	\$48.17	\$290.68	17.29%	5.57%	11.72%
2000	\$50.00	\$325.80	16.22%	6.50%	9.72%
2001	\$24.69	\$338.37	7.43%	5.53%	1.90%
2002	\$27.59	\$321.72	8.36%	5.59%	2.77%
2003	\$48.73	\$367.17	14.15%	4.80%	9.35%
2004	\$58.55	\$414.75	14.98%	5.02%	9.96%
2005	\$69.93	\$453.06	16.12%	4.69%	11.43%
2006	\$81.51	\$504.39	17.03%	4.68%	12.35%
2007	\$66.17	\$529.59	12.49%	4.86%	7.63%
2008	\$14.88	\$451.37	3.03%	4.45%	-1.42%
2009	\$50.97	\$513.58	10.56%	3.47%	7.09%
2010	\$77.35	\$579.14	14.16%	4.25%	9.91%
2011	\$86.58	\$613.14	14.52%	3.81%	10.71%
2012	\$86.51	\$666.97	13.52%	2.40%	11.12%

Average

6.59%

Source: Standard &amp; Poor's Analysts' Handbook, Ibbotson Associates Handbook.

**PROXY COMPANIES  
CAPM COST RATES**

COMPANY	RISK-FREE RATE	BETA	RISK PREMIUM	CAPM RATES
<b>Parcell Proxy Group</b>				
American Electric Power Co.	3.50%	0.70	5.47%	7.3%
Consolidated Edison Co.	3.50%	0.60	5.47%	6.8%
DTE Energy Company	3.50%	0.80	5.47%	7.9%
Duke Energy Corp	3.50%	0.65	5.47%	7.1%
Edison International	3.50%	0.75	5.47%	7.6%
Entergy Corp	3.50%	0.70	5.47%	7.3%
FirstEnergy Corp.	3.50%	0.75	5.47%	7.6%
Northeast Utilities	3.50%	0.75	5.47%	7.6%
PG&E Corp	3.50%	0.55	5.47%	6.5%
PPL Corp.	3.50%	0.65	5.47%	7.1%
Southern Company	3.50%	0.55	5.47%	6.5%
Xcel Energy Inc.	3.50%	0.65	5.47%	7.1%
Mean				7.2%
Median				7.2%
<b>Hadaway Comparable Company Group</b>				
ALLETE	3.50%	0.75	5.47%	7.6%
Alliant Energy Co.	3.50%	0.75	5.47%	7.6%
American Electric Power Co.	3.50%	0.70	5.47%	7.3%
Avista Corp.	3.50%	0.70	5.47%	7.3%
Black Hills Corp.	3.50%	0.85	5.47%	8.2%
CMS Energy Corp.	3.50%	0.70	5.47%	7.3%
Cleco Corp	3.50%	0.70	5.47%	7.3%
DTE Energy Company	3.50%	0.80	5.47%	7.9%
Duke Energy	3.50%	0.65	5.47%	7.1%
Great Plains Energy, Inc.	3.50%	0.85	5.47%	8.2%
Hawaiian Electric Industries, Inc.	3.50%	0.70	5.47%	7.3%
IDACORP, Inc.	3.50%	0.70	5.47%	7.3%
Integrus Energy	3.50%	1.00	5.47%	9.0%
NextEra Energy	3.50%	0.70	5.47%	7.3%
NorthWestern	3.50%	0.70	5.47%	7.3%
Pinnacle West Capital Corp	3.50%	0.70	5.47%	7.3%
Portland General Electric	3.50%	0.75	5.47%	7.6%
SCANA Corp.	3.50%	0.70	5.47%	7.3%
Sempra Energy	3.50%	0.80	5.47%	7.9%
Southern Company	3.50%	0.55	5.47%	6.5%
UNS Energy Corp.	3.50%	0.70	5.47%	7.3%
Westar Energy	3.50%	0.75	5.47%	7.6%
Wisconsin Energy	3.50%	0.65	5.47%	7.1%
Xcel Energy Inc.	3.50%	0.65	5.47%	7.1%
Mean				7.5%
Median				7.3%

Sources: Value Line Investment Survey, Standard & Poor's Analysts' Handbook, Federal Reserve.

20-year Treasury Bonds	
Month	Rate
Oct., 2013	3.38%
Nov., 2013	3.50%
Dec., 2013	3.63%
Average	3.50%

PROXY COMPANIES  
RATES OF RETURN ON AVERAGE COMMON EQUITY

COMPANY	1982	1983	1984	1985	1986	1987	1988	1989	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015-18		
	Average																									
<b>Parsons Proxy Group</b>																										
American Electric Power Co.	11.1%	11.8%	12.0%	12.4%	13.2%	13.5%	13.2%	10.5%	4.1%	12.0%	12.5%	12.4%	12.7%	11.8%	11.8%	11.7%	11.8%	11.8%	11.0%	8.2%	8.7%	10.2%	10.2%	8.5%	10.0%	10.5%
Consolidated Edison Co.	12.0%	12.3%	12.5%	12.7%	12.7%	12.2%	12.2%	12.2%	10.7%	12.2%	12.5%	12.4%	12.7%	11.8%	11.8%	11.8%	11.8%	11.8%	11.0%	8.2%	8.7%	10.2%	10.2%	8.5%	10.0%	10.5%
Duke Energy	12.0%	12.3%	12.5%	12.7%	12.7%	12.2%	12.2%	12.2%	10.7%	12.2%	12.5%	12.4%	12.7%	11.8%	11.8%	11.8%	11.8%	11.8%	11.0%	8.2%	8.7%	10.2%	10.2%	8.5%	10.0%	10.5%
Edison International	11.0%	11.5%	11.8%	12.0%	12.2%	11.8%	11.8%	11.8%	11.1%	11.8%	12.0%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.0%	8.2%	8.7%	10.2%	10.2%	8.5%	10.0%	10.5%
Entergy Corp.	9.8%	9.9%	10.0%	10.1%	10.2%	10.3%	10.4%	10.5%	10.6%	10.7%	10.8%	10.9%	11.0%	11.1%	11.2%	11.3%	11.4%	11.5%	11.6%	11.7%	11.8%	11.9%	12.0%	12.1%	12.2%	12.3%
FirstEnergy Corp.	10.8%	11.0%	11.2%	11.4%	11.6%	11.8%	12.0%	12.2%	12.4%	12.6%	12.8%	13.0%	13.2%	13.4%	13.6%	13.8%	14.0%	14.2%	14.4%	14.6%	14.8%	15.0%	15.2%	15.4%	15.6%	15.8%
Northwest Utilities	12.8%	13.0%	13.2%	13.4%	13.6%	13.8%	14.0%	14.2%	14.4%	14.6%	14.8%	15.0%	15.2%	15.4%	15.6%	15.8%	16.0%	16.2%	16.4%	16.6%	16.8%	17.0%	17.2%	17.4%	17.6%	17.8%
PG&E Corp.	13.1%	13.2%	13.3%	13.4%	13.5%	13.6%	13.7%	13.8%	13.9%	14.0%	14.1%	14.2%	14.3%	14.4%	14.5%	14.6%	14.7%	14.8%	14.9%	15.0%	15.1%	15.2%	15.3%	15.4%	15.5%	15.6%
Southern Company	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
Xcel Energy Inc.	12.4%	12.2%	11.9%	12.5%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%
<b>Average</b>	12.4%	12.2%	11.9%	12.5%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%
<b>Median</b>	12.3%	11.9%	12.4%	12.8%	12.3%	12.3%	11.4%	11.7%	12.5%	10.7%	12.9%	11.5%	11.1%	11.1%	12.2%	11.8%	12.7%	11.8%	12.2%	10.3%	9.8%	10.1%	10.1%	9.7%	10.1%	10.1%
<b>Hydroway Comparable Company Group</b>																										
ALLETE	12.2%	11.9%	12.0%	12.4%	13.2%	13.5%	13.2%	10.5%	4.1%	12.0%	12.5%	12.4%	12.7%	11.8%	11.8%	11.8%	11.8%	11.8%	11.0%	8.2%	8.7%	10.2%	10.2%	8.5%	10.0%	10.5%
American Electric Power Co.	11.7%	12.2%	12.5%	12.7%	12.7%	12.2%	12.2%	12.2%	10.7%	12.2%	12.5%	12.4%	12.7%	11.8%	11.8%	11.8%	11.8%	11.8%	11.0%	8.2%	8.7%	10.2%	10.2%	8.5%	10.0%	10.5%
Black Hills Corp.	8.9%	8.9%	9.0%	9.1%	9.2%	9.3%	9.4%	9.5%	9.6%	9.7%	9.8%	9.9%	10.0%	10.1%	10.2%	10.3%	10.4%	10.5%	10.6%	10.7%	10.8%	10.9%	11.0%	11.1%	11.2%	11.3%
Ches Corp.	18.2%	18.3%	18.4%	18.5%	18.6%	18.7%	18.8%	18.9%	19.0%	19.1%	19.2%	19.3%	19.4%	19.5%	19.6%	19.7%	19.8%	19.9%	20.0%	20.1%	20.2%	20.3%	20.4%	20.5%	20.6%	20.7%
Duke Energy	11.0%	11.5%	11.8%	12.0%	12.2%	11.8%	11.8%	11.8%	11.1%	11.8%	12.0%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.0%	8.2%	8.7%	10.2%	10.2%	8.5%	10.0%	10.5%
Entergy Corp.	10.8%	11.0%	11.2%	11.4%	11.6%	11.8%	12.0%	12.2%	12.4%	12.6%	12.8%	13.0%	13.2%	13.4%	13.6%	13.8%	14.0%	14.2%	14.4%	14.6%	14.8%	15.0%	15.2%	15.4%	15.6%	15.8%
FirstEnergy Corp.	12.8%	13.0%	13.2%	13.4%	13.6%	13.8%	14.0%	14.2%	14.4%	14.6%	14.8%	15.0%	15.2%	15.4%	15.6%	15.8%	16.0%	16.2%	16.4%	16.6%	16.8%	17.0%	17.2%	17.4%	17.6%	17.8%
PG&E Corp.	13.1%	13.2%	13.3%	13.4%	13.5%	13.6%	13.7%	13.8%	13.9%	14.0%	14.1%	14.2%	14.3%	14.4%	14.5%	14.6%	14.7%	14.8%	14.9%	15.0%	15.1%	15.2%	15.3%	15.4%	15.5%	15.6%
Southern Company	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
Xcel Energy Inc.	12.4%	12.2%	11.9%	12.5%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%
<b>Average</b>	12.0%	13.0%	12.1%	12.8%	12.7%	12.7%	11.4%	11.9%	12.1%	12.1%	12.3%	10.9%	10.7%	10.4%	11.5%	11.1%	12.0%	11.0%	12.1%	10.0%	9.8%	10.1%	10.1%	9.8%	10.1%	10.1%
<b>Median</b>	11.3%	12.4%	11.8%	13.0%	12.6%	11.9%	11.9%	12.2%	12.4%	12.7%	11.6%	10.8%	9.2%	10.4%	9.7%	9.7%	10.6%	9.7%	10.1%	8.6%	8.6%	10.1%	10.1%	9.6%	9.6%	9.6%

Source: Calculations made from data contained in Value Line Investment Survey.

PROXY COMPANIES  
MARKET TO BOOK RATIOS

COMPANY	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2003-2008 Average	2009-2012 Average		
<b>Parsons Proxy Group</b>																									
American Electric Power Co.	143%	150%	143%	156%	176%	187%	181%	154%	147%	179%	136%	124%	165%	169%	161%	180%	145%	112%	118%	126%	134%	164%	154%	123%	
Consolidated Edison Co.	141%	160%	125%	125%	127%	136%	186%	170%	126%	142%	146%	146%	143%	154%	149%	151%	123%	110%	110%	124%	150%	144%	144%	144%	
DTE Energy Company	182%	154%	120%	130%	137%	126%	185%	145%	126%	142%	146%	132%	140%	140%	143%	143%	101%	91%	116%	121%	137%	141%	141%	136%	
Duke Energy Corp	170%	194%	172%	187%	202%	216%	286%	239%	263%	287%	171%	163%	157%	153%	153%	205%	182%	101%	111%	117%	146%	220%	133%	107%	
Edison International	124%	137%	104%	88%	120%	97%	106%	99%	99%	118%	117%	108%	156%	209%	194%	205%	148%	101%	111%	117%	146%	165%	162%	189%	
Energy Corp	137%	154%	131%	137%	137%	140%	166%	144%	124%	136%	131%	132%	154%	138%	217%	201%	229%	161%	164%	134%	133%	106%	172%	150%	
FirstEnergy Corp.	154%	149%	127%	124%	95%	84%	113%	124%	124%	126%	96%	95%	106%	108%	111%	104%	121%	107%	149%	138%	145%	141%	172%	147%	
Northwest Utilities	169%	179%	142%	134%	152%	123%	152%	135%	179%	136%	149%	203%	189%	179%	201%	205%	128%	148%	136%	145%	143%	118%	118%	136%	
PLC Corp.	170%	181%	146%	138%	143%	128%	178%	232%	257%	352%	253%	239%	230%	258%	261%	261%	111%	149%	146%	150%	146%	146%	146%	146%	
Southern Company	160%	166%	161%	174%	176%	169%	186%	185%	185%	209%	230%	233%	227%	238%	318%	248%	182%	148%	160%	152%	155%	162%	162%	174%	
Xcel Energy Inc.	164%	165%	154%	159%	162%	165%	176%	144%	141%	163%	113%	113%	132%	139%	150%	154%	127%	121%	135%	143%	156%	159%	159%	189%	
<b>Average</b>	155%	165%	137%	139%	141%	142%	173%	161%	166%	175%	150%	148%	160%	173%	161%	168%	164%	134%	139%	141%	149%	168%	168%	168%	141%
<b>Median</b>	158%	163%	137%	136%	137%	139%	176%	150%	144%	142%	141%	134%	154%	161%	178%	177%	145%	118%	136%	141%	145%	148%	148%	148%	138%
<b>NextEnergy Comparable Company Group</b>																									
ALLETE	190%	185%	154%	152%	154%	159%	156%	120%	120%	129%	110%	97%	322%	212%	219%	195%	196%	113%	127%	138%	136%	152%	152%	120%	
American Electric Power Co.	143%	159%	133%	129%	176%	187%	181%	146%	147%	131%	106%	124%	120%	131%	150%	173%	145%	102%	118%	126%	147%	163%	163%	138%	
Avista Corp.	191%	183%	188%	185%	145%	162%	183%	152%	317%	114%	188%	111%	155%	165%	161%	190%	145%	112%	118%	126%	134%	144%	144%	123%	
Black Hills Corp.	264%	221%	189%	185%	226%	200%	259%	237%	201%	273%	143%	134%	111%	119%	135%	127%	105%	94%	106%	119%	123%	163%	163%	111%	
CMS Energy Corp.	169%	175%	185%	182%	181%	200%	221%	189%	119%	152%	137%	80%	96%	169%	153%	164%	124%	77%	148%	108%	121%	233%	145%	104%	
Cleco Corp	177%	156%	156%	162%	168%	171%	183%	172%	223%	224%	154%	144%	177%	142%	142%	177%	127%	129%	148%	170%	182%	362%	125%	157%	
DTE Energy Company	162%	194%	120%	130%	137%	126%	145%	145%	126%	142%	145%	142%	132%	152%	162%	162%	101%	91%	108%	121%	137%	141%	141%	147%	
Duke Energy Corp.	170%	173%	191%	189%	181%	196%	209%	178%	173%	267%	171%	166%	189%	219%	182%	175%	125%	101%	118%	116%	120%	209%	134%	116%	
Edison Electric Industries, Inc.	160%	173%	141%	148%	147%	147%	154%	132%	127%	145%	153%	151%	179%	181%	162%	173%	113%	73%	101%	116%	178%	178%	178%	107%	
GenCorp	171%	154%	141%	148%	147%	147%	154%	132%	127%	145%	154%	112%	125%	122%	139%	139%	109%	91%	101%	116%	120%	141%	141%	147%	
IDA/CORP, Inc.	155%	172%	146%	146%	166%	177%	177%	150%	188%	185%	160%	162%	168%	174%	203%	132%	104%	73%	146%	119%	123%	142%	142%	122%	
Integrus Energy	180%	180%	151%	175%	184%	186%	234%	177%	177%	186%	160%	167%	174%	168%	132%	132%	169%	104%	113%	119%	147%	150%	150%	87%	
NextEnergy	173%	180%	151%	175%	184%	186%	234%	177%	177%	186%	160%	167%	174%	168%	132%	132%	169%	104%	113%	119%	147%	150%	150%	87%	
NorthWestern	118%	129%	99%	119%	133%	152%	180%	143%	148%	144%	116%	114%	130%	262%	160%	147%	109%	170%	122%	138%	148%	176%	176%	128%	
Pinnacle West Capital Corp	115%	125%	112%	140%	190%	182%	180%	143%	148%	144%	116%	114%	130%	262%	160%	147%	109%	170%	122%	138%	148%	176%	176%	128%	
Portland General Electric	161%	165%	157%	160%	175%	164%	165%	143%	134%	135%	129%	114%	130%	262%	160%	147%	109%	170%	122%	138%	148%	176%	176%	128%	
SCANA Corp.	187%	200%	180%	187%	171%	178%	203%	173%	184%	185%	137%	158%	171%	179%	153%	140%	101%	83%	97%	109%	117%	136%	131%	102%	
Sempra Corp.	154%	160%	161%	174%	170%	167%	168%	168%	186%	206%	155%	182%	178%	189%	190%	194%	151%	135%	134%	135%	152%	160%	159%	136%	
Southern Company	NMF	NMF	NMF	NMF	NMF	255%	217%	138%	143%	167%	233%	227%	230%	230%	230%	230%	211%	182%	186%	208%	183%	179%	179%	179%	196%
UNIS Energy Corp.	NMF	NMF	NMF	NMF	NMF	217%	138%	168%	143%	167%	134%	153%	153%	153%	153%	153%	211%	140%	152%	186%	158%	182%	182%	182%	
Weslar Energy Corp.	NMF	NMF	NMF	NMF	NMF	217%	138%	168%	143%	167%	134%	153%	153%	153%	153%	153%	211%	140%	152%	186%	158%	182%	182%	182%	
Winn-Dixie Energy	144%	152%	130%	129%	131%	128%	85%	85%	74%	78%	67%	109%	135%	122%	139%	140%	107%	91%	111%	119%	133%	116%	116%	151%	
Wisconsin Energy	178%	177%	160%	172%	169%	154%	152%	119%	119%	126%	129%	147%	146%	162%	179%	179%	153%	147%	171%	189%	213%	159%	159%	114%	
Xcel Energy Inc.	164%	165%	154%	159%	162%	165%	176%	144%	141%	163%	113%	113%	132%	139%	150%	154%	127%	121%	135%	143%	156%	159%	159%	139%	
<b>Average</b>	160%	172%	146%	157%	166%	269%	201%	161%	169%	169%	139%	139%	160%	169%	165%	164%	132%	111%	128%	137%	150%	177%	177%	131%	
<b>Median</b>	163%	173%	153%	161%	170%	169%	191%	153%	147%	163%	138%	134%	150%	168%	158%	163%	127%	109%	127%	132%	147%	164%	164%	129%	

Source: Calculations made from data contained in Value Line Investment Survey.

**STANDARD & POOR'S 500 COMPOSITE  
RETURNS AND MARKET-TO-BOOK RATIOS  
1992 - 2012**

YEAR	RETURN ON AVERAGE EQUITY	MARKET-TO BOOK RATIO
1992	12.2%	271%
1993	13.2%	272%
1994	16.4%	246%
1995	16.6%	264%
1996	17.1%	299%
1997	16.3%	354%
1998	14.6%	421%
1999	17.3%	481%
2000	16.2%	453%
2001	7.5%	353%
2002	8.4%	296%
2003	14.2%	278%
2004	15.0%	291%
2005	16.1%	278%
2006	17.0%	277%
2007	12.8%	284%
2008	3.0%	224%
2009	10.6%	187%
2010	14.2%	208%
2011	14.6%	208%
2012	13.5%	214%
Averages:		
1992-2001	14.7%	341%
2002-2008	12.4%	275%
2009-2012	13.2%	204%

Source: Standard & Poor's Analyst's Handbook, 2013 edition, page 1.

**RISK INDICATORS**

COMPANY	VALUE LINE SAFETY	VALUE LINE BETA	VALUE LINE FINANCIAL STRENGTH		S & P STOCK RANKING	
<b>Parcell Proxy Group</b>						
American Electric Power Co.	3	0.70	B++	3.67	B	3.00
Consolidated Edison Co.	1	0.60	A+	4.33	B+	3.33
DTE Energy Company	2	0.80	B++	3.67	B+	3.33
Duke Energy Corp	2	0.65	A	4.00	B	3.00
Edison International	2	0.75	B++	3.67	B	3.00
Entergy Corp	3	0.70	B++	3.67	A	4.00
FirstEnergy Corp.	3	0.75	B+	3.33	B+	3.33
Northeast Utilities	2	0.75	B++	3.67	B	3.00
PG&E Corp	3	0.55	B+	3.33	B	3.00
PPL Corp.	3	0.65	B++	3.67	B+	3.33
Southern Company	1	0.55	A	4.00	A-	3.67
Xcel Energy Inc.	2	0.65	B++	3.67	B+	3.33
	2.3	0.68	B++	3.72	B+	3.28
<b>Hadaway Comparable Company Group</b>						
ALLETE	2	0.75	A	4.00	B	3.00
Alliant Energy Co.	2	0.75	A	4.00	B	3.00
American Electric Power Co.	3	0.70	B++	3.67	B	3.00
Avista Corp.	2	0.70	A	4.00	A-	3.67
Black Hills Corp.	3	0.85	B+	3.33	B	3.00
CMS Energy Corp.	3	0.70	B+	3.33	B	3.00
Cleco Corp	1	0.70	A	4.00	B	3.00
DTE Energy Company	2	0.80	B++	3.67	B+	3.33
Duke Energy	2	0.65	A	4	B	3
Great Plains Energy, Inc.	3	0.85	B+	3.33	B	3.00
Hawaiian Electric Industries, Inc.	2	0.70	B++	3.67	B	3.00
IDACORP, Inc.	2	0.70	B++	3.67	B+	3.33
Integrays Energy	2	1.00	A	4.00	B	3.00
NextEra Energy	2	0.70	A	4.00	A	4.00
NorthWestern	3	0.70	B+	3.33	NR	
Pinnacle West Capital Corp	1	0.70	A	4.00	B	3.00
Portland General Electric	2	0.75	B++	3.67	NR	
SCANA Corp.	2	0.70	B++	3.67	A-	3.67
Sempra Energy	2	0.80	A	4.00	B+	3.33
Southern Company	1	0.55	A	4.00	A-	3.67
UNS Energy Corp.	3	0.70	B+	3.33	A-	3.67
Westar Energy	2	0.75	B++	3.67	B+	3.33
Wisconsin Energy	1	0.65	A	4.00	A	4.00
Xcel Energy Inc.	2	0.65	B++	3.67	B+	3.33
Average	2.1	0.73	B++	3.75	B+	3.29

## RISK INDICATORS

GROUP	VALUE LINE SAFETY	VALUE LINE BETA	VALUE LINE FIN STR	S & P STK RANK
S & P's 500 Composite	2.7	1.05	B++	B
Parcell Proxy Group	2.3	0.68	B++	B+
Hadaway Comparable Company Group	2.1	0.73	B++	B+

Sources: Value Line Investment Survey, Standard & Poor's Stock Guide.

**Definitions:**

Safety rankings are in a range of 1 to 5, with 1 representing the highest safety or lowest risk.

Beta reflects the variability of a particular stock, relative to the market as a whole. A stock with a beta of 1.0 moves in concert with the market, a stock with a beta below 1.0 is less variable than the market, and a stock with a beta above 1.0 is more variable than the market.

Financial strengths range from C to A++, with the latter representing the highest level.

Common stock rankings range from D to A+, with the later representing the highest level.

**ENTERGY TEXAS, INC.  
RATING AGENCY RATIOS**

<b>ITEM</b>	<b>PERCENT</b>	<b>COST RATE</b>	<b>WEIGHTED COST</b>	<b>PRE-TAX COST</b>
Long-Term Debt	51.41%	6.73%	3.46%	3.46%
Common Equity	<u>48.59%</u>	9.30%	<u>4.52%</u>	<u>6.95%</u> (1)
<b>TOTAL CAPITAL</b>	<b>100.00%</b>		<b>7.98%</b>	<b>10.41%</b>

(1) Post-tax weighted cost divided by .65 (composite tax factor)

Pre-tax coverage =  $10.41\% / (3.46\%)$   
**3.01 X**

Standard & Poor's Utility Benchmark Ratios:

	<u>BBB</u>
Pre-tax coverage (X)	
Business Position:	
4	2.2 - 3.3 x
Total Debt to Total Capital (%)	
Business Position	
4	52 - 62 %

Note: Standard & Poor's no longer employs the pre-tax coverage ratios as one of its qualitative ratings criteria. The above-cited S&P benchmark ratios reflect the 1999 criteria reported by S&P.

[Blank Page]

SOAH DOCKET NO. 473-14-0366  
PUCT DOCKET NO. 41791

APPLICATION OF ENTERGY	§	
TEXAS, INC. FOR AUTHORITY TO	§	BEFORE THE STATE
CHANGE RATES AND RECONCILE	§	OFFICE OF ADMINISTRATIVE
FUEL COSTS	§	HEARINGS

**RATE CASE EXPENSE AFFIDAVIT OF DAVID C. PARCELL  
PROVIDING ACTUAL EXPENSES THROUGH DECEMBER 31, 2013**

I, David C. Parcell, state the following facts upon my oath.

1. My name is David C. Parcell. I am over eighteen years of age and am not disqualified from making this affidavit.
2. I am President of Technical Associates, Inc. I have been retained by the Cities' Steering Committee to represent certain Cities served by Entergy Texas, Inc. ("ETI") in the instant case at the Public Utility Commission of Texas. My business address is 9030 Stony Point Parkway, Suite 580, Richmond, VA 23235.
3. I am giving this affidavit to address the necessity for and reasonableness of Technical Associates, Inc.'s actual fee related charges through December 31, 2013.
4. Technical Associates, Inc.'s actual fees through December 31, 2013, correspond to time for reviewing the application, developing and reviewing discovery, and providing pre-filed written testimony. The hours charged are set forth in the following table.

**TECHNICAL ASSOCIATES, INC.'s EXPENSES  
SEPTEMBER 2013 THROUGH DECEMBER 31, 2013**

<u>CONSULTANTS</u>	<u>HOURLY RATE</u>	<u>HOURS</u>	<u>ACTUAL TOTAL</u>
David Parcell	\$200	107.0	\$21,400
Clerical	\$50	20.5	\$1,025
<b>Total Actual</b>			<b>\$22,425</b>

5. My billing rate is \$200 per hour. This is my normal billing rate that I charge for services provided to both regulated and non-regulated entities. This rate is reasonable for a consultant providing these types of services before utility regulatory agencies in Texas. The hourly rate is especially reasonable given I have more than 40 years of utility rate regulatory experience. Part of the basis for my opinion is a review of the hourly rates charged by other consultants to perform similar services.

6. No Technical Associates, Inc. personnel billed in excess of 12 hours on any given day to this case. No Technical Associates, Inc. personnel incurred any airline, lodging, or meal expenses. No Technical Associates, Inc. personnel charged for any luxury items. There are no instances of double billing for Technical Associates, Inc.'s services.
7. Based on my extensive experience relating to analysis of rate proceeding matters and the reasonableness of rate case expenses before the Public Utility Commission of Texas, I conclude that: (1) Technical Associates, Inc.'s hourly rates are reasonable; and (2) the 127.5 actual hours in this case are both reasonable and necessary.
8. The statements made in this affidavit are true and correct.

David C. Parcell  
DAVID C. PARCELL

STATE OF Virginia §  
City §  
COUNTY OF Richmond §

SUBSCRIBED AND SWORN to before me, the undersigned authority, on the 6<sup>th</sup> day of January, 2014, by DAVID C. PARCELL.



Jennifer R. Dolen  
Notary Public, State of Virginia  
My Commission Expires: 10-31-14