Conditional Equity Risk Premium Update

The lockdown policies helped slow the expansion of the virus in the U.S., and the support from the U.S. government and the Fed kept businesses and consumers afloat. By the end of spring and into the summer of 2020, businesses started to reopen, and the economy started to show some signs of recovery. After collapsing 5% and 31.4% in the first and second quarters of 2020, respectively, the U.S. economy grew in *real* terms by an annualized 33.1% in the third quarter.[1] Nevertheless, by the end of the third quarter, *nominal* U.S. gross domestic product (GDP) remained at a lower level than at year-end 2019. Furthermore, real GDP is still expected to contract in 2020 by the worst percentage amount since World War II.

In the fourth quarter of 2020, U.S. equity markets reached new all-time highs, spurred by optimism about new COVID-19 vaccines and the expectation of continued support by the Fed (including ultra-low interest rates through at least 2023, and possibly longer), coupled with lower uncertainty regarding the impact of U.S. presidential elections on the economy and future corporate earnings. Equity volatility reverted to levels close to long-term averages, and corporate credit spreads have narrowed to historical averages. Consumer confidence and business optimism improved, although the former is still far below the levels observed prior to the outbreak.

Duff & Phelps goes beyond historical measures of ERP by examining approaches that are sensitive to current economic and financial market conditions. In Exhibit 1 we list the primary factors considered when arriving at the Duff & Phelps Recommended U.S. ERP. Specifically, Exhibit 1 documents the evolution of these factors from March 25, 2020 through November 30, 2020, along with the corresponding relative impact on ERP indications.

Basis for Estimating the U.S. Equity Risk Premium as of December 9, 2020

EXHIBIT 1: FACTORS CONSIDERED IN THE U.S. ERP RECOMMENDATION: RELATIVE CHANGE FROM MARCH TO NOVEMBER 2020

FACTOR	CHANGE	EFFECT ON ERP
U.S. Equity Markets	▲	▼
Implied Equity Volatility	▼	▼
Corporate Spreads	▼	▼
Economic Policy Uncertainty (EPU) and Equity Uncertainty Indices	▼	▼
Historical Real GDP Growth and Forecasts	▼	▲
Unemployment Environment	▼	▲
Consumer Confidence	▼	▲
Business Confidence	▲	▼
Sovereign Credit Ratings	◀▶	◀▶
Damodaran Implied ERP Model	▼	▼
Default Spread Model	▼	▼

[1] Source: U.S. Bureau of Economic Analysis (BEA). Information accurate as of November 30, 2020.

Currently, the U.S. is experiencing a third wave of COVID-19 cases, which is proving to be more severe than the first (in March and April) and the second one (in June and July). Daily new COVID-19 cases have reached a record high in early December 2020, and so have the daily number of deaths. This new wave could lead to a stalling of the recovery, or to another period of economic contraction, as states across the U.S. have already begun (or are considering) a new round of lockdowns until COVID-19 vaccines are more widely available.

There are still a number of risk factors and sources of uncertainty that may impact the shape of the U.S. economic recovery and the pattern of behavior by financial markets over the next few months:

There are still a number of risk factors and sources of uncertainty that may impact the shape of the U.S. economic recovery

- Two vaccines (one from Moderna and another from a partnership between Pfizer and BioNTech) have shown efficacy rates around 95%. Both vaccines have been submitted for emergency approval by the U.S. Food & Drug Administration (FDA), and shipments of the vaccines were expected to begin in late December. A third vaccine developed by AstraZeneca and Oxford University showed some promising but mixed results, with additional trials required before it can be considered for FDA approval.

- The rollout of the vaccines to the public is expected to initially be limited to those individuals considered to be at high risk, such as health care and other critical workers, as well as nursing home residents. Manufacturing, supply chain, and distribution challenges are anticipated to negatively impact the speed of delivery, but the vaccines are nonetheless expected to be accessible to most of the U.S. population by mid-2021. Another potential challenge is the resistance among certain pockets of the population to receive COVID-19 inoculations, which may slow the achievement of "herd" immunity.

- Until the COVID-19 health crisis is resolved, either through vaccination(s) or better treatments, the economy may be unable to fully recover. Fed chairman Jerome Powell and other members of the Federal Open Market Committee (FOMC) have stated that additional fiscal stimulus is needed to support the fragile economic recovery and prevent a possible relapse.[2]

- Agreement on a second major fiscal stimulus package proved to be difficult and discussions have been fraught with political division. The U.S. Congress and the White House have been unable to agree on the size and scope of a new stimulus package, but it now appears that the approval of a smaller, more limited bipartisan package may be possible before year end.

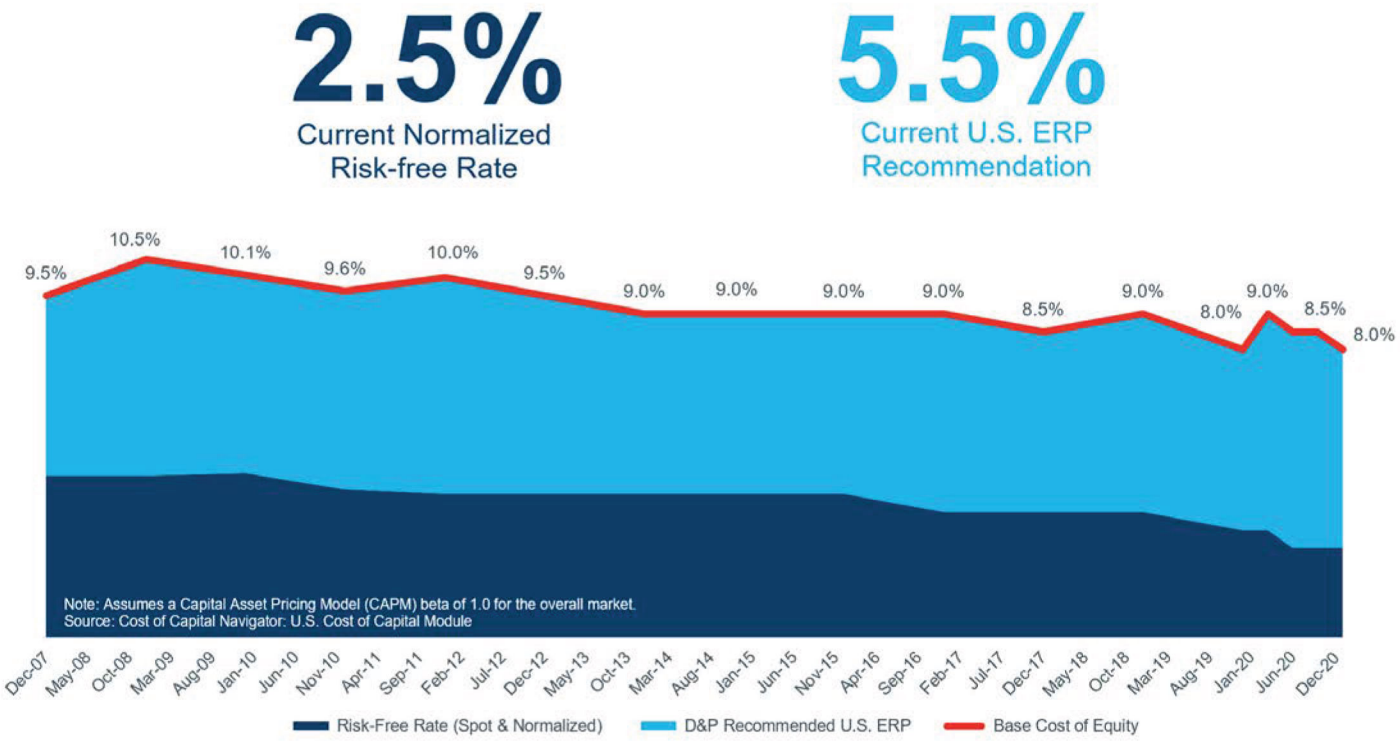
- As more states certify their U.S. presidential election results, uncertainty around the election is lessening. Financial markets appeared to initially welcome a potentially divided legislature, with Republicans in control of the U.S. Senate and Democrats controlling the House of Representatives, making it less likely that large increases in corporate and individual tax rates and other potentially business-unfriendly ideas proposed during the election campaign would be enacted. Ultimate control of the Senate will be decided in January 2021 after the Georgia run-off elections; a loss of the two Republican seats would give Democrats control of the Senate, which could lead to the enactment of business-unfriendly legislation that lowers future after-tax corporate earnings.

[2] The Fed has the responsibility for setting monetary policy in the U.S. by controlling the three tools of monetary policy: open market operations, the discount rate, and reserve requirements. The Board of Governors of the Federal Reserve System is responsible for setting the discount rate and reserve requirements, while he FOMC is the committee charged under U.S. law with overseeing the nation's open market operations (i.e., the Fed's buying and selling of U.S. Treasury securities).

Conclusion

Taken together, we find sufficient support to decrease our ERP recommendation relative to our previous recommendation, although not yet to the same level recommended at year-end 2019.[3] Accordingly, Duff & Phelps recommends a **U.S. Equity Risk Premium of 5.5%** when developing discount rates as of December 9, 2020 and thereafter, until further guidance is issued. This recommendation is to be used in conjunction with a **normalized risk-free rate of 2.5%**, implying an 8.0% (2.5% + 5.5%) base cost of equity (i.e. assuming a market beta of 1.0).

While this recommendation has an effective date of December 9, 2020, some of the factors that were considered when lowering the D&P Recommended U.S. ERP to 5.5% were already present in late November, such as positive vaccine news and the partial resolution of U.S. election results.



[3] At year-end 2019, the Duff & Phelps' U.S. equity risk premium recommendation was 5.0%.

DUFF&PHELPS

Protect, Restore and Maximise Value

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Principles *of* Corporate Finance

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TABLE 7.1 Average rates of return on U.S. Treasury bills, government bonds, and common stocks, 1900–2014 (figures in % per year).

Source: E. Dimson, P. R. Marsh, and M. Staunton, *Triumph of the Optimists: 101 Years of Investment Returns,* (Princeton, NJ: Princeton University Press, 2002), with updates provided by the authors.

	Average Annual Rate of Return		
	Nominal	Real	Average Risk Premium (Extra Return versus Treasury Bills)
Treasury bills	3.8	1.0	0
Government bonds	5.4	2.4	1.5
Common stocks	11.5	8.4	7.7

to keep up with inflation. An investment in long-term Treasury bonds would have produced $278. Common stocks were in a class by themselves. An investor who placed a dollar in the stocks of large U.S. firms would have received $38,255.

We can also calculate the rate of return from these portfolios for each year from 1900 to 2014. This rate of return reflects both cash receipts—dividends or interest—and the capital gains or losses realized during the year. Averages of the 115 annual rates of return for each portfolio are shown in Table 7.1.

Over this period, Treasury bills have provided the lowest average return—3.8% per year in *nominal* terms and 1.0% in *real* terms. In other words, the average rate of inflation over this period was about 3% per year. Common stocks were again the winners. Stocks of major corporations provided an average nominal return of 11.5%. By taking on the risk of common stocks, investors earned a *risk premium* of 11.5 – 3.8 = 7.7% over the return on Treasury bills.[4]

You may ask why we look back over such a long period to measure average rates of return. The reason is that annual rates of return for common stocks fluctuate so much that averages taken over short periods are meaningless. Our only hope of gaining insights from historical rates of return is to look at a very long period.[5]

Arithmetic Averages and Compound Annual Returns

Notice that the average returns shown in Table 7.1 are arithmetic averages. In other words, we simply added the 115 annual returns and divided by 115. The arithmetic average is higher than the compound annual return over the period. The 115-year compound annual return for common stocks was 9.6%.[6]

The proper uses of arithmetic and compound rates of return from past investments are often misunderstood. Therefore, we call a brief time-out for a clarifying example.

Suppose that the price of Big Oil's common stock is $100. There is an equal chance that at the end of the year the stock will be worth $90, $110, or $130. Therefore, the return could be −10%, +10%, or +30% (we assume that Big Oil does not pay a dividend). The *expected* return is $\frac{1}{3}(-10 + 10 + 30) = +10\%$.

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[4]The risk premium for bonds doesn't "add up" because of rounding.

[5]We cannot be sure that this period is truly representative and that the average is not distorted by a few unusually high or low returns. The reliability of an estimate of the average is usually measured by its *standard error*. For example, the standard error of our estimate of the average risk premium on common stocks is 1.9%. There is a 95% chance that the *true* average is within plus or minus 2 standard errors of the 7.7% estimate. In other words, if you said that the true average was between 3.9% and 11.5%, you would have a 95% chance of being right. *Technical note:* The standard error of the average is equal to the standard deviation divided by the square root of the number of observations. In our case the standard deviation of the risk premium is 20.2%, and therefore the standard error is $20.2/\sqrt{115} = 1.9\%$

[6]*This was calculated from* $(1 + r)^{115} = 38{,}255$, *which implies* $r = .096$. *Technical note: For log normally distributed returns* the annual compound return is equal to the arithmetic average return minus half the variance. For example, the annual standard deviation of returns on the U.S. market was about .20, or 20%. Variance was therefore $.20^2$, or .04. The compound annual return is about .04/2 = .02, or 2 percentage points less than the arithmetic average.

BETAS AND THEIR REGRESSION TENDENCIES

MARSHALL E. BLUME*

I. INTRODUCTION

A PREVIOUS STUDY [3] showed that estimated beta coefficients, at least in the context of a portfolio of a large number of securities, were relatively stationary over time. Nonetheless, there was a consistent tendency for a portfolio with either an extremely low or high estimated beta in one period to have a less extreme beta as estimated in the next period. In other words, estimated betas exhibited in that article a tendency to regress towards the grand mean of all betas, namely one. This study will examine in further detail this regression tendency.[1]

The next section presents evidence showing the existence of this regression tendency and reviews the conventional reasons given in explanation [1], [4], [5]. The following section develops a formal model of this regression tendency and finds that the conventional analysis of this tendency is, if not incorrect, certainly misleading. Accompanying this theoretical analysis are some new empirical results which show that a major reason for the observed regression is real non-stationarities in the underlying values of beta and that the so-called "order bias" is not of dominant importance.

II. THE CONVENTIONAL WISDOM

If an investor were to use estimated betas to group securities into portfolios spanning a wide range of risk, he would more than likely find that the betas estimated for the very same portfolios in a subsequent period would be less extreme or closer to the market beta of one than his prior estimates. To illustrate, assume that the investor on July 1, 1933, had at his disposal an estimate of beta for each common stock which had been listed on the NYSE (New York Stock Exchange) for the prior seven years, July 1926-June 1933. Assume further that each estimate was derived by regressing the eighty-four monthly relatives covering this seven-year period upon the corresponding values for the market portfolio.[2]

If this investor, say, desired equally weighted portfolios of 100 securities, he might group those 100 securities with the smallest estimates of beta together to form a portfolio. Such a portfolio would of all equally

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1. Quite apart from this regression tendency, it is reasonable to suppose that betas do change over time in systematic ways in response to certain changes in the structure of companies.

2. Such regressions were calculated only for securities with complete data. The relative for the market portfolio was measured by Fisher's Combination Link Relative [6].

weighted portfolios have the smallest possible estimated portfolio beta since an estimate of such a portfolio beta can be shown to be an average of the estimates for the individual securities [2, p. 169]. To cover a wide range of portfolio betas, this investor might then form a second portfolio consisting of the 100 securities with the next smallest estimates of beta, and so on.

Using the securities available as of June 1933, this investor could thus obtain four portfolios of 100 securities apiece with no security in common. Estimated over the same seven-year period, July 1926-June 1933, the betas for these portfolios[3] would have ranged from 0.50 to 1.53. Similar portfolios can be constructed for each of the next seven-year periods through 1954 and their portfolio betas calculated. Table 1 contains these estimates under the heading "Grouping Period."

The betas for these same portfolios, but reestimated using the monthly portfolio relatives adjusted for delistings from the seven years following the grouping period, illustrate the magnitude of the regression tendency.[4] Whereas the portfolio betas as estimated, for instance, in the grouping period 1926-33 ranged from 0.50 to 1.53, the betas as estimated for these same portfolios in the subsequent seven-year period 1933-40 ranged only from 0.61 to 1.42. The results for the other periods display a similar regression tendency.

An obvious explanation of this regression tendency is that for some unstated economic or behavioral reasons, the underlying betas do tend to regress towards the mean over time.[5] Yet, even if the true betas were constant over time, it has been argued that the portfolio betas as estimated in the grouping period would as a statistical artifact tend to be more extreme than those estimated in a subsequent period. This bias has sometimes been termed an order or selection bias.

The frequently given intuitive explanation of this order bias [1], [4], [5], parallels the following: Consider the portfolio formed of the 100 securities with the lowest estimates of beta. The estimated portfolio beta might be expected to understate the true beta or equivalently be expected to be measured with negative error. The reason the measurement error might

3. These portfolio betas were derived by averaging the 100 estimates for the individual securities. Alternatively, as [2] shows, the same number would be obtained by regressing the monthly portfolio relatives upon the market index where the portfolio relatives are calculated assuming an equal amount invested in each security at the beginning of each month.

4. These portfolio betas were calculated by regressing portfolio relatives upon the market relatives. The portfolio relatives were taken to be the average of the monthly relatives of the individual securities for which relatives were available. These relatives represent those which would have been realized from an equally-weighted, monthly rebalancing strategy in which a delisted security is sold at the last available price and the proceeds reinvested equally in the remaining securities. This rather complicated procedure takes into account delisted securities and therefore avoids any survivorship bias. In [3], the securities analyzed were required to be listed on the NYSE throughout both the grouping period and the subsequent period, so that there was a potential survivorship bias. Nonetheless, the results reported there are in substantive agreement with the results in Table 1.

5. If the betas are continually changing over time, an estimate of beta as provided by a simple regression must be interpreted with considerable caution. For example, if the true beta followed a linear time trend, it is easily shown that the estimated beta can be interpreted as an unbiased estimate of the beta in the middle of the sample period. A similar interpretation would not in general hold if, for instance, the true beta followed a quadratic time trend.

TABLE 1
BETA COEFFICIENTS FOR PORTFOLIOS OF 100 SECURITIES

Portfolio	Grouping Period	First Subsequent Period
	7/26-6/33	7/33-6/40
1	0.50	0.61
2	0.85	0.96
3	1.15	1.24
4	1.53	1.42
	7/33-6/40	7/40-6/47
1	0.38	0.56
2	0.69	0.77
3	0.90	0.91
4	1.13	1.12
5	1.35	1.31
6	1.68	1.69
	7/40-6/47	7/47-6/54
1	0.43	0.60
2	0.61	0.76
3	0.73	0.88
4	0.86	0.99
5	1.00	1.10
6	1.21	1.21
7	1.61	1.36
	7/47-6/54	7/54-6/61
1	0.36	0.57
2	0.61	0.71
3	0.78	0.88
4	0.91	0.96
5	1.01	1.03
6	1.13	1.13
7	1.26	1.24
8	1.47	1.32
	7/54-6/61	7/61-6/68
1	0.37	0.62
2	0.56	0.68
3	0.72	0.85
4	0.86	0.85
5	0.99	0.95
6	1.11	0.98
7	1.23	1.07
8	1.43	1.25

be expected to be negative may best be explored by analyzing how a security might happen to have one of the 100 lowest estimates of beta. First, if the true beta were in the lowest hundred, the estimated beta would fall in the lowest 100 estimates only if the error in measuring the beta were not too large which roughly translates into more negative than positive errors. Second, if the true beta were not in the lowest 100, the

estimated beta might still be in the lowest 100 estimates if it were measured with a sufficiently large negative error.[6]

Thus, the negative errors in the 100 smallest estimates of beta might be expected to outweigh the positive errors. The same argument except in reverse would apply to the 100 largest estimates. Indeed, it would seem that any portfolio of securities stratified by estimates of beta for which the average of these estimates is not the grand mean of all betas, namely 1.0, would be subject to some order bias. It would also seem that the absolute magnitude of this order bias should be greater, the further the average estimate is from the grand mean. The next section formalizes this intuitive argument and suggests that, if it is not incorrect, it is certainly misleading as to the source of the bias.

III. A Formal Model

The intuitive explanation of the order bias just given would seem to suggest that the way in which the portfolios are formed caused the bias. This section will argue that the bias is present in the estimated betas for the individual securities and is not induced by the way in which the portfolios are selected. Following this argument will be an analysis of the extent to which this order bias accounts for the observed regression tendency in portfolio betas over time.

A numerical example will serve to illustrate the logic of the subsequent argument and to introduce some required notation.[7] Assume for the moment that the possible values of beta for an individual security i in period t, β_{it}, are 0.8, 1.0 and 1.2 and that each of these values is equally likely. Assume further that in estimating a beta for an individual security, there is a 0.6 probability that the estimate $\hat{\beta}_{it}$ contains no measurement error, a 0.2 probability that it understates the true β_{it} by 0.2, and a 0.2 probability that it overstates the true value by 0.2. Now in a sample of ten securities whose true betas were all say 0.8, one would expect two estimates of beta to be 0.6, six to be 0.8, and two to be 1.0. These numbers have been transcribed to the first row of Table 2. The second and third rows are similarly constructed by first assuming that the ten securities all had a true value of 1.0 and then of 1.2.

The rows of Table 2 thus correspond to the distribution of the estimated beta, $\hat{\beta}_{it}$, conditional on the true value, β_{it}. It might be noted that the expectation of $\hat{\beta}_{it}$ conditional on β_{it}, $E(\hat{\beta}_{it} \mid \beta_{it})$, is β_{it}. However, in a sampling situation, an investigator would be faced with an estimate of beta and would want to assess the distribution of the true β_{it} conditional on the estimated $\hat{\beta}_{it}$. Such conditional distributions correspond to the columns of Table 2. It is easily verified that the expectation of β_{it} conditional on $\hat{\beta}_{it}$, $E(\beta_{it} \mid \hat{\beta}_{it})$ is generally not $\hat{\beta}_{it}$. For example, if $\hat{\beta}_{it}$ were

6. It is theoretically possible that the estimated beta for a security whose true beta does not fall into the lowest 100 to be in the lowest 100 estimates with a positive measurement error if the betas for some of the improperly classified securities are measured with sufficiently large positive errors.

7. The author is indebted to Harry Markowitz for suggesting this numerical example as a way of clarifying the subsequent formal development.

TABLE 2
NUMBER OF SECURITIES CROSS CLASSIFIED BY β_{it} AND $\hat{\beta}_{it}$

		$\hat{\beta}_{it}$				
		.6	.8	1.0	1.2	1.4
	.8	2	6	2		
β_{it}	1.0		2	6	2	
	1.2			2	6	2

0.8, $E(\beta_{it} \mid \hat{\beta}_{it} = 0.8)$ would be 0.85 since with this estimate the true beta would be 0.8 with probability 0.75 or 1.0 with probability 0.25.[8]

The estimate $\hat{\beta}_{it}$, therefore, would typically be biased, and it is biased whether or not portfolios are formed. The effect of forming large portfolios is to reduce the random component in the estimate, so that the difference between the estimated portfolio beta and the true portfolio beta can be ascribed almost completely to the magnitude of the bias.

In the spirit of this example, the paper will now develop explicit formulae for the order bias and real non-stationarities over time. Let it be assumed that the betas for individual securities in period t, β_{it}, can be thought of as drawings from a normal distribution with a mean of 1.0 and variance $\sigma^2(\beta_{it})$. The corresponding assumption for the numerical example just discussed would be a trinomial distribution with equal probabilities for each possible value of β_{it}.

Let it additionally be assumed that the estimate, $\hat{\beta}_{it}$, measures β_{it} with error η_{it}, a mean-zero independent normal variate, so that $\hat{\beta}_{it}$ is given by the sum of β_{it} and η_{it}. It immediately follows that β_{it} and $\hat{\beta}_{it}$ are distributed by a bivariate normal distribution. It might be noted that, as formulated, $\sigma^2(\eta_{it})$ need not equal $\sigma^2(\eta_{jt})$, $i \neq j$. Since the empirical work will assume equality, the subsequent theoretical work will also make this assumption even though for the most part it is not necessary. The final assumption is that β_{it} and β_{it+1} are distributed as bivariate normal variates. Because η_{it} is independently distributed, $\hat{\beta}_{it}$ and β_{it+1} will be distributed by a bivariate normal distribution.

That $\hat{\beta}_{it}$ and β_{it+1} are bivariate normal random variables, each with a mean of 1.0, implies the following regression

$$E(\beta_{it+1} \mid \hat{\beta}_{it}) - 1 = \frac{\text{Cov}\,(\beta_{it+1}, \hat{\beta}_{it})}{\sigma^2(\hat{\beta}_{it})}\,(\hat{\beta}_{it} - 1). \tag{1}$$

This regression is similar to the procedure proposed in Blume [3] to adjust the estimated betas for the regression tendency. That procedure was to regress estimates of beta for individual securities from a later period on estimates from an earlier period and to use the coefficients from this regression to adjust future estimates.[9] The empirical evidence

8. For further and more detailed discussion of the distinction between $E(\beta_{it} \mid \hat{\beta}_{it})$ and $E(\hat{\beta}_{it} \mid \beta_{it})$, the reader is referred to Vasicek [7].

9. That the regression of estimated betas from a later period on estimates from an earlier period is similar to (1) follows from noting that $E(\hat{\beta}_{it+1} \mid \beta_{it})$ equals $E(\beta_{it+1} \mid \hat{\beta}_{it})$ and that $\text{Cov}(\hat{\beta}_{it+1}, \beta_{it})$ equals $\text{Cov}(\beta_{it+1}, \hat{\beta}_{it})$. In [3], the grand mean of all betas was estimated in each period and was not assumed equal to 1.0.

presented there indicated that this procedure did improve the accuracy of estimates of future betas, though no claim was made that there might not be better ways to adjust for the regression tendency.

The coefficient of $(\hat{\beta}_{it} - 1)$ in (1) can be broken down into two components: one of which would correspond to the so-called order bias and the other to a true regression tendency. To achieve this result, note that the covariance of β_{it+1} and $\hat{\beta}_{it}$ is given by $\text{Cov}(\beta_{it+1}, \beta_{it} + \eta_{it})$, which because of the assumed independence of the errors, reduces to the covariance of β_{it+1} and β_{it}. Making this substitution and replacing $\text{Cov}(\beta_{it+1}, \beta_{it})$ by $\rho(\beta_{it+1}, \beta_{it})\sigma(\beta_{it+1})\sigma(\beta_{it})$, (1) becomes

$$E(\beta_{it+1} \mid \hat{\beta}_{it}) - 1 = \frac{\rho(\beta_{it+1}, \beta_{it})\sigma(\beta_{it+1})\sigma(\beta_{it})}{\sigma^2(\hat{\beta}_{it})} (\hat{\beta}_{it} - 1). \tag{2}$$

The ratio of $\sigma(\beta_{it})\sigma(\beta_{it+1})$ to $\sigma^2(\hat{\beta}_{it})$ might be identified with the order bias and the correlation of β_{it} and β_{it+1} with a true regression.

If the underlying values of beta are stationary over time, the correlation of successive values will be 1.0 and the standard deviations of β_{it} and β_{it+1} will be the same. Assuming such stationarity and noting then that β_{it+1} equals β_{it}, equation (2) can be rewritten as[10]

$$\begin{aligned} E(\beta_{it+1} \mid \hat{\beta}_{it}) - 1 &= E(\beta_{it} \mid \hat{\beta}_{it}) - 1 \\ &= \frac{\sigma^2(\beta_{it})}{\sigma^2(\hat{\beta}_{it})} (\hat{\beta}_{it} - 1). \end{aligned} \tag{3}$$

Since $\sigma^2(\beta_{it})$ would be less than $\sigma^2(\hat{\beta}_{it})$ if beta is measured with any error, the coefficient of $(\hat{\beta}_{it} - 1)$ would be less than 1.0. This means that the true beta for a security would be expected to be closer to one than the estimated value. In other words, an estimate of beta for an individual security except for an estimate of 1.0 is biased.[11]

10. Equation (3) can be derived alternatively from the assumption that β_{it} and $\hat{\beta}_{it}$ are bivariate normal variables and under the assumption of stationarity β_{it} will equal β_{it+1}. Vasicek [7] has developed using Bayes' Theorem, an expression for $E(\beta_{it}|\hat{\beta}_{it})$ which can be shown to be mathematically identical to the right hand side of (3): He observed that the procedure used by Merrill Lynch, Pierce, Fenner and Smith, Inc. in their Security Risk Evaluation Service is similar to his expression if $\sigma^2(\eta_{it})$ is assumed to be the same for all securities. Merrill Lynch's procedure, as he presented it, is to use the coefficient of the cross-sectional regression of $(\hat{\beta}_{it+1} - 1)$ on $(\hat{\beta}_{it} - 1)$ to adjust future estimates. This adjustment mechanism is in fact the same as (1) or (2) which shows that such a cross sectional regression takes into account real changes in the underlying betas. Only if betas were stationary over time would his formula be similar to Merrill Lynch's.

11. The formula for order bias given by (3) is similar to that which measures the bias in the estimated slope coefficient in a regression on one independent variable measured with error. Explicitly, consider the regression, $y = bx + \epsilon$, where ϵ is an independent mean-zero normal disturbance and both y and x are measured in deviate form. Now if x is measured with independent mean-zero error η and y is regressed on $x + \eta$, it is well known that the estimated coefficient, $\hat{b}$, will be biased toward zero and the probability limit of $\hat{b}$ is $\frac{b}{1 + \frac{\sigma^2(\eta)}{\sigma^2(x)}}$. This expression can be rewritten as $\frac{\sigma^2(x)}{\sigma^2(x + \eta)}$ b. Interpreting x as the true beta less 1.0, the correspondence to (3) is obvious. In this type of regression, one could either adjust the independent variables themselves for bias and thus obtain an unbiased estimate of the regression coefficient or run the regression on the unadjusted variables and then adjust the regression coefficient. The final coefficient will be the same in either case.

In light of this discussion, the paper now reexamines the empirical results of the previous section. The initial task will be to adjust the portfolio betas in the grouping periods for the order bias. After making this adjustment, it will be apparent that much of the regression tendency observed in Table 1 remains. Thus, if (2) is valid, the value of the correlation coefficient is probably not 1.0. The statistical properties of estimates of the portfolio betas in both the grouping and subsequent periods will be examined. The section ends with an additional test that gives further confirmation that much of the regression tendency stems from true non-stationarities in the underlying betas.

To adjust the estimates of beta in the grouping periods for the order bias using (3) would require estimates of the ratio of $\sigma^2(\beta_{it})$ to $\sigma^2(\hat{\beta}_{it})$. The sample variance calculated from the estimated betas for all securities in a particular cross-section provides an estimate of $\sigma^2(\hat{\beta}_{it})$. An estimate of $\sigma^2(\beta_{it})$ can be derived as the difference between estimates of $\sigma^2(\hat{\beta}_{it})$ and $\sigma^2(\eta_{it})$. If the variance of the error in measuring an individual beta is the same for every security, $\sigma^2(\eta_{it})$ can be estimated as the average over all securities of the squares of the standard error associated with each estimated beta.

In conformity with these procedures, estimates of the ratio of $\sigma^2(\beta_{it})$ to $\sigma^2(\hat{\beta}_{it})$ for the five seven-year periods from 1926 through 1961 were respectively 0.92, 0.92, 0.89, 0.82, and 0.75. In other words, an unbiased estimate of the underlying beta for an individual security should be some eight to twenty-five per cent closer to 1.0 than the original estimate. For instance, if $\sigma^2(\beta_{it})/\sigma^2(\hat{\beta}_{it})$ were 0.9 and if $\hat{\beta}_{it}$ were 1.3, an unbiased estimate would be 1.27.

To determine whether the order bias accounted for all of the regression, the estimated betas for the individual securities were adjusted for the order bias using (3) and the appropriate value of the ratio. For the same portfolios of 100 securities examined in the previous section, portfolio betas for the grouping period were recalculated as the average of these adjusted betas. It might be noted that these adjusted portfolio betas could alternatively be obtained by adjusting the unadjusted portfolio betas directly. These adjusted portfolio betas are given in Table 3. For the reader's convenience, the unadjusted portfolio betas and those estimated in the subsequent seven years are reproduced from Table 1.

Before comparing these estimates, let us for the moment consider the statistical properties of the portfolio betas, first in the grouping period and then in the subsequent period. Though unadjusted estimates of the portfolio betas in the grouping period may be biased, they would be expected to be highly "reliable" as that term is used in psychometrics. Thus, regardless of what these estimates measure, they measure it accurately or more precisely their values approximate those which would be expected conditional on the underlying population and how they are calculated. For equally-weighted portfolios, the larger the number of securities, the more reliable would be the estimate.

Specifically, for an equally-weighted portfolio of 100 securities, the standard deviation of the error in the portfolio beta would be one-tenth

TABLE 3
BETA COEFFICIENTS FOR PORTFOLIOS OF 100 SECURITIES

Portfolio	Grouping Period: Unadjusted for Order Bias	Grouping Period: Adjusted for Order Bias	First Subsequent Period	Second Subsequent Period
	7/26-6/33		7/33-6/40	7/40-6/47
1	0.50	.54	0.61	0.73
2	0.85	.86	0.96	0.92
3	1.15	1.14	1.24	1.21
4	1.53	1.49	1.42	1.47
	7/33-6/40		7/40-6/47	7/47-6/54
1	0.38	.43	0.56	0.53
2	0.69	.72	0.77	0.86
3	0.90	.91	0.91	0.96
4	1.13	1.12	1.12	1.11
5	1.35	1.32	1.31	1.29
6	1.68	1.63	1.69	1.40
	7/40-6/47		7/47-6/54	7/54-6/61
1	0.43	.50	0.60	0.73
2	0.61	.65	0.76	0.88
3	0.73	.76	0.88	0.93
4	0.86	.88	0.99	1.04
5	1.00	1.00	1.10	1.12
6	1.21	1.19	1.21	1.14
7	1.61	1.54	1.36	1.20
	7/47-6/54		7/54-6/61	7/61-6/68
1	0.36	.48	0.57	0.72
2	0.61	.68	0.71	0.79
3	0.78	.82	0.88	0.88
4	0.91	.93	0.96	0.92
5	1.01	1.01	1.03	1.04
6	1.13	1.10	1.13	1.02
7	1.26	1.21	1.24	1.08
8	1.47	1.39	1.32	1.15
	7/54-6/61		7/61-6/68	
1	0.37	.53	0.62	
2	0.56	.67	0.68	
3	0.72	.79	0.85	
4	0.86	.89	0.85	
5	0.99	.99	0.95	
6	1.11	1.08	0.98	
7	1.23	1.17	1.07	
8	1.43	1.32	1.25	

the standard error of the estimated betas for individual securities providing the errors in measuring these individual betas were independent of each other. During the 1926-33 period, the average standard error of betas for individual securities was 0.12 so that the standard error of the portfolio beta would be roughly 0.012. The average standard error for individual securities increased gradually to 0.20 in the period July 1954-June 1961. For the next seven-year period ending June 1968, the average declined to 0.17.

As pointed out, standard errors for portfolio betas calculated from those for individual securities assume independence of the errors in estimates. The standard error for a portfolio beta can however be calculated directly without making this assumption of independence by regressing the portfolio returns on the market index. The standard error for the portfolio of the 100 securities with the lowest estimates of beta in the July 1926-June 1933 period was for instance, 0.018, which compares to 0.012 calculated assuming independence. The average standard error of the estimated betas for the four portfolios in this period was also 0.018. The average standard errors of the betas for the portfolios of 100 securities in the four subsequent seven-year periods ending June 1961 were respectively 0.025, 0.027, 0.024, and 0.027. Although these standard errors, not assuming independence, are about 50 per cent larger than before, they are still extremely small compared to the range of possible values for portfolio betas.

For the moment, let us therefore assume that the portfolio betas as estimated in the grouping period before adjustment for order bias are extremely reliable numbers in that whatever they measure, they measure it accurately. In this case, adjusting these portfolio betas for the order bias will give extremely reliable and unbiased estimates of the underlying portfolio beta and therefore these adjusted betas can be taken as very good approximations to the underlying, but unknown, values. The greater the number of securities in the portfolio, the better the approximation will be.

The numerical example in Table 2 gives an intuitive feel for what is happening. Consider a portfolio of a large number of securities whose estimated betas were all 0.8 in a particular sample. It will be recalled that such an estimate requires that the true beta be either 0.8 or 1.0. As the number of securities with estimates of 0.8 increases, one can be more and more confident that 75 per cent of the securities have true betas of 0.8 and 25 per cent have true betas of 1.0 or equivalently that an equally-weighted portfolio of these securities has a beta of 0.85.

The heuristic argument in the prior section might lead some to believe that, contrary to the estimates in the grouping period, there are no order biases associated with the portfolio betas estimated in the subsequent seven years. This belief, however, is not correct. Formally, the portfolios formed in the grouping period are being treated as if they were securities in the subsequent period. To estimate these portfolio betas, portfolio returns were calculated and regressed upon some measure of the market. In this paper so far, these portfolio returns were calculated under an equally-weighted monthly revision strategy in which delisted securities were sold at the last available price and the proceeds reinvested equally in the remaining. Other strategies are, of course, possible.

Since these portfolios are being treated as securities, formula (3) applies, so that there is still some "order bias" present. However, in determining the rate of regression, the appropriate measure of the variance of the errors in the estimates is the variance for the portfolio betas and not for the betas of individual stocks. This fact has the important effect of making the ratio of $\sigma^2(\beta_{it})$ to $\sigma^2(\hat{\beta}_{it})$ much closer to one than for

individual securities. Estimating $\sigma^2(\hat{\beta}_{it})$ and $\sigma^2(\eta_{it})$ for the portfolios formed on the immediately prior period, the value of this ratio for each of the four seven-year periods from 1933 to 1961 was in excess of 0.99 and for the last seven-year period in excess of 0.98. Thus, for most purposes, little error is introduced by assuming that these estimated portfolio betas contain no "order bias" or equivalently that these estimates measure accurately the true portfolio beta.

A comparison of the portfolio betas in the grouping period, even after adjusting for the order bias, to the corresponding betas in the immediately subsequent period discloses a definite regression tendency. This regression tendency is statistically significant at the five per cent level for each of the last three grouping periods, 1940-47, 1947-54, 1954-61.[12] Thus, this evidence strongly suggests that there is a substantial tendency for the underlying values of beta to regress towards the mean over time. Yet, it could be argued that this test is suspect because the formula used in adjusting for the order bias was developed under the assumption that the distributions of beta were normal. This assumption is certainly not strictly correct and it is not clear how sensitive the adjustment is to violations of this assumption.

A more robust way to demonstrate the existence of a true regression tendency is based upon the observation that the portfolio betas estimated in the period immediately subsequent to the grouping period are measured with negligible error and bias. These estimated portfolio betas can be compared to betas for the same portfolios estimated in the second seven years subsequent to the grouping period. These betas, which have been estimated in the second subsequent period and are given in Table 3, disclose again an obvious regression tendency. This tendency is significant at the five per cent level for the last three of the four possible comparisons.[13]

IV. Summary

Beginning with a review of the conventional wisdom, the paper showed that estimated beta coefficients tend to regress towards the grand mean of all betas over time. The next section presented two kinds of empirical analyses which showed that part of this observed regression tendency represented real nonstationarities in the betas of individual securities and that the so-called order bias was not of overwhelming importance.

In other words, companies of extreme risk—either high or low—tend to have less extreme risk characteristics over time. There are two logical

12. This test of significance was based upon the regression $(\hat{\beta}_{it+1} - 1) = b(\hat{\beta}_{it} - 1) + \epsilon_{it}$ where $\hat{\beta}_{it}$ has been adjusted for order bias. The estimated coefficients with the t-value measured from 1.0 in parentheses were for the five seven-years chronologically 0.86 (−1.14), 0.94 (−0.88), 0.71 (−3.84), 0.86 (−3.23), and 0.81 (−2.57). Note that even if β_{it} were measured with substantial independent error contrary to fact, the estimated b would not be biased towards zero because, as footnote 10 shows, the adjustment for the order bias has already corrected for this bias.

13. Using the same regression as in the previous footnote, the estimated coefficient b with the t-value measured from 1.0 in parentheses were for the four possible comparisons in chronological order 0.92 (−0.69), 0.74 (−2.67), 0.62 (−6.86), and 0.58 (−5.51).

explanations. First, the risk of existing projects may tend to become less extreme over time. This explanation may be plausible for high risk firms, but it would not seem applicable to low risk firms. Second, new projects taken on by firms may tend to have less extreme risk characteristics than existing projects. If this second explanation is correct, it is interesting to speculate on the reasons. For instance, is it a management decision or do limitations on the availability of profitable projects of extreme risk tend to cause the riskiness of firms to regress towards the grand mean over time? Though one could continue to speculate on the forces underlying this tendency of risk—as measured by beta coefficients—to regress towards the grand mean over time, it remains for future research to determine the explicit reasons.

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SURVEY OF PROFESSIONAL FORECASTERS

Release Date: February 12, 2021

FIRST QUARTER 2021

Stronger Economic Rebound with Lower Unemployment

The outlook for the U.S. economy over the next three years looks stronger now than it did three months ago, according to 39 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The panel predicts real GDP will grow at an annual rate of 3.2 percent this quarter, unchanged from the prediction in the last survey. However, over the remaining quarters in 2021 and the following two years, the panelists see a stronger rebound in output growth than they predicted previously. On an annual-average over annual-average basis, the forecasters expect real GDP to grow at an annual rate of 4.5 percent in 2021 and 3.7 percent in 2022. The projections for 2021 and 2022 are up from 4.0 percent and 3.0 percent, respectively, in the last survey.

A brighter outlook for the unemployment rate accompanies the outlook for growth. The forecasters predict unemployment will decrease from a projected 6.3 percent this quarter to 5.1 percent in the first quarter of 2022. On an annual-average basis, the panelists predict the unemployment rate will decline from a projected 5.9 percent in 2021 to 4.0 percent in 2024. The annual-average projections for 2021, 2022, and 2023 are 0.4 percentage point below those of the last survey.

On the employment front, the forecasters have revised downward their estimates for job gains in 2021. The projections for the annual-average level of nonfarm payroll employment suggest job gains at a monthly rate of 223,400 in 2021, down from 321,600 projected three months ago. (These annual-average estimates are computed as the year-to-year change in the annual-average level of nonfarm payroll employment, converted to a monthly rate.)

Median Forecasts for Selected Variables in the Current and Previous Surveys

	Real GDP (%)		Unemployment Rate (%)		Payrolls (000s/month)	
	Previous	New	Previous	New	Previous	New
Quarterly data:						
2021:Q1	3.2	3.2	6.7	6.3	471.6	143.1
2021:Q2	3.5	5.0	6.5	6.1	423.8	396.1
2021:Q3	3.5	5.3	6.1	5.7	444.5	445.8
2021:Q4	3.3	4.0	5.8	5.4	399.5	565.8
2022:Q1	N.A.	3.7	N.A.	5.1	N.A.	441.4
Annual data (projections are based on annual-average levels):						
2021	4.0	4.5	6.3	5.9	321.6	223.4
2022	3.0	3.7	5.2	4.8	N.A.	329.8
2023	2.1	3.1	4.6	4.2	N.A.	N.A.
2024	N.A.	2.5	N.A.	4.0	N.A.	N.A.

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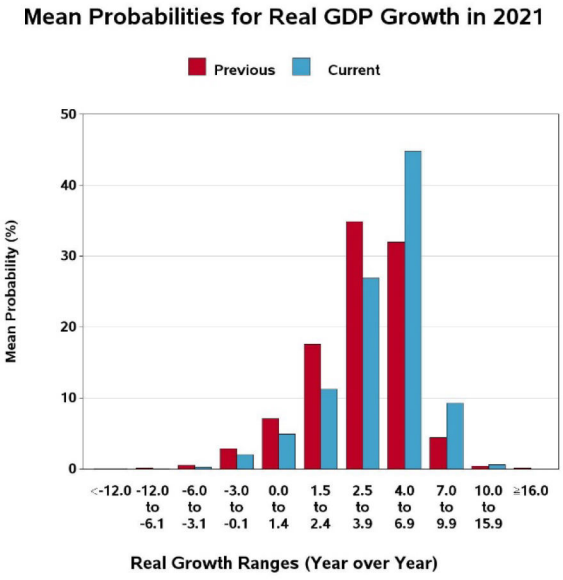
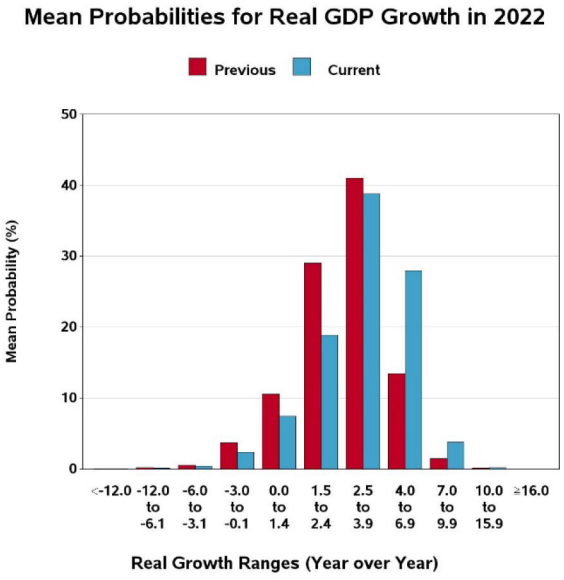
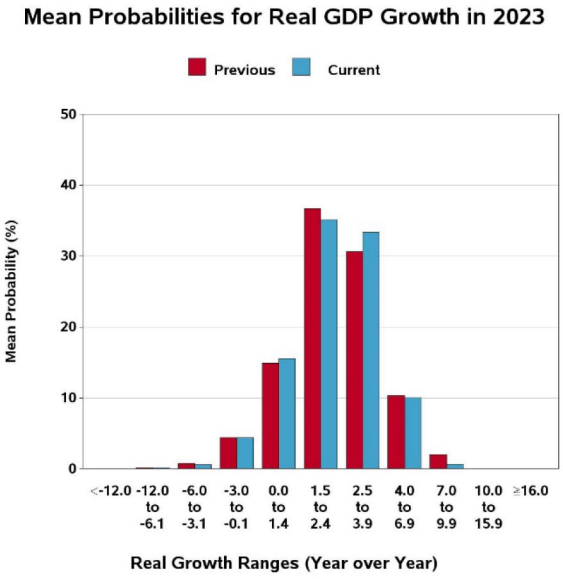
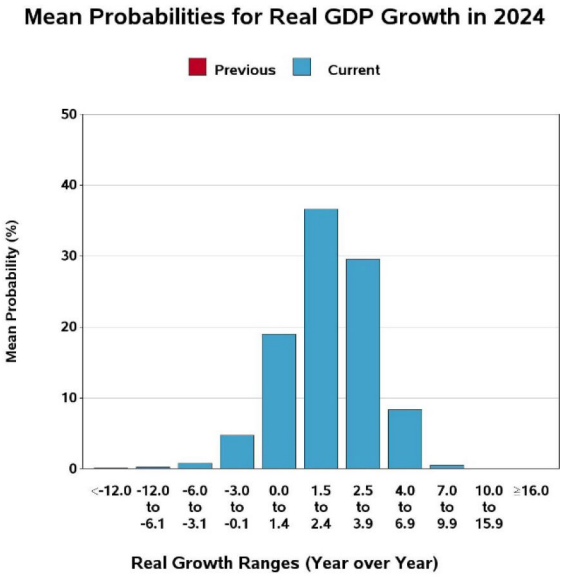
The charts below provide some insight into the degree of uncertainty the forecasters have about their projections for the rate of growth in the annual-average level of real GDP. Each chart presents the forecasters' previous and current estimates of the probability that growth will fall into each of 11 ranges. The charts show the forecasters have revised upward their estimates of the probability that real GDP will grow 4.0 percent or more in 2021 and 2022.

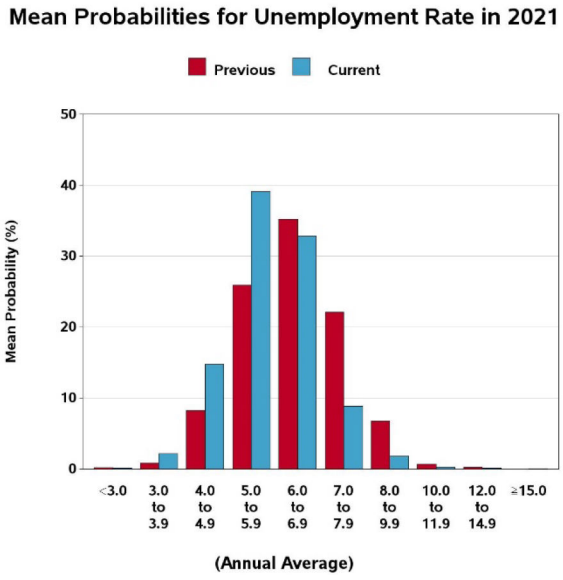


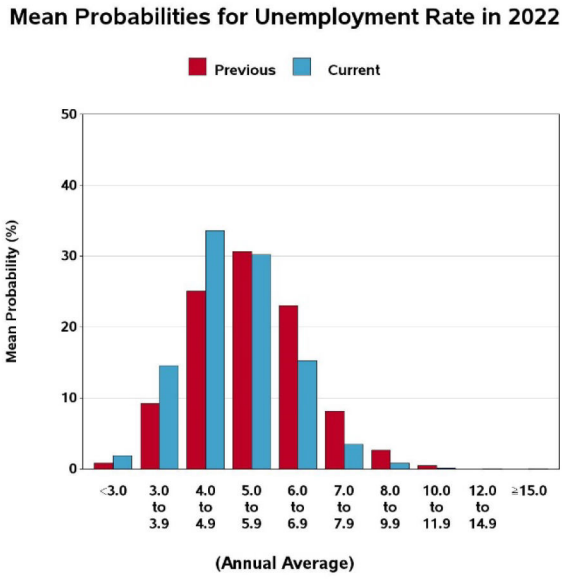


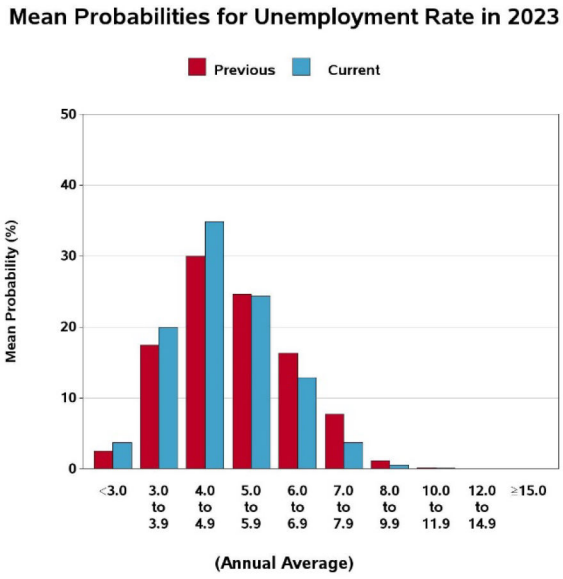


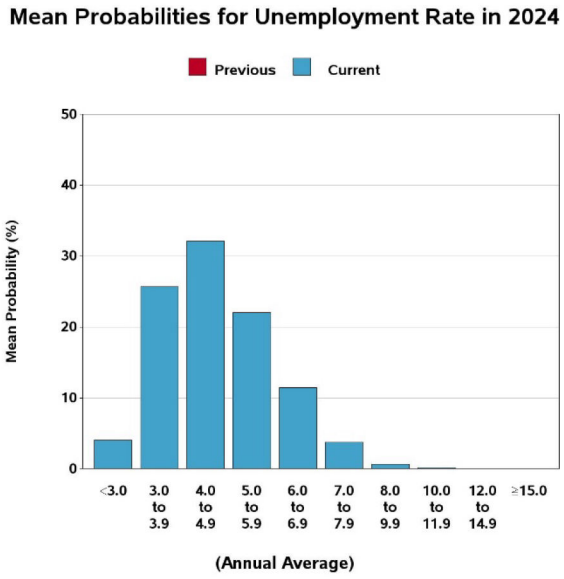


The forecasters' density projections for unemployment, shown below, shed light on uncertainty about the labor market over the next four years. Each chart presents the forecasters' current estimates of the probability that unemployment will fall into each of 10 ranges. The charts show the panelists are raising their probability estimates for an unemployment rate below 5.0 percent over each of the next three years, compared with their previous estimates.









Forecasters Hike Their Estimates for Inflation

The forecasters expect current-quarter headline CPI inflation to average 2.5 percent, up from 2.0 percent in the last survey. Headline PCE inflation over the current quarter will be 2.4 percent, up 0.6 percentage point from the previous estimate.

Projections for headline and core CPI and PCE inflation at all other forecast horizons have been revised upward slightly or held steady, compared with those in the survey of three months ago.

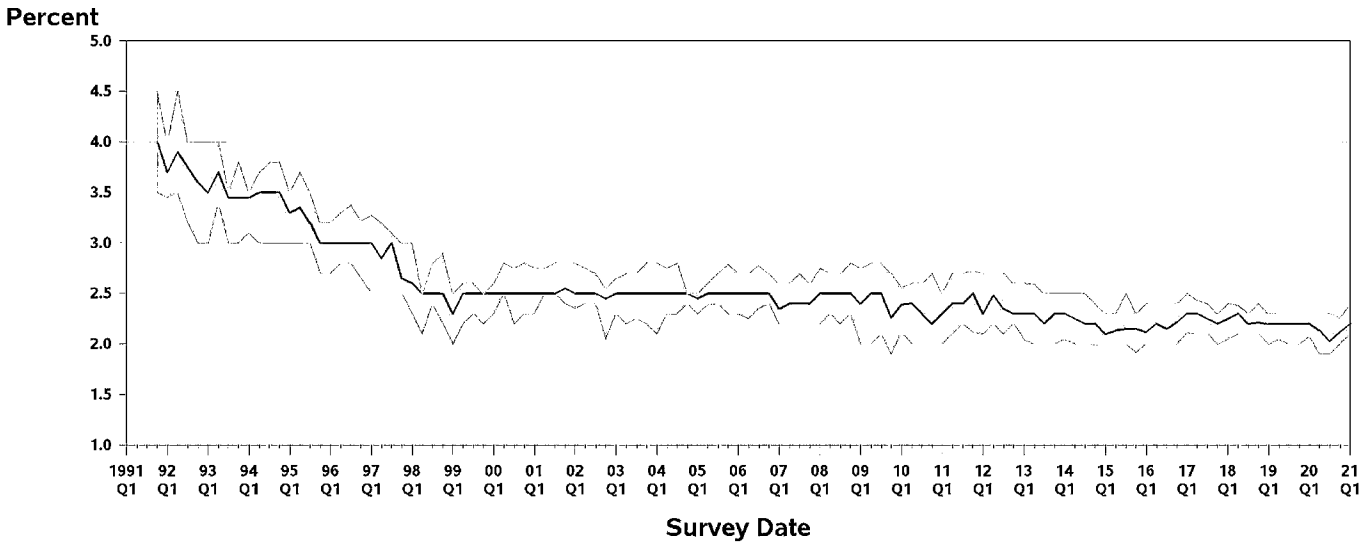
Over the next 10 years, 2021 to 2030, the forecasters expect headline CPI inflation to average 2.20 percent at an annual rate. The corresponding estimate for 10-year annual-average PCE inflation is 2.03 percent. These 10-year projections are higher than those of the previous survey.

Median Short-Run and Long-Run Projections for Inflation (Annualized Percentage Points)

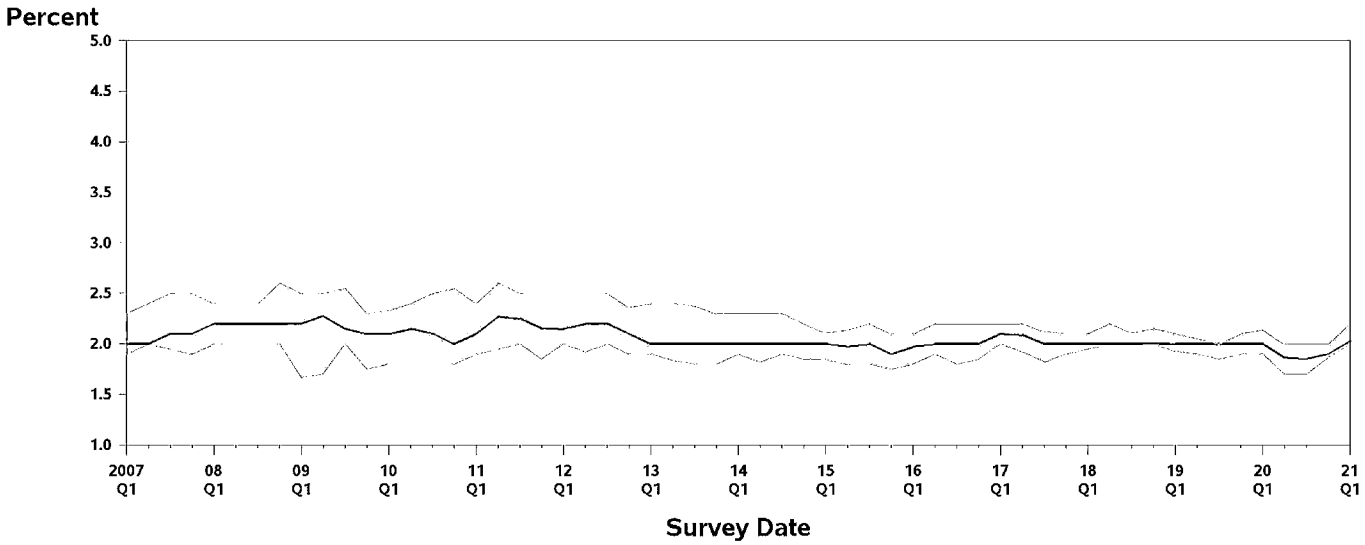
	Headline CPI		Core CPI		Headline PCE		Core PCE	
	Previous	Current	Previous	Current	Previous	Current	Previous	Current
Quarterly								
2021:Q1	2.0	2.5	1.8	1.8	1.8	2.4	1.7	1.9
2021:Q2	2.0	2.1	2.0	2.1	1.8	1.8	1.7	1.8
2021:Q3	2.1	2.1	1.9	2.1	2.0	1.9	1.8	1.9
2021:Q4	2.2	2.2	1.9	2.1	1.9	2.0	1.7	1.9
2022:Q1	N.A.	2.2	N.A.	2.1	N.A.	2.0	N.A.	1.9
Q4/Q4 Annual Averages								
2021	2.0	2.2	1.9	2.0	1.9	2.0	1.8	1.8
2022	1.9	2.2	2.0	2.1	1.8	1.9	1.7	1.9
2023	N.A.	2.2	N.A.	2.2	N.A.	2.0	N.A.	2.0
Long-Term Annual Averages								
2020-2024	2.00	N.A.	N.A.	N.A.	1.79	N.A.	N.A.	N.A.
2021-2025	N.A.	2.20	N.A.	N.A.	N.A.	2.00	N.A.	N.A.
2020-2029	2.12	N.A.	N.A.	N.A.	1.90	N.A.	N.A.	N.A.
2021-2030	N.A.	2.20	N.A.	N.A.	N.A.	2.03	N.A.	N.A.

The charts below show the median projections (the red line) and the associated interquartile ranges (gray areas around the red line) for the projections for 10-year annual-average CPI and PCE inflation. The charts highlight slightly higher projections for the long-term inflation rate, compared with those of the last survey.

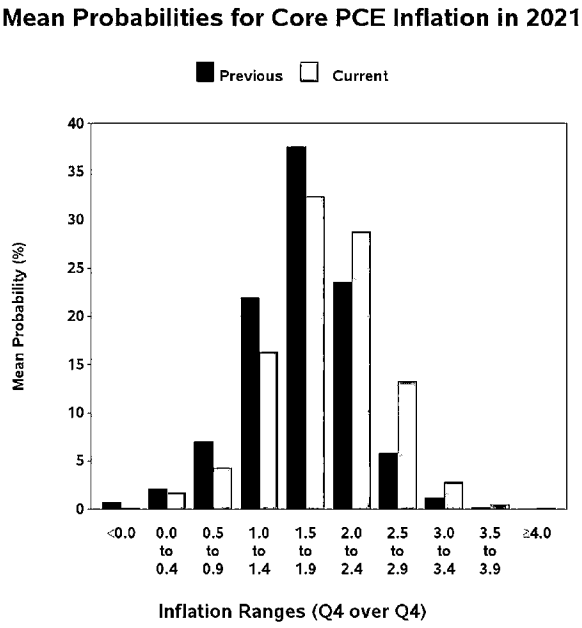
Projections for the 10-Year Annual-Average Rate of CPI Inflation
(Median and Interquartile Range)

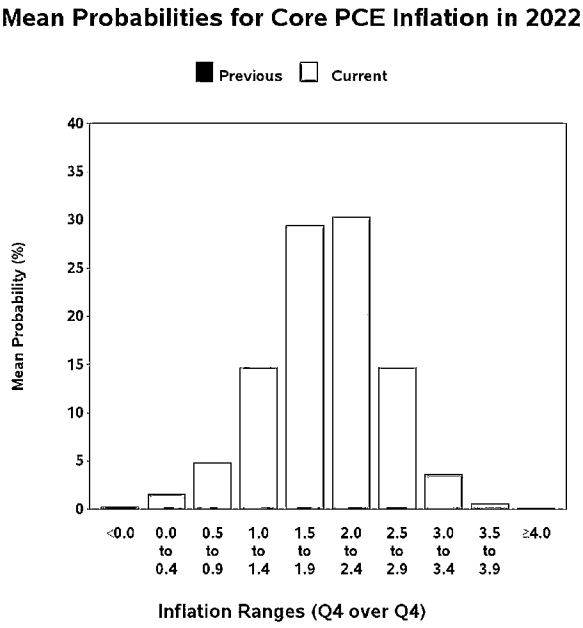


Projections for the 10-Year Annual-Average Rate of PCE Inflation
(Median and Interquartile Range)



The figures below show the probabilities that the forecasters are assigning to each of 10 possible ranges for fourth-quarter over fourth-quarter core PCE inflation in 2021 and 2022. For 2021, the forecasters have increased the probability that core PCE inflation will be above 2.0 percent.





Lower Risk of a Negative Quarter in 2021

The forecasters have revised downward the chance of a contraction in real GDP in any of the next four quarters. For the current quarter, the forecasters predict a 19.1 percent chance of negative growth, down from 20.4 percent in the survey of three months ago. The panelists have also made downward revisions to their probability estimates for the following three quarters in 2021.

Risk of a Negative Quarter (%)
Survey Means

Quarterly data:	Previous	New
2021:Q1	20.4	19.1
2021:Q2	17.5	12.7
2021:Q3	14.4	12.3
2021:Q4	13.9	12.9
2022:Q1	N.A.	14.1

Forecasters State Their Views on House Price Growth over the Next Two Years

In a special question in this survey, panelists were asked to provide their forecasts for fourth-quarter over fourth-quarter growth in house prices, as measured by a number of alternative indices. The panelists were allowed to choose their measure from a list of indices or to write in their own index. For each index of their choosing, the panelists provided forecasts for growth in 2021 and 2022.

Fifteen panelists answered the special question. Some panelists provided projections for more than one index. The table below provides a summary of the forecasters' responses. The number of responses (N) is low for each index. The median estimates for the six house-price indices listed in the table below range from 4.7 percent to 7.9 percent in 2021 and from 3.5 percent to 5.3 percent in 2022.

Projections for Growth in Various Indices of House Prices
Q4/Q4, Percentage Points

Index	2021 (Q4/Q4 Percent Change)			2022 (Q4/Q4 Percent Change)		
	N	Mean	Median	N	Mean	Median
S&P CoreLogic Case-Shiller: U.S. National	9	6.6	6.8	8	4.5	4.5
S&P CoreLogic Case-Shiller: Composite 10	2	4.7	4.7	2	3.9	3.9
S&P CoreLogic Case-Shiller: Composite 20	4	7.0	7.5	4	4.9	5.0
FHFA: Purchase Only (U.S. Total)	9	5.4	5.6	8	3.8	3.5
CoreLogic: National HPI, incl. Distressed Sales (Single Family Combined)	1	5.6	5.6	1	5.3	5.3
NAR Median: Total Existing	2	7.9	7.9	2	5.1	5.1

Forecasters See Higher 10-Year Growth in Output and Productivity Than They Predicted One Year Ago

In our first-quarter surveys, the forecasters provide their 10-year annual-average projections for an expanded set of variables, including growth in output and productivity, as well as returns on financial assets.

As the table below shows, the forecasters expect real GDP to grow at an annual-average rate of 2.25 percent over the next 10 years, higher than their projection of 2.00 percent in the first-quarter survey of 2020. Ten-year annual-average productivity growth is now expected to be 1.75 percent, up from 1.40 percent previously.

Mixed revisions to the return on financial assets accompany the current outlook. The forecasters predict the S&P 500 returning an annual-average 5.00 percent over the next 10 years, unchanged from the first-quarter survey of 2020. The forecasters see the rate on 10-year Treasuries averaging 2.80 percent over the next 10 years, up slightly from 2.70 percent in last year's first-quarter survey. Three-month Treasury bills will return an annual-average 1.75 percent over the next 10 years, down from 2.02 percent previously.

Median Long-Term (10-Year) Forecasts (%)

	First Quarter 2020	*Current Survey*
Real GDP Growth	2.00	2.25
Productivity Growth	1.40	1.75
Stock Returns (S&P 500)	5.00	5.00
Rate on 10-Year Treasury Bonds	2.70	2.80
Bill Returns (3-Month)	2.02	1.75

Technical Notes

New Probability Ranges
Beginning with the 2020:Q2 survey, changes were made to the definition of the probability bins for real GDP growth and the unemployment rate over the next four years.

Moody's Aaa and Baa Historical Rates
The historical values of Moody's Aaa and Baa rates are proprietary and, therefore, not available in the data files on the Bank's website or on the tables that accompany the survey's complete write-up in the PDF.

The Federal Reserve Bank of Philadelphia thanks the following forecasters for their participation in recent surveys:

Lewis Alexander, Nomura Securities; **Scott Anderson**, Bank of the West (BNP Paribas Group); **Robert J. Barbera**, Johns Hopkins University Center for Financial Economics; **Peter Bernstein**, RCF Economic and Financial Consulting, Inc.; **Wayne Best** and **Michael Brown**, Visa, Inc.; **Jay Bryson**, Wells Fargo; **Christine Chmura, Ph.D.**, and **Xiaobing Shuai, Ph.D.**, Chmura Economics & Analytics; **Gary Ciminero**, **CFA**, GLC Financial Economics; **Gregory Daco**, Oxford Economics USA, Inc.; **Rajeev Dhawan**, Georgia State University; **Bill Diviney**, ABN AMRO Bank NV; **G. Ehrlich**, **D. Manaenkov**, **T. Ranoso**, and **A. Thapar**, RSQE, University of Michigan; **Michael R. Englund**, Action Economics, LLC; **Sacha Gelfer**, Bentley University; **James Glassman**, JPMorgan Chase & Co.; **Jan Hatzius**, Goldman Sachs; **Fred Joutz**, Benchmark Forecasts; **Sam Kahan**, Kahan Consulting Ltd. (ACT Research LLC); **N. Karp**, BBVA Research USA; **Walter Kemmsies** and **Ryan Severino**, Jones Lang LaSalle; **Jack Kleinhenz**, Kleinhenz & Associates, Inc.; **Rohan Kumar**, Decision Economics, Inc.; **Thomas Lam**, Sim Kee Boon Institute, Singapore Management University; **John Lonski**, Moody's Capital Markets Group; **Matthew Luzzetti**, Deutsche Bank Securities; **IHS Markit**; **Robert McNab**, Old Dominion University; **R. Anthony Metz**, Pareto Optimal Economics; **R. M. Monaco**, TitanRM; **Michael Moran**, Daiwa Capital Markets America; **Joel L. Naroff**, Naroff Economic Advisors; **Brendon Ogmundson**, BC Real Estate Association; **Perc Pineda, Ph.D.**, Plastics Industry Association; **Philip Rothman**, East Carolina University; **Chris Rupkey**, MUFG Union Bank; **Sean M. Snaith**, **Ph.D.**, University of Central Florida; **Constantine G. Soras, Ph.D.**, CGS Economic Consulting, Inc.; **Stephen Stanley**, Amherst Pierpont Securities; **Charles Steindel**, Ramapo College of New Jersey; **Susan M. Sterne**, Economic Analysis Associates, Inc.; **James Sweeney**, Credit Suisse; **Thomas Kevin Swift**, American Chemistry Council; **Maira Trimble**, Eaton Corporation; **Mark Zandi**, Moody's Analytics; **Ellen Zentner**, Morgan Stanley.

This is a partial list of participants. We also thank those who wish to remain anonymous.

SUMMARY TABLE
SURVEY OF PROFESSIONAL FORECASTERS
MAJOR MACROECONOMIC INDICATORS

	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2021	2022 (YEAR-OVER-YEAR)	2023	2024
PERCENT GROWTH AT ANNUAL RATES									
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	3.2	5.0	5.3	4.0	3.7	4.5	3.7	3.1	2.5
2. GDP PRICE INDEX (PERCENT CHANGE)	2.0	1.9	1.9	2.0	2.0	1.9	2.0	N.A.	N.A.
3. NOMINAL GDP ($ BILLIONS)	5.3	7.2	7.2	6.6	6.1	6.6	6.0	N.A.	N.A.
4. NONFARM PAYROLL EMPLOYMENT									
(PERCENT CHANGE)	1.2	3.4	3.8	4.7	3.6	1.9	2.7	N.A.	N.A.
(AVG MONTHLY CHANGE)	143.1	396.1	445.8	565.8	441.4	223.4	329.8	N.A.	N.A.
VARIABLES IN LEVELS									
5. UNEMPLOYMENT RATE (PERCENT)	6.3	6.1	5.7	5.4	5.1	5.9	4.8	4.2	4.0
6. 3-MONTH TREASURY BILL (PERCENT)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.5
7. 10-YEAR TREASURY BOND (PERCENT)	1.1	1.2	1.3	1.4	1.5	1.2	1.6	1.9	2.1

	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2021	2022 (Q4-OVER-Q4)	2023
INFLATION INDICATORS								
8. CPI (ANNUAL RATE)	2.5	2.1	2.1	2.2	2.2	2.2	2.2	2.2
9. CORE CPI (ANNUAL RATE)	1.8	2.1	2.1	2.1	2.1	2.0	2.1	2.2
10. PCE (ANNUAL RATE)	2.4	1.8	1.9	2.0	2.0	2.0	1.9	2.0
11. CORE PCE (ANNUAL RATE)	1.9	1.8	1.9	1.9	1.9	1.8	1.9	2.0

Note: The figures on each line are medians of 39 forecasters.

Source: Research Department, Federal Reserve Bank of Philadelphia.
Survey of Professional Forecasters, First Quarter 2021.

SURVEY OF PROFESSIONAL FORECASTERS

First Quarter 2021

Tables

Note: Data in these tables listed as "actual" are the data that were available to the forecasters when they were sent the survey questionnaire on January 28, 2021; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before February 9, 2021.

TABLE ONE
MAJOR MACROECONOMIC INDICATORS
MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL 2020 Q4	ACTUAL 2021 Q1	FORECAST 2021 Q2	FORECAST 2021 Q3	FORECAST 2021 Q4	FORECAST 2022 Q1	ACTUAL 2020 ANNUAL	ACTUAL 2021 ANNUAL	FORECAST 2022 ANNUAL	FORECAST 2023 ANNUAL	FORECAST 2024 ANNUAL
1. GROSS DOMESTIC PRODUCT ($ BILLIONS)	38	21480	21758	22142	22532	22893	23233	20933	22305	23651	N.A.	N.A.
2. GDP PRICE INDEX (2012=100)	38	114.42	114.98	115.53	116.07	116.66	117.23	113.62	115.78	118.12	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES ($ BILLIONS)	15	N.A.	1988.6	2027.5	2087.0	2119.3	2151.1	N.A.	2055.9	2153.5	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	39	6.8	6.3	6.1	5.7	5.4	5.1	8.1	5.9	4.8	4.2	4.0
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	34	142605	143034	144223	145560	147257	148582	142261	144942	148900	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2012=100)	30	104.5	106.0	107.2	108.5	109.5	110.8	102.1	107.8	111.4	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	33	1.59	1.55	1.51	1.52	1.51	1.53	1.40	1.51	1.56	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	36	0.09	0.09	0.10	0.10	0.10	0.11	0.37	0.10	0.15	0.32	0.51
9. MOODY'S AAA CORP BOND YIELD * (PERCENT)	22	N.A.	2.50	2.57	2.59	2.73	2.77	N.A.	2.57	2.82	N.A.	N.A.
10. MOODY'S BAA CORP BOND YIELD * (PERCENT)	21	N.A.	3.40	3.50	3.60	3.65	3.75	N.A.	3.55	3.81	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	37	0.86	1.13	1.20	1.29	1.40	1.50	0.89	1.24	1.64	1.90	2.05
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	39	18780	18929	19163	19411	19604	19783	18423	19261	19973	20592	21097
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	36	13004.7	13082.8	13266.4	13475.0	13626.7	13762.2	12727.0	13358.1	13891.6	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	35	2746.2	2791.6	2828.7	2880.3	2920.1	2958.5	2666.1	2857.4	3015.5	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	35	693.9	713.3	725.1	742.1	746.7	747.1	637.1	735.0	758.0	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	35	1333.3	1343.1	1353.6	1361.5	1367.5	1373.4	1332.8	1357.4	1386.0	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	34	1984.5	1988.5	1998.5	2005.5	2017.5	2023.1	2007.9	2000.2	2039.2	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	34	44.6	55.9	66.7	72.0	73.1	72.0	-81.7	67.9	74.3	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	35	-1121.1	-1135.7	-1152.0	-1156.5	-1169.3	-1172.9	-925.8	-1151.6	-1174.7	N.A.	N.A.

* The historical values of Moody's Aaa and Baa rates are proprietary and therefore not available to the general public.

Source: Research Department, Federal Reserve Bank of Philadelphia. Survey of Professional Forecasters, First Quarter 2021.

TABLE TWO
MAJOR MACROECONOMIC INDICATORS
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q4 2020 TO Q1 2021	Q1 2021 TO Q2 2021	Q2 2021 TO Q3 2021	Q3 2021 TO Q4 2021	Q4 2021 TO Q1 2022	2020 TO 2021	2021 TO 2022	2022 TO 2023	2023 TO 2024
1. GROSS DOMESTIC PRODUCT (GDP) ($ BILLIONS)	38	5.3	7.2	7.2	6.6	6.1	6.6	6.0	N.A.	N.A.
2. GDP PRICE INDEX (2012=100)	38	2.0	1.9	1.9	2.0	2.0	1.9	2.0	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES ($ BILLIONS)	15	2.3	8.1	12.3	6.3	6.1	11.7	4.7	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	39	-0.5	-0.2	-0.4	-0.3	-0.3	-2.2	-1.1	-0.5	-0.2
5. NONFARM PAYROLL EMPLOYMENT										
(PERCENT CHANGE)	34	1.2	3.4	3.8	4.7	3.6	1.9	2.7	N.A.	N.A.
(AVG MONTHLY CHANGE)	34	143.1	396.1	445.8	565.8	441.4	223.4	329.8	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2012=100)	30	5.9	4.5	5.1	3.6	4.8	5.5	3.4	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	33	-10.1	-9.0	1.1	-2.2	5.4	8.3	2.7	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	36	0.00	0.01	0.00	0.00	0.01	-0.27	0.05	0.17	0.19
9. MOODY'S AAA CORP BOND YIELD * (PERCENT)	22	N.A.	0.07	0.02	0.14	0.03	N.A.	0.25	N.A.	N.A.
10. MOODY'S BAA CORP BOND YIELD * (PERCENT)	21	N.A.	0.10	0.10	0.05	0.10	N.A.	0.26	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	37	0.27	0.07	0.09	0.11	0.10	0.35	0.40	0.26	0.15
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	39	3.2	5.0	5.3	4.0	3.7	4.5	3.7	3.1	2.5
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	36	2.4	5.7	6.4	4.6	4.0	5.0	4.0	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	35	6.8	5.4	7.5	5.6	5.4	7.2	5.5	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	35	11.6	6.8	9.7	2.5	0.2	15.4	3.1	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	35	3.0	3.1	2.4	1.8	1.7	1.8	2.1	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	34	0.8	2.0	1.4	2.4	1.1	-0.4	1.9	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	34	11.3	10.8	5.3	1.1	-1.1	149.7	6.3	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	35	-14.6	-16.2	-4.5	-12.8	-3.6	-225.8	-23.1	N.A.	N.A.

* The historical values of Moody's Aaa and Baa rates are proprietary and therefore not available to the general public.

Note: Figures for unemployment rate, 3-month Treasury bill rate, Moody's Aaa corporate bond yield, Moody's Baa corporate bond yield, and 10-year Treasury bond yield are changes in these rates, in percentage points. Figures for change in private inventories and net exports are changes in billions of chain-weighted dollars. All others are percentage changes at annual rates.

Source: Research Department, Federal Reserve Bank of Philadelphia. Survey of Professional Forecasters, First Quarter 2021.

TABLE THREE
MAJOR PRICE INDICATORS
MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL 2020 Q4	FORECAST(Q/Q) 2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	ACTUAL 2020 ANNUAL	FORECAST(Q4/Q4) 2021 ANNUAL	2022 ANNUAL	2023 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	38	2.2	2.5	2.1	2.1	2.2	2.2	1.2	2.2	2.2	2.2
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	37	1.8	1.8	2.1	2.1	2.1	2.1	1.6	2.0	2.1	2.2
3. PCE PRICE INDEX (ANNUAL RATE)	37	1.5	2.4	1.8	1.9	2.0	2.0	1.2	2.0	1.9	2.0
4. CORE PCE PRICE INDEX (ANNUAL RATE)	36	1.4	1.9	1.8	1.9	1.9	1.9	1.4	1.8	1.9	2.0

Source: Research Department, Federal Reserve Bank of Philadelphia. Survey of Professional Forecasters, First Quarter 2021.

TABLE FOUR
YIELD SPREADS
MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL 2020 Q4	FORECAST 2021 Q1	FORECAST 2021 Q2	FORECAST 2021 Q3	FORECAST 2021 Q4	FORECAST 2022 Q1	ACTUAL 2020 ANNUAL	FORECAST 2021 ANNUAL	FORECAST 2022 ANNUAL	FORECAST 2023 ANNUAL	FORECAST 2024 ANNUAL
1. TBOND MINUS TBILL (PERCENTAGE POINTS)	34	0.77	1.03	1.09	1.16	1.26	1.29	0.53	1.12	1.33	1.37	1.41
2. AAA MINUS TBOND (PERCENTAGE POINTS)	21	N.A.	1.42	1.40	1.38	1.37	1.36	N.A.	1.39	1.33	N.A.	N.A.
3. BAA MINUS TBOND (PERCENTAGE POINTS)	21	N.A.	2.30	2.30	2.30	2.30	2.35	N.A.	2.30	2.29	N.A.	N.A.
4. BAA MINUS AAA (PERCENTAGE POINTS)	21	N.A.	0.90	0.95	1.00	1.00	1.00	N.A.	0.95	1.00	N.A.	N.A.

Notes:

TBOND is the rate on 10-year Treasury bonds.
TBILL is the rate on 3-month Treasury bills.
AAA is the rate on Moody's Aaa corporate bonds.
BAA is the rate on Moody's Baa corporate bonds.

The historical values for interest rate spreads for Moody's Aaa and Baa rates are proprietary and therefore not available to the general public.

Each interest rate spread is computed as the median value of the forecasters' spreads. These median values may differ from those computed as the difference between the median values of each interest rate in the spread.

Source: Research Department, Federal Reserve Bank of Philadelphia. Survey of Professional Forecasters, First Quarter 2021.

TABLE FIVE
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANCES IN 100)	Q4 2020 TO Q1 2021	Q1 2021 TO Q2 2021	Q2 2021 TO Q3 2021	Q3 2021 TO Q4 2021	Q4 2021 TO Q1 2022
			NUMBER OF FORECASTERS		
10 OR LESS	10	17	20	18	16
11 TO 20	10	11	8	10	11
21 TO 30	6	2	2	2	1
31 TO 40	4	1	1	1	2
41 TO 50	0	0	0	0	0
51 TO 60	1	0	0	0	0
61 TO 70	0	0	0	0	0
71 TO 80	0	0	0	0	0
81 TO 90	0	0	0	0	0
91 AND OVER	0	0	0	0	0
NOT REPORTING	8	8	8	8	9
MEAN AND MEDIAN					
MEDIAN PROBABILITY	17.00	10.00	10.00	10.00	10.00
MEAN PROBABILITY	19.13	12.74	12.35	12.91	14.10

Note: Total number of forecasters reporting is 31.

Source: Research Department, Federal Reserve Bank of Philadelphia.
Survey of Professional Forecasters, First Quarter 2021.

TABLE SIX
MEAN PROBABILITIES

MEAN PROBABILITY ATTACHED TO POSSIBLE
CIVILIAN UNEMPLOYMENT RATES:
(ANNUAL AVERAGE)

	2021	2022	2023	2024
15.0 PERCENT OR MORE	0.06	0.03	0.00	0.00
12.0 TO 14.9 PERCENT	0.13	0.06	0.04	0.05
10.0 TO 11.9 PERCENT	0.25	0.13	0.13	0.15
8.0 TO 9.9 PERCENT	1.78	0.82	0.51	0.67
7.0 TO 7.9 PERCENT	8.85	3.46	3.67	3.74
6.0 TO 6.9 PERCENT	32.80	15.24	12.87	11.49
5.0 TO 5.9 PERCENT	39.09	30.23	24.35	22.00
4.0 TO 4.9 PERCENT	14.76	33.58	34.83	32.11
3.0 TO 3.9 PERCENT	2.16	14.58	19.93	25.71
LESS THAN 3.0 PERCENT	0.13	1.88	3.67	4.08

MEAN PROBABILITY ATTACHED TO POSSIBLE
PERCENT CHANGES IN REAL GDP:
(ANNUAL-AVERAGE OVER ANNUAL-AVERAGE)

	2020-2021	2021-2022	2022-2023	2023-2024
16.0 PERCENT OR MORE	0.00	0.00	0.00	0.00
10.0 TO 15.9 PERCENT	0.61	0.19	0.04	0.05
7.0 TO 9.9 PERCENT	9.26	3.81	0.66	0.55
4.0 TO 6.9 PERCENT	44.78	27.97	10.04	8.37
2.5 TO 3.9 PERCENT	26.90	38.84	33.38	29.60
1.5 TO 2.4 PERCENT	11.26	18.83	35.13	36.60
0.0 TO 1.4 PERCENT	4.88	7.46	15.52	18.96
-3.0 TO -0.1 PERCENT	1.99	2.35	4.43	4.74
-6.0 TO -3.1 PERCENT	0.23	0.41	0.60	0.82
-12.0 TO -6.1 PERCENT	0.06	0.13	0.16	0.23
LESS THAN -12.0 PERCENT	0.03	0.03	0.04	0.09

MEAN PROBABILITY ATTACHED TO POSSIBLE
PERCENT CHANGES IN GDP PRICE INDEX:
(ANNUAL-AVERAGE OVER ANNUAL-AVERAGE)

	2020-2021	2021-2022
4.0 PERCENT OR MORE	1.00	0.68
3.5 TO 3.9 PERCENT	1.33	1.12
3.0 TO 3.4 PERCENT	3.80	4.70
2.5 TO 2.9 PERCENT	13.50	17.91
2.0 TO 2.4 PERCENT	32.41	30.65
1.5 TO 1.9 PERCENT	29.91	27.13
1.0 TO 1.4 PERCENT	12.75	11.67
0.5 TO 0.9 PERCENT	4.02	4.46
0.0 TO 0.4 PERCENT	1.14	1.38
LESS THAN 0.0 PERCENT	0.13	0.31

Source: Research Department, Federal Reserve Bank of Philadelphia.
Survey of Professional Forecasters, First Quarter 2021.

TABLE SEVEN
MEAN PROBABILITY OF CORE CPI AND CORE PCE INFLATION (Q4/Q4)

MEAN PROBABILITY ATTACHED TO CORE CPI INFLATION:

	20Q4 TO 21Q4	21Q4 TO 22Q4
4.0 PERCENT OR MORE	0.13	0.67
3.5 TO 3.9 PERCENT	0.66	1.16
3.0 TO 3.4 PERCENT	3.78	4.55
2.5 TO 2.9 PERCENT	16.58	17.50
2.0 TO 2.4 PERCENT	33.94	32.96
1.5 TO 1.9 PERCENT	27.65	27.18
1.0 TO 1.4 PERCENT	12.04	10.63
0.5 TO 0.9 PERCENT	3.98	3.82
0.0 TO 0.4 PERCENT	1.15	0.92
LESS THAN 0.0 PERCENT	0.08	0.60

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	20Q4 TO 21Q4	21Q4 TO 22Q4
4.0 PERCENT OR MORE	0.07	0.09
3.5 TO 3.9 PERCENT	0.50	0.54
3.0 TO 3.4 PERCENT	2.78	3.62
2.5 TO 2.9 PERCENT	13.27	14.69
2.0 TO 2.4 PERCENT	28.74	30.32
1.5 TO 1.9 PERCENT	32.40	29.42
1.0 TO 1.4 PERCENT	16.28	14.72
0.5 TO 0.9 PERCENT	4.23	4.81
0.0 TO 0.4 PERCENT	1.66	1.56
LESS THAN 0.0 PERCENT	0.07	0.22

Source: Research Department, Federal Reserve Bank of Philadelphia.
Survey of Professional Forecasters, First Quarter 2021.

TABLE EIGHT
LONG-TERM (5-YEAR AND 10-YEAR) INFLATION FORECASTS

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2021-2025

CPI INFLATION RATE		PCE INFLATION RATE	
MINIMUM	1.60	MINIMUM	1.50
LOWER QUARTILE	2.10	LOWER QUARTILE	1.90
MEDIAN	2.20	MEDIAN	2.00
UPPER QUARTILE	2.30	UPPER QUARTILE	2.10
MAXIMUM	2.80	MAXIMUM	2.60
MEAN	2.21	MEAN	1.99
STD. DEVIATION	0.23	STD. DEVIATION	0.21
N	29	N	29
MISSING	10	MISSING	10

ANNUAL AVERAGE OVER THE FOLLOWING 5 YEARS: 2026-2030

CPI INFLATION RATE		PCE INFLATION RATE	
MINIMUM	1.92	MINIMUM	1.60
LOWER QUARTILE	2.00	LOWER QUARTILE	2.00
MEDIAN	2.23	MEDIAN	2.08
UPPER QUARTILE	2.50	UPPER QUARTILE	2.30
MAXIMUM	3.10	MAXIMUM	2.90
MEAN	2.28	MEAN	2.14
STD. DEVIATION	0.31	STD. DEVIATION	0.29
N	28	N	28
MISSING	11	MISSING	11

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2021-2030

CPI INFLATION RATE		PCE INFLATION RATE	
MINIMUM	1.94	MINIMUM	1.60
LOWER QUARTILE	2.10	LOWER QUARTILE	2.00
MEDIAN	2.20	MEDIAN	2.03
UPPER QUARTILE	2.40	UPPER QUARTILE	2.20
MAXIMUM	2.70	MAXIMUM	2.51
MEAN	2.24	MEAN	2.07
STD. DEVIATION	0.21	STD. DEVIATION	0.21
N	29	N	29
MISSING	10	MISSING	10

Note: The summary statistics for each forecast horizon are computed on a sample of panelists that may differ from one horizon to the next. The usual identity linking the 10-year horizon to the two underlying five-year horizons may not hold in the results.

Source: Research Department, Federal Reserve Bank of Philadelphia.
Survey of Professional Forecasters, First Quarter 2021.

TABLE NINE
ADDITIONAL LONG-TERM (10-YEAR) FORECASTS

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2021-2030

REAL GDP GROWTH RATE		PRODUCTIVITY GROWTH RATE	
MINIMUM	1.70	MINIMUM	1.00
LOWER QUARTILE	2.00	LOWER QUARTILE	1.40
MEDIAN	2.25	MEDIAN	1.75
UPPER QUARTILE	2.50	UPPER QUARTILE	1.95
MAXIMUM	2.93	MAXIMUM	3.50
MEAN	2.27	MEAN	1.73
STD. DEVIATION	0.33	STD. DEVIATION	0.54
N	29	N	20
MISSING	10	MISSING	19

STOCK RETURNS (S&P 500)		BOND RATE (10-YEAR)		BILL RETURNS (3-MONTH)	
MINIMUM	1.76	MINIMUM	1.30	MINIMUM	0.25
LOWER QUARTILE	4.00	LOWER QUARTILE	2.18	LOWER QUARTILE	1.00
MEDIAN	5.00	MEDIAN	2.80	MEDIAN	1.75
UPPER QUARTILE	6.00	UPPER QUARTILE	3.20	UPPER QUARTILE	2.10
MAXIMUM	8.00	MAXIMUM	4.00	MAXIMUM	3.10
MEAN	5.09	MEAN	2.76	MEAN	1.64
STD. DEVIATION	1.73	STD. DEVIATION	0.72	STD. DEVIATION	0.76
N	14	N	21	N	21
MISSING	25	MISSING	18	MISSING	18

Source: Research Department, Federal Reserve Bank of Philadelphia.
Survey of Professional Forecasters, First Quarter 2021.

RRA Regulatory Focus

Major Rate Case Decisions - January - June 2021

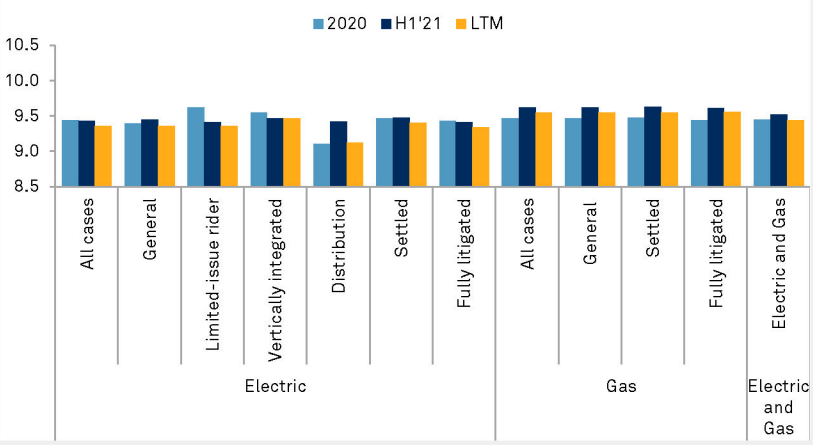
For Detailed Data
Click here to see supporting data tables.

The average return on equity authorized electric utilities was 9.43% in rate cases decided in the first half of 2021, in line with the 9.44% average for cases in full-year 2020. There were 20 electric ROE determinations in the first half 2021 versus 55 in full-year 2020.

The average ROE authorized gas utilities was 9.62% in cases decided in the first half of 2021 versus 9.46% in full-year 2020. There were 16 gas cases that included an ROE determination in the first half of 2021 versus 34 gas cases in full-year 2020.

The electric data includes several limited-issue rider cases. Excluding these cases, the average authorized ROE was 9.45% in electric general rate cases decided in the first half of 2021, versus 9.39% observed in full-year 2020. There is, however, little difference between the ROE averages including rider cases and those excluding rider cases for the first half of 2021; historically, the annual average authorized ROEs in electric cases that involve limited-issue riders were meaningfully higher than those approved in general rate cases, driven primarily by substantial ROE premiums authorized in generation-related limited-issue rider proceedings in Virginia. However, these premiums were approved for limited durations and have since begun to expire. As a result, the gap between the average ROE observed in the rider cases and that observed in general rate cases has narrowed. Limited-issue rider cases in which a separate ROE is determined have had limited use in the gas industry, as most of the gas riders rely on ROEs approved in a previous base rate case.

Average authorized return on equity (%)
Dashboard



Electric average	2020	H1'21	LTM ended 06/30/2021
All cases	9.44	9.43	9.36
General rate cases	9.39	9.45	9.36
Limited-issue rider cases	9.62	9.41	9.36
Vertically integrated cases	9.55	9.46	9.46
Distribution cases	9.10	9.42	9.12
Settled cases	9.46	9.47	9.40
Fully litigated cases	9.43	9.41	9.34
Gas averages			
All cases	9.46	9.62	9.55
General rate cases	9.46	9.62	9.55
Settled cases	9.47	9.63	9.54
Fully litigated cases	9.44	9.61	9.56
Composite electric and gas averages			
Electric and gas	9.45	9.52	9.44
U.S. Treasury			
30-year bond yield	1.56	2.17	1.83

Data compiled July 26, 2021.
Source: Regulatory Research Associates, a group within S&P Global Market Intelligence

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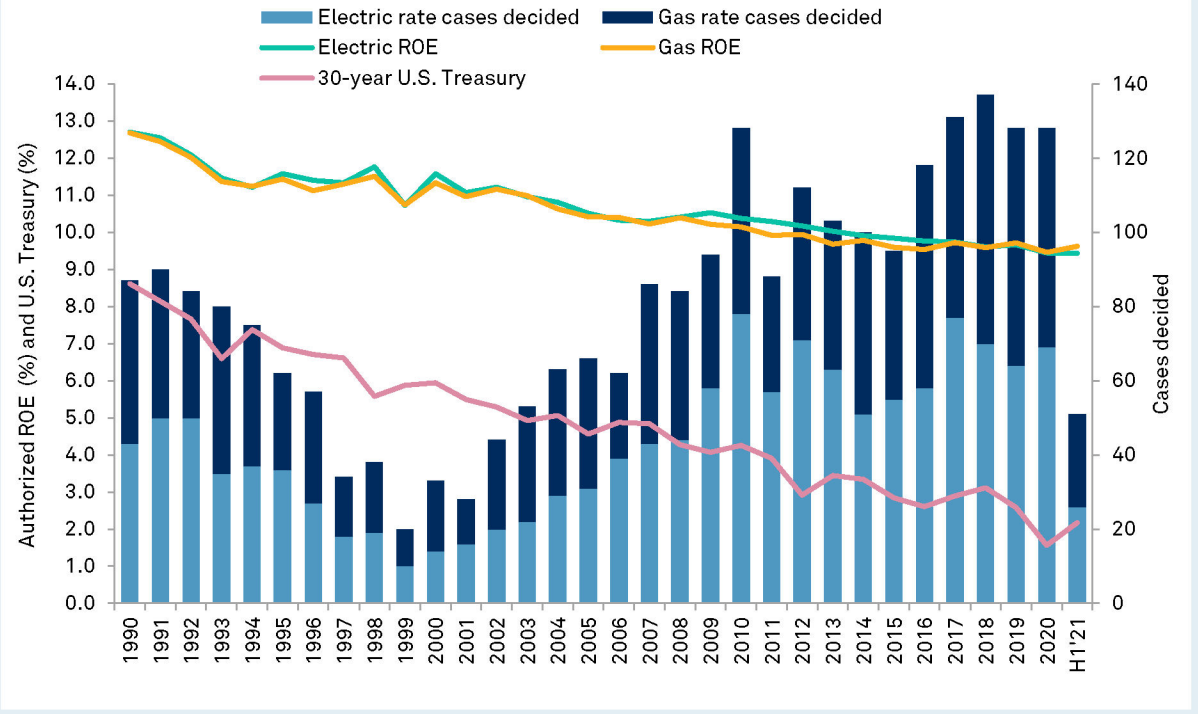
In the first six months of 2021, the median ROE authorized in all electric utility rate cases was 9.32%, versus 9.45% in full-year 2020; for gas utilities, the metric was 9.64% in the first half of 2021, versus 9.42% in full-year 2020.

Looking at the last 12 months ended June 30, 2021, the average ROE authorized in all electric utility rate cases was 9.36% and the median was 9.40%, while for gas utilities, the average was 9.55% and the median was 9.55%.

The full-year averages in recent years have been at the lowest levels ever witnessed in the industry, and the 2020 calendar-year average reflects the impact of interest rate cuts by the U.S. Federal Reserve and the COVID-19 pandemic-induced recession.

Average electric and gas authorized ROEs and number of rate cases decided



Data compiled July 26, 2021.
Source: Regulatory Research Associates, a group within S&P Global Market Intelligence

From a longer-term perspective, interest rates, as measured by the 30-year U.S. Treasury bond yield, fell almost steadily from the early 1980s until 2015 or so, placing downward pressure on authorized ROEs. Even though the decline in authorized ROEs was less dramatic in the period since 1990, average authorized ROEs fell below 10% for gas utilities in 2011 and for electric utilities in 2014. The calendar-year averages hovered between 9.5% and 9.8% through 2019, falling below 9.5% for the first time in 2020.

These declines in ROE are occurring at the same time that rate case activity has been on an upswing. There have been 100 or more cases adjudicated in nine of the last 11 calendar years. This count includes electric and gas cases where no ROEs have been specified; however, withdrawn cases are not included. After reaching an almost 30-year high in 2018, when almost 140 cases were decided, rate case activity moderated somewhat in both 2019 and 2020, with about 128 electric and gas cases resolved in each year.

Absent the pandemic, increased costs associated with environmental compliance, generation and delivery infrastructure upgrades and expansion, renewable generation mandates, storm and disaster recovery, cybersecurity and employee benefits have contributed to an active rate case agenda over the last decade.

Due to COVID-19 and the challenging economic backdrop, many utilities and state commissions in 2020 found creative ways to limit the immediate impact of rate hikes by pushing rate changes into a future period or agreeing to forgo rate hikes and using accounting mechanisms, such as the accelerated recovery of excess accumulated deferred tax liabilities, to facilitate these policies.

Currently, there are about 110 electric and gas rate cases pending.

Rising interest rates over the past several years also likely contributed to the increased rate case activity. After holding rates near zero for several years, the Federal Reserve began raising the federal funds rate in 2015. Before the pandemic hit, the Fed, after more than a decade without a cut, lowered rates three times in 2019, due to signs of a slowing economy. In addition, to stabilize the economy from the fallout from the coronavirus outbreak, the Fed cut rates twice in March 2020, resulting in a target range of 0%-0.25%. To facilitate economic recovery, Fed policymakers have indicated that it will keep rates anchored near zero until 2023.

While changes in the federal funds rate do not move in lockstep with longer-term treasuries, and authorized ROEs do not move in lockstep with interest rates, the expectation is that as interest rates change, authorized ROEs would also change in a similar fashion. However, several factors impact the timing and magnitude of such a shift. For example, normal regulatory lag, i.e., the amount of time it takes for a utility to put together a rate case filing and tender it to the commission and then for the commission to process the case, would without any other influences delay a change in average authorized ROEs relative to interest rates.

It is also worth noting that while both interest rates and authorized ROEs have generally been declining since 1990, the gap between authorized ROEs and interest rates widened somewhat over this period, largely as a result of an often-unstated understanding by regulators that the drop in interest rates caused by Federal Reserve intervention was unusual. Consequently, regulators did not necessarily fully reflect the interest rate drop in newly authorized ROEs in some instances; in others, regulators acknowledged that the changing dynamics of the industry and instability in the overall economy represented increased risk for investors, justifying a higher premium over interest rates.

In more recent periods, with the focus on customers' ability to pay and the need to maintain universal service as the pandemic drags on, regulators have been more apt to further lower authorized ROEs to mitigate the level of bill increases. These concerns are likely to continue as regulators will begin to grapple with increases in rates that result from recovery of pandemic-related costs. These considerations could be further impacted by the pace of the economic recovery, the potential uptick in the corporate tax rate and the threat that the U.S. may see a resurgence of COVID-19 cases due to the delta variant.

Capital structure trends

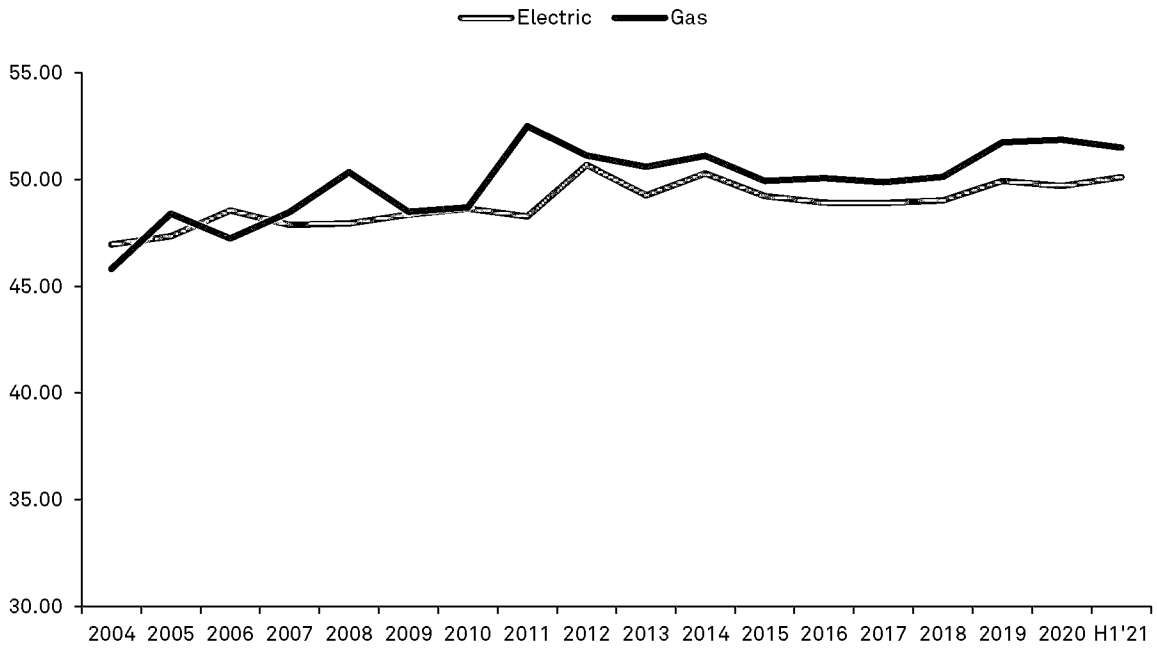
The negative cash flow impact of 2017 federal tax reform raised concerns regarding utility liquidity and credit metrics. In response many utilities sought higher common equity ratios, and the average authorized equity ratios adopted by utility commissions in 2019 were modestly higher than the levels observed in 2018 and 2017.

For full-years 2020, 2019, 2018 and 2017, the average equity ratios authorized in electric utility cases were 49.69%, 49.94%, 49.02% and 48.90%, respectively. The average equity ratios authorized gas utilities were 51.86%, 51.75%, 50.12% and 49.88%, respectively.

In the first half of 2021, the average authorized equity ratio in electric cases ticked up to 50.11%. For gas cases, the average was 51.50%.

Taking a longer-term view, equity ratios have generally increased over the last several years — the average equity ratio approved in electric rate cases decided during 2004 was 46.96%, while the average for gas utilities was 45.81%. Many commissions began approving more equity-rich capital structures in the wake of the 2008 financial crisis. For the bulk of the period since 2004, allowed equity ratios for gas utilities have been above that authorized for electrics.

Average authorized capital structures (%)



Data compiled July 26, 2021.
Source: Regulatory Research Associates, a group within S&P Global Market Intelligence

A more granular look at ROE trends

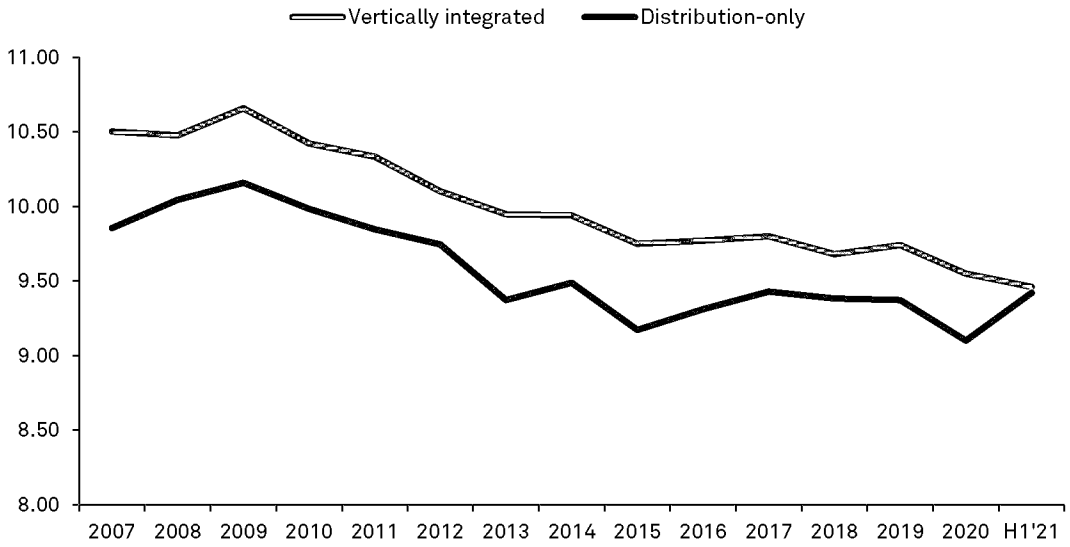
The discussion thus far has looked broadly at trends in authorized ROEs; the sections that follow provide a more granular view based upon the types of proceedings/decisions in which these ROEs were established.

Regulatory Research Associates, a group within S&P Global Market Intelligence, has observed that there can be significant differences between the average ROEs from one subcategory of cases to another.

As a result of electric industry restructuring, certain states unbundled electric rates and implemented retail competition for generation. Commissions in those states now have jurisdiction only over the revenue requirement and return parameters for delivery operations.

Comparing electric vertically integrated cases versus delivery-only proceedings over the past several years, RRA finds that the annual average authorized ROEs in vertically integrated cases typically are about 30 to 65 basis points higher than in delivery-only cases, arguably reflecting the increased risk associated with ownership and operation of generation assets.

Average authorized electric ROEs (%)



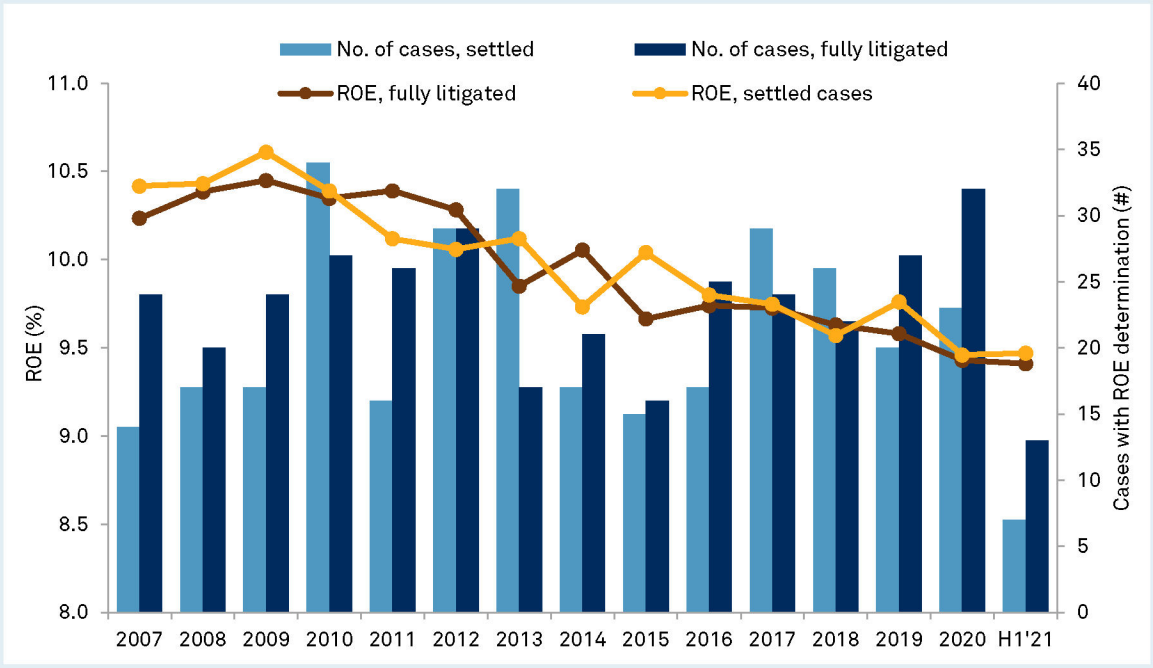
Data compiled July 26, 2021.
Source: Regulatory Research Associates, a group within S&P Global Market Intelligence

The industry average ROE for vertically integrated electric utilities was 9.46% in cases decided in the first half of 2021, versus the 9.55% average posted in full-year 2020. For electric distribution-only cases, the industry average ROE was 9.42% in the first half of 2021, versus 9.10% in full-year 2020.

Settlements have frequently been used to resolve rate cases over the last several years, and in many cases, these settlements are "black box" in nature and do not specify the ROE and other typical rate case parameters underlying the stipulated rate change. However, some states preclude this type of treatment, and settlements must specify these values, if not the specific adjustments from which these values were derived.

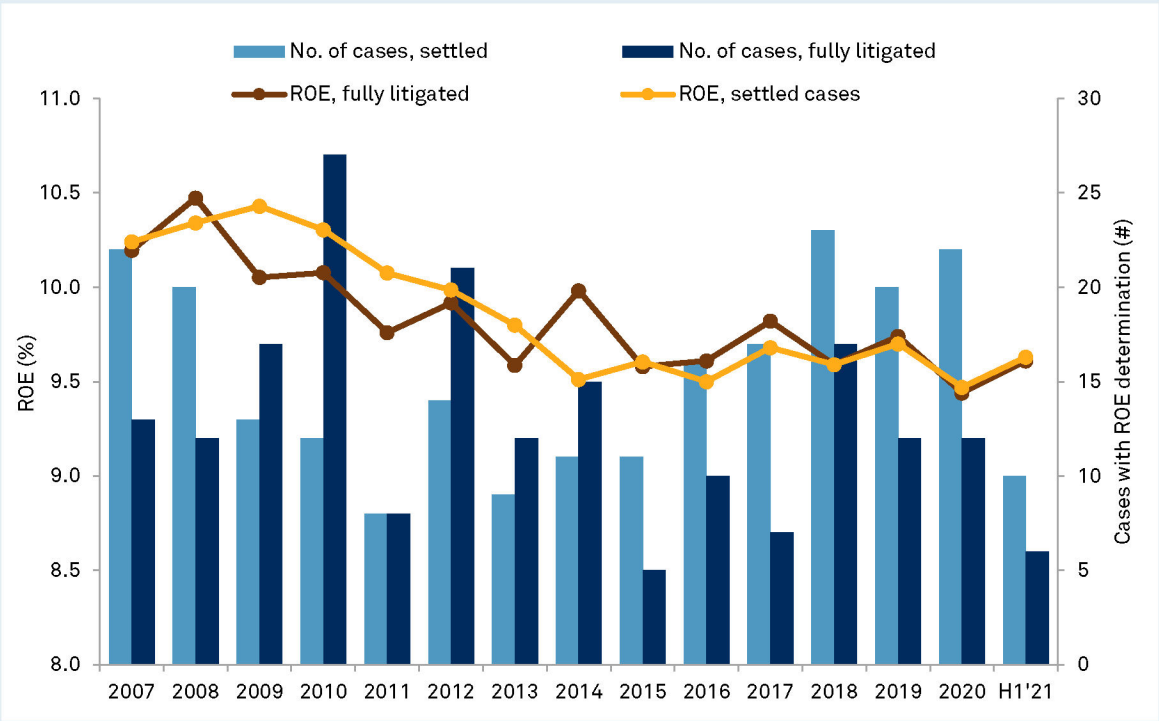
For both electric and gas cases, RRA has found no discernible pattern in the average authorized ROEs in cases that were settled versus those that were fully litigated. In some years, the average authorized ROE was higher for fully litigated cases, in others, it was higher for settled cases, and in a handful of years, the authorized ROE was similar for both fully litigated and settled cases.

Average authorized electric ROEs, settled vs. fully litigated cases (%)



Data compiled July 26, 2021.
Source: Regulatory Research Associates, a group within S&P Global Market Intelligence

Average authorized gas ROEs, settled vs. fully litigated cases (%)



Data compiled July 26, 2021.
Source: Regulatory Research Associates, a group within S&P Global Market Intelligence

The following discussion focuses on the corresponding tables available here.

Table 1 shows the average ROE authorized in major electric and gas rate decisions annually since 1990 and by quarter since 2016, followed by the number of observations in each period. Table 2 indicates the composite electric and gas industry data for all major cases, summarized annually since 2004 and by quarter for the past 10 quarters.

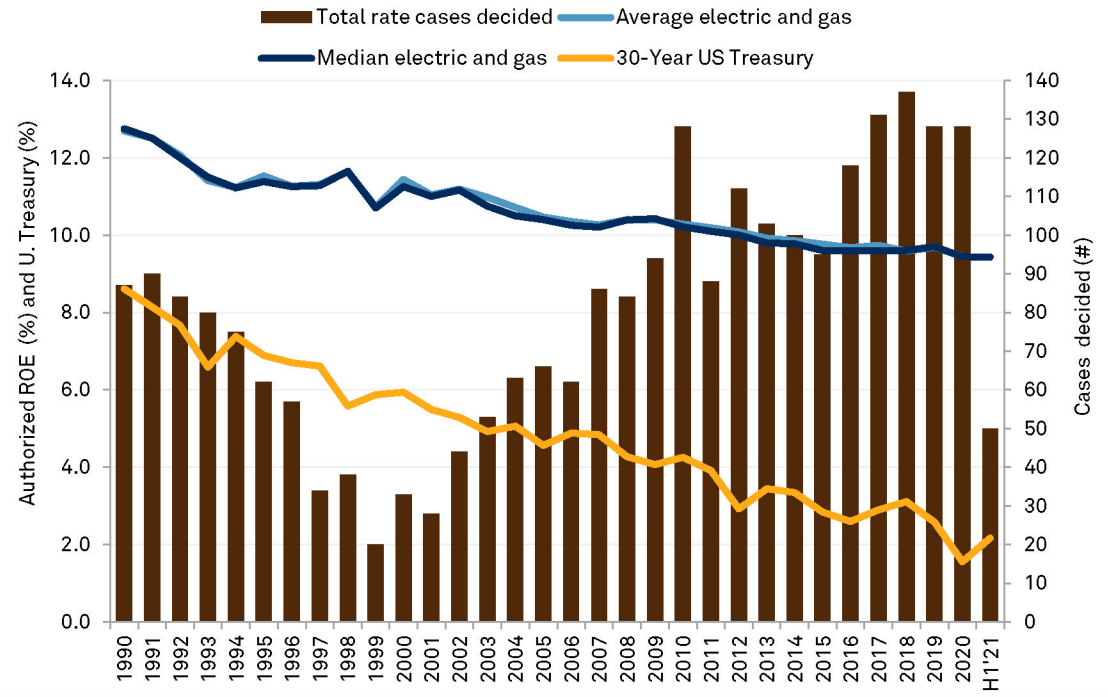
Tables 3 and 4 provide comparisons since 2007 of average authorized ROEs for settled versus fully litigated cases, general rate cases versus limited-issue rider proceedings and vertically integrated cases versus delivery-only cases for electric and gas utilities, respectively.

The individual electric and gas cases decided in 2021 are listed in **Table 5**, with the decision date shown first, followed by the company name, the abbreviation for the state issuing the decision, the authorized rate of return, the ROE and the percentage of common equity in the adopted capital structure. Next, RRA indicates the month and year in which the adopted test year ended, whether the commission utilized an average or a year-end rate base and the amount of the permanent rate change authorized. The dollar amounts represent the permanent rate change ordered at the time decisions were rendered. Fuel adjustment clause rate changes are not reflected in this study.

The simple mean is utilized for the return averages. In addition, the average equity returns indicated in this report reflect the ROEs approved in cases that were decided during the specified time periods and are not necessarily representative of either the average currently authorized ROEs for utilities industrywide or the returns actually earned by the utilities.

Table 6 and the graph below track the combined average and median equity return authorized for all electric and gas rate cases since 1990. As the table indicates, since 1990, authorized ROEs have generally trended downward, reflecting the significant decline in interest rates and capital costs that has occurred over this time frame.

Composite electric and gas authorized ROEs and number of rate cases



Data compiled July 26, 2021.
Source: Regulatory Research Associates, a group within S&P Global Market Intelligence

Please note: In an effort to align data presented in this report with data available in S&P Global Market Intelligence's online database, earlier historical data provided in previous reports may not match historical data in this report due to certain differences in presentation, including the treatment of cases that were withdrawn or dismissed, as well as the addition of cases that were previously not part of RRA's coverage.

SURVEY OF PROFESSIONAL FORECASTERS

Release Date: August 13, 2021

THIRD QUARTER 2021

Lower Current-Quarter Growth, Followed by Stronger Growth over Subsequent Quarters

The U.S. economy for the current quarter looks weaker now than it did three months ago, according to 36 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The panel predicts real GDP will grow at an annual rate of 6.8 percent this quarter, down 0.7 percentage point from the prediction in the last survey. Over the next three quarters, however, the panelists see stronger output growth than they predicted previously. Using the annual-average over annual-average computation, the forecasters expect real GDP to grow at an annual rate of 6.1 percent in 2021 and 4.4 percent in 2022.

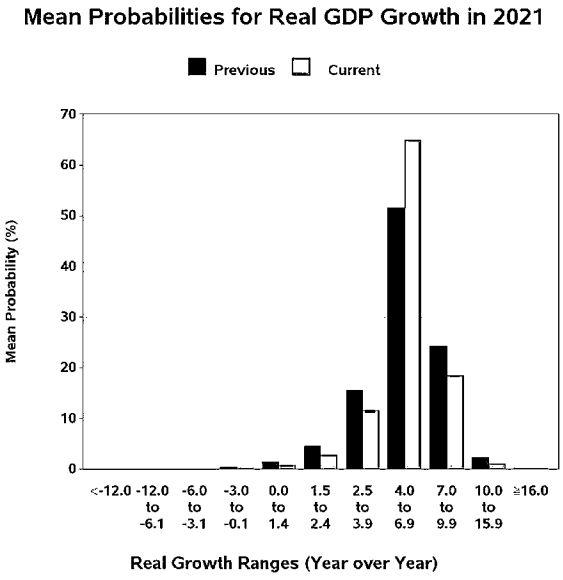
The projections for unemployment are little changed from those of the previous survey. On an annual-average basis, the forecasters predict the unemployment rate will decline from 5.6 percent in 2021 to 3.6 percent in 2024.

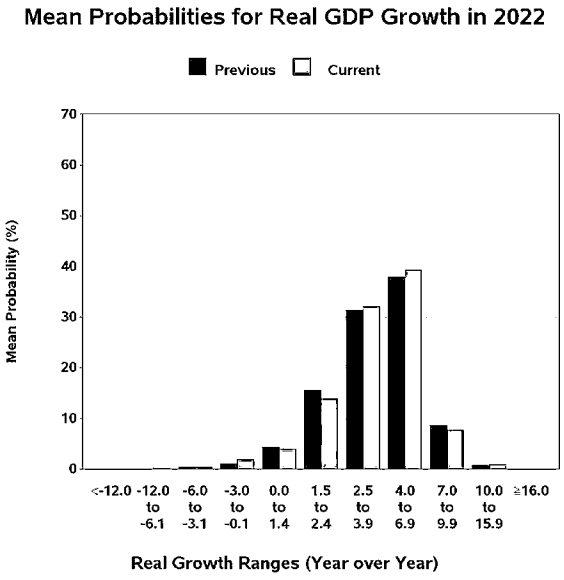
The employment outlook mirrors the outlook for output growth. The forecasters revised downward their estimate for job growth for the current quarter and revised upward their estimates for the next three quarters. The projections for the annual-average level of nonfarm payroll employment suggest job gains at a monthly rate of 309,400 in 2021 and 456,300 in 2022. (These annual-average projections are computed as the year-to-year change in the annual-average level of nonfarm payroll employment, converted to a monthly rate.)

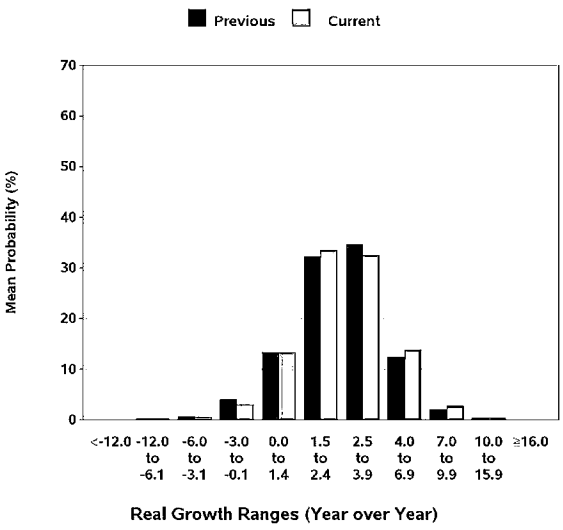
Median Forecasts for Selected Variables in the Current and Previous Surveys

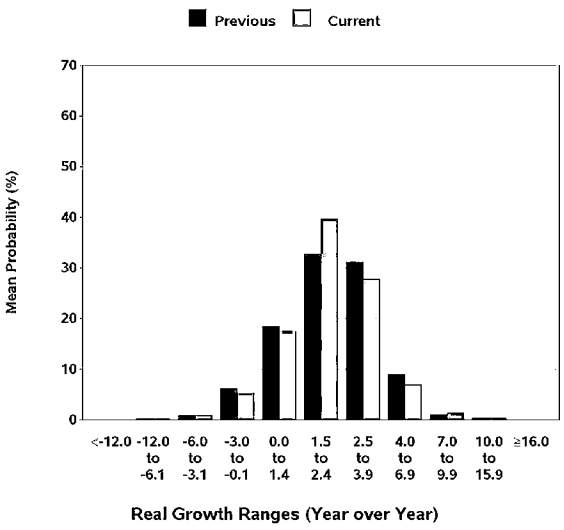
	Real GDP (%)		Unemployment Rate (%)		Payrolls (000s/month)	
	Previous	New	Previous	New	Previous	New
Quarterly data:						
2021:Q3	7.5	6.8	5.3	5.3	753.0	695.1
2021:Q4	5.0	5.2	4.9	4.9	482.4	508.8
2022:Q1	4.0	4.5	4.7	4.6	372.3	468.9
2022:Q2	2.6	3.4	4.5	4.4	287.0	404.8
2022:Q3	N.A.	2.7	N.A.	4.2	N.A.	265.0
Annual data (projections are based on annual-average levels):						
2021	6.3	6.1	5.5	5.6	331.6	309.4
2022	4.3	4.4	4.4	4.3	405.1	456.3
2023	2.6	2.5	3.9	3.8	N.A.	N.A.
2024	2.3	2.0	3.8	3.6	N.A.	N.A.

The charts below provide some insight into the degree of uncertainty the forecasters have about their projections for the rate of growth in the annual-average level of real GDP. Each chart presents the forecasters' previous and current estimates of the probability that growth will fall into each of 11 ranges. Notably, for 2021, the forecasters have significantly revised upward their estimate of the probability that real GDP will grow at a rate of 4.0 percent to 6.9 percent.

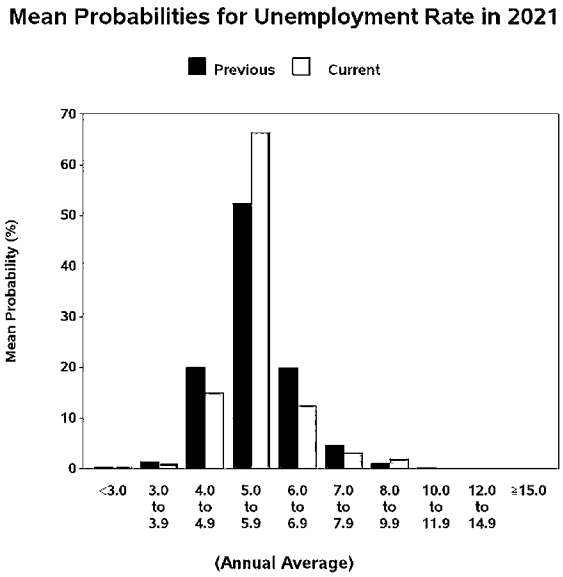


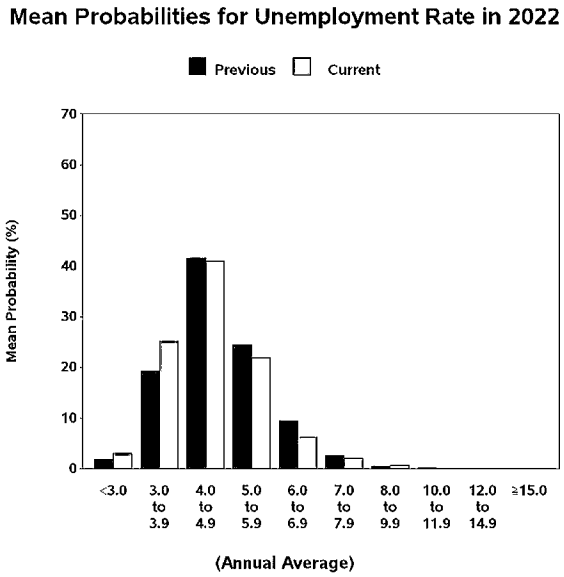


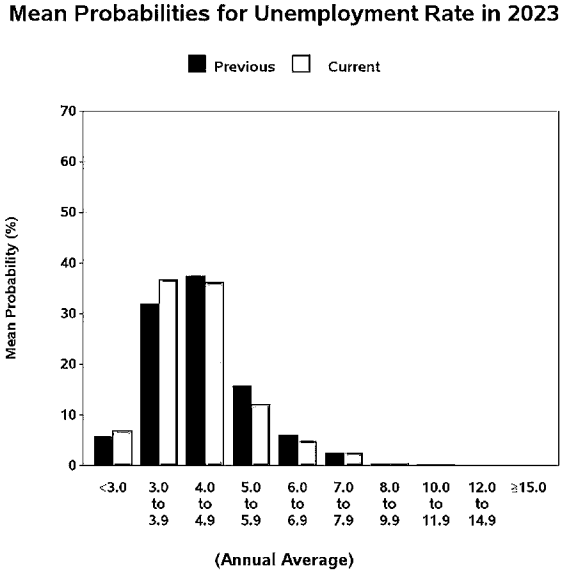


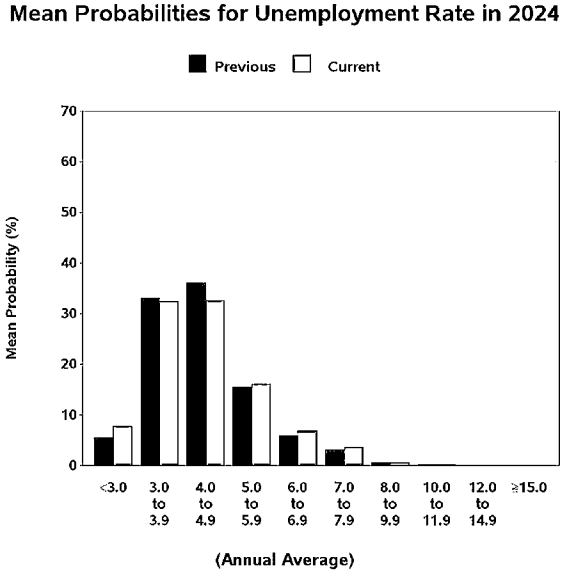


The forecasters' density projections for unemployment, shown below, shed light on uncertainty about the labor market over the next four years. Each chart presents the forecasters' current and previous estimates of the probability that unemployment will fall into each of 10 ranges. The panelists are raising their probability estimates for an unemployment rate between 5.0 percent and 5.9 percent in 2021. The unemployment density projections for the following three years are little changed, compared with their previous estimates.









Forecasters Raise Their Projections for Inflation

The forecasters expect current-quarter headline CPI inflation to average 5.2 percent, up from 2.6 percent in the last survey. Headline PCE inflation over the current quarter will be 4.0 percent, up 1.6 percentage points from the previous estimate.

Projections for headline and core CPI and PCE inflation at most other forecast horizons have been revised upward, compared with those from the survey of three months ago.

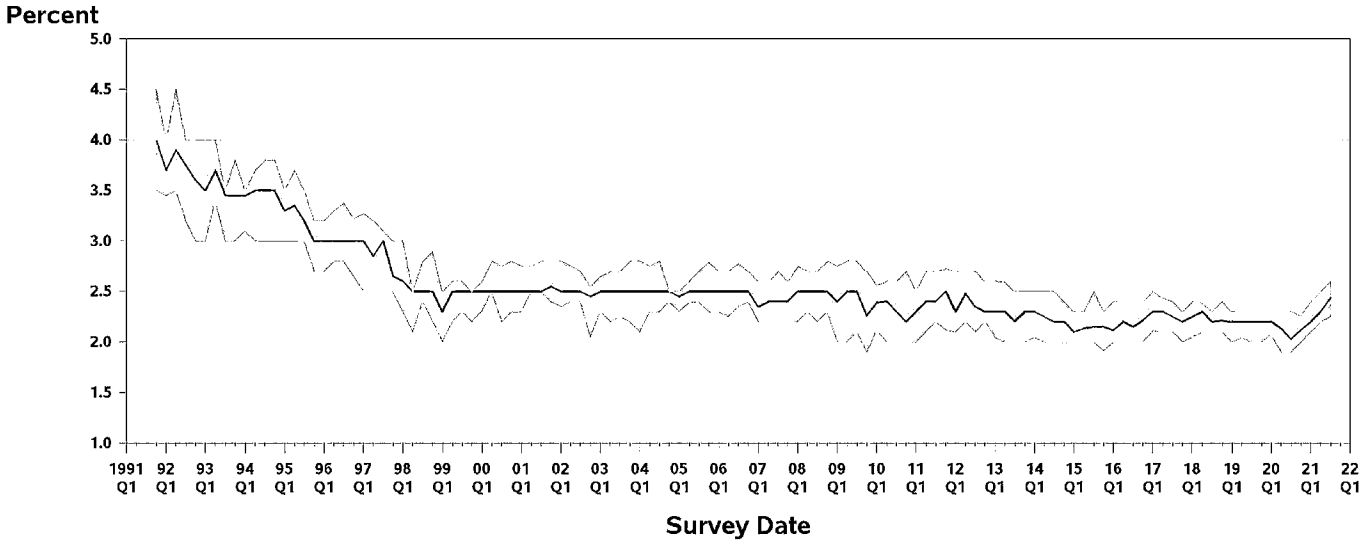
Over the next 10 years, 2021 to 2030, the forecasters predict headline CPI inflation will average 2.44 percent at an annual rate. The corresponding estimate for 10-year annual-average PCE inflation is 2.20 percent. These 10-year projections are higher than those of the previous survey.

Median Short-Run and Long-Run Projections for Inflation (Annualized Percentage Points)

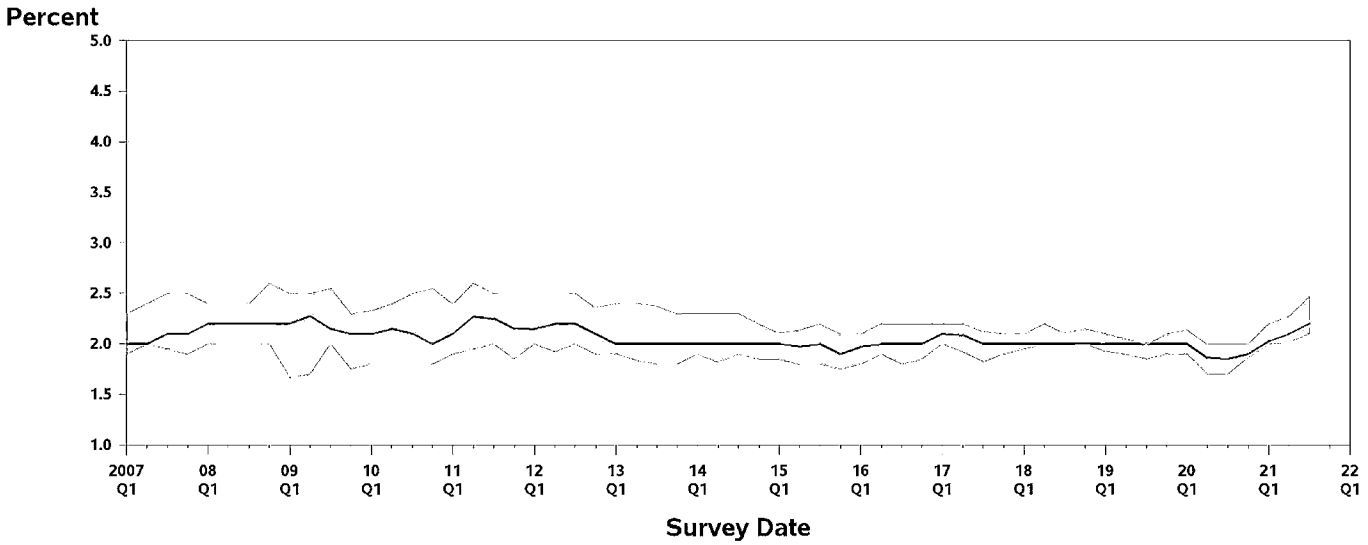
	Headline CPI		Core CPI		Headline PCE		Core PCE	
	Previous	Current	Previous	Current	Previous	Current	Previous	Current
Quarterly								
2021:Q3	2.6	5.2	2.5	5.1	2.4	4.0	2.2	3.7
2021:Q4	2.4	2.6	2.3	2.5	2.2	2.6	2.0	2.2
2022:Q1	2.3	2.2	2.1	2.3	2.1	2.3	2.0	2.1
2022:Q2	2.2	2.3	2.2	2.3	2.1	2.2	2.0	2.1
2022:Q3	N.A.	2.4	N.A.	2.4	N.A.	2.2	N.A.	2.2
Q4/Q4 Annual Averages								
2021	3.0	4.9	2.1	4.2	2.8	4.1	2.3	3.7
2022	2.3	2.4	2.2	2.4	2.2	2.2	2.0	2.2
2023	2.3	2.3	2.3	2.4	2.2	2.3	2.1	2.1
Long-Term Annual Averages								
2021-2025	2.40	2.75	N.A.	N.A.	2.20	2.40	N.A.	N.A.
2021-2030	2.30	2.44	N.A.	N.A.	2.10	2.20	N.A.	N.A.

The charts below show the median projections (the red line) and the associated interquartile ranges (gray areas around the red line) for 10-year annual-average CPI and PCE inflation. The charts highlight the rising projections for the long-term inflation rate in recent surveys.

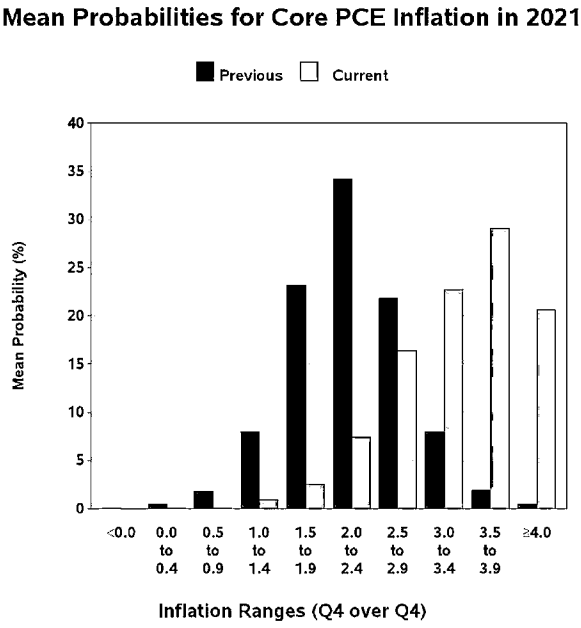
Projections for the 10-Year Annual-Average Rate of CPI Inflation
(Median and Interquartile Range)

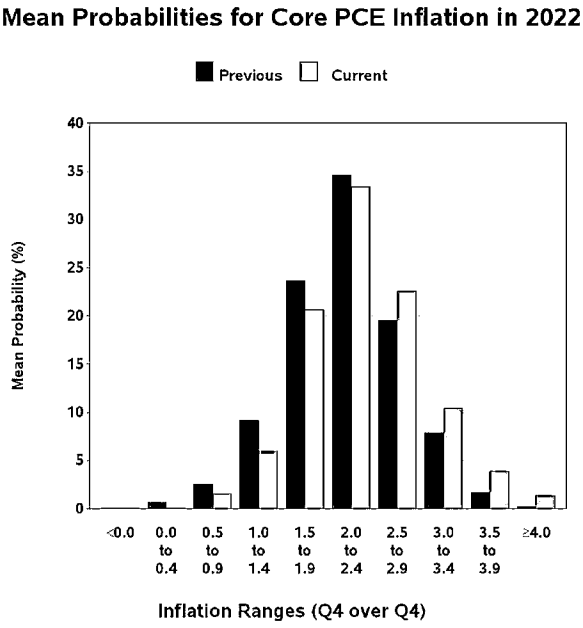


Projections for the 10-Year Annual-Average Rate of PCE Inflation
(Median and Interquartile Range)



The figures below show the probabilities that the forecasters are assigning to each of 10 possible ranges for fourth-quarter over fourth-quarter core PCE inflation in 2021 and 2022. For both years, the forecasters have raised their estimates for the probability that core PCE inflation will be 3.0 percent or more, compared with their estimates from three months ago.





Lower Risk of a Negative Quarter

The forecasters expect only a small likelihood of a contraction in real GDP in any of the next five quarters, and these new estimates are slightly below those of the previous survey. The forecasters have cut their estimate of the risk of a downturn this quarter to 5.7 percent, compared with 7.3 percent in the survey of three months ago. The panelists have also reduced their probability estimates for the following three quarters, compared with their previous estimates.

Risk of a Negative Quarter (%)
Survey Means

Quarterly data:	Previous	New
2021:Q3	7.3	5.7
2021:Q4	10.1	9.5
2022:Q1	12.1	12.0
2022:Q2	13.3	12.3
2022:Q3	N.A.	12.9

Natural Rate of Unemployment Estimated at 3.78 Percent

In third-quarter surveys, we ask the forecasters to provide their estimates of the natural rate of unemployment — the rate of unemployment that occurs when the economy reaches equilibrium. The forecasters peg this rate at 3.78 percent. The table below shows, for each third-quarter survey since 1996, the percentage of respondents who use the natural rate in their forecasts and, for those who use it, the median estimate and the lowest and highest estimates. Thirty-seven percent of the 27 forecasters who answered the question report that they use the natural rate in their forecasts. The lowest estimate is 3.00 percent, and the highest estimate is 4.25 percent.

Median Estimates of the Natural Rate of Unemployment

Survey Date	Percentage Who Use the Natural Rate	Median Estimate (%)	Low (%)	High (%)
1996:Q3	62	5.65	5.00	6.00
1997:Q3	59	5.25	4.50	5.88
1998:Q3	45	5.30	4.50	5.80
1999:Q3	43	5.00	4.13	5.60
2000:Q3	48	4.50	4.00	5.00
2001:Q3	34	4.88	3.50	5.50
2002:Q3	50	5.10	3.80	5.50
2003:Q3	41	5.00	4.31	5.40
2004:Q3	46	5.00	4.00	5.50
2005:Q3	50	5.00	4.25	5.50
2006:Q3	53	4.95	4.00	5.50
2007:Q3	52	4.65	4.20	5.50
2008:Q3	48	5.00	4.00	5.50
2009:Q3	45	5.00	4.00	6.00
2010:Q3	50	5.78	4.50	6.80
2011:Q3	42	6.00	4.75	7.00
2012:Q3	49	6.00	4.75	7.00
2013:Q3	63	6.00	4.75	7.00
2014:Q3	65	5.50	4.50	6.70
2015:Q3	62	5.00	4.25	5.80
2016:Q3	56	4.80	4.50	5.50
2017:Q3	44	4.50	3.50	5.00
2018:Q3	34	4.30	3.80	4.60
2019:Q3	33	4.10	3.88	4.60
2020:Q3	48	4.10	3.50	6.00
2021:Q3	37	3.78	3.00	4.25

Technical Notes

Moody's Aaa and Baa Historical Rates
The historical values of Moody's Aaa and Baa rates are proprietary and, therefore, not available in the data files on the Bank's website or on the tables that accompany the survey's complete write-up in the PDF.

The Federal Reserve Bank of Philadelphia thanks the following forecasters for their participation in recent surveys:

Scott Anderson, Bank of the West (BNP Paribas Group); **Robert J. Barbera**, Johns Hopkins University Center for Financial Economics; **Peter Bernstein**, RCF Economic and Financial Consulting, Inc.; **Wayne Best** and **Michael Brown**, Visa, Inc.; **Jay Bryson**, Wells Fargo; **Christine Chmura, Ph.D.**, and **Xiaobing Shuai, Ph.D.**, Chmura Economics & Analytics; **Gary Ciminero, CFA**, GLC Financial Economics; **Gregory Daco**, Oxford Economics USA, Inc.; **Rajeev Dhawan**, Georgia State University; **Bill Diviney**, ABN AMRO Bank NV; **G. Ehrlich**, **D. Manaenkov**, **T. Ranosova**, and **A. Thapar**, RSQE, University of Michigan; **Michael R. Englund**, Action Economics, LLC; **Sacha Gelfer**, Bentley University; **James Glassman**, JPMorgan Chase & Co.; **Jan Hatzius**, Goldman Sachs; **Fred Joutz**, Benchmark Forecasts; **Sam Kahan**, Kahan Consulting Ltd. (ACT Research LLC); **N. Karp**, BBVA Research USA; **Walter Kemmsies** and **Ryan Severino**, Jones Lang LaSalle; **Jack Kleinhenz**, Kleinhenz & Associates, Inc.; **Yaniv Konchitchki**, University of California, Berkeley; **Rohan Kumar** and **Allen Sinai**, Decision Economics, Inc.; **Thomas Lam**, Sim Kee Boon Institute, Singapore Management University; **John Lonski**, Moody's Capital Markets Group; **Matthew Luzzetti**, Deutsche Bank Securities; **IHS Markit**; **Robert McNab**, Old Dominion University; **R. Anthony Metz**, Pareto Optimal Economics; **R. M. Monaco**, TitanRM; **Michael Moran**, Daiwa Capital Markets America; **Joel L. Naroff**, Naroff Economic Advisors; **Nomura Securities International**; **Brendon Ogmundson**, BC Real Estate Association; **Perc Pineda, Ph.D.**, Plastics Industry Association; **Jason Prole**, Capital Risk Management; **Philip Rothman**, East Carolina University; **Chris Rupkey**, MUFG Union Bank; **Sean M. Snaith, Ph.D.**, University of Central Florida; **Constantine G. Soras, Ph.D.**, CGS Economic Consulting, Inc.; **Stephen Stanley**, Amherst Pierpont Securities; **Charles Steindel**, Editor, NABE *Business Economics*; **Susan M. Sterne**, Economic Analysis Associates, Inc.; **James Sweeney**, Credit Suisse; **Thomas Kevin Swift**, American Chemistry Council; **Maira Trimble**, Eaton Corporation; **Mark Zandi**, Moody's Analytics; **Ellen Zentner**, Morgan Stanley.

This is a partial list of participants. We also thank those who wish to remain anonymous.

SUMMARY TABLE
SURVEY OF PROFESSIONAL FORECASTERS
MAJOR MACROECONOMIC INDICATORS

	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2021	2022 (YEAR-OVER-YEAR)	2023	2024
PERCENT GROWTH AT ANNUAL RATES									
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	6.8	5.2	4.5	3.4	2.7	6.1	4.4	2.5	2.0
2. GDP PRICE INDEX (PERCENT CHANGE)	3.8	2.4	2.1	2.2	2.3	3.6	2.7	N.A.	N.A.
3. NOMINAL GDP ($ BILLIONS)	10.4	8.4	6.5	5.4	5.2	9.8	7.1	N.A.	N.A.
4. NONFARM PAYROLL EMPLOYMENT									
(PERCENT CHANGE)	5.9	4.2	3.8	3.3	2.1	2.6	3.8	N.A.	N.A.
(AVG MONTHLY CHANGE)	695.1	508.8	468.9	404.8	265.0	309.4	456.3	N.A.	N.A.
VARIABLES IN LEVELS									
5. UNEMPLOYMENT RATE (PERCENT)	5.3	4.9	4.6	4.4	4.2	5.6	4.3	3.8	3.6
6. 3-MONTH TREASURY BILL (PERCENT)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.8
7. 10-YEAR TREASURY BOND (PERCENT)	1.4	1.6	1.6	1.7	1.9	1.5	1.8	2.2	2.5

	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2021	2022 (Q4-OVER-Q4)	2023
INFLATION INDICATORS								
8. CPI (ANNUAL RATE)	5.2	2.6	2.2	2.3	2.4	4.9	2.4	2.3
9. CORE CPI (ANNUAL RATE)	5.1	2.5	2.3	2.3	2.4	4.2	2.4	2.4
10. PCE (ANNUAL RATE)	4.0	2.6	2.3	2.2	2.2	4.1	2.2	2.3
11. CORE PCE (ANNUAL RATE)	3.7	2.2	2.1	2.1	2.2	3.7	2.2	2.1

Note: The figures on each line are medians of 36 forecasters.

Source: Research Department, Federal Reserve Bank of Philadelphia.
Survey of Professional Forecasters, Third Quarter 2021.

SURVEY OF PROFESSIONAL FORECASTERS

Third Quarter 2021

Tables

Note: Data in these tables listed as "actual" are the data that were available to the forecasters when they were sent the survey questionnaire on July 29, 2021; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before August 10, 2021.

TABLE ONE
MAJOR MACROECONOMIC INDICATORS
MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL 2021 Q2	FORECAST 2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	ACTUAL 2020 ANNUAL	FORECAST 2021 ANNUAL	2022 ANNUAL	2023 ANNUAL	2024 ANNUAL
1. GROSS DOMESTIC PRODUCT ($ BILLIONS)	36	22723	23290	23763	24139	24459	24769	20894	22946	24582	N.A.	N.A.
2. GDP PRICE INDEX (2012=100)	35	117.52	118.62	119.32	119.95	120.59	121.29	113.74	117.78	120.93	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES ($ BILLIONS)	21	N.A.	2293.5	2353.1	2361.4	2423.4	2491.2	1968.1	2277.1	2416.1	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	36	5.9	5.3	4.9	4.6	4.4	4.2	8.1	5.6	4.3	3.8	3.6
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	31	144998	147133	148660	150067	151281	152076	142252	145965	151440	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2017=100)	29	99.6	100.9	102.1	103.1	104.0	104.7	95.0	100.2	104.3	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	30	1.57	1.60	1.60	1.59	1.59	1.59	1.40	1.59	1.58	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	34	0.03	0.06	0.08	0.10	0.11	0.14	0.37	0.05	0.14	0.49	0.75
9. MOODY'S AAA CORP BOND YIELD * (PERCENT)	19	N.A.	2.65	2.90	2.99	3.05	3.08	N.A.	2.81	3.08	N.A.	N.A.
10. MOODY'S BAA CORP BOND YIELD * (PERCENT)	19	N.A.	3.35	3.63	3.73	3.80	3.90	N.A.	3.54	3.86	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	34	1.59	1.40	1.57	1.63	1.73	1.86	0.89	1.48	1.78	2.20	2.48
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	36	19358	19680	19929	20148	20317	20451	18385	19503	20363	20863	21283
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	33	13659.3	13814.3	13966.1	14067.5	14185.2	14265.9	12629.9	13686.0	14215.2	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	32	2865.2	2917.2	2968.2	3013.4	3054.2	3085.9	2671.1	2890.8	3068.3	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	32	712.1	719.6	728.4	737.8	744.5	750.6	648.0	722.8	745.3	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	30	1357.6	1366.9	1375.7	1383.4	1389.5	1398.0	1340.7	1369.0	1392.6	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	31	2021.2	2033.7	2044.8	2064.0	2076.2	2084.3	2019.9	2029.2	2076.6	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	31	-165.9	5.0	42.0	62.5	72.3	78.3	-42.3	-50.4	72.2	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	32	-1259.0	-1285.7	-1297.3	-1302.8	-1311.1	-1318.9	-942.7	-1269.0	-1314.9	N.A.	N.A.

* The historical values of Moody's Aaa and Baa rates are proprietary and therefore not available to the general public.

Source: Research Department, Federal Reserve Bank of Philadelphia. Survey of Professional Forecasters, Third Quarter 2021.

TABLE TWO
MAJOR MACROECONOMIC INDICATORS
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q2 2021 TO Q3 2021	Q3 2021 TO Q4 2021	Q4 2021 TO Q1 2022	Q1 2022 TO Q2 2022	Q2 2022 TO Q3 2022	2020 TO 2021	2021 TO 2022	2022 TO 2023	2023 TO 2024
1. GROSS DOMESTIC PRODUCT (GDP) ($ BILLIONS)	36	10.4	8.4	6.5	5.4	5.2	9.8	7.1	N.A.	N.A.
2. GDP PRICE INDEX (2012=100)	35	3.8	2.4	2.1	2.2	2.3	3.6	2.7	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES ($ BILLIONS)	21	7.2	10.8	1.4	10.9	11.7	15.7	6.1	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	36	-0.6	-0.4	-0.3	-0.2	-0.2	-2.5	-1.3	-0.5	-0.2
5. NONFARM PAYROLL EMPLOYMENT										
(PERCENT CHANGE)	31	5.9	4.2	3.8	3.3	2.1	2.6	3.8	N.A.	N.A.
(AVG MONTHLY CHANGE)	31	695.1	508.8	468.9	404.8	265.0	309.4	456.3	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2017=100)	29	5.5	4.6	4.0	3.6	2.8	5.5	4.1	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	30	7.1	1.3	-1.3	-1.9	1.3	13.6	-0.3	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	34	0.03	0.03	0.02	0.01	0.04	-0.32	0.08	0.35	0.27
9. MOODY'S AAA CORP BOND YIELD * (PERCENT)	19	N.A.	0.25	0.09	0.06	0.03	N.A.	0.27	N.A.	N.A.
10. MOODY'S BAA CORP BOND YIELD * (PERCENT)	19	N.A.	0.28	0.10	0.07	0.10	N.A.	0.32	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	34	-0.19	0.17	0.07	0.10	0.13	0.59	0.30	0.42	0.28
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	36	6.8	5.2	4.5	3.4	2.7	6.1	4.4	2.5	2.0
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	33	4.6	4.5	2.9	3.4	2.3	8.4	3.9	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	32	7.5	7.2	6.2	5.5	4.2	8.2	6.1	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	32	4.3	5.0	5.2	3.7	3.3	11.5	3.1	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	30	2.8	2.6	2.3	1.8	2.5	2.1	1.7	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	31	2.5	2.2	3.8	2.4	1.6	0.5	2.3	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	31	170.9	37.0	20.5	9.8	6.0	-8.1	122.6	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	32	-26.7	-11.6	-5.6	-8.3	-7.8	-326.3	-45.9	N.A.	N.A.

* The historical values of Moody's Aaa and Baa rates are proprietary and therefore not available to the general public.

Note: Figures for unemployment rate, 3-month Treasury bill rate, Moody's Aaa corporate bond yield, Moody's Baa corporate bond yield, and 10-year Treasury bond yield are changes in these rates, in percentage points. Figures for change in private inventories and net exports are changes in billions of chain-weighted dollars. All others are percentage changes at annual rates.

Source: Research Department, Federal Reserve Bank of Philadelphia. Survey of Professional Forecasters, Third Quarter 2021.

TABLE THREE
MAJOR PRICE INDICATORS
MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL 2021 Q2	FORECAST(Q/Q) 2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	ACTUAL 2020 ANNUAL	FORECAST(Q4/Q4) 2021 ANNUAL	2022 ANNUAL	2023 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	36	8.4	5.2	2.6	2.2	2.3	2.4	1.2	4.9	2.4	2.3
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	34	8.1	5.1	2.5	2.3	2.3	2.4	1.6	4.2	2.4	2.4
3. PCE PRICE INDEX (ANNUAL RATE)	35	6.4	4.0	2.6	2.3	2.2	2.2	1.2	4.1	2.2	2.3
4. CORE PCE PRICE INDEX (ANNUAL RATE)	34	6.1	3.7	2.2	2.1	2.1	2.2	1.4	3.7	2.2	2.1

Source: Research Department, Federal Reserve Bank of Philadelphia. Survey of Professional Forecasters, Third Quarter 2021.

TABLE FOUR
YIELD SPREADS
MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL	FORECAST					ACTUAL	FORECAST			
		2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2020 ANNUAL	2021 ANNUAL	2022 ANNUAL	2023 ANNUAL	2024 ANNUAL
1. TBOND MINUS TBILL (PERCENTAGE POINTS)	33	1.57	1.34	1.48	1.55	1.66	1.70	0.53	1.42	1.68	1.80	1.66
2. AAA MINUS TBOND (PERCENTAGE POINTS)	19	N.A.	1.26	1.29	1.30	1.26	1.26	N.A.	1.33	1.26	N.A.	N.A.
3. BAA MINUS TBOND (PERCENTAGE POINTS)	19	N.A.	1.99	2.00	2.05	2.05	2.06	N.A.	2.03	2.05	N.A.	N.A.
4. BAA MINUS AAA (PERCENTAGE POINTS)	19	N.A.	0.70	0.70	0.73	0.76	0.81	N.A.	0.71	0.79	N.A.	N.A.

Notes:

TBOND is the rate on 10-year Treasury bonds.
TBILL is the rate on 3-month Treasury bills.
AAA is the rate on Moody's Aaa corporate bonds.
BAA is the rate on Moody's Baa corporate bonds.

The historical values for interest rate spreads for Moody's Aaa and Baa rates are proprietary and therefore not available to the general public.

Each interest rate spread is computed as the median value of the forecasters' spreads. These median values may differ from those computed as the difference between the median values of each interest rate in the spread.

Source: Research Department, Federal Reserve Bank of Philadelphia. Survey of Professional Forecasters, Third Quarter 2021.

TABLE FIVE
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANCES IN 100)	Q2 2021 TO Q3 2021	Q3 2021 TO Q4 2021	Q4 2021 TO Q1 2022	Q1 2022 TO Q2 2022	Q2 2022 TO Q3 2022
			NUMBER OF FORECASTERS		
10 OR LESS	27	22	18	15	13
11 TO 20	3	7	10	14	15
21 TO 30	0	1	2	1	1
31 TO 40	0	0	0	0	0
41 TO 50	0	0	0	0	0
51 TO 60	0	0	0	0	0
61 TO 70	0	0	0	0	0
71 TO 80	0	0	0	0	0
81 TO 90	0	0	0	0	0
91 AND OVER	0	0	0	0	0
NOT REPORTING	6	6	6	6	7
MEAN AND MEDIAN					
MEDIAN PROBABILITY	5.00	8.50	10.00	10.65	12.00
MEAN PROBABILITY	5.65	9.50	12.00	12.28	12.88

Note: Total number of forecasters reporting is 30.

Source: Research Department, Federal Reserve Bank of Philadelphia.
Survey of Professional Forecasters, Third Quarter 2021.

TABLE SIX
MEAN PROBABILITIES

MEAN PROBABILITY ATTACHED TO POSSIBLE
CIVILIAN UNEMPLOYMENT RATES:
(ANNUAL AVERAGE)

	2021	2022	2023	2024
15.0 PERCENT OR MORE	0.00	0.00	0.00	0.00
12.0 TO 14.9 PERCENT	0.00	0.00	0.04	0.05
10.0 TO 11.9 PERCENT	0.03	0.07	0.12	0.15
8.0 TO 9.9 PERCENT	1.92	0.63	0.42	0.55
7.0 TO 7.9 PERCENT	3.09	2.00	2.55	3.63
6.0 TO 6.9 PERCENT	12.40	6.24	4.83	6.90
5.0 TO 5.9 PERCENT	66.39	21.82	12.11	15.99
4.0 TO 4.9 PERCENT	14.98	40.97	36.32	32.62
3.0 TO 3.9 PERCENT	0.92	25.24	36.64	32.42
LESS THAN 3.0 PERCENT	0.27	3.03	6.97	7.71

MEAN PROBABILITY ATTACHED TO POSSIBLE
PERCENT CHANGES IN REAL GDP:
(ANNUAL-AVERAGE OVER ANNUAL-AVERAGE)

	2020-2021	2021-2022	2022-2023	2023-2024
16.0 PERCENT OR MORE	0.17	0.10	0.00	0.00
10.0 TO 15.9 PERCENT	1.04	0.84	0.46	0.30
7.0 TO 9.9 PERCENT	18.44	7.63	2.73	1.36
4.0 TO 6.9 PERCENT	64.93	39.20	13.90	6.93
2.5 TO 3.9 PERCENT	11.59	32.08	32.38	27.81
1.5 TO 2.4 PERCENT	2.77	13.91	33.40	39.72
0.0 TO 1.4 PERCENT	0.74	3.90	13.32	17.50
-3.0 TO -0.1 PERCENT	0.27	1.84	3.02	5.28
-6.0 TO -3.1 PERCENT	0.03	0.37	0.59	0.81
-12.0 TO -6.1 PERCENT	0.03	0.11	0.17	0.25
LESS THAN -12.0 PERCENT	0.00	0.03	0.04	0.05

MEAN PROBABILITY ATTACHED TO POSSIBLE
PERCENT CHANGES IN GDP PRICE INDEX:
(ANNUAL-AVERAGE OVER ANNUAL-AVERAGE)

	2020-2021	2021-2022
4.0 PERCENT OR MORE	19.25	8.96
3.5 TO 3.9 PERCENT	34.36	12.00
3.0 TO 3.4 PERCENT	25.70	18.28
2.5 TO 2.9 PERCENT	9.58	23.95
2.0 TO 2.4 PERCENT	8.14	23.84
1.5 TO 1.9 PERCENT	2.59	9.05
1.0 TO 1.4 PERCENT	0.31	2.74
0.5 TO 0.9 PERCENT	0.03	0.74
0.0 TO 0.4 PERCENT	0.03	0.21
LESS THAN 0.0 PERCENT	0.00	0.22

Source: Research Department, Federal Reserve Bank of Philadelphia.
Survey of Professional Forecasters, Third Quarter 2021.

TABLE SEVEN
MEAN PROBABILITY OF CORE CPI AND CORE PCE INFLATION (Q4/Q4)

MEAN PROBABILITY ATTACHED TO CORE CPI INFLATION:

	20Q4 TO 21Q4	21Q4 TO 22Q4
4.0 PERCENT OR MORE	40.89	2.81
3.5 TO 3.9 PERCENT	26.67	7.17
3.0 TO 3.4 PERCENT	18.12	17.62
2.5 TO 2.9 PERCENT	9.27	32.00
2.0 TO 2.4 PERCENT	3.97	26.08
1.5 TO 1.9 PERCENT	0.72	9.80
1.0 TO 1.4 PERCENT	0.18	3.00
0.5 TO 0.9 PERCENT	0.11	1.05
0.0 TO 0.4 PERCENT	0.04	0.27
LESS THAN 0.0 PERCENT	0.04	0.21

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	20Q4 TO 21Q4	21Q4 TO 22Q4
4.0 PERCENT OR MORE	20.62	1.39
3.5 TO 3.9 PERCENT	29.08	3.88
3.0 TO 3.4 PERCENT	22.76	10.43
2.5 TO 2.9 PERCENT	16.40	22.55
2.0 TO 2.4 PERCENT	7.47	33.37
1.5 TO 1.9 PERCENT	2.50	20.62
1.0 TO 1.4 PERCENT	0.93	5.95
0.5 TO 0.9 PERCENT	0.14	1.58
0.0 TO 0.4 PERCENT	0.07	0.14
LESS THAN 0.0 PERCENT	0.04	0.08

Source: Research Department, Federal Reserve Bank of Philadelphia.
Survey of Professional Forecasters, Third Quarter 2021.

TABLE EIGHT
LONG-TERM (5-YEAR AND 10-YEAR) INFLATION FORECASTS

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2021-2025

CPI INFLATION RATE		PCE INFLATION RATE	
MINIMUM	2.10	MINIMUM	1.90
LOWER QUARTILE	2.50	LOWER QUARTILE	2.20
MEDIAN	2.75	MEDIAN	2.40
UPPER QUARTILE	2.97	UPPER QUARTILE	2.80
MAXIMUM	3.75	MAXIMUM	3.13
MEAN	2.76	MEAN	2.48
STD. DEVIATION	0.40	STD. DEVIATION	0.35
N	28	N	28
MISSING	8	MISSING	8

ANNUAL AVERAGE OVER THE FOLLOWING 5 YEARS: 2026-2030

CPI INFLATION RATE		PCE INFLATION RATE	
MINIMUM	1.80	MINIMUM	1.60
LOWER QUARTILE	2.00	LOWER QUARTILE	1.85
MEDIAN	2.10	MEDIAN	2.00
UPPER QUARTILE	2.35	UPPER QUARTILE	2.20
MAXIMUM	2.60	MAXIMUM	2.40
MEAN	2.17	MEAN	2.01
STD. DEVIATION	0.22	STD. DEVIATION	0.24
N	28	N	28
MISSING	8	MISSING	8

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2021-2030

CPI INFLATION RATE		PCE INFLATION RATE	
MINIMUM	2.00	MINIMUM	1.80
LOWER QUARTILE	2.25	LOWER QUARTILE	2.10
MEDIAN	2.44	MEDIAN	2.20
UPPER QUARTILE	2.60	UPPER QUARTILE	2.47
MAXIMUM	3.00	MAXIMUM	2.70
MEAN	2.46	MEAN	2.24
STD. DEVIATION	0.26	STD. DEVIATION	0.24
N	28	N	28
MISSING	8	MISSING	8

Note: The summary statistics for each forecast horizon are computed on a sample of panelists that may differ from one horizon to the next. The usual identity linking the 10-year horizon to the two underlying five-year horizons may not hold in the results.

Source: Research Department, Federal Reserve Bank of Philadelphia.
Survey of Professional Forecasters, Third Quarter 2021.

AMEREN NYSE-AEE

RECENT PRICE **88.49** | P/E RATIO **23.0** (Trailing: 24.3 Median: 18.0) | RELATIVE P/E RATIO **1.20** | DIV'D YLD **2.6%** | **VALUE LINE**

TIMELINESS **4** Lowered 8/20/21
SAFETY **1** Raised 9/10/21
TECHNICAL **3** Raised 9/10/21
BETA .85 (1.00 = Market)

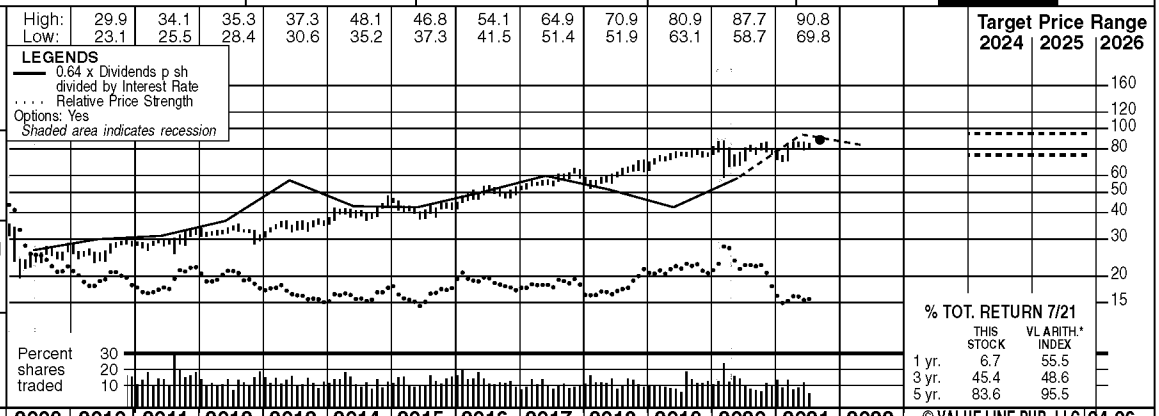
18-Month Target Price Range
Low-High Midpoint (% to Mid)
$65-$131 $98 (10%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	95	(+5%)	5%
Low	75	(-15%)	Nil

Institutional Decisions

	4Q2020	1Q2021	2Q2021
to Buy	266	249	273
to Sell	250	269	226
Hld's(000)	196751	194499	194886



% TOT. RETURN 7/21

	THIS STOCK	VL ARITH.* INDEX
1 yr.	6.7	55.5
3 yr.	45.4	48.6
5 yr.	83.6	95.5

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
33.12	33.30	36.23	36.92	29.87	31.77	31.04	28.14	24.06	24.95	25.13	25.04	25.46	25.73	24.00	22.87	*23.55*	*23.95*	Revenues per sh	*25.75*
6.10	6.02	6.76	6.44	6.06	6.33	5.87	5.87	5.25	5.77	6.08	6.59	6.80	7.64	7.83	8.08	*8.70*	*9.15*	"Cash Flow" per sh	*10.75*
3.13	2.66	2.98	2.88	2.78	2.77	2.47	2.41	2.10	2.40	2.38	2.68	2.77	3.32	3.35	3.50	*3.85*	*4.10*	Earnings per sh [A]	*5.00*
2.54	2.54	2.54	2.54	1.54	1.54	1.56	1.60	1.60	1.61	1.66	1.72	1.78	1.85	1.92	2.00	*2.20*	*2.34*	Div'd Decl'd per sh [B] ■	*2.90*
4.63	4.99	6.96	9.75	7.51	4.66	4.50	5.49	5.87	7.66	8.12	8.78	9.05	9.56	9.92	13.02	*14.40*	*11.80*	Cap'l Spending per sh	*12.75*
31.09	31.86	32.41	32.80	33.08	32.15	32.64	27.27	26.97	27.67	28.63	29.27	29.61	31.21	32.73	35.29	*37.60*	*40.00*	Book Value per sh [C]	*48.00*
204.70	206.60	208.30	212.30	237.40	240.40	242.60	242.63	242.63	242.63	242.63	242.63	242.63	244.50	246.20	253.30	*259.00*	*265.00*	Common Shs Outst'g [D]	*280.00*
16.7	19.4	17.4	14.2	9.3	9.7	11.9	13.4	16.5	16.7	17.5	18.3	20.6	18.3	22.1	22.2	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*17.0*
.89	1.05	.92	.85	.62	.62	.75	.85	.93	.88	.88	.96	1.04	.99	1.18	1.15			Relative P/E Ratio	*.90*
4.9%	4.9%	4.9%	6.2%	6.0%	5.8%	5.3%	5.0%	4.6%	4.0%	4.0%	3.5%	3.1%	3.0%	2.6%	2.6%			Avg Ann'l Div'd Yield	*3.4%*
7531.0	6828.0	5838.0	6053.0	6098.0	6076.0	6177.0	6291.0	5910.0	5794.0	*6100*	*6350*	Revenues ($mill)	*7200*
602.0	589.0	518.0	593.0	585.0	659.0	683.0	821.0	834.0	877.0	*1000*	*1090*	Net Profit ($mill)	*1410*
37.3%	36.9%	37.5%	38.9%	38.3%	36.7%	38.2%	22.4%	17.9%	15.0%	*10.0%*	*10.0%*	Income Tax Rate	*10.0%*
5.6%	6.1%	7.1%	5.7%	5.1%	4.1%	5.6%	6.9%	5.8%	5.5%	*5.0%*	*5.0%*	AFUDC % to Net Profit	*4.0%*
45.3%	49.5%	45.2%	47.2%	49.3%	47.7%	49.2%	50.3%	52.1%	55.0%	*54.0%*	*53.0%*	Long-Term Debt Ratio	*50.0%*
53.7%	49.4%	53.7%	51.7%	49.7%	51.3%	49.8%	48.8%	47.1%	44.3%	*45.5%*	*46.0%*	Common Equity Ratio	*49.5%*
14738	13384	12190	12975	13968	13840	14420	15632	17116	20158	*21425*	*22950*	Total Capital ($mill)	*27200*
18127	16096	16205	17424	18799	20113	21466	22810	24376	26807	*29275*	*31075*	Net Plant ($mill)	*36800*
5.6%	6.0%	5.6%	5.8%	5.3%	6.0%	6.0%	6.4%	6.0%	5.3%	*5.5%*	*5.5%*	Return on Total Cap'l	*6.0%*
7.5%	8.7%	7.7%	8.7%	8.3%	9.1%	9.3%	10.6%	10.2%	9.7%	*10.0%*	*10.0%*	Return on Shr. Equity	*10.5%*
7.5%	8.8%	7.8%	8.7%	8.3%	9.2%	9.4%	10.7%	10.3%	9.7%	*10.0%*	*10.0%*	Return on Com Equity [E]	*10.5%*
2.8%	3.0%	1.9%	2.9%	2.5%	3.3%	3.4%	4.8%	4.4%	4.2%	*4.5%*	*4.5%*	Retained to Com Eq	*4.5%*
63%	66%	76%	67%	70%	64%	64%	56%	57%	57%	*57%*	*57%*	All Div'ds to Net Prof	*58%*

CAPITAL STRUCTURE as of 6/30/21
Total Debt $16882 mill. **Due in 5 Yrs** $2434 mill.
LT Debt $12492 mill. **LT Interest** $459 mill.
(LT interest earned: 3.7x)
Leases, Uncapitalized Annual rentals $9 mill.
Pension Assets-12/20 $5510 mill.
Oblig $5510 mill.
Pfd Stock $129 mill. **Pfd Div'd** $5 mill.
807,595 sh. $3.50 to $5.50 cum. (no par), $100 stated val., redeem. $102.176-$110/sh.; 487,508 sh. 4.00% to 5.16%, $100 par, redeem. $100-$104.30/sh.
Common Stock 257,147,162 shs. **as of 7/30/21**
MARKET CAP: $23 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+5.6	-3.5	-5.6
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	NA
Fixed Charge Cov. (%)	313	307	291

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	-3.0%	-.5%	*1.0%*
"Cash Flow"	2.5%	6.5%	*5.5%*
Earnings	2.0%	8.0%	*6.5%*
Dividends	.5%	3.5%	*7.0%*
Book Value	--	3.5%	*6.5%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	1585	1563	1724	1419	6291.0
2019	1556	1379	1659	1316	5910.0
2020	1440	1398	1628	1328	5794.0
2021	1566	1472	*1700*	*1362*	*6100*
2022	*1650*	*1500*	*1750*	*1450*	*6350*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.62	.97	1.45	.28	3.32
2019	.78	.72	1.47	.38	3.35
2020	.59	.98	1.47	.46	3.50
2021	.91	.80	*1.70*	*.44*	*3.85*
2022	*.90*	*.85*	*1.85*	*.50*	*4.10*

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.44	.44	.44	.4575	1.78
2018	.4575	.4575	.4575	.475	1.85
2019	.475	.475	.475	.495	1.92
2020	.495	.495	.495	.515	2.00
2021	.55	.55			

BUSINESS: Ameren Corporation is a holding company formed through the merger of Union Electric and CIPSCO. Has 1.2 million electric and 127,000 gas customers in Missouri; 1.2 million electric and 813,000 gas customers in Illinois. Discontinued nonregulated power-generation operation in '13. Electric revenue breakdown: residential, 43%; commercial, 32%; industrial, 8%; other, 17%. Generating sources: coal, 67%; nuclear, 19%; hydro & other, 6%; purchased, 8%. Fuel costs: 22% of revenues. '20 reported deprec. rates: 3%-4%. Has 9,200 employees. Chairman, President & CEO: Warner L. Baxter. Inc.: Missouri. Address: One Ameren Plaza, 1901 Chouteau Ave., P.O. Box 66149, St. Louis, Missouri 63166-6149. Tel.: 314-621-3222. Internet: www.ameren.com.

Ameren has electric and gas rate cases pending in Missouri. The utility filed for an electric increase of $299 million, based on a return on equity of 9.9% and a common-equity ratio of 51.9%, and a gas hike of $9 million, based on an ROE of 9.8% and the same common-equity ratio. Ameren has added 700 megawatts of wind, for an investment of $1.1 billion, since December of 2020, and wants to place this in rates. An order is expected in time for new tariffs to take effect in late February.

We estimate strong earnings growth in 2021. Ameren is benefiting from an electric rate increase granted in Missouri in April of 2020 and a gas tariff hike granted in Illinois in January of 2021. Electric income in Illinois is rising thanks to a higher allowed ROE. We raised our 2021 earnings estimate by $0.05 a share because June-quarter results were better than we expected. Our revised estimate is at the upper end of Ameren's targeted range of $3.65-$3.85 a share.

We look for another solid bottom-line increase in 2022. Ameren will benefit from rate relief from the aforementioned cases in Missouri. Another source of profit growth is investment in the utility's electric transmission system. We have raised our earnings estimate by a nickel a share, to $4.10. This would produce an increase within the company's targeted annual range of 6%-8%. Note that we assume no change in the allowed ROE for transmission. The Federal Energy Regulatory Commission is considering eliminating a half percentage point "adder" for electric transmission. This would reduce Ameren's annual earning power by $0.04 a share.

The Callaway nuclear plant returned to service in early August. Ameren expects the $60 million capital cost and the replacement power expenses to be covered by insurance. This was the case all along, but at least the unit's return to service ended a source of uncertainty.

This untimely stock has a dividend yield that is nearly one percentage point below the utility average. With the recent quotation well within our 2024-2026 Target Price Range, total return potential is low. The equity doesn't stand out for the next 18 months, either. We did raise its Safety rank from 2 to 1 (Highest).

Paul E. Debbas, CFA *September 10, 2021*

(A) Diluted EPS. Excl. nonrec. gain (losses): '05, (11¢); '10, ($2.19); '11, (32¢); '12, ($6.42); '17, (63¢); gain (loss) from disc. ops.: '13, (92¢); '15, 21¢. Next earnings report due mid-Nov. (B) Div'ds paid late Mar., June, Sept., & Dec. ■ Div'd reinvest. plan avail. (C) Incl. intang. In '20: $5.97/sh. (D) In mill. (E) Rate base: Orig. cost depr. Rate allowed on com. eq. in MO in '20: elec., none; in '11: gas, none; in IL: electric, varies; in '21: gas, 9.67%; earned on avg. com. eq., '20: 10.2%. Regulatory Climate: MO, Average; IL, Below Average.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	75
Earnings Predictability	95

AMERICAN ELEC. PWR. NDQ-AEP

RECENT PRICE **89.62** | P/E RATIO **18.9** (Trailing: 19.1 / Median: 16.0) | RELATIVE P/E RATIO **0.99** | DIV'D YLD **3.5%** | **VALUE LINE**

TIMELINESS **3** Raised 9/10/21
SAFETY **1** Raised 3/17/17
TECHNICAL **3** Raised 9/10/21
BETA .75 (1.00 = Market)

18-Month Target Price Range
Low-High Midpoint (% to Mid)
$69-$131 $100 (10%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	110	(+25%)	9%
Low	90	(Nil)	4%

Institutional Decisions

	4Q2020	1Q2021	2Q2021
to Buy	562	537	605
to Sell	471	535	431
Hld's(000)	369703	370214	371285

	High:	37.9	41.7	45.4	51.6	63.2	65.4	71.3	78.1	81.1	96.2	105.0	91.5
	Low:	28.2	33.1	37.0	41.8	45.8	52.3	56.8	61.8	62.7	72.3	65.1	74.8

LEGENDS
0.67 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area indicates recession

Target Price Range 2024 | 2025 | 2026

% TOT. RETURN 7/21

	THIS STOCK	VL ARITH.* INDEX
1 yr.	4.9	55.5
3 yr.	35.8	48.6
5 yr.	49.7	95.5

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
30.76	31.82	33.41	35.56	28.22	30.01	31.27	30.77	31.48	34.78	33.51	33.31	31.35	32.84	31.49	30.04	*32.15*	*31.30*	Revenues per sh	*35.00*
5.96	6.67	6.80	6.84	6.32	6.29	6.83	6.92	7.02	7.57	7.98	8.47	7.95	8.77	9.35	10.28	*10.80*	*10.95*	"Cash Flow" per sh	*12.75*
2.64	2.86	2.86	2.99	2.97	2.60	3.13	2.98	3.18	3.34	3.59	4.23	3.62	3.90	4.08	4.42	*4.70*	*5.00*	Earnings per sh A	*6.00*
1.42	1.50	1.58	1.64	1.64	1.71	1.85	1.88	1.95	2.03	2.15	2.27	2.39	2.53	2.71	2.84	*3.00*	*3.17*	Div'd Decl'd per sh B ■	*3.75*
6.11	8.89	8.88	9.83	6.19	5.07	5.74	6.45	7.75	8.68	9.37	9.98	11.79	12.89	12.43	12.72	*15.30*	*15.60*	Cap'l Spending per sh	*15.25*
23.08	23.73	25.17	26.33	27.49	28.33	30.33	31.37	32.98	34.37	36.44	35.38	37.17	38.58	39.73	41.38	*43.70*	*47.50*	Book Value per sh C	*56.00*
393.72	396.67	400.43	406.07	478.05	480.81	483.42	485.67	487.78	489.40	491.05	491.71	492.01	493.25	494.17	496.60	*504.00*	*530.00*	Common Shs Outst'g D	*550.00*
13.7	12.9	16.3	13.1	10.0	13.4	11.9	13.8	14.5	15.9	15.8	15.2	19.3	18.0	21.4	19.6	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*17.0*
.73	.70	.87	.79	.67	.85	.75	.88	.81	.84	.80	.80	.97	.97	1.14	1.02			Relative P/E Ratio	*.95*
3.9%	4.1%	3.4%	4.2%	5.5%	4.9%	5.0%	4.6%	4.2%	3.8%	3.8%	3.5%	3.4%	3.6%	3.1%	3.3%			Avg Ann'l Div'd Yield	*3.7%*
15116	14945	15357	17020	16453	16380	15425	16196	15561	14918	*16200*	*16600*	Revenues ($mill)	*19200*
1513.0	1443.0	1549.0	1634.0	1763.4	2073.6	1783.2	1923.8	2019.0	2200.1	*2365*	*2590*	Net Profit ($mill)	*3335*
31.7%	33.9%	36.2%	37.8%	35.1%	26.8%	33.7%	5.8%	.7%	1.9%	*7.5%*	*7.5%*	Income Tax Rate	*7.5%*
10.6%	11.2%	7.3%	9.0%	11.0%	8.0%	8.0%	10.7%	12.7%	9.7%	*11.0%*	*11.0%*	AFUDC % to Net Profit	*9.0%*
50.7%	50.6%	51.1%	49.0%	49.8%	50.0%	51.5%	53.2%	56.1%	58.5%	*59.0%*	*58.5%*	Long-Term Debt Ratio	*59.5%*
49.3%	49.4%	48.9%	51.0%	50.2%	50.0%	48.5%	46.8%	43.9%	41.5%	*41.0%*	*41.5%*	Common Equity Ratio	*40.5%*
29747	30823	32913	33001	35633	34775	37707	40677	44759	49537	*53950*	*60750*	Total Capital ($mill)	*76000*
36971	38763	40997	44117	46133	45639	50262	55099	60138	63902	*68550*	*73600*	Net Plant ($mill)	*85700*
6.6%	6.1%	6.0%	6.3%	6.1%	7.2%	5.9%	5.9%	5.6%	5.6%	*5.0%*	*5.0%*	Return on Total Cap'l	*5.5%*
10.3%	9.5%	9.6%	9.7%	9.9%	11.9%	9.8%	10.1%	10.3%	10.7%	*10.5%*	*10.5%*	Return on Shr. Equity	*11.0%*
10.3%	9.5%	9.6%	9.7%	9.9%	11.9%	9.8%	10.1%	10.3%	10.7%	*10.5%*	*10.5%*	Return on Com Equity E	*11.0%*
4.2%	3.5%	3.7%	3.8%	3.9%	5.5%	3.2%	3.5%	3.4%	3.8%	*4.0%*	*3.5%*	Retained to Com Eq	*4.0%*
60%	63%	62%	61%	60%	54%	67%	65%	67%	65%	*66%*	*66%*	All Div'ds to Net Prof	*63%*

CAPITAL STRUCTURE as of 6/30/21
Total Debt $36246 mill. **Due in 5 Yrs** $14092 mill.
LT Debt $30659 mill. **LT Interest** $1066 mill.
Incl. $922.5 mill. securitized bonds. Incl. $289.1 mill. finance leases.
(LT interest earned: 2.9x)
Leases, Uncapitalized Annual rentals $270.8 mill.
Pension Assets-12/20 $5556.6 mill.
Oblig $5544.5 mill.
Pfd Stock None

Common Stock 500,251,339 shs.
as of 7/22/21
MARKET CAP: $45 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+3.0	-2.2	- -
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	+.3	+1.0
Fixed Charge Cov. (%)	254	234	243

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	- -	-1.0%	*2.0%*
"Cash Flow"	4.0%	4.5%	*5.0%*
Earnings	4.0%	4.0%	*6.5%*
Dividends	5.0%	5.5%	*5.5%*
Book Value	4.0%	3.0%	*6.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	4049	4013	4333	3801	16196
2019	4057	3573	4315	3616	15561
2020	3747	3494	4066	3611	14918
2021	4281	3827	*4300*	*3792*	*16200*
2022	*4300*	*3850*	*4500*	*3950*	*16600*

EARNINGS PER SHARE A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.92	1.07	1.17	.74	3.90
2019	1.16	.93	1.48	.51	4.08
2020	1.00	1.05	1.50	.87	4.42
2021	1.15	1.15	*1.60*	*.80*	*4.70*
2022	*1.20*	*1.20*	*1.70*	*.90*	*5.00*

QUARTERLY DIVIDENDS PAID B ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.59	.59	.59	.62	2.39
2018	.62	.62	.62	.67	2.53
2019	.67	.67	.67	.70	2.71
2020	.70	.70	.70	.74	2.84
2021	.74	.74	.74		

BUSINESS: American Electric Power Company Inc. (AEP), through 10 operating utilities, serves 5.5 million customers in Arkansas, Kentucky, Indiana, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, & West Virginia. Has a transmission subsidiary. Electric revenue breakdown: residential, 43%; commercial, 23%; industrial, 18%; wholesale, 10%; other, 6%. Sold commercial barge operation in '15. Generating sources not available. Fuel costs: 29% of revenues. '20 reported depreciation rates (utility): 2.0%-11.3%. Has 16,800 employees. Chairman, President & CEO: Nicholas K. Akins. COO: Lisa Barton. Incorporated: New York. Address: 1 Riverside Plaza, Columbus, Ohio 43215-2373. Telephone: 614-716-1000. Internet: www.aep.com.

American Electric Power's utilities are more active than usual in the regulatory arena. The company's Indiana & Michigan subsidiary asked the Indiana commission for an increase of $97 million, based on a 10% return on equity and a 50.9% common-equity ratio. An order is expected in the second quarter of 2022. Public Service of Oklahoma filed for an increase of $115 million, based on a 10% ROE and a 53% common-equity ratio. A ruling is expected in the fourth quarter of 2021. SWEPCO has three cases pending. In Texas, the utility is seeking $73 million, based on a 10.35% ROE and a 49.4% common-equity ratio. An order is expected in the fourth quarter. In Arkansas, SWEPCO filed for a hike of $56 million, based on a 10.35% ROE and a 51.3% common-equity ratio. New tariffs should take effect in the second quarter of 2022. In Louisiana, the utility requested $93 million, based on an ROE of 10.35% and a common-equity ratio of 50.8%. An order is expected in the second or third quarter of 2022. Finally, in Virginia the company appealed to the courts an order resulting in no increase.

We estimate solid profit growth this year and next. Rate relief should be a key factor. AEP also benefits from increased transmission investment each year. Management is guiding Wall Street to the upper half of the company's 2021 targeted range of $4.55-$4.75 a share. Its goal for annual earnings growth is 5%-7%. We are sticking with our 2021 estimate of 2021 and have boosted our 2022 estimate by a nickel, to $5.00.

The company might sell its utility operations in Kentucky. Management is undergoing a strategic review of these assets, which had a rate base of roughly $2 billion at the end of 2020. AEP expects an announcement by yearend.

We expect a dividend hike in the fourth quarter. We look for an increase of $0.04 a share (5.4%) in the quarterly disbursement. AEP's goal for the payout ratio is 60%-70%.

This high-quality stock has a dividend yield that is about average for a utility. Total return potential is decent for the next 18 months but unspectacular for the 3- to 5-year period.

Paul E. Debbas, CFA *September 10, 2021*

(A) Diluted EPS. Excl. nonrec. gains (losses): '05, (62¢); '06, (20¢); '07, (20¢); '08, 40¢; '10, (7¢); '11, 89¢; '12, (38¢); '13, (14¢); '16, ($2.99); '17, 26¢; '19, (20¢); gains (loss) from disc. ops.: '05, 7¢; '06, 2¢; '08, 3¢; '15, 58¢; '16, (1¢). Next earnings report due late Oct. (B) Div'ds paid early Mar., June, Sept., & Dec. ■ Div'd reinvestment plan avail. (C) Incl. intang. In '20: $14.97/sh. (D) In mill. (E) Rate base: various. Rates allowed on com. eq.: 9.3%-10.9%; earned on avg. com. eq., '20: 11.0%. Regulatory Climate: Average.

Company's Financial Strength	A+
Stock's Price Stability	100
Price Growth Persistence	75
Earnings Predictability	95

ALLETE NYSE-ALE

RECENT PRICE **67.53** | P/E RATIO **20.1** (Trailing: 21.1 / Median: 18.0) | RELATIVE P/E RATIO **1.05** | DIV'D YLD **3.9%** | **VALUE LINE**

TIMELINESS **4** Raised 8/20/21
SAFETY **2** New 10/1/04
TECHNICAL **2** Raised 9/3/21
BETA .90 (1.00 = Market)

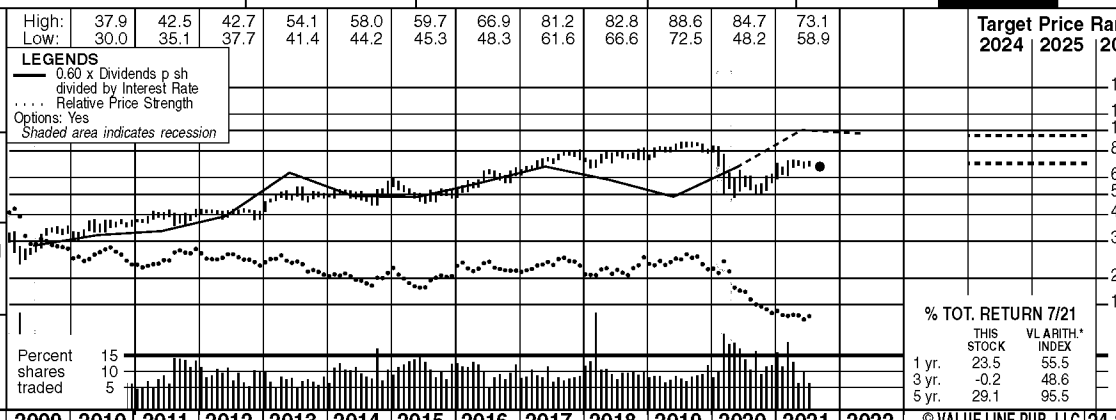
18-Month Target Price Range
Low-High Midpoint (% to Mid)
$34-$88 $61 (-10%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	95	(+40%)	*12%*
Low	70	(+5%)	*5%*

Institutional Decisions

	4Q2020	1Q2021	2Q2021
to Buy	124	122	98
to Sell	124	121	131
Hld's(000)	37566	37997	37914



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
24.50	25.23	27.33	24.57	21.57	25.34	24.75	24.40	24.60	24.77	30.27	27.01	27.78	29.10	23.99	22.44	*26.10*	*25.10*	Revenues per sh	*27.75*
3.85	4.14	4.42	4.23	3.57	4.35	4.91	5.01	5.35	5.68	6.79	7.08	6.59	7.37	7.24	7.52	*7.50*	*8.30*	"Cash Flow" per sh	*10.00*
2.48	2.77	3.08	2.82	1.89	2.19	2.65	2.58	2.63	2.90	3.38	3.14	3.13	3.38	3.33	3.35	*3.15*	*3.70*	Earnings per sh [A]	*4.50*
1.25	1.45	1.64	1.72	1.76	1.76	1.78	1.84	1.90	1.96	2.02	2.08	2.14	2.24	2.35	2.47	*2.52*	*2.64*	Div'd Decl'd per sh [B] ■ †	*3.00*
1.95	3.37	6.82	9.24	9.05	6.95	6.38	10.30	7.93	12.48	5.84	5.35	4.08	6.07	11.55	13.78	*9.35*	*3.70*	Cap'l Spending per sh	*4.50*
20.03	21.90	24.11	25.37	26.41	27.26	28.78	30.48	32.44	35.06	37.07	38.17	40.47	41.86	43.17	44.04	*44.70*	*45.95*	Book Value per sh [C]	*51.25*
30.10	30.40	30.80	32.60	35.20	35.80	37.50	39.40	41.40	45.90	49.10	49.60	51.10	51.50	51.70	52.10	*52.50*	*52.75*	Common Shs Outst'g [D]	*54.00*
17.9	16.5	14.8	13.9	16.1	16.0	14.7	15.9	18.6	17.2	15.1	18.6	23.0	22.2	24.7	18.3	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*18.0*
.95	.89	.79	.84	1.07	1.02	.92	1.01	1.05	.91	.76	.98	1.16	1.20	1.32	.95			Relative P/E Ratio	*1.00*
2.8%	3.2%	3.6%	4.4%	5.8%	5.0%	4.6%	4.5%	3.9%	3.9%	4.0%	3.6%	3.0%	3.0%	2.9%	4.0%			Avg Ann'l Div'd Yield	*3.7%*
928.2	961.2	1018.4	1136.8	1486.4	1339.7	1419.3	1498.6	1240.5	1169.1	*1370*	*1325*	Revenues ($mill)	*1500*
93.8	97.1	104.7	124.8	163.4	155.3	159.2	174.1	172.4	174.2	*165*	*195*	Net Profit ($mill)	*250*
27.6%	28.1%	21.5%	22.6%	19.4%	11.3%	14.8%	--	NMF	NMF	*NMF*	*NMF*	Income Tax Rate	*NMF*
2.7%	5.3%	4.4%	6.3%	2.0%	1.4%	.8%	.7%	1.3%	1.1%	*2.0%*	*2.0%*	AFUDC % to Net Profit	*1.0%*
44.3%	43.7%	44.6%	44.2%	46.3%	42.0%	41.0%	39.9%	38.6%	41.0%	*42.0%*	*41.0%*	Long-Term Debt Ratio	*42.5%*
55.7%	56.3%	55.4%	55.8%	53.7%	58.0%	59.0%	60.1%	61.4%	59.0%	*58.0%*	*59.0%*	Common Equity Ratio	*57.5%*
1937.2	2134.6	2425.9	2882.2	3388.9	3263.4	3507.4	3584.3	3632.8	3887.8	*4040*	*4120*	Total Capital ($mill)	*4825*
1982.7	2347.6	2576.5	3286.4	3669.1	3741.2	3822.4	3904.4	4377.0	4840.8	*5100*	*5055*	Net Plant ($mill)	*5175*
6.0%	5.6%	5.3%	5.2%	5.8%	5.8%	5.5%	5.8%	5.6%	5.3%	*5.0%*	*5.5%*	Return on Total Cap'l	*6.0%*
8.7%	8.1%	7.8%	7.8%	9.0%	8.2%	7.7%	8.1%	7.7%	7.6%	*7.0%*	*8.0%*	Return on Shr. Equity	*9.0%*
8.7%	8.1%	7.8%	7.8%	9.0%	8.2%	7.7%	8.1%	7.7%	7.6%	*7.0%*	*8.0%*	Return on Com Equity [E]	*9.0%*
2.9%	2.3%	2.2%	2.5%	3.6%	2.8%	2.4%	2.7%	2.3%	2.0%	*1.5%*	*2.5%*	Retained to Com Eq	*3.0%*
66%	71%	72%	67%	60%	66%	68%	66%	70%	74%	*80%*	*71%*	All Div'ds to Net Prof	*65%*

CAPITAL STRUCTURE as of 6/30/21
Total Debt $2027.2 mill. **Due in 5 Yrs** $697.0 mill.
LT Debt $1664.6 mill. **LT Interest** $65.3 mill.
(LT interest earned: 2.8x)

Leases, Uncapitalized Annual rentals $6.0 mill.

Pension Assets-12/20 $759.4 mill.
Oblig $965.7 mill.

Pfd Stock None

Common Stock 52,268,119 shs.

MARKET CAP: $3.5 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	-.2	-1.5	-12.0
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Winter (Mw)	1589	1573	1588
Annual Load Factor (%)	NA	NA	NA
% Change Customers (avg.)	NA	NA	NA
Fixed Charge Cov. (%)	296	277	230

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	.5%	-1.0%	*1.5%*
"Cash Flow"	6.0%	4.5%	*5.0%*
Earnings	4.0%	2.5%	*5.0%*
Dividends	3.0%	3.5%	*4.0%*
Book Value	5.0%	4.5%	*3.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2018	358.2	344.1	348.0	448.3	1498.6
2019	357.2	290.4	288.3	304.6	1240.5
2020	311.6	243.2	293.9	320.4	1169.1
2021	339.2	335.6	*360*	*335.2*	*1370*
2022	*335*	*295*	*325*	*350*	*1325*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2018	.99	.61	.59	1.18	3.38
2019	1.18	.64	.60	.92	3.33
2020	1.28	.39	.78	.90	3.35
2021	.99	.53	*.73*	*.90*	*3.15*
2022	*1.20*	*.60*	*.80*	*1.10*	*3.70*

QUARTERLY DIVIDENDS PAID [B] ■ †

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.535	.535	.535	.535	2.14
2018	.56	.56	.56	.56	2.24
2019	.5875	.5875	.5875	.5875	2.35
2020	.6175	.6175	.6175	.6175	2.47
2021	.63	.63	.63		

BUSINESS: ALLETE, Inc. is the parent of Minnesota Power, which supplies electricity to 146,000 customers in northeastern MN, & Superior Water, Light & Power in northwestern WI. Electric rev. breakdown: taconite mining/processing, 26%; paper/wood products, 9%; other industrial, 8%; residential, 12%; commercial, 13%; wholesale, 16% other, 16%. ALLETE Clean Energy (ACE) owns renewable energy projects. Acq'd U.S. Water Services 2/15; sold it 3/19. Generating sources: coal & lignite, 26%; wind, 13%; other, 5%; purchased, 56%. Fuel costs: 31% of revs. '20 deprec. rate: 3.2%. Has 1,400 employees. Chairman, President & CEO: Bethany M. Owen. Inc.: Minnesota. Address: 30 West Superior St., Duluth, MN 55802-2093. Tel.: 218-279-5000. Internet: www.allete.com.

ALLETE's earnings in 2021 will probably take a step back from the level seen in recent years. First-quarter profits were well below the previous year's tally due to several factors, including a cold spell in the Gulf Coast region that affected one of the wind projects of ALLETE Clean Energy (ACE). This hurt the bottom line by $0.10 a share. ACE is also experiencing higher business development costs, increased competition for wind projects, and was hurt by subpar wind conditions in the second quarter. Minnesota Power, the company's primary utility subsidiary, is underearning its allowed return on equity of 9.25% by about two percentage points. One positive factor is a return to normal demand from Minnesota Power's taconite customers, which are benefiting from the recovery in the steel market. Our earnings estimate is at the midpoint of management's guidance of $3.00-$3.30 a share.

Minnesota Power plans to file a rate case in early November. The utility wants to address its underearning problem. It might also ask for a sales adjustment mechanism to address the volatility in industrial kilowatt-hour sales. (Note that Minnesota Power has a larger industrial sector, and a much-smaller residential share of revenues, than most electric companies.) An interim rate hike, subject to refund, will take effect at the start of 2022, with a final order coming late in the year.

We expect much higher earnings in 2022. Minnesota Power should obtain rate relief. ACE will benefit from the addition of a 303-megawatt wind project, which is on track for completion at the end of 2021. ACE has also agreed to sell a repowered wind project to Xcel Energy for $210 million in 2022. The stock price has risen 14% so far in 2021, in anticipation of an earnings recovery next year. We also expect much-greater dividend growth next year than the 2% hike the board of directors declared in 2021.

This stock is untimely, but has a modestly higher dividend yield than the utility average. The equity is unappealing for the next 18 months. The recent quotation is within our 3- to 5-year Target Price Range, so total return potential over that time frame is subpar.

Paul E. Debbas, CFA *September 10, 2021*

(A) Diluted EPS. Excl. nonrec. gains (losses): '05, ($1.84); '15, (46¢); '17, 25¢; '19, 26¢; losses on disc. ops.: '05, 16¢; '06, 2¢. '18 & '19 EPS don't sum due to rounding. Next earnings report due early Nov. (B) Div'ds historically paid in early Mar., June, Sept. and Dec. ■ Div'd reinvest. plan avail. † Shareholder invest. plan avail. (C) Incl. deferred charges. In '20: $9.23/sh. (D) In mill. (E) Rate base: Orig. cost depr. Rate allowed in MN on com. eq. in '18: 9.25%; earned on avg. com. eq., '20: 7.7%. Regulatory Climate: Average.

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	55
Earnings Predictability	90

AVISTA CORP. NYSE-AVA

RECENT PRICE 42.56 | P/E RATIO 19.8 (Trailing: 19.7 Median: 18.0) | RELATIVE P/E RATIO 1.00 | DIV'D YLD 4.1% | VALUE LINE

TIMELINESS 3 Raised 3/5/21
SAFETY 2 Raised 5/7/10
TECHNICAL 2 Lowered 6/11/21
BETA .95 (1.00 = Market)

18-Month Target Price Range

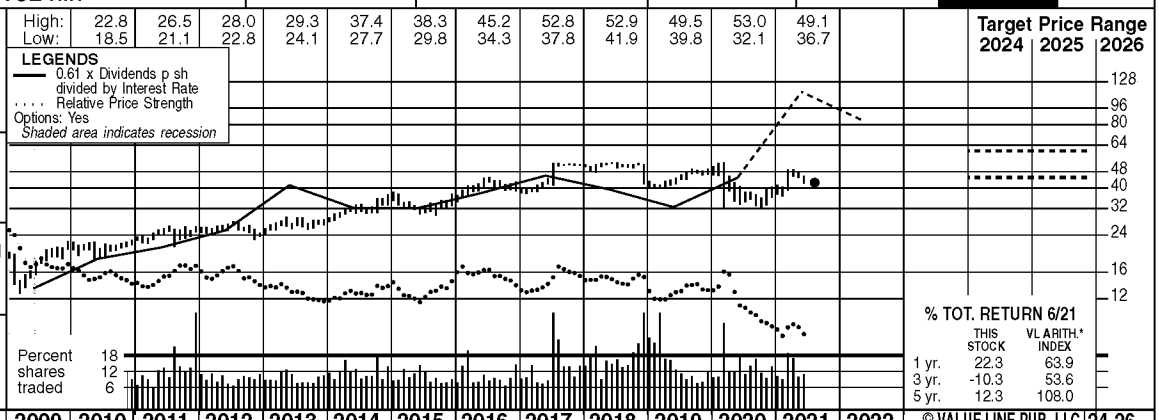
Low-High	Midpoint (% to Mid)
$18-$62	$40 (-5%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+40%)	12%
Low	45	(+5%)	5%

Institutional Decisions

	3Q2020	4Q2020	1Q2021
to Buy	105	102	111
to Sell	119	113	107
Hld's(000)	57100	57728	58026



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
27.98	28.68	26.80	30.77	27.58	27.29	27.73	25.86	26.94	23.66	23.83	22.47	22.08	21.27	20.03	19.09	*19.15*	*19.45*	Revenues per sh	*20.75*
2.72	4.27	2.93	3.98	4.45	3.62	3.78	3.70	4.36	4.36	4.92	5.30	4.87	5.01	6.06	5.16	*5.40*	*5.70*	"Cash Flow" per sh	*6.50*
.92	1.47	.72	1.36	1.58	1.65	1.72	1.32	1.85	1.84	1.89	2.15	1.95	2.07	2.97	1.90	*2.15*	*2.30*	Earnings per sh [A]	*2.75*
.55	.57	.60	.69	.81	1.00	1.10	1.16	1.22	1.27	1.32	1.37	1.43	1.49	1.55	1.62	*1.69*	*1.76*	Div'd Decl'd per sh [B] ■	*2.00*
3.23	3.14	4.04	4.09	3.86	3.64	4.20	4.61	5.05	5.47	6.46	6.34	6.30	6.46	6.59	5.84	*6.15*	*6.05*	Cap'l Spending per sh	*5.75*
15.87	17.46	17.27	18.30	19.17	19.71	20.30	21.06	21.61	23.84	24.53	25.69	26.41	26.99	28.87	29.31	*30.10*	*30.85*	Book Value per sh [C]	*33.50*
48.59	52.51	52.91	54.49	54.84	57.12	58.42	59.81	60.08	62.24	62.31	64.19	65.49	65.69	67.18	69.24	*71.00*	*72.00*	Common Shs Outst'g [D]	*75.00*
19.4	15.4	30.9	15.0	11.4	12.7	14.1	19.3	14.6	17.3	17.6	18.8	23.4	24.5	15.0	21.2	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*19.5*
1.03	.83	1.64	.90	.76	.81	.88	1.23	.82	.91	.89	.99	1.18	1.32	.80	1.09			Relative P/E Ratio	*1.10*
3.0%	2.5%	2.7%	3.4%	4.5%	4.8%	4.5%	4.6%	4.5%	4.0%	4.0%	3.4%	3.1%	2.9%	3.5%	4.0%			Avg Ann'l Div'd Yield	*3.7%*
1619.8	1547.0	1618.5	1472.6	1484.8	1442.5	1445.9	1396.9	1345.6	1321.9	*1360*	*1400*	Revenues ($mill)	*1550*
100.2	78.2	111.1	114.2	118.1	137.2	126.1	136.4	197.0	129.5	*150*	*165*	Net Profit ($mill)	*210*
35.4%	34.4%	36.0%	37.6%	36.3%	36.3%	36.5%	16.0%	13.8%	5.2%	*14.0%*	*14.0%*	Income Tax Rate	*14.0%*
5.2%	8.3%	8.8%	11.1%	10.1%	8.1%	7.9%	7.7%	5.5%	8.5%	*7.0%*	*7.0%*	AFUDC % to Net Profit	*5.0%*
51.4%	50.8%	51.4%	51.0%	50.0%	51.2%	47.2%	50.5%	49.4%	50.4%	*47.5%*	*50.5%*	Long-Term Debt Ratio	*49.5%*
48.6%	49.2%	48.6%	49.0%	50.0%	48.8%	52.8%	49.5%	50.6%	49.6%	*52.5%*	*49.5%*	Common Equity Ratio	*50.5%*
2439.9	2561.2	2669.7	3027.3	3060.3	3379.0	3273.2	3580.3	3834.6	4089.8	*4065*	*4485*	Total Capital ($mill)	*4975*
2860.8	3023.7	3202.4	3620.0	3898.6	4147.5	4398.8	4648.9	4797.0	4991.6	*5195*	*5390*	Net Plant ($mill)	*5875*
5.5%	4.3%	5.4%	4.9%	5.1%	5.3%	5.0%	4.8%	6.2%	4.2%	*5.0%*	*5.0%*	Return on Total Cap'l	*5.5%*
8.5%	6.2%	8.6%	7.7%	7.7%	8.3%	7.3%	7.7%	10.2%	6.4%	*7.0%*	*7.5%*	Return on Shr. Equity	*8.5%*
8.5%	6.2%	8.6%	7.7%	7.7%	8.3%	7.3%	7.7%	10.2%	6.4%	*7.0%*	*7.5%*	Return on Com Equity [E]	*8.5%*
3.1%	.8%	2.9%	2.4%	2.3%	3.0%	1.9%	2.2%	4.9%	.9%	*1.5%*	*2.0%*	Retained to Com Eq	*2.5%*
64%	88%	66%	69%	70%	64%	73%	72%	52%	85%	*79%*	*76%*	All Div'ds to Net Prof	*71%*

CAPITAL STRUCTURE as of 3/31/21
Total Debt $2253.3 mill. **Due in 5 Yrs** $471.5 mill.
LT Debt $2060.3 mill. **LT Interest** $92.3 mill.
Incl. $51.5 mill. debt to affiliated trusts; $51.8 mill. finance leases.
(LT interest earned: 2.6x)
Leases, Uncapitalized Annual rentals $4.8 mill.
Pension Assets-12/20 $722.0 mill. **Oblig** $826.9 mill.
Pfd Stock None

Common Stock 69,314,368 shs.
as of 4/30/21
MARKET CAP: $2.9 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	-3.4	+.8	-2.4
Avg. Indust. Use (MWH)	1344	1296	1265
Avg. Indust. Revs. per KWH (¢)	6.20	6.26	6.38
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	1716	1656	1721
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.4	+1.3	+1.8
Fixed Charge Cov. (%)	259	202	221

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	-3.5%	-4.0%	*.5%*
"Cash Flow"	3.0%	3.5%	*3.0%*
Earnings	4.0%	4.5%	*3.0%*
Dividends	6.5%	4.0%	*4.5%*
Book Value	4.0%	4.0%	*3.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	409.4	319.3	296.0	372.2	1396.9
2019	396.5	300.8	283.8	364.5	1345.6
2020	390.2	278.6	272.6	380.5	1321.9
2021	412.9	*290*	*272.1*	*380*	*1360*
2022	*415*	*300*	*290*	*395*	*1400*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.83	.39	.15	.70	2.07
2019	1.76	.38	.08	.76	2.97
2020	.72	.26	.07	.85	1.90
2021	.98	*.30*	*.07*	*.80*	*2.15*
2022	*.90*	*.45*	*.10*	*.85*	*2.30*

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.3575	.3575	.3575	.3575	1.43
2018	.3725	.3725	.3725	.3725	1.49
2019	.3875	.3875	.3875	.3875	1.55
2020	.405	.405	.405	.405	1.62
2021	.4225	.4225			

BUSINESS: Avista Corporation (formerly The Washington Water Power Company) supplies electricity & gas in eastern Washington & northern Idaho. Supplies electricity to part of Alaska & gas to part of Oregon. Customers: 410,000 electric, 361,000 gas. Acq'd Alaska Electric Light and Power 7/14. Sold Ecova energy-management sub. 6/14. Electric rev. breakdown: residential, 41%; commercial, 33%; industrial, 11%; wholesale, 8%; other, 7%. Generating sources: gas & coal, 34%; hydro, 30%; purch., 36%. Fuel costs: 33% of revs. '19 reported depr. rate (Avista Utilities): 3.3%. Has 1,900 employees. Chairman: Scott L. Morris. Pres. & CEO: Dennis Vermillion. Inc.: WA. Address: 1411 E. Mission Ave., Spokane, WA 99202-2600. Tel.: 509-489-0500. Internet: www.avistacorp.com.

Avista has reached a settlement of its general rate case in Idaho. This included the utility, the staff of the state commission, and intervenor groups. If the agreement is approved by the regulators, Avista's electric rates will be raised by $10.6 million (4.3%) on September 1, 2021, and $8.0 million (3.1%) on September 1, 2022. Changes in gas tariffs will be modest, with a $1.6 million (3.7%) cut this year and a $0.9 million (2.2%) raise next year. The allowed return on equity will be 9.4%, down slightly from the currently allowed ROE of 9.5%, and the common-equity ratio will remain 50%. The pass-through of tax credits to customers will limit the effects of new rates on their bills.

A rate case in Washington is pending. Avista is seeking electric and gas increases of $44.2 million (8.3%) and $12.8 million (7.9%), respectively, based on an ROE of 9.9% and a common-equity ratio of 50%. The staff of the Washington commission recommended electric and gas hikes of $7.2 million and $5.6 million, respectively, based on an ROE of 9.3% (down from the current 9.4%) and a common-equity ratio of 48.5% (identical with the current figure). Unlike in Idaho, a settlement does not appear to be in the offing. The company expects resolution of its rate application by October 1st.

Additional rate cases are upcoming. Avista plans to request higher gas rates in Oregon in the second half of 2021, and is required to file an application in Alaska by August 30, 2022.

The utilities have not been earning their allowed ROE in recent years. This can be seen in Avista's mediocre earned ROEs (except for 2019, which benefited from a breakup fee after a merger attempt failed). If the company obtains reasonable regulatory treatment in Washington—which is by no means assured—it ought to earn its allowed ROE by 2023. Management's share-profit guidance is $1.96-$2.16 for 2021, $2.18-$2.38 for 2022, and $2.42-$2.62 for 2023. Our estimates are within Avista's targeted ranges.

This stock has a dividend yield that is slightly above the utility average. Total return potential is negative for the next 18 months, but about average for the 3- to 5-year period.

Paul E. Debbas, CFA *July 23, 2021*

(A) Diluted EPS. Excl. nonrec. gain (loss): '14, 9¢; '17, (16¢); gains on discont. ops.: '14, $1.17; '15, 8¢. '19 EPS don't sum due to rounding. Next earnings report due early Aug.
(B) Div'ds paid in mid-Mar., June, Sept. & Dec. ■ Div'd reinvestment plan avail. (C) Incl. deferred chgs. In '20: $802.9 mill., $11.60/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate allowed on com. eq. in WA in '20: 9.4%; in ID in '17: 9.5%; in OR in '21: 9.4%; earned on avg. com. eq., '20: 7.1%. Regulatory Climate: WA, Below Average; ID, Above Average.

Company's Financial Strength	B++
Stock's Price Stability	65
Price Growth Persistence	50
Earnings Predictability	60

CMS ENERGY CORP. NYSE-CMS

RECENT PRICE 64.48 | P/E RATIO 25.7 (Trailing: 21.9 Median: 19.0) | RELATIVE P/E RATIO 1.35 | DIV'D YLD 2.8% | VALUE LINE

TIMELINESS 3 Raised 4/30/21
SAFETY 2 Raised 3/21/14
TECHNICAL 4 Lowered 7/30/21
BETA .80 (1.00 = Market)

18-Month Target Price Range
Low-High Midpoint (% to Mid)
$45-$98 $72 (10%)

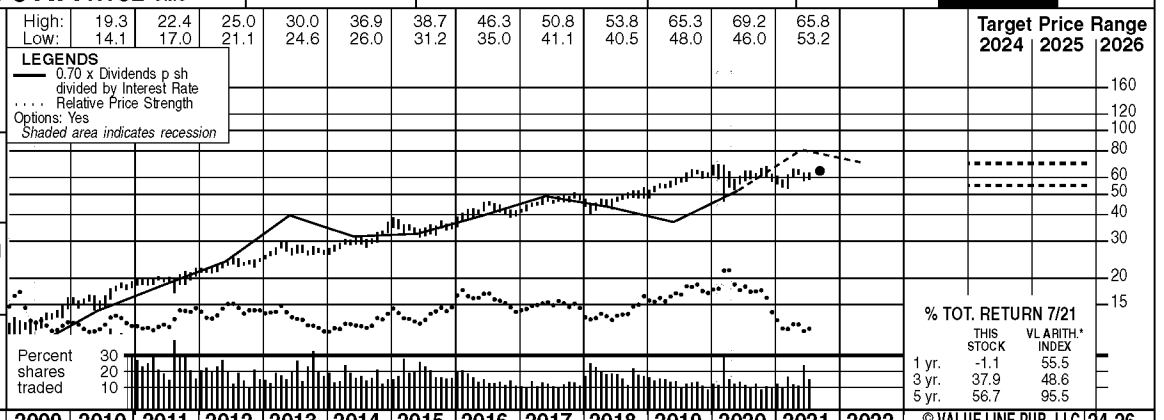
2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+10%)	5%
Low	55	(-15%)	Nil

Institutional Decisions

	4Q2020	1Q2021	2Q2021
to Buy	242	268	293
to Sell	274	262	245
Hld's(000)	262184	259761	263668

	2005	2006	2007	2008	2009	2010
High:	19.3	22.4	25.0	30.0	36.9	38.7
Low:	14.1	17.0	21.1	24.6	26.0	31.2



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	46.3	50.8	53.8	65.3	69.2	65.8						
	35.0	41.1	40.5	48.0	46.0	53.2						

Target Price Range 2024 | 2025 | 2026
160 120 100 80 60 50 40 30 20 15

% TOT. RETURN 7/21

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-1.1	55.5
3 yr.	37.9	48.6
5 yr.	56.7	95.5

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Revenues per sh	28.52	30.57	28.95	30.13	27.23	25.77	25.59	23.90	24.68	26.09	23.29	22.92	23.37	24.25	24.11	23.12	**23.60**	**23.95**	**26.00**
"Cash Flow" per sh	3.43	3.22	3.08	3.88	3.47	3.70	3.65	3.82	4.06	4.22	4.59	4.88	5.29	5.61	5.89	6.24	**6.45**	**6.90**	**8.25**
Earnings per sh A	1.10	.64	.64	1.23	.93	1.33	1.45	1.53	1.66	1.74	1.89	1.98	2.17	2.32	2.39	2.64	**2.65**	**2.85**	**3.50**
Div'd Decl'd per sh B ■	- -	- -	.20	.36	.50	.66	.84	.96	1.02	1.08	1.16	1.24	1.33	1.43	1.53	1.63	**1.74**	**1.80**	**2.10**
Cap'l Spending per sh	2.69	3.01	5.61	3.50	3.59	3.29	3.47	4.65	4.98	5.73	5.64	5.99	5.91	7.32	7.41	8.02	**8.60**	**10.35**	**8.50**
Book Value per sh C	10.53	10.03	9.46	10.88	11.42	11.19	11.92	12.09	12.98	13.34	14.21	15.23	15.77	16.78	17.68	19.02	**20.50**	**21.55**	**26.00**
Common Shs Outst'g D	220.50	222.78	225.15	226.41	227.89	249.60	254.10	264.10	266.10	275.20	277.16	279.21	281.65	283.37	283.86	288.94	**293.00**	**290.00**	**295.00**
Avg Ann'l P/E Ratio	12.6	22.2	26.8	10.9	13.6	12.5	13.6	15.1	16.3	17.3	18.3	20.9	21.3	20.3	24.3	23.3			**17.5**
Relative P/E Ratio	.67	1.20	1.42	.66	.91	.80	.85	.96	.92	.91	.92	1.10	1.07	1.10	1.29	1.21			**1.00**
Avg Ann'l Div'd Yield	- -	- -	1.2%	2.7%	4.0%	4.0%	4.3%	4.2%	3.8%	3.6%	3.4%	3.0%	2.9%	3.0%	2.6%	2.6%			**3.4%**
Revenues ($mill)							6503.0	6312.0	6566.0	7179.0	6456.0	6399.0	6583.0	6873.0	6845.0	6680.0	**6850**	**6950**	**7700**
Net Profit ($mill)							384.0	413.0	454.0	479.0	525.0	553.0	610.0	659.0	682.0	757.0	**770**	**840**	**1045**
Income Tax Rate							36.8%	39.4%	39.9%	34.3%	34.0%	33.1%	31.2%	14.9%	17.7%	15.0%	**13.0%**	**13.0%**	**13.0%**
AFUDC % to Net Profit							2.6%	2.9%	2.0%	2.3%	2.7%	3.1%	1.1%	1.4%	2.1%	1.1%	**1.0%**	**2.0%**	**1.0%**
Long-Term Debt Ratio							66.9%	67.9%	67.5%	68.7%	68.3%	67.1%	67.3%	69.0%	70.4%	71.2%	**66.0%**	**65.5%**	**65.5%**
Common Equity Ratio							32.6%	31.6%	32.2%	31.0%	31.4%	32.6%	32.4%	30.7%	29.4%	28.6%	**32.5%**	**33.0%**	**33.5%**
Total Capital ($mill)							9279.0	10101	10730	11846	12534	13040	13692	15476	17082	19223	**18275**	**18925**	**23100**
Net Plant ($mill)							10633	11551	12246	13412	14705	15715	16761	18126	18926	21039	**22425**	**24250**	**28000**
Return on Total Cap'l							6.3%	5.9%	6.0%	5.7%	5.7%	5.8%	5.9%	5.6%	5.3%	5.2%	**5.5%**	**6.0%**	**6.0%**
Return on Shr. Equity							12.5%	12.8%	13.0%	12.9%	13.2%	12.9%	13.6%	13.8%	13.5%	13.7%	**12.5%**	**13.0%**	**13.0%**
Return on Com Equity E							12.6%	12.9%	13.1%	13.0%	13.3%	13.0%	13.7%	13.8%	13.6%	13.7%	**13.0%**	**13.5%**	**13.5%**
Retained to Com Eq							5.6%	5.0%	5.2%	5.0%	5.2%	4.8%	5.2%	5.3%	4.9%	5.3%	**4.5%**	**5.0%**	**5.5%**
All Div'ds to Net Prof							55%	61%	60%	62%	61%	63%	62%	62%	64%	62%	**66%**	**63%**	**60%**

Bold figures are Value Line estimates

CAPITAL STRUCTURE as of 6/30/21
Total Debt $12317 mill. **Due in 5 Yrs** NA
LT Debt $11728 mill. **LT Interest** $432 mill.
Incl. $50 mill. finance leases.
(LT interest earned: 2.9x)
Leases, Uncapitalized Annual rentals $10 mill.
Pension Assets-12/20 $3402 mill.
Oblig $3266 mill.
Pfd Stock $37 mill. **Pfd Div'd** $2 mill.
Incl. 373,148 shs. $4.50 $100 par, cum., callable at $110.00.
Common Stock 289,654,238 shs.
as of 7/12/21
MARKET CAP: $19 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+2.2	-3.7	-3.1
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	7.63	7.94	8.14
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	8084	8039	8215
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.3	+.9	+1.0
Fixed Charge Cov. (%)	250	235	240

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	-1.5%	-.5%	*1.5%*
"Cash Flow"	5.0%	6.5%	*5.5%*
Earnings	7.5%	7.0%	*6.0%*
Dividends	11.5%	7.0%	*5.5%*
Book Value	5.0%	5.5%	*6.5%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	1953	1492	1599	1829	6873.0
2019	2059	1445	1546	1795	6845.0
2020	1864	1443	1575	1798	6680.0
2021	2013	1558	***1529***	***1750***	***6850***
2022	***2000***	***1550***	***1600***	***1800***	***6950***

EARNINGS PER SHARE A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.86	.49	.59	.38	2.32
2019	.75	.33	.73	.58	2.39
2020	.85	.48	.76	.55	2.64
2021	1.09	.55	***.58***	***.43***	***2.65***
2022	***.95***	***.60***	***.75***	***.55***	***2.85***

QUARTERLY DIVIDENDS PAID B ■

Calendar	Mar.31	Jun.30	Sep.30	Dec. 31	Full Year
2017	.3325	.3325	.3325	.3325	1.33
2018	.3575	.3575	.3575	.3575	1.43
2019	.3825	.3825	.3825	.3825	1.53
2020	.4075	.4075	.4075	.4075	1.63
2021	.435	.435	.435		

BUSINESS: CMS Energy Corporation is a holding company for Consumers Energy, which supplies electricity and gas to lower Michigan (excluding Detroit). Has 1.8 million electric, 1.8 million gas customers. Has 1,234 megawatts of nonregulated generating capacity. Discontinued EnerBank in '21. Electric revenue breakdown: residential, 48%; commercial, 33%; industrial, 13%; other, 6%. Generating sources: coal, 23%; gas, 17%; renewables, 4%; purchased, 56%. Fuel costs: 38% of revenues. '20 reported deprec. rates: 3.9% electric, 2.9% gas, 9.8% other. Has 8,100 full-time employees. Chairman: John G. Russell. President & CEO: Garrick Rochow. Inc.: MI. Address: One Energy Plaza, Jackson, MI 49201. Tel.: 517-788-0550. Internet: www.cmsenergy.com.

CMS Energy has agreed to sell its EnerBank subsidiary. The bank is profitable, but was not a core operation. CMS Energy expects to receive $960 million. This will enable the company to eliminate its planned equity issuances from 2022 through 2024 that will finance its capital spending. The sale price is attractive, at three times book equity. The transaction requires various regulatory approvals and is expected to close by yearend.

With EnerBank reported as a discontinued operation, CMS Energy revised its earnings guidance for 2021. The bank was expected to contribute $0.20-$0.22 to share net, so management lowered its targeted range from $2.83-$2.87 to $2.61-$2.65. Accordingly, we cut our estimate from $2.85 to $2.65. We also cut our 2022 estimate from $3.05 to $2.85, in line with the company's typically narrow guidance of $2.85-$2.87.

The company stated that it expects to increase the dividend in 2022. However, the growth rate is likely to be well below that of recent years. The payout ratio is above CMS Energy's target of 60%. The company will attain this over time as earnings growth exceeds dividend growth.

Consumers Energy has an electric rate case pending. The utility is seeking an increase of $225 million, based on a 10.5% return on equity and a 52% common-equity ratio. The staff of the Michigan Public Service Commission (MPSC) recommended a hike of $85 million, based on a 9.7% ROE and a 51% common-equity ratio. An order is due by late December, with new tariffs taking effect at the start of 2022. This is a key factor in the profit growth that is likely next year.

Additional rate cases are upcoming. Frequent filings are necessary because Consumers Energy has a big system with a lot of old equipment. It plans to file a gas case in December. The utility expects to file its next electric petition in the first quarter of 2022. Decisions from the MPSC are due 10 months after the filing date.

The stock's valuation is on the high side. The dividend yield does not stand out among utilities. Total return potential is decent for the next 18 months, but unspectacular for the 3- to 5-year period.

Paul E. Debbas, CFA *September 10, 2021*

(A) Diluted EPS. Excl. nonrec. gains (losses): '05, ($1.61); '06, ($1.08); '07, ($1.26); '09, (7¢); '10, 3¢; '11, 12¢; '12, (14¢); '17, (53¢); gains (losses) on discont. ops.: '05, 7¢; '06, 3¢; '07, (40¢); '09, 8¢; '10, (8¢); '11, 1¢; '12, 3¢; '21, 18¢. Next egs. report due late Oct. (B) Div'ds historically paid late Feb., May, Aug., & Nov. ■ Div'd reinvestment plan avail. (C) Incl. intang. In '20: $9.18/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate allowed on com. eq. in '21: 9.9% elec.; in '19: 9.9% gas; earned on avg. com. eq., '20: 14.4%. Regul. Clim.: Above Avg.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	90
Earnings Predictability	90

DTE ENERGY CO. NYSE-DTE

RECENT PRICE 120.40 | P/E RATIO 25.0 (Trailing: 17.6 Median: 17.0) | RELATIVE P/E RATIO 1.31 | DIV'D YLD 2.7% | VALUE LINE

TIMELINESS — Suspended 6/11/21
SAFETY 2 Raised 12/21/12
TECHNICAL — Suspended 6/11/21
BETA .95 (1.00 = Market)

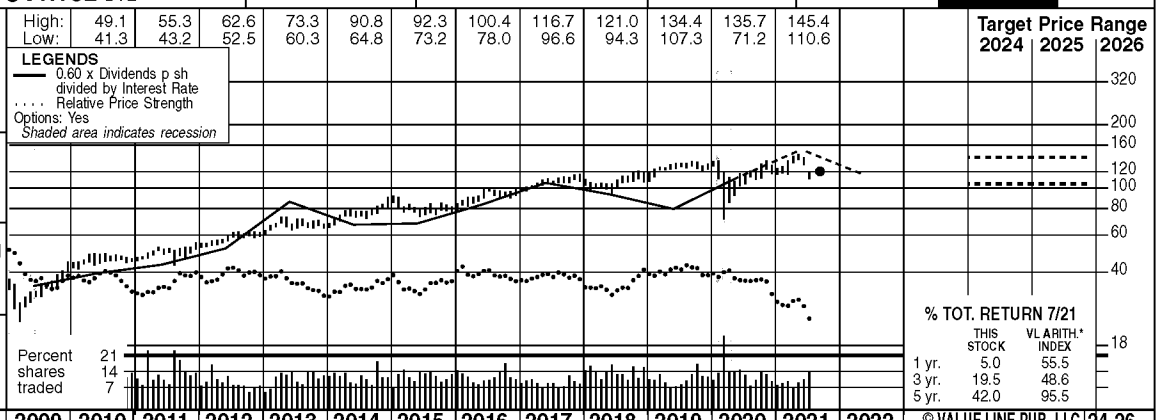
18-Month Target Price Range
Low-High Midpoint (% to Mid)
$92-$199 $146 (20%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	140	(+15%)	7%
Low	105	(-15%)	Nil

Institutional Decisions

	4Q2020	1Q2021	2Q2021
to Buy	302	293	317
to Sell	290	297	279
Hld's(000)	141501	144147	141476



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
50.74	50.93	54.28	57.23	48.45	50.51	52.57	51.01	54.56	69.50	57.60	59.24	70.28	78.12	65.91	62.84	*72.25*	*70.25*	Revenues per sh	*77.75*
8.14	8.19	8.48	8.26	9.38	9.78	9.57	9.77	10.13	11.85	9.44	10.60	11.77	12.58	12.97	14.70	*12.55*	*13.55*	"Cash Flow" per sh	*16.50*
3.27	2.45	2.66	2.73	3.24	3.74	3.67	3.88	3.76	5.10	4.44	4.83	5.73	6.17	6.31	7.08	*4.65*	*6.00*	Earnings per sh [A]	*7.25*
2.06	2.08	2.12	2.12	2.12	2.18	2.32	2.42	2.59	2.69	2.84	3.06	3.36	3.59	3.85	4.12	*3.82*	*3.45*	Div'd Decl'd per sh [B] ■	*4.25*
5.99	7.92	7.96	8.42	6.26	6.49	8.77	10.56	10.59	11.58	11.26	11.40	12.54	14.91	15.59	19.91	*21.85*	*15.10*	Cap'l Spending per sh	*13.25*
32.44	33.02	35.86	36.77	37.96	39.67	41.41	42.78	44.73	47.05	48.88	50.22	53.03	56.27	60.73	64.12	*64.65*	*69.95*	Book Value per sh [C]	*78.75*
177.81	177.14	163.23	163.02	165.40	169.43	169.25	172.35	177.09	176.99	179.47	179.43	179.39	181.93	192.21	193.77	*193.75*	*205.00*	Common Shs Outst'g [D]	*206.00*
13.8	17.4	18.3	14.8	10.4	12.3	13.5	14.9	17.9	14.9	18.1	19.0	18.6	17.4	19.9	16.3	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*16.5*
.73	.94	.97	.89	.69	.78	.85	.95	1.01	.78	.91	1.00	.94	.94	1.06	.84			Relative P/E Ratio	*.90*
4.6%	4.9%	4.4%	5.2%	6.3%	4.8%	4.7%	4.2%	3.8%	3.5%	3.5%	3.3%	3.2%	3.3%	3.1%	3.6%			Avg Ann'l Div'd Yield	*3.7%*
8897.0	8791.0	9661.0	12301	10337	10630	12607	14212	12669	12177	*14000*	*14400*	Revenues ($mill)	*16000*						
624.0	666.0	661.0	905.0	796.0	868.0	1029.0	1120.0	1169.0	1368.0	*905*	*1205*	Net Profit ($mill)	*1510*						
35.9%	29.8%	27.5%	28.5%	25.6%	24.5%	21.8%	8.1%	11.5%	10.9%	*11.0%*	*15.0%*	Income Tax Rate	*15.0%*						
1.6%	3.0%	3.5%	4.1%	4.3%	3.6%	3.5%	3.8%	3.3%	3.4%	*6.0%*	*3.0%*	AFUDC % to Net Profit	*3.0%*						
50.6%	48.8%	47.7%	50.0%	50.2%	55.6%	56.2%	54.2%	57.7%	60.5%	*61.5%*	*60.0%*	Long-Term Debt Ratio	*61.0%*						
49.4%	51.2%	52.3%	50.0%	49.8%	44.4%	43.8%	45.8%	42.3%	39.5%	*38.5%*	*40.0%*	Common Equity Ratio	*39.0%*						
14196	14387	15135	16670	17607	20280	21697	22371	27607	31426	*32725*	*35800*	Total Capital ($mill)	*41700*						
13746	14684	15800	16820	18034	19730	20721	21650	25317	27969	*30675*	*32200*	Net Plant ($mill)	*35100*						
5.9%	6.1%	5.7%	6.6%	5.7%	5.3%	5.9%	6.1%	5.3%	5.4%	*4.0%*	*4.5%*	Return on Total Cap'l	*4.5%*						
8.9%	9.0%	8.3%	10.9%	9.1%	9.6%	10.8%	10.9%	10.0%	11.0%	*7.0%*	*8.5%*	Return on Shr. Equity	*9.5%*						
8.9%	9.0%	8.3%	10.9%	9.1%	9.6%	10.8%	10.9%	10.0%	11.0%	*7.0%*	*8.5%*	Return on Com Equity [E]	*9.5%*						
3.4%	3.5%	2.7%	5.2%	3.4%	3.7%	4.6%	4.9%	4.1%	4.9%	*1.5%*	*3.5%*	Retained to Com Eq	*4.0%*						
62%	61%	67%	52%	63%	61%	58%	55%	59%	56%	*82%*	*57%*	All Div'ds to Net Prof	*58%*						

CAPITAL STRUCTURE as of 6/30/21
Total Debt $23007 mill. **Due in 5 Yrs** $7843 mill.
LT Debt $21891 mill. **LT Interest** $746 mill.
Incl. $21 mill. finance leases.
(LT interest earned: 3.0x)

Leases, Uncapitalized Annual rentals $37 mill.

Pension Assets-12/20 $5497 mill.
Oblig $6304 mill.

Pfd Stock None
Common Stock 193,751,554 shs.

MARKET CAP: $23 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+3.5	-3.9	-3.4
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NMF	NMF	NMF
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	NA
Fixed Charge Cov. (%)	278	260	268

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	3.0%	2.5%	*2.0%*
"Cash Flow"	4.0%	5.0%	*3.5%*
Earnings	7.5%	8.0%	*2.0%*
Dividends	6.0%	7.5%	*1.5%*
Book Value	4.5%	5.0%	*4.5%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	3753	3159	3550	3750	14212
2019	3514	2888	3119	3148	12669
2020	3022	2583	3284	3288	12177
2021	3581[F]	3021[F]	*3700*	*3698*	*14000*
2022	*3700*	*3100*	*3800*	*3800*	*14400*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	2.00	1.29	1.84	1.05	6.17
2019	2.19	.99	1.73	1.40	6.31
2020	1.76	1.44	2.46	1.42	7.08
2021	1.64[F]	.85[F]	*1.51*	*.65*	*4.65*
2022	*1.80*	*1.45*	*1.75*	*1.00*	*6.00*

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.825	.825	.825	.825	3.30
2018	.8825	.8825	.8825	.8825	3.53
2019	.945	.945	.945	.945	3.78
2020	1.0125	1.0125	1.0125	1.0125	4.05
2021	1.085	1.085	1.085		

BUSINESS: DTE Energy Company is a holding company for DTE Electric (formerly Detroit Edison), which supplies electricity in Detroit and a 7,600-square-mile area in southeastern Michigan, and DTE Gas (formerly Michigan Consolidated Gas). Customers: 2.2 mill. electric, 1.3 mill. gas. Has various nonutility operations. Electric revenue breakdown: residential, 46%; commercial, 34%; industrial, 13%; other, 7%. Generating sources: coal, 67%; nuclear, 17%; gas, 1%; purchased, 15%. Fuel costs: 48% of revenues. '20 reported deprec. rates: 4.2% electric, 2.7% gas. Has 10,600 employees. Chairman: Gerard M. Anderson. President & CEO: Jerry Norcia. Inc.: MI. Address: One Energy Plaza, Detroit, MI 48226-1279. Tel.: 313-235-4000. Internet: www.dteenergy.com.

DTE Energy spun off its midstream natural gas operations on July 1st. Stockholders got one share of the new company, DT Midstream (NYSE: DTM), for each DTE Energy share. As of the third quarter, the results of the former midstream gas division will be reported as discontinued. We have restated the first two quarters to exclude this operation's results. The price of DTE Energy stock declined as a result of the spinoff, and the Timeliness rank is suspended.

What does DTE Energy look like following the spinoff? Nonutility operations will likely generate 10% of corporate profits, versus 30% previously. The company expects to pay an annual dividend of $3.30 a share. Combined with the dividend income DTE Energy stockholders will get from their DT Midstream shares, this is equivalent to $4.50 a share of yearly dividend income, greater than the $4.34 a share DTE Energy was paying before the corporate separation. Management's earnings guidance for 2021 is $5.62-$5.92 a share, but the company excludes some items (such as costs of the spinoff) that we include in our earnings presentation.

DTE Gas has a rate case pending, and DTE Electric plans to file one later this year. DTE Gas requested an increase of $195 million, based on a return on equity of 10.25% and a common-equity ratio of 52%. The commission's staff recommended an increase of $80 million, based on an ROE of 9.5% and a common-equity ratio of 51%. New tariffs are expected to take effect at the start of 2022. The timing of DTE Electric's filing has not been determined, but this won't occur before October.

We expect healthy profit growth in 2022. DTE Energy won't incur certain expenses, such as those associated with the spinoff of DTE Midstream. The company will benefit from rate relief at DTE Gas and a partial year of higher rates at DTE Electric. This should outweigh the effects of a higher share count and a nonutility operation will cease at the end of 2021 because this business is based on tax credits that are expiring.

The stock's dividend yield is below the utility average. The equity doesn't stand out for 3- to 5-year total return potential, either.

Paul E. Debbas, CFA *September 10, 2021*

(A) Diluted EPS. Excl. nonrec. gains (losses): '05, (2¢); '07, $1.96; '08, 50¢; '11, 51¢; '15, (39¢); '17, 59¢; gains (losses) on disc. ops.: '05, (20¢); '06, (2¢); '07, $1.20; '08, 13¢; '12, (33¢). '18 EPS don't sum due to rounding. Next earnings report due late Oct. (B) Div'ds pd. mid-Jan., Apr., July & Oct. ■ Div'd reinvest. plan avail. (C) Incl. intang. In '20: $46.10/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate all'd on com. eq. in '20: 9.9% elec.; in '20: 9.9% gas; earned on avg. com. eq., '20: 11.4%. Reg. Clim.: Above Avg. (F) Restated.

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	85
Earnings Predictability	95

DUKE ENERGY NYSE-DUK

RECENT PRICE 106.19 | P/E RATIO 20.2 (Trailing: 27.0 Median: 18.0) | RELATIVE P/E RATIO 1.05 | DIV'D YLD 3.7% | VALUE LINE

TIMELINESS 3 Raised 5/7/21
SAFETY 2 New 6/1/07
TECHNICAL 4 Lowered 7/30/21
BETA .90 (1.00 = Market)

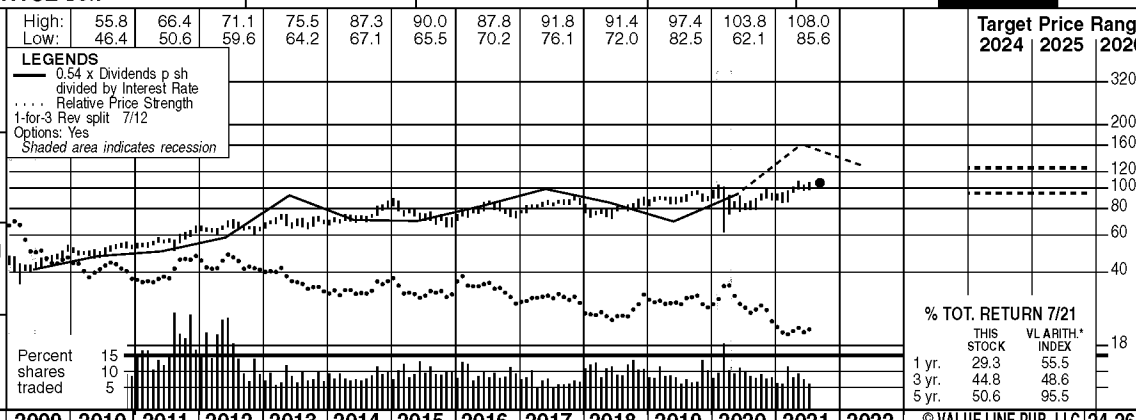
18-Month Target Price Range
Low-High Midpoint (% to Mid)
$52-$130 $91 (-15%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	125	(+20%)	8%
Low	95	(-10%)	2%

Institutional Decisions

	3Q2020	4Q2020	1Q2021
to Buy	686	763	796
to Sell	702	683	681
Hld's(000)	464090	472627	483371



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
--	25.32	30.24	31.15	29.18	32.22	32.63	27.88	34.84	33.84	34.10	32.49	33.66	33.73	34.21	31.04	**32.15**	**33.05**	Revenues per sh	**36.00**
--	7.86	8.11	7.34	7.58	8.49	8.68	6.80	8.56	9.11	9.40	9.20	10.01	10.49	12.13	10.89	**12.60**	**13.30**	"Cash Flow" per sh	**15.50**
--	2.76	3.60	3.03	3.39	4.02	4.14	3.71	3.98	4.13	4.10	3.71	4.22	4.13	5.07	3.92	**5.15**	**5.45**	Earnings per sh [A]	**6.50**
--	--	2.58	2.70	2.82	2.91	2.97	3.03	3.09	3.15	3.24	3.36	3.49	3.64	3.75	3.82	**3.90**	**3.98**	Div'd Decl'd per sh [B] ■	**4.25**
--	8.07	7.43	10.35	9.85	10.84	9.80	7.81	7.83	7.62	9.83	11.29	11.50	12.91	15.17	12.88	**13.60**	**16.60**	Cap'l Spending per sh	**15.50**
--	62.30	50.40	49.51	49.85	50.84	51.14	58.04	58.54	57.81	57.74	58.62	59.63	60.27	61.20	59.82	**61.15**	**62.60**	Book Value per sh [C]	**68.50**
--	418.96	420.62	423.96	436.29	442.96	445.29	704.00	706.00	707.00	688.00	700.00	700.00	727.00	733.00	769.00	**770.00**	**770.00**	Common Shs Outst'g [D]	**770.00**
--	--	16.1	17.3	13.3	12.7	13.8	17.5	17.4	17.9	18.2	21.3	19.9	19.4	17.7	22.4	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	**17.0**
--	--	.85	1.04	.89	.81	.87	1.11	.98	.94	.92	1.12	1.00	1.05	.94	1.16			Relative P/E Ratio	**.95**
--	--	4.4%	5.2%	6.2%	5.7%	5.2%	4.7%	4.4%	4.3%	4.3%	4.3%	4.2%	4.5%	4.2%	4.4%			Avg Ann'l Div'd Yield	**3.9%**
14529	19624	24598	23925	23459	22743	23565	24521	25079	23868	**24750**	**25450**	Revenues ($mill)	**27800**						
1839.0	2136.0	2813.0	2934.0	2854.0	2560.0	2963.0	2928.0	3755.0	2996.0	**4080**	**4315**	Net Profit ($mill)	**5100**						
31.3%	30.2%	32.6%	30.6%	32.2%	31.0%	30.4%	14.2%	12.7%	4.9%	**7.0%**	**7.0%**	Income Tax Rate	**7.0%**						
23.2%	22.3%	8.8%	7.2%	9.2%	11.7%	12.3%	13.0%	7.9%	8.9%	**7.0%**	**7.0%**	AFUDC % to Net Profit	**7.0%**						
45.1%	47.0%	48.0%	47.7%	48.6%	52.6%	54.0%	53.8%	54.0%	53.7%	**54.0%**	**54.5%**	Long-Term Debt Ratio	**54.5%**						
54.9%	52.9%	52.0%	52.3%	51.4%	47.4%	46.0%	46.2%	44.1%	44.4%	**44.0%**	**44.0%**	Common Equity Ratio	**43.5%**						
41451	77307	79482	78088	77222	86609	90774	94940	101807	103589	**106550**	**109700**	Total Capital ($mill)	**120900**						
42661	68558	69490	70046	75709	82520	86391	91694	102127	106782	**111500**	**118275**	Net Plant ($mill)	**134100**						
5.6%	3.6%	4.6%	4.8%	4.8%	4.0%	4.3%	4.2%	4.8%	3.9%	**5.0%**	**5.0%**	Return on Total Cap'l	**5.5%**						
8.1%	5.2%	6.8%	7.2%	7.2%	6.2%	7.1%	6.7%	8.0%	6.2%	**8.5%**	**8.5%**	Return on Shr. Equity	**9.5%**						
8.1%	5.2%	6.8%	7.2%	7.2%	6.2%	7.1%	6.7%	8.3%	6.3%	**8.5%**	**8.5%**	Return on Com Equity [E]	**9.5%**						
2.2%	.9%	1.5%	1.7%	1.5%	.6%	1.2%	1.0%	2.4%	.4%	**2.0%**	**2.5%**	Retained to Com Eq	**3.5%**						
72%	82%	78%	76%	79%	91%	83%	84%	71%	94%	**76%**	**74%**	All Div'ds to Net Prof	**66%**						

CAPITAL STRUCTURE as of 3/31/21
Total Debt $64418 mill. **Due in 5 Yrs** $21060 mill.
LT Debt $54768 mill. **LT Interest** $2178 mill.
Incl. $845 mill. finance leases.
(LT interest earned: 2.2x)
Leases, Uncapitalized Annual rentals $229 mill.
Pension Assets-12/20 $9337 mill.
Oblig $8634 mill.
Pfd Stock $1962 mill. **Pfd Div'd** $107 mill.
40 mill. shs. 5.75%, cum., $25 liq. value, redeemable at $25.50 prior to 6/15/24; 1 mill. shs. 4.875%, cum., $1000 liq. value.
Common Stock 769,218,956 shs. **as of 4/30/21**
MARKET CAP: $82 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+3.9	-.9	-2.3
Avg. Indust. Use (MWH)	2953	2934	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (avg.)	+1.4	+1.5	NA
Fixed Charge Cov. (%)	218	233	183

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	.5%	-1.0%	*1.5%*
"Cash Flow"	3.5%	4.5%	*5.5%*
Earnings	2.5%	1.5%	*7.0%*
Dividends	3.0%	3.5%	*2.0%*
Book Value	2.0%	1.0%	*2.0%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	6135	5643	6628	6115	24521
2019	6163	5873	6940	6103	25079
2020	5949	5421	6721	5777	23868
2021	6150	***5650***	***6900***	***6050***	***24750***
2022	***6350***	***5800***	***7100***	***6200***	***25450***

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	1.17	.71	1.63	.61	4.13
2019	1.24	1.12	1.82	.89	5.07
2020	1.24	1.08	1.74	d.13	3.92
2021	1.25	***1.10***	***1.80***	***1.00***	***5.15***
2022	***1.35***	***1.15***	***1.90***	***1.05***	***5.45***

Calendar	QUARTERLY DIVIDENDS PAID [B] ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.855	.855	.89	.89	3.49
2018	.89	.89	.9275	.9275	3.64
2019	.9275	.9275	.945	.945	3.75
2020	.945	.945	.965	.965	3.82
2021	.965	.965	.985		

BUSINESS: Duke Energy Corporation is a holding company for utilities with 7.6 mill. elec. customers in NC, FL, IN, SC, OH, & KY, and 1.6 mill. gas customers in OH, KY, NC, SC, and TN. Owns independent power plants & has 25% stake in National Methanol in Saudi Arabia. Acq'd Progress Energy 7/12; Piedmont Natural Gas 10/16; discontinued most int'l ops. in '16. Elec. rev. breakdown: residential, 45%; commercial, 28%; industrial, 13%; other, 14%. Generating sources: gas, 31%; nuclear, 30%; coal, 18%; other, 2%; purchased, 19%. Fuel costs: 27% of revs. '20 reported deprec. rate: 3.0%. Has 27,500 employees. Chairman, President & CEO: Lynn J. Good. Inc.: DE. Address: 550 South Tryon St., Charlotte, NC 28202-1803. Tel.: 704-382-3853. Internet: www.duke-energy.com.

Duke Energy has come under criticism from an investor group. Elliott Management, with an undisclosed stake in Duke, is proposing the separation of Duke into three utilities, believing that the performance of those in Florida and the Midwest need improvement. Duke responded by stating its belief that the company's scale is an asset. So far, this does not appear to have had a large effect on the share price, but this bears attention from investors.

Earnings will likely be much improved in 2021. The bottom line fell into the red in the fourth quarter of 2020 due to coal-ash remediation costs that the company was unable to recover from customers. Duke is also benefiting from rate relief. Our estimate is at the midpoint of management's targeted range of $5.00-$5.30 a share.

Rate relief should help lift the bottom line in 2022. In Florida, the state commission approved a settlement calling for electric tariff hikes of $67 million in 2022, $49 million in 2023, and $79 million in 2024. The allowed return on equity is 8.85%-10.85% and the common-equity ratio is 53%. In North Carolina, Piedmont Gas is seeking an increase of $109 million (10.4%), based on an ROE of 10.25% and a common-equity ratio of 53%. New rates will be in place as early as November of 2021. Note that earlier this year, Duke's electric utilities in North Carolina received rate hikes, so a full year's effect of these increases will boost earnings in 2022.

Duke is awaiting regulatory approval of an asset sale. The company intends to raise over $2 billion through the sale of its Indiana electric utility in two phases. This would take care of its equity needs through 2025. The proposed sale has come under some criticism, however.

The board raised the dividend, effective with the September payment. The 2.1% increase was $0.02 a share. This growth rate is well below the industry average because the payout ratio is high.

The dividend yield is slightly above the utility mean. There is some speculative appeal if anything happens from the conflict with Elliott Management. Note, too, that in 2020 NextEra Energy reportedly expressed interest in buying Duke.

Paul E. Debbas, CFA *August 13, 2021*

(A) Dil. EPS. Excl. nonrec. losses: '12, 70¢; '13, 24¢; '14, 67¢; '17, 15¢; '18, 41¢; '20, $2.21; losses on disc. ops.: '14, 80¢; '16, 60¢; '18, '20 EPS don't sum due to rounding. Next egs. due early Nov. (B) Div'ds paid mid-Mar., June, Sept., & Dec. ■ Div'd reinv. plan avail. (C) Incl. intang. In '20: $41.25/sh. (D) In mill., adj. for rev. split. (E) Rate base: Net orig. cost. Rate all'd on com. eq. in '21 in NC: 9.6%; in '19 in SC: 9.5%; in '20 in FL: 9.5%-11.5%; in '20 in IN: 9.7%; earn. on avg. com. eq., '20: 9.9%. Reg. Clim.: NC, SC Avg.; OH, IN Above Avg.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	40
Earnings Predictability	90

ENTERGY CORP. NYSE-ETR

RECENT PRICE **109.36** | P/E RATIO **19.6** (Trailing: 14.6 Median: 13.0) | RELATIVE P/E RATIO **1.03** | DIV'D YLD **3.7%** | **VALUE LINE**

TIMELINESS **3** Lowered 9/3/21
SAFETY **2** Raised 12/13/19
TECHNICAL **4** Lowered 8/20/21
BETA .95 (1.00 = Market)

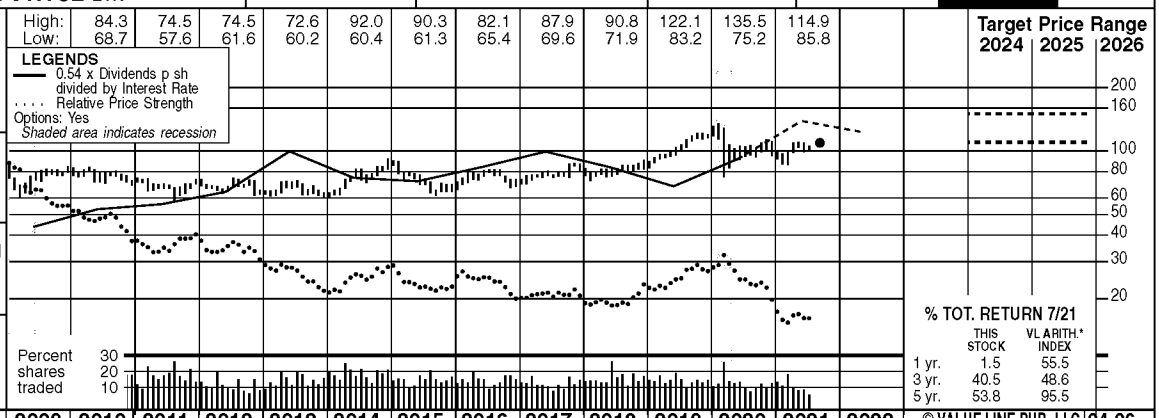
18-Month Target Price Range
Low-High Midpoint (% to Mid)
$56-$147 $102 (-5%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	150	(+35%)	*11%*
Low	110	(Nil)	*4%*

Institutional Decisions

	4Q2020	1Q2021	2Q2021
to Buy	312	254	306
to Sell	276	321	273
Hld's(000)	174980	172087	174484



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
46.61	53.94	59.47	69.15	56.82	64.27	63.67	57.94	63.86	69.71	64.54	60.55	61.35	58.23	54.63	50.51	***57.85***	***55.10***	Revenues per sh	***58.75***
8.18	10.69	11.73	12.89	13.29	16.54	17.53	15.98	16.25	17.68	17.71	18.72	16.70	16.50	17.19	18.21	***17.65***	***18.45***	"Cash Flow" per sh	***21.50***
4.40	5.36	5.60	6.20	6.30	6.66	7.55	6.02	4.96	5.77	5.81	6.88	5.19	5.88	6.30	6.90	***6.00***	***6.35***	Earnings per sh [A]	***7.50***
2.16	2.16	2.58	3.00	3.00	3.24	3.32	3.32	3.32	3.32	3.34	3.42	3.50	3.58	3.66	3.74	***3.86***	***4.08***	Div'd Decl'd per sh [B] ■ †	***4.80***
6.72	9.44	10.29	13.92	12.99	13.33	15.21	18.18	15.73	14.82	16.79	17.28	22.07	22.45	21.72	24.52	***17.10***	***17.35***	Cap'l Spending per sh	***19.25***
35.71	40.45	40.71	42.07	45.54	47.53	50.81	51.73	54.00	55.83	51.89	45.12	44.28	46.78	51.34	54.56	***56.40***	***58.90***	Book Value per sh [C]	***67.50***
216.83	202.67	193.12	189.36	189.12	178.75	176.36	177.81	178.37	179.24	178.39	179.13	180.52	189.06	199.15	200.24	***204.00***	***205.00***	Common Shs Outst'g [D]	***208.00***
16.3	14.3	19.3	16.6	12.0	11.6	9.1	11.2	13.2	12.9	12.5	10.9	15.0	13.8	16.5	15.3	***Bold figures are Value Line estimates***		Avg Ann'l P/E Ratio	***17.5***
.87	.77	1.02	1.00	.80	.74	.57	.71	.74	.68	.63	.57	.75	.75	.88	.79			Relative P/E Ratio	***.95***
3.0%	2.8%	2.4%	2.9%	4.0%	4.2%	4.9%	4.9%	5.1%	4.5%	4.6%	4.6%	4.5%	4.4%	3.5%	3.6%			Avg Ann'l Div'd Yield	***3.7%***
11229	10302	11391	12495	11513	10846	11074	11009	10879	10114	***11800***	***11300***	Revenues ($mill)	***12200***						
1367.4	1091.9	904.5	1060.0	1061.2	1249.8	950.7	1092.1	1258.2	1406.7	***1240***	***1325***	Net Profit ($mill)	***1600***						
17.3%	13.0%	26.7%	37.8%	2.2%	11.3%	1.8%	--	1.8%	NMF	***22.0%***	***22.0%***	Income Tax Rate	***22.0%***						
8.9%	11.9%	10.1%	9.3%	7.4%	8.1%	14.7%	17.5%	16.7%	12.2%	***7.0%***	***8.0%***	AFUDC % to Net Profit	***7.0%***						
52.2%	55.8%	55.1%	54.9%	57.8%	63.6%	63.6%	63.2%	62.0%	65.5%	***67.0%***	***66.5%***	Long-Term Debt Ratio	***67.0%***						
46.4%	42.9%	43.6%	43.8%	40.8%	35.5%	35.5%	35.9%	37.1%	33.7%	***32.0%***	***33.0%***	Common Equity Ratio	***32.5%***						
19324	21432	22109	22842	22714	22777	22528	24602	27557	32386	***35725***	***36750***	Total Capital ($mill)	***43500***						
25609	27299	27882	28723	27824	27921	29664	31974	35183	38853	***40025***	***41150***	Net Plant ($mill)	***45800***						
8.5%	6.4%	5.4%	6.0%	6.0%	6.9%	5.7%	5.8%	5.9%	5.6%	***4.5%***	***4.5%***	Return on Total Cap'l	***5.0%***						
14.8%	11.5%	9.1%	10.3%	11.1%	15.1%	11.6%	12.0%	12.0%	12.6%	***10.5%***	***10.5%***	Return on Shr. Equity	***11.0%***						
15.0%	11.6%	9.2%	10.4%	11.2%	15.2%	11.7%	12.2%	12.1%	12.7%	***10.5%***	***11.0%***	Return on Com Equity [E]	***11.5%***						
8.4%	5.2%	3.0%	4.4%	4.8%	7.7%	3.9%	4.9%	5.2%	5.9%	***4.0%***	***4.0%***	Retained to Com Eq	***4.0%***						
45%	56%	68%	58%	58%	50%	68%	61%	58%	55%	***64%***	***64%***	All Div'ds to Net Prof	***63%***						

CAPITAL STRUCTURE as of 6/30/21
Total Debt $25363 mill. **Due in 5 Yrs** $8342.3 mill.
LT Debt $24212 mill. **LT Interest** $796.0 mill.
Incl. $113.7 mill. of securitization bonds.
(LT interest earned: 2.7x)
Leases, Uncapitalized Annual rentals $65.7 mill.
Pension Assets-12/20 $6854.4 mill.
Oblig $9143.7 mill.
Pfd Stock $254.4 mill. **Pfd Div'd** $18.3 mill.
200,000 shs. 6.25%-7.5%, $100 par; 250,000 shs. 8.75%, 1.4 mill. shs. 5.375%; all cum., without sinking fund.
Common Stock 200,954,557 shs. **as of 7/30/21**
MARKET CAP: $22 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+4.1	-1.4	-4.1
Avg. Indust. Use (MWH)	946	1070	1017
Avg. Indust. Revs. per KWH(¢)	5.16	5.24	4.95
Capacity at Peak (Mw)	23121	23887	25665
Peak Load, Summer (Mw)	21587	21598	21340
Annual Load Factor (%)	65	64	62
% Change Customers (yr-end)	+.6	+.8	+1.0
Fixed Charge Cov. (%)	NMF	165	202

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	-1.5%	-4.0%	*1.5%*
"Cash Flow"	2.0%	--	*3.5%*
Earnings	--	3.0%	*3.0%*
Dividends	1.5%	2.0%	*4.5%*
Book Value	1.0%	-1.0%	*5.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	2724	2669	3104	2512	11009
2019	2610	2666	3141	2462	10879
2020	2427	2413	2904	2370	10114
2021	2845	2822	***3333***	***2800***	***11800***
2022	***2700***	***2700***	***3200***	***2700***	***11300***

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.73	1.34	3.42	.39	5.88
2019	1.32	1.22	1.82	1.94	6.30
2020	.59	1.79	2.59	1.93	6.90
2021	1.66	1.30	***2.35***	***.69***	***6.00***
2022	***1.25***	***1.60***	***2.75***	***.75***	***6.35***

QUARTERLY DIVIDENDS PAID [B] ■ †

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.87	.87	.87	.89	3.50
2018	.89	.89	.89	.91	3.58
2019	.91	.91	.91	.93	3.66
2020	.93	.93	.93	.95	3.74
2021	.95	.95	.95		

BUSINESS: Entergy Corporation supplies electricity to 3 million customers through subsidiaries in Arkansas, Louisiana, Mississippi, Texas, and New Orleans (regulated separately from Louisiana). Distributes gas to 202,000 customers in Louisiana. Has a nonutility subsidiary that owns four nuclear units (three no longer operating). Electric revenue breakdown: residential, 39%; commercial, 25%; industrial, 26%; other, 10%. Generating sources: gas, 47%; nuclear, 29%; coal, 3%; purchased, 21%. Fuel costs: 24% of revenues. '20 reported depreciation rate: 2.8%. Has 13,000 employees. Chairman & CEO: Leo P. Denault. Incorporated: Delaware. Address: 639 Loyola Avenue, P.O. Box 61000, New Orleans, Louisiana 70161. Telephone: 504-576-4000. Internet: www.entergy.com.

We estimate that Entergy's earnings will be in the upper end of the company's targeted ranges in 2021 and 2022. The company is benefiting from rate relief and the economic recovery in the service area of its utilities. In addition, Entergy will not need to add as much common equity as initially expected. Our share-earnings estimates are within the company's guidance of $5.80-$6.10 for 2021 and $6.15-$6.45 for 2022. Although these figures are well below the 2020 tally, investors should note that in the fourth quarter last year Entergy recorded some tax credits that boosted the bottom line. We assume no such income in 2021 or 2022. We *excluded* from our earnings presentation a $1.33-a-share writedown of a nonregulated nuclear plant that Entergy sold in May.

Formula rate plans in most of Entergy's jurisdictions provide annual rate relief. In Arkansas, the utility received $40 million for 2021, and is seeking $73 million for 2022. In Louisiana, the company filed for $51 million, which was expected to take effect at the start of September. In Mississippi, a $44 million increase took effect in April. In New Orleans, Entergy is asking for electric and gas hikes totaling $64 million, effective in November.

Entergy is seeking permission to issue securitized bonds. These are mainly to recover costs associated with storms in Louisiana and Texas in 2020. Entergy wants to issue $2.1 billion in Louisiana and $266 million in Texas. If the commissions approve, the issuances will occur in 2022. As we went to press, it was too early to assess the effects of Hurricane Ida.

Dividend growth is likely to accelerate in the fourth quarter. In recent years, the board has been raising the quarterly payout just $0.02 a share annually. However, with the divestiture of most of the company's nonregulated nuclear assets, business risk has declined. We estimate a hike of $0.06 a share (6.3%) quarterly. Entergy expects its annual increases will be in the range of its long-term profit growth expectation of 5%-7%.

This stock's dividend yield is slightly above the utility average. However, total return potential is negative for the next 18 months and subpar for the period to 2024-2026.

Paul E. Debbas, CFA *September 10, 2021*

(A) Diluted EPS. Excl. nonrec. losses: '05, 21¢; '12, $1.26; '13, $1.14; '14, 56¢; '15, $6.99; '16, $10.14; '17, $2.91; '18, $1.25; '21, $1.33. Next earnings report due early Nov. (B) Div'ds historically paid in early Mar., June, Sept., & Dec. ■ Div'd reinvestment plan avail. † Shareholder investment plan avail. (C) Incl. deferred charges. In '20: $33.43/sh. (D) In mill. (E) Rate base: Net original cost. Allowed ROE (blended): 9.95%; earned on avg. com. eq., '20: 13.1%. Regulatory Climate: Average.

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	35
Earnings Predictability	70

EVERGY, INC. NYSE-EVRG

RECENT PRICE 67.91 | P/E RATIO 20.5 (Trailing: 19.6 Median: NMF) | RELATIVE P/E RATIO 1.07 | DIV'D YLD 3.3% | VALUE LINE

TIMELINESS 3 Raised 9/10/21
SAFETY 2 New 9/14/18
TECHNICAL 4 Raised 9/3/21
BETA .95 (1.00 = Market)

18-Month Target Price Range

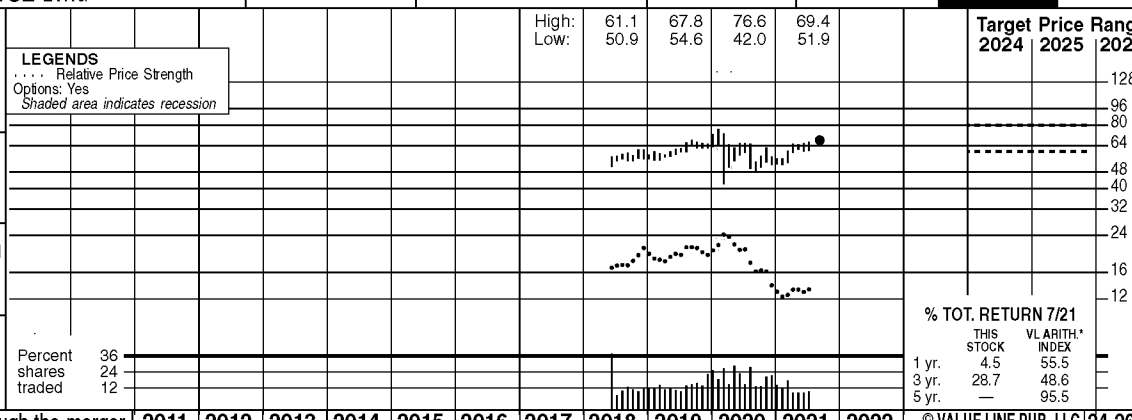
Low-High	Midpoint (% to Mid)
$32-$87	$60 (-10%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	80	(+20%)	7%
Low	60	(-10%)	1%

Institutional Decisions

	4Q2020	1Q2021	2Q2021
to Buy	268	268	291
to Sell	291	255	220
Hld's(000)	188200	191409	198932



Evergy, Inc. was formed through the merger of Great Plains Energy and Westar Energy in June of 2018. Great Plains Energy holders received .5981 of a share of Evergy for each of their shares, and Westar Energy holders received one share of Evergy for each of their shares. The merger was completed on June 4, 2018. Shares of Evergy began trading on the New York Stock Exchange one day later.

CAPITAL STRUCTURE as of 6/30/21
Total Debt $11009 mill. **Due in 5 Yrs** $3606.0 mill.
LT Debt $9297.3 mill. **LT Interest** $331.4 mill.
Incl. $45.3 mill. finance leases.
(LT interest earned: 3.4x)

Leases, Uncapitalized Annual rentals $18.5 mill.

Pension Assets-12/20 $1799.1 mill.
Oblig $2901.1 mill.

Pfd Stock None

Common Stock 229,297,836 shs.
as of 7/30/21
MARKET CAP: $16 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	NA	NA	-3.9
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	7.11	7.25	7.14
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	NA
Fixed Charge Cov. (%)	322	305	286

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	--	--	3.5%
"Cash Flow"	--	--	6.5%
Earnings	--	--	8.0%
Dividends	--	--	5.5%
Book Value	--	--	3.0%

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	600.2	893.4	1582.5	1199.8	4275.9
2019	1216.9	1221.7	1577.6	1131.6	5147.8
2020	1116.7	1184.7	1517.6	1094.4	4913.4
2021	1612	1236	*1550*	*1102*	*5500*
2022	*1250*	*1250*	*1600*	*1100*	*5200*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.42	.56	1.32	.07	2.50
2019	.39	.57	1.56	.28	2.79
2020	.31	.59	1.60	.22	2.72
2021	.84	.81	*1.70*	*.25*	*3.60*
2022	*.55*	*.85*	*1.85*	*.30*	*3.55*

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	--	--	--	--	--
2018	.40	.40	.46	.475	1.74
2019	.475	.475	.475	.505	1.93
2020	.505	.505	.505	.535	2.05
2021	.535	.535			

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
	--	--	--	--	--	--	--	16.75	22.71	21.66	*23.90*	*22.60*	Revenues per sh	*25.00*
	--	--	--	--	--	--	--	4.89	7.18	7.06	*7.95*	*8.10*	"Cash Flow" per sh	*9.25*
	--	--	--	--	--	--	--	2.50	2.79	2.72	*3.60*	*3.55*	Earnings per sh [A]	*4.25*
	--	--	--	--	--	--	--	1.74	1.93	2.05	*2.17*	*2.29*	Div'd Decl'd per sh [B] ■	*2.65*
	--	--	--	--	--	--	--	4.19	5.34	6.88	*8.15*	*8.00*	Cap'l Spending per sh	*8.00*
	--	--	--	--	--	--	--	39.28	37.82	38.50	*39.95*	*41.20*	Book Value per sh [C]	*45.50*
	--	--	--	--	--	--	--	255.33	226.64	226.84	*230.00*	*230.00*	Common Shs Outst'g [D]	*230.00*
	--	--	--	--	--	--	--	22.7	21.8	21.7	*Bold figures are*		Avg Ann'l P/E Ratio	*17.0*
	--	--	--	--	--	--	--	1.23	1.16	1.12	*Value Line*		Relative P/E Ratio	*.95*
	--	--	--	--	--	--	--	3.1%	3.2%	3.5%	*estimates*		Avg Ann'l Div'd Yield	*3.7%*
	--	--	--	--	--	--	--	4275.9	5147.8	4913.4	*5500*	*5200*	Revenues ($mill)	*5750*
	--	--	--	--	--	--	--	535.8	669.9	618.3	*840*	*835*	Net Profit ($mill)	*980*
	--	--	--	--	--	--	--	9.8%	12.6%	14.1%	*12.0%*	*12.0%*	Income Tax Rate	*12.0%*
	--	--	--	--	--	--	--	2.5%	2.5%	5.5%	*5.0%*	*5.0%*	AFUDC % to Net Profit	*5.0%*
	--	--	--	--	--	--	--	40.0%	50.6%	51.3%	*51.0%*	*51.0%*	Long-Term Debt Ratio	*51.5%*
	--	--	--	--	--	--	--	60.0%	49.4%	48.7%	*49.0%*	*49.0%*	Common Equity Ratio	*48.5%*
	--	--	--	--	--	--	--	16716	17337	17924	*18775*	*19425*	Total Capital ($mill)	*21600*
	--	--	--	--	--	--	--	18952	19346	20106	*20975*	*21775*	Net Plant ($mill)	*23900*
	--	--	--	--	--	--	--	4.0%	4.8%	4.5%	*5.5%*	*5.0%*	Return on Total Cap'l	*5.5%*
	--	--	--	--	--	--	--	5.3%	7.8%	7.1%	*9.0%*	*8.5%*	Return on Shr. Equity	*9.0%*
	--	--	--	--	--	--	--	5.3%	7.8%	7.1%	*9.0%*	*8.5%*	Return on Com Equity [E]	*9.0%*
	--	--	--	--	--	--	--	.6%	2.4%	1.8%	*3.5%*	*3.0%*	Retained to Com Eq	*3.5%*
	--	--	--	--	--	--	--	89%	69%	75%	*59%*	*63%*	All Div'ds to Net Prof	*62%*

BUSINESS: Evergy, Inc. was formed through the merger of Great Plains Energy and Westar Energy in June of 2018. Through its subsidiaries (now doing business under the Evergy name), provides electric service to 1.6 million customers in Kansas and Missouri, including the greater Kansas City area. Electric revenue breakdown: residential, 39%; commercial, 33%; industrial, 12%; wholesale, 5%; other, 11%. Generating sources: coal, 54%; nuclear, 17%; purchased, 29%. Fuel costs: 22% of revenues. '20 reported deprec. rate: 3%. Has 5,100 employees. Chairman: Mark A. Ruelle. President & Chief Executive Officer: David A. Campbell. Incorporated: Missouri. Address: 1200 Main Street, Kansas City, Missouri 64105. Telephone: 816-556-2200. Internet: www.evergy.com.

Evergy's earnings will likely wind up substantially higher in 2021. First-quarter profits were much higher than usual due to the effects of a cold spell in February, which benefited a nonregulated energy-marketing subsidiary that usually makes a small contribution to corporate profits. This also caused a surge in utility gas and power costs (which is why revenues were also much higher in the first period), but these will be recovered from customers. Our 2021 earnings estimate is near the upper end of Evergy's guidance (on a GAAP basis) of $3.43-$3.63 a share.

We estimate a slight earnings decline in 2022. The first-quarter comparison will be difficult. However, we figure Evergy's utilities will continue to benefit from the recovering economy, effective expense control, and increased investment in the transmission system. We are sticking with our 2022 earnings estimate of $3.55 a share.

Evergy is planning to utilize the new laws in Missouri and Kansas that allow for the issuance of securitized bonds. The company's utility in western Missouri is asking the state commission to approve the issuance of $295 million of securitized bonds to recover the surge in power costs resulting from the aforementioned cold spell in February. Evergy might also issue securitized bonds to recover the company's undepreciated interest in coal-fired plants if these are retired early and replaced with renewable generating facilities.

We expect a dividend increase in November. This is the usual timing. We look for a boost of $0.03 a share (5.6%) in the quarterly disbursement, the same as in each of the past two years. Evergy's target for the payout ratio is 60%-70%.

The stock price is up 22% year to date. Perhaps this reflects takeover speculation, although we note that there is a standstill agreement with investors Bluescape Energy Partners and Elliott Investment Management through the 2022 annual meeting. The dividend yield is about average for a utility. Total return potential is negative for the next 18 months and unexciting for the 3- to 5-year period. The recent quotation is within our 2024-2026 Target Price Range.

Paul E. Debbas, CFA *September 10, 2021*

(A) Diluted EPS. '18 EPS don't sum to full-year total due to change in shares, '19 due to rounding. Next earnings report due early November. (B) Dividends paid in mid-March, June, September, and December. ■ Dividend reinvestment plan available. (C) Incl. intangibles. In '20: $4204.8 mill., $18.54/sh. (D) In millions. (E) Rate base: Original cost depreciated. Rate allowed on common equity in Missouri in '18: none specified; in Kansas in '18: 9.3%. Earned on average common equity, '20: 7.1%. Regulatory Climate: Average.

Company's Financial Strength	B++
Stock's Price Stability	70
Price Growth Persistence	NMF
Earnings Predictability	NMF

HAWAIIAN ELECTRIC NYSE-HE

RECENT PRICE **42.54** | P/E RATIO **21.3** (Trailing: 20.4 Median: 18.0) | RELATIVE P/E RATIO **1.08** | DIV'D YLD **3.2%** | **VALUE LINE**

TIMELINESS **3** Raised 5/28/21
SAFETY **2** Raised 11/2/12
TECHNICAL **3** Raised 5/7/21
BETA .80 (1.00 = Market)

18-Month Target Price Range
Low-High Midpoint (% to Mid)
$18-$56 $37 (-15%)

2024-26 PROJECTIONS

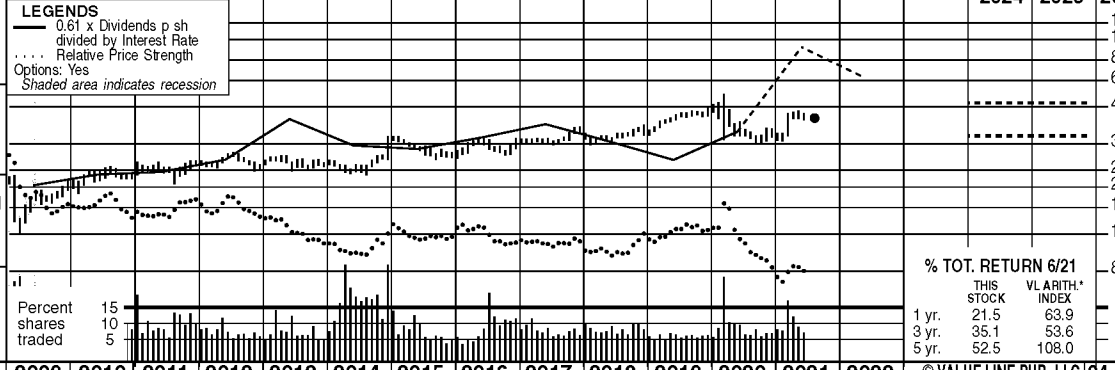
	Price	Gain	Ann'l Total Return
High	50	(+20%)	7%
Low	35	(-20%)	-1%

Institutional Decisions

	3Q2020	4Q2020	1Q2021
to Buy	137	133	120
to Sell	135	151	160
Hld's(000)	53574	55605	58433

High:	25.0	26.8	29.2	28.3	35.0	34.9	35.0	38.7	39.3	47.6	55.2	46.0
Low:	18.6	20.6	23.7	23.8	22.7	27.0	27.3	31.7	31.7	35.1	31.8	33.0

LEGENDS
0.61 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area indicates recession



% TOT. RETURN 6/21

	THIS STOCK	VL ARITH.* INDEX
1 yr.	21.5	63.9
3 yr.	35.1	53.6
5 yr.	52.5	108.0

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
27.36	30.21	30.40	35.56	24.96	28.14	33.76	34.46	31.98	31.59	24.22	21.92	23.49	26.28	26.38	23.63	*24.75*	*25.45*	Revenues per sh	*27.50*
3.22	3.19	3.01	2.72	2.59	2.88	3.18	3.28	3.22	3.41	3.31	4.17	3.68	4.20	4.55	4.48	*4.75*	*5.00*	"Cash Flow" per sh	*5.75*
1.46	1.33	1.11	1.07	.91	1.21	1.44	1.67	1.62	1.64	1.50	2.29	1.64	1.85	1.99	1.81	*2.00*	*2.10*	Earnings per sh [A]	*2.50*
1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.28	1.32	*1.36*	*1.40*	Div'd Decl'd per sh [B] ■	*1.55*
2.76	2.58	2.62	3.12	3.29	1.92	2.45	3.32	3.49	3.31	3.39	3.04	4.55	4.94	4.20	3.52	*3.25*	*3.90*	Cap'l Spending per sh	*4.50*
15.02	13.44	15.29	15.35	15.58	15.67	15.95	16.28	17.06	17.47	17.94	19.03	19.28	19.86	20.93	21.41	*22.05*	*22.80*	Book Value per sh [C]	*25.75*
80.98	81.46	83.43	90.52	92.52	94.69	96.04	97.93	101.26	102.57	107.46	108.58	108.79	108.88	108.97	109.18	*109.20*	*110.00*	Common Shs Outst'g [D]	*113.00*
18.3	20.3	21.6	23.2	19.8	18.6	17.1	15.8	16.2	15.9	20.4	13.6	20.7	18.9	21.3	21.5	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*17.0*
.97	1.10	1.15	1.40	1.32	1.18	1.07	1.01	.91	.84	1.03	.71	1.04	1.02	1.13	1.10			Relative P/E Ratio	*.95*
4.6%	4.6%	5.2%	5.0%	6.9%	5.5%	5.0%	4.7%	4.7%	4.8%	4.1%	4.0%	3.7%	3.5%	3.0%	3.4%			Avg Ann'l Div'd Yield	*3.7%*
3242.3	3375.0	3238.5	3239.5	2603.0	2380.7	2555.6	2860.8	2874.6	2579.8	*2700*	*2800*	Revenues ($mill)	*3100*
140.1	164.9	163.4	170.2	161.8	250.1	180.6	203.7	219.8	199.7	*220*	*235*	Net Profit ($mill)	*255*
35.1%	35.9%	34.0%	35.0%	36.5%	33.1%	34.7%	20.0%	19.0%	17.0%	*19.0%*	*19.0%*	Income Tax Rate	*17.0%*
6.0%	6.9%	4.8%	5.5%	5.8%	4.6%	9.6%	7.7%	7.5%	5.9%	*5.0%*	*6.0%*	AFUDC % to Net Profit	*6.0%*
44.9%	45.7%	44.0%	45.2%	43.5%	41.6%	43.4%	47.5%	44.6%	46.5%	*44.0%*	*45.5%*	Long-Term Debt Ratio	*46.5%*
53.9%	53.1%	55.0%	53.8%	55.5%	57.5%	55.7%	51.7%	54.6%	52.7%	*55.0%*	*54.0%*	Common Equity Ratio	*52.5%*
2841.3	3001.0	3142.9	3332.3	3473.5	3595.1	3765.5	4182.3	4176.9	4435.9	*4360*	*4650*	Total Capital ($mill)	*5450*
3334.5	3594.8	3858.9	4148.8	4377.7	4603.5	5025.9	4830.1	5109.6	5265.7	*5320*	*5430*	Net Plant ($mill)	*5900*
6.2%	6.7%	6.4%	6.2%	5.7%	7.9%	5.8%	5.9%	6.3%	5.5%	*6.0%*	*6.0%*	Return on Total Cap'l	*6.0%*
8.9%	10.1%	9.3%	9.3%	8.2%	11.9%	8.5%	9.3%	9.5%	8.4%	*9.0%*	*9.0%*	Return on Shr. Equity	*9.5%*
9.0%	10.2%	9.4%	9.4%	8.3%	12.0%	8.5%	9.3%	9.6%	8.5%	*9.0%*	*9.0%*	Return on Com Equity [E]	*9.5%*
2.1%	4.2%	3.7%	2.3%	1.5%	6.3%	2.1%	3.1%	3.4%	2.3%	*3.0%*	*3.0%*	Retained to Com Eq	*3.5%*
78%	59%	61%	75%	83%	48%	76%	67%	64%	73%	*68%*	*66%*	All Div'ds to Net Prof [F]	*63%*

CAPITAL STRUCTURE as of 3/31/21
Total Debt $2330.0 mill. **Due in 5 Yrs** $667.3 mill.
LT Debt $2175.0 mill. **LT Interest** $89.2 mill.
Incl. $50 mill. 6.5% oblig. pfd. sec. of trust subsid.
(LT interest earned: 3.9x)
Leases, Uncapitalized Annual rentals $11.0 mill.
Pension Assets-12/20 $2089.5 mill.
Oblig $2626.5 mill.
Pfd Stock $34.3 mill. **Pfd Div'd** $2.0 mill.
1,114,657 shs. 4¼% to 5¼%, $20 par. call. $20 to $21; 120,000 shs. 7⅝%, $100 par. call. $100.
Sinking fund ends 2018.
Common Stock 109,181,493 shs. **as of 4/23/21**
MARKET CAP: $4.6 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	--	+.6	-7.1
Avg. Indust. Use (MWH)	5067	5225	4474
Avg. Indust. Revs. per KWH (¢)	25.76	25.52	24.21
Capacity at Yearend (Mw)	2256	2254	2254
Peak Load, Winter (Mw)	1598	1601	1471
Annual Load Factor (%)	65.0	65.2	66.2
% Change Customers (yr-end)	+.2	+.5	+.6
Fixed Charge Cov. (%)	361	368	337

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	-1.5%	-3.0%	*1.5%*
"Cash Flow"	5.0%	6.0%	*3.5%*
Earnings	6.0%	3.5%	*5.0%*
Dividends	.5%	.5%	*3.0%*
Book Value	3.0%	3.5%	*3.5%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	645.9	685.3	768.0	761.6	2860.8
2019	661.6	715.5	771.5	726.0	2874.6
2020	677.2	609.0	641.4	652.2	2579.8
2021	642.9	*675*	*707.1*	*675*	*2700*
2022	*675*	*700*	*725*	*700*	*2800*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.37	.42	.60	.45	1.85
2019	.42	.39	.58	.61	1.99
2020	.31	.45	.59	.46	1.81
2021	.59	*.40*	*.58*	*.43*	*2.00*
2022	*.45*	*.45*	*.60*	*.50*	*2.00*

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.31	.31	.31	.31	1.24
2018	.31	.31	.31	.31	1.24
2019	.32	.32	.32	.32	1.28
2020	.33	.33	.33	.33	1.32
2021	.34	.34			

BUSINESS: Hawaiian Electric Industries, Inc. is the parent company of Hawaiian Electric Company, Inc. (HECO), American Savings Bank (ASB), and Pacific Current. HECO & its subs., Maui Electric Co. (MECO) & Hawaii Electric Light Co. (HELCO), supply electricity to 468,000 customers on Oahu, Maui, Molokai, Lanai, & Hawaii. Operating companies' systems are not interconnected. Elec. rev. breakdown: residential, 34%; commercial, 34%; lg. light & power, 32%; other, less than 1%. Generating sources: oil, 54%; purch., 46%. Fuel costs: 42% of revs. '20 reported deprec. rate (utility): 3.2%. Has 3,700 employees. Chairman: Tom Fargo. Pres. & CEO: Constance H. Lau. Inc.: HI. Address: 1001 Bishop St., Suite 2900, Honolulu, HI 96808-0730. Tel.: 808-543-5662. Web: www.hei.com.

Upon reporting first-quarter results in early May, Hawaiian Electric Industries raised its earnings target for 2021. Last year, management of HEI's American Savings Bank subsidiary was conservative with its provision for uncollectible accounts. This was understandable, given the disruption to the economy caused by lockdowns and other restrictions. This figure soared to $50 million in 2020, versus $17 million-$22 million in a typical year. In early 2021, ASB expected to book a provision of $17 million-$25 million for the full year. As the economic recovery has been better than expected, the bank reversed some of its reserve. Thus, ASB believes the provision will be no more than $10 million in 2021. Accordingly, HEI raised its targeted range for share net from $1.75-$1.95 to $1.90-$2.05. We raised our estimate from $1.85 to $2.00.

We estimate flat earnings in 2022. We expect income at HEI's utilities to improve as the company benefits from its first full year under a new performance-based rate-making (PBR) mechanism. However, if ASB's provision returns to a more-normal level, this will almost certainly result in a smaller contribution from the bank. Even so, our $2.00-a-share estimate is $0.05 higher than it was in our April report.

The utilities are operating under a new regulatory mechanism. Under the previous mechanism, they were getting additional revenues every year ($17.4 million in 2021), but not until June 1st. Under the new PBR mechanism, the adjustment will occur at the start of each year. This should eventually reduce the utilities' regulatory lag. Earlier this year, two of the credit-rating agencies raised their ratings for Hawaiian Electric Company, reflecting the benefits of the new PBR mechanism. HEI's utilities will need to be able to earn an adequate return on their capital spending as they invest in renewable-energy projects. This is especially important because Hawaii's regulatory climate has sometimes been difficult in recent years.

The stock remains expensively priced, in our view. The dividend yield does not stand out among utility issues. The recent quotation is well within our 2024-2026 Target Price Range. Thus, total return potential over that time frame is low.

Paul E. Debbas, CFA *July 23, 2021*

(A) Diluted EPS. Excl. loss from discont. ops.: '05, 1¢; nonrec. gain (losses): '05, 11¢; '07, (9¢); '12, (25¢); '17, (12¢). '18 & '19 EPS don't sum due to rounding. Next earnings report due early Aug. (B) Div'ds pd. early Mar., June, Sept., & Dec. ■ Div'd reinv. avail. (C) Incl. intang. In '20: $7.50/sh. (D) In mill., adj. for split. (E) Rate base: Orig. cost. Rate allowed on com. eq. in '18: HECO, 9.5%; in '18: HELCO, 9.5%; in '18: MECO, 9.5%; earned on avg. com. eq., '20: 8.6%. Reg. Climate: Below Avg. (F) Excl. div'ds paid through reinv. plan.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	40
Earnings Predictability	70

IDACORP, INC. NYSE-IDA

RECENT PRICE **99.35** | P/E RATIO **20.7** (Trailing: 20.5 Median: 17.0) | RELATIVE P/E RATIO **1.05** | DIV'D YLD **3.0%** | **VALUE LINE**

TIMELINESS **3** Lowered 3/5/21
SAFETY **1** Raised 1/22/21
TECHNICAL **3** Lowered 7/2/21
BETA .85 (1.00 = Market)

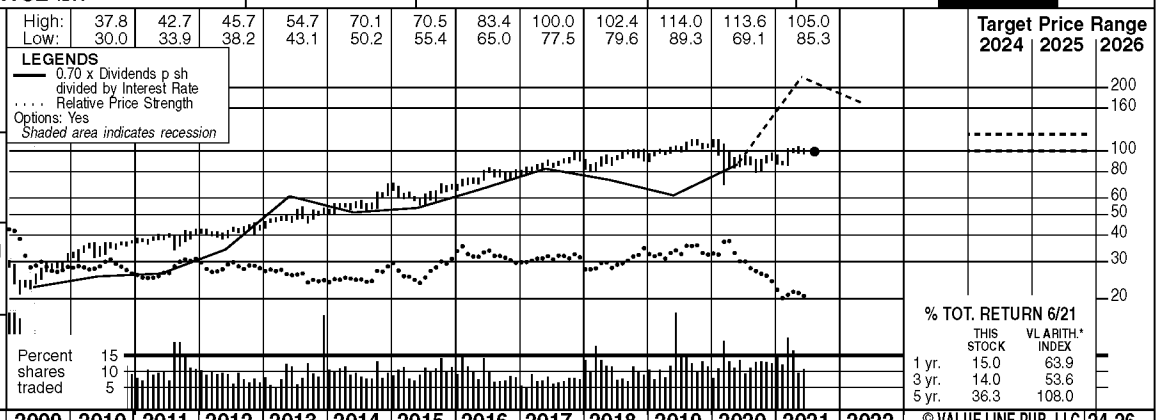
18-Month Target Price Range
Low-High Midpoint (% to Mid)
$76-$148 $112 (15%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	120	(+20%)	8%
Low	100	(Nil)	4%

Institutional Decisions

	3Q2020	4Q2020	1Q2021
to Buy	186	152	183
to Sell	147	183	156
Hld's(000)	38758	39313	39645



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
20.15	21.23	19.51	20.47	21.92	20.97	20.55	21.55	24.81	25.51	25.23	25.04	26.76	27.19	26.70	26.77	*28.15*	*28.75*	Revenues per sh	*31.75*
3.87	4.58	4.11	4.27	5.07	5.35	5.84	5.93	6.29	6.58	6.70	6.86	7.50	7.85	8.07	8.19	*8.40*	*8.75*	"Cash Flow" per sh	*10.00*
1.75	2.35	1.86	2.18	2.64	2.95	3.36	3.37	3.64	3.85	3.87	3.94	4.21	4.49	4.61	4.69	*4.80*	*5.05*	Earnings per sh [A]	*5.75*
1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.37	1.57	1.76	1.92	2.08	2.24	2.40	2.56	2.72	*2.89*	*3.09*	Div'd Decl'd per sh [B] ■ †	*3.70*
4.53	5.16	6.39	5.19	5.26	6.85	6.76	4.78	4.68	5.45	5.84	5.89	5.66	5.51	5.53	6.16	*7.25*	*7.70*	Cap'l Spending per sh	*10.00*
24.04	25.77	26.79	27.76	29.17	31.01	33.19	35.07	36.84	38.85	40.88	42.74	44.65	47.01	48.88	50.73	*52.65*	*54.60*	Book Value per sh [C]	*60.75*
42.66	43.63	45.06	46.92	47.90	49.41	49.95	50.16	50.23	50.27	50.34	50.40	50.42	50.42	50.42	50.46	*50.45*	*50.45*	Common Shs Outst'g [D]	*50.45*
16.7	15.1	18.2	13.9	10.2	11.8	11.5	12.4	13.4	14.7	16.2	19.1	20.6	20.5	22.3	19.9	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*19.0*
.89	.82	.97	.84	.68	.75	.72	.79	.75	.77	.82	1.00	1.04	1.11	1.19	1.02			Relative P/E Ratio	*1.05*
4.1%	3.4%	3.5%	4.0%	4.5%	3.4%	3.1%	3.3%	3.2%	3.1%	3.1%	2.8%	2.6%	2.6%	2.5%	2.9%			Avg Ann'l Div'd Yield	*3.4%*
1026.8	1080.7	1246.2	1282.5	1270.3	1262.0	1349.5	1370.8	1346.4	1350.7	*1420*	*1450*	Revenues ($mill)	*1600*
166.9	168.9	182.4	193.5	194.7	198.3	212.4	226.8	232.9	237.4	*240*	*255*	Net Profit ($mill)	*290*
--	13.4%	28.3%	8.0%	19.0%	15.5%	18.6%	7.1%	9.5%	10.8%	*10.5%*	*10.5%*	Income Tax Rate	*10.5%*
23.3%	20.3%	12.3%	13.6%	16.3%	16.3%	13.9%	15.2%	16.2%	17.3%	*17.0%*	*17.0%*	AFUDC % to Net Profit	*17.0%*
45.6%	45.5%	46.6%	45.3%	45.6%	44.8%	43.7%	43.6%	41.3%	43.9%	*44.5%*	*44.5%*	Long-Term Debt Ratio	*49.0%*
54.4%	54.5%	53.4%	54.7%	54.4%	55.2%	56.3%	56.4%	58.7%	56.1%	*55.5%*	*55.5%*	Common Equity Ratio	*51.0%*
3045.2	3225.4	3465.9	3567.6	3783.3	3898.5	3997.5	4205.1	4201.3	4560.4	*4805*	*4980*	Total Capital ($mill)	*6000*
3406.6	3536.0	3665.0	3833.5	3992.4	4172.0	4283.9	4395.7	4531.5	4709.5	*4895*	*5095*	Net Plant ($mill)	*5925*
6.8%	6.5%	6.4%	6.6%	6.2%	6.1%	6.3%	6.4%	6.5%	6.1%	*6.0%*	*6.0%*	Return on Total Cap'l	*6.0%*
10.1%	9.6%	9.9%	9.9%	9.5%	9.2%	9.4%	9.6%	9.4%	9.3%	*9.0%*	*9.0%*	Return on Shr. Equity	*9.5%*
10.1%	9.6%	9.9%	9.9%	9.5%	9.2%	9.4%	9.6%	9.4%	9.3%	*9.0%*	*9.0%*	Return on Com Equity [E]	*9.5%*
6.5%	5.7%	5.6%	5.4%	4.8%	4.3%	4.4%	4.4%	4.2%	3.9%	*3.5%*	*3.5%*	Retained to Com Eq	*3.5%*
36%	41%	43%	46%	50%	53%	53%	54%	56%	58%	*60%*	*61%*	All Div'ds to Net Prof	*65%*

CAPITAL STRUCTURE as of 3/31/21
Total Debt $2000.5 mill. **Due in 5 Yrs** $144.7 mill.
LT Debt $2000.5 mill. **LT Interest** $83.4 mill.
(LT interest earned: 3.7x)

Pension Assets-12/20 $871.6 mill.
Oblig $1337.4 mill.

Pfd Stock None

Common Stock 50,515,478 shs.
as of **4/23/21**

MARKET CAP: $5.0 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+.1	-.3	+2.0
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	5.64	5.32	5.38
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	3392	3242	3392
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+2.3	+2.5	+2.7
Fixed Charge Cov. (%)	309	307	313

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	2.5%	1.5%	*3.0%*
"Cash Flow"	5.0%	4.5%	*3.5%*
Earnings	6.0%	4.0%	*4.0%*
Dividends	8.0%	8.0%	*6.5%*
Book Value	5.0%	4.5%	*3.5%*

QUARTERLY REVENUES($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	310.1	340.0	408.8	311.9	1370.8
2019	350.3	316.9	386.3	292.9	1346.4
2020	291.0	318.8	425.3	315.6	1350.7
2021	316.1	*338.9*	*440*	*325*	*1420*
2022	*320*	*345*	*455*	*330*	*1450*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.72	1.23	2.02	.52	4.49
2019	.84	1.05	1.78	.93	4.61
2020	.74	1.19	2.02	.74	4.69
2021	.89	*1.25*	*1.95*	*.71*	*4.80*
2022	*.90*	*1.20*	*2.10*	*.85*	*5.05*

QUARTERLY DIVIDENDS PAID [B] ■ †

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.55	.55	.55	.59	2.24
2018	.59	.59	.59	.63	2.40
2019	.63	.63	.63	.67	2.56
2020	.67	.67	.67	.71	2.72
2021	.71	.71			

BUSINESS: IDACORP, Inc. is a holding company for Idaho Power Company, a regulated electric utility that serves 583,000 customers throughout a 24,000-square-mile area in southern Idaho and eastern Oregon (population: 1.2 million). Most of the company's revenues are derived from the Idaho portion of its service area. Revenue breakdown: residential, 42%; commercial, 22%; industrial, 14%; irrigation, 12%; other, 10%. Generating sources: hydro, 39%; coal, 21%; gas, 12%; purchased, 28%. Fuel costs: 32% of revenues. '20 reported depreciation rate: 2.9%. Has 1,900 employees. Chairman: Richard J. Dahl. President & CEO: Lisa Grow. Incorporated: Idaho. Address: 1221 W. Idaho St., Boise, Idaho 83702. Telephone: 208-388-2200. Internet: www.idacorpinc.com.

IDACORP is off to a good start in 2021. The customer growth rate of its utility subsidiary, Idaho Power, has been strong in recent years thanks in part to a good business climate, including low electric rates. The economy of the utility's service area is strong, and several large customers are expanding. Moody's projection for GDP growth here is 8% for 2021. For the 12-month period ending March 31st, the customer growth rate accelerated to 2.9%, from 2.7% in 2020. This might eventually put some pressure on operating and maintenance expenses, but for now, management still expects these to wind up in a range of $345 million-$355 million in 2021, versus $352 million last year. Although IDACORP had a strong first-quarter showing, management maintained its 2021 earnings target of $4.60-$4.80 a share. Our estimate remains at the top of this range. The company's guidance is typically conservative. IDACORP has a track record of exceeding the midpoint of its initial range, sometimes by a wide margin. We note that the effects of hot and dry weather were a boon for kilowatt-hour sales in the second quarter.

We look for continued solid profit growth in 2022. Moody's expects another year of 8% GDP growth in Idaho Power's service territory. There is little reason to think the favorable trend in customer growth will change. Our estimate of $5.05 a share would profit a bottom-line growth rate of 5%.

We expect a healthy dividend increase at the board meeting in September. IDACORP's goal is growth of at least 5% and a payout ratio of 60%-70%. The payout ratio is below this range, so we estimate a $0.05-a-share (7.0%) increase in the quarterly disbursement.

Finances are sound. The fixed-charge coverage and common-equity ratio are above the utility norms. IDACORP expects no new equity over the five-year period, despite the utility's rising capital budget. No long-term debt is due until 2023.

IDACORP's strengths are reflected in the stock price. The dividend yield is low for a utility. The recent quotation is near the low end of our 2024-2026 Target Price Range, so total return potential is only modest over that time frame.

Paul E. Debbas, CFA *July 23, 2021*

(A) Diluted EPS. Excl. nonrecurring gain (loss): '05, (24¢); '06, 17¢. '19 earnings don't sum due to rounding. Next earnings report due late July. (B) Dividends historically paid in late Feb., May, Aug., and Nov. ■ Dividend reinvestment plan available. † Shareholder investment plan available. (C) Incl. intangibles. In '20: $1495.5 mill., $26.31/sh. (D) In millions. (E) Rate base: Net original cost. Rate allowed on common equity in '12: 10% (imputed); earned on avg. com. eq., '20: 9.5%. Regulatory Climate: Above Average.

Company's Financial Strength	A+
Stock's Price Stability	100
Price Growth Persistence	85
Earnings Predictability	100

ALLIANT ENERGY NDQ-LNT

RECENT PRICE **60.89** | P/E RATIO **23.4** (Trailing: 24.9 Median: 19.0) | RELATIVE P/E RATIO **1.23** | DIV'D YLD **2.8%** | **VALUE LINE**

TIMELINESS **3** Raised 4/30/21
SAFETY **2** Raised 9/28/07
TECHNICAL **3** Raised 9/10/21
BETA .85 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$34-$77	$56 (-10%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	65	(+5%)	5%
Low	45	(-25%)	-3%

Institutional Decisions

	4Q2020	1Q2021	2Q2021
to Buy	261	249	236
to Sell	241	253	237
Hld's(000)	181812	188898	191641

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
High:	18.8	22.2	23.8	27.1	34.9	35.4	41.0	45.6	46.6	55.4	60.3	62.3						
Low:	14.6	17.0	20.9	21.9	25.0	27.1	30.4	36.6	36.8	40.8	37.7	46.0						

LEGENDS
0.70 x Dividends p sh divided by Interest Rate
Relative Price Strength
2-for-1 split 5/16
Options: Yes
Shaded area indicates recession

Target Price Range 2024 | 2025 | 2026

% TOT. RETURN 7/21

	THIS STOCK	VL ARITH.* INDEX
1 yr.	11.9	55.5
3 yr.	47.7	48.6
5 yr.	68.0	95.5

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
	14.01	14.46	15.57	16.67	15.51	15.40	16.51	13.94	14.77	15.10	14.34	14.58	14.62	14.97	14.89	13.67	*14.55*	*15.15*	Revenues per sh	*16.75*
	2.73	2.16	2.56	2.28	2.10	2.60	2.75	2.95	3.34	3.49	3.45	3.45	3.97	4.32	4.59	4.92	*5.25*	*5.65*	"Cash Flow" per sh	*7.00*
	1.11	1.03	1.35	1.27	.95	1.38	1.38	1.53	1.65	1.74	1.69	1.65	1.99	2.19	2.33	2.47	*2.60*	*2.75*	Earnings per sh [A]	*3.25*
	.53	.58	.64	.70	.75	.79	.85	.90	.94	1.02	1.10	1.18	1.26	1.34	1.42	1.52	*1.61*	*1.70*	Div'd Decl'd per sh [B] ■ †	*2.05*
	2.25	1.71	2.46	3.98	5.43	3.91	3.03	5.22	3.32	3.78	4.25	5.26	6.34	--	6.28	5.17	*5.25*	*6.60*	Cap'l Spending per sh	*6.00*
	10.43	11.42	12.15	12.78	12.54	13.05	13.57	14.12	14.79	15.54	16.41	16.96	18.08	19.43	21.24	22.76	*23.80*	*24.90*	Book Value per sh [C]	*28.25*
	234.07	232.25	220.72	220.90	221.31	221.79	222.04	221.97	221.89	221.87	226.92	227.67	231.35	236.06	245.02	249.87	*250.50*	*251.00*	Common Shs Outst'g [D]	*252.50*
	12.6	16.8	15.1	13.4	13.9	12.5	14.5	14.5	15.3	16.6	18.1	22.3	20.6	19.1	21.2	21.2	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*17.0*
	.67	.91	.80	.81	.93	.80	.91	.92	.86	.87	.91	1.17	1.04	1.03	1.13	1.09			Relative P/E Ratio	*.95*
	3.8%	3.3%	3.1%	4.1%	5.7%	4.6%	4.3%	4.1%	3.7%	3.5%	3.6%	3.2%	3.1%	3.2%	2.9%	2.9%			Avg Ann'l Div'd Yield	*3.7%*
							3665.3	3094.5	3276.8	3350.3	3253.6	3320.0	3382.2	3534.5	3647.7	3416.0	*3650*	*3800*	Revenues ($mill)	*4250*
							304.4	337.8	382.1	395.7	390.9	384.0	466.1	522.3	567.4	624.0	*660*	*700*	Net Profit ($mill)	*810*
							19.0%	21.5%	12.4%	10.1%	15.3%	13.4%	12.5%	8.4%	10.8%	NMF	*NMF*	*NMF*	Income Tax Rate	*NMF*
							3.9%	6.5%	8.1%	8.8%	9.4%	16.3%	10.7%	14.5%	16.3%	8.8%	*3.0%*	*4.0%*	AFUDC % to Net Profit	*5.0%*
							45.7%	48.4%	46.1%	49.7%	47.3%	51.5%	47.8%	52.3%	50.6%	53.5%	*51.0%*	*52.0%*	Long-Term Debt Ratio	*53.0%*
							50.9%	48.4%	50.8%	47.5%	50.0%	46.1%	49.8%	45.7%	47.6%	44.9%	*47.5%*	*46.5%*	Common Equity Ratio	*45.5%*
							5921.2	6476.6	6461.0	7257.2	7446.3	8377.6	8392.8	10032	10938	12657	*12600*	*13475*	Total Capital ($mill)	*15700*
							7037.1	7838.0	7147.3	6442.0	8970.2	9809.9	10798	12462	13527	14336	*15225*	*16400*	Net Plant ($mill)	*19100*
							6.4%	6.3%	7.0%	6.5%	6.3%	5.6%	6.7%	6.3%	6.3%	5.9%	*6.5%*	*6.0%*	Return on Total Cap'l	*6.0%*
							9.5%	10.1%	11.0%	10.8%	10.0%	9.5%	10.6%	10.9%	10.5%	10.6%	*10.5%*	*11.0%*	Return on Shr. Equity	*11.0%*
							9.5%	10.3%	11.3%	11.2%	10.2%	9.7%	10.9%	11.2%	10.7%	10.8%	*11.0%*	*11.0%*	Return on Com Equity [E]	*11.0%*
							3.3%	3.9%	4.9%	4.6%	3.6%	2.8%	4.0%	4.4%	4.2%	4.2%	*4.0%*	*4.0%*	Retained to Com Eq	*4.0%*
							67%	64%	57%	60%	66%	72%	64%	62%	61%	62%	*63%*	*62%*	All Div'ds to Net Prof	*65%*

CAPITAL STRUCTURE as of 6/30/21
Total Debt $7115 mill. **Due in 5 Yrs** $2393 mill.
LT Debt $6468 mill. **LT Interest** $253 mill.
(LT interest earned: 3.1x)
Leases, Uncapitalized Annual rentals $2 mill.

Pension Assets-12/20 $984 mill.
Oblig $1351 mill.

Pfd Stock $400.0 mill. **Pfd Div'd** $10.2 mill.
8,000,000 shs. 5.1%, cumulative.

Common Stock 250,257,856 shs.
MARKET CAP: $15 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+2.0	-2.2	-2.3
Avg. Indust. Use (MWH)	11830	11448	11134
Avg. Indust. Revs. per KWH (¢)	7.25	6.98	7.55
Capacity at Peak (Mw)	5459	5626	5496
Peak Load, Summer (Mw)	5459	5626	5496
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.4	+.6	+.6
Fixed Charge Cov. (%)	260	265	251

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	-1.0%	-.5%	*2.5%*
"Cash Flow"	7.0%	6.0%	*7.0%*
Earnings	7.0%	6.5%	*5.5%*
Dividends	6.5%	7.0%	*6.0%*
Book Value	5.0%	6.5%	*5.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	916.3	816.1	928.6	873.5	3534.5
2019	987.2	790.2	990.2	880.1	3647.7
2020	915.7	763.1	920.0	817.2	3416.0
2021	901.0	817.0	***982***	***950***	***3650***
2022	***950***	***850***	***1025***	***975***	***3800***

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.52	.43	.87	.37	2.19
2019	.53	.40	.94	.46	2.33
2020	.72	.54	.94	.26	2.47
2021	.68	.57	***.95***	***.40***	***2.60***
2022	***.68***	***.57***	***1.05***	***.45***	***2.75***

QUARTERLY DIVIDENDS PAID [B] ■ †

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.315	.315	.315	.315	1.26
2018	.335	.335	.335	.335	1.34
2019	.355	.355	.355	.355	1.42
2020	.38	.38	.38	.38	1.52
2021	.4025	.4025	.4025		

BUSINESS: Alliant Energy Corporation, formerly named Interstate Energy, is a holding company formed through the merger of WPL Holdings, IES Industries, and Interstate Power. Supplies electricity to 977,000 customers and gas to 420,000 customers in Wisconsin, Iowa, and Minnesota. Electric revenue by state: WI, 42%; IA, 57%; MN, 1%. Electric revenue: residential, 37%; commercial, 24%; industrial, 29%; wholesale, 7%; other, 3%. Fuel sources: gas, 34%; coal, 22%; wind, 16%; other, 1; purchased, 27%. Fuel costs: 41% of revs. '20 reported depreciation rates: 2.8%-6.3%. Has 3,400 employees. Chairman, President & CEO: John O. Larsen. Inc.: Wisconsin. Address: 4902 N. Biltmore Lane, Madison, Wisconsin 53718-2148. Tel.: 608-458-3311. Internet: www.alliantenergy.com.

Alliant Energy's utility subsidiary in Wisconsin is awaiting a ruling from the state commission regarding the company's regulatory settlement. WPL agreed to rate hikes totaling $70 million (6%) for electricity and $15 million (8%) for gas in 2022. There would be no increases in 2023, but the utility would augment its income by amortizing deferred taxes. The allowed return on equity would remain at 10%, and the common-equity ratio would be raised to 54%, up from the currently allowed 52.5%. A decision is expected in late 2021, with new tariffs taking effect at the start of 2022.

We expect steady earnings growth this year and next. The company is benefiting from a higher rate base (which increases its earning power). Favorable weather patterns and effective expense control are other positive factors. Management is guiding Wall Street toward the upper end of the company's targeted range for share earnings of $2.50-$2.64, and our estimate of $2.60 is within this range. We assume in our 2022 estimate that the aforementioned regulatory settlement is approved. Our 2023 estimate of $2.75 would produce profit growth of 6%, which is within Alliant's goal of 5%-7% annually.

The company is constructing renewable energy projects. WPL plans to add 1,089 megawatts of solar capacity by year-end 2023. This is expected to cost more than $1.2 billion, but the company will get some funding from a tax-equity partnership. The utility already has almost 500 mw of wind capacity. IPL plans to ask the Iowa regulators for approval to add about 400 mw. This might include battery storage in addition to solar. Alliant Energy has enough production tax credits from renewable-energy projects that the company books a negative income tax rate.

Finances are sound. The fixed-charge coverage is healthy. Alliant consistently earns a solid ROE. The company expects no common equity issuances through the mid-2020s, beyond $25 million a year for the dividend-reinvestment and other stock plans.

The stock has a high valuation. The dividend yield is low for a utility. Total return potential is subpar, both for the 18-month span and the 3- to 5-year period.

Paul E. Debbas, CFA *September 10, 2021*

(A) Diluted EPS. Excl. nonrecur. losses: '11, 1¢; '12, 8¢. '20 EPS don't sum due to rounding. Next earnings report due early Nov. (B) Dividends historically paid in mid-Feb., May, Aug., and Nov. ■ Div'd reinvest. plan avail. † Shareholder invest. plan avail. (C) Incl. deferred charges. In '20: $2002 mill., 29¢/sh. (D) In millions, adjusted for split. (E) Rate base: Orig. cost. Rates all'd on com. eq. in IA in '20: 10%; in WI in '20: 11%; earned on avg. com. eq., '20: 11.3%. Regulatory Climate: WI, Above Avg.; Iowa, Avg.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	85
Earnings Predictability	95

NEXTERA ENERGY NYSE-NEE

RECENT PRICE 78.81 | P/E RATIO 40.2 (Trailing: 35.8 Median: 19.0) | RELATIVE P/E RATIO 2.09 | DIV'D YLD 2.1% | VALUE LINE

TIMELINESS 2 Raised 7/30/21
SAFETY 1 Raised 2/16/18
TECHNICAL 5 Lowered 8/13/21
BETA .95 (1.00 = Market)

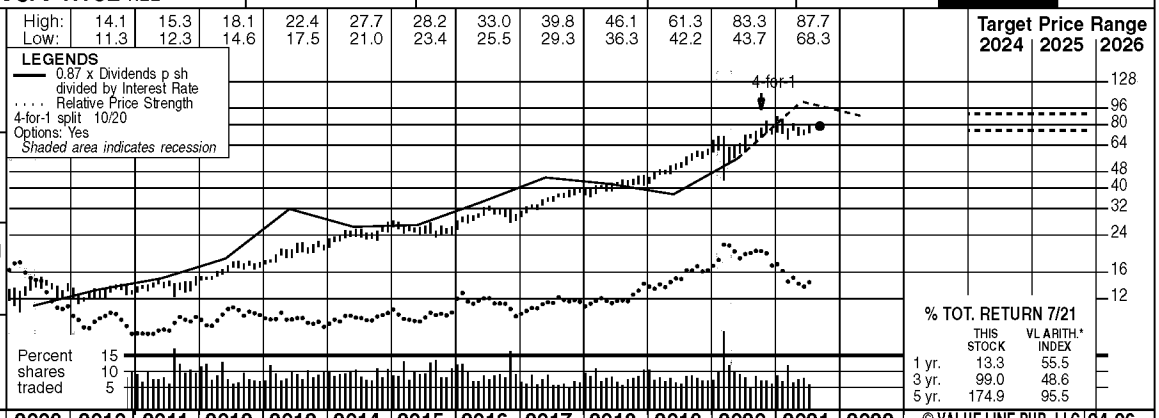
18-Month Target Price Range
Low-High Midpoint (% to Mid)
$56-$138 $97 (25%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	90	(+15%)	6%
Low	75	(-5%)	1%

Institutional Decisions

	3Q2020	4Q2020	1Q2021
to Buy	909	1972	1105
to Sell	758	109	856
Hld's(000)	1505348	1470882	1473629



% TOT. RETURN 7/21

	THIS STOCK	VL ARITH.* INDEX
1 yr.	13.3	55.5
3 yr.	99.0	48.6
5 yr.	174.9	95.5

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
7.50	9.69	9.37	10.03	9.45	9.10	9.22	8.41	8.70	9.61	9.48	8.63	9.13	8.75	9.82	9.18	8.50	9.25	Revenues per sh	11.00
1.54	1.69	1.71	2.01	2.19	2.41	2.32	2.17	2.63	3.03	3.23	3.24	3.03	3.84	4.22	4.31	4.35	5.00	"Cash Flow" per sh	6.00
.58	.81	.82	1.02	.99	1.19	1.21	1.14	1.21	1.40	1.52	1.45	1.63	1.67	1.94	2.10	2.10	2.65	Earnings per sh A	3.50
.36	.38	.41	.45	.47	.50	.55	.60	.66	.73	.77	.87	.98	1.11	1.25	1.40	1.54	1.70	Div'd Decl'd per sh B ■ †	2.25
1.02	2.31	3.08	3.20	3.63	3.47	3.98	5.58	3.84	3.96	4.54	5.15	5.70	6.80	6.29	7.45	7.15	7.60	Cap'l Spending per sh	9.00
5.38	6.12	6.59	7.14	7.84	8.59	8.98	9.47	10.37	11.24	12.24	13.00	14.97	17.86	18.92	18.63	19.20	20.75	Book Value per sh C	25.75
1579.4	1621.6	1629.4	1635.7	1654.5	1683.4	1664.0	1696.0	1740.0	1772.0	1844.0	1872.0	1884.0	1912.0	1956.0	1960.0	1963.0	1980.0	Common Shs Outst'g D	2025.0
17.9	13.7	18.9	14.5	13.4	10.8	11.5	14.4	16.6	17.3	16.9	20.7	21.6	24.8	26.8	31.8	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	24.0
.95	.74	1.00	.87	.89	.69	.72	.92	.93	.91	.85	1.09	1.09	1.34	1.43	1.65			Relative P/E Ratio	1.35
3.4%	3.4%	2.7%	3.0%	3.5%	3.9%	4.0%	3.6%	3.3%	3.0%	3.0%	2.9%	2.8%	2.7%	2.4%	2.1%			Avg Ann'l Div'd Yield	2.7%
15341	14256	15136	17021	17486	16155	17195	16727	19204	17997	16700	18350	Revenues ($mill)	22250
2021.0	1911.0	2062.0	2465.0	2752.0	2693.0	3074.0	3200.0	3769.0	4127.0	3575	4680	Net Profit ($mill)	6550
22.4%	26.6%	26.9%	32.3%	30.8%	29.3%	24.4%	28.6%	11.7%	9.0%	7.0%	7.0%	Income Tax Rate	7.0%
4.4%	10.8%	7.0%	6.7%	6.9%	8.2%	6.7%	6.6%	3.9%	4.2%	6.0%	4.0%	AFUDC % to Net Profit	3.0%
58.2%	59.1%	57.1%	55.0%	54.2%	53.3%	52.7%	44.0%	50.4%	53.5%	55.0%	54.5%	Long-Term Debt Ratio	54.0%
41.8%	40.9%	42.9%	45.0%	45.8%	46.7%	47.3%	56.0%	49.6%	46.5%	45.0%	45.5%	Common Equity Ratio	46.0%
35753	39245	42009	44283	49255	52159	59671	60926	74548	78457	83650	90350	Total Capital ($mill)	113400
42490	49413	52720	55705	61386	66912	72416	70334	82010	91803	101350	111725	Net Plant ($mill)	147700
7.0%	6.2%	6.2%	7.0%	6.8%	6.3%	6.3%	6.3%	6.0%	6.0%	5.0%	6.0%	Return on Total Cap'l	6.5%
13.5%	11.9%	11.4%	12.4%	12.2%	11.1%	10.9%	9.4%	10.2%	11.3%	9.5%	11.5%	Return on Shr. Equity	12.5%
13.5%	11.9%	11.4%	12.4%	12.2%	11.1%	10.9%	9.4%	10.2%	11.3%	9.5%	11.5%	Return on Com Equity E	12.5%
7.4%	5.6%	5.2%	6.0%	6.1%	4.4%	4.4%	3.2%	3.7%	3.8%	3.0%	4.5%	Retained to Com Eq	5.0%
46%	53%	54%	51%	50%	60%	60%	66%	64%	66%	64%	71%	All Div'ds to Net Prof	70%

CAPITAL STRUCTURE as of 6/30/21
Total Debt $53322 mill. **Due in 5 Yrs** $26751 mill.
LT Debt $47559 mill. **LT Interest** $1290 mill.

(LT interest earned: 4.3x)

Pension Assets-12/20 $5314 mill.
Oblig $3607 mill.

Pfd Stock None

Common Stock 1,961,756,997 shs.
MARKET CAP: $155 billion (Large Cap)

ELECTRIC OPERATING STATISTICS F

	2018	2019	2020
% Change Retail Sales (KWH)	+1.4	+1.7	NA
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	6.40	6.39	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	+1.8	NA
Fixed Charge Cov. (%)	266	230	235

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	-.5%	--	3.0%
"Cash Flow"	6.5%	7.0%	6.5%
Earnings	6.0%	6.5%	10.5%
Dividends	10.0%	12.0%	10.0%
Book Value	9.0%	10.5%	5.5%

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	3857	4063	4416	4391	16727
2019	4075	4970	5572	4587	19204
2020	4613	4204	4785	4395	17997
2021	3726	3927	4600	4447	16700
2022	4250	4600	5100	4400	18350

EARNINGS PER SHARE A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.52	.41	.53	.22	1.67
2019	.35	.64	.45	.50	1.94
2020	.21	.65	.62	.62	2.10
2021	.84	.13	.65	.48	2.10
2022	.70	.70	.70	.55	2.65

QUARTERLY DIVIDENDS PAID B ■ †

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.245	.245	.245	.245	.98
2018	.2775	.2775	.2775	.2775	1.11
2019	.3125	.3125	.3125	.3125	1.25
2020	.35	.35	.35	.35	1.40
2021	.385	.385			

BUSINESS: NextEra Energy, Inc. (formerly FPL Group, Inc.) is a holding company for Florida Power & Light Company (FPL), which provide electricity to 5.6 million customers in eastern, southern, & northwestern Florida. NextEra Energy Resources is a nonregulated power generator with nuclear, gas, & renewable ownership. Has 57.2% stake in NextEra Energy Partners. Revenue breakdown: residential, 58%; commercial, 32%; industrial & other, 10%. Generating sources: gas, 73%; nuclear, 22%; other, 3%; purchased, 2%. Fuel costs: 20% of revs. '20 reported depr. rate (utility): 3.7%. Has 14,900 employees. Chairman, President and CEO: James L. Robo. Inc.: FL. Address: 700 Universe Blvd., Juno Beach, FL 33408. Tel.: 561-694-4000. Internet: www.nexteraenergy.com.

NextEra Energy's largest utility subsidiary has a rate case pending. Florida Power & Light filed for rate increases of $1.075 billion in 2022 and $605 million in 2023, based on a return on equity of 11.5% (including a half percentage point incentive for superior performance) and a common-equity ratio of 59.6%. FPL is also asking for hikes in 2024 and 2025 (estimated at $140 million each year) to place solar capacity in rates. An order is expected in the fourth quarter of 2021.

Our 2021 earnings estimate requires an explanation. Our presentation *includes* mark-to-market accounting items and unrealized gains or losses on the company's decommissioning trusts for nonregulated nuclear units. These were positive factors in the first quarter, but negative in the second period and the first six months. Thus, our $2.10-a-share estimate is well below NextEra's guidance of $2.40-$2.64 a share. Despite the flat share earnings we estimate for the current year . . .

The company's utility and nonutility operations are faring well. FPL is experiencing healthy growth in Florida. Regulatory capital employed, a key driver of earning power, rose more than 10% in the first six months of 2021. Gulf Power (which was merged into FPL at the start of the year) is cutting costs. FPL should benefit from rate relief in 2022. Another positive factor is the acquisition of three transmission utilities for $502 million in cash and the assumption of $175 million of debt at the end of the first quarter. NextEra Energy Resources, the nonutility subsidiary, is benefiting from increased demand for renewable energy. The company has a sizable presence in onshore wind, solar, and battery storage. The output of most of its assets is contracted, thereby limiting market risk. Its backlog of projects continues to rise. Our 2022 earnings estimate is at the midpoint of NextEra's targeted range of $2.55-$2.75 a share.

This high-quality stock is timely, but has a high valuation. The dividend yield is not much higher than the median of all dividend-paying equities under our coverage. Total return potential is attractive for the next 18 months, but not for the 3- to 5-year period.

Paul E. Debbas, CFA *August 13, 2021*

(A) Diluted EPS. Excl. nonrecur. gains (losses): '11, (6¢); '13, (20¢); '16, 12¢; '17, 23¢; '18, $1.80; '20, (61¢); gain on disc. ops.: '13, 11¢. '18 EPS don't sum due to rounding. Next earnings report due late Oct. (B) Div'ds historically paid in mid-Mar., mid-June, mid-Sept., & mid-Dec. ■ Div'd reinvestment plan avail. † Shareholder investment plan avail. (C) Incl. deferred charges. In '20: $4.94/sh. (D) In mill., adj. for stock split. (E) Rate all'd on com. eq. in '17 (FPL): 9.6%-11.6%; earned on avg. com. eq., '20: 11.0%. Reg. Climate: Avg. (F) FPL only.

Company's Financial Strength	A+
Stock's Price Stability	90
Price Growth Persistence	100
Earnings Predictability	80

NORTHWESTERN NDQ-NWE

RECENT PRICE 61.42 | P/E RATIO 17.1 (Trailing: 18.6 Median: 17.0) | RELATIVE P/E RATIO 0.86 | DIV'D YLD 4.1% | VALUE LINE

TIMELINESS 3 Raised 6/4/21
SAFETY 2 Raised 7/27/18
TECHNICAL 2 Raised 7/23/21
BETA .95 (1.00 = Market)

18-Month Target Price Range
Low-High Midpoint (% to Mid)
$33-$88 $61 (0%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	85	(+40%)	12%
Low	65	(+5%)	6%

Institutional Decisions

	3Q2020	4Q2020	1Q2021
to Buy	134	116	114
to Sell	126	135	130
Hld's(000)	47772	47664	47776

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
High:	30.6	36.6	38.0	47.2	58.7	59.7	63.8	64.5	65.7	76.7	80.5	70.8						
Low:	23.8	27.4	33.0	35.1	42.6	48.4	52.2	55.7	50.0	57.3	45.1	53.2						

LEGENDS
0.61 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area indicates recession

Target Price Range 2024 | 2025 | 2026

% TOT. RETURN 6/21

	THIS STOCK	VL ARITH.* INDEX
1 yr.	15.2	63.9
3 yr.	17.7	53.6
5 yr.	14.9	108.0

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32.57	31.49	30.79	35.09	31.72	30.66	30.80	28.76	29.80	25.68	25.21	26.01	26.45	23.81	24.93	23.70	**25.25**	**24.30**	Revenues per sh	**26.50**
4.00	3.62	3.70	4.40	4.62	4.76	5.42	5.18	5.45	5.39	5.92	6.74	6.76	6.96	7.07	6.72	**7.30**	**7.35**	"Cash Flow" per sh	**8.25**
1.71	1.31	1.44	1.77	2.02	2.14	2.53	2.26	2.46	2.99	2.90	3.39	3.34	3.40	3.53	3.06	**3.60**	**3.70**	Earnings per sh [A]	**4.00**
1.00	1.24	1.28	1.32	1.34	1.36	1.44	1.48	1.52	1.60	1.92	2.00	2.10	2.20	2.30	2.40	**2.48**	**2.56**	Div'd Decl'd per sh [B] ■ †	**2.80**
2.26	2.81	3.00	3.47	5.26	6.30	5.20	5.89	5.95	5.76	5.89	5.96	5.60	5.64	6.26	8.02	**8.75**	**8.50**	Cap'l Spending per sh	**7.25**
20.60	20.65	21.12	21.25	21.86	22.64	23.68	25.09	26.60	31.50	33.22	34.68	36.44	38.60	40.42	41.10	**42.45**	**43.90**	Book Value per sh [C]	**47.75**
35.79	35.97	38.97	35.93	36.00	36.23	36.28	37.22	38.75	46.91	48.17	48.33	49.37	50.32	50.45	50.59	**51.50**	**53.50**	Common Shs Outst'g [D]	**54.50**
17.1	26.0	21.7	13.9	11.5	12.9	12.6	15.7	16.9	16.2	18.4	17.2	17.8	16.8	19.9	19.5	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	**19.0**
.91	1.40	1.15	.84	.77	.82	.79	1.00	.95	.85	.93	.90	.90	.91	1.06	1.00			Relative P/E Ratio	**1.05**
3.4%	3.6%	4.1%	5.4%	5.7%	4.9%	4.5%	4.2%	3.7%	3.3%	3.6%	3.4%	3.5%	3.9%	3.3%	4.0%			Avg Ann'l Div'd Yield	**3.7%**
1117.3	1070.3	1154.5	1204.9	1214.3	1257.2	1305.7	1198.1	1257.9	1198.7	**1300**	**1300**	Revenues ($mill)	**1450**
92.6	83.7	94.0	120.7	138.4	164.2	162.7	171.1	179.3	155.2	**185**	**195**	Net Profit ($mill)	**225**
9.8%	9.6%	13.2%	--	13.7%	--	7.6%	--	1.6%	--	**Nil**	**5.0%**	Income Tax Rate	**12.0%**
3.3%	9.4%	8.7%	8.9%	9.8%	4.3%	5.2%	3.4%	4.6%	6.3%	**6.0%**	**6.0%**	AFUDC % to Net Profit	**4.0%**
52.2%	53.8%	53.5%	53.4%	53.1%	52.0%	50.2%	52.2%	52.5%	52.8%	**52.5%**	**50.0%**	Long-Term Debt Ratio	**49.0%**
47.8%	46.2%	46.5%	46.6%	46.9%	48.0%	49.8%	47.8%	47.5%	47.2%	**47.5%**	**50.0%**	Common Equity Ratio	**51.0%**
1797.1	2020.7	2215.7	3168.0	3408.6	3493.9	3614.5	4064.6	4289.8	4409.1	**4590**	**4675**	Total Capital ($mill)	**5100**
2213.3	2435.6	2690.1	3758.0	4059.5	4214.9	4358.3	4521.3	4700.9	4952.9	**5215**	**5470**	Net Plant ($mill)	**6050**
7.0%	5.5%	5.5%	4.8%	5.2%	5.9%	5.6%	5.2%	5.2%	4.5%	**5.0%**	**5.0%**	Return on Total Cap'l	**5.5%**
10.8%	9.0%	9.1%	8.2%	8.6%	9.8%	9.0%	8.8%	8.8%	7.5%	**8.5%**	**8.5%**	Return on Shr. Equity	**8.5%**
10.8%	9.0%	9.1%	8.2%	8.6%	9.8%	9.0%	8.8%	8.8%	7.5%	**8.5%**	**8.5%**	Return on Com Equity [E]	**8.5%**
4.7%	3.2%	3.5%	3.8%	3.0%	4.1%	3.4%	3.2%	3.1%	1.7%	**2.5%**	**2.5%**	Retained to Com Eq	**2.5%**
56%	65%	61%	54%	65%	58%	62%	64%	64%	78%	**69%**	**69%**	All Div'ds to Net Prof	**68%**

CAPITAL STRUCTURE as of 3/31/21
Total Debt $2480.9 mill. **Due in 5 Yrs** $782.2 mill.
LT Debt $2478.2 mill. **LT Interest** $87.8 mill.
Incl. $14.1 mill. finance leases.
(LT interest earned: 2.8x)

Pension Assets-12/20 $688.5 mill.
Oblig $821.0 mill.

Pfd Stock None

Common Stock 50,675,207 shs.
as of 4/16/21

MARKET CAP: $3.1 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+2.9	+4.6	-4.4
Avg. Indust. Use (MWH)	34573	37808	33526
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Winter (Mw)	2173	2237	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.2	+1.2	+1.2
Fixed Charge Cov. (%)	275	284	237

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	-3.0%	-2.0%	*1.5%*
"Cash Flow"	4.0%	4.5%	*3.0%*
Earnings	5.5%	3.5%	*3.0%*
Dividends	5.5%	6.5%	*3.5%*
Book Value	6.0%	5.5%	*3.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	341.5	261.8	279.9	314.9	1198.1
2019	384.2	270.7	274.8	328.2	1257.9
2020	335.3	269.4	280.6	313.4	1198.7
2021	400.8	***284.2***	***290***	***325***	***1300***
2022	***370***	***295***	***300***	***335***	***1300***

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	1.18	.61	.56	1.06	3.40
2019	1.44	.49	.42	1.18	3.53
2020	1.00	.43	.58	1.06	3.06
2021	1.24	***.50***	***.65***	***1.21***	***3.60***
2022	***1.30***	***.50***	***.65***	***1.25***	***3.70***

QUARTERLY DIVIDENDS PAID [B] ■ †

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.525	.525	.525	.525	2.10
2018	.55	.55	.55	.55	2.20
2019	.575	.575	.575	.575	2.30
2020	.60	.60	.60	.60	2.40
2021	.62	.62			

BUSINESS: NorthWestern Corporation (doing business as NorthWestern Energy) supplies electricity & gas in the Upper Midwest and Northwest, serving 449,000 electric customers in Montana and South Dakota and 294,000 gas customers in Montana (85% of gross margin), South Dakota (14%), and Nebraska (1%). Electric revenue breakdown: residential, 39%; commercial, 47%; industrial, 4%; other, 10%. Generating sources: hydro, 33%; coal, 22%; wind, 7%; other, 3%; purchased, 35%. Fuel costs: 25% of revenues. '20 reported deprec. rate: 2.8%. Has 1,500 employees. Chairman: Stephen P. Adik. CEO: Robert C. Rowe. President & COO: Brian B. Bird. Inc.: DE. Address: 3010 West 69th Street, Sioux Falls, SD 57108. Tel.: 605-978-2900. Internet: www.northwesternenergy.com.

After a depressed tally in 2020, NorthWestern's earnings should return to a more-typical level this year. Management estimates that coronavirus-related effects reduced earnings by $0.09-$0.14 a share last year. Unfavorable weather patterns lowered the bottom line by $0.14 a share. Finally, a disallowance of power costs amounted to $0.15 a share in the fourth quarter. Earnings were much improved in the March period, and we raised our full-year estimate by $0.10 a share, to the top end of NorthWestern's targeted range of $3.40-$3.60.

We estimate 3% earnings growth in 2022. We figure there will be few, if any, coronavirus-related drag. However, average shares oustanding almost certainly will be higher due to expected equity issuances (see below). NorthWestern's goal for yearly profit growth is 3%-6%.

The utility plans to ask the Montana commission for permission to build a gas-fired generating plant. This would add 175 megawatts of capacity at an expected cost of $250 million. The facility is expected to be on line in late 2023 or early 2024. A decision from the regulators is expected by May of 2022.

NorthWestern is adding generating capacity in South Dakota, too. A 60-mw gas-fired unit is under construction at an expected cost of $80 million. Commercial operation is expected by yearend. The utility is planning to add 30 mw-40 mw in a different part of the state in 2023. The expected cost is about $60 million.

The company is issuing common equity. This will occur from time to time through a $200 million at-the-market program. The specific amount each year is uncertain, but the issuances are expected to occur over the next three years. NorthWestern's finances are sound, and its credit ratings are investment grade. However, the company has a negative outlook from Moody's due to a decline in the ratio of funds from operations to debt, which is a key metric for the rating agencies.

The stock's dividend yield is a cut above the utility mean. Total return potential to 2024-2026 is about average, but the equity lacks appeal for the 18-month span. The recent price is near the low end of our 3- to 5-year Target Price Range.

Paul E. Debbas, CFA *July 23, 2021*

(A) Diluted EPS. Excl. gain (loss) on disc. ops.: '05, (6¢); '06, 1¢; nonrec. gains: '12, 39¢ net; '15, 27¢; '18, 52¢; '19, 45¢. '18, '20 EPS don't sum due to rounding. Next earnings report due late Oct. (B) Div'ds historically paid in late Mar., June, Sept. & Dec. ■ Div'd reinvest. plan avail. (C) Incl. def'd charges. In '20: $20.93/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate allowed on com. eq. in MT in '19 (elec.): 9.65%; in '17 (gas): 9.55%; in SD in '15: none spec.; in NE in '07: 10.4%; earned on avg. com. eq., '20: 7.5%. Reg. Climate: Below Avg.

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	60
Earnings Predictability	85

OGE ENERGY CORP. NYSE-OGE

RECENT PRICE 35.49 | P/E RATIO 15.8 (Trailing: 16.4 Median: 17.0) | RELATIVE P/E RATIO 0.83 | DIV'D YLD 4.7% | VALUE LINE

TIMELINESS 4 Raised 9/10/21
SAFETY 2 Lowered 12/18/15
TECHNICAL 3 Raised 8/6/21
BETA 1.05 (1.00 = Market)

18-Month Target Price Range

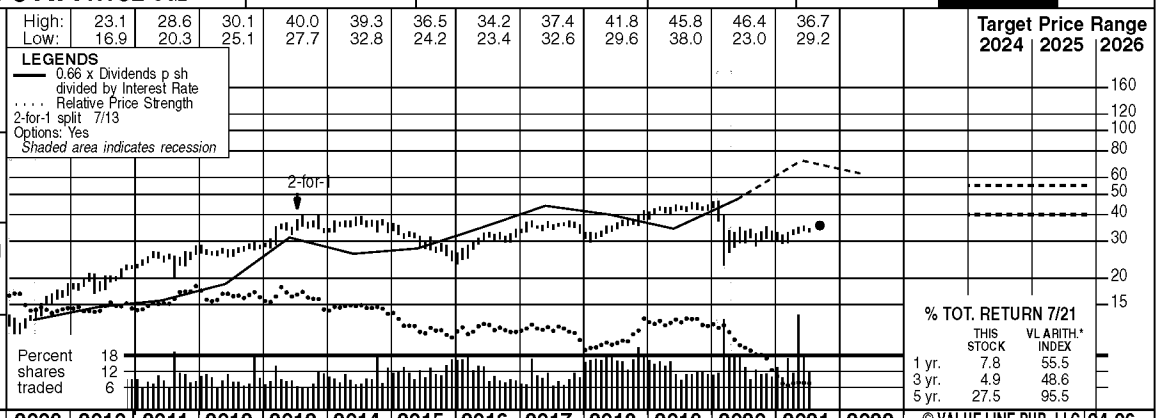
Low-High	Midpoint (% to Mid)
$15-$46	$31 (-15%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+55%)	*15%*
Low	40	(+15%)	*8%*

Institutional Decisions

	4Q2020	1Q2021	2Q2021
to Buy	188	191	165
to Sell	193	201	229
Hld's(000)	127332	128569	125366



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
32.83	21.96	20.68	21.77	14.79	19.04	19.96	18.58	14.45	12.30	11.00	11.31	11.32	11.37	11.15	10.61	*18.00*	*13.75*	Revenues per sh	*16.75*
1.94	2.23	2.39	2.40	2.69	3.01	3.31	3.69	3.46	3.40	3.23	3.31	3.34	3.74	4.02	4.03	*4.25*	*4.55*	"Cash Flow" per sh	*5.50*
.92	1.23	1.32	1.25	1.33	1.50	1.73	1.79	1.94	1.98	1.69	1.69	1.92	2.12	2.24	2.08	*2.25*	*2.45*	Earnings per sh [A]	*2.75*
.67	.67	.68	.70	.71	.73	.76	.80	.85	.95	1.05	1.16	1.27	1.40	1.51	1.58	*1.64*	*1.69*	Div'd Decl'd per sh [B] ■	*1.95*
1.65	2.67	3.04	4.01	4.37	4.36	6.48	5.85	4.99	2.86	2.74	3.31	4.13	2.87	3.18	3.25	*3.85*	*3.90*	Cap'l Spending per sh	*4.25*
7.59	8.79	9.16	10.14	10.52	11.73	13.06	14.00	15.30	16.27	16.66	17.24	19.28	20.06	20.69	18.15	*18.70*	*19.35*	Book Value per sh [C]	*21.75*
181.20	182.40	183.60	187.00	194.00	195.20	196.20	197.60	198.50	199.40	199.70	199.70	199.70	199.70	200.10	200.10	*200.20*	*200.20*	Common Shs Outst'g [D]	*200.20*
14.9	13.7	13.8	12.4	10.8	13.3	14.4	15.2	17.7	18.3	17.7	17.7	18.3	16.5	19.0	16.2	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*17.5*
.79	.74	.73	.75	.72	.85	.90	.97	.99	.96	.89	.93	.92	.89	1.01	.84			Relative P/E Ratio	*.95*
4.9%	4.0%	3.8%	4.5%	5.0%	3.7%	3.1%	2.9%	2.5%	2.6%	3.5%	3.9%	3.6%	4.0%	3.5%	4.7%			Avg Ann'l Div'd Yield	*4.0%*
3915.9	3671.2	2867.7	2453.1	2196.9	2259.2	2261.1	2270.3	2231.6	2122.3	*3600*	*2750*	Revenues ($mill)	*3350*						
342.9	355.0	387.6	395.8	337.6	338.2	384.3	425.5	449.6	415.9	*450*	*490*	Net Profit ($mill)	*570*						
30.7%	26.0%	24.9%	30.4%	29.2%	30.5%	32.5%	14.5%	7.4%	13.2%	*16.0%*	*14.0%*	Income Tax Rate	*14.0%*						
9.0%	2.7%	2.6%	1.7%	3.7%	6.4%	15.0%	8.3%	1.6%	1.6%	*2.0%*	*1.0%*	AFUDC % to Net Profit	*1.0%*						
51.6%	50.7%	43.1%	45.9%	44.3%	41.1%	41.7%	42.0%	43.6%	49.0%	*54.5%*	*48.5%*	Long-Term Debt Ratio	*47.5%*						
48.4%	49.3%	56.9%	54.1%	55.7%	58.9%	58.3%	58.0%	56.4%	51.0%	*45.5%*	*51.5%*	Common Equity Ratio	*52.5%*						
5300.4	5615.8	5337.2	5999.7	5971.6	5849.6	6600.7	6902.0	7334.7	7126.2	*8235*	*7520*	Total Capital ($mill)	*8300*						
7474.0	8344.8	6672.8	6979.9	7322.4	7696.2	8339.9	8643.8	9044.6	9374.6	*9820*	*10180*	Net Plant ($mill)	*11250*						
7.8%	7.7%	8.6%	7.8%	6.9%	7.0%	7.0%	7.3%	7.1%	6.9%	*6.0%*	*7.5%*	Return on Total Cap'l	*8.0%*						
13.4%	12.8%	12.8%	12.2%	10.2%	9.8%	10.0%	10.6%	10.9%	11.5%	*12.0%*	*12.5%*	Return on Shr. Equity	*13.0%*						
13.4%	12.8%	12.8%	12.2%	10.2%	9.8%	10.0%	10.6%	10.9%	11.5%	*12.0%*	*12.5%*	Return on Com Equity [E]	*13.0%*						
7.7%	7.2%	7.3%	6.5%	4.0%	3.3%	3.5%	3.8%	3.6%	2.8%	*3.5%*	*4.0%*	Retained to Com Eq	*4.0%*						
43%	44%	43%	47%	61%	67%	64%	64%	67%	76%	*73%*	*69%*	All Div'ds to Net Prof	*69%*						

CAPITAL STRUCTURE as of 6/30/21
Total Debt $4879.7 mill. **Due in 5 Yrs** $1278.0 mill.
LT Debt $4495.2 mill. **LT Interest** $158.8 mill.
(LT interest earned: 4.1x)

Leases, Uncapitalized Annual rentals $6.3 mill.

Pension Assets-12/20 $570.3 mill.
Oblig $654.6 mill.

Pfd Stock None

Common Stock 200,174,361 shs.

MARKET CAP: $7.1 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+6.8	+1.1	-4.9
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	4.86	4.69	4.40
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	6863	6817	6437
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.9	+1.0	+1.1
Fixed Charge Cov. (%)	292	335	326

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	-5.0%	-2.5%	*7.0%*
"Cash Flow"	4.0%	3.0%	*6.0%*
Earnings	4.5%	3.0%	*4.0%*
Dividends	7.5%	9.5%	*4.5%*
Book Value	6.0%	4.0%	*1.5%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	492.7	567.0	698.8	511.8	2270.3
2019	490.0	513.7	755.4	472.5	2231.6
2020	431.3	503.5	702.1	485.4	2122.3
2021	1630.6	577.4	*800*	*592*	*3600*
2022	*600*	*650*	*900*	*600*	*2750*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.27	.55	1.02	.27	2.12
2019	.24	.50	1.25	.26	2.24
2020	.23	.51	1.04	.30	2.08
2021	.26	.56	*1.18*	*.25*	*2.25*
2022	*.25*	*.60*	*1.30*	*.30*	*2.45*

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.3025	.3025	.3025	.3325	1.24
2018	.3325	.3325	.3325	.365	1.36
2019	.365	.365	.365	.3875	1.48
2020	.3875	.3875	.3875	.4025	1.57
2021	.4025	.4025	.4025		

BUSINESS: OGE Energy Corp. is a holding company for Oklahoma Gas and Electric Company (OG&E), which supplies electricity to 875,000 customers in Oklahoma (84% of electric revenues) and western Arkansas (8%); wholesale is (8%). Owns 25.5% of Enable Midstream Partners. Electric revenue breakdown: residential, 41%; commercial, 23%; industrial, 9%; oilfield, 8%; other, 19%. Generating sources: gas, 38%; coal, 15%; wind, 5%; purchased, 42%. Fuel costs: 30% of revenues. '20 reported depreciation rate (utility): 2.6%. Has 2,400 employees. Chairman, President and Chief Executive Officer: Sean Trauschke. Incorporated: Oklahoma. Address: 321 North Harvey, P.O. Box 321, Oklahoma City, Oklahoma 73101-0321. Telephone: 405-553-3000. Internet: www.oge.com.

OGE Energy's utility subsidiary is having an active year from a regulatory standpoint. In February, Oklahoma Gas and Electric was affected by a cold spell that caused gas and purchased-power costs to surge. (This is why revenues soared in the first quarter.) The increased costs amounted to $855 million, most of which applied to the utility's Oklahoma jurisdiction. OG&E has asked the Oklahoma commission, and will ask the Arkansas regulators, to approve the issuance of securitized bonds in order to recover the excess power costs. The issuances will likely occur next year. In October, OG&E will put forth its annual filing in Arkansas under the state's formula rate plan and request an extension of this regulatory mechanism. In late 2021, the utility will file a general rate case in Oklahoma, with an order due 180 days after the filing date.

We raised our 2021 and 2022 earnings estimates by $0.05 a share each year. Utility income is coming in as management had expected, but OGE Energy's equity income from its investment in Enable Midstream Partners continues to be greater than we had estimated. The company is benefiting from the healthy economy in its service area and rate relief in Arkansas through the formula rate plan.

OGE Energy wants to exit its investment in midstream gas. Its stock price was hurt by the poor performance of Enable units last year, and the company wants to be entirely a regulated utility. Enable has agreed to be acquired by Energy Transfer Partners, another master limited partnership, in a deal that is expected to close by yearend. OGE Energy will wind up with $35 million and a 3% stake in Energy Transfer, which will eventually be sold. Our estimates and projections will include the company's midstream gas investments until these have been sold.

We expect the board to raise the dividend, effective with the October payment. We think the annual increase will be $0.05 a share (3.1%). This is lower than in recent years because the payout ratio is high.

The stock is untimely, but offers an attractive dividend yield and decent 3- to 5-year total return potential.

Paul E. Debbas, CFA September 10, 2021

(A) Diluted EPS. Excl. nonrecurring gain (losses): '15, (33¢); '17, $1.18; '19, (8¢); '20, ($2.95); gains on discont. ops.: '05, 25¢; '06, 20¢. '18 & '19 EPS don't sum due to rounding. Next earnings report due early Nov. (B) Div'ds historically paid in late Jan., Apr., July, & Oct. ■ Div'd reinvestment plan avail. (C) Incl. deferred charges. In '20: $2.08/sh. (D) In mill., adj. for split. (E) Rate base: Net original cost. Rate allowed on com. eq. in OK in '19: 9.5%; in AR in '18: 9.5%; earned on avg. com. eq., '20: 9.9%. Regulatory Climate: Average.

Company's Financial Strength	A
Stock's Price Stability	80
Price Growth Persistence	25
Earnings Predictability	90

OTTER TAIL CORP. NDQ-OTTR

RECENT PRICE **55.02** | P/E RATIO **14.8** (Trailing: 18.0 / Median: 21.0) | RELATIVE P/E RATIO **0.77** | DIV'D YLD **2.9%** | **VALUE LINE**

TIMELINESS **3** Raised 5/14/21
SAFETY **2** Raised 6/17/16
TECHNICAL **3** Raised 9/3/21
BETA .90 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$37-$69	$53 (-5%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	65	(+20%)	7%
Low	50	(-10%)	1%

Institutional Decisions

	4Q2020	1Q2021	2Q2021
to Buy	89	75	85
to Sell	63	75	72
Hld's(000)	19252	19116	19170

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
High:	25.4	23.5	25.3	31.9	32.7	33.4	42.6	48.7	51.9	57.7	56.9	55.2								
Low:	18.2	17.5	20.7	25.2	26.5	24.8	25.8	35.7	39.0	45.9	31.0	39.4								
	35.59	37.43	41.50	37.06	29.03	31.08	29.86	23.76	24.63	21.48	20.60	20.42	21.47	23.10	22.90	21.46	*26.45*	*24.70*	Revenues per sh	*29.25*
	3.35	3.39	3.55	2.81	2.76	2.60	2.36	2.71	3.02	3.09	3.14	3.44	3.70	3.96	4.11	4.29	*5.85*	*5.10*	"Cash Flow" per sh	*6.00*
	1.78	1.69	1.78	1.09	.71	.38	.45	1.05	1.37	1.55	1.56	1.60	1.86	2.06	2.17	2.34	*3.65*	*2.80*	Earnings per sh [A]	*3.25*
	1.12	1.15	1.17	1.19	1.19	1.19	1.19	1.19	1.19	1.21	1.23	1.25	1.28	1.34	1.40	1.48	*1.56*	*1.64*	Div'd Decl'd per sh [B] ■	*2.00*
	2.04	2.35	5.43	7.51	4.95	2.38	2.04	3.20	4.53	4.40	4.23	4.10	3.36	2.66	5.16	8.96	*3.20*	*5.55*	Cap'l Spending per sh	*2.75*
	15.80	16.67	17.55	19.14	18.78	17.57	15.83	14.43	14.75	15.39	15.98	17.03	17.62	18.38	19.46	21.00	*23.05*	*24.15*	Book Value per sh [C]	*27.75*
	29.40	29.52	29.85	35.38	35.81	36.00	36.10	36.17	36.27	37.22	37.86	39.35	39.56	39.66	40.16	41.47	*41.60*	*41.70*	Common Shs Outst'g [D]	*42.00*
	15.4	17.3	19.0	30.1	31.2	NMF	NMF	21.7	21.1	18.8	18.2	20.2	22.1	22.2	23.5	18.3	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*17.5*
	.82	.93	1.01	1.81	2.08	NMF	NMF	1.38	1.19	.99	.92	1.06	1.11	1.20	1.25	.95			Relative P/E Ratio	*.95*
	4.1%	3.9%	3.5%	3.6%	5.4%	5.7%	5.6%	5.2%	4.1%	4.1%	4.3%	3.9%	3.1%	2.9%	2.7%	3.5%			Avg Ann'l Div'd Yield	*3.5%*
	1077.9	859.2	893.3	799.3	779.8	803.5	849.4	916.4	919.5	890.1	*1100*	*1030*	Revenues ($mill)	*1225*						
	16.4	39.0	50.2	56.9	58.6	62.0	73.9	82.3	86.8	95.9	*150*	*115*	Net Profit ($mill)	*140*						
	14.5%	5.2%	21.3%	22.5%	27.0%	24.5%	25.5%	15.0%	16.7%	17.4%	*16.0%*	*15.0%*	Income Tax Rate	*15.0%*						
	3.8%	1.7%	5.6%	3.9%	3.5%	2.2%	2.3%	4.1%	4.9%	6.4%	*3.0%*	*4.0%*	AFUDC % to Net Profit	*2.0%*						
	44.6%	44.0%	42.1%	46.5%	42.4%	43.0%	41.3%	44.7%	46.9%	41.8%	*43.5%*	*45.0%*	Long-Term Debt Ratio	*39.0%*						
	54.0%	54.4%	57.9%	53.5%	57.6%	57.0%	58.7%	55.3%	53.1%	58.2%	*56.5%*	*55.0%*	Common Equity Ratio	*61.0%*						
	1058.9	959.2	924.4	1071.3	1051.0	1175.4	1187.3	1318.9	1471.1	1495.4	*1695*	*1830*	Total Capital ($mill)	*1900*						
	1077.5	1049.5	1167.0	1268.5	1387.8	1477.2	1539.6	1581.1	1753.8	2049.3	*2090*	*2225*	Net Plant ($mill)	*2300*						
	3.2%	5.7%	6.8%	6.7%	6.8%	6.5%	7.3%	7.3%	7.0%	7.4%	*10.0%*	*7.5%*	Return on Total Cap'l	*8.5%*						
	2.8%	7.3%	9.4%	9.9%	9.7%	9.3%	10.6%	11.3%	11.1%	11.0%	*16.0%*	*11.5%*	Return on Shr. Equity [E]	*12.0%*						
	2.7%	7.3%	9.3%	9.9%	9.7%	9.3%	10.6%	11.3%	11.1%	11.0%	*16.0%*	*11.5%*	Return on Com Equity	*12.0%*						
	NMF	NMF	1.2%	2.2%	2.0%	2.1%	3.3%	4.0%	4.0%	4.1%	*9.0%*	*5.0%*	Retained to Com Eq	*5.0%*						
	NMF	113%	87%	78%	79%	78%	69%	65%	64%	63%	*43%*	*59%*	All Div'ds to Net Prof	*59%*						

CAPITAL STRUCTURE as of 6/30/21
Total Debt $892.5 mill. **Due in 5 Yrs** $298.1 mill.
LT Debt $624.5 mill. **LT Interest** $35.1 mill.
(LT interest earned: 4.4x)

Leases, Uncapitalized Annual rentals $5.4 mill.
Pension Assets-12/20 $360.7 mill.
Oblig $428.4 mill.

Pfd Stock None

Common Stock 41,539,334 shs.
as of 7/30/21

MARKET CAP: $2.2 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+3.4	-.2	-3.9
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	5.97	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Winter (Mw)	912	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.2	+.1	NA
Fixed Charge Cov. (%)	409	407	405

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	-3.5%	- -	*4.5%*
"Cash Flow"	4.0%	6.0%	*6.5%*
Earnings	11.5%	8.0%	*7.0%*
Dividends	1.5%	3.0%	*6.0%*
Book Value	.5%	5.0%	*6.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	241.2	226.3	227.7	221.2	916.4
2019	246.0	229.2	228.6	215.7	919.5
2020	234.7	192.8	235.8	226.8	890.1
2021	261.7	285.6	*300*	*252.7*	*1100*
2022	*265*	*255*	*260*	*250*	*1030*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.66	.47	.58	.35	2.06
2019	.66	.39	.62	.51	2.17
2020	.60	.42	.87	.45	2.34
2021	.73	1.01	*1.16*	*.75*	*3.65*
2022	*.80*	*.55*	*.90*	*.55*	*2.80*

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.32	.32	.32	.32	1.28
2018	.335	.335	.335	.335	1.34
2019	.35	.35	.35	.35	1.40
2020	.37	.37	.37	.37	1.48
2021	.39	.39	.39		

BUSINESS: Otter Tail Corporation is the parent of Otter Tail Power Company, which supplies electricity to 133,000 customers in Minnesota (53% of retail electric revenues), North Dakota (38%), and South Dakota (9%). Electric rev. breakdown: residential, 32%; commercial & farms, 36%; industrial, 30%; other, 2%. Generating sources: coal, 38%; wind & other, 18%; purchased, 44%. Fuel costs: 12% of revenues. Also has operations in manufacturing and plastics (30% of '20 operating income). '20 deprec. rate: 2.7%. Has 2,100 employees. Chairman: Nathan I. Partain. President & CEO: Charles S. MacFarlane. Inc.: Minnesota. Address: 215 South Cascade St., P.O. Box 496, Fergus Falls, Minnesota 56538-0496. Tel.: 866-410-8780. Internet: www.ottertail.com.

Otter Tail Corporation's earnings will probably reach an unusually high level this year. Upon reporting second-quarter results in early August (which were more than double the year-ago tally), the company raised its 2021 earnings guidance from $2.47-$2.62 a share to $3.50-$3.65. The Plastics division is benefiting from what management described as "unique market conditions." This stems from the cold spell in the Gulf Coast region in February, which caused temporary closings of petrochemical plants. This resulted in supply constraints of the resin used to make PVC pipe. The supply shortage has boosted prices and margins, and it appears as if conditions won't return to normal until 2022. Otter Tail's other non-utility segment, Manufacturing, is also performing better than the company had expected. This division is seeing strong end-market demand and higher scrap-metal prices, but faces concern about the rising cost of steel. Our revised earnings estimate is at the top of Otter Tail's targeted range. The stock price has risen 15% since our June report and is up 29% year to date.

We think earnings will return to a more-normal level in 2022. The oversized profits at the Plastics division are not sustainable. Even so, the $2.80 a share we look for (up a nickel from our previous report) would still be a healthy tally. Keep in mind that Otter Tail's initial earnings guidance for 2021 (issued in mid-February) was $2.39-$2.54 a share.

Otter Tail Power has a rate case pending in Minnesota. The utility is seeking a rate hike of $8.2 million (3.8%), based on a 10.2% return on equity and a 52.5% common-equity ratio. An interim increase of $6.9 million (3.2%) took effect at the start of 2021. Otter Tail wants to place in the rate base a gas-fired plant that was completed earlier this year. The company is also asking for a regulatory mechanism that decouples revenues from volume. The final order is expected in the fourth quarter.

The stock's dividend yield is below the utility average. The recent quotation is within our 3- to 5-year Target Price Range, so total return potential is just modest.

Paul E. Debbas, CFA *September 10, 2021*

Target Price Range 2024 | 2025 | 2026

% TOT. RETURN 7/21

	THIS STOCK	VL ARITH.* INDEX
1 yr.	37.6	55.5
3 yr.	14.5	48.6
5 yr.	69.7	95.5

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	75
Earnings Predictability	95

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(A) Dil. EPS. Excl. nonrec. gains (loss): '10, (44¢); '11, 26¢; '13, 2¢; gains (losses) from disc. ops.: '05, 33¢; '06, 1¢; '11, ($1.11); '12, ($1.22); '13, 2¢; '14, 2¢; '15, 2¢; '16, 1¢; '17, 1¢. '19 EPS don't sum due to rounding. Next earnings report due early Nov. (B) Div'ds histor. pd. in early Mar., Jun., Sept., & Dec. ■ Div'd reinv. plan avail. (C) Incl. intang. In '20: $5.21/sh. (D) In mill. (E) Rate all'd on com. eq. in MN in '17: 9.41%; in ND in '18: 9.77%; in SD in '19: 8.75%; earn. avg. com. eq., '20: 11.6%. Reg. Clim.: MN, ND, Avg.; SD, Above Avg.

PINNACLE WEST NYSE-PNW

RECENT PRICE 83.78 | P/E RATIO 16.4 (Trailing: 17.0 Median: 17.0) | RELATIVE P/E RATIO 0.83 | DIV'D YLD 4.1% | VALUE LINE

TIMELINESS 3 Lowered 3/5/21
SAFETY 1 Raised 5/3/13
TECHNICAL 3 Raised 7/2/21
BETA .90 (1.00 = Market)

18-Month Target Price Range
Low-High Midpoint (% to Mid)
$59-$126 $93 (10%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	125	(+50%)	*14%*
Low	105	(+25%)	*10%*

Institutional Decisions

	3Q2020	4Q2020	1Q2021
to Buy	237	238	230
to Sell	229	222	242
Hld's(000)	93145	93836	94642

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
High:	42.7	48.9	54.7	61.9	71.1	73.3	82.8	92.5	92.6	99.8	105.5	88.5						
Low:	32.3	37.3	45.9	51.5	51.2	56.0	62.5	75.8	73.4	81.6	60.1	69.9						

LEGENDS
0.58 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area indicates recession

Target Price Range 2024 2025 2026

% TOT. RETURN 6/21

	THIS STOCK	VL ARITH.* INDEX
1 yr.	16.4	63.9
3 yr.	12.5	53.6
5 yr.	19.4	108.0

30.16	34.03	35.07	33.37	32.50	30.01	29.67	30.09	31.35	31.58	31.50	31.42	31.90	32.93	30.87	31.81	***31.85***	***31.80***
5.76	9.70	9.29	8.13	8.08	6.85	7.52	7.92	8.15	8.09	9.09	9.39	9.79	11.41	11.13	10.86	***11.50***	***11.90***
2.24	3.17	2.96	2.12	2.26	3.08	2.99	3.50	3.66	3.58	3.92	3.95	4.43	4.54	4.77	4.87	***5.10***	***5.45***
1.93	2.03	2.10	2.10	2.10	2.10	2.10	2.67	2.23	2.33	2.44	2.56	2.70	2.87	3.04	3.23	***3.42***	***3.63***
6.39	7.59	9.37	9.46	7.64	7.03	8.26	8.24	9.36	8.38	9.84	11.64	12.80	10.73	10.76	11.93	***13.90***	***13.30***
34.57	34.48	35.15	34.16	32.69	33.86	34.98	36.20	38.07	39.50	41.30	43.15	44.80	46.59	48.30	49.96	***51.55***	***54.35***
99.08	99.96	100.49	100.89	101.43	108.77	109.25	109.74	110.18	110.57	110.98	111.34	111.75	112.10	112.44	112.76	***113.00***	***118.00***
19.2	13.7	14.9	16.1	13.7	12.6	14.6	14.3	15.3	15.9	16.0	18.7	19.3	17.8	19.4	16.7		
1.02	.74	.79	.97	.91	.80	.92	.91	.86	.84	.81	.98	.97	.96	1.03	.86		
4.5%	4.7%	4.8%	6.2%	6.8%	5.4%	4.8%	5.3%	4.0%	4.1%	3.9%	3.5%	3.2%	3.5%	3.3%	4.0%		

Bold figures are Value Line estimates

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Revenues per sh	*35.00*
"Cash Flow" per sh	*14.50*
Earnings per sh [A]	*6.50*
Div'd Decl'd per sh [B] ■	*4.25*
Cap'l Spending per sh	*12.00*
Book Value per sh [C]	*61.50*
Common Shs Outst'g [D]	*120.00*
Avg Ann'l P/E Ratio	*17.5*
Relative P/E Ratio	*.95*
Avg Ann'l Div'd Yield	*3.7%*

3241.4	3301.8	3454.6	3491.6	3495.4	3498.7	3565.3	3691.2	3471.2	3587.0	***3600***	***3750***
328.2	387.4	406.1	397.6	437.3	442.0	497.8	511.0	538.3	550.6	***580***	***630***
34.0%	36.2%	34.4%	34.2%	34.3%	33.9%	32.5%	20.2%	20.2%	12.1%	***12.0%***	***12.0%***
12.8%	9.7%	10.0%	11.6%	11.8%	14.1%	13.9%	15.2%	9.3%	9.5%	***12.0%***	***11.0%***
44.1%	44.6%	40.0%	41.0%	43.0%	45.6%	48.9%	47.0%	47.1%	52.8%	***55.0%***	***54.5%***
55.9%	55.4%	60.0%	59.0%	57.0%	54.4%	51.1%	53.0%	52.9%	47.2%	***45.0%***	***45.5%***
6840.9	7171.9	6990.9	7398.7	8046.3	8825.4	9796.4	9861.1	10263	11948	***12975***	***14075***
9962.3	10396	10889	11194	11809	12714	13445	14030	14523	15159	***16000***	***16800***
6.4%	6.8%	7.1%	6.4%	6.4%	6.0%	6.1%	6.2%	6.3%	5.5%	***5.5%***	***5.5%***
8.6%	9.8%	9.7%	9.1%	9.5%	9.2%	9.9%	9.8%	9.9%	9.8%	***10.0%***	***10.0%***
8.6%	9.8%	9.7%	9.1%	9.5%	9.2%	9.9%	9.8%	9.9%	9.8%	***10.0%***	***10.0%***
2.8%	4.1%	4.1%	3.5%	3.9%	3.5%	4.2%	3.9%	3.8%	3.5%	***3.5%***	***3.5%***
68%	58%	58%	62%	59%	62%	58%	60%	61%	64%	***67%***	***66%***

Revenues ($mill)	*4250*
Net Profit ($mill)	*775*
Income Tax Rate	*12.0%*
AFUDC % to Net Profit	*6.0%*
Long-Term Debt Ratio	*56.0%*
Common Equity Ratio	*44.0%*
Total Capital ($mill)	*16750*
Net Plant ($mill)	*18500*
Return on Total Cap'l	*5.5%*
Return on Shr. Equity	*10.5%*
Return on Com Equity [E]	*10.5%*
Retained to Com Eq	*3.5%*
All Div'ds to Net Prof	*65%*

CAPITAL STRUCTURE as of 3/31/21
Total Debt $6679.8 mill. **Due in 5 Yrs** $1618.8 mill.
LT Debt $6465.0 mill. **LT Interest** $232.7 mill.
Incl. $13.4 mill. Palo Verde sale leaseback lessor notes.
(LT interest earned: 3.9x)
Leases, Uncapitalized Annual rentals $14.5 mill.
Pension Assets-12/20 $3886.5 mill.
Oblig $3902.9 mill.
Pfd Stock None

Common Stock 112,750,962 shs.
as of 4/28/21
MARKET CAP: $9.5 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	-.3	-.4	+5.4
Avg. Indust. Use (MWH)	662	714	583
Avg. Indust. Revs. per KWH (¢)	8.40	7.88	7.49
Capacity at Peak (Mw)	8643	8241	9094
Peak Load, Summer (Mw)	7320	7115	7660
Annual Load Factor (%)	47.0	47.1	45.5
% Change Customers (yr-end)	+2.0	+2.0	+2.1
Fixed Charge Cov. (%)	318	286	318

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	--	--	*1.5%*
"Cash Flow"	4.0%	5.5%	*4.0%*
Earnings	6.5%	5.0%	*5.0%*
Dividends	4.0%	5.5%	*5.5%*
Book Value	3.5%	4.0%	*4.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	692.7	974.1	1268.0	756.4	3691.2
2019	740.5	869.5	1190.8	670.4	3471.2
2020	661.9	929.6	1254.5	741.0	3587.0
2021	696.5	***903.5***	***1250***	***750***	***3600***
2022	***725***	***950***	***1300***	***775***	***3750***

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.03	1.48	2.80	.23	4.54
2019	.16	1.28	2.77	.57	4.77
2020	.27	1.71	3.07	d.17	4.87
2021	.32	***1.50***	***2.93***	***.35***	***5.10***
2022	***.30***	***1.65***	***3.15***	***.35***	***5.45***

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.655	.655	.655	.695	2.66
2018	.695	.695	.695	.737	2.82
2019	.7375	.7375	.7375	.7825	3.00
2020	.7825	.7825	.7825	.83	3.18
2021	.83	.83			

BUSINESS: Pinnacle West Capital Corporation is a holding company for Arizona Public Service Company (APS), which supplies electricity to 1.3 million customers in most of Arizona, except about half of the Phoenix metro area, the Tucson metro area, and Mohave County in northwestern Arizona. Discontinued SunCor real estate subsidiary in '10. Electric revenue breakdown: residential, 51%; commercial, 38%; industrial, 5%; other, 6%. Generating sources: gas & other, 33%; nuclear, 27%; coal, 19%; purchased, 21%. Fuel costs: 28% of revenues. '20 reported deprec. rate: 2.8%. Has 6,000 employees. Chairman, President & CEO: Jeffrey B. Guldner. Inc.: AZ. Address: 400 North Fifth St., P.O. Box 53999, Phoenix, AZ 85072-3999. Tel.: 602-250-1000. Internet: www.pinnaclewest.com.

A decision on the rate case of Pinnacle West's utility subsidiary is possible this quarter. The proceedings have been delayed since Arizona Public Service filed its application in October of 2019. The utility is requesting an increase of $169 million (5.1%), based on a 10% return on equity (the same as is currently allowed) and a 54.7% common-equity ratio (versus 55.8% currently). The staff of the Arizona Corporation Commission (ACC) is recommending a hike of $59.8 million (1.8%), based on a 9.4% ROE and a 54.7% common-equity ratio. The state's Residential Utility Consumer Office is proposing a *decrease* of $50.1 million (1.5%), based on an 8.72% ROE and a 54.7% common-equity ratio. An administrative law judge will make a recommendation, then the ACC will issue its order.

Much will depend on the outcome of this rate case. Pinnacle West hasn't provided earnings guidance because the case hasn't been concluded. The company's financing plans (both debt and equity) and the timing of APS next rate application will also depend on what the ACC does.

We have raised our 2021 and 2022 earnings estimates by $0.05 a share each year. First-quarter profits were better than we expected. The fourth-quarter comparison will be easy because a year ago the company booked a charge for the refund of previously collected revenues. We note that our 2021 estimate might well prove optimistic if new tariffs don't take effect until the seasonally strong third quarter is over. The utility is benefiting from solid economic growth in its service territory. Some customers are adding facilities that will begin operating as early as in 2022. Arizona has also become attractive for data centers.

Finances are in good shape. The fixed-charge coverage and common-equity ratio are superior to those of most utilities. Pinnacle West has a Financial Strength rating of A+, our second highest.

This top-quality equity has an attractive dividend yield. This is nearly one percentage point above the utility average. Total return potential to 2024-2026 is of note, especially for conservative investors. This issue doesn't stand out for the next 18 months, however.

Paul E. Debbas, CFA *July 23, 2021*

Company's Financial Strength	A+
Stock's Price Stability	90
Price Growth Persistence	60
Earnings Predictability	100

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(A) Diluted EPS. Excl. nonrec. gain (loss): '09, ($1.45); '17, 8¢; gains (losses) from discont. ops.: '05, (36¢); '06, 10¢; '08, 28¢; '09, (13¢); '10, 18¢; '11, 10¢; '12, (5¢). '19, '20 EPS don't sum due to rounding. Next earnings report due early Aug. (B) Div'ds historically paid in early Mar., June, Sept., & Dec. There were 5 declarations in '12. ■ Div'd reinvestment plan avail. (C) Incl. deferred charges. In '20: $19.31/sh. (D) In mill. (E) Rate base: Fair value. Rate allowed on com. eq. in '17: 10.0%; earned on avg. com. eq., '20: 10.0%. Regul. Climate: Avg.

PORTLAND GENERAL NYSE-POR

RECENT PRICE **46.30** | P/E RATIO **17.5** (Trailing: 24.6 Median: 18.0) | RELATIVE P/E RATIO **0.88** | DIV'D YLD **3.7%** | **VALUE LINE**

TIMELINESS **3** Raised 6/18/21
SAFETY **3** Lowered 9/4/20
TECHNICAL **3** Lowered 6/25/21
BETA .90 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$24-$63	$44 (-5%)

2024-26 PROJECTIONS

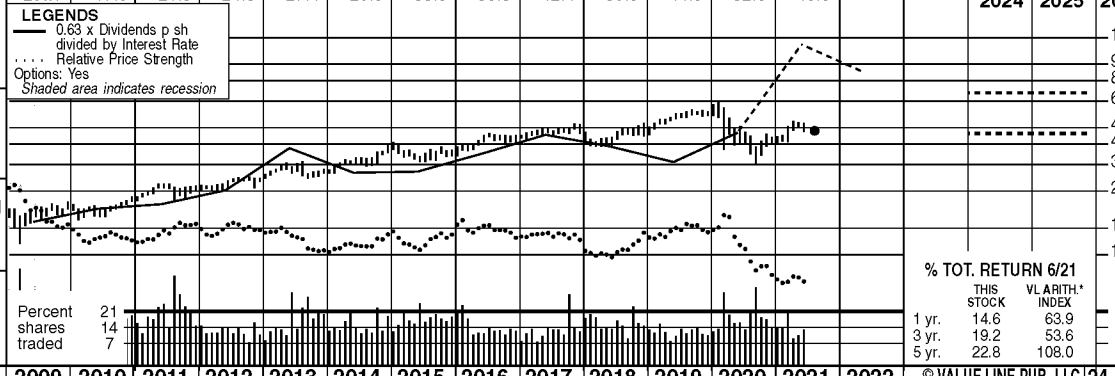
	Price	Gain	Ann'l Total Return
High	70	(+50%)	*14%*
Low	45	(-5%)	*4%*

Institutional Decisions

	3Q2020	4Q2020	1Q2021
to Buy	147	165	165
to Sell	180	140	149
Hld's(000)	81534	82680	82978

	High:	22.7	26.0	28.1	33.3	40.3	41.0	45.2	50.1	50.4	58.4	63.1	51.6
	Low:	17.5	21.3	24.3	27.4	29.0	33.0	35.3	42.4	39.0	44.0	32.0	40.8

LEGENDS
0.63 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area indicates recession



% TOT. RETURN 6/21

	THIS STOCK	VL ARITH.* INDEX
1 yr.	14.6	63.9
3 yr.	19.2	53.6
5 yr.	22.8	108.0

2005[F]	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
23.14	24.32	27.87	27.89	23.99	23.67	24.06	23.89	23.18	24.29	21.38	21.62	22.54	22.30	23.75	23.96	*24.80*	*25.90*	Revenues per sh	*28.50*
4.75	4.64	5.21	4.71	4.07	4.82	4.96	5.15	4.93	6.08	5.37	5.78	6.16	6.65	6.97	6.80	*7.35*	*7.70*	"Cash Flow" per sh	*9.00*
1.02	1.14	2.33	1.39	1.31	1.66	1.95	1.87	1.77	2.18	2.04	2.16	2.29	2.37	2.39	1.72	*2.65*	*2.80*	Earnings per sh [A]	*3.50*
- -	.68	.93	.97	1.01	1.04	1.06	1.08	1.10	1.12	1.18	1.26	1.34	1.43	1.52	1.59	*1.70*	*1.80*	Div'd Decl'd per sh [B] ■ †	*2.10*
4.08	5.94	7.28	6.12	9.25	5.97	3.98	4.01	8.40	12.87	6.73	6.57	5.77	6.67	6.78	8.76	*8.05*	*6.30*	Cap'l Spending per sh	*6.25*
19.15	19.58	21.05	21.64	20.50	21.14	22.07	22.87	23.30	24.43	25.43	26.35	27.11	28.07	28.99	29.18	*30.10*	*31.05*	Book Value per sh [C]	*34.75*
62.50	62.50	62.53	62.58	75.21	75.32	75.36	75.56	78.09	78.23	88.79	88.95	89.11	89.27	89.39	89.54	*89.65*	*89.80*	Common Shs Outst'g [D]	*90.00*
- -	23.4	11.9	16.3	14.4	12.0	12.4	14.0	16.9	15.3	17.7	19.1	20.0	18.4	22.3	26.6	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*16.0*
- -	1.26	.63	.98	.96	.76	.78	.89	.95	.81	.89	1.00	1.01	.99	1.19	1.36			Relative P/E Ratio	*.90*
- -	2.5%	3.3%	4.3%	5.4%	5.2%	4.4%	4.1%	3.7%	3.3%	3.3%	3.1%	2.9%	3.3%	2.8%	3.5%			Avg Ann'l Div'd Yield	*3.7%*
1813.0	1805.0	1810.0	1900.0	1898.0	1923.0	2009.0	1991.0	2123.0	2145.0	*2225*	*2325*	Revenues ($mill)	*2575*
147.0	141.0	137.0	175.0	172.0	193.0	204.0	212.0	214.0	155.0	*240*	*255*	Net Profit ($mill)	*315*
28.3%	31.4%	23.2%	26.0%	20.7%	20.6%	25.3%	7.4%	11.2%	- -	*12.5%*	*12.5%*	Income Tax Rate	*12.5%*
5.4%	7.1%	14.6%	33.7%	19.8%	16.6%	8.8%	8.0%	7.0%	15.5%	*8.0%*	*6.0%*	AFUDC % to Net Profit	*5.0%*
49.6%	47.1%	51.3%	52.7%	47.8%	48.4%	50.1%	46.5%	51.3%	53.6%	*55.5%*	*55.5%*	Long-Term Debt Ratio	*54.0%*
50.4%	52.9%	48.7%	47.3%	52.2%	51.6%	49.9%	53.5%	48.7%	46.4%	*44.5%*	*44.5%*	Common Equity Ratio	*46.0%*
3298.0	3264.0	3735.0	4037.0	4329.0	4544.0	4842.0	4684.0	5323.0	5628.0	*6065*	*6255*	Total Capital ($mill)	*6800*
4285.0	4392.0	4880.0	5679.0	6012.0	6434.0	6741.0	6887.0	7161.0	7539.0	*7840*	*7965*	Net Plant ($mill)	*8225*
6.2%	5.9%	5.1%	5.8%	5.4%	5.6%	5.5%	5.8%	5.1%	4.0%	*5.0%*	*5.0%*	Return on Total Cap'l	*5.5%*
8.8%	8.2%	7.5%	9.2%	7.6%	8.2%	8.4%	8.5%	8.3%	5.9%	*9.0%*	*9.0%*	Return on Shr. Equity	*10.0%*
8.8%	8.2%	7.5%	9.2%	7.6%	8.2%	8.4%	8.5%	8.3%	5.9%	*9.0%*	*9.0%*	Return on Com Equity [E]	*10.0%*
4.1%	3.5%	2.9%	4.6%	3.3%	3.5%	3.6%	3.5%	3.1%	.6%	*3.0%*	*3.5%*	Retained to Com Eq	*4.0%*
54%	57%	61%	50%	56%	57%	58%	59%	63%	90%	*64%*	*64%*	All Div'ds to Net Prof	*60%*

CAPITAL STRUCTURE as of 3/31/21
Total Debt $3250 mill. **Due in 5 Yrs** $373 mill.
LT Debt $3014 mill. **LT Interest** $124 mill.
Incl. $128 mill. finance leases.
(LT interest earned: 2.0x)
Leases, Uncapitalized Annual rentals $8 mill.
Pension Assets-12/20 $753 mill.
Oblig $1010 mill.
Pfd Stock None

Common Stock 89,605,758 shs.
as of 4/26/21

MARKET CAP: $4.1 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	-2.5	+1.2	+.4
Avg. Indust. Use (MWH)	16207	17827	18472
Avg. Indust. Revs. per KWH (¢)	4.79	4.75	4.99
Capacity at Peak (Mw)	4859	NA	NA
Peak Load, Summer (Mw)	3816	3765	3771
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.1	+1.1	+1.5
Fixed Charge Cov. (%)	266	265	187

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	-1.0%	.5%	*3.0%*
"Cash Flow"	4.0%	4.5%	*5.0%*
Earnings	4.0%	1.5%	*8.5%*
Dividends	4.0%	6.0%	*5.5%*
Book Value	3.0%	3.5%	*3.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	493	449	525	524	1991
2019	573	460	542	548	2123
2020	573	469	547	556	2145
2021	609	*475*	*566*	*575*	*2225*
2022	*625*	*495*	*600*	*605*	*2325*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.72	.51	.59	.55	2.37
2019	.82	.28	.61	.68	2.39
2020	.91	.43	d.19	.57	1.72
2021	1.07	*.45*	*.60*	*.53*	*2.65*
2022	*.95*	*.48*	*.65*	*.72*	*2.80*

QUARTERLY DIVIDENDS PAID [B] ■ †

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.32	.32	.34	.34	1.32
2018	.34	.34	.3625	.3625	1.41
2019	.3625	.3625	.385	.385	1.50
2020	.385	.385	.385	.4075	1.56
2021	.4075	.4075	.43		

BUSINESS: Portland General Electric Company (PGE) provides electricity to 908,000 customers in 51 cities in a 4,000-square-mile area of Oregon, including Portland and Salem. The company is in the process of decommissioning the Trojan nuclear plant, which it closed in 1993. Electric revenue breakdown: residential, 49%; commercial, 29%; industrial, 10%; other, 12%. Generating sources: gas, 33%; coal, 13%; wind, 9%; hydro, 5%; purchased, 40%. Fuel costs: 33% of revenues. '20 reported depreciation rate: 3.5%. Has 2,900 full-time employees. Chairman: Jack E. Davis. President and Chief Executive Officer: Maria M. Pope. Incorporated: Oregon. Address: 121 S.W. Salmon Street, Portland, Oregon 97204. Telephone: 503-464-8000. Internet: www.portlandgeneral.com.

Portland General Electric has filed a general rate case. The utility is seeking an increase of $99 million, based on a return on equity of 9.5% and a common-equity ratio of 50%. PGE is seeking to place its integrated operations center, scheduled for completion in the fourth quarter of 2021 at a cost of $200 million, in the rate base, effective on May 1st.

Earnings will likely return to normal in 2021. The bottom line fell into the red in the third quarter due to a trading loss that amounted to $1.03 a share. We assume no such loss this year. Another positive factor is a rise in kilowatt-hour sales. On the other hand, some tax credits that led to a zero tax rate in 2020 are not expected to recur this year. Also, last year was exceptionally good for wind production, which made power costs lower than normal. Putting it all together, we are sticking with our share-earnings estimate of $2.65, which is within PGE's targeted range of $2.55-$2.70.

We expect modest profit growth in 2022. A partial year of rate relief will help. Also, volume increases are likely as the economy continues to recover.

The utility has deferred some expenses for future recovery. In February, PGE's service area was hit by a severe winter storm. The utility incurred capital and operating costs. As of March 31st, $45 million of expenses were deferred, with more to come. The company will ask the Oregon commission for permission to recover these costs. Separately, PGE has deferred $22 million of wildfire-related expenses and $10 million of coronavirus-related costs (mostly bad-debt expense). When these will be recovered is to be determined.

The board of directors raised the dividend, effective with the July payment. The hike was $0.09 a share (5.5%) annually. PGE's goals are a payout ratio of 60%-70% and an annual growth rate of 5%-7%.

This equity has a dividend yield that is about average for a utility. The stock price has risen more than 40% from its 52-week low in September, when investor concern about the aforementioned trading loss weighed on the quotation. Total return potential to 2024-2026 is about average.

Paul E. Debbas, CFA *July 23, 2021*

(A) Diluted EPS. Excl. nonrecurring losses: '13, 42¢; '17, 19¢. Next earnings report due late July. (B) Div'ds paid mid-Jan., Apr., July, and Oct. ■ Div'd reinvestment plan avail. † Shareholder investment plan avail. (C) Incl. deferred charges. In '20: $569 mill., $6.35/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate allowed on com. eq. in '19: 9.5%; earned on avg. com. eq., '20: 6.0%. Regulatory Climate: Average. (F) '05 per-share data are pro forma, based on shs. outstanding when stock began trading in '06.

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	65
Earnings Predictability	90

SOUTHERN COMPANY NYSE-SO

RECENT PRICE 64.08 | P/E RATIO 19.4 (Trailing: 18.3 Median: 16.0) | RELATIVE P/E RATIO 1.01 | DIV'D YLD 4.2% | VALUE LINE

TIMELINESS 4 Lowered 8/13/21
SAFETY 2 Lowered 2/21/14
TECHNICAL 4 Lowered 8/13/21
BETA .95 (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$45-$99	$72 (10%)

2024-26 PROJECTIONS

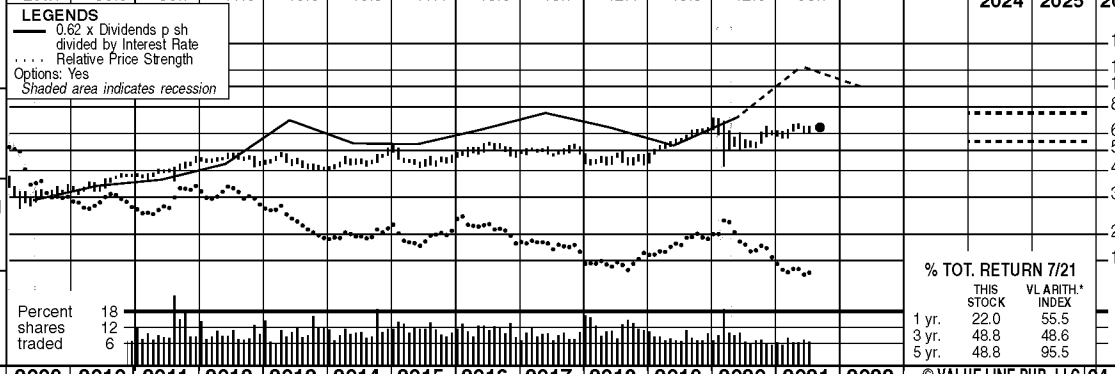
	Price	Gain	Ann'l Total Return
High	75	(+15%)	8%
Low	55	(-15%)	1%

Institutional Decisions

	3Q2020	4Q2020	1Q2021
to Buy	598	708	676
to Sell	612	589	649
Hld's(000)	610548	618856	627954

	High:	38.6	46.7	48.6	48.7	51.3	53.2	54.6	53.5	49.4	64.3	71.1	66.9
	Low:	30.8	35.7	41.8	40.0	40.3	41.4	46.0	46.7	42.4	43.3	42.0	56.7

LEGENDS
0.62 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area indicates recession



% TOT. RETURN 7/21

	THIS STOCK	VL ARITH.* INDEX
1 yr.	22.0	55.5
3 yr.	48.8	48.6
5 yr.	48.8	95.5

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
18.28	19.24	20.12	22.04	19.21	20.70	20.41	19.06	19.26	20.34	19.18	20.09	22.86	22.73	20.34	19.29	*20.85*	*20.80*	Revenues per sh	*24.00*
4.03	4.01	4.22	4.43	4.43	4.51	4.91	5.18	5.27	5.28	5.47	5.69	6.64	6.41	6.33	6.98	*7.10*	*7.15*	"Cash Flow" per sh	*8.50*
2.13	2.10	2.28	2.25	2.32	2.36	2.55	2.67	2.70	2.77	2.84	2.83	3.21	3.00	3.17	3.25	*3.40*	*3.50*	Earnings per sh A	*4.50*
1.48	1.54	1.60	1.66	1.73	1.80	1.87	1.94	2.01	2.08	2.15	2.22	2.30	2.38	2.46	2.54	*2.62*	*2.70*	Div'd Decl'd per sh B ■	*2.94*
3.20	4.01	4.65	5.10	5.70	4.85	5.23	5.54	6.16	6.58	6.22	7.38	7.37	7.74	7.17	7.04	*7.65*	*6.35*	Cap'l Spending per sh	*6.00*
14.42	15.24	16.23	17.08	18.15	19.21	20.32	21.09	21.43	21.98	22.59	25.00	23.98	23.92	26.11	26.48	*26.75*	*28.45*	Book Value per sh C	*32.50*
741.45	746.27	763.10	777.19	819.65	843.34	865.13	867.77	887.09	907.78	911.72	990.39	1007.6	1033.8	1053.3	1056.5	*1070.0*	*1105.0*	Common Shs Outst'g D	*1105.0*
15.9	16.2	16.0	16.1	13.5	14.9	15.8	17.0	16.2	16.0	15.8	17.8	15.5	15.1	17.6	17.9	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*14.5*
.85	.87	.85	.97	.90	.95	.99	1.08	.91	.84	.80	.93	.78	.82	.94	.92			Relative P/E Ratio	*.80*
4.4%	4.5%	4.4%	4.6%	5.5%	5.1%	4.6%	4.3%	4.6%	4.7%	4.8%	4.4%	4.6%	5.3%	4.4%	4.4%			Avg Ann'l Div'd Yield	*4.5%*
17657	16537	17087	18467	17489	19896	23031	23495	21419	20375	*22300*	*23000*	Revenues ($mill)	*26600*						
2268.0	2415.0	2439.0	2567.0	2647.0	2757.0	3269.0	3096.0	3354.0	3481.0	*3610*	*3835*	Net Profit ($mill)	*4925*						
35.0%	35.6%	34.8%	33.8%	33.4%	28.5%	25.2%	21.3%	15.9%	14.3%	*14.0%*	*14.0%*	Income Tax Rate	*14.0%*						
10.2%	9.4%	11.6%	13.9%	13.2%	11.9%	7.6%	6.8%	6.0%	6.6%	*7.0%*	*6.0%*	AFUDC % to Net Profit	*4.0%*						
50.0%	49.9%	51.5%	49.5%	52.8%	61.5%	64.5%	62.0%	60.1%	61.5%	*63.0%*	*61.5%*	Long-Term Debt Ratio	*61.5%*						
47.1%	47.3%	45.8%	47.3%	44.0%	35.7%	35.0%	37.6%	39.5%	38.1%	*37.0%*	*38.0%*	Common Equity Ratio	*38.5%*						
37307	38653	41483	42142	46788	69359	68953	65750	69594	73336	*77800*	*82875*	Total Capital ($mill)	*93300*						
45010	48390	51208	54868	61114	78446	79872	80797	83080	87634	*91875*	*94825*	Net Plant ($mill)	*102200*						
7.2%	7.3%	6.8%	7.1%	6.6%	4.9%	5.9%	5.9%	6.0%	5.9%	*5.5%*	*5.5%*	Return on Total Cap'l	*6.5%*						
12.2%	12.5%	12.1%	12.1%	12.0%	10.3%	13.3%	12.4%	12.1%	12.3%	*12.5%*	*12.0%*	Return on Shr. Equity	*13.5%*						
12.5%	12.8%	12.5%	12.5%	12.6%	11.0%	13.4%	12.5%	12.1%	12.4%	*12.5%*	*12.0%*	Return on Com Equity E	*14.0%*						
3.4%	3.6%	3.2%	3.2%	3.1%	2.5%	3.9%	2.6%	2.8%	2.8%	*3.0%*	*3.0%*	Retained to Com Eq	*4.5%*						
73%	73%	75%	75%	76%	78%	72%	79%	77%	78%	*78%*	*77%*	All Div'ds to Net Prof	*66%*						

CAPITAL STRUCTURE as of 6/30/21
Total Debt $52059 mill. **Due in 5 Yrs** $14647 mill.
LT Debt $47828 mill. **LT Interest** $1682 mill.
(LT interest earned: 3.3x)
Leases, Uncapitalized Annual rentals $300 mill.
Pension Assets-12/20 $15367 mill.
Oblig $16646 mill.
Pfd Stock $291 mill. **Pfd Div'd** $15 mill.
Incl. 10 mill. shs. 5.83% cum. pfd. ($25 stated value); 475,115 shs. 4.2%-5.44% cum. pfd. ($100 par).
Common Stock 1,058,825,814 shs.

MARKET CAP: $68 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+3.6	-8.5	-5.3
Avg. Indust. Use (MWH)	3048	2947	NA
Avg. Indust. Revs. per KWH (¢)	6.04	6.03	NA
Capacity at Yearend (Mw)	45824	41940	NA
Peak Load, Summer (Mw) F	36429	34209	NA
Annual Load Factor (%)	61.2	60.3	NA
% Change Customers (yr-end)	+1.0	-8.9	+1.3
Fixed Charge Cov. (%)	280	281	270

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	--	1.0%	*2.5%*
"Cash Flow"	4.0%	4.5%	*5.0%*
Earnings	3.0%	2.5%	*6.0%*
Dividends	3.5%	3.5%	*3.0%*
Book Value	3.5%	3.0%	*4.0%*

QUARTERLY REVENUES (mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	6372	5627	6159	5337	23495
2019	5412	5098	5995	4914	21419
2020	5018	4620	5620	5117	20375
2021	5910	5198	*6000*	*5192*	*22300*
2022	*5900*	*5350*	*6300*	*5450*	*23000*

EARNINGS PER SHARE A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.99	.71	1.13	.17	3.00
2019	.75	.85	1.25	.32	3.17
2020	.81	.75	1.18	.51	3.25
2021	1.09	.73	*1.18*	*.40*	*3.40*
2022	*1.00*	*.80*	*1.30*	*.40*	*3.50*

QUARTERLY DIVIDENDS PAID B ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.56	.58	.58	.58	2.30
2018	.58	.60	.60	.60	2.38
2019	.60	.62	.62	.62	2.46
2020	.62	.64	.64	.64	2.54
2021	.64	.66			

BUSINESS: The Southern Company, through its subs., supplies electricity to 4.3 mill. customers in GA, AL, and MS. Also has a competitive generation business. Acq'd AGL Resources (renamed Southern Company Gas, 4.3 mill. customers in GA, NJ, IL, VA, & TN) 7/16. Sold Gulf Power 1/19. Electric rev. breakdown: residential, 37%; commercial, 30%; industrial, 19%; other, 14%. Retail revs. by state: GA, 56%; AL, 38%; MS, 6%. Generating sources: gas, 47%; coal, 20%; nuclear, 15%; other, 9%; purchased, 9%. Fuel costs: 23% of revs. '20 reported depr. rates (util.): 2.6%-3.7%. Has 27,700 empls. Chairman, Pres. and CEO: Thomas A. Fanning. Inc.: DE. Address: 30 Ivan Allen Jr. Blvd., N.W., Atlanta, GA 30308. Tel.: 404-506-0747. Internet: www.southerncompany.com.

Southern Company's Georgia Power subsidiary has experienced another delay in its nuclear construction project. The utility is adding two units at the site of the Vogtle station. Several months ago, the company expected to meet or beat the regulatory-approved in-service dates of November, 2021 and November, 2022 for Units 3 and 4, respectively. Delays for various reasons have pushed back the expected in-service dates to the second quarter of 2022 for Unit 3 and the first period of 2023 for Unit 4. This has increased Georgia Power's 45.7% share of the project's cost by $460 million. Because the utility will be unable to recover this in rates, Southern Company took a $343 million aftertax charge ($0.32 a share) against June-period results. We *exclude* this from our earnings presentation as a nonrecurring item. In order to raise some cash, the company switched its dividend-reinvestment and other stock plans from open-market purchases to new issuances. This is expected to raise $400 million over the next year. As of June 30th, Georgia Power had an estimated $1.4 billion of capital and $500 million of financing costs remaining.

The market has taken the news in stride. Originally, the units were expected to come on line in 2016 and 2017, so Wall Street is not surprised by delays and cost overruns. Indeed, the stock price is down just 3% since our May report, and is up 4% year to date.

We expect moderate profit growth in 2021 and 2022. Southern Company should benefit from rate relief and increased volume as the economy improves. Residential kilowatt-hour sales are still benefiting from the effects of people working from home, and commercial and industrial volume are close to returning to 2019 levels. Rate relief is likely another positive factor, as gas rate cases are pending in three states. Most significantly, Nicor Gas in Illinois is seeking a tariff increase of $293 million, based on a 10.35% return on equity and a 54.5% common-equity ratio. An order is expected in late 2021.

The untimely stock has a dividend yield that is above average for a utility. Total return potential is good for the 18-month span, but low for the 3- to 5-year period.

Paul E. Debbas, CFA *August 13, 2021*

(A) Diluted EPS. Excl. nonrec. gain (losses): '09, (25¢); '13, (83¢); '14, (59¢); '15, (25¢); '16, (28¢); '17, ($2.37); '18, (78¢); '19, $1.30; '20, (17¢); '21, (41¢). Next earnings report due late Oct. (B) Div'ds paid in early Mar., June, Sept., and Dec. ■ Div'd reinvest. plan avail. (C) Incl. def'd charges. In '20: $18.91/sh. (D) In mill. (E) Rate base: AL, MS, fair value; FL, GA, orig. cost. Allowed return on common eq. (blended): 12.5%; earned on avg. com. eq., '20: 12.5%. Regulatory Climate: GA, AL Above Average; MS, FL Average. (F) Winter peak in '18.

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	25
Earnings Predictability	95

WEC ENERGY GROUP NYSE-WEC

RECENT PRICE 95.02 | P/E RATIO 23.2 (Trailing: 23.3 Median: 19.0) | RELATIVE P/E RATIO 1.21 | DIV'D YLD 3.0% | VALUE LINE

TIMELINESS 4 Lowered 9/10/21
SAFETY 1 Raised 3/23/12
TECHNICAL 3 Raised 9/10/21
BETA .80 (1.00 = Market)

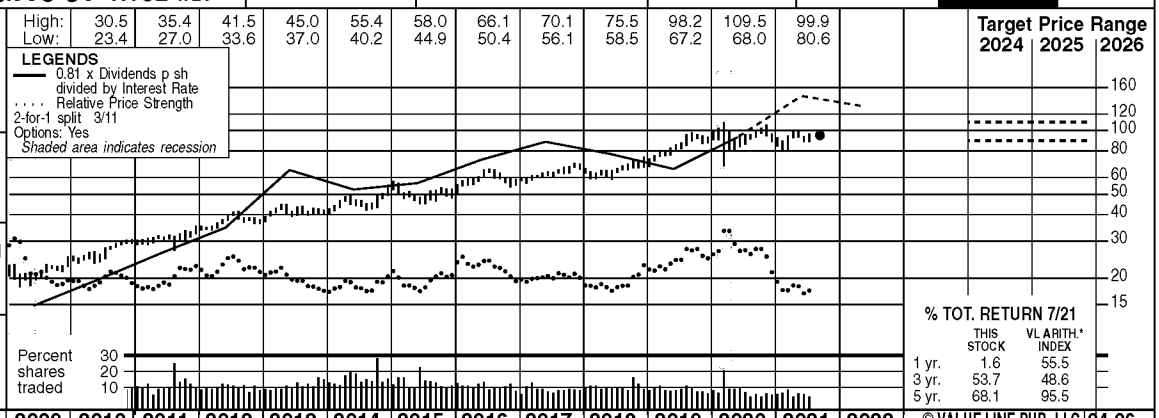
18-Month Target Price Range
Low-High Midpoint (% to Mid)
$68-$153 $111 (15%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	110	(+15%)	7%
Low	90	(-5%)	2%

Institutional Decisions

	4Q2020	1Q2021	2Q2021
to Buy	421	362	405
to Sell	370	441	378
Hld's(000)	230263	233922	231367



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
16.31	17.08	18.12	18.95	17.65	17.98	19.46	18.54	20.00	22.16	18.77	23.68	24.24	24.34	23.85	22.96	*25.70*	*25.05*	Revenues per sh	*28.25*
2.89	2.90	2.98	2.95	3.11	3.30	3.68	4.01	4.33	4.47	3.87	5.39	5.69	6.04	6.53	6.90	*7.50*	*8.05*	"Cash Flow" per sh	*10.00*
1.28	1.32	1.42	1.52	1.60	1.92	2.18	2.35	2.51	2.59	2.34	2.96	3.14	3.34	3.58	3.79	*4.05*	*4.30*	Earnings per sh [A]	*5.25*
.44	.46	.50	.54	.68	.80	1.04	1.20	1.45	1.56	1.74	1.98	2.08	2.21	2.36	2.53	*2.71*	*2.89*	Div'd Decl'd per sh [B] ■	*3.45*
3.40	4.17	5.28	4.86	3.50	3.41	3.60	3.09	3.04	3.26	4.01	4.51	6.21	6.71	7.17	7.10	*9.90*	*9.70*	Cap'l Spending per sh	*8.75*
11.46	12.35	13.25	14.27	15.26	16.26	17.20	18.05	18.73	19.60	27.42	28.29	29.98	31.02	32.06	33.19	*34.40*	*35.65*	Book Value per sh [C]	*40.25*
233.96	233.94	233.89	233.84	233.82	233.77	230.49	229.04	225.96	225.52	315.68	315.62	315.57	315.52	315.43	315.43	*315.43*	*315.43*	Common Shs Outst'g [D]	*315.43*
14.5	16.0	16.5	14.8	13.3	14.0	14.2	15.8	16.5	17.7	21.3	19.9	20.0	19.6	23.5	24.9	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*19.5*
.77	.86	.88	.89	.89	.89	.89	1.01	.93	.93	1.07	1.04	1.01	1.06	1.25	1.29			Relative P/E Ratio	*1.10*
2.4%	2.2%	2.1%	2.4%	3.2%	3.0%	3.3%	3.2%	3.5%	3.4%	3.5%	3.4%	3.3%	3.4%	2.8%	2.7%			Avg Ann'l Div'd Yield	*3.4%*
4486.4	4246.4	4519.0	4997.1	5926.1	7472.3	7648.5	7679.5	7523.1	7241.7	*8100*	*7900*	Revenues ($mill)	*8950*
514.0	547.5	578.6	589.5	640.3	940.2	998.2	1060.5	1134.2	1201.1	*1290*	*1365*	Net Profit ($mill)	*1650*
33.9%	35.9%	36.9%	38.0%	40.4%	37.6%	37.2%	13.8%	9.9%	15.9%	*13.5%*	*13.5%*	Income Tax Rate	*13.5%*
16.8%	9.4%	4.5%	1.3%	4.5%	3.8%	1.6%	2.1%	1.8%	2.4%	*2.0%*	*2.0%*	AFUDC % to Net Profit	*2.0%*
53.6%	51.7%	50.6%	48.5%	51.2%	50.5%	48.0%	50.4%	52.5%	52.8%	*54.5%*	*54.0%*	Long-Term Debt Ratio	*53.0%*
46.0%	48.0%	49.1%	51.2%	48.6%	49.3%	51.9%	49.4%	47.4%	47.1%	*45.5%*	*45.5%*	Common Equity Ratio	*47.0%*
8608.0	8619.3	8626.6	8636.5	17809	18118	18238	19813	21355	22228	*23950*	*24600*	Total Capital ($mill)	*27100*
10160	10572	10907	11258	19190	19916	21347	22001	23620	25707	*27750*	*29625*	Net Plant ($mill)	*34300*
7.5%	7.9%	8.1%	8.1%	4.5%	6.3%	6.6%	6.5%	6.5%	6.5%	*6.5%*	*6.5%*	Return on Total Cap'l	*7.0%*
12.9%	13.1%	13.6%	13.2%	7.4%	10.5%	10.5%	10.8%	11.2%	11.4%	*12.0%*	*12.0%*	Return on Shr. Equity	*13.0%*
12.9%	13.2%	13.6%	13.3%	7.4%	10.5%	10.5%	10.8%	11.2%	11.5%	*12.0%*	*12.0%*	Return on Com Equity [E]	*13.0%*
6.8%	6.5%	5.9%	5.3%	2.1%	3.5%	3.6%	3.7%	3.8%	3.8%	*4.0%*	*4.0%*	Retained to Com Eq	*4.5%*
47%	51%	57%	60%	71%	67%	66%	66%	66%	67%	*66%*	*67%*	All Div'ds to Net Prof	*66%*

CAPITAL STRUCTURE as of 6/30/21
Total Debt $14614 mill. **Due in 5 Yrs** $5456.6 mill.
LT Debt $12696 mill. **LT Interest** $445.2 mill.
Incl. $12.1 mill. finance leases.
(LT interest earned: 4.1x)
Leases, Uncapitalized Annual rentals $6.8 mill.
Pension Assets-12/20 $3225.0 mill.
Oblig $3346.4 mill.
Pfd Stock $30.4 mill. **Pfd Div'd** $1.2 mill.
260,000 shs. 3.60%, $100 par, callable. $101;
44,498 shs. 6%, $100 par.
Common Stock 315,434,531 shs.

MARKET CAP: $30 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+2.5	-2.5	-2.6
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Lg. C&I Revs. per KWH (¢)	7.05	7.25	6.61
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.7	+.6	+.7
Fixed Charge Cov. (%)	323	300	338

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	2.5%	3.0%	*3.0%*
"Cash Flow"	7.5%	9.0%	*7.5%*
Earnings	8.0%	7.5%	*6.5%*
Dividends	13.5%	8.5%	*6.5%*
Book Value	7.5%	8.0%	*4.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	2286	1672	1643	2076	7679.5
2019	2377	1590	1608	1947	7523.1
2020	2108	1548	1651	1933	7241.7
2021	2691	1676	*1733*	*2000*	*8100*
2022	*2400*	*1700*	*1750*	*2050*	*7900*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	1.23	.73	.74	.65	3.34
2019	1.33	.74	.74	.77	3.58
2020	1.43	.76	.84	.76	3.79
2021	1.61	.87	*.72*	*.85*	*4.05*
2022	*1.65*	*.85*	*.90*	*.90*	*4.30*

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.52	.52	.52	.52	2.08
2018	.5525	.5525	.5525	.5525	2.21
2019	.59	.59	.59	.59	2.36
2020	.6325	.6325	.6325	.6325	2.53
2021	.6775	.6775	.6775		

BUSINESS: WEC Energy Group, Inc. (formerly Wisconsin Energy) is a holding company for utilities that provide electric, gas & steam service in WI & gas service in IL, MN, & MI. Customers: 1.6 mill. elec., 2.9 mill. gas. Acq'd Integrys Energy 6/15. Sold Point Beach nuclear plant in '07. Electric revenue breakdown: residential, 41%; small commercial & industrial, 31%; large commercial & industrial, 20%; other, 8%. Generating sources: coal, 31%; gas, 31%; renewables, 5%; purchased, 33%. Fuel costs: 32% of revenues. '20 reported deprec. rates: 2.3%-3.2%. Has 7,300 employees. Chairman: Gale E. Klappa. President & CEO: Kevin Fletcher. Inc.: WI. Address: 231 W. Michigan St., P.O. Box 1331, Milwaukee, WI 53201. Tel.: 414-221-2345. Internet: www.wecenergygroup.com.

We expect WEC Energy Group to post strong earnings growth in 2021 and 2022. The service area's economy is healthy. Peoples Gas in Illinois is benefiting from a regulatory mechanism that enables the utility to earn a return on its main-replacement spending, which is $280 million-$300 million a year. Increased income from nonutility renewable-energy investments is another factor. Our 2021 earnings estimate is at the top of management's typically narrow guidance of $4.02-$4.05 a share. We look for 6% profit growth next year, within WEC Energy's annual target of 5%-7%.

Some regulatory matters are pending. In Illinois, North Shore Gas filed for an increase of $7.6 million (8.5%), based on a return on equity of 10% and a common-equity ratio of 52.5%. An administrative law judge recommended a hike of $4.2 million (4.7%), based on an ROE of 9.67% and a common-equity ratio of 51.6%. A decision is expected soon. Michigan Gas Utilities, which requested a hike of $15.1 million (10.7%), based on an ROE of 10.2% and a common-equity ratio of 52.5%, reached a settlement with some intervenors calling for a $9.3 million (6.4%) increase, based on an ROE of 9.85% and a common-equity ratio of 51.5%. A ruling is expected soon, with new tariffs taking effect in January. Finally, the company's utilities in Wisconsin are forgoing a rate case this year.

WEC Energy is investing in nonregulated renewable-energy projects. The company's largest investment, subject to regulatory approval, is $412 million for a 90% stake in a 250-megawatt facility. This is expected to be on line by the end of 2022. These investments are expected to provide WEC Energy with a return on investment that exceeds that of the regulated utility business.

The company wants to build two liquefied natural gas facilities. If the Wisconsin commission approves, the project will have an in-service date in late 2023 at an expected cost of $370 million.

The dividend yield of this top-quality but untimely stock is below the utility average. Total return potential is good for the next 18 months, but low for the 2024-2026 period. The recent quotation is within our 3- to 5-year Target Price Range.

Paul E. Debbas, CFA September 10, 2021

(A) Diluted EPS. Excl. gains on discont. ops.: '11, 6¢; nonrecurring gain: '17, 65¢. '18 EPS don't sum due to rounding. Next earnings report due early Nov. (B) Div'ds paid in early Mar., June, Sept. & Dec. ■ Div'd reinvest. plan avail. (C) Incl. intang. In '20: $20.85/sh. (D) In mill., adj. for split. (E) Rate base: Net orig. cost. Rates all'd on com. eq. in WI in '15: 10.0%-10.3%; in IL in '15: 9.05%; in MN in '19: 9.7%; in MI in '16: 9.9%; earned on avg. com. eq., '20: 11.7%. Regulatory Climate: WI, Above Avg.; IL, Below Avg.; MN & MI, Avg.

Company's Financial Strength	A+
Stock's Price Stability	85
Price Growth Persistence	85
Earnings Predictability	95

XCEL ENERGY NDQ-XEL

RECENT PRICE **67.84** | P/E RATIO **23.0** (Trailing: 23.5 / Median: 17.0) | RELATIVE P/E RATIO **1.16** | DIV'D YLD **2.8%** | **VALUE LINE**

TIMELINESS **3** Lowered 3/19/21
SAFETY **1** Raised 5/1/15
TECHNICAL **3** Lowered 7/23/21
BETA .80 (1.00 = Market)

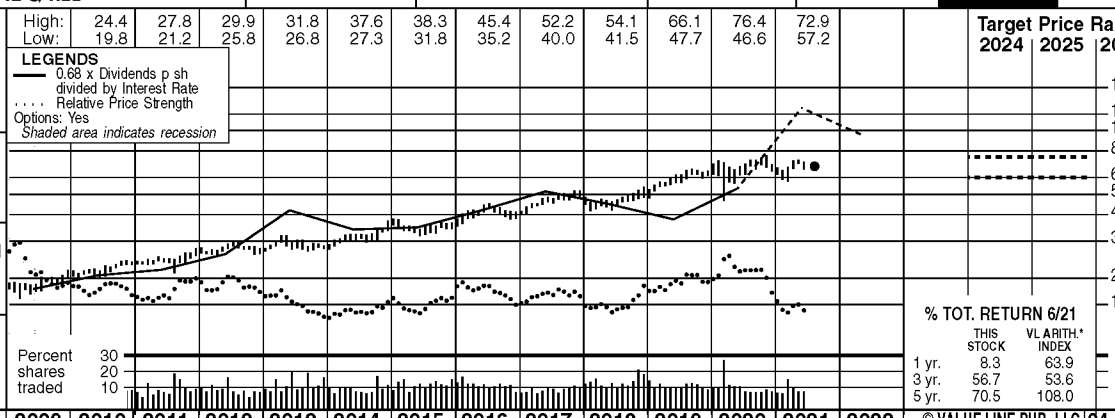
18-Month Target Price Range
Low-High Midpoint (% to Mid)
$53-$110 $82 (20%)

2024-26 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	75	(+10%)	5%
Low	60	(-10%)	Nil

Institutional Decisions

	3Q2020	4Q2020	1Q2021
to Buy	356	411	348
to Sell	362	350	396
Hld's(000)	407854	405434	405318



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
23.86	24.16	23.40	24.69	21.08	21.38	21.90	20.76	21.92	23.11	21.72	21.90	22.46	22.44	21.98	21.45	*23.15*	*23.00*	Revenues per sh	*25.25*
3.28	3.61	3.45	3.50	3.48	3.51	3.79	4.00	4.10	4.28	4.56	5.04	5.47	5.92	6.25	6.61	*7.10*	*7.55*	"Cash Flow" per sh	*9.00*
1.20	1.35	1.35	1.46	1.49	1.56	1.72	1.85	1.91	2.03	2.10	2.21	2.30	2.47	2.64	2.79	*2.95*	*3.10*	Earnings per sh [A]	*3.75*
.85	.88	.91	.94	.97	1.00	1.03	1.07	1.11	1.20	1.28	1.36	1.44	1.52	1.62	1.72	*1.83*	*1.94*	Div'd Decl'd per sh [B] ■	*2.30*
3.25	4.00	4.89	4.66	3.91	4.60	4.53	5.27	6.82	6.33	7.26	6.42	6.54	7.70	8.05	9.99	*8.30*	*8.70*	Cap'l Spending per sh	*8.50*
13.37	14.28	14.70	15.35	15.92	16.76	17.44	18.19	19.21	20.20	20.89	21.73	22.56	23.78	25.24	27.12	*28.45*	*29.85*	Book Value per sh [C]	*34.50*
403.39	407.30	428.78	453.79	457.51	482.33	486.49	487.96	497.97	505.73	507.54	507.22	507.76	514.04	524.54	537.44	*540.00*	*544.00*	Common Shs Outst'g [D]	*553.00*
15.4	14.8	16.7	13.7	12.7	14.1	14.2	14.8	15.0	15.4	16.5	18.5	20.2	18.9	22.3	23.9	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*18.0*
.82	.80	.89	.82	.85	.90	.89	.94	.84	.81	.83	.97	1.02	1.02	1.19	1.23			Relative P/E Ratio	*1.00*
4.6%	4.4%	4.0%	4.7%	5.1%	4.5%	4.2%	3.9%	3.9%	3.8%	3.7%	3.3%	3.1%	3.3%	2.7%	2.6%			Avg Ann'l Div'd Yield	*3.4%*
10655	10128	10915	11686	11024	11107	11404	11537	11529	11526	*12500*	*12500*	Revenues ($mill)	*14000*
841.4	905.2	948.2	1021.3	1063.6	1123.4	1171.0	1261.0	1372.0	1473.0	*1590*	*1690*	Net Profit ($mill)	*2080*
35.8%	33.2%	33.8%	33.9%	35.8%	34.1%	30.7%	12.6%	8.5%	--	*NMF*	*NMF*	Income Tax Rate	*NMF*
9.4%	10.8%	13.4%	12.5%	7.7%	7.8%	9.4%	12.4%	8.3%	10.7%	*7.0%*	*7.0%*	AFUDC % to Net Profit	*6.0%*
51.1%	53.3%	53.3%	53.0%	54.1%	56.3%	55.9%	56.4%	56.8%	57.4%	*58.0%*	*57.5%*	Long-Term Debt Ratio	*58.0%*
48.9%	46.7%	46.7%	47.0%	45.9%	43.7%	44.1%	43.6%	43.2%	42.6%	*42.0%*	*42.5%*	Common Equity Ratio	*42.0%*
17331	19018	20477	21714	23092	25216	25975	28025	30646	34220	*36425*	*38100*	Total Capital ($mill)	*45200*
22353	23809	26122	28757	31206	32842	34329	36944	39483	42950	*45175*	*47525*	Net Plant ($mill)	*53600*
6.5%	6.1%	6.0%	6.0%	5.8%	5.7%	5.8%	5.7%	5.6%	5.4%	*5.5%*	*5.5%*	Return on Total Cap'l	*5.5%*
9.9%	10.2%	9.9%	10.0%	10.0%	10.2%	10.2%	10.3%	10.4%	10.1%	*10.5%*	*10.5%*	Return on Shr. Equity	*11.0%*
9.9%	10.2%	9.9%	10.0%	10.0%	10.2%	10.2%	10.3%	10.4%	10.1%	*10.5%*	*10.5%*	Return on Com Equity [E]	*11.0%*
4.3%	4.7%	4.5%	4.5%	4.3%	4.0%	3.9%	4.3%	4.4%	4.2%	*4.0%*	*4.0%*	Retained to Com Eq	*4.0%*
56%	54%	54%	55%	57%	61%	62%	58%	58%	58%	*62%*	*62%*	All Div'ds to Net Prof	*61%*

CAPITAL STRUCTURE as of 3/31/21
Total Debt $22968 mill. **Due in 5 Yrs** $4904 mill.
LT Debt $21470 mill. **LT Interest** $800 mill.
Incl. $73 mill. finance leases.
(LT interest earned: 2.8x)

Leases, Uncapitalized Annual rentals $273 mill.
Pension Assets-12/20 $3599 mill.
Oblig $3964 mill.

Pfd Stock None

Common Stock 538,206,800 shs.
as of 4/22/21
MARKET CAP: $37 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2018	2019	2020
% Change Retail Sales (KWH)	+3.2	-1.2	-2.3
Large C & I Use (MWH)	23004	NA	NA
Large C & I Revs. per KWH (¢)	5.91	5.96	5.78
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	20293	20146	19665
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.1	+1.0	NA
Fixed Charge Cov. (%)	281	272	252

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	--	-.5%	*2.5%*
"Cash Flow"	6.0%	7.5%	*6.0%*
Earnings	6.0%	5.5%	*6.0%*
Dividends	5.5%	6.0%	*6.0%*
Book Value	4.5%	5.0%	*5.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	2951	2658	3048	2880	11537
2019	3141	2577	3013	2798	11529
2020	2811	2586	3182	2947	11526
2021	3541	*2700*	*3209*	*3050*	*12500*
2022	*3250*	*2750*	*3300*	*3200*	*12500*

EARNINGS PER SHARE [A]

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.57	.52	.96	.42	2.47
2019	.61	.46	1.01	.56	2.64
2020	.56	.54	1.14	.54	2.79
2021	.67	*.55*	*1.15*	*.58*	*2.95*
2022	*.70*	*.55*	*1.20*	*.65*	*3.10*

QUARTERLY DIVIDENDS PAID [B] ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.34	.36	.36	.36	1.42
2018	.36	.38	.38	.38	1.50
2019	.38	.405	.405	.405	1.60
2020	.405	.43	.43	.43	1.70
2021	.43	.4575	.4575		

BUSINESS: Xcel Energy Inc. is the parent of Northern States Power, which supplies electricity to Minnesota, Wisconsin, North Dakota, South Dakota & Michigan & gas to Minnesota, Wisconsin, North Dakota & Michigan; P.S. of Colorado, which supplies electricity & gas to Colorado; & Southwestern Public Service, which supplies electricity to Texas & New Mexico. Customers: 3.7 mill. elec., 2.1 mill. gas. Elec. rev. breakdown: res'l, 31%; sm. comm'l & ind'l, 36%; lg. comm'l & ind'l, 18%; other, 15%. Generating sources not avail. Fuel costs: 36% of revs. '20 reported depr. rate: 3.4%. Has 11,400 empls. Chairman & CEO: Ben Fowke. President & COO: Bob Frenzel. Inc.: MN. Address: 414 Nicollet Mall, Minneapolis, MN 55401. Tel.: 612-330-5500. Internet: www.xcelenergy.com.

As usual, Xcel Energy has a lot of regulatory matters pending. The company is awaiting orders on electric rate cases in Wisconsin, North Dakota, Texas, and New Mexico. In Wisconsin, Northern States Power reached a settlement calling for raises in electric rates of $35 million in 2022 and $18 million in 2023, respectively, and gas hikes of $10 million in 2022 and $3 million in 2023. The allowed return on equity would be 9.8% in 2022 and 10% in 2023. In North Dakota, NSP reached a settlement calling for an increase of $7 million, based on a 9.5% ROE. Orders are expected in the fourth quarter of 2021. Southwestern Public Service is asking the commissions in Texas and New Mexico for hikes of $143 million and $88 million, respectively, based on a 10.35% ROE. Orders are expected in the fourth quarter and first quarter in New Mexico and Texas, respectively. Public Service of Colorado filed for a $470 million base rate increase (including $127 million that is already being recovered through riders on customers' bills), based on a 10% ROE. The company is asking the regulators in Minnesota and Colorado to approve integrated resource plans. Xcel is asking regulators to approve the recovery of $936 million of higher gas costs stemming from a winter storm in February. The commissions in Wisconsin and New Mexico have already given their approval, and Xcel is waiting to hear from three other states. Finally, the company might file an electric rate case in Minnesota later this year.

We expect a continuation of steady profit growth in 2021 and 2022. Rate relief and effective expense control are key factors. The company got off to a good start in the March quarter. Our estimate remains at the midpoint of the company's targeted range of $2.90-$3.00 a share. We estimate a 5% increase, to $3.10 a share, in 2022. This can be considered conservative, as Xcel's goal for annual earnings growth is 5%-7%.

Top-quality Xcel stock has a high valuation. The dividend yield is below average for a utility. Total return potential is appealing for the next 18 months, but not for the 3- to 5-year period. The recent quotation is well within our 2024-2026 Target Price Range.

Paul E. Debbas, CFA *July 23, 2021*

(A) Diluted EPS. Excl. nonrecurring gain (losses): '10, 5¢; '15, (16¢); '17, (5¢); gains (loss) on discontinued ops.: '05, 3¢; '06, 1¢; '09, (1¢); '10, 1¢. '20 EPS don't sum due to rounding. Next earnings report due late July.
(B) Div'ds historically paid mid-Jan., Apr., July, and Oct. ■ Div'd reinvestment plan available.
(C) Incl. intangibles. In '20: $2373 mill., $4.42/sh.
(D) In mill.
(E) Rate base: Varies. Rate allowed on com. eq. (blended): 9.6%; earned on avg. com. eq., '20: 10.6%. Regulatory Climate: Average.

Company's Financial Strength	A+
Stock's Price Stability	95
Price Growth Persistence	65
Earnings Predictability	100

The following files are not convertible:

DOD_FEA workpaper MLR-18_yahoo growth rates.pdf

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

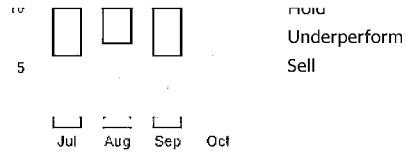
Contact centralrecords@puc.texas.gov if you have any questions.

Up Last 30 Days	N/A	N/A	N/A	N/A
Down Last 7 Days	N/A	N/A	N/A	N/A
Down Last 30 Days	N/A	N/A	N/A	N/A

Growth Estimates	AEE	Industry	Sector(s)	S&P 500
Current Qtr.	10.20%	N/A	N/A	N/A
Next Qtr.	-4.30%	N/A	N/A	N/A
Current Year	7.70%	N/A	N/A	N/A
Next Year	6.90%	N/A	N/A	N/A
Next 5 Years (per annum)	7.70%	N/A	N/A	N/A
Past 5 Years (per annum)	8.24%	N/A	N/A	N/A

Maintains	Morgan Stanley: to Equal-Weight	8/19/2021
Maintains	Morgan Stanley: to Equal-Weight	7/20/2021

More Upgrades & Downgrades



Recommendation Rating ›

American Electric Power Company, Inc. (AEP)

NasdaqGS - NasdaqGS Real Time Price. Currency in USD

Add to watchlist | Visitors trend 2W ↓ 10W ↑ 9M ↑ 2.2

84.14 -0.42 (-0.50%) **84.15** +0.01 (+0.01%)

At close: 4:00PM EDT After hours: 05:06PM EDT

Quote Lookup 1 Strong Buy 2 Buy 3 Hold 4 Under-perform 5 Sell

Summary | Company Outlook | Chart | Conversations | Statistics | Historical Data | Profile | Financials | Analysis | Options | Holders | Sustainability

Currency in USD

Earnings Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	12	12	19	19
Avg. Estimate	1.5	0.87	4.68	4.97
Low Estimate	1.41	0.77	4.52	4.78
High Estimate	1.55	1.01	4.76	5.1
Year Ago EPS	1.47	0.87	4.44	4.68

Revenue Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	4	4	11	11
Avg. Estimate	4.36B	4.12B	16.45B	17.15B
Low Estimate	4.03B	3.93B	15.95B	16.35B
High Estimate	4.65B	4.2B	17.32B	18.45B
Year Ago Sales	4.1B	3.61B	14.92B	16.45B
Sales Growth (year/est)	6.40%	14.00%	10.30%	4.30%

Earnings History	9/29/2020	12/30/2020	3/30/2021	6/29/2021
EPS Est.	1.48	0.79	1.17	1.14
EPS Actual	1.47	0.87	1.15	1.18
Difference	-0.01	0.08	-0.02	0.04
Surprise %	-0.70%	10.10%	-1.70%	3.50%

EPS Trend	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Current Estimate	1.5	0.87	4.68	4.97
7 Days Ago	1.5	0.87	4.68	4.97
30 Days Ago	1.5	0.87	4.68	4.97
60 Days Ago	1.51	0.85	4.67	4.96
90 Days Ago	1.49	0.88	4.67	4.97

EPS Revisions	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)

Finance Home | Watchlists | My Portfolio | Screeners | Yahoo Finance Plus | Markets | News

Analyst Price Targets (17) ›

Average 97.74

Low 81.00 High 112.00

Current 84.14

Upgrades & Downgrades ›

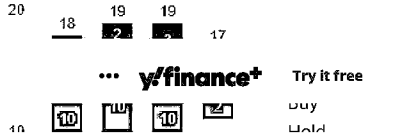
Maintains	Morgan Stanley: to Overweight	9/17/2021
Maintains	Morgan Stanley: to Overweight	8/19/2021
Upgrade	B of A Securities: Neutral to Buy	7/26/2021
Maintains	Wells Fargo: to Equal-Weight	7/23/2021
Maintains	Morgan Stanley: to Overweight	6/21/2021
Maintains	Barclays: to Overweight	5/25/2021

More Upgrades & Downgrades

People Also Watch

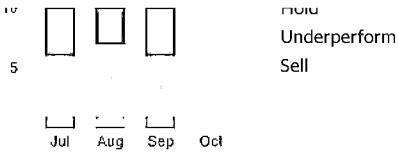
Symbol	Last Price	Change	% Change
SO The Southern Company	62.67	-0.06	-0.10%
D Dominion Energy, Inc.	73.85	-0.32	-0.43%
DUK Duke Energy Corporation	100.96	-0.89	-0.87%
ED Consolidated Edison, Inc.	74.38	-0.23	-0.31%
FE FirstEnergy Corp.	36.43	-0.25	-0.68%

Recommendation Trends ›

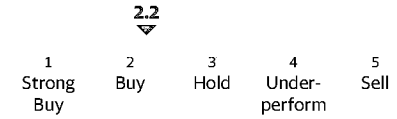


EPS Revisions	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Up Last 30 Days	1	2	2	2
Down Last 7 Days	N/A	N/A	N/A	N/A
Down Last 30 Days	N/A	N/A	N/A	N/A

Growth Estimates	AEP	Industry	Sector(s)	S&P 500
Current Qtr.	2.00%	N/A	N/A	N/A
Next Qtr.	N/A	N/A	N/A	N/A
Current Year	5.40%	N/A	N/A	N/A
Next Year	6.20%	N/A	N/A	N/A
Next 5 Years (per annum)	6.03%	N/A	N/A	N/A
Past 5 Years (per annum)	6.58%	N/A	N/A	N/A



Recommendation Rating >



Analyst Price Targets (17) >

Average 97.74

Low 81.00 High 112.00

Current 84.14

Upgrades & Downgrades >

Maintains	Morgan Stanley: to Overweight	9/17/2021
Maintains	Morgan Stanley: to Overweight	8/19/2021
Upgrade	B of A Securities: Neutral to Buy	7/26/2021
Maintains	Wells Fargo: to Equal-Weight	7/23/2021
Maintains	Morgan Stanley: to Overweight	6/21/2021
Maintains	Barclays: to Overweight	5/25/2021

More Upgrades & Downgrades

ALLETE, Inc. (ALE)
NYSE - NYSE Delayed Price. Currency in USD

Add to watchlist | Visitors trend 2W ↑ 10W ↑ 9M ↑ | Quote Lookup

59.57 -0.37 (-0.62%) At close: 4:00PM EDT

59.57 -0.01 (-0.02%) After hours: 04:12PM EDT

Currency in USD

Earnings Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	5	5	6	5
Avg. Estimate	0.72	0.91	3.15	3.85
Low Estimate	0.6	0.82	3.12	3.84
High Estimate	0.81	0.99	3.19	3.87
Year Ago EPS	0.78	0.9	3.35	3.15

Revenue Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	2	2	3	3
Avg. Estimate	300.2M	327.65M	1.27B	1.32B
Low Estimate	299M	326M	1.21B	1.28B
High Estimate	301.4M	329.3M	1.31B	1.35B
Year Ago Sales	292.9M	320.4M	1.17B	1.27B
Sales Growth (year/est)	2.50%	2.30%	8.80%	3.70%

Earnings History	9/29/2020	12/30/2020	3/30/2021	6/29/2021
EPS Est.	0.64	0.75	1.09	0.51
EPS Actual	0.78	0.9	0.99	0.53
Difference	0.14	0.15	-0.1	0.02
Surprise %	21.90%	20.00%	-9.20%	3.90%

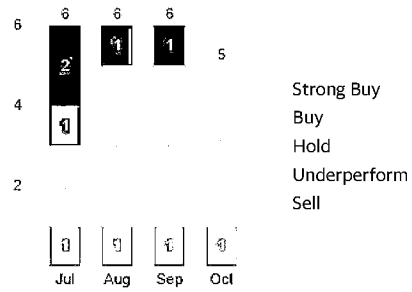
EPS Trend	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Current Estimate	0.72	0.91	3.15	3.85
7 Days Ago	0.72	0.91	3.15	3.85
30 Days Ago	0.72	0.91	3.16	3.86
60 Days Ago	0.71	0.88	3.18	3.87
90 Days Ago	0.71	0.88	3.18	3.87

EPS Revisions	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Up Last 7 Days	N/A	N/A	N/A	N/A

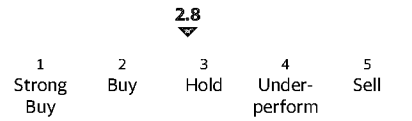
People Also Watch

Symbol	Last Price	Change	% Change
BKH Black Hills Corporation	65.02	-1.10	-1.66%
NWE NorthWestern Corporation	59.51	-0.12	-0.20%
AVA Avista Corporation	40.72	-0.61	-1.48%
IDA IDACORP, Inc.	103.38	-2.33	-2.20%
LNT Alliant Energy Corporation	56.66	-0.42	-0.74%

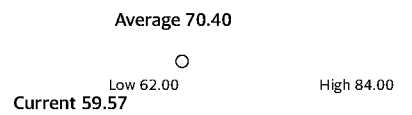
Recommendation Trends ›



Recommendation Rating ›



Analyst Price Targets (5) ›



Upgrades & Downgrades ›

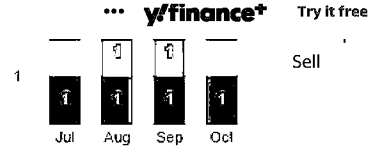
Maintains	Wells Fargo: to Equal-Weight	4/28/2021
Downgrade	Guggenheim: Buy to Neutral	1/21/2021
Maintains	Mizuho: to Neutral	8/26/2020
Maintains	JP Morgan: to Underweight	6/1/2020

Up Last 30 Days	N/A	N/A	N/A	N/A
Down Last 7 Days	N/A	N/A	N/A	N/A
Down Last 30 Days	N/A	N/A	N/A	N/A

Growth Estimates	ALE	Industry	Sector(s)	S&P 500
Current Qtr.	-7.70%	N/A	N/A	N/A
Next Qtr.	1.10%	N/A	N/A	N/A
Current Year	-6.00%	N/A	N/A	N/A
Next Year	22.20%	N/A	N/A	N/A
Next 5 Years (per annum)	5.67%	N/A	N/A	N/A
Past 5 Years (per annum)	1.25%	N/A	N/A	N/A

Upgrade	Mizuho: Underperform to Neutral	3/3/2020

More Upgrades & Downgrades



Recommendation Rating ›

Avista Corporation (AVA)

NYSE - NYSE Delayed Price. Currency in USD

Add to watchlist | Visitors trend 2W ↑ 10W ↑ 9M ↑

40.72 -0.61 (-1.48%) **40.72** 0.00 (0.00%)

At close: 4:00PM EDT After hours: 05:42PM EDT

Quote Lookup 3.2

1	2	3	4	5
Strong Buy	Buy	Hold	Under-perform	Sell

Analyst Price Targets (4) ›

Average 40.75

Low 32.00 Current 40.72 High 51.00

Summary Company Outlook Chart Conversations Statistics Historical Data Profile Financials Analysis Options Holders Sustainability

Currency in USD

Earnings Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	5	5	5	5
Avg. Estimate	0.08	0.77	2.05	2.17
Low Estimate	0.05	0.66	2	2.07
High Estimate	0.12	0.85	2.11	2.26
Year Ago EPS	0.07	0.85	1.9	2.05

Revenue Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	3	3	3	3
Avg. Estimate	291.39M	428.69M	1.43B	1.5B
Low Estimate	274.56M	387.21M	1.37B	1.41B
High Estimate	311.56M	497.28M	1.5B	1.59B
Year Ago Sales	301.1M	380.42M	1.32B	1.43B
Sales Growth (year/est)	-3.20%	12.70%	8.30%	4.90%

Earnings History	9/29/2020	12/30/2020	3/30/2021	6/29/2021
EPS Est.	0.12	0.79	0.84	0.26
EPS Actual	0.07	0.85	0.98	0.2
Difference	-0.05	0.06	0.14	-0.06
Surprise %	-41.70%	7.60%	16.70%	-23.10%

EPS Trend	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Current Estimate	0.08	0.77	2.05	2.17
7 Days Ago	0.08	0.77	2.05	2.17
30 Days Ago	0.08	0.77	2.05	2.18
60 Days Ago	0.09	0.78	2.12	2.29
90 Days Ago	0.1	0.79	2.12	2.29

EPS Revisions	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Up Last 7 Days	N/A	N/A	N/A	N/A

Upgrades & Downgrades ›

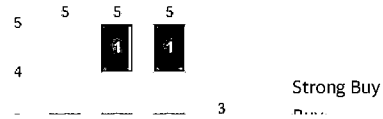
Downgrade	Sidoti & Co.: Buy to Neutral	3/26/2021
Downgrade	B of A Securities: Neutral to Underperform	1/8/2021
Downgrade	B of A Securities: Buy to Neutral	9/22/2020
Upgrade	KeyBanc: Underweight to Sector Weight	3/24/2020
Maintains	KeyBanc: to Underweight	1/17/2020
Maintains	B of A Securities: to Underperform	1/16/2020

More Upgrades & Downgrades

People Also Watch

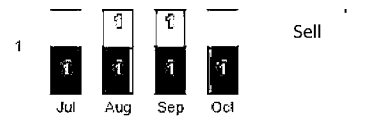
Symbol	Last Price	Change	% Change
IDA IDACORP, Inc.	103.38	-2.33	-2.20%
BKH Black Hills Corporation	65.02	-1.10	-1.66%
ALE ALLETE, Inc.	59.57	-0.37	-0.62%
POR Portland General Electric Company	48.78	-0.33	-0.67%
PNM PNM Resources, Inc.	49.84	+0.02	+0.04%

Recommendation Trends ›

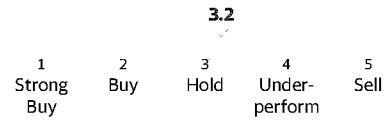


Up Last 30 Days	N/A	N/A	N/A	N/A
Down Last 7 Days	N/A	N/A	N/A	N/A
Down Last 30 Days	N/A	1	1	1

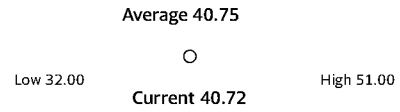
Growth Estimates	AVA	Industry	Sector(s)	S&P 500
Current Qtr.	14.30%	N/A	N/A	N/A
Next Qtr.	-9.40%	N/A	N/A	N/A
Current Year	7.90%	N/A	N/A	N/A
Next Year	5.90%	N/A	N/A	N/A
Next 5 Years (per annum)	6.20%	N/A	N/A	N/A
Past 5 Years (per annum)	-5.94%	N/A	N/A	N/A



Recommendation Rating ›



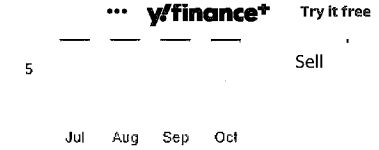
Analyst Price Targets (4) ›



Upgrades & Downgrades ›

Downgrade	Sidoti & Co.: Buy to Neutral	3/26/2021
Downgrade	B of A Securities: Neutral to Underperform	1/8/2021
Downgrade	B of A Securities: Buy to Neutral	9/22/2020
Upgrade	KeyBanc: Underweight to Sector Weight	3/24/2020
Maintains	KeyBanc: to Underweight	1/17/2020
Maintains	B of A Securities: to Underperform	1/16/2020

More Upgrades & Downgrades



Recommendation Rating ›

CMS Energy Corporation (CMS)

NYSE - NYSE Delayed Price. Currency in USD

Add to watchlist | Visitors trend 2W ↓ 10W ↑ 9M ↑

60.57 -0.65 (-1.06%)
At close: 4:03PM EDT

60.57 -0.03 (-0.05%)
After hours: 04:04PM EDT

Quote Lookup 2.4

1	2	3	4	5
Strong Buy	Buy	Hold	Under-perform	Sell

Summary | Company Outlook | Chart | Conversations | Statistics | Historical Data | Profile | Financials | Analysis | Options | Holders | Sustainability

Currency in USD

Earnings Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	7	6	10	14
Avg. Estimate	0.61	0.46	2.8	2.88
Low Estimate	0.54	0.37	2.64	2.86
High Estimate	0.76	0.59	2.9	3.04
Year Ago EPS	0.77	0.56	2.67	2.8

Revenue Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	4	4	11	12
Avg. Estimate	1.58B	1.83B	6.99B	7.07B
Low Estimate	1.52B	1.78B	6.67B	6.43B
High Estimate	1.65B	1.9B	7.18B	7.45B
Year Ago Sales	N/A	1.8B	6.68B	6.99B
Sales Growth (year/est)	N/A	1.60%	4.60%	1.10%

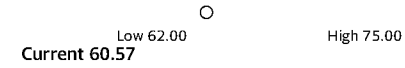
Earnings History	9/29/2020	12/30/2020	3/30/2021	6/29/2021
EPS Est.	0.72	0.55	1.14	0.46
EPS Actual	0.77	0.56	1.21	0.62
Difference	0.05	0.01	0.07	0.16
Surprise %	6.90%	1.80%	6.10%	34.80%

EPS Trend	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Current Estimate	0.61	0.46	2.8	2.88
7 Days Ago	0.61	0.46	2.8	2.88
30 Days Ago	0.61	0.47	2.8	2.89
60 Days Ago	0.63	0.58	2.83	2.89
90 Days Ago	0.65	0.61	2.85	2.92

EPS Revisions	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Up Last 7 Days	N/A	N/A	N/A	N/A

Analyst Price Targets (19) ›

Average 67.57



Upgrades & Downgrades ›

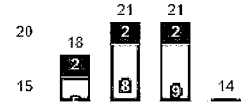
Maintains	Morgan Stanley: to Equal-Weight	9/20/2021
Maintains	Morgan Stanley: to Equal-Weight	9/17/2021
Maintains	Morgan Stanley: to Equal-Weight	8/19/2021
Maintains	Morgan Stanley: to Equal-Weight	7/20/2021
Upgrade	Keybanc: Sector Weight to Overweight	7/20/2021
Downgrade	Vertical Research: Buy to Hold	6/9/2021

More Upgrades & Downgrades

People Also Watch

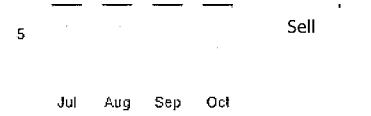
Symbol	Last Price	Change	% Change
DTE DTE Energy Company	115.06	-0.22	-0.19%
CNP CenterPoint Energy, Inc.	25.57	-0.22	-0.85%
AEE Ameren Corporation	82.72	-0.25	-0.30%
ETR Entergy Corporation	103.46	+0.29	+0.28%
LNT Alliant Energy Corporation	56.66	-0.42	-0.74%

Recommendation Trends ›

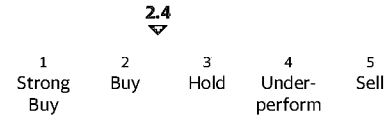


Up Last 30 Days	1	N/A	2	2
Down Last 7 Days	N/A	N/A	N/A	N/A
Down Last 30 Days	N/A	N/A	N/A	N/A

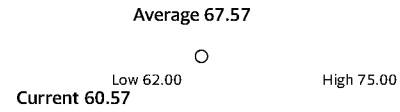
Growth Estimates	CMS	Industry	Sector(s)	S&P 500
Current Qtr.	-20.80%	N/A	N/A	N/A
Next Qtr.	-17.90%	N/A	N/A	N/A
Current Year	4.90%	N/A	N/A	N/A
Next Year	2.90%	N/A	N/A	N/A
Next 5 Years (per annum)	5.72%	N/A	N/A	N/A
Past 5 Years (per annum)	7.18%	N/A	N/A	N/A



Recommendation Rating ›



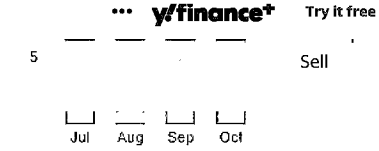
Analyst Price Targets (19) ›



Upgrades & Downgrades ›

Maintains	Morgan Stanley: to Equal-Weight	9/20/2021
Maintains	Morgan Stanley: to Equal-Weight	9/17/2021
Maintains	Morgan Stanley: to Equal-Weight	8/19/2021
Maintains	Morgan Stanley: to Equal-Weight	7/20/2021
Upgrade	Keybanc: Sector Weight to Overweight	7/20/2021
Downgrade	Vertical Research: Buy to Hold	6/9/2021

More Upgrades & Downgrades



Recommendation Rating ›

DTE Energy Company (DTE)

NYSE - NYSE Delayed Price. Currency in USD

Add to watchlist | Visitors trend 2W ↑ 10W ↑ 9M ↑

Quote Lookup 2.3

1	2	3	4	5
Strong Buy	Buy	Hold	Under-perform	Sell

115.06 -0.22 (-0.19%)
At close: 4:03PM EDT

114.48 -0.58 (-0.50%)
After hours: 07:57PM EDT

Summary Company Outlook Chart Conversations Statistics Historical Data Profile Financials Analysis Options Holders Sustainability

Currency in USD

Earnings Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	12	10	11	16
Avg. Estimate	1.67	0.73	5.95	5.92
Low Estimate	1.5	0.16	5.75	5.77
High Estimate	1.91	1.09	6.66	6.18
Year Ago EPS	2.61	1.39	7.19	5.95

Revenue Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	5	5	12	12
Avg. Estimate	3.31B	3.13B	12.98B	12.95B
Low Estimate	2.9B	2.94B	11.85B	12.04B
High Estimate	4.16B	3.33B	14.5B	14.73B
Year Ago Sales	N/A	3.29B	12.18B	12.98B
Sales Growth (year/est)	N/A	-4.70%	6.60%	-0.20%

Earnings History	9/29/2020	12/30/2020	3/30/2021	6/29/2021
EPS Est.	2.07	1.24	2.17	1.3
EPS Actual	2.61	1.39	2.44	1.7
Difference	0.54	0.15	0.27	0.4
Surprise %	26.10%	12.10%	12.40%	30.80%

EPS Trend	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Current Estimate	1.67	0.73	5.95	5.92
7 Days Ago	1.67	0.73	5.95	5.92
30 Days Ago	1.67	0.73	5.95	5.92
60 Days Ago	1.62	0.79	5.73	5.84
90 Days Ago	1.75	0.76	5.73	5.8

EPS Revisions	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Up Last 7 Days	N/A	N/A	N/A	N/A

Analyst Price Targets (16) ›

Average 127.45

Low 108.00 High 146.00

Current 115.06

Upgrades & Downgrades ›

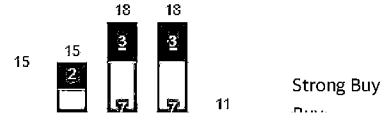
Maintains	Morgan Stanley: to Equal-Weight	10/4/2021
Upgrade	Evercore ISI Group: In-Line to Outperform	9/17/2021
Downgrade	Wells Fargo: Overweight to Equal-Weight	9/1/2021
Maintains	Morgan Stanley: to Equal-Weight	8/19/2021
Maintains	Mizuho: to Buy	8/5/2021
Maintains	Wells Fargo: to Overweight	7/28/2021

More Upgrades & Downgrades

People Also Watch

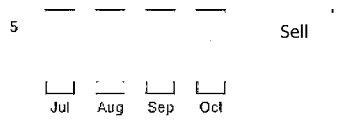
Symbol	Last Price	Change	% Change
CMS CMS Energy Corporation	60.57	-0.65	-1.06%
ETR Entergy Corporation	103.46	+0.29	+0.28%
AEE Ameren Corporation	82.72	-0.25	-0.30%
PNW Pinnacle West Capital Corporation	68.19	-5.99	-8.07%
EIX Edison International	57.12	+0.51	+0.90%

Recommendation Trends ›

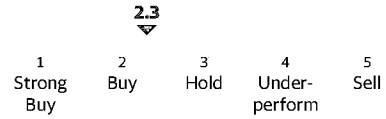


Up Last 30 Days	N/A	N/A	N/A	N/A
Down Last 7 Days	N/A	N/A	N/A	N/A
Down Last 30 Days	N/A	N/A	N/A	N/A

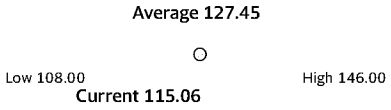
Growth Estimates	DTE	Industry	Sector(s)	S&P 500
Current Qtr.	-36.00%	N/A	N/A	N/A
Next Qtr.	-47.50%	N/A	N/A	N/A
Current Year	-17.20%	N/A	N/A	N/A
Next Year	-0.50%	N/A	N/A	N/A
Next 5 Years (per annum)	2.65%	N/A	N/A	N/A
Past 5 Years (per annum)	7.07%	N/A	N/A	N/A



Recommendation Rating ›



Analyst Price Targets (16) ›



Upgrades & Downgrades ›

Maintains	Morgan Stanley: to Equal-Weight	10/4/2021
Upgrade	Evercore ISI Group: In-Line to Outperform	9/17/2021
Downgrade	Wells Fargo: Overweight to Equal-Weight	9/1/2021
Maintains	Morgan Stanley: to Equal-Weight	8/19/2021
Maintains	Mizuho: to Buy	8/5/2021
Maintains	Wells Fargo: to Overweight	7/28/2021

More Upgrades & Downgrades

Duke Energy Corporation (DUK)

NYSE - NYSE Delayed Price. Currency in USD

Add to watchlist | Visitors trend 2W ↑ 10W ↑ 9M ↑ | Quote Lookup

100.96 -0.89 (-0.87%)
At close: 4:02PM EDT

100.92 -0.04 (-0.04%)
After hours: 06:54PM EDT

Currency in USD

Earnings Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	10	10	15	16
Avg. Estimate	1.81	0.98	5.21	5.46
Low Estimate	1.76	0.83	5.14	5.4
High Estimate	1.85	1.07	5.27	5.52
Year Ago EPS	1.87	1.03	5.12	5.21

Revenue Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	5	5	10	10
Avg. Estimate	7.02B	6.45B	25.27B	26.39B
Low Estimate	6.85B	6.1B	24.68B	25.66B
High Estimate	7.18B	7.49B	26.58B	27.55B
Year Ago Sales	N/A	5.78B	23.87B	25.27B
Sales Growth (year/est)	N/A	11.70%	5.90%	4.40%

Earnings History	9/29/2020	12/30/2020	3/30/2021	6/29/2021
EPS Est.	1.79	1.03	1.2	1.1
EPS Actual	1.87	1.03	1.26	1.15
Difference	0.08	0	0.06	0.05
Surprise %	4.50%	0.00%	5.00%	4.50%

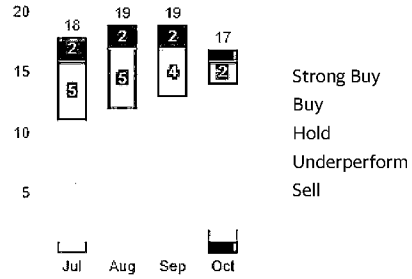
EPS Trend	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Current Estimate	1.81	0.98	5.21	5.46
7 Days Ago	1.81	0.98	5.21	5.47
30 Days Ago	1.81	0.99	5.21	5.47
60 Days Ago	1.81	1.03	5.19	5.46
90 Days Ago	1.81	1.02	5.18	5.46

EPS Revisions	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Up Last 7 Days	N/A	N/A	N/A	N/A

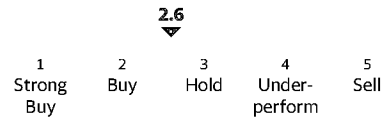
People Also Watch

Symbol	Last Price	Change	% Change
SO The Southern Company	62.67	-0.06	-0.10%
D Dominion Energy, Inc.	73.85	-0.32	-0.43%
AEP American Electric Power Company, Inc.	84.14	-0.42	-0.50%
ED Consolidated Edison, Inc.	74.38	-0.23	-0.31%
EXC Exelon Corporation	48.71	-0.40	-0.81%

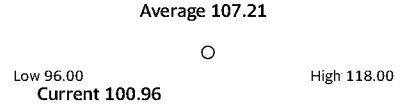
Recommendation Trends ›



Recommendation Rating ›



Analyst Price Targets (17) ›



Upgrades & Downgrades ›

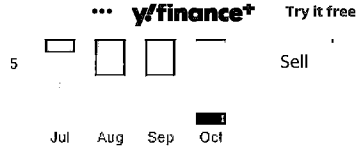
Maintains	Mizuho: to Neutral	10/5/2021
Maintains	Morgan Stanley: to Equal-Weight	9/17/2021
Downgrade	RBC Capital: Outperform to Sector Perform	8/20/2021
Maintains	Morgan Stanley: to Equal-Weight	8/19/2021

Up Last 30 Days	N/A	N/A	N/A	N/A
Down Last 7 Days	N/A	N/A	N/A	N/A
Down Last 30 Days	N/A	N/A	N/A	N/A

Growth Estimates	DUK	Industry	Sector(s)	S&P 500
Current Qtr.	-3.20%	N/A	N/A	N/A
Next Qtr.	-4.90%	N/A	N/A	N/A
Current Year	1.80%	N/A	N/A	N/A
Next Year	4.80%	N/A	N/A	N/A
Next 5 Years (per annum)	5.45%	N/A	N/A	N/A
Past 5 Years (per annum)	0.38%	N/A	N/A	N/A

Downgrade	Vertical Research: Buy to Hold	8/6/2021

More Upgrades & Downgrades



Recommendation Rating ›

Entergy Corporation (ETR)

NYSE - Nasdaq Real Time Price. Currency in USD

Add to watchlist | Visitors trend 2W ↓ 10W ↑ 9M ↑

103.46 +0.29 (+0.28%)
At close: 4:00PM EDT

102.94 -0.52 (-0.50%)
After hours: 05:59PM EDT

Quote Look 2

1	2	3	4	5
Strong Buy	Buy	Hold	Under-perform	Sell

Summary Company Outlook Chart Conversations Statistics Historical Data Profile Financials Analysis Options Holders Sustainability

Currency in USD

Earnings Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	10	10	17	19
Avg. Estimate	2.52	0.57	5.97	6.36
Low Estimate	2.01	0.18	5.66	6.21
High Estimate	2.77	0.97	6.07	6.57
Year Ago EPS	2.44	0.71	5.66	5.97

Revenue Estimate	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
No. of Analysts	6	6	11	12
Avg. Estimate	3.1B	2.22B	10.69B	10.91B
Low Estimate	2.85B	1.72B	9.87B	10.35B
High Estimate	3.76B	2.46B	11.21B	11.87B
Year Ago Sales	2.9B	2.37B	10.11B	10.69B
Sales Growth (year/est)	6.90%	-6.30%	5.70%	2.10%

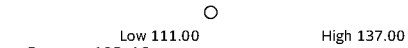
Earnings History	9/29/2020	12/30/2020	3/30/2021	6/29/2021
EPS Est.	2.39	0.66	1.17	1.4
EPS Actual	2.44	0.71	1.47	1.34
Difference	0.05	0.05	0.3	-0.06
Surprise %	2.10%	7.60%	25.60%	-4.30%

EPS Trend	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Current Estimate	2.52	0.57	5.97	6.36
7 Days Ago	2.52	0.57	5.97	6.35
30 Days Ago	2.57	0.52	5.99	6.36
60 Days Ago	2.48	0.62	5.95	6.31
90 Days Ago	2.46	0.63	5.94	6.31

EPS Revisions	Current Qtr. (Sep 2021)	Next Qtr. (Dec 2021)	Current Year (2021)	Next Year (2022)
Up Last 7 Days	N/A	N/A	N/A	1

Analyst Price Targets (17) ›

Average 119.86



Current 103.46

Upgrades & Downgrades ›

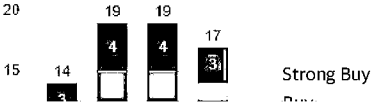
Maintains	Mizuho: to Buy	9/21/2021
Maintains	Morgan Stanley: to Equal-Weight	9/17/2021
Maintains	Mizuho: to Buy	8/23/2021
Maintains	Morgan Stanley: to Equal-Weight	8/19/2021
Maintains	Wells Fargo: to Overweight	8/17/2021
Maintains	Morgan Stanley: to Equal-Weight	7/20/2021

More Upgrades & Downgrades

People Also Watch

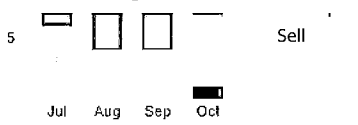
Symbol	Last Price	Change	% Change
FE FirstEnergy Corp.	36.43	-0.25	-0.68%
EIX Edison International	57.12	+0.51	+0.90%
DTE DTE Energy Company	115.06	-0.22	-0.19%
EXC Exelon Corporation	48.71	-0.40	-0.81%
CMS CMS Energy Corporation	60.57	-0.65	-1.06%

Recommendation Trends ›



Up Last 30 Days	N/A	1	1	2
Down Last 7 Days	N/A	N/A	N/A	N/A
Down Last 30 Days	N/A	N/A	1	1

Growth Estimates	ETR	Industry	Sector(s)	S&P 500
Current Qtr.	3.30%	N/A	N/A	N/A
Next Qtr.	-19.70%	N/A	N/A	N/A
Current Year	5.50%	N/A	N/A	N/A
Next Year	6.50%	N/A	N/A	N/A
Next 5 Years (per annum)	3.50%	N/A	N/A	N/A
Past 5 Years (per annum)	1.88%	N/A	N/A	N/A

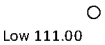


Recommendation Rating ›

1	2	3	4	5
Strong Buy	Buy	Hold	Under-perform	Sell

Analyst Price Targets (17) ›

Average 119.86



Low 111.00 High 137.00

Current 103.46

Upgrades & Downgrades ›

Maintains	Mizuho: to Buy	9/21/2021
Maintains	Morgan Stanley: to Equal-Weight	9/17/2021
Maintains	Mizuho: to Buy	8/23/2021
Maintains	Morgan Stanley: to Equal-Weight	8/19/2021
Maintains	Wells Fargo: to Overweight	8/17/2021
Maintains	Morgan Stanley: to Equal-Weight	7/20/2021

More Upgrades & Downgrades